



Investor News

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Transformation further advanced in a persistently challenging environment

Covestro concludes fiscal year 2025 within narrowed guidance range

- **Group sales at EUR 12.9 billion (–8.7%)**
- **EBITDA of EUR 740 million (–30.9%)**
- **Free Operating Cash Flow of EUR –283 million**
- **STRONG program with EUR 275 million in realized savings**
- **Partnership with XRG completed; capital increase strengthens balance sheet**
- **Outlook 2026: Stable EBITDA development expected**

In the 2025 fiscal year, Covestro achieved its EBITDA target despite a persistently challenging market environment. Volatile geopolitical dynamics, sustained weak global demand coupled with intense competitive pressure, and the impact of the fire at the Dormagen Chempark weighed heavily on the Group's economic development. In particular, the further decline in price levels across all regions and overcapacities in key product groups had a significant effect on margins and earnings. At the same time, Covestro consistently pursued its transformation and, with the successful completion of the strategic partnership with XRG, took decisive strategic steps for the future.

Group sales decreased by 8.7 percent to EUR 12.9 billion in the 2025 fiscal year (previous year: EUR 14.2 billion). This development was primarily driven by lower selling prices in all regions as well as exchange rate effects. At EUR 740 million (previous year: EUR 1.1 billion), EBITDA was within the range of EUR 700 million to EUR 800 million specified in October 2025. The production downtime at several plants following a fire at the Dormagen Chempark had a negative impact on the full year in the low three-digit million euro range. Free Operating Cash Flow amounted to EUR –283 million (previous year: EUR 89 million), which was also within the expected range. The Group net result was EUR –644 million (previous year: EUR –266 million), reflecting the ongoing challenging market conditions. Greenhouse gas emissions (Scope 1 and Scope 2) fell to 4.3 million metric tons of CO₂ equivalents (previous year: 4.7 million metric tons). This was primarily due to the successful implementation of the Nitric Acid Unit Climate Initiative projects at the Baytown (USA) and Shanghai (China) sites.

“The year 2025 was once again characterized by geopolitical uncertainties and a globally challenging market environment,” says Dr. Markus Steilemann, CEO of Covestro. “Our ambition remains unchanged: With our innovative strength, technological excellence, and our clearly focused ‘Sustainable Future’ strategy, we are consistently evolving Covestro together with our customers. 2025 was therefore



also a year of important strategic decisions. With XRG as a long-term strategic partner, additional opportunities are opening up to further expand our position as a leading provider of sustainable and circular material solutions.”

Targeted investments and efficiency increases

In 2025, Covestro made targeted investments in growth and enhanced its organizational efficiency. Despite the continuing challenging environment, Covestro made strategic acquisitions to further strengthen its portfolio in attractive growth markets. With the acquisition of Pontacol AG, completed in August 2025, Covestro is expanding its film business to include highly specialized multilayer adhesive films, which open up new opportunities in areas such as medical technology, mobility, and the textile industry.

Furthermore, in August 2025, Covestro signed an agreement with Vencorex to acquire two production sites for HDI derivatives in Rayong (Thailand) and Freeport, Texas (USA). This transaction, which is expected to close in the first half of 2026 if possible, strengthens the production network for aliphatic isocyanates and supports the growth strategy in the Coatings & Adhesives business entity.

At the same time, Covestro is making continuous progress with its STRONG transformation program launched in 2024. As of the end of 2025, the company has already saved approximately EUR 275 million, consistently implementing the announced efficiency increases. The goal is to achieve annual savings of EUR 400 million worldwide by the end of 2028. The focus is on the consistent continuation of the transformation, structural and process improvements, as well as extensive digitalization and the use of artificial intelligence across all areas of the company.

“The market environment remained challenging in 2025. The sustained pressure on prices and margins, as well as a lack of demand momentum, weighed significantly on our business,” says Christian Baier, CFO of Covestro. “What is decisive, however, is that we are adjusting our cost structures, simplifying processes, and prioritizing our investments. These measures are proving effective. The successful capital increase creates additional financial flexibility. This shows that even in a volatile market environment, we are actively shaping our transformation.”

Strategic partnership with XRG successfully completed

A key milestone in the 2025 fiscal year was the successful completion of the strategic partnership between Covestro and XRG on December 10, 2025. With XRG as a long-term oriented shareholder, Covestro will further accelerate its transformation. In this context, the EUR 1.17 billion capital increase agreed upon in the investment agreement with XRG was completed in December 2025. The transaction



strengthens Covestro's equity base and increases financial flexibility in a volatile market environment.

XRG has also announced its intention to pursue a squeeze-out under stock corporation law following a corresponding resolution at this year's Annual General Meeting of Covestro AG. In accordance with the investment agreement concluded between the parties, the Board of Management and the Supervisory Board fundamentally support this plan. This step would simplify the ownership structure and reduce capital market regulatory requirements. The resulting strategic and financial flexibility will allow Covestro to advance its "Sustainable Future" strategy over the long term and drive sustained investment in growth areas like the circular economy, digitalization, and AI.

Outlook 2026

For the 2026 fiscal year, Covestro continues to expect a demanding market environment. A sustainable recovery in global demand is currently not in sight, while the global competitive environment remains characterized by overcapacities, persistent price pressure, and an increasingly protectionist trade policy.

Against this background, the forecast for EBITDA, Free Operating Cash Flow, and ROCE above WACC is provided in the form of a qualitative assessment rather than quantitative ranges. For 2026, Covestro expects EBITDA to be in the region of the previous year's level*. For Free Operating Cash Flow and ROCE above WACC, the company anticipates a significant improvement compared to 2025 levels. For greenhouse gas emissions (Scope 1+2) measured in CO₂ equivalents, the Group expects a value between 3.9 and 4.5 million metric tons.

Due to the negative Group net result and in line with Covestro's dividend policy, no dividend will be distributed for the 2025 fiscal year.

Development of the Segments

In the Performance Materials segment, sales decreased by 12.1 percent to EUR 6.1 billion (previous year: EUR 7.0 billion).

EBITDA fell by 34.1 percent to EUR 375 million (previous year: EUR 569 million), due to lower margins and higher expenses for the implementation of the STRONG transformation program. The latter primarily related to the closure of the [production facility in Maasvlakte](#) (Netherlands) operated jointly with LyondellBasell.

*This may include a deviation in the single-digit percentage range.



In the Solutions & Specialties segment, sales decreased by 5.5 percent to EUR 6.6 billion (previous year: EUR 7.0 billion), due to lower selling prices and negative exchange rate effects. EBITDA decreased by 8.0 percent to EUR 681 million (previous year: EUR 740 million). Increased sales volumes and lower expenses within the framework of the STRONG transformation program had a positive impact on earnings.

Additional information:

Please find below the link for downloading today's publication of Q4/FY 2025 results: [Financial Documents & Presentations](#)

Please follow this link to access the online [Annual Report 2025](#).

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 12.9 billion in fiscal year 2025. At the end of 2025, the company had 46 production sites worldwide and employed approximately 17,600 people (calculated as full-time equivalents).

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