



Investor News

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Third quarter 2024: Increase in sales volumes, guidance narrowed

Increased profits in challenging market environment

- **Group sales remain stable at EUR 3.6 billion (+1.0%)**
- **EBITDA increases to EUR 287 million (+3.6%)**
- **Net income reaches EUR 33 million**
- **Free Operating Cash Flow is at EUR 112 million (–63.6%)**
- **Investment Agreement with ADNOC signed**
- **Guidance for 2024 fiscal year narrowed within given ranges**

In the third quarter of 2024, Covestro continued to increase its volumes sold, particularly in the EMLA and APAC regions. Compared to the same quarter of the previous year, Group sales remained stable at around EUR 3.6 billion, as lower raw material prices led to lower selling price levels (previous year: EUR 3.57 billion). Compared to the third quarter of 2023, the Group's EBITDA increased by 3.6 percent to EUR 287 million (previous year: €277 million), thus falling within the expected range of EUR 250 million to EUR 350 million. Net income reached EUR 33 million (previous year: EUR –31 million). Free operating cash flow decreased to EUR 112 million (previous year: EUR 308 million), primarily due to lower operating cash flows.

“We concluded the third quarter of the year with higher sales volumes and improved earnings,” said Dr Markus Steilemann, CEO of Covestro. “Nevertheless, the current market environment remains challenging. Our focus is therefore clear: We continue to do our homework, focus on the levers we can control and consistently implement our ‘Sustainable Future’ strategy. In doing so, we not only lay the foundation for future success and sustainable growth, but also make steady progress towards becoming fully circular.”

Guidance for 2024 further narrowed within given ranges

In light of the continued challenging economic environment, Covestro has narrowed its guidance for the 2024 fiscal year regarding expectations for EBITDA and ROCE above WACC.

The Group now anticipates EBITDA between EUR 1.0 billion and EUR 1.25 billion (previously: between EUR 1.0 billion and EUR 1.4 billion). For ROCE above WACC, Covestro now expects a range between –7.0 and –5.0 percentage points (previously: between –7.0 and –4.0 percentage points) for the financial year 2024. Regarding GHG emissions (measured as CO₂ equivalents), Covestro continues to expect a figure between 4.4 and 5.0 million metric tons. Covestro also continues to expect a Free Operating Cash Flow between EUR –100 and EUR 100 million.



“Overall, global demand is intact but remains at a low level. We continue to face challenges in various industries and regions,” says Christian Baier, CFO of Covestro. “Nonetheless, we were able to slightly increase our EBITDA, indicating that our measures for efficiency and plant reliability are working. However, the economic environment remains challenging, and we have therefore narrowed our guidance for the full year accordingly.”

Investment Agreement with ADNOC supports execution of ‘Sustainable Future’ strategy

As announced in an ad-hoc release on October 1, 2024, Covestro has on that day signed an Investment Agreement with entities of the ADNOC Group, including ADNOC International Limited (“ADNOC International”) and its indirect subsidiary ADNOC International Germany Holding AG (“Bidder”). The agreement stipulates, among other items, that the Bidder will make a public takeover offer for all outstanding shares of Covestro at a price of €62.00 per share. In addition, ADNOC International is committing itself to fully supporting the Company's "Sustainable Future" strategy and intends to fully support Covestro in further executing on this strategy. To this end, the Bidder shall subscribe to new Covestro shares at the offer price via an increase of the Company's share capital by 10% under simplified exclusion of subscription upon the completion of the transaction. This will result in an amount of €1.17 billion proceeds at an offer price of €62.00 which Covestro will use to foster the further implementation of its growth strategy.

On October 25, 2024, the Bidder, following approval by BaFin, has published the corresponding offer document in relation to all outstanding Covestro shares at an offer price EUR 62.00 per Covestro share. The Board of Management and the Supervisory Board of Covestro will now carefully review the offer document and issue a reasoned statement pursuant to Section 27 WpÜG in due course. Subject to the review of the offer document, the Board of Management and the Supervisory Board assume that they will recommend the acceptance of the offer to the Company's shareholders.

Further milestones on the road to climate neutrality achieved

In the third quarter of 2024, Covestro further increased the share of renewable energies in its energy mix, thereby achieving another important milestone on the road to operational climate neutrality by 2035. In July 2024, Covestro signed a long-term [power purchase agreement \(PPA\) with bp](#) to supply its sites in Spain with solar energy. The contract has a term of ten years and increases the share of renewable energy from less than ten percent to around 30 percent. As a result, a significant share of the electricity consumption of Covestro's main production site in Tarragona, Spain, is now also covered by renewable sources.



EBITDA in the Performance Materials segment significantly increased

In the Performance Materials segment, Covestro increased its sales by 4.1 percent to EUR 1.78 billion (previous year: EUR 1.71 billion) in the third quarter of 2024. This was primarily driven by higher volumes, especially in the EMLA region. These higher volumes contributed to a significant increase in EBITDA of 47.1 percent to EUR 125 million (previous year: EUR 85 million). Free Operating Cash Flow amounted to EUR 111 million (previous year: EUR 317 million) due to a significantly lower release of funds from working capital compared to the same quarter of the previous year.

In the Solutions & Specialties segment, sales in the third quarter of 2024 decreased by 2.0 percent to EUR 1.77 billion (previous year: EUR 1.81 billion). This was primarily due to a demand-related decline in average selling prices, which higher volumes were unable to offset fully. As a result, the segment's EBITDA fell 15.4 percent to EUR 208 million (previous year: EUR 246 million). Free Operating Cash Flow was EUR 101 million (previous year: EUR 185 million), primarily due to cash being tied up in working capital, as opposed to a release of funds in the same quarter last year, and lower EBITDA.

Challenging environment weighs on results in the first nine months of 2024

In the first nine months of 2024, Covestro's sales remained largely stable at EUR 10.8 billion compared to the same period of the previous year (previous year: EUR 11.0 billion). The increase in volumes across the Group did not offset the demand-related decline in average selling prices in the first nine months. That is also reflected in the EBITDA for the first nine months of 2024, which fell by 7.2 percent to EUR 880 million (previous year: EUR 948 million). Net income fell to –€74 million (previous year: –€11 million). Free Operating Cash Flow for the nine-month period amounted to –€164 million (previous year: €159 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 completely geared towards 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 the 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).

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Forward-looking statements

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