

1st Supplement, dated June 3, 2020 to the Base Prospectus dated March 12, 2020

This document constitutes a supplement (the "**Supplement**") for the purposes of Art. 8(10) and Art. 23(1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 (the "**Prospectus Regulation**") to the base prospectus of Covestro AG dated March 12, 2020 (the "**Base Prospectus**") relating to issues of non-equity securities ("**Non-Equity Securities**") within the meaning of Art. 2(c) of the Prospectus Regulation by Covestro AG.



COVESTRO AG

(incorporated as a stock corporation (Aktengesellschaft) in the Federal Republic of Germany)

EUR 5,000,000,000 Debt Issuance Programme

The Commission de Surveillance du Secteur Financier (the "**CSSF**") of the Grand Duchy of Luxembourg in its capacity as competent authority under the Prospectus Regulation has approved this Supplement as a supplement within the meaning of Art. 23(1) of the Prospectus Regulation. By approving this Supplement, CSSF gives no undertaking as to the economic and financial soundness of the operation or the quality or solvency of the Issuer.

The Issuer has requested the CSSF to provide the competent authorities in the Federal Republic of Germany ("**Germany**"), the Republic of Austria and The Netherlands with a certificate of approval attesting that this Supplement has been drawn up in accordance with the Prospectus Regulation. The Issuer may request the CSSF to provide competent authorities in additional host member states within the European Economic Area with such notification.

Right to withdraw

In accordance with Art. 23(2) of the Prospectus Regulation, investors who have already agreed to purchase or subscribe for securities before the Supplement is published have the right, exercisable within two working days after the publication of this Supplement, to withdraw their acceptances, provided that the new factor arose before the final closing of the offer to the public and the delivery of the securities. The final date for the right of withdrawal will be June 5, 2020. Investors may contact Covestro AG at its registered office should they wish to exercise the right of withdrawal.

This Supplement together with the Base Prospectus and the documents incorporated by reference are also available for viewing at www.bourse.lu.

The purpose of this Supplement is to supplement the Base Prospectus with information from the unaudited consolidated interim financial information of the Issuer as of and for the three-month period ended March 31, 2020 and to amend other disclosure on the Issuer.

This Supplement is supplemental to, and should be read in conjunction with the Base Prospectus. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

Covestro AG ("**Covestro AG**" or the "**Issuer**", together with its consolidated subsidiaries, the "**Group**") with its registered office in Leverkusen, Germany, accepts responsibility for the information given in this Supplement.

The Issuer hereby declares that, to the best of its knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement for which it is responsible is in accordance with the facts and that this Supplement makes no omission likely to affect its import.

The Arranger and the Dealers have not separately verified the information contained in this Supplement. Neither the Arranger nor any of the Dealers makes any representation, expressly or implied, or accepts any responsibility, with respect to the accuracy or completeness of any information contained in this Supplement. Neither this Supplement nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or the Dealers that any recipient of this Supplement or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Supplement and its purchase

of Notes should be based upon such investigation as it deems necessary. None of the Arranger or the Dealers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Supplement nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

To the extent that there is any inconsistency between any statement included in this Supplement and any statement included or incorporated by reference in the Base Prospectus, the statements in this Supplement will prevail.

Save as disclosed on pages 2-10 of this Supplement, there has been no other significant new factor, material mistake or inaccuracy since the publication of the Base Prospectus.

1. Risk Factors – Market Risks

On page 9 of the Base Prospectus, in the section "*Market Risks*" the following paragraph under the subsection "*The Group is affected by volatile economic conditions and the development of its customers' cyclical end markets.*" shall be deleted:

"The Group is affected by volatile economic conditions and the development of its customers' cyclical end markets.

[...]

The rapid spread of SARS-CoV-2 (the "**Coronavirus**") first identified in December 2019 is one factor that has resulted in a deterioration of the political, socio-economic and financial situation globally, and consequently this is expected to have a negative impact on the Issuer's business. The widespread health crisis increases the uncertainty regarding the Issuer's utilization, output, product distribution and sales, and could result in a restriction in the level of business activity in affected areas, which may in turn adversely affect the Issuer's sales and results of operations. The potential impact and the effects of any future spread are difficult to assess and quantify at this point in time."

2. Risk Factors – Market Risks

On page 10 of the Base Prospectus, in the section "*Market Risks*" the following paragraph shall be included as last risk factor in this category:

"Risks related to the coronavirus pandemic.

Pandemics, epidemics, outbreaks of infectious diseases or any other serious public health concerns, such as the outbreak of SARS-CoV-2 first identified in December 2019 and its associated disease ("**Covid-19**"), together hereinafter referred to as "coronavirus pandemic", together with any measures aimed at mitigating a further expansion thereof, such as restrictions on travel, imposition of quarantines, prolonged closures of workplaces, or curfews or other social distancing measures, may have a material adverse effect on the global economy and international financial markets in general and on the markets in which the Group operates in particular. The implications of such outbreaks depend on a number of factors, such as the duration and spread of the respective outbreak as well as the timing, suitability and effectiveness of measures imposed by authorities, the availability of resources, including human, material, infrastructure and financial (e.g., governmental stimulus packages and/or measures introduced by central banks) required to implement effective responses to the respective situation at the international, national and regional level as well as the level of civil compliance with such measures. There is no guarantee that such measures, or a combination thereof, are effective means to combat such an outbreak and the implications resulting therefrom, which may result in an increase of credit risk, liquidity risk and operational risk for the Group and, ultimately, may have material adverse effects on the operating results of the Group and its business and financial situation.

A number of factors that are important for the Group to successfully conduct its business could be materially affected by the coronavirus pandemic. The social distancing measures implemented by countries around the world to slow the spread could result in a severe global recession and financial crisis. As the overall economic activity is drastically reduced for several months, many businesses could be forced to close. As some businesses no longer have the income to pay their outstanding debts, the number of defaults could significantly increase. Such overall developments could have a number of effects on the Group's business, including the following:

- lower sales volumes and revenues driven by significantly decreased market demands for the Group's products especially in automotive;

- lower margin levels in the Group's products driven by low utilization rates in its main markets due to significantly decreased demand and negative pricing delta due to intense competitive pressure;
- supply chain restrictions leading to increased cost and lower sales volumes and revenues;
- reduced core volume growth impacting upon EBITDA.

The risks outlined above could each have a significant negative impact on the business of the Group. Moreover, such impact would be greater if the various risks took effect simultaneously."

3. Description of the Issuer and the Group – Shareholder Structure

On page 106 of the Base Prospectus, in the section "*Shareholder Structure*" the content shall be replaced by the following:

"Shareholder Structure

Covestro AG's share capital as of the date of this Base Prospectus amounts to EUR 183,000,000 divided into 183,000,000 ordinary registered shares with no par value (*Stückaktien*). The share capital of Covestro AG is fully paid up.

On the basis of the notifications received by Covestro AG as of the date of this Base Prospectus in accordance with the German Securities Trading Act (*Wertpapierhandelsgesetz - WpHG*) and pursuant to information provided by the respective shareholders, the following shareholders directly or indirectly hold more than 3 per cent. of Covestro AG's ordinary shares. The percentage values shown in the table below are based on the amount of voting rights last notified to Covestro AG with regard to the stated reference date by the respective shareholder pursuant to Sections 33 et seqq. WpHG in relation to Covestro AG's share capital as of the date of this Base Prospectus. It should be noted that the number of voting rights last notified could have changed since such notifications were submitted to Covestro AG without requiring the relevant shareholder to submit a corresponding voting rights notification if no notifiable thresholds have been reached or crossed:

<u>Shareholder</u>	<u>Actual (direct or indirect) ownership of Covestro AG Share of voting rights</u>
Allianz Global Investors GmbH	5,853,973 voting rights (3.20%)
Bayer AG	13,791,540 voting rights (7.54%)
BlackRock Inc.	9,492,615 voting rights (5.19%)
Norges Bank	9,029,397 voting rights (4.93%)
Total	38,167,525 voting rights (20.86%)

"

4. Description of the Issuer and the Group – Ratings

On page 107 of the Base Prospectus, in the section "*Ratings*" the content shall be replaced by the following content:

"Ratings

Moody's Investors Service Limited ("**Moody's**") has assigned a "Baa2"¹ rating (outlook negative) to Covestro AG.

Notes to be issued under the Programme may be rated or unrated. Where an issue of Notes is rated, a security rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Any negative change in the credit rating of Covestro AG could adversely affect the trading price of the Notes. Investors should consider each rating individually and obtain

¹ Moody's defines "Baa2" as follows: "Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category".

Holders should be aware that a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

additional and more detailed understanding of the significance of the respective credit rating information provided by the respective rating agency.

The Credit rating included or referred to in this Base Prospectus has been issued by Moody's, which is established in the United Kingdom and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies and included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>."

5. Description of the Issuer and the Group – Selected Consolidated Financial Information

On page 110 of the Base Prospectus, in the section "*Selected Consolidated Financial Information*" the content shall be replaced by the following content:

"Selected Consolidated Financial Information

The following selected historical financial information for the Group is based on the audited consolidated financial statements of Covestro AG as of and for the financial years ended December 31, 2019 and December 31, 2018 and on the unaudited consolidated interim financial information of Covestro AG as of and for the three-month period ended March 31, 2020.

Consolidated Income Statement

	For the three-month period ended March 31,		Financial year ended December 31,	
	2020	2019	2019	2018 ⁽¹⁾
<i>(amounts in EUR million, earnings per share in EUR)</i>	<i>(unaudited)</i>		<i>(audited)</i>	
Sales	2,783	3,175	12,412	14,616
Gross profit	551	768	2,754	4,698
EBIT ⁽²⁾	67	264	852	2,580
Financial result	(39)	(23)	(91)	(104)
Income before income taxes	28	241	761	2,476
Income after income taxes	21	180	557	1,829
<i>Basic earnings per share</i>	<i>0.11⁽³⁾</i>	<i>0.98⁽⁴⁾</i>	<i>3.02⁽⁵⁾</i>	<i>9.46⁽⁶⁾</i>
<i>Diluted earnings per share</i>	<i>0.11⁽³⁾</i>	<i>0.98⁽⁴⁾</i>	<i>3.02⁽⁵⁾</i>	<i>9.46⁽⁶⁾</i>

(1) As of January 1, 2019, the Issuer applied the new IFRS 16 (Leases) accounting standard subject to transition requirements. Prior-year figures have not been restated. See Note 2.1 "Financial reporting standards applied for the first time in the reporting period" in the audited consolidated financial statements as of December 31, 2019 of the Issuer.

(2) EBIT: Income after income taxes plus financial result and income tax expense.

(3) Weighted average number of outstanding no-par voting shares of Covestro AG in issue: 182,864,685.

(4) Weighted average number of outstanding no-par voting shares of Covestro AG in issue: 182,704,602.

(5) Weighted average number of outstanding no-par voting shares of Covestro AG in issue: 182,728,724.

(6) Weighted average number of outstanding no-par voting shares of Covestro AG in issue: 192,768,826.

Consolidated Statement of Financial Position

	As of March 31,	As of December 31,	
	2020	2019	2018 ⁽¹⁾
<i>(amounts in EUR million)</i>	<i>(unaudited)</i>	<i>(audited)</i>	
Noncurrent assets ⁽²⁾	6,648	6,791	5,801
Current assets	5,356	4,727	5,283
Total assets	12,004	11,518	11,084
Equity	5,646	5,254	5,375
Equity attributable to Covestro AG stockholders	5,598	5,207	5,342
Noncurrent liabilities ⁽³⁾	3,815	4,129	3,126
Current liabilities ⁽³⁾	2,543	2,135	2,583
Total equity and liabilities	12,004	11,518	11,084

(1) As of January 1, 2019, the Issuer applied the new IFRS 16 (Leases) accounting standard subject to transition requirements. Prior-year figures have not been restated. See Note 2.1 "Financial reporting standards applied for the first time in the reporting period" in the audited consolidated financial statements as of December 31, 2019 of the Issuer.

(2) The figures as of December 31, 2019, include right-of-use assets from initial application of IFRS 16.

(3) The figures as of December 31, 2019, include lease liabilities from initial application of IFRS 16.

6. Description of the Issuer and the Group – Financing Agreements

On page 116 of the Base Prospectus, in the section "*Financing Agreements*" the content shall be replaced by the following:

Facilities Agreement

On March 17, 2020, Covestro AG entered into a facilities agreement (the "**Facilities Agreement**") with a syndicate of lending banks.

Subsidiaries in which Covestro AG holds directly or indirectly more than 50% of the voting capital may become additional borrowers by means of accession to the contract (*Vertragsbeitritt*) provided that, all lenders have consented to such accession; Covestro AG guarantees for obligations of the additional borrowers. The base currency under the Facilities Agreement is Euro. Optional currencies are US dollar or a currency previously approved for these purposes by the lenders and readily available.

The Facilities Agreement provides for a multicurrency revolving credit facility in an amount of EUR 2.5 billion. The Facilities Agreement contains customary representations, general covenants (including a negative pledge undertaking and restrictions on disposals and mergers, each subject to baskets and/or exceptions) and events of default (including cross-default-payment and cross- acceleration provisions). No financial covenants are included. The facilities are not secured by any security in rem.

The revolving credit facility is due on March 16, 2025 and has two 1-year extension options subject to lenders consent. The revolving credit facility may be used for general corporate purposes, including working capital purposes, the refinancing of indebtedness and acquisitions. Up to EUR 500 million of the revolving credit commitments may be used as ancillary facilities on a bilateral basis with revolving lenders or their affiliates in the form of overdraft facilities, guarantees, bonding, documentary or stand-by letters of credit facilities, short term loan facilities, derivatives facilities, foreign exchange facilities or any other facility or accommodation required in connection with the business of the Group and which is agreed by Covestro AG with an ancillary lender.

Voluntary prepayments by the borrower are permitted subject to certain customary requirements. A lender may cancel its commitments and demand prepayment of all its participations in any loans outstanding under the Facilities Agreement in case of illegality or a change of control (in each case as described in the Facilities Agreement).

Notes issuances

In March 2016, Covestro AG issued its first bonds under this Programme with a total volume of EUR 1.5 billion. The bonds comprise two fixed-rate series due in October 2021 (with a coupon of 1.00% and a volume of EUR 500 million) and September 2024 (with a coupon of 1.75% and a volume of EUR 500 million), respectively. A third, floating rate, series with a volume of EUR 500 million matured and was repaid in March 2018.

Other

On March 20, 2020 the Issuer signed a loan with the European Investment Bank (EIB) for EUR 225 million. The loan will provide medium term funding to strengthen the research and development (R&D) work of Covestro in the areas of sustainability and circular economy within the European Union.

Furthermore the Issuer assumed short-term loans totaling EUR 500 million.

In addition, the Group has some uncommitted external local financing agreements in place. On December 31, 2019, the Group had presented warranties and other contingent liabilities in the amount of EUR 5 million."

7. Description of the Issuer and the Group – Recent Events

On page 125 of the Base Prospectus, in the section "*Recent Event*" the content shall be replaced by the following:

Recent Events

In the first quarter of 2020, volumes sold in the core business fell by 4.1% at Group level compared with the same quarter of the previous year. This was mainly due to coronavirus pandemic-related weaker demand in China in February 2020 and March 2020. The figures show that the impact on Covestro's business was mainly in China as it was hit first. In Europe, automotive production stops were decided upon

late in the quarter. In April 2020, Covestro faced a major year-on-year core volume decline with a stabilization on lower level. In the United States, Covestro witnessed the latest but hardest hit. The coronavirus pandemic arrived late and the political actions affecting the economy were implemented one month later than in Europe. In a nutshell, Covestro concludes that due to the global dynamics the second quarter of 2020 might be affected by the situation in many more countries.

As the situation may be changing rapidly, the Issuer cannot currently predict what additional direct or indirect impacts the coronavirus pandemic may have.

On May 19, 2020 the Issuer announced that its Board of Management has decided to propose a dividend of EUR 1.20 per share for the 2019 fiscal year to the Annual General Meeting, which is scheduled to take place as a virtual event on July 30, 2020 and to carry the remainder of the distributable profit forward to new account. The Board of Management had previously proposed a dividend of EUR 2.40 per share.

On May 25, 2020 the Issuer announced that in light of the great economic challenges posed by the global coronavirus pandemic, the Board of Management and employee representatives of the Issuer decided to make a solidarity contribution and agreed on a model to reduce working hours in Germany, while adjusting salaries for all employees. International subsidiaries of Covestro will implement individual measures for cost reduction on a country-specific level. These measures are planned for a period of six months starting on June 1, 2020, and will serve as a supplement to the previously planned cost-saving measures.

On June 2, 2020, Moody's downgraded the long term issuer and senior unsecured bond ratings of Covestro and the Programme rating from "Baa1" to "Baa2" (outlook negative).

Other than described above there were no recent events particular to the Issuer which are to a material extent relevant to the evaluation of its solvency."

8. Description of the Issuer and the Group – Significant Changes

On page 125 of the Base Prospectus, in the section "*Significant Changes*" the content shall be replaced by the following:

"Significant Changes

There have been no significant changes with regard to the financial position or the trading position of Covestro AG since March 31, 2020."

9. Description of the Issuer and the Group – Consolidated Financial Information

On pages 125 et seqq. of the Base Prospectus, in the section "*Consolidated Financial Information*" the content up to and excluding the sub-section "*Core Volume Growth and Additional Performance Measures*" shall be replaced by the following content:

"Consolidated Financial Information

The following historical financial information for the Group is based on the audited consolidated financial statements of Covestro AG as of and for the financial years ended December 31, 2019 and December 31, 2018 and on the unaudited consolidated interim financial information of Covestro AG as of and for the three-month period ended March 31, 2020, which are all incorporated by reference in this Base Prospectus and should be read together with them. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union. The full year consolidated financial statements of the Group were audited by KPMG and issued with an unqualified auditor's report.

Consolidated Income Statement

	For the three-month period ended March 31,		Financial year ended December 31,	
	2020	2019	2019	2018 ⁽¹⁾
<i>(amounts in EUR million, earnings per share in EUR)</i>	<i>(unaudited)</i>		<i>(audited)</i>	
Sales	2,783	3,175	12,412	14,616
Cost of goods sold	(2,232)	(2,407)	(9,658)	(9,918)

	For the three-month period ended March 31,		Financial year ended December 31,	
	2020	2019	2019	2018 ⁽¹⁾
<i>(amounts in EUR million, earnings per share in EUR)</i>	<i>(unaudited)</i>		<i>(audited)</i>	
Gross profit	551	768	2,754	4,698
Selling expenses	(321)	(344)	(1,380)	(1,408)
Research and development expenses	(65)	(68)	(266)	(276)
General administration expenses	(92)	(96)	(372)	(491)
Other operating income	9	22	181	123
Other operating expenses	(15)	(18)	(65)	(66)
EBIT⁽²⁾	67	264	852	2,580
Equity-method loss	(4)	(6)	(22)	(22)
Result from other affiliated companies	-	1	2	1
Interest income	8	10	40	35
Interest expense	(19)	(23)	(85)	(82)
Other financial result	(24)	(5)	(26)	(36)
Financial result	(39)	(23)	(91)	(104)
Income before income taxes	28	241	761	2,476
Income taxes	(7)	(61)	(204)	(647)
Income after income taxes	21	180	557	1,829
of which attributable to noncontrolling interest	1	1	5	6
of which attributable to Covestro AG stockholders (net income)	20	179	552	1,823
<i>Basic earnings per share</i>	<i>0.11⁽³⁾</i>	<i>0.98⁽⁴⁾</i>	<i>3.02⁽⁵⁾</i>	<i>9.46⁽⁶⁾</i>
<i>Diluted earnings per share</i>	<i>0.11⁽³⁾</i>	<i>0.98⁽⁴⁾</i>	<i>3.02⁽⁵⁾</i>	<i>9.46⁽⁶⁾</i>

(1) As of January 1, 2019, the Issuer applied the new IFRS 16 (Leases) accounting standard subject to transition requirements. Prior-year figures have not been restated. See Note 2.1 "Financial reporting standards applied for the first time in the reporting period" in the audited consolidated financial statements as of December 31, 2019 of the Issuer.

(2) EBIT: income after income taxes plus financial result and income taxes.

(3) Weighted average number of outstanding no-par voting shares of Covestro AG in issue: 182,864,685.

(4) Weighted average number of outstanding no-par voting shares of Covestro AG in issue: 182,704,602.

(5) Weighted average number of outstanding no-par voting shares of Covestro AG in issue: 182,728,724.

(6) Weighted average number of outstanding no-par voting shares of Covestro AG in issue: 192,768,826.

Consolidated Statement of Financial Position

	As of March 31,	As of December 31,	
	2020	2019	2018 ⁽¹⁾
<i>(amounts in EUR million)</i>	<i>(unaudited)</i>	<i>(audited)</i>	
Noncurrent assets	6,648	6,791	5,801
Goodwill	266	264	256
Other intangible assets	112	114	77
Property, plant and equipment ⁽²⁾	5,282	5,286	4,409
Investments accounted for using the equity method	194	192	214
Other financial assets	35	32	31
Other receivables	55	52	32
Deferred taxes	704	851	782
Current assets	5,356	4,727	5,283
Inventories	2,031	1,916	2,213
Trade accounts receivable	1,639	1,561	1,786
Other financial assets	32	27	17
Other receivables	329	359	346

<i>(amounts in EUR million)</i>	As of March 31, 2020	As of December 31,	
	<i>(unaudited)</i>	2019	2018⁽¹⁾
		<i>(audited)</i>	
Claims for income tax refunds	125	104	55
Cash and cash equivalents	1,200	748	865
Assets held for sale	-	12	1
Total assets	12,004	11,518	11,084
Equity	5,646	5,254	5,375
Capital stock of Covestro AG	183	183	183
Capital reserves of Covestro AG	3,487	3,487	3,480
Other reserves	1,928	1,537	1,679
Equity attributable to Covestro AG stockholders	5,598	5,207	5,342
Equity attributable to noncontrolling interest	48	47	33
Noncurrent liabilities	3,815	4,129	3,126
Provisions for pensions and other post-employment benefits	1,435	1,965	1,445
Other provisions	209	230	237
Financial liabilities ⁽³⁾	1,850	1,601	1,166
Income tax liabilities	95	95	107
Other liabilities	28	32	18
Deferred taxes	198	206	153
Current liabilities	2,543	2,135	2,583
Other provisions	250	203	493
Financial liabilities ⁽³⁾	667	151	59
Trade accounts payable	1,418	1,507	1,637
Income tax liabilities	48	69	172
Other liabilities	160	191	222
Liabilities directly related to assets held for sale	-	14	-
Total equity and liabilities	12,004	11,518	11,084

(1) As of January 1, 2019, the Issuer applied the new IFRS 16 (Leases) accounting standard subject to transition requirements. Prior-year figures have not been restated. See Note 2.1 "Financial reporting standards applied for the first time in the reporting period" in the audited consolidated financial statements as of December 31, 2019 of the Issuer.

(2) The figures as of December 31, 2019, include right-of-use assets from initial application of IFRS 16.

(3) The figures as of December 31, 2019, include lease liabilities from initial application of IFRS 16.

Consolidated Statement of Cash Flows

<i>(amounts in EUR million)</i>	For the three-month period ended March 31,		Financial year ended December 31,	
	2020	2019	2019	2018
	<i>(unaudited)</i>		<i>(audited)</i>	
Income after income taxes	21	180	557	1,829
Income taxes	7	61	204	647
Financial result	39	23	91	104
Income taxes paid	(90)	(79)	(296)	(574)
Depreciation, amortization, impairment losses and impairment loss reversals	187	178	752	620
Change in pension provisions	11	9	49	26
(Gains)/losses on retirements of noncurrent assets	2	2	(51)	(45)
Decrease/(increase) in inventories	(115)	13	322	(308)
Decrease/(increase) in trade accounts receivable	(69)	(46)	238	110
(Decrease)/increase in trade accounts payable	(97)	(224)	(149)	31

	For the three-month period ended March 31,		Financial year ended December 31,	
	2020	2019	2019	2018
Changes in other working capital, other noncash items	(6)	3	(334)	(64)
Cash flows from operating activities	(110)	120	1,383	2,376
Cash outflows for additions to property, plant, equipment and intangible assets	(139)	(165)	(910)	(707)
Cash inflows from sales of property, plant, equipment and other assets	-	3	6	23
Cash inflows from divestments less divested cash	(3)	-	51	66
Cash outflows for noncurrent financial assets	(7)	(2)	(15)	(20)
Cash inflows from noncurrent financial assets	-	2	2	1
Cash outflows for acquisitions less acquired cash	-	-	(11)	-
Interest and dividends received	10	9	40	32
Cash inflows from/(outflows for) other current financial assets	7	(36)	(1)	259
Cash flows from investing activities	(132)	(189)	(838)	(346)
Reacquisition of treasury shares	-	-	-	(1,313)
Reissuance of treasury shares	-	-	7	8
Dividend payments and withholding tax on dividends	-	-	(442)	(441)
Issuances of debt	757	26	444	64
Retirements of debt	(36)	(42)	(591)	(646)
Interest paid ⁽¹⁾	(22)	(18)	(86)	(74)
Cash flows from financing activities	699	(34)	(668)	(2,402)
Change in cash and cash equivalents due to business activities	457	(103)	(123)	(372)
Cash and cash equivalents at beginning of period	748	865	865	1,232
Change in cash and cash equivalents due to changes in scope of consolidation	1	(1)	(1)	-
Change in cash and cash equivalents due to exchange rate movements	(6)	10	7	5
Cash and cash equivalents at end of period	1,200	771	748	865

(1) The figures as of December 31, 2019, include effects from initial application of IFRS 16 see Note 27.3 "Cash flows from financing activities" in the audited consolidated financial statements as of December 31, 2019 of the Issuer.

"

10. Documents incorporated by reference

On page 141 of the Base Prospectus, the section "*Document incorporated by reference*" shall be replaced by the following:

"DOCUMENTS INCORPORATED BY REFERENCE"

The pages specified below of the following documents, which have previously been published or are published simultaneously with this Base Prospectus and which have been filed with the CSSF, are incorporated by reference into this Base Prospectus:

- (i) Annual Report 2019 of the Group (the "**Annual Report 2019**"), containing the English language translation of the respective German language audited consolidated financial statements of Covestro AG as of and for the year ended December 31, 2019 and the German language independent auditor's report (*Bestätigungsvermerk des unabhängigen Abschlussprüfers*) in respect thereof;
- (ii) Annual Report 2018 of the Group (the "**Annual Report 2018**"), containing the English language translation of the respective German language audited consolidated financial statements of Covestro AG as of and for the

year ended December 31, 2018 and the German language independent auditor's report (*Bestätigungsvermerk des unabhängigen Abschlussprüfers*) in respect thereof; and

- (iii) Unaudited Consolidated Interim Financial Information of Covestro AG as of and for the three-month period ended March 31, 2020 (the "**Interim Financial Information Q1 2020**").

The non-incorporated parts of such documents, i.e. the pages not listed in the tables below, are either not relevant for the investor or covered elsewhere in the Base Prospectus.

(1) Extracted from: Covestro – Annual Report 2019

Consolidated Income Statement.....	page 148
Consolidated Statement of Comprehensive Income.....	page 149
Consolidated Statement of Financial Position.....	page 150
Consolidated Statement of Cash Flows.....	page 151
Consolidated Statement of Changes in Equity.....	page 152
Notes to the Consolidated Financial Statement.....	pages 153 - 227
Independent Auditor's Report	pages 229 - 234

(2) Extracted from: Covestro– Annual Report 2018

Consolidated Income Statement.....	page 142
Consolidated Statement of Comprehensive Income.....	page 143
Consolidated Statement of Financial Position.....	page 144
Consolidated Statement of Cash Flows.....	page 145
Consolidated Statement of Changes in Equity.....	pages 146 - 147
Notes to the Consolidated Financial Statement.....	pages 148 - 227
Independent Auditor's Report	pages 229 - 234

(3) Extracted from: Covestro– Interim Financial Information Q1 2020

Consolidated Income Statement.....	page 3
Consolidated Statement of Comprehensive Income.....	page 4
Consolidated Statement of Financial Position.....	page 5
Consolidated Statement of Cash Flows.....	page 6

All of these pages shall be deemed to be incorporated by reference into, and to form part of, this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus may be obtained (without charge) from the registered office of the Issuer and the website of the Luxembourg Stock Exchange (www.bourse.lu).

Electronic versions of the documents incorporated by reference are also available on the website of the Issuer (<https://www.covestro.com>) and can be accessed by using the following hyperlinks:

1. Covestro – Annual Report 2019:
https://report.covestro.com/annual-report-2019/servicepages/downloads/files/covestro_ar19_entire.pdf
2. Covestro – Annual Report 2018:
https://report.covestro.com/annual-report-2018/servicepages/downloads/files/covestro_ar18_entire.pdf
3. Covestro – Interim Financial Information Q1 2020:
https://report.covestro.com/interim-statement-q1-2020/servicepages/downloads/files/covestro_q1_20_entire.pdf

Registered Office of the Issuer

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