

Evonik Group (continuing operations)

in € million	Q1 2019	Q1 2020	yoy Δ%	Q4 2019	Q1 2020	qoq Δ%	Q1 2020
							Consensus*
External sales	3,287	3,243	-1%	3,284	3,243	-1%	3,279
Volume (%)			-1%				0%
Price (%)			-2%				-2%
Exchange Rates (%)			0%				0%
Other effects (%)			2%				2%
Adjusted EBITDA	539	513	-5%	505	513	2%	506
Adjusted EBITDA Margin (%)	16.4%	15.8%	-0.6 pp	15.4%	15.8%	0.4 pp	15.6%
Adjusted EBIT	315	273	-13%	253	273	8%	271
Adjustments	-19	-26		-1	-26		
EBIT	296	247	-17%	252	247	-2%	
Adjusted net income	249	181	-27%	231	181	-22%	192
Adjusted earnings per share in €	0.53	0.39	-27%	0.50	0.39	-22%	0.41
Capex (cash-out)	175	184	5%	313	184	-41%	
Net financial position (as of Dec. 31)		-2,778		-2,141	-2,778	30%	
Cash flow from operating activities, cont. ops.	334	297	-11%	496	297	-40%	
Free cash flow, cont. ops.	159	113	-29%	300	113	-62%	

* Vara Consensus 20 April 2020

Highlights

Solid Q1 2020 performance

- Solid start especially in growth segments Nutrition & Care and Resource Efficiency
- Q1 2020 adj. EBITDA at €513 m (Q1 2019: €539 m); FCF clearly positive at €113 m (Q1 2019: €159 m)

Managing the corona situation proactively:

- All larger plants up and running and supply chains broadly intact
- Strong liquidity position and high financial flexibility
- Measures to preserve cash in place on all levels

Outlook 2020 adjusted to reflect three scenarios for economic recovery in 2020

- Adj. EBITDA range between €1.7 to 2.1 bn; stable FCF conversion expected
- Q2 adj. EBITDA expected at around €400 m
- Dividend of €1.15 for 2019 confirmed: 1st half to be paid on 2 June, 2nd half after virtual AGM (31 August)

Group business development Q1 2020

- Sales decreased by -1% to €3,243 m (Q1 2020: €3,287 m)
 - Slight volume decline (-1%) on group level; NC (+1%) with positive volumes; Ongoing weaker market environment for auto & coatings businesses leading to decline in RE (-3%); Difficult market environment and lower demand for petrochemical derivatives in PM (-5%)
 - Prices negative (-2%); broadly stable in RE (-1%); lower in NC (-3%; mainly Baby Care-related) and PM (-5% due to significantly lower naphtha price)
- Adj. EBITDA of €513 m; -5% yoy (Q1 2020: €539 m)
 - RE (€344 m, +4%); Very solid performance due to continued high cost awareness, solid pricing and beneficial product mix; strong EBITDA margin of almost 24%
 - NC (€174 m, -3%) with yoy slightly lower earnings; decline mainly attributable to expected weakness in Baby Care, methionine with ongoing strong volumes and sequentially higher pricing
 - PM (€23 m; -57%) Difficult market environment for petrochemical derivatives; strong decline in naphtha price (even stronger than oil price decline) with additional pressure on C4 derivatives (lower prices and spreads, especially from March onwards); inventory impairments of negative ~€10 m for the quarter
 - Services & Corporate/Others broadly stable yoy
- Adj. EBITDA margin on Group level at 15.8% (Q1 2019: 16.4%)
- Adj. EBIT of €273 m (Q1 2019: €315 m); D&A slightly higher yoy (Q1 2020: €240 m, Q1 2019: €224 m)
- Adj. EPS at €0.39 (Q1 2019: €0.53)
 - decline caused by normalization of tax rate to 27% (Q1 19: 14% due MMA-related deferred tax assets)

Highlights from cash flow statement & balance sheet Q1 2020

Cash Flow Statement

- Solid FCF in Q1 2020 at €113 m (Q1 2019: €159 m), yoy development mirroring lower operational result (EBIT declining by €49 m)
- Stable yoy outflows for NWC; securing delivery security in case of stressed supply chains
- Capex maintained on low prior year's level (Q1 2020: -€184 m; Q1 2019: -€175 m)

Balance Sheet

- Net financial debt increased sequentially to €2,778 m (from €2,141 m end of Q4 2019), mainly due to the acquisition of PeroxyChem (€576 m, visible in CF from investing & CF from financing)
- Pension provisions decreased to €3,787 m (from €3,967 m end of Q4) due to higher discount rate in Germany (from 1.3% to 1.7%)
- Leverage (net debt/adj. EBITDA) now at 3.0x; net financial debt leverage at 1.2x

Outlook for FY 2020

- Basis for our outlook:
 - Economic development -3.0% (previously: 2.5%)
 - Euro/US dollar exchange rate: US\$1.12 (2019: US\$1.12)
 - Internal raw material index significantly lower than the prior year (previously: slightly below the prior year)
- Outlook for Q2 2020
 - **Adj. EBITDA: around €400 m**
 - Sequential Q2 outlook by segment:
 - NC expected qoq higher (resilient demand in most businesses, Methionine with ongoing strong demand and yoy higher prices)
 - RE with qoq lower earnings (mix of more stable and corona-impacted businesses)
 - PM close to EBITDA break-even in Q2
- Outlook for the full year 2020
 - **Sales between €11.5 and €13.0 bn** (previously: stable; 2019: €13.1 bn)
 - **Adj. EBITDA between €1.7 and €2.1 bn** (previously: between €2.0 and €2.3 bn; 2019: €2.153 m)
 - **Stable FCF conversion ratio** (FCF/adjusted EBITDA) at around 30% (2019: 33.3%; previous outlook: FCF slightly higher than 2019 (2019: €717 m))
- Adj. EBITDA outlook range covering three scenarios for economic recovery in 2020
 - **Lower end of range** covers downside risk of "L-shaped" recovery
 - **Mid-range** ("U-shaped" recovery) as base case; see below
 - **Upper end of range** to reflect upside case ("V-shaped" recovery and further acceleration of Methionine prices)
 - For further details and assumptions by segment please see Q1 presentation
 - **Assumptions for mid-range ("U-shaped" recovery):**
 - N&C with solid demand in mostly resilient end markets, broadly independent of economic scenario (Animal Nutrition with ongoing positive development)
 - RE: Gradual recovery of corona-impacted businesses in the course of Q3 & Q4
 - PM: Gradual recovery of Naphtha price level and product spreads in the course of Q3 & Q4

Additional indications for FY 2020 (cont. operations)

- PeroxyChem: Included in outlook with 11 months (2019: ~USD300 m sales, ~USD60 m adj. EBITDA)
- ROCE: **Below the level of 2019** (previously: around the level of 2019; 2019: 8.6%)
- Capex (cash outflow for investment in intangible assets, pp&e): **Around the already low level of 2019** (2019: 880 m)
- EUR/USD: **1.12 EUR/USD** (2019: 1.12 EUR/USD)
- EUR/USD sensitivity: +/-1 USD cent = **-/+ ~€7 m** adj. EBITDA (FY basis)
- Adj. EBITDA Services: **Around the level of 2019** (2019: €122 m)
- Adj. EBITDA Corporate / Others: **Slightly more negative than 2019** (2019: -€211 m)
- Adj. D&A: **Around the level of 2019** (2019: €952 m)
- Adj. net financial result: **Around -€100 m** (2019: -€185 m) due to bond payback and lower interest rates for pensions
- Adj. tax rate: **Back to a normalized rate of ~27%** (2019: 20%; MMA related)

Strategy Update: New structure and updated financial targets to push forward transformation

- New divisional structure from July 1 to reflect strategic transformation
- Sustainability to drive growth and play important role in strategic management decisions
- Updated financial targets with focus on growth, returns and cash generation

The “Strategy Update” IR news and presentations including more details can be found on our website:
<https://corporate.evonik.com/en/investor-relations/reporting-and-strategy-update-128657.html>

Resource Efficiency (RE)

in € million							Q1 2020
	Q1 2019	Q1 2020	yoy Δ%	Q4 2019	Q1 2020	qoq Δ%	Consensus*
External sales	1,438	1,437	0%	1,387	1,437	4%	1,416
Volume (%)			-3%				
Price (%)			-1%				
Exchange Rates (%)			1%				
Other effects (%)			3%				
Adjusted EBITDA	330	344	4%	314	344	10%	306
Adjusted EBITDA Margin (%)	22.9%	23.9%	1.0 pp	22.6%	23.9%	1.3 pp	21.5%
Adjusted EBIT	253	258	2%	227	258	14%	224
Adjustments	-4	-18		16	-18		
EBIT	249	240	-4%	243	240	-1%	
Capital expenditures	46	91	98%	175	91	-48%	

* Vara Consensus 20 April 2020

- **Sales** stable at €1,437 m (Q1 2019: €1,438 m)
 - Despite first corona impacts in industries like auto or coatings, demand in majority of businesses held up well in Q1
 - Lower volume yoy (-3%) due to overall weaker demand, pricing remained solid (-1%) in Q1
- **Adj. EBITDA** increased by +4% to €344 m (Q1 2019: €330 m)
 - High EBITDA margin level of 23.9% due to continued high cost awareness, solid pricing and beneficial product mix
 - Continued solid demand for Crosslinkers and Active Oxygen; Silica with resilient performance in Oral Care and Specialty application
 - First 2 months of sales and earnings contribution from PeroxyChem
- **Coating Additives:** Continued slow demand and corona-related impact for container & automotive coatings mainly in China
- **Crosslinkers:** Demand remains healthy driven by composite applications for wind energy and isophorones for disinfections. Favorable product mix and lower raw material costs (Acetone)
- **High Performance Polymers:** Demand holding up well for 3D printing powders, while demand from automotive industry was slower in Q1
- **Silica:** Tire business with visible impact from corona in Q1, while Oral Care and Specialties continued their resilient performance
- **Active Oxygens:** First contribution from PeroxyChem (~€10 m); lower base business, strong demand for specialty applications like disinfections

Nutrition & Care (N&C)

in € million	Q1 2019	Q1 2020	yoy Δ%	Q4 2019	Q1 2020	qoq Δ%	Q1 2020
							Consensus*
External sales	1,149	1,134	-1%	1,163	1,134	-2%	1,168
Volume (%)			1%				
Price (%)			-3%				
Exchange Rates (%)			1%				
Other effects (%)			0%				
Adjusted EBITDA	180	174	-3%	170	174	2%	181
Adjusted EBITDA Margin (%)	15.7%	15.3%	-0.4 pp	14.6%	15.3%	0.7 pp	15.5%
Adjusted EBIT	103	89	-14%	86	89	3%	97
Adjustments	-12	-1		-10	-1		
EBIT	91	88	-3%	76	88	16%	
Capital expenditures	43	23	-47%	54	23	-57%	

* Vara Consensus 20 April 2020

- **Sales** decreased by -1% to €1,134 m (Q1 2019: €1,149 m)
 - Resilient volume & price development (negative prices mainly caused by Baby Care)

 - **Adj. EBITDA** decreased by -3% yoy to €174 m (Q1 2019: €180 m)
 - Good start in Health Care
 - Methionine with ongoing strong volumes and sequentially higher pricing (still slightly lower yoy)
 - Smaller corona impacts in Comfort & Insulation and Care Solutions (mainly Asia)
 - Baby Care with expected pressure on earnings

 - **Care Solutions:** Solid start, negative corona impact mainly in Asia
 - **Health Care:** Good start; project pipeline well filled, ongoing positive development expected for 2020
 - **Comfort & Insulation:** Subdued business in auto-related applications compensated by higher demand from consumer durables and isolation end markets
 - **Baby Care:** with expected pressure on prices and volumes
 - **Animal Nutrition:** Methionine with ongoing strong volumes and sequentially higher pricing (still slightly lower yoy).
- Overall, positive market sentiment continuing into 2020.

Performance Materials (PM)

in € million							Q1 2020
	Q1 2019	Q1 2020	yoy Δ%	Q4 2019	Q1 2020	qoq Δ%	Consensus*
External sales	520	472	-9%	495	472	-5%	500
Volume (%)			-5%				
Price (%)			-5%				
Exchange Rates (%)			0%				
Other effects (%)			1%				
Adjusted EBITDA	53	23	-57%	50	23	-54%	46
Adjusted EBITDA Margin (%)	10.2%	4.9%	-5.3 pp	10.1%	4.9%	-5.2 pp	9.5%
Adjusted EBIT	29	-1	-103%	22	-1	-105%	21
Adjustments	1	0		-6	0		
EBIT	30	-1	-103%	16	-1	-106%	
Capital expenditures	10	10	0%	15	10	-33%	

* Vara Consensus 20 April 2020

- **Sales** decreased by -9% to €472 m (Q1 2019: €520 m)
 - Difficult market environment for petrochemical derivatives continuing, leading to negative volumes (-5%) and prices (-5%)

- **Adj. EBITDA** increased by +9% to €50 m (Q4 2018: €46 m)
 - Strong decline in naphtha price (even stronger than oil price decline) with additional pressure on C4 derivatives (lower prices and spreads), especially from March onwards; inventory impairments of ~€10 m negative for the quarter

- **Performance Intermediates:**
 - Difficult market environment for petrochemical derivatives continuing
 - Strong decline in naphtha price (even stronger than oil price decline) with additional pressure on C4 derivatives (lower prices and spreads), especially from March onwards; inventory impairments of ~€10 m for the quarter
 - MTBE negatively impacted by low demand for gasoline

- **Functional Solutions:**
 - Holding up well due to persistent good demand for alkoxides

Services

in € million	Q1 2019	Q1 2020	yoy Δ%
External sales	171	191	12%
Adjusted EBITDA	31	29	-6%
Adjusted EBITDA Margin (%)	17.8%	15.2%	-2.6 pp
Adjusted EBIT	-7	-10	
Adjustments	-2	3	
EBIT	-9	-7	
Capital expenditures	22	73	232%

Q4 2019	Q1 2020	qoq Δ%	Q1 2020 Consensus*
221	191	-14%	177
24	29	21%	30
10.9%	15.2%	4.3 pp	17.3%
-18	-10		-10
30	3		
12	-7		
54	73	35%	

* Vara Consensus 20 April 2020

- Services with yoy stable earnings

Corporate / Others

in € million	Q1 2019	Q1 2020	yoy Δ%
External sales	6	9	
Adjusted EBITDA	-55	-57	-4%
Adjusted EBIT	-63	-63	0%
Adjustments	-2	-10	
EBIT	-65	-73	
Capital expenditures	3	4	

Q4 2019	Q1 2020	qoq Δ%	Q1 2020 Consensus*
18	9		7
-53	-57	-8%	-57
-62	-63	-2%	-66
-34	-10		
-96	-73		
4	4		

* Vara Consensus 20 April 2020

- Corporate / Others with yoy stable earnings

Contact: Investor Relations
 Tel. +49-201-177-3146
 E-Mail: investor-relations@evonik.com

Disclaimer:

In so far as forecasts or expectations are expressed in this presentation or where our statements concern the future, these forecasts, expectations or statements may involve known or unknown risks and uncertainties. Actual results or developments may vary, depending on changes in the operating environment. Neither Evonik Industries AG nor its group companies assume an obligation to update the forecasts, expectations or statements contained in this release.