



# Covestro IR Factsheet – Q1 2019

## Financial overview

- Core volumes declined by -1.8% to 1,251kt with APAC +3.3%, EMLA -3.3% and NAFTA -6.6% (all Y/Y)
- Sales decreased by -16.0% to €3,175m, driven by Volume +0.9%, Price -18.3%, FX +2.4% and Portfolio -1.0% (all Y/Y)
- EBITDA decreased by -58.4% Y/Y to €442m, driven by pronounced negative pricing delta (€-659m), volumes (€+33m), positive FX (€+11m) and other items (€-6m)
- EBIT decreased by -70.9% Y/Y to €264m with D&A of €-178m
- Financial result improved Y/Y to €-23m mainly due to higher interest income
- Income tax rate of 25.3% (Q1 2018: 26.5%), below previous year and inline with full-year guidance
- EPS decreased by -69.8% Y/Y, from €3.24 (on 198.9m shares) to €0.98 (on 182.7m shares)
- FOCF decreased to €-45m due to lower earnings, increased tax payments and higher capex of €165m
- Total net debt (incl. pension provisions) increased by €933m to €2,726m (Q4 2018: €1,793m) mainly due to IFRS 16 adjustment (€642m); increase of net financial debt to €1,059m (Q4 2018: €348m)

## Polyurethanes

- Stable core volumes (in kt) of -0.2% Y/Y, with positive contributions from MDI and TDI, negatively impacted by polyether polyols
- Sharp EBITDA decline of -75.4% Y/Y to €157m due to pronounced negative pricing delta

## Polycarbonates

- Negative core volume growth (in kt) of -6.3% Y/Y due to demand drop in automotive and continued destocking
- EBITDA declined by -48.8% Y/Y to €155m, driven by negative pricing delta and lower volumes

## Coatings, Adhesives, Specialties

- Stable core volumes (in kt) of -0.1% Y/Y, despite weak coatings industry
- EBITDA increased by +7.4% Y/Y to €146m, driven by volumes and positive pricing delta

## 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 Q2 2019: around Q1 2019 level (Q1 2019: €442m)
- Capex: ≥€900m (2018: €707m)
- D&A: ~€750m (previously: ~€700m, 2018: €620m)
- Financial result: between €-100m and €-120m (2018: €-104m)
- Group income tax rate: 24-26% (2018: 26.1%)

## Covestro IR Factsheet - Q1 2019

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019
	€ million	€ million	€ million	€ million	€ million	€ million
<b>Core volumes ('000 t)<sup>1</sup></b>	<b>1,275</b>	<b>1,287</b>	<b>1,267</b>	<b>1,204</b>	<b>5,033</b>	<b>1,251</b>
<b>Sales</b>	<b>3,779</b>	<b>3,863</b>	<b>3,702</b>	<b>3,272</b>	<b>14,616</b>	<b>3,175</b>
PUR	1,950	1,966	1,849	1,597	7,362	1,476
PCS	1,033	1,056	1,038	924	4,051	860
CAS	592	629	606	534	2,361	627
Others / Consolidation	204	212	209	217	842	212
<b>EBITDA</b>	<b>1,063</b>	<b>985</b>	<b>859</b>	<b>293</b>	<b>3,200</b>	<b>442</b>
PUR	637	583	432	111	1,763	157
PCS	303	285	315	133	1,036	155
CAS	136	139	126	63	464	146
Others / Consolidation	-13	-22	-14	-14	-63	-16
DA	-156	-159	-152	-153	-620	-178
<b>EBIT</b>	<b>907</b>	<b>826</b>	<b>707</b>	<b>140</b>	<b>2,580</b>	<b>264</b>
PUR	547	492	346	27	1,412	57
PCS	260	241	272	88	861	105
CAS	113	116	103	39	371	118
Others / Consolidation	-13	-23	-14	-14	-64	-16
<b>Financial result</b>	<b>-28</b>	<b>-27</b>	<b>-25</b>	<b>-24</b>	<b>-104</b>	<b>-23</b>
<b>EBT</b>	<b>879</b>	<b>799</b>	<b>682</b>	<b>116</b>	<b>2,476</b>	<b>241</b>
Taxes	-233	-193	-185	-36	-647	-61
Minorities	2	2	1	1	6	1
<b>Net income</b>	<b>644</b>	<b>604</b>	<b>496</b>	<b>79</b>	<b>1,823</b>	<b>179</b>
EPS in acc. to IAS 33	3.24	3.07	2.59	0.43	9.46	0.98
<b>Core volumes Y/Y<sup>1</sup></b>	<b>0.0%</b>	<b>4.4%</b>	<b>0.2%</b>	<b>1.7%</b>	<b>1.6%</b>	<b>-1.8%</b>
PUR	-1.0%	3.9%	-2.0%	2.3%	0.8%	-0.2%
PCS	2.7%	5.3%	2.6%	1.6%	3.0%	-6.3%
CAS	-1.3%	5.8%	7.2%	-1.8%	2.5%	-0.1%
<b>Sales Y/Y</b>	<b>5.4%</b>	<b>10.4%</b>	<b>4.8%</b>	<b>-7.1%</b>	<b>3.4%</b>	<b>-16.0%</b>
PUR	7.1%	8.1%	-1.2%	-14.9%	-0.3%	-24.3%
PCS	8.3%	15.9%	11.3%	-1.6%	8.4%	-16.7%
CAS	-7.1%	4.1%	8.8%	0.9%	1.5%	5.9%
<b>Volume Y/Y</b>	<b>-1.7%</b>	<b>4.9%</b>	<b>3.0%</b>	<b>2.9%</b>	<b>2.3%</b>	<b>0.9%</b>
PUR	-2.8%	3.3%	0.1%	2.5%	0.9%	3.0%
PCS	0.2%	5.6%	5.1%	4.2%	3.8%	-2.9%
CAS	-2.2%	6.3%	9.7%	0.3%	3.5%	1.1%
<b>Price Y/Y</b>	<b>14.3%</b>	<b>9.9%</b>	<b>3.1%</b>	<b>-9.3%</b>	<b>4.5%</b>	<b>-18.3%</b>
PUR	17.3%	9.2%	-0.5%	-17.6%	1.9%	-29.4%
PCS	16.3%	15.2%	9.6%	-2.3%	9.7%	-12.8%
CAS	1.0%	1.7%	-0.5%	0.0%	0.6%	1.7%
<b>FX Y/Y</b>	<b>-7.2%</b>	<b>-4.4%</b>	<b>-0.6%</b>	<b>0.3%</b>	<b>-3.0%</b>	<b>2.4%</b>
PUR	-7.4%	-4.4%	-0.8%	0.2%	-3.1%	2.1%
PCS	-8.2%	-4.9%	-0.6%	0.3%	-3.4%	2.6%
CAS	-5.9%	-3.9%	-0.4%	0.6%	-2.6%	3.1%
<b>EBITDA Y/Y</b>	<b>25.7%</b>	<b>16.2%</b>	<b>-0.3%</b>	<b>-66.7%</b>	<b>-6.8%</b>	<b>-58.4%</b>
PUR	36.1%	6.2%	-21.5%	-81.9%	-19.1%	-75.4%
PCS	30.6%	44.7%	49.3%	-37.6%	21.5%	-48.8%
CAS	-15.0%	14.9%	0.8%	-21.3%	-4.5%	7.4%
<b>EBITDA margin</b>	<b>28.1%</b>	<b>25.5%</b>	<b>23.2%</b>	<b>9.0%</b>	<b>21.9%</b>	<b>13.9%</b>
PUR	32.7%	29.7%	23.4%	7.0%	23.9%	10.6%
PCS	29.3%	27.0%	30.3%	14.4%	25.6%	18.0%
CAS	23.0%	22.1%	20.8%	11.8%	19.7%	23.3%
<b>Tax rate</b>	<b>26.5%</b>	<b>24.2%</b>	<b>27.1%</b>	<b>31.0%</b>	<b>26.1%</b>	<b>25.3%</b>
EPS Y/Y	40.3%	28.5%	6.6%	-84.6%	-4.7%	-69.8%
Net financial debt	187	706	391	348	348	1,059
Provisions for pensions	1,293	1,305	1,264	1,445	1,445	1,667
Operating cash flows	452	517	766	641	2,376	120
<b>FOCF</b>	<b>364</b>	<b>364</b>	<b>578</b>	<b>363</b>	<b>1,669</b>	<b>-45</b>
<b>ROCE</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>29.5%</b>	<b>n.a.</b>

<sup>1</sup> Reference values as of 2018 recalculated effective March 31, 2019, based on the definition of core business.