Operating along trough levels

Roadshow presentation
Covestro investment highlights

- Group financials Q2’23
- Segment overview
- Background information
Covestro is diversified across geographies and end-markets

Key performance indicators and sales split

- **€18bn**
  - Sales
  - 2022

- **€1.6bn**
  - EBITDA
  - 2022

- **€0.1bn**
  - FOCF
  - 2022

- **-5pp**
  - ROCE above WACC
  - 2022

Sales split by industry for your convenience only; shown numbers are approximations on full year basis.

- Solutions & Specialties: 48%
- Performance Materials: 30%
- Sports / leisure, cosmetics, health, diverse industries: 17%
- Chemicals: 9%
- Electrical, electronics & household appliances: 13%
- Automotive & transportation: 17%
- Construction: 14%
- Furniture & wood: 9%
- APAC: 32%
- NA: 26%
- 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

Covestro is a global leader across its entire portfolio, with world-wide industry positions and production capacities in Aliphatic isocyanates, Polyurethane dispersions, PC, Polyether polyols, TDI, and MDI. The company holds top positions in key markets, with top 5 shares expected to remain broadly stable in 2027. Entry requirements include economies of scope, formulation and application know-how, close customer relationships and long-term R&D collaborations, and the operation of a global business platform.

### CAPACITY SHARE IN 2022(1)

- **MDI**
  - Others 9%
  - 18%
- **TDI**
  - Others 26%
  - 23%
- **Polyether polyols**
  - Others 58%
  - 9%
- **PC**
  - Others 36%
  - 23%
- **Aliphatic isocyanates**
  - Others 13%
  - 42%
- **Polyurethane dispersions**
  - Others 49%
  - 20%

### COVESTRO(1)

- **Global #3**
  - 1,770kt
  - 6 sites
- **Joint global #1**
  - 800kt
  - 3 sites
- **Global #2**
  - 1,420kt
  - 9 sites
- **Global #1**
  - 1,600kt
  - 5 sites

**Notes:**

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

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**2027e**: Top 5 shares expected to remain broadly stable

**2027e**: Top 5 shares expected to decrease

**2027e**: 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 accomplished

MILESTONE
Target climate neutrality in 2035

Q2 2023 │ IR Roadshow Presentation
Climate neutrality with existing technologies and assets

Covestro greenhouse gas emissions

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

**Direct emissions**
- Emitted for example from production plants
- Mainly from operations, business travel, employee commuting

**Scope 1+2**
- 4.9m tons in 2022

**Scope 3**
- 14.4m tons in 2022

**Selective examples only**

**Existing options and current limitations to reduce GHG emissions**

- Various alternative feedstock
- Low-emission mobility
- Low-emission technology
- Renewable energies
- Low-emission technologies
- Low-emission mobility
- Circular end-of-life solutions

**Notes:** GHG: Greenhouse gas emissions, calculated in accordance with GHG Protocol and WBCSD recommendations
Sustainable manufacturing and renewable energy to lead path

Climate neutrality target for GHG emissions 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 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

- **EMEA**\(^{(1)}\): Wind energy PPA’s with ENGIE for 45% of site’s power in Antwerp and with Ørsted for 10% of sites’ electricity in Germany
- **NA**: Virtual PPA with Ørsted for solar energy starting late 2024 for 12% of Baytown’s electricity
- **APAC**: 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
- \(^{(1)}\) onshore wind energy PPA with ENGIE active since 2021, PPA with Ørsted for offshore wind energy from 2025
Continuously improving global renewable energy footprint

Baytown contract signed in Q2 2023

**MILESTONES TO RENEWABLE ENERGY SUPPLY**

**EMLA**
- PPAs with Engie and Ørsted for 582 GWh solar and wind energy:
  - 45% of energy for Antwerp site since 2022
  - 10% of German sites as of 2025

**APAC**
- PPAs with CGN and Datang for 400 GWh solar and wind energy:
  - 45% of energy for Shanghai site since 2023

**NA**
- Virtual PPA with Ørsted for 200 GWh solar power:
  - 12% of energy for Baytown site since 2023

**Starting global coverage of renewable PPA’s**

**ENERGY TRANSFORMATION PROGRESS**

- Significant progress to our intermediate target of 60% GHG reduction until 2030

**Notes:**
- PPA: Power purchase agreement
- 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

Timeline:

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>Technology optimization</td>
</tr>
<tr>
<td>2021</td>
<td>Pilot Plant</td>
</tr>
<tr>
<td>2023</td>
<td>Cooperation on innovative recycling of plastic waste</td>
</tr>
<tr>
<td>2025</td>
<td>Lab-scale customer samples(∗)</td>
</tr>
<tr>
<td>2030s</td>
<td>Technology industrialization(∗)</td>
</tr>
</tbody>
</table>
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.

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**NORTH AMERICA**

- **Cash cost**

**EUROPE**

- **Cash cost**

**ASIA**

- **Cash cost**

**HIGHLIGHTS**

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Covestro supports future sustainable growth
Long term product trends

**APPLICATIONS**

**INDUSTRY TRENDS**

**COVESTRO BENEFIT**

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

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

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

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Notes:

1. Assumption: ~10kg PC in LV / ~20 kg PC in BEV, upper class BEV 45-55kg PC
2. Covestro estimate based on GlobalData Report Q4 2022
3. Covestro estimate
FY 2023 EBITDA significantly below mid-cycle expectations

Mid-cycle EBITDA based on long-term average market conditions

**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 ~€1.2bn based on July 2023 margins flat forward

**Current 2023 FX assumptions**
- €/USD around 1.10 level
- 1pp change equals +/- €10m for CNY/EUR
  +/- €6m for USD/EUR

**P&L Long-term tax rate**
- Long-term tax rate estimated between 24-26%
Guidance confirmed but rather at the lower half of all KPIs

Full year guidance 2023

<table>
<thead>
<tr>
<th></th>
<th>FY 2022</th>
<th>GUIDANCE FY 2023 (as of March 2)</th>
<th>CURRENT 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**

<table>
<thead>
<tr>
<th></th>
<th>FY 2022</th>
<th>GUIDANCE Q3</th>
<th>CURRENT GUIDANCE Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA Q3</td>
<td>€302m</td>
<td>No guidance</td>
<td>€240m – 340m</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 2023e
\(^{(2)}\) 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

<table>
<thead>
<tr>
<th>Continuous right-sizing of labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Labor force reduction with differentiated hiring limited to crucial key functions after jobholder departure</td>
</tr>
<tr>
<td>• Contracting freeze of temporary workers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Improved operational savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reduced FAM cost</td>
</tr>
<tr>
<td>• Savings from LEAP transformation program</td>
</tr>
<tr>
<td>• Additional long-term savings</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Portfolio streamlining</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Streamlining portfolio and elimination of non-strategic, loss-making businesses (3D-Printing divested, Maezio® site closure; Swiss entity closure)</td>
</tr>
<tr>
<td>• Reduction of various negative one-time items</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other items</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lower underutilization costs</td>
</tr>
<tr>
<td>• Various small-scale contingencies</td>
</tr>
</tbody>
</table>
**Outlook for Covestro’s core industries deteriorated**

**Global demand development**

<table>
<thead>
<tr>
<th>KEY CUSTOMER INDUSTRIES</th>
<th>2022 Y/Y⁽¹⁾</th>
<th>2023e Y/Y⁽¹⁾</th>
<th>2023e Y/Y UPDATE⁽²⁾</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global GDP</td>
<td>+3.1%</td>
<td>+1.5%</td>
<td>+2.4%</td>
</tr>
<tr>
<td>Automotive</td>
<td>+6.9%</td>
<td>+4.6%</td>
<td>+6.0%</td>
</tr>
<tr>
<td>EV / BEV</td>
<td>+69.8%</td>
<td>+42.5%</td>
<td>+39.2%</td>
</tr>
<tr>
<td>Construction (Residential)</td>
<td>+1.2%</td>
<td>+0.8%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Furniture (Soft furniture)</td>
<td>-3.6%</td>
<td>+0.3%</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Electrical, electronics and household appliances (Appliances)</td>
<td>+4.9%</td>
<td>+2.0%</td>
<td>+0.5%</td>
</tr>
</tbody>
</table>

⁽¹⁾ as of February 2023
⁽²⁾ GDP estimate by Oxford Economics as of July 2023; automotive estimate by GlobalData as of July 2023; construction estimate by B+L as of May 23; furniture estimate by CSIL as of May 23; EE&A estimate by Oxford Economics as of June 2023 (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

Covestro core products early indicator of recessions

• Core products MDI, TDI and PC are all 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 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

Business divested at average EV/EBITDA >20x

Portfolio analysis ongoing, further minor divestments possible

ACQUISITIONS

DSM Resins & Functional Materials business
- April 2021

Sales
- in € million
- 932
- 270

EBITDA
- in € million
- 150
- 120

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

### HIGHLIGHTS

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

#### 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

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Notes: Acquisition of DSM Resins & Functional Material (RFM) business, closed on April 1, 2021
Third sub-tranche of share buyback accomplished

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

**CURRENT STATUS**

February 28, 2022 to June 30, 2023

- 2022 share buyback €150m completed
- Open share buyback volume €300m
- 2023 share buyback ~€50m completed

**2022/2023 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

- **Third sub-tranche details (€49m) (1)**
  - 1.208m shares purchased, average share price €40.81

Σ: ~4.7m shares purchased at an average price of 42.45€

**2023-2024 CONTINUATION OF SHARE BUYBACK**

- Speed of further execution depending on share price development and own cash generation

**CONTINUATION OF SHARE BUYBACK UNDER CERTAIN CONDITIONS**

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

(1) Tranche was executed in May/June with starting price of 37€, strong increase of share price limited the tranche to €49m
Operating along trough levels

Q2 2023 Highlights

1. Sequentially continuously low sales of €3.7bn with price decline compensated by volume increase

2. EBITDA of €385m slightly above mid-point of guidance driven by sequentially positive volume and pricing delta

3. Despite seasonally higher WoC on track for a full year positive FOCF helped by ongoing strict working capital measures and cost savings program

4. FY 2023 guidance confirmed but rather at the lower half for all KPIs due to expected sequentially negative pricing delta despite improving volumes in H2 2023

5. Third sub-tranche of share buyback accomplished with ~€50m speed of continuation depending on share price development and cash generation
Sequential EBITDA increase confirmed

Group results – Highlights Q2 2023

### SALES (1)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales in € million</th>
<th>Sales growth Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2022</td>
<td>4,883</td>
<td>41.6%</td>
</tr>
<tr>
<td>Q2 2022</td>
<td>4,703</td>
<td>18.9%</td>
</tr>
<tr>
<td>Q3 2022</td>
<td>4,618</td>
<td>7.3%</td>
</tr>
<tr>
<td>Q4 2022</td>
<td>3,964</td>
<td>-8.6%</td>
</tr>
<tr>
<td>Q1 2023</td>
<td>3,743</td>
<td>-20.1%</td>
</tr>
<tr>
<td>Q2 2023</td>
<td>3,720</td>
<td>-20.9%</td>
</tr>
</tbody>
</table>

### EBITDA AND MARGIN

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBITDA in € million</th>
<th>EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2022</td>
<td>806</td>
<td>17.2%</td>
</tr>
<tr>
<td>Q2 2022</td>
<td>547</td>
<td>11.6%</td>
</tr>
<tr>
<td>Q3 2022</td>
<td>302</td>
<td>6.5%</td>
</tr>
<tr>
<td>Q4 2022</td>
<td>-38</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Q1 2023</td>
<td>286</td>
<td>7.6%</td>
</tr>
<tr>
<td>Q2 2023</td>
<td>385</td>
<td>10.3%</td>
</tr>
</tbody>
</table>

### HIGHLIGHTS

- Year-on-year sales decline mainly attributable to globally weaker demand with resulting lower sales volumes and negative pricing
- Sequentially, flattish sales development with positive volume development but negative effects of pricing and currency
- Year-on-year EBITDA declining based on negative volume and pricing delta but positive fixed cost and others
- Sequentially, earnings increased on back of higher volumes and a positive pricing delta
- EBITDA margin improved from trough level in Q4 2022 to 10.3% in Q2 2023
Weak environment but helped by China and Auto

Q2 2023 – Regional split

Sales in € million
Volume Y/Y

HIGHLIGHTS

- Year-over-year mixed volume development in the different industries:
  - Auto: mid-teens % increase
  - Electro: low single-digit % increase
  - Furniture/wood: low to mid-single-digit % decline
  - Construction: low teens % decline

- EMLA: Unchanged demand weakness with significant decline in electro, construction and furniture, decline partly caused by temporary technical limitations; auto with significant increase

- NA: Construction showing significant decline, electro and furniture wood with slight decline, significant increase in auto

- APAC: Auto, furniture/wood and electro exhibiting significant increase caused by low comparison base of Q2 2022 (Covid lockdowns), despite that construction with slight decline
Sales decrease due to strong price and volume decline

**Q2 2023 – Sales bridge**

**HIGHLIGHTS**

<table>
<thead>
<tr>
<th>Volume negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Volume decline of -8.0% Y/Y</td>
</tr>
</tbody>
</table>

**Pricing negative**

- Performance Materials strongly affected (-15.3% Y/Y) whereas Solutions & Specialties with only slight decline (-6.6% Y/Y)

**FX negative**

- FX affected sales by -1.9% Y/Y mainly driven by USD and RMB
Earnings driven by negative pricing delta and lower volumes

Q2 2023 – EBITDA bridge

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

HIGHLIGHTS

Negative volume leverage\(^{(1)}\)
- Volume leverage of 33%
- Volume leverage below long-term average due to product mix effects

Negative pricing delta
- Strong decline in prices due to unfavorable supply-demand situation partly counterbalanced by positive raw material and energy price development

Other items driven by:
- Significantly lower operational cost
- Book gains from the divestment of the Additive Manufacturing business of €35m
- Provisions for closure of our Swiss entity of €14m
- Higher provisions for variable compensation of €34m
Volumes hit by ongoing global demand weakness & destocking

H1 2023 – Regional split

Sales in € million
Volume Y/Y

- **GLOBAL**: 7,463
  Volume -12.5%

- **EMLA**: 3,247
  Volume -20.0%

- **China**: 1,430

- **APAC**: 2,263
  Volume -4.9%

- **U.S.**: 1,637

- **NA**: 1,953
  Volume -7.5%

- **Germany**: 985

**HIGHLIGHTS**

- **Ongoing trend of declining volumes year-over-year driven by European recessionary environment and ongoing customer destocking**:
  - Auto/transport: mid-single-digit % increase
  - Furniture/wood: high single-digit % decline
  - Electro: high single-digit % decline
  - Construction: high teens % decline

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

- **NA**: Construction with significant decline, electro and furniture/wood showing with slight decline, auto/transport with slight increase

- **APAC**: Furniture/wood and auto/transport exhibiting slight increase, electro and construction still with slight decline
Sales decrease due to strong volume and price decline

H1 2023 – Sales bridge

HIGHLIGHTS

Volume negative
- Volume decline of -12.5% Y/Y

Pricing negative
- Performance Materials (-11.2% Y/Y) strongly affected, decline only minor in Solutions & Specialties (-3.5% Y/Y)
- Solutions & Specialties price effect ~70% lower compared to Performance Materials

FX negative
- FX affected sales to minor extend of -0.6% Y/Y mainly driven by USD and RMB
Earnings impacted by lower volumes and negative pricing delta

H1 2023 – EBITDA bridge

HIGHLIGHTS

Positive volume leverage\(^\text{(1)}\)
- Negative volume leverage of 36%
- Volume leverage below long-term average due to product mix effects

Negative pricing delta
- Strongly declining prices due to unfavorable supply-demand situation
- Minor compensation by lower energy and raw material prices

Other items driven by:
- Significantly lower operational cost
- Book gains from the divestment of the Additive Manufacturing business of €35m
- Provisions for restructuring of our Swiss entity of €14m
- Higher provisions for variable compensation of €7m

\(^\text{(1)}\) Method of calculation: EBITDA volume contribution / sales volume contribution
Despite seasonally higher WoC on track for full year positive FOCF

Historical FOCF development

<table>
<thead>
<tr>
<th>in € million</th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>H1 2020</th>
<th>H1 2021</th>
<th>H1 2022</th>
<th>H1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>+2,048</td>
<td>+901</td>
<td>+379</td>
<td>+1,560</td>
<td>+1,353</td>
<td>+671</td>
</tr>
<tr>
<td>Changes in working capital&lt;sup&gt;(1,4)&lt;/sup&gt;</td>
<td>-625</td>
<td>-98</td>
<td>-187</td>
<td>-580</td>
<td>-695</td>
<td>-417</td>
</tr>
<tr>
<td>Capex&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>-241</td>
<td>-384</td>
<td>-286</td>
<td>-289</td>
<td>-330</td>
<td>-279</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>-335</td>
<td>-223</td>
<td>-102</td>
<td>-176</td>
<td>-360</td>
<td>-117</td>
</tr>
<tr>
<td>Other effects&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>-119</td>
<td>-296</td>
<td>-29</td>
<td>+177</td>
<td>-413</td>
<td>-7</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- Q2 2023 FOCF improved to €-10m, year-on-year increase mainly driven by stringent trade working capital management despite declining EBITDA
- Working capital to sales ratio<sup>(3)</sup> decreased to 19.4% (21.3% at end of H1 2022), driven by lower inventory levels and lower receivables; lower accounts payable due to lower purchase volumes
- Capex of €-279m on budget and in line with FY 2023 guidance
- Income taxes in H1 2023 mainly driven by payments in China
- Other effects: H1 2022 include bonus payout €475m for FY2021

**Note:**

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, 2023, divided by sales of last four quarters
4. Change in presentation for rebates granted to customers, affecting trade accounts payable as of 2019; H1 2018 figure not restated
# Net income affected by impairments and DTA adjustments

## P&L statement H1 2023

<table>
<thead>
<tr>
<th></th>
<th>in million €</th>
<th>H1 2022</th>
<th>H1 2023</th>
<th>% of H1 '23 sales</th>
<th>Δ Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
<td>9,386</td>
<td>7,463</td>
<td>100%</td>
<td>-20.5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td></td>
<td>1,353</td>
<td>671</td>
<td>9.0%</td>
<td>-50.4%</td>
</tr>
<tr>
<td>D&amp;A excl. impairments</td>
<td></td>
<td>-435</td>
<td>-429</td>
<td>-5.7%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Impairments</td>
<td></td>
<td>-22</td>
<td>-37</td>
<td>-0.5%</td>
<td>68.2%</td>
</tr>
<tr>
<td>EBIT</td>
<td></td>
<td>896</td>
<td>205</td>
<td>2.7%</td>
<td>-77.1%</td>
</tr>
<tr>
<td>Financial result</td>
<td></td>
<td>-72</td>
<td>-65</td>
<td>-0.9%</td>
<td>-9.7%</td>
</tr>
<tr>
<td>EBT</td>
<td></td>
<td>824</td>
<td>140</td>
<td>1.9%</td>
<td>-83.0%</td>
</tr>
<tr>
<td>Income taxes excl. DTA adjustments&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td></td>
<td>-209</td>
<td>-12</td>
<td>0.2%</td>
<td>-94.3%</td>
</tr>
<tr>
<td>DTA&lt;sup&gt;(1)&lt;/sup&gt; adjustments</td>
<td></td>
<td>0</td>
<td>-110</td>
<td>-1.5%</td>
<td>-</td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td>615</td>
<td>20&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>0.3%</td>
<td>-96.7%</td>
</tr>
<tr>
<td>Earnings per share (in €)&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td></td>
<td>3.20</td>
<td>0.11</td>
<td>-</td>
<td>-96.6%</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 €110m in H1 2023 due to negative earnings in Switzerland and Germany
- Resulting tax loss carry-forwards cannot any longer be accounted under IFRS
- Tax loss carry-forwards in Germany do not expire, in Switzerland expiration after 7 years

---

<sup>(1)</sup> FY 2023 guidance of P&L tax between €150-250m and cash tax between €200-300m
<sup>(2)</sup> H1 2023 €-2m attributable to noncontrolling interest
<sup>(3)</sup> The dividend/earnings per share H1 2022 are based on 193,101,348 shares, whereas the calculation of earnings per share for H1 2023 is based on 189,792,703 shares
Moody’s confirms Baa2 rating with stable outlook

June 30, 2023 – Total net debt

HIGHLIGHTS

- Total net debt to EBITDA ratio\(^{(2)}\) of 3.0x at the end of H1 2023 compared to 1.0x at the end of H1 2022
- Higher net debt to EBITDA ratio reflects the cyclical nature of Covestro’s business and is expected to be temporary
- Others mainly driven by finance lease contracts
- No financial covenant in place
- Solid investment grade rating of BAA2 with stable outlook confirmed by Moody’s in June 2023

Notes:

(1) as difference of pension provisions and net defined benefit assets
(2) Method of calculation: Total 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 € million)
- 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 – EBITDA continues to rebound

Segment results – Highlights Q2 2023

SALES

<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>
<th>Q2 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2,388</td>
<td>2,461</td>
<td>2,330</td>
<td>1,916</td>
<td>1,792</td>
<td>1,789</td>
</tr>
<tr>
<td>Sales growth Y/Y</td>
<td>37.2%</td>
<td>25.8%</td>
<td>6.6%</td>
<td>-15.2%</td>
<td>-25.0%</td>
<td>-27.3%</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- Sales decreased by 27.3% Y/Y driven by price (-15.3%), volume (-10.3%) and small FX effect (-1.7%)
- Sequentially, slight sales decline in EMLA and NA but sales increase in APAC after Covid-wave and Chinese New Year in Q1 2023

EBITDA AND MARGIN

<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>
<th>Q2 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>620</td>
<td>367</td>
<td>53</td>
<td>-89</td>
<td>173</td>
<td>302</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>26.0%</td>
<td>14.9%</td>
<td>2.3%</td>
<td>-4.6%</td>
<td>9.7%</td>
<td>16.9%</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- Compared to prior year, EBITDA decrease mainly driven by significantly negative pricing delta and strong volume decline, partly counterbalanced by positive others
- Quarter-over-quarter, EBITDA increase driven by positive pricing delta and higher volumes
- Includes insurance reimbursement of €75m\(^{(1)}\)

Notes: (1) positive contribution from an internal insurance reimbursement for chlorine production in Dormagen, leading to lower EBITDA in the segment “Others/Consolidation”, neutral effect on group level
MDI market balanced

Performance Materials: MDI industry demand and supply

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2022</th>
<th>2027e</th>
</tr>
</thead>
<tbody>
<tr>
<td>kt</td>
<td>8,100</td>
<td>9,500</td>
<td></td>
</tr>
</tbody>
</table>

% growth as CAGR:
- ~3-4%
- ~4-5%
- ~5%

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2022</th>
<th>2027e</th>
</tr>
</thead>
<tbody>
<tr>
<td>kt</td>
<td>8,100</td>
<td>9,500</td>
<td></td>
</tr>
</tbody>
</table>

% growth as CAGR:
- ~2%
- ~4%
- ~5%

**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 demand growth 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>2017</th>
<th>2022</th>
<th>2027e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>-0%</td>
<td>~3-4%</td>
<td>5%</td>
</tr>
<tr>
<td>High</td>
<td>5%</td>
<td>3%</td>
<td>~0%</td>
</tr>
<tr>
<td>Low</td>
<td>~0%</td>
<td>~6%</td>
<td>~6%</td>
</tr>
</tbody>
</table>

TDI SUPPLY DEVELOPMENT (2017 - 2027e)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2022</th>
<th>2027e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>~0%</td>
<td>~0%</td>
<td>~1%</td>
</tr>
<tr>
<td>High</td>
<td>~1%</td>
<td>~1%</td>
<td>~1%</td>
</tr>
<tr>
<td>Low</td>
<td>~6%</td>
<td>~6%</td>
<td>~6%</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

- Global demand declined by 8% in 2022, heavily influenced by destocking
- In 2022, low Industry Utilization Rate of 67%; industry usually fully utilized in the high eighties
- In 2023, Wanhua-Fujian ramp-up (+125kt) and BASF Ludwigshafen closure (-300kt).
- Based on normal demand growth capacity reductions should lead to strong increase of industry utilization rate near-term
- Favorable cash cost position puts Covestro into strong competitive position even under low cycle conditions
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; Jan-May 23 22.5kt from China and 31kt from Korea

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 since the last quarter 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)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2022</th>
<th>2027e</th>
</tr>
</thead>
<tbody>
<tr>
<td>kt</td>
<td>-3%</td>
<td>4,700</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2022</th>
<th>2027e</th>
</tr>
</thead>
<tbody>
<tr>
<td>kt</td>
<td>-7%</td>
<td>7,185</td>
<td></td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- In 2022, low Industry Utilization Rate of 65% after recent supply additions; industry usually fully utilized in the low eighties
- No major additions\(^3\) expected until 2025, followed by numerous announced projects with 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 € million)

- Engineering Plastics 3,385
- Engineering Plastics 3,385
- Tailored Urethanes 1,035
- Coatings & Adhesives 3,088
- 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

**CUSTOMER CENTRICITY**

for solutions and specialty products

Q2 2023 │ IR Roadshow Presentation
Solutions & Specialties – EBITDA up compared to prior year

Segment results – Highlights Q2 2023

SALES

in € million / changes Y/Y

Sales declined by 13.5% Y/Y, mainly driven by decline in prices (-6.6%), volume (-4.7%) and FX (-2.2%)

Sequentially, sales only declined slightly in EMLA with NA being stable and APAC exhibiting a slight increase in sales mainly caused by higher volumes

EBITDA AND MARGIN(1)

in € million / margin in percent

• Compared to prior year, EBITDA increases slightly on the back of neutral pricing delta, negative volume but positive others due to lower fixed cost
• Quarter-over-quarter higher EBITDA due to improved volumes and positive others, burdened by negative pricing delta
• EBITDA margin improved to 11.8% in Q2 2023
**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</th>
<th>Standard polycarbonate (PC)</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>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>

- Differentiated PC, within Solutions & Specialties segment
- Standard polycarbonate (PC), within Performance Materials segment

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

**CUSTOMER INDUSTRIES**

- **Auto & transport**
  - EP sales share 2022: 45%
  - CAGR 2022-2027e: 9%

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

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

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

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

**GROWTH DRIVERS**

- Strong demand for differentiated polycarbonate grades across several customer industries

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

**Covestro compounding capacity**

\[+230kt\]
Doubling sales by 2025

Solutions & Specialties: high-growth contributor Specialty Films

**SPECIALTY FILMS**

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

**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 €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

**CAGR Covestro estimates**

- Enabling growth with investment of almost €100m from 2023e till 2025e
EBITDA margin to grow

Solutions & Specialties segment target

**EBITDA AND MARGIN – SOLUTIONS & SPECIALTIES**

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA (€ million)</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 2022 level\(^{(1)}\)
- EBITDA margin growth driven by:
  - fixed cost dilution due to strong growth, LEAP transformation
  - RFM integration and synergies
  - Focus on value-based pricing

Based on mid-cycle inter-segment charges and excluding raw material price-indicated sales inflation

\(^{(1)}\) around = single-digit % deviation
Led by a diverse, international management team

Covestro senior management as of September 1, 2023

### BOARD OF MANAGEMENT

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Nationality</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer¹</td>
<td>Dr Markus Steilemann</td>
<td>German</td>
<td>Leverkusen, Germany</td>
</tr>
<tr>
<td>Chief Financial Officer²</td>
<td>Christian Baier</td>
<td>German</td>
<td></td>
</tr>
<tr>
<td>Chief Commercial Officer</td>
<td>Sucheta Govil</td>
<td>British with Indian origin</td>
<td></td>
</tr>
<tr>
<td>Chief Technology Officer</td>
<td>Dr Thorsten Dreier</td>
<td>German</td>
<td></td>
</tr>
</tbody>
</table>

### BUSINESS ENTITIES

<table>
<thead>
<tr>
<th>Entity</th>
<th>Key Person</th>
<th>Nationality</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Materials</td>
<td>Hermann-Josef Dörholt</td>
<td>German</td>
<td>Leverkusen, Germany</td>
</tr>
<tr>
<td>Specialty Films</td>
<td>Dr Aleta Richards</td>
<td>US-American</td>
<td>Dormagen, Germany</td>
</tr>
<tr>
<td>Tailored Urethanes</td>
<td>Christine Bryant</td>
<td>US-American</td>
<td>Pittsburgh, USA</td>
</tr>
<tr>
<td>Elastomers</td>
<td>Dr Thomas Braig</td>
<td>German</td>
<td>Romans-sur-Isère, France</td>
</tr>
<tr>
<td>Coatings and Adhesives</td>
<td>Dr Thomas Römer</td>
<td>German</td>
<td>Leverkusen, Germany</td>
</tr>
<tr>
<td>Engineering Plastics</td>
<td>Lily Wang</td>
<td>Chinese</td>
<td>Shanghai, P.R. China</td>
</tr>
<tr>
<td>Thermoplastic Polyurethanes</td>
<td>Dr Andrea Maier-Richter</td>
<td>German</td>
<td>Dormagen, Germany</td>
</tr>
</tbody>
</table>
Covestro ESG rating results and index membership
As of July 2023

<table>
<thead>
<tr>
<th></th>
<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>CDP</td>
<td>D- to A</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>A-</td>
<td>A-</td>
<td></td>
<td></td>
<td>Exp. in Q4</td>
</tr>
<tr>
<td>EcoVadis</td>
<td>0 to 100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>73</td>
<td>80</td>
<td>72</td>
<td></td>
<td>Next update in 2025</td>
</tr>
<tr>
<td>MSCI ESG</td>
<td>CCC to AAA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>A</td>
</tr>
<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>21.1</td>
<td>20.1</td>
<td>Exp. in Q3</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 belongs to the Top 23% within specialty chemicals.
4. Covestro is identified as a TOP ESG performer of Sustainalytics’ ESG Risk Ratings out of more >4,000 comprehensive companies.
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

<table>
<thead>
<tr>
<th>Year</th>
<th>1970s standard</th>
<th>2000 standard</th>
<th>Current standard</th>
<th>High-energy efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>kg</td>
<td>~40%</td>
<td>~30%</td>
<td>~40%</td>
<td>~40%</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

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**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total LV +4% p.a.</th>
<th>Global BEV share of total LV</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>2023e</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>2024e</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>2025e</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>2026e</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>2027e</td>
<td>25%</td>
<td></td>
</tr>
</tbody>
</table>

**USE OF POLYCARBONATES IN BEV**

- Current average conventional LV: ~10kg
- Battery housing in BEV: ~8kg
- Average BEV: 18-20kg
- Upper-class BEV: 45-55kg

**Notes:**
1. Total LV without BEV
2. BEV: Battery Electric Vehicle; LV: Light Vehicle
3. Sources: GlobalData 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></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>444</td>
<td>450</td>
<td>623</td>
<td>309</td>
</tr>
<tr>
<td>2023</td>
<td>297</td>
<td>268</td>
<td>309</td>
<td>268</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- Global energy bill in FY 2022 of €1.8bn, energy demand reduced by ~7% vs FY2021
- Q1 2023 flat vs Q4 2022 with lower energy prices offsetting additional energy need for new Tarragona chlorine plant
- Q2 2023 global energy cost of €268m, declined vs Q1 2023 from lower volumes and lower prices
- Expecting Q3 2023 global energy cost slightly up versus Q2 2023 from planned higher volumes
- In general, Covestro does not hedge its energy purchases

**2022 PRIMARY ENERGY VOLUME BY REGION**

<table>
<thead>
<tr>
<th>Region</th>
<th>Volume in TWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>APAC</td>
<td>3.5</td>
</tr>
<tr>
<td>EMEA</td>
<td>7.0</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>Volume in € 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>Steam</td>
<td>128</td>
</tr>
</tbody>
</table>

**Energy Breakdown**

- **2022 ENERGY SPENT BY REGION**
  - EMEA: €1,417
  - APAC: €241
  - NA: €168

- **2022 PRIMARY ENERGY VOLUME BY REGION**
  - Total energy consumption: 1,826 TWh

- **2022 SPENT BY ENERGY TYPE**
  - Total energy spent: €1,826 million
  - Electricity: €903 million
  - Steam: €439 million
  - Fuels (mainly gas): €356 million
  - Others: €128 million

Notes:

(1) Total energy consumption
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.
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
  - 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

FINAL PRODUCT
- Phosgene (4)
- DPC Diphenylcarbonate
- LPC (2)
- SPC (3)
- MDI
- TDI
- Polyether Polyols
- Polycarbonates
- BPA Bisphenol A

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

INFRASRACTURE
- 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)
- Phosgene(1)
- HCl
- NaOH
- sTDI
- sMDI
- sPC

Performance Materials
- Polyurethanes
- Polyesters
- Polyacrylates
- UV Resins
- Fiber Optical Materials

Solutions & Specialties
- Elastomers
- Tailored Urethanes
- TPU
- Specialty Films
- Engineering Plastics

Notes:
(1) via Deacon or HCl-ODC technology and/or Chlorine-Alkali electrolysis
(2) produced from CO and O₂
Entire organization aligned for performance and sustainability

Group Profit Sharing Plan (PSP) as of 2022

**UNIFORM BONUS SYSTEM**

<table>
<thead>
<tr>
<th>EBITDA (€ mio)</th>
<th>Value</th>
<th>Payout</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,800</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>2,500</td>
<td></td>
<td>200%</td>
</tr>
<tr>
<td>3,200</td>
<td></td>
<td>300%</td>
</tr>
<tr>
<td>3,900</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ROCE above WACC (pp.)</th>
<th>Value</th>
<th>Payout</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>200%</td>
</tr>
<tr>
<td>12</td>
<td></td>
<td>300%</td>
</tr>
<tr>
<td>18</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FOCF (€ mio)</th>
<th>Value</th>
<th>Payout</th>
</tr>
</thead>
<tbody>
<tr>
<td>400</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>1,000</td>
<td></td>
<td>200%</td>
</tr>
<tr>
<td>1,500</td>
<td></td>
<td>300%</td>
</tr>
<tr>
<td>2,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Absolute CO₂ emissions Scope 1&amp;2 (mt)</th>
<th>Value</th>
<th>Payout</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>6.6</td>
<td></td>
<td>200%</td>
</tr>
<tr>
<td>6.1</td>
<td></td>
<td>300%</td>
</tr>
<tr>
<td>5.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

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

### Development of last five years

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>(€ million)</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></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></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></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></td>
<td>-0.4</td>
<td>-0.5</td>
<td>-1.3</td>
<td>+8.1</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>(€ million)</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></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></td>
<td>585</td>
<td>832</td>
<td>743</td>
<td>751</td>
</tr>
<tr>
<td><strong>Earnings per Share</strong></td>
<td>(€)</td>
<td>9.46</td>
<td>3.02</td>
<td>2.48</td>
<td>8.37</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>(€ million)</td>
<td>707</td>
<td>910</td>
<td>704</td>
<td>764</td>
</tr>
<tr>
<td><strong>Free operating cash flow (FOCF)</strong></td>
<td>(€ million)</td>
<td>1,669</td>
<td>473</td>
<td>530</td>
<td>1,429</td>
</tr>
<tr>
<td><strong>ROCE above WACC</strong></td>
<td>(%points)</td>
<td>22.8</td>
<td>1.6</td>
<td>-0.3</td>
<td>12.9</td>
</tr>
<tr>
<td><strong>Total net debt (¹)</strong></td>
<td>(€ million)</td>
<td>1,793</td>
<td>2,954</td>
<td>2,479</td>
<td>2,604</td>
</tr>
<tr>
<td><strong>Employees (²)</strong></td>
<td>(FTE)</td>
<td>16,770</td>
<td>17,201</td>
<td>16,501</td>
<td>17,909</td>
</tr>
</tbody>
</table>

### Notes:

1. Including pension provisions
2. Status at year-end

y/y year-over-year
# Upcoming IR events

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

## REPORTING DATES

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 27, 2023</td>
<td>Q3 2023 Quarterly Statement</td>
</tr>
<tr>
<td>February 29, 2024</td>
<td>2023 Annual Report</td>
</tr>
<tr>
<td>April 30, 2024</td>
<td>Q1 2024 Quarterly Statement</td>
</tr>
</tbody>
</table>

## ANNUAL GENERAL MEETING

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 17, 2024</td>
<td>Annual General Meeting</td>
</tr>
</tbody>
</table>

## BROKER CONFERENCES

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 5, 2023</td>
<td>Commerzbank and ODDO BHF Corporate Conference, Frankfurt</td>
</tr>
<tr>
<td>September 6, 2023</td>
<td>Jefferies 2023 Industrials Conference, New York</td>
</tr>
<tr>
<td>September 18, 2023</td>
<td>Berenberg &amp; Goldman 12th German Corporate Conference, Munich</td>
</tr>
<tr>
<td>September 19, 2023</td>
<td>Baader Investment Conference, Munich</td>
</tr>
<tr>
<td>September 19, 2023</td>
<td>J.P. Morgan CEO Series Call, virtual</td>
</tr>
</tbody>
</table>
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.