

Covestro IR Factsheet – Q4 2022



Financial overview

- Sales decreased by 8.6% Y/Y to €3,964m with volume -13.2%, price +0.8%, FX +3.8%
- EBITDA decreased to €-38m (Q4'21: €663m) driven by a pricing delta of €-438m, a volume effect of €-203m, "Other Items" of €-65m and FX effect of €+5m
- EBIT decreased to €-695m (Q4'21: €445m) with D&A of €657m (Q4'21: €218m) impacted by impairment write-off of €418m
- Financial result decreased to €-25m (Q4'21: €-10m)
- Net income decreased to €-899m (Q4'21: €302m) including deferred tax assets adjustments of €255m / EPS decreased to €-4.74 (Q4'21: €1.56) / DPS cut to €0.00 (for FY'21: €3.40)
- FOCF increased to €550m (Q4'21: €356m) including €883m cash contribution from trade working capital
- Total net debt (including pension provisions and net defined benefit asset) increased from €2,600 on December 31, 2021, to €2,864m on December 31, 2022
- Net financial debt of €2,434m (December 31, 2021: €1,405m) / net pension liability (pension provisions and net defined benefit asset) of €430m (December 31, 2021: €1,195m)

Performance Materials

- Sales decreased by 15.2% Y/Y to €1,916m with volume -17.5%, price -1.3%, FX +3.6%
- EBITDA of €-89m (Q4'21: €590m), mainly driven by negative pricing delta

Solutions & Specialties

- Sales decreased by 1.5% Y/Y to €1,975m with volume -8.9%, price +3.3%, FX +4.1%
- EBITDA of €108m (Q4'21: €112m), with FX and price increases compensating raw material increases

Guidance assumptions FY 2023

- Global economic growth of 1.5% Y/Y
- Full year average exchange rate in EUR/USD of ~1.05
- Mark-to-market EBITDA based on January 2023 margins flat-forward of ~€1.0bn

Guidance FY 2023

- EBITDA significantly below previous year with Performance Materials EBITDA significantly below previous year and Solutions & Specialties EBITDA around previous year
- FOCF significantly below previous year with Performance Materials FOCF significantly below previous year and Solutions & Specialties FOCF significantly above previous year
- ROCE above WACC significantly below previous year with WACC of 7.6%
- CO₂E around previous year

Additional financial expectations for FY 2023

- EBITDA Q1: between €100m and €150m
- Capex: around €800m
- D&A: around €850m
- Financial result: between €-160m and €-200m
- Long-term P&L tax rate between 24% and 26%

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| | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | FY 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | FY 2022 |
|-------------------------------------|---------------|---------------|--------------|--------------|---------------------|--------------|---------------|---------------|----------------|-------------------|
| | € million | € million | € million | € million | € million | € million | € million | € million | € million | € million |
| Sales | 3,307 | 3,956 | 4,302 | 4,338 | 15,903 | 4,683 | 4,703 | 4,618 | 3,964 | 17,968 |
| PM | 1,740 | 1,957 | 2,186 | 2,259 | 8,142 | 2,388 | 2,461 | 2,330 | 1,916 | 9,095 |
| S&S | 1,529 | 1,951 | 2,069 | 2,005 | 7,554 | 2,222 | 2,165 | 2,196 | 1,975 | 8,558 |
| Others / Consolidation | 38 | 48 | 47 | 74 | 207 | 73 | 77 | 92 | 73 | 315 |
| EBITDA | 743 | 817 | 862 | 663 | 3,085 | 806 | 547 | 302 | -38 | 1,617 |
| PM ¹ | 630 | 644 | 708 | 590 | 2,572 | 620 | 367 | 53 | -89 | 951 |
| S&S ¹ | 181 | 237 | 221 | 112 | 751 | 224 | 213 | 280 | 108 | 825 |
| Others / Consolidation ¹ | -68 | -64 | -67 | -39 | -238 | -38 | -33 | -31 | -57 | -159 |
| DA | 187 | 210 | 208 | 218 | 823 | 217 | 240 | 236 | 657 | 1,350 |
| EBIT | 556 | 607 | 654 | 445 | 2,262 | 589 | 307 | 66 | -695 | 267 |
| PM ¹ | 489 | 502 | 567 | 445 | 2,003 | 475 | 204 | -107 | -600 | -28 |
| S&S ¹ | 138 | 170 | 154 | 41 | 503 | 152 | 139 | 207 | -37 | 461 |
| Others / Consolidation ¹ | -71 | -65 | -67 | -41 | -244 | -38 | -36 | -34 | -58 | -166 |
| Financial result | -29 | -18 | -20 | -10 | -77 | -28 | -44 | -40 | -25 | -137 |
| EBT | 527 | 589 | 634 | 435 | 2,185 | 561 | 263 | 26 | -720 | 130 |
| Taxes | -132 | -139 | -161 | -134 | -566 | -144 | -65 | -15 | -187 | -411 |
| Minorities | 2 | 1 | 1 | -1 | 3 | 1 | -1 | -1 | -8 | -9 |
| Net income | 393 | 449 | 472 | 302 | 1,616 | 416 | 199 | 12 | -899 | -272 |
| EPS in acc. to IAS 33 | 2.03 | 2.32 | 2.44 | 1.56 | 8.37 | 2.15 | 1.04 | 0.06 | -4.74 | -1.42 |
| Sales Y/Y | 18.8% | 83.5% | 55.9% | 44.3% | 48.5% | 41.6% | 18.9% | 7.3% | -8.6% | 13.0% |
| PM ¹ | 25.8% | 85.5% | 52.2% | 41.7% | 48.9% | 37.2% | 25.8% | 6.6% | -15.2% | 11.7% |
| S&S ² | 14.0% | 84.1% | 60.6% | 46.2% | 49.3% | 45.3% | 11.0% | 6.1% | -1.5% | 13.3% |
| Volume Y/Y | 3.4% | 29.0% | 0.0% | -0.2% | 6.5% | 3.6% | -2.1% | -5.7% | -13.2% | -5.0% |
| PM ¹ | -2.3% | 19.5% | -6.9% | 0.5% | 1.6% | 5.5% | 1.6% | -6.2% | -17.5% | -5.0% |
| S&S ² | 10.8% | 39.1% | 6.9% | -3.4% | 11.8% | -0.5% | -7.3% | -7.2% | -8.9% | -6.3% |
| Price Y/Y | 20.2% | 45.9% | 43.8% | 31.6% | 34.7% | 22.9% | 14.5% | 5.4% | 0.8% | 10.1% |
| PM ¹ | 32.9% | 71.2% | 57.6% | 37.6% | 48.1% | 26.4% | 17.5% | 5.2% | -1.3% | 10.9% |
| S&S ² | 8.1% | 22.4% | 29.5% | 25.6% | 21.3% | 19.4% | 11.8% | 5.7% | 3.3% | 9.4% |
| FX Y/Y | -4.8% | -5.4% | 1.6% | 3.8% | -0.8% | 5.6% | 6.5% | 7.6% | 3.8% | 5.9% |
| PM ¹ | -4.8% | -5.2% | 1.5% | 3.6% | -0.8% | 5.3% | 6.7% | 7.6% | 3.6% | 5.8% |
| S&S ² | -4.9% | -5.8% | 1.8% | 4.1% | -0.9% | 5.9% | 6.5% | 7.6% | 4.1% | 6.0% |
| EBITDA Y/Y | 192.5% | 553.6% | 89.0% | 4.1% | 109.6% | 8.5% | -33.0% | -65.0% | -105.7% | -47.6% |
| PM ^{1,2} | 447.8% | 1640.5% | 153.8% | 26.9% | 187.1% | -1.6% | -43.0% | -92.5% | -115.1% | -63.0% |
| S&S ^{1,2} | -13.4% | 92.7% | 1.8% | -42.3% | 1.1% | 23.8% | -10.1% | 26.7% | -3.6% | 9.9% |
| EBITDA margin | 22.5% | 20.7% | 20.0% | 15.3% | 19.4% | 17.2% | 11.6% | 6.5% | -1.0% | 9.0% |
| PM ^{1,2} | 36.2% | 32.9% | 32.4% | 26.1% | 31.6% | 26.0% | 14.9% | 2.3% | -4.6% | 10.5% |
| S&S ^{1,2} | 11.8% | 12.1% | 10.7% | 5.6% | 9.9% | 10.1% | 9.8% | 12.8% | 5.5% | 9.6% |
| Tax rate | 25.0% | 23.6% | 25.4% | 30.8% | 25.9% | 25.8% | 24.7% | 57.7% | -26.0% | 316.2% |
| EPS Y/Y | 1745.5% | -928.6% | 149.0% | -4.3% | 237.5% | 5.9% | -55.2% | -97.5% | -403.8% | -117.0% |
| Net financial debt | 95 | 1,604 | 1,256 | 1,405 | 1,405 | 1,468 | 2,784 | 2,861 | 2,434 | 2,434 |
| Provisions for pensions | 1,775 | 1,692 | 1,706 | 1,199 | 1,199 | 835 | 442 | 420 | 486 | 486 |
| Operating cash flows ³ | 428 | 553 | 564 | 648 | 2,193 | 157 | -272 | 246 | 839 | 970 |
| FOCF³ | 318 | 374 | 381 | 356 | 1,429 | 17 | -462 | 33 | 550 | 138 |
| ROCE^{3,4} | n.a. | n.a. | n.a. | n.a. | 19.5% | n.a. | n.a. | n.a. | n.a. | 2.0% |
| WACC | n.a. | n.a. | n.a. | n.a. | 6.6% | n.a. | n.a. | n.a. | n.a. | 7.0% |
| ROCE above WACC⁴ | n.a. | n.a. | n.a. | n.a. | 12.9% points | n.a. | n.a. | n.a. | n.a. | -5% points |

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 Since 2022, an imputed tax rate of 25% has been used for calculation purposes (previous years: effective tax rate).

⁴ Beginning in fiscal 2022, the key performance indicator ROCE was replaced by ROCE above WACC for profitability measurement.