



Investor News

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Market environment remains challenging in the third quarter

Results in line with expectations – cost-cutting measures proving effective

- **Group revenue falls to EUR 3.2 billion (–12%)**
- **EBITDA at EUR 242 million at the upper end of the forecast**
- **Consolidated net income at EUR –47 million**
- **Free operating cash flow at EUR 111 million**
- **EBITDA forecast for 2025 narrowed**
- **Sustainable growth: Pontacol acquisition completed, acquisition agreement signed with Vencorex**

Covestro closed the third quarter of 2025 with results in line with its own expectations in a market environment that remained very challenging. Nevertheless, the global economic environment continued to be characterised by intense competitive and price pressure. The main factors weighing on performance were persistently weak demand and the resulting oversupply in key sales markets, as well as the effects of a fire at an external substation at Chempark Dormagen, which led to a production shutdown at several plants. Sales and earnings were below the previous year's levels, mainly due to lower sales prices, exchange rate fluctuations and lower sales volumes. Group sales declined by twelve percent to EUR 3.2 billion (previous year: EUR 3.6 billion). EBITDA amounted to EUR 242 million (previous year: EUR 287 million), with the fire in Dormagen having a negative impact in the mid double-digit million euro range. Consolidated net income amounted to EUR –47 million (previous year: EUR 33 million), while free operating cash flow amounted to EUR 111 million (previous year: EUR 112 million).

Covestro is responding to these conditions with cost discipline and efficiency, while at the same time pursuing opportunities for further targeted growth. The STRONG transformation programme launched in 2024 is already showing significant progress: with total savings of around EUR 320 million realised by the end of 2025, Covestro is well on track to achieve its target of EUR 400 million annually by 2028. Around EUR 250 million of this will be achieved in 2025. In addition, the company continues to focus consistently on strategic investments to achieve sustainable growth in attractive market segments and further strengthen its competitiveness.

"The third quarter has once again shown how challenging the environment remains for our industry," said Dr. Markus Steilemann, CEO of Covestro. "We continue to feel high price pressure and subdued demand worldwide – which is precisely why it is crucial to continue to act decisively. Our measures are taking effect, and we are strengthening our position in attractive growth markets with targeted investments. We have a clear strategy and are managing our business with discipline, customer focus, and strong



team spirit. At the same time, we are continuing to develop Covestro in a targeted manner: towards a company that is even more resilient, responds even faster and creates long-term value for all stakeholders.”

Full-year forecast for 2025 narrowed

As is customary at the end of the year, Covestro has narrowed its forecast within the ranges it had previously issued. The company expects EBITDA for the full year 2025 to be between EUR 700 million and EUR 800 million, with the fire in Dormagen having a negative impact on the full year in the low three-digit million euro range (previously: EUR 700mn to EUR 1.1bn). Covestro expects free operating cash flow to be between EUR –400 million and EUR –200 million (previously: EUR –400mn to EUR +100mn). The return on capital employed above the weighted average cost of capital (ROCE above WACC) is expected to be between –9 and –8 percentage points (previously: –9 pp to –5 pp). The Group continues to expect greenhouse gas emissions (CO₂ equivalents) to be between 4.2 million and 4.8 million tonnes.

“In the current market environment, we are steering Covestro with a clear focus on costs, liquidity and efficiency,” says Christian Baier, Chief Financial Officer of Covestro. “We are taking decisive action to secure our financial stability while continuing to invest in areas that will strengthen our long-term competitiveness. The acquisition of Pontacol and the agreement with Vencorex are prime examples of this – but there is something more fundamental at stake: we are securing our financial and operational freedom to combine stability today with prospects for tomorrow.”

Focus on sustainable growth

With the acquisition of Pontacol AG, completed on 28 August 2025, Covestro has expanded its film business to include highly specialised flat and blown films. The two acquired production sites in Switzerland and Germany, with their extensive expertise open up additional opportunities for innovation and growth, particularly in the fields of medical technology, mobility and the textile industry.

In addition, Covestro signed an agreement with Vencorex Holding SAS in August 2025 to acquire two production companies for HDI derivatives in Rayong (Thailand), and Freeport (USA). This strengthens the company's production network for aliphatic isocyanates and consistently pursues its long-term growth strategy in the Coatings & Adhesives business unit. Covestro is also consolidating its market position in the Asia-Pacific and North America regions.

Ten years of Covestro and innovative ideas at K 2025

In the third quarter, Covestro celebrated its tenth anniversary – a milestone that marks the company's transformation into a global leader in innovation, sustainability and the



circular economy in the chemical industry. The anniversary was not only a moment for reflection, but also for looking ahead: Over the past decade, Covestro has established itself as an innovation-driven, financially sound, and sustainability-oriented company that is purposefully advancing its global footprint. However, the main focus was on the shared attitude of the global team: this forms the basis for acting decisively and seizing new opportunities, even in persistently challenging market conditions.

Covestro also sent a strong signal to the outside world in October at K 2025 in Düsseldorf. Under the motto 'The Material Effect,' the company presented more than 25 innovations that offer concrete solutions for key future topics such as the circular economy, climate neutrality, digitalisation and mobility. The strong response from customers and partners underscored Covestro's role as a reliable, innovative solution provider and confirmed its focus on profitable and sustainable applications. This strengthens the company's position in key industries and consistently implements its 'Sustainable Future' strategy.

Overview of the segments

In the Performance Materials segment, sales declined by 16.2 per cent to EUR 1.5 billion in the third quarter (previous year: EUR 1.8 billion), driven primarily by lower average selling prices, exchange rate movements and a decline in sales volumes. EBITDA rose to EUR 174 million (previous year: EUR 125 million), mainly due to positive one-off effects. Free operating cash flow amounted to EUR 68 million (previous year: EUR 111 million).

In the Solutions & Specialties segment, sales declined by 7.7 per cent to EUR 1.6 billion (previous year: EUR 1.8 billion). This was also due in particular to the decline in average selling prices and exchange rate developments. Higher sales volumes had a positive effect. EBITDA amounted to EUR 196 million (previous year: EUR 208 million). Free operating cash flow amounted to EUR 116 million (previous year: EUR 101 million).

Challenging market environment and global uncertainties characterise the first three quarters of 2025

Group sales for the year to date amounted to EUR 10.0 billion (previous year: EUR 10.8 billion), due to the continuing challenging market environment, weak demand and intense competitive and price pressure in all regions. EBITDA amounted to EUR 649 million, consolidated net income to EUR –266 million and free operating cash flow to EUR –370 million.

**About Covestro:**

Covestro is one of the world's leading manufacturers of high-quality polymer materials and their components. With its innovative products, processes and methods, the company helps enhance sustainability and the quality of life in many areas. Covestro supplies customers around the world in key industries such as mobility, building and living, as well as the electrical and electronics sector. In addition, polymers from Covestro are also used in sectors such as sports and leisure, telecommunications and health, as well as in the chemical industry itself.

The company is geared completely to the circular economy. In addition, Covestro aims to achieve climate neutrality for its Scope 1 and Scope 2 emissions by 2035, and the Group's Scope 3 emissions are also set to be climate neutral by 2050. Covestro generated sales of EUR 14.2 billion in fiscal year 2024. At the end of 2024, the company had 46 production sites worldwide and employed approximately 17,500 people (calculated as full-time equivalents).

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