



Raising the bar

Financial Highlights
Q3 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.

Key Highlights

Raising the bar



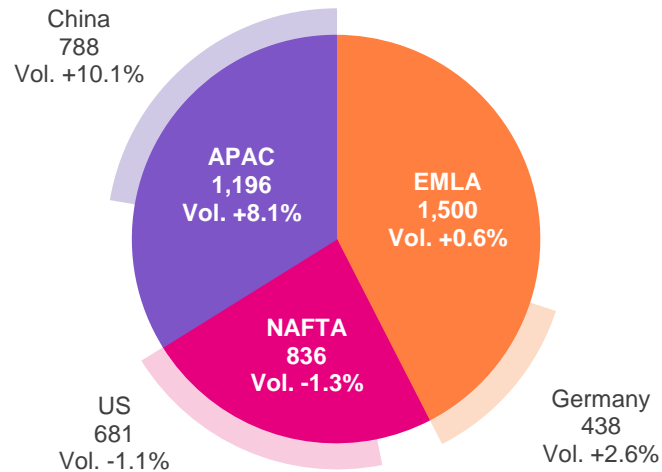
Q3 2017 & 9M 2017 – Sales per Region



Solid core volume growth in all regions in 9M 2017

Solid growth in Q3 2017

in € million /
Core volume
growth Y/Y

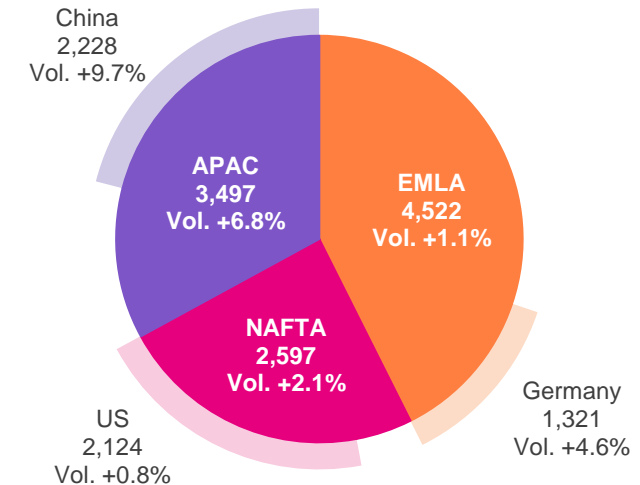


Q3 2017 Highlights

- Core volume growth of 2.6% Y/Y despite negative external factors
- US and NAFTA impacted by force majeure (Hurricane Harvey)
- Double-digit core volume growth in China
- Core volume growth broad-based across customer industries

Solid growth in 9M 2017

in € million /
Core volume
growth Y/Y



9M 2017 Highlights

- Solid core volume growth of 3.2% Y/Y
- Core volume growth broad-based across regions and industries
- Strong core volume growth in automotive and electronics
- Double-digit core volume growth in medical & diverse industries

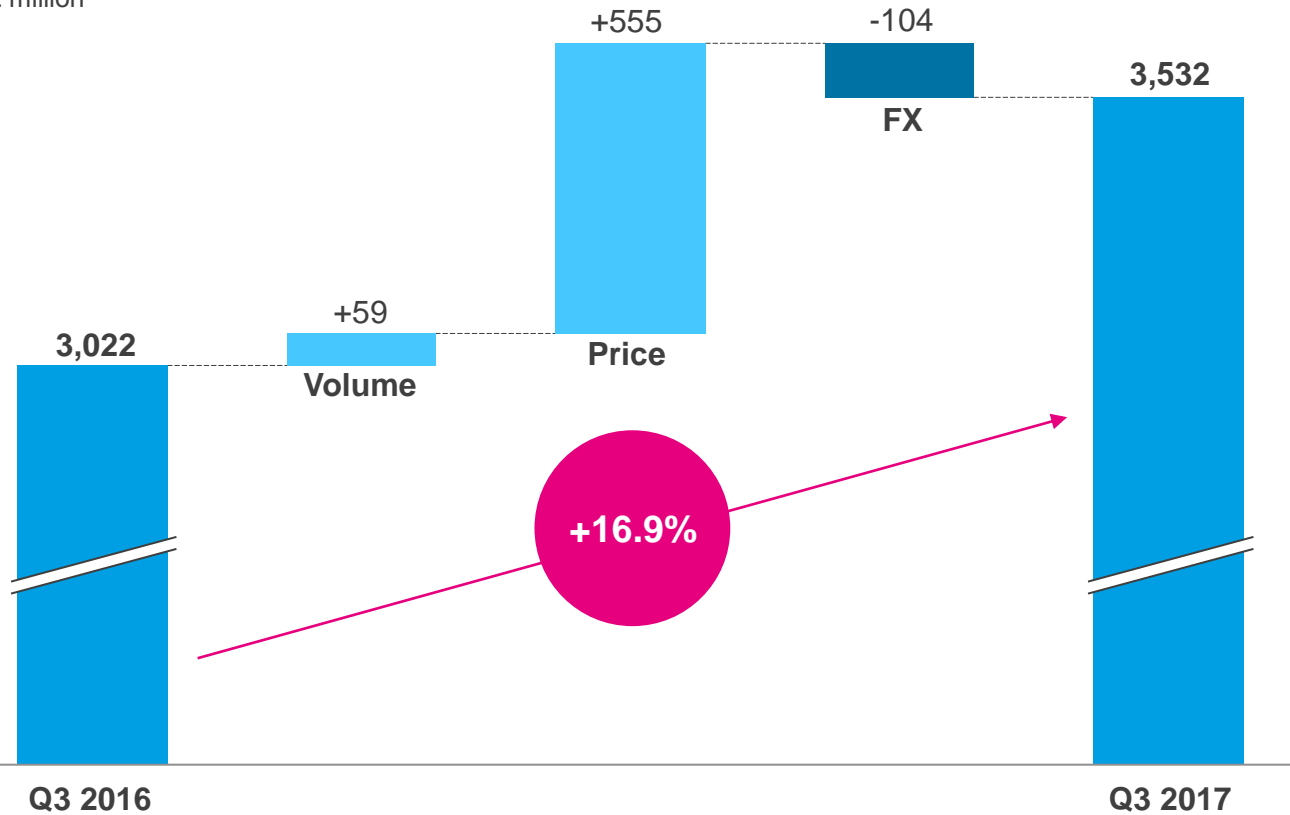
Q3 2017 – Sales Bridge

Solid volume growth and strong pricing



Sales Bridge

in € million



Highlights

Strong pricing and higher industry utilization

- Higher selling prices positively impacted sales by 18.4% Y/Y
- Solid increase in volumes of 2.0% Y/Y, yet constrained by negative external factors

Negative FX impact

- FX effects burdened sales by 3.5% Y/Y mainly due to weaker CNY and USD

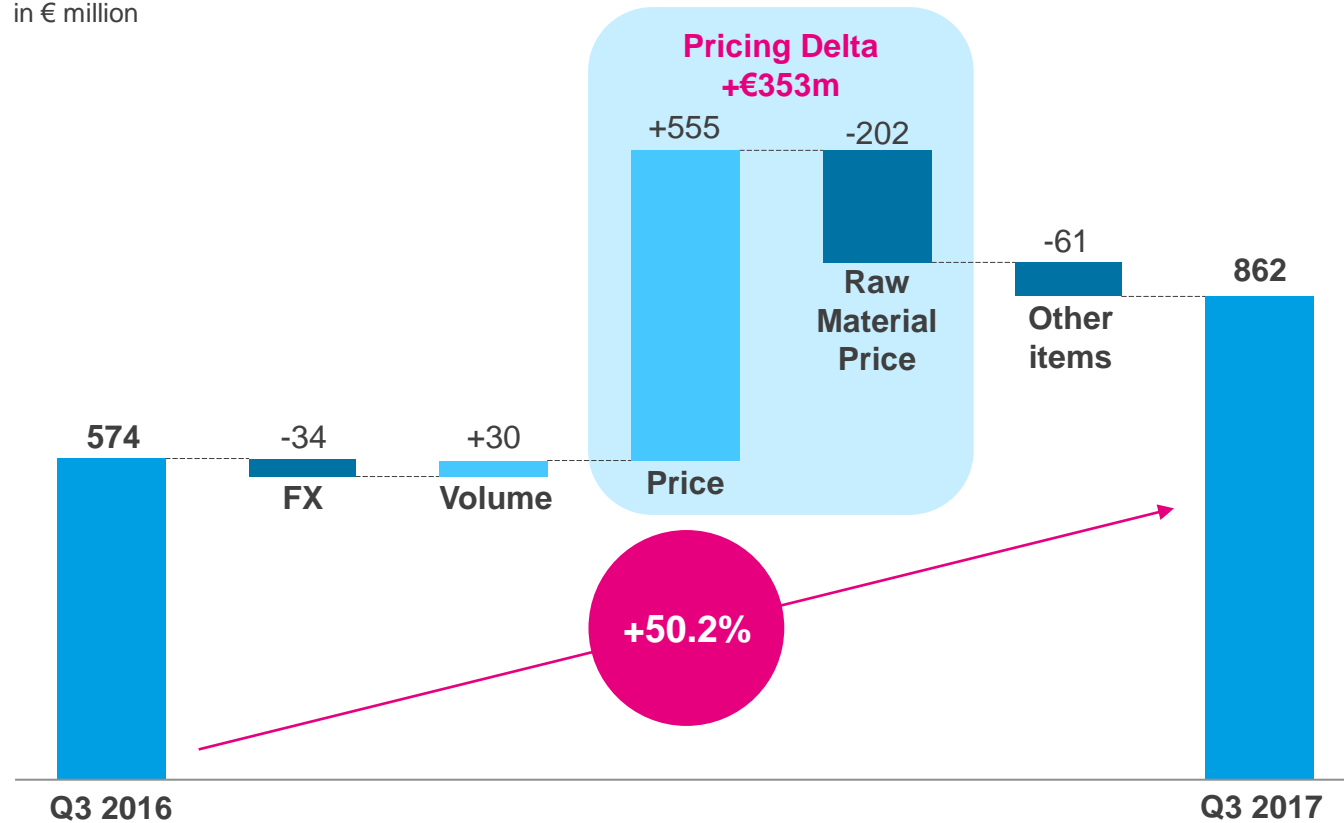
Q3 2017 – EBITDA Bridge

Expanded pricing delta



EBITDA Bridge

in € million



Highlights

Improving cash margin

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

Strong volume leverage

- Above 50% (EBITDA volume/Sales volume)

Slight FX headwind

- First quarter with change from tail- to headwind

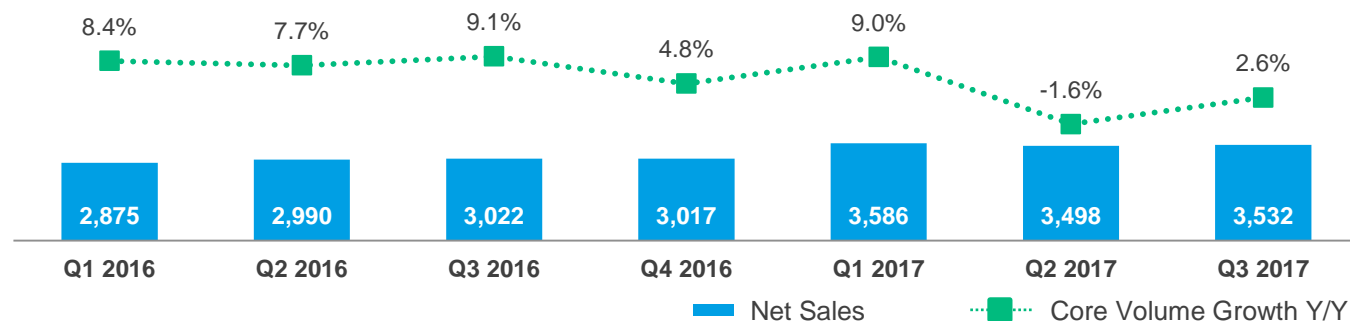
Q3 2017 – Group Results

Continued margin expansion



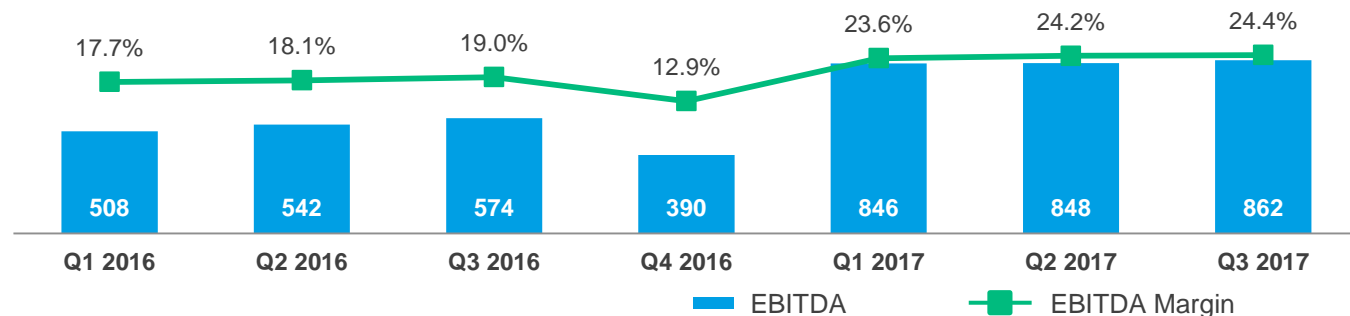
Net Sales and Core Volume Growth

in € million / changes Y/Y



EBITDA and Margin

in € million / margin in percent



Highlights

- Solid core volume growth (in kt) of 3.2% in 9M 2017, across regions and industries
- Solid core volume growth of 2.6% in Q3 despite negative impact of external factors
- Sales increased by 16.9% Y/Y in Q3 2017 mainly driven by higher prices

Q3 2017 Highlights

- EBITDA margin improved significantly to 24.4% vs. 19.0% in Q3 2016
- Excluding TDI fly-up, margin increased from 20% in Q1 2017 to 21% in Q3 2017
- 11th consecutive quarter with Y/Y EBITDA increase

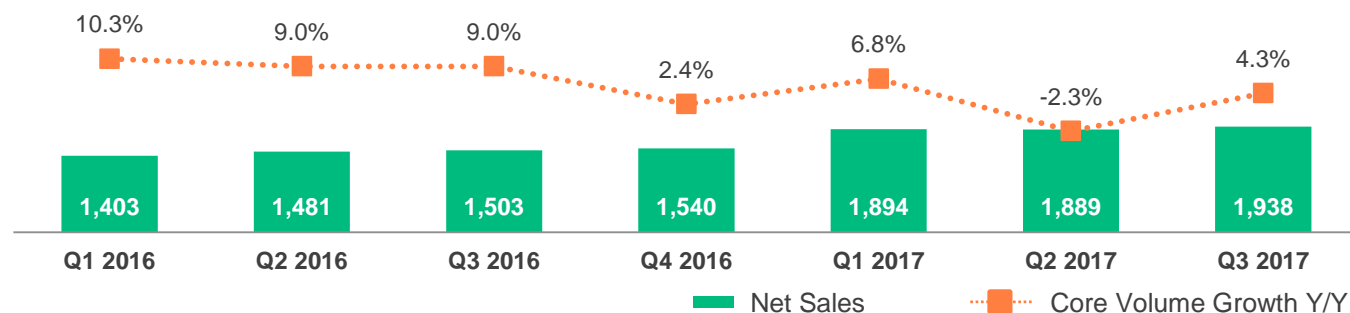
Q3 2017 – PUR Segment Results

Polyurethanes – Structurally improving margins in MDI



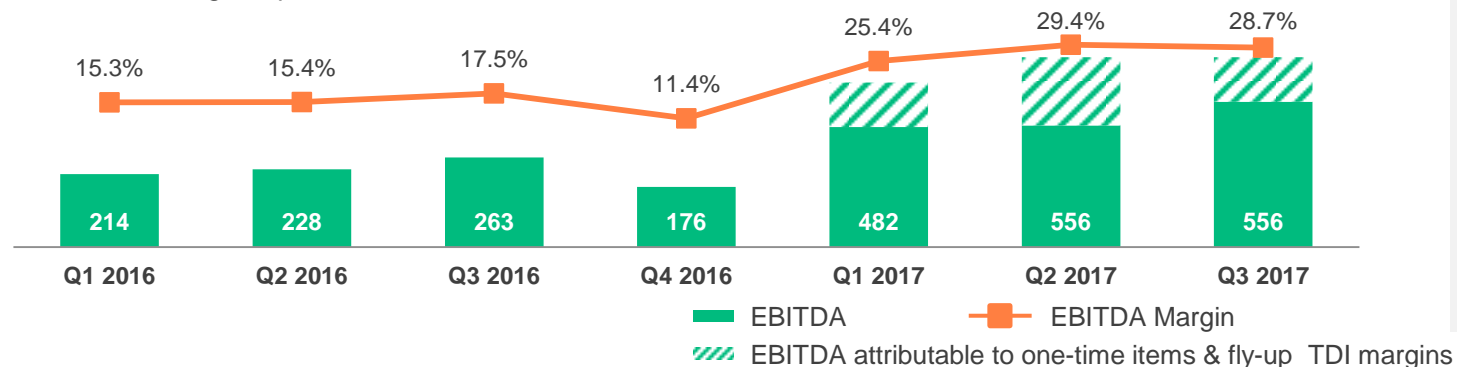
Net Sales and Core Volume Growth

in € million / changes Y/Y



EBITDA and Margin

in € million / margin in percent



Highlights

- Solid core volume growth of 2.8% Y/Y in 9M 2017 despite negative external factors
- Solid core volume growth of 4.3% Y/Y in Q3
- Selling prices increased by 29.7% Y/Y in Q3

Q3 2017 Highlights

- EBITDA increased by 111.4% Y/Y with a margin of 28.7% vs. 17.5% in Q3 2016
- Underlying EBITDA margin (excluding fly-up benefits in TDI) expanded to 22% driven by volume leverage and structural growth in MDI

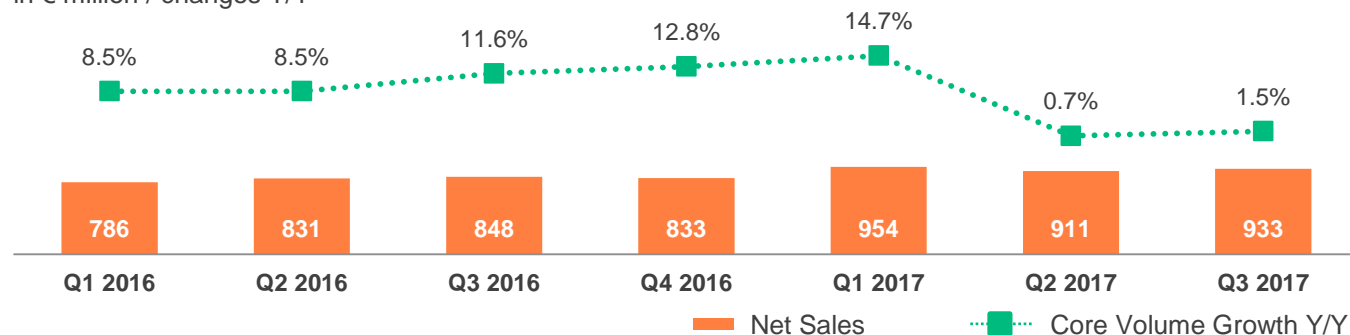
Q3 2017 – PCS Segment Results

Polycarbonates – Steady high margin business



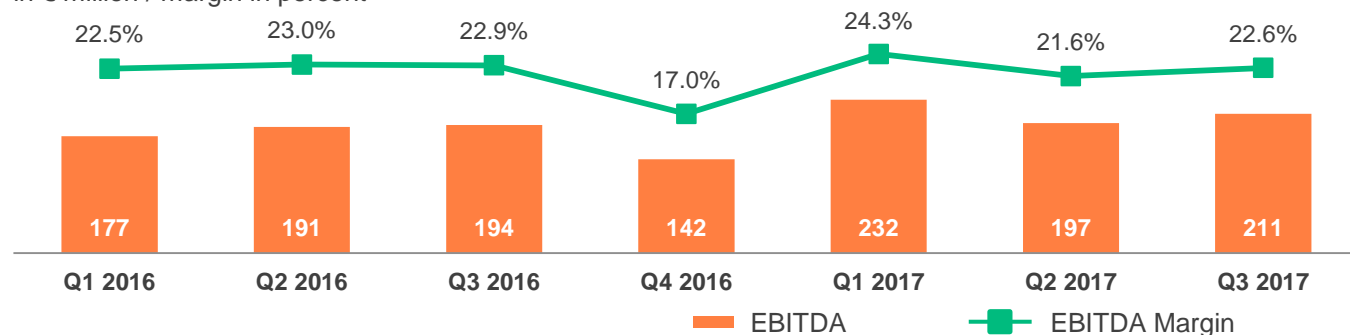
Net Sales and Core Volume Growth

in € million / changes Y/Y



EBITDA and Margin

in € million / margin in percent



Highlights

- Solid core volume growth of 5.4% Y/Y in 9M 2017
- Core volumes stable with 1.5% Y/Y in Q3 2017 due to constrained product availability
- Sales increase by 10.0% Y/Y in Q3 2017, driven by volumes and prices

Q3 2017 Highlights

- EBITDA increased by 8.8% Y/Y due to product mix improvements
- Price increases balanced out negative raw material impact

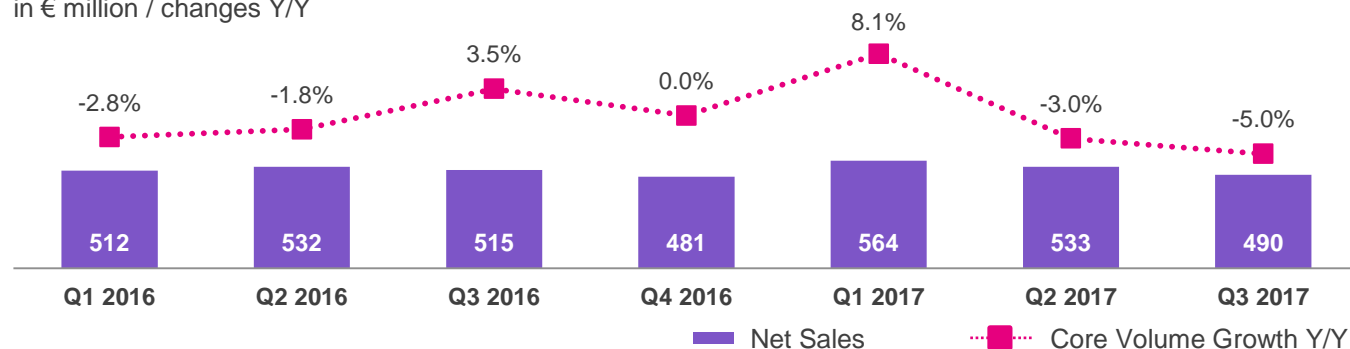
Q3 2017 – CAS Segment Results



Coatings, Adhesives, Specialties – Quarter affected by destocking and force majeure

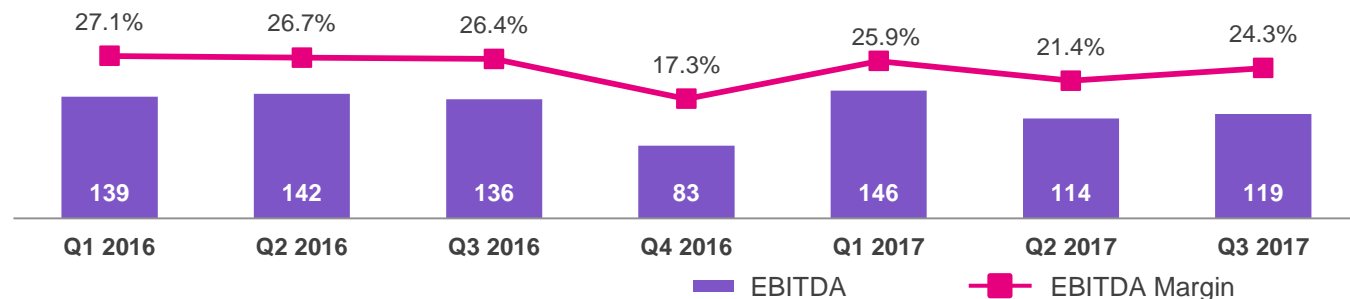
Net Sales and Core Volume Growth

in € million / changes Y/Y



EBITDA and Margin

in € million / margin in percent



Highlights

- Stable core volumes in 9M 2017
- Core volumes decreased by 5.0% Y/Y in Q3 due to destocking and force majeure in US
- Higher selling prices positively impacted sales by 3.8% Y/Y in Q3 2017

Q3 2017 Highlights

- EBITDA decreased by 12.5% Y/Y due to lower sales volumes
- Margin increased Q/Q due to price increases

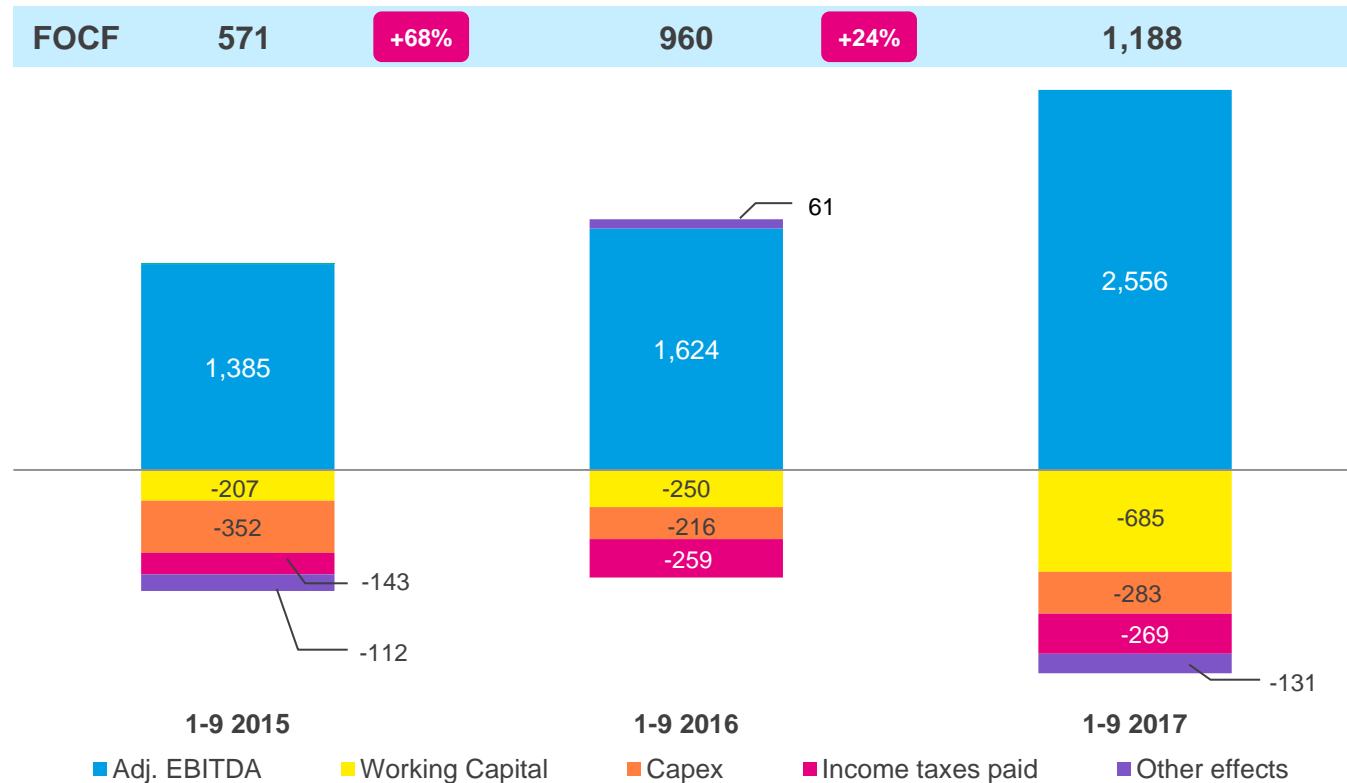
9M 2017 – Free Operating Cash Flow

Continued strong FOCF generation



Free operating cash flow development

in € million



Highlights

- Working capital to sales ratio* at 17.6%, close to the targeted range of 15-17%
- Capex of €283m, among others for the MDI expansion in Brunsbüttel
- Still low cash tax rate of 13.7% due to phasing of tax payments
- Other effects include the release of provisions for bonus payments

* Method of calculation: WC on 30.09.2017 divided by sales of last four quarters

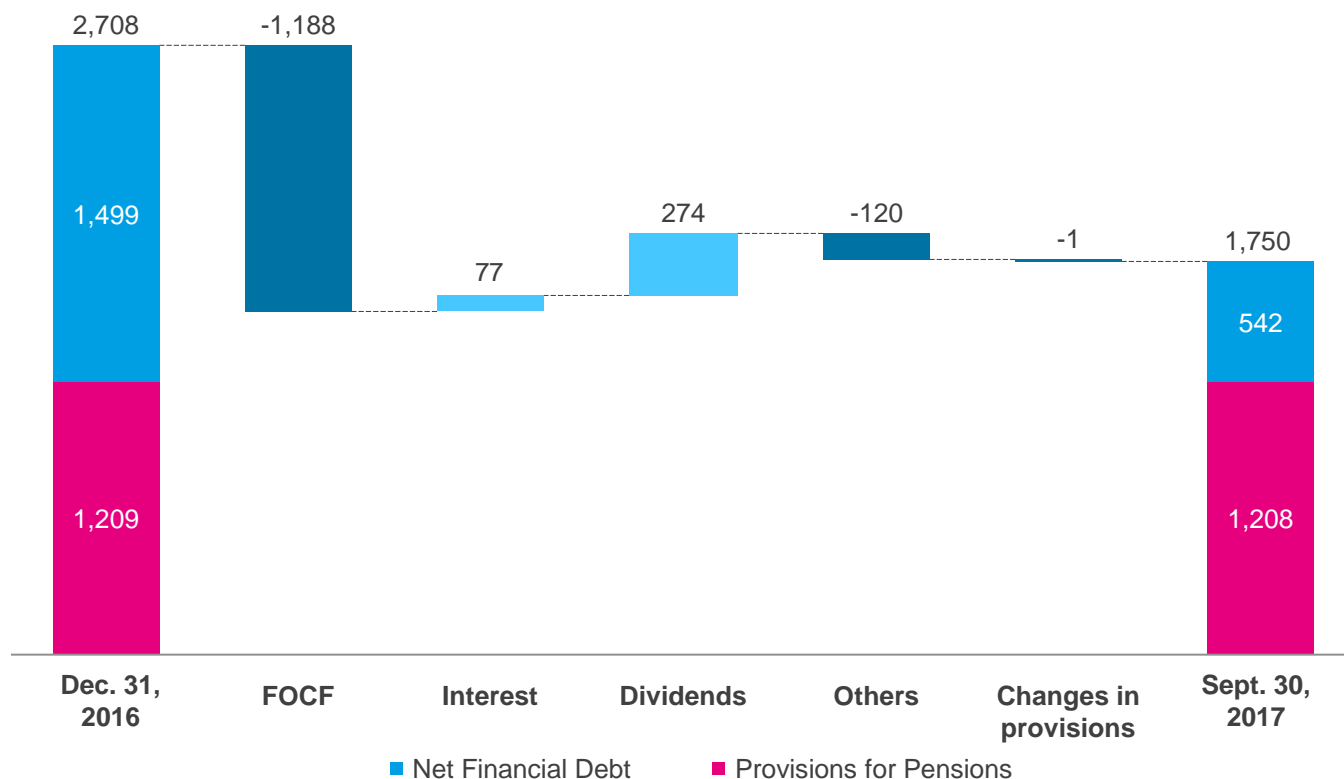
September 30, 2017 – Robust balance sheet

Net financial debt reduction of €1bn YTD



Total net debt

in € million



Highlights

- Total net debt to EBITDA ratio* further reduced to 0.6x
- Strong decrease of net financial debt by €957m to €542m
- Pension provisions remained stable at €1,208m
- Equity ratio further improved to 47%
- Long-term commitment to a solid investment grade rating, since IPO “Baa2” by Moody’s

* Method of calculation: Total net debt on 30.09.2017 divided by EBITDA of last four quarters

Commitment to deliver €5bn cumulative FOCF in next 5 years

Use of free cash flow: value creation and cash return to shareholders

Under review



Dividend policy

UNCHANGED

Portfolio

UNCHANGED

Return to shareholders

UPDATE

- Focus on increasing or at least stable dividends
- FY 2016 dividend of €1.35 per share represents a dividend yield of 2.1% (year end DY)

- Disciplined & focused approach
- Bolt-on acquisitions to boost R&D and business development
- Focus on high margin, differentiated business areas and continuous portfolio optimization

- Share buy-back for up to €1.5bn*
- Commitment to return further excess cash to shareholders

*either up to €1.5bn or up to 10% of stock capital, whichever is reached first

Guidance 2017

Confirmation of strong outlook for FY 2017

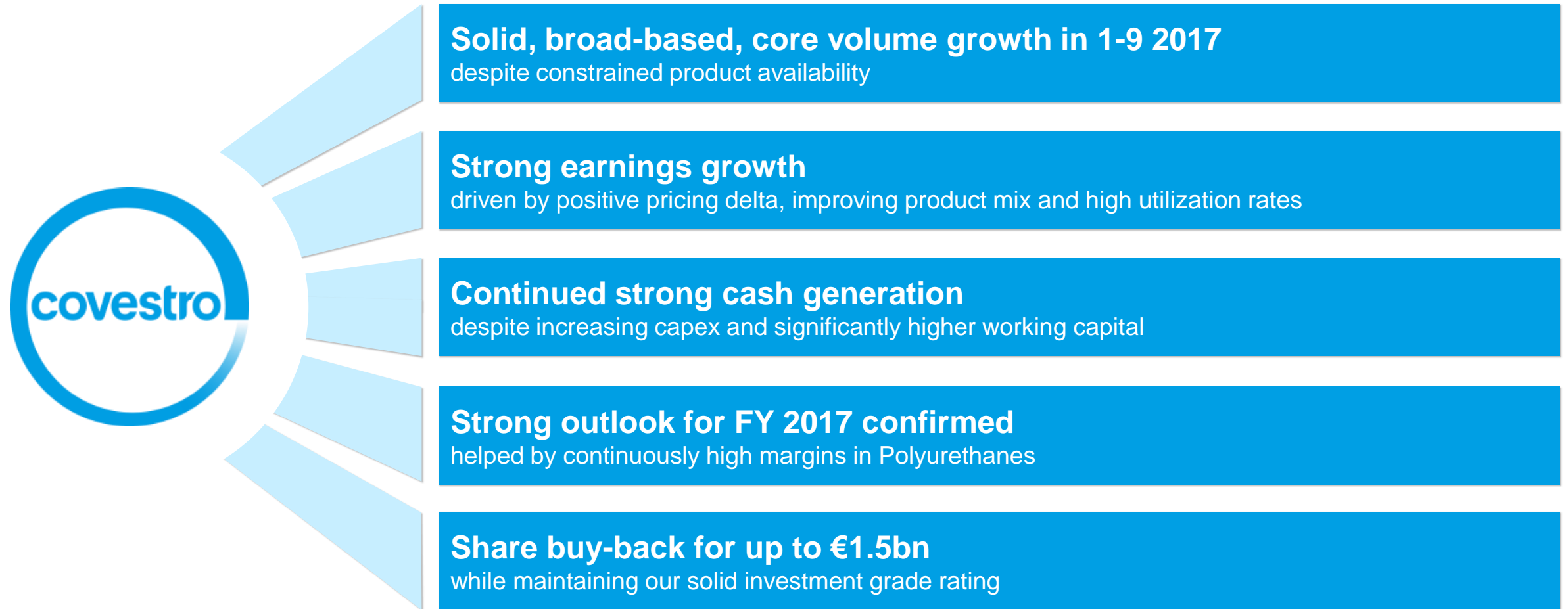


	FY 2016	Guidance FY 2017*	1-9 2017
Core Volume Growth	+7.5%	Low- to mid-single-digit percentage increase Y/Y	+3.2%
FOCF	Ø 2014-2016: €881m	Significantly above the average of the last three years	€1,188m
ROCE	14.2%	Significantly above the 2016 level	n.a.
Additional financial expectations	FY 2016	Guidance FY 2017*	1-9 2017
EBITDA 2017 FY	€2,014m	Significantly above 2016	€2,556m
EBITDA 2017 Q4	Q4: €390m	Significantly above Q4 2016	n.a.
D&A	€683m	~€650m	€476m
Financial results	€-196m	~€-160m	€-123m
Effective tax rate	29.0%	~28%	26.0%
Capex	€419m	~€500m	€283m

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

Q3 2017 – Summary

Raising the bar



Upcoming IR Events

Find more information on investor.covestro.com



Reporting dates

- | | |
|---------------------|-----------------------------|
| • February 20, 2018 | Q4 & FY 2017 Annual Report |
| • April 26, 2018 | Q1 2018 Quarterly Statement |
| • July 26, 2018 | Q2 2018 Interim Report |

Annual General Meeting

- | | |
|------------------|------------------------------|
| • April 13, 2018 | Annual General Meeting, Bonn |
|------------------|------------------------------|

Broker conferences

- | | |
|---------------------|--|
| • November 14, 2017 | UBS, European Conference 2017, London |
| • November 14, 2017 | Morgan Stanley, Global Chemicals and Agriculture Conference, Boston |
| • November 22, 2017 | Exane BNP Paribas, SRI Forum, Paris |
| • November 30, 2017 | Société Générale, The Premium Review 2017, Paris |
| • December 5, 2017 | Bank of America Merrill Lynch, European Chemicals Conference, London |
| • December 7, 2017 | Berenberg, European Conference 2017, London |
| • December 14, 2017 | Citi, 11 th Annual Benelux Symposium 2017, Amsterdam |