



Covestro IR Factsheet – Q1 2020

Financial overview

- Core volumes decreased by -4.1% to 1,199kt with APAC -16.7%, EMLA +1.3% and NAFTA +5.8% (all Y/Y)
- Sales decreased by -12.3% to €2,783m, driven by volume -2.7%, price -9.1%, FX +0.8% and Portfolio -1.3% (all Y/Y)
- EBITDA decreased by -42.5% Y/Y to €254m, driven by negative pricing delta (€-150m), lower volumes (€-54m), positive FX (€+4m) and other items (€+12m)
- Coronavirus pandemic: Estimated impact on global core volumes of -8% and on EBITDA of neg. ~€80m
- EBIT decreased by -74.6% Y/Y to €67m with D&A of €-187m
- Financial result slightly higher Y/Y at €-39m
- Income tax rate of 25.0% , in line with our target range of 24% to 26% for full year 2020
- EPS decreased by -88.8% Y/Y, from €0.98 (on 182.7m shares) to €0.11 (on 182.9m shares)
- As expected, FOCF decreased to €-249m from € -45m in Q1'19, driven by lower earnings and the usual seasonal working capital increase despite strict inventory management
- Strong liquidity position at end of quarter of €1.2bn in cash/cash equivalents and €2.5bn undrawn RCF
- Total net debt (incl. pension provisions) decreased by €228m to €2,726m (Dec 31, 2019: €2,954m)
- Net financial debt increased by €302m to €1,291m (Dec 31, 2019: €989m)

Polyurethanes

- Core volume growth (in kt) of -3.6% Y/Y mainly driven by TDI and MDI, polyols almost unchanged
- EBITDA decreased by 68.2% Y/Y to €50m due to lower volumes and a pronounced negative pricing delta

Polycarbonates

- Core volume growth (in kt) of -4.9% Y/Y, driven by all key industries except construction
- EBITDA declined by -29.7% Y/Y to €109m due to pronounced negative pricing delta and lower volumes; sequentially, margin increased vs. Q4'19 driven by a slightly positive pricing delta and lower cost

Coatings, Adhesives, Specialties

- Core volumes (in kt) decreased by -5.2% Y/Y as demand was weak across all key industries
- EBITDA decreased by -11.0% to €130m, due to negative volume leverage and lower prices; high margin level of 22.7% defended

Macro expectations 2020

- We assume an average exchange rate in EUR/USD of around 1.10
- We expect negative global economic growth of around -3% for 2020, in a year marked by uncertainty
- The forecast takes account of the negative impact of the coronavirus pandemic on business in FY 2020

Guidance 2020

- We expect core volume growth below 2019 (previously: low-single-digit-percent increase)
- We expect FOCF between €-200m and €+300m (previously: between €0m and €400m)
- We expect ROCE between -1% and +4% (previously: between 2% and 7%)

Additional financial expectations for 2020

- EBITDA of between €700m and €1,200m (previously: between €1,000m and €1,500m)
- Capex: ~€700m (previously: ~€900m)
- D&A: ~€770m
- Financial result: ~€-105m
- Group income tax rate: 24 - 26%

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	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020
	€ million	€ million	€ million	€ million	€ million	€ million
Core volumes ('000 t)²	1,251	1,300	1,333	1,249	5,134	1,199
Sales	3,175	3,211	3,162	2,864	12,412	2,783
PUR ¹	1,476	1,489	1,478	1,336	5,779	1,274
PCS	860	898	901	814	3,473	733
CAS ¹	627	621	588	533	2,369	572
Others / Consolidation	212	203	195	181	791	204
EBITDA	442	459	425	278	1,604	254
PUR ¹	157	172	196	123	648	50
PCS	155	154	132	95	536	109
CAS ¹	146	150	111	62	469	130
Others / Consolidation	-16	-17	-14	-2	-49	-35
DA	-178	-185	204	185	752	187
EBIT	264	274	221	93	852	67
PUR ¹	57	72	97	24	250	-51
PCS	105	99	57	39	300	54
CAS ¹	118	120	82	32	352	100
Others / Consolidation	-16	-17	-15	-2	-50	-36
Financial result	-23	-23	-19	-26	-91	-39
EBT	241	251	202	67	761	28
Taxes	-61	-61	-53	-29	-204	-7
Minorities	1	1	2	1	5	1
Net income	179	189	147	37	552	20
EPS in acc. to IAS 33	0.98	1.03	0.80	0.20	3.02	0.11
Core volumes Y/Y²	-1.8%	1.1%	5.3%	3.8%	2.0%	-4.1%
PUR ¹	-0.2%	0.7%	5.1%	3.6%	2.3%	-3.6%
PCS	-6.3%	4.4%	9.3%	3.5%	2.7%	-4.9%
CAS ¹	-0.1%	-4.7%	-4.0%	6.2%	-1.0%	-5.2%
Sales Y/Y	-16.0%	-16.9%	-14.6%	-12.5%	-15.1%	-12.3%
PUR ¹	-24.3%	-24.3%	-20.1%	-16.3%	-21.5%	-13.7%
PCS	-16.7%	-15.0%	-13.2%	-11.9%	-14.3%	-14.8%
CAS ¹	5.9%	-1.3%	-3.0%	-0.2%	0.3%	-8.8%
Volume Y/Y	0.9%	0.8%	2.1%	-0.7%	0.8%	-2.7%
PUR ¹	3.0%	0.8%	2.5%	-0.2%	1.5%	-2.5%
PCS	-2.9%	5.7%	6.8%	0.0%	2.4%	-2.6%
CAS ¹	1.1%	-4.5%	-4.7%	0.1%	-2.1%	-7.1%
Price Y/Y	-18.3%	-18.7%	-18.5%	-13.3%	-17.3%	-9.1%
PUR ¹	-29.4%	-26.8%	-24.4%	-16.9%	-24.7%	-10.8%
PCS	-12.8%	-18.8%	-20.7%	-13.5%	-16.5%	-9.6%
CAS ¹	1.7%	-0.4%	-2.1%	-4.2%	-1.1%	-3.9%
FX Y/Y	2.4%	1.8%	1.9%	1.5%	1.9%	0.8%
PUR ¹	2.1%	1.7%	1.8%	1.5%	1.8%	0.7%
PCS	2.6%	1.7%	2.0%	1.6%	2.0%	1.0%
CAS ¹	3.1%	2.2%	2.2%	1.9%	2.3%	1.1%
EBITDA Y/Y	-58.4%	-53.4%	-50.5%	-5.1%	-49.9%	-42.5%
PUR ¹	-75.4%	-70.5%	-54.6%	10.8%	-63.2%	-68.2%
PCS	-48.8%	-46.0%	-58.1%	-28.6%	-48.3%	-29.7%
CAS ¹	7.4%	7.9%	-11.9%	-1.6%	1.1%	-11.0%
EBITDA margin	13.9%	14.3%	13.4%	9.7%	12.9%	9.1%
PUR ¹	10.6%	11.6%	13.3%	9.2%	11.2%	3.9%
PCS	18.0%	17.1%	14.7%	11.7%	15.4%	14.9%
CAS ¹	23.3%	24.2%	18.9%	11.6%	19.8%	22.7%
Tax rate	25.3%	24.3%	26.2%	43.3%	26.8%	25.0%
EPS Y/Y	-69.8%	-66.4%	-69.1%	-53.5%	-68.1%	-88.8%
Net financial debt	1,059	1,604	1,411	989	989	1,291
Provisions for pensions	1,667	1,704	2,019	1,965	1,965	1,435
Operating cash flows	120	164	462	637	1,383	-110
FOCF	-45	-55	243	330	473	-249
ROCE	n.a.	n.a.	n.a.	n.a.	8.4%	n.a.

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. For further information click here.

² Reference values as of 2019 recalculated effective March 31, 2020, based on the definition of core business.