Covestro IR Factsheet – Q4 2018

Financial overview

- Core volume growth of +1.7% to 1,207kt with APAC +5.1%, NAFTA +3.1% and EMLA -2.1% (all Y/Y)
- Sales decreased by -7.1% to €3,272m, affected by Volume +2.9%; Price -9.3%, FX +0.3% and Portfolio -1.0% (all Y/Y)
- Weak EBITDA of €293m (-66.7% Y/Y) driven by pronounced negative pricing delta (€-550m), volumes (€+69m), stable FX (€+3m), and other items (€-108m), including higher logistics costs due to the low Rhine water level, €-23m provisions for ‘Perspective’, €+23m from insurance reimbursement and the reverse effect of a positive €63m prior-year one-time item
- EBIT decreased by -80.8% Y/Y to €140m with D&A of €-153m
- Financial result improved Y/Y to €-24m mainly due to lower interest expenses
- Income tax rate of 31.0% (FY 2018: 26.1%), above previous year but inline with full-year guidance
- EPS decreased by -84.6% Y/Y, from €2.80 (on 202.1m shares) to €0.43 (on 184.7m shares)
- FOCF decreased by -44.6% Y/Y to €363m due to lower earnings and higher capex of €278m
- Total net debt (incl. pension provisions) increased by €138m to €1,793m (Q3 2018: €1,655m)
- Net financial debt stable at €348m (Q3 2018: €391m) despite cash outflows of €339m for share buy-back
- Dividend of €2.40 per share proposed to AGM, yielding 4.7% (based on closing on Feb 21, 2019)

Polyurethanes

- Solid core volume growth (in kt) of +2.3% Y/Y, despite sluggish demand
- Sharp EBITDA decline of -81.9% Y/Y to €111m due to pronounced negative pricing delta

Polycarbonates

- Core volumes (in kt) increased by +1.6% Y/Y, good growth in all key industries except automotive
- EBITDA declined by -37.6% Y/Y to €133m, driven by negative pricing delta

Coatings, Adhesives, Specialties

- Core volumes (in kt) decreased by -1.8% Y/Y, driven by lower volumes in EMLA and APAC
- EBITDA declined by -21.3% Y/Y to €63m, mainly due to higher feedstock prices

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 Q1 2019: around €440m (Q1 2018: €1,063m)
- Capex: ≥ €900m (2018: €707m)
- D&A: Around €700m (2018: €620m)
- Financial result: between €-100m and -€120m (2018: -€104m)
- Group income tax rate: 24-26% (2018: 26.1%)
- FOCF 2017-2019: cumulative €3.8-4.2bn (previously: >€5bn)
### Covestro IR Factsheet - FY 2018

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<th>Q1 2017</th>
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#### Core volumes ('000 t)
- **Q2 2017**: 1,275 € million, 1,233 € million, 1,265 € million, 1,183 € million, 4,956 € million, 1,275 € million, 1,287 € million, 1,267 € million, 1,204 € million, 5,033 € million
- **Q4 2017**: PUR
- **FY 2017**: PCS
- **Q1 2018**: CAS
- **Q2 2018**: Others / Consolidation
- **Q3 2018**: EBITDA
- **Q4 2018**: PUR
- **FY 2018**: PCS
- **Q1 2019**: CAS
- **Q2 2019**: Others / Consolidation
- **Q3 2019**: DA
- **Q4 2019**: Financial result
- **FY 2019**: EBIT
- **Q1 2020**: Taxes
- **Q2 2020**: Minori
tes
- **Q3 2020**: Net income
- **Q4 2020**: EPS in acc. to IAS 33

#### Core volumes Y/Y
- **Q2 2017**: 6.3% 2.9% 4.1% 5.3% 3.1% -1.0% 3.9% -2.0% 2.3% 0.8%
- **Q3 2017**: 14.7% 0.7% 1.5% 3.7% 5.0% 2.7% 5.3% 2.6% 1.6% 3.0%
- **Q4 2017**: 10.8% 0.2% 3.1% 1.5% 1.5% -1.3% 5.8% 7.2% -1.8% 2.5%
- **FY 2017**: Sales Y/Y
- **Q1 2018**: 24.7% 17.0% 16.7% 16.5% 5.4% 10.4% 4.8% -7.1% 3.4%
- **Q2 2018**: PUR
- **Q3 2018**: PCS
- **Q4 2018**: CAS
- **FY 2018**: Volume Y/Y
- **Q1 2019**: 9.5% 0.6% 2.0% 4.6% 4.3% -1.7% 4.9% 3.0% 2.8% 2.3%
- **Q2 2019**: PUR
- **Q3 2019**: PCS
- **Q4 2019**: CAS
- **FY 2019**: Price Y/Y
- **Q1 2020**: 13.4% 15.3% 18.4% 17.4% 16.1% 14.3% 9.9% 3.1% -9.3% 4.5%
- **Q2 2020**: PUR
- **Q3 2020**: PCS
- **Q4 2020**: CAS
- **FY 2020**: FX Y/Y
- **Q1 2021**: 1.4% 1.1% -3.5% -5.3% -1.6% -7.2% -4.4% -0.6% 0.3% -3.0%
- **Q2 2021**: PUR
- **Q3 2021**: PCS
- **Q4 2021**: CAS
- **FY 2021**: Others / Consolidation
- **Q1 2022**: EBITDA Y/Y
- **Q2 2022**: PUR
- **Q3 2022**: PCS
- **Q4 2022**: CAS
- **FY 2022**: EBIT margin
- **Q1 2023**: 23.6% 24.2% 24.4% 25.0% 24.3% 28.1% 25.5% 23.2% 9.0% 21.9%
- **Q2 2023**: PUR
- **Q3 2023**: PCS
- **Q4 2023**: CAS
- **FY 2023**: Tax rate
- **Q1 2024**: 26.0% 25.6% 26.4% 18.8% 24.1% 26.5% 24.2% 27.1% 31.0% 26.1%
- **Q2 2024**: EPS Y/Y
- **Q3 2024**: Net financial debt
- **Q4 2024**: Net income
- **FY 2024**: Operating cash flows
- **Q1 2025**: ROCE
- **Q2 2025**: Net financial debt
- **Q3 2025**: Net income
- **Q4 2025**: Operating cash flows

#### Notes
- All figures for 2017 have been adjusted to reflect the reclassification of the specialty elastomers business from the Polurethanes segment to the Coatings, Adhesives, Specialties segment as of January 1, 2018.
- Reference values as of 2017 recalculated effective March 31, 2018, based on the definition of core business.