

## Evonik Group (continuing operations)

in € million	Q3 2019	Q3 2020	yoy Δ%	Q2 2020	Q3 2020	qoq Δ%	Q3 2020 Consensus*
External sales	3,232	2,917	-10%	2,827	2,917	3%	2,928
Volume (%)			-5%				-7%
Price (%)			-2%				-2%
Exchange Rates (%)			-4%				-3%
Other effects (%)			1%				1%
Adjusted EBITDA	543	519	-4%	456	519	14%	471
Specialty Additives	232	214	-8%	202	214	6%	197
Nutrition & Care	119	140	18%	168	140	-17%	142
Smart Materials	157	137	-13%	102	137	34%	124
Performance Materials	49	28	-43%	12	28	>100%	24
Services, Corporate & Others	-14	0	n.a.	-28	0	n.a.	-15
Adjusted EBITDA Margin (%)	16.8%	17.8%	1.0 pp	16.1%	17.8%	1.7 pp	16.2%
Adjusted EBIT	293	269	-8%	202	269	33%	229
Adjustments	-74	-24		-14	-24		
EBIT	219	245	12%	188	245	30%	
Adjusted net income	195	186	-5%	160	186	16%	168
Adjusted earnings per share in €	0.42	0.40	-5%	0.34	0.40	16%	0.36
Capex (cash-out)	210	223	6%	189	223	18%	
Net financial position (as of Dec. 31)	-1,734	-2,910		-2,994	-2,910		
Cash flow from operating activities, cont. ops.	403	535	33%	285	535	88%	
Free cash flow, cont. ops. <sup>1</sup>	321	312	-3%	96	312	>100%	

<sup>1</sup>Excl. extraordinary carve out taxes of -€128 m in Q3 2019 (MMA divestment)

\* Vara Consensus 14 October 2020

## Highlights

- Key financials and outlook confirmed as pre-released on October 15<sup>th</sup>
- Q3 adj. EBITDA at €519 m with clear sequential improvement, only -4% yoy
- Solid 9M performance as a result of structural changes and strategic measures implemented over the last years
- Resilient performance driven by growth divisions - combined stable EBITDA and pricing over the first nine months of the year
- Strong Free Cash Flow at €521 m after 9M 2020; more than €100 m above prior year (9M 2019: €417 m) despite lower earnings level
- EBITDA outlook confirmed & FCF outlook increased
  - Adj. EBITDA outlook narrowed: between €1.8 and 2.0 bn (previously: between €1.7 and 2.1 bn)
  - FCF outlook upgraded once more: around €700 m, cash conversion now expected above 35% (previously: at least on prior year's level (33%))

## Group business development Q3 2020

- Sales decreased by -10% to €2,917 m (Q3 2019: €3,232 m)
  - Clear sequential volume improvement visible (Q3: -5% yoy vs Q2 of -12% yoy)
  - Prices slightly negative (-2%) on Group level; stable pricing in growth divisions, ongoing pressure in PM
  - Negative FX effect (-4%), most pronounced in Nutrition & Care
- Adj. EBITDA of €519 m only -4% yoy (Q3 2019: €543 m)
  - Specialty Additives (€214 m, -8% yoy): robust business model with strong track record of stable prices and sustained high margin level (~27%)
  - Nutrition & Care (€140 m, +18% yoy): strong performance in resilient end markets; margin improvement (~20%) supported by active cost management
  - Smart Materials (€137 m; -13% yoy): continued resilience in Inorganics and improving trends in Automotive
  - Performance Materials (€28 m; -43% yoy): slowly recovering from trough levels with higher volumes and improving naphtha spreads in C4-chain
  - Services & Corporate/Others (€0 m) supported by further ramp-up of structural cost savings (SG&A), Corona-related short-term savings and bonus provision releases
- Adj. EBITDA margin on Group level at 17.8% (Q3 2019: 16.8%)
- Adj. EBIT of €269 m (Q3 2019: €293 m); D&A stable yoy (Q3 2020: €250 m, Q3 2019: €250 m)
- Adj. EPS at €0.40 (Q3 2019: €0.42); yoy better financial result while higher income taxes (30.8% in Q3; FY in-line with guidance of ~28%)

## Highlights from cash flow statement & balance sheet 9M 2020

### **Cash Flow Statement**

- 9M Free Cash Flow > €100 m above prior year (9M 2020: €521 m, 9M 2019: €417 m) despite EBIT decline of €154 m
- FCF supported by high cash awareness with strict cost management, disciplined capex & NWC management and ongoing benefit from CTA pension reimbursement
- Lower bonus payments (outflow already in Q2; visible in “change in other provisions” line) and lower outflows for taxes in 9M 2020 (tax reimbursements relating to other periods)

### **Balance Sheet**

- Net financial debt broadly stable at €2,910 m (€2,994 m end of Q2 2020), positive FCF compensated by slight increase in pension provisions
- Pension provisions up slightly to €4,274 m (from €3,994 m end of Q2) due to a slightly lower discount rate in Germany (from 1.3% to 1.2%)
- Leverage (net debt/adj. EBITDA) now at 3.5x; net financial debt leverage at 1.3x

## Outlook for FY 2020

- Basis for our outlook:
  - Economic development -4.8% (previously: -5.5%)
  - Euro/US dollar exchange rate: US\$1.14 (previously: US\$1.10)
  - Internal raw material index significantly lower than the prior year (unchanged)
- Outlook for the full year 2020
  - **Sales between €11.5 and €13.0 bn** (2019: €13.1 bn)
  - **Adj. EBITDA between €1.8 and €2.0 bn** (2019: €2,153 m; previous outlook: between €1.7 and €2.1 bn)
  - **FCF of around €700 m** (2019: €717 m), with a cash conversion rate (FCF/adjusted EBITDA) of >35% (2019: 33.3%; previous outlook: at least on prior year's level)

## Additional indications for FY 2020 (cont. operations)

(minor changes in net financial result and adj. tax rate)

- PeroxyChem: Included in outlook with 11 months (2019: ~USD300 m sales, ~USD60 m adj. EBITDA)
- ROCE: **Below 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 sensitivity: +/-1 USD cent = -/+ ~€7 m adj. EBITDA (FY basis)
- Adj. EBITDA Services, Corp. & Others: **Slightly more negative than 2019** (2019: -€94 m)  
(In the new divisional structure and starting with Q3 2020, Services, Corporate & Other will be reported and guided in IR documents as only one-line item going forward)
- Adj. D&A: **Around the level of 2019** (2019: €952 m)
- Adj. net financial result: **-€100 - 130 m** (2019: -€185 m, previous indication: around -€100 m)
- Adj. tax rate: **around 28%** (2019: 20%, related to MMA divestment; previous indication: ~27%)

## Specialty Additives (SP)

in € million	Q3 2019	Q3 2020	yoy Δ%	Q2 2020	Q3 2020	qoq Δ%	Q3 2020 Consensus*
External sales	861	777	-10%	747	777	4%	780
Volume (%)			-6%				
Price (%)			0%				
Exchange Rates (%)			-4%				
Other effects (%)			0%				
Adjusted EBITDA	232	214	-8%	202	214	6%	197
Adjusted EBITDA Margin (%)	26.9%	27.5%	0.6 pp	27.0%	27.5%	0.5 pp	25.0%
Adjusted EBIT	189	171	-10%	158	171	8%	153
Adjustments	-2	0		2	0		
EBIT	187	171	-9%	160	171	7%	
Capital expenditures	26	21	-19%	19	21	11%	

\* Vara Consensus 14 October 2020

- **Sales** at €777 m, 10% decrease yoy (Q3 2019: €861 m), but 4% increase sequentially (Q2 2020: €747 m)
  - Robust business model with strong track record of stable prices (+/-0%)
  - Volumes sequentially improving (-6% yoy in Q3 vs. -15% yoy in Q2)
- **Adj. EBITDA** decreased by -8% to €214 m (Q3 2019: €232 m), but 6% increase sequentially (Q2 2020: 202 m)
  - Margin of 27.5% stable on high level throughout the crisis (Q3 2019: 26.9%)
  - Construction and renewable energy end markets continue to be robust, also benefitting from governmental stimulus programs
  - Recovery in automotive, coatings and durable consumer goods towards the end of the quarter

## Nutrition & Care (NC)

in € million	Q3 2019	Q3 2020	yoy Δ%	Q2 2020	Q3 2020	qoq Δ%	Q3 2020 Consensus*
External sales	726	715	-2%	742	715	-4%	706
Volume (%)			-2%				
Price (%)			8%				
Exchange Rates (%)			-8%				
Other effects (%)			0%				
Sales Animal Nutrition	345	330	-4%	384	330	-14%	345
Sales Health & Care	381	385	1%	358	385	8%	369
Adjusted EBITDA	119	140	18%	168	140	-17%	142
Adjusted EBITDA Margin (%)	16.4%	19.6%	3.2 pp	22.6%	19.6%	-3.0 pp	20.1%
Adjusted EBIT	52	79	52%	106	79	-25%	82
Adjustments	-9	-20		-2	-20		
EBIT	43	59	37%	104	59	-43%	
Capital expenditures	45	36	-20%	24	36	50%	

\* Vara Consensus 14 October 2020

- **Sales** decreased yoy by -2% to €715 m (Q3 2019: €726 m)
  - Negative volumes (-2%) mainly driven by Animal Nutrition (after very strong H1); prices (in local currency) up by 8%, compensating FX headwinds yoy
  - Health & Care with stable sales on prior year level
- **Adj. EBITDA** increased yoy by 18% to €140 m (Q3 2019: €119 m)
  - Strong margin improvement to 19.6% (Q3 2019: 16.4%) driven by robust pricing and structural cost savings
  - Health & Care: Benefitting from defensive setup with continuously strong demand for active ingredients in cosmetic applications and pharma polymers as well as active cost management
  - Animal Nutrition: Lower volumes after strong first half-year and negative FX effects

## Smart Materials (SM)

in € million	Q3 2019	Q3 2020	yoy Δ%	Q2 2020	Q3 2020	qoq Δ%	Q3 2020
							Consensus*
External sales	833	790	-5%	722	790	9%	768
Volume (%)			-7%				
Price (%)			-2%				
Exchange Rates (%)			-4%				
Other effects (%)			8%				
Sales Inorganics	567	566	0%	528	566	7%	568
Sales Polymers	266	224	-16%	193	224	16%	226
Adjusted EBITDA	157	137	-13%	102	137	34%	124
Adjusted EBITDA Margin (%)	18.8%	17.3%	-1.5 pp	14.1%	17.3%	3.2 pp	15.9%
Adjusted EBIT	99	73	-26%	34	73	>100%	65
Adjustments	3	-10		-4	-10		
EBIT	102	63	-38%	30	63	>100%	
Capital expenditures	72	105	46%	98	105	7%	

\* Vara Consensus 14 October 2020

- **Sales** decreased by -5% yoy to €790 m (Q3 2019: €833 m), but 6% increase sequentially (Q2 2020: €742 m)
  - Stable yoy sales in Inorganics, back to prior-year level
  - Negative volumes (-7% yoy) driven by Polymers, but with improving trend (in Q2 decrease of -20% yoy)
  - Ongoing resilient pricing (-2%)
  - Positive contribution from PeroxyChem integration (8%)
- **Adj. EBITDA** decreased by -13% to €137 m (Q3 2019: €157 m), but 34% increase sequentially (Q2 2020: €102 m)
  - Slight margin decline to 17.3% (Q3 2019: 18.8%) driven by lower volumes, partly compensated by structural cost savings and PeroxyChem integration
  - Inorganics: continued resilience in hygiene, personal care and environmental applications; replacement-related automotive products (e.g. Silica for tires) showing clear recovery
  - Polymers: After strong decline in Q2, OEM-related automotive applications with improving trends. Membranes and 3D printing applications with ongoing strong development.

## Performance Materials (PM)

in € million	Q3 2019	Q3 2020	yoy Δ%	Q2 2020	Q3 2020	qoq Δ%	Q3 2020
							Consensus*
External sales	607	444	-27%	437	444	2%	458
Volume (%)			-7%				
Price (%)			-20%				
Exchange Rates (%)			0%				
Other effects (%)			0%				
Adjusted EBITDA	49	28	-43%	12	28	>100%	24
Adjusted EBITDA Margin (%)	8.1%	6.3%	-1.8 pp	2.7%	6.3%	3.6 pp	5.0%
Adjusted EBIT	17	-5	>-100%	-21	-5	-76%	-7
Adjustments	-1	0		0	0		
EBIT	16	-5	>-100%	-21	-5	-76%	
Capital expenditures	11	11	0%	9	11	22%	

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- **Sales** decreased by -27% yoy to €444 m (Q3 2019: €607 m), but 2% increase sequentially (Q2 2020: €437 m)
  - Difficult environment for petrochemical derivatives persists, leading to declining volumes (-7%) and prices (-20%)
- **Adj. EBITDA** decreased by -43% to €28 m (Q3 2019: €49 m), but improved sequentially (Q2 2020: €12 m)
  - Business slowly recovering from trough levels with higher volumes and improving naphtha spreads in C4-chain
  - Demand from automotive sector for Butadiene and MTBE still weak but slowly recovering
  - Baby Care with yoy lower volume and prices

## Services, Corporate & Others

in € million	Q3 2019	Q3 2020	yoy Δ%	Q2 2020	Q3 2020	qoq Δ%	Q3 2020
							Consensus*
External sales	205	191	-7%	179	191	7%	205
Adjusted EBITDA	-14	0	n.a.	-28	0	n.a.	-15
Adjusted EBIT	-64	-49	-23%	-75	-49	-35%	-62
Adjustments	-65	6		-10	6		
EBIT	-129	-43	-67%	-85	-43	-49%	
Capital expenditures	43	43	0%	43	43	0%	

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- Positive effects from structural cost savings (SG&A) further ramping up, COVID-19 related cost savings and provision release for bonus and share-based incentive plan
- On FY basis, Services/Corp expected to be slightly more negative than 2019 (2019: - €94 m)

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

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