

Evonik Group

in € million	Q1 2020	Q1 2021	yoy Δ%	Q4 2020	Q1 2021	qoq Δ%	Q1 2021 Consensus*
External sales	3,243	3,358	4%	3,212	3,358	5%	3,288
Volume (%)			5%				3%
Price (%)			3%				0%
Exchange Rates (%)			-4%				-3%
Other effects (%)			0%				1%
Adjusted EBITDA	513	588	15%	418	588	41%	560
Specialty Additives	239	273	14%	201	273	36%	242
Nutrition & Care	118	143	21%	133	143	7%	146
Smart Materials	166	173	4%	124	173	40%	171
Performance Materials	18	42	133%	30	42	39%	40
T&I/Other	-28	-43	-54%	-70	-43	39%	-32
Adjusted EBITDA Margin (%)	15.8%	17.5%	1.7 pp	13.0%	17.5%	4.5 pp	17.0%
Adjusted EBIT	273	336	23%	146	336	130%	304
Adjustments	-26	-28		-7	-28		
EBIT	247	308	25%	139	308	122%	
Adjusted net income	181	239	32%	114	239	110%	217
Adjusted earnings per share in €	0.39	0.51	31%	0.24	0.51	113%	0.47
Capex (cash-out)	184	182	-1%	360	182	-49%	
Net financial position (as of March. 31)	-2,778	-2,704		-2,886	-2,704		
Cash flow from operating activities, cont. ops.	297	494	66%	619	494	-20%	
Free cash flow, cont. ops.	113	312	176%	259	312	20%	

* Vara Consensus 31 March 2021

Highlights Q1 2021

Strong start into the year driven by “specialty growth”

- Q1 2021 adj. EBITDA clearly above pre-pandemic level (+9% vs Q1 2019)
- “Specialty growth”: All three growth divisions higher vs. Q1 2019, overcompensating lower PM and T&I/Other
- Record-high free cash flow level for a first quarter (€312 m)

FY 2021 outlook range narrowed upwards to reflect strong business momentum in H1

- Adj. EBITDA expected between €2.1 and 2.3 bn (previously: between €2.0 and 2.3 bn)
- Driven by upgraded divisional outlook for Specialty Additives and Nutrition & Care
- Targeting growth above 2019 pre-pandemic level (€2,153 m)
- Q2 2021 adj. EBITDA expected to continue well above 2019 pre-pandemic level

Group business development Q1 2021

- Sales increased by +4% to €3,358 m (Q1 2020: €3,243 m)
 - Increase driven by volume growth of +5% on Group level, mainly thanks to SP (+10%) and SM (+9%)
 - Prices also up +3% on Group level, supported by NC (+10%) and PM (+7%), with SP and SM largely flat (both -1%)
- Adj. EBITDA up +15% to €588 m (Q1 2020: €513 m)
 - Negative weather impact of ~€10 m; comparing against Q1 2020 with first pandemic impact at the end of the quarter
 - SP with adj. EBITDA growth (+14%) and margin expansion to 30% on the back of strong demand across the division, resulting in double-digit volume expansion at virtually stable prices
 - NC (+21%) also with clear margin improvement driven by shift to system solutions, active cost management and increasing prices
 - SM (+4%) adj. EBITDA up driven by higher volumes and contributions from acquisitions
 - PM (+133%) showing further recovery from trough levels, mainly driven by improved pricing and spreads in the C4 chain
 - T&I/Other (-54%) with more negative adj. EBITDA due to negative weather impact of ~€10 m and increased personnel-related provisions
- Adj. EBITDA margin on Group level improved by 170bp to 17.5% (Q1 2020: 15.8%)
- Adj. EBIT of €336 m (Q1 2020: €273 m); D&A slightly higher yoy mainly due to integration of PeroxyChem and Porcel (Q1 2021: €252 m vs Q1 2020: €240 m)
- Adj. EPS at €0.51 (Q1 2020: €0.39)
 - Notably less negative financial result due to lower interest expenses for financial liabilities (new bond) as well as for pension and other provisions (changed discount rate); Q1 2020 with negative one-time effect (lower fair value of funds recorded in “other financial result”)

- Adj. tax rate of 30% slightly higher yoy; will normalize through the year to long-term sustainable level of ~28%

Cash flow statement & balance sheet Q1 2021

Cash Flow Statement

- Record-high free cash flow level for a first quarter since public listing at €312 m (so far Q1 2015 at €179 m; Q1 2020: €113m)
 - Driven by strong operational performance, ongoing strict NWC management and less outflows for taxes in Q1 (catch-up of tax payments expected during the remainder of FY 2021)
 - Capex maintained on prior year's level at €182 (Q1 2020: €184 m)

Balance Sheet

- Net financial debt stayed virtually flat at €2,704 m (Q1 2020: €2,778 m)
- Pension provisions decreased by €739 m to €3,879 m (end of Q4 2020: €4,618 m) due to higher discount rate in Germany (increase from 0.9% to 1.3%)
- Leverage (net debt / adj. EBITDA) now at 3.2x (vs 3.8x end of FY 2020); net financial debt leverage at 1.2x

FY 2021 Outlook

Basis for the outlook

- Global growth of 5.0% (previously: 4.4%; FY 2020: -3.9%)
- Euro/US dollar exchange rate: US\$1.20 (unchanged; FY 2020: US\$1.15)
- Internal raw material cost index higher than in the prior year (unchanged)

Outlook for FY 2021

- **Sales between €12.0 and 14.0 bn** (unchanged; FY 2020: €12.2 bn)
- **Adj. EBITDA between €2.1 and 2.3 bn** (previously: between €2.0 and 2.3 bn; FY 2020: €1,906 m)
- **Stable FCF conversion on high prior-year level of ~40%** (FY 2020: 41%) resulting in **higher absolute FCF** (unchanged, but now on higher expected adj. EBITDA; FY 2020: €780 m)
- **Q2 2021 adj. EBITDA expected**
 - with clear sequential improvement (Q1 2021: €588 m)
 - with similar growth rate as in Q1 2021 vs. 2019 pre-pandemic level (i.e. Q2 2021 ~10% higher vs Q2 2019 of €566 m)

Expected development by segment for FY 2021

- Specialty Additives: **“slightly above prior year level”** (previously: “on very good prior year level”)
 - Strong resilience & margin during the crisis
 - Mission-critical solutions driving broad-based growth across additives portfolio
 - Solid start into the year for Crosslinkers with no signs yet of slowing momentum in Asia
- Nutrition & Care: **“well above prior year level”** (previously: “slightly above prior year level”)
 - Continued structural growth trends in resilient end markets
 - Ongoing active cost management
 - Additional support from LNP business in Health Care (BioNTech contract) and improving pricing in Animal Nutrition in the second quarter
- Smart Materials: **“significantly above prior year level”** (unchanged)
 - Ongoing strong demand for hygiene, consumer & environmental applications
 - Recovery in automotive end markets
 - Contribution from acquisitions of PeroxyChem and Porocel
- Performance Materials: **“substantially above low prior year level”** (unchanged)
 - Higher volumes and clearly improving product spreads
- T&I/Other: **“slightly more negative than prior year level”** (previously: “around the level of 2020”)
 - Negative weather impact of ~€10 m in Q1 and higher personnel-related provisions

Additional indications for FY 2021 (changes in T&I/Other and adj. net financial result)

- Sales: **between €12.0 and 14.0 bn** (unchanged; 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** (unchanged; FY 2020: 6.1%)
- Capex: **around €900 m** (unchanged; FY 2020: €956 m)
- EUR/USD: **1.20 EUR/USD** (unchanged; 2020: 1.15 EUR/USD)
- EUR/USD sensitivity: +/-1 USD cent = +/- ~€6 m adj. EBITDA (FY basis)
- Adj. EBITDA T&I/Other: **slightly more negative than prior year level** (previously: around the level of 2020; 2020: -€128 m) due to negative weather effect in Q1 and higher personnel related provisions
- Adj. D&A: **slightly above the level of 2020** (unchanged; 2020: €1,016 m) due to start-up of new PA12 plant in H2 2021
- Adj. net financial result: **clearly less negative than 2020** due to lower interest expenses for financial liabilities, pensions and other provisions (previously: slightly less negative than 2020; 2020: -€146 m)
- Adj. tax rate: **around long-term sustainable level of 28%** (unchanged; 2020: 26.8%)

Investor Relations Events in 2021



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



07 October 2021	Capital Markets Day
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- A full replay of the Nutrition & Care Division Spotlight is available on our Investor Relations website
 - <https://corporate.evonik.de/en/investor-relations>

Specialty Additives (SP)

in € million	Q1 2020	Q1 2021	yoy Δ%	Q4 2020	Q1 2021	qoq Δ%	Q1 2021 Consensus*
External sales	852	907	6%	848	907	7%	856
Volume (%)			10%				
Price (%)			-1%				
Exchange Rates (%)			-3%				
Other effects (%)			0%				
Adjusted EBITDA	239	273	14%	201	273	36%	242
Adjusted EBITDA Margin (%)	28.1%	30.1%	2.0 pp	23.7%	30.1%	6.4 pp	27.3%
Adjusted EBIT	196	230	17%	156	230	47%	199
Adjustments	0	0		0	0		
EBIT	196	230	17%	156	230	47%	
Capital expenditures	13	12	-8%	41	12	-71%	

* Vara Consensus 31 March 2021

- **Sales** up +6% to €907 m (Q1 2020: €852 m)
 - Strong volume growth (+10%) at virtually stable prices (-1%) due to good additives demand globally across the division
 - Strong demand from coatings and construction industries across all regions
 - Further increase in demand for durable goods (e.g. for mattresses or refrigerators)
 - Solid start into the year for Crosslinkers with no signs yet of slowing momentum in Asia
- **Adj. EBITDA** increased by +14% to €273 m (Q1 2020: €239 m)
 - Adj. EBITDA growth and margin expansion to 30% driven by the strong topline momentum resulting in high plant utilization and supported by strict fixed cost control

Nutrition & Care (NC)

in € million	Q1 2020	Q1 2021	yoy Δ%	Q4 2020	Q1 2021	qoq Δ%	Q1 2021 Consensus*
External sales	748	780	4%	787	780	-1%	770
Volume (%)			1%				
Price (%)			10%				
Exchange Rates (%)			-7%				
Other effects (%)			0%				
Sales Animal Nutrition	398	404	2%	362	404	12%	401
Sales Health & Care	350	376	7%	425	376	-12%	361
Adjusted EBITDA	118	143	21%	133	143	8%	146
Adjusted EBITDA Margin (%)	15.8%	18.3%	2.5 pp	16.9%	18.3%	1.4 pp	18.3%
Adjusted EBIT	54	78	44%	63	78	24%	82
Adjustments	0	0		6	0		
EBIT	54	78	44%	69	78	13%	
Capital expenditures	18	22	22%	60	22	-63%	

* Vara Consensus 31 March 2021

- **Sales** increased by +4% to €780 m (Q1 2020: €748 m)
 - Good growth in Health & Care (+7%), with strong demand for active cosmetic ingredients more than compensating for the slower start into the year for Health Care, which will be more than offset throughout the year with additional support from LNP business with BioNTech contract from Q2 onward
 - Animal Nutrition (+2%) benefitting from rising prices thanks to good supply/demand globally; Q2 expected with further step-up in prices
- **Adj. EBITDA** up +21% yoy to €143 m (Q1 2020: €118 m)
 - Strong yoy earnings growth and clear margin improvement to 18.3%, driven by shift to system solutions, active cost management and increasing prices

Smart Materials (SM)

in € million							Q1 2021
	Q1 2020	Q1 2021	yoy Δ%	Q4 2020	Q1 2021	qoq Δ%	Consensus*
External sales	858	909	6%	866	909	5%	891
Volume (%)			9%				
Price (%)			-1%				
Exchange Rates (%)			-4%				
Other effects (%)			2%				
Sales Inorganics	597	631	6%	623	631	1%	625
Sales Polymers	260	278	7%	243	278	14%	265
Adjusted EBITDA	166	173	4%	124	173	40%	171
Adjusted EBITDA Margin (%)	19.3%	19.0%	-0.3 pp	14.3%	19.0%	4.7 pp	19.0%
Adjusted EBIT	108	108	0%	55	108	96%	100
Adjustments	-18	-7		-12	-7		
EBIT	90	101	12%	43	101	135%	
Capital expenditures	83	59	-29%	180	59	-67%	

* Vara Consensus 31 March 2021

- **Sales** increased by +6% yoy to €909 m (Q1 2020: €858 m)
 - Sales clearly up driven by higher volumes (+9%) and contributions from acquisitions
 - Both Inorganics (+6%) and Polymers (+7%) contributing equally to growth
 - Ongoing recovery in automotive industry benefitting Silica for tires and High Performance Polymers
 - Continued robust demand for products in the hygiene and care sector as well as for environmental applications
 - Innovations like gas filtering membranes and 3D printing powder with solid growth
- **Adj. EBITDA** up +4% to €173 m (Q1 2020: €166 m)
 - EBITDA margin back to prior-year level

Performance Materials (PM)

in € million							Q1 2021
	Q1 2020	Q1 2021	yoy Δ%	Q4 2020	Q1 2021	qoq Δ%	Consensus*
External sales	584	580	-1%	517	580	12%	555
Volume (%)			-2%				
Price (%)			7%				
Exchange Rates (%)			-6%				
Other effects (%)			0%				
Adjusted EBITDA	18	42	133%	30	42	40%	40
Adjusted EBITDA Margin (%)	3.1%	7.2%	4.1 pp	5.8%	7.2%	1.4 pp	7.3%
Adjusted EBIT	-12	10	183%	-6	10	267%	7
Adjustments	0	0		-3	0		
EBIT	-12	10	183%	-9	10	211%	
Capital expenditures	10	8	-20%	19	8	-58%	

* Vara Consensus 31 March 2021

- **Sales** virtually flat at €580 m (Q1 2020: €584 m)
 - Further recovery with improved pricing and spreads and rising Naphtha prices in the C4 chain
 - Solid demand and pricing for Butadiene and Oxo products, additionally supported by supply shortage due to competitor production outages
 - MTBE further recovering, supported by higher refinery and spot market demand
 - Baby Care with raw material time lag effect and weather-related production downtime in the US
- **Adj. EBITDA** jumped +133% to €42 m (Q1 2020: €18 m)
 - Business showing further recovery from trough levels, mainly driven by improved pricing and spreads in the C4 chain

Technology & Infrastructure (T&I) / Other

in € million	Q1 2020	Q1 2021	yoy Δ%	Q4 2020	Q1 2021	qoq Δ%	Q1 2021
							Consensus*
External sales	201	182	-9%	194	182	-6%	201
Adjusted EBITDA	-28	-43	-54%	-70	-43	39%	-32
Adjusted EBIT	-73	-90	-23%	-122	-90	26%	-15.3%
Adjustments	-8	-21	-163%	2	-21	<-100%	
EBIT	-81	-111	-37%	-120	-111	8%	-77
Capital expenditures	74	29	-61%	88	29	-67%	

* Vara Consensus 31 March 2021

(Entity renamed from previously "Services, Corporate & Other", no change in scope and financials)

- More negative yoy adj. EBITDA due to
 - negative weather impact of ~€10 m in operating activities covered by the central insurance legal entity
 - increased personnel-related provisions

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