



Efficiency and recovery drive results

Financial Highlights
Q3 2020



Forward-looking statements

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Financial highlights Q3 2020



+3.0%
Core volume
growth



€456m
EBITDA



€361m
FOCF



RFM
Acquisition
announced



FY 20
Guidance
adjusted

as published on Oct 9, 2020



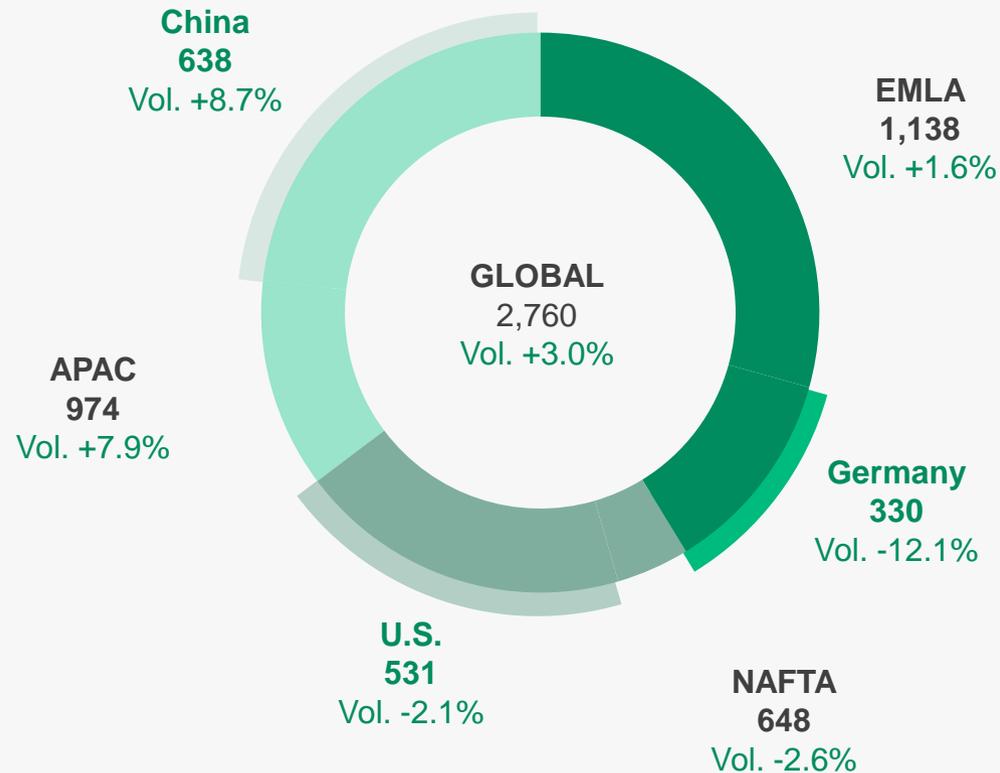
Broad-based volume recovery across industries and regions



Q3 2020 – Regional split

Sales in € million

Core volume growth Y/Y in %



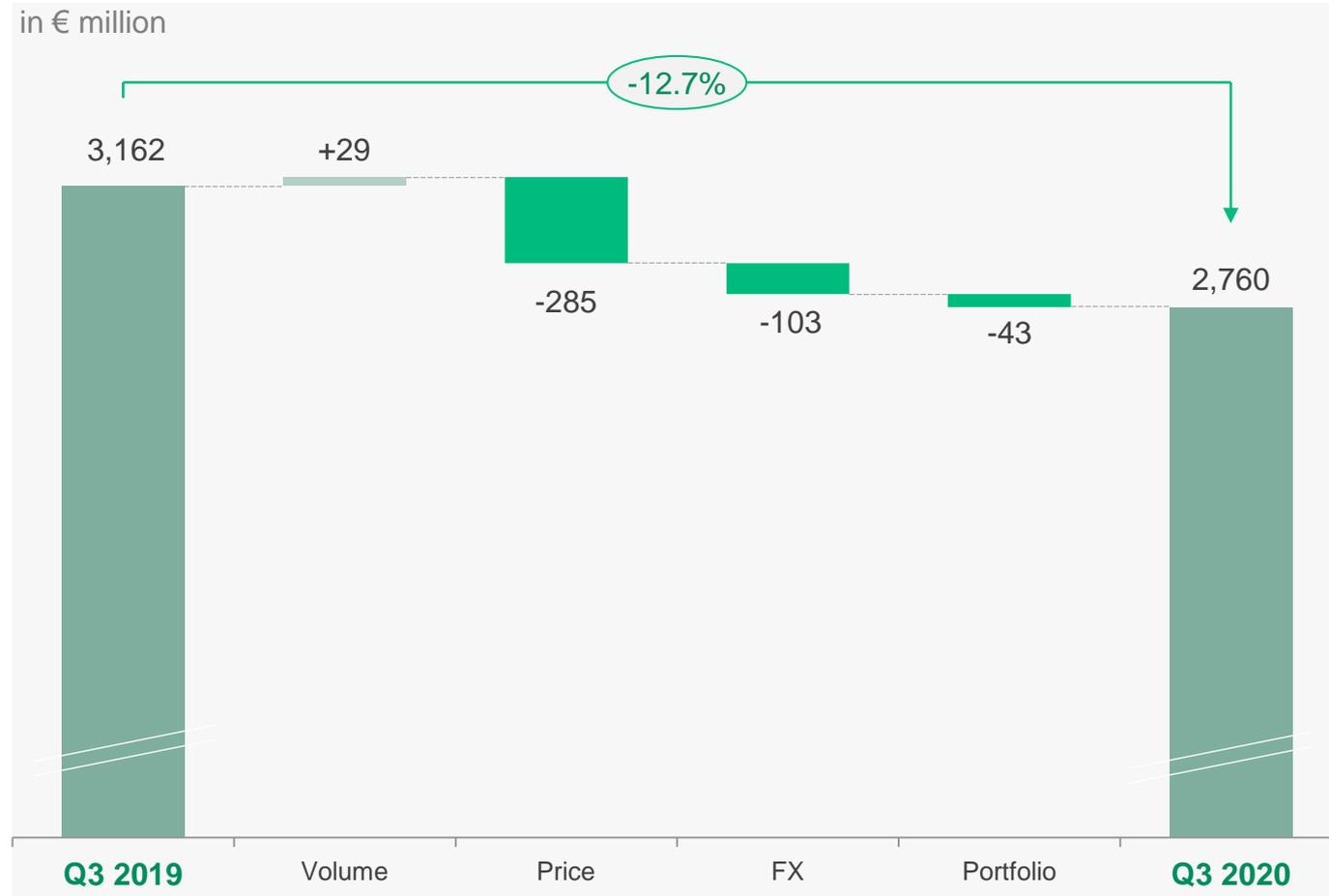
CORE VOLUME GROWTH Y/Y

- Globally broad-based volume recovery after severe negative impact from coronavirus pandemic in Q2:
 - Furniture/wood c. +6%, driven by APAC and NAFTA
 - Construction c. +7%, driven by APAC
 - Auto/transport c. -5%, while China up double-digit
 - Electro c. +4% as all regions grow
 - Divers c. 0% including medical c. +7%
- APAC: growth in all key industries, with double-digit growth in construction and furniture/wood
- EMLA: all key industries back to growth, except double-digit decline in auto; low double-digit decline in Germany across several industries
- NAFTA: double-digit growth in furniture/wood while construction and auto with single-digit declines

Sales burdened by lower prices and currency



Q3 2020 – Sales bridge



HIGHLIGHTS

Volume slightly positive

- Growth of +1.0% Y/Y (in €) driven by PUR and PCS while negative volume effect in CAS

Negative pricing

- Lower selling prices, mainly in PUR and PCS, negatively impacted sales by -9.0% Y/Y

Negative FX

- FX affected sales by -3.3% Y/Y driven by weaker USD and CNY

Portfolio changes

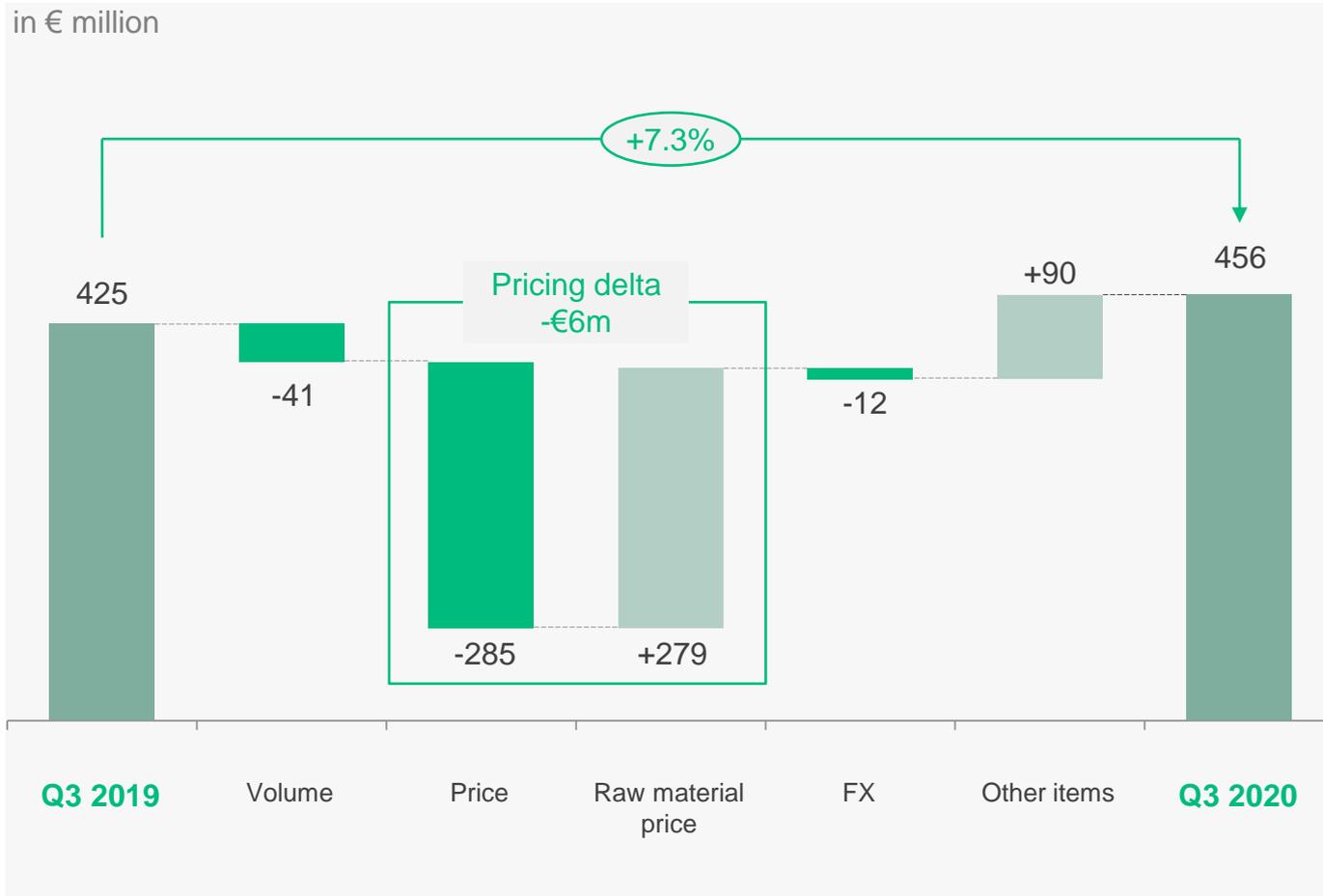
- Slight negative impact of -1.4% Y/Y
- PUR: European system houses divested as of 1st November 2019 (Q3 2020: €-15m)
- PCS: European sheets divested as of 2nd January 2020 (Q3 2020: €-28m)

Cost saving measures drive EBITDA growth

Q3 2020 – EBITDA bridge



in € million



HIGHLIGHTS

Negative volume leverage^(a)

- Negative volume effect despite higher core volumes due to unfavorable product mix effect

Contribution margin virtually unchanged

- Small negative pricing delta as lower raw material prices compensate lower prices, mainly in PUR due to competitive pressure

Slightly negative FX

- Negative effect, mainly driven by transactional effects

Other items

- Cost saving measures contributed strongly
- Provisions for 2020 short-term bonuses at zero

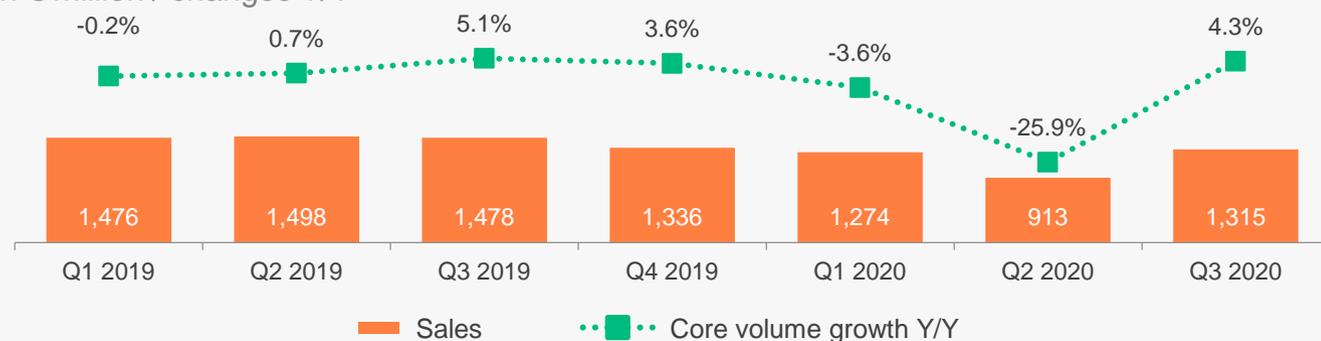
Polyurethanes – earnings strongly up on lower costs



Segment results – Highlights Q3 2020

SALES AND CORE VOLUME GROWTH

in € million / changes Y/Y

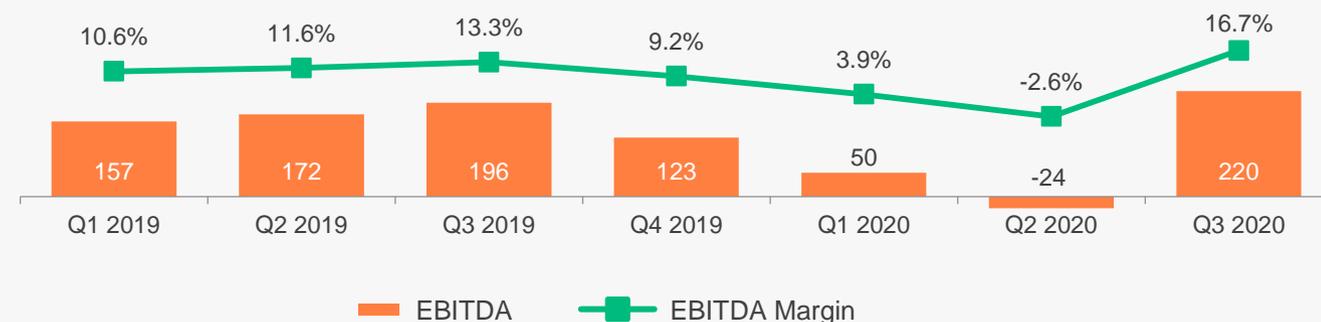


HIGHLIGHTS

- Core volume growth (in kt) of +4.3% Y/Y, driven by TDI and MDI
- Core volume growth in all key industries except automotive/transportation
- Sales decreased by -11.0% Y/Y, driven by price (-11.5%) and FX (-3.8%), whereas volume contributed positively (+5.3%)

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

- Strong sequential EBITDA and margin recovery
- Compared to prior year, EBITDA increased mainly as a results of (i) lower cost driven by saving measures and (ii) volume growth
- Effect from pricing delta was neutral (Y/Y)

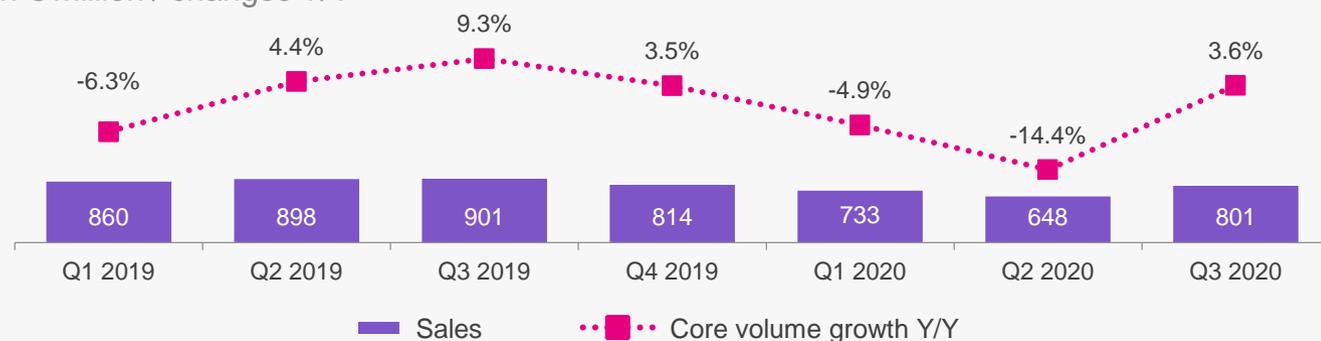
Polycarbonates – double-digit margin further improved



Segment results – Highlights Q3 2020

SALES AND CORE VOLUME GROWTH

in € million / changes Y/Y

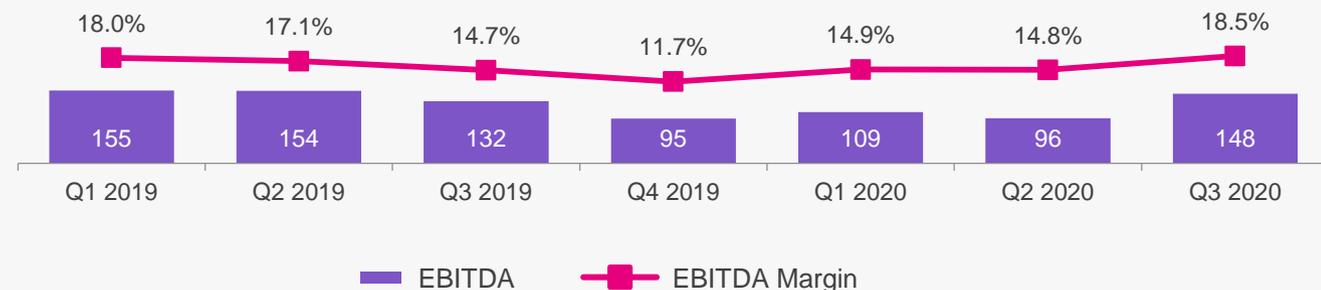


HIGHLIGHTS

- Core volume growth (in kt) of 3.6% Y/Y driven by all key industries except automotive/transportation; double-digit growth in construction including protective gear
- China posted double-digit volume growth while NAFTA still down double-digit, all Y/Y
- Sales decreased 11.1% Y/Y, driven by price (-8.2%) and FX (-3.4%)

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

- Strong sequential EBITDA growth, double-digit margin further improved
- Compared to prior year, EBITDA increased Y/Y mainly as a result of (i) lower cost driven by saving measures and (ii) positive pricing delta due to lower feedstock prices

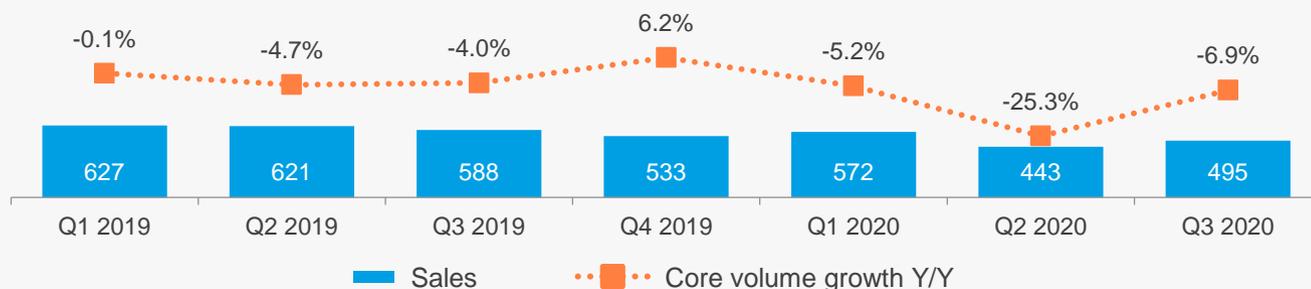
Coatings, Adhesives, Specialties – sequential rebound



Segment results – Highlights Q3 2020

SALES AND CORE VOLUME GROWTH

in € million / changes Y/Y

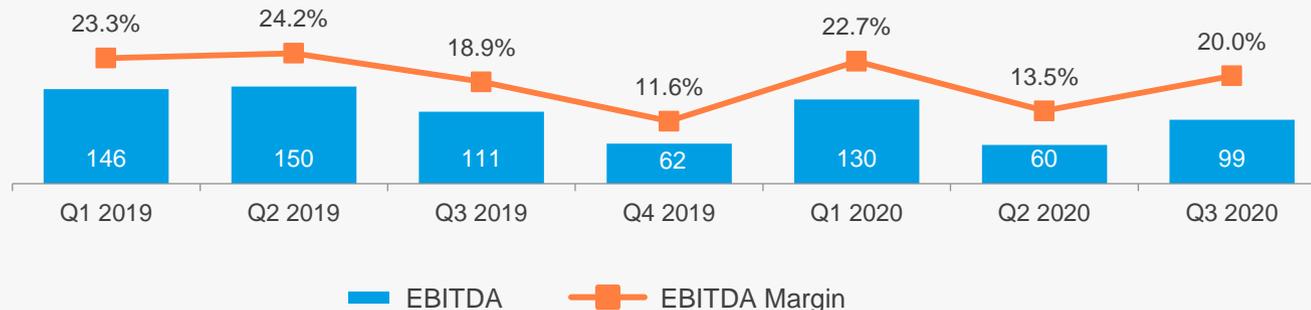


HIGHLIGHTS

- Core volumes declined by 6.9% Y/Y
- Demand affected by continued weakness in automotive and for coatings raw materials
- Sales decreased by -15.8% Y/Y, driven by volume (-8.3%), price (-5.0%) and FX (-2.5%)

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

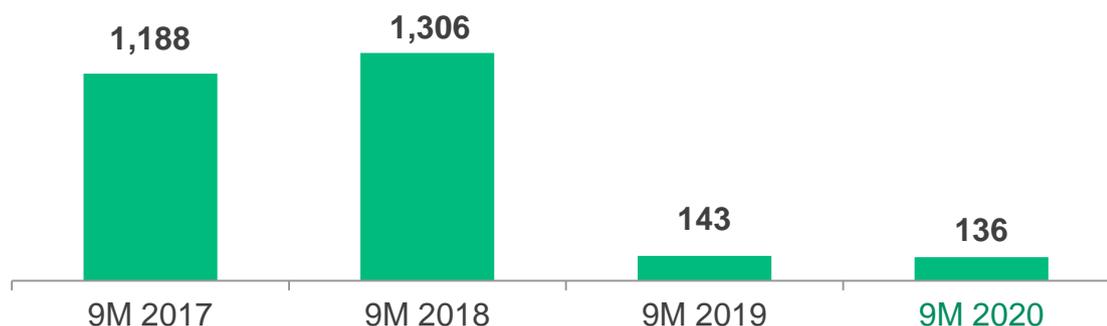
- Strong sequential EBITDA growth, driven by higher volumes and lower costs
- Compared to prior year, EBITDA decreased by 10.8% mainly due to negative volume leverage and negative pricing delta, partly compensated by cost saving measures

Positive FOCF despite significantly lower EBITDA



Historical FOCF development per first 9 months

in € million



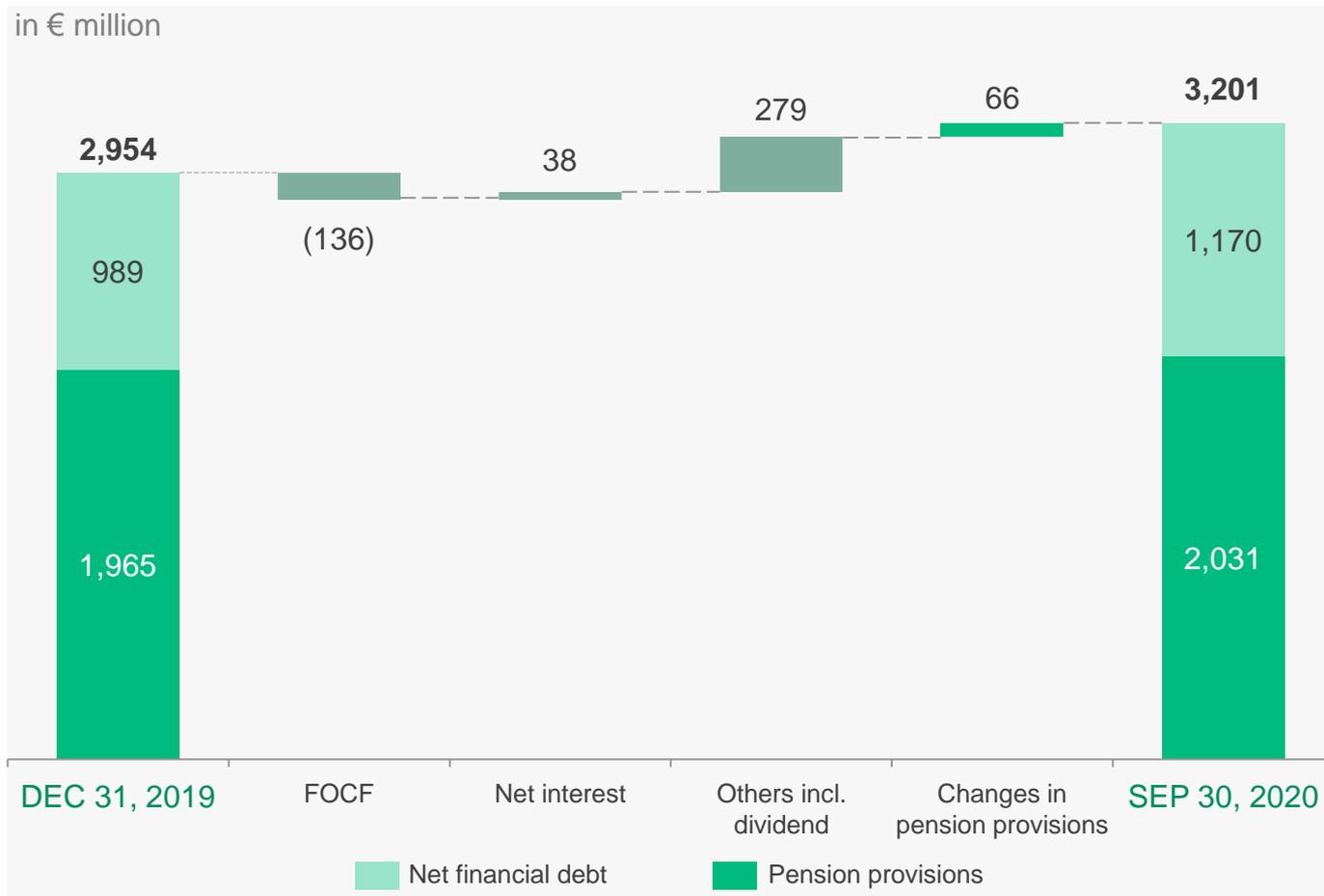
EBITDA	2,556	2,907	1,326	835
Changes in working capital	-685	-568	-52	-163
Capex^(a)	-283	-429	-603	-463
Income tax paid	-269	-505	-265	-115
Other effects	-131	-99	-263	42

HIGHLIGHTS

- In Q3'20, FOCF up by 48.6% to €361m (€243m in Q3'19) supported by higher earnings, lower capex and positive effects from working capital
- In 9M'20, FOCF virtually unchanged despite ~€500m lower EBITDA
- Working capital to sales ratio^(b) at 19.5%
- Lower inventories due to strong demand coupled with constrained availability
- Capex of €463m on track toward FY 2020 guidance of around €700m
- Income tax paid of €115m above P&L income taxes of €38m due to phasing of payments
- „Others“ mainly driven by significantly lower cash out for short-term bonuses (~€40m in Q2'20 vs. ~€350m in Q2'19)

Solid balance sheet and strong liquidity position

September 30, 2020 – Total net debt



HIGHLIGHTS

- Total net debt to EBITDA ratio^(a) of 2.9x end of Q3 2020 vs. 1.8x end of 2019
- Equity ratio of 41% end of Q3 2020 vs. 46% end of 2019
- Committed to a solid investment grade rating
- 2019 dividend of €219m paid out in August 2020

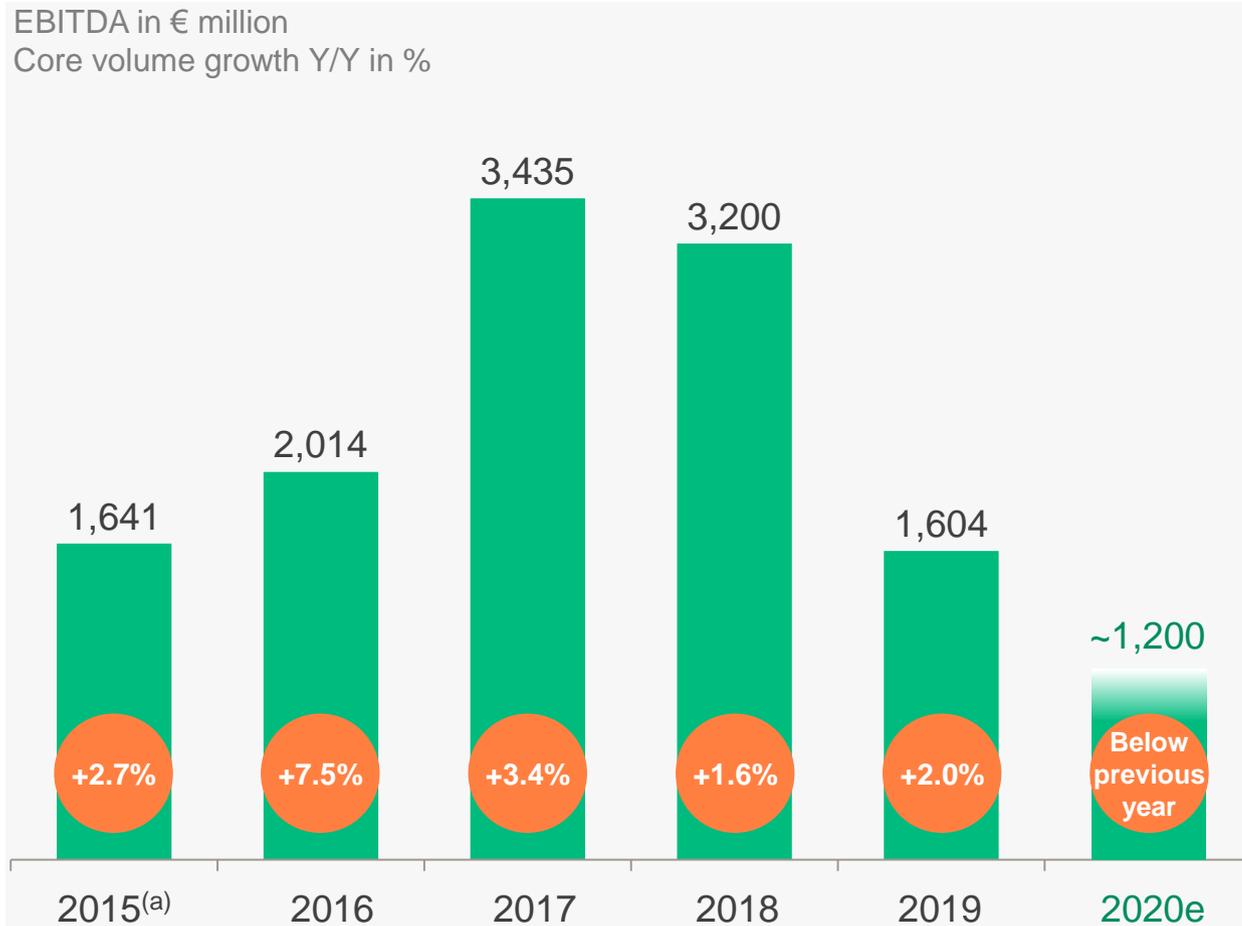
Liquidity at attractive rates

- Balance sheet with ~€1.8bn in cash, cash equivalents and current financial assets, partially funded through:
 - European investment bank (EIB) loan of €0.2bn for R&D activities
 - Two Eurobonds issued, total amount of €1.0bn
- Undrawn syndicated revolving credit facility (RCF) of €2.5bn in place with ESG element



EBITDA guidance raised to around €1.2bn

Historical EBITDA development and FY 2020 guidance



ASSUMPTIONS

EBITDA bridge FY 2020 vs. FY 2019

EBITDA reference FY 2019: €1.6bn

- Pricing delta: minus ~€100m
- Volume: minus ~€500m
- Others: plus ~€200m

EBITDA expectation FY 2020: around €1.2bn

EBITDA sensitivities for FY 2020

- Volume leverage: 1pp change in core volumes equals around +/- €50m
- FX sensitivity: 1pp change equals +/- €6m for CNY/EUR and +/- €4m for USD/EUR

Earnings guidance raised

FY 2020 guidance – as published on Oct. 9, 2020



	FY 2019	Guidance FY 2020
Core volume growth	+2.0%	Below previous year
FOCF	€473m	€0 to +300m
ROCE	8.4%	Positive mid-single digit
Additional financial expectations	FY 2019	Guidance FY 2020
EBITDA FY	€1,604m	around €1,200m
D&A	€752m	~€770m
Financial result	€-91m	~€-105m
P&L (effective) tax rate	26.8%	24 - 26%
Capex^(a)	€910m	~€700m
Average number of outstanding shares (in million)	Q4: 182.8 FY: 182.7	Q4e: 191.5 FYe: 185.0

Efficiency and recovery drive results

Highlights Q3 2020



1

Broad-based sequential volume recovery across industries and regions after strong negative volume impact by the coronavirus pandemic in Q2

2

Q3 EBITDA was above market expectations due to better than expected cost management and pricing delta

3

Cost savings significantly supported earnings as part of a broad-based set of implemented measures

4

FY 2020 earnings guidance raised reflecting a more dynamic demand recovery

5

Announced RFM acquisition to build a leading sustainable coating resins player while partial re-financing through capital increase successfully completed



Appendix

Upcoming IR events



Find more information on covestro.com/en/investors

REPORTING DATES

- | | |
|---------------------|---------------------------------|
| • February 23, 2021 | 2020 Annual Report |
| • April 28, 2021 | Q1 2021 Quarterly Statement |
| • July 27, 2021 | 2021 Half-Year Financial Report |

SELLSIDE EVENT

- | | |
|---------------------|---|
| • November 26, 2020 | Virtual Sellside Roundtable with the Head of Coatings, Adhesives, Specialties |
|---------------------|---|

ANNUAL GENERAL MEETING

- | | |
|------------------|------------------------|
| • April 16, 2021 | Annual General Meeting |
|------------------|------------------------|

BROKER CONFERENCES

- | | |
|------------------------|---|
| • November 10, 2020 | Morgan Stanley Global Chemicals Conference (virtual) |
| • November 11-12, 2020 | UBS European Chemicals Conference (virtual) |
| • November 12, 2020 | Goldman Sachs Carbonomics Conference (virtual) |
| • November 19, 2020 | Société Générale European ESG-SRI Conferences (virtual) |
| • December 1, 2020 | Bank of America Securities Materials and Infrastructure Conference 2020 (virtual) |
| • December 3, 2020 | Société Générale The Premium Review (virtual) |
| • December 7, 2020 | Auerbach Grayson & Metzler Five Days, Five Countries Conference (virtual) |
| • January 12-13, 2021 | Commerzbank, German Investment Seminar (virtual) |
| • January 18, 2021 | Kepler Cheuvreux, German Corporate Conference (virtual) |