

Evonik Group (continuing operations)

in € million	Q2 2020	Q2 2021	yoy Δ%	Q1 2021	Q2 2021	qoq Δ%	Q2 2021 Consensus*
External sales	2,827	3,636	29%	3,358	3,636	8%	3,410
Volumes (%)			22%				16%
Prices (%)			10%				5%
Exchange Rates (%)			-5%				-3%
Other (incl. M&A; %)			0%				1%
Adjusted EBITDA	456	649	42%	588	649	10%	633
Specialty Additives	202	242	20%	273	242	-11%	253
Nutrition & Care	168	183	9%	143	183	28%	184
Smart Materials	102	176	73%	173	176	2%	179
Performance Materials	12	99	>200%	42	99	138%	61
T&I/Other	-28	-51	-82%	-43	-51	-19%	-39
Adjusted EBITDA Margin (%)	16.1%	17.8%	1.7 pp	17.5%	17.8%	0.3 pp	18.8%
Adjusted EBIT	202	398	97%	336	398	18%	376
Adjustments	-14	-18		-28	-18		
EBIT	188	380	102%	308	380	23%	
Adjusted net income	160	253	58%	239	253	6%	270
Adjusted earnings per share in €	0.34	0.54	58%	0.51	0.54	6%	0.58
Capex (cash-out)	189	171	-10%	182	171	-6%	
Net financial position (as of June 30)	-2,994	-3,170		-2,704	-3,170		
Cash flow from operating activities, cont. ops.	276	272	-1%	494	272	-45%	
Free cash flow, cont. ops.	96	101	5%	312	101	-68%	

* Vara Consensus 21 July 2021

"The positive dynamic will continue into the second half. Therefore, we are confident about raising our outlook. From today's perspective we will even end up in the upper part of the range."

Christian Kullmann, CEO

Highlights Q2 2021

- Strong Q2 performance with adj. EBITDA of €649 m clearly above pre-pandemic level (+15% vs Q2 2019)
- "Specialty growth": Growth divisions with 18% higher adj. EBITDA vs. Q2 2019
- Structural growth drivers well intact across all three growth divisions – sustainability as common theme
- Continued strong cash generation: On track to extend 40% cash conversion track record also in FY 2021
- Sustained positive momentum into H2 –raw material price impact balancing out across the portfolio
- FY 2021 adj. EBITDA outlook raised to €2.3 to 2.4 bn – likely ending up in upper part of range

Group business development Q2 2021

- Sales increased by +29% to €3,636 m (Q2 2020: €2,827 m)
 - Increase driven mainly by volume growth of +22% across all divisions (SP +24%, NC +13%, SM +33%, PM +20%)
 - Prices up +10%, most pronounced in PM (+50%)
- Adj. EBITDA up +42% to €649 m (Q2 2020: €456 m), above initial guidance of ~€620 m
 - Natural raw material hedge across the portfolio: Positive raw material effect from Naphtha factor-based C4 business in Performance Materials compensating higher raw material prices in other divisions
 - SP with adj. EBITDA growth (+20%), high margin level maintained yoy despite notably higher raw material costs; price increases in implementation
 - NC (+9%) driven by improved pricing in Animal Nutrition, first contribution from lipid deliveries to BioNTech and strong demand for active cosmetic ingredients
 - SM (+73%) with higher volumes across all businesses; margin impacted by temporary higher fixed costs (PA 12 ramp up, tight logistics situation)
 - PM (>200%) with clear earnings recovery driven by higher volumes and margins in C4 chain, positive effect from naphtha-based price formulas
 - T&I/Other (-82%) with more negative adj. EBITDA due negative weather impact (another €10 m in Q2), higher energy costs and increased personnel-related provisions
- Adj. EBITDA margin on Group level improved by 170bp to 17.8% (Q2 2020: 16.1%)
- Adj. EBIT of €398 m (Q2 2020: €202 m); stable D&A (Q2 2021: €251 m vs Q2 2020: €254 m)
- Adj. EPS at €0.54 (Q2 2020: €0.34):
 - More negative financial result due to negative "other financial result" (valuation effects from hyperinflation in Argentina)
 - Temporarily higher adj. tax rate of 32% in Q2 due to several one-time effects (e.g. partly non-tax-deductible valuation effects from hyperinflation in Argentina and taxes related to other periods)

Cash flow statement & balance sheet H1 2021

Cash Flow Statement

- Clearly higher H1 free cash flow at €413 m (H1 2020: €209 m) based on strong operational performance
 - Higher adj. EBIT(DA) overcompensating NWC outflow (higher business activity and raw material prices)
 - Higher tax cash-out due to higher earnings and prior year benefitting from tax reimbursements (mainly Q2)
 - FCF supported by slightly lower capex (H1 2021: -€353 m; H1 2020: -€373 m)
 - Lower bonus pay-out (for 2020) in “other provisions”

Balance Sheet

- Net financial debt with slight increase to €3,170 m (end of Q1 2021: €2,704 m), mainly due to dividend payment in Q2
- Pension provisions broadly stable qoq at €3,770 m (end of Q1 2021: €3,879 m) due to unchanged pension discount rates
- Leverage (net debt / adj. EBITDA) now at 3.1x (vs 3.2x end of Q1 2021); net financial debt leverage at 1.3x

FY 2021 Outlook: Upgrades in sales, adj. EBITDA and ROCE

Basis for the outlook

- Global growth of 5.7% (previously: 5.0%; FY 2020: -3.9%)
- Euro/US dollar exchange rate: US\$1.20 (unchanged; FY 2020: US\$1.15)
- Internal raw material cost index significantly higher than in the prior year (previously: higher than in the prior year)

Outlook for FY 2021

- Sales between €13.0 and 14.5 bn (previously: between €12.0 and 14.0 bn; FY 2020: €12.2 bn)
- **Adj. EBITDA between €2.3 and 2.4 bn** (previously: between €2.1 and 2.3 bn; FY 2020: €1,906 m)
 - ... implying a ~5% EBITDA CAGR since 2017
- Ongoing positive dynamic into H2, with unchanged strong demand patterns across customer industries and usual seasonality in Q4
 - Q4 on average with ~20% lower adj. EBITDA vs. Q1-Q3 (typical year-end effects)
- **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)
 - ... implying a >15% FCF CAGR since 2017
- **ROCE: significantly above the level of 2020** (previously: slightly above the level of 2020; FY 2020: 6.1%)

Indications for FY 2021 adj. EBITDA on division level

- Specialty Additives: “**slightly above prior year level**” (unchanged)
- Nutrition & Care: “**well above prior year level**” (unchanged)
- Smart Materials: “**significantly above prior year level**” (unchanged)
- Performance Materials: “**substantially above low prior year level**” (unchanged)
- T&I/Other: “**clearly more negative than prior year level**” (previously: “slightly more negative than prior year level”)
 - Negative weather impact of ~€20 m in H1
 - Higher energy costs and personnel-related provisions

Additional indications for FY 2021

- Sales: **between €13.0 and 14.5 bn** (previously: 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: **significantly above the level of 2020** (previously: slightly above the level of 2020; 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: **clearly more negative than prior year level** (previously: slightly more negative than prior year level; 2020: -€128 m) due to negative weather impact in H1 (~€20 m), higher energy costs and 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 (unchanged; 2020: -€146 m)
- Adj. tax rate: **around 32%** in FY 2021 due to anticipated US tax reform and other one-time effects (e.g. partly non-tax-deductible inflation valuation effects and taxes related to other periods); **long-term sustainable level now expected at ~29%** from 2022 onwards, impacted by US tax reform (previously: ~28%; 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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Postponed...
hoping for a
physical event
in H1 2022

- Full replays of the Division Spotlight events are available on our Investor Relations website
 - <https://corporate.evonik.de/en/investor-relations>

Specialty Additives (SP)

in € million	Q2 2020	Q2 2021	yoy Δ%	Q1 2021	Q2 2021	qoq Δ%	Q2 2021
							Consensus*
External sales	747	922	23%	907	922	2%	910
Volumes (%)			24%				
Prices (%)			3%				
Exchange Rates (%)			-4%				
Other (incl. M&A; %)			0%				
Adjusted EBITDA	202	242	20%	273	242	-11%	253
Adjusted EBITDA Margin (%)	27.0%	26.2%	-0.8 pp	30.1%	26.2%	-3.9 pp	27.9%
Adjusted EBIT	158	198	25%	230	198	-14%	209
Adjustments	2	2		0	2		
EBIT	160	200	25%	230	200	-13%	
Capital expenditures	19	18	-5%	12	18	50%	

* Vara Consensus 21 July 2021

- **Sales** up +23% yoy to €922 m (Q2 2020: €747 m)
 - Strong volume growth (+24%) coupled with first price increases (+3%)
 - Strong demand across all industries and regions, with additives for coatings and PU foams performing particularly well
- **Adj. EBITDA** increased by +20% yoy to €242 m (Q2 2020: €202 m)
 - High margin level maintained despite notably higher raw material costs
 - Value-based pricing approach resulting in time lag in raw material pass-on, full effect only in FY 2022
 - Planned maintenance shutdowns in Crosslinkers in Germany (Q2 & Q3) and in Q4 in Shanghai

Nutrition & Care (NC)

in € million	Q2 2020	Q2 2021	yoy Δ%	Q1 2021	Q2 2021	qoq Δ%	Q2 2021
							Consensus*
External sales	742	838	13%	780	838	7%	823
Volumes (%)			15%				
Prices (%)			5%				
Exchange Rates (%)			-5%				
Other (incl. M&A; %)			0%				
Sales Animal Nutrition	384	417	9%	404	417	3%	420
Sales Health & Care	358	421	18%	376	421	12%	405
Adjusted EBITDA	168	183	9%	143	183	28%	184
Adjusted EBITDA Margin (%)	22.6%	21.8%	-0.8 pp	18.3%	21.8%	3.5 pp	22.1%
Adjusted EBIT	106	122	15%	78	122	56%	117
Adjustments	-2	-2		0	-2		
EBIT	104	120	15%	78	120	54%	
Capital expenditures	24	34	42%	22	34	55%	

* Vara Consensus 21 July 2021

- **Sales** increased by +13% yoy to €838 m (Q2 2020: €742 m)
 - Strong growth in Health & Care (+18%) with strong demand for active cosmetic ingredients
 - First contribution from LNP business (contract with BioNTech) after ramp-up of new capacities during Q2, further accelerating contribution in H2 and FY 2022
 - Animal Nutrition (+9%) benefitting from rising prices thanks to tight markets in Q1, despite negative FX effect; solid demand and pricing also expected for Q3
- **Adj. EBITDA** up +9% yoy to €183 m (Q2 2020: €168 m)
 - Strong and broad-based earnings growth, driven by shift to System Solutions and favorable pricing in Animal Nutrition

Smart Materials (SM)

in € million							Q2 2021
	Q2 2020	Q2 2021	yoy Δ%	Q1 2021	Q2 2021	qoq Δ%	Consensus*
External sales	722	975	35%	909	975	7%	923
Volumes (%)			33%				
Prices (%)			0%				
Exchange Rates (%)			-4%				
Other (incl. M&A; %)			6%				
Sales Inorganics	528	686	30%	631	686	9%	632
Sales Polymers	193	289	50%	278	289	4%	275
Adjusted EBITDA	102	176	73%	173	176	2%	179
Adjusted EBITDA Margin (%)	14.1%	18.1%	4.0 pp	19.0%	18.1%	-0.9 pp	19.5%
Adjusted EBIT	34	111	>200%	108	111	3%	111
Adjustments	-4	-8		-7	-8		
EBIT	30	103	>200%	101	103	2%	
Capital expenditures	98	87	-11%	59	87	47%	

* Vara Consensus 21 July 2021

- **Sales** increased by +35% yoy to €975 m (Q2 2020: €722 m)
 - Sales clearly up driven by higher volumes (+33%) across all businesses and contributions from acquisitions
 - Recovery in automotive prevailing benefitting Silica for tires and High-Performance Polymers
 - High demand for “Eco-Solutions” like active oxygens specialties and gas separation membranes
 - Continuous strong demand across all industries expected in H2
- **Adj. EBITDA** up +73% yoy to €176 m (Q2 2020: €102 m)
 - Solid EBITDA increase, although margin impacted by higher raw material prices and temporary higher fixed costs (PA 12 ramp up, tight logistics situation)

Performance Materials (PM)

in € million							Q2 2021
	Q2 2020	Q2 2021	yoy Δ%	Q1 2021	Q2 2021	qoq Δ%	Consensus*
External sales	437	708	62%	580	708	22%	590
Volumes (%)			20%				
Prices (%)			50%				
Exchange Rates (%)			-8%				
Other (incl. M&A; %)			0%				
Adjusted EBITDA	12	99	>200%	42	99	136%	61
Adjusted EBITDA Margin (%)	2.7%	14.0%	11.3 pp	7.2%	14.0%	6.8 pp	10.1%
Adjusted EBIT	-21	66	414%	10	66	>200%	27
Adjustments	0	1	>200%	0	1		
EBIT	-21	67	>200%	10	67	>200%	
Capital expenditures	9	11	22%	8	11	38%	

* Vara Consensus 21 July 2021

- **Sales** up +62% to €708 m (Q2 2020: €437 m)
 - Further recovery with higher volumes and higher margins for all major C4 products (Butadiene, MTBE, oxo alcohols & plasticizers and PE co-monomers)
 - Healthy demand across all major applications meeting tight supply with planned and unplanned outages along the entire value chain
 - Q3 with continued tight C4 markets, healthy demand and benefit from higher Naphtha prices; however, expected lower raw material availability and own planned maintenance turnarounds
- **Adj. EBITDA** jumped to €99 m (Q2 2020: €12 m)
 - Higher Naphtha price supports value creation for C4 products with naphtha-based price formulas

Technology & Infrastructure (T&I) / Other

in € million	Q2 2020	Q2 2021	yoy Δ%	Q1 2021	Q2 2021	qoq Δ%	Q2 2021
							Consensus*
External sales	179	193	8%	182	193	6%	182
Adjusted EBITDA	-28	-51	-82%	-43	-51	-19%	-39
Adjusted EBIT	-75	-99	-32%	-90	-99	-10%	-20.4%
Adjustments	-10	-11	-10%	-21	-11	48%	
EBIT	-85	-110	-29%	-111	-110	1%	-87
Capital expenditures	43	43	0%	29	43	48%	

* Vara Consensus 21 July 2021

- More negative adj. EBITDA yoy and qoq:
 - Admin costs down (-4% yoy) due to SG&A cost savings program
 - Negative weather impact (~€10 m in Q1 and another ~€10 m in Q2) in operating activities covered by central insurance legal entity
 - Higher energy costs
 - Increased personnel-related provisions

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