Continuing strong earnings performance

Roadshow presentation
Covestro investment highlights

- Group financials Q1’21
- 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%

**Sports / Leisure, Cosmetics, Health, diverse industries**: 19%

**Auto & Transport**: 16%

**Furniture & Wood**: 16%

**Construction**: 13%

**Electro**: 7%

**Chemicals**: 7%

Notes:
- Based on Covestro Annual Report 2020; EMLA = Europe, Middle East Africa, Latin America; NA = 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

### Capacities share in 2020

- **MDI**
  - Others 11%
  - Covestro 19%
- **TDI**
  - Others 23%
  - Covestro 24%
- **Polyether polyols**
  - Others 59%
  - Covestro 10%
- **PC**
  - Others 28%
  - Covestro 26%

#### Top 5: 2025e

- **Top 5: 89%**  
  2025e: Top 5 shares expected to remain broadly stable
- **Top 5: 77%**  
  2025e: Top 5 shares expected to decrease
- **Top 5: 41%**  
  2025e: Industry structures expected to remain stable

#### Covestro

- **Global #3**
  - 1,670kt
  - 6 sites
- **Joint global #1**
  - 790kt
  - 3 sites
- **Global #2**
  - 1,420kt
  - 9 sites
- **Global #1**
  - 1,600kt
  - 5 sites

#### Entry requirements

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

Notes:
(a) Covestro position based on total nameplate capacity at year end 2020 relative to competitors
(b) Covestro including acquired DSM-RFM business closed on April 1, 2021
Source: Covestro estimates
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

MILESTONE 2020
First alternative feedstock sourced

Q1 2021 | IR Roadshow Presentation
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: PURéSmart consortium

- PURéSmart 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
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 setup 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
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, salary increase, investments in digitalization and circularity
• LEAP cost savings to be realized in 2022e and 2023e
• Counterbalancing fix costs inflation, like salary increases, until 2024

FIXED COST DEVELOPMENT Y/Y EXCLUDING INCENTIVE SCHEMES
in € million

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>27</td>
<td>5</td>
<td>402</td>
<td>-45</td>
<td>-150</td>
<td>100 to 200</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 2020 reduced by 700 FTE, further reductions planned

Development of full-time equivalent (FTE)

<table>
<thead>
<tr>
<th>Year</th>
<th>SG&amp;A (a)</th>
<th>Production</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>5,168</td>
<td>10,479</td>
<td>16,770</td>
</tr>
<tr>
<td>2019</td>
<td>4,822</td>
<td>11,162</td>
<td>17,201</td>
</tr>
<tr>
<td>2020</td>
<td>4,543</td>
<td>10,753</td>
<td>16,501</td>
</tr>
<tr>
<td>2021e</td>
<td></td>
<td></td>
<td>16,100</td>
</tr>
<tr>
<td>2021e</td>
<td></td>
<td></td>
<td>16,100</td>
</tr>
</tbody>
</table>

Note:

(a) SG&A = Marketing and general administration
(b) Total = SG&A + Production + R&D
(c) Indicative illustration only

HIGHLIGHTS

- 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; 16,395 FTE as per March 31, 2021
- RFM acquisition to add ~1,800 FTE to total headcount in 2021e
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

<table>
<thead>
<tr>
<th>UN SDGs&lt;sup&gt;(a)&lt;/sup&gt;</th>
<th>NEEDS</th>
<th>SAMPLE APPLICATIONS</th>
<th>DEMAND OUTLOOK</th>
</tr>
</thead>
</table>
| related to climate change: | • Alternative energy sources  
• Zero emission concepts  
• Low-energy buildings | • Energy consumption  
CAGR: ~3%<sup>1</sup>  
• Offshore wind energy  
CAGR: ~19.5%<sup>2</sup> | Core volume growth |
| related to increasing mobility: | • Energy-efficient mobility  
• E-mobility  
• Autonomous driving | • Global car production  
CAGR: ~1.2%<sup>3</sup>  
• Global hybrid & EV prod.  
CAGR: ~35%<sup>4</sup> | |
| related to growing population and prosperity: | • Sustainable fashion  
• Food preservation  
• Medical applications | • Textile coating market  
CAGR: ~2.2%<sup>5</sup>  
• Covestro relevant market  
CAGR: ~3.6%<sup>5</sup> | |
| related to increasing urbanization: | • Energy-efficient lighting  
• Affordable housing  
• Public infrastructure | • Luminaire market  
CAGR: ~3%<sup>6</sup>  
• Luminaire LED  
CAGR: ~12%<sup>7</sup> | |

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
Leading cost positions across business segments and regions

Covestro cash cost positions

**NORTH AMERICA**
Cash cost

**EUROPE**
Cash cost

**ASIA**
Cash cost

**HIGHLIGHTS**

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

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

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Notes:  
- (a) 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 2019
- (b) FY 2019 Cash cost ex gate, 82% utilization rate for all plants based on nameplate capacity; integrated players are shown without contribution margins for BPA, phenyl, acetone etc.
Above mid-cycle earnings level in 2021

EBITDA development between 2014 and 2021e

**HIGHLIGHTS**

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 €2,200m – 2,700m in FY 2021
- Upgraded earnings guidance reflects better than expected margin development in first half of 2021
- Includes RFM acquisition, closed on April 1, 2021
- Mark-to-market (M2M) EBITDA in FY 2021 of ~€3.1bn based on March 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
Raised 2021 earnings outlook confirmed
Updated FY 2021 guidance including RFM acquisition, as of April 13, 2021

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>Previous guidance FY 2021 (as of Feb. 23, 2021)</th>
<th>Updated guidance FY 2021 (as of April 13, 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core volume growth</td>
<td>-5.6%</td>
<td>10 – 15% (t/o ~6%p RFM)</td>
<td>10 – 15% (t/o ~6%p RFM)</td>
</tr>
<tr>
<td>FOCF</td>
<td>€530m</td>
<td>€900m – 1,400m</td>
<td>€1,300m – 1,800m</td>
</tr>
<tr>
<td>ROCE</td>
<td>7.0%</td>
<td>7 – 12%</td>
<td>12 – 17%</td>
</tr>
</tbody>
</table>

Additional financial expectations

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>Previous guidance FY 2021 (as of Feb. 23, 2021)</th>
<th>Updated guidance FY 2021 (as of April 13, 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA FY</td>
<td>€1,472m</td>
<td>€1,700m – 2,200m</td>
<td>€2,200m – 2,700m</td>
</tr>
<tr>
<td>EBITDA Q2</td>
<td>€125m</td>
<td>n. a.</td>
<td>€730m – 870m</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>€776m</td>
<td>~€900m</td>
<td>~€900m</td>
</tr>
<tr>
<td>Financial result</td>
<td>€-91m</td>
<td>~€-100m</td>
<td>~€-100m</td>
</tr>
<tr>
<td>P&amp;L (effective) tax rate</td>
<td>25.0%</td>
<td>24 – 26%</td>
<td>24 – 26%</td>
</tr>
<tr>
<td>Capex(^{(a)})</td>
<td>€704m</td>
<td>~€800m</td>
<td>~€800m</td>
</tr>
<tr>
<td>Average number of outstanding shares (in million)</td>
<td>184.9</td>
<td>193.2</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 ~5% Y/Y
Potential future one-time costs 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
- Dividend yield 2020 of 2.6% (a)

**PORTFOLIO**
- Targeting value-enhancing acquisitions with attractive IRR
- 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 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

Note: (a) Based on share price of €50.48 at year end 2020

Sum of FY 2016 to FY 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
- Single largest capex project Tarragona Chlorine (~€0.2bn)
- Almost 100 projects with capex of more than €10m, with spending spread over several years

Continuous expansions of downstream capacities
- CAS Specialty Films in Dormagen, completed in 2021
- CAS ‘Vulkollan’ elastomers in Thailand until 2022e
- CAS Polyurethane dispersions in China until 2024e
- PCS capacities of differentiated Polycarbonates, globally, ongoing

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

**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

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, paid dividend of €1.30 per share

• 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
Covestro investment highlights

Group financials Q1’21

Segment overview

Acquisition DSM-RFM

Background information
Group results well above pre-pandemic levels of 2019

Group results – Highlights Q1 2021

SALES AND CORE VOLUME GROWTH\(^{(a)}\)

\[
\begin{align*}
\text{Q1 2019} & & 3,175 \\
\text{Q2 2019} & & 3,211 \\
\text{Q3 2019} & & 3,162 \\
\text{Q4 2019} & & 2,864 \\
\text{Q1 2020} & & 2,783 \\
\text{Q2 2020} & & 2,156 \\
\text{Q3 2020} & & 2,760 \\
\text{Q4 2020} & & 3,007 \\
\text{Q1 2021} & & 3,307 \\
\end{align*}
\]

-1.8% \ 1.1% \ 5.3% \ 3.8% \ -4.1% \ -22.7% \ 3.0% \ 1.7% \ 5.3%

Notes:
(a) Reference values calculated on the basis of the definition of the core business effective March 31, 2021

EBITDA AND MARGIN

\[
\begin{align*}
\text{Q1 2019} & & 442 \\
\text{Q2 2019} & & 459 \\
\text{Q3 2019} & & 425 \\
\text{Q4 2019} & & 278 \\
\text{Q1 2020} & & 254 \\
\text{Q2 2020} & & 125 \\
\text{Q3 2020} & & 456 \\
\text{Q4 2020} & & 637 \\
\text{Q1 2021} & & 743 \\
\end{align*}
\]

13.9% \ 14.3% \ 13.4% \ 9.7% \ 9.1% \ 5.8% \ 16.5% \ 21.2% \ 22.5%

HIGHLIGHTS

- Sales increased by 18.8% Y/Y driven by price (+20.2%), whereas volume (+3.4%) was limited by availability; negatively affected by FX (-4.8%)
- Q1 2020 impacted by coronavirus pandemic, mainly in APAC
- Q1 2021 sales +4.2% and volumes +1.0% compared to pre-pandemic levels of Q1 2019

- Compared to Q1 2020, EBITDA strongly benefitted from positive pricing delta as well as from higher volumes, compensating accordingly higher provisions for variable compensation
- In Q1 2021, highest EBITDA margin for nine quarters, but still well below historic margin peak of 28.1% in Q1 2018
Strong demand rebound limited by availability

Q1 2021 – Regional split

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

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales</th>
<th>Core Volume Growth Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>721</td>
<td>Vol. +48.9%</td>
</tr>
<tr>
<td>U.S.</td>
<td>529</td>
<td>Vol. -13.6%</td>
</tr>
<tr>
<td>Germany</td>
<td>432</td>
<td>Vol. +5.2%</td>
</tr>
<tr>
<td>NA</td>
<td>649</td>
<td>Vol. -11.9%</td>
</tr>
<tr>
<td>APAC</td>
<td>1,156</td>
<td>Vol. +27.3%</td>
</tr>
<tr>
<td>EMLA</td>
<td>1,502</td>
<td>Vol. -0.4%</td>
</tr>
<tr>
<td>GLOBAL</td>
<td>3,307</td>
<td>Vol. -0.4%</td>
</tr>
</tbody>
</table>

CORE VOLUME GROWTH Y/Y

- Globally strong demand but ability to grow core volumes was constrained by product availability:
  - Furniture/wood c. -1%, while APAC up 28%
  - Construction c. +3%, driven by EMLA and APAC
  - Auto/transport c. +14%, as APAC up 51%
  - Electro c. +20%, with growth in all regions
  - Divers c. -2%, including medical c. +12%

- APAC: double-digit growth rates in all key industries, clearly driven by demand rebound in China; all comparing against low previous year basis

- EMLA: single-digit growth in all key industries, except single-digit decline in furniture/wood as a consequence of limited polyols availability

- NA: declining volumes as a result of constrained availability in all product groups after US winter storm Uri, while underlying demand was solid

Note: Core volume growth not adjusted for portfolio changes
Higher prices drive sales growth
Q1 2021 – Sales bridge

Volume positive
- Volume increased by +3.4% Y/Y (in €) driven by all three segments
- Difference to core volume growth of 5.3% Y/Y (in kt) mainly due to declining non-core volumes and unfavorable product mix effect
- Volume growth was limited by constrained product availability, mainly owing to US winter storm Uri

Pricing highly positive
- Higher selling prices, mainly in PUR and PCS, drove sales by +20.2% Y/Y

FX negative
- FX affected sales by -4.8% Y/Y mainly driven by weaker USD, CNY, BRL, MXN and INR

<table>
<thead>
<tr>
<th>Q1 2020</th>
<th>Volume</th>
<th>Price</th>
<th>FX</th>
<th>Portfolio</th>
<th>Q1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,783</td>
<td>94</td>
<td>563</td>
<td>-133</td>
<td>0</td>
<td>3,307</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

in € million

+18.8%
EBITDA tripled due to positive pricing delta

Q1 2021 – EBITDA bridge

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

HIGHLIGHTS

Positive volume leverage (a)
• Volume leverage limited to 39% due to unfavorable product and regional mix effect

Highly positive pricing delta
• Vast majority contributed by PUR

Slightly negative FX
• Mainly translational effects

‘Other items’ include:
• €-105m linked to higher provisions for variable compensation
• First time inclusion of €-16m negative one-time effects related to LEAP transformation program
€0.6bn higher quarterly cash flow

**Historical FOCF development**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
<th>Q1 2020</th>
<th>Q1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>+1,063</td>
<td>+442</td>
<td>+254</td>
<td>+743</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>-544</td>
<td>-257</td>
<td>-242(c)</td>
<td>-346</td>
</tr>
<tr>
<td>Capex(a)</td>
<td>-88</td>
<td>-165</td>
<td>-139</td>
<td>-110</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>-56</td>
<td>-79</td>
<td>-90</td>
<td>-50</td>
</tr>
<tr>
<td>Other effects</td>
<td>-11</td>
<td>+14</td>
<td>-32(c)</td>
<td>+81</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- FOCF increased to €318m (€-249m in Q1’20) driven by significantly higher earnings
- Working capital to sales ratio(b) at 21.1%, temporarily above 15-17% target corridor
- Capex of €110m on budget and in line with FY 2021 guidance
- Income tax paid of €50m reflect lower income level in previous quarters
- ‘Other effects’ reflect provisions for variable compensation, cash-effective only in 2022

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Note: Working capital includes changes in inventories, trade accounts receivable and trade accounts payable
(a) Cash-relevant capex
(b) Method of calculation: Working Capital on March 31, 2021, 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
March 31, 2021 – Total net debt

HIGHLIGHTS

- Pension provisions decreased by €348m mainly resulting from higher discount rates in Germany
- Total net debt to EBITDA ratio\(^{(a)}\) of 0.95x at end of Q1 2021 vs. 1.9x at end of Q1 2020
- Equity ratio of 47% at end of Q1 2021 vs. 44% at end of FY 2020
- Committed to a solid investment grade rating

Liquidity at attractive rates

- Balance sheet with ~€2.8bn in cash, cash equivalents and current financial assets
- Strong liquidity position in preparation for RFM acquisition, closed on April 1, 2021
- Undrawn syndicated revolving credit facility (RCF) of €2.5bn in place with ESG element

Note:
(a) Method of calculation: Total net debt on March 31, 2021, divided by EBITDA of last four quarters
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**

<table>
<thead>
<tr>
<th>Key Customer Industries</th>
<th>Sample Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>For comfortable cars</td>
<td>For sustainable houses</td>
</tr>
<tr>
<td>For cozy furniture</td>
<td>For highly efficient appliances</td>
</tr>
</tbody>
</table>

**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 impacted by negative core volume growth in 2020 impacted by the Coronavirus pandemic.
Polyurethanes – constrained industry supply drives earnings

Segment results – Highlights Q1 2021

SALES AND CORE VOLUME GROWTH\(^{(a)}\)

<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>
<th>Q1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,476</td>
<td>1,489</td>
<td>1,478</td>
<td>1,318</td>
<td>1,274</td>
<td>913</td>
<td>1,315</td>
<td>1,519</td>
<td>1,665</td>
</tr>
<tr>
<td>Core vol 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>
<td>2.5%</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

- Core volume growth (in kt) of +2.5% Y/Y, burdened by constrained availability, mainly owing to US winter storm Uri and, as a result, continuing shortages of feedstocks
- Sales increased by 30.7% Y/Y driven by price (+36.1%), whereas volume (+0.2%) was limited by availability; negatively affected by FX (-5.6%)

EBITDA AND MARGIN

<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>
<th>Q1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</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>
<td>26.6%</td>
</tr>
<tr>
<td>Margin</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>
<td>443</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

- Compared to prior year, EBITDA increase driven by strong positive pricing delta in all three product groups, compensating higher provisions for variable compensation
- Sequentially, earnings increase vs. Q4 2020 driven by positive pricing delta
- EBITDA margin of 26.6% in Q1 2021 still well below historic peak of 32.7% in Q1 2018

\(^{(a)}\) Reference values calculated on the basis of the definition of the core business effective March 31, 2021
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

- EMLA: 43%
- APAC: 29%
- NA: 28%
- Auto & Transport: 43%
- Appliances: 28%

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; NA = 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)

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

2015 | 7,350 |
---|---|
2020 | BASE | ~5% |
2025e | HIGH | 6% |
 | LOW | 4% |

MDI SUPPLY DEVELOPMENT (2015 - 2025e)

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

2015 | 8,720 |
---|---|
2020 | BASE | ~5% |
2025e | HIGH | 5% |
 | LOW | 3% |

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 (1,600kt), Juli Heshan (400kt in China), BASF (200kt in USA) and Kumho Mitsui (200kt in South Korea)
- 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

**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 Dahua plant (+200kt) expected as of 2025e

---

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

\(^{(a)}\) kt

\(\%\) growth as CAGR

- 2015: 2,370
- 2020: ~5%
- 2025e: 3,330

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

\(^{(b)}\) kt

\(\%\) growth as CAGR

- 2015: 2,370
- 2020: ~4%
- 2025e: 3,330

---

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
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:**

- Vehicles
- Smartphones
- Medical products
- Buildings
- Cars
- Lenses
- Large roofs

**SAMPLE APPLICATIONS**

- For trendy smartphones
- For bright buildings
- For light-weight cars
- For safe medical products

Notes:

(a) Based on nameplate capacity at year end 2020 as per Covestro estimates

(b) CAGR impacted by negative core volume growth in 2020 impacted by the Coronavirus pandemic
Polycarbonates – margin driven by improving product mix

Segment results – Highlights Q1 2021

**SALES AND CORE VOLUME GROWTH**(a)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales (€ million)</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>
<tr>
<td>Q1 2021</td>
<td>889</td>
<td>11.6%</td>
</tr>
</tbody>
</table>

**EBITDA AND MARGIN**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBITDA (€ million)</th>
<th>EBITDA Margin in %</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>11.7%</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>
<tr>
<td>Q1 2021</td>
<td>222</td>
<td>25.0%</td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- Core volume growth (in kt) of 11.6% Y/Y driven by electro and auto/transport
- Sales grew by +21.3% Y/Y driven by price (+13.8%) and volume (+12.5%); negatively affected by FX (-5.0%)
- Compared to prior year, EBITDA increased mainly due to positive pricing delta and higher volumes, compensating higher provisions for variable compensation
- Sequentially, further EBITDA and margin increase supported by improving product mix
- EBITDA margin of 25.0% in Q1 2021 still well below historic peak of 30.3% in Q3 2018

Notes: (a) Reference values calculated on the basis of the definition of the core business effective March 31, 2021
Execution risks may limit future capacity additions

Historical industry development and outlook

PC DEMAND DEVELOPMENT (2015 - 2025e)

(kt)\(^{(a)}\)
% growth as CAGR

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
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

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:

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

SAMPLE APPLICATIONS

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

Notes:

(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 the termination of trading activities and reduced contract manufacturing CAGR impacted by negative core volume growth in 2020 impacted by the Coronavirus pandemic.
Coatings, Adhesives, Specialties – strong volume growth

Segment results – Highlights Q1 2021

**SALES AND CORE VOLUME GROWTH**(a)

<table>
<thead>
<tr>
<th>Period</th>
<th>Sales (€ million)</th>
<th>Core volume growth Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2019</td>
<td>627</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>621</td>
<td>-4.7%</td>
</tr>
<tr>
<td>Q3 2019</td>
<td>588</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Q4 2019</td>
<td>533</td>
<td>6.2%</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>572</td>
<td>-5.2%</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>443</td>
<td>-25.3%</td>
</tr>
<tr>
<td>Q3 2020</td>
<td>495</td>
<td>-6.9%</td>
</tr>
<tr>
<td>Q4 2020</td>
<td>529</td>
<td>2.8%</td>
</tr>
<tr>
<td>Q1 2021</td>
<td>595</td>
<td>7.1%</td>
</tr>
</tbody>
</table>

**EBITDA AND MARGIN**

<table>
<thead>
<tr>
<th>Period</th>
<th>EBITDA (€ million)</th>
<th>EBITDA Margin</th>
<th>RFM-related one-time effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2019</td>
<td>146</td>
<td>23.3%</td>
<td></td>
</tr>
<tr>
<td>Q2 2019</td>
<td>150</td>
<td>24.2%</td>
<td></td>
</tr>
<tr>
<td>Q3 2019</td>
<td>111</td>
<td>18.9%</td>
<td></td>
</tr>
<tr>
<td>Q4 2019</td>
<td>62</td>
<td>11.6%</td>
<td></td>
</tr>
<tr>
<td>Q1 2020</td>
<td>130</td>
<td>22.7%</td>
<td></td>
</tr>
<tr>
<td>Q2 2020</td>
<td>60</td>
<td>13.5%</td>
<td></td>
</tr>
<tr>
<td>Q3 2020</td>
<td>99</td>
<td>20.0%</td>
<td></td>
</tr>
<tr>
<td>Q4 2020</td>
<td>52</td>
<td>9.8%</td>
<td></td>
</tr>
<tr>
<td>Q1 2021</td>
<td>114</td>
<td>19.2%</td>
<td></td>
</tr>
</tbody>
</table>

**HIGHLIGHTS**

- Core volume growth (in kt) of 7.1% Y/Y driven by growth in all key industries
- Sales grew by +4.0% Y/Y, helped by volume (+5.6%) and price (+2.4%); negatively affected by FX (-4.0%)
- Q1'21 EBITDA includes negative one-time effects of €-2m related to RFM acquisition
- EBITDA decreased -12.3% Y/Y mainly due to higher provisions for variable compensation, while volume growth contributed positively

Notes: (a) Reference values calculated on the basis of the definition of the core business effective March 31, 2021
Growth determined by coronavirus pandemic
Outperformance of High Growth Specialties business

**CAS SALES SPLIT BY BUSINESSES**

- **Elastomers**
  - Vol. +2%
  - 4%

- **Specialty Films**
  - Vol. +1%
  - 12%

- **Thermoplastic Polyurethanes**
  - Vol. +5%
  - 14%

- **Adhesives & Sealants Raw Materials**
  - Vol. +2%
  - 19%

- **Coatings Raw Materials**
  - Vol. -3%
  - 41%

- **Diverse High Growth Specialties**
  - Vol. +4%
  - 9%

**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.
Grow above market with innovative specialty products

CAS Aliphatic isocyanates strategies

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

- **ALI Covestro**
- **ALI Others**

**2010**  |  **2011**  |  **2012**  |  **2013**  |  **2014**  |  **2015**  |  **2016**  |  **2017**  |  **2018**  |  **2019**  |  **2020**  |  **2021e**

**Covestro investments**

**Wanhua investments**

**Vencorex investments**

**DISTRIBUTION BY SUPPLIER**

- Covestro
- Wanhua
- Vencorex
- Evonik
- Other

**DISTRIBUTION BY BASIC MONOMER**

- HDI
- IPDI
- H12MDI
- Other

Global ALI capacity in 2021e: ~500 kt

**“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
Covestro investment highlights

Group financials Q1’21

Segment overview

Acquisition DSM-RFM

Background information
Building a leading sustainable coating resins player

Transaction overview

<table>
<thead>
<tr>
<th>TRANSACTION VALUE</th>
<th>FINANCIAL IMPACT</th>
<th>FINANCING</th>
<th>TIMING</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Enterprise value of €1.55bn</td>
<td>• Acquisition of Resins &amp; Functional Materials (RFM) and innovation ventures</td>
<td>• Covestro is committed to a solid investment grade rating (Moody’s confirmed solid investment grade rating after acquisition announcement)</td>
<td>• Acquisition agreed on Sep 30, 2020</td>
</tr>
<tr>
<td>• 10x EV / 2021 Budget EBITDA</td>
<td>• RFM sales of €916m and EBITDA of €138m in 2020</td>
<td>• Refinancing includes €447m of new equity, successfully realized on Oct 13, and own cash</td>
<td>• Acquisition closed on April 1, 2021</td>
</tr>
<tr>
<td>• 6x EV / 2021 Budget EBITDA including full synergies</td>
<td>• Innovation ventures Additive Manufacturing, NIAGA and Advanced Solar Coatings with sales of €24m and EBITDA of €-30m in 2020</td>
<td></td>
<td>• Integration ongoing, acquisition EPS-accretive from 2022 onwards</td>
</tr>
</tbody>
</table>

€120m synergies by 2025

[Image 856x450 to 922x517]
Resins & Functional Materials and innovation ventures

Key financials in 2020

- **€0.9bn**: Sales
- **€108m**: EBITDA
- **12%**: EBITDA margin
- **€91m**: Free Operating Cash Flow
- **~1,800**: Employees

% of RFM sales:
- **Powder Coating Resins**: 23%
- **Energy Curable Solutions**: 15%
- **Specialty Resins**: 59%
- **Construction**: 12%
- **Furniture**: 8%
- **Telecom**: 6%
- **Others**: 5%
- **Architectural**: 27%
- **Packaging**: 21%
- **Industrial**: 21%
- **NA**: 25%
- **APAC**: 25%
- **EMLA**: 47%

Source: DSM-reported discontinued business before special effects
RFM serves high growth areas driven by sustainability

Coating Resins market by technology in 2019

RFM TECHNOLOGY SPLIT

MARKET TECHNOLOGY SPLIT

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 are a leading supplier of sustainable and high-quality products with low environmental impact
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: 9%
- Industrial: 9%
- Furniture & Wood: 6%
- Other: 42%

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

- Auto & Transport: 15%
- Construction: 12%
- Industrial: 11%
- Packaging: 9%
- Furniture & Wood: 9%
- Architectural: 8%
- Health: 4%
- Other: 32%
Creates a leading coating resins supplier

Industry position in coating resins

Revenue est. (in € billion, 2019)

HIGHLIGHTS

• Covestro now is a global leader in attractive growth market for coating resins
• Covestro with one of the most comprehensive and innovative product portfolios enabling compelling customer value proposition

Source: Covestro estimate
Significant cost synergies of €80m
Identified cost synergies by 2025

**DISTRIBUTION OF COST SYNERGIES**

- Sales & Marketing
- General & Administration
- Purchasing
- Logistics
- Production
- R&D
- Others

**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 priorly 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

**DISTRIBUTION OF REVENUE SYNERGIES**

- **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
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**

- Market Size: ~400kt³
- Market Growth: ~5%⁴

**CAS**

- Water-based PUD¹

**RFM**

- Water-based Acrylic

New business for CAS

Water-based Hybrid

**COMBINING CAS & RFM COATING RESINS**

**COV**

- PUD¹ 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**

- WB² Acrylics mainly addresses industries with lower grade requirements at lower prices

---

Notes:

(1) Polyurethane Dispersions (3) 2019; Covestro own estimates
(2) Water-based (4) CAGR 2021-2024e; Covestro own estimates
Full synergies of €120m expected until 2025

Synergy ramp-up

SYNERGIES AND IMPLEMENTATION COST

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue synergies</th>
<th>Cost synergies</th>
<th>Total synergies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021e</td>
<td>10</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>2022e</td>
<td>40</td>
<td>65</td>
<td>105</td>
</tr>
<tr>
<td>2023e</td>
<td>15</td>
<td>70</td>
<td>90</td>
</tr>
<tr>
<td>2024e</td>
<td>30</td>
<td>80</td>
<td>110</td>
</tr>
<tr>
<td>2025e</td>
<td>40</td>
<td>80</td>
<td>120</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
Adoption of 5G to drive significant acceleration in demand

Further operational opportunity

## 5G INVESTMENTS

<table>
<thead>
<tr>
<th>4G Base Station</th>
<th>5G Base Station</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseband: 700Mhz - 2,100Mhz</td>
<td>Baseband: ~4Ghz, ~26Ghz</td>
</tr>
<tr>
<td>Typical range: 2km</td>
<td>Typical range: 0.5km</td>
</tr>
</tbody>
</table>

Investments driven by higher frequencies

## WORLD OPTICAL FIBER INSTALLATIONS

Forecast*

Million fiber kilometers installed per year

- 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
Building a leading sustainable coating resins player

 Acquisition 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
Covestro investment highlights

Group financials Q1’21

Segment overview

Acquisition DSM-RFM

Background information
Covestro’s rating results and index memberships
as of April 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>MSCI</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>Sustainalytics</td>
<td>B-</td>
<td>B-</td>
<td>B-</td>
<td>A+</td>
<td>D-</td>
<td>A+ - D-</td>
<td>Prime Status</td>
</tr>
<tr>
<td>EcoVadis</td>
<td>74</td>
<td>75</td>
<td>80</td>
<td>23.3</td>
<td>20.0</td>
<td>0 - 100 Points (the lower the better)</td>
<td>max. 100 Points in Specialty Chemicals</td>
</tr>
<tr>
<td>FTSE Russell</td>
<td>73</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
<td></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
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
- Chlorine (a)
- Phenol
- Acetone

**CORE UNITS / TECHNOLOGY**

- DNT: Dinitrotoluene
- TDA: Diaminotoluene
- MNB: Mono-Nitrobenzene
- Aniline
- MDA: Methylene Dianiline
- BPA: Bisphenol A
- DPC: Diphenylcarbonate
- Phosgene (a)
- Phosgene (b)
- Phosgene (c)

**FINAL PRODUCT**

- TDI
- MDI
- Polyether Polyols
- Polycarbonates
- 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

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Synergies from chemical backbone and complementary technologies

CAS backward integration and value chain

**Notes:**
- Simplified illustration, including acquired RFM business
- (a) via Deacon or HCl-ODC technology and/or Chlorine-Alkali electrolysis
- (b) produced from CO and O₂

**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)**

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

- Purchased raw materials
- Covestro activities

**COVESTRO VALUE CHAIN (simplified)**

- Phosgene
- TDI
- MDI
- H₂MDI
- HDI
- IPDI
- PACM
- Aliphatic isocyanates
- PU dispersions
- Polyurethanes
- Polyester polyols
- Polyether polyols
- Polyester polyols
- Alkyd dispersions
- Acrylic dispersions
- UV resins
- Fiber optical materials
- TPU
- Speciality films
- PCS
- PU

**Main raw materials**

- Polyester polyols
- Polyether polyols
- TDI
- MDI
- H₂MDI
- HDI
- IPDI
- PACM
Covestro has long experience in hydrogen
Opportunity of new industrial eco-system

<table>
<thead>
<tr>
<th>Hydrogen is an important molecule for Covestro, Board member Dr. Klaus Schäfer represents the chemical industry on the German Hydrogen Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>As part of the chlorine electrolysis Covestro has decades of experience in the production and use of hydrogen</td>
</tr>
<tr>
<td>As of 2022, Covestro will be one of the first companies certified to produce green hydrogen efficiently using green electricity</td>
</tr>
<tr>
<td>Covestro actively develops and promotes business opportunities for excess hydrogen</td>
</tr>
<tr>
<td>Covestro production sites offer the environment to successfully integrate hydrogen players, start-ups and initiatives into the industrial eco-system</td>
</tr>
</tbody>
</table>
Covestro develops overarching systems for hydrogen application

Selected projects under development

**ENABLING HYDROGEN ECO-SYSTEM**

- Hydrogen production at all major German Covestro production sites
- Covestro provides hydrogen, land, infrastructure and site services for industrial partners
- Covestro will supply green hydrogen for world-largest plant for storing in Liquid Organic Hydrogen Carrier, operated by Hydrogenious
- Covestro Dormagen will host Hydrogenious research activities

**ENABLING HYDROGEN INFRASTRUCTURE**

- Covestro chlorine electrolysis connected to existing hydrogen pipeline grids
- High-pressure filling stations completing the existing hydrogen infrastructure in NRW sites
- Enabling the filling of tanks for hydrogen shipment
- Allowing on-site fueling of hydrogen-driven ships, trucks and trains

**ENABLING GREEN TRANSPORTATION**

- Covestro barge fleet for salt transport to be converted to green hydrogen as fuel
- Green hydrogen provided out of Covestro chlorine electrolysis
- Covestro is partner of RH2INE Project to develop a carbon-free Rhine-Alpine corridor
- Covestro will supply hydrogen filling stations along the river Rhine

**ENABLING GREEN CHEMICALS PRODUCTION**

- Covestro applied for a funded project in Brunsbüttel
- Herein, together with E.ON, Covestro aims to install water electrolysis for green hydrogen and oxygen for use in Covestro chemical production
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

“Only assets that are available contribute to capacity utilization

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

Full STI annual target achievement requires EBITDA above €2bn

UNIFORM BONUS SYSTEM
- Full alignment of all employees (including board) along the same KPIs
- Criteria with full focus on performance and shareholder value creation
- 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, ~€180m and ~€450m, respectively
- Fixed hurdle rates for 2019 - 2021 reflect KPI values in mid-cycle conditions, based on historical review and expected future development

EQUALLY WEIGHTED GROUP METRICS
- Targets for 100% achievement:
  - Core Volume Growth +4.0%
  - FOCF €800m
  - ROCE above WACC*(a) 8pp
- For each metric, payout can range from 0% to 300% relating to Core Volume Growth between 1.5% and 9.0% / FOCF between €400m and €1,600m / ROCE above WACC between 0pp and 24pp
- Max. payout capped at 250%

TRANSPARENT AMBITION
- Future core volume growth goal of 4% requires growth capex
- 100% target achievement for ROCE and FOCF implies mid-cycle EBITDA above €2bn for 2019 - 2021e

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>Core Volume Growth (%)</td>
<td>7.5</td>
<td>3.4</td>
<td>1.5</td>
<td>2.0</td>
<td>-5.6</td>
</tr>
<tr>
<td>Sales (€ million)</td>
<td>11,904</td>
<td>14,138</td>
<td>14,616</td>
<td>12,412</td>
<td>10,706</td>
</tr>
<tr>
<td>EBITDA (€ million)</td>
<td>2,014</td>
<td>3,435</td>
<td>3,200</td>
<td>1,604</td>
<td>1,472</td>
</tr>
<tr>
<td>• Polyurethanes</td>
<td>881</td>
<td>2,179</td>
<td>1,763</td>
<td>648</td>
<td>625</td>
</tr>
<tr>
<td>• Polycarbonates</td>
<td>704</td>
<td>854</td>
<td>1,036</td>
<td>536</td>
<td>553</td>
</tr>
<tr>
<td>• Coatings Adhesives Specialties</td>
<td>500</td>
<td>486</td>
<td>464</td>
<td>469</td>
<td>341</td>
</tr>
<tr>
<td>Earnings per Share (€)</td>
<td>3.93</td>
<td>9.93</td>
<td>9.46</td>
<td>3.02</td>
<td>2.48</td>
</tr>
<tr>
<td>Capex (€ million)</td>
<td>419</td>
<td>518</td>
<td>707</td>
<td>910</td>
<td>704</td>
</tr>
<tr>
<td>Free operating cash flow (FOCF) (€ million)</td>
<td>1,367</td>
<td>1,843</td>
<td>1,669</td>
<td>473</td>
<td>530</td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>14.2</td>
<td>33.4</td>
<td>29.5</td>
<td>8.4</td>
<td>7.0</td>
</tr>
<tr>
<td>Net financial debt (€ million)</td>
<td>1,499</td>
<td>283</td>
<td>348</td>
<td>989</td>
<td>366</td>
</tr>
<tr>
<td>Employees (FTE)</td>
<td>15,579</td>
<td>16,176</td>
<td>16,770</td>
<td>17,201</td>
<td>16,501</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>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 6, 2021</td>
<td>2021 Half-Year Financial Report</td>
</tr>
<tr>
<td>November 8, 2021</td>
<td>Q3 2021 Quarterly Statement</td>
</tr>
</tbody>
</table>

## ANNUAL GENERAL MEETING

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 21, 2022</td>
<td>Annual General Meeting</td>
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## BROKER CONFERENCES

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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</thead>
<tbody>
<tr>
<td>May 6, 2021</td>
<td>Metzler Dialog (virtual)</td>
</tr>
<tr>
<td>May 20, 2021</td>
<td>Citi, Chemicals Conference (virtual)</td>
</tr>
<tr>
<td>June 1, 2021</td>
<td>Kepler Cheuvreux 2nd Digital Pan European ESG Conference (virtual)</td>
</tr>
<tr>
<td>June 2, 2021</td>
<td>Credit Suisse, 2021 Chemicals &amp; Agriculture, Packaging &amp; Cement Conference (virtual)</td>
</tr>
<tr>
<td>June 16, 2021</td>
<td>Deutsche Bank, dbAccess Berlin Conference (virtual)</td>
</tr>
</tbody>
</table>
Disclaimer

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Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Covestro’s public reports, which are available on the Covestro website at www.covestro.com.

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