



Well on track

Financial Highlights
Q1 2018



Forward-looking statements

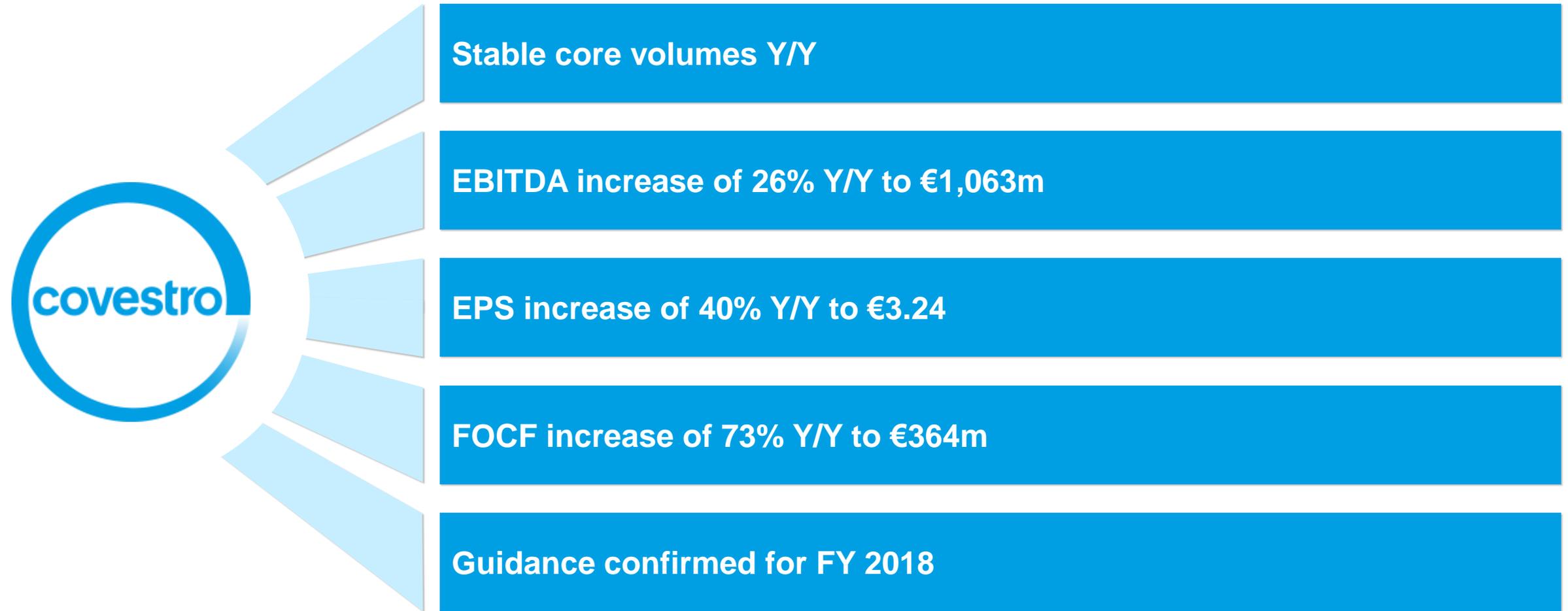
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Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Covestro's public reports, which are available on the Covestro website at www.covestro.com.

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Q1 2018 Key Highlights

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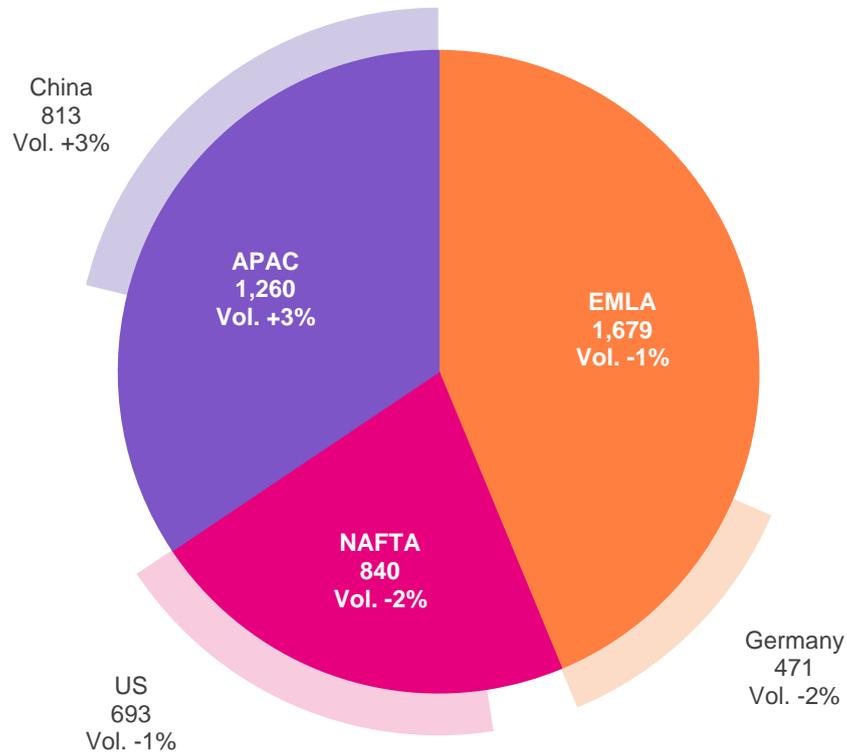
Q1 2018 – Sales per Region

Core volumes on high previous year's level



Development in Q1 2018

in € million / Core volume growth Y/Y



Highlights

High basis in Q1 2017

- Sell out of production and inventories to satisfy pent-up demand after Force Majeure in Q4 2016
- Ramp-up of new production lines in China at PCS
- Pre-buying at CAS ahead of announced price increases

Stable core volumes in Q1 2018

- Constrained availability of supply in all regions
- Solid demand in Automotive, decline in Construction
- EMLA: solid growth in Germany for CAS, double-digit growth in Latin America, driven by Brazil
- NAFTA: Positive development in PUR
- APAC: Strong core volume growth in PCS, stable development in PUR and CAS

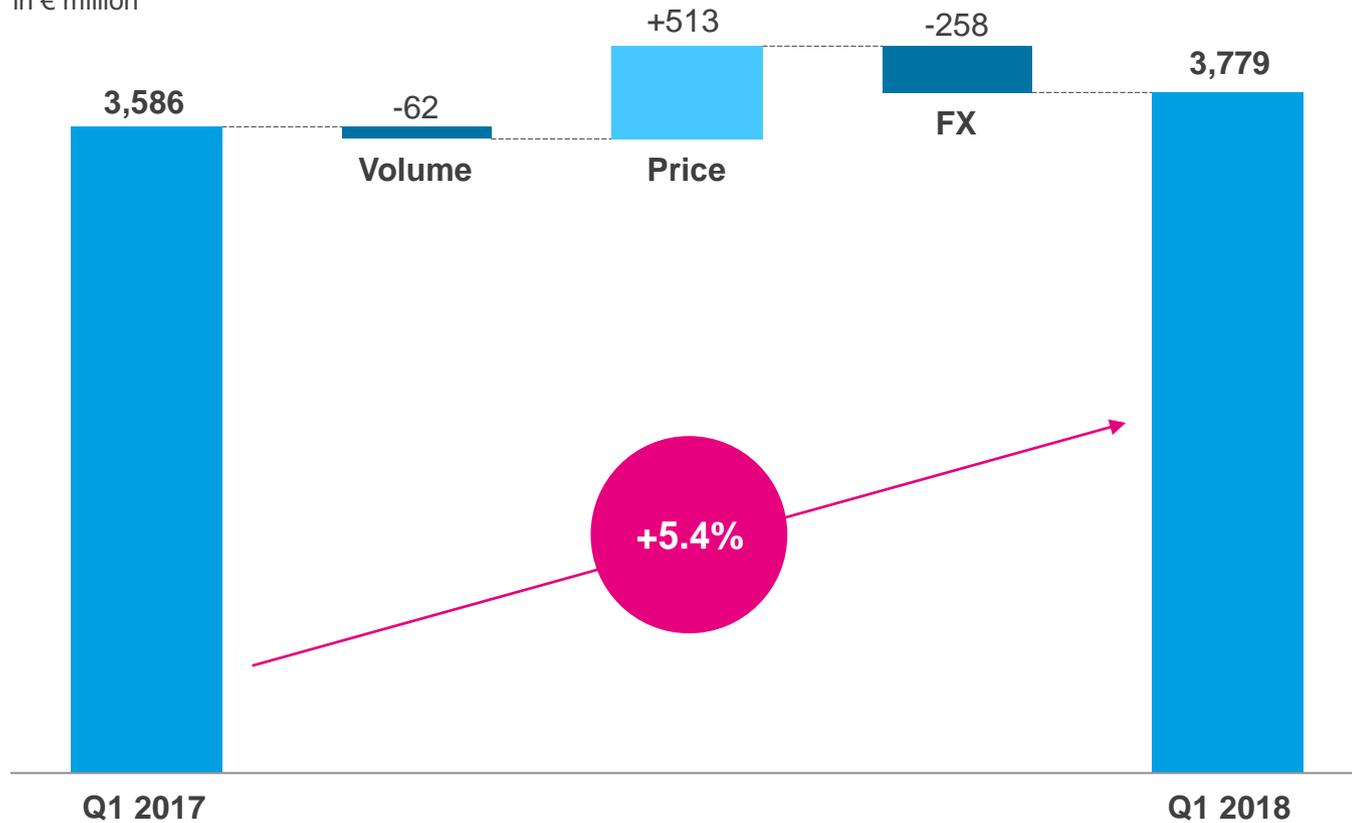
Q1 2018 – Sales Bridge

Strong pricing mitigated by considerable FX headwind



Sales Bridge

in € million



Highlights

Strong pricing and high industry utilization

- Higher selling prices positively impacted sales by 14.3% Y/Y
- Sales volumes declined by 1.7% Y/Y due to significantly lower non-core volumes

Negative FX impact

- FX effects burdened sales by 7.2% Y/Y mainly due to weaker USD and CNY

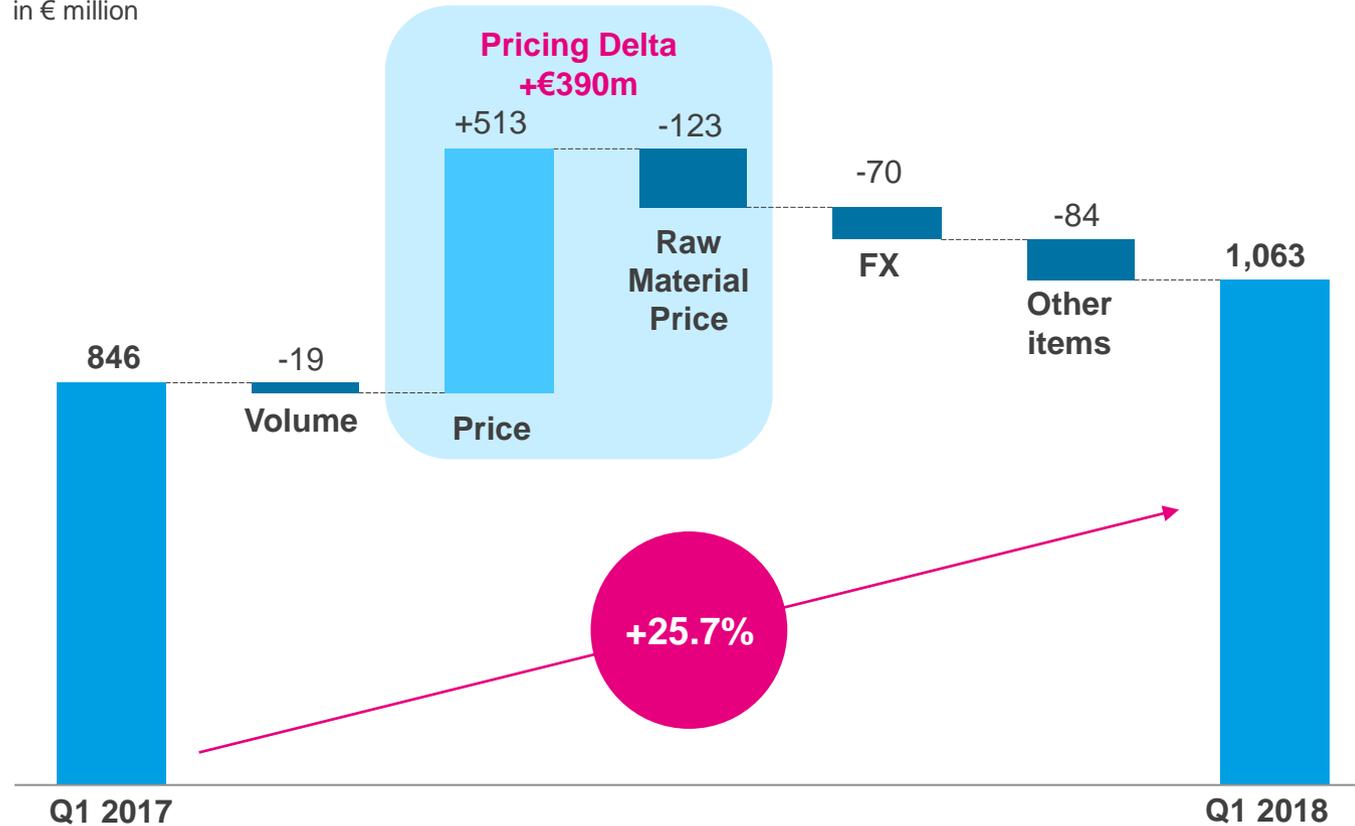
Q1 2018 – EBITDA Bridge



Expanded pricing delta fully compensates considerable FX headwind

EBITDA Bridge

in € million



Highlights

Improving cash margin

- Positive pricing delta driven by PUR and PCS
- Selling prices increased significantly more than raw material prices

Considerable FX headwind

Other items

- Higher maintenance costs
- Increased costs for logistics
- Prior-year benefited from provision release of €9m for Tarragona

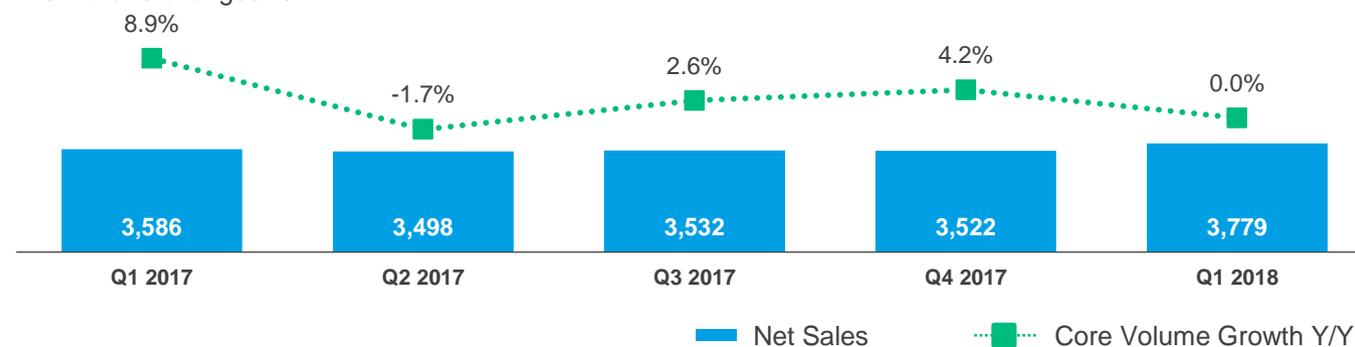
Q1 2018 – Group Results

Continued margin expansion



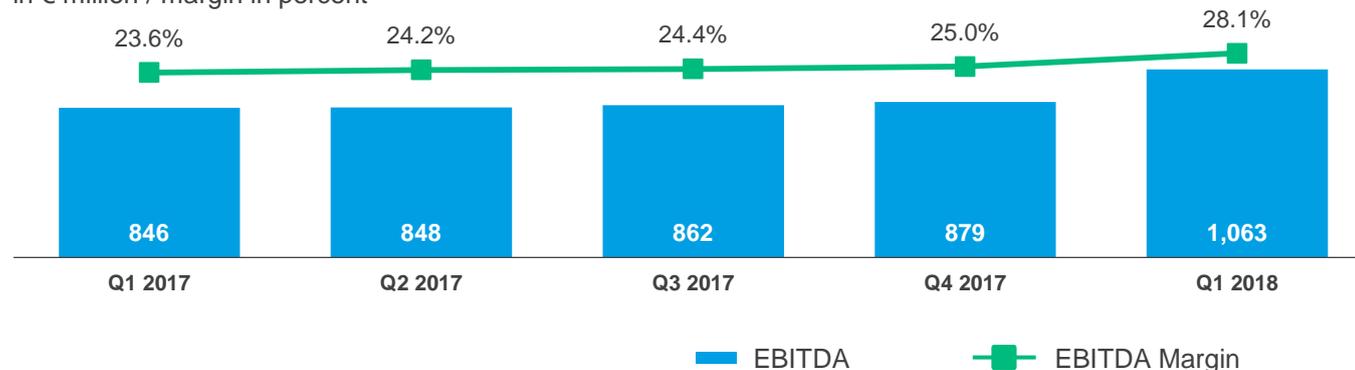
Net Sales and Core Volume Growth

in € million / changes Y/Y



EBITDA and Margin

in € million / margin in percent



Highlights

- Stable core volumes (in kt) on high level: PCS compensates for declines in PUR and CAS
- Sales increased by 5.4% driven by higher prices

Highlights

- EBITDA margin improved significantly to 28.1% vs. 23.6% in Q1 2017
- Excluding TDI fly-up, margin increased to c.23% vs. c.20% in Q1 2017
- Q1 2018 represents 13th consecutive quarter with Y/Y EBITDA increase

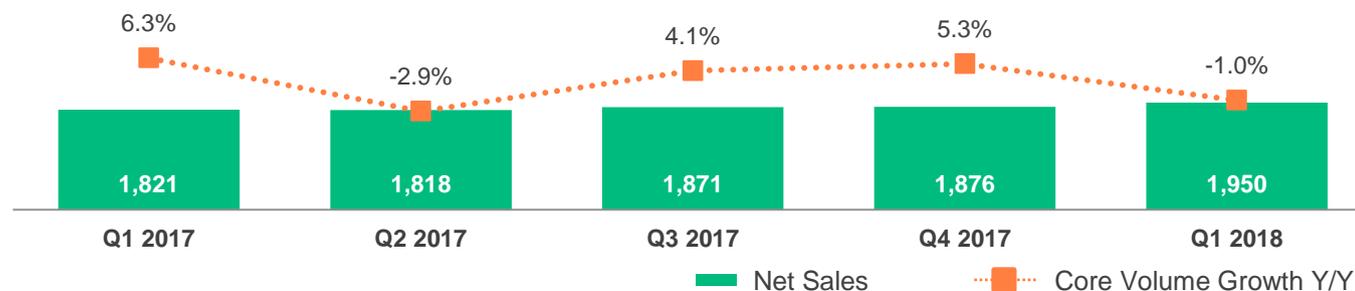
Q1 2018 – PUR Segment Results

Polyurethanes – record margins continued



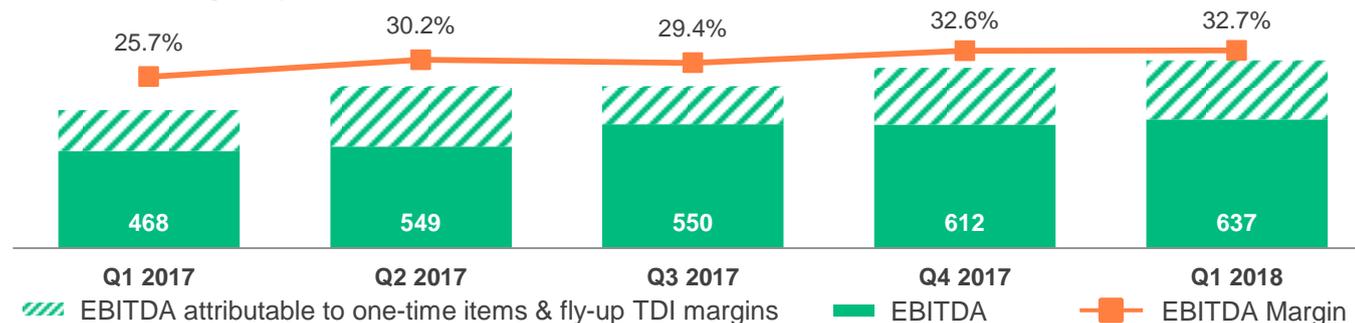
Net Sales and Core Volume Growth

in € million / changes Y/Y



EBITDA and Margin

in € million / margin in percent



Restatement of all 2017 figures to reflect the reclassification of the specialty elastomers business

Highlights

- Slight decline in core volumes due to constrained product availability
- Sales increased by 7.1% Y/Y driven by price in all three product groups
- Negative FX impact (-7.4% Y/Y)

Highlights

- EBITDA increased by 36.1% Y/Y with a margin of 32.7% vs. 25.7% in Q1 2017
- Underlying EBITDA margin excluding TDI fly-up contribution expanded to c.22% vs. c.19% in Q1 2017 driven by higher margins in MDI

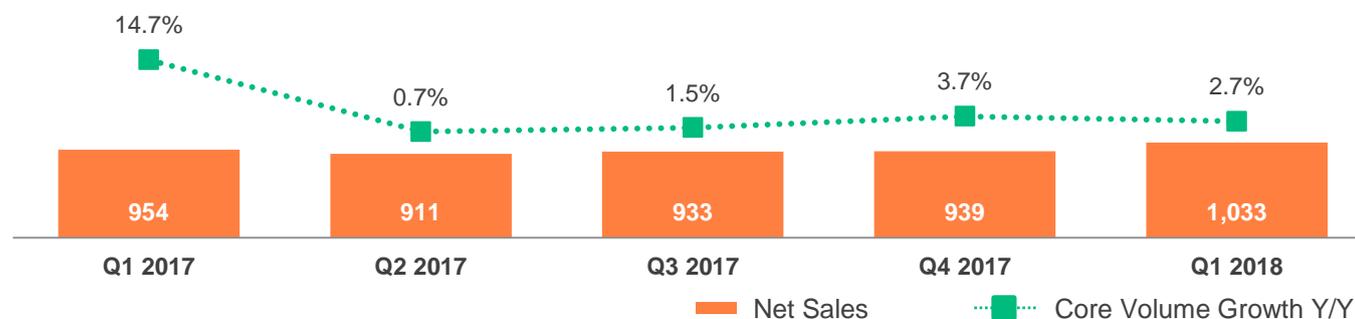
Q1 2018 – PCS Segment Results

Polycarbonates – Favorable pricing delta



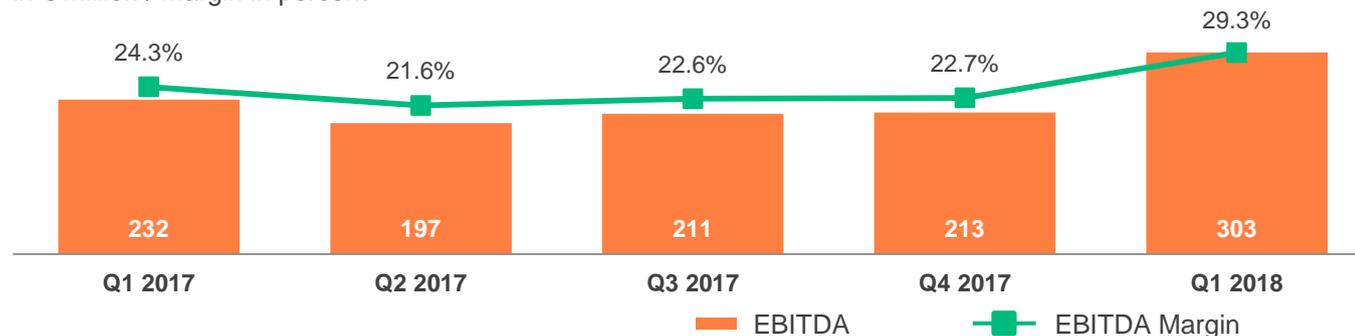
Net Sales and Core Volume Growth

in € million / changes Y/Y



EBITDA and Margin

in € million / margin in percent



Highlights

- Solid core volume growth of 2.7% Y/Y despite double-digit increase in Q1 2017
- Sales increase by 8.3% Y/Y, mainly driven by higher selling prices (+16.3% Y/Y)
- Negative FX impact (-8.2% Y/Y)

Highlights

- EBITDA increased by 30.6% due to positive pricing delta and volume leverage
- Price increases balanced out negative raw material impact

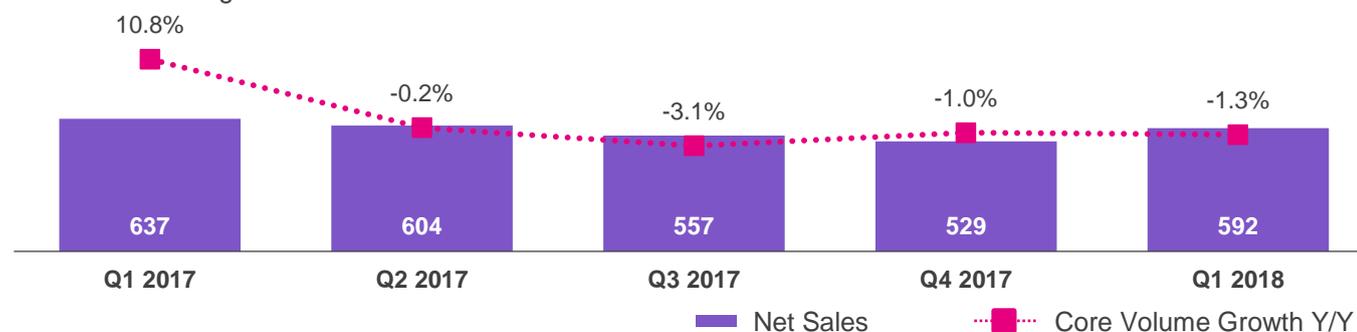
Q1 2018 – CAS Segment Results

Coatings, Adhesives, Specialties – Encouraging start to the year



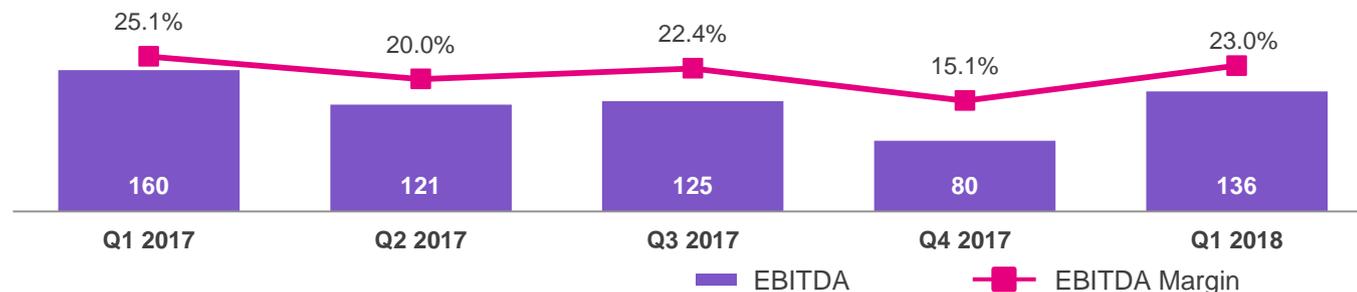
Net Sales and Core Volume Growth

in € million / changes Y/Y



EBITDA and Margin

in € million / margin in percent



Restatement of all 2017 figures to reflect the reclassification of the specialty elastomers business

Highlights

- Slight decline in core volumes, although on high previous year's level
- Sales decrease by 7.1% Y/Y, driven by volume (-2.2% Y/Y) and negative FX impact (-5.9% Y/Y)

Highlights

- EBITDA decreased by 15.0% Y/Y due to higher raw material costs and lower sales volumes
- EBITDA margin of 23% on high level

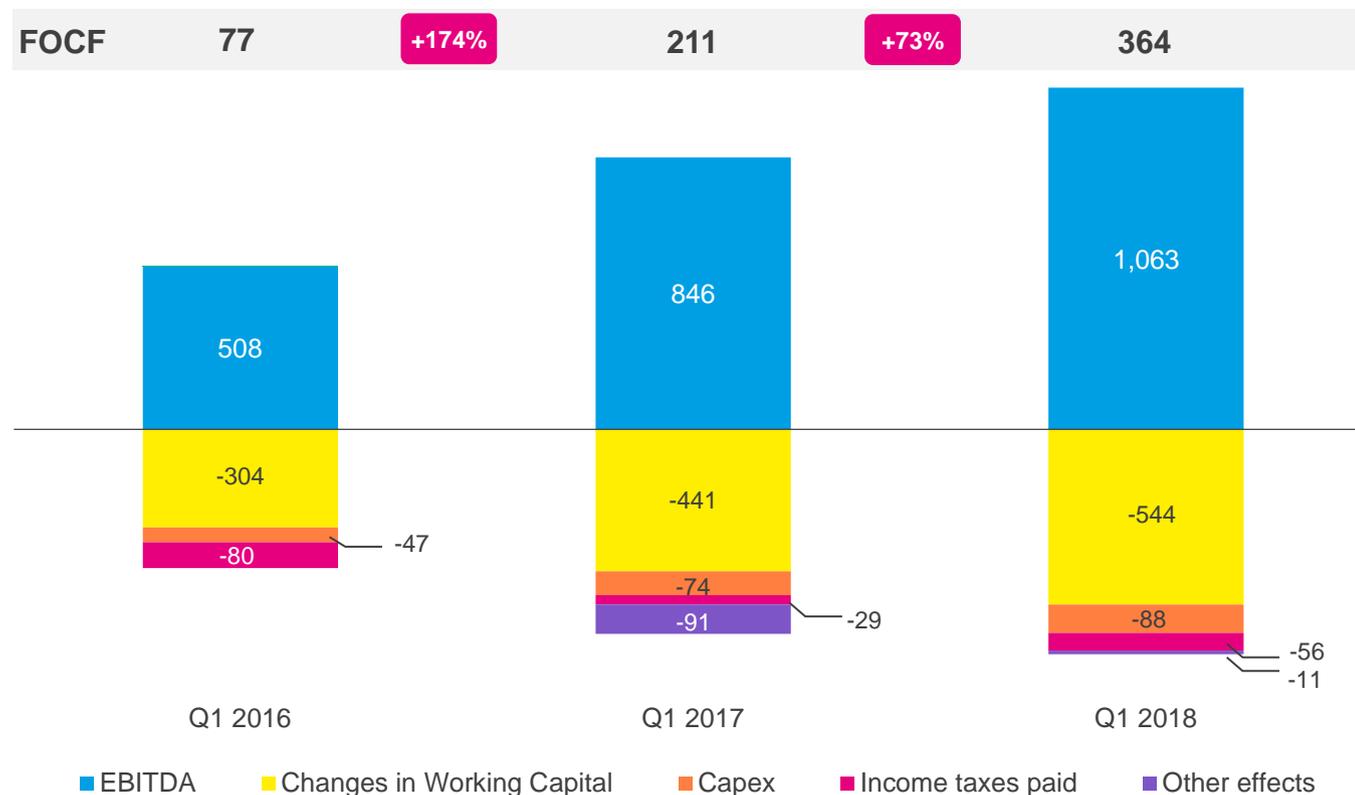
Q1 2018 – Free Operating Cash Flow

Strong FOCF despite higher working capital



Free Operating Cash Flow development

in € million



Highlights

- FOCF follows EBITDA development: FOCF to EBITDA conversion rate increased to 34% vs. 25% in Q1 2017
- Working capital to sales ratio* at 18.7% driven by usual seasonality, plus higher valuation of stocks and increased receivables
- Capex of €88m up Y/Y in line with smart capex approach and full year guidance

* Method of calculation: WC on 31.03.2018 divided by sales of last four quarters

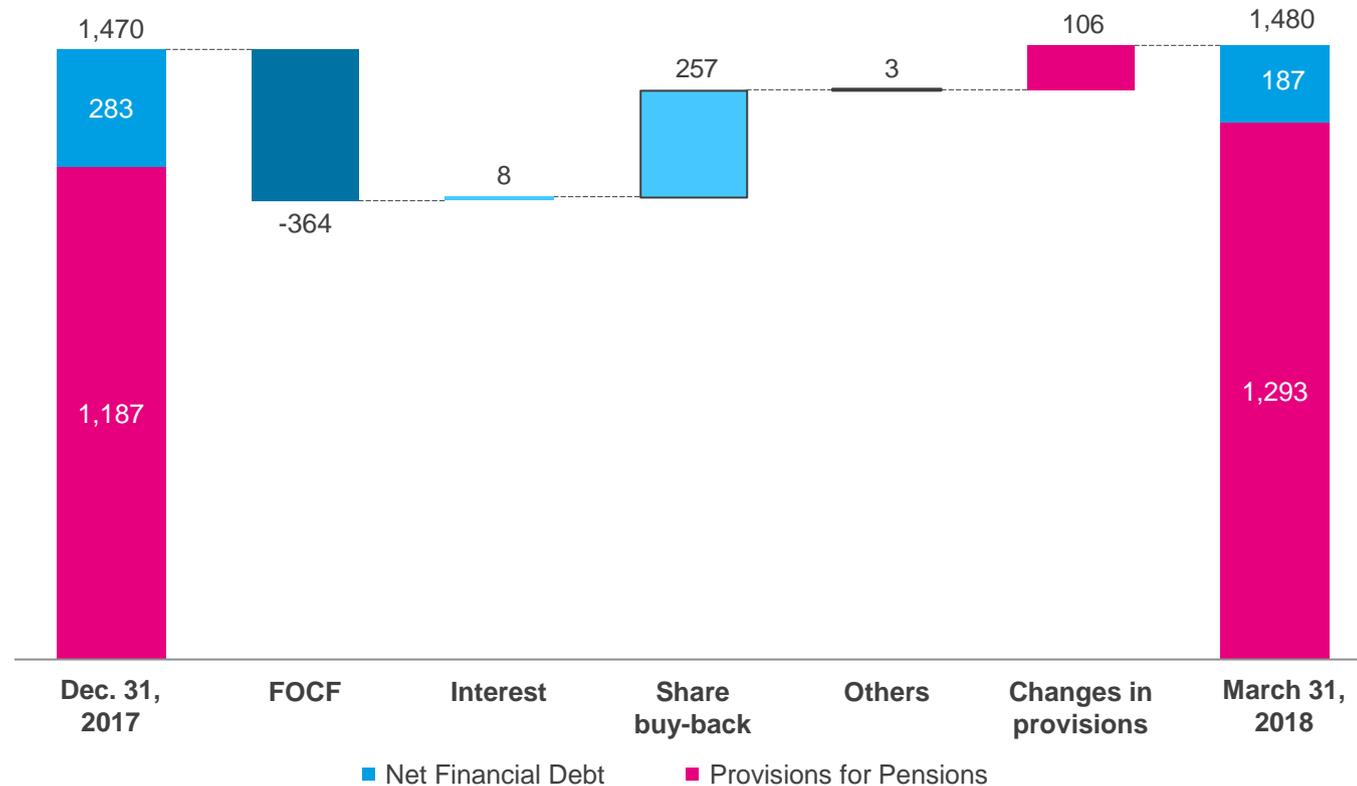
Q1 2018 – Total net debt

Strong balance sheet



Total net debt

in € million



Highlights

- Total net debt to EBITDA ratio* unchanged at 0.4x
- Further decrease of net financial debt by €96m, despite cash outflow for the share buy-back
- Repayment of a €500m bond out of cash
- Pension provisions increased by €106m due to lower interest rates
- Equity ratio further improved to 50%

* Method of calculation: Total net debt on 31.03.2018 divided by EBITDA of last four quarters

Confirmation of 2018 guidance

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	FY 2017	Guidance FY 2018
Core Volume Growth	+3.4%	Low- to mid-single-digit percentage increase Y/Y
FOCF	Ø 2015-2017: €1,391m	Significantly above the average of the last three years
ROCE	33.4%	Approaching previous year's level
Additional financial expectations	FY 2017	Guidance FY 2018
EBITDA FY	€3,435m	Around previous year's level
EBITDA Q2	Q2 2017: €848m	Above previous year's level
D&A	€627m	€600-620m
Financial results	€-150m	€-100 to -120m
Effective tax rate	24.1%	25-27%
Capex	€518m	€600-650m

Basic assumptions FY 2018: Exchange rate of EUR/USD ~1.20 and a similar macroeconomic environment as in 2017

Q1 2018 – Summary

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Upcoming IR Events

Find more information on investor.covestro.com



Reporting dates

- July 26, 2018 Half-Year Financial Report 2018
- October 25, 2018 Q3 2018 Interim Statement
- February 25, 2019 Annual Report 2018

Capital Markets Day

- June 28, 2018 London

Broker conferences

- May 15, 2018 Deutsche Bank, 9th Annual dbAccess Asia Conference 2018, Singapore
- May 24, 2018 Berenberg ,USA Conference 2018, Tarrytown
- June 5, 2018 Commerzbank, mBank Chemical Event, Warsaw
- June 6-7, 2018 Deutsche Bank, dbAccess, German, Swiss & Austrian Conference, Berlin

Annual General Meeting

- April 12, 2019 Annual General Meeting, Bonn

Restatement information, effective Jan. 1, 2018

Elastomers business shifted from PUR to CAS segment



In € million		Fiscal Year 2017				
		Q1	Q2	Q3	Q4	FY
Elastomers	Sales	73	71	67	63	274
	EBITDA	14	7	7	5	33