

Covestro IR Factsheet – Q2 2017



Financial Overview

- Constrained core volume growth of -1.6% Y/Y to 1.233mt with APAC -0.5% Y/Y, NAFTA -3.9% Y/Y and EMLA -3.9% Y/Y
- Sales increased by 17.0% Y/Y to €3.498bn, with volume +0.6% Y/Y, price +15.3% Y/Y and FX +1.1% Y/Y
- EBITDA increased by 56% Y/Y to €848m driven by strongly positive pricing delta (€238m despite higher raw material prices), positive volume leverage (€12m) and positive one-time items of €74m (€35m insurance payments & €39m book gain from disposal)
- EBIT increased by 89% Y/Y to €687m while D&A remained almost unchanged
- Financial results improved Y/Y to €-34m due to lower interest expenses
- Income tax rate of 25.6%, below guidance due to a favourable country profit mix
- EPS increased by 112% Y/Y from €1.13 to €2.39
- FOCF increased by 35% Y/Y to €319m despite higher working capital and capex
- Total net debt (incl. pension provisions) reduced by €131m to €2,353m (31.03.2017: €2,484m)
- Net financial debt decreased by €154m to €1,186m (31.03.2017: €1,340m)

Polyurethanes

- Core volumes (in kt) -2.3% Y/Y due to decreases in polyols and limited product availability in MDI & TDI
- EBITDA increased by 144% Y/Y to €556m driven by positive pricing delta and one-time items

Polycarbonates

- Core volumes (in kt) increased by 0.7% Y/Y on higher comparator basis (new Shanghai capacities in 2016)
- EBITDA increased by 3% Y/Y to €197m despite higher raw material costs

Coatings, Adhesives, Specialties

- Core volumes (in kt) decreased by 3.0% Y/Y impacted by volume phasing within 6M 2017
- EBITDA decreased by 20% Y/Y to €114m due to higher raw material costs and lower sales volumes

Macro Expectations 2017

- We assume an exchange rate of EUR/USD of around 1.10
- We assume a global GDP growth of 3.0%

Outlook 2017 (unchanged)

- We expect core volume growth in the low- to mid-single-digit percentage range
- We anticipate FOCF significantly above the average of the last three years (Ø 2014-2016: €881m)
- We expect ROCE significantly above the 2016 level (14.2%)

Additional Financial Expectations for 2017

- EBITDA Q3 2017: Significantly above Q3 2016 (€574m)
- EBITDA FY 2017: Significantly above FY 2016 (€2,014m)
- Capex: ~€550m (unchanged)
- D&A: ~€650m (unchanged)
- Financial results: ~€-180 (previously: ~€-180 to -200m)
- Tax rate: ~28% (previously: ≤30%)

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	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	6M 2017
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Core volumes ('000 t)¹	1,171	1,254	1,233	1,137	4,794	1,276	1,233	2,509
Sales	2,875	2,990	3,022	3,017	11,904	3,586	3,498	7,084
PUR	1,403	1,481	1,503	1,540	5,927	1,894	1,889	3,783
PCS	786	831	848	833	3,298	954	911	1,865
CAS	512	532	515	481	2,040	564	533	1,097
Others / Consolidation	174	146	156	163	639	174	165	339
EBITDA	508	542	574	390	2,014	846	848	1,694
PUR	214	228	263	176	881	482	556	1,038
PCS	177	191	194	142	704	232	197	429
CAS	139	142	136	83	500	146	114	260
Others / Consolidation	-22	-19	-19	-11	-71	-14	-19	-33
DA	-168	-178	-168	-169	-683	-158	-161	-319
EBIT	340	364	406	221	1,331	688	687	1,375
PUR	117	124	168	80	489	396	460	856
PCS	127	142	145	93	507	184	152	336
CAS	119	119	114	59	411	123	95	218
Others / Consolidation	-23	-21	-21	-11	-76	-15	-20	-35
Financial result	-78	-45	-41	-32	-196	-54	-34	-88
EBT	262	319	365	189	1,135	634	653	1,287
Taxes	-78	-86	-104	-61	-329	-165	-167	-332
Minorities	2	3	2	4	11	1	2	3
Net income	182	230	259	124	795	468	484	952
EPS (€, 202.5m shares)	0.90	1.13	1.28	0.62	3.93	2.31	2.39	4.70
Core volumes Y/Y¹	8.4%	7.7%	9.1%	4.8%	7.5%	9.0%	-1.6%	3.5%
PUR	10.3%	9.0%	9.0%	2.4%	7.7%	6.8%	-2.3%	2.1%
PCS	8.5%	8.5%	11.6%	12.8%	10.4%	14.7%	0.7%	7.5%
CAS	-2.8%	-1.8%	3.5%	0.0%	-0.3%	8.1%	-3.0%	2.3%
Sales Y/Y	-5.9%	-6.9%	0.1%	7.8%	-1.5%	24.7%	17.0%	20.8%
PUR	-9.7%	-9.5%	-0.6%	11.2%	-2.6%	35.0%	27.5%	31.2%
PCS	2.7%	0.2%	3.5%	9.7%	4.0%	21.4%	9.6%	15.3%
CAS	-4.3%	-5.3%	-0.8%	0.8%	-2.5%	10.2%	0.2%	5.1%
Volume Y/Y	5.3%	4.5%	6.3%	3.8%	5.0%	9.9%	0.6%	5.2%
PUR	6.9%	6.4%	6.7%	0.3%	5.2%	7.6%	-0.8%	3.4%
PCS	8.7%	7.9%	10.3%	13.2%	10.0%	17.2%	2.5%	9.5%
CAS	-1.6%	-0.6%	2.5%	2.4%	0.6%	9.1%	-1.2%	3.8%
Price Y/Y	-10.5%	-8.7%	-5.1%	4.6%	-5.2%	13.4%	15.3%	14.4%
PUR	-15.7%	-13.1%	-6.2%	11.6%	-6.4%	25.8%	27.0%	26.4%
PCS	-5.4%	-4.3%	-5.0%	-2.6%	-4.3%	2.9%	6.1%	4.6%
CAS	-2.4%	-2.7%	-2.7%	-1.7%	-2.4%	-0.3%	0.6%	0.2%
FX Y/Y	-0.7%	-2.7%	-1.1%	-0.6%	-1.3%	1.4%	1.1%	1.2%
PUR	-0.9%	-2.8%	-1.1%	-0.7%	-1.4%	1.6%	1.3%	1.4%
PCS	-0.6%	-3.4%	-1.8%	-0.9%	-1.7%	1.3%	1.0%	1.2%
CAS	-0.3%	-2.0%	-0.6%	0.1%	-0.7%	1.4%	0.8%	1.1%
EBITDA Y/Y	22.1%	8.8%	21.9%	52.3%	22.7%	66.5%	56.5%	61.3%
PUR	31.3%	2.2%	50.3%	179.4%	41.2%	125.2%	143.9%	134.8%
PCS	52.6%	27.3%	13.5%	15.4%	25.7%	31.1%	3.1%	16.6%
CAS	4.5%	3.6%	-0.7%	-1.2%	1.8%	5.0%	-19.7%	-7.5%
EBITDA margin	17.7%	18.1%	19.0%	12.9%	16.9%	23.6%	24.2%	23.9%
PUR	15.3%	15.4%	17.5%	11.4%	14.9%	25.4%	29.4%	27.4%
PCS	22.5%	23.0%	22.9%	17.0%	21.3%	24.3%	21.6%	23.0%
CAS	27.1%	26.7%	26.4%	17.3%	24.5%	25.9%	21.4%	23.7%
Tax rate	29.8%	27.0%	28.5%	32.3%	29.0%	26.0%	25.6%	25.8%
EPS Y/Y	57.9%	50.7%	62.0%	n.m.	131.8%	157.1%	111.5%	131.5%
Net financial debt	2,087	2,037	1,408	1,499	1,499	1,340	1,186	1,186
Provisions for pensions	1,876	2,098	2,171	1,209	1,209	1,144	1,167	1,167
Operating cash flows	124	316	736	610	1,786	285	411	696
FOCF	77	237	646	407	1,367	211	319	530

¹Reference values as of 2016 recalculated effective March 31, 2017, based on the definition of core business.