



Covestro IR Factsheet – Q4 2018

Financial overview

- Core volume growth of +1.7% to 1,207kt with APAC +5.1%, NAFTA +3.1% and EMLA -2.1% (all Y/Y)
- Sales decreased by -7.1% to €3,272m, affected by Volume +2.9%; Price -9.3%, FX +0.3% and Portfolio -1.0% (all Y/Y)
- Weak EBITDA of €293m (-66.7% Y/Y) driven by pronounced negative pricing delta (€-550m), volumes (€+69m), stable FX (€+3m), and other items (€-108m), including higher logistics costs due to the low Rhine water level, €-23m provisions for 'Perspective', €+23m from insurance reimbursement and the reverse effect of a positive €63m prior-year one-time item
- EBIT decreased by -80.8% Y/Y to €140m with D&A of €-153m
- Financial result improved Y/Y to €-24m mainly due to lower interest expenses
- Income tax rate of 31.0% (FY 2018: 26.1%), above previous year but inline with full-year guidance
- EPS decreased by -84.6% Y/Y, from €2.80 (on 202.1m shares) to €0.43 (on 184.7m shares)
- FOCF decreased by -44.6% Y/Y to €363m due to lower earnings and higher capex of €278m
- Total net debt (incl. pension provisions) increased by €138m to €1,793m (Q3 2018: €1,655m)
- Net financial debt stable at €348m (Q3 2018: €391m) despite cash outflows of €339m for share buy-back
- Dividend of €2.40 per share proposed to AGM, yielding 4.7% (based on closing on Feb 21, 2019)

Polyurethanes

- Solid core volume growth (in kt) of +2.3% Y/Y, despite sluggish demand
- Sharp EBITDA decline of -81.9% Y/Y to €111m due to pronounced negative pricing delta

Polycarbonates

- Core volumes (in kt) increased by +1.6% Y/Y, good growth in all key industries except automotive
- EBITDA declined by -37.6% Y/Y to €133m, driven by negative pricing delta

Coatings, Adhesives, Specialties

- Core volumes (in kt) decreased by -1.8% Y/Y, driven by lower volumes in EMLA and APAC
- EBITDA declined by -21.3% Y/Y to €63m, mainly due to higher feedstock prices

Macro Expectations 2019

- We assume an average exchange rate in EUR/USD of around 1.15
- We assume that 2019 will be a year marked by uncertainty; the global economy is projected to grow at a slightly slower rate than in the previous year

Guidance 2019

- We expect core volume growth in the low-to-mid-single-digit-percentage range (2018: +1.6%)
- We expect FOCF between €300m and €700m (2018: €1,669m)
- We expect ROCE between 8% and 13% (2018: 29.5%)

Additional financial expectations for 2019

- EBITDA FY 2019: between €1.5bn and €2.0bn (2018: €3,200m)
- EBITDA Q1 2019: around €440m (Q1 2018: €1,063m)
- Capex: ≥ €900m (2018: €707m)
- D&A: Around €700m (2018: €620m)
- Financial result: between €-100m and €-120m (2018: €-104m)
- Group income tax rate: 24-26% (2018: 26.1%)
- FOCF 2017-2019: cumulative €3.8-4.2bn (previously: >€5bn)

Covestro IR Factsheet - FY 2018

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Core volumes ('000 t)²	1,275	1,233	1,265	1,183	4,956	1,275	1,287	1,267	1,204	5,033
Sales	3,586	3,498	3,532	3,522	14,138	3,779	3,863	3,702	3,272	14,616
PUR ¹	1,821	1,818	1,871	1,876	7,386	1,950	1,966	1,849	1,597	7,362
PCS	954	911	933	939	3,737	1,033	1,056	1,038	924	4,051
CAS ¹	637	604	557	529	2,327	592	629	606	534	2,361
Others / Consolidation	174	165	171	178	688	204	212	209	217	842
EBITDA	846	848	862	879	3,435	1,063	985	859	293	3,200
PUR ¹	468	549	550	612	2,179	637	583	432	111	1,763
PCS	232	197	211	213	853	303	285	315	133	1,036
CAS ¹	160	121	125	80	486	136	139	126	63	464
Others / Consolidation	-14	-19	-24	-26	-83	-13	-22	-14	-14	-63
DA	-158	-161	-157	-151	-627	-156	-159	-152	-153	-620
EBIT	688	687	705	728	2,808	907	826	707	140	2,580
PUR ¹	383	454	460	529	1,826	547	492	346	27	1,412
PCS	184	152	167	169	672	260	241	272	88	861
CAS ¹	136	101	103	56	396	113	116	103	39	371
Others / Consolidation	-15	-20	-25	-26	-86	-13	-23	-14	-14	-64
Financial result	-54	-34	-35	-27	-150	-28	-27	-25	-24	-104
EBT	634	653	670	701	2,658	879	799	682	116	2,476
Taxes	-165	-167	-177	-132	-641	-233	-193	-185	-36	-647
Minorities	1	2	2	3	8	2	2	1	1	6
Net income	468	484	491	566	2,009	644	604	496	79	1,823
EPS in acc. to IAS 33	2.31	2.39	2.43	2.80	9.93	3.24	3.07	2.59	0.43	9.46
Core volumes Y/Y²	8.9%	-1.7%	2.6%	4.2%	3.4%	0.0%	4.4%	0.2%	1.7%	1.6%
PUR ¹	6.3%	-2.9%	4.1%	5.3%	3.1%	-1.0%	3.9%	-2.0%	2.3%	0.8%
PCS	14.7%	0.7%	1.5%	3.7%	5.0%	2.7%	5.3%	2.6%	1.6%	3.0%
CAS ¹	10.8%	-0.2%	-3.1%	-1.0%	1.5%	-1.3%	5.8%	7.2%	-1.8%	2.5%
Sales Y/Y	24.7%	17.0%	16.9%	16.7%	18.8%	5.4%	10.4%	4.8%	-7.1%	3.4%
PUR ¹	35.2%	27.8%	29.8%	27.2%	29.9%	7.1%	8.1%	-1.2%	-14.9%	-0.3%
PCS	21.4%	9.6%	10.0%	12.7%	13.3%	8.3%	15.9%	11.3%	-1.6%	8.4%
CAS ¹	12.1%	2.2%	-3.3%	-3.3%	2.0%	-7.1%	4.1%	8.8%	0.9%	1.5%
Volume Y/Y	9.9%	0.6%	2.0%	4.6%	4.3%	-1.7%	4.9%	3.0%	2.9%	2.3%
PUR ¹	6.6%	-1.8%	2.6%	6.8%	3.5%	-2.8%	3.3%	0.1%	2.5%	0.9%
PCS	17.2%	2.5%	4.4%	5.2%	7.1%	0.2%	5.6%	5.1%	4.2%	3.8%
CAS ¹	11.3%	1.3%	-3.7%	-2.2%	1.8%	-2.2%	6.3%	9.7%	0.3%	3.5%
Price Y/Y	13.4%	15.3%	18.4%	17.4%	16.1%	14.3%	9.9%	3.1%	-9.3%	4.5%
PUR ¹	27.1%	28.4%	31.0%	26.2%	28.2%	17.3%	9.2%	-0.5%	-17.6%	1.9%
PCS	2.9%	6.1%	9.4%	13.1%	8.0%	16.3%	15.2%	9.6%	-2.3%	9.7%
CAS ¹	-0.8%	-0.1%	3.2%	3.1%	1.3%	1.0%	1.7%	-0.5%	0.0%	0.6%
FX Y/Y	1.4%	1.1%	-3.5%	-5.3%	-1.6%	-7.2%	-4.4%	-0.6%	0.3%	-3.0%
PUR ¹	1.5%	1.2%	-3.8%	-5.8%	-1.8%	-7.4%	-4.4%	-0.8%	0.2%	-3.1%
PCS	1.3%	1.0%	-3.8%	-5.6%	-1.8%	-8.2%	-4.9%	-0.6%	0.3%	-3.4%
CAS ¹	1.6%	1.0%	-2.8%	-4.2%	-1.1%	-5.9%	-3.9%	-0.4%	0.6%	-2.6%
EBITDA Y/Y	66.5%	56.5%	50.2%	125.4%	70.6%	25.7%	16.2%	-0.3%	-66.7%	-6.8%
PUR ¹	118.7%	140.8%	109.1%	247.7%	147.3%	36.1%	6.2%	-21.5%	-81.9%	-19.1%
PCS	31.1%	3.1%	8.8%	50.0%	21.2%	30.6%	44.7%	49.3%	-37.6%	21.5%
CAS ¹	15.1%	-14.8%	-8.1%	-3.6%	-2.8%	-15.0%	14.9%	0.8%	-21.3%	-4.5%
EBITDA margin	23.6%	24.2%	24.4%	25.0%	24.3%	28.1%	25.5%	23.2%	9.0%	21.9%
PUR ¹	25.7%	30.2%	29.4%	32.6%	29.5%	32.7%	29.7%	23.4%	7.0%	23.9%
PCS	24.3%	21.6%	22.6%	22.7%	22.8%	29.3%	27.0%	30.3%	14.4%	25.6%
CAS ¹	25.1%	20.0%	22.4%	15.1%	20.9%	23.0%	22.1%	20.8%	11.8%	19.7%
Tax rate	26.0%	25.6%	26.4%	18.8%	24.1%	26.5%	24.2%	27.1%	31.0%	26.1%
EPS Y/Y	156.7%	111.5%	89.8%	351.6%	152.7%	40.3%	28.5%	6.6%	-84.6%	-4.7%
Net financial debt	1,340	1,186	542	283	283	187	706	391	348	348
Provisions for pensions	1,144	1,167	1,208	1,187	1,187	1,293	1,305	1,264	1,445	1,445
Operating cash flows	285	411	775	890	2,361	452	517	766	641	2,376
FOCF	211	319	658	655	1,843	364	364	578	363	1,669
ROCE	n.a.	n.a.	n.a.	n.a.	33.4%	n.a.	n.a.	n.a.	n.a.	29.5%

¹ All figures for 2017 have been adjusted to reflect the reclassification of the specialty elastomers business from the Polyurethanes segment to the Coatings, Adhesives, Specialties segment as of January 1, 2018.

² Reference values as of 2017 recalculated effective March 31, 2018, based on the definition of core business.