



Continuing strong earnings performance

Financial Highlights
Q1 2021



Forward-looking statements

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.

Financial highlights Q1 2021



+5.3%
Core volume
growth

€743m
EBITDA

€318m
FOCF

RFM
acquisition
closed on April 1

FY 2021
Raised
earnings guidance
on April 13

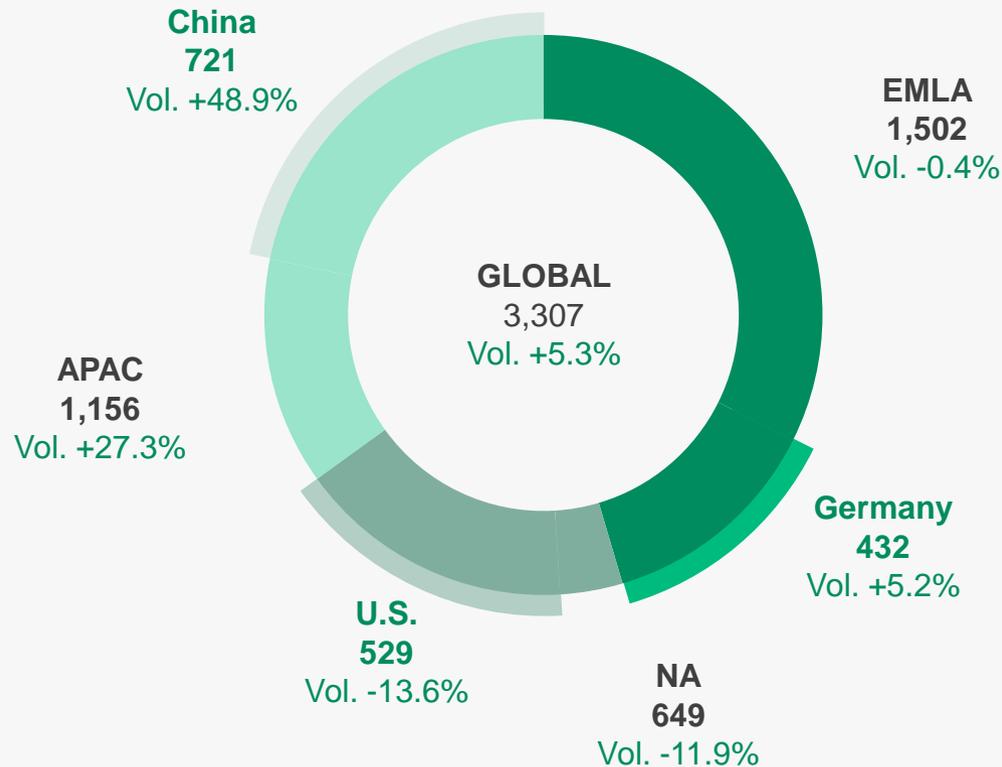
Strong demand rebound limited by availability



Q1 2021 – Regional split

Sales in € million

Core volume growth Y/Y in %



CORE VOLUME GROWTH Y/Y

- Globally strong demand but ability to grow core volumes was constrained by product availability:
 - Furniture/wood c. -1%, while APAC up 28%
 - Construction c. +3%, driven by EMLA and APAC
 - Auto/transport c. +14%, as APAC up 51%
 - Electro c. +20%, with growth in all regions
 - Divers c. -2%, including medical c. +12%
- APAC: double-digit growth rates in all key industries, clearly driven by demand rebound in China; all comparing against low previous year basis
- EMLA: single-digit growth in all key industries, except single-digit decline in furniture/wood as a consequence of limited polyols availability
- NA: declining volumes as a result of constrained availability in all product groups after US winter storm Uri, while underlying demand was solid

Group results well above pre-pandemic levels of 2019



Group results – Highlights Q1 2021

SALES AND CORE VOLUME GROWTH^(a)

in € million / changes Y/Y

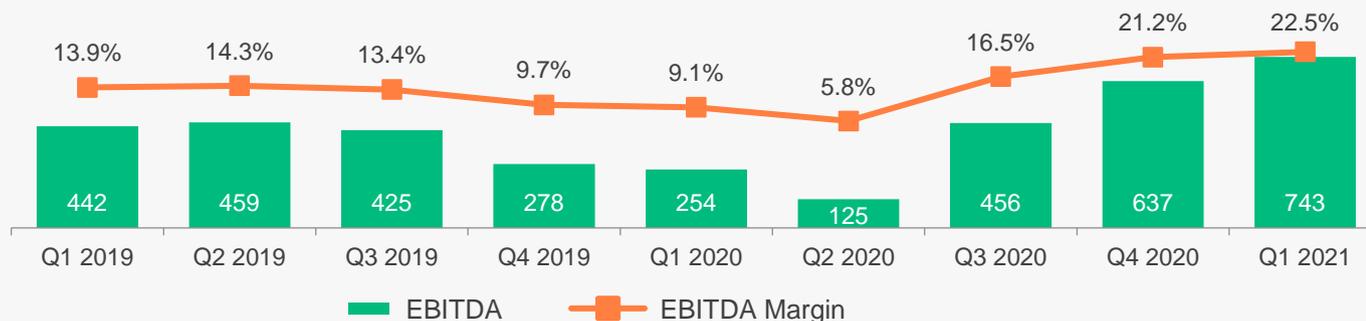


HIGHLIGHTS

- Sales increased by 18.8% Y/Y driven by price (+20.2%), whereas volume (+3.4%) was limited by availability; negatively affected by FX (-4.8%)
- Q1 2020 impacted by coronavirus pandemic, mainly in APAC
- Q1 2021 sales +4.2% and volumes +1.0% compared to pre-pandemic levels of Q1 2019

EBITDA AND MARGIN

in € million



HIGHLIGHTS

- Compared to Q1 2020, EBITDA strongly benefitted from positive pricing delta as well as from higher volumes, compensating accordingly higher provisions for variable compensation
- In Q1 2021, highest EBITDA margin for nine quarters, but still well below historic margin peak of 28.1% in Q1 2018

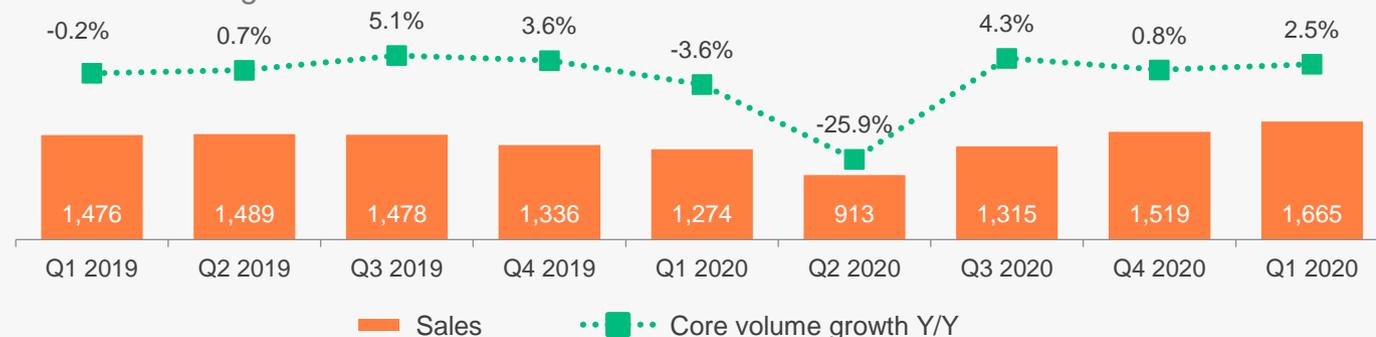
Polyurethanes – constrained industry supply drives earnings



Segment results – Highlights Q1 2021

SALES AND CORE VOLUME GROWTH^(a)

in € million / changes Y/Y

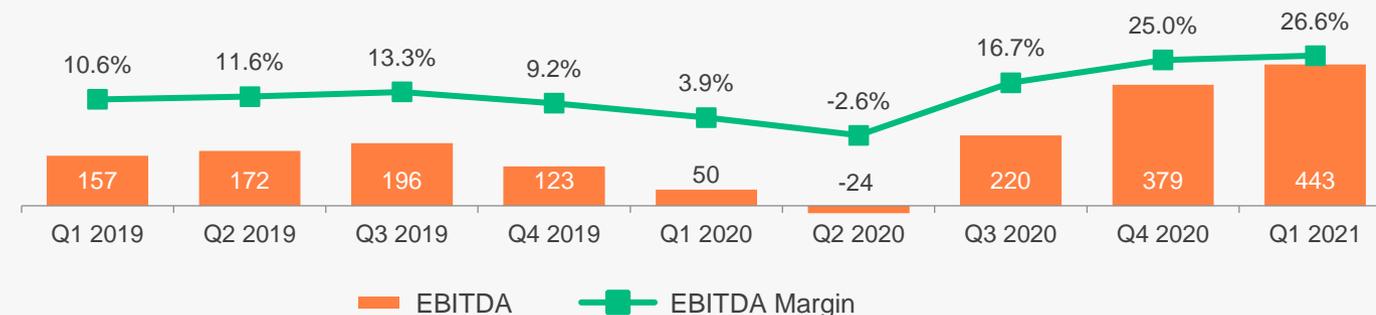


HIGHLIGHTS

- Core volume growth (in kt) of +2.5% Y/Y, burdened by constrained availability, mainly owing to US winter storm Uri and, as a result, continuing shortages of feedstocks
- Sales increased by 30.7% Y/Y driven by price (+36.1%), whereas volume (+0.2%) was limited by availability; negatively affected by FX (-5.6%)

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

- Compared to prior year, EBITDA increase driven by strong positive pricing delta in all three product groups, compensating higher provisions for variable compensation
- Sequentially, earnings increase vs. Q4 2020 driven by positive pricing delta
- EBITDA margin of 26.6% in Q1 2021 still well below historic peak of 32.7% in Q1 2018

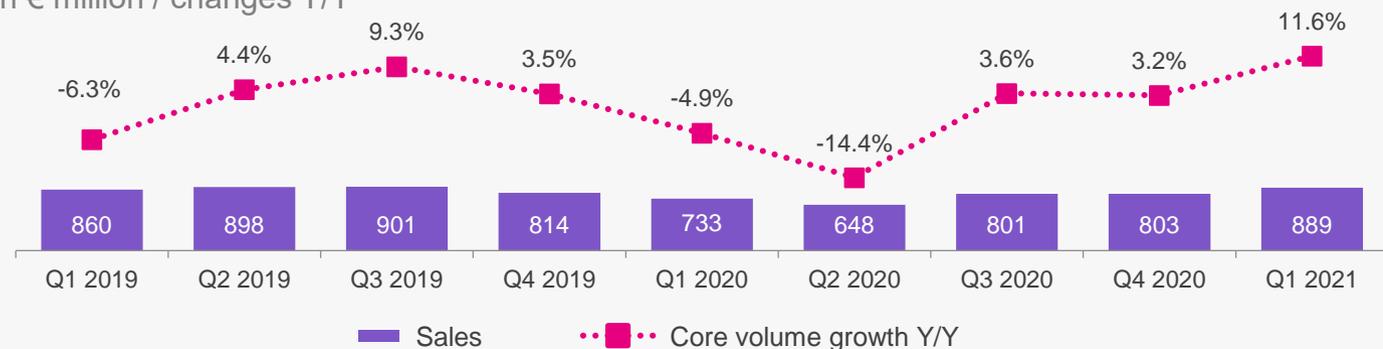
Polycarbonates – margin driven by improving product mix



Segment results – Highlights Q1 2021

SALES AND CORE VOLUME GROWTH^(a)

in € million / changes Y/Y

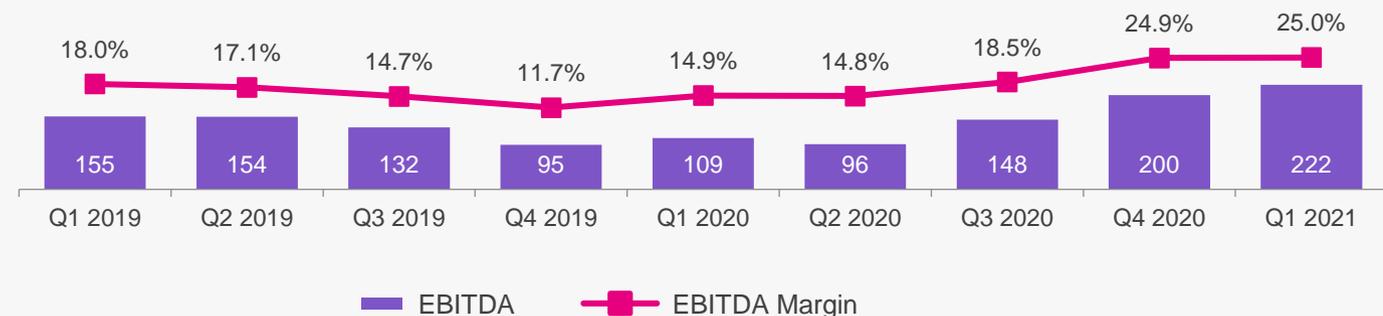


HIGHLIGHTS

- Core volume growth (in kt) of 11.6% Y/Y driven by electro and auto/transport
- Sales grew by +21.3% Y/Y driven by price (+13.8%) and volume (+12.5%); negatively affected by FX (-5.0%)

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

- Compared to prior year, EBITDA increased mainly due to positive pricing delta and higher volumes, compensating higher provisions for variable compensation
- Sequentially, further EBITDA and margin increase supported by improving product mix
- EBITDA margin of 25.0% in Q1 2021 still well below historic peak of 30.3% in Q3 2018

Coatings, Adhesives, Specialties – strong volume growth



Segment results – Highlights Q1 2021

SALES AND CORE VOLUME GROWTH^(a)

in € million / changes Y/Y

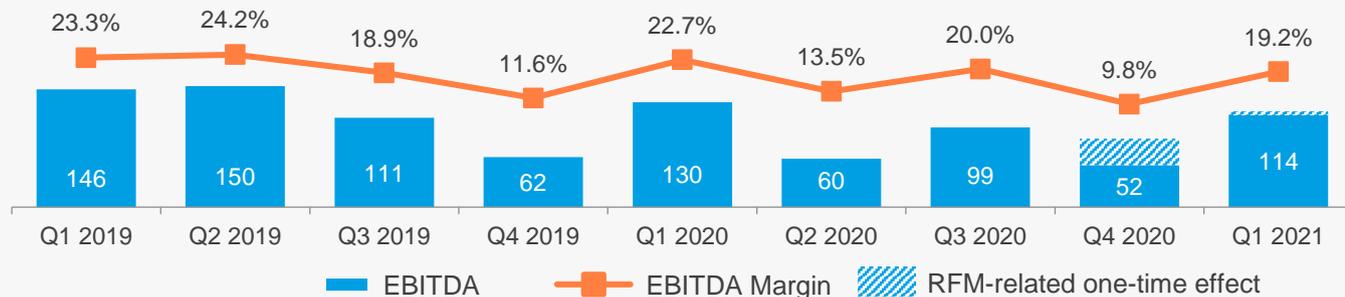


HIGHLIGHTS

- Core volume growth (in kt) of 7.1% Y/Y driven by growth in all key industries
- Sales grew by +4.0% Y/Y, helped by volume (+5.6%) and price (+2.4%); negatively affected by FX (-4.0%)

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

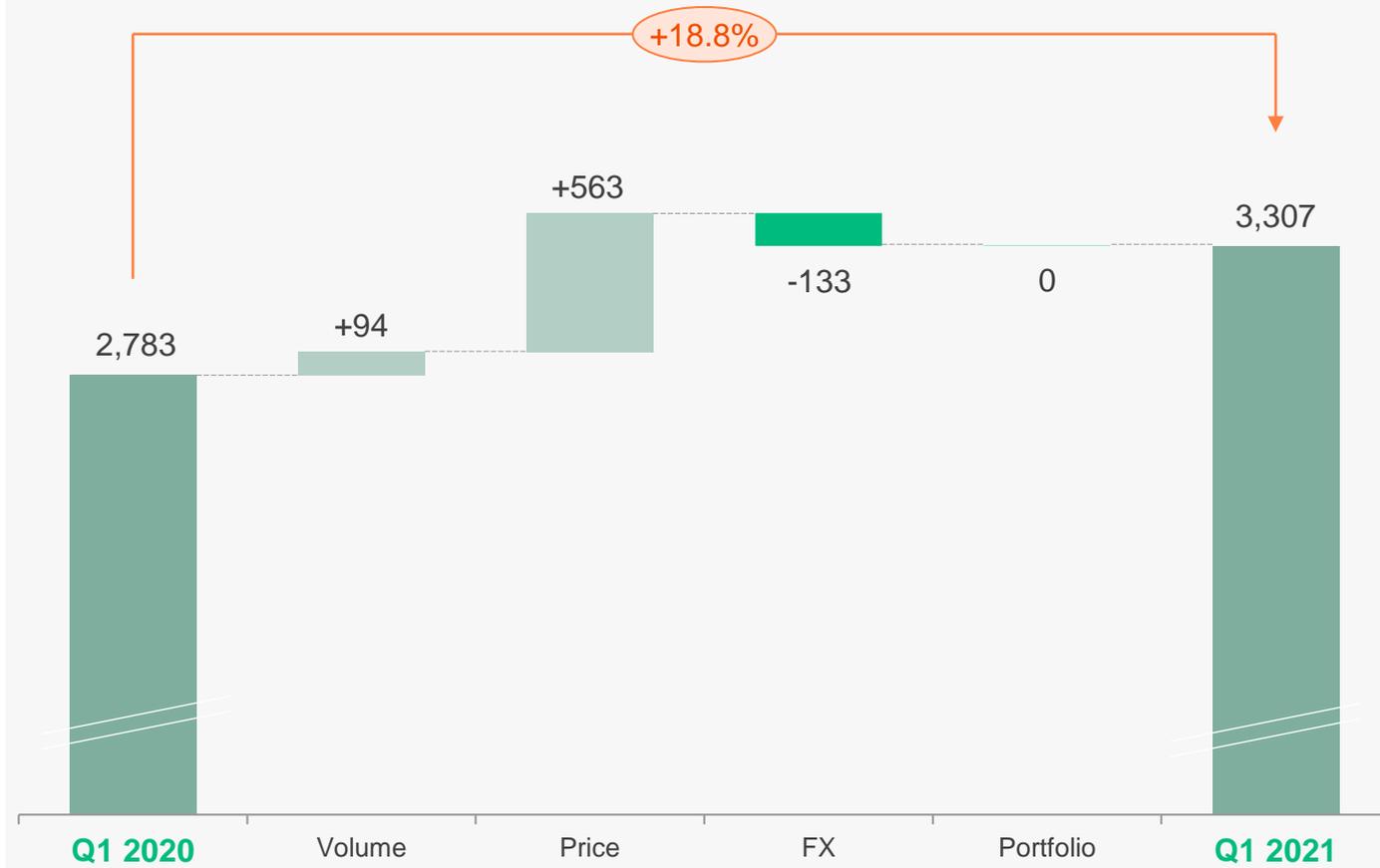
- Q1'21 EBITDA includes negative one-time effects of €-2m related to RFM acquisition
- EBITDA decreased -12.3% Y/Y mainly due to higher provisions for variable compensation, while volume growth contributed positively

Higher prices drive sales growth

Q1 2021 – Sales bridge



in € million



HIGHLIGHTS

Volume positive

- Volume increased by +3.4% Y/Y (in €) driven by all three segments
- Difference to core volume growth of 5.3% Y/Y (in kt) mainly due to declining non-core volumes and unfavorable product mix effect
- Volume growth was limited by constrained product availability, mainly owing to US winter storm Uri

Pricing highly positive

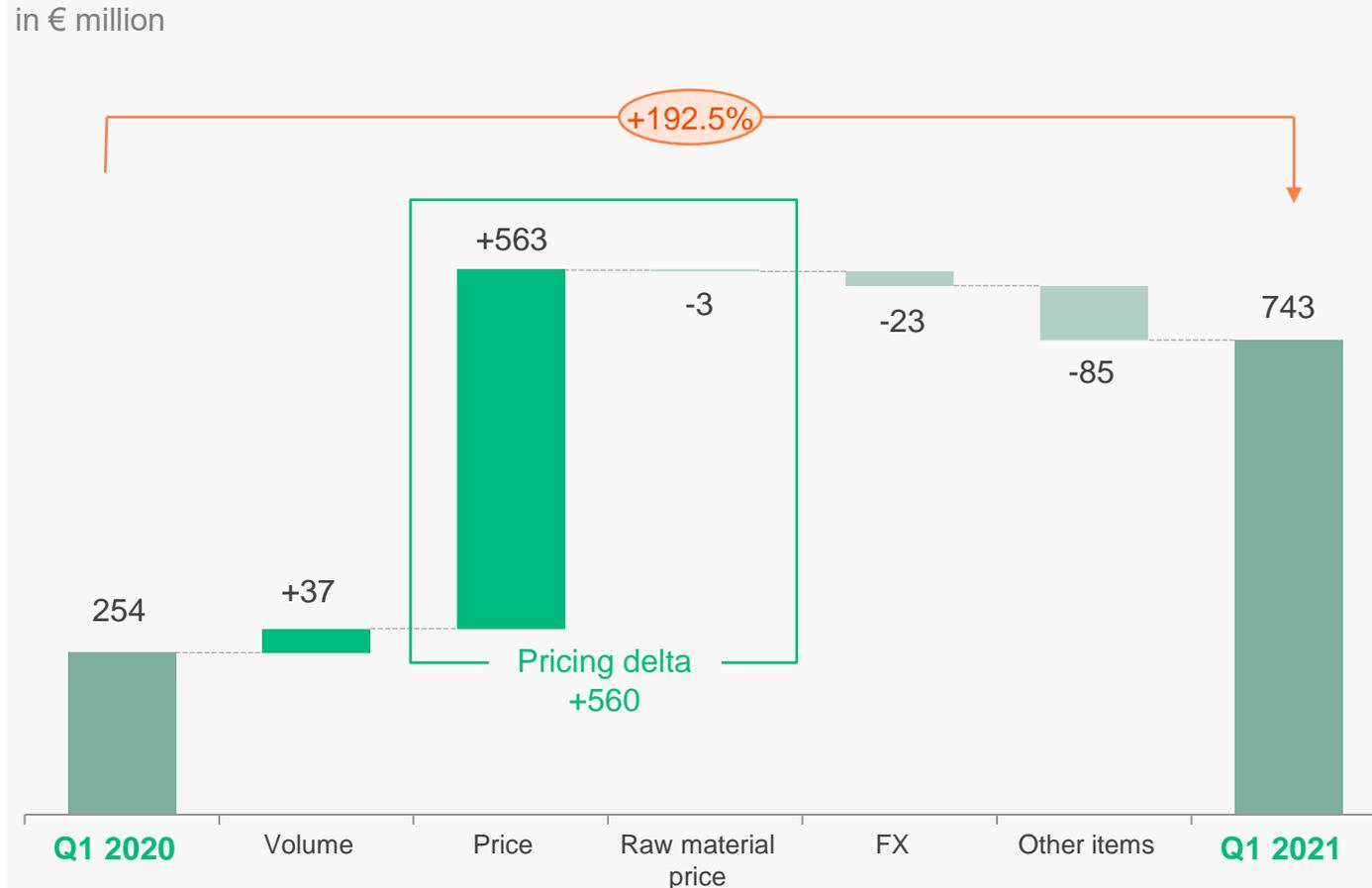
- Higher selling prices, mainly in PUR and PCS, drove sales by +20.2% Y/Y

FX negative

- FX affected sales by -4.8% Y/Y mainly driven by weaker USD, CNY, BRL, MXN and INR

EBITDA tripled due to positive pricing delta

Q1 2021 – EBITDA bridge



HIGHLIGHTS

Positive volume leverage^(a)

- Volume leverage limited to 39% due to unfavorable product and regional mix effect

Highly positive pricing delta

- Vast majority contributed by PUR

Slightly negative FX

- Mainly translational effects

'Other items' include:

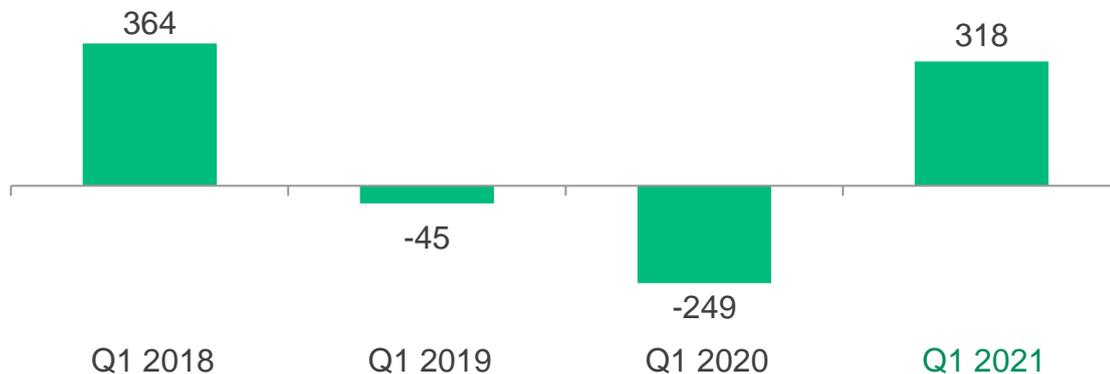
- €-105m linked to higher provisions for variable compensation
- First time inclusion of €-16m negative one-time effects related to LEAP transformation program

€0.6bn higher quarterly cash flow

Historical FOCF development



in € million



EBITDA	+1,063	+442	+254	+743
Changes in working capital	-544	-257	-242 ^(c)	-346
Capex^(a)	-88	-165	-139	-110
Income tax paid	-56	-79	-90	-50
Other effects	-11	+14	-32 ^(c)	+81

HIGHLIGHTS

- FOCF increased to €318m (€-249m in Q1'20) driven by significantly higher earnings
- Working capital to sales ratio^(b) at 21.1%, temporarily above 15-17% target corridor
- Capex of €110m on budget and in line with FY 2021 guidance
- Income tax paid of €50m reflect lower income level in previous quarters
- 'Other effects' reflect provisions for variable compensation, cash-effective only in 2022

Strong liquidity position in preparation for RFM closing

March 31, 2021 – Total net debt



HIGHLIGHTS

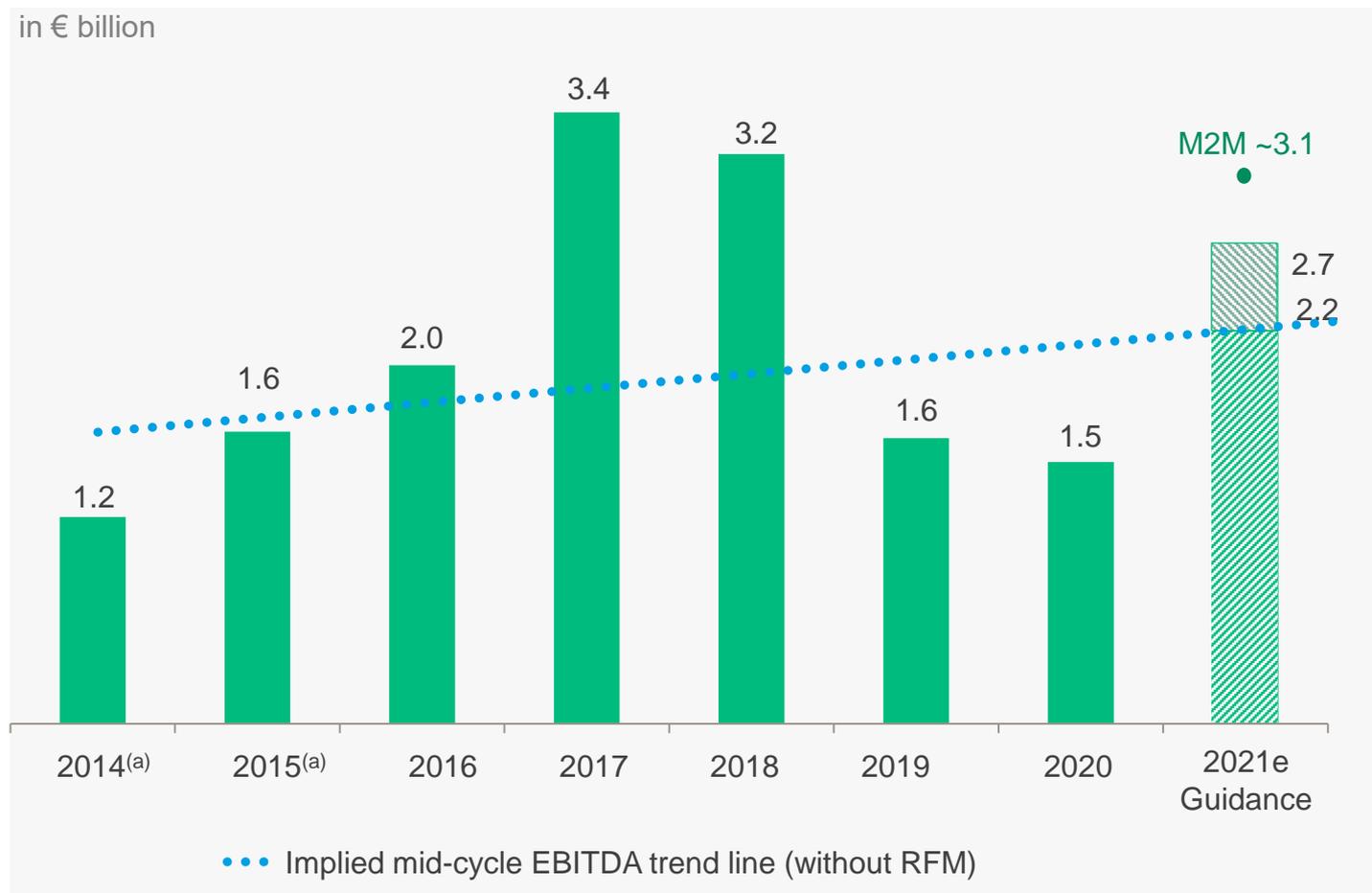
- Pension provisions decreased by €348m mainly resulting from higher discount rates in Germany
- Total net debt to EBITDA ratio^(a) of 0.95x at end of Q1 2021 vs. 1.9x at end of Q1 2020
- Equity ratio of 47% at end of Q1 2021 vs. 44% at end of FY 2020
- Committed to a solid investment grade rating

Liquidity at attractive rates

- Balance sheet with ~€2.8bn in cash, cash equivalents and current financial assets
- Strong liquidity position in preparation for RFM acquisition, closed on April 1, 2021
- Undrawn syndicated revolving credit facility (RCF) of €2.5bn in place with ESG element

Above mid-cycle earnings level in 2021

EBITDA development between 2014 and 2021e



HIGHLIGHTS

Historic development

- Cyclicity driven by supply-demand balance
- 2017 peak due to very high industry utilization
- 2020 burdened by globally declining GDP

EBITDA guidance of €2,200m – 2,700m in FY 2021

- Upgraded earnings guidance reflects better than expected margin development in first half of 2021
- Includes RFM acquisition, closed on April 1, 2021
- Mark-to-market (M2M) EBITDA in FY 2021 of ~€3.1bn based on March 2021

EBITDA sensitivities for FY 2021

- Volume sensitivity: 1pp change in core volumes equals around +/- €60m, excluding RFM
- FX sensitivity: 1pp change equals +/- €6m for CNY/EUR and +/- €4m for USD/EUR

Raised 2021 earnings outlook confirmed

Updated FY 2021 guidance including RFM acquisition, as of April 13, 2021



	FY 2020	Previous guidance FY 2021 (as of Feb. 23, 2021)	Updated guidance FY 2021 (as of April 13, 2021)
Core volume growth	-5.6%	10 – 15% (t/o ~6%p RFM)	10 – 15% (t/o ~6%p RFM)
FOCF	€530m	€900m – 1,400m	€1,300m – 1,800m
ROCE	7.0%	7 – 12%	12 – 17%

Additional financial expectations

EBITDA FY	€1,472m	€1,700m – 2,200m	€2,200m – 2,700m
EBITDA Q2	€125m	n. a.	€730m – 870m
D&A	€776m	~€900m	~€900m
Financial result	€-91m	~€-100m	~€-100m
P&L (effective) tax rate	25.0%	24 – 26%	24 – 26%
Capex ^(a)	€704m	~€800m	~€800m
Average number of outstanding shares (in million)	184.9	193.2	193.2

Continuing strong earnings performance

Highlights Q1 2021



1

Volume growth reflects strong demand rebound
limited by constrained product availability

2

EBITDA tripled due to positive pricing delta
with continuing momentum into Q2 2021

3

Strong cash performance
based on strong earnings and positive cash phasing effects

4

Raised 2021 earnings outlook confirmed
now above mid-cycle levels

5

Transformation program LEAP well on track
to implement new organizational set-up as of July 1, 2021, including acquired RFM business



Appendix

Upcoming IR events



Find more information on covestro.com/en/investors

REPORTING DATES

- | | |
|--------------------|---------------------------------|
| • August 6, 2021 | 2021 Half-Year Financial Report |
| • November 8, 2021 | Q3 2021 Quarterly Statement |

ANNUAL GENERAL MEETING

- | | |
|------------------|------------------------|
| • April 21, 2022 | Annual General Meeting |
|------------------|------------------------|

BROKER CONFERENCES

- | | |
|-----------------|--|
| • May 6, 2021 | Metzler Dialog (virtual) |
| • May 20, 2021 | Citi, Chemicals Conference (virtual) |
| • June 1, 2021 | Kepler Cheuvreux 2 nd Digital Pan European ESG Conference (virtual) |
| • June 2, 2021 | Credit Suisse, 2021 Chemicals & Agriculture, Packaging & Cement Conference (virtual) |
| • June 16, 2021 | Deutsche Bank, dbAccess Berlin Conference (virtual) |