



Rebounding from trough

Roadshow presentation



■ Covestro investment highlights

■ Group financials Q1'23

■ Segment overview

■ Background information

Covestro is diversified across geographies and end-markets



Key performance indicators and sales split



Sales
2022



EBITDA
2022

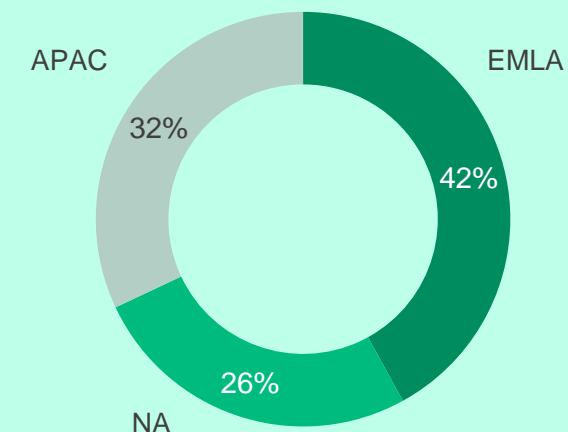
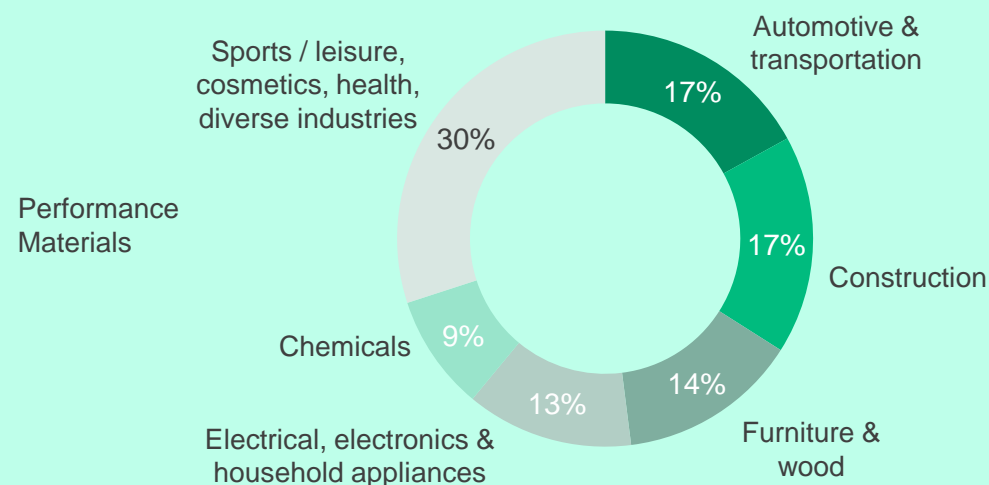
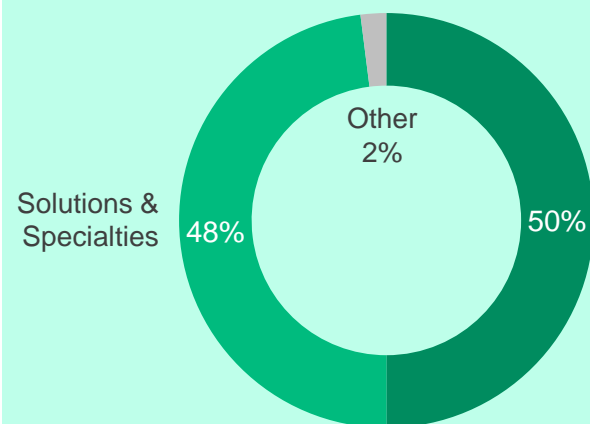


FOCF
2022



ROCE above WACC
2022

2022 sales

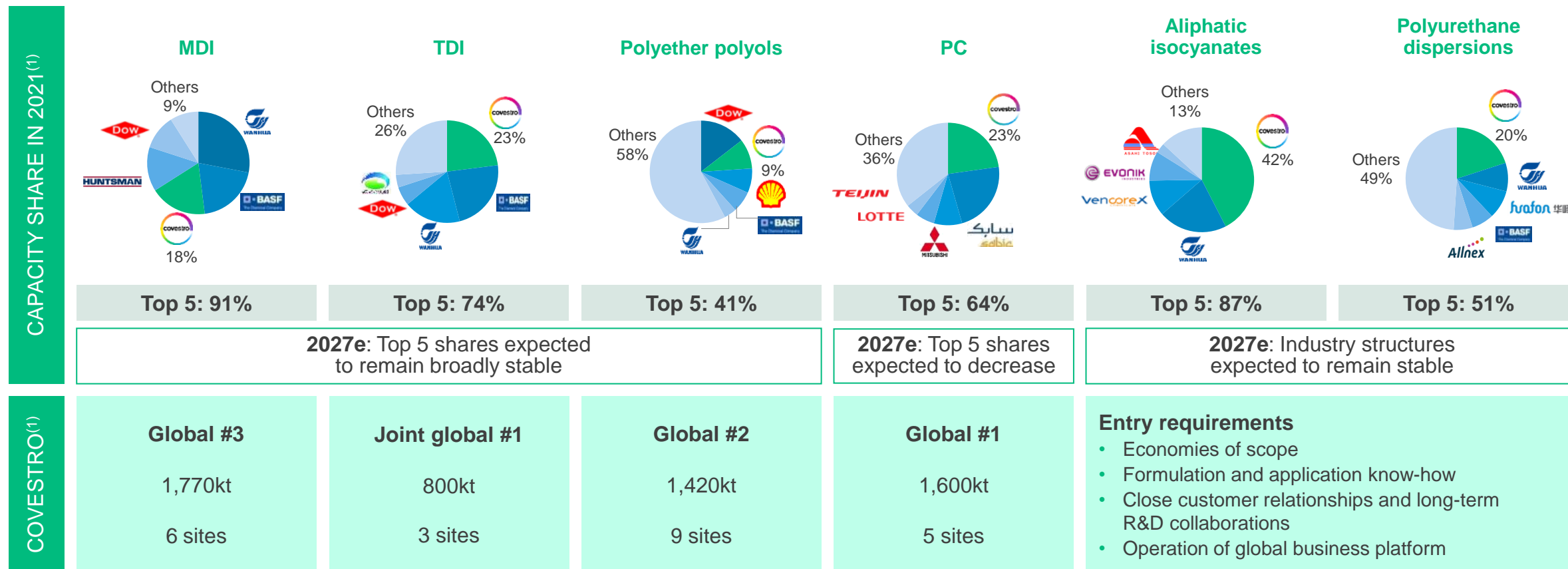


Covestro is a global leader across its entire portfolio



World-wide industry positions and production capacities

#1 IN KEY MARKETS



Our strategy – setting the path for tomorrow



BECOME THE BEST OF WHO WE ARE



Transform the company to exploit its full potential



DRIVE SUSTAINABLE GROWTH



Address sustainability in a profitable way



BECOME FULLY CIRCULAR



Accelerate the transition to a fossil-free economy

ADVANCE DIGITALIZATION

EXPAND 'WE ARE 1' CULTURE

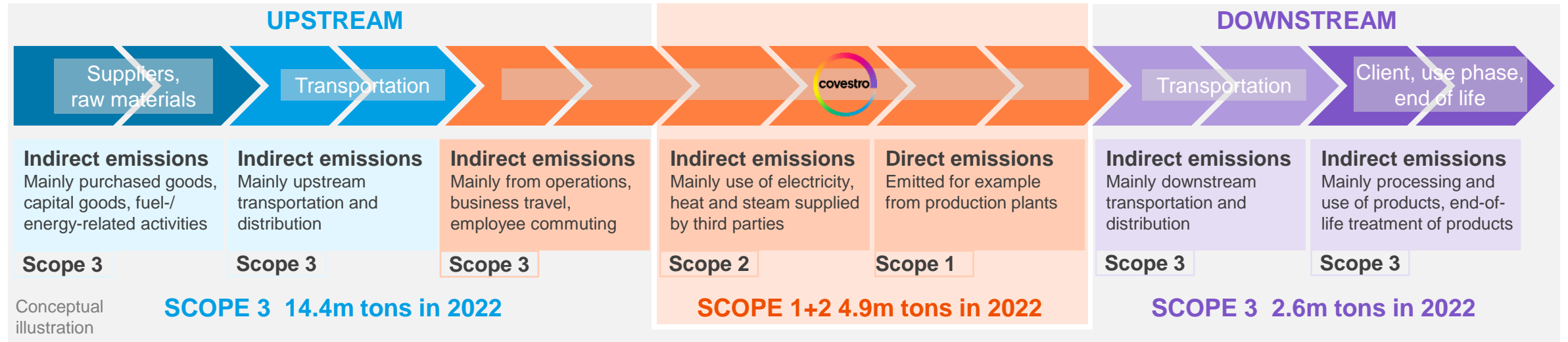
! MILESTONE
LEAP transformation ongoing

! MILESTONE
Integration of RFM accomplished

! MILESTONE
Target climate neutrality in 2035

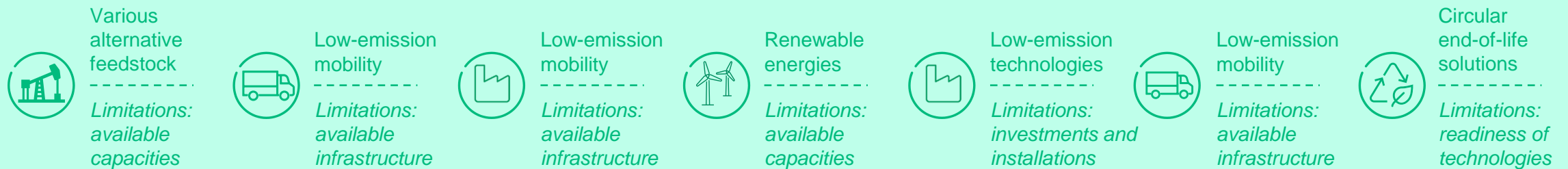
Climate neutrality with existing technologies and assets

Covestro greenhouse gas emissions



EXISTING OPTIONS AND CURRENT LIMITATIONS TO REDUCE GHG EMISSIONS

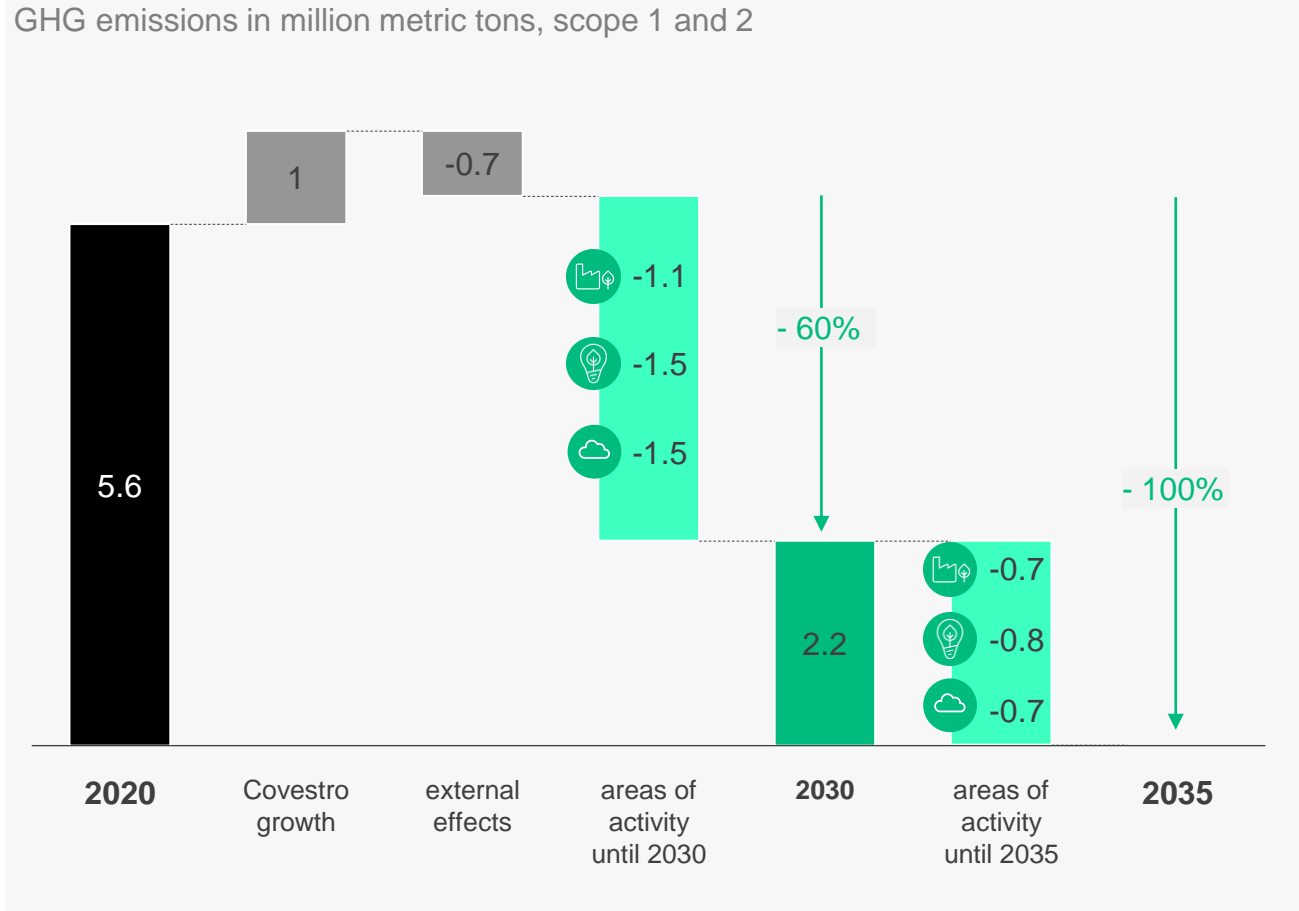
Selective examples only



Sustainable manufacturing and renewable energy to lead path



Climate neutrality target for GHG emissions scope 1 and 2



EMISSION REDUCTION MEASURES

- Three main levers make a vital contribution to reduce GHG emissions:
 - More sustainable manufacturing (scope 1 and 2)
 - Renewable electricity (scope 2)
 - Renewable steam (scope 2)
- Net external effects comprise known future changes in the energy mix of public grids (e.g. nuclear exit in Germany and Belgium) and in public energy allocation schemes (e.g. EEG in Germany)
- Roadmap for 2030 interim target based on identified 'lighthouse projects'
- Further roadmap until 2035 climate neutrality target in preparation based on similar key measures; no negative impact from business growth as future growth investment are required to support climate neutral growth latest by 2030

Numerous measures effectively reduce GHG emissions



Climate neutrality target for GHG emissions scope 1 and 2



MORE SUSTAINABLE MANUFACTURING



Reducing nitrous oxide emissions by installation of highly efficient catalysts



Optimizing production processes to increase energy efficiency



Employing digital technologies for efficient production control



RENEWABLE ELECTRICITY



Onshore wind energy, PPA with ENGIE since 2021 for 45% of site's electricity in Antwerp



Offshore wind energy, PPA with Ørsted starting 2025 for 10% of sites' electricity in Germany



Solar&wind energy, PPAs for ~45% of Shanghai site electricity with Datang Power&CGN New Energy



RENEWABLE STEAM



Converting steam generation from fossil to renewable energy sources



Develop options to electrify steam generation based on renewable energies



Develop options to use e.g. biogas or green hydrogen as energy source to generate steam

Re-shaping the PU value chain for soft foams into a closed loop

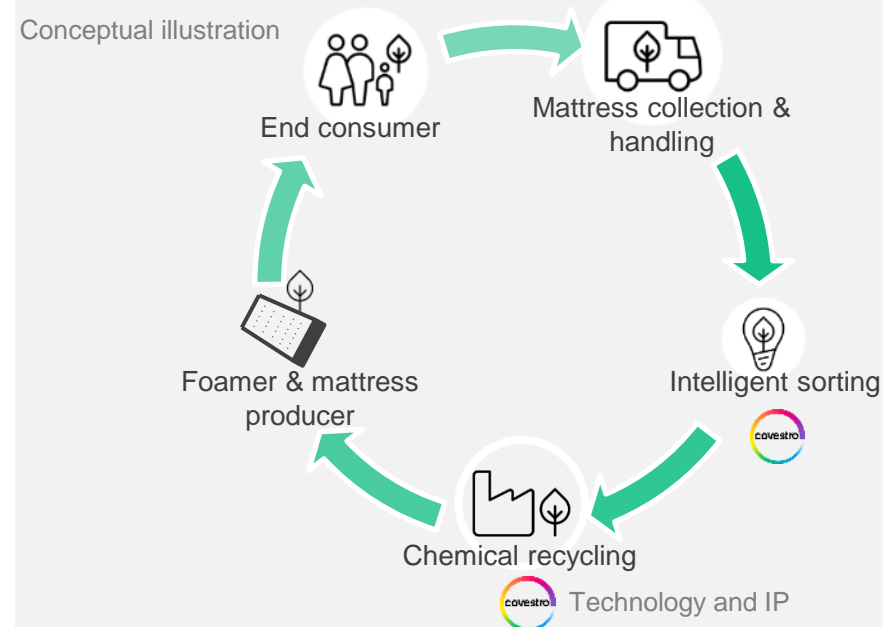


Innovative recycling / joint solutions

COVESTRO TECHNOLOGY

- Chemical recycling of polyurethane (PU) mattress foams
- Proprietary process for recycling *both* PU components polyol and TDA, enabling 100% recycling of these components for soft foam
- New brand label to support our customers to quickly identify circular solutions - **Evocycle® CQ Mattress** (circular intelligence)
- Significant improvement of CO2 footprint compared to fossil route (lifecycle assessment), meeting high customer and consumer demand
- Intelligent sorting solution to efficiently separate different PU foams from post-consumer mattresses

FUTURE PU SOFT FOAM LOOP



Timeline:



Covestro expands sustainable product portfolio

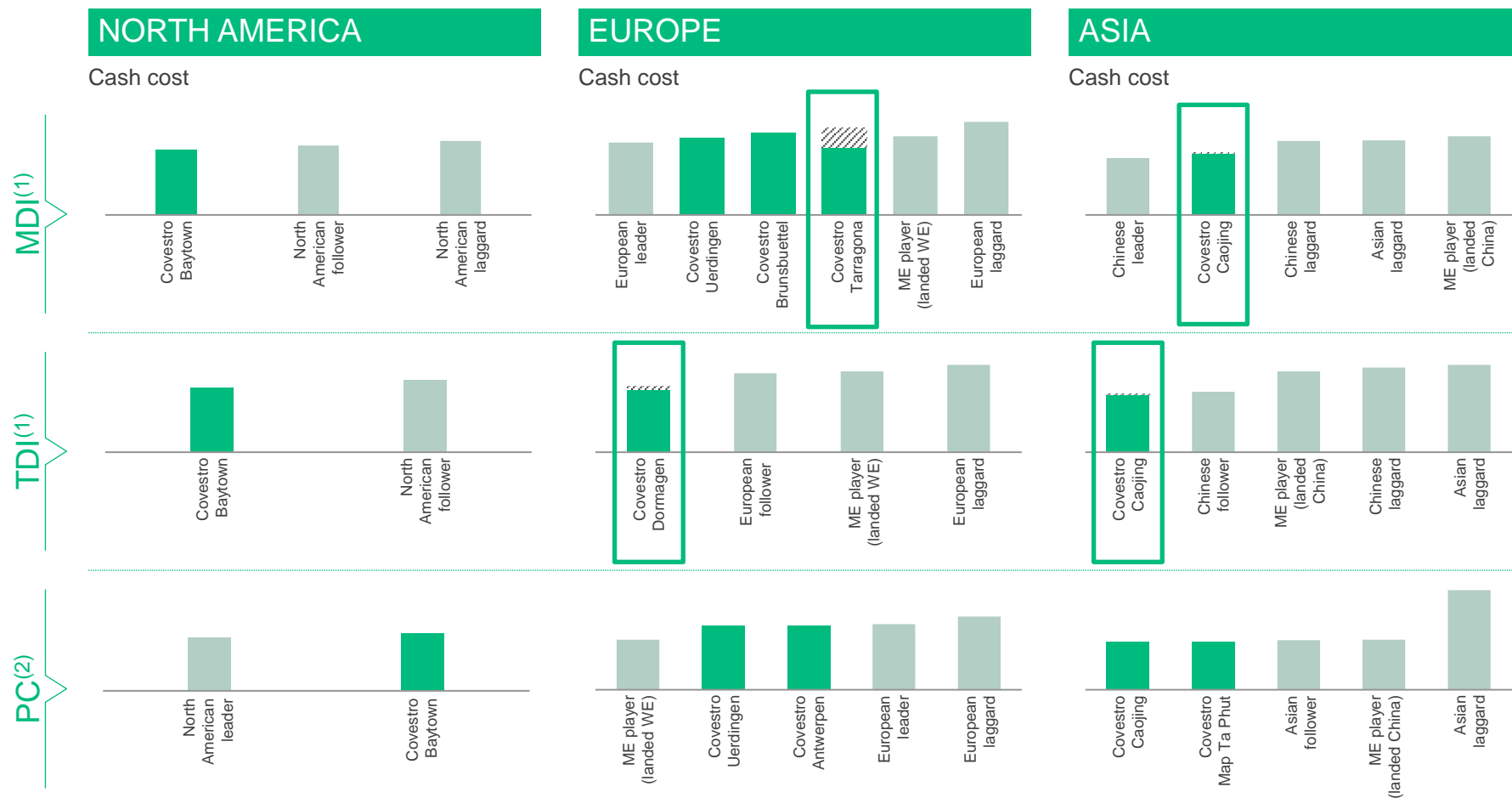
Our way to Circular Economy



Leading cost positions across markets and regions



Covestro cash cost positions



▨ Cash cost improvements based on investment projects

HIGHLIGHTS

- **Covestro MDI** is one of the low-cost producers. Investment in Tarragona plant will significantly further improve cost position. MDI industry with cost advantage of ~20% between the best and the average 5 least competitive plants
- **Covestro TDI** is the global cost leader with cost advantage of ~45% versus the average of 5 least competitive plants
- **Covestro Polycarbonates** is one of the joint cost leaders with cost advantage of ~60% versus the average of 5 least competitive plants

Covestro supports future sustainable growth

Long term product trends



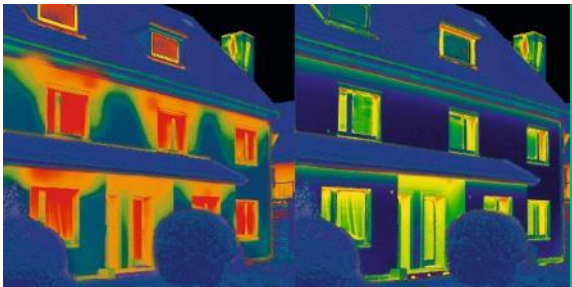
APPLICATIONS



INDUSTRY TRENDS

Electric vehicles pushing

- Battery Electric Vehicles to use 2 up to 5 times⁽¹⁾ more polycarbonates than conventional vehicles
- Trend to continue or accelerate for future BEV generations and increase in demand up to 1 Mio to⁽¹⁾ in PC grades from 2022-2026



Thermal Insulation

- Polyurethane-based insulation one of the best options to reach future high energy efficiency standards
- Demand increase of PU used in construction for future high-energy efficient buildings could increase global MDI growth rates by 1pp per year⁽²⁾



Wind energy

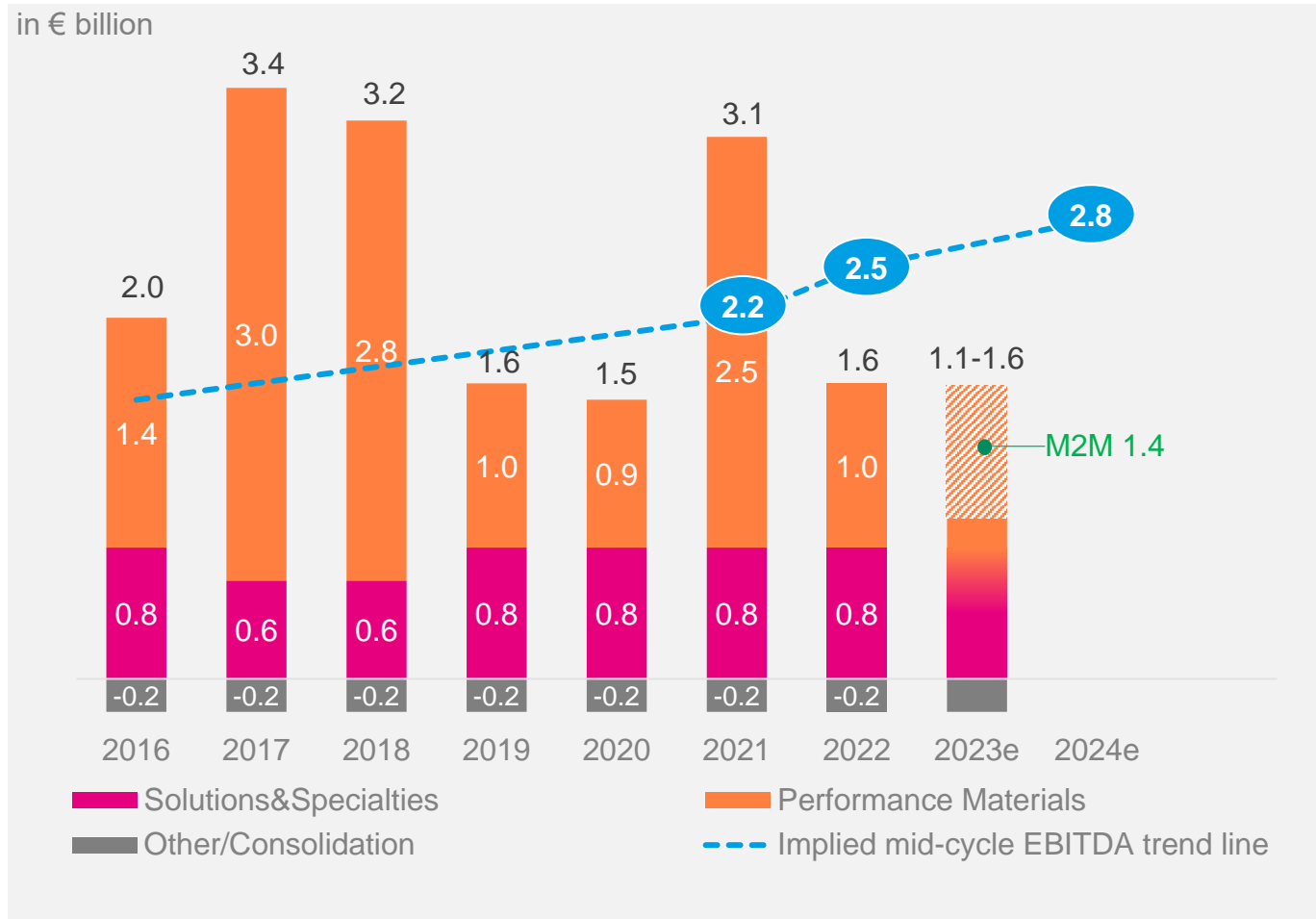
- Covestro polyurethane infusion resin contributes to 8% reduction⁽³⁾ in wind blade manufacturing cost and is expected to take ~10% market share of the wind resin market dominated by epoxy resins until 2032
- Our overall wind solutions for blades will result in 30% lower maintenance and 2-year life-time extension⁽³⁾

COVESTRO BENEFIT

Favourable mid to long term outlook for product portfolio of Covestro

Confirming mid-cycle EBITDA

EBITDA development between 2016 and 2024e



HIGHLIGHTS

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 realized from EBITDA impact of RFM acquisition
- Confirming mid-cycle EBITDA of €2.8bn in 2024

Mark-to-market (M2M):

- Mark-to-market (M2M) EBITDA in FY 2023 of ~€1.4bn based on March 2023 margins flat forward

Current 2023 FX assumptions

- €/USD around 1.10 level
- 1pp change equals
+/- €8m for CNY/EUR
+/- €4m for USD/EUR

P&L Long-term tax rate

- Long-term tax rate estimated between 24-26%

Guidance increased and specified

Full year guidance 2023



	FY 2022	GUIDANCE FY 2023 (as of March 2)	UPDATED GUIDANCE FY2023 (as of April 28)
EBITDA	€1,617m	significantly ⁽³⁾ below previous year	€1,100m – 1,600m
FOCF	€138m	significantly ⁽³⁾ below previous year	€0 – 500m
ROCE above WACC ⁽¹⁾	-5.0 pp	significantly ⁽³⁾ below previous year	-6.0 pp to -2.0 pp
GHG emissions (scope 1 and 2)	4.7m tons	around ⁽³⁾ previous year	4.2m – 4.8m tons

Additional financial expectations

EBITDA Q2	€547m	No guidance	€330m – 430m
D&A	€1,350	~€850m	~€900m
Financial result	€-137m	€-160 to -200m	€-130m to -170m
Income tax (P&L)	€411m	No guidance	€150m to 250m
Capex ⁽²⁾	€832m	~€800m	~€800m

Covestro measures to improve financial performance

Situational response to cost situation



Continuous right-sizing of labor

- Labor force reduction with differentiated hiring limited to crucial key functions after jobholder departure
- Contracting freeze of temporary workers



Improved operational savings

- Reduced FAM cost
- Savings from LEAP transformation program
- Additional long-term savings



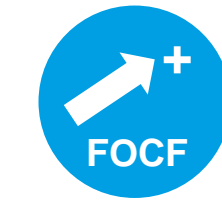
Portfolio streamlining

- Streamlining portfolio and elimination of non-strategic, loss-making businesses (3D-Printing divested, Maezio[®] discontinuation & site closure)
- Reduction of various negative one-time items



Other items

- Lower underutilization costs
- Various small-scale contingencies



Outlook for Covestro's core industries remains weak

Global demand development



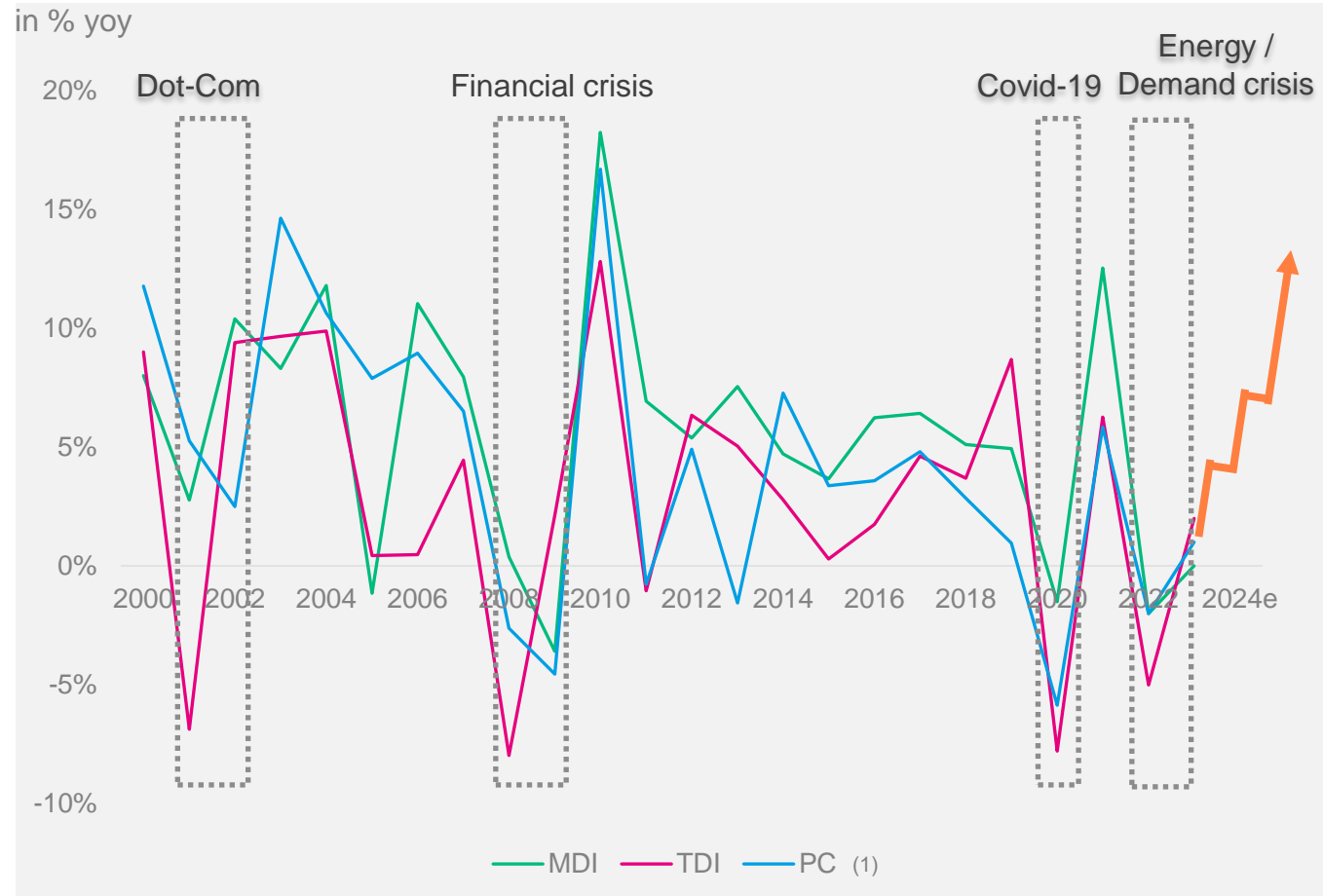
KEY CUSTOMER INDUSTRIES		2022 Y/Y ⁽¹⁾	2023e Y/Y ⁽¹⁾	2023e Y/Y UPDATE ⁽²⁾
Global GDP		+3.1%	+1.5%	+1.9%
Automotive		+7.1%	+4.6%	+4.2%
EV / BEV		+69.8%	+42.5%	+42.5%
Construction		+1.2%	+0.8%	+0.5%
Residential		+0.8%	-0.2%	-0.4%
Furniture		-3.6%	+0.3%	+0.3%
Soft furniture		-5.2%	+0.2%	+0.2%
Electrical, electronics and household appliances		+4.9%	+2.0%	+1.7%
Appliances		-1.9%	+3.7%	+4.4%

(1) as of February 2023

(2) GDP estimate by IHS as of April 2023; automotive estimate by LMC as of April 2023; construction estimate by B+L as of March 2023; furniture estimate by CSIL as of February 2023; EE&A estimate by Oxford Economics as of March 2022 (sub-industry 'appliances' mainly include refrigerators and freezers)

Historically fast market rebound after trough

MDI, TDI and polycarbonate global demand curves



HIGHLIGHTS

Covestro core products early indicator of recessions

- Core products MDI, TDI and PC are equally affected in a recessionary environment

Recovery after recession

- Core products historically recovered quickly from a recession
- Rebounds also typically overshoot the historical average growth path partly compensating for the negative growth of the recession





Longer term outlook:

- Over the cycle core products follow individual economic trends of their respective industries
- Expected long term average growth rates are 6% for MDI, 3-4% for TDI and 4% for PC
- Growth scenarios remain unchanged for all Covestro core products
- MDI and PC benefit from trend towards more insulation, EV/BEV and growth of wind energy

Majority of cash allocated to growth

Balanced use of cash



<h3>CAPEX</h3> 	<h3>DIVIDEND</h3> 	<h3>PORTFOLIO</h3> 	<h3>SHARE CAPITAL</h3> 
<ul style="list-style-type: none">• Covestro's industry and cost leadership make growth investment the most value-creating use of cash• Capex above D&A during the next five years• Maintenance capex to secure safe, reliable and efficient operations	<ul style="list-style-type: none">• Policy: 35-55% payout of net income	<ul style="list-style-type: none">• Acquisition of DSM's Resins and Functional Material (RFM) business for EV €1.55bn with attractive high margins (~€0.9bn sales)• Less attractive low-margin businesses divested (~€0.6bn sales)• Further pursue options of value enhancing bolt-on acquisition for Solutions & Specialties segment	<ul style="list-style-type: none">• Share buyback of €1.5bn executed in 2017-2018• Capital increase of €447m executed in 2020 in context of RFM acquisition• Authorization for share buyback program for up to 10% of share capital in place• Share buyback of €0.5bn announced on February 28, 2022, under execution since March 2022
<p>€4.9bn invested in capex</p>	<p>€2.3bn dividends</p>	<p>€1.5bn net investments</p>	<p>€1.2bn share capital reduced</p>

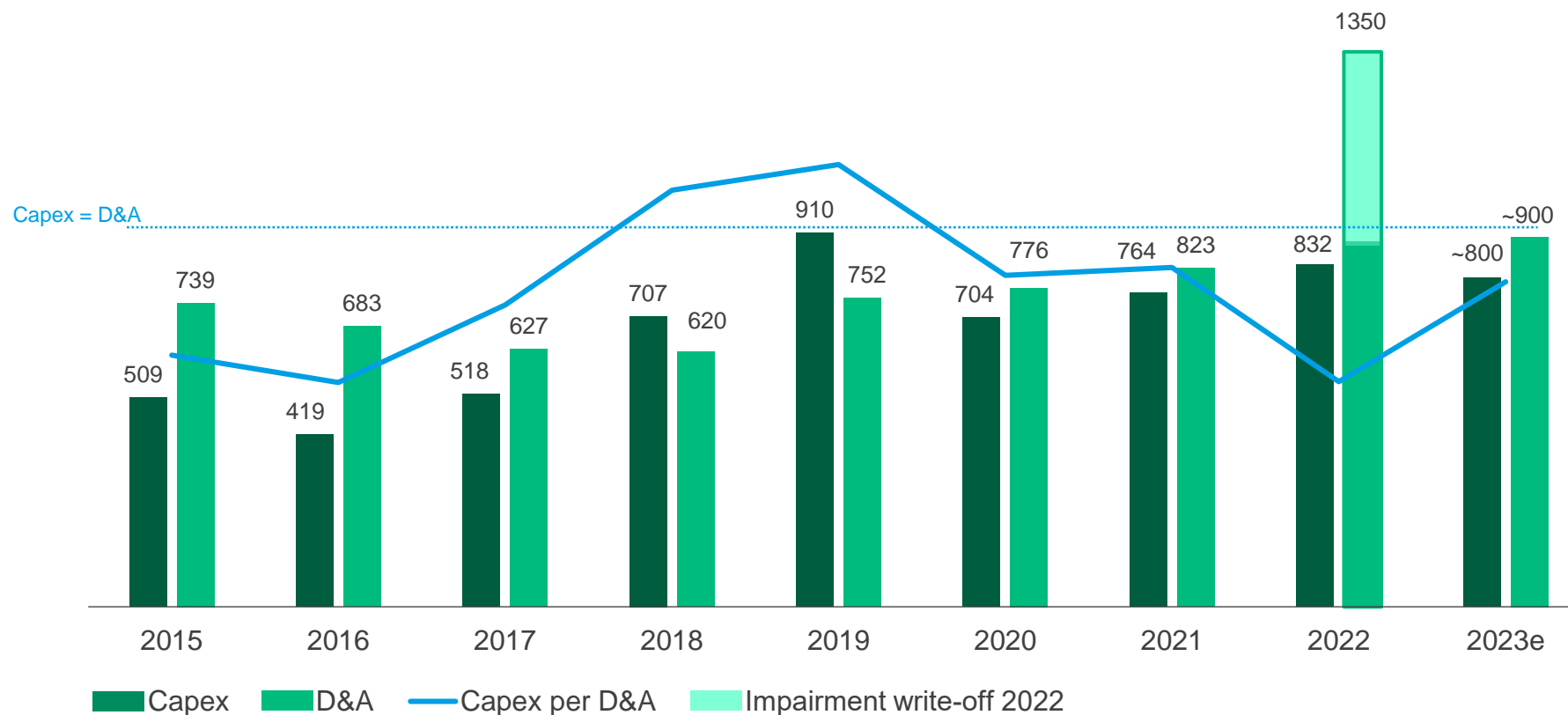
Significant investments into growth

Group capex and D&A



HISTORIC AND PROJECTION

in € million

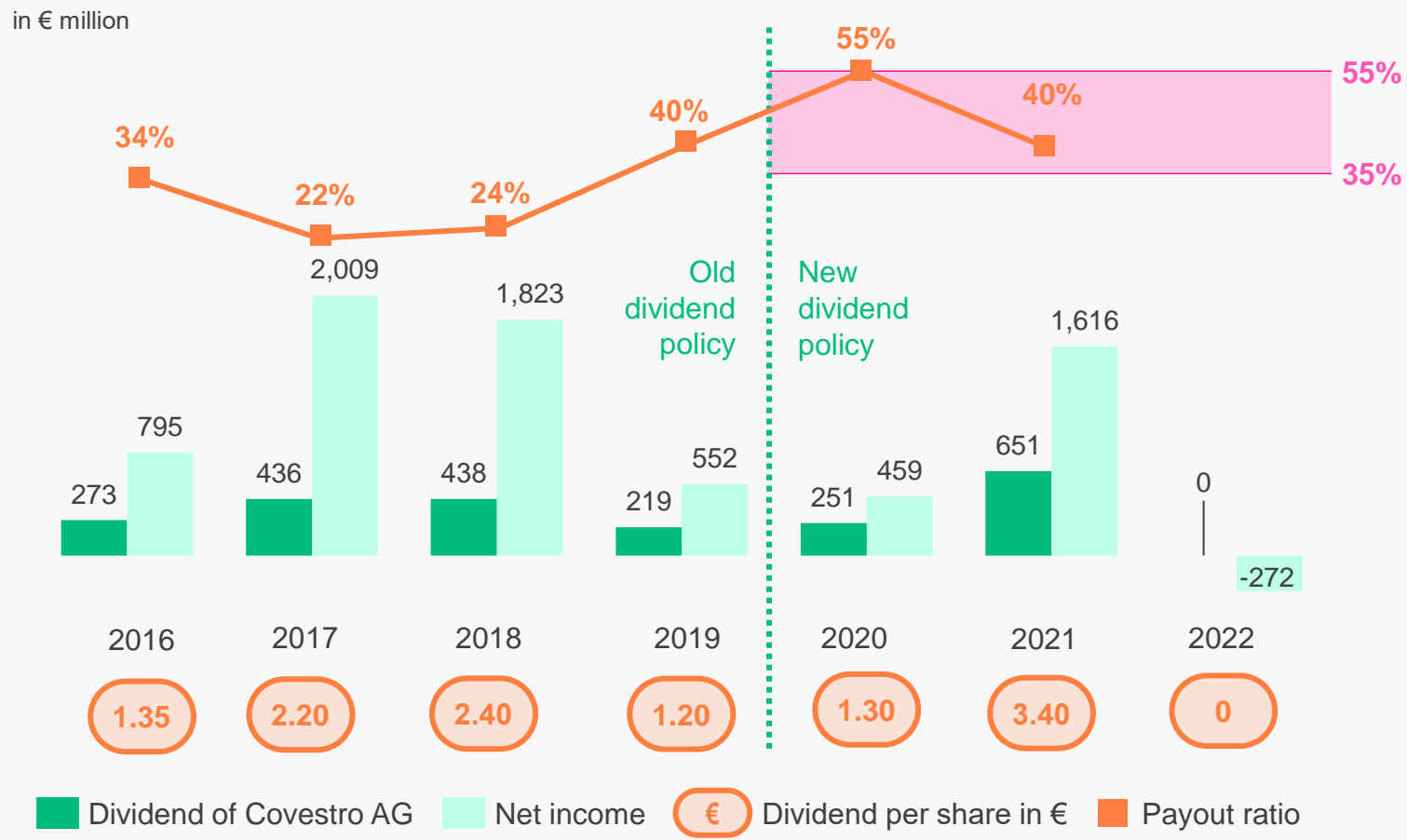


HIGHLIGHTS

- Growth capex of around €2.8bn from 2015 to 2023e
- D&A 2022 included impairment write-off of €463m
- Maintenance capex around €450m in FY'23e
- Planned investments in Circular Economy projects of almost €1bn between 2021 and 2030

Dividend based on net income payout ratio

Dividend development



HIGHLIGHTS

- Net income determining factor for the dividend
- Committed to a payout ratio of 35% to 55%, related to dividend over net income
 - Higher payout intended in years with peak earnings, while ratio towards lower end
 - Lower payout intended in years with trough earnings, while ratio towards upper end
- For FY 2022, dividend suspension proposed in line with negative net income (€-272m) burdened by extraordinary depreciation and by adjustments of deferred tax assets

Ongoing shift to high-margin business

Portfolio management



DIVESTMENTS

Additive Manufacturing business

📅 April 2023

Dubai system house⁽¹⁾

📅 July 2021

Europe Polycarbonates sheets business

📅 September 2019

Europe system houses

📅 June 2019

USA Polycarbonates sheets business

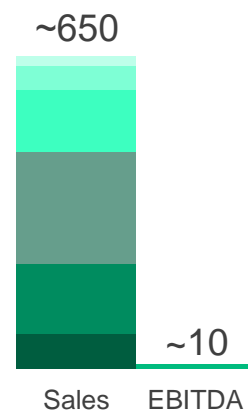
📅 August 2018

NA Polyurethanes spray foam business

📅 April 2017

📅 Closing

Cumulated, in € million



Business divested at average EV/EBITDA >20x

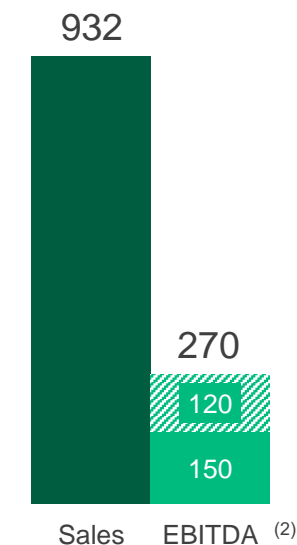
Portfolio analysis ongoing, further minor divestments possible

ACQUISITIONS

DSM Resins & Functional Materials business

📅 April 2021

in € million



Highly complementary business acquired at EV/EBITDA⁽²⁾ of 6x

Further pursue value-enhancing bolt-on acquisition options with attractive IRR for Solutions & Specialties segment

(1) Covestro with 51% joint venture share

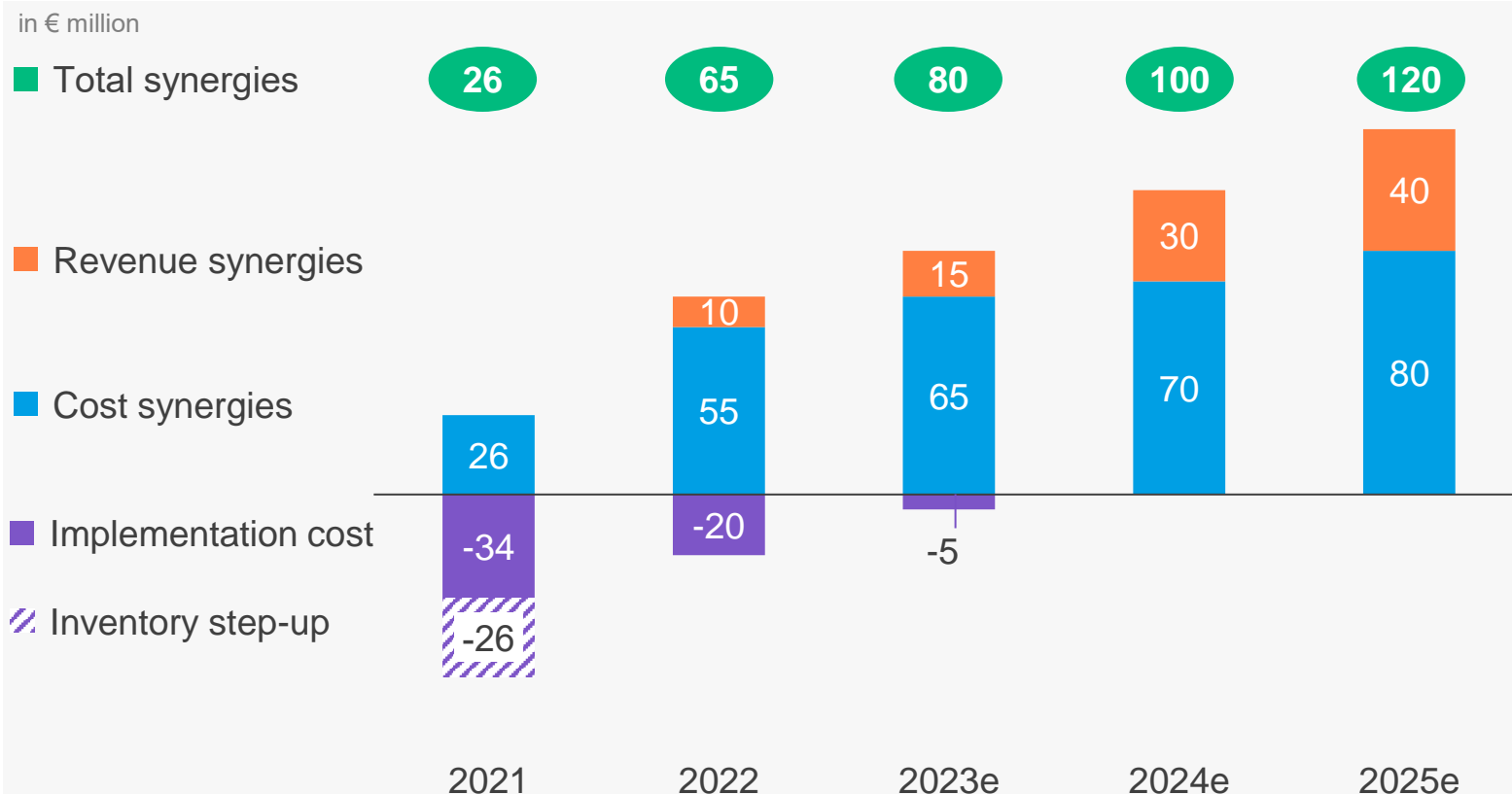
(2) Based on 2020 sales / approximate stand-alone EBITDA in 2021 (€150m) and full synergies (€120m)
Listed transactions with materiality; All sales and EBITDA refer to the last fiscal year prior to closing
IRR: Internal rate of return

Synergies fully confirmed and ahead of plan at lower cost



RFM synergies and implementation cost

EBITDA IMPACT



HIGHLIGHTS

SYNERGIES

- Confirming identified synergies of €120m or 12% of RFM sales
- Positive EBITDA impact of €80m from cost and €40m from revenues
- Initial synergy potentials successfully detailed and validated
- Realization of synergies ahead of initial plan (initially €10m in 2021 and 55m€ in 2022)
- Implementation cost incl inventory step-up of €85m (initially €155m, reduced from lower severance need)

OPERATIONS

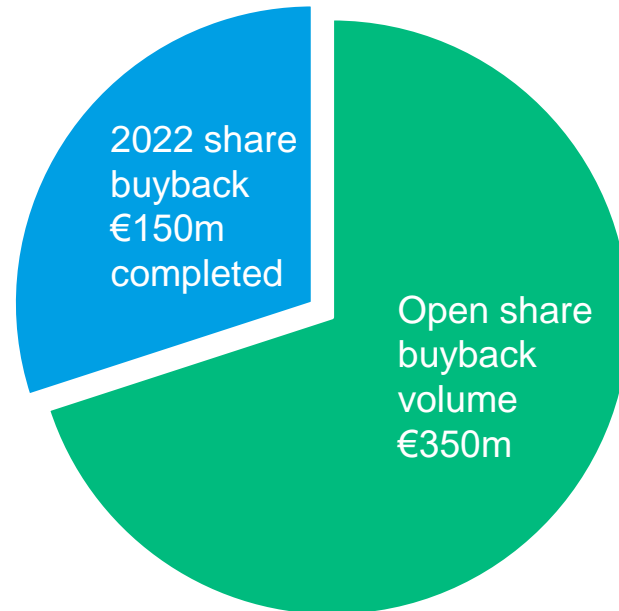
- RFM operational performance fully in line with expectations
- 94% of new employees feel welcome at Covestro

Continuation of share buyback

Two-year €500M share buyback program until February 2024

CURRENT STATUS

February 28, 2022 to April 28, 2023



2022 SHARE BUYBACK TRANCHEs

First sub-tranche details (€75m)

- 1.606m shares purchased, average share price €46.70

Second sub-tranche details (€75m)

- 1.874m shares purchased, average share price €39.97



2023-2024 CONTINUATION OF SHARE BUYBACK

- Improved Q1 EBITDA and improved outlook for FY2023
- Sequential volume and EBITDA increase
- Covestro decided to continue share buyback
- Third sub-tranche of up to €75m starting in May

RESUME SHARE BUYBACK WITH THIRD SUB-TRANCHE IN MAY

Rebounding from trough

Q1 2023 Highlights



1

Volume decline resulting in lower sales of €3.7bn

caused by weak demand and ongoing destocking across some industries

2

EBITDA with €286m above guidance range of €100-150m

driven by cost efficiency and improved pricing delta across both segments

3

FOCF of €-139m better than expected

helped by ongoing strict working capital measures

4

Raised guidance for FY2023





with an expected EBITDA between €1.1-1.6bn

5

€500m share buyback resumed

with third tranche up to €75m starting in May



-  Covestro investment highlights
-  **Group financials Q1'23**
-  Segment overview
-  Background information

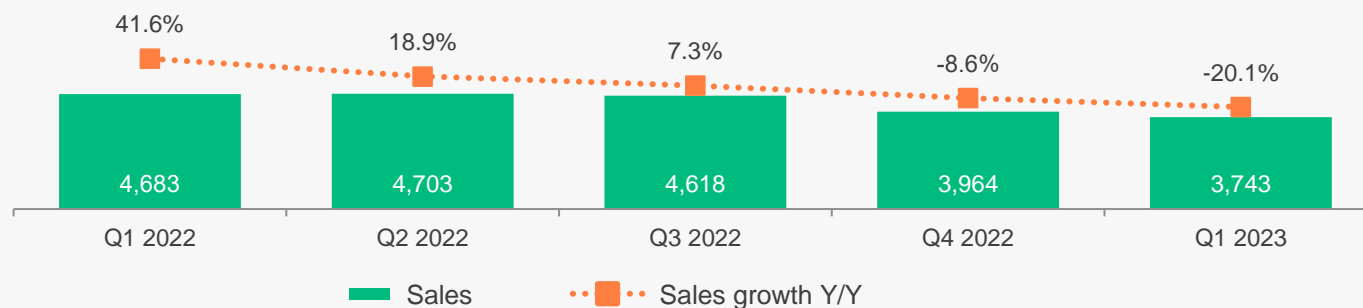
EBITDA rebound from trough levels

Group results – Highlights Q1 2023



SALES⁽¹⁾

in € million / changes Y/Y

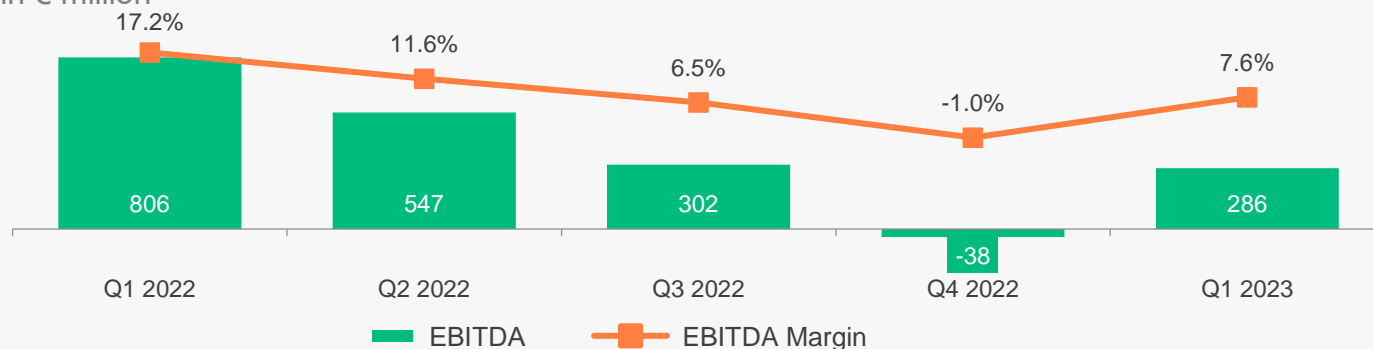


HIGHLIGHTS

- Year-on-year sales decline mainly attributable to weak demand with resulting lower sales volumes and negative pricing
- Sequentially, slightly negative sales development due to minor reductions in price & currency but stable volumes

EBITDA AND MARGIN

in € million



HIGHLIGHTS

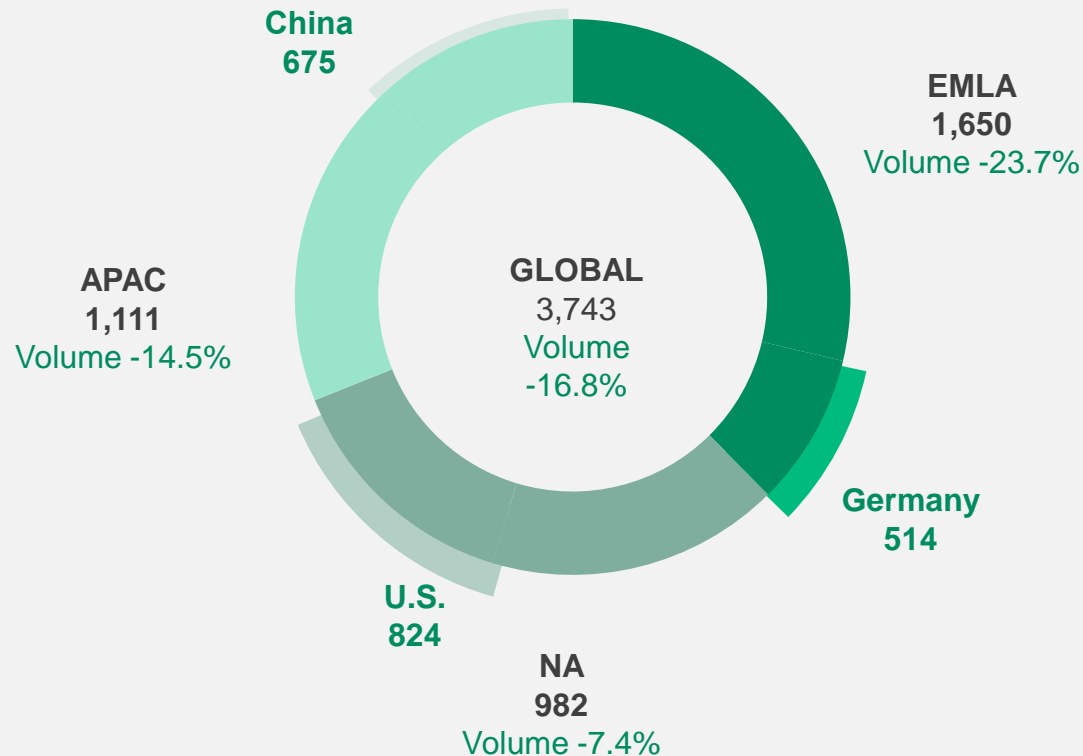
- Sequentially, earnings increased despite continued low demand and ongoing customer destocking due to significant fixed cost reductions and a positive pricing delta
- EBITDA margin improved from trough level in Q4 2022 to 7.6% in Q1 2023

Volumes hit by weak demand and destocking

Q1 2023 – Regional split



Sales in € million
Volume Y/Y



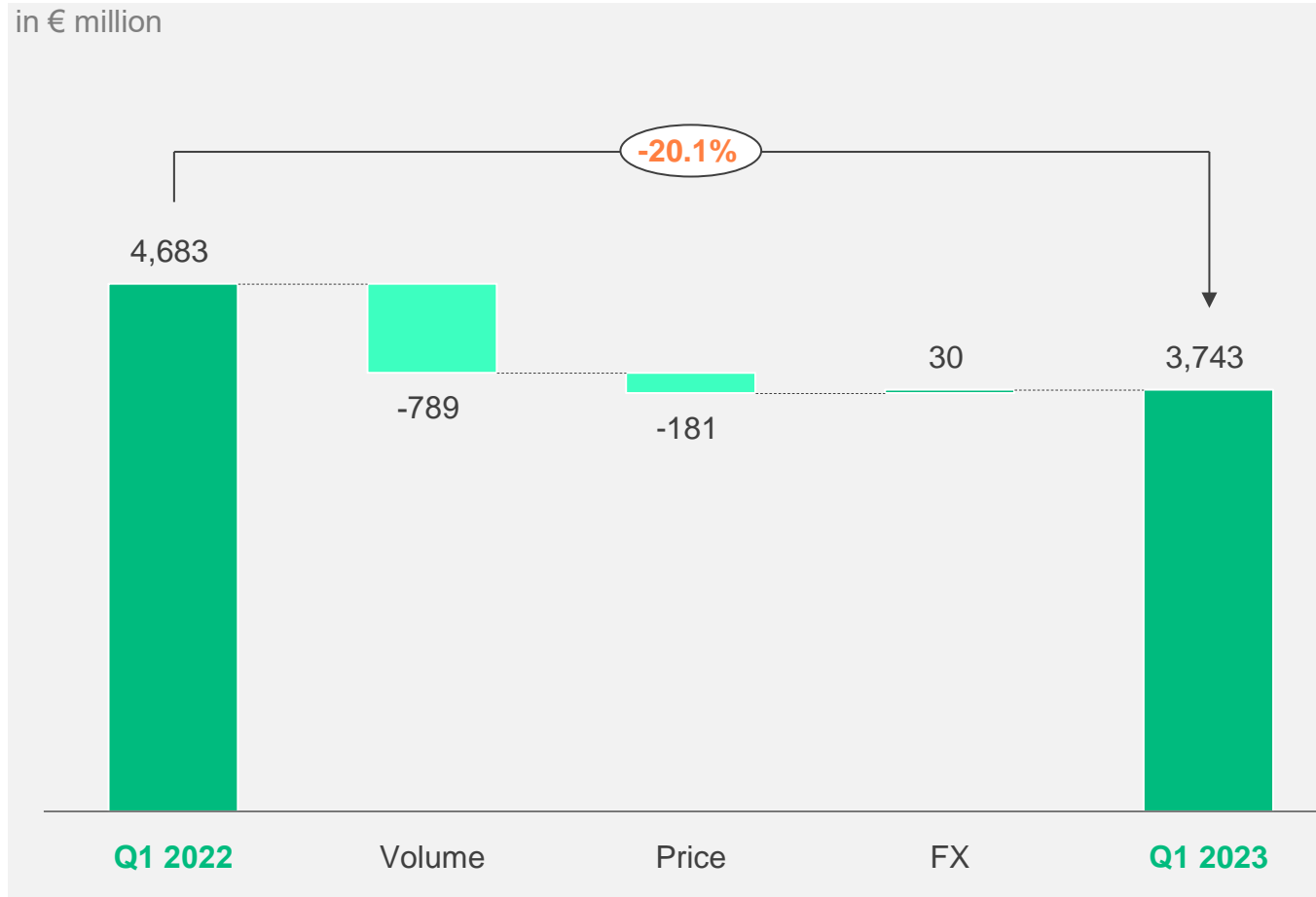
HIGHLIGHTS

- Continuous volume decline year-over-year mainly driven by European recessionary environment and ongoing customer destocking:
 - Auto/transport low single-digit % decline
 - Furniture/wood low teens % decline
 - Electro high teens % decline
 - Construction mid-twenties % decline
- **EMLA:** Continued demand weakness with significant decline in electro, construction and furniture; auto/transport with slight increase; decline partly caused by temporary technical limitations
- **NA:** Construction showing significant decline, electro with slight decline, slightly positive growth in furniture/wood and auto/transport indicating an end to the destocking trend
- **APAC:** Auto/transport, construction and electro exhibiting significant and furniture/wood slight decline

Sales decrease due to significant volume decline



Q1 2023 – Sales bridge



HIGHLIGHTS

Volume negative

- Volume decline of -16.8% Y/Y

Pricing negative

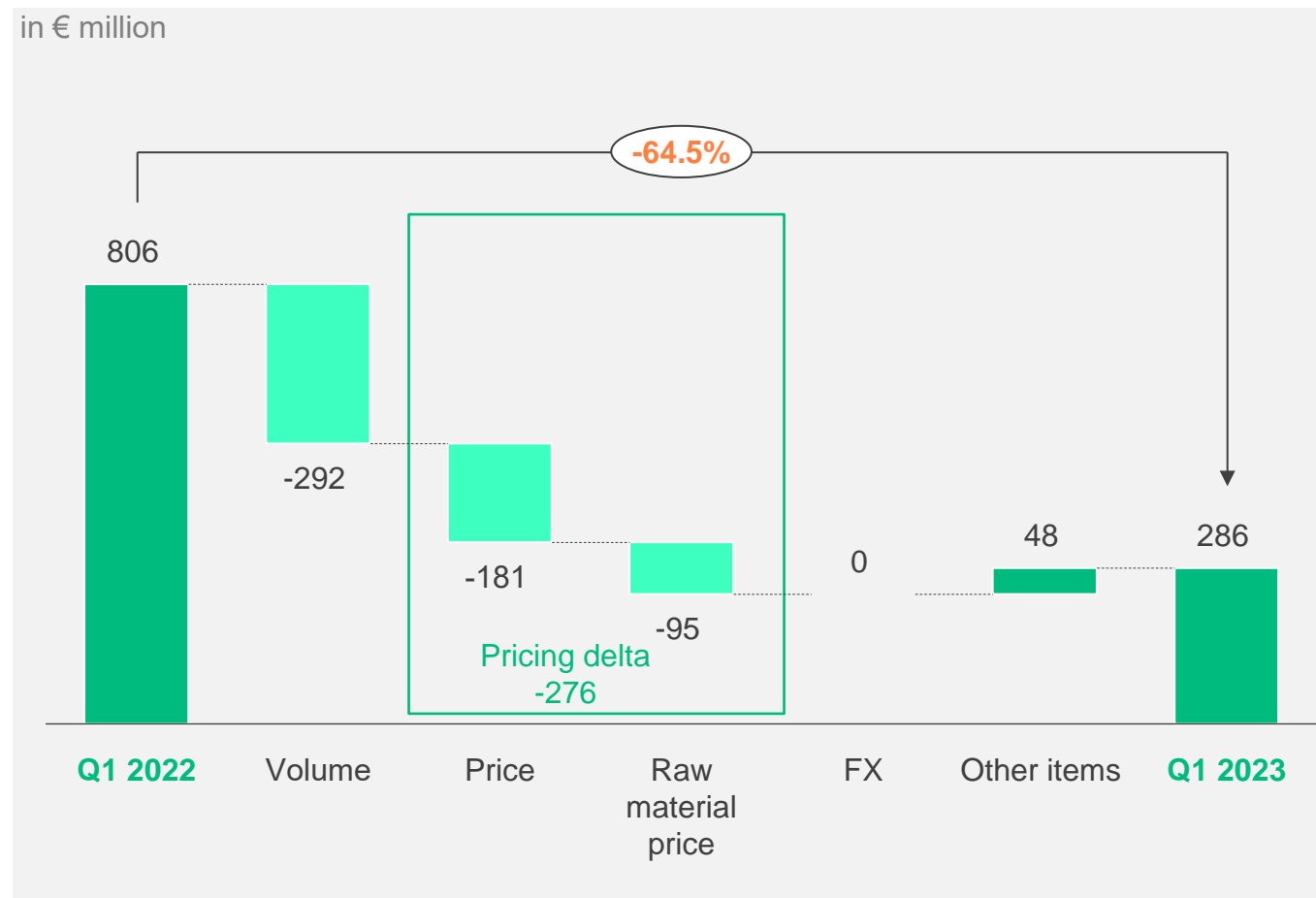
- Performance Materials strongly affected (-7.1% Y/Y) whereas Solutions & Specialties with slight decline (-0.5% Y/Y)

FX positive

- FX affected sales by +0.6% Y/Y mainly driven by USD and RMB

Earnings driven by lower volumes and negative pricing delta

Q1 2023 – EBITDA bridge



HIGHLIGHTS

Negative volume leverage⁽¹⁾

- Negative volume leverage of 37%
- Volume leverage below long-term average due to product mix effects

Negative pricing delta

- Declining prices due to unfavorable supply-demand situation
- Increasing raw material and energy cost due to time lag between market price development and accounting treatment

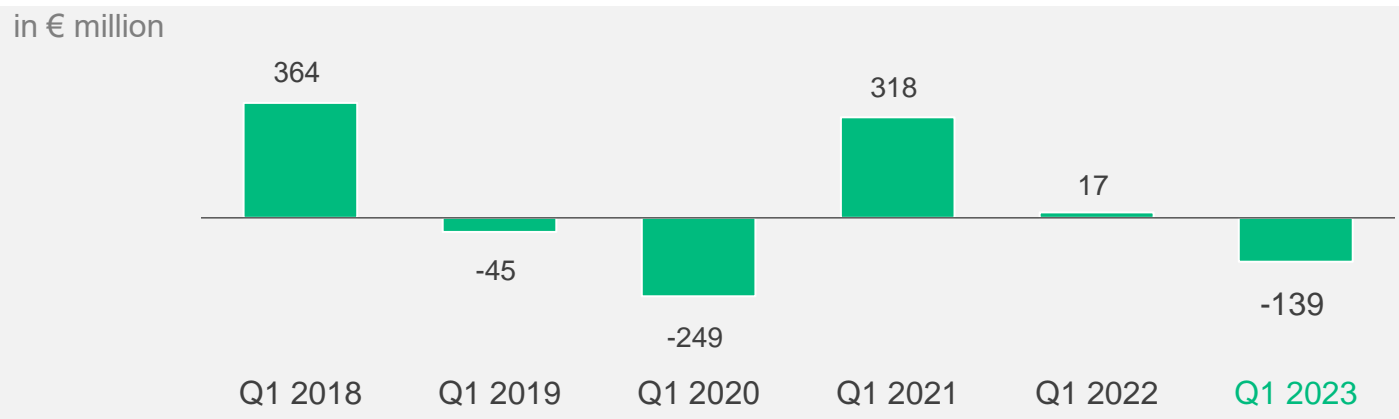
Other items driven by:

- Inflation-driven increase of fixed costs
- Strict cost management and realization of savings measures turned EBITDA-contribution into positive
- Higher provisions for variable compensation of €27m in Q1 2022

Negative FOCF driven by seasonal WOC build-up



Historical FOCF development



EBITDA	+1,063	+442	+254	+743	+806	+286
Changes in working capital⁽¹⁾	-544	-257	-242	-346	-627	-257
Capex⁽²⁾	-88	-165	-139	-110	-140	-120
Income tax paid	-56	-79	-90	-50	-98	-22
Other effects⁽³⁾	-11	+14	-32	+81	+76	-26

HIGHLIGHTS

- FOCF decreased to €-139m, year-on-year reduction mainly driven by declining EBITDA but cushioned by still stringent working capital management
- Working capital to sales ratio^(b) decreased to 17.5% (21.2% at end of Q1 2022), driven by lower inventory levels and lower receivables from lower sales
- Capex of €120m on budget and in line with FY 2023 guidance
- Income tax mainly driven by payments in China for FY 2022



Net income affected by impairments and DTA adjustments

P&L statement Q1 2023

in million €	Q1 2022	Q1 2023	% of Q1 '23 sales	Δ Y/Y
Sales	4,683	3,743	100 %	-20.1%
EBITDA	806	286	7.6%	-64.5%
D&A excl. impairments	-215	-214	-5.7%	-0.5%
Impairments	-2	-33	-0.9%	-
EBIT	589	39	1.0%	-93.4%
Financial result	-28	-29	-0.8%	3.6%
EBT	561	10	0.3%	-98.2%
Income taxes excl. DTA ⁽¹⁾	-144	4	0.1%	-
DTA ⁽¹⁾ adjustments	0	-41	-1.1%	-
Net income⁽²⁾	416	-26	-0.7%	-
Earnings per share (in €) ⁽³⁾	2.15	-0.14	-	-

HIGHLIGHTS

Impairments

- Impairment loss of €30m due to discontinuation of Maezio[®] product line and related site closure

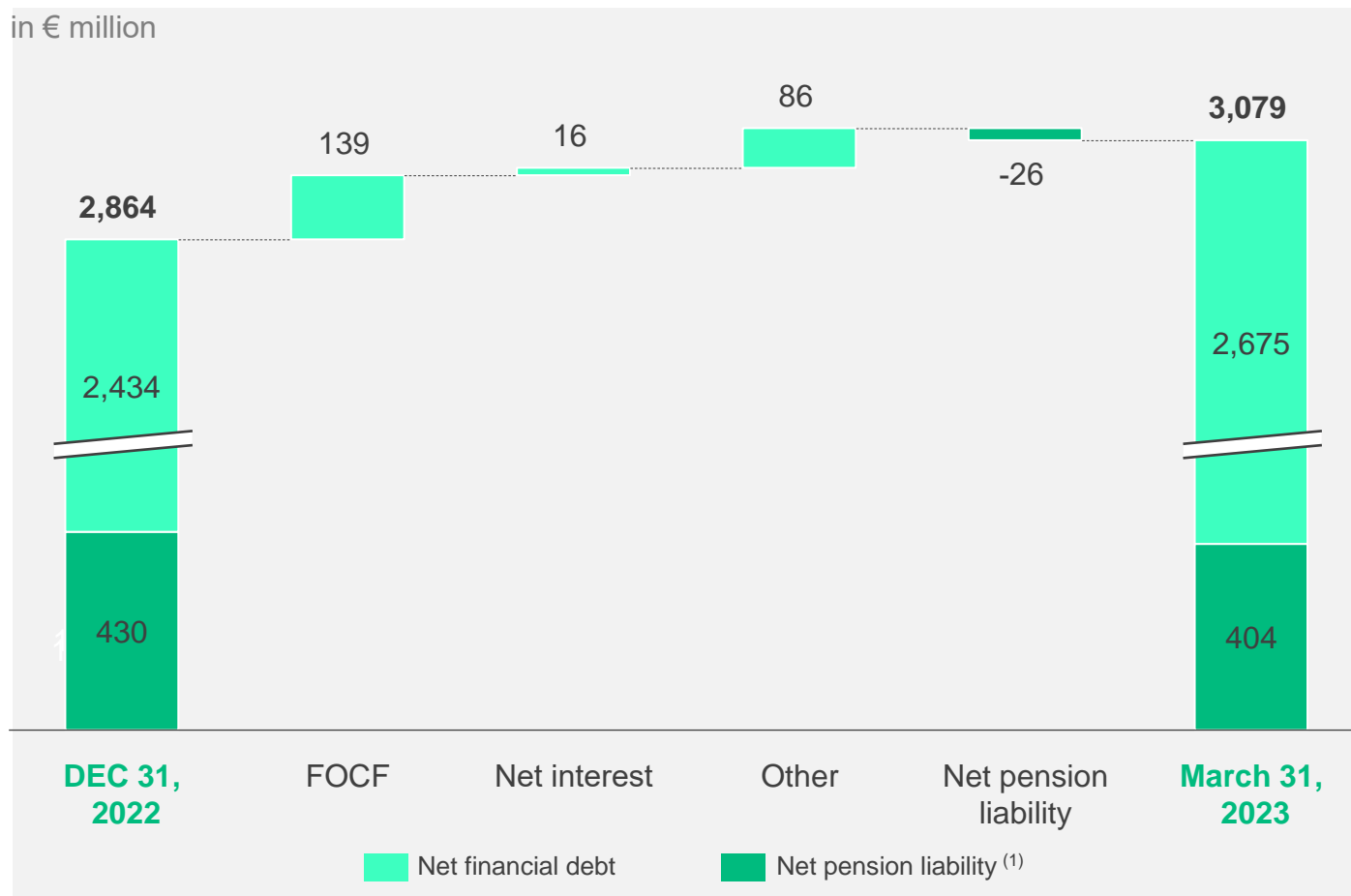
Deferred tax assets (DTA)

- DTA adjustments of €41m in Q1 2023 due to negative earnings in Germany
- Resulting tax loss carry-forwards cannot be accounted under IFRS as accounting earnings projection does not document their usage within 5y
- Tax-wise, tax loss carry-forwards in Germany do not expire

Total net debt slightly increased mainly due to negative FOCF



March 31, 2023 – Total net debt



HIGHLIGHTS

- Total net debt to EBITDA ratio⁽²⁾ of 2.8x at the end of Q1 2023 compared to 0.7x at the end of Q1 2022
- Higher net debt to EBITDA ratio reflects the cyclical nature of Covestro's business and is expected to be temporary
- No financial covenant in place
- Committed to a solid investment grade rating of Moody's



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Standard products with reliable supply and lowest cost

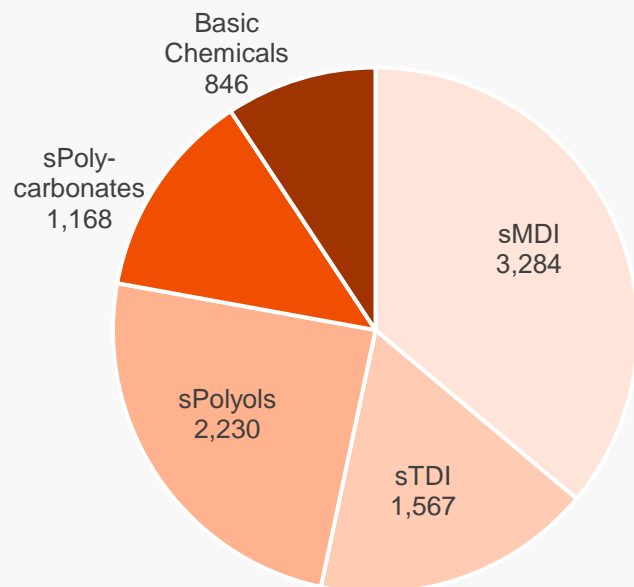


Performance Materials

PRODUCTS

Polyurethane and polycarbonate standard products as well as basic chemicals

SALES 2022 (in € thousand)



SUCCESS FACTORS

Ensure high asset utilization

Integrated end-2-end planning and steering of entire supply chain and large-scale production to optimize output



Supply customers reliably

to be customers' preferred supplier



Strengthen superior cost position

Standardized offerings and lean order management for focused customer and product portfolio



Customer centricity
for
standard
products

BENEFITS FOR GROUP

- Maintain leadership in Covestro core industries
- Implement growth strategy while building on vision of full circularity
- Create critical mass for Covestro in standard product offerings
- Supply downstream Business Entities at market-based prices

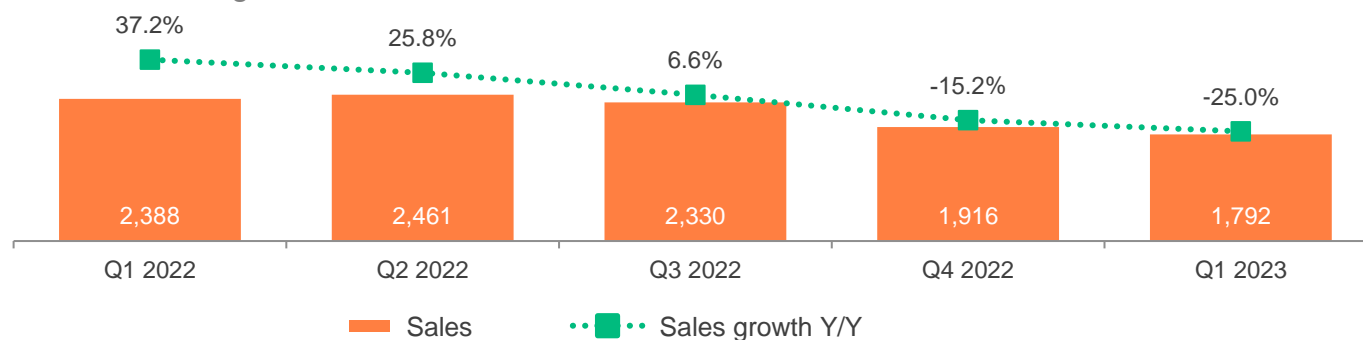
Performance Materials – return to positive EBITDA



Segment results – Highlights Q1 2023

SALES

in € million / changes Y/Y

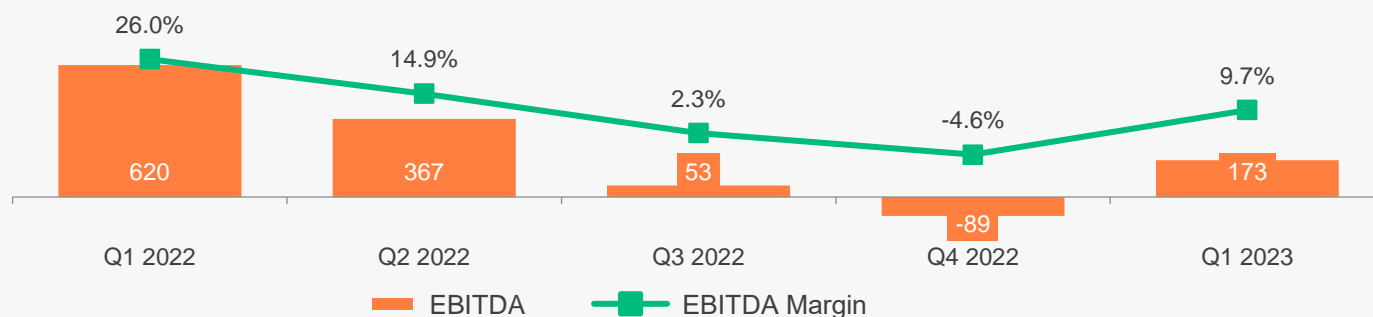


HIGHLIGHTS

- Sales decreased by 25.0% Y/Y driven by volume (-18.6%) and price (-7.1%), marginal FX effect (+0.7%)
- Sequentially strong sales decline in APAC due to Chinese New Year followed by slight decline in NA. Slight sales increases quarter-over-quarter in EMEA

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

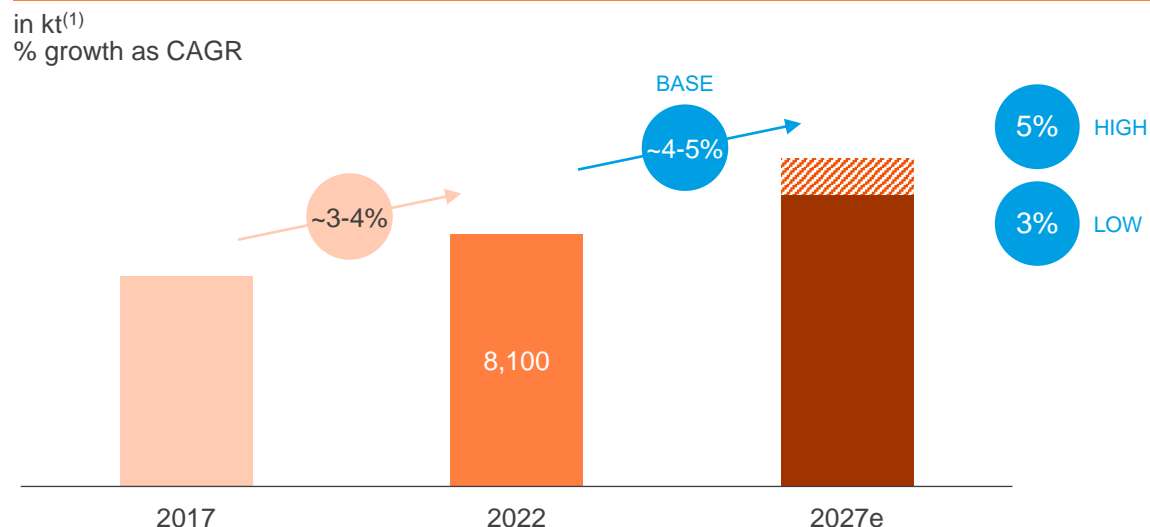
- Compared to prior year, EBITDA decrease driven by significant volume decline and negative pricing delta
- Quarter-over-quarter, EBITDA increase from trough levels driven by lower fixed cost, inventory build up and positive pricing delta

MDI market balanced

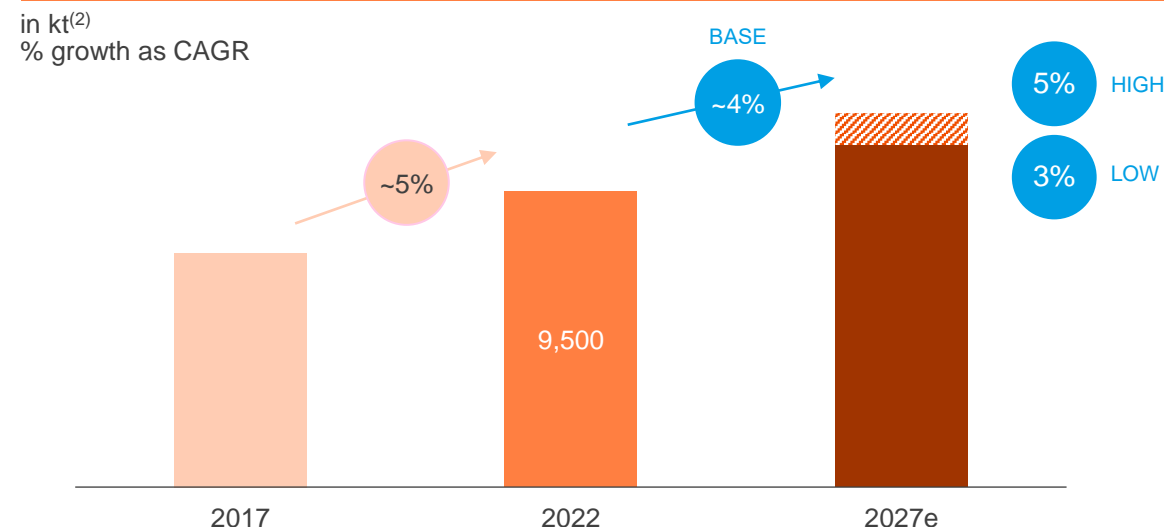


Performance Materials: MDI industry demand and supply

MDI DEMAND DEVELOPMENT (2017 - 2027e)



MDI SUPPLY DEVELOPMENT (2017 - 2027e)



HIGHLIGHTS

- In 2022, solid Industry Utilization Rate of 85%; industry usually fully utilized in the low nineties
- Demand CAGR of 4-5% between 2022 and 2027e includes flattish development in 2023e and an acceleration of growth toward 2027e; long-term, demand growth CAGR of ~6% expected, leading to increasing industry utilization rate
- Covestro with further debottleneckings after 2027e

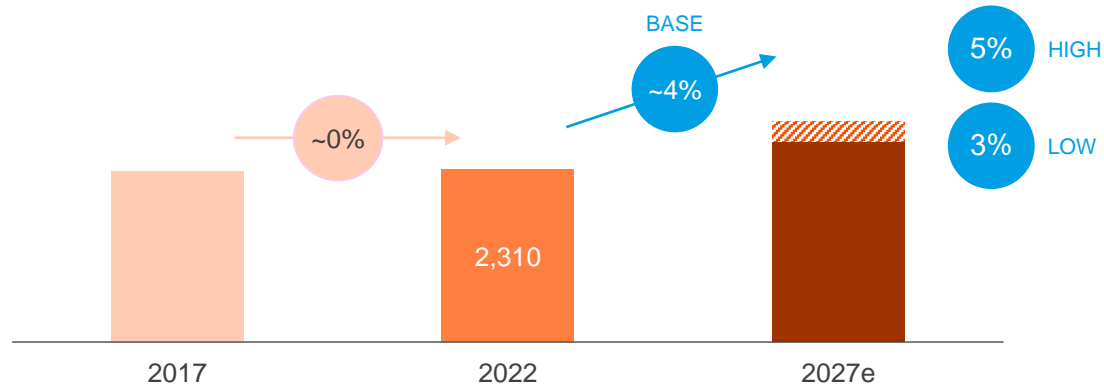
TDI market moving towards balance



Performance Materials: TDI industry demand and supply

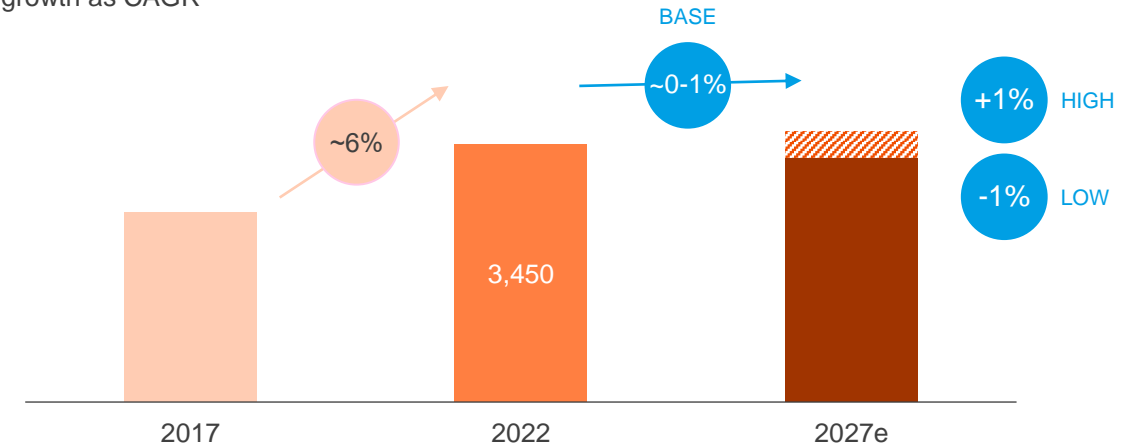
TDI DEMAND DEVELOPMENT (2017 - 2027e)

in kt⁽¹⁾
% growth as CAGR



TDI SUPPLY DEVELOPMENT (2017 - 2027e)

in kt⁽²⁾
% growth as CAGR



HIGHLIGHTS

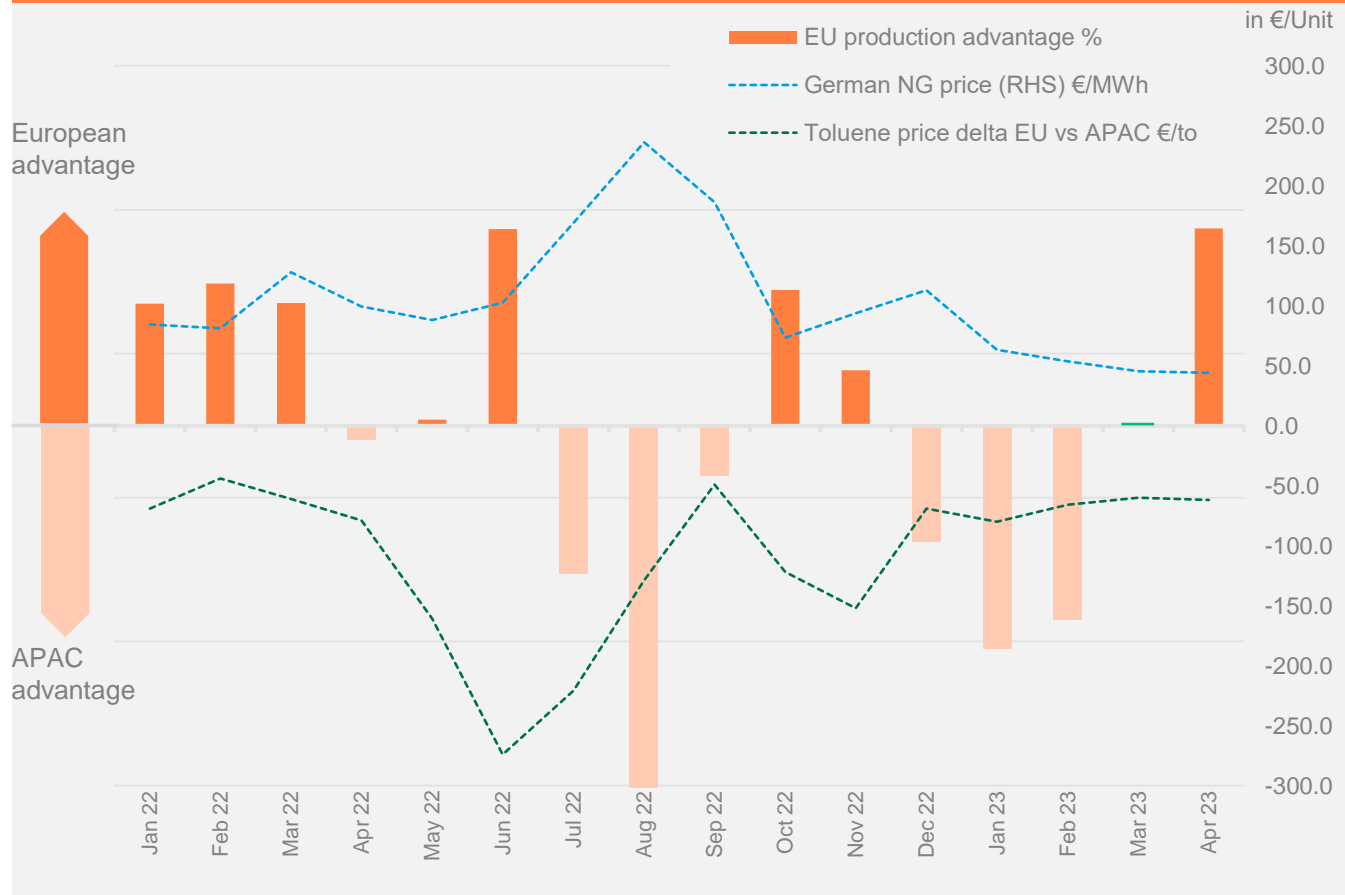
- Global demand declined by estimated 8% in 2022 heavily influenced by destocking
- In 2022, low Industry Utilization Rate of 67%; industry usually fully utilized in the high eighties
- Inventory refilling offering additional rebound potential; long-term, expecting demand-growth CAGR of 3-4%
- In 2023, Wanhua-Fujian ramp-up (+125kt) and BASF Ludwigshafen closure (-300kt) expected
- Favorable cash cost position puts Covestro in strong competitive position even under low cycle conditions

European TDI production regained competitiveness



European TDI market

EUROPEAN TDI PRODUCTION COSTS COMPARED TO ASIAN⁽¹⁾



HIGHLIGHTS

TDI imports from APAC

- In Q3 2022, energy price hike led to increasing export activities from Asia
- Imports into Europe from Korea of 54kt and China 50kt in FY 2022⁽²⁾
- Q1 2023 cost advantage from temporarily high toluene price gap in Q4 2022

Logistic cost & duties

- Logistic cost are between €350-600/t
- Duties are 6.5% from China; no duties from Korea

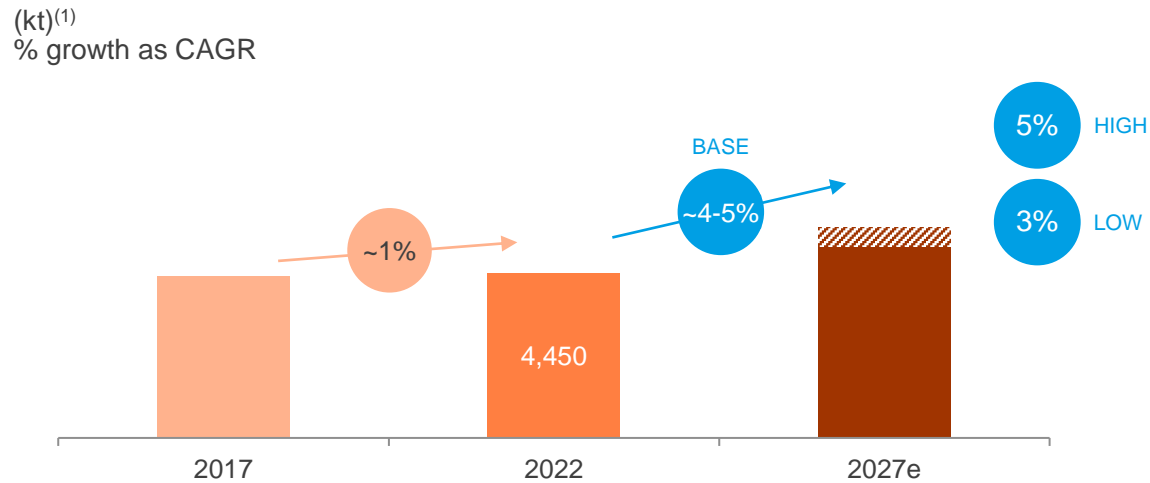
Mid-term outlook:

- With closure of BASF TDI 300kt unit European market demand exceeds available capacity and requires increasing imports
- With European energy prices at current levels TDI imports are no longer cheaper compared to European production

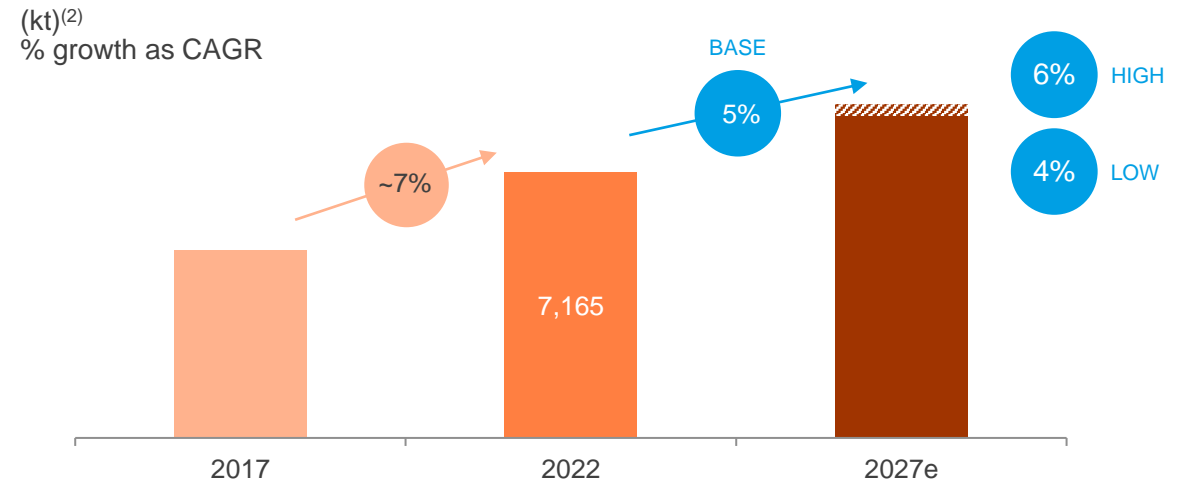
Execution risks may limit future capacity additions

Performance Materials: Polycarbonates (PC) industry demand and supply

PC DEMAND DEVELOPMENT (2017 - 2027e)



PC SUPPLY DEVELOPMENT (2017 - 2027e)



HIGHLIGHTS

- In 2022, low Industry Utilization Rate of 62%, after recent supply additions; industry usually fully utilized in the low eighties
- Inventory refilling offering additional rebound potential; long-term, expecting demand-growth CAGR of 4%
- No major additions⁽³⁾ expected until 2025, followed by numerous announced projects with high uncertainties regarding timing and scope
- Covestro focus on differentiated business with increasing use of standard-polycarbonates as captive feedstock

Differentiation based on customer proximity and innovation

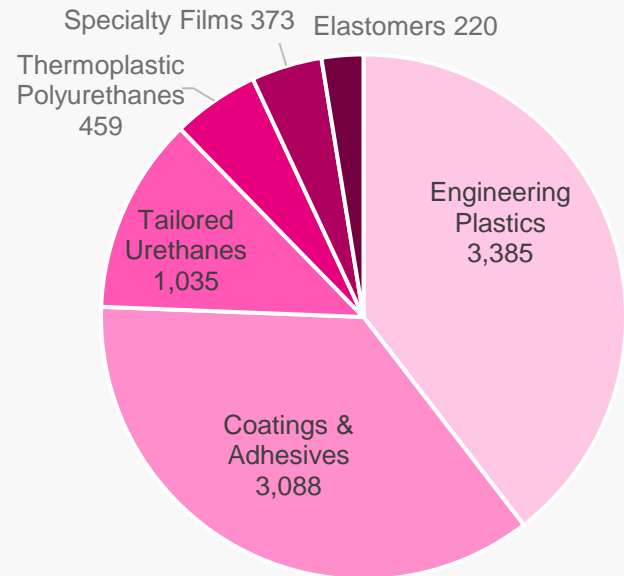


Solutions & Specialties

PRODUCTS

Differentiated polymer products

SALES 2022 (in € thousand)



SUCCESS FACTORS

Implement a pull supply chain

Use deep customer understanding to deliver unique value to customers



Lead in innovation

Continuously innovate products and applications in order to maximize value proposition to customers



Manage complexity

Efficiently steer customers and products at a small scale and balance cost of each solution against value for the customer



Customer centricity for solutions and specialty products

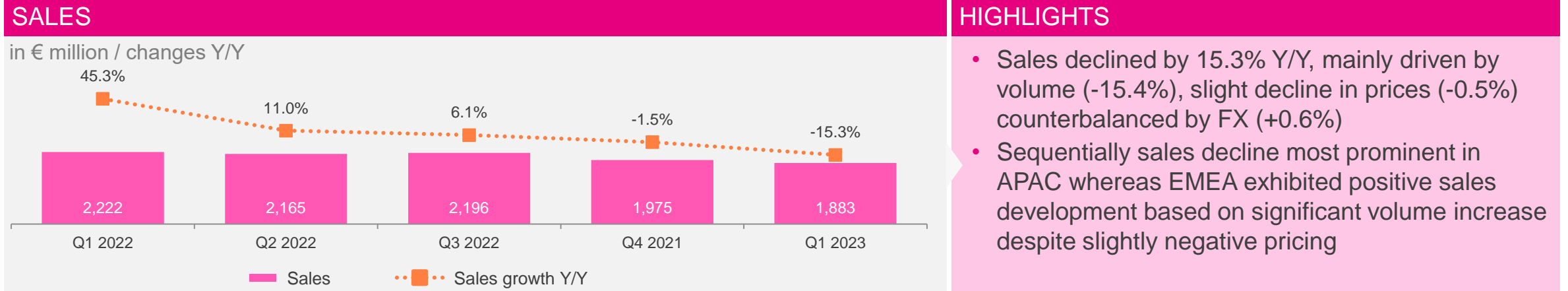
BENEFITS FOR GROUP

- Maintain leadership in differentiated niche applications
- Implement growth strategy while building on vision of full circularity
- Improve earnings margin from relatively low starting point

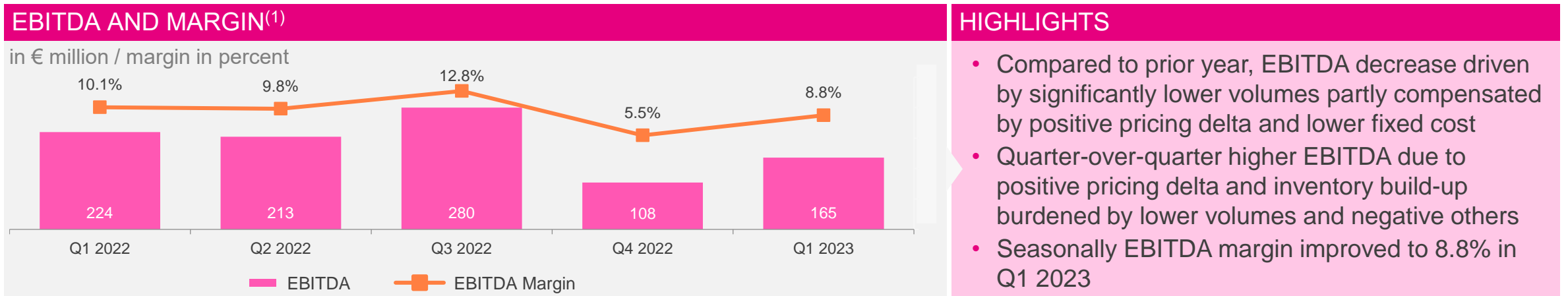
Solutions & Specialties – EBITDA driven by positive pricing delta



Segment results – Highlights Q1 2023



- ### HIGHLIGHTS
- Sales declined by 15.3% Y/Y, mainly driven by volume (-15.4%), slight decline in prices (-0.5%) counterbalanced by FX (+0.6%)
 - Sequentially sales decline most prominent in APAC whereas EMEA exhibited positive sales development based on significant volume increase despite slightly negative pricing



- ### HIGHLIGHTS
- Compared to prior year, EBITDA decrease driven by significantly lower volumes partly compensated by positive pricing delta and lower fixed cost
 - Quarter-over-quarter higher EBITDA due to positive pricing delta and inventory build-up burdened by lower volumes and negative others
 - Seasonally EBITDA margin improved to 8.8% in Q1 2023

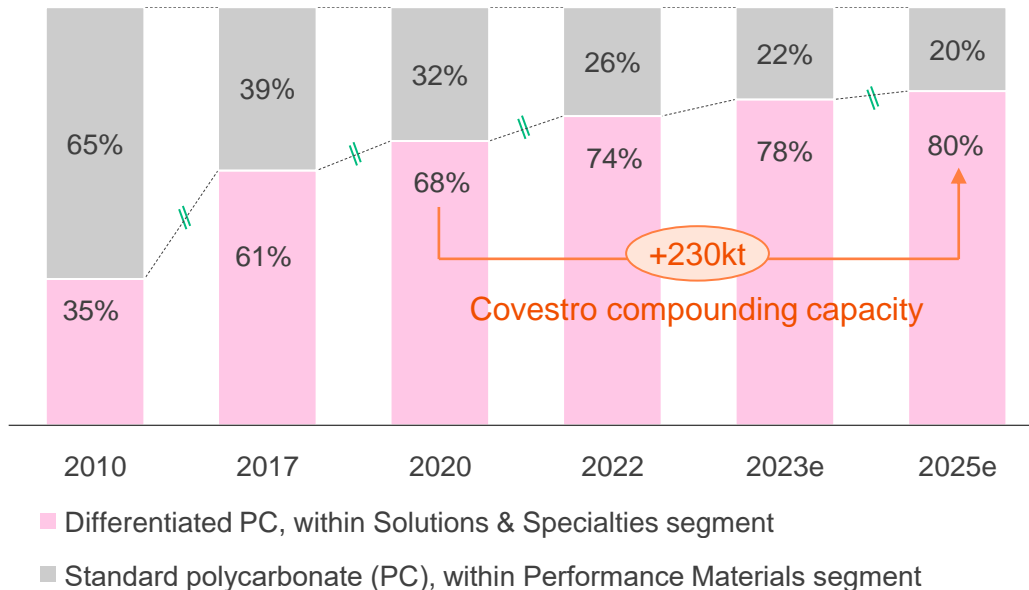
Shifting from standard to differentiated polycarbonate



Solutions & Specialties: high-growth contributor Engineering Plastics

POLYCARBONATE 2022 SALES €4.6bn

Covestro polycarbonate volume split by segment



Refining standard polycarbonate from Performance Materials into differentiated grades in Solutions & Specialties

ENGINEERING PLASTICS (EP) INDUSTRY +8% CAGR 2022-2027e

CUSTOMER INDUSTRIES



Auto & transport

EP sales share 2022: 45%
CAGR 2022-2027e: 9%



Electro

EP sales share 2022: 40%
CAGR 2022-2027e: 7%



Healthcare

EP sales share 2022: 11%
CAGR 2022-2027e: 8%

GROWTH DRIVERS




- Global trends towards BEV boost total LV production
- Number of produced BEV expected to grow strongly, with higher PC content per unit compared to conventional LV
- Strong demand in communication infrastructure, audio, LED, power supply and small appliances
- New opportunities from 5G, intelligent connectivity and electrical integration
- Aging population with increasing healthcare access in emerging markets
- Trend towards home healthcare devices and wearable monitor devices

Strong demand for differentiated polycarbonate grades across several customer industries

Doubling sales by 2025

Solutions & Specialties: high-growth contributor Specialty Films



SPECIALTY FILMS		
	Total Sales 2022 €373m	CAGR 2022-2027e ~12%
 TARGET	<ul style="list-style-type: none">• Doubling sales by 2025e versus Sales 2020 of €240m	
 APPROACH	<ul style="list-style-type: none">• Elevating market share from differentiation via quality and service with customer-tailored applications• Strong competitive advantage from technical expertise and filled innovation pipeline• Excellent customer relationships promoting joint developments with long-term contracts	
 INVESTMENT	<ul style="list-style-type: none">• Enabling growth with investment of almost €100m from 2023e till 2025e	

BUILD AGGRESSIVELY MEDICAL BUSINESS



Making use of IP portfolio to outgrow the industry with more than 20% sales growth per year

DEVELOP AUGMENTED REALITY BUSINESS



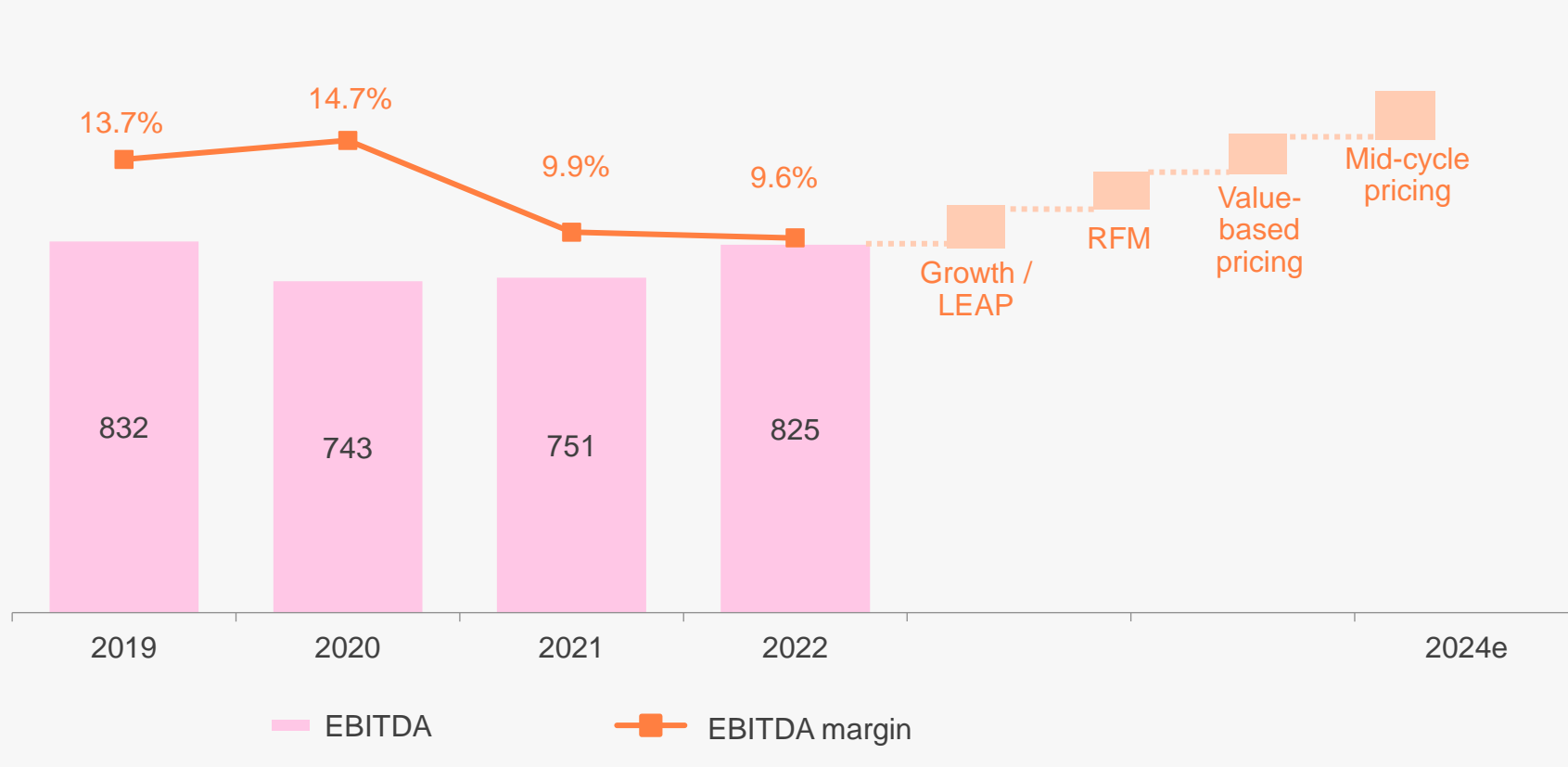
Growing within emerging market of holographic light guiding: accelerating markets of virtual displays in glasses and head-up displays in vehicles

EBITDA margin to grow

Solutions & Specialties segment target

EBITDA AND MARGIN – SOLUTIONS & SPECIALTIES

in € million



TARGET MARGIN

- EBITDA margin 2022 burdened by inflated sales but benefited from significantly higher EBITDA Y/Y
- In 2023, expecting EBITDA around⁽¹⁾ 2022 level
- EBITDA margin growth driven by:
 - fixed cost dilution due to strong growth, LEAP transformation
 - RFM integration and synergies
 - Focus on value-based pricing
 Based on mid-cycle inter-segment charges and excluding raw material price-indicated sales inflation

Led by a diverse, international management team

Covestro senior management since July 1, 2021



BOARD OF MANAGEMENT



Chief Executive Officer

Dr Markus Steilemann
Nationality: German



Chief Financial Officer

Dr Thomas Toepfer
Nationality: German



Chief Commercial Officer

Sucheta Govil
Nationality: British
with Indian origin



Chief Technology Officer

Dr Klaus Schäfer⁽¹⁾
Nationality: German

BUSINESS ENTITIES



Performance Materials

Hermann-Josef Dörholt
Nationality: German
Based in Leverkusen,
Germany



Tailored Urethanes

Christine Bryant⁽³⁾
Nationality: US-American
Based in Pittsburgh,
USA



Coatings and Adhesives

Dr Thorsten Dreier⁽²⁾
Nationality: German
Based in Leverkusen,
Germany



Engineering Plastics

Lily Wang
Nationality: Chinese
Based in Shanghai,
P.R. China



Specialty Films

Dr Aleta Richards
Nationality: US-American
Based in Dormagen,
Germany



Elastomers

Dr Thomas Braig
Nationality: German
Based in Romans-sur-Isère,
France



Thermoplastic Polyurethanes

Dr Andrea Maier-Richter
Nationality: German
Based in Dormagen, Germany

Covestro ESG rating results and index membership

As of April 2023



ESG Ratings & Indices	Scoring Range (Worst → Best)	2016	2017	2018	2019	2020	2021	2022	Distinction	
CDP CLIMATE	D- to A	-	-	-	-	-	A-	A-	Leadership Level ⁽¹⁾	
ecoVadis SUPPLIER SUSTAINABILITY RATINGS	0 to 100	73				80		72	⁽²⁾	
MSCI ESG	CCC to AAA	BBB	BBB	A	A	A	A	AA	⁽³⁾	
SUSTAINALYTICS	100 to 0	74	75		80	23.3	20.0	18.3	20.9	⁽³⁾
FTSE Russell	Excluded / Listed	Listed	Listed	Listed	Listed	Listed	Listed	Listed		

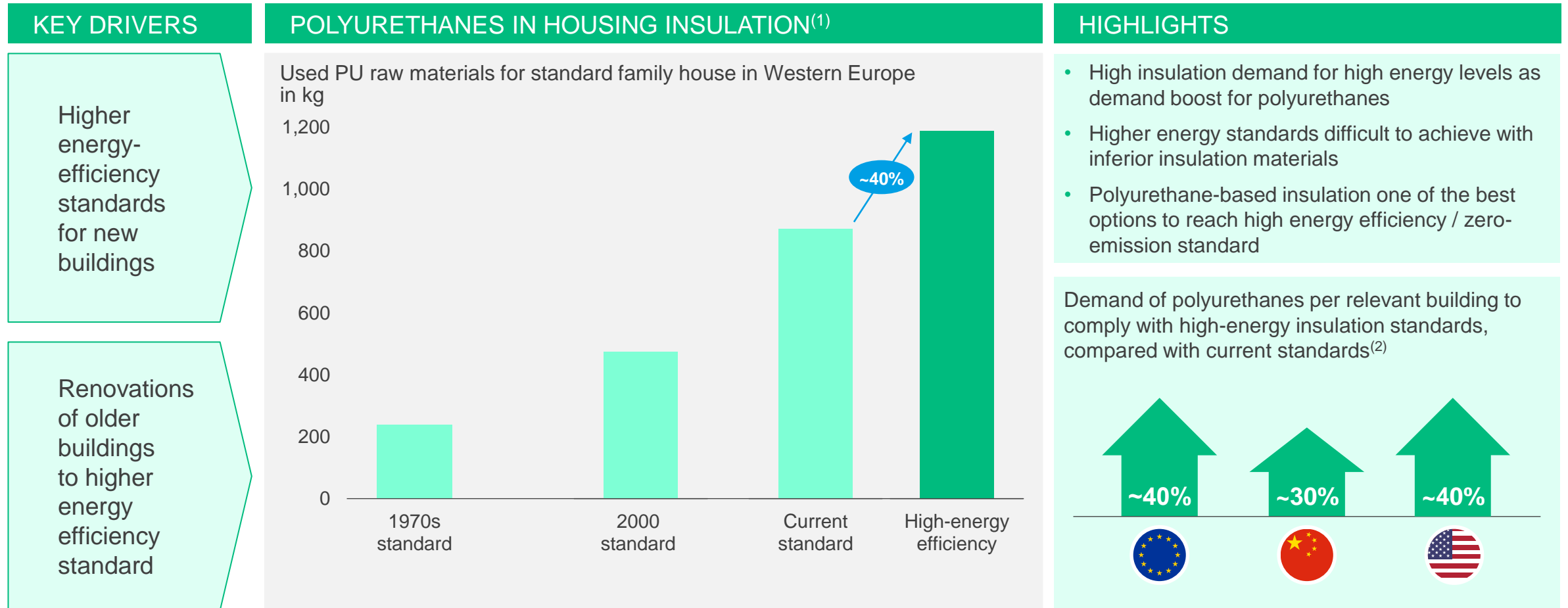
Notes:

- (1) Leading within the chemical industry in managing the most significant climate related questions
- (2) Covestro belongs to the Top 5% within the chemical industry
- (3) Covestro is identified as a TOP ESG performer of Sustainalytics' ESG Risk Ratings out of more >4,000 comprehensive companies. Covestro belongs to the Top 5% within the chemical industry although Sustainalytics identifies a higher ESG risk for the chemical industry.

Higher insulation standards increase demand for polyurethanes



Building insulation market outlook



Increasing BEV share boosts demand

Global electric vehicle market outlook



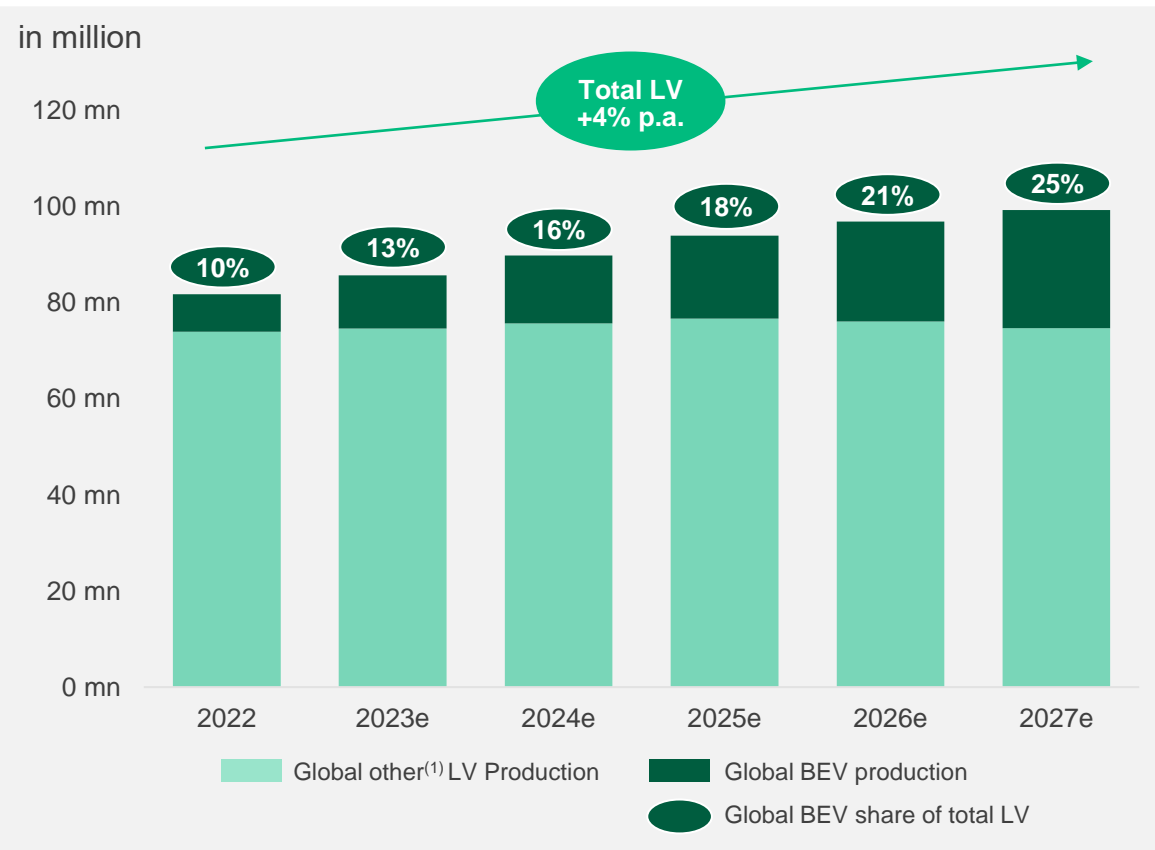
KEY DRIVERS

Carbon neutrality targets

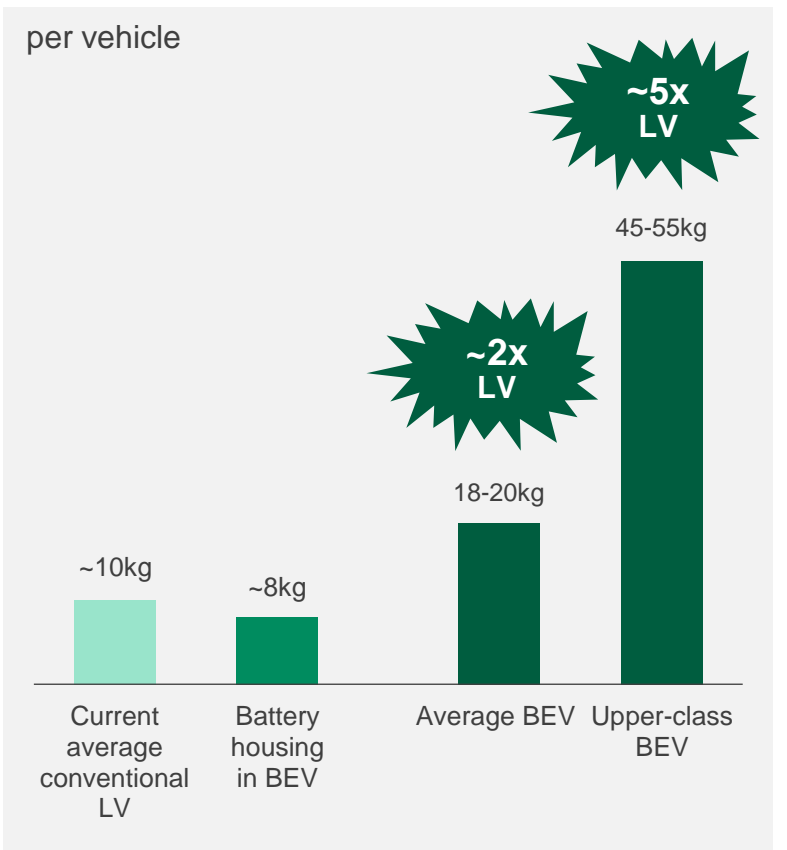
Rising fuel prices

Stringent emission regulations

DEVELOPMENT OF AUTOMOTIVE INDUSTRY



USE OF POLYCARBONATES IN BEV



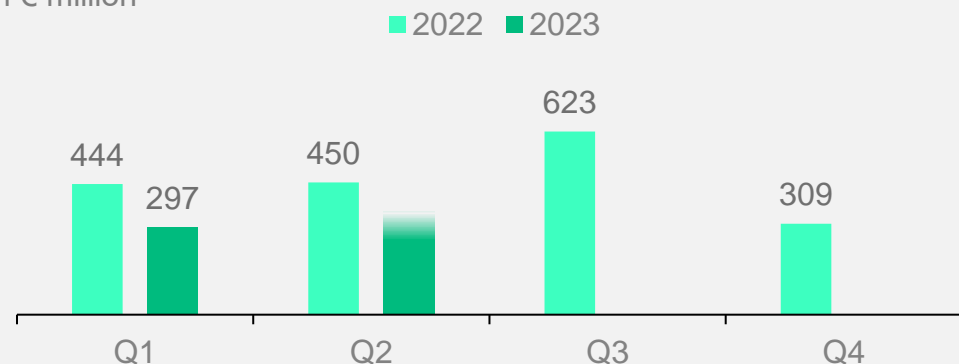
Global energy prices normalizing after tripling within two years



Energy cost development

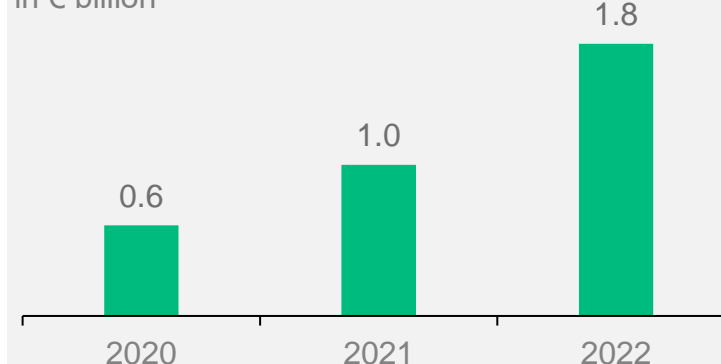
QUARTERLY ENERGY COST DEVELOPMENT

in € million



GLOBAL ENERGY COST

in € billion



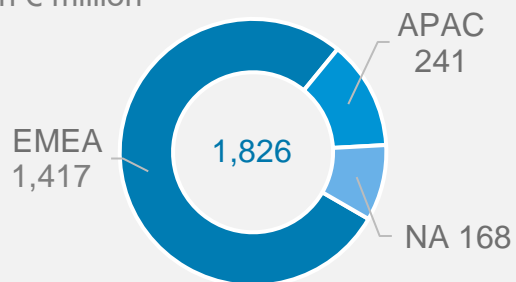
HIGHLIGHTS

- Global energy bill in 2022 of €1.8bn
- Q1 2023 flat versus Q4 2022 with lower energy prices offsetting additional energy need after start up of Tarragona chlorine plant
- Expecting Q2 2023 energy cost slightly above Q1 2023 from higher production volume
- In general, Covestro does not hedge its energy purchases
- Energy demand FY2022 reduced by ~7% vs FY2021

ENERGY BREAKDOWN

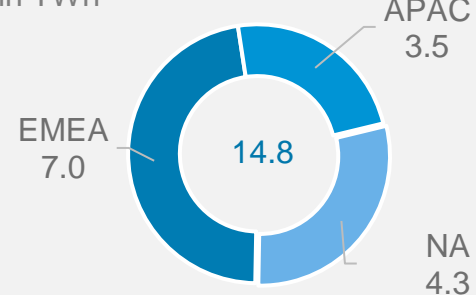
2022 ENERGY SPENT BY REGION

in € million



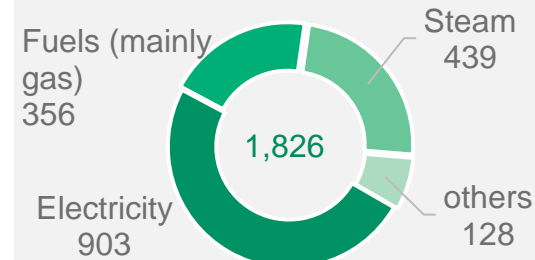
2022 PRIMARY ENERGY VOLUME BY REGION⁽¹⁾

in TWh



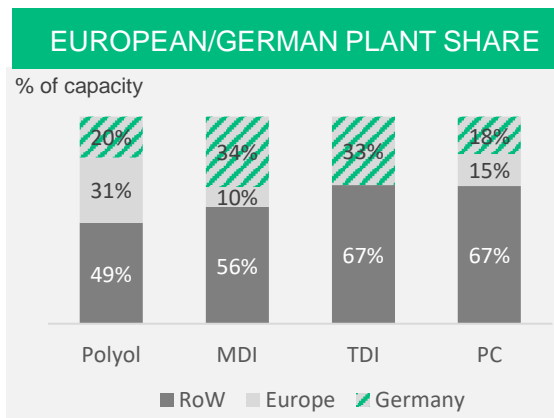
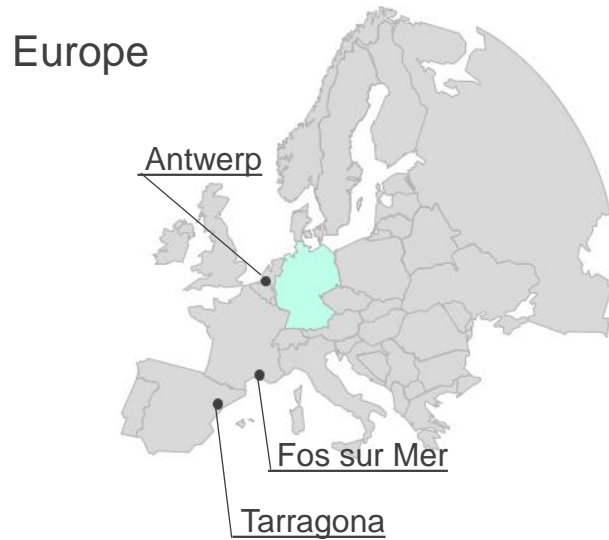
2022 SPENT BY ENERGY TYPE

in € million



European major sites locations

Asset footprint



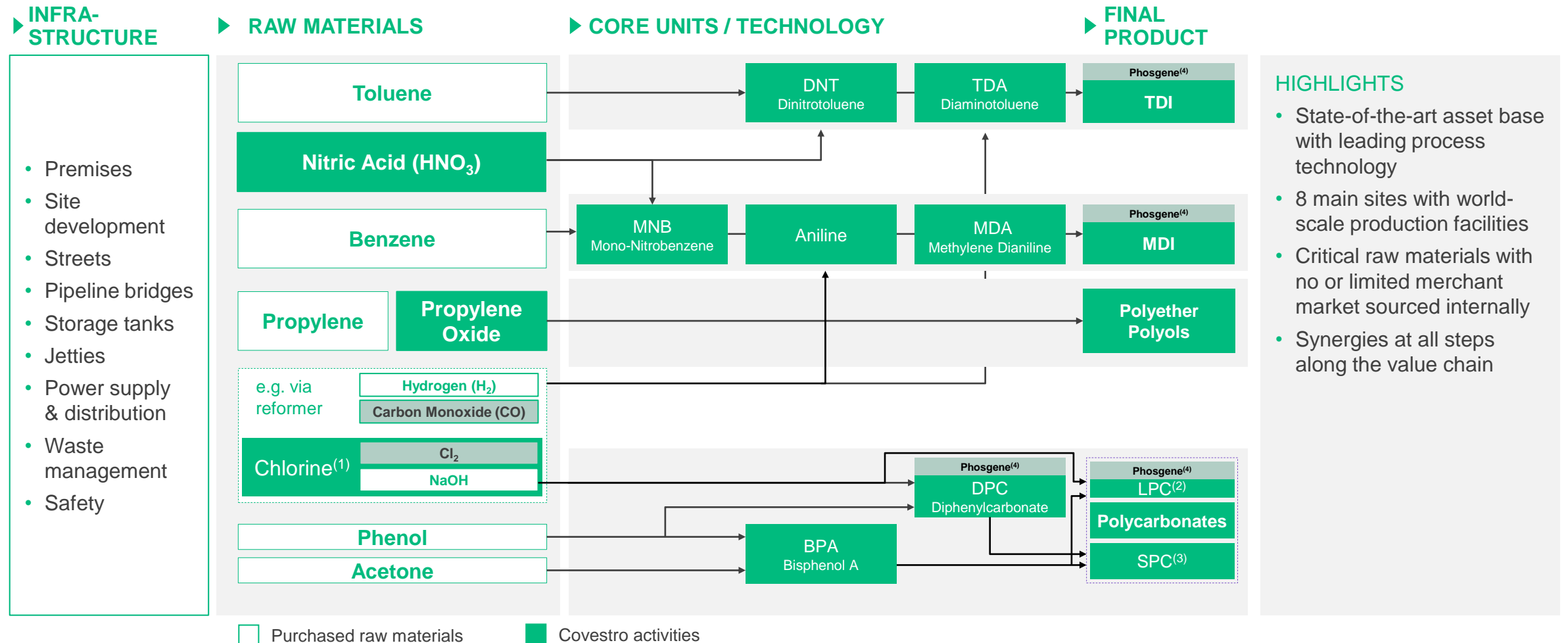
HIGHLIGHTS

- Covestro runs multiple large production sites for its core products in Europe
- Covestro sites in Germany represent ~25% of global Covestro production capacity in Covestro core products
- Covestro plants have at all times been fully supplied with natural gas

Synergies in scale, process technology and chemical know-how



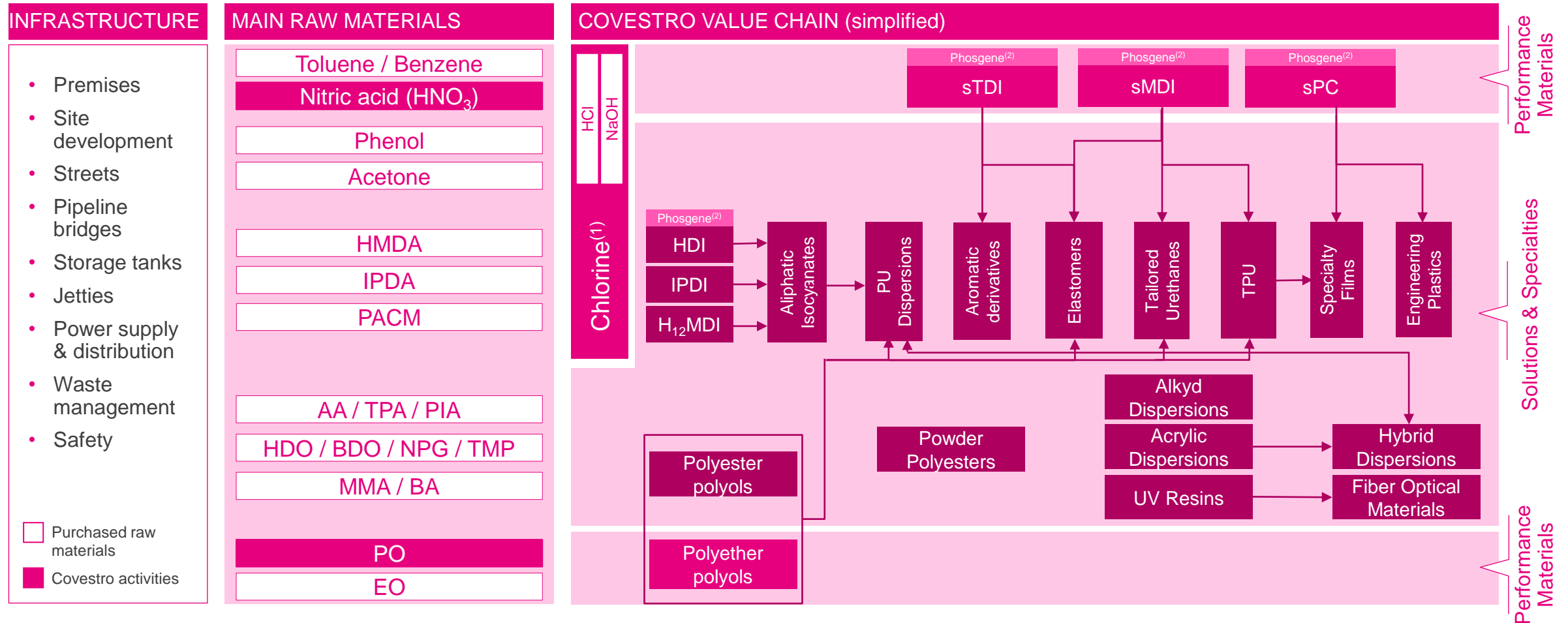
One chemical backbone across all segments



Synergies from chemical backbone and complementary technologies



Solutions & Specialties backward integration and value chain

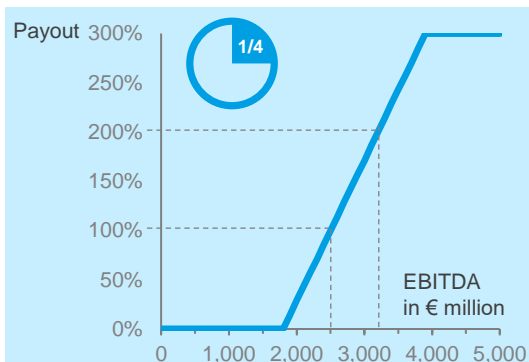


Entire organization aligned for performance and sustainability

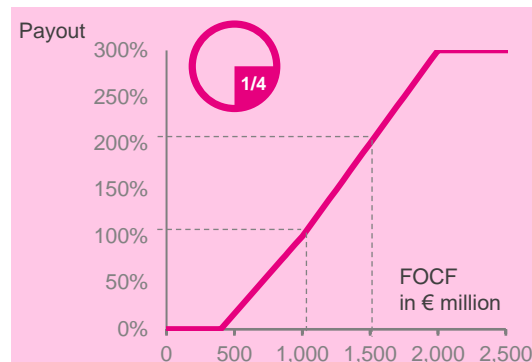


Group Profit Sharing Plan (PSP) as of 2022

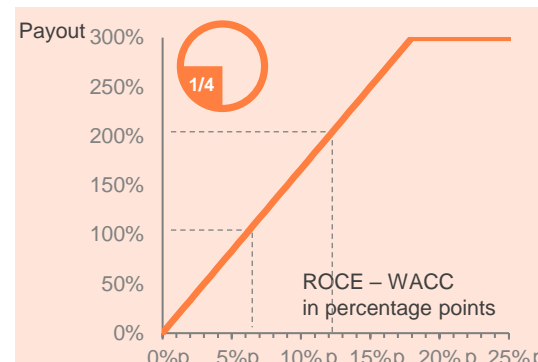
UNIFORM BONUS SYSTEM



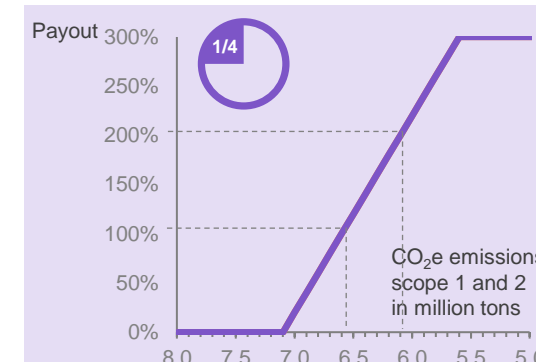
EBITDA (€ mio)				
Value	1,800	2,500	3,200	3,900
Payout	0%	100%	200%	300%



FOCF (€ mio)				
Value	400	1,000	1,500	2,000
Payout	0%	100%	200%	300%



ROCE above WACC (pp.)				
Value	0	6	12	18
Payout	0%	100%	200%	300%



Absolute CO ₂ e emissions Scope 1&2 (mt)				
Value	7.1	6.6	6.1	5.6
Payout	0%	100%	200%	300%

HIGHLIGHTS

- Full alignment of all employees (including Board) along the same KPIs
- Criteria with full focus on performance, shareholder value creation and sustainability
- 100% payout, as percentage of annual base salary, linked to hierarchy level
- Total payout at Group level for 0%, 100% and 250% achievement is €0m, ~€0.2bn and ~€0.5bn
- Max. payout capped at 250%

High accumulated free operating cash flow

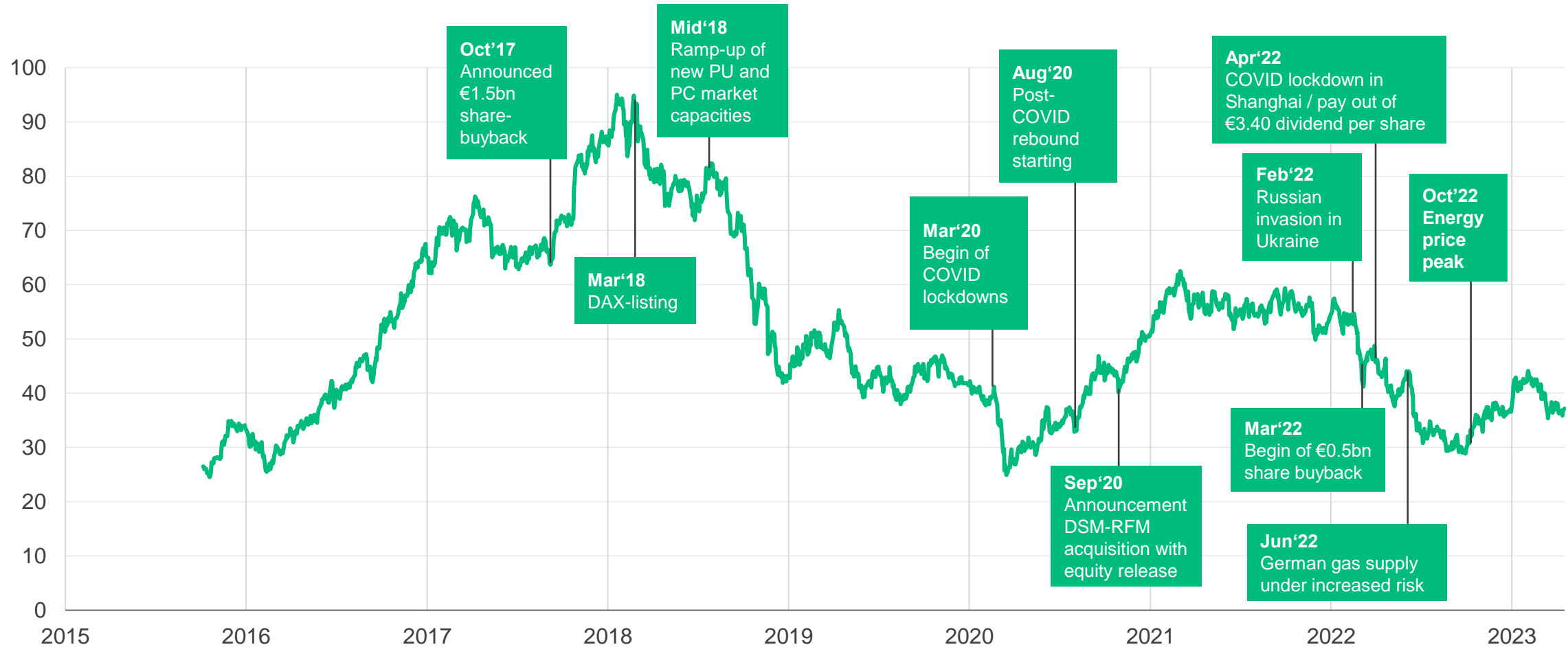
Development of last five years



		2018	2019	2020	2021	2022
Sales	(€ million)	14,616	12,412	10,706	15,903	17,903
• <i>Volume y/y</i>	(%)	+2.3	+0.8	-5.1	+6.5	-5.0
• <i>Price y/y</i>	(%)	+4.5	-17.3	-5.7	+34.7	+10.1
• <i>FX y/y</i>	(%)	-3.0	+1.9	-1.6	-0.8	+5.9
• <i>Portfolio y/y</i>	(%)	-0.4	-0.5	-1.3	+8.1	+2.0
EBITDA	(€ million)	3,200	1,604	1,472	3,085	1,617
• <i>Performance Materials</i>		2,825	942	896	2,572	951
• <i>Solutions & Specialties</i>		585	832	743	751	825
Earnings per Share	(€)	9.46	3.02	2.48	8.37	-1.42
Capex	(€ million)	707	910	704	764	832
Free operating cash flow (FOCF)	(€ million)	1,669	473	530	1,429	138
ROCE above WACC	(%points)	22.8	1.6	-0.3	12.9	-5.0
Total net debt ⁽¹⁾	(€ million)	1,793	2,954	2,479	2,604	2,920
Employees ⁽²⁾	(FTE)	16,770	17,201	16,501	17,909	17,985

Historical share price performance

Covestro € share price since IPO



Upcoming IR events



Find more information on covestro.com/en/investors

REPORTING DATES

- | | |
|---------------------|---------------------------------|
| • August 1, 2023 | 2023 Half-Year Financial Report |
| • October 27, 2023 | Q3 2023 Quarterly Statement |
| • February 29, 2024 | 2023 Annual Report |

ANNUAL GENERAL MEETING

- | | |
|------------------|------------------------|
| • April 17, 2024 | Annual General Meeting |
|------------------|------------------------|

BROKER CONFERENCES

- | | |
|-----------------|---|
| • May 17, 2023 | UBS, Best of Europe 1-on-1 Conference, virtual |
| • May 23, 2023 | J.P. Morgan European Materials Conference, London |
| • June 1, 2023 | Kepler Cheuvreux, 4 th Digital ESG Conference, virtual |
| • June 7, 2023 | Kepler Cheuvreux, One-Stop-Shop, Dublin |
| • June 21, 2023 | Deutsche Bank, dbAccess German Swiss Austrian Conference, Frankfurt |



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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.