Covestro IR Factsheet – Q2 2018

Financial overview

- Strong core volume growth of +4.4% Y/Y to 1,287kt with APAC +10.5% Y/Y, EMLA +4.5% Y/Y and NAFTA -3.4% Y/Y
- Sales increased by +10.4% to €3,863m; Volume +4.9% Y/Y; Price +9.9% Y/Y and FX -4.4% Y/Y
- EBITDA increased by +16.2% Y/Y to €985m driven by positive pricing delta (€252m despite higher raw material prices) and strong volumes (€+99m), FX headwind (€-35m), higher costs (€-105m) and missing one-time items (€-74m) from prior-year quarter
- EBIT increased by +20.2% Y/Y to €826m with stable D&A of €-159m
- Financial result improved Y/Y to €-27m mainly due to lower interest expenses
- Income tax rate of 24.2% (H1 2018: 25.4%), below level of prior-year quarter and inline with full-year guidance
- EPS increased by +28.5%, from €2.39 to €3.07 (Q2 2017 based on 202.5m shares, Q2 2018 based on 196.6m shares acc. to IFRS)
- FOCF increased by +14.1% Y/Y to €364m despite increased tax payments and capex
- Total net debt level (€2,011m) and net financial debt increased (€706m) due to cash outflow of €436m for dividend payment and of €670m for share buyback

Polyurethanes

- Core volumes (in kt) increased by +3.9% Y/Y, driven by strong MDI whereas TDI and Polyols increased low single digit
- EBITDA increased by +6.2% Y/Y to €583m driven by positive pricing delta and helped by TDI fly-up

Polycarbonates

- Core volumes (in kt) increased by +5.3% Y/Y, driven by APAC and EMEA
- EBITDA increased by +44.7% Y/Y to €285m, driven by positive pricing delta and volume leverage

Coatings, Adhesives, Specialties

- Core volumes (in kt) increased by +5.8% Y/Y, with all regions contributing
- EBITDA increased by +14.9% Y/Y to €139m, driven by strong positive volume leverage

Macro Expectations 2018

- We assume an exchange rate of EUR/USD of around 1.20
- We assume a similar macroeconomic environment as in 2017

Guidance 2018

- We expect core volume growth in the low- to mid-single-digit percentage range (unchanged)
- We anticipate FOCF above €2bn (2017: €1,843m) (unchanged vs. CMD)
- We expect ROCE **around** previous year's level (2017: 33.4%) (previously: approaching)

Additional financial expectations for 2018

- EBITDA Q3 2018: around the Q3 2017 level (€862m)
- EBITDA FY 2018: **above** previous year's level (€3,435m) (previously: around)
- Capex: €650-700m (unchanged vs. CMD)
- D&A: €620-640m (previously: €600-620m)
- Financial results: €-100 to -120m (unchanged)
- Group income tax rate: 25-27% (unchanged)

investor.covestro.com

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	6M 2018
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Core volumes ('000 t)[2]	**1,275**	**1,233**	**1,265**	**1,183**	**4,956**	**1,275**	**1,287**	**2,562**
Sales	**3,586**	**3,498**	**3,532**	**3,522**	**14,138**	**3,779**	**3,863**	**7,642**
PUR[1]	1,821	1,818	1,871	1,876	7,386	1,950	1,966	3,916
PCS	954	911	933	939	3,737	1,033	1,056	2,089
CAS[1]	637	604	557	529	2,327	592	629	1,221
Others / Consolidation	174	165	171	178	688	204	212	416
EBITDA	**846**	**848**	**862**	**879**	**3,435**	**1,063**	**985**	**2,048**
PUR[1]	468	549	550	612	2,179	637	583	1,220
PCS	232	197	211	213	853	303	285	588
CAS[1]	160	121	125	80	486	136	139	275
Others / Consolidation	-14	-19	-24	-26	-83	-13	-22	-35
DA	-158	-161	-157	-151	-627	-156	-159	-315
EBIT	**688**	**687**	**705**	**728**	**2,808**	**907**	**826**	**1,733**
PUR[1]	383	454	460	529	1,826	547	492	1,039
PCS	184	152	167	169	672	260	241	501
CAS[1]	136	101	103	56	396	113	116	229
Others / Consolidation	-15	-20	-25	-26	-86	-13	-23	-36
Financial result	**-54**	**-34**	**-35**	**-27**	**-150**	**-28**	**-27**	**-55**
EBT	**634**	**653**	**670**	**701**	**2,658**	**879**	**799**	**1,678**
Taxes	-165	-167	-177	-132	-641	-233	-193	-426
Minorities	1	2	2	3	8	2	2	4
Net income	**468**	**484**	**491**	**566**	**2,009**	**644**	**604**	**1,248**
EPS in acc. to IAS 33	2.31	2.39	2.43	2.80	9.93	3.24	3.07	6.31
Core volumes Y/Y[2]	**8.9%**	**-1.7%**	**2.6%**	**4.2%**	**3.4%**	**0.0%**	**4.4%**	**2.2%**
PUR[1]	6.3%	-2.9%	4.1%	5.3%	3.1%	-1.0%	3.9%	1.4%
PCS	14.7%	0.7%	1.5%	3.7%	5.0%	2.7%	5.3%	4.0%
CAS[1]	10.8%	-0.2%	-3.1%	-1.0%	1.5%	-1.3%	5.8%	2.1%
Sales Y/Y	**24.7%**	**17.0%**	**16.9%**	**16.7%**	**18.8%**	**5.4%**	**10.4%**	**7.9%**
PUR[1]	35.2%	27.8%	29.8%	27.2%	29.9%	7.1%	8.1%	7.6%
PCS	21.4%	9.6%	10.0%	12.7%	13.3%	8.3%	15.9%	12.0%
CAS[1]	12.1%	2.2%	-3.3%	-3.3%	2.0%	-7.1%	4.1%	-1.6%
Volume Y/Y	**9.9%**	**0.6%**	**2.0%**	**4.6%**	**4.3%**	**-1.7%**	**4.9%**	**1.6%**
PUR[1]	6.6%	-1.8%	2.5%	6.8%	3.5%	-2.8%	3.3%	0.3%
PCS	17.2%	2.5%	4.4%	5.2%	7.1%	0.2%	5.6%	2.8%
CAS[1]	11.3%	1.3%	-3.7%	-2.2%	1.8%	-2.2%	6.3%	2.0%
Price Y/Y	**13.4%**	**15.3%**	**18.4%**	**17.4%**	**16.1%**	**14.3%**	**9.9%**	**12.1%**
PUR[1]	27.1%	28.4%	31.1%	26.2%	28.2%	17.3%	9.2%	13.2%
PCS	2.9%	6.1%	9.4%	13.1%	8.0%	16.3%	15.2%	15.8%
CAS[1]	-0.8%	-0.1%	3.2%	3.1%	1.3%	1.0%	1.7%	1.3%
FX Y/Y	**1.4%**	**1.1%**	**-3.5%**	**-5.3%**	**-1.6%**	**-7.2%**	**-4.4%**	**-5.8%**
PUR[1]	1.5%	1.2%	-3.8%	-5.8%	-1.8%	-7.4%	-4.4%	-5.9%
PCS	1.3%	1.0%	-3.8%	-5.6%	-1.8%	-8.2%	-4.9%	-6.6%
CAS[1]	1.6%	1.0%	-2.8%	-4.2%	-1.1%	-5.9%	-3.9%	-4.9%
EBITDA Y/Y	**66.5%**	**56.5%**	**50.2%**	**125.4%**	**70.6%**	**25.7%**	**16.2%**	**20.9%**
PUR[1]	118.7%	140.8%	109.1%	247.7%	147.3%	36.1%	6.2%	20.0%
PCS	31.1%	3.1%	8.8%	50.0%	21.2%	30.6%	44.7%	37.1%
CAS[1]	15.1%	-14.8%	-8.1%	-3.6%	-2.8%	-15.0%	14.9%	-2.1%
EBITDA margin	**23.6%**	**24.2%**	**24.4%**	**25.0%**	**24.3%**	**28.1%**	**25.5%**	**26.8%**
PUR[1]	25.7%	30.2%	29.4%	32.6%	29.5%	32.7%	29.7%	31.2%
PCS	24.3%	21.6%	22.6%	22.7%	22.8%	29.3%	27.0%	28.1%
CAS[1]	25.1%	20.0%	22.4%	15.1%	20.9%	23.0%	22.1%	22.5%
Tax rate	**26.0%**	**25.6%**	**26.4%**	**18.8%**	**24.1%**	**26.5%**	**24.2%**	**25.4%**
EPS Y/Y	156.7%	111.5%	89.8%	351.6%	152.7%	40.3%	28.5%	34.3%
Net financial debt	1,340	1,186	542	283	283	187	706	706
Provisions for pensions	1,144	1,167	1,208	1,187	1,187	1,293	1,305	1,305
Operating cash flows	285	411	775	890	2,361	452	517	969
FOCF	**211**	**319**	**658**	**655**	**1,843**	**364**	**364**	**728**
ROCE	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**33.4%**	**n.a.**	**n.a.**	**n.a.**

[1] All figures for 2017 have been adjusted to reflect the reclassification of the specialty elastomers business from the PUR segment to the CAS segment as of January 1, 2018

[2] Reference values as of 2017 recalculated effective March 31, 2018, based on the definition of core business.