Efficiency and recovery drive results

Roadshow presentation
Covestro investment highlights

- Group financials 9M 2020
- Segments overview
- Acquisition DSM-RFM
- Background information
Covestro is diversified across geographies and end-markets

Key performance indicators and sales split

€12bn
Sales
2019

4%
Core volume growth
CAGR 2015 - 2019

€0.5bn
FOCF
2019

8.4%
ROCE
2019

€1.6bn
EBITDA
2019

2019 sales

- Polyurethanes (PUR) 47%
- Polycarbonates (PCS) 28%
- Coatings, Adhesives, Specialties (CAS) 19%
- Other 6%
- Sports / Leisure, Cosmetics, Health, diverse industries 29%
- Auto & Transport 19%
- Chemicals 13%
- Furniture & Wood 16%
- Construction 16%
- Electro 7%
- Electro & Wood 16%
- Furniture & Wood 16%
- Construction 16%
- Electro 7%
- Sports / Leisure, Cosmetics, Health, diverse industries 29%
- Auto & Transport 19%
- Chemicals 13%
- Other 6%

Notes:
- Based on Covestro Annual Report 2019; 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>Category</th>
<th>Top 5: 91%</th>
<th>Top 5: 75%</th>
<th>Top 5: 50%</th>
<th>Top 5: 74%</th>
<th>Top 5: 94%</th>
<th>Top 5: 39%</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDI</td>
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<td>TDI</td>
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<tr>
<td>Polyether polyols</td>
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<td>PC</td>
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<tr>
<td>Aliphatic isocyanates</td>
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<td></td>
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<tr>
<td>Polyurethane dispersions</td>
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</tr>
</tbody>
</table>

2024e: Top 5 shares expected to remain broadly stable
2024e: Top 5 shares expected to decrease
2024e: Top 5 shares expected at ~60%
2024e: Industry structures expected to remain stable

Global #3
- 1,470kt
- 6 sites

Joint global #1
- 785kt
- 3 sites

Global #2
- 1,350kt
- 9 sites

Global #1
- 1,500kt
- 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 2019 relative to competitors
Source: Covestro estimates
We will be fully circular
The new vision of Covestro

<table>
<thead>
<tr>
<th>Alternative Raw Materials</th>
<th>Innovative recycling</th>
<th>Renewable energy</th>
<th>Joint solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biomass, CO₂, used materials and waste can replace fossil resources</td>
<td>Energy-efficient technologies allow more used products and waste to be recycled</td>
<td>Wind and sun: clean energy must power the circular economy</td>
<td>Cross-industry collaboration is needed to bring the circular economy forward</td>
</tr>
</tbody>
</table>
We will be fully circular

Examples of various Covestro initiatives

**Alternative raw materials**
- **Replacing fossil resources**
  - Example: Bio-based car top coat
- **Innovative recycling**
  - Energy-efficient technologies
    - Example: Recycled polycarbonates
- **Renewable energy**
  - 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**
  - PURelSmart 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

- 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

- 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

- 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
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- PURelSmart to seek ways of transition from current linear lifecycle of polyurethane (PU) products to a circular economy model
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- Nine partners from six different countries, coordinated by the Belgian company Recticel
ESG ambitions support growth strategy
Covestro non-financial targets for 2025

1. R&D project portfolio to be aligned with UN Sustainable Development Goals

2. 100% of suppliers to be compliant with our sustainability requirements

3. Reduce specific greenhouse gas emissions by 50%

4. Help ten million people in underserved markets with sustainable solutions

5. Getting the most out of carbon by increasing its productivity
Covestro industries grow above global GDP

Growth drivers and industry demand outlook

### UN SDGs (a)

<table>
<thead>
<tr>
<th>Related to Climate Change:</th>
<th>Needs to Be Served</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Zero emission concepts</td>
</tr>
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<td></td>
<td>• Low-energy buildings</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Related to Increasing Mobility:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Energy-efficient mobility</td>
</tr>
<tr>
<td>• Lightweight transportation</td>
</tr>
<tr>
<td>• E-mobility, autonomous driving</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Related to Growing Population:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Food preservation</td>
</tr>
<tr>
<td>• Low-cost durable goods</td>
</tr>
<tr>
<td>• Medical applications</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Related to Increasing Urbanization:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Affordable housing</td>
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<tr>
<td>• Living comfort</td>
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<tr>
<td>• Public infrastructure</td>
</tr>
</tbody>
</table>

### Industry Demand Outlook (b) 2019 - 2024e

- **Coatings, Adhesives, Specialties (d):**
  - 2019: 4.6 '000kt
  - 2024e: ~5.5
  - CAGR: ~4%

- **Polycarbonates:**
  - 2019: 3.5 '000kt
  - 2024e: ~4.3
  - CAGR: ~4%

- **Polyurethanes (c):**
  - 2019: 18.4 '000kt
  - 2024e: ~22.5
  - CAGR: ~4%

Notes:
- (a) Most impacted goals out of 17 Sustainable Development Goals, set by the United Nations’ “2030 Agenda for Sustainable Development”
- (b) Assumes global GDP CAGR 2019 - 2024e of 2.3%, this value may be negatively impacted by the coronavirus pandemic
- (c) Comprises MDI, TDI and polyether polyols; (d) Shows PU raw materials industry demand in coatings, adhesives and sealants (excl. architectural/textile coatings and solvent-borne polyacrylates); additionally TPU, elastomers and PC/TPU films
Leading cost positions across business segments and regions

Covestro cash cost positions

<table>
<thead>
<tr>
<th>NORTH AMERICA</th>
<th>EUROPE</th>
<th>ASIA</th>
<th>HIGHLIGHTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash cost</td>
<td>Cash cost</td>
<td>Cash cost</td>
<td>• Covestro Polycarbonates is one of the two joint cost leaders with cost advantage of ~30% versus the average of 5 least competitive plants</td>
</tr>
<tr>
<td>ME player</td>
<td>European leader</td>
<td>ME player</td>
<td></td>
</tr>
<tr>
<td>Covestro Baytown</td>
<td>Covestro Dormagen</td>
<td>Covestro Baytown</td>
<td></td>
</tr>
<tr>
<td>Covestro Uerdingen</td>
<td>European leader</td>
<td>Covestro Caojing</td>
<td></td>
</tr>
<tr>
<td>Covestro Tarragona</td>
<td>Covestro Antwerpen</td>
<td>Covestro Uerdingen</td>
<td></td>
</tr>
<tr>
<td>Covestro Brunsbuettel</td>
<td>European leader</td>
<td>Covestro Map Ta Phut</td>
<td></td>
</tr>
<tr>
<td>Covestro North American follower</td>
<td>European leader</td>
<td>Covestro Caojing</td>
<td></td>
</tr>
<tr>
<td>Covestro North American laggard</td>
<td>European leader</td>
<td>Covestro Caojing</td>
<td></td>
</tr>
</tbody>
</table>

- Cash cost improvements based on investment projects

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 2018.
(b) FY 2018 Cash cost ex gate, 87% utilization rate for all plants based on nameplate capacity; integrated players are shown without contribution margins for BPA, phenol, acetone etc.

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.
Significant upside towards mid-cycle level

EBITDA development between 2014 and 2020e

HIGHLIGHTS

Significant upside towards mid-cycle level
- Cyclicality driven by supply-demand balance
- 2017 peak due to very high industry utilization
- 2020 burdened by globally declining GDP

EBITDA guidance of between €1.44bn and €1.50bn for FY 2020 (as adjusted on December 8, 2020)
- EBITDA bridge FY 2020e vs FY 2019
  - EBITDA of €1.6bn in FY 2019
  - Pricing delta: plus ~€100m
  - Volume: at or above minus €400m
  - Others: plus ~€200m

EBITDA sensitivities for FY 2020
- Volume leverage: 1pp change in core volumes equals around +/- €50m
- FX sensitivity: 1pp change equals +/- €6m for CNY/EUR and +/- €4m for USD/EUR

Notes:
(a) EBITDA before one-time items in 2014 and 2015
Basic assumptions FY 2020: Exchange rate of EUR/USD ~1.15 and a global GDP decline of ~5% Y/Y
## Earnings guidance raised

**FY 2020 guidance – as adjusted on December 8, 2020**

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>Guidance FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core volume growth</strong></td>
<td>+2.0%</td>
<td>between -5% and -6%</td>
</tr>
<tr>
<td><strong>FOCF</strong></td>
<td>€473m</td>
<td>€400m – 550m</td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>8.4%</td>
<td>Positive mid-single digit</td>
</tr>
</tbody>
</table>

### Additional financial expectations

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>Guidance FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA FY</strong></td>
<td>€1,604m</td>
<td>€1,440m - 1,500m</td>
</tr>
<tr>
<td><strong>D&amp;A</strong></td>
<td>€752m</td>
<td>~€770m</td>
</tr>
<tr>
<td><strong>Financial result</strong></td>
<td>€-91m</td>
<td>~€-105m</td>
</tr>
<tr>
<td><strong>P&amp;L (effective) tax rate</strong></td>
<td>26.8%</td>
<td>24 - 26%</td>
</tr>
<tr>
<td><strong>Capex&lt;sup&gt;(a)&lt;/sup&gt;</strong></td>
<td>€910m</td>
<td>~€700m</td>
</tr>
</tbody>
</table>

**Average number of outstanding shares** (in million)

- Q4: 182.8
- FY: 182.7
- Q4e: 191.5
- FYe: 185.0

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Note: (a) Cash-relevant capex

Basic assumptions FY 2020: Exchange rate of EUR/USD ~1.15 and a global GDP decline of ~5% Y/Y; no further severe restrictions of economic activities to curb the spread of the coronavirus pandemic.
Almost €6bn cash allocated to dividend, capex and share buy-back

Balanced use of cash

Dividend
- 2019 dividend of €1.20 per share
- Dividend yield 2019 of 3.5% (a)

Capex
- Covestro’s industry and cost leadership make growth investment the most value-creating use of cash
- Growth capex focuses mainly on CAS, MDI and PCS
- Maintenance capex to secure safe, reliable and efficient operations

Portfolio
- Disciplined and focused approach
- Targeting value-enhancing acquisitions with attractive IRR
- Announced acquisition of DSM’s Resins and Functional Material business with attractive high margins
- Completed divestments of less attractive low-margin businesses

Share buy-back
- Return excess cash to shareholders
- Authorization for share buy-back program for up to 10% of share capital in place

Notes:
(a) based on share price of €34
(b) including dividend for FY 2015 and dividend for FY 2019
(c) net of €1.0bn announced sales acquisition and €0.6bn sales divestment

€1.5bn paid in dividends (b)
€2.6bn invested in capex
€0.4bn of net sales acquired (c)
€1.5bn of shares bought back

since January 2016
Solid balance sheet and strong liquidity position

September 30, 2020 – Total net debt

**HIGHLIGHTS**

- Total net debt to EBITDA ratio\(^{(a)}\) of 2.9x end of Q3 2020 vs. 1.8x end of 2019
- Equity ratio of 41% end of Q3 2020 vs. 46% end of 2019
- Committed to a solid investment grade rating
- 2019 dividend of €219m paid out in August 2020

**Liquidity at attractive rates**

- Balance sheet with ~€1.8bn in cash, cash equivalents and current financial assets, partially funded through:
  - European investment bank (EIB) loan of €0.2bn for R&D activities
  - Two Eurobonds issued, total amount of €1.0bn
- Undrawn syndicated revolving credit facility (RCF) of €2.5bn in place with ESG element

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\(^{(a)}\) Method of calculation: Total net debt on September 30, 2020, divided by EBITDA of last four quarters
**Investment into organic growth to deliver attractive returns**

**Covestro capex**(a) development 2015 - 2021e

<table>
<thead>
<tr>
<th>REPORTED CAPEX**(a)**</th>
<th>CAPEX**(a)** INDICATION</th>
<th>HIGHLIGHTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td></td>
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<td>2016</td>
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<tr>
<td>2019</td>
<td></td>
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<tr>
<td>2020e</td>
<td></td>
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<tr>
<td>2021e</td>
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</tbody>
</table>

### Future growth capex
- Around half of capex budget in 2020e invested into growth projects
- Single largest project Tarragona Chlorine (~€0.2bn)
- Almost 100 projects with capex of more than €10m, with spending spread over several years

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

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Notes: (a) Cash-relevant capex, prior to initial application of new accounting standard IFRS 16 Leases, effective January 1, 2019
Securing profitable growth in more challenging times

Why invest in Covestro

1. Above GDP volume growth
   driven by innovation and sustainability trends

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

3. Management executing efficiency measures
   streamlining structures, reducing operational costs and global headcount while strict incentive targets in place

4. Capital allocation focused on value creation
   with commitment to profitable growth

5. Full alignment of strategy with ESG criteria
   embodied by non-financial targets
Covestro investment highlights

Group financials 9M 2020

Segments overview

Acquisition DSM-RFM

Background information
### Q3 back in growth mode, reflecting a v-shaped recovery

**Group results**

#### 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>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3,175</td>
<td>3,211</td>
<td>3,162</td>
<td>2,864</td>
<td>2,783</td>
<td>2,156</td>
<td>2,760</td>
</tr>
<tr>
<td>Core volume growth Y/Y</td>
<td>-1.8%</td>
<td>1.1%</td>
<td>5.3%</td>
<td>3.8%</td>
<td>-4.1%</td>
<td>-22.7%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

#### 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>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>442</td>
<td>459</td>
<td>425</td>
<td>278</td>
<td>254</td>
<td>125</td>
<td>456</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>13.9%</td>
<td>14.3%</td>
<td>13.4%</td>
<td>9.7%</td>
<td>9.1%</td>
<td>5.8%</td>
<td>16.5%</td>
</tr>
</tbody>
</table>

### HIGHLIGHTS

- **SALES AND CORE VOLUME GROWTH (a)**
  - Solid core volume growth in FY 2019 of +2.0% Y/Y
  - Severe negative impact from coronavirus pandemic particularly in Q2 2020
  - Q3 2020 with broad demand recovery across industries and geographies with core volumes again above previous year, reflecting a v-shaped recovery

- **EBITDA AND MARGIN**
  - Q4 2019 declined vs. Q3 2019 due to normal seasonality, coupled with ongoing margin pressure in a continuing, challenging industry environment
  - Q1 2020 and particularly Q2 2020 burdened by the coronavirus pandemic
  - In Q3 2020, EBITDA of €456m again above prior year strongly benefitting from saving measures

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**Notes:** (a) Reference values as of 2018 recalculated on the basis of the definition of the core business effective March 31, 2019
Q3 volume recovery partly compensates coronavirus impact

9M 2020 – Regional split

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

- **China**: 1,570 Vol. -4.1%
- **U.S.**: 1,593 Vol. -8.3%
- **NAFTA**: 1,900 Vol. -10.4%
- **EMLA**: 3,312 Vol. -10.4%
- **APAC**: 2,487 Vol. -5.2%
- **Germany**: 988 Vol. -13.5%
- **GLOBAL**: 7,699 Vol. -7.9%

**CORE VOLUME GROWTH Y/Y**

- Despite globally broad-based volume recovery in Q3, after severe negative impact from coronavirus pandemic in Q2, 9M core volume growth of c. -8% Y/Y:
  - Furniture/wood c. -8%, driven by EMLA
  - Electro c. -7%, driven by APAC and NAFTA
  - Construction c. -4%, driven by NAFTA and EMLA
  - Auto/transport c. -21%, driven by all regions
  - Divers c. -2% including medical c. +13%
- APAC: growth in construction
- EMLA: decline particularly in auto/transport
- NAFTA: decline in all key industries, particularly in auto/transport

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

9M 2020 – Sales bridge

<table>
<thead>
<tr>
<th>HIGHLIGHTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Negative volume</strong></td>
</tr>
<tr>
<td>• Decline of -8.1% Y/Y (in €) driven by all segments due to the coronavirus pandemic</td>
</tr>
<tr>
<td><strong>Negative pricing</strong></td>
</tr>
<tr>
<td>• Lower selling prices in all segments negatively impacted sales by -9.1% Y/Y</td>
</tr>
<tr>
<td><strong>Negative FX</strong></td>
</tr>
<tr>
<td>• FX affected sales by -0.8% Y/Y driven by weaker USD and CNY</td>
</tr>
<tr>
<td><strong>Portfolio changes</strong></td>
</tr>
<tr>
<td>• Slight negative impact of -1.4% Y/Y</td>
</tr>
<tr>
<td>• PUR: European system houses divested as of 1st November 2019 (9M 2020: €-49m)</td>
</tr>
<tr>
<td>• PCS: European sheets divested as of 2nd January 2020 (9M 2020: €-90m)</td>
</tr>
</tbody>
</table>

Sales bridge:

- Volume: 9,548
- Price: -771
- FX: -864
- Portfolio: -81
- 9M 2020: 7,699

Price | Volume | FX | Portfolio | 9M 2020
---|---|---|---|---
9,548 | -771 | -864 | -81 | 7,699
Corona-driven volume decline limited by cost savings

9M 2020 – EBITDA bridge

HIGHLIGHTS

Negative volume leverage\(^{(a)}\)
- Relatively high negative volume leverage of 55\% \(^{(a)}\) due to unfavorable mix effects
- Annualized EBITDA loss of ~€70m per 1pp core volume reduction

Negative pricing delta
- Negative price effects in all segments partly offset by favorable raw material prices, particularly in PUR and PCS

Other items
- Cost saving measures contributed strongly
- Provisions for 2020 short-term bonuses at zero

Note: (a) Method of calculation: EBITDA volume contribution / sales volume contribution
Positive FOCF despite significantly lower EBITDA

Historical FOCF development per first 9 months

Note:
Working capital includes changes in inventories, trade accounts receivable and trade accounts payable
(a) Cash-relevant capex
(b) Method of calculation: WC on September 30, 2020, divided by sales of last four quarters

HIGHLIGHTS

- In Q3’20, FOCF up by 48.6% to €361m (€243m in Q3’19) supported by higher earnings, lower capex and positive effects from working capital
- In 9M’20, FOCF virtually unchanged despite ~€500m lower EBITDA
- Working capital to sales ratio⁽ᵇ⁾ at 19.5%
- Lower inventories due to strong demand coupled with constrained availability
- Capex of €463m on track toward FY 2020 guidance of around €700m
- Income tax paid of €115m above P&L income taxes of €38m due to phasing of payments
- „Others“ mainly driven by significantly lower cash out for short-term bonuses (~€40m in Q2’20 vs. ~€350m in Q2’19)
Polyurethanes – earnings strongly up on lower costs

Segment results – Highlights Q3 2020

### Sales and Core Volume Growth

<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>1,476</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>1,498</td>
<td>0.7%</td>
</tr>
<tr>
<td>Q3 2019</td>
<td>1,478</td>
<td>5.1%</td>
</tr>
<tr>
<td>Q4 2019</td>
<td>1,336</td>
<td>3.6%</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>1,274</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>913</td>
<td>-25.9%</td>
</tr>
<tr>
<td>Q3 2020</td>
<td>1,315</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

- Core volume growth (in kt) of +4.3% Y/Y, driven by TDI and MDI
- Core volume growth in all key industries except automotive/transportation
- Sales decreased by -11.0% Y/Y, driven by price (-11.5%) and FX (-3.8%), whereas volume contributed positively (+5.3%)

### EBITDA and Margin

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBITDA</th>
<th>EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2019</td>
<td>1,476</td>
<td>10.6%</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>1,498</td>
<td>11.6%</td>
</tr>
<tr>
<td>Q3 2019</td>
<td>1,478</td>
<td>13.3%</td>
</tr>
<tr>
<td>Q4 2019</td>
<td>1,336</td>
<td>9.2%</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>1,274</td>
<td>3.9%</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>913</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Q3 2020</td>
<td>1,315</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

- Strong sequential EBITDA and margin recovery
- Compared to prior year, EBITDA increased mainly as a result of (i) lower cost driven by saving measures and (ii) volume growth
- Effect from pricing delta was neutral (Y/Y)
Polyurethanes broadly positioned for growth
Sales by business, end-markets and regions

**Notes:** Based on Covestro Annual Report 2019; 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

<table>
<thead>
<tr>
<th>PUR sales split by business</th>
<th>PUR sales split by end-markets</th>
<th>PUR sales split by regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of 2019 sales</td>
<td>% of 2019 sales</td>
<td>% of 2019 sales</td>
</tr>
<tr>
<td>MDI ~40%</td>
<td>Diverse industries (incl. Chemicals) 31% Construction 22% Auto &amp; Transport 11% Appliances 8% 28% Comfort / Furniture</td>
<td>EMLA 43%</td>
</tr>
<tr>
<td>TDI ~20%</td>
<td></td>
<td>NAFTA 29%</td>
</tr>
<tr>
<td>Polyether Polyols ~40%</td>
<td></td>
<td>APAC 28%</td>
</tr>
</tbody>
</table>

Growth driven by MDI and TDI
Growth driven by several industries
Growth driven by all regions
MDI industry supply and demand to remain balanced

Historical industry development and outlook

MDI demand development (2014 - 2024e)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2019</th>
<th>2024e</th>
</tr>
</thead>
<tbody>
<tr>
<td>(kt) (a)</td>
<td>7,460</td>
<td>8,540</td>
<td>~5,3%</td>
</tr>
<tr>
<td>% growth as CAGR</td>
<td>4 - 5%</td>
<td>6%</td>
<td>4%</td>
</tr>
</tbody>
</table>

MDI supply development (2014 - 2024e)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2019</th>
<th>2024e</th>
</tr>
</thead>
<tbody>
<tr>
<td>(kt) (b)</td>
<td>7,460</td>
<td>8,540</td>
<td>~5,3%</td>
</tr>
<tr>
<td>% growth as CAGR</td>
<td>4 - 5%</td>
<td>6%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Industry highlights

- Structurally sound demand of 4% – 5% based on global GDP growth and substitution trends
- Major additions (c) expected until 2024e: Wanhua (800kt in China), BASF (300kt in USA) and Juli Heshan (400kt in China)
- Covestro additions: Brunsbüttel, Germany (200kt, 2020), Caojing, PRC (100kt, 2021e) and Tarragona, Spain (50kt, 2023e)
TDI industry supply and demand getting back in balance

Historical industry development and outlook

TDI demand development (2014 - 2024e)

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2019</th>
<th>2024e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand</td>
<td>3.7%</td>
<td>2,570</td>
<td>BASE</td>
</tr>
</tbody>
</table>
| TDI supply development (2014 - 2024e)

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2019</th>
<th>2024e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand</td>
<td>4.5%</td>
<td>3.150</td>
<td>BASE</td>
</tr>
</tbody>
</table>

Industry highlights

• Major additions\(^{(c)}\) expected until 2024e: Fujian SEEC (150kt in China)
• BASF (80kt, Schwarzheide) closed in March 2020
• Potential industry consolidation in APAC

Notes:
(a) Assumes global GDP CAGR 2019 - 2024e of 2 - 3%, this value may be negatively impacted by the coronavirus pandemic
(b) Based on historical and announced future nameplate capacities
(c) Based on corporate announcements

Source: Covestro estimates
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:

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

Sample applications

Notes:

(a) Based on nameplate capacity at year end 2019 as per Covestro estimates
Core volume growth (in kt) of 3.6% Y/Y driven by all key industries except automotive/transportation; double-digit growth in construction including protective gear.

China posted double-digit volume growth while NAFTA still down double-digit, all Y/Y.

Sales decreased 11.1% Y/Y, driven by price (-8.2%) and FX (-3.4%).

Strong sequential EBITDA growth, double-digit margin further improved.

Compares to prior year, EBITDA increased Y/Y mainly as a results of (i) lower cost driven by saving measures and (ii) positive pricing delta due to lower feedstock prices.
Resilient business to grow to two thirds of portfolio

PCS portfolio management

Development of resilient portion of PCS volumes

Covestro sales volumes in kt

<table>
<thead>
<tr>
<th>Year</th>
<th>Standard business</th>
<th>Resilient business</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>&gt;200kt</td>
<td>&gt;600kt</td>
</tr>
<tr>
<td>1,280kt</td>
<td>additional volumes sold</td>
<td>additional volumes sold</td>
</tr>
<tr>
<td>2019</td>
<td>&gt;200kt</td>
<td>&gt;600kt</td>
</tr>
<tr>
<td>1,500kt</td>
<td>additional volumes sold</td>
<td>additional volumes sold</td>
</tr>
<tr>
<td>mid-term</td>
<td>&gt;200kt</td>
<td>&gt;600kt</td>
</tr>
<tr>
<td>&gt;1,700kt</td>
<td>additional volumes sold</td>
<td>additional volumes sold</td>
</tr>
</tbody>
</table>

Covestro highlights

Product portfolio improvement
- Short-term, product mix deterioration expected due to automotive weakness
- Long-term, goal to increase resilient portion of PC volumes to 65% with structural improvement of average contribution margin

Higher asset utilization
- Volume leverage through significant improvement of capacity utilization by ~15 percentage points
- Significantly higher output from unchanged number of primary production sites

Notes:
(a) Nameplate capacity for PC resins at year end
Resilience measured as standard deviation of contribution margin per kg versus average portfolio
Execution risks may limit future capacity additions

Historical industry development and outlook

PC demand development (2014 - 2024e)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2019</th>
<th>2024e</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC</td>
<td>3.3%</td>
<td>4.560</td>
<td>5%</td>
</tr>
</tbody>
</table>

Notes:
(a) Assumes global GDP CAGR 2019 - 2024e of 2 - 3%, this value may be negatively impacted by the coronavirus pandemic
(b) Based on historical and announced future nameplate capacities
(c) Based on corporate announcements

Source: Covestro estimates

Industry highlights

- Major additions(c) expected until 2024e: Cangzhou Dahua, Hainan Huasheng, Heng Yuan, SABIC-Sinopec, Shenma, Wanhua, ZPC, Xingyun
- Numerous announced projects with high uncertainties regarding actual timing and scope
- Covestro additions: Caojing, PRC (+150kt in multiple steps until 2024e, optional +50kt thereafter)
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 2019 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.
Coatings, Adhesives, Specialties – sequential rebound

Segment results – Highlights Q3 2020

**Sales and Core Volume Growth**

<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>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>
</tbody>
</table>

**EBITDA and Margin**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBITDA (€ million)</th>
<th>EBITDA Margin (% of Sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2019</td>
<td>146</td>
<td>23.3%</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>150</td>
<td>24.2%</td>
</tr>
<tr>
<td>Q3 2019</td>
<td>111</td>
<td>18.9%</td>
</tr>
<tr>
<td>Q4 2019</td>
<td>62</td>
<td>11.6%</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>130</td>
<td>22.7%</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>60</td>
<td>13.5%</td>
</tr>
<tr>
<td>Q3 2020</td>
<td>99</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

**Highlights**

- Core volumes declined by 6.9% Y/Y
- Demand affected by continued weakness in automotive and for coatings raw materials
- Sales decreased by -15.8% Y/Y, driven by volume (-8.3%), price (-5.0%) and FX (-2.5%)
- Strong sequential EBITDA growth, driven by higher volumes and lower costs
- Compared to prior year, EBITDA decreased by 10.8% mainly due to negative volume leverage and negative pricing delta, partly compensated by cost saving measures
Solid underlying growth despite challenging environment

Outperformance of High Growth Specialties businesses

CAS sales split by businesses

Covestro sales share FY 2019(a), rounded
Core volume growth, CAGR 2015-2019

Diverse High Growth Specialties
Vol. +5%

Elastomers
Vol. +4%

Specialty Films
Vol. +4%

Thermoplastic Polyurethanes
Vol. +8%

Adhesives & Sealants Raw Materials
Vol. +5%

Coatings Raw Materials
Vol. -1%

Highlights

• Adjusted core volume growth of 2.1% CAGR in 2015-2019(a)
• Growth driven by all businesses except coatings raw materials
• High Growth Specialties businesses generate ~38% of sales: Thermoplastic Polyurethanes (TPU), Specialty Films and Elastomers
• Coatings raw materials businesses burdened by weak end markets like automotive

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 planned termination of trading activities and reduced contract manufacturing
Building a leading sustainable coating resins player

Transaction overview

Transaction value
- Enterprise value of €1.55bn
- 10.3x EV / 2021 Budget EBITDA
- 5.7x EV / 2021 Budget EBITDA including full synergies

Financial impact
- Announced acquisition of Resins & Functional Materials (RFM) and innovation ventures
  - RFM sales of €984m and EBITDA of €141m in 2019
  - Innovation ventures Additive Manufacturing, NIAGA and Advanced Solar Coatings with sales of €28m and EBITDA of €-8m in 2019
  - €120m synergies by 2025

Financing
- Full bridge financing in place
- Covestro is committed to a solid investment grade rating (Moody’s confirmed solid investment grade rating after acquisition announcement)
- Refinancing will be a combination of €447m equity (successfully realized on Oct 13), ≤€600m long-term debt and ~€550m own cash

Timing
- Acquisition agreed on Sep 30, 2020
- Subject to regulatory approvals including antitrust clearance
- Closing expected in Q1 2021
RFM is a global leader of sustainable coating resins

RFM key financials in 2019

- **€1.0bn** Sales
- **€141m** EBITDA
- **14%** EBITDA margin
- **€93m** Free Operating Cash Flow
- **~1,800** Employees

% of RFM sales

- **57%** Specialty Resins
- **17%** Energy Curable Solutions
- **26%** Powder Coating Resins
- **8%** Construction
- **8%** Furniture
- **13%** Telecom
- **16%** Industrial
- **19%** Packaging
- **29%** Architectural
- **25%** NAFTA
- **48%** EMLA
- **27%** APAC

- **€141m** EBITDA
- **€93m** Free Operating Cash Flow

EBITDA margin:

- **14%**

Employees:

- **~1,800**
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

Source: Covestro estimate
Bolt-on acquisition diversifies industry portfolio

CAS by industries

**HIGHLIGHTS**

- RFM will increase CAS sales by €1.0bn to €3.4bn (25% of Covestro sales\(^{(a)}\)) with complimentary product portfolio
- CAS Coating Resins sales will increase to €2.1bn (60% of CAS) with balanced portfolio of customer industries
- 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 ~€2.4bn (2019)**

- Auto & Transport: 23%
- Construction: 15%
- Health: 9%
- Other: 38%
- Furniture & Wood: 8%
- Industrial: 7%

**CAS/RFM SALES ~€3.4bn (2019 pro-forma)**

- Auto & Transport: 16%
- Construction: 13%
- Health: 9%
- Packaging: 8%
- Industrial: 11%
- Architectural: 5%
- Furniture & Wood: 8%
- Other: 30%
Creates a leading coating resins supplier

Industry position in coating resins

HIGHLIGHTS

- 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

Revenue est. (in € billion, 2019)
Significant cost synergies of €80m
Identified cost synergies by 2025

DISTRIBUTION OF COST SYNERGIES

- €80m
- Sales & Marketing
- General & Administration
- Purchasing
- Production
- Logistics
- 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 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**

- Cross-selling
- Digital sales
- 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**

- Market Size: ~400kt
- Market Growth: ~5%

CAS
- Water-based PUD

New business for CAS
- Water-based Hybrid

RFM
- Water-based Acrylic

**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
Full synergies of €120m expected until 2025

Synergy ramp-up

**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 third 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**

- 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

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>450</td>
<td>600</td>
</tr>
<tr>
<td>CAGR</td>
<td>~12%</td>
<td></td>
</tr>
</tbody>
</table>

**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)

* Covestro own estimates
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
Covestro investment highlights

Group financials 9M 2020

Segments overview

Acquisition DSM-RFM

Background information
Early and decisive measures taken to manage the crisis
Short- and long-term cost improvements

<table>
<thead>
<tr>
<th>Short-term measures</th>
<th>Long-term measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Additional savings</strong></td>
<td><strong>Efficiency program “Perspective”</strong></td>
</tr>
<tr>
<td>Initial target of €200m cost savings in 2020, published in February</td>
<td>✔ Streamline standard business</td>
</tr>
<tr>
<td>Half contributed by cost avoidance vs. budget, half contributed by various cost reductions</td>
<td>✔ Extend differentiation</td>
</tr>
<tr>
<td><strong>In response to coronavirus pandemic</strong></td>
<td>Target areas: E2E supply chain, procurement, commercial, general and administration</td>
</tr>
<tr>
<td>Target increased to more than €300m(^{(a)}) in 2020, published in April</td>
<td>✔ Reduce ~900 FTE globally in non-production areas on track, reduce to below 16,800 FTE by year end 2020</td>
</tr>
<tr>
<td>Lower Opex in line with reduced Capex budget, lower travel and supply chain costs, various contingency measures</td>
<td>✔ Achieve cumulative savings of €350m on track</td>
</tr>
</tbody>
</table>

\(> €300\text{m in 2020}\)^{(a)}

\(> €100\text{m Y/Y in 2020}\)

Notes:
(a) Total sum, in a Y/Y comparison short-term cost savings of more than €200m
Target to reduce headcount below 2018 level

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>2020e</td>
<td></td>
<td></td>
<td>16,500</td>
</tr>
</tbody>
</table>

Notes:
(a) SG&A = Sales, General and Administration
(b) Total = SG&A + Production + R&D

Highlights
• Marketing and general administration FTE reduced in 2019 as a result of “Perspective” restructuring
• Production personnel increased in 2019 to equip extended production facilities and to enable growth projects as well as to compensate for upcoming retirements
• Plan to reduce year end 2020 FTE to ~16,800 achieved by June 2020 already
• Aiming to further reduce the global headcount until year-end 2020; end of Q3 2020 Covestro employed 16,626 FTE
**Covestro’s rating results and index memberships as of October 2020**

<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>Prime</strong></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><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</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>
<tr>
<td><strong>FTSE Russell</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>vigeoEiris</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Inclusion in FTSE4Good Index</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Not included in Vigeo Eiris</td>
</tr>
</tbody>
</table>

- **MSCI**: BBB BBB A A A, AAA - CCC in Specialty Chemicals
- **Prime**: B- B- B- A+ D-, A+ - D- Prime Status
- **SUSTAINALYTICS**: 74 75 80 23.3 20.0, max. 100 Points 0 - 100 Points (the lower the better) in Specialty Chemicals
- **ecoVadis**: 73 80, max. 100 Points Gold Ranking
- **FTSE Russell**: Inclusion in FTSE4Good Index
- **vigeoEiris**: Not included in Vigeo Eiris Eurozone 120 Index since Dec 2019

(a) Methodology reversed - the lower the score the better
(b) Since December 2016, reviewed in June 2020
(c) Covestro currently ranked in 121st position
Synergies in scale, process technology and chemical know-how

One chemical backbone across all segments

Infrastructure
- 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
- Phenol
- Acetone
- Hydrogen (H₂)
- Carbon Monoxide (CO)
- Cl₂
- NaOH
- e.g. via reformer

Core Units / Technology
- DNT
  - Dinitrotoluene
- TDA
  - Diaminotoluene
- MNB
  - Mono-Nitrobenzene
- Aniline
- MDA
  - Methylene Dianiline
- Phosgene
  - TDI
- Polyether Polyols
- BPA
  - Bisphenol A
- DPC
  - DiphenylCarbonate
- LPC
  - Polycarbonates
- SPC
  - Phenol

Final product

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

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 2019
- Core: ~5,100kt
- Non-core: ~6,800kt

Covestro activities

Purchased raw materials
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
- Propylene oxide
- Ethylene oxide

**Core Units / Technology**
- Phosgene
- TDI
- MDI
- PCS
- Aliphatic derivatives
- Polyester polyols
- Polyether polyols

Notes:
- Chart contains key feedstock only; simplified illustration
- (a) via Deacon or HCl-ODC technology and / or chloralkali electrolysis
- (b) produced from CO and Cl₂
**Entire organization aligned for performance**

Full STI annual target achievement requires EBITDA above €2bn

<table>
<thead>
<tr>
<th>Uniform bonus system</th>
<th>Three equally weighted Group metrics</th>
<th>Transparent ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Full alignment of all employees (including board) along the same KPIs</td>
<td>• Targets for 100% achievement:</td>
<td>• Future core volume growth goal of 4% requires growth capex</td>
</tr>
<tr>
<td>• Criteria with full focus on performance and shareholder value creation</td>
<td></td>
<td>• 100% target achievement for ROCE and FOCF implies mid-cycle EBITDA above €2bn for 2019 - 2021e</td>
</tr>
<tr>
<td>• 100% payout, as percentage of annual base salary, linked to hierarchy level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Total payout at Group level for 0%, 100% and 250% achievement is €0m, ~€180m and ~€450m, respectively</td>
<td></td>
<td></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>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **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%

Notes: (a) WACC = Weighted Average Cost of Capital
Significant value creation since IPO
Development of last five years

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core Volume Growth</strong> (%)</td>
<td>2.7</td>
<td>7.5</td>
<td>3.4</td>
<td>1.5</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Sales (€ million)</strong></td>
<td>12,082</td>
<td>11,904</td>
<td>14,138</td>
<td>14,616</td>
<td>12,412</td>
</tr>
<tr>
<td><strong>EBITDA (€ million)</strong></td>
<td>1,419</td>
<td>2,014</td>
<td>3,435</td>
<td>3,200</td>
<td>1,604</td>
</tr>
<tr>
<td>• Polyurethanes</td>
<td>487</td>
<td>881</td>
<td>2,179</td>
<td>1,763</td>
<td>648</td>
</tr>
<tr>
<td>• Polycarbonates</td>
<td>558</td>
<td>704</td>
<td>854</td>
<td>1,036</td>
<td>536</td>
</tr>
<tr>
<td>• Coatings Adhesives Specialties</td>
<td>484</td>
<td>500</td>
<td>486</td>
<td>464</td>
<td>469</td>
</tr>
<tr>
<td><strong>Earnings per Share (€)</strong></td>
<td>2.21</td>
<td>3.93</td>
<td>9.93</td>
<td>9.46</td>
<td>3.02</td>
</tr>
<tr>
<td><strong>Capex (€ million)</strong></td>
<td>509</td>
<td>419</td>
<td>518</td>
<td>707</td>
<td>910</td>
</tr>
<tr>
<td><strong>Free operating cash flow (FOCF) (€ million)</strong></td>
<td>964</td>
<td>1,367</td>
<td>1,843</td>
<td>1,669</td>
<td>473</td>
</tr>
<tr>
<td><strong>ROCE (%)</strong></td>
<td>9.5</td>
<td>14.2</td>
<td>33.4</td>
<td>29.5</td>
<td>8.4</td>
</tr>
<tr>
<td><strong>Net financial debt (€ million)</strong></td>
<td>2,211</td>
<td>1,499</td>
<td>283</td>
<td>348</td>
<td>989</td>
</tr>
<tr>
<td><strong>Employees (FTE)</strong></td>
<td>15,761</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>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 23, 2021</td>
<td>2020 Annual Report</td>
</tr>
<tr>
<td>April 28, 2021</td>
<td>Q1 2021 Interim Statement</td>
</tr>
</tbody>
</table>

### Sellside Event

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 26, 2020</td>
<td>Sellside Roundtable: Deep-dive on segment Coatings, Adhesives, Specialties (virtual)</td>
</tr>
</tbody>
</table>

### Annual General Meeting

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

### Broker conferences

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 10, 2020</td>
<td>Morgan Stanley Global Chemicals Conference (virtual)</td>
</tr>
<tr>
<td>November 11-12, 2020</td>
<td>UBS European Chemicals Conference (virtual)</td>
</tr>
<tr>
<td>November 12, 2020</td>
<td>Goldman Sachs Carbonomics Conference (virtual)</td>
</tr>
<tr>
<td>November 19, 2020</td>
<td>Société Générale European ESG-SRI Conferences (virtual)</td>
</tr>
<tr>
<td>December 1, 2020</td>
<td>Bank of America Securities Materials and Infrastructure Conference 2020 (virtual)</td>
</tr>
<tr>
<td>December 3, 2020</td>
<td>Société Générale The Premium Review (virtual)</td>
</tr>
<tr>
<td>January 12-13, 2021</td>
<td>Commerzbank, German Investment Seminar (virtual)</td>
</tr>
<tr>
<td>January 18, 2021</td>
<td>Kepler Cheuvreux, German Corporate 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.