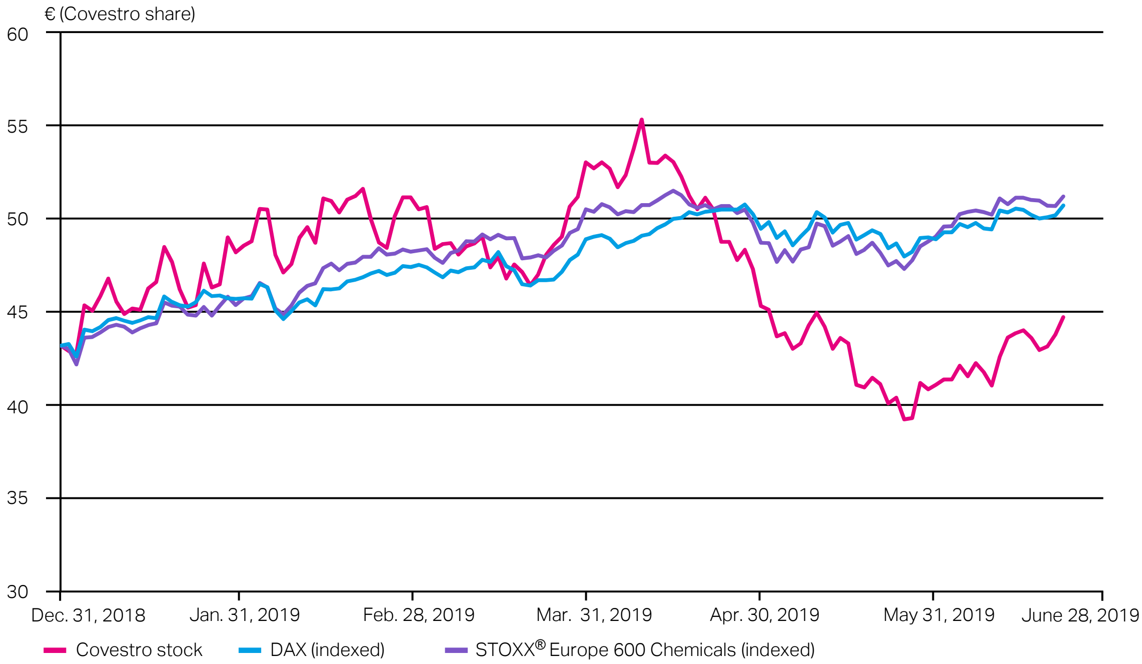
Key Data Covestro Group

	2nd quarter 2018[1]	2nd quarter 2019	Change	1st half 2018[1]	1st half 2019	Change
	€ million	€ million	%	€ million	€ million	%
Core volume growth[2, 3]	**+4.4%**	**+1.1%**		**+2.2%**	**–0.4%**	
Sales	**3,863**	**3,211**	**–16.9**	**7,642**	**6,386**	**–16.4**
Change in sales						
Volume	+4.9%	+0.8%		+1.6%	+0.9%	
Price	+9.9%	–18.7%		+12.1%	–18.5%	
Currency	–4.4%	+1.8%		–5.8%	+2.1%	
Portfolio	0.0%	–0.8%		0.0%	–0.9%	
Sales by region						
EMLA[4]	1,677	1,379	–17.8	3,356	2,793	–16.8
NAFTA[5]	885	822	–7.1	1,725	1,610	–6.7
APAC[6]	1,301	1,010	–22.4	2,561	1,983	–22.6
EBITDA[7]	**985**	**459**	**–53.4**	**2,048**	**901**	**–56.0**
Changes in EBITDA						
of which volume	+11.7%	+0.5%		+4.7%	+1.9%	
of which price	+40.8%	–73.5%		+50.7%	–69.0%	
of which raw material price effect	–11.1%	+8.9%		–12.8%	+5.8%	
of which currency	–4.1%	+1.1%		–6.2%	+1.1%	
EBIT[8]	**826**	**274**	**–66.8**	**1,733**	**538**	**–69.0**
Financial result	**(27)**	**(23)**	**–14.8**	**(55)**	**(46)**	**–16.4**
Net income[9]	**604**	**189**	**–68.7**	**1,248**	**368**	**–70.5**
Earnings per share (€)[10]	**3.07**	**1.03**	**–66.4**	**6.31**	**2.01**	**–68.1**
Operating cash flows[11]	**517**	**164**	**–68.3**	**969**	**284**	**–70.7**
Cash outflows for additions to property, plant, equipment and intangible assets	**153**	**219**	**+43.1**	**241**	**384**	**+59.3**
Free operating cash flow[12]	**364**	**(55)**	**.**	**728**	**(100)**	**.**

1 Reference information was not restated; see section 2.1 "Financial Reporting Standards Applied for the First Time in the Reporting Period."
2 Core volume growth refers to the core products in the Polyurethanes, Polycarbonates and Coatings, Adhesives, Specialties segments. It is calculated as the percentage change in externally sold volumes in thousand tons compared with the prior year. Covestro also takes advantage of business opportunities outside its core business, for example the sale of precursors and by-products such as hydrochloric acid, sodium hydroxide solution and styrene. These transactions are not included in core volume growth.
3 Reference values calculated on the basis of the definition of the core business effective March 31, 2019
4 EMLA: Europe, Middle East, Africa and Latin America (excluding Mexico) region
5 NAFTA: United States, Canada and Mexico region
6 APAC: Asia and Pacific region
7 EBITDA: EBIT plus the sum of depreciation, amortization, impairment losses and impairment loss reversals
8 EBIT: Income after income taxes plus financial result and income taxes
9 Net income: income after income taxes attributable to the stockholders of Covestro AG
10 Earnings per share: according to IAS 33, earnings per share comprise net income divided by the weighted average number of outstanding no-par voting shares of Covestro AG. The calculation was based on 196,605,012 no-par shares for the second quarter of 2018 and on 197,746,827 no-par shares for the first half of 2018, and on 182,704,602 no-par shares for the second quarter of 2019, and for the first half of 2019.
11 Operating cash flows: cash flows from operating activities according to IAS 7
12 Free operating cash flow: operating cash flows less cash outflows for additions to property, plant, equipment and intangible assets

Covestro on the Capital Market

Performance of the Covestro Stock Versus the Market in the First Half of 2019



Covestro closing prices Xetra®; source: Bloomberg

Positive stock market performance in an unsettled environment

Although the macroeconomic environment worldwide is marked by uncertainty, European stock markets performed well in the first six months of 2019, thereby recovering from a weak year for stocks in 2018. Many indices such as the EURO STOXX 50® posted positive performances in the first half of 2019. At the end of June, the DAX, which is relevant for Covestro, was up 17.4% compared with its value at year-end 2018, while the STOXX® Europe 600 Chemicals Index rose 18.5% during the same period. However, individual chemical stocks continued to experience strong volatility and muted growth during this period, driven by uncertainties arising from trade conflicts and the slowing of global economic growth and industrial production.

In this capital market environment, Covestro stock finished the first half of 2019 at a Xetra® closing price of €44.71 – an increase of 3.5% compared with the end of 2018. On May 31, 2019, Covestro stock dipped to its low for the half-year with a closing price of €39.23. The high for the first six months was €55.32 on April 12, 2019.

Covestro Share at a Glance

		2nd quarter 2018	2nd quarter 2019	1st half 2018	1st half 2019
Average daily turnover	million shares	1.3	1.4	1.2	1.4
High	€	82.10	55.32	95.00	55.32
Low	€	71.88	39.23	71.88	39.23
Closing date	€	76.42	44.71	76.42	44.71
Outstanding shares (closing date)	million shares	192.6	182.7	192.6	182.7
Market capitalization (closing date)	€ million	14,717	8,169	14,717	8,169

Covestro closing prices, Xetra®; source: Bloomberg

Dividend of €2.40 per share paid

At this year's Annual Stockholders' Meeting on April 12, 2019, which took place at the World Conference Center in Bonn (Germany), stockholders approved the dividend of €2.40 per share proposed by the Board of Management and the Supervisory Board of Covestro AG for 2018. Compared with the prior year (€2.20), this represents an increase of 9%. The dividend was paid on April 17, 2019.

New authorization to acquire treasury shares

At this year's Annual Stockholders' Meeting, stockholders approved the proposal by the Board of Management and the Supervisory Board of Covestro AG to authorize the Board of Management to acquire and use own shares in the amount of up to 10% of the capital stock. According to the German Stock Corporation Act, authorization such as this is required for deciding on possible additional share buy-backs in the future.

Moody's confirms credit rating

At the end of the first half of 2019, rating agency Moody's Investors Service, London (UK), reviewed Covestro's existing investment-grade rating and confirmed the company's rating on July 2, 2019. The Baa1 rating with a stable outlook puts Covestro in an excellent position for obtaining financing, particularly on the international debt market.

Buy recommendations from eight analysts

At the end of the first six months of 2019, Covestro was covered by 23 securities brokers. Eight analysts recommended the stock as a buy, twelve were neutral, and three rated it as a sell. The average share-price target at the end of the period was €51.

Basic Covestro Share Information

Capital stock	€183,000,000
Outstanding shares (half-year end)	182,704,602
Share class	No-par ordinary bearer shares
ISIN	DE0006062144
WKN	606214
Ticker symbol	1COV
Reuters symbol	1COV.DE
Bloomberg symbol	1COV GY
Market segment	Regulated market
Transparency level	Prime standard
Sector	Chemicals
Index	DAX

Segment and Quarterly Overview

Segment Information 2nd Quarter[1]

	Polyurethanes		Polycarbonates		Coatings, Adhesives, Specialties		Others/consolidation		Covestro Group	
	2nd quarter 2018	2nd quarter 2019	2nd quarter 2018	2nd quarter 2019	2nd quarter 2018	2nd quarter 2019	2nd quarter 2018	2nd quarter 2019	2nd quarter 2018	2nd quarter 2019
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	**1,966**	**1,489**	**1,056**	**898**	**629**	**621**	**212**	**203**	**3,863**	**3,211**
Change in sales										
Volume	+3.3%	+0.8%	+5.6%	+5.7%	+6.3%	–4.5%	+12.7%	–7.2%	+4.9%	+0.8%
Price	+9.2%	–26.8%	+15.2%	–18.8%	+1.7%	–0.4%	+18.6%	+1.6%	+9.9%	–18.7%
Currency	–4.4%	+1.7%	–4.9%	+1.7%	–3.9%	+2.2%	–2.8%	+1.4%	–4.4%	+1.8%
Portfolio	0.0%	0.0%	0.0%	–3.6%	0.0%	+1.4%	0.0%	0.0%	0.0%	–0.8%
Core volume growth[2]	**+3.9%**	**+0.7%**	**+5.3%**	**+4.4%**	**+5.4%**	**–4.7%**			**+4.4%**	**+1.1%**
Sales by region										
EMLA	871	643	353	306	299	277	154	153	1,677	1,379
NAFTA	486	444	209	190	137	144	53	44	885	822
APAC	609	402	494	402	193	200	5	6	1,301	1,010
EBITDA	**583**	**172**	**285**	**154**	**139**	**150**	**(22)**	**(17)**	**985**	**459**
EBIT	**492**	**72**	**241**	**99**	**116**	**120**	**(23)**	**(17)**	**826**	**274**
Depreciation, amortization, impairment losses and impairment loss reversals	**91**	**100**	**44**	**55**	**23**	**30**	**1**	**–**	**159**	**185**
Operating cash flows	**364**	**116**	**155**	**93**	**66**	**38**	**(68)**	**(83)**	**517**	**164**
Cash outflows for additions to property, plant, equipment and intangible assets	**84**	**138**	**44**	**42**	**25**	**40**	**–**	**(1)**	**153**	**219**
Free operating cash flow	**280**	**(22)**	**111**	**51**	**41**	**(2)**	**(68)**	**(82)**	**364**	**(55)**

[1] Reference information was not restated, see Note 2.1 "Financial Reporting Standards Applied for the First Time in the Reporting Period."
[2] Reference values calculated on the basis of the definition of the core business effective March 31, 2019.

Segment Information 1st Half[1]

	Polyurethanes		Polycarbonates		Coatings, Adhesives, Specialties		Others/consolidation		Covestro Group	
	1st half 2018	1st half 2019	1st half 2018	1st half 2019	1st half 2018	1st half 2019	1st half 2018	1st half 2019	1st half 2018	1st half 2019
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	**3,916**	**2,965**	**2,089**	**1,758**	**1,221**	**1,248**	**416**	**415**	**7,642**	**6,386**
Change in sales										
Volume	+0.3%	+1.9%	+2.8%	+1.5%	+2.0%	–1.7%	+6.4%	–3.7%	+1.6%	+0.9%
Price	+13.2%	–28.1%	+15.8%	–15.8%	+1.3%	+0.6%	+19.6%	+1.9%	+12.1%	–18.5%
Currency	–5.9%	+1.9%	–6.6%	+2.1%	–4.9%	+2.6%	–3.3%	+1.6%	–5.8%	+2.1%
Portfolio	0.0%	0.0%	0.0%	–3.6%	0.0%	+0.7%	0.0%	0.0%	0.0%	–0.9%
Core volume growth[2]	**+1.4%**	**+0.3%**	**+4.0%**	**–1.0%**	**+2.0%**	**–2.4%**			**+2.2%**	**–0.4%**
Sales by region										
EMLA	1,731	1,312	715	595	597	571	313	315	3,356	2,793
NAFTA	961	855	412	378	259	288	93	89	1,725	1,610
APAC	1,224	798	962	785	365	389	10	11	2,561	1,983
EBITDA	**1,220**	**329**	**588**	**309**	**275**	**296**	**(35)**	**(33)**	**2,048**	**901**
EBIT	**1,039**	**129**	**501**	**204**	**229**	**238**	**(36)**	**(33)**	**1,733**	**538**
Depreciation, amortization, impairment losses and impairment loss reversals	**181**	**200**	**87**	**105**	**46**	**58**	**1**	**–**	**315**	**363**
Operating cash flows	**540**	**120**	**234**	**231**	**83**	**50**	**112**	**(117)**	**969**	**284**
Cash outflows for additions to property, plant, equipment and intangible assets	**130**	**240**	**67**	**81**	**44**	**64**	**–**	**(1)**	**241**	**384**
Free operating cash flow	**410**	**(120)**	**167**	**150**	**39**	**(14)**	**112**	**(116)**	**728**	**(100)**

[1] Reference information was not restated, see Note 2.1 "Financial Reporting Standards Applied for the First Time in the Reporting Period."
[2] Reference values calculated on the basis of the definition of the core business effective March 31, 2019.

Quarterly Overview[1]

	1st quarter 2018	2nd quarter 2018	3rd quarter 2018	4th quarter 2018	1st quarter 2019	2nd quarter 2019
	€ million	€ million	€ million	€ million	€ million	€ million
Sales	**3,779**	**3,863**	**3,702**	**3,272**	**3,175**	**3,211**
Polyurethanes	1,950	1,966	1,849	1,597	1,476	1,489
Polycarbonates	1,033	1,056	1,038	924	860	898
Coatings, Adhesives, Specialties	592	629	606	534	627	621
Core volume growth[2]	**0.0%**	**+4.4%**	**+0.2%**	**+1.7%**	**–1.8%**	**+1.1%**
EBITDA	**1,063**	**985**	**859**	**293**	**442**	**459**
Polyurethanes	637	583	432	111	157	172
Polycarbonates	303	285	315	133	155	154
Coatings, Adhesives, Specialties	136	139	126	63	146	150
EBIT	**907**	**826**	**707**	**140**	**264**	**274**
Polyurethanes	547	492	346	27	57	72
Polycarbonates	260	241	272	88	105	99
Coatings, Adhesives, Specialties	113	116	103	39	118	120
Financial result	**(28)**	**(27)**	**(25)**	**(24)**	**(23)**	**(23)**
Income before income taxes	**879**	**799**	**682**	**116**	**241**	**251**
Income after taxes	**646**	**606**	**497**	**80**	**180**	**190**
Net income	**644**	**604**	**496**	**79**	**179**	**189**
Operating cash flows	**452**	**517**	**766**	**641**	**120**	**164**
Cash outflows for additions to property, plant, equipment and intangible assets	**88**	**153**	**188**	**278**	**165**	**219**
Free operating cash flow	**364**	**364**	**578**	**363**	**(45)**	**(55)**

[1] Reference information was not restated, see Note 2.1 “Financial Reporting Standards Applied for the First Time in the Reporting Period.”
[2] Reference values calculated on the basis of the definition of the core business effective March 31, 2019.