



Debt Investor Roadshow

Non-deal related

AGENDA



Covestro at a glance

3



Strategy centered on Sustainability

8



Segment Overview

14



Financials

21



Credit highlights

24



Covestro at a glance

Covestro is well positioned for sustainable growth driven by innovation



Diversified global player with strong capital structure and commitment to solid Investment Grade rating

Sustainability is an integral part of our strategy

- Enhanced strategy – Focus on sustainable growth, circularity and transforming the company to “Become the best of who we are”
- Tap into attractive new markets with innovative products to address sustainability profitably and accelerate the transition to a fossil-free economy
- Global KPI & incentive system to align employees towards cash flow, profitability & sustainable growth

High diversification across regions, products and industries

- Integrated sites in all key regions provide advantages of scale, synergies and a natural hedge of tariffs and independence through globally integrated supply chains
- Broad geographic footprint and diversified customer portfolio
- Covestro delivers a wide variety of applications with several thousands different products/grades

Leading market positions & Cash cost leadership

- A globally leading supplier across the entire portfolio
- A leading cost position across business segments & regions
- Agile cost management and ability to respond to external shocks

Committed to maintaining a solid Investment Grade rating

- History of strong cash generative business earnings and exceeding its capital cost over the cycle
- Prudent balance sheet management with strong financial metrics and low leverage ratios
- Track record of supporting a solid Investment Grade rating with decisive management actions
- Revised dividend policy to align cash outflow with both creditor and shareholder interests

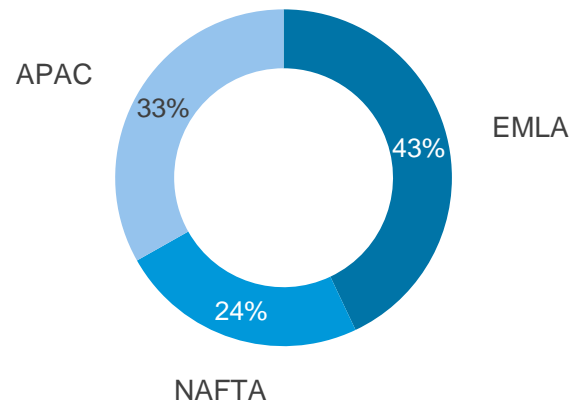
A leading high-tech material solutions provider

Covestro at a glance



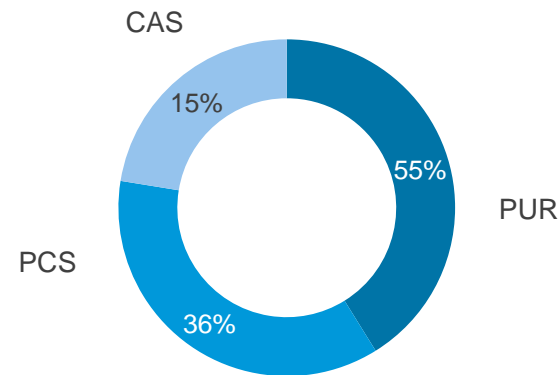
Well diversified by geography

% of 2020 Group sales



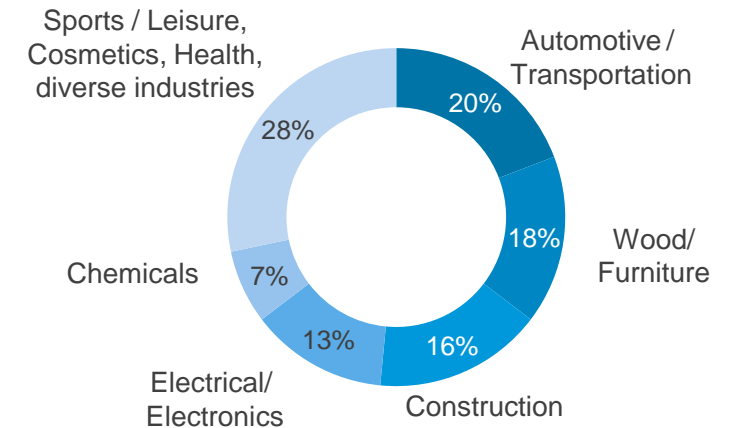
Well spread EBITDA share by business units

% of 2020 Group EBITDA^(a)



Well diversified by end-markets

% of 2020 Group sales



€10.7bn Sales

~5 million tons
PUR and PCS nameplate capacity

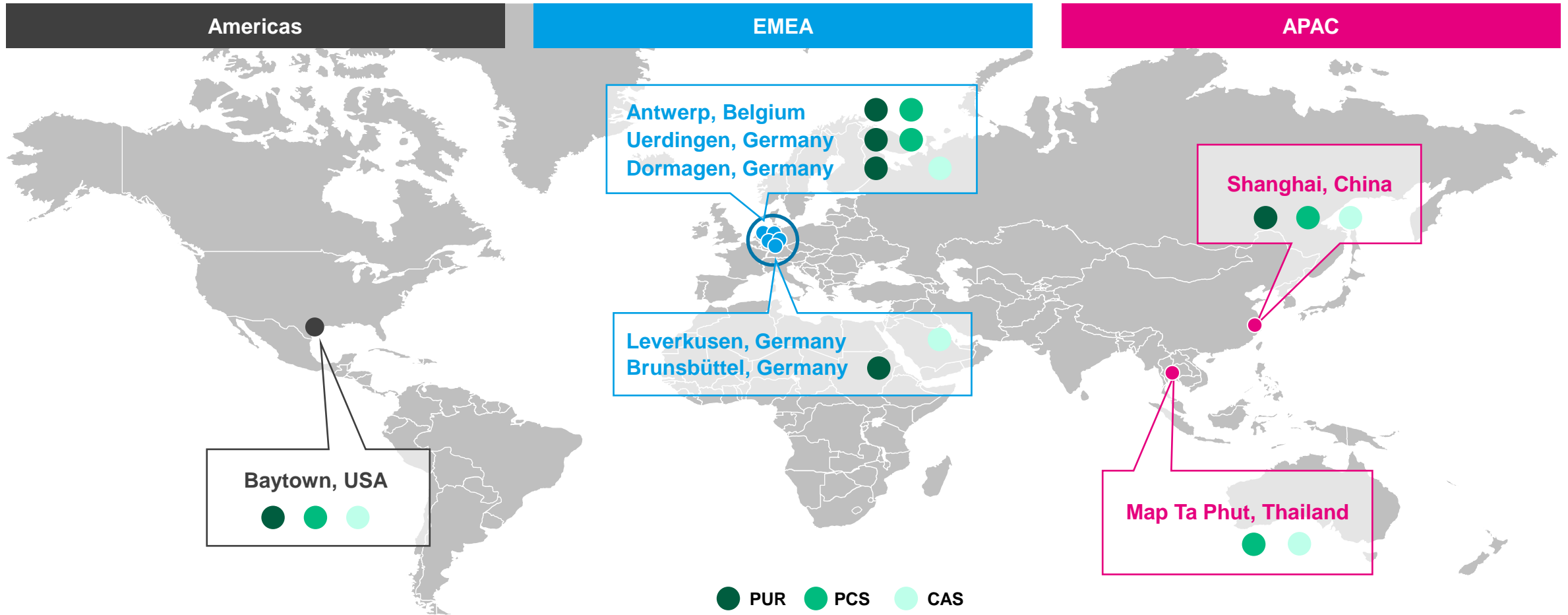
€1.5bn EBITDA
13.7% EBITDA margin

€0.5bn FOCF
36% of EBITDA

Employees ~16,500 FTEs
Headquarters in Leverkusen, Germany

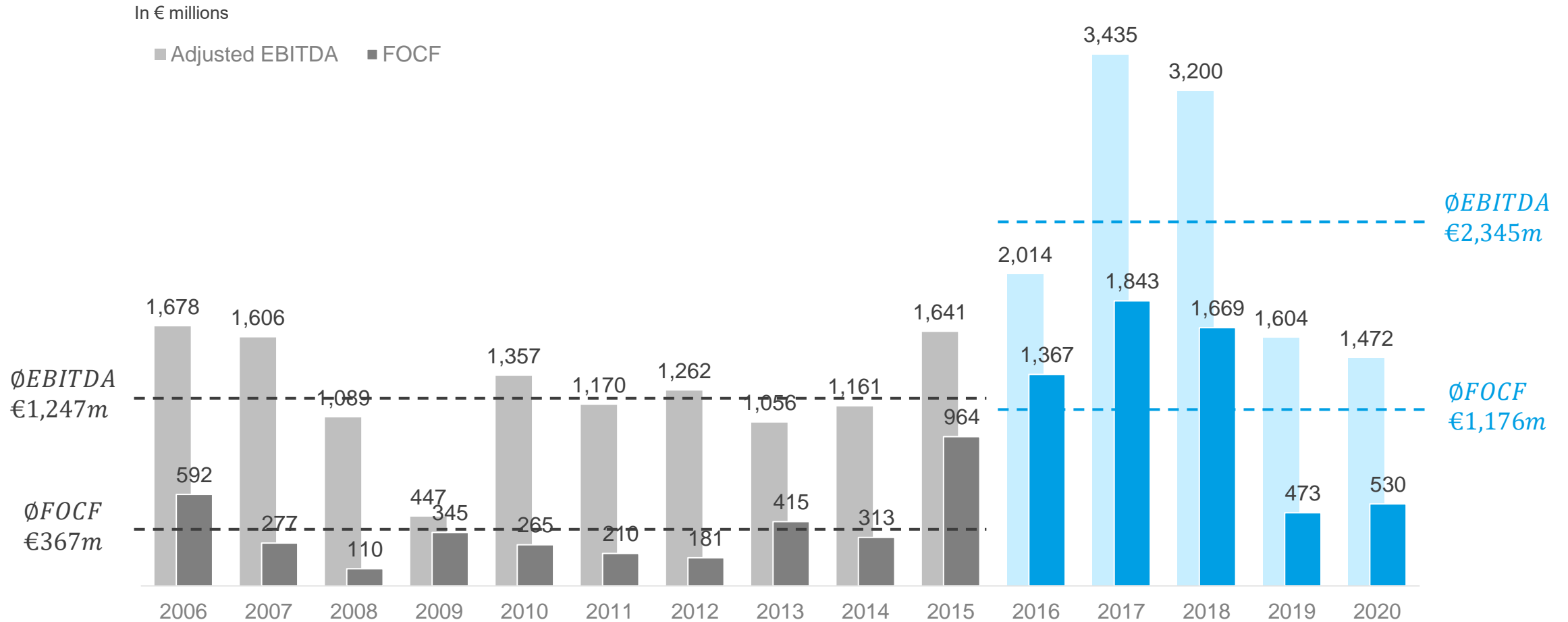
8 world-scale production sites
Europe, United States and Asia

Covestro integrated sites in all key regions provide advantages of scale and synergies



Strong cash generative business maintained in challenging environment

Elevated financial performance since IPO in 2015





Strategy centered on Sustainability

Our new strategy – setting the path for tomorrow



BECOME THE BEST OF WHO WE ARE



Transform the company to exploit its full potential



DRIVE SUSTAINABLE GROWTH



Address sustainability in a profitable way



BECOME FULLY CIRCULAR



Accelerate the transition to a fossil-free economy

ADVANCE DIGITALIZATION

EXPAND 'WE ARE 1' CULTURE

! MILESTONE 2020
LEAP transformation initiated

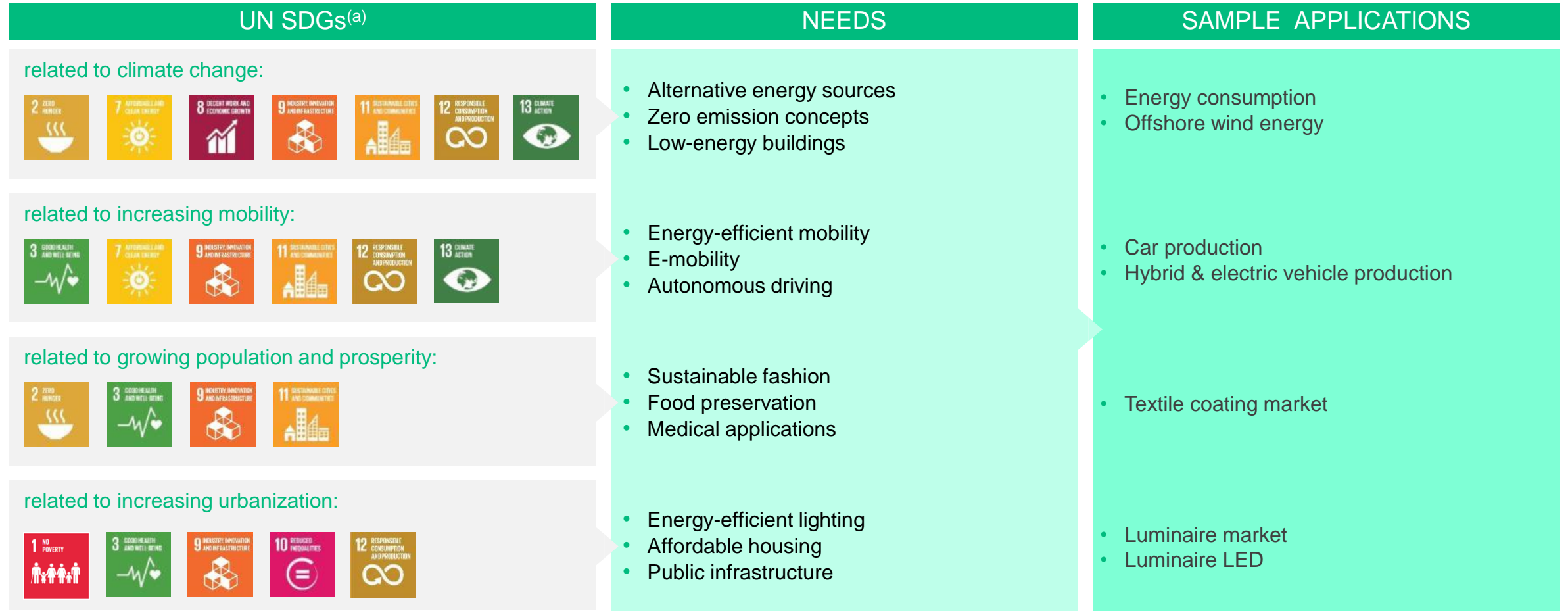
! MILESTONE 2020
Acquisition of RFM^(a) announced

! MILESTONE 2020
First alternative feedstock sourced

Covestro innovative products tap into attractive new markets



Structural growth drivers



Accelerate the transition to a fossil-free economy



We will be fully circular

ALTERNATIVE RAW MATERIALS

Replacing fossil resources

Example Bio-based car top coat



- Enabling customers to optimize the CO₂ footprint of their products
- New hardener for automotive coatings with carbon basis up to 70% from renewable raw materials
- No compromises with regards to protective functions and appearance
- Collaboration with automotive group Audi and the coating experts at BASF Coatings

INNOVATIVE RECYCLING

Energy-efficient technologies

Example Recycled polycarbonates



- New polycarbonate grades from post-consumer recycled (PCR) content, e.g. water bottles, CDs and automotive lighting
- Closed loop recycling system to collect, sort, shred and clean material
- Recycled granules are finally compounded with virgin resins
- PCR grades are used in various electr. applications for a second life

RENEWABLE ENERGIES

Wind energy

Example Ørsted wind energy supply



- One of the world's largest corporate supply contracts for offshore wind energy entered with Ørsted in December 2019
- Starting in 2025, Ørsted to provide 100 MW of electricity for 10 years
- Newly built wind farm in North Sea, implemented without public funding
- Supply to cover c. 10% of electricity consumed by Covestro in Germany

JOINT SOLUTIONS

Cross-industry collaboration

Example PReSmart consortium



- PReSmart to seek ways of transition from current linear lifecycle of polyurethane (PU) products to a circular economy model
- Consortium as an end-to-end collaboration spanning the entire PU reprocessing value chain
- Nine partners from six different countries, coordinated by the Belgian company Recticel

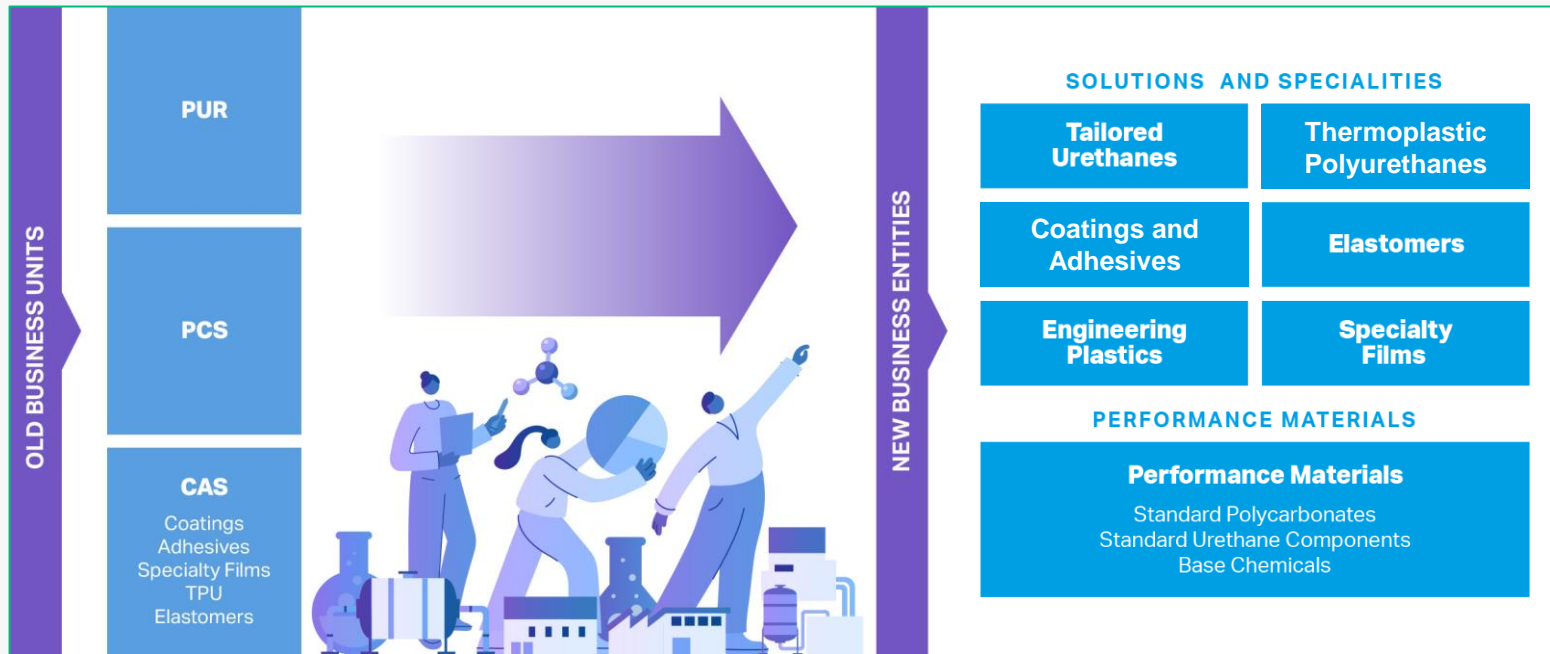
Becoming more customer-centric

Transformation program LEAP in 2021-2023



LEAP

“Become the best of who we are”



HIGHLIGHTS

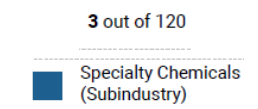
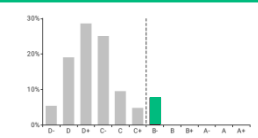
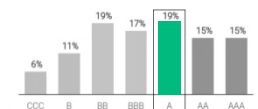
- Comprehensive redesign of structures and processes as well as management and governance mechanisms
- By July 2021, new organizational set-up to be implemented
- Bundle entities based on business specifics and customer needs while fostering entrepreneurship:
 - **Solutions and Specialties** differentiated chemical products and application technology services, with focus on innovation and customer interaction
 - **Performance Materials** focus on reliable supply of standard products at competitive market prices with lowest internal costs

Covestro's rating results and index memberships

as of February 2021



RATING / INDEX	2016	2017	2018	2019	2020	SCORING	BENCHMARK
	BBB	BBB	A	A	A	AAA - CCC	in Specialty Chemicals
	B-		B-		B-	A+ - D-	Prime Status
	74	75	80	23.3	20.0	max. 100 Points 0 - 100 Points (the lower the better)	in Specialty Chemicals
	73		80			max. 100 Points	Gold Ranking
							Inclusion in FTSE4Good Index ^(b)



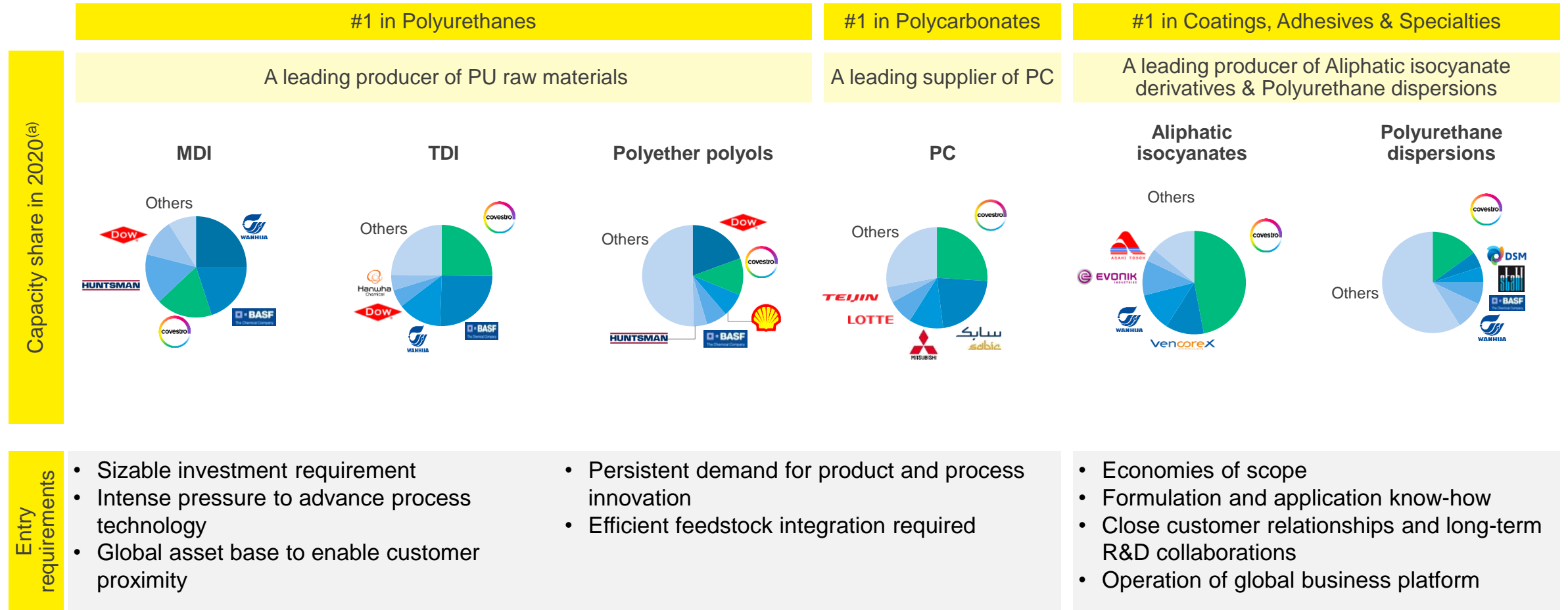


Segment Overview

A leading global position across the entire portfolio



World-wide industry positions and entry requirements



A leading producer globally and inventor of PU^(a)

Polyurethanes (PUR) at a glance



PRODUCTS

Polyurethane rigid foam is an excellent insulation material and adds to high energy efficiency in cooling units and buildings.

As soft foam polyurethane provides comfort, for example in mattresses, car seats and upholstery.

Covestro develops and produces the components of this versatile material.

KEY CUSTOMER INDUSTRIES:



SAMPLE APPLICATIONS



For comfortable cars



For sustainable houses



For comfortable furniture



For highly efficient appliances

€5.0bn

Sales
2020

€625m

EBITDA
2020

€14m

FOCF
2020

A leading producer globally and inventor of PC^(a)

Polycarbonates (PCS) at a glance



PRODUCTS

As a true high-tech material, polycarbonate is not only very robust, break-proof and light-weight, but also offers a high degree of design flexibility.

Polycarbonate is available in all colors ranging from crystal clear to deep black. It is an excellent substitute for traditional material such as glass or metal.

This allows for a wide variety of application possibilities ranging from vehicles to smartphones and laptops as well as lenses or large roofs.

KEY CUSTOMER INDUSTRIES:



SAMPLE APPLICATIONS



For trendy smartphones



For bright buildings



For light-weight cars



For safe medical products

€3.0bn

Sales
2020

€553m

EBITDA
2020

€327m

FOCF
2020

Performance materials for coatings, adhesives and specialties



Coating, Adhesives, Specialties (CAS) at a glance

PRODUCTS

There is a vast application range of coatings and finishes made of Covestro polyurethane raw materials. They are used for protection and decoration.

In addition, the company produces pre-products for adhesives, sealants and elastomers as well as specialty films.

Coating, Adhesives, Specialties (CAS) also supplies materials for cosmetics, textiles and medical goods.

KEY CUSTOMER INDUSTRIES:



SAMPLE APPLICATIONS



For long-lasting cosmetics



For robust floors



For quality cars



For functional textiles

€2.0bn

Sales
2020

€341m

EBITDA
2020

€189m

FOCF
2020

Announced acquisition of DSM Resins & Functional Material (RFM)



Strategic growth opportunity through complementary product offerings

PRODUCTS

A leader in water-based hybrid technologies combining water-based acrylic, polyurethane and alkyd technologies

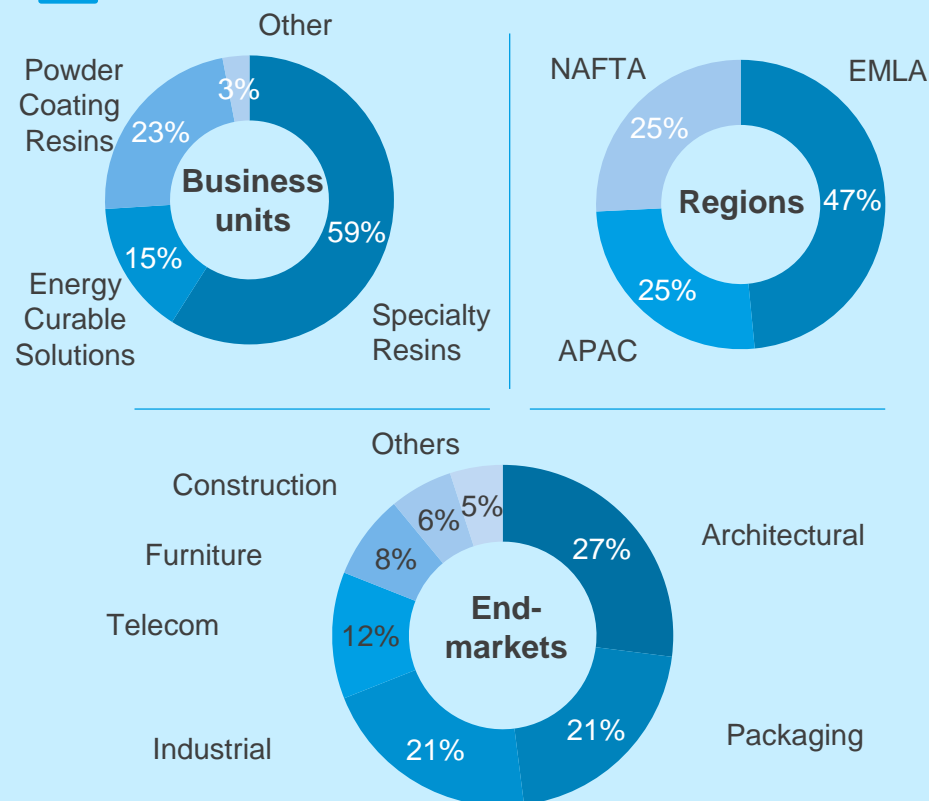
Strong, global position in powder coating resins, optical fiber coatings

RFMs excellent know-how and market position in non-solvent based products expands and complements Covestro's offering, creating a leader in the attractive growth market for sustainable products

KEY CUSTOMER INDUSTRIES:



RFM business exposure^(b)



€0.9bn

Sales
2020^(b)

€115m

EBITDA
2020^(b)

€91m

FOCF
2020^(b)

Investment highlights of the announced DSM RFM acquisition



Building a leading sustainable coating resins player



Creating a global leader in coating resins



Diversifying CAS portfolio towards a more balanced product and industry mix



Shifting CAS portfolio to high growth markets driven by sustainability



Significant synergies leading to attractive valuation multiple



Committed to a solid Investment Grade rating



Financials

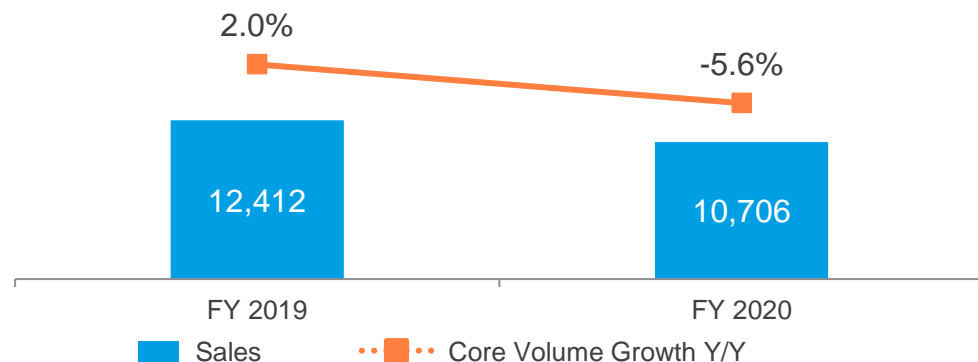
Solid business and financial performance in challenging times



Financials 2020 at a glance

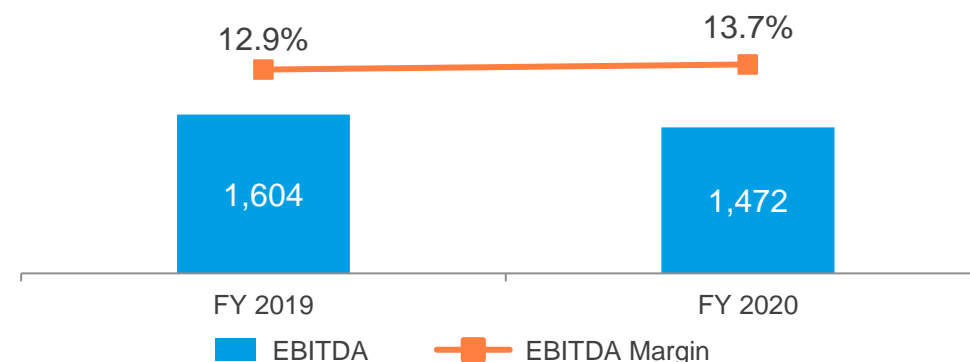
Sales and Core Volume Growth^(a)

in € million / changes Y/Y



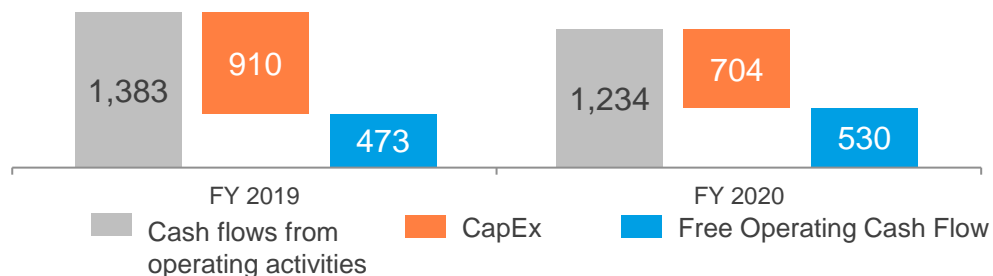
EBITDA and Margin^(a,b)

in € million / margin in percent



Free Operating Cash Flow^(a)

in € million



Comments

- Core Volume Growth decline in FY 2020 was limited to -5.6% despite large double-digit decline in Q2 2020 in all regions
- Increased Free Operating Cash Flow and EBITDA margin despite Covid-19 challenges in 2020

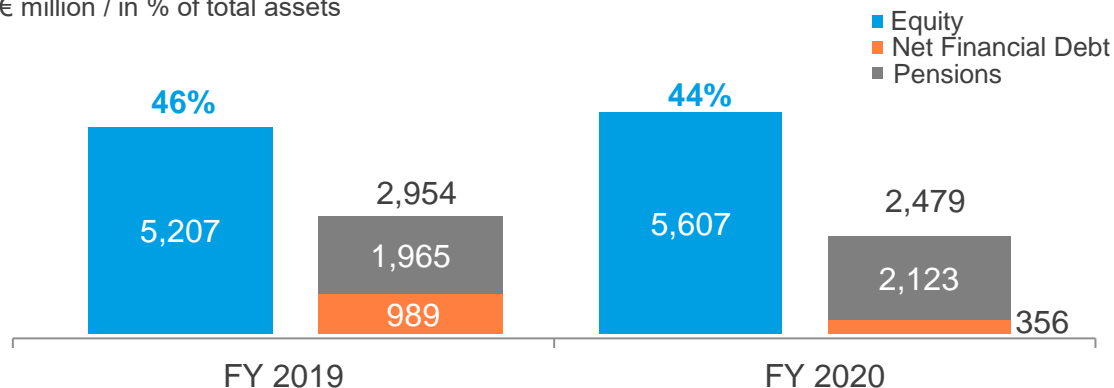
Excellent financial metrics

Financial performance 2020 at a glance



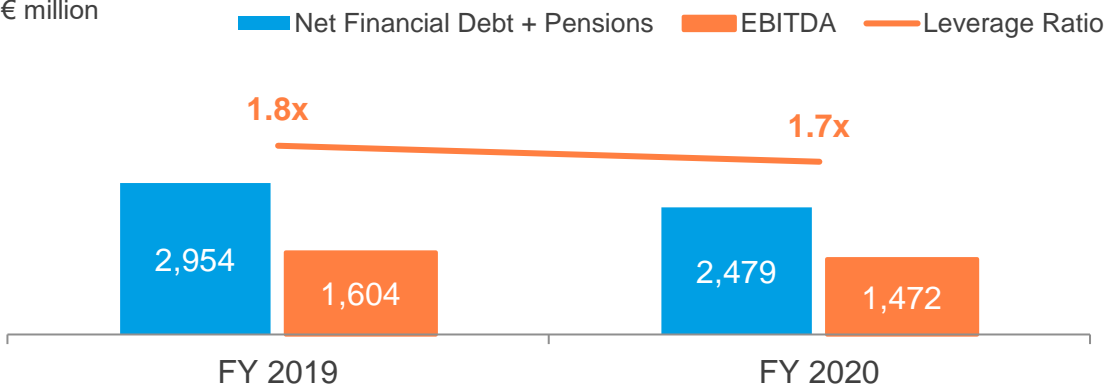
Equity and Net Financial Debt & Pensions^(a,b)

in € million / in % of total assets



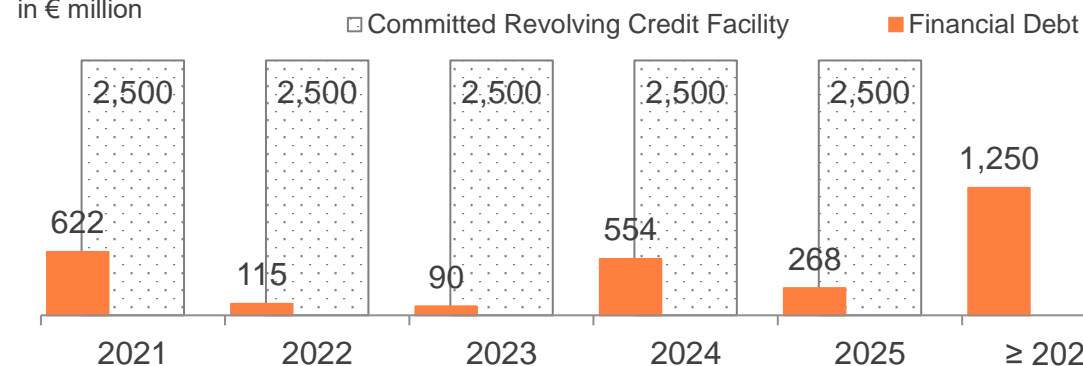
Leverage Ratio^(a,c)

in € million



Maturity Profile

in € million



Comments

- Equity strengthened through an ABB in Oct. 2020 in connection with the financing of the announced acquisition of DSM RFM business
- Covestro maintained a moderate leverage ratio and a well-spread maturity profile
- Increased level of liquid funds^(d) of €2.5bn allow all-cash funding of purchase price for announced DSM RFM acquisition of €1.6bn and upcoming bond maturity in October 2021
- Committed Revolving Credit Facility of €2.5bn remained undrawn



Credit highlights

Covestro well positioned for sustainable growth driven by innovation



Securing profitable growth underpinning solid Investment Grade rating

1

Leading and defendable global industry positions

Innovation and cost leader generating strong profitability and cash flows

2

High diversification across regions, products, customers and industries

Transformation program LEAP to exploit Covestro's full potential, together with DSM RFM acquisition

3

Proven agile cost management

Ability to respond to external shocks by including actions with all stakeholders

4

New dividend policy

35-55% payout ratio of net income aligns earnings and cash outflows and balances creditor and investor interests

5

Enhanced strategy introduced

Transforming the company with focus on sustainable growth, circularity and customer centricity



Disclaimer

This presentation (the "Presentation"), and the information contained therein, is not directed to, or intended for viewing, release, distribution, publication or use by (directly or indirectly, in whole or in part), any person or entity that is a citizen of, or resident or located in, the United States, Australia, Canada or Japan or any jurisdiction where applicable laws prohibit its viewing, release, distribution, publication or use.

This Presentation must not be construed as an offer or invitation or recommendation to, purchase or sell or subscribe for, or any solicitation of any offer to purchase or subscribe for any securities of Covestro AG, a stock corporation organized under German law (the "Company"), in any jurisdiction. If any such offer or invitation is made, it will be done so pursuant to separate and distinct documentation in the form of a prospectus, offering circular or other equivalent document (a "prospectus") and any decision to purchase or subscribe for any securities pursuant to such offer or invitation should be made solely on the basis of such prospectus and not these materials.

Neither the Presentation, nor any part of it nor anything contained or referred to in it, nor the fact of its distribution, should form the basis of or be relied on, in connection with, or act as an inducement in relation to, a decision to purchase or subscribe for or enter into any contract or make any other commitment whatsoever in relation to any such securities.

The information contained in this Presentation has been provided by the Company and has not been verified independently. Unless otherwise stated, the Company is the source of information.

No reliance may be placed for any purpose whatsoever on the information or opinions contained in the Presentation or on its completeness, accuracy or fairness. No representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its respective directors, officers, employees, agents or advisers as to the accuracy, completeness or fairness of the information or opinions contained in the Presentation and no responsibility or liability is accepted by any of them for any such information or opinions. In particular, no representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on any projections, targets, estimates or forecasts contained in this Presentation and nothing in this Presentation is or should be relied on as a promise or representation as to the future.

This Presentation contains forward-looking statements based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, reasonable. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company, or industry results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Given these risks, uncertainties and other factors, recipients of this document are cautioned not to place undue reliance on these forward-looking statements.

These factors include those discussed in Company's public reports which are available on the website of the Company at www.covestro.com. The Company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

All features in this Presentation are current at the time of publication but may be subject to change in the future. The Company disclaims any obligation to update or revise any statements, in particular forward-looking statements, to reflect future events or developments.

Statements contained in this Presentation regarding past events or performance should not be taken as a guarantee of future events or performance.

Prospective recipients should not treat the contents of this Presentation as advice relating to legal, taxation or investment matters, and are to make their own assessments concerning such matters and other consequences of a potential investment in the Company and its securities, including the merits of investing and related risks.