



Operating along trough levels

Roadshow presentation



■ Covestro investment highlights

■ Group financials Q3'23

■ Segment overview

■ Background information

Covestro is diversified across geographies and end-markets



Key performance indicators and sales split



Sales
2022



EBITDA
2022

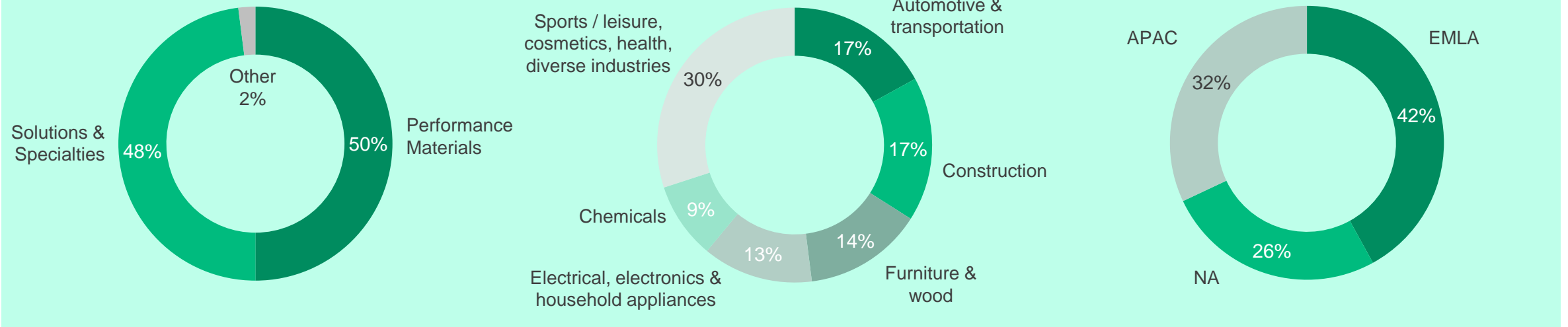


FOCF
2022



ROCE above WACC
2022

2022 sales

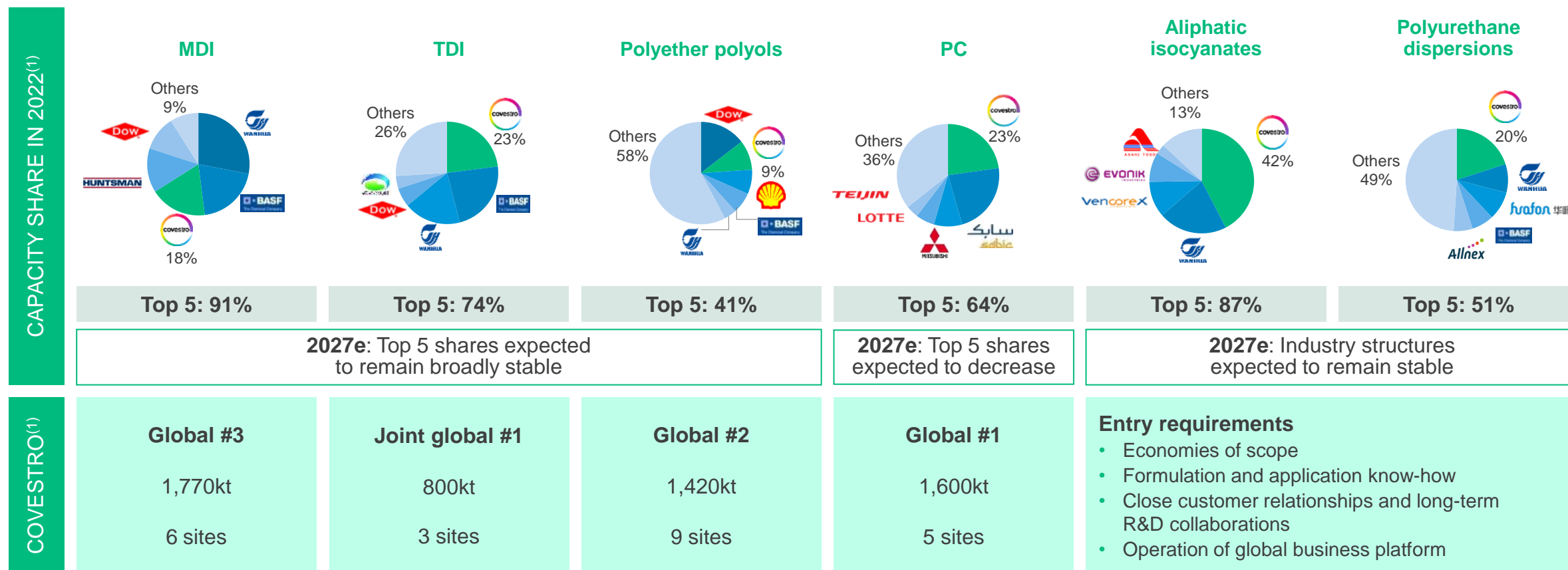


Covestro is a global leader across its entire portfolio



World-wide industry positions and production capacities

#1 IN KEY MARKETS



Our strategy – setting the path for tomorrow



BECOME THE BEST OF WHO WE ARE



Transform the company to exploit its full potential



DRIVE SUSTAINABLE GROWTH



Address sustainability in a profitable way



BECOME FULLY CIRCULAR



Accelerate the transition to a fossil-free economy

ADVANCE DIGITALIZATION

EXPAND 'WE ARE 1' CULTURE

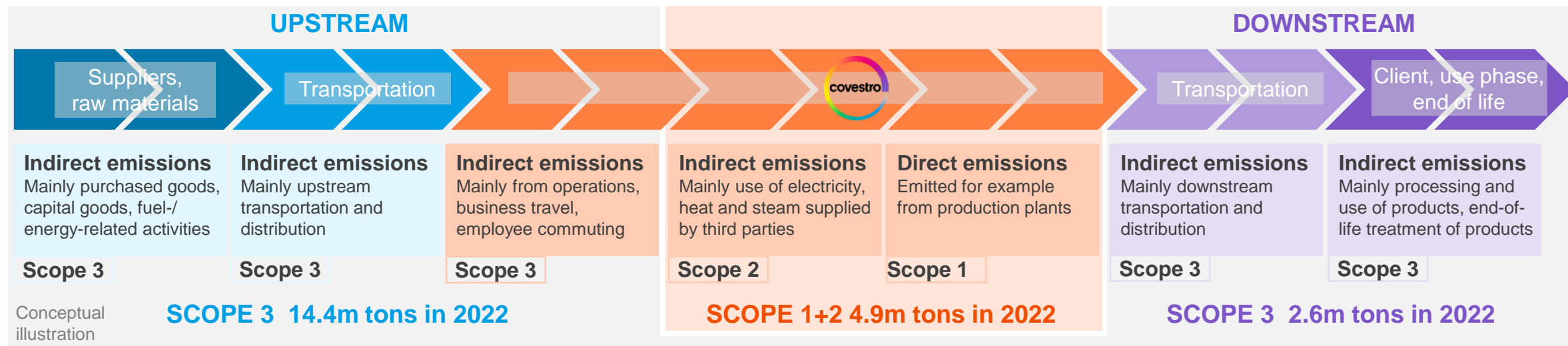
! MILESTONE
LEAP transformation ongoing

! MILESTONE
Integration of RFM accomplished

! MILESTONE
Target climate neutrality in 2035

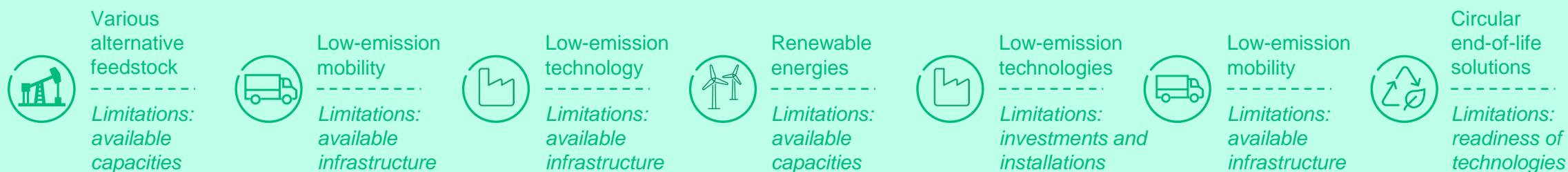
Climate neutrality with existing technologies and assets

Covestro greenhouse gas emissions



EXISTING OPTIONS AND CURRENT LIMITATIONS TO REDUCE GHG EMISSIONS

Selective examples only

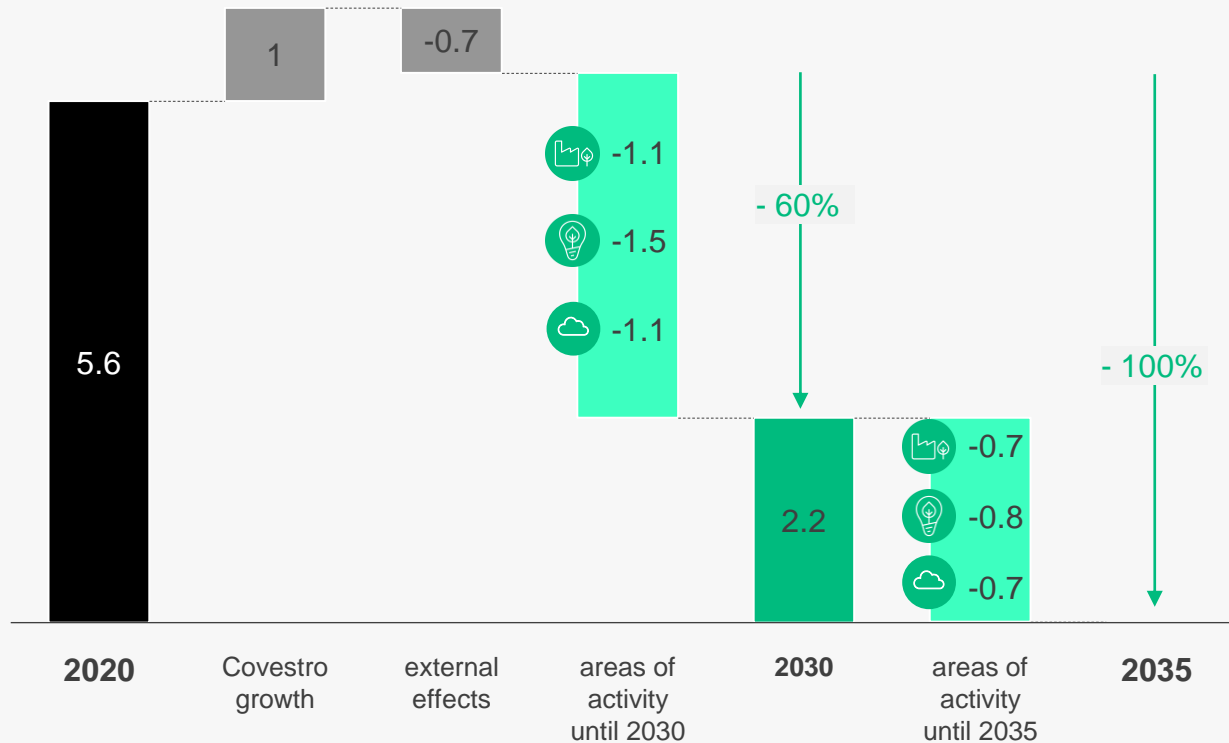


Sustainable manufacturing and renewable energy to lead path



Climate neutrality target for GHG emissions scope 1 and 2

GHG emissions in million metric tons, scope 1 and 2



EMISSION REDUCTION MEASURES

- Three main levers make a vital contribution to reduce GHG emissions:
 - More sustainable manufacturing (scope 1 and 2)
 - Renewable electricity (scope 2)
 - Renewable steam (scope 2)
- Net external effects comprise known future changes in the energy mix of public grids (e.g. nuclear exit in Germany and Belgium) and in public energy allocation schemes (e.g. EEG in Germany)
- Roadmap for 2030 interim target based on identified 'lighthouse projects'
- Further roadmap until 2035 climate neutrality target in preparation based on similar key measures; no negative impact from business growth as future growth investment are required to support climate neutral growth latest by 2030

Numerous measures effectively reduce GHG emissions



Climate neutrality target for GHG emissions scope 1 and 2



MORE SUSTAINABLE MANUFACTURING



Reducing nitrous oxide emissions by installation of highly efficient catalysts



Optimizing production processes to increase energy efficiency



Employing digital technologies for efficient production control



RENEWABLE ELECTRICITY



EMLA⁽¹⁾: Wind electricity PPA's with ENGIE for 45% of site's power in Antwerp and with Ørsted for 10% of sites' electricity in Germany



NA: Virtual PPA with Ørsted for solar electricity starting late 2024 for 12% of Baytown's electricity



APAC: Solar&wind electricity, PPAs for ~45% of Shanghai site electricity with Datang Power & CGN New Energy



RENEWABLE STEAM



Converting steam generation from fossil to renewable energy sources



Develop options to electrify steam generation based on renewable energies



Develop options to use e.g. biogas or green hydrogen as energy source to generate steam

Continuously improving global renewable energy footprint

Baytown contract signed in Q2 2023



MILESTONES TO RENEWABLE ELECTRICITY SUPPLY

EMLA

PPAs with Engie and Ørsted for 582 GWh solar and wind energy:

45% of electricity for Antwerp site since 2022

10% of German sites as of 2025

APAC

PPAs with CGN and Datang for 400 GWh solar and wind energy:

45% of electricity for Shanghai site since 2023

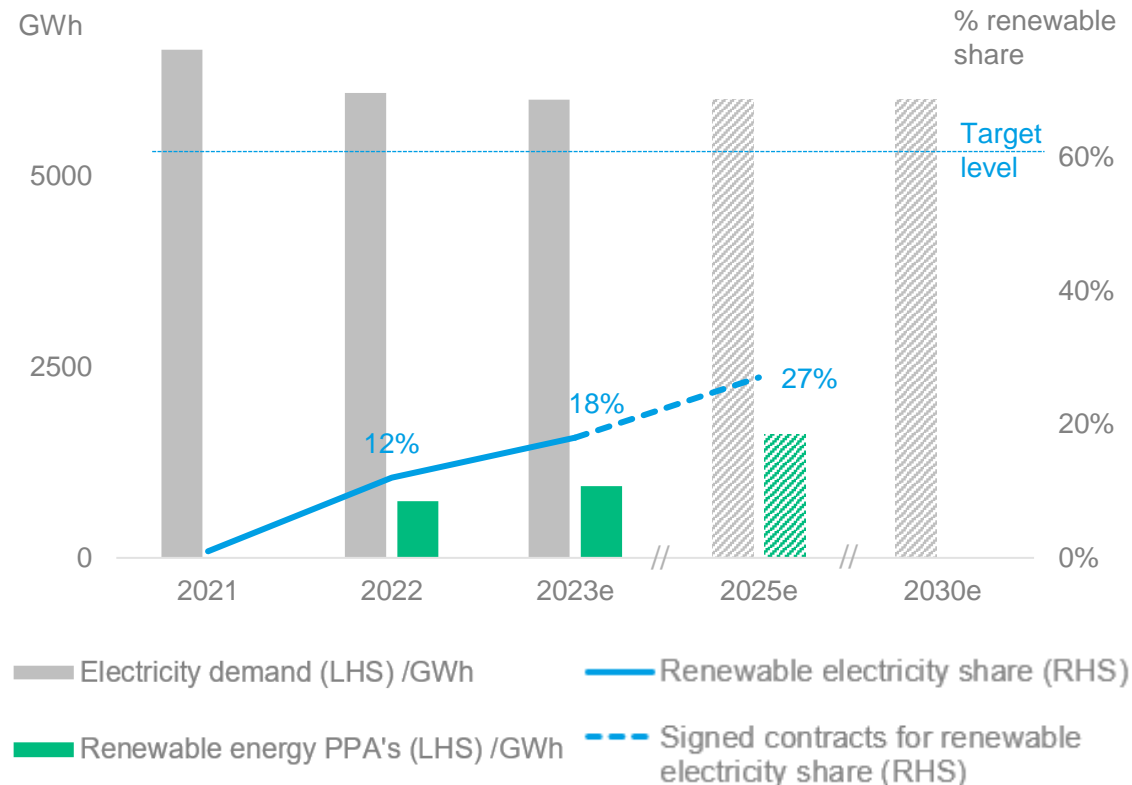
NA

Virtual PPA with Ørsted for 200 GWh solar power:

12% of electricity for Baytown site since 2023

Starting global coverage of renewable PPA's

ELECTRICITY TRANSFORMATION PROGRESS



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

Re-shaping the PU value chain for soft foams into a closed loop

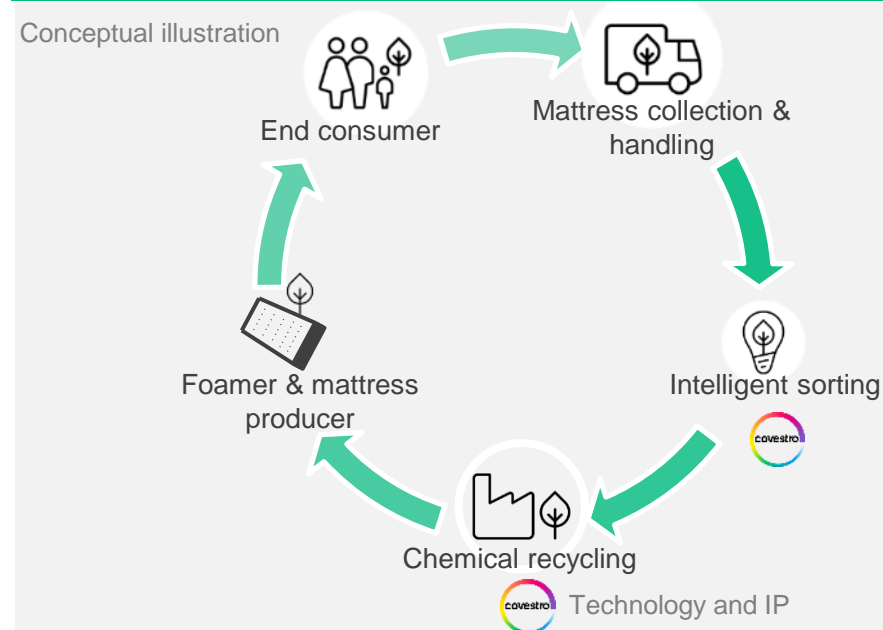


Innovative recycling / joint solutions

COVESTRO TECHNOLOGY

- Chemical recycling of polyurethane (PU) mattress foams
- Proprietary process for recycling *both* PU components polyol and TDA, enabling 100% recycling of these components for soft foam
- New brand label to support our customers to quickly identify circular solutions - **Evocycle® CQ Mattress** (circular intelligence)
- Significant improvement of CO2 footprint compared to fossil route (lifecycle assessment), meeting high customer and consumer demand
- Intelligent sorting solution to efficiently separate different PU foams from post-consumer mattresses

FUTURE PU SOFT FOAM LOOP



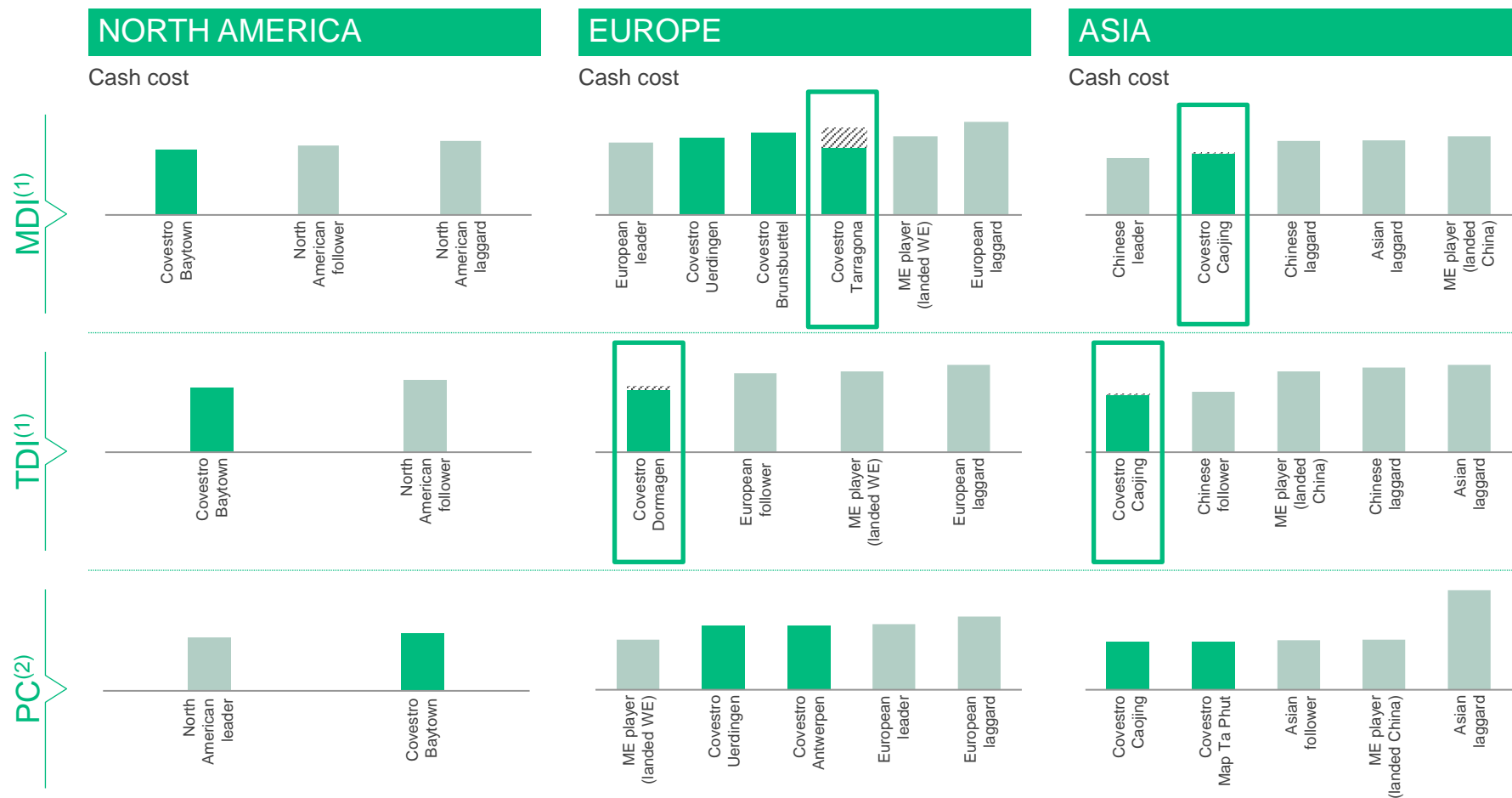
Timeline:



Leading cost positions across markets and regions



Covestro cash cost positions



▨ Cash cost improvements based on investment projects

HIGHLIGHTS

- **Covestro MDI** is one of the low-cost producers. Investment in Tarragona plant will significantly further improve cost position. MDI industry with cost advantage of ~20% between the best and the average 5 least competitive plants
- **Covestro TDI** is the global cost leader with cost advantage of ~45% versus the average of 5 least competitive plants
- **Covestro Polycarbonates** is one of the joint cost leaders with cost advantage of ~60% versus the average of 5 least competitive plants

Covestro supports future sustainable growth

Long term product trends



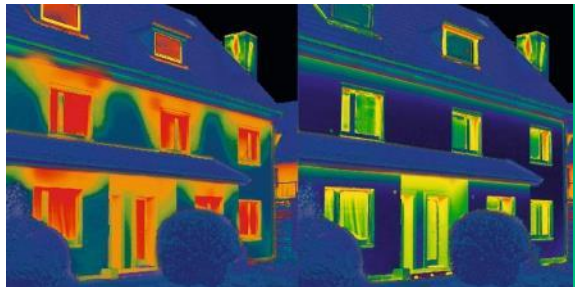
APPLICATIONS



INDUSTRY TRENDS

Electric vehicles pushing

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



Thermal Insulation

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



Wind energy

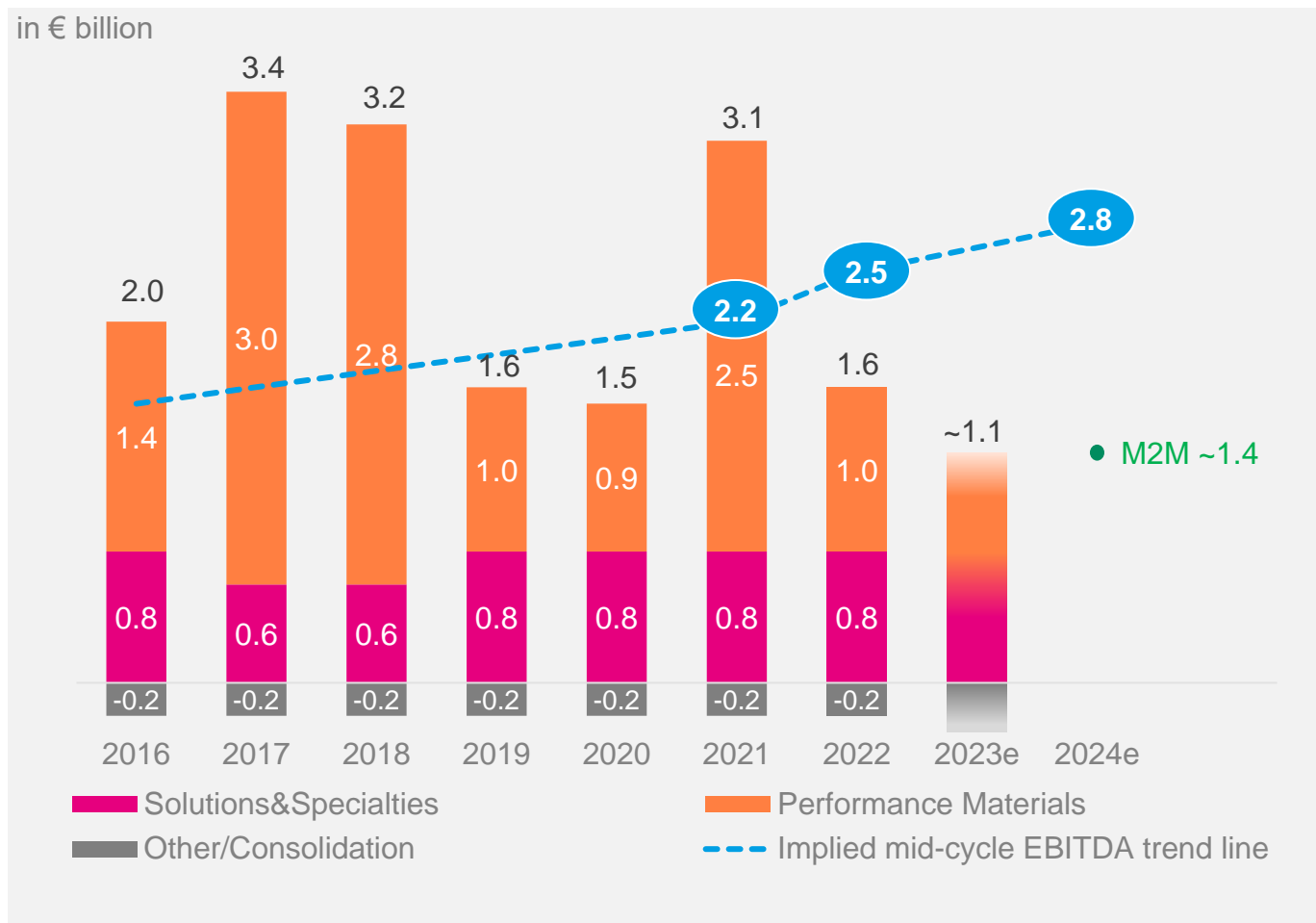
- Covestro polyurethane infusion resin contributes to 8% reduction⁽³⁾ in wind blade manufacturing cost and is expected to take ~10% market share of the wind resin market dominated by epoxy resins until 2032
- Our overall wind solutions for blades will result in 30% lower maintenance and 2-year life-time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

COVESTRO BENEFIT

Favourable mid to long term outlook for product portfolio of Covestro

FY 2023 EBITDA expected to be around €1.1bn

EBITDA development between 2016 and 2024e



HIGHLIGHTS

Mid-cycle EBITDA:

- Mid-cycle definition: Respective year's EBITDA performance under average market conditions
- Strong increase from €2.2bn to €2.5bn in 2022 realized from EBITDA impact of RFM acquisition
- Confirming mid-cycle EBITDA of €2.8bn in 2024

Mark-to-market (M2M):

- Mark-to-market (M2M) EBITDA in FY 2024 around⁽¹⁾ €1.4bn; theoretical calculation based on September 2023 margins flat forward and preliminary budget assumptions for 2024

Current 2023 FX assumptions

- €/USD around 1.10 level
- 1pp change equals
+/- €10m for CNY/EUR
+/- €6m for USD/EUR

P&L long-term tax rate

- Long-term tax rate estimated between 24-26%

Guidance narrowed around lower end of the range



Full year guidance 2023

	FY 2022	GUIDANCE FY 2023 (as of March 2)	GUIDANCE FY2023 (as of April 28)	CURRENT GUIDANCE FY2023 (as of Oct 27)
EBITDA	€1,617m	significantly ⁽⁴⁾ below previous year	€1,100m – 1,600m	around ⁽⁴⁾ €1,100m
FOCF	€138m	significantly ⁽⁴⁾ below previous year	€0 – 500m	€0 – 200m
ROCE above WACC ⁽¹⁾	-5.0 pp	significantly ⁽⁴⁾ below previous year	-6 pp to -2 pp	around ⁽⁴⁾ -6 pp
GHG emissions ⁽²⁾	4.7m tons	around ⁽⁴⁾ previous year	4.2m – 4.8m tons	4.2m – 4.8m tons

Additional financial expectations

Sales	€18.0bn	No guidance	No guidance	€14.0bn – 14.5bn
D&A	€1,350	~€850m	~€900m	~€900m
Financial result	€-137m	€-160 to -200m	€-130 to -170m	€-120m to -150m
Income tax (P&L)	€411m	No guidance	€150m – 250m	€150m – 250m
Cash tax	€538m	No guidance	€200m – 300m	€300m – 400m
Capex ⁽³⁾	€832m	~€800m	~€800m	~€800m

Covestro measures to improve financial performance

Situational response to cost situation



Continuous right-sizing of labor

- Labor force reduction with differentiated hiring limited to crucial key functions after jobholder departure
- Contracting freeze of temporary workers



Improved operational savings

- Reduced FAM cost
- Savings from LEAP transformation program
- Additional long-term savings



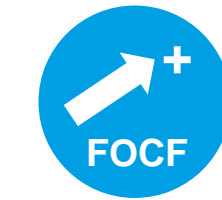
Portfolio streamlining

- Streamlining portfolio and elimination of non-strategic, loss-making businesses (3D-Printing divested, Maezio® site closure; Swiss entity closure)
- Reduction of various negative one-time items



Other items

- Lower underutilization costs
- Various small-scale contingencies



Outlook for most of Covestro's core industries deteriorated

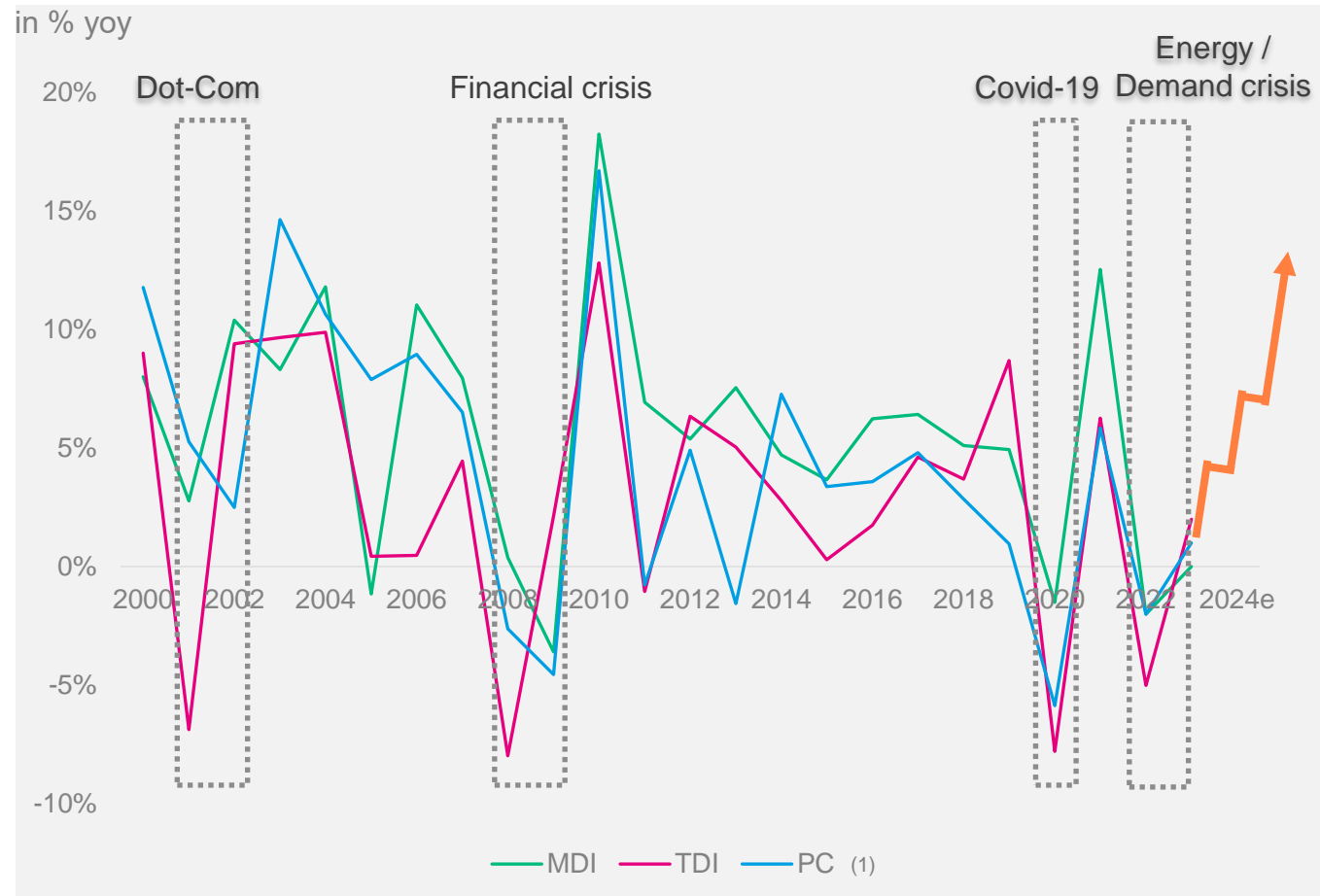


Global demand development

KEY CUSTOMER INDUSTRIES		2022 Y/Y ⁽¹⁾	2023e Y/Y ⁽¹⁾	2023e Y/Y UPDATE ⁽²⁾
Global GDP		+3.1%	+1.5%	+2.5%
Automotive EV / BEV		+6.9% +70.1%	+4.6% +42.5%	+7.9% +35.3%
Construction Residential		+1.2% +0.8%	+0.8% -0.2%	-2.2% -4.3%
Furniture Soft furniture		-3.6% -5.2%	+0.3% +0.2%	-4.5% -4.5%
Electrical, electronics and household appliances Appliances		+4.9% +1.9%	+2.0% +3.7%	+0.4% +7.9%

Historically fast market rebound after trough

MDI, TDI and polycarbonate global demand curves



HIGHLIGHTS

Covestro core products early indicator of recessions

- Core products MDI, TDI and PC are all affected in a recessionary environment

Recovery after recession

- Core products historically recovered quickly from a recession
- Rebounds also typically overshoot the historical average growth path partly compensating for the negative growth of the recession





Longer term outlook:

- Over the cycle core products follow individual economic trends of their respective industries
- Expected long term average growth rates are 6% for MDI, 3-4% for TDI and 4% for PC
- Growth scenarios remain unchanged for all Covestro core products
- MDI and PC benefit from trend towards more insulation, EV/BEV and growth of wind energy

Majority of cash allocated to growth

Balanced use of cash



<h3>CAPEX</h3> 	<h3>DIVIDEND</h3> 	<h3>PORTFOLIO</h3> 	<h3>SHARE CAPITAL</h3> 
<ul style="list-style-type: none">• Covestro's industry and cost leadership make growth investment the most value-creating use of cash• Capex above D&A during the next five years• Maintenance capex to secure safe, reliable and efficient operations	<ul style="list-style-type: none">• Policy: 35-55% payout of net income	<ul style="list-style-type: none">• Acquisition of DSM's Resins and Functional Material (RFM) business for EV €1.55bn with attractive high margins (~€0.9bn sales)• Less attractive low-margin businesses divested (~€0.6bn sales)• Further pursue options of value enhancing bolt-on acquisition for Solutions & Specialties segment	<ul style="list-style-type: none">• Share buyback of €1.5bn executed in 2017-2018• Capital increase of €447m executed in context of RFM acquisition in 2020• Share buyback of €0.2bn executed in 2022-2023• Authorization for share buyback program for up to 10% of share capital in place until AGM 2024
<p>€4.9bn invested in capex</p>	<p>€2.3bn dividends</p>	<p>€1.5bn net investments</p>	<p>€1.2bn share capital reduced</p>

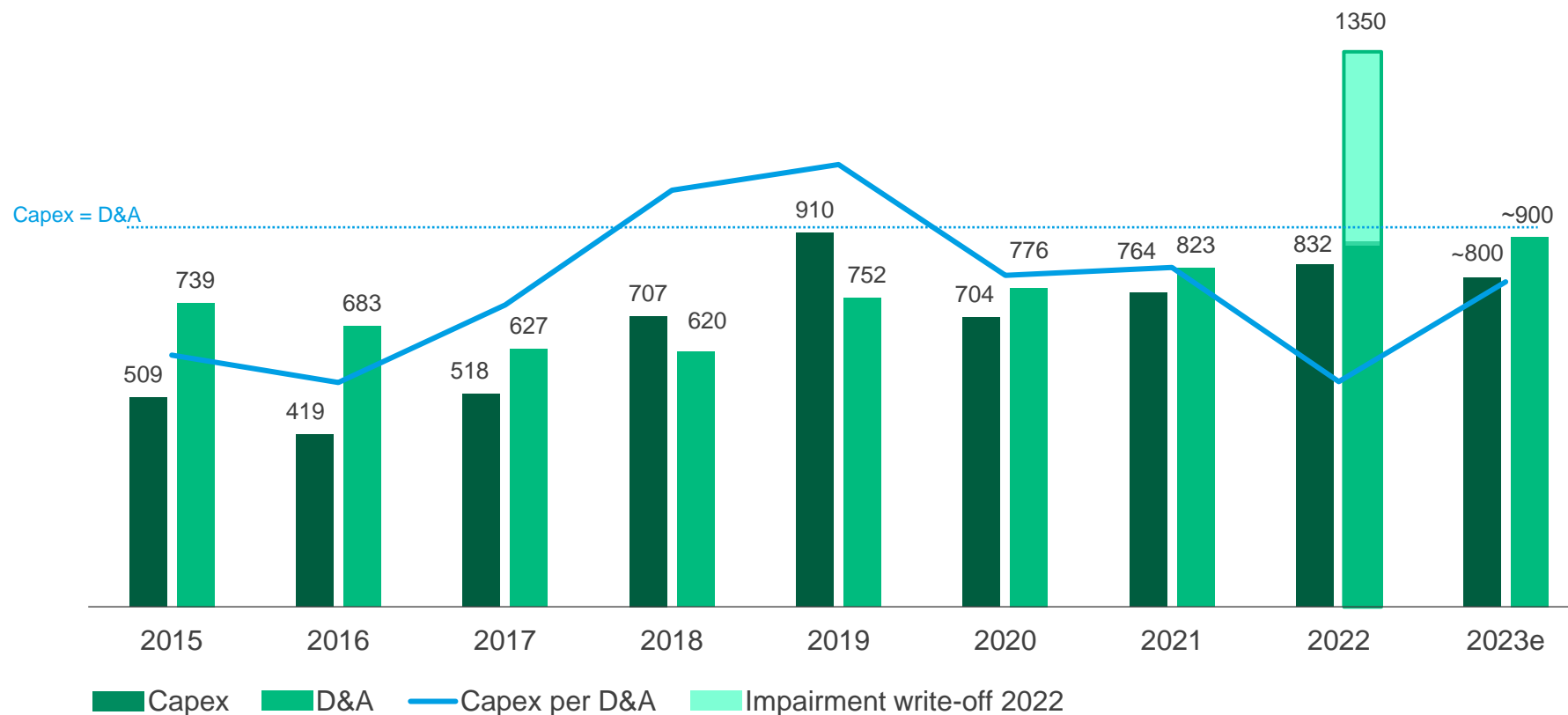
Significant investments into growth

Group capex and D&A



HISTORIC AND PROJECTION

in € million

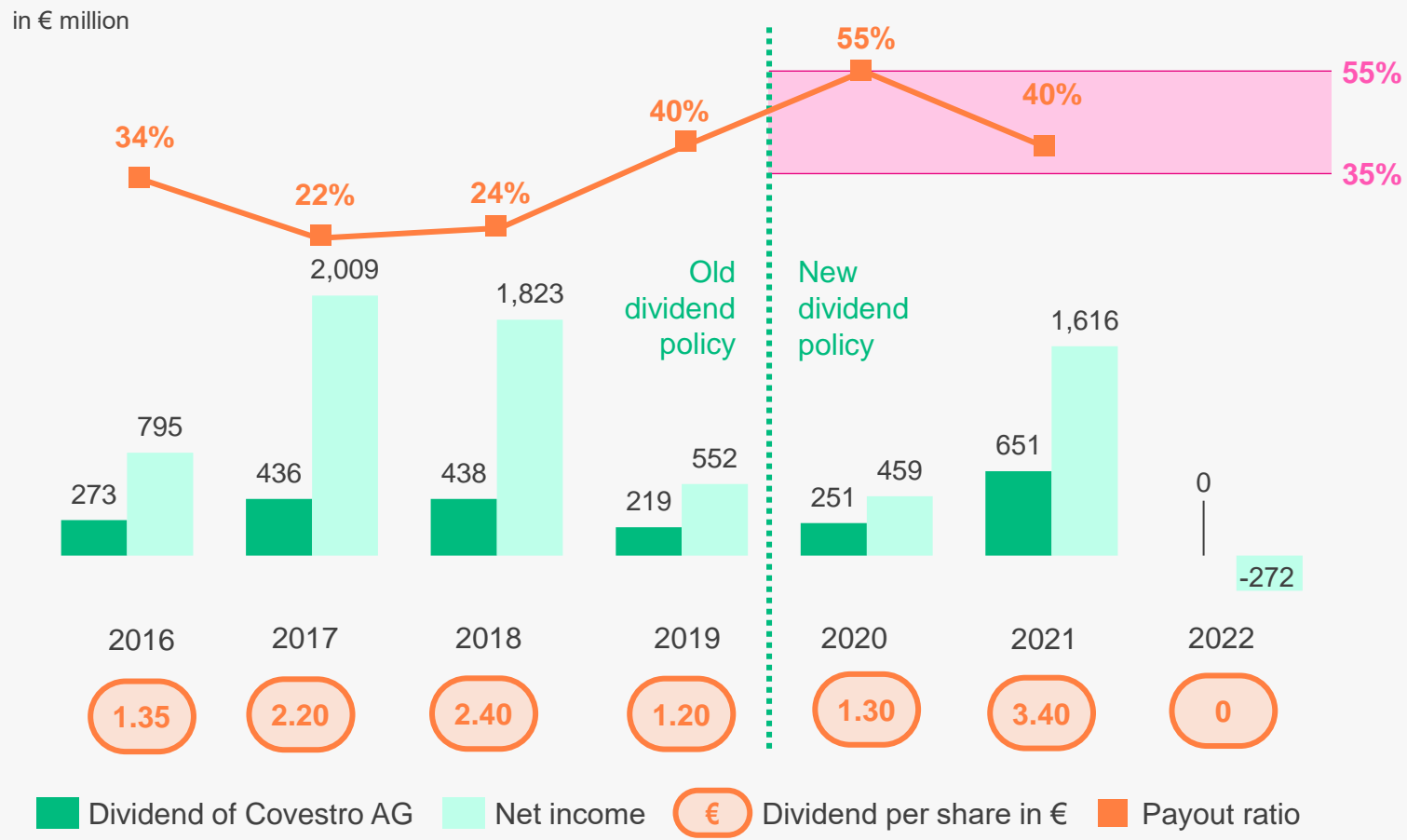


HIGHLIGHTS

- Growth capex of around €2.8bn from 2015 to 2023e
- D&A 2022 included impairment write-off of €463m
- Maintenance capex around €450m in FY'23e
- Planned investments in Circular Economy projects of almost €1bn between 2021 and 2030

Dividend based on net income payout ratio

Dividend development



HIGHLIGHTS

- Net income determining factor for the dividend
- Committed to a payout ratio of 35% to 55%, related to dividend over net income
 - Higher payout intended in years with peak earnings, while ratio towards lower end
 - Lower payout intended in years with trough earnings, while ratio towards upper end
- For FY 2022, dividend suspension in line with negative net income (€-272m) burdened by extraordinary depreciation and by adjustments of deferred tax assets

Ongoing shift to high-margin business

Portfolio management



DIVESTMENTS

Additive Manufacturing business

📅 April 2023

Dubai system house⁽¹⁾

📅 July 2021

Europe Polycarbonates sheets business

📅 September 2019

Europe system houses

📅 June 2019

USA Polycarbonates sheets business

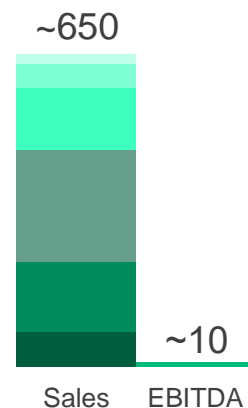
📅 August 2018

NA Polyurethanes spray foam business

📅 April 2017

📅 Closing

Cumulated, in € million



Business divested at average EV/EBITDA >20x

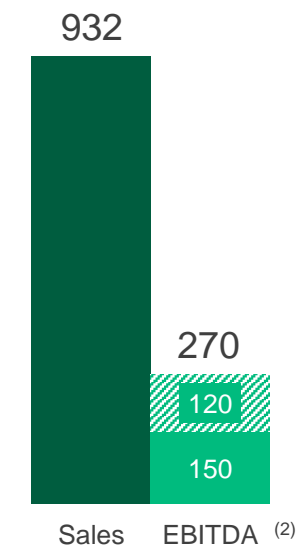
Portfolio analysis ongoing, further minor divestments possible

ACQUISITIONS

DSM Resins & Functional Materials business

📅 April 2021

in € million



Highly complementary business acquired at EV/EBITDA⁽²⁾ of 6x

Further pursue value-enhancing bolt-on acquisition options with attractive IRR for Solutions & Specialties segment

(1) Covestro with 51% joint venture share

(2) Based on 2020 sales / approximate stand-alone EBITDA in 2021 (€150m) and full synergies (€120m)

Listed transactions with materiality; All sales and EBITDA refer to the last fiscal year prior to closing

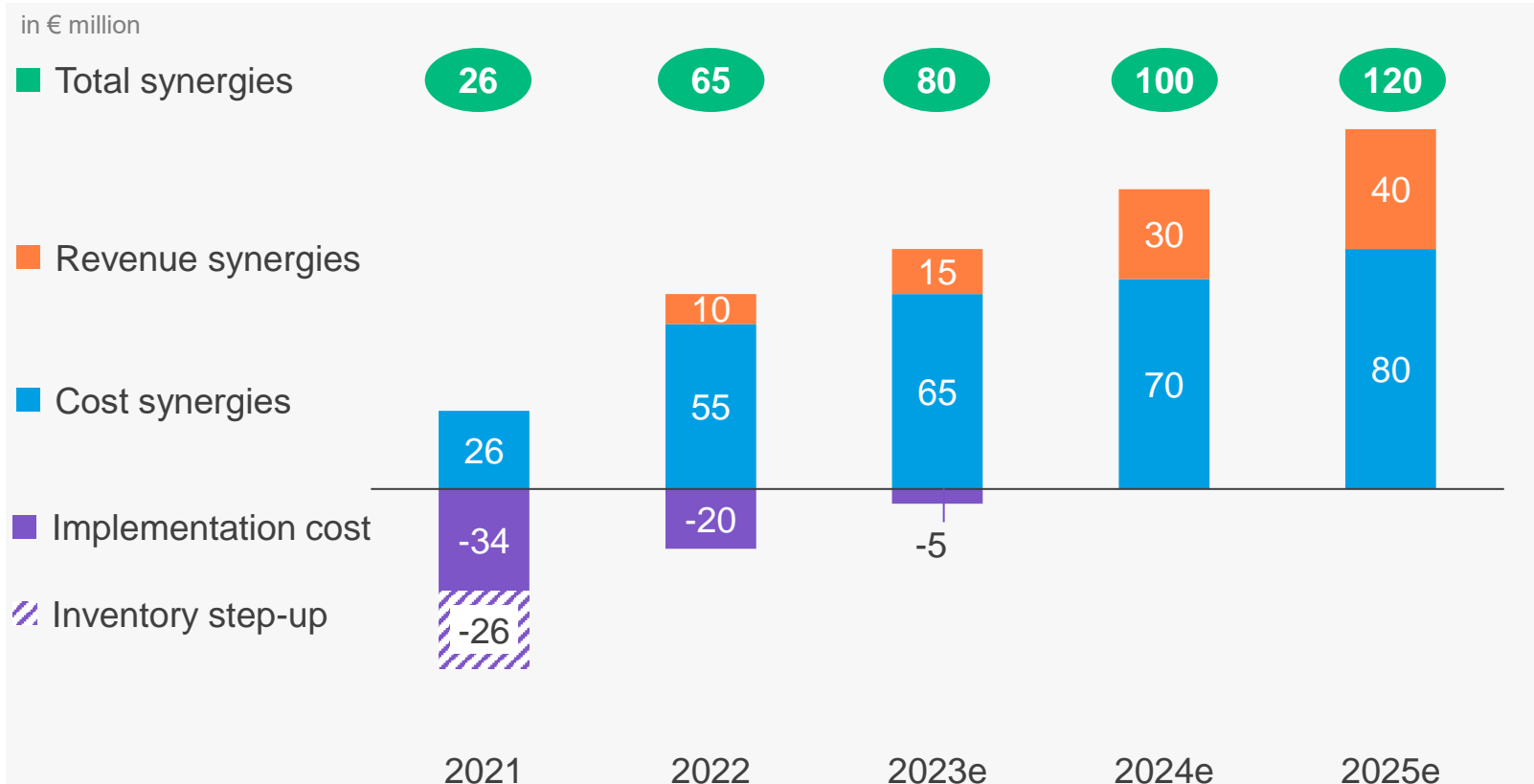
IRR: Internal rate of return

Synergies fully confirmed and ahead of plan at lower cost



RFM synergies and implementation cost

EBITDA IMPACT



HIGHLIGHTS

SYNERGIES

- Confirming identified synergies of €120m or 12% of RFM sales
- Positive EBITDA impact of €80m from cost and €40m from revenues
- Initial synergy potentials successfully detailed and validated
- Realization of synergies ahead of initial plan (initially €10m in 2021 and 55m€ in 2022)
- Implementation cost incl inventory step-up of €85m (initially €155m, reduced from lower severance need)

OPERATIONS

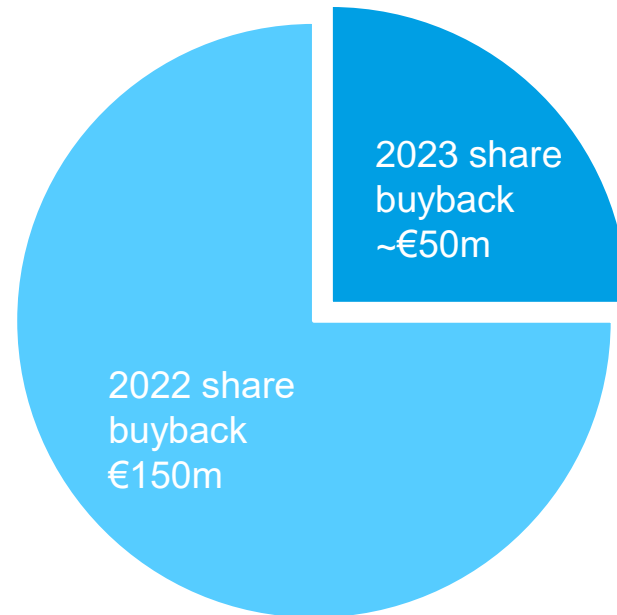
- RFM operational performance fully in line with expectations
- 94% of new employees feel welcome at Covestro

€200m share buyback accomplished

Two-year share buyback program ended

ACCOMPLISHMENT

February 28, 2022 to October 26, 2023



2022/2023 SHARE BUYBACK TRANCHES

First sub-tranche details (€75m)

- 1.606m shares purchased, average share price €46.70

Second sub-tranche details (€75m)

- 1.874m shares purchased, average share price €39.97

Third sub-tranche details (€49m)

- 1.208m shares purchased, average share price €40.81

Share buyback authorization ends in April 2024

Σ: ~4.7m shares purchased at an average price of 42.50€



NEW AUTHORIZATION FOR SHARE BUYBACK TO BE PROPOSED IN AGM 2024

Operating along trough levels

Q3 2023 Highlights



1

Sales decreased to €3.6bn
caused by lower prices, unfavorable FX and lower volumes

2

EBITDA of €277m in line with guidance
with positive pricing delta but burdened by FX and lower volumes

3

FOCF strongly improved to €308m
supported by ongoing strict working capital measures

4

FY 2023 guidance narrowed
with an expected EBITDA of around €1.1bn

5

Covestro continues to invest in profitable growth
despite the challenging environment



- Covestro investment highlights
- Group financials Q3'23**
- Segment overview
- Background information

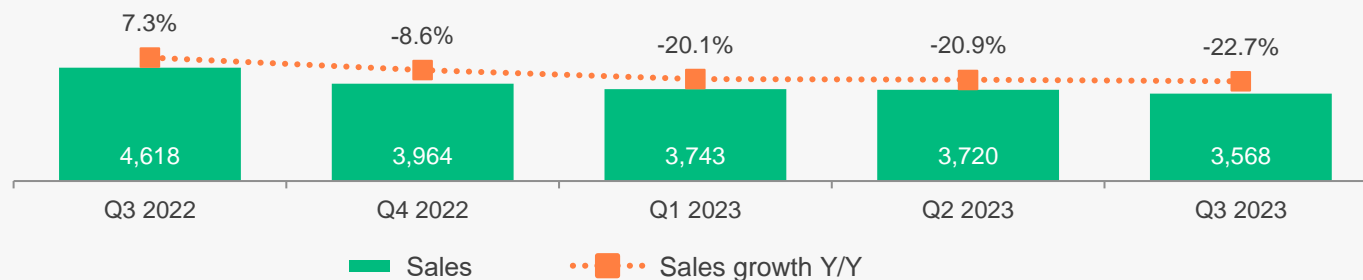
Price pressure burdening sales and EBITDA

Group results – Highlights Q3 2023



SALES⁽¹⁾

in € million / changes Y/Y

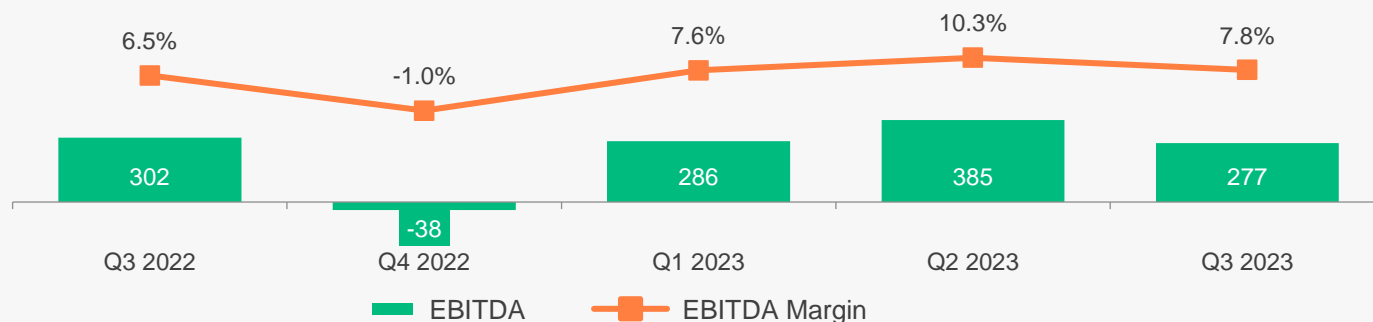


HIGHLIGHTS

- Year-on-year sales decline (-22.7%) mainly attributable to negative pricing (-14.3%) as effect of globally weaker demand and resulting lower sales volumes
- Sequentially, declining sales development with positive volume development but negative effects of pricing and currency

EBITDA AND MARGIN

in € million



HIGHLIGHTS

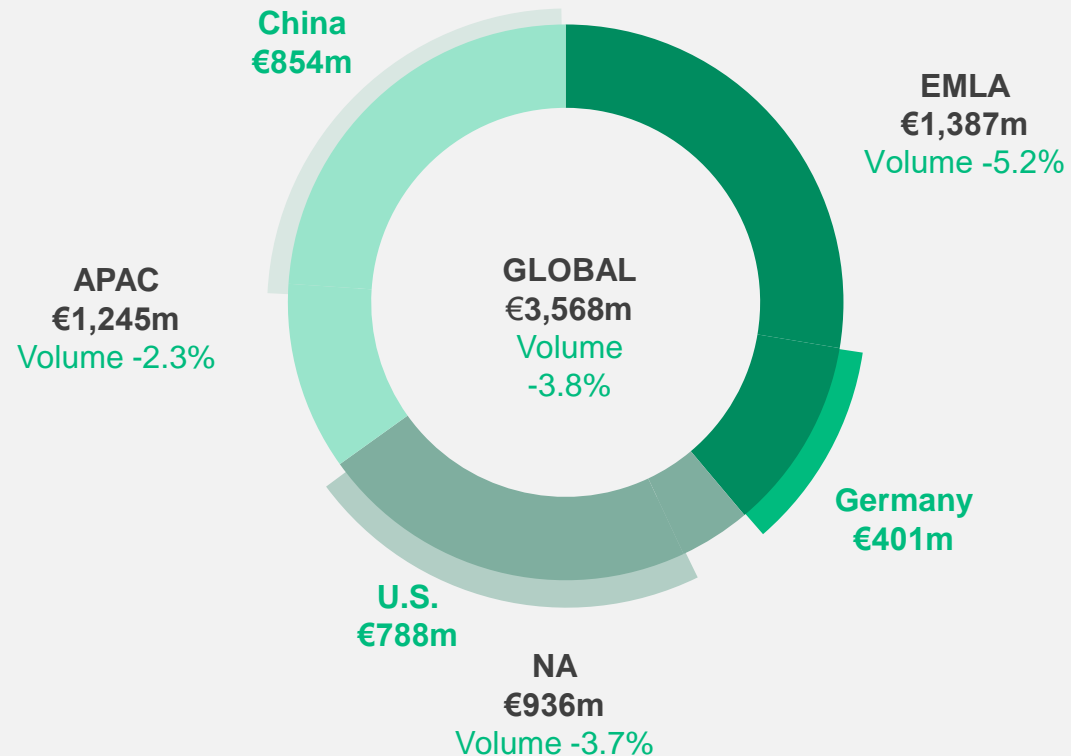
- Year-on-year EBITDA slightly declining despite positive pricing delta but negative FX, inventories and volume
- Sequentially, earnings declined due to negative pricing delta, inventories, maintenance and FX despite positive volumes
- EBITDA margin declined in Q3 2023 to 7.8% and but remains above Q3 2022 level.

Still recessionary trends despite slow demand recovery



Q3 2023 – Regional split

Sales volume Y/Y



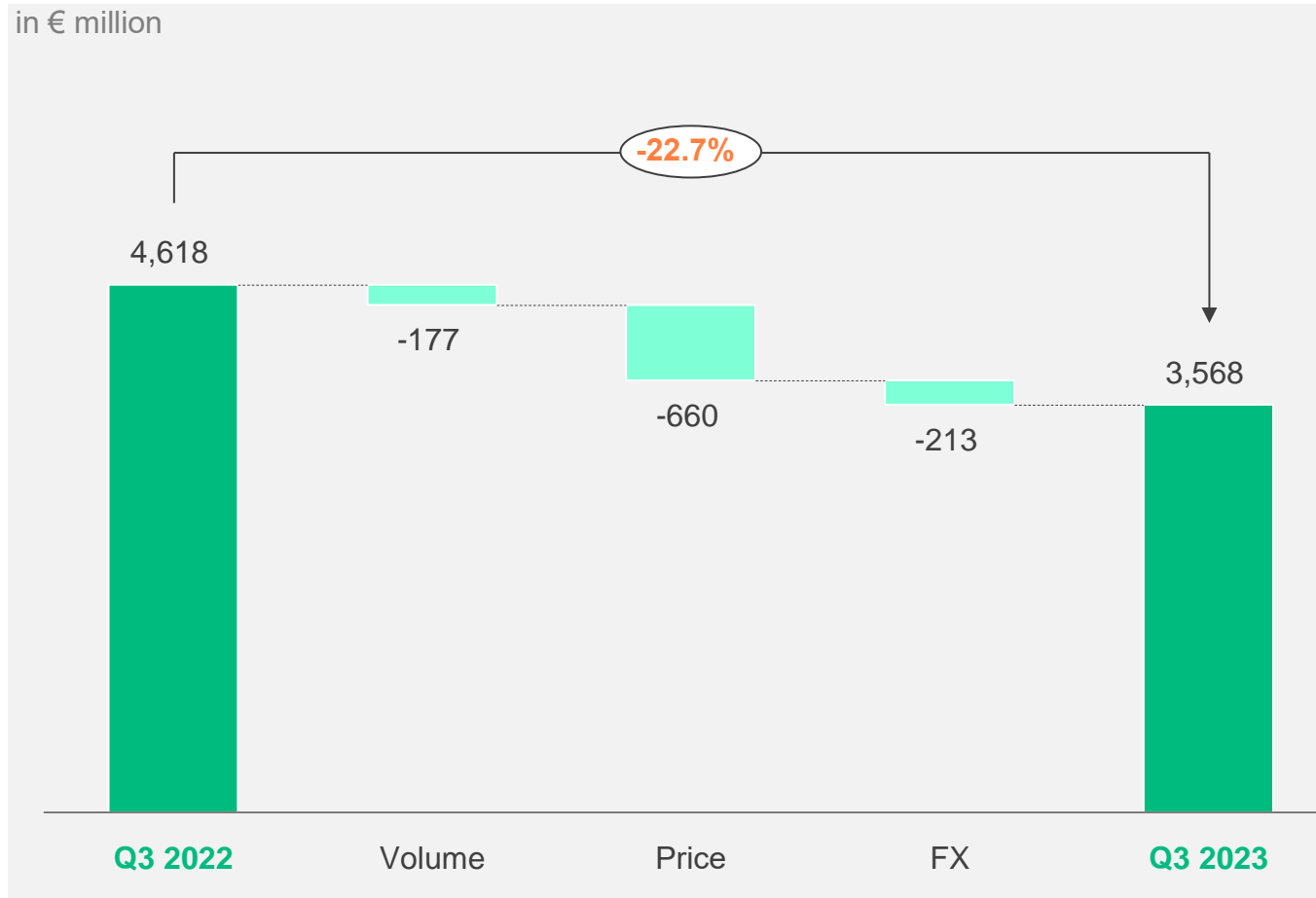
HIGHLIGHTS

- Year-over-year mixed volume development in the different industries:
 - Furniture/wood mid-single-digit % increase
 - Auto low single-digit % increase
 - Electro flat
 - Construction mid-single-digit % decline
- **EMLA:** Gradually improving chlorine supply leading to increased production rates in Q3 2023 with significant increase in furniture, slight increase in construction and auto while electro still with slight decline
- **NA:** Furniture/wood flat, electro and auto with slight increase while construction with ongoing significant decline
- **APAC:** Furniture and auto exhibiting slight growth, electro flat while construction still with significant decline

Sales decrease due to pricing pressure and unfavorable FX



Q3 2023 – Sales bridge



HIGHLIGHTS

Volume negative

- Volume decline of 3.8% Y/Y

Pricing negative

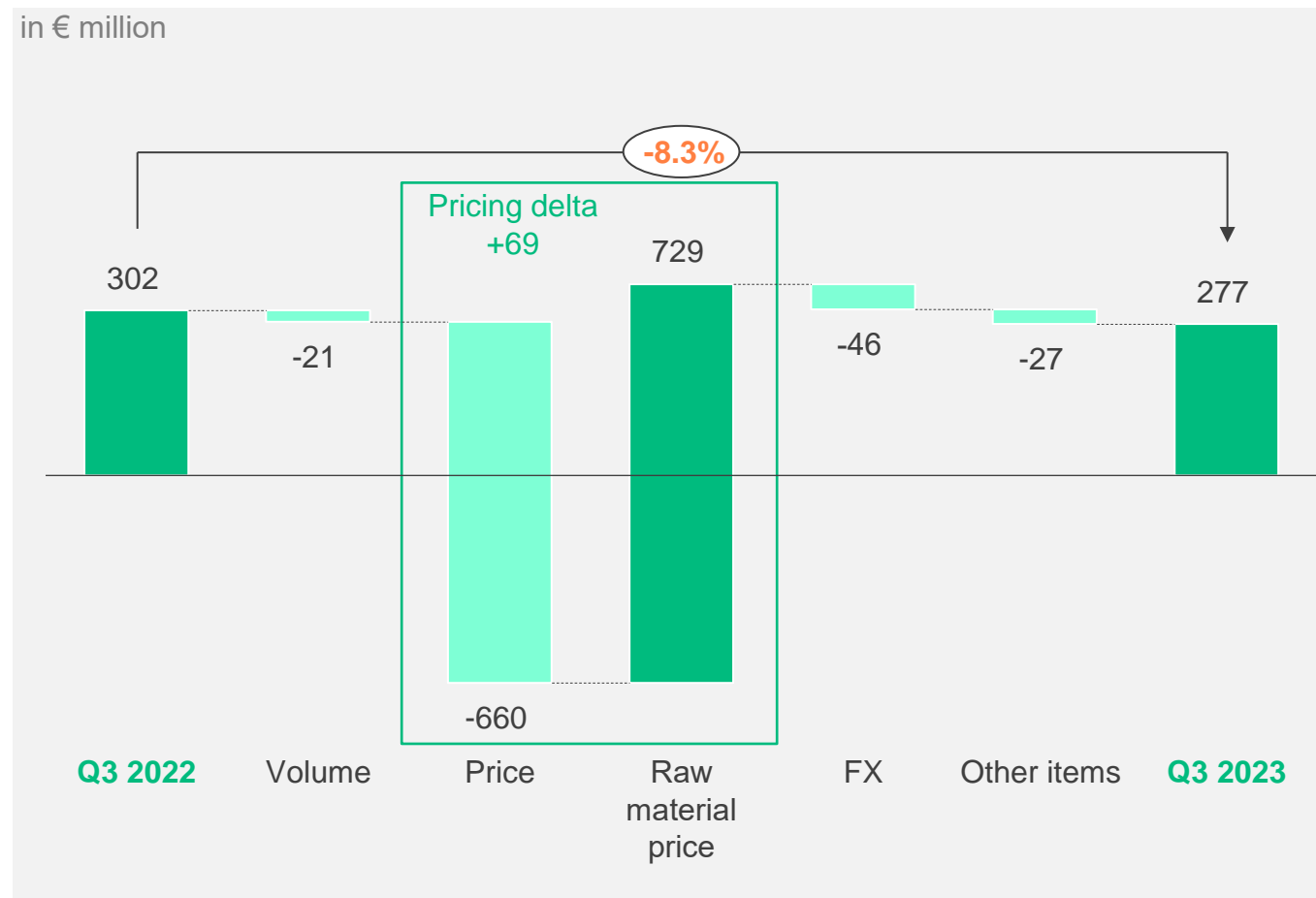
- Performance Materials strongly affected (-19.9% Y/Y) and Solutions & Specialties only with slight decline (-8.9% Y/Y)

FX negative

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

Positive pricing delta but lower volumes and negative FX

Q3 2023 – EBITDA bridge



HIGHLIGHTS

Low volume leverage⁽¹⁾

- Volume leverage of 12%
- Volume leverage below long-term average due to product mix effects

Slightly positive pricing delta

- Raw material and energy prices significantly down compared to “energy crisis” in Q3 2022
- Strongly declining prices due to the usual “pass through” mechanism and ongoing weak demand

Other items driven by:

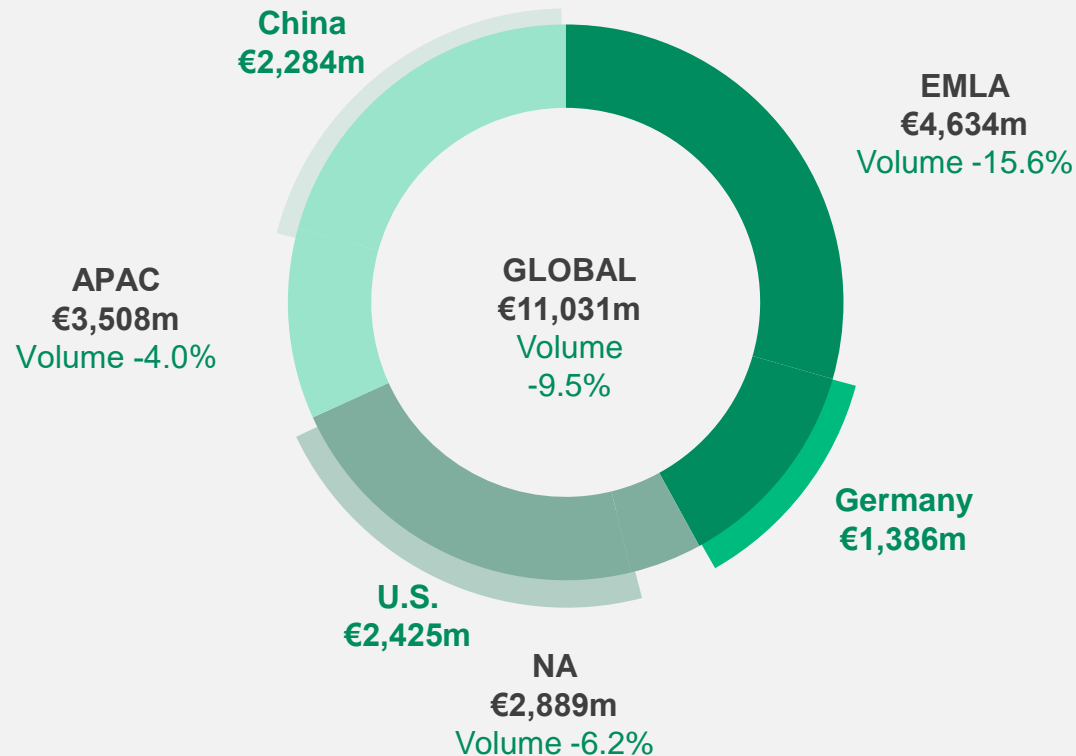
- Significantly lower operational cost
- Reduction of inventories
- Higher provisions for variable compensation of €98m

Strong volume decline amidst global demand weakness



9M 2023 – Regional split

Sales Volume Y/Y



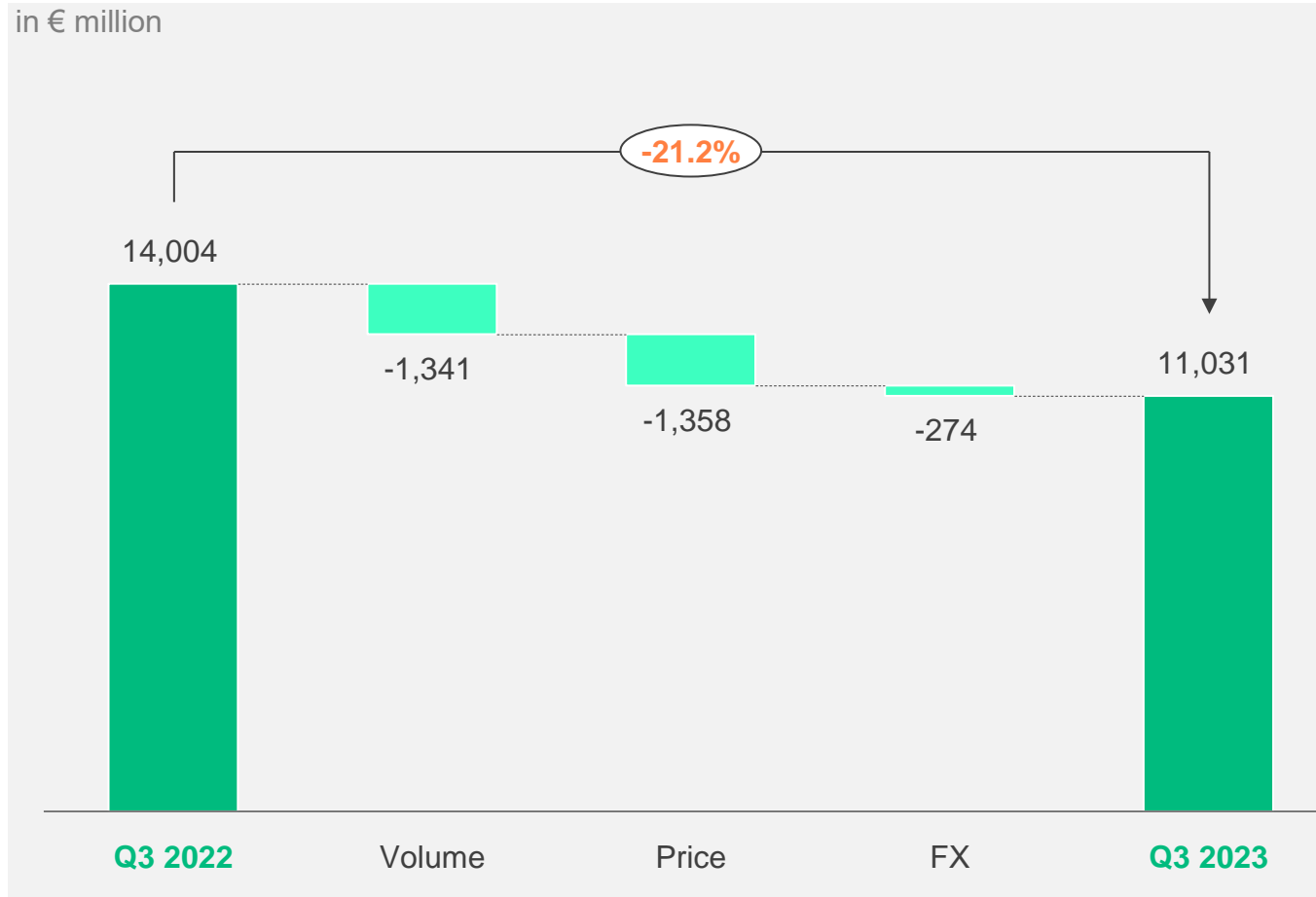
HIGHLIGHTS

- Year-over-year mixed volume development in the different industries:
 - Auto mid-single-digit % increase
 - Furniture/wood low single-digit % decline
 - Electro mid-single-digit % decline
 - Construction mid-teens % decline
- **EMLA:** Ongoing demand weakness with significant decline in electro, construction and furniture, decline partially caused by temporary technical limitations; auto with slight increase
- **NA:** Slight increase in auto, furniture and electro with slight decline but construction still showing significant decline
- **APAC:** Furniture and auto exhibiting slight growth, whereas electro with minor and construction even with strong decline

Sales decrease due to strong price and volume decline



9M 2023 – Sales bridge



HIGHLIGHTS

Volume negative

- Volume decline of 9.5% Y/Y

Pricing negative

- Performance Materials strongly affected (-14.1% Y/Y) and Solutions & Specialties only with slight decline (-5.3% Y/Y)

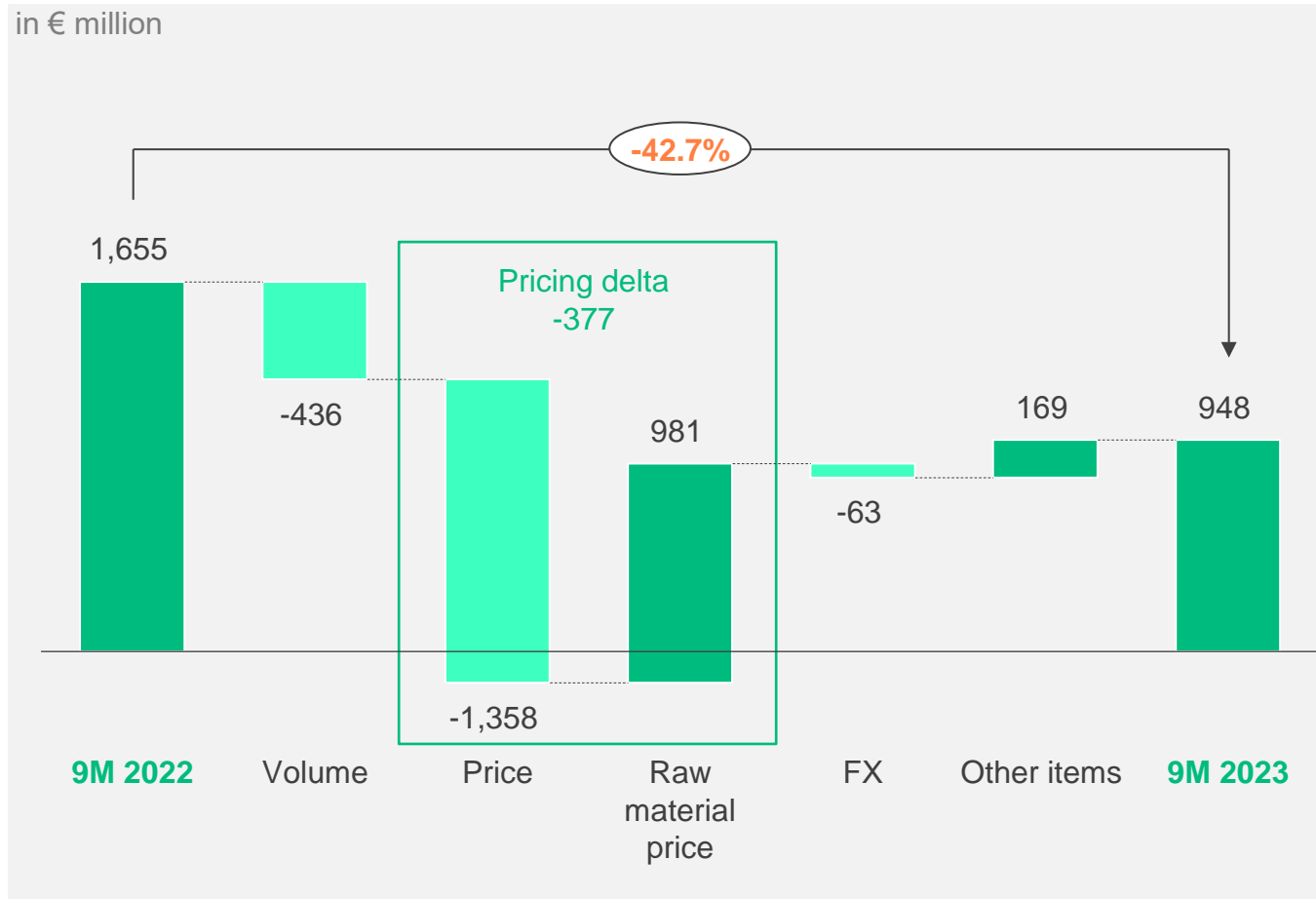
FX negative

- FX affected sales by -2.0% Y/Y mainly driven by RMB, USD, INR and JPY

Earnings burdened by lower volumes and negative pricing delta



9M 2023 – EBITDA bridge



HIGHLIGHTS

Negative volume leverage⁽¹⁾

- Volume leverage of 32%
- Volume leverage below long-term average due to product mix effects

Negative pricing delta

- Strong decline in prices due to unfavorable supply-demand situation partially offset by positive raw material and energy price development

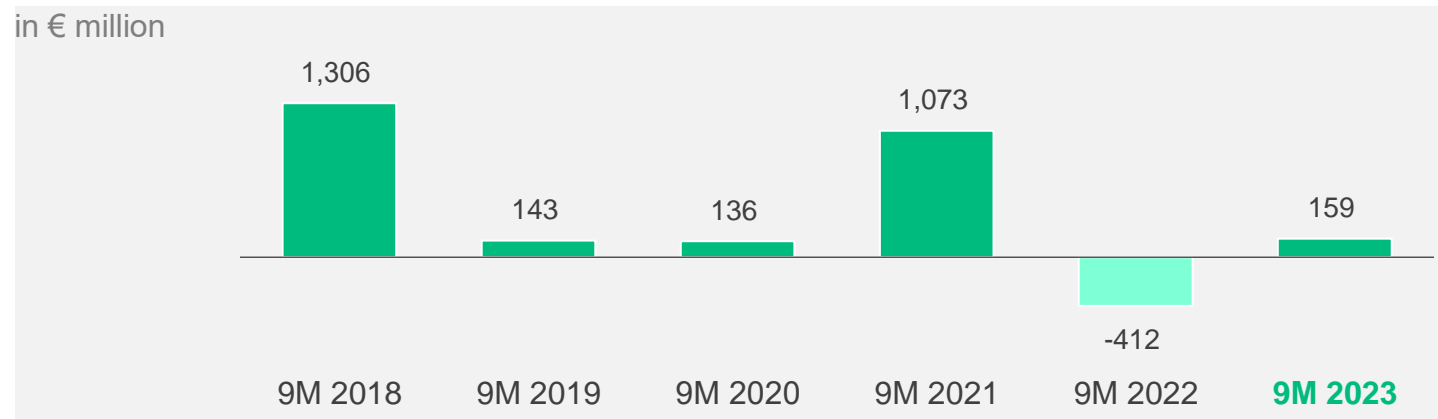
Other items driven by:

- Significantly lower operational cost
- Book gains from the divestment of the Additive Manufacturing business of €35m
- Provisions for closure of our Swiss entity of €14m
- Higher provisions for variable compensation of €107m

Strongly positive FOCF development in Q3 2023



Historical FOCF development



EBITDA	+2,907	+1,326	+835	+2,422	+1,655	+948
Changes in working capital⁽¹⁾	-568	+11 ⁽⁴⁾	-119 ⁽⁴⁾	-936	-571	-85
Capex⁽²⁾	-429	-603	-463	-472	-543	-461
Income tax paid	-505	-265	-115	-309	-446	-247
Other effects⁽⁴⁾	-99	-326 ⁽⁴⁾	-2 ⁽⁴⁾	+368	-507	+4

HIGHLIGHTS

- Q3 2023 FOCF €308m significantly up vs Q3 2022 with €33m
- 9M 2023 FOCF improved to €159m, year-on-year increase driven by stringent working capital management despite declining EBITDA
- Working capital to sales ratio⁽³⁾ decreased to 18.7% (20.6% at end of 9M 2022), driven by lower inventory levels and lower accounts receivable; lower accounts payable due to lower purchase volumes
- 9M 2023 capex of €461m on budget and in line with FY 2023 guidance
- Income taxes in 9M 2023 mainly driven by payments in Germany and China. Tax payments in Germany include a settlement of German tax audit for fiscal years 2016-18
- Other effects: 9M 2022 included bonus payout of €475m for FY 2021

9M 2023 net income affected by impairments and DTA adjustments



P&L statement 9M 2023

	in million €	9M 2022	9M 2023	% of 9M '23 sales	Δ Y/Y
Sales		14,004	11,031	100%	-21.2%
EBITDA		1,655	948	8.6%	-42.7%
D&A excl. impairments		-670	-634	-5.7%	-5.4%
Impairments		-23	-38	-0.3%	65.2%
EBIT		962	276	2.5%	-71.3%
Financial result		-112	-100	-0.9%	-10.7%
EBT		850	176	1.6%	-79.3%
Income taxes excl. DTA adjustments		-224	-59	-0.5%	-73.7%
DTA adjustments		0	-130	-1.2%	-
Net income⁽¹⁾		627	-11	-0.1%	-101.8%
Earnings per share (in €) ⁽²⁾		3.28	-0.06	-	-

HIGHLIGHTS

Impairments

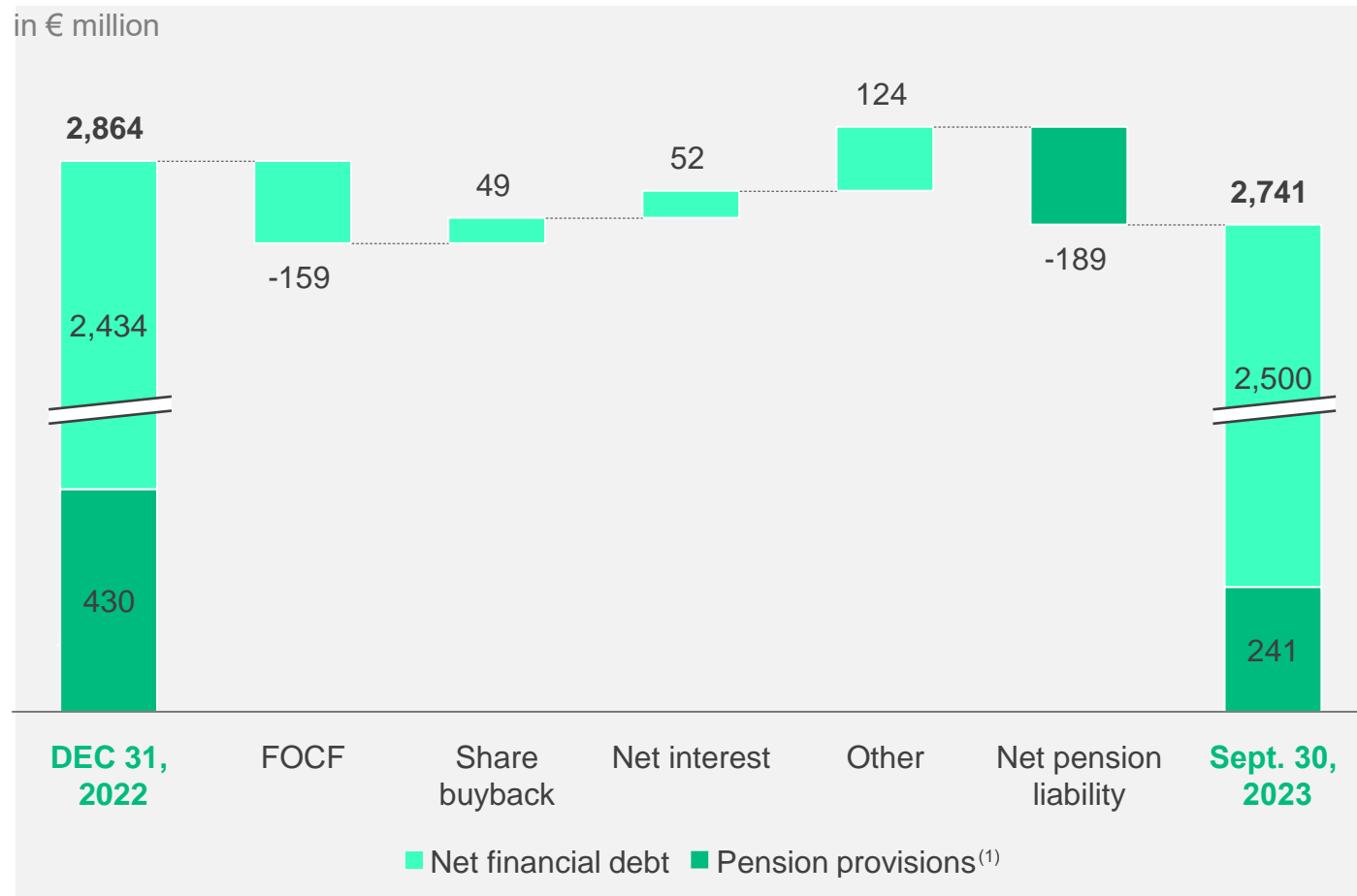
- Impairment loss of €30m due to discontinuation of Maezio[®] product line and related site closure in Q1 2023

Deferred tax assets (DTA)

- DTA adjustments of €130m in 9M 2023 due to negative earnings mainly in Germany and Switzerland
- DTA on tax loss carry-forwards cannot be recognized under IFRS any longer
- Tax loss carry-forwards in Germany do not expire, in Switzerland expiration after 7 years

Total net debt slightly decreasing

September 30, 2023 – Total net debt



HIGHLIGHTS

- Total net debt to EBITDA ratio⁽²⁾ of 3.0x at the end of 9M 2023 compared to 1.4x at the end of 9M 2022
- Higher net debt to EBITDA ratio reflects the cyclical nature of Covestro's business and is expected to be only temporary
- Others mainly driven by finance lease contracts
- No financial covenants in place
- Solid investment grade rating of Baa2 with stable outlook confirmed by Moody's in June 2023



- Covestro investment highlights
- Group financials Q3'23
- **Segment overview**
- Background information

Standard products with reliable supply and lowest cost

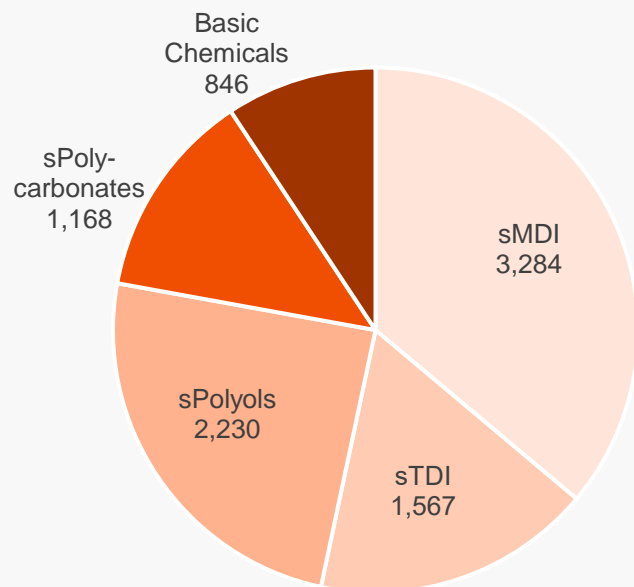


Performance Materials

PRODUCTS

Polyurethane and polycarbonate standard products as well as basic chemicals

SALES 2022 (in € million)



SUCCESS FACTORS

Ensure high asset utilization

Integrated end-2-end planning and steering of entire supply chain and large-scale production to optimize output



Supply customers reliably

to be customers' preferred supplier



Strengthen superior cost position

Standardized offerings and lean order management for focused customer and product portfolio



Customer centricity for standard products

BENEFITS FOR GROUP

- Maintain leadership in Covestro core industries
- Implement growth strategy while building on vision of full circularity
- Create critical mass for Covestro in standard product offerings
- Supply downstream Business Entities at market-based prices

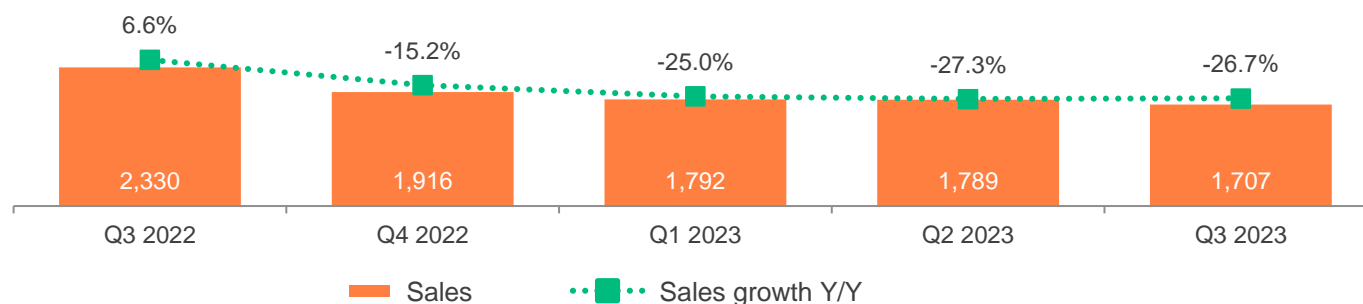
Performance Materials – operating along trough levels



Segment results – Highlights Q3 2023

SALES

in € million / changes Y/Y

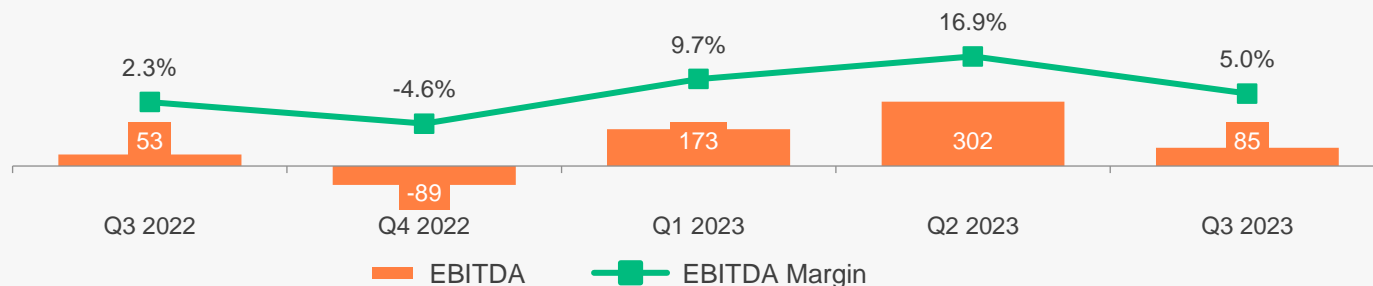


HIGHLIGHTS

- Sales decreased by 26.7% Y/Y driven by price (-19.9%), FX effect (-4.4%) and to a minor extent volume (-2.4%)
- Quarter-over-quarter, strong sales decline in EMLA and slight decline in NA while APAC with slight increase; sequentially positive volume growth in all regions, most prominently in APAC, followed by NA and EMLA

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

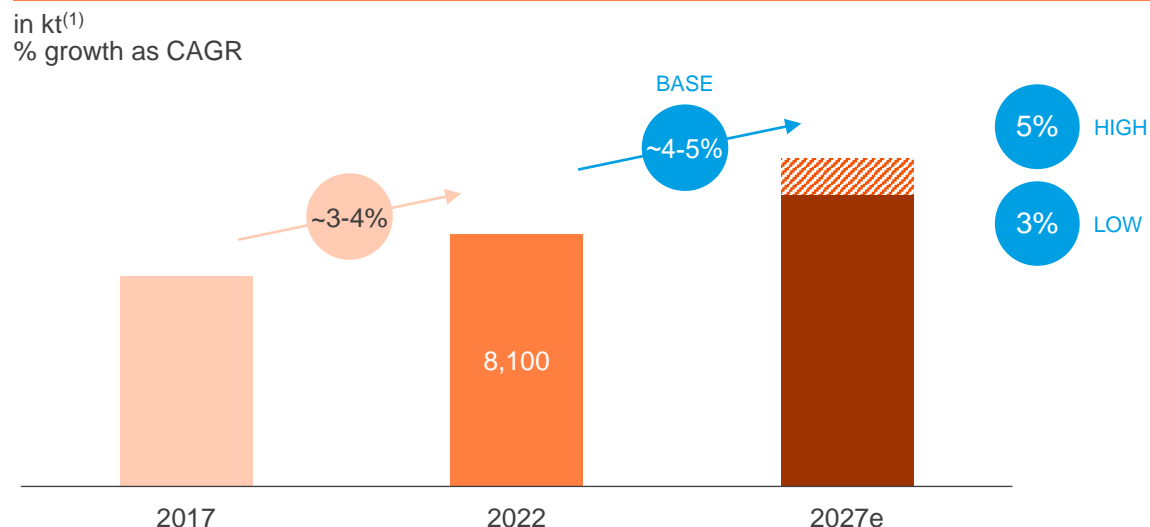
- Compared to prior year, EBITDA increased on the back of lower raw material and energy prices leading to a positive pricing delta burdened by lower volumes and FX
- Quarter-over-quarter, EBITDA decrease despite higher volumes due to negative pricing delta and a Q2 one-time insurance reimbursement⁽¹⁾

MDI market balanced

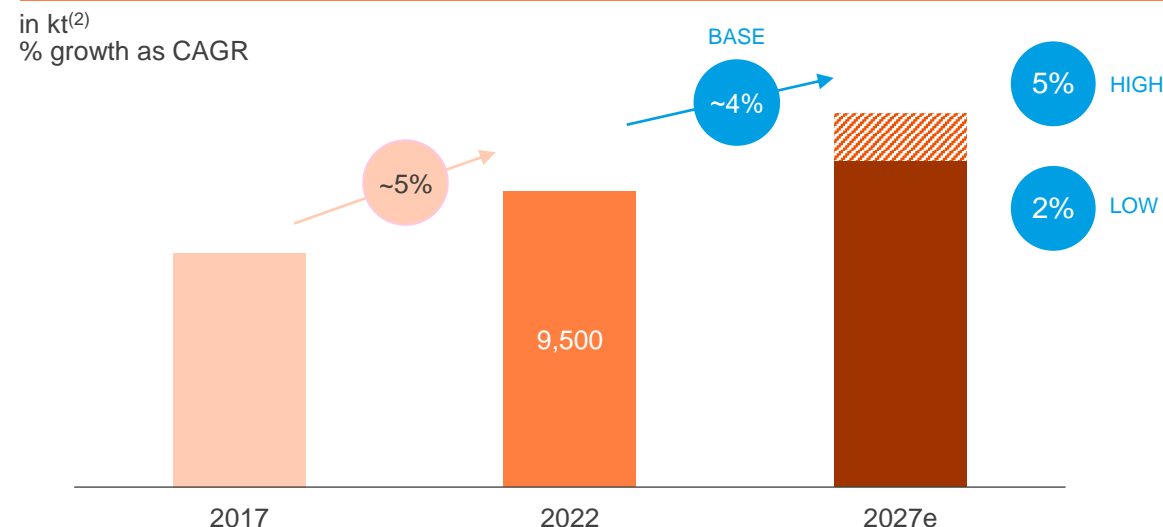


Performance Materials: MDI industry demand and supply

MDI DEMAND DEVELOPMENT (2017 - 2027e)



MDI SUPPLY DEVELOPMENT (2017 - 2027e)



HIGHLIGHTS

- In 2022, solid Industry Utilization Rate of 85%; industry usually fully utilized in the low nineties
- Demand CAGR of 4-5% between 2022 and 2027e includes flattish demand growth in 2023e and an acceleration of growth toward 2027e; long-term, demand growth CAGR of ~6% expected, leading to increasing industry utilization rate
- Covestro with further debottlenecks after 2027e

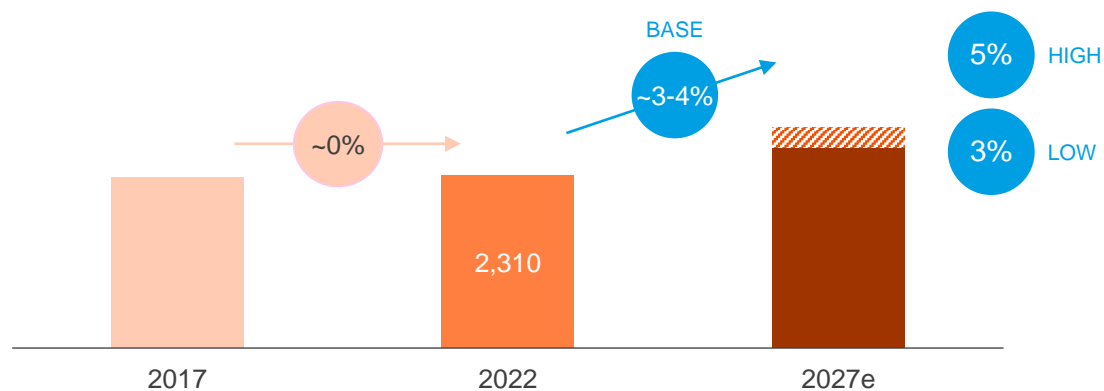
TDI market moving towards balance



Performance Materials: TDI industry demand and supply

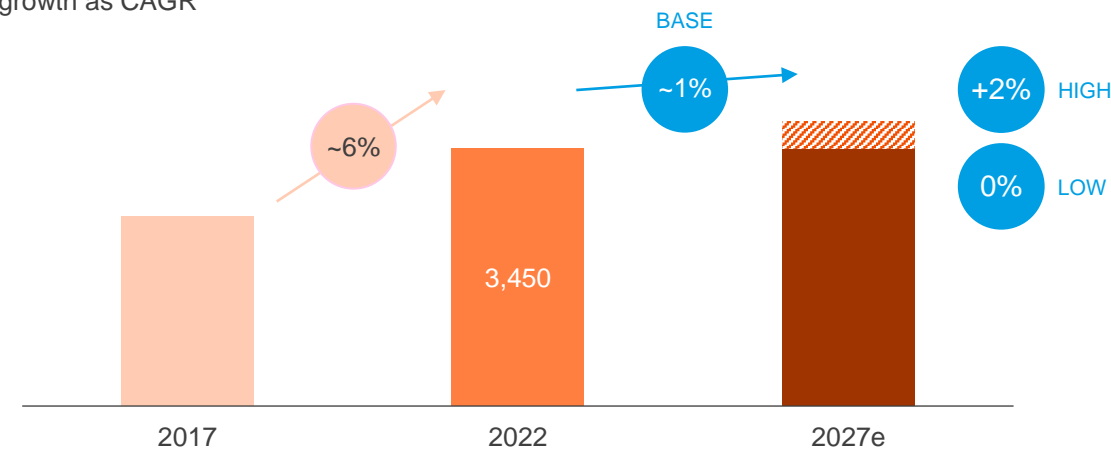
TDI DEMAND DEVELOPMENT (2017 - 2027e)

in kt⁽¹⁾
% growth as CAGR



TDI SUPPLY DEVELOPMENT (2017 - 2027e)

in kt⁽²⁾
% growth as CAGR



HIGHLIGHTS

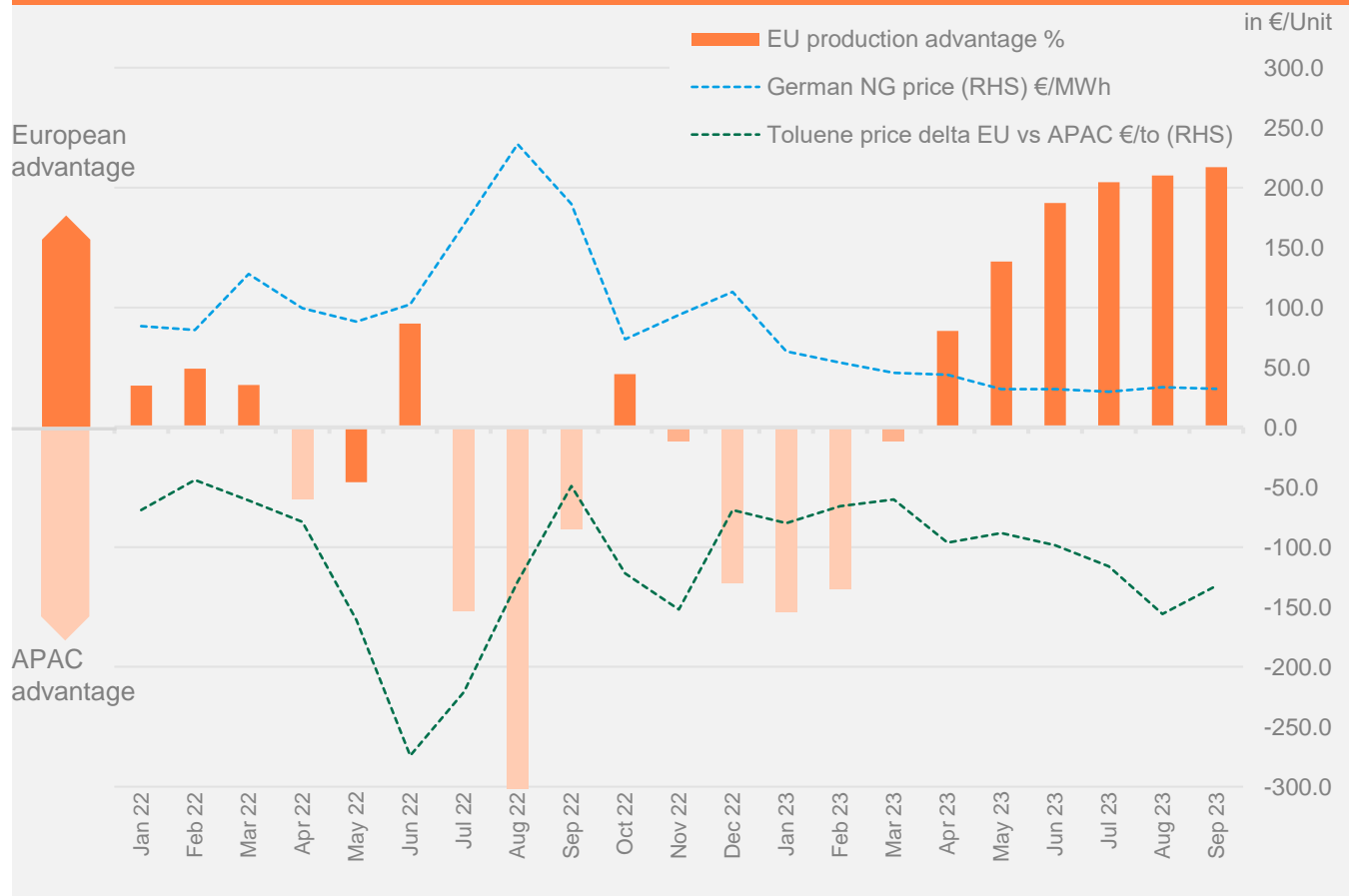
- Global demand declined by 8% in 2022, heavily influenced by destocking
- In 2022, low Industry Utilization Rate of 67%; industry usually fully utilized in the high eighties
- In 2023, Wanhua-Fujian ramp-up (+125kt) and BASF Ludwigshafen closure (-300kt).
- Based on normal demand growth capacity reductions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

European TDI production regained competitiveness



European TDI market

EUROPEAN TDI PRODUCTION COSTS COMPARED TO ASIAN⁽¹⁾



HIGHLIGHTS

TDI imports from APAC

- In Q3 2022, energy price hike led to increasing export activities from Asia
- Imports into Europe from Korea of 54kt and China 50kt in FY 2022; Jan-July 23 31.5kt from China and Jan-Aug 45kt from Korea⁽²⁾

Logistic cost & duties

- Logistic cost are between €350-600/t
- Duties are 6.5% from China; no duties from Korea

Mid-term outlook:

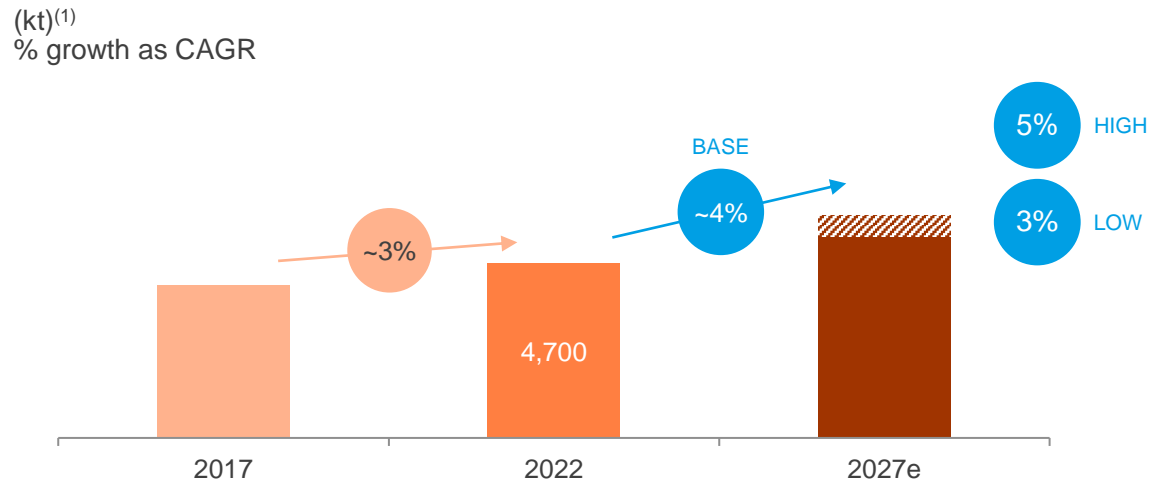
- With closure of BASF TDI 300kt unit European market demand exceeds available capacity and requires increasing imports
- With European energy prices at current levels TDI imports are since the last quarter no longer cheaper compared to European production



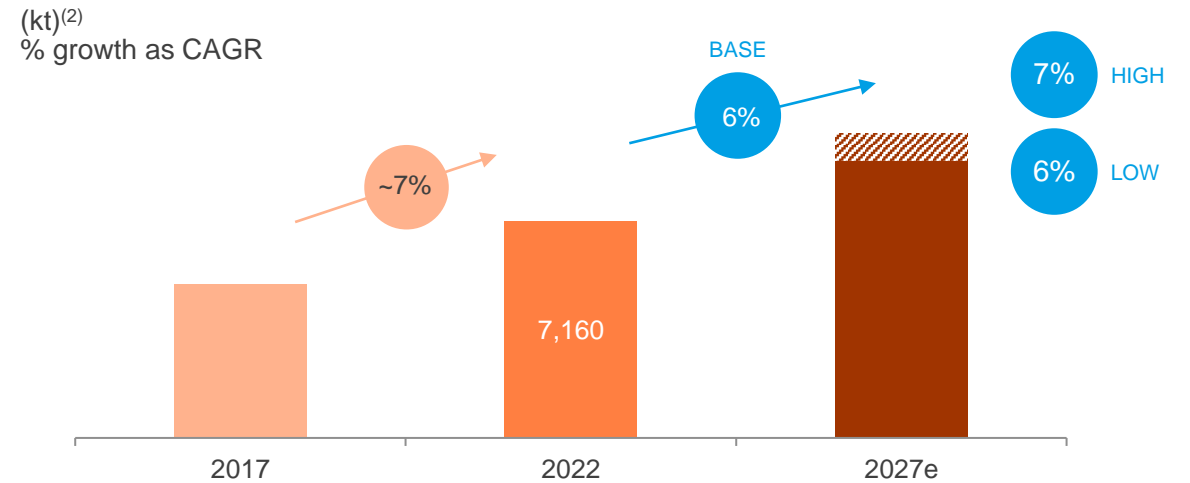
Execution risks may limit future capacity additions

Performance Materials: Polycarbonates (PC) industry demand and supply

PC DEMAND DEVELOPMENT (2017 - 2027e)



PC SUPPLY DEVELOPMENT (2017 - 2027e)



HIGHLIGHTS

- In 2022, low Industry Utilization Rate of 66% after recent supply additions; industry usually fully utilized in the low eighties
- Sabc Cartagena closure end-2023 while no major additions⁽³⁾ expected until 2025, followed by numerous announced projects with uncertainties regarding timing and scope
- Covestro focus on differentiated business with increasing use of standard-polycarbonates as captive feedstock

Differentiation based on customer proximity and innovation

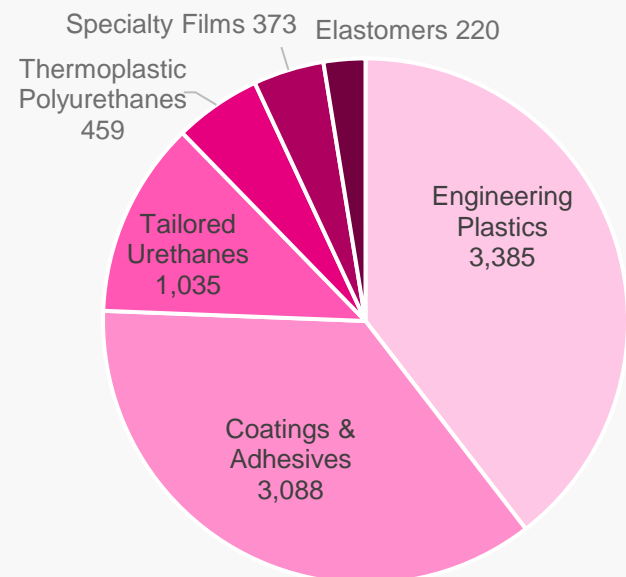


Solutions & Specialties

PRODUCTS

Differentiated polymer products

SALES 2022 (in € million)



SUCCESS FACTORS

Implement a pull supply chain

Use deep customer understanding to deliver unique value to customers



Lead in innovation

Continuously innovate products and applications in order to maximize value proposition to customers



Manage complexity

Efficiently steer customers and products at a small scale and balance cost of each solution against value for the customer



Customer centricity
for
solutions
and
specialty
products

BENEFITS FOR GROUP

- Maintain leadership in differentiated niche applications
- Implement growth strategy while building on vision of full circularity
- Improve earnings margin from relatively low starting point

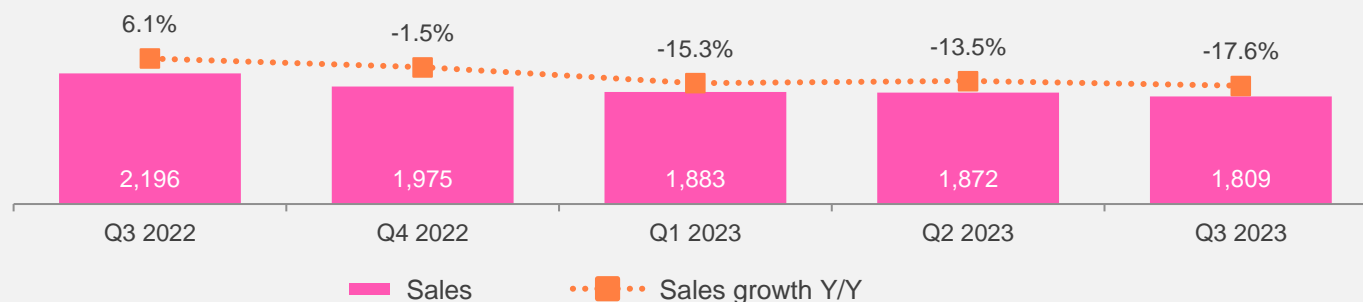
Solutions & Specialties – EBITDA again sequentially up



Segment results – Highlights Q3 2023

SALES

in € million / changes Y/Y

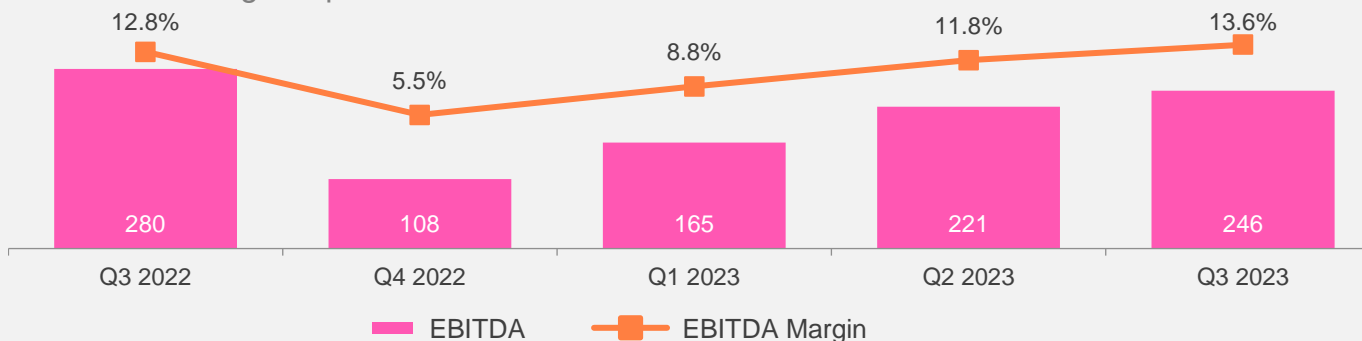


HIGHLIGHTS

- Sales declined by 17.6% Y/Y, mainly driven by lower prices (-8.9%), unfavorable FX (-5.0%) and lower volumes (-3.7%)
- Sequentially, sales declined strongly in EMLA while NA saw a slight decline and APAC exhibited a slight increase mainly caused by strong volume development

EBITDA AND MARGIN⁽¹⁾

in € million / margin in percent



HIGHLIGHTS

- Compared to prior year, EBITDA decreased from negative volume and FX despite lower fixed cost and almost neutral pricing delta but
- Quarter-over-quarter higher EBITDA due to positive pricing delta and lower fixed cost, burdened by volume decline and other items
- EBITDA margin improved to 13.6% in Q3 2023

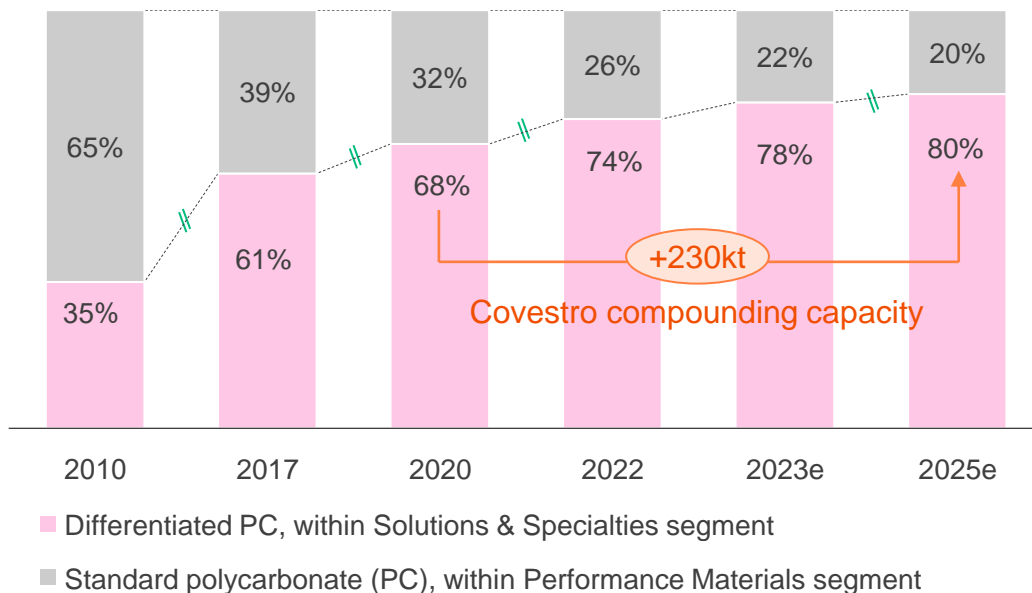
Shifting from standard to differentiated polycarbonate



Solutions & Specialties: high-growth contributor Engineering Plastics

POLYCARBONATE 2022 SALES €4.6bn

Covestro polycarbonate volume split by segment



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

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

CUSTOMER INDUSTRIES



Auto & transport

EP sales share 2022: 45%
CAGR 2022-2027e: 9%



Electro

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



Healthcare

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

GROWTH DRIVERS

- Global trends towards BEV boost total LV production
- Number of produced BEV expected to grow strongly, with higher PC content per unit compared to conventional LV
- Strong demand in communication infrastructure, audio, LED, power supply and small appliances
- New opportunities from 5G, intelligent connectivity and electrical integration
- Aging population with increasing healthcare access in emerging markets
- Trend towards home healthcare devices and wearable monitor devices

Strong demand for differentiated polycarbonate grades across several customer industries

Doubling sales by 2025

Solutions & Specialties: high-growth contributor Specialty Films



SPECIALTY FILMS		
	Total Sales 2022 €373m	CAGR 2022-2027e ~12%
TARGET	<ul style="list-style-type: none">• Doubling sales by 2025e versus Sales 2020 of €240m	
APPROACH	<ul style="list-style-type: none">• Elevating market share from differentiation via quality and service with customer-tailored applications• Strong competitive advantage from technical expertise and filled innovation pipeline• Excellent customer relationships promoting joint developments with long-term contracts	
INVESTMENT	<ul style="list-style-type: none">• Enabling growth with investment of almost €100m from 2023e till 2025e	

BUILD AGGRESSIVELY MEDICAL BUSINESS



Making use of IP portfolio to outgrow the industry with more than 20% sales growth per year

DEVELOP AUGMENTED REALITY BUSINESS



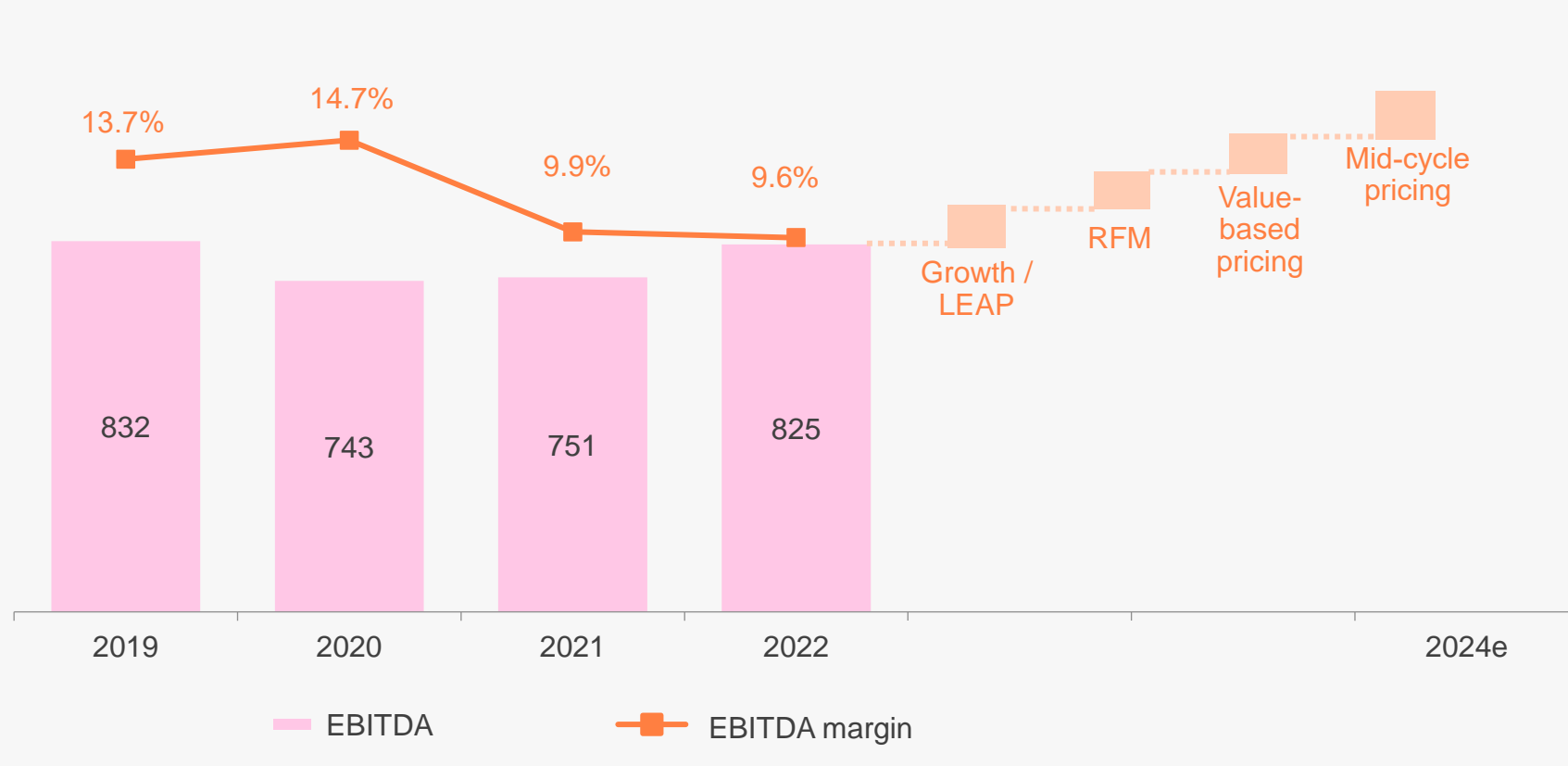
Growing within emerging market of holographic light guiding: accelerating markets of virtual displays in glasses and head-up displays in vehicles

EBITDA margin to grow

Solutions & Specialties segment target

EBITDA AND MARGIN – SOLUTIONS & SPECIALTIES





in € million



TARGET MARGIN

- EBITDA margin 2022 burdened by inflated sales but benefited from significantly higher EBITDA Y/Y
- In 2023, expecting EBITDA around 2022 level⁽¹⁾
- EBITDA margin growth driven by:
 - fixed cost dilution due to strong growth, LEAP transformation
 - RFM integration and synergies
 - Focus on value-based pricing
 Based on mid-cycle inter-segment charges and excluding raw material price-indicated sales inflation



-  Covestro investment highlights
-  Group financials Q3'23
-  Segment overview
-  **Background information**

Led by a diverse, international management team

Covestro senior management as of October 1, 2023



BOARD OF MANAGEMENT



Chief Executive Officer

Dr Markus Steilemann
Nationality: German



Chief Financial Officer

Christian Baier
Nationality: German



Chief Commercial Officer

Sucheta Govil
Nationality: British
with Indian origin



Chief Technology Officer

Dr Thorsten Dreier
Nationality: German

BUSINESS ENTITIES



Performance Materials

Hermann-Josef Dörholt
Nationality: German
Based in Leverkusen,
Germany



Tailored Urethanes

Christine Bryant
Nationality: US-American
Based in Pittsburgh,
USA



Coatings and Adhesives

Dr Thomas Römer
Nationality: German
Based in Leverkusen,
Germany



Engineering Plastics

Lily Wang
Nationality: Chinese
Based in Shanghai,
P.R. China



Specialty Films

Dr Aleta Richards
Nationality: US-American
Based in Dormagen,
Germany



Elastomers

Dr Thomas Braig
Nationality: German
Based in Romans-sur-Isère,
France



Thermoplastic Polyurethanes

Dr Andrea Maier-Richter
Nationality: German
Based in Dormagen, Germany

Covestro ESG rating results and index membership

As of October 2023



ESG Ratings & Indices	Scoring Range (Worst → Best)	2016	2017	2018	2019	2020	2021	2022	2023	Distinction	
CDP CLIMATE	D- to A	-	-	-	-	-	A-	A-	Exp. in Q4	Leadership Level (1)	
ecoVadis SUPPLIER SUSTAINABILITY RATINGS	0 to 100	73				80		72	Next update in 2025	(2)	
MSCI ESG	CCC to AAA	BBB	BBB	A	A	A	A	AA		(3)	
SUSTAINALYTICS	100 to 0	74	75		80	23.3	20.0	18.3	21.1	20.1	(4)
FTSE Russell	Excluded / Listed	Listed	Listed	Listed	Listed	Listed	Listed	Listed	Listed	Listed	

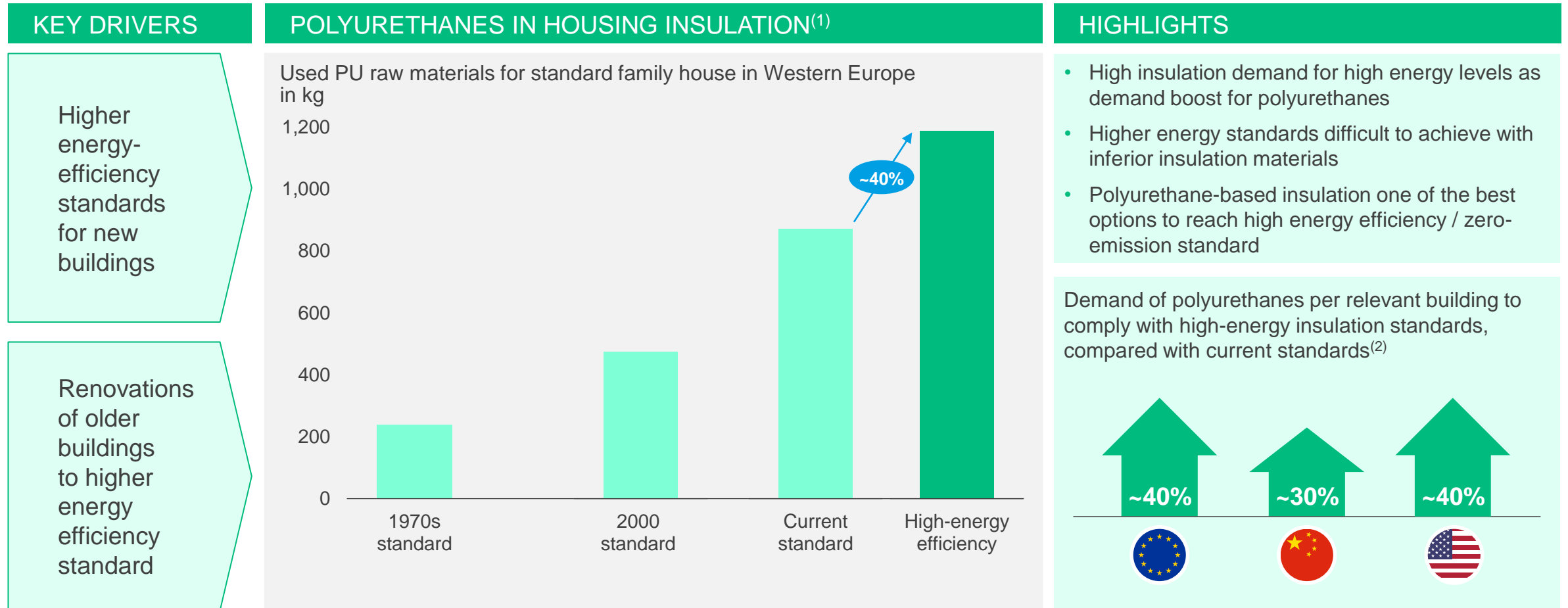
Notes:

- (1) Leading within the chemical industry in managing the most significant climate related questions.
- (2) Covestro belongs to the Top 5% within the chemical industry.
- (3) Covestro belongs to the Top 23% within specialty chemicals.
- (4) Covestro is identified as a TOP ESG performer of Sustainalytics' ESG Risk Ratings out of more >4,000 comprehensive companies. Covestro belongs to the Top 5% within the chemical industry.

Higher insulation standards increase demand for polyurethanes



Building insulation market outlook



Increasing BEV share boosts demand

Global electric vehicle market outlook



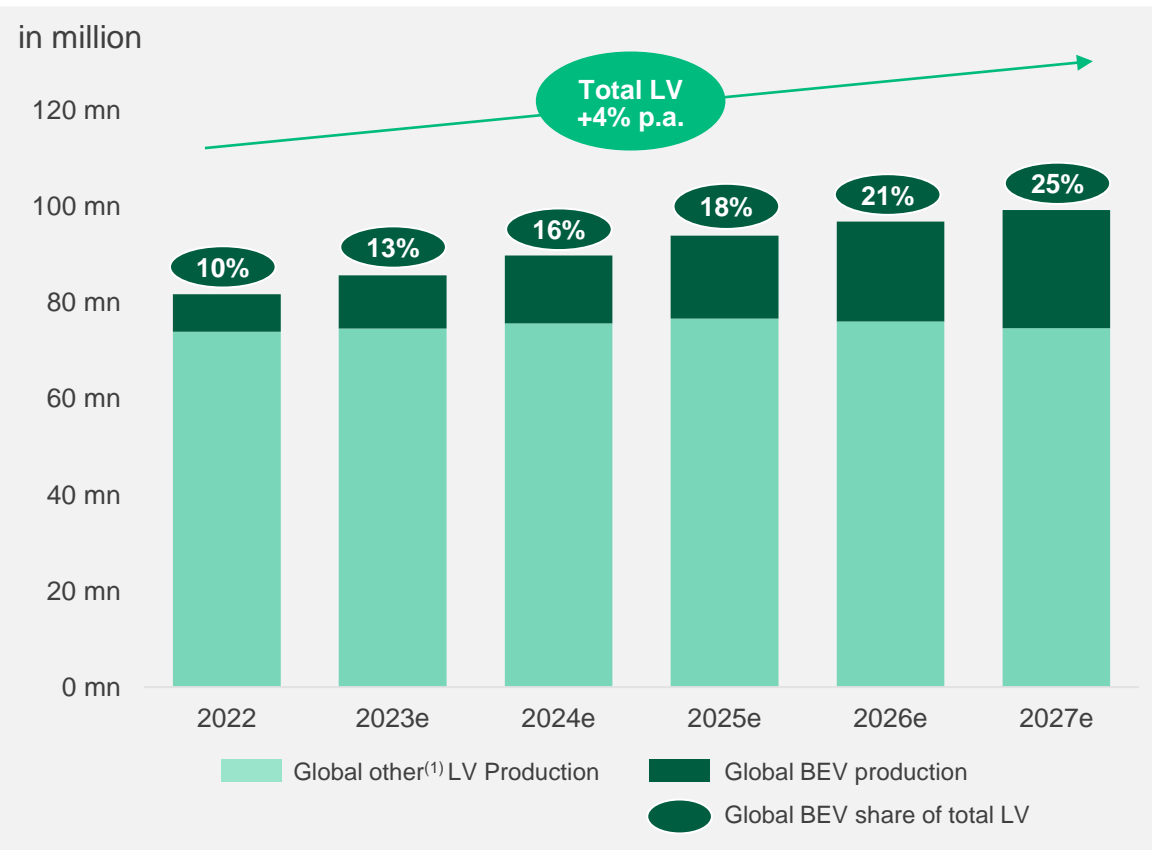
KEY DRIVERS

Carbon neutrality targets

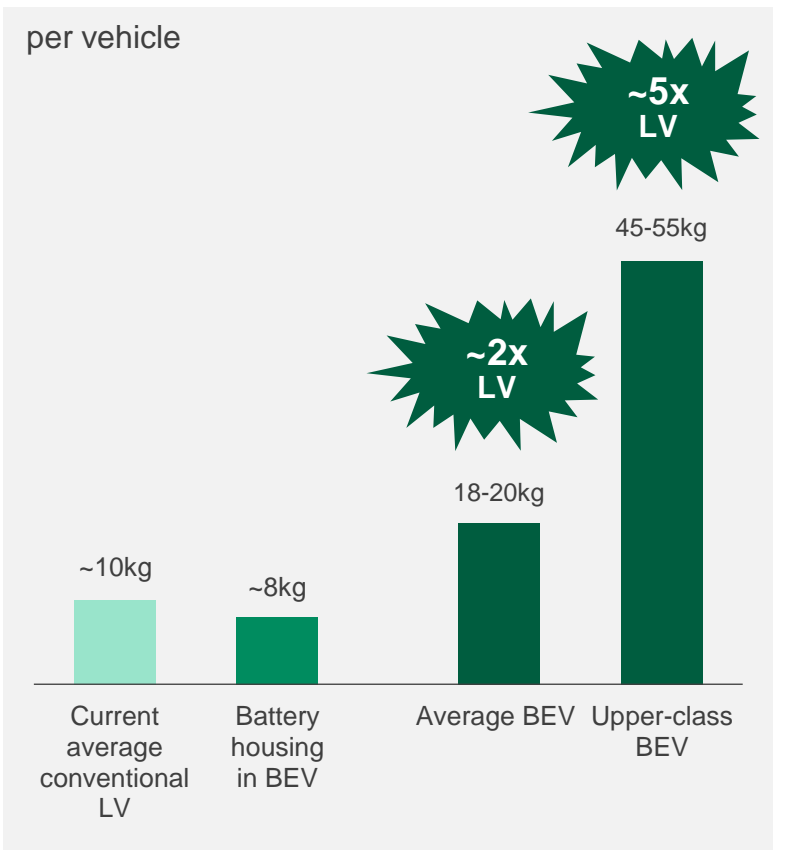
Rising fuel prices

Stringent emission regulations

DEVELOPMENT OF AUTOMOTIVE INDUSTRY



USE OF POLYCARBONATES IN BEV

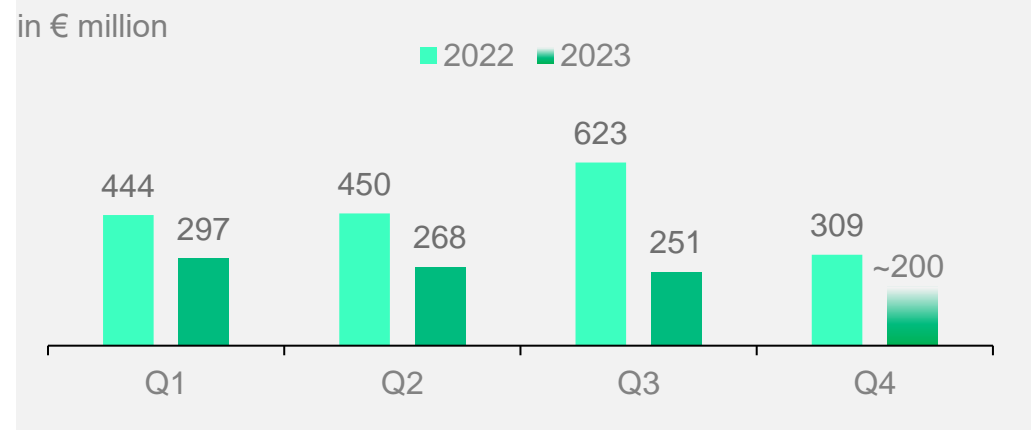


Global energy prices normalizing after tripling within two years

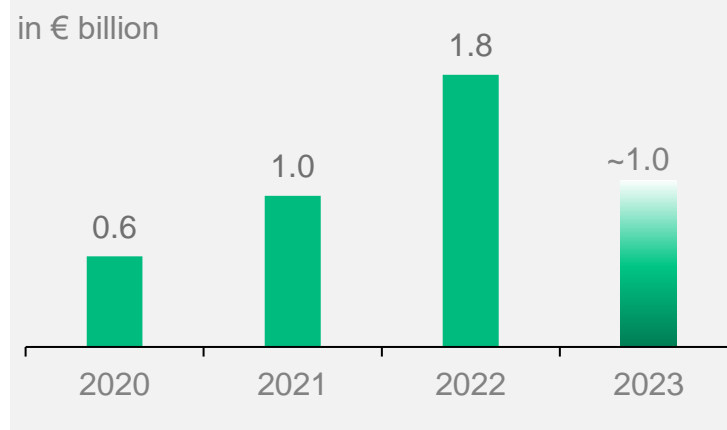
Energy cost development



QUARTERLY ENERGY COST DEVELOPMENT



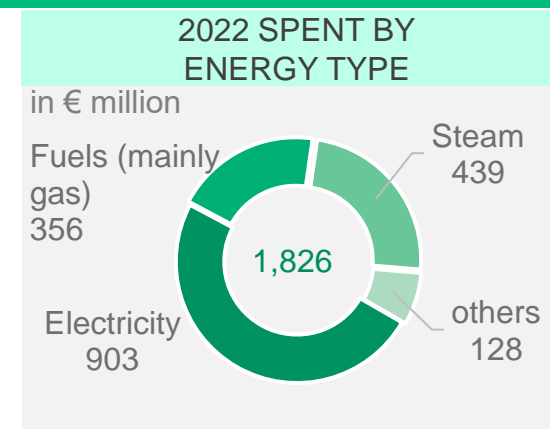
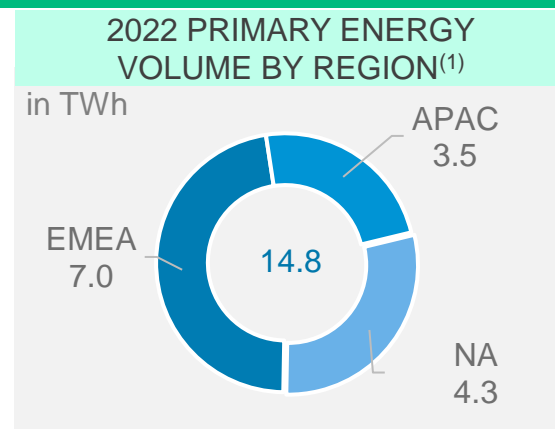
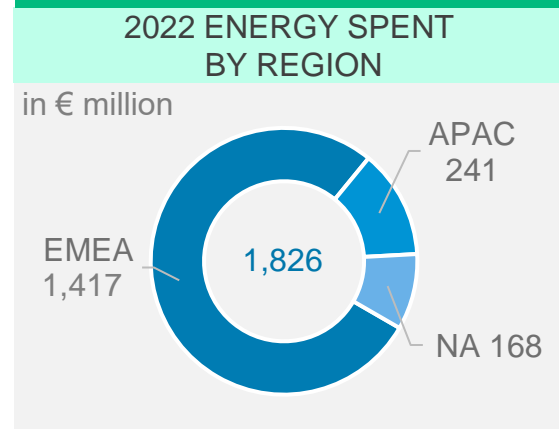
GLOBAL ENERGY COST



HIGHLIGHTS

- Global energy bill in FY 2022 of €1.8bn, energy demand reduced by ~7% vs FY2021
- Q3 2023 global energy cost of €251m, declined vs Q2 2023 from lower volumes and lower prices
- Expecting Q4 2023 global energy cost down versus Q3 2023 due to seasonally lower volumes
- Global energy bill in FY 2023 expected around €1bn

ENERGY BREAKDOWN

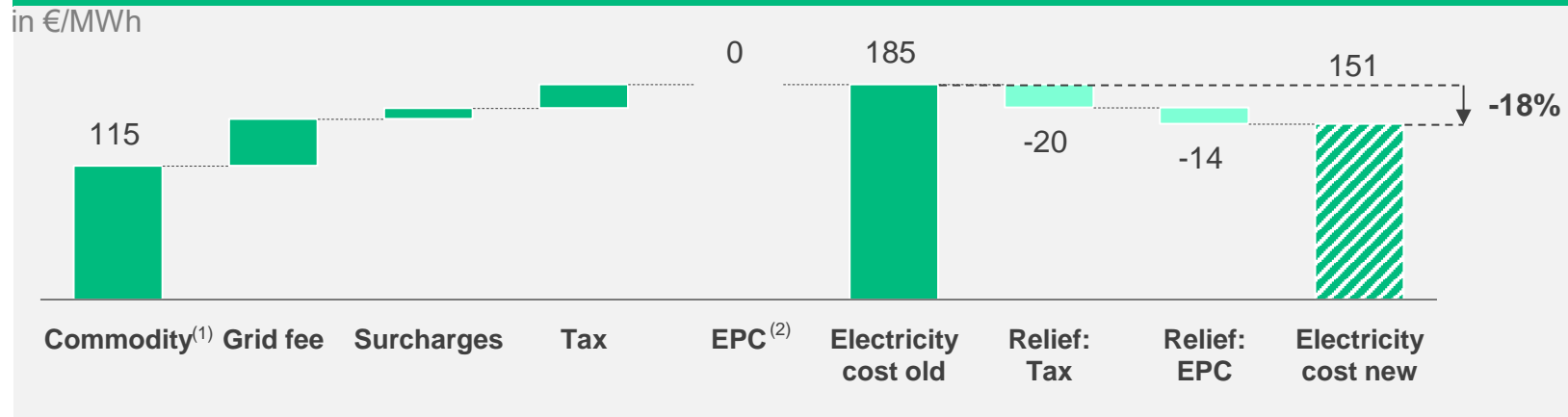


Electricity price package with marginal impact for Covestro

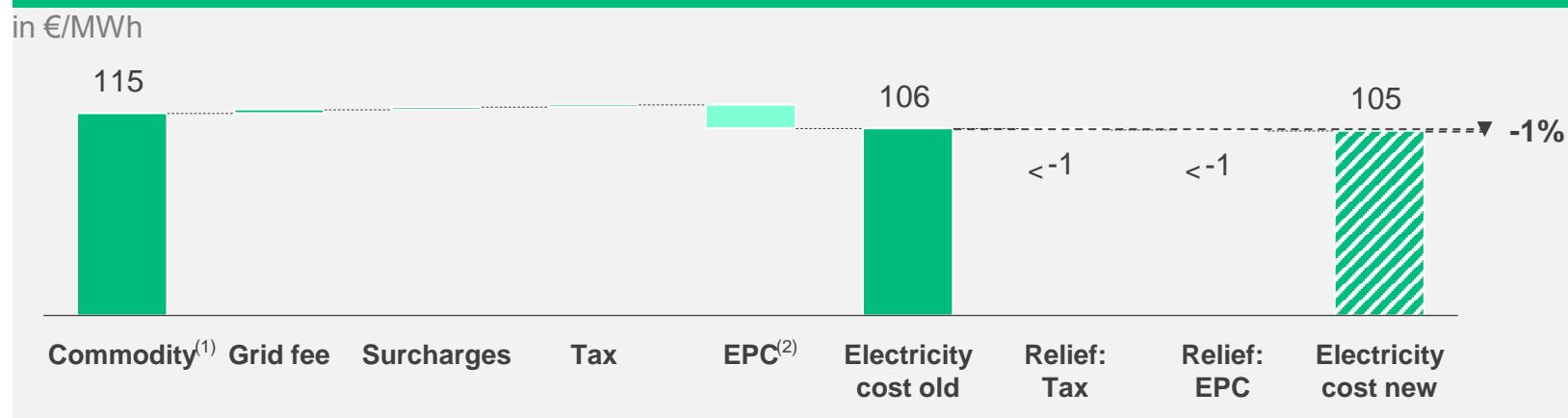
Electricity pricing after German government decision until 2030



ELECTRICITY PRICE RELIEF FOR NON-ENERGY INTENSIVE INDUSTRIAL CONSUMERS



ELECTRICITY PRICE RELIEF FOR COVESTRO GERMAN LEGAL ENTITIES IN 2024



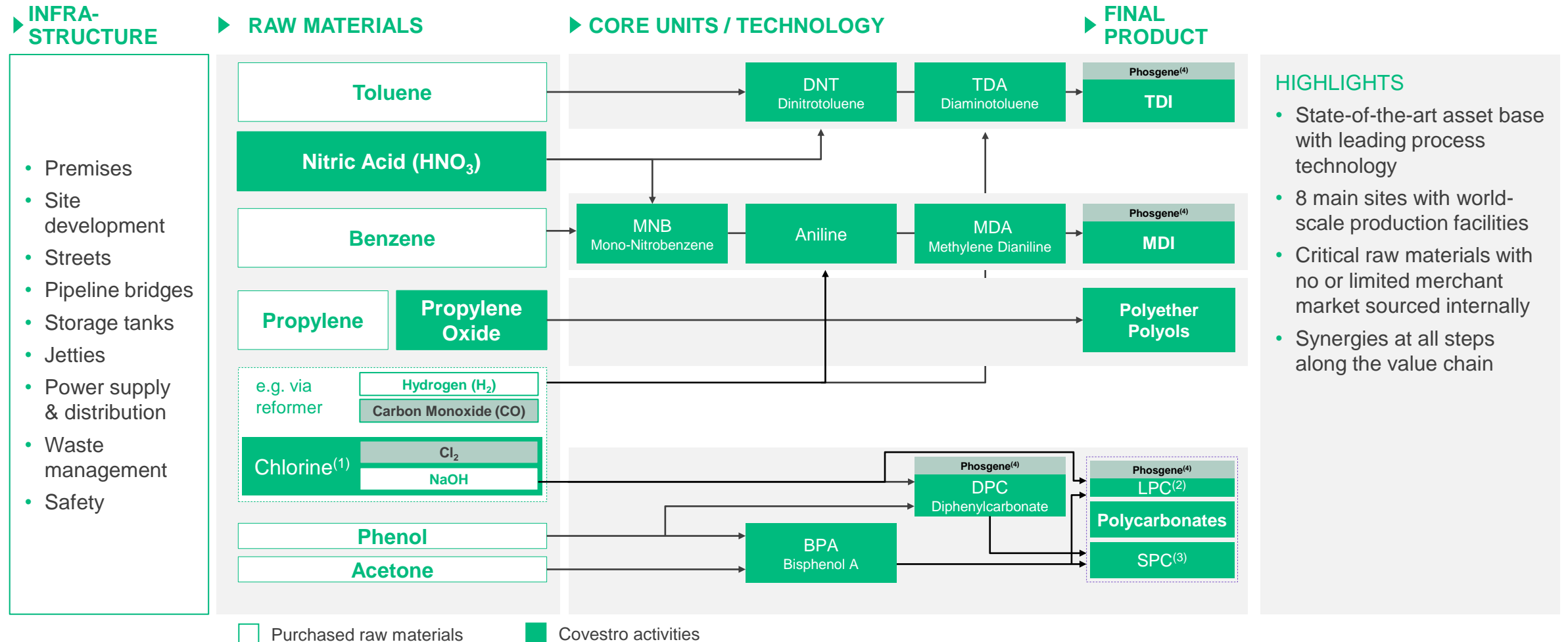
HIGHLIGHTS

- Electricity price package mainly prolongs existing measures for energy intensive companies like Covestro
- Covestro's German electricity consumption of ~3TWh
- Covestro expects to benefit from single-digit € million cost reduction; limited effect due to existing tax exemption and only marginal extension of EPC⁽²⁾
- For non energy intensive entities, net reduction of costs up to ~20%
- Grid fees will be stabilized which were set to significantly increase otherwise due to modernization needs for the German energy transition

Synergies in scale, process technology and chemical know-how



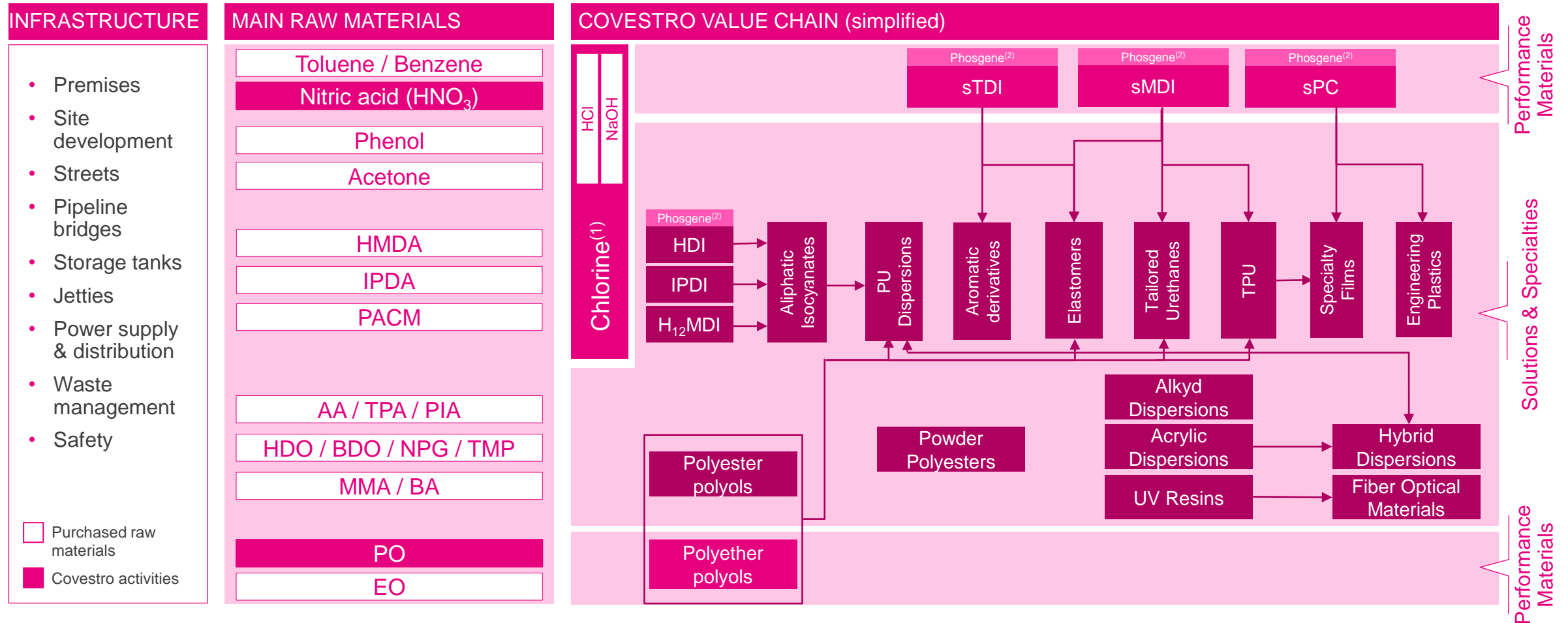
One chemical backbone across all segments



Synergies from chemical backbone and complementary technologies



Solutions & Specialties backward integration and value chain

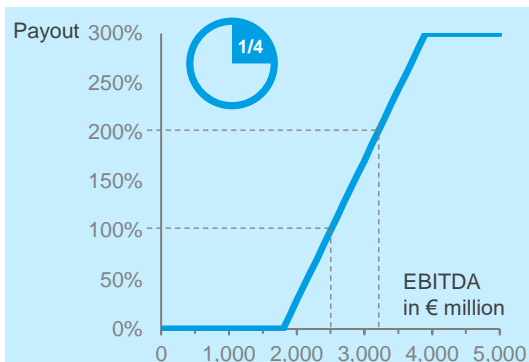


Entire organization aligned for performance and sustainability

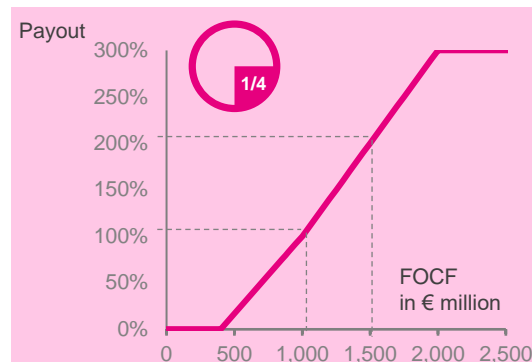


Group Profit Sharing Plan (PSP) as of 2022

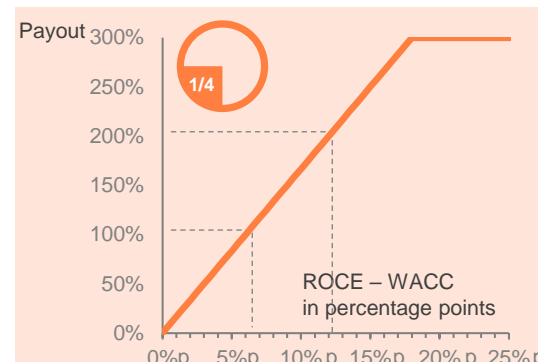
UNIFORM BONUS SYSTEM



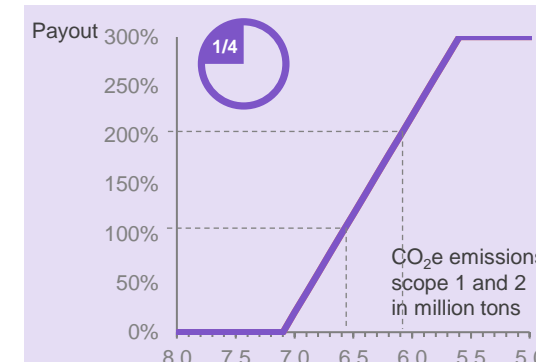
EBITDA (€ mio)				
Value	1,800	2,500	3,200	3,900
Payout	0%	100%	200%	300%



FOCF (€ mio)				
Value	400	1,000	1,500	2,000
Payout	0%	100%	200%	300%



ROCE above WACC (pp.)				
Value	0	6	12	18
Payout	0%	100%	200%	300%



Absolute CO ₂ e emissions Scope 1&2 (mt)				
Value	7.1	6.6	6.1	5.6
Payout	0%	100%	200%	300%

HIGHLIGHTS

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

High accumulated free operating cash flow

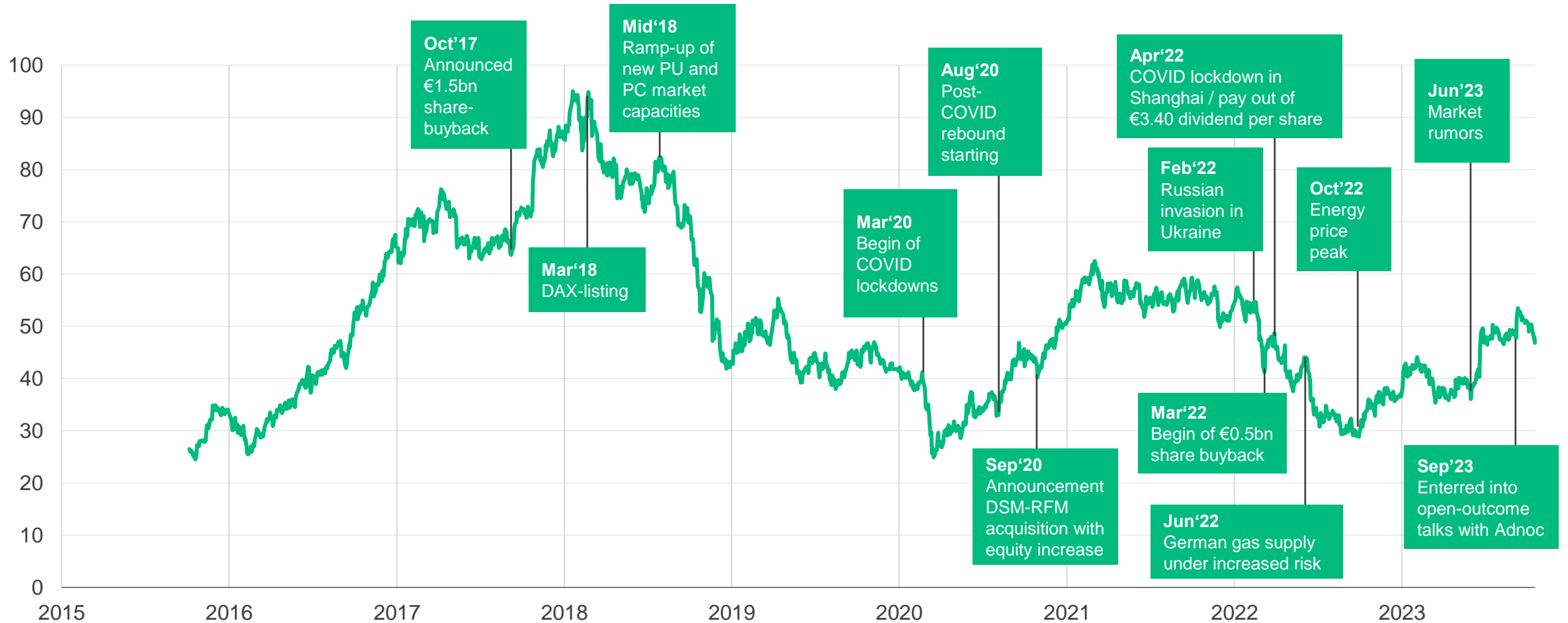
Development of last five years



		2018	2019	2020	2021	2022
Sales	(€ million)	14,616	12,412	10,706	15,903	17,903
• <i>Volume y/y</i>	(%)	+2.3	+0.8	-5.1	+6.5	-5.0
• <i>Price y/y</i>	(%)	+4.5	-17.3	-5.7	+34.7	+10.1
• <i>FX y/y</i>	(%)	-3.0	+1.9	-1.6	-0.8	+5.9
• <i>Portfolio y/y</i>	(%)	-0.4	-0.5	-1.3	+8.1	+2.0
EBITDA	(€ million)	3,200	1,604	1,472	3,085	1,617
• <i>Performance Materials</i>		2,825	942	896	2,572	951
• <i>Solutions & Specialties</i>		585	832	743	751	825
Earnings per Share	(€)	9.46	3.02	2.48	8.37	-1.42
Capex	(€ million)	707	910	704	764	832
Free operating cash flow (FOCF)	(€ million)	1,669	473	530	1,429	138
ROCE above WACC	(%points)	22.8	1.6	-0.3	12.9	-5.0
Total net debt ⁽¹⁾	(€ million)	1,793	2,954	2,479	2,604	2,920
Employees ⁽²⁾	(FTE)	16,770	17,201	16,501	17,909	17,985

Historical share price performance

Covestro € share price since IPO



Upcoming IR events



Find more information on covestro.com/en/investors

REPORTING DATES

- | | |
|---------------------|---------------------------------|
| • February 29, 2024 | 2023 Annual Report |
| • April 30, 2024 | Q1 2024 Quarterly Statement |
| • July 30, 2024 | 2024 Half-Year Financial Report |

ANNUAL GENERAL MEETING

- | | |
|------------------|------------------------|
| • April 17, 2024 | Annual General Meeting |
|------------------|------------------------|

BROKER CONFERENCES

- | | |
|---------------------|---|
| • November 7, 2023 | Societe Generale European ESG Conference, Paris |
| • November 14, 2023 | UBS European Conference 2023, London |
| • November 16, 2023 | HSBC Luxembourg Day, Luxembourg |
| • November 28, 2023 | BofA European Materials Conference 2023, London |
| • November 30, 2023 | Societe Generale, The Premium Review Conference, Paris |
| • December 4, 2023 | Berenberg European Conference 2023, Surrey |
| • January 9, 2024 | Commerzbank & ODDO BHF German Investment Seminar 2024, New York |
| • January 11, 2024 | Baader Helvea, German Corporate Day, Toronto |
| • January 16, 2024 | UniCredit & Kepler Cheuvreux 23 rd German Corporate Conference 2024, Frankfurt |



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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