Solid performance and an increasingly challenging environment

Roadshow presentation
Covestro investment highlights

- Group financials Q2’22
- Segment overview
- Background information
Covestro is diversified across geographies and end-markets

Key performance indicators and sales split

€16bn
Sales
2021

€3.1bn
EBITDA
2021

€1.4bn
FOCF
2021

13pp
ROCE above WACC
2021

Notes:
Based on Covestro Annual Report 2021; EMLA = Europe, Middle East Africa, Latin America; NA = USA, Canada, Mexico; APAC = Asia-Pacific; TPU: Thermoplastic Polyurethanes; ELA: Elastomers; Sales split by industry for your convenience only; shown numbers are approximations on full year basis.
Covestro is a global leader across its entire portfolio

World-wide industry positions and production capacities

#1 IN KEY MARKETS

**Covestro**
- Global #3
  - 1,770kt
  - 6 sites

**Joint global #1**
- 800kt
- 3 sites

**Global #2**
- 1,420kt
- 9 sites

**Global #1**
- 1,600kt
- 5 sites

**Entry requirements**
- Economies of scope
- Formulation and application know-how
- Close customer relationships and long-term R&D collaborations
- Operation of global business platform

**Notes:**
(1) Covestro position based on total nameplate capacity at year end 2021 relative to competitors
(2) Covestro including acquired RFM business closed on April 1, 2021

Source: Covestro estimates

**CAPACITY SHARE IN 2021**

- **MDI**
  - Others: 8%
  - Covestro: 19%

- **TDI**
  - Others: 26%
  - Covestro: 23%

- **Polyether polyols**
  - Others: 58%
  - Covestro: 9%

- **PC**
  - Others: 33%
  - Covestro: 25%

**2026e:**
- **Top 5:** 92%
- **Top 5:** 74%
- **Top 5:** 41%
- **Top 5:** 72%
- **Top 5:** 87%
- **Top 5:** 51%

**Polyurethane dispersions**

- **Aliphatic isocyanates**
  - Others: 49%
  - Covestro: 42%

**2026e:**
- Top 5 shares expected to remain broadly stable
- Top 5 shares expected to decrease
- Industry structures expected to remain stable
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

**MILESTONE**
Target climate neutrality in 2035
Climate neutrality with existing technologies and assets

Covestro greenhouse gas emissions

Indirect emissions:
- Mainly purchased goods, capital goods, fuel-related activities
  - Scope 3

Indirect emissions:
- Mainly from operations, heat and steam supplied by third parties
  - Scope 2

Indirect emissions:
- Mainly use of electricity, heat and steam supplied by third parties
  - Scope 1

Direct emissions:
- Emitted for example from production plants

Indirect emissions:
- Mainly downstream transportation and distribution
  - Scope 3

Indirect emissions:
- Mainly processing and use of products, end-of-life treatment of products
  - Scope 3

Scope 1+2 5.4m tons in 2021

Scope 3 18.5m tons in 2021

Scope 3 3.4m tons in 2021

Existing options and current limitations to reduce GHG emissions

- Various alternative feedstock
  - Limitations: available capacities

- Low-emission mobility
  - Limitations: available infrastructure

- Low-emission mobility
  - Limitations: available infrastructure

- Renewable energies
  - Limitations: available capacities

- Low-emission technologies
  - Limitations: investments and installations

- Low-emission mobility
  - Limitations: available infrastructure

- Circular end-of-life solutions
  - Limitations: readiness of technologies

Selective examples only
Sustainable manufacturing and renewable energy to lead path

New climate neutrality target for GHG emissions scope 1 and 2

GHG emissions in million metric tons, scope 1 and 2

- 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 factors 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

Notes:
GHG emissions = Greenhouse gas emissions, calculated in accordance with GHG Protocol and WBCSD recommendations
Climate neutrality currently includes residual GHG emissions (scope 1 and 2) of c. 0.2-0.3mt per year; we are planning to offset these unavoidable, remaining GHG emissions through adequate compensation measures
Numerous measures effectively reduce GHG emissions

New 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, e.g. PPA with ENGIE since 2021 for 45% of site’s electricity in Antwerp
- Offshore wind energy, e.g. PPA with Ørsted starting 2025 for 10% of sites’ electricity in Germany
- Solar energy, e.g. PPA with Datang since 2021 for 10% of site’s electricity in Shanghai

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

Notes:
PPA: Power purchase agreement
Datang: Datang Wuzhong New Energy Co.
Re-shaping the PU value chain for soft foams into a closed loop

End-of-life solutions in cross-industry collaborations

**COVESTRO TECHNOLOGY**
- Chemical recycling of polyurethane (PU) mattress foams
- Proprietary process for recovering both PU components polyol and TDA
  - rPolyol in high purity and quality enables high content of recycled raw material in existing plants
  - rTDA fulfills specifications for conversion into TDI in existing plants
- Preliminary LCA with significant improvement of the CO₂ footprint compared to fossil route, meeting high customer and consumer demand
- Shared IP on high accuracy, high yield foam sorting – process to be covered by industrial partner

**FUTURE PU SOFT FOAM LOOP**

**INDUSTRIAL SCALE-UP**

- Q1 2021: Pilot plant started up
- Mid 2020s: Commercial plant in early planning
- Early 2030s: Further scale-up subject to demand and technology

Notes: rPolyol: recycled polyol; rTDA: recycled TDA
LCA: Life cycle assessment
Leading cost positions across markets and regions

Covestro cash cost positions

**NORTH AMERICA**
- Cash cost

**EUROPE**
- Cash cost

**ASIA**
- Cash cost

**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 ~35% between the best and the average 5 least competitive plants.

- **Covestro TDI** is the global cost leader with cost advantage of ~50% 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.

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Notes:
1. Cost of production based on total raw material costs less co-product credits, variable and fixed conversion costs at 100% utilization based on nameplate capacity for FY 2020.
2. FY 2020 Cash cost ex gate, 82% utilization rate for all plants based on nameplate capacity; integrated players are shown without contribution margins for BPA, phenol, acetone etc.
Covestro supports future sustainable growth

Long term product trends

<table>
<thead>
<tr>
<th>APPLICATIONS</th>
<th>INDUSTRY TRENDS</th>
<th>COVESTRO BENEFIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind energy</td>
<td>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</td>
<td>Favourable mid to long term outlook for product portfolio of Covestro</td>
</tr>
<tr>
<td></td>
<td>Our overall wind solutions for blades will result in 30% lower maintenance and 2-year life-time extension (3)</td>
<td></td>
</tr>
</tbody>
</table>
|              | **Electric vehicles pushing demand in E&P**  
  • 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(2) 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) | |

Notes:  
(1) Assumption: ~10kg PC in LV / ~20 kg PC in BEV, upper class BEV 45-55kg PC  
(2) Covestro estimate based on LMC Report Q4 2021  
(3) Covestro estimate
Guidance revision reflects higher energy cost & lower GDP

EBITDA development between 2014 and 2022e

HIGHLIGHTS

- **EBITDA guidance of €1,700m - 2,200m in FY 2022**
  - Adjusted Earnings guidance reflects currently prevailing risks in a volatile environment
  - Mark-to-market (M2M) EBITDA in FY 2022 of ~€2.0bn as of July 2022\(^{(3)}\)

Assumptions for FY 2022 guidance:

- Global GDP of ~2%\(^{(2)}\)
- €/USD around 1.10 level
- Energy cost around €2.2bn
- No severe impact from a potential gas curtailment

**EBITDA sensitivities**

- 2017-2021 average volume sensitivity: 1pp change in sales volume (in €) equals around +/- €70m
- 2022 FX sensitivity: 1pp change equals +/- €9m for CNY/EUR and +/- €4m for USD/EUR
EBITDA guidance update due to deteriorating environment

Revised FY 2022 guidance

<table>
<thead>
<tr>
<th></th>
<th>FY 2021</th>
<th>Updated guidance FY 2022 (as of May 3, 2022)</th>
<th>Updated guidance FY 2022 (as of July 29, 2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>€3,085m</td>
<td>€2,000m – 2,500m</td>
<td>€1,700m – 2,200m</td>
</tr>
<tr>
<td>FOCF</td>
<td>€1,429m</td>
<td>€400m – 900m</td>
<td>€0 – 500m</td>
</tr>
<tr>
<td>ROCE above WACC(1)</td>
<td>12.9pp</td>
<td>1 – 5pp</td>
<td>-2 – +2pp</td>
</tr>
<tr>
<td>GHG emissions (scope 1 and 2)</td>
<td>5.2m tons</td>
<td>5.5m – 6.0m tons</td>
<td>5.3m – 5.8m tons</td>
</tr>
</tbody>
</table>

Additional financial expectations

<table>
<thead>
<tr>
<th></th>
<th>FY 2021</th>
<th>Updated guidance FY 2022 (as of May 3, 2022)</th>
<th>Updated guidance FY 2022 (as of July 29, 2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA Q3</td>
<td>€862m</td>
<td>-</td>
<td>€300m – 400m</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>€823m</td>
<td>~€950m</td>
<td>~€950m</td>
</tr>
<tr>
<td>Financial result</td>
<td>€-77m</td>
<td>~€-90m</td>
<td>~€-140m</td>
</tr>
<tr>
<td>P&amp;L (effective) tax rate</td>
<td>25.9%</td>
<td>24 – 26%</td>
<td>24 – 26%</td>
</tr>
<tr>
<td>Capex(2)</td>
<td>€764m</td>
<td>~€1,000m</td>
<td>~€1,000m</td>
</tr>
</tbody>
</table>

Notes:

(1) Weighted average cost of capital (WACC): 6.6% in FY 2021 and 7.0% in FY 2022

(2) Cash-relevant capex
Global energy cost more than tripled within two years

Energy cost development

Global energy bill in 2022 initially estimated at €1.5bn, up to €2.0bn has been imbedded in our revised forecast of May, as of July 2022 a further increase to around €2.2bn is included.

• Total energy cost of €2.2bn based on the average prices of the week July 25-29, 2022, flat forward.
• Situation in EU remains extremely volatile.
• Covestro purchases energy under spot market conditions with no hedges.

Notes:
(1) Primary energy consumption of Covestro 16 major sites consuming 95% of the total energy demand (e.g. 1 TWh electricity requires 1.67 TWh primary energy)
Potential impact of gas supply curtailment on German sites

European major sites locations

Covestro runs multiple large production sites for its core products in Europe

A potential gas shortage situation will predominantly affect the German sites\(^{(1)}\)

Gas distribution would be allocated by the Federal Network Agency – no curtailment has been introduced yet

Covestro sites in Germany represent ~25% of global Covestro production capacity in Covestro core products

Curtailment of 10-40% possible, based on a scenario with ~25% reduction of gas supply to the German plants would have an estimated low to mid-double-digit € million EBITDA impact per month\(^{(2)}\)

Covestro plants in Belgium, France and Spain expected to be affected at limited extend only\(^{(1)}\)

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\(^{(1)}\) Covestro estimate
\(^{(2)}\) Covestro estimate, excluding other external supply/demand shortfalls
Production sites of Covestro located in favorable position

Gas supply infrastructure and location of German sites

German gas grid and inflow points

QUARTERLY NET GAS IMPORTS TO GERMANY BY SOURCE

HIGHLIGHTS

- New gas supply situation shows increased imports from Benelux and Nordic countries to cover for reduced imports from Russia.
- Gas grid setup is based on the old flow pattern (East to West), an inverted flow direction with own LNG terminals and increased imports from N/NL/B needs to be simulated/tested and might result in necessary infrastructure adjustments first.
- Covestro sites in Germany are in a favorable location in North Rhine Westfalia (West) and Schleswig Holstein (North) compared to the average industrial consumer.

Notes:
(1) Source: Federal Network Agency
(2) Source: Study of the vbw (vbw_Studie_Folgen_Lieferunterbrechung_von_russischem_Erdgas_Juni_2022.pdf)
Majority of cash allocated to growth
Balanced use of cash

### CAPEX
- 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

- €4.0bn invested in capex

### DIVIDEND
- Policy: 35-55% payout of net income
- 2021 dividend of €3.40 per share, dividend yield 2021 of 6.3%(1)

- €2.3bn dividends

### PORTFOLIO
- 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

- €1.5bn net investments

### SHARE CAPITAL
- 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

- €1.1bn share capital reduced

Notes:
(1) Based on share price of €54.20 on December 31, 2021
Average capex at or slightly above D&A

Group capex and D&A outlook

**HISTORIC**
in € million

<table>
<thead>
<tr>
<th>Year</th>
<th>Capex</th>
<th>D&amp;A</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>509</td>
<td>419</td>
</tr>
<tr>
<td>2016</td>
<td>683</td>
<td>639</td>
</tr>
<tr>
<td>2017</td>
<td>518</td>
<td>518</td>
</tr>
<tr>
<td>2018</td>
<td>707</td>
<td>700</td>
</tr>
<tr>
<td>2019</td>
<td>620</td>
<td>620</td>
</tr>
<tr>
<td>2020</td>
<td>752</td>
<td>752</td>
</tr>
<tr>
<td>2021</td>
<td>704</td>
<td>700</td>
</tr>
<tr>
<td>2022</td>
<td>~1000</td>
<td>~950</td>
</tr>
</tbody>
</table>

**PROJECTION**

<table>
<thead>
<tr>
<th>Year</th>
<th>Capex</th>
<th>D&amp;A</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022e</td>
<td>~1000</td>
<td>~950</td>
</tr>
<tr>
<td>2023e</td>
<td>~1000</td>
<td>~950</td>
</tr>
<tr>
<td>2024e</td>
<td>~1000</td>
<td>~950</td>
</tr>
<tr>
<td>2025e</td>
<td>~1000</td>
<td>~950</td>
</tr>
<tr>
<td>2026e</td>
<td>~1000</td>
<td>~950</td>
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<tr>
<td>2027e</td>
<td>~1000</td>
<td>~950</td>
</tr>
<tr>
<td>2028e</td>
<td>~1000</td>
<td>~950</td>
</tr>
<tr>
<td>2029e</td>
<td>~1000</td>
<td>~950</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- 2022e: capex around €1,000m, D&A around €950m
- 2023e: capex slightly above D&A
- 2024e-2026e: supporting growth investment into MDI world-scale asset with capex above D&A
- Outer years: capex again below D&A-level
- Invest in Circular Economy projects almost €1bn over ten years
- Maintenance capex at ~€400m p.a. in 2022e, slightly increasing over time
Record dividend and 40% payout ratio

Dividend development

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend of Covestro AG</th>
<th>Net income</th>
<th>Dividend per share in €</th>
<th>Payout ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>273</td>
<td>795</td>
<td>1.35</td>
<td>34%</td>
</tr>
<tr>
<td>2017</td>
<td>436</td>
<td>2,009</td>
<td>2.20</td>
<td>22%</td>
</tr>
<tr>
<td>2018</td>
<td>438</td>
<td>1,823</td>
<td>2.40</td>
<td>24%</td>
</tr>
<tr>
<td>2019</td>
<td>219</td>
<td>552</td>
<td>1.20</td>
<td>40%</td>
</tr>
<tr>
<td>2020</td>
<td>251</td>
<td>459</td>
<td>1.30</td>
<td>55%</td>
</tr>
<tr>
<td>2021</td>
<td>651</td>
<td>1,616</td>
<td>3.40</td>
<td>55%</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

- 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 2021, dividend of €3.40 per share
Ongoing shift to high-margin business

Portfolio management

DIVESTMENTS

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

Business divested at average EV/EBITDA >10x

Portfolio analysis ongoing, further minor divestments possible

ACQUISITIONS

DSM Resins & Functional Materials business
- April 2021

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

Notes:
(1) Covestro with 51% joint venture share
(2) Based on 2020 sales / approximate stand-alone EBITDA in 2021 (€150m) and full synergies (€120m)
Listed transactions with materiality; All sales and EBITDA refer to the last fiscal year prior to closing
IRR: Internal rate of return
Synergies fully confirmed and ahead of plan at lower cost

RFM synergies and implementation cost

**EBITDA IMPACT**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total synergies</th>
<th>Revenue synergies</th>
<th>Cost synergies</th>
<th>Implementation cost</th>
<th>Inventory step-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>-34</td>
<td>-26</td>
<td>26</td>
<td>-34</td>
<td>-26</td>
</tr>
<tr>
<td>2022e</td>
<td>10</td>
<td>50</td>
<td>65</td>
<td>-30</td>
<td>-30</td>
</tr>
<tr>
<td>2023e</td>
<td>15</td>
<td>65</td>
<td>70</td>
<td>-5</td>
<td>-5</td>
</tr>
<tr>
<td>2024e</td>
<td>30</td>
<td>70</td>
<td>80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025e</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**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 €105m (initially €155m, reduced from lower severance need)

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

Notes:
Acquisition of DSM Resins & Functional Material (RFM) business, closed on April 1, 2021
So far, 30% of share buyback program accomplished, 70% to go

Execution of share buyback

**Total volume**

€0.5bn

**Two-year timeframe**

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>SHARE BUYBACK TRANCHE DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 28, 2022</td>
<td><strong>FIRST TRANCHE DETAILS</strong></td>
</tr>
<tr>
<td></td>
<td>• 1.606m shares purchased</td>
</tr>
<tr>
<td></td>
<td>• Average share price €46.70</td>
</tr>
<tr>
<td></td>
<td>• ~15% of share buyback completed</td>
</tr>
<tr>
<td></td>
<td><strong>SECOND TRANCHE DETAILS</strong></td>
</tr>
<tr>
<td></td>
<td>• 1.874m shares purchased</td>
</tr>
<tr>
<td></td>
<td>• Average share price €39.97</td>
</tr>
<tr>
<td></td>
<td>• ~30% of share buyback completed</td>
</tr>
</tbody>
</table>

Notes: Share buyback program based on five-year authorization by AGM in 2019
Solid performance - increasingly challenging environment

Highlights

1. Record sales of €4.7bn in Q2 2022
   driven by significant price increases mitigating extraordinary inflationary pressure

2. EBITDA above guidance range in Q2 2022
   due to faster than expected normalization of Covid situation in China

3. Guidance revision reflects challenges in H2 2022
   EBITDA guidance reduced from €2.0 – 2.5bn to €1.7 – 2.2bn

4. Record dividend payout of €3.40 per share
   payout ratio of 40%

5. Two-year share buyback of €500m
   with €150m bought back during the first four months
Solid growth in sales

Group results – Highlights Q2 2022

SALES(1)
in € million / changes Y/Y

- Q2 2021: 3,956
- Q3 2021: 4,302
- Q4 2021: 4,338
- Q1 2022: 4,683
- Q2 2022: 4,703

EBITDA AND MARGIN
in € million / margin in percent

- Q2 2021: 817 (20.7%)
- Q3 2021: 862 (20.0%)
- Q4 2021: 663 (15.3%)
- Q1 2022: 806 (17.2%)
- Q2 2022: 547 (11.6%)

HIGHLIGHTS

- In Q2 2022, Covestro posted highest quarterly sales in its history
- Year-on-year increase mainly attributable to higher prices of €0.6bn
- Sequential sales increase attributable to higher prices and FX compensating lower volumes
- Q2 2022 impacted by lower volumes driven by Covid lockdown in China and declined pricing delta from higher raw material cost
- Along with record quarterly sales EBITDA margin decreased to 11.6%
Slight volume decline due to Covid lockdown in China

Q2 2022 – Regional split

Sales in € million

- **China**: 790 (Sales vol. -2.1%)
- **EMLA**: 2,167 (Sales vol. +0.2%)
- **GLOBAL**: 4,703 (Sales vol. +0.2%)
- **Germany**: 615
- **U.S.**: 1,009 (Sales vol. +7.9%)
- **APAC**: 1,336 (Sales vol. -11.5%)
- **NA**: 1,200

**HIGHLIGHTS**

- **Sales volume decline, driven by Covid lockdown in China**:
  - Auto/transport: low double-digit % decline
  - Furniture/wood: low single-digit % decline
  - Electro: low double-digit % decline
  - Construction: flat to low single-digit % decline

- **NA**: Strong sales volume growth after the prior year had been impacted by winter storm Uri and mainly derived from volume growth in construction

- **EMLA**: Positive volume growth from polyol business in furniture benefitting from competitor outages offset by volume decline in auto/transport and appliances

- **APAC**: Due to the Shanghai Covid lockdown strong sales volume decline across all industries
Sales increase driven by price and FX

Q2 2022 – Sales bridge

Volume slightly negative
- Volume contribution of -2.1% Y/Y

Pricing highly positive
- Higher selling prices largely compensating higher energy and raw material costs pushed sales up +14.5% Y/Y
- Strong price increases enforced by both PM (+17.5% Y/Y) and S&S (+11.8% Y/Y)

FX positive
- FX affected sales by +6.5% Y/Y mainly driven by stronger USD and RMB

HIGHLIGHTS

in € million

<table>
<thead>
<tr>
<th></th>
<th>Q2 2021</th>
<th>Volume</th>
<th>Price</th>
<th>FX</th>
<th>Q2 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3,955</td>
<td>-85</td>
<td>574</td>
<td>259</td>
<td>4,703</td>
</tr>
</tbody>
</table>

+18.9%
Earnings decreased mainly due to negative pricing delta

Q2 2022 – EBITDA bridge

Notes:
1. Method of calculation: EBITDA volume contribution / sales volume contribution

HIGHLIGHTS

Negative volume leverage(1)
- Negative volume leverage of 55%

Negative pricing delta as expected
- Raw material and energy cost increases could to a meaningful extend be compensated by sales price increases

Other items driven by:
- Lower provisions for variable compensation of €73m
- Significant increase of fixed costs among other things due to freight and logistic, wage and R&D cost increases
Temporarily high working capital to sales ratio

Historical FOCF development

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA</th>
<th>Changes in working capital</th>
<th>Capex</th>
<th>Income tax paid</th>
<th>Other effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2018</td>
<td>+2,048</td>
<td>-625</td>
<td>-241</td>
<td>-335</td>
<td>-119</td>
</tr>
<tr>
<td>H1 2019</td>
<td>+901</td>
<td>-30(4)</td>
<td>-384</td>
<td>-223</td>
<td>-364(4)</td>
</tr>
<tr>
<td>H1 2020</td>
<td>+379</td>
<td>-187(4)</td>
<td>-286</td>
<td>-102</td>
<td>-29(4)</td>
</tr>
<tr>
<td>H1 2021</td>
<td>+1,560</td>
<td>-580</td>
<td>-289</td>
<td>-176</td>
<td>+177</td>
</tr>
<tr>
<td>H1 2022</td>
<td>+1,353</td>
<td>-695</td>
<td>-330</td>
<td>-360</td>
<td>-413</td>
</tr>
</tbody>
</table>

Notes:
(1) Working capital includes changes in inventories, trade accounts receivable and trade accounts payable
(2) Cash-relevant capex
(3) Method of calculation: Working Capital on June 30, 2022, divided by sales of last four quarters
(4) Information was restated for fiscal year 2019-2020 for the change in presentation for rebates granted to customers, affecting trade and other liabilities

HIGHLIGHTS
- FOCF decreased to €-445m, including €475m bonus payout for FY 2021
- Working capital to sales ratio(3) increased to 21.3%, driven by higher sales and raw material prices impacting receivables and inventories while last twelve months’ sales based on lower average prices
- Capex of €330m on budget and in line with FY 2022 guidance
- Income tax paid of €360m reflects unfavorable geographical mix and higher pre-payments that were based on taxable income in 2021
Seasonally high total debt after dividend and bonus payments

June 30, 2022 – Total net debt

Notes:
(1) Method of calculation: Total net debt on June 30, 2022, divided by EBITDA of last four quarters

HIGHLIGHTS
• Net pension liability as difference of pension provisions of €473m and net defined benefit assets of €164m decreased by €886m, mainly due to higher interest rates
• Net pension liability as difference of pension provisions of €473m and net defined benefit assets of €164m
• Total net debt to EBITDA ratio\(^{(1)}\) of 1.1x at the end of Q2 2022 compared to 1.2x at the end of Q2 2021.
• Committed to a solid investment grade rating
• Payout of €651m dividend to Covestro shareholders following the AGM resolution
• Two-year share buyback of €500m, €150m executed
• Undrawn syndicated revolving credit facility (RCF) of €2.5bn in place with ESG element
Covestro investment highlights

Group financials Q2’22

Segment overview

Background information
Standard products with reliable supply and lowest cost

Performance Materials

**PRODUCTS**

Polyurethane and polycarbonate standard products as well as basic chemicals

**SALES 2021** (in € thousand)

- **sMDI** 2,793
- **sPolyols** 2,361
- **sPolycarbonates** 1,091
- **sTDI** 1,332
- Basic Chemicals 565

**SUCCESS FACTORS**

- **Ensure high asset utilization**
  Integrated end-to-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

**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 – significantly declining EBITDA

Segment results – Highlights Q2 2022

**SALES**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales in € million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2021</td>
<td>1,957</td>
</tr>
<tr>
<td>Q3 2021</td>
<td>2,186</td>
</tr>
<tr>
<td>Q4 2021</td>
<td>2,259</td>
</tr>
<tr>
<td>Q1 2022</td>
<td>2,388</td>
</tr>
<tr>
<td>Q2 2022</td>
<td>2,461</td>
</tr>
</tbody>
</table>

**EBITDA AND MARGIN**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBITDA in € million</th>
<th>EBITDA Margin in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2021</td>
<td>644</td>
<td>32.9%</td>
</tr>
<tr>
<td>Q3 2021</td>
<td>708</td>
<td>32.4%</td>
</tr>
<tr>
<td>Q4 2021</td>
<td>590</td>
<td>26.1%</td>
</tr>
<tr>
<td>Q1 2022</td>
<td>620</td>
<td>26.0%</td>
</tr>
<tr>
<td>Q2 2022</td>
<td>367</td>
<td>14.9%</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- Sales increased by +25.8% Y/Y driven by price (+17.5%), volume (+1.6%) and FX (+6.7%)
- Sales volume growth of 1.6% Y/Y supported by growth in NA & EMEA and burdened by Covid lockdown in China
- Compared to prior year, EBITDA decrease mainly driven by negative pricing delta mitigated by positive FX and volume growth

Notes:

(1) Change of segment structure as of Q3 2021
MDI demand growth to exceed supply growth

Performance Materials: MDI industry demand and supply

MDI DEMAND DEVELOPMENT (2016 - 2026e)

in kt\(^{(1)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Base</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>8,270</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>2026e</td>
<td></td>
<td></td>
<td>5%</td>
</tr>
</tbody>
</table>

\(\text{\% growth as CAGR}\)

HIGHLIGHTS

- Further customer industry growth makes structurally sound demand remain at ~6%, outgrowing supply growth
- Covestro additions until 2026e: Tarragona, Spain (50kt, 2025e)
- Covestro MDI volumes expected to grow slightly below market trend until new world-scale capacity comes on stream

MDI SUPPLY DEVELOPMENT (2016 - 2026e)

in kt\(^{(2)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Base</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>9,200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>2026e</td>
<td></td>
<td></td>
<td>3%</td>
</tr>
</tbody>
</table>

\(\text{\% growth as CAGR}\)

Notes:

1. Assumes global GDP CAGR 2021 - 2026e of 3 - 4%
2. Based on historical and announced future nameplate capacities

Source: Covestro estimates

Q2 2022 | IR Roadshow Presentation

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Investment into world-scale asset enables further growth

Performance Materials: MDI investment

Recap
- In October 2018, initial plans of MDI investment published
- In January 2020, project evaluation in Baytown, USA put on hold

Market environment
- Projected MDI demand growth outstripping supply growth, leading to global capacity utilization above 90 percent
- Covestro with fully utilized MDI world-scale assets in all regions
- Production technology as distinct industry entry hurdle

Update and next steps
- Covestro resumes investment into MDI world-scale asset
- Installing highly energy-efficient AdiP technology(1) reduces energy-related CO2 emissions by up to 35 percent(2)
- Location either USA or China, further decision after finalization of current project stage
- Planned ramp-up by 2026

Notes:
(1) Proprietary Covestro “Adiabatic-isotherm Phosgenation” technology
(2) Compared with High-Performance-Phosgenation technology
TDI market moving into balance
Performance Materials: TDI industry demand and supply

TDI DEMAND DEVELOPMENT (2016 - 2026e)

in kt(1)
% growth as CAGR

2,520
2016
~3%

2021
2,520

2026e
~5%

6%
HIGH

4%
LOW

TDI SUPPLY DEVELOPMENT (2016 - 2026e)

in kt(2)
% growth as CAGR

3,420
2016
~7%

2021
3,420

2026e
~2%

3%
HIGH

1%
LOW

HIGHLIGHTS

• Only major addition expected until 2025 Wanhua-Fujian (250kt, not before end-2023e), new Cangzhou Dahua plant not before 2026e
• With that, demand growth outstripping supply growth, bringing demand and supply back into balance
• Covestro with further debottleneckings after 2026e, allowing Covestro TDI volumes to grow with market trend
• Favorable cash cost position puts Covestro in strong competitive position even in low cycles

Notes:
(1) Assumes global GDP CAGR 2021 - 2026e of 3 - 4%
(2) Based on historical and announced future nameplate capacities
Source: Covestro estimates
Execution risks may limit future capacity additions

Performance Materials: Polycarbonates (PC) industry demand and supply

**PC DEMAND DEVELOPMENT (2016 - 2026e)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand (kt)</th>
<th>% Growth as CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>4,510</td>
<td>~2%</td>
</tr>
<tr>
<td>2021</td>
<td>5,400</td>
<td>~4%</td>
</tr>
<tr>
<td>2026e</td>
<td>6,520</td>
<td>~5%</td>
</tr>
</tbody>
</table>

**PC SUPPLY DEVELOPMENT (2016 - 2026e)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Supply (kt)</th>
<th>% Growth as CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>4,510</td>
<td>~2%</td>
</tr>
<tr>
<td>2021</td>
<td>5,400</td>
<td>~4%</td>
</tr>
<tr>
<td>2026e</td>
<td>6,520</td>
<td>~5%</td>
</tr>
</tbody>
</table>

**INDUSTRY HIGHLIGHTS**

- Structurally sound demand growth of ~4% based on global GDP growth
- Major additions (3) expected until 2025e: Hainan Huasheng, ZPC, SABIC-Sinopec, Wanhua, Shemna
- Numerous announced projects with high uncertainties regarding actual timing and scope
- Covestro additions: Focus on strengthening differentiated business with shift of merchant standard-polycarbonates to feedstock of differentiated polycarbonates

Notes:

1. Assumes global GDP CAGR 2021 - 2026e of 3 - 4%
2. Based on historical and announced future nameplate capacities
3. Based on corporate announcements

Source: Covestro estimates
Polyol market and margin development

Performance Materials: Polyol margins started to normalize

POLYOL SPREADS OVER PROPYLENE (2015 - 2022)

- Covestro has secured access to the strategic raw material propylene oxide (PO) at costs (propylene + fixed costs) until 2050 and owns 50% of the European JV (140kt PO + 350kt styrene) in Maasvlakte
- Global polyol capacity of Covestro 1.4m tons/year mainly geared towards US and Europe
- Polyol production usually follows batch process exhibiting utilization rates of 70-90%
- Competitive advantage for Covestro through patented proprietary technology for long-chain polyols

Notes:
(1) IHS/ICIS data
(2) IHS/ICIS data using Covestro regional volume split
(3) Covestro calculation
(4) Based on Covestro-relevant mix
Differentiation based on customer proximity and innovation

Solutions & Specialties

**PRODUCTS**

Differentiated polymer products

**SALES 2021** (in € thousand)

- Engineering Plastics 3,211
- Tailored Urethanes 956
- Coatings & Adhesives 2,544
- Thermoplastic Polyurethanes 354
- Specialty Films 292
- Elastomers 197

**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

**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

**CUSTOMER CENTRICITY FOR SOLUTIONS AND SPECIALTY PRODUCTS**
Solutions & Specialties – resilient earnings development

Segment results – Highlights Q2 2022

**SALES**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales (€ million)</th>
<th>Year-over-Year Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2021</td>
<td>1,951</td>
<td>84.1%</td>
</tr>
<tr>
<td>Q3 2021</td>
<td>2,069</td>
<td>60.6%</td>
</tr>
<tr>
<td>Q4 2021</td>
<td>2,005</td>
<td>46.2%</td>
</tr>
<tr>
<td>Q1 2022</td>
<td>2,222</td>
<td>45.3%</td>
</tr>
<tr>
<td>Q2 2022</td>
<td>2,165</td>
<td>11.0%</td>
</tr>
</tbody>
</table>

**EBITDA AND MARGIN**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBITDA (€ million)</th>
<th>EBITDA Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2021</td>
<td>237</td>
<td>12.1%</td>
</tr>
<tr>
<td>Q3 2021</td>
<td>221</td>
<td>10.7%</td>
</tr>
<tr>
<td>Q4 2021</td>
<td>112</td>
<td>5.6%</td>
</tr>
<tr>
<td>Q1 2022</td>
<td>224</td>
<td>10.1%</td>
</tr>
<tr>
<td>Q2 2022</td>
<td>213</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- Sales grew by +11.0% Y/Y, price (+11.8% Y/Y), FX (+6.5%) and volume (-7.3%)
- Sequential sales decline due to significantly lower volumes despite favorable pricing and FX
- Q2 2022 EBITDA includes €-6m one-time effects related to RFM
- Compared to prior year, EBITDA decreased slightly due to negative volume effect which could not be fully compensated by lower fixed cost

Notes:

1. Change of segment structure as of Q3 2021
2. Full consolidation of acquired RFM business as of April 1, 2021
Shifting from standard to differentiated polycarbonate

Solutions & Specialties: high-growth contributor Engineering Plastics

POLYCARBONATE 2021 SALES €4.3bn
Covestro polycarbonate volume split by segment

<table>
<thead>
<tr>
<th>Year</th>
<th>Standard PC (PM)</th>
<th>Differentiated PC (EP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>2017</td>
<td>39%</td>
<td>61%</td>
</tr>
<tr>
<td>2020</td>
<td>32%</td>
<td>68%</td>
</tr>
<tr>
<td>2021</td>
<td>27%</td>
<td>73%</td>
</tr>
<tr>
<td>2022e</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>2025e</td>
<td>20%</td>
<td>80%</td>
</tr>
</tbody>
</table>

Covestro compounding capacity +230kt

POLYCARBONATE 2021 SALES €4.3bn

Covestro polycarbonate volume split by segment

<table>
<thead>
<tr>
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</tr>
<tr>
<td>2017</td>
<td>39%</td>
<td>61%</td>
</tr>
<tr>
<td>2020</td>
<td>32%</td>
<td>68%</td>
</tr>
<tr>
<td>2021</td>
<td>27%</td>
<td>73%</td>
</tr>
<tr>
<td>2022e</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>2025e</td>
<td>20%</td>
<td>80%</td>
</tr>
</tbody>
</table>

Covestro compounding capacity +230kt

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

ENGINEERING PLASTICS (EP) INDUSTRY +7% CAGR 2021-2026

CUSTOMER INDUSTRIES

<table>
<thead>
<tr>
<th>Industry</th>
<th>EP sales share 2021</th>
<th>CAGR 2021-2026e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electro</td>
<td>46%</td>
<td>6%</td>
</tr>
<tr>
<td>Auto &amp; transport</td>
<td>41%</td>
<td>9%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>10%</td>
<td>5%</td>
</tr>
</tbody>
</table>

GROWTH DRIVERS

- **Electro**
  - New opportunities from 5G, intelligent connectivity and electrical integration
- **Auto & transport**
  - 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
- **Healthcare**
  - Strong demand in communication infrastructure, audio, LED, power supply and small appliances
  - New opportunities from 5G, intelligent connectivity and electrical integration

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 2021**
  - 292m
- **CAGR 2021-2026e**
  - ~16%

**TARGET**

- Doubling sales by 2025e versus Sales 2020 of €240m

**APPROACH**

- 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**

- Enabling growth with investment of almost €200m between 2020 and 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

Notes:

- CAGR Covestro estimates

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Q2 2022 | IR Roadshow Presentation

Notes:
Covestro strengthens Solutions & Specialties
With investments in high-margin areas

**COATINGS & ADHESIVES INVESTS IN DISPERSIONS**
- Invest: mid double-digit million €
- Production readiness: ramp-up 2024
- Expected EBITDA contribution: low to mid double-digit million €

- Business Entity Coatings and Adhesives adds new plant for water-based polyurethane dispersions (PUD) in Caojing (China)
- Environmentally compatible coatings and adhesives support sustainable customer growth
- Plant comprises line for polyester resins as raw material and PUD production line producing versatile portfolio of products
- Technology for PUDs combines know-how of Covestro and the recently acquired RFM business

**ELASTOMERS INVESTS IN COMPLEMENTING ASSETS**
- Invest: high double-digit million €
- Production readiness: 3 steps 2022-2024
- Expected EBITDA contribution: low to mid-double digit million €

- Business Entity Elastomers complements production infrastructure for high-value products
- Announcement of naphtylene diisocyanate (NDI) expansion in Map ta Phut (Thailand) end 2020
- NDI prepolymer line operational at our Barcelona site (Spain) since May 2022
- Groundbreaking new elastomer line in Caojing (China) in Q2’22
- Expansions to support customer growth in high-performance elastomers Baytec® and Vulkollan®

Covestro strives to deliver a 17% EBITDA margin in 2024
EBITDA margin to grow to 17% in 2024

Solutions & Specialties segment target

- In 2021, margin impacted by above-average Performance Materials market prices as basis for inter-segment charges
- In 2022, significant EBITDA increase expected
- In 2024, EBITDA margin target of 17% 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-induced sales inflation
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
  - Nationality: German

**BUSINESS ENTITIES**

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

- **Tailored Urethanes**
  - Christine Bryant
  - Nationality: US-American
  - Based in Pittsburgh, USA

- **Coatings and Adhesives**
  - Dr Thorsten Dreier
  - 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 rating results and index membership as July 2022

### Key Rating Scoring Range

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CDP Climate</strong></td>
<td>D- to A</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>A-</td>
<td></td>
<td>Leadership Level (1)</td>
</tr>
<tr>
<td><strong>ecoVadis</strong></td>
<td>0 to 100</td>
<td>73</td>
<td>80</td>
<td>72</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(2)</td>
</tr>
<tr>
<td><strong>MSCI ESG</strong></td>
<td>CCC to AAA</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td></td>
<td>Above Average (3)</td>
</tr>
<tr>
<td><strong>Sustainalytics</strong></td>
<td>100 to 0</td>
<td>74</td>
<td>75</td>
<td>23.3</td>
<td>20.0</td>
<td>18.3</td>
<td>20.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 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 is identified as a TOP ESG performer of Sustainalytics’ ESG Risk Ratings out of more than 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.
Closing material and carbon loops
Circular and climate neutral economy

COVESTRO APPROACH TO CIRCULARITY

1. Renewable energy
2. Alternative raw materials
3. Innovative recycling for end-of-life solutions
4. Cross-industry collaborations

Notes: Shown recycling technologies and energy recovery are illustrative examples only
Progress on vision of full circularity

Broadened portfolio of sustainable products along the value chain of Covestro

Notes: (1) Covestro cradle to gate assessment based on ISO14040 and 14044

- MoU with Fortescue Future Industries for supply of equivalents of 100,000 to/a of Hydrogen and – derivatives esp. Ammonia to APAC and NA
- Green hydrogen is made from renewable energy and a key resource to decarbonize energy intensive industries
- Start of broader strategic partnership to accelerate the green energy transition

SUSTAINABLE RAW MATERIALS

BIOBASED COATING INTERMEDIATE

- Joint development of a commercial process technology for plant-based version of the chemical intermediate hexamethylen-diamine (HMDA) between Covestro and Genomatica
- Advancement to full commercial scale production planned
- HMDA is a key intermediate raw material for high performance coatings

RENEWABLE PRODUCTS

- Supply of certified renewable basic raw materials for core products PC, MDI & TDI
- ISCC+ certification successfully extended to 5 of 16 major sites in EMEA and APAC
- Renewable product portfolio with strongly reduced CO2 footprint(1) for TDI and climate neutral(1) versions of MDI and PC
- Renewable products are identical to their fossil-based grades
Certified alternative feedstock lower attributed CO₂ footprint

Mass balance approach

EXAMPLE MDI

Conceptual illustration

FEEDSTOCK
- Alternative feedstock
- Fossil-based feedstock

SUPPLIERS
- e.g. bio refinery
- regular naphtha
- Steam cracker
- Benzene extraction

CUSTOMERS
- Benzene
- Nitrobenzene
- Aniline
- MDA
- MDI

MASS BALANCE APPROACH

Principle
- Mass balance is a chain of custody method
- Fossil and alternative feedstock mixed in production but separated in bookkeeping
- Tracks materials through the value chains and allows attribution of alternative feedstock to selected end products
- ISCC standard applies to all stages of the value chain and is recognized worldwide

Advantages
- Alternative raw materials are introduced into the value chain as drop-in solution
- Taking advantage of existing chemical infrastructure with its high efficiency and economies of scale
- Product quality and properties remain the same

Notes:
ISCC: International Sustainability and Carbon Certification, internationally recognized system for sustainability certification of biomass and bioenergy
Green Hydrogen as enabler for reduced GHG emissions
Covestro with strong focus on securing important volumes of green hydrogen/-derivatives

GREEN HYDROGEN/-DERIVATIVE PRODUCTION

Renewable Energy

<table>
<thead>
<tr>
<th>Air</th>
<th>Separation</th>
<th>Green Nitrogen (GN₂)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Electrolysis</td>
<td>Green Hydrogen (GH₂)</td>
</tr>
</tbody>
</table>

Green Hydrogen (GH₂) → Ammonia Synthesis → Green Ammonia (GNH₃)

Direct usage (MDI&TDI)

EXPOSURE OF COVESTRO TO HYDROGEN/-DERIVATIVES

Importance of hydrogen/-derivatives for Covestro
• Ammonia and hydrogen are key basic raw materials for production of Covestro core products MDI and TDI

Activities of Covestro on Hydrogen
• CTO is a member of the German Hydrogen Council since 2020
• Venture capital engagement in Hydrogenious LOHC Technologies

COVESTRO ACTIVITIES FOCUSED ON GH₂/GNH₃ SOURCING

• Efficient way of reducing emissions to comply with our target of net-zero by 2035
• MoU with Fortescue Future Industries for supply of equivalents of 100,000 to/a of hydrogen derivative ammonia, esp. to APAC and NA
• Membership in H2Global Foundation to further fostering the production and use of green hydrogen nationally and internationally

GREEN HYDROGEN/-DERIVATIVE USAGE IN COVESTRO

Green Ammonia (GNH₃) → Nitric Acid

Nitro-benzene → Aniline → MDI

Dinitro-toluene → Toluene-diamine → TDI

Green Hydrogen (GH₂)
Higher insulation standards increase demand for polyurethanes

Building insulation market outlook

**KEY DRIVERS**

- Higher energy-efficiency standards for new buildings
- Renovations of older buildings to higher energy efficiency standard

**POLYURETHANES IN HOUSING INSULATION**

<table>
<thead>
<tr>
<th>Year</th>
<th>Standard</th>
<th>Current standard</th>
<th>High-energy efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970s</td>
<td>2000</td>
<td>Current</td>
<td>~40%</td>
</tr>
<tr>
<td>standard</td>
<td>standard</td>
<td>standard</td>
<td></td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- High insulation demand for high energy levels as demand boost for polyurethanes
- Higher energy standards difficult to achieve with inferior insulation materials
- Polyurethane-based insulation one of the best options to reach high energy efficiency / zero-emission standard

Demand of polyurethanes per relevant building to comply with high-energy insulation standards, compared with current standards:

- ~40%
- ~30%
- ~40%
Auto production growth and increasing BEV share boost demand

Global electric vehicle market outlook

### KEY DRIVERS
- Carbon neutrality targets
- Stringent emission regulations

### DEVELOPMENT OF AUTOMOTIVE INDUSTRY

**Global BEV production**

<table>
<thead>
<tr>
<th>Year</th>
<th>BEV Share of Total LV</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>6%</td>
</tr>
<tr>
<td>2022e</td>
<td>8%</td>
</tr>
<tr>
<td>2023e</td>
<td>11%</td>
</tr>
<tr>
<td>2024e</td>
<td>13%</td>
</tr>
<tr>
<td>2025e</td>
<td>16%</td>
</tr>
<tr>
<td>2026e</td>
<td>19%</td>
</tr>
</tbody>
</table>

Total LV growth +6% p.a.

### USE OF POLYCARBONATES IN BEV

**Per vehicle**

- **Battery housing in BEV**
  - ~8kg
- **Average BEV**
  - ~18 - 20kg
- **Upper-class BEV**
  - ~45 - 55kg

**Note:**

(1) Total LV without BEV

**BEV:** Battery Electric Vehicle; **LV:** Light Vehicle

**Sources:**

LMC Global Light Vehicle Engine Forecast FY 2022 – Q1, COV estimate
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

INFRA-STRUCTURE

- Premises
- Site development
- Streets
- Pipeline bridges
- Storage tanks
- Jetties
- Power supply & distribution
- Waste management
- Safety

RAW MATERIALS

Toluene

Nitric Acid (HNO₃)

Benzene

Propylene

Propylene Oxide

- e.g. via reformer
- Hydrogen (H₂)
- Carbon Monoxide (CO)

Chlorine⁽¹⁾

- Cl₂
- NaOH

Phenol

Acetone

CORE UNITS / TECHNOLOGY

DNT Dinitrotoluene

TDA Diaminotoluene

MNB Mono-Nitrobenzene

Aniline

MDA Methylene Dianiline

Phosgene⁽²⁾

Phosgene⁽³⁾

Phosgene⁽⁴⁾

Phosgene⁽⁵⁾

Phosgene⁽⁶⁾

Polyether Polyols

FINAL PRODUCT

TDI

MDI

DIPC Diphénylcarbonate

BPA Bisphenol A

DNT Dinitrotoluene

TDA Diaminotoluene

MNB Mono-Nitrobenzene

Aniline

MDA Methylene Dianiline

Phosgene⁽²⁾

Phosgene⁽³⁾

Phosgene⁽⁴⁾

Phosgene⁽⁵⁾

Phosgene⁽⁶⁾

Polyether Polyols

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

Notes: Chart contains key feedstock only; simplified illustration
⁽¹⁾ via Deacon or HCl-ODC technology and/or chloralkali electrolysis, (2) interface process, (3) melt process, (4) produced from CO and Cl₂
Synergies from chemical backbone and complementary technologies
Solutions & Specialties backward integration and value chain

INFRASETRUER
- Premises
- Site development
- Streets
- Pipeline bridges
- Storage tanks
- Jetties
- Power supply & distribution
- Waste management
- Safety

MAIN RAW MATERIALS
- Toluene / Benzene
- Nitric acid (HNO₃)
- Phenol
- Acetone
- HMDA
- IPDA
- PACM
- AA / TPA / PIA
- HDO / BDO / NPG / TMP
- MMA / BA
- PO
- EO

COVESTRO VALUE CHAIN (simplified)

Notes:
Simplified illustration, including acquired RFM business
(1) via Deacon or HCl-ODC technology and/or Chlorine-Alkali electrolysis
(2) produced from CO and Cl₂
Accountable for all business-specific, success-critical resources

New LEAP set-up of Business Entities

<table>
<thead>
<tr>
<th>FORMER BUSINESS UNITS (BUs)</th>
<th>NEW BUSINESS ENTITIES (BEs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and marketing</td>
<td>Sales and marketing remain within the BEs</td>
</tr>
<tr>
<td>Research &amp; development</td>
<td>BE-specific research and development included, cross-BE areas centralized</td>
</tr>
<tr>
<td>Integrated planning</td>
<td>Integrated planning part of the BEs, supply chain and logistics remain centralized</td>
</tr>
<tr>
<td>Raw material purchasing</td>
<td>Purchasing of BE-specific raw materials, remaining purchasing activities as central function</td>
</tr>
<tr>
<td>Production</td>
<td>Production facilities of respective product groups embedded within the BEs</td>
</tr>
</tbody>
</table>
Manage fixed costs despite high inflation and investments
Transformation program LEAP in 2021-2023

**FIXED COST DEVELOPMENT Y/Y EXCLUDING INCENTIVE SCHEMES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fixed Cost Development (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>-150</td>
</tr>
<tr>
<td>2021</td>
<td>+159</td>
</tr>
<tr>
<td>2022e</td>
<td>-50 to -100 excluding inflation and investments</td>
</tr>
<tr>
<td>2023e</td>
<td>-50 to -100 excluding inflation and investments</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- In 2021, cost development on expectation; mainly driven by higher maintenance costs, salary increase, investments in digitalization and circularity
- In 2022 and 2023, expected net cost increase resulting from
  - High inflation (e.g. logistic, labor costs, etc.) as well as growth (e.g. MDI project) and climate-related investments
  - Partly counterbalanced by planned cost reductions of €50m to €100m p.a. through LEAP execution

Notes:
- Fixed cost development calculated as ‘Other items’ (Y/Y) from FY EBITDA bridge, corrected by Y/Y changes in STI & LTI
- STI = Short-term incentive; LTI = Long-term incentive
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 – WACC (pp.)**
  - Value: 0, 6, 12, 18
  - Payout: 0%, 100%, 200%, 300%

- **CO₂ 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%
Significant value creation since IPO

Development of last five years

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong> (€ million)</td>
<td>14,138</td>
<td>14,616</td>
<td>12,412</td>
<td>10,706</td>
<td>15,903</td>
</tr>
<tr>
<td>• <strong>Volume y/y</strong> (%)</td>
<td>+4.3</td>
<td>+2.3</td>
<td>+0.8</td>
<td>-5.1</td>
<td>+6.5</td>
</tr>
<tr>
<td>• <strong>Price y/y</strong> (%)</td>
<td>+16.1</td>
<td>+4.5</td>
<td>-17.3</td>
<td>-5.7</td>
<td>+34.7</td>
</tr>
<tr>
<td>• <strong>FX y/y</strong> (%)</td>
<td>-1.6</td>
<td>-3.0</td>
<td>+1.9</td>
<td>-1.6</td>
<td>-0.8</td>
</tr>
<tr>
<td>• <strong>Portfolio y/y</strong> (%)</td>
<td>0.0</td>
<td>-0.4</td>
<td>-0.5</td>
<td>-1.3</td>
<td>+8.1</td>
</tr>
<tr>
<td><strong>EBITDA</strong> (€ million)</td>
<td>3,435</td>
<td>3,200</td>
<td>1,604</td>
<td>1,472</td>
<td>3,085</td>
</tr>
<tr>
<td>• <strong>Performance Materials</strong></td>
<td>3,048</td>
<td>2,825</td>
<td>942</td>
<td>896</td>
<td>2,572</td>
</tr>
<tr>
<td>• <strong>Solutions &amp; Specialties</strong></td>
<td>626</td>
<td>585</td>
<td>832</td>
<td>743</td>
<td>751</td>
</tr>
<tr>
<td><strong>Earnings per Share</strong> (€)</td>
<td>9.93</td>
<td>9.46</td>
<td>3.02</td>
<td>2.48</td>
<td>8.37</td>
</tr>
<tr>
<td><strong>Capex</strong> (€ million)</td>
<td>518</td>
<td>707</td>
<td>910</td>
<td>704</td>
<td>764</td>
</tr>
<tr>
<td><strong>Free operating cash flow (FOCF)</strong> (€ million)</td>
<td>1,843</td>
<td>1,669</td>
<td>473</td>
<td>530</td>
<td>1,429</td>
</tr>
<tr>
<td><strong>ROCE</strong> (%)</td>
<td>33.4</td>
<td>29.5</td>
<td>8.4</td>
<td>7.0</td>
<td>19.5</td>
</tr>
<tr>
<td><strong>Net financial debt</strong> (€ million)</td>
<td>283</td>
<td>348</td>
<td>989</td>
<td>366</td>
<td>1,404</td>
</tr>
<tr>
<td><strong>Employees (1)</strong> (FTE)</td>
<td>16,176</td>
<td>16,770</td>
<td>17,201</td>
<td>16,501</td>
<td>17,909</td>
</tr>
</tbody>
</table>

**Notes:**
(1) status at year-end
y/y year-over-year
Historical share price performance

Covestro € share price since IPO

Notes: XETRA closing share price
PU: Polyurethanes
PC: Polycarbonates
## Upcoming IR events

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

<table>
<thead>
<tr>
<th>REPORTING DATES</th>
<th>2022 Quarterly Statements</th>
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<tbody>
<tr>
<td>October 25, 2022</td>
<td>Q3 2022 Quarterly Statement</td>
</tr>
<tr>
<td>March 2, 2023</td>
<td>2022 Annual Report</td>
</tr>
<tr>
<td>April 28, 2023</td>
<td>Q1 2023 Quarterly Statement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ANNUAL GENERAL MEETING</th>
<th>Annual General Meeting</th>
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</thead>
<tbody>
<tr>
<td>April 19, 2023</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>BROKER CONFERENCES</th>
<th>Conference/Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 6, 2022</td>
<td>ODDO BHF Corporate Conference, Frankfurt</td>
</tr>
<tr>
<td>September 14, 2022</td>
<td>Crédit Suisse Annual Specialties &amp; Basics Conference, New York</td>
</tr>
<tr>
<td>September 19, 2022</td>
<td>Berenberg &amp; Goldman Sachs Annual German Corporate Conference, Munich</td>
</tr>
<tr>
<td>September 21, 2022</td>
<td>Baader Investment Conference, Munich</td>
</tr>
</tbody>
</table>
Disclaimer

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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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