



Strong volume rebound

Roadshow presentation

The background of the slide is a composite image. It features a cityscape with various buildings and green spaces. Overlaid on this are numerous semi-transparent icons and graphics, including gears, leaves, a globe, a pie chart, and a bar chart, all in shades of green and blue. A large, curved green shape is on the right side of the image, partially overlapping the cityscape.

Covestro investment highlights

Group financials Q1'24

Segment overview

Background information

Covestro is diversified across geographies and end-markets



Key performance indicators and sales split



Sales
2023



EBITDA
2023

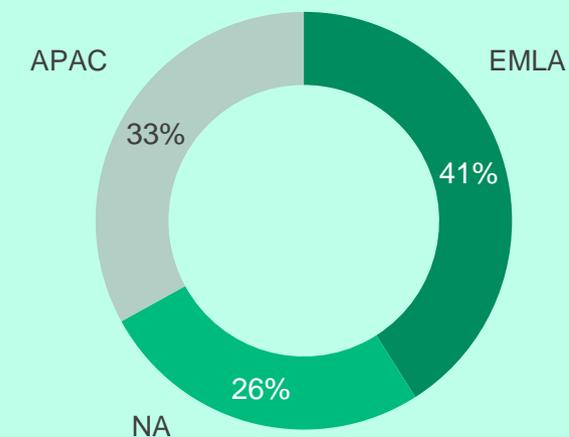
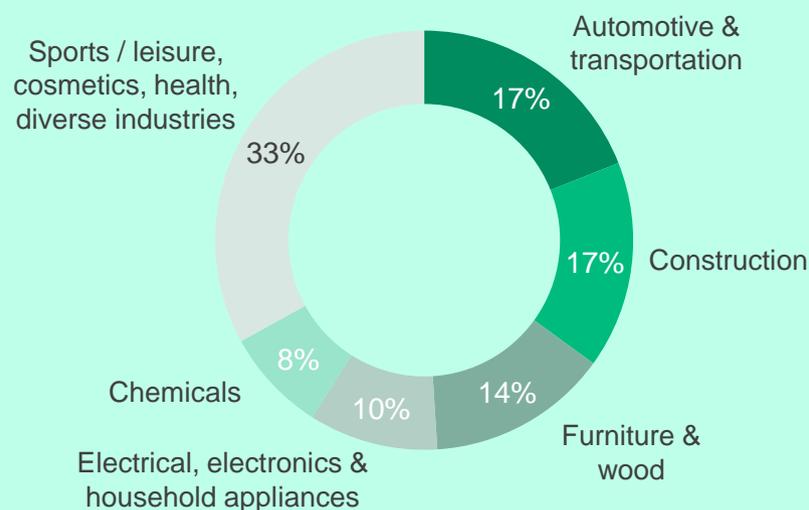
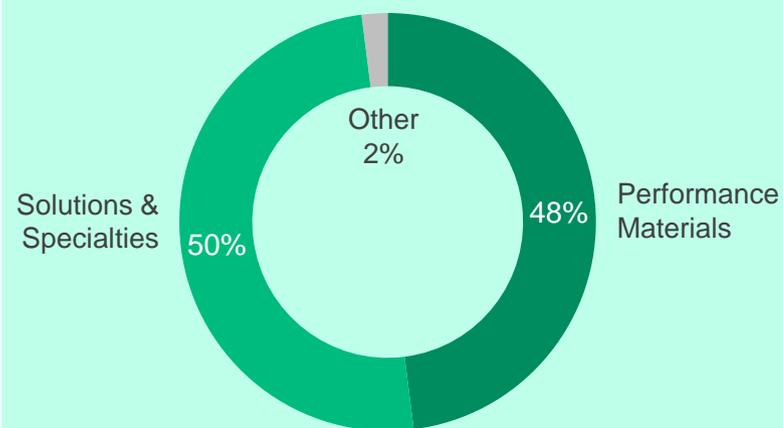


FOCF
2023



ROCE above WACC
2023

2023 sales



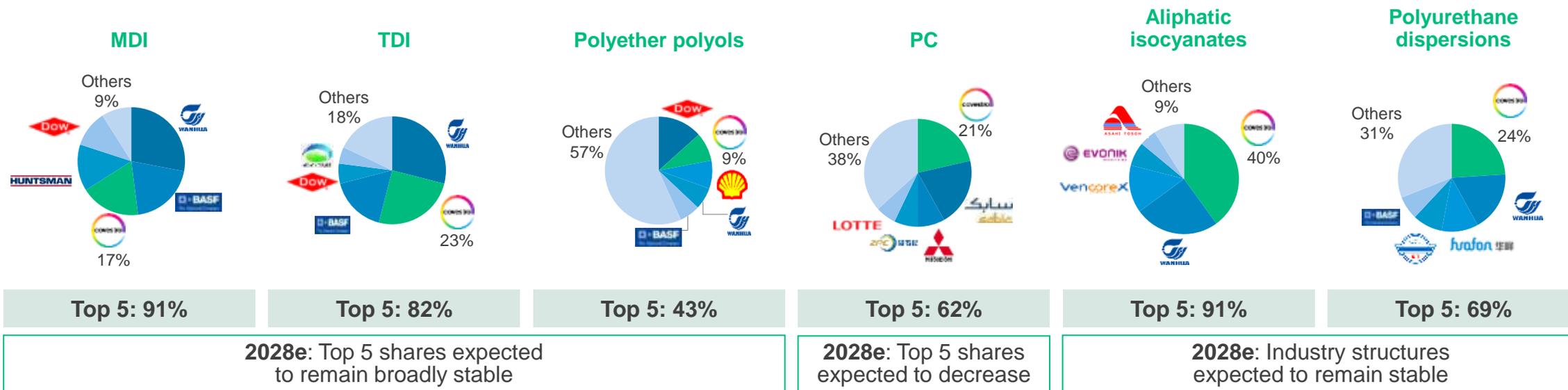
Covestro is a global leader across its entire portfolio



World-wide industry positions and production capacities

#1 IN KEY MARKETS

CAPACITY SHARE IN 2023⁽¹⁾



COVESTRO⁽¹⁾

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
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

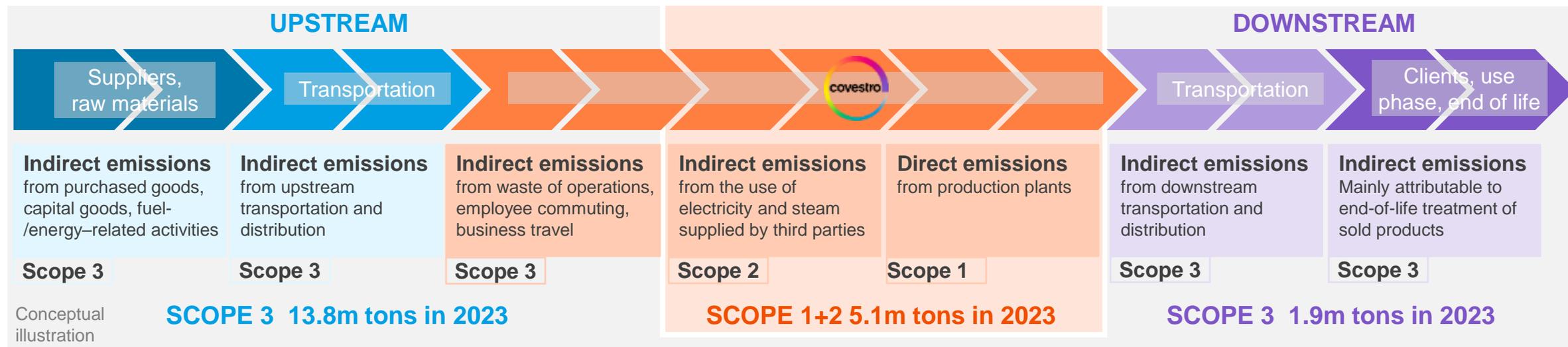
! MILESTONE
LEAP transformation accomplished

! MILESTONE
Integration of RFM accomplished

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

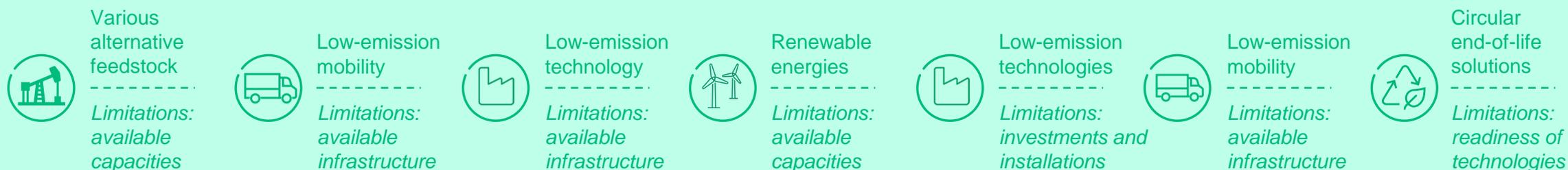
Climate neutrality with existing technologies and assets

Covestro greenhouse gas emissions



EXISTING OPTIONS AND CURRENT LIMITATIONS TO REDUCE GHG EMISSIONS

Selective examples only

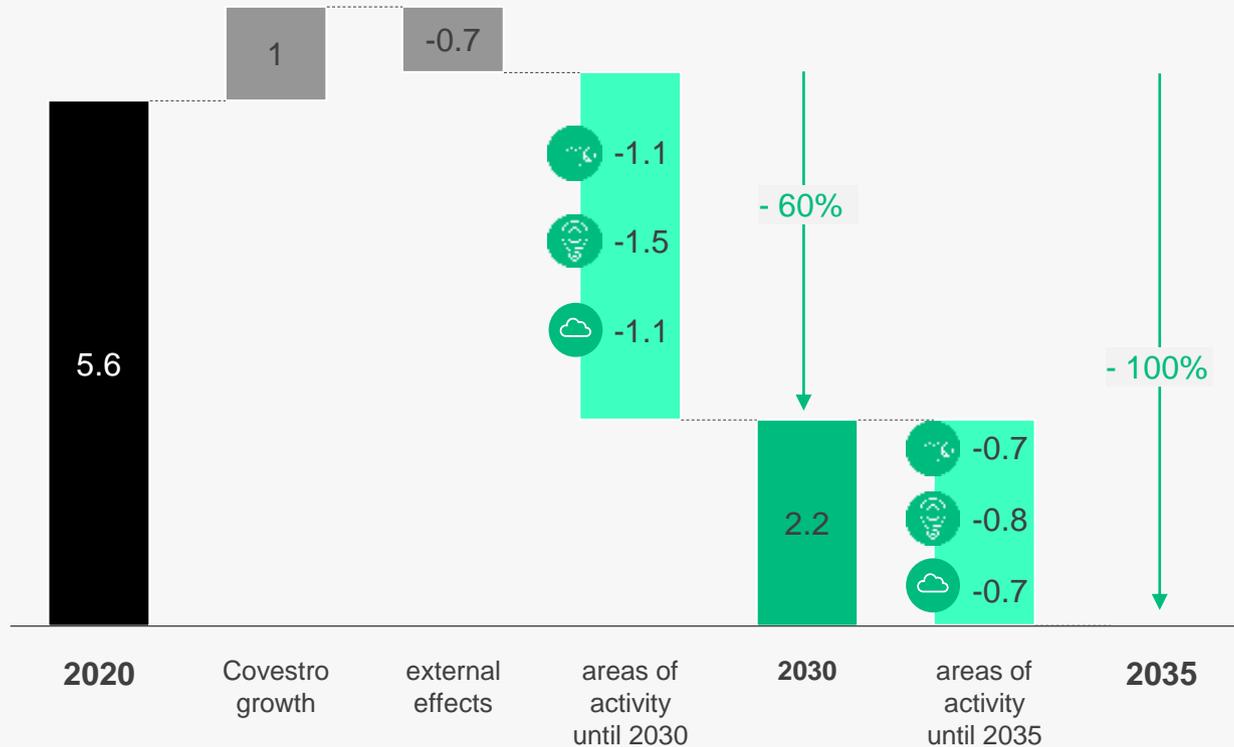


Sustainable manufacturing and renewable energy to lead path



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 60% 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 increasing to 60% as of 2026⁽¹⁾

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

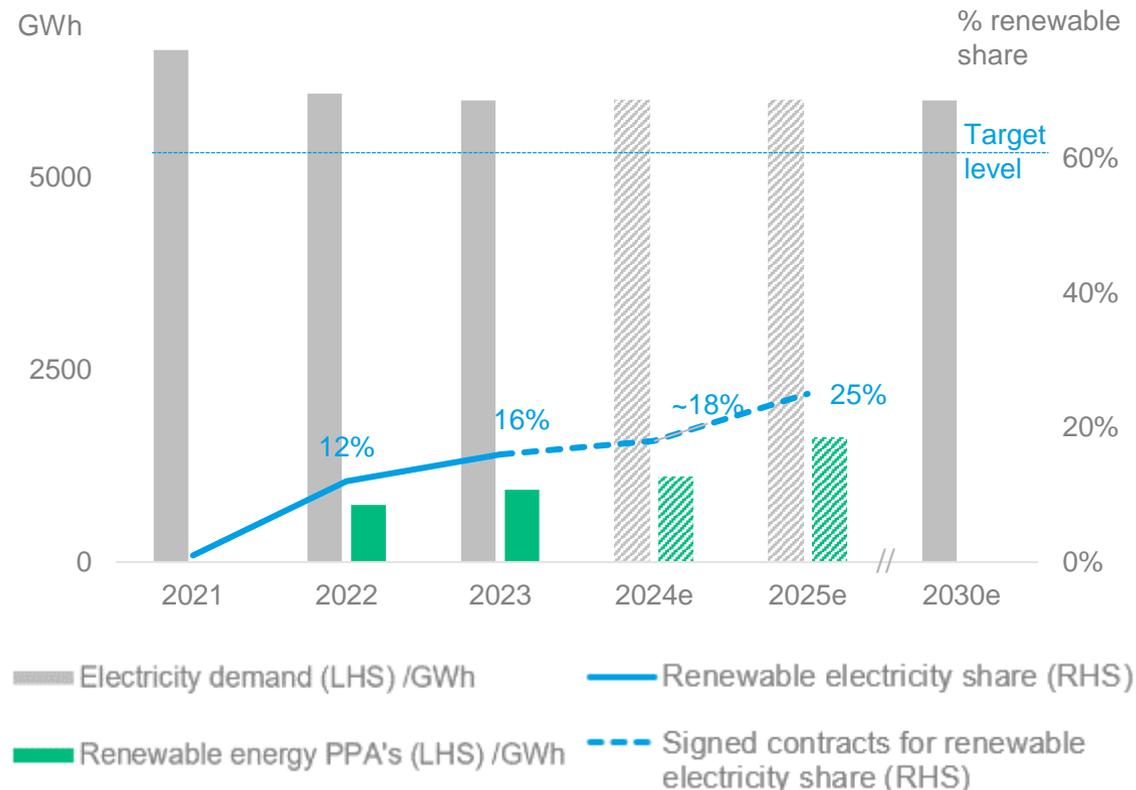
NA

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

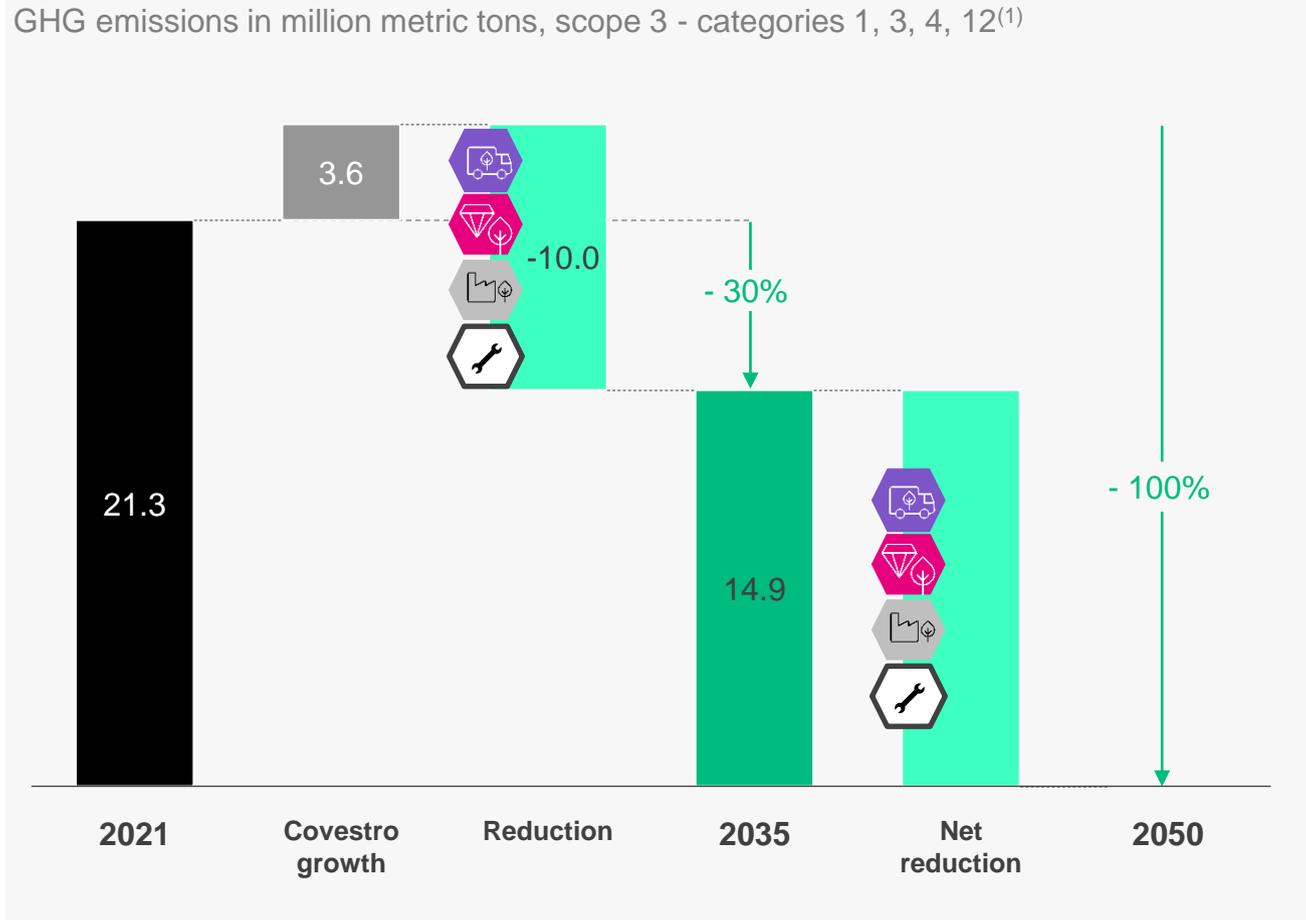


Significant progress to our intermediate target of 60% GHG reduction until 2030

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



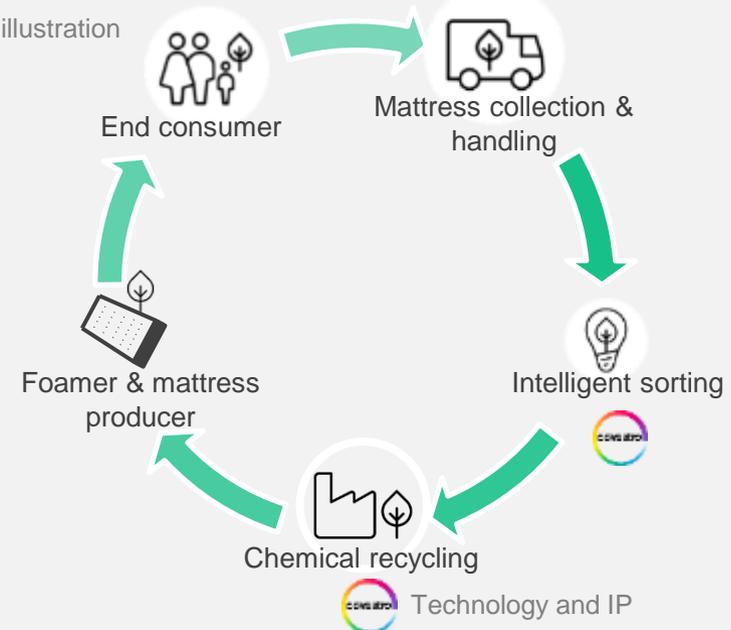
Innovative recycling / joint solutions

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

Conceptual illustration



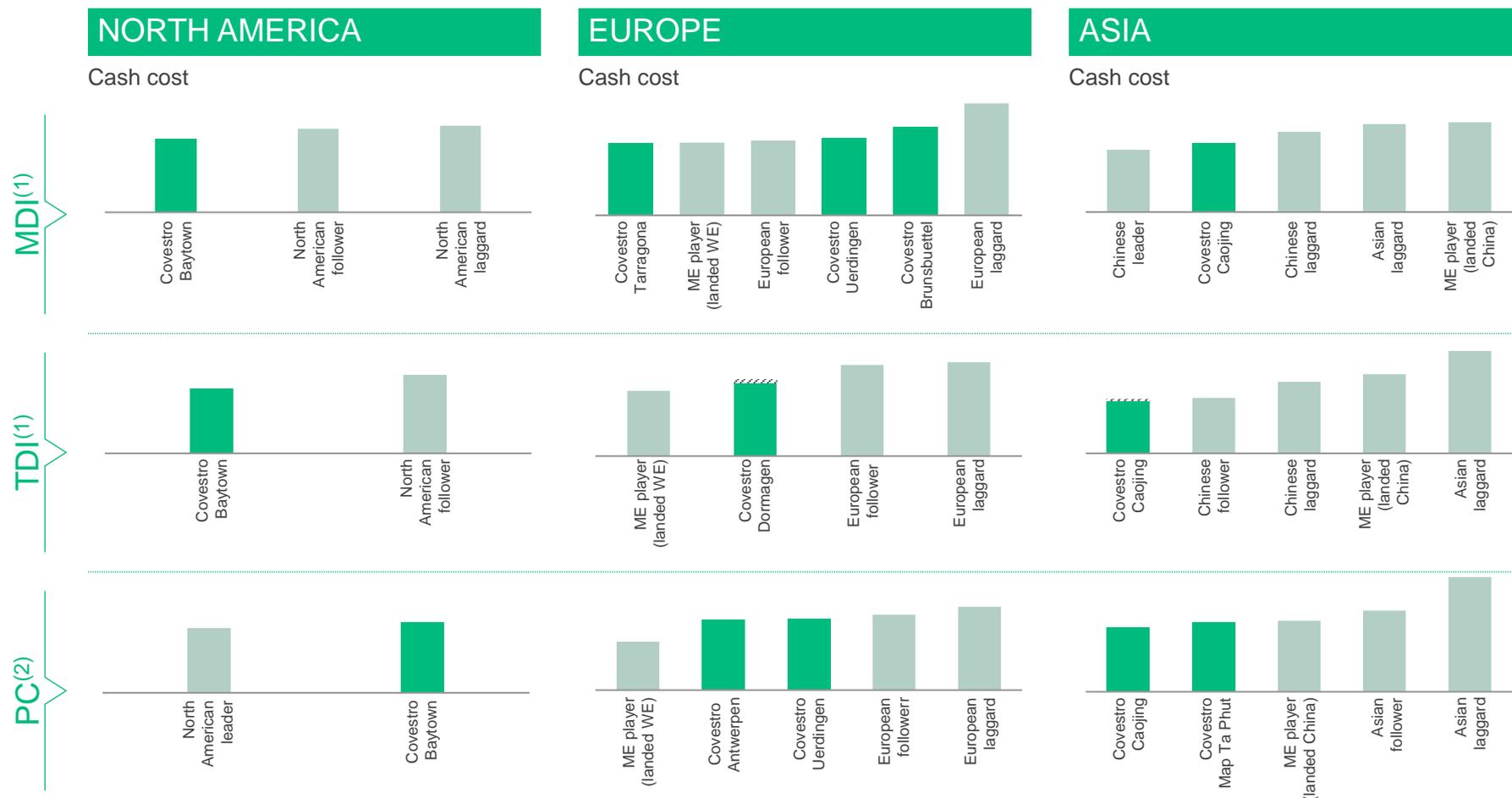
Timeline:



Leading cost positions across markets and regions



Covestro cash cost positions



HIGHLIGHTS

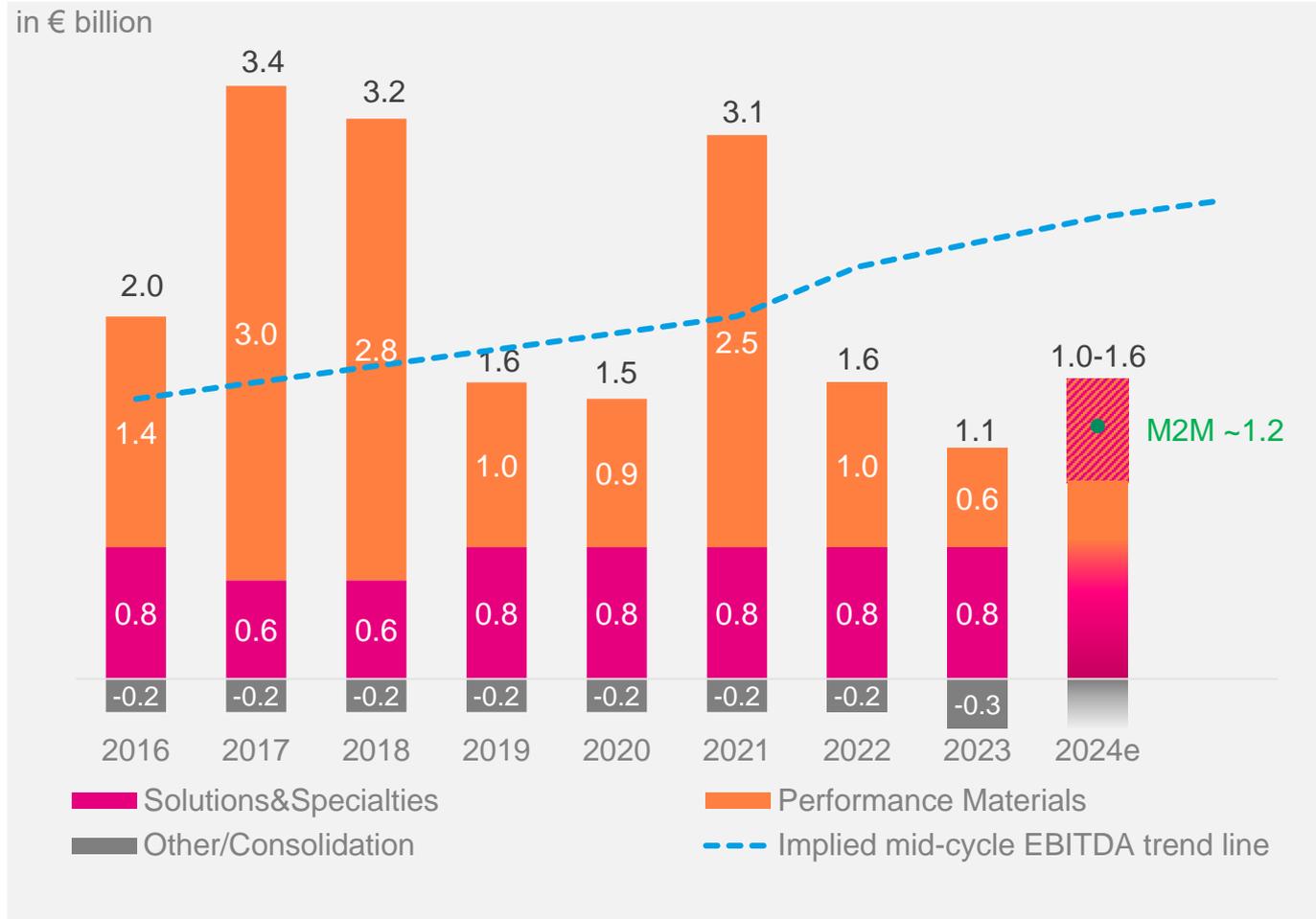
- **Covestro MDI** is one of the low-cost producers with cost advantage of ~30% versus the average of 5 least competitive plants. Investment in Tarragona plant significantly improved cost position.
- **Covestro TDI** is the global cost leader with cost advantage of ~35% versus the average of 5 least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

(1) Cost of production based on total raw material costs less co-product credits, variable and fixed conversion costs at 100% utilization based on nameplate capacity for FY 2022, including status cash cost improvements based on investment projects as of YE 2023
 (2) FY 2022 Cash cost ex gate, 70% utilization rate for all plants based on nameplate capacity; integrated players are shown without contribution margins for BPA, phenol, acetone etc.

FY 2024 EBITDA guidance confirmed

EBITDA development between 2016 and 2024e



HIGHLIGHTS

EBITDA FY 2024:

- EBITDA 2024 confirmed between €1.0 and 1.6bn

Mark-to-market (M2M):

- Mark-to-market (M2M) EBITDA for FY 2024 around €1.2bn; theoretical calculation based on April 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 2024 €2.8bn, expected to annually increase based on capacity additions

FY 2024 guidance confirmed

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 Q2	€385m	€270 to 370m
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 7.80)
+/- €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⁾

Unchanged outlook for core industries going into 2024

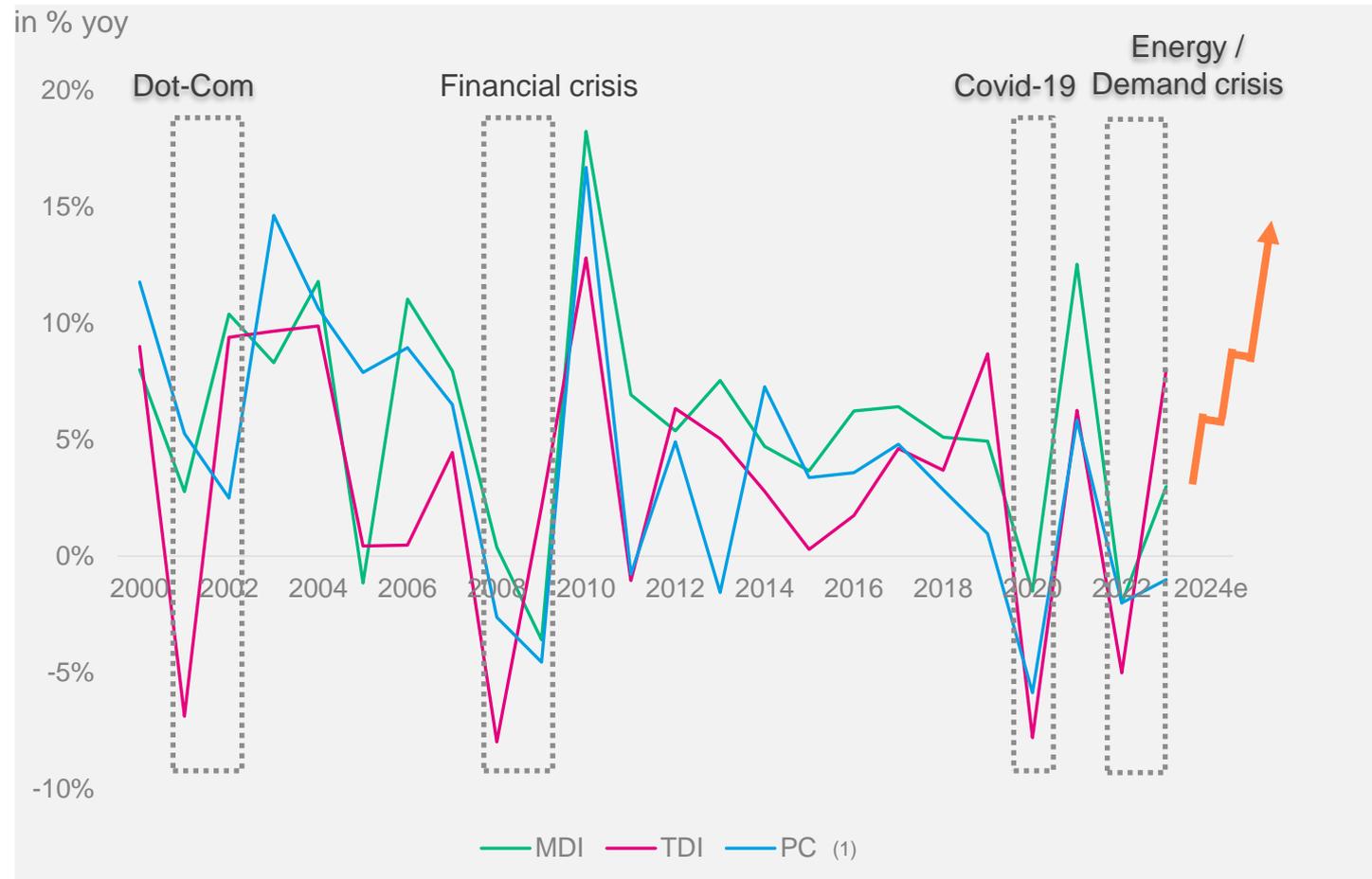
Global demand development



KEY CUSTOMER INDUSTRIES		2023 Y/Y	2024 Y/Y ⁽¹⁾	Update 2024e ⁽²⁾
Global GDP		+2.7%	+2.4%	+2.5%
Automotive EV / BEV		+10.3% +29.8%	+0.8% +28.9%	+1.0% +28.9%
Construction Residential		-2.4% -4.3%	-2.5% -5.8%	-2.5% -5.8%
Furniture Soft furniture		-3.7% -3.8%	-0.1% +0.5%	+0.1% +0.5%
Electrical, electronics and household appliances Appliances		-1.3% +6.0%	+1.5% +1.4%	+1.9% +2.0%

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• Authorization for share buyback program for up to 10% of share capital valid until 2029
<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>

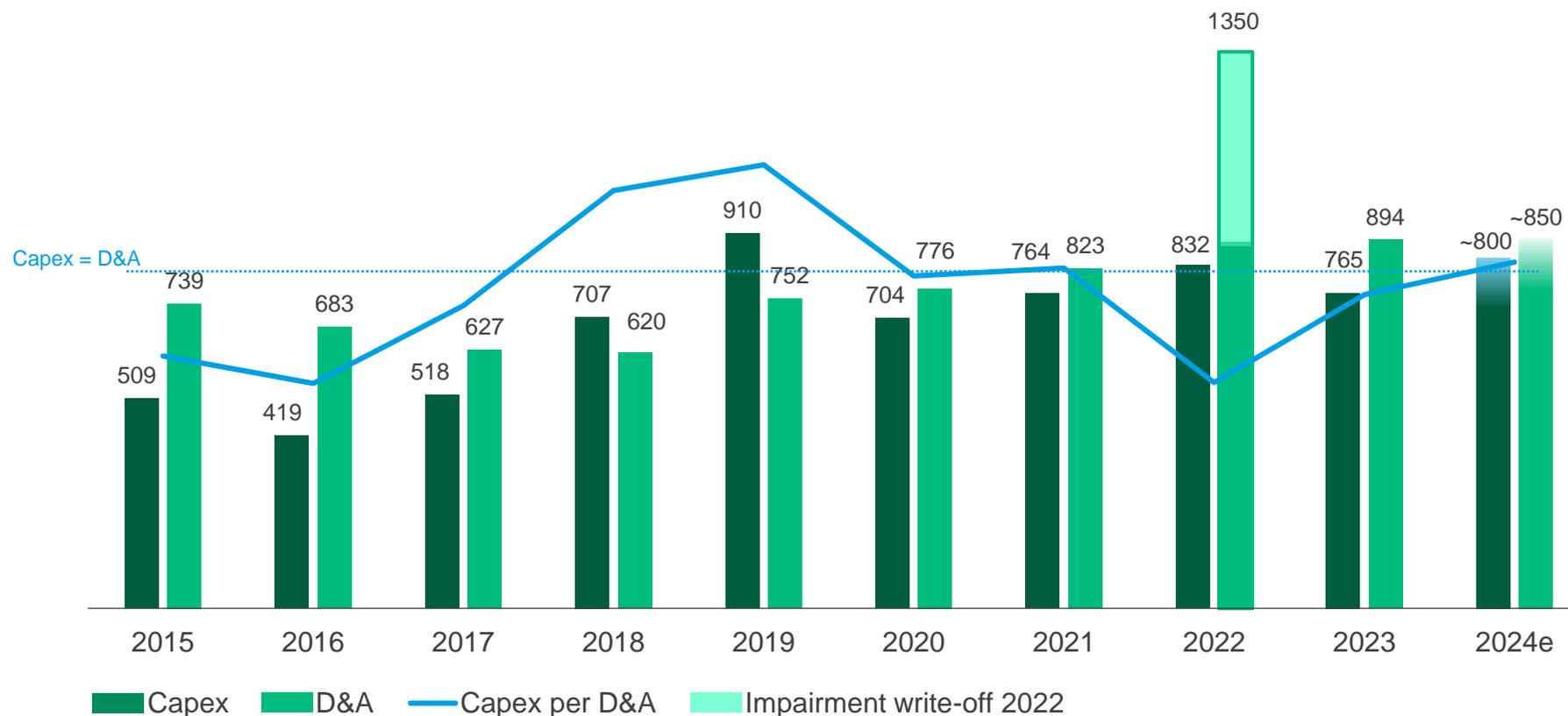
Significant investments into growth

Group capex and D&A



HISTORIC AND PROJECTION

in € million

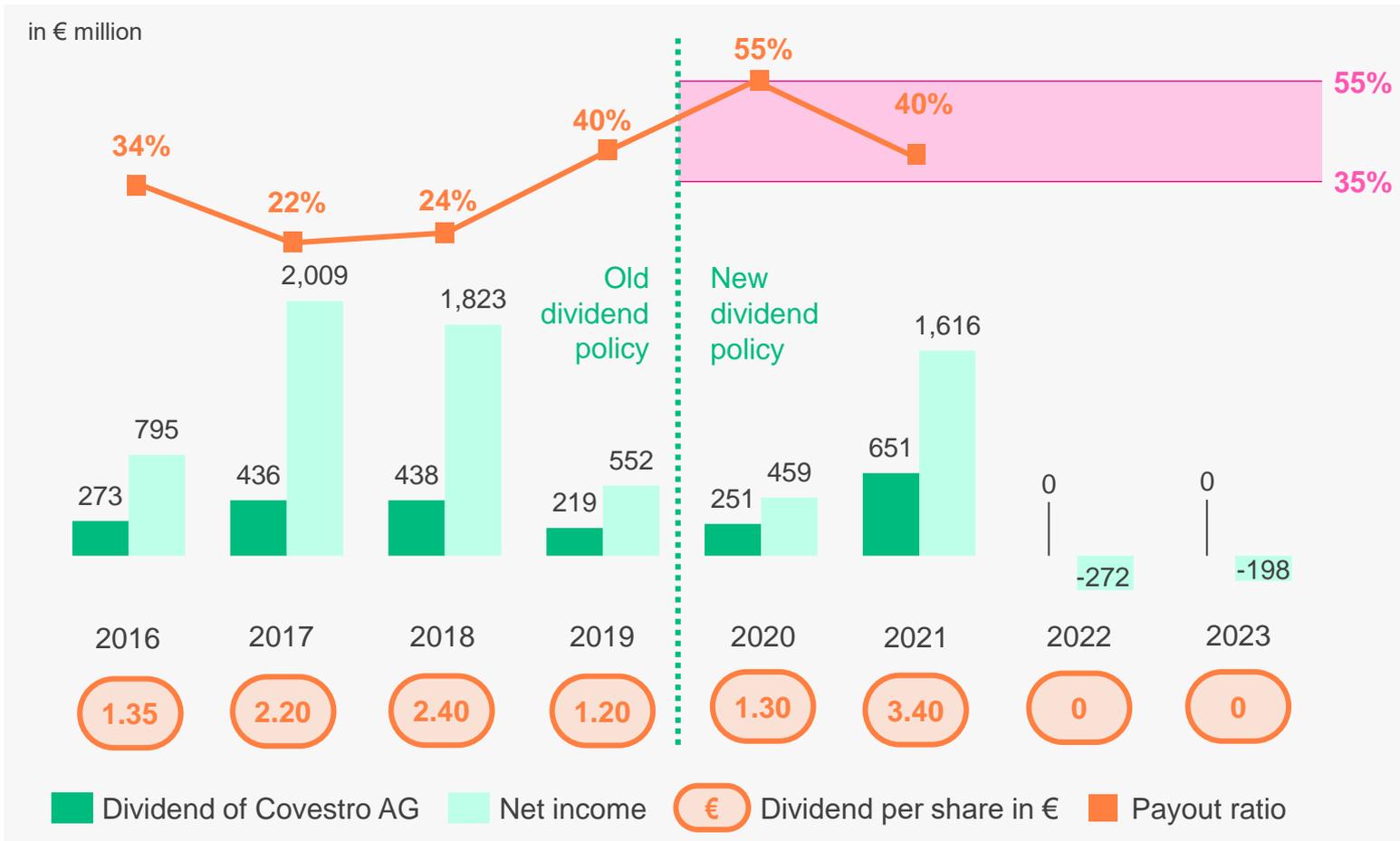


HIGHLIGHTS

- 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

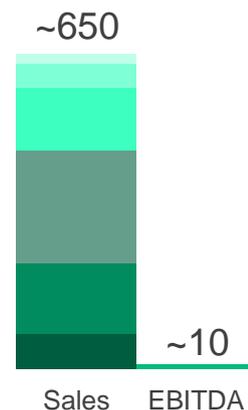
August 2018

NA Polyurethanes spray foam business

April 2017

Closing

Cumulated, in € million



Business divested at average EV/EBITDA >20x

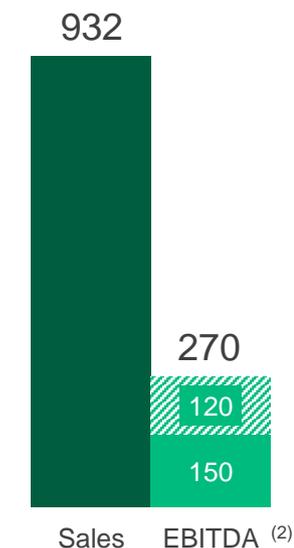
Portfolio analysis ongoing, further minor divestments possible

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

(1) Covestro with 51% joint venture share

(2) Based on 2020 sales / approximate stand-alone EBITDA in 2021 (€150m) and full synergies (€120m)

Listed transactions with materiality; all sales and EBITDA refer to the last fiscal year prior to closing

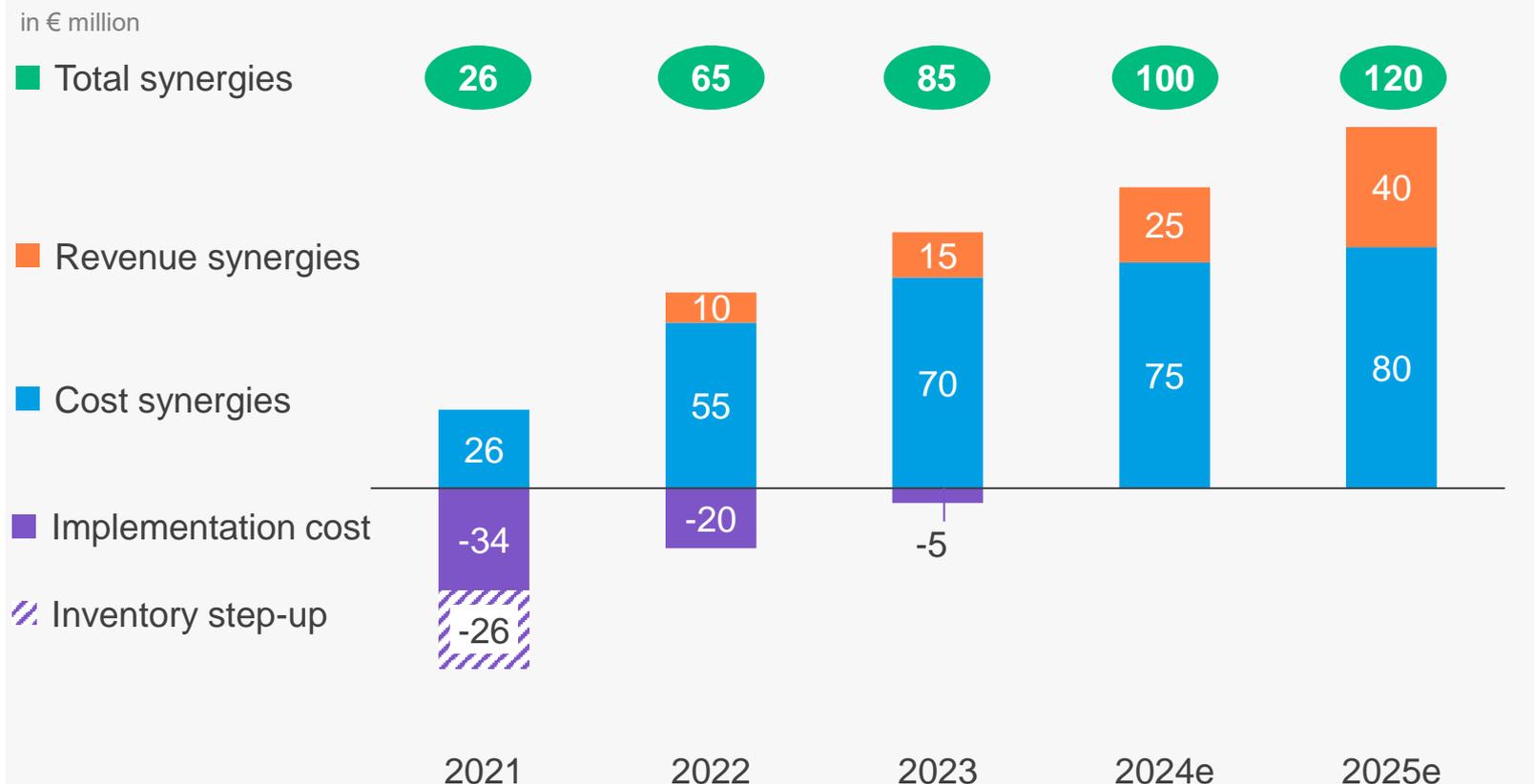
IRR: Internal rate of return

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

Strong volume rebound

Q1 2024 Highlights



1

Strong volume increase by 11%
driven by higher demand and improved internal availability

2

Sales decreased to €3.5bn
caused by lower prices and unfavorable FX while volumes increased

3

EBITDA Q1 2024 of €273m close to upper end of guidance range
burdened by negative pricing delta and FX

4

Seasonally solid FOCF of €-129m
supported by successful capex and working capital management

5

FY 2024 guidance confirmed
with an expected EBITDA of €1.0 to 1.6bn



- Covestro investment highlights
- **Group financials Q1'24**
- Segment overview
- Background information

Despite lower sales EBITDA close to previous year level



Group results – Highlights Q1 2024

SALES

in € million / changes Y/Y

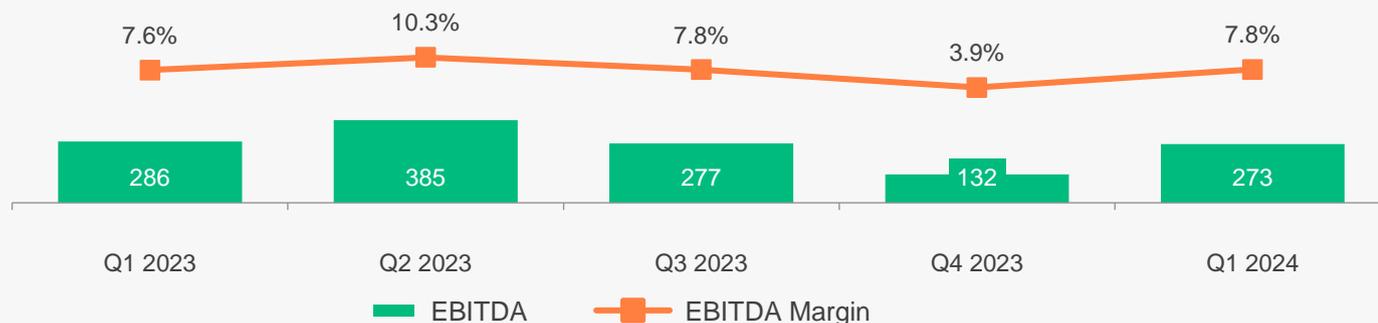


HIGHLIGHTS Q1 2024

- Year-over-year sales decline (-6.2%) mainly attributable to negative pricing (-15.4%) and FX (-1.7%) despite positive volume (+10.8%)
- Sequentially, increasing sales development with positive volume development despite negative effects of pricing and FX

EBITDA AND MARGIN

in € million



HIGHLIGHTS Q1 2024

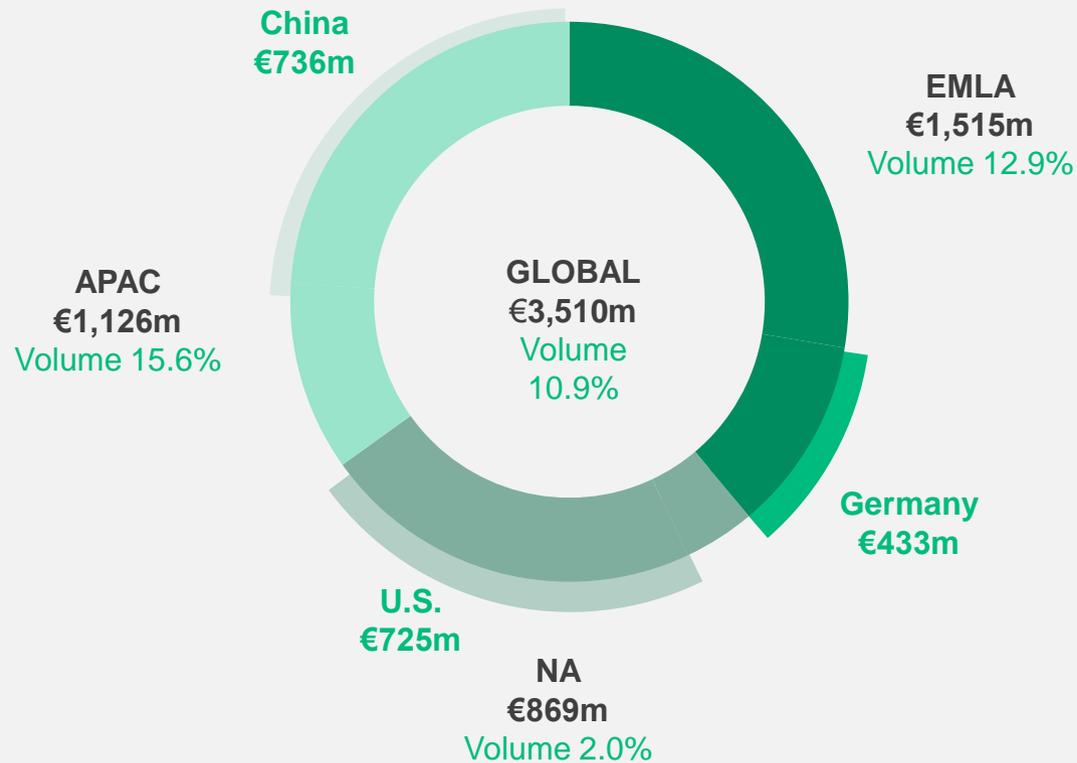
- Year-over-year EBITDA declined from negative pricing delta and FX despite positive volume
- Sequentially, earnings increased due to higher volumes despite negative pricing delta
- EBITDA margin improved to 7.8% in Q1 2024

Volume recovery in APAC and EMLA

Q1 2024 – Regional split



Sales volume Y/Y



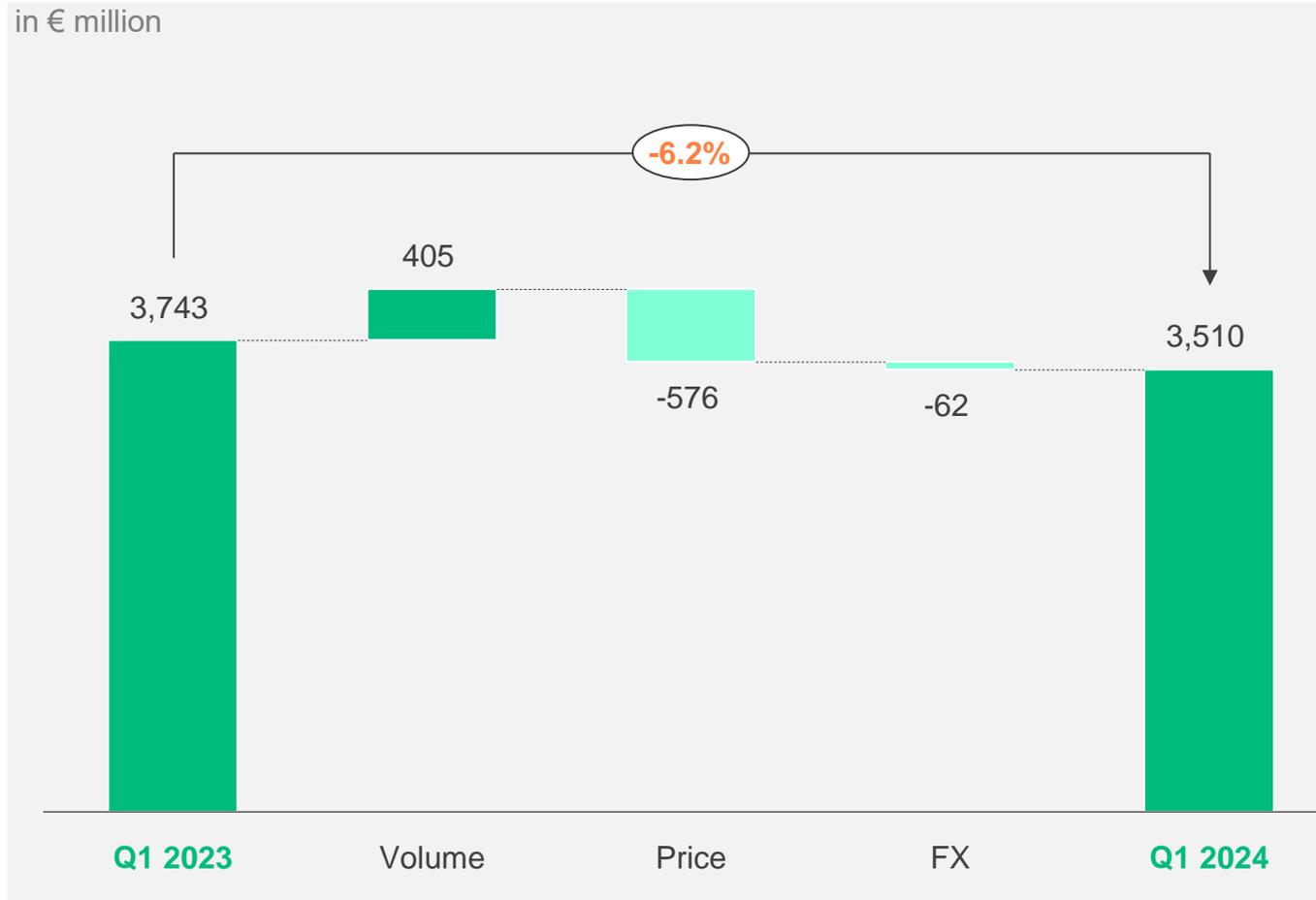
HIGHLIGHTS

- Year-over-year positive volume development across all industries:
 - Construction high teens % increase
 - Furniture/wood high single-digit % increase
 - Electro high single-digit % increase
 - Auto mid-single-digit % increase
- **EMLA:** Strong volume push after fully resolved technical limitations; particularly in construction, furniture/wood and electro while auto with slight increase
- **NA:** Construction with slight increase while furniture/wood, electro and auto slightly decline
- **APAC:** Furniture/wood, auto and construction exhibiting strong growth while electro with slight growth

Sales down due to lower prices despite strong volume growth



Q1 2024 – Sales bridge



HIGHLIGHTS

Volume positive

- Volume increase of 10.9% Y/Y
- Performance Materials with 17.3% Y/Y growth while Solutions & Specialties with 5.9% Y/Y increase

Pricing negative

- Pricing affected sales by -15.4%
- Performance Materials with -21.3% Y/Y whereas Solutions & Specialties with -10.4% Y/Y development

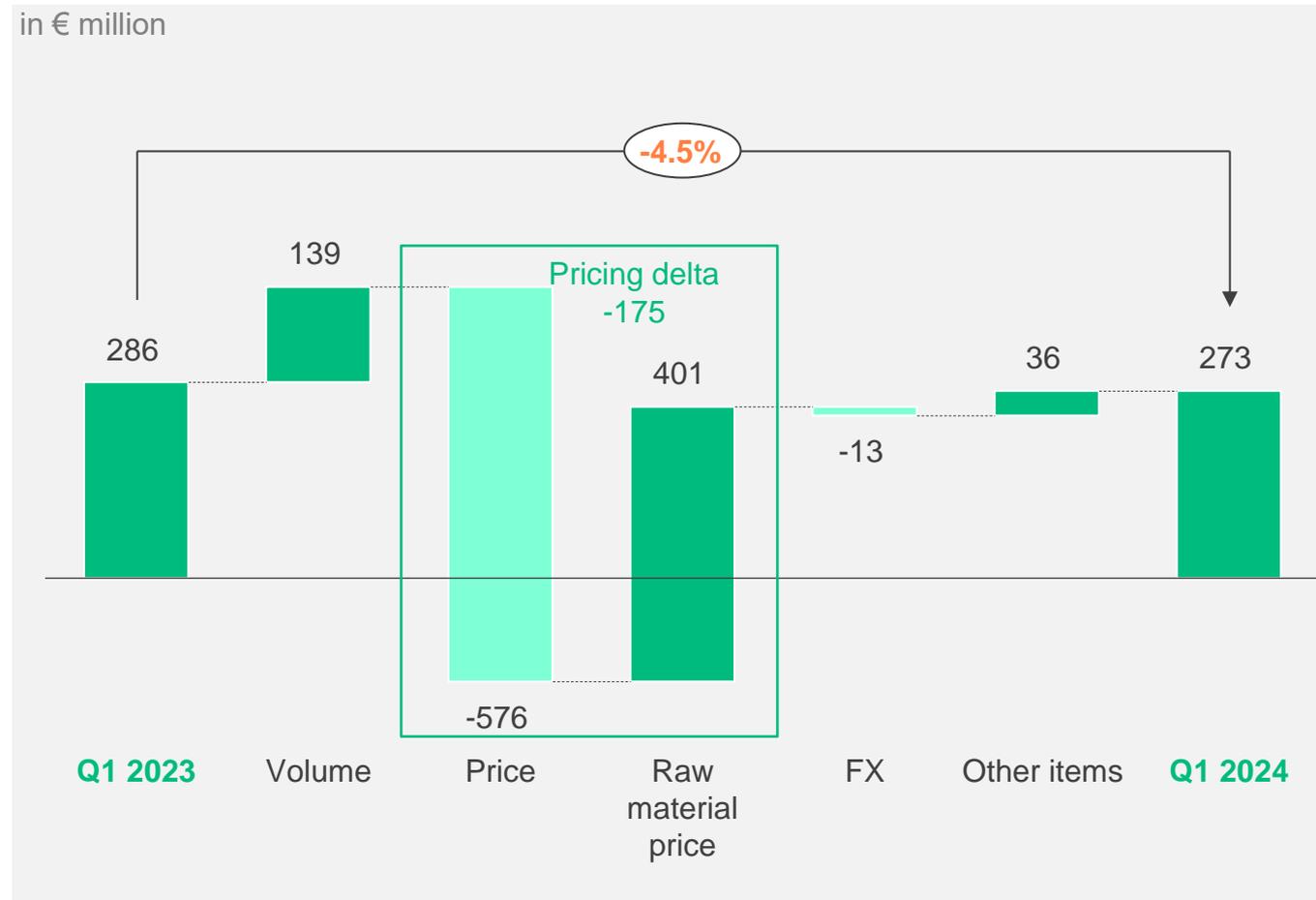
FX negative

- FX affected sales by -1.7% Y/Y mainly driven by the weaker Chinese Renminbi

Flattish EBITDA with positive volume but negative pricing delta



Q1 2024 – EBITDA bridge



HIGHLIGHTS

Positive volume

- Volume leverage⁽¹⁾ of 34%
- 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

- Mainly due to lower fixed cost
- Also benefitted from slightly lower LTI/STI provisions of €5m mainly driven by the share-based incentive program (LTI)

Seasonally negative FOCF due to WOC increase



Historical FOCF development

in € million

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Q1 2024
	473	530	1,429	138	232	-129
EBITDA	+1,604	+1,472	+3,085	+1,617	+1,080	+273
Changes in working capital⁽¹⁾	+437 ⁽³⁾	-100 ⁽³⁾	-727	+312	+250	-229
Capex⁽²⁾	-910	-704	-764	-832	-765	-106
Income tax paid	-296	-155	-546	-538	-383	-38
Other effects⁽³⁾	-362 ⁽³⁾	+17 ⁽³⁾	+381	-421	+50	-29

HIGHLIGHTS

- FOCF Q1 2024 slightly increased Y/Y to €-129m (Q1 2023: €-139m)
- Q1 2024 working capital to sales ratio⁽⁴⁾ increased to 18.8% (Q1 2023: 17.5%), driven by steadily declining sales and higher inventories
- Q1 2024 Y/Y capex slightly lower due to reduced expenses for investment projects and significantly lower lease contract obligations
- Other effects: FY 2023 without any bonus payout; 50% target achievement in FY 2023 to be 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

Negative net income due to unfavorable geographical earnings distribution



P&L statement Q1 2024

In € million	Q1 2023	Q1 2024	% of Q1'23 SALES	Δ Y/Y
Sales	3,743	3,510	100%	-6.2%
EBITDA	286	273	7.8%	-4.5%
D&A excl. impairments	-214	-210	-6.0%	-1.9%
Impairments	-33	-2	-0.1%	-93.9%
EBIT	39	61	1.7%	56.4%
Financial result	-29	-30	-0.9%	3.4%
EBT	10	31	0.9%	210.0 %
Income taxes excl. DTA adjustments	4	8	-0.2%	100.0 %
DTA adjustments	-41	-76	-2.2%	85.4%
Net income⁽¹⁾	-26	-35	-1.1%	37.0%
Earnings per share (in €) ⁽²⁾	-0.14	-0.19	-	35.7%

HIGHLIGHTS

Impairments

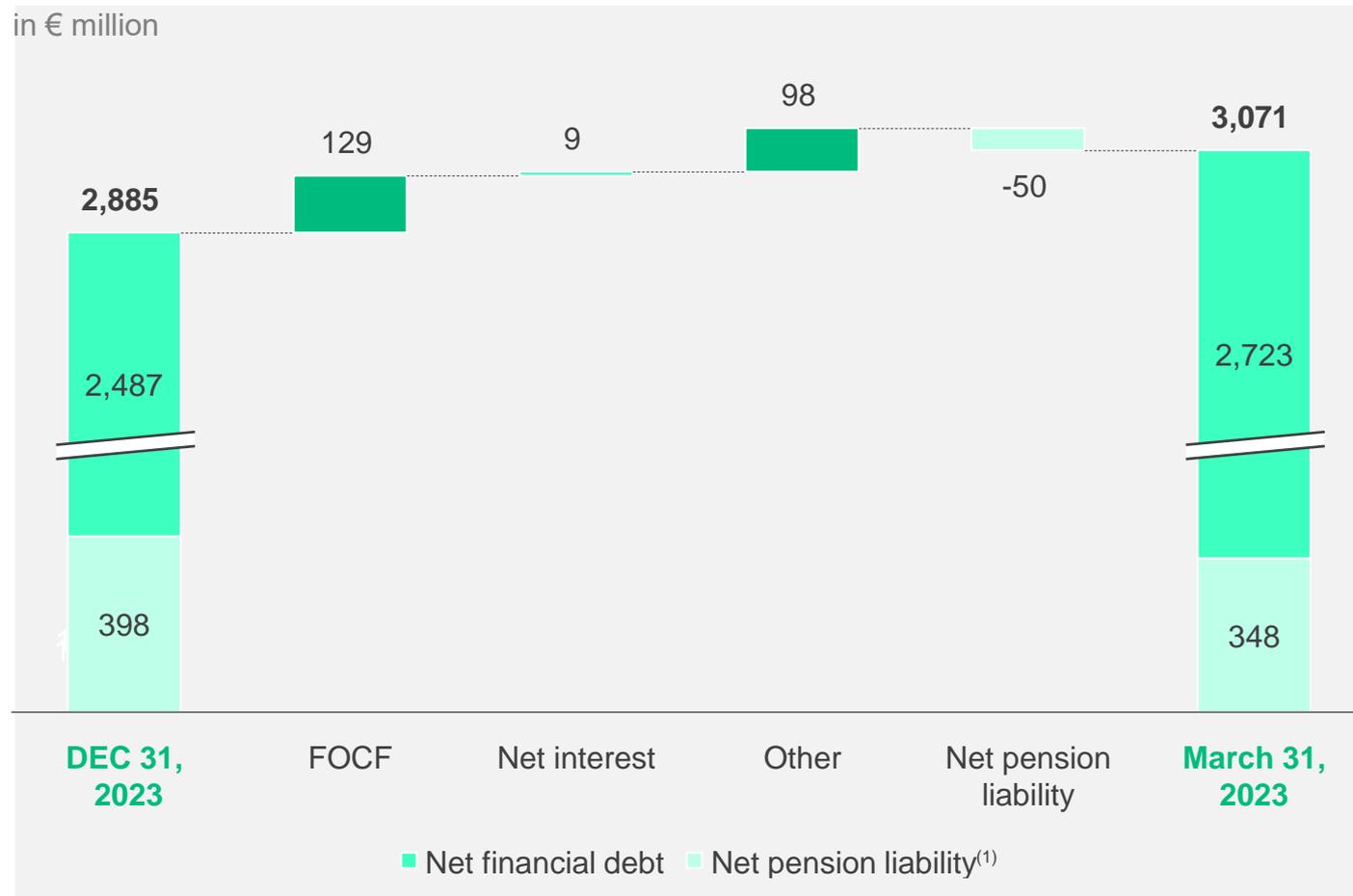
- Q1 2023 impairment loss of €30m due to discontinuation of Maezio® product line and related site closure

Deferred tax assets (DTA)

- Not recognized deferred tax assets on tax loss carryforwards and temporary differences
- DTA adjustments of €76m in Q1 2024 mainly due to negative earnings mainly in Germany

Total net debt burdened by negative FOCF

March 31, 2024 – Total net debt



HIGHLIGHTS

- Total net debt to EBITDA ratio⁽²⁾ of 2.9x at the end of Q1 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
- 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



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Differentiation based on customer proximity and innovation

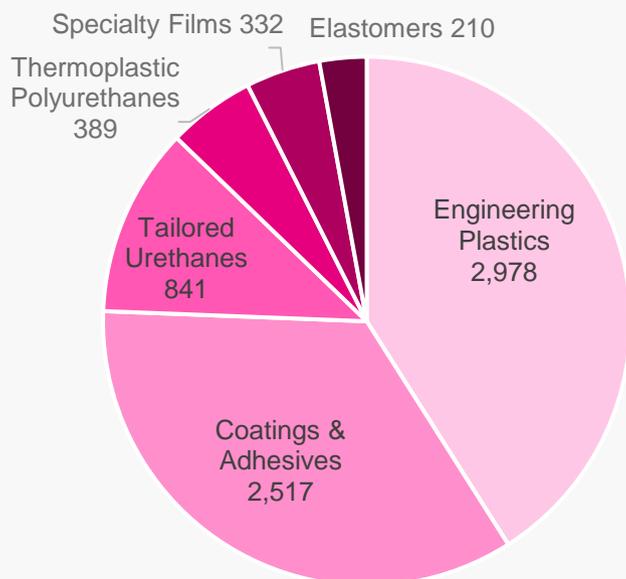


Solutions & Specialties

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

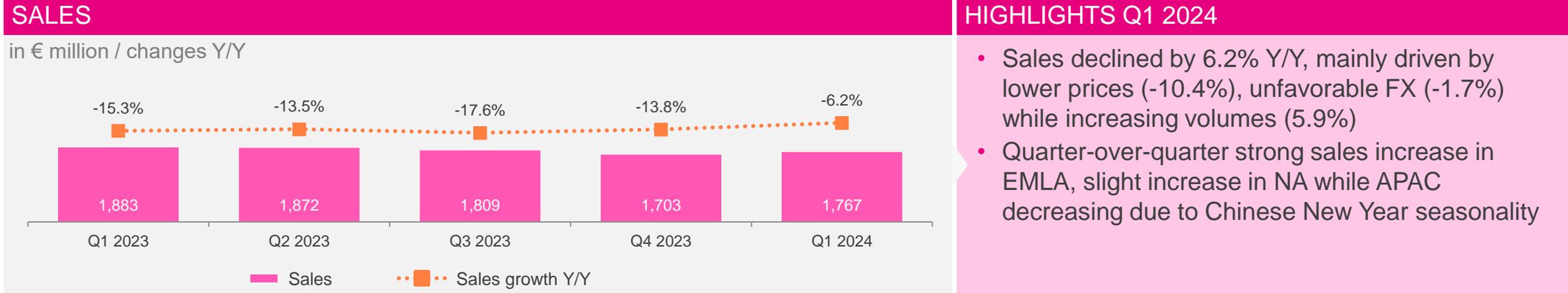
BENEFITS FOR GROUP

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

Solutions & Specialties – positive pricing delta and higher volumes



Segment results – Highlights Q1 2024



- ### HIGHLIGHTS Q1 2024
- Sales declined by 6.2% Y/Y, mainly driven by lower prices (-10.4%), unfavorable FX (-1.7%) while increasing volumes (5.9%)
 - Quarter-over-quarter strong sales increase in EMLA, slight increase in NA while APAC decreasing due to Chinese New Year seasonality



- ### HIGHLIGHTS Q1 2024
- Compared to prior year, EBITDA significantly improved due to positive volume and pricing delta helped by lower raw material cost
 - Quarter-over-quarter clearly higher EBITDA driven by volume increase burdened by negative pricing delta
 - EBITDA margin improved to 11.8% in Q1 2024

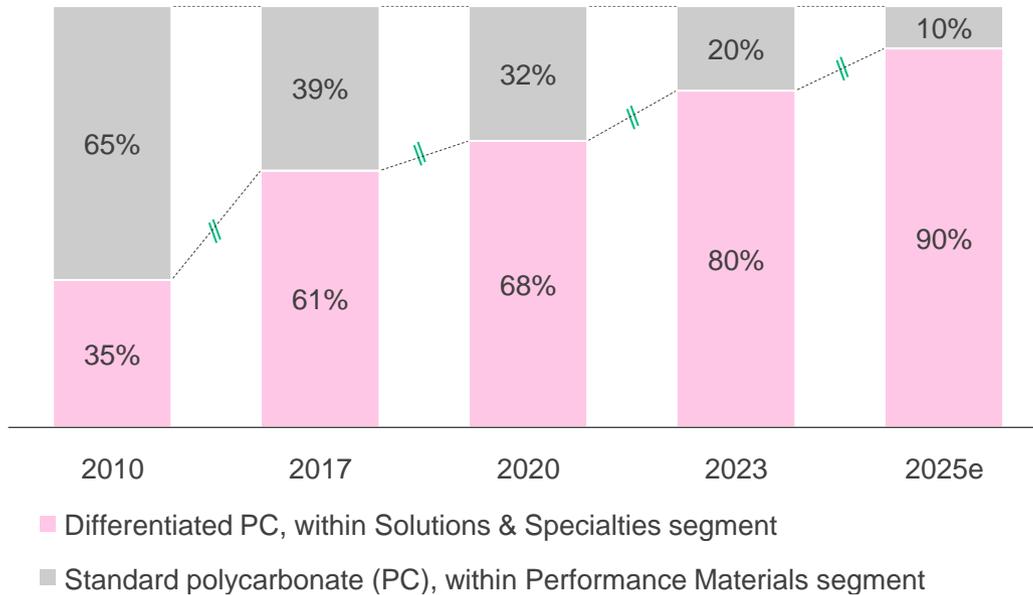


Continuing shift to differentiated polycarbonate

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		
	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

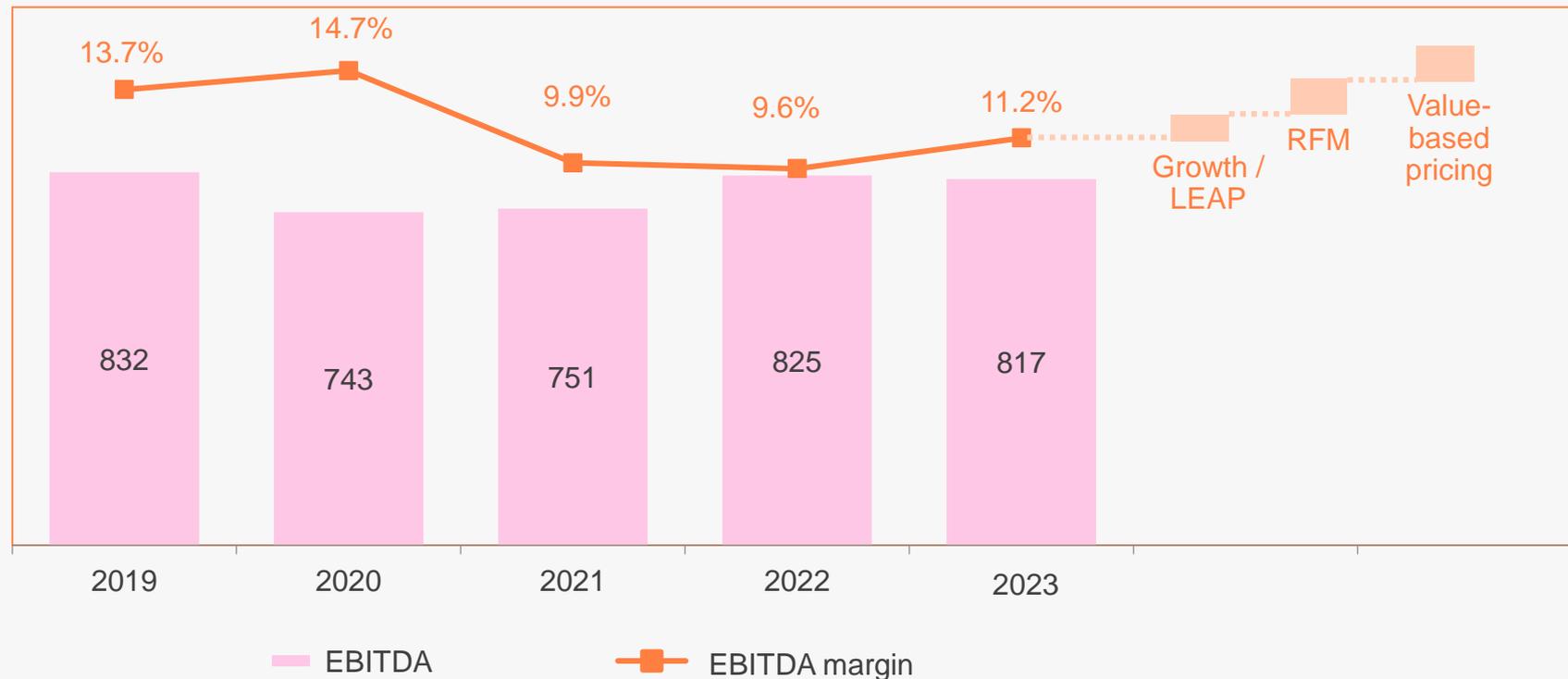


EBITDA margin to grow

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

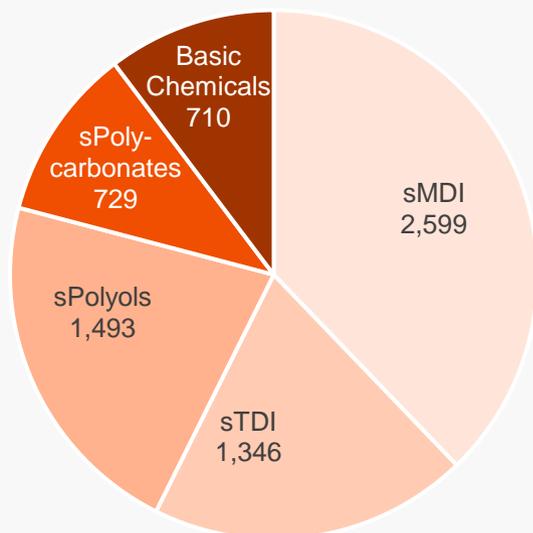
Performance Materials



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 – strong volume rebound



Segment results – Highlights Q1 2024

SALES

in € million / changes Y/Y

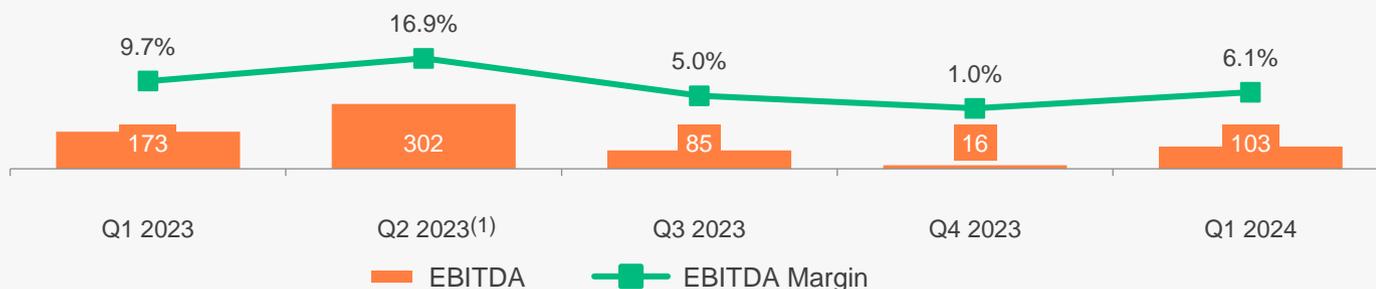


HIGHLIGHTS Q1 2024

- Sales decreased by 5.7% Y/Y driven by price (-21.3%) and FX effect (-1.7%) partly compensated by positive volume (+17.3%)
- Quarter-over-quarter, strong sales increase in EMLA, slight increase in APAC and NA flat; sequentially positive volume growth in all regions continued

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS Q1 2024

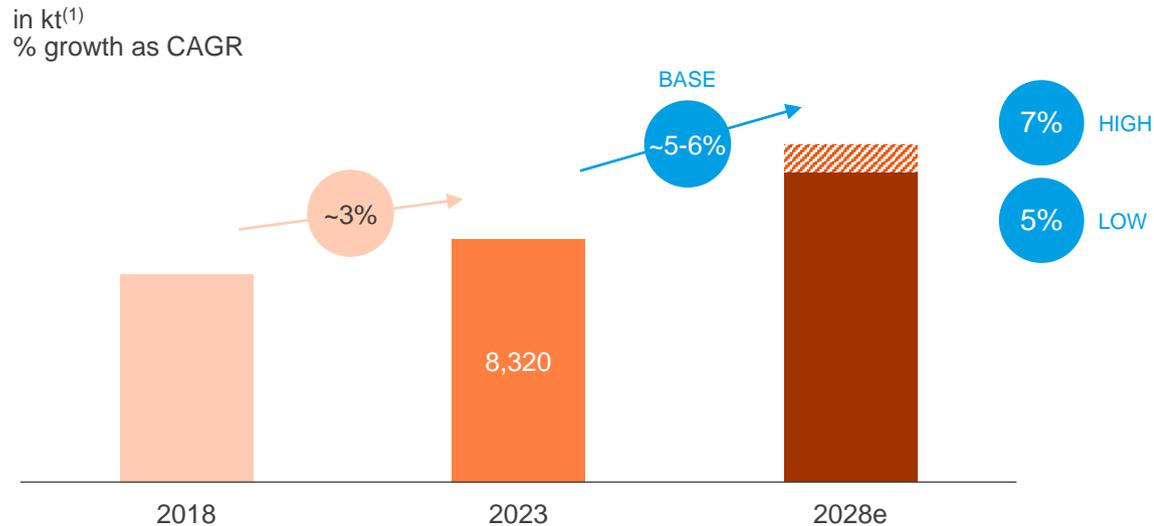
- Compared to prior year, EBITDA declined due to negative pricing delta and FX, partly compensated by increasing volumes and lower fixed costs
- Quarter-over-quarter, significantly higher EBITDA driven by positive volumes, higher inventories and positive pricing delta

MDI market turning fully utilized

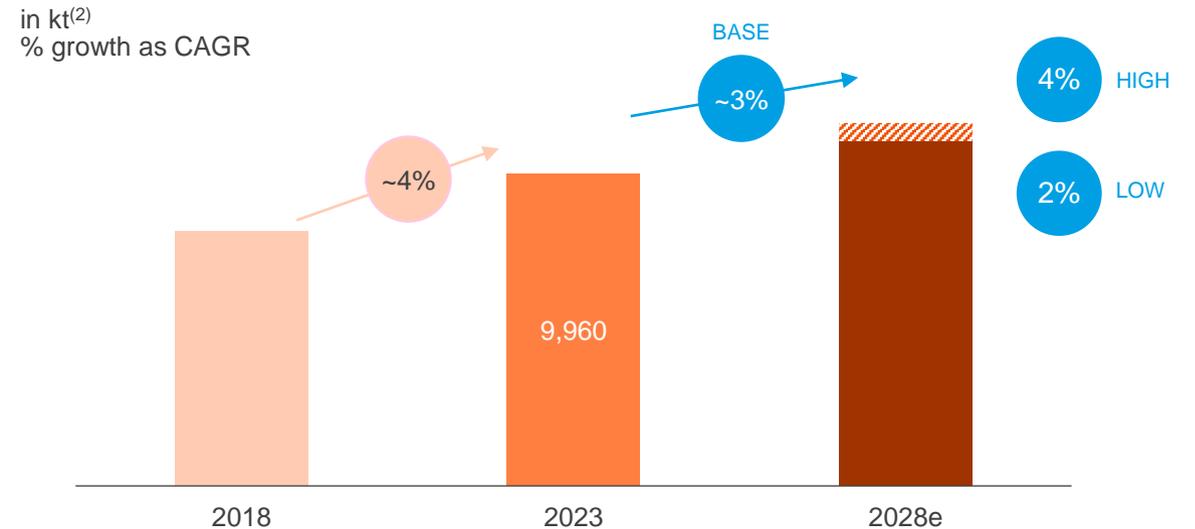


Performance Materials: MDI industry demand and supply

MDI DEMAND DEVELOPMENT (2018 - 2028e)



MDI SUPPLY DEVELOPMENT (2018 - 2028e)



HIGHLIGHTS

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

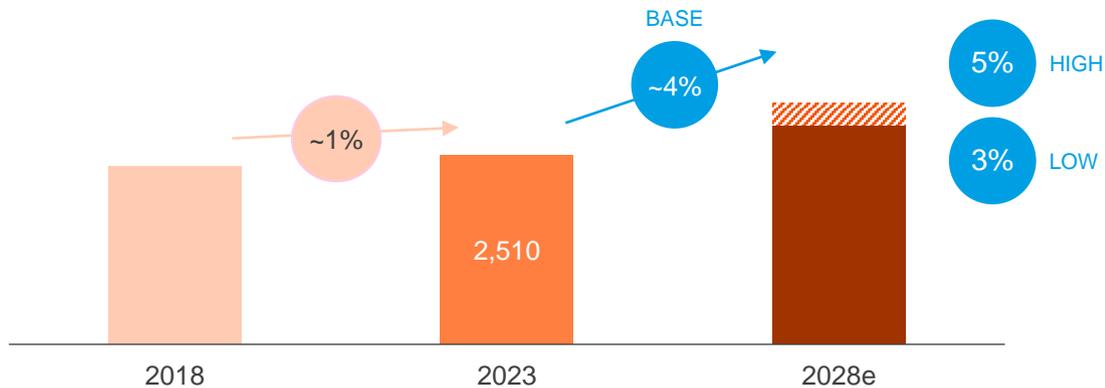
TDI market moving to balance



Performance Materials: TDI industry demand and supply

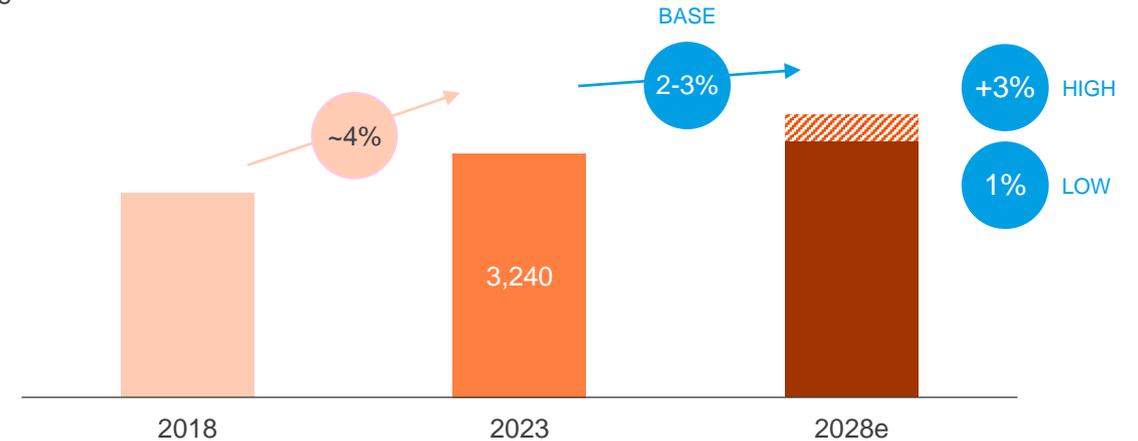
TDI DEMAND DEVELOPMENT (2018 - 2028e)

in kt⁽¹⁾
% growth as CAGR



TDI SUPPLY DEVELOPMENT (2018 - 2028e)

in kt⁽²⁾
% growth as CAGR



HIGHLIGHTS

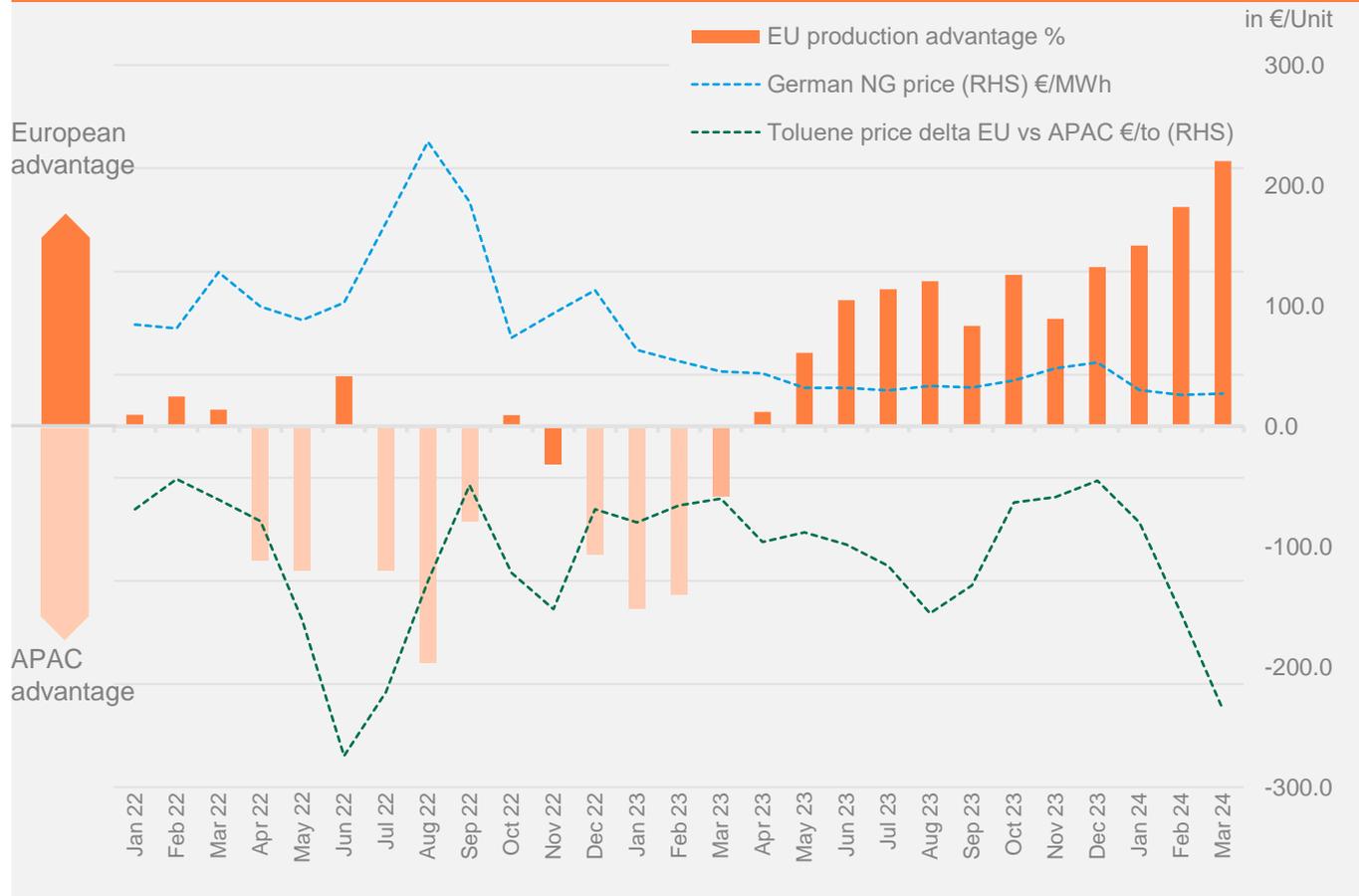
- In 2023, industry utilization benefitted from 8% market growth and the closure of BASF Ludwigshafen (-300kt)
- Leading to an increased industry utilization rate of 77% (2022: 67%)
- Industry usually fully utilized in the high eighties
- Favorable cash cost position puts Covestro into strong competitive 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 and from China of 46kt⁽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 Q1'24
- 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 April 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	22.4	⁽⁴⁾
FTSE Russell	Excluded / Listed	Listed	Listed	Listed	Listed	Listed	Listed	Listed	Listed				

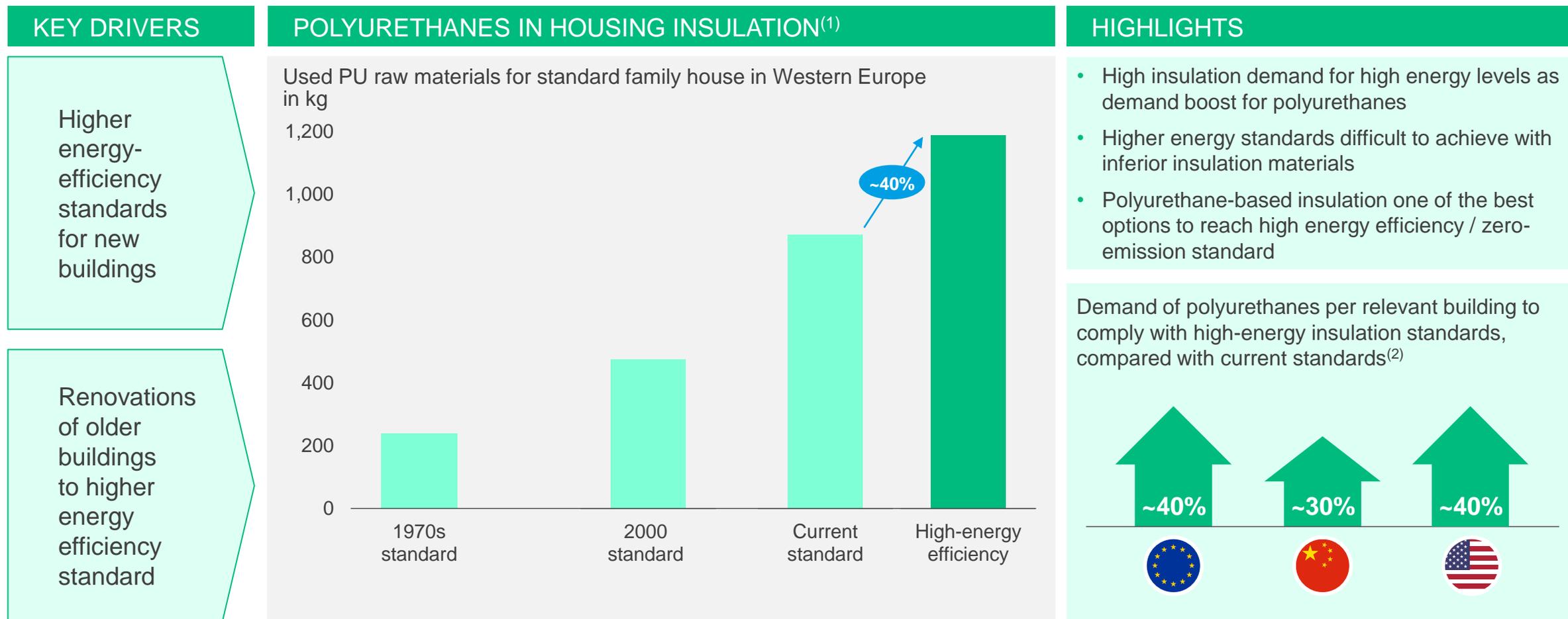
Notes:

- (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 14% 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

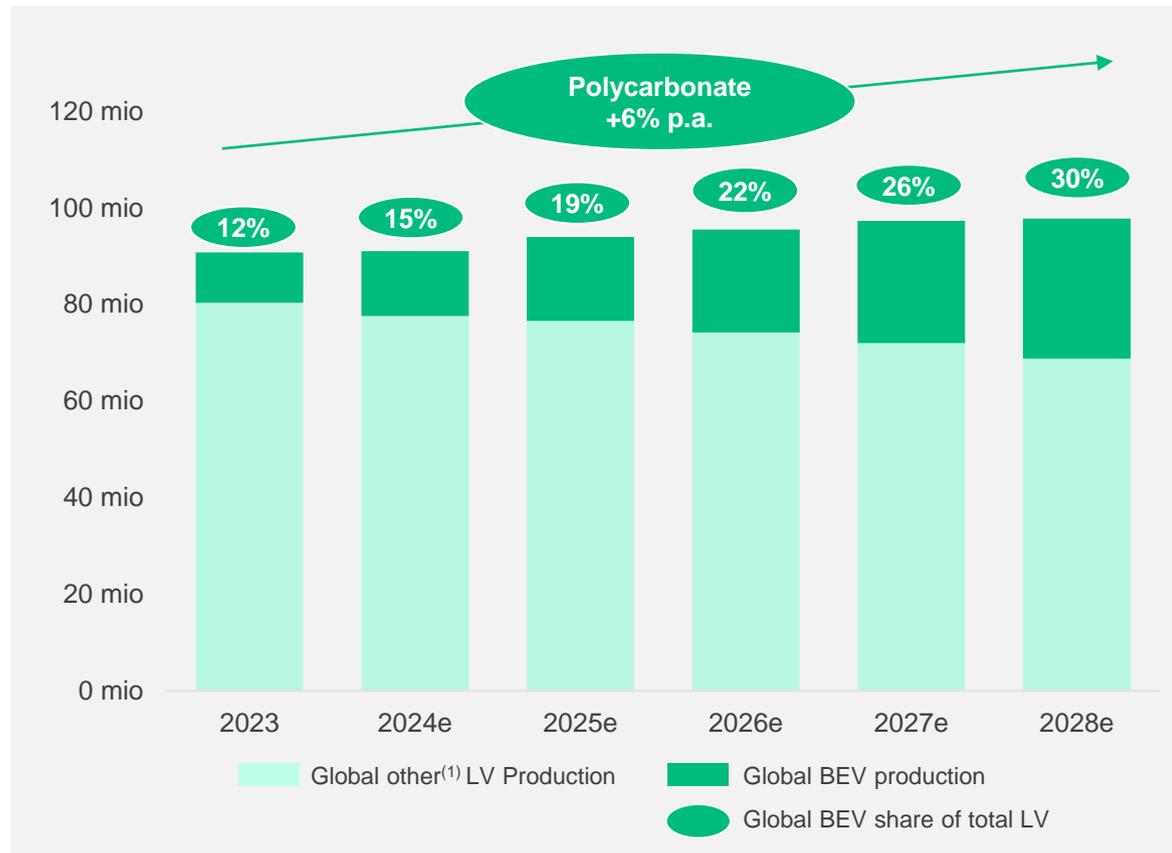
KEY DRIVERS

Carbon neutrality targets

Rising fuel prices

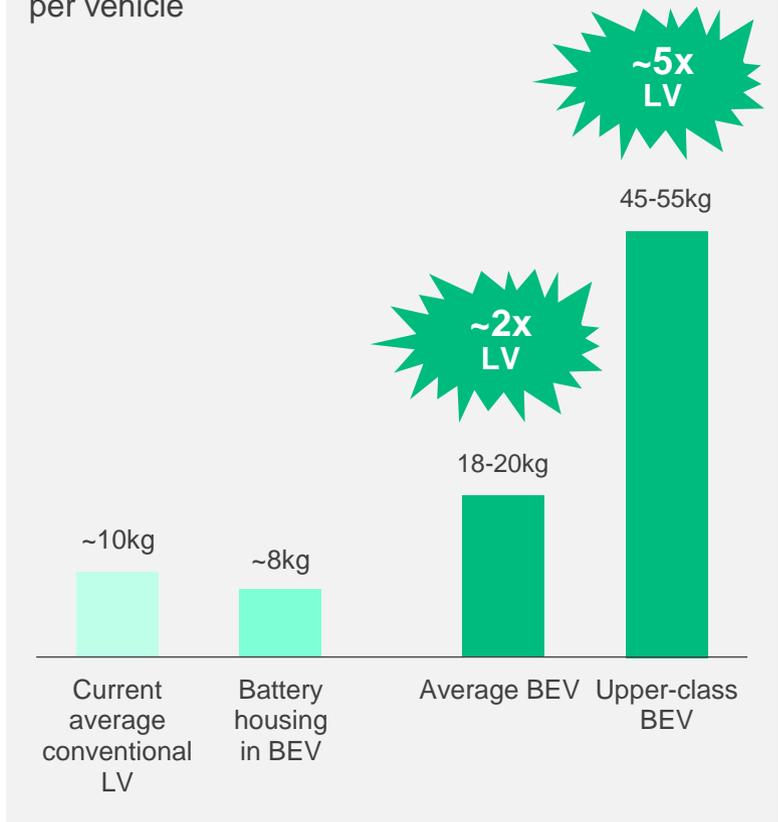
Stringent emission regulations

DEVELOPMENT OF AUTOMOTIVE INDUSTRY



USE OF POLYCARBONATES IN BEV

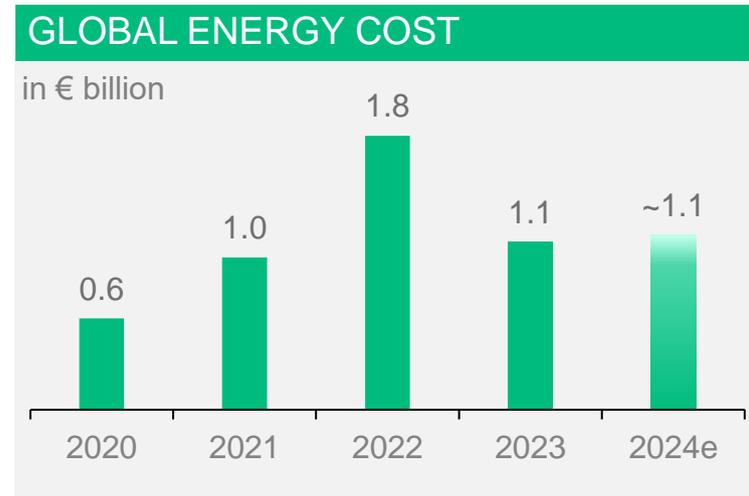
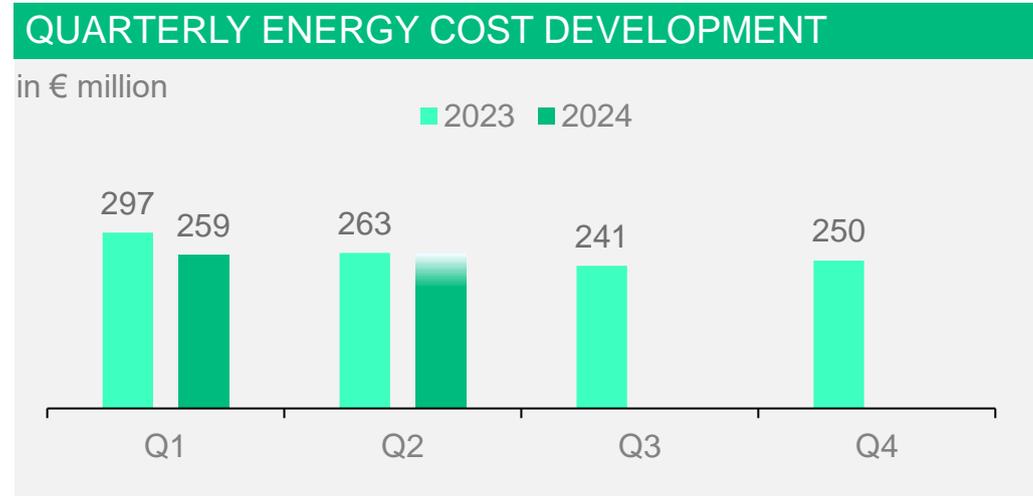
per vehicle



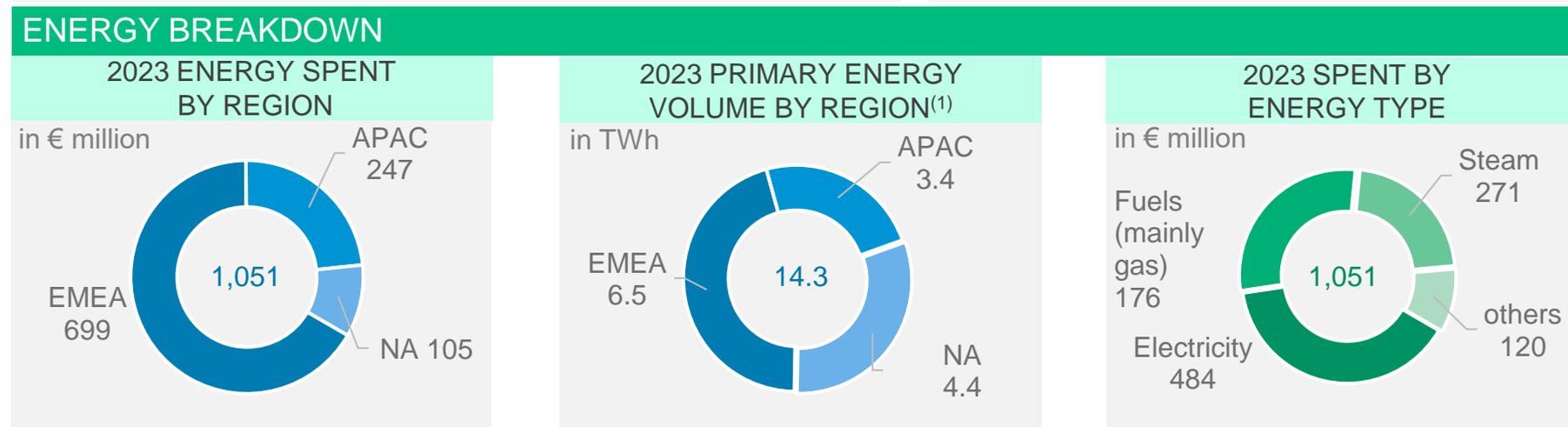
Global energy prices normalizing after tripling within two years



Energy cost development



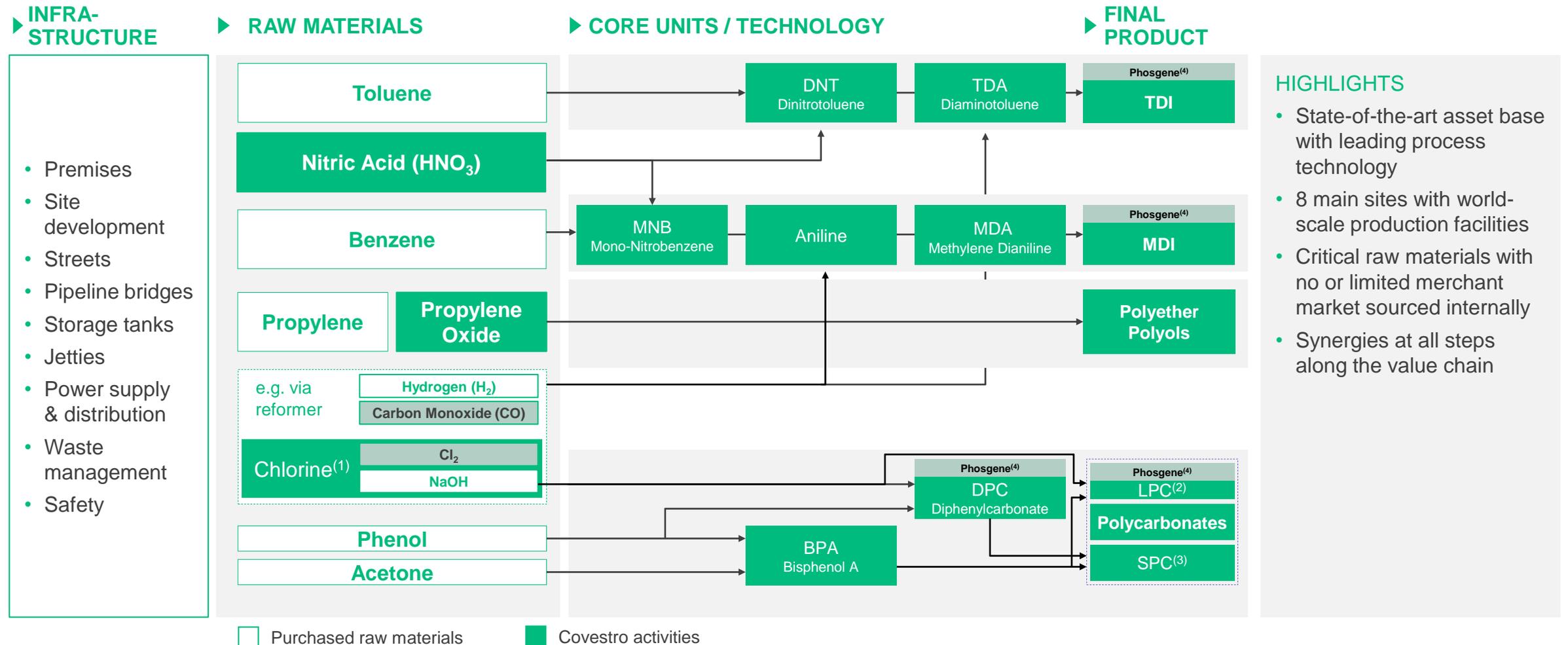
- ### HIGHLIGHTS
- Q2 2024e global energy cost expected slightly below Q2 2023 from lower prices despite higher volumes
 - Global energy bill in FY 2024 expected around €1.1bn; flat development vs FY 2023 as lower prices offset by higher volumes
 - Energy demand in FY 2024 to increase by ~15% based on higher volumes and new asset start-ups



Synergies in scale, process technology and chemical know-how



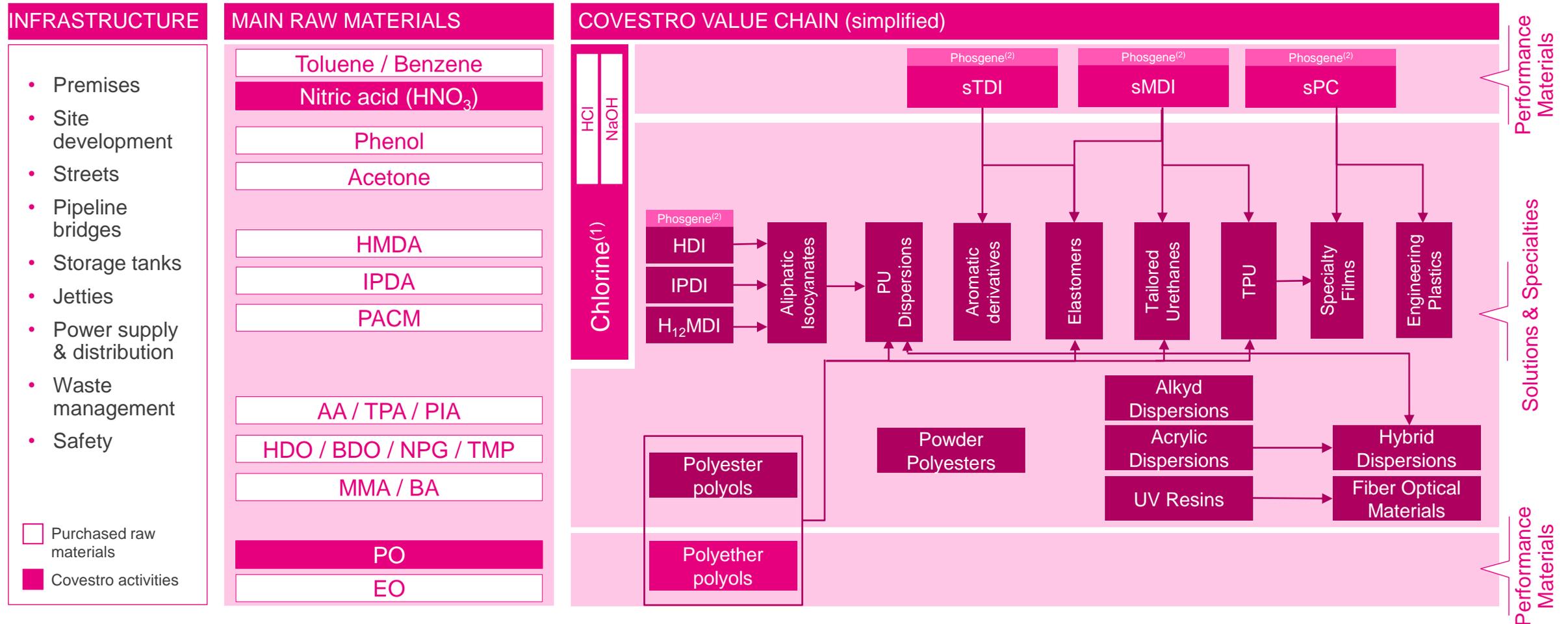
One chemical backbone across all segments



Synergies from chemical backbone and complementary technologies



Solutions & Specialties backward integration and value chain

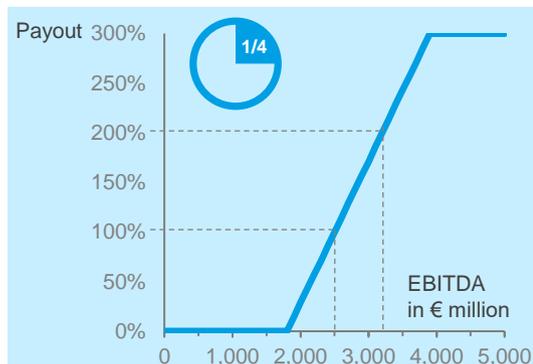


Entire organization aligned for performance and sustainability



Group Profit Sharing Plan (PSP) as of 2022

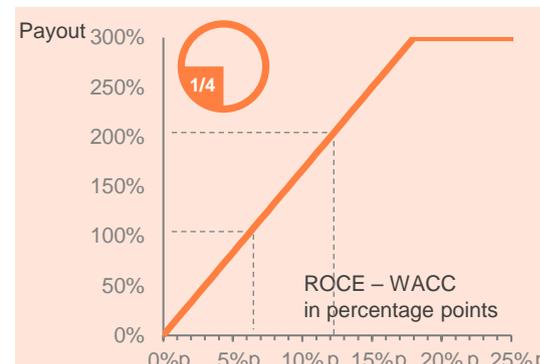
UNIFORM BONUS SYSTEM



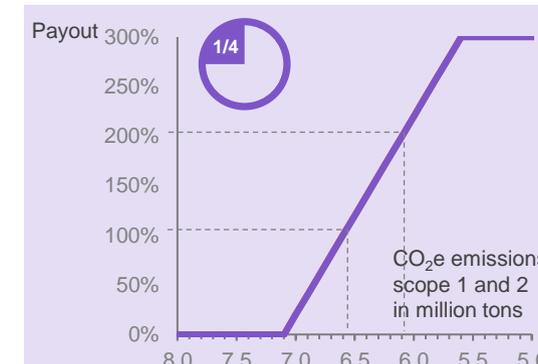
EBITDA (€ mio)				
Value	1,800	2,500	3,200	3,900
Payout	0%	100%	200%	300%



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 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

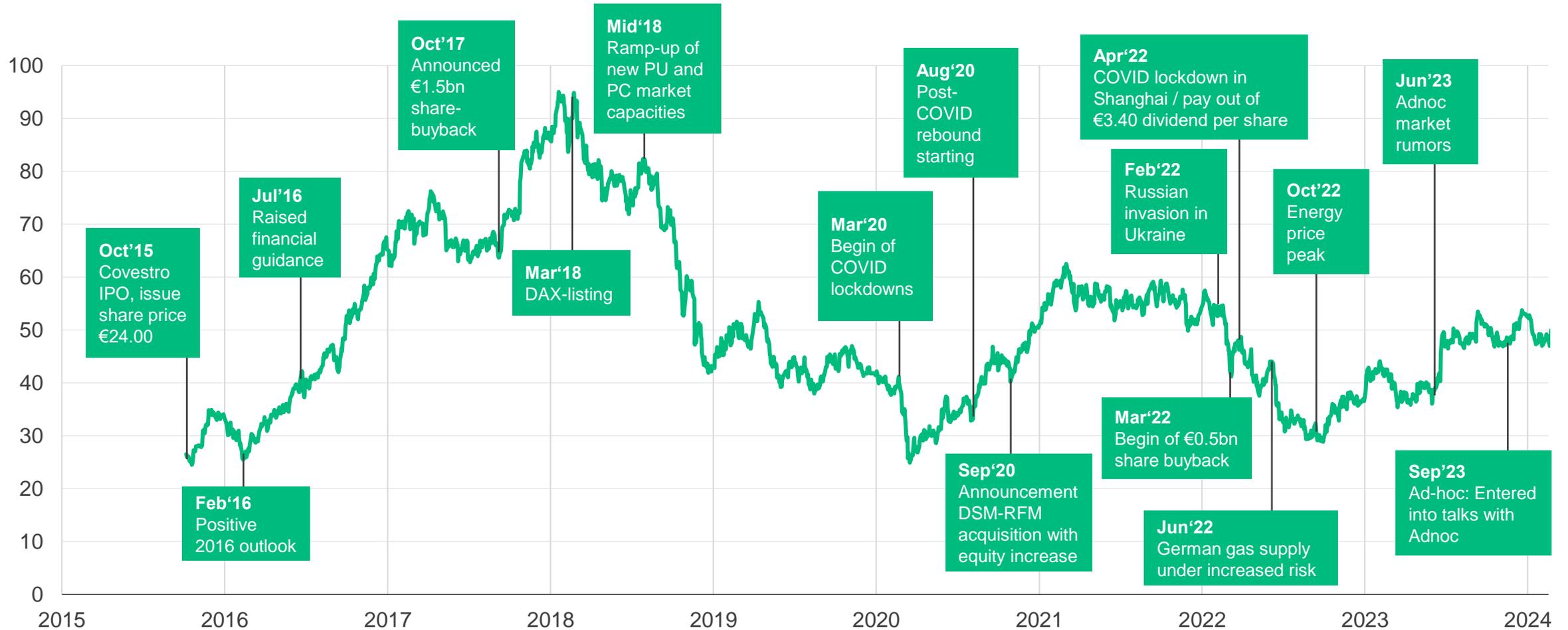
Development of last five years



		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

- | | |
|---------------------|---------------------------------|
| • July 30, 2024 | 2024 Half-Year Financial Report |
| • October 29, 2024 | Q3 2024 Quarterly Statement |
| • February 26, 2025 | 2024 Annual Report |

ANNUAL GENERAL MEETING

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

CORPORATE EVENTS

- | | |
|-----------------|---------------------------------|
| • June 27, 2024 | Capital Markets Day, Leverkusen |
|-----------------|---------------------------------|

BROKER CONFERENCES

- | | |
|-------------------|-------------------------------------------------------|
| • May 14, 2024 | Citi, European Chemicals Conference, London |
| • May 15-16, 2024 | UBS, Best of Europe 1on1 Conference, virtual |
| • May 23, 2024 | Deutsche Bank, dbAccess European Champions Conference |
| • May 29, 2024 | Kepler Cheuvreux, ESG Conference, virtual |
| • June 4-5, 2024 | Exane, BNP Paribas Exane 26th CEO Conference, Paris |



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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.