

CreditSights European Outlook Conference

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European IG Chemicals *Ready For Energy Crisis 2.0?*

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Energy Crisis 2.0 & Patchy Recession

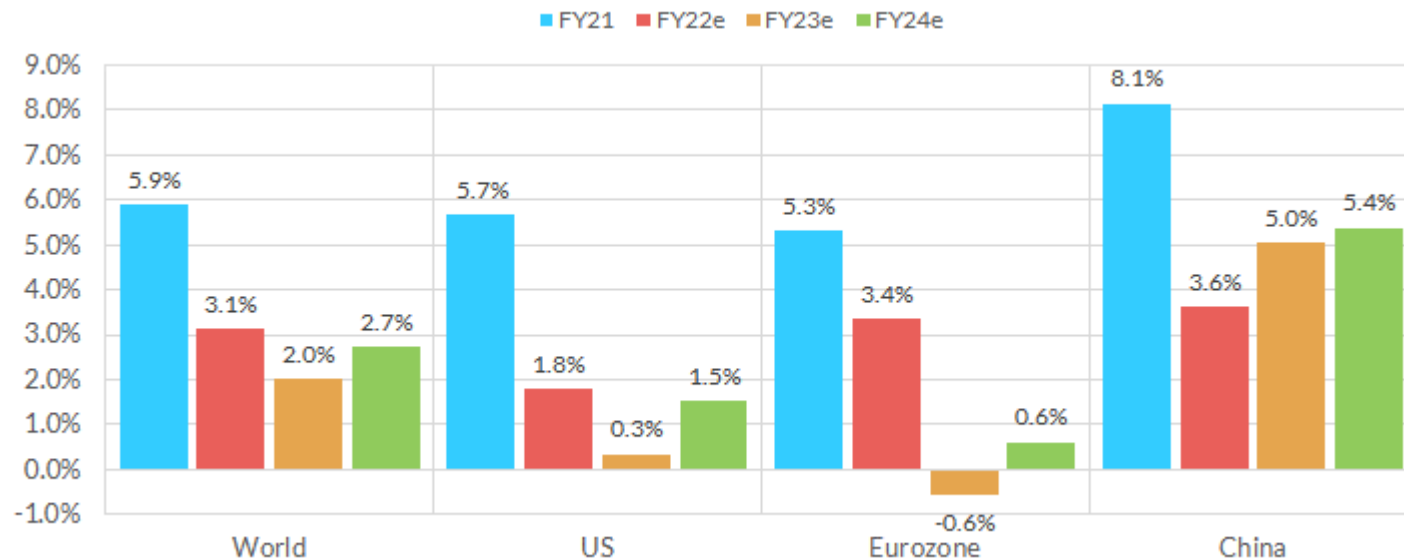
Challenges into 2023

- Energy Crisis in Europe
- COVID in China
- Recessionary Environment in Europe and US
- Geopolitical Instability

Potential Positive Areas

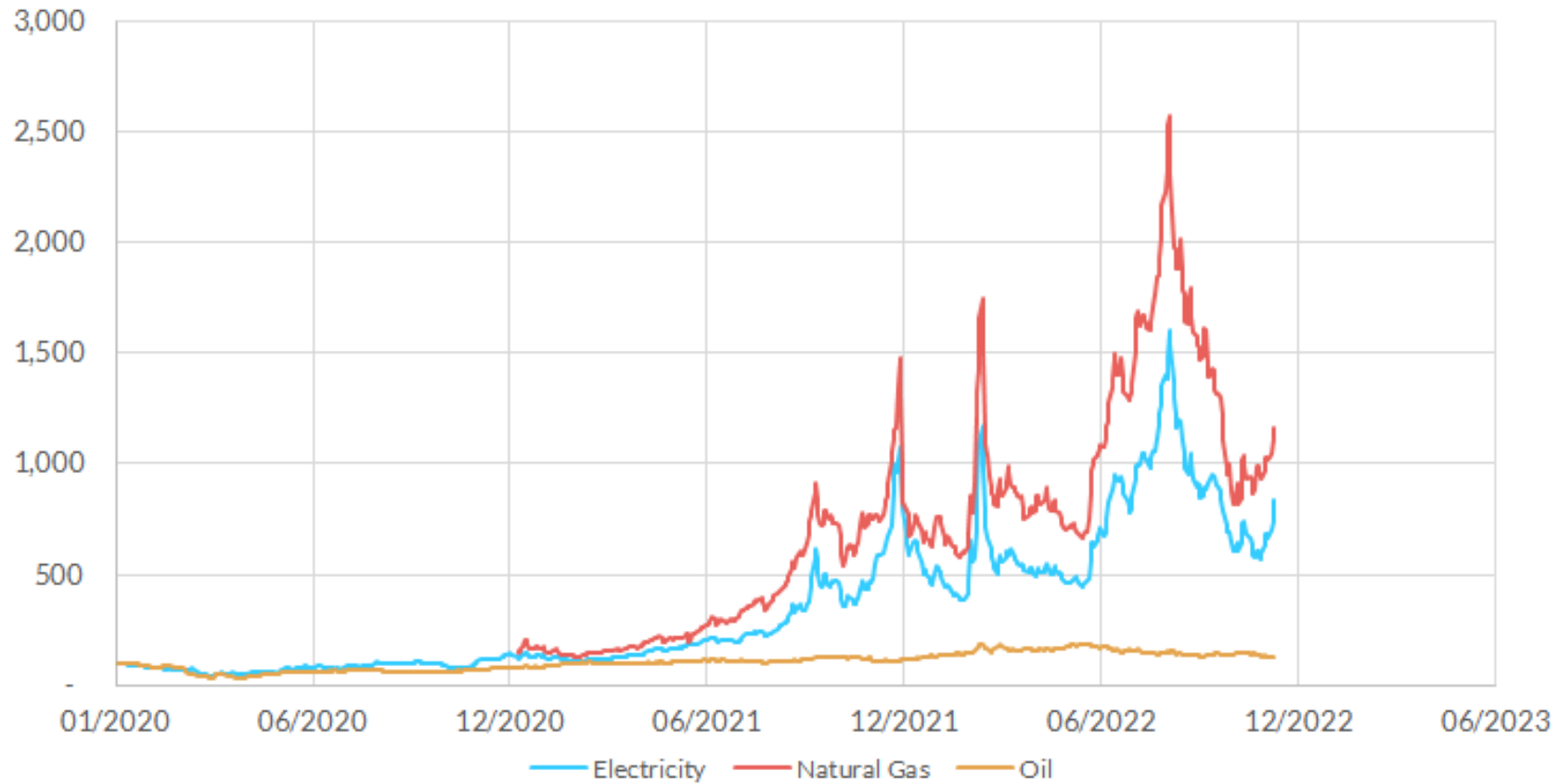
- Positive Backdrop in Agri
- Growing Demand for EV, Recovery in Civil Aero
- Improving Supply Chains
- Lower Raw Material Prices?

GDP Growth Projections Across Key Regions (%)



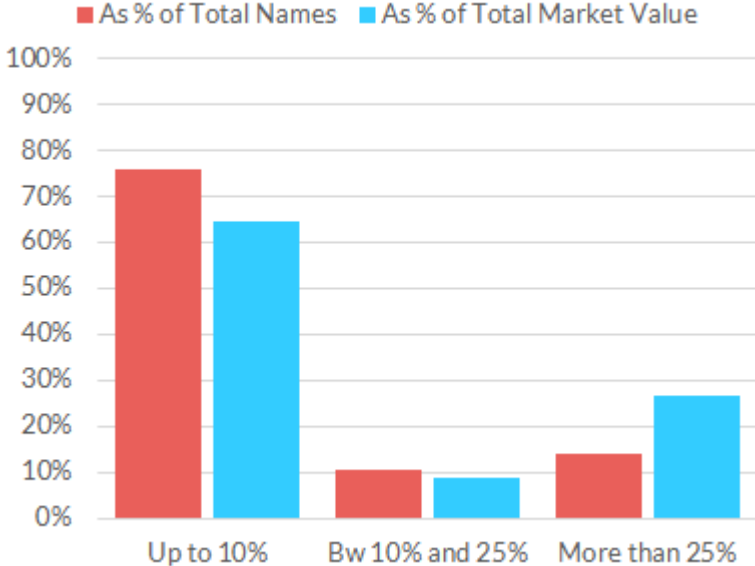
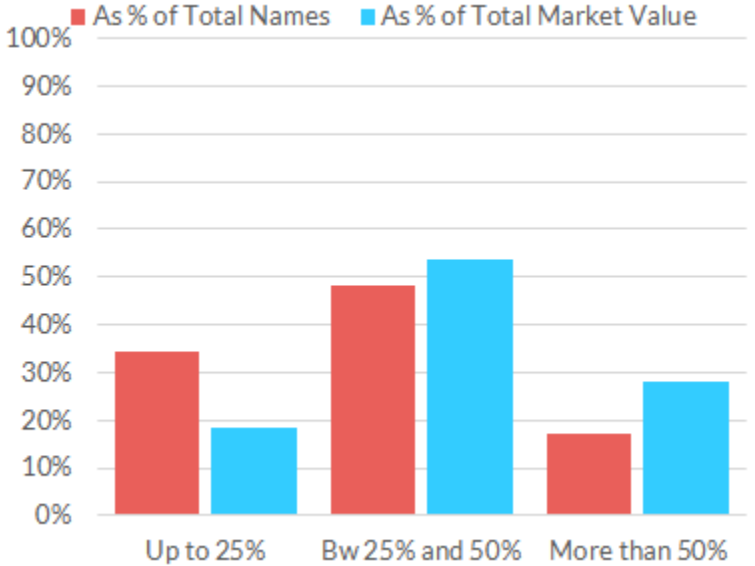
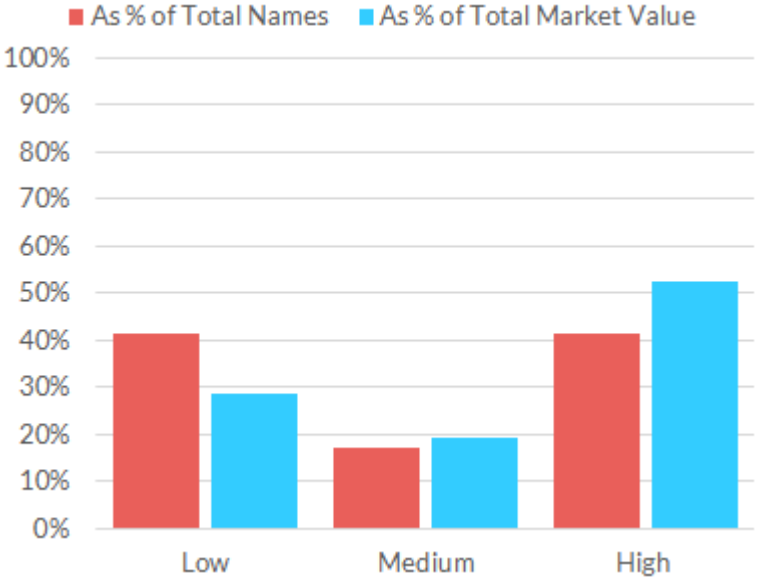
Jumping The Energy Hurdles

Change in Energy Prices (Index: January 2020 = 100)



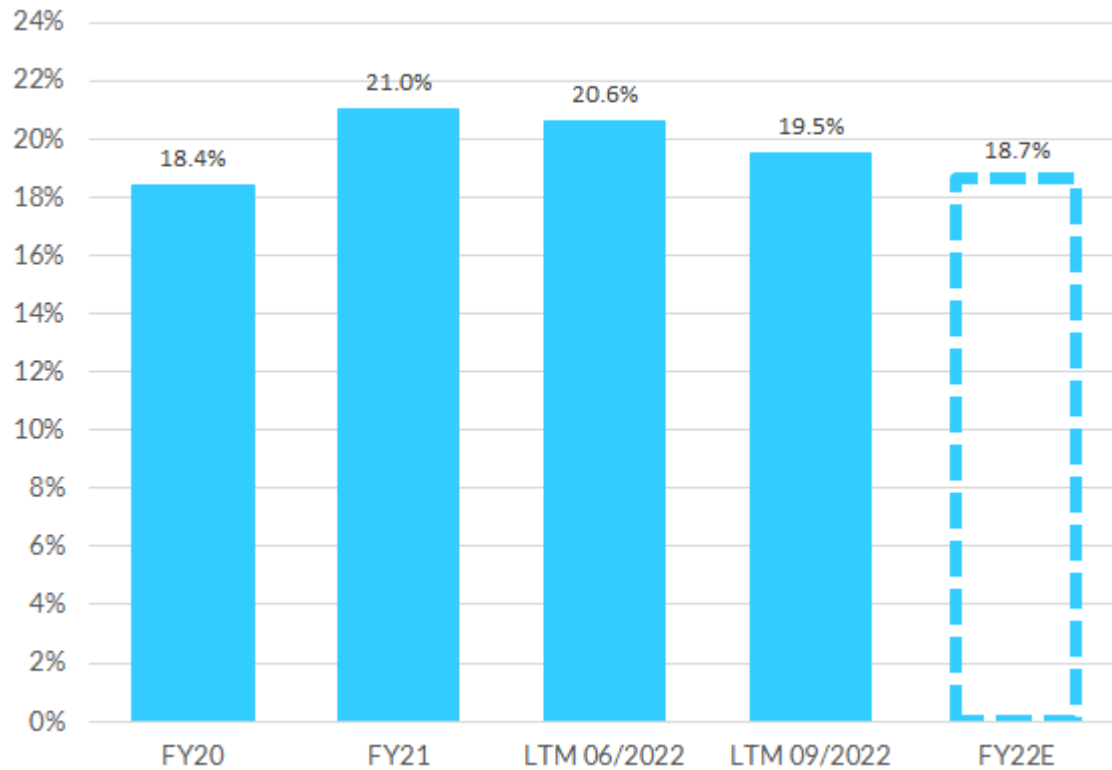
Watch Out For Exposure To Gas/Europe/Germany

Euro IG Chemicals: Dependence on Natural Gas, and Exposure to Europe and to Germany (As % of Total Assets)

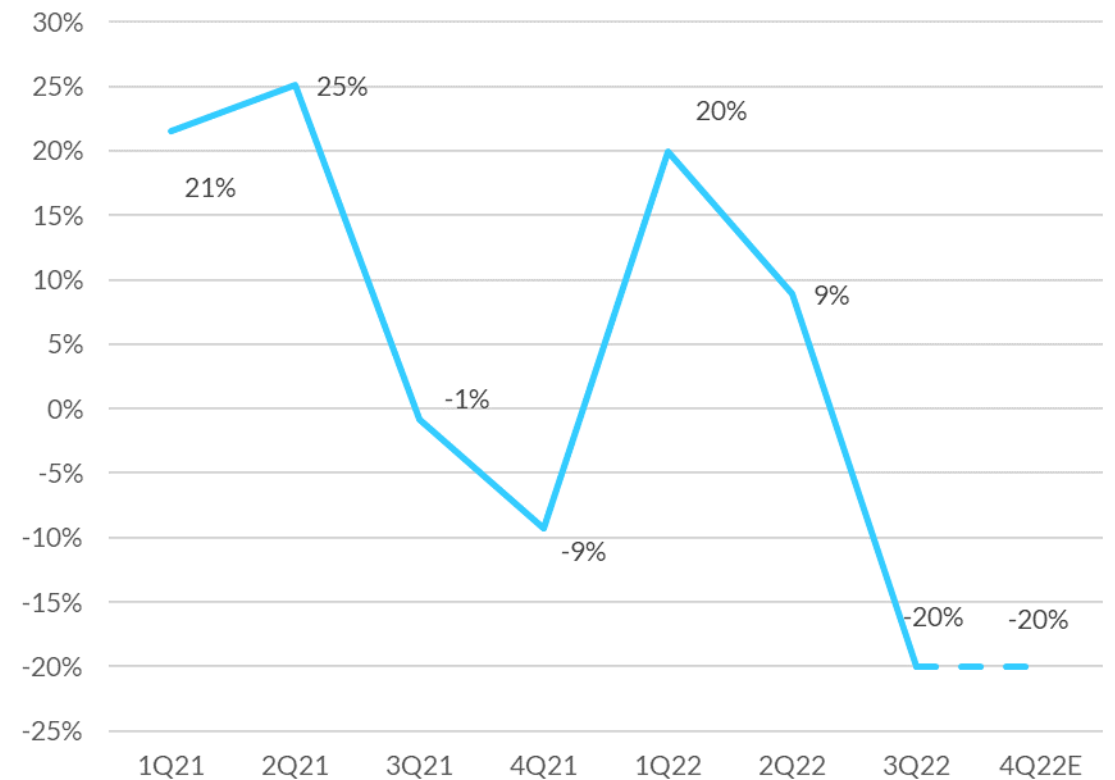


Declining Profitability (On A Strong Comparison Base)

European IG Chemicals: LTM EBITDA Margins (%)

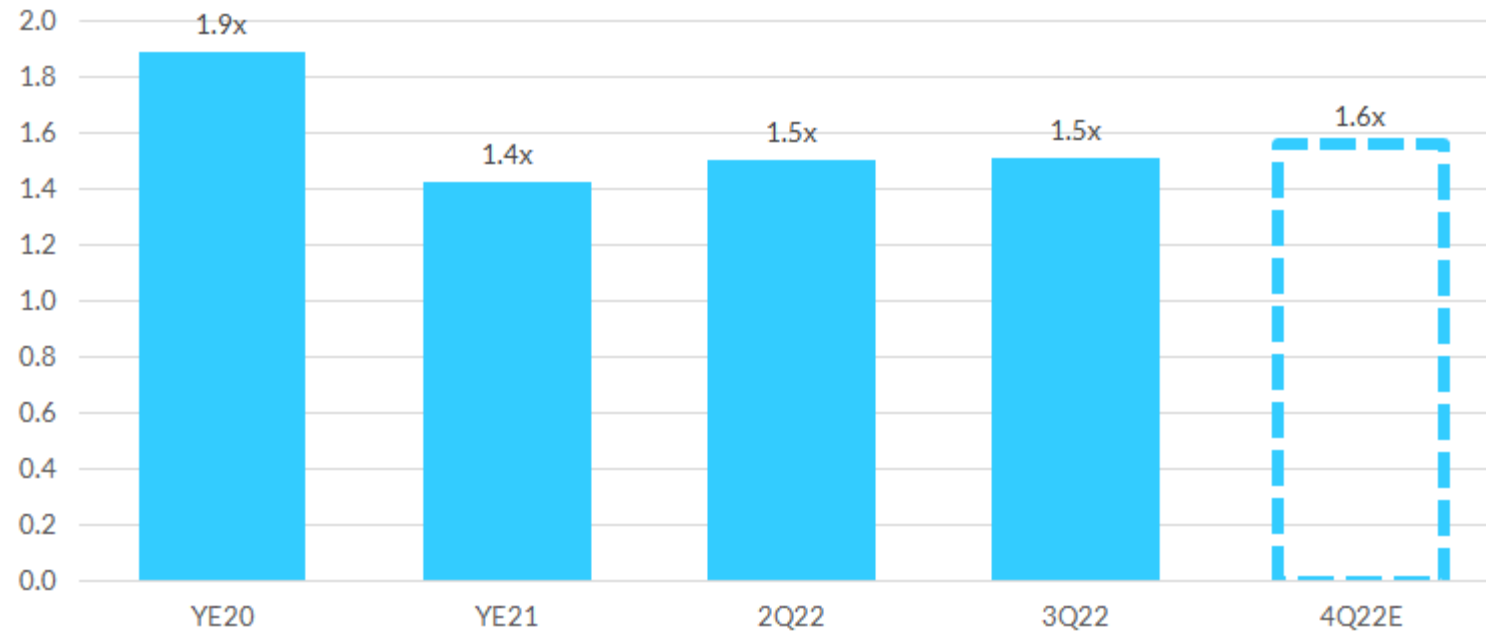


European IG Chemicals: Sequential Variation of EBITDA (QoQ)



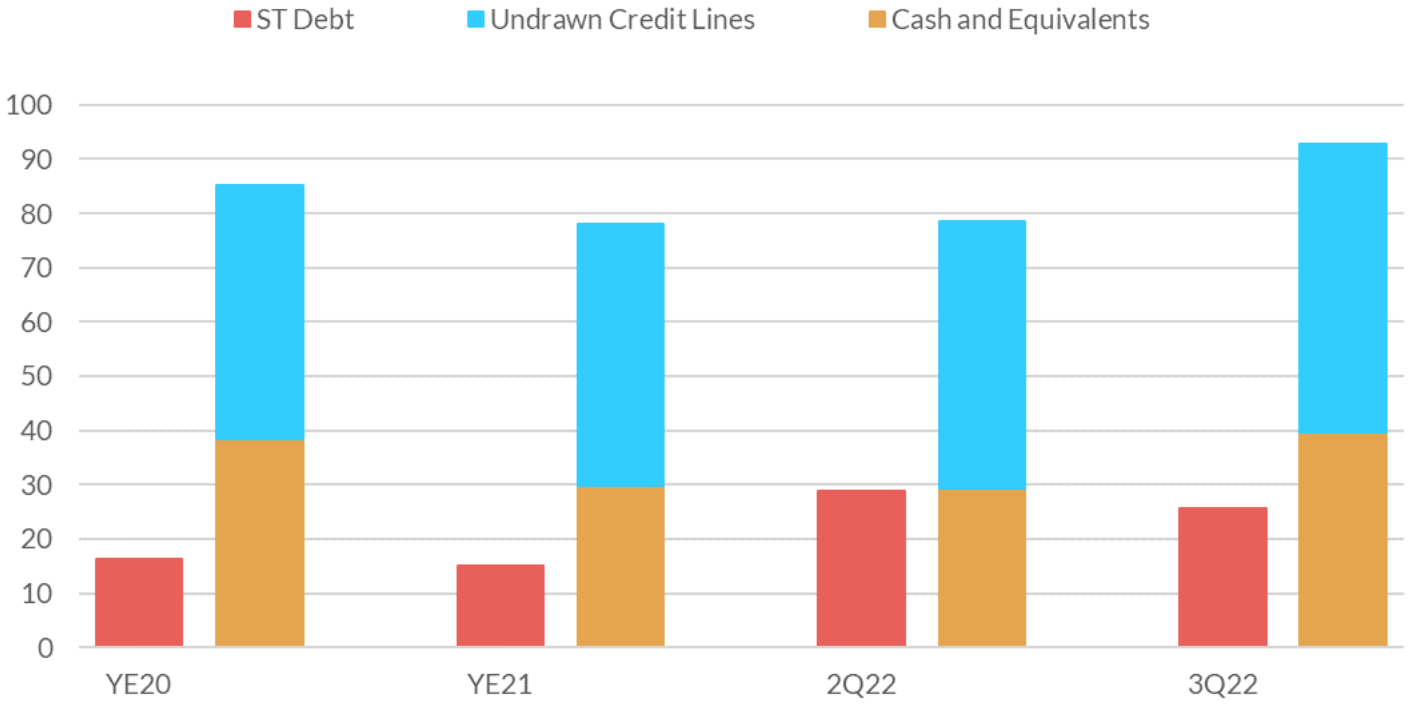
Expected Releveraging In 2023

European IG Chemicals: Net Leverage Metrics (YE20, YE21, 2Q22, 3Q22, 4Q22e)



Solid Liquidity Position, Manageable Refi Needs

European IG Chemicals: Net Liquidity, €bn (YE20, YE21, 2Q22, 3Q22)

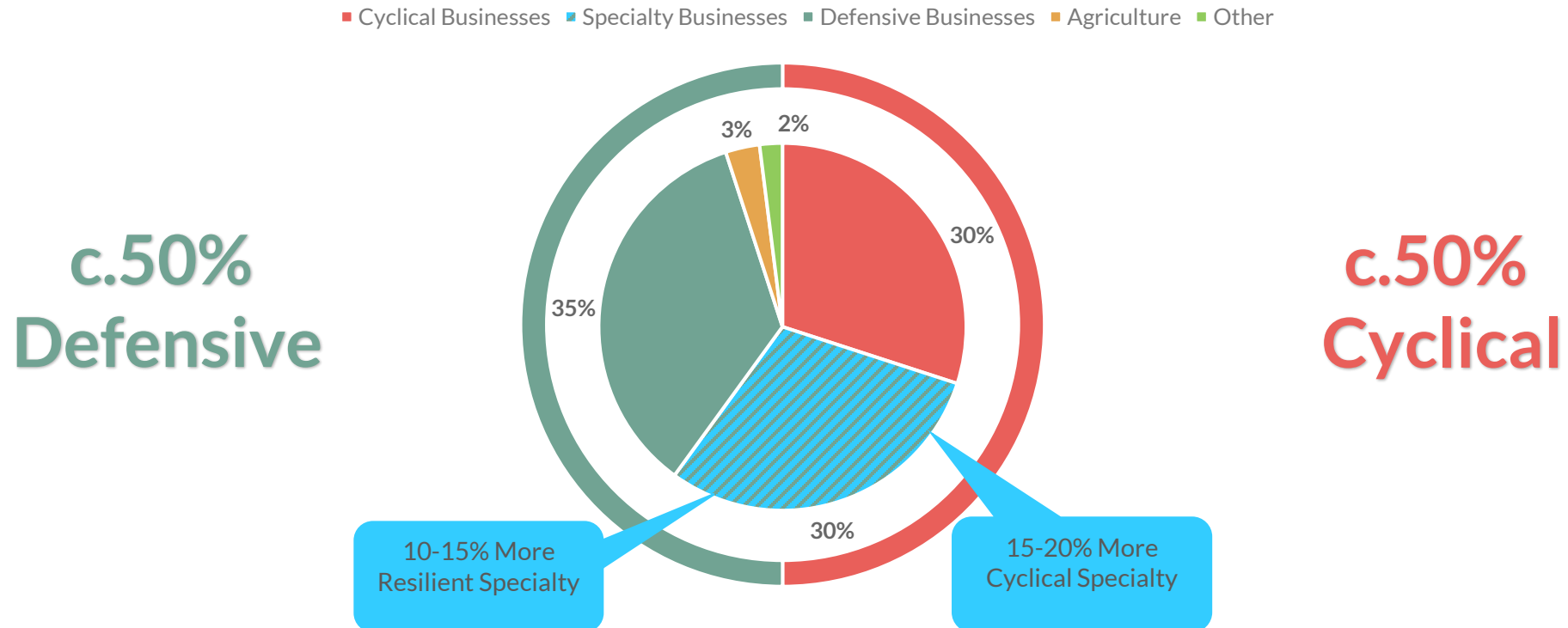


Relative Value: European IG Chems Is A Mixed Bag (1)

Sector Recommendation: Underperform

- 2% of the IG Index by Market Value
- 50% of Basic Industry by Market Value

European IG Chemicals: A Mix of More and Less Cyclical Businesses



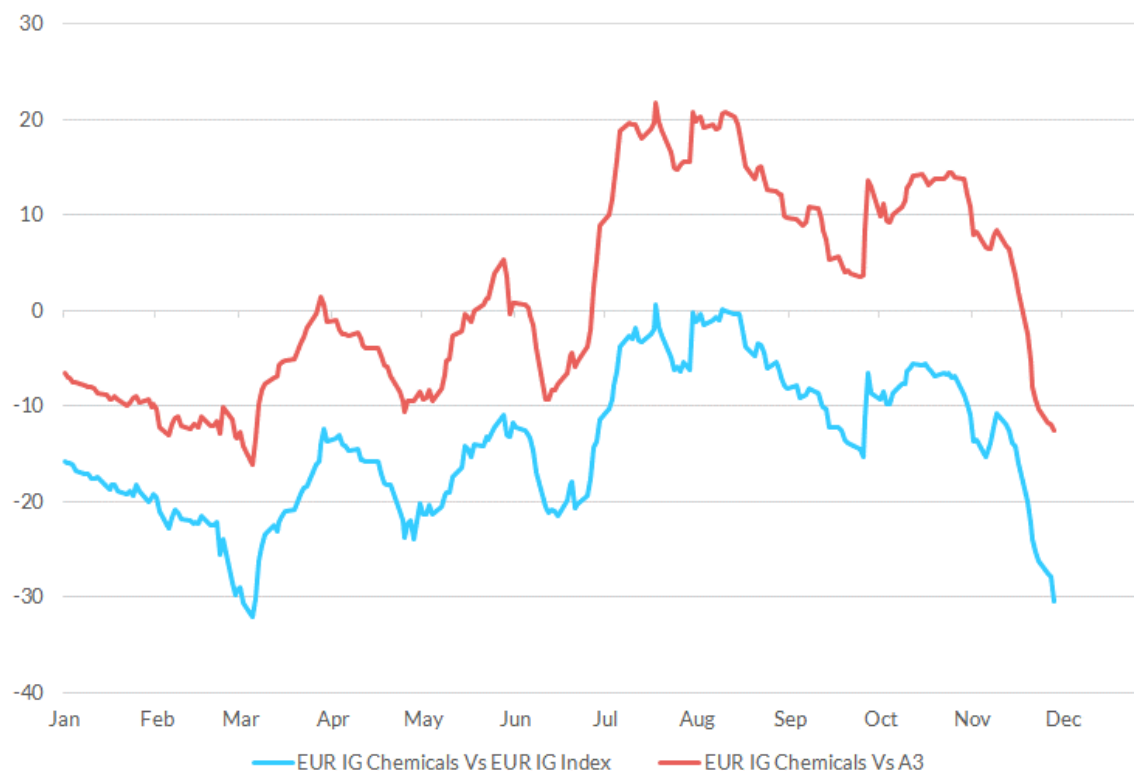
Relative Value: European IG Chems Is A Mixed Bag (2)

Sector Recommendation: Underperform

Excess Returns of European IG Chemicals, European IG Index, and A3 Grouping Since January 2022 (%)



Spreads Between European IG Chemicals and European IG Index & A3 Grouping Since January 2022 (OAS, bp)



Relative Value: Picks & Pans

Picks



- Attractive spreads offering risk compensation
- Positive backdrop in Agri
- Expected upgrade to IG level at Moody's

Pans



- More cyclical than their respective peers
- Higher exposure to gas supply risk and Germany

Fair Value



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