Results influenced by challenging environment as expected

**Covestro confirms full year guidance after   
first quarter**

* **Core volumes slightly down (–1.8%)**
* **Group sales around EUR 3.2 billion (–16.0%)**
* **EBITDA at EUR 442 million in line with expectations (–58.4%)**
* **Net income of EUR 179 million below previous year (–72.2%)**
* **Free operating cash flow at minus EUR 45 million**
* **Guidance for fiscal 2019 confirmed**

As expected, higher competitive pressure influenced the first quarter 2019 results of DAX-listed Covestro. Despite an overall solid demand, core volumes decreased slightly by 1.8%, mainly due to lower volumes in the Polycarbonates segment. A marked drop in selling prices led to a reduction in Group sales by 16.0% to EUR 3.2 billion. The Group’s EBITDA at EUR 442 million (–58.4%), a contrast to the exceptionally positive prior-year results, was in line with the forecast. As a result, net income also fell to EUR 179 million (–72.2%). At minus EUR 45 million, free operating cash flow (FOCF) was negative compared with the previous year (EUR 364 million) due to reduced cash flows from operating activities and increased investments. Although on the whole significantly below the outstanding results of the prior year’s quarter, results remain in the expected range and Covestro confirms targets set for the year as a whole.

“The first quarter was in line with our guidance and confirms our subdued expectations for the full year,” explains CEO Dr. Markus Steilemann. “It is therefore even more important to now set the right course for our future growth with investments and efforts to improve efficiency. After all, demand for our innovative and sustainable materials remains intact.”

**Covestro confirms targets for fiscal year 2019**

Dr. Thomas Toepfer, CFO of Covestro, compares the results of the first quarter against the same period in 2018: “The prior-year quarter was influenced by exceptionally high margins in a number of product groups. In line with our expectations, our results therefore fell below those of the same period of last year. In anticipation of continued challenging environment influencing results throughout the year, we are especially focusing on efficient production and processes and targeted investments.”

Consistent with this focus, Covestro raised its stake to 80% in the joint venture DIC Covestro Polymer in Japan effective April 1, 2019, expanding its promising global thermoplastic polyurethanes business. Covestro plans total investments of over EUR 900 million this year to refurbish and expand its production plants and extend into growth areas such as specialty films. Efficiency measures are expected to deliver cost savings of EUR 350 million per year over the medium term.

For fiscal 2019, Covestro continues to project core volume growth to be in the low- to mid-single-digit percentage range. FOCF is expected to be between EUR 300 million and EUR 700 million, with ROCE between 8% and 13%. EBITDA for the fiscal year is forecast to be between EUR 1.5 billion and EUR 2.0 billion, with the second quarter EBITDA expected to be around the level of first quarter 2019.

**Strategic initiatives making headway**

Strategic initiatives to advance digitalization and innovation made progress in the first quarter. The new digital B2B trading platform Asellion was successfully launched at the end of March, enabling Covestro customers to order products online and do business around the clock and with just a few clicks at the link covestro.asellion.com.

Covestro has also joined forces with the US-based biotechnology company Genomatica to research and develop high-performance materials on the basis of renewable raw materials. This collaboration aims to reduce the use of fossil-based resources such as crude oil through the use of sustainable raw materials instead.

**Sales and earnings growth in Coatings, Adhesives, Specialties segment**

Core volumes in the Polyurethanes segment remained largely stable (–0.2%) in the first quarter of 2019. Sales in this segment declined by 24.3% to EUR 1,476 million due to lower selling prices, with all three regions posting lower sales. EBITDA fell to EUR 157 million (–75.4%) due to lower margins.

Driven by weaker demand from the automotive industry, core volumes in the Polycarbonates segment decreased by 6.3%. Sales in this segment declined by 16.7% to EUR 860 million, due also to lower selling prices. With falling margins and stable raw material prices, EBITDA declined to EUR 155 million (–48.8%).

In the Coatings, Adhesives, Specialties segment, core volumes saw virtually no change versus the prior-year quarter (–0.1%). Sales in this segment increased by 5.9% to EUR 627 million, boosted by increased selling prices on average and exchange rate movements. EBITDA rose 7.4% to EUR 146 million.

**About Covestro:**

With 2018 sales of EUR 14.6 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 16,800 people (calculated as full-time equivalents) at the end of 2018.

*Note to editors:*

*Below, please find a table showing key data for Covestro Group for the first quarter of 2019.*

*This press release is available for download from the Covestro press server at* [***www.press.covestro.com***](http://www.press.covestro.com)*.*

*The Interim Statement is now also available as an online version:* [***https://report.covestro.com/interim-statement-q1-2019/***](https://report.covestro.com/interim-statement-q1-2019/)

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**Forward-looking statements**

This news release may contain forward-looking statements based on current assumptions and forecasts made by Covestro AG. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Covestro’s public reports which are available at www.covestro.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

|  |  |  |  |
| --- | --- | --- | --- |
| **Covestro Group Key Data** | | | |
|  |  |  |  |
|  | **1st quarter 2018** | **1st quarter 2019** | **Change** |
|  | € million | € million | in % |
| Covestro Group |  |  |  |
| Core Volume Growth | 0.0% | –1.8% |  |
| Sales | 3,779 | 3,175 | –16.0 |
| Change in Sales |  |  |  |
| Volume | –1.7% | +0.9% |  |
| Price | +14.3% | –18.3% |  |
| Currency | –7.2% | +2.4% |  |
| Portfolio | 0.0% | –1.0% |  |
| EBITDA | 1,063 | 442 | –58.4 |
| EBIT | 907 | 264 | –70.9 |
| Net Income | 644 | 179 | –72.2 |
| Free Operating Cash Flow | 364 | (45) | . |
|  |  |  |  |
| Polyurethanes |  |  |  |
| Core Volume Growth | –1.0% | –0.2% |  |
| Sales | 1,950 | 1,476 | –24.3 |
| Change in Sales |  |  |  |
| Volume | –2.8% | +3.0% |  |
| Price | +17.3% | –29.4% |  |
| Currency | –7.4% | +2.1% |  |
| Portfolio | 0.0% | 0.0% |  |
| EBITDA | 637 | 157 | –75.4 |
| EBIT | 547 | 57 | –89.6 |
| Free Operating Cash Flow | 130 | (98) | . |
|  |  |  |  |
| Polycarbonates |  |  |  |
| Core Volume Growth | +2.7% | –6.3% |  |
| Sales | 1,033 | 860 | –16.7 |
| Change in Sales |  |  |  |
| Volume | +0.2% | –2.9% |  |
| Price | +16.3% | –12.8% |  |
| Currency | –8.2% | +2.6% |  |
| Portfolio | 0.0% | –3.6% |  |
| EBITDA | 303 | 155 | –48.8 |
| EBIT | 260 | 105 | –59.6 |
| Free Operating Cash Flow | 56 | 99 | +76.8 |
|  |  |  |  |
| Coatings, Adhesives, Specialties |  |  |  |
| Core Volume Growth | –1.3% | –0.1% |  |
| Sales | 592 | 627 | +5.9 |
| Change in Sales |  |  |  |
| Volume | –2.2% | +1.1% |  |
| Price | +1.0% | +1.7% |  |
| Currency | –5.9% | +3.1% |  |
| Portfolio | 0.0% | 0.0% |  |
| EBITDA | 136 | 146 | +7.4 |
| EBIT | 113 | 118 | +4.4 |
| Free Operating Cash Flow | (2) | (12) | >500 |
|  |  |  |  |