



# Navigating adverse economic climate

Financial Reporting  
Q4/FY 2025

Investor Relations

# Forward-looking statements



- 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](http://www.covestro.com)
- The company assumes no liability whatsoever to update these forward-looking statements or to adjust them to future events or developments



# FY 2025 Key Facts



## FINANCIAL HIGHLIGHTS



**Sales: €12.9bn**



**EBITDA: €740m**



**FOCF: €-283m**



**STRONG transformation savings: ~€275m**



## NON-FINANCIAL HIGHLIGHTS



**Covestro and XRG commence strategic partnership - transaction successfully closed**



**GHG Emissions: -4.3% to 21.9m tons<sup>(1)</sup>**



**Renewable Electricity: +4pp to 20%**

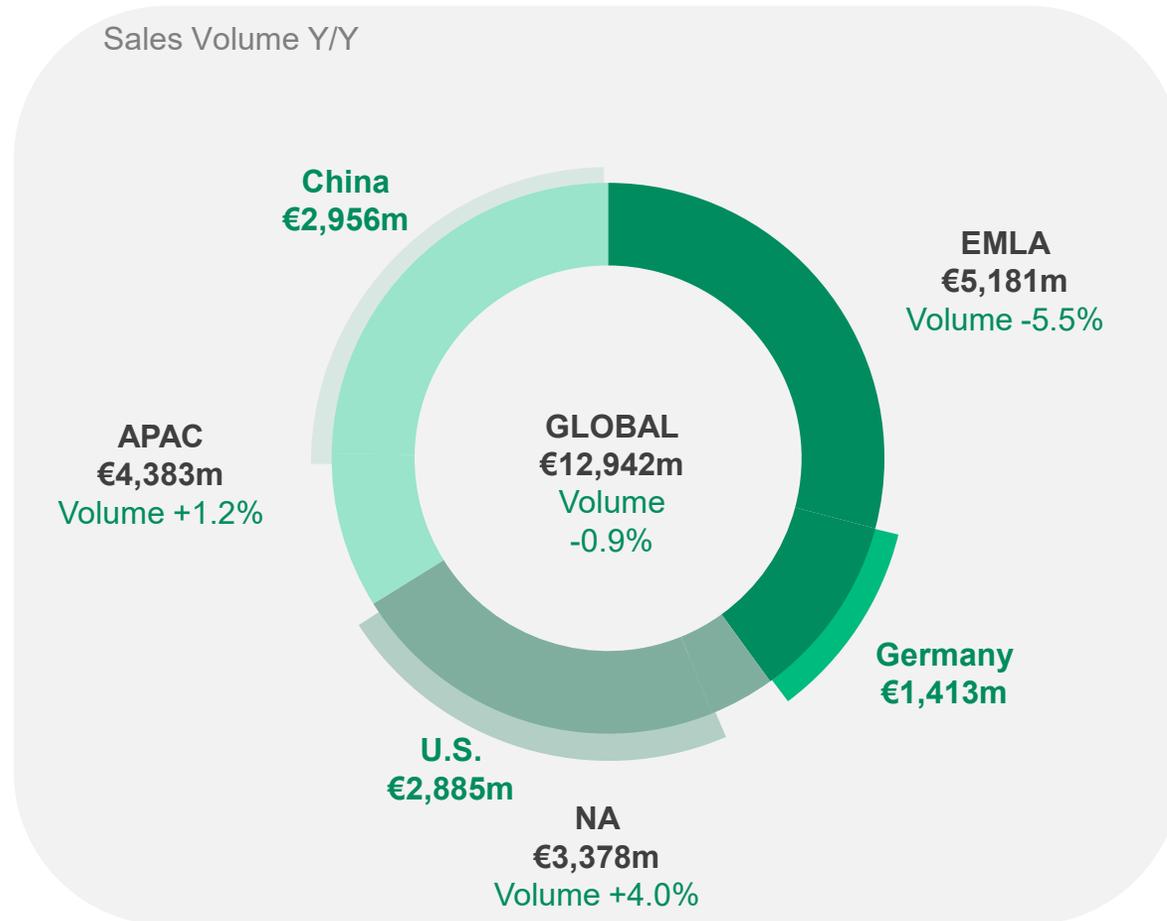


**Strengthening of S&S segment through two bolt-on acquisitions<sup>(2)</sup>**



# Flat volumes despite difficult economic environment

## FY 2025 – Regional Split



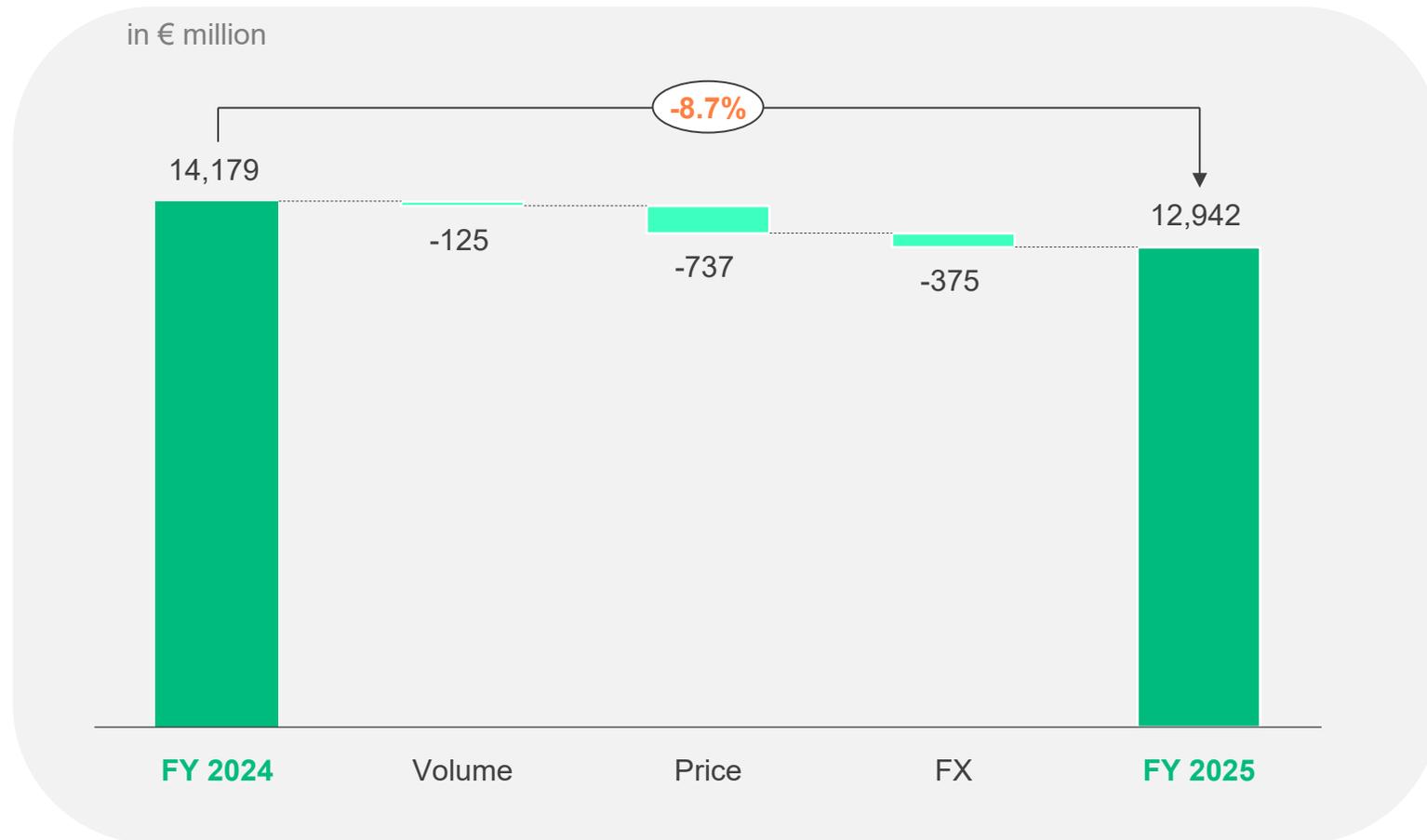
### HIGHLIGHTS

- Year-on-year development by industries:
  - Auto flat development
  - Furniture/wood low single-digit % decline
  - Electro mid-single-digit % decline
  - Construction low single-digit % increase
- **EMLA:** Ongoing demand weakness in electro, construction and auto, each with slight decline; positive development in furniture with slight increase despite Dormagen TDI production limitation
- **NA:** Auto with slight decline, while construction and electro with slight increase, furniture with significant growth
- **APAC:** Construction with significant increase, auto with slight increase while export-oriented industries electro and furniture with significant decline



# Lower sales mainly caused by lower prices and FX

## FY 2025 – Sales bridge



### HIGHLIGHTS

#### Volume negative

- Volume decrease of 0.9% Y/Y

#### Pricing negative

- Pricing affected sales by -5.2%
- Performance Materials strongly affected (-6.7% Y/Y) whereas Solutions & Specialties declined less (-3.8% Y/Y)

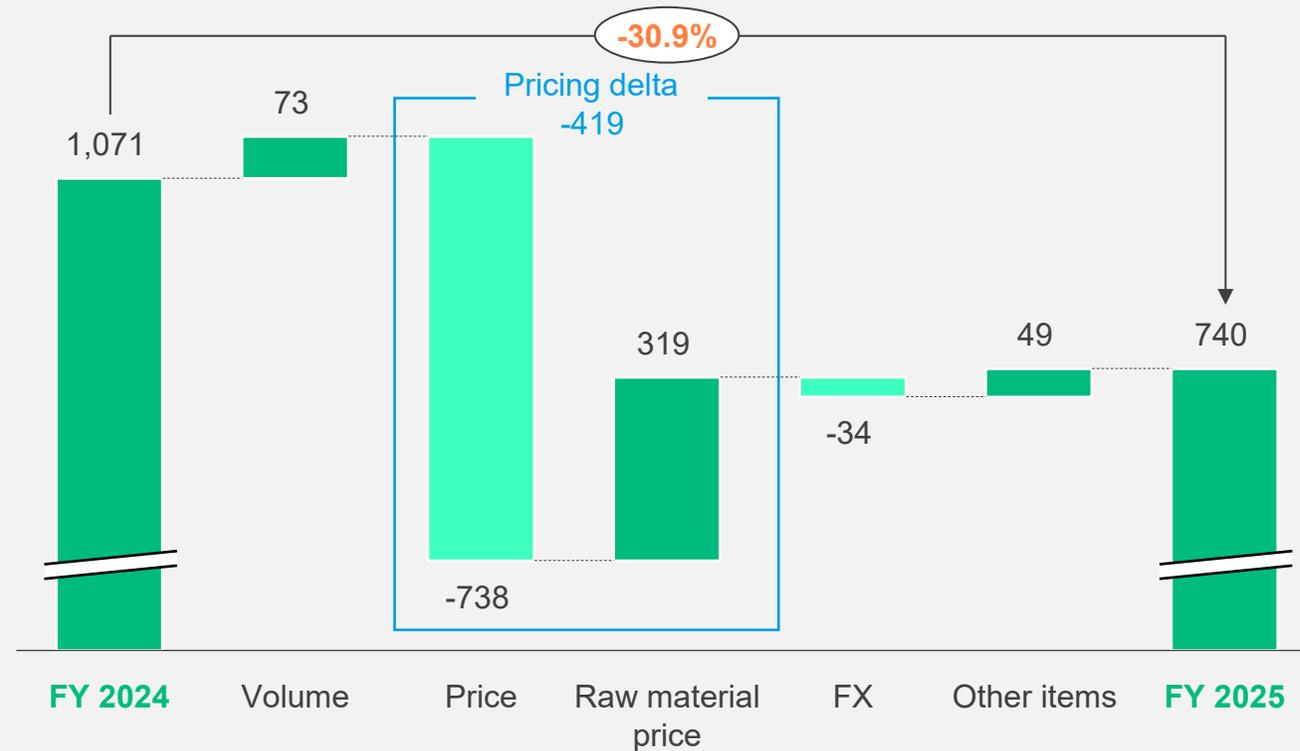
#### FX negative

- FX affected sales by -2.6% Y/Y mainly driven by RMB, USD, MXP and INR

# EBITDA mainly burdened by negative pricing delta

## FY 2025 – EBITDA bridge

in € million



### HIGHLIGHTS

#### Positive volume

- Volume increase of 6.8% Y/Y due to mix effects

#### Negative pricing delta

- Strong margin decline due to unfavorable supply-demand situation

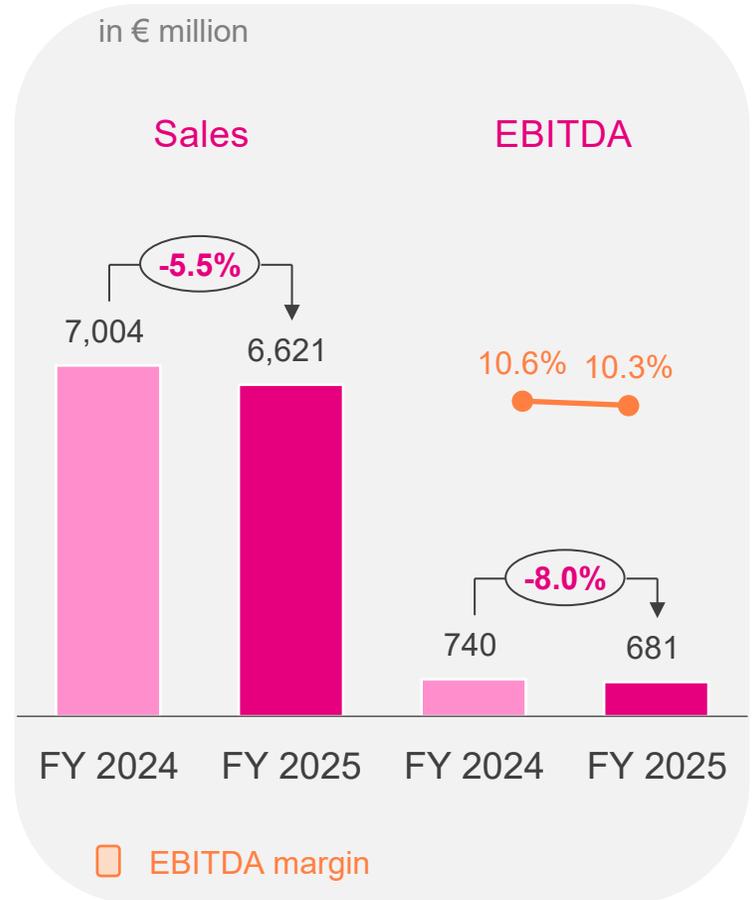
#### Other items

- €51m lower income from 2024 insurance reimbursement for the Dormagen chlorine event
- Lower provisions for short- and long-term variable compensation of €106m
- In FY 2025, €200m restructuring cost associated with transformation program STRONG



# Exhibiting higher EBITDA resilience

## Solutions & Specialties segment



### HIGHLIGHTS 2025

- Sales mainly down due to price pressure in long markets
- Sales volume increase of 1.2% Y/Y within difficult environment
- EBITDA margin stable

### OUTLOOK 2026

- EBITDA expected around<sup>(1)</sup> 2025 level

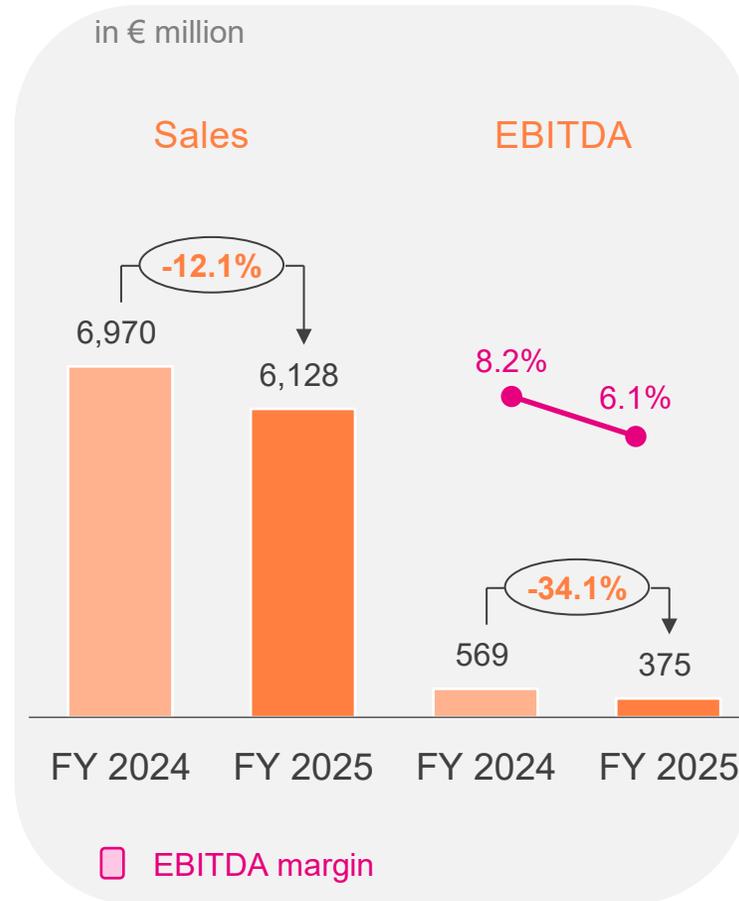
### SEGMENT PROFILE

- **Success factors** – Focus on innovative products and manage complexity
- **Products** – Coatings and Adhesives raw materials, Polycarbonate compounds, Specialty-MDI and polyols, Specialty Films, Elastomers and Thermoplastic Polyurethanes



# Margin squeeze impacting EBITDA

## Performance Materials segment



### HIGHLIGHTS 2025

- Sales down mainly caused by lower prices and lower volumes
- Sales volume decrease of 2.9% Y/Y caused by Dormagen fire incident
- EBITDA margin decrease due to margin squeeze

### OUTLOOK 2026

- EBITDA expected around<sup>(1)</sup> 2025 level

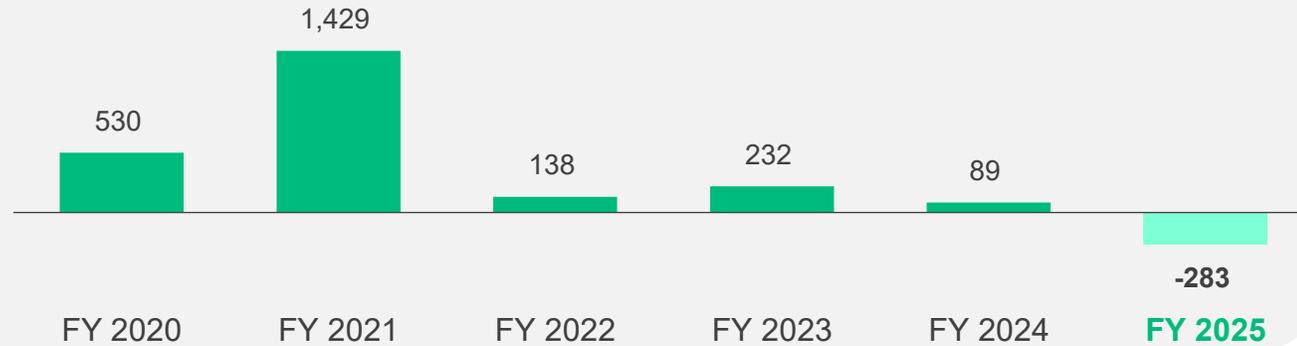
### SEGMENT PROFILE

- **Success factors** – Leverage leading cost position with highest possible asset utilization
- **Products** – Standard MDI, TDI, polyols, Polycarbonate resins and basic chemicals

# Negative FOCF due to lower EBITDA

## Historical FOCF development

in € million



	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>EBITDA</b>	+1,472	+3,085	+1,617	+1,080	+1,071	<b>+740</b>
<b>Changes in working capital<sup>(1)</sup></b>	-100 <sup>(3)</sup>	-727	+312	+250	+43	<b>+70</b>
<b>Capex<sup>(2)</sup></b>	-704	-764	-832	-765	-781	<b>-770</b>
<b>Income tax paid</b>	-155	-546	-538	-383	-219	<b>-192</b>
<b>Other effects<sup>(3)</sup></b>	+17	+381	-421	+50	-25	<b>-131</b>

### HIGHLIGHTS

- Q4 2025 FOCF of €87m
- FY 2025 FOCF decline Y/Y driven by lower EBITDA
- Working capital to sales ratio<sup>(4)</sup> stable at 16.8% (FY 2024: 16.9%), eliminating effect of lower sales and lower working capital at year-end
- FY 2025 capex of €770m in-line with the guidance of €700-800m
- FY 2025 income taxes impacted by geographical earnings mix
- “Other effects” including bonus payment for FY2024 in Q2 2025



# Negative net income due to significantly lower EBIT

## P&L statement FY 2025

In € million	FY 2024	FY 2025	% of FY25 SALES	Δ Y/Y
Sales	14,179	12,942	100%	-8.7%
<b>EBITDA</b>	1,071	740	5.7%	-30.9%
D&A excl. impairments	-842	-861	-6.7%	2.3%
Impairments	-142	-226	-1.7%	59.2%
<b>EBIT</b>	87	-347	-2.7%	-498.9%
Financial result	-114	-145	-1.1%	27.2%
<b>EBT</b>	-27	-492	-3.8%	n.m
Income taxes excl. DTA adjustments	-23	93	0.7%	n.m-
DTA adjustments	-222	-245	-1.9%	10.4%
<b>Net income<sup>(1)</sup></b>	<b>-266</b>	<b>-644</b>	-5.0%	142.1%
Earnings per share (in €) <sup>(2)</sup>	-1.41	-3.39	-	140.4%

### HIGHLIGHTS

#### Impairments

- Q4 2025 impairment loss of €208m mainly due to deterioration of business prospects in the light of ongoing challenging economic conditions mostly attributed to assets in Performance Materials

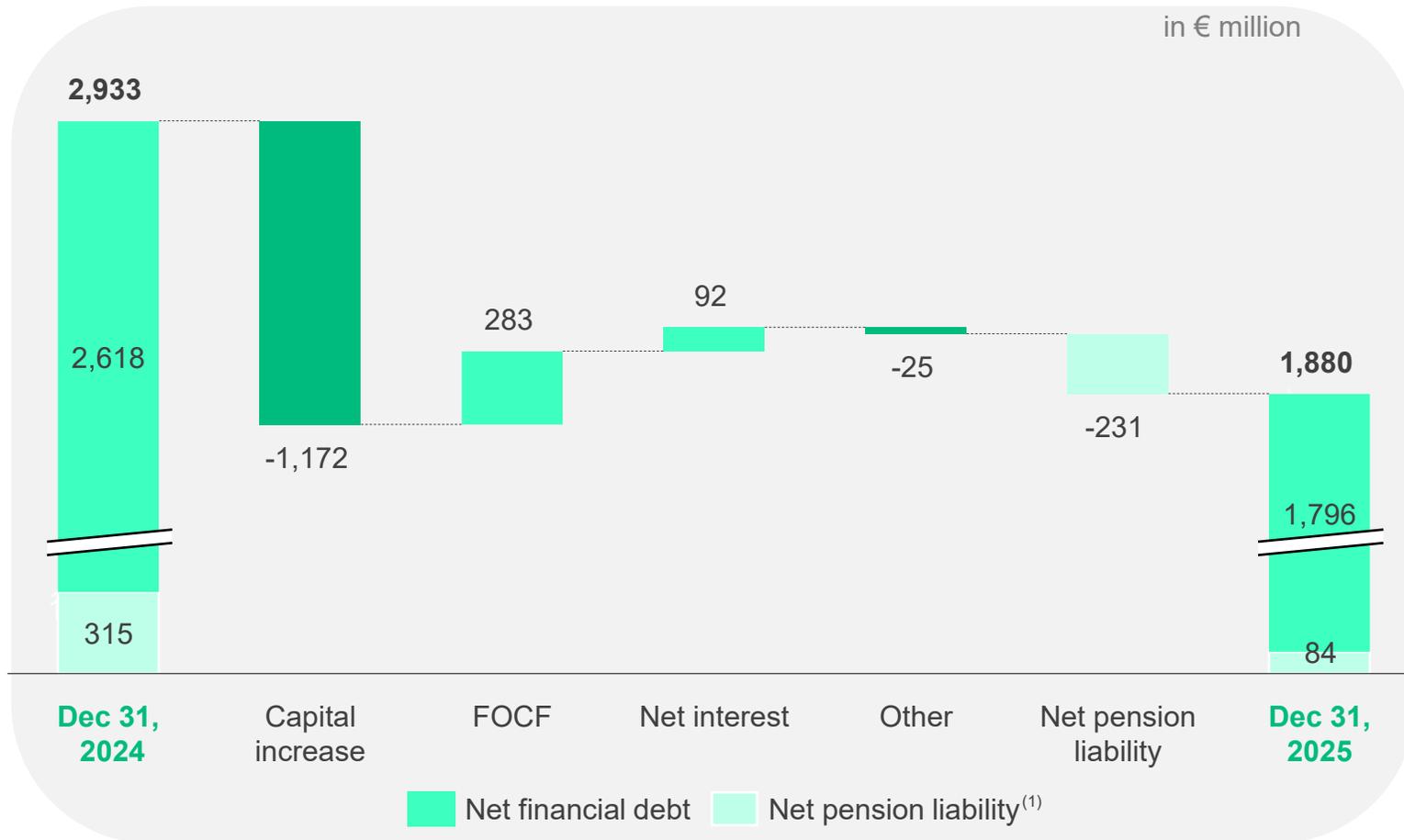
#### Deferred tax assets (DTA)

- Not recognized deferred tax assets on tax loss carryforwards and temporary differences
- DTA adjustments of €245m in FY 2025 mainly due to negative earnings, mainly in Germany, the Netherlands and US



# Total net debt decrease through capital increase

December 31, 2025 – Total net debt



## HIGHLIGHTS

- Total net debt / EBITDA ratio<sup>(2)</sup> of 2.5x at the end of FY 2025 compared to 2.7x at the end of FY 2024
- Capital increase of €1.17bn representing 10% of registered capital fully awarded to XRG as agreed in the ADNOC-Covestro investment agreement
- No financial covenants in place
- Committed to a solid investment grade rating; Baa2 with stable outlook confirmed by Moody's on April 28, 2025

# Core industry outlook indicating modest growth

## Global demand development



KEY CUSTOMER INDUSTRIES		2024 Y/Y <sup>(1)</sup>	2025 Y/Y <sup>(1)</sup>	2026e <sup>(2)</sup>
Global GDP		+2.8%	+3.0%	+2.8%
Automotive		-0.6%	+3.3%	+1.8%
EV / BEV		+8.1%	+29.4%	+16.6%
Construction		-2.4%	+0.2%	+2.5%
Residential		-5.3%	-2.0%	+1.8%
Furniture		-0.5%	-0.8%	+0.2%
Soft furniture		-0.2%	+0.1%	+1.5%
Electrical, electronics and household appliances		+3.7%	+1.3%	+6.2%
Appliances		+5.0%	+1.0%	+3.7%



# Challenging economic environment continuing

## Full year guidance 2026

	FY 2025	GUIDANCE FY 2026
EBITDA	€740m	around 2025 level <sup>(5)</sup>
FOCF	€-283m	significantly improved vs 2025 level <sup>(5)</sup>
ROCE above WACC <sup>(1)</sup>	-10.2pp	significantly improved vs 2025 level <sup>(5)</sup>
GHG emissions (scope 1 and 2) <sup>(2)</sup>	4.3m tons	3.9 to 4.5m tons
<b>Additional financial expectations</b>		
D&A	€1087m	~€850m
Capex <sup>(4)</sup>	€770m	~€800m

### HIGHLIGHTS

#### Mark-to-market (M2M):

- Mark-to-market (M2M) EBITDA FY 2026 around €0.8bn; theoretical calculation based on Jan 2026 margins flat forward and forecast assumptions for 2026

#### 2026 FX assumptions

- CNY/EUR around 8.20
- USD/EUR around 1.20

# Navigating adverse economic climate

## FY 2025 Highlights



- 1** EBITDA of €740m within guidance range  
impacted by continuous margin pressure helped by delivering on cost savings ambitions
- 2** Sales lower at €12.9bn  
mainly caused by lower prices and unfavorable FX
- 3** Negative volume development  
burdened by Dormagen fire incident and ongoing challenging economic conditions
- 4** FY 2026 guidance  
with an expected EBITDA around<sup>(1)</sup> 2025 level
- 5** XRG strategic partnership  
successfully started on December 10<sup>th</sup>

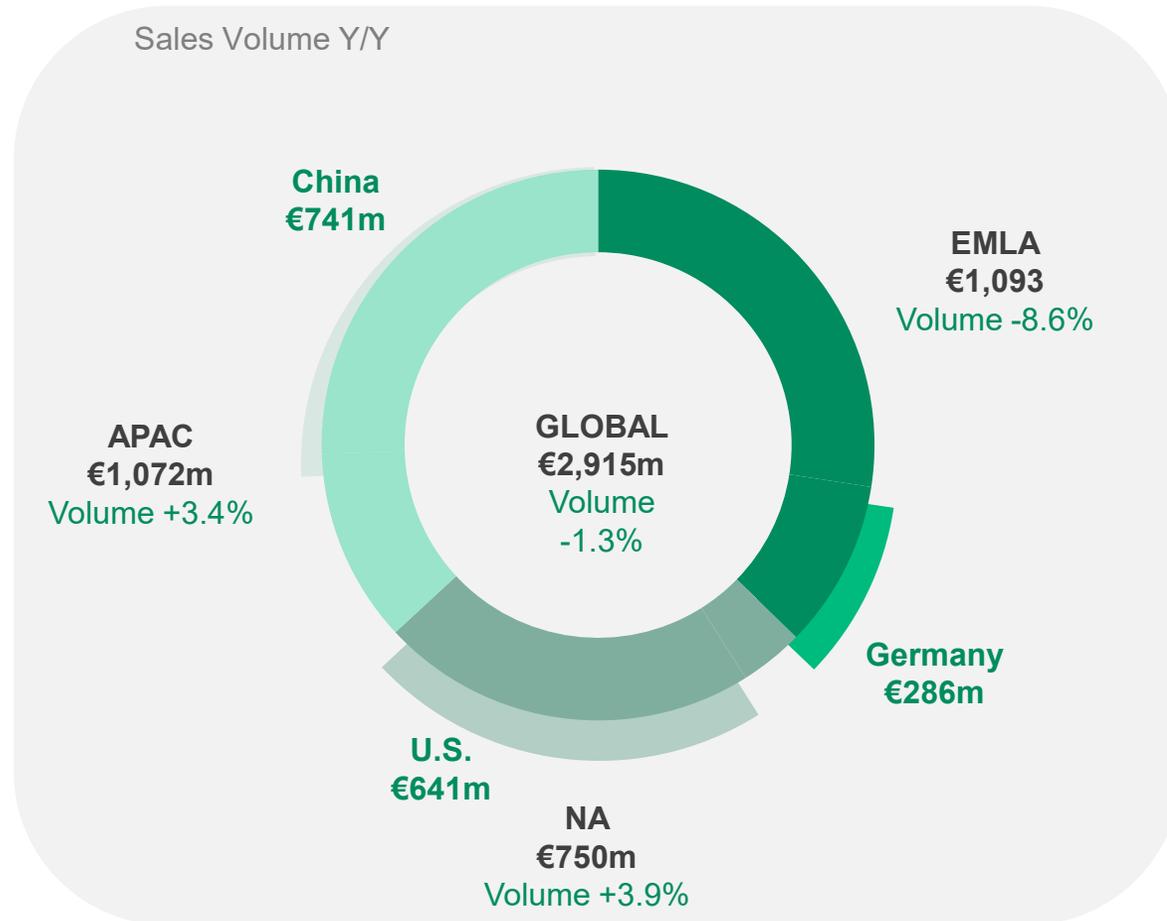


# Appendix



# Positive volumes in APAC and NA

## Q4 2025 – Regional Split

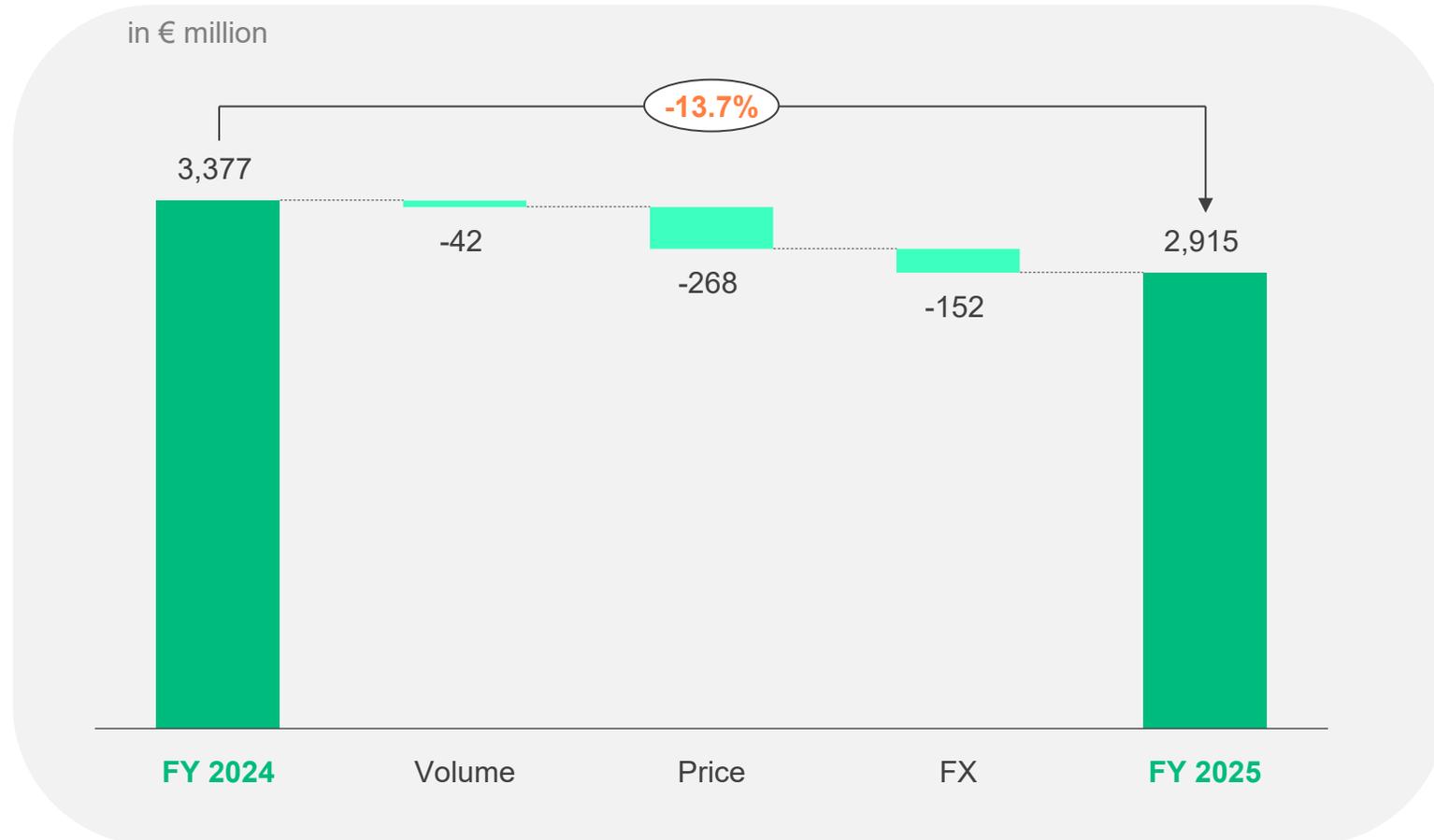


### HIGHLIGHTS

- Year-on-year development by industries:
  - Auto low single-digit % increase
  - Furniture/wood low single-digit % increase
  - Electro low single-digit % decline
  - Construction low single-digit % increase
- **EMLA:** Ongoing demand weakness in electro, flat development in auto, while positive development in construction and furniture with slight increase despite Dormagen TDI production limitations after fire incident
- **NA:** Auto with slight decline, construction flat while electro and furniture with significant growth
- **APAC:** Construction with significant increase, auto with slight increase while export-oriented industries with slight decline in electro and significant decline in furniture

# Sales mainly burdened by lower prices and FX

## Q4 2025 – Sales bridge



### HIGHLIGHTS

#### Volume negative

- Volume decrease of 1.3% Y/Y

#### Pricing negative

- Pricing affected sales by -7.8%
- Performance Materials more strongly affected (-10.9% Y/Y) whereas Solutions & Specialties with lower decline (-5.0% Y/Y)

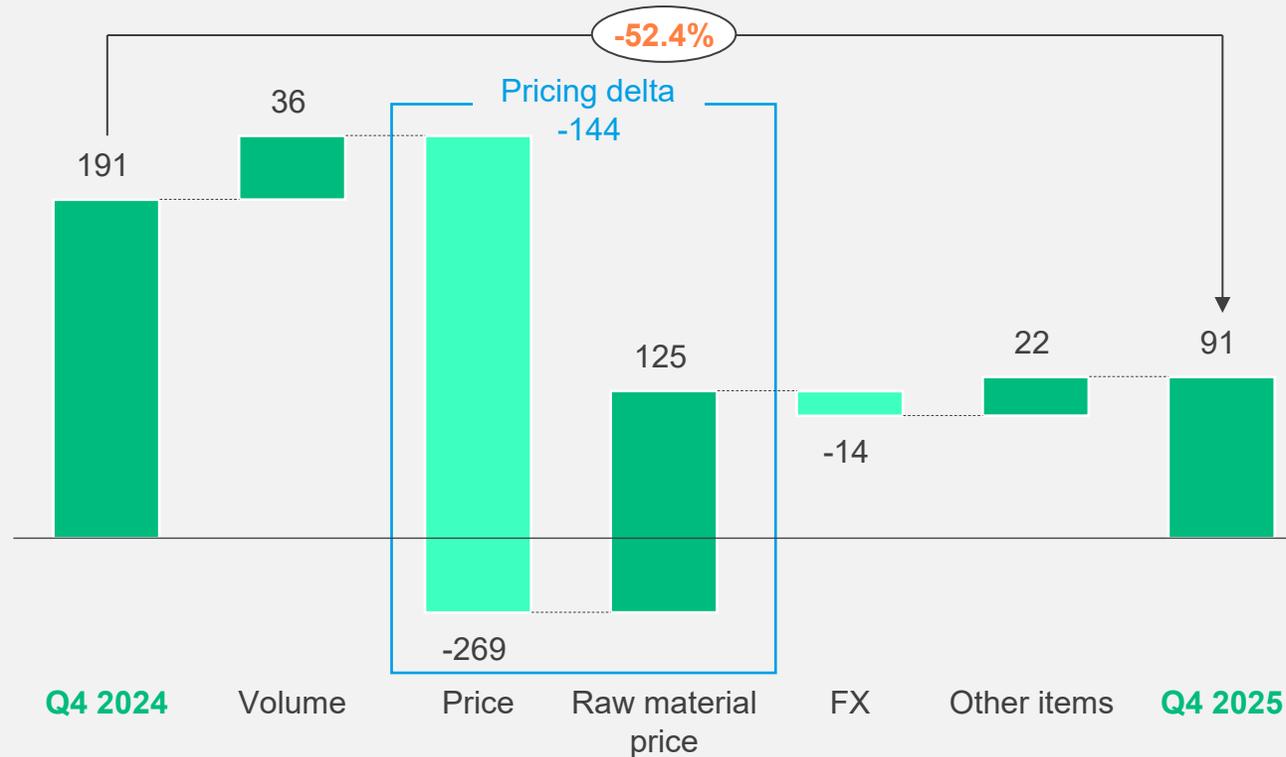
#### FX negative

- FX affected sales by -4.6% Y/Y mainly driven by USD, RMB and INR

# EBITDA mainly burdened by negative pricing delta

## Q4 2025 – EBITDA bridge

in € million



### HIGHLIGHTS

#### Positive volume

- Volume increase of 18.8% Y/Y due to mix effects

#### Negative pricing delta

- Strong margin decline due to unfavorable supply-demand situation

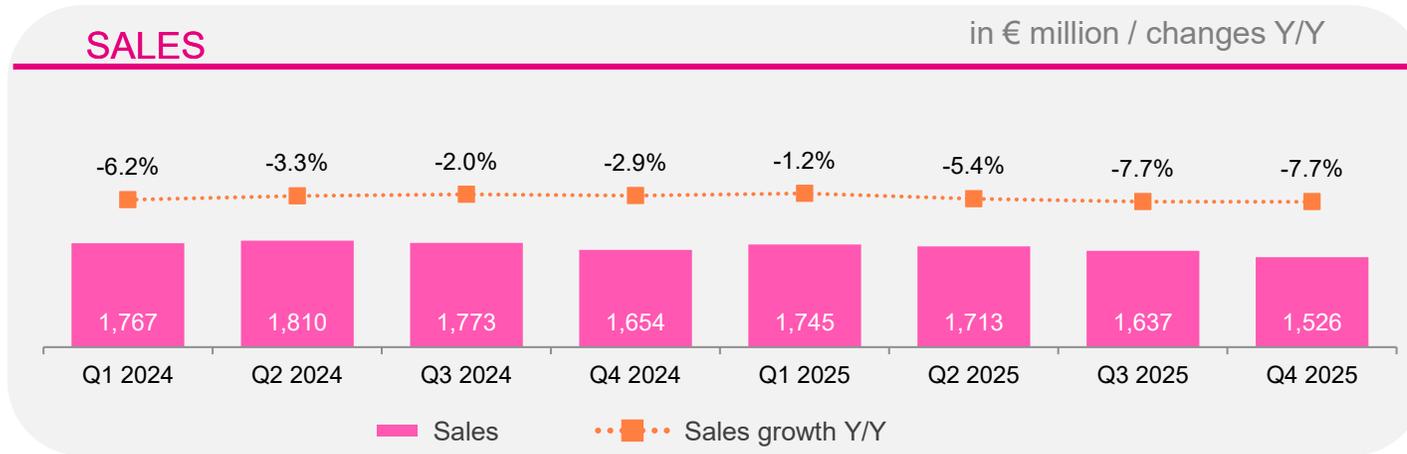
#### Other items

- €54m lower income from Q4 2024 insurance reimbursement for the Chlorine production event
- Lower provisions for short- and long-term variable compensation of €45m

# Solutions & Specialties – Volume rebound at low price levels



## Segment results – Highlights Q4 2025



### HIGHLIGHTS Q4 2025

- Sales declined by 7.7% Y/Y, equally driven by FX (-5.1%) and prices (-5.0%) while higher volumes (+2.4%)
- Quarter-over-quarter, sales seasonally declined; volumes declines in EMLA and NA while stable in APAC; prices dropped in APAC and EMLA while stable in NA.



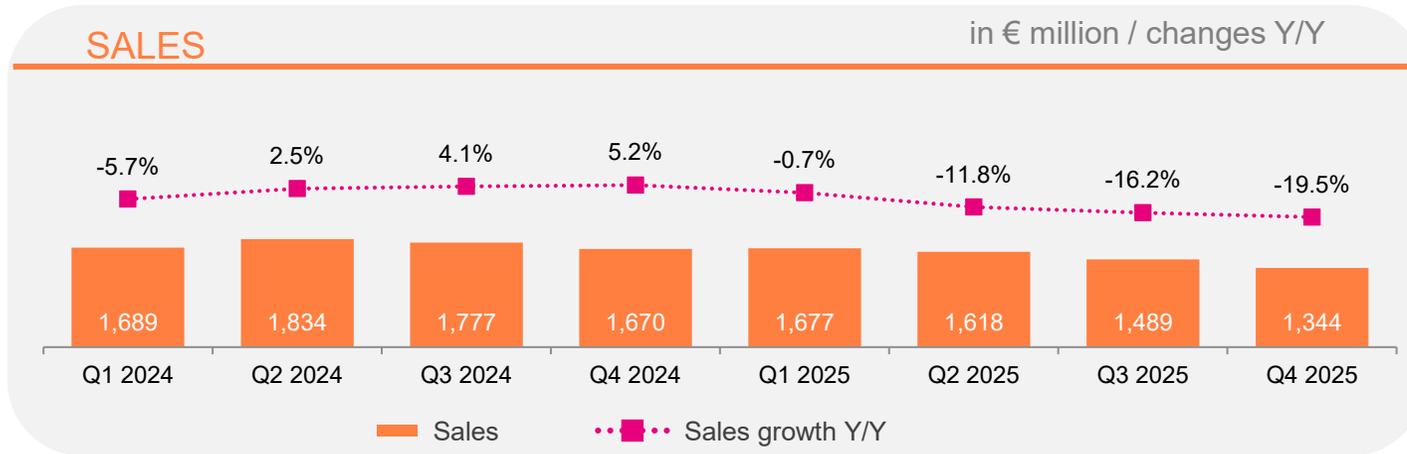
### HIGHLIGHTS Q4 2025

- Compared to prior year, EBITDA declined due to negative pricing delta and FX despite positive volume effect
- Quarter-over-quarter, lower EBITDA due to negative volumes and pricing delta while positive FX
- EBITDA margin decreased to 8.5% in Q4 2025

# Performance Materials – EBITDA burdened by margin pressure

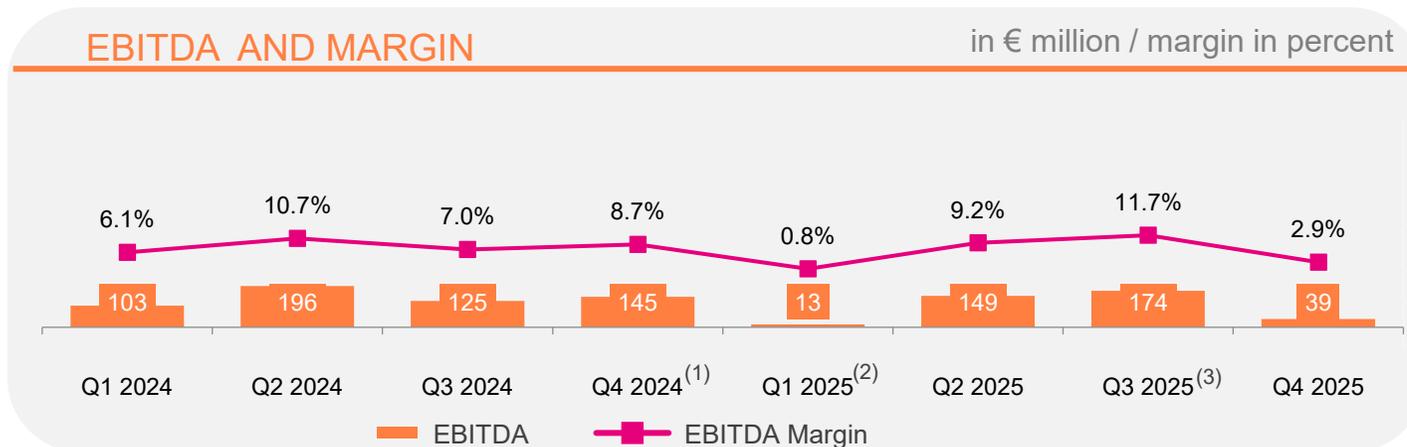


## Segment results – Highlights Q4 2025



### HIGHLIGHTS Q4 2025

- Sales declined (-19.5%) Y/Y, driven by lower prices (-10.9%), volumes (-4.6%) and FX (-4.0%)
- Quarter-over-quarter, sales globally declined, with negative volumes and lower prices in all regions



### HIGHLIGHTS Q4 2025

- Compared to prior year, EBITDA burdened by negative pricing delta, other items and FX while positive volumes
- Quarter-over-quarter, lower EBITDA driven by negative pricing delta and volumes, negative other items due to internal insurance payment of €75m in Q3 2025<sup>(3)</sup>
- EBITDA margin decreased to 2.9% in Q4 2025

(1) Q4 2024 positive contribution of €55m from insurance reimbursement for the chlorine production event in Dormagen

(2) Q1 2025 negative contribution of €88m from closure of PO JV with LYB (LyondellBasell)

(3) Q3 2025 positive contribution of €75m from internal insurance reimbursement for the fire event in Dormagen, respective counter-effect in segment "Others/Consolidation", neutral effect on group level

# Unprecedented margin pressure weighing on EBITDA

## Group results – Highlights Q4 2025

### SALES

in € million / changes Y/Y

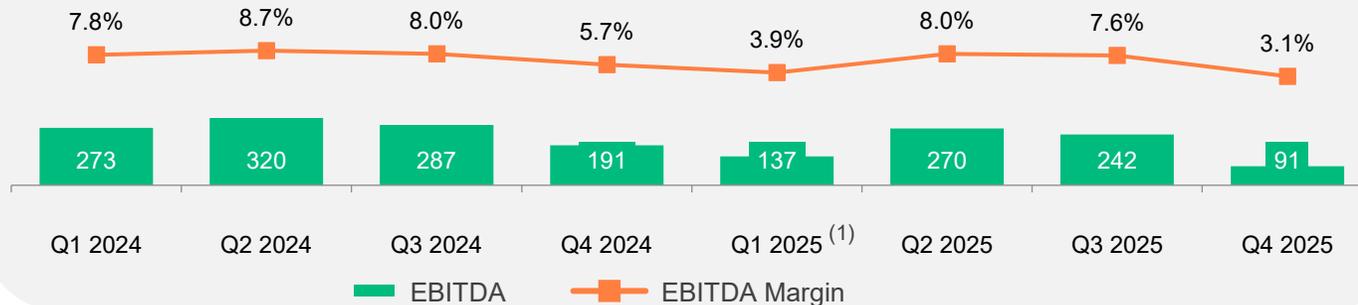


### HIGHLIGHTS Q4 2025

- Year-over-year, declining sales (-13.7%) with negative pricing (-7.8%), FX (-4.6%) and also lower volumes (-1.3%)
- Quarter-over-quarter, sales globally declined driven by lower volumes and pricing, while stable FX

### EBITDA AND MARGIN

in € million / margin in percent



### HIGHLIGHTS Q4 2025

- Year-over-year, lower EBITDA due to negative contributions from pricing delta and FX while positive volumes and other items
- Sequentially, earnings decreased driven by negative volumes, other items and pricing delta while positive FX
- EBITDA margin decreased to 3.1% in Q4 2025