



Rebounding volumes in a challenging environment

Financial Highlights
Q2 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.

The company assumes no liability whatsoever to update these forward-looking statements or to adjust them to future events or developments.

Financial highlights Q2 2024



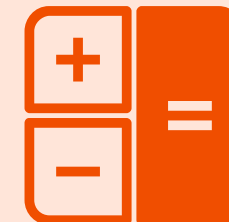
9.3%
Y/Y volume
growth



€3.7bn
Sales



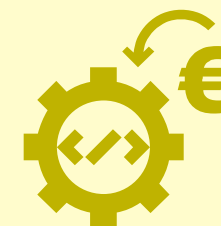
€320m
EBITDA



€-147m
FOCF



FY 2024
Guidance narrowed

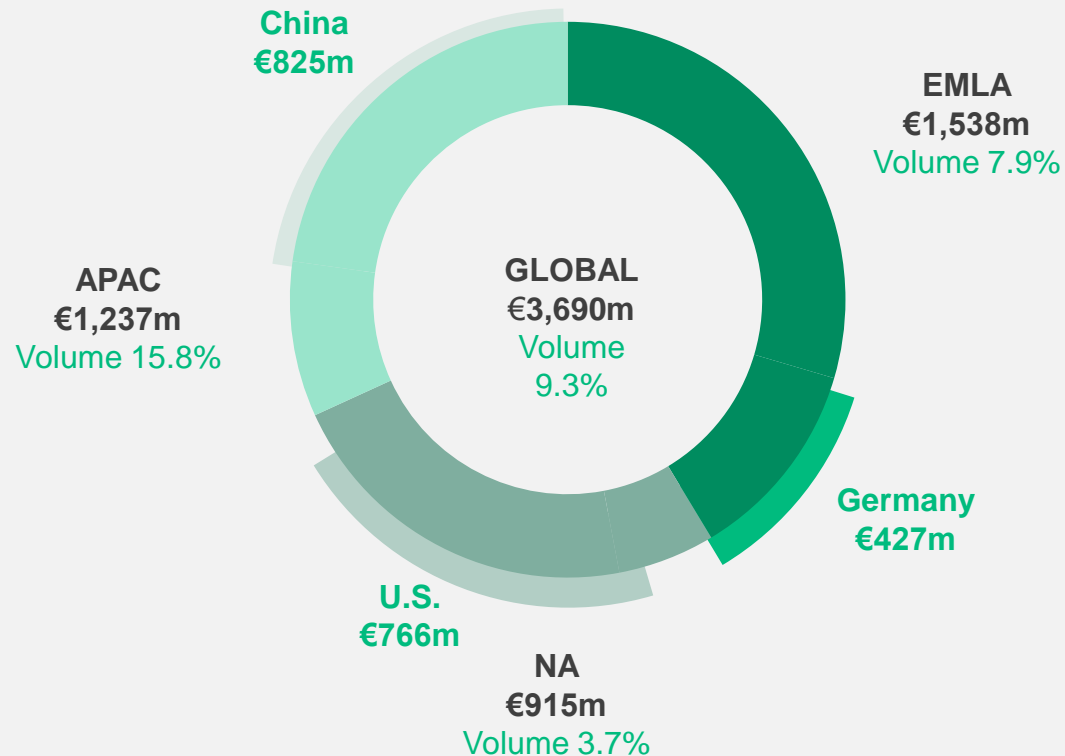


Volumes are rebounding

Q2 2024 – Regional split



Sales volume Y/Y



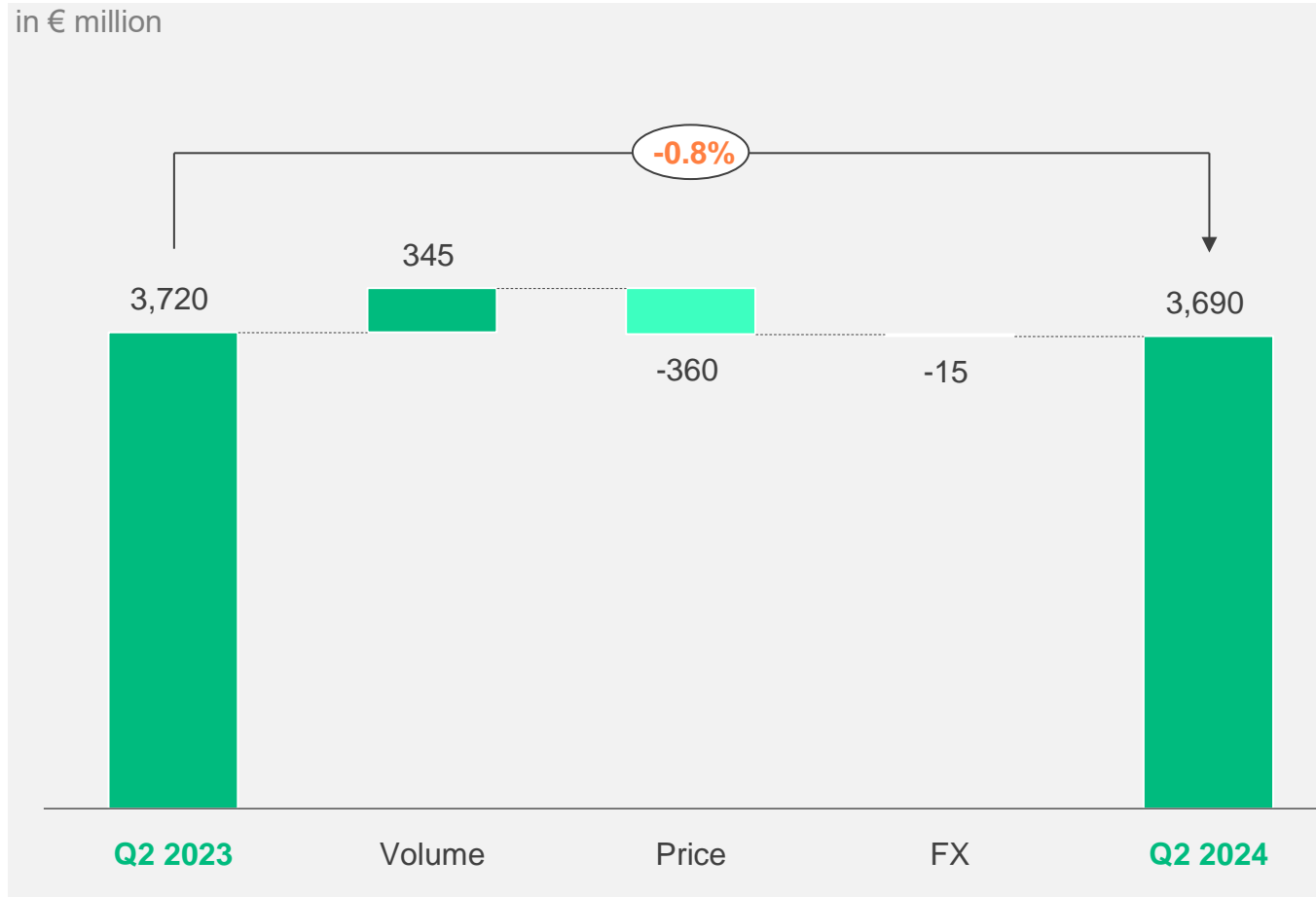
HIGHLIGHTS

- Solid year-over-year volume development across the industries:
 - **Construction** low teens % increase
 - **Furniture/wood** high single-digit % increase
 - **Electro** high single-digit % increase
 - **Auto** flattish
- **EMLA:** Significant increases in construction and furniture/wood while electro and auto with significant decline
- **NA:** Furniture/wood with significant growth, construction with slight increase while electro flattish and auto with significant decline
- **APAC:** Electro, construction, auto and furniture/wood all exhibiting significant growth

Stable sales as volume growth compensates price decline



Q2 2024 – Sales bridge



HIGHLIGHTS

Volume positive

- Volume increase of 9.3% Y/Y
- Performance Materials with 15.0% Y/Y growth while Solutions & Specialties with 4.8% Y/Y increase

Pricing negative

- Pricing affected sales by -9.7%
- Performance Materials with -12.0% Y/Y whereas Solutions & Specialties with -7.7% Y/Y development

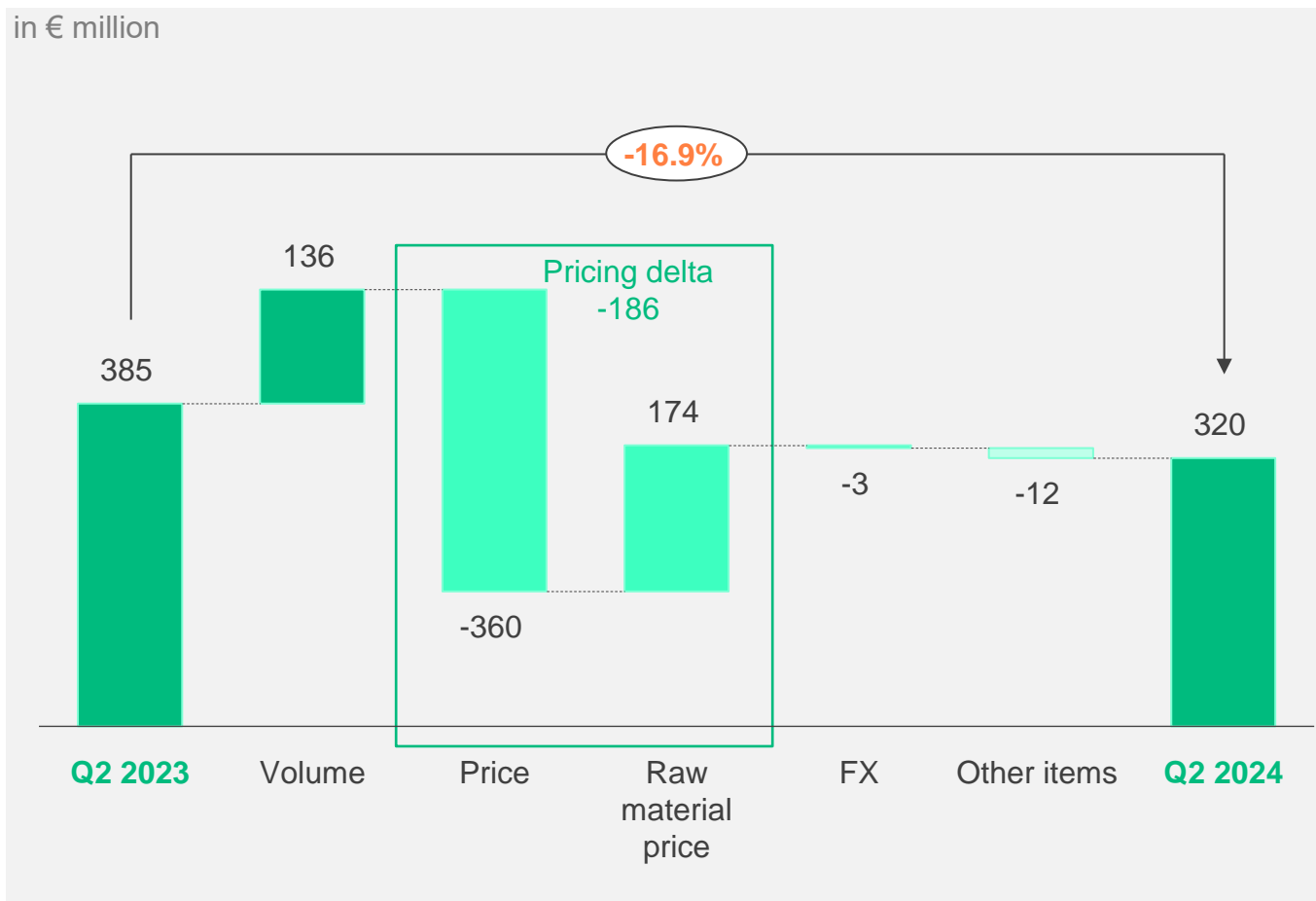
FX negative

- FX affected sales by -0.4% Y/Y mainly driven by weaker Chinese Renminbi and Japanese Yen

EBITDA with positive volume and negative pricing delta



Q2 2024 – EBITDA bridge



HIGHLIGHTS

Positive volume

- Volume leverage⁽¹⁾ of 39%
- 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

- Benefitted from lower LTI/STI provisions of €26m
- Q2 2024 restructuring cost related to STRONG of €23m in Solutions & Specialties

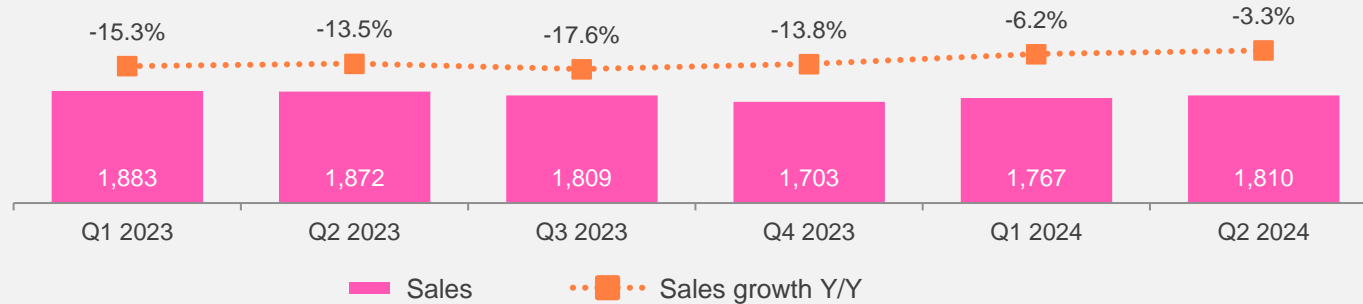
Solutions & Specialties – lower EBITDA due to restructuring costs



Segment results – Highlights Q2 2024

SALES

in € million / changes Y/Y

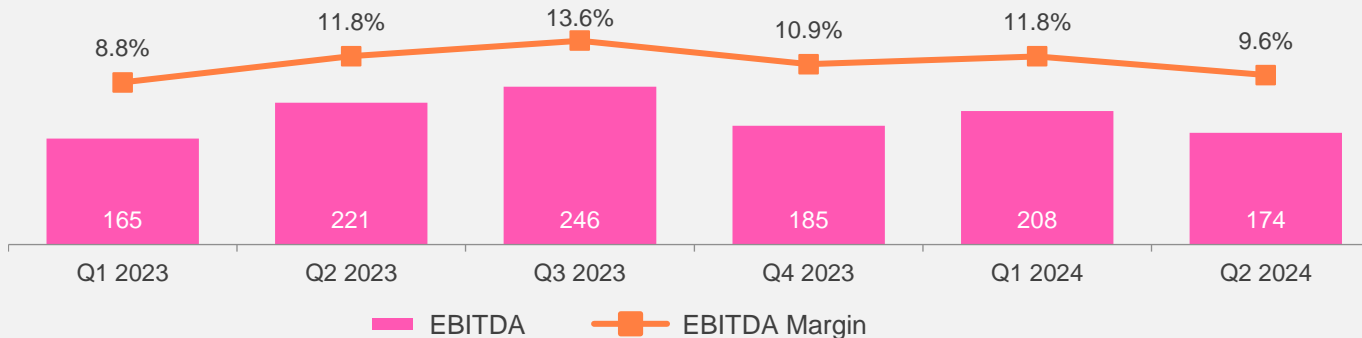


HIGHLIGHTS Q2 2024

- Sales declined by 3.3% Y/Y, mainly driven by lower prices (-7.7%), unfavorable FX (-0.4%) while increasing volumes (4.8%)
- Quarter-over-quarter, strong sales increase in APAC, slight increase in NA while EMLA decreasing due to lower volumes

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS Q2 2024

- Compared to prior year, EBITDA significantly down due to negative pricing delta & restructuring costs while positive volumes
- Quarter-over-quarter, lower EBITDA driven by negative pricing delta and restructuring cost while positive volumes
- EBITDA margin decreased to 9.6% in Q2 2024

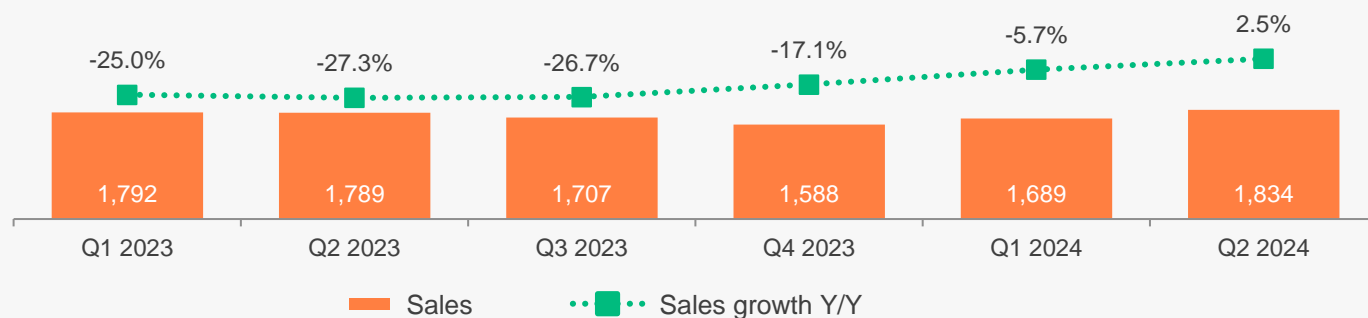
Performance Materials – continued strong volume rebound



Segment results – Highlights Q2 2024

SALES

in € million / changes Y/Y

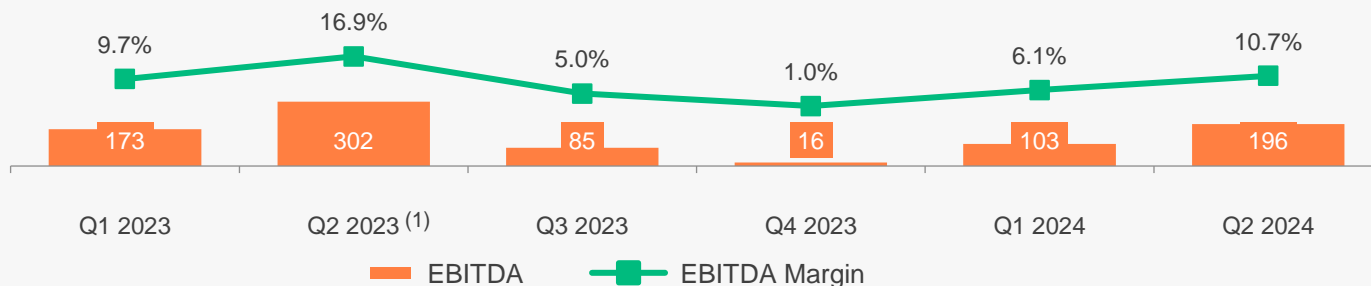


HIGHLIGHTS Q2 2024

- Sales increased by 2.5% Y/Y driven by positive volume (+15.0%) while negative pricing (-12.0%) and FX (-0.5%)
- Quarter-over-quarter, strong sales increase in all regions; sequentially positive volume growth in APAC and NA

EBITDA AND MARGIN

in € million / margin in percent



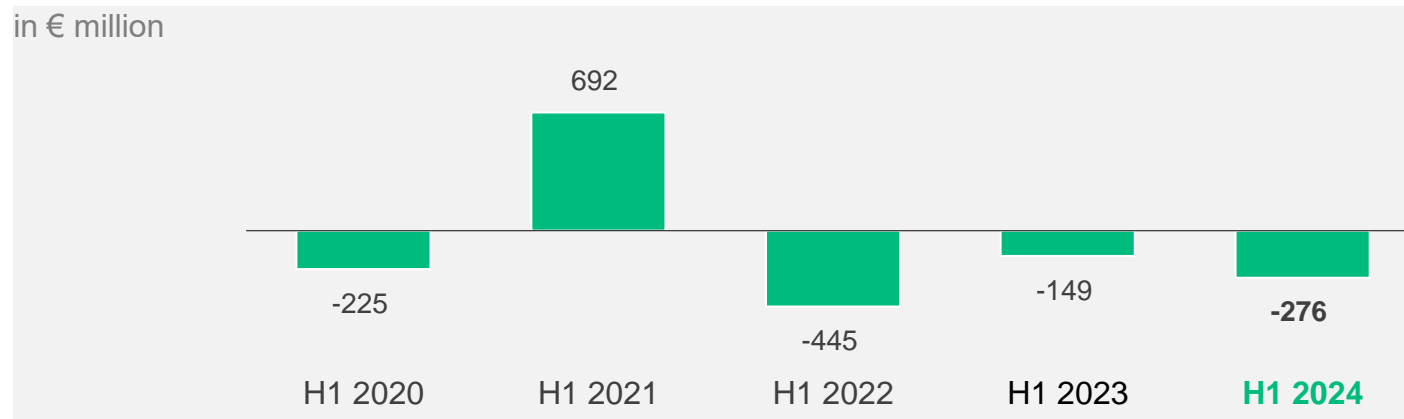
HIGHLIGHTS Q2 2024

- Compared to prior year, EBITDA declined due to negative pricing delta and higher fixed cost, partly compensated by increasing volumes
- Q2 '23 included €75m insurance reimbursement
- Quarter-over-quarter, significantly higher EBITDA driven by positive pricing delta and positive volumes

Seasonally negative FOCF due to bonus payout and lower EBITDA



Historical FOCF development



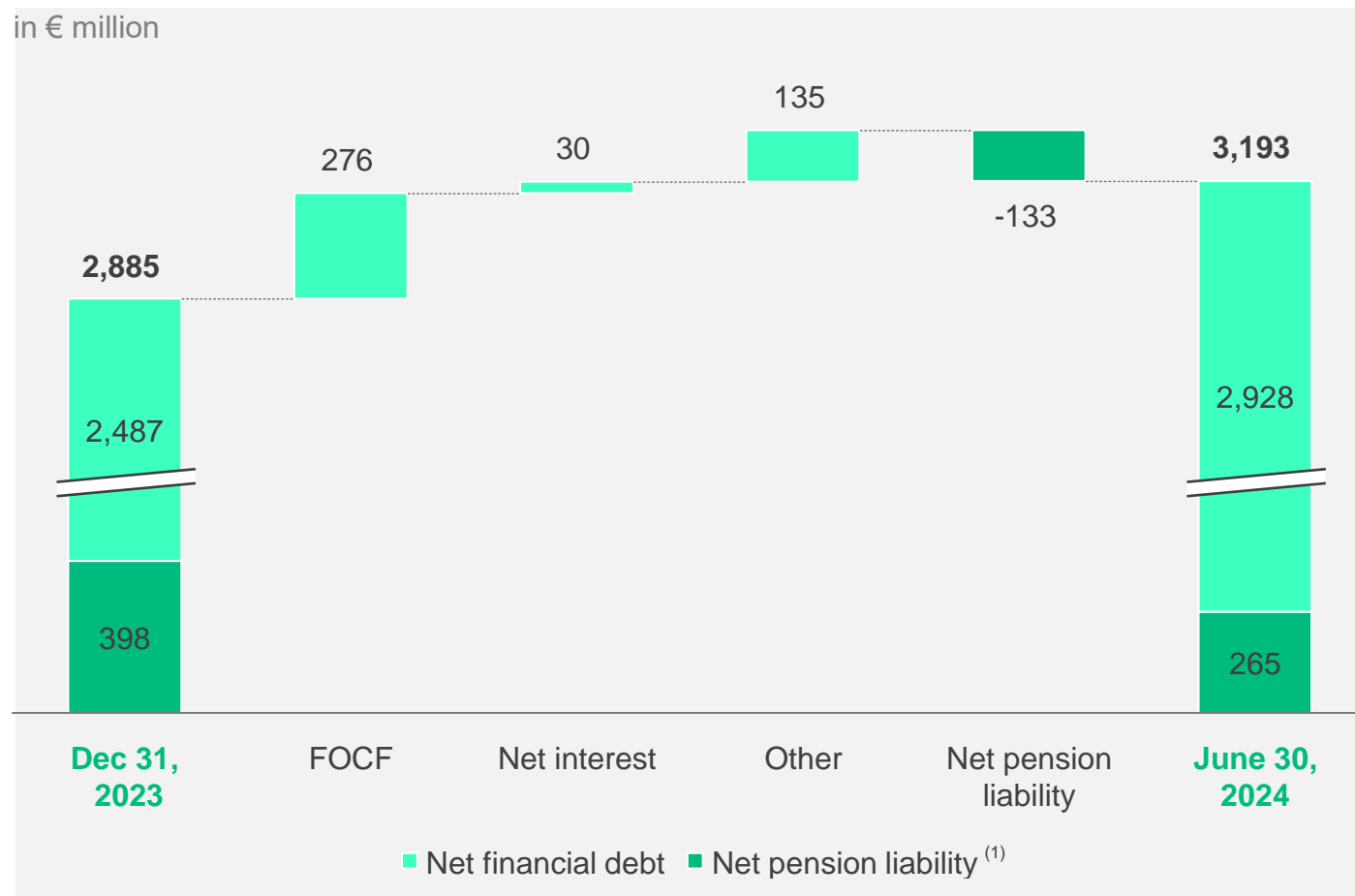
EBITDA	+379	+1,560	+1,353	+671	+593
Changes in working capital⁽¹⁾	-187	-580	-695	-417	-350
Capex⁽²⁾	-286	-289	-330	-279	-272
Income tax paid	-102	-176	-360	-117	-80
Other effects⁽³⁾	-29	+177	-413	-7	-167

HIGHLIGHTS

- H1 2024, FOCF was negative €276m with Q2 contributing minus €147m
- Working capital to sales ratio⁽⁴⁾ increased to 19.8% (H1 2023: 19.4%), driven by steadily declining sales despite lower absolute working capital
- Stable capex (Y/Y) with increasing maintenance capex and focus on selected growth investments
- “Other effects” burdened by bonus pay out in Q2 2024 for FY 2023 (zero pay out in 2023 for FY 2022)

Total net debt seasonally burdened by negative FOCF

June 30, 2024 – Total net debt



HIGHLIGHTS

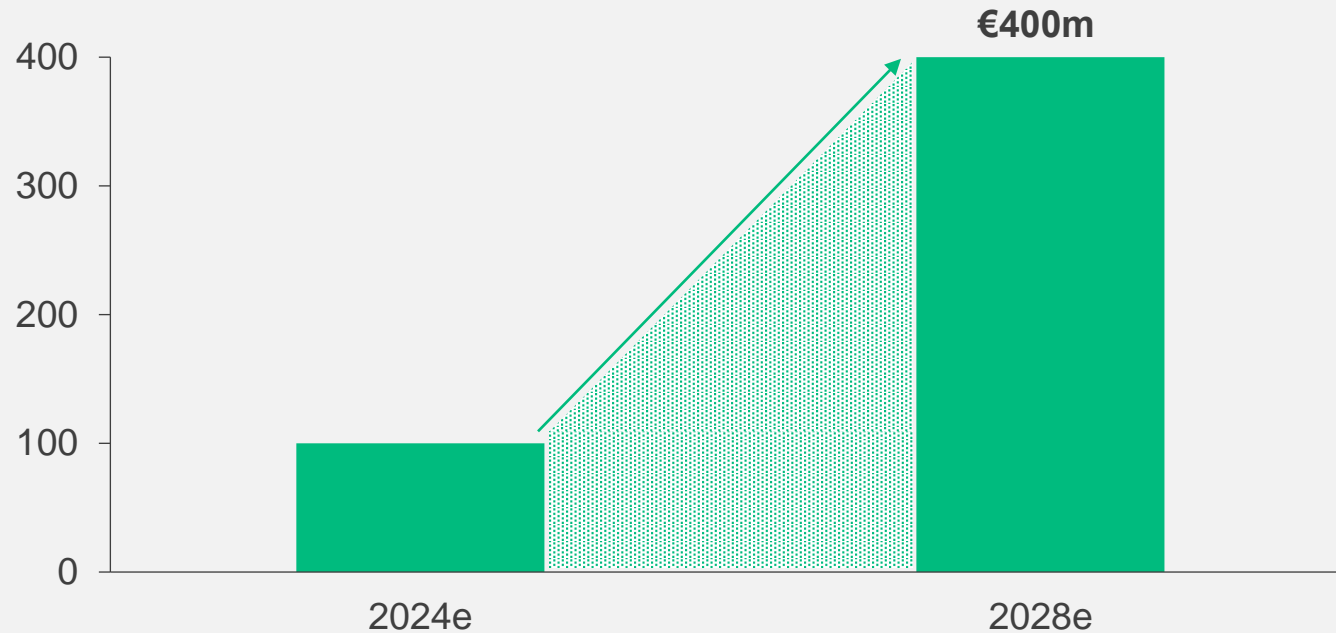
- Total net debt to EBITDA ratio⁽²⁾ of 3.2x at the end of H1 2024 compared to 2.7x at the end of Q4 2023
- Increased net debt to EBITDA ratio reflects the cyclical nature of Covestro's business and is expected to be only temporary
- Others mainly driven by lease contracts
- No financial covenants in place
- Committed to a solid investment grade rating; Baa2 with stable outlook confirmed by Moody's in May 2024

Launched program STRONG to contribute €400m annual savings



Transformation program STRONG

EBITDA RELEVANT SAVINGS 2024E-2028E

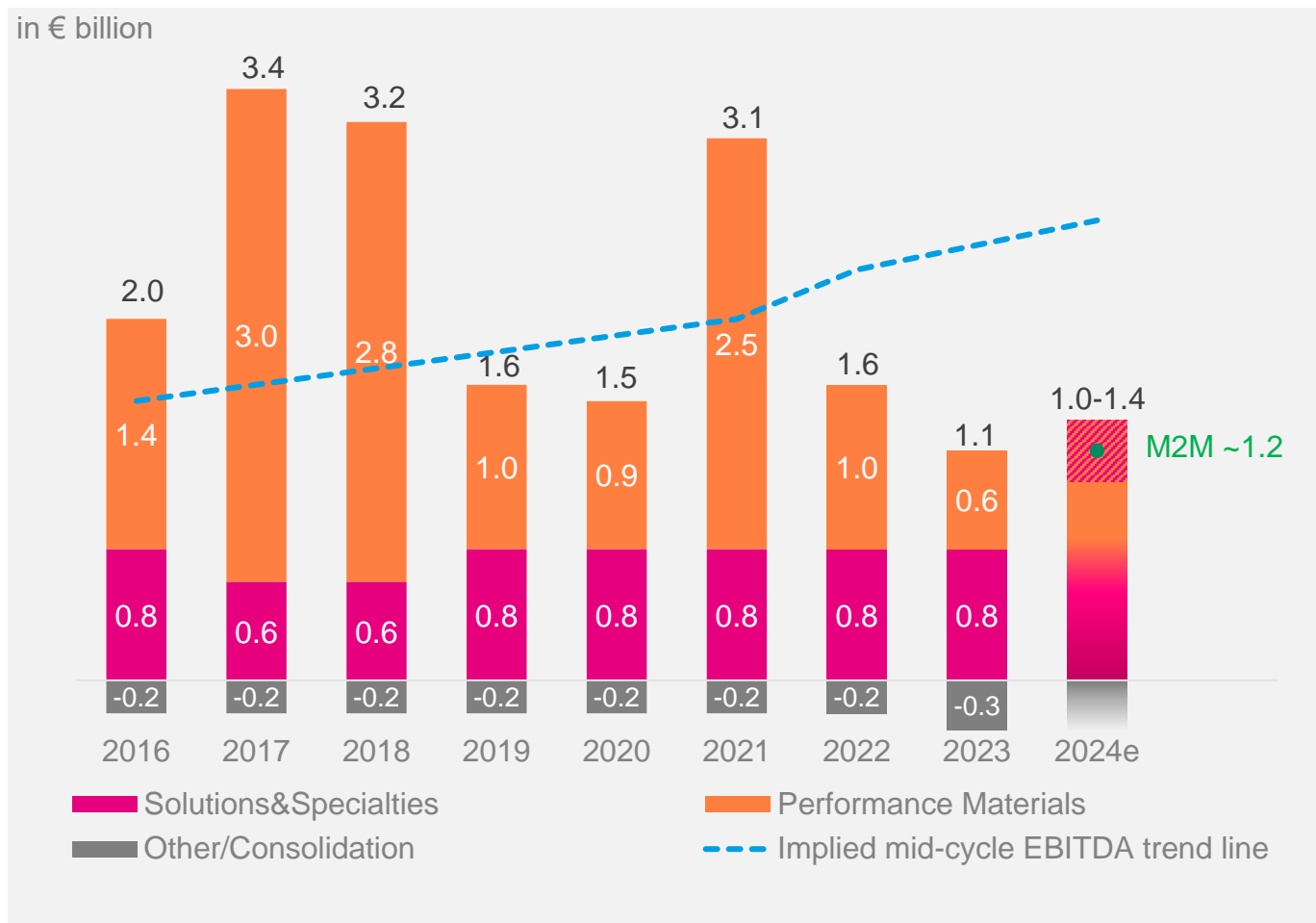


HIGHLIGHTS

- Launched program STRONG to shape Covestro for sustained competitiveness
 - Effective structures and efficient processes with strong customer focus
 - Broad introduction of AI solutions
- STRONG to contribute €400m annual savings by 2028 (slightly below 10% of total fixed costs)
- Requires cumulated ~€300m restructuring costs, thereof €23m in H1 2024
- In 2024, EBITDA impact of STRONG assumed slightly positive with savings partially offset by restructuring costs

FY 2024 EBITDA guidance narrowed

EBITDA development between 2016 and 2024e



HIGHLIGHTS

EBITDA guidance FY 2024:

- Narrowed between €1.0 and 1.4bn

Mark-to-market (M2M):

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

Mid-cycle EBITDA:

- Mid-cycle definition: Respective year's EBITDA performance under average market conditions
- 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
- Stronger outlook for electro and appliances

FY 2024 guidance narrowed

Full year guidance 2024



	FY 2023	GUIDANCE FY 2024 <i>as of February 29</i>	GUIDANCE FY 2024 <i>as of July 30</i>
EBITDA	€1,080m	€1,000 to 1,600m	€1,000 to 1,400m
FOCF	€232m	€0 to 300m	€-100 to 100m
ROCE above WACC ⁽¹⁾	-6.1pp	-7 to -2pp	-7 to -4pp
GHG emissions (scope 1&2)	4.9m tons	4.4 to 5.0m tons	4.4 to 5.0m tons

Additional financial expectations

Sales	€14.4bn	€14.0 to 15.0bn	€14.0 to 15.0bn
EBITDA Q3	€277m	-	€250 to 350m
D&A	€894m	~€850m	~€850m
Financial result	€-113m	€-120 to -160m	€-120 to -160m
Income tax	€275m	€250 to 350m	€250 to 350m
Capex ⁽²⁾	€765m	~€800m	~€800m

HIGHLIGHTS

2024 FX sensitivity

- 1pp change equals
+/- €10m for CNY/EUR (basis 7.85)
+/- €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%⁽³⁾

Rebounding volumes in a challenging environment



Q2 2024 Highlights

1

Continued strong volume growth of 9.3%
driven by globally higher demand and improved internal availability

2

Sales stable at €3.7bn
caused by continued strong volumes increase while lower prices and unfavorable FX

3

EBITDA Q2 2024 of €320m at mid-point of guidance range
burdened by negative pricing delta

4

FY 2024 guidance narrowed
with an expected EBITDA of €1.0 to 1.4bn

5

Transformation program **STRONG** launched
saving annually €400m by 2028

Questions & Answers

Q2 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

REPORTING DATES

- | | |
|---------------------|-----------------------------|
| • October 29, 2024 | Q3 2024 Quarterly Statement |
| • February 26, 2025 | 2024 Annual Report |
| • May 6, 2025 | Q1 2025 Quarterly Statement |

ANNUAL GENERAL MEETING

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

BROKER CONFERENCES

- | | |
|----------------------|---|
| • September 3, 2024 | Commerzbank & ODDO BHF Corporate Conference, Frankfurt |
| • September 4, 2024 | UBS Global Materials Conference, New York City |
| • September 5, 2024 | Jefferies Industrials Conference, New York City |
| • September 10, 2024 | Berenberg Food Ingredients & Chemicals Conference, London |
| • September 11, 2024 | Kepler Cheuvreux Autumn Conference 2024, Paris |
| • September 23, 2024 | Baader Investment Conference 2024, Munich |
| • September 24, 2024 | Berenberg & Goldman German Corporate Conference, Munich |
| • October 10, 2024 | JP. Morgan CEO Series Call, virtual |