Rebounding from trough

Financial Highlights
Q1 2023

Forward-looking statements

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.

Financial highlights Q1 2023

€3.7bn
Sales

€286m
EBITDA

€-139m
FOCF

FY 2023
Guidance specified

€0.5bn
Share buyback resumed

Covestro expands sustainable product portfolio

Our way to Circular Economy

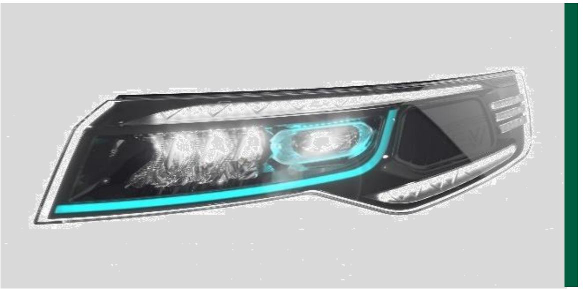
FOCUS AREAS	OUR WAY TO CIRCULARITY	TARGET

Expansion of circular economy portfolio

- Baytown (USA) receives ISCC Plus certification
- Global network of ISCC Plus certified plants
- Global offering our Circular Intelligence “CQ” product portfolio

PUReSmart project achieves chemical recycling breakthrough

- Chemical recycling of flexible foam raw materials TDI and Polyols proven
- Covestro drives further development to industrial value cycle
- Evocycle® CQ Mattress is Covestro's first chemical recycling initiative



Covestro develops climate friendly headlamp for circular economy

- Project looks at sustainability of complex products across entire life cycle
- Cross value chain consortium of industry and science
- Covestro already pioneered a mono-material headlamp concept

CIRCULAR ECONOMY

Covestro further strengthens Solutions & Specialties

New investments in two high-margin business entities

THERMOPLASTIC POLYURETHANES IN CHINA

- Invest: low triple-digit € million
- Mechanical completion: stepwise 2025-33
- Expected EBITDA contribution: low to mid-double digit € million

- Business Entity Thermoplastic Polyurethanes to build its largest TPU site in Zhuhai (China)
- Three phase expansion: First phase completion late 2025, full completion by 2033
- Final capacity of 120,000 tons/a of TPU with 100% green power
- APAC product supply to footwear, IT and automotive
- Broadening of the sustainable “CQ”[1] product line

SPECIALTY FILMS IN THAILAND

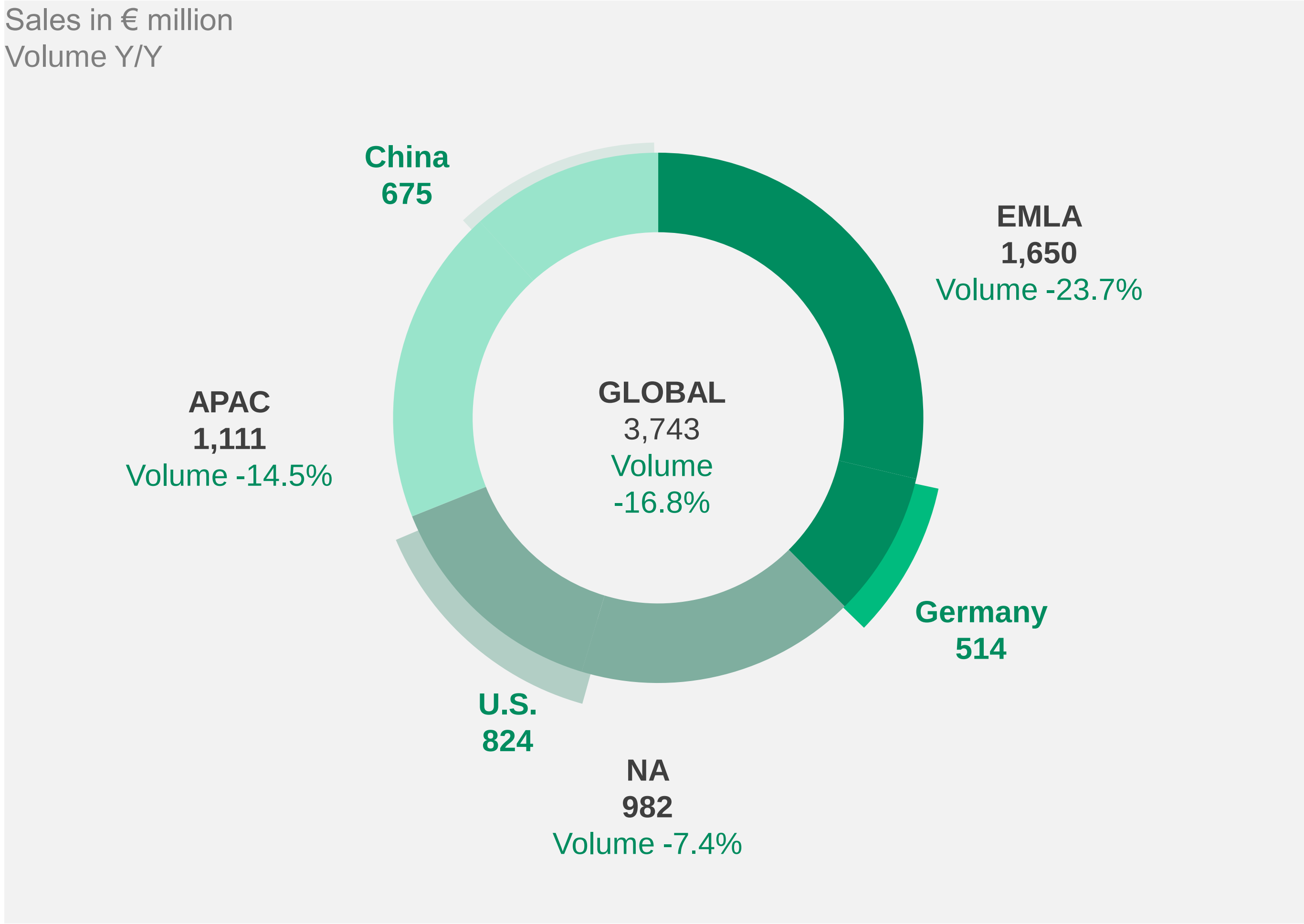
- Invest: high double-digit € million
- Mechanical completion: by 2025
- Expected EBITDA contribution: low to mid-double digit € million

- Business Entity Specialty Films expands its production capacity for specialty films
- Addition of several extrusion lines in Map Ta Phut (Thailand)
- Makrofol® and Bayfol® films used in growth industries such as identity documents, medical and electronics
- Capacity increase enlarges offering of sustainable film solutions

Notes: (1) CQ = Circular Intelligence, product with attribution of at least 25 percent alternative raw materials derived from biomass or recycled plastics

Volumes hit by weak demand and destocking

Q1 2023 – Regional split

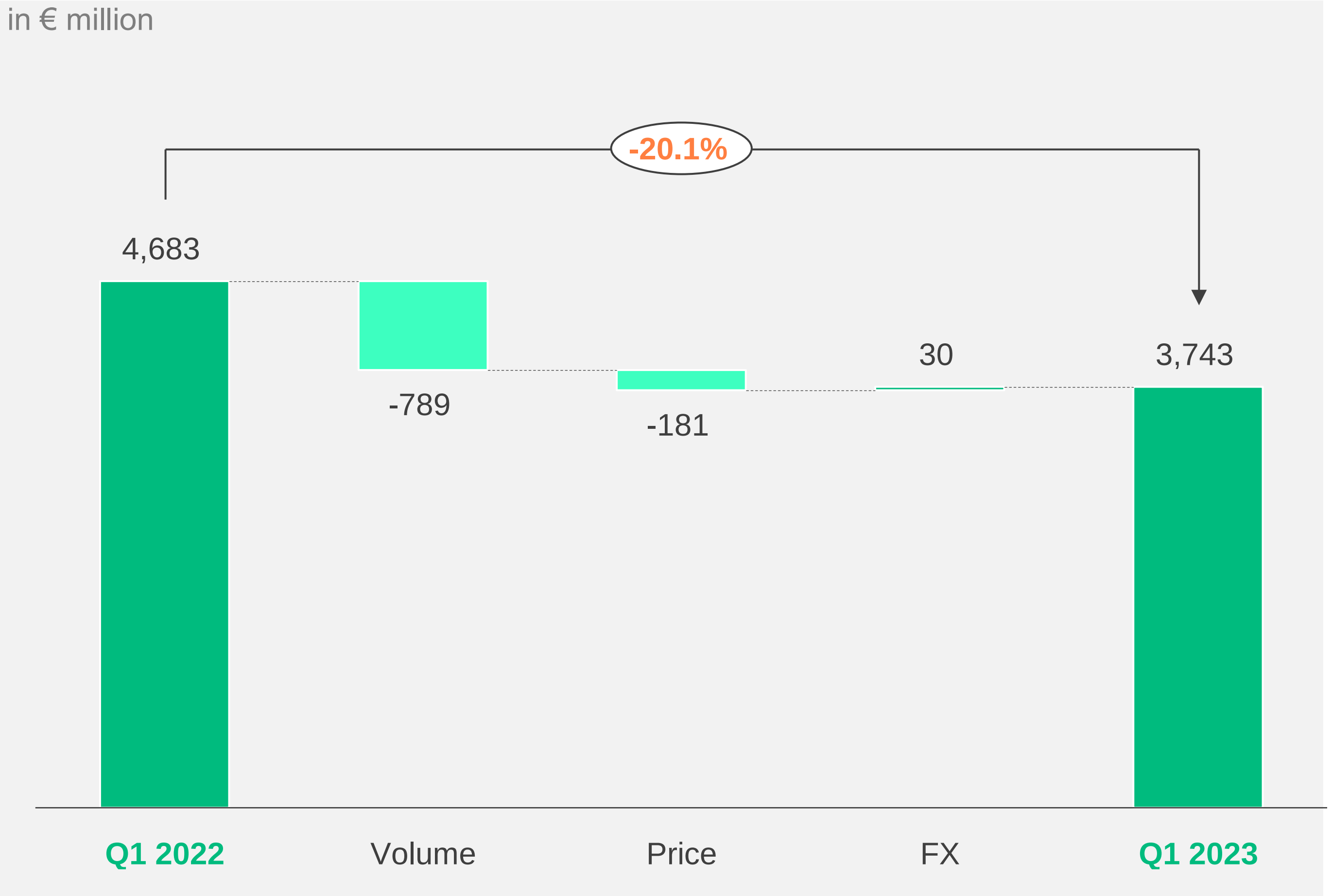


HIGHLIGHTS

- Continuous volume decline year-over-year mainly driven by European recessionary environment and ongoing customer destocking:
  - Auto/transport low single-digit % decline
  - Furniture/wood low teens % decline
  - Electro high teens % decline
  - Construction mid-twenties % decline
- EMLA: Continued demand weakness with significant decline in electro, construction and furniture; auto/transport with slight increase; decline partly caused by temporary technical limitations
- NA: Construction showing significant decline, electro with slight decline, slightly positive growth in furniture/wood and auto/transport indicating an end to the destocking trend
- APAC: Auto/transport, construction and electro exhibiting significant and furniture/wood slight decline

Sales decrease due to significant volume decline

Q1 2023 – Sales bridge



HIGHLIGHTS

Volume negative

- Volume decline of -16.8% Y/Y

Pricing negative

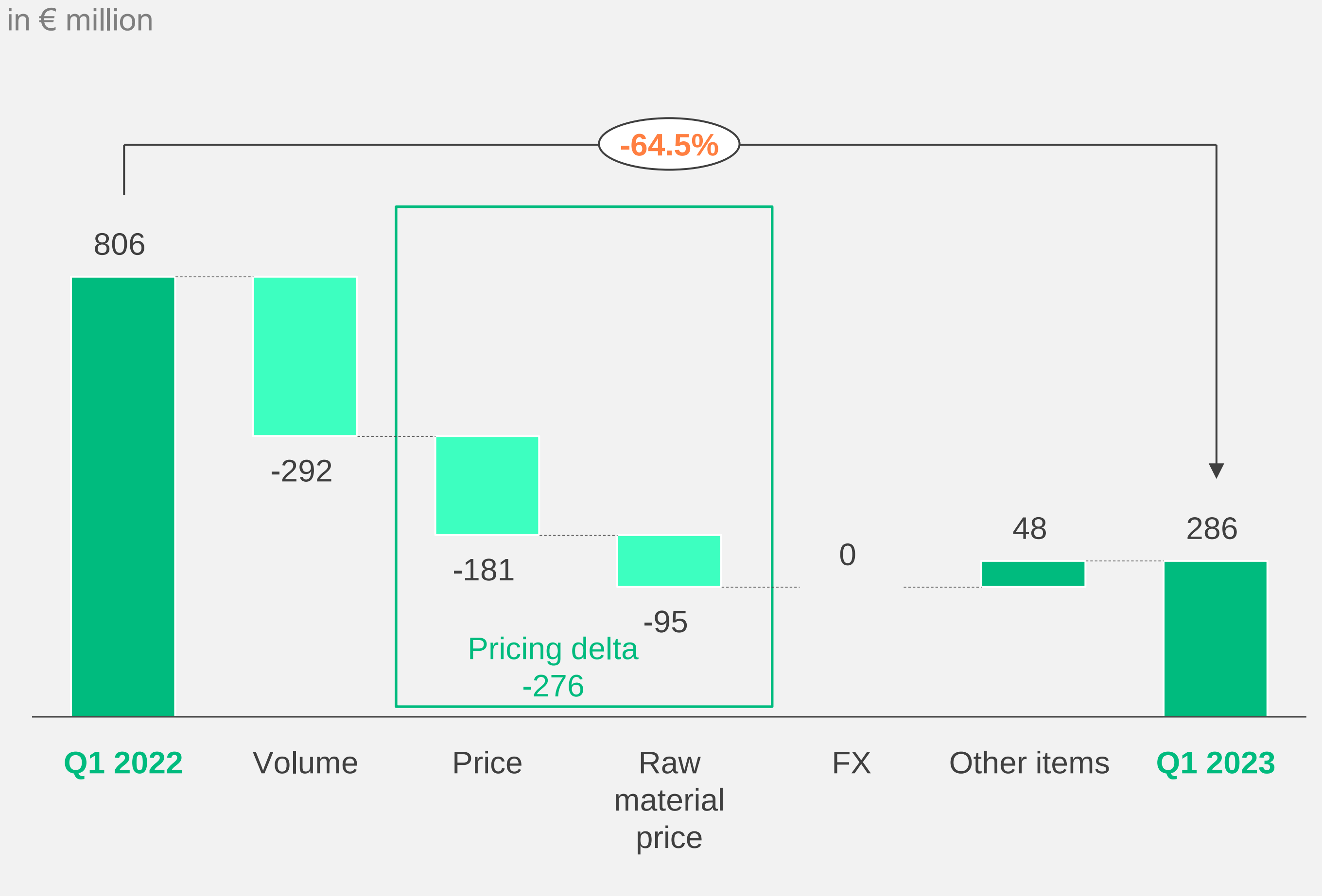
- Performance Materials strongly affected (-7.1% Y/Y) whereas Solutions & Specialties with slight decline (-0.5% Y/Y)

FX positive

- FX affected sales by +0.6% Y/Y mainly driven by USD and RMB

Earnings driven by lower volumes and negative pricing delta

Q1 2023 – EBITDA bridge



HIGHLIGHTS

Negative volume leverage[1]

- Negative volume leverage of 37%
- Volume leverage below long-term average due to product mix effects

Negative pricing delta

- Declining prices due to unfavorable supply-demand situation
- Increasing raw material and energy cost due to time lag between market price development and accounting treatment

Other items driven by:

- Inflation-driven increase of fixed costs
- Strict cost management and realization of savings measures turned EBITDA-contribution into positive
- Higher provisions for variable compensation of €27m in Q1 2022

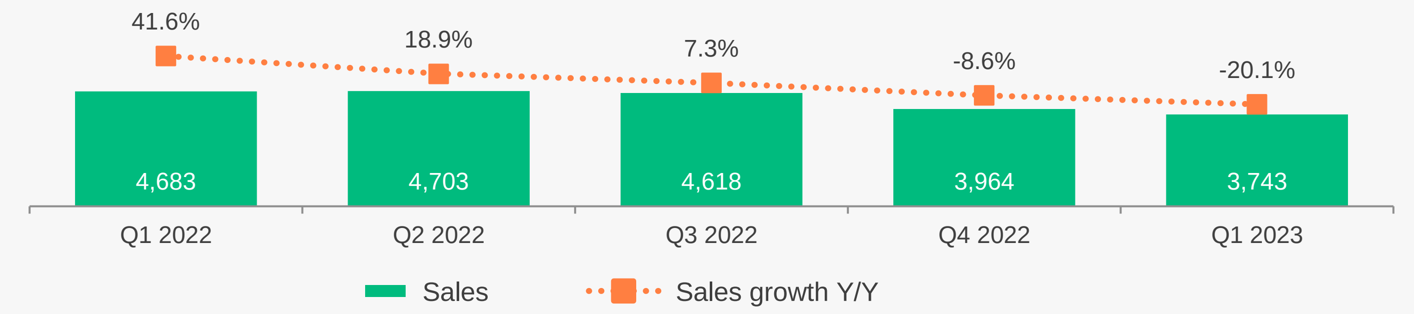
Notes: (1) Method of calculation: EBITDA volume contribution / sales volume contribution

EBITDA rebound from trough levels

Group results – Highlights Q1 2023

SALES[1]

in € million / changes Y/Y

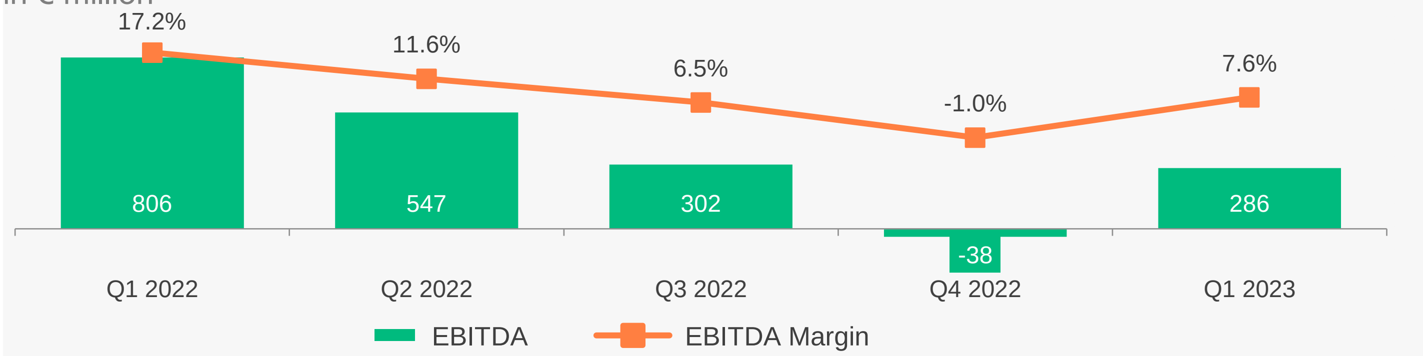


HIGHLIGHTS

- Year-on-year sales decline mainly attributable to weak demand with resulting lower sales volumes and negative pricing
- Sequentially, slightly negative sales development due to minor reductions in price & currency but stable volumes

EBITDA AND MARGIN

in € million



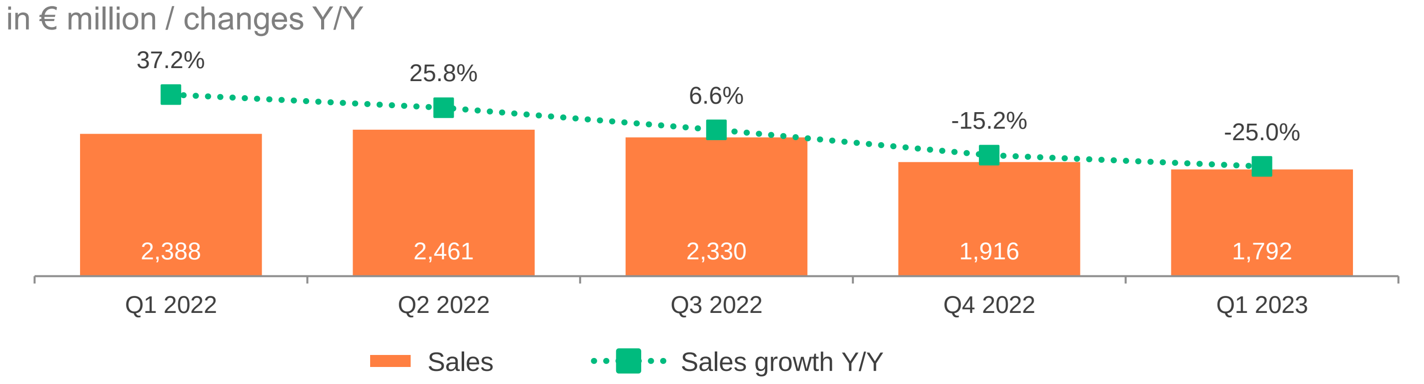
HIGHLIGHTS

- Sequentially, earnings increased despite continued low demand and ongoing customer destocking due to significant fixed cost reductions and a positive pricing delta
- EBITDA margin improved from trough level in Q4 2022 to 7.6% in Q1 2023

Performance Materials – return to positive EBITDA

Segment results – Highlights Q1 2023

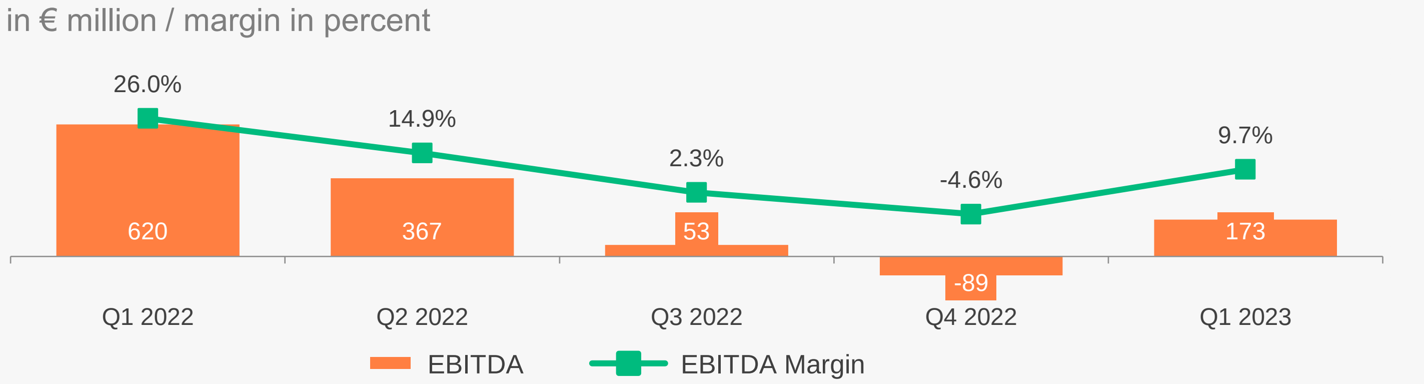
SALES



HIGHLIGHTS

- Sales decreased by 25.0% Y/Y driven by volume (-18.6%) and price (-7.1%), marginal FX effect (+0.7%)
- Sequentially strong sales decline in APAC due to Chinese New Year followed by slight decline in NA. Slight sales increases quarter-over-quarter in EMEA

EBITDA AND MARGIN



HIGHLIGHTS

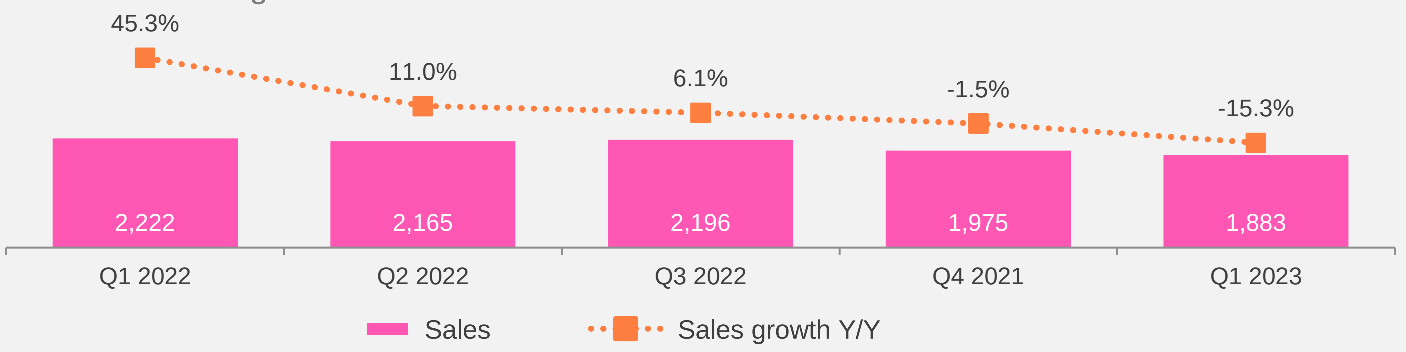
- Compared to prior year, EBITDA decrease driven by significant volume decline and negative pricing delta
- Quarter-over-quarter, EBITDA increase from trough levels driven by lower fixed cost, inventory build up and positive pricing delta

Solutions & Specialties – EBITDA driven by positive pricing delta

Segment results – Highlights Q1 2023

SALES

in € million / changes Y/Y

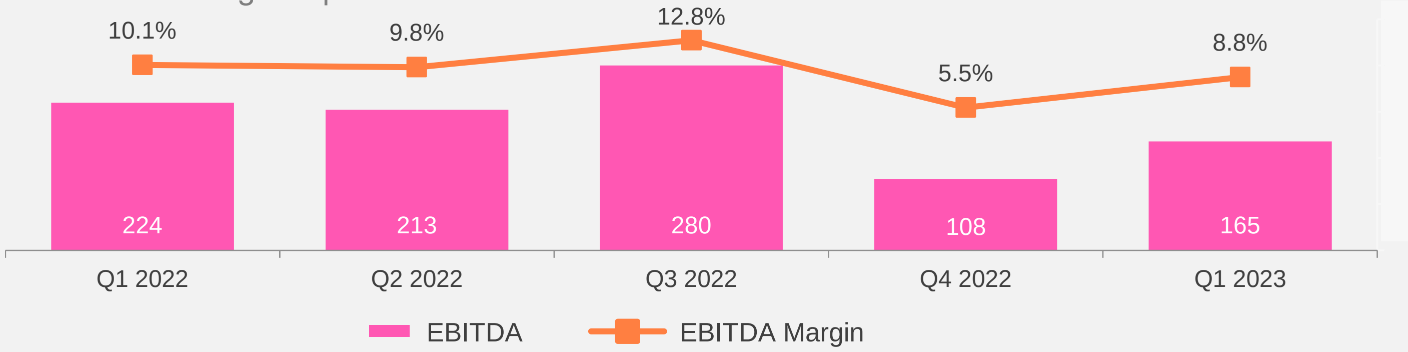


HIGHLIGHTS

- Sales declined by 15.3% Y/Y, mainly driven by volume (-15.4%), slight decline in prices (-0.5%) counterbalanced by FX (+0.6%)
- Sequentially sales decline most prominent in APAC whereas EMEA exhibited positive sales development based on significant volume increase despite slightly negative pricing

EBITDA AND MARGIN[1]

in € million / margin in percent



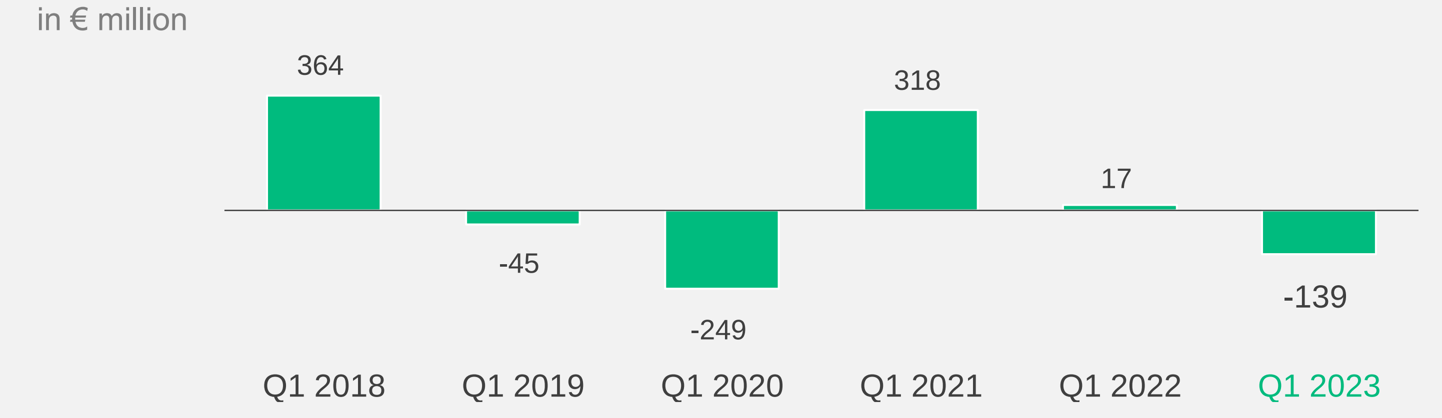
HIGHLIGHTS

- Compared to prior year, EBITDA decrease driven by significantly lower volumes partly compensated by positive pricing delta and lower fixed cost
- Quarter-over-quarter higher EBITDA due to positive pricing delta and inventory build-up burdened by lower volumes and negative others
- Seasonally EBITDA margin improved to 8.8% in Q1 2023

Notes: (1) Full consolidation of acquired RFM business as of April 1, 2021; Q1-Q4 2022 EBITDA included one-time effects related to RFM

Negative FOCF driven by seasonal WOC build-up

Historical FOCF development



	Q1 2018	Q1 2019	Q1 2020	Q1 2021	Q1 2022	Q1 2023
EBITDA	+1,063	+442	+254	+743	+806	+286
Changes in working capital(3)	-544	-257	-242	-346	-627	**-257**
Capex(1)	-88	-165	-139	-110	-140	-120
Income tax paid	-56	-79	-90	-50	-98	-22
Other effects(3)	-11	+14	-32	+81	+76	-26

HIGHLIGHTS

- FOCF decreased to €-139m, year-on-year reduction mainly driven by declining EBITDA but cushioned by still stringent working capital management
- Working capital to sales ratio(2) decreased to 17.5% (21.2% at end of Q1 2022), driven by lower inventory levels and lower receivables from lower sales
- Capex of €120m on budget and in line with FY 2023 guidance
- Income tax mainly driven by payments in China for FY 2022

Note: Working capital includes changes in inventories, trade accounts receivable and trade accounts payable
(1) Cash-relevant capex
(2) Method of calculation: Working Capital on March 31, 2022, divided by sales of last four quarters
(3) Change in presentation for rebates granted to customers, affecting trade accounts payable as of 2019; Q1 2018 figure not restated

Net income affected by impairments and DTA adjustments

P&L statement Q1 2023

in million €	Q1 2022	Q1 2023	% of Q1 '23 sales	Δ Y/Y
Sales	4,683	3,743	100 %	-20.1%
EBITDA	806	286	7.6%	-64.5%
D&A excl. impairments	-215	-214	-5.7%	-0.5%
Impairments	-2	-33	-0.9%	-
EBIT	589	39	1.0%	-93.4%
Financial result	-28	-29	-0.8%	3.6%
EBT	561	10	0.3%	-98.2%
Income taxes excl. DTA(1)	-144	4	0.1%	-
DTA(1) adjustments	0	-41	-1.1%	-
Net income(2)	**416**	**-26**	-0.7%	-
Earnings per share (in €)(3)	2.15	-0.14	-	-

HIGHLIGHTS

Impairments

- Impairment loss of €30m due to discontinuation of Maezio® product line and related site closure

Deferred tax assets (DTA)

- DTA adjustments of €41m in Q1 2023 due to negative earnings in Germany
- Resulting tax loss carry-forwards cannot be accounted under IFRS as accounting earnings projection does not document their usage within 5y
- Tax-wise, tax loss carry-forwards in Germany do not expire

Notes:
(1) FY 2023 guidance of P&L tax between €150-250m and cash tax between €200-300m; German DTA non-recoverability
(2) Q1 2022 €1m and Q1 2023 €-1m attributable to noncontrolling interest
(3) The dividend/earnings per share Q1 2022 are based on 193,143,311 shares, whereas the calculation of earnings per share for Q1 2023 is based on 189,948,365 shares

Total net debt slightly increased mainly due to negative FOCF

March 31, 2023 – Total net debt

HIGHLIGHTS

- Total net debt to EBITDA ratio(2) of 2.8x at the end of Q1 2023 compared to 0.7x at the end of Q1 2022
- Higher net debt to EBITDA ratio reflects the cyclical nature of Covestro's business and is expected to be temporary
- No financial covenance in place
- Committed to a solid investment grade rating of Moody's

Notes: (1) as difference of pension provisions and net defined benefit assets
(2) Method of calculation: Total net debt divided by EBITDA of last four quarters

Covestro measures to improve financial performance

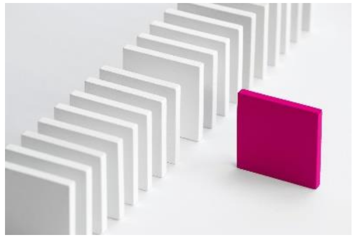
Situational response to cost situation

Continuous right-sizing of labor

- Labor force reduction with differentiated hiring limited to crucial key functions after jobholder departure
- Contracting freeze of temporary workers

Improved operational savings

- Reduced FAM cost
- Savings from LEAP transformation program
- Additional long-term savings



Portfolio streamlining

- Streamlining portfolio and elimination of non-strategic, loss-making businesses (3D-Printing divested, Maezio® discontinuation & site closure)
- Reduction of various negative one-time items

Other items

- Lower underutilization costs
- Various small-scale contingencies

+ EBITDA

+ FOCF

Capex/ Opex –

Outlook for Covestro's core industries remains weak

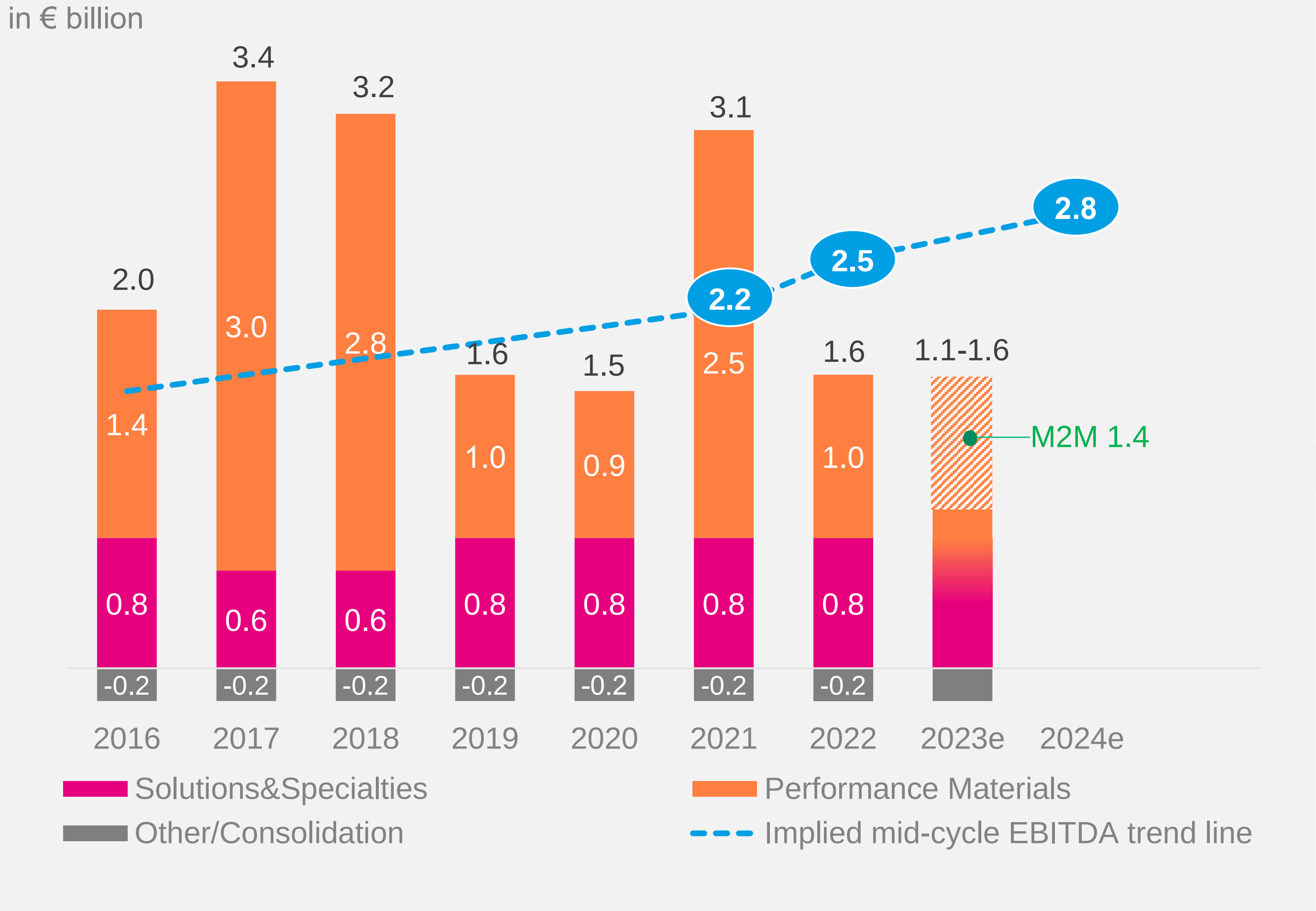
Global demand development

KEY CUSTOMER INDUSTRIES	2022 Y/Y(1)	2023e Y/Y(1)	2023e Y/Y UPDATE(2)
Global GDP	+3.1%	+1.5%	+1.9%
Automotive	+7.1%	+4.6%	+4.2%
EV / BEV	+69.8%	+42.5%	+42.5%
Construction	+1.2%	+0.8%	+0.5%
Residential	+0.8%	-0.2%	-0.4%
Furniture	-3.6%	+0.3%	+0.3%
Soft furniture	-5.2%	+0.2%	+0.2%
Electrical, electronics and household appliances	+4.9%	+2.0%	+1.7%
Appliances	-1.9%	+3.7%	+4.4%

(1) as of February 2023
(2) GDP estimate by IHS as of April 2023; automotive estimate by LMC as of April 2023; construction estimate by B+L as of March 2023; furniture estimate by CSIL as of February 2023; EE&A estimate by Oxford Economics as of March 2022 (sub-industry 'appliances' mainly include refrigerators and freezers)

Confirming mid-cycle EBITDA

EBITDA development between 2016 and 2024e



HIGHLIGHTS

Mid-cycle EBITDA:

- Mid-cycle definition: Respective year's EBITDA performance under average market conditions
- Strong increase from €2.2bn to €2.5bn in 2022 realized from EBITDA impact of RFM acquisition
- Confirming mid-cycle EBITDA of €2.8bn in 2024

Mark-to-market (M2M):

- Mark-to-market (M2M) EBITDA in FY 2023 of ~€1.4bn based on March 2023 margins flat forward

Current 2023 FX assumptions

- €/USD around 1.10 level
- 1pp change equals
  +/- €8m for CNY/EUR
  +/- €4m for USD/EUR

P&L Long-term tax rate

- Long-term tax rate estimated between 24-26%

Guidance increased and specified

Full year guidance 2023

	FY 2022	GUIDANCE FY 2023 (as of March 2)	UPDATED GUIDANCE FY2023 (as of April 28)
EBITDA	€1,617m	significantly(3) below previous year	€1,100m – 1,600m
FOCF	€138m	significantly(3) below previous year	€0 – 500m
ROCE above WACC(1)	-5.0 pp	significantly(3) below previous year	-6.0 pp to -2.0 pp
GHG emissions (scope 1 and 2)	4.7m tons	around(3) previous year	4.2m – 4.8m tons
Additional financial expectations			
EBITDA Q2	€547m	No guidance	€330m – 430m
D&A	€1,350	~€850m	~€900m
Financial result	€-137m	€-160 to -200m	€-130m to -170m
Income tax (P&L)	€411m	No guidance	€150m to 250m
Capex(2)	€832m	~€800m	~€800m

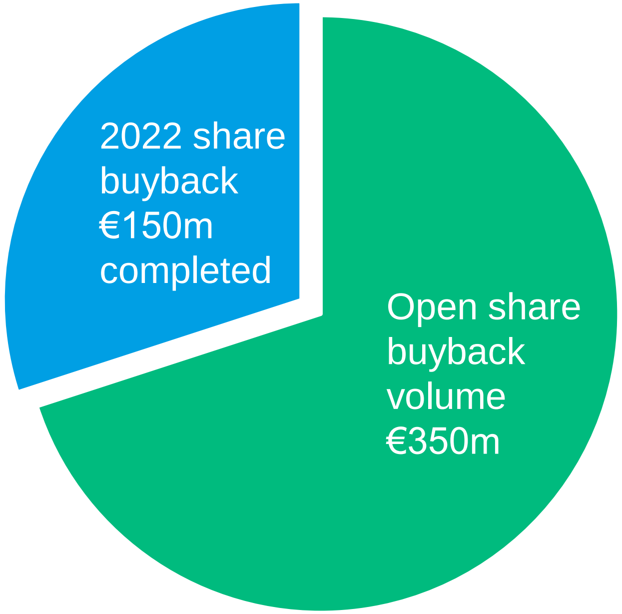
Notes:
(1) Weighted average cost of capital (WACC): 7.0% in FY 2022 and 7.6% in FY 2023e
(2) Cash-relevant capex
(3) Definitions: significantly = double-digit percentage / around = single-digit percentage deviation

Continuation of share buyback

Two-year €500M share buyback program until February 2024

CURRENT STATUS

February 28, 2022 to April 28, 2023



2022 SHARE BUYBACK TRANCHES

First sub-tranche details (€75m)

- 1.606m shares purchased, average share price €46.70

Second sub-tranche details (€75m)

- 1.874m shares purchased, average share price €39.97

2023-2024 CONTINUATION OF SHARE BUYBACK

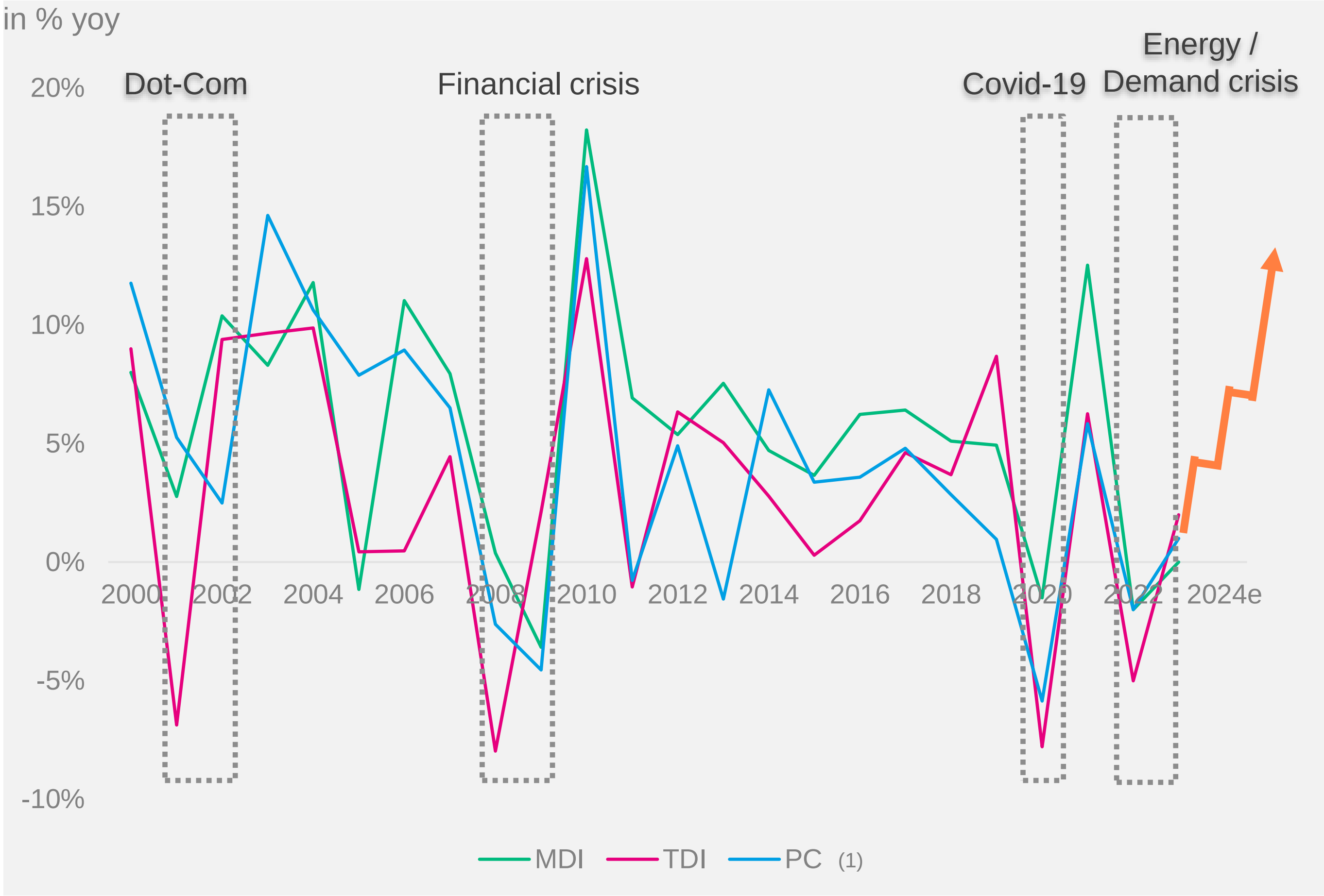
- Improved Q1 EBITDA and improved outlook for FY2023
- Sequential volume and EBITDA increase
- Covestro decided to continue share buyback
- Third sub-tranche of up to €75m starting in May

RESUME SHARE BUYBACK WITH THIRD SUB-TRANCHE IN MAY

Notes: Share buyback program based on five-year authorization by AGM in 2019

Historically fast market rebound after trough

MDI, TDI and polycarbonate global demand curves



HIGHLIGHTS

Covestro core products early indicator of recessions

- Core products MDI, TDI and PC are equally affected in a recessionary environment

Recovery after recession

- Core products historically recovered quickly from a recession
- Rebounds also typically overshot the historical average growth path partly compensating for the negative growth of the recession

Longer term outlook:

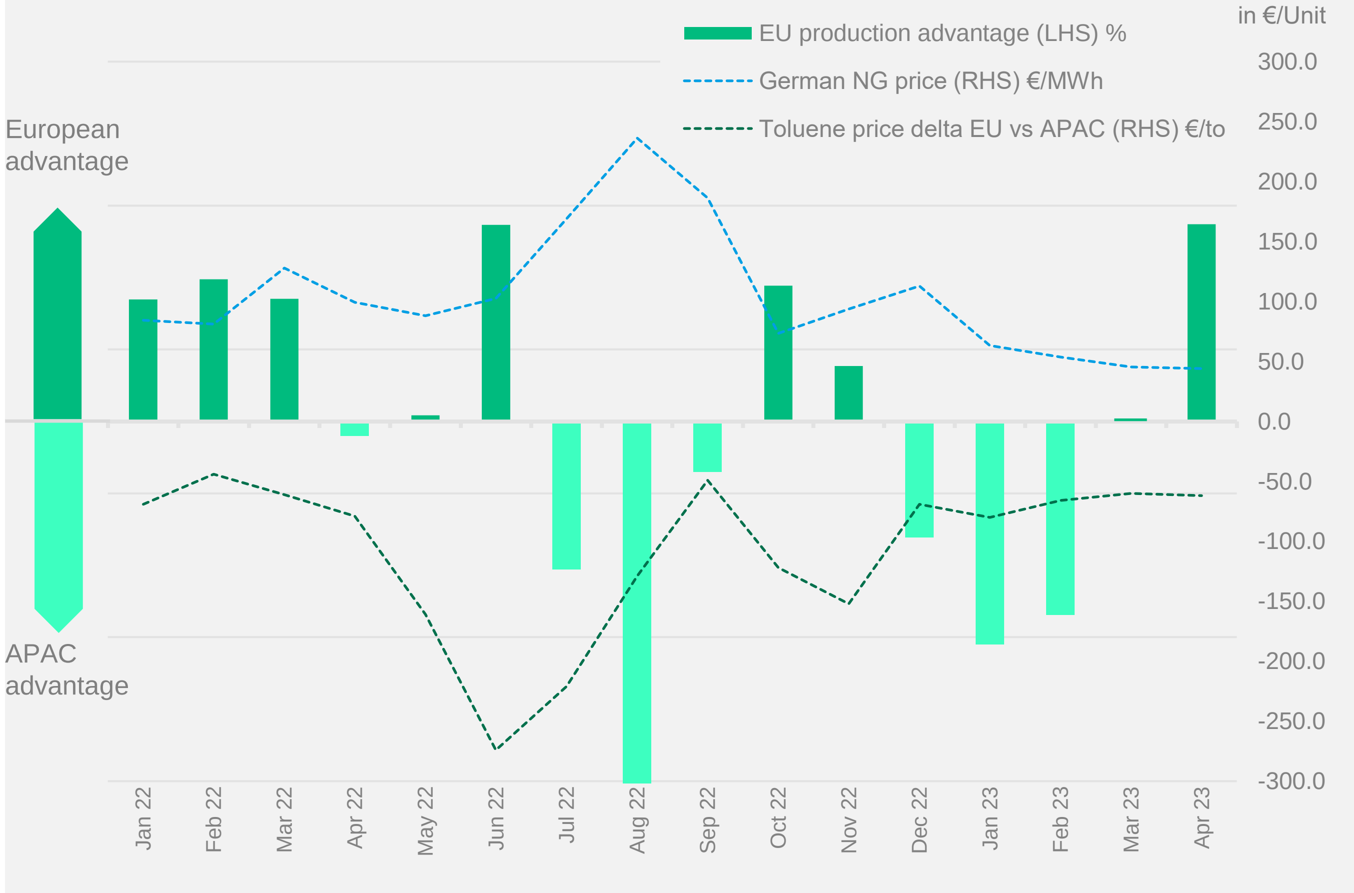
- Over the cycle core products follow individual economic trends of their respective industries
- Expected long term average growth rates are 6% for MDI, 3-4% for TDI and 4% for PC
- Growth scenarios remain unchanged for all Covestro core products
- MDI and PC benefit from trend towards more insulation, EV/BEV and growth of wind energy

Notes: (1) COV internal estimations based on different sources

European TDI production regained competitiveness

European TDI market

EUROPEAN TDI PRODUCTION COSTS COMPARED TO ASIAN(1)



HIGHLIGHTS

TDI imports from APAC

- In Q3 2022, energy price hike let to increasing export activities from Asia
- Imports into Europe from Korea of 54kt and China 50kt in FY 2022(2)
- Q1 2023 cost advantage from temporarily high toluene price gap in Q4 2022

Logistic cost & duties

- Logistic cost are between €350-600/t
- Duties are 6.5% from China; no duties from Korea

Mid-term outlook:

- With closure of BASF TDI 300kt unit European market demand exceeds available capacity and requires increasing imports
- With European energy prices at current levels TDI imports are no longer cheaper compared to European production

Notes: (1) Covestro estimates, includes shipping delay, toluene price differences, energy price differences, freight cost & duties
(2) Sources for data: OPIS import data

Rebounding from trough

Q1 2023 Highlights

1. **Volume decline resulting in lower sales of €3.7bn**
   caused by weak demand and ongoing destocking across many industries
2. **EBITDA with €286m above guidance range of €100-150m**
   driven by cost efficiency and improved pricing delta across both segments
3. **FOCF of €-139m better than expected**
   helped by ongoing strict working capital measures
4. **Quantified guidance for FY2023**
   with an expected EBITDA between €1.1-1.6bn
5. **€500m share buyback resumed**
   with third tranche up to €75m starting in May

Questions & Answers

Q1 2023 Earnings Call

Remarks:

- Please use hand raise function to verbally ask questions
- For posted questions, please use the „Q&A“ / „F&A“ tab

Upcoming IR events

Find more information on covestro.com/en/investors

REPORTING DATES

• August 1, 2023	2023 Half-Year Financial Report
• October 27, 2023	Q3 2023 Quarterly Statement
• February 29, 2024	2023 Annual Report

ANNUAL GENERAL MEETING

• April 17, 2024	Annual General Meeting

BROKER CONFERENCES

• May 17, 2023	UBS, Best of Europe 1-on-1 Conference, virtual
• May 23, 2023	J.P. Morgan European Materials Conference, London
• June 1, 2023	Kepler Cheuvreux, 4th Digital ESG Conference, virtual
• June 7, 2023	Kepler Cheuvreux, One-Stop-Shop, Dublin
• June 21, 2023	Deutsche Bank, dbAccess German Swiss Austrian Conference, Frankfurt