

# Press Release



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CEO Dr. Markus Steilemann at the virtual 2020 Annual General Meeting:

## **“We are pursuing a clear, far-sighted strategy to ensure Covestro’s long-term success”**

- **Progress on the way to a circular economy**
- **Economic environment remains challenging**
- **Consistent crisis management ensures ability to act**
- **Proposed dividend of EUR 1.20 per share**

Covestro considers itself to be on a clear course and well-positioned for the rest of the year following challenging first six months as a result of the coronavirus pandemic. At the virtual Annual General Meeting, broadcasted from the World Conference Center in Bonn, CEO Dr. Markus Steilemann confirmed the strategy pursued by the company: “The development over the first six months and the economic outlook for the current year show that we still find ourselves in a macroeconomically difficult situation. However, I am sure that we will steer Covestro through this successfully. We are pursuing a clear, far-sighted strategy that addresses current challenges, but most importantly will secure the company’s long-term success.”

### **New corporate vision: “We will be fully circular”**

For a more sustainable restart, Covestro has drawn on a new corporate vision to chart a clear course for the company. Over the long term, the company plans to align its entire production, its range of products and solutions as well as all areas to the circular concept. “That means we aim to comprehensively establish the principle of circularity at our company,” Steilemann said. Focus topics are alternative raw materials, innovative recycling, joint solutions and renewable energies.



On the path towards achieving a circular economy, Covestro will also be strengthening its innovative capabilities, for example in areas such as digital chemistry. Quantum computing can, for example, enable highly complex chemical reaction processes to be digitally simulated in the future, thus saving considerable time and resources. This would play a vital role in successfully driving the circular economy, Steilemann said. “Quantum computing will enable us to take research and development to a completely new level — also, and in particular, in regard to the pace at which we can develop innovations,” Steilemann explained. The company has only recently announced a research partnership with Google in this area.

### **Guidance confirmed, economic environment remains uncertain**

Steilemann again confirmed the guidance for the current fiscal year to the shareholders. Although Covestro has been observing a trend of sequential improvement since mid-May, 2020 nevertheless continues to be an exceptional year and the economic environment will remain uncertain in the second half of the year as well. “Further developments depend largely on the course taken by the coronavirus pandemic, and this is not completely foreseeable. This makes it all the more important that our measures work and provide positive results already,” Steilemann adds.

### **Consistent crisis management ensures ability to act**

Since the beginning of the Corona crisis, Covestro had quickly and consistently taken measures to counter the effects on its business, setting clear priorities: “Our top priority is to ensure the safety of our employees, business partners and customers. This is followed by maintaining production and supply chains. Equally important to us is to safeguard our strong liquidity position.”

Early on, Covestro set the course for sustainably improving efficiency through the company’s “Perspective” program. The company is now benefiting from this as well as from strengthening the short-term cost-saving measures approved at the beginning of this year. By 2020, the aim is to save a total of over EUR 430 million. In addition, the company has adjusted its investment plans and taken various financing measures in the first half of the year, including a new revolving credit facility, short-term working capital facilities, a loan from the European Investment Bank and the issuance of Eurobonds.

### **Adjusted dividend proposal**

To further strengthen Covestro’s liquidity position in the current exceptional economic environment, the company decided in spring to propose a dividend of EUR 1.20 per share to the Annual General Meeting instead of the originally



planned EUR 2.40 per share. This would equal a payout ratio of 40 percent and a new peak in relative terms.

CFO Dr. Thomas Toepfer at the Annual General Meeting: “Our policy is to pay out an increased or at least a stable dividend to our shareholders. That was also our intention this year. We will, however, deviate from that policy in 2020 due to the enormous impact of the coronavirus pandemic. I am convinced we have made a balanced decision with this proposed dividend. We are taking the interests of our shareholders into account while at the same time securing our robust liquidity position and credit rating.”

Covestro is broadcasting the complete virtual Annual General Meeting, including the Board of Management presentations and the Q&A, live via Webcast at <https://edge.media-server.com/mmc/p/w6xzo9wa/lan/en> starting at 10 a.m. CET. Speeches by the Board of Management can also be followed live via LinkedIn, YouTube, Twitter and Facebook. The manuscripts of the speeches by Dr. Markus Steilemann and Dr. Thomas Toepfer are available online at <https://www.covestro.com/en/investors>. The voting results will also be provided there after the Annual General Meeting.

#### **About Covestro:**

With 2019 sales of EUR 12.4 billion, Covestro is among the world's largest polymer companies. Business activities are focused on the manufacture of high-tech polymer materials and the development of innovative solutions for products used in many areas of daily life. The main segments served are the automotive, construction, wood processing and furniture, and electrical and electronics industries. Other sectors include sports and leisure, cosmetics, health and the chemical industry itself. Covestro has 30 production sites worldwide and employs approximately 17,200 people (calculated as full-time equivalents) at the end of 2019.

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#### **Forward-looking statements**

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