Rebounding from trough

Roadshow presentation
Covestro investment highlights

- Group financials Q1’23
- Segment overview
- Background information
Covestro is diversified across geographies and end-markets

Key performance indicators and sales split

Sales 2022: €18bn
EBITDA 2022: €1.6bn
FOCF 2022: €0.1bn
ROCE above WACC 2022: -5pp

2022 sales

- Solutions & Specialties: 48%
- Performance Materials: 50%
- Other: 2%

- Sports / leisure, cosmetics, health, diverse industries: 30%
- Automotive & transportation: 17%
- Chemicals: 9%
- Electrical, electronics & household appliances: 13%
- Construction: 14%
- Furniture & wood: 17%
- NA: 26%
- APAC: 32%
- EMLA: 42%

Notes:
- Based on Covestro Annual Report 2022; 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

<table>
<thead>
<tr>
<th>CAPACITY SHARE IN 2021(1)</th>
<th>MDI</th>
<th>TDI</th>
<th>Polyether polyols</th>
<th>PC</th>
<th>Aliphatic isocyanates</th>
<th>Polyurethane dispersions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 5: 91%</td>
<td>Others 9%</td>
<td>Others 26%</td>
<td>Others 58%</td>
<td>Others 36%</td>
<td>Others 13%</td>
<td>Others 49%</td>
</tr>
<tr>
<td>Top 5: 74%</td>
<td>18%</td>
<td>23%</td>
<td>9%</td>
<td>23%</td>
<td>42%</td>
<td>20%</td>
</tr>
<tr>
<td>Top 5: 41%</td>
<td>18%</td>
<td>23%</td>
<td>9%</td>
<td>23%</td>
<td>42%</td>
<td>20%</td>
</tr>
<tr>
<td>Top 5: 64%</td>
<td>18%</td>
<td>23%</td>
<td>9%</td>
<td>23%</td>
<td>42%</td>
<td>20%</td>
</tr>
<tr>
<td>Top 5: 87%</td>
<td>18%</td>
<td>23%</td>
<td>9%</td>
<td>23%</td>
<td>42%</td>
<td>20%</td>
</tr>
<tr>
<td>Top 5: 51%</td>
<td>18%</td>
<td>23%</td>
<td>9%</td>
<td>23%</td>
<td>42%</td>
<td>20%</td>
</tr>
</tbody>
</table>

2027e: Top 5 shares expected to remain broadly stable

2027e: Top 5 shares expected to decrease

2027e: Industry structures expected to remain stable

Notes:
(1) Covestro position based on total nameplate capacity at year end 2022 relative to competitors
Source: Covestro estimates

COVESTRO(1)

<table>
<thead>
<tr>
<th></th>
<th>Global #3</th>
<th>Joint global #1</th>
<th>Global #2</th>
<th>Global #1</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPACITY (kt)</td>
<td>1,770</td>
<td>800</td>
<td>1,420</td>
<td>1,600</td>
</tr>
<tr>
<td>SITES</td>
<td>6</td>
<td>3</td>
<td>9</td>
<td>5</td>
</tr>
</tbody>
</table>

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

Q1 2023 IR Roadshow Presentation
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

Indirect emissions
- Mainly purchased goods, capital goods, fuel- and energy-related activities (Scope 3)
- Mainly upstream transportation and distribution (Scope 3)
- Mainly from operations, business travel, employee commuting (Scope 3)
- Mainly upstream transportation and distribution (Scope 3)
- Mainly downstream transportation and distribution (Scope 3)
- Mainly processing and use of products, end-of-life treatment of products (Scope 3)
- Mainly from operations, business travel, employee commuting (Scope 3)

Direct emissions
- Emitted for example from production plants (Scope 1+2)

Indirect emissions
- Mainly use of electricity, heat and steam supplied by third parties (Scope 2)

Scope 1+2: 4.9m tons in 2022

Scope 3: 14.4m tons in 2022

Scope 3: 2.6m tons in 2022

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

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

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
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

Notes:
- PPA: Power purchase agreement
- Datang: Datang Wuzhong New Energy Co.
- CGN: China General Nuclear New Energy
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:

- 2019: Technology optimization
- 2021: Pilot Plant
- 2023: Lab-scale customer samples(*)
- 2025: Technology industrialization(*)
- 2030s: Future PU Soft Foam Loop
Covestro expands sustainable product portfolio
Our way to Circular Economy

**FOCUS AREAS**

**OUR WAY TO CIRCULARITY**

**TARGET**

**Expansion of circular economy portfolio**
- Baytown (USA) receives ISCC Plus certification
- Global network of ISCC Plus certified plants
- Global offering our Circular Intelligence “CQ” product portfolio

**PUReSmart project achieves chemical recycling breakthrough**
- Chemical recycling of flexible foam raw materials TDI and Polyols proven
- Covestro drives further development to industrial value cycle
- Evocycle® CQ Mattress is Covestro's first chemical recycling initiative

**Covestro develops climate friendly headlamp for circular economy**
- Project looks at sustainability of complex products across entire life cycle
- Cross value chain consortium of industry and science
- Covestro already pioneered a mono-material headlamp concept
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.

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 2021.

2. FY 2021 Cash cost ex gate, 70% 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><strong>Wind energy</strong></td>
<td><strong>Thermal Insulation</strong></td>
<td><strong>Electric vehicles pushing</strong></td>
</tr>
<tr>
<td><img src="image1.png" alt="Wind energy" /></td>
<td><img src="image2.png" alt="Thermal Insulation" /></td>
<td><img src="image3.png" alt="Electric vehicles" /></td>
</tr>
<tr>
<td><strong>Covestro polyurethane infusion resin contributes to 8% reduction</strong>&lt;sup&gt;(3)&lt;/sup&gt; 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><strong>Polyurethane-based insulation one of the best options to reach future high energy efficiency standards</strong></td>
<td><strong>Battery Electric Vehicles to use 2 up to 5 times</strong>&lt;sup&gt;(1)&lt;/sup&gt; more polycarbonates than conventional vehicles</td>
</tr>
<tr>
<td><strong>Our overall wind solutions for blades will result in 30% lower maintenance and 2-year life-time extension</strong>&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td><strong>Demand increase of PU used in construction for future high-energy efficient buildings could increase global MDI growth rates by 1pp per year</strong>&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td><strong>Trend to continue or accelerate for future BEV generations and increase in demand up to 1 Mio to</strong>&lt;sup&gt;(1)&lt;/sup&gt; in PC grades from 2022-2026</td>
</tr>
</tbody>
</table>

**Notes:**

<sup>(1)</sup> Assumption: ~10kg PC in LV / ~20 kg PC in BEV, upper class BEV 45-55kg PC

<sup>(2)</sup> Covestro estimate based on LMC Report Q4 2022

<sup>(3)</sup> Covestro estimate
Confirming mid-cycle EBITDA

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

**Mark-to-market (M2M):**
- Mark-to-market (M2M) EBITDA in FY 2023 of ~€1.4bn based on March 2023 margins flat forward

**Current 2023 FX assumptions**
- €/USD around 1.10 level
- 1pp change equals +/- €8m for CNY/EUR
  +/- €4m for USD/EUR

**P&L Long-term tax rate**
- Long-term tax rate estimated between 24-26%
## Guidance increased and specified

**Full year guidance 2023**

<table>
<thead>
<tr>
<th></th>
<th>FY 2022</th>
<th>GUIDANCE FY 2023 (as of March 2)</th>
<th>UPDATED GUIDANCE FY2023 (as of April 28)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>€1,617m</td>
<td>significantly(^{(3)}) below previous year</td>
<td>€1,100m – 1,600m</td>
</tr>
<tr>
<td>FOCF</td>
<td>€138m</td>
<td>significantly(^{(3)}) below previous year</td>
<td>€0 – 500m</td>
</tr>
<tr>
<td>ROCE above WACC(^{(1)})</td>
<td>-5.0 pp</td>
<td>significantly(^{(3)}) below previous year</td>
<td>-6.0 pp to -2.0 pp</td>
</tr>
<tr>
<td>GHG emissions (scope 1 and 2)</td>
<td>4.7m tons</td>
<td>around(^{(3)}) previous year</td>
<td>4.2m – 4.8m tons</td>
</tr>
</tbody>
</table>

### Additional financial expectations

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA Q2</td>
<td>€547m</td>
<td>No guidance</td>
<td>€330m – 430m</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>€1,350</td>
<td>~€850m</td>
<td>~€900m</td>
</tr>
<tr>
<td>Financial result</td>
<td>€-137m</td>
<td>€-160 to -200m</td>
<td>€-130m to -170m</td>
</tr>
<tr>
<td>Income tax (P&amp;L)</td>
<td>€411m</td>
<td>No guidance</td>
<td>€150m to 250m</td>
</tr>
<tr>
<td>Capex(^{(2)})</td>
<td>€832m</td>
<td>~€800m</td>
<td>~€800m</td>
</tr>
</tbody>
</table>

**Notes:**

1. Weighted average cost of capital (WACC): 7.0% in FY 2022 and 7.6% in FY 2023\(^{(e)}\)
2. Cash-relevant capex
3. Definitions: significantly = double-digit percentage / around = single-digit percentage deviation
Covestro measures to improve financial performance
Situational response to cost situation

Continuous right-sizing of labor
- Labor force reduction with differentiated hiring limited to crucial key functions after jobholder departure
- Contracting freeze of temporary workers

Improved operational savings
- Reduced FAM cost
- Savings from LEAP transformation program
- Additional long-term savings

Portfolio streamlining
- Streamlining portfolio and elimination of non-strategic, loss-making businesses (3D-Printing divested, Maezio® discontinuation & site closure)
- Reduction of various negative one-time items

Other items
- Lower underutilization costs
- Various small-scale contingencies
Outlook for Covestro’s core industries remains weak

Global demand development

<table>
<thead>
<tr>
<th>KEY CUSTOMER INDUSTRIES</th>
<th>2022 Y/Y&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>2023e Y/Y&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>2023e Y/Y UPDATE&lt;sup&gt;(2)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global GDP</td>
<td>+3.1%</td>
<td>+1.5%</td>
<td>+1.9%</td>
</tr>
<tr>
<td>Automotive</td>
<td>+7.1%&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>+4.6%</td>
<td>+4.2%&lt;sup&gt;(1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>EV / BEV</td>
<td>+69.8%</td>
<td>+42.5%</td>
<td>+42.5%</td>
</tr>
<tr>
<td>Construction</td>
<td>+1.2%</td>
<td>+0.8%</td>
<td>+0.5%&lt;sup&gt;(2)&lt;/sup&gt;</td>
</tr>
<tr>
<td>Residential</td>
<td>+0.8%</td>
<td>-0.2%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Furniture</td>
<td>-3.6%</td>
<td>+0.3%</td>
<td>+0.3%</td>
</tr>
<tr>
<td>Soft furniture</td>
<td>-5.2%</td>
<td>+0.2%</td>
<td>+0.2%</td>
</tr>
<tr>
<td>Electrical, electronics and</td>
<td>+4.9%</td>
<td>+2.0%</td>
<td>+1.7%</td>
</tr>
<tr>
<td>household appliances</td>
<td>-1.9%</td>
<td>+3.7%</td>
<td>+4.4%</td>
</tr>
<tr>
<td>Appliances</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>(1)</sup> as of February 2023

<sup>(2)</sup> GDP estimate by IHS as of April 2023; automotive estimate by LMC as of April 2023; construction estimate by B+L as of March 2023; furniture estimate by CSIL as of February 2023; EE&A estimate by Oxford Economics as of March 2022 (sub-industry 'appliances' mainly include refrigerators and freezers)
Historically fast market rebound after trough

MDI, TDI and polycarbonate global demand curves

Notes:
(1) COV internal estimations based on different sources

HIGHLIGHTS

Covestro core products early indicator of recessions
- Core products MDI, TDI and PC are equally affected in a recessionary environment

Recovery after recession
- Core products historically recovered quickly from a recession
- Rebounds also typically overshot the historical average growth path partly compensating for the negative growth of the recession

Longer term outlook:
- Over the cycle core products follow individual economic trends of their respective industries
- Expected long term average growth rates are 6% for MDI, 3-4% for TDI and 4% for PC
- Growth scenarios remain unchanged for all Covestro core products
- MDI and PC benefit from trend towards more insulation, EV/BEV and growth of wind energy
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

**DIVIDEND**
- Policy: 35-55% payout of net income

**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

**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

- €4.9bn invested in capex
- €2.3bn dividends
- €1.5bn net investments
- €1.2bn share capital reduced

Sum of FY 2016 to FY 2022
Significant investments into growth
Group capex and D&A

HISTORIC AND PROJECTION

in € million

- 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

- 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
  - April 2023
- 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

Business divested at average EV/EBITDA >20x

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>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>-26</td>
</tr>
<tr>
<td>2022</td>
<td>10</td>
<td>55</td>
<td>-20</td>
<td>-26</td>
</tr>
<tr>
<td>2023e</td>
<td>15</td>
<td>65</td>
<td>-5</td>
<td></td>
</tr>
<tr>
<td>2024e</td>
<td>30</td>
<td>70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025e</td>
<td>40</td>
<td>80</td>
<td></td>
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</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 55m€ 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

**Notes:** Acquisition of DSM Resins & Functional Material (RFM) business, closed on April 1, 2021
Continuation of share buyback

Two-year €500M share buyback program until February 2024

CURRENT STATUS

February 28, 2022 to April 28, 2023

2022 SHARE BUYBACK TRANCHEs

First sub-tranche details (€75m)
- 1.606m shares purchased, average share price €46.70

Second sub-tranche details (€75m)
- 1.874m shares purchased, average share price €39.97

2023-2024 CONTINUATION OF SHARE BUYBACK

- Improved Q1 EBITDA and improved outlook for FY2023
- Sequential volume and EBITDA increase
- Covestro decided to continue share buyback
- Third sub-tranche of up to €75m starting in May

RESUME SHARE BUYBACK WITH THIRD SUB-TRANCHE IN MAY

Notes: Share buyback program based on five-year authorization by AGM in 2019
Rebounding from trough

Q1 2023 Highlights

1. Volume decline resulting in lower sales of €3.7bn caused by weak demand and ongoing destocking across some industries.

2. EBITDA with €286m above guidance range of €100-150m driven by cost efficiency and improved pricing delta across both segments.

3. FOCF of €-139m better than expected helped by ongoing strict working capital measures.

4. Raised guidance for FY2023 with an expected EBITDA between €1.1-1.6bn.

5. €500m share buyback resumed with third tranche up to €75m starting in May.
Covestro investment highlights

Group financials Q1’23

Segment overview

Background information
EBITDA rebound from trough levels

Group results – Highlights Q1 2023

<table>
<thead>
<tr>
<th></th>
<th>Q1 2022</th>
<th>Q2 2022</th>
<th>Q3 2022</th>
<th>Q4 2022</th>
<th>Q1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SALES</strong></td>
<td>in € million / changes Y/Y</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA AND MARGIN</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- Year-on-year sales decline mainly attributable to weak demand with resulting lower sales volumes and negative pricing
- Sequentially, slightly negative sales development due to minor reductions in price & currency but stable volumes

- Sequentially, earnings increased despite continued low demand and ongoing customer destocking due to significant fixed cost reductions and a positive pricing delta
- EBITDA margin improved from trough level in Q4 2022 to 7.6% in Q1 2023
Volumes hit by weak demand and destocking

Q1 2023 – Regional split

Sales in € million
Volume Y/Y

China
675

EMLA
1,650
Volume -23.7%

GLOBAL
3,743
Volume -16.8%

APAC
1,111
Volume -14.5%

U.S.
824

NA
982
Volume -7.4%

Germany
514

HIGHLIGHTS

• Continuous volume decline year-over-year mainly driven by European recessionary environment and ongoing customer destocking:
  – Auto/transport low single-digit % decline
  – Furniture/wood low teens % decline
  – Electro high teens % decline
  – Construction mid-twenties % decline

• EMLA: Continued demand weakness with significant decline in electro, construction and furniture; auto/transport with slight increase; decline partly caused by temporary technical limitations

• NA: Construction showing significant decline, electro with slight decline, slightly positive growth in furniture/wood and auto/transport indicating an end to the destocking trend

• APAC: Auto/transport, construction and electro exhibiting significant and furniture/wood slight decline
Sales decrease due to significant volume decline

Q1 2023 – Sales bridge

HIGHLIGHTS

Volume negative
• Volume decline of -16.8% Y/Y

Pricing negative
• Performance Materials strongly affected (-7.1% Y/Y) whereas Solutions & Specialties with slight decline (-0.5% Y/Y)

FX positive
• FX affected sales by +0.6% Y/Y mainly driven by USD and RMB
Earnings driven by lower volumes and negative pricing delta

Q1 2023 – EBITDA bridge

Notes:
(1) Method of calculation: EBITDA volume contribution / sales volume contribution

HIGHLIGHTS

Negative volume leverage
- Negative volume leverage of 37%
- Volume leverage below long-term average due to product mix effects

Negative pricing delta
- Declining prices due to unfavorable supply-demand situation
- Increasing raw material and energy cost due to time lag between market price development and accounting treatment

Other items driven by:
- Inflation-driven increase of fixed costs
- Strict cost management and realization of savings measures turned EBITDA-contribution into positive
- Higher provisions for variable compensation of €27m in Q1 2022
Negative FOCF driven by seasonal WOC build-up

Historical FOCF development

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
<th>Q1 2020</th>
<th>Q1 2021</th>
<th>Q1 2022</th>
<th>Q1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>+1,063</td>
<td>+442</td>
<td>+254</td>
<td>+743</td>
<td>+806</td>
<td>+286</td>
</tr>
<tr>
<td>Changes in working capital(^{(1)})</td>
<td>-544</td>
<td>-257</td>
<td>-242</td>
<td>-346</td>
<td>-627</td>
<td>-257</td>
</tr>
<tr>
<td>Capex(^{(2)})</td>
<td>-88</td>
<td>-165</td>
<td>-139</td>
<td>-110</td>
<td>-140</td>
<td>-120</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>-56</td>
<td>-79</td>
<td>-90</td>
<td>-50</td>
<td>-98</td>
<td>-22</td>
</tr>
<tr>
<td>Other effects(^{(3)})</td>
<td>-11</td>
<td>+14</td>
<td>-32</td>
<td>+81</td>
<td>+76</td>
<td>-26</td>
</tr>
</tbody>
</table>

Note: Working capital includes changes in inventories, trade accounts receivable and trade accounts payable.

\(\text{FOCF decreased to €-139m, year-on-year reduction mainly driven by declining EBITDA but cushioned by still stringent working capital management.}\)

\(\text{Working capital to sales ratio}^{(b)}\) decreased to 17.5% (21.2% at end of Q1 2022), driven by lower inventory levels and lower receivables from lower sales.

\(\text{Capex of €120m on budget and in line with FY 2023 guidance.}\)

\(\text{Income tax mainly driven by payments in China for FY 2022.}\)
## Net income affected by impairments and DTA adjustments

### P&L statement Q1 2023

<table>
<thead>
<tr>
<th></th>
<th>Q1 2022</th>
<th>Q1 2023</th>
<th>% of Q1 ’23 sales</th>
<th>Δ Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>4,683</td>
<td>3,743</td>
<td>100 %</td>
<td>-20.1%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>806</td>
<td>286</td>
<td>7.6%</td>
<td>-64.5%</td>
</tr>
<tr>
<td>D&amp;A excl. impairments</td>
<td>-215</td>
<td>-214</td>
<td>-5.7%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Impairments</td>
<td>-2</td>
<td>-33</td>
<td>-0.9%</td>
<td>-</td>
</tr>
<tr>
<td>EBIT</td>
<td>589</td>
<td>39</td>
<td>1.0%</td>
<td>-93.4%</td>
</tr>
<tr>
<td>Financial result</td>
<td>-28</td>
<td>-29</td>
<td>-0.8%</td>
<td>3.6%</td>
</tr>
<tr>
<td>EBT</td>
<td>561</td>
<td>10</td>
<td>0.3%</td>
<td>-98.2%</td>
</tr>
<tr>
<td>Income taxes excl. DTA(1)</td>
<td>-144</td>
<td>4</td>
<td>0.1%</td>
<td>-</td>
</tr>
<tr>
<td>DTA(1) adjustments</td>
<td>0</td>
<td>-41</td>
<td>-1.1%</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net income</strong>(2)</td>
<td>416</td>
<td>-26</td>
<td>-0.7%</td>
<td>-</td>
</tr>
<tr>
<td>Earnings per share (in €)(3)</td>
<td>2.15</td>
<td>-0.14</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### HIGHLIGHTS

- **Impairments**
  - Impairment loss of €30m due to discontinuation of Maezio® product line and related site closure

- **Deferred tax assets (DTA)**
  - DTA adjustments of €41m in Q1 2023 due to negative earnings in Germany
  - Resulting tax loss carry-forwards cannot be accounted under IFRS as accounting earnings projection does not document their usage within 5y
  - Tax-wise, tax loss carry-forwards in Germany do not expire

### Notes:

1. FY 2023 guidance of P&L tax between €150-250m and cash tax between €200-300m; German DTA non-recoverability
2. Q1 2022 €1m and Q1 2023 €1m attributable to noncontrolling interest
3. The dividend/earnings per share Q1 2022 are based on 193,143,311 shares, whereas the calculation of earnings per share for Q1 2023 is based on 189,948,365 shares
Total net debt slightly increased mainly due to negative FOCF

March 31, 2023 – Total net debt

**HIGHLIGHTS**

- Total net debt to EBITDA ratio\(^{(2)}\) of 2.8x at the end of Q1 2023 compared to 0.7x at the end of Q1 2022
- Higher net debt to EBITDA ratio reflects the cyclical nature of Covestro’s business and is expected to be temporary
- No financial covenant in place
- Committed to a solid investment grade rating of Moody’s

Notes:
1. as difference of pension provisions and net defined benefit assets
2. Method of calculation: Total net debt divided by EBITDA of last four quarters
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)

- sMDI: 3,284
- sTDI: 1,567
- sPolyols: 2,230
- sPoly-carbonates: 1,168
- Basic Chemicals: 846

**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

**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 – return to positive EBITDA

Segment results – Highlights Q1 2023

HIGHLIGHTS

• Sales decreased by 25.0% Y/Y driven by volume (-18.6%) and price (-7.1%), marginal FX effect (+0.7%)
• Sequentially strong sales decline in APAC due to Chinese New Year followed by slight decline in NA. Slight sales increases quarter-over-quarter in EMEA

SALES

in € million / changes Y/Y

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales (€ million)</th>
<th>Sales growth Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2022</td>
<td>2,388</td>
<td>37.2%</td>
</tr>
<tr>
<td>Q2 2022</td>
<td>2,461</td>
<td>25.8%</td>
</tr>
<tr>
<td>Q3 2022</td>
<td>2,330</td>
<td>6.6%</td>
</tr>
<tr>
<td>Q4 2022</td>
<td>1,916</td>
<td>-15.2%</td>
</tr>
<tr>
<td>Q1 2023</td>
<td>1,792</td>
<td>-25.0%</td>
</tr>
</tbody>
</table>

EBITDA AND MARGIN

in € million / margin in percent

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBITDA (€ million)</th>
<th>EBITDA margin %</th>
</tr>
</thead>
<tbody>
<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>
<tr>
<td>Q3 2022</td>
<td>53</td>
<td>2.3%</td>
</tr>
<tr>
<td>Q4 2022</td>
<td>-89</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Q1 2023</td>
<td>173</td>
<td>9.7%</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

• Compared to prior year, EBITDA decrease driven by significant volume decline and negative pricing delta
• Quarter-over-quarter, EBITDA increase from trough levels driven by lower fixed cost, inventory build up and positive pricing delta
MDI market balanced
Performance Materials: MDI industry demand and supply

**MDI DEMAND DEVELOPMENT (2017 - 2027e)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand (kt)</th>
<th>% Growth as CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>8,100</td>
<td>~3-4%</td>
</tr>
<tr>
<td>2022</td>
<td>BASE</td>
<td>~4-5%</td>
</tr>
<tr>
<td>2027e</td>
<td>9,500</td>
<td>~5%</td>
</tr>
</tbody>
</table>

**MDI SUPPLY DEVELOPMENT (2017 - 2027e)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Supply (kt)</th>
<th>% Growth as CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>9,500</td>
<td>~5%</td>
</tr>
<tr>
<td>2022</td>
<td>BASE</td>
<td>~4%</td>
</tr>
<tr>
<td>2027e</td>
<td>8,100</td>
<td>~3-4%</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- In 2022, solid Industry Utilization Rate of 85%; industry usually fully utilized in the low nineties
- Demand CAGR of 4-5% 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

Notes:
(1) Assumes global GDP CAGR 2022 - 2027e of 2-3%
(2) Based on historical and announced future nameplate capacities
Source: Covestro estimates
TDI market moving towards balance

Performance Materials: TDI industry demand and supply

**TDI DEMAND DEVELOPMENT (2017 - 2027e)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand (kt)</th>
<th>% Growth as CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2,310</td>
<td>~0%</td>
</tr>
<tr>
<td>2022</td>
<td>3,450</td>
<td>~6%</td>
</tr>
<tr>
<td>2027e</td>
<td>3,625</td>
<td>5%</td>
</tr>
</tbody>
</table>

**TDI SUPPLY DEVELOPMENT (2017 - 2027e)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Supply (kt)</th>
<th>% Growth as CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
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<tr>
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<td>3,450</td>
<td>~0%</td>
</tr>
<tr>
<td>2027e</td>
<td>3,625</td>
<td>~1%</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- Global demand declined by estimated 8% in 2022 heavily influenced by destocking
- In 2022, low Industry Utilization Rate of 67%; 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

Notes:

1. Assumes global GDP CAGR 2022 - 2027e of 2-3%
2. Based on historical and announced future nameplate capacities
Source: Covestro estimates
European TDI production regained competitiveness

European TDI market

HIGHLIGHTS

TDI imports from APAC
- In Q3 2022, energy price hike let to increasing export activities from Asia
- Imports into Europe from Korea of 54kt and China 50kt in FY 2022(2)
- Q1 2023 cost advantage from temporarily high toluene price gap in Q4 2022

Logistic cost & duties
- Logistic cost are between €350-600/t
- Duties are 6.5% from China; no duties from Korea

Mid-term outlook:
- With closure of BASF TDI 300kt unit European market demand exceeds available capacity and requires increasing imports
- With European energy prices at current levels TDI imports are no longer cheaper compared to European production

Notes:
(1) Covestro estimates, includes shipping delay, toluene price differences, energy price differences, freight cost & duties
(2) Sources for data: OPIS import data
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 62%, 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

Notes:

1. Assumes global GDP CAGR 2022 - 2027e of 2-3%
2. Based on historical and announced future nameplate capacities
3. Based on corporate announcements

Source: Covestro estimates
Differentiation based on customer proximity and innovation

Solutions & Specialties

**PRODUCTS**

Differentiated polymer products

**SALES 2022** (in € thousand)

- Engineering Plastics: 3,385
- Coatings & Adhesives: 3,088
- Tailored Urethanes: 1,035
- Specialty Films: 373
- Thermoplastic Polyurethanes: 459
- Elastomers: 220

**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
Solutions & Specialties – EBITDA driven by positive pricing delta

Segment results – Highlights Q1 2023

**SALES**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales in € million</th>
<th>Sales growth Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2023</td>
<td>2,222</td>
<td>45.3%</td>
</tr>
<tr>
<td>Q2 2022</td>
<td>2,165</td>
<td>11.0%</td>
</tr>
<tr>
<td>Q3 2022</td>
<td>2,196</td>
<td>6.1%</td>
</tr>
<tr>
<td>Q4 2021</td>
<td>1,975</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Q1 2023</td>
<td>1,883</td>
<td>-15.3%</td>
</tr>
</tbody>
</table>

**EBITDA AND MARGIN(1)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBITDA in € million</th>
<th>EBITDA Margin in %</th>
</tr>
</thead>
<tbody>
<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>
<tr>
<td>Q3 2022</td>
<td>280</td>
<td>12.8%</td>
</tr>
<tr>
<td>Q4 2022</td>
<td>108</td>
<td>5.5%</td>
</tr>
<tr>
<td>Q1 2023</td>
<td>165</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- Sales declined by 15.3% Y/Y, mainly driven by volume (-15.4%), slight decline in prices (-0.5%) counterbalanced by FX (+0.6%)
- Sequentially sales decline most prominent in APAC whereas EMEA exhibited positive sales development based on significant volume increase despite slightly negative pricing

**HIGHLIGHTS**

- Compared to prior year, EBITDA decrease driven by significantly lower volumes partly compensated by positive pricing delta and lower fixed cost
- Quarter-over-quarter higher EBITDA due to positive pricing delta and inventory build-up burdened by lower volumes and negative others
- Seasonally EBITDA margin improved to 8.8% in Q1 2023

Notes:
(1) Full consolidation of acquired RFM business as of April 1, 2021; Q1-Q4 2022 EBITDA included one-time effects related to RFM
Shifting from standard to differentiated polycarbonate
Solutions & Specialties: high-growth contributor Engineering Plastics

**POLYCARBONATE 2022 SALES €4.6bn**
Covestro polycarbonate volume split by segment

<table>
<thead>
<tr>
<th>Year</th>
<th>Differentiated PC, within Solutions &amp; Specialties segment</th>
<th>Standard polycarbonate (PC), within Performance Materials segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>65%</td>
<td>35%</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>2022</td>
<td>26%</td>
<td>74%</td>
</tr>
<tr>
<td>2023e</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>2025e</td>
<td>20%</td>
<td>80%</td>
</tr>
</tbody>
</table>

**Covestro compounding capacity** +230kt

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

**CUSTOMER INDUSTRIES**

<table>
<thead>
<tr>
<th>Industry</th>
<th>EP sales share 2022</th>
<th>CAGR 2022-2027e</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auto &amp; transport</strong></td>
<td>45%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Electro</strong></td>
<td>40%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Healthcare</strong></td>
<td>11%</td>
<td>8%</td>
</tr>
</tbody>
</table>

**GROWTH DRIVERS**

- **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

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

- **Healthcare**
  - Aging population with increasing healthcare access in emerging markets
  - Trend towards home healthcare devices and wearable monitor devices

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

**Strong demand for differentiated polycarbonate grades across several customer industries**
Doubling sales by 2025

Solutions & Specialties: high-growth contributor Specialty Films

<table>
<thead>
<tr>
<th>SPECIALTY FILMS</th>
<th>Total Sales 2022 €373m</th>
<th>CAGR 2022-2027e ~12%</th>
</tr>
</thead>
</table>

| TARGET | • Doubling sales by 2025e versus Sales 2020 of €240m |
| APPRAOCH | • 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 €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 |

Notes: CAGR Covestro estimates
EBITDA margin to grow
Solutions & Specialties segment target

EBITDA AND MARGIN – SOLUTIONS & SPECIALTIES

in € million

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA</th>
<th>EBITDA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>832</td>
<td>13.7%</td>
</tr>
<tr>
<td>2020</td>
<td>743</td>
<td>14.7%</td>
</tr>
<tr>
<td>2021</td>
<td>751</td>
<td>9.9%</td>
</tr>
<tr>
<td>2022</td>
<td>825</td>
<td>9.6%</td>
</tr>
</tbody>
</table>

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-induced sales inflation

Notes:
(1) around = single-digit % deviation
Covestro investment highlights
Group financials Q1’23
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 Toepper
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

Notes:
(1) Retiring effective June 30, 2023
(2) Appointed Chief Technology Officer as of July 1, 2023
(3) Appointed Business Entity Head Coatings and Adhesives as of July 1, 2023
## Covestro ESG rating results and index membership

### As of April 2023

<table>
<thead>
<tr>
<th></th>
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<tr>
<td>CDP</td>
<td>D- to A</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>A-</td>
<td>A-</td>
<td></td>
<td></td>
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<tr>
<td>ecoVadis</td>
<td>0 to 100</td>
<td>73</td>
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<td>80</td>
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<td>72</td>
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<td>MSCI ESG</td>
<td>CCC to AAA</td>
<td>BBB</td>
<td>BBB</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>AA</td>
<td></td>
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<tr>
<td>SUSTAINALYTICS</td>
<td>100 to 0</td>
<td>74</td>
<td>75</td>
<td>80</td>
<td>23.3</td>
<td>20.0</td>
<td>18.3</td>
<td>20.9</td>
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<td>FTSE Russell</td>
<td>Excluded / Listed</td>
<td>Listed</td>
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</tbody>
</table>

**Leadership Level**

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.

---

Notes:

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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

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

**POLYURETHANES IN HOUSING INSULATION**

- Used PU raw materials for standard family house in Western Europe in kg
- ~40% increase in usage from 1970s standard to current standard

**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%

Notes:
1. 120 sqm, 2 floors / cellar; Covestro-estimate based on average required thermal performance from German standards related to PU thickness
2. Covestro-estimate
PU: Polyurethane
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**

- Total LV +4% p.a.
- Global LV production
- Global BEV share of total LV

**USE OF POLYCARBONATES IN BEV**

- Current average conventional LV
- Battery housing in BEV
- Average BEV
- Upper-class BEV

Notes:
1. Total LV without BEV

Sources:
- LMC Global Light Vehicle Engine Forecast FY 2022 – Q4
Global energy prices normalizing after tripling within two years

Energy cost development

**QUARTERLY ENERGY COST DEVELOPMENT**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2022</th>
<th>2023</th>
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<tbody>
<tr>
<td>Q1</td>
<td>444</td>
<td>297</td>
</tr>
<tr>
<td>Q2</td>
<td>450</td>
<td>623</td>
</tr>
<tr>
<td>Q3</td>
<td>309</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td></td>
<td></td>
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</table>

**GLOBAL ENERGY COST**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ billion</td>
<td>0.6</td>
<td>1.0</td>
<td>1.8</td>
</tr>
</tbody>
</table>

**ENERGY BREAKDOWN**

**2022 ENERGY SPENT BY REGION**

<table>
<thead>
<tr>
<th>Region</th>
<th>€ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>1,417</td>
</tr>
<tr>
<td>APAC</td>
<td>241</td>
</tr>
<tr>
<td>NA</td>
<td>168</td>
</tr>
</tbody>
</table>

**2022 PRIMARY ENERGY VOLUME BY REGION**

<table>
<thead>
<tr>
<th>Region</th>
<th>TWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>14.8</td>
</tr>
<tr>
<td>APAC</td>
<td>3.5</td>
</tr>
<tr>
<td>NA</td>
<td>4.3</td>
</tr>
</tbody>
</table>

**2022 SPENT BY ENERGY TYPE**

<table>
<thead>
<tr>
<th>Energy Type</th>
<th>€ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>903</td>
</tr>
<tr>
<td>Steam</td>
<td>439</td>
</tr>
<tr>
<td>Fuels</td>
<td>356</td>
</tr>
<tr>
<td>Others</td>
<td>128</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- Global energy bill in 2022 of €1.8bn
- Q1 2023 flat versus Q4 2022 with lower energy prices offsetting additional energy need after start up of Tarragona chlorine plant
- Expecting Q2 2023 energy cost slightly above Q1 2023 from higher production volume
- In general, Covestro does not hedge its energy purchases
- Energy demand FY2022 reduced by ~7% vs FY2021
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.

Notes:
(1) Covestro estimate
Synergies in scale, process technology and chemical know-how

One chemical backbone across all segments

**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
- Phosgene
- Chlorine
- Phenol
- Acetone

**CORE UNITS / TECHNOLOGY**

- DNT Dinitrotoluene
- TDA Diaminotoluene
- MNB Mono-Nitrobenzene
- Aniline
- MDA Methylene Dianiline
- Phosgene
- BPA Bisphenol A

**FINAL PRODUCT**

- TDI
- MDI
- Polyether Polyols
- Diphenylcarbonate (DPC)
- Polycarbonates (SPC)

**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

INFRASTRUCTURE
- 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:
(1) via Deacon or HCl-ODC technology and/or Chlorine-Alkali electrolysis
(2) produced from CO and Cl₂
Entire organization aligned for performance and sustainability

Group Profit Sharing Plan (PSP) as of 2022

UNIFORM BONUS SYSTEM

- 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%

HIGHLIGHTS

- EBITDA
  - Value: 1,800, 2,500, 3,200, 3,900
  - Payout: 0%, 100%, 200%, 300%

- FOCF
  - 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%

- CO₂ emissions Scope 1&2 (mt)
  - Value: 7.1, 6.6, 6.1, 5.6
  - Payout: 0%, 100%, 200%, 300%
## High accumulated free operating cash flow

### Development of last five years

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

Notes:

1. including pension provisions
2. status at year-end
y/y year-over-year

Q1 2023 | IR Roadshow Presentation

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Historical share price performance

Covestro € share price since IPO

Notes:
- XETRA closing share price
- PU: Polyurethanes
- PC: Polycarbonates

Oct’17
- Announced €1.5bn share buyback

Mid’18
- Ramp-up of new PU and PC market capacities

Mar’18
- DAX-listing

Aug’20
- Post-COVID rebound starting

Sep’20
- Announcement DSM-RFM acquisition with equity release

Mar’20
- Begin of COVID lockdowns

Apr’22
- COVID lockdown in Shanghai / pay out of €3.40 dividend per share

Mar’22
- Begin of €0.5bn share buyback

Jun’22
- German gas supply under increased risk

Oct’22
- Energy price peak

Feb’22
- Russian invasion in Ukraine

Mar’22
- Begin of COVID lockdowns

Jun’22
- German gas supply under increased risk

Oct’22
- Energy price peak

Feb’22
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Oct’22
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Feb’22
- Russian invasion in Ukraine

Mar’22
- Begin of COVID lockdowns

Jun’22
- German gas supply under increased risk

Oct’22
- Energy price peak
Upcoming IR events

Find more information on covestro.com/en/investors

**REPORTING DATES**

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<tr>
<th>Date</th>
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<tr>
<td>August 1, 2023</td>
<td>2023 Half-Year Financial Report</td>
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<tr>
<td>October 27, 2023</td>
<td>Q3 2023 Quarterly Statement</td>
</tr>
<tr>
<td>February 29, 2024</td>
<td>2023 Annual Report</td>
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**ANNUAL GENERAL MEETING**

<table>
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<th>Date</th>
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<tbody>
<tr>
<td>April 17, 2024</td>
<td>Annual General Meeting</td>
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**BROKER CONFERENCES**

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<tr>
<td>May 17, 2023</td>
<td>UBS, Best of Europe 1-on-1 Conference, virtual</td>
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<td>June 1, 2023</td>
<td>Kepler Cheuvreux, 4th Digital ESG Conference, virtual</td>
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<td>June 7, 2023</td>
<td>Kepler Cheuvreux, One-Stop-Shop, Dublin</td>
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<td>June 21, 2023</td>
<td>Deutsche Bank, dbAccess German Swiss Austrian Conference, Frankfurt</td>
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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.