

Evonik Group (continuing operations)

in € million	Q4 2020				2020			
	Q4 2019	Q4 2020	yoy Δ%	Consensus*	2019	2020	yoy Δ%	Consensus*
External sales	3,284	3,213	-2%	3,090	13,108	12,199	-7%	12,082
Volume (%)			5%	-2%			-3%	-5%
Price (%)			-4%	-2%			-3%	-2%
Exchange Rates (%)			-3%	-3%			-2%	-2%
Other effects (%)			0%	1%			1%	2%
Adjusted EBITDA	505	418	-17%	437	2,153	1,906	-11%	1,923
Specialty Additives	203	201	-1%	193	886	857	-3%	848
Nutrition & Care	109	133	22%	125	462	560	21%	552
Smart Materials	168	124	-26%	131	651	529	-19%	536
Performance Materials	53	30	-43%	32	248	88	-65%	90
Services, Corporate & Others	-28	-70	<-100%	-47	-94	-128	-36%	-103
Adjusted EBITDA Margin (%)	15.4%	13.0%	-2.4 pp	14.1%	16.4%	15.6%	-0.8 pp	15.9%
Adjusted EBIT	253	146	-42%	201	1,201	890	-26%	939
Adjustments	-1	-7			-115	-71		
EBIT	252	139	-45%		1,086	819	-25%	
Adjusted net income	231	114	-51%	149	902	640	-29%	665
Adjusted earnings per share in €	0.50	0.24	-51%	0.32	1.94	1.37	-29%	1.43
Capex (cash-out)	313	360	15%		880	956	9%	
Net financial position (as of Dec. 31)	-2,141	-2,886	35%		-2,141	-2,886	35%	
Cash flow from operating activities, cont. ops.	496	619	25%		1,352	1,736	28%	
Free cash flow, cont. ops., excl. carve-out taxes	300	259	-14%		717	780	9%	
Free cash flow, cont. ops.	183	259	42%		472	780	65%	

* Vara Consensus 01 February 2021

“We promised €1.9 bn EBITDA already back in May – and now delivered exactly on spot!

We demonstrated resilience in 2020 – and are set for growth in 2021!”

Christian Kullmann, CEO

Highlights

- **Delivering on financial targets:**
 - FY 2020: adj. EBITDA at €1,906 m (2019: €2,153 m) – on spot delivery on mid-point of guidance given already in May
 - Three growth divisions demonstrate resilience with only -3% yoy
 - Q4 adj. EBITDA at €418 m – four operating divisions in line with expectations (despite year-end effects), deviation only in Services, Corp./Others
 - Free Cash Flow guidance increased twice - and finally even above prior-year at €780 m (2019: €717 m); cash conversion improved to beyond 40%
 - Sustainability: CO₂ emissions on track to achieve -50% goal in 2025 (-44% end of 2020 (vs 2008)); 35% of Group sales generated with “Next Generation Solutions” with superior sustainability benefits
- **Outlook 2021**
 - Adj. EBITDA between €2.0 and €2.3 bn expected – clear growth ambition even at lower end of the range
 - Cash conversion rate expected on high prior-year level of around 40% - resulting in further increasing absolute FCF
 - Stable and attractive dividend proposed (€1.15)
 - Q1 adj. EBITDA clearly up yoy: at least €550 m expected (including negative effects from adverse weather conditions)

Group business development Q4 2020

- Strong sequential sales increase of 10% driven by strong volumes (+5% yoy) and a broad-based recovery in most businesses, more than compensating usual seasonality in Q4
- Sales yoy decreased by -2% to €3,213 m (Q4 2019: €3,284 m; vol: +5%, price: -4%, FX: -3%, Other: 0%)
 - Strong yoy volume growth (+5%) on group level driven by all growth divisions (SP +9%, NC +8%, SM +4%)
 - Prices yoy slightly negative (-4%); predominantly in PM (-20%) with still noticeably lower C4 prices
- Adj. EBITDA of €418 m (Q4 2019: €505 m incl. ~€40 m license income in SM)
 - All three growth divisions operationally back to or even above prior year level in Q4 (despite year-end effects)
 - SP (€201 m, -1%): Additives portfolio performing well across virtually all applications (durable consumer goods, construction, coatings, environmental)
 - NC (€133 m, +22%): yoy clearly higher earnings; sales driven by volume (+8%) and prices (+3%) in both, Animal Nutrition and Health & Care; margin increasing by 230 bps to almost 17%, supported by active cost management
 - SM (€124 m; -26%, Q4 2019 incl. ~€40 m license income in Active Oxygens): Higher volumes (+4%); continued resilience in Inorganics with yoy higher sales, Polymers with clear sequential recovery in auto-related businesses

- PM (€30 m; -43%): Recovery from trough levels with improving spreads in the C4 chain
- Services, Corp./Others (-€70 m, Q4 2019: -€28 m): below prior-year due to year-end effects and personnel-related provisions in employee-intensive Services business (bonus & share incentive program)
- Adj. EBITDA margin at 13.0% (Q4 2019: 15.4%) – ongoing sales recovery and year-end effects on EBITDA level
- Adj. EBIT of €146 m (Q4 2019: €253 m); D&A slightly higher yoy (Q4 2020: €272 m, Q4 2019: €252 m)
- Adj. EPS at €0.24 (Q4 2019: €0.50) - yoy decline driven by lower EBIT (mainly in Services, Corp./Other), slightly higher D&A and interest as well as a normalized tax rate (Q4 2019 with very low tax rate of ~13%)

Highlights from cash flow statement & balance sheet 2020

Cash Flow Statement

- Strong FCF of €780 m even above prior-year level (2019: €717 m (excl. carve-out taxes)) driven by high cash focus and active NWC management in Q4
- Strong FCF even despite higher capex (€956 m) due to
 - COVID-related delays in material supply and higher hygienic standards at sites,
 - Peak capex year for new PA12 plant in Marl,
 - Cash-in from customer-financed investments (~€50 m) not considered in capex line, but recorded in EBITDA or in “misc. assets/liabilities” (i.e. not positive for capex number but for FCF)
- Capex level expected to decrease to ~€900 m in 2021 and ~€850 m in 2022 – with positive effect on FCF
- Cash conversion (FCF/adj. EBITDA) doubled from 22% in 2017 to 41% in 2020 (2019: 33%)

Balance Sheet

- Net financial debt sequentially stable at €2,886 m (€2,910 m end of Q3)
- Pensions increased to €4,618 m (from €4,274 m end of Q3) due to lower discount rate in Germany (from 1.3% to 0.9%)
- Leverage (net debt/adj. EBITDA) now at 3.8x; net financial debt leverage at 1.4x

Outlook for FY 2021

- Basis for our outlook:
 - Global growth of 4.4% (2020: -3.9%)
 - Euro/US dollar exchange rate: US\$1.20 (2020: US\$1.15)
 - Internal raw material cost index higher than in the prior year
- Outlook for 2021
 - **Sales between €12.0 and €14.0 bn** (2020: €12.2 bn)
 - **Adj. EBITDA between €2.0 and €2.3 bn** (2020: €1,906 m)
 - **Stable FCF conversion on high prior-year level of ~40%** (2020: 41%) resulting in **higher absolute FCF** (2020: €780 m)
 - **Q1 2021:** Good start into the year. Driven by the three growth divisions, **adj. EBITDA clearly up yoy with at least €550 m** (including negative effects from adverse weather conditions mid-February; Q1 2020: €513 m).
- Expected development 2021 by segment:
 - **Specialty Additives: “on strong prior year level”**
 - Strong resilience & margin during the crisis
 - Mission-critical solutions driving broad-based growth across additives portfolio
 - Crosslinkers in Asia unlikely to match strong PY level
 - **Nutrition & Care: “slightly above prior year level”**
 - Continued structural growth trends in resilient end markets
 - Ongoing active cost management
 - **Smart Materials: “clearly above prior year level”**
 - Ongoing strong demand for hygiene, consumer & environmental applications
 - Recovery in automotive end markets
 - Contribution from PeroxyChem and Porocel
 - **Performance Materials: “significantly above low prior year level”**
 - Higher volumes and clearly improving product spreads

Additional indications for FY 2021

- Sales: between **€12.0 and 14.0 bn** (2020: €12.2 bn)
- Acquisitions: **Porocel** (FY 2019: ~USD100 m sales, ~USD23 m adj. EBITDA) consolidated for 2 months in 2020; **PeroxyChem** (FY 2019: ~USD300 m sales, ~USD60 m adj. EBITDA) consolidated for 11 months in 2020
- ROCE: **slightly above the level of 2020** (2020: 6.1%)
- Capex: **around €900 m** (2020: €956 m)
- EUR/USD: **1.20 EUR/USD** (2020: 1.15 EUR/USD)
- EUR/USD sensitivity: +/-1 USD cent = **-/+ ~€6 m** adj. EBITDA (FY basis)
- Adj. EBITDA **Services, Corp. & Others: around the level of 2020** (2020: -€128 m)
- Adj. D&A: **slightly above the level of 2020** (2020: €1,016 m) due to start-up of new PA12 plant in H2 2021
- Adj. net financial result: **slightly less negative than 2020** (2020: -€146 m) due to lower interest level (effect on derivatives and other provisions)
- Adj. tax rate: **around long-term sustainable level of 28%** (2020: 26.8%)

Save-the-dates: Investor Relations Events 2021

DIVISION SPOTLIGHT		SERIES
13 April 2021	Nutrition & Care	
24 June 2021	Smart Materials	
01 July 2021	Specialty Additives	

CAPITAL MARKETS DAY		2021
07 October 2021	Capital Markets Day	

Specialty Additives (SP)

in € million	Q4 2020				2020			
	Q4 2019	Q4 2020	yoy Δ%	Consensus*	2019	2020	yoy Δ%	Consensus*
External sales	810	848	5%	776	3,381	3,225	-5%	3,152
Volume (%)			9%				-3%	
Price (%)			-1%				0%	
Exchange Rates (%)			-3%				-2%	
Other effects (%)			0%				0%	
Adjusted EBITDA	203	201	-1%	193	886	857	-3%	848
Adjusted EBITDA Margin (%)	25.1%	23.7%	-1.4 pp	25.3%	26.2%	26.6%	0.4 pp	27.0%
Adjusted EBIT	158	156	-1%	152	716	681	-5%	677
Adjustments	-1	0			-4	2		
EBIT	157	156	-1%		712	683	-4%	
Capital expenditures	46	41	-11%		108	93	-14%	

* Vara Consensus 01 February 2021

- **Sales** at €848 m, 5% increase yoy (Q4 2019: €810 m)
 - Robust business model with strong track record of stable prices (-1%)
 - Strong volume improvement in Q4 (+9%)
- **Adj. EBITDA** stable yoy at €201 m (Q4 2019: €203 m)
 - Sustained high margin level throughout all of 2020 (2020: 26.6%; 2019: 26.2%)
 - Additives portfolio back to or even above prior year level in Q4 across virtually all applications (durable consumer goods, construction, coatings, environmental) and despite year-end effects
 - Lubricant additives (automotive) also showing clear recovery trend
 - Attractive supply/demand for Crosslinkers throughout the year, especially in Asia (benefits from Chinese subsidy schemes for on- & off-shore wind parks and tight markets due to the delayed arrival of a new competitor plant in China)

Nutrition & Care (NC)

in € million	Q4 2020				2020			
	Q4 2019	Q4 2020	yoy Δ%	Consensus*	2019	2020	yoy Δ%	Consensus*
External sales	747	787	5%	732	2,922	2,992	2%	2,937
Volume (%)			8%				2%	
Price (%)			3%				4%	
Exchange Rates (%)			-7%				-4%	
Other effects (%)			1%				0%	
Sales Animal Nutrition	365	362	-1%	387	1438	1474	3%	1480
Sales Health & Care	381	425	12%	359	1484	1518	2%	1471
Adjusted EBITDA	109	133	22%	125	462	560	21%	552
Adjusted EBITDA Margin (%)	14.6%	16.9%	2.3 pp	17.9%	15.8%	18.7%	2.9 pp	19.0%
Adjusted EBIT	44	63	43%	66	231	301	30%	305
Adjustments	-11	6			-24	-16		
EBIT	33	69	109%		207	285	38%	
Capital expenditures	69	60	-13%		214	139	-35%	

* Vara Consensus 01 February 2021

- **Sales** increased yoy by 5% to €787 m (Q4 2019: €747 m)
 - Strong yoy volumes (+8%) and prices (+3%) compensating FX headwinds (especially in Animal Nutrition)
 - Health & Care with double-digit sales growth yoy; active ingredients for cosmetics as well as pharma polymers as growth drivers (plus catch up of COVID-related delivery delays in Health Care)
 - Animal Nutrition: Stable Q4 sales (yoy), firm global demand and solid pricing despite FX headwinds
- **Adj. EBITDA** increased yoy by 22% to €133 m (Q4 2019: €109 m)
 - Strong margin improvement to 16.9% (Q4 2019: 14.6%) driven by robust pricing and structural cost savings; FY 2020 margin (18.7%) back into Group target range of 18-20%

Smart Materials (SM)

in € million	Q4 2020				2020			
	Q4 2019	Q4 2020	yoy Δ%	Consensus*	2019	2020	yoy Δ%	Consensus*
External sales	836	866	4%	805	3,371	3,235	-4%	3,175
Volume (%)			4%				-7%	
Price (%)			-1%				-1%	
Exchange Rates (%)			-3%				-2%	
Other effects (%)			4%				6%	
Sales Inorganics	584	623	7%	574	2312	2315	0%	2265
Sales Polymers	252	242	-4%	234	1059	920	-13%	913
Adjusted EBITDA	168	124	-26%	131	651	529	-19%	536
Adjusted EBITDA Margin (%)	20.1%	14.3%	-5.8 pp	16.8%	19.3%	16.4%	-2.9 pp	17.0%
Adjusted EBIT	112	55	-51%	76	433	270	-38%	291
Adjustments	16	-12			10	-44		
EBIT	128	43	-66%		443	226	-49%	
Capital expenditures	142	180	27%		303	466	54%	

* Vara Consensus 01 February 2021

- **Sales** increased by 4% yoy to €866 m (Q4 2019: €836 m)
 - Increase driven by strong sales in Inorganics, clearly above prior-year level
 - Polymers with yoy slightly declining sales (-4%), but improving trend sequentially (in Q3 decrease of -16% yoy)
 - Ongoing resilient pricing (-1%)
- **Adj. EBITDA** operationally stable at €124 m (Q4 2019: €168 m incl. ~€40 m license income in Active Oxygens) despite year-end effects
 - Inorganics: Q4 sales already exceeding prior-year level driven by continued resilience in hygiene, consumer and environmental applications as well as clear recovery in tire silica
 - Polymers: Clear sequential recovery in auto-related businesses
 - Innovations like gas filtering membranes and 3D printing powder with ongoing strong growth

Performance Materials (PM)

in € million	Q4 2020				2020			
	Q4 2019	Q4 2020	yoy Δ%	Consensus*	2019	2020	yoy Δ%	Consensus*
External sales	652	517	-21%	517	2,634	1,983	-25%	1,982
Volume (%)			-1%				-8%	
Price (%)			-20%				-17%	
Exchange Rates (%)			0%				0%	
Other effects (%)			0%				0%	
Adjusted EBITDA	53	30	-43%	32	248	88	-65%	90
Adjusted EBITDA Margin (%)	8.1%	5.8%	-2.3 pp	6.1%	9.4%	4.4%	-5.0 pp	4.6%
Adjusted EBIT	22	-6		2	117	-45		-37
Adjustments	-5	-3			-16	-3		
EBIT	17	-9			101	-48		
Capital expenditures	18	19	6%		55	49	-11%	

* Vara Consensus 01 February 2021

- **Sales** decreased by -21% yoy to €517 m (Q4 2019: €652 m), but clearly increasing sequentially (Q3 2020: €444 m)
 - Volumes almost stable (-1%) with improving demand & volumes since November
 - Prices still lower yoy (-20%)
- **Adj. EBITDA** decreased by -43% to €30 m (Q4 2019: €53 m), but slight improvement sequentially – despite usual seasonality in Q4 (Q3 2020: €28 m)
 - Favorable environment for Butene-1 and Oxo products (INA/DINP) continuing, driven by improving PE & PVC demand
 - Improving demand and spreads for Butadiene, supported by competitor outages
 - Continued pressure on MTBE (long gasoline markets connected to lockdowns)
 - Baby Care with yoy lower volumes and prices

Services, Corporate & Others

in € million	Q4 2020			Q4 2020 Consensus*	2020			2020 Consensus*
	Q4 2019	Q4 2020	yoy Δ%		2019	2020	yoy Δ%	
External sales	239	194	-19%	245	800	764	-5%	816
Adjusted EBITDA	-28	-70	-150%	-47	-94	-128	-36%	-103
Adjusted EBIT	-83	-122	-47%	-95	-296	-317	-7%	-292
Adjustments	0	2			-81	-10		
EBIT	-83	-120			-377	-327		
Capital expenditures	60	88			162	248		

* Vara Consensus 01 February 2021

- Q3 & Q4 2020 with contrary effects from personnel-related provisions
- Additionally, Q4 2020 with year-end effects
- Decreasing trend in Services, Corporate & Other over the last three years (2017; -€238 m, 2018: -€182 m, 2019: -€94 m, 2020: -€128 m)

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.