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Covestro adjusts FY 2020 financial guidance due to effects of the Coronavirus pandemic after reaching its EBITDA target in Q1 2020

Covestro has been actively executing its crisis management plans in response to the global spread of the coronavirus pandemic and adjusting business operations according to local developments. The Board of Management has taken early and decisive actions to adapt the company to the current conditions, to protect the health of all Covestro employees, to ensure the ability to deliver to customers and to secure its strong liquidity position.

As a consequence of the coronavirus pandemic and the increasingly adverse business environment, the provided outlook cannot be upheld. The Board of Management therefore provides the following adjustments to the Group financial guidance for 2020:

- Core volume growth is expected to be negative for 2020 compared to 2019 (previously: positive low-single-digit-percentage range). Preliminary core volume growth in Q1 2020 was -4.1%.
- EBITDA is expected to be in the range between EUR 700 million and EUR 1,200 million in 2020 (previously: between EUR 1,000 million and EUR 1,500 million). This adjustment is primarily due to declining core volumes.
- Free operating cash flow (FOCF) is expected to be in the range between EUR -200 million and EUR 300 million in 2020 (previously between EUR 0 million and EUR 400 million).
- In 2020, the return on capital employed (ROCE) is projected between -1% and 4% (previously: between 2% and 7%).
- The company publishes a Group EBITDA of EUR 254 million as a preliminary number of the Q1 2020 Interim Statement. This preliminary result is within the published range of EUR 200 to 280 million. The full Q1 2020 Interim Statement is scheduled to be published on April 29, 2020.



- The Board of Management increases the target for short-term cost savings to more than EUR 300 million in FY 2020 (previously: EUR 200 million) in addition to the ongoing 'Perspective' restructuring program that is expected to contribute savings of EUR 100 million in FY 2020.
- Capital expenditures (CAPEX) are reduced by around EUR 200 million and are now expected to amount to around EUR 700 million in FY 2020 (previously: EUR 900 million).
- Covestro continues to maintain a strong balance sheet and has significant sources of liquidity. Presently, these include around EUR 1.2 billion in cash or cash equivalents as well as an undrawn revolving credit facility (RCF) of EUR 2.5 billion.

This update takes into account the negative impact of the coronavirus pandemic as it is foreseeable on April 15, 2020, and assumes a recovery of the current situation starting in Q3 2020. As the pandemic is still evolving, further updates to the financial expectations may be necessary.

About Covestro:

With 2019 sales of EUR 12.4 billion, Covestro is among the world's largest polymer companies. Business activities are focused on the manufacture of high-tech polymer materials and the development of innovative solutions for products used in many areas of daily life. The main segments served are the automotive, construction, wood processing and furniture, and electrical and electronics industries. Other sectors include sports and leisure, cosmetics, health and the chemical industry itself. Covestro has 30 production sites worldwide and employs approximately 17,200 people (calculated as full-time equivalents) at the end of 2019.

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