



Strong start in an increasingly volatile environment

Roadshow presentation



Covestro investment highlights

Group financials Q1'22

Segment overview

Background information

Covestro is diversified across geographies and end-markets



Key performance indicators and sales split



Sales
2021



EBITDA
2021

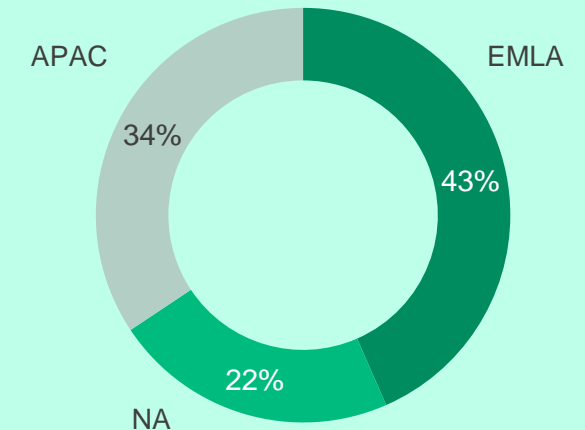
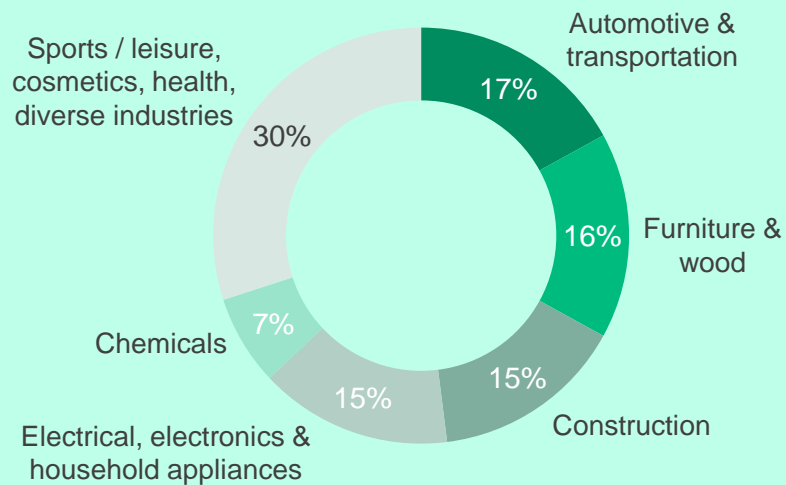
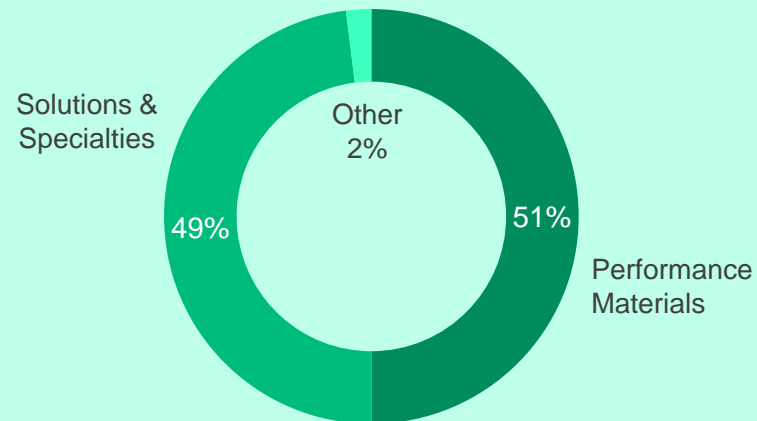


FOCF
2021



ROCE
2021

2021 sales

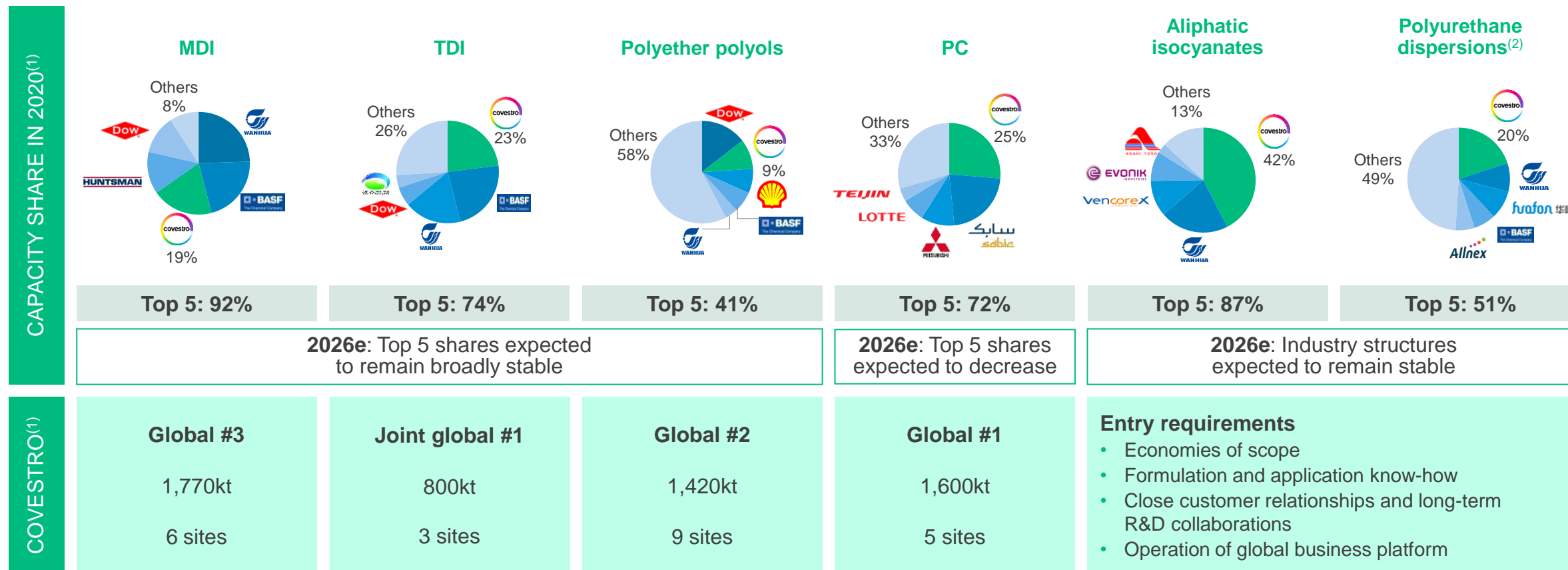


Covestro is a global leader across its entire portfolio

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

! MILESTONE
Target climate neutrality in 2035

Pioneering a sustainable future: climate neutral in 2035

New climate neutrality target for GHG emissions scope 1 and 2



OUR PURPOSE



To make the world a brighter place

OUR VISION



We will be fully circular



CLIMATE NEUTRALITY IN 2035

- Covestro target relates to absolute GHG emissions
- Comprises direct (scope 1) and indirect (scope 2) GHG emissions



60% REDUCTION IN 2030

- Interim target of 2.2 million tons GHG emissions in 2030
- Base year 2020 with 5.6 million tons GHG emissions



ALIGNED WITH GLOBAL 1.5°-GOAL

- Covestro target aligned with 1.5°C goal of the Paris Climate agreement



CLIMATE NEUTRAL GROWTH SINCE 2005

- Previous specific GHG emission reduction target of -50% for 2025 achieved ahead of time
- Specific reduction of -54% in 2021 vs. base year 2005

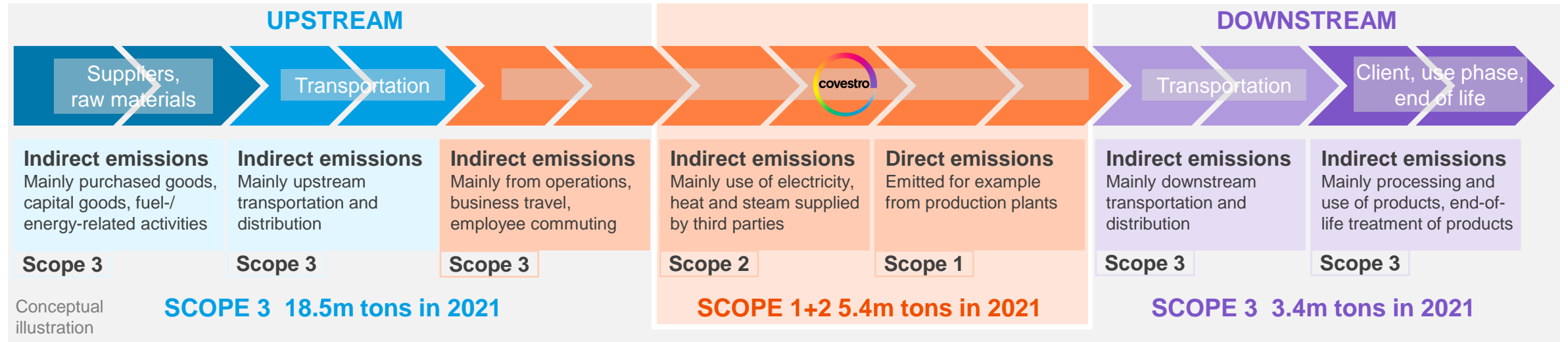


TARGET FOR UP- AND DOWNSTREAM CLIMATE NEUTRALITY

- Scope 3 GHG emission reduction target to follow by 2023
- Roadmap and measures largely linked to transition to a circular economy

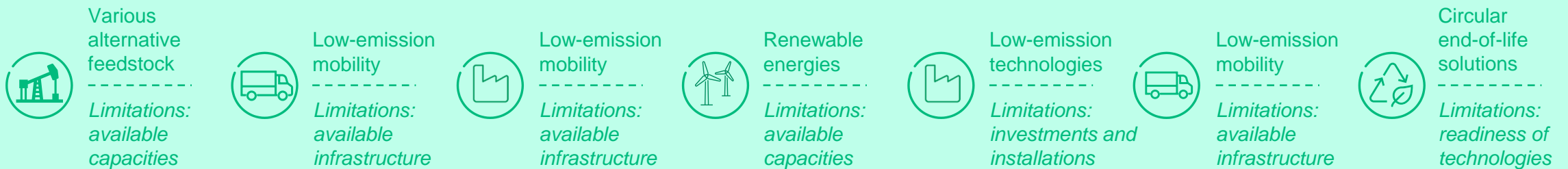
Climate neutrality with existing technologies and assets

Covestro greenhouse gas emissions



EXISTING OPTIONS AND CURRENT LIMITATIONS TO REDUCE GHG EMISSIONS

Selective examples only



Transition opportunities expected to outweigh costs

New climate neutrality target for GHG emissions scope 1 and 2



TRANSITION OPPORTUNITIES

- Covestro will offer all products in a climate neutral version
- Customers demand sustainable product and appreciate the added value, leading to profitable growth
- Political and societal ambitions, regulatory changes, changing consumer awareness and behavior provide growth opportunities for fast responders

TRANSITION COSTS

- Expected €250-600m accumulated capex in 2021-2030e related to emission reduction measures, resulting in expected €50-100m p.a. lower operating expenses due to growing energy efficiency
- Expected low three-digit € million additional operating expenses p.a. based on historic circumstance that prices for fossil-based energies are lower than prices for renewable energies

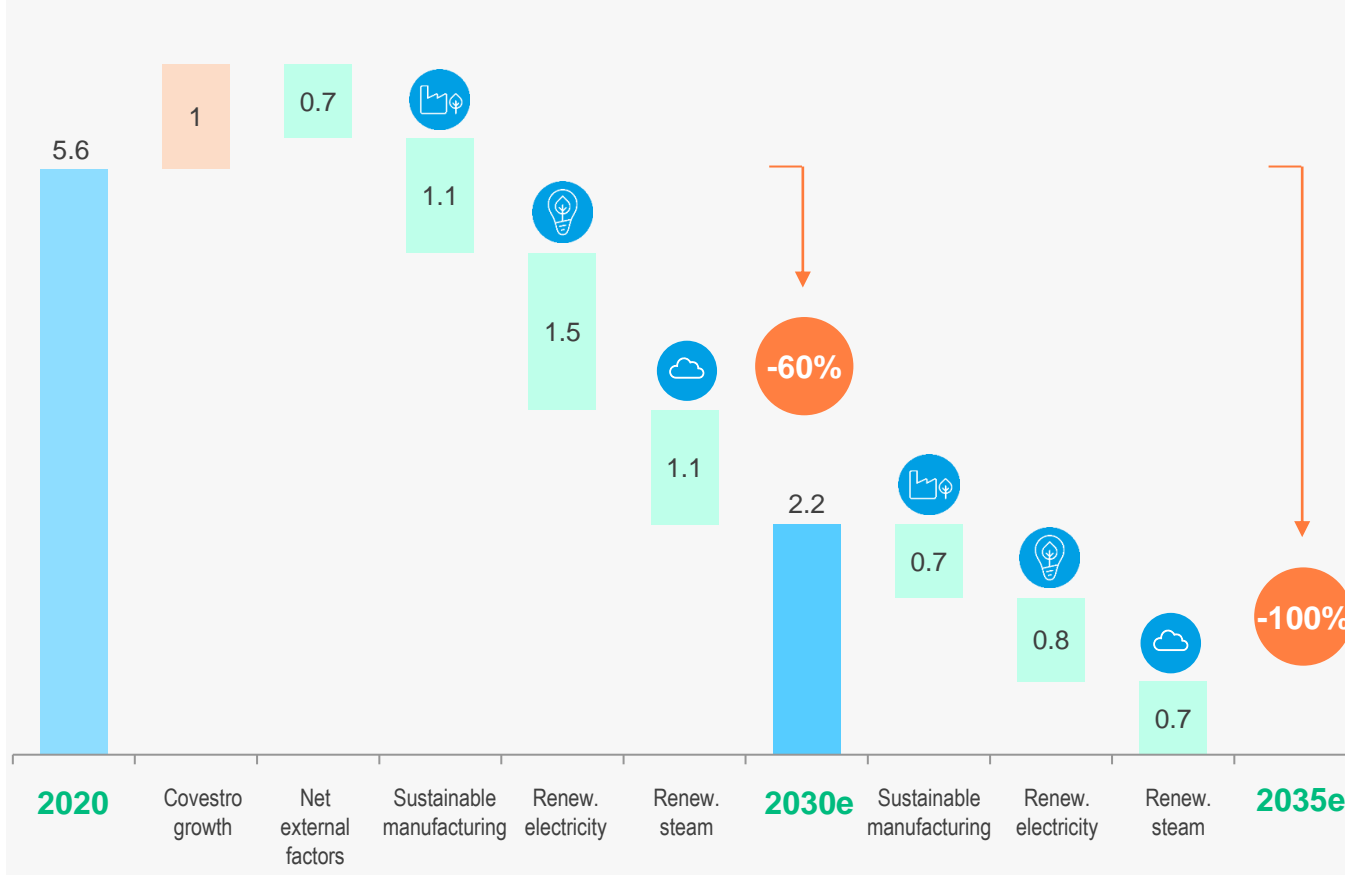


Sustainable manufacturing and renewable energy to lead path



New climate neutrality target for GHG emissions scope 1 and 2

GHG emissions in million metric tons, scope 1 and 2



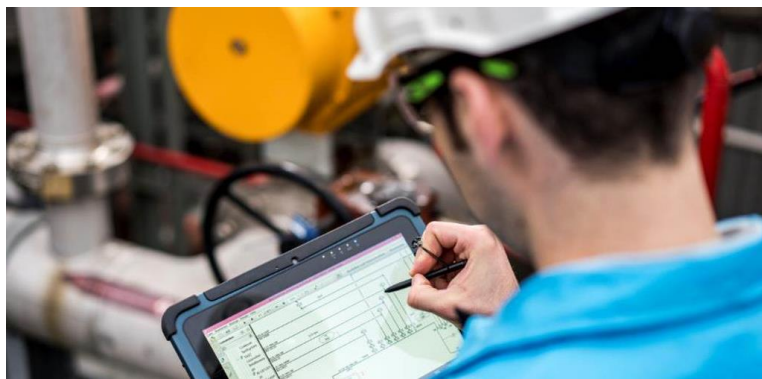
EMISSION REDUCTION MEASURES

- 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 factors 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



New 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



Onshore wind energy, e.g. PPA with ENGIE since 2021 for 45% of site's electricity in Antwerp



Offshore wind energy, e.g. PPA with Ørsted starting 2025 for 10% of sites' electricity in Germany



Solar energy, e.g. PPA with Datang since 2021 for 10% of site's electricity in Shanghai



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

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



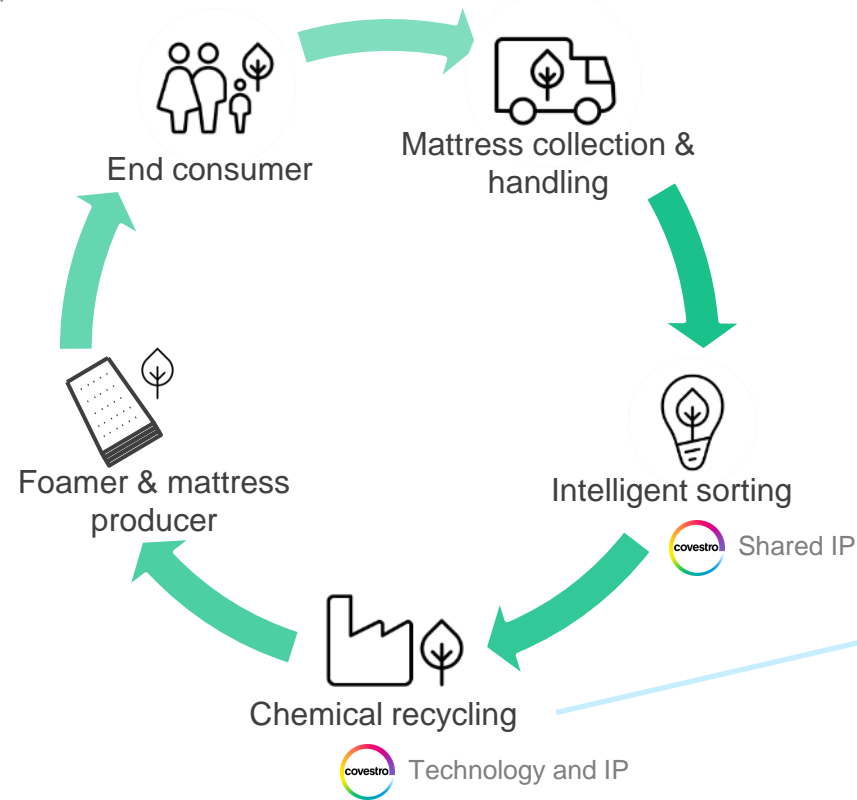
End-of-life solutions in cross-industry collaborations

COVESTRO TECHNOLOGY

- Chemical recycling of polyurethane (PU) mattress foams
- Proprietary process for recovering *both* PU components polyol and TDA
 - rPolyol in high purity and quality enables high content of recycled raw material in existing plants
 - rTDA fulfills specifications for conversion into TDI in existing plants
- Preliminary LCA with significant improvement of the CO₂ footprint compared to fossil route, meeting high customer and consumer demand
- Shared IP on high accuracy, high yield foam sorting – process to be covered by industrial partner

FUTURE PU SOFT FOAM LOOP

Conceptual illustration



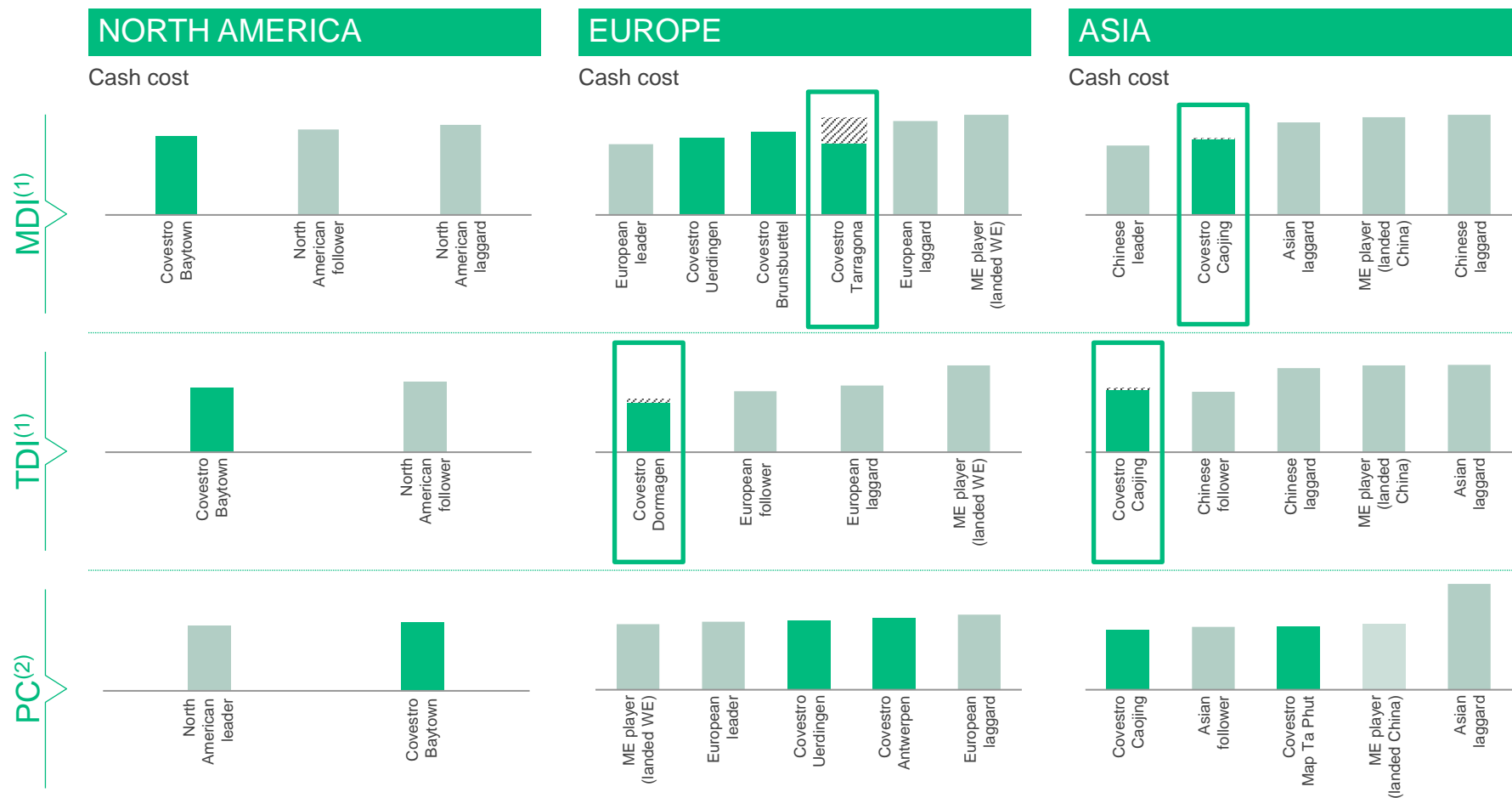
INDUSTRIAL SCALE-UP

- Q1 2021 **Pilot plant** started up
- mid 2020s **Commercial plant** in early planning
- early 2030s **Further scale-up** subject to demand and technology

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 ~35% between the best and the average 5 least competitive plants
- **Covestro TDI** is the global cost leader with cost advantage of ~50% 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

Global demand outlook weakened

Global demand development



Key customer industries		2020 Y/Y	2021 Y/Y	2022e Y/Y ⁽¹⁾	2022e Q1 UPDATE ⁽²⁾
Global GDP		-3.5%	+5.6%	+4.1%	+3.1%
Automotive EV / BEV		-15.9% +29.2%	+2.9% +104.9%	+11.7% +55.3%	+6.1% +52.5%
Construction Residential		-1.8% -1.0%	+2.9% +4.4%	+3.7% +4.0%	+3.5% +4.0%
Furniture Soft furniture		-4.8% -4.4%	+8.0% +8.2%	+3.4% +3.4%	+2.4% +2.4%
Electrical, electronics and household appliances Appliances		+4.5% +2.4%	+13.9% +9.6%	+4.5% -0.5%	+4.4% -0.5%

(1) as of February 2022

(2) GDP estimate by IHS as of April 2022; automotive estimate by LMC as of April 2022; construction estimate by B+L as of April 2022; furniture estimate by Covestro based on Oxford Economics as of April 2022; EE&A estimate by Oxford Economics as of March 2022 (sub-industry 'appliances' mainly include refrigerators and freezers)

Covestro supports future sustainable growth

Long term product trends



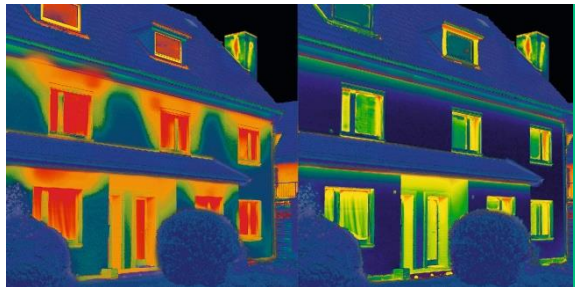
APPLICATIONS



INDUSTRY TRENDS

Electric vehicles pushing demand in E&P

- Battery Electric Vehicles to use 2 up to 5 times⁽¹⁾ more polycarbonate than conventional vehicles
- Trend to continue or accelerate for future BEV generations and increase in demand up to 1 Mio to⁽²⁾ 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 1% per year⁽²⁾



Wind energy

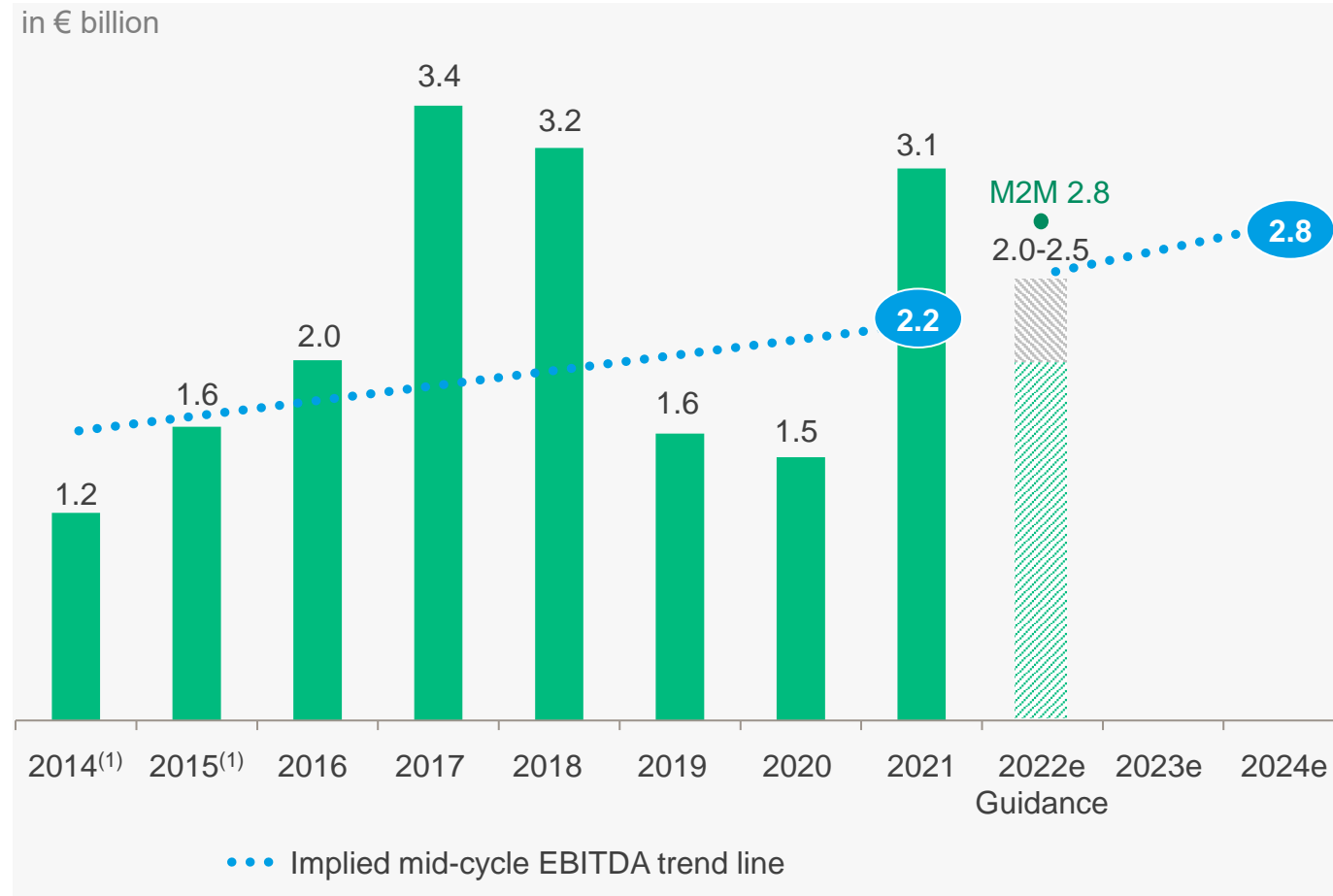
- Covestro polyurethane infusion resin contributes to 8% reduction⁽³⁾ in wind blade manufacturing cost and is expected to take ~10% market share of the wind resin market dominated by epoxy resins until 2032
- Our overall wind solutions for blades will result in 30% lower maintenance and 2-year life-time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

COVESTRO BENEFIT

Favourable mid to long term outlook for product portfolio of Covestro

Guidance reduced with upper end at mid-cycle level

EBITDA development between 2014 and 2022e



HIGHLIGHTS

EBITDA guidance of €2,000m - 2,500m in FY 2022

- Adjusted earnings guidance reflects currently prevailing risks in a volatile environment
- Mark-to-market (M2M) EBITDA in FY 2022 of ~€2.8bn as of April 2022

EBITDA sensitivities for FY 2022

- Volume sensitivity: 1pp change in sales volume (in €) equals around +/- €80m
- FX sensitivity: 1pp change equals +/- €9m for CNY/EUR and +/- €4m for USD/EUR

Future mid-cycle EBITDA

- In 2022, step-up from acquired RFM business, followed by realization of RFM synergies
- Until 2023, execution of LEAP transformation program
- In 2024, mid-cycle level raised to €2.8bn

Guidance update due to volatile environment

Updated FY 2022 guidance



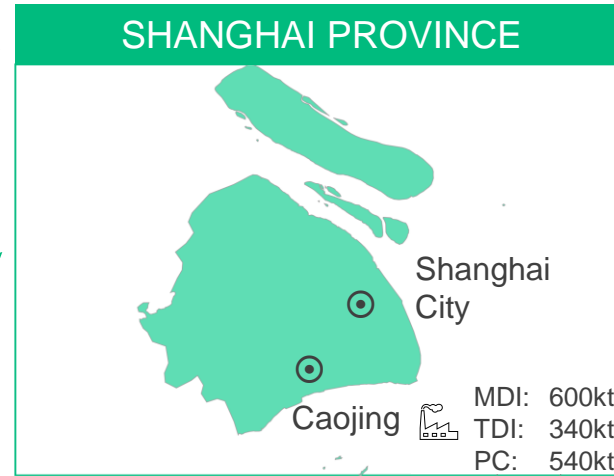
	FY 2021	Previous guidance FY 2022 (as of Mar. 01, 2022)	Updated guidance FY 2022 (as of May 3, 2022)
EBITDA	€3,085m	€2,500m – 3,000m	€2,000m – 2,500m
FOCF	€1,429m	€1,000m – 1,500m	€400m – 900m
ROCE above WACC ⁽¹⁾	12.9pp	5 – 9pp	1 – 5pp
GHG emissions (scope 1 and 2)	5.2m tons	5.6m – 6.1m tons	5.5m – 6.0m tons

Additional financial expectations

EBITDA Q2	€817m	No Guidance	€430m – 530m
D&A	€823m	~€950m	~€950m
Financial result	€-77m	~€-70m	~€-90m
P&L (effective) tax rate	25.9%	24 – 26%	24 – 26%
Capex ⁽²⁾	€764m	~€1,000m	~€1,000m

Caojing site burdened by Shanghai lockdown

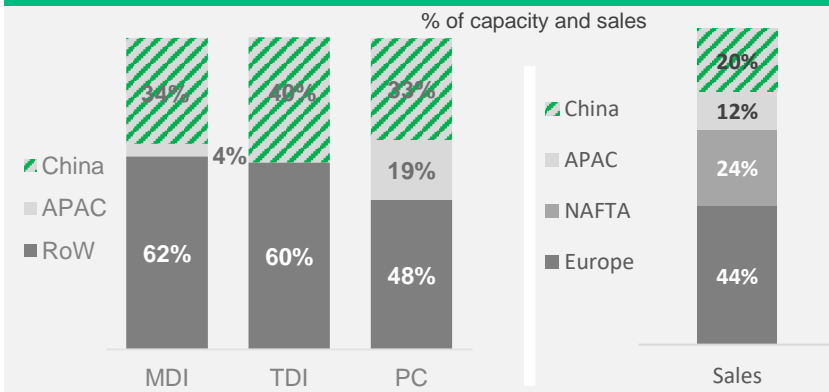
Covestro Caojing plant in Shanghai province



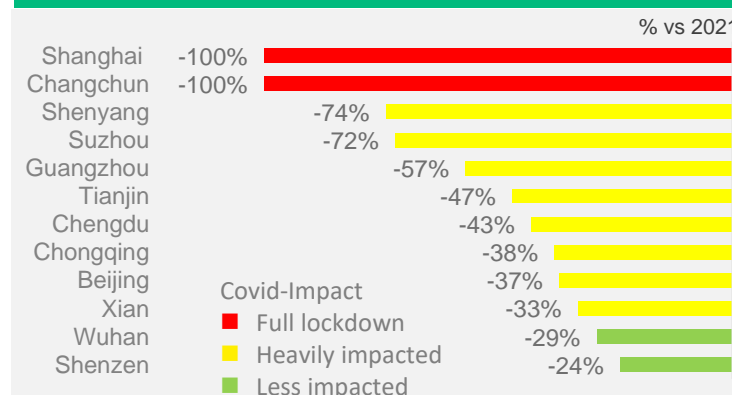
HIGHLIGHTS

- Covestro integrated site in Caojing located within Shanghai province
- Shanghai under lockdown following China's zero-Covid policy since 28th March
- Covestro site in Caojing represents ~25% of our global production capacity in core products MDI, TDI, PC and aliphatic isocyanates
- China sales amount ~20% of our global sales
- Production fully staffed and able to operate at normal production rate
- Burdened outbound and inbound logistics hinder product flow
- Expected up to €250m EBITDA burden for Q2 2022 due to Shanghai lockdown⁽¹⁾
- Covestro assumes to return to full production as of Q3 2022⁽¹⁾

CHINA/APAC PLANT SALES & CAPACITY SHARE



COVID TRAFFIC IMPACT APRIL

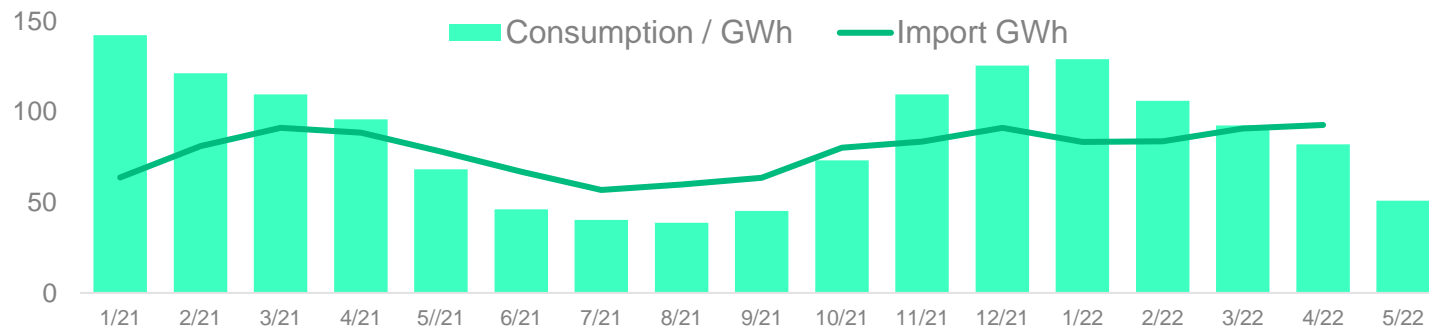


Gas supply & demand situation in Germany

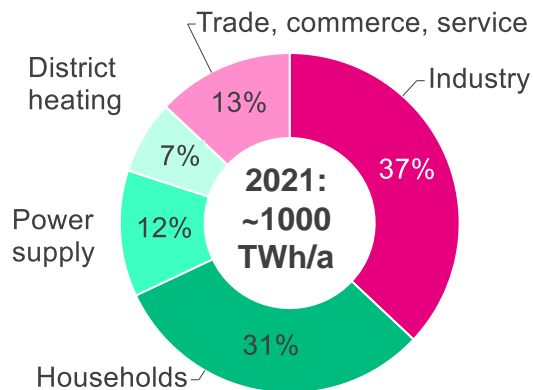
Covestro in frequent exchange with government bodies



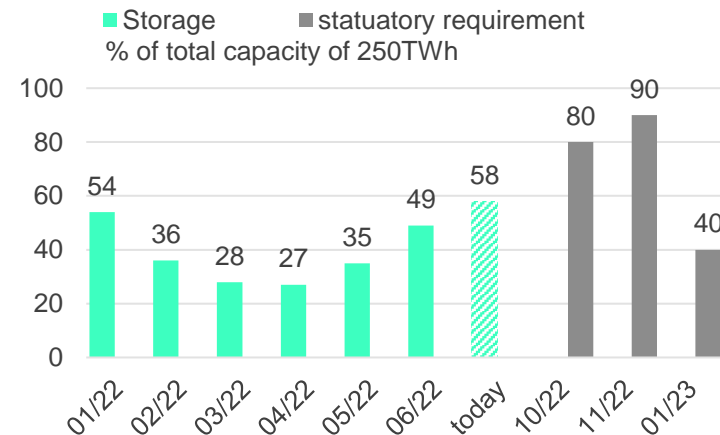
GASIMPORT AND CONSUMPTION⁽¹⁾



DSITRIBUTION OF CONSUPMTION⁽¹⁾



GAS STORAGE FILLING LEVELS^(2,3)



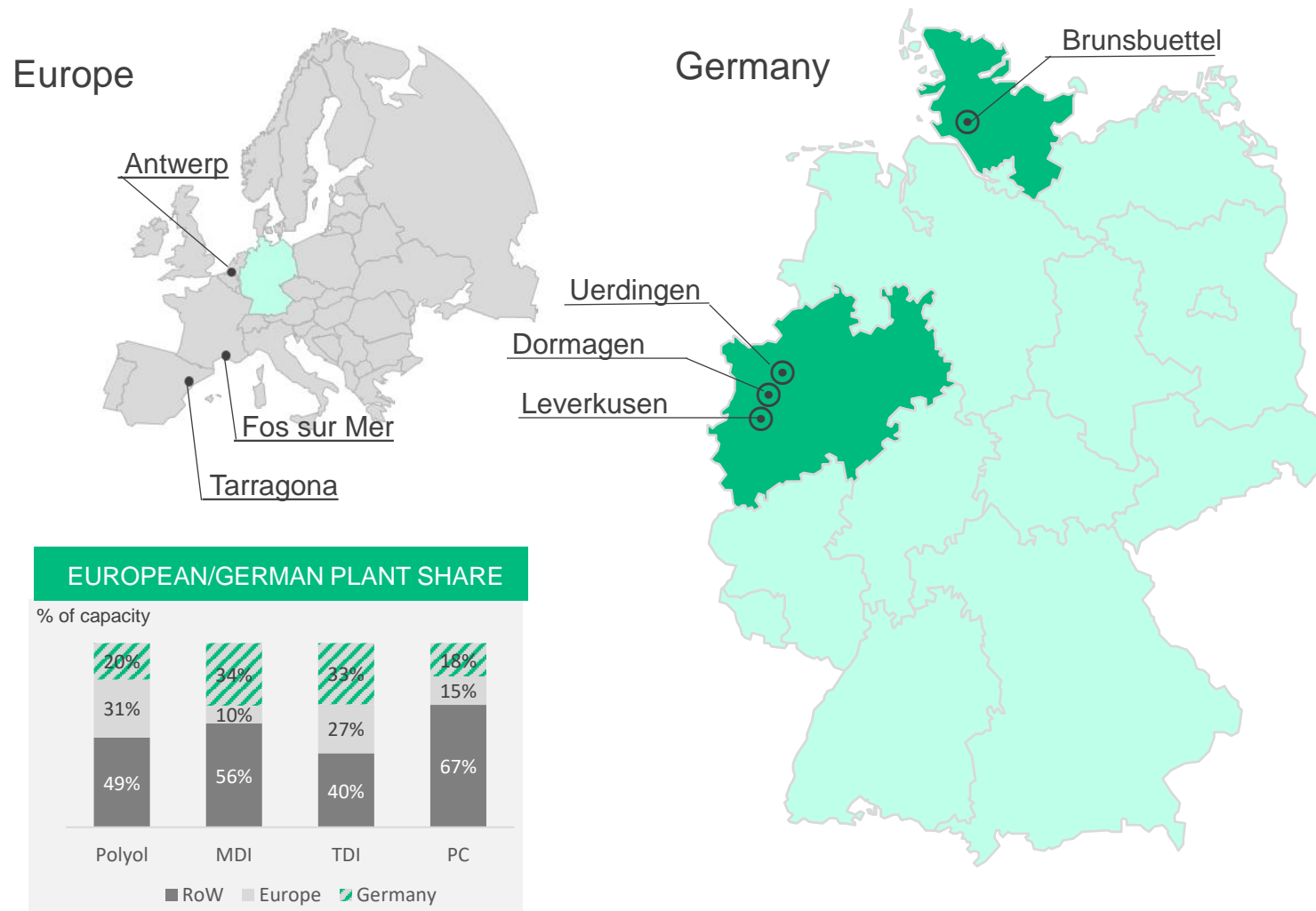
HIGHLIGHTS

- German gas consumption ~1000 TWh per year with seasonal cyclicity
- Discussion about individual contribution of each consumer group ongoing, certain consumers could enjoy higher degree of protection against curtailment than others
- Imports from Russia mainly via North Stream I ~600 TWh/a and Tranzgas ~ 300 TWh/a
- Recent drop in gas flow from Russia with political motivation/spare part issues
- German government has passed a law on minimum filling rates of national gas storage levels^(1,3)
- Accelerated build-up of LNG infrastructure underway adding ~200 TWh/a in Floating Storage and Regasification Units and ~300 TWh/a in fixed LNG terminals (2024-2026)⁽⁴⁾

Potential impact of gas supply interruption on German sites



European major sites locations







HIGHLIGHTS

- Covestro runs multiple large production sites for its core products in Europe
- A potential gas embargo will predominantly effect the German sites⁽¹⁾
- Gas distribution would be allocated by the Federal Network Agency – no curtailment has been introduced yet
- Covestro sites in Germany represent ~25% of global Covestro production capacity in MDI, TDI, PC, polyols and aliphatic isocyanates
- Curtailment of 10-40% possible, base case scenario with ~25% of gas supply to the German plants would bear an estimated low to mid-double-digit € mio EBITDA impact per month⁽²⁾
- Covestro plants in Belgium, France and Spain expected to be affected at limited extend only⁽¹⁾

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• 2021 dividend of €3.40 per share, dividend yield 2021 of 6.3%⁽¹⁾	<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 2020 in context of RFM acquisition• Authorization for share buyback program for up to 10% of share capital in place• Share buyback of €0.5bn announced on February 28, 2022, under execution since March 2022
€4.0bn invested in capex	€2.3bn dividends	€1.5bn net investments	€1.1bn share capital reduced

Average capex at or slightly above D&A

Group capex and D&A outlook

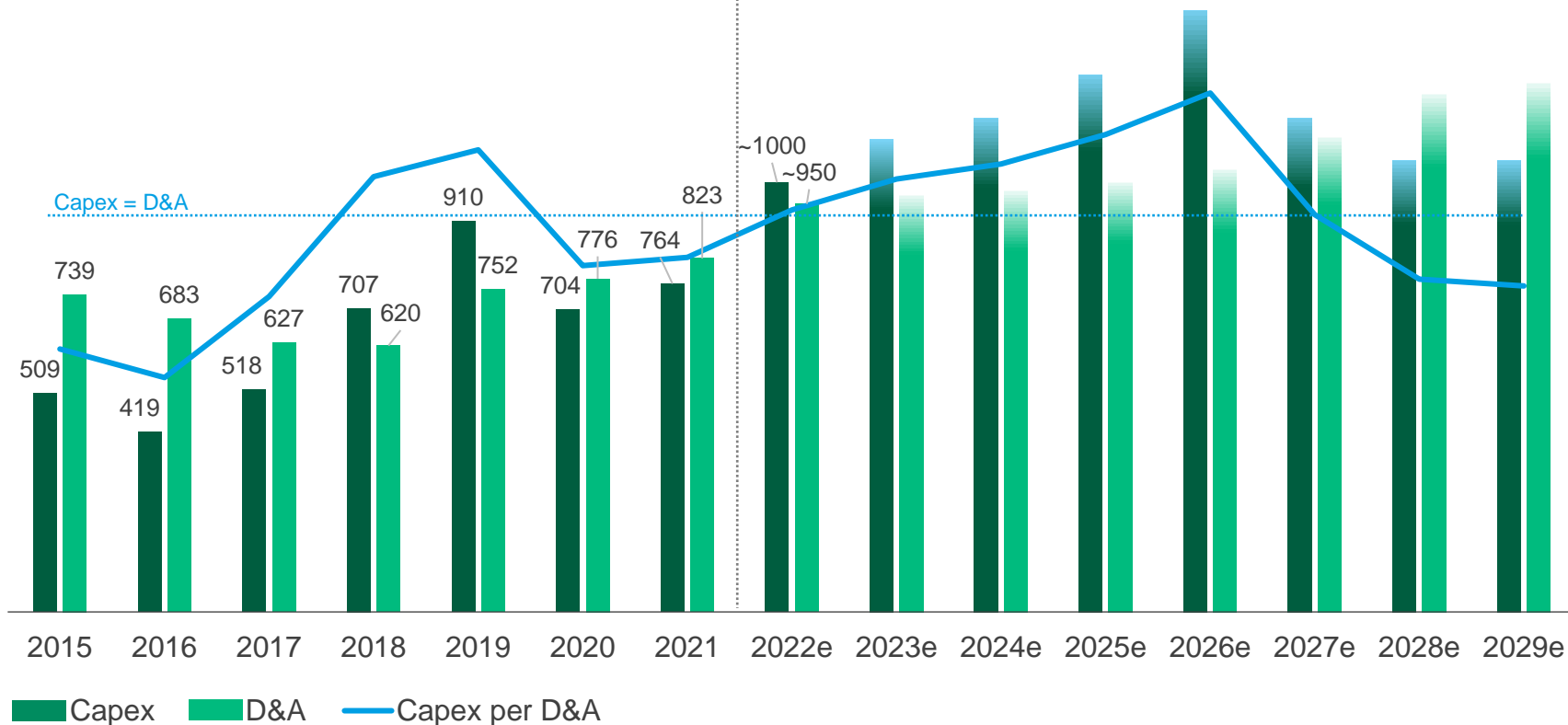


HISTORIC

PROJECTION

HIGHLIGHTS

in € million

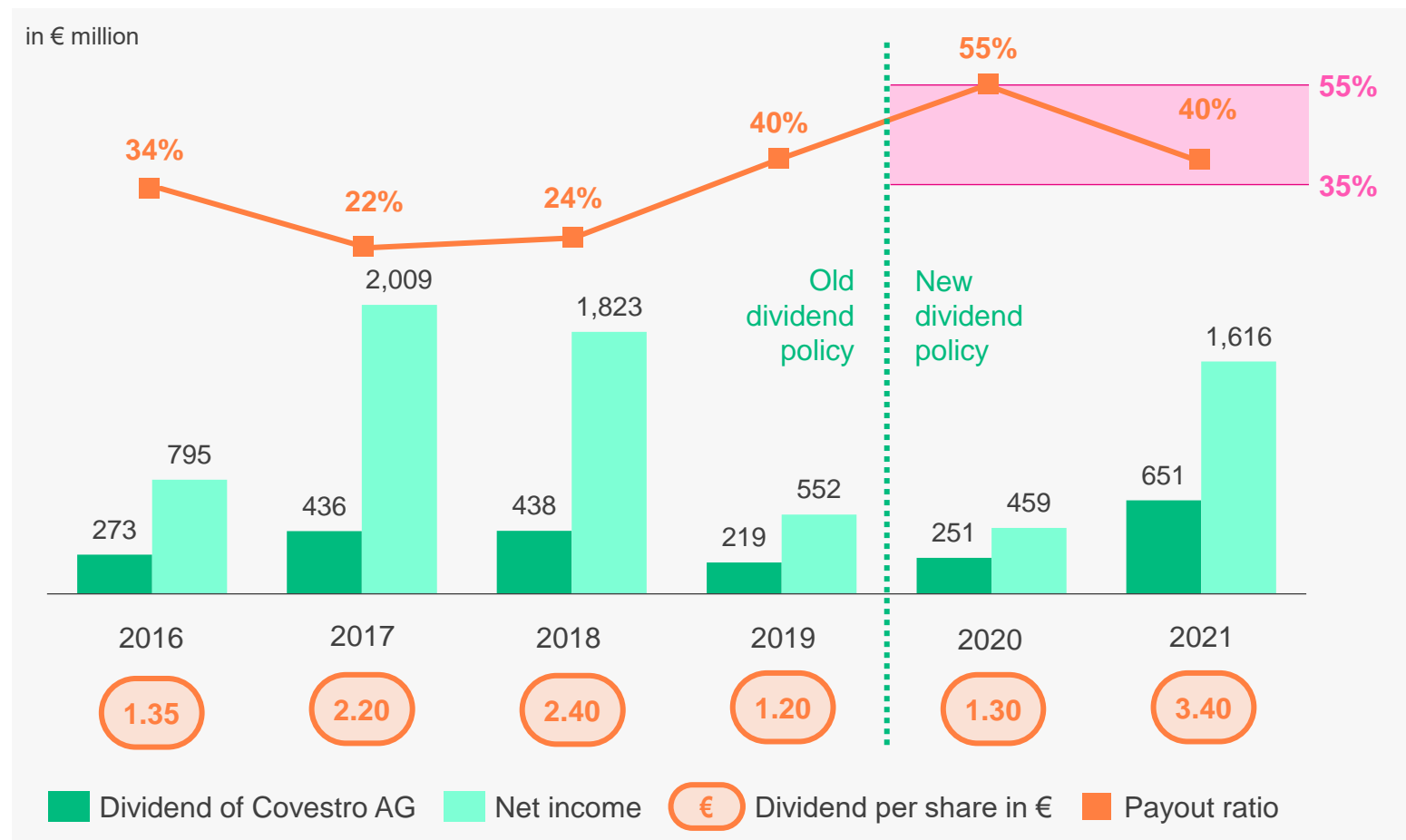


- 2022e: capex around €1,000m, D&A around €950m
- 2023e: capex slightly above D&A
- 2024e-2026e: supporting growth investment into MDI world-scale asset with capex above D&A
- Outer years: capex again below D&A-level
- Invest in Circular Economy projects almost €1bn over ten years
- Maintenance capex at ~€400m p.a. in 2022e, slightly increasing over time

Record dividend and 40% payout ratio



Dividend development



HIGHLIGHTS

- 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 2021, dividend of €3.40 per share

Ongoing shift to high-margin business

Portfolio management



DIVESTMENTS

Cumulated, in € million

Dubai system house⁽¹⁾

July 2021

Europe Polycarbonates sheets business

September 2019

Europe system houses

June 2019

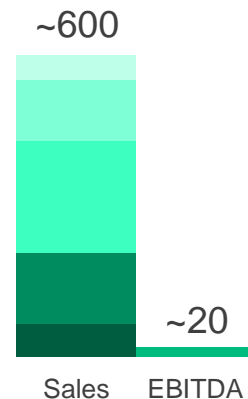
USA Polycarbonates sheets business

August 2018

NA Polyurethanes spray foam business

April 2017

Closing



Business divested at average EV/EBITDA >10x

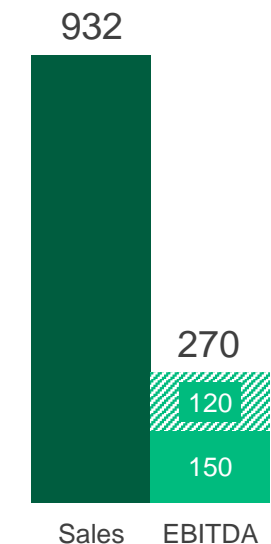
Portfolio analysis ongoing, further minor divestments possible

ACQUISITIONS

in € million

DSM Resins & Functional Materials business

April 2021



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

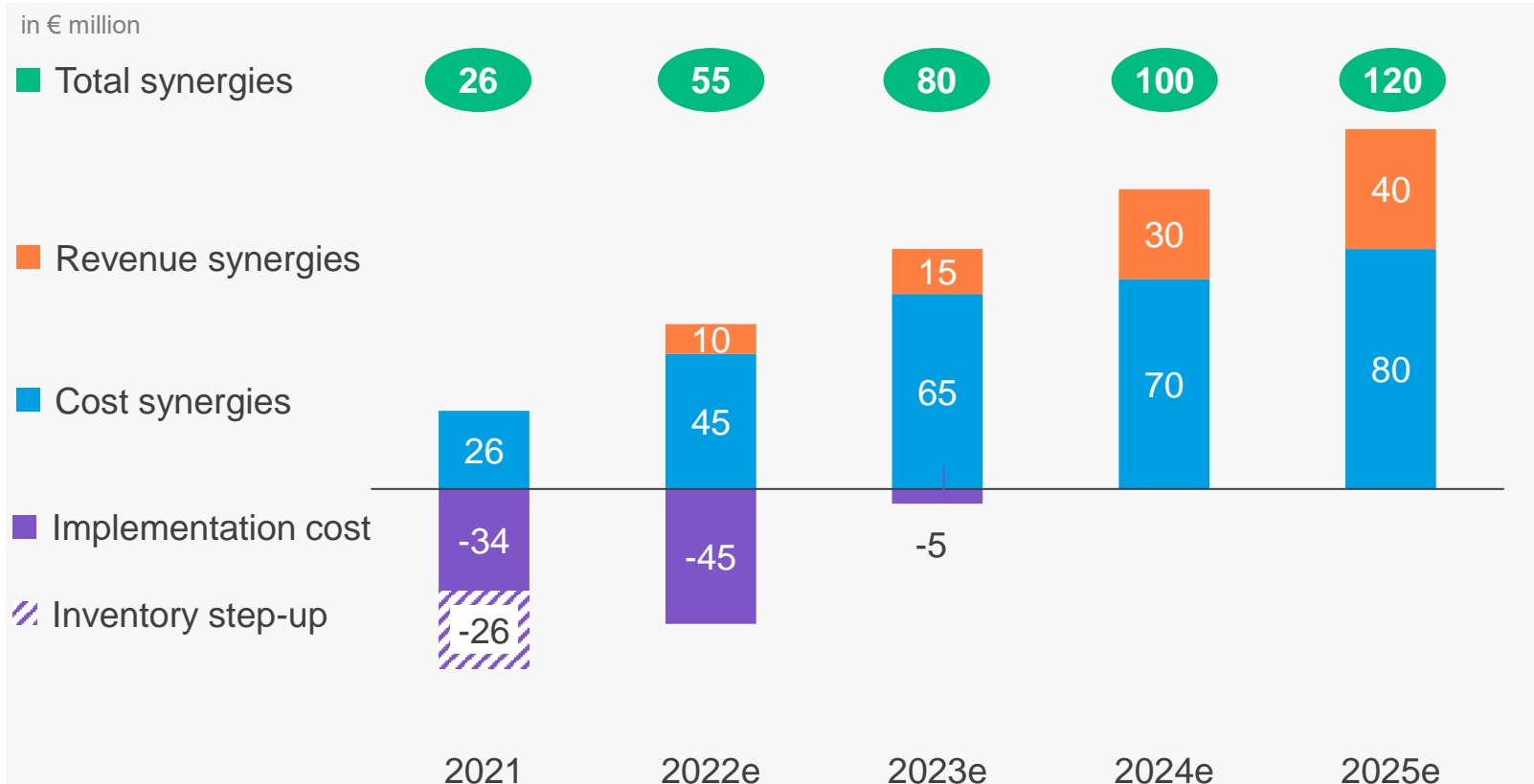
Further pursue value-enhancing bolt-on acquisition options with attractive IRR for Solutions & Specialties segment

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 50m€ in 2022)
- Implementation cost incl inventory step-up of €105m (initially €155m, reduced from lower severance need)

OPERATIONS

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

Second tranche of share buyback program started

Execution of share buyback

ANNOUNCEMENT

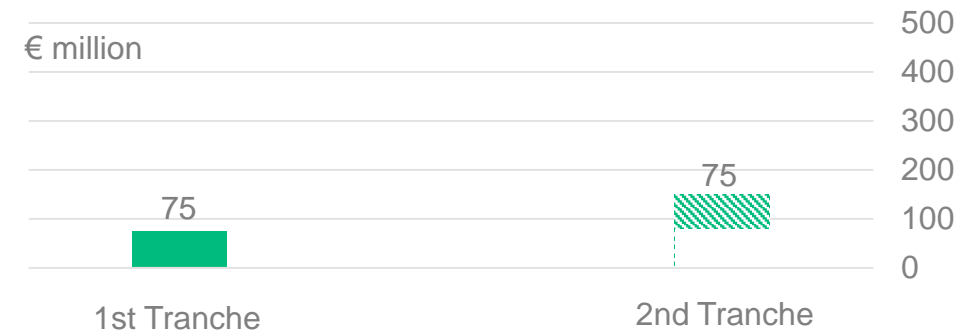
February 28, 2022



SHARE BUYBACK TRANCHEs

March 21 – April 6, 2022

May 10 – July 6, 2022



FIRST TRANCHE DETAILS

- 1.606m shares purchased
- Average share price €46.70
- Total amount €75m
- ~15% of share buyback completed

SECOND TRANCHE DETAILS

- 2nd tranche started
- Total amount €75m
- After completion of 2nd tranche ~30% of total share buyback carried out

Strong start in an increasingly volatile environment



Highlights

1

EBITDA increase in Q1 2022 year-over-year and quarter-over-quarter despite higher energy prices

2

Cash return to shareholders of ~€1.2bn
payout of record dividend of €3.40 per share and initiated share buyback program of €500m

3

Guidance adjusted reflecting currently visible challenges
EBITDA guidance reduced from €2.5 - 3.0bn to €2.0 - 2.5bn





4

Covestro products as enabler for fossil-free future
supporting further increasing demand for thermal insulation, BEV⁽¹⁾ and renewable energy

5

Driving sustainable change
more sustainable products entering into the value chain of Covestro



-  Covestro investment highlights
-  **Group financials Q1'22**
-  Segment overview
-  Background information

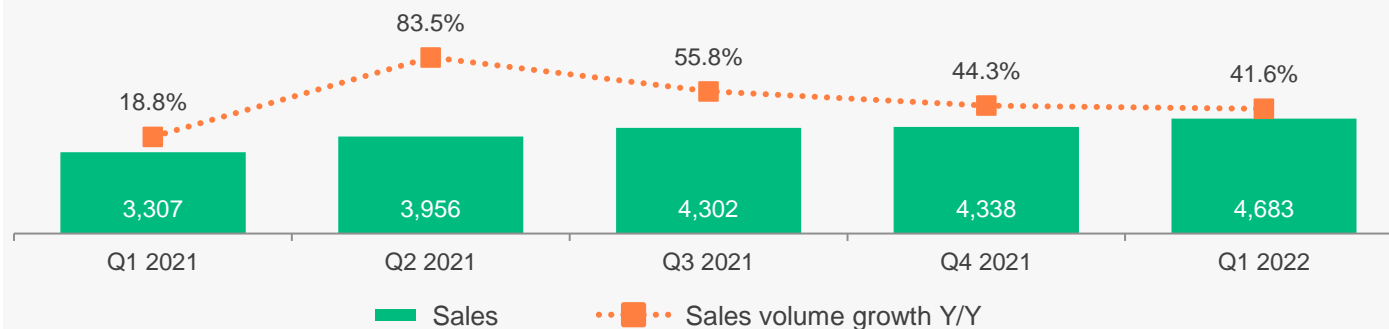
Solid growth in sales and EBITDA

Group results – Highlights Q1 2022



SALES⁽¹⁾

in € million / changes Y/Y

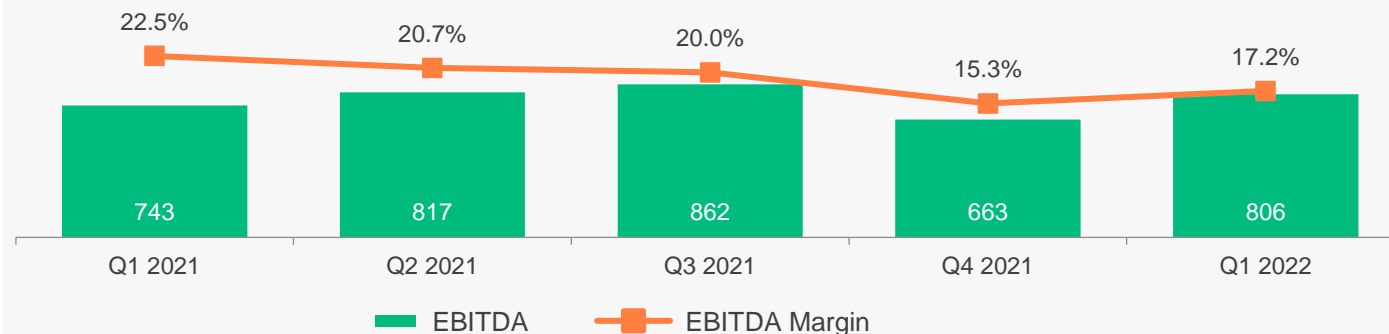


HIGHLIGHTS

- In Q1 2022, Covestro posted highest quarterly sales in its history
- Year-on-year increase mainly attributable to higher prices of €0.8bn and RFM⁽¹⁾ sales of €0.3bn
- Sequential sales increase attributable to higher prices as well

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

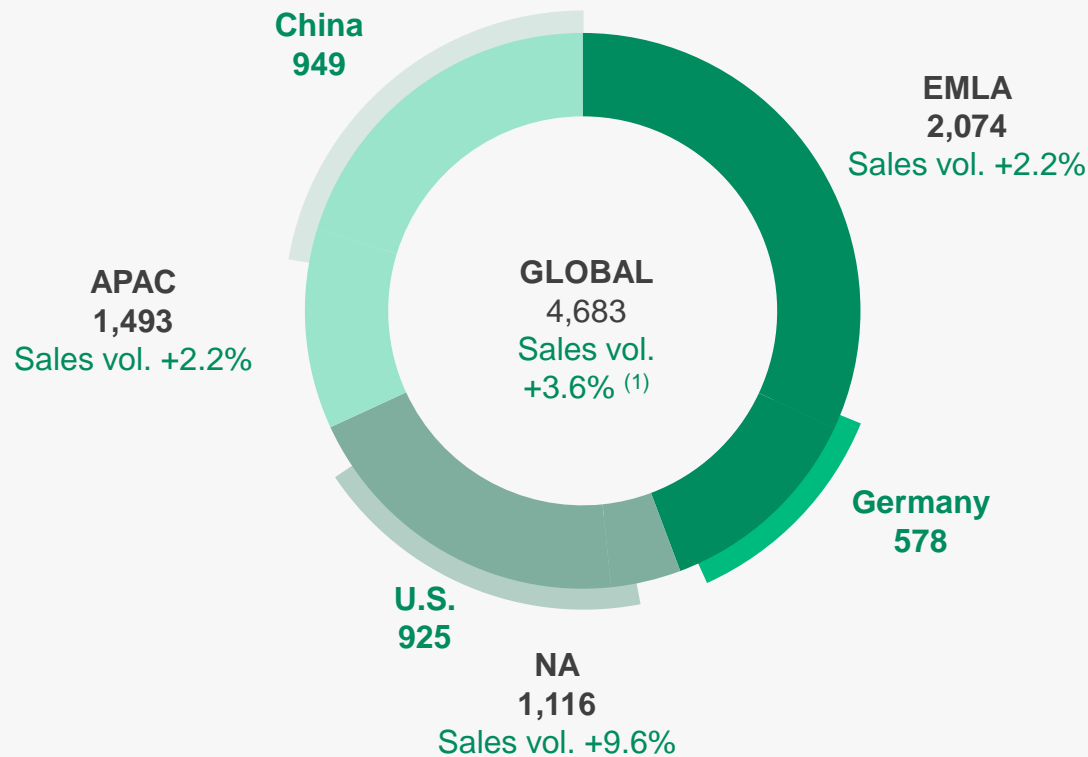
- Earnings sequentially increased mainly due to positive volume effect, more than compensating slightly negative pricing delta
- Consequently, EBITDA margin increased to 17.2% in Q1 2022

Solid volume growth constrained by product availability



Q1 2022 – Regional split

Sales in € million



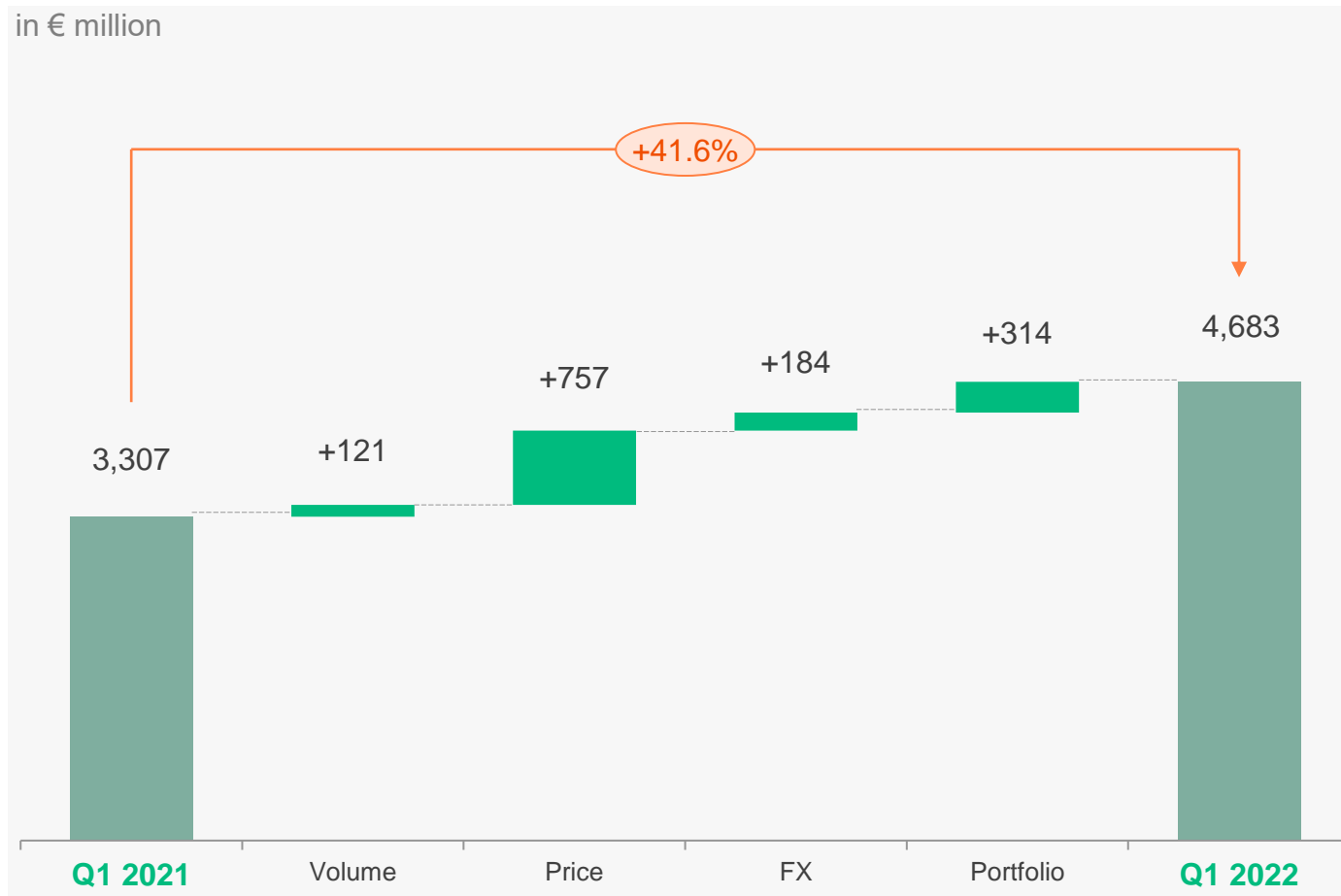
HIGHLIGHTS

- Sales volume growth, yet limited by product availability:
 - Auto/transport high single-digit volume decline
 - Furniture/wood high single-digit volume decline
 - Electro flat volume development
 - Construction low double-digit volume growth
- NA: Strong sales volume growth after the prior year was impacted by winter storm Uri and mainly derived from volume growth in construction
- EMLA: Slight sales volume growth derived from volume growth in electro and construction, partially offset by volume decline in auto/transport and furniture/wood
- APAC: Slight sales volume growth derived from strong volume growth in construction, offset mainly by volume decline in furniture/wood

Highest quarterly sales ever, mainly driven by high prices



Q1 2022 – Sales bridge



HIGHLIGHTS

Volume slightly positive

- Volume increased by +3.6% Y/Y (in €), driven by PM with prior year impact of winter storm Uri
- Technically sold out; thus, volume growth limited by product availability

Pricing highly positive

- Higher selling prices from strong demand pushed sales up +22.9% Y/Y
- Strong price increases enforced by both PM (+26.4% Y/Y) and S&S (+19.4% Y/Y)

FX positive

- FX affected sales by +5.6% Y/Y, mainly driven by stronger RMB, USD and HKD

Portfolio positive

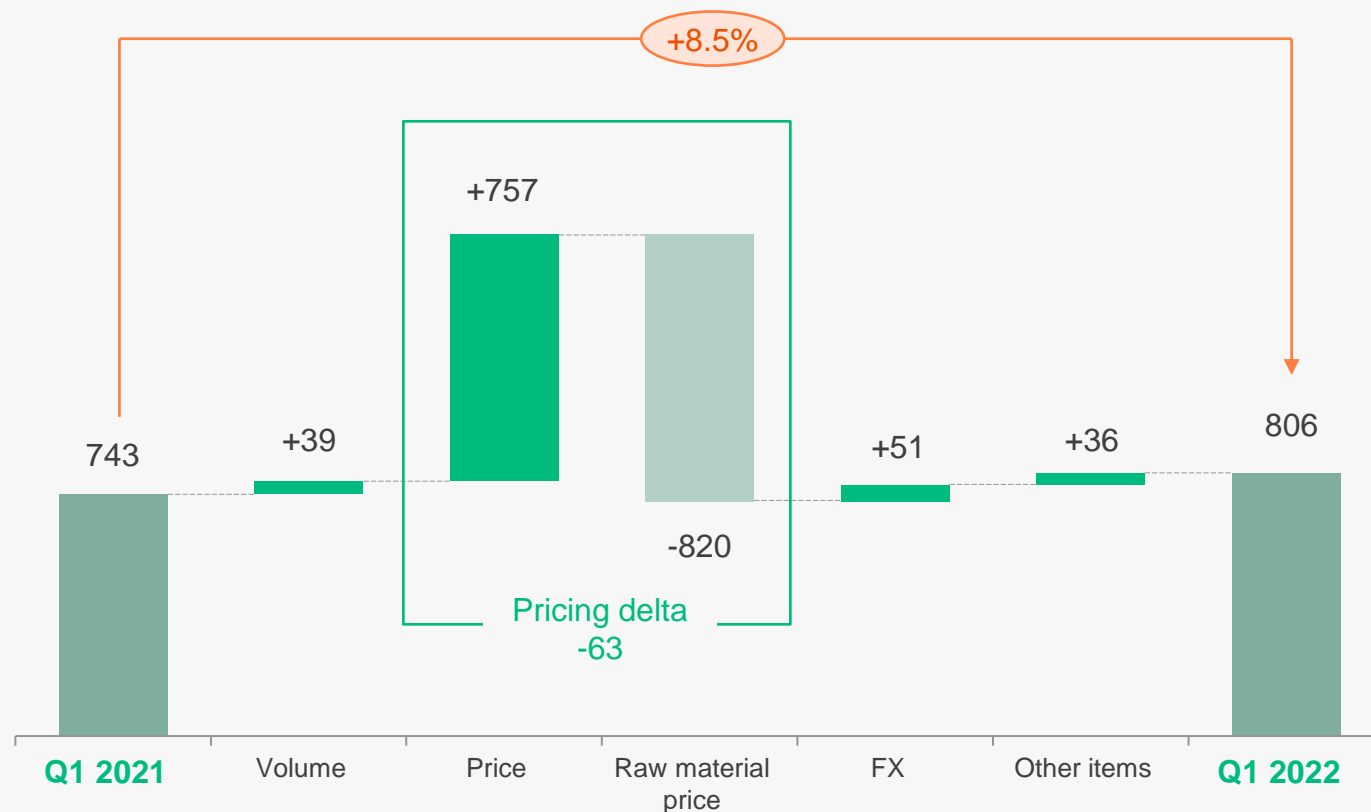
- RFM⁽¹⁾ increased sales by +9.5% Y/Y

Earnings increased despite slightly negative pricing delta

Q1 2022 – EBITDA bridge



in € million



HIGHLIGHTS

Positive volume leverage⁽¹⁾

- Volume leverage of 32%

Negative pricing delta as expected

- Strong increase of raw material prices including energy
- Year-over-year supply-demand development allowing to mostly compensate increased raw material prices via increased sales prices

Other items driven by:

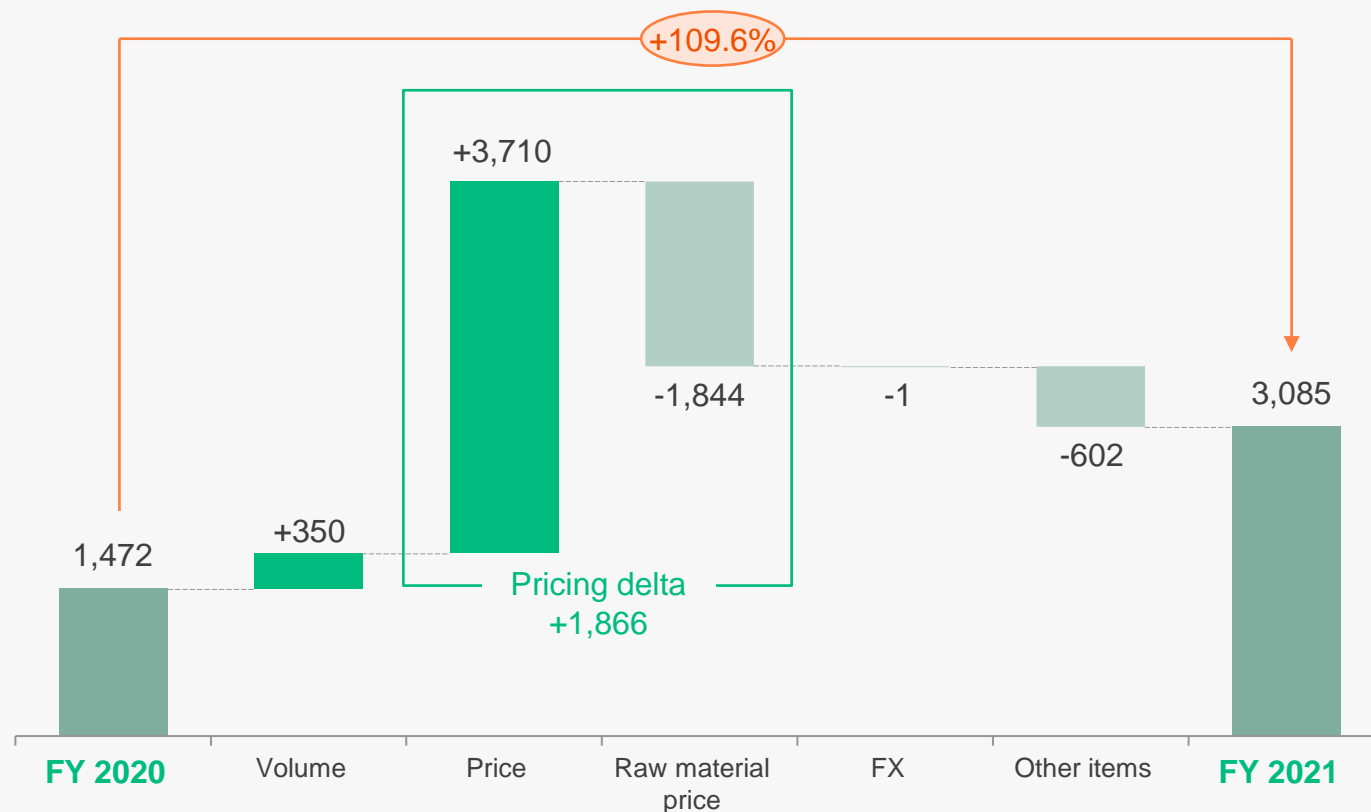
- €+38m from lower provisions for variable compensation
- €-4m linked to RFM integration cost⁽²⁾

Earnings doubled due to highly positive pricing delta

FY 2021 – EBITDA bridge



in € million



HIGHLIGHTS

Positive volume leverage^(a)

- Attractive volume leverage of 49.0%
- Prior year burdened by coronavirus pandemic

Highly positive pricing delta

- Vast majority contributed by PM

Slightly negative FX

- Translational effects

'Other items' driven by:

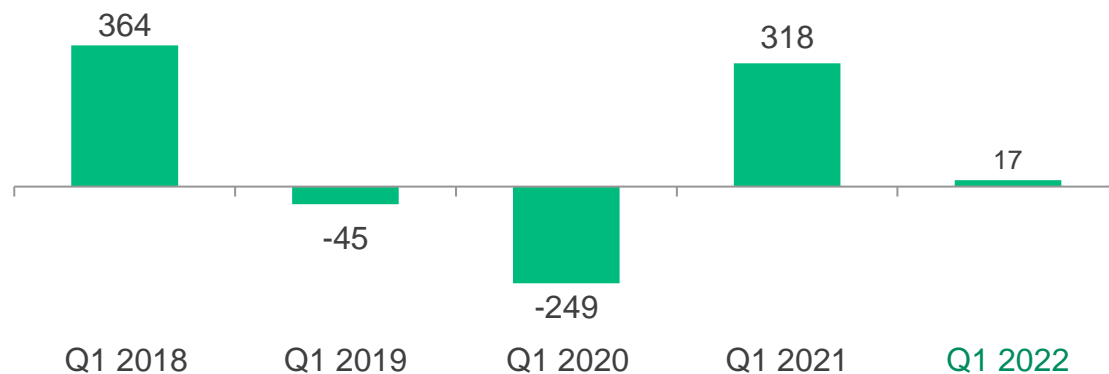
- €-443m linked to higher provisions for variable compensation
- €-60m negative one-time effects related to the acquired RFM business^(b) (vs. €-33m in FY'20)
- €-39m negative one-time effects related to LEAP transformation program (vs. €0m in FY'20)

Temporarily high working capital to sales ratio

Historical FOCF development



in € million



	Q1 2018	Q1 2019	Q1 2020	Q1 2021	Q1 2022
EBITDA	+1,063	+442	+254	+743	+806
Changes in working capital	-544	-257	-242	-346	-627
Capex⁽¹⁾	-88	-165	-139	-110	-140
Income tax paid	-56	-79	-90	-50	-98
Other effects⁽²⁾	-11	+14	-32	+81	+76

HIGHLIGHTS

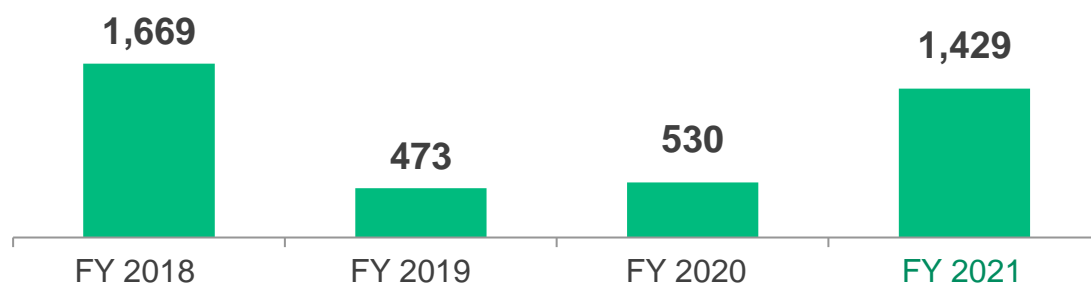
- FOCF decreased to €17m, reduction mainly driven by higher delta working capital
- Working capital to sales ratio⁽²⁾ increased to 21.2%, driven by higher prices impacting receivables and inventories while last twelve months' sales based on lower average prices
- Capex of €140m on budget and in line with FY 2022 guidance
- Income tax paid of €-98m reflects higher income level in 2021
- 'Other effects' include provisions for variable compensation, cash-effective only in 2023

Strong free operating cash flow despite higher working capital



Historical FOCF development full-year

in € million



EBITDA	3,200	1,604	1,472	3,085
Changes in working capital^(a)	-167	+437	-100	-727
Capex^(b)	-707	-910	-704	-764
Income tax paid	-574	-296	-155	-546
Other effects	-83	-362	+17	+381

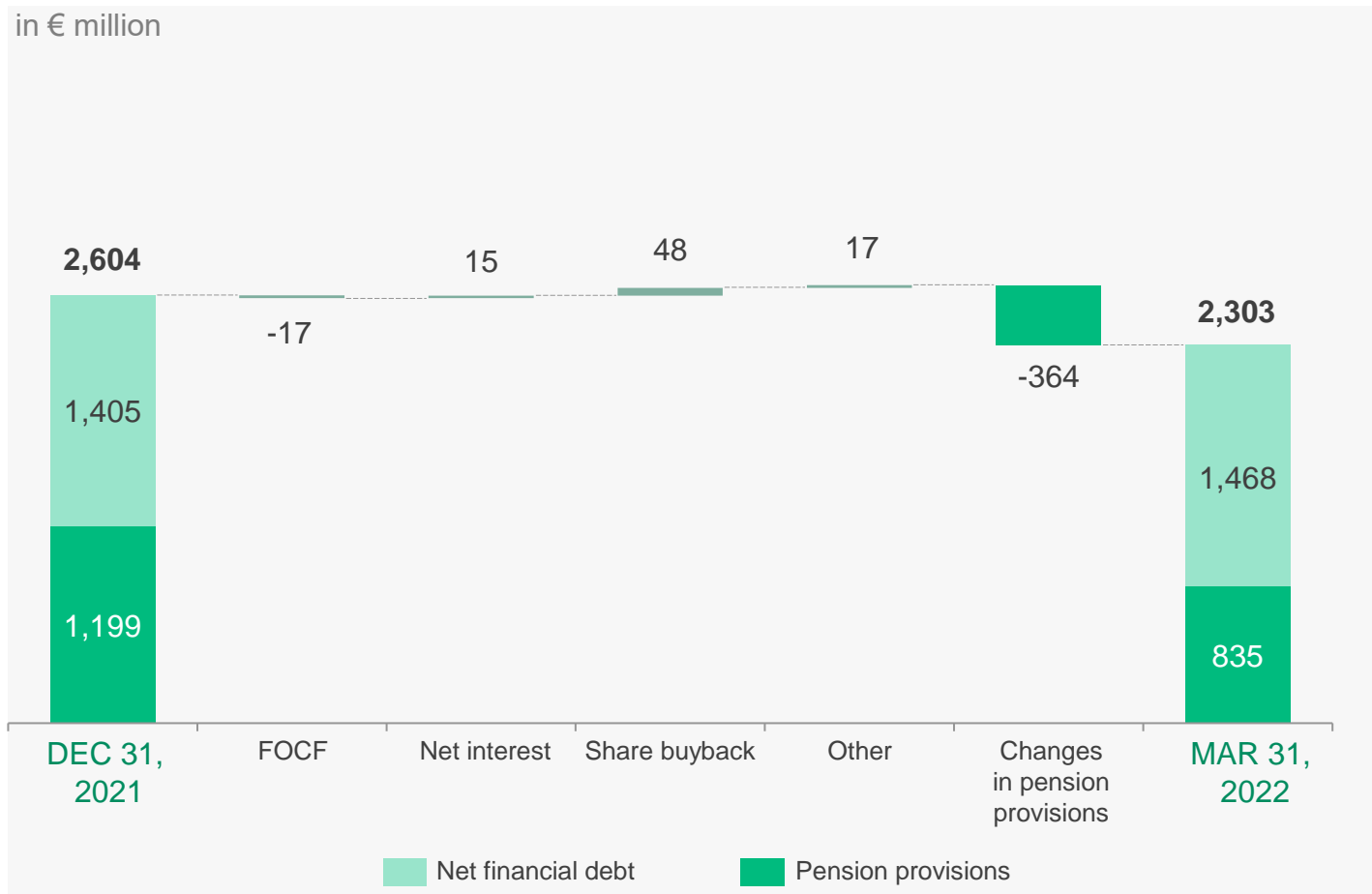
HIGHLIGHTS

- In Q4 2021, FOCF of €356m below previous year (€394m in Q4 2020) as positive contributions from working capital^(a) and higher earnings were eaten up by significantly higher income tax paid and higher capex
- In FY 2021, the EBITDA increase boosted FOCF development despite negative contribution from working capital^(a)
- Working capital to sales ratio^(c) at 18.6%
- Capex of €764m ended up slightly below budget
- Higher income tax paid in line with higher pre-tax income level
- ‘Other effects’ reflect provisions for variable compensation, cash-effective only in 2022

Lower total net debt due to higher discount rates



March 31, 2022 – Total net debt



HIGHLIGHTS

- Pension provisions decreased by €364m due to higher discount rates
- Total net debt to EBITDA ratio⁽¹⁾ of 0.7x compared to 0.8x at end of 2021 and 1.7x at end of 2020
- Equity ratio of 53% compared to 50% at end of 2021 and 44% at end of 2020
- Committed to a solid investment grade rating
- Share buyback €48m within Q1

Liquidity at attractive rates

- Balance sheet with €1.1bn in cash, cash equivalents and current financial assets, prepared for dividend and bonus payout in Q2
- Undrawn syndicated revolving credit facility (RCF) of €2.5bn in place with ESG element



- Covestro investment highlights
- Group financials Q1'22
- **Segment overview**
- Background information

Standard products with reliable supply and lowest cost

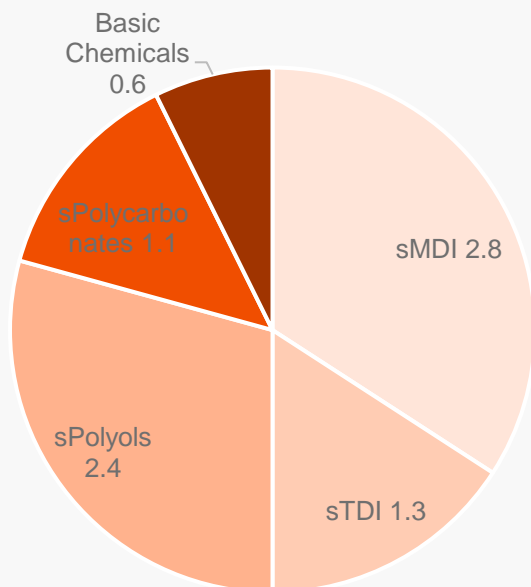
Performance Materials



PRODUCTS

Polyurethane and polycarbonate standard products as well as basic chemicals

SALES 2021 (in € billion)



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

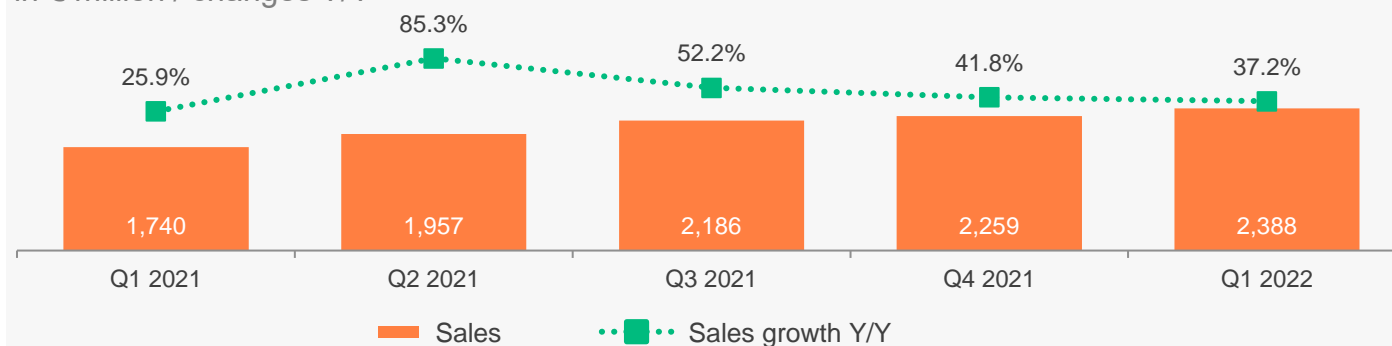
Performance Materials – almost stable EBITDA



Segment results – Highlights Q1 2022

SALES⁽¹⁾

in € million / changes Y/Y

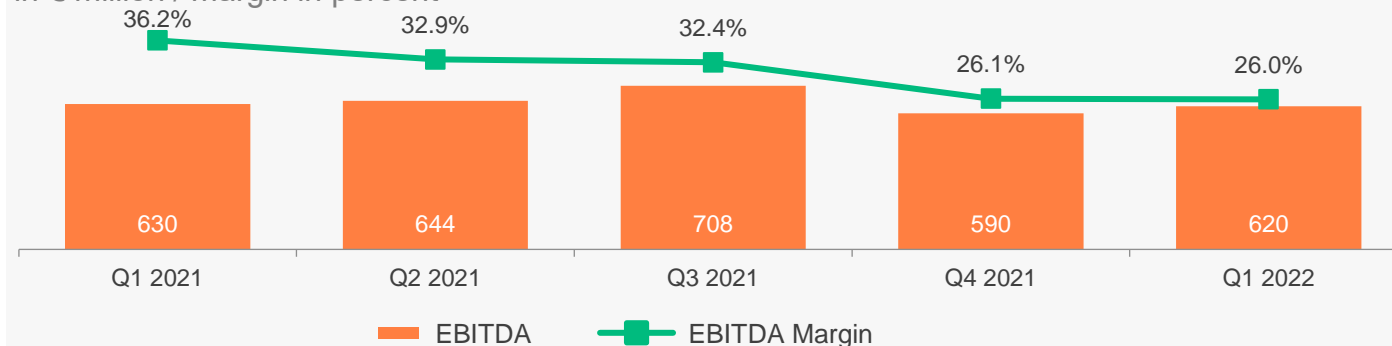


HIGHLIGHTS

- Sales increased by +37.2% Y/Y driven by price (+26.4%), volume (+5.5%) and FX (+5.3%)
- Sales volume growth of 5.5% Y/Y supported by constrained product availability from winter storm Uri (USA) in Q1 2021

EBITDA AND MARGIN⁽¹⁾

in € million / margin in percent



HIGHLIGHTS

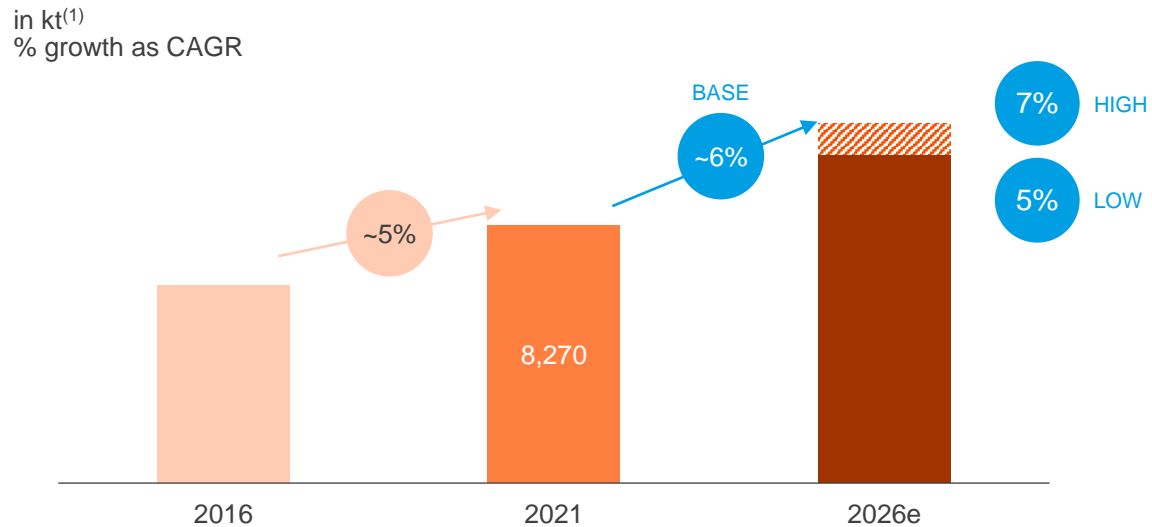
- Compared to prior year, slight EBITDA decrease driven by negative pricing delta, partially offset by higher volume and positive FX
- Sequentially, earnings increase due to higher volume and positive FX more than compensating lower pricing delta
- EBITDA margin of 20.4% in Q1 2022 if adjusted for intersegment sales to S&S of €657m

MDI demand growth to exceed supply growth

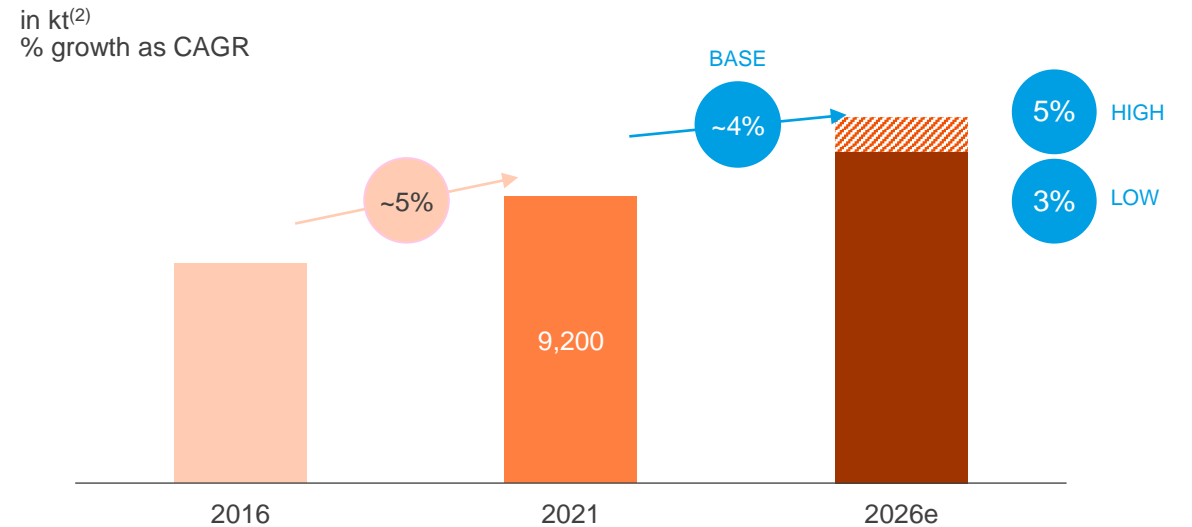


Performance Materials: MDI industry demand and supply

MDI DEMAND DEVELOPMENT (2016 - 2026e)



MDI SUPPLY DEVELOPMENT (2016 - 2026e)



HIGHLIGHTS

- Further customer industry growth makes structurally sound demand remain at ~6%, outgrowing supply growth
- Covestro additions until 2026e: Tarragona, Spain (50kt, 2025e)
- Covestro MDI volumes expected to grow slightly below market trend until new world-scale capacity comes on stream

Investment into world-scale asset enables further growth



Performance Materials: MDI investment

Recap

- In October 2018, initial plans of MDI investment published
- In January 2020, project evaluation in Baytown, USA put on hold

Market environment

- Projected MDI demand growth outstripping supply growth, leading to global capacity utilization above 90 percent
- Covestro with fully utilized MDI world-scale assets in all regions
- Production technology as distinct industry entry hurdle

Update and next steps

- Covestro resumes investment into MDI world-scale asset
- Installing highly energy-efficient AdiP technology(1) reduces energy-related CO2 emissions by up to 35 percent(2)
- Location either USA or China, further decision after finalization of current project stage
- Planned ramp-up by 2026



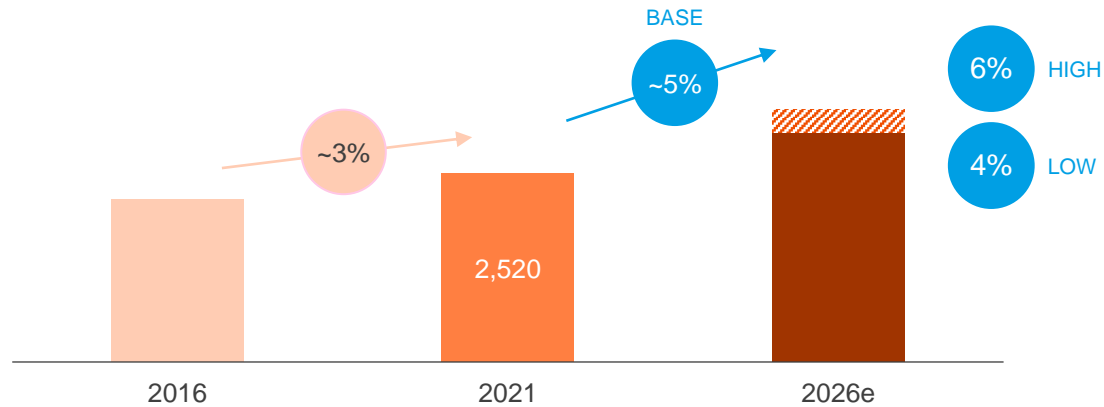
TDI market moving into balance

Performance Materials: TDI industry demand and supply



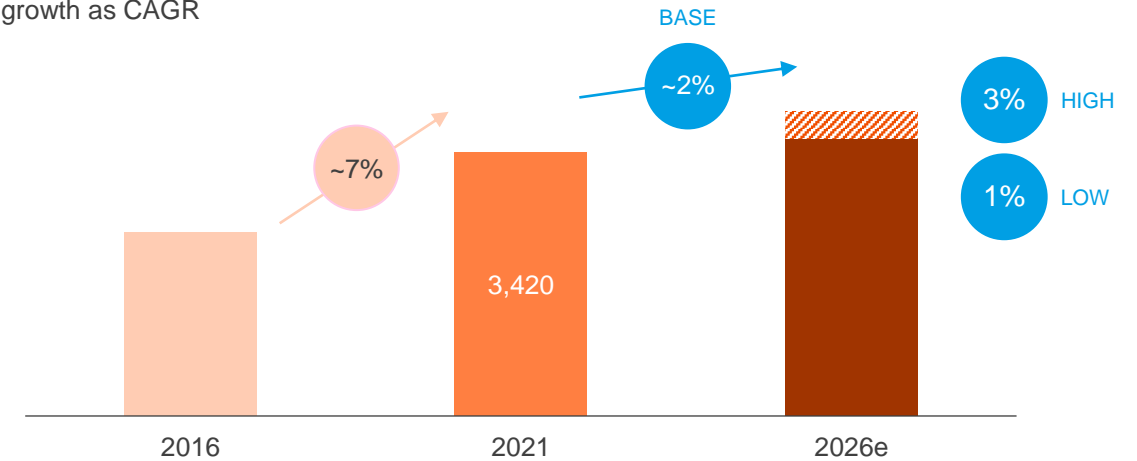
TDI DEMAND DEVELOPMENT (2016 - 2026e)

in kt⁽¹⁾
% growth as CAGR



TDI SUPPLY DEVELOPMENT (2016 - 2026e)

in kt⁽²⁾
% growth as CAGR



HIGHLIGHTS

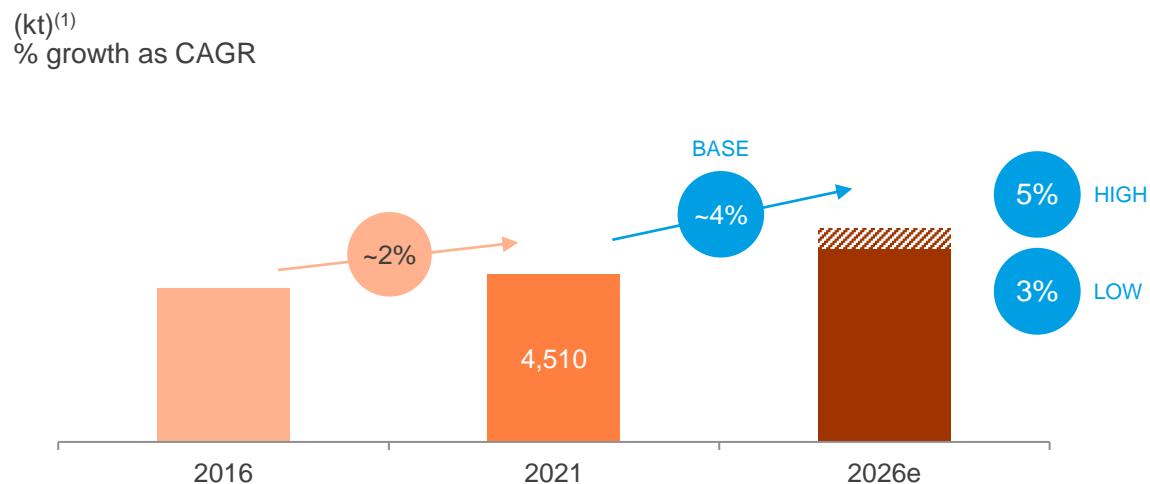
- Only major addition expected until 2025 Wanhua-Fujian (250kt, not before end-2023e), new Cangzhou Dahua plant not before 2026e
- With that, demand growth outstripping supply growth, bringing demand and supply back into balance
- Covestro additions until 2026e: Dormagen, Germany (50kt, 2023e); further debottleneckings after 2026e; allowing Covestro TDI volumes to grow with market trend
- Favorable cash cost position puts Covestro in strong competitive position even in low cycles

Execution risks may limit future capacity additions

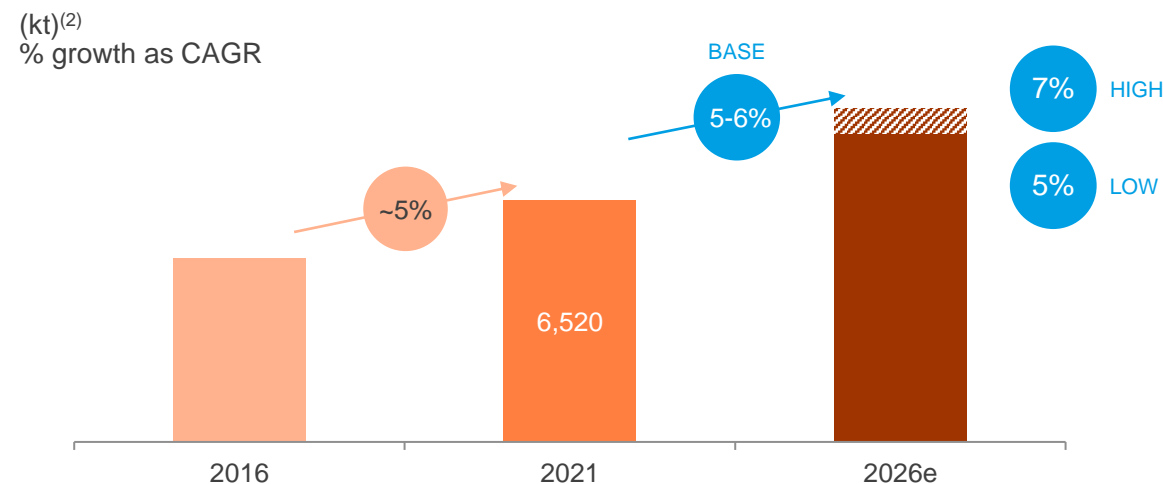


Performance Materials: Polycarbonates (PC) industry demand and supply

PC DEMAND DEVELOPMENT (2016 - 2026e)



PC SUPPLY DEVELOPMENT (2016 - 2026e)



INDUSTRY HIGHLIGHTS

- Structurally sound demand growth of ~4% based on global GDP growth
- Major additions⁽³⁾ expected until 2025e: Hainan Huasheng, ZPC, SABIC-Sinopec, Wanhua, Shemna
- Numerous announced projects with high uncertainties regarding actual timing and scope
- Covestro additions: Focus on strengthening differentiated business with shift of merchant standard-polycarbonates to feedstock of differentiated polycarbonates

Differentiation based on customer proximity and innovation

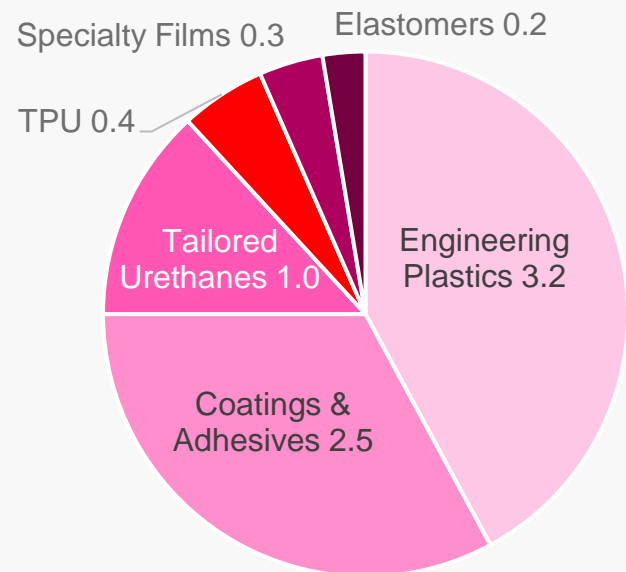


Solutions & Specialties

PRODUCTS

Differentiated polymer products

SALES 2021 (in € billion)



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
standard
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

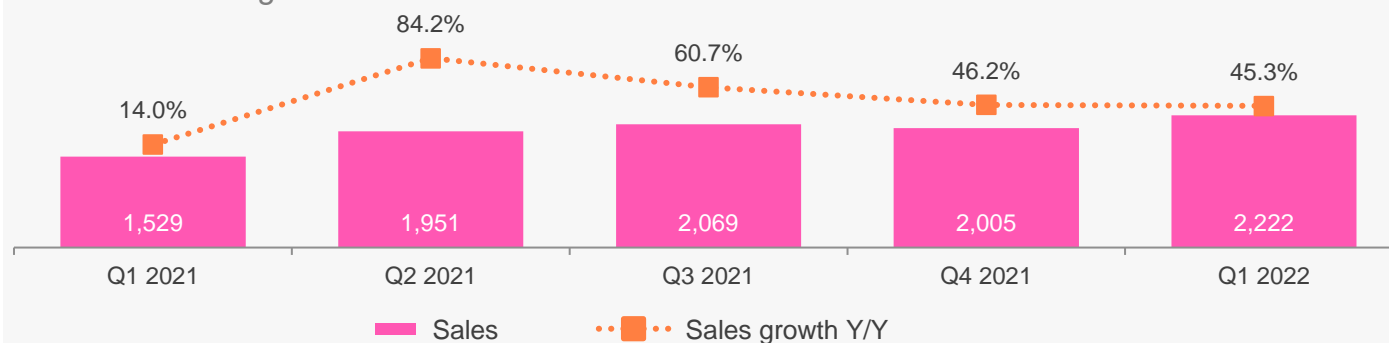
Solutions & Specialties – sequentially positive pricing delta



Segment results – Highlights Q1 2022

SALES⁽¹⁾

in € million / changes Y/Y

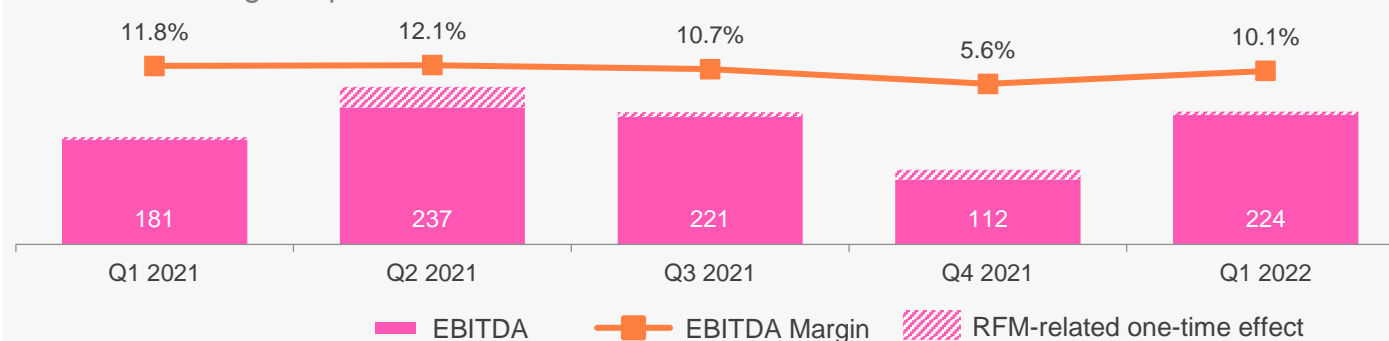


HIGHLIGHTS

- Sales grew by +45.3% Y/Y, driven by inorganic sales growth from RFM⁽²⁾ (20.5%), price (+19.4% Y/Y), FX (+5.9%) and volume (-0.5%)
- Sequential sales growth from both favorable pricing and volume development

EBITDA AND MARGIN⁽¹⁾

in € million / margin in percent



HIGHLIGHTS

- Q1 2022 EBITDA includes €-6m one-time effects related to RFM⁽²⁾
- Compared to prior year, EBITDA increase mainly due to RFM portfolio effect
- Sequentially, EBITDA increase driven by higher volume and positive pricing delta as well as by lower provisions for variable compensation

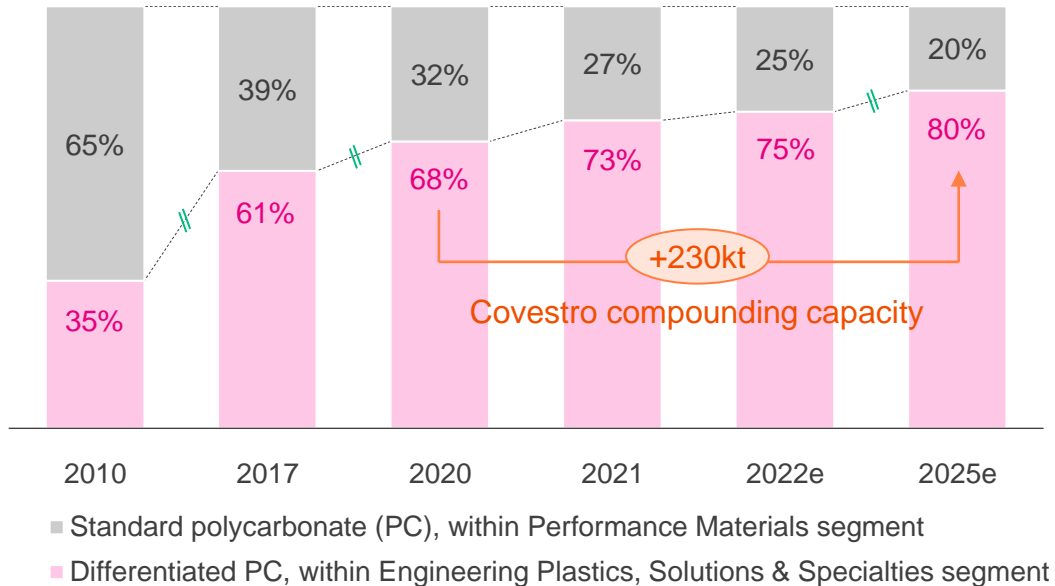
Shifting from standard to differentiated polycarbonate



Solutions & Specialties: high-growth contributor Engineering Plastics

POLYCARBONATE 2021 SALES €4.3bn

Covestro polycarbonate volume split by segment



ENGINEERING PLASTICS (EP) INDUSTRY +7% CAGR 2021-2026

CUSTOMER INDUSTRIES

GROWTH DRIVERS



Electro

EP sales share 2021: 46%
CAGR 2021-2026e: 6%



Auto & transport

EP sales share 2021: 41%
CAGR 2021-2026e: 9%



Healthcare

EP sales share 2021: 10%
CAGR 2021-2026e: 5%

- Strong demand in communication infrastructure, audio, LED, power supply and small appliances
- New opportunities from 5G, intelligent connectivity and electrical integration
- 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
- Aging population with increasing healthcare access in emerging markets
- Trend towards home healthcare devices and wearable monitor devices

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

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 2021 292m	CAGR 2021-2026e ~16%
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 €200m between 2020 and 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



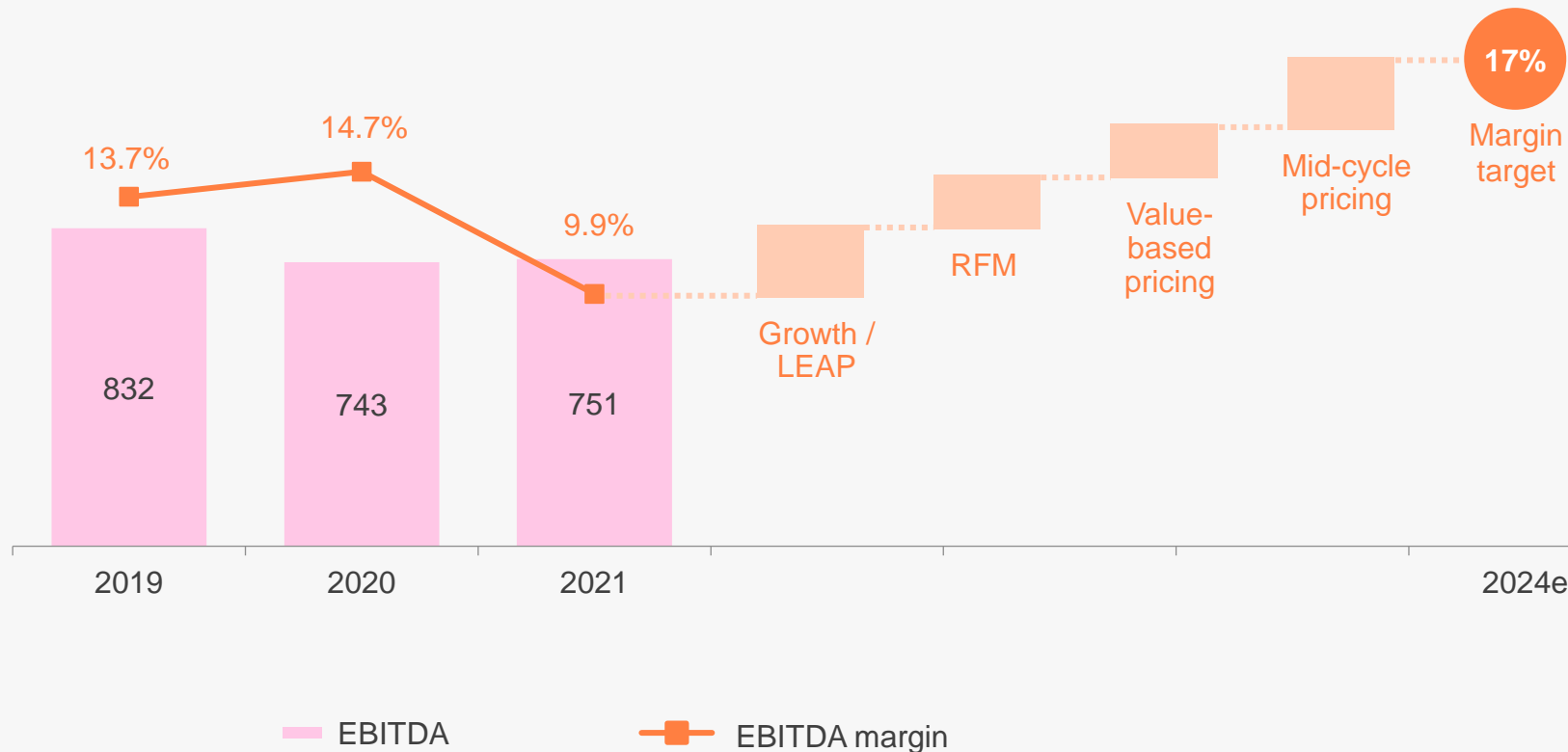
Growing within emerging market of holographic light guiding: accelerating markets of virtual displays in glasses and head-up displays in vehicles

EBITDA margin to grow to 17% in 2024

Solutions & Specialties segment target

EBITDA AND MARGIN – SOLUTIONS & SPECIALTIES





in € million



TARGET MARGIN

- In 2021, margin impacted by above-average Performance Materials market prices as basis for inter-segment charges
 - In 2022, significant EBITDA increase expected
 - In 2024, EBITDA margin target of 17% 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 Q1'22
-  Segment overview
-  **Background information**

Led by a diverse, international management team

Covestro senior management since July 1, 2021



BOARD OF MANAGEMENT



Chief Executive Officer

Dr Markus Steilemann
Nationality: German



Chief Financial Officer

Dr Thomas Toepfer
Nationality: German



Chief Commercial Officer

Sucheta Govil
Nationality: British
with Indian origin



Chief Technology Officer

Dr Klaus Schäfer
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 Thorsten Dreier
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 rating results and index membership

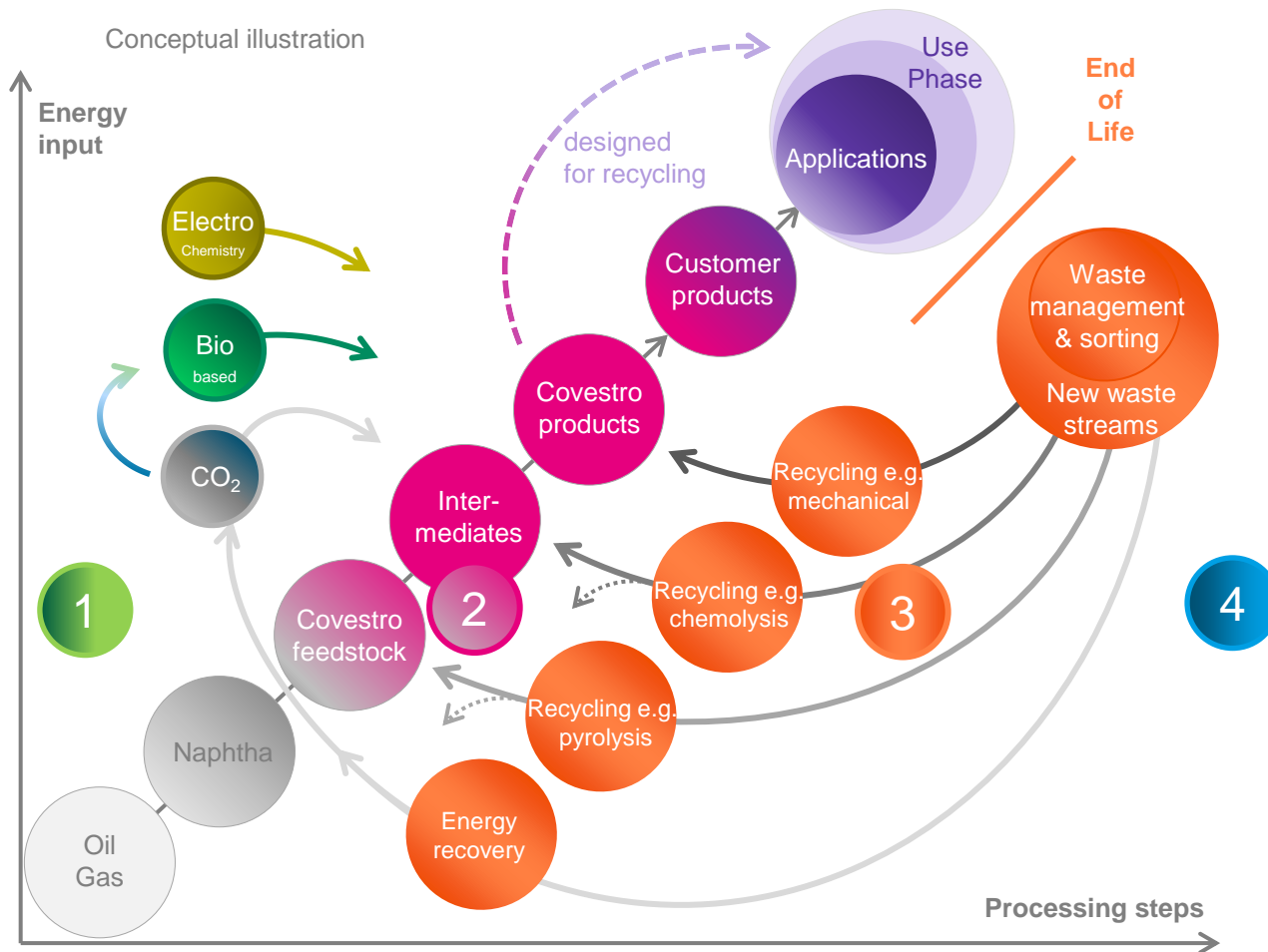
as April 2022



Rating	Scoring Range (Worst → Best)	2016	2017	2018	2019	2020	2021	2022	Award	
	D- to A	-	-	-	-	-	A-		Leadership Level ⁽¹⁾	
	0 to 100	73	[Line graph showing scores from 73 to 80]			80	[Line graph showing scores from 80 to 72]		72	 ⁽²⁾
	D- to A+	B-	[Line graph showing B- to B-]			B-	[Line graph showing B- to B-]			Prime ⁽³⁾
	CCC to AAA	A	A	A	A	A	A	A	Average ⁽⁴⁾	
	100 to 0	74	75	[Line graph showing scores from 75 to 80]		80	23.3	20.0	18.3	⁽⁴⁾
	Included/ Excluded	✓	✓	✓	✓	✓	✓	✓	-	

Closing material and carbon loops

Circular and climate neutral economy



COVESTRO APPROACH TO CIRCULARITY

- 1 Renewable energy
- 2 Alternative raw materials
- 3 Innovative recycling for end-of-life solutions
- 4 Cross-industry collaborations



Progress on vision of full circularity

Broadened portfolio of sustainable products along the value chain of Covestro



SUSTAINABLE RAW MATERIALS

- MoU with Fortescue Future Industries for supply of equivalents of 100.000 to/a of Hydrogen and – derivatives esp. Ammonia to APAC and NAFTA
- Green hydrogen is made from renewable energy and a key resource to de-carbonize energy intensive industries
- Start of broader strategic partnership to accelerate the green energy transition



BIOBASED COATING INTERMEDIATE

- Joint development of a commercial process technology for plant-based version of the chemical intermediate hexamethylen-diamine (HMDA) between Covestro and Genomatica
- Advancement to full commercial scale production planned
- HMDA is a key intermediate raw material for high performance coatings



RENEWABLE PRODUCTS

- Supply of certified renewable basic raw materials for core products PC, MDI & TDI
- ISCC+ certification successfully extended to 5 of 16 major sites in EMEA and APAC
- Renewable product portfolio with strongly reduced CO2 footprint⁽¹⁾ for TDI and climate neutral⁽¹⁾ versions of MDI and PC
- Renewable products are identical to their fossil-based grades

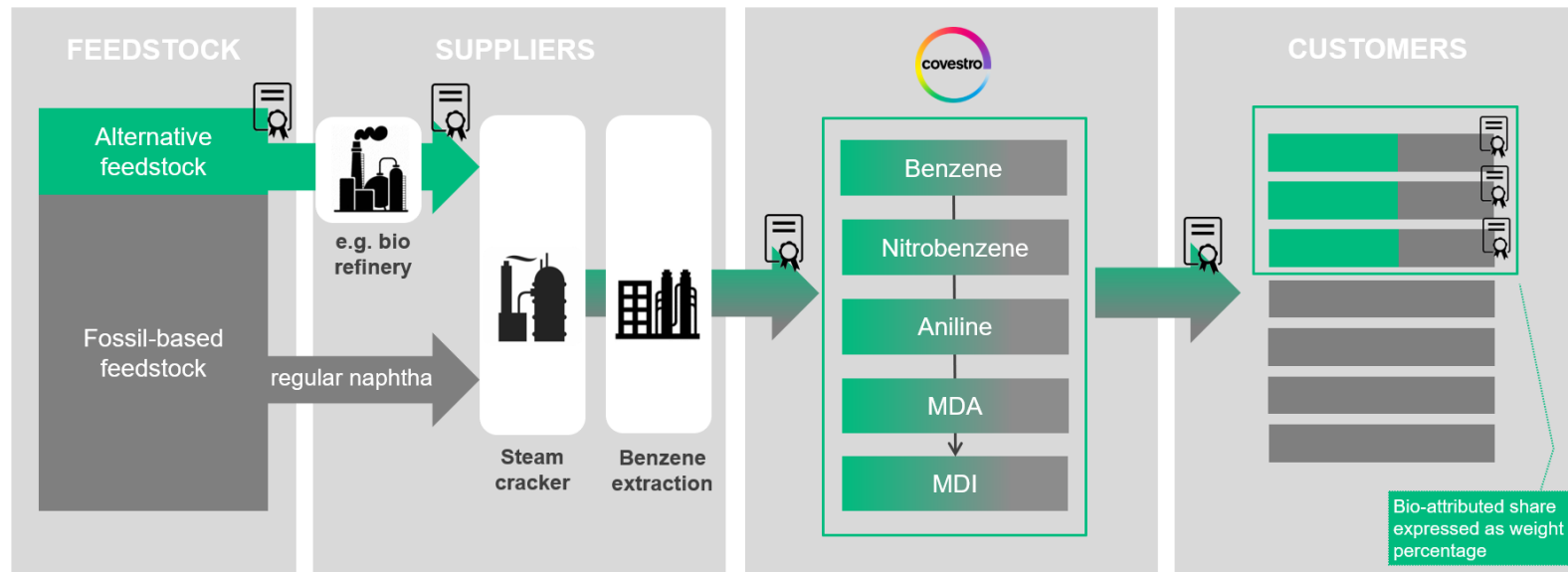
Certified alternative feedstock lower attributed CO₂ footprint



Mass balance approach

EXAMPLE MDI

Conceptual illustration



ISCC Plus certification

MASS BALANCE APPROACH

Principle

- Mass balance is a chain of custody method
- Fossil and alternative feedstock mixed in production but separated in bookkeeping
- Tracks materials through the value chains and allows attribution of alternative feedstock to selected end products
- ISCC standard applies to all stages of the value chain and is recognized worldwide

Advantages

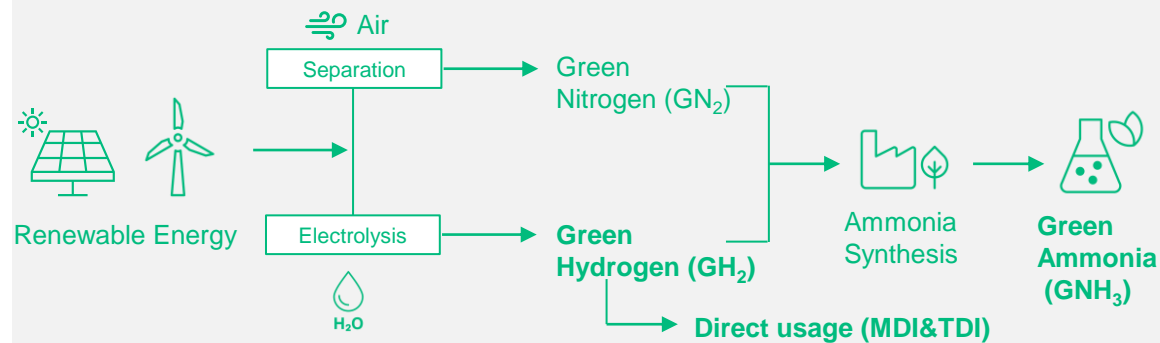
- Alternative raw materials are introduced into the value chain as drop-in solution
- Taking advantage of existing chemical infrastructure with its high efficiency and economies of scale
- Product quality and properties remain the same

Green Hydrogen as enabler for reduced GHG emissions



Covestro with strong focus on securing important volumes of green hydrogen/-derivatives

GREEN HYDROGEN/-DERIVATIVE PRODUCTION



EXPOSURE OF COVESTRO TO HYDROGEN/-DERIVATIVES

Importance of hydrogen/-derivatives for Covestro

- Ammonia and hydrogen are key basic raw materials for production of Covestro core products MDI and TDI

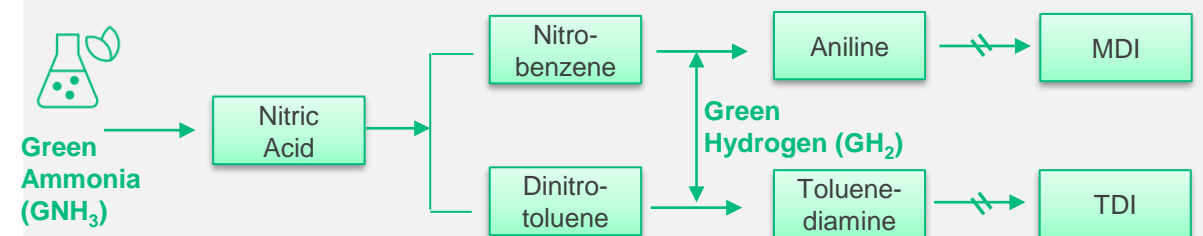
Activities of Covestro on Hydrogen

- CTO is a member of the German Hydrogen Council since 2020
- Venture capital engagement in Hydrogenious LOHC Technologies

COVESTRO ACTIVITIES FOCUSED ON GH₂/GNH₃ SOURCING

- Efficient way of reducing emissions to comply with our target of net-zero by 2035
- MoU with Fortescue Future Industries for supply of equivalents of 100.000 to/a of hydrogen derivative ammonia, esp. to APAC and NAFTA
- Membership in H2Global Foundation to further fostering the production and use of green hydrogen nationally and internationally

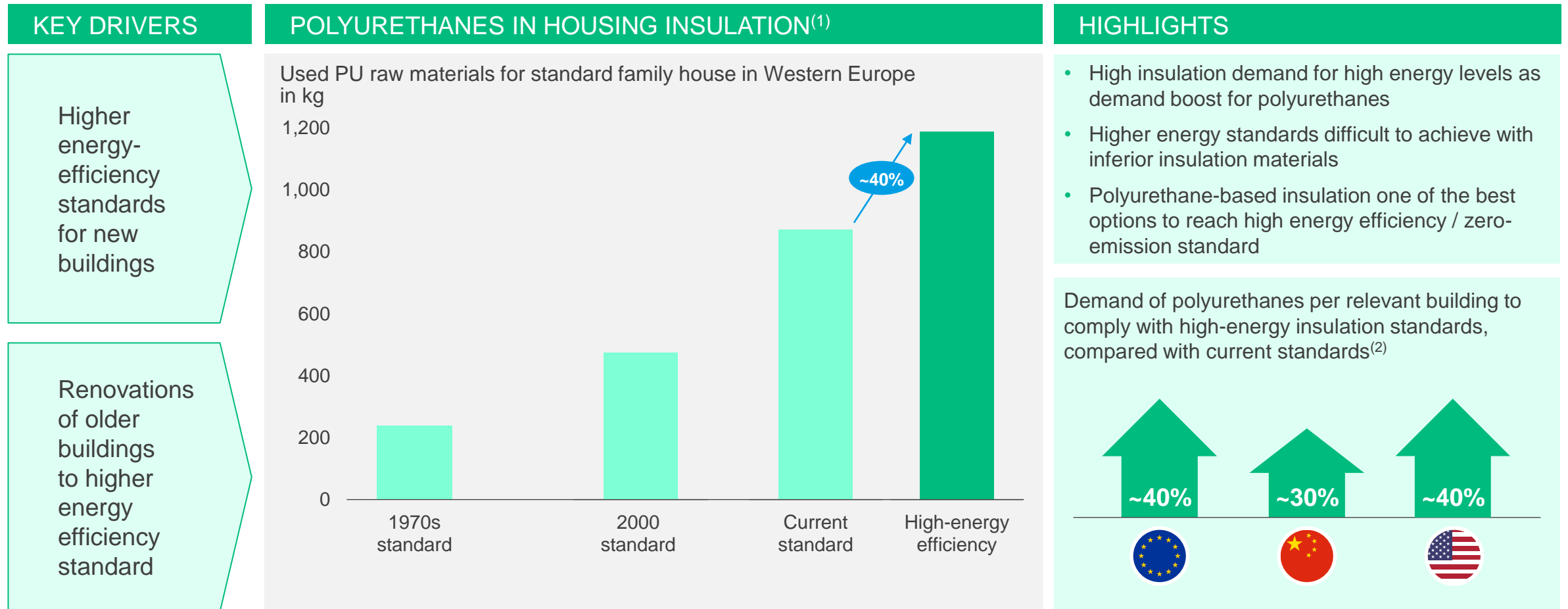
GREEN HYDROGEN/-DERIVATIVE USAGE IN COVESTRO



Higher insulation standards increase demand for polyurethanes



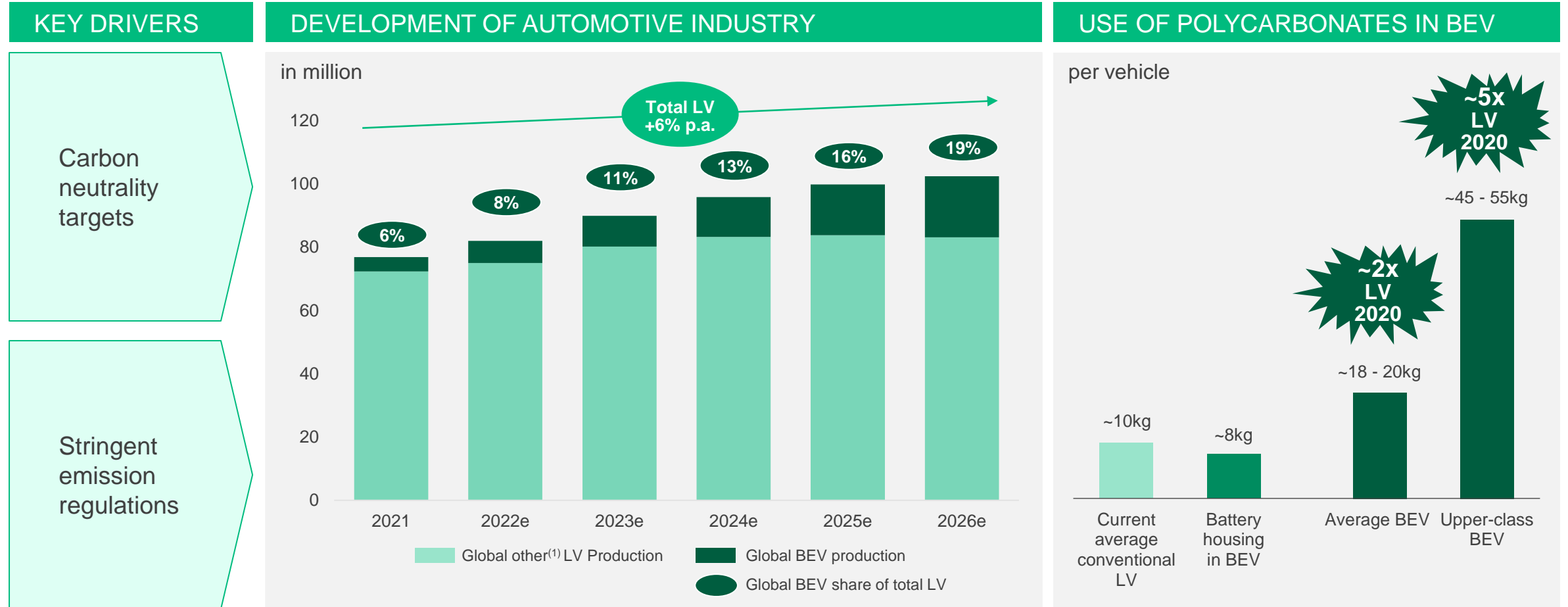
Building insulation market outlook



Auto production growth and increasing BEV share boost demand



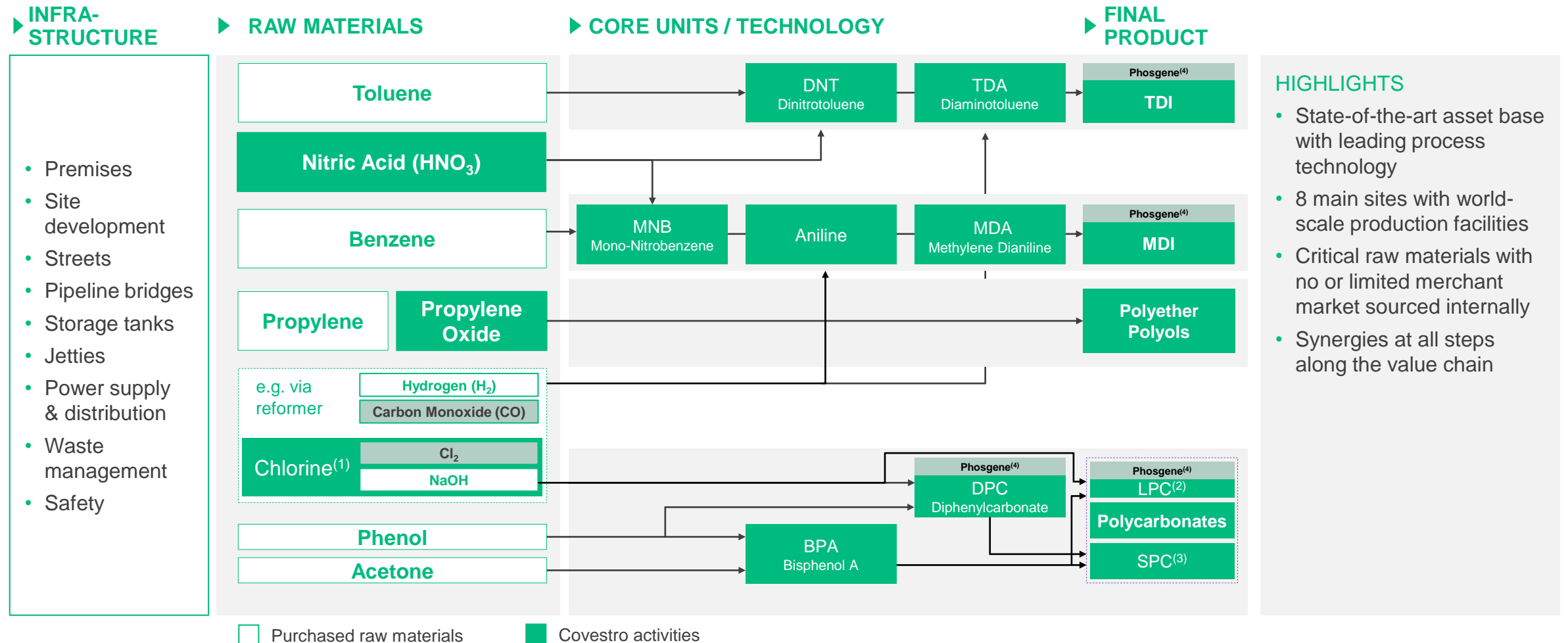
Global electric vehicle market outlook



Synergies in scale, process technology and chemical know-how



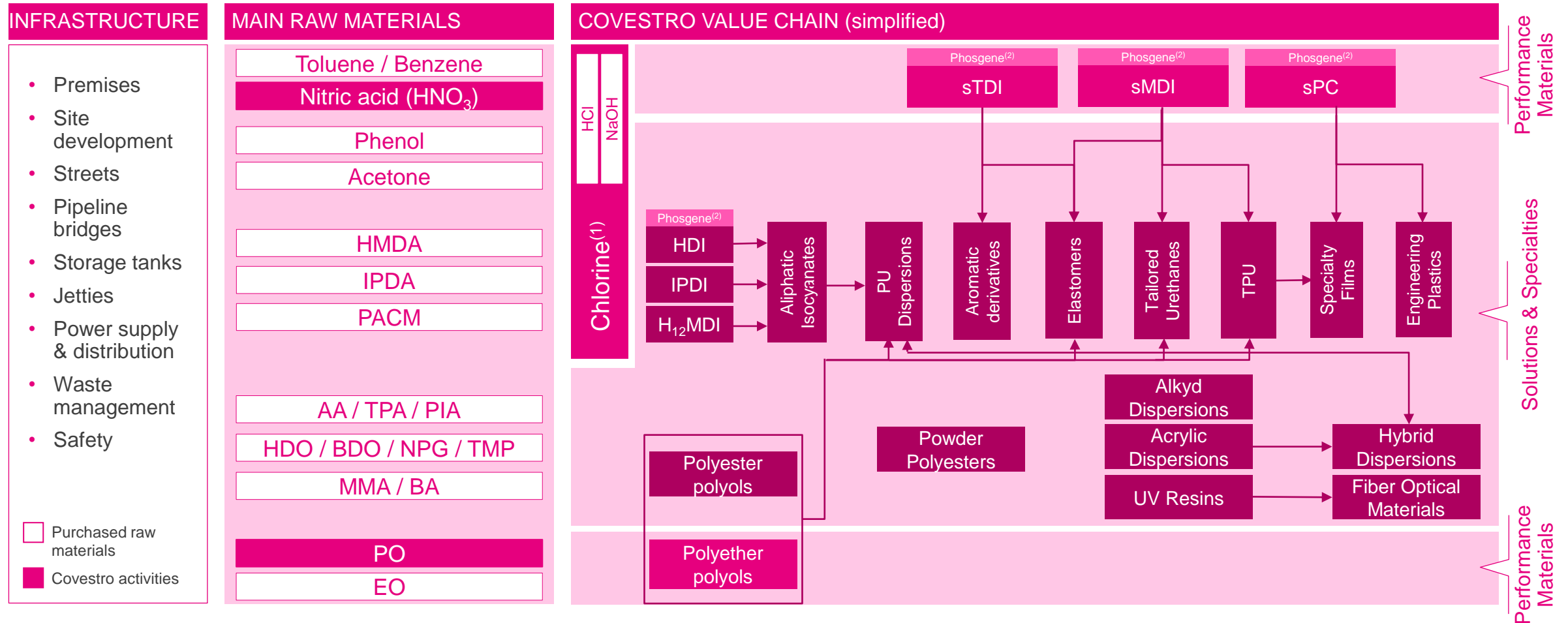
One chemical backbone across all segments



Synergies from chemical backbone and complementary technologies



Solutions & Specialties backward integration and value chain

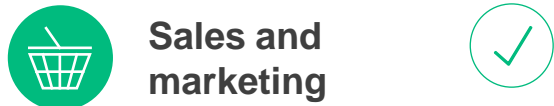


Accountable for all business-specific, success-critical resources



New LEAP set-up of Business Entities

FORMER BUSINESS UNITS (BUs)



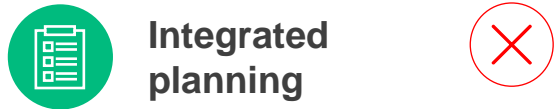
Sales and marketing



Sales, marketing and R&D already part of former BUs



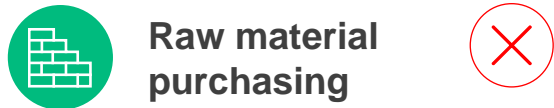
Research & development



Integrated planning



Integrated planning, raw material purchasing and production not responsibilities of former BUs



Raw material purchasing



Production



NEW BUSINESS ENTITIES (BEs)



Sales and marketing remain within the BEs



BE-specific research and development included, cross-BE areas centralized



Integrated planning part of the BEs, supply chain and logistics remain centralized



Purchasing of BE-specific raw materials, remaining purchasing activities as central function



Production facilities of respective product groups embedded within the BEs



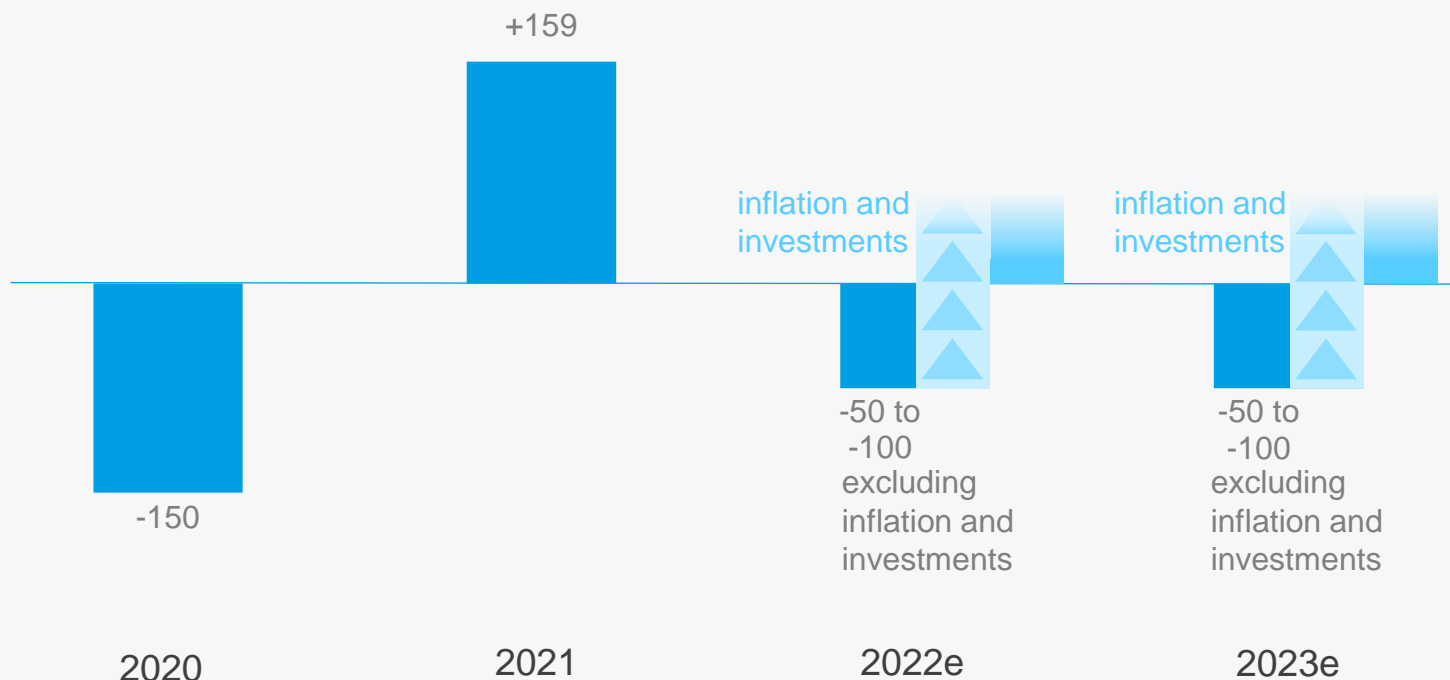
Manage fixed costs despite high inflation and investments



Transformation program LEAP in 2021-2023

FIXED COST DEVELOPMENT Y/Y EXCLUDING INCENTIVE SCHEMES

in € million



HIGHLIGHTS

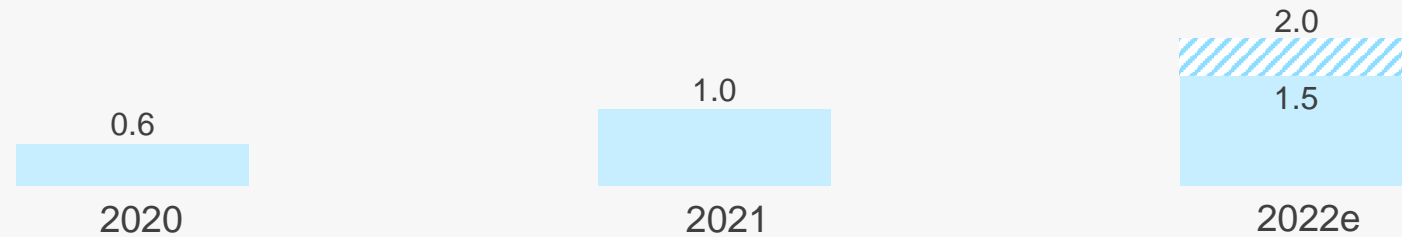
- In 2021, cost development on expectation; mainly driven by higher maintenance costs, salary increase, investments in digitalization and circularity
- In 2022 and 2023, expected net cost increase resulting from
 - High inflation (e.g. logistic, labor costs, etc.) as well as growth (e.g. MDI project) and climate-related investments
 - Partly counterbalanced by planned cost reductions of €50m to €100m p.a. through LEAP execution

Global energy cost more than double within two years

Energy cost development

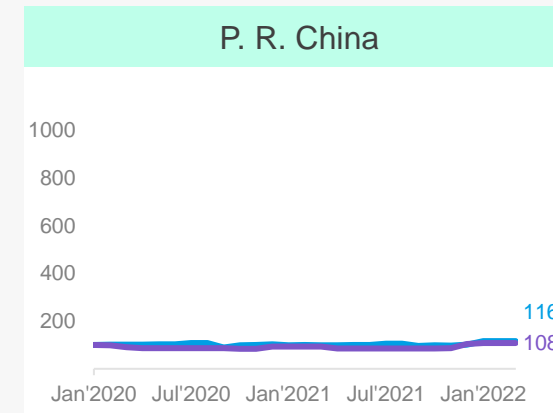
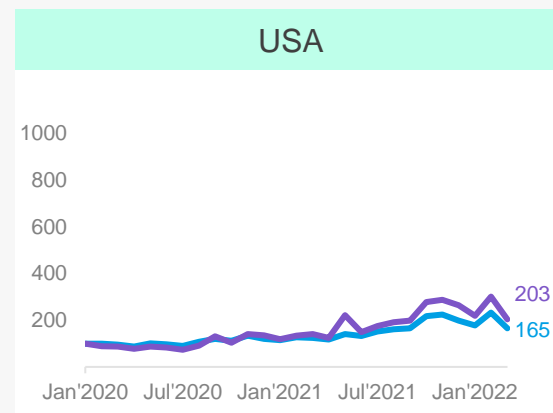
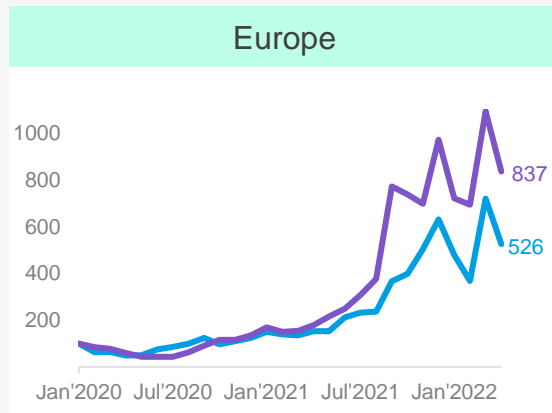
GLOBAL ENERGY COST

in € billion



HISTORIC SPECIFIC ENERGY PRICES

in local currency per MWh, indexed



HIGHLIGHTS

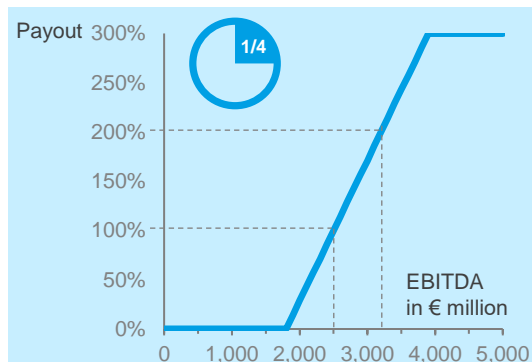
- Significantly accelerated energy cost increases in Q1 2022, mainly driven by European gas and electricity prices
- Global energy bill in 2022 was initially estimated at €1.5bn, after beginning of the Russian invasion in Ukraine an increase to up to €2.0bn could occur
- Regional breakdown of energy cost in 2021: EU ~70%, Asia ~20% and US ~10%
- Situation in EU has improved in April but remains extremely volatile

Entire organization aligned for performance and sustainability

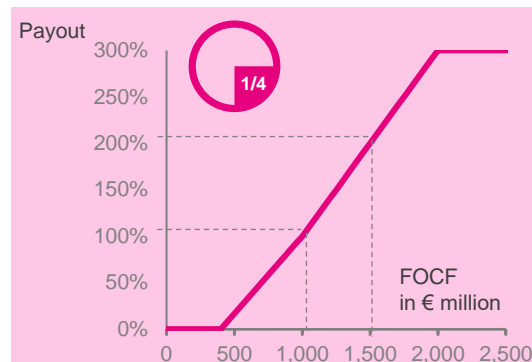


Group Profit Sharing Plan (PSP) as of 2022

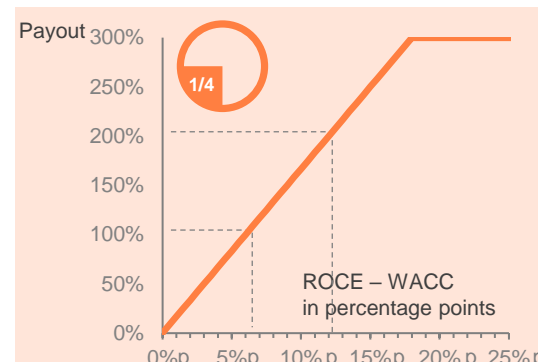
UNIFORM BONUS SYSTEM



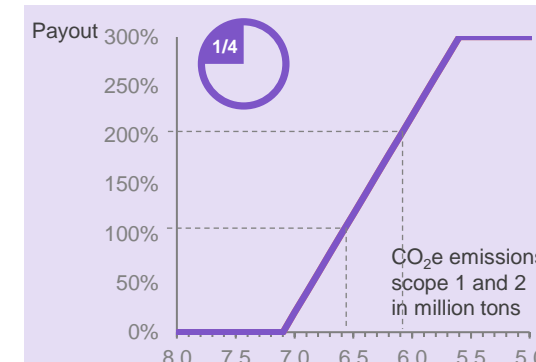
EBITDA (€ mio)				
Value	1,800	2,500	3,200	3,900
Payout	0%	100%	200%	300%



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%

Significant value creation since IPO

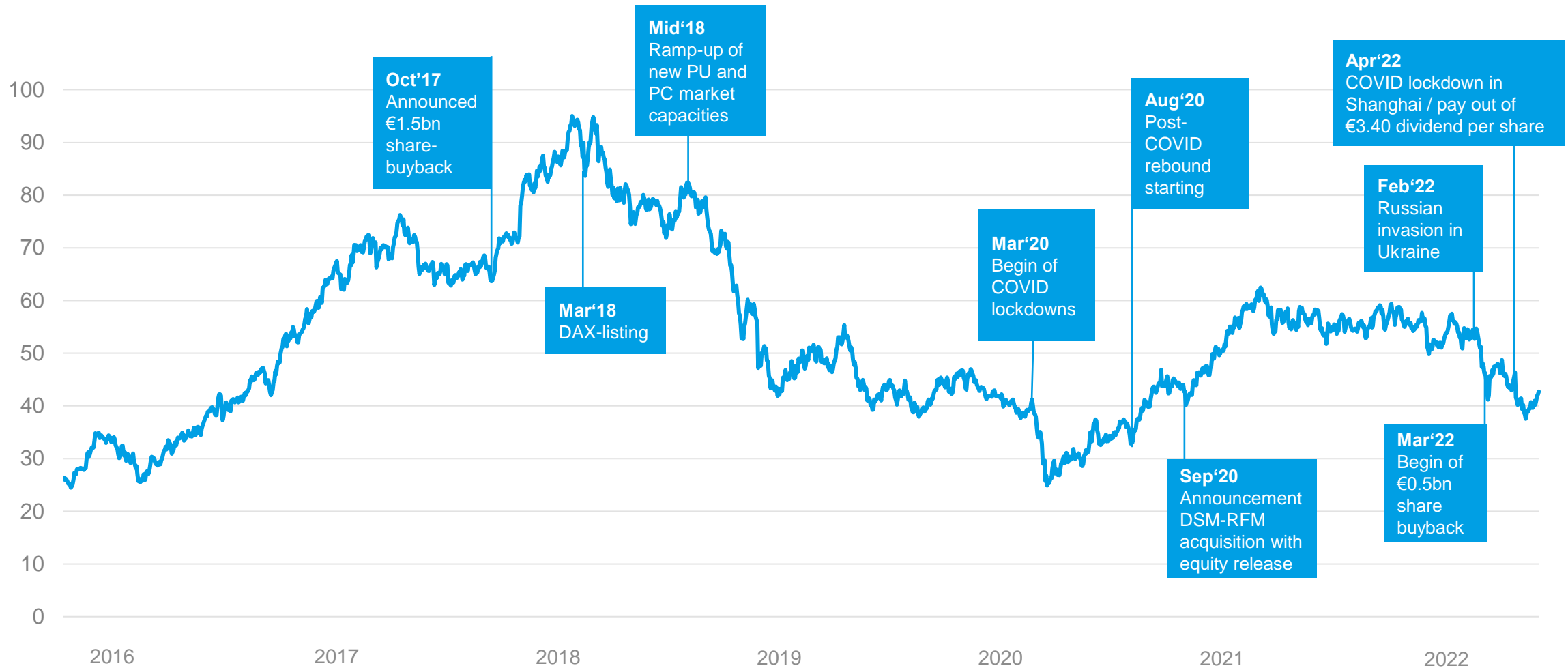
Development of last five years



		2017	2018	2019	2020	2021
Sales	(€ million)	14,138	14,616	12,412	10,706	15,903
• <i>Volume y/y</i>	(%)	+4.3	+2.3	+0.8	-5.1	+6.5
• <i>Price y/y</i>	(%)	+16.1	+4.5	-17.3	-5.7	+34.7
• <i>FX y/y</i>	(%)	-1.6	-3.0	+1.9	-1.6	-0.8
• <i>Portfolio y/y</i>	(%)	0.0	-0.4	-0.5	-1.3	+8.1
EBITDA	(€ million)	3,435	3,200	1,604	1,472	3,085
• <i>Performance Materials</i>		3,048	2,825	942	896	2,572
• <i>Solutions & Specialties</i>		626	585	832	743	751
Earnings per Share	(€)	9.93	9.46	3.02	2.48	8.37
Capex	(€ million)	518	707	910	704	764
Free operating cash flow (FOCF)	(€ million)	1,843	1,669	473	530	1,429
ROCE	(%)	33.4	29.5	8.4	7.0	19.5
Net financial debt	(€ million)	283	348	989	366	1,404
Employees ⁽¹⁾	(FTE)	16,176	16,770	17,201	16,501	17,909

Historical share price performance

Covestro € share price since IPO



Upcoming IR events



Find more information on covestro.com/en/investors

REPORTING DATES

- | | |
|--------------------|---------------------------------|
| • August 2, 2022 | 2022 Half-Year Financial Report |
| • October 25, 2022 | Q3 2022 Quarterly Statement |
| • March 2, 2023 | 2022 Annual Report |

ANNUAL GENERAL MEETING

- | | |
|------------------|------------------------|
| • April 19, 2023 | Annual General Meeting |
|------------------|------------------------|

Sellside event

- | | |
|-----------------|---------------------------------------|
| • June 23, 2022 | Sellside Round Table with CEO, London |
|-----------------|---------------------------------------|

BROKER CONFERENCES

- | | |
|------------------|---|
| • May 18, 2022 | Citi, Chemicals Conference, London |
| • May 24, 2022 | Deutsche Bank, dbAccess German Corporate Conference 2022, Frankfurt |
| • June 1, 2022 | Kepler Cheuvreux, 3 rd Digital ESG Conference, virtual |
| • June 7-8, 2022 | Crédit Suisse, 2022 European Materials Conference, London |
| • June 15, 2022 | Kepler Cheuvreux, One-Stop-Shop, Dublin |
| • June 30, 2022 | UBS, Sustainable Finance Conference 2022, virtual |



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.