

Preliminary Financial Data: Third Quarter 2020

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Evonik delivers Q3 adjusted EBITDA of €519 million above market expectations

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- Consistent strategy execution paying off: Resilient performance in growth divisions continues in Q3
- Free cashflow outlook for 2020 uplifted
- Adjusted EBITDA outlook confirmed and further specified

Essen, Germany. Despite the challenging macroeconomic environment, Evonik continues to withstand the crisis well. In the third quarter 2020, the Group reached an adjusted EBITDA of €519 million. This result is clearly above market expectations (Vera Research analyst consensus: €471 million) and is therefore pre-released today.

Adjusted EBITDA for the third quarter showed a clear sequential improvement and is thus only 4 percent below the prior-year quarter. In the second quarter of 2020, adjusted EBITDA was still 19 percent below the prior-year level. Sales for the third quarter amounted to €2.92 billion, compared with €3.23 billion in the prior-year quarter.

"The results so far this year are the benefits from the structural changes and strategic measures implemented over the last years." said Christian Kullmann, chairman of the management board. "Additionally, the new divisional reporting structure unveils the quality of our growth businesses even clearer than before."

With the third quarter, Evonik is for the first time reporting under its new divisional structure. Especially the three growth divisions Specialty Additives, Nutrition & Care and Smart Materials are proving their resilience – with combined stable EBITDA and pricing over the first nine months of the year.

During the third quarter, an improving month-on-month trend had already become apparent. This trend further accelerated in September and caused the better than expected results.

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Main operating drivers were the Specialty Additives and Smart Materials divisions. Specialty Additives delivered ongoing resilience with stable prices and a sustained high margin level of 27.5 percent in the third quarter. Smart Materials demonstrated stability in Inorganics like H₂O₂ or Catalysts and benefitted from improving trends in the automotive-related businesses.

Free cash flow outlook increased once more

"The Corona crisis is not yet over, and the environment remains highly uncertain. Nevertheless, we are delivering on our promises." said Ute Wolf, chief financial officer. "We provided a specific outlook statement already in May and confirmed it with Q2 reporting in August. Thanks to the sequential improvement in Q3 and the resilient nature of our growth divisions, we are now in a position to further specify our full-year EBITDA outlook and – for the second time this year – uplift our free cash flow guidance."

Despite the lower earnings level in the first nine months, free cash flow is expected to be at least on prior year's level (1–9 2019: €417 million). Implemented structural cost savings as well as lower bonus and tax payments over the course of the year contributed to this performance. In addition, a positive development in net working capital is expected for the remainder of the year. Consequently, Evonik is able to raise the free cash flow outlook for the full year – to now around €700 million. The cash conversion rate is now expected at above 35 percent (previously: cash conversion rate at least on prior year's level of 33.3 percent).

For the full year, Evonik so far expected an adjusted EBITDA in the range of €1.7 and €2.1 billion. This outlook is confirmed and further specified: Evonik now expects a level between €1.8 and €2.0 billion (2019: €2.15 billion). The sales outlook remains unchanged between €11.5 and €13.0 billion (2019: €13.1 billion).

Evonik will publish final numbers and host the analyst and investor conference call as planned on November 3, 2020.

Divisional Development

Specialty Additives: The division excels with ongoing resilience, stable prices and a sustained high margin level of 27.5 percent. The business development in end markets like construction and renewable energy continued to be robust, also benefitting from governmental stimulus programs. Additionally, recovery in automotive, coatings and durable consumer goods became apparent towards the end of the quarter. Sales at Specialty Additives fell by 10 percent to €777 million in Q3 2020 (Q3 2019: €861 m) and adjusted EBITDA by 8 percent to €214 m (Vara consensus: €197 m; Q3 2019: €232 m).

Nutrition & Care: The overall performance is characterized by active structural cost management and the ongoing resilience in the Health & Care businesses. After the strong first half-year, Animal Nutrition now experienced the expected normalization in volumes and negative FX effects. Sales in Nutrition & Care fell by 2 percent to €715 m in Q3 2020 (Q3 2019: €726 m) while adjusted EBITDA increased by 18 percent to €140 m (Vara consensus: €142 m; Q3 2019: €119 m).

Smart Materials: Inorganics showed continued resilience in large parts of the portfolio, especially in Catalysts and H₂O₂. Demand for hygiene, personal care and environmental applications benefitted from the crisis. In Automotive, replacement-related businesses showed a clear recovery while OEM-related businesses also experienced improving trends. Sales at Smart Materials fell by 5 percent to €790 m in Q3 2020 (Q3 2019: €833 m) and adjusted EBITDA by 13 percent to €137 m (Vara consensus: €124 m; Q3 2019: €157 m).

Performance Materials: The business is slowly recovering from trough levels, with increasing volumes and improving Naphtha spreads in the C4 chain. Sales at Performance Materials fell by 27 percent to €444 m in Q3 2020 (Q3 2019: €607 m) and adjusted EBITDA by 43 percent to €28 m (Vara consensus: €24 m; Q3 2019: €49 m).

Preliminary Key Financials Q3 2020:

Key Financials Q3 2020

Group				
in € million	Q3 2019	Q2 2020	Q3 2020	Q3 2020 Consensus*
External sales	3,232	2,827	2,917	2,928
Adjusted EBITDA	543	456	519	471
Adjusted EBITDA Margin (%)	16.8%	16.1%	17.8%	16.2%
Adjusted net income	195	160	186	168
Adjusted earnings per share in €	0.42	0.34	0.40	0.36

* Vara Consensus 14 October 2020

Specialty Additives

in € million	Q3 2019	Q2 2020	Q3 2020	Q3 2020 Consensus*
External sales	861	747	777	780
Adjusted EBITDA	232	202	214	197
Adjusted EBITDA Margin (%)	26.9%	27.0%	27.5%	25.0%

* Vara Consensus 14 October 2020

Nutrition & Care

in € million	Q3 2019	Q2 2020	Q3 2020	Q3 2020 Consensus*
External sales	726	742	715	706
Sales Animal Nutrition	345	384	330	345
Sales Health & Care	381	358	385	369
Adjusted EBITDA	119	168	140	142
Adjusted EBITDA Margin (%)	16.4%	22.6%	19.6%	20.1%

* Vara Consensus 14 October 2020

Smart Materials

in € million	Q3 2019	Q2 2020	Q3 2020	Q3 2020 Consensus*
External sales	833	722	790	768
Sales Inorganics	567	528	566	568
Sales Polymers	266	193	224	226
Adjusted EBITDA	157	102	137	124
Adjusted EBITDA Margin (%)	18.8%	14.1%	17.4%	15.9%

* Vara Consensus 14 October 2020

Performance Materials

in € million	Q3 2019	Q2 2020	Q3 2020	Q3 2020 Consensus*
External sales	607	437	444	458
Adjusted EBITDA	49	12	28	24
Adjusted EBITDA Margin (%)	8.1%	2.7%	6.4%	5.0%

* Vara Consensus 14 October 2020

Services, Corporate & Others

in € million	Q3 2019	Q2 2020	Q3 2020	Q3 2020 Consensus*
External sales	205	179	191	205
Adjusted EBITDA	-14	-28	-1	-15

* Vara Consensus 14 October 2020

Company information

Evonik is one of the world leaders in specialty chemicals. The company is active in more than 100 countries around the world and generated sales of €13.1 billion and an operating profit (adjusted EBITDA) of €2.15 billion in 2019. Evonik goes far beyond chemistry to create innovative, profitable and sustainable solutions for customers. More than 32,000 employees work together for a common purpose: We want to improve life, today and tomorrow.

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