



Positive Momentum Continues

Roadshow Presentation

Forward-looking Statements



This presentation may contain forward-looking statements based on current assumptions and forecasts made by Covestro AG.

Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in public reports of Covestro and Bayer which are available on the Covestro website at www.covestro.com as well as on the Bayer AG website at www.bayer.com.

Covestro assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Covestro Key Investment Highlights



Global leader in high-tech material solutions

- 1 Leading and defensible global industry positions**
based on focused portfolio
- 2 Favorable industry dynamics**
with robust above GDP growth prospects in a diverse range of end-markets
- 3 Positioned to deliver volume growth**
through well-invested, large-scale asset base with competitive cost position
- 4 Portfolio including high-value CAS business**
with attractive and historically resilient margin profile
- 5 Attractive cash flow growth outlook**
underpinned by disciplined cost management

Headed by experienced management with full commitment to value creation

Covestro at a Glance

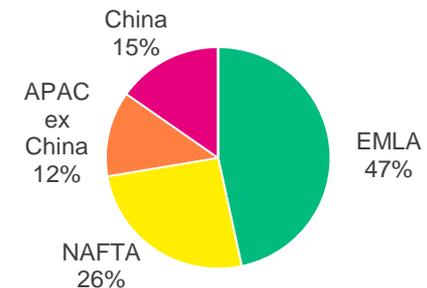


Inventor and leader in high-tech material solutions driven by global trends

- Leading global polymer producer in polyurethanes and its derivatives as well as polycarbonates
- Proven track record of process and product innovation, customer proximity as well as market-driven solutions
- State-of-the-art asset base with leading process technology and total production capacity of 4,700kt^(a) distributed across 8 world-scale production facilities in three main regions
- Backward-integration into chlorine, propylene oxide and other feedstock, aimed at sourcing critical raw materials internally with no / limited merchant market sales
- Headquartered in Leverkusen, Germany, with c. 15,700 employees^(d) globally

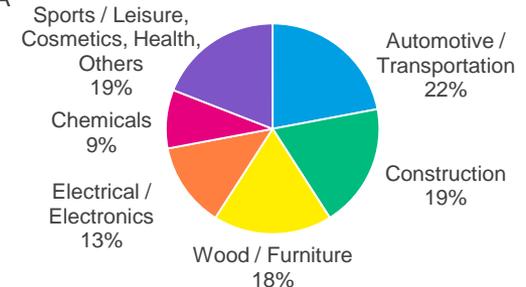
Sales Split by Geography^{(b)(c)}

2014A



Sales Split by End-market^(c)

2014A

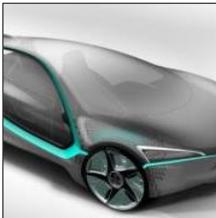


Key Covestro Financials ^(c) :	Sales		Adj. EBITDA		Adj. EBITDA margin	
	2014A / 9M	2015A	2014A / 9M	2015A	2014A / 9M	2015A
	€11.8bn	€9.3bn	€1.2bn	€1.4bn	9.9%	14.9%

Covestro Business Units



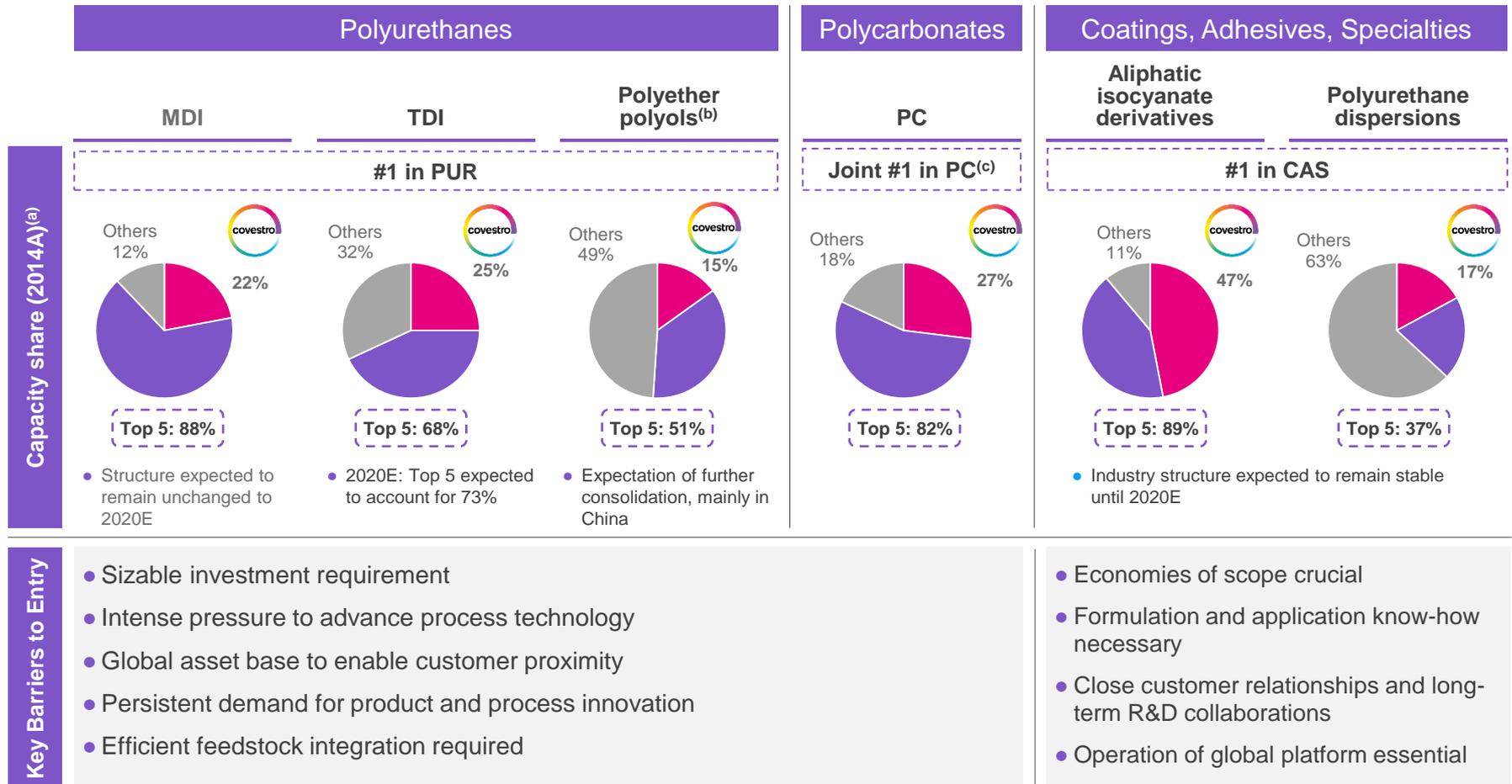
Three industry-leading, structurally attractive business units

Business Units	Polyurethanes (PUR)	Polycarbonates (PCS)	Coatings, Adhesives, Specialties (CAS)
Global Position ^(a)	<ul style="list-style-type: none"> ● Global #1: <ul style="list-style-type: none"> – MDI: #2 (1,475kt) – TDI: #1 (660kt) – Polyether polyols: #2 (1,280kt) 	<ul style="list-style-type: none"> ● Joint Global #1: <ul style="list-style-type: none"> – EMEA: #2 (540kt) – NAFTA: #2 (230kt) – APAC: #2 (510kt) 	<ul style="list-style-type: none"> ● Global #1: <ul style="list-style-type: none"> – Aliphatic isocyanate derivatives – Aromatic isocyanate derivatives – Polyurethane dispersions
Sales 2014A ^(b)	● €6.3bn or 53% of Covestro	● €2.8bn or 24% of Covestro	● €1.9bn or 16% of Covestro
Adj. EBITDA-Margin 2014A ^(b)	● 9.4%	● 5.7%	● 22.7%
Adj. EBITDA-Margin 9M 2015 ^(c)	● 11.9%	● 18.1%	● 25.2%
Industry Growth (14A-20E CAGR) ^(d)	● 5.3%	● 4.6%	● 5.3%
Key Applications	<ul style="list-style-type: none"> ● Rigid foam: <ul style="list-style-type: none"> – Building insulation – Cold chain – Automotive parts ● Flexible foam: <ul style="list-style-type: none"> – Furniture – Bedding / mattresses  	<ul style="list-style-type: none"> ● Automotive parts ● IT and electrical equipment, electronics ● Construction (windows, roof structure) ● Consumer products, medical and other applications  	<ul style="list-style-type: none"> ● Surface coatings ● Adhesives and sealants ● Elastomers ● Specialty films  

Covestro's Industry Structure



Covestro is a leader across its entire portfolio with distinct entry barriers limiting threat of new entrants



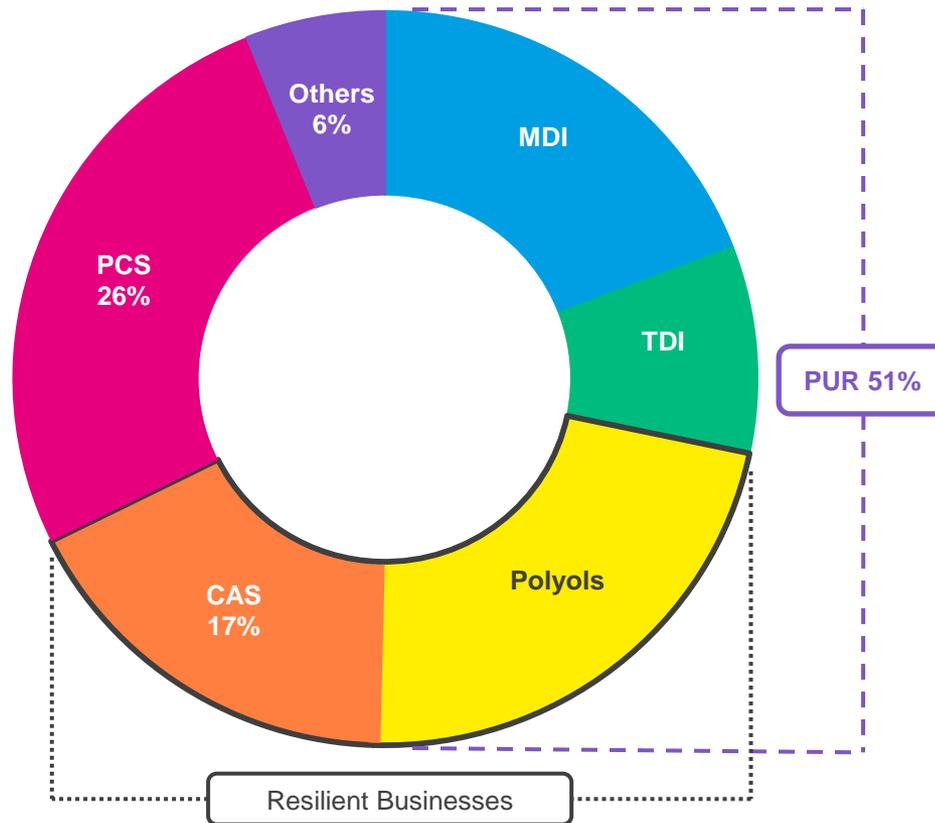
9M 2015 – Sales by Segments



Significant proportion generated with resilient businesses

Sales by Segments

% of Group Sales



Highlights

Resilient businesses

- CAS: proven low volatility
- Polyols: structurally low volatility

Above mid-cycle margins

- PCS: but still significantly below historical peak margins

Below mid-cycle margins

- MDI: challenged by new capacities in the industry

Approaching bottom of the cycle margins

- TDI: global industry overcapacities but Covestro with leading cost position

CAS at a Glance



Focus on stable high margins in CAS business with defendable competitive advantages

Global leading supplier of high performance materials to the coatings / adhesives / specialties industries



6+
Monomers

2,300+
Products

4,300+
Customers^(c)

#1
Producer of
aliphatic
isocyanates^(a)

€1.9bn
Sales 2014A^(b)

22.7%
Adj. EBITDA
margin
2014A^(b)

CAS products have all the characteristics of niche coating / ingredients chemicals

- High value-add materials ✓
- Priced on the basis of performance, high level of margin resilience ✓
- Competition with other players based on performance, distinct entry barriers ✓
- Small proportion of cost to end-customer ✓
- Low volumes and large number of niche-customized products sold ✓
- Products tailored to customer needs lead to significant switching efforts ✓
- Product innovation and R&D critical to success ✓

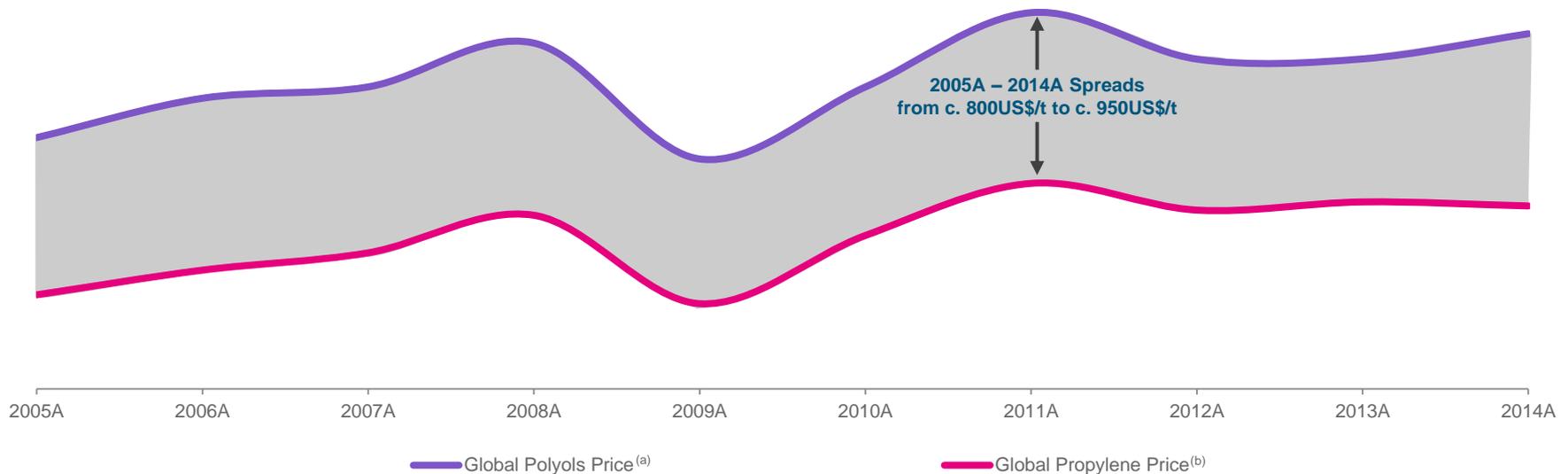
Polyols Industry Spreads



Polyether polyols – an inherently stable margin business

Historic global polyols price over propylene price

Global average price (US\$/t)

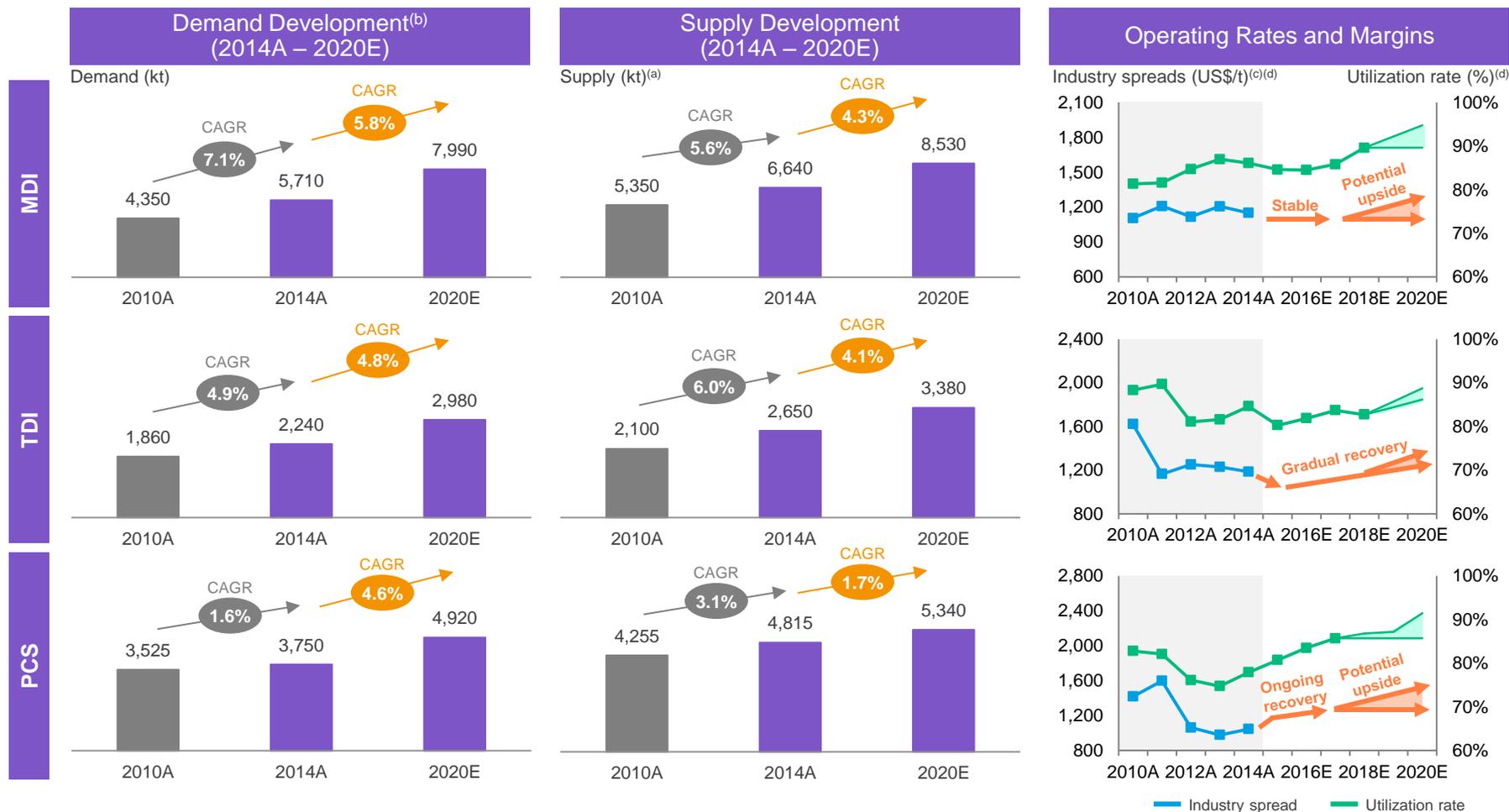


- Resilient industry margins over the last decade reflective of overall Covestro Polyether polyols profitability
- Spreads not materially impacted by high volatility of propylene prices, particularly during the financial crisis
- Propylene oxide supply / demand dynamics create local pricing opportunities in the short-term

Industry historical development and outlook



Above GDP industry growth driving industry capacity utilization and supporting higher margins



Notes: (a) Based on historical and announced future nameplate capacity
 (b) Assumes global GDP CAGR 2014A – 2020E of 3.6% as per Nexant analysis
 (c) Global industry spread calculated by margin over raw material costs in Europe, US and China weighted respectively by demand in Europe, US and China. Qualitative statements based on Nexant data
 (d) Management estimates additional capacity (not captured in the Nexant data) may come on-stream post-2018 if prevailing market dynamics make it economically rational. These capacity estimates have been included in this analysis and represent the lower end of the range post-2018
 Source: Nexant as of July 2015, Company data



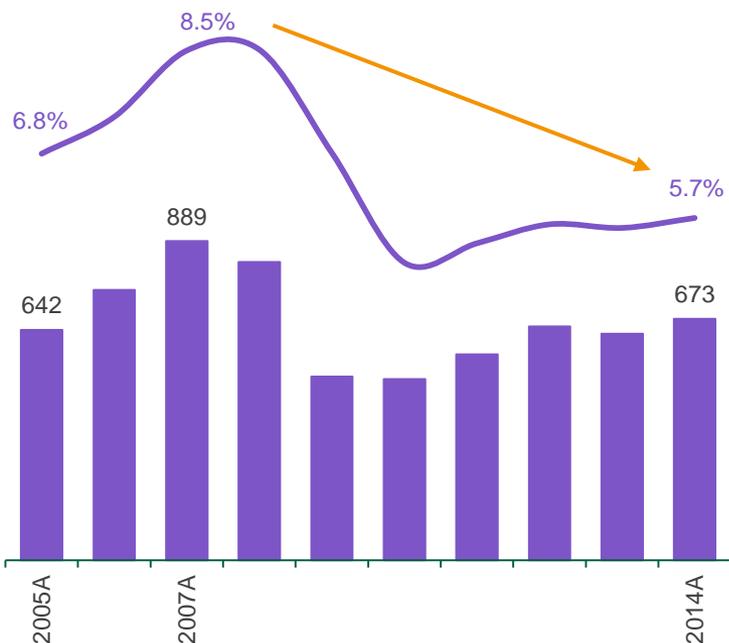
Covestro asset base

Positioned for volume growth through well-invested assets

c. €7bn total capex spent^(a) in last 10 years

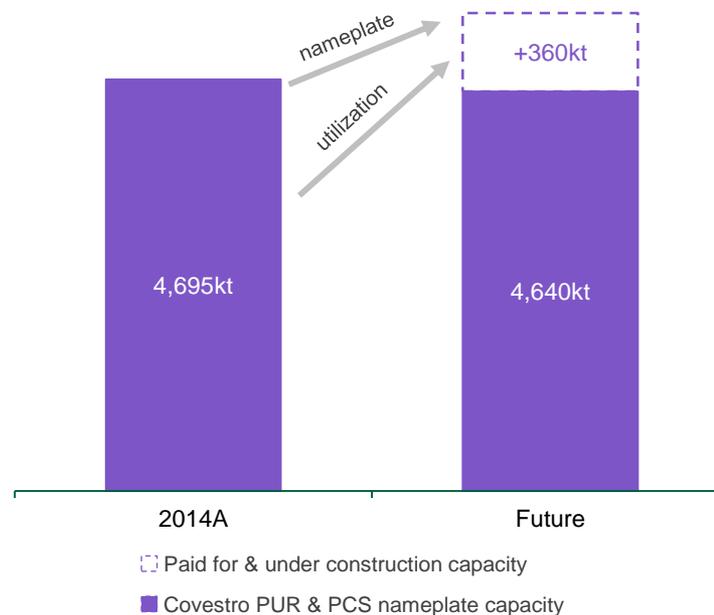
Well-invested Asset Base

Total capex (€m)^(a) Total capex / sales (%)^(a)



Well-positioned for Volume Growth and Operational Leverage

Capacity (kt)



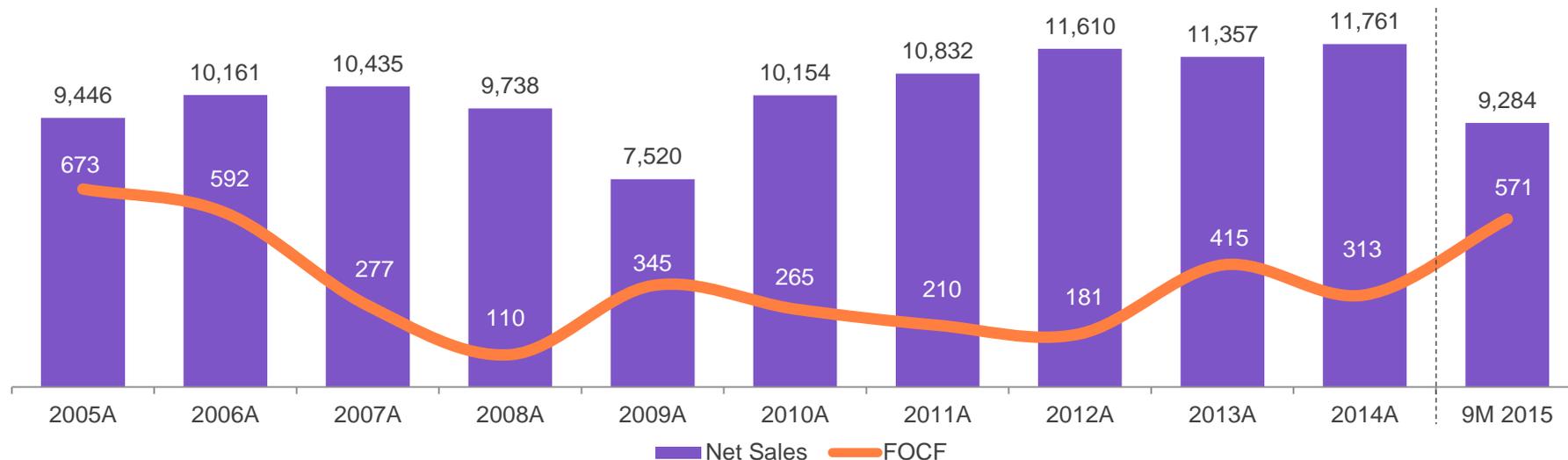
Cash Flow Delivery



Track record of positive free operating cash flows across the cycle

Covestro Net Sales vs. FOCF (2005A – 9M 2015A)

Net sales (€m)



- Total of c. €4bn in free operating cash flow since 2005A
- Free operating cash flow positive every year including 2008A – 2009A cycle trough
- Attractive outlook for cash flow driven by volume growth, higher asset utilization, focus on cost discipline and limited need for further growth capex

Covestro Strategy



Leverage industry leadership to capture growth in our markets and improve asset / cost base

- 1 Capture market growth**
over the next 5 years with existing world-scale assets
- 2 Optimize asset footprint**
within 3 years through site consolidation, restructuring and efficiency projects
- 3 Improve cost position**
within 3 years and align overall costs with best-in-class chemical industry benchmarks
- 4 Protect and build profitable competitive positions**
through focused R&D
- 5 Embed sustainability**
in every element of the strategy



Financial Highlights Q3 2015

Key Highlights

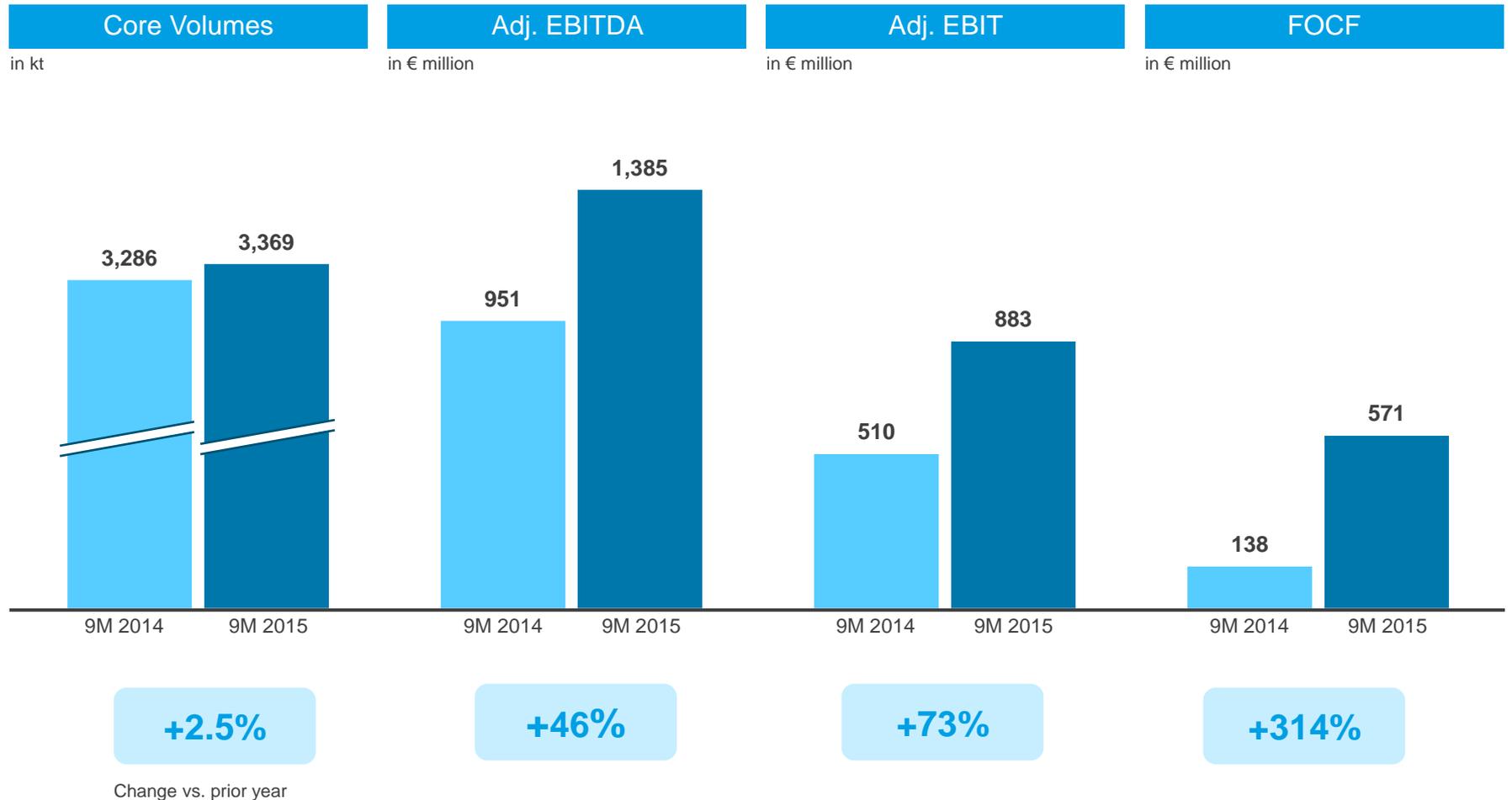
Positive momentum continues



9M 2015 Sales & Earnings



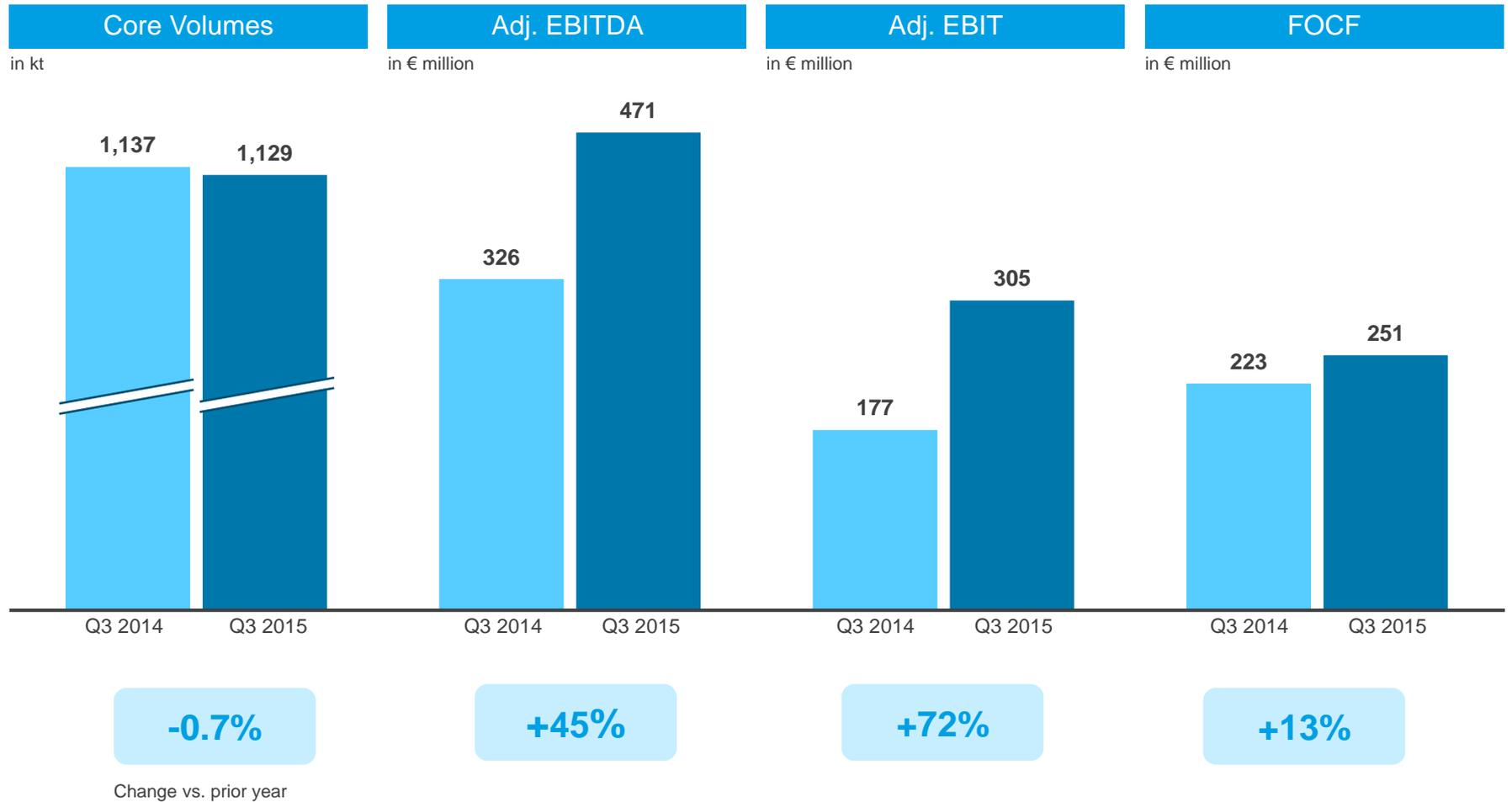
Solid volume growth and significant earnings improvement



Q3 2015 Sales & Earnings



Significant earnings improvement despite flat volumes



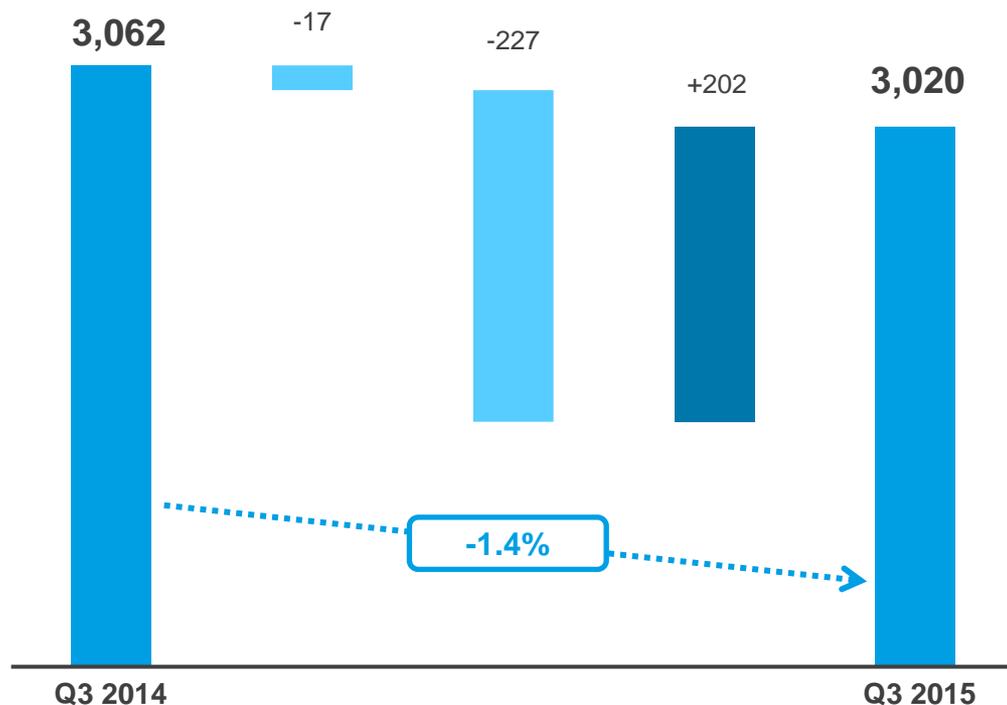
Q3 2015 – Sales Bridge



Flat volumes in a challenging environment

Sales Bridge

in € million



Highlights

Solid volume development

- In Q3 2015, slight decline mainly in the segment PUR
- In 9M 2015, growth of 3.0% Y/Y (€260m) with all three segments contributing

Positive FX effect

- In 9M 2015, FX effects contributed 8.9% Y/Y (€777m)

Price decline driven by lower raw material prices

- In Q3 2015, the index of Covestro's strategic raw materials prices decreased from 108 to 84 Y/Y (100 = Q1 2014)
- In 9M 2015, price effects burdened by 6.1% Y/Y (€535m)

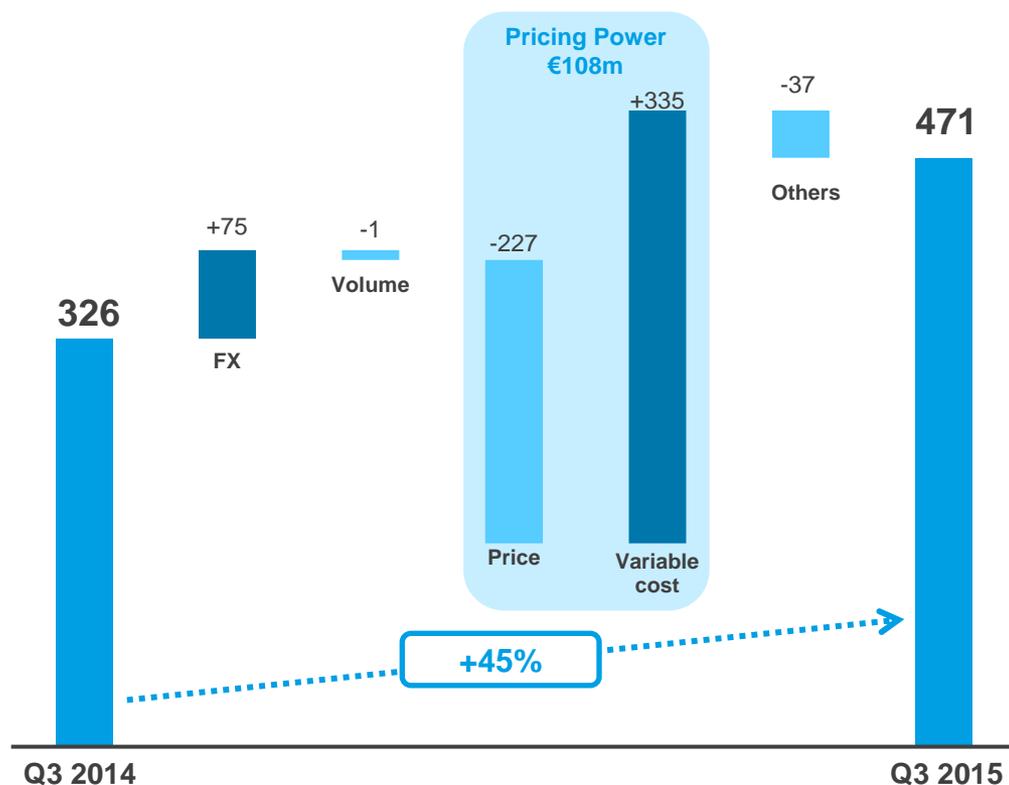
Q3 2015 – Adj. EBITDA Bridge



Strong growth driven by tight supply

Adj. EBITDA Bridge

in € million



Highlights

Stronger pricing power

- Tight supply in polycarbonates
- Polyols helped by tight styrene markets
- Limited pricing power in MDI
- Price reductions in TDI above raw material benefits

Weak € continued to support results

Limited effects from lower volumes

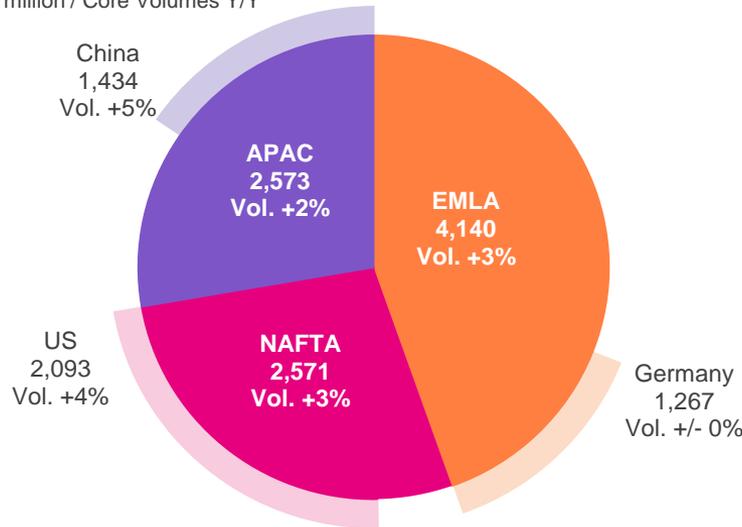
2015 – Sales per Region



China still on track and growth in mature markets accelerated

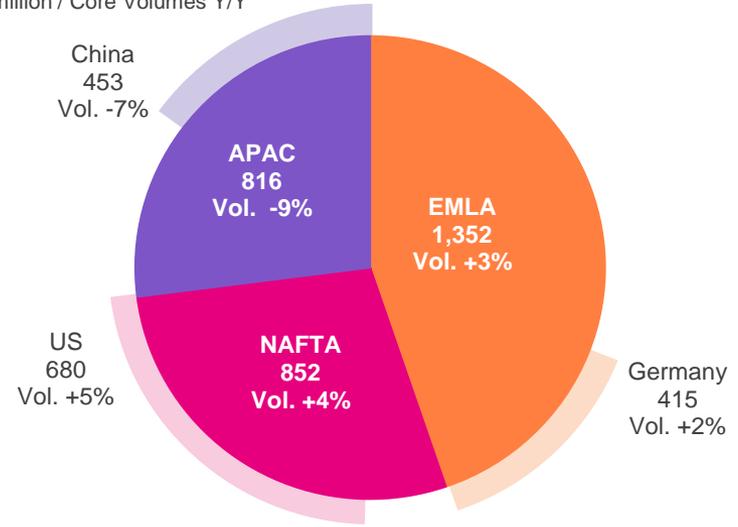
Solid Growth in 9M 2015

in € million / Core Volumes Y/Y



De-stocking in Q3 2015

in € million / Core Volumes Y/Y



9M 2015 Highlights

- Core volume growth of 2.5% Y/Y
- China remains a high core volume growth market with 5% Y/Y
- Good core volume growth in the US with 4% Y/Y
- EMLA solid despite double-digit decline in South America

Q3 2015 Highlights

- Core volumes down by 0.7% Y/Y
- APAC and China significantly down as customers adjusted growth expectations
- Growth accelerated in the US and Germany

Group Results



Defending higher margin level

Net Sales and Growth

in € million / changes Y/Y

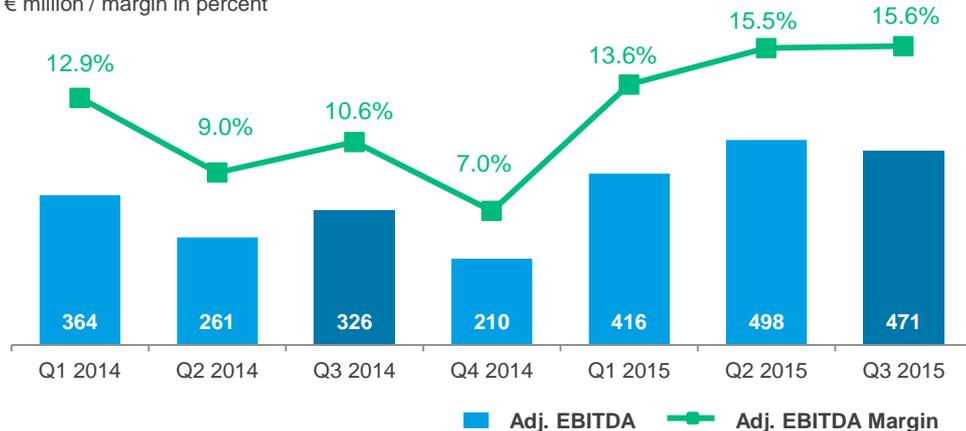


Q3 2015 Highlights

- Core volumes (kt) down 0.7% Y/Y
- Sales effects Y/Y: volumes -0.6%, prices -7.4%, FX +6.6%
- EBITDA margin stable Q/Q despite lower sales
- Polycarbonates once again the main driver for the very positive Y/Y development

Adjusted EBITDA and Margin

in € million / margin in percent



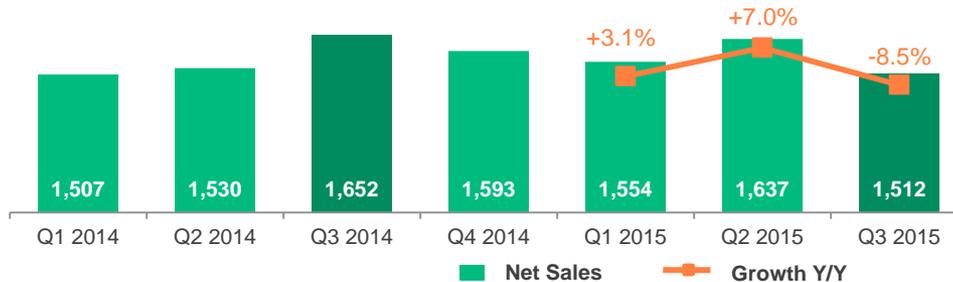
Results of PUR Segment



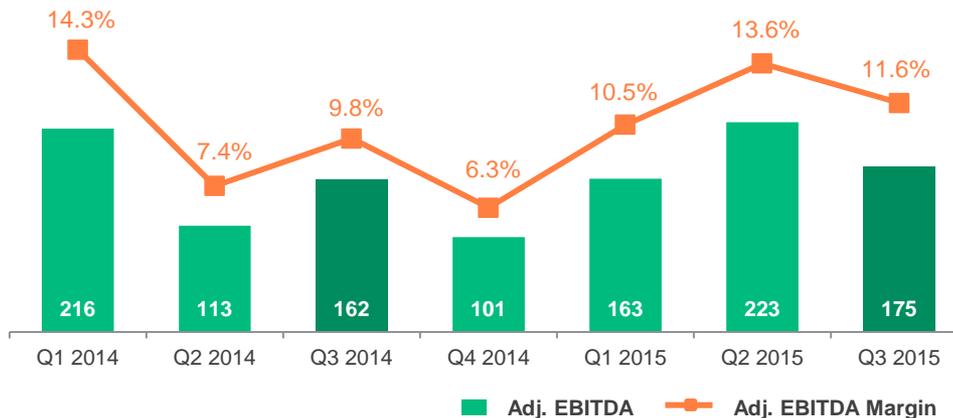
Polyurethanes – Volatile development

Net Sales and Growth

in € million / changes Y/Y



Adjusted EBITDA and Margin



Q3 2015 Highlights

- Core volumes (kt) down 2.8% Y/Y
- Sales effects Y/Y: volumes -2.2%, prices -12.1%, FX +5.8%

MDI:

- Volumes flat despite weak development in Asia
- Earnings flat Y/Y but down Q/Q

TDI:

- Volumes down driven by de-stocking in Asia
- Earnings down Y/Y and Q/Q due to global overcapacities

Polyols:

- Volumes down due to competitive pressure in Asia and Europe
- Earnings above mid-cycle levels due to strong contribution from styrene

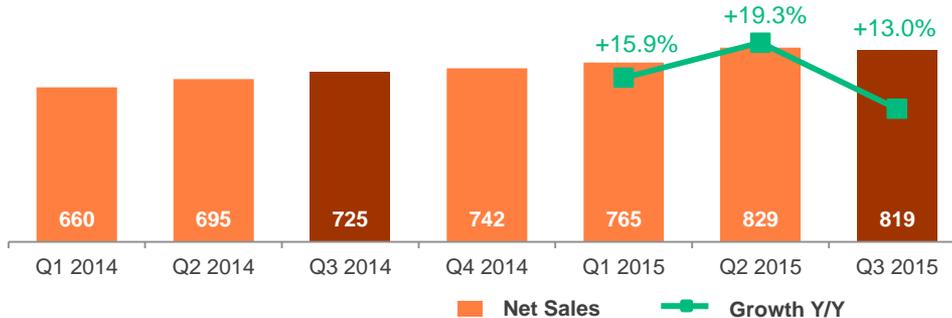
Results of PCS Segment



Polycarbonates – Positive momentum continues

Net Sales and Growth

in € million / changes Y/Y

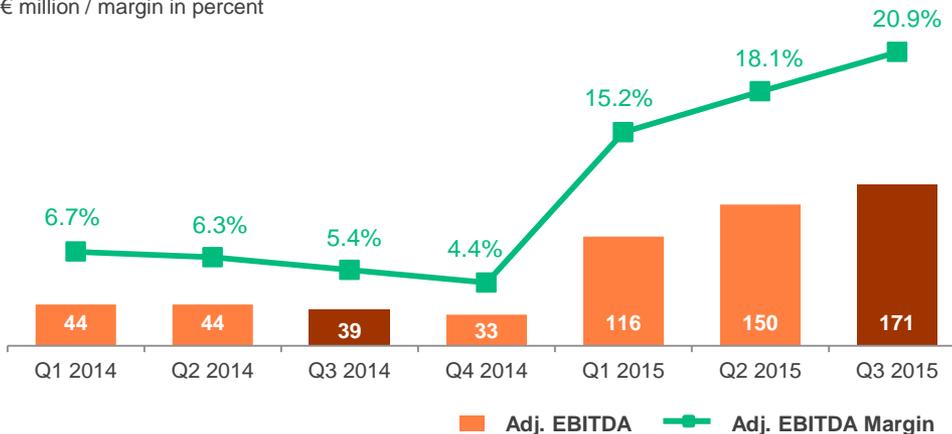


Q3 2015 Highlights

- Core volumes (kt) up 5.5% Y/Y
- Sales effects Y/Y: volumes +4.1%, prices -0.8%, FX +9.7%
- Strong volume growth in Europe and US, both regions strong in automotive and construction, APAC down due to lower optical media and BPA sales
- Significant margin increases Y/Y and Q/Q on the back of almost stable sales prices (EMLA up, NAFTA and APAC down) while raw material costs dropped significantly

Adjusted EBITDA and Margin

in € million / margin in percent



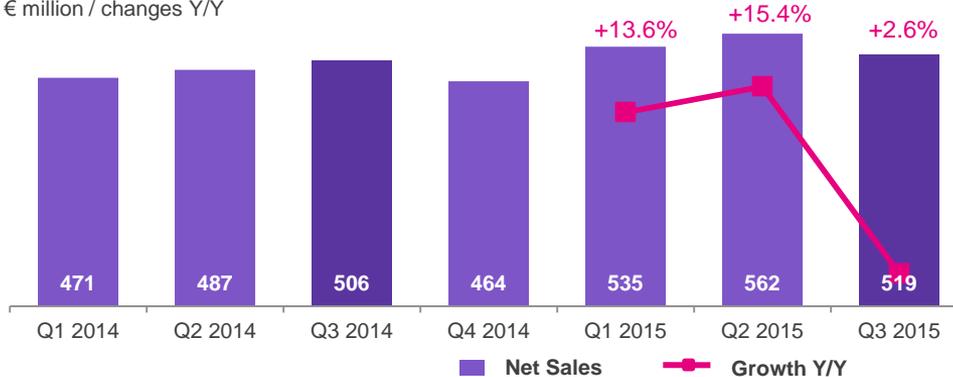
Results of CAS Segment



Coatings, Adhesives, Specialties – Record margin

Net Sales and Growth

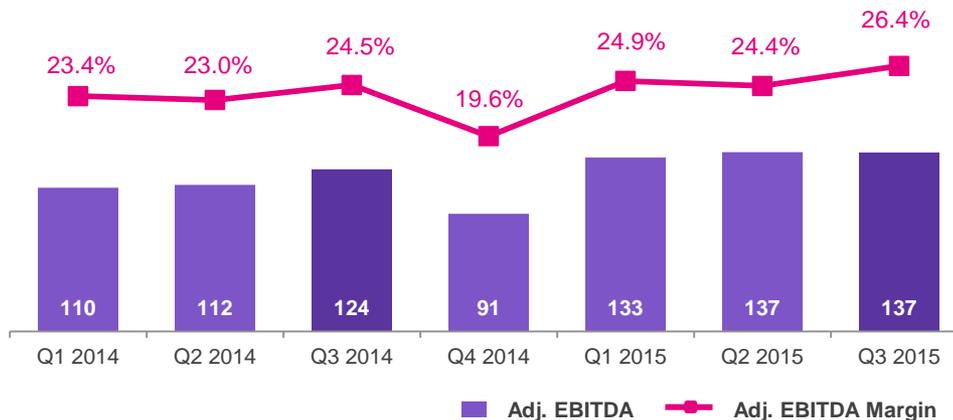
in € million / changes Y/Y



Q3 2015 Highlights

- Core volumes (kt) down 2.3% Y/Y
- Sales effects Y/Y: volumes -2.5%, prices -1.4%, FX +6.5%
- Volume decline mainly driven by de-stocking in Asia, EMLA flat and NAFTA slightly up
- Slightly lower selling prices were more than compensated by lower raw material prices
- Adj. EBITDA margin at record level of 26.4%

Adjusted EBITDA and Margin



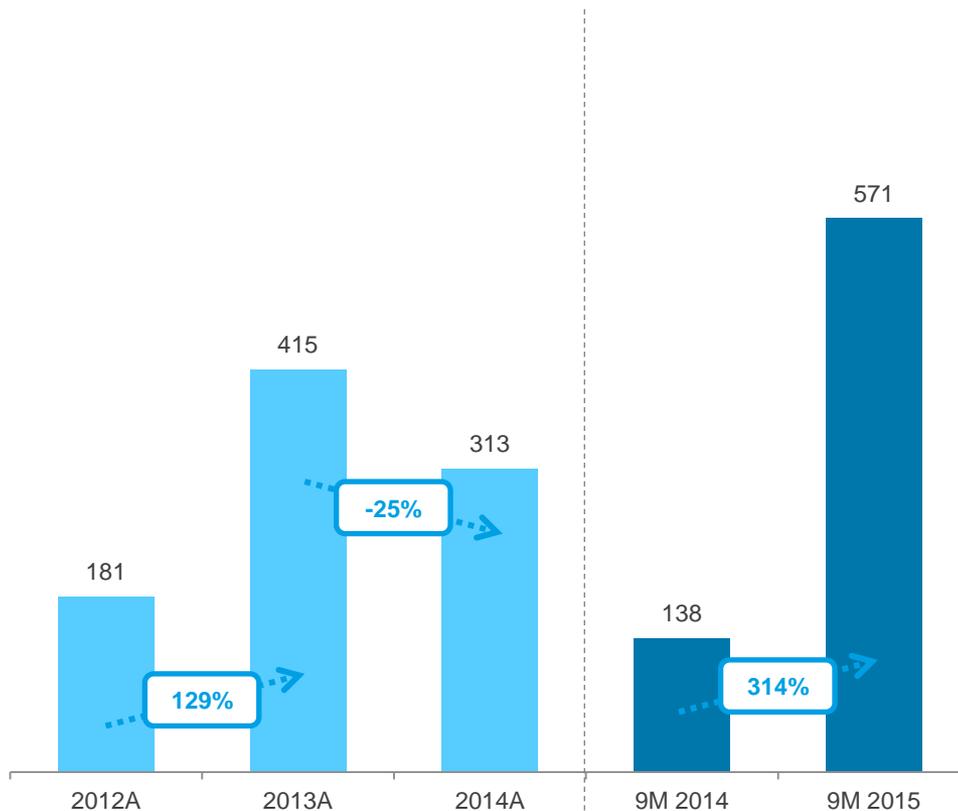
9M 2015 – Free Operating Cash Flow



On track for a record FOCF

Free Operating Cash Flow

in € million



9M 2015 Highlights

Strong performance in 9M 2015

- Driven by strong EBITDA
- Working capital increased mainly due to planned maintenance shut down in China
- Capex of €352m significantly below D&A of €527m

Outlook 2015

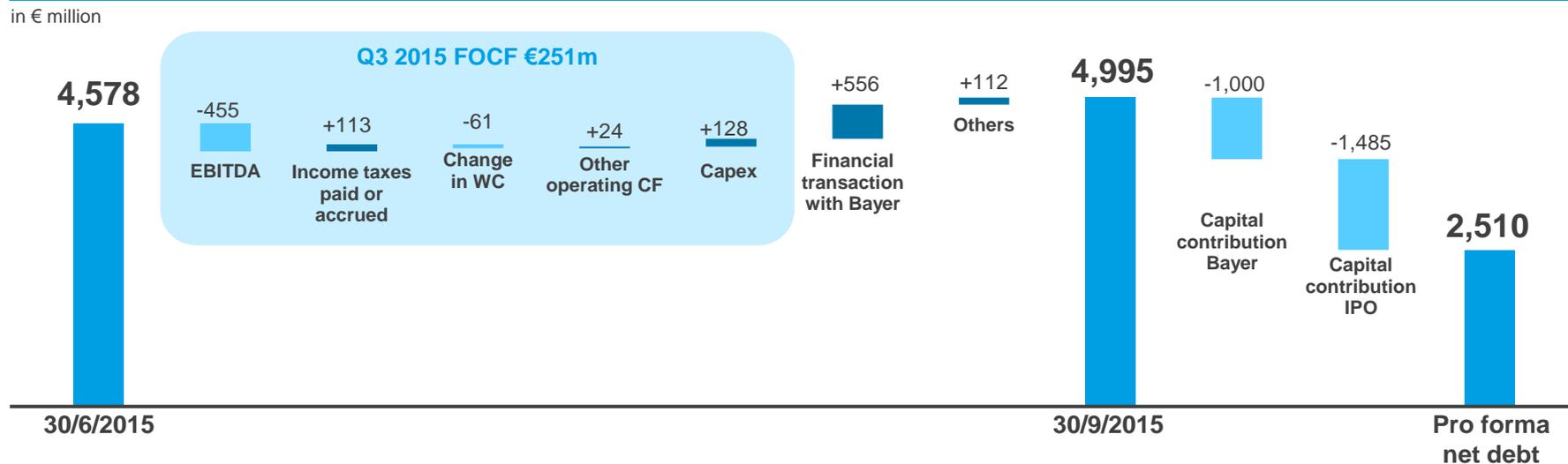
- Working capital expected to improve end of Q4 vs. end of Q3 2015
- 2015 Capex expected to peak in Q4
- Overall, strong FOCF expected to continue in Q4 2015

9M 2015 – Net Financial Debt



Baa2 rating (Moody's) with stable outlook

Net Financial Debt Development



Highlights

Pro forma net debt (incl. pension) of c. €4bn

- Pro forma net debt €2.5bn (beginning of Oct 2015) plus pension provision of €1,562m (end of Q3 2015)

Stable net debt assumed for year end 2015

- Strong FOCF assumed for Q4 2015
- One-off cash payments expected in Q4 2015

We target to end up at the lower end of the range of 2.5x-3.0x net debt to adj. EBITDA for FY 2015

Guidance for FY 2015



On track to deliver

	FY 2014	Guidance FY 2015 vs. FY 2014	9M 2015
Core Volume Growth*			
Group*	4.8%	Low-single-digit increase Y/Y	2.5%
PUR*	3.9%	Slight increase Y/Y	0.8%
PCS*	9.0%	Mid-single-digit increase Y/Y	6.7%
CAS*	1.3%	Low-single-digit increase Y/Y	3.5%
Adj. EBITDA			
Group FY 2015	1,161	Significant increase Y/Y	1,385
Group Q4 2015 (basis Q4 2014)	210	Increase Y/Y	n/m
PUR	592	Increase Y/Y	561
PCS	160	At least triple Y/Y	437
CAS	437	Increase Y/Y	407
Additional Indications			
Adj. D&A	600	Slightly below €700m	502
Special items in EBITDA	-39	More than €-200m	-98
Special items in D&A	-5	Around minus €20-30m	-25
Tax rate	27.3%	Around 30% (slightly higher cash tax rate)	29.8%
Capex	612	Around €550m	352

*Guidance for core volume growth compares growth expectations for 2015 vs. absolute volumes achieved in 2014

Q3 2015 - Summary



Covestro fully on track

Solid organic growth in a focused portfolio
despite a challenging market environment

Strong earnings and cash flow generation
driven by a favorable demand/supply balance and supported by focus on profitability

Robust financial profile
with an investment grade rating (Baa2 from Moody's)

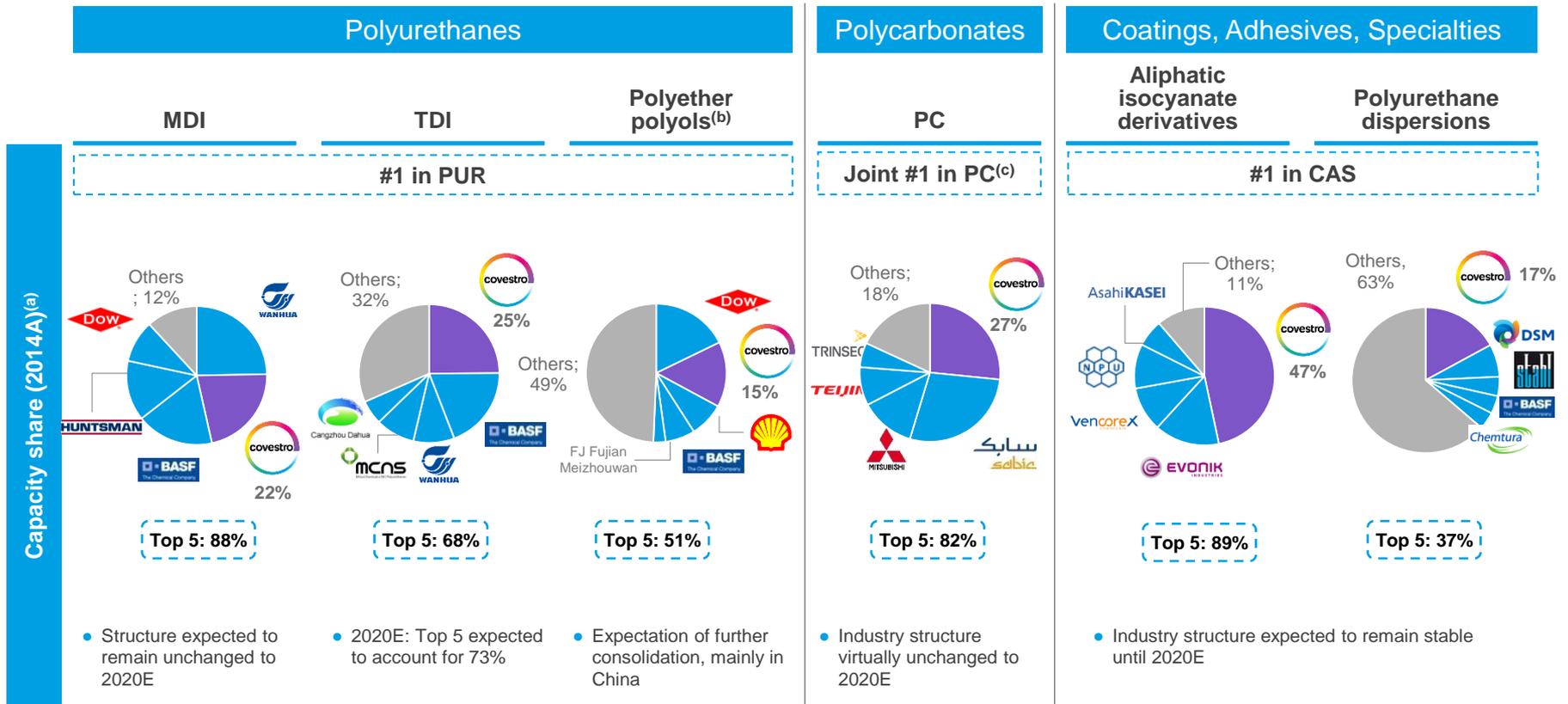
Attractive dividend policy
with a planned dividend payment of around €100-150m already for the stub year 2015

Confirmed financial outlook
with Covestro performance fully on track for 2015E targets

Competitive Landscape



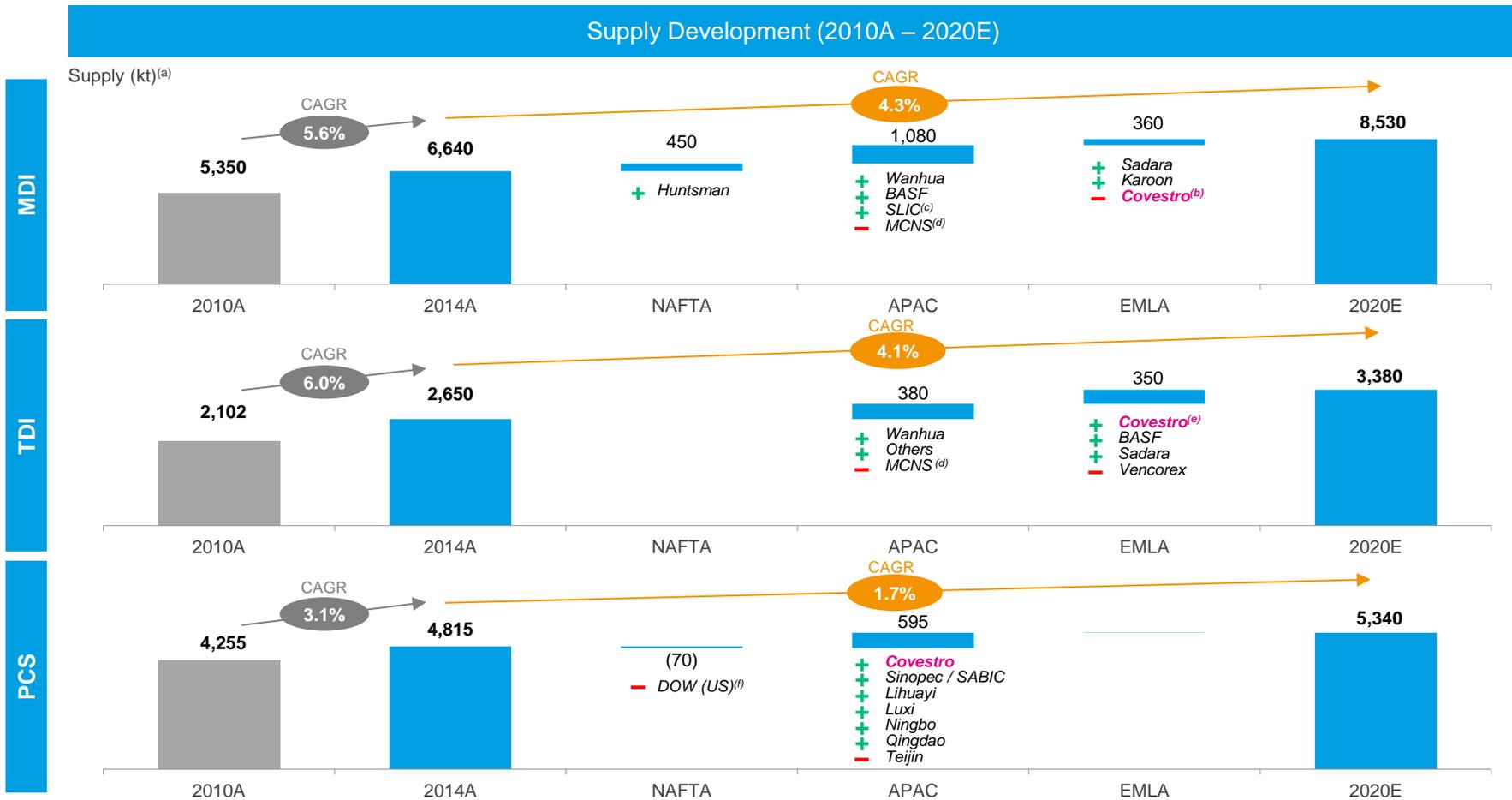
Covestro is a leader across its entire portfolio



Industry Supply Development



Favourable industry supply outlook

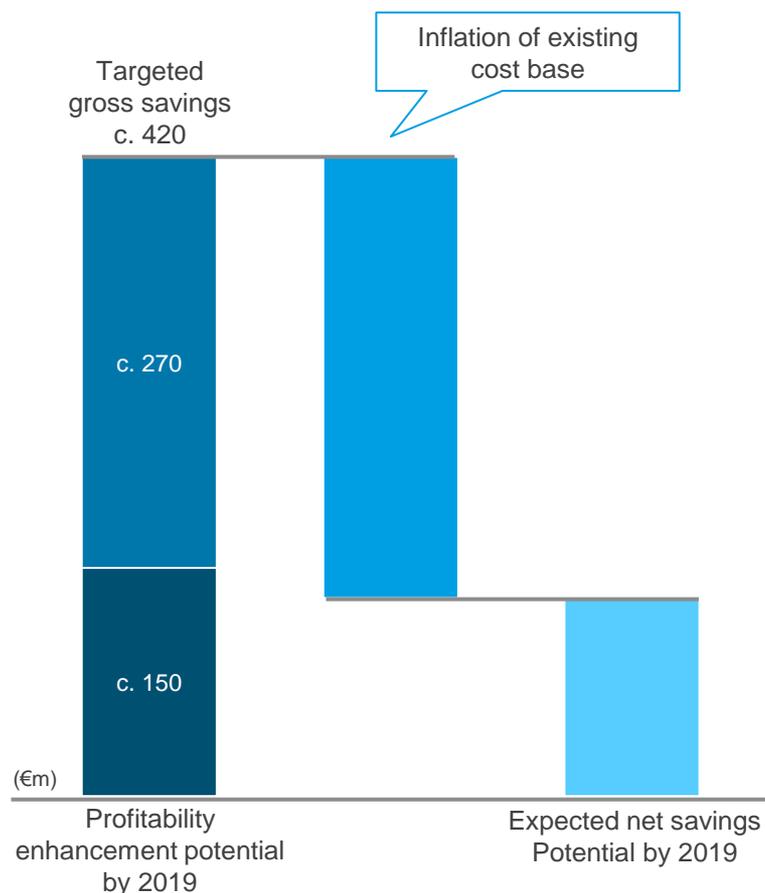


Structured Profitability Program



Targeted gross savings of c. €420m well above expected inflation

Key Measures		
Asset optimization plan	Fixed assets management cost improvements	<ul style="list-style-type: none"> Rolling out fixed asset management cost initiatives More efficient turnaround execution Further operational optimizations
	Asset restructuring / efficiency projects	<ul style="list-style-type: none"> Closure of Belford Roxo TDI EMEA restructuring Ongoing site consolidation MDI EMEA restructuring potential
	Continuous improvement	<ul style="list-style-type: none"> In manufacturing area
Cost improvement measures	Corporate overhead cost savings	<ul style="list-style-type: none"> Streamlining IT infrastructure and business model More tailor-made service function designs to replace current TSA^(a) with Bayer
	BU-level specific savings	<ul style="list-style-type: none"> Streamline sales force and back-office Focus on core areas and customers Consolidation within regional functions, product management and sales Maximize use of existing trade and distribution channels
	Continuous improvement	<ul style="list-style-type: none"> In non-manufacturing area



Upcoming IR Events



Find more information on investor.covestro.com

Reporting Dates

- **February 23, 2016***: Q4/FY 2015 Annual Report
- **April 25, 2016***: Q1 2016 Interim Report

*Dates preliminary

Annual Dates

- **May 3, 2016**: Annual Stockholders' Meeting
- **May 4, 2016**: Planned Dividend Payment Day

Broker Conferences

- **January 11-13, 2016**: Commerzbank, German Investment Seminar (GIS) 2016, New York
- **January 18-20, 2016**: UniCredit & Kepler Cheuvreux, German Corporate Conference 2016, Frankfurt