

Covestro IR Factsheet – Q3 2016



Financial Overview

- Dynamic core volume growth of 9.1% Y/Y to 1.233mt mainly driven by MDI and PC, with APAC +15% Y/Y (helped by low comps), NAFTA +6% Y/Y and EMLA +3% Y/Y
- Sales of €3.022bn (+0.1% Y/Y); Volume +6.3% Y/Y; Price -5.1% Y/Y and FX -1.1% Y/Y
- Adj. EBITDA increased by 22% Y/Y to €574m driven by volume leverage and positive pricing delta
- Adj. EBIT increased by 33% Y/Y to €406m with unchanged D&A
- EBIT increased by 41% Y/Y to €406m in absence of any special items (Q3 2015: €-18m)
- Financial results improved by 27% to €-41m due to lower interest expenses
- Income tax rate of 28.5% (9M 2016: 28.3%)
- EPS increased by 62% Y/Y to €1.28 (calculated on a basis of 202.5m shares)
- FOCF increased by 157% Y/Y to €646m driven by higher EBITDA, higher provisions, lower working capital and lower CapEx

Polyurethanes

- Core volumes (in kt) increased by 9.0% Y/Y benefiting especially from strong growth in MDI
- Adj. EBITDA increased by 50% Y/Y to €263m driven by volume leverage and positive pricing delta

Polycarbonates

- Core volumes (in kt) increased by 11.6% Y/Y; growth was broad based by regions and industries
- Adj. EBITDA increased by 13% Y/Y to €194m mainly driven positive volume leverage

Coatings, Adhesives, Specialties

- Core volumes (in kt) increased by 3.5% Y/Y despite the phase out of a trading product; high single-digit volume growth excluding this effect
- Adj. EBITDA decreased by 1% Y/Y to €136m due to delayed pass on of raw material benefits

Macro Expectations 2016

- We assume an exchange rate of EUR/USD of around 1.10
- We slightly reduced our expectations for global GDP growth to 2.4% for 2016

Outlook 2016

- We expect core volume growth in the mid- to high-single-digit percentage range (unchanged)
- We anticipate FOCF above last year's level (previously: around last year's level)
- We expect ROCE significantly above last year's level (previously: above last year's level)

Additional Financial Expectations for 2016

- Adj. EBITDA: : ~€1.9bn
- CapEx: ~€400m (previously: ~€450m)
- D&A: ~€650-700m (unchanged)
- Exceptional items: ~€0m (unchanged)
- Financial results: ~€-210m (unchanged)
- Effective tax rate: ~30% (unchanged)

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	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Core volumes ('000 t)¹	1,080	1,164	1,130	1,084	1,171	1,254	1,233
Sales	3,054	3,210	3,020	2,798	2,875	2,990	3,022
PUR	1,554	1,637	1,512	1,385	1,403	1,481	1,503
PCS	765	829	819	759	786	831	848
CAS	535	562	519	477	512	532	515
Others / Consolidation	200	182	170	177	174	146	156
Adjusted EBITDA	416	498	471	256	508	542	574
PUR	163	223	175	63	214	228	263
PCS	116	150	171	123	177	191	194
CAS	133	137	137	84	139	142	136
Others / Consolidation	4	-12	-12	-14	-22	-19	-19
Special items (EBITDA)	-23	-59	-16	-124	-	-	-
EBITDA	393	439	455	132	508	542	574
DA	187	172	168	212	168	178	168
EBIT	206	267	287	-80	340	364	406
PUR	31	92	60	-157	117	124	168
PCS	73	104	127	70	127	142	145
CAS	111	113	113	60	119	119	114
Others / Consolidation	-9	-42	-13	-53	-23	-21	-21
Financial result	-41	-46	-56	-32	-78	-45	-41
EBT	165	221	231	-112	262	319	365
Taxes	-47	-67	-70	31	-78	-86	-104
Minorities	3	2	1	3	2	3	2
Net income	115	152	160	-84	182	230	259
EPS (€, 202.5m shares)	0.57	0.75	0.79	-0.41	0.90	1.13	1.28
Core volumes Y/Y¹	1.7%	6.7%	-0.6%	3.0%	8.5%	7.7%	9.1%
PUR	-0.4%	5.8%	-2.7%	4.6%	10.4%	9.0%	9.0%
PCS	5.4%	9.1%	5.4%	0.5%	8.5%	8.5%	11.6%
CAS	6.3%	6.5%	-2.4%	-0.2%	-2.8%	-1.8%	3.5%
Sales Y/Y	8.1%	11.0%	-1.4%	-6.1%	-5.9%	-6.9%	0.1%
PUR	3.1%	7.0%	-8.5%	-13.1%	-9.7%	-9.5%	-0.6%
PCS	15.9%	19.3%	13.0%	2.3%	2.7%	0.2%	3.5%
CAS	13.6%	15.4%	2.6%	2.8%	-4.3%	-5.3%	-0.8%
Volume Y/Y	2.3%	7.4%	-0.6%	1.5%	5.3%	4.5%	6.3%
PUR	0.6%	7.7%	-2.2%	2.7%	6.9%	6.4%	6.7%
PCS	5.4%	9.6%	4.1%	-0.3%	8.7%	7.9%	10.3%
CAS	4.1%	6.9%	-2.5%	0.0%	-1.6%	-0.6%	2.5%
Price Y/Y	-4.4%	-6.4%	-7.4%	-12.4%	-10.5%	-8.7%	-5.1%
PUR	-7.4%	-9.9%	-12.1%	-20.0%	-15.7%	-13.1%	-6.2%
PCS	-2.1%	-3.6%	-0.8%	-3.9%	-5.4%	-4.3%	-5.0%
CAS	-0.1%	-1.0%	-1.4%	-2.2%	-2.4%	-2.7%	-2.7%
FX Y/Y	10.2%	10.0%	6.6%	4.8%	-0.7%	-2.7%	-1.1%
PUR	9.9%	9.2%	5.8%	4.2%	-0.9%	-2.8%	-1.1%
PCS	12.6%	13.3%	9.7%	6.5%	-0.6%	-3.4%	-1.8%
CAS	9.6%	9.5%	6.5%	5.0%	-0.3%	-2.0%	-0.6%
Adj. EBITDA Y/Y	14.3%	90.8%	44.5%	21.9%	22.1%	8.8%	21.9%
PUR	-24.5%	97.3%	8.0%	-37.6%	31.3%	2.2%	50.3%
PCS	163.6%	240.9%	338.5%	272.7%	52.6%	27.3%	13.5%
CAS	20.9%	22.3%	10.5%	-7.7%	4.5%	3.6%	-0.7%
Adj. EBITDA margin	13.6%	15.5%	15.6%	9.1%	17.7%	18.1%	19.0%
PUR	10.5%	13.6%	11.6%	4.5%	15.3%	15.4%	17.5%
PCS	15.2%	18.1%	20.9%	16.2%	22.5%	23.0%	22.9%
CAS	24.9%	24.4%	26.4%	17.6%	27.1%	26.7%	26.4%
Tax rate	28.5%	30.3%	30.3%	n. m.	29.8%	27.0%	28.5%
EPS Y/Y	-7.3%	181.5%	61.6%	n. m.	57.9%	50.7%	62.0%
Net financial debt	5,022	4,578	4,995	2,211	2,087	2,037	1,408
Provisions for pensions	1,764	1,401	1,562	1,462	1,876	2,098	2,171
Net cash provided by (used in) operating activities	184	360	379	550	124	316	736
FOCF	90	230	251	393	77	237	646

¹Reference values recalculated effective March 31, 2016, based on the definition of core business.