



# Focussing on our strengths

Roadshow presentation



# Covestro is diversified across geographies and end-markets



## Key performance indicators and sales split



Sales  
2024



EBITDA  
2024

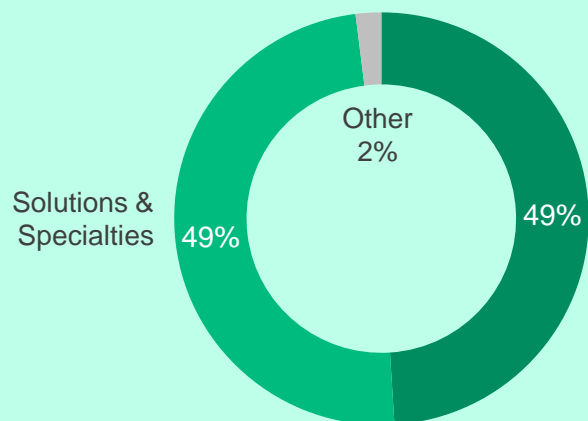


FOCF  
2024



ROCE above WACC  
2024

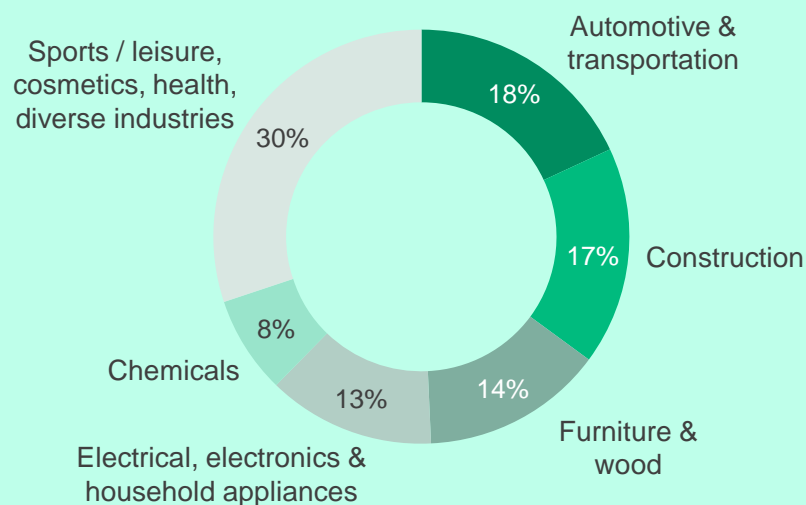
2024 sales



Performance  
Materials

Solutions &  
Specialties

Other  
2%



Automotive &  
transportation

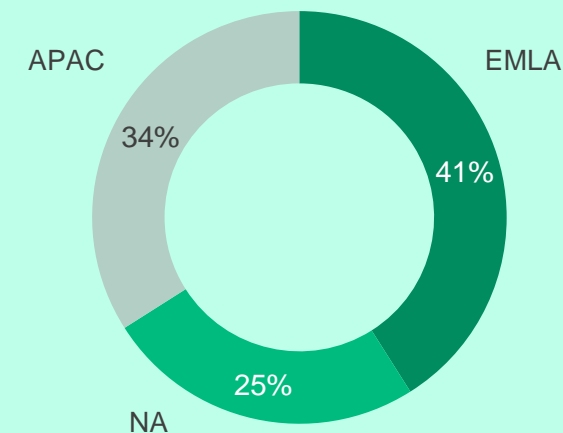
Construction

Furniture &  
wood

Electrical, electronics &  
household appliances

Chemicals

Sports / leisure,  
cosmetics, health,  
diverse industries



EMLA

NA

APAC

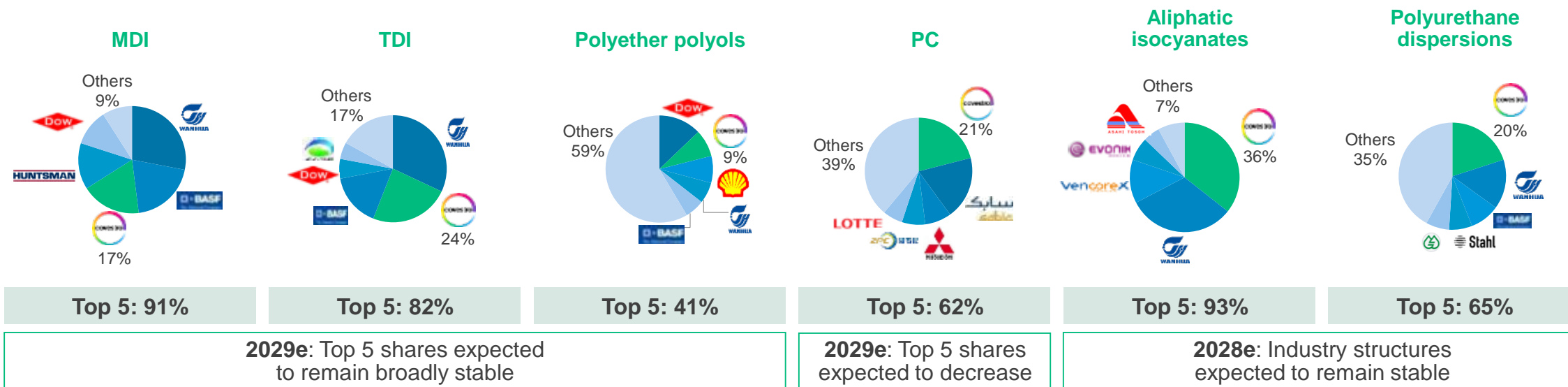
# Covestro is a global leader across its entire portfolio



## World-wide industry positions and production capacities

### #1 IN KEY MARKETS

CAPACITY SHARE IN 2023<sup>(1)</sup>



COVESTRO<sup>(1)</sup>

Global Rank	Global #3	Global #2	Global #2	Global #1	<b>Entry requirements</b> <ul style="list-style-type: none"> <li>Economies of scope</li> <li>Formulation and application know-how</li> <li>Close customer relationships and long-term R&amp;D collaborations</li> <li>Operation of global business platform</li> </ul>
Capacity	1,780kt	810kt	1,400kt	1,600kt	
Sites	6 sites	3 sites	9 sites	5 sites	

# A clear connection to customers and our ambitions

Our strategy – setting the path for tomorrow



Strategy Updated



Customer perspective anchored in strategy: You are never more than 10 meters away from a Covestro product



Be a reliable partner for our customers



Grow our product portfolio based on customers needs



Develop sustainable solutions for and with our customers



Financial and non-financial ambitions

**BECOME THE BEST OF WHO WE ARE**



We OPERATE competitively

**DRIVE GROWTH SUSTAINABLY**



We GROW our attractive, sustainable portfolio organically, inorganically and through innovation

**BECOME CLIMATE NEUTRAL AND FULLY CIRCULAR**



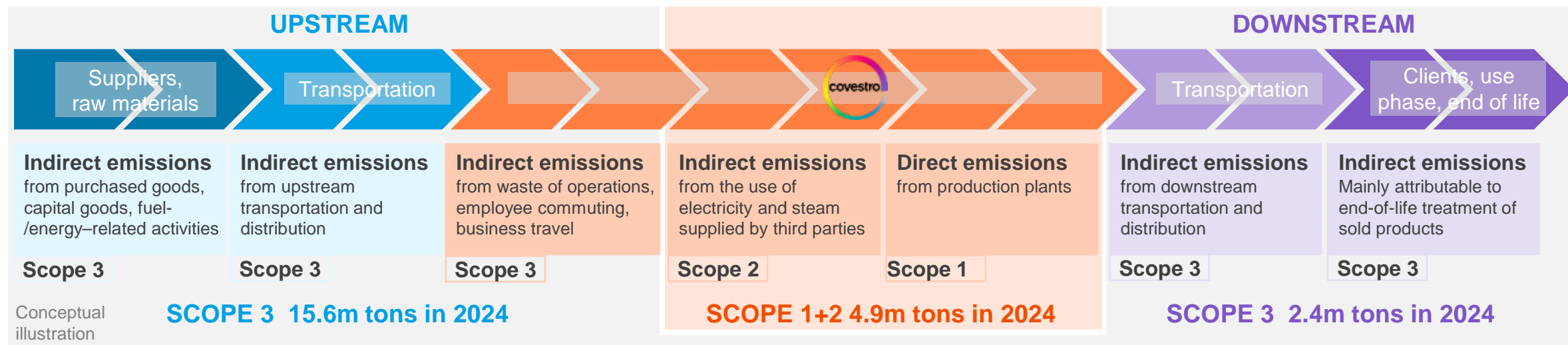
We REALIZE our climate targets and our vision to become fully circular

ADVANCE AI & DIGITAL TRANSFORMATION

STRENGTHEN CULTURE AND BUILD WORKFORCE OF THE FUTURE

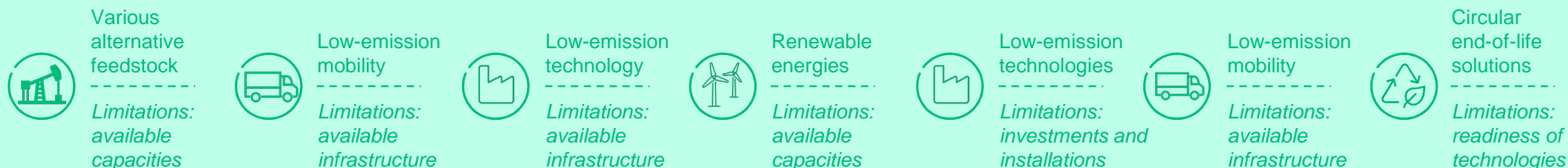
# Climate neutrality with existing technologies and assets

## Covestro greenhouse gas emissions



### EXISTING OPTIONS AND CURRENT LIMITATIONS TO REDUCE GHG EMISSIONS

Selective examples only



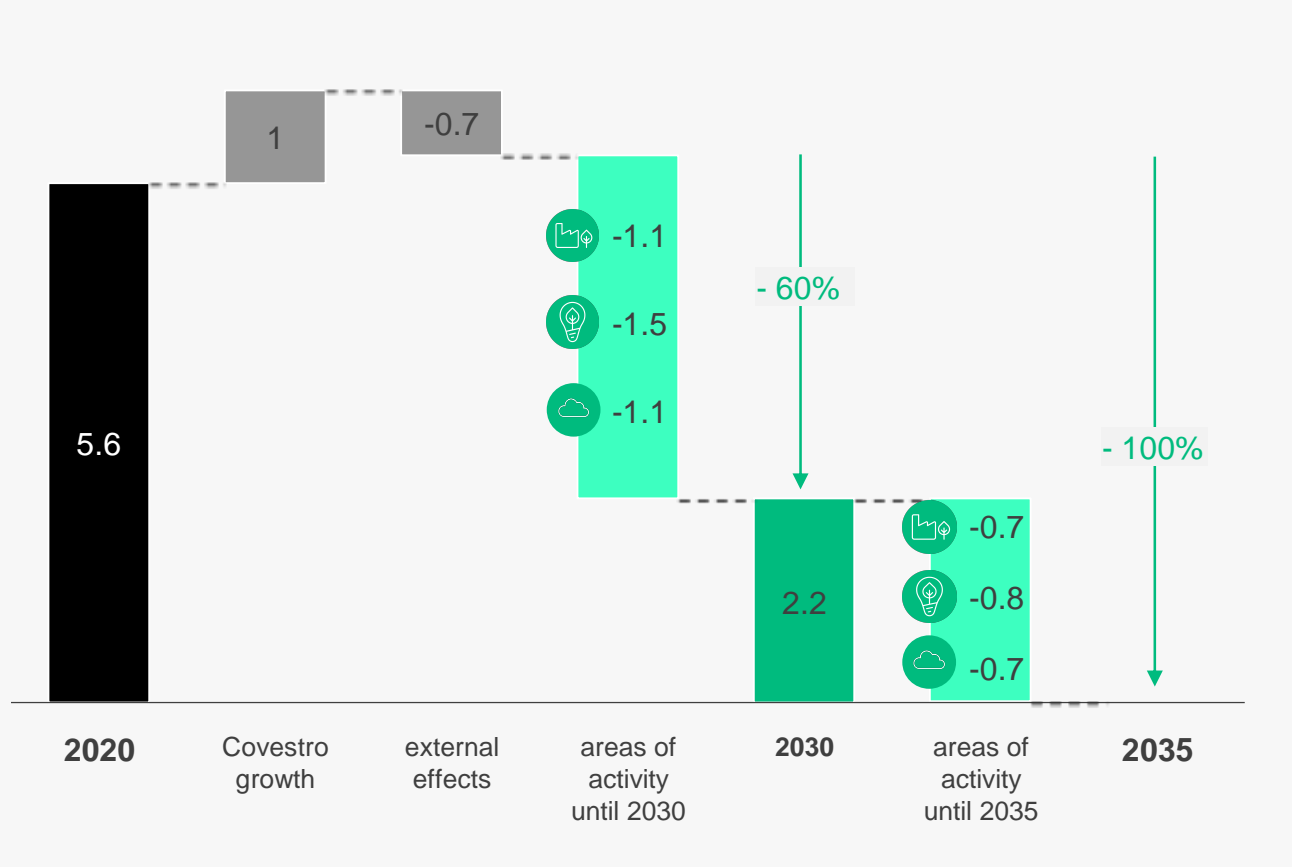


# Sustainable manufacturing and renewable energy to lead path



## Climate neutrality target for GHG emissions scope 1 and 2

GHG emissions in million metric tons, 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



EMLA<sup>(1)</sup>: Solar&wind electricity PPA's with ENGIE for 60% of site's power in Antwerp, with Ørsted for 10% of sites' electricity in Germany and with BP for 30% of Spanish operations



NA: Virtual PPA with Ørsted for solar electricity starting late 2024 for 12% of Baytown's electricity



APAC: Solar&wind electricity, 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



# Continuously improving global renewable electricity footprint



## Additional PPAs became active end 2024

### MILESTONES TO RENEWABLE ELECTRICITY SUPPLY

#### EMLA

PPAs with BP, Engie and Ørsted for 650 GWh solar and wind energy:

- 45% of electricity for Antwerp site since 2022 increasing to 60% as of 2026<sup>(1)</sup>
- 10% of German sites as of 2026<sup>(2)</sup>
- 30% of Spanish sites as of end 2024

#### APAC

PPAs with CGN and Datang for 400 GWh solar and wind energy:

- 45% of electricity for Shanghai site since 2023

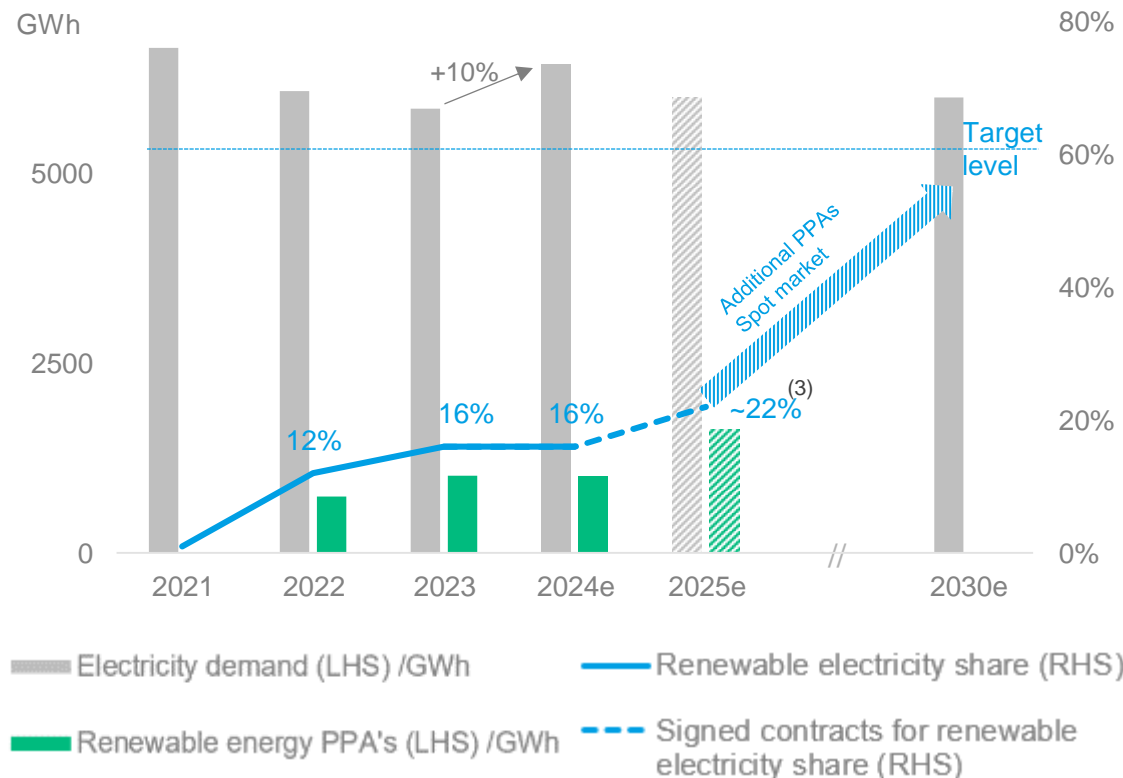
#### NA

Virtual PPA with Ørsted for 200 GWh solar power:

- 12% of electricity for US sites as of end 2024

Starting global coverage of renewable PPA's

### ELECTRICITY TRANSFORMATION PROGRESS



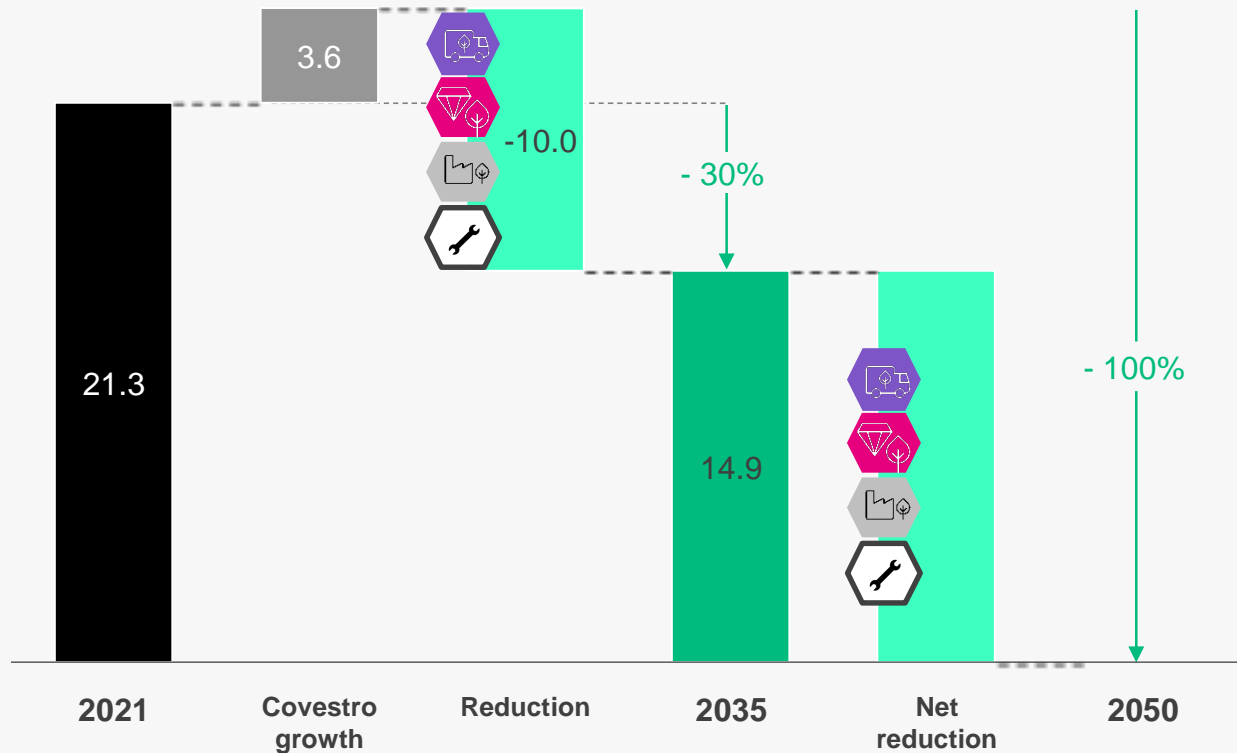
Well on track to our intermediate target of 60% GHG reduction until 2030

# Target reduction of 10m tons GHG until 2035 and net-zero until 2050



## Climate neutrality target for GHG emissions scope 3

GHG emissions in million metric tons, scope 3 - categories 1, 3, 4, 12<sup>(1)</sup>



### EMISSION REDUCTION MEASURES

- Four main levers make a vital contribution to reduce scope 3 GHG emissions:
  - Supplier scope 1&2 reduction
  - Advancing MAKE projects
  - Profitable sales of products based on alternative raw materials
  - Other measures
- Contribution of different levers can vary depending on technical realization of MAKE projects
- Scope 3 emissions represent ~80% of Covestro's 2023 greenhouse gas emissions
- Strict commitment to net-zero underlines consistent implementation of the green transformation
- Net-zero 2050 target in line with SBTi and 1.5° goal

# Strategic levers supporting transformation towards climate neutrality



## Target for GHG emissions scope 3



### FOCUS ON SUPPLIERS



Broaden engagement with suppliers that achieve scope 1&2 reductions



Identify first mover supplier



Develop strategy on CO<sub>2</sub> reduced top raw materials

### ADVANCING MAKE PROJECTS



Continue innovation & digital R&D in renewable technologies



Prove technical feasibility of own technologies



Execute investments according to strategy-based asset planning

### FOCUS ON CUSTOMERS



Identify first mover customers to deliver climate neutral products



Enhance value proposition & active customer engagement



Secure access to strategic waste feedstock

### OTHER MEASURES



Green logistics initiatives



Primary energy generation



Increased recycling quota

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



## Innovative recycling / joint solutions

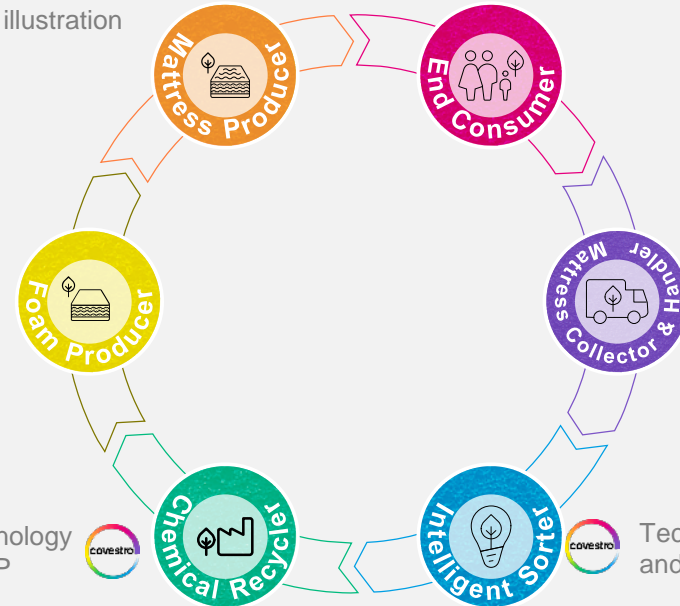
### COVESTRO TECHNOLOGY

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



### FUTURE PU SOFT FOAM LOOP

Conceptual illustration



Technology and IP

Technology and IP

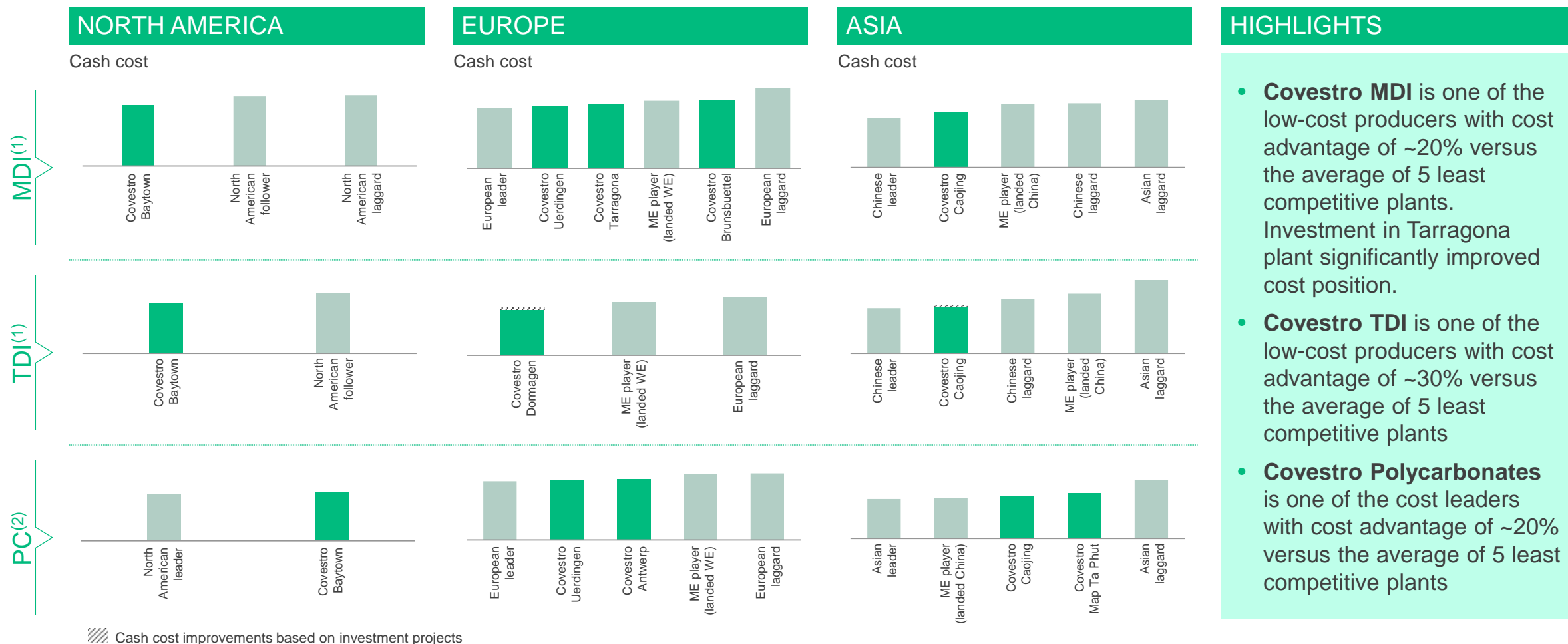
### Timeline:



# Leading cost positions across markets and regions



## Covestro cash cost positions



### HIGHLIGHTS

- **Covestro MDI** is one of the low-cost producers with cost advantage of ~20% versus the average of 5 least competitive plants. Investment in Tarragona plant significantly improved cost position.
- **Covestro TDI** is one of the low-cost producers with cost advantage of ~30% versus the average of 5 least competitive plants
- **Covestro Polycarbonates** is one of the cost leaders with cost advantage of ~20% versus the average of 5 least competitive plants



# Outlook reflecting persistent weak demand environment

## Full year guidance 2025



	FY 2024	GUIDANCE FY 2025
EBITDA	€1,071m	€1,000 to 1,600m
FOCF	€89m	€0 to 300m
ROCE above WACC <sup>(1)</sup>	-7.4pp	-6 to -2pp
GHG emissions (scope 1 and 2) <sup>(2)</sup>	4.9m tons	4.2 to 4.8m tons

### Additional financial expectations

Sales	€14.2bn	€14.5 to 15.5bn
EBITDA Q1	€273m	€50 to 150m
D&A	€984m	~€850m
Financial result	€-114m	€-120 to -160m
Income tax	€245m	€150 to 250m
Capex <sup>(3)</sup>	€781m	€700 to 800m

### HIGHLIGHTS

#### FOCF range:

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

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

- Mark-to-market (M2M) EBITDA for FY 2025 around €0.9bn; theoretical calculation based on Jan 2025 margins flat forward and forecast assumptions for 2025

#### Q1 2025 expectation:

- Lower range of €50m – 150m due to one-time restructuring costs of ~€100m for the STRONG program
- FOCF burdened by significantly higher stocks due to turnarounds

#### 2025 FX sensitivity

- 1pp change equals  
+/- €10m for CNY/EUR (basis 7.65)  
+/- €6m for USD/EUR (basis 1.05)

# Improved outlook for core industries going into 2025

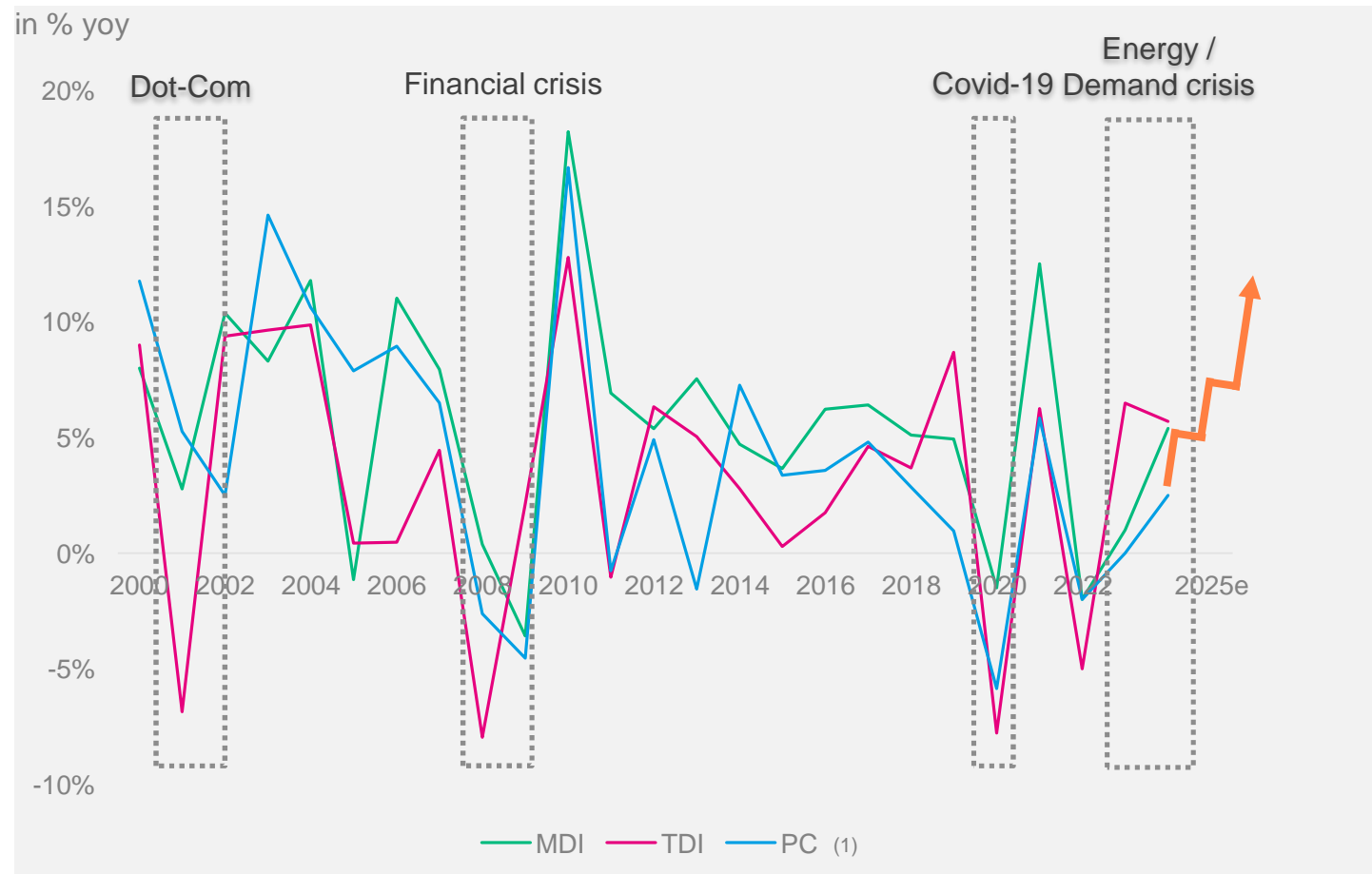


## Global demand development

KEY CUSTOMER INDUSTRIES		2023 Y/Y	2024 Y/Y <sup>(1)</sup>	2025e <sup>(2)</sup>
Global GDP		+2.8%	+2.7%	+2.8%
Automotive EV / BEV		+10.3% +30.6%	-0.7% +9.4%	+2.7% +22.4%
Construction Residential		-2.1% -3.9%	-2.5% -4.9%	+0.2% -1.5%
Furniture Soft furniture		-4.7% -3.8%	-0.5% +0.2%	+1.5% +2.4%
Electrical, electronics and household appliances Appliances		-1.8% +6.5%	+4.1% +3.6%	+5.2% +1.2%

# Historically, fast market rebound after trough

## MDI, TDI and polycarbonate global demand curves



### HIGHLIGHTS

#### Recovery after recession

- Core products historically recovered quickly from a recession
- Typically, rebounds also partly for the negative growth of the recession
- In 2023, TDI market strongly rebounded despite a continuing weak furniture market due to restocking

#### 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 and EV/BEV

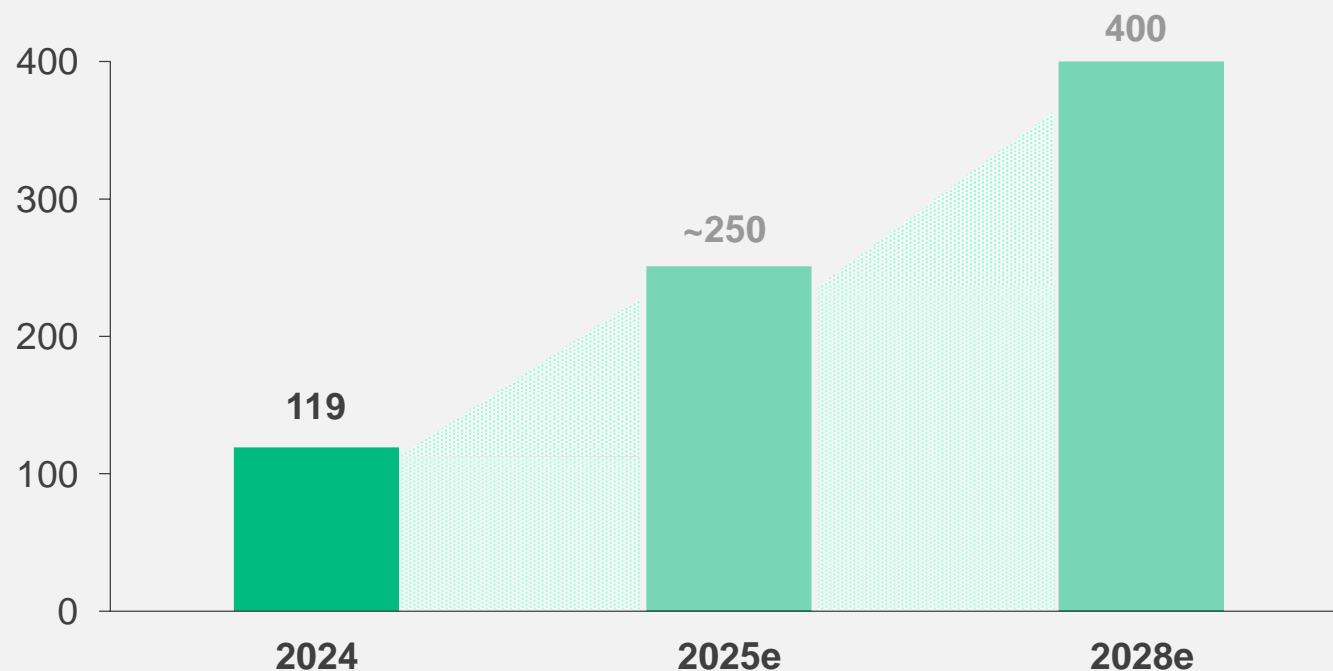
# Fully on track for €400m annual savings from program STRONG



## Transformation program STRONG

### EBITDA TARGET FOR COST MEASURES 2024-2028E

Cost Savings p.a. in € millions







### HIGHLIGHTS

- STRONG was launched in June 2024 to shape Covestro for sustainable competitiveness
  - Effective structures and efficient processes with a strong customer focus
  - Broad implementation of AI solutions
- STRONG to achieve €400 m annual savings by 2028 (slightly below 10% of fixed costs)
- STRONG requires cumulative restructuring and implementation costs of around €300 million:
  - ~€50m in 2024
  - ~€200m in 2025e, thereof ~€100m in Q1`25e

# 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"><li>• Covestro's industry and cost leadership make growth investment the most value-creating use of cash</li><li>• Maintenance capex to secure safe, reliable and efficient operations</li></ul>	<ul style="list-style-type: none"><li>• Policy: 35-55% payout of net income</li><li>• Dividend policy and payment suspended during Adnoc transaction</li></ul>	<ul style="list-style-type: none"><li>• Acquisition of DSM's Resins and Functional Material (RFM) business for EV €1.55bn with attractive high margins (~€0.9bn sales)</li><li>• Less attractive low-margin businesses divested (~€0.6bn sales)</li><li>• Further pursue options of value enhancing bolt-on acquisition for Solutions &amp; Specialties segment</li></ul>	<ul style="list-style-type: none"><li>• Share buyback of €1.5bn executed in 2017-2018</li><li>• Capital increase of €447m executed in context of RFM acquisition in 2020</li><li>• Share buyback of €0.2bn executed in 2022-2023</li><li>• Authorization for share buyback program for up to 10% of share capital valid until 2029, suspended during Adnoc transaction</li></ul>
<p>€6.4bn invested in capex</p>	<p>€2.3bn dividends</p>	<p>€1.5bn net investments</p>	<p>€1.3bn share capital reduced</p>



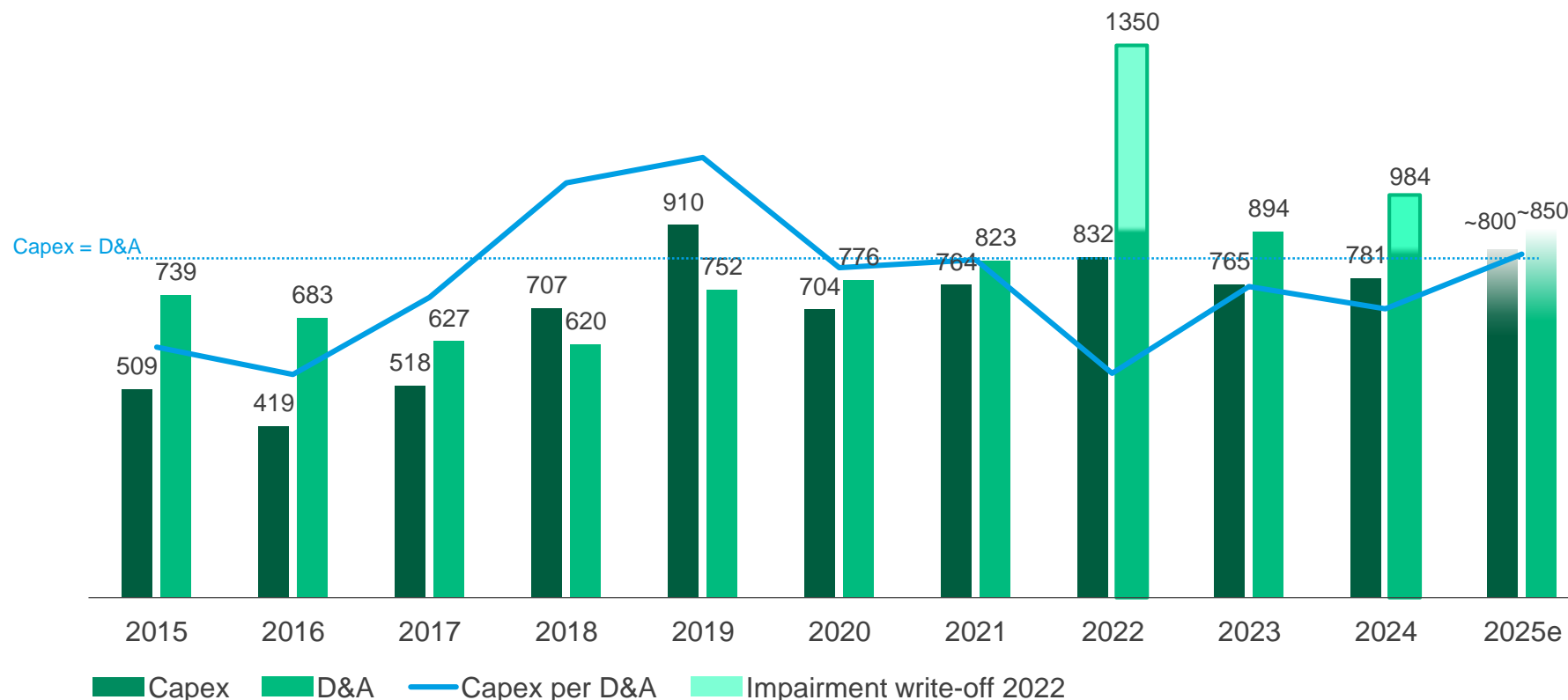
# Significant investments into growth

## Group capex and D&A



### HISTORIC AND PROJECTION

in € million

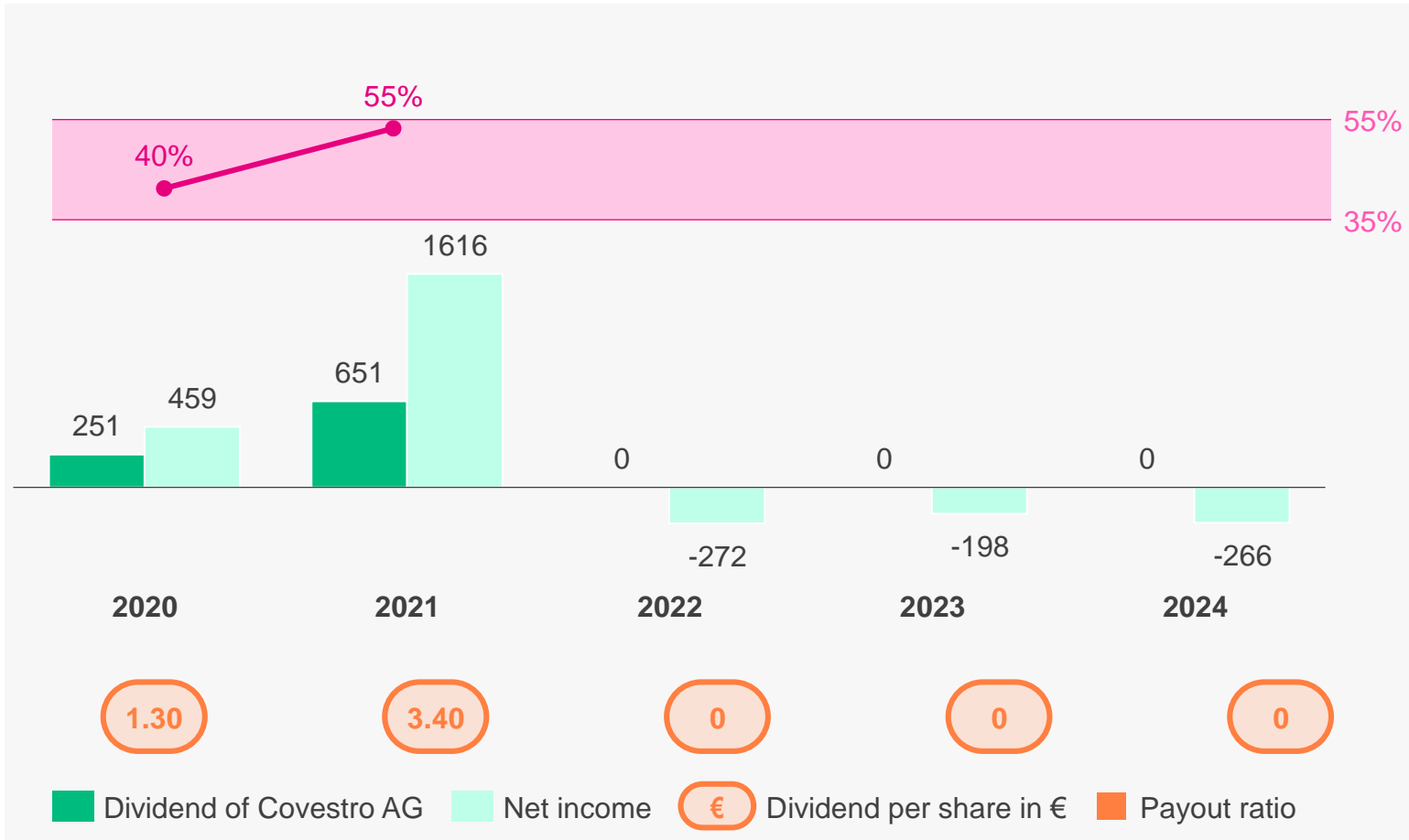


### HIGHLIGHTS

- Growth capex of around €3.3bn from 2015 to 2024
- D&A 2024 included impairment write-off of €142m
- 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 2022-2024, dividend suspension, in line with policy due to negative net income

# Ongoing shift to high-margin business

## Portfolio management



### DIVESTMENTS

Additive Manufacturing business

✓ April 2023

Dubai system house<sup>(1)</sup>

✓ July 2021

Europe Polycarbonates sheets business

✓ September 2019

Europe system houses

✓ June 2019

USA Polycarbonates sheets business

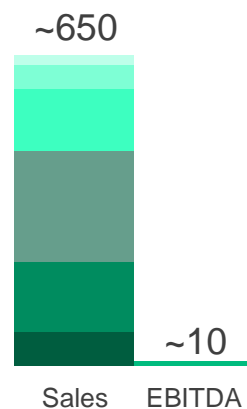
✓ August 2018

NA Polyurethanes spray foam business

✓ April 2017

✓ Closing

Cumulated, in € million



Business divested at average EV/EBITDA >20x

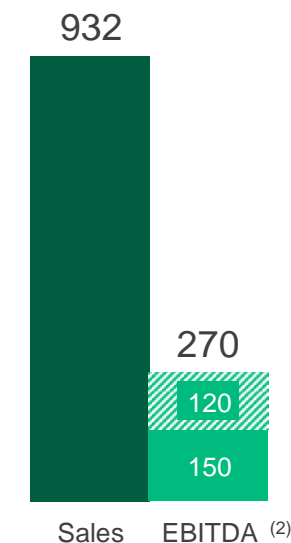
Portfolio analysis ongoing, further minor divestments possible

### ACQUISITIONS

DSM Resins & Functional Materials business

✓ April 2021

in € million



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

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

# Focusing on our strengths

## FY 2024 Highlights



1

Sales slightly decreased to €14.2bn caused by lower prices and unfavorable FX while positive volumes

2

EBITDA FY 2024 of €1.1bn similar to FY 2023 and in line with guidance burdened by negative pricing delta offset by higher volumes and positive other items

3

Positive FY 2024 FOCF of €89m at the upper end of guidance driven by a strong development in Q4

4

FY 2025 guidance announced with an expected EBITDA of €1.0 to 1.6bn

5

ADNOC takeover bid successful with aggregated >95% of share ownership<sup>(1)</sup> and regulatory proceedings well under way



- Covestro investment highlights
- **Group financials Q4/FY'24**
- Segment overview
- Background information



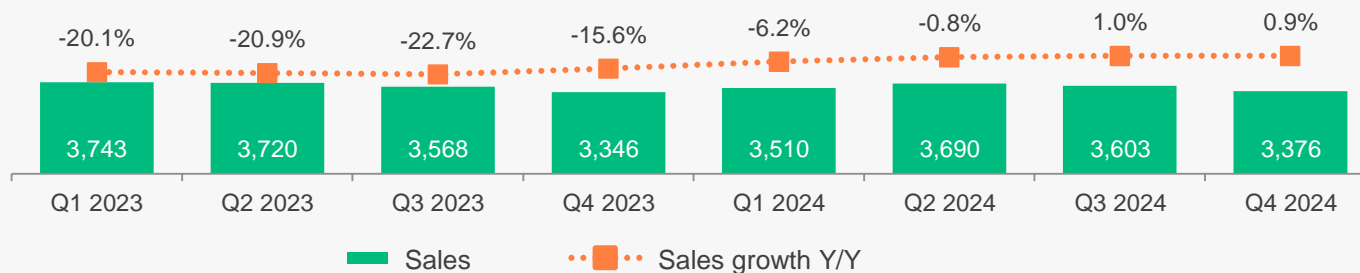
# Higher EBITDA due to higher volumes and cost savings



## Group results – Highlights Q4 2024

### SALES

in € million / changes Y/Y

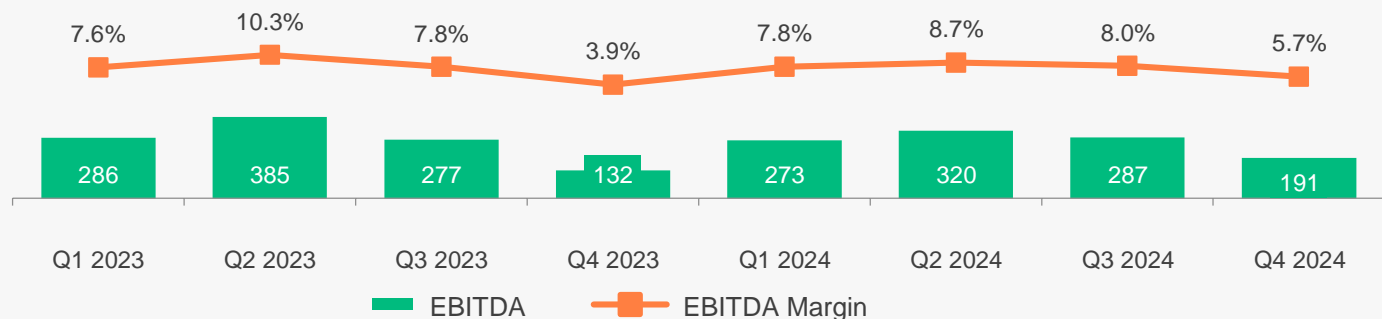


### HIGHLIGHTS Q4 2024

- Year-over-year, sales slightly increasing (0.9%) with negative pricing (-2.1%) and negative FX (-0.2%) fully compensated by positive volumes (3.2%)
- Sequentially, decreasing sales development with negative volumes while prices almost stable and positive FX

### EBITDA AND MARGIN

in € million



### HIGHLIGHTS Q4 2024

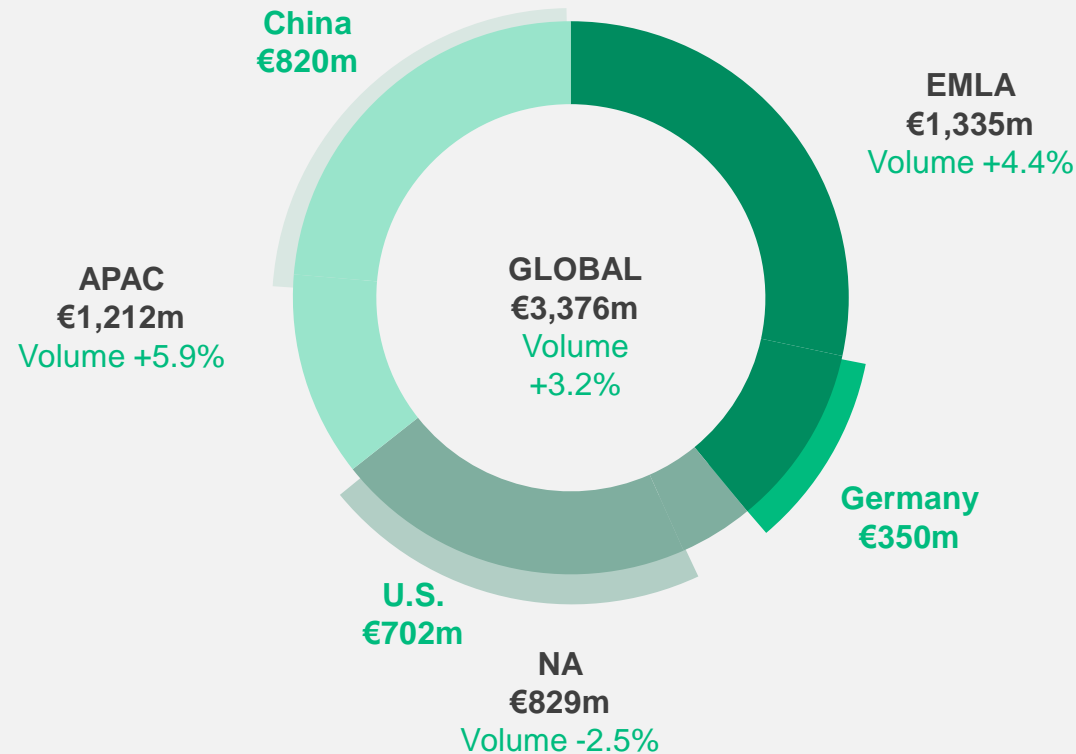
- Year-over-year, EBITDA increased due to positive volumes and other items while negative pricing delta
- Sequentially, earnings decreased driven by lower volumes and negative pricing delta, while FX positive
- EBITDA margin decreased to 5.7% in Q4 2024

# Solid volume growth in Q4 2024

## Q4 2024 – Regional split



Sales volume Y/Y



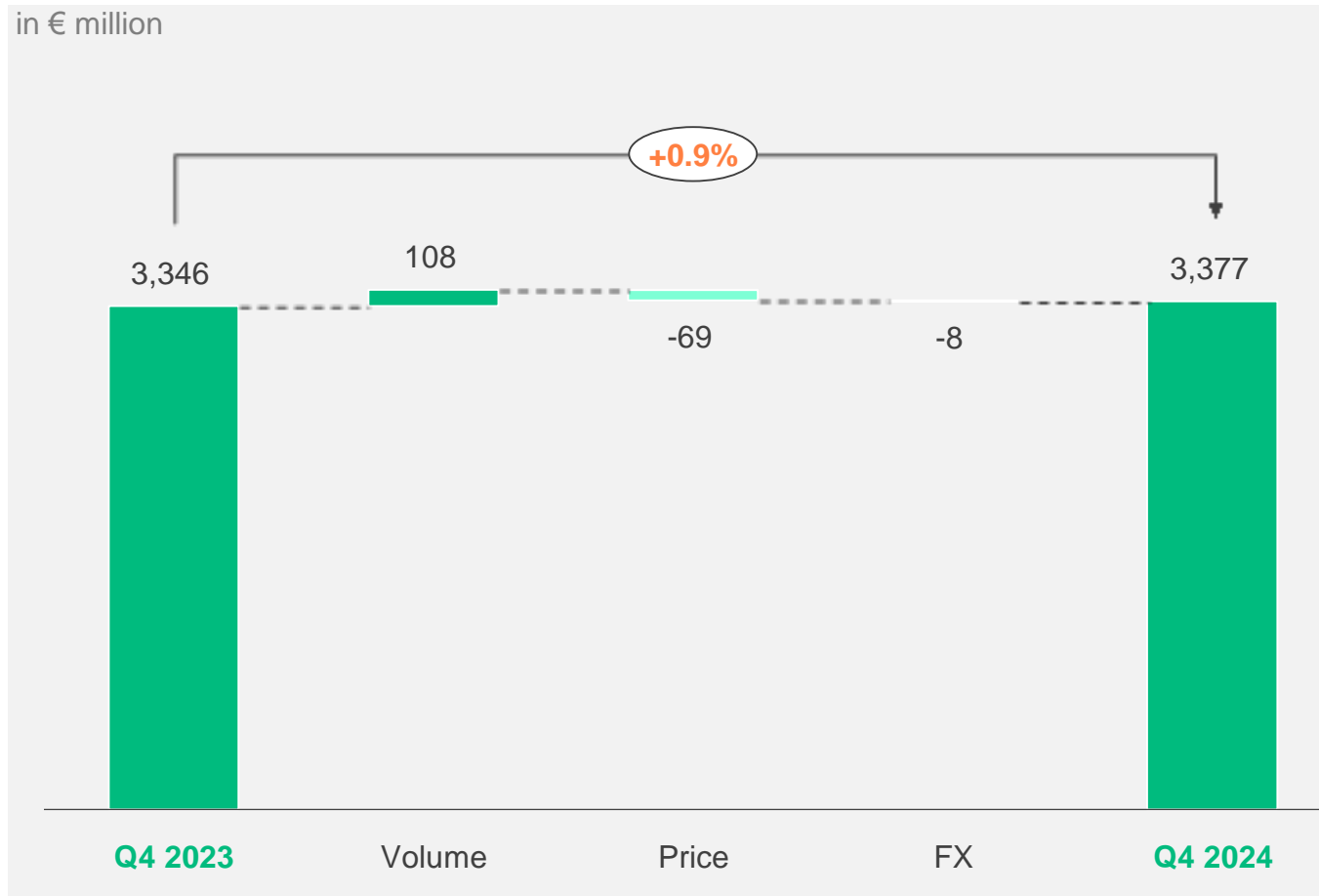
### HIGHLIGHTS

- Year-on-year, negative volume development across all major industries; increase driven by various smaller industries:
  - **Construction** low single-digit % decline
  - **Furniture/wood** low single-digit % decline
  - **Auto** low single-digit % decline
  - **Electro** low single-digit % decline
- **EMLA:** Electro with significant decline, construction and auto with slight decline while furniture was flattish
- **NA:** Electro and construction with slight increase, auto flat, furniture with slight decline
- **APAC:** Auto and furniture with slight decline while construction and furniture with slight increase

# Sales increase due to positive volumes despite pricing pressure



## Q4 2024 – Sales bridge



### HIGHLIGHTS

#### Volume positive

- Volume increase of 3.2% Y/Y

#### Pricing neutral to negative

- Prices decline of 2.1% Y/Y

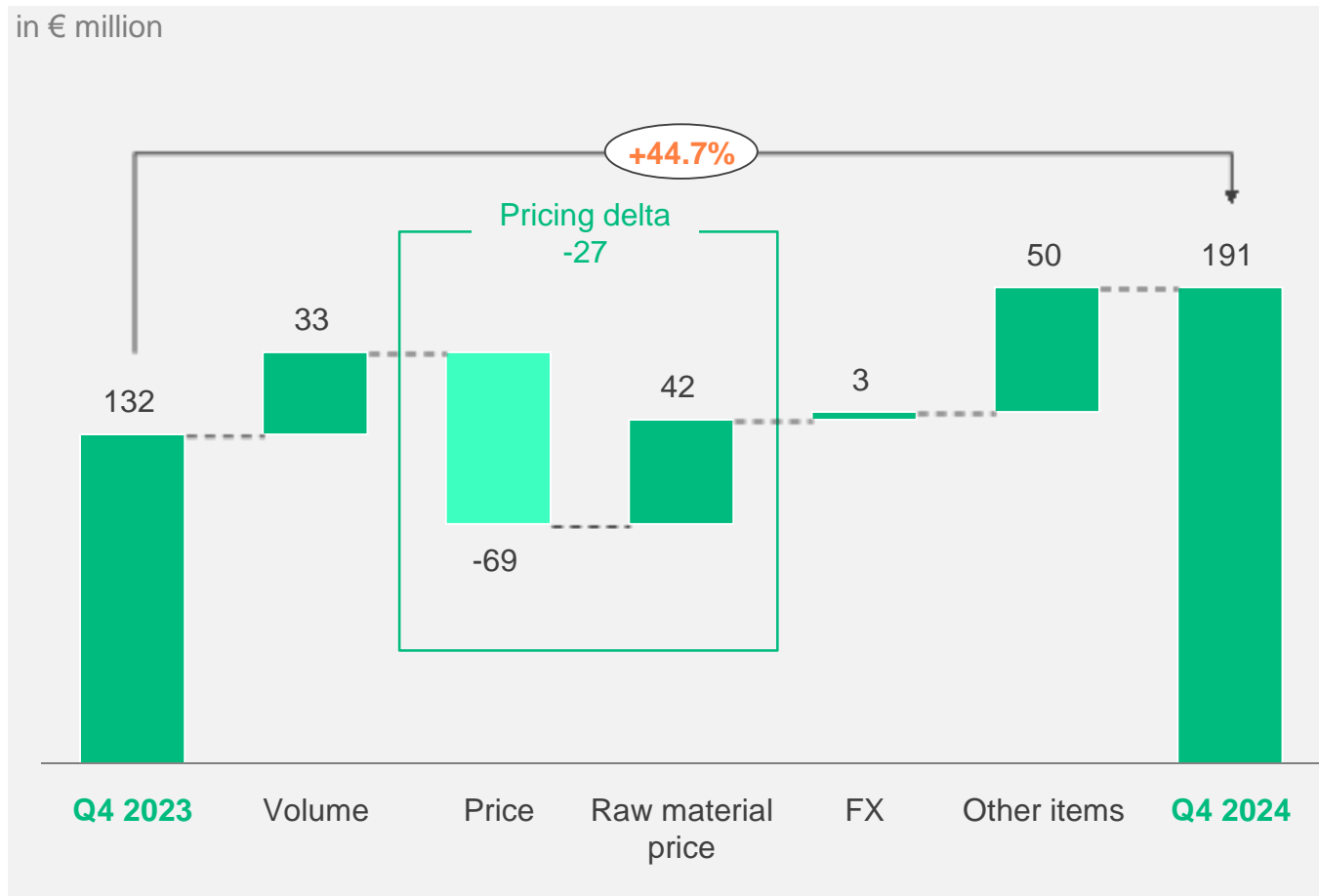
#### FX negative

- FX affected sales by -0.2% Y/Y mainly driven by MXN, BRL and JPY

# EBITDA increase driven by volumes and cost reductions



## Q4 2024 – EBITDA bridge



### HIGHLIGHTS

#### Low volume leverage<sup>(1)</sup>

- Volume leverage of 31%

#### Slightly negative pricing delta

- Raw material and energy prices significantly down compared to Q4 2023
- Declining prices due to unfavorable supply-demand balance

#### Other items driven by:

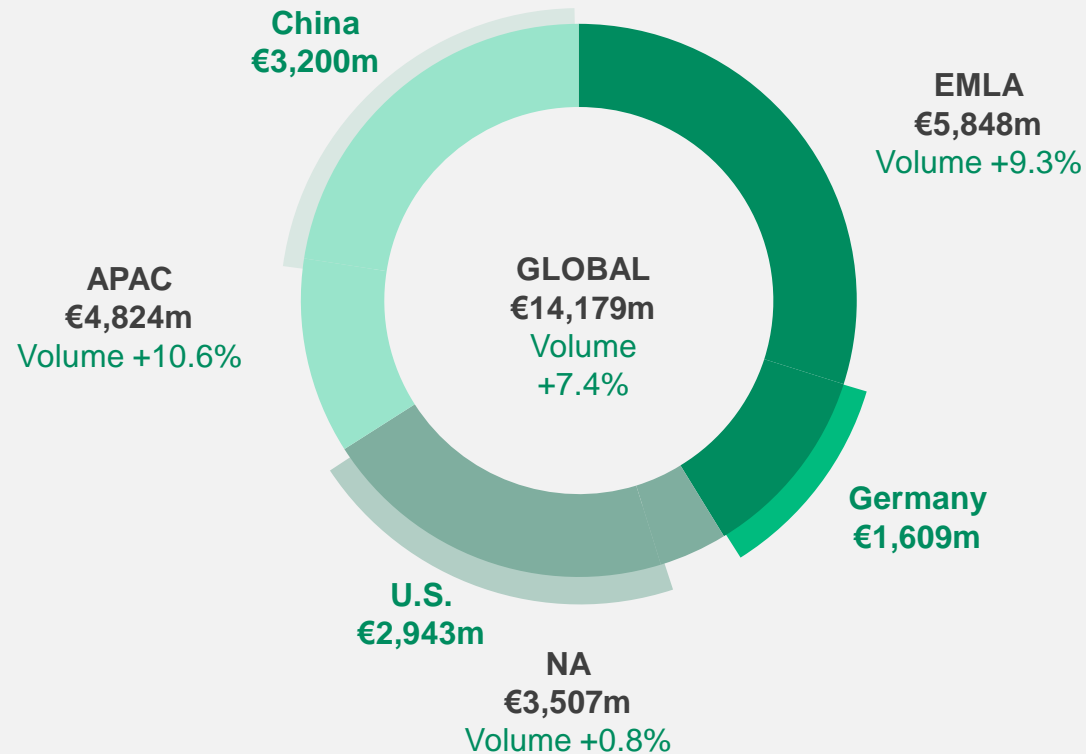
- Insurance reimbursement of €53m
- Reduced operational cost
- Provisions for advisory cost for project STRONG and ADNOC of €10m
- Higher provisions for variable compensation of €62m

# Volume rebound due to Asia and better availability in Europe



## FY 2024 – Regional split

Sales Volume Y/Y



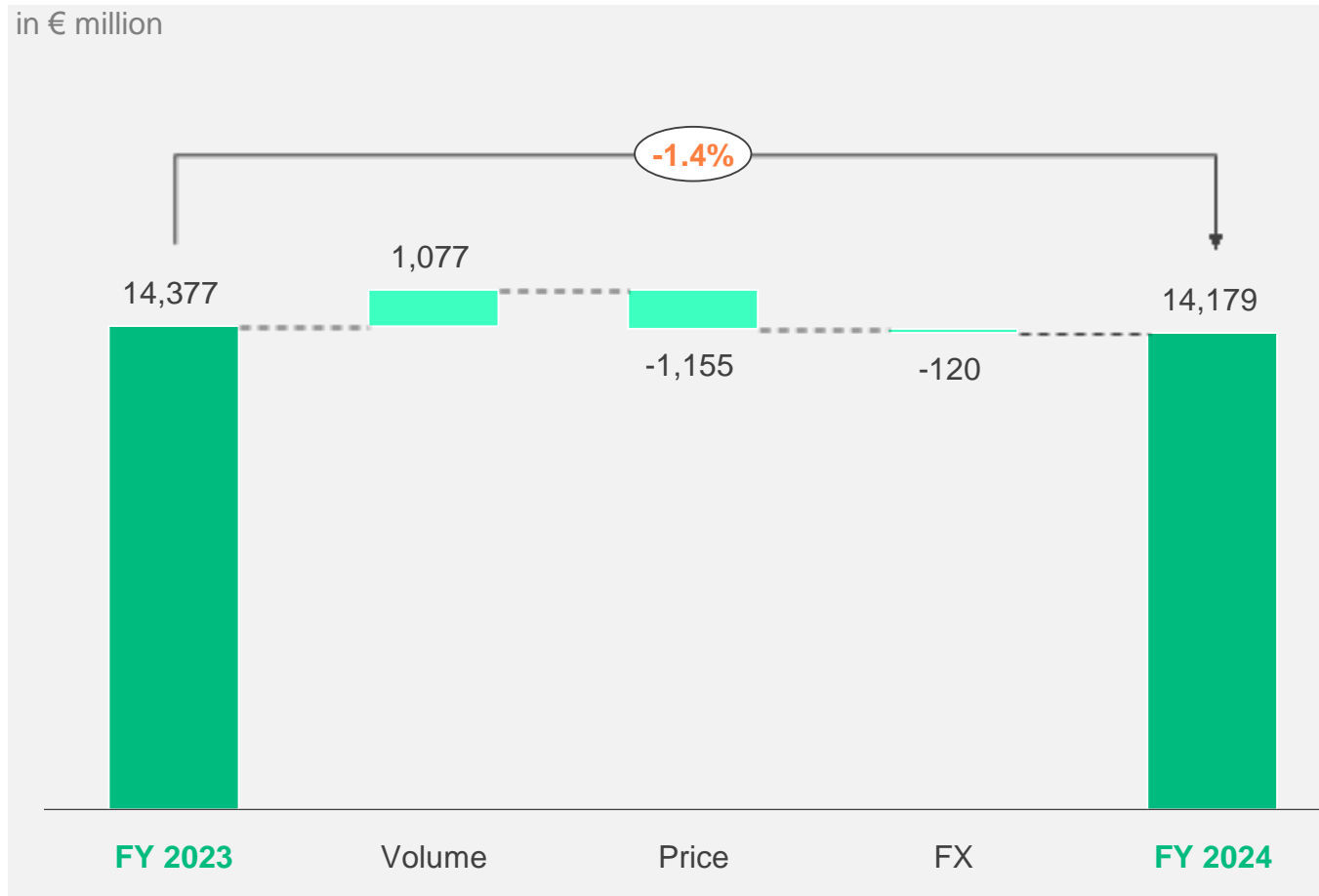
### HIGHLIGHTS

- Year-on-year development by industries:
  - **Auto** flat development
  - **Furniture/wood** low single-digit % increase
  - **Electro** low single-digit % increase
  - **Construction** low double-digit % increase
- **EMLA:** Ongoing demand weakness in automotive and electro, each with slight decline, positive development in furniture with slight increase, construction with strong increase after a full year without technical limitations
- **NA:** Auto and electro with slight decline, while furniture with slight increase and construction with significant growth
- **APAC:** All industries with positive development; furniture, auto and electro with slight growth and construction with strong increase

# Slightly lower sales with higher volumes offsetting lower prices



## FY 2024 – Sales bridge



### HIGHLIGHTS

#### Volume positive

- Volume increase of 7.4% Y/Y

#### Pricing negative

- Pricing affected sales by -8.0%
- Performance Materials strongly affected (-9.6% Y/Y) whereas Solutions & Specialties declined less (-6.8% Y/Y)

#### FX negative

- FX affected sales by -0.8% Y/Y mainly driven by RMB, JPY and BRL

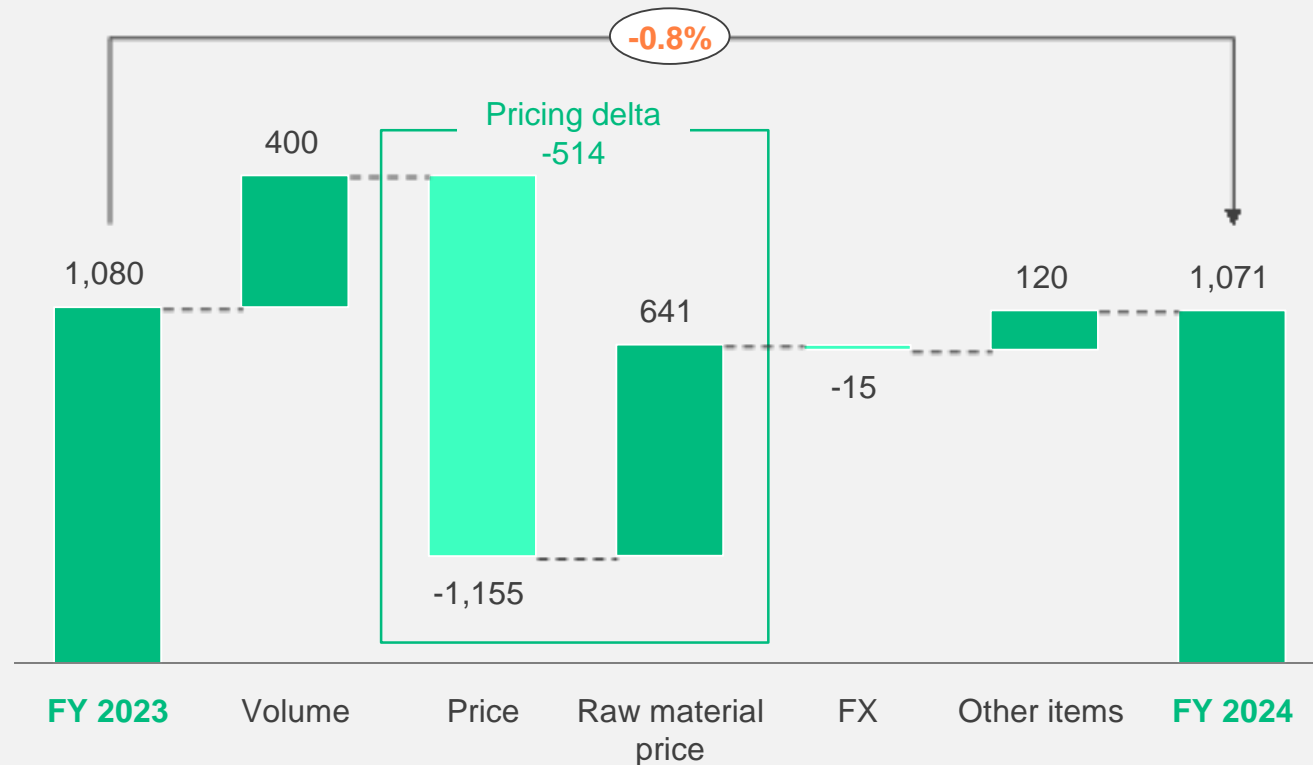


# Stable earnings with volumes widely balancing negative pricing delta



## FY 2024 – EBITDA bridge

in € million



### HIGHLIGHTS

#### Negative volume

- Volume leverage<sup>(1)</sup> of 37%
- Volume leverage below long-term average due to low margins per ton reflecting the stage of the cycle

#### Negative pricing delta

- Strong margin decline due to unfavorable supply-demand situation

#### Other items

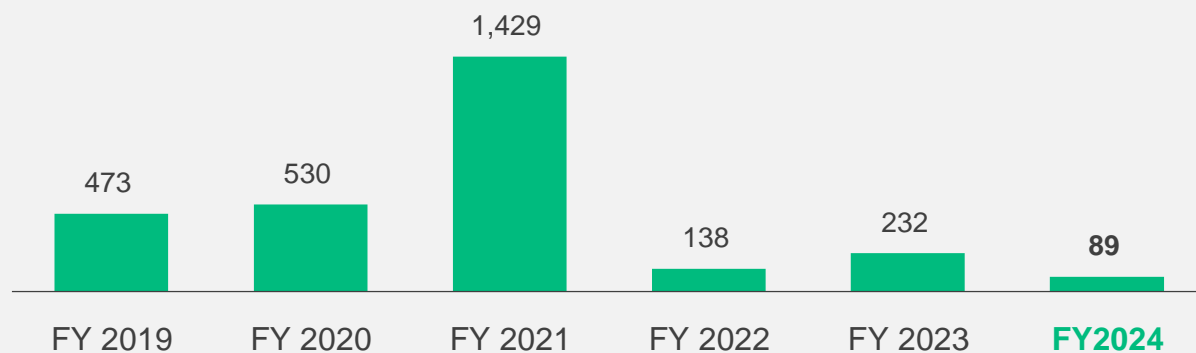
- Insurance reimbursement of €55m for unexpected chlorine loss event
- €35m lower income from 2023 sale of additive manufacturing business
- Lower provisions for short- and long-term variable compensation of €15m
- €50m restructuring cost associated with transformation program **STRONG**

# Positive FOCF in a challenging year

## Historical FOCF development



in € million



<b>EBITDA</b>	+1,604	+1,472	+3,085	+1,617	+1,080	<b>+1,071</b>
<b>Changes in working capital<sup>(1)</sup></b>	+437 <sup>(3)</sup>	-100 <sup>(3)</sup>	-727	+312	+250	<b>+43</b>
<b>Capex<sup>(2)</sup></b>	-910	-704	-764	-832	-765	<b>-781</b>
<b>Income tax paid</b>	-296	-155	-546	-538	-383	<b>-219</b>
<b>Other effects<sup>(3)</sup></b>	-362 <sup>(3)</sup>	+17 <sup>(3)</sup>	+381	-421	+50	<b>-25</b>

### HIGHLIGHTS

- Q4 2024 FOCF of €253m
- FY 2024 FOCF decline Y/Y driven by higher inventories in both segments
- Working capital to sales ratio<sup>(4)</sup> increased to 16.9% (FY 2023: 16.6%), driven by lower sales in H1 2024 while stable working capital at year-end
- FY 2024 capex of €781m broadly in-line with the guidance of €800m
- FY 2024 income taxes impacted by geographical earnings mix
- Other effects: FY 2024 included STI bonus payout of €106m for FY2023; no bonus payout in FY 2023

# Negative net income due to impairments on assets and on deferred taxes

## P&L statement FY 2024



In € million	FY 2023	FY 2024	% of FY'24 SALES	Δ Y/Y
Sales	14,377	14,179	100%	-1.4%
<b>EBITDA</b>	<b>1,080</b>	<b>1,071</b>	<b>7.6%</b>	<b>-0.8%</b>
D&A excl. impairments	-849	-842	-5.9%	-0.8%
Impairments	-45	-142	-1.0%	nm
<b>EBIT</b>	<b>186</b>	<b>87</b>	<b>0.6%</b>	<b>-53.2%</b>
Financial result	-113	-114	nm	0.9%
<b>EBT</b>	<b>73</b>	<b>-27</b>	<b>-0.2%</b>	<b>nm</b>
Income taxes excl. DTA adjustments	-36	-23	nm	-36.1%
DTA adjustments	-239	-222	nm	-7.1%
Net income <sup>(1)</sup>	-198	-266	-1.9%	34.3%
<b>Earnings per share (in €)<sup>(2)</sup></b>	<b>-1.05</b>	<b>-1.41</b>		

### HIGHLIGHTS

#### Impairments

- Impairment tests triggered by deterioration of business prospects leading to loss of €106m on Polyols, PCR and ECS business and €21m for site closure in Augusta (USA)

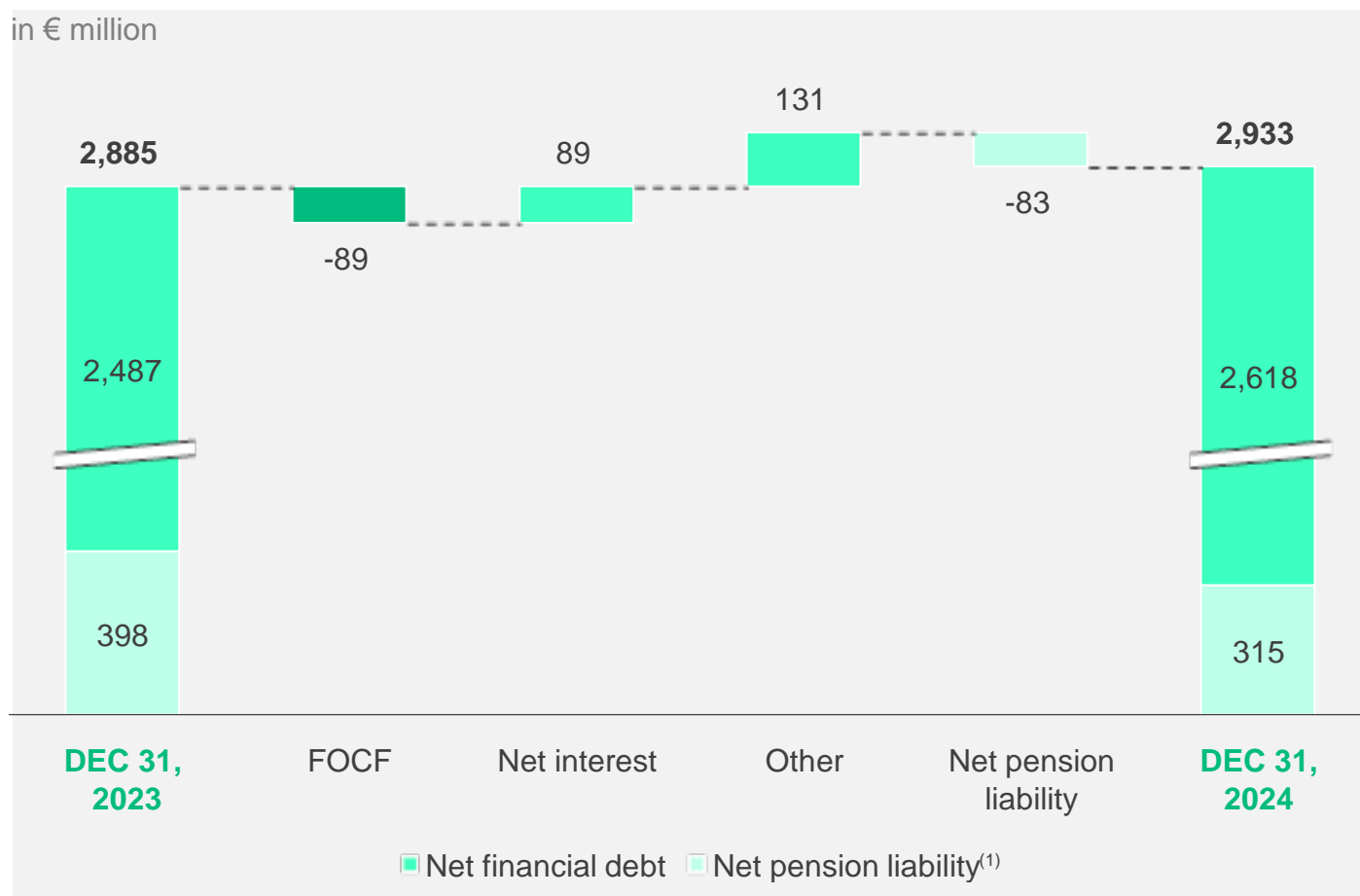
#### Deferred tax assets (DTA)

- Not recognized deferred tax assets on tax loss carryforwards and temporary differences
- DTA adjustments of €222m in FY 2024 due to negative earnings mainly in Germany

# Stable net debt due to positive FOCF and lower pensions



December 31, 2024 – Total net debt



## HIGHLIGHTS

- Total net debt to EBITDA ratio<sup>(2)</sup> of 2.7x at the end of FY 2024, stable compared to the end of FY 2023
- Net pension liability decreased due to an increase in pension discount rate in Germany and US, return on plan assets and contractual trust arrangement reimbursement
- Others mainly driven by lease contracts
- No financial covenants in place
- Solid investment grade rating of Baa2 with stable outlook confirmed by Moody's in June 2024



- Covestro investment highlights
- Group financials Q4/FY'24
- **Segment overview**
- Background information

# Differentiation based on customer proximity and innovation

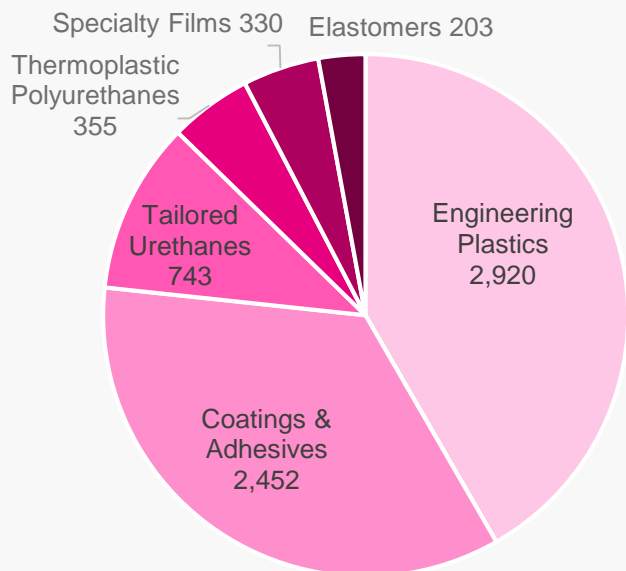


## Solutions & Specialties

### PRODUCTS

Differentiated polymer products

**SALES 2024** (in € million)



### 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



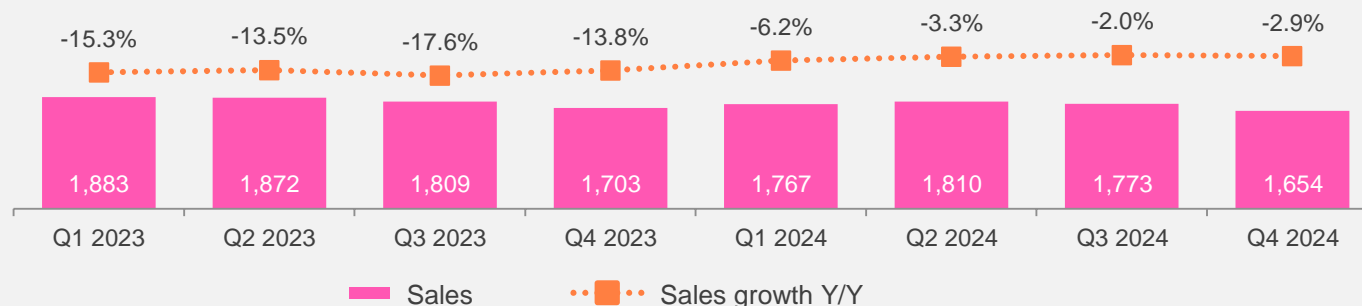
# Solutions & Specialties – sales & EBITDA affected by lower prices



## Segment results – Highlights Q4 2024

### SALES

in € million / changes Y/Y

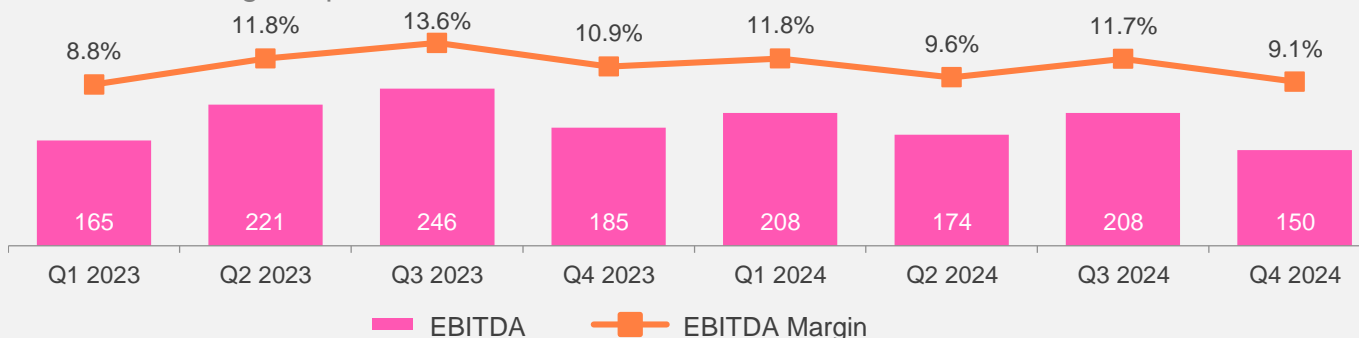


### HIGHLIGHTS Q4 2024

- Sales decreased by 2.9% Y/Y, driven by lower prices (-4.0%) and unfavorable FX (-0.2%) while positive volumes (1.3%)
- Quarter-over-quarter, sales globally declined driven by lower volumes across all regions; EMLA and APAC with negative pricing while NA with positive pricing, FX stable in EMLA and positive in APAC and NA

### EBITDA AND MARGIN

in € million / margin in percent



### HIGHLIGHTS Q4 2024

- Compared to prior year, EBITDA decline due to negative pricing delta & other items despite positive volumes
- Quarter-over-quarter, lower EBITDA due to negative volumes and other items while positive pricing delta
- EBITDA margin decreased to 9.1% in Q4 2024

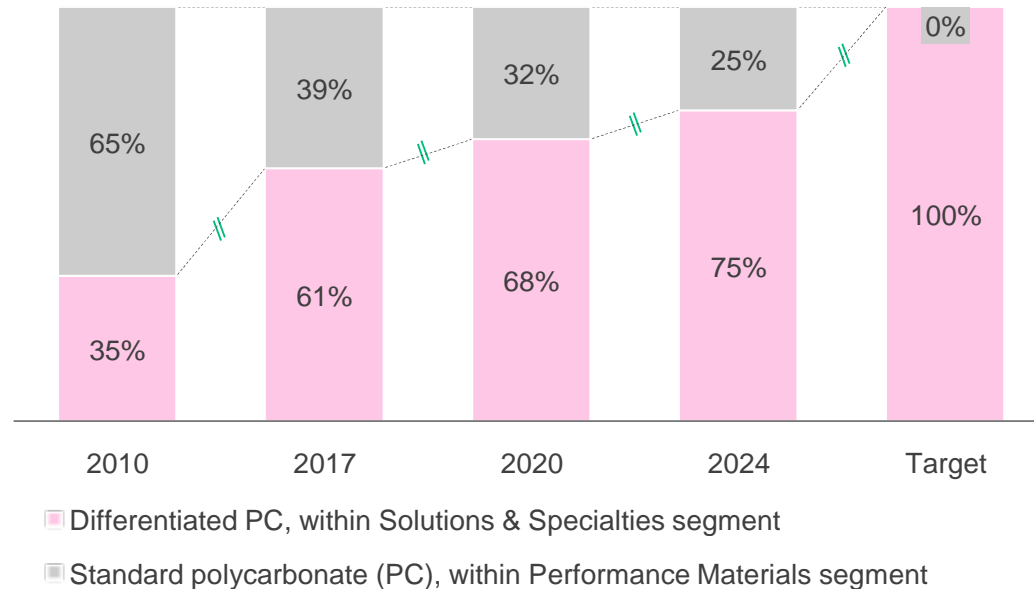
# Continuing shift to differentiated polycarbonate

## Solutions & Specialties: high-growth contributor Engineering Plastics



### POLYCARBONATE 2024 SALES €2.9bn

Covestro polycarbonate volume split by segment



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

### ENGINEERING PLASTICS (EP) INDUSTRY +4% CAGR 2024-2029e

#### CUSTOMER INDUSTRIES



##### Auto & transport

EP sales share 2024: 44%  
CAGR 2024-2029e: 4%



##### Electro

EP sales share 2024: 44%  
CAGR 2024-2029e: 4%



##### Healthcare

EP sales share 2024: 9%  
CAGR 2024-2029e: 9%

#### 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

Continuously strong demand for differentiated polycarbonate grades across several customer industries

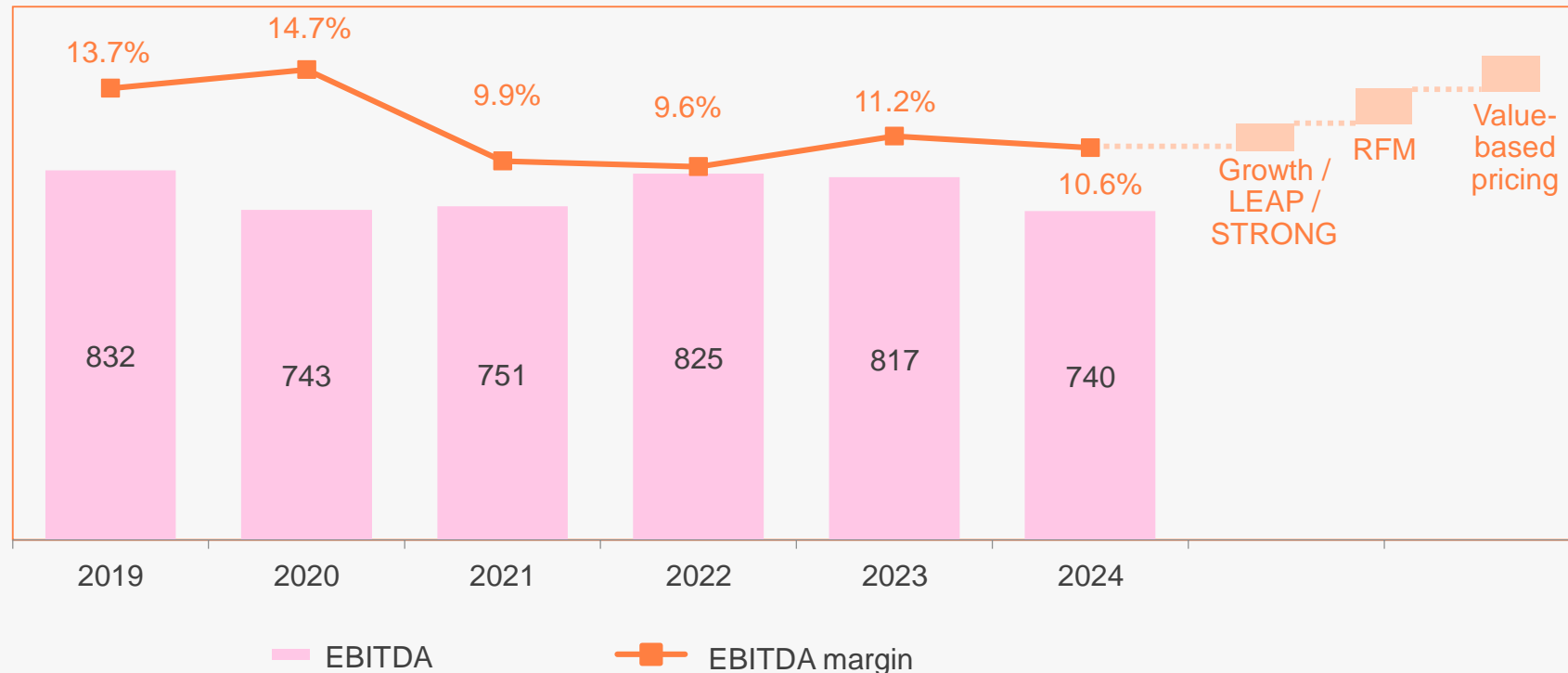


# EBITDA margin to grow

## Solutions & Specialties segment target

### EBITDA AND MARGIN – SOLUTIONS & SPECIALTIES

in € million



### TARGET MARGIN

- EBITDA margin 2024 decreased Y/Y due to restructuring efforts and cyclical demand weakness
- EBITDA margin growth driven by:
  - fixed cost dilution due to strong sales growth and limited cost increases
  - RFM synergies
  - Focus on value-based pricing
  - Transformation program STRONG

# Standard products with reliable supply and lowest cost

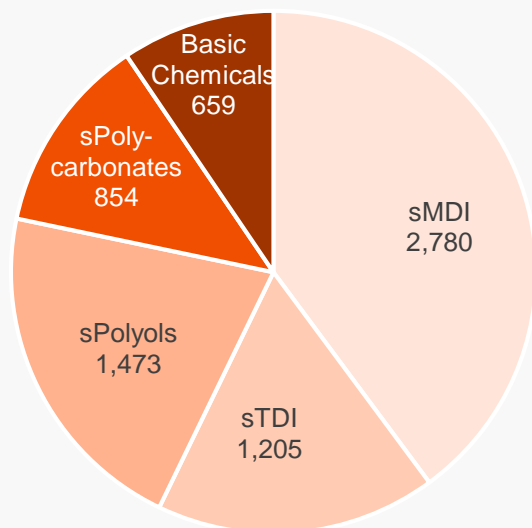


## Performance Materials

### PRODUCTS

Polyurethane and polycarbonate standard products as well as basic chemicals

**SALES 2024** (in € million)



### 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

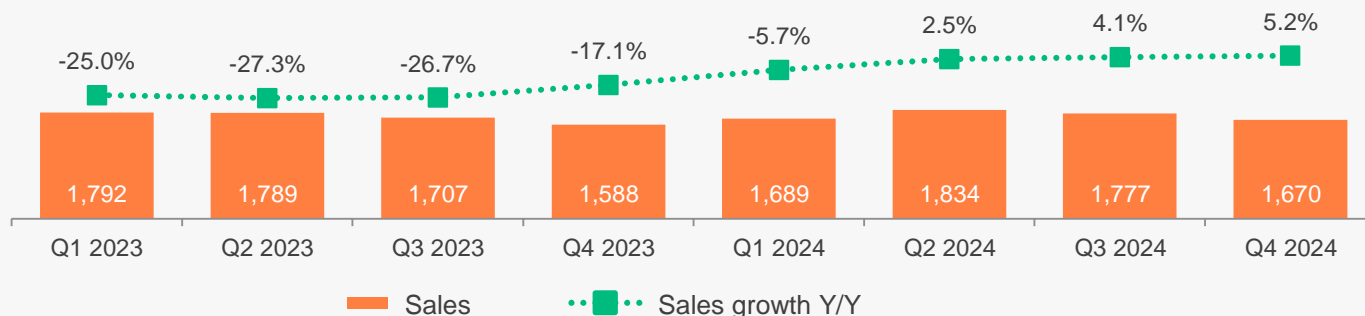
# Performance Materials – strong volume rebound



## Segment results – Highlights Q4 2024

### SALES

in € million / changes Y/Y

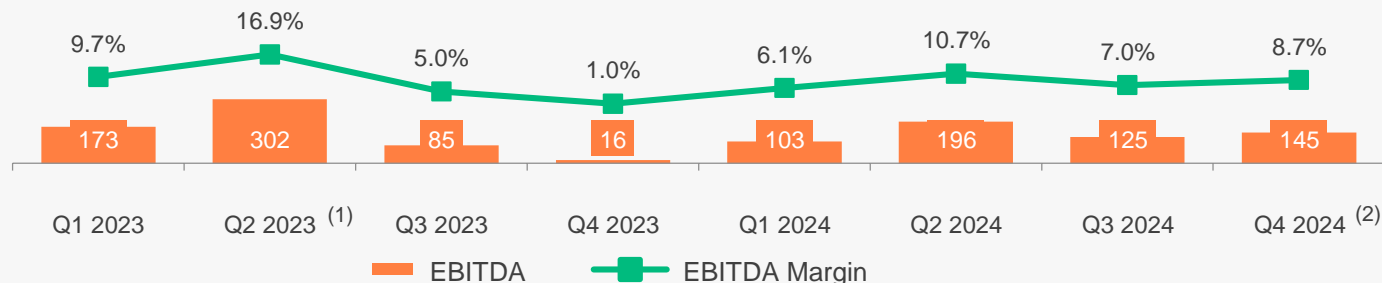


### HIGHLIGHTS Q4 2024

- Sales increased by 5.2% Y/Y, driven by higher volumes (5.6%), marginally burdened by lower prices (-0.1%) and unfavorable FX (-0.3%)
- Quarter-over-quarter, sales globally declined driven by lower volumes across all regions; EMLA with negative pricing while APAC and NA with stable pricing; FX stable in EMLA and positive in APAC and NA

### EBITDA AND MARGIN

in € million / margin in percent



### HIGHLIGHTS Q4 2024

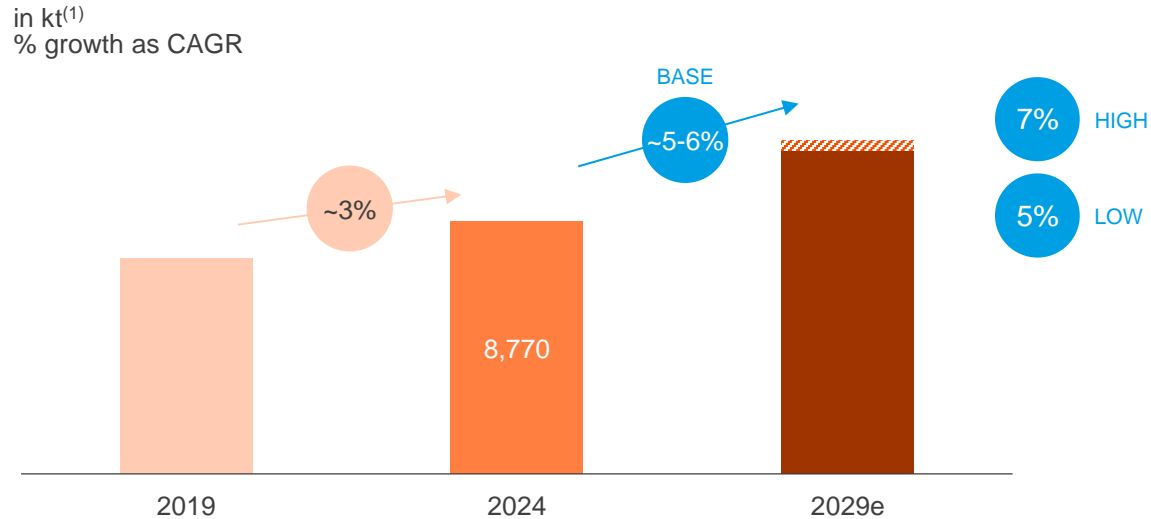
- Compared to prior year, EBITDA increased based on higher volumes, positive pricing delta and positive other items
- Quarter-over-quarter, higher EBITDA driven by other items due to insurance payment for the chlorine incident while negative volumes and pricing delta
- EBITDA margin increased to 8.7% in Q4 2024



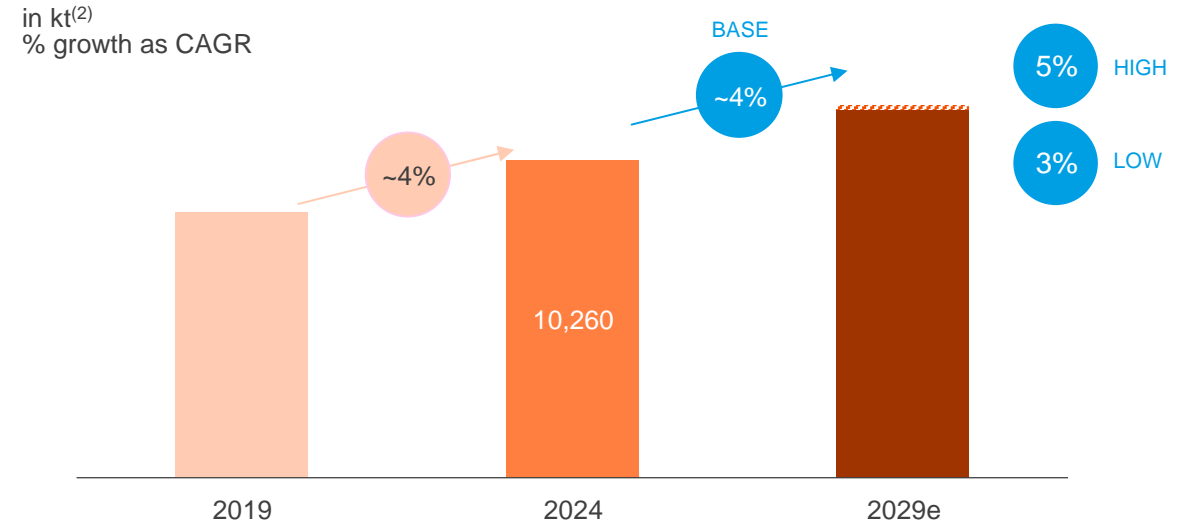
# MDI market moving to balance

## Performance Materials: MDI industry demand and supply

### MDI DEMAND DEVELOPMENT (2019 - 2029e)



### MDI SUPPLY DEVELOPMENT (2019 - 2029e)



### HIGHLIGHTS

- In 2024, Industry Utilization Rate of 85%, burdened by weak Construction demand; industry usually fully utilized in the low nineties
- Demand CAGR of 5-6% between 2024 and 2029e along with construction recovery path
- Long-term, demand growth CAGR of ~6% expected



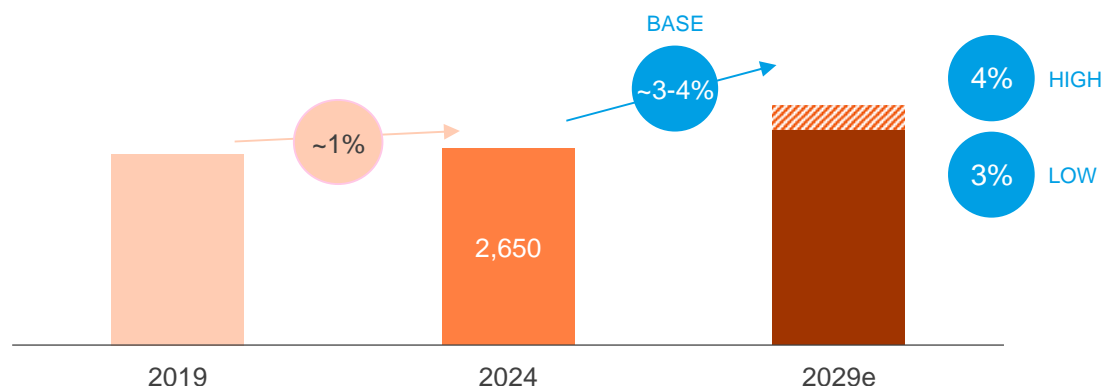
# TDI market moving toward balance



## Performance Materials: TDI industry demand and supply

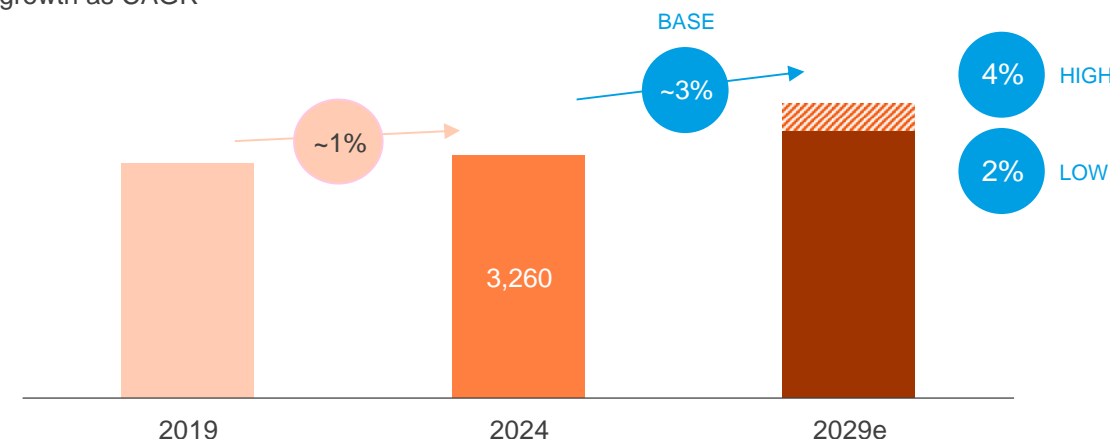
### TDI DEMAND DEVELOPMENT (2019 - 2029e)

in kt<sup>(1)</sup>  
% growth as CAGR



### TDI SUPPLY DEVELOPMENT (2019 - 2029e)

in kt<sup>(2)</sup>  
% growth as CAGR



### HIGHLIGHTS

- In 2024, industry utilization benefitted from 6% market growth while capacities flatish
- Leading to an increased industry utilization rate of 81% (2023: 77%)
- Industry usually fully utilized in the high eighties percent
- Favorable cash cost position puts Covestro into strong competitive position even under low cycle conditions



- Covestro investment highlights
- Group financials Q4/FY'24
- Segment overview
- **Background information**

# Led by a diverse, international management team

## Covestro senior management



### BOARD OF MANAGEMENT



#### Chief Executive Officer

Dr Markus Steilemann  
Nationality: German



#### Chief Financial Officer

Christian Baier  
Nationality: German



#### Chief Commercial Officer

Sucheta Govil  
Nationality: British with Indian origin



#### Chief Technology Officer

Dr Thorsten Dreier  
Nationality: German

### BUSINESS ENTITIES



#### Performance Materials

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



#### Tailored Urethanes

Julia Rubino  
Nationality: US-American  
Based in Pittsburgh, USA



#### Coatings and Adhesives

Dr Thomas Römer  
Nationality: German  
Based in Leverkusen, Germany



#### Engineering Plastics

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



#### Specialty Films

Aukje Doornbos  
Nationality: Dutch  
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

# After successful tender phase focus on regulatory approvals



## Progress on ADNOC transaction as of Feb. 26, 2025

TAKEOVER PROGRESS	REGULATORY APPROVALS	MERGER CONTROL APPROVALS																																																																																																
<ul style="list-style-type: none"> <li>Acceptance after 2 tender periods: 81.77% of Covestro shares</li> <li>XRG (formerly ADNOC Int. Ltd) owns 9.81%<sup>(1)</sup> of Covestro shares</li> <li>XRG acquired 3.44% of Covestro shares through instruments<sup>(1)</sup></li> <li>Aggregate of shares tendered, purchased and secured through instruments by XRG amount to &gt;95% of the total Covestro shares outstanding</li> </ul>	<p><b>Foreign Direct Investment (FDI)</b></p> <table border="0"> <thead> <tr> <th></th> <th>Initial filing</th> <th>Final approval</th> </tr> </thead> <tbody> <tr><td>Belgium:</td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td></tr> <tr><td>Canada:</td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td></tr> <tr><td>France:</td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Germany:</td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Italy:</td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td></tr> <tr><td>Spain:</td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>UK:</td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td></tr> <tr><td>USA:</td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td></tr> </tbody> </table> <p><b>Foreign Subsidies Regulation (FSR)</b></p> <table border="0"> <tbody> <tr><td>EU:</td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td></tr> </tbody> </table>		Initial filing	Final approval	Belgium:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Canada:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	France:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Germany:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Italy:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Spain:	<input checked="" type="checkbox"/>	<input 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Currently on track for closing in H2 2025

# Covestro ESG rating results and index membership

As of February 2025



ESG Ratings & Indices	Scoring Range (Worst → Best)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Distinction
CDP CLIMATE	D- to A	-	-	-	-	-	A-	A-	A-	Update pending		(1) Leadership Level
ecoVadis SUPPLIER SUSTAINABILITY RATINGS	0 to 100	73			80				72	Update pending		(2)
MSCI ESG	CCC to AAA	BBB	BBB	A	A	A	A	AA	A	AA		(3)
SUSTAINALYTICS	100 to 0	74	75		80	23.3	20.0	18.3	20.9	20.1	21.4	(4)
FTSE Russell	Excluded / Listed	Listed	Listed	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 belongs to the Top 20% within specialty chemicals.
- (4) 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 11% within the chemical industry.

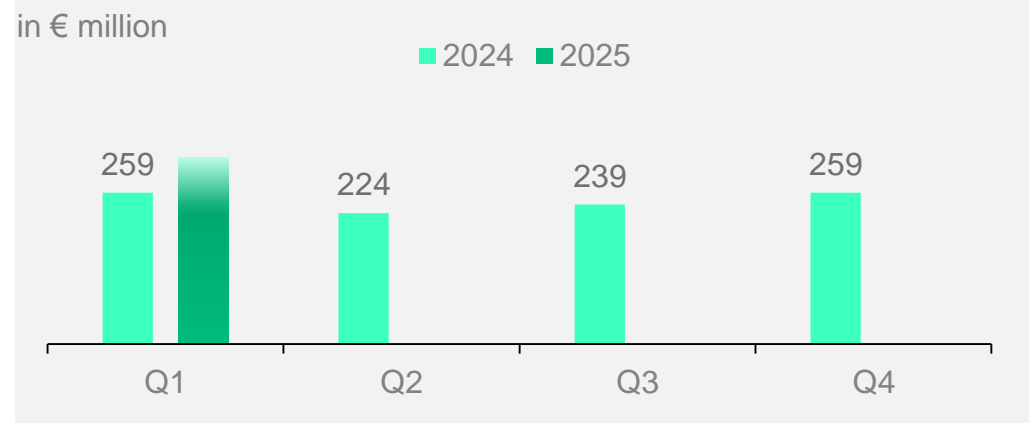


# Global energy prices rise following gas price development

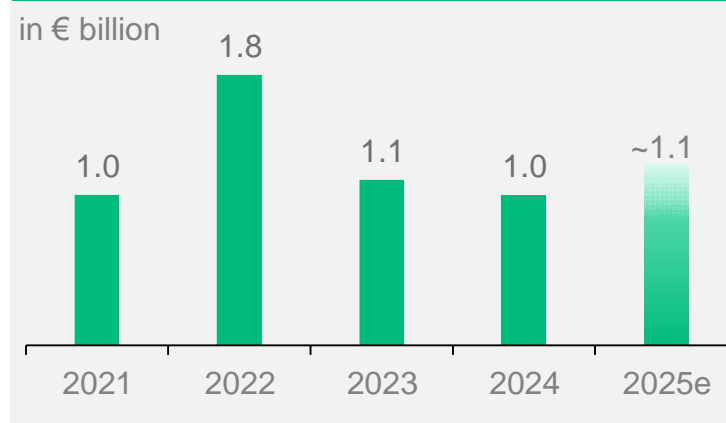


## Energy cost development

### QUARTERLY ENERGY COST DEVELOPMENT



### GLOBAL ENERGY COST

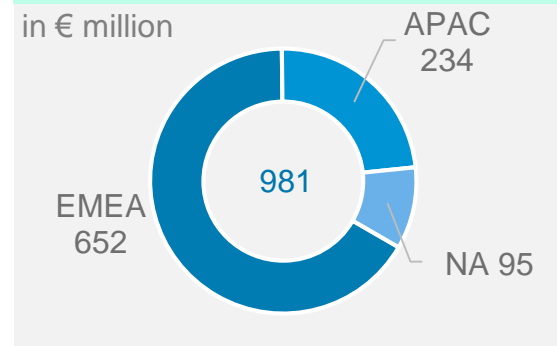


### HIGHLIGHTS

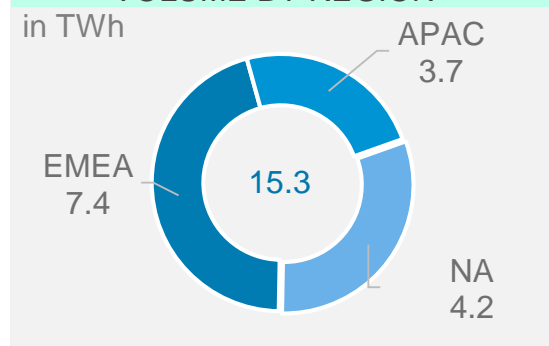
- Global energy bill in FY 2025 of €1.1bn, energy demand increased by ~7% vs FY 2023
- Projected Q1 2025 global energy cost of €305m, expected increase vs Q1 2024 from higher prices and higher volumes
- Global energy bill in FY 2025 expected around €1.1bn, driven by higher prices and production volumes

### ENERGY BREAKDOWN

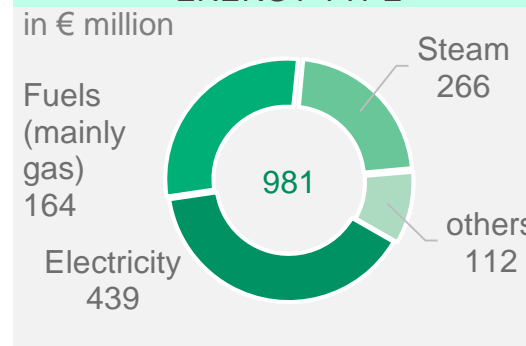
#### 2024 ENERGY SPENT BY REGION



#### 2024 PRIMARY ENERGY VOLUME BY REGION<sup>(1)</sup>



#### 2024 SPENT BY ENERGY TYPE

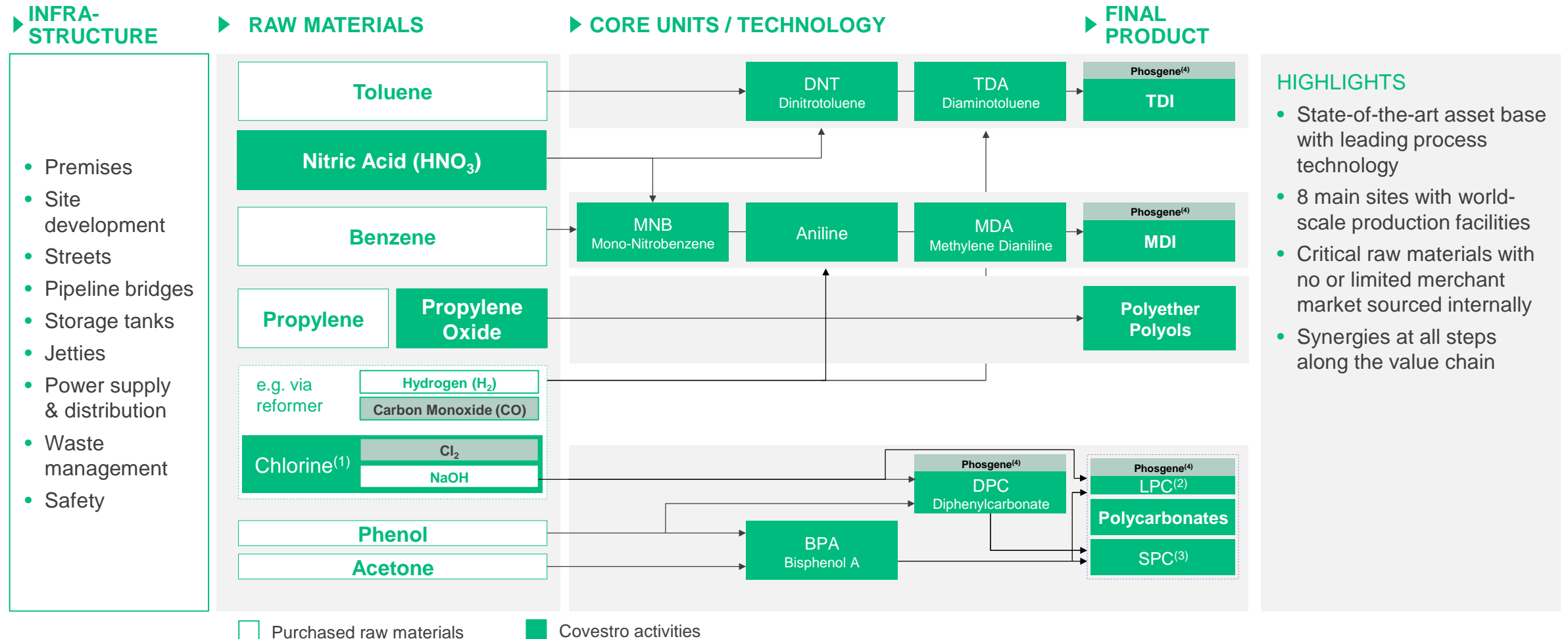




# Synergies in scale, process technology and chemical know-how



## One chemical backbone across all segments



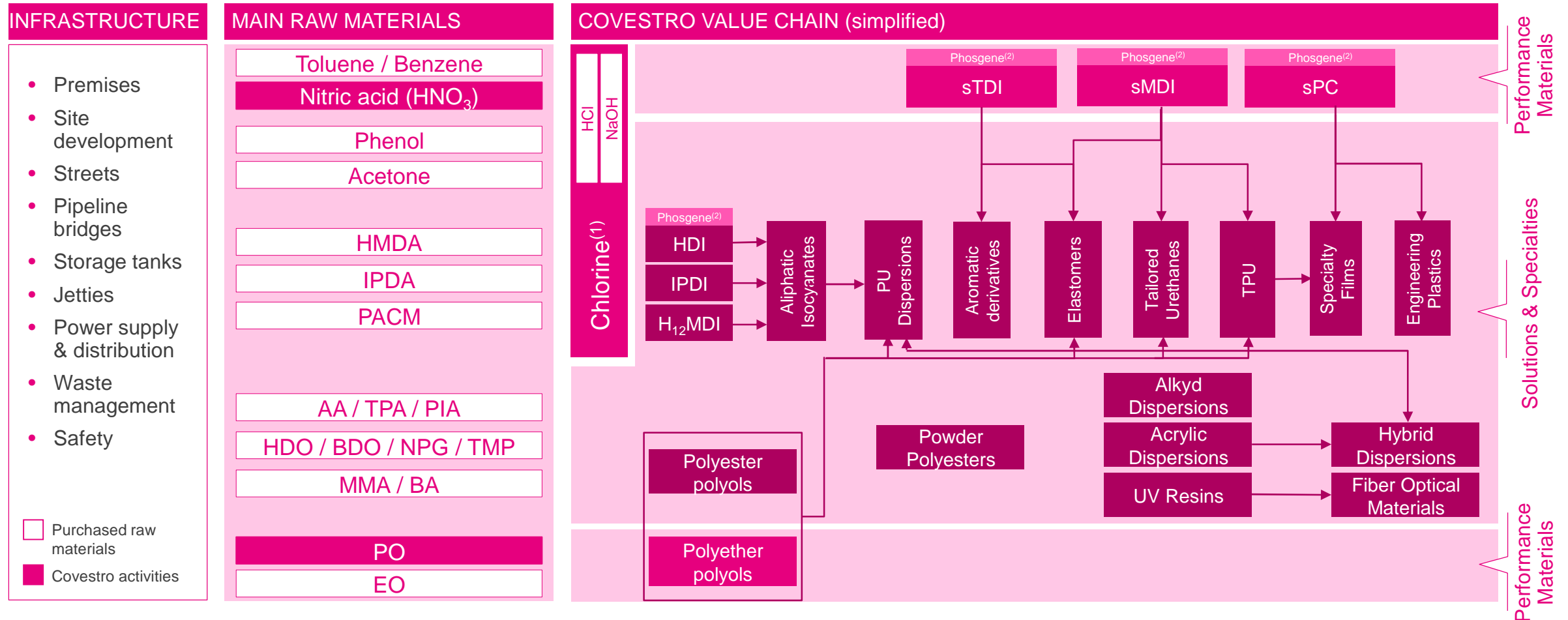
### HIGHLIGHTS

- State-of-the-art asset base with leading process technology
- 8 main sites with world-scale production facilities
- Critical raw materials with no or limited merchant market sourced internally
- Synergies at all steps along the value chain

# 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) proposed for 2025-2027

### BOARD OF MANAGEMENT STI PROPOSAL

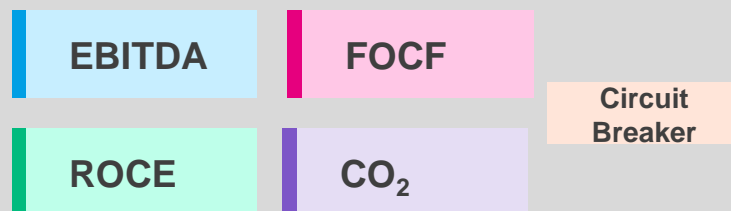
Old PSP system  
2022-2024



Based on three-year business plan

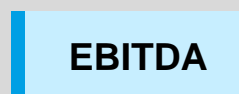
Proposed PSP adjustment  
2025-2027<sup>1</sup>

Mid-term component – 50% **1**

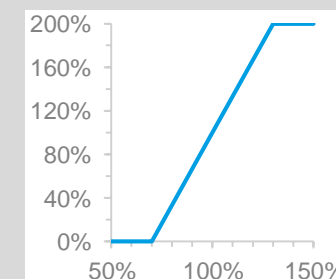


→ GRID: 100% on three-year Business Plan

One-year component – 50% **2**



→ GRID: 100% on one-year target as approved by BoM and Supervisory Board



# High accumulated free operating cash flow

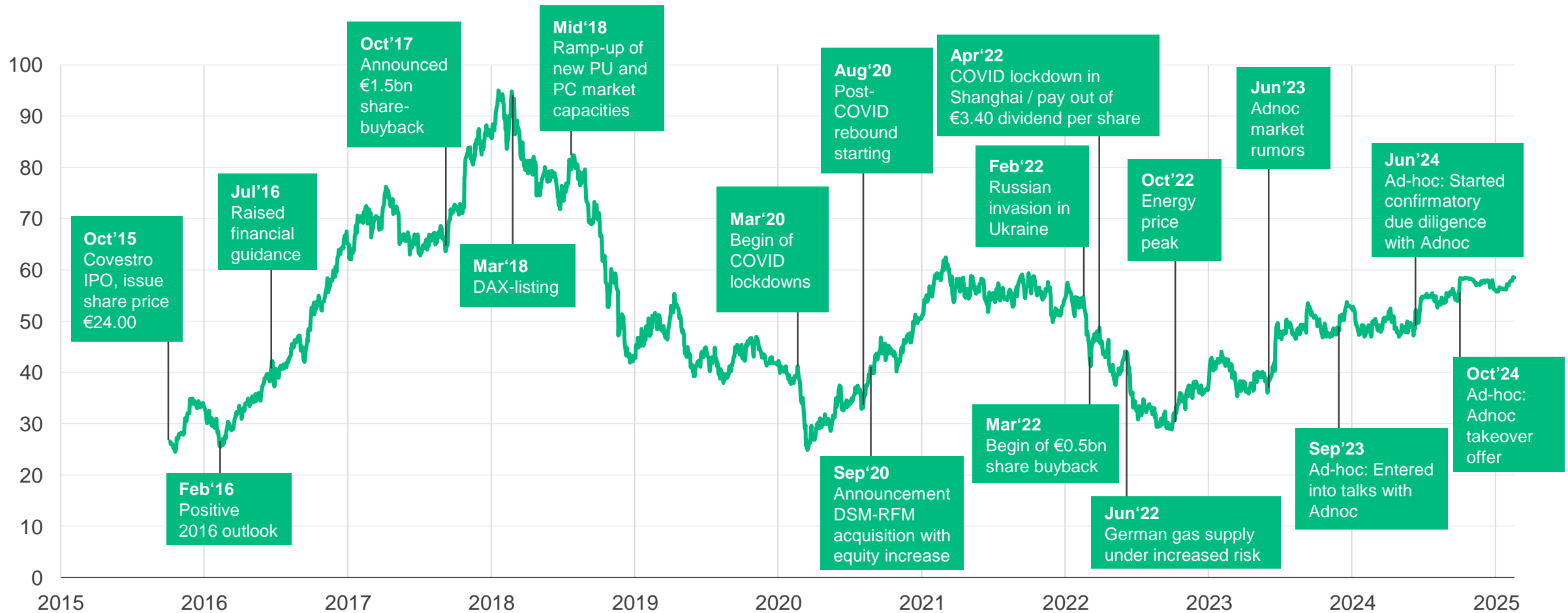
## Development of last five years



		2020	2021	2022	2023	2024
<b>Sales</b>	(€ million)	10,706	15,903	17,903	14,377	14,179
• <i>Volume y/y</i>	(%)	-5.1	+6.5	-5.0	-6.8	+7.4
• <i>Price y/y</i>	(%)	-5.7	+34.7	+10.1	-11.0	-8.0
• <i>FX y/y</i>	(%)	-1.6	-0.8	+5.9	-2.2	-0.8
• <i>Portfolio y/y</i>	(%)	-1.3	+8.1	+2.0	-	-
<b>EBITDA</b>	(€ million)	1,472	3,085	1,617	1,080	1,071
• <i>Performance Materials</i>		896	2,572	951	576	569
• <i>Solutions &amp; Specialties</i>		743	751	825	817	740
<b>Earnings per Share</b>	(€)	2.48	8.37	-1.42	-1.05	-1.41
<b>Capex</b>	(€ million)	704	764	832	765	781
<b>Free operating cash flow (FOCF)</b>	(€ million)	530	1,429	138	232	89
<b>ROCE above WACC</b>	(%points)	-0.3	12.9	-5.0	-6.1	-7.4
<b>Total net debt <sup>(1)</sup></b>	(€ million)	2,479	2,604	2,920	2,885	2,933
<b>Employees <sup>(2)</sup></b>	(FTE)	16,501	17,909	17,985	17,520	17,503

# Historical share price performance

## Covestro € share price since IPO



# Upcoming IR events



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

## REPORTING DATES

- |                    |                                 |
|--------------------|---------------------------------|
| • May 6, 2025      | Q1 2025 Quarterly Statement     |
| • July 31, 2025    | 2025 Half-Year Financial Report |
| • October 30, 2025 | Q3 2025 Quarterly Statement     |

## ANNUAL GENERAL MEETING

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

## BROKER CONFERENCES & ROADSHOWS

- |                  |  |
|------------------|--|
| • March 19, 2025 | Roadshow London  |
| • May 27, 2025   | Deutsche Bank - dbAccess European Champions Conference 2025, Frankfurt |



# Disclaimer

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).

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