



Welcome to Covestro

Deutsche Bank US Chemicals
Fieldtrip 2016

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



Covestro in North America

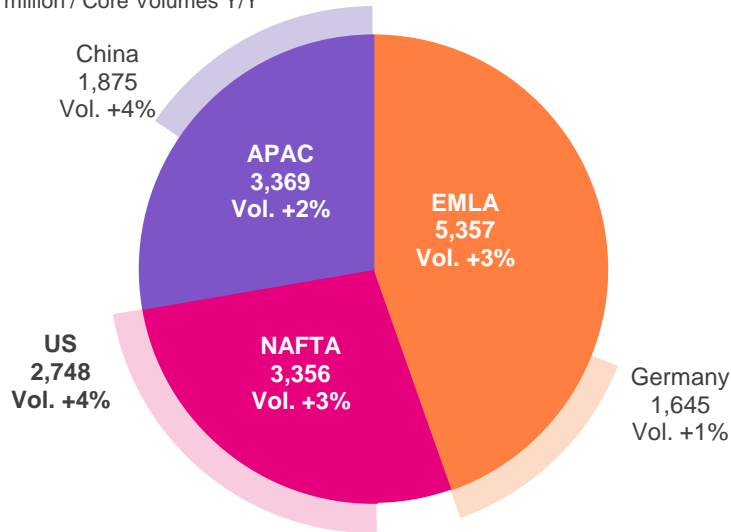
USA is our largest single country



Robust US core volume growth of 4% in 2015

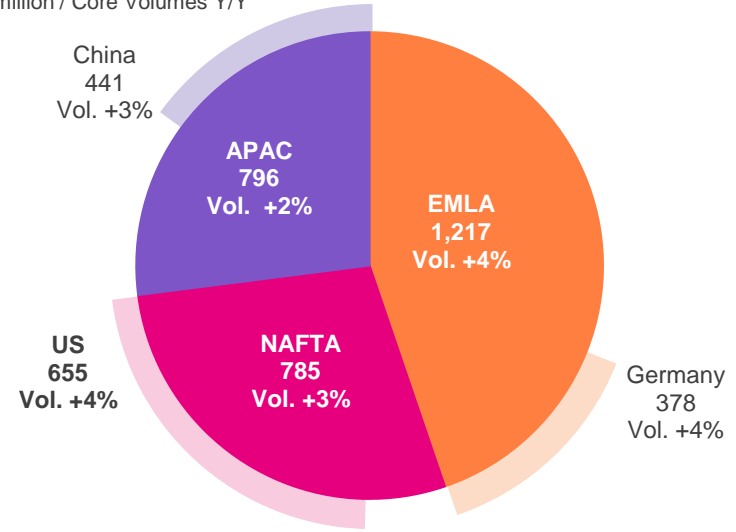
Solid development in 2015

in € million / Core Volumes Y/Y



Back to growth in Q4-2015

in € million / Core Volumes Y/Y



2015 Highlights

- Solid core volume growth of 2.7% Y/Y despite destocking in Q3-2015
- Demand in China remains solid (16% sales share)
- Robust growth in the US (23% sales share)
- EMLA achieved solid growth despite double-digit decline in Latin America



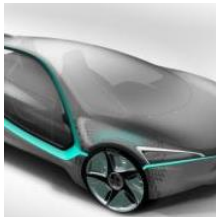



Q4-2015 Highlights

- Core volume growth of 3.3% Y/Y in Q4 after a 0.7% Y/Y decline in Q3
- US growth remains steady on a high level
- Growth accelerated in EMLA and Germany
- China is back to growth albeit still below the recent trend line development

Covestro in North America



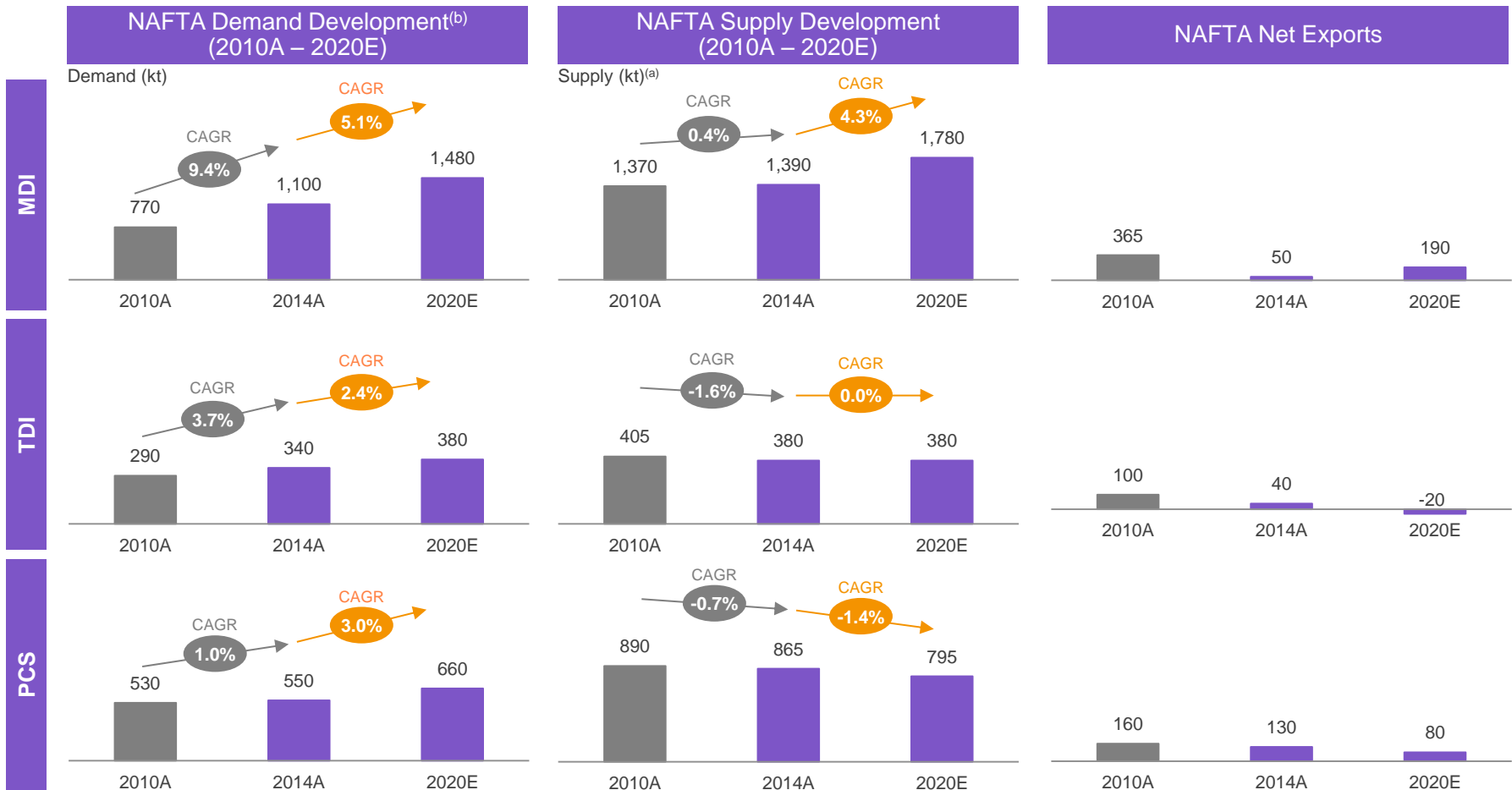
Three industry-leading, structurally attractive business units

Business Units	Polyurethanes (PUR)	Polycarbonates (PCS)	Coatings, Adhesives, Specialties (CAS)
NAFTA Position ^(a)	<ul style="list-style-type: none"> ● Global #1: <ul style="list-style-type: none"> – MDI: NA #2 (320kt) – TDI: NA #1 (225kt) – Polyether polyols: NA #1 (600kt) 	<ul style="list-style-type: none"> ● Global #1: <ul style="list-style-type: none"> – PCS: NA #2 (230kt) 	<ul style="list-style-type: none"> ● Global #1: <ul style="list-style-type: none"> – Aliphatic isocyanate derivatives – Aromatic isocyanate derivatives – Polyurethane dispersions
NAFTA Sales 2015A	● €2.0bn or 58% of Covestro in NA	● €0.8bn or 23% of Covestro in NA	● €0.5bn or 14% of Covestro in NA
NAFTA Sales growth 2015A	● +7.6% Y/Y	● +8.4% Y/Y	● +23.4% Y/Y
● Group sales +11% Y/Y nom. (-7% Y/Y Fx-adj.) Group core volumes +3% Y/Y			
NAFTA Key Applications	<ul style="list-style-type: none"> ● Rigid foam: <ul style="list-style-type: none"> – Building insulation – Appliance – 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 ● Building & Construction ● Consumer products, medical, LED / Lighting and other applications  	<ul style="list-style-type: none"> ● Building & Construction ● Automotive / Refinish ● Adhesives and sealants ● Elastomers ● Specialty films ● Cosmetics  

NA industry historical development and outlook



Domestic consumption growth above supply growth drive high industry capacity utilization

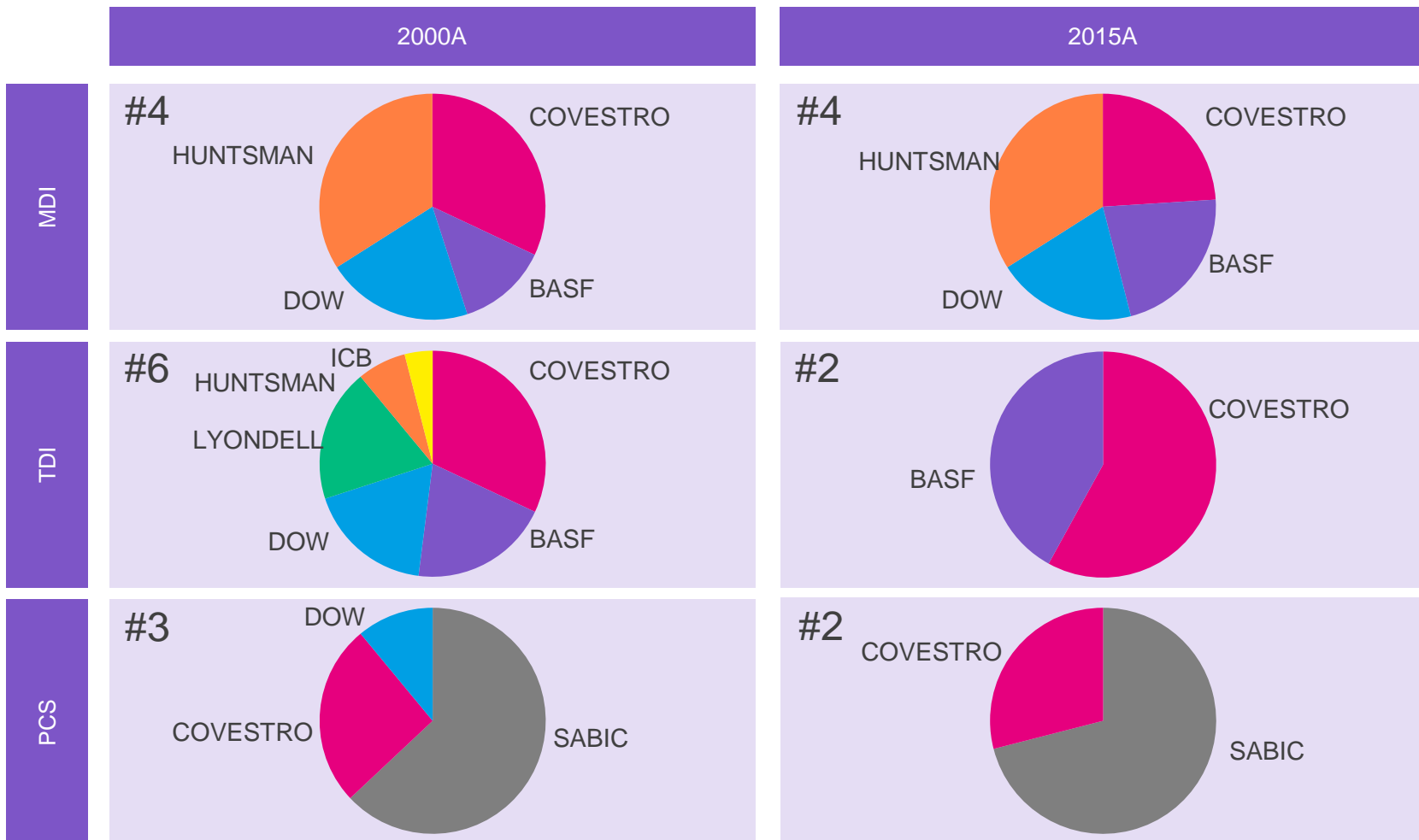


Notes: (a) Based on historical and announced future nameplate capacities in NAFTA
 (b) Assumes global GDP CAGR 2014A – 2020E of 3.6% as per Nexant analysis
 Source: Nexant as of July 2015, Company data

Industry development in USA



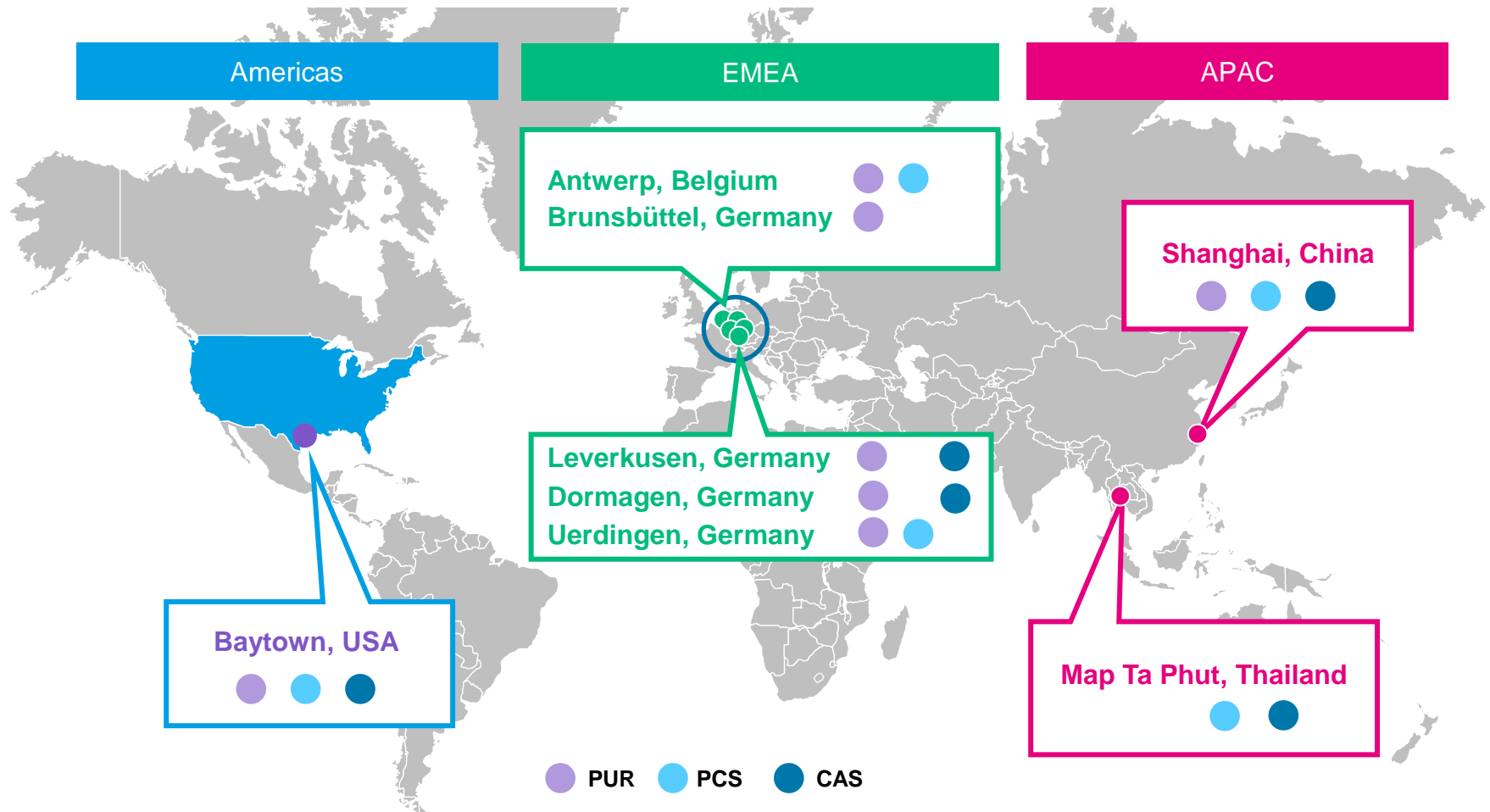
Key industries show history of site and producer concentration



Covestro integrated sites in all key regions



Advantage of integrated backbone chemistry and operations in 8 interlinked world-scale sites

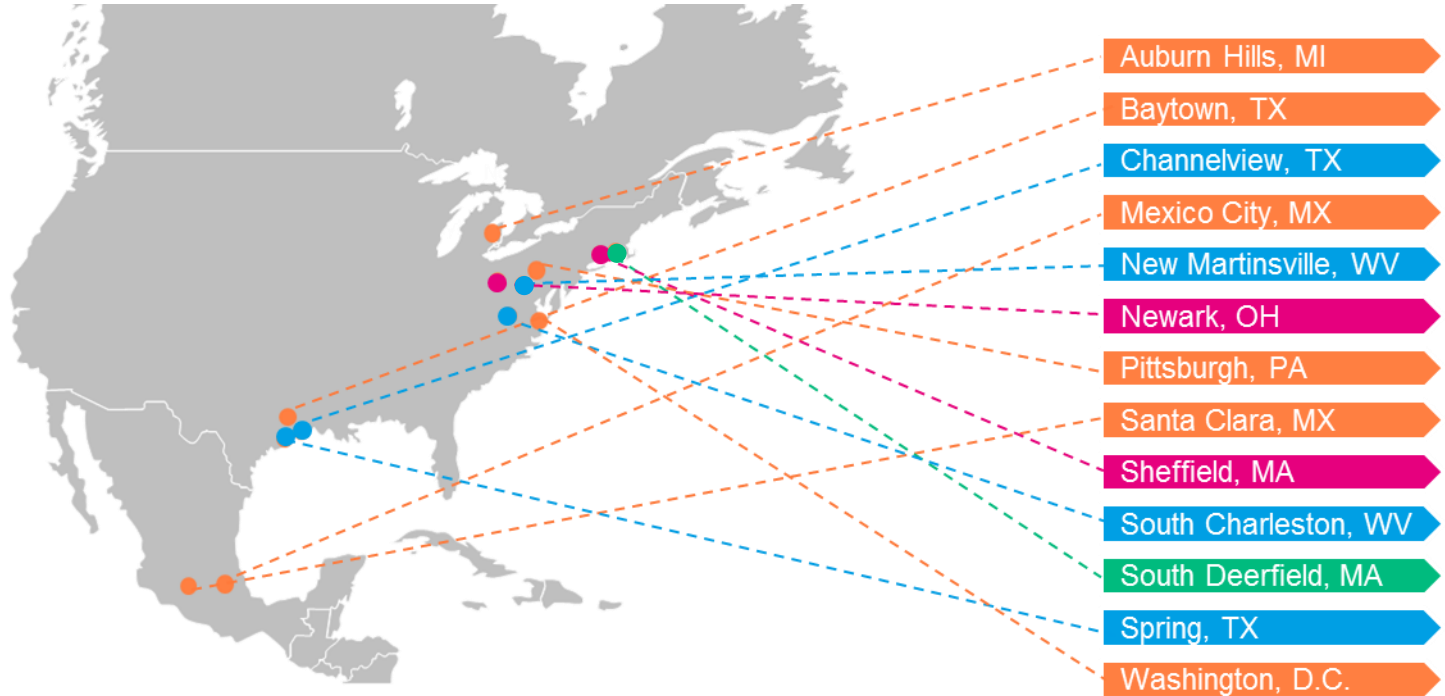


Covestro Activities in North America



Concentrated production network in TX, one HQ for all BUs, de-central customer centers

- Polyurethanes
- Polycarbonates
- Coatings, Adhesives, Specialties
- Corporate



Polyurethanes
<ul style="list-style-type: none"> HQ, Pittsburgh, PA MDI production 320kt, Baytown, TX TDI production 225kt, Baytown, TX Polyols production 600kt, Channelview, TX, New Martinsville, WV, S. Charleston, WV, BayArea, TX, Santa Clara, MX Systemshouse, Spring, TX

Polycarbonates
<ul style="list-style-type: none"> HQ, Pittsburgh, PA Resin production 230kt, Baytown, TX Sheet company, Sheffield, MA Compounding plant, Newark, OH

Coatings, Adhesives, Specialties
<ul style="list-style-type: none"> HQ, Pittsburgh, PA HDI production, Baytown TX Films production, S. Deerfield, MA Elastomers, Pittsburgh, PA

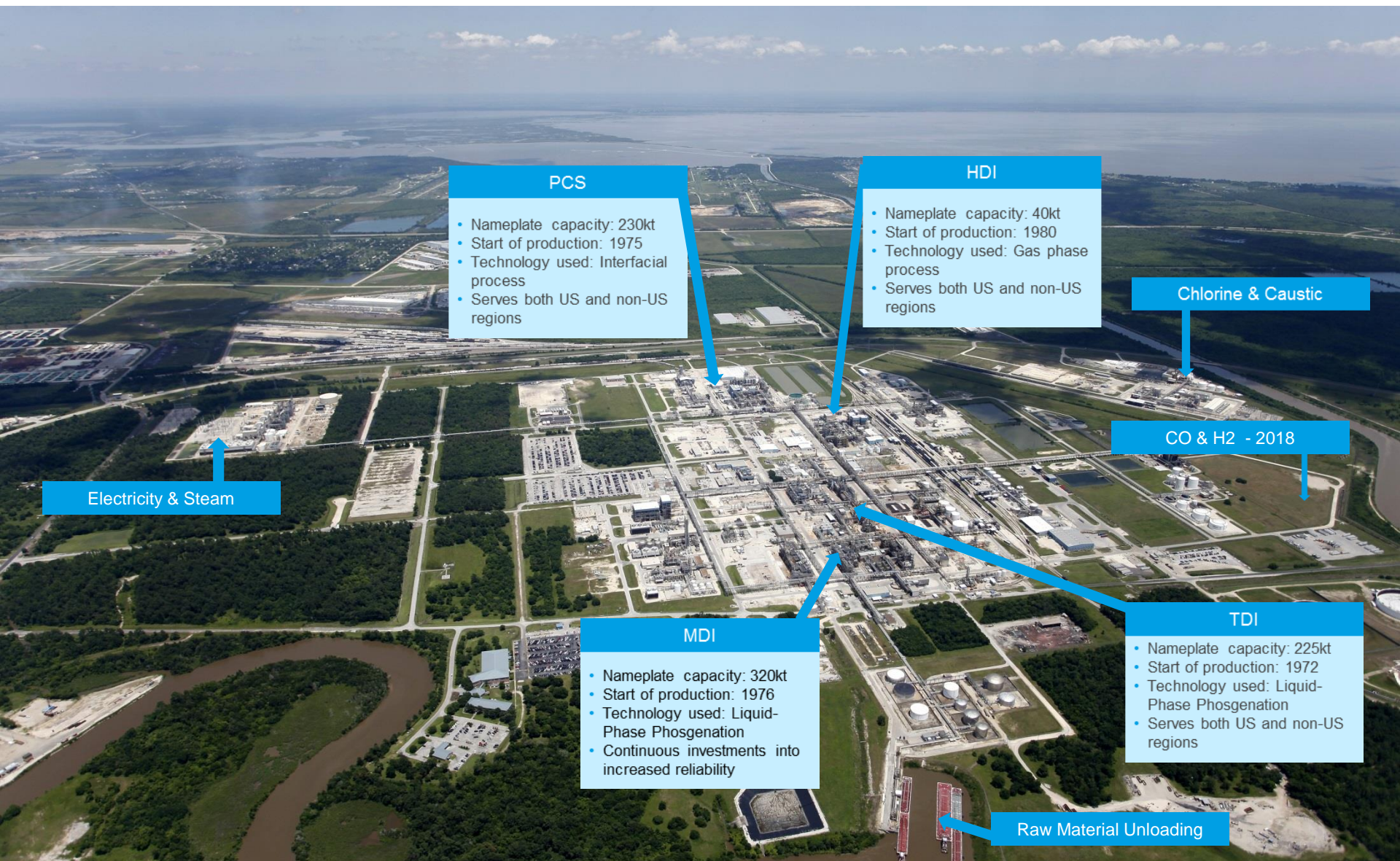


Covestro site in Baytown

Covestro Baytown Site



High backward integration of chemicals park and world-scale plants



PCS

- Nameplate capacity: 230kt
- Start of production: 1975
- Technology used: Interfacial process
- Serves both US and non-US regions

HDI

- Nameplate capacity: 40kt
- Start of production: 1980
- Technology used: Gas phase process
- Serves both US and non-US regions

Chlorine & Caustic

CO & H2 - 2018

TDI

- Nameplate capacity: 225kt
- Start of production: 1972
- Technology used: Liquid-Phase Phosgenation
- Serves both US and non-US regions

Raw Material Unloading

Electricity & Steam

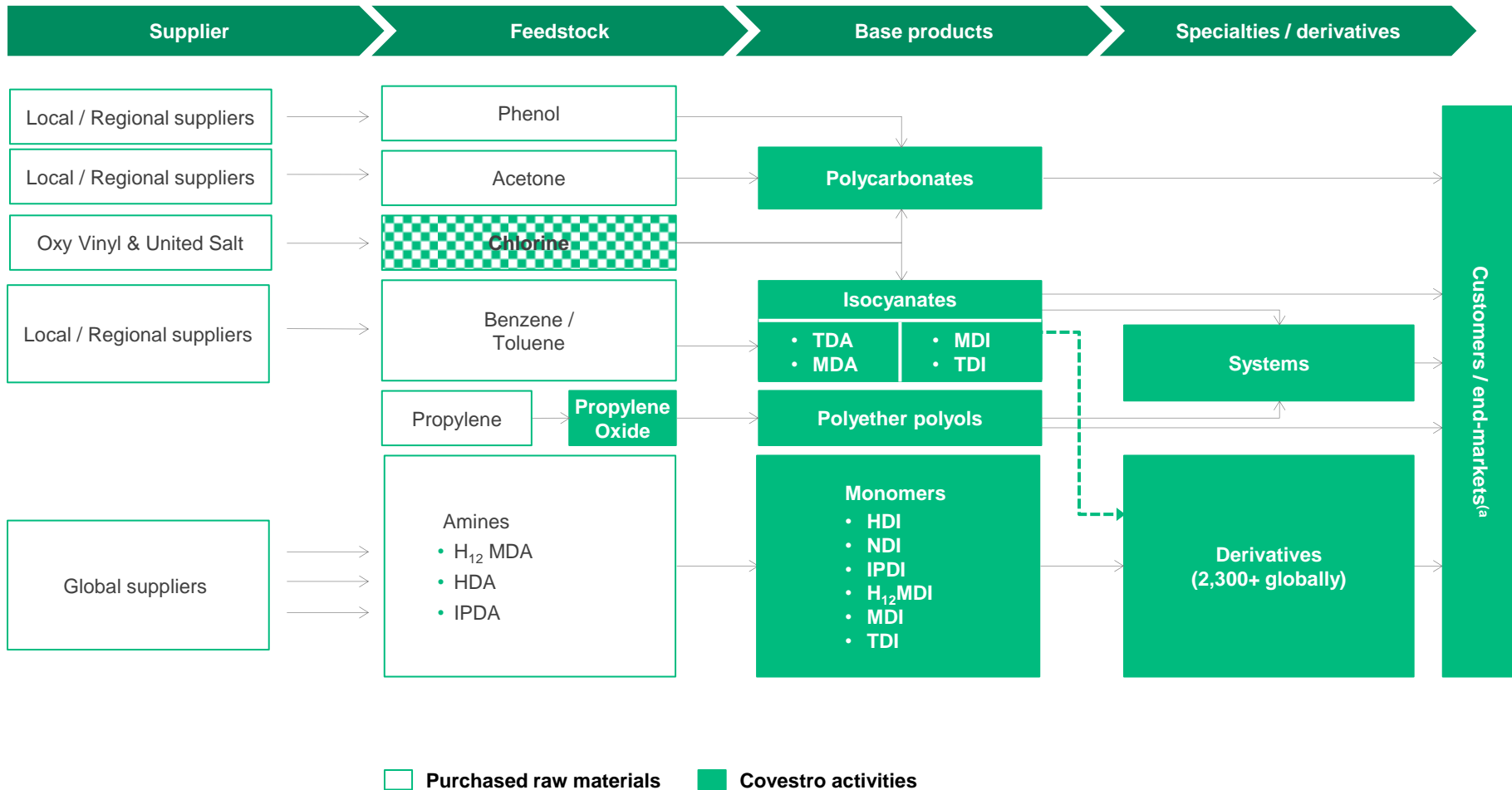
MDI

- Nameplate capacity: 320kt
- Start of production: 1976
- Technology used: Liquid-Phase Phosgenation
- Continuous investments into increased reliability

Integrated production model



Backward and forward integration tailored to respective supplier and customer requirements



Covestro JV with LyondellBasell



Competitive cost position through propylene oxide backward-integration with strong partner

LyondellBasell agreements^(a)

- US propylene oxide Joint Venture
 - Started in 2000
 - Long-term off-take of propylene oxide from JV plants
- EMEA propylene oxide Joint Venture
 - 50 / 50 manufacturing JV for world-scale facility in Rotterdam
 - Propylene oxide output used captively by Covestro as feedstock; sells styrene monomer in merchant market

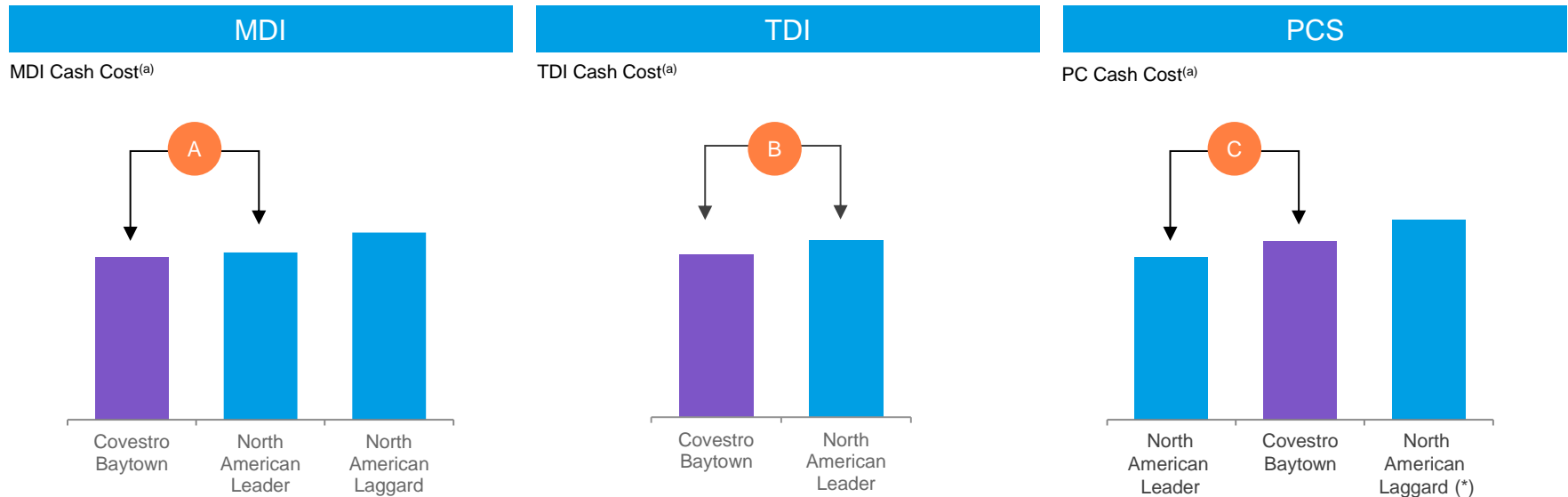
Key benefits to Covestro

- Secure access of propylene oxide in Europe and US
- Producer cost economics vs. market price in a limited merchant market for propylene oxide
- US propylene oxide JV not exposed to propylene oxide co-product volatility (TBA / MTBE or styrene monomer)
- Covestro exposed to styrene monomer co-product volatility out of EMEA joint venture

Cash cost position



Covestro cost competitiveness is based on high backward integration of chemicals park and world-scale plants



A Covestro cost leadership through strong backward-integration to chlorine and aniline (FCC 2014) and carbon monoxide contract

B Covestro cost leadership based on strong backward-integration to chlorine and nitric acid and carbon monoxide contract

C The leader's main cost advantage is integration benefits to phenol and acetone but some of this advantage is offset by Covestro's lower chlor-alkali and carbon monoxide costs

(*) Exit producer