

Covestro IR Factsheet – Q4 2017



Financial Overview

- Solid core volume growth of 4.1% Y/Y to 1.184mt with regional differences: EMLA +9.2% Y/Y driven by double-digit growth in Germany due to low prior-year basis, APAC +3.0% and NAFTA -1.9% still impacted by Hurricane Harvey
- Sales increased by 16.7% to €3.522bn; Volume +4.6% Y/Y; Price +17.4% Y/Y and FX -5.3% Y/Y
- EBITDA increased by 125% Y/Y to €879m driven by positive pricing delta in all business segments (€401m despite higher raw material prices), solid volumes (€62m) and positive one-time item for the provision release for Tarragona (€63m), despite slight FX headwind (€-41m)
- EBIT increased by 229% Y/Y to €728m helped by lower D&A and positive one-time item related to Tarragona (€70m)
- Financial results improved Y/Y to €-27m due to lower debt
- Income tax rate of 18.8% (FY 2017: 24.1%), mainly due to US tax reform
- EPS increased from €0.62 to €2.80 (Q4 2016 based on 202.5m shares, Q4 2017 based on 202.1m shares acc. to IFRS)
- FOCF increased by 61% Y/Y to €655m despite higher tax payments, softer working capital contribution and increased capex

Polyurethanes

- Core volumes (in kt) increased by 5.1% Y/Y despite impact in US by Hurricane Harvey
- EBITDA increased by 251% Y/Y to €618m mainly driven by positive pricing delta and one-time item

Polycarbonates

- Core volumes (in kt) increased by 3.7% Y/Y, compromised by limited product availability in the US
- EBITDA increased by 50% Y/Y to €213m, mainly driven by positive pricing delta and product mix improvement

Coatings, Adhesives, Specialties

- Core volumes (in kt) decreased by -1.0% Y/Y, still impacted by destocking and Hurricane Harvey
- EBITDA decreased by 11% Y/Y to €74m due to higher costs, yet positive pricing delta achieved

Macro Expectations 2018

- We assume an exchange rate of EUR/USD of around 1.20
- We assume a similar macroeconomic environment as in 2017

Outlook 2018

- We expect core volume growth in the low- to mid-single-digit percentage range
- We anticipate FOCF significantly above the average of the last three years (€1,391m)
- We expect ROCE approaching the 2017 level (33.4%)

Additional Financial Expectations for 2018

- EBITDA Q1 2018: significantly above the Q1 2017 level (€846m)
- EBITDA FY 2018: around previous year's level (€3,435m)
- Capex: €600-650m
- D&A: €600-620m
- Financial results: €-100 to -120m
- Group income tax rate: 25-27%

Covestro IR Factsheet - Q4/FY 2017

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Core volumes ('000 t)¹	1,171	1,254	1,233	1,137	4,794	1,276	1,233	1,265	1,184	4,958
Sales	2,875	2,990	3,022	3,017	11,904	3,586	3,498	3,532	3,522	14,138
PUR	1,403	1,481	1,503	1,540	5,927	1,894	1,889	1,938	1,939	7,660
PCS	786	831	848	833	3,298	954	911	933	939	3,737
CAS	512	532	515	481	2,040	564	533	490	466	2,053
Others / Consolidation	174	146	156	163	639	174	165	171	178	688
EBITDA	508	542	574	390	2,014	846	848	862	879	3,435
PUR	214	228	263	176	881	482	556	556	618	2,212
PCS	177	191	194	142	704	232	197	211	213	853
CAS	139	142	136	83	500	146	114	119	74	453
Others / Consolidation	-22	-19	-19	-11	-71	-14	-19	-24	-26	-83
DA	-168	-178	-168	-169	-683	-158	-161	-157	-151	-627
EBIT	340	364	406	221	1,331	688	687	705	728	2,808
PUR	117	124	168	80	489	396	460	466	534	1,856
PCS	127	142	145	93	507	184	152	167	169	672
CAS	119	119	114	59	411	123	95	97	51	366
Others / Consolidation	-23	-21	-21	-11	-76	-15	-20	-25	-26	-86
Financial result	-78	-45	-41	-32	-196	-54	-34	-35	-27	-150
EBT	262	319	365	189	1,135	634	653	670	701	2,658
Taxes	-78	-86	-104	-61	-329	-165	-167	-177	-132	-641
Minorities	2	3	2	4	11	1	2	2	3	8
Net income	182	230	259	124	795	468	484	491	566	2,009
EPS (IFRS)	0.90	1.13	1.28	0.62	3.93	2.31	2.39	2.43	2.80	9.93
Core volumes Y/Y¹	8.4%	7.7%	9.1%	4.8%	7.5%	9.0%	-1.6%	2.6%	4.1%	3.4%
PUR	10.3%	9.0%	9.0%	2.4%	7.7%	6.8%	-2.3%	4.3%	5.1%	3.4%
PCS	8.5%	8.5%	11.6%	12.8%	10.4%	14.7%	0.7%	1.5%	3.7%	5.0%
CAS	-2.8%	-1.8%	3.5%	0.0%	-0.3%	8.1%	-3.0%	-5.0%	-1.0%	-0.3%
Sales Y/Y	-5.9%	-6.9%	0.1%	7.8%	-1.5%	24.7%	17.0%	16.9%	16.7%	18.8%
PUR	-9.7%	-9.5%	-0.6%	11.2%	-2.6%	35.0%	27.5%	28.9%	25.9%	29.2%
PCS	2.7%	0.2%	3.5%	9.7%	4.0%	21.4%	9.6%	10.0%	12.7%	13.3%
CAS	-4.3%	-5.3%	-0.8%	0.8%	-2.5%	10.2%	0.2%	-4.9%	-3.1%	0.6%
Volume Y/Y	5.3%	4.5%	6.3%	3.8%	5.0%	9.9%	0.6%	2.0%	4.6%	4.3%
PUR	6.9%	6.4%	6.7%	0.3%	5.2%	7.6%	-0.8%	3.0%	6.5%	4.1%
PCS	8.7%	7.9%	10.3%	13.2%	10.0%	17.2%	2.5%	4.4%	5.2%	7.1%
CAS	-1.6%	-0.6%	2.5%	2.4%	0.6%	9.1%	-1.2%	-6.0%	-2.1%	-0.1%
Price Y/Y	-10.5%	-8.7%	-5.1%	4.6%	-5.2%	13.4%	15.3%	18.4%	17.4%	16.1%
PUR	-15.7%	-13.1%	-6.2%	11.6%	-6.4%	25.8%	27.0%	29.7%	25.2%	26.9%
PCS	-5.4%	-4.3%	-5.0%	-2.6%	-4.3%	2.9%	6.1%	9.4%	13.1%	8.0%
CAS	-2.4%	-2.7%	-2.7%	-1.7%	-2.4%	-0.3%	0.6%	3.8%	3.2%	1.8%
FX Y/Y	-0.7%	-2.7%	-1.1%	-0.6%	-1.3%	1.4%	1.1%	-3.5%	-5.3%	-1.6%
PUR	-0.9%	-2.8%	-1.1%	-0.7%	-1.4%	1.6%	1.3%	-3.8%	-5.8%	-1.8%
PCS	-0.6%	-3.4%	-1.8%	-0.9%	-1.7%	1.3%	1.0%	-3.8%	-5.6%	-1.8%
CAS	-0.3%	-2.0%	-0.6%	0.1%	-0.7%	1.4%	0.8%	-2.7%	-4.2%	-1.1%
EBITDA Y/Y²	22.1%	8.8%	21.9%	52.3%	22.7%	66.5%	56.5%	50.2%	125.4%	70.6%
PUR	31.3%	2.2%	50.3%	179.4%	41.2%	125.2%	143.9%	111.4%	251.1%	151.1%
PCS	52.6%	27.3%	13.5%	15.4%	25.7%	31.1%	3.1%	8.8%	50.0%	21.2%
CAS	4.5%	3.6%	-0.7%	-1.2%	1.8%	5.0%	-19.7%	-12.5%	-10.8%	-9.4%
EBITDA margin	17.7%	18.1%	19.0%	12.9%	16.9%	23.6%	24.2%	24.4%	25.0%	24.3%
PUR	15.3%	15.4%	17.5%	11.4%	14.9%	25.4%	29.4%	28.7%	31.9%	28.9%
PCS	22.5%	23.0%	22.9%	17.0%	21.3%	24.3%	21.6%	22.6%	22.7%	22.8%
CAS	27.1%	26.7%	26.4%	17.3%	24.5%	25.9%	21.4%	24.3%	15.9%	22.1%
Tax rate	29.8%	27.0%	28.5%	32.3%	29.0%	26.0%	25.6%	26.4%	18.8%	24.1%
EPS Y/Y (2015/2016 based on 202.5m, 2017 based on weighted avg.)	57.9%	50.7%	62.0%	n.m.	131.8%	157.1%	111.5%	89.8%	351.6%	152.7%
Net financial debt	2,087	2,037	1,408	1,499	1,499	1,340	1,186	542	283	283
Provisions for pensions	1,876	2,098	2,171	1,209	1,209	1,144	1,167	1,208	1,187	1,187
Operating cash flows	124	316	736	610	1,786	285	411	775	890	2,361
FOCF	77	237	646	407	1,367	211	319	658	655	1,843

¹Reference values as of 2016 recalculated effective March 31, 2017, based on the definition of core business. ²versus adj. EBITDA for periods prior to Q1 2016.