A challenging year successfully managed

Roadshow presentation
Covestro investment highlights

- Group financials 2020
- Segment overview
- Acquisition DSM-RFM
- Background information
Covestro is diversified across geographies and end-markets

Key performance indicators and sales split

- **€11bn**
  - Sales 2020

- **2%**
  - Core volume growth CAGR 2015 - 2020

- **€0.5bn**
  - FOCF 2020

- **7%**
  - ROCE 2020

- **€1.5bn**
  - EBITDA 2020

### 2020 sales

- **Polyurethanes (PUR)**: 47%
- **Polycarbonates (PCS)**: 28%
- **Coatings, Adhesives, Specialties (CAS)**: 19%
- **Other**: 6%

### Sales split by industry

- **Sports / Leisure, Cosmetics, Health, diverse industries**: 28%
- **Auto & Transport**: 19%
- **Chemicals**: 16%
- **Furniture & Wood**: 16%
- **Construction**: 13%
- **Electro**: 7%
- **Electro**: 7%

### Geographical breakdown

- **EMLA** (Europe, Middle East, Africa): 32%
- **APAC** (Asia-Pacific): 25%
- **NAFTA** (USA, Canada, Mexico): 25%

### Notes:

- Based on Covestro Annual Report 2020; EMLA = Europe, Middle East Africa, Latin America; NAFTA = USA, Canada, Mexico; APAC = Asia-Pacific
- Numbers rounded
- 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

<table>
<thead>
<tr>
<th>Capacity share in 2020(^a)</th>
<th>#1 in Polyurethanes</th>
<th>#1 in Polycarbonates</th>
<th>#1 in Coatings, Adhesives &amp; Specialties</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDI</td>
<td>Others 15%</td>
<td>Others 24%</td>
<td>Others 14%</td>
</tr>
<tr>
<td>TDI</td>
<td>Others 23%</td>
<td>Others 59%</td>
<td>Others 26%</td>
</tr>
<tr>
<td>Polyether polyols</td>
<td>Others 59%</td>
<td>Others 28%</td>
<td>Others 14%</td>
</tr>
<tr>
<td>PC</td>
<td>Others 10%</td>
<td>Others 28%</td>
<td>Others 15%</td>
</tr>
</tbody>
</table>

Top 5: 89\%  Top 5: 77\%  Top 5: 41\%  Top 5: 72\%  Top 5: 86\%  Top 5: 41\%

2025e: Top 5 shares expected to remain broadly stable

2025e: Top 5 shares expected to decrease

2025e: Industry structures expected to remain stable

<table>
<thead>
<tr>
<th>Covestro(^a)</th>
<th>Global #3</th>
<th>Joint global #1</th>
<th>Global #2</th>
<th>Global #1</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,670kt</td>
<td>790kt</td>
<td>1,420kt</td>
<td>1,600kt</td>
<td></td>
</tr>
<tr>
<td>6 sites</td>
<td>3 sites</td>
<td>9 sites</td>
<td>5 sites</td>
<td></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

Source: Covestro estimates

Notes: (a) Covestro position based on total nameplate capacity at year end 2020 relative to competitors

FY 2020 | IR Roadshow Presentation
Our new 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 2020
LEAP transformation initiated

MILESTONE 2020
Acquisition of RFM\(^{(a)}\) announced

MILESTONE 2020
First alternative feedstock sourced

Note: (a) Announced acquisition of DSM’s Resins and Functional Material (RFM) business subject to regulatory approval
Accelerate the transition to a fossil-free economy

We will be fully circular

ALTERNATIVE RAW MATERIALS

Replacing fossil resources
Example Bio-based car top coat

- Enabling customers to optimize the CO₂ footprint of their products
- New hardener for automotive coatings with carbon basis up to 70% from renewable raw materials
- No compromises with regards to protective functions and appearance
- Collaboration with automotive group Audi and the coating experts at BASF Coatings

INNOVATIVE RECYCLING

Energy-efficient technologies
Example Recycled polycarbonates

- New polycarbonate grades from post-consumer recycled (PCR) content, e.g. water bottles, CDs and automotive lighting
- Closed loop recycling system to collect, sort, shred and clean material
- Recycled granules are finally compounded with virgin resins
- PCR grades are used in various electr. applications for a second life

RENEWABLE ENERGIES

Wind energy
Example Ørsted wind energy supply

- World’s largest corporate supply contract for offshore wind energy entered with Ørsted in Dec. 2019
- Starting in 2025, Ørsted to provide 100 MW of electricity for 10 years
- Newly built wind farm in North Sea, implemented without public funding
- Supply to cover c. 10% of electricity consumed by Covestro in Germany

JOINT SOLUTIONS

Cross-industry collaboration
Example PUReSmart consortium

- PUReSmart to seek ways of transition from current linear lifecycle of polyurethane (PU) products to a circular economy model
- Consortium as an end-to-end collaboration spanning the entire PU reprocessing value chain
- Nine partners from six different countries, coordinated by the Belgian company Recticel

FY 2020 | IR Roadshow Presentation
Becoming more customer-centric
Transformation program LEAP in 2021-2023

LEAP

“Become the best of who we are”

HIGHLIGHTS

• Comprehensive redesign of structures and processes as well as management and governance mechanisms
• By July 2021, new organizational set-up to be implemented
• Bundle entities based on business specifics and customer needs while fostering entrepreneurship:
  – Solutions and specialties differentiated chemical products and application technology services, with focus on innovation and customer interaction
  – Performance materials focus on reliable supply of standard products at competitive market prices with lowest internal costs

Notes:
TPU = Thermoplastic Polyurethanes
Shown future entities and structures do not necessarily reflect segmentation of future financial reporting
Keeping fixed costs flat
Transformation program LEAP in 2021-2023

**HIGHLIGHTS**

- Savings target: maintain fixed costs unchanged until 2023, excluding STI and LTI schemes, based on FY 2020
- Historical savings initiatives
  - ‘PEP’ initiated during IPO in 2015
  - ‘Perspective’ initiated end of 2018
  - ‘Short-term savings’ in 2020
- Investments into growth in 2018
- Cost in 2021e mainly driven by higher maintenance costs, merit increase, investments in digitalization and circularity
- LEAP cost savings to be realized in 2022e and 2023e
- Counterbalancing fix costs inflation, like merit increases, until 2024

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Fixed Cost (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>27</td>
</tr>
<tr>
<td>2017</td>
<td>5</td>
</tr>
<tr>
<td>2018</td>
<td>402</td>
</tr>
<tr>
<td>2019</td>
<td>-45</td>
</tr>
<tr>
<td>2020</td>
<td>-150</td>
</tr>
<tr>
<td>2021e</td>
<td>100 to 200</td>
</tr>
<tr>
<td>2022e - 2023e</td>
<td>-100 to -200</td>
</tr>
</tbody>
</table>

Note: Fixed cost development calculated as ‘Other items’ (Y/Y) from EBITDA bridge, corrected by Y/Y changes in STI & LTI
STI = Short-term incentive; LTI = Long-term incentive
Headcount reduced by 700 FTE, further reductions planned

Development of full-time equivalent (FTE)

- Year end 2020 FTE reduced by 700 to ~16,500 beyond original target of 16,800 through execution of Perspective program
- Plan to further reduce by ~400 to ~16,100 FTE until year end 2021
- Announced RFM acquisition to add ~1,800 FTE to total headcount in 2021e

**Note:**
(a) SG&A = Marketing and general administration
(b) Total = SG&A + Production + R&D
(c) Indicative illustration only
ESG ambitions support growth strategy

Covestro non-financial targets for 2025

1. **80% of project expenditures for R&D go toward areas that contribute to UN SDGs**
   - Achievement: 51% of R&D project expenditures in 2020

2. **100% of our suppliers comply with our sustainability requirements**
   - Achievement: 79% by end of 2020

3. **Reduce specific greenhouse gas emissions by 50% from the benchmark in 2005**
   - Achievement: -46.2% by end of 2020

4. **Ten million people in underserved markets benefit from our solutions**
   - Achievement: 1.1 million people by end of 2020

5. **Extract the maximum benefit from carbon and increase carbon productivity**
   - Achievement: Company vision to become fully circular announced in 2020, corporate goal setting under way

Notes:
ESG = Environmental, Social, Governance
Covestro non-financial targets established in 2016
See 2020 Combined Management Report for further details
Covestro innovative products tap into attractive new markets

Structural growth drivers

UN SDGs(a)

- related to climate change:
- related to increasing mobility:
- related to growing population and prosperity:
- related to increasing urbanization:

NEEDS

- Alternative energy sources
- Zero emission concepts
- Low-energy buildings
- Energy-efficient mobility
- E-mobility
- Autonomous driving
- Sustainable fashion
- Food preservation
- Medical applications
- Energy-efficient lighting
- Affordable housing
- Public infrastructure

SAMPLE APPLICATIONS

- Polyurethanes
  - Energy consumption CAGR: ~3%\(^1\)
  - Offshore wind energy CAGR: ~19.5%\(^2\)
  - Global car production CAGR: ~1.2%\(^3\)
  - Global hybrid & EV prod. CAGR: ~35%\(^4\)
  - Textile coating market CAGR: ~2.2%\(^5\)
  - Covestro relevant market CAGR: ~3.6%\(^5\)
  - Luminaire market CAGR: ~3%\(^6\)
  - Luminaire LED CAGR: ~12%\(^7\)

- Coatings, Adhesives, Specialties\(^6\)
  - Global car production CAGR: ~1.2%\(^3\)

DEMAND OUTLOOK

Core volume growth

Polyurethanes
-5% CAGR 2020-2025

Polycarbonates
-5% CAGR 2020-2025

Notes:

(a) Most impacted goals out of 17 Sustainable Development Goals, set by the United Nations’ “2030 Agenda for Sustainable Development”

1) Covestro estimates for 2020-2025, based on BP, Energy Outlook, 2017 for 2015-2020 based on million tons oil equivalent
3) LMC, Aug 2020, for years 2019-2023; 4) LMC, Aug 2020, for years 2018-2023; 5) Covestro estimates for 2019-2023; 6) Covestro estimates for 2020-2025;

Covestro industry demand outlook assumes global GDP CAGR of 3 - 4% in 2020 - 2025
Leading cost positions across business segments and regions

Covestro cash cost positions

- Covestro MDI is one of the low-cost producers. Investment in Tarragona plant will significantly further improve cost position. MDI industry with cost advantage of ~35% between the best and the average 5 least competitive plants.

- Covestro TDI is the global cost leader with cost advantage of ~55% versus the average of 5 least competitive plants.

- Covestro Polycarbonates is one of the two joint cost leaders with cost advantage of ~25% versus the average of 5 least competitive plants.
Approaching mid-cycle level in 2021
EBITDA development between 2014 and 2021e

Historic development
• Cyclicality driven by supply-demand balance
• 2017 peak due to very high industry utilization
• 2020 burdened by globally declining GDP

EBITDA guidance of €1,700m – 2,200m in FY 2021
• Includes announced RFM acquisition
• Mark-to-market (M2M) EBITDA in FY 2021 of ~€2.7bn based on January 2021

EBITDA sensitivities for FY 2021
• Volume sensitivity: 1pp change in core volumes equals around +/- €60m, excluding RFM
• FX sensitivity: 1pp change equals +/- €6m for CNY/EUR and +/- €4m for USD/EUR

Note:
(a) EBITDA before one-time items in 2014 and 2015
Basic assumptions FY 2021: Exchange rate of EUR/USD ~1.20 and a global GDP growth of 4-5% Y/Y
2021 expected above pre-pandemic level of 2019

FY 2021 guidance including announced RFM acquisition

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>Guidance FY 2021e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core volume growth</td>
<td>+2.0%</td>
<td>-5.6%</td>
<td>10 – 15% (t/o ~6% p RFM)</td>
</tr>
<tr>
<td>FOCF</td>
<td>€473m</td>
<td>€530m</td>
<td>€900m – 1,400m</td>
</tr>
<tr>
<td>ROCE</td>
<td>8.4%</td>
<td>7.0%</td>
<td>7 – 12%</td>
</tr>
</tbody>
</table>

Additional financial expectations

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>Guidance FY 2021e</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA FY</td>
<td>€1,604</td>
<td>€1,472m</td>
<td>€1,700m – 2,200m</td>
</tr>
<tr>
<td>EBITDA Q1</td>
<td>€442m</td>
<td>€254m</td>
<td>€700m – 780m</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>€752m</td>
<td>€776m</td>
<td>~€900m</td>
</tr>
<tr>
<td>Financial result</td>
<td>€-91m</td>
<td>€-91m</td>
<td>~€-100m</td>
</tr>
<tr>
<td>P&amp;L (effective) tax rate</td>
<td>26.8%</td>
<td>25.0%</td>
<td>24 – 26%</td>
</tr>
<tr>
<td>Capex(a)</td>
<td>€910m</td>
<td>€704m</td>
<td>~€800m</td>
</tr>
<tr>
<td>Average number of outstanding shares (in million)</td>
<td>182.7</td>
<td>184.9</td>
<td>193.2</td>
</tr>
</tbody>
</table>

Note:

(a) Cash-relevant capex
Basic assumptions FY 2021: Exchange rate of EUR/USD ~1.20 and a global GDP growth of 4-5% Y/Y
One-time costs that could arise in conjunction with the LEAP transformation program have not been considered
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
- Maintenance capex to secure safe, reliable and efficient operations

DIVIDEND
- New policy: 35-55% payout of net income
- 2020 dividend of €1.30 per share proposed to upcoming AGM
- Dividend yield 2020 of 2.6% (a)

PORTFOLIO
- Targeting value-enhancing acquisitions with attractive IRR
- Announced acquisition of DSM’s Resins and Functional Material (RFM) business for EV €1.55bn with attractive high margins (~€1.0bn sales)
- Less attractive low-margin businesses divested (~€0.6bn sales)

SHARE CAPITAL
- Capital increase of €447m executed in 2020 in context of announced RFM acquisition
- Share buy-back of €1.5bn executed in 2017-2018
- Authorization for share buy-back program for up to 10% of share capital in place, to be used in an opportunistic and anti-cyclical way

€3.2bn invested in capex
€1.5bn dividends
€1.5bn net investments
€1.1bn share capital reduced

(a) Based on share price of €50.48 at year end 2020
Investment into organic growth to deliver attractive returns

Covestro capex development

CAPEX\(^{(a)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Maintenance capex</th>
<th>Growth capex</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>509</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>419</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>518</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>707</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>910</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>704</td>
<td></td>
</tr>
<tr>
<td>2021e</td>
<td>~800</td>
<td></td>
</tr>
</tbody>
</table>

HIGHLIGHTS

Future capex
- FY 2021e includes announced RFM acquisition
- Single largest capex project Tarragona Chlorine (~€0.2bn)
- Almost 100 projects with capex of more than €10m, with spending spread over several years

Maintenance capex at ~€350-400m p.a.
- Securing safe, reliable and efficient operations
- Including announced RFM acquisition

Note: (a) Cash-relevant capex, prior to initial application of updated accounting standard IFRS 16 Leases, effective January 1, 2019
New dividend policy: 35-55% payout ratio of net income

Historical dividend development

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per share in €</th>
<th>Net income in € million</th>
<th>Payout ratio in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1.35</td>
<td>795</td>
<td>34</td>
</tr>
<tr>
<td>2017</td>
<td>2.20</td>
<td>436</td>
<td>22</td>
</tr>
<tr>
<td>2018</td>
<td>2.40</td>
<td>438</td>
<td>24</td>
</tr>
<tr>
<td>2019</td>
<td>1.20</td>
<td>219</td>
<td>40</td>
</tr>
<tr>
<td>2020(a)</td>
<td>1.30</td>
<td>552</td>
<td>55</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

- Commitment to a payout ratio of 35% to 55%, related to dividend over net income
  - Higher payout in years with peak earnings, while ratio towards lower end
  - Lower payout in years with trough earnings, while ratio towards upper end
- For FY 2020 dividend, proposal of €1.30 per share to the upcoming AGM on April 16, 2021
- Corresponding FOCF of €530m in FY 2020 fully covers dividend payout of €251m
Securing profitable growth

Why invest in Covestro

1. Leading and defendable global industry positions as innovation and cost leader

2. Sustainable volume growth above GDP driven by innovation and sustainability trend

3. Transformation program LEAP to exploit Covestro’s full potential maintaining fixed costs unchanged until 2023

4. “We will be fully circular” accelerating the transition to a fossil-free economy aligned with ESG criteria

5. Capital allocation focused on value creation with commitment to profitable growth
Significantly increasing margins towards year end

Group results

SALES AND CORE VOLUME GROWTH

<table>
<thead>
<tr>
<th>in € million / changes Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2019</td>
</tr>
<tr>
<td>Sales</td>
</tr>
<tr>
<td>3,175</td>
</tr>
</tbody>
</table>

EBITDA AND MARGIN

<table>
<thead>
<tr>
<th>in € million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2019</td>
</tr>
<tr>
<td>EBITDA</td>
</tr>
<tr>
<td>442</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

- Severe negative impact from coronavirus pandemic particularly in Q2 2020, core volumes again above previous year in H2 2020
- Q4 2020 core volume growth reflects solid underlying demand globally, hampered by constrained availability of products in PUR and PCS

- Q1 2020 and particularly Q2 2020 burdened by the effects of the coronavirus pandemic
- In Q3 2020, EBITDA of €456m again above prior year, strongly benefitting from saving measures
- Q4 2020 EBITDA driven by €388m positive pricing delta Y/Y, mainly in PUR

Notes: (a) Reference values calculated on the basis of the definition of the core business effective March 31, 2020
Volumes burdened by impact from coronavirus pandemic

FY 2020 – Regional split

Sales in € million
Core volume growth Y/Y in %

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales in € million</th>
<th>Core Volume Growth Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>2,250</td>
<td>Vol. -3.3%</td>
</tr>
<tr>
<td>U.S.</td>
<td>2,128</td>
<td>Vol. -4.8%</td>
</tr>
<tr>
<td>NAFTA</td>
<td>2,554</td>
<td>Vol. -6.4%</td>
</tr>
<tr>
<td>APAC</td>
<td>3,552</td>
<td>Vol. -4.4%</td>
</tr>
<tr>
<td>Germany</td>
<td>1,342</td>
<td>Vol. -9.8%</td>
</tr>
<tr>
<td>EMLA</td>
<td>4,600</td>
<td>Vol. -6.2%</td>
</tr>
<tr>
<td>GLOBAL</td>
<td>10,706</td>
<td>Vol. -5.6%</td>
</tr>
</tbody>
</table>

CORE VOLUME GROWTH Y/Y

- Globally broad-based recovery in H2 after severe negative impact from coronavirus pandemic in Q2:
  - Furniture/wood c. -6%, while NAFTA up 2%
  - Construction c. -2%, while APAC up 2%
  - Auto/transport c. -14%, while China virtually flat
  - Electro c. -3%, while EMLA up 3%
  - Divers c. -3% including medical c. +13%

- APAC: low to mid-single digit declines in all key industries, except growth in construction

- EMLA: mixed dynamics, with double-digit declines in auto and furniture/wood, while electro grew; volumes in Germany driven by double-digit declines in auto and construction

- NAFTA: double-digit decline in auto, while furniture/wood grew

Note: Core volume growth not adjusted for portfolio changes
Sales burdened by lower prices and volumes

FY 2020 – Sales bridge

<table>
<thead>
<tr>
<th>FY 2019</th>
<th>Volume</th>
<th>Price</th>
<th>FX</th>
<th>Portfolio</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,412</td>
<td>-637</td>
<td>-709</td>
<td>-195</td>
<td>-165</td>
<td>10,706</td>
</tr>
</tbody>
</table>

-13.7%

HIGHLIGHTS

Volume negative
- Volume decline of -5.1% Y/Y (in €) driven by PUR and CAS

Negative pricing
- Lower selling prices, mainly in PUR and PCS, negatively impacted sales by -5.7% Y/Y

Negative FX
- FX affected sales by -1.6% Y/Y mainly driven by weaker BRL, USD, CNY and MXN

Portfolio changes
- Negative impact of -1.3% Y/Y
- PCS: European sheets divested as of 2nd January 2020 (FY 2020: €-115m)
- PUR: European systems houses divested as of 1st November 2019 (FY 2020: €-56m)
- CAS: Thermoplastic PU business DCP fully consolidated as of 1st April 2019 (FY 2020: €+7m)
Cost saving measures as largest positive EBITDA contributor

FY 2020 – EBITDA bridge

Note: (a) Method of calculation: EBITDA volume contribution / sales volume contribution

<table>
<thead>
<tr>
<th>FY 2019</th>
<th>Volume</th>
<th>Price</th>
<th>Raw material price</th>
<th>FX</th>
<th>Other items</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+132</td>
<td>+841</td>
<td></td>
<td>-26</td>
<td>+162</td>
<td>-400</td>
</tr>
<tr>
<td></td>
<td>+162</td>
<td>1,472</td>
<td></td>
<td></td>
<td>1,472</td>
<td>-709</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

Negative volume leverage\(^{(a)}\)
- Negative volume leverage of 63% due to unfavorable product mix effect

Positive pricing delta
- Main contribution from PUR, PCS slightly positive whereas CAS slightly negative

Slightly negative FX
- Mainly translational effects

Other items
- €+350m net contribution of short-term savings and Perspective efficiency program
- €-128m net impact of one-time effects: 2020 €-12m (€-33m RFM acquisition, €+21m insurance reimbursements) vs. 2019 €+116m
- €-60m various items including merit increase

Price

<table>
<thead>
<tr>
<th>FY 2019</th>
<th>Raw material price</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td></td>
</tr>
</tbody>
</table>

Volume

<table>
<thead>
<tr>
<th>FY 2019</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,472</td>
<td></td>
</tr>
</tbody>
</table>

Price

<table>
<thead>
<tr>
<th>FY 2019</th>
<th>Raw material price</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td></td>
</tr>
</tbody>
</table>

Volume

<table>
<thead>
<tr>
<th>FY 2019</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,472</td>
<td></td>
</tr>
</tbody>
</table>

Price

<table>
<thead>
<tr>
<th>FY 2019</th>
<th>Raw material price</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td></td>
</tr>
</tbody>
</table>

Volume

<table>
<thead>
<tr>
<th>FY 2019</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,472</td>
<td></td>
</tr>
</tbody>
</table>
Volume growth despite constrained supply

Q4 2020 – Regional split

While demand in Q4 was robust **globally**, supply was constrained and limited volume growth:
- **Furniture/wood** c. -1%, while NAFTA up double-digit
- **Construction** c. +2%, driven by EMLA
- **Auto/transport** c. +6%, growth in all regions
- **Electro** c. +8%, growth in all regions
- **Divers** c. -3% including medical c. +11%

**APAC**: declining volumes in furniture/wood and diverse industries, while volumes in auto and electro grew

**EMLA**: all key industries grew, except furniture/wood

**NAFTA**: highest growth of all regions, with positive contributions from all key industries; double-digit growth rates in furniture/wood and electro

Core volume growth not adjusted for portfolio changes
Higher prices and volumes push sales growth

Q4 2020 – Sales bridge

HIGHLIGHTS

Volume positive
- Growth of +4.7% Y/Y (in €) driven by all three segments, with largest contribution from PCS

Positive pricing
- Higher selling prices in PUR were partly compensated by lower prices in PCS and CAS, positively impacted sales by +5.4% Y/Y

Negative FX
- FX affected sales by -4.0% Y/Y mainly driven by a weaker USD

Portfolio changes
- Slightly negative impact of -1.1% Y/Y
- PUR: European systems houses divested as of 1st November 2019 (Q4 2020: €-8m)
- PCS: European sheets divested as of 2nd January 2020 (Q4 2020: €-24m)
Strong positive pricing delta drives EBITDA growth
Q4 2020 – EBITDA bridge

HIGHLIGHTS

Positive volume leverage\(^{(a)}\)
- Relatively low volume leverage of 20% due to unfavorable product mix effect

Contribution margin largely increased
- Strong positive pricing delta as a result of lower raw material prices and higher selling prices, with majority contribution from PUR

Slightly negative FX
- Mainly translational effects

Other items
- Cost saving measures contributed positively
- Negative one-time effect of €33m related to announced RFM acquisition
- Previous year included positive one-time effect of book gain from PUR divestment (€34m)

Note: (a) Method of calculation: EBITDA volume contribution / sales volume contribution
**Strong cash performance in a tough environment**

**Historical FOCF development**

in € million

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>3,435</td>
<td>3,200</td>
<td>1,604</td>
<td>1,472</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>-475</td>
<td>-167</td>
<td>+437(c)</td>
<td>-100</td>
</tr>
<tr>
<td>Capex(a)</td>
<td>-518</td>
<td>-707</td>
<td>-910</td>
<td>-704</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>-510</td>
<td>-574</td>
<td>-296</td>
<td>-155</td>
</tr>
<tr>
<td>Other effects</td>
<td>-89</td>
<td>-83</td>
<td>-362(c)</td>
<td>+17</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- In FY’20, FOCF increased by 12.1% to €530m despite lower earnings, supported by €206m lower Capex.
- In Q4’20, FOCF up by 19.4% to €394m (€330m in Q4’19) driven by significantly higher earnings, while positive effects from trade working capital were significantly lower than previous year.
- Working capital to sales ratio(b) at 18.2%, temporarily above 15-17% target corridor.
- Compared to previous full year, trade accounts receivable tied up €344m more cash, cash released from inventories was €162m lower.
- Capex of €704m in line with FY 2020 guidance.
- Income tax paid of €155m in line with P&L income taxes of €151m.

**Note:**

(a) Cash-relevant capex
(b) Method of calculation: Working Capital on December 31, 2020, divided by sales of last four quarters
(c) Prior year figure restated following change in presentation for rebates granted to customers, affecting trade accounts payable.
### Strong liquidity position in preparation for RFM closing

**December 31, 2020 – Total net debt**

<table>
<thead>
<tr>
<th></th>
<th>DEC 31, 2019</th>
<th>DEC 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOCF</td>
<td>2,954</td>
<td>1,965</td>
</tr>
<tr>
<td>Net interest</td>
<td>989</td>
<td>47</td>
</tr>
<tr>
<td>Dividend</td>
<td>(530)</td>
<td>219</td>
</tr>
<tr>
<td>Capital increase</td>
<td>(447)</td>
<td>78</td>
</tr>
<tr>
<td>Other</td>
<td>158</td>
<td>356</td>
</tr>
<tr>
<td>Changes in pension provisions</td>
<td>2,479</td>
<td>2,123</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- Total net debt to EBITDA ratio\(^{(a)}\) of 1.7x end of 2020 vs. 1.8x end of 2019
- Equity ratio of 44% end of 2020 vs. 46% end of 2019
- Committed to a solid investment grade rating
- 2019 dividend of €219m paid out in Aug. 2020
- Capital increase of €447m executed in Oct. 2020 in context of announced RFM acquisition

**Liquidity at attractive rates**

- Balance sheet with ~€2.5bn in cash, cash equivalents and current financial assets
- Strong liquidity position in preparation for closing of announced RFM acquisition
- Undrawn syndicated revolving credit facility (RCF) of €2.5bn in place with ESG element

---

\(^{(a)}\) Method of calculation: Total net debt on December 31, 2020, divided by EBITDA of last four quarters.
Covestro investment highlights
Group financials 2020
Segment overview
Acquisition DSM-RFM
Background information
Number one producer globally and inventor of PU\(^{(a)}\)

Polyurethanes (PUR) at a glance

**PRODUCTS**

Polyurethane rigid foam is an excellent insulation material and adds to high energy efficiency in cooling units and buildings.

As soft foam polyurethane provides comfort, for example in mattresses, car seats and upholstery.

Covestro develops and produces the components of this versatile material.

**KEY CUSTOMER INDUSTRIES:**

- For comfortable cars
- For sustainable houses
- For cozy furniture
- For highly efficient appliances

**SAMPLE APPLICATIONS**

- For sustainable houses
- For highly efficient appliances

**Notes:**

(a) Based on total combined nameplate capacity for MDI, TDI and polyether polyols at year end 2020 as per Covestro estimates

(b) Adjusted 2017 figures to reflect the transfer of the specialty elastomers business from the Polyurethanes segment to the CAS segment as of January 1, 2018

CAGR determined by negative core volume growth in 2020 impacted by the Coronavirus pandemic
Polyurethanes – earnings strongly up on higher margin

Segment results

SALES AND CORE VOLUME GROWTH

in € million / changes Y/Y

<table>
<thead>
<tr>
<th></th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q3 2020</th>
<th>Q4 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,476</td>
<td>1,489</td>
<td>1,478</td>
<td>1,336</td>
<td>1,274</td>
<td>913</td>
<td>1,315</td>
<td>1,519</td>
</tr>
<tr>
<td>Core volume growth Y/Y</td>
<td>-0.2%</td>
<td>0.7%</td>
<td>5.1%</td>
<td>3.6%</td>
<td>-3.6%</td>
<td>-25.9%</td>
<td>4.3%</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

• Core volume growth (in kt) of +0.8% Y/Y, driven by polyols while MDI and TDI supply was constrained
• Core volume growth in auto and appliances, while furniture/wood and construction declined slightly
• Sales increased by 13.7% Y/Y as price (+16.2%) and volume (+2.9%) contributed positively, while FX (-4.8%) and portfolio (-0.6%) were negative

EBITDA AND MARGIN

in € million / margin in percent

<table>
<thead>
<tr>
<th></th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q3 2020</th>
<th>Q4 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>157</td>
<td>172</td>
<td>196</td>
<td>123</td>
<td>50</td>
<td>-24</td>
<td>220</td>
<td>379</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>10.6%</td>
<td>11.6%</td>
<td>13.3%</td>
<td>9.2%</td>
<td>3.9%</td>
<td>-2.6%</td>
<td>16.7%</td>
<td>25.0%</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

• Strong sequential EBITDA and margin development
• Compared to prior year, EBITDA increased mainly due to a strong positive pricing delta in all three product groups MDI, TDI and polyols
• Effects from FX slightly negative (Y/Y)
Polyurethanes broadly positioned for growth
Sales by business, end-markets and regions

SALES SPLIT BY BUSINESS
% of 2020 PUR sales

MDI ~40%
Polyether Polyols ~40%
TDI ~20%

SALES SPLIT BY END-MARKETS
% of 2020 PUR sales

Diverse industries (incl. Chemicals) 24%
Comfort / Furniture 32%
Appliances 9%
Auto & Transport 12%
Construction 23%

SALES SPLIT BY REGIONS
% of 2020 PUR sales

APAC 29%
NAFTA 28%
EMLA 43%

Growth driven by MDI and TDI
Growth driven by several industries
Growth driven by all regions

Notes:
Based on Covestro Annual Report 2020; EMLA = Europe, Middle East Africa, Latin America; NAFTA = USA, Canada, Mexico; APAC = Asia, Pacific
Sales split by industry for your convenience only; shown numbers are approximations on full year basis
MDI industry supply and demand ongoing favorable

Historical industry development and outlook

**MDI DEMAND DEVELOPMENT (2015 - 2025e)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand (kt)</th>
<th>% Growth as CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>7,385</td>
<td>4.3%</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td>~5%</td>
</tr>
<tr>
<td>2025e</td>
<td></td>
<td>BASE</td>
</tr>
</tbody>
</table>

**MDI SUPPLY DEVELOPMENT (2015 - 2025e)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Supply (kt)</th>
<th>% Growth as CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>8,722</td>
<td>3.5%</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td>~4%</td>
</tr>
<tr>
<td>2025e</td>
<td></td>
<td>BASE</td>
</tr>
</tbody>
</table>

**INDUSTRY HIGHLIGHTS**

- Structurally sound demand of ~5% based on global GDP growth and substitution trends, European Green Deal could add another percentage point to annual demand growth once fully materializing.
- Additions (c) expected until 2025e: Wanhua/Connel/BorsodChem (1,300kt), Juli Heshan (400kt in China) and BASF (200kt in USA).
- Covestro additions: Caojing, PRC (100kt, 2021e) and Tarragona, Spain (50kt, 2023e).

Notes:
- (a) Assumes global GDP CAGR 2020-2025e of 3-4%.
- (b) Based on historical and announced future nameplate capacities.
- (c) Based on corporate announcements.

Source: Covestro estimates.
TDI industry absorbing oversupply over time

Historical industry development and outlook

**TDI DEMAND DEVELOPMENT (2015 - 2025e)**

- 2015
- 2020
- 2025e

- BASE
  - 2.3%
- ~5%
- 6%
- HIGH
- 4%
- LOW

**INDUSTRY HIGHLIGHTS**

- Structurally sound demand of ~5% based on global GDP growth supported by low basis due to Coronavirus pandemic in 2020
- Major additions\(c\) expected until 2024e: Wanhua-Fujian (150kt in China)
- Announced Cangzhou Dahou plant (+200kt) expected as of 2025e

**Notes:**
- (a) Assumes global GDP CAGR 2020 - 2025e of 3 - 4%
- (b) Based on historical and announced future nameplate capacities
- (c) Based on corporate announcements
- Source: Covestro estimates

**TDI SUPPLY DEVELOPMENT (2015 - 2025e)**

- 2015
- 2020
- 2025e

- BASE
  - ~3%
- 3.8%
- 1%
- LOW

- ~3% HIGH
Number one producer globally and inventor of PC\textsuperscript{(a)}

Polycarbonates (PCS) at a glance

PRODUCTS

As a true high-tech material, polycarbonate is not only very robust, break-proof and light-weight, but also offers a high degree of design flexibility.

Polycarbonate is available in all colors ranging from crystal clear to deep black. It is an excellent substitute for traditional material such as glass or metal.

This allows for a wide variety of application possibilities ranging from vehicles to smartphones and laptops as well as lenses or large roofs.

KEY CUSTOMER INDUSTRIES:

SAMPLE APPLICATIONS

For trendy smartphones
For bright buildings

For light-weight cars
For safe medical products

Notes:
\(\text{(a)}\) Based on nameplate capacity at year end 2020 as per Covestro estimates
Polycarbonates – margin driven by improving product mix

Segment results

SALES AND CORE VOLUME GROWTH

in € million / changes Y/Y

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales</th>
<th>Core volume growth Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2019</td>
<td>860</td>
<td>-6.3%</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>898</td>
<td>4.4%</td>
</tr>
<tr>
<td>Q3 2019</td>
<td>901</td>
<td>9.3%</td>
</tr>
<tr>
<td>Q4 2019</td>
<td>814</td>
<td>3.5%</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>733</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>648</td>
<td>-14.4%</td>
</tr>
<tr>
<td>Q3 2020</td>
<td>801</td>
<td>3.6%</td>
</tr>
<tr>
<td>Q4 2020</td>
<td>803</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

EBITDA AND MARGIN

in € million / margin in percent

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBITDA</th>
<th>EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2019</td>
<td>155</td>
<td>18.0%</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>154</td>
<td>17.1%</td>
</tr>
<tr>
<td>Q3 2019</td>
<td>132</td>
<td>14.7%</td>
</tr>
<tr>
<td>Q4 2019</td>
<td>95</td>
<td>14.7%</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>109</td>
<td>14.9%</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>96</td>
<td>14.8%</td>
</tr>
<tr>
<td>Q3 2020</td>
<td>148</td>
<td>18.5%</td>
</tr>
<tr>
<td>Q4 2020</td>
<td>200</td>
<td>24.9%</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

• Core volume growth (in kt) of 3.2% Y/Y driven by all key industries; double-digit growth in construction including protective gear
• Sales decreased by -1.4% Y/Y as positive volume effect (+7.4%) was compensated by FX (-3.7%), portfolio (-3.0%) and price (-2.1%)
• Difference of core volume growth and volume effect in sales due to favorable product mix

HIGHLIGHTS

• Strong sequential EBITDA growth, margin further improved driven by improving product mix
• Compared to prior year, EBITDA increased Y/Y mainly as a result of (i) positive pricing delta due to lower feedstock prices and (ii) higher volumes
Execution risks may limit future capacity additions

Historical industry development and outlook

### PC DEMAND DEVELOPMENT (2015 - 2025e)

- **(kt)**
- % growth as CAGR

<table>
<thead>
<tr>
<th>Year</th>
<th>BASE</th>
<th>LOW</th>
<th>HIGH</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>4,220</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025e</td>
<td></td>
<td>6%</td>
<td>4%</td>
</tr>
</tbody>
</table>

### PC SUPPLY DEVELOPMENT (2015 - 2025e)

- **(kt)**
- % growth as CAGR

<table>
<thead>
<tr>
<th>Year</th>
<th>BASE</th>
<th>LOW</th>
<th>HIGH</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>4,220</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025e</td>
<td></td>
<td>6%</td>
<td>4%</td>
</tr>
</tbody>
</table>

### INDUSTRY HIGHLIGHTS

- Structurally sound demand growth of ~5% based on global GDP growth supported by low basis due to Coronavirus pandemic in 2020
- Major additions\(^{(c)}\) expected until 2025e: Hainan Huasheng, ZPC, SABIC-Sinopec, Wanhua, Shemna
- Numerous announced projects with high uncertainties regarding actual timing and scope
- Covestro additions: Mid-term expansion plans generally accomplished, current focus on strengthening differentiated business

Notes:

- (a) Assumes global GDP CAGR 2020 - 2025e of 3 - 4%
- (b) Based on historical and announced future nameplate capacities
- (c) Based on corporate announcements

Source: Covestro estimates
EBITDA margin increase despite industry utilization deteriorating

PCS portfolio management

**PRODUCT PORTFOLIO IMPROVEMENT**

- Covestro performance detaching from development of overall PC industry utilization by outgrowing the industry in differentiated (high-value) applications
- Differentiated business with more than 500 different PC grades and prices ranging up to eight times higher than standard grades
- Industry newcomers need – if they succeed at all – many years to enter the differentiated segment
- Possibility to reallocate volumes among customer industries allows high asset utilization and EBITDA margin also in case of single industry’s weakness like automotive in 2020
- Mid-term, goal to further increase differentiated portion of PC volumes with structural improvement of average contribution margin and standard business as remainder for high asset utilization
- Focus on differentiated business with further detachment from mid-term further declining industry utilization

**Notes:**
Approximate PC industry utilization rates based on Covestro estimates and corporate announcements; including impact of potential competitor responses: timing / scaling / suspending projects, reducing / mothballing capacities et al
Performance materials for coatings, adhesives and specialties

Coating, Adhesives, Specialties (CAS) at a glance

PRODUCTS

There is a vast application range of coatings and finishes made of Covestro polyurethane raw materials. They are used for protection and decoration.

In addition, the company produces pre-products for adhesives, sealants and elastomers as well as specialty films.

Coating, Adhesives, Specialties (CAS) also supplies materials for cosmetics, textiles and medical goods.

KEY CUSTOMER INDUSTRIES:

SAMPLE APPLICATIONS

- For long-lasting cosmetics
- For robust floors
- For fancy cars
- For functional textiles

Notes:
(a) Based on nameplate capacity at year end 2020 as per Covestro estimates
(b) All figures adjusted to reflect the transfer of the specialty elastomers business from the Polyurethanes segment to Coatings, Adhesives, Specialties segment as of January 1, 2018 as well as the termination of trading activities and reduced contract manufacturing

CAGR determined by negative core volume growth in 2020 impacted by the Coronavirus pandemic
Coatings, Adhesives, Specialties – back to volume growth

**Segment results**

**SALES AND CORE VOLUME GROWTH**
in € million / changes Y/Y

<table>
<thead>
<tr>
<th></th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q3 2020</th>
<th>Q4 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>627</td>
<td>621</td>
<td>588</td>
<td>533</td>
<td>572</td>
<td>443</td>
<td>495</td>
<td>529</td>
</tr>
<tr>
<td>Core volume growth Y/Y</td>
<td>-0.1%</td>
<td>-4.7%</td>
<td>-4.0%</td>
<td>6.2%</td>
<td>-5.2%</td>
<td>-25.3%</td>
<td>-6.9%</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

**EBITDA AND MARGIN**
in € million / margin in percent

<table>
<thead>
<tr>
<th></th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q3 2020</th>
<th>Q4 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>146</td>
<td>150</td>
<td>111</td>
<td>62</td>
<td>130</td>
<td>60</td>
<td>99</td>
<td>52</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>23.3%</td>
<td>24.2%</td>
<td>18.9%</td>
<td>11.6%</td>
<td>22.7%</td>
<td>13.5%</td>
<td>20.0%</td>
<td>9.8%</td>
</tr>
<tr>
<td>RFM-related one-time effect</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- Core volume growth (in kt) of 2.8% Y/Y driven by growth in all key industries except construction
- Sales decreased by -0.8% Y/Y, as positive volume effect (+7.5%) was compensated by price (-4.9%) and FX (-3.4%)
- Difference of core volume growth and volume effect in sales due to favorable product mix

- Q4’20 EBITDA includes negative one-time effect of €-33m related to announced RFM acquisition
- Q4’20 EBITDA of €85m and margin at 16.1% excluding RFM-related one-time effects
- Compared to prior year, volume growth contributed positively to EBITDA while pricing delta was negative
Growth determined by coronavirus pandemic

Outperformance of High Growth Specialties business

**CAS SALES SPLIT BY BUSINESSES**

Covestro sales share FY 2020
Core volume growth, CAGR 2015-2020 (a)

- **Elastomers** Vol. +2%
- **Specialty Films** Vol. +1%
- **Thermoplastic Polyurethanes** Vol. +5%
- **Adhesives & Sealants Raw Materials** Vol. +2%
- **Diverse High Growth Specialties** Vol. +4%
- **Coatings Raw Materials** Vol. -3%

**HIGHLIGHTS**

- Flat core volume CAGR in 2015-2020 (a) with negative core volume growth in 2020 impacted by the Coronavirus pandemic
- Coatings Raw Materials particularly burdened by Coronavirus impact in 2020 with weak end-markets, particularly Automotive
- High Growth Specialties businesses generate ~39% of sales: Thermoplastic Polyurethanes, Specialty Films and Elastomers
- Solid growth of High Growth Specialties despite Coronavirus set-back

---

(a) All figures adjusted to reflect the transfer of the specialty elastomers business from the Polyurethanes segment to Coatings, Adhesives, Specialties segment as of January 1, 2018 as well as planned termination of trading activities and reduced contract manufacturing.
**Covestro investments**

**CAS Aliphatic isocyanates strategies**

**“Growth”**
- Until 2017, CAS accompanied market growth with own investments
- Generate strong growth
- Maintain market leadership

**“Value-over-volume”**
- Severe capacity increases by Wanhua and Vencorex putting market shares under pressure
- Prioritize value over volume

**Differentiated strategy for standardized vs specialty products**
- Differentiated strategy to defend standard business while strengthening specialties
- Balance market share and absolute margin for more standardized products with flexible pricing
- Grow above market with innovation driven specialty product portfolio
- Capex program geared towards specialty products

**DEVELOPMENT OF MARKET CAPACITY (in kton)**

- ALI Covestro
- ALI Others

**DISTRIBUTION BY SUPPLIER**

- Covestro
- Wanhua
- Vencorex
- Evonik
- Other

**DISTRIBUTION BY BASIC MONOMER**

- HDI
- IPDI
- H12MDI
- Other

Global ALI capacity in 2021e: ~500 kt
Covestro investment highlights

Group financials 2020

Segment overview

Acquisition DSM-RFM

Background information
Building a leading sustainable coating resins player

Transaction overview

**TRANSACTION VALUE**
- Enterprise value of €1.55bn
- 10x EV / 2021 Budget EBITDA
- 6x EV / 2021 Budget EBITDA including full synergies

**FINANCIAL IMPACT**
- Announced acquisition of Resins & Functional Materials (RFM) and innovation ventures
  - RFM sales of €909m and EBITDA of €127m in 2020
  - Innovation ventures Additive Manufacturing, NIAGA and Advanced Solar Coatings with sales of €24m and EBITDA of €-13m in 2020
  - €120m synergies by 2025

**FINANCING**
- Covestro is committed to a solid investment grade rating (Moody’s confirmed solid investment grade rating after acquisition announcement)
- Refinancing includes €447m of new equity, successfully realized on Oct 13, and own cash

**TIMING**
- Acquisition agreed on Sep 30, 2020
- Subject to regulatory approvals including antitrust clearance
- Closing expected end-Q1’21

Note: Announced acquisition of RFM subject to regulatory approval
Resins & Functional Materials and innovation ventures

Key financials in 2020

- Sales: €0.9bn
- EBITDA: €115m
- EBITDA margin: 12%
- Free Operating Cash Flow: €91m
- Employees: ~1,800

% of RFM sales

- Specialty Resins: 59%
- Powder Coating Resins: 23%
- Energy Curable Solutions: 15%
- Other: 3%

Others

- Construction: 27%
- Furniture: 21%
- Telecom: 21%
- Industrial: 12%
- Packaging: 8%
- Others: 5%
- Architectural: 6%

Regional Sales

- NAFTA: 25%
- APAC: 25%
- EMLA: 47%
RFM serves high growth areas driven by sustainability

Coating Resins market by technology in 2019

HIGHLIGHTS

• ~€25bn global coating resins market in 2019 with expected growth rate of ~3% p.a. between 2020 and 2025
• Solvent-based market share expected to decline due to VOC regulation and environmental issues
• Consumer preference for greener and non-toxic ingredients as well as stricter environmental regulations expected to lead to market growth of ~5% p.a. for sustainable coating resins (water-based, powder and UV coating resins) between 2020 and 2025
• RFM & CAS combined will be a leading supplier of sustainable and high-quality products with low environmental impact

Note: Announced acquisition of RFM subject to regulatory approval

Source: Covestro estimate
Bolt-on acquisition diversifies industry portfolio

CAS by industries

**HIGHLIGHTS**

- In 2020, RFM would have increased CAS sales by 45% to €2.9bn (27% of Covestro sales\(^{(a)}\)) with complimentary product portfolio
- Significant step in Covestro’s long-term corporate strategy, strengthening sustainable and innovation-driven business
- Covestro with well established position in water-based polyurethane dispersions, acquisition adds complete range of water-based polyacrylate resins

---

**CAS SALES ~€2.0bn (2020)**

- Auto & Transport: 22%
- Construction: 15%
- Health: 6%
- Furniture & Wood: 9%
- Industrial: 6%
- Other: 42%

**CAS/RFM SALES ~€2.9bn (2020 pro-forma)**

- Auto & Transport: 15%
- Construction: 12%
- Industrial: 11%
- Packaging: 9%
- Health: 9%
- Furniture & Wood: 9%
- Architectural: 8%
- Other: 32%

---

Notes:

(a) Based on Covestro 2020 Sales

Announced acquisition of RFM subject to regulatory approval

Source: Own company data / DSM

FY 2020 │ IR Roadshow Presentation
Creates a leading coating resins supplier

Industry position in coating resins

Revenue est. (in € billion, 2019)

- Covestro to become a global leader in attractive growth market for coating resins
- Covestro to have one of the most comprehensive and innovative product portfolios enabling compelling customer value proposition

Source: Covestro estimate

Note: Announced acquisition of RFM subject to regulatory approval
Significant cost synergies of €80m
Identified cost synergies by 2025

Note: Announced acquisition of RFM subject to regulatory approval

DISTRIBUTION OF COST SYNERGIES

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchasing</td>
<td>€20m</td>
</tr>
<tr>
<td>Logistics</td>
<td>€15m</td>
</tr>
<tr>
<td>Production</td>
<td>€12m</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>€10m</td>
</tr>
<tr>
<td>General &amp; Administration</td>
<td>€8m</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>€8m</td>
</tr>
<tr>
<td>Others</td>
<td>€5m</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

**Sales & Marketing**
- Bundle sales and marketing functions for same applications and customers

**General & Administration**
- Integrate respective RFM functions into existing Covestro support structures

**Purchasing**
- Use most favorable conditions of RFM and Covestro
- Intensify in-house sourcing

**Production**
- Optimize production by efficiently using both asset bases

**Logistics**
- Apply and combine best practice and processes as currently used by RFM and Covestro

**Research & Development**
- Combine R&D activities and optimize project pipeline for overlapping topics
Significant revenue synergies of €40m
Identified revenue synergies by 2025

**HIGHLIGHTS**

**Cross-selling**
- Increase share of wallet at customers with cross-selling opportunities
- Expand regional presence of RFM by leveraging existing Covestro set-up

**Upgrade portfolio**
- Combined broader portfolio of resin systems and tailor-made hardener-resin-systems
- New product developments based on combined portfolio and technologies

**Digital sales**
- Speed up digitalization via new business models
- More attractive online store

**DISTRIBUTION OF REVENUE SYNERGIES**

- Digital sales
- Cross-selling
- Upgrade portfolio
Combined product portfolio generates additional customer range

Upgrade portfolio

**MID-GRADE / MID-PRICE MARKET CURRENTLY UNTAPPED**

- **Voice of the customer**
  - "Highest performance at premium pricing"
  - "Can you deliver adequate performance at a competitive price?"
  - "Low costs but does not meet all technical wishes"

- **Market Attractiveness**
  - CAS Water-based PUD
    - Market Size: ~400kt
    - Market Growth: ~5%
  - RFM Water-based Acrylic
    - Market Size: ~1.450kt
    - Market Growth: ~5%

**COMBINING CAS & RFM COATING RESINS**

- **COV**
  - PUD\(^1\) mainly addresses industries with higher grade requirements at higher prices
  - Combination of both PUD-based and Acrylate-based coating resins will create an additional business which will open a new range of customers
  - Serving the full range by blending PUD-based resins and Acrylate based resins at every desired ratio
  - Between coating resins of high price/grade and low price/grade also offering any mid price/grade combination within a so far largely untapped market for CAS

- **DSM**
  - WB\(^2\) Acrylics mainly addresses industries with lower grade requirements at lower prices

Notes:

1. Polyurethane Dispersions
2. Water-based
3. 2019; Covestro own estimates
4. CAGR 2021-2024e; Covestro own estimates

Announced acquisition of RFM subject to regulatory approval
Full synergies of €120m expected until 2025

Synergy ramp-up

SYNERGIES AND IMPLEMENTATION COST

<table>
<thead>
<tr>
<th>In € million</th>
<th>2021e</th>
<th>2022e</th>
<th>2023e</th>
<th>2024e</th>
<th>2025e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total synergies</td>
<td>10</td>
<td>50</td>
<td>80</td>
<td>100</td>
<td>120</td>
</tr>
<tr>
<td>Revenue synergies</td>
<td>10</td>
<td>40</td>
<td>65</td>
<td>70</td>
<td>80</td>
</tr>
<tr>
<td>Cost synergies</td>
<td>10</td>
<td>40</td>
<td>65</td>
<td>70</td>
<td>80</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

- Identified synergies amount to €120m, 12% of RFM sales
- Total implementation cost of €140m (mainly in 2021) to realize annual synergies of €120m
- Realization of full synergies by 2025 with two thirds of synergies materializing already by 2023
- Quick realization of cost synergies while time reserved for revenue synergies from portfolio updates

Note: Announced acquisition of RFM subject to regulatory approval
Adoption of 5G to drive significant acceleration in demand

Further operational opportunity

5G INVESTMENTS

Investments driven by higher frequencies

4G Base Station
Baseband: 700Mhz - 2,100Mhz
Typical range: 2km

5G Base Station
Baseband: ~4Ghz, ~26Ghz
Typical range: 0.5km

WORLD OPTICAL FIBER INSTALLATIONS

Forecast*
Million fiber kilometers installed per year

2020 2023
450 600

CAGR ~12%

5G ROLLOUT

- 4G investments tailing off in anticipation of 5G
- Implementation of 5G from telecom networks and governments
- 5G will be enabling applications like self-driving cars, IoT, AI
- Key benefits vs. 4G: Higher bandwidth (>10,000x more traffic), more devices (10-100x) and much lower latency
- Requires different network infrastructure compared to 4G (5G base stations)

Source: Covestro own estimates
Note: Announced acquisition of RFM subject to regulatory approval

FY 2020 | IR Roadshow Presentation
Building a leading sustainable coating resins player

Investment highlights

- Creating a global leader in coating resins
- Diversifying CAS portfolio towards a more balanced product and industry mix
- Shifting CAS portfolio to high growth markets driven by sustainability
- Significant synergies leading to attractive valuation multiple
- Committed to a solid investment grade rating

Note: Announced acquisition of RFM subject to regulatory approval
### Covestro’s rating results and index memberships as of February 2021

<table>
<thead>
<tr>
<th>RATING / INDEX</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>SCORING</th>
<th>BENCHMARK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MSCI</strong></td>
<td>BBB</td>
<td>BBB</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>AAA - CCC</td>
<td>in Specialty Chemicals</td>
</tr>
<tr>
<td><strong>Corporate ESG Performance</strong></td>
<td>B-</td>
<td>B-</td>
<td>B-</td>
<td>A+</td>
<td>D-</td>
<td>Prime Status</td>
<td></td>
</tr>
<tr>
<td><strong>SUSTAINALYTICS</strong></td>
<td>74</td>
<td>75</td>
<td>80</td>
<td>23.3</td>
<td>20.0</td>
<td>max. 100 Points (the lower the better)</td>
<td>in Specialty Chemicals</td>
</tr>
<tr>
<td><strong>ecovadis</strong></td>
<td>73</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
<td>max. 100 Points</td>
<td>Gold Ranking</td>
</tr>
</tbody>
</table>

**Notes:**
- (a) Methodology reversed - the lower the score the better
- (b) Since December 2016, reviewed in June 2020

**FY 2020 | IR Roadshow Presentation**
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 (a)
  - Cl₂
  - NaOH
- Phenol
- Acetone

CORE UNITS / TECHNOLOGY

- DNT Dinitrotoluene
- TDA Diaminotoluene
- MNB Mono-Nitrobenzene
- Aniline
- MDA Methylene Di-aniline
- BPA Bisphenol A
- DPC Diphenylcarbonate
- Phosgene (d)

FINAL PRODUCT

- TDI
- MDI
- Polyether Polylols
- Polycarbonates
  - LPC (b)
  - SPC (c)

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

SALES VOLUMES 2020

- Core: ~4,800kt
- Non-core: ~6,200kt

Notes: Chart contains key feedstock only; simplified illustration
(a) via Deacon or HCl-ODC technology and / or chloralkali electrolysis, (b) Interface process, (c) melt process (d) produced from CO and Cl₂

Purchased raw materials
Covestro activities
Significant synergies from Covestro chemical backbone

CAS backward integration

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

**RAW MATERIALS**
- Toluene
- Nitric acid (HNO₃)
- Benzene
- Phenol
- Acetone
- HMDA
- IPDA
- PACM
- Adipic acid
- HDO/BDO
- PO
- EO

**COVESTRO VALUE CHAIN**

- HCl
- NaOH

**Chlorine**
- Chlorine
- HCl
- HNO₃
- NaOH

- TDI
- Phosgene
- MDI
- Phosgene
- PCS

- H12MDI
- IPDI
- HDI
- Aliphatic isocyanates
- PU dispersions
- Aromatic derivatives
- Elastomers
- TPU
- TPU films
- Specialty Films
- PC films

- Polyester polyols
- Polyether polyols

**Notes:**
(a) via Deacon or HCl-ODC technology and/or Chlorine-Alkali electrolysis
(b) produced from CO and Cl₂
Become the Best of Who we are
Increase our production output by 200kt from existing assets

**TRANSFORM PRODUCTION TO EXPLOIT FULL POTENTIAL**
- “Maximize Asset Availability” to increase our production output by 200kt from existing assets until 2024 across all segments by reducing and avoiding outage times

**INCREASE EFFECTIVENESS AND EFFICIENCY OF FACILITIES**
- Implementing the “right scope of work” with needed inspections, preventive maintenance and repair work
- Executing the “right scope of work” with shortest possible turnaround duration

**DIGITALIZATION AND TECHNICAL PROGRESS AS SUPPORTING LEVERS**
- Eliminating recurring technical failures by technical improvements
- Implementing digital approaches for asset monitoring to early detect anomalies

“If only assets that are available contribute to capacity utilization

“Outstanding asset availability is essential for Covestro’s sustainable growth

Outstanding asset availability is essential for Covestro’s sustainable growth
Entire organization aligned for performance

Full STI annual target achievement requires EBITDA above €2bn

<table>
<thead>
<tr>
<th>UNIFORM BONUS SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Full alignment of all employees (including board) along the same KPIs</td>
</tr>
<tr>
<td>• Criteria with full focus on performance and shareholder value creation</td>
</tr>
<tr>
<td>• 100% payout, as percentage of annual base salary, linked to hierarchy level</td>
</tr>
<tr>
<td>• Total payout at Group level for 0%, 100% and 250% achievement is €0m, ~€180m and ~€450m, respectively</td>
</tr>
<tr>
<td>• Fixed hurdle rates for 2019 - 2021 reflect KPI values in mid-cycle conditions, based on historical review and expected future development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EQUALLY WEIGHTED GROUP METRICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Targets for 100% achievement:</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TRANSPARENT AMBITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Future core volume growth goal of 4% requires growth capex</td>
</tr>
<tr>
<td>• 100% target achievement for ROCE and FOCF implies mid-cycle EBITDA above €2bn for 2019 - 2021e</td>
</tr>
</tbody>
</table>

Notes: (a) WACC = Weighted Average Cost of Capital
## Significant value creation since IPO

### Development of last five years

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core Volume Growth</strong></td>
<td>(%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>(€ million)</td>
<td>11,904</td>
<td>14,138</td>
<td>14,616</td>
<td>12,412</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>(€ million)</td>
<td>2,014</td>
<td>3,435</td>
<td>3,200</td>
<td>1,604</td>
</tr>
<tr>
<td>• Polyurethanes</td>
<td></td>
<td>881</td>
<td>2,179</td>
<td>1,763</td>
<td>648</td>
</tr>
<tr>
<td>• Polycarbonates</td>
<td></td>
<td>704</td>
<td>854</td>
<td>1,036</td>
<td>536</td>
</tr>
<tr>
<td>• Coatings Adhesives Specialties</td>
<td></td>
<td>500</td>
<td>486</td>
<td>464</td>
<td>469</td>
</tr>
<tr>
<td><strong>Earnings per Share</strong></td>
<td>(€)</td>
<td>3.93</td>
<td>9.93</td>
<td>9.46</td>
<td>3.02</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>(€ million)</td>
<td>419</td>
<td>518</td>
<td>707</td>
<td>910</td>
</tr>
<tr>
<td><strong>Free operating cash flow (FOCF)</strong></td>
<td>(€ million)</td>
<td>1,367</td>
<td>1,843</td>
<td>1,669</td>
<td>473</td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>(%)</td>
<td>14.2</td>
<td>33.4</td>
<td>29.5</td>
<td>8.4</td>
</tr>
<tr>
<td><strong>Net financial debt</strong></td>
<td>(€ million)</td>
<td>1,499</td>
<td>283</td>
<td>348</td>
<td>989</td>
</tr>
<tr>
<td><strong>Employees (a)</strong></td>
<td>(FTE)</td>
<td>15,579</td>
<td>16,176</td>
<td>16,770</td>
<td>17,201</td>
</tr>
</tbody>
</table>

Notes:
- (a) status at year-end
# Upcoming IR events

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

## REPORTING DATES

<table>
<thead>
<tr>
<th>Date</th>
<th>Report/Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 28, 2021</td>
<td>Q1 2021 Quarterly Statement</td>
</tr>
<tr>
<td>October 26, 2021</td>
<td>Q3 2021 Quarterly Statement</td>
</tr>
</tbody>
</table>

## ANNUAL GENERAL MEETING

<table>
<thead>
<tr>
<th>Date</th>
<th>Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 16, 2021</td>
<td>Annual General Meeting (virtual)</td>
</tr>
</tbody>
</table>

## BROKER CONFERENCES

<table>
<thead>
<tr>
<th>Date</th>
<th>Conference</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 11, 2021</td>
<td>Goldman Sachs Annual European Chemicals Conference (virtual)</td>
</tr>
<tr>
<td>March 23, 2021</td>
<td>Morgan Stanley Madrid Corporate Day (virtual)</td>
</tr>
<tr>
<td>March 25, 2021</td>
<td>Stifel German Corporate Conference Copenhagen (virtual)</td>
</tr>
<tr>
<td>March 25, 2021</td>
<td>Société Générale Energy Transition &amp; Renewable Energy Conference (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.