



# Transformation in progress

Financial Highlights  
Q1 2025



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

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

# Key Financials Q1 2025



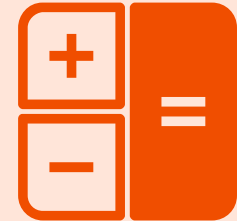
**-0.4%**  
Sales volume  
growth



**€3.5bn**  
Sales



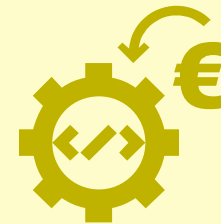
**€137m**  
EBITDA



**€-253m**  
FOCF



**FY 2025**  
Guidance narrowed

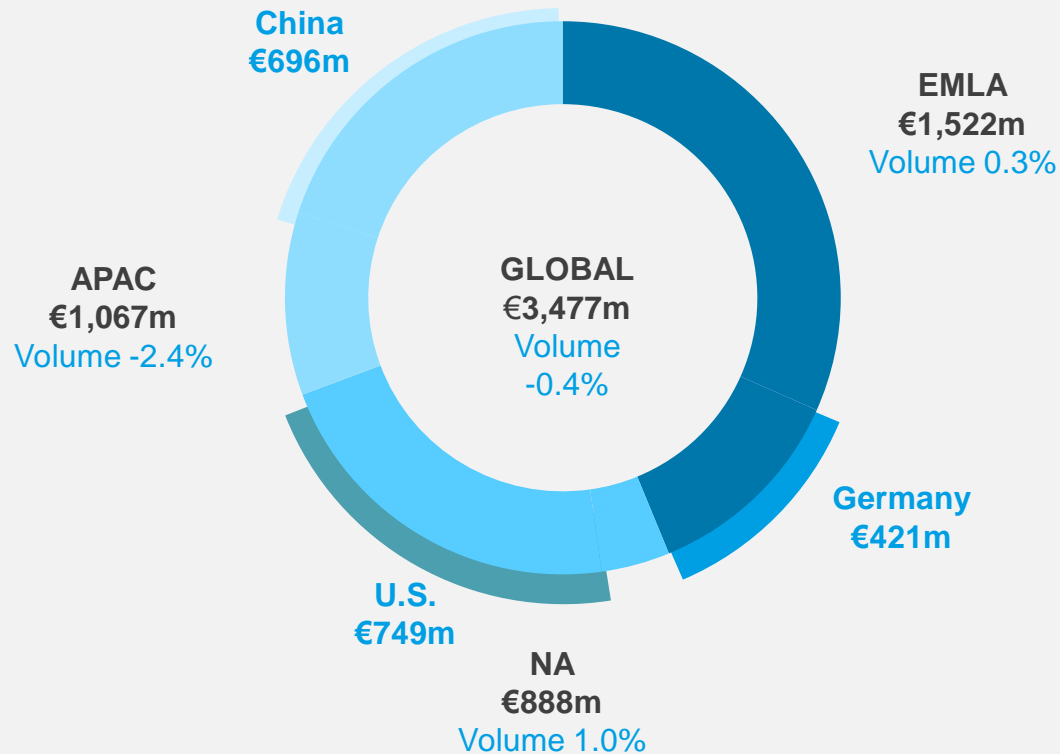


# Weaker volumes in Asia due to reduced low-margin business



## Q1 2025 – Regional split

Sales volume Y/Y



### HIGHLIGHTS

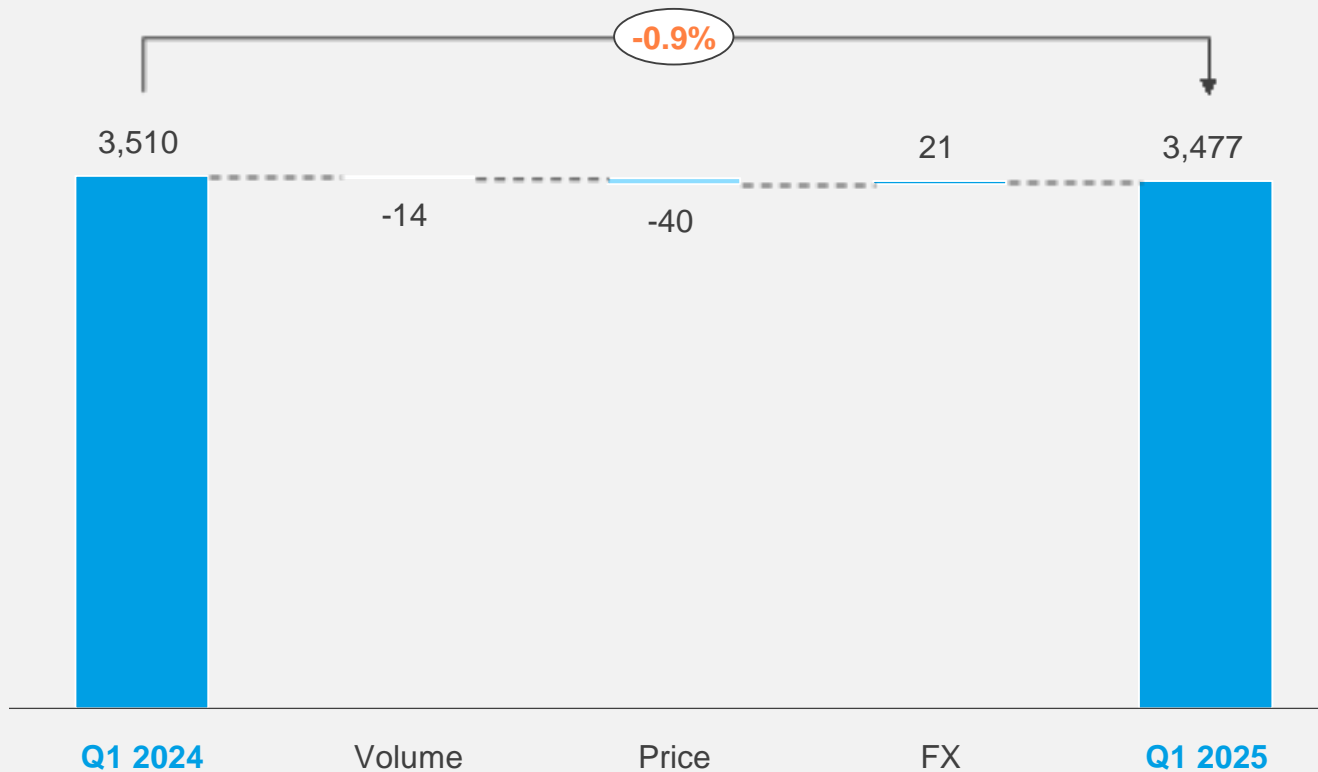
- Year-over-year flat to slightly negative volume development across all industries:
  - **Construction** flattish development
  - **Furniture/wood** flattish development
  - **Auto** low single-digit % decline
  - **Electro** mid-single-digit % decline
- **EMLA:** Continued significantly positive development in furniture/wood, slight growth in construction while auto and electro with slight decline
- **NA:** Furniture/wood, electro and construction with significant growth while auto with significant decline
- **APAC:** Auto with slight growth while industries construction, electro and furniture/wood with decline mainly due to reduced low-margin business

# Sales flat

## Q1 2025 – Sales bridge



in € million



### HIGHLIGHTS

#### Volume flat

- Volume flattish with -0.4% Y/Y due to reduced low-margin business
- Performance Materials with 2.0% Y/Y decline while Solutions & Specialties with 1.2% Y/Y increase

#### Pricing negative

- Pricing affected sales by -1.1%
- Performance Materials with +0.7% Y/Y whereas Solutions & Specialties with -3.0% Y/Y development

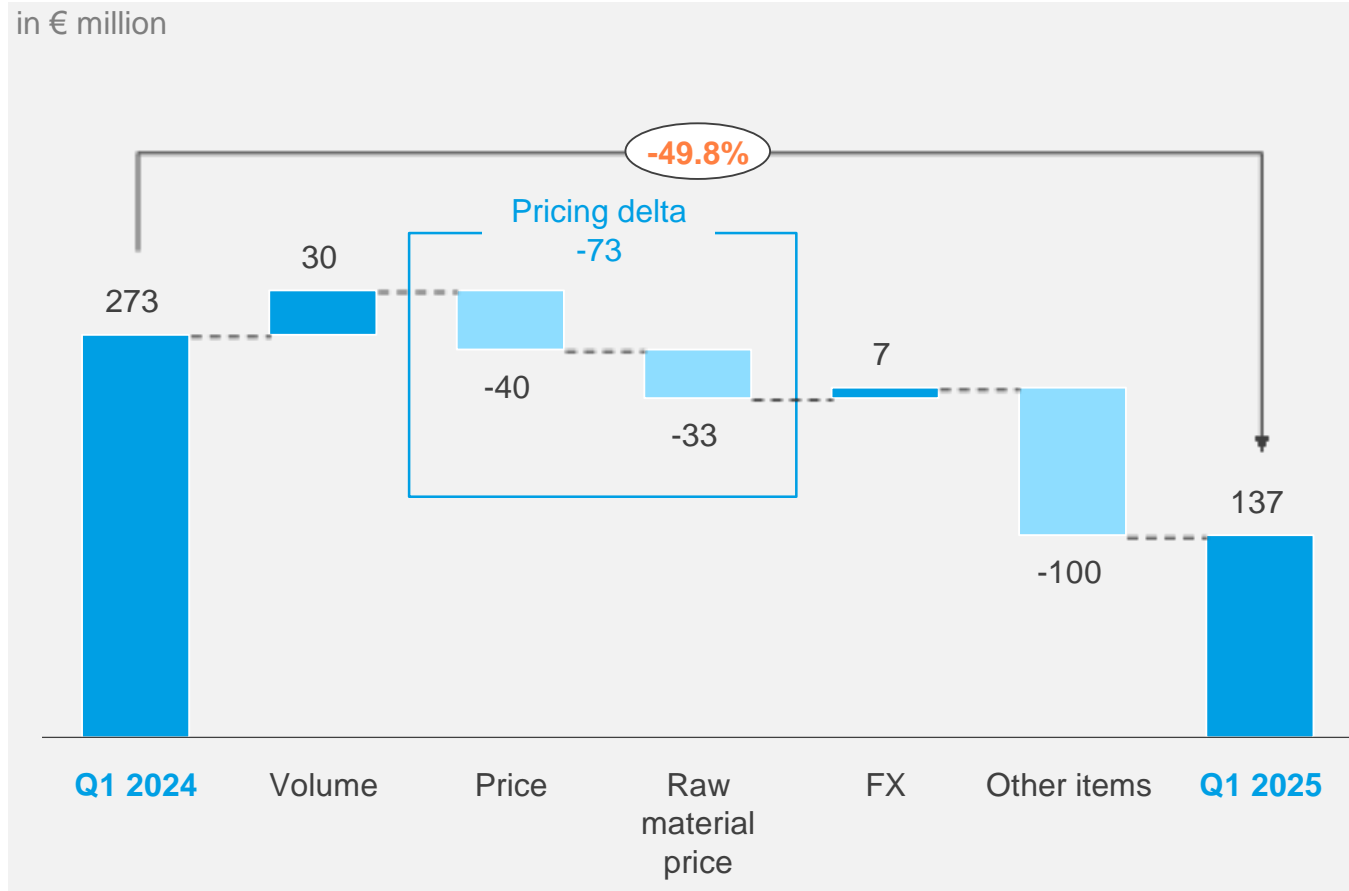
#### FX positive

- FX affected sales by +0.6% Y/Y mainly driven by the stronger US Dollar and Chinese Renminbi

# EBITDA burdened by STRONG restructuring cost



## Q1 2025 – EBITDA bridge



### HIGHLIGHTS

#### Positive volume

- Focus on profitable business with above average growth whereas loss making business was reduced

#### Negative pricing delta

- Negative pricing delta due to unfavorable supply-demand balance and higher energy cost mainly in EMEA

#### Other items

- Restructuring cost related to transformation program STRONG of €108m in Q1
- Benefitted from slightly lower LTI/STI provisions of €14m

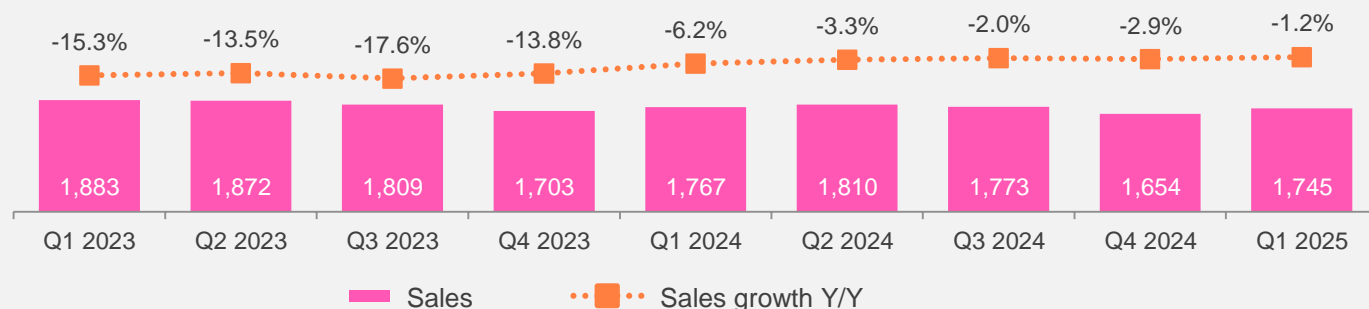
# Solutions & Specialties – Sales & EBITDA affected by lower prices



## Segment results – Highlights Q1 2025

### SALES

in € million / changes Y/Y

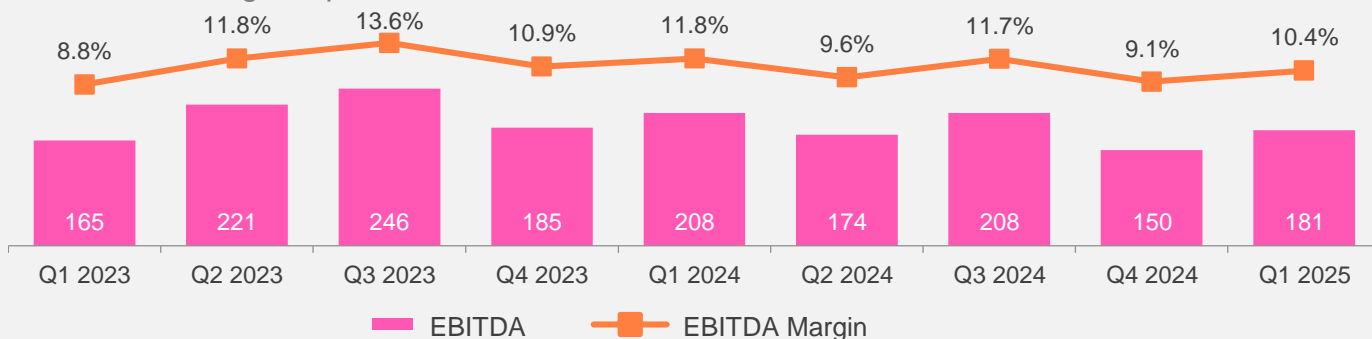


### HIGHLIGHTS Q1 2025

- Sales decreased by 1.2% Y/Y, driven by lower prices (-3.0%) while flat FX (0.6%) and positive volumes (1.2%)
- Quarter-over-quarter, sales globally increased driven by higher volumes in EMLA and NA while APAC with lower volumes; pricing declined in NA and EMLA, APAC remaining flat

### EBITDA AND MARGIN

in € million / margin in percent



### HIGHLIGHTS Q1 2025

- Compared to prior year, EBITDA decline due to negative pricing delta while positive volumes and others
- Quarter-over-quarter, higher EBITDA due to positive volumes while negative pricing delta and others
- EBITDA margin increased to 10.4% in Q1 2025

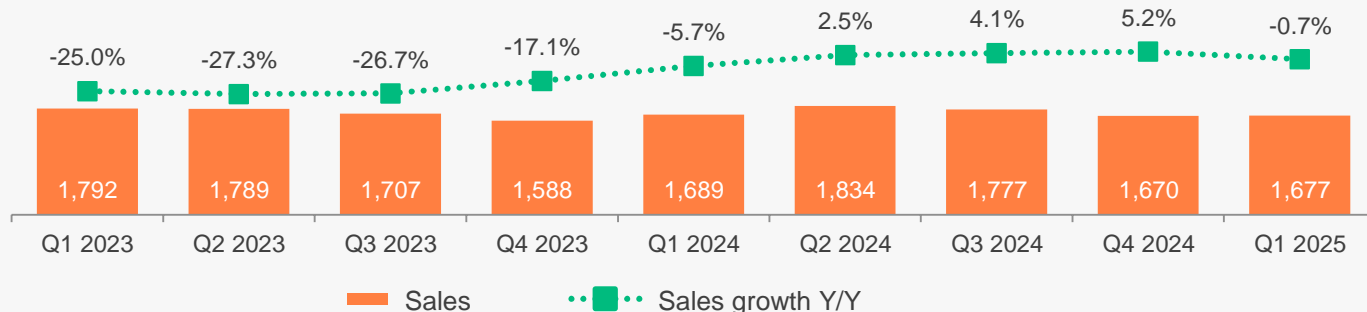
# Performance Materials – EBITDA down due to one-time-effects



## Segment results – Highlights Q1 2025

### SALES

in € million / changes Y/Y

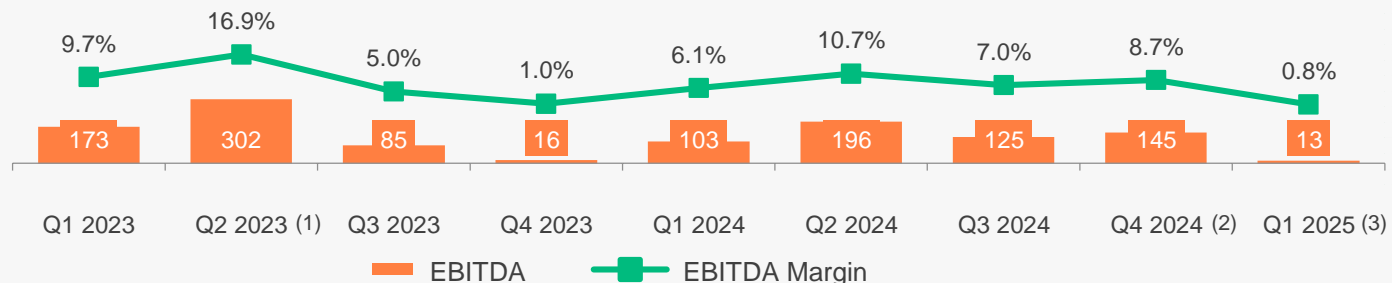


### HIGHLIGHTS Q1 2025

- Sales stable (-0.7%) Y/Y, driven by lower volumes (-2.0%) while flat prices (0.7%) and FX (0.6%)
- Sequentially, sales globally stable, higher volumes in NA and EMLA while APAC with lower volumes; pricing stable in EMLA and APAC while declining in NA

### EBITDA AND MARGIN

in € million / margin in percent



### HIGHLIGHTS Q1 2025

- Compared to prior year, EBITDA decreased due to negative one-time-effects related to the closure of the joint propylene oxide (PO) site with LYB and negative pricing delta while higher volumes
- Quarter-over-quarter, lower EBITDA driven by negative others and pricing delta while positive volumes
- EBITDA margin decreased to 0.8% in Q1 2025



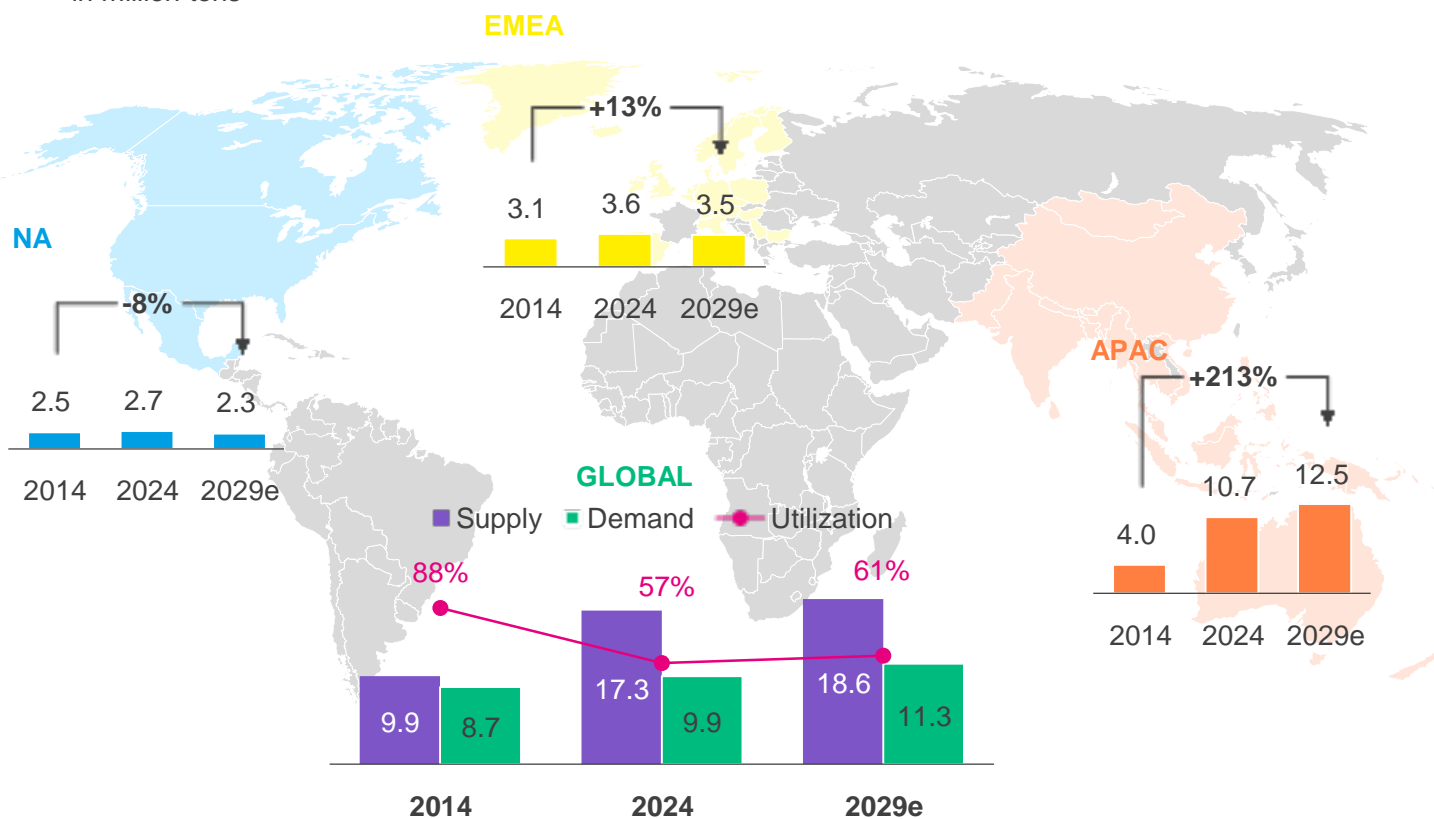
# Covestro closes loss making propylene oxide production



## Propylene oxide (PO) demand and supply situation

### GLOBAL PO PRODUCTION LANDSCAPE

in million tons



### COVESTRO PO CAPACITY ADJUSTMENT

#### Economic situation

- Increased invest into petrochemical sites in China led to lower propylene feedstock cost supporting propylene oxide capacity additions
- Plant additions in China led to utilization rates below 60%

#### Covestro mitigation measures

- Covestro's PO Joint Operation with Lyondell at Maasvlakte (Netherland) is permanently shut down and will be decommissioned in 2025
- JV capacity of ~300kt PO and ~650kt styrene
- Closure part of STRONG transformation plan
- Negative one-time EBITDA effect of €88m million with a positive EBITDA and FOCF effect<sup>(1)</sup> of low-to-mid-double-digit € million amount from 2026 onwards
- The sales impact is expected in the mid-triple-digit € million range, mainly due to styrene
- Associated restructuring cost incorporated in FY 2025 guidance

# STRONG transformation in progress

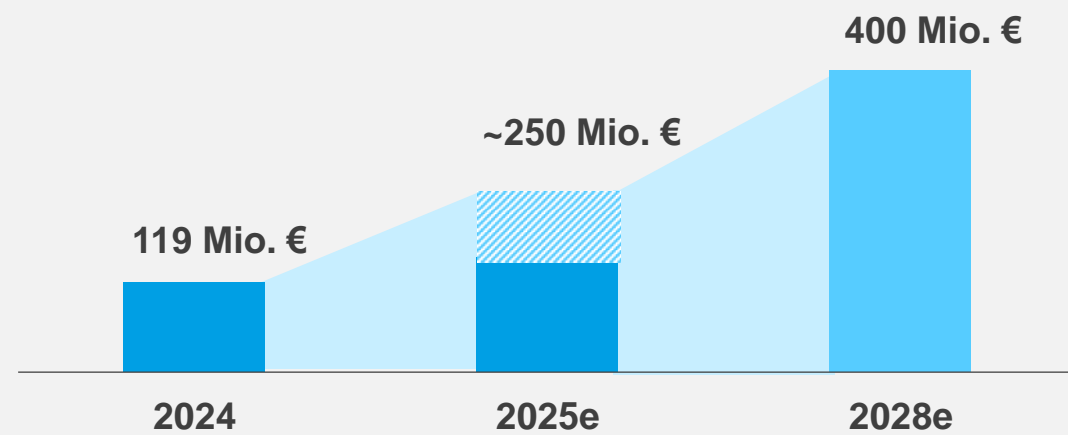
## Transformation program STRONG



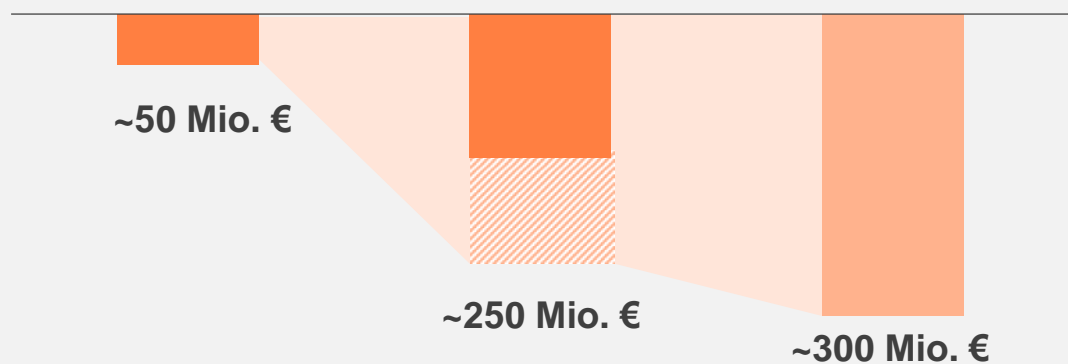
### TARGETS FOR COST MEASURES 2024-2028E

- target delivered
- target pending
- target ambition

Cost Savings  
p.a. in €  
millions



Cumulative  
costs in €  
millions



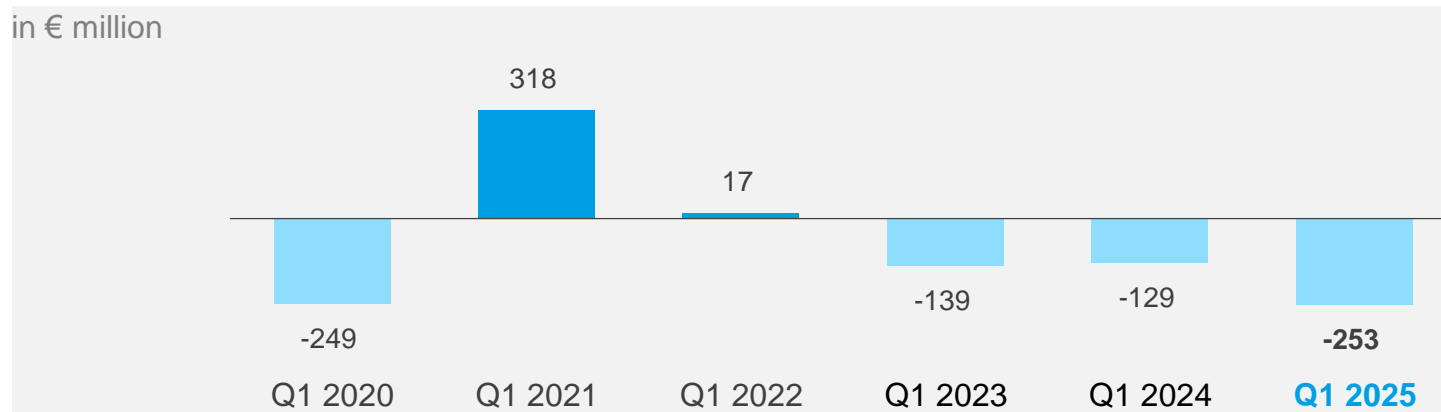
### HIGHLIGHTS

- STRONG was launched in June 2024 to shape Covestro for sustainable competitiveness
  - Effective structures and efficient processes with a strong customer focus
  - Broad implementation of AI solutions
- STRONG to achieve €400 million annual savings by 2028 (slightly below 10% of fixed costs); achieved 2024 and 2025 YTD ~€150m
- Benefits from propylene oxide site closure expected to contribute from 2026 onwards
- STRONG requires cumulative restructuring and implementation costs of around €300 million; 2024 and 2025 YTD ~€150 have been spent so far; expecting another ~€100m in 2025e and additional ~€50m until 2028e

# Negative FOCF due to lower EBITDA and higher Capex



## Historical FOCF development



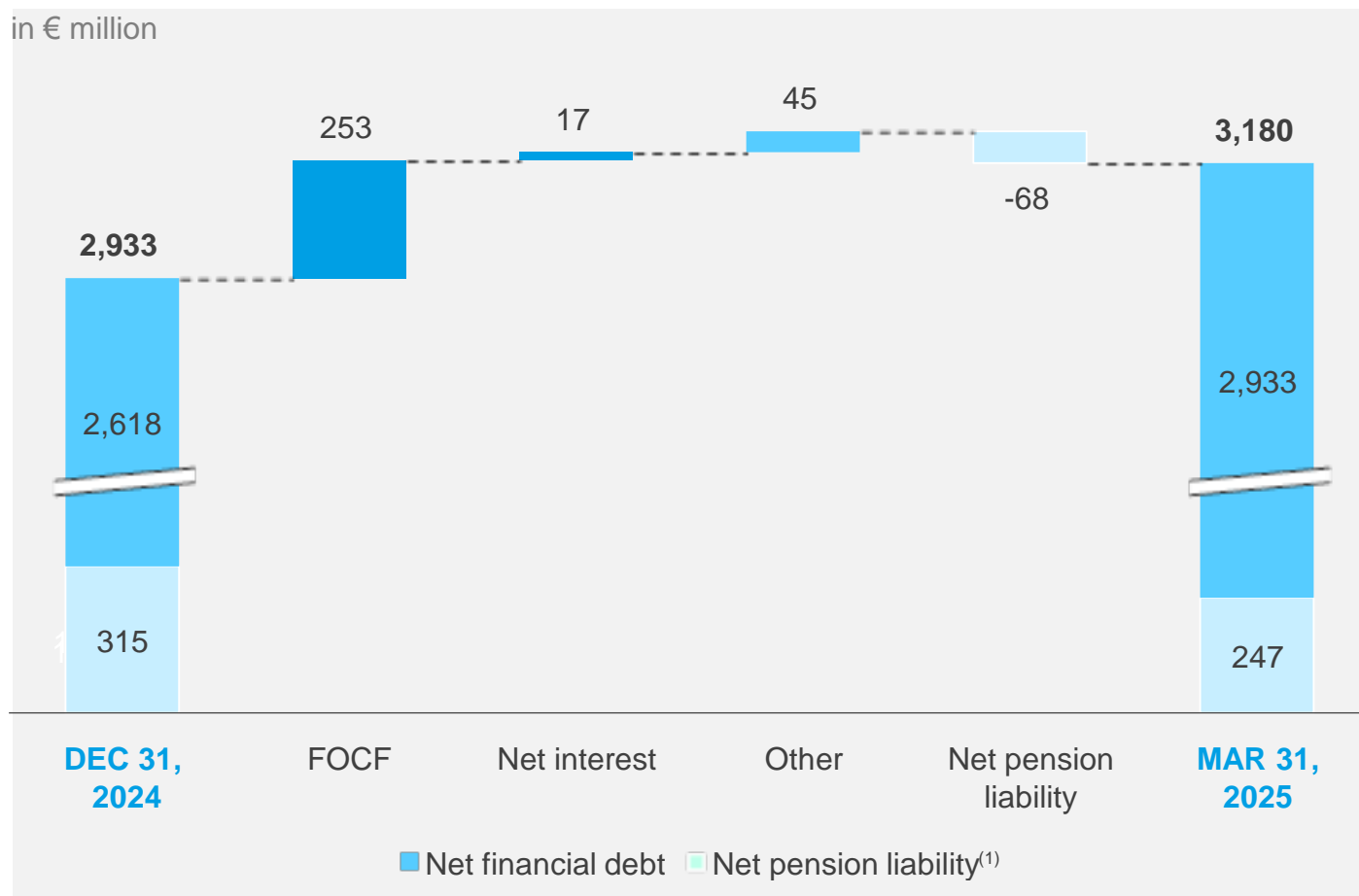
<b>EBITDA</b>	+254	+743	+806	+286	+273	<b>+137</b>
<b>Changes in working capital<sup>(1)</sup></b>	-242	-346	-627	-257	-229	<b>-172</b>
<b>Capex<sup>(2)</sup></b>	-139	-110	-140	-120	-106	<b>-180</b>
<b>Income tax paid</b>	-90	-50	-98	-22	-38	<b>-34</b>
<b>Other effects<sup>(3)</sup></b>	-32	+81	+76	-26	-29	<b>-4</b>

### HIGHLIGHTS

- FOCF declined to €-253m year-over-year
- Working capital to sales ratio<sup>(4)</sup> relatively stable year-over-year at 18.4% (Q1 2024: 18.8%), driven by stable sales and only slightly lower absolute working capital
- Year-over-year capex higher, mainly driven by Performance Materials

# Total net debt burdened by negative FOCF

March 31, 2025 – Total net debt



## HIGHLIGHTS

- Total net debt to EBITDA ratio<sup>(2)</sup> of 3.4x at the end of Q1 2025 compared to 2.7x at the end of FY 2024
- 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
- Committed to a solid investment grade rating; Baa2 with stable outlook confirmed by Moody's on April 28, 2025

# US tariffs with unclear consequences



No conclusive evaluation possible given the ongoing movements and several dimensions

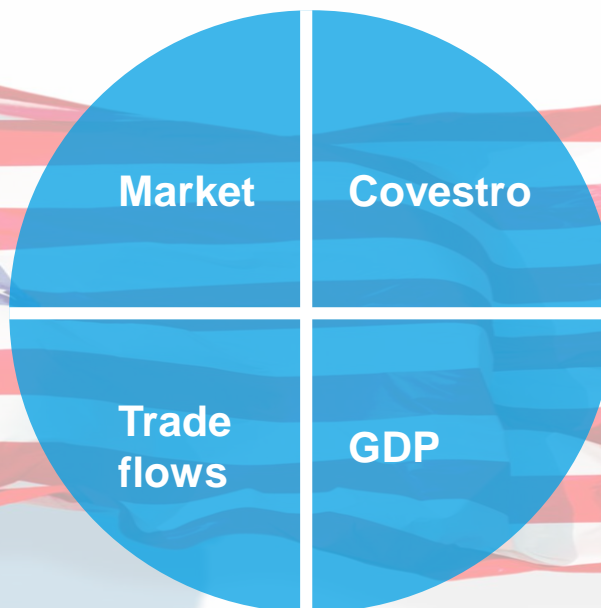
## Highly volatile and fragile tariff situation

### US MARKET SITUATION

- NA market is a net import<sup>(1)</sup> market for MDI, TDI and PET
- MDI imports of ~500kt per year, TDI and PET to smaller extent
- Tariffs China to US: ~177%<sup>(2)</sup> for MDI/TDI and ~52% for polyols<sup>(3)</sup>

### ALTERATION OF TRADE FLOWS

- Major capacities for core products in China
- China global production hub for various labor-intensive products
- Tariffs leading to trade flows remaining in APAC and/or coming to Europe causing price & margin erosion



### COVESTRO IMPACT

- US with a production of €3.8bn (9 sites, major hub in Texas), US sales €3.1bn
- Production strategy “local for local”
- Covestro imports €0.5bn to the US, mainly from Europe
- Higher import prices leading to higher market prices in the US

### INDIRECT GDP RISK

- Major impact on global and regional GDPs
- Covestro core industries automotive, construction and electro with expected dampening
- Furniture already impacted by anti-dumping, risk of further slow down

# GDP outlook for 2025 with high uncertainties

## Global demand development



KEY CUSTOMER INDUSTRIES		2024 Y/Y <sup>(1)</sup>	2025 Y/Y <sup>(2)</sup>	2025e <sup>(3)</sup> UPDATE
Global GDP		+2.8%	+2.8%	+2.6%
Automotive EV / BEV		-0.7% +9.4%	+2.7% +22.4%	 +2.4% +22.4%
Construction Residential		-2.5% -5.7%	+0.2% -1.5%	 +0.5% -2.0%
Furniture Soft furniture		-0.5% -0.2%	+1.5% +2.4%	 +1.0% +1.3%
Electrical, electronics and household appliances Appliances		+4.1% +5.4%	+5.2% +1.2%	 +2.4% +4.9%

# FY 2025 guidance narrowed

## Full year guidance 2025



	FY 2024	GUIDANCE FY 2025 <i>as of February 26</i>	GUIDANCE FY 2025 <i>as of May 6</i>
EBITDA	€1,071m	€1,000 to 1,600m	€1,000 to 1,400m
FOCF	€89m	€0 to 300m	€0 to 300m
ROCE above WACC <sup>(1)</sup>	-7.4pp	-6 to -2pp	-6 to -3pp
GHG emissions (scope 1&2)	4.9m tons	4.2 to 4.8m tons	4.2 to 4.8m tons
<b>Additional financial expectations</b>			
Sales	€14.2bn	€14.5 to 15.5bn	€14.2 to 15.2bn
EBITDA Q2	€320m	-	€200 to 300m
D&A	€984m	~€850m	~€900m
Financial result	€-114m	€-120 to -160m	€-120 to -160m
Income tax	€245m	€150 to 250m	€150 to 250m
Capex <sup>(2)</sup>	€781m	€700 to 800m	€700 to 800m

### HIGHLIGHTS

#### 2025 FX sensitivity

- 1pp change equals  
+/- €10m for CNY/EUR (basis 7.60)  
+/- €6m for USD/EUR (basis 1.05)

#### FOCF range

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

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

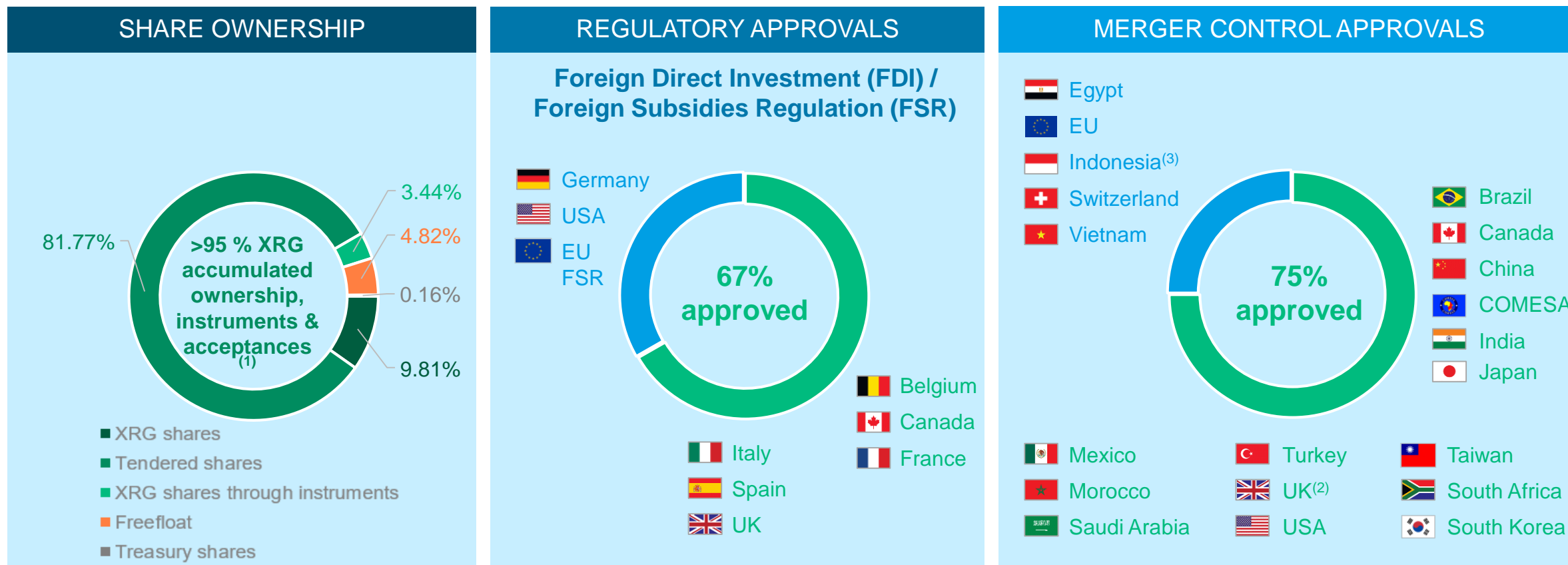
- M2M for FY 2025 around €1.0bn; theoretical calculation based on April 2025 margins flat forward & FY'25 forecast assumptions

#### Income tax

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

# Regulatory approvals progressing as expected

Progress on XRG transaction as of May 6, 2025



On track for closing in H2 2025



# Transformation in progress



## Q1 2025 Highlights

- 1** Sales stable at €3.5bn  
with stable volumes due to reduced low-margin business
- 2** EBITDA of €137m approaching upper end of guidance range  
burdened by negative pricing delta and one-time-costs related to STRONG
- 3** Negative FOCF of €-253m  
in-line with expectations
- 4** FY 2025 EBITDA guidance narrowed  
with the lower end of €1.0bn re-iterated and the upper end reduced by €200m to €1.4bn
- 5** XRG transaction on track  
with additional approvals achieved

# Questions & Answers

## Q1 2025 Earnings Call

### Remarks:

- Please use hand raise function to verbally ask questions
- For posted questions, please use the „Q&A“ / „F&A“ tab



# Appendix

# Upcoming IR events



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

## REPORTING DATES

- |                     |                                 |
|---------------------|---------------------------------|
| • July 31, 2025     | 2025 Half-Year Financial Report |
| • October 30, 2025  | Q3 2025 Quarterly Statement     |
| • February 26, 2026 | 2025 Annual Report              |

## ANNUAL GENERAL MEETING

- |                  |                        |
|------------------|------------------------|
| • April 15, 2026 | Annual General Meeting |
|------------------|------------------------|

## BROKER CONFERENCES

- |                |  |
|----------------|--|
| • May 13, 2025 | Citi, European Chemicals Conference, London                      |
| • May 14, 2025 | UBS, Best of Europe Conference, virtual                          |
| • May 27, 2025 | Deutsche Bank, dbAccess European Champions Conference, Frankfurt |
| • June 3, 2025 | Exane, BNP Paribas Exane CEO Conference, Paris                   |