



## Financial overview

- Core volumes increased by +1.1% to 1,300kt with NAFTA +6.1%, APAC +2.0%, and EMLA -2.7% (all Y/Y)
- Sales decreased by -16.9% to €3,211m, driven by Volume +0.8%, Price -18.7%, FX +1.8% and Portfolio -0.8% (all Y/Y)
- EBITDA decreased by -53.4% Y/Y to €459m, driven by pronounced negative pricing delta (€-636m), volumes (€+5m), positive FX (€+11m) and other items (€+94m); Perspective-related restructuring costs compensated by one-time remeasurement gains of €19m from DCP
- EBIT decreased by -66.8% Y/Y to €274m with D&A of €-185m
- Financial result improved Y/Y to €-23m mainly due to higher interest income
- Income tax rate of 24.3% (Q2 2018: 24.2%), on previous year's level and in line with full-year guidance
- EPS decreased by -66.4% Y/Y, from €3.07 (on 196.6m shares) to €1.03 (on 182.7m shares)
- FOCF decreased to €-55m due to lower earnings, bonus payments (~€350m) and higher capex of €219m
- Total net debt (€3,308m incl. pension provisions) and net financial debt (€1,604m) increased by €1,515m mainly due to IFRS 16 adjustment (€642m), cash outflow for dividend payment (€438m) and lower discount rates in Germany affecting pension provisions (+€259m)

## Polyurethanes

- Core volumes (in kt) increased by +0.7% Y/Y, with positive contributions from TDI, negatively impacted by MDI while polyether polyols remained flat
- Sharp EBITDA decline of -70.5% Y/Y to €172m due to pronounced negative pricing delta

## Polycarbonates

- Solid core volume growth (in kt) of +4.4% Y/Y based on sales increase in most industries compensating demand drop in automotive
- EBITDA declined by -46.0% Y/Y to €154m, driven by negative pricing delta and product mix effects

## Coatings, Adhesives, Specialties

- Core volumes (in kt) decreased by -4.7% Y/Y, due to broad-based weak demand in all industries
- EBITDA increased by +7.9% Y/Y to €150m, underlying business burdened by negative volume leverage
- Positive effect of €19m: remeasurement gains from DCP

## 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 Q3 2019: around €410m (Q3 2018: €859m)
- Capex: ≥€900m (2018: €707m)
- D&A: ~€750m (2018: €620m)
- Financial result: between €-100m and €-120m (2018: €-104m)
- Group income tax rate: 24-26% (2018: 26.1%)

## Covestro IR Factsheet - Q2 2019

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	6M 2019
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
<b>Core volumes ('000 t)<sup>2</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>1,300</b>	<b>2,552</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>	<b>3,211</b>	<b>6,386</b>
PUR <sup>1</sup>	1,950	1,966	1,849	1,597	7,362	1,476	1,489	2,965
PCS	1,033	1,056	1,038	924	4,051	860	898	1,758
CAS <sup>1</sup>	592	629	606	534	2,361	627	621	1,248
Others / Consolidation	204	212	209	217	842	212	203	415
<b>EBITDA</b>	<b>1,063</b>	<b>985</b>	<b>859</b>	<b>293</b>	<b>3,200</b>	<b>442</b>	<b>459</b>	<b>901</b>
PUR <sup>1</sup>	637	583	432	111	1,763	157	172	329
PCS	303	285	315	133	1,036	155	154	309
CAS <sup>1</sup>	136	139	126	63	464	146	150	296
Others / Consolidation	-13	-22	-14	-14	-63	-16	-17	-33
DA	-156	-159	-152	-153	-620	-178	-185	-363
<b>EBIT</b>	<b>907</b>	<b>826</b>	<b>707</b>	<b>140</b>	<b>2,580</b>	<b>264</b>	<b>274</b>	<b>538</b>
PUR <sup>1</sup>	547	492	346	27	1,412	57	72	129
PCS	260	241	272	88	861	105	99	204
CAS <sup>1</sup>	113	116	103	39	371	118	120	238
Others / Consolidation	-13	-23	-14	-14	-64	-16	-17	-33
<b>Financial result</b>	<b>-28</b>	<b>-27</b>	<b>-25</b>	<b>-24</b>	<b>-104</b>	<b>-23</b>	<b>-23</b>	<b>-46</b>
<b>EBT</b>	<b>879</b>	<b>799</b>	<b>682</b>	<b>116</b>	<b>2,476</b>	<b>241</b>	<b>251</b>	<b>492</b>
Taxes	-233	-193	-185	-36	-647	-61	-61	-122
Minorities	2	2	1	1	6	1	1	2
<b>Net income</b>	<b>644</b>	<b>604</b>	<b>496</b>	<b>79</b>	<b>1,823</b>	<b>179</b>	<b>189</b>	<b>368</b>
EPS in acc. to IAS 33	3.24	3.07	2.59	0.43	9.46	0.98	1.03	2.01
<b>Core volumes Y/Y<sup>2</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>	<b>1.1%</b>	<b>-0.4%</b>
PUR <sup>1</sup>	-1.0%	3.9%	-2.0%	2.3%	0.8%	-0.2%	0.7%	0.3%
PCS	2.7%	5.3%	2.6%	1.6%	3.0%	-6.3%	4.4%	-1.0%
CAS <sup>1</sup>	-1.3%	5.8%	7.2%	-1.8%	2.5%	-0.1%	-4.7%	-2.4%
<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>	<b>-16.9%</b>	<b>-16.4%</b>
PUR <sup>1</sup>	7.1%	8.1%	-1.2%	-14.9%	-0.3%	-24.3%	-24.3%	-24.3%
PCS	8.3%	15.9%	11.3%	-1.6%	8.4%	-16.7%	-15.0%	-15.8%
CAS <sup>1</sup>	-7.1%	4.1%	8.8%	0.9%	1.5%	5.9%	-1.3%	2.2%
<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>	<b>0.8%</b>	<b>0.9%</b>
PUR <sup>1</sup>	-2.8%	3.3%	0.1%	2.5%	0.9%	3.0%	0.8%	1.9%
PCS	0.2%	5.6%	5.1%	4.2%	3.8%	-2.9%	5.7%	1.5%
CAS <sup>1</sup>	-2.2%	6.3%	9.7%	0.3%	3.5%	1.1%	-4.5%	-1.7%
<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>	<b>-18.7%</b>	<b>-18.5%</b>
PUR <sup>1</sup>	17.3%	9.2%	-0.5%	-17.6%	1.9%	-29.4%	-26.8%	-28.1%
PCS	16.3%	15.2%	9.6%	-2.3%	9.7%	-12.8%	-18.8%	-15.8%
CAS <sup>1</sup>	1.0%	1.7%	-0.5%	0.0%	0.6%	1.7%	-0.4%	0.6%
<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>	<b>1.8%</b>	<b>2.1%</b>
PUR <sup>1</sup>	-7.4%	-4.4%	-0.8%	0.2%	-3.1%	2.1%	1.7%	1.9%
PCS	-8.2%	-4.9%	-0.6%	0.3%	-3.4%	2.6%	1.7%	2.1%
CAS <sup>1</sup>	-5.9%	-3.9%	-0.4%	0.6%	-2.6%	3.1%	2.2%	2.6%
<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>	<b>-53.4%</b>	<b>-56.0%</b>
PUR <sup>1</sup>	36.1%	6.2%	-21.5%	-81.9%	-19.1%	-75.4%	-70.5%	-73.0%
PCS	30.6%	44.7%	49.3%	-37.6%	21.5%	-48.8%	-46.0%	-47.4%
CAS <sup>1</sup>	-15.0%	14.9%	0.8%	-21.3%	-4.5%	7.4%	7.9%	7.6%
<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>	<b>14.3%</b>	<b>14.1%</b>
PUR <sup>1</sup>	32.7%	29.7%	23.4%	7.0%	23.9%	10.6%	11.6%	11.1%
PCS	29.3%	27.0%	30.3%	14.4%	25.6%	18.0%	17.1%	17.6%
CAS <sup>1</sup>	23.0%	22.1%	20.8%	11.8%	19.7%	23.3%	24.2%	23.7%
<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>	<b>24.3%</b>	<b>24.8%</b>
EPS Y/Y	40.3%	28.5%	6.6%	-84.6%	-4.7%	-69.8%	-66.4%	-68.1%
Net financial debt	187	706	391	348	348	1,059	1,604	1,604
Provisions for pensions	1,293	1,305	1,264	1,445	1,445	1,667	1,704	1,704
Operating cash flows	452	517	766	641	2,376	120	164	284
<b>FOCF</b>	<b>364</b>	<b>364</b>	<b>578</b>	<b>363</b>	<b>1,669</b>	<b>-45</b>	<b>-55</b>	<b>-100</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>	<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 July 1, 2017.

<sup>2</sup> Reference values as of 2018 recalculated effective March 31, 2019, based on the definition of core business.