

Covestro IR Factsheet



Solid core volume growth of 2.7% Y/Y in FY 2015

Adj. ROCE of 9.5% clearly above cost of capital of 7.2% in FY 2015

Record FOCF of €964m in FY 2015 (FCF yield of 16%)

Dividend proposal of €0.70 for FY 2015 (dividend yield of 2.6%)

Financial overview FY 2015

- Solid core volume growth (in kt) of 2.7% Y/Y driven by all segments and regions
- Sales increased by 2.7% Y/Y to €12,082m driven by higher sales volumes of 2.6% Y/Y, FX of +7.8% Y/Y while sales prices decreased by 7.7%
- Adj. EBITDA increased by 41% Y/Y to €1,641m mainly driven by strong pricing power of €296m (lower raw material costs vs. lower selling prices) and FX benefits of €229m
- Special items (EBITDA) of neg. €222m, including IPO costs and MDI restructuring
- Adj. D&A increased by 17% Y/Y to €699m mainly due to FX effects; reported D&A include special items of neg. €40m
- Financial result increased by 29% Y/Y to neg. €175m mainly due to higher expenses in “Other financial results”
- Reported net income increased by 26% to €343m despite significantly higher negative special items
- Adj. EPS increased by 77% Y/Y to €2.66; FY 2015 P/E of 10x based on closing share price of 19/02/2016
- Record FOCF of €964m mainly driven by increased EBITDA and lower working capital; FCF (FOCF minus net interest expenses) of €859m translates into a FCF yield of 16% based on closing share price of 19/02/2016
- Equity increased from €1.8bn end of 2014 to €3.6bn mainly due to the capital increase; Equity ratio was 34% end of 2015
- Total net debt (incl. pension provisions) decreased from €5.5bn end of 2014 to €3.7bn; Total net debt to adj. EBITDA ratio was 2.2x end of 2015
- Management proposes a dividend of €0.70 per share or €142m, at the upper end of our guidance of €100-150m; this translates into a dividend yield of 2.6% based on the closing price of 19/02/2016

Financial overview Q4-2015

- Accelerating core volume growth (in kt) of 3.3% Y/Y
- Sales decreased by 6.1% Y/Y to €2,798m driven by lower prices of 12.4%; volumes of +1.5% Y/Y, FX of +4.8% Y/Y
- Adj. EBITDA increased by 22% Y/Y to €256m mainly driven by a solid pricing power of €21m (raw material costs vs. selling prices) and FX benefits of €32m and despite significantly higher shutdown costs at our Shanghai site

Covestro IR Factsheet



Polyurethane

- Core volumes (in kt) increased by 1.8% Y/Y and 4.9% Y/Y in FY 2015 and Q4 2015, respectively
- Adj. EBITDA increased by 5.4% Y/Y in FY 2015 mainly driven by strong results in Polyols (helped by styrene)
- Adj. EBITDA decreased by 38% Y/Y in Q4 2015 due to lower earnings in TDI and shutdown costs

Polycarbonate

- Core volumes (in kt) increased by 5.2% Y/Y and 0.8% Y/Y in FY 2015 and Q4 2015, respectively
- Adj. EBITDA increased by 250% Y/Y in FY 2015 driven by strong pricing power
- Adj. EBITDA increased by 273% Y/Y in Q4 2015 due to strong pricing power and despite shutdown costs

Coatings, Adhesives, Specialties

- Core volumes (in kt) increased by 2.7% Y/Y and 0.2% Y/Y in FY 2015 and Q4 2015, respectively
- Adj. EBITDA increased by 12% Y/Y in FY 2015 mainly driven by strong pricing power and FX
- Adj. EBITDA decreased by 8% Y/Y in Q4 2015 due to shutdown and ramp-up costs

Macro expectations 2016

- We assume an exchange rate of USD/EUR of 1.10
- We assume a similar macroeconomic environment as in 2015

Outlook 2016

- We expect core volume growth in the mid-single-digit-percentage range, largely driven by development in the PUR and PCS segments
- We anticipate FOCF again at a high level and above the average seen in past years
- We again expect adj. ROCE to exceed our capital costs

Additional financial expectations for 2016

- Capex: ~€500-550m
- D&A: ~€700m
- Exceptional items: ~€0m
- Financial results: ~€-175m
- Effective tax rate: ~30%

COVESTRO IR FACTSHEET - Q4 2015

| EUR million | Q1-14 | Q2-14 | Q3-14 | Q4-14 | FY 2014 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | FY 2015 |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Core volumes ('000 t) | 1,060 | 1,088 | 1,137 | 1,050 | 4,335 | 1,079 | 1,162 | 1,129 | 1,084 | 4,454 |
| Sales | 2,826 | 2,893 | 3,062 | 2,980 | 11,761 | 3,054 | 3,210 | 3,020 | 2,798 | 12,082 |
| PUR | 1,507 | 1,530 | 1,652 | 1,593 | 6,282 | 1,554 | 1,637 | 1,512 | 1,385 | 6,088 |
| PCS | 660 | 695 | 725 | 742 | 2,822 | 765 | 829 | 819 | 759 | 3,172 |
| CAS | 471 | 487 | 506 | 464 | 1,928 | 535 | 562 | 519 | 477 | 2,093 |
| Others | 188 | 181 | 179 | 181 | 729 | 200 | 182 | 170 | 177 | 729 |
| Adj. EBITDA | 364 | 261 | 326 | 210 | 1,161 | 416 | 498 | 471 | 256 | 1,641 |
| PUR | 216 | 113 | 162 | 101 | 592 | 163 | 223 | 175 | 63 | 624 |
| PCS | 44 | 44 | 39 | 33 | 160 | 116 | 150 | 171 | 123 | 560 |
| CAS | 110 | 112 | 124 | 91 | 437 | 133 | 137 | 137 | 84 | 491 |
| Others | -6 | -8 | 1 | -15 | -28 | 4 | -12 | -12 | -14 | -34 |
| Special items (EBITDA) | 2 | 13 | 2 | 22 | 39 | 23 | 59 | 16 | 124 | 222 |
| EBITDA | 362 | 248 | 324 | 188 | 1,122 | 393 | 439 | 455 | 132 | 1,419 |
| D&A | 148 | 148 | 149 | 160 | 605 | 187 | 172 | 168 | 212 | 739 |
| EBIT | 214 | 100 | 175 | 28 | 517 | 206 | 267 | 287 | -80 | 680 |
| PUR | 130 | 28 | 73 | 2 | 233 | 31 | 92 | 60 | -157 | 26 |
| PCS | 3 | -8 | -3 | -24 | -32 | 73 | 104 | 127 | 70 | 374 |
| CAS | 90 | 88 | 106 | 70 | 354 | 111 | 113 | 113 | 60 | 397 |
| Others | -9 | -8 | -1 | -20 | -38 | -9 | -42 | -13 | -53 | -117 |
| Financial results | -33 | -23 | -35 | -45 | -136 | -41 | -46 | -56 | -32 | -175 |
| EBT | 181 | 77 | 140 | -17 | 381 | 165 | 221 | 231 | -112 | 505 |
| Taxes | -56 | -24 | -40 | 16 | -104 | -47 | -67 | -70 | 31 | -153 |
| Minorities | 1 | -1 | 1 | 4 | 5 | 3 | 2 | 1 | 3 | 9 |
| Net income | 124 | 54 | 99 | -5 | 272 | 115 | 152 | 160 | -84 | 343 |
| EPS (€, 202.5m shares) | 0.61 | 0.27 | 0.49 | -0.02 | 1.34 | 0.57 | 0.75 | 0.79 | -0.41 | 1.69 |
| Core volumes Y/Y | 7.6% | 5.4% | 4.5% | 1.9% | 4.8% | 1.7% | 6.8% | -0.7% | 3.3% | 2.7% |
| PUR | 8.9% | 4.0% | 3.8% | -0.9% | 3.9% | -0.5% | 6.0% | -2.8% | 4.9% | 1.8% |
| PCS | 6.9% | 12.0% | 8.6% | 8.5% | 9.0% | 5.6% | 9.0% | 5.5% | 0.8% | 5.2% |
| CAS | 1.6% | -0.4% | 0.1% | 4.2% | 1.3% | 6.6% | 6.4% | -2.3% | 0.2% | 2.7% |
| Sales Y/Y | 2% | 1% | 6% | 11% | 4.7% | 8.1% | 11.0% | -1.4% | -6.1% | 2.7% |
| PUR | 3% | -1% | 5% | 8% | 3.8% | 3.1% | 7.0% | -8.5% | -13.1% | -3.1% |
| PCS | 0% | 5% | 8% | 16% | 6.9% | 15.9% | 19.3% | 13.0% | 2.3% | 12.4% |
| CAS | 1% | -1% | 4% | 11% | 3.5% | 13.6% | 15.4% | 2.6% | 2.8% | 8.6% |
| Volume Y/Y* | 8% | 6% | 6% | 6% | 6.2% | 2.2% | 7.4% | -0.6% | 1.5% | 2.6% |
| PUR | 9% | 5% | 6% | 4% | 6.1% | 0.6% | 7.6% | -2.2% | 2.7% | 2.1% |
| PCS | 5% | 11% | 9% | 11% | 9.1% | 5.4% | 9.6% | 4.1% | -0.3% | 4.6% |
| CAS | 8% | 3% | 5% | 7% | 5.8% | 4.2% | 6.9% | -2.5% | 0.0% | 2.1% |
| Price Y/Y* | -3% | -2% | -1% | 0% | -1.5% | -4.4% | -6.4% | -7.4% | -12.4% | -7.7% |
| PUR | -3% | -2% | 0% | 0% | -1.2% | -7.4% | -9.9% | -12.1% | -20.0% | -12.4% |
| PCS | -3% | -3% | -1% | -1% | -1.9% | -2.1% | -3.6% | -0.8% | -3.9% | -2.6% |
| CAS | -2% | 1% | 0% | 0% | -0.4% | -0.1% | -1.0% | -1.4% | -2.2% | -1.1% |
| FX Y/Y* | -3% | -4% | 0% | 4% | -0.8% | 10.2% | 10.0% | 6.6% | 4.8% | 7.8% |
| PUR | -4% | -4% | 0% | 4% | -1.1% | 9.9% | 9.2% | 5.8% | 4.2% | 7.2% |
| PCS | -3% | -4% | 0% | 5% | -0.5% | 12.6% | 13.3% | 9.7% | 6.5% | 10.4% |
| CAS | -3% | -3% | 0% | 4% | -0.7% | 9.6% | 9.5% | 6.5% | 5.0% | 7.6% |
| Adj. EBITDA Y/Y | 79.3% | -5.1% | -5.5% | -15.7% | 8.3% | 14.3% | 90.8% | 44.5% | 21.9% | 41.3% |
| PUR | 180.5% | -0.9% | 6.6% | -11.4% | 29.5% | -24.5% | 97.3% | 8.0% | -37.6% | 5.4% |
| PCS | 1366.7% | 158.8% | 56.0% | 22.2% | 122.2% | 163.6% | 240.9% | 338.5% | 272.7% | 250.0% |
| CAS | 54.9% | 33.3% | 13.8% | 33.8% | 31.6% | 20.9% | 22.3% | 10.5% | -7.7% | 12.4% |
| Adj. EBITDA margin | 12.9% | 9.0% | 10.6% | 7.0% | 9.9% | 13.6% | 15.5% | 15.6% | 9.1% | 13.6% |
| PUR | 14.3% | 7.4% | 9.8% | 6.3% | 9.4% | 10.5% | 13.6% | 11.6% | 4.5% | 10.2% |
| PCS | 6.7% | 6.3% | 5.4% | 4.4% | 5.7% | 15.2% | 18.1% | 20.9% | 16.2% | 17.7% |
| CAS | 23.4% | 23.0% | 24.5% | 19.6% | 22.7% | 24.9% | 24.4% | 26.4% | 17.6% | 23.5% |
| Tax rate | -30.9% | -31.2% | -28.6% | n.m. | -27.3% | -28.5% | -30.3% | -30.3% | n. m. | -30.3% |
| EPS Y/Y | n.a. | n.a. | n.a. | n.a. | n.a. | -7.3% | 181.5% | 61.6% | n. m. | 26.1% |
| Net debt | n.a. | n.a. | 4,160 | 4,101 | 4,101 | n.a. | 4,578 | 4,995 | 2,211 | 2,211 |
| Pension provision | n.a. | n.a. | 1,316 | 1,395 | 1,395 | n.a. | 1,409 | 1,564 | 1,462 | 1,462 |
| GCF | 327 | 227 | 274 | 188 | 1,016 | 339 | 387 | 313 | 116 | 1,155 |
| NCF | 3 | 151 | 357 | 414 | 925 | 184 | 360 | 379 | 550 | 1,473 |
| FOCF | -97 | 12 | 223 | 175 | 313 | 90 | 230 | 251 | 393 | 964 |

*Quarterly volume, price and FX sales effects are based on BMS segment data in FY 2014