



Strong momentum continues

Financial Highlights
Q1 2017



Forward-looking statements

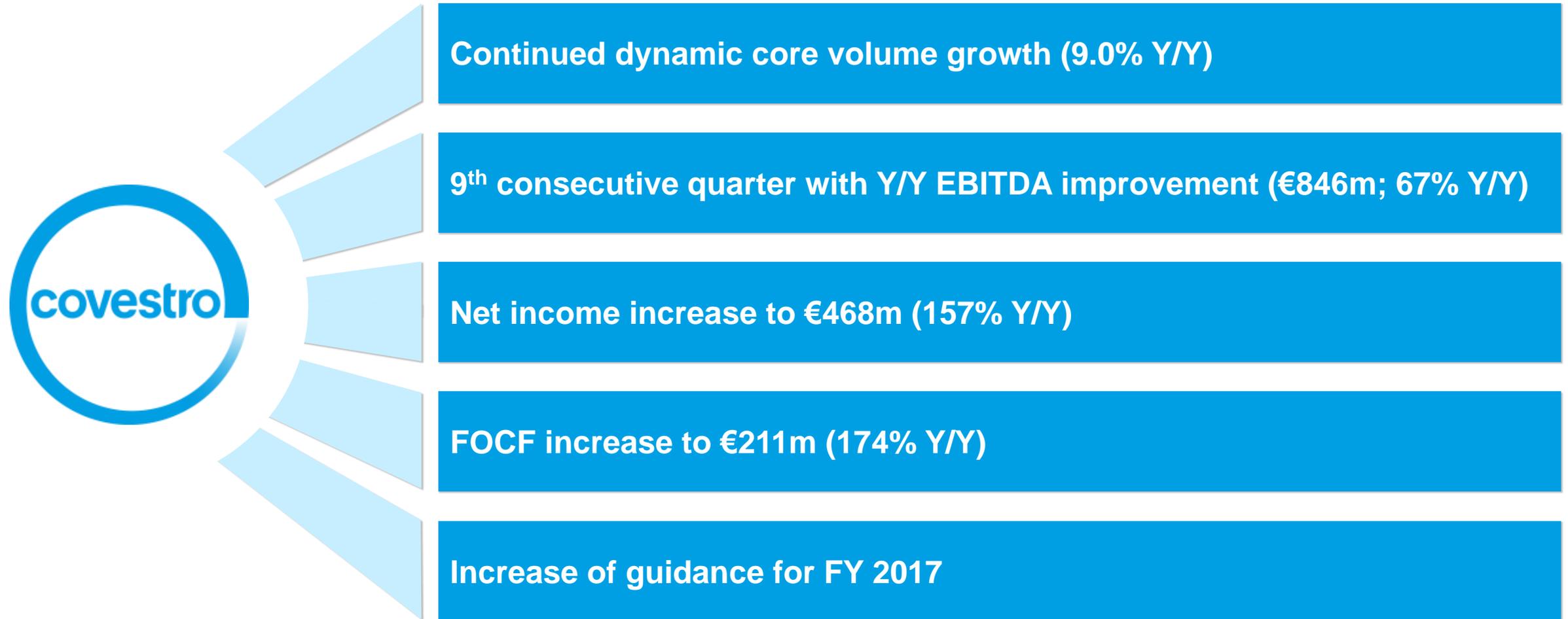
This presentation may contain forward-looking statements based on current assumptions and forecasts made by Covestro AG.

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 Covestro's public reports, which are available on the Covestro website at www.covestro.com.

The company assumes no liability whatsoever to update these forward-looking statements or to adjust them to future events or developments.

Q1 2017 Key Highlights

Strong momentum continues



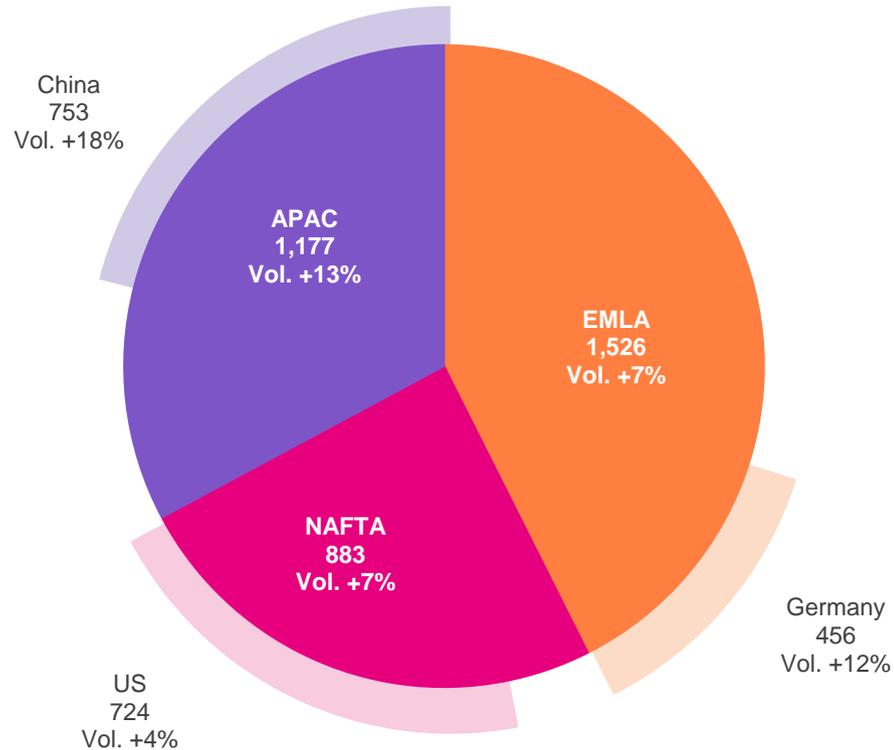
Q1 2017 – Sales per Region

Improving European business



Solid development in Q1 2017

in € million / Core volume growth Y/Y



Highlights

EMLA

- Double-digit volume growth in Germany, mainly driven by PUR and PCS
- Strong rebound in Latin America

APAC

- Double-digit volume growth in APAC and China driven by all segments
- Continued strong demand in Electrical, Automotive and Furniture

NAFTA

- Solid volume growth in US, mainly driven by double-digit volume growth in PCS
- Double-digit volume growth in Mexico

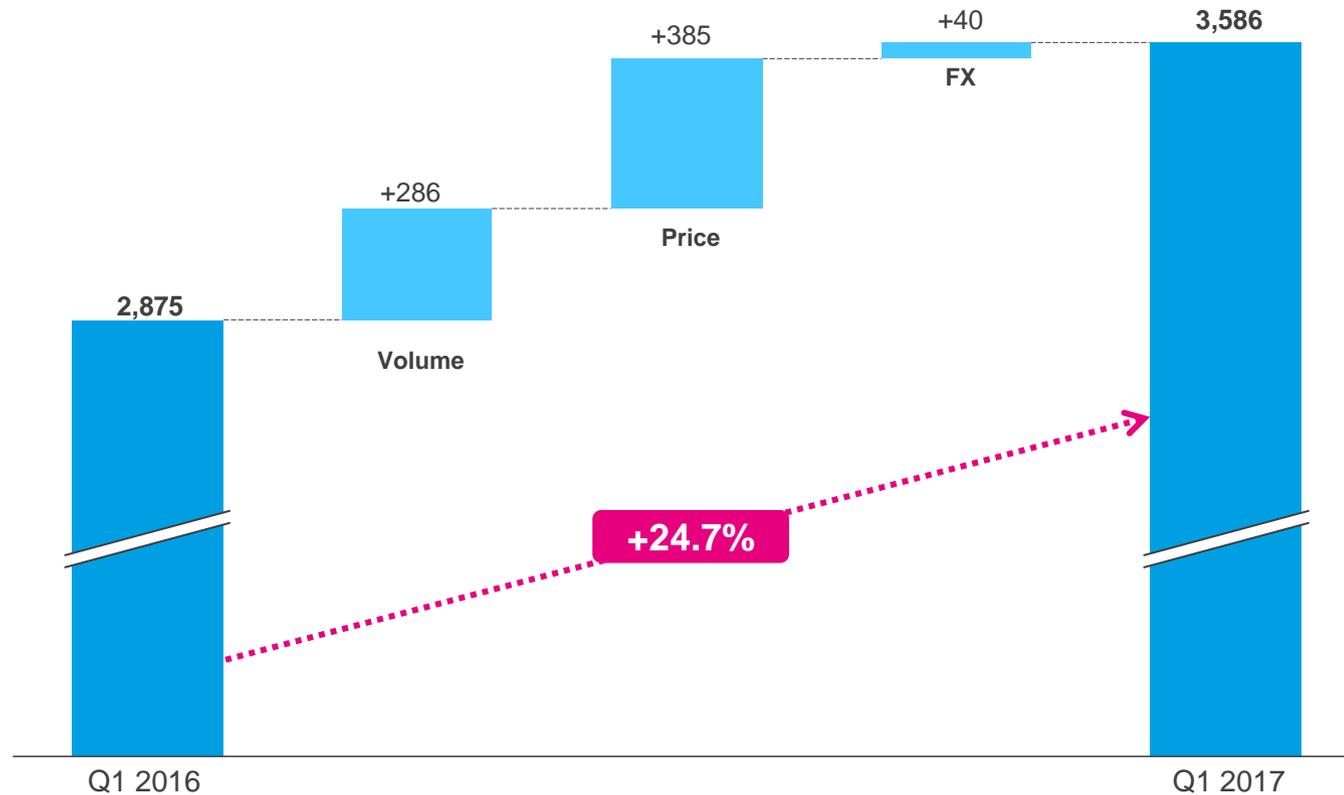
Q1 2017 – Sales Bridge

Strong volume growth and reflation



Sales Bridge

in € million



Highlights

Dynamic volume development

- Core volume growth (in kt) of 9.0% Y/Y
- Sales volumes (in €) expansion of 9.9% Y/Y
- Sales volume expansion above core volume growth due to product mix upgrades

Reflation and higher industry utilization

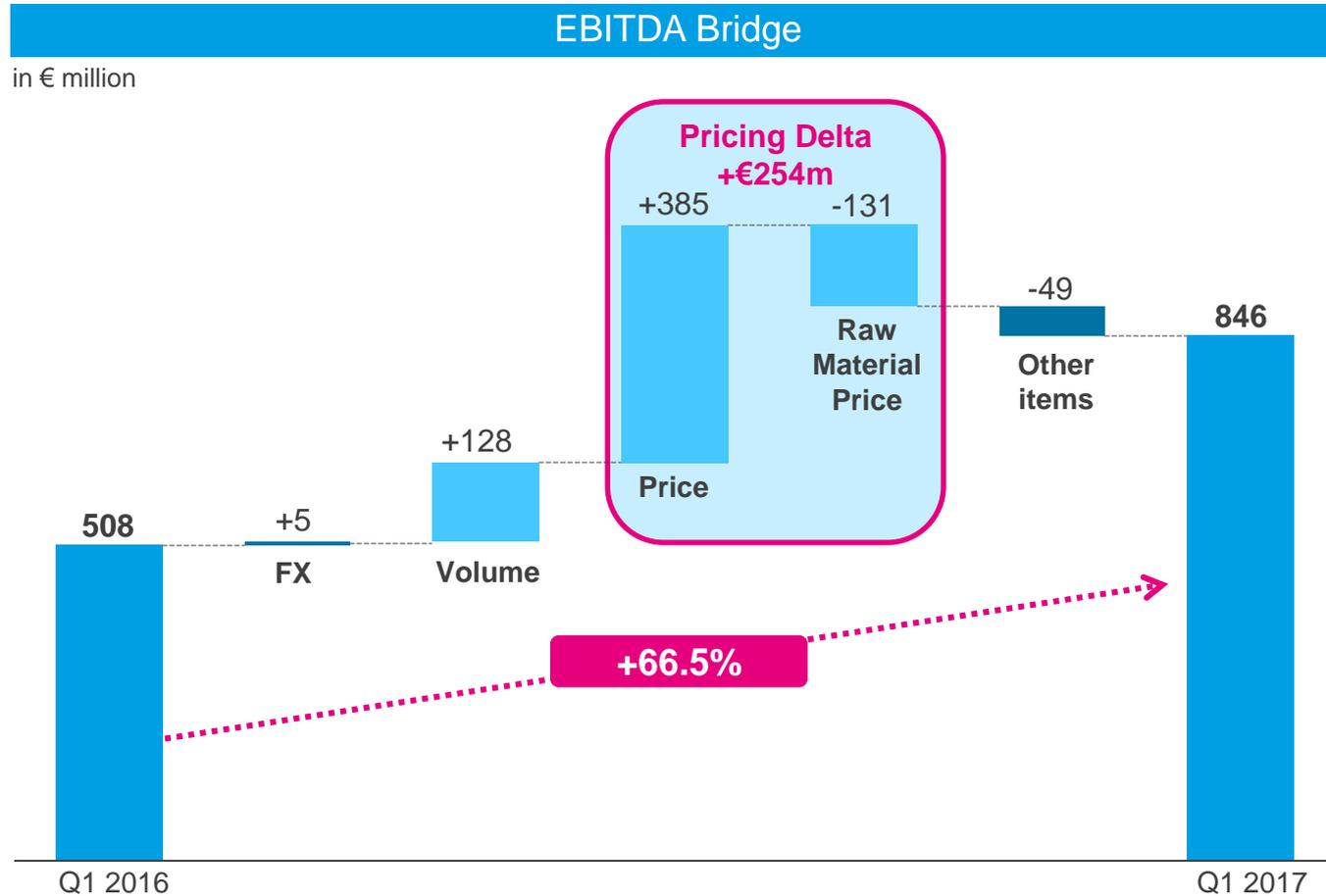
- Higher selling prices positively impacted sales by 13.4% Y/Y

Positive FX effects

- FX effects benefited sales by 1.4% Y/Y mainly due to stronger USD

Q1 2017 – EBITDA Bridge

Strong volume leverage and positive pricing delta



Highlights

Positive volume leverage

- Broad-based in all three business segments

Improving cash margin

- Positive pricing delta driven by TDI & MDI
- Selling price increases could more than compensate for rising raw material prices

Other items

- Provision release of €9m for Tarragona
- Prior year benefited from an insurance income of €30m

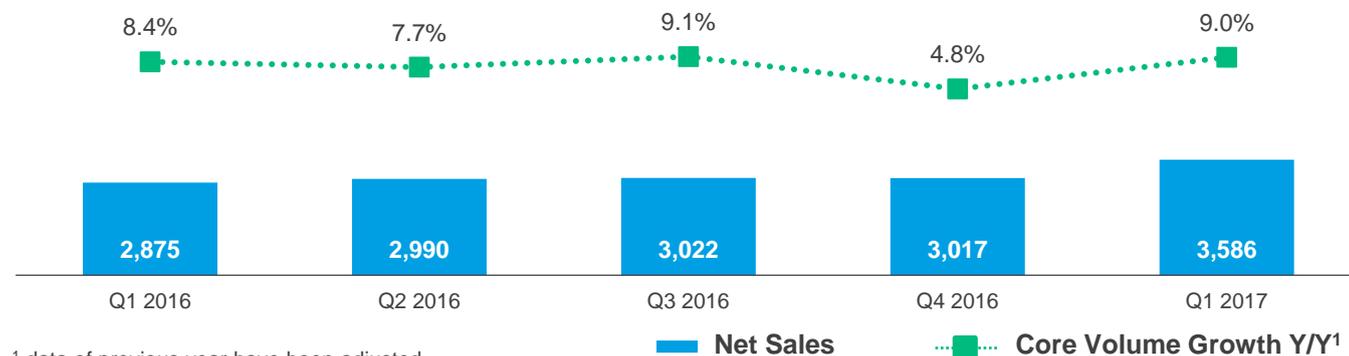
Q1 2017 – Group Results

Continued margin expansion



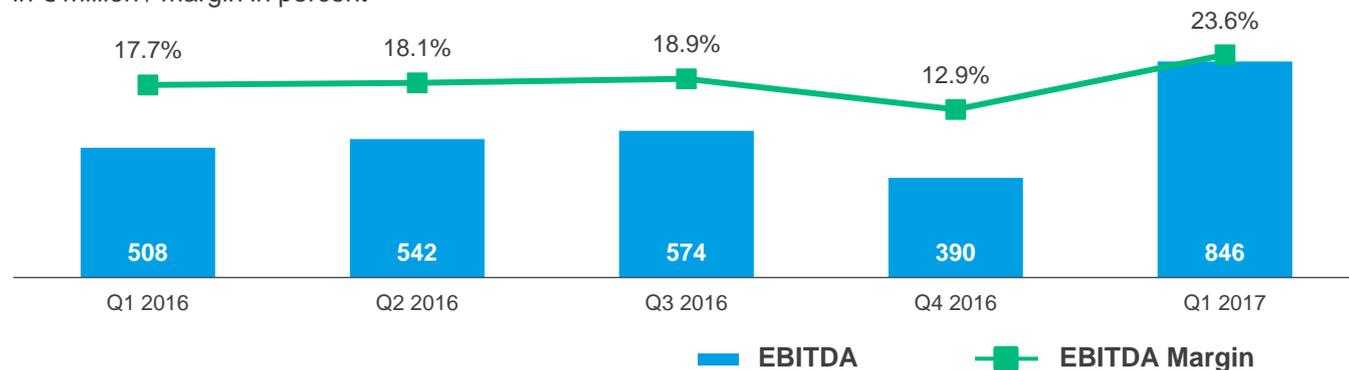
Net Sales and Core Volume Growth

in € million / changes Y/Y



EBITDA and Margin

in € million / margin in percent



Q1 2017 Highlights

- Strong core volume growth (in kt) of 9.0% driven by strong end market growth and partial re-stocking
- Sales increased by 25% driven by volume and pricing leverage

Q1 2017 Highlights

- EBITDA margin improved significantly to 23.6% vs. 17.7% in Q1 2016
- 9th consecutive quarter with Y/Y EBITDA increase

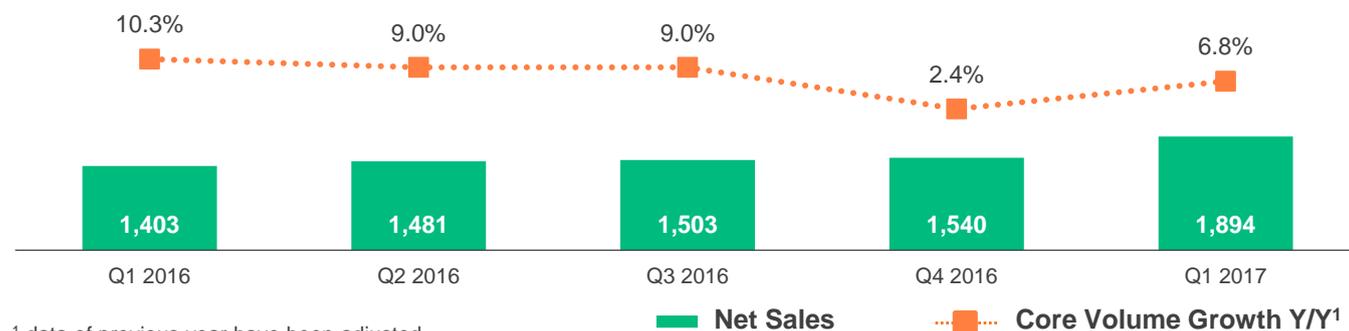
Q1 2017 – PUR Segment – Results

Polyurethanes – Structurally improving margins in MDI



Net Sales and Core Volume Growth

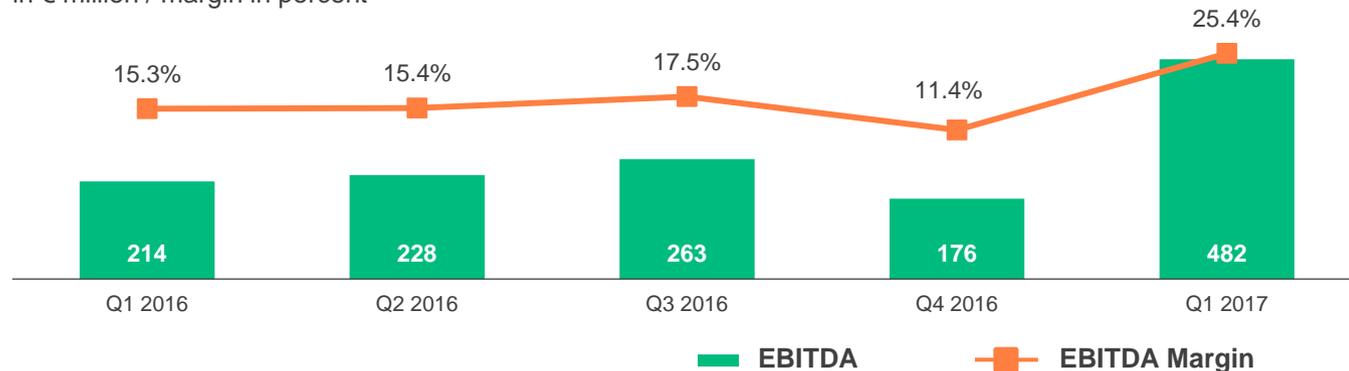
in € million / changes Y/Y



¹ data of previous year have been adjusted

EBITDA and Margin

in € million / margin in percent



Q1 2017 Highlights

- Core volume growth of 6.8% Y/Y mainly driven by strong MDI and TDI, whereas polyols increased low-single digit
- Selling prices increased 25.8% mainly due to strong demand in MDI and TDI

Q1 2017 Highlights

- EBITDA increased by 125% Y/Y with a margin of 25.4% vs. 15.3% in Q1 2016
- Around half of the Y/Y EBITDA growth related to strong volume leverage and structurally higher margins, mainly in MDI
- Remaining Y/Y EBITDA improvement related to fly-up margins, mainly in TDI

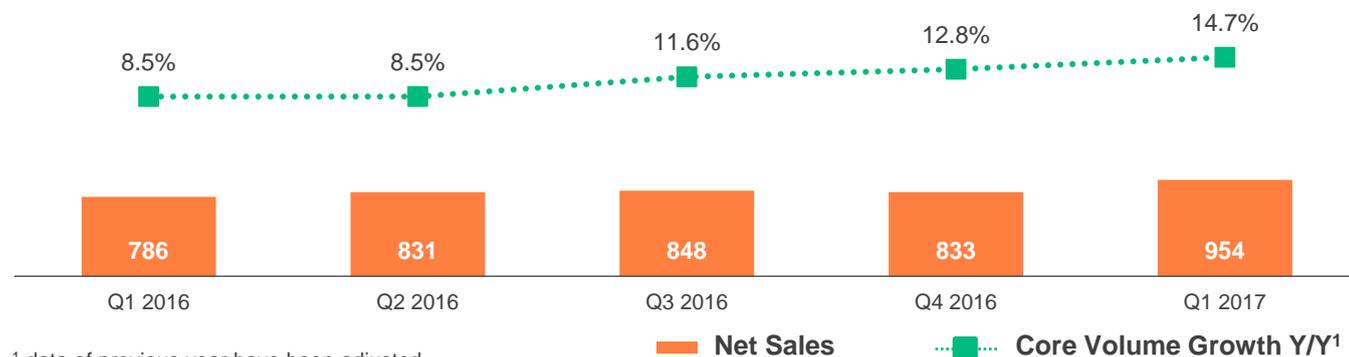
Q1 2017 – PCS Segment – Results

Polycarbonates – Steady high margin business



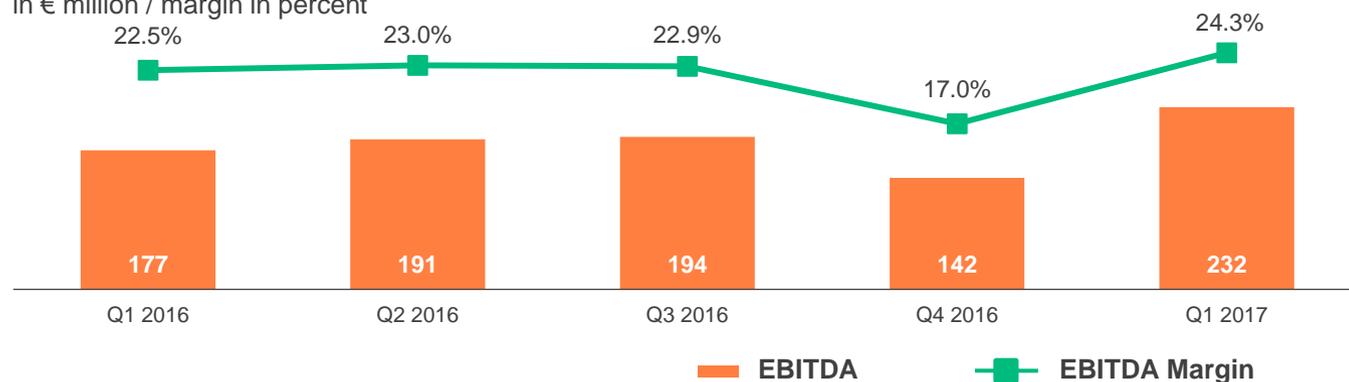
Net Sales and Core Volume Growth

in € million / changes Y/Y



EBITDA and Margin

in € million / margin in percent



Q1 2017 Highlights

- Core volumes increased double-digit by 14.7%
- Broad-based acceleration of demand growth
- Selling prices increased by 2.9%

Q1 2017 Highlights

- EBITDA increased by 31.1% Y/Y with a margin of 24.3% vs. 22.5% in Q1 2016
- EBITDA increase driven by positive volume leverage and product mix improvements
- Continuing favorable supply-demand balance

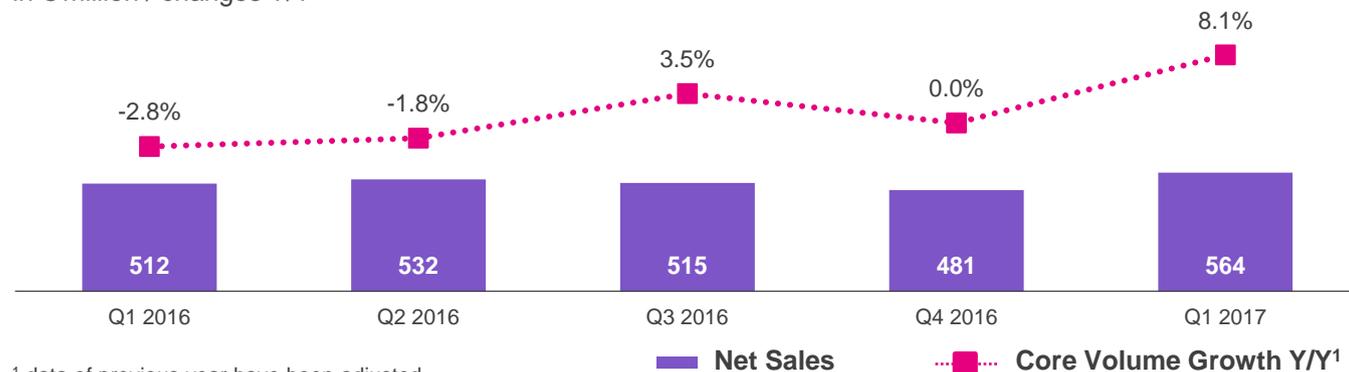
Q1 2017 – CAS Segment – Results

Coatings, Adhesives, Specialties – Solid results



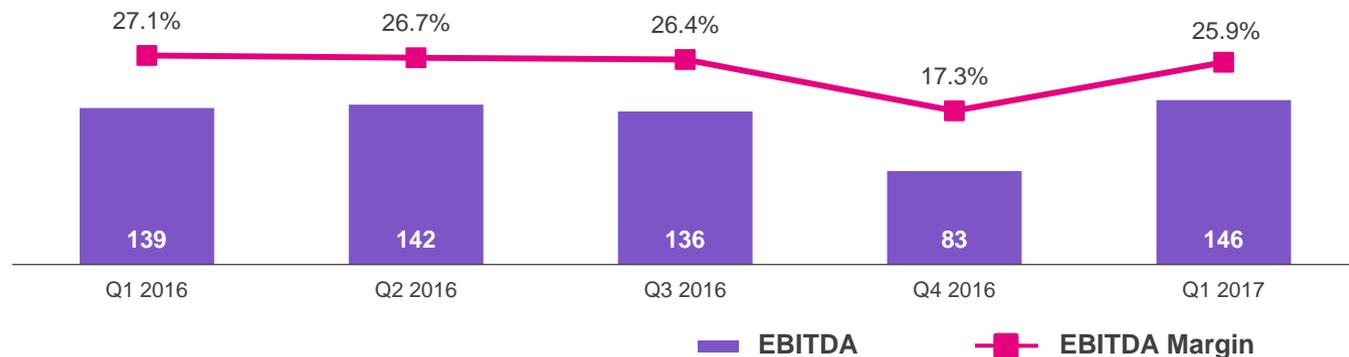
Net Sales and Core Volume Growth

in € million / changes Y/Y



EBITDA and Margin

in € million / margin in percent



Q1 2017 Highlights

- Dynamic core volume growth of 8.1% Y/Y due to strong growth in APAC and EMLA
- Some pre-buying assumed due to announced price increases
- Selling prices decreased slightly

Q1 2017 Highlights

- EBITDA increased by 5.0% Y/Y
- Slightly lower margin on a high level of 25.9% vs. 27.1% in Q1 2016 due to higher costs

Q1 2017 – Free Operating Cash Flow

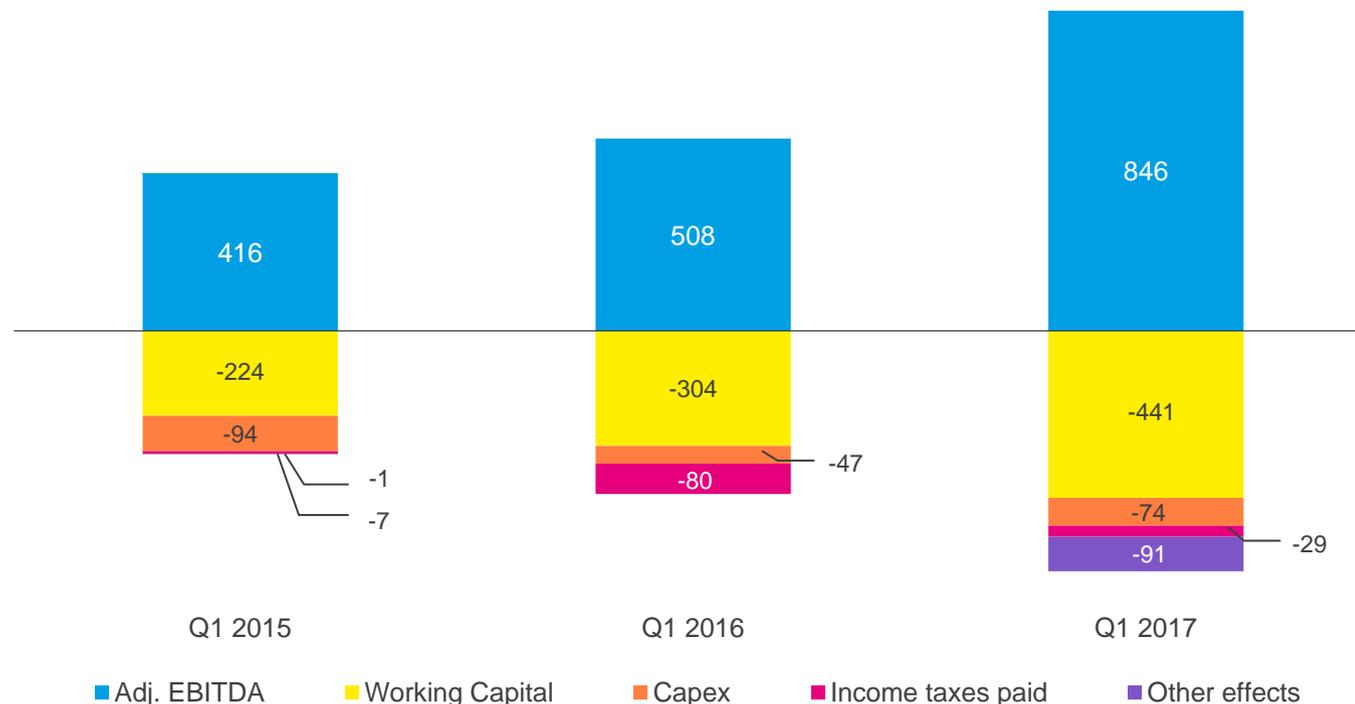
Solid FOCF in a seasonally low quarter



Free operating cash flow development

in € million

FOCF	90	-14%	77	+174%	211
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Highlights

- Working capital to sales ratio* at 18.1%, slightly above the targeted range of 15-17% due to higher valuation of stocks and higher receivables
- Capex of €74m up Y/Y due to low comparison basis and MDI expansion in Brunsbüttel; Capex below D&A of €158m
- Low cash tax rate of 4.6% mainly due to phasing of tax payments
- Others effects include the release of provisions for bonus payments

* Method of calculation: WC on 31.03.2017 divided by sales of last four quarters

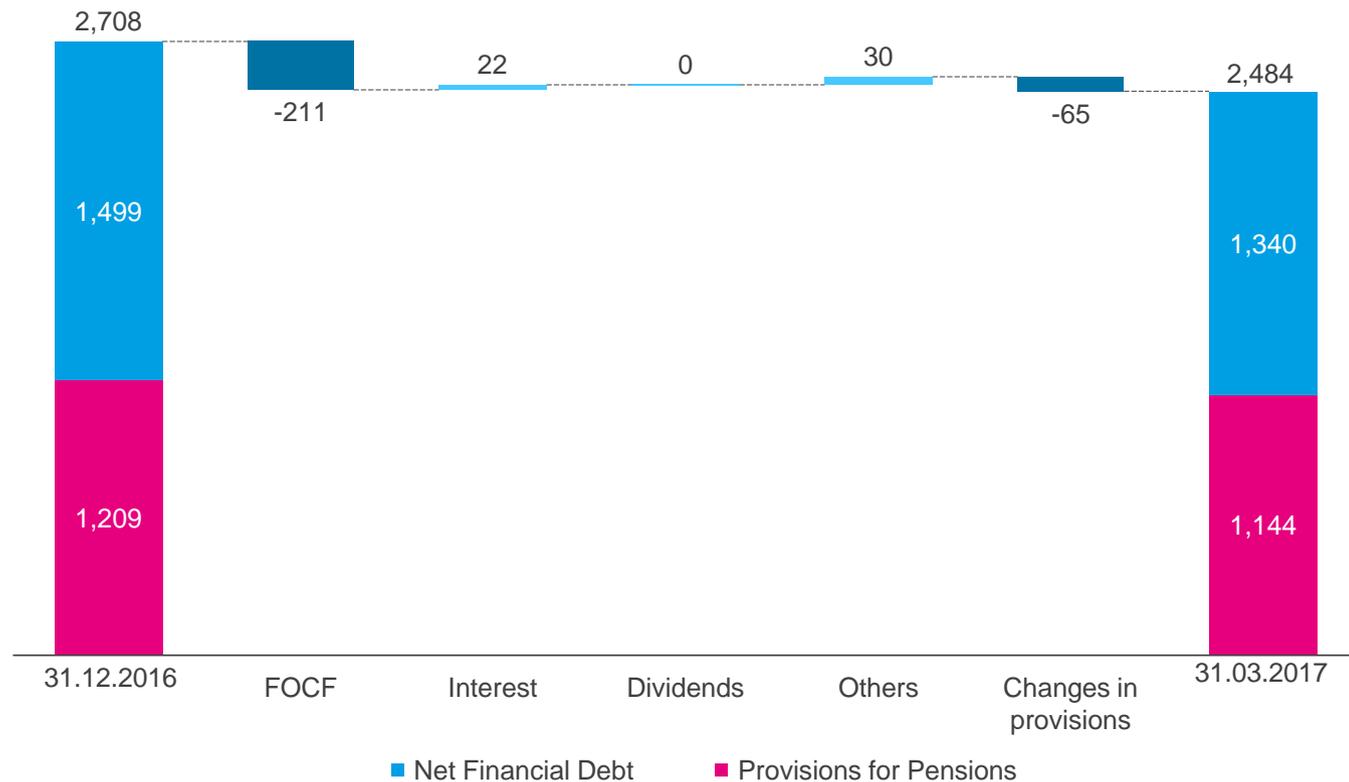
Q1 2017 – Total Net Debt

Strong balance sheet



Total net debt – end of Q1 2017

in € million



Highlights

- Total net debt to EBITDA ratio* slightly reduced to 1.1x
- Pension provisions decreased slightly to €1,144m due to higher interest rates
- Equity ratio further improved to 44%

* Method of calculation: Total net debt on 31.03.2017 divided by EBITDA of last four quarters

Guidance 2017

Strong momentum continues



	FY 2016	Guidance FY 2017*	New Guidance FY 2017*
Core Volume Growth	+7.5%	Low- to mid- single-digit percentage increase Y/Y	Unchanged
FOCF	€1,367m	Slightly above the average of the last three years	Significantly above the average of the last three years
ROCE	14.2%	Slightly above the 2016 level	Significantly above the 2016 level
Additional financial expectations	FY 2016	Guidance FY 2017*	New Guidance FY 2017*
EBITDA 2017 FY	€2,014m	At or above the 2016 level	Significantly above 2016
EBITDA 2017 Q2	Q2: €542m	n.a.	Significantly above Q2 2016
D&A	€683m	~€650-700m	~€650m
Financial results	€-196m	€-170 to -190m	€-180 to -200m
Tax rate	29.0%	≤30%	Unchanged
Capex	€419m	~€550m	Unchanged

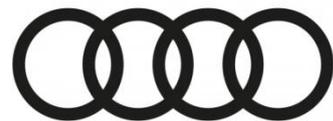
* Basic Assumptions: Exchange rate of USD/EUR ~1.10 and a similar macroeconomic environment as in 2016

First bio-based automotive 2K PU clearcoat tested

Audi: Successful near-series trial / BASF: Satisfied with performance



- Successful coating of Audi Q2 under near-series conditions
- Based on proven 2K PU technology fulfilling high performance standards
- Application on existing coating lines possible
- Helps customers to lower carbon footprint of their products





Q1 2017 – Summary

Covestro fully on track

Strong volume growth with a focused portfolio

supported by continued robust demand

Solid earnings and cash flow generation

helped by higher industry utilization and a focus on profitability

Robust financial profile

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

Long-term progressive dividend policy

with a focus on increasing or at least stable dividends

Solid financial outlook

despite continued limited visibility

Upcoming IR Events

Find more information on investor.covestro.com



Reporting dates

- July 25, 2017 Q2 2017 Interim Report
- October 24, 2017 Q3 2017 Interim Statement
- February 20, 2018 Q4 & FY 2017 Annual Report

Annual General Meeting

- May 3, 2017 Annual General Meeting, Bonn

Broker conferences

- May 15, 2017 Deutsche Bank, dbAccess Asia Conference, Singapore
- May 16, 2017 Citi's Inaugural Chemical Conference, London
- June 13, 2017 Exane BNP Paribas European CEO Conference, Paris
- June 21-22, 2017 Deutsche Bank, dbAccess German, Swiss & Austrian Conference, Berlin

Capital Markets Day

- June 29, 2017 Covestro Capital Markets Day, London