



Q3 target achieved in recessionary environment

Financial Highlights
Q3 2022



Forward-looking statements

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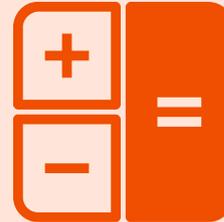
Financial highlights Q3 2022



€4.6bn
Sales



€302m
EBITDA



€33m
FOCF



FY 2022
Guidance narrowed



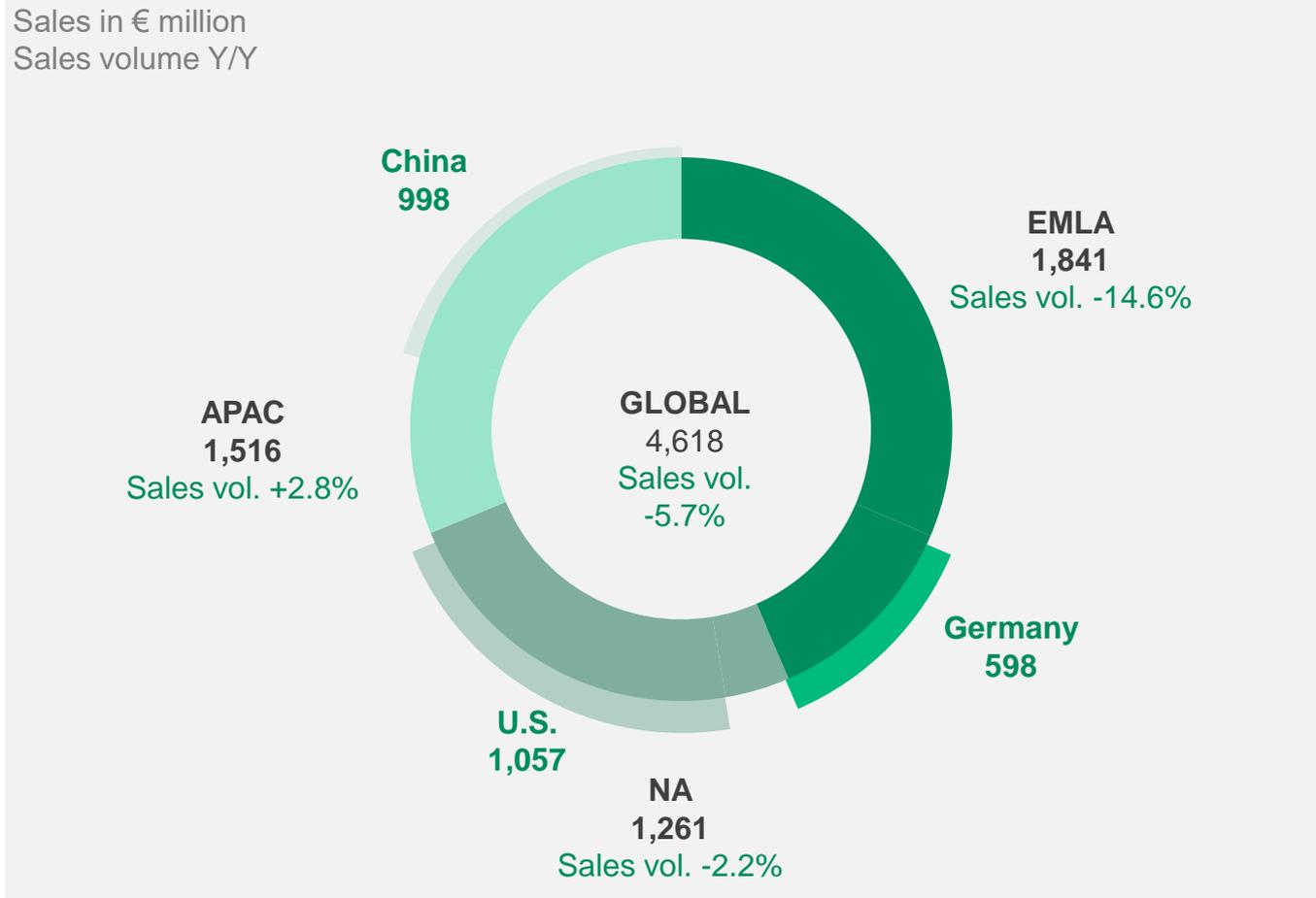
K 2022
Covestro pushes
for circularity



Volume decline due to demand weakness in Europe



Q3 2022 – Regional split



HIGHLIGHTS

- Sales volume decline year-over-year driven by European recessionary environment:
 - Auto/transport high single-digit % increase
 - Furniture/wood low double-digit % decline
 - Electro low double-digit % decline
 - Construction flat
- EMLA: Within recessionary environment significant decline in electro, furniture and construction; auto/transport with significant increase
- NA: Significant sales volume growth in construction, slight growth in auto/transport while significant decline in furniture/wood and electro
- APAC: Significant growth in construction, furniture and auto/transport with auto/transport benefitting from stimulus program and easing chip shortage; electro with significant decline

Global demand outlook weakened

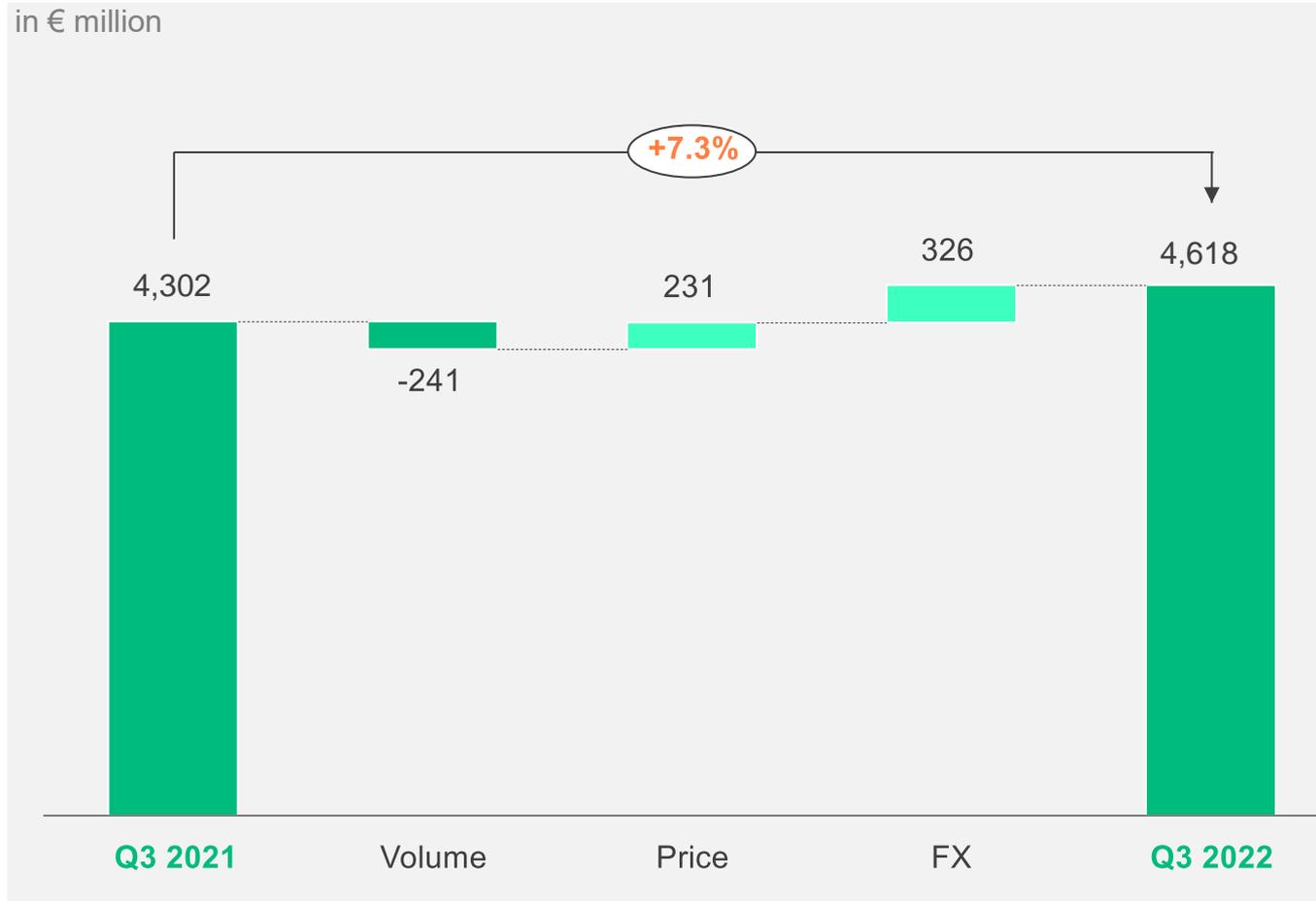
Global demand development



Key customer industries		2020 Y/Y	2021 Y/Y	2022e Y/Y ⁽¹⁾	2022e Q3 UPDATE ⁽²⁾
Global GDP		-3.5%	+5.8%	+4.1%	+2.9%
Automotive EV / BEV		-15.9% +29.2%	+2.9% +105.5%	+11.7% +55.3%	+7.1% +52.9%
Construction Residential		-1.8% -1.0%	+3.1% +4.1%	+3.7% +4.0%	+2.2% +2.6%
Furniture Soft furniture		-4.8% -4.4%	+8.0% +8.2%	+3.4% +3.4%	-1.1% -2.0%
Electrical, electronics and household appliances Appliances		+4.5% +2.4%	+13.9% +9.6%	+4.5% -0.5%	+1.6% -0.8%

Sales increase driven by price and FX

Q3 2022 – Sales bridge



HIGHLIGHTS

Volume negative

- Volume contribution of -5.7% Y/Y

Pricing positive

- Higher selling prices that partially compensated higher energy and raw material costs pushed sales up +5.4% Y/Y
- Price increases enforced by both PM (+5.2% Y/Y) and S&S (+5.7% Y/Y)

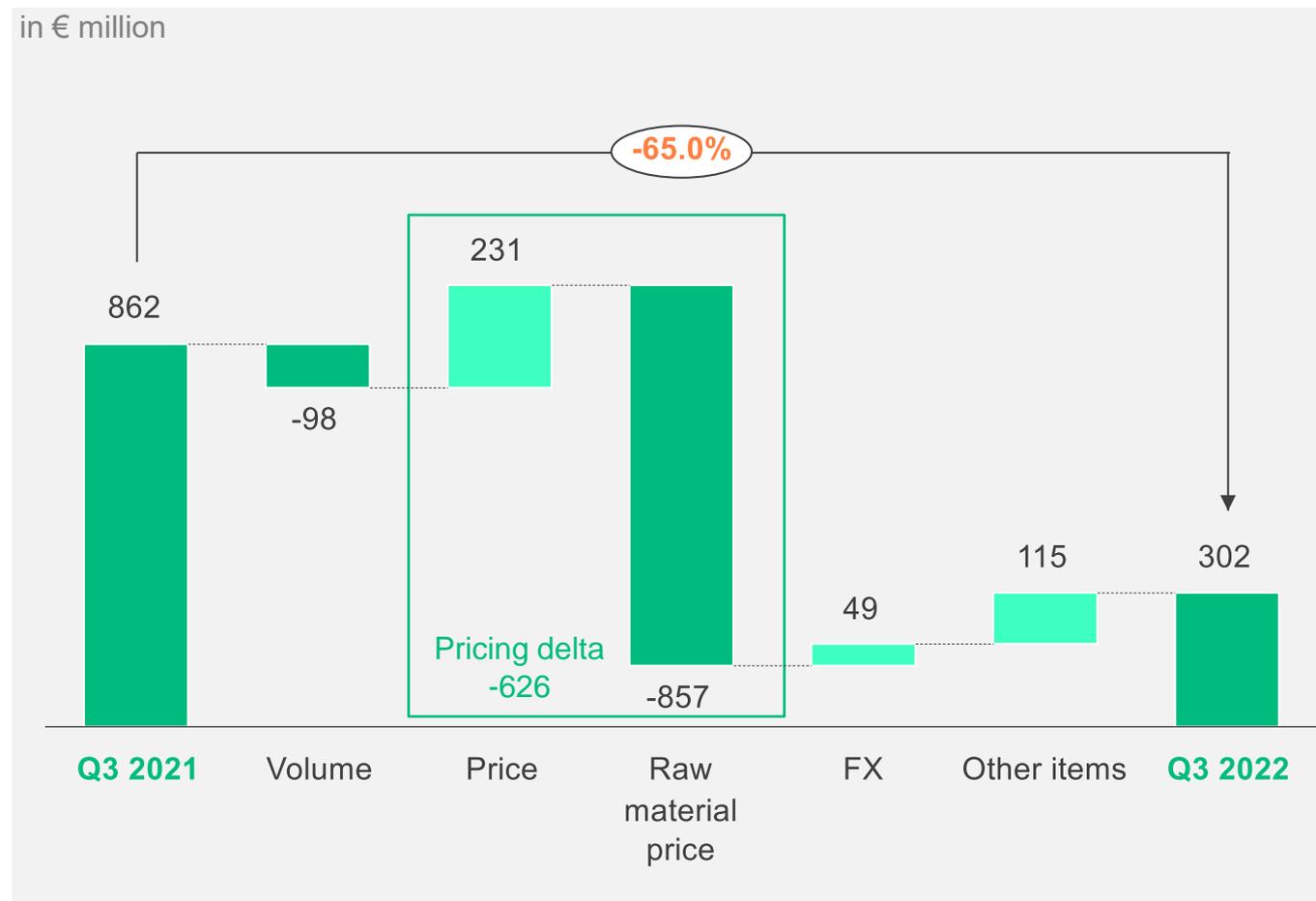
FX positive

- FX affected sales by +7.6% Y/Y mainly driven by stronger USD and RMB

Earnings decreased mainly due to negative pricing delta



Q3 2022 – EBITDA bridge



HIGHLIGHTS

Negative volume leverage⁽¹⁾

- Negative volume leverage of 41%

Negative pricing delta widened

- Raw material and energy cost increases could only be compensated partially by sales price increases

Other items driven by:

- Lower provisions for variable compensation of €202m
- Significant increase of fixed costs among other things due to freight, logistic and wage increases

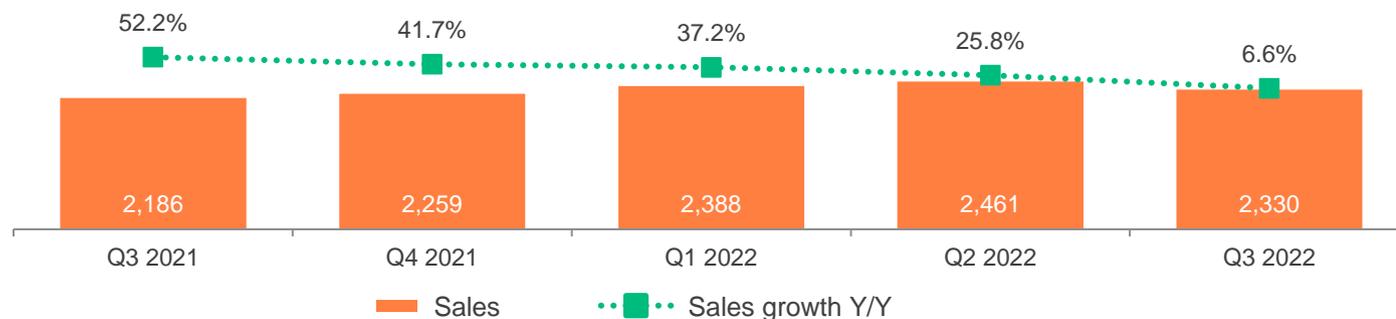
Performance Materials – significantly declining EBITDA



Segment results – Highlights Q3 2022

SALES

in € million / changes Y/Y

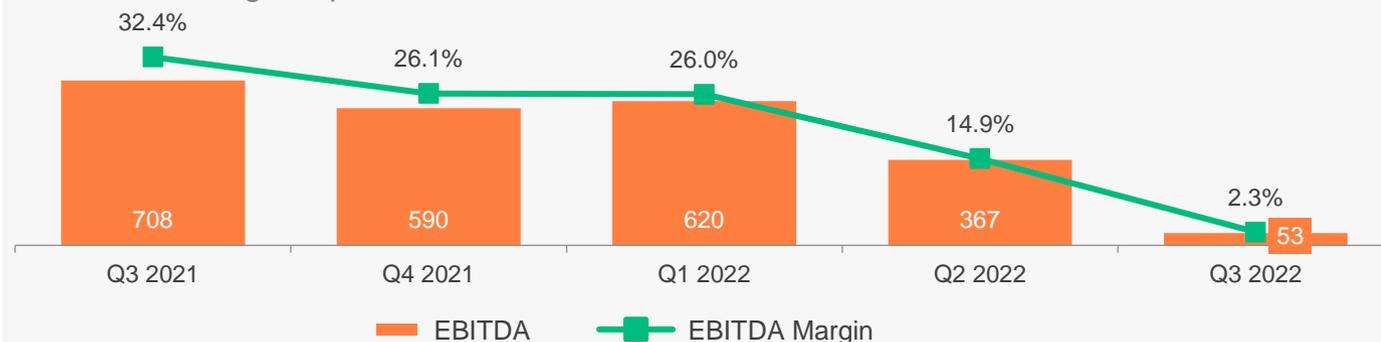


HIGHLIGHTS

- Sales increased by +6.6% Y/Y driven by FX (+7.6%), price (+5.2%), counterbalanced by volume (-6.2%)
- Sales growth significantly supported by growth in NA, APAC contributed positively and burdened by slight decline in EMLA due to the energy crisis situation

EBITDA AND MARGIN

in € million / margin in percent



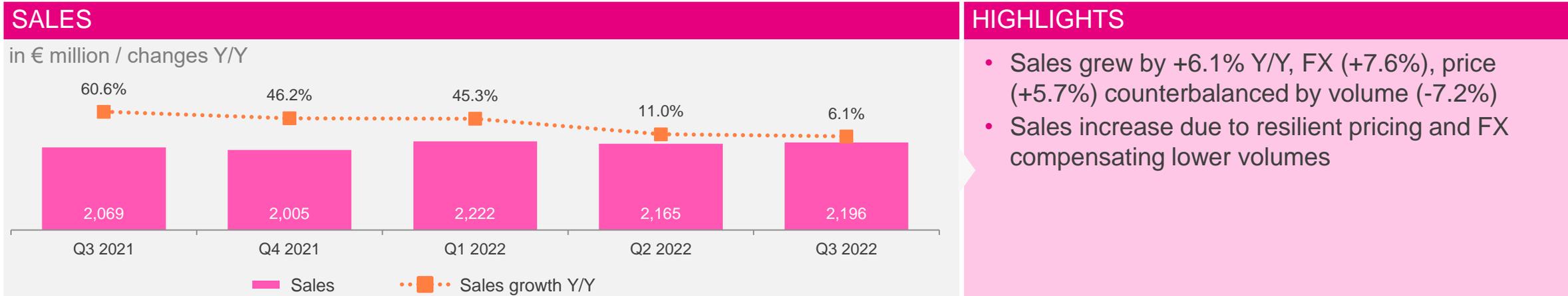
HIGHLIGHTS

- Compared to prior year, EBITDA decrease mainly driven by significant negative pricing delta
- Unprecedented energy & raw material prices in Europe main driver for drop in EBITDA quarter-over-quarter

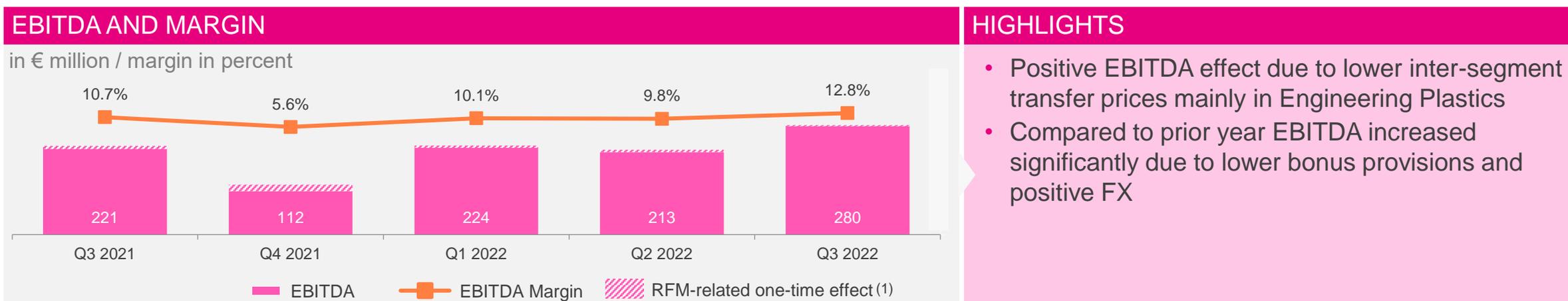
Solutions & Specialties – improved earnings development



Segment results – Highlights Q3 2022



- ### HIGHLIGHTS
- Sales grew by +6.1% Y/Y, FX (+7.6%), price (+5.7%) counterbalanced by volume (-7.2%)
 - Sales increase due to resilient pricing and FX compensating lower volumes



- ### HIGHLIGHTS
- Positive EBITDA effect due to lower inter-segment transfer prices mainly in Engineering Plastics
 - Compared to prior year EBITDA increased significantly due to lower bonus provisions and positive FX

Continuously high working capital valuation level



Historical FOCF development

in € million

	9M 2018	9M 2019	9M 2020	9M 2021	9M 2022
	1,306	143	136	1,073	-412
EBITDA	+2,907	+1,326	+835	+2,422	+1,655
Changes in working capital^(1,4)	-568	+11 ⁽⁴⁾	-119 ⁽⁴⁾	-936	-571
Capex⁽²⁾	-429	-603	-463	-472	-543
Income tax paid	-505	-265	-115	-309	-446
Other effects⁽⁴⁾	-99	-326 ⁽⁴⁾	-2 ⁽⁴⁾	+368	-507

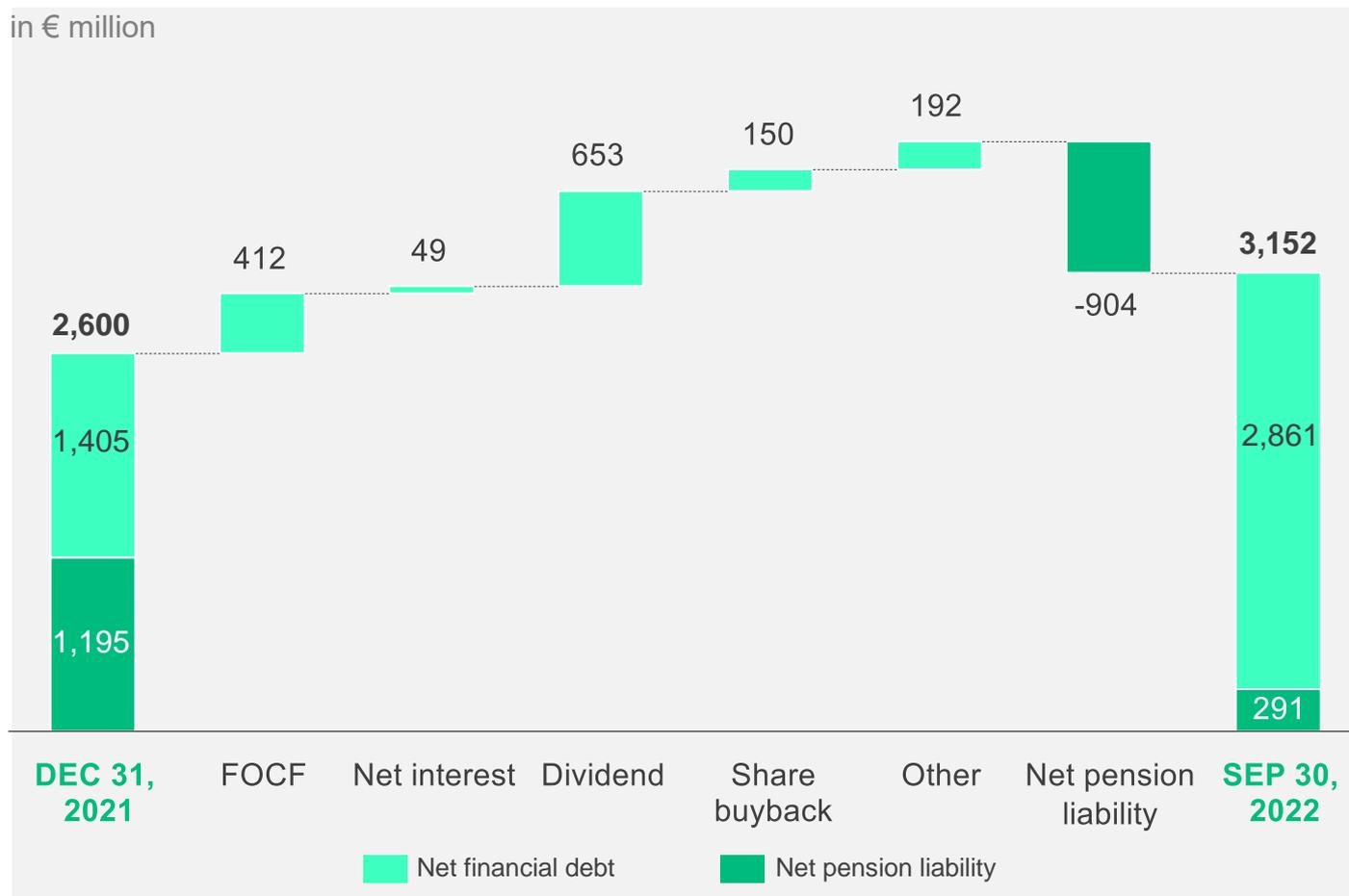
HIGHLIGHTS

- Positive Q3 FOCF of €33m, slightly improved 9M FOCF to €-412m including €475m bonus payout for successful FY 2021
- Working capital to sales ratio⁽³⁾ slightly decreased to 20.6%, still impacted by higher sales and raw material prices impacting receivables and inventories while last twelve months' sales based on lower average prices
- Capex of €543m on budget and in line with FY 2022 guidance
- Income tax paid of €446m reflects unfavorable geographical mix

Net debt burdened by dividend payout and negative FOCF



September 30, 2022 – Total net debt

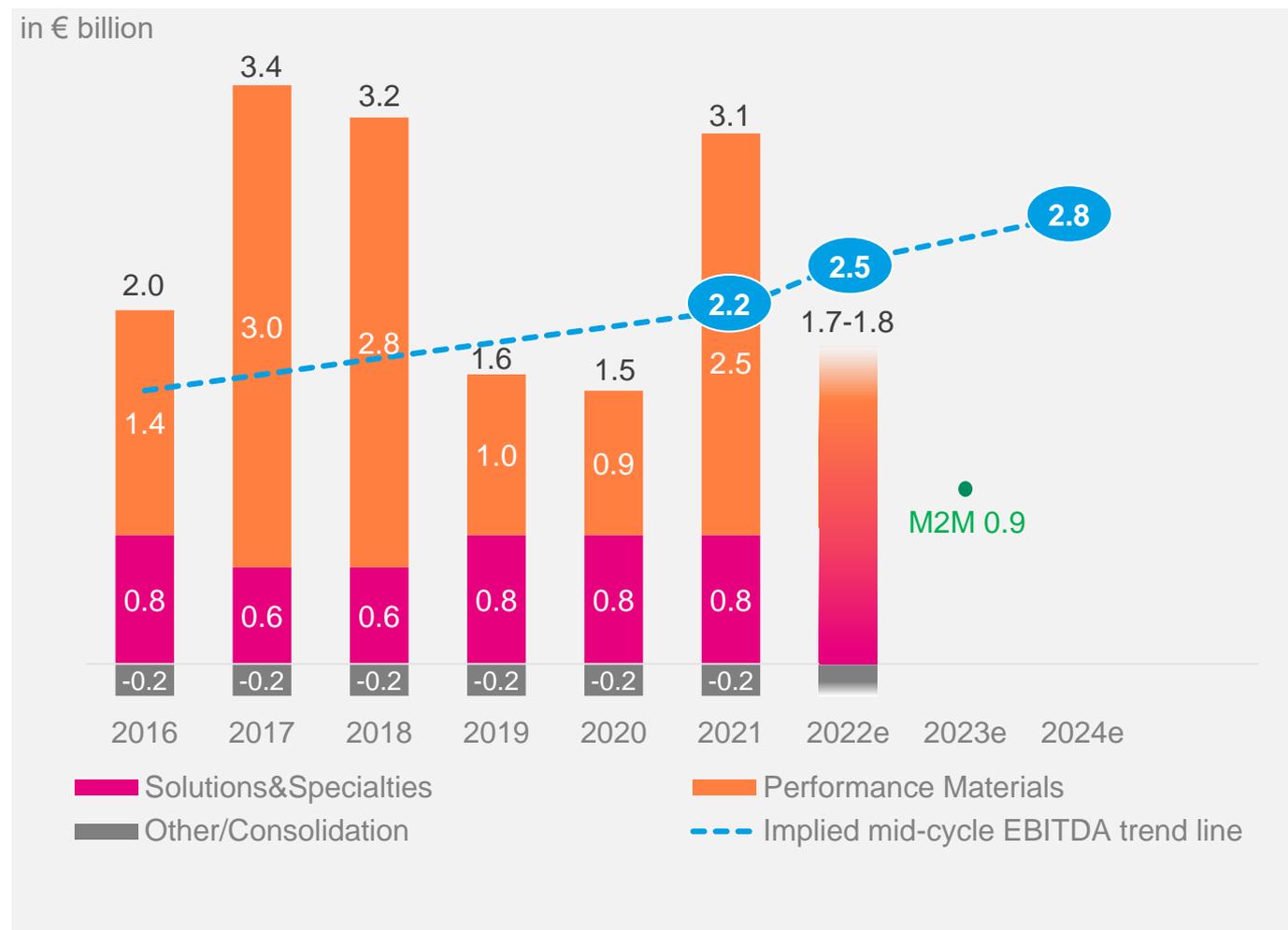


HIGHLIGHTS

- Net pension liability as difference of pension provisions of €420m and net defined benefit assets of €129 decreased by €904m, mainly due to higher interest rates
- Total net debt to EBITDA ratio⁽¹⁾ of 1.4x at the end of Q3 2022 compared to 1.0x at the end of Q3 2021.
- Other driven by the renewal of finance lease and change in derivative FX instruments
- Payout of €651m dividend to Covestro shareholders following the AGM resolution
- €150m share buyback of announced 2-years €500m program completed
- Committed to a solid investment grade rating

EBITDA guidance for FY 2022 narrowed

EBITDA development between 2016 and 2024e



HIGHLIGHTS

M2M 2023:

- Mark-to-market (M2M) EBITDA in FY 2023 of ~€0.9bn based on September 2022 margins reflecting current recessionary environment and high energy costs

Mid-cycle EBITDA:

- Mid-cycle definition: Respective year's EBITDA performance under average market conditions
- Strong increase from €2.2bn to €2.5bn in 2022 from EBITDA impact of RFM acquisition
- Increase driven by LEAP transformation and growth of Covestro core products (1pp change in sales volume equals around +/- €70m)

EBITDA Solutions & Specialties in FY 2022

- FY 2022 EBITDA expected to improve compared to 2021

EBITDA guidance narrowed in recessionary environment

Revised FY 2022 guidance



	FY 2021	Recent guidance FY 2022 (as of July 29, 2022)	Updated guidance FY 2022 (as of Oct 25, 2022)
EBITDA	€3,085m	€1,700m – 2,200m	€1,700m – 1,800m
FOCF	€1,429m	€0 – 500m	€0 – 100m
ROCE above WACC ⁽¹⁾	12.9pp	-2 – +2pp	-2 – -1pp
GHG emissions (scope 1 and 2)	5.2m tons	5.3m – 5.8m tons	5.0m – 5.4m tons

Additional financial expectations

D&A	€823m	~€950m	~€950m
Financial result	€-77m	~€-140m	~€-160m
P&L (effective) tax rate	25.9%	24 – 26%	~26% ⁽⁴⁾
Capex ⁽²⁾	€764m	~€1,000m	~€900m

HIGHLIGHTS

Assumptions for FY 2022 guidance:

- Global GDP growth of ~3%⁽³⁾
- €/USD around 1.0 level
- Energy cost around ~€2.1bn
- No severe impact from a potential gas curtailment

2022 FX sensitivities

- 1pp change equals
+/- €9m for CNY/EUR
+/- €4m for USD/EUR

Global energy cost more than tripled within two years

Energy cost development



INCREMENTAL ENERGY COST DEVELOPMENT



GLOBAL ENERGY COST

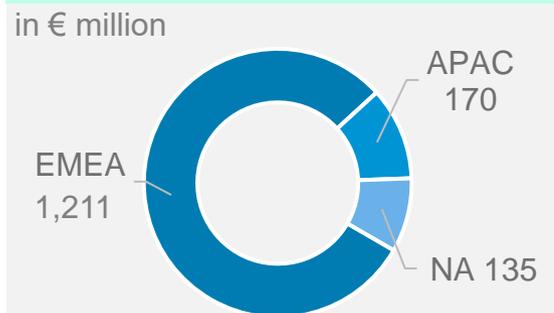


HIGHLIGHTS

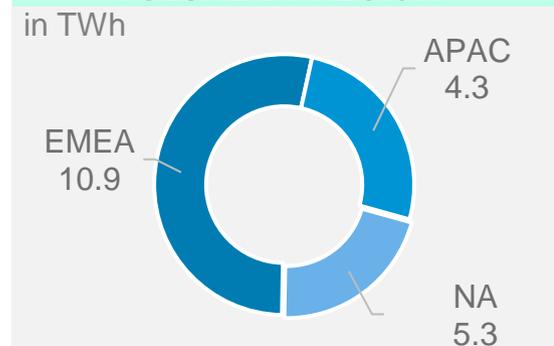
- Global energy bill in 2022 initially estimated at €1.5bn, revised forecast in May included up to €2.0bn, as of July 2022 a further increase to around €2.2bn was embedded
- Total energy cost of €~2.1bn based on average prices of October 1-18, 2022 also influenced by lower volumes
- Situation in EU remains extremely volatile
- Covestro purchases energy under spot market conditions with no hedges

ENERGY BREAKDOWN

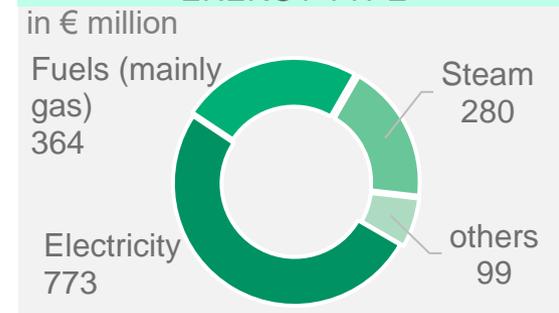
9M 2022 ENERGY SPENT BY REGION



2021 PRIMARY ENERGY VOLUME BY REGION⁽¹⁾



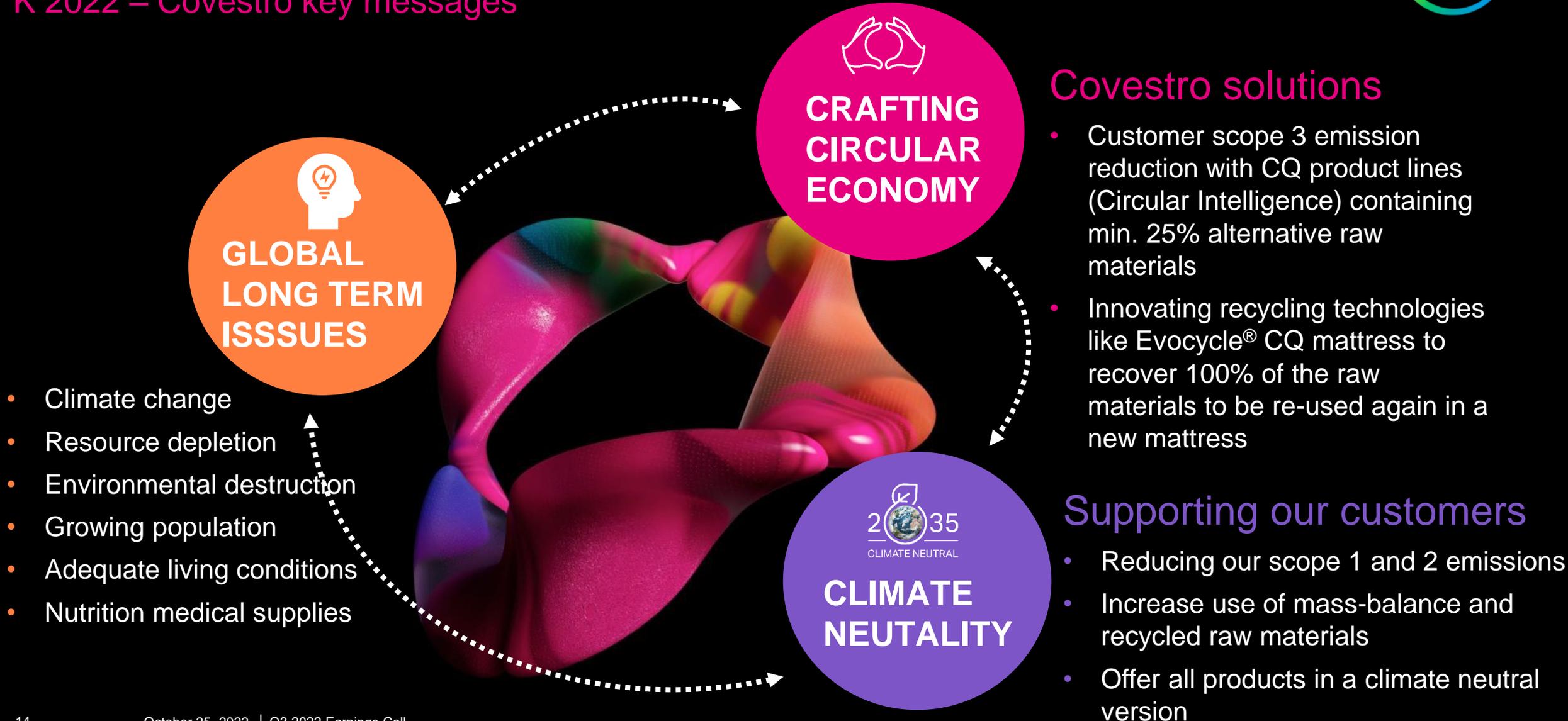
9M 2022 SPENT BY ENERGY TYPE



Covestro crafts sustainable solutions for key industries



K 2022 – Covestro key messages



Q3 target achieved in recessionary environment



Highlights

1

Continuously high sales of €4.6bn in Q3 2022
driven by price increases despite lower volumes

2

EBITDA within guidance range in Q3 2022
despite recessionary environment and high energy & raw material prices

3

Positive FOCF of €33m in Q3 2022
improving 9M FOCF to €-412m

4

FY guidance narrowed
EBITDA guidance within the range of €1.70 – 1.80bn

5

Ambitious sustainability & circularity vision
presented on world leading plastics fair K 2022



Appendix

Upcoming IR events



Find more information on covestro.com/en/investors

REPORTING DATES

- March 2, 2023 2022 Annual Report
- April 28, 2023 Q1 2023 Quarterly Statement
- August 1, 2023 2023 Half-Year Financial Report

ANNUAL GENERAL MEETING

- April 19, 2023 Annual General Meeting

BROKER CONFERENCES

- November 8, 2022 UBS European Conference 2022, London
- November 16, 2022 Société Générale, European ESG – SRI Conference, Paris
- November 17, 2022 HSBC Luxembourg Day, Luxembourg
- November 21, 2022 DZ Bank Equity Conference, Frankfurt
- November 30, 2022 BofA Materials & Infrastructure Conference 2022, London
- December 1, 2022 Société Générale, The Premium Review Conference, Paris
- December 5, 2022 Berenberg European Conference 2022, London
- January 10-11, 2023 Commerzbank & ODDO BHF German Investment Seminar 2023, New York
- January 17, 2023 UniCredit & Kepler Cheuvreux, 22nd German Corporate Conference, Frankfurt