

Covestro IR Factsheet – Q2 2021



Financial overview

- Core volumes increased by 35.0% Y/Y to 1,356t including ~10pp from the acquired RFM business. Organic growth benefitted from strong underlying demand and strong rebound as Q2'20 had been heavily impacted by the Coronavirus pandemic; yet growth was limited by constrained product availability
- Sales increased by 83.5% Y/Y to €3,956m with volume +29.0%, price +45.9%, FX -5.4%, portfolio +14.0%
- EBITDA increased to €817m (Q2'20: €125m), driven by positive pricing delta of €+588m and by higher volume of €+307m; including €-122m (H1'21: €-227m) higher provisions for variable compensations, €-35m (H1'21: €-37m) negative one-time effects related to first-time consolidation of acquired RFM business and €-10m (H1'21: €-26m) negative one-time effects related to LEAP transformation program
- EBIT increased to €607m (Q2'20: €-68m) with D&A of €210m (Q2'20: €193m)
- Financial result remained virtually unchanged at €-18m (Q2'20: €-17m)
- Net income increased to €449m (Q2'20: €-52m) / EPS increased to €2.32 (Q2'20: €-0.28)
- FOCF increased by €350m to €374m (Q2'20: €24m)
- Total net debt (incl. pension provisions) increased from €1,870m on Mar 31, 2021, to €3,296m on Jun 30, 2021, including cash outflows of €1,469m for the acquisition of RFM and €257m for dividends during Q2'21
- Net financial debt of €1,604m (Mar 31, 2021: €95m), pension provisions of €1,692m (Mar 31, 2021: €1,775m)

Polyurethanes

- Core volume growth (in kt) of +27.8% Y/Y, strong demand recovery while product availability was constrained
- EBITDA increased to €452m (Q2'20: €-24m), driven by strong positive pricing delta in all three product groups and higher volumes

Polycarbonates

- Core volume growth (in kt) of +15.4% Y/Y, largely driven by strong recovery of auto/transport
- EBITDA increased to €260m (Q2'20: €96m), mainly due to positive pricing delta and higher volumes

Coatings, Adhesives, Specialties

- Core volume growth (in kt) of +133.5% Y/Y including ~100pp from RFM; underlying CAS business driven by strong recovery of auto/transport, limited by feedstock constraints
- EBITDA of €134m (Q2'20: €60m) includes negative one-time effects of €-35m related to the RFM acquisition; EBITDA increase mainly due to higher volumes and positive pricing delta

Guidance assumptions 2021

- Global economic growth of ~6% Y/Y; full year average exchange rate in EUR/USD of ~1.20
- RFM acquisition closed on April 1, 2021; first-time consolidation of acquired business in Q2'21
- Negative one-time effects in connection with the LEAP transformation program now included

Guidance 2021

- We expect core volume growth between 10% and 15% with ~6pp from the RFM acquisition
- We expect FOCF between €1,600m and €2,000m
- We expect ROCE between 16% and 20%

Additional financial expectations for 2021

- FY EBITDA: between €2,700m and €3,100m
- Q3 EBITDA: between €760m and €860m
- Mark-to-Market EBITDA based on June 2021 margins: ~€3.1bn
- Capex: around €800m
- D&A: around €900m
- Financial result: around €-100m
- Group income tax rate: 24 - 26%

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	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
	€ million						
Core volumes ('000 t)¹	1,199.5	1,005.0	1,372.6	1,270.1	4,847.1	1,263.4	1,356.3
Sales	2783	2156	2760	3007	10706	3307	3956
PUR	1274	913	1315	1519	5021	1665	1841
PCS	733	648	801	803	2985	889	1015
CAS	572	443	495	529	2039	595	926
Others / Consolidation	204	152	149	156	661	158	174
EBITDA	254	125	456	637	1472	743	817
PUR	50	-24	220	379	625	443	452
PCS	109	96	148	200	553	222	260
CAS	130	60	99	52	341	114	134
Others / Consolidation	-35	-7	-11	6	-47	-36	-29
DA	187	193	191	205	776	187	210
EBIT	67	-68	265	432	696	556	607
PUR	-51	-130	114	264	197	340	348
PCS	54	41	94	143	332	168	208
CAS	100	28	68	19	215	85	81
Others / Consolidation	-36	-7	-11	6	-48	-37	-30
Financial result	-39	-17	-22	-13	-91	-29	-18
EBT	28	-85	243	419	605	527	589
Taxes	-7	32	-63	-113	-151	-132	-139
Minorities	1	-1	1	-6	-5	2	1
Net income	20	-52	179	312	459	393	449
EPS in acc. to IAS 33	0.11	-0.28	0.98	1.63	2.48	2.03	2.32
Core volumes Y/Y¹	-4.1%	-22.7%	3.0%	1.7%	-5.6%	5.3%	35.0%
PUR	-3.6%	-25.9%	4.3%	0.8%	-6.1%	2.5%	27.8%
PCS	-4.9%	-14.4%	3.6%	3.2%	-3.0%	11.6%	15.4%
CAS	-5.2%	-25.3%	-6.9%	2.8%	-8.9%	7.1%	133.5%
Sales Y/Y	-12.3%	-32.9%	-12.7%	5.0%	-13.7%	18.8%	83.5%
PUR	-13.7%	-38.7%	-11.0%	13.7%	-13.1%	30.7%	101.6%
PCS	-14.8%	-27.8%	-11.1%	-1.4%	-14.1%	21.3%	56.6%
CAS	-8.8%	-28.7%	-15.8%	-0.8%	-13.9%	4.0%	109.0%
Volume Y/Y	-2.7%	-22.3%	1.0%	4.7%	-5.1%	3.4%	29.0%
PUR	-2.5%	-24.8%	5.3%	2.9%	-5.0%	0.2%	29.1%
PCS	-2.6%	-16.4%	3.6%	7.4%	-2.3%	12.5%	28.1%
CAS	-7.1%	-25.8%	-8.3%	7.5%	-9.0%	5.6%	34.4%
Price Y/Y	-9.1%	-9.0%	-9.0%	5.4%	-5.7%	20.2%	45.9%
PUR	-10.8%	-12.3%	-11.5%	16.2%	-5.1%	36.1%	78.5%
PCS	-9.6%	-7.8%	-8.2%	-2.1%	-7.0%	13.8%	33.3%
CAS	-3.9%	-3.2%	-5.0%	-4.9%	-4.2%	2.4%	13.2%
FX Y/Y	0.8%	-0.1%	-3.3%	-4.0%	-1.6%	-4.8%	-5.4%
PUR	0.7%	-0.4%	-3.8%	-4.8%	-2.0%	-5.6%	-6.0%
PCS	1.0%	-0.1%	-3.4%	-3.7%	-1.5%	-5.0%	-4.8%
CAS	1.1%	0.3%	-2.5%	-3.4%	-1.0%	-4.0%	-6.5%
EBITDA Y/Y	-42.5%	-72.8%	7.3%	129.1%	-8.2%	192.5%	553.6%
PUR	-68.2%	-114.0%	12.2%	208.1%	-3.5%	786.0%	-1983.3%
PCS	-29.7%	-37.7%	12.1%	110.5%	3.2%	103.7%	170.8%
CAS	-11.0%	-60.0%	-10.8%	-16.1%	-27.3%	-12.3%	123.3%
EBITDA margin	9.1%	5.8%	16.5%	21.2%	13.7%	22.5%	20.7%
PUR	3.9%	-2.6%	16.7%	25.0%	12.4%	26.6%	24.6%
PCS	14.9%	14.8%	18.5%	24.9%	18.5%	25.0%	25.6%
CAS	22.7%	13.5%	20.0%	9.8%	16.7%	19.2%	14.5%
Tax rate	25.0%	37.6%	25.9%	27.0%	25.0%	25.0%	23.6%
EPS Y/Y	-88.8%	-127.2%	22.5%	715.0%	-17.9%	1745.5%	-928.6%
Net financial debt	1291	1294	1170	356	356	95	1604
Provisions for pensions	1435	1881	2031	2123	2123	1,775	1692
Operating cash flows	-110	171	538	635	1234	428	553
FOCF	-249	24	361	394	530	318	374
ROCE	n.a.	n.a.	n.a.	n.a.	7.0%	n.a.	n.a.

¹ Reference values as of 2019 recalculated effective March 31, 2020, based on the definition of core business.