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Reporting principles

This Covestro AG Quarterly Statement was prepared in accordance with Section 53 of the Stock Exchange Rules and Regulations (Börsenordnung) of the Frankfurt Stock Exchange. This Statement is not an interim report within the meaning of IAS 34 or a set of financial statements within the meaning of IAS 1. It was not subjected to a review by an auditor. This Quarterly Statement should be read alongside the 2019 Annual Report as well as the 2020 Half-Year Financial Report and the additional information about the company contained therein. These reports are available on our website at **www.covestro.com.**

Forward-looking statements

This Quarterly Statement may contain forward-looking statements based on current assumptions and forecasts made by the management of 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 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.

Rounding and percentage deviations

As the indicators in this Quarterly Statement are stated in accordance with commercial rounding principles, totals and percentages may not always be exact.

Percentage deviations are only calculated and reported if they are no more than 100%. Larger deviations are reported as >100%, >200%, etc. If a deviation changes from positive to negative or vice versa, or if it is greater than 1,000%, this is shown by a period.

Abbreviations

The abbreviations used in this Quarterly Statement are explained in the glossary of the 2019 Annual Report.

Equal treatment

We consider equal treatment to be important. To ensure better readability, this Quarterly Statement avoids gender-specific wordings. All terms should be taken to apply equally to all genders.

Publication

This Quarterly Statement was published in German and English on October 27, 2020. Only the German version is binding.

Covestro Group in Figures

Key Data Covestro Group

	3rd quarter 2019	3rd quarter 2020	Change	1st nine months 2019	1st nine months 2020	Change
	€ million	€ million	%	€ million	€ million	%
Core volume growth[1, 2]	**+5.3%**	**+3.0%**		**+1.5%**	**–7.9%**	
Sales	3,162	2,760	–12.7	9,548	7,699	–19.4
Change in sales						
Volume	+2.1%	+1.0%		+1.3%	–8.1%	
Price	–18.5%	–9.0%		–18.5%	–9.1%	
Currency	+1.9%	–3.3%		+2.0%	–0.8%	
Portfolio	–0.1%	–1.4%		–0.6%	–1.4%	
Sales by region						
EMLA[3]	1,317	1,138	–13.6	4,110	3,312	–19.4
NAFTA[4]	812	648	–20.2	2,422	1,900	–21.6
APAC[5]	1,033	974	–5.7	3,016	2,487	–17.5
EBITDA[6]	**425**	**456**	**+7.3**	**1,326**	**835**	**–37.0**
Changes in EBITDA						
of which volume	+4.9%	–9.6%		+2.8%	–32.2%	
of which price	–79.9%	–67.1%		–72.2%	–65.2%	
of which raw material price effect	+17.3%	+65.6%		+9.2%	+45.9%	
of which currency	+1.0%	–2.8%		+1.1%	–0.1%	
EBIT[7]	221	265	+19.9	759	264	–65.2
Financial result	(19)	(22)	+15.8	(65)	(78)	+20.0
Net income[8]	147	179	+21.8	515	147	–71.5
Earnings per share (€)[9]	0.80	0.98	+22.5	2.82	0.80	–71.6
Operating cash flows[10]	462	538	+16.5	746	599	–19.7
Cash outflows for additions to property, plant, equipment and intangible assets	219	177	–19.2	603	463	–23.2
Free operating cash flow[11]	**243**	**361**	**+48.6**	**143**	**136**	**–4.9**

1 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 metric 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.
2 Reference values calculated on the basis of the definition of the core business effective March 31, 2020.
3 EMLA: Europe, Middle East, Africa and Latin America (excluding Mexico) region
4 NAFTA: United States, Canada and Mexico region
5 APAC: Asia and Pacific region
6 EBITDA: EBIT plus the sum of depreciation, amortization, impairment losses and impairment loss reversals
7 EBIT: income after income taxes plus financial result and income taxes
8 Net income: income after income taxes attributable to the stockholders of Covestro AG
9 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 182,864,685 no-par shares for the third quarter of 2020 (previous year: 182,704,602 no-par shares) and on 182,864,685 no-par shares for the first nine months of 2020 (previous year:182,704,602 no-par shares).
10 Operating cash flows: cash flows from operating activities according to IAS 7
11 Free operating cash flow: operating cash flows less cash outflows for additions to property, plant, equipment and intangible assets

Covestro Share at a Glance

		3rd quarter 2019	3rd quarter 2020	1st nine months 2019	1st nine months 2020
High	€	45.40	46.83	55.32	46.83
Low	€	37.95	32.86	37.95	24.90
Closing date (September 30)	€	45.40	42.35	45.40	42.35

Covestro closing prices Xetra; source: Bloomberg

Segment Information

Segment Information 3rd Quarter

	Polyurethanes		Polycarbonates		Coatings, Adhesives, Specialties		Others/consolidation		Covestro Group	
	3rd quarter 2019	3rd quarter 2020	3rd quarter 2019	3rd quarter 2020	3rd quarter 2019	3rd quarter 2020	3rd quarter 2019	3rd quarter 2020	3rd quarter 2019	3rd quarter 2020
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	1,478	1,315	901	801	588	495	195	149	3,162	2,760
Change in sales										
Volume	+2.5%	+5.3%	+6.8%	+3.6%	−4.7%	−8.3%	−4.4%	−17.2%	+2.1%	+1.0%
Price	−24.4%	−11.5%	−20.7%	−8.2%	−2.1%	−5.0%	−3.3%	−5.8%	−18.5%	−9.0%
Currency	+1.8%	−3.8%	+2.0%	−3.4%	+2.2%	−2.5%	+1.0%	−0.6%	+1.9%	−3.3%
Portfolio	0.0%	−1.0%	−1.3%	−3.1%	+1.6%	0.0%	0.0%	0.0%	−0.1%	−1.4%
Core volume growth[1]	**+5.1%**	**+4.3%**	**+9.3%**	**+3.6%**	**−4.0%**	**−6.9%**			**+5.3%**	**+3.0%**
Sales by region										
EMLA	629	558	281	239	257	214	150	127	1,317	1,138
NAFTA	431	363	196	154	145	113	40	18	812	648
APAC	418	394	424	408	186	168	5	4	1,033	974
EBITDA	**196**	**220**	**132**	**148**	**111**	**99**	**(14)**	**(11)**	**425**	**456**
EBIT	97	114	57	94	82	68	(15)	(11)	221	265
Depreciation, amortization, impairment losses and impairment loss reversals	99	106	75	54	29	31	1	–	204	191
Operating cash flows[2]	173	217	178	203	129	80	(18)	38	462	538
Cash outflows for additions to property, plant, equipment and intangible assets	135	103	44	33	39	41	1	–	219	177
Free operating cash flow	**38**	**114**	**134**	**170**	**90**	**39**	**(19)**	**38**	**243**	**361**
Trade working capital[3]	1,083	943	694	563	605	503	75	52	2,457	2,061

[1] Reference values calculated on the basis of the definition of the core business effective March 31, 2020.
[2] Covestro applied a simplification rule in calculating the income taxes paid as a component of operating cash flows at the segment level (see note 4 "Segment and Regional Reporting" in the Consolidated Financial Statements in the 2019 Annual Report). The difference between the income tax payments of the reportable operating segments and the actual income taxes paid by the Covestro Group are taken into account in the Others/consolidation column.
[3] Trade working capital comprises inventories plus trade accounts receivable, less trade accounts payable, as of September 30, 2020, or September 30, 2019.

Segment Information 1st Nine Months

	Polyurethanes		Polycarbonates		Coatings, Adhesives, Specialties		Others/consolidation		Covestro Group	
	1st nine months 2019	1st nine months 2020	1st nine months 2019	1st nine months 2020	1st nine months 2019	1st nine months 2020	1st nine months 2019	1st nine months 2020	1st nine months 2019	1st nine months 2020
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	4,443	3,502	2,659	2,182	1,836	1,510	610	505	9,548	7,699
Change in sales										
Volume	+2.1%	–7.4%	+3.1%	–5.1%	–2.7%	–13.9%	–3.9%	–8.6%	+1.3%	–8.1%
Price	–26.9%	–11.5%	–17.4%	–8.5%	–0.3%	–4.0%	+0.1%	–8.6%	–18.5%	–9.1%
Currency	+1.9%	–1.2%	+2.1%	–0.9%	+2.5%	–0.3%	+1.4%	0.0%	+2.0%	–0.8%
Portfolio	0.0%	–1.1%	–2.8%	–3.4%	+1.0%	+0.4%	0.0%	0.0%	–0.6%	–1.4%
Core volume growth[1]	**+1.9%**	**–8.4%**	**+2.4%**	**–5.0%**	**–3.0%**	**–12.5%**			**+1.5%**	**–7.9%**
Sales by region										
EMLA	1,941	1,506	876	698	828	681	465	427	4,110	3,312
NAFTA	1,286	1,024	574	456	433	353	129	67	2,422	1,900
APAC	1,216	972	1,209	1,028	575	476	16	11	3,016	2,487
EBITDA	**525**	**246**	**441**	**353**	**407**	**289**	**(47)**	**(53)**	**1,326**	**835**
EBIT	226	(67)	261	189	320	196	(48)	(54)	759	264
Depreciation, amortization, impairment losses and impairment loss reversals	299	313	180	164	87	93	1	1	567	571
Operating cash flows[2]	293	138	409	306	179	214	(135)	(59)	746	599
Cash outflows for additions to property, plant, equipment and intangible assets	375	271	125	96	103	95	–	1	603	463
Free operating cash flow	**(82)**	**(133)**	**284**	**210**	**76**	**119**	**(135)**	**(60)**	**143**	**136**
Trade working capital[3]	1,083	943	694	563	605	503	75	52	2,457	2,061

1 Reference values calculated on the basis of the definition of the core business effective March 31, 2020.

2 Covestro applied a simplification rule in calculating the income taxes paid as a component of operating cash flows at the segment level (see note 4 "Segment and Regional Reporting" in the Consolidated Financial Statements in the 2019 Annual Report). The difference between the income tax payments of the reportable operating segments and the actual income taxes paid by the Covestro Group are taken into account in the Others/consolidation column.

3 Trade working capital comprises inventories plus trade accounts receivable, less trade accounts payable, as of September 30, 2020, or September 30, 2019.