

Covestro IR Factsheet – Q1 2017



Financial Overview

- Strong core volume growth of 9.0% Y/Y to 1.276mt with APAC +13% Y/Y, NAFTA +7% Y/Y and EMLA +7% Y/Y
- Sales of €3.586bn (+24.7% Y/Y); Volume +9.9% Y/Y; Price +13.4% Y/Y and FX +1.4% Y/Y
- EBITDA increased by 67% Y/Y to €846m driven by positive pricing delta (€254m despite higher raw material costs), strong volume leverage (€128m) and release of provisions for Tarragona of €9m
- EBIT increased by 102% Y/Y to €688m, including €17m from suspended Tarragona closure (thereof reversal of impairments of €8m)
- Financial results improved Y/Y to €-54m due to lower interest expenses and hedging costs
- Income tax rate of 26.0%, slightly below guidance due to a favourable country profit mix
- EPS increased by 157% Y/Y from €0.90 to €2.31
- FOCF increased by 174% Y/Y to €211m despite higher working capital and capex
- Total net debt (incl. pension provisions) reduced by €224m to €2,484m; Net financial debt decreased by €159m to €1,340m

Polyurethanes

- Core volumes (in kt) increased by 6.8% Y/Y mainly driven by MDI and TDI
- EBITDA increased by 125% Y/Y to €482m mainly driven by positive pricing delta

Polycarbonates

- Core volumes (in kt) increased by 14.7% Y/Y driven by all regions
- EBITDA increased by 31% Y/Y to €232m mainly driven by positive volume leverage & product mix

Coatings, Adhesives, Specialties

- Core volumes (in kt) increased by 8.1% Y/Y driven by strong demand in APAC and EMLA
- EBITDA increased by 5% Y/Y to €146m driven by strong volume leverage

Macro Expectations 2017

- We assume an exchange rate of EUR/USD of around 1.10
- We assume a global GDP growth of 2.9%

Outlook 2017

- We expect core volume growth in the low- to mid-single-digit percentage range (unchanged)
- We anticipate FOCF significantly (previously: slightly) above the average of the last three years (€881m)
- We expect ROCE significantly (previously: slightly) above the 2016 level (14.2%)

Additional Financial Expectations for 2017

- EBITDA Q2 2017: Significantly above Q2 2016
- EBITDA FY 2017: Significantly (previously: at or above) above 2016
- Capex: ~€550m (unchanged)
- D&A: ~€650m (previously: ~€650 to 700m)
- Financial results: ~€-180 to -200m (previously: ~€-170 to -190m)
- Tax rate: ≤30% (unchanged)

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	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017
	€ million	€ million	€ million	€ million	€ million	€ million
Core volumes ('000 t)¹	1,171	1,254	1,233	1,137	4,794	1,276
Sales	2,875	2,990	3,022	3,017	11,904	3,586
PUR	1,403	1,481	1,503	1,540	5,927	1,894
PCS	786	831	848	833	3,298	954
CAS	512	532	515	481	2,040	564
Others / Consolidation	174	146	156	163	639	174
EBITDA	508	542	574	390	2,014	846
PUR	214	228	263	176	881	482
PCS	177	191	194	142	704	232
CAS	139	142	136	83	500	146
Others / Consolidation	-22	-19	-19	-11	-71	-14
DA	-168	-178	-168	-169	-683	-158
EBIT	340	364	406	221	1,331	688
PUR	117	124	168	80	489	396
PCS	127	142	145	93	507	184
CAS	119	119	114	59	411	123
Others / Consolidation	-23	-21	-21	-11	-76	-15
Financial result	-78	-45	-41	-32	-196	-54
EBT	262	319	365	189	1,135	634
Taxes	-78	-86	-104	-61	-329	-165
Minorities	2	3	2	4	11	1
Net income	182	230	259	124	795	468
EPS (in €)	0.90	1.13	1.28	0.62	3.93	2.31
Core volumes Y/Y¹	8.4%	7.7%	9.1%	4.8%	7.5%	9.0%
PUR	10.3%	9.0%	9.0%	2.4%	7.7%	6.8%
PCS	8.5%	8.5%	11.6%	12.8%	10.4%	14.7%
CAS	-2.8%	-1.8%	3.5%	0.0%	-0.3%	8.1%
Sales Y/Y	-5.9%	-6.9%	0.1%	7.8%	-1.5%	24.7%
PUR	-9.7%	-9.5%	-0.6%	11.2%	-2.6%	35.0%
PCS	2.7%	0.2%	3.5%	9.7%	4.0%	21.4%
CAS	-4.3%	-5.3%	-0.8%	0.8%	-2.5%	10.2%
Volume Y/Y	5.3%	4.5%	6.3%	3.8%	5.0%	9.9%
PUR	6.9%	6.4%	6.7%	0.3%	5.2%	7.6%
PCS	8.7%	7.9%	10.3%	13.2%	10.0%	17.2%
CAS	-1.6%	-0.6%	2.5%	2.4%	0.6%	9.1%
Price Y/Y	-10.5%	-8.7%	-5.1%	4.6%	-5.2%	13.4%
PUR	-15.7%	-13.1%	-6.2%	11.6%	-6.4%	25.8%
PCS	-5.4%	-4.3%	-5.0%	-2.6%	-4.3%	2.9%
CAS	-2.4%	-2.7%	-2.7%	-1.7%	-2.4%	-0.3%
FX Y/Y	-0.7%	-2.7%	-1.1%	-0.6%	-1.3%	1.4%
PUR	-0.9%	-2.8%	-1.1%	-0.7%	-1.4%	1.6%
PCS	-0.6%	-3.4%	-1.8%	-0.9%	-1.7%	1.3%
CAS	-0.3%	-2.0%	-0.6%	0.1%	-0.7%	1.4%
EBITDA Y/Y	22.1%	8.8%	21.9%	52.3%	22.7%	66.5%
PUR	31.3%	2.2%	50.3%	179.4%	41.2%	125.2%
PCS	52.6%	27.3%	13.5%	15.4%	25.7%	31.1%
CAS	4.5%	3.6%	-0.7%	-1.2%	1.8%	5.0%
EBITDA margin	17.7%	18.1%	19.0%	12.9%	16.9%	23.6%
PUR	15.3%	15.4%	17.5%	11.4%	14.9%	25.4%
PCS	22.5%	23.0%	22.9%	17.0%	21.3%	24.3%
CAS	27.1%	26.7%	26.4%	17.3%	24.5%	25.9%
Tax rate	29.8%	27.0%	28.5%	32.3%	29.0%	26.0%
EPS Y/Y	57.9%	50.7%	62.0%	n.m.	131.8%	157.1%
Net financial debt	2,087	2,037	1,408	1,499	1,499	1,340
Provisions for pensions	1,876	2,098	2,171	1,209	1,209	1,144
Net cash by operating activities	124	316	736	610	1,786	285
FOCF	77	237	646	407	1,367	211

¹Reference values as of 2016 recalculated effective March 31, 2017, based on the definition of core business.