



# Covestro IR Factsheet – Q3 2018

## Financial overview

- Stable core volumes of 1,267kt (+0.2% Y/Y) with APAC +3.5% Y/Y, NAFTA +2.1% Y/Y and EMLA -4.0% Y/Y
- Sales increased by +4.8% to €3,702m; Volume +3.0% Y/Y; Price +3.1% Y/Y, FX -0.6% Y/Y and Portfolio -0.7%
- Stable EBITDA of €859m (-0.3% Y/Y) driven by strong volumes (€+67m), negative pricing delta (€-27), stable FX (€+2m), higher costs (€-81m) and positive one-time item (€+36m)
- EBIT increased by +0.3% Y/Y to €707m with stable D&A of €-152m
- Financial result improved Y/Y to €-25m mainly due to lower interest expenses
- Income tax rate of 27.1% (9M 2018: 25.9%), above previous year but inline with full-year guidance
- EPS increased by +6.6%, from €2.43 to €2.59 (Q3 2017 based on 202.5m shares, Q3 2018 based on 191.2m shares acc. to IFRS)
- FOCF decreased by -12.2% Y/Y to €578m mainly due to increased capex
- Total net debt (incl. pension provisions) reduced by €356m to €1,655m (30.06.2018: €2,011m)
- Net financial debt decreased by €315m to €391m (30.06.2018: €706m) despite cash outflow of €304m for share buyback

## Polyurethanes

- Core volumes (in kt) decreased by -2.0% Y/Y, constrained by product availability in MDI and Polyols
- EBITDA decreased by -21.5% Y/Y to €432m due to negative pricing delta and outage-related expenses

## Polycarbonates

- Core volumes (in kt) increased by +2.6% Y/Y, driven by APAC and EMLA
- EBITDA increased by +49.3% Y/Y to €315m, driven by positive pricing delta and volume leverage
- One-time item of €36m: book gain from disposal of US sheets business

## Coatings, Adhesives, Specialties

- Core volumes (in kt) increased by +7.2% Y/Y, with all regions contributing
- EBITDA stable at €126m (+0.8% Y/Y)

## Macro Expectations 2018

- We assume an average exchange rate of EUR/USD of around 1.20
- We assume a similar macroeconomic environment as in 2017, despite increasingly challenging economic conditions

## Guidance 2018

- We expect core volume growth in the low- to mid-single-digit percentage range
- We anticipate FOCF above €2bn (2017: €1,843m)
- We expect ROCE around previous year's level (2017: 33.4%)

## Additional financial expectations for 2018

- EBITDA FY 2018: above previous year's level (€3,435m)
- Capex: €650-700m
- D&A: €620-640m
- Financial results: €-100 to -120m
- Group income tax rate: 25-27%

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	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	9M 2018
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
<b>Core volumes ('000 t)<sup>2</sup></b>	<b>1,275</b>	<b>1,233</b>	<b>1,265</b>	<b>1,183</b>	<b>4,956</b>	<b>1,275</b>	<b>1,287</b>	<b>1,267</b>	<b>3,829</b>
<b>Sales</b>	<b>3,586</b>	<b>3,498</b>	<b>3,532</b>	<b>3,522</b>	<b>14,138</b>	<b>3,779</b>	<b>3,863</b>	<b>3,702</b>	<b>11,344</b>
PUR <sup>1</sup>	1,821	1,818	1,871	1,876	7,386	1,950	1,966	1,849	5,765
PCS	954	911	933	939	3,737	1,033	1,056	1,038	3,127
CAS <sup>1</sup>	637	604	557	529	2,327	592	629	606	1,827
Others / Consolidation	174	165	171	178	688	204	212	209	625
<b>EBITDA</b>	<b>846</b>	<b>848</b>	<b>862</b>	<b>879</b>	<b>3,435</b>	<b>1,063</b>	<b>985</b>	<b>859</b>	<b>2,907</b>
PUR <sup>1</sup>	468	549	550	612	2,179	637	583	432	1,652
PCS	232	197	211	213	853	303	285	315	903
CAS <sup>1</sup>	160	121	125	80	486	136	139	126	401
Others / Consolidation	-14	-19	-24	-26	-83	-13	-22	-14	-49
DA	-158	-161	-157	-151	-627	-156	-159	-152	-467
<b>EBIT</b>	<b>688</b>	<b>687</b>	<b>705</b>	<b>728</b>	<b>2,808</b>	<b>907</b>	<b>826</b>	<b>707</b>	<b>2,440</b>
PUR <sup>1</sup>	383	454	460	529	1,826	547	492	346	1,385
PCS	184	152	167	169	672	260	241	272	773
CAS <sup>1</sup>	136	101	103	56	396	113	116	103	332
Others / Consolidation	-15	-20	-25	-26	-86	-13	-23	-14	-50
<b>Financial result</b>	<b>-54</b>	<b>-34</b>	<b>-35</b>	<b>-27</b>	<b>-150</b>	<b>-28</b>	<b>-27</b>	<b>-25</b>	<b>-80</b>
<b>EBT</b>	<b>634</b>	<b>653</b>	<b>670</b>	<b>701</b>	<b>2,658</b>	<b>879</b>	<b>799</b>	<b>682</b>	<b>2,360</b>
Taxes	-165	-167	-177	-132	-641	-233	-193	-185	-611
Minorities	1	2	2	3	8	2	2	1	5
<b>Net income</b>	<b>468</b>	<b>484</b>	<b>491</b>	<b>566</b>	<b>2,009</b>	<b>644</b>	<b>604</b>	<b>496</b>	<b>1,744</b>
EPS in acc. to IAS 33	2.31	2.39	2.43	2.80	9.93	3.24	3.07	2.59	8.92
<b>Core volumes Y/Y<sup>2</sup></b>	<b>8.9%</b>	<b>-1.7%</b>	<b>2.6%</b>	<b>4.2%</b>	<b>3.4%</b>	<b>0.0%</b>	<b>4.4%</b>	<b>0.2%</b>	<b>1.5%</b>
PUR <sup>1</sup>	6.3%	-2.9%	4.1%	5.3%	3.1%	-1.0%	3.9%	-2.0%	0.3%
PCS	14.7%	0.7%	1.5%	3.7%	5.0%	2.7%	5.3%	2.6%	3.5%
CAS <sup>1</sup>	10.8%	-0.2%	-3.1%	-1.0%	1.5%	-1.3%	5.8%	7.2%	3.8%
<b>Sales Y/Y</b>	<b>24.7%</b>	<b>17.0%</b>	<b>16.9%</b>	<b>16.7%</b>	<b>18.8%</b>	<b>5.4%</b>	<b>10.4%</b>	<b>4.8%</b>	<b>6.9%</b>
PUR <sup>1</sup>	35.2%	27.8%	29.8%	27.2%	29.9%	7.1%	8.1%	-1.2%	4.6%
PCS	21.4%	9.6%	10.0%	12.7%	13.3%	8.3%	15.9%	11.3%	11.8%
CAS <sup>1</sup>	12.1%	2.2%	-3.3%	-3.3%	2.0%	-7.1%	4.1%	8.8%	1.6%
<b>Volume Y/Y</b>	<b>9.9%</b>	<b>0.6%</b>	<b>2.0%</b>	<b>4.6%</b>	<b>4.3%</b>	<b>-1.7%</b>	<b>4.9%</b>	<b>3.0%</b>	<b>2.1%</b>
PUR <sup>1</sup>	6.6%	-1.8%	2.6%	6.8%	3.5%	-2.8%	3.3%	0.1%	0.2%
PCS	17.2%	2.5%	4.4%	5.2%	7.1%	0.2%	5.6%	5.1%	3.6%
CAS <sup>1</sup>	11.3%	1.3%	-3.7%	-2.2%	1.8%	-2.2%	6.3%	9.7%	4.3%
<b>Price Y/Y</b>	<b>13.4%</b>	<b>15.3%</b>	<b>18.4%</b>	<b>17.4%</b>	<b>16.1%</b>	<b>14.3%</b>	<b>9.9%</b>	<b>3.1%</b>	<b>9.1%</b>
PUR <sup>1</sup>	27.1%	28.4%	31.0%	26.2%	28.2%	17.3%	9.2%	-0.5%	8.6%
PCS	2.9%	6.1%	9.4%	13.1%	8.0%	16.3%	15.2%	9.6%	13.7%
CAS <sup>1</sup>	-0.8%	-0.1%	3.2%	3.1%	1.0%	1.0%	1.7%	-0.5%	0.8%
<b>FX Y/Y</b>	<b>1.4%</b>	<b>1.1%</b>	<b>-3.5%</b>	<b>-5.3%</b>	<b>-1.6%</b>	<b>-7.2%</b>	<b>-4.4%</b>	<b>-0.6%</b>	<b>-4.1%</b>
PUR <sup>1</sup>	1.5%	1.2%	-3.8%	-5.8%	-1.8%	-7.4%	-4.4%	-0.8%	-4.2%
PCS	1.3%	1.0%	-3.8%	-5.6%	-1.8%	-8.2%	-4.9%	-0.6%	-4.6%
CAS <sup>1</sup>	1.6%	1.0%	-2.8%	-4.2%	-1.1%	-5.9%	-3.9%	-0.4%	-3.5%
<b>EBITDA Y/Y</b>	<b>66.5%</b>	<b>56.5%</b>	<b>50.2%</b>	<b>125.4%</b>	<b>70.6%</b>	<b>25.7%</b>	<b>16.2%</b>	<b>-0.3%</b>	<b>13.7%</b>
PUR <sup>1</sup>	118.7%	140.8%	109.1%	247.7%	147.3%	36.1%	6.2%	-21.5%	5.4%
PCS	31.1%	3.1%	8.8%	50.0%	21.2%	30.6%	44.7%	49.3%	41.1%
CAS <sup>1</sup>	15.1%	-14.8%	-8.1%	-3.6%	-2.8%	-15.0%	14.9%	0.8%	-1.2%
<b>EBITDA margin</b>	<b>23.6%</b>	<b>24.2%</b>	<b>24.4%</b>	<b>25.0%</b>	<b>24.3%</b>	<b>28.1%</b>	<b>25.5%</b>	<b>23.2%</b>	<b>25.6%</b>
PUR <sup>1</sup>	25.7%	30.2%	29.4%	32.6%	29.5%	32.7%	29.7%	23.4%	28.7%
PCS	24.3%	21.6%	22.6%	22.7%	22.8%	29.3%	27.0%	30.3%	28.9%
CAS <sup>1</sup>	25.1%	20.0%	22.4%	15.1%	20.9%	23.0%	22.1%	20.8%	21.9%
<b>Tax rate</b>	<b>26.0%</b>	<b>25.6%</b>	<b>26.4%</b>	<b>18.8%</b>	<b>24.1%</b>	<b>26.5%</b>	<b>24.2%</b>	<b>27.1%</b>	<b>25.9%</b>
EPS Y/Y	156.7%	111.5%	89.8%	351.6%	152.7%	40.3%	28.5%	6.6%	25.1%
Net financial debt	1,340	1,186	542	283	283	187	706	391	391
Provisions for pensions	1,144	1,167	1,208	1,187	1,187	1,293	1,305	1,264	1,264
Operating cash flows	285	411	775	890	2,361	452	517	766	1,735
<b>FOCF</b>	<b>211</b>	<b>319</b>	<b>658</b>	<b>655</b>	<b>1,843</b>	<b>364</b>	<b>364</b>	<b>578</b>	<b>1,306</b>
<b>ROCE</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>33.4%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>

<sup>1</sup> 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.

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