

Quarterly Statement 2024

# FIRST QUARTER



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## Reporting principles

This Quarterly Statement of Covestro AG, Leverkusen (Germany), was prepared in accordance with Section 53 of the Stock Exchange Rules and Regulations (Börsenordnung) of the Frankfurt Stock Exchange. It does not comprise an interim report within the meaning of IAS 34 (Interim Financial Reporting) or a set of financial statements within the meaning of IAS 1 (Presentation of Financial Statements). It was not subjected to a review by an auditor. This Quarterly Statement contains information on the period from January 1 to March 31, 2024 and should be read alongside the Annual Report 2023 and the additional information about the Covestro Group contained therein. The Annual Report 2023 is available on our website at [www.covestro.com](http://www.covestro.com).

## Forward-looking statements

This Quarterly Statement may contain forward-looking statements based on current assumptions and forecasts made by the management of Covestro AG, Leverkusen (Germany). Various known and unknown risks, uncertainties, and other factors could lead to material differences between the actual results, financial situation, development, or performance of the Covestro Group and the estimates given here. The various factors include those discussed in Covestro AG's public reports, which are available at [www.covestro.com](http://www.covestro.com). Covestro AG assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

## Acronyms and Abbreviations

Acronyms and abbreviations used in this Quarterly Statement are explained in this Quarterly Statement or in the Glossary provided in the Annual Report 2023.

## Inclusive Language

Diversity, equity, and inclusion are important to Covestro. To ensure better readability, we therefore strive to use gender-neutral language and avoid gender-specific terms in this Quarterly Statement. All terms should be taken to apply equally to all genders.

## Rounding and Percentage Deviations

As the indicators in this Quarterly Statement are stated in accordance with commercial rounding principles, totals and percentages may not always be exact.

If a deviation changes from positive to negative or vice versa, or if it is greater than 1,000%, this is shown by a period.

## Publication

This Quarterly Statement was published in German and English on April 30, 2024. The German version is binding.

# Covestro Group Key Data

	1st quarter 2023	1st quarter 2024	Change
<b>Sales</b>	<b>€3,743 million</b>	<b>€3,510 million</b>	<b>-6.2%</b>
Change in sales			
Volume	-16.8%	10.9%	
Price	-3.9%	-15.4%	
Currency	0.6%	-1.7%	
Sales by region			
EMLA <sup>1</sup>	€1,650 million	€1,515 million	-8.2%
NA <sup>2</sup>	€982 million	€869 million	-11.5%
APAC <sup>3</sup>	€1,111 million	€1,126 million	1.4%
<b>EBITDA<sup>4</sup></b>	<b>€286 million</b>	<b>€273 million</b>	<b>-4.5%</b>
Changes in EBITDA			
Volume	-36.2%	48.6%	
Price	-22.5%	-201.4%	
Raw material price	-11.8%	140.2%	
Currency	0.0%	-4.5%	
Other <sup>5</sup>	6.0%	12.6%	
EBIT <sup>6</sup>	€39 million	€61 million	56.4%
Financial result	(€29 million)	(€30 million)	3.4%
<b>Net income<sup>7</sup></b>	<b>(€26 million)</b>	<b>(€35 million)</b>	<b>34.6%</b>
Earnings per share <sup>8</sup>	(€0.14)	(€0.19)	35.7%
Cash flows from operating activities <sup>9</sup>	(€19 million)	(€23 million)	21.1%
Cash outflows for additions to property, plant, equipment and intangible assets	€120 million	€106 million	-11.7%
<b>Free operating cash flow<sup>10</sup></b>	<b>(€139 million)</b>	<b>(€129 million)</b>	<b>-7.2%</b>

<sup>1</sup> EMLA: Europe, Middle East, Latin America (excluding Mexico), Africa region.

<sup>2</sup> NA: North America region (Canada, Mexico, United States).

<sup>3</sup> APAC: Asia and Pacific region.

<sup>4</sup> Earnings before interest, taxes, depreciation and amortization (EBITDA): EBIT plus depreciation, amortization, and impairment losses; less impairment loss reversals on property, plant and equipment and intangible assets.

<sup>5</sup> Other changes in EBITDA such as changes in provisions for variable compensation.

<sup>6</sup> Earnings before interest and taxes (EBIT): income after income taxes plus financial result and income taxes.

<sup>7</sup> Net income: income after income taxes attributable to the shareholders of Covestro AG.

<sup>8</sup> Earnings per share: according to IAS 33 (Earnings per Share), net income divided by the weighted average number of outstanding no-par value voting shares of Covestro AG. The calculation for the first quarter of 2024 was based on 188,740,330 no-par value shares (previous year: 189,948,365 no-par value shares).

<sup>9</sup> Cash flows from operating activities according to IAS 7 (Statement of Cash Flows).

<sup>10</sup> Free operating cash flow (FOCF): cash flows from operating activities less cash outflows for additions to property, plant, equipment and intangible assets.

# Results of Operations and Financial Position of the Covestro Group

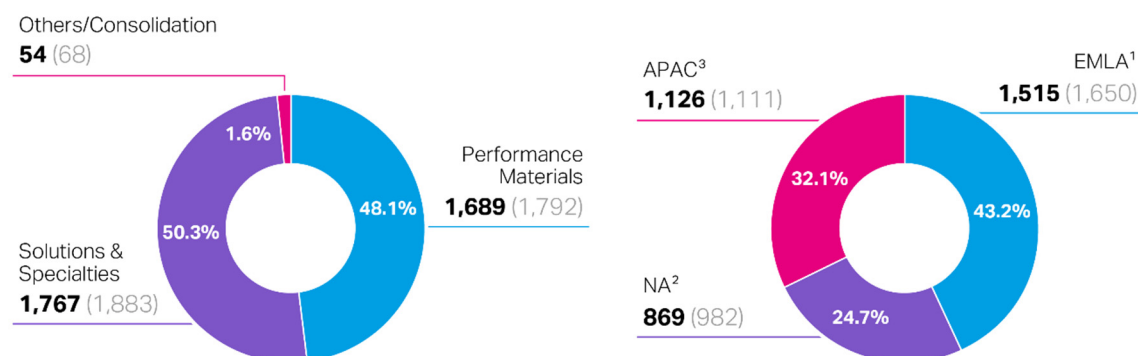
## Results of Operations

Group sales declined by 6.2% in the first quarter of 2024, to €3,510 million (previous year: €3,743 million). The decrease in sales was mainly due to lower selling price levels in all regions as well as to a decline in raw material prices being passed on to customers; these factors had a diminishing effect on sales of 15.4%. In contrast, an increase in volumes sold, especially in the EMLA and APAC regions, had a positive effect on sales of 10.9%. This was boosted by higher plant availability, especially in the EMLA region. Exchange rate movements had a negative impact of 1.7% on sales.

In the first quarter of 2024, sales decreased by 5.7% to €1,689 million (previous year: €1,792 million) in the Performance Materials segment and by 6.2% to €1,767 million (previous year: €1,883 million) in the Solutions & Specialties segment. In the EMLA region, sales were 8.2% lower, at €1.515 million (previous year: €1.650 million), in the first quarter of 2024, while sales in the NA region were down 11.5% to €869 million (previous year: €982 million). In the APAC region, in contrast, sales climbed by 1.4% to €1,126 million (previous year: €1,111 million).

### Sales by segment and region

€ million, prior-year figures in brackets



<sup>1</sup> EMLA: Europe, Middle East, Latin America (excluding Mexico), Africa region.

<sup>2</sup> NA: North America region (Canada, Mexico, United States).

<sup>3</sup> APAC: Asia and Pacific region.

The Group's EBITDA was down 4.5% to €273 million in the first quarter of 2024 (previous year: €286 million), largely because of lower margins. The decline in the selling price level was partially offset by lower raw material and energy prices. The rise in volumes sold had a positive effect on earnings, but the effect of exchange rate movements was negative.

EBITDA dropped by 40.5% to €103 million (previous year: €173 million) in the Performance Materials segment and increased by 26.1% to €208 million (previous year: €165 million) in the Solutions & Specialties segment.

The Covestro Group's EBIT improved by 56.4% to €61 million in the first quarter (previous year: €39 million).

## Financial Position

In the first quarter of 2024 cash outflows from operating activities amounted to €23 million (previous year: €19 million). This reflects higher income tax payments and a decline in EBITDA, which had a negative impact on cash flows from operating activities. On the other hand, less cash tied up in working capital had a beneficial effect on cash flows from operating activities.

Free operating cash flow improved, amounting to €-129 million in the first quarter of 2024 (previous year: €-139 million), largely due to a decline in cash outflows for additions to property, plant, equipment and intangible assets.

### Net financial debt

	Dec. 31, 2023	Mar. 31, 2024
	€ million	€ million
Bonds	1,990	1,991
Liabilities to banks	657	647
Lease liabilities	743	783
Liabilities from derivatives	15	16
Other financial liabilities	2	2
Receivables from derivatives	(19)	(8)
<b>Gross financial debt</b>	<b>3,388</b>	<b>3,431</b>
Cash and cash equivalents	(625)	(684)
Current financial assets	(276)	(24)
<b>Net financial debt</b>	<b>2,487</b>	<b>2,723</b>

In comparison with December 31, 2023, the Covestro Group's gross financial debt rose by €43 million to €3,431 million as of March 31, 2024. This was mainly due to a €40 million rise in lease liabilities.

Cash and cash equivalents were up €59 million in comparison with the figure on December 31, 2023, to €684 million. This was primarily attributable to net proceeds of €252 million from short-term bank deposits. Conversely, cash outflows of €106 million for additions to property, plant, equipment and intangible assets as well as negative cash flows of €75 million from financing activities and of €23 million from operating activities caused cash and cash equivalents to decline. The net proceeds from short-term bank deposits mentioned earlier led to a decrease in current financial assets by €252 million to €24 million.

Net financial debt therefore grew by €236 million compared with the figure on December 31, 2023, to €2,723 million as of March 31, 2024.

# Performance of the Segments

## Performance Materials

### Performance Materials key data

	1st quarter 2023	1st quarter 2024	Change
<b>Sales (external)</b>	<b>€1,792 million</b>	<b>€1,689 million</b>	<b>-5.7%</b>
Intersegment sales	€607 million	€556 million	-8.4%
<b>Sales (total)</b>	<b>€2,399 million</b>	<b>€2,245 million</b>	<b>-6.4%</b>
Change in sales (external)			
Volume	-18.6%	17.3%	
Price	-7.1%	-21.3%	
Currency	0.7%	-1.7%	
Sales by region (external)			
EMLA	€839 million	€762 million	-9.2%
NA	€489 million	€417 million	-14.7%
APAC	€464 million	€510 million	9.9%
<b>EBITDA<sup>1</sup></b>	<b>€173 million</b>	<b>€103 million</b>	<b>-40.5%</b>
EBIT <sup>1</sup>	€29 million	(€35 million)	.
Cash flows from operating activities	€19 million	€1 million	-94.7%
Cash outflows for additions to property, plant, equipment and intangible assets	€76 million	€74 million	-2.6%
<b>Free operating cash flow</b>	<b>(€57 million)</b>	<b>(€73 million)</b>	<b>28.1%</b>

<sup>1</sup> EBIT and EBITDA include the effect on earnings of intersegment sales.

In the Performance Materials segment, first-quarter sales in 2024 were down 5.7% to €1,689 million (previous year: €1,792 million). This was primarily driven by the 21.3% decline in average selling prices, which coincided with lower raw material prices being passed on to customers. This was set against a rise in volumes sold, which had a sales-increasing effect of 17.3% and was also facilitated by higher plant availability in the EMLA region. Exchange rate movements also had a decreasing effect of 1.7% on sales.

Sales in the EMLA region were down by 9.2% from the prior-year quarter to €762 million (previous year: €839 million), driven by a significant drop in the selling price level. On the other hand, changes in volumes sold drove sales significantly upward. Exchange rates had no notable effect on sales. The NA region's sales decreased 14.7% to €417 million (previous year: €489 million), principally because of a considerable decline in average selling prices. In contrast, higher volumes sold had the effect of increasing sales slightly. Exchange rate movements had a neutral impact on sales. Sales in the APAC region were up 9.9% to €510 million (previous year: €464 million), mainly because of a significant rise in volumes sold. Changes in exchange rates and a lower selling price level, on the other hand, both had a significant reducing impact on sales.

In the first quarter of 2024, the Performance Materials segment's EBITDA was down 40.5% on the prior-year quarter, dropping to €103 million (previous year: €173 million). This was primarily driven by lower margins, with a decline in average selling prices being partially offset by a drop in raw material and energy prices. At the same time, higher fixed costs and exchange rate movements weighed on earnings. On the other hand, the rise in volumes sold had a beneficial effect on EBITDA.

In the first quarter of 2024, EBIT decreased to €-35 million (previous year: €29 million).

Free operating cash flow amounted to €-73 million in the first quarter of 2024 (previous year: €-57 million). The decrease in EBITDA was partially offset by a smaller amount of cash tied up in working capital than in the prior-year quarter.

## Solutions & Specialties

### Solutions & Specialties key data

	1st quarter 2023	1st quarter 2024	Change
<b>Sales (external)</b>	<b>€1,883 million</b>	<b>€1,767 million</b>	<b>-6.2%</b>
Intersegment sales	€8 million	€7 million	-12.5%
<b>Sales (total)</b>	<b>€1,891 million</b>	<b>€1,774 million</b>	<b>-6.2%</b>
Change in sales (external)			
Volume	-15.4%	5.9%	
Price	-0.5%	-10.4%	
Currency	0.6%	-1.7%	
Sales by region (external)			
EMLA	€755 million	€710 million	-6.0%
NA	€485 million	€444 million	-8.5%
APAC	€643 million	€613 million	-4.7%
<b>EBITDA<sup>1</sup></b>	<b>€165 million</b>	<b>€208 million</b>	<b>26.1%</b>
EBIT <sup>1</sup>	€63 million	€135 million	114.3%
Cash flows from operating activities	(€5 million)	€53 million	.
Cash outflows for additions to property, plant, equipment and intangible assets	€43 million	€31 million	-27.9%
<b>Free operating cash flow</b>	<b>(€48 million)</b>	<b>€22 million</b>	.

<sup>1</sup> EBIT and EBITDA include the effect on earnings of intersegment sales.

In the Solutions & Specialties segment, first-quarter sales in 2024 were down 6.2% to €1,767 million (previous year: €1,883 million). The main driver of this trend was a 10.4% drop in average selling prices, offset by an increase in volumes sold, which had a beneficial effect on sales of 5.9%. At the same time, exchange rate movements resulted in a decreasing effect on sales of 1.7%.

The EMLA region's sales decreased 6.0% to €710 million (previous year: €755 million), driven by significantly lower average selling prices. Conversely, the rise in volumes pushed up sales considerably. Exchange rate movements had no notable effect on sales. In the NA region, sales were down 8.5% to €444 million (previous year: €485 million), mainly on account of a considerable drop in the selling price level and a slight decline in volumes sold. Exchange rate movements had no notable effect on sales. Sales in the APAC region declined by 4.7% to 613 million (previous year: €643 million). The main drivers of this development were lower average selling prices and a slight negative trend in exchange rates. On the other hand, higher volumes sold boosted sales significantly.

In the first quarter of 2024, EBITDA in the Solutions & Specialties segment climbed by 26.1% over the prior-year quarter to €208 million (previous year: €165 million), largely due to higher sales volumes. In addition, the margins boosted earnings slightly, since the decline in selling prices was more than offset by lower raw material and energy costs. On the other hand, exchange rate movements had a slightly negative effect on EBITDA.

In the first quarter of 2024, EBIT jumped by 114.3% to €135 million (previous year: €63 million).

Free operating cash flow improved to €22 million in the first quarter of 2024 (previous year: €-48 million), driven primarily by the rise in EBITDA. At the same time, less cash tied up in working capital than in the prior-year quarter and lower cash outflows for additions to property, plant, equipment and intangible assets had a beneficial effect on free operating cash flow.

# Forecast, Opportunities, and Risks

## Economic Outlook

### Global Economy

Compared to the year 2023, we continue to forecast slower, but positive, global economic growth of 2.5% for fiscal 2024. We expect growth rates in all regions to be at similar levels to the outlook published in the Annual Report 2023. As part of this forecast, we consider the continuing reluctance to take economic stimulus measures and the still restrictive monetary policy to be key drivers of these moderate growth dynamics. The latter is expected to have an adverse effect on consumer spending and the development of industries sensitive to interest rates, such as the construction industry.

For the EMLA region, we anticipate growth of 1.2% and therefore below the global rate of expansion. Due to low consumer spending, high interest rates, and higher energy prices than in other regions, we expect the economy in the EMLA region to expand only modestly.

For the NA region, we project growth of 2.4%, virtually on a level with the global growth outlook. Persistently high consumer spending and the strong performance of the labor market are having a beneficial effect on economic expansion in the NA region. Based on the expectation of interest rate cuts in the second half of 2024, we anticipate that the investing activities of companies in interest-sensitive industries will also recover.

Economic growth in the APAC region will likely exceed the global growth rate. We anticipate economic growth of 3.8% for this region in fiscal 2024. For China, there are continuing signs of weak growth performance compared with the previous year for reasons that include the crisis in the real estate market and poor labor market prospects. In our forecast, we have assumed that the Chinese government's measures intended to stimulate consumption, tax reductions, and supply-side support for the manufacturing industry will boost economic growth in the region.

### Economic growth<sup>1</sup>

	Growth 2023	Growth forecast 2024 (Annual Report 2023)	Growth forecast 2024
	%	%	%
<b>World</b>	<b>2.7</b>	<b>2.4</b>	<b>2.5</b>
<b>Europe, Middle East, Latin America<sup>2</sup>, Africa (EMLA)</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>
of which Europe	0.9	0.9	1.0
of which Germany	-0.1	-0.1	0.0
of which Middle East	1.5	3.0	2.2
of which Latin America <sup>2</sup>	1.9	0.7	0.8
of which Africa	2.7	2.8	3.0
<b>North America<sup>3</sup> (NA)</b>	<b>2.5</b>	<b>2.1</b>	<b>2.4</b>
of which United States	2.5	2.3	2.7
<b>Asia-Pacific (APAC)</b>	<b>4.4</b>	<b>3.6</b>	<b>3.8</b>
of which China	5.2	4.4	4.7

<sup>1</sup> Real growth of gross domestic product; source: Oxford Economics, "Growth 2023" and "Growth forecast 2024" as of April 2024.

<sup>2</sup> Latin America (excluding Mexico).

<sup>3</sup> North America (Canada, Mexico, United States).



## Main Customer Industries

Compared to the forecast given in the Annual Report 2023, growth expectations for the main customer industries, with the exception of the electrical, electronics and household appliances industry, largely remain unchanged.

We anticipate negative growth of 2.5% in the global construction industry. The sector continues to be impacted by the high cost of construction materials, persistent labor shortages, and high construction loan interest rates. Growth in the global automotive industry is expected to amount to 1.0%, in an environment of weak demand. We anticipate expansion of 0.1% in the global furniture industry in the year 2024. Limited economic expansion, low investments in the housing sector, and sluggish consumer demand will again have a dampening effect on growth prospects in the year 2024. For the electrical, electronics and household appliances industry, we are forecasting growth of 1.9%, and therefore slightly above the outlook given in the Annual Report 2023.

### Growth in main customer industries<sup>1</sup>

	Growth 2023	Growth forecast 2024 (Annual Report 2023)	Growth forecast 2024
	%	%	%
Automotive	10.2	0.8	1.0
Construction	-2.4	-2.5	-2.5
Electrical, electronics and household appliances	-1.3	1.5	1.9
Furniture	-3.7	0.1	0.1

<sup>1</sup> Covestro's estimate, based on the following sources: LMC Automotive Limited, B+L, CSIL (Centre for Industrial Studies), Oxford Economics. We limited the economic data of our "automotive and transportation" and "furniture and wood processing" main customer industries to the automotive and furniture segments (excluding the transportation or wood processing segments). As of: April 2024.

## Forecast for the Covestro Group

The analysis of the development of our key management indicators is based on the business performance described in this Quarterly Statement, the economic outlook outlined above, and consideration of our potential risks and opportunities. For the rest of fiscal 2024, we confirm the key management indicators that we forecast in the Annual Report 2023.

### Forecast for key management indicators

	2023	Forecast 2024
EBITDA <sup>1</sup>	€1,080 million	Between €1,000 million and €1,600 million
Free operating cash flow <sup>2</sup>	€232 million	Between 0 million and €300 million
ROCE above WACC <sup>3,4</sup>	-6.1% points	Between -7% points and -2% points
Greenhouse gas emissions <sup>5</sup> (CO <sub>2</sub> equivalents)	4.9 million metric tons	Between 4.4 million metric tons and 5.0 million metric tons

<sup>1</sup> EBITDA: EBIT plus depreciation, amortization, and impairment losses; less impairment loss reversals on intangible assets and property, plant and equipment.

<sup>2</sup> Free operating cash flow (FOCF): cash flows from operating activities less cash outflows for additions to property, plant, equipment and intangible assets.

<sup>3</sup> ROCE: ratio of EBIT after imputed income taxes to capital employed. Imputed income taxes are calculated by multiplying an imputed tax rate of 25% by EBIT.

<sup>4</sup> WACC: weighted average cost of capital reflecting the expected return on the company's equity and debt capital. A figure of 8.1% has been taken into account for the year 2024 (2023: 7.6%).

<sup>5</sup> GHG emissions (Scope 1 and Scope 2, GHG Protocol) at main production sites (responsible for more than 95% of our energy usage).

For the Covestro Group's EBITDA, we project a figure between €1,000 million and €1,600 million. Covestro anticipates that the Performance Materials segment's EBITDA will be €400 million to €800 million. In the Solutions & Specialties segment, we expect EBITDA to be significantly higher than the amount of the year 2023 (€817 million).

The Covestro Group's FOCF is forecast between €0 million and €300 million. In the Performance Materials segment, we expect FOCF to be significantly down on the amount of the year 2023 (€162 million). In the Solutions & Specialties segment, we are also forecasting FOCF to be significantly lower than in the year 2023 (€551 million).

ROCE above WACC is anticipated in a range between -7% points and -2% points.

The Covestro Group's GHG emissions, measured as CO<sub>2</sub> equivalents, are projected to be between 4.4 million metric tons and 5.0 million metric tons.

## Opportunities and Risks

With regard to the Covestro Group's opportunity or risk factors, no material changes have been made to the presentation of risk categories in the Annual Report 2023. At the time this Quarterly Statement was prepared, there were no risks that could endanger the Group's continued existence.

# Covestro Group Consolidated Income Statement

	1st quarter 2023	1st quarter 2024
	€ million	€ million
<b>Sales</b>	<b>3,743</b>	<b>3,510</b>
Cost of goods sold	(3,124)	(2,906)
<b>Gross profit</b>	<b>619</b>	<b>604</b>
Selling expenses	(379)	(382)
Research and development expenses	(105)	(91)
General administration expenses	(87)	(73)
Other operating income	15	21
Other operating expenses	(24)	(18)
<b>EBIT<sup>1</sup></b>	<b>39</b>	<b>61</b>
Equity-method loss	(7)	(1)
Interest income	17	16
Interest expense	(41)	(39)
Other financial result	2	(6)
<b>Financial result</b>	<b>(29)</b>	<b>(30)</b>
<b>Income before income taxes</b>	<b>10</b>	<b>31</b>
Income taxes	(37)	(68)
<b>Income after income taxes</b>	<b>(27)</b>	<b>(37)</b>
attributable to noncontrolling interest	(1)	(2)
attributable to Covestro AG shareholders (net income)	(26)	(35)
	€	€
<b>Basic / Diluted earnings per share<sup>2</sup></b>	<b>(0.14)</b>	<b>(0.19)</b>

<sup>1</sup> Earnings before interest and taxes (EBIT): income after income taxes plus financial result and income taxes.

<sup>2</sup> Earnings per share: according to IAS 33 (Earnings per Share), net income divided by the weighted average number of outstanding no-par value voting shares of Covestro AG. The calculation for the first quarter of 2024 was based on 188,740,330 no-par value shares (previous year: 189,948,365 no-par value shares).

# Covestro Group Consolidated Statement of Comprehensive Income

	1st quarter 2023	1st quarter 2024
	€ million	€ million
<b>Income after income taxes</b>	<b>(27)</b>	<b>(37)</b>
Remeasurements of the net defined benefit liability for post-employment benefit plans	17	45
Income taxes	2	(2)
<b>Other comprehensive income from remeasurements of the net defined benefit liability for post-employment benefit plans</b>	<b>19</b>	<b>43</b>
<b>Other comprehensive income that will not be reclassified subsequently to profit or loss</b>	<b>19</b>	<b>43</b>
Exchange differences of foreign operations	(81)	20
<b>Other comprehensive income from exchange differences</b>	<b>(81)</b>	<b>20</b>
<b>Other comprehensive income that may be reclassified subsequently to profit or loss</b>	<b>(81)</b>	<b>20</b>
<b>Total other comprehensive income</b>	<b>(62)</b>	<b>63</b>
attributable to noncontrolling interest	(1)	-
attributable to Covestro AG shareholders	(61)	63
<b>Total comprehensive income</b>	<b>(89)</b>	<b>26</b>
attributable to noncontrolling interest	(2)	(2)
attributable to Covestro AG shareholders	(87)	28

# Covestro Group Consolidated Statement of Financial Position

	Mar. 31, 2023	Mar. 31, 2024	Dec. 31, 2023
	€ million	€ million	€ million
<b>Noncurrent assets</b>			
Goodwill	717	712	711
Other intangible assets	572	505	519
Property, plant and equipment	5,739	5,787	5,795
Investments accounted for using the equity method	177	188	182
Other financial assets <sup>1</sup>	150	108	109
Other receivables <sup>1</sup>	120	149	114
Deferred taxes	372	311	316
	<b>7,847</b>	<b>7,760</b>	<b>7,746</b>
<b>Current assets</b>			
Inventories	2,866	2,650	2,459
Trade accounts receivable	2,144	2,000	1,898
Other financial assets <sup>1</sup>	241	61	311
Other receivables <sup>1</sup>	438	468	496
Claims for income tax refunds	78	97	102
Cash and cash equivalents	949	684	625
Assets held for sale	26	9	–
	<b>6,742</b>	<b>5,969</b>	<b>5,891</b>
<b>Total assets</b>	<b>14,589</b>	<b>13,729</b>	<b>13,637</b>
<b>Equity</b>			
Capital stock of Covestro AG	190	189	189
Capital reserves of Covestro AG	3,788	3,740	3,740
Retained earnings incl. total income	2,473	2,300	2,291
Accumulated other comprehensive income	548	390	370
<b>Equity attributable to Covestro AG shareholders</b>	<b>6,999</b>	<b>6,619</b>	<b>6,590</b>
Equity attributable to noncontrolling interest	34	26	28
	<b>7,033</b>	<b>6,645</b>	<b>6,618</b>
<b>Noncurrent liabilities</b>			
Provisions for pensions and other post-employment benefits	462	421	464
Other provisions	178	235	192
Financial liabilities	3,513	2,753	2,740
Other financial liabilities <sup>1</sup>	13	19	16
Income tax liabilities	29	36	29
Other nonfinancial liabilities <sup>1</sup>	25	22	24
Deferred taxes	278	253	256
	<b>4,498</b>	<b>3,739</b>	<b>3,721</b>
<b>Current liabilities</b>			
Other provisions	238	353	356
Financial liabilities	326	686	667
Trade accounts payable	1,972	1,942	1,895
Other financial liabilities <sup>1</sup>	123	104	128
Income tax liabilities	182	63	48
Other nonfinancial liabilities <sup>1</sup>	208	197	204
Liabilities directly related to assets held for sale	9	–	–
	<b>3,058</b>	<b>3,345</b>	<b>3,298</b>
<b>Total equity and liabilities</b>	<b>14,589</b>	<b>13,729</b>	<b>13,637</b>

<sup>1</sup> Prior-year figures adjusted. Explanations can be found in the relevant notes in the Annual Report 2023.

# Covestro Group Consolidated Statement of Cash Flows

	1st quarter 2023	1st quarter 2024
	€ million	€ million
Income after income taxes	(27)	(37)
Income taxes	37	68
Financial result	29	30
Income taxes paid	(22)	(38)
Depreciation, amortization and impairment losses and impairment loss reversals	247	212
Change in pension provisions	(10)	(11)
(Gains)/losses on retirements of noncurrent assets	–	(3)
Decrease/(increase) in inventories	(81)	(184)
Decrease/(increase) in trade accounts receivable	(148)	(85)
(Decrease)/increase in trade accounts payable	(28)	40
Changes in other working capital, other noncash items	(16)	(15)
<b>Cash flows from operating activities</b>	<b>(19)</b>	<b>(23)</b>
Cash outflows for additions to property, plant, equipment and intangible assets	(120)	(106)
Cash inflows from sales of property, plant, equipment and other assets	1	4
Cash outflows for noncurrent financial assets	(2)	(4)
Interest and dividends received	18	17
Cash inflows from/(Cash outflows for) other current financial assets	(176)	246
<b>Cash flows from investing activities</b>	<b>(279)</b>	<b>157</b>
Dividend payments	(2)	–
Issuances of debt	271	28
Retirements of debt	(188)	(77)
Interest paid	(34)	(26)
<b>Cash flows from financing activities</b>	<b>47</b>	<b>(75)</b>
<b>Change in cash and cash equivalents due to business activities</b>	<b>(251)</b>	<b>59</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,198</b>	<b>625</b>
Change in cash and cash equivalents due to exchange rate movements	2	–
<b>Cash and cash equivalents at end of period</b>	<b>949</b>	<b>684</b>

## Employees and Pension Obligations

As of March 31, 2024, Covestro had 17,543 employees worldwide (December 31, 2023: 17,520). Personnel expenses were down slightly, by €8 million, from the prior-year quarter to €557 million in the first quarter of 2024 (previous year: €565 million).

### Employees by division<sup>1</sup>

	Dec. 31, 2023	Mar. 31, 2024
Production	11,947	11,991
Marketing and distribution	2,860	2,853
Research and development	1,338	1,341
General administration	1,375	1,358
<b>Total</b>	<b>17,520</b>	<b>17,543</b>

<sup>1</sup> The number of employees on either permanent or temporary contracts is stated in full-time equivalents (FTE). Part-time employees are included on a pro-rated basis in line with their contractual working hours. Employees in vocational training are not included.

Provisions for pensions and other post-employment benefits decreased to €421 million as of March 31, 2024 (December 31, 2023: €464 million). This was mainly due to a reduction in the measurement of obligations as a result of higher discount rates.

### Discount rate for pension obligations

	Dec. 31, 2023	Mar. 31, 2024
	%	%
Germany	3.30	3.40
United States	4.70	5.00

## Exchange Rates

In the reporting period, the following exchange rates were used for the major currencies of relevance to the Covestro Group:

### Closing rates for major currencies

€1/		Closing rates		
		Mar. 31, 2023	Dec. 31, 2023	Mar. 31, 2024
BRL	Brazil	5.52	5.36	5.40
CNY	China	7.48	7.87	7.84
HKD	Hong Kong <sup>1</sup>	8.54	8.63	8.46
INR	India	89.40	91.90	90.14
JPY	Japan	144.83	156.33	163.45
MXN	Mexico	19.64	18.72	17.92
USD	United States	1.09	1.11	1.08

### Average rates for major currencies

€1/		Average rates	
		1st quarter 2023	1st quarter 2024
BRL	Brazil	5.58	5.37
CNY	China	7.35	7.82
HKD	Hong Kong <sup>1</sup>	8.41	8.49
INR	India	88.22	90.20
JPY	Japan	141.89	160.97
MXN	Mexico	20.05	18.46
USD	United States	1.07	1.09

<sup>1</sup> Special Administration Region (China)

## Scope of Consolidation

### Changes in the Scope of Consolidation

As of March 31, 2024, the scope of consolidation comprised Covestro AG and 57 (December 31, 2023: 57) consolidated companies.

### Acquisitions and Divestitures

No reportable acquisitions or divestitures were made in the first quarter of 2024.

## Significant Events after the End of the Reporting Period

No events have occurred since March 31, 2024, that have a material impact on the net assets, financial position and results of operations of the Covestro Group.



# Segment Information

## Segment information 1st quarter

	Performance Materials		Solutions & Specialties		Others / Reconciliation		Covestro Group	
	1st quarter 2023	1st quarter 2024	1st quarter 2023	1st quarter 2024	1st quarter 2023	1st quarter 2024	1st quarter 2023	1st quarter 2024
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
<b>Sales (external)</b>	<b>1,792</b>	<b>1,689</b>	<b>1,883</b>	<b>1,767</b>	<b>68</b>	<b>54</b>	<b>3,743</b>	<b>3,510</b>
Intersegment sales	607	556	8	7	(615)	(563)	–	–
<b>Sales (total)</b>	<b>2,399</b>	<b>2,245</b>	<b>1,891</b>	<b>1,774</b>	<b>(547)</b>	<b>(509)</b>	<b>3,743</b>	<b>3,510</b>
Change in sales								
Volume	–18.6%	17.3%	–15.4%	5.9%	–	–	–16.8%	10.9%
Price	–7.1%	–21.3%	–0.5%	–10.4%	–	–	–3.9%	–15.4%
Currency	0.7%	–1.7%	0.6%	–1.7%	–	–	0.6%	–1.7%
Sales by region								
EMLA	839	762	755	710	56	43	1,650	1,515
NA	489	417	485	444	8	8	982	869
APAC	464	510	643	613	4	3	1,111	1,126
<b>EBITDA<sup>1</sup></b>	<b>173</b>	<b>103</b>	<b>165</b>	<b>208</b>	<b>(52)</b>	<b>(38)</b>	<b>286</b>	<b>273</b>
EBIT <sup>1</sup>	29	(35)	63	135	(53)	(39)	39	61
Depreciation, amortization, impairment losses and impairment loss reversals	144	138	102	73	1	1	247	212
Cash flows from operating activities	19	1	(5)	53	(33)	(77)	(19)	(23)
Cash outflows for additions to property, plant, equipment and intangible assets	76	74	43	31	1	1	120	106
<b>Free operating cash flow</b>	<b>(57)</b>	<b>(73)</b>	<b>(48)</b>	<b>22</b>	<b>(34)</b>	<b>(78)</b>	<b>(139)</b>	<b>(129)</b>
Trade working capital <sup>2</sup>	1,291	1,101	1,712	1,575	(27)	(18)	2,976	2,658

<sup>1</sup> EBITDA and EBIT include the effect on earnings of intersegment sales.

<sup>2</sup> Trade working capital includes inventories plus trade accounts receivable and contract assets, less trade accounts payable, contract liabilities, and refund liabilities as of March 31, 2023/2024.

# Financial Calendar

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Half-Year Financial Report 2024.....	July 30, 2024
Quarterly Statement Third Quarter 2024 .....	October 29, 2024
Annual Report 2024 .....	February 26, 2025

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