

Covestro IR Factsheet – Q2 2023



Financial overview

- Sales decreased by 20.9% Y/Y to €3,720m with volume -8.0%, price -11.0%, FX -1.9%
- EBITDA decreased to €385m (Q2'22: €547m) driven by volume effect of €-123m, pricing delta of €-170m, FX of €-17m and others of €+148m
- EBIT decreased to €166m (Q2'22: €307m) with D&A of €219m (Q2'22: €240m)
- Financial result of €-36m (Q2'22: €-44m)
- Net income decreased to €46m (Q2'22: €199m) including €48m adjustments of Deferred Tax Assets along with announced closure of Covestro International SA, Switzerland
- EPS decreased to €0.24 (Q2'22: €1.04)
- FOCF increased to €-10m (Q2'22: €-462m)
- Total net debt (including pension provisions and net defined benefit asset) increased from €3.079m on March 31, 2023 to €3,145m on June 30, 2023
- Net financial debt of €2,762m (March 31, 2023: €2,675m) / net pension liability (pension provisions and net defined benefit asset) of €383m

Performance Materials

- Sales decreased by 27.3% Y/Y to €1,789m with volume -10.3%, price -15.3%, FX -1.7%
- EBITDA of €302m (Q2'22: €367m), driven by negative pricing delta and negative volume effect partially offset by others including a group-neutral €75m internal insurance reimbursement

Solutions & Specialties

- Sales decreased by 13.5% Y/Y to €1,872m with volume -4.7%, price -6.6%, FX -2.2%
- EBITDA of €221m (Q2'22: €213m), with negative volume effect offset by others

Others/Consolidation

- EBITDA of €-139m (Q2'22: €-33m) including a €75m internal insurance reimbursement to segment PM for Dormagen Chlorine plant damage and €16m higher long-term bonus provisions

Guidance assumptions FY 2023

- Global economic growth of 2.4% Y/Y
- Full year average exchange rate in EUR/USD of ~1.10
- Mark-to-market EBITDA based on July 2023 margins flat-forward of ~€1.2bn

Guidance FY 2023

- EBITDA between €1.1bn and €1.6bn; with Performance Materials EBITDA significantly below previous year and Solutions & Specialties EBITDA around previous year
- FOCF between €0 and €500m; with Performance Materials FOCF significantly below previous year and Solutions & Specialties FOCF significantly above previous year
- ROCE above WACC between -6pp and -2pp; with WACC of 7.6%
- CO₂E between 4.2MT and 4.8MT
- All KPIs are rather expected in the lower half of the guidance ranges

Additional financial expectations for FY 2023

- EBITDA Q3: between €240m and €340m
- Capex: around €800m
- D&A: around €900m
- Financial result: between €-130m and €-170m
- P&L tax: between €150m and €250m / cash tax: between €200m and €300m

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	Q1 2022	Q2 2022	6M 2022	Q3 2022	9M 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	6M 2023
	€ million	€ million	€ million	€ million						
Core volumes ('000 t)	1,356.4	1,267.6	2,624.0	1,304.5	3,928.4	1,164.7	5,093.1	1,143.6	1,218.7	2,362.3
Sales	4,683	4,703	9,386	4,618	14,004	3,964	17,968	3,743	3,720	7,463
PM	2,388	2,461	4,849	2,330	7,179	1,916	9,095	1,792	1,789	3,581
S&S	2,222	2,165	4,387	2,196	6,583	1,975	8,558	1,883	1,872	3,755
Others / Consolidation	73	77	150	92	242	73	315	68	59	127
EBITDA	806	547	1,353	302	1,655	-38	1,617	286	385	671
PM ¹	620	367	987	53	1,040	-89	951	173	302	475
S&S ¹	224	213	437	280	717	108	825	165	221	386
Others / Consolidation ¹	-38	-33	-71	-31	-102	-57	-159	-52	-138	-190
DA	217	240	457	236	693	657	1,350	247	219	466
EBIT	589	307	896	66	962	-695	267	39	166	205
PM ¹	475	204	679	-107	572	-600	-28	29	158	187
S&S ¹	152	139	291	207	498	-37	461	63	149	212
Others / Consolidation ¹	-38	-36	-74	-34	-108	-58	-166	-53	-141	-194
Financial result	-28	-44	-72	-40	-112	-25	-137	-29	-36	-65
EBT	561	263	824	26	850	-720	130	10	130	140
Taxes	-144	-65	-209	-15	-224	-187	-411	-37	-85	-122
Minorities	1	-1	0	-1	-1	-8	-9	-1	-1	-2
Net income	416	199	615	12	627	-899	-272	-26	46	20
EPS in acc. to IAS 33	2.15	1.04	3.2	0.06	3.28	-4.74	-1.42	-0.14	0.24	0.11
Core volumes Y/Y²	9.0%	-5.2%	1.7%	-4.1%	-0.3%	-11.1%	-3.0%	-15.7%	-3.9%	-10.0%
PM	3.9%	1.4%	2.6%	-0.4%	1.6%	-10.9%	-1.6%	-16.0%	-5.7%	-10.9%
S&S	16.4%	-13.0%	0.4%	-8.5%	-2.7%	-11.3%	-4.8%	-15.3%	-1.3%	-8.7%
Sales Y/Y	41.6%	18.9%	29.2%	7.3%	21.1%	-8.6%	13.0%	-20.1%	-20.9%	-20.5%
PM ²	37.2%	25.8%	31.2%	6.6%	22.0%	-15.2%	11.7%	-25.0%	-27.3%	-26.1%
S&S ²	45.3%	11.0%	26.1%	6.1%	18.6%	-1.5%	13.9%	-15.3%	-13.5%	-14.4%
Volume Y/Y	3.6%	-2.1%	0.5%	-5.7%	-1.8%	-13.2%	-5.0%	-16.8%	-8.0%	-12.5%
PM ²	5.5%	1.6%	3.5%	-6.2%	-0.2%	-17.5%	-5.0%	-18.6%	-10.3%	-14.4%
S&S ²	-0.5%	-7.3%	-4.4%	-7.2%	-5.4%	-8.9%	-6.3%	-15.4%	-4.7%	-10.1%
Price Y/Y	22.9%	14.5%	18.3%	5.4%	13.5%	0.8%	10.1%	-3.9%	-11.0%	-7.4%
PM ²	26.4%	17.5%	21.7%	5.2%	15.6%	-1.3%	10.9%	-7.1%	-15.3%	-11.2%
S&S ²	19.4%	11.8%	15.2%	5.7%	11.6%	3.3%	9.4%	-0.5%	-6.6%	-3.5%
FX Y/Y	5.6%	6.5%	6.1%	7.6%	6.7%	3.8%	5.9%	0.6%	-1.9%	-0.6%
PM ²	5.3%	6.7%	6.0%	7.6%	6.6%	3.6%	5.8%	0.7%	-1.7%	-0.5%
S&S ²	5.9%	6.5%	6.3%	7.6%	6.7%	4.1%	6.0%	0.6%	-2.2%	-0.8%
EBITDA Y/Y	8.5%	-33.0%	-13.3%	-65.0%	-31.7%	-105.7%	-47.6%	-64.5%	-29.6%	-50.4%
PM ^{1,2}	-1.6%	-43.0%	-22.5%	-92.5%	-47.5%	-115.1%	-63.0%	-72.1%	-17.7%	-51.9%
S&S ^{1,2}	23.8%	-10.1%	4.5%	26.7%	12.2%	-3.6%	9.9%	-26.3%	3.8%	-11.7%
EBITDA margin	17.2%	11.6%	14.4%	6.5%	11.8%	-1.0%	9.0%	7.6%	10.3%	9.0%
PM ^{1,2}	26.0%	14.9%	20.4%	2.3%	14.5%	-4.6%	10.5%	9.7%	16.9%	13.3%
S&S ^{1,2}	10.1%	9.8%	10.0%	12.8%	10.9%	5.5%	9.6%	8.8%	11.8%	10.3%
Tax rate	25.8%	24.7%	25.4%	57.7%	26.4%	-26.0%	316.2%	370.0%		
EPS Y/Y	5.9%	-55.2%	-26.6%	-97.5%	-51.8%	-403.8%	-117.0%	-106.5%	-76.9%	-96.6%
Net financial debt	1,468	2,784	2,784	2,861	2,861	2,434	2,434	2,675	2,762	2,762
Net pension liability	831	309	309	291	291	430	430	404	383	383
Operating cash flows ³	157	-272	-115	246	131	839	970	-19	149	130
FOCF³	17	-462	-445	33	-412	550	138	-139	-10	-149
ROCE⁴	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.0%	n.a.	n.a.	n.a.
WACC	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7.0%	n.a.	n.a.	n.a.
ROCE above WACC⁴	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-5% points	n.a.	n.a.	n.a.

¹ The values were determined retrospectively as of October 1, 2021 due to a change in the underlying market prices for the compensation of transactions between the Performance Materials and Solutions & Specialties segments. The comparative information was adjusted accordingly.

² Reference information based on fiscal 2019 is not presented here due to the new organizational structure.

³ Since 2022, an imputed tax rate of 25% has been used for calculation purposes (previous years: effective tax rate).

⁴ Beginning in fiscal 2022, the key performance indicator ROCE was replaced by ROCE above WACC for profitability measurement.