

Covestro IR Factsheet – Q3 2021



Financial overview

- Core volumes increased by 0.8% Y/Y to 1,383t including ~7pp from the acquired RFM business. Global demand was solid while growth was limited by constrained product availability
- Sales increased by 55.9% Y/Y to €4,302m with volume 0.0%, price +43.8%, FX +1.6%, portfolio +10.5%
- EBITDA increased to €862m (Q3'20: €456m), driven by positive pricing delta of €+576m and by higher volume of €+24m; including €-145m higher provisions for variable compensations, €-8m one-time effects related to the acquired RFM business and €-5m one-time effects related to the LEAP transformation program
- EBIT increased to €654m (Q3'20: €265m) with D&A of €208m (Q3'20: €191m)
- Financial result slightly improved to €-20m (Q3'20: €-22m)
- Net income increased to €472m (Q3'20: €179m) / EPS increased to €2.44 (Q3'20: €0.98)
- FOCF increased to €381m (Q3'20: €361m), yet impacted by negative working capital contribution
- Total net debt (including pension provisions) decreased from €3,296m on June 30, 2021, to €2,962m on September 30, 2021
- Net financial debt of €1,256m (June 30, 2021: €1,604m) / pension provisions of €1,706m (June 30, 2021: €1,692m)

Performance Materials

- Core volume growth (in kt) of -11.6% Y/Y, strongly impacted by continued constrained product availability and shortages of feedstocks despite solid underlying demand globally
- EBITDA increased to €755m (Q3'20: €288m), driven by strong positive pricing delta, compensating higher provisions for variable compensation

Solutions & Specialties

- Core volume growth (in kt) of +22.7% Y/Y, including ~20pp from RFM
- EBITDA of €173m (Q3'20: €207m), decrease mainly due to negative pricing delta and higher provisions for variable compensation; includes negative one-time effects of €-8m related to the acquired RFM business

Guidance assumptions FY 2021

- Global economic growth of 5.5% Y/Y, full year average exchange rate in EUR/USD of ~1.20
- Significantly higher-than-normal constraints to availability, impact on core volume growth around -6pp
- Provisions for variable compensation of ~€0.5bn included in EBITDA, cash-effective only in 2022
- Acquired RFM business with EBITDA contribution of €60-70m; including synergies of €20m, integration cost of €-40m, inventory step-up of €-25m
- In Q4'21e, LEAP transformation one-time effects of negative low-to-mid double-digit € million (9M'21 €-31m)

Guidance FY 2021

- We expect core volume growth between 10% and 12% with ~6pp from the RFM acquisition
- We expect FOCF between €1,400m and €1,700m
- We expect ROCE between 19% and 21%

Additional financial expectations for FY 2021

- FY EBITDA: between €3,000m and €3,200m
- Mark-to-Market EBITDA based on September 2021 margins: ~€3.2bn
- Capex: around €800m
- D&A: around €830m
- Financial result: around €-90m
- Group income tax rate: 24 - 26%

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	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Core volumes ('000 t)	1,199.5	1,005.0	1,372.6	1,270.1	4,847.1	1,263.4	1,356.3	1,382.6
Sales (external)	2,783	2,156	2,760	3,007	10,706	3,307	3,956	4,302
PM	1,383	1,055	1,436	1,594	5,468	1,740	1,957	2,186
S&S	1,341	1,060	1,288	1,371	5,060	1,529	1,951	2,069
Others / Consolidation	59	41	36	42	178	38	48	47
EBITDA	254	125	456	637	1,472	743	817	862
PM	124	46	288	476	934	638	660	755
S&S	200	115	207	183	705	173	222	173
Others / Consolidation	-70	-36	-39	-22	-167	-68	-65	-66
DA	187	193	191	205	776	187	210	208
EBIT	67	-68	265	432	696	556	607	654
PM	-17	-99	145	331	360	497	518	614
S&S	156	67	162	123	508	130	155	106
Others / Consolidation	-72	-36	-42	-22	-172	-71	-66	-66
Financial result	-39	-17	-22	-13	-91	-29	-18	-20
EBT	28	-85	243	419	605	527	589	634
Taxes	-7	32	-63	-113	-151	-132	-139	-161
Minorities	1	-1	1	-6	-5	2	1	1
Net income	20	-52	179	312	459	393	449	472
EPS in acc. to IAS 33	0.11	-0.28	0.98	1.63	2.48	2.03	2.32	2.44
Core volumes Y/Y¹	-4.1%	-22.7%	2.9%	1.7%	-5.6%	5.3%	35.0%	0.8%
PM						0.6%	18.0%	-11.6%
S&S						13.1%	63.7%	22.7%
Sales Y/Y	-12.3%	-32.9%	-12.7%	5.0%	-13.7%	18.8%	83.5%	55.9%
PM						25.8%	85.5%	52.2%
S&S						14.0%	84.1%	60.6%
Volume Y/Y	-2.7%	-22.3%	1.0%	4.7%	-5.1%	3.4%	29.0%	0.0%
PM						-2.3%	19.5%	-6.9%
S&S						10.8%	39.1%	6.9%
Price Y/Y	-9.1%	-9.0%	-9.0%	5.4%	-5.7%	20.2%	45.9%	43.8%
PM						32.9%	71.2%	57.6%
S&S						8.1%	22.4%	29.5%
FX Y/Y	0.8%	-0.1%	-3.3%	-4.0%	-1.6%	-4.8%	-5.4%	1.6%
PM						-4.8%	-5.2%	1.5%
S&S						-4.9%	-5.8%	1.8%
EBITDA Y/Y	-42.5%	-72.8%	7.3%	129.1%	-8.2%	192.5%	553.6%	89.0%
PM						-0.9%	414.5%	1334.8%
S&S						-15.2%	-13.5%	93.0%
EBITDA margin	9.1%	5.8%	16.5%	21.2%	13.7%	22.5%	20.7%	20.0%
PM						17.1%	36.7%	33.7%
S&S						13.9%	11.3%	11.4%
Tax rate	25.0%	37.6%	25.9%	27.0%	25.0%	25.0%	23.6%	25.4%
EPS Y/Y	-88.8%	-127.2%	22.5%	715.0%	-17.9%	1745.5%	-928.6%	149.0%
Net financial debt	1,291	1,294	1,170	356	356	95	1,604	1,256
Provisions for pensions	1,435	1,881	2,031	2,123	2,123	1,775	1,692	1,706
Operating cash flows	-110	171	538	635	1,234	428	553	564
FOCF	-249	24	361	394	530	318	374	381
ROCE	n.a.	n.a.	n.a.	n.a.	7.0%	n.a.	n.a.	n.a.

¹ Reference values as of 2020 recalculated effective March 31, 2021, based on the definition of core business.