

# Covestro IR Factsheet – Q4 2021



## Financial overview

- Core volumes increased by 4.6% Y/Y to 1,329t including ~7pp from the acquired RFM business. Globally constrained product availability limits growth potential despite solid demand
- Sales increased by 44.3% Y/Y to €4,338m with volume -0.2%, price +31.6%, FX +3.8%, portfolio +9.1%
- EBITDA increased to €663m (Q4'20: €637m), driven by positive pricing delta of €+142m and Other Items of €-124m including €-70m higher provisions for variable compensations, €-15m one-time effects related to the acquired RFM business and €-8m one-time effects related to the LEAP transformation program
- EBIT increased to €445m (Q4'20: €432m) with D&A of €218m (Q4'20: €205m)
- Financial result improved to €-10m (Q4'20: €-13m)
- Net income decreased to €302m (Q4'20: €312m) / EPS decreased to €1.56 (Q4'20: €1.63)
- FOCF decreased to €356m (Q4'20: €394m), impacted by negative working capital contribution
- Total net debt (including pension provisions) decreased from €2,962m on September 30, 2021, to €2,604m on December 31, 2021
- Net financial debt of €1,405m (September 30, 2021: €1,256m) / pension provisions of €1,199m (September, 2021: €1,706m); including €500m transfer of current financial assets to pension trust

## Performance Materials

- Core volume growth (in kt) of -0.8% Y/Y, impacted by continued constrained product availability while underlying demand globally remained solid
- EBITDA increased to €590m (Q4'20: €465m), driven by positive pricing delta, compensating higher provisions for variable compensation

## Solutions & Specialties

- Core volume growth (in kt) of 13.0% Y/Y, including ~18pp from RFM
- EBITDA of €112m (Q4'20: €194m), decrease mainly due to negative pricing delta and higher provisions for variable compensation; includes negative one-time effects of €-15m related to the acquired RFM business

## Guidance assumptions FY 2022

- Global economic growth of 4% Y/Y
- Full year average exchange rate in EUR/USD of ~1.15
- Including risk exposure to business in Russia and Ukraine which is below 1% of group sales

## Guidance FY 2022

- We expect EBITDA between €2,500m and €3,000m
- We expect FOCF between €1,000m and €1,500m
- We expect ROCE above WACC between 5pp and 9pp with WACC of 7.0%
- We expect CO<sub>2</sub>E between 5.6Mt and 6.1Mt

## Additional financial expectations for FY 2022

- EBITDA Q1: between €750m and €850m
- Mark-to-Market EBITDA based on January 2022 margins: ~€3.3bn
- Capex: around €1.0bn
- D&A: around €950m
- Financial result: around €-70m
- Group income tax rate: 24 - 26%

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	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
<b>Core volumes ('000 t)</b>										
<b>Sales</b>	<b>1,199.5</b>	<b>1,005.0</b>	<b>1,372.6</b>	<b>1,270.1</b>	<b>4,847.1</b>	<b>1,263.4</b>	<b>1,356.3</b>	<b>1,382.6</b>	<b>1,328.6</b>	<b>5,331.0</b>
PM	1,383	1,055	1,436	1,594	5,468	1,740	1,957	2,186	2,259	8,142
S&S	1,341	1,060	1,288	1,371	5,060	1,529	1,951	2,069	2,005	7,554
Others / Consolidation	59	41	36	42	178	38	48	47	74	207
<b>EBITDA</b>	<b>254</b>	<b>125</b>	<b>456</b>	<b>637</b>	<b>1,472</b>	<b>743</b>	<b>817</b>	<b>862</b>	<b>663</b>	<b>3,085</b>
PM <sup>1</sup>	115	37	279	465	896	630	644	708	590	2,572
S&S <sup>1</sup>	209	123	217	194	743	181	237	221	112	751
Others / Consolidation	-70	-35	-40	-22	-167	-68	-64	-67	-39	-238
DA	187	193	191	205	776	187	210	208	218	823
<b>EBIT</b>	<b>67</b>	<b>-68</b>	<b>265</b>	<b>432</b>	<b>696</b>	<b>556</b>	<b>607</b>	<b>654</b>	<b>445</b>	<b>2,262</b>
PM <sup>1</sup>	-26	-107	135	321	323	489	502	567	445	2,003
S&S <sup>1</sup>	165	75	172	133	545	138	170	154	41	503
Others / Consolidation	-72	-36	-42	-22	-172	-71	-65	-67	-41	-244
<b>Financial result</b>	<b>-39</b>	<b>-17</b>	<b>-22</b>	<b>-13</b>	<b>-91</b>	<b>-29</b>	<b>-18</b>	<b>-20</b>	<b>-10</b>	<b>-77</b>
EBT	28	-85	243	419	605	527	589	634	435	2,185
Taxes	-7	32	-63	-113	-151	-132	-139	-161	-134	-566
Minorities	1	-1	1	-6	-5	2	1	1	-1	3
<b>Net income</b>	<b>20</b>	<b>-52</b>	<b>179</b>	<b>312</b>	<b>459</b>	<b>393</b>	<b>449</b>	<b>472</b>	<b>302</b>	<b>1,616</b>
EPS in acc. to IAS 33	0.11	-0.28	0.98	1.63	2.48	2.03	2.32	2.44	1.56	8.37
<b>Core volumes Y/Y<sup>2</sup></b>	<b>-4.1%</b>	<b>-22.7%</b>	<b>2.9%</b>	<b>1.7%</b>	<b>-5.6%</b>	<b>5.3%</b>	<b>35.0%</b>	<b>0.8%</b>	<b>4.6%</b>	<b>10.0%</b>
PM	-1.4%	-20.8%	6.4%	0.0%	-3.9%	0.6%	18.0%	-11.6%	-0.8%	0.3%
S&S	-8.3%	-25.8%	-2.7%	4.2%	-8.3%	13.1%	63.7%	22.7%	13.0%	26.0%
<b>Sales Y/Y</b>	<b>-12.3%</b>	<b>-32.9%</b>	<b>-12.7%</b>	<b>5.0%</b>	<b>-13.7%</b>	<b>18.8%</b>	<b>83.5%</b>	<b>55.9%</b>	<b>44.3%</b>	<b>48.5%</b>
PM <sup>1</sup>						25.8%	85.5%	52.2%	41.7%	48.9%
S&S <sup>1</sup>						14.0%	84.1%	60.6%	46.2%	49.3%
<b>Volume Y/Y</b>	<b>-2.7%</b>	<b>-22.3%</b>	<b>1.0%</b>	<b>4.7%</b>	<b>-5.1%</b>	<b>3.4%</b>	<b>29.0%</b>	<b>0.0%</b>	<b>-0.2%</b>	<b>6.5%</b>
PM <sup>1</sup>						-2.3%	19.5%	-6.9%	0.5%	1.6%
S&S <sup>1</sup>						10.8%	39.1%	6.9%	-3.4%	11.8%
<b>Price Y/Y</b>	<b>-9.1%</b>	<b>-9.0%</b>	<b>-9.0%</b>	<b>5.4%</b>	<b>-5.7%</b>	<b>20.2%</b>	<b>45.9%</b>	<b>43.8%</b>	<b>31.6%</b>	<b>34.7%</b>
PM <sup>1</sup>						32.9%	71.2%	57.6%	37.6%	48.1%
S&S <sup>1</sup>						8.1%	22.4%	29.5%	25.6%	21.3%
<b>FX Y/Y</b>	<b>0.8%</b>	<b>-0.1%</b>	<b>-3.3%</b>	<b>-4.0%</b>	<b>-1.6%</b>	<b>-4.8%</b>	<b>-5.4%</b>	<b>1.6%</b>	<b>3.8%</b>	<b>-0.8%</b>
PM <sup>1</sup>						-4.8%	-5.2%	1.5%	3.6%	-0.8%
S&S <sup>1</sup>						-4.9%	-5.8%	1.8%	4.1%	-0.9%
<b>EBITDA Y/Y</b>	<b>-42.5%</b>	<b>-72.8%</b>	<b>7.3%</b>	<b>129.1%</b>	<b>-8.2%</b>	<b>192.5%</b>	<b>553.6%</b>	<b>89.0%</b>	<b>4.1%</b>	<b>109.6%</b>
PM <sup>1,3</sup>						447.8%	1640.5%	153.8%	26.9%	187.1%
S&S <sup>1,3</sup>						-13.4%	92.7%	1.8%	-42.3%	1.1%
<b>EBITDA margin</b>	<b>9.1%</b>	<b>5.8%</b>	<b>16.5%</b>	<b>21.2%</b>	<b>13.7%</b>	<b>22.5%</b>	<b>20.7%</b>	<b>20.0%</b>	<b>15.3%</b>	<b>19.4%</b>
PM <sup>1,3</sup>						36.2%	32.9%	32.4%	26.1%	31.6%
S&S <sup>1,3</sup>						11.8%	12.1%	10.7%	5.6%	9.9%
<b>Tax rate</b>	<b>25.0%</b>	<b>37.6%</b>	<b>25.9%</b>	<b>27.0%</b>	<b>25.0%</b>	<b>25.0%</b>	<b>23.6%</b>	<b>25.4%</b>	<b>30.8%</b>	<b>25.9%</b>
EPS Y/Y	-88.8%	-127.2%	22.5%	715.0%	-17.9%	1745.5%	-928.6%	149.0%	-4.3%	237.5%
Net financial debt	1,291	1,294	1,170	356	356	95	1,604	1,256	1,405	1,405
Provisions for pensions	1,435	1,881	2,031	2,123	2,123	1,775	1,692	1,706	1,199	1,199
Operating cash flows	-110	171	538	635	1,234	428	553	564	648	2,193
<b>FOCF</b>	<b>-249</b>	<b>24</b>	<b>361</b>	<b>394</b>	<b>530</b>	<b>318</b>	<b>374</b>	<b>381</b>	<b>356</b>	<b>1,429</b>
<b>ROCE</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>7.0%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>19.5%</b>

<sup>1</sup> The values were recalculated retroactively as of October 1, 2021, based on a change in the underlying market prices for compensation of transactions between the Performance Materials and Solutions & Specialties segments. The reference information was restated accordingly.

<sup>2</sup> Reference values as of 2020 recalculated effective March 31, 2021, based on the definition of core business. Prior year segment figures referring to fiscal 2019 are based on unaudited figures due to the realignment of the organizational structure in fiscal 2021.

<sup>3</sup> Reference information based on fiscal 2019 is not presented here due to the new organizational structure.