



# Strong volume rebound

Financial Highlights  
Q1 2024



# 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](http://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 Q1 2024



**11%**  
Sales volume  
growth

A pink icon of a balance scale, symbolizing measurement or growth.

**€3.5bn**  
Sales

A blue icon of a bar chart with an upward-pointing arrow, representing sales or revenue.

**€273m**  
EBITDA

An orange icon showing a plus sign, a minus sign, and an equals sign, representing financial metrics.

**€-129m**  
FOCF

A purple icon of a banknote with a Euro symbol, representing Free Cash Flow.

**FY 2024**  
Guidance confirmed

A yellow icon of a gear with a Euro symbol and a curved arrow, representing fiscal year guidance.

# Expanding technology leadership in Engineering Plastics

## Solutions & Specialties: Inauguration of new PC copolymer plant



### ENGINEERING PLASTICS – PC-COPOLYMER PLANT ANTWERP

Polycarbonate-copolymers: Integration of new molecules into the polymeric chain (e.g. silicone)



#### Investment facts & figures:

-  Invest: mid-double-digit € million
-  Production start: ramp-up Q2 '24
-  EBITDA contribution p.a.: low double-digit € million

- Full integration into existing on-site polycarbonate plant
- Plant uses a new proprietary solvent-free technology
- Reduces complexity and improves sustainability
- New plant comprises a pilot plant for tests and upscaling and a full production line

### INNOVATION & APPLICATIONS

#### Key product features:

- Copolymers: easy integration of new features/properties
- Reduced time to market with new solvent free technology

#### Core industries:

Mobility



Healthcare



Electro/  
Electronics



### HIGHLIGHTS



Increase  
S&S EBITDA



Downstream  
business  
volume growth



New process  
without solvents




# Investing in plant output, reliability and energy efficiency

## Performance Materials: TDI plant debottlenecking



### TDI – PLANT DORMAGEN MODERNIZATION

#### Investment facts & figures:

-  Invest: mid-double-digit € million
  -  Modernization & expansion stepwise 2023-2025
  -  EBITDA contribution p.a.: low double-digit € million
- 
- Proprietary gas-phase phosgenation technology with ~60% lower energy demand and ~80% less solvent vs conventional TDI plants
  - Funding by the German Federal Ministry of Economic Affairs and Climate Action



**Debottlenecking**  
Increase of capacity to 280kt



**Reliability**  
Several measures on TDI and TDA precursor plant to increase plant availability



**Efficiency**  
Further improved efficiency and reduced CO<sub>2</sub> emissions by 22 kt<sup>(2)</sup>



### FINANCIAL IMPACT



EBITDA increase in PM



Mid-single-digit % volume growth



Expand cost leadership



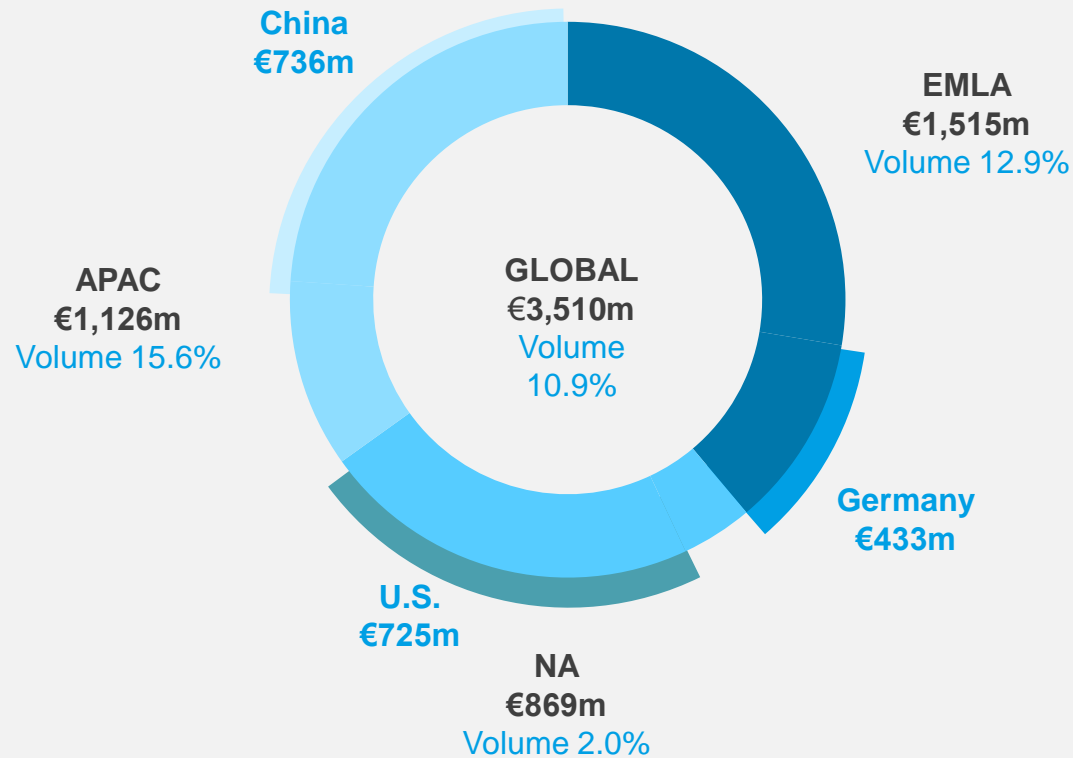
EBITDA impact of CO<sub>2</sub> savings low-single digit million €<sup>(1)</sup> p.a.

# Volume recovery in APAC and EMLA

## Q1 2024 – Regional split



Sales volume Y/Y



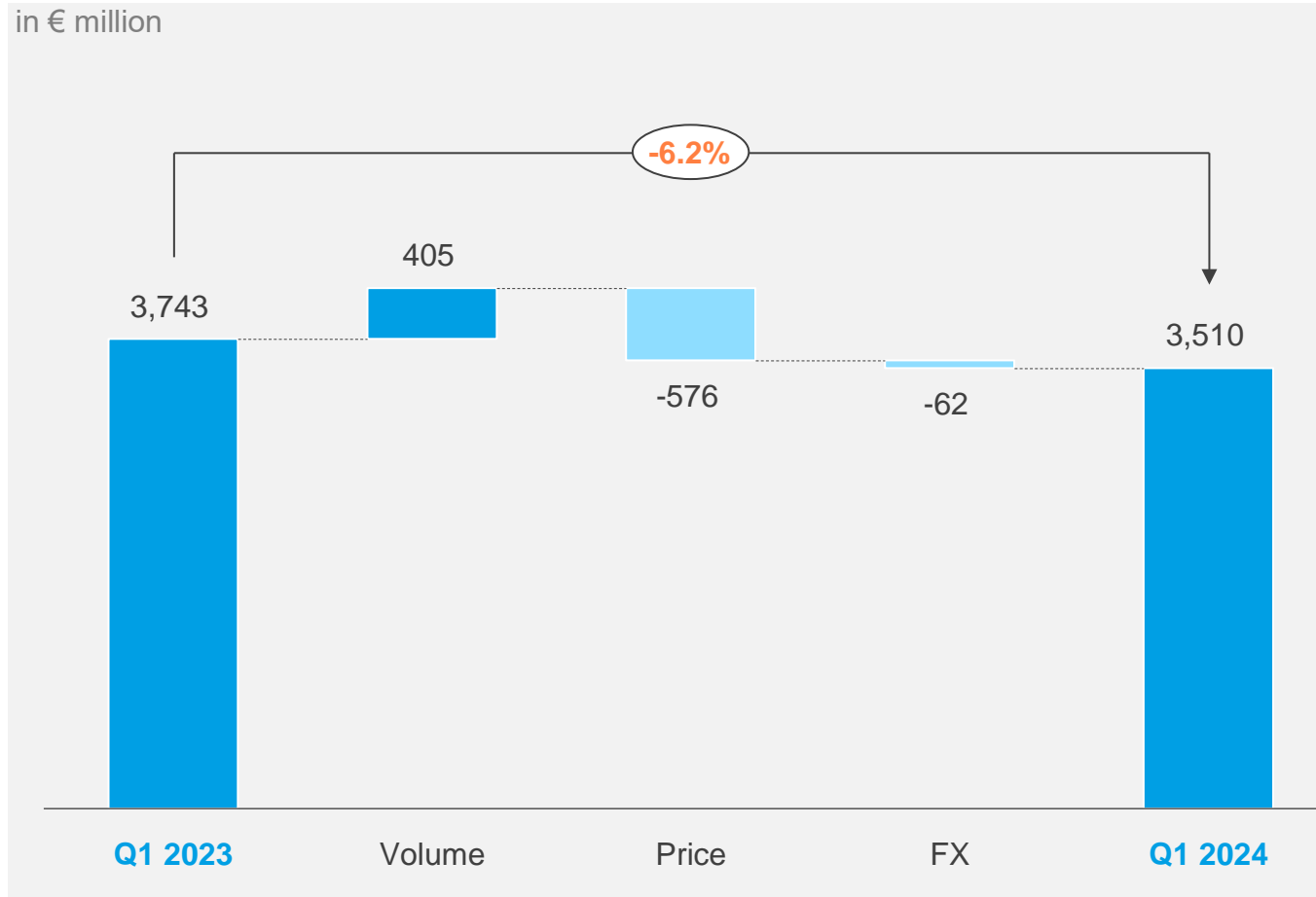
### HIGHLIGHTS

- Year-over-year positive volume development across all industries:
  - **Construction** high teens % increase
  - **Furniture/wood** high single-digit % increase
  - **Electro** high single-digit % increase
  - **Auto** mid-single-digit % increase
- **EMLA:** Strong volume push after fully resolved technical limitations; particularly in construction, furniture/wood and electro while auto with slight increase
- **NA:** Construction with slight increase while furniture/wood, electro and auto slightly decline
- **APAC:** Furniture/wood, auto and construction exhibiting strong growth while electro with slight growth

# Sales down due to lower prices despite strong volume growth



## Q1 2024 – Sales bridge



### HIGHLIGHTS

#### Volume positive

- Volume increase of 10.9% Y/Y
- Performance Materials with 17.3% Y/Y growth while Solutions & Specialties with 5.9% Y/Y increase

#### Pricing negative

- Pricing affected sales by -15.4%
- Performance Materials with -21.3% Y/Y whereas Solutions & Specialties with -10.4% Y/Y development

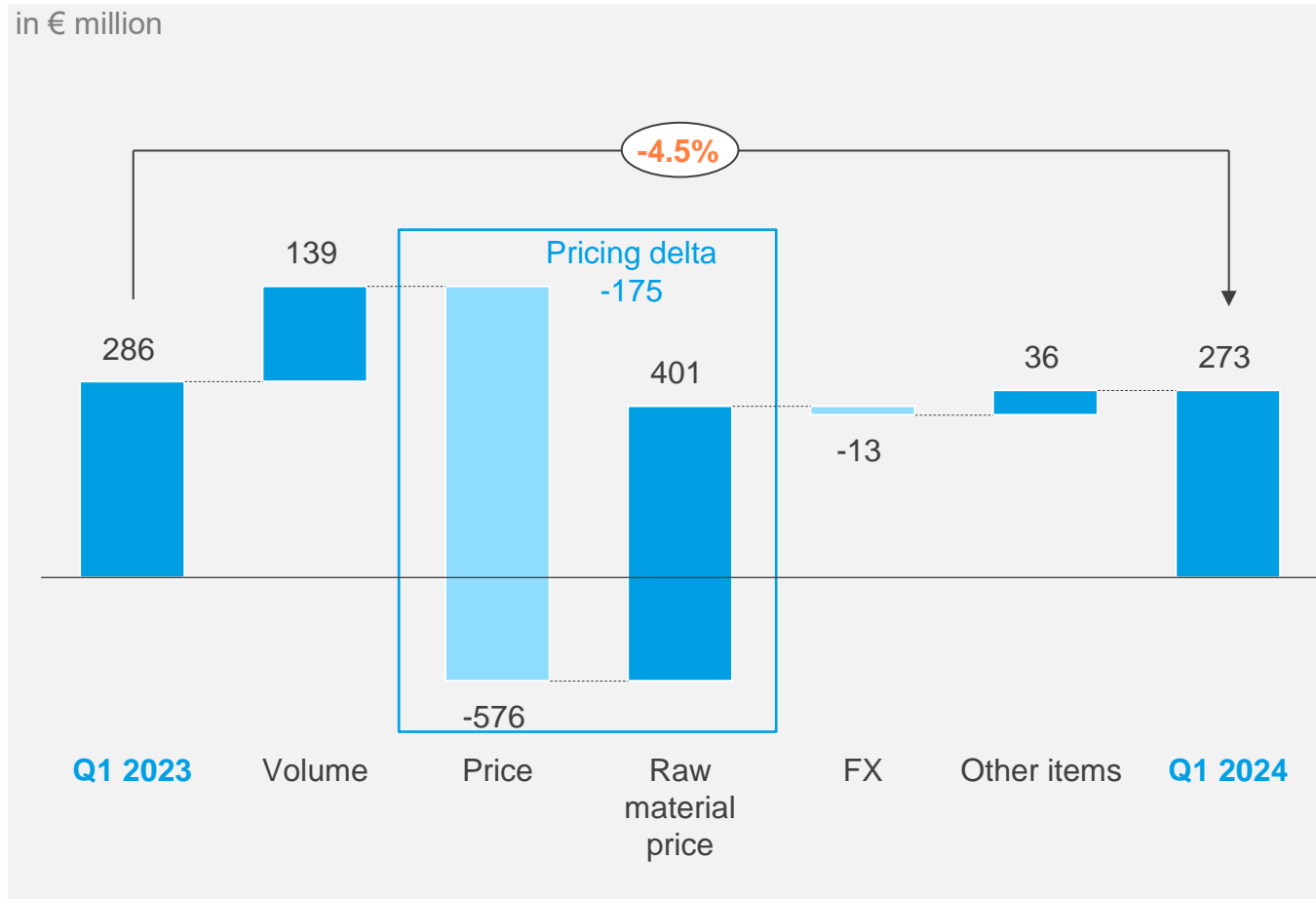
#### FX negative

- FX affected sales by -1.7% Y/Y mainly driven by the weaker Chinese Renminbi

# Flattish EBITDA with positive volume but negative pricing delta



## Q1 2024 – EBITDA bridge



### HIGHLIGHTS

#### Positive volume

- Volume leverage<sup>(1)</sup> of 34%
- Volume leverage below long-term average due to low margins per ton reflecting the stage of the cycle

#### Negative pricing delta

- Negative pricing delta due to unfavorable supply-demand balance

#### Other items

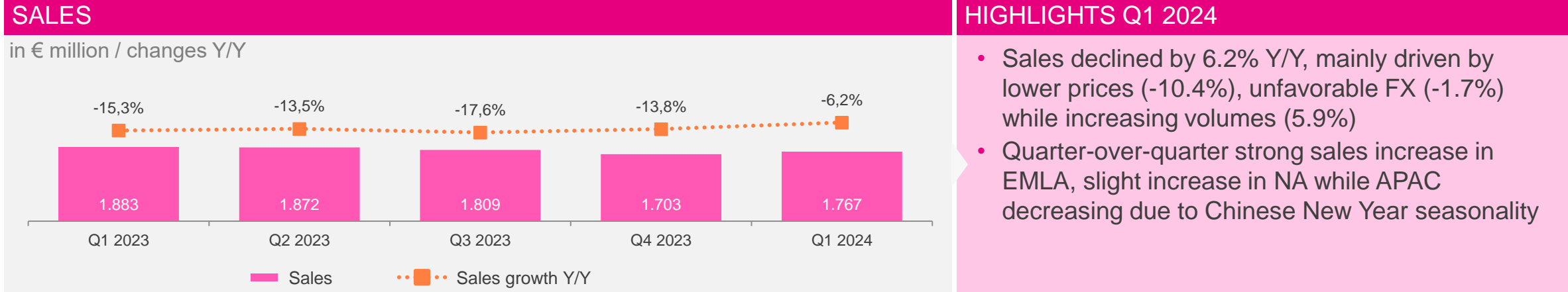
- Mainly due to lower fixed cost
- Also benefitted from slightly lower LTI/STI provisions of €5m mainly driven by the share-based incentive program (LTI)



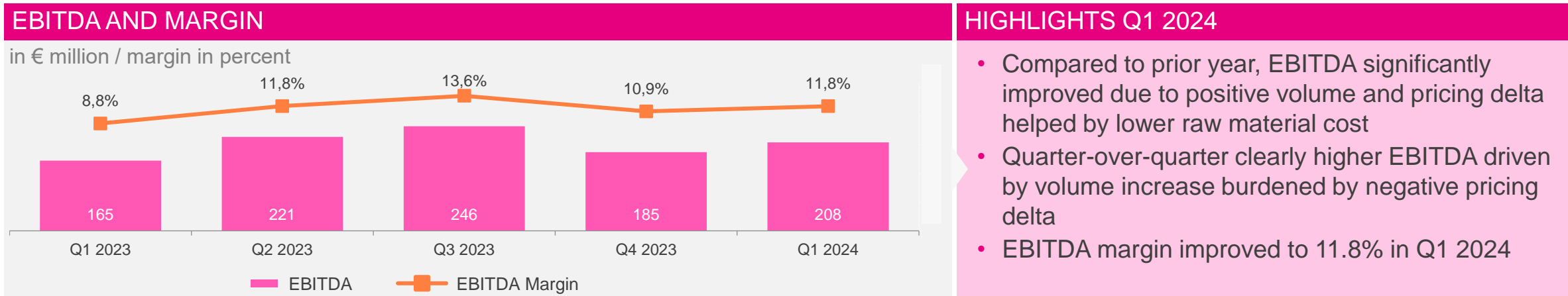
# Solutions & Specialties – positive pricing delta and higher volumes



## Segment results – Highlights Q1 2024



- ### HIGHLIGHTS Q1 2024
- Sales declined by 6.2% Y/Y, mainly driven by lower prices (-10.4%), unfavorable FX (-1.7%) while increasing volumes (5.9%)
  - Quarter-over-quarter strong sales increase in EMLA, slight increase in NA while APAC decreasing due to Chinese New Year seasonality



- ### HIGHLIGHTS Q1 2024
- Compared to prior year, EBITDA significantly improved due to positive volume and pricing delta helped by lower raw material cost
  - Quarter-over-quarter clearly higher EBITDA driven by volume increase burdened by negative pricing delta
  - EBITDA margin improved to 11.8% in Q1 2024

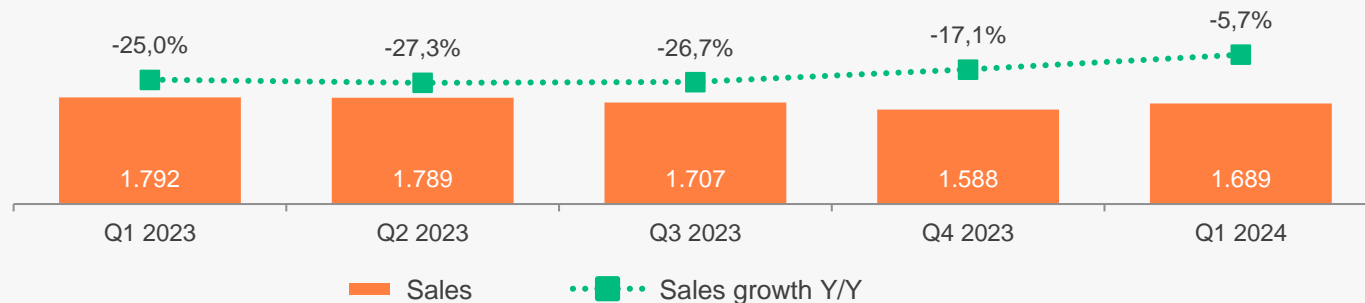
# Performance Materials – strong volume rebound



## Segment results – Highlights Q1 2024

### SALES

in € million / changes Y/Y

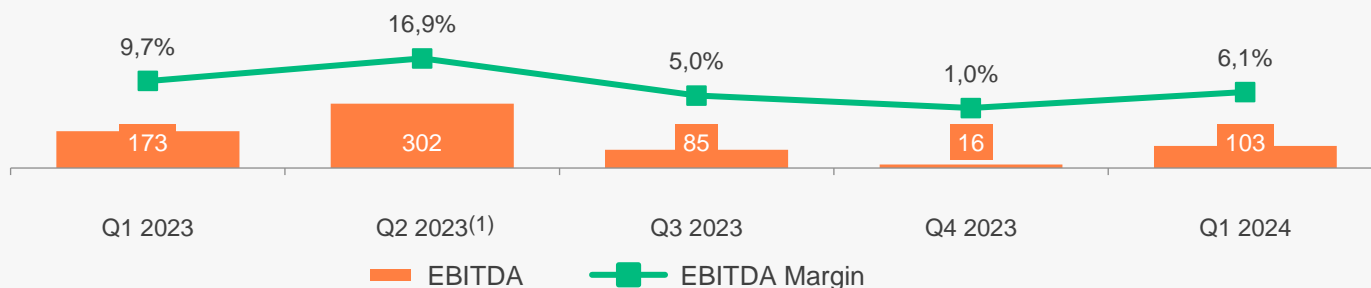


### HIGHLIGHTS Q1 2024

- Sales decreased by 5.7% Y/Y driven by price (-21.3%) and FX effect (-1.7%) partly compensated by positive volume (+17.3%)
- Quarter-over-quarter, strong sales increase in EMLA, slight increase in APAC and NA flat; sequentially positive volume growth in all regions continued

### EBITDA AND MARGIN

in € million / margin in percent



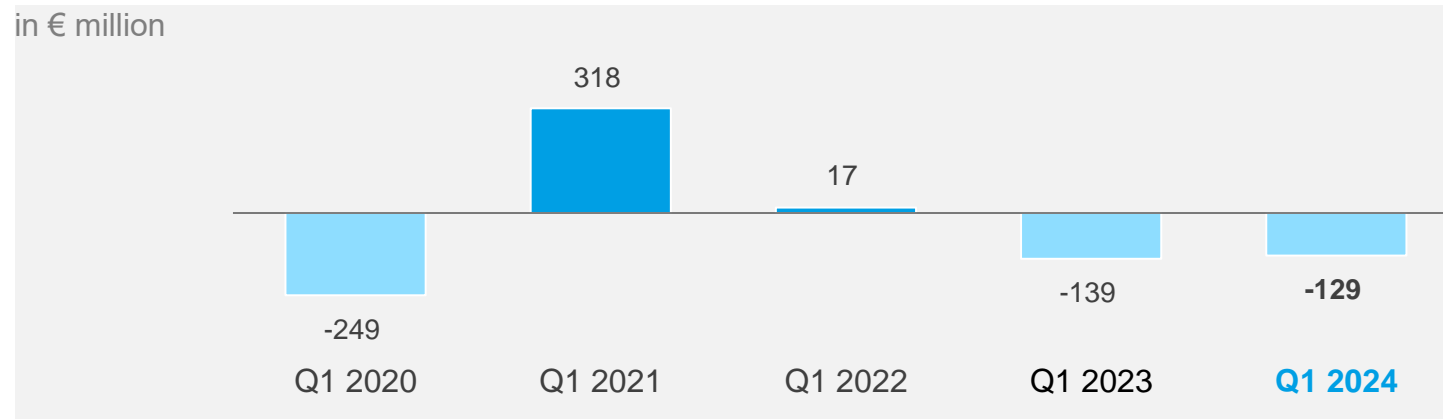
### HIGHLIGHTS Q1 2024

- Compared to prior year, EBITDA declined due to negative pricing delta and FX, partly compensated by increasing volumes and lower fixed costs
- Quarter-over-quarter, significantly higher EBITDA driven by positive volumes, higher inventories and positive pricing delta

# Seasonally negative FOCF due to WOC increase



## Historical FOCF development



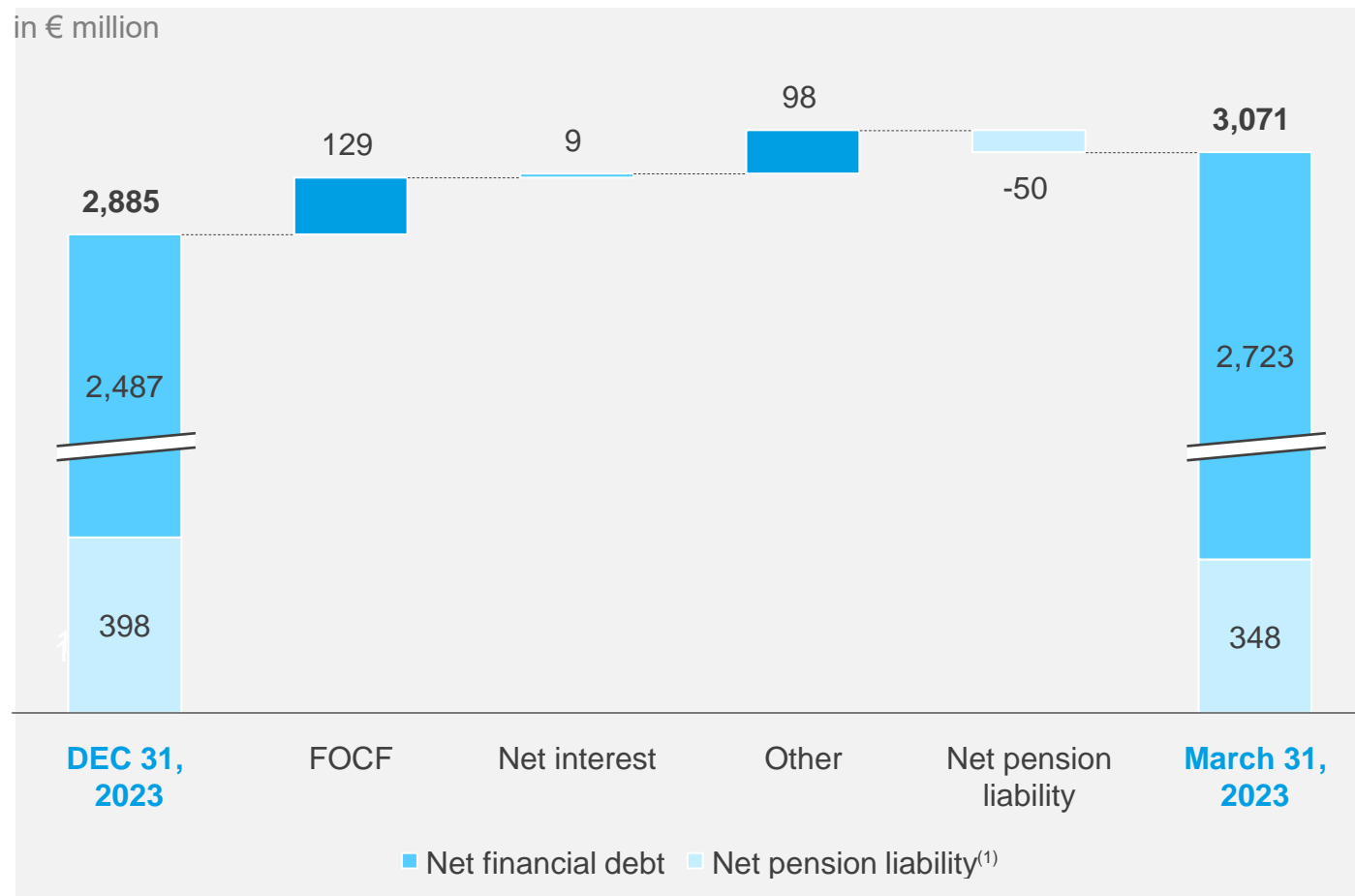
<b>EBITDA</b>	+254	+743	+806	+286	<b>+273</b>
<b>Changes in working capital<sup>(1)</sup></b>	-242	-346	-627	-257	<b>-229</b>
<b>Capex<sup>(2)</sup></b>	-139	-110	-140	-120	<b>-106</b>
<b>Income tax paid</b>	-90	-50	-98	-22	<b>-38</b>
<b>Other effects<sup>(3)</sup></b>	-32	+81	+76	-26	<b>-29</b>

### HIGHLIGHTS

- FOCF slightly improved to €-129m year-over-year
- Working capital to sales ratio<sup>(4)</sup> increased to 18.8% (Q1 2023: 17.5%), driven by steadily declining sales despite significantly lower absolute working capital
- Year-over-year capex slightly lower due to reduced expenses for investment projects underlining capex saving ambitions

# Total net debt burdened by negative FOCF

March 31, 2024 – Total net debt

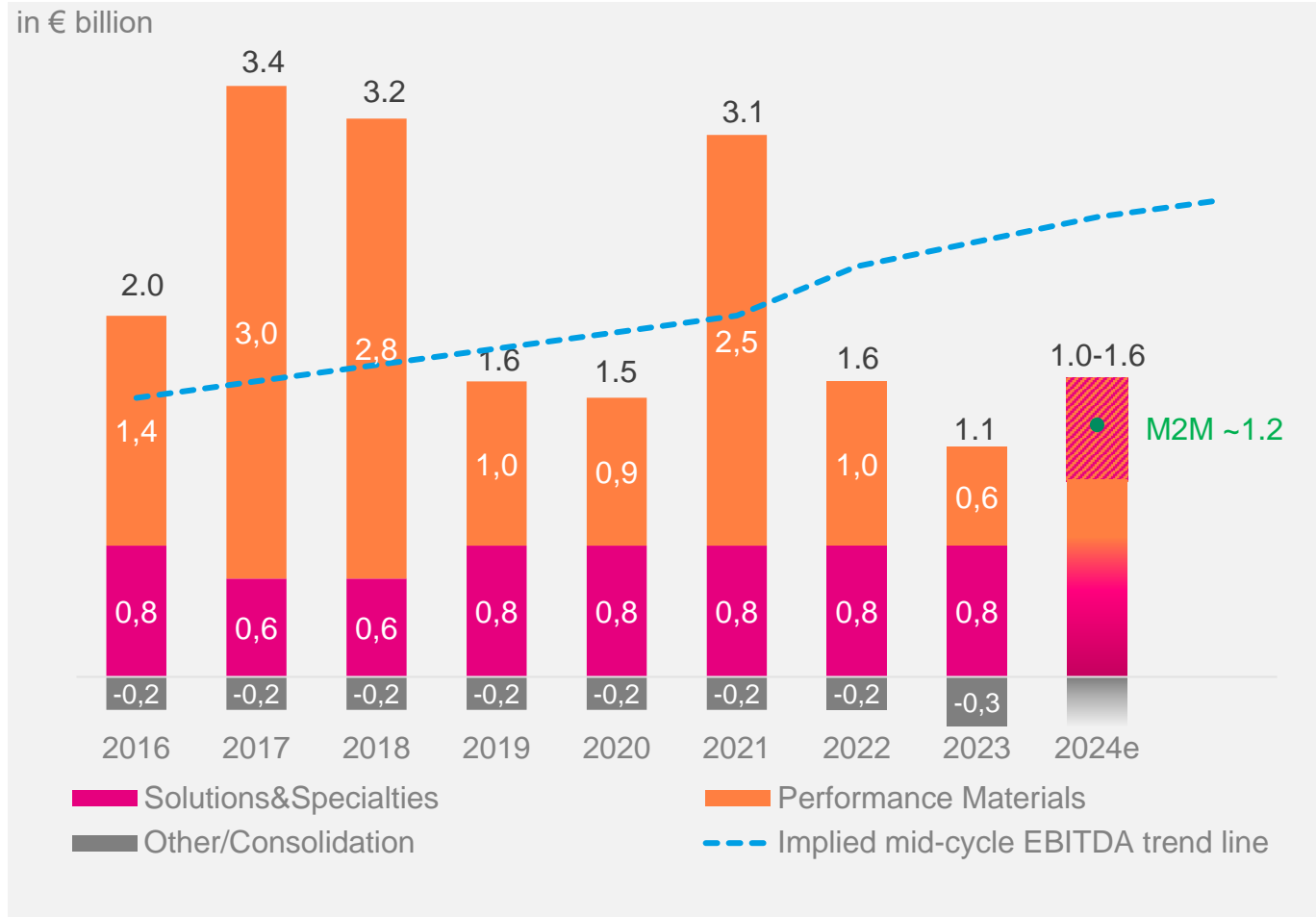


## HIGHLIGHTS

- Total net debt to EBITDA ratio<sup>(2)</sup> of 2.9x at the end of Q1 2024 compared to 2.7x at the end of Q4 2023
- Increased net debt to EBITDA ratio reflects the cyclical nature of Covestro's business and is expected to be only temporary
- Others mainly driven by lease contracts
- No financial covenants in place
- Committed to a solid investment grade rating; Baa2 with stable outlook confirmed by Moody's in June 2023

# FY 2024 EBITDA guidance confirmed

## EBITDA development between 2016 and 2024e



### HIGHLIGHTS

#### EBITDA FY 2024:

- EBITDA 2024 confirmed between €1.0 and 1.6bn

#### Mark-to-market (M2M):

- Mark-to-market (M2M) EBITDA for FY 2024 around €1.2bn; theoretical calculation based on April 2024 margins flat forward and budget assumptions for 2024

#### Mid-cycle EBITDA:

- Mid-cycle definition: Respective year's EBITDA performance under average market conditions
- In 2022, mid-cycle EBITDA additionally increased due to RFM acquisition
- Mid-cycle EBITDA expected to yearly increase based on capacity additions

#### Global demand outlook 2024:

- Unchanged outlook for global GDP and most of Covestro's key customer industries
- Slight uptick for electro and appliances

# FY 2024 guidance confirmed

## Full year guidance 2024



	FY 2023	GUIDANCE FY 2024 <i>confirmed</i>
EBITDA	€1,080m	€1,000 to 1,600m
FOCF	€232m	€0 to 300m
ROCE above WACC <sup>(1)</sup>	-6.1pp	-7 to -2pp
GHG emissions (scope 1 and 2)	4.9m tons	4.4 to 5.0m tons

### Additional financial expectations

Sales	€14.4bn	€14.0 to 15.0bn
EBITDA Q2	€385m	€270 to 370m
D&A	€894m	~€850m
Financial result	€-113m	€-120 to -160m
Income tax	€275m	€250 to 350m
Capex <sup>(2)</sup>	€765m	~€800m

### HIGHLIGHTS

#### 2024 FX sensitivity

- 1pp change equals  
+/- €10m for CNY/EUR (basis 7.80)  
+/- €5m for USD/EUR (basis 1.10)

#### FOCF range

- Smaller range compared to EBITDA due to counterbalancing working capital effects

#### GHG emissions

- GHG range mainly driven by expected increase in production volumes offset by EEG exit in Germany

#### Income tax

- Income tax driven by unfavorable geographical earnings mix (non-deductible losses in Germany)
- Long-term tax rate estimated between 24-26%<sup>(3)</sup>

# Strong volume rebound

## Q1 2024 Highlights



1

Strong volume increase by 11%  
driven by higher demand and improved internal availability

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2

Sales decreased to €3.5bn  
caused by lower prices and unfavorable FX while volumes increased

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3

EBITDA Q1 2024 of €273m close to upper end of guidance range  
burdened by negative pricing delta and FX

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4

Seasonally solid FOCF of €-129m  
supported by successful capex and working capital management

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5

FY 2024 guidance confirmed  
with an expected EBITDA of €1.0 to 1.6bn

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# Questions & Answers

## Q1 2024 Earnings Call

### Remarks:

- Please use hand raise function to verbally ask questions
- For posted questions, please use the „Q&A“ / „F&A“ tab





# Appendix

# Upcoming IR events



Find more information on [covestro.com/en/investors](https://covestro.com/en/investors)

## REPORTING DATES

- |                     |                                 |
|---------------------|---------------------------------|
| • July 30, 2024     | 2024 Half-Year Financial Report |
| • October 29, 2024  | Q3 2024 Quarterly Statement     |
| • February 26, 2025 | 2024 Annual Report              |

## ANNUAL GENERAL MEETING

- |                  |                        |
|------------------|------------------------|
| • April 17, 2025 | Annual General Meeting |
|------------------|------------------------|

## CORPORATE EVENTS

- |                 |                                 |
|-----------------|---------------------------------|
| • June 27, 2024 | Capital Markets Day, Leverkusen |
|-----------------|---------------------------------|

## BROKER CONFERENCES

- |                   |   |
|-------------------|---|
| • May 14, 2024    | Citi, European Chemicals Conference, London           |
| • May 15-16, 2024 | UBS, Best of Europe 1on1 Conference, virtual          |
| • May 23, 2024    | Deutsche Bank, dbAccess European Champions Conference |
| • May 29, 2024    | Kepler Cheuvreux, ESG Conference, virtual             |
| • June 4-5, 2024  | Exane, BNP Paribas Exane 26th CEO Conference, Paris   |