



Transform to perform

Roadshow presentation

Covestro is diversified across geographies and end-markets



Key performance indicators and sales split



Sales
2023



EBITDA
2023

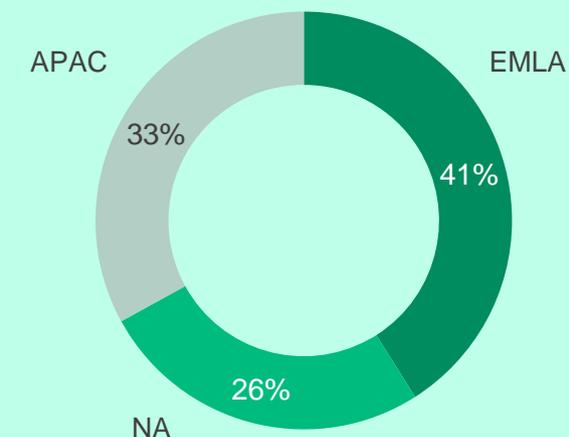
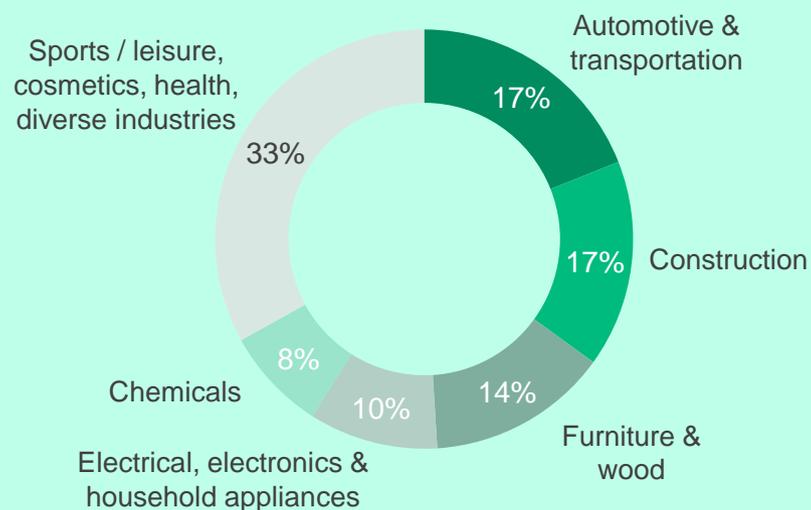
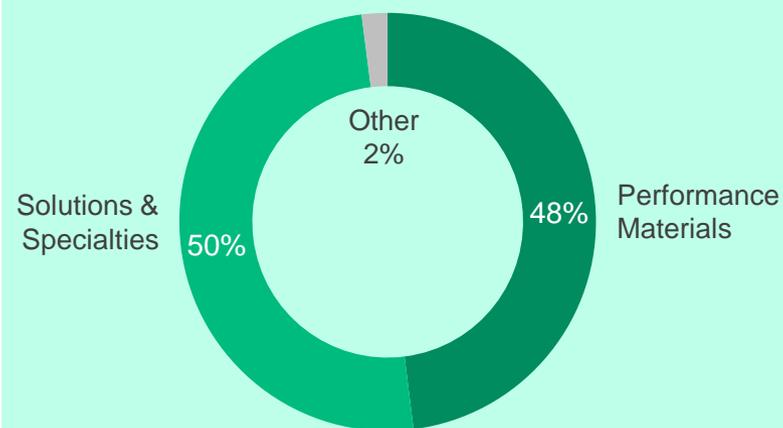


FOCF
2023



ROCE above WACC
2023

2023 sales



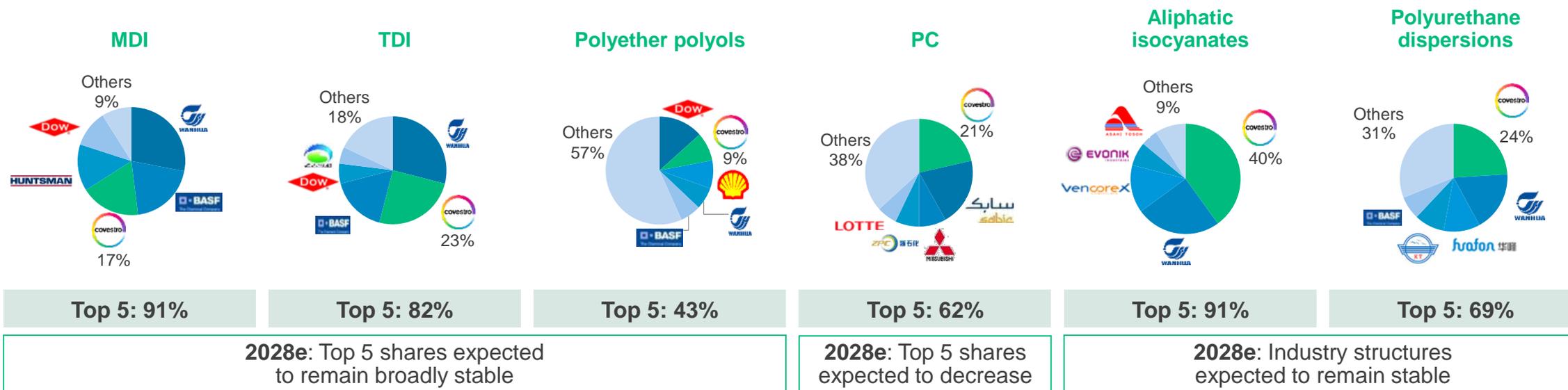
Covestro is a global leader across its entire portfolio

World-wide industry positions and production capacities



#1 IN KEY MARKETS

CAPACITY SHARE IN 2022⁽¹⁾



COVESTRO⁽¹⁾

Global Rank	Global #3	Global #2	Global #2	Global #1	Entry requirements <ul style="list-style-type: none"> Economies of scope Formulation and application know-how Close customer relationships and long-term R&D collaborations Operation of global business platform
Capacity	1,780kt	810kt	1,400kt	1,600kt	
Sites	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

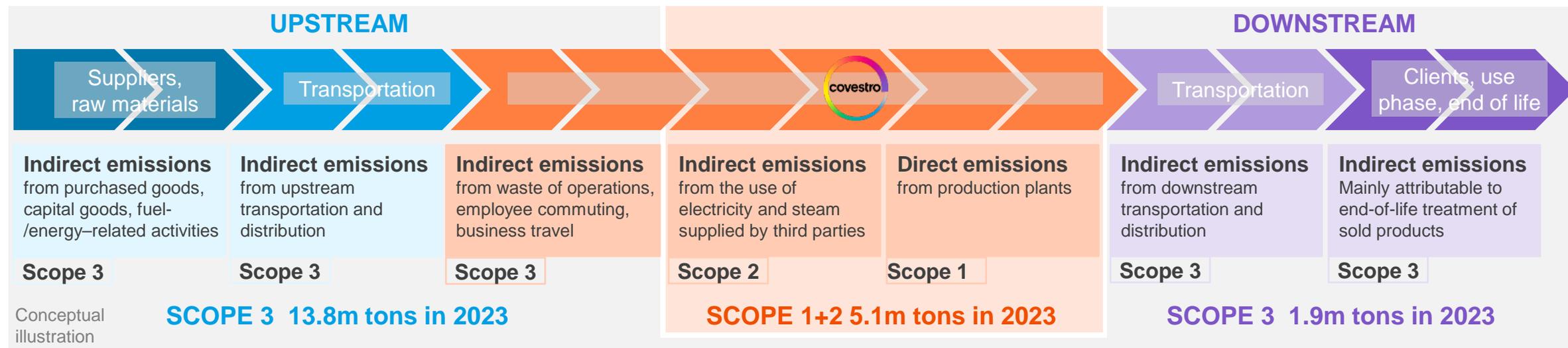
! MILESTONE
LEAP transformation accomplished

! MILESTONE
Integration of RFM accomplished

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

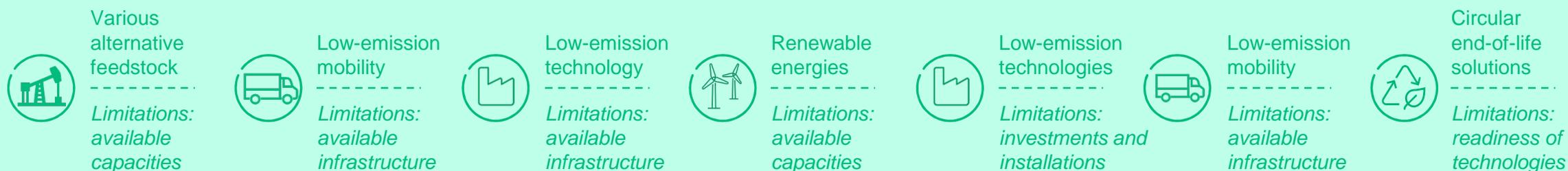
Climate neutrality with existing technologies and assets

Covestro greenhouse gas emissions



EXISTING OPTIONS AND CURRENT LIMITATIONS TO REDUCE GHG EMISSIONS

Selective examples only

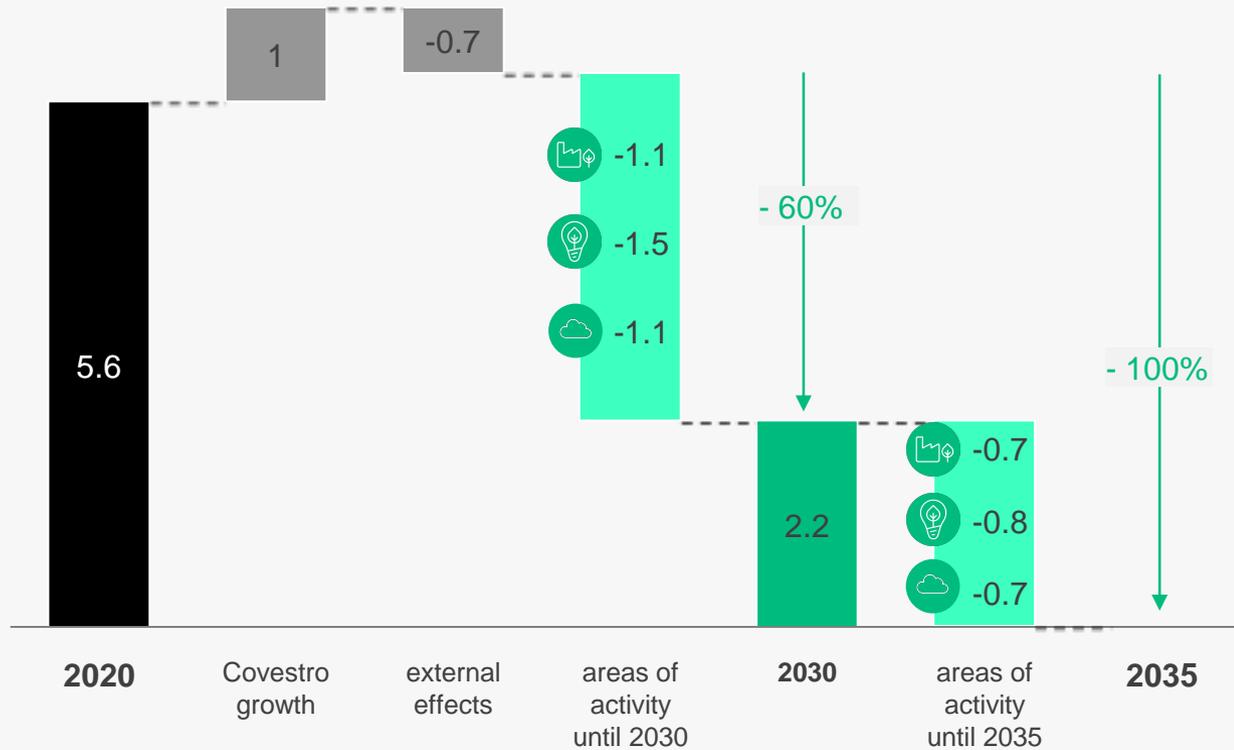


Sustainable manufacturing and renewable energy to lead path



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



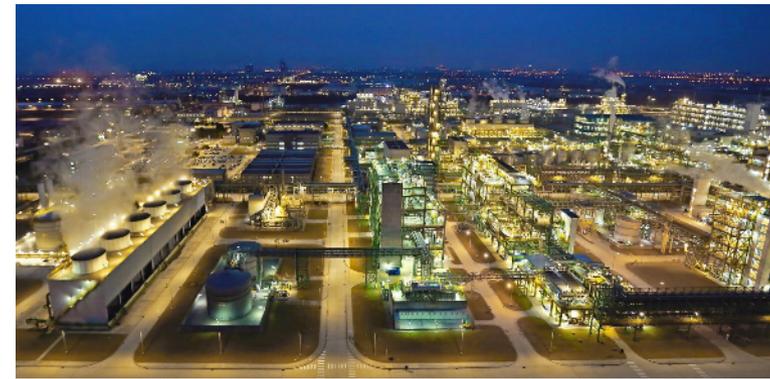
EMLA⁽¹⁾: Wind electricity PPA's with ENGIE for 45% of site's power in Antwerp and with Ørsted for 10% of sites' electricity in Germany



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 Engie and Ørsted for 582 GWh solar and wind energy:

45% of electricity for Antwerp site since 2022

10% of German sites as of 2025

APAC

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

45% of electricity for Shanghai site since 2023

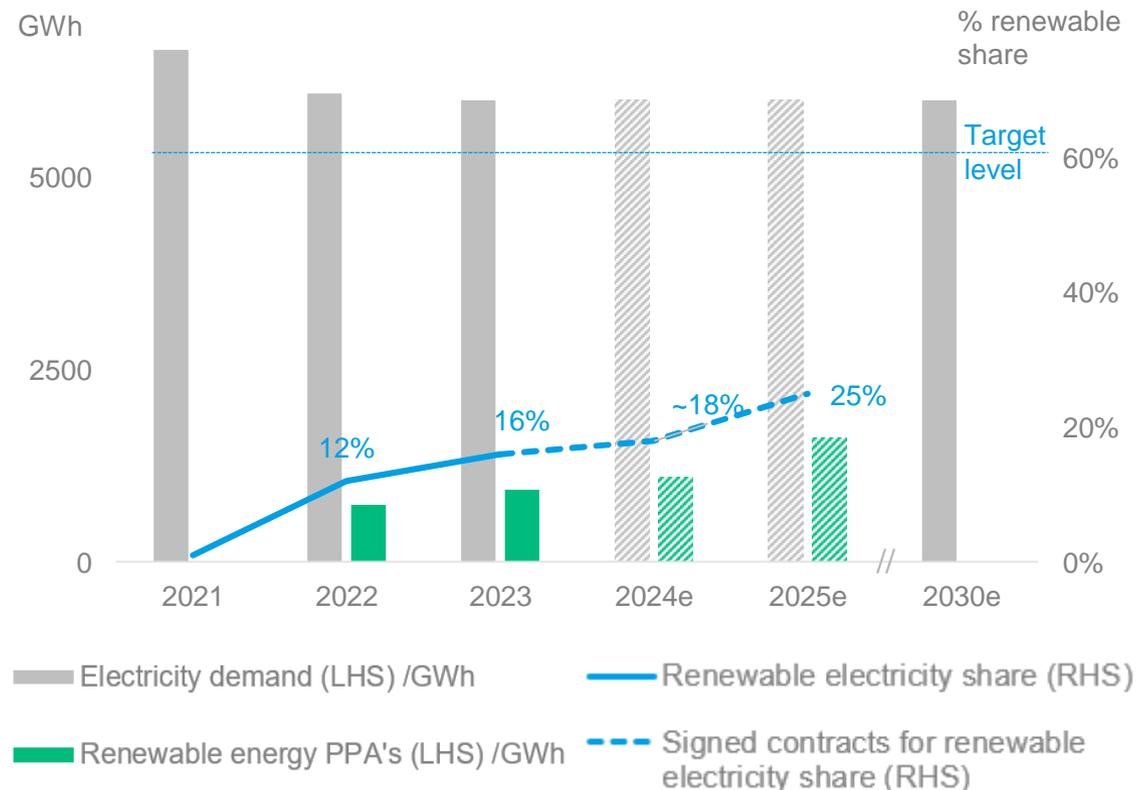
NA

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

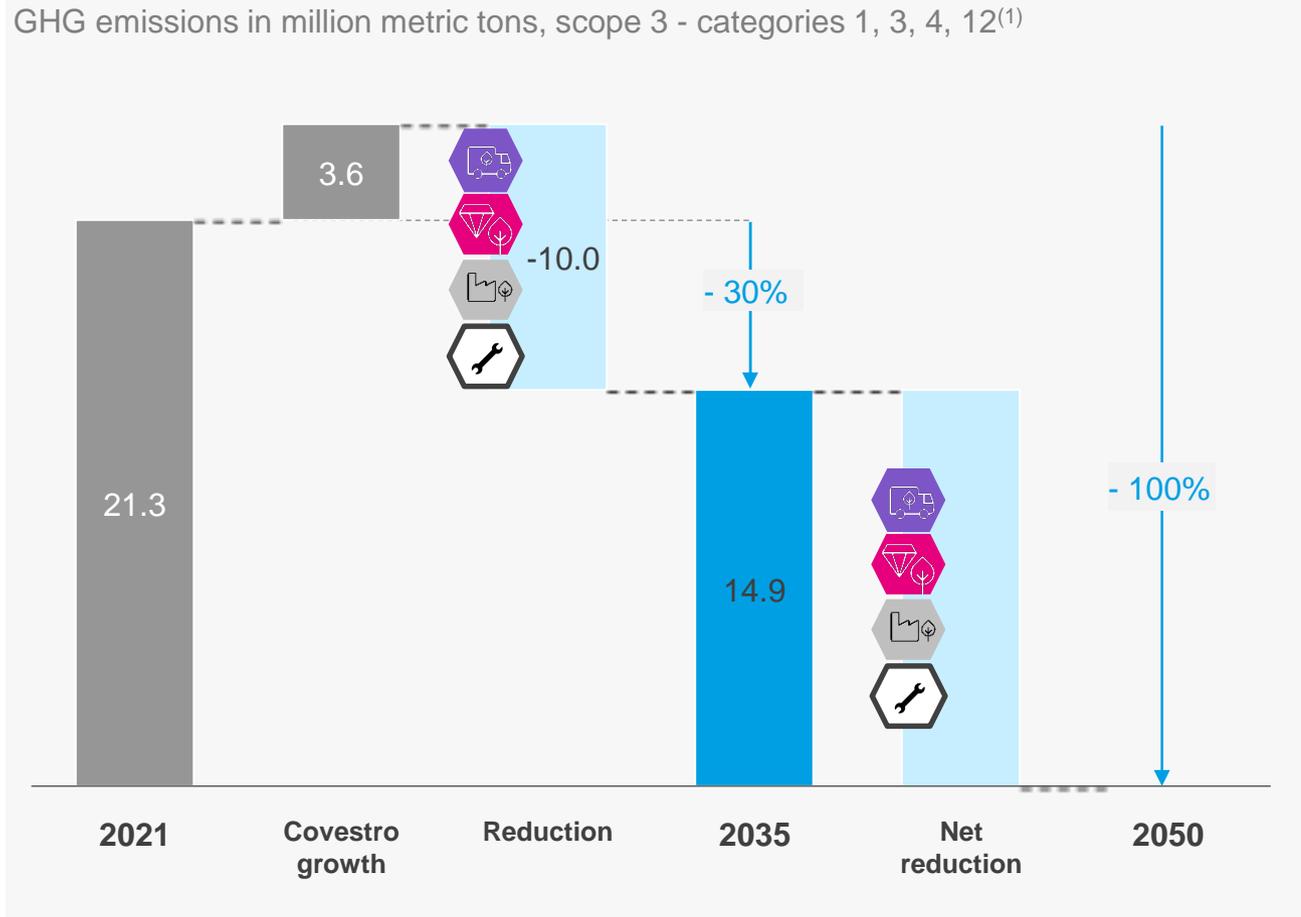


Significant progress to our intermediate target of 60% GHG reduction until 2030

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 CO₂ 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

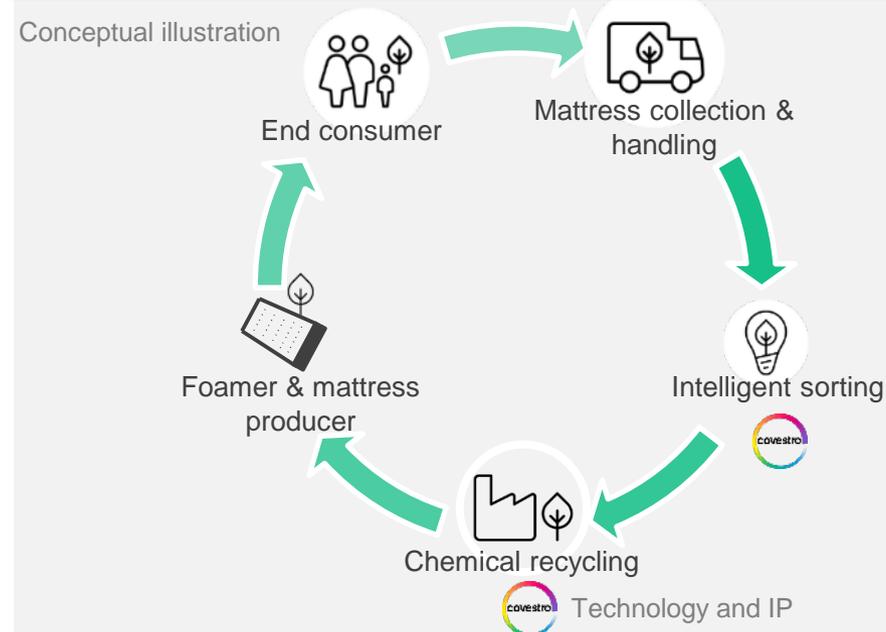


Innovative recycling / joint solutions

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



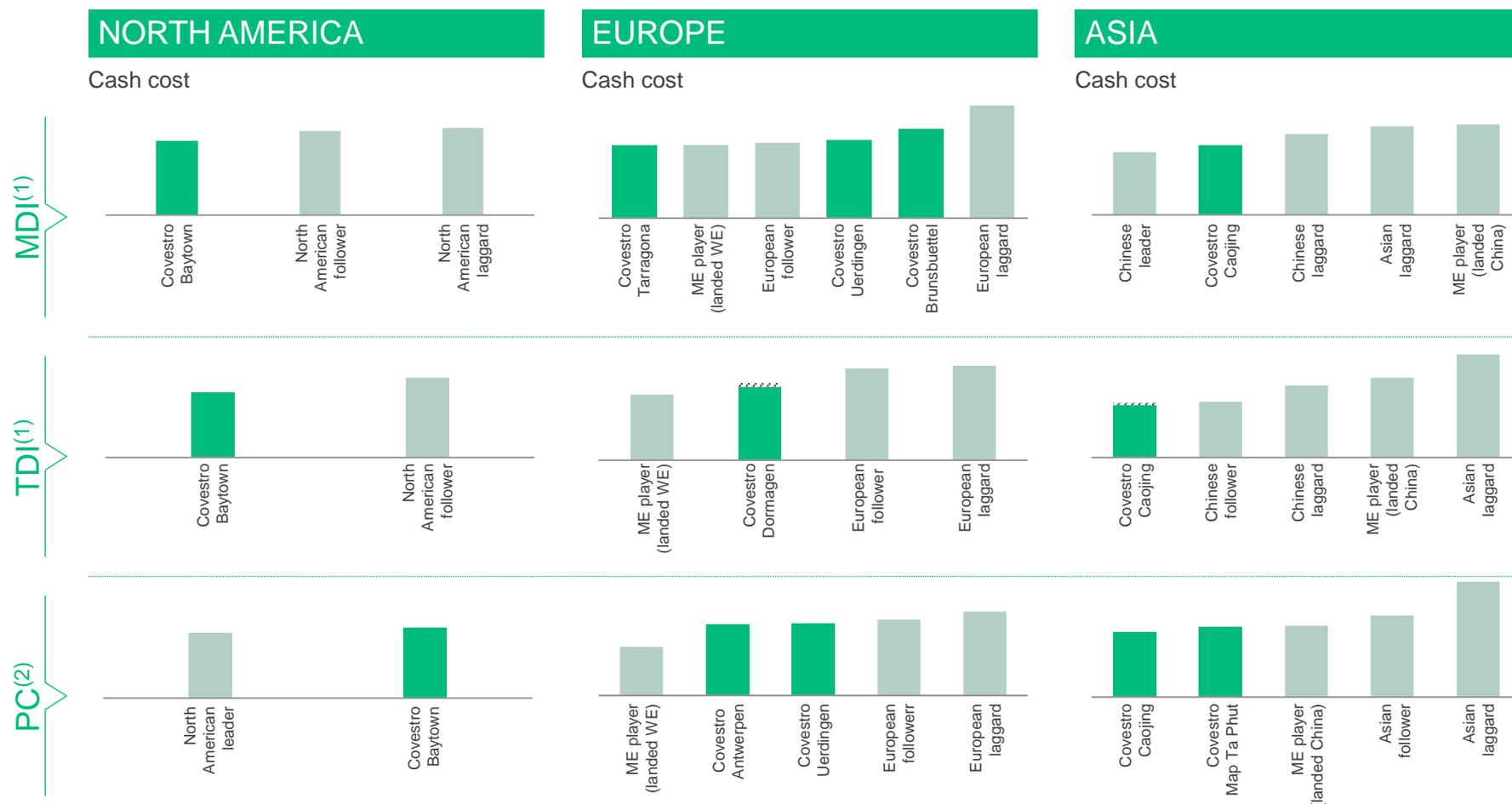
Timeline:



Leading cost positions across markets and regions



Covestro cash cost positions



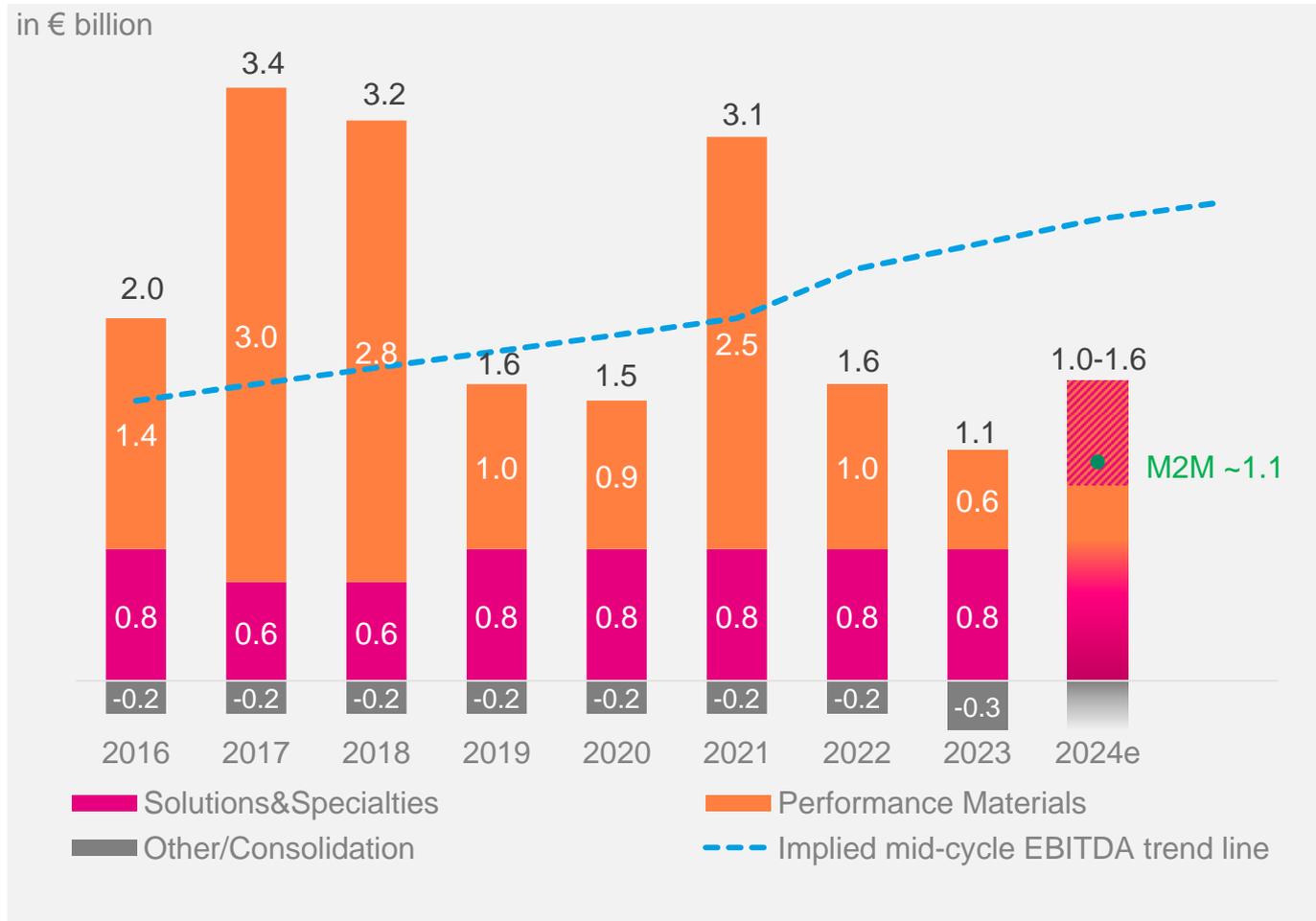
HIGHLIGHTS

- 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

/// Cash cost improvements based on investment projects

FY 2024 EBITDA expected between €1.0 to 1.6bn

EBITDA development between 2016 and 2024e



HIGHLIGHTS

Mark-to-market (M2M):

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

Mid-cycle EBITDA:

- Mid-cycle definition: Respective year's EBITDA performance under average market conditions
- In 2022, mid-cycle EBITDA additionally increased due to RFM acquisition
- Mid-cycle EBITDA expected to increase yearly based on capacity additions

Outlook reflecting ongoing weak demand environment

Full year guidance 2024



	FY 2023	GUIDANCE FY 2024
EBITDA	€1,080m	€1,000 to 1,600m
FOCF	€232m	€0 to 300m
ROCE above WACC ⁽¹⁾	-6.1pp	-7 to -2pp
GHG emissions (scope 1 and 2)	4.9m tons	4.4 to 5.0m tons

Additional financial expectations

Sales	€14.4bn	€14.0 to 15.0bn
EBITDA Q1	€286m	€180 to 280m
D&A	€894m	~€850m
Financial result	€-113m	€-120 to -160m
Income tax	€275m	€250 to 350m
Capex ⁽²⁾	€765m	~€800m

HIGHLIGHTS

2024 FX sensitivity

- 1pp change equals
+/- €10m for CNY/EUR (basis 7.90)
+/- €5m for USD/EUR (basis 1.10)

FOCF range

- Smaller range compared to EBITDA due to counterbalancing working capital effects

GHG emissions

- GHG range mainly driven by expected increase in production volumes offset by EEG exit in Germany

Income tax

- Income tax driven by unfavorable geographical earnings mix (non-deductible losses in Germany)
- Long-term tax rate estimated between 24-26%⁽³⁾

Still depressed outlook for core industries going into 2024

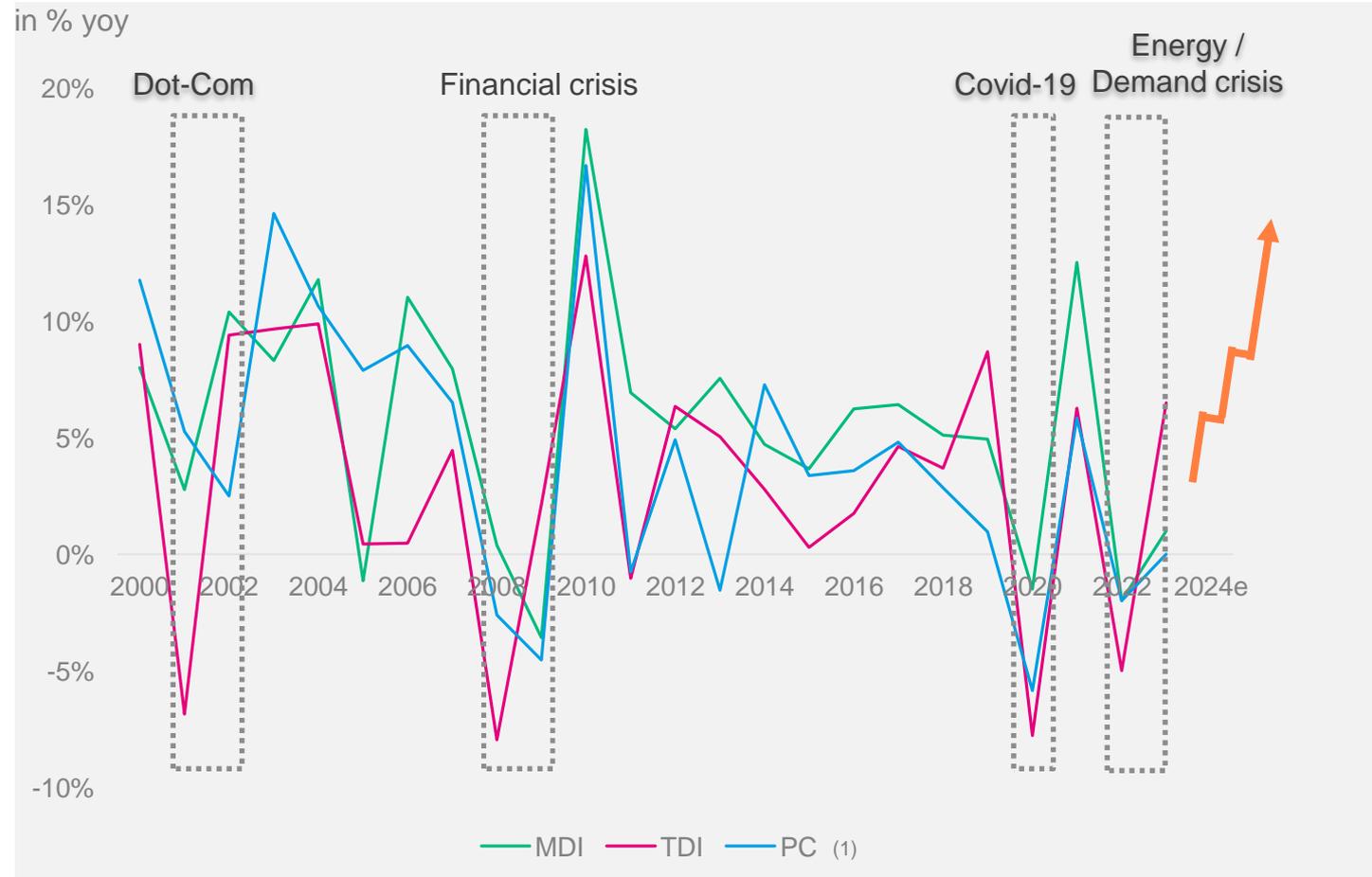
Global demand development



KEY CUSTOMER INDUSTRIES		2022 Y/Y	2023 Y/Y ⁽¹⁾	2024e ⁽²⁾
Global GDP		+3.1%	+2.7%	+2.4%
Automotive EV / BEV		+7.1% +72.8%	+10.2% +29.8%	+0.8% +28.9%
Construction Residential		+0.7% +0.2%	-2.4% -4.3%	-2.5% -5.8%
Furniture Soft furniture		-3.6% -5.2%	-3.7% -3.8%	+0.1% +0.5%
Electrical, electronics and household appliances Appliances		-0.9% -1.3%	-0.9% +7.2%	+1.5% +1.4%

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

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">• Covestro's industry and cost leadership make growth investment the most value-creating use of cash• Capex above D&A during the next five years• Maintenance capex to secure safe, reliable and efficient operations	<ul style="list-style-type: none">• Policy: 35-55% payout of net income	<ul style="list-style-type: none">• Acquisition of DSM's Resins and Functional Material (RFM) business for EV €1.55bn with attractive high margins (~€0.9bn sales)• Less attractive low-margin businesses divested (~€0.6bn sales)• Further pursue options of value enhancing bolt-on acquisition for Solutions & Specialties segment	<ul style="list-style-type: none">• Share buyback of €1.5bn executed in 2017-2018• Capital increase of €447m executed in context of RFM acquisition in 2020• Share buyback of €0.2bn executed in 2022-2023• Asking AGM 2024 for renewed authorization for share buy-back program for up to 10% of share capital
<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>

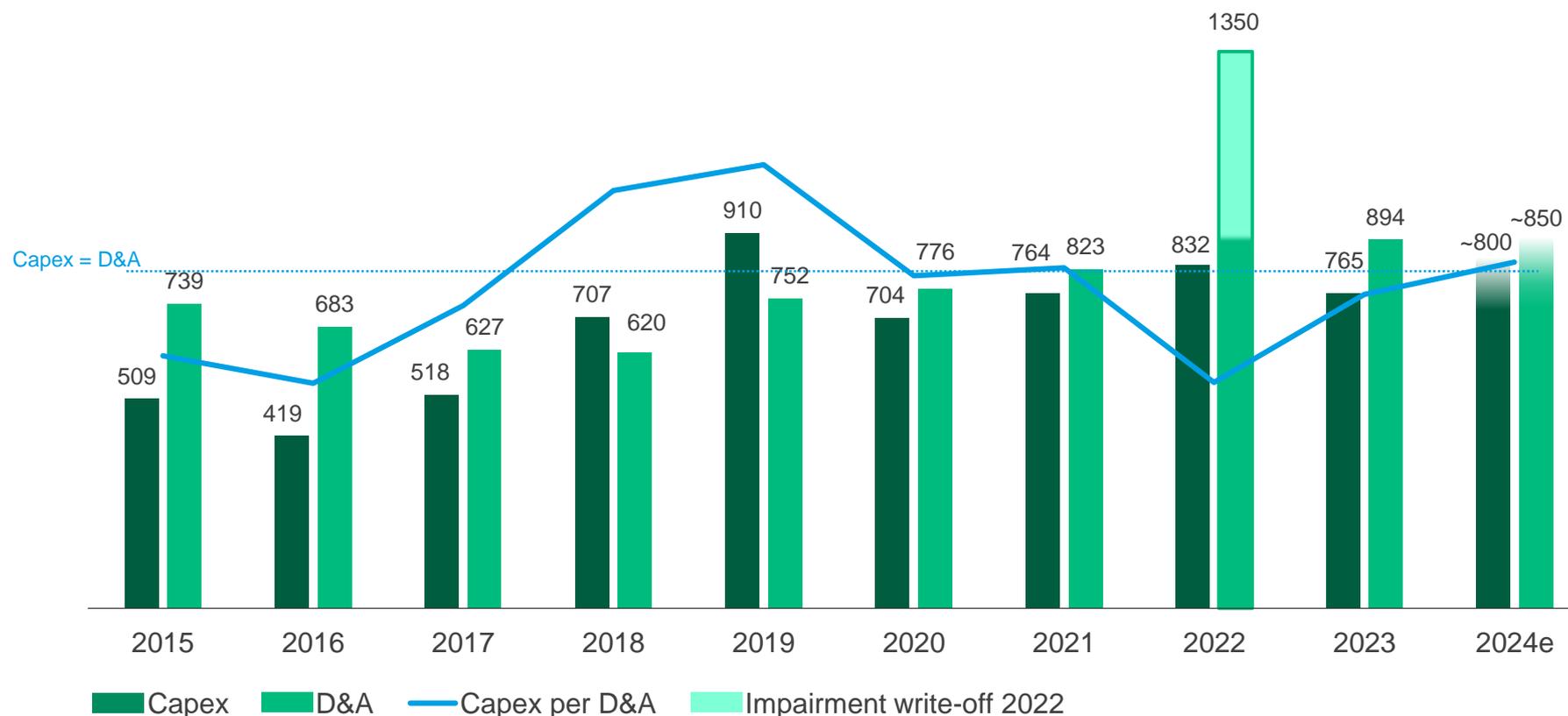
Significant investments into growth

Group capex and D&A



HISTORIC AND PROJECTION

in € million

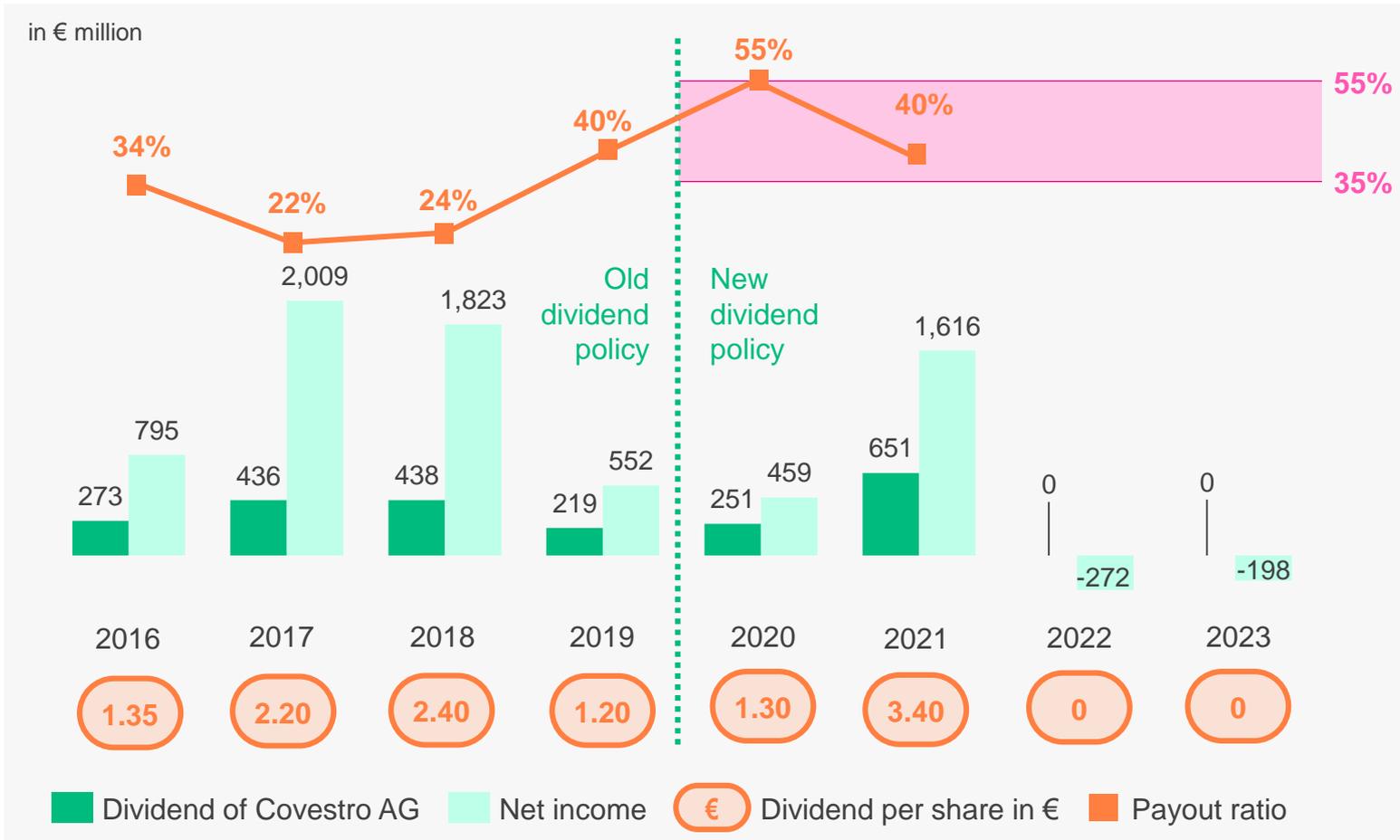


HIGHLIGHTS

- 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

Ongoing shift to high-margin business

Portfolio management



DIVESTMENTS

Additive Manufacturing business

📅 April 2023

Dubai system house⁽¹⁾

📅 July 2021

Europe Polycarbonates sheets business

📅 September 2019

Europe system houses

📅 June 2019

USA Polycarbonates sheets business

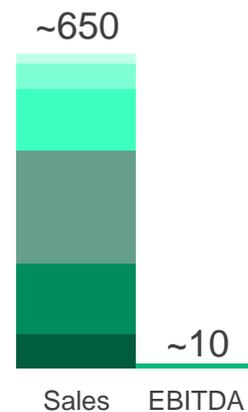
📅 August 2018

NA Polyurethanes spray foam business

📅 April 2017

📅 Closing

Cumulated, in € million



Business divested at average EV/EBITDA >20x

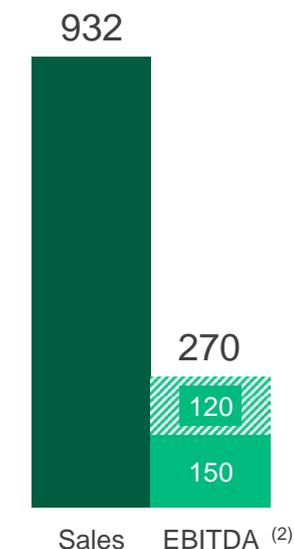
Portfolio analysis ongoing, further minor divestments possible

ACQUISITIONS

DSM Resins & Functional Materials business

📅 April 2021

in € million



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

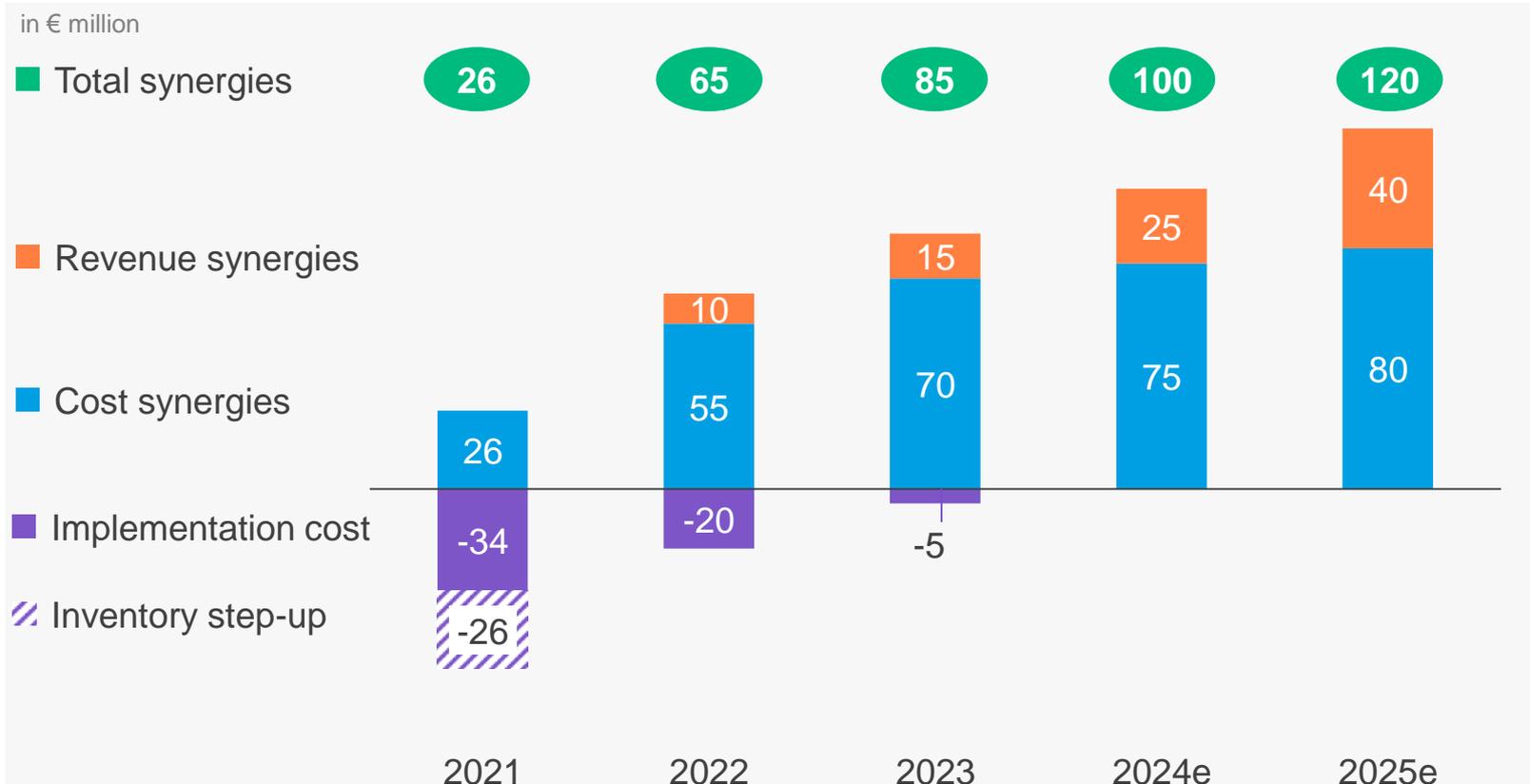
Further pursue value-enhancing bolt-on acquisition options with attractive IRR for Solutions & Specialties segment

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

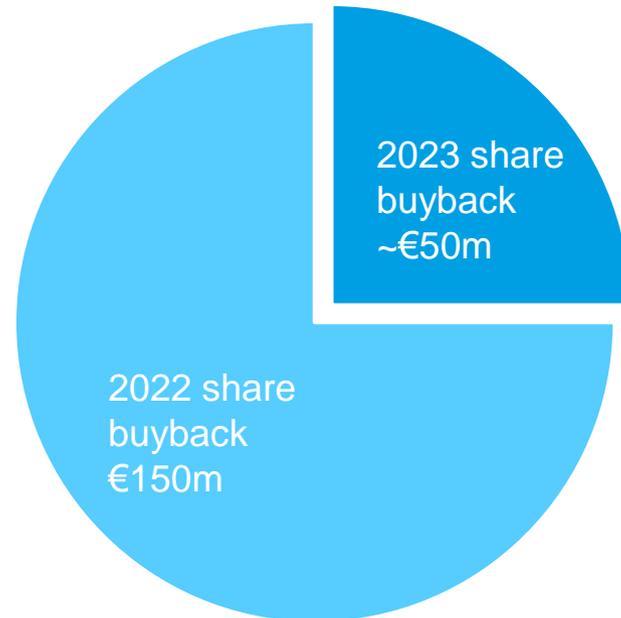
- RFM operational performance fully in line with expectations
- 94% of new employees feel welcome at Covestro

€200m share buyback accomplished

Two-year share buyback program

ACCOMPLISHMENT

February 28, 2022 to October 26, 2023



2022/2023 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

Third sub-tranche details (€49m)

- 1.208m shares purchased, average share price €40.81

Share buyback authorization ends in April 2024

Σ: ~4.7m shares purchased at an average price of 42.50€



NEW AUTHORIZATION FOR SHARE BUYBACK PROPOSED AT AGM 2024

Transform to perform

FY 2023 Highlights



1

Sales decreased to €14.4bn

caused by lower prices, lower volumes and unfavorable FX

2

EBITDA FY 2023 of €1.1bn in line with guidance

burdened by negative pricing delta, lower volumes and FX

3

Solid FY 2023 FOCF of €232m

supported by successful working capital management

4

FY 2024 guidance announced

with an expected EBITDA of €1.0 to 1.6bn

5

Covestro continues climate neutrality pathway

by announcing scope 3 GHG emission targets with climate neutrality until 2050

Seasonality and price pressure affecting sales and EBITDA



Group results – Highlights Q4 2023

SALES

in € million / changes Y/Y

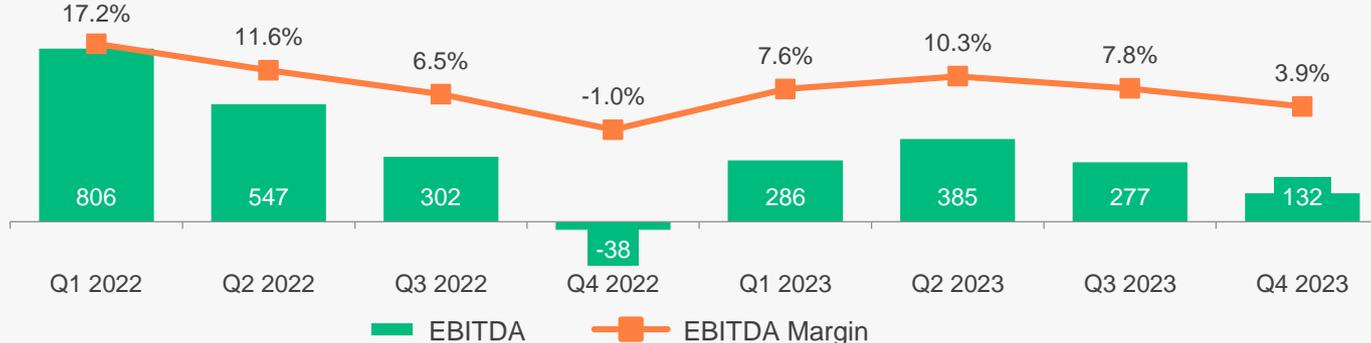


HIGHLIGHTS Q4 2023

- Year-on-year sales decline (-15.6%) mainly attributable to negative pricing (-15.7%) and FX (-3.0%) but with positive volume (+3.1%)
- Sequentially, seasonally declining sales development with positive volume development but negative effects of pricing and currency

EBITDA AND MARGIN

in € million



HIGHLIGHTS Q4 2023

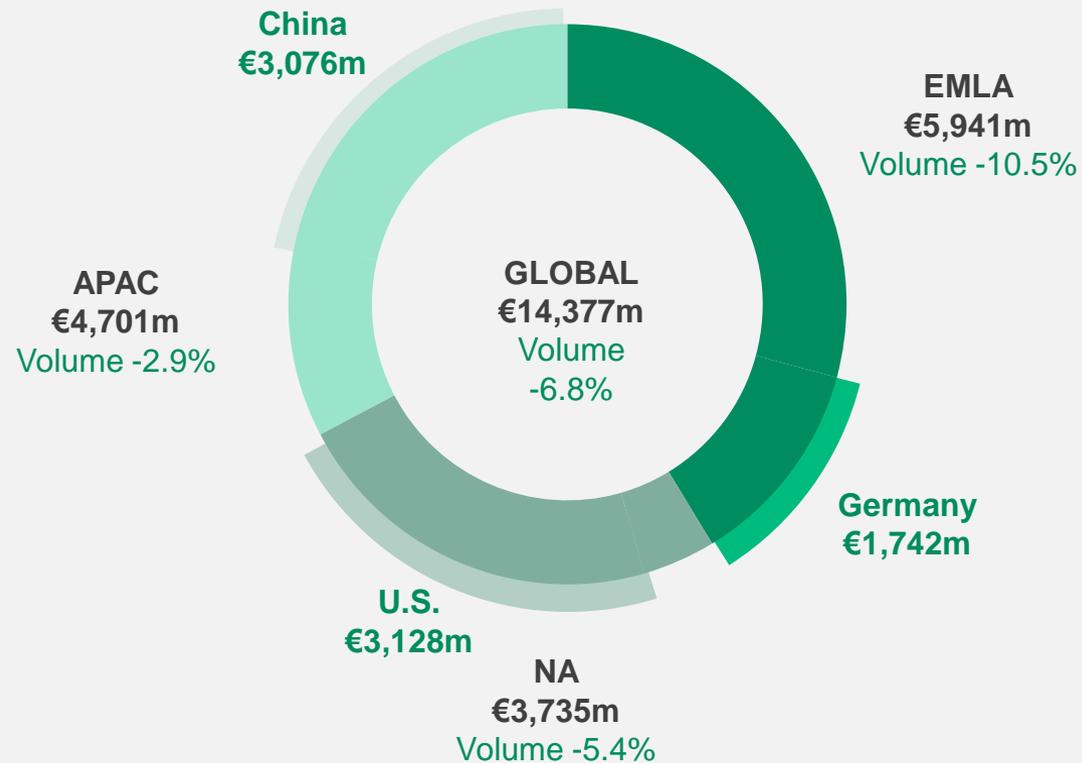
- Year-on-year EBITDA improved strongly based on positive volume and lower idle costs despite negative pricing delta and FX
- Sequentially, earnings declined due to negative pricing delta and seasonally lower volumes
- EBITDA margin declined to 3.9% in Q4 2023

Ongoing weak global demand

FY 2023 – Regional split



Sales Volume Y/Y



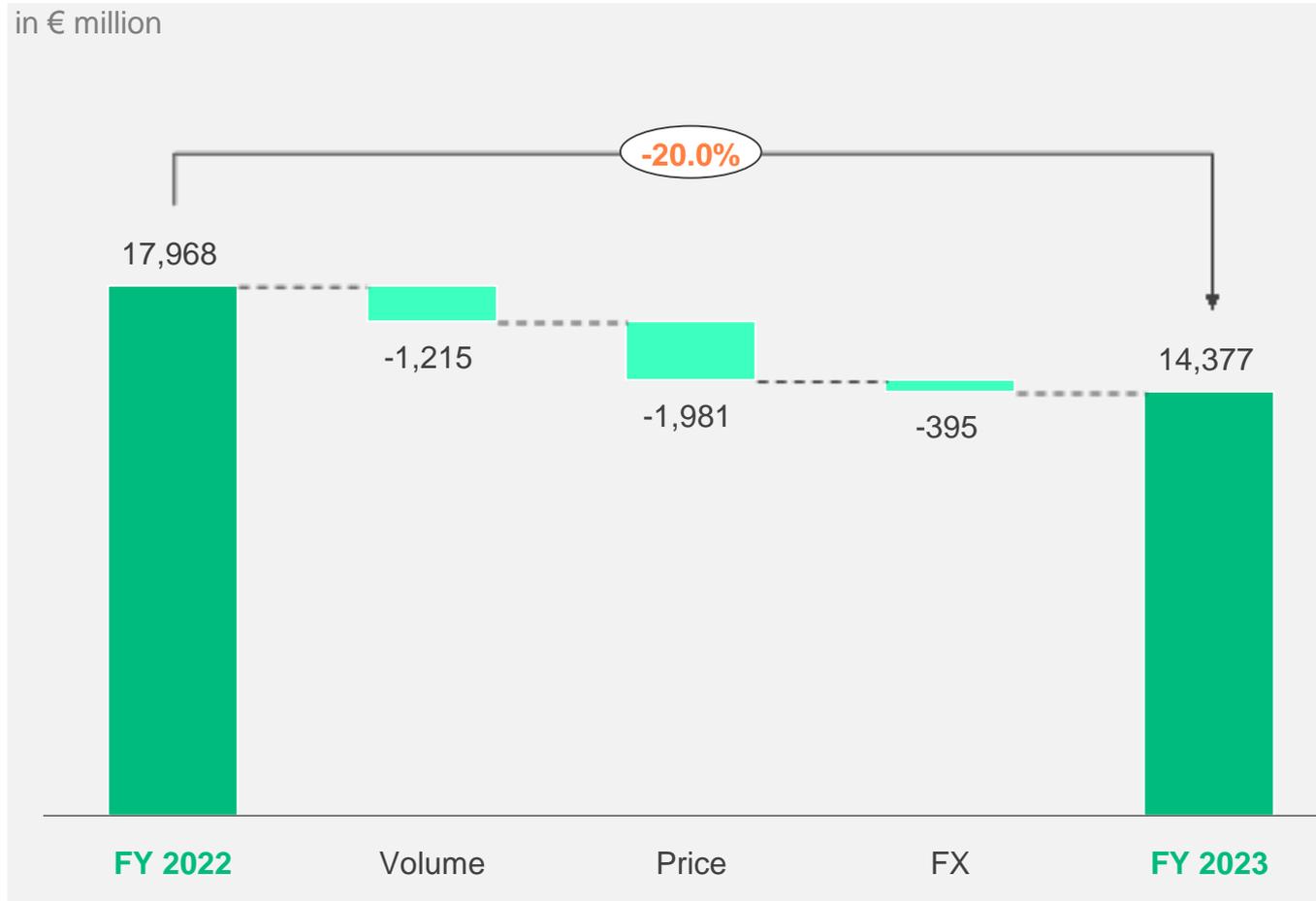
HIGHLIGHTS

- Year-on-year mixed volume development in the different industries:
 - **Auto** mid-single-digit % increase
 - **Furniture/wood** flat development
 - **Electro** low single-digit % decline
 - **Construction** high single-digit % decline
- **EMLA:** Ongoing demand weakness with slight decline in construction, furniture and strong decline in electro partially caused by temporary technical limitations; auto with slight increase
- **NA:** Slight increase in auto, electro flattish, furniture with slight decline while construction showing ongoing significant decline
- **APAC:** Furniture and auto with slight growth, whereas electro flattish and construction with strong decline

Sales decrease driven by strong price and volume decline



FY 2023 – Sales bridge



HIGHLIGHTS

Volume negative

- Volume decline of 6.8% Y/Y

Pricing negative

- Pricing affected sales by -11.0%
- Performance Materials strongly affected (-15.7% Y/Y) whereas Solutions & Specialties only with decline (-6.4% Y/Y)

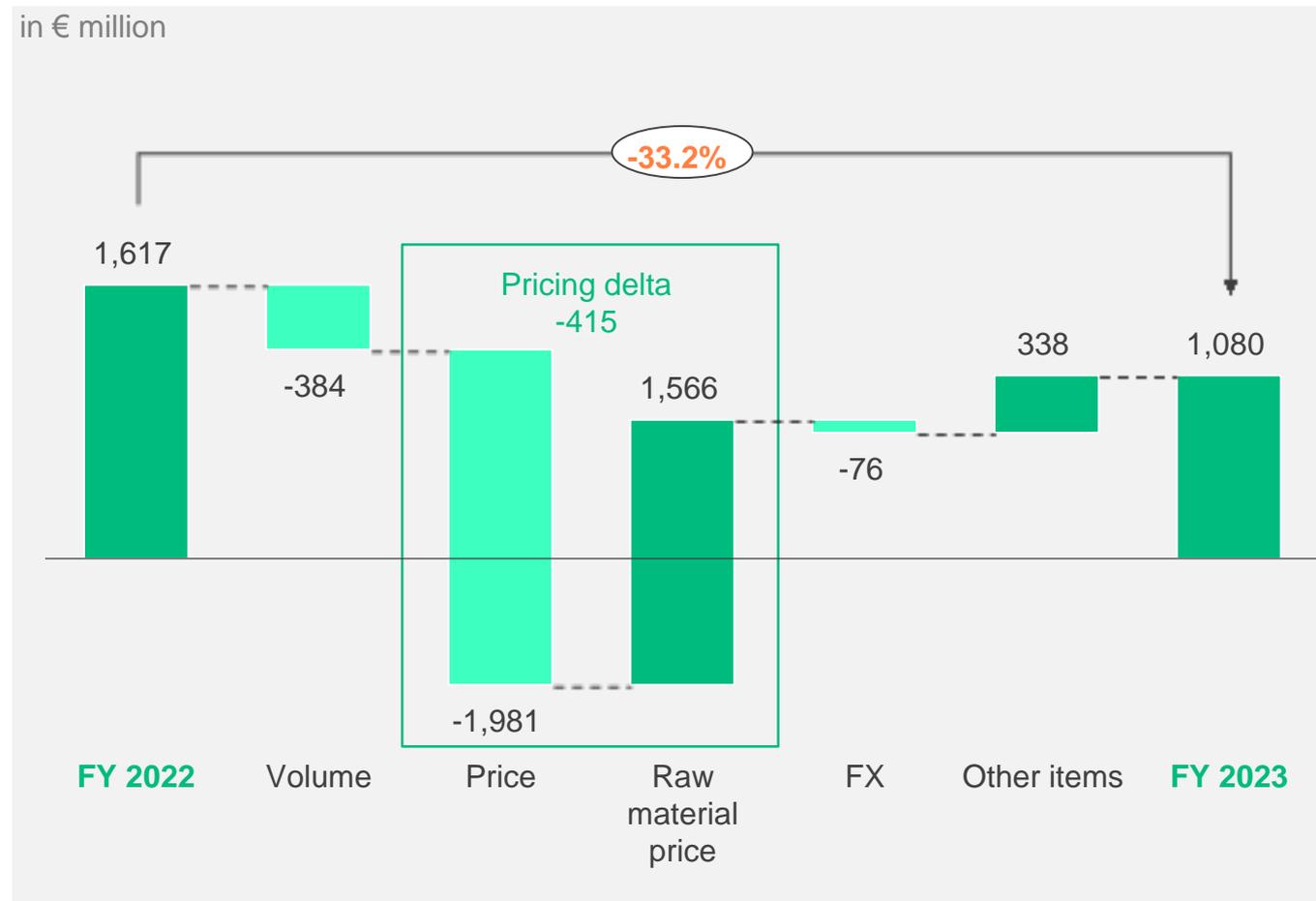
FX negative

- FX affected sales by -2.2% Y/Y mainly driven by RMB, USD, INR and JPY

Earnings decline counterbalanced by significant fix cost reduction



FY 2023 – EBITDA bridge



HIGHLIGHTS

Negative volume

- Volume leverage⁽¹⁾ of only 32%
- Volume leverage below long-term average due to low margins per ton reflecting the stage of the cycle

Negative pricing delta

- Strong margin decline due to unfavorable supply-demand situation

Other items

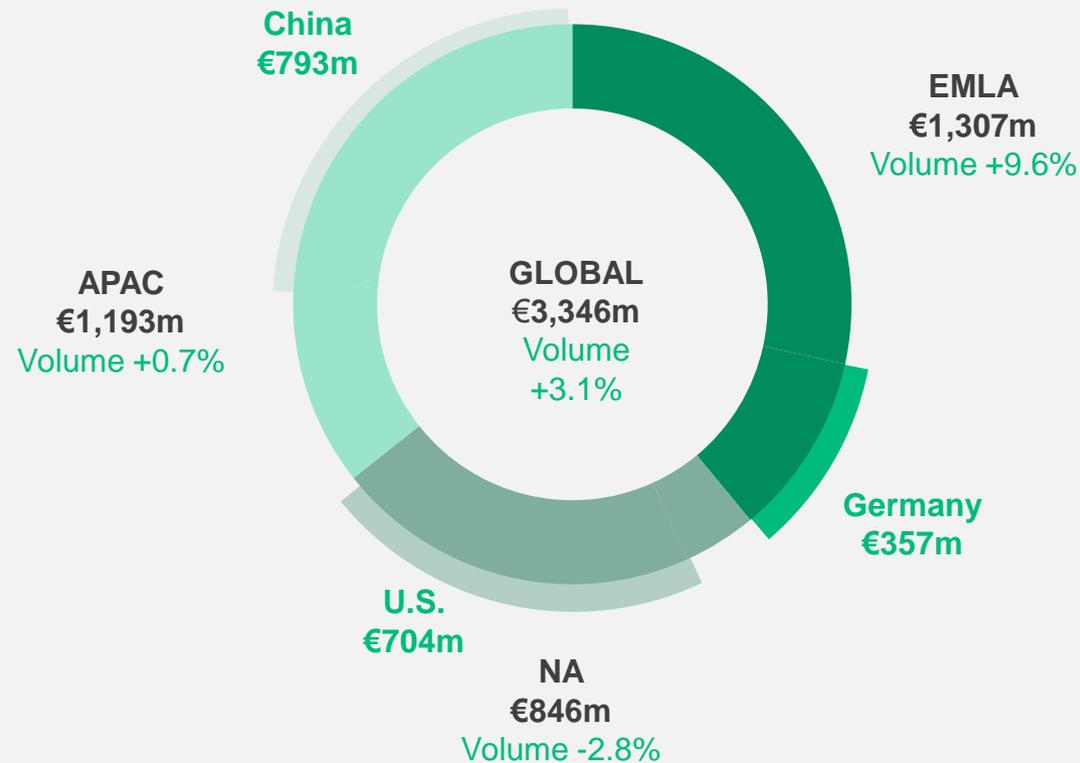
- Significantly lower operational cost
- Book gains from the divestment of the Additive Manufacturing business of €35m
- Expenses/provisions for closure/discontinuation of different business activities of €26m
- Higher provisions for short- and long-term variable compensation of €166m

Positive volume development

Q4 2023 – Regional split



Sales volume Y/Y



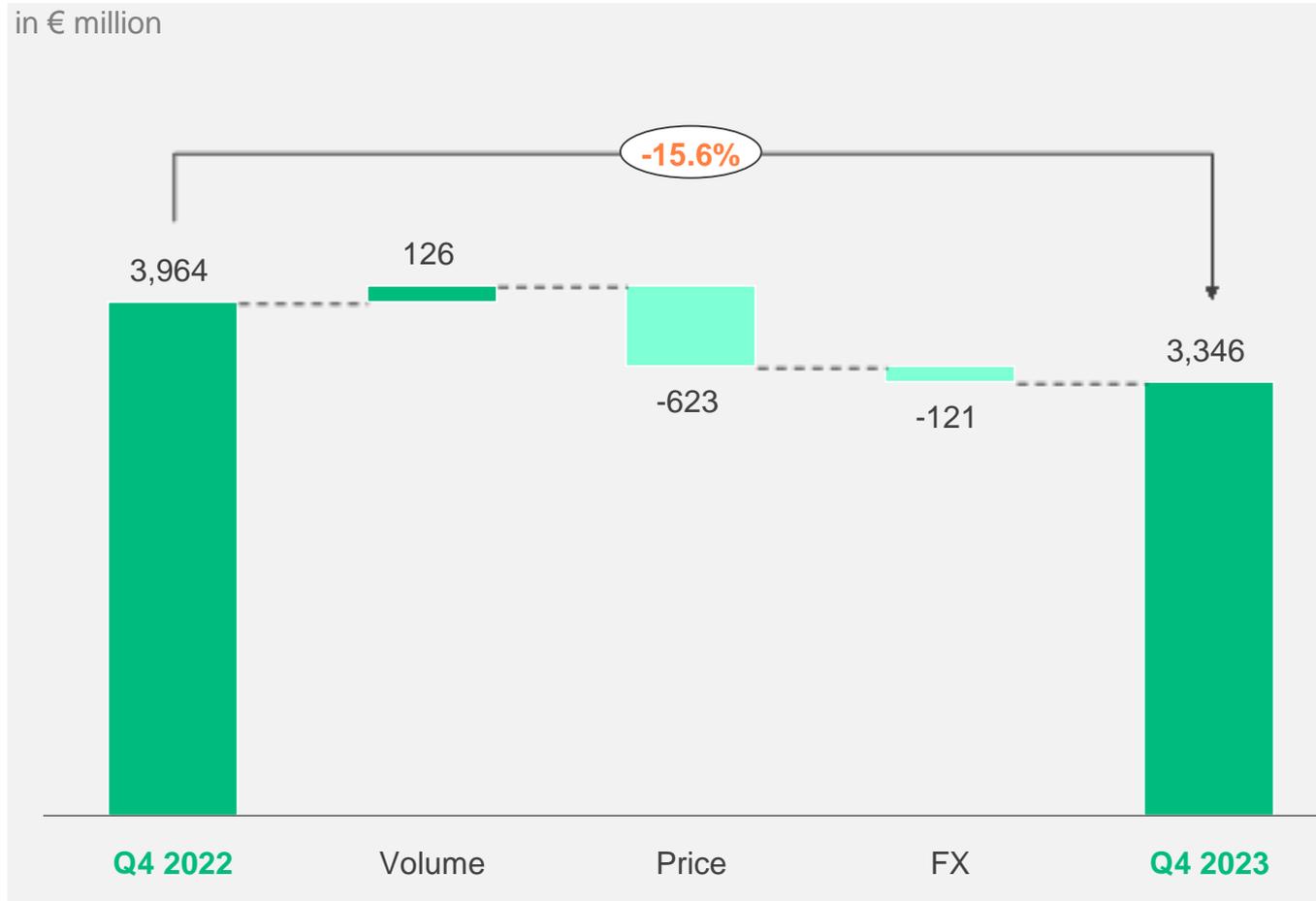
HIGHLIGHTS

- Year-on-year volume development in the different industries:
 - **Construction** low teens % increase
 - **Furniture/wood** high single-digit % increase
 - **Auto** low single-digit % increase
 - **Electro** low single-digit % increase
- **EMLA:** Resolution of most chlorine issues leading to increased production rates in Q4 2023 with significant increase in construction, electro and furniture while auto was flattish
- **NA:** Electro and construction with slight increase, auto flat, furniture with slight decline
- **APAC:** Furniture and auto exhibiting significant growth, electro flat while construction with ongoing significant decline

Sales decrease due to pricing pressure but positive volumes



Q4 2023 – Sales bridge



HIGHLIGHTS

Volume positive

- Volume increase of 3.1% Y/Y

Pricing negative

- Performance Materials strongly affected (-22.0% Y/Y), Solutions & Specialties with significant decline as well (-10.2% Y/Y)

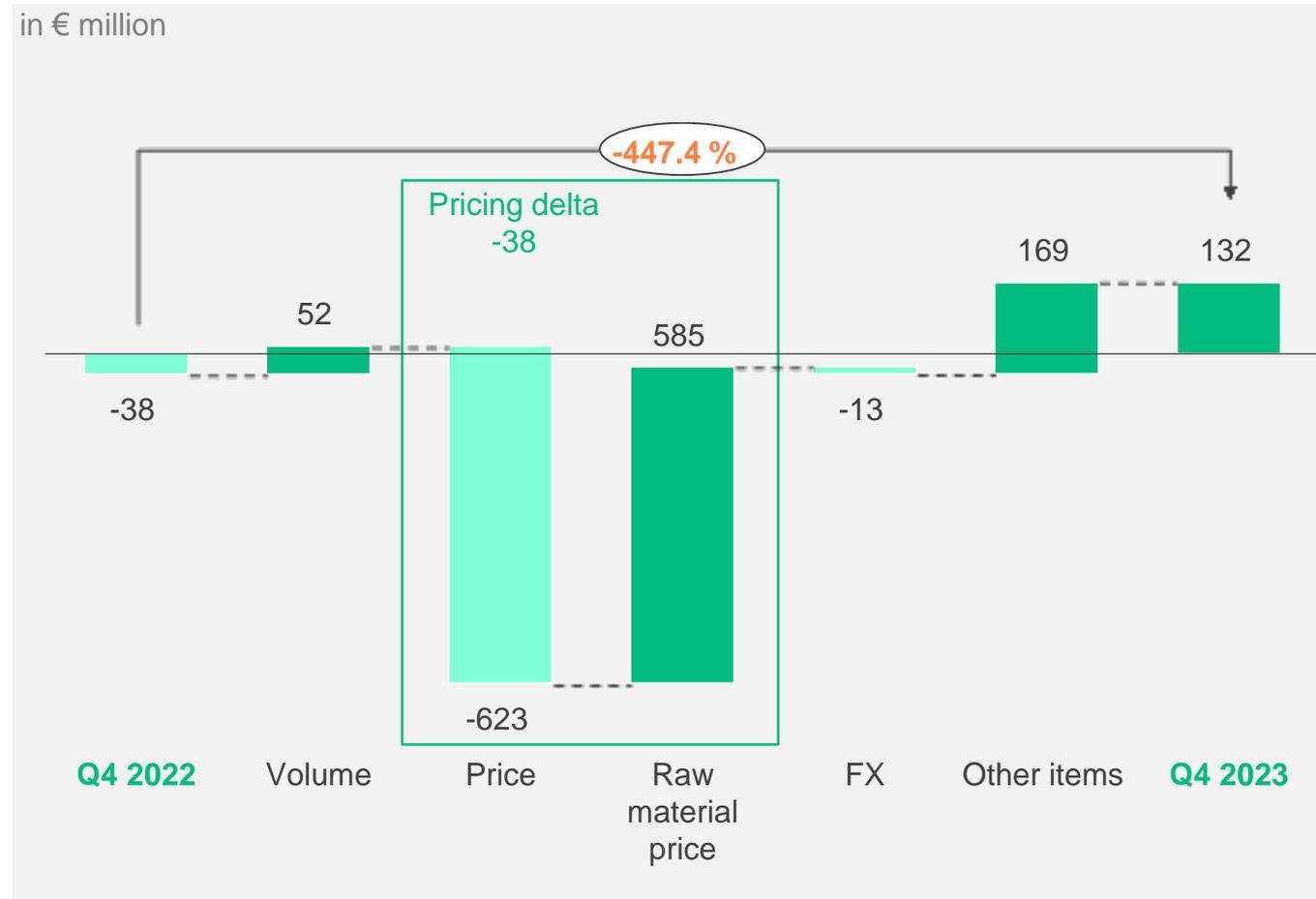
FX negative

- FX affected sales by -3.0% Y/Y mainly driven by RMB, USD, INR and JPY

EBITDA increase mainly from significantly reduced fixed cost



Q4 2023 – EBITDA bridge



HIGHLIGHTS

Low volume leverage⁽¹⁾

- Volume leverage of 41%
- Volume leverage below long-term average due low margins per ton reflecting the stage of the cycle

Slightly negative pricing delta

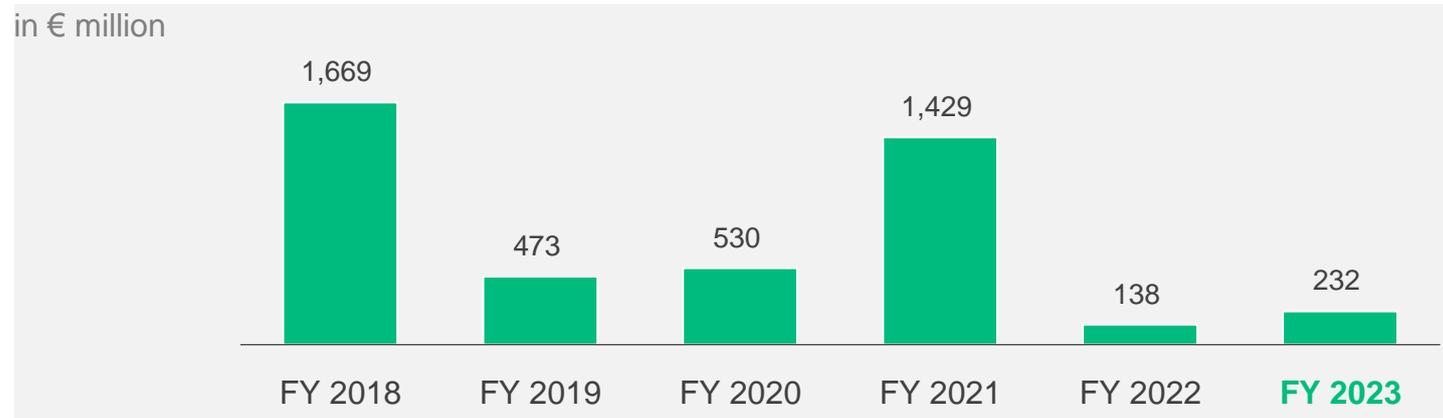
- Raw material and energy prices significantly down compared to Q4 2022
- Strongly declining prices due to declining raw material prices and ongoing weak demand

Other items driven by:

- Significantly reduced operational cost
- Provisions for advisory cost of €21m
- Higher provisions for variable compensation of €52m

Solid FOCF in a trough year

Historical FOCF development



EBITDA	+3,200	+1,604	+1,472	+3,085	+1,617	1,080
Changes in working capital⁽¹⁾	-167	+437 ⁽³⁾	-100 ⁽³⁾	-727	+312	+250
Capex⁽²⁾	-707	-910	-704	-764	-832	-765
Income tax paid	-574	-296	-155	-546	-538	-383
Other effects⁽³⁾	-83	-362 ⁽³⁾	+17 ⁽³⁾	+381	-421	+50

HIGHLIGHTS

- Q4 2023 FOCF of €73m
- FY 2023 FOCF increase driven by continuous working capital management throughout the year despite declining EBITDA
- Working capital to sales ratio⁽⁴⁾ increased to 16.6% (FY 2022: 15.1%), driven by steadily declining sales despite lower year-end inventories
- FY 2023 capex of €765m slightly below guidance due to efficiencies
- FY 2023 income taxes influenced by unfavorable geographical earnings mix; tax payments include a settlement of a German tax audit for fiscal years 2016-18
- Other effects: FY 2022 included payout of bonus provisions of €475m; no bonus payout in FY 2023



Net losses due to unfavorable geographical earnings mix

P&L statement FY 2023

In € million	FY 2022	FY 2023	% of FY'23 SALES	Δ Y/Y
Sales	17,968	14,377	100%	-20.0%
EBITDA	1,617	1,080	7.5%	-33.2%
D&A excl. impairments	-888	-849	-5.9%	-4.4%
Impairments	-462	-45	-0.3%	-90.3%
EBIT	267	186	1.3%	-30.3%
Financial result	-137	-113	-0.8%	-17.5%
EBT	130	73	0.5%	-43.8%
Income taxes excl. DTA adjustments	-156	-36	-0.3%	-76.9%
DTA adjustments	-255	-239	-1.7%	-6.3%
Net income⁽¹⁾	-272	-198	-1.4%	-27.2%
Earnings per share (in €) ⁽²⁾	-1.42	-1.05	-	-26.1%

HIGHLIGHTS

Impairments

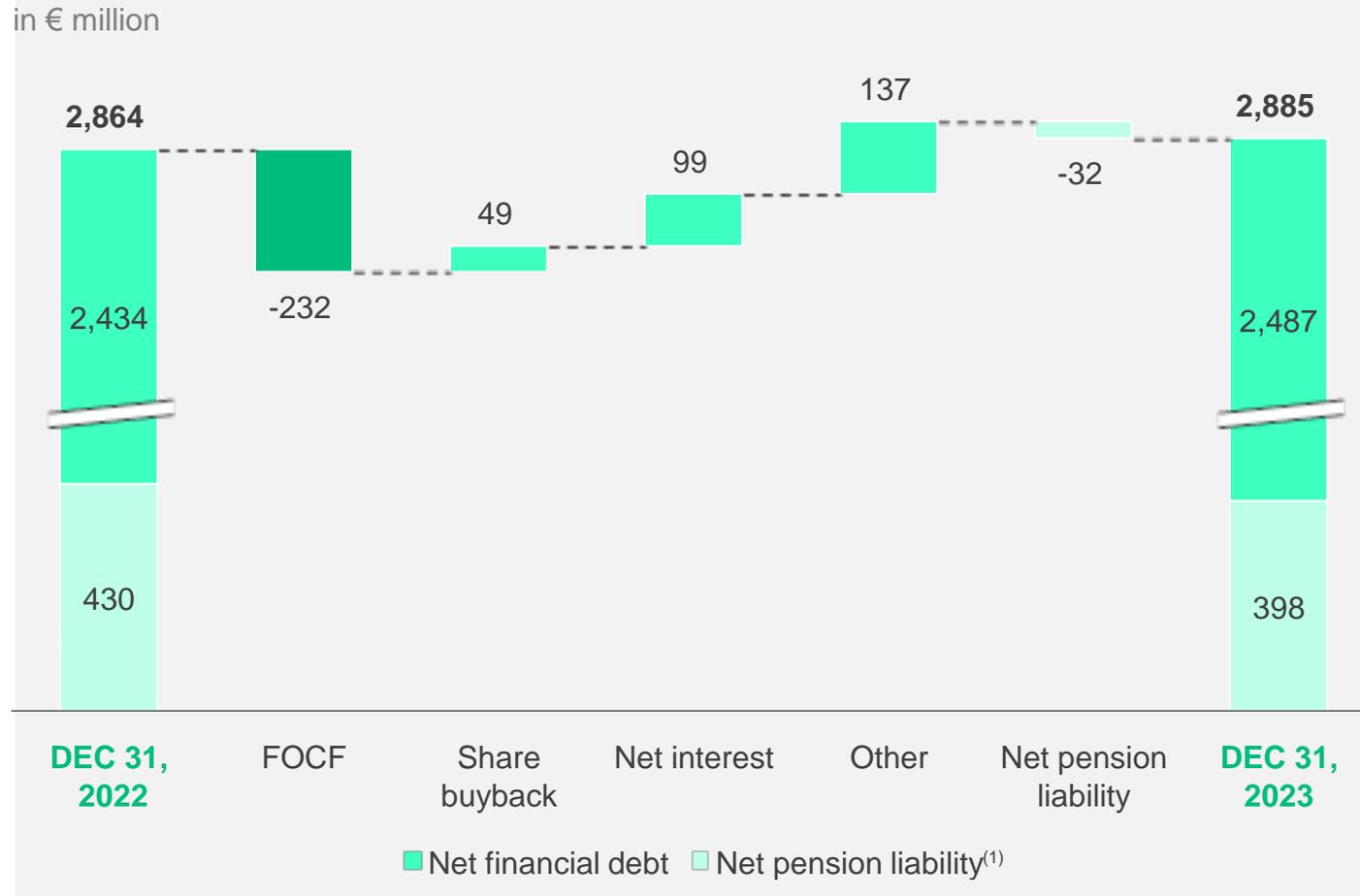
- Impairment loss of €31m due to discontinuation of Maezio® product line and related site closure in Q1 2023

Deferred tax assets (DTA)

- Not recognized deferred tax assets on tax loss carryforwards and temporary differences
- DTA adjustments of €239m in FY 2023 due to negative earnings mainly in Germany and Switzerland

Total net debt stable

December 31, 2023 – Total net debt



HIGHLIGHTS

- Total net debt to EBITDA ratio⁽²⁾ of 2.7x at the end of FY 2023 compared to 1.8x at the end of FY 2022
- Higher net debt to EBITDA ratio reflects the cyclical nature of Covestro's business and is expected to be only temporary
- Others mainly driven by lease contracts
- No financial covenants in place
- Solid investment grade rating of Baa2 with stable outlook confirmed by Moody's in June 2023

Differentiation based on customer proximity and innovation

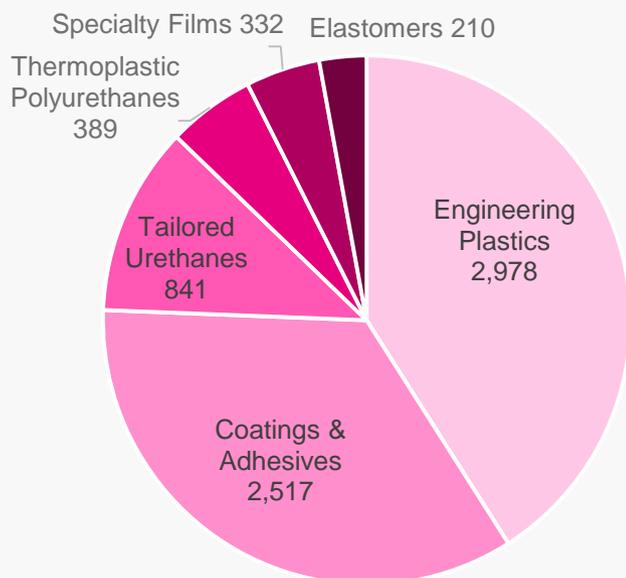


Solutions & Specialties

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 – Q4'23 EBITDA seasonally down



Segment results – Highlights Q4 2023

SALES

in € million / changes Y/Y



HIGHLIGHTS Q4 2023

- Sales declined by 13.8% Y/Y, mainly driven by lower prices (-10.2%), unfavorable FX (-3.3%) while stable volumes (-0.3%)
- Sequentially, sales strongly declined in EMLA and NA whereas APAC showed a flat sales development; sales decline in EMLA and NA mainly attributable to volume decline

EBITDA AND MARGIN⁽¹⁾

in € million / margin in percent



HIGHLIGHTS Q4 2023

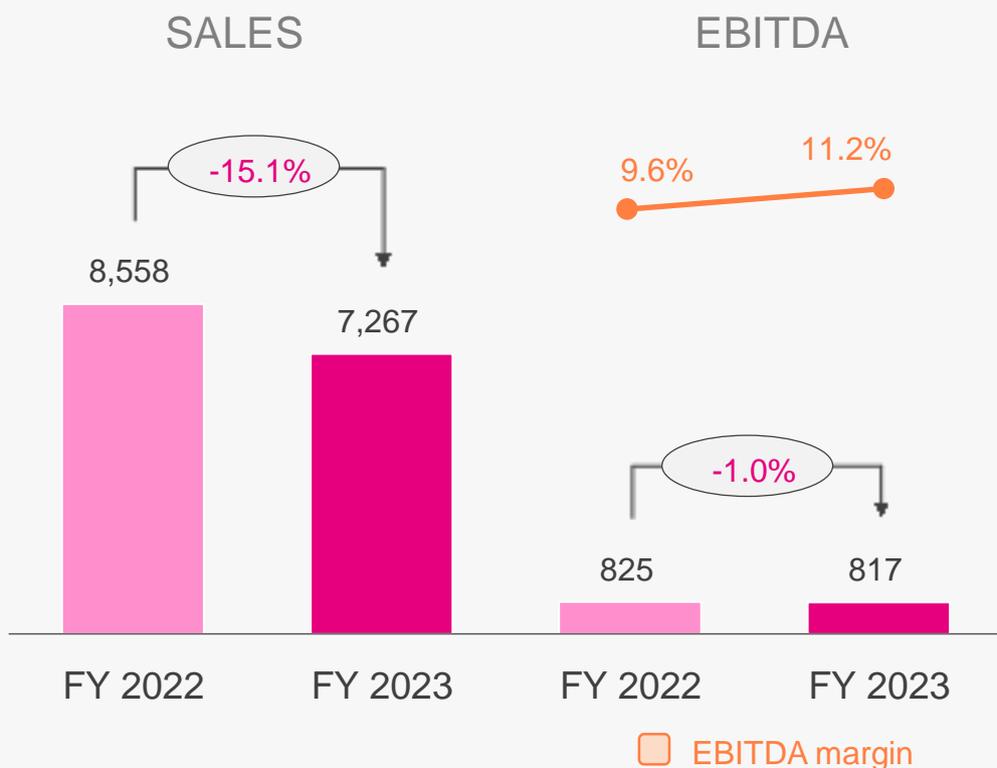
- Compared to prior year, EBITDA improved due to positive pricing delta despite negative volume and FX
- Quarter-on-quarter seasonally lower EBITDA driven by negative volumes while positive pricing delta as an effect of lower raw material cost
- EBITDA margin seasonally declined to 10.9% in Q4 2023

Resilient EBITDA despite lower sales

Solutions & Specialties segment



in € million



HIGHLIGHTS

2023

- Sales decline less pronounced compared to group level
- Volume decline of 6.2% Y/Y due to recessionary environment
- EBITDA benefitted from lower raw material costs
- EBITDA margin improved by 160bp
- RFM integration ahead of plan

OUTLOOK 2024

- EBITDA significantly⁽¹⁾ above 2023 level
- Further EBITDA margin expansion

SEGMENT PROFILE

- **Success factors** – Market innovative products and manage complexity
- **Products** – Coatings and Adhesives raw materials, Polycarbonate compounds, Specialty-MDI and -polyols, Specialty Films, Elastomers and Thermoplastic Polyurethanes

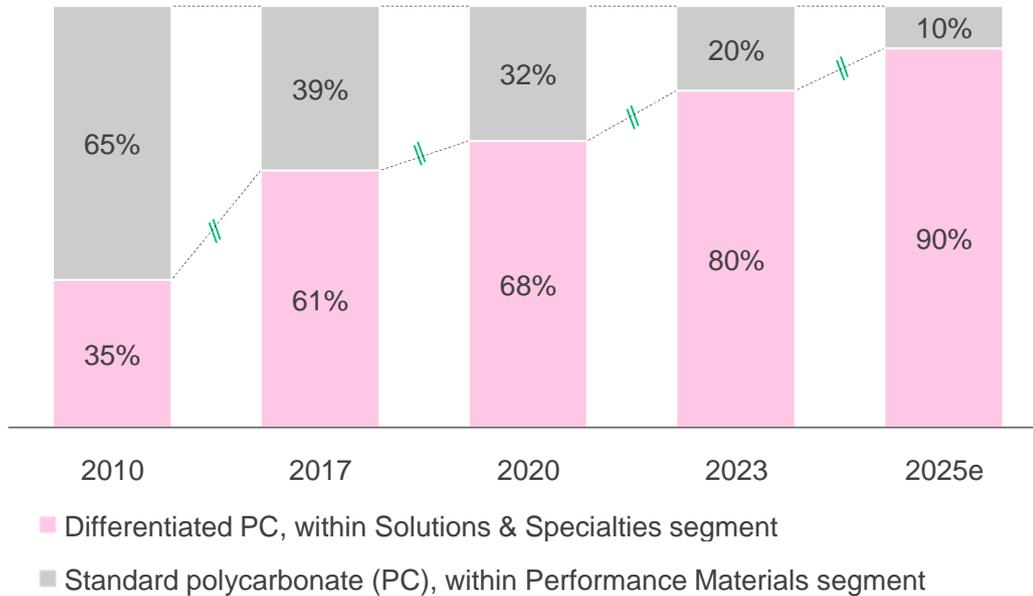
Continuing shift to differentiated polycarbonate

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

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

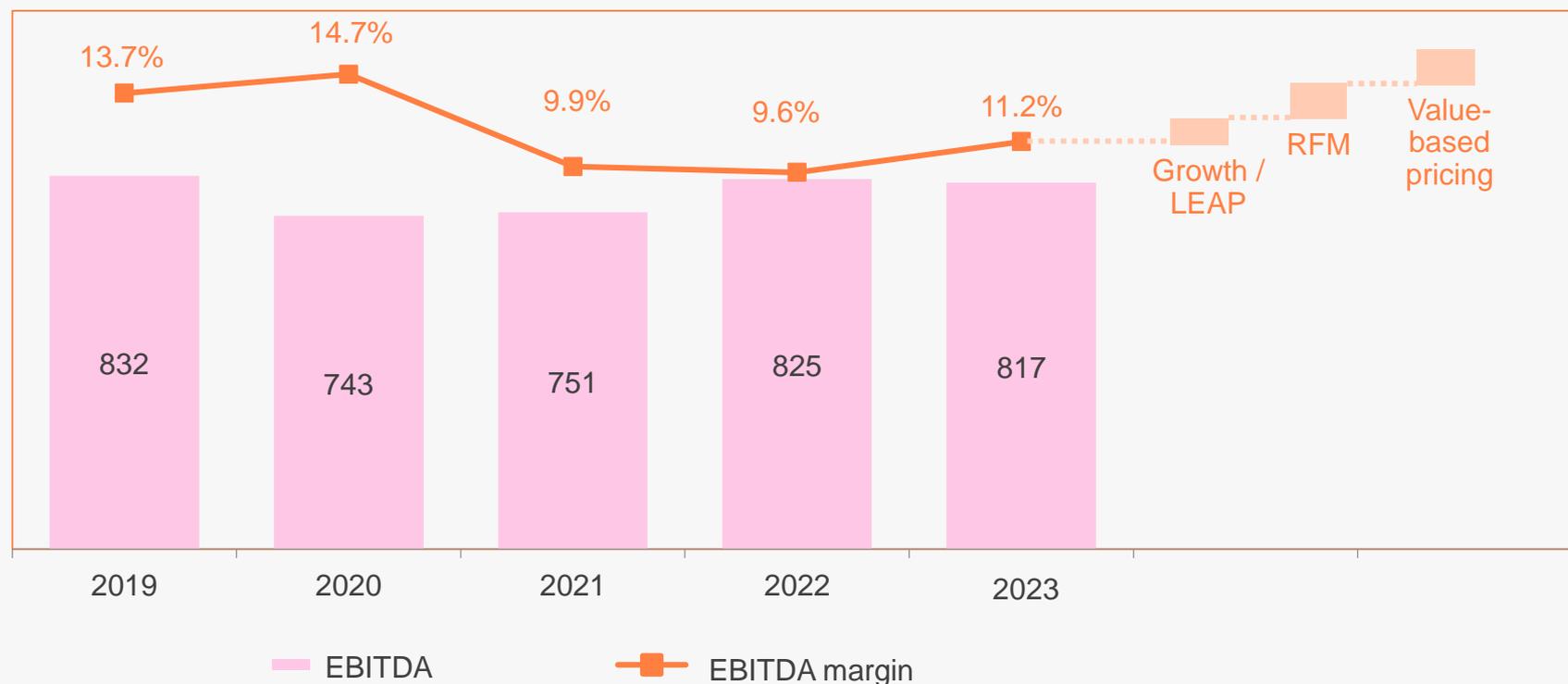
EBITDA margin to grow

Solutions & Specialties segment target



EBITDA AND MARGIN – SOLUTIONS & SPECIALTIES

in € million



TARGET MARGIN

- EBITDA margin 2023 increased Y/Y benefitting from lower sales
- In 2024, expecting EBITDA significantly above 2023 level⁽¹⁾
- 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

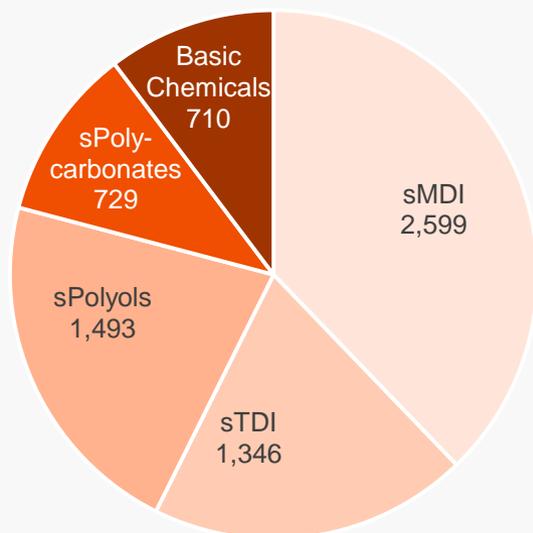
Performance Materials



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 – hitting low season in weak environment



Segment results – Highlights Q4 2023

SALES

in € million / changes Y/Y

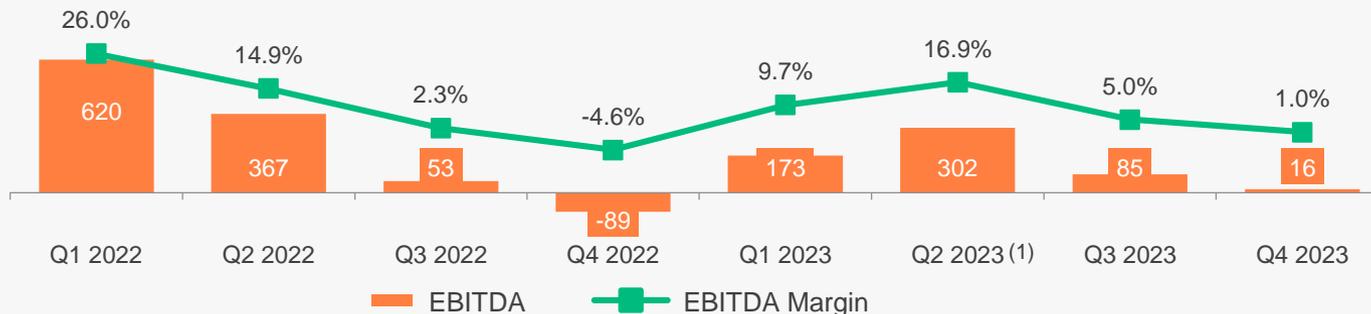


HIGHLIGHTS Q4 2023

- Sales decreased by 17.1% Y/Y driven by price (-22.0%) and FX effect (-2.8%) partly compensated by positive volume (+7.7%);
- Quarter-on-quarter, strong sales decline in NA and APAC while only slight decline in EMLA; sequentially positive volume growth in EMLA while decline in NA and APAC

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS Q4 2023

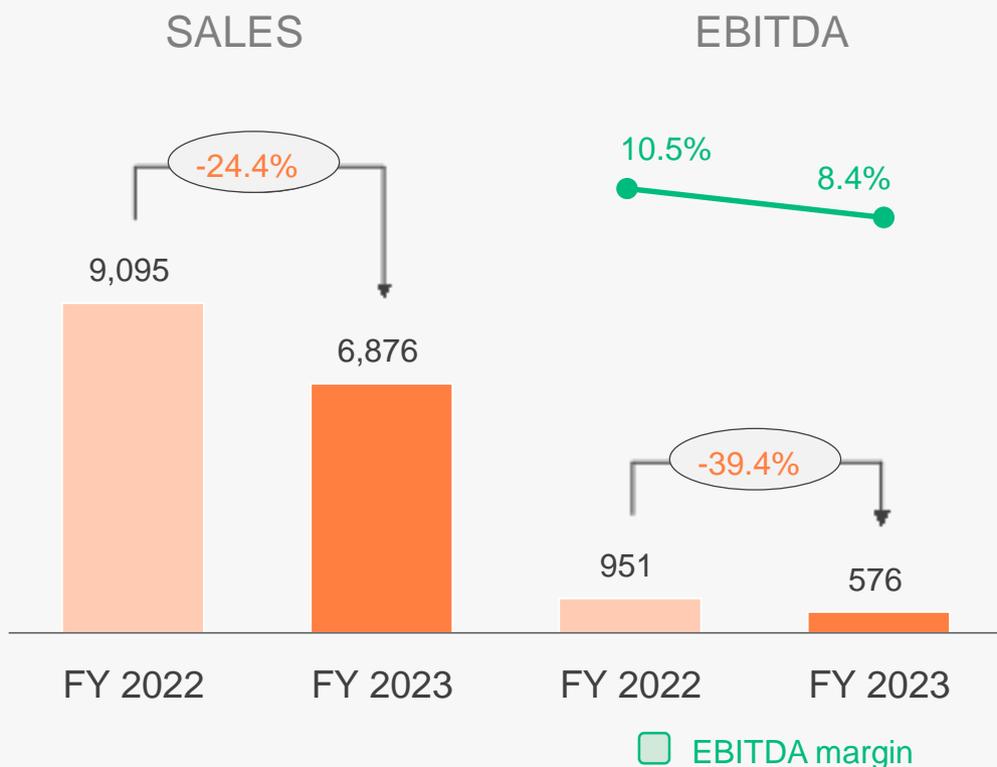
- Compared to prior year, EBITDA came out positive due to increasing volumes and lower idle costs despite negative pricing delta and FX
- Quarter-on-quarter, EBITDA seasonally decreasing due to negative pricing delta and lower volumes while supported by positive others

EBITDA down due to negative pricing delta and lower volumes



Performance Materials segment

in € million



HIGHLIGHTS

2023

- Weak demand and technical limitations resulting in lower volumes
- Negative pricing delta despite lower raw material and energy prices caused by oversupply

OUTLOOK 2024

- EBITDA between €400m and €800m
- Focus on asset utilization and cost leadership
- 1H 2024 with continuously low margins
- 2H 2024 some margin recovery expected

SEGMENT PROFILE

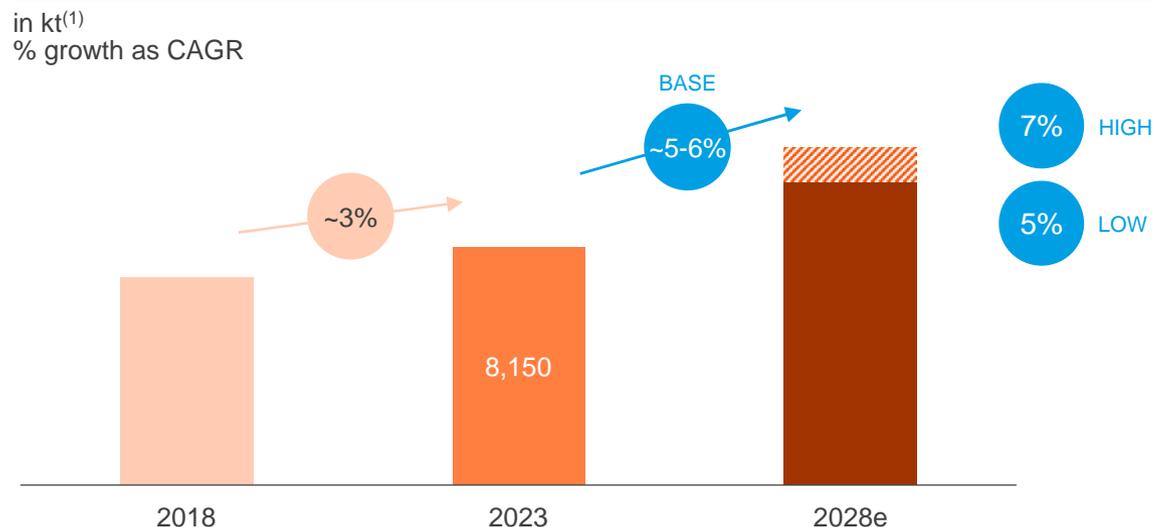
- **Success factors** – Leverage leading cost position with highest possible asset utilization
- **Products** – Standard MDI, TDI, long chain polyols, standard Polycarbonate resins and basic chemicals

MDI market turning fully utilized

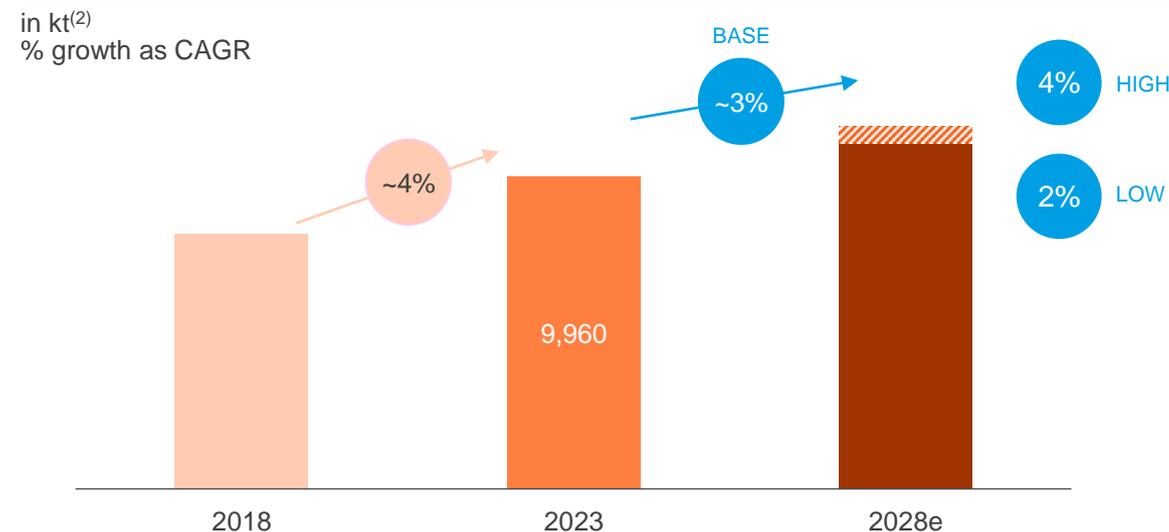


Performance Materials: MDI industry demand and supply

MDI DEMAND DEVELOPMENT (2018 - 2028e)



MDI SUPPLY DEVELOPMENT (2018 - 2028e)



HIGHLIGHTS

- In 2023, Industry Utilization Rate of 82%, 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
- Expecting fully utilized MDI industry by 2028

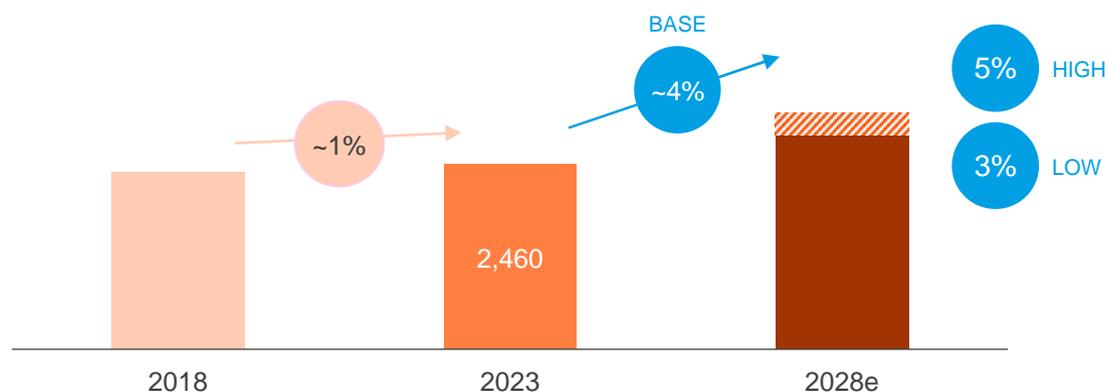
TDI market moving to balance



Performance Materials: TDI industry demand and supply

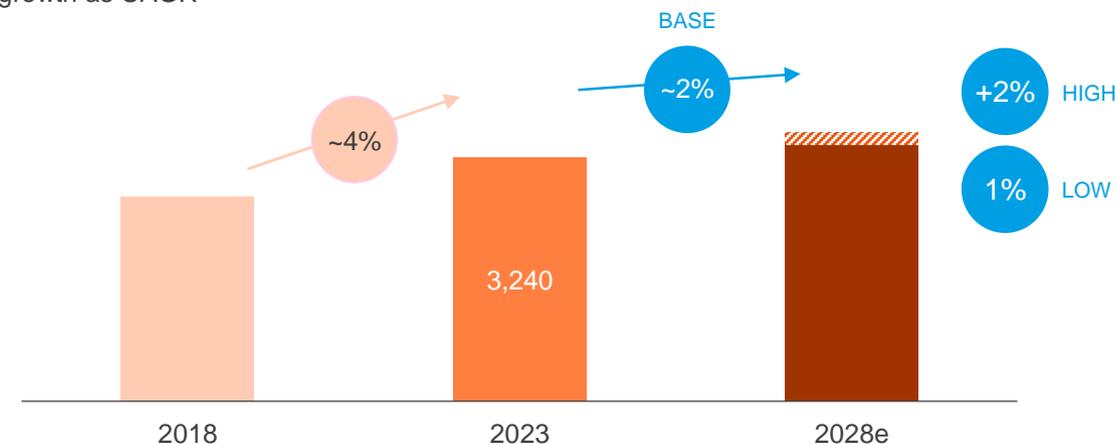
TDI DEMAND DEVELOPMENT (2018 - 2028e)

in kt⁽¹⁾
% growth as CAGR



TDI SUPPLY DEVELOPMENT (2018 - 2028e)

in kt⁽²⁾
% growth as CAGR



HIGHLIGHTS

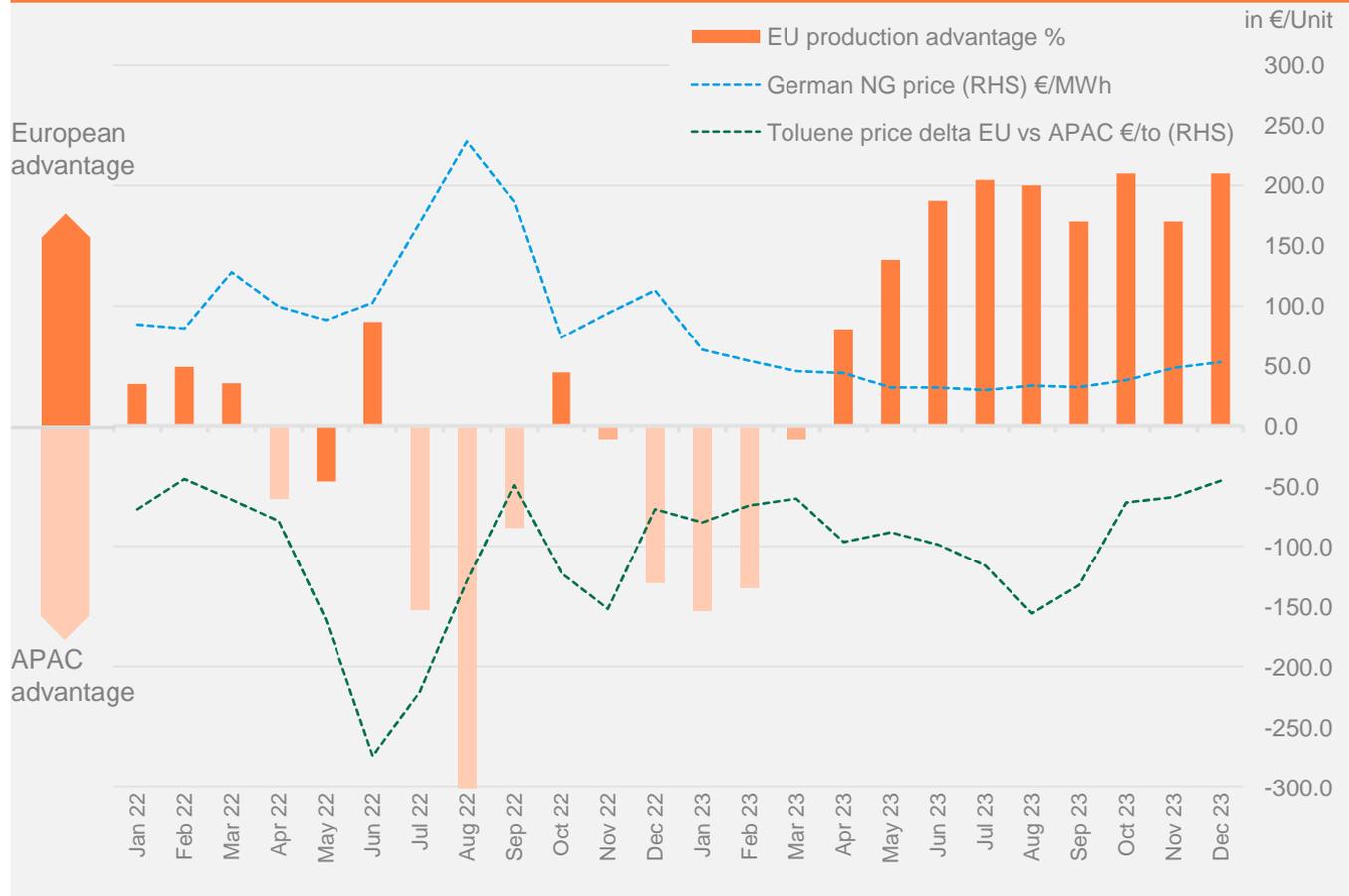
- In 2023, industry utilization benefitted from market growth of 6-7% and the closure of BASF Ludwigshafen (-300kt)
- Leading to an increased industry utilization rate of 76% (2022: 67%)
- Industry usually fully utilized in the high eighties
- Favorable cash cost position puts Covestro into strong competitive position even under low cycle conditions

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 led to increasing export activities from Asia
- In 2023, imports into Europe from Korea of 59kt (2022: 54kt) and from China of 46kt (45kt)⁽²⁾

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 since the Q2 2023 no longer cheaper compared to European production



- Covestro investment highlights
- Group financials FY'23
- Segment overview
- **Background information**

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

Christine Bryant
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

Dr Aleta Richards
Nationality: US-American
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 February 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	tba	⁽³⁾		
SUSTAINALYTICS	100 to 0	74	75			80	23.3	20.0	18.3	21.1	20.1	tba ⁽⁴⁾	
FTSE Russell	Excluded / Listed	Listed	Listed	Listed	Listed	Listed	Listed	Listed	Listed				

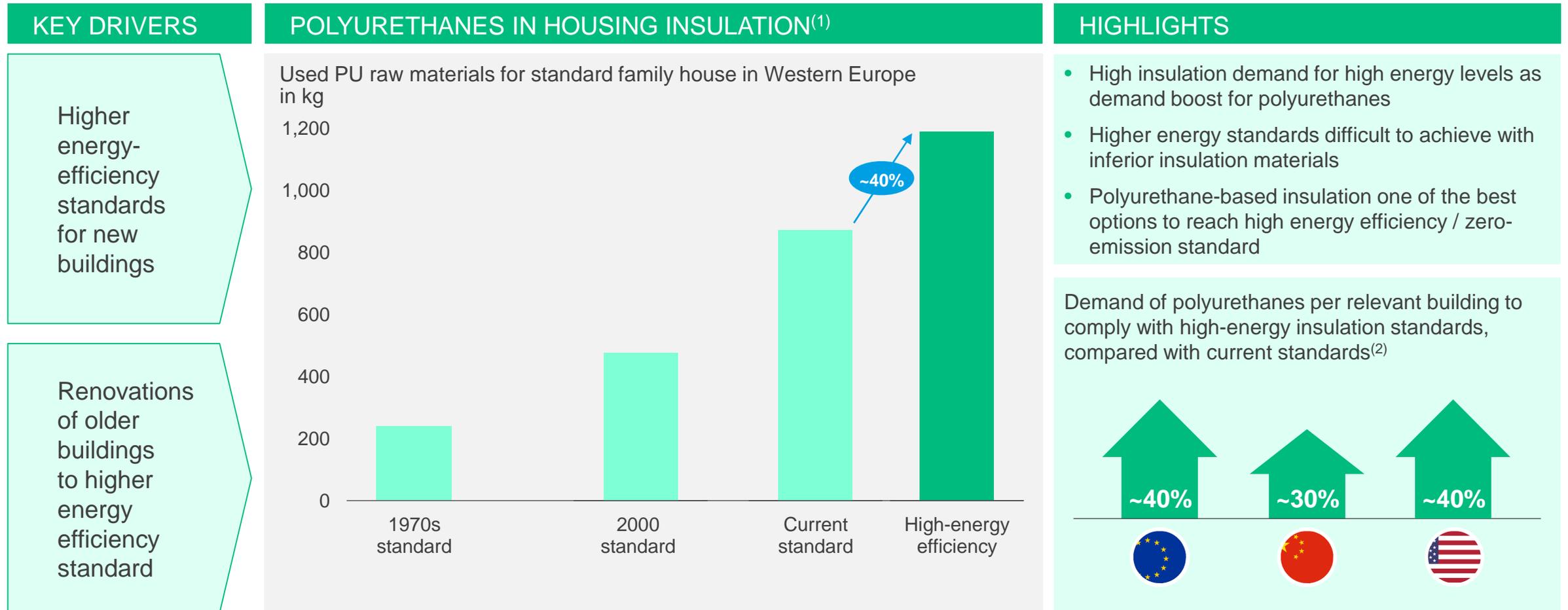
Notes:

- (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 23% 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 5% within the chemical industry.

Higher insulation standards increase demand for polyurethanes



Building insulation market outlook



Increasing BEV share boosts differentiated polycarbonates

Global electric vehicle market outlook



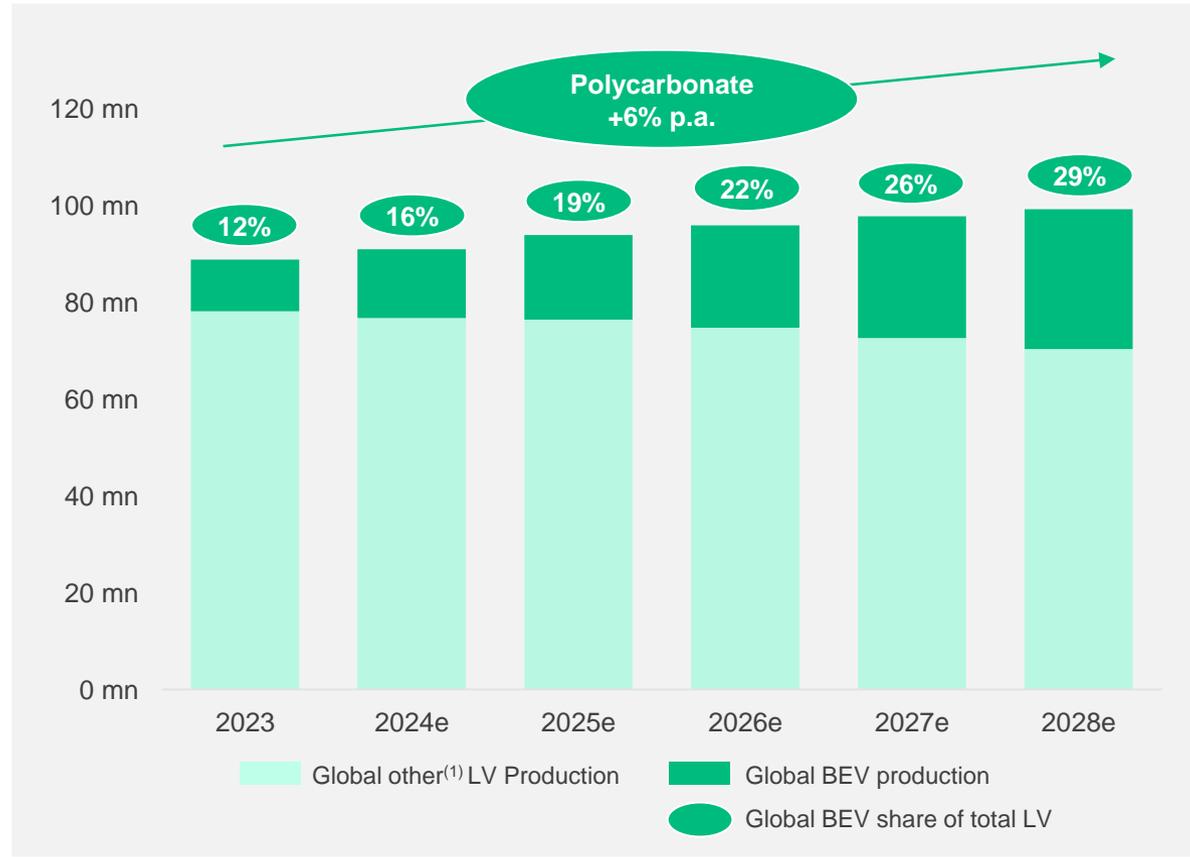
KEY DRIVERS

Carbon neutrality targets

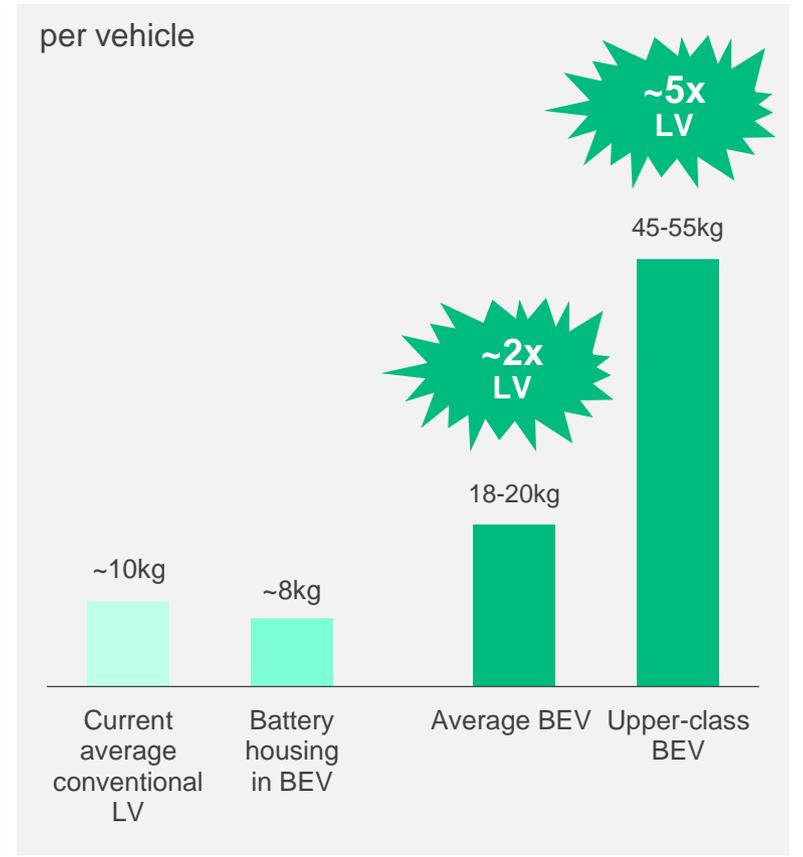
Rising fuel prices

Stringent emission regulations

DEVELOPMENT OF AUTOMOTIVE INDUSTRY



USE OF POLYCARBONATES IN BEV



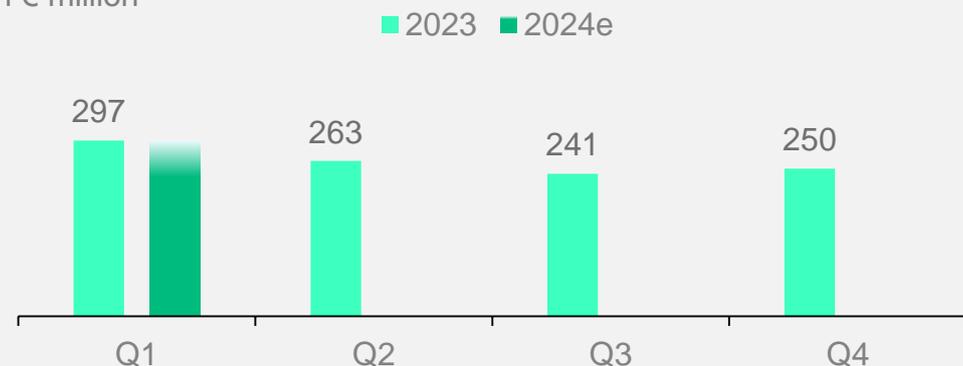
Global energy prices normalized after price hike in 2022

Energy cost development



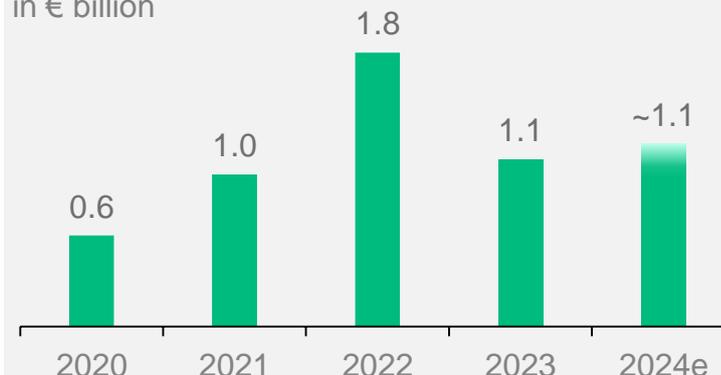
QUARTERLY ENERGY COST DEVELOPMENT

in € million



GLOBAL ENERGY COST

in € billion



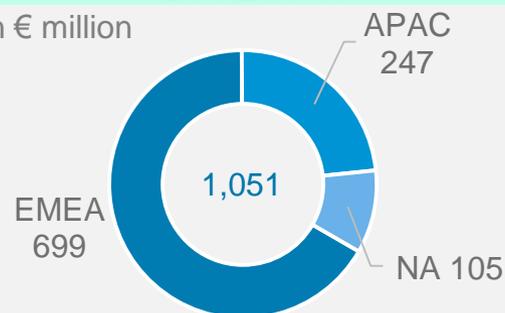
HIGHLIGHTS

- Global energy bill in FY 2023 of €1.1bn, energy demand reduced by ~3% vs FY 2022
- Q1 2024e global energy cost expected slightly below Q1 2023 from lower prices, partially offset by higher volumes
- Global energy bill in FY 2024 expected around €1.1bn. Flat development vs FY 2023 as lower prices offset by higher volumes
- Energy demand in FY 2024 to increase by ~15% based on higher volumes and new asset start-ups

ENERGY BREAKDOWN

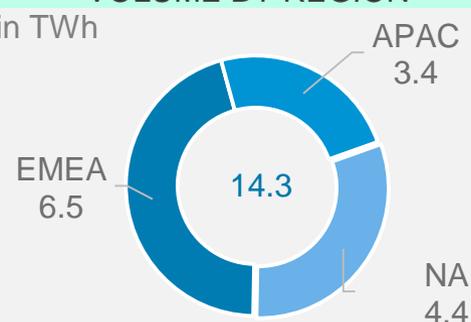
2023 ENERGY SPENT BY REGION

in € million



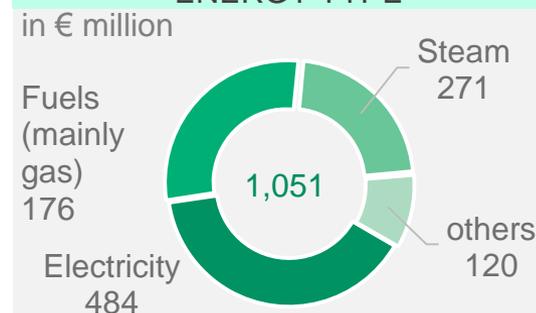
2023 PRIMARY ENERGY VOLUME BY REGION⁽¹⁾

in TWh



2023 SPENT BY ENERGY TYPE

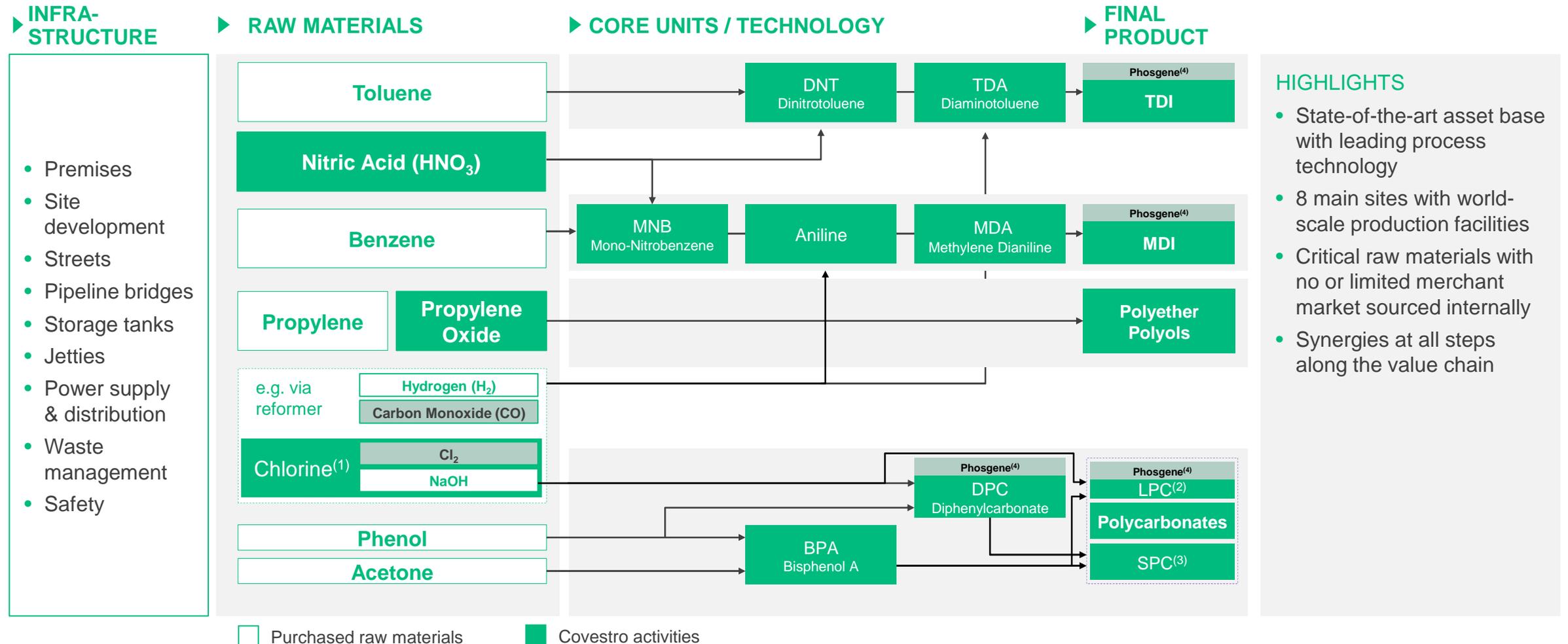
in € million



Synergies in scale, process technology and chemical know-how



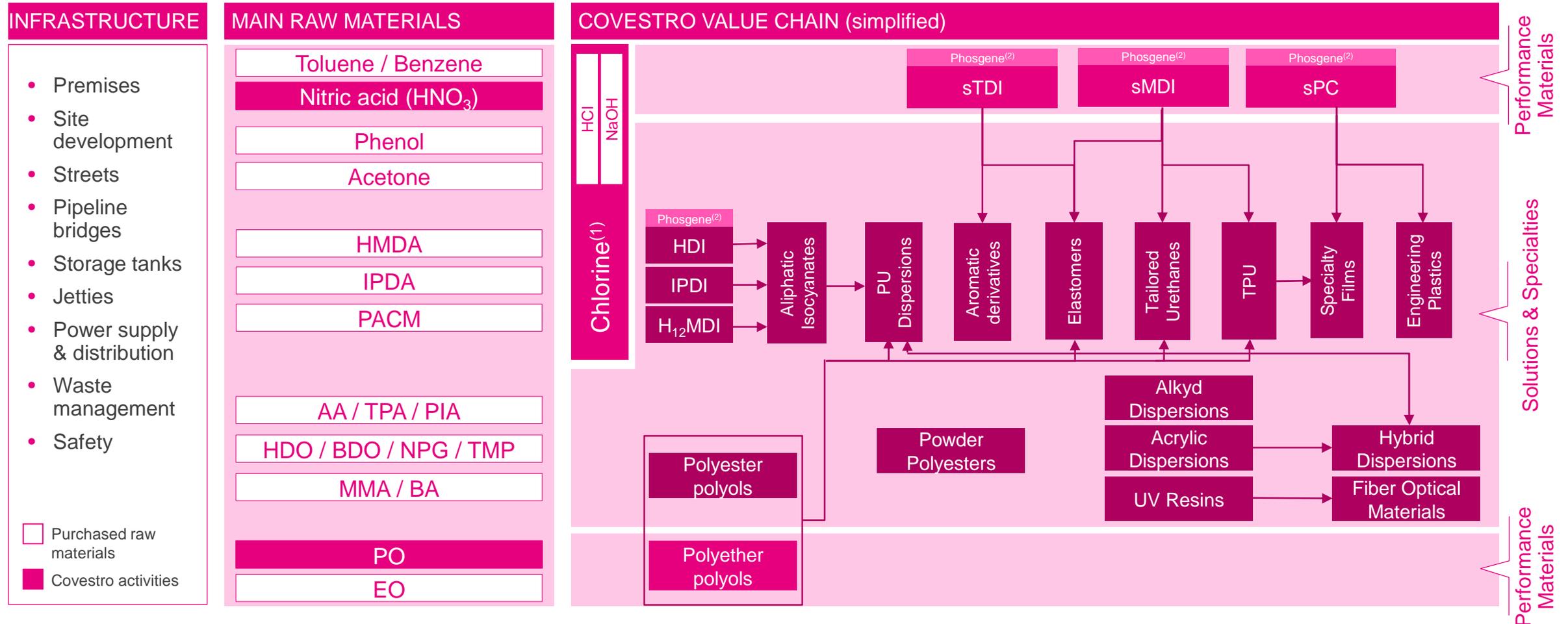
One chemical backbone across all segments



Synergies from chemical backbone and complementary technologies



Solutions & Specialties backward integration and value chain

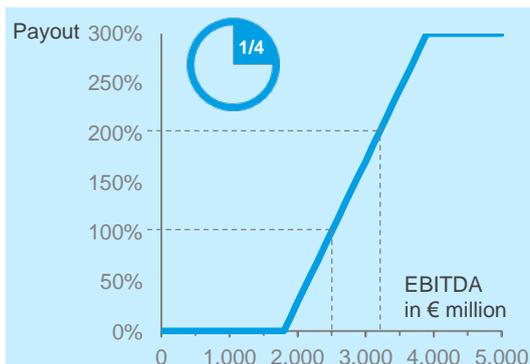


Entire organization aligned for performance and sustainability



Group Profit Sharing Plan (PSP) as of 2022

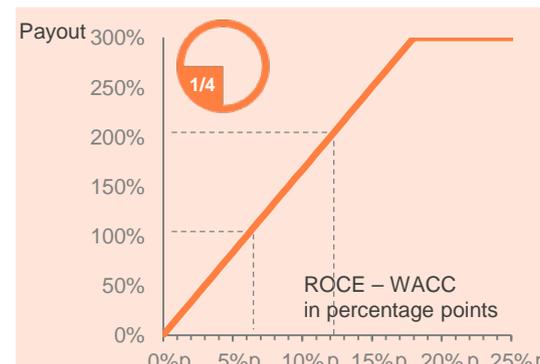
UNIFORM BONUS SYSTEM



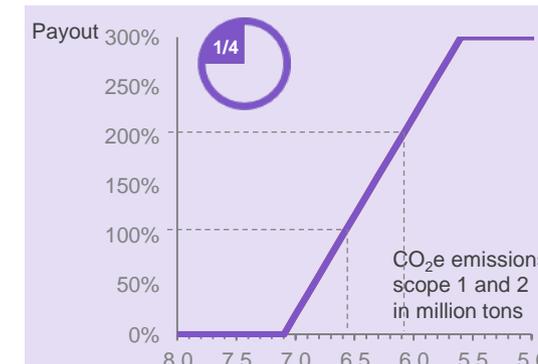
EBITDA (€ mio)				
Value	1,800	2,500	3,200	3,900
Payout	0%	100%	200%	300%



FOCF (€ mio)				
Value	400	1,000	1,500	2,000
Payout	0%	100%	200%	300%



ROCE above WACC (pp.)				
Value	0	6	12	18
Payout	0%	100%	200%	300%



Absolute CO ₂ e emissions Scope 1&2 (mt)				
Value	7.1	6.6	6.1	5.6
Payout	0%	100%	200%	300%

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

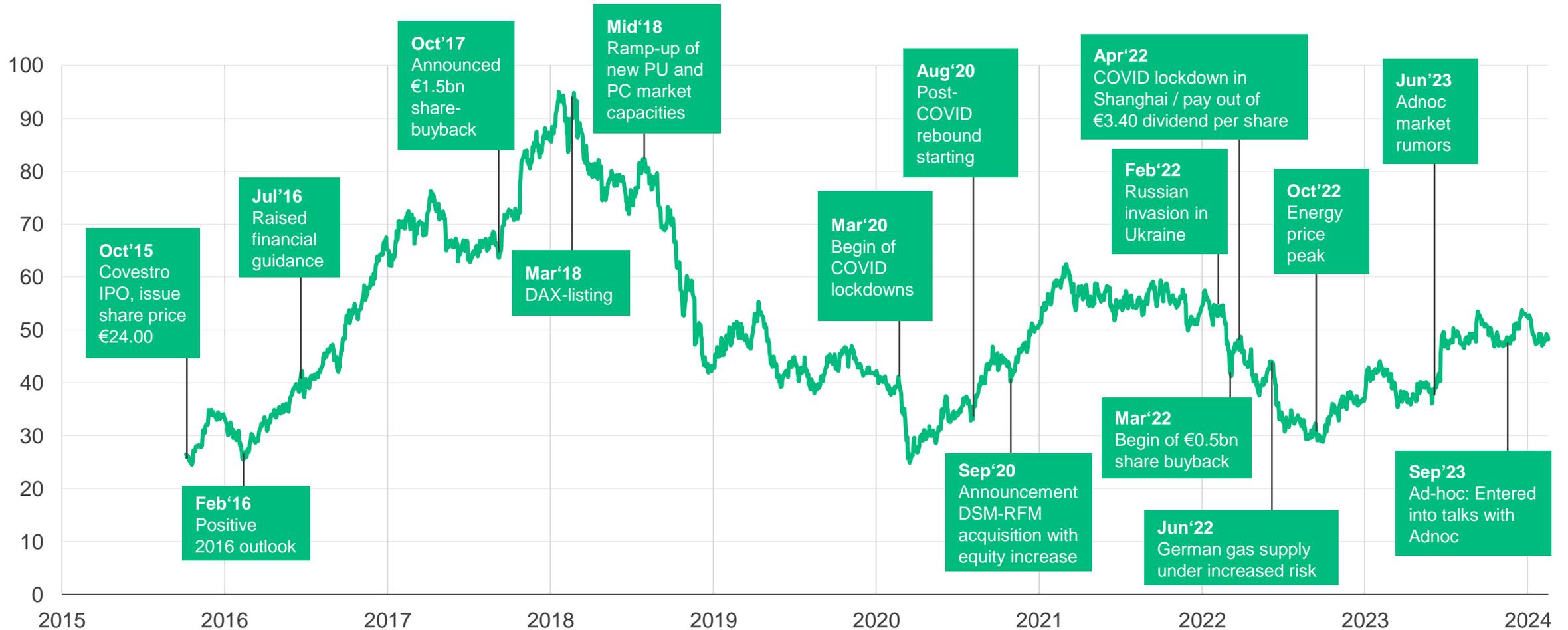
Development of last five years



		2019	2020	2021	2022	2023
Sales	(€ 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	-
EBITDA	(€ million)	1,604	1,472	3,085	1,617	1,080
• <i>Performance Materials</i>		942	896	2,572	951	576
• <i>Solutions & Specialties</i>		832	743	751	825	817
Earnings per Share	(€)	3.02	2.48	8.37	-1.42	-1.05
Capex	(€ million)	910	704	764	832	765
Free operating cash flow (FOCF)	(€ million)	473	530	1,429	138	232
ROCE above WACC	(%points)	1.6	-0.3	12.9	-5.0	-6.1
Total net debt ⁽¹⁾	(€ million)	2,954	2,479	2,604	2,920	2,885
Employees ⁽²⁾	(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

REPORTING DATES

- | | |
|--------------------|---------------------------------|
| • April 30, 2024 | Q1 2024 Quarterly Statement |
| • July 30, 2024 | 2024 Half-Year Financial Report |
| • October 29, 2024 | Q3 2024 Quarterly Statement |

ANNUAL GENERAL MEETING

- | | |
|------------------|------------------------|
| • April 17, 2024 | Annual General Meeting |
|------------------|------------------------|

SELLSIDE EVENT

- | | |
|-----------------|---------------------------------------|
| • March 6, 2024 | Sellside Round Table with CEO, London |
|-----------------|---------------------------------------|

BROKER CONFERENCES

- | | |
|--------------------|---|
| • March 21, 2024 | J.P. Morgan European Chemicals Forum, London |
| • April 9-10, 2024 | HSBC Global Investment Summit 2024, Hong Kong |



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.

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