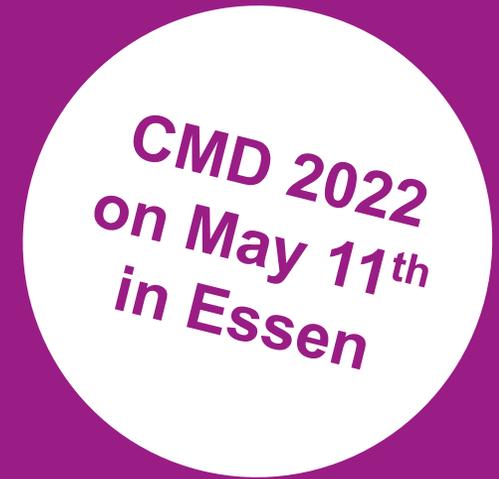


# Evonik

## Leading Beyond Chemistry

Q1 2022 Results

May 6<sup>th</sup>, 2022



# Evonik-specific drivers supporting strong Q1 performance

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**Adj. EBITDA of €735 m** (+25% yoy) clearly above expectations

**Drivers of strong Q1 performance:** Nutrition & Care with 9<sup>th</sup> quarter of resilient yoy growth;  
Performance Materials working as natural hedge against higher oil prices

Positive effect from own price increases further ramping up (>€750 m after ~€600 m in Q4 2021),  
**again overcompensating variable cost increases on Group level**

**FCF (€133 m) burdened by further outflow for NWC**  
as a result of continued cost inflation and higher safety stock levels to prepare for potential supply chain challenges

**Outlook** of adj. EBITDA between €2.5 and 2.6 bn **confirmed**

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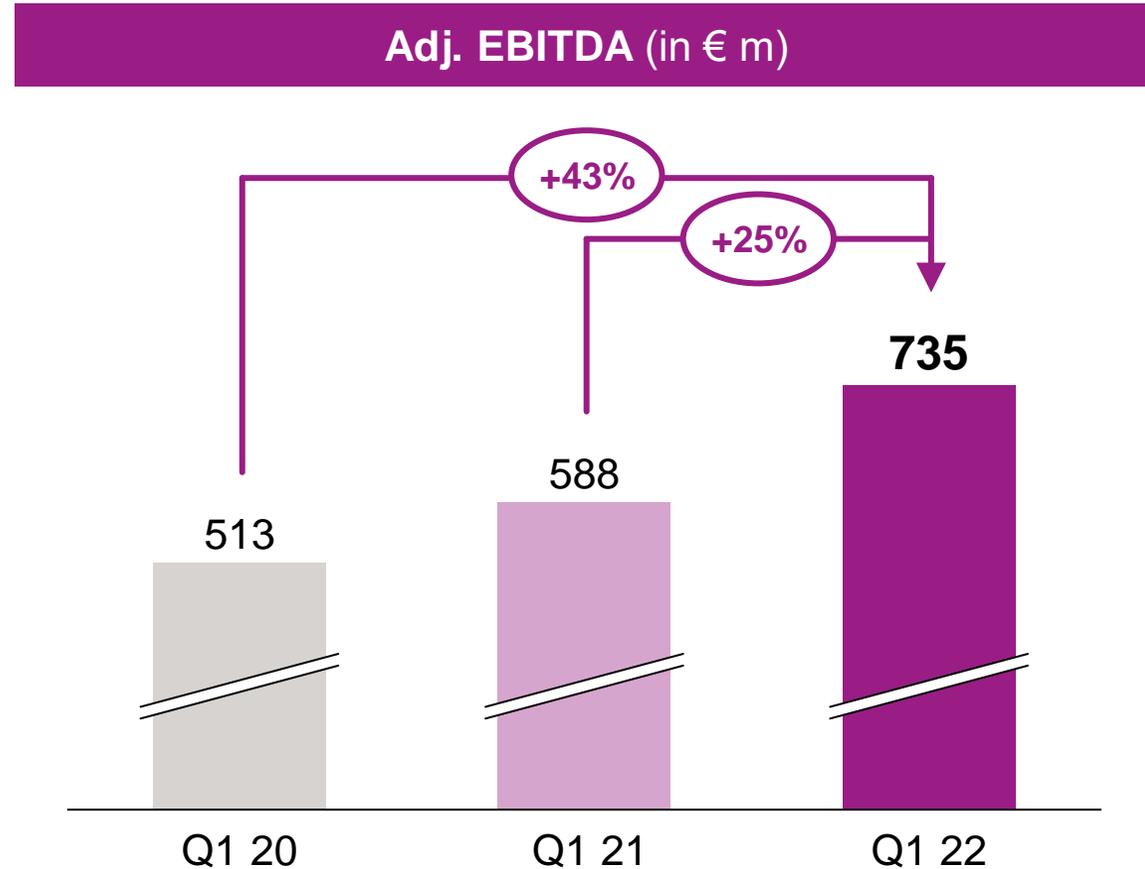
**1. Financial performance Q1 2022**

2. Outlook FY 2022

## Q1 2022 results at a glance

Sales (in € m)	Adj. EBITDA (in € m)	Free cash flow (in € m)	Adj. EPS (in €)
<b>4,498</b> (Q1 2021: 3,358)	<b>735</b> (Q1 2021: €588 m)	<b>133</b> (Q1 2021: €312 m)	<b>0.76</b> (Q1 2021: 0.51 €)
Strong increase driven by further accelerating prices (+22%) and solid volume growth (+4%)	Strong performance in Nutrition & Care and Performance Materials	Significantly higher NWC outflow (yoy) mainly due to higher inventories and receivables	Supported by both improved financial result and lower adj. tax rate

# Adj. EBITDA Q1 2022

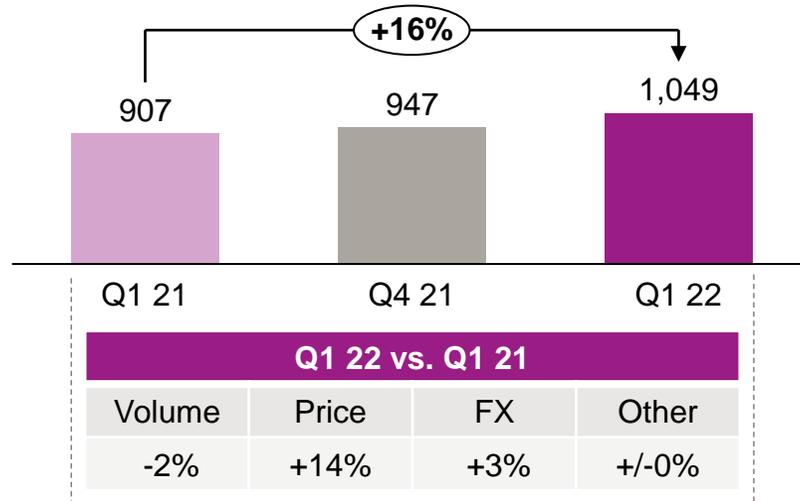


- **Strong start** into the year, **double-digit growth** yoy
- **Notably higher prices** continue to overcompensate increase in variable costs on Group level
- Higher adj. EBITDA driven by:
  - Nutrition & Care with 9<sup>th</sup> quarter of resilient yoy growth
  - Performance Materials working as natural hedge against higher oil prices
- Earnings temporarily supported by inventory revaluation effects

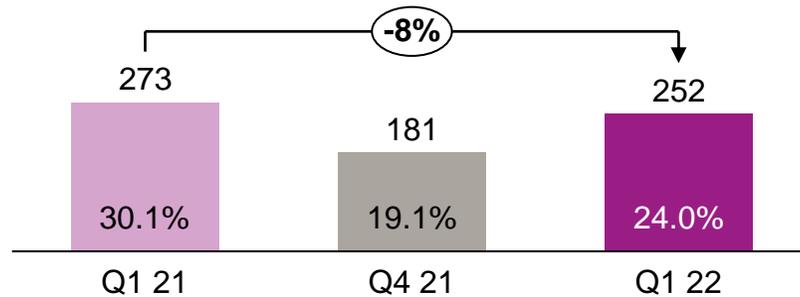
Solid basis for **FY 2022 growth aspirations**

# Specialty Additives

**Sales**  
(in € m)



**Adj. EBITDA**  
(in € m)  
**/ margin**  
(in %)



- Q1 with robust underlying demand across key end markets
- Volumes down slightly against very strong comparables (Q1 2021: +10%), limited by ongoing raw material and logistics constraints
- Pricing campaigns accelerating further: +14% in Q1 following +10% in Q4 and +7% in Q3
- Gap between prices and variable costs closed in Q1; another round of price increases needed to compensate for further cost increases
- Margin notably below extraordinarily high prior year due to
  - very high logistics costs to maintain product deliveries to key customers
  - technical margin dilution in inflationary environment

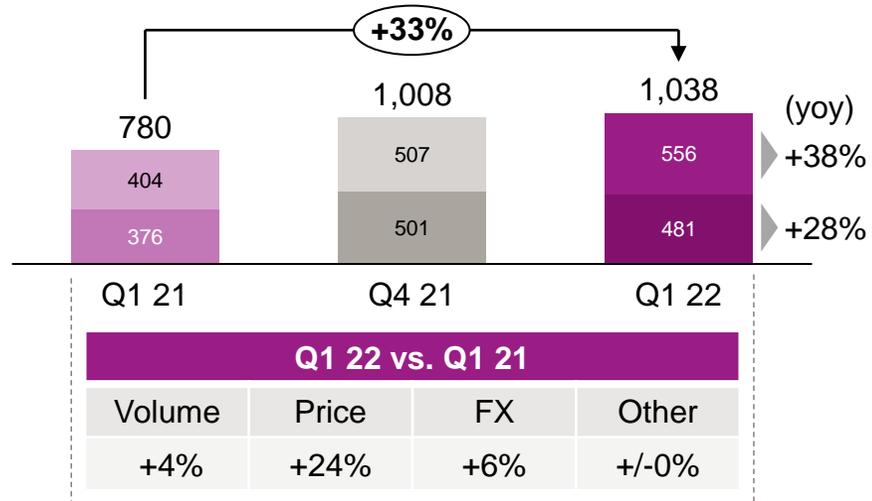


# Nutrition & Care

## Sales

(in € m)

Animal Nutrition  
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Health & Care

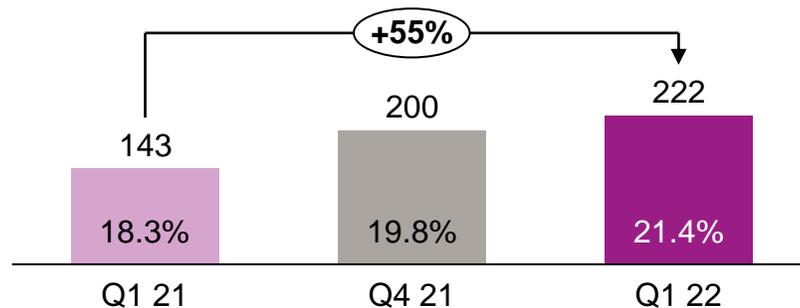


## Adj. EBITDA

(in € m)

## / margin

(in %)



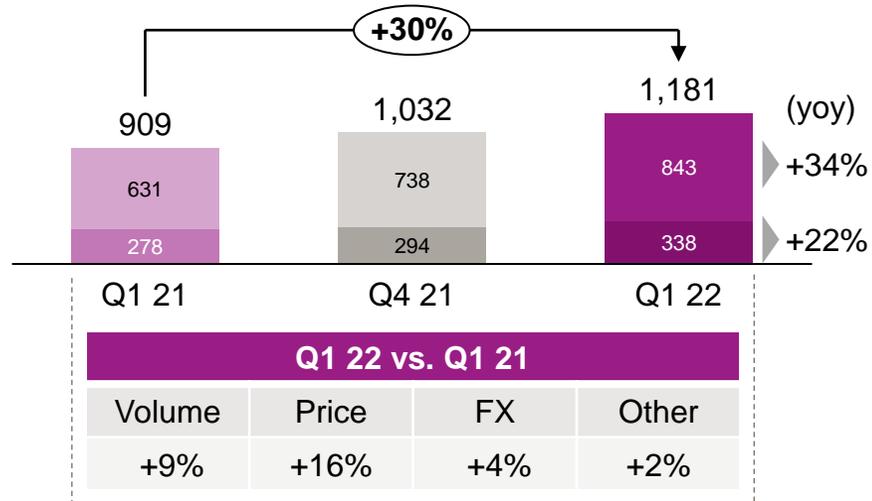
- Health & Care with double-digit EBITDA growth, driven by strong position and contracted sales in active cosmetics ingredients as well as healthy demand for drug delivery systems
- Animal Nutrition benefitting from another quarter of rising amino acid prices due to
  - global supply chain disruptions and
  - push in supplementation of methionine and lysine in animal feed diet formulations due to high soft commodity prices (e.g. corn)
- Further sequential earnings growth in NC expected for Q2



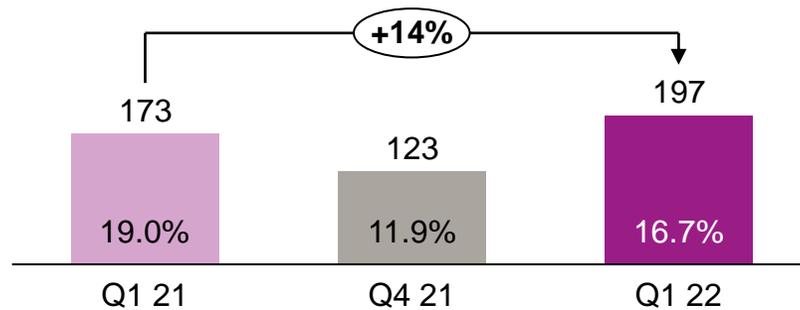
# Smart Materials

## Sales (in € m)

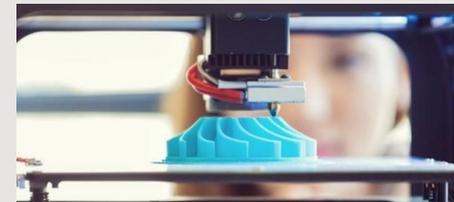
Inorganics  
---  
Polymers



## Adj. EBITDA (in € m) / margin (in %)

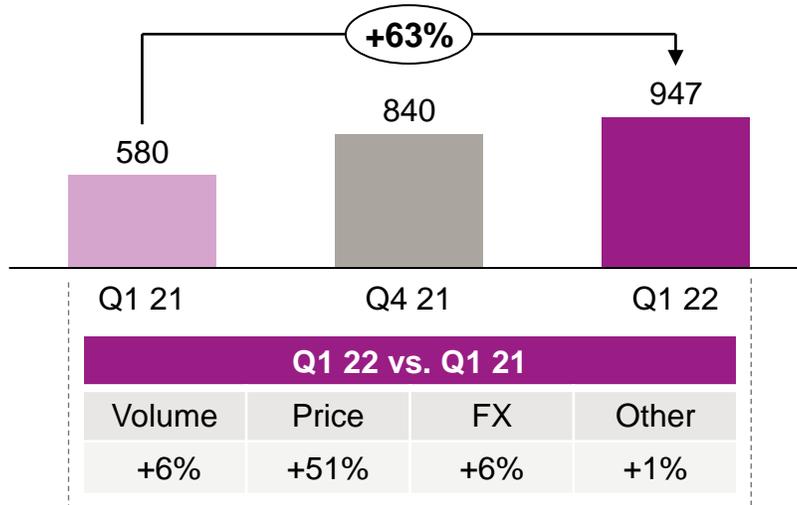


- Double-digit EBITDA growth, driven by strong volume increase with all businesses contributing
- “Eco-Solutions“ (e.g. H2O2 specialties and catalysts) with positive developments
- Pricing campaigns accelerating further: +16% in Q1 following +10% in Q4 and +6% in Q3
- Higher selling prices compensating increasing variable costs – another round of price increases necessary to compensate for further variable cost increases
- Polyamide 12 impacted by higher fixed costs for new plant in Marl

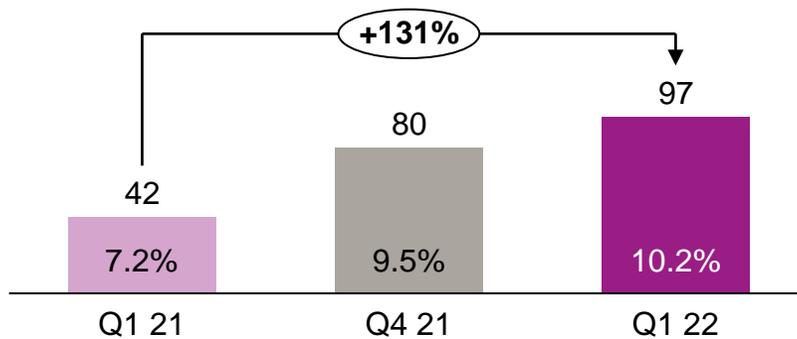


# Performance Materials

**Sales**  
(in € m)



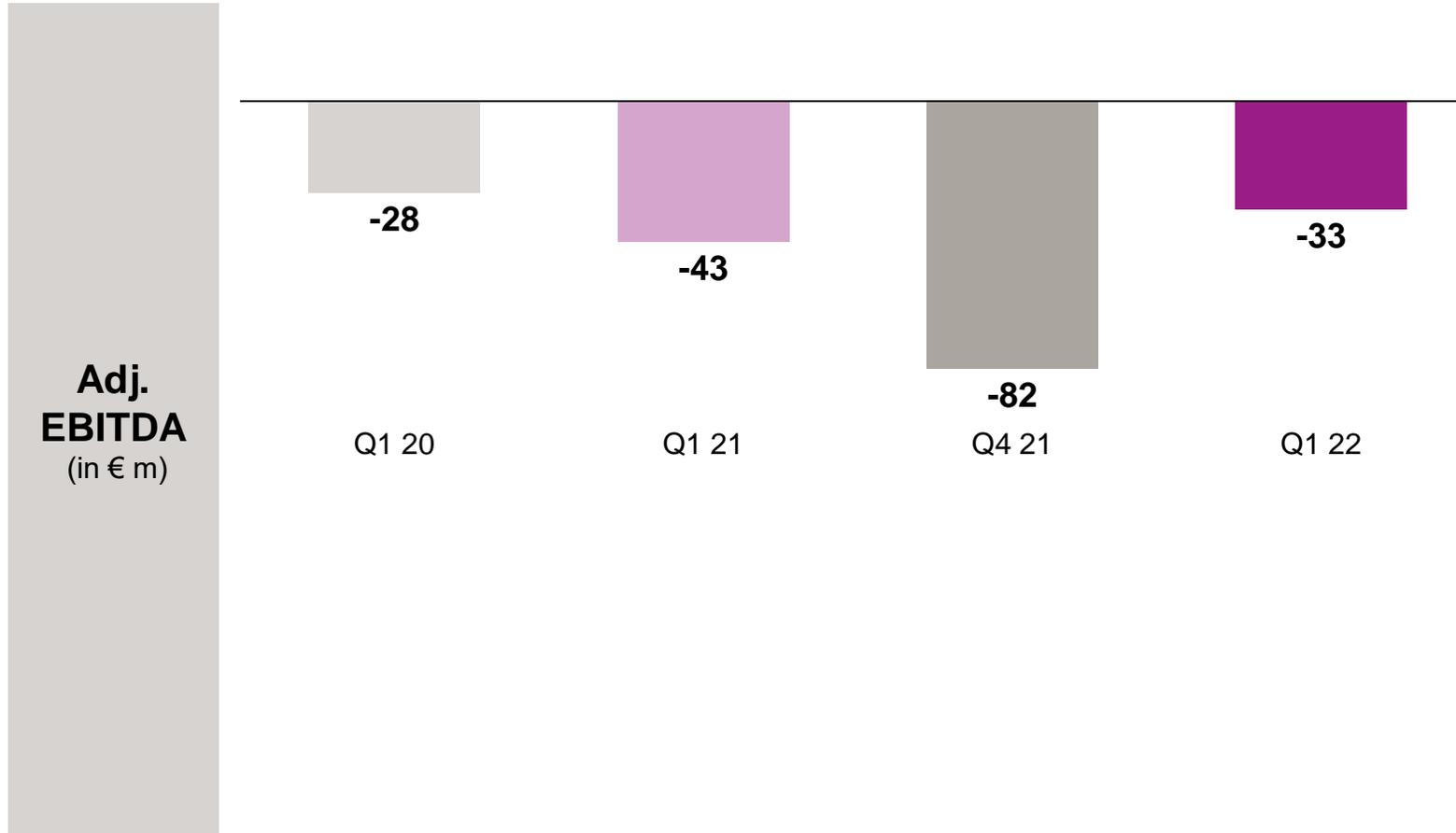
**Adj. EBITDA / margin**  
(in € m)  
(in %)



- C4 chain with balanced to tight markets and healthy spreads across nearly all products
- Naphtha-factor based pricing working as natural hedge against higher oil prices
- Baby Care with improved contract pricing on the back of implemented price increases



# Technology & Infrastructure (T&I)/Other

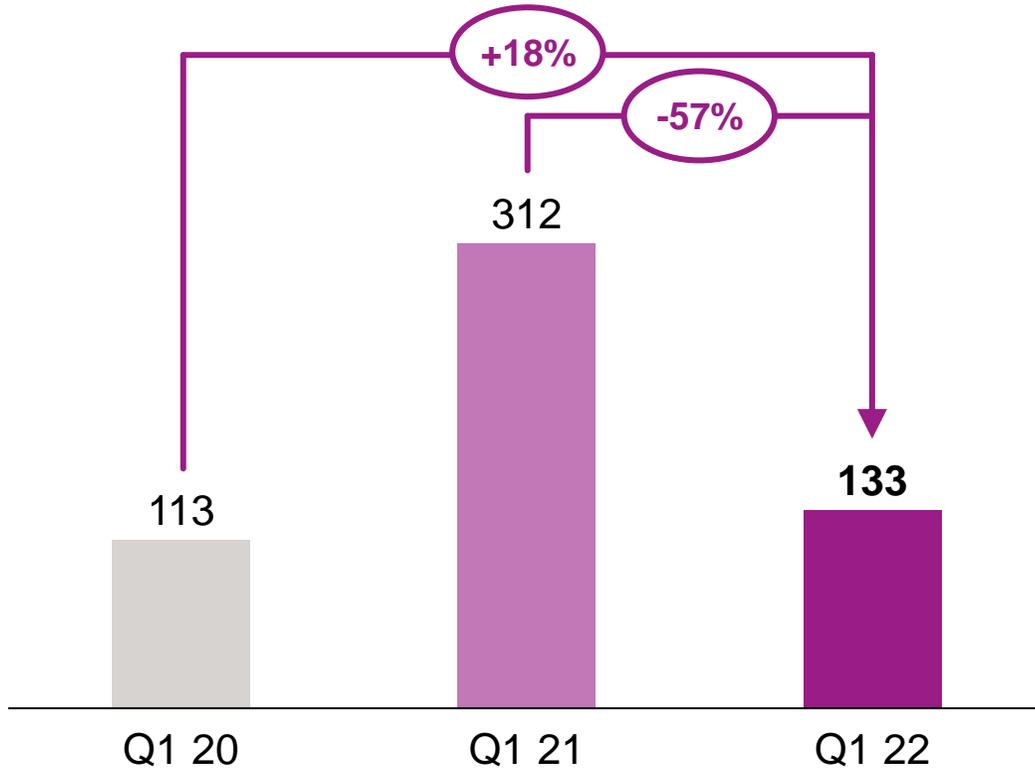


- yoy improvement due to
  - lower personnel-related provisions
  - last year's Q1 with negative weather impact of ~€10 m



# Free Cash Flow Q1 2022

## Free Cash Flow (in € m, continuing operations)



- **Q1 FCF** impacted by significantly higher NWC outflow yoy (-€490 m vs -€177 m in Q1 2021)
- Increased raw material prices resulting in
  - Higher inventories (valuation)
  - Higher receivables (increased sales base)
- Additionally higher inventory levels due to
  - more goods in transit
  - higher level of safety stocks
  - preparation for maintenance shutdowns in Q2

- Prior year's very strong FCF generation supported by low outflows for NWC and taxes

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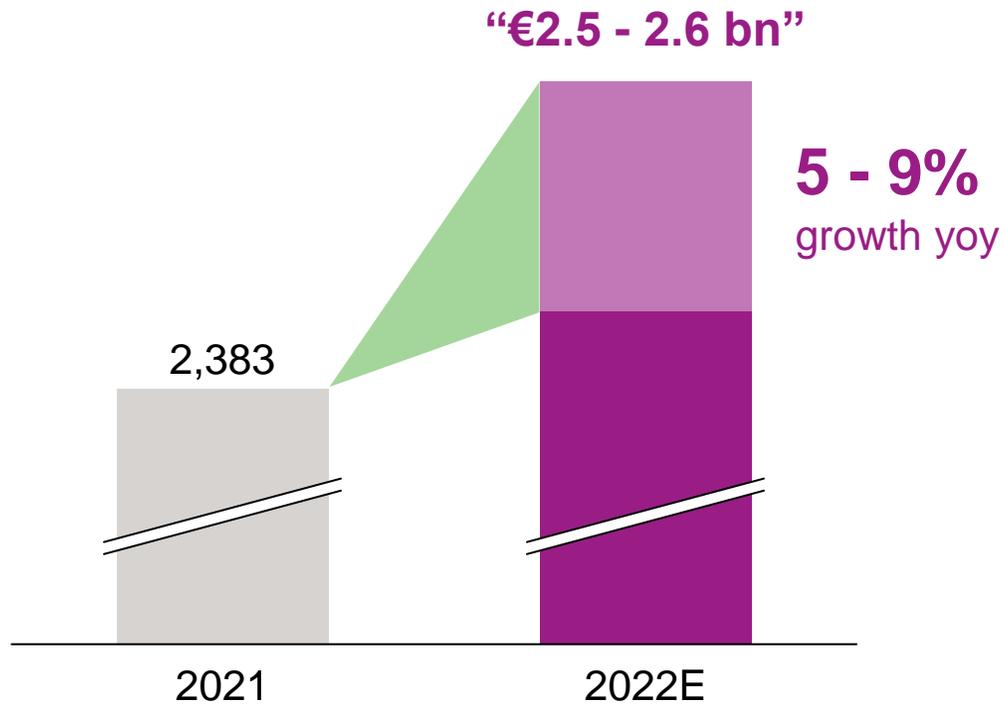
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1. Financial performance Q1 2022

**2. Outlook FY 2022**

# Outlook for FY 2022 confirmed

“Adj. EBITDA between €2.5 and 2.6 bn”



## Basis for the outlook

- GDP growth expectation lowered to 3.3% (from 4.2%)
- Assuming a macro slowdown in 2<sup>nd</sup> half of the year
- However no further deterioration of geopolitical situation and a stable oil and gas supply out of Russia

## Sales

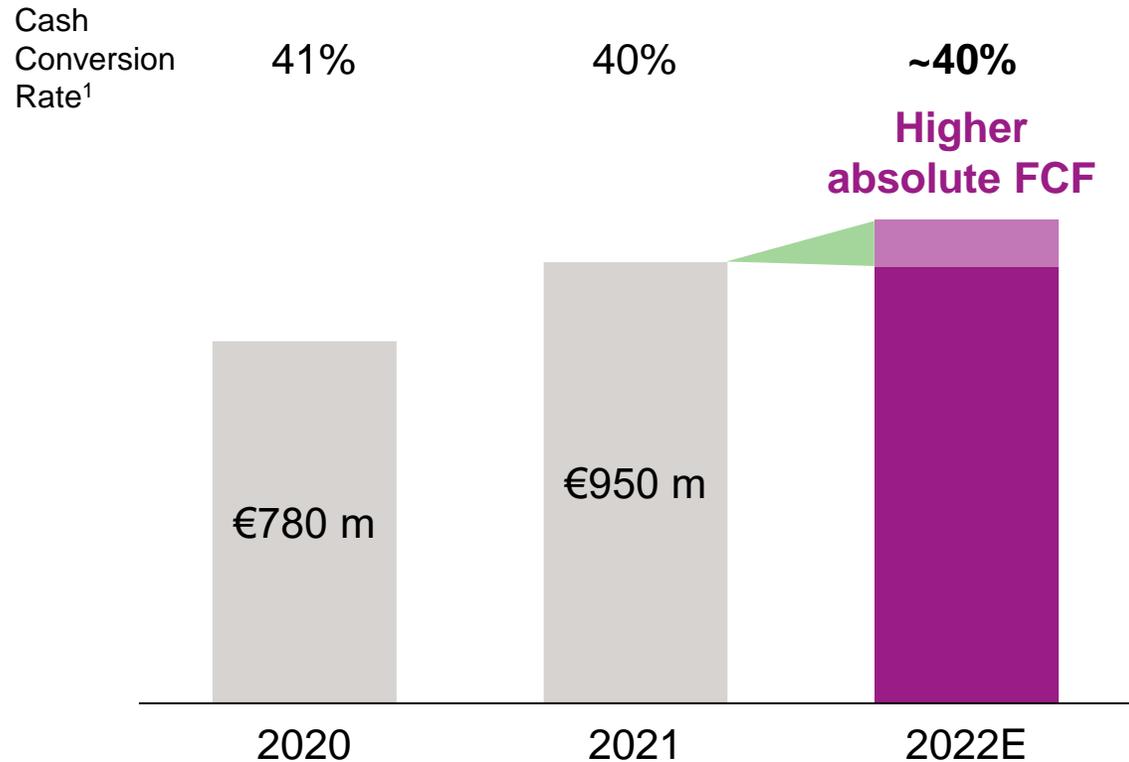
between €15.5 and 16.5 bn  
(unchanged; FY 2021: €15.0 bn)

## Adj. EBITDA

between €2.5 and 2.6 bn  
(unchanged; FY 2021: €2,383 m)

# Outlook for FY 2022 confirmed

“Stable FCF conversion around 40%”



1. Free cash flow conversion (FCF/adj. EBITDA)

## Positives

- Higher **adj. EBITDA**
- Continued **capex** discipline despite inflationary environment

## Challenges

- FCF outlook is based on the targeted reduction of the currently higher NWC levels throughout the year, resulting in **yoy lower NWC outflow**
- Higher **bonus payments** (outflow in Q2)

# Capital Markets Day

Essen, Germany  
11 May 2022

The event is taking place in a hybrid format.  
We would appreciate to welcome you in person at our headquarters in Essen.

For joining the webcast, please note that you have to register for the event in advance to receive a password. To sign up, please visit our IR website ([link here](#)).

## Agenda for the day

11.00 am CET **Registration**

12.00 am CET **Start of event**

**Presentations of the four board members**

**Christian Kullmann**

**Strategy**

**Harald Schwager**

**Innovation**

**Thomas Wessel**

**Sustainability**

**Ute Wolf**

**Financials**

01.00 pm CET **Q&A**

02.00 pm CET **End**



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## Additional indications for FY 2022 (all unchanged)

<b>Sales</b>	<b>between €15.5 and 16.5 bn</b> (unchanged; 2021: €15.0 bn)
<b>ROCE</b>	<b>slightly above the level of 2021</b> (unchanged; 2021: 9.0%)
<b>Capex<sup>1</sup></b>	<b>around €900 m</b> (unchanged; 2021: €865 m)
<b>EUR/USD sensitivity<sup>2</sup></b>	+/-1 USD cent = <b>-/+ ~€6 m</b> adj. EBITDA (FY basis)
<b>Adj. EBITDA T&amp;I/Other</b>	<b>considerably less negative than prior year level</b> (unchanged; 2021: -€221 m)
<b>Adj. D&amp;A</b>	<b>slightly above the level of 2021</b> (unchanged; 2021: €1,045 m)
<b>Adj. net financial result</b>	<b>slightly less negative than 2021</b> (unchanged; 2021: -€97 m)
<b>Adj. tax rate</b>	<b>around</b> long-term sustainable level of <b>~30%</b> (unchanged; FY 2021: 28%); higher compared to previous years, amongst others due to changes in international tax legislation

1. Cash outflow for investment in intangible assets, pp&e | 2. Including transaction effects (after hedging) and translation effects; before secondary / market effects

# Adjusted income statement Q1 2022

in € m	Q1 2021	Q1 2022	Δ in %
<b>Sales</b>	<b>3,358</b>	<b>4,498</b>	<b>+34</b>
<b>Adj. EBITDA</b>	<b>588</b>	<b>735</b>	<b>+25</b>
Depreciation & amortization	-252	-263	
<b>Adj. EBIT</b>	<b>336</b>	<b>472</b>	<b>+40</b>
Adj. net financial result	-21	-12	
D&A on intangible assets	36	41	
<b>Adj. income before income taxes</b>	<b>351</b>	<b>501</b>	<b>+43</b>
Adj. income tax	-106	-141	
<b>Adj. income after taxes</b>	<b>245</b>	<b>360</b>	<b>+47</b>
Adj. non-controlling interests	-6	-4	
<b>Adj. net income</b>	<b>239</b>	<b>356</b>	<b>+49</b>
<b>Adj. earnings per share</b>	<b>0.51</b>	<b>0.76</b>	
Adjustments	-28	-16	

## Adj. net financial result (-€12 m)

- Higher interest income (higher discount rate on other provisions) and lower interest expense (lower rate on green hybrid bond)

## Adj. tax rate (28%)

- Slightly below prior year (Q1 2021: 30%)
- And slightly below FY guidance of 30%

## Adjustments (-€16 m)

- Acquisitions (-€2 m): Integration PeroxyChem
- Other (-€14 m): Accounting of energy derivatives; termination of a project in Russia

# Cash flow statement Q1 2022

in € m	Q1 2021	Q1 2022
Income before financial result and income taxes (EBIT)	308	456
Depreciation and amortization	251	264
Δ Net working capital	-177	-490
Change in provisions for pensions & other post-employment benefits	25	21
Change in other provisions	47	66
Change in miscellaneous assets/liabilities	67	34
Cash outflows from income taxes	-35	-52
Others	8	10
<b>Cash flow from operating activities</b> (continuing ops.)	<b>494</b>	<b>309</b>
Cash outflows for investment in intangible assets, pp&e	-182	-176
<b>FCF</b>	<b>312</b>	<b>133</b>
<b>Cash flow from investing activities</b> (continuing ops.)	<b>-53</b>	<b>-190</b>
<b>Cash flow from financing activities</b> (continuing ops.)	<b>-73</b>	<b>65</b>

## CF from operating activities (€309 m)

- Higher raw material prices main reason for significantly higher NWC outflow yoy
- Higher inventories (valuation, but also goods in transit, safety stock and preparation for shutdowns) and higher receivables (increased sales base)

## CF from investing activities (-€190 m)

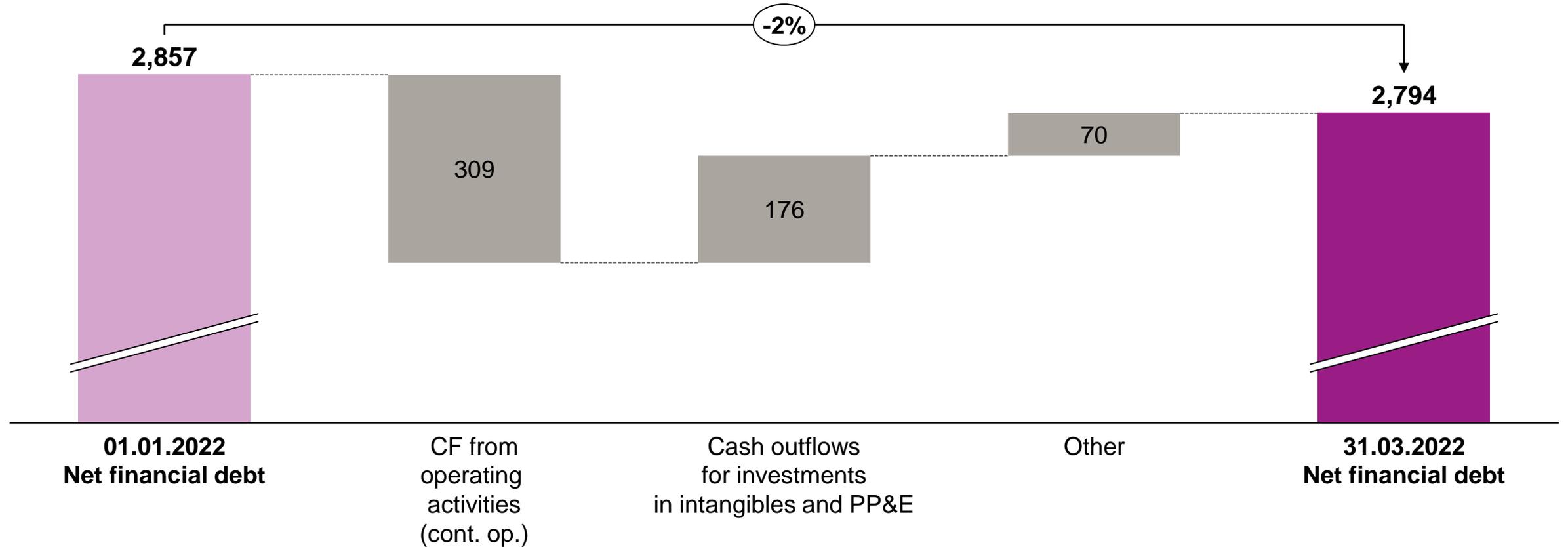
- Prior year benefitted from inflow from sale of securities in special funds

## CF from financing activities (€65 m)

- Inflow from commercial paper issuance

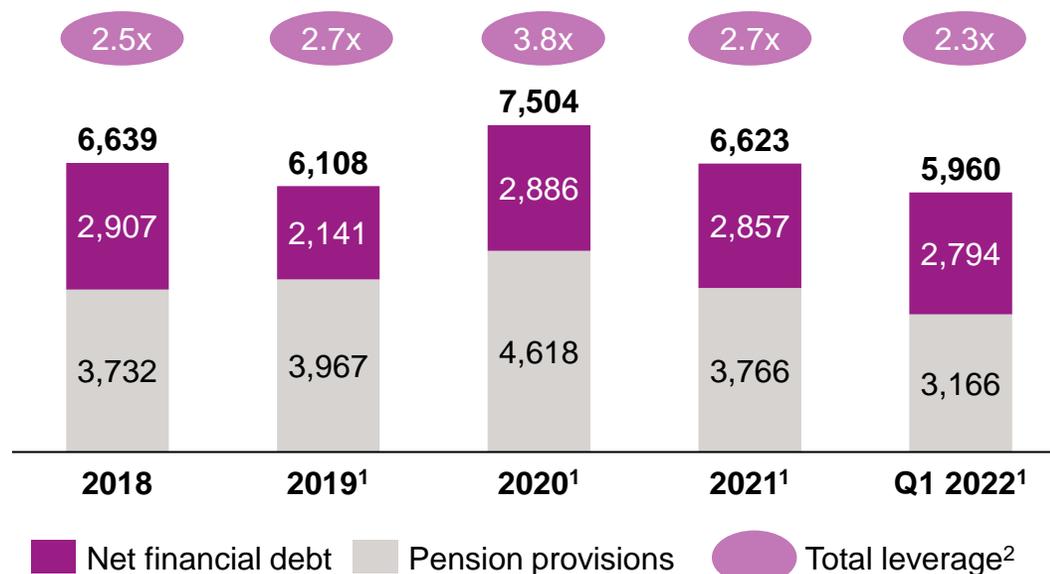
# Net financial debt development Q1 2022

(in € m)



# Development of debt and leverage over time

(in € m)



<b>Adj. net debt<sup>3</sup></b>	6,389	5,858 <sup>1</sup>	7,254 <sup>1</sup>	6,373 <sup>1</sup>	5,710 <sup>1</sup>
<b>Adj. EBITDA (last 12 months)</b>	2,601	2,153 <sup>1</sup>	1,906 <sup>1</sup>	2,383 <sup>1</sup>	2,530 <sup>1</sup>
<b>German pension discount rate (%)</b>	2.00	1.30	0.90	1.30	1.90

1. Continuing operations (excluding methacrylate activities) | 2. Adj. net debt / adj. EBITDA |  
 3. Net financial debt – 50% hybrid bond + pension provisions | 4. (Net financial debt – 50% hybrid bond) / adj. EBITDA

## Net financial debt (€2,794 m)

- Slight reduction of net financial debt versus year-end 2021
- Low net financial debt leverage at 1.0x<sup>4</sup>

## Pension provisions (€3,166 m)

- Majority of net debt consists of long-dated pension obligations with >18 years duration
- Lower pension provisions from notable increase of pension discount rates (German pension discount rate increase from 1.3% to 1.9%)
- Pension provisions partly balanced by corresponding deferred tax assets of ~€1.3 bn

## Divisional overview by quarter

Sales (in € m)	FY 2020	Q1/21	Q2/21	Q3/21	Q4/21	FY 2021	Q1/22
Specialty Additives	3,225	907	922	934	947	3,710	1,049
Nutrition & Care	2,992	780	838	931	1008	3,557	1,038
Smart Materials	3,235	909	975	1,002	1,032	3,918	1,181
Performance Materials	1,983	580	708	784	840	2,911	947
Services, Corporate & Others	764	182	193	220	264	859	283
<b>Evonik Group</b>	12,199	<b>3,358</b>	3,636	3,871	4,091	14,955	<b>4,498</b>

Adj. EBITDA (in € m)	FY 2020	Q1/21	Q2/21	Q3/21	Q4/21	FY 2021	Q1/22
Specialty Additives	857	273	242	224	181	920	252
Nutrition & Care	560	143	183	192	200	717	222
Smart Materials	529	173	176	177	123	650	197
Performance Materials	88	42	99	97	80	317	97
Services, Corporate & Others	-128	-43	-51	-45	-82	-221	-33
<b>Evonik Group</b>	1,906	<b>588</b>	649	645	502	2,383	<b>735</b>

# Upcoming IR events

## Conferences & Roadshows

<b>May 12, 2022</b>	Virtual European Materials Conference (JPM)
<b>May 16, 2022</b>	Roadshow London (Barclays)
<b>May 17, 2022</b>	Best of Europe Conference (UBS)
<b>May 18, 2022</b>	Chemical Conference (Citi)
<b>May 24, 2022</b>	dbAccess German Corporate Conference (Deutsche Bank)
<b>June 2, 2022</b>	Roadshow Frankfurt (Oddo)
<b>June 15, 2022</b>	European CEO Conference (Exane)

## Upcoming Events & Reporting Dates

<b>May 11, 2022</b>	Capital Markets Day
<b>May 25, 2022</b>	Annual General Meeting
<b>August 10, 2022</b>	Q2 2022 reporting
<b>November 8, 2022</b>	Q3 2022 reporting

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