



New segment structure successfully implemented

Financial Highlights
Q3 2021



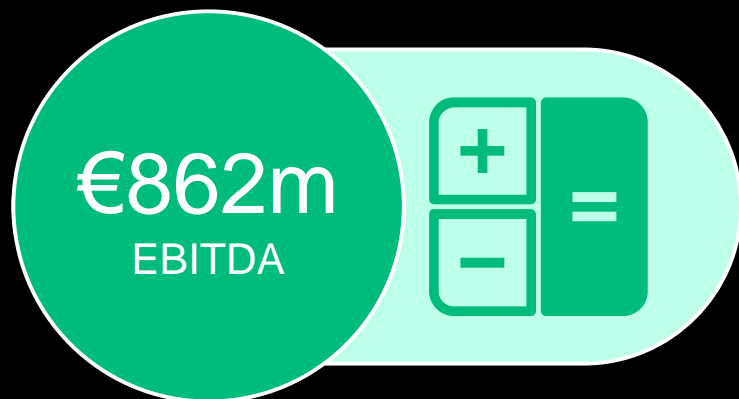
Forward-looking statements

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.

Financial highlights Q3 2021



Solid demand recovery continues globally

Global demand development



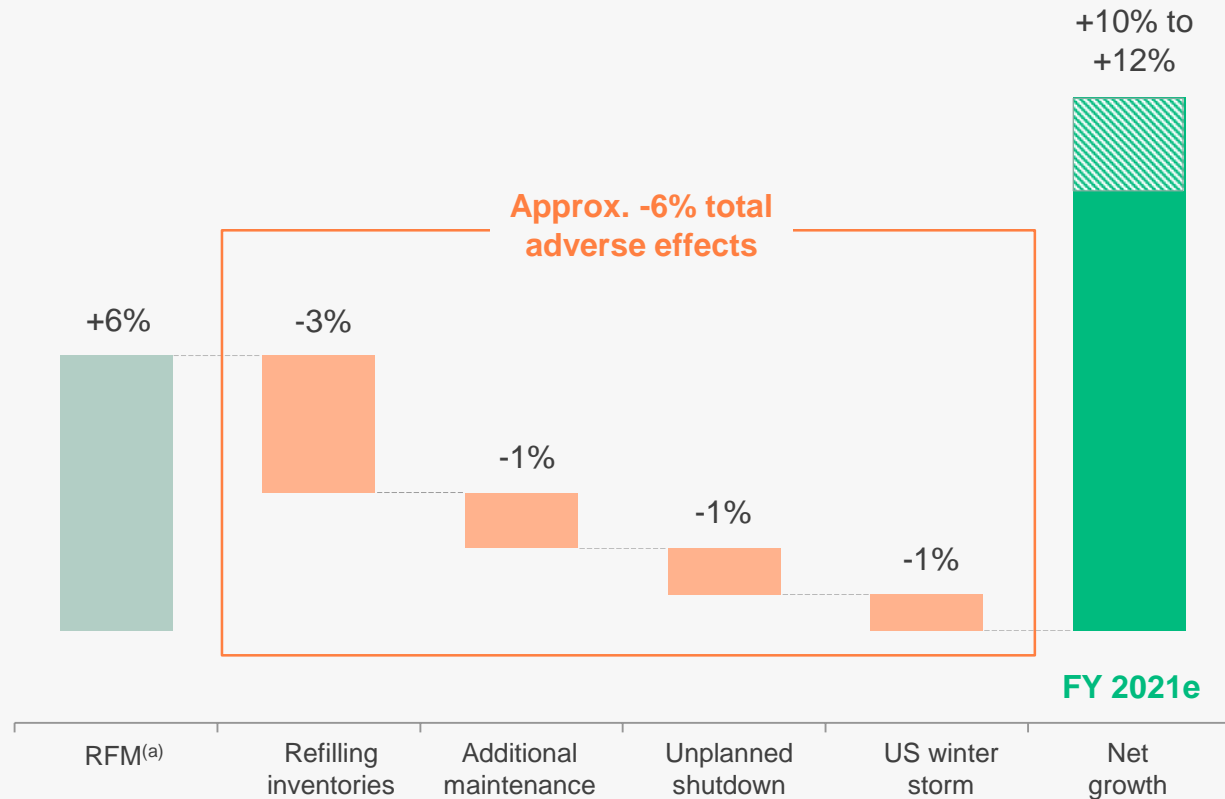
Key customer industries		2020 Y/Y	2021e Y/Y	2022e Y/Y
Global GDP Industrial production		-3.6% -5.3%	+5.5% +6.7%	+4.3% +4.3%
Automotive EV / BEV		-15.9% +28.7%	+2.8% +67.0%	+10.7% +51.8%
Construction Residential		-1.8% -1.1%	+2.2% +3.5%	+3.2% +3.3%
Furniture Soft furniture		-4.8% -1.7%	+4.8% +4.2%	+3.7% +3.4%
Electrical, electronics and household appliances Appliances		+4.5% +2.3%	+13.2% +11.9%	+5.3% +3.5%

Significantly higher-than-normal constraints to availability



Core volume development

Effects in core volume growth Y/Y



KEY ADVERSE EFFECTS

Refilling inventories

- Series of events let to unsustainably low finished goods inventories by end of 2020
- Refilling inventories, especially for polycarbonate products, to improve future availability
- Estimated FY 2021e impact of approx. -3% CVG

Additional maintenance

- Above-average maintenance activities in 2021
- Make up pandemic-related delays of scheduled maintenance shutdowns in 2020
- Estimated FY 2021e impact of approx. -1% CVG

Unplanned shutdown

- Unplanned shutdown of MDI plant in Brunsbüttel
- Estimated FY 2021e impact of approx. -1% CVG

US winter storm Uri

- Estimated FY 2021e impact of approx. -1% CVG

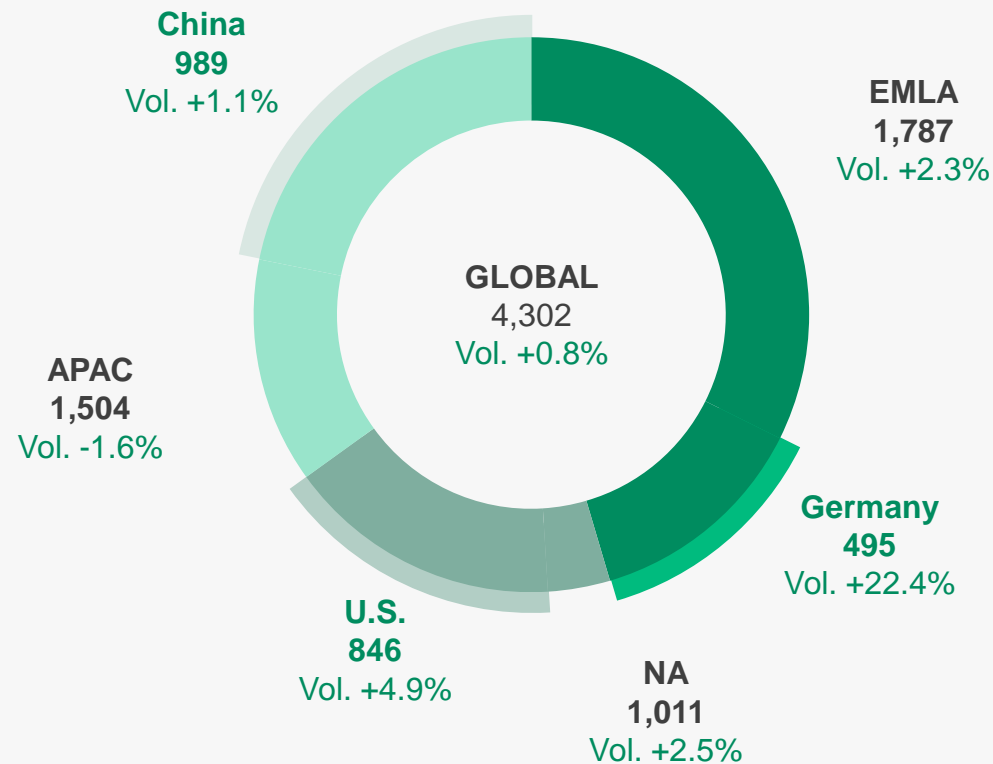
Solid demand meets constrained availability



Q3 2021 – Regional split

Sales in € million

Core volume growth Y/Y in %

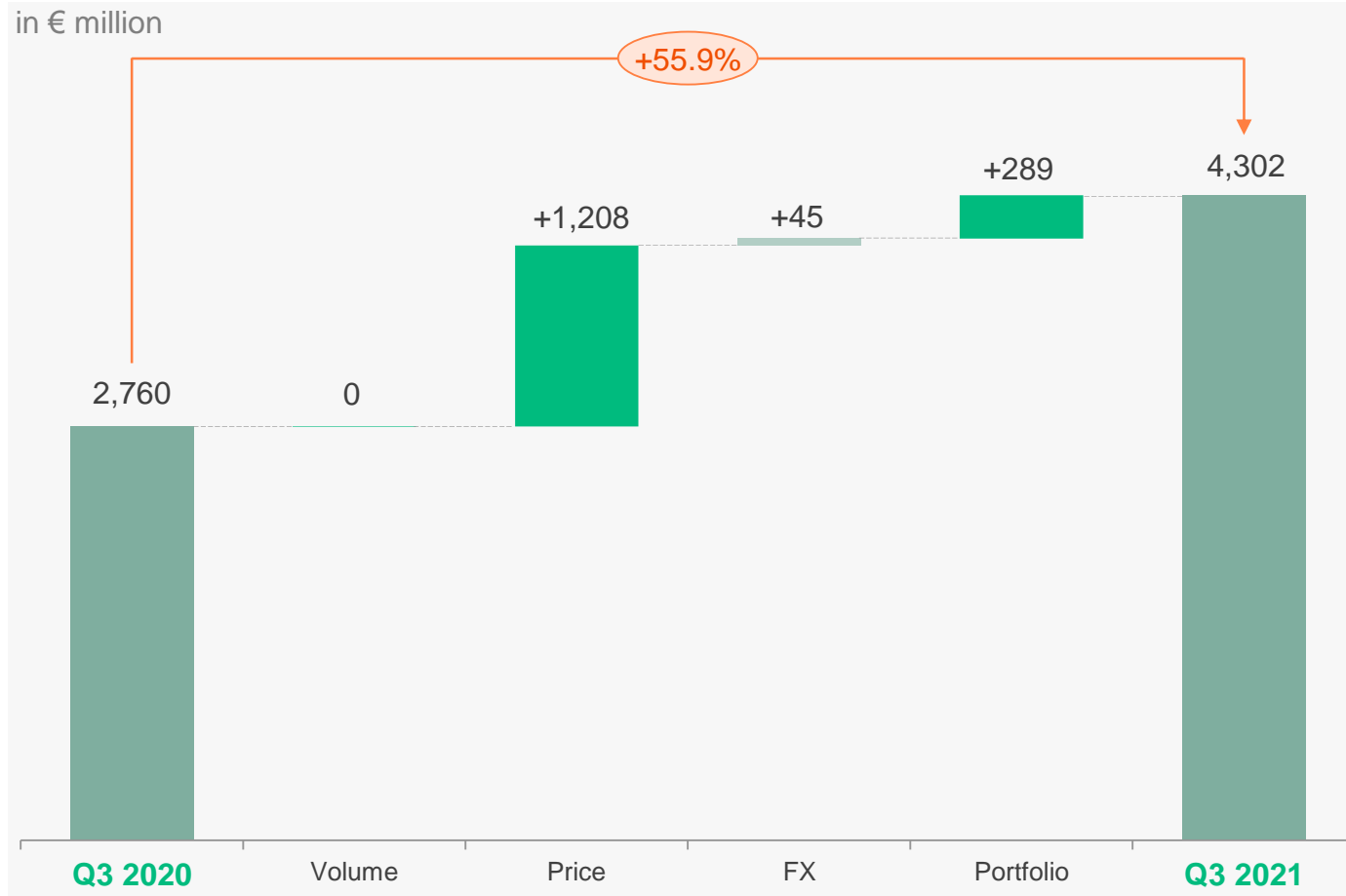


CORE VOLUME GROWTH Y/Y

- Globally constrained product availability limits growth potential despite solid demand; consolidation of acquired RFM business (contributing ~7pp) drives Y/Y growth:
 - Furniture/wood c. -17%, driven by all regions
 - Construction c. -11%, driven by EMLA and APAC
 - Auto/transport c. -6%, driven by EMLA and NA, APAC flat
 - Electro c. 0%, with small growth in APAC
 - Divers c. +37%, including total RFM volumes
- APAC: single-digit volume growth rate in electro, all other key industries at or below previous year
- EMLA: negative single-digit growth rates in auto and electro, negative low double-digit growth rates in furniture and construction
- NA: negative single-digit growth rates in all key industries, except negative low double-digit rate in auto

Significantly higher prices pushed sales growth

Q3 2021 – Sales bridge



HIGHLIGHTS

Volume flat

- Net volume unchanged at 0% Y/Y (in €) – excluding RFM^(a) – as growth in S&S leveled out by decline in PM
- Volume growth limited by constrained product availability, mainly in U.S. and Europe

Pricing highly positive

- Higher selling prices, mainly in PM, drove sales by +43.8% Y/Y

FX positive

- FX affected sales by +1.6% Y/Y mainly driven by stronger CNY

Portfolio positive

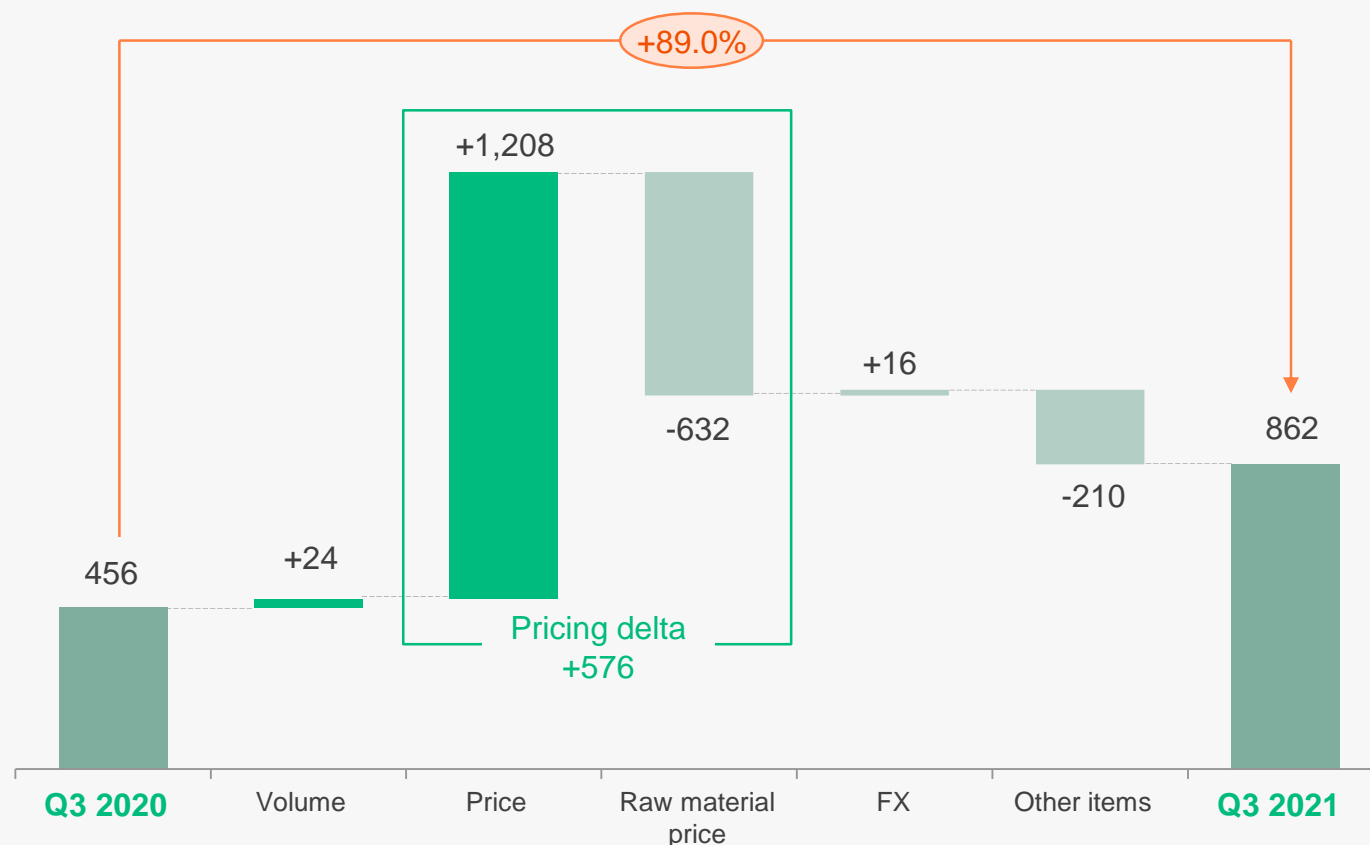
- RFM^(a) increased sales by +10.5% Y/Y

Earnings nearly doubled due to positive pricing delta



Q3 2021 – EBITDA bridge

in € million



HIGHLIGHTS

Positive volume

- Contribution margin of S&S volume growth exceeded contribution margin of PM volume decline

Highly positive pricing delta

- Driven by PM

Slightly positive FX

- Translational effects

'Other items' include:

- €-145m linked to higher provisions for variable compensation
- €-8m negative one-time effects related to the acquired RFM business^(b)
- €-5m negative one-time effects related to LEAP transformation program

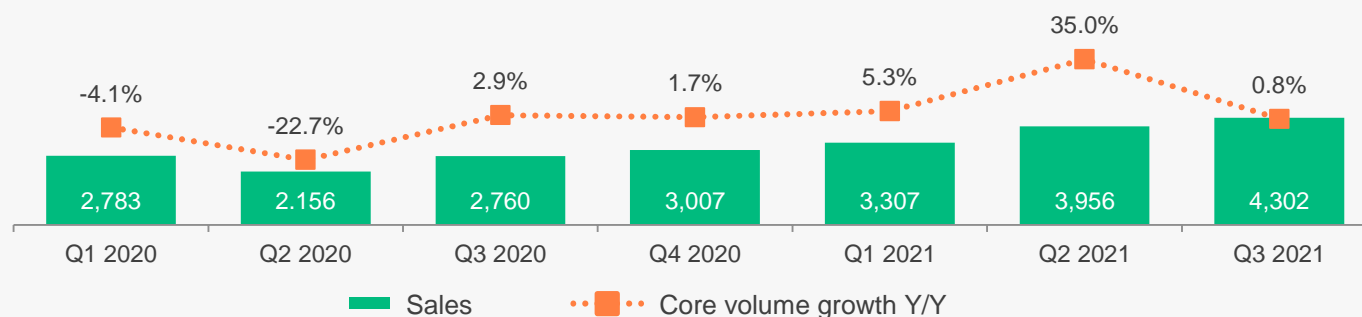
EBITDA continues on high level

Group results – Highlights Q3 2021



SALES AND CORE VOLUME GROWTH^(a)

in € million / changes Y/Y

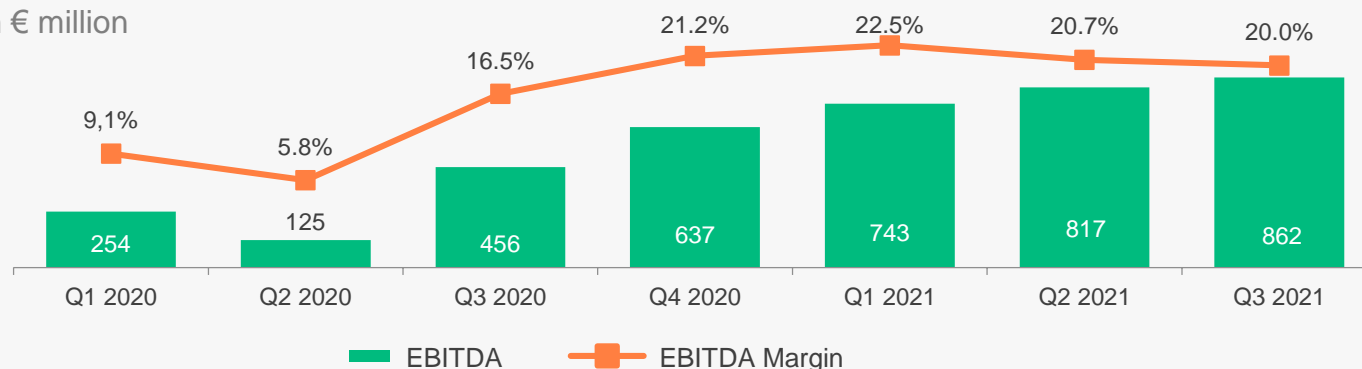


HIGHLIGHTS

- In Q3 2021, Covestro posted highest quarterly sales in its history
- Year-on-year increase mainly attributable to higher prices of €1.2bn and RFM^(b) sales of €0.3bn
- Sequentially, sales increase driven by higher volume and price

EBITDA AND MARGIN

in € million



HIGHLIGHTS

- In Q3 2021, EBITDA margin around 20% level in fourth consecutive quarter
- Sequentially, earnings increased due to higher volumes while pricing delta slightly negative
- EBITDA margin of 20.0% in Q3 2021 well below historic peak of 28.1% in Q1 2018

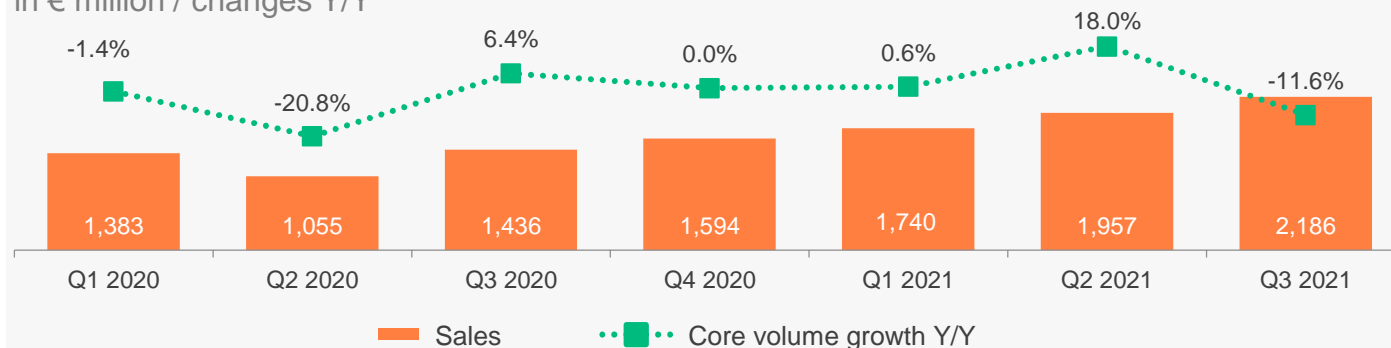
Performance Materials – highly positive pricing delta



Segment results – Highlights Q3 2021

SALES AND CORE VOLUME GROWTH^(a)

in € million / changes Y/Y

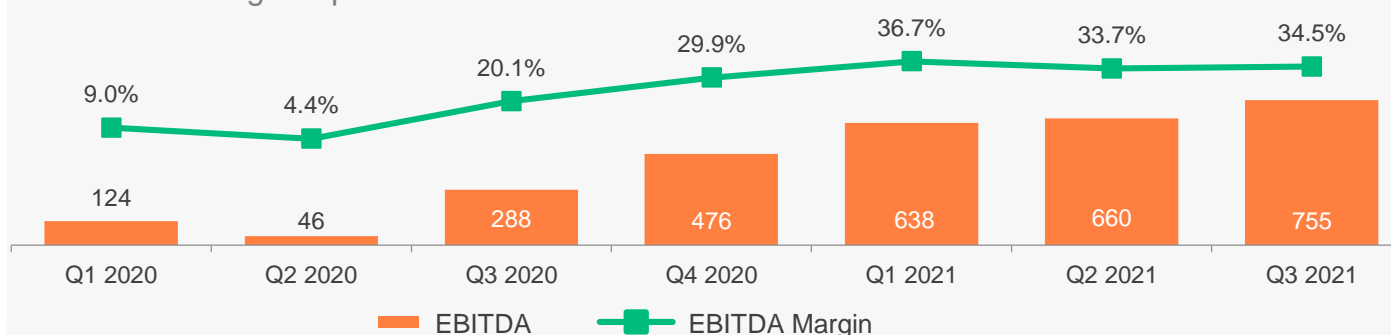


HIGHLIGHTS

- Core volume growth (in kt) of -11.6% Y/Y strongly impacted by continued constrained product availability and shortages of feedstocks, while underlying demand globally remained solid
- Sales increased by +52.2% Y/Y driven by price (+57.6%) and FX (+1.5%); negatively affected by volume (-6.9%)

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

- Compared to prior year, EBITDA increase driven by strong positive pricing delta, compensating higher provisions for variable compensation
- Sequentially, earnings increased due to higher volumes and positive pricing delta
- EBITDA margin of 25.6% in Q3 2021 (26.2% in 9M 2021) if adjusted for intersegment sales of €768m (€1,954m)

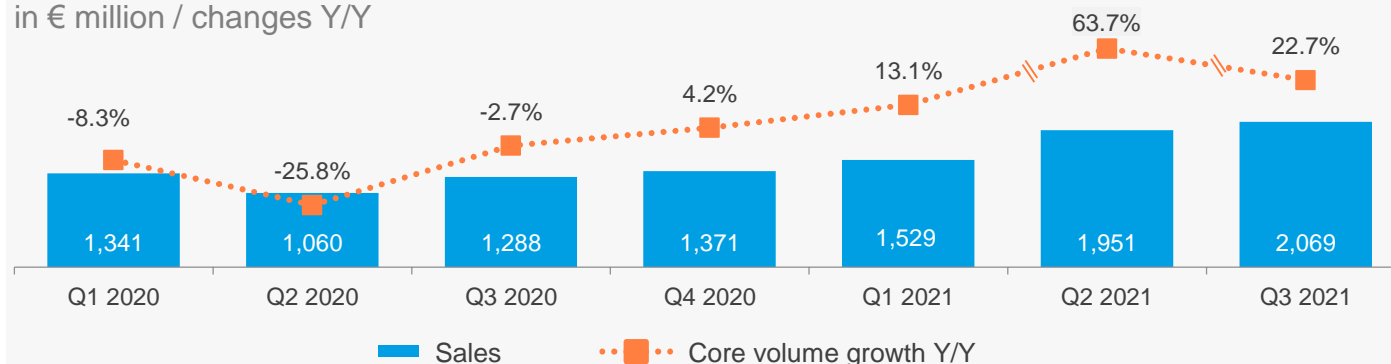
Solutions & Specialties – negative pricing delta

Segment results – Highlights Q3 2021



SALES AND CORE VOLUME GROWTH^(a)

in € million / changes Y/Y

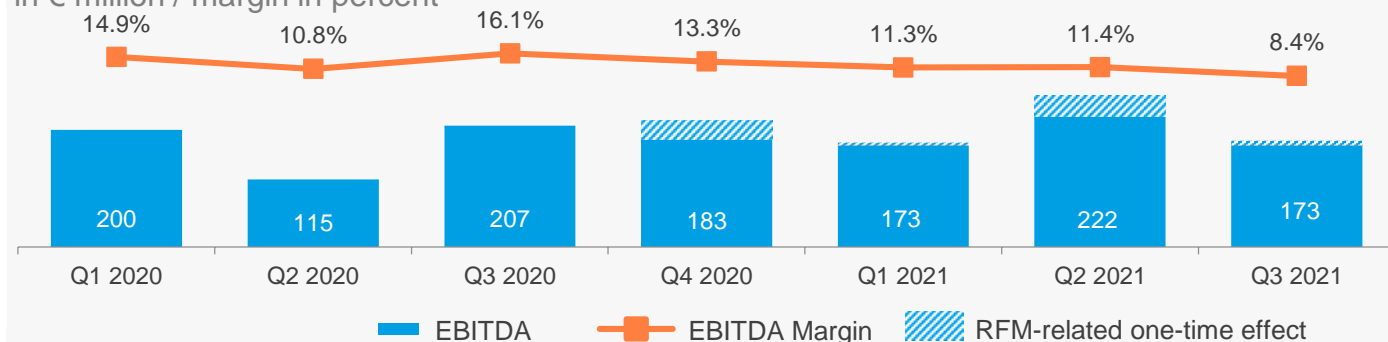


HIGHLIGHTS

- Core volume growth (in kt) of 22.7% Y/Y, including ~20pp from RFM^(b)
- Sales grew by +60.6% Y/Y, driven by price (+29.5%), portfolio (+22.4%, RFM^(b)), volume (+6.9%), and FX (+1.8%)

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

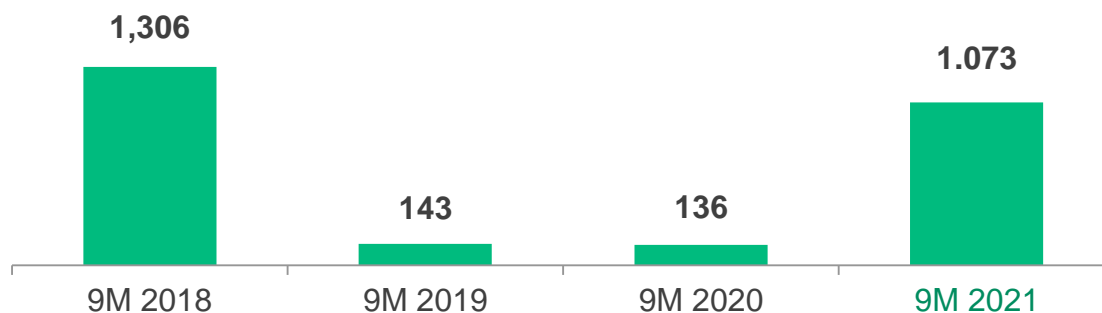
- Q3 2021 EBITDA includes negative one-time effects of €-8m related to RFM^(b)
- Compared to prior year, EBITDA decrease mainly due to negative pricing delta and higher provisions for variable compensation
- Sequentially, EBITDA decrease driven by negative pricing delta while volumes contributed positively

€1.1bn free operating cash flow in first nine months

Historical FOCF development



in € million



EBITDA	+2,907	+1,326	+835	+2,422
Changes in working capital^(a)	-568	+11 ^(d)	-119 ^(d)	-936
Capex^(b)	-429	-603	-463	-472
Income tax paid	-505	-265	-115	-309
Other effects	-99	-326 ^(d)	-2 ^(d)	+368

HIGHLIGHTS

- In Q3 2021, FOCF of €381m slightly above previous year (€361m in Q3 2020) as higher working capital^(a) and higher income tax paid compensated significantly higher earnings
- In 9M 2021, the EBITDA increase boosted FOCF development despite negative contribution from working capital^(a)
- Working capital to sales ratio^(c) at 21.3%
- Capex of €472m on budget and in line with FY 2021 guidance
- Income tax paid (in relation to pre-tax income) reflect lower income level in previous quarters
- ‘Other effects’ reflect provisions for variable compensation, cash-effective only in 2022

Note:

(a) Working capital includes changes in inventories, trade accounts receivable and trade accounts payable

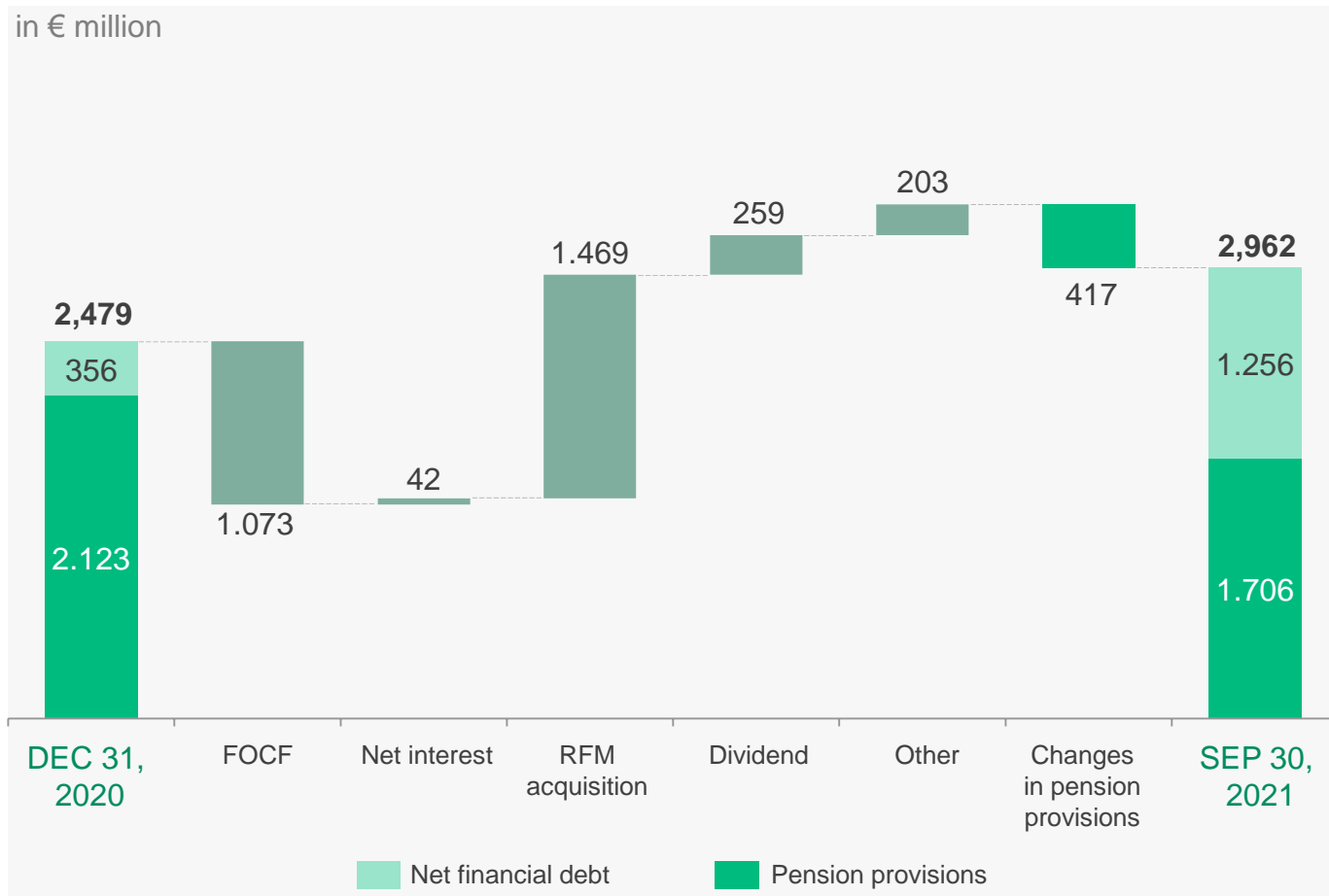
(b) Cash-relevant capex

(c) Method of calculation: Working Capital on September 30, 2021, divided by sales of last four quarters

(d) Prior year figures restated following change in presentation for rebates granted to customers, affecting trade accounts payable

Solid balance sheet after RFM closing

September 30, 2021 – Total net debt



HIGHLIGHTS

- Pension provisions decreased by €417m mainly resulting from higher discount rates in Germany
- Total net debt to EBITDA ratio^(a) of 1.0x at end of Q3 2021 vs. 2.9x at end of Q3 2020
- Equity ratio of 48% at end of Q3 2021 vs. 44% at end of FY 2020
- Committed to a solid investment grade rating

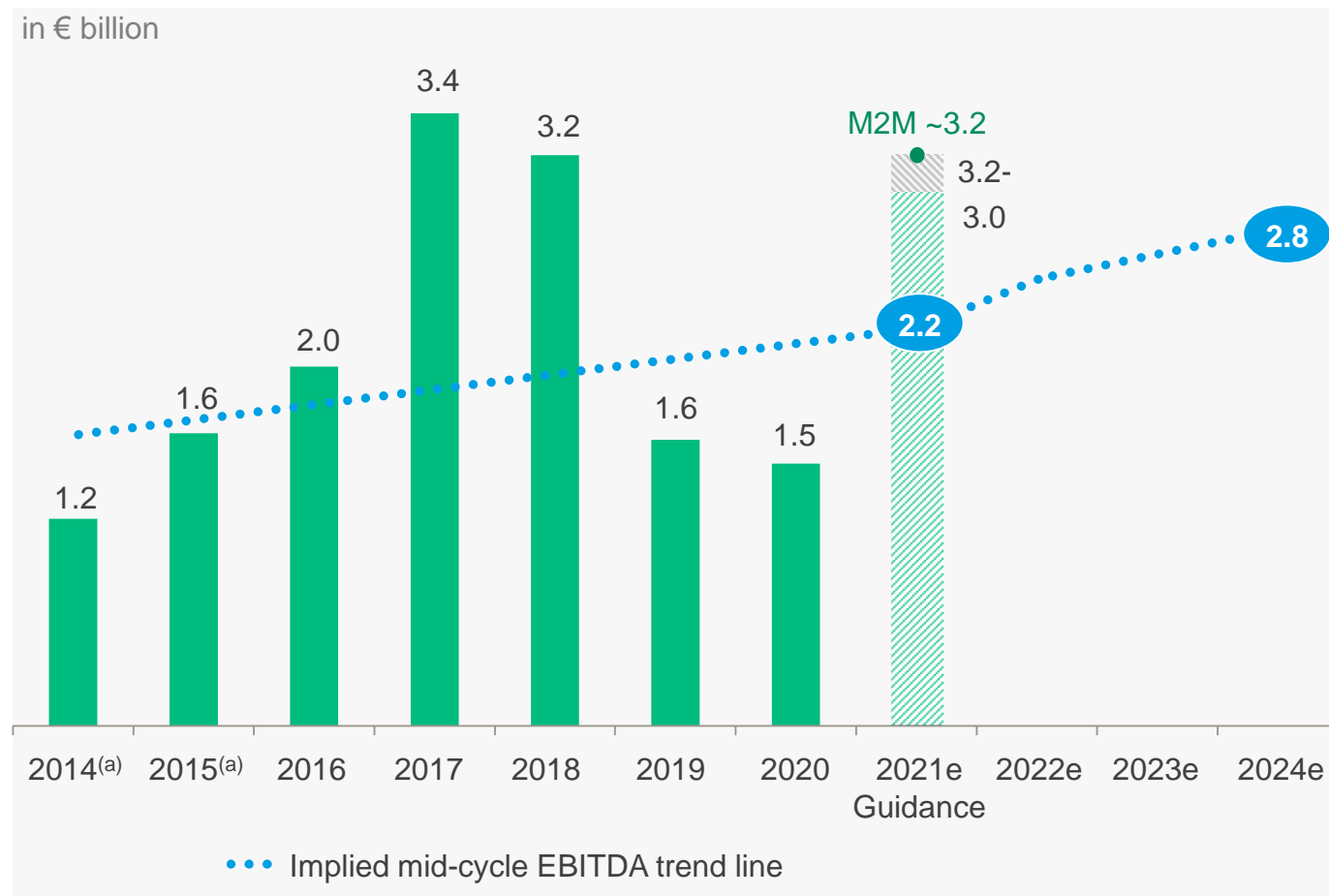
Liquidity at attractive rates

- Cash outflow for acquisition of RFM (less acquired cash) of €1.5bn as planned on April 1, 2021
- €500m Eurobond (placed in 2016, maturing in October 2021) repaid early on July 7, 2021
- Balance sheet with €1.2bn in cash, cash equivalents and current financial assets
- Undrawn syndicated revolving credit facility (RCF) of €2.5bn in place with ESG element

Relatively stable industry margins lead to outlook upgrade



EBITDA development between 2014 and 2021e



HIGHLIGHTS

EBITDA guidance of €3,000m – 3,200m in FY 2021

- Raised earnings guidance reflects further improved margin outlook for Q4 2021
- Includes RFM acquisition, closed on April 1, 2021
- Mark-to-market (M2M) EBITDA in FY 2021 of ~€3.2bn as of September 2021

EBITDA sensitivities for FY 2021

- Volume sensitivity: 1pp change in core volumes equals around +/- €60m, excluding RFM
- FX sensitivity: 1pp change equals +/- €8m for CNY/EUR and +/- €4m for USD/EUR

Future mid-cycle EBITDA

- In 2022, step-up from acquired RFM business, followed by realization of RFM synergies
- Until 2023, execution of LEAP transformation program
- In 2024, mid-cycle level raised to €2.8bn

Raised 2021 earnings outlook

Updated full year guidance



	FY 2020	Previous guidance FY 2021 (as of July 12, 2021)	Updated guidance FY 2021 (as of Nov 8, 2021)
Core volume growth	-5.6%	10 – 15% (t/o ~6%p RFM)	10 – 12% (t/o ~6%p RFM)
FOCF	€530m	€1,600m – 2,000m	€1,400m – 1,700m
ROCE	7.0%	16 – 20%	19 – 21%

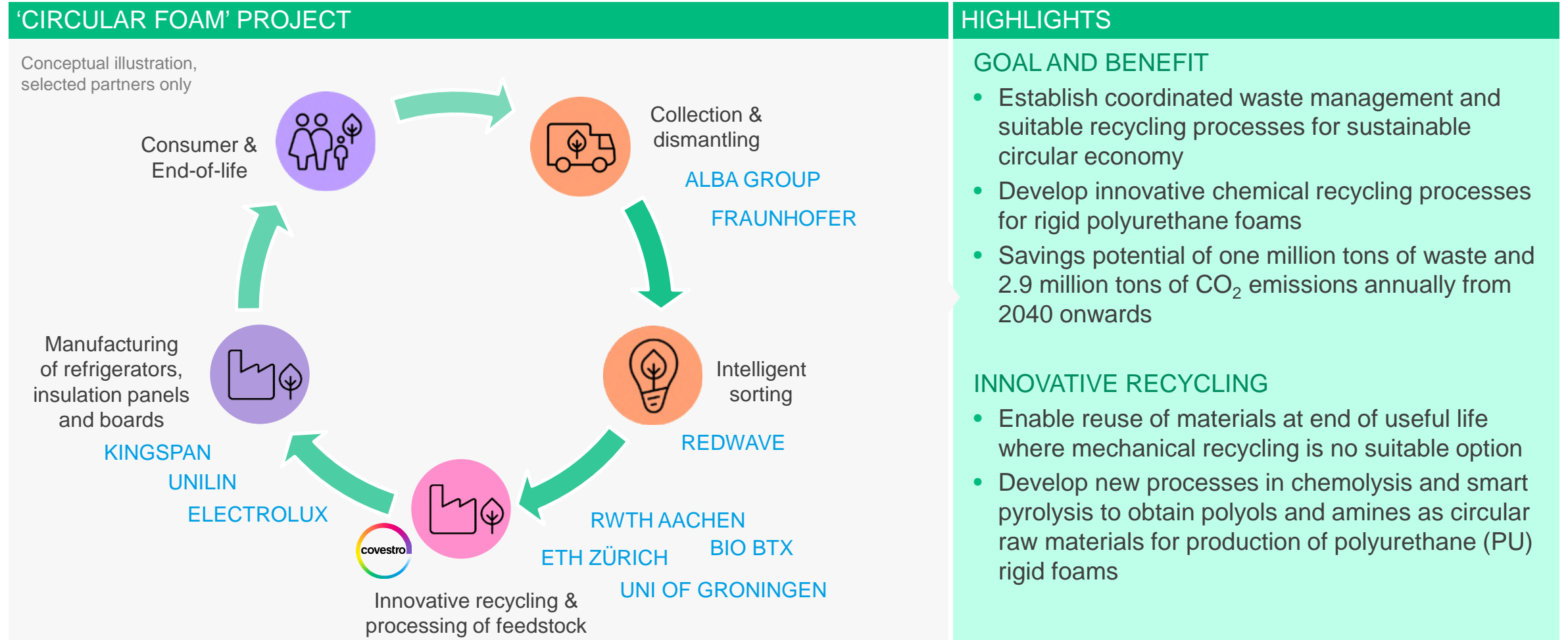
Additional financial expectations

EBITDA	€1,472m	€2,700m – 3,100m	€3,000m – 3,200m
D&A	€776m	~€900m	~€830m
Financial result	€-91m	~€-100m	~€-90m
P&L (effective) tax rate	25.0%	24 – 26%	24 – 26%
Capex ^(a)	€704m	~€800m	~€800m
Average number of outstanding shares (in million)	184.9	193.2	193.2

Circular Foam – closing the material cycle for PU rigid foams



Covestro-coordinated EU innovation project with 22 partners



New segment structure successfully implemented

Highlights Q3 2021



1

Volume growth limited by product availability
while helped by full consolidation of acquired RFM business

2

EBITDA increase driven by positive pricing delta
despite significantly higher raw material prices

3

Solid cash generation
based on high earnings, compensating higher working capital

4

Raised 2021 earnings outlook
reflecting relatively stable industry margins

5

Transformation program LEAP well on track
and new organizational set-up successfully implemented as of July 1, 2021



Appendix

Upcoming IR events



Find more information on covestro.com/en/investors

REPORTING DATES

- | | |
|------------------|---------------------------------|
| • March 1, 2022 | 2021 Annual Report |
| • May 3, 2022 | Q1 2022 Quarterly Statement |
| • August 2, 2022 | 2022 Half-Year Financial Report |

ANNUAL GENERAL MEETING

- | | |
|------------------|------------------------|
| • April 21, 2022 | Annual General Meeting |
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BROKER CONFERENCES

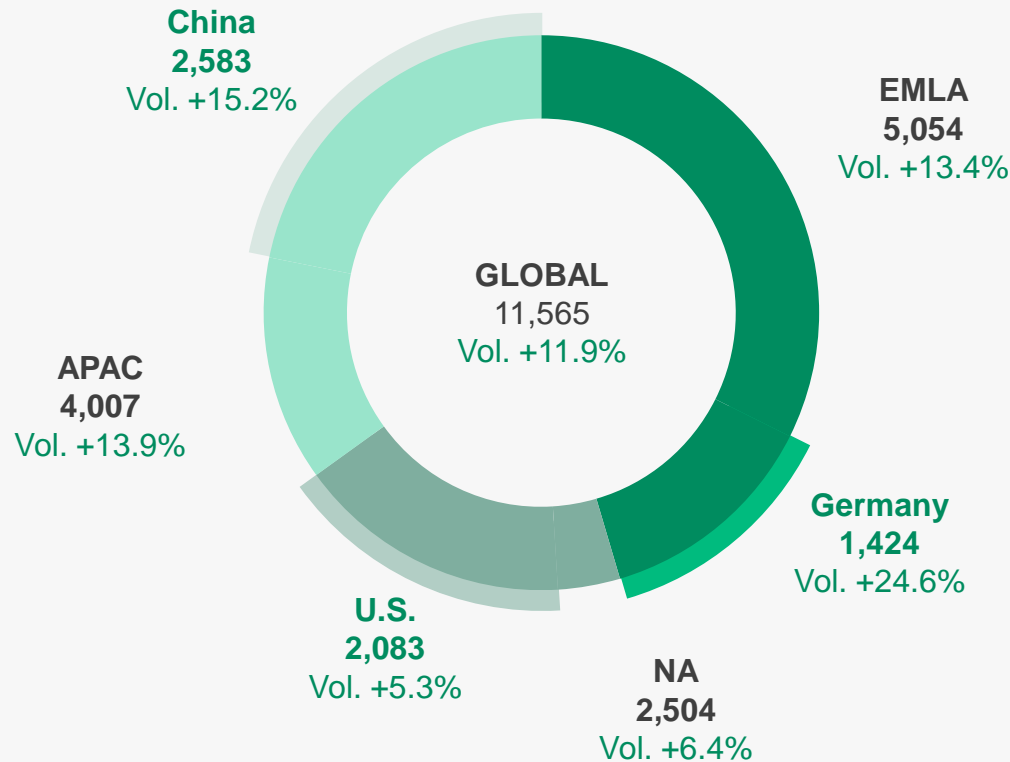
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| • November 11, 2021 | Morgan Stanley Global Chemicals, Agriculture, and Packaging Conference (virtual) |
| • November 29, 2021 | DZ Bank Equity Conference 2021 (virtual) |
| • November 30, 2021 | BofA Securities Materials & Infrastructure Conference 2021 (virtual) |
| • January 11, 2022 | Commerzbank & ODDO BHF German Investment Seminar 2022, New York |
| • January 17, 2022 | UniCredit & Kepler Cheuvreux German Corporate Conference 2022 (virtual) |

Demand rebound constrained by availability



9M 2021 – Regional split

Sales in € million
Core volume growth Y/Y in %

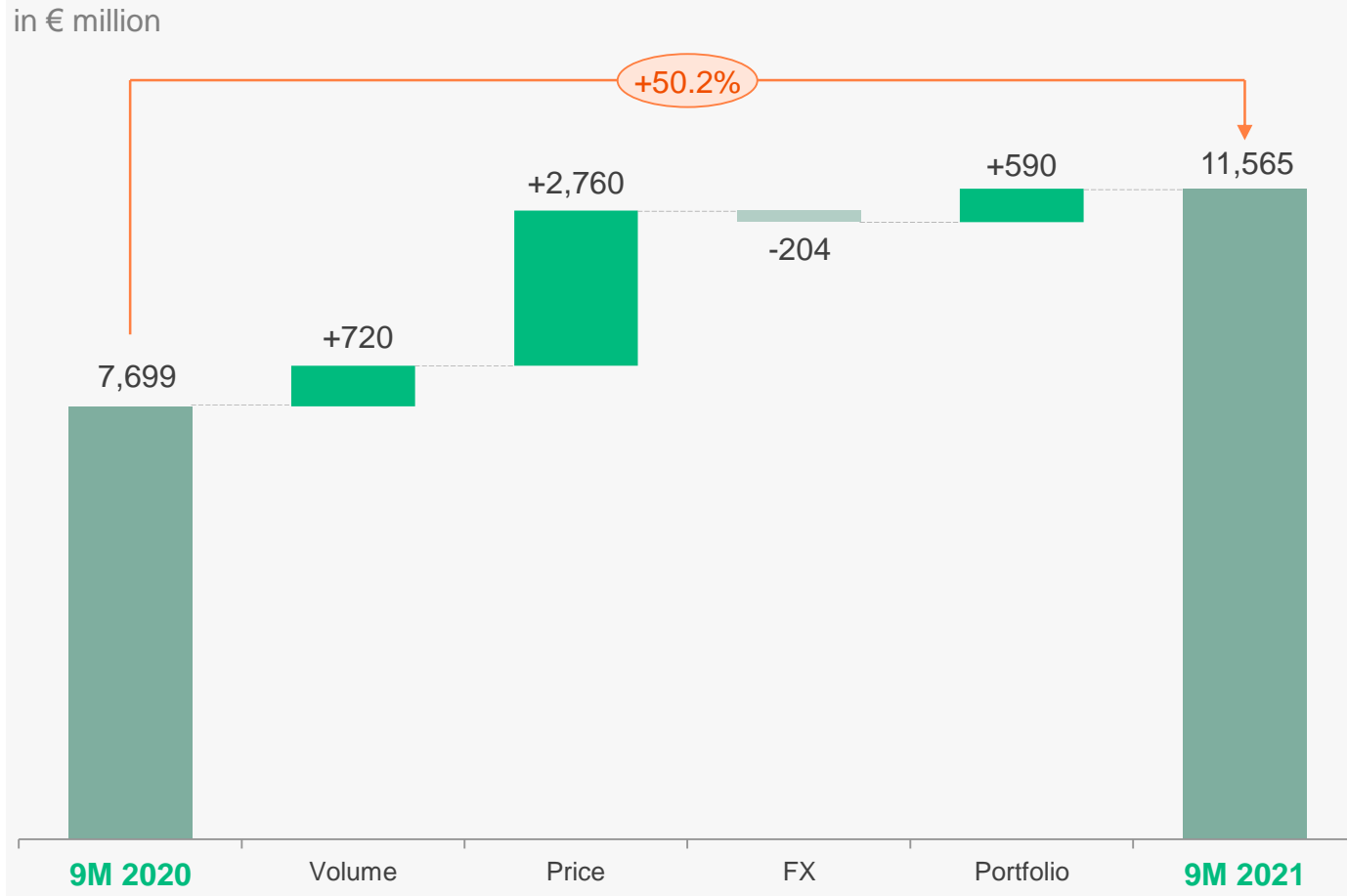


CORE VOLUME GROWTH Y/Y

- Globally strong demand rebound compared to weak prior year marked by coronavirus pandemic, yet growth constrained by product availability; consolidation of acquired RFM business contributed ~5pp:
 - Furniture/wood c. -3%, similar decline in all regions
 - Construction c. 0%, driven by EMLA and APAC
 - Auto/transport c. +23%, strong growth globally
 - Electro c. +12%, with growth in all regions
 - Divers c. +31%, including total RFM volumes
- APAC: double-digit growth rates in auto and electro, volumes in construction and furniture/wood around prior year
- EMLA: double-digit growth rates in auto; electro and construction up Y/Y, furniture/wood down Y/Y
- NA: double-digit growth rates in auto; volumes in construction and furniture/wood below prior year, electro above prior year

Significantly higher prices pushed sales growth

9M 2021 – Sales bridge



HIGHLIGHTS

Volume positive

- Volume increased by +9.3% Y/Y (in €) – excluding RFM^(a) – mainly driven by S&S, compared to weak prior year
- Volume growth limited by constrained product availability, mainly in U.S. and Europe

Pricing highly positive

- Higher selling prices, mainly in PM, drove sales by +35.8% Y/Y

FX negative

- FX affected sales by -2.6% Y/Y mainly driven by weaker USD, INR, JPY and BRL

Portfolio positive

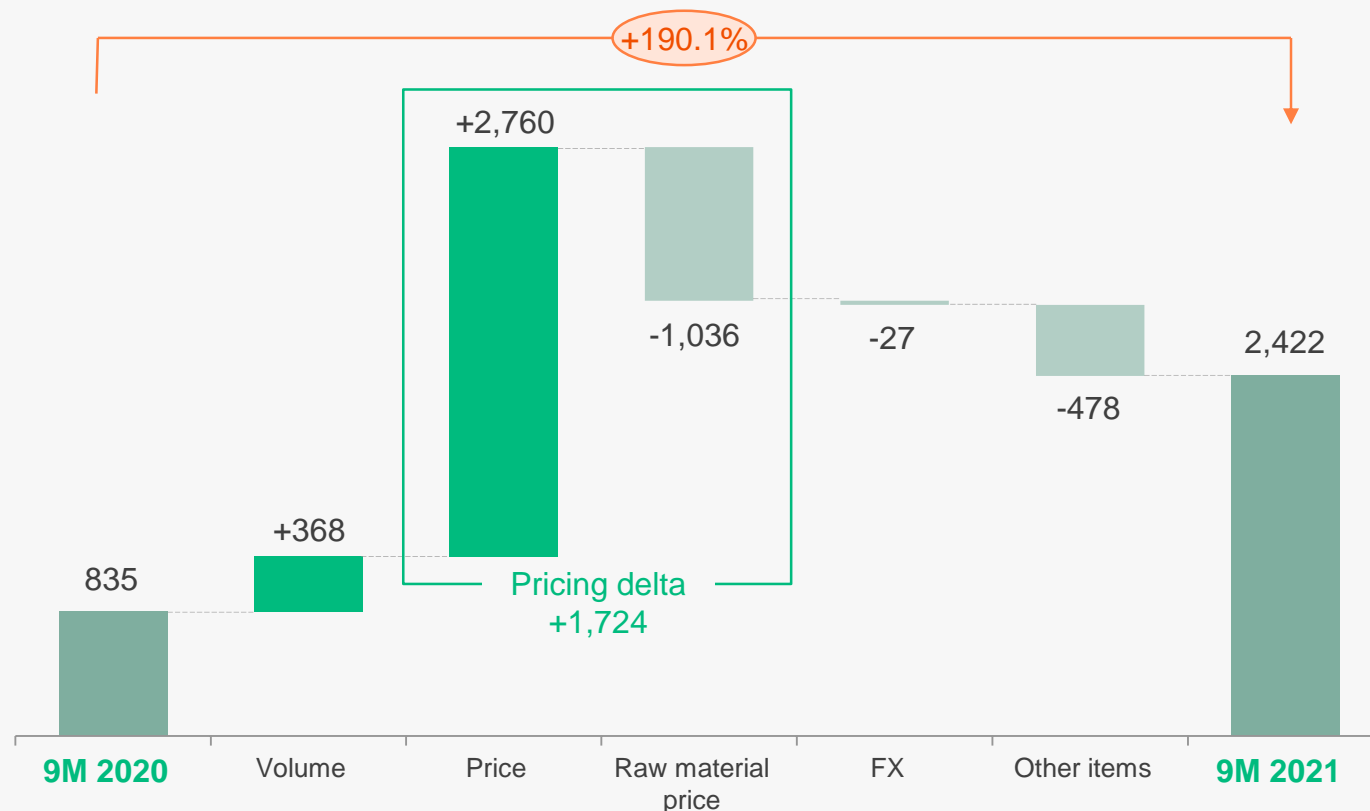
- RFM^(a) increased sales by +7.7% Y/Y

Earnings tripled due to positive pricing delta

9M 2021 – EBITDA bridge



in € million



HIGHLIGHTS

Positive volume leverage^(a)

- Attractive volume leverage of 51.1%
- Prior year basis burdened by global coronavirus pandemic

Highly positive pricing delta

- Vast majority contributed by PM

Slightly negative FX

- Translational effects

'Other items' include:

- €-373m linked to higher provisions for variable compensation
- €-43m negative one-time effects related to the acquired RFM business^(b)
- €-31m negative one-time effects related to LEAP transformation program