

# Covestro IR Factsheet – Q4 2016



## Financial Overview

- Solid core volume growth of 4.8% Y/Y to 1.136mt despite European force majeure (FM), with APAC +11% Y/Y, NAFTA +6% Y/Y and EMLA -3% Y/Y
- Sales of €3.017bn (+7.8% Y/Y); Volume +3.8% Y/Y; Price +4.6% Y/Y and FX -0.6% Y/Y
- First quarter with Y/Y price increases since Q1 2013 driven by the segment Polyurethanes
- Adj. EBITDA increased by 52% Y/Y to €390m driven by positive pricing delta and volume leverage
- Adj. EBIT increased by 275% Y/Y to €221m also helped by lower adj. D&A
- EBIT increased from €-80m to €221m given the absence of any special items (Q4 2015: €-139m)
- Financial results unchanged Y/Y at €-32m but lower expenses compared to €-41m in Q3 2016
- Income tax rate of 32.3% (FY 2016: 29.0%, in-line with guidance)
- EPS increased from €-0.41 to €0.62 (calculated on a basis of 202.5m shares)
- FOCF increased by 4% Y/Y to €407m despite higher tax payments and increasing WC & capex

## Polyurethanes

- Core volumes (in kt) increased by 2.5% Y/Y despite a high-single digit decline in Europe (FM)
- Adj. EBITDA increased by 179% Y/Y to €176m mainly driven by positive pricing delta

## Polycarbonates

- Core volumes (in kt) increased by 12.8% Y/Y benefiting from the start-up of new capacities
- Adj. EBITDA increased by 15% Y/Y to €142m mainly driven by positive volume leverage & mix

## Coatings, Adhesives, Specialties

- Core volumes (in kt) flat (0.0%) Y/Y due to the phase out of a trading product
- In FY 2016, adj. core volume growth of 4.5% Y/Y excluding phase out of trading product
- Adj. EBITDA decreased by 1% Y/Y to €83m due to higher costs

## Macro Expectations 2017

- We assume an exchange rate of EUR/USD of around 1.10
- We assume a global GDP growth of 2.8%

## Outlook 2017

- We expect core volume growth in the low- to mid-single-digit percentage range
- We anticipate FOCF slightly above the average of the last three years (€881m)
- We expect ROCE slightly above the 2016 level (14.2%)

## Additional Financial Expectations for 2017

- EBITDA Q1 2017: Significantly above Q1 2016
- EBITDA FY 2017: At or above the 2016 level
- Capex: ~€550m
- D&A: ~€650-700m
- Special items: €0m
- Financial results: ~€-170 to -190m
- Tax rate: ≤30%

## Covestro IR Factsheet - Q4/FY 2016

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
<b>Core volumes ('000 t)<sup>1</sup></b>	<b>1,080</b>	<b>1,164</b>	<b>1,130</b>	<b>1,084</b>	<b>4,458</b>	<b>1,171</b>	<b>1,254</b>	<b>1,233</b>	<b>1,136</b>	<b>4,794</b>
<b>Sales</b>	<b>3,054</b>	<b>3,210</b>	<b>3,020</b>	<b>2,798</b>	<b>12,082</b>	<b>2,875</b>	<b>2,990</b>	<b>3,022</b>	<b>3,017</b>	<b>11,904</b>
PUR	1,554	1,637	1,512	1,385	6,088	1,403	1,481	1,503	1,540	5,927
PCS	765	829	819	759	3,172	786	831	848	833	3,298
CAS	535	562	519	477	2,093	512	532	515	481	2,040
Others / Consolidation	200	182	170	177	729	174	146	156	163	639
<b>Adjusted EBITDA</b>	<b>416</b>	<b>498</b>	<b>471</b>	<b>256</b>	<b>1,641</b>	<b>508</b>	<b>542</b>	<b>574</b>	<b>390</b>	<b>2,014</b>
PUR	163	223	175	63	624	214	228	263	176	881
PCS	116	150	171	123	560	177	191	194	142	704
CAS	133	137	137	84	491	139	142	136	83	500
Others / Consolidation	4	-12	-12	-14	-34	-22	-19	-19	-11	-71
Special items (EBITDA)	-23	-59	-16	-124	-222	-	-	-	-	-
EBITDA	393	439	455	132	1,419	508	542	574	390	2,014
DA	-187	-172	-168	-212	-739	-168	-178	-168	-169	-683
<b>EBIT</b>	<b>206</b>	<b>267</b>	<b>287</b>	<b>-80</b>	<b>680</b>	<b>340</b>	<b>364</b>	<b>406</b>	<b>221</b>	<b>1,331</b>
PUR	31	92	60	-157	26	117	124	168	80	489
PCS	73	104	127	70	374	127	142	145	93	507
CAS	111	113	113	60	397	119	119	114	59	411
Others / Consolidation	-9	-42	-13	-53	-117	-23	-21	-21	-11	-76
<b>Financial result</b>	<b>-41</b>	<b>-46</b>	<b>-56</b>	<b>-32</b>	<b>-175</b>	<b>-78</b>	<b>-45</b>	<b>-41</b>	<b>-32</b>	<b>-196</b>
<b>EBT</b>	<b>165</b>	<b>221</b>	<b>231</b>	<b>-112</b>	<b>505</b>	<b>262</b>	<b>319</b>	<b>365</b>	<b>189</b>	<b>1,135</b>
Taxes	-47	-67	-70	31	-153	-78	-86	-104	-61	-329
Minorities	3	2	1	3	9	2	3	2	4	11
<b>Net income</b>	<b>115</b>	<b>152</b>	<b>160</b>	<b>-84</b>	<b>343</b>	<b>182</b>	<b>230</b>	<b>259</b>	<b>124</b>	<b>795</b>
EPS (€, 202.5m shares)	0.57	0.75	0.79	-0.41	1.69	0.90	1.13	1.28	0.62	3.93
<b>Core volumes Y/Y<sup>1</sup></b>	<b>1.7%</b>	<b>6.7%</b>	<b>-0.6%</b>	<b>3.0%</b>	<b>2.7%</b>	<b>8.5%</b>	<b>7.7%</b>	<b>9.1%</b>	<b>4.8%</b>	<b>7.5%</b>
PUR	-0.4%	5.8%	-2.7%	4.6%	1.8%	10.4%	9.0%	9.0%	2.5%	7.7%
PCS	5.4%	9.1%	5.4%	0.5%	5.1%	8.5%	8.5%	11.6%	12.8%	10.3%
CAS	6.3%	6.5%	-2.4%	-0.2%	2.6%	-2.8%	-1.8%	3.5%	0.0%	-0.3%
<b>Sales Y/Y</b>	<b>8.1%</b>	<b>11.0%</b>	<b>-1.4%</b>	<b>-6.1%</b>	<b>2.7%</b>	<b>-5.9%</b>	<b>-6.9%</b>	<b>0.1%</b>	<b>7.8%</b>	<b>-1.5%</b>
PUR	3.1%	7.0%	-8.5%	-13.1%	-3.1%	-9.7%	-9.5%	-0.6%	11.2%	-2.6%
PCS	15.9%	19.3%	13.0%	2.3%	12.4%	2.7%	0.2%	3.5%	9.7%	4.0%
CAS	13.6%	15.4%	2.6%	2.8%	8.6%	-4.3%	-5.3%	-0.8%	0.8%	-2.5%
<b>Volume Y/Y</b>	<b>2.3%</b>	<b>7.4%</b>	<b>-0.6%</b>	<b>1.5%</b>	<b>2.6%</b>	<b>5.3%</b>	<b>4.5%</b>	<b>6.3%</b>	<b>3.8%</b>	<b>5.0%</b>
PUR	0.6%	7.7%	-2.2%	2.7%	2.1%	6.9%	6.4%	6.7%	0.3%	5.2%
PCS	5.4%	9.6%	4.1%	-0.3%	4.6%	8.7%	7.9%	10.3%	13.2%	10.0%
CAS	4.1%	6.9%	-2.5%	0.0%	2.1%	-1.6%	-0.6%	2.5%	2.4%	0.6%
<b>Price Y/Y</b>	<b>-4.4%</b>	<b>-6.4%</b>	<b>-7.4%</b>	<b>-12.4%</b>	<b>-7.7%</b>	<b>-10.5%</b>	<b>-8.7%</b>	<b>-5.1%</b>	<b>4.6%</b>	<b>-5.2%</b>
PUR	-7.4%	-9.9%	-12.1%	-20.0%	-12.4%	-15.7%	-13.1%	-6.2%	11.6%	-6.4%
PCS	-2.1%	-3.6%	-0.8%	-3.9%	-2.6%	-5.4%	-4.3%	-5.0%	-2.6%	-4.3%
CAS	-0.1%	-1.0%	-1.4%	-2.2%	-1.1%	-2.4%	-2.7%	-2.7%	-1.7%	-2.4%
<b>FX Y/Y</b>	<b>10.2%</b>	<b>10.0%</b>	<b>6.6%</b>	<b>4.8%</b>	<b>7.8%</b>	<b>-0.7%</b>	<b>-2.7%</b>	<b>-1.1%</b>	<b>-0.6%</b>	<b>-1.3%</b>
PUR	9.9%	9.2%	5.8%	4.2%	7.2%	-0.9%	-2.8%	-1.1%	-0.7%	-1.4%
PCS	12.6%	13.3%	9.7%	6.5%	10.4%	-0.6%	-3.4%	-1.8%	-0.9%	-1.7%
CAS	9.6%	9.5%	6.5%	5.0%	7.6%	-0.3%	-2.0%	-0.6%	0.1%	-0.7%
<b>Adj. EBITDA Y/Y</b>	<b>14.3%</b>	<b>90.8%</b>	<b>44.5%</b>	<b>21.9%</b>	<b>41.3%</b>	<b>22.1%</b>	<b>8.8%</b>	<b>21.9%</b>	<b>52.3%</b>	<b>22.7%</b>
PUR	-24.5%	97.3%	8.0%	-37.6%	5.4%	31.3%	2.2%	50.3%	179.4%	41.2%
PCS	163.6%	240.9%	338.5%	272.7%	250.0%	52.6%	27.3%	13.5%	15.4%	25.7%
CAS	20.9%	22.3%	10.5%	-7.7%	12.4%	4.5%	3.6%	-0.7%	-1.2%	1.8%
<b>Adj. EBITDA margin</b>	<b>13.6%</b>	<b>15.5%</b>	<b>15.6%</b>	<b>9.1%</b>	<b>13.6%</b>	<b>17.7%</b>	<b>18.1%</b>	<b>19.0%</b>	<b>12.9%</b>	<b>16.9%</b>
PUR	10.5%	13.6%	11.6%	4.5%	10.2%	15.3%	15.4%	17.5%	11.4%	14.9%
PCS	15.2%	18.1%	20.9%	16.2%	17.7%	22.5%	23.0%	22.9%	17.0%	21.3%
CAS	24.9%	24.4%	26.4%	17.6%	23.5%	27.1%	26.7%	26.4%	17.3%	24.5%
<b>Tax rate</b>	<b>28.5%</b>	<b>30.3%</b>	<b>30.3%</b>	<b>n. m.</b>	<b>30.3%</b>	<b>29.8%</b>	<b>27.0%</b>	<b>28.5%</b>	<b>32.3%</b>	<b>29.0%</b>
EPS Y/Y	-7.3%	181.5%	61.6%	n. m.	26.1%	57.9%	50.7%	62.0%	n.m.	131.8%
Net financial debt	5,022	4,578	4,995	2,211	2,211	2,087	2,037	1,408	1,499	1,499
Provisions for pensions	1,764	1,401	1,562	1,462	1,462	1,876	2,098	2,171	1,209	1,209
Net cash by operating activities	184	360	379	550	1,473	124	316	736	610	1,786
<b>FOCF</b>	<b>90</b>	<b>230</b>	<b>251</b>	<b>393</b>	<b>964</b>	<b>77</b>	<b>237</b>	<b>646</b>	<b>407</b>	<b>1,367</b>

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