



Managing challenging times

Roadshow presentation



■ Covestro investment highlights

■ Group financials FY'22

■ Segment overview

■ Background information

Covestro is diversified across geographies and end-markets



Key performance indicators and sales split



Sales
2022



EBITDA
2022

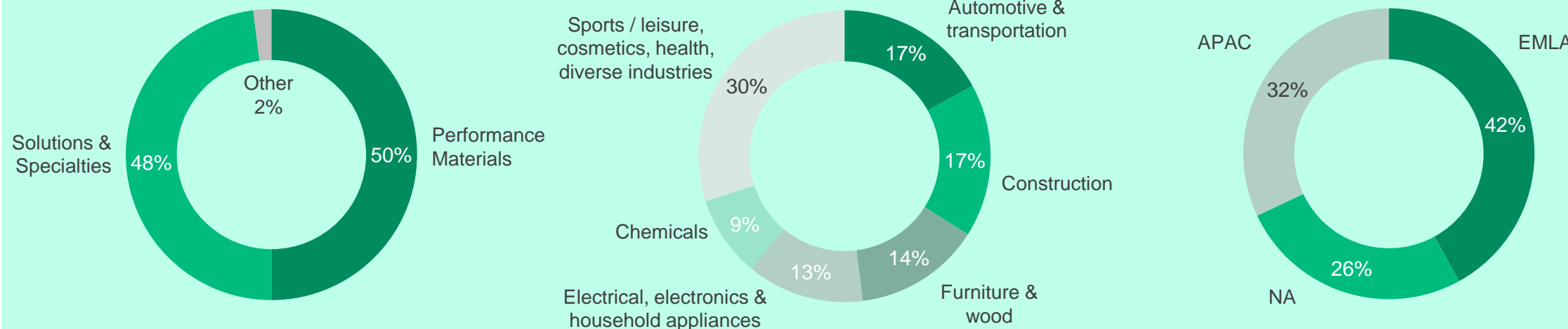


FOCF
2022



ROCE above WACC
2022

2022 sales

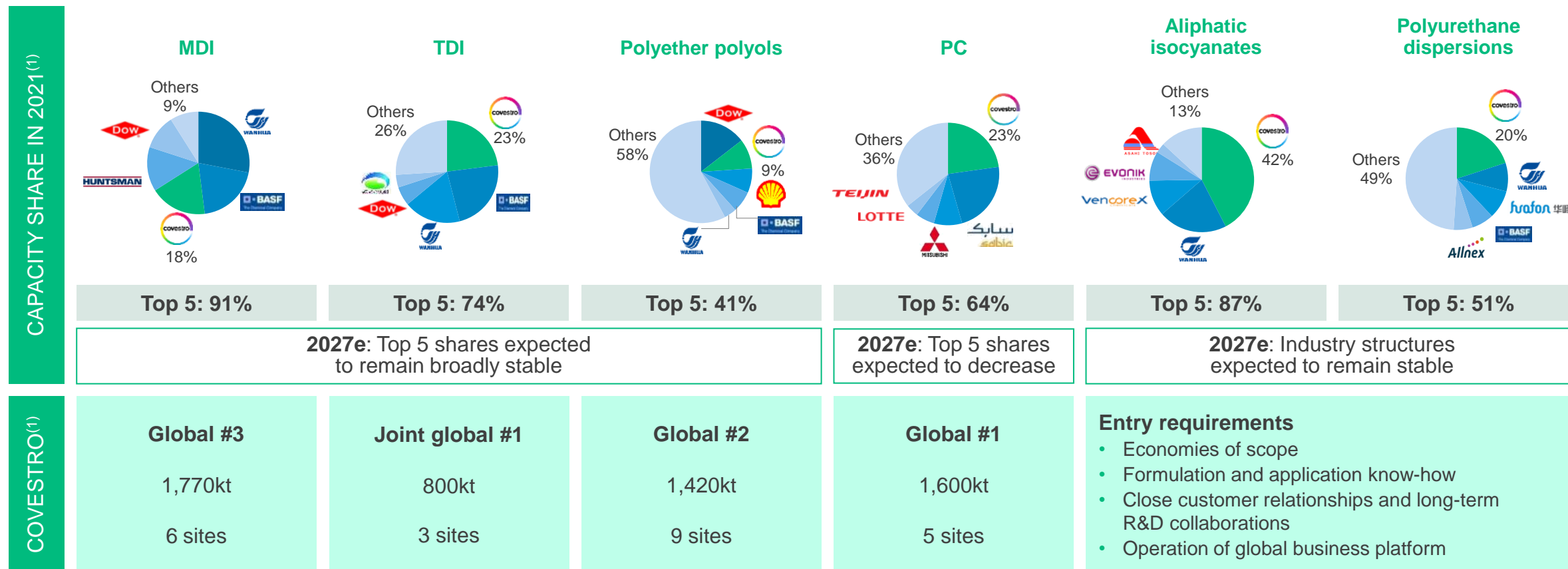


Covestro is a global leader across its entire portfolio



World-wide industry positions and production capacities

#1 IN KEY MARKETS



Our strategy – setting the path for tomorrow



BECOME THE BEST OF WHO WE ARE



Transform the company to exploit its full potential



DRIVE SUSTAINABLE GROWTH



Address sustainability in a profitable way



BECOME FULLY CIRCULAR



Accelerate the transition to a fossil-free economy

ADVANCE DIGITALIZATION

EXPAND 'WE ARE 1' CULTURE

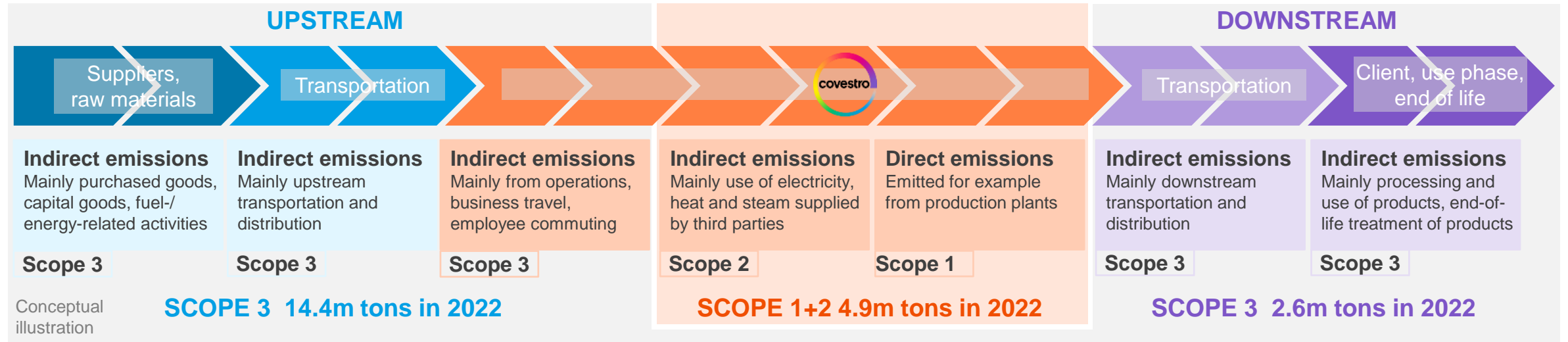
! MILESTONE
LEAP transformation ongoing

! MILESTONE
Integration of RFM accomplished

! MILESTONE
Target climate neutrality in 2035

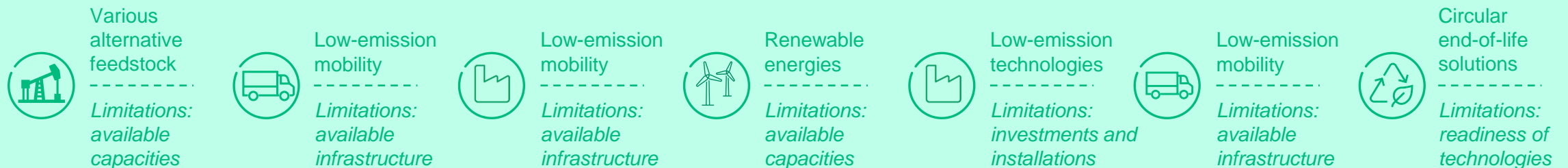
Climate neutrality with existing technologies and assets

Covestro greenhouse gas emissions



EXISTING OPTIONS AND CURRENT LIMITATIONS TO REDUCE GHG EMISSIONS

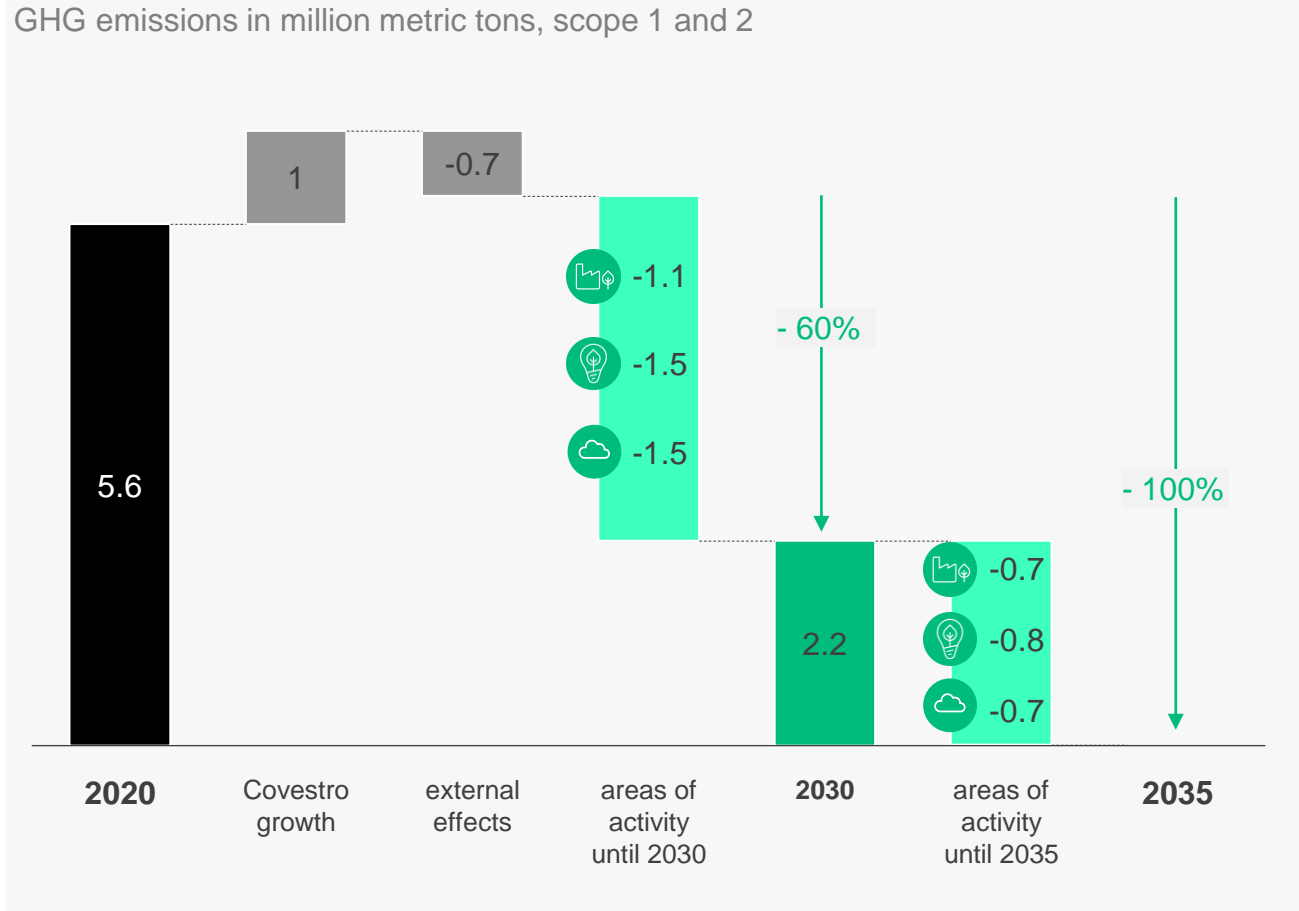
Selective examples only



Sustainable manufacturing and renewable energy to lead path



Climate neutrality target for GHG emissions scope 1 and 2



EMISSION REDUCTION MEASURES

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

Numerous measures effectively reduce GHG emissions

Climate neutrality target for GHG emissions scope 1 and 2



MORE SUSTAINABLE MANUFACTURING



Reducing nitrous oxide emissions by installation of highly efficient catalysts



Optimizing production processes to increase energy efficiency



Employing digital technologies for efficient production control



RENEWABLE ELECTRICITY



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



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



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



RENEWABLE STEAM



Converting steam generation from fossil to renewable energy sources



Develop options to electrify steam generation based on renewable energies



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

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

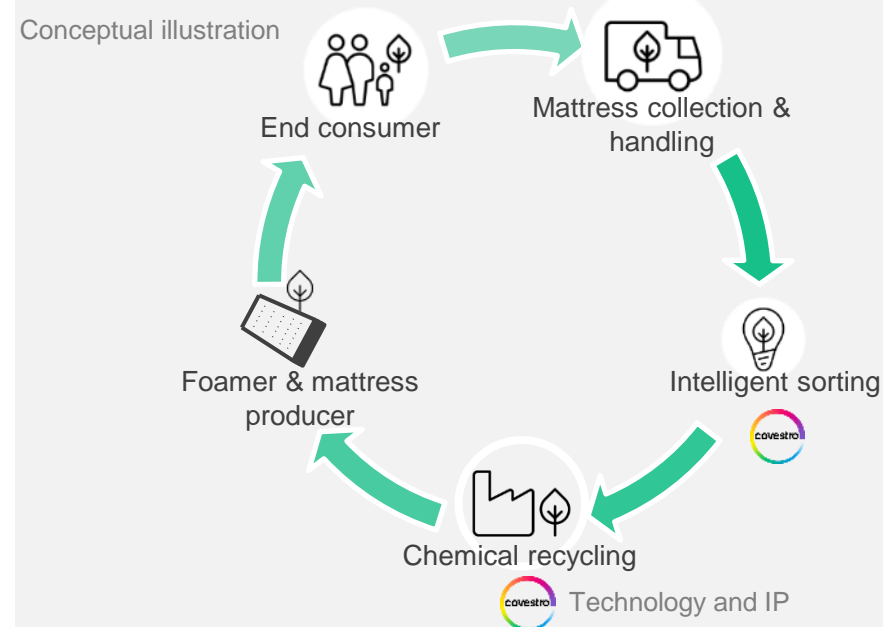


Innovative recycling / joint solutions

COVESTRO TECHNOLOGY

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

FUTURE PU SOFT FOAM LOOP



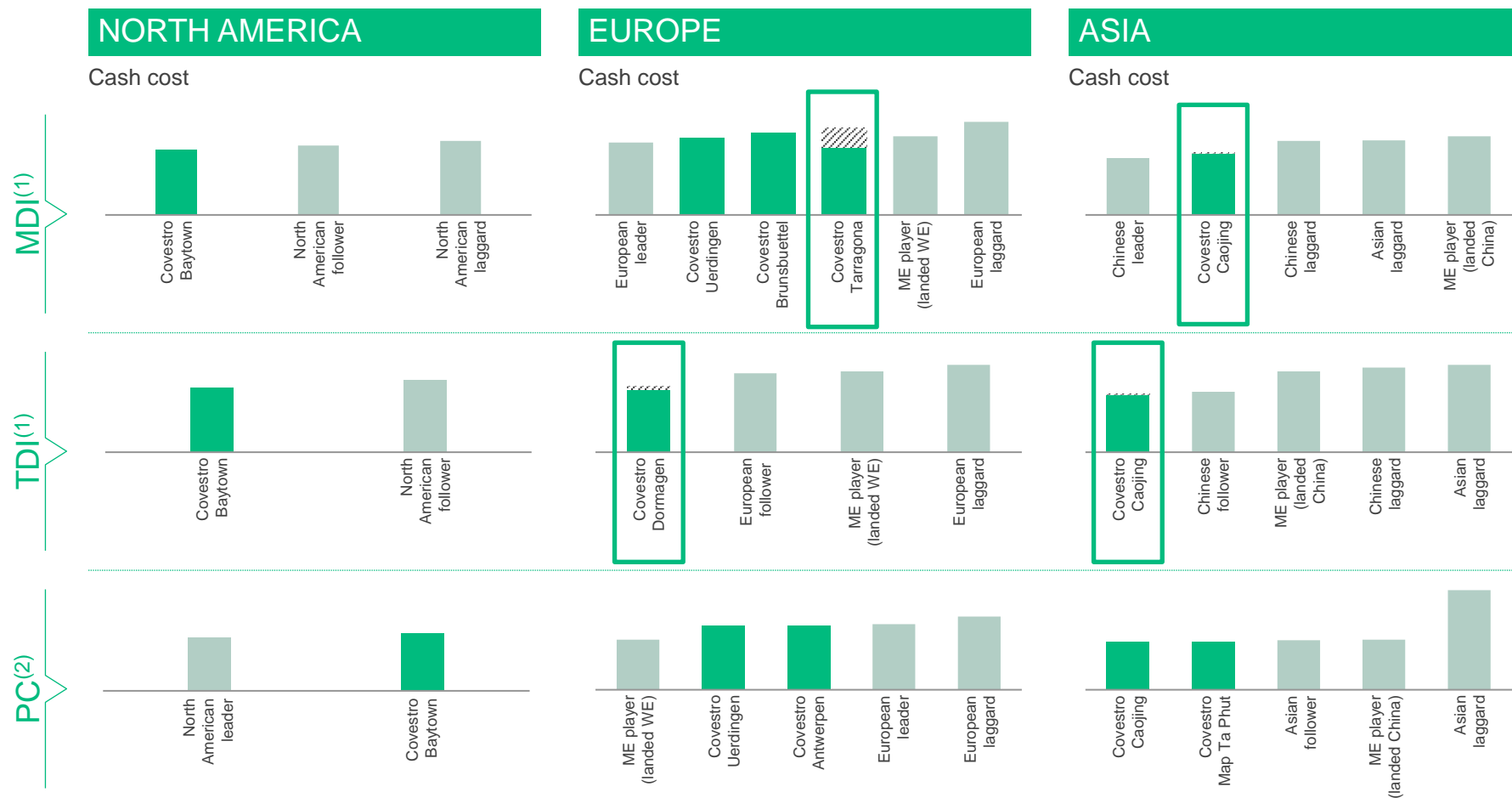
Timeline:



Leading cost positions across markets and regions



Covestro cash cost positions



HIGHLIGHTS

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

/// Cash cost improvements based on investment projects

Covestro supports future sustainable growth

Long term product trends



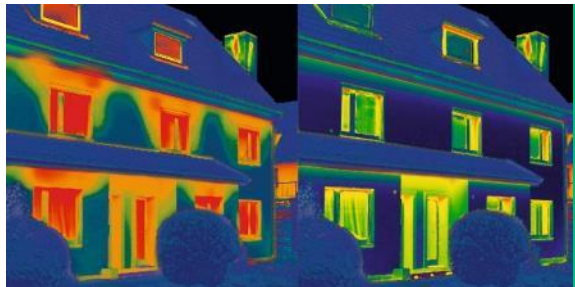
APPLICATIONS



INDUSTRY TRENDS

Electric vehicles pushing

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



Thermal Insulation

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



Wind energy

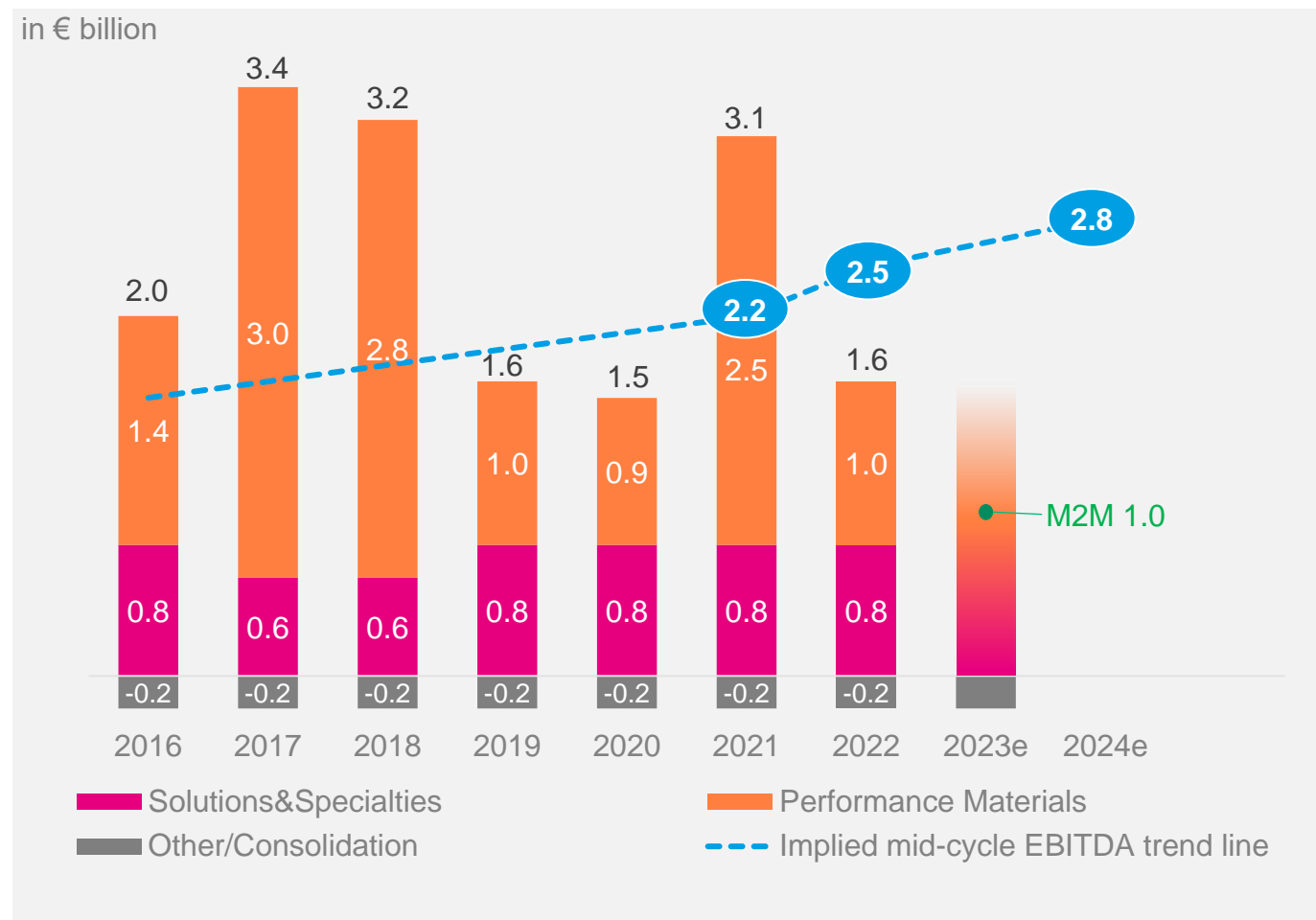
- Covestro polyurethane infusion resin contributes to 8% reduction⁽³⁾ in wind blade manufacturing cost and is expected to take ~10% market share of the wind resin market dominated by epoxy resins until 2032
- Our overall wind solutions for blades will result in 30% lower maintenance and 2-year life-time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

COVESTRO BENEFIT

Favourable mid to long term outlook for product portfolio of Covestro

Mid-cycle EBITDA of €2.8bn in 2024

EBITDA development between 2016 and 2024e



HIGHLIGHTS

Mid-cycle EBITDA:

- Mid-cycle definition: Respective year's EBITDA performance under average market conditions
- Strong increase from €2.2bn to €2.5bn in 2022 realized from EBITDA impact of RFM acquisition
- Confirming mid-cycle EBITDA of €2.8bn in 2024

EBITDA in FY 2023e:

- Covestro EBITDA expected significantly below FY 2022
- Performance Materials EBITDA expected significantly below FY 2022
- Solutions & Specialties EBITDA expected around FY 2022

Mark-to-market (M2M):

- Mark-to-market (M2M) EBITDA in FY 2023 of ~€1.0bn based on January 2023 margins

Outlook reflecting current economic climate

Full year guidance 2023



	FY 2022	Guidance FY 2023
EBITDA <i>thereof Solutions & Specialties</i>	€1,617m €825m	significantly ⁽⁴⁾ below previous year around ⁽⁴⁾ previous year
FOCF <i>thereof Solutions & Specialties</i>	€138m €195m	significantly ⁽⁴⁾ below previous year significantly ⁽⁴⁾ above previous year
ROCE above WACC ⁽¹⁾	-5.0 pp	significantly ⁽⁴⁾ below previous year
GHG emissions (scope 1 and 2)	4.7m tons	around ⁽⁴⁾ previous year
Additional financial expectations		
EBITDA Q1	€806m	€100 to 150m
D&A	€1,350	~€850m
Financial result	€-137m	€-160 to -200m
Capex ⁽²⁾	€832m	~€800m

HIGHLIGHTS

2023 FX assumptions

- €/USD around 1.05 level
- 1pp change equals
+/- €8m for CNY/EUR
+/- €4m for USD/EUR

Mark-to-market

- Mark-to-market (M2M) EBITDA in FY 2023 of €1.0bn based on January 2023 margins flat forward

GHG emissions

- 0.4m tons increase in GHG emission by external factors neutralized by 0.4m tons savings through our CO₂ reductions measures

P&L tax rate

- Long-term tax rate estimated between 24-26%⁽³⁾

Global demand outlook remains weak

Global demand development



KEY CUSTOMER INDUSTRIES		2020 Y/Y	2021 Y/Y	2022 Y/Y ⁽¹⁾	2023e Y/Y ⁽²⁾
Global GDP		-3.5%	+6.1%	+3.1%	+1.5%
Automotive EV / BEV		-15.9% +29.2%	+3.0% +105.9%	+6.9% +69.8%	+4.6% +42.5%
Construction Residential		-1.8% -1.0%	+3.5% +4.5%	+1.2% +0.8%	+0.8% -0.2%
Furniture Soft furniture		-4.8% -4.4%	+8.8% +8.2%	-3.6% -5.2%	+0.3% +0.2%
Electrical, electronics and household appliances Appliances		+4.5% +2.4%	+16.6% +9.2%	+4.9% -1.9%	+2.0% +3.7%

Global energy prices normalizing after tripling within two years



Energy cost development

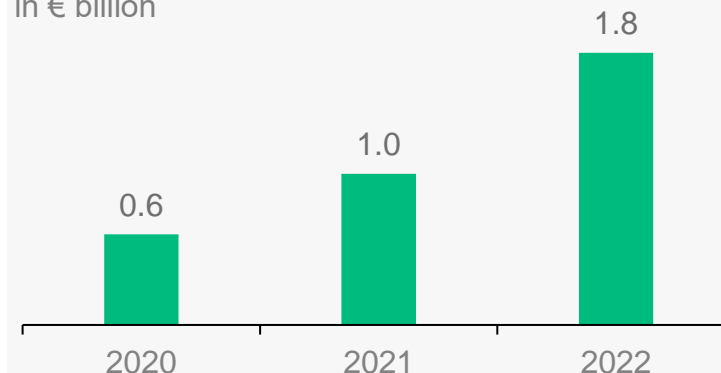
QUARTERLY ENERGY COST DEVELOPMENT

in € million



GLOBAL ENERGY COST

in € billion



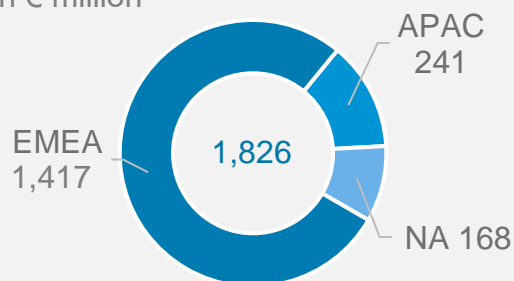
HIGHLIGHTS

- Global energy bill in 2022 of €1.8bn
- Q4 2022 with reduced cost mainly attributable to lower production volumes in Europe
- Q1 2023 outlook with slight increase vs Q4 due to higher volumes and start up of Tarragona chlorine plant
- In general, Covestro does not hedge its energy purchases
- Energy demand FY2022 reduced by ~7% vs FY2021

ENERGY BREAKDOWN

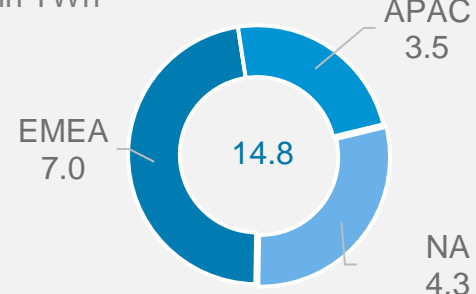
2022 ENERGY SPENT BY REGION

in € million



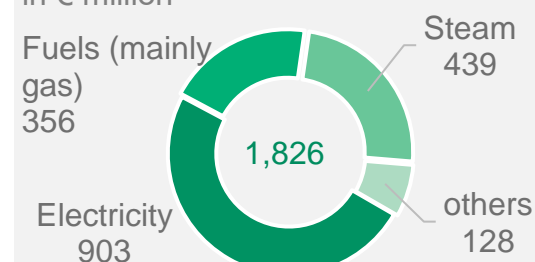
2022 PRIMARY ENERGY VOLUME BY REGION⁽¹⁾

in TWh



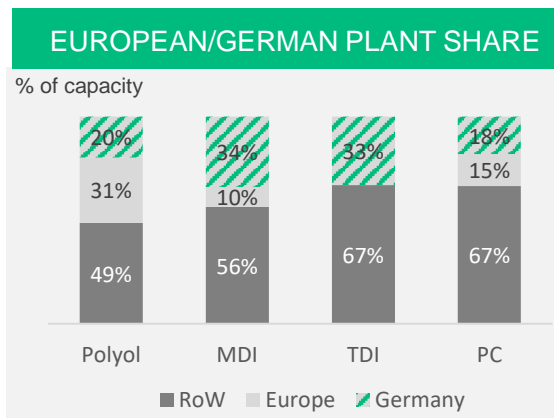
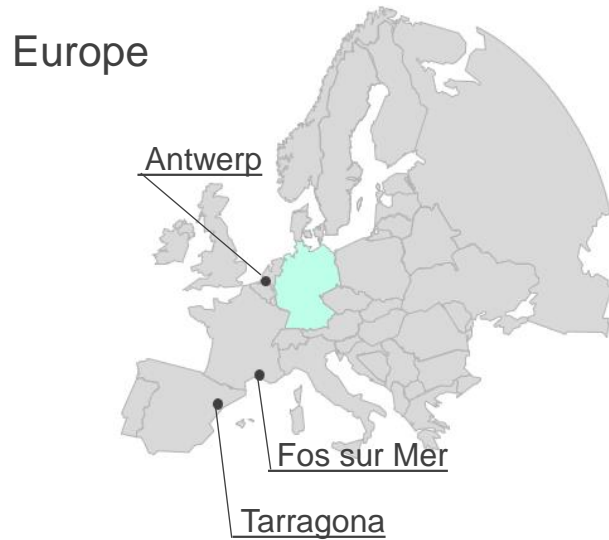
2022 SPENT BY ENERGY TYPE

in € million



European major sites locations

Asset footprint







HIGHLIGHTS

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

Majority of cash allocated to growth

Balanced use of cash



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

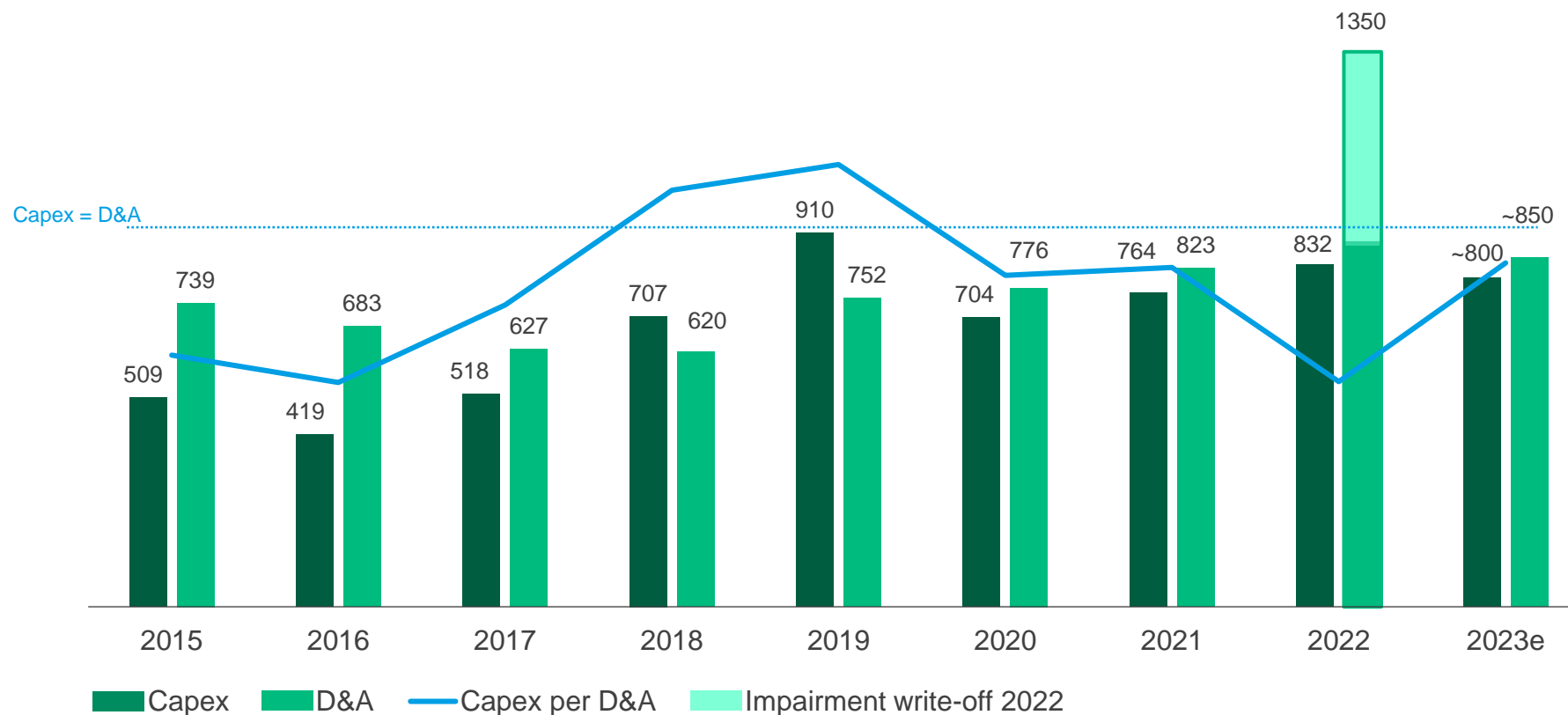
Significant investments into growth

Group capex and D&A



HISTORIC AND PROJECTION

in € million



HIGHLIGHTS

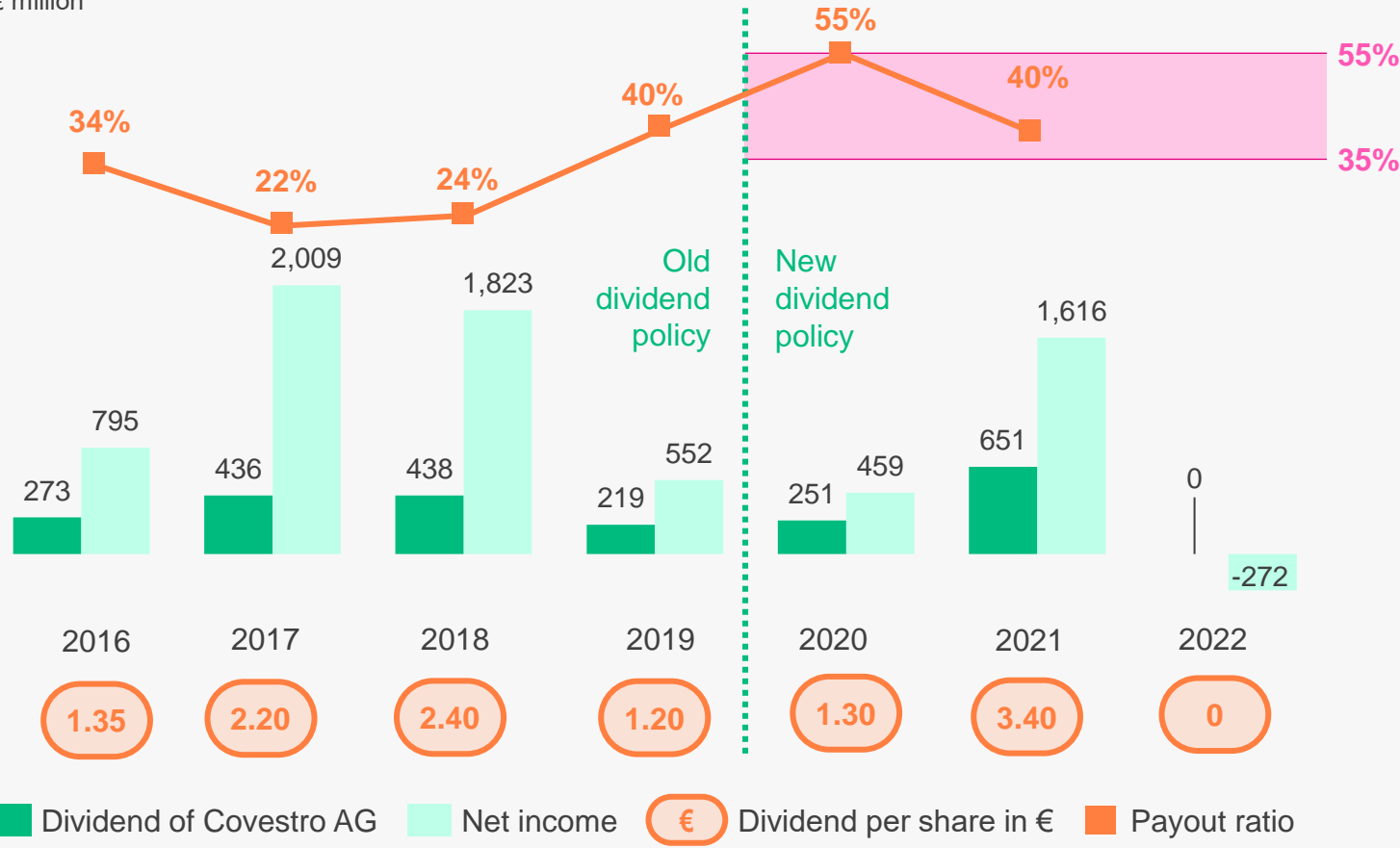
- Growth capex of around €2.8bn from 2015 to 2023e
- D&A 2022 included impairment write-off of €463m
- Maintenance capex around €450m in FY'23e
- Planned investments in Circular Economy projects of almost €1bn between 2021 and 2030

Dividend based on net income payout ratio

Dividend development



in € million



HIGHLIGHTS

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

Ongoing shift to high-margin business

Portfolio management



DIVESTMENTS

Additive Manufacturing business

📅 Q1 2023 expected

Dubai system house⁽¹⁾

📅 July 2021

Europe Polycarbonates sheets business

📅 September 2019

Europe system houses

📅 June 2019

USA Polycarbonates sheets business

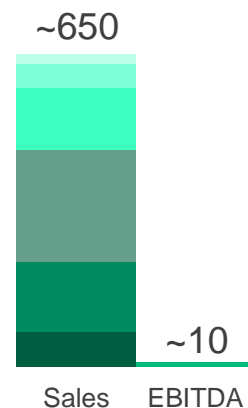
📅 August 2018

NA Polyurethanes spray foam business

📅 April 2017

📅 Closing

Cumulated, in € million



Business divested at average EV/EBITDA >20x

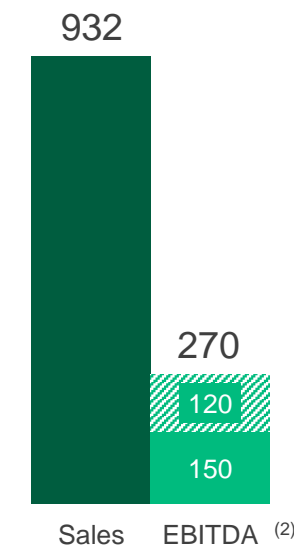
Portfolio analysis ongoing, further minor divestments possible

ACQUISITIONS

DSM Resins & Functional Materials business

📅 April 2021

in € million



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

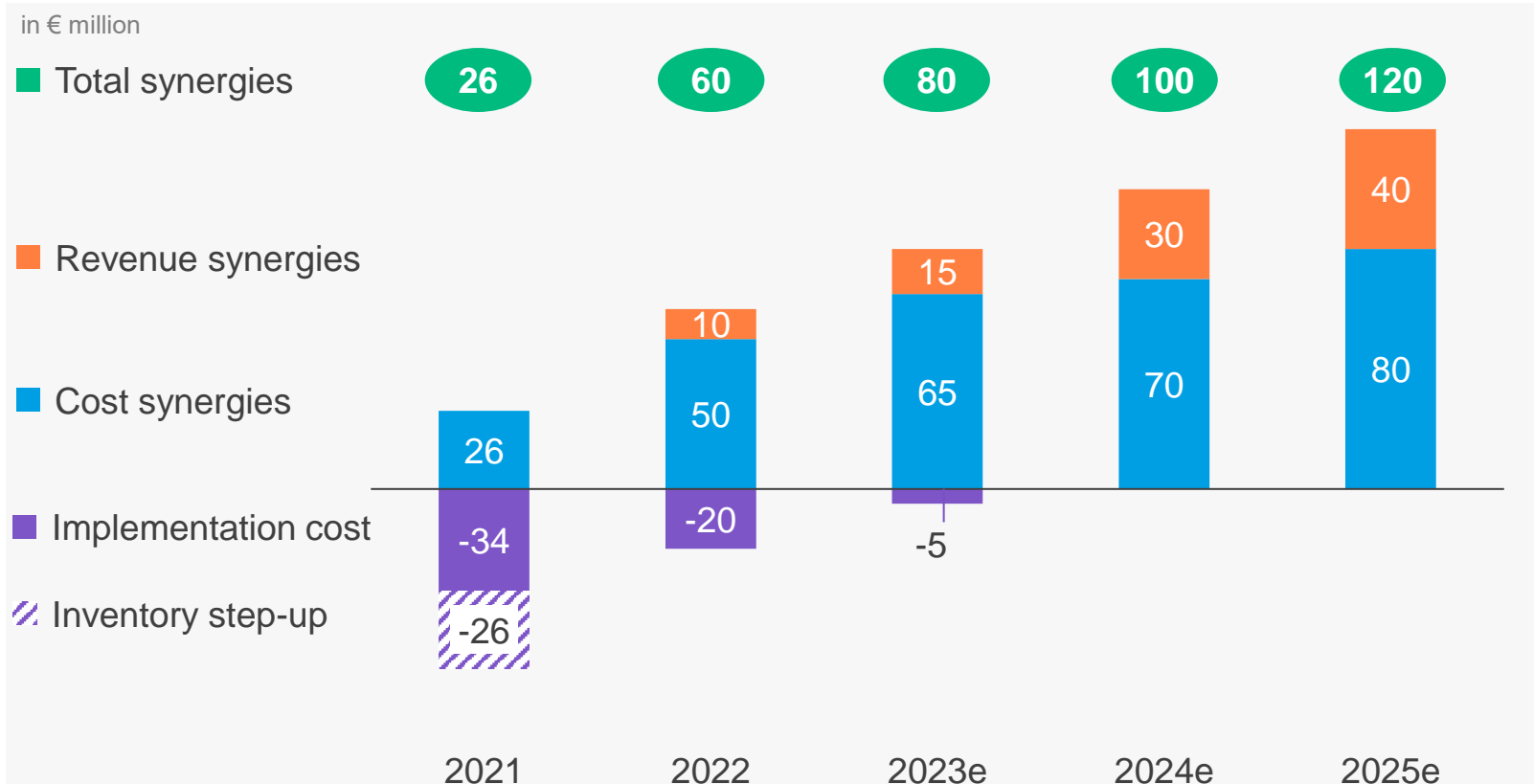
Further pursue value-enhancing bolt-on acquisition options with attractive IRR for Solutions & Specialties segment

Synergies fully confirmed and ahead of plan at lower cost



RFM synergies and implementation cost

EBITDA IMPACT



HIGHLIGHTS

SYNERGIES

- Confirming identified synergies of €120m or 12% of RFM sales
- Positive EBITDA impact of €80m from cost and €40m from revenues
- Initial synergy potentials successfully detailed and validated
- Realization of synergies ahead of initial plan (initially €10m in 2021 and 50m€ in 2022)
- Implementation cost incl inventory step-up of €85m (initially €155m, reduced from lower severance need)

OPERATIONS

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

30% of share buyback program accomplished



Execution of share buyback

PROGRAM

February 28, 2022

Total volume
€0.5bn

Two-year
timeframe

SHARE BUYBACK TRANCHEs

March 21 – April 6, 2022

May 10 – July 23, 2022



FIRST TRANCHE DETAILS

- 1.606m shares purchased
- Average share price €46.70
- ~15% of share buyback completed

SECOND TRANCHE DETAILS

- 1.874m shares purchased
- Average share price €39.97
- ~30% of share buyback completed

CONTINUATION / COMPLETION OF SHARE BUYBACK DEPENDING ON ECONOMIC RECOVERY

Managing challenging times



Highlights

1

Record sales of €18.0bn in FY 2022

driven by price increases despite significant weaker demand and lower volumes

2

EBITDA slightly below guidance range for FY 2022

despite recessionary environment and high energy & raw material prices

3

FOCF of €138m exceeding guidance of €0-100m

resulting from €550m improved FOCF in Q4

4

€801m return to shareholders





comprising dividend payout of €651m and share buyback of €150m

5

Increasing share of renewable energy

with 12% of renewable energy in 2022, expected to increase to 16-18% in 2023



-  Covestro investment highlights
-  **Group financials FY'22**
-  Segment overview
-  Background information

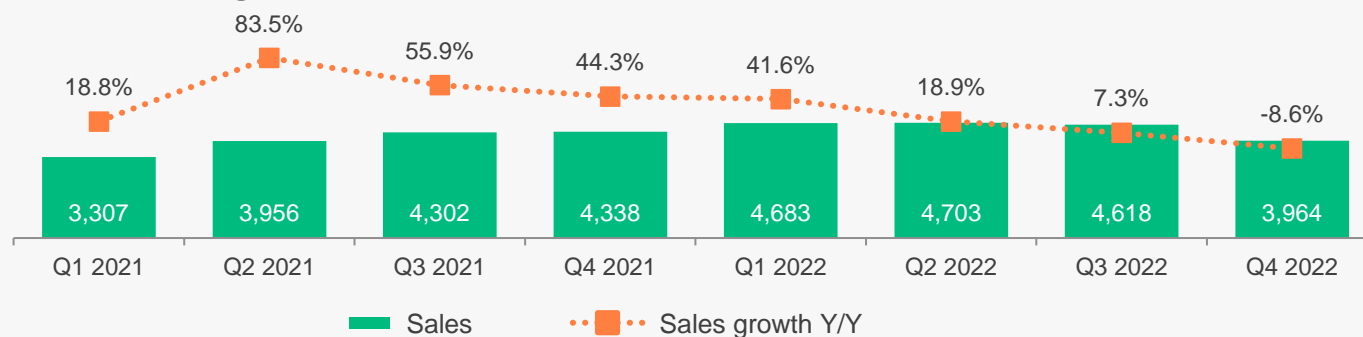
EBITDA decrease Q/Q resulting from demand weakness



Group results – Highlights Q4 2022

SALES⁽¹⁾

in € million / changes Y/Y

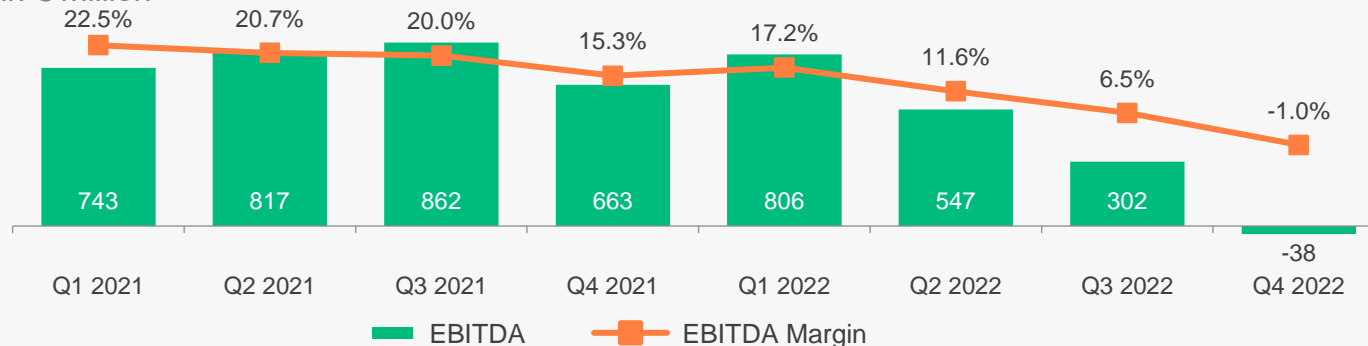


HIGHLIGHTS

- Year-on-year sales decline mainly attributable to weakening demand and resulting lower sales volume
- Sequentially, negative sales development due to slight reductions in price & currency and strong decline in volume

EBITDA AND MARGIN⁽¹⁾

in € million



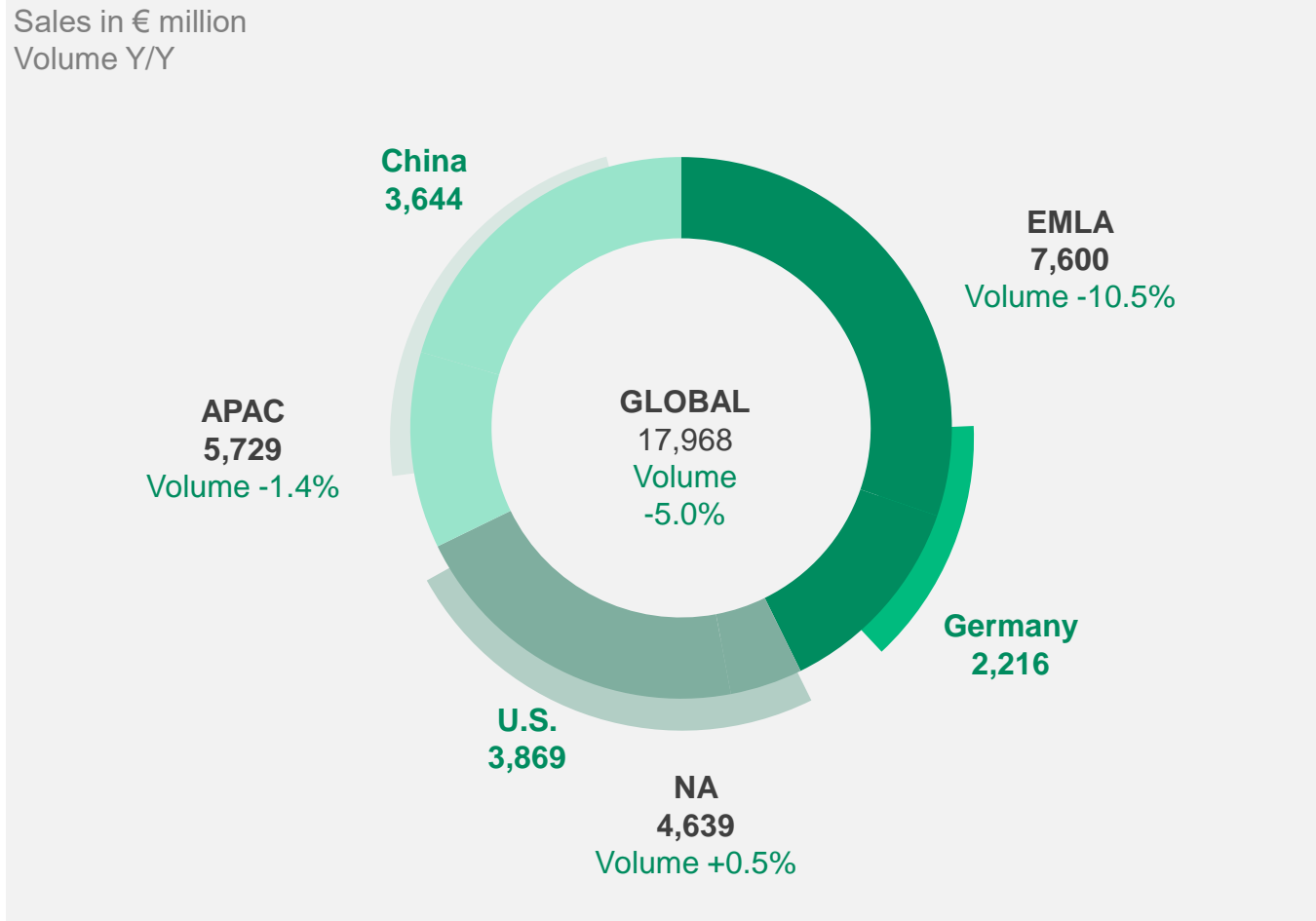
HIGHLIGHTS

- Sequentially, earnings decreased due to negative pricing delta from significant demand weakness after prolonged destocking on customer side
- EBITDA margin decreased to -1.0% in Q4 2022 marking an all-time historical low

Volume decline due to demand weakness in Europe



FY 2022 – Regional split



HIGHLIGHTS

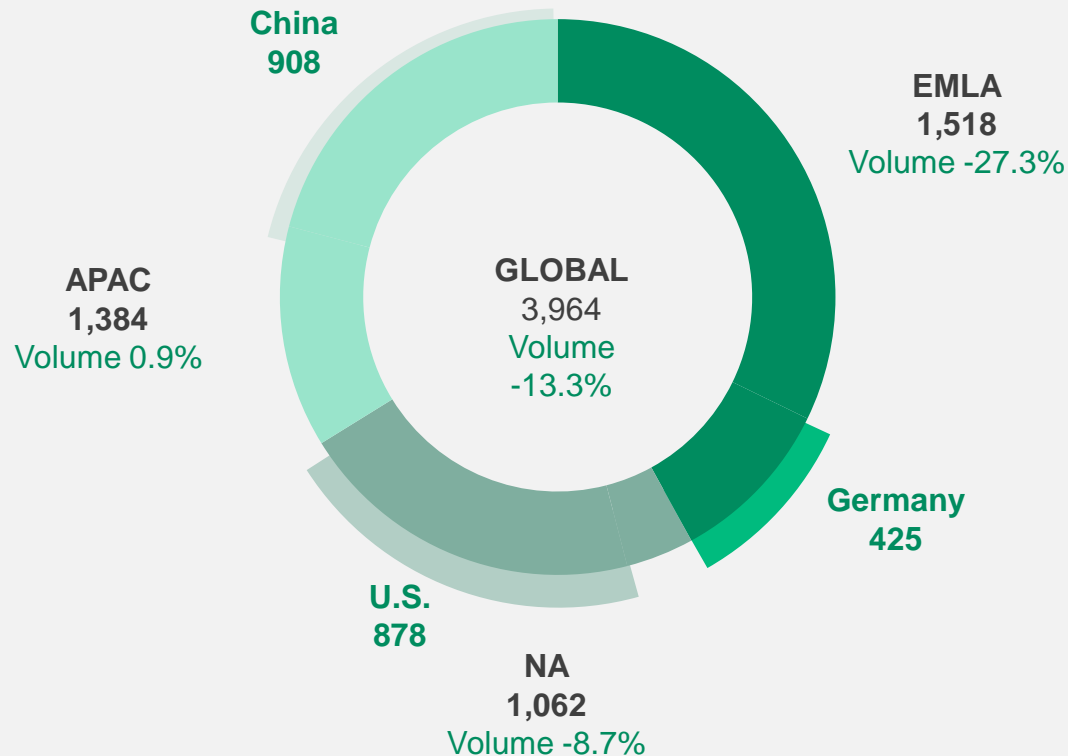
- Volume decline year-over-year driven by a globally weakening economic climate and destocking:
 - Electro low double-digit % decline
 - Furniture/wood high single-digit % decline
 - Auto/transport low single-digit % decline
 - Construction low single-digit % increase
- **EMLA:** Within increasingly weakening economic environment significant decline in electro, furniture and construction; auto/transport only with slight decline due to improving chip supply in 2H 2022
- **NA:** Strong volume growth in construction, slight growth in auto/transport, flat development in electro, slight decline in furniture/wood
- **APAC:** Significant growth in construction; auto/transport slightly positive benefitting from stimulus program despite Covid impact, furniture with slight and electro with significant decline

Volume decline mainly in Europe

Q4 2022 – Regional split



Sales in € million
Volume Y/Y



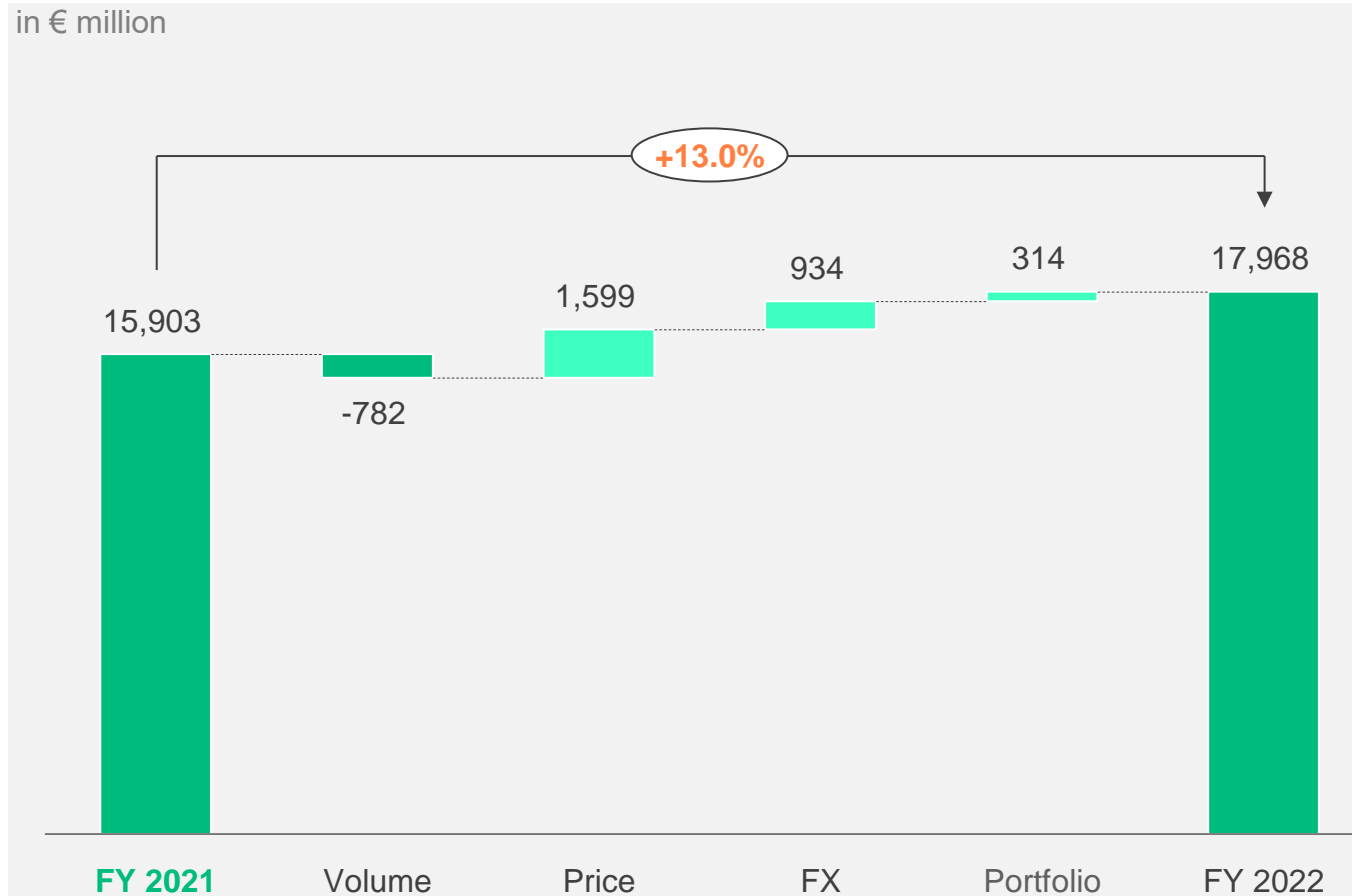
HIGHLIGHTS

- Volume decline quarter-over-quarter driven by European recessionary environment and customer destocking initiatives:
 - Auto/transport low double-digit % increase
 - Furniture/wood low double-digit % decline
 - Electro low double-digit % decline
 - Construction low double-digit % decline
- **EMLA:** With significant demand weakness also strong decline in electro, construction and furniture; auto/transport with slight increase caused by improved chip supply and orderbook backlogs
- **NA:** Slight volume growth in auto/transport while construction, furniture with significant decline and electro with slight volume drop
- **APAC:** Significant growth in construction and auto/transport, with auto benefitting from stimulus program and easing chip shortage; significant decline in electro and slight drop in furniture

Sales increase mainly driven by price and FX



FY 2022 – Sales bridge



HIGHLIGHTS

Volume negative

- Volume contribution of -5.0% Y/Y

Pricing positive

- Higher selling prices that partially compensated higher energy and raw material costs pushed sales up +10.1% Y/Y
- Price increases enforced by both Performance Materials (+10.9% Y/Y) and Solutions & Specialties (+9.4% Y/Y)

FX positive

- FX affected sales by +5.9% Y/Y mainly driven by stronger USD and RMB

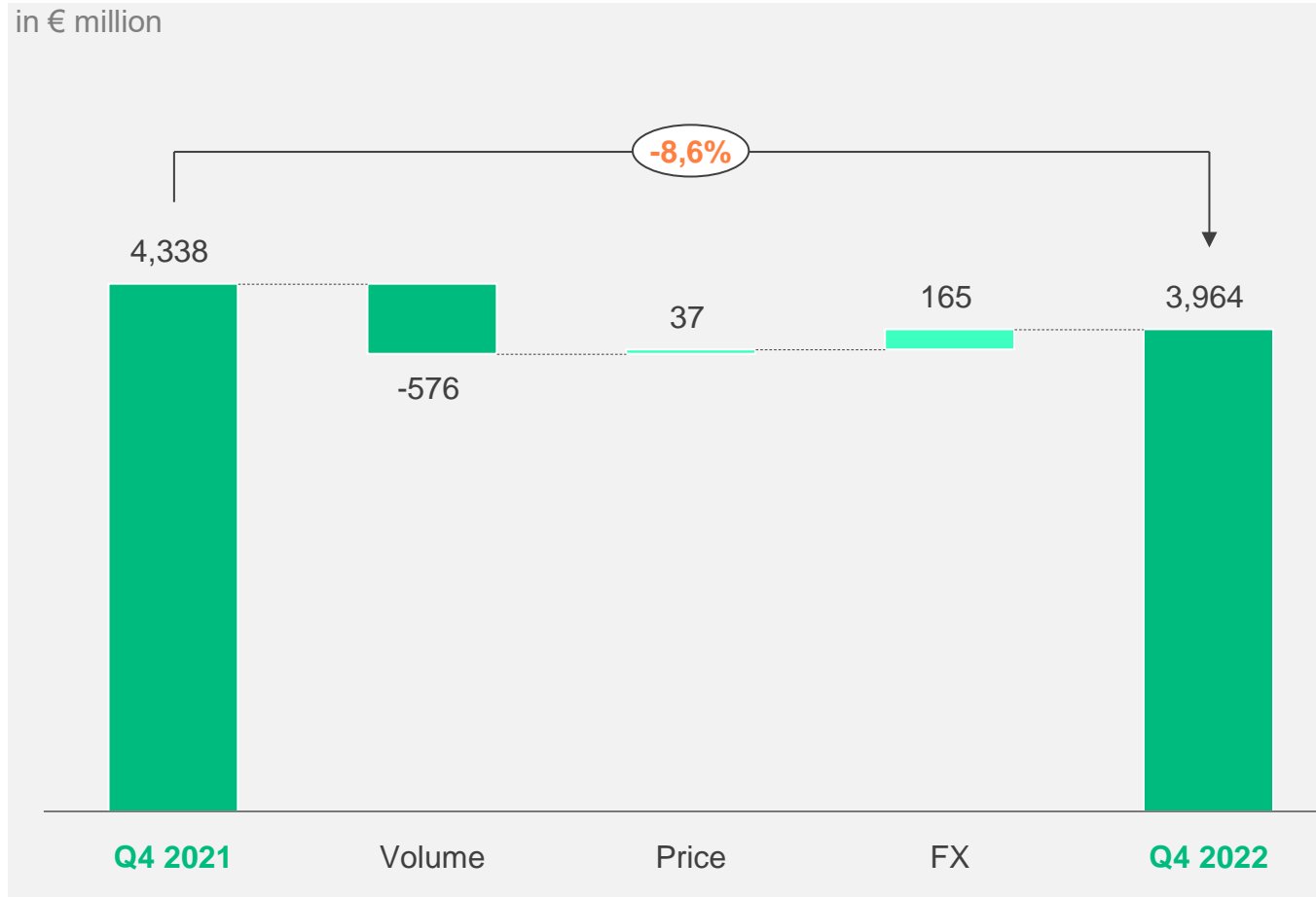
Portfolio positive

- RFM⁽¹⁾ increased sales by +2.0% Y/Y

Sales decrease driven by significant volume decline



Q4 2022 – Sales bridge



HIGHLIGHTS

Volume negative

- Volume decline of -13.3% Y/Y

Pricing positive

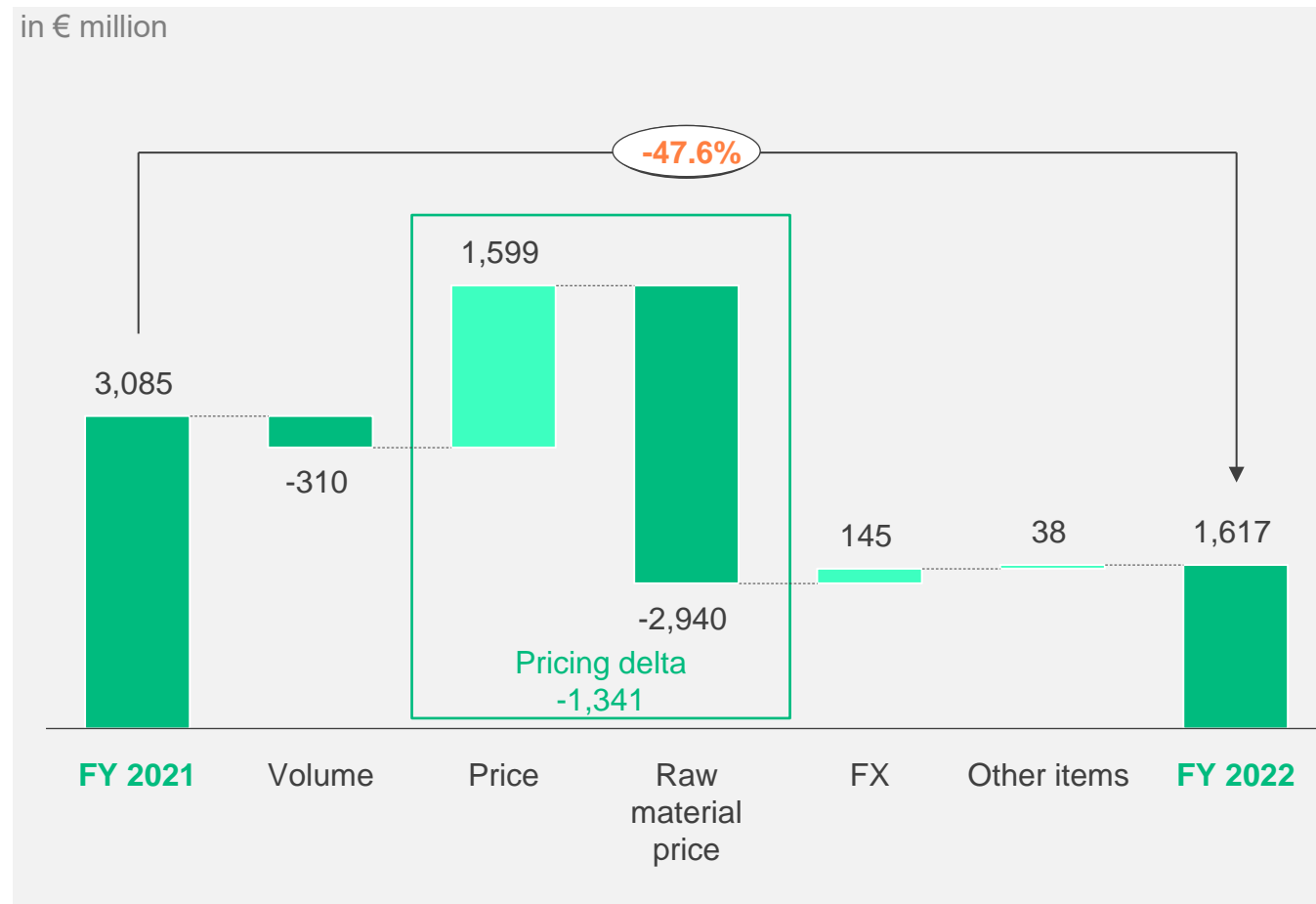
- Price increases enforced by Solutions & Specialties (+3.3% Y/Y) whereas Performance Materials with negative price effect (-1.3% Y/Y)

FX positive

- FX affected sales by +3.8% Y/Y mainly driven by stronger USD and RMB

Earnings hit by significantly negative pricing delta

FY 2022 – EBITDA bridge



HIGHLIGHTS

Negative volume leverage⁽¹⁾

- Negative volume leverage of 40%

Negative pricing delta

- Raw material and energy cost pass-through ability declined during course of the year, leading to only 54% compensation of cost increases

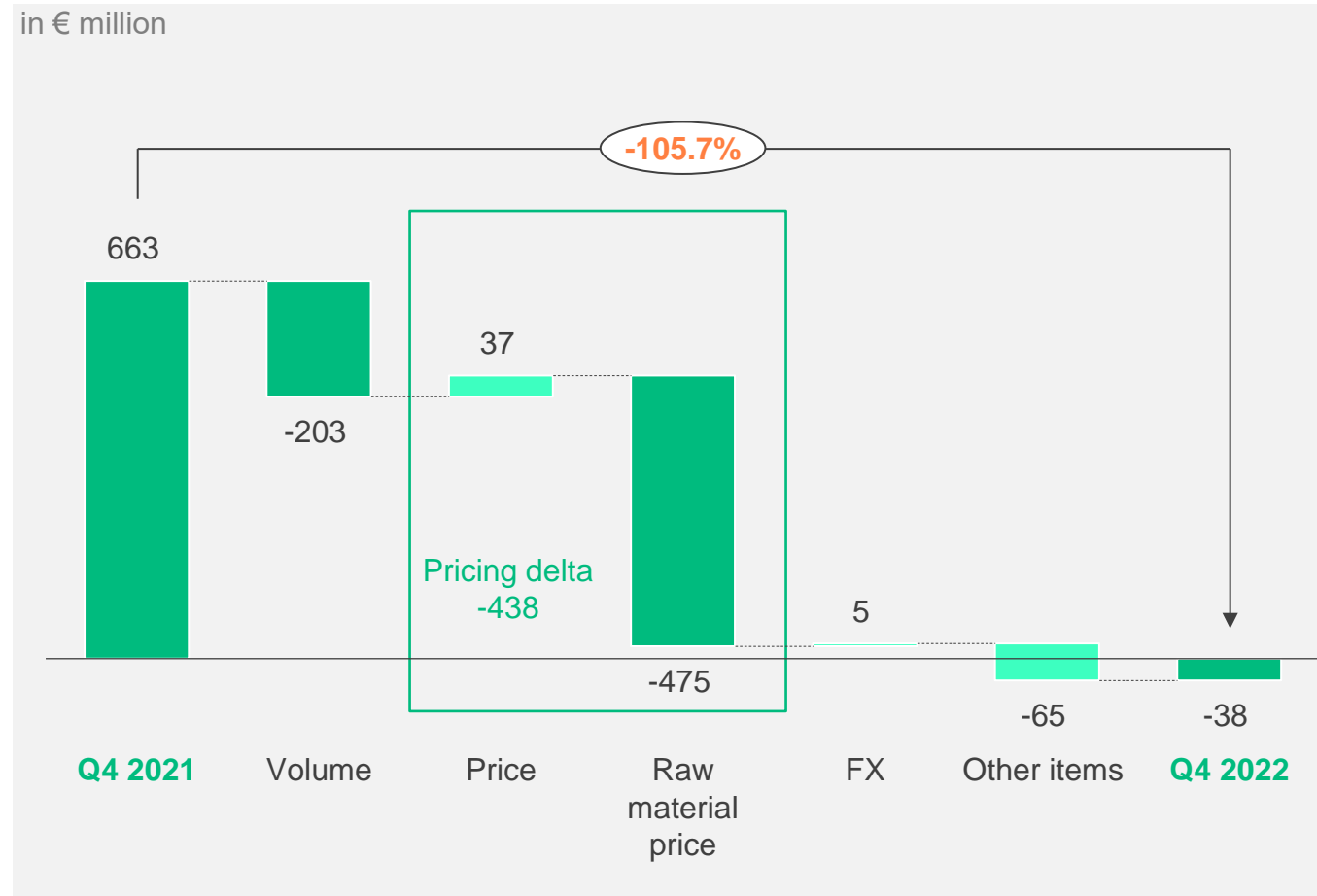
Other items:

- Lower provisions for variable compensation of €481m
- €86m from lower cost from RFM integration and LEAP restructuring
- Significant increase of fixed costs among others due to freight, logistic and salary increases

Lower earnings due to negative pricing delta and lower volumes



Q4 2022 – EBITDA bridge



HIGHLIGHTS

Negative volume leverage⁽¹⁾

- Negative volume leverage of 35%

Negative pricing delta widened

- Raw material and energy cost increases could not be compensated by sales price increases

Other items driven by:

- Lower provisions for variable compensation of €155m
- Downsizing of inventory levels caused idle costs of ~€140m
- Increase of fixed costs among others due to higher maintenance expenditures, R&D and freight costs

Positive FOCF in a challenging year

Historical FOCF development



in € million

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	1,669	473	530	1,429	138
EBITDA	+3,200	+1,604	+1,472	+3,085	+1,617
Changes in working capital^(1,4)	-167	+437 ⁽⁴⁾	-100 ⁽⁴⁾	-727	+312
Capex⁽²⁾	-707	-910	-704	-764	-832
Income tax paid	-574	-296	-155	-546	-538
Other effects⁽⁴⁾	-83	-362 ⁽⁴⁾	+17 ⁽⁴⁾	+381	-421

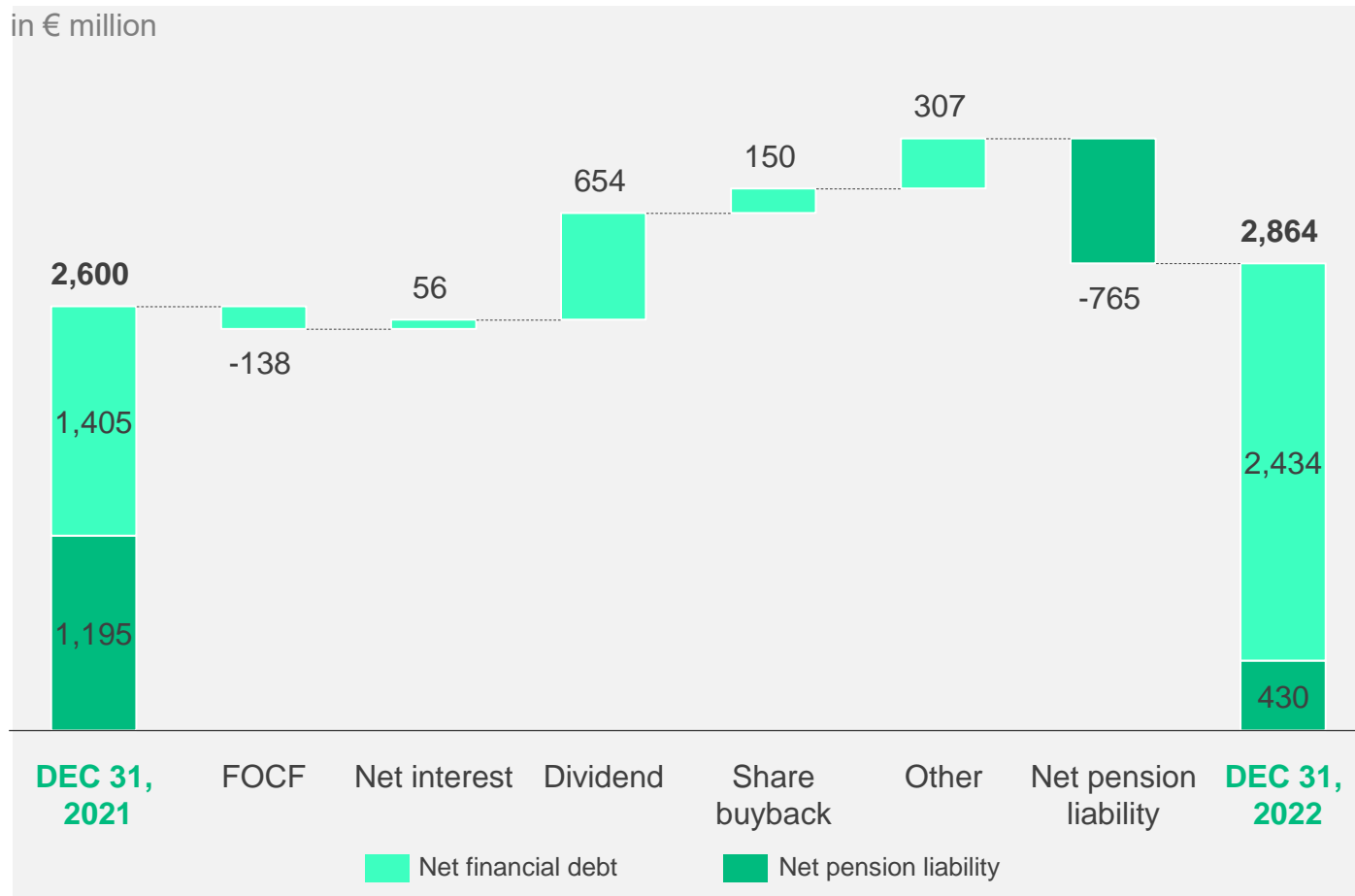
HIGHLIGHTS

- In Q4, FOCF of €550m, significantly improved vs 9M 2022 after working capital initiative
- Resulting FY 2022 FOCF €138m
- Other effects include €475m bonus payout for successful FY 2021
- Working capital to sales ratio⁽³⁾ decreased to 15.1% mainly due to working capital initiative reducing inventories along with destocking trend of our customers
- Capex of €832m on lower end of the FY 2022 guidance resulting from capex agility program
- Income tax paid of €538m reflects unfavorable geographical mix

Net debt burdened by dividend and bonus payout



FY 2022 – Total net debt



HIGHLIGHTS

- Net pension liability decreased by €765m⁽¹⁾, mainly due to higher interest rates
- “Other” driven by the renewal of finance lease, cash outflows for noncurrent financial assets and change in derivative FX instruments
- Payout of €651m dividend to Covestro shareholders following the AGM resolution for FY 2021
- FOCF includes €475m bonus payout for successful FY 2021
- €150m share buyback executed part of the two year €500m program until February 2024
- Total net debt to EBITDA ratio⁽²⁾ of 1.8x at the end of FY 2022 compared to 0.8x at the end of FY 2021.
- Committed to a solid investment grade rating



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Standard products with reliable supply and lowest cost

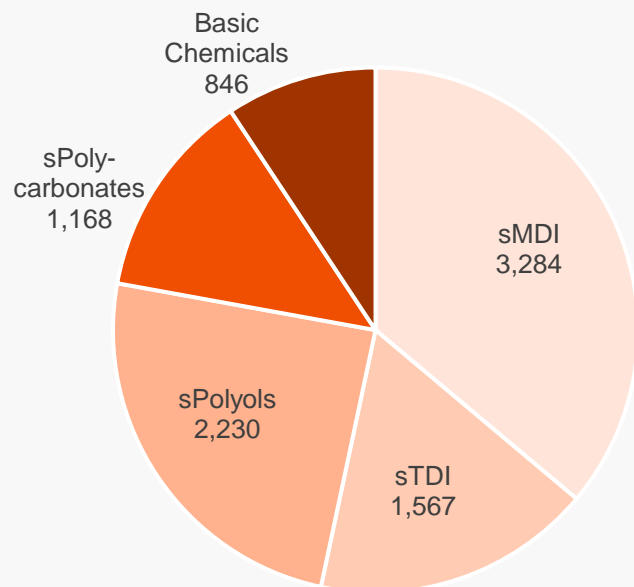


Performance Materials

PRODUCTS

Polyurethane and polycarbonate standard products as well as basic chemicals

SALES 2022 (in € thousand)



SUCCESS FACTORS

Ensure high asset utilization

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



Supply customers reliably

to be customers' preferred supplier



Strengthen superior cost position

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



Customer centricity for standard products

BENEFITS FOR GROUP

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

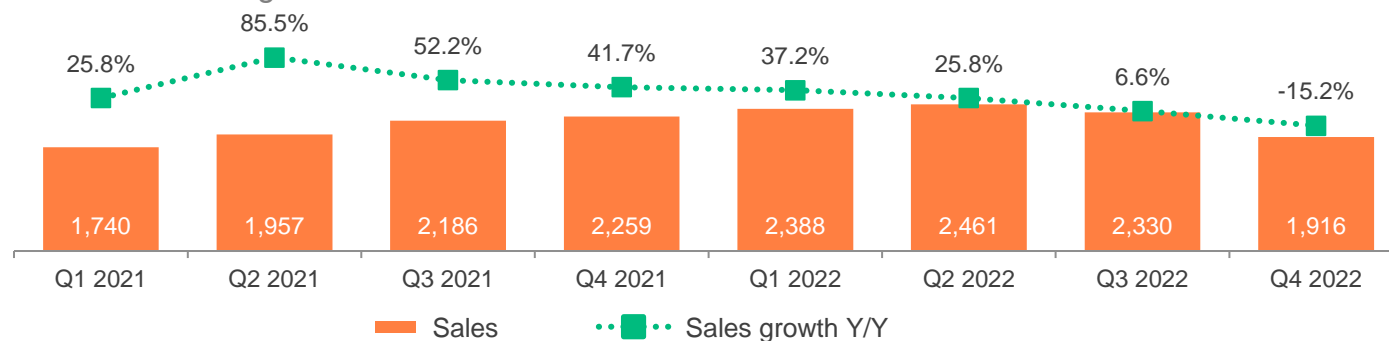
Performance Materials – strongly declining EBITDA



Segment results – Highlights Q4 2022

SALES

in € million / changes Y/Y

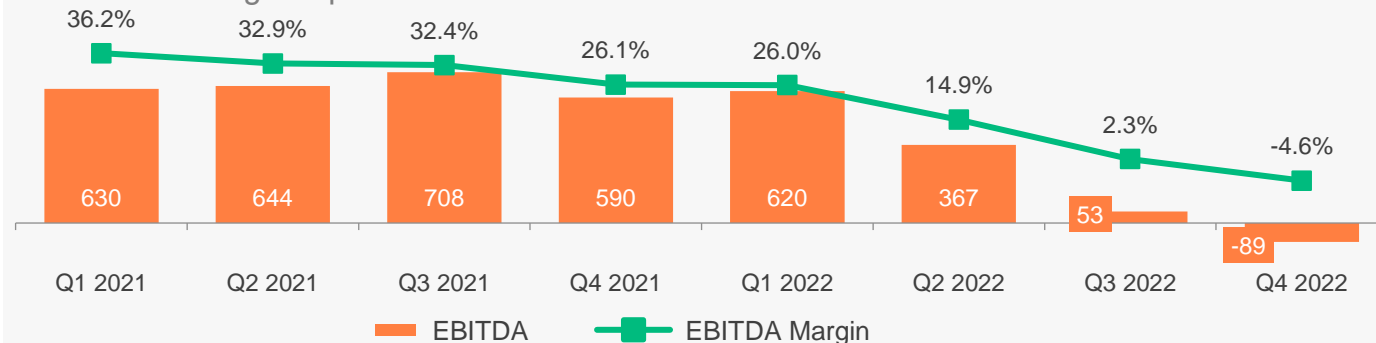


HIGHLIGHTS

- Sales decreased by -15.2% Y/Y driven by volume (-17.5%) and price (-1.3%), marginally counterbalanced by FX (+3.6%)
- Sales decline across all regions with strongest decline in EMLA, followed by NA and a small reduction in APAC.

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

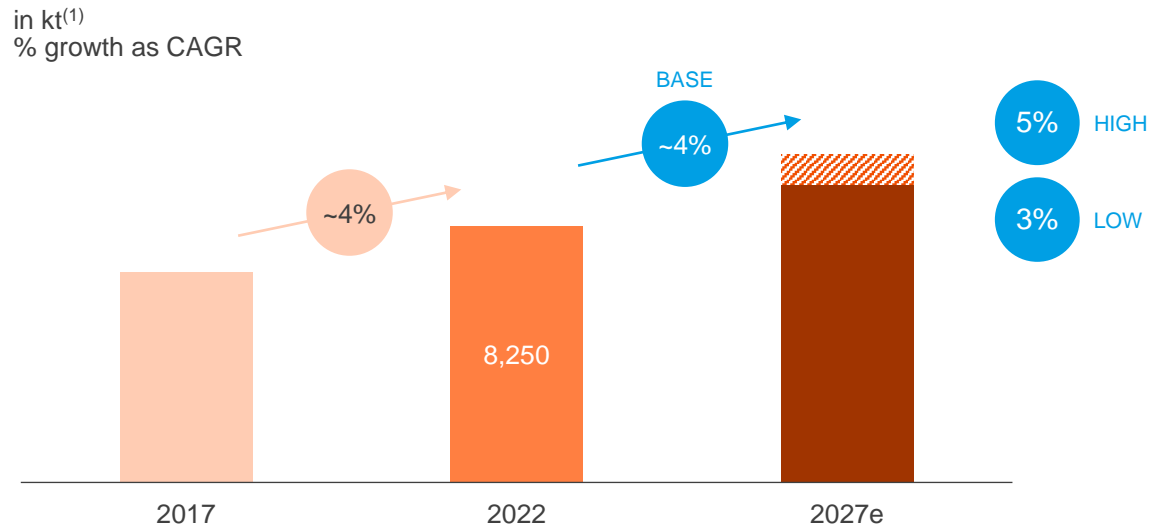
- Compared to prior year, EBITDA decrease mainly driven by significantly negative pricing delta
- Quarter-over-quarter, EBITDA decrease was driven by lower volumes, idle costs and a negative pricing delta
- In 2H 2022, EBITDA suffered from weak demand and additional destocking along the value chain

MDI market balanced

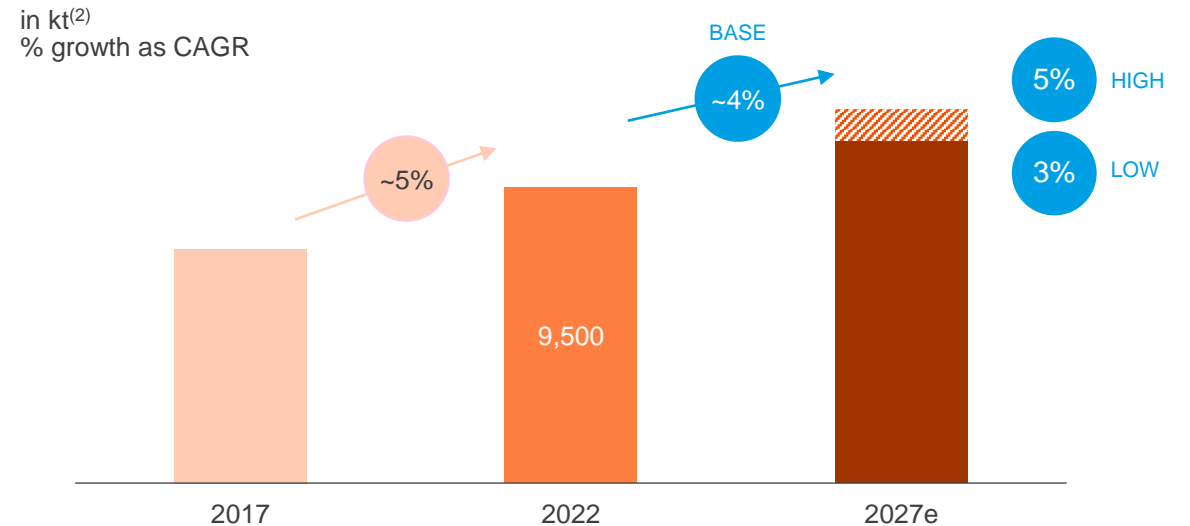


Performance Materials: MDI industry demand and supply

MDI DEMAND DEVELOPMENT (2017 - 2027e)



MDI SUPPLY DEVELOPMENT (2017 - 2027e)



HIGHLIGHTS

- In 2022, solid Industry Utilization Rate of 87%; industry usually fully utilized in the low nineties
- Demand CAGR of ~4% between 2022 and 2027e includes flattish development in 2023e and an acceleration of growth toward 2027e; long-term, demand growth CAGR of ~6% expected, leading to increasing industry utilization rate
- Covestro with further debottleneckings after 2027e

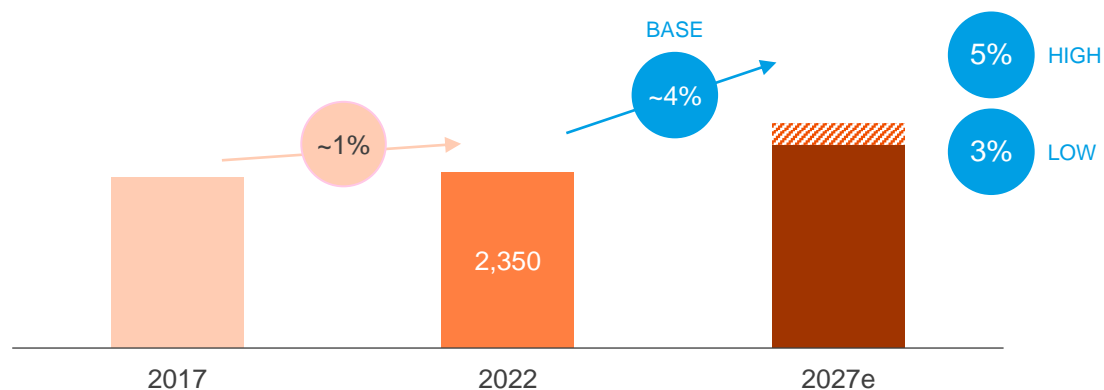
TDI market moving towards balance



Performance Materials: TDI industry demand and supply

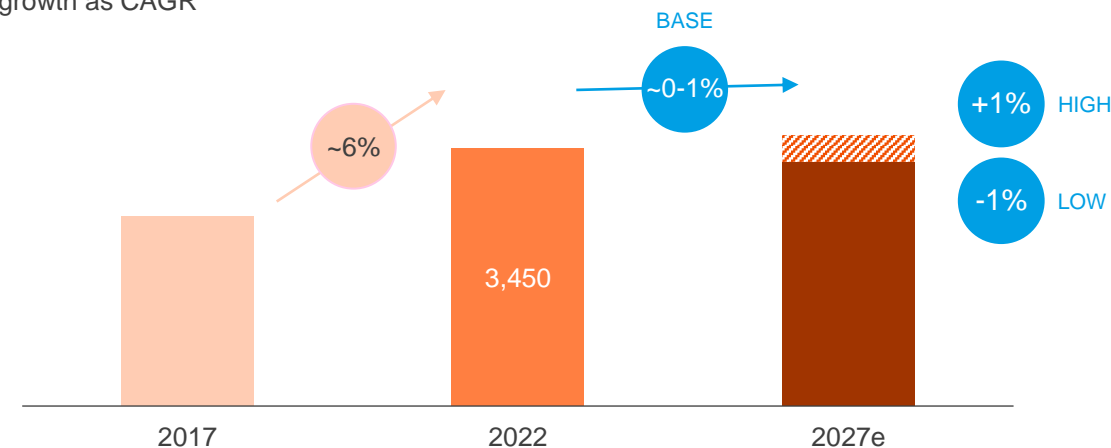
TDI DEMAND DEVELOPMENT (2017 - 2027e)

in kt⁽¹⁾
% growth as CAGR



TDI SUPPLY DEVELOPMENT (2017 - 2027e)

in kt⁽²⁾
% growth as CAGR



HIGHLIGHTS

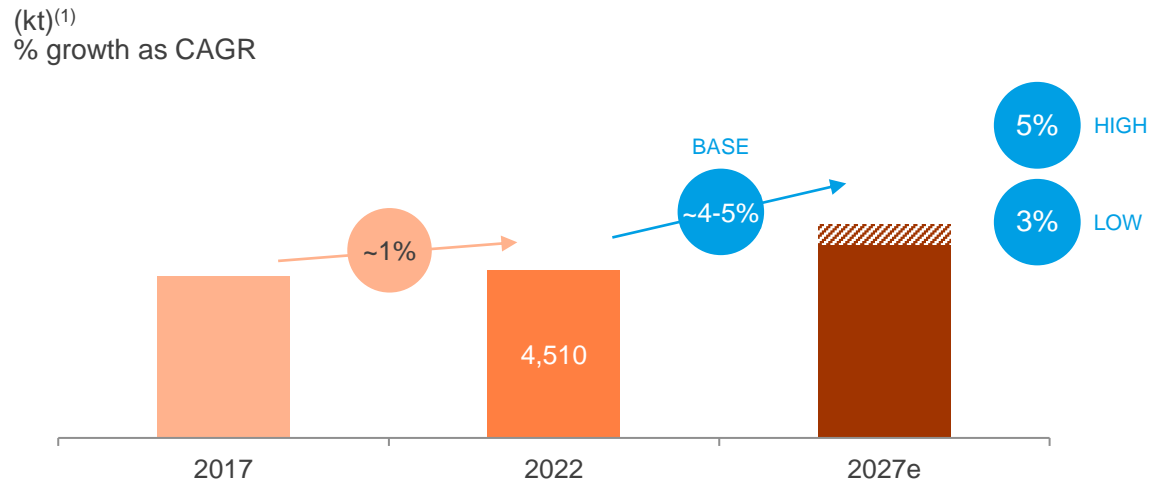
- Global demand declined by estimated 7% in 2022 heavily influenced by destocking
- In 2022, low Industry Utilization Rate of 68%; industry usually fully utilized in the high eighties
- Inventory refilling offering additional rebound potential; long-term, expecting demand-growth CAGR of 3-4%
- In 2023, Wanhua-Fujian ramp-up (+125kt) and BASF Ludwigshafen closure (-300kt) expected
- Favorable cash cost position puts Covestro in strong competitive position even under low cycle conditions



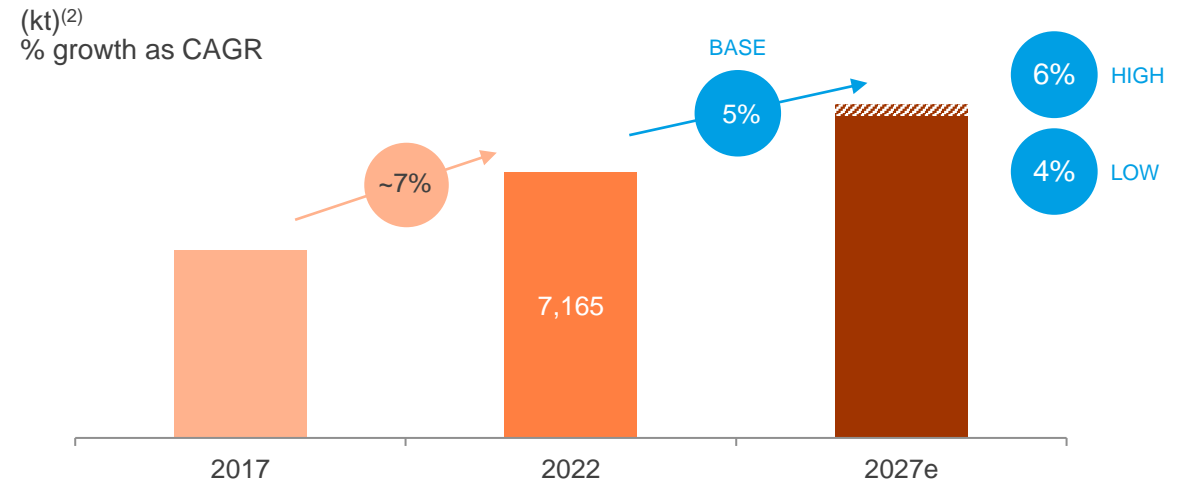
Execution risks may limit future capacity additions

Performance Materials: Polycarbonates (PC) industry demand and supply

PC DEMAND DEVELOPMENT (2017 - 2027e)



PC SUPPLY DEVELOPMENT (2017 - 2027e)



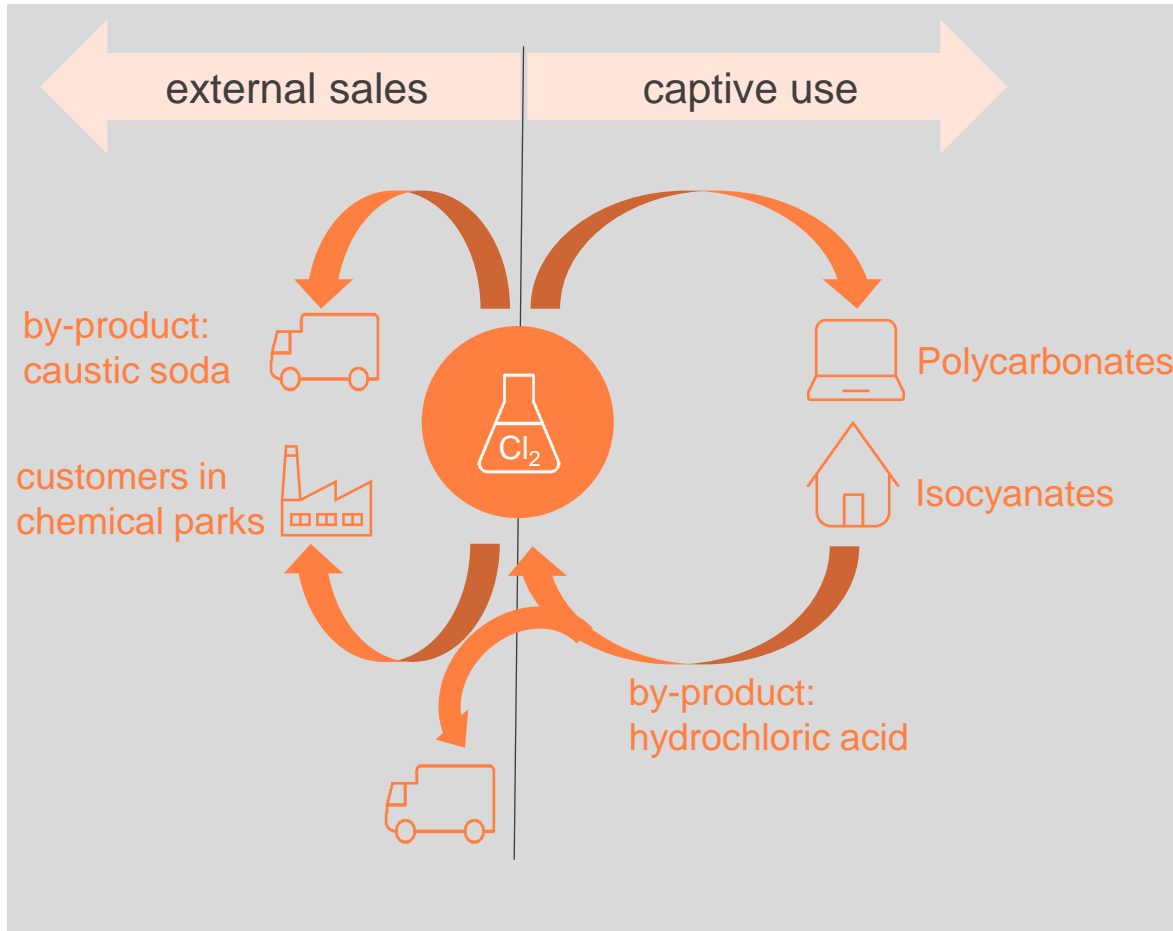
HIGHLIGHTS

- In 2022, low Industry Utilization Rate of 63%, after recent supply additions; industry usually fully utilized in the low eighties
- Inventory refilling offering additional rebound potential; long-term, expecting demand-growth CAGR of 4%
- No major additions⁽³⁾ expected until 2025, followed by numerous announced projects with high uncertainties regarding timing and scope
- Covestro focus on differentiated business with increasing use of standard-polycarbonates as captive feedstock

Chlorine supply key element to cost position of Covestro



Performance Materials chlorine supply



HIGHLIGHTS

New world-scale chlorine plant in Tarragona

- Successful start up of the first world scale chlorine plant using Covestro's patented energy efficient oxygen depolarized cathode (ODC) technology⁽¹⁾
- Proprietary chlorine production replaces third party supplies employing conventional chlor-alkali electrolysis
- Significant increase of independence and efficiency of MDI production
- Investment of ~€200m and creation of 50 new jobs
- European chlorine capacity increasing by 125kt to 1.4m tons⁽²⁾ (1.1m tons based on salt and 0.3m tons based on hydrochloric acid)
- Covestro global chlorine capacity rising to 2.3m tons⁽²⁾ (1.4m tons based on salt and 0.9m tons based on hydrochloric acid)
- Mid-double-digit € million EBITDA contribution from reduced cost for chlorine and additional sales of caustic soda and hydrochloric acid
- Significant progress on Covestro's goal of energy savings of 25% and avoidance of 22,000 tons of CO₂ emissions compared to the conventional process⁽²⁾

Differentiation based on customer proximity and innovation

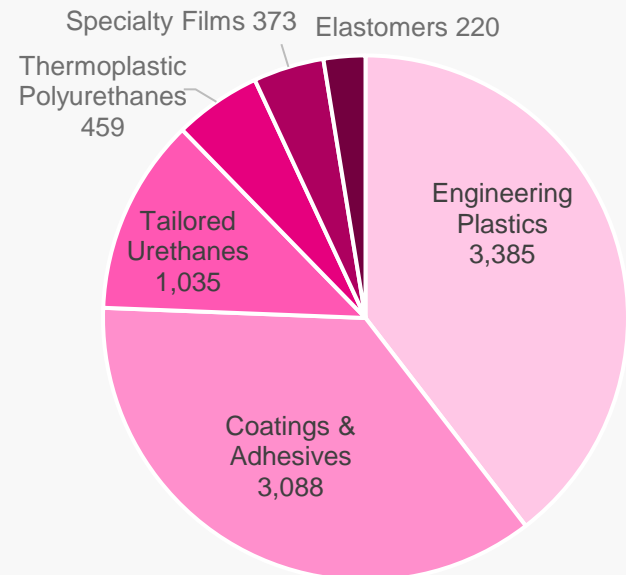


Solutions & Specialties

PRODUCTS

Differentiated polymer products

SALES 2022 (in € thousand)



SUCCESS FACTORS

Implement a pull supply chain

Use deep customer understanding to deliver unique value to customers



Lead in innovation

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



Manage complexity

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



Customer centricity
for
solutions
and
specialty
products

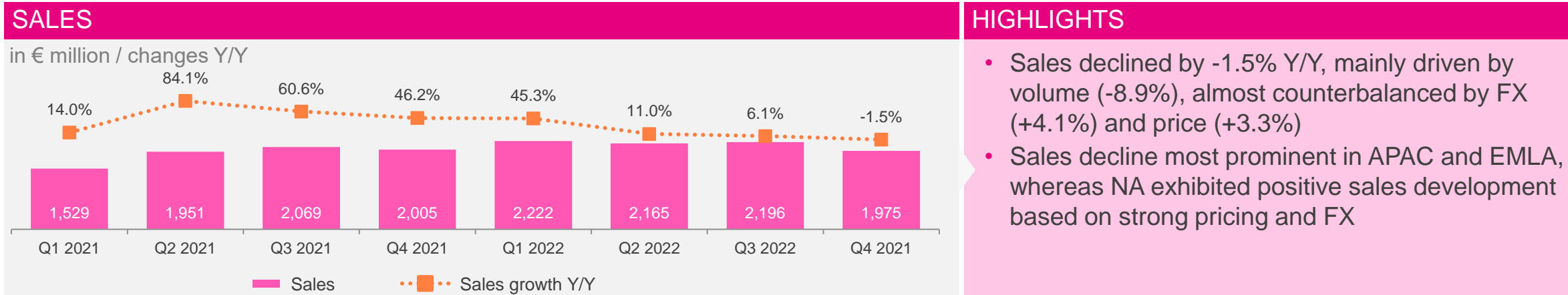
BENEFITS FOR GROUP

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

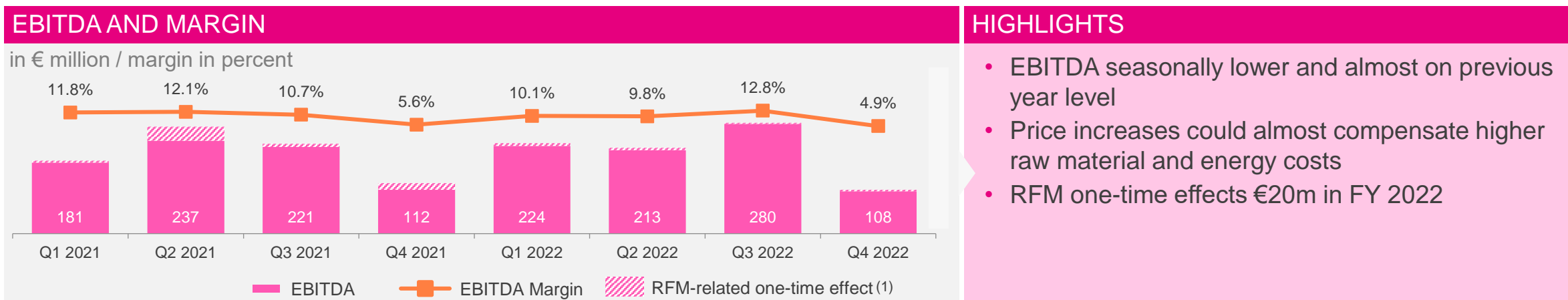
Solutions & Specialties – flat earnings development



Segment results – Highlights Q4 2022



- ### HIGHLIGHTS
- Sales declined by -1.5% Y/Y, mainly driven by volume (-8.9%), almost counterbalanced by FX (+4.1%) and price (+3.3%)
 - Sales decline most prominent in APAC and EMLA, whereas NA exhibited positive sales development based on strong pricing and FX



- ### HIGHLIGHTS
- EBITDA seasonally lower and almost on previous year level
 - Price increases could almost compensate higher raw material and energy costs
 - RFM one-time effects €20m in FY 2022

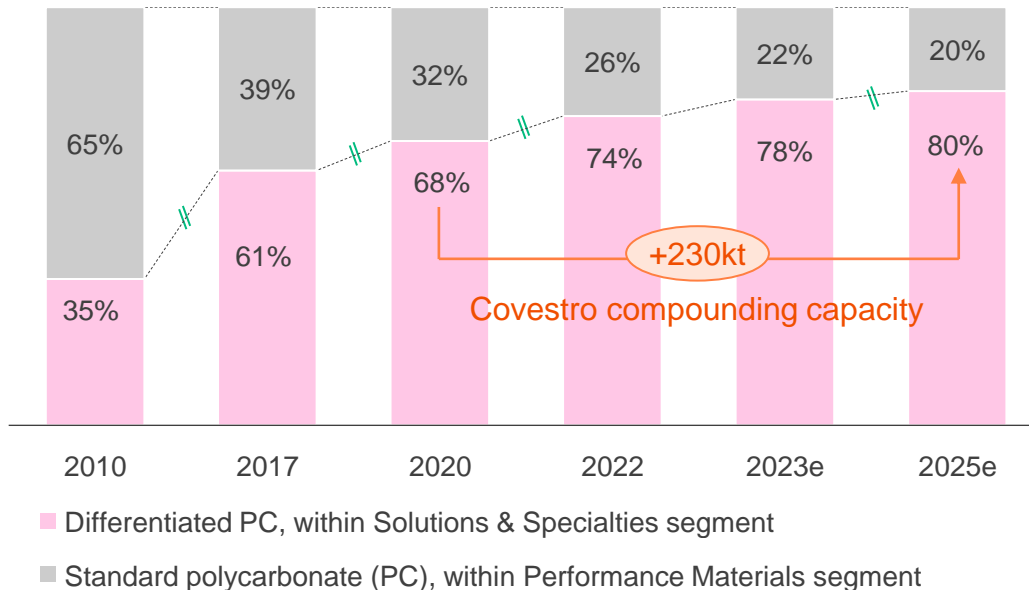
Shifting from standard to differentiated polycarbonate



Solutions & Specialties: high-growth contributor Engineering Plastics

POLYCARBONATE 2022 SALES €4.6bn

Covestro polycarbonate volume split by segment



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

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

CUSTOMER INDUSTRIES



Auto & transport

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



Electro

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



Healthcare

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

GROWTH DRIVERS

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

Strong demand for differentiated polycarbonate grades across several customer industries

Doubling sales by 2025

Solutions & Specialties: high-growth contributor Specialty Films



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

BUILD AGGRESSIVELY MEDICAL BUSINESS



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

DEVELOP AUGMENTED REALITY BUSINESS



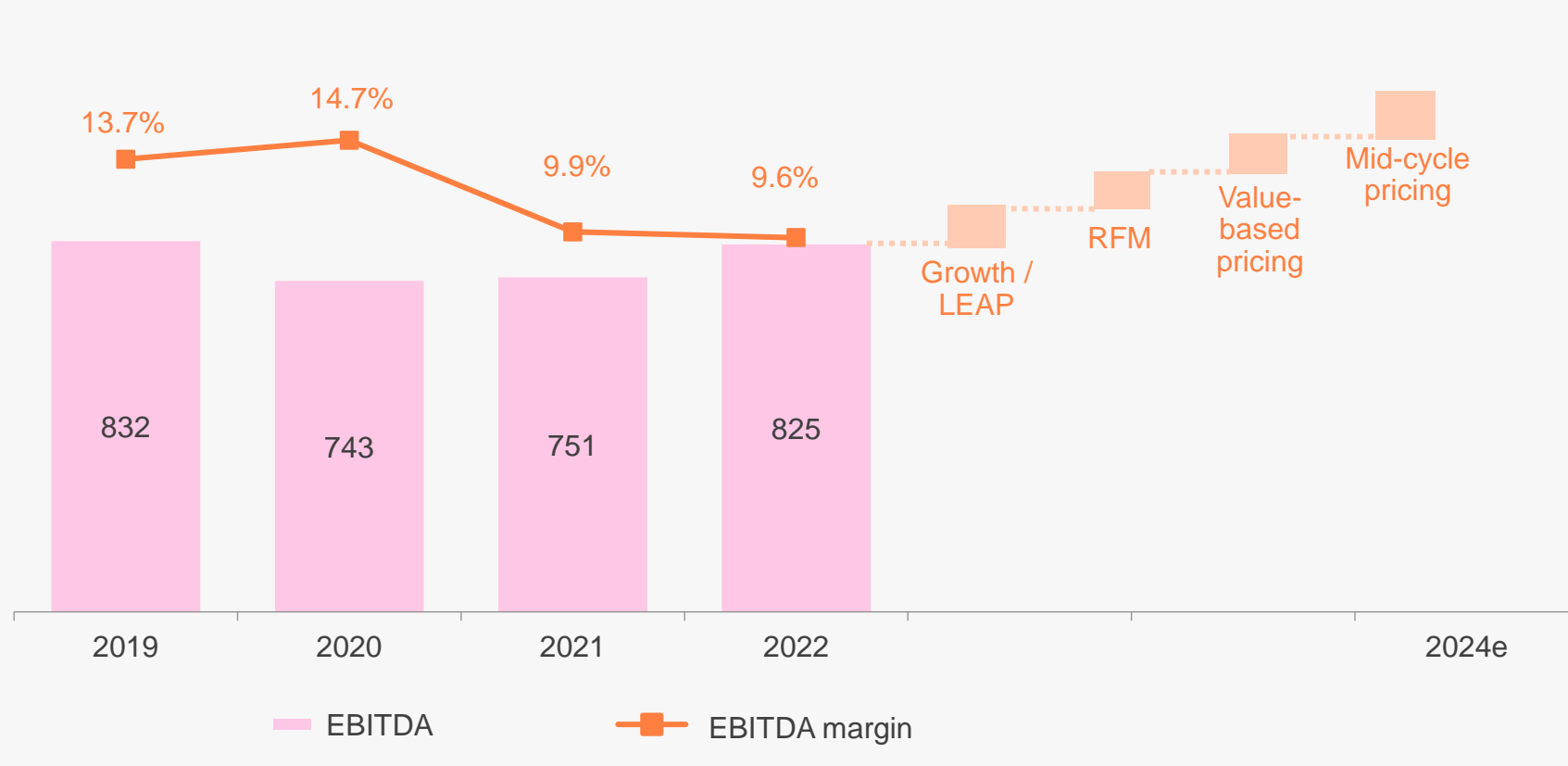
Growing within emerging market of holographic light guiding: accelerating markets of virtual displays in glasses and head-up displays in vehicles

EBITDA margin to grow

Solutions & Specialties segment target

EBITDA AND MARGIN – SOLUTIONS & SPECIALTIES





in € million



TARGET MARGIN

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



-  Covestro investment highlights
-  Group financials FY'22
-  Segment overview
-  **Background information**

Led by a diverse, international management team

Covestro senior management since July 1, 2021



BOARD OF MANAGEMENT



Chief Executive Officer

Dr Markus Steilemann
Nationality: German



Chief Financial Officer

Dr Thomas Toepfer
Nationality: German



Chief Commercial Officer

Sucheta Govil
Nationality: British
with Indian origin



Chief Technology Officer

Dr Klaus Schäfer⁽¹⁾
Nationality: German

BUSINESS ENTITIES



Performance Materials

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



Tailored Urethanes

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



Coatings and Adhesives

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



Engineering Plastics

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



Specialty Films

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



Elastomers

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



Thermoplastic Polyurethanes

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

Covestro ESG rating results and index membership

As of February 2023



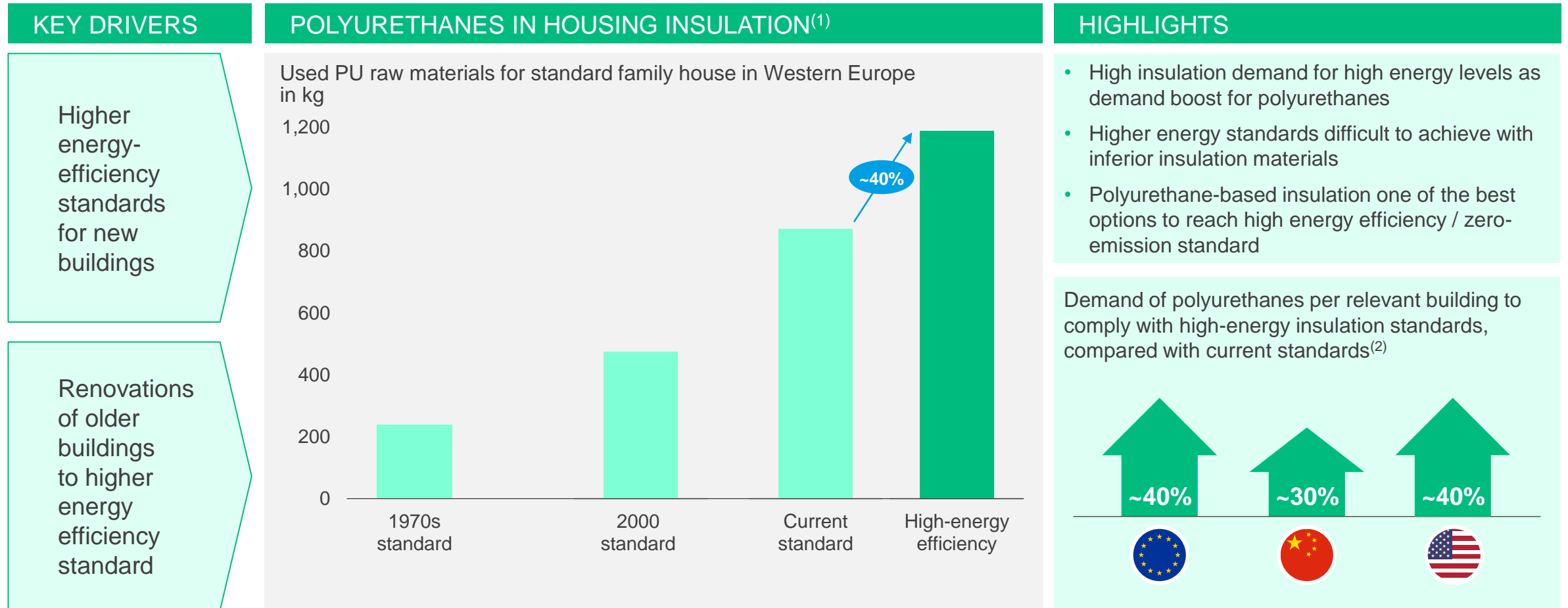
ESG Ratings & Indices	Scoring Range (Worst → Best)	2016	2017	2018	2019	2020	2021	2022	Distinction	
CDP CLIMATE	D- to A	-	-	-	-	-	A-	A-	Leadership Level ⁽¹⁾	
ecoVadis SUPPLIER SUSTAINABILITY RATINGS	0 to 100	73				80		72	⁽²⁾	
MSCI ESG	CCC to AAA	BBB	BBB	A	A	A	A	AA	⁽³⁾	
SUSTAINALYTICS	100 to 0	74	75		80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

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

Higher insulation standards increase demand for polyurethanes



Building insulation market outlook



Increasing BEV share boosts demand

Global electric vehicle market outlook



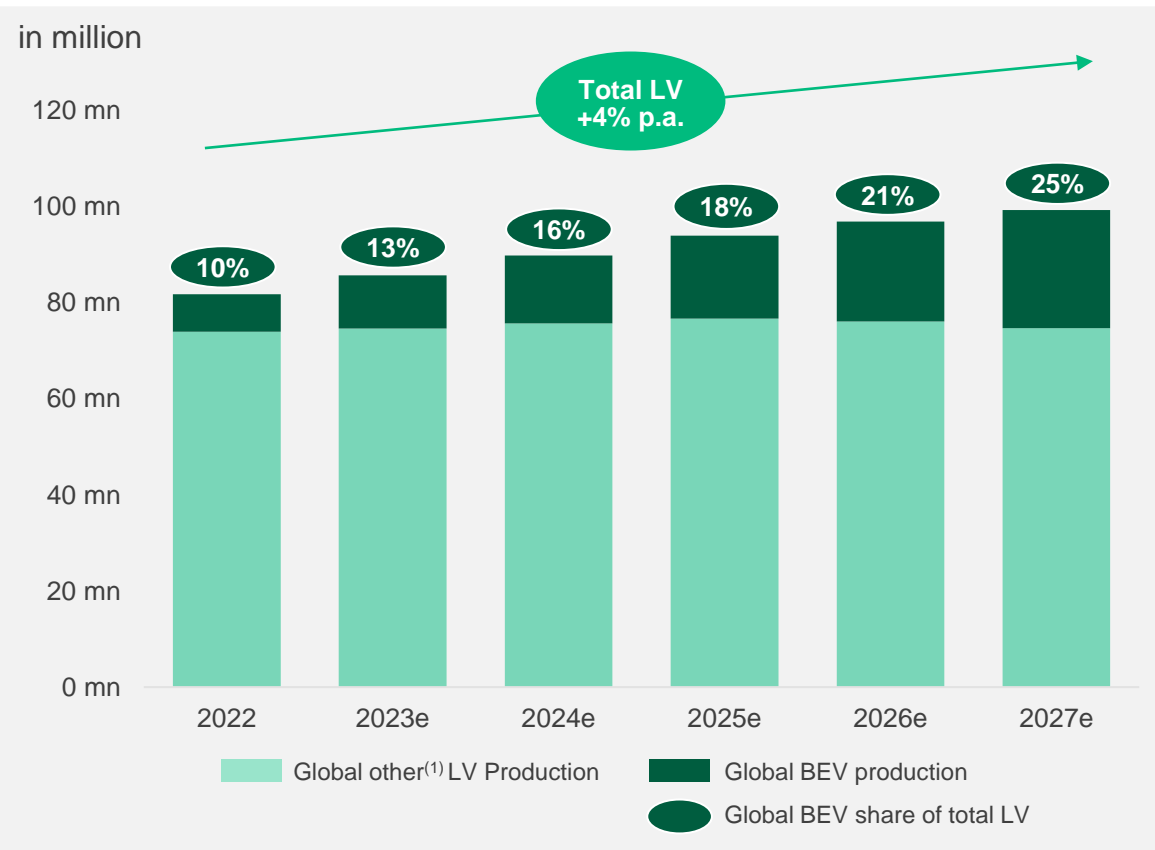
KEY DRIVERS

Carbon neutrality targets

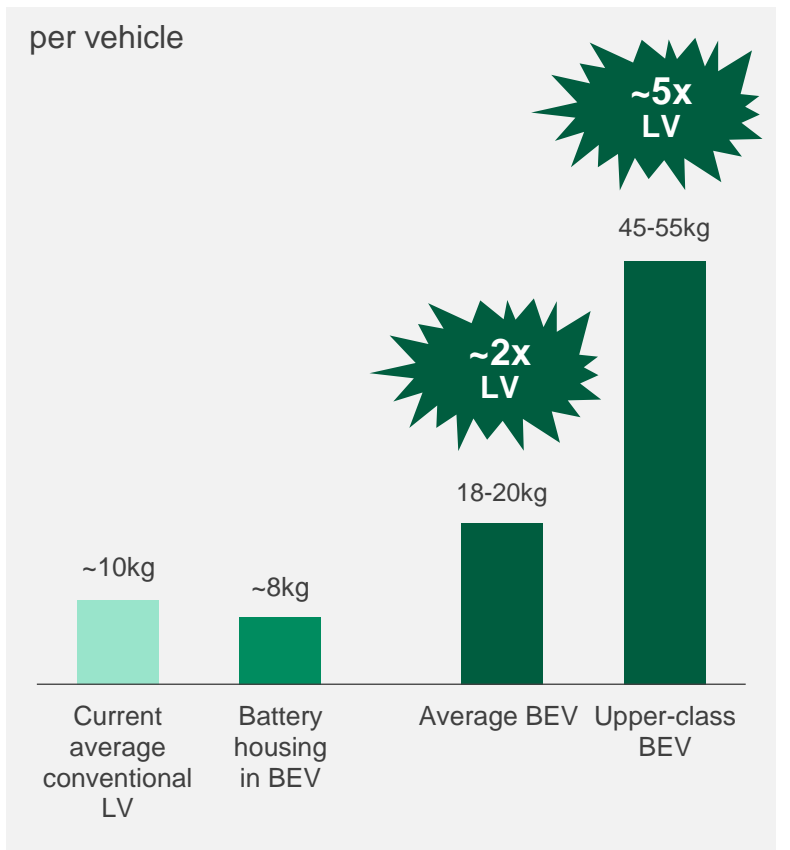
Rising fuel prices

Stringent emission regulations

DEVELOPMENT OF AUTOMOTIVE INDUSTRY



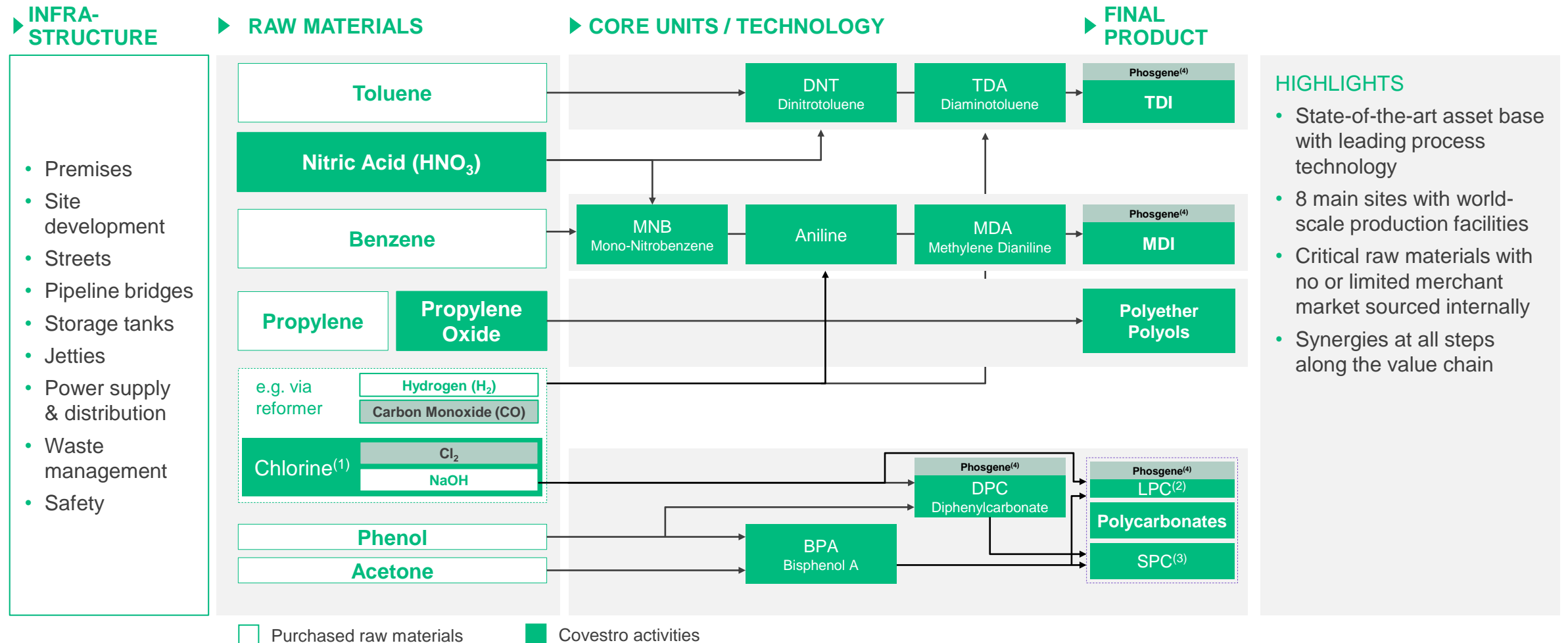
USE OF POLYCARBONATES IN BEV



Synergies in scale, process technology and chemical know-how



One chemical backbone across all segments



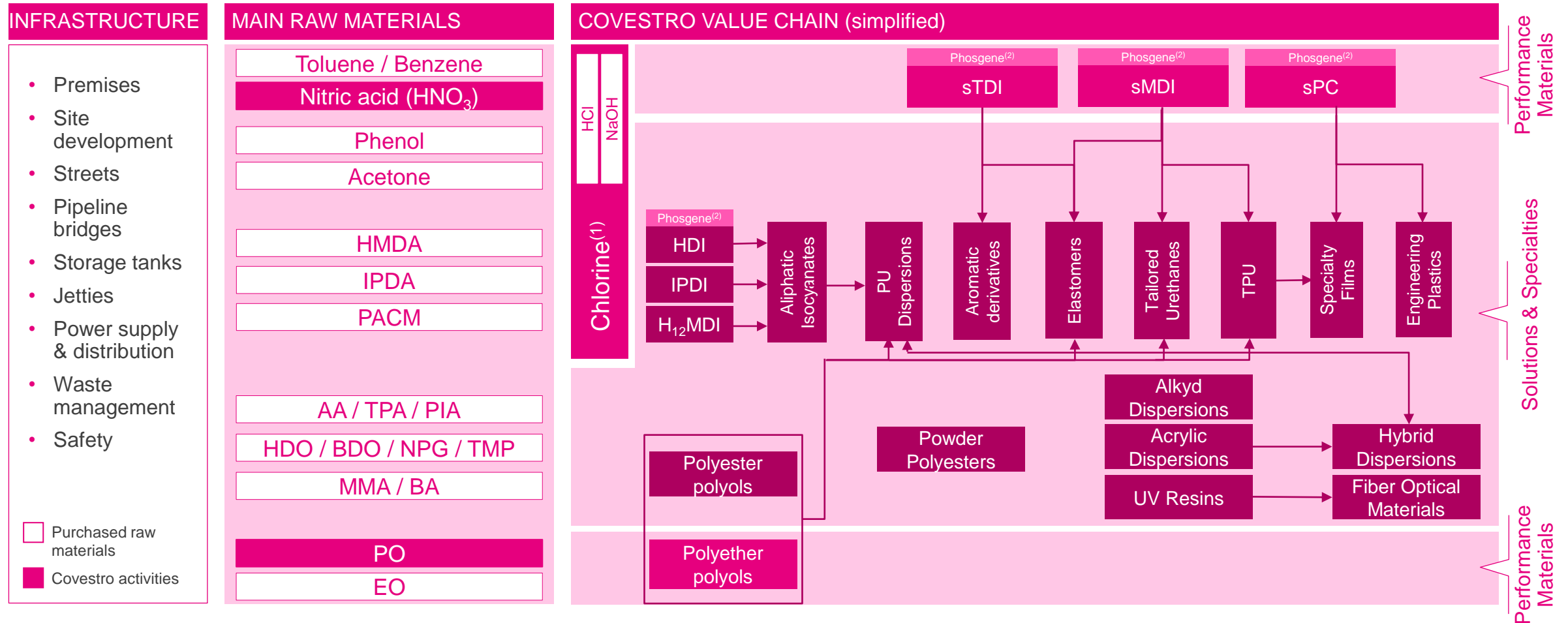
HIGHLIGHTS

- 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

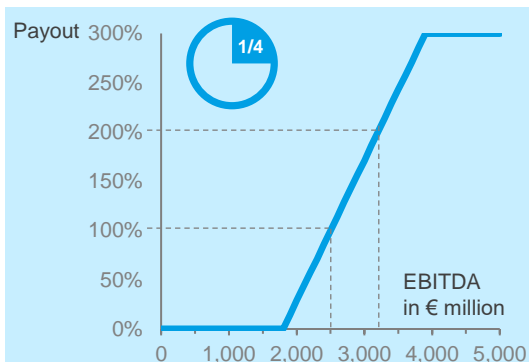


Entire organization aligned for performance and sustainability

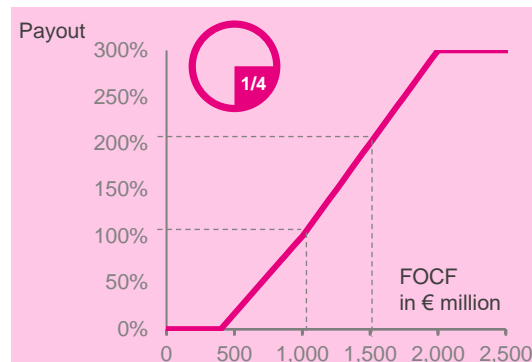


Group Profit Sharing Plan (PSP) as of 2022

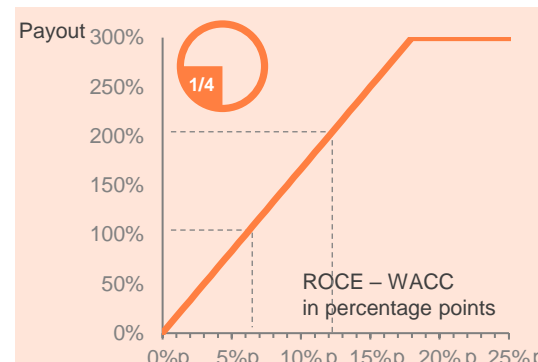
UNIFORM BONUS SYSTEM



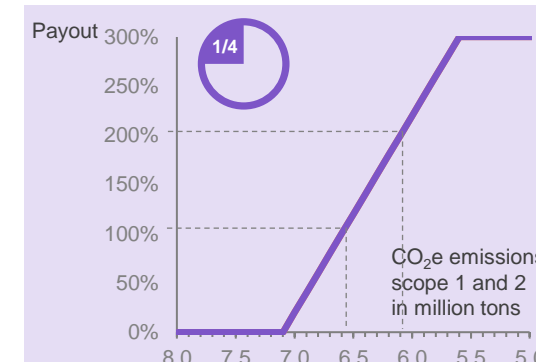
EBITDA (€ mio)				
Value	1,800	2,500	3,200	3,900
Payout	0%	100%	200%	300%



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



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



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

HIGHLIGHTS

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

High accumulated free operating cash flow

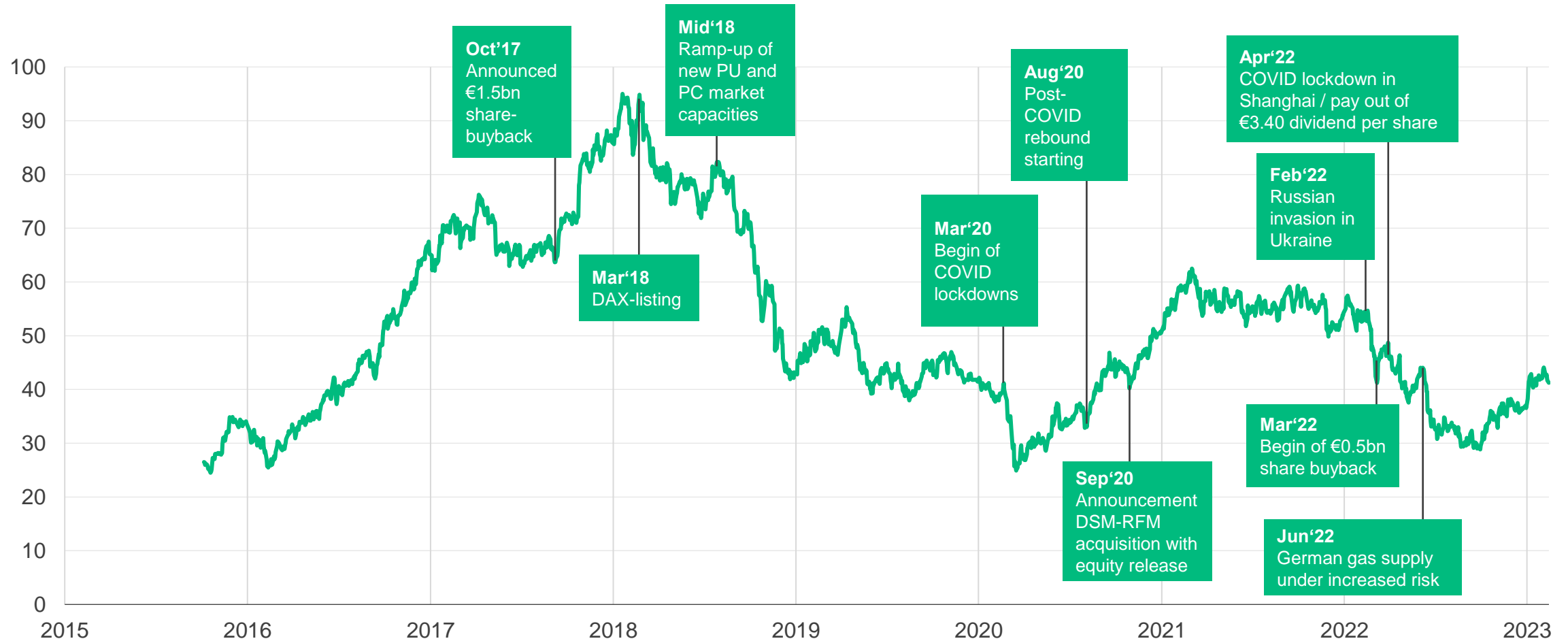
Development of last five years



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

Historical share price performance

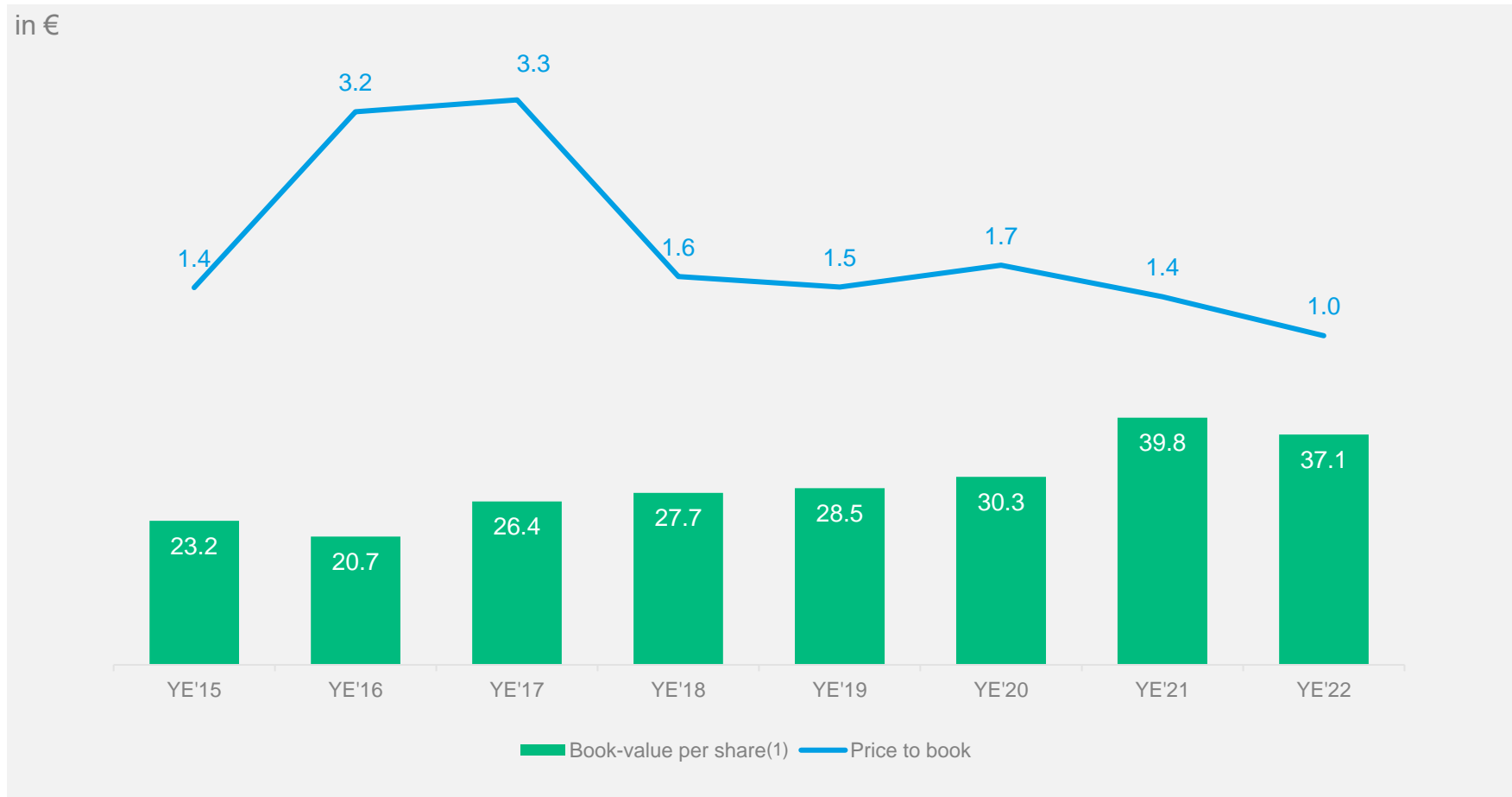
Covestro € share price since IPO





Historically low price to book value

Book-value per share and price to book development



HIGHLIGHTS

Book value per share increased by 10% p.a.

- based on the CAGR between 2016 and 2022

ROE of 14%

- on average between 2016 and 2022

Cumulated dividend of €11.85 per share

- based on the dividends for fiscal years 2016 to 2022⁽²⁾

Upcoming IR events



Find more information on covestro.com/en/investors

REPORTING DATES

- | | |
|--------------------|---------------------------------|
| • April 28, 2023 | Q1 2023 Quarterly Statement |
| • August 1, 2023 | 2023 Half-Year Financial Report |
| • October 27, 2023 | Q3 2023 Quarterly Statement |

ANNUAL GENERAL MEETING

- | | |
|------------------|------------------------|
| • April 19, 2023 | Annual General Meeting |
|------------------|------------------------|

BROKER CONFERENCES

- | | |
|------------------|--|
| • March 9, 2023 | Goldman Sachs 12 th Annual European Chemicals and Consumer Ingredients Conference, London |
| • March 10, 2023 | Morgan Stanley China Insight Webinar, virtual |



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.

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