

Covestro IR Factsheet – Q2 2022



Financial overview

- Sales increased by 18.9% Y/Y to €4,703m with volume -2.1%, price +14.5%, FX +6.5%
- EBITDA decreased by 33.0% Y/Y to €547m, impacted by pricing delta of €-215m (increased sales prices widely offsetting higher raw material (energy) prices), volume effect of €-47m and Other Items of €-48m (including €+77m from lower provisions for variable compensation), outweighed by FX effect of €+40m
- EBIT decreased to €307m (Q2'21: €607m) with D&A of €240m (Q2'21: €210m)
- Financial result decreased to €-44m (Q2'21: €-18m)
- Net income decreased to €199m (Q2'21: €449m) / EPS decreased to €1.04 (Q2'21: €2.32)
- FOCF decreased to €-462m (Q2'21: €374m), impacted by working capital valuation and payout of short-term-incentive bonus for FY 2021
- Total net debt (including pension provisions and net defined benefit asset) increased from €2,600 on December 31, 2021, to €3,093m on June 30, 2021
- Net financial debt of €2,784m (December 31, 2021: €1,405m) / net pension liability (pension provisions and net defined benefit asset) of €309m (December 31, 2021: €1,195m)
- Share buyback program with total amount of €500m started in March 2022, €48m share repurchase in Q1'22, €102m share repurchase in Q2'22

Performance Materials

- Sales increased by 25.8% Y/Y to €2,461m with volume +1.6%, price +17.5%, FX +6.7%
- EBITDA of €367m (Q2'21: €644m), mainly driven by negative pricing delta (sales price increases widely offset higher raw material (energy) prices)

Solutions & Specialties

- Sales increased by 11.0% Y/Y to €2,165m with volume -7.3%, price +11.8%, FX +6.5%
- EBITDA of €213m (Q2'21: €237m), mainly driven by lower volume

Guidance assumptions FY 2022

- Global economic growth of ~2% Y/Y
- Full year average exchange rate in EUR/USD of ~1.10
- No severe impact from potential gas curtailment
- Energy cost around €2.2bn

Guidance FY 2022

- We expect EBITDA between €1,700m and €2,200m
- We expect FOCF between €0m and €500m
- We expect ROCE above WACC between -2pp and +2pp with WACC of 7.0%
- We expect CO₂E between 5.3Mt and 5.8Mt

Additional financial expectations for FY 2022

- EBITDA Q3: €300m-400m
- Mark-to-Market EBITDA based on July 2022 margins: ~€2.0bn
- Capex: around €1.0bn
- D&A: around €950m
- Financial result: around €-140m
- Group income tax rate: 24 - 26%

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	Q1 2021	Q2 2021	6M 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	6M 2022
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	3,307	3,956	7,263	4,302	4,338	15,903	4,683	4,703	9,386
PM	1,740	1,957	3,697	2,186	2,259	8,142	2,388	2,461	4,849
S&S	1,529	1,951	3,480	2,069	2,005	7,554	2,222	2,165	4,387
Others / Consolidation	38	48	86	47	74	207	73	77	150
EBITDA	743	817	1,560	862	663	3,085	806	547	1,353
PM ¹	630	644	1,274	708	590	2,572	620	367	987
S&S ¹	181	237	418	221	112	751	224	213	437
Others / Consolidation ¹	-68	-64	-132	-67	-39	-238	-38	-33	-71
DA	187	210	397	208	218	823	217	240	457
EBIT	556	607	1,163	654	445	2,262	589	307	896
PM ¹	489	502	991	567	445	2,003	475	204	679
S&S ¹	138	170	308	154	41	503	152	139	291
Others / Consolidation ¹	-71	-65	-136	-67	-41	-244	-38	-36	-74
Financial result	-29	-18	-47	-20	-10	-77	-28	-44	-72
EBT	527	589	1,116	634	435	2,185	561	263	824
Taxes	-132	-139	-271	-161	-134	-566	-144	-65	-209
Minorities	2	1	3	1	-1	3	1	-1	0
Net income	393	449	842	472	302	1,616	416	199	615
EPS in acc. to IAS 33	2.03	2.32	4.36	2.44	1.56	8.37	2.15	1.04	3.2
Sales Y/Y	18.8%	83.5%	47.1%	55.9%	44.3%	48.5%	41.6%	18.9%	29.2%
PM ²	25.8%	85.5%	51.6%	52.2%	41.7%	48.9%	37.2%	25.8%	31.2%
S&S ²	14.0%	84.1%	44.9%	60.6%	46.2%	49.3%	45.3%	11.0%	26.1%
Volume Y/Y	3.4%	29.0%	14.6%	0.0%	-0.2%	6.5%	3.6%	-2.1%	0.5%
PM ²	-2.3%	19.5%	7.1%	-6.9%	0.5%	1.6%	5.5%	1.6%	3.5%
S&S ²	10.8%	39.1%	23.3%	6.9%	-3.4%	11.8%	-0.5%	-7.3%	-4.4%
Price Y/Y	20.2%	45.9%	31.4%	43.8%	31.6%	34.7%	22.9%	14.5%	18.3%
PM ²	32.9%	71.2%	49.5%	57.6%	37.6%	48.1%	26.4%	17.5%	21.7%
S&S ²	8.1%	22.4%	14.4%	29.5%	25.6%	21.3%	19.4%	11.8%	15.2%
FX Y/Y	-4.8%	-5.4%	-5.0%	1.6%	3.8%	-0.8%	5.6%	6.5%	6.1%
PM ²	-4.8%	-5.2%	-5.0%	1.5%	3.6%	-0.8%	5.3%	6.7%	6.0%
S&S ²	-4.9%	-5.8%	-5.3%	1.8%	4.1%	-0.9%	5.9%	6.5%	6.3%
EBITDA Y/Y	192.5%	553.6%	311.6%	89.0%	4.1%	109.6%	8.5%	-33.0%	-13.3%
PM ^{1,2}	447.8%	1640.5%	738.2%	153.8%	26.9%	187.1%	-1.6%	-43.0%	-22.5%
S&S ^{1,2}	-13.4%	92.7%	25.9%	1.8%	-42.3%	1.1%	23.8%	-10.1%	4.5%
EBITDA margin	22.5%	20.7%	21.5%	20.0%	15.3%	19.4%	17.2%	11.6%	14.4%
PM ^{1,2}	36.2%	32.9%	34.5%	32.4%	26.1%	31.6%	26.0%	14.9%	20.4%
S&S ^{1,2}	11.8%	12.1%	12.0%	10.7%	5.6%	9.9%	10.1%	9.8%	10.0%
Tax rate	25.0%	23.6%	24.3%	25.4%	30.8%	25.9%	25.8%	24.7%	25.4%
EPS Y/Y	1745.5%	-928.6%	-2664.7%	149.0%	-4.3%	237.5%	5.9%	-55.2%	-26.6%
Net financial debt	95	1,604	1,604	1,256	1,405	1,405	1,468	2,784	2,784
Provisions for pensions	1,775	1,692	1,692	1,706	1,199	1,199	835	473	473
Net defined benefit liability	1,773	1,690	1,690	1,704	1,195	1,195	831	309	309
Net defined benefit asset	2	2	2	2	4	4	4	164	164
Operating cash flows	428	553	981	564	648	2,193	157	-272	-115
FOCF	318	374	692	381	356	1,429	17	-462	-445
ROCE³	n.a.	n.a.	n.a.	n.a.	n.a.	19.5%	n.a.	n.a.	n.a.
WACC	n.a.	n.a.	n.a.	n.a.	n.a.	6.6%	n.a.	n.a.	n.a.
ROCE above WACC³	n.a.	n.a.	n.a.	n.a.	n.a.	12.9% points	n.a.	n.a.	n.a.

¹ The values were determined retrospectively as of October 1, 2021 due to a change in the underlying market prices for the compensation of transactions between the Performance Materials and Solutions & Specialties segments. The comparative information was adjusted accordingly.

² Reference information based on fiscal 2019 is not presented here due to the new organizational structure.

³ Beginning in fiscal 2022, the key performance indicator ROCE was replaced by ROCE above WACC for profitability measurement.