



# Increasing profits in a challenging environment

Roadshow presentation

The background of the slide is a composite image. On the left, there is a vibrant green circular graphic. The main background is a cityscape with various green icons overlaid, such as gears, leaves, a globe, and a recycling symbol, representing sustainability and technology. A large green semi-circle is on the right side of the image.

**Covestro investment highlights**

Group financials Q3'24

Segment overview

Background information

# Covestro is diversified across geographies and end-markets



## Key performance indicators and sales split



Sales  
2023



EBITDA  
2023

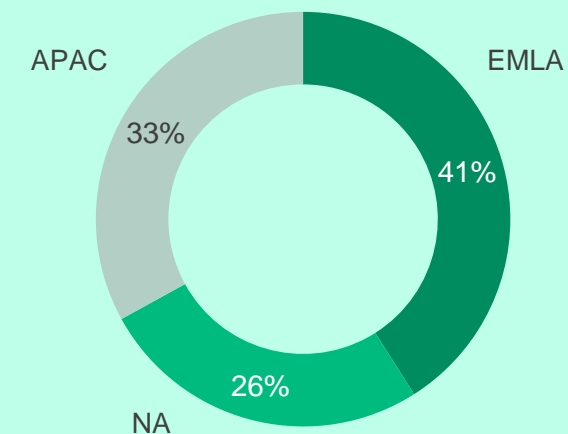
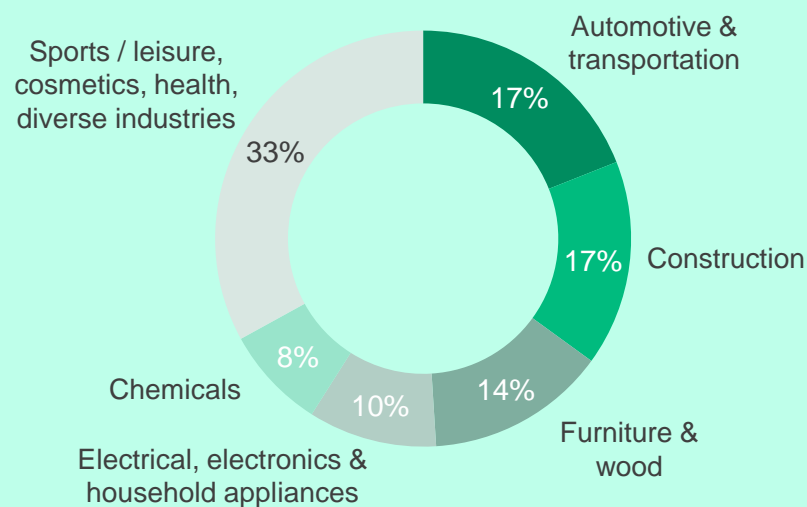
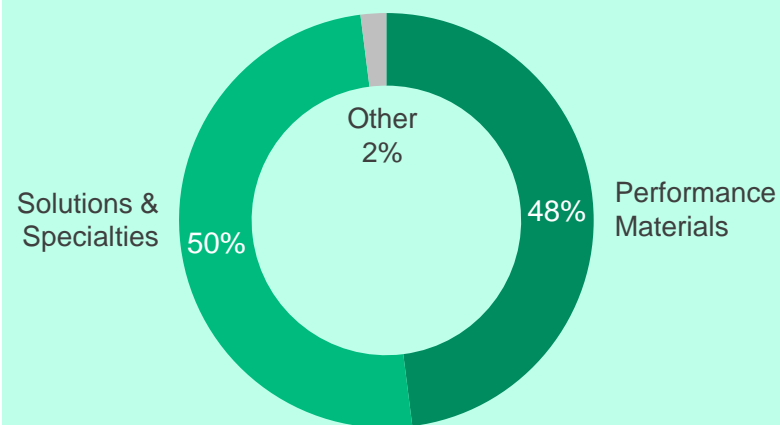


FOCF  
2023



ROCE above WACC  
2023

2023 sales



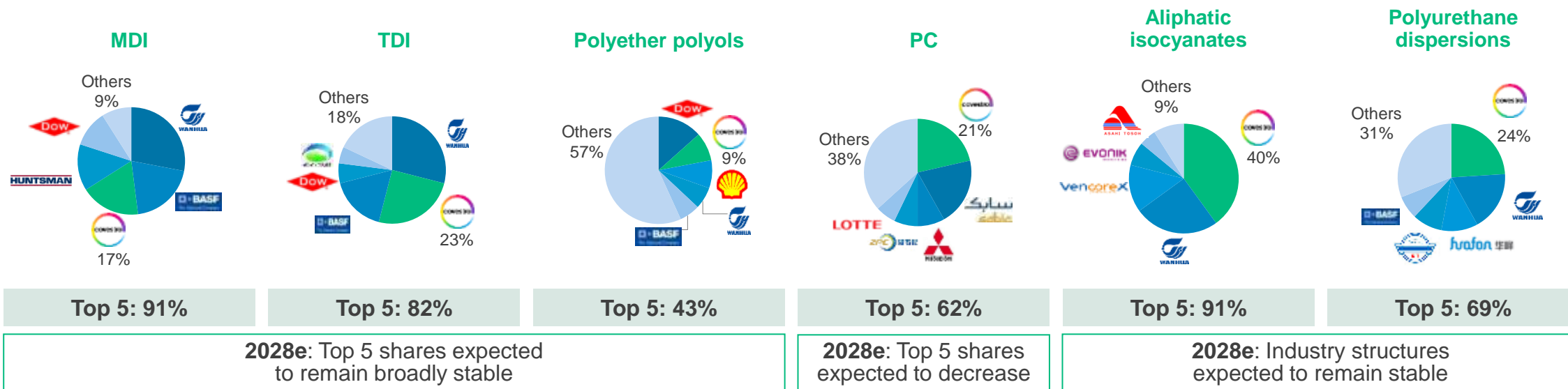
# Covestro is a global leader across its entire portfolio



## World-wide industry positions and production capacities

### #1 IN KEY MARKETS

CAPACITY SHARE IN 2023<sup>(1)</sup>



COVESTRO<sup>(1)</sup>

Global #3	Global #2	Global #2	Global #1	<b>Entry requirements</b> <ul style="list-style-type: none"> <li>Economies of scope</li> <li>Formulation and application know-how</li> <li>Close customer relationships and long-term R&amp;D collaborations</li> <li>Operation of global business platform</li> </ul>
1,780kt	810kt	1,400kt	1,600kt	
6 sites	3 sites	9 sites	5 sites	

# Our strategy – setting the path for tomorrow



## BECOME THE BEST OF WHO WE ARE



Transform the company to exploit its full potential



## DRIVE SUSTAINABLE GROWTH



Address sustainability in a profitable way



## BECOME FULLY CIRCULAR



Accelerate the transition to a fossil-free economy

ADVANCE DIGITALIZATION

EXPAND 'WE ARE 1' CULTURE

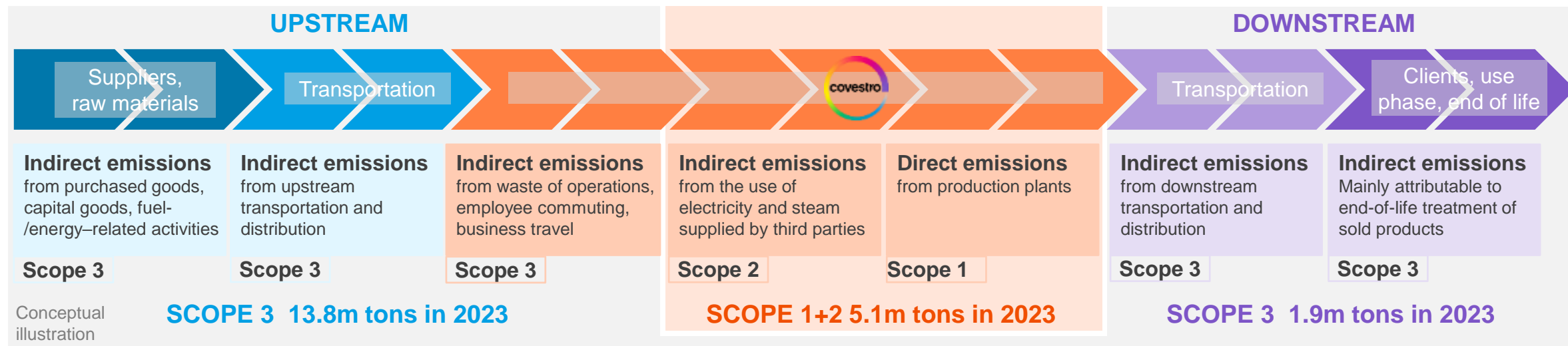
**! MILESTONE**  
STRONG transformation launched

**! MILESTONE**  
Integration of RFM accomplished

**! MILESTONE**  
Target climate neutrality in 2035 for Scope 1 & 2 / in 2050 for scope 3

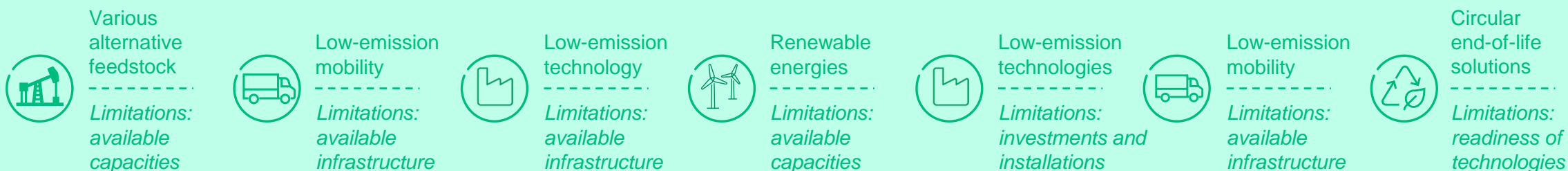
# Climate neutrality with existing technologies and assets

## Covestro greenhouse gas emissions



## EXISTING OPTIONS AND CURRENT LIMITATIONS TO REDUCE GHG EMISSIONS

Selective examples only

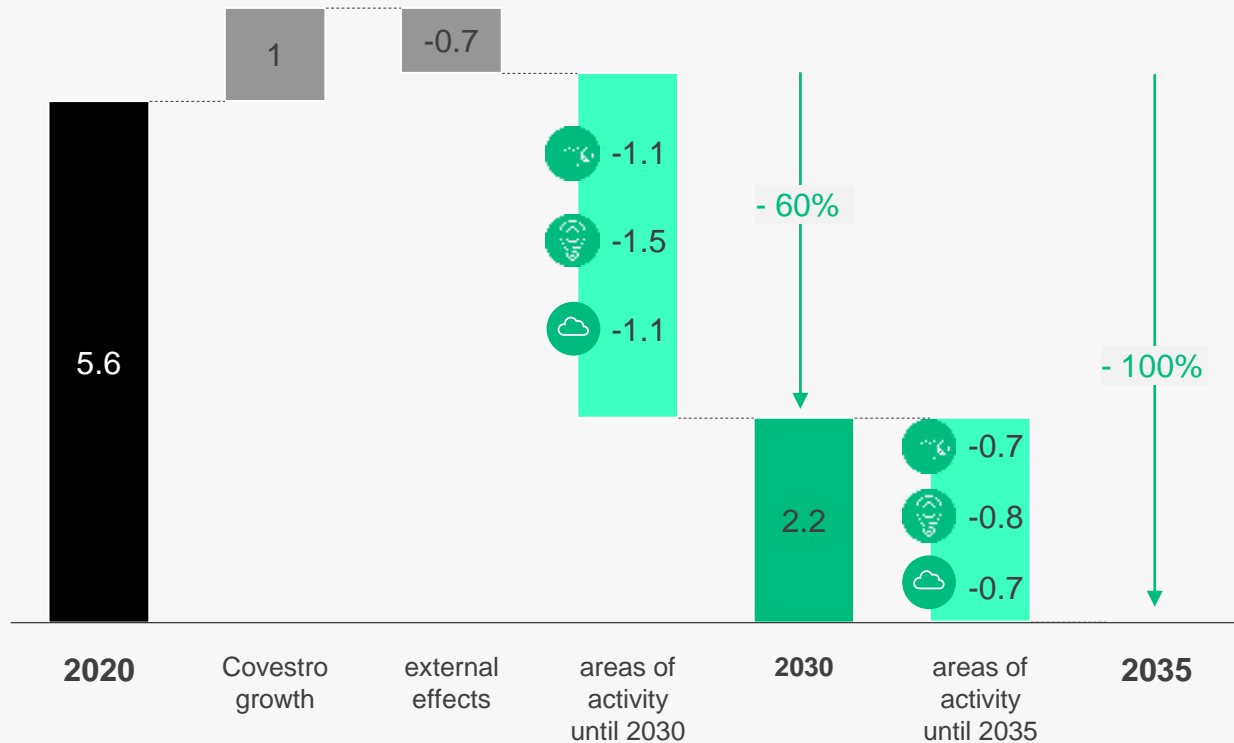


# Sustainable manufacturing and renewable energy to lead path



## Climate neutrality target for GHG emissions scope 1 and 2

GHG emissions in million metric tons, scope 1 and 2



### EMISSION REDUCTION MEASURES

- Three main levers make a vital contribution to reduce GHG emissions:
  - More sustainable manufacturing (scope 1 and 2)
  - Renewable electricity (scope 2)
  - Renewable steam (scope 2)
- Net external effects comprise known future changes in the energy mix of public grids (e.g. nuclear exit in Germany and Belgium) and in public energy allocation schemes (e.g. EEG in Germany)
- Roadmap for 2030 interim target based on identified 'lighthouse projects'
- Further roadmap until 2035 climate neutrality target in preparation based on similar key measures; no negative impact from business growth as future growth investment are required to support climate neutral growth latest by 2030

# Numerous measures effectively reduce GHG emissions

## Climate neutrality target for GHG emissions scope 1 and 2



### MORE SUSTAINABLE MANUFACTURING



Reducing nitrous oxide emissions by installation of highly efficient catalysts



Optimizing production processes to increase energy efficiency



Employing digital technologies for efficient production control



### RENEWABLE ELECTRICITY



EMLA<sup>(1)</sup>: Solar&wind electricity PPA's with ENGIE for 60% of site's power in Antwerp, with Ørsted for 10% of sites' electricity in Germany and with BP for 30% of Spanish operations



NA: Virtual PPA with Ørsted for solar electricity starting late 2024 for 12% of Baytown's electricity



APAC: Solar&wind electricity, PPAs for ~45% of Shanghai site electricity with Datang Power & CGN New Energy



### RENEWABLE STEAM



Converting steam generation from fossil to renewable energy sources



Develop options to electrify steam generation based on renewable energies



Develop options to use e.g. biogas or green hydrogen as energy source to generate steam



# Continuously improving global renewable electricity footprint

Additional PPAs becoming active towards end 2024



## MILESTONES TO RENEWABLE ELECTRICITY SUPPLY

### EMLA

PPAs with BP, Engie and Ørsted for 650 GWh solar and wind energy:

- 45% of electricity for Antwerp site since 2022 increasing to 60% as of 2026<sup>(1)</sup>
- 10% of German sites as of 2025
- 30% of Spanish sites as of 2024

### APAC

PPAs with CGN and Datang for 400 GWh solar and wind energy:

- 45% of electricity for Shanghai site since 2023

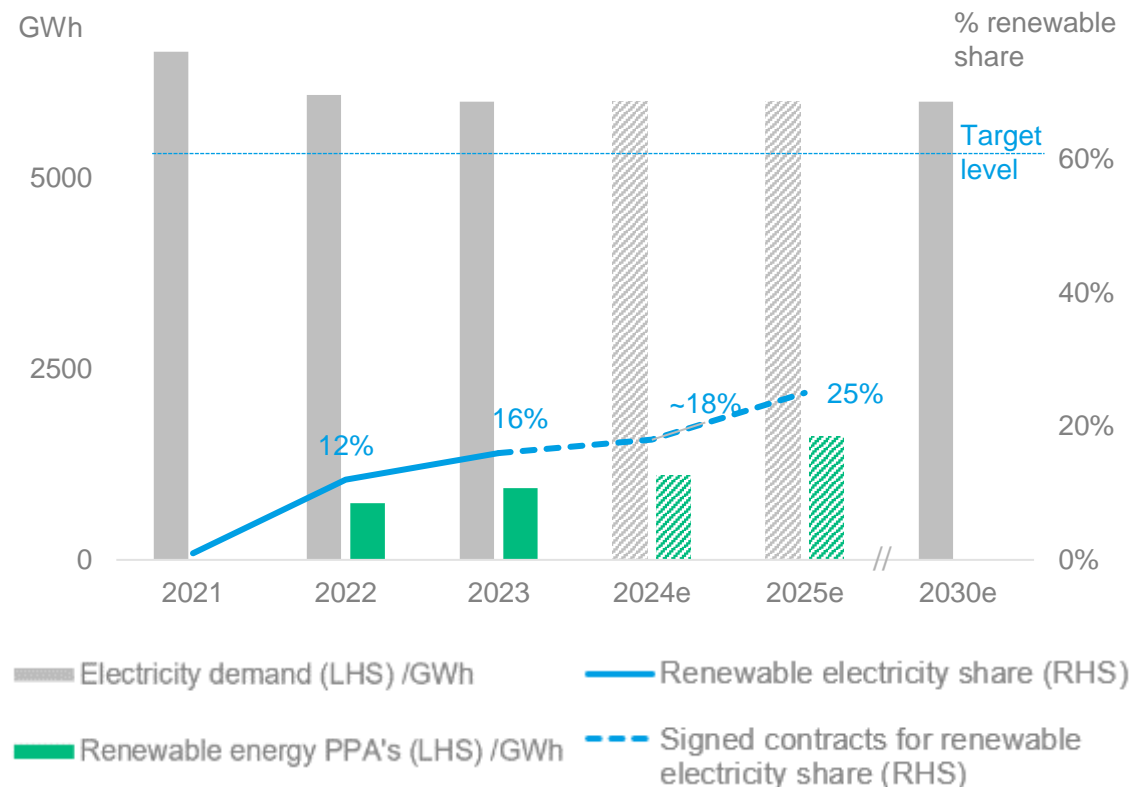
### NA

Virtual PPA with Ørsted for 200 GWh solar power:

- 12% of electricity for Baytown site since 2023

Starting global coverage of renewable PPA's

## ELECTRICITY TRANSFORMATION PROGRESS

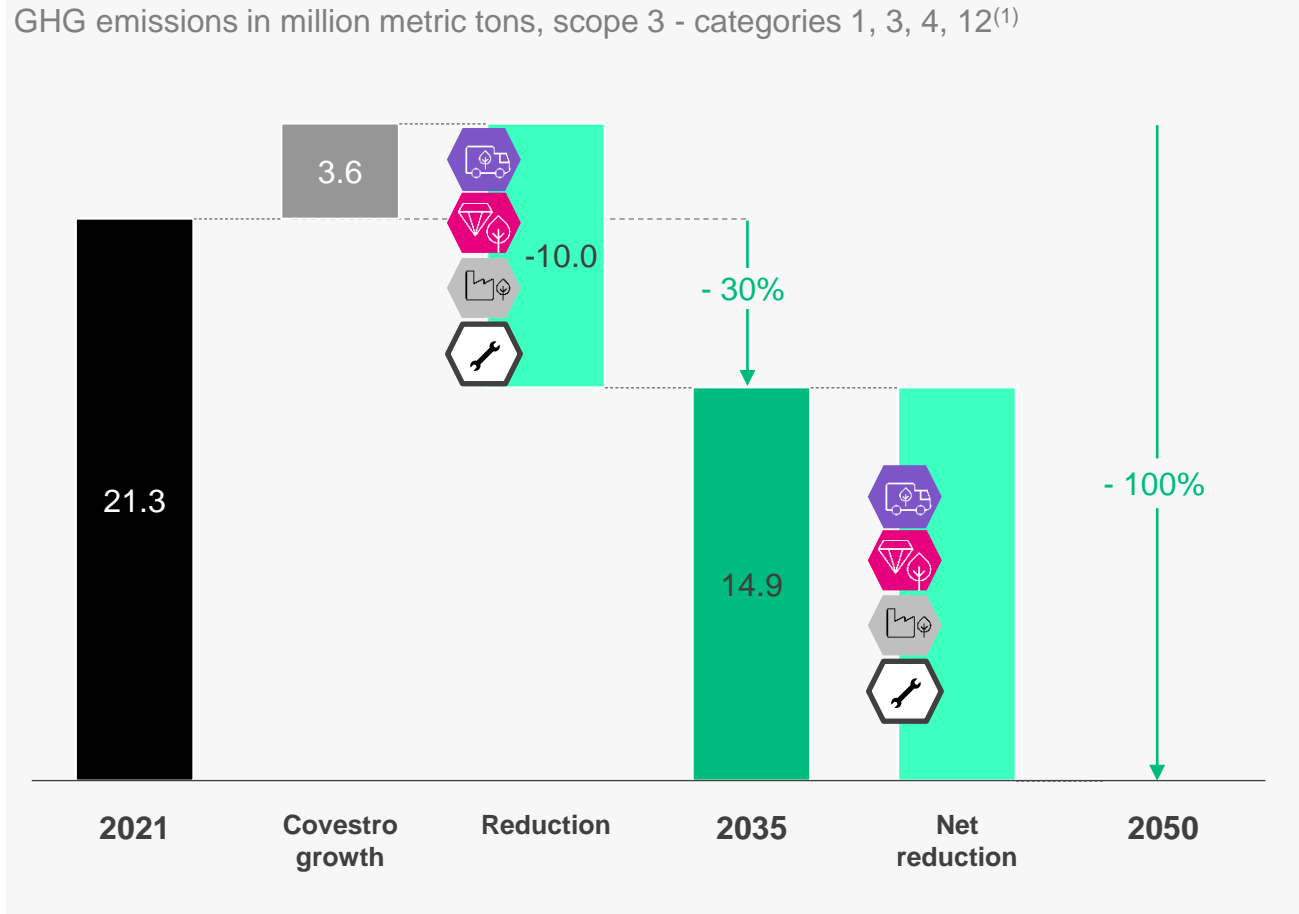


Significant progress to our intermediate target of 60% GHG reduction until 2030

# Target reduction of 10m tons GHG until 2035 and net-zero until 2050



## Climate neutrality target for GHG emissions scope 3



### EMISSION REDUCTION MEASURES

- Four main levers make a vital contribution to reduce scope 3 GHG emissions:
  - Supplier scope 1&2 reduction
  - Advancing MAKE projects
  - Profitable sales of products based on alternative raw materials
  - Other measures
- Contribution of different levers can vary depending on technical realization of MAKE projects
- Scope 3 emissions represent ~80% of Covestro's 2023 greenhouse gas emissions
- Strict commitment to net-zero underlines consistent implementation of the green transformation
- Net-zero 2050 target in line with SBTi and 1.5° goal

# Strategic levers supporting transformation towards climate neutrality



## Target for GHG emissions scope 3



### FOCUS ON SUPPLIERS



Broaden engagement with suppliers that achieve scope 1&2 reductions



Identify first mover supplier



Develop strategy on CO<sub>2</sub> reduced top raw materials

### ADVANCING MAKE PROJECTS



Continue innovation & digital R&D in renewable technologies



Prove technical feasibility of own technologies



Execute investments according to strategy-based asset planning

### FOCUS ON CUSTOMERS



Identify first mover customers to deliver climate neutral products



Enhance value proposition & active customer engagement



Secure access to strategic waste feedstock

### OTHER MEASURES



Green logistics initiatives



Primary energy generation



Increased recycling quota

# Re-shaping the PU value chain for soft foams into a closed loop

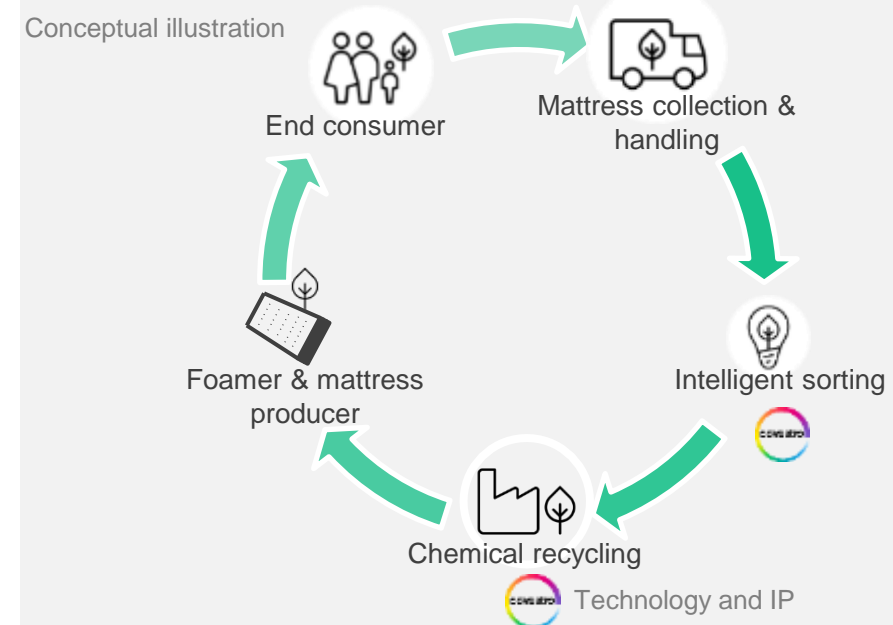


## Innovative recycling / joint solutions

### COVESTRO TECHNOLOGY

- Chemical recycling of polyurethane (PU) mattress foams
- Proprietary process for recycling *both* PU components polyol and TDA, enabling 100% recycling of these components for soft foam
- New brand label to support our customers to quickly identify circular solutions - **Evocycle® CQ Mattress** (circular intelligence)
- Significant improvement of CO2 footprint compared to fossil route (lifecycle assessment), meeting high customer and consumer demand
- Intelligent sorting solution to efficiently separate different PU foams from post-consumer mattresses

### FUTURE PU SOFT FOAM LOOP



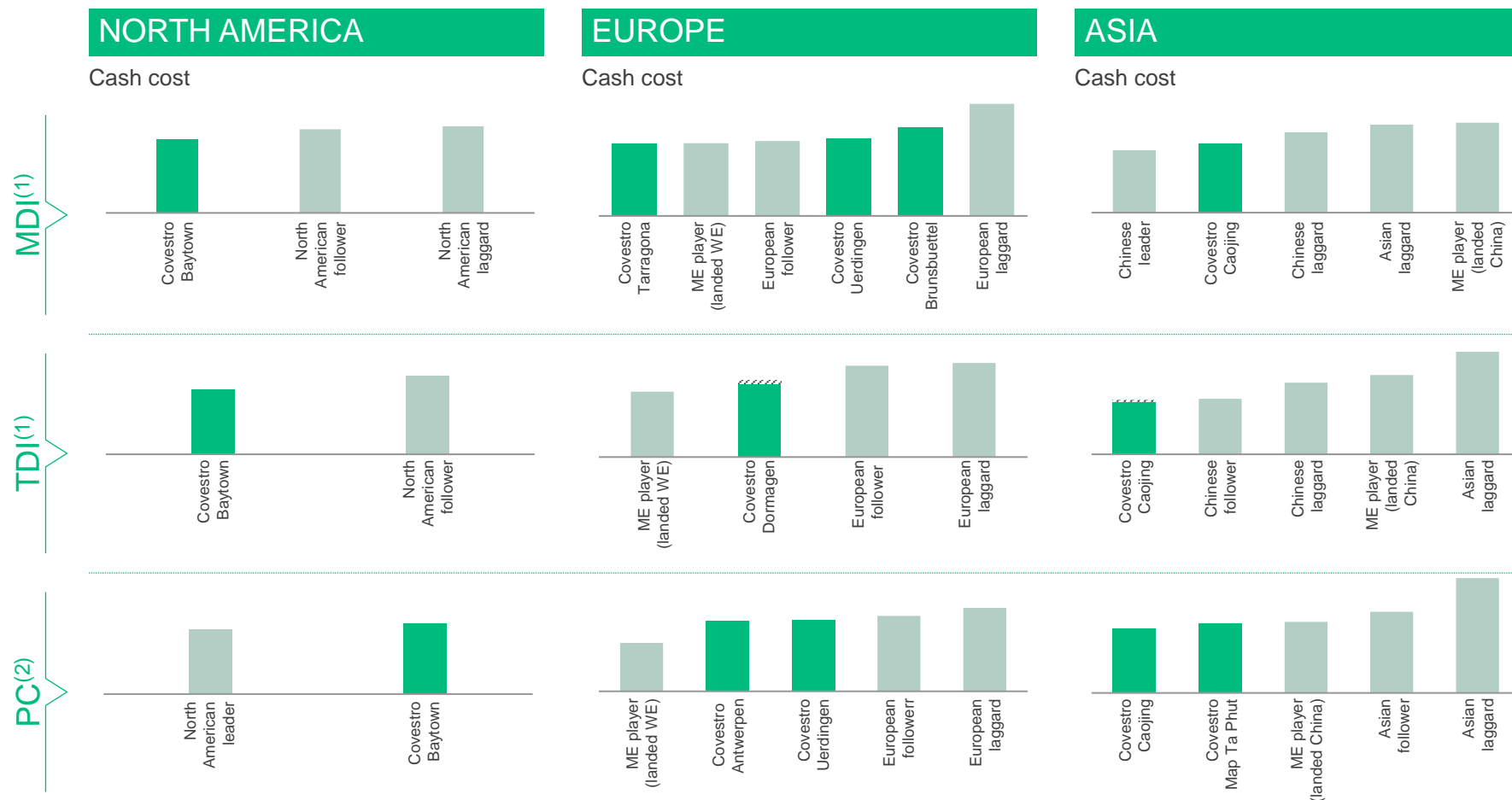
### Timeline:



# Leading cost positions across markets and regions



## Covestro cash cost positions



/// Cash cost improvements based on investment projects

## HIGHLIGHTS

- **Covestro MDI** is one of the low-cost producers with cost advantage of ~30% versus the average of 5 least competitive plants. Investment in Tarragona plant significantly improved cost position.
- **Covestro TDI** is the global cost leader with cost advantage of ~35% versus the average of 5 least competitive plants
- **Covestro Polycarbonates** is one of the cost leaders with cost advantage of ~30% versus the average of 5 least competitive plants

# Guidance narrowed

## Full year guidance 2024



	FY 2023	Guidance FY 2024		
		as of Feb. 29	as of June 30	as of Oct. 29
EBITDA	€1,080m	€1,000 to 1,600m	€1,000 to 1,400m	€1,000 to 1,250m
FOCF	€232m	€0 to 300m	€-100 to 100m	€-100 to 100m
ROCE above WACC <sup>(1)</sup>	-6.1pp	-7 to -2pp	-7 to -4pp	-7 to -5pp
GHG emissions <sup>(2)</sup>	4.9m tons	4.4 to 5.0m tons	4.4 to 5.0m tons	4.4 to 5.0m tons

### Additional financial expectations

Sales	€14.4bn	€14.0 to 15.0bn	€14.0 to 15.0bn	€14.0 to 14.5bn
D&A	€894m	~€850m	~€850m	~€850m
Financial result	€-113m	€-120 to -160m	€-120 to -160m	€-100 to -130m
Income tax	€275m	€250 to 350m	€250 to 350m	€250 to 300m
Capex <sup>(2)</sup>	€765m	~€800m	~€800m	~€800m

### HIGHLIGHTS

#### Mark-to-market (M2M):

- Mark-to-market (M2M) EBITDA for FY 2024 around €1.1bn; theoretical calculation based on September 2024 margins flat forward and forecast assumptions for 2024

#### 2024 FX sensitivity

- 1pp change equals  
+/- €10m for CNY/EUR (basis 7.85)  
+/- €6m for USD/EUR (basis 1.10)

#### Income tax

- Income tax driven by unfavorable geographical earnings mix (non-deductible losses in Germany)

# Weak industry development continues in 2024

## Global demand development



KEY CUSTOMER INDUSTRIES		2023 Y/Y	2024 Y/Y <sup>(1)</sup>	Update 2024e <sup>(2)</sup>
Global GDP		+2.8%	+2.4%	+2.7%
Automotive EV / BEV		+10.4% +29.5%	+0.8% +28.9%	 -0.5% +11.9%
Construction Residential		-2.1% -4.1%	-2.5% -5.8%	 -2.5% -5.8%
Furniture Soft furniture		-4.7% -3.8%	-0.1% +0.5%	 -0.2% +0.2%
Electrical, electronics and household appliances Appliances		-1.7% +5.9%	+1.5% +1.4%	 +4.2% +4.8%

# Historically, fast market rebound after trough

## MDI, TDI and polycarbonate global demand curves



### HIGHLIGHTS

#### Recovery after recession

- Core products historically recovered quickly from a recession
- Typically, rebounds also partly for the negative growth of the recession
- In 2023, TDI market strongly rebounded despite a continuing weak furniture market due to restocking

#### 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 and EV/BEV

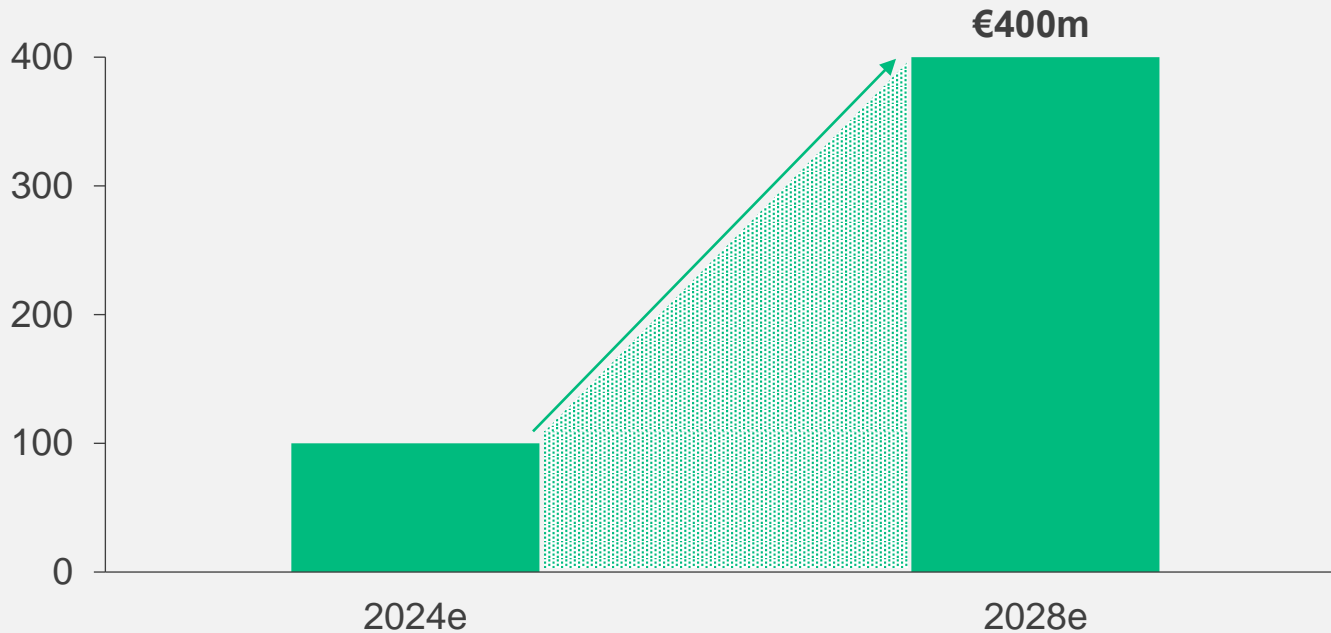


# Launched program STRONG to contribute €400m annual savings



## Transformation program STRONG

### EBITDA RELEVANT SAVINGS 2024E-2028E







### HIGHLIGHTS

- Launched program STRONG to shape Covestro for sustained competitiveness
  - Effective structures and efficient processes with strong customer focus
  - Broad introduction of AI solutions
- STRONG to contribute €400m annual savings by 2028 (slightly below 10% of total fixed costs)
- Requires cumulated ~€300m restructuring costs, thereof €34m in 9M 2024
- In 2024, EBITDA impact of STRONG assumed slightly positive with savings partially offset by restructuring costs

# Majority of cash allocated to growth

## Balanced use of cash



<h3>CAPEX</h3> 	<h3>DIVIDEND</h3> 	<h3>PORTFOLIO</h3> 	<h3>SHARE CAPITAL</h3> 
<ul style="list-style-type: none"><li>• Covestro's industry and cost leadership make growth investment the most value-creating use of cash</li><li>• Capex above D&amp;A during the next five years</li><li>• Maintenance capex to secure safe, reliable and efficient operations</li></ul>	<ul style="list-style-type: none"><li>• Policy: 35-55% payout of net income</li><li>• Dividend policy and payment suspended during Adnoc transaction</li></ul>	<ul style="list-style-type: none"><li>• Acquisition of DSM's Resins and Functional Material (RFM) business for EV €1.55bn with attractive high margins (~€0.9bn sales)</li><li>• Less attractive low-margin businesses divested (~€0.6bn sales)</li><li>• Further pursue options of value enhancing bolt-on acquisition for Solutions &amp; Specialties segment</li></ul>	<ul style="list-style-type: none"><li>• Share buyback of €1.5bn executed in 2017-2018</li><li>• Capital increase of €447m executed in context of RFM acquisition in 2020</li><li>• Share buyback of €0.2bn executed in 2022-2023</li><li>• Authorization for share buyback program for up to 10% of share capital valid until 2029, suspended during Adnoc transaction</li></ul>
<p>€5.6bn invested in capex</p>	<p>€2.3bn dividends</p>	<p>€1.5bn net investments</p>	<p>€1.3bn share capital reduced</p>

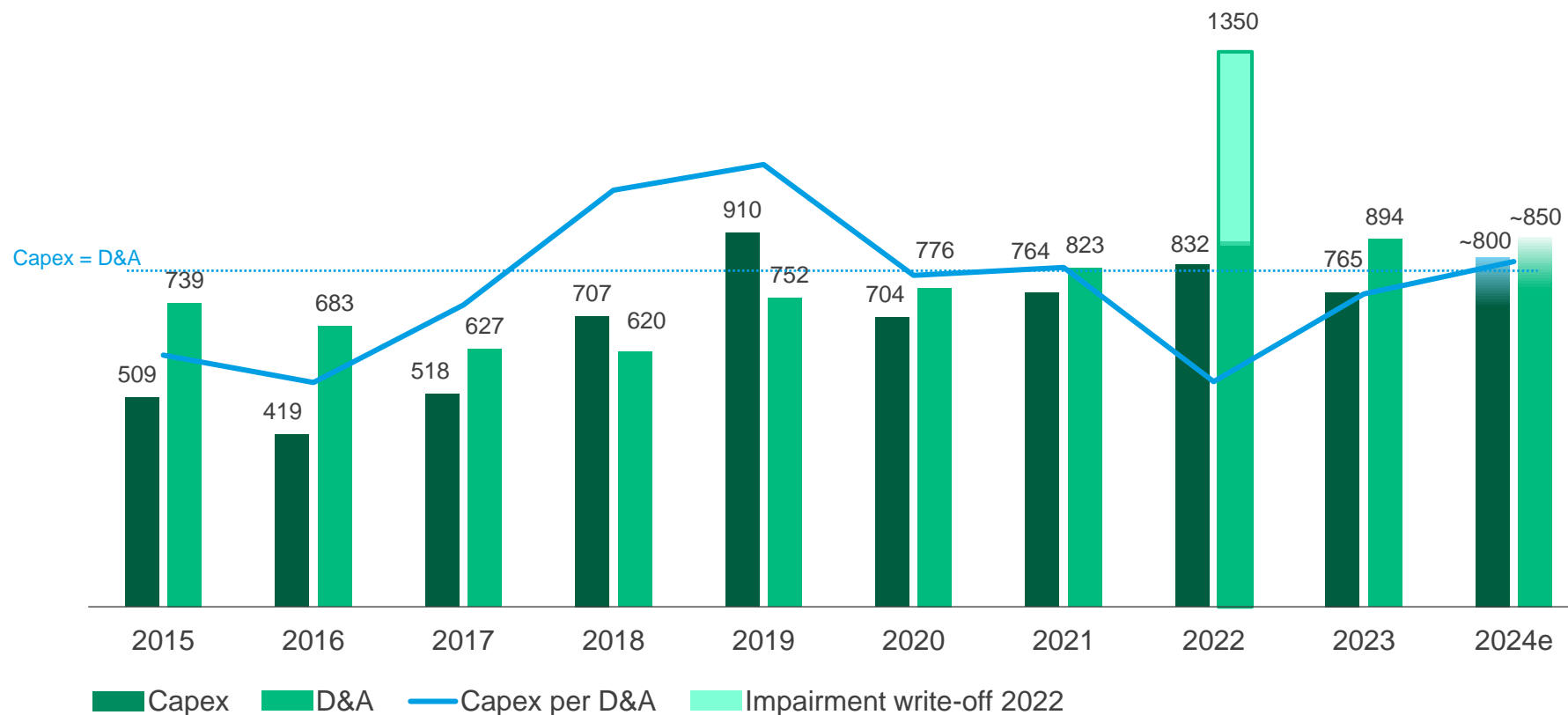
# Significant investments into growth

## Group capex and D&A



### HISTORIC AND PROJECTION

in € million

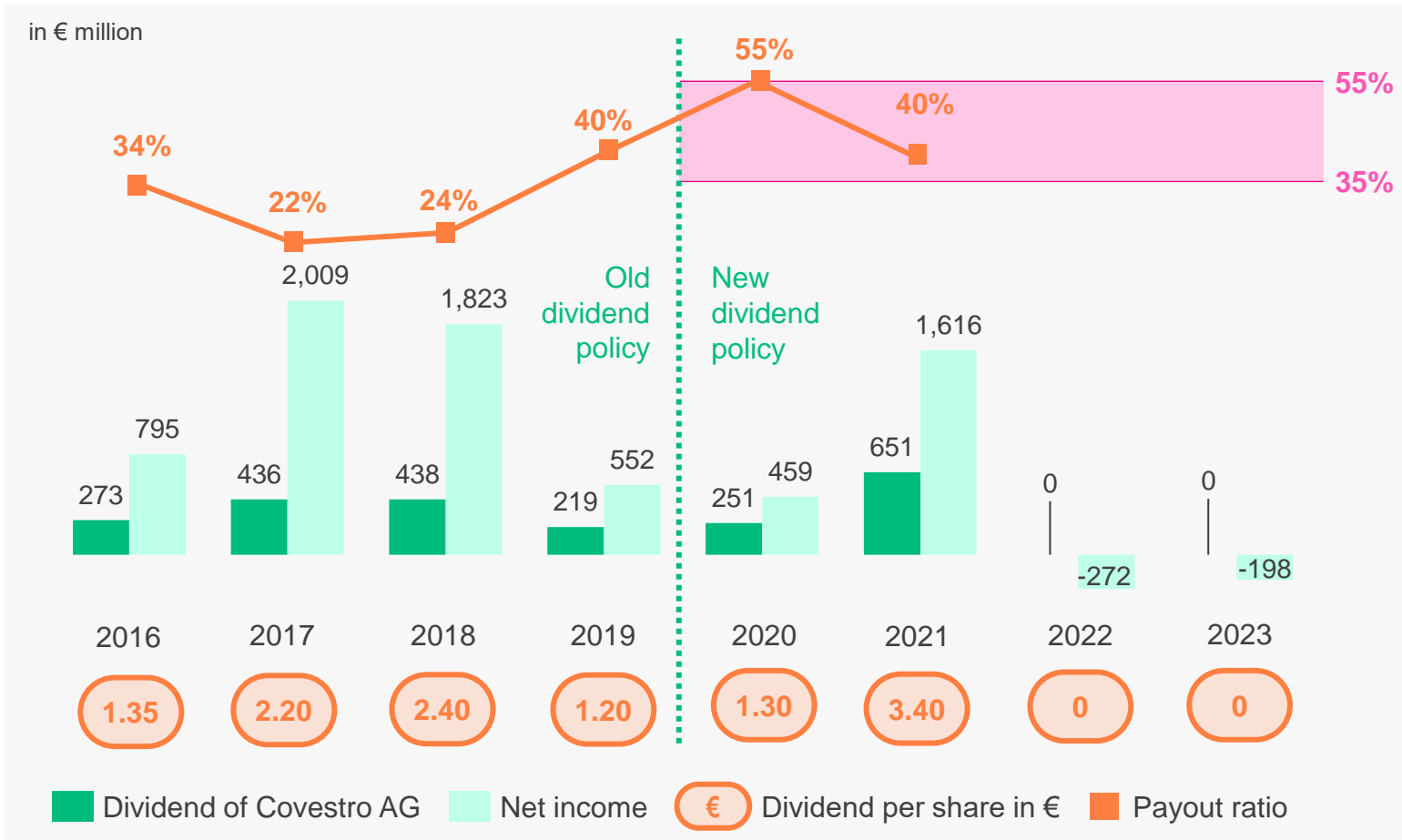


### HIGHLIGHTS

- Growth capex of around €3.0bn from 2015 to 2024e
- D&A 2022 included impairment write-off of €463m
- Maintenance capex around €500m in FY'24e
- Planned investments in Circular Economy projects of almost €1bn between 2021 and 2030

# Dividend based on net income payout ratio

## Dividend development



### HIGHLIGHTS

- Net income determining factor for the dividend
- Committed to a payout ratio of 35% to 55%, related to dividend over net income
  - Higher payout intended in years with peak earnings, while ratio towards lower end
  - Lower payout intended in years with trough earnings, while ratio towards upper end
- For FY 2022 and FY 2023, dividend suspension, in line with policy
- No dividend payment to be proposed until the end of the currently ongoing Adnoc transaction

# Ongoing shift to high-margin business

## Portfolio management



### DIVESTMENTS

Additive Manufacturing business

📅 April 2023

Dubai system house<sup>(1)</sup>

📅 July 2021

Europe Polycarbonates sheets business

📅 September 2019

Europe system houses

📅 June 2019

USA Polycarbonates sheets business

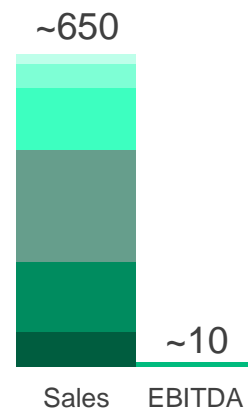
📅 August 2018

NA Polyurethanes spray foam business

📅 April 2017

📅 Closing

Cumulated, in € million



Business divested at average EV/EBITDA >20x

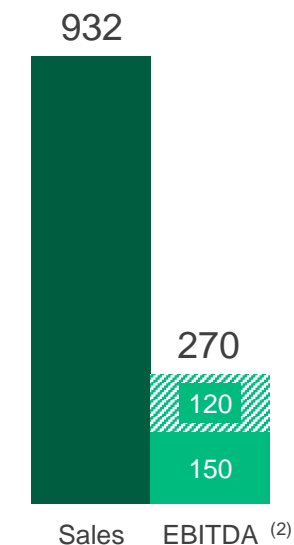
Portfolio analysis ongoing, further minor divestments possible

### ACQUISITIONS

DSM Resins & Functional Materials business

📅 April 2021

in € million



Highly complementary business acquired at EV/EBITDA<sup>(2)</sup> of 6x

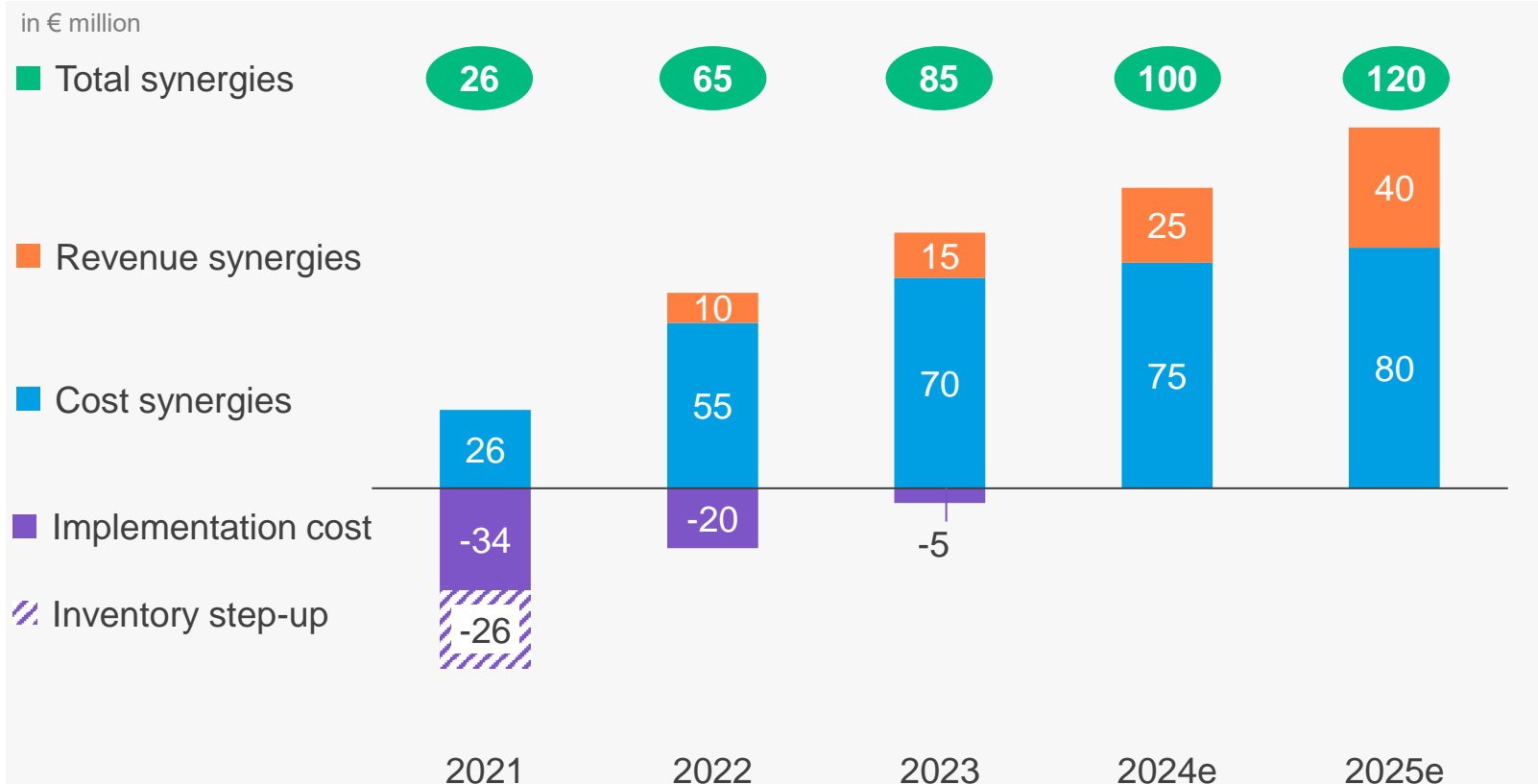
Further pursue value-enhancing bolt-on acquisition options with attractive IRR for Solutions & Specialties segment

# Synergies fully confirmed and ahead of plan at lower cost



## RFM synergies and implementation cost

### EBITDA IMPACT



### HIGHLIGHTS

#### SYNERGIES

- Confirming identified synergies of €120m or 12% of RFM sales
- Positive EBITDA impact of €80m from cost and €40m from revenues
- Initial synergy potentials successfully detailed and validated
- Realization of synergies ahead of initial plan (initially €10m in 2021, 50m€ in 2022, €80m in 2023)
- Implementation cost incl inventory step-up of €85m (initially €140m, reduced from lower severance need)

#### OPERATIONS

- RFM operational performance fully in line with expectations
- 94% of new employees feel welcome at Covestro

# Increasing profits in a challenging environment



## Q3 2024 Highlights

1

Continued strong volume growth of 6.1%  
driven by higher demand and improved internal availability

2

Sales slightly up at €3.6bn  
caused by continued strong volume increase while lower prices and unfavorable FX

3

EBITDA of €287m in the guidance range of €250m to €350m  
burdened by negative pricing delta

4

FY 2024 guidance narrowed  
with an expected EBITDA of €1.00 to 1.25bn

5

Strong progress on path to climate neutrality  
with significant projects underway for scope 1 and 2 emissions



- Covestro investment highlights
- **Group financials Q3'24**
- Segment overview
- Background information



# Lower EBITDA due to negative pricing despite stable sales



## Group results – Highlights Q3 2024

### SALES

in € million / changes Y/Y

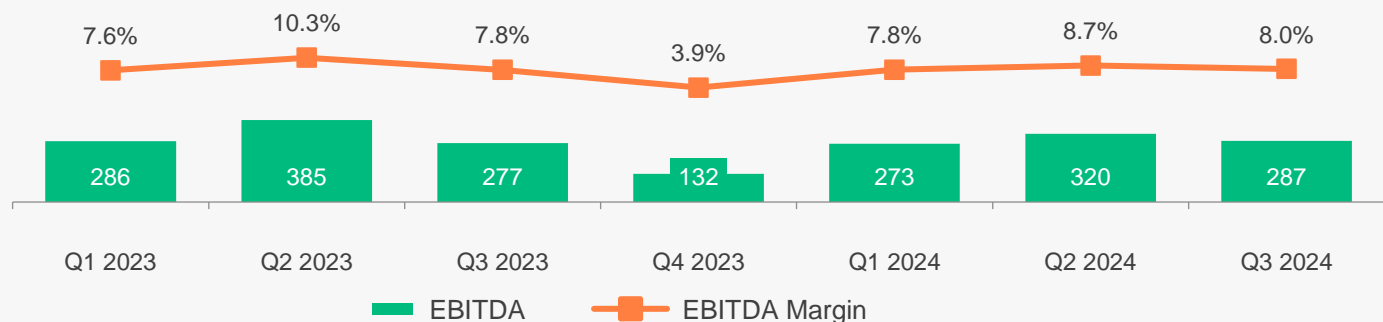


### HIGHLIGHTS Q3 2024

- Year-over-year, sales slightly increasing (1.0%) with negative pricing (-4.2%) and negative FX (-0.9%) fully compensated by positive volumes (+6.1%)
- Sequentially, decreasing sales development with flat volumes while price and FX negative

### EBITDA AND MARGIN

in € million



### HIGHLIGHTS Q3 2024

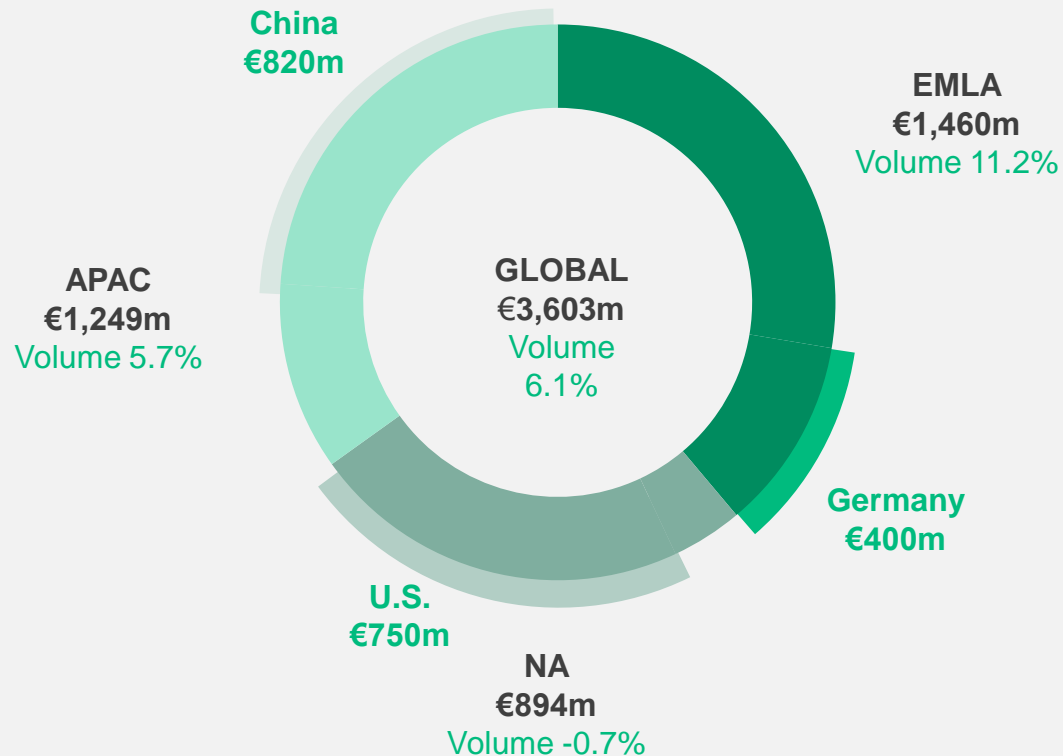
- Year-over-year, EBITDA increased due to positive volumes and others while negative pricing delta
- Sequentially, earnings decreased driven by negative pricing delta and FX while positive volumes
- EBITDA margin decreased to 8.0% in Q3 2024

# Significant volume growth above industry development

## Q3 2024 – Regional split



Sales volume Y/Y



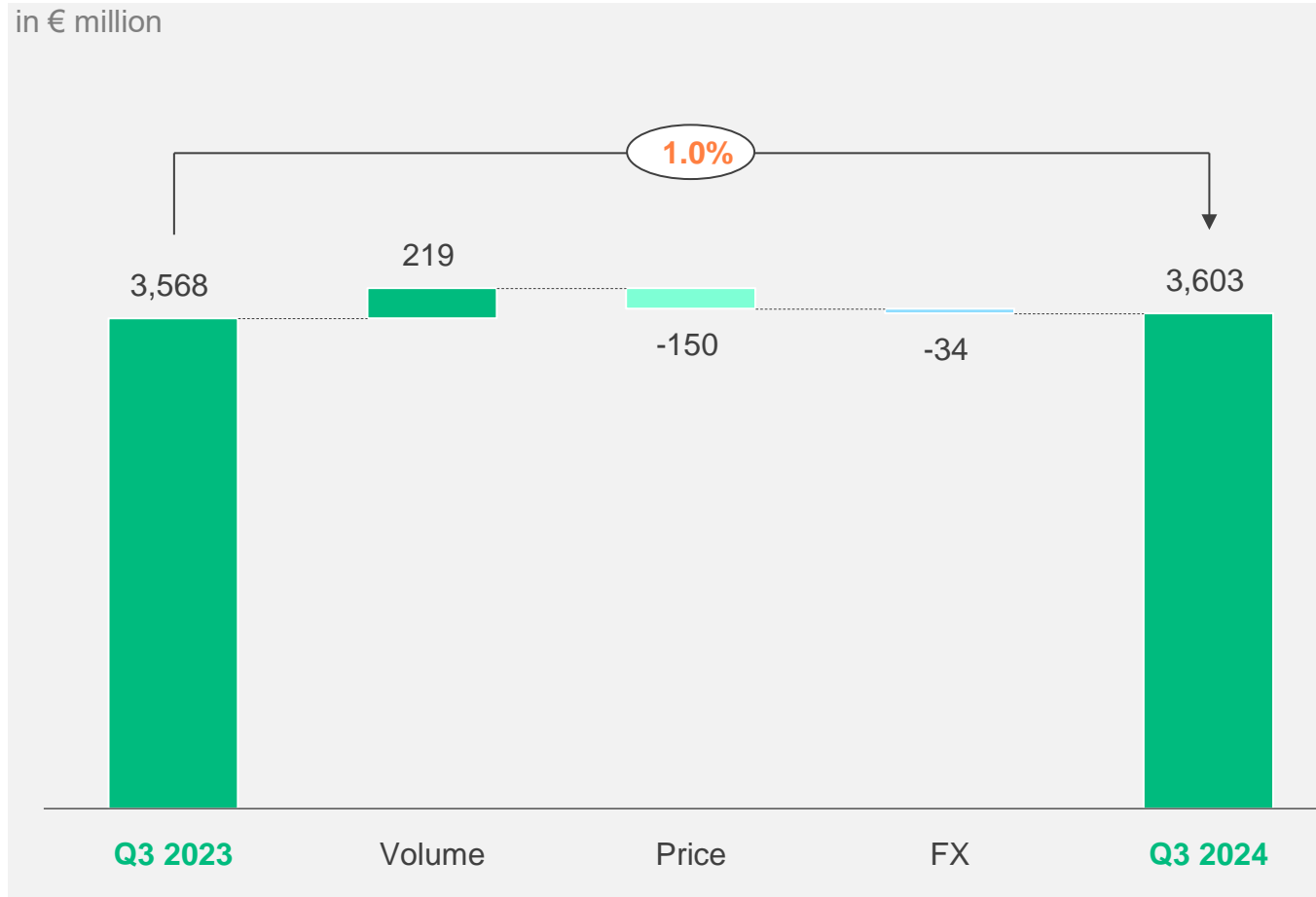
### HIGHLIGHTS

- Year-over-year, mixed volume development in the different industries:
  - **Construction** low teens-digit % increase
  - **Furniture/wood** mid-single-digit % increase
  - **Electro** flat
  - **Auto** low single-digit % decrease
- **EMLA:** Improved chlorine supply leading to increased production rates with significant increase in construction and furniture, while auto with slight decline and electro with significant decline
- **NA:** Construction with significant increase, furniture/wood flat, electro and auto with slight decline
- **APAC:** Construction significantly increasing, furniture and electro with slight increase and auto flat

# Sales slightly up with positive volumes while negative pricing and FX



## Q3 2024 – Sales bridge



### HIGHLIGHTS

#### Volume positive

- Volume increase of 6.1% Y/Y
- Performance Materials growth of 8.6% Y/Y while Solutions & Specialties plus 3.9% Y/Y

#### Pricing negative

- Pricing affected sales by -4.2%
- Performance Materials minus 3.6% Y/Y whereas Solutions & Specialties minus 4.9% Y/Y

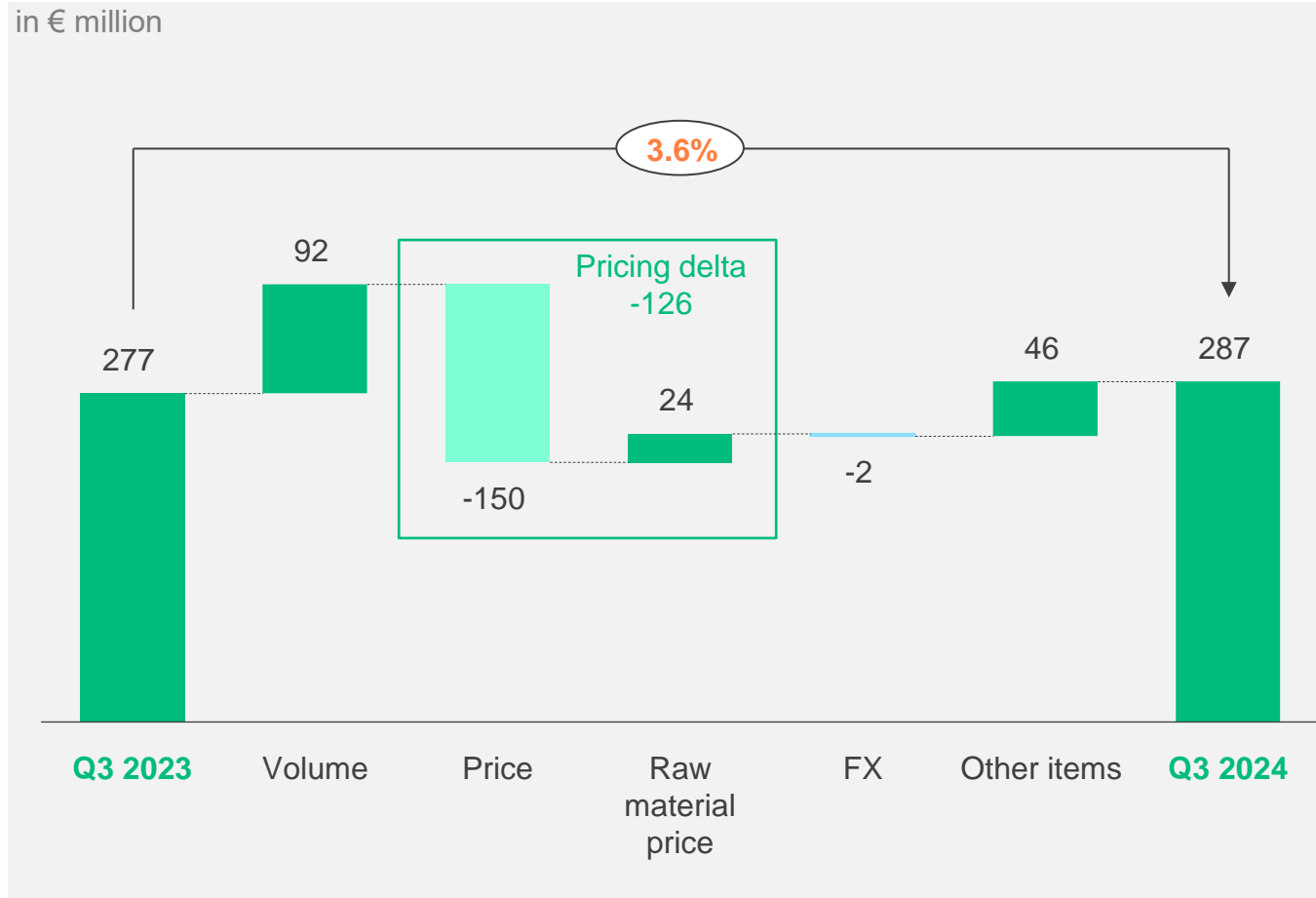
#### FX negative

- FX affected sales by -0.9% Y/Y mainly driven by weaker Mexican Peso, Brazilian Real and US Dollar



# EBITDA improvement despite negative pricing delta

## Q3 2024 – EBITDA bridge



### HIGHLIGHTS

#### Positive volume

- Volume leverage<sup>(1)</sup> of 42%
- Volume leverage below long-term average due to low margins per ton reflecting the stage of the cycle

#### Negative pricing delta

- Negative pricing delta due to ongoing unfavorable supply-demand balance

#### Other items

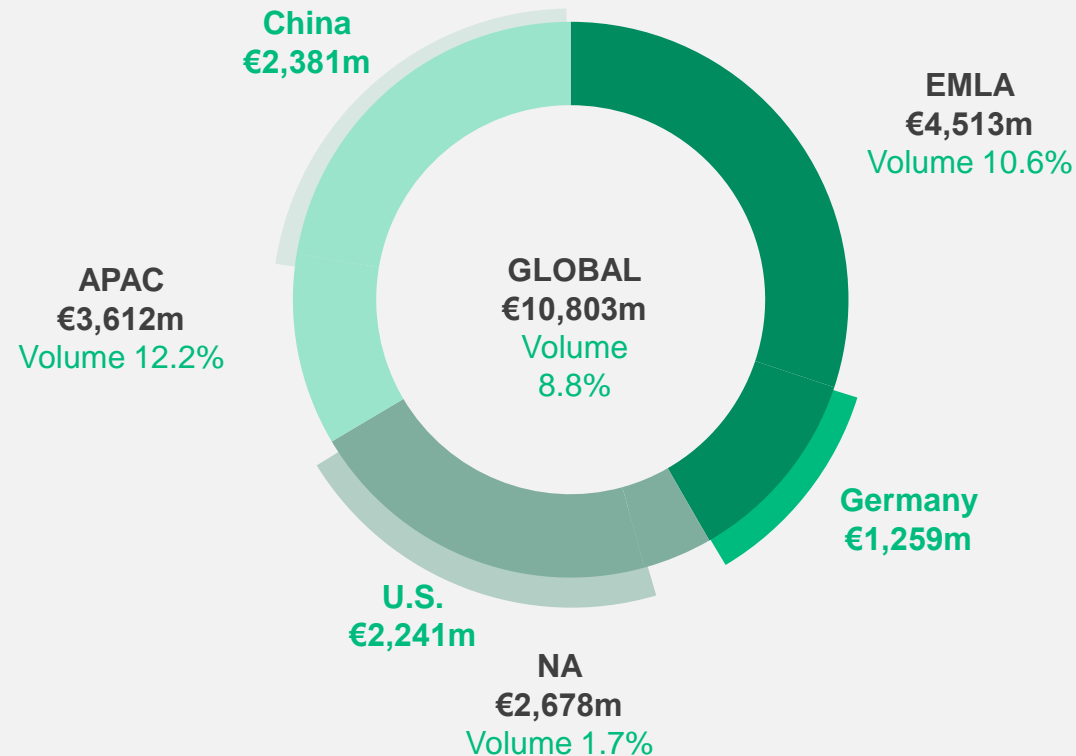
- Pushed by lower LTI/STI provisions of €46m
- Q3 2024 including €6m restructuring cost mainly in Solutions & Specialties

# Increasing volume trend continues

## 9M 2024 – Regional split



Sales volume Y/Y



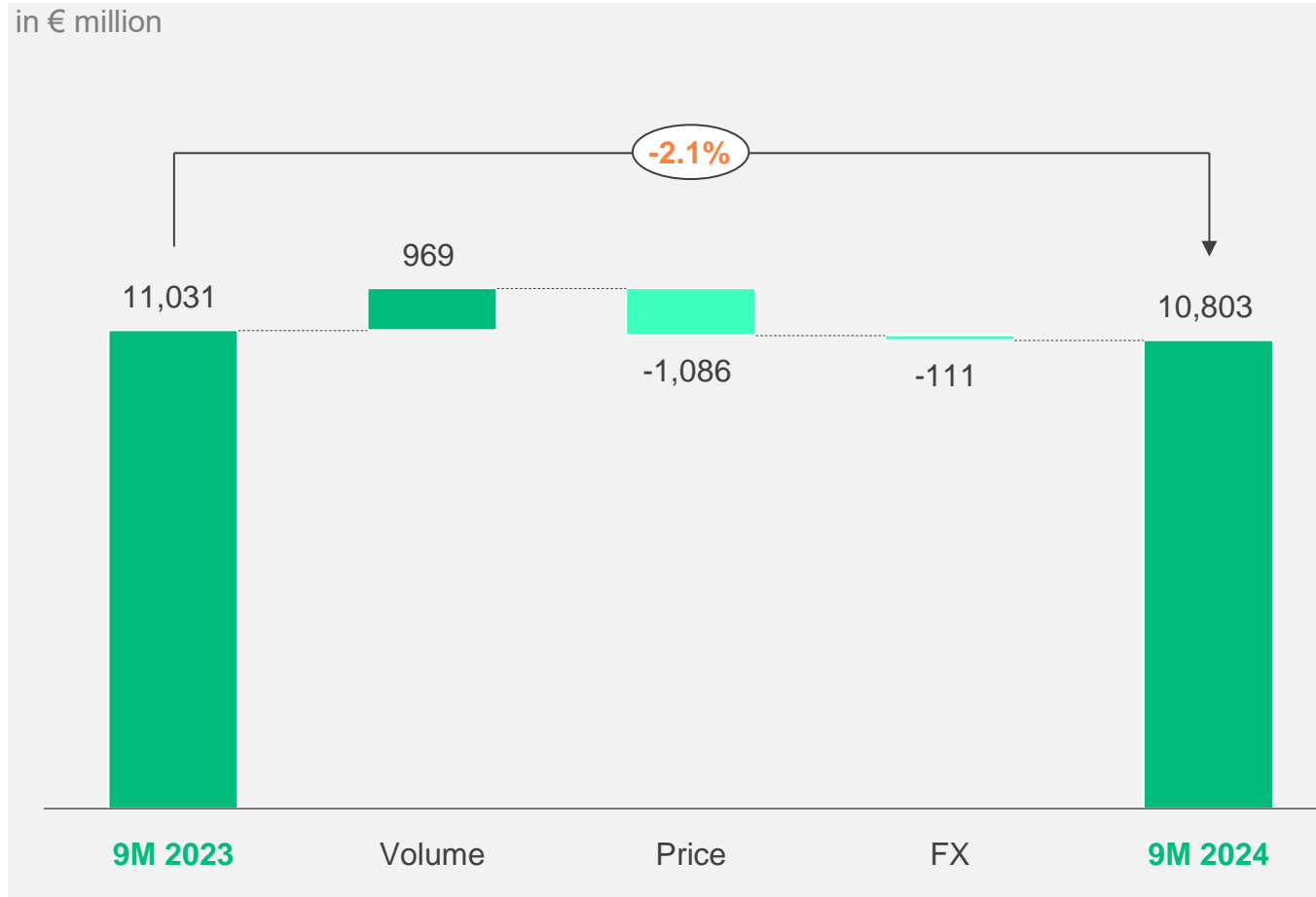
### HIGHLIGHTS

- Solid year-over-year volume development across the industries:
  - Construction mid-teens % increase
  - Furniture/wood high single-digit % increase
  - Electro mid-single-digit % increase
  - Auto flattish
- **EMLA:** Significant increase in construction and furniture/wood while electro and auto with slight decline
- **NA:** Construction with significant growth, furniture/wood with slight increase while electro and auto with slight decline
- **APAC:** Construction, electro, furniture/wood and auto all exhibiting significant growth

# Sales down due to lower prices despite strong volume growth



## 9M 2024 – Sales bridge



### HIGHLIGHTS

#### Volume positive

- Volume increase of 8.8% Y/Y
- Performance Materials with 13.7% Y/Y growth while Solutions & Specialties with 4.9% Y/Y increase

#### Pricing negative

- Pricing affected sales by -9.8% Y/Y
- Performance Materials with -12.4% Y/Y whereas Solutions & Specialties with -7.7% Y/Y

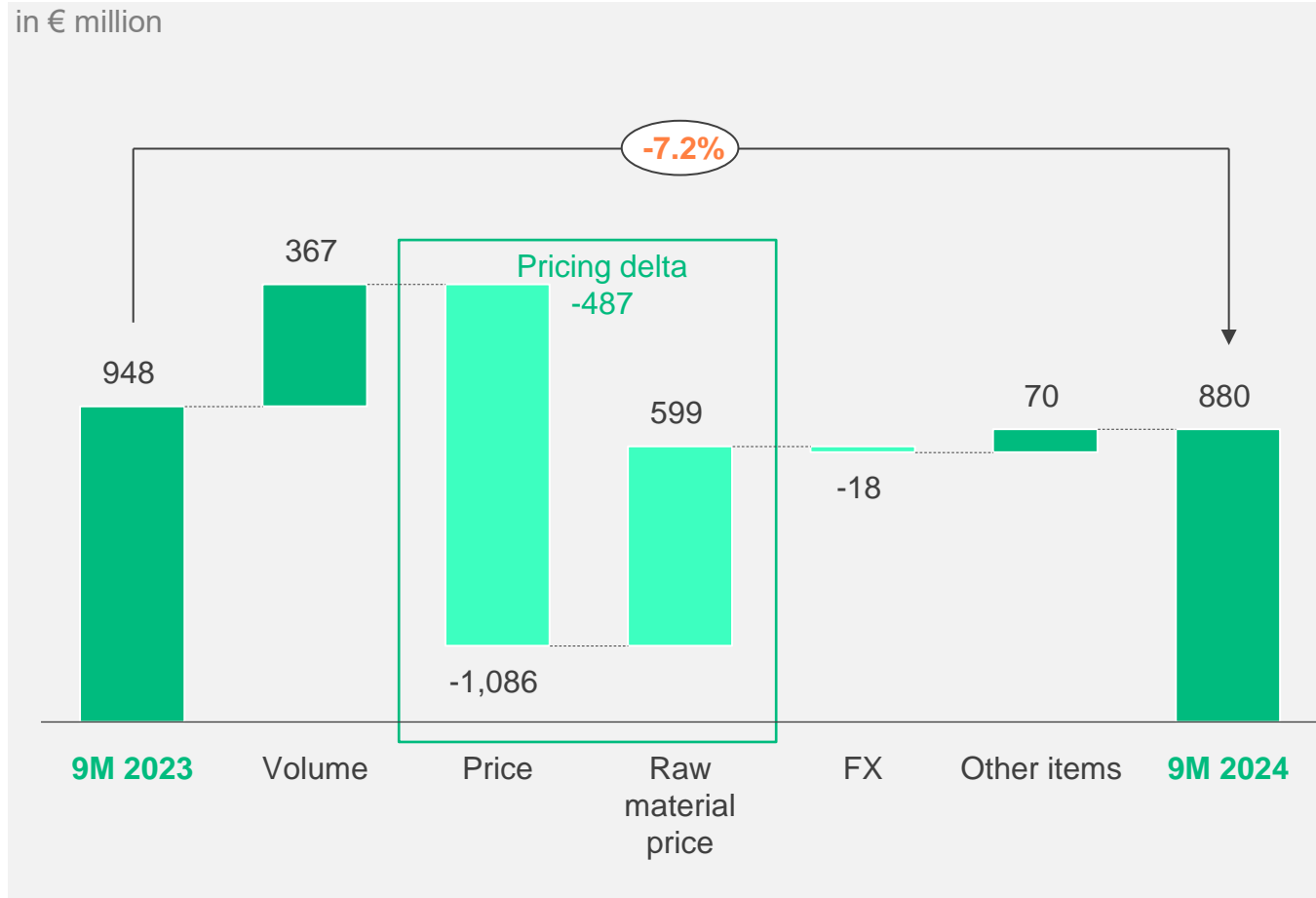
#### FX negative

- FX affected sales by -1.0% Y/Y mainly driven by the weaker Chinese Renminbi and Japanese Yen

# EBITDA declined with negative pricing delta while positive volumes



## 9M 2024 – EBITDA bridge



### HIGHLIGHTS

#### Positive volume

- Volume leverage<sup>(1)</sup> of 38%
- Volume leverage below long-term average due to low margins per ton reflecting the stage of the cycle

#### Negative pricing delta

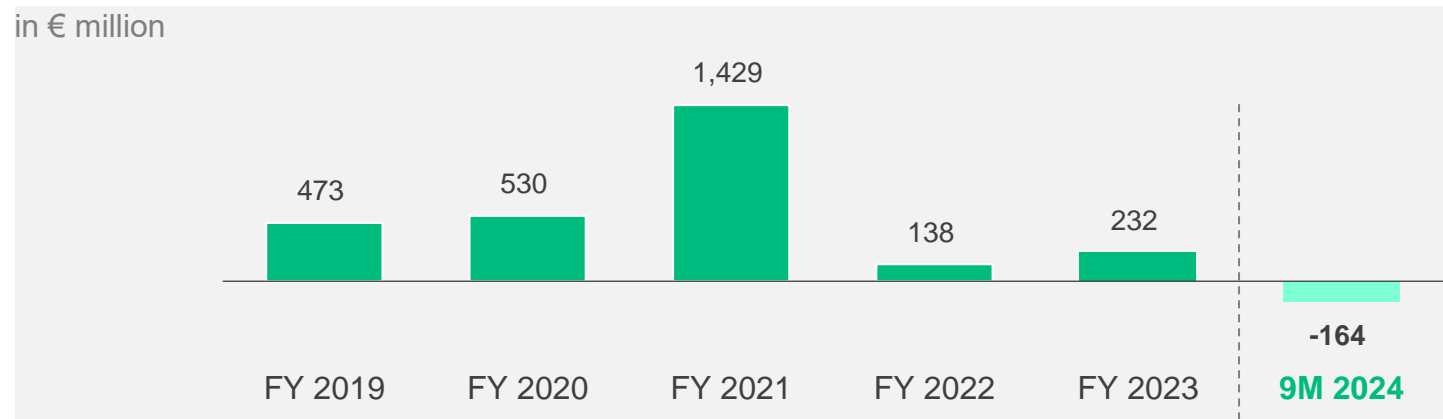
- Negative pricing delta due to unfavorable supply-demand balance

#### Other items

- Benefitted from lower LTI/STI provisions of €77m
- Restructuring cost related to STRONG of €27m in H1 2024

# Positive FOCF achieved in Q3

## Historical FOCF development



	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	9M 2024
<b>EBITDA</b>	+1,604	+1,472	+3,085	+1,617	+1,080	<b>+880</b>
<b>Changes in working capital<sup>(1)</sup></b>	+437 <sup>(3)</sup>	-100 <sup>(3)</sup>	-727	+312	+250	<b>-265</b>
<b>Capex<sup>(2)</sup></b>	-910	-704	-764	-832	-765	<b>-422</b>
<b>Income tax paid</b>	-296	-155	-546	-538	-383	<b>-153</b>
<b>Other effects<sup>(3)</sup></b>	-362 <sup>(3)</sup>	+17 <sup>(3)</sup>	+381	-421	+50	<b>-204</b>

### HIGHLIGHTS

- Q3 2024, FOCF of €112m
- FOCF 9M 2024 lower at €-164m (9M 2023: €232m)
- Working capital to sales ratio<sup>(4)</sup> 9M 2024 stable at 18.6% (9M 2023: 18.7%)
- 9M 2024 capex reduced Y/Y due to focus on maintenance and lower investment in growth projects
- Other effects: FY 2023 without any bonus payout; 50% target achievement in FY 2023 paid out in Q2 2024
- FY 2023 FOCF increase driven by continuous working capital management throughout the year despite declining EBITDA
- Income taxes impacted by geographical earnings mix



# Net income burdened by lower EBITDA and DTA adjustments

## P&L statement 9M 2024



In € million	9M 2023	9M 2024	% of 9M 2023 sales	Δ Y/Y
Sales	11,031	10,803	100%	-2.1%
<b>EBITDA</b>	948	880	8.1%	-7.2%
D&A excl. impairments	-634	-631	-5.8%	-0.5%
Impairments	-38	-31	-0.3%	-18.4%
<b>EBIT</b>	276	218	2.0%	-21.0%
Financial result	-100	-83	-0.8%	-17.0%
<b>EBT</b>	176	135	1.2%	-23.3%
Income taxes excl. DTA adjustments	-59	-27	-0.2%	-54.2%
DTA adjustments	-130	-188	-1.7%	44.6%
<b>Net income<sup>(1)</sup></b>	<b>-11</b>	<b>-74</b>	<b>-0.7%</b>	<b>572.7%</b>
Earnings per share (in €) <sup>(2)</sup>	-0.06	-0.39	-	-

### HIGHLIGHTS

#### Impairments

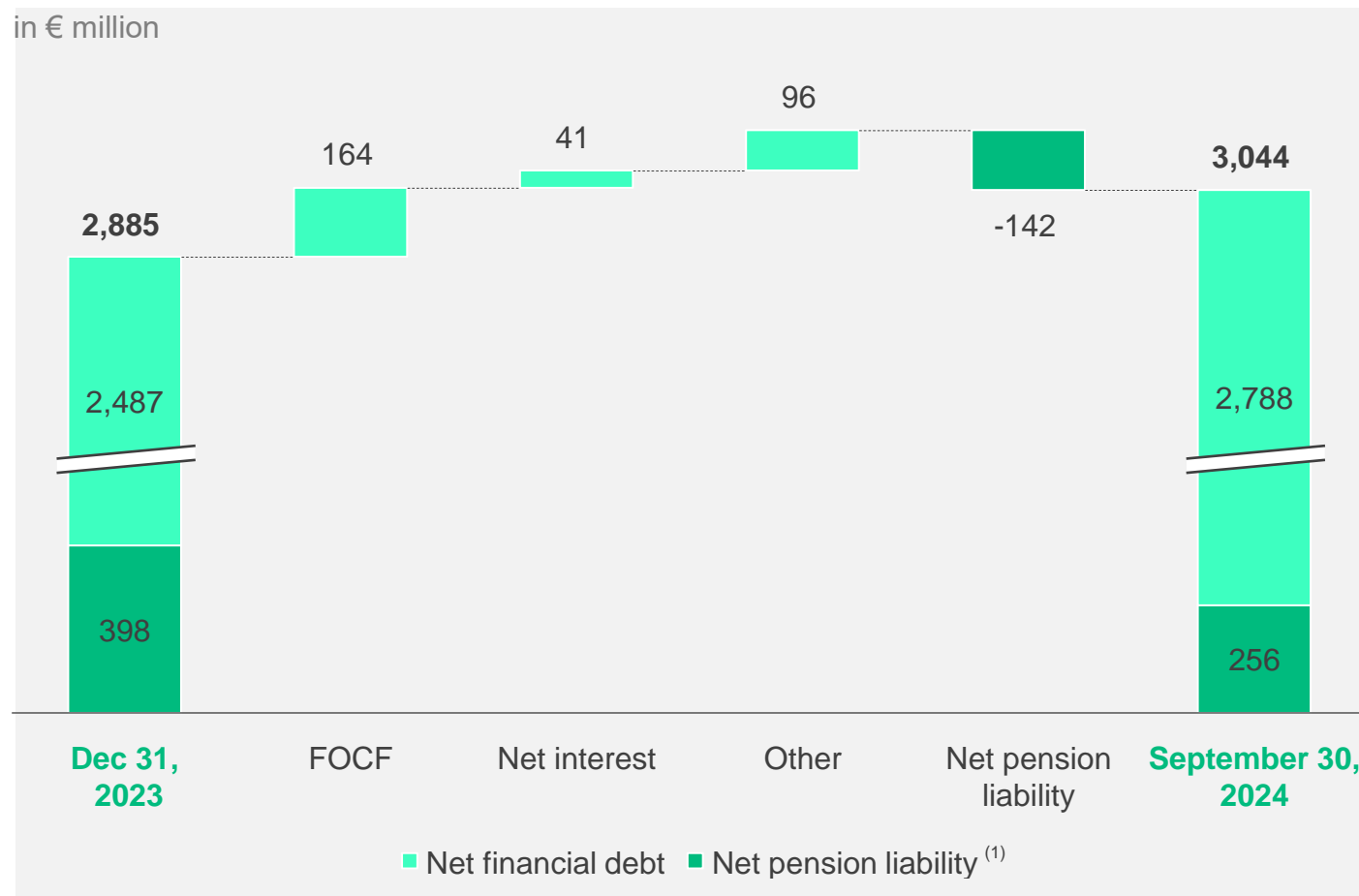
- Impairment loss of €30m due to discontinuation of Maezio<sup>®</sup> product line and related site closure in Q1 2023

#### Deferred tax assets (DTA)

- DTA adjustments of €188m in 9M 2024 due to negative earnings mainly in Germany
- DTA on tax loss carry-forwards cannot be recognized under IFRS any longer
- Tax loss carry-forwards in Germany do not expire

# Total net debt burdened by negative FOCF

September 30, 2024 – Total net debt



## HIGHLIGHTS

- Total net debt to EBITDA ratio<sup>(2)</sup> of 3.0x at the end of 9M 2024 compared to 2.7x at the end of Q4 2023
- Increased net debt to EBITDA ratio reflects the cyclical nature of Covestro's business and is expected to be only temporary
- Net pension liability decreased due to an increase in pension discount rate in Germany and return on plan assets
- Others mainly driven by lease contracts
- No financial covenants in place
- Committed to a solid investment grade rating; Baa2 with stable outlook confirmed by Moody's in May 2024



- Covestro investment highlights
- Group financials Q3'24
- **Segment overview**
- Background information

# Differentiation based on customer proximity and innovation

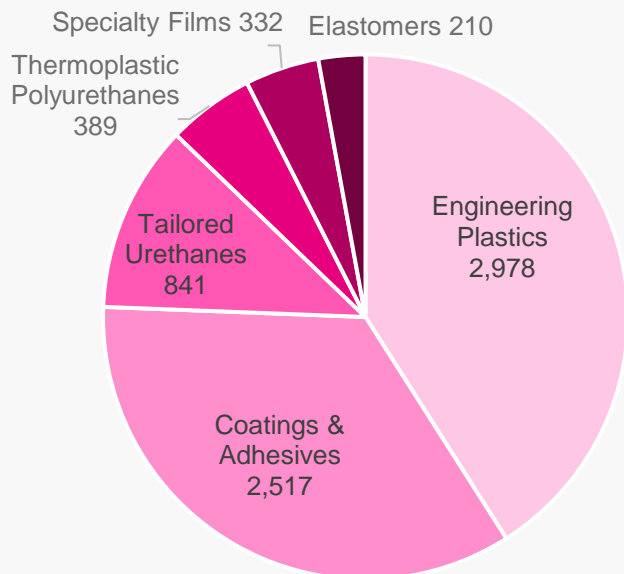


## Solutions & Specialties

### PRODUCTS

Differentiated polymer products

**SALES 2023** (in € million)



### SUCCESS FACTORS

#### Implement a pull supply chain

Use deep customer understanding to deliver unique value to customers



#### Lead in innovation

Continuously innovate products and applications in order to maximize value proposition to customers



#### Manage complexity

Efficiently steer customers and products at a small scale and balance cost of each solution against value for the customer



**Customer centricity** for solutions and specialty products

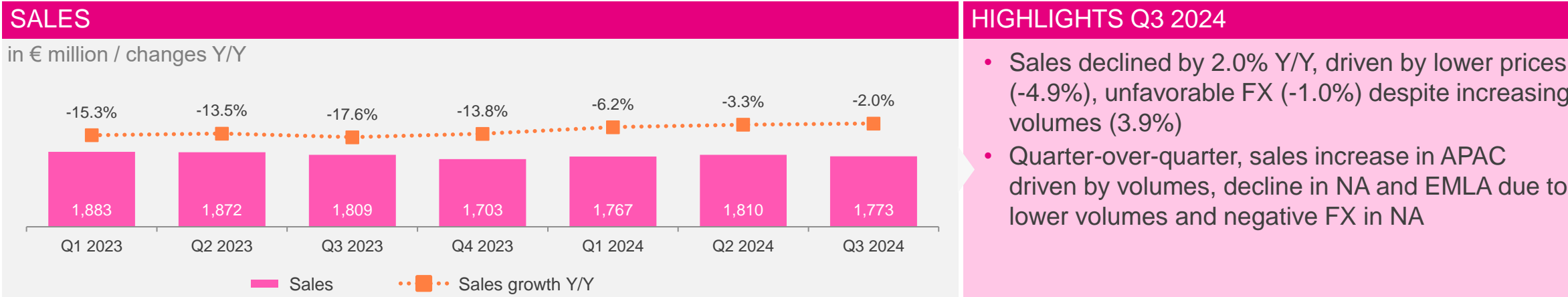
### BENEFITS FOR GROUP

- Maintain leadership in differentiated niche applications
- Implement growth strategy while building on vision of full circularity
- Improve earnings margin

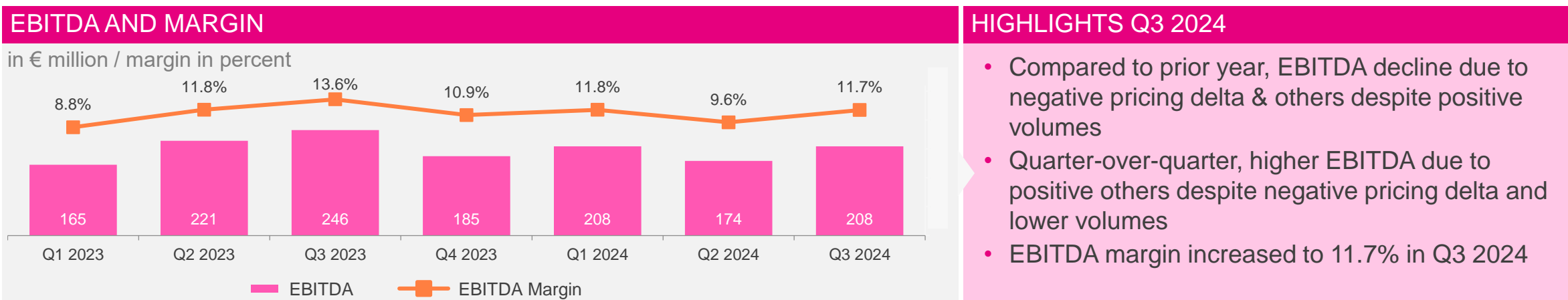
# Solutions & Specialties – sales affected by lower prices and FX



## Segment results – Highlights Q3 2024



- ### HIGHLIGHTS Q3 2024
- Sales declined by 2.0% Y/Y, driven by lower prices (-4.9%), unfavorable FX (-1.0%) despite increasing volumes (3.9%)
  - Quarter-over-quarter, sales increase in APAC driven by volumes, decline in NA and EMLA due to lower volumes and negative FX in NA



- ### HIGHLIGHTS Q3 2024
- Compared to prior year, EBITDA decline due to negative pricing delta & others despite positive volumes
  - Quarter-over-quarter, higher EBITDA due to positive others despite negative pricing delta and lower volumes
  - EBITDA margin increased to 11.7% in Q3 2024

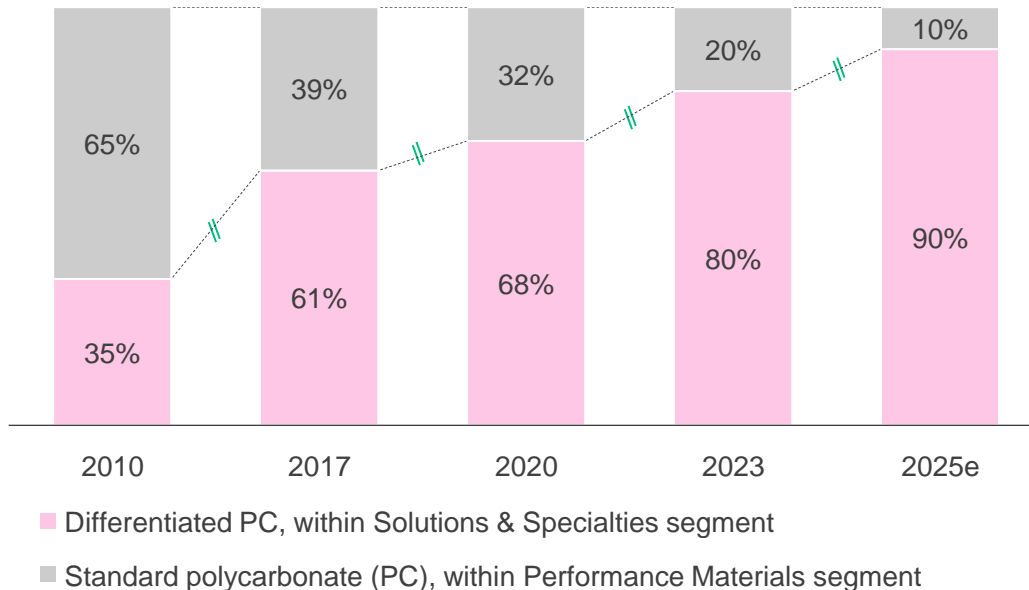
# Continuing shift to differentiated polycarbonate

## Solutions & Specialties: high-growth contributor Engineering Plastics



### POLYCARBONATE 2023 SALES €3.0bn

Covestro polycarbonate volume split by segment



Refining standard polycarbonate from Performance Materials into differentiated grades in Solutions & Specialties

### ENGINEERING PLASTICS (EP) INDUSTRY +5% CAGR 2023-2028e

#### CUSTOMER INDUSTRIES



#### Auto & transport

EP sales share 2023: 46%  
CAGR 2023-2028e: 6%



#### Electro

EP sales share 2023: 42%  
CAGR 2023-2028e: 4%



#### Healthcare

EP sales share 2023: 9%  
CAGR 2023-2028e: 8%

#### GROWTH DRIVERS

- Global trends towards BEV boost total LV production
- Number of produced BEV expected to grow strongly, with higher PC content per unit compared to conventional LV
- Strong demand in communication infrastructure, audio, LED, power supply and small appliances
- New opportunities from 5G, intelligent connectivity and electrical integration
- Aging population with increasing healthcare access in emerging markets
- Trend towards home healthcare devices and wearable monitor devices

Continuously strong demand for differentiated polycarbonate grades across several customer industries

# Doubling sales by 2025

## Solutions & Specialties: high-growth contributor Specialty Films



SPECIALTY FILMS		
	<b>Total Sales 2023 €332m</b>	<b>CAGR 2023-2028e ~13%</b>
TARGET	<ul style="list-style-type: none"><li>• Doubling sales by 2025e versus Sales 2020 of €240m</li></ul>	
APPROACH	<ul style="list-style-type: none"><li>• Elevating market share from differentiation via quality and service with customer-tailored applications</li><li>• Strong competitive advantage from technical expertise and filled innovation pipeline</li><li>• Excellent customer relationships promoting joint developments with long-term contracts</li></ul>	
INVESTMENT	<ul style="list-style-type: none"><li>• Enabling growth with investment of almost €100m between 2023 and 2025e</li></ul>	

### BUILD AGGRESSIVELY MEDICAL BUSINESS



Making use of IP portfolio to outgrow the industry with more than 20% sales growth per year

### DEVELOP AUGMENTED REALITY BUSINESS



Growing within emerging market of holographic light guiding: accelerating markets of virtual displays in glasses and head-up displays in vehicles

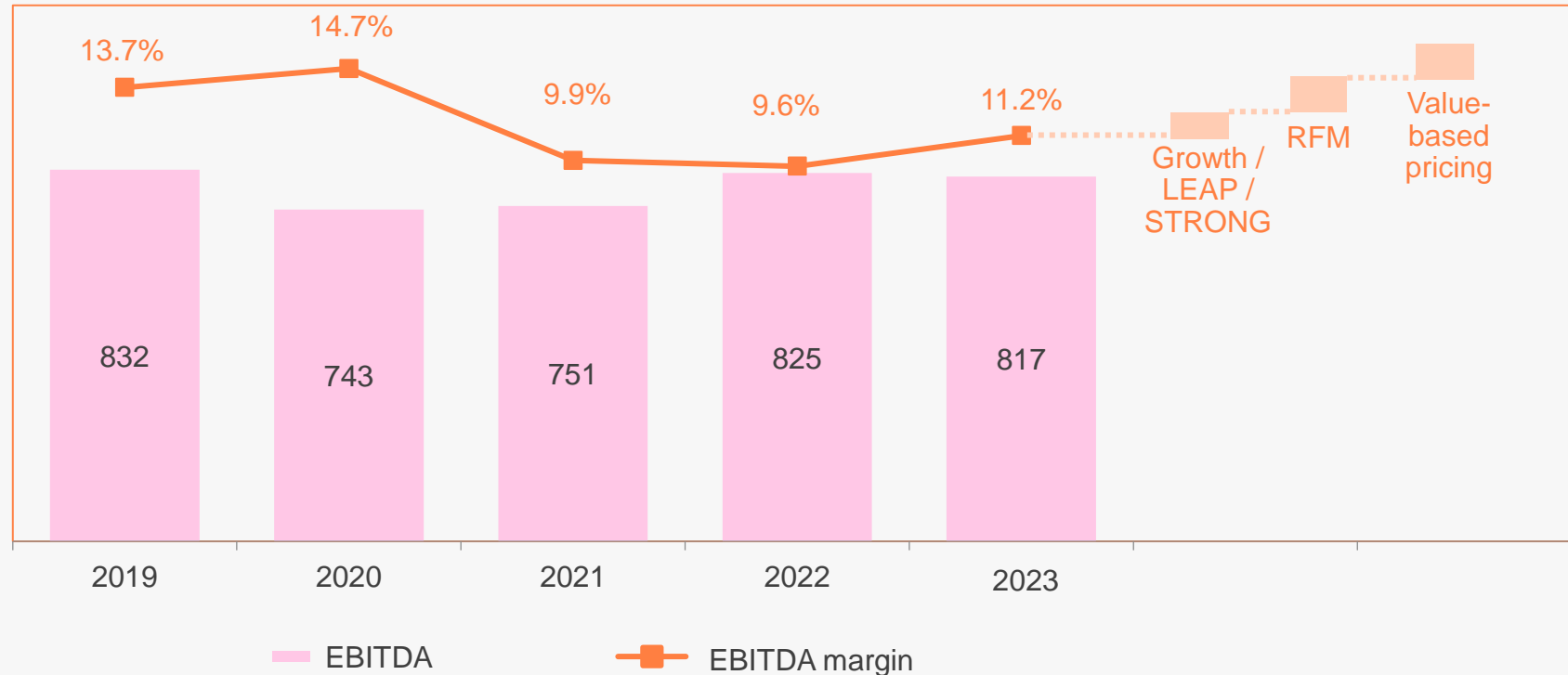


# EBITDA margin to grow

## Solutions & Specialties segment target

### EBITDA AND MARGIN – SOLUTIONS & SPECIALTIES

in € million



### TARGET MARGIN

- EBITDA margin 2023 increased Y/Y benefitting from lower sales
- EBITDA margin growth driven by:
  - fixed cost dilution due to strong sales growth and limited cost increases
  - RFM synergies
  - Focus on value-based pricing



# Standard products with reliable supply and lowest cost

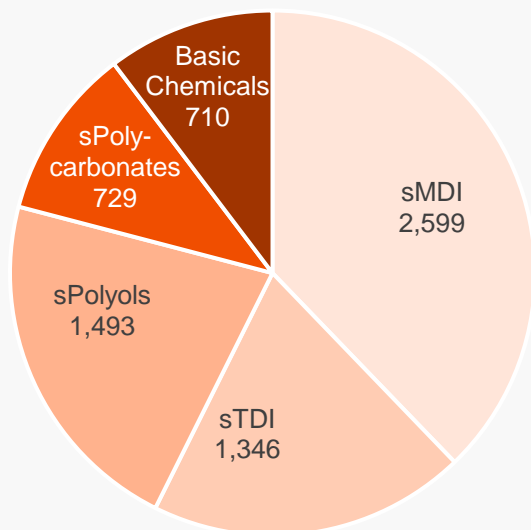
## Performance Materials



### PRODUCTS

Polyurethane and polycarbonate standard products as well as basic chemicals

**SALES 2023** (in € million)



### SUCCESS FACTORS

#### Ensure high asset utilization

Integrated end-2-end planning and steering of entire supply chain and large-scale production to optimize output



#### Supply customers reliably

to be customers' preferred supplier



#### Strengthen superior cost position

Standardized offerings and lean order management for focused customer and product portfolio



**Customer centricity**  
for  
standard  
products

### BENEFITS FOR GROUP

- Maintain leadership in Covestro core industries
- Implement growth strategy while building on vision of full circularity
- Create critical mass for Covestro in standard product offerings
- Supply downstream Business Entities at market-based prices

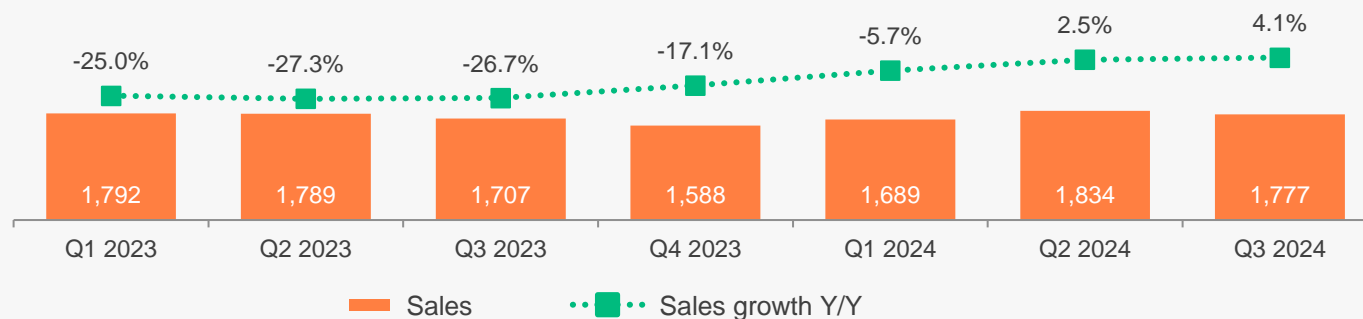
# Performance Materials – continuous strong volume rebound



## Segment results – Highlights Q3 2024

### SALES

in € million / changes Y/Y

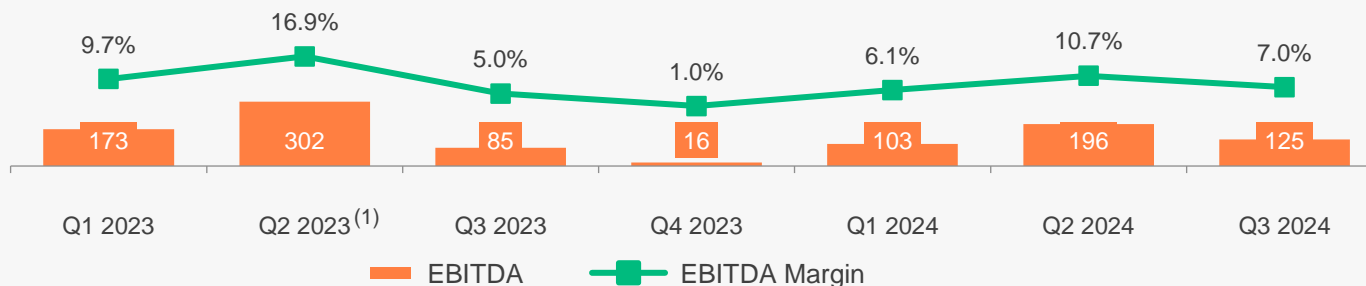


### HIGHLIGHTS Q3 2024

- Sales increased by 4.1% Y/Y driven by positive volume (+8.6%) while negative pricing (-3.6%) and FX (-0.9%)
- Quarter-over-quarter, flattish development in NA while sales declined in APAC and EMLA

### EBITDA AND MARGIN

in € million / margin in percent



### HIGHLIGHTS Q3 2024

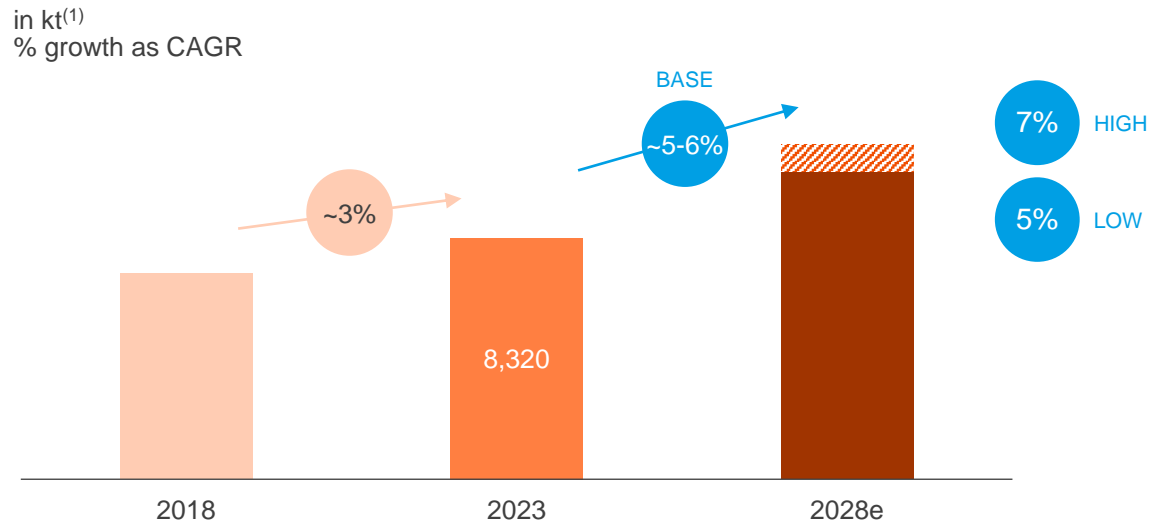
- Compared to prior year, EBITDA increased based on higher volumes and positive others while negative pricing delta
- Quarter-over-quarter, lower EBITDA driven by negative pricing delta and others despite positive volumes

# MDI market moving to balance

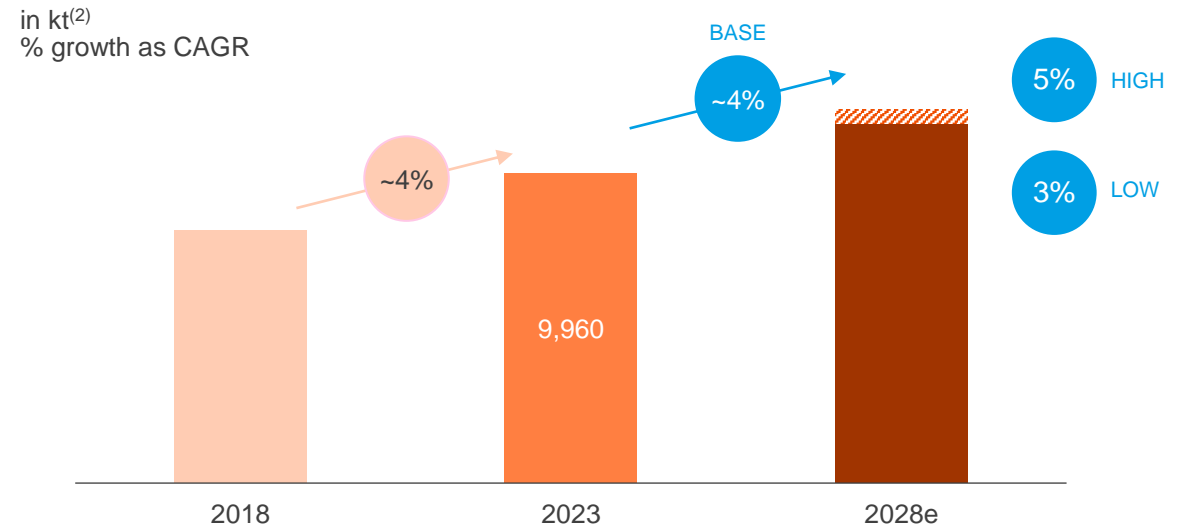


## Performance Materials: MDI industry demand and supply

### MDI DEMAND DEVELOPMENT (2018 - 2028e)



### MDI SUPPLY DEVELOPMENT (2018 - 2028e)



### HIGHLIGHTS

- In 2023, Industry Utilization Rate of 84%, burdened by weak Construction demand; industry usually fully utilized in the low nineties
- Demand CAGR of 5-6% between 2023 and 2028e along with construction recovery path
- Long-term, demand growth CAGR of ~6% expected

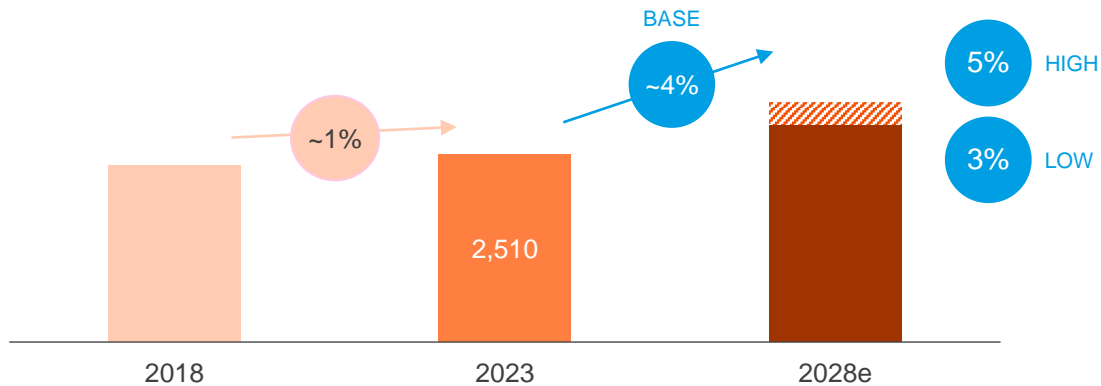
# TDI market moving to balance



## Performance Materials: TDI industry demand and supply

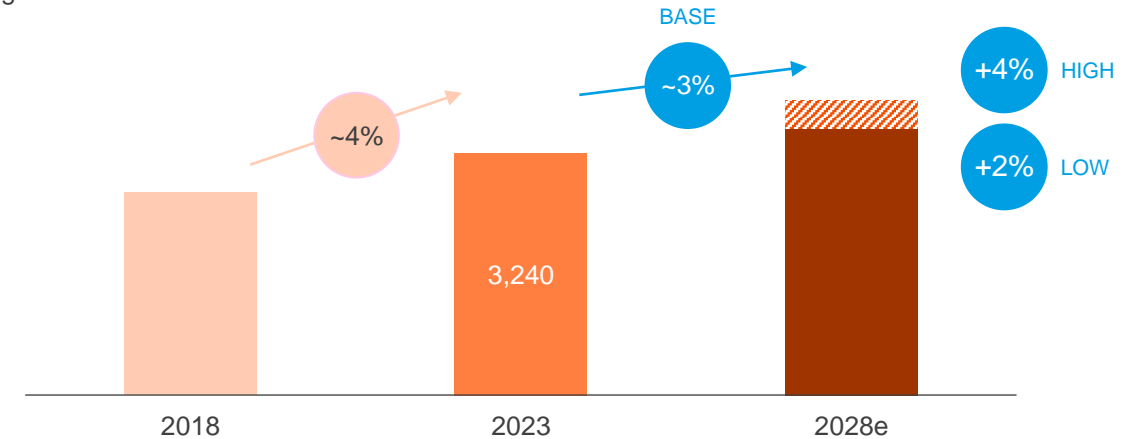
### TDI DEMAND DEVELOPMENT (2018 - 2028e)

in kt<sup>(1)</sup>  
% growth as CAGR



### TDI SUPPLY DEVELOPMENT (2018 - 2028e)

in kt<sup>(2)</sup>  
% growth as CAGR



### HIGHLIGHTS

- In 2023, industry utilization benefitted from 8% market growth and the closure of BASF Ludwigshafen (-300kt)
- Leading to an increased industry utilization rate of 77% (2022: 67%)
- Industry usually fully utilized in the high eighties percent
- Favorable cash cost position puts Covestro into strong competitive position even under low cycle conditions



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# Led by a diverse, international management team



## Covestro senior management

### BOARD OF MANAGEMENT



#### Chief Executive Officer

Dr Markus Steilemann  
Nationality: German



#### Chief Financial Officer

Christian Baier  
Nationality: German



#### Chief Commercial Officer

Sucheta Govil  
Nationality: British  
with Indian origin



#### Chief Technology Officer

Dr Thorsten Dreier  
Nationality: German

### BUSINESS ENTITIES



#### Performance Materials

Hermann-Josef Dörholt  
Nationality: German  
Based in Leverkusen,  
Germany



#### Tailored Urethanes

Julia Rubino  
Nationality: US-American  
Based in Pittsburgh,  
USA



#### Coatings and Adhesives

Dr Thomas Römer  
Nationality: German  
Based in Leverkusen,  
Germany



#### Engineering Plastics

Lily Wang  
Nationality: Chinese  
Based in Shanghai,  
P.R. China



#### Specialty Films

Aukje Doornbos  
Nationality: Dutch  
Based in Dormagen,  
Germany



#### Elastomers

Dr Thomas Braig  
Nationality: German  
Based in Romans-sur-Isère,  
France



#### Thermoplastic Polyurethanes

Dr Andrea Maier-Richter  
Nationality: German  
Based in Dormagen, Germany

# Covestro ESG rating results and index membership

As of October 2024



ESG Ratings & Indices	Scoring Range (Worst → Best)	2016	2017	2018	2019	2020	2021	2022	2023	2024	Distinction	
CDP CLIMATE	D- to A	-	-	-	-	-	A-	A-	A-	A-	Leadership Level (1)	
ecoVadis SUPPLIER SUSTAINABILITY RATINGS	0 to 100	73				80			72	Next update in 2025	(2)	
MSCI ESG	CCC to AAA	BBB	BBB	A	A	A	A	AA	A	AA	(3)	
SUSTAINALYTICS	100 to 0	74	75		80	23.3	20.0	18.3	21.1	20.1	21.4	(4)
FTSE Russell	Excluded / Listed	Listed	Listed	Listed	Listed	Listed	Listed	Listed	Listed	Listed		

Notes: (1) Leading within the chemical industry in managing the most significant climate related questions.  
 (2) Covestro belongs to the Top 5% within the chemical industry.  
 (3) Covestro belongs to the Top 30% within specialty chemicals.  
 (4) Covestro is identified as a TOP ESG performer of Sustainalytics' ESG Risk Ratings out of more >4,000 comprehensive companies. Covestro belongs to the Top 11% within the chemical industry.

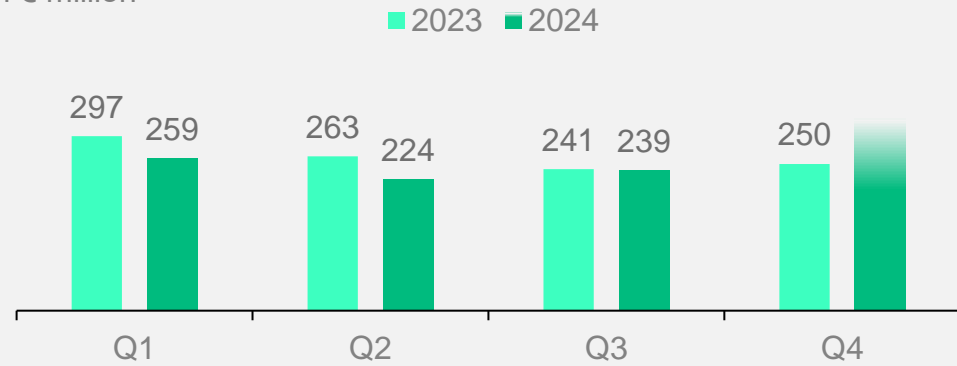
# Global energy prices normalizing after tripling within two years

## Energy cost development



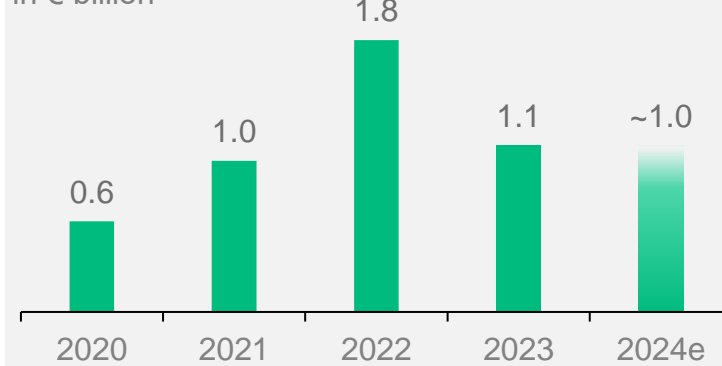
### QUARTERLY ENERGY COST DEVELOPMENT

in € million



### GLOBAL ENERGY COST

in € billion



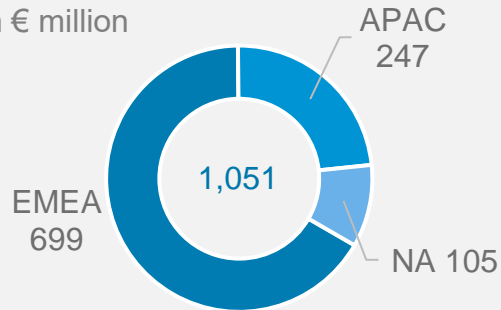
### HIGHLIGHTS

- Global energy bill in FY 2024 expected around €1.0bn; below FY 2023 with lower prices partially offset by increased production volume
- Energy demand in FY 2024 to increase by ~15% based on higher volumes and new asset start-ups

### ENERGY BREAKDOWN

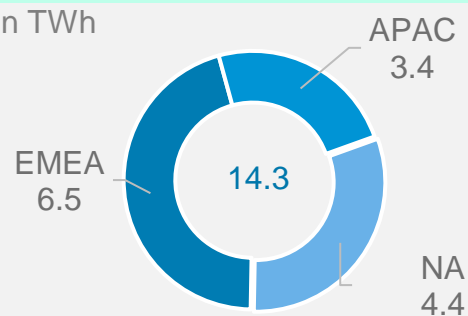
#### 2023 ENERGY SPENT BY REGION

in € million



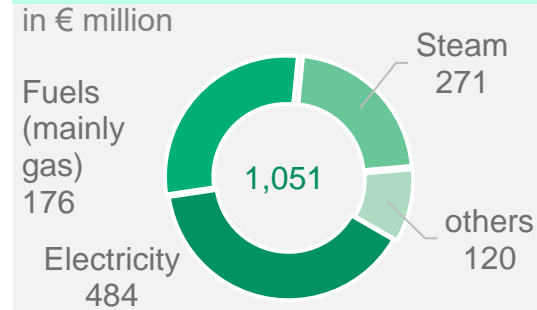
#### 2023 PRIMARY ENERGY VOLUME BY REGION<sup>(1)</sup>

in TWh



#### 2023 SPENT BY ENERGY TYPE

in € million

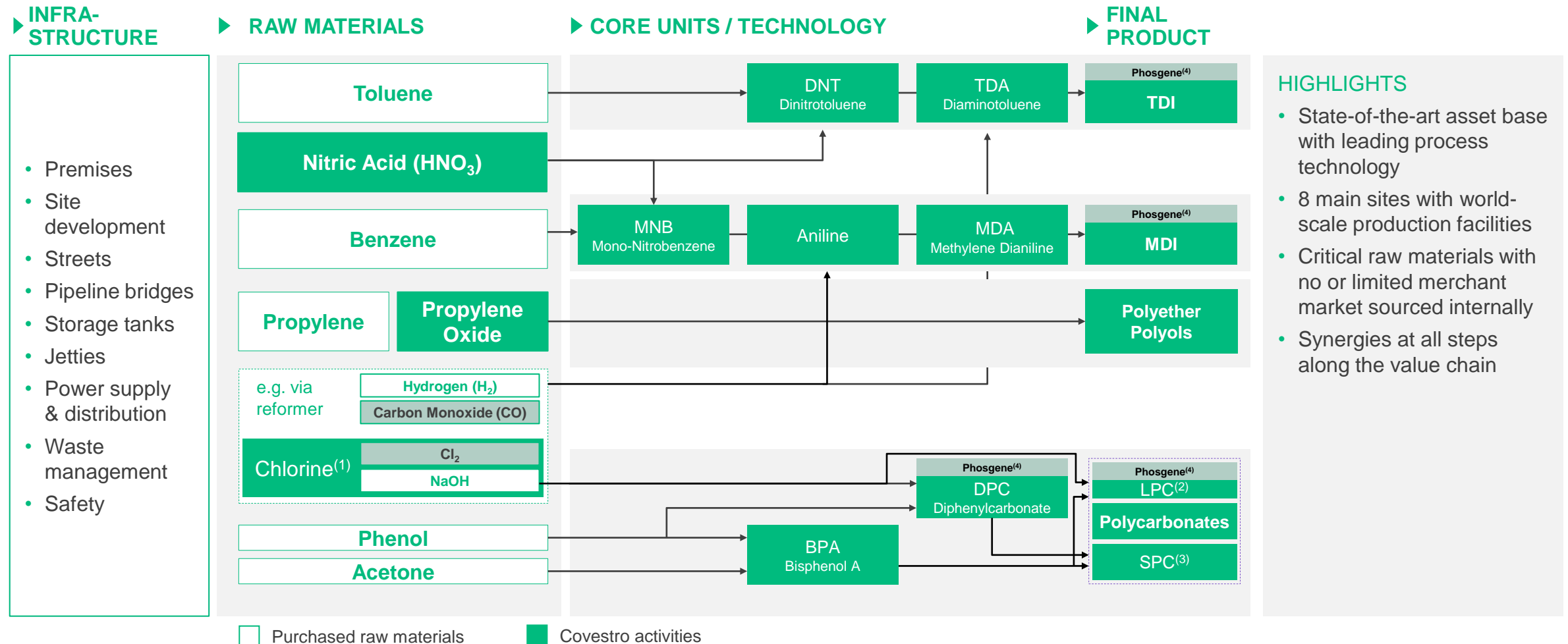




# Synergies in scale, process technology and chemical know-how



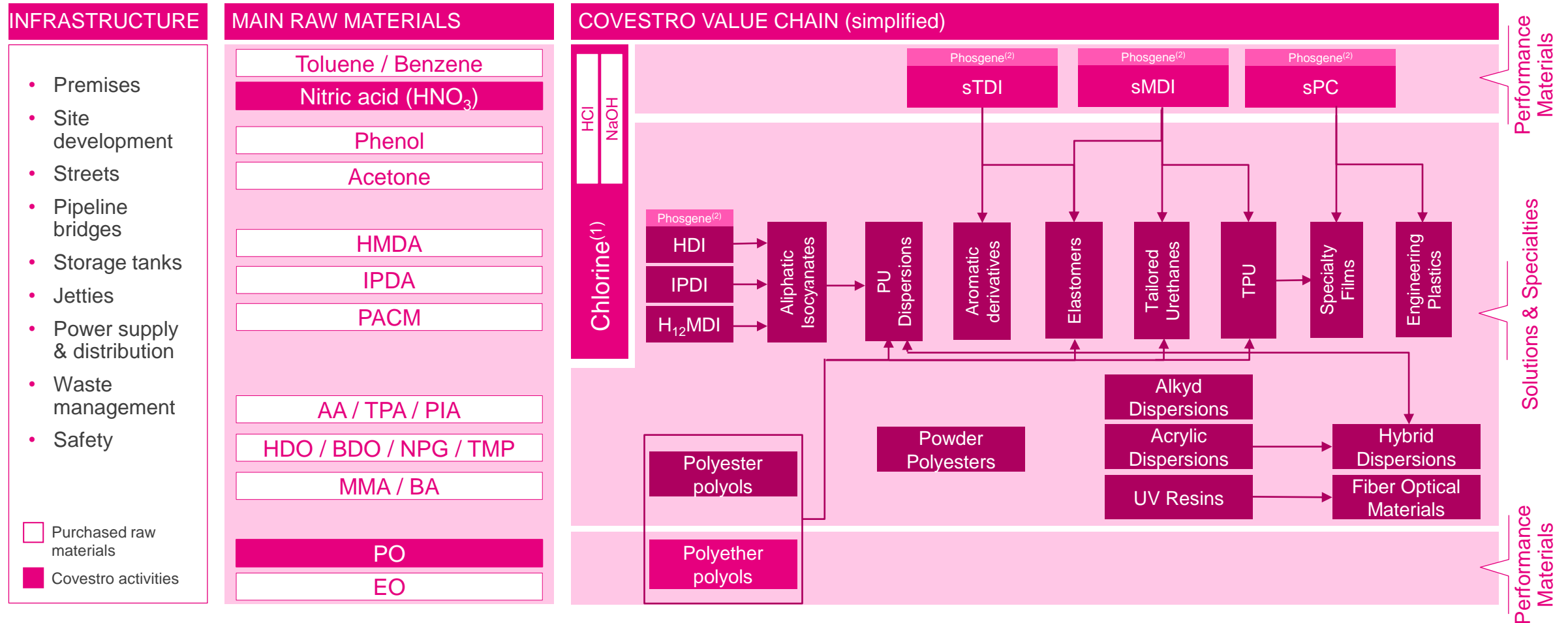
## One chemical backbone across all segments



# Synergies from chemical backbone and complementary technologies



## Solutions & Specialties backward integration and value chain

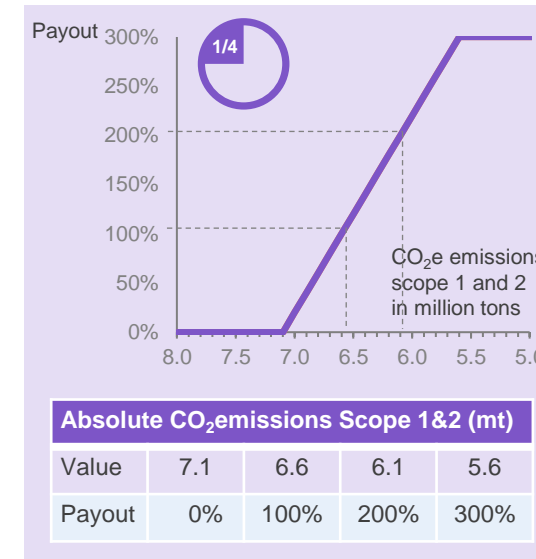
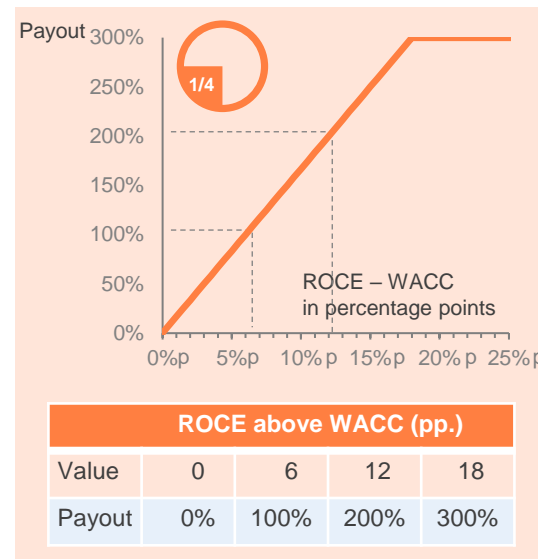
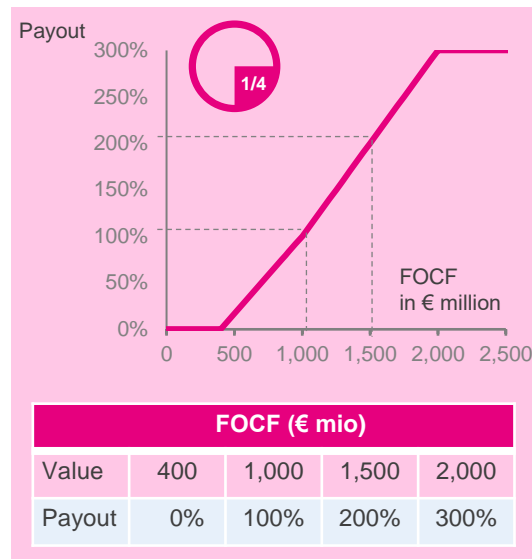
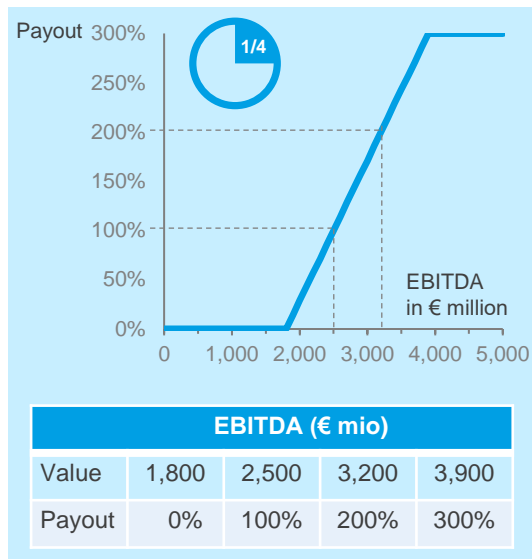


# Entire organization aligned for performance and sustainability



## Group Profit Sharing Plan (PSP) as of 2022

### UNIFORM BONUS SYSTEM



### HIGHLIGHTS

- Full alignment of all employees (including Board) along the same KPIs
- Criteria with full focus on performance, shareholder value creation and sustainability
- 100% payout, as percentage of annual base salary, linked to hierarchy level
- Total payout at Group level for 0%, 100% and 250% achievement is €0m, ~€0.2bn and ~€0.5bn
- Max. payout capped at 250%

# High accumulated free operating cash flow

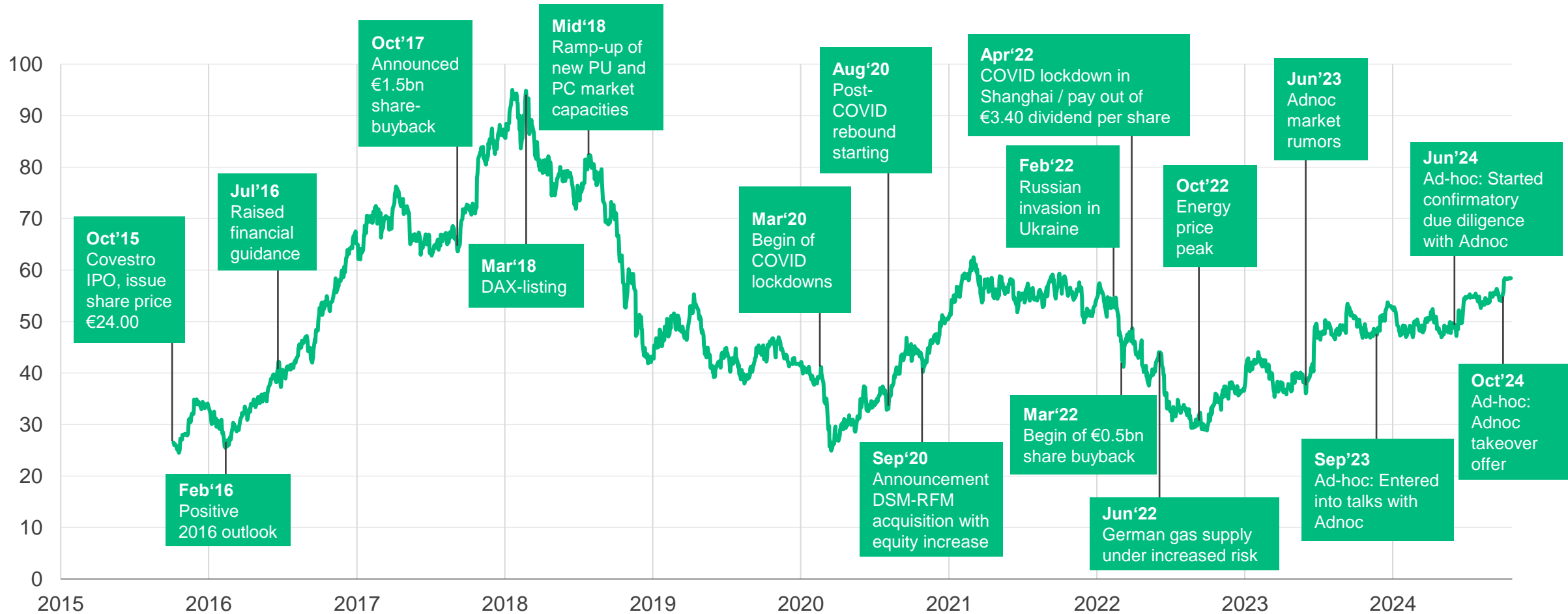
## Development of last five years



		2019	2020	2021	2022	2023
<b>Sales</b>	(€ million)	12,412	10,706	15,903	17,903	14,377
• <i>Volume y/y</i>	(%)	+0.8	-5.1	+6.5	-5.0	-6.8
• <i>Price y/y</i>	(%)	-17.3	-5.7	+34.7	+10.1	-11.0
• <i>FX y/y</i>	(%)	+1.9	-1.6	-0.8	+5.9	-2.2
• <i>Portfolio y/y</i>	(%)	-0.5	-1.3	+8.1	+2.0	-
<b>EBITDA</b>	(€ million)	1,604	1,472	3,085	1,617	1,080
• <i>Performance Materials</i>		942	896	2,572	951	576
• <i>Solutions &amp; Specialties</i>		832	743	751	825	817
<b>Earnings per Share</b>	(€)	3.02	2.48	8.37	-1.42	-1.05
<b>Capex</b>	(€ million)	910	704	764	832	765
<b>Free operating cash flow (FOCF)</b>	(€ million)	473	530	1,429	138	232
<b>ROCE above WACC</b>	(%points)	1.6	-0.3	12.9	-5.0	-6.1
<b>Total net debt <sup>(1)</sup></b>	(€ million)	2,954	2,479	2,604	2,920	2,885
<b>Employees <sup>(2)</sup></b>	(FTE)	17,201	16,501	17,909	17,985	17,520

# Historical share price performance

## Covestro € share price since IPO



# Upcoming IR events



Find more information on [covestro.com/en/investors](https://covestro.com/en/investors)

## REPORTING DATES

- |                     |                                 |
|---------------------|---------------------------------|
| • February 26, 2025 | 2024 Annual Report              |
| • May 6, 2025       | Q1 2025 Quarterly Statement     |
| • July 31, 2025     | 2025 Half-Year Financial Report |

## ANNUAL GENERAL MEETING

- |                  |                        |
|------------------|------------------------|
| • April 17, 2025 | Annual General Meeting |
|------------------|------------------------|

## BROKER CONFERENCES

- |                       |   |
|-----------------------|---|
| • November 6, 2024    | J.P. Morgan's ESG Connect Series, virtual                       |
| • November 13, 2024   | UBS European Conference 2024, London                            |
| • December 4, 2024    | Bank of America European Materials Conference 2024, London      |
| • January 14-15, 2025 | Commerzbank & ODDO BHF German Investment Seminar 2025, New York |
| • January 16, 2025    | Baader Helvea, German Corporate Day, Toronto                    |
| • January 23, 2025    | Kepler Cheuvreux, 24th German Corporate Conference, Frankfurt   |



# Disclaimer

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](http://www.covestro.com).

The company assumes no liability whatsoever to update these forward-looking statements or to adjust them to future events or developments.