

Covestro IR Factsheet – Q2 2016



Financial Overview

- Dynamic core volume growth of 7.7% Y/Y to 1.254mt mainly driven by MDI, TDI and PC, with APAC +13% Y/Y, EMLA +6% Y/Y and NAFTA +4% Y/Y
- Sales declined by 6.9% Y/Y to €2.99bn; Volume +4.5% Y/Y; Price -8.7% Y/Y and FX -2.7% Y/Y
- Adj. EBITDA increased by 9% Y/Y to €542m mainly due to positive operational leverage
- Adj. EBIT increased by 11% Y/Y to €364m due to almost unchanged D&A
- EBIT increased by 36% Y/Y to €364m given the absence of any special items (Q2 2015: €-60m)
- Financial results of €-45m, in-line with guidance
- Income tax rate of 27.0% (H1-2016: 28.2%, slightly below FY guidance of c.30%)
- EPS increased by 51% Y/Y to €1.13 (calculated on a basis of 202.5m shares)
- FOCF increased by 3% Y/Y to €237m despite higher working capital

Polyurethanes

- Core volumes (in kt) increased by 9.0% Y/Y benefitting from strong growth in MDI and TDI
- Adj. EBITDA increased by 2% Y/Y to €228m despite high previous year basis

Polycarbonates

- Core volumes (in kt) increased by 8.5% Y/Y; growth was broad based by regions and industries
- Adj. EBITDA increased by 27% Y/Y to €191m mainly driven positive volume leverage

Coatings, Adhesives, Specialties

- Core volumes (in kt) decreased by 1.8% Y/Y mainly due to the phase out of a trading product; positive volume growth excluding this effect
- Adj. EBITDA increased by 4% Y/Y to €142m due to raw material and product mix benefits

Macro Expectations 2016

- We assume an exchange rate of EUR/USD of around 1.10
- We slightly reduced our expectations for global GDP growth to 2.5% for 2016

Outlook 2016

- We expect core volume growth in the mid- to high-single-digit percentage range (previously: mid-single-digit)
- We anticipate FOCF around last year's level (previously: at a high level and above the average seen in past years)
- We expect ROCE above last year's level (previously: to exceed our capital costs)

Additional Financial Expectations for 2016

- Adj. EBITDA: at least on last year's level for H2-2016
- CapEx: ~€450m (previously: ~€500-550m)
- D&A: ~€650-700m (unchanged)
- Exceptional items: ~€0m (unchanged)
- Financial results: ~€-210m (unchanged)
- Effective tax rate: ~30% (unchanged)

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	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
	€ million	€ million	€ million	€ million	€ million	€ million
Core volumes ('000 t)¹	1,080	1,164	1,130	1,084	1,171	1,254
Sales	3,054	3,210	3,020	2,798	2,875	2,990
PUR	1,554	1,637	1,512	1,385	1,403	1,481
PCS	765	829	819	759	786	831
CAS	535	562	519	477	512	532
Others / Consolidation	200	182	170	177	174	146
Adjusted EBITDA	416	498	471	256	508	542
PUR	163	223	175	63	214	228
PCS	116	150	171	123	177	191
CAS	133	137	137	84	139	142
Others / Consolidation	4	-12	-12	-14	-22	-19
Special items (EBITDA)	-23	-59	-16	-124	-	-
EBITDA	393	439	455	132	508	542
DA	187	172	168	212	168	178
EBIT	206	267	287	-80	340	364
PUR	31	92	60	-157	117	124
PCS	73	104	127	70	127	142
CAS	111	113	113	60	119	119
Others / Consolidation	-9	-42	-13	-53	-23	-21
Financial result	-41	-46	-56	-32	-78	-45
EBT	165	221	231	-112	262	319
Taxes	-47	-67	-70	31	-78	-86
Minorities	3	2	1	3	2	3
Net income	115	152	160	-84	182	230
EPS (€, 202.5m shares)	0.57	0.75	0.79	-0.41	0.90	1.13
Core volumes Y/Y¹	1.7%	6.7%	-0.6%	3.0%	8.5%	7.7%
PUR	-0.4%	5.8%	-2.7%	4.6%	10.4%	9.0%
PCS	5.4%	9.1%	5.4%	0.5%	8.5%	8.5%
CAS	6.3%	6.5%	-2.4%	-0.2%	-2.8%	-1.8%
Sales Y/Y	8.1%	11.0%	-1.4%	-6.1%	-5.9%	-6.9%
PUR	3.1%	7.0%	-8.5%	-13.1%	-9.7%	-9.5%
PCS	15.9%	19.3%	13.0%	2.3%	2.7%	0.2%
CAS	13.6%	15.4%	2.6%	2.8%	-4.3%	-5.3%
Volume Y/Y	2.3%	7.4%	-0.6%	1.5%	5.3%	4.5%
PUR	0.6%	7.7%	-2.2%	2.7%	6.9%	6.4%
PCS	5.4%	9.6%	4.1%	-0.3%	8.7%	7.9%
CAS	4.1%	6.9%	-2.5%	0.0%	-1.6%	-0.6%
Price Y/Y	-4.4%	-6.4%	-7.4%	-12.4%	-10.5%	-8.7%
PUR	-7.4%	-9.9%	-12.1%	-20.0%	-15.7%	-13.1%
PCS	-2.1%	-3.6%	-0.8%	-3.9%	-5.4%	-4.3%
CAS	-0.1%	-1.0%	-1.4%	-2.2%	-2.4%	-2.7%
FX Y/Y	10.2%	10.0%	6.6%	4.8%	-0.7%	-2.7%
PUR	9.9%	9.2%	5.8%	4.2%	-0.9%	-2.8%
PCS	12.6%	13.3%	9.7%	6.5%	-0.6%	-3.4%
CAS	9.6%	9.5%	6.5%	5.0%	-0.3%	-2.0%
Adj. EBITDA Y/Y	14.3%	90.8%	44.5%	21.9%	22.1%	8.8%
PUR	-24.5%	97.3%	8.0%	-37.6%	31.3%	2.2%
PCS	163.6%	240.9%	338.5%	272.7%	52.6%	27.3%
CAS	20.9%	22.3%	10.5%	-7.7%	4.5%	3.6%
Adj. EBITDA margin	13.6%	15.5%	15.6%	9.1%	17.7%	18.1%
PUR	10.5%	13.6%	11.6%	4.5%	15.3%	15.4%
PCS	15.2%	18.1%	20.9%	16.2%	22.5%	23.0%
CAS	24.9%	24.4%	26.4%	17.6%	27.1%	26.7%
Tax rate	28.5%	30.3%	30.3%	n. m.	29.8%	27.0%
EPS Y/Y	-7.3%	181.5%	61.6%	n. m.	57.9%	50.7%
Net financial debt	5,022	4,578	4,995	2,211	2,087	2,037
Provisions for pensions	1,764	1,401	1,562	1,462	1,876	2,098
Net cash provided by (used in) operating activities	184	360	379	550	124	316
FOCF	90	230	251	393	77	237

¹Reference values recalculated effective March 31, 2016, based on the definition of the core business.