



Investor News

Leverkusen,
July 30, 2024

Covestro AG
Investor Relations
51365 Leverkusen
Germany

Contact
Ronald Köhler
Telephone
+49 214 6009 5098
Email
Ronald.koehler
@covestro.com

Contact
Carsten Intveen
Telephone
+49 214 6009 5861
Email
Carsten.intveen
@covestro.com

Contact
Marc Schütze
Telephone
+49 214 6009 5281
Email
Marc.schuetze
@covestro.com

Q2 2024: Stable sales despite falling sales prices

Rebounding volumes in a challenging environment

- **Group sales stable at EUR 3.7 billion (–0.8%)**
- **EBITDA within expectations at EUR 320 million (–16.9%)**
- **Group result at EUR –72 million**
- **Free operating cash flow at EUR –147 million**
- **Guidance for 2024 fiscal year: EBITDA between EUR 1 billion and EUR 1.4 billion narrowed**
- **Q3 EBITDA between EUR 250 million and EUR 350 million anticipated**

Covestro increased its volumes sold, in particular in the APAC and EMLA regions, year on year in the second quarter of 2024. Group sales remained stable at EUR 3.7 billion (previous year: EUR 3.7 billion) due to the fact that selling price levels were lower for demand-related reasons. EBITDA at Group level fell by 16.9 percent to EUR 320 million (previous year: EUR 385 million), corresponding to the middle of the previously forecast range of between EUR 270 million and EUR 370 million. Lower raw material prices only partially offset the demand-related decline in average sales prices. Net loss in the second quarter of 2024 was EUR 72 million (previous year: net income of EUR 46 million), while the free operating cash flow (FOCF) was EUR –147 million (previous year: EUR –10 million).

“The market environment remains very challenging,” says Dr. Markus Steilemann, CEO of Covestro. “Our sharp rise in volumes sold shows that we’re prepared for the market recovery. In addition, our transformation program STRONG is creating the necessary conditions for us to further expand our leading position in the global market and secure our competitiveness.”

In view of a rapidly changing market environment, Covestro launched the [global transformation program STRONG](#) in June 2024. The Group is therefore making itself even more effective and efficient and is systematically driving its digitalization. As part of STRONG, Covestro is planning to realize global annual savings in material and personnel costs of EUR 400 million by 2028, of which EUR 190 million will be in Germany.

Full-year 2024: Earnings guidance narrowed

Covestro continues to expect challenging economic conditions in the remainder of the year. Covestro has therefore narrowed its guidance for EBITDA and ROCE above WACC and adjusted its forecast for the free operating cash flow for fiscal 2024. The company now anticipates EBITDA between EUR 1 billion and EUR 1.4 billion (previously: between EUR 1 billion and EUR 1.6 billion). Covestro now



expects a free operating cash flow of between EUR –100 million and EUR 100 million (previously: between EUR 0 million and EUR 300 million). For ROCE above WACC, Covestro now anticipates a range between –7.0 percentage points and –4.0 percentage points (previously: between –7.0 percentage points and –2.0 percentage points). Covestro projects that GHG emissions measured as CO₂ equivalents will still be between 4.4 million metric tons and 5.0 million metric tons. The Group anticipates EBITDA for the third quarter of 2024 will be EUR 250 million to EUR 350 million.

“We were able to keep our sales stable in the second quarter and reached the middle of our EBITDA guidance. That’s positive news and proof of our resilience,” says Christian Baier, CFO of Covestro. “In view of the continuing challenging economic environment, we have narrowed our earnings guidance for the year as a whole accordingly.”

Confirmatory due diligence with ADNOC has started

Based on the open-ended talks held up to then with the Abu Dhabi National Oil Company (ADNOC), the Board of Management of Covestro resolved in June 2024 to enter into [concrete negotiations](#) about a possible transaction and the possible conclusion of an investment agreement and to enable an adequate exchange of corporate information to confirm assumptions (confirmatory due diligence). The starting point for the negotiations is a potential offer price of EUR 62 per Covestro share indicated to Covestro by ADNOC, which is subject to, among other things, the results of the confirmatory due diligence as well as agreement on the content of an investment agreement.

Covestro systematically advances its aim to become fully circular

In May 2024, Covestro announced its [authorization as a waste trader](#) at IFAT, the world’s leading trade fair for the waste and disposal industry. The Group has created the legal conditions to become a purchaser and recycler of plastic waste itself, thereby securing independent access to the valuable resource of waste. Covestro has secured further access to recycled materials through a [partnership announced](#) in June 2024 with Neste and Borealis to enable the recycling of discarded tires into high-quality plastics for automotive applications.

With the aim of continuously enhancing chemical recycling, Covestro also invested a mid single-digit million euro amount in the Dutch company BioBTX in June 2024. With this [partnership](#), Covestro is enabling construction of the world’s first demonstration plant for an innovative technology that makes it possible to produce valuable chemicals such as benzene, toluene and xylene from organic and mixed plastic waste and then use them in plastics production.



Increase in volumes sold in both segments

In the Performance Materials segment, Covestro significantly increased volumes sold despite the difficult market situation in the second quarter of 2024, in particular in the EMLA and APAC regions. Sales thus have increased year on year by 2.5 percent to EUR 1.83 billion (previous year: EUR 1.79 billion). At the same time, lower raw material prices only partially offset the demand-related decline in selling prices, with the result that EBITDA fell by 35.1 percent year on year to EUR 196 million (previous year: EUR 302 million). The free operating cash flow was EUR –89 million (previous year: EUR –77 million).

Covestro has also increased volumes sold in the Solutions & Specialties segment in the second quarter of 2024, especially in the APAC region. Again, this increase only partially offset the lower selling prices, meaning that sales declined by 3.3 percent year on year to EUR 1.81 billion (previous year: EUR 1.88 billion). EBITDA fell by 21.3 percent to EUR 174 million (previous year: EUR 221 million). This decline is attributable in particular to a non-recurring positive effect from the sale of the additive manufacturing business in the second quarter of 2023, which had increased earnings by EUR 35 million. In addition, expenses in connection with implementation of the transformation program STRONG had a negative impact in the low double-digit million euro range in the second quarter of 2024. The free operating cash flow in the past quarter was EUR 36 million (previous year: EUR 150 million), with the fall being the consequence of higher funds tied up in working capital and a decline in EBITDA.

First half of the year impacted overall by low sales prices

Group sales in the first half of the current fiscal year 2024 declined by 3.5 percent to EUR 7.2 billion (previous year: EUR 7.5 billion). The Group's EBITDA fell by 11.6 percent to EUR 593 million in the first half of the year compared to the first six months of 2023 (previous year: EUR 671 million). The free operating cash flow in the first half of the year was at EUR –276 million (previous year: EUR –149 million), while net loss fell to EUR 107 million (previous year: net income of EUR 20 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 14.4 billion in fiscal year 2023. At the end of 2023, the company had 48 production sites worldwide and employed approximately 17,500 people (calculated as full-time equivalents).

Find more information at the [Covestro's IR Website](#).

Read our [Corporate Blog](#).

Follow us on the Covestro Social Media Channels:



Forward-looking statements

This news release 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 at www.covestro.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.