

Evonik

Leading Beyond Chemistry

Q2 2021

Earnings Conference Call

August 5, 2021

Christian Kullmann, Chief Executive Officer

Ute Wolf, Chief Financial Officer

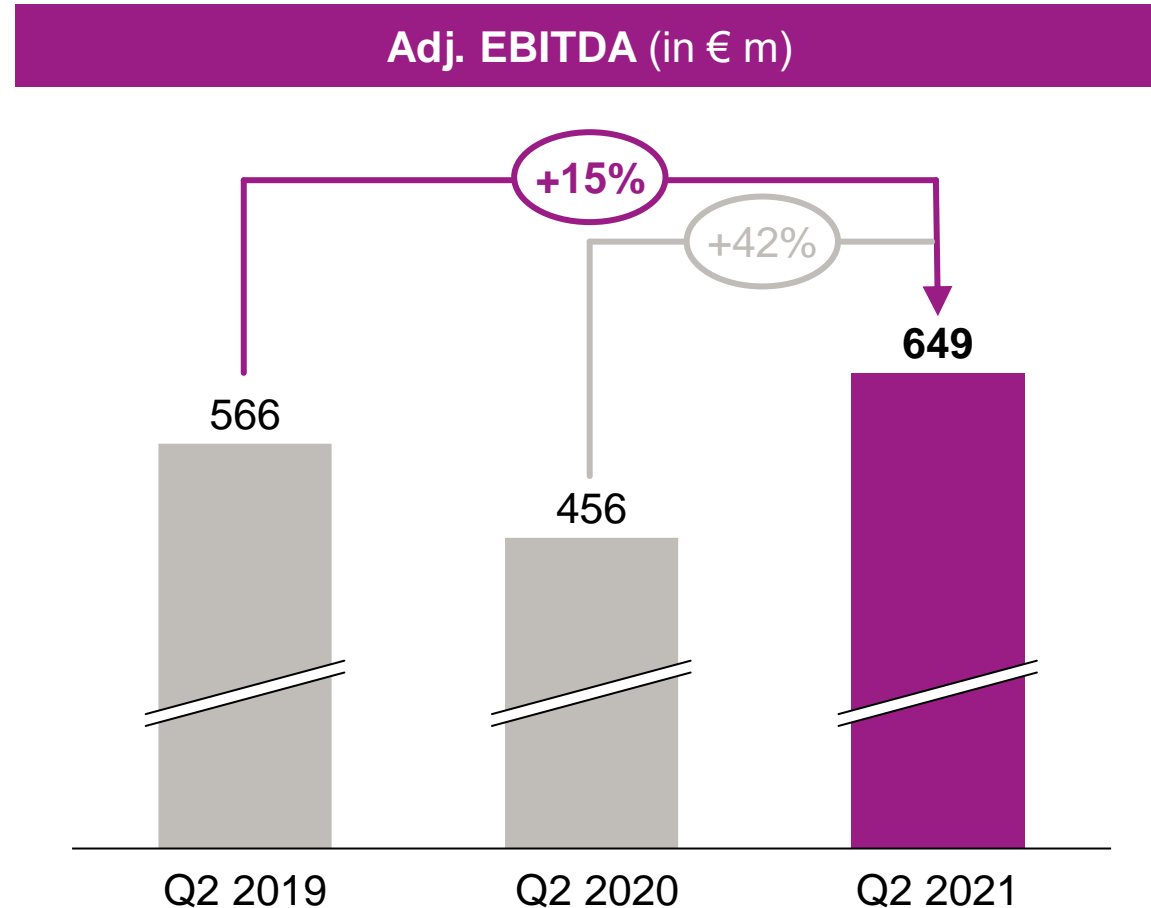
Strong Q2 and sustained positive dynamic into H2 driving outlook uplift

- 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 dynamic 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

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“Specialty growth”: Growth divisions with 18% higher EBITDA vs. Q2 2019



Another strong quarter driven by “specialty growth”

- Adj. EBITDA 15% above Q2 2019 level
- Three growth divisions up by 18%
... delivering ~85% of operational growth vs pre-crisis level¹
- Naphtha factor-based C4 business in Performance Materials working as natural hedge against raw material price increases in other divisions

1: Three growth divisions with €90 m out of €105 m higher adj. EBITDA across all four operating divisions (vs. Q2 2019)

Structural growth drivers well intact across all three growth divisions – Sustainability as common theme

€90 m

additional
adj. EBITDA
from growth
divisions
vs. Q2 2019



€62 m

Nutrition & Care

Strong performance broad-based:

- Improved pricing in Animal Nutrition
- First contribution from lipid deliveries to BioNTech
- Strong demand for active cosmetic ingredients



€16 m

Specialty Additives

- High demand for sustainable additive solutions in coatings and construction industries



€12 m

Smart Materials

- Progress in growth field “Eco-Solutions”; strong demand for gas filtering membranes and active oxygens specialties

Nutrition & Care continues to execute on its strategic agenda

Growth areas



Biotechnology (e.g. Biosurfactants; Veramaris)



Active Ingredients



Drug Delivery Systems



Sustainable & Healthy Nutrition

As presented during Division Spotlight event

Consistent execution

Since April

Selective M&A

- Acquisition of Infnitec
- Delivery systems for cosmetic active ingredients

Research collaboration

- With Stanford University
- Polymer-based drug delivery technology for targeted mRNA delivery

Sustainability

- Launch of AQUAVI® ProPond for aquaculture
- System Solution for shrimps combining four components¹

Driving shift to >50% System Solutions

1: AQUAVI® ProPond, AQUAVI® Met-Met, omega-3 fatty acids from Veramaris algae oil, AMINOShrimp®

Growth divisions with further strategic and financial progress in 2021 & 2022

Summary
Division
Days
2021

Specialty Additives



- Making the difference
- Enabling circular economy
- Digital solutions

Nutrition & Care



- Active ingredients
- Drug delivery systems
- Sustainable & healthy nutrition

Smart Materials



- Future Mobility
- Eco-Solutions

Growth
drivers

EBITDA
margin
targets

ROCE
targets

Secure strong level
(FY 2020: 26.6%)

> 22%
(FY 2020: 18.7%)

~ 20%
(FY 2020: 16.4%)

Secure strong level
(FY 2020: 16%)

> 14%
(FY 2020: 8%)

> 11%
(FY 2020: 6%)

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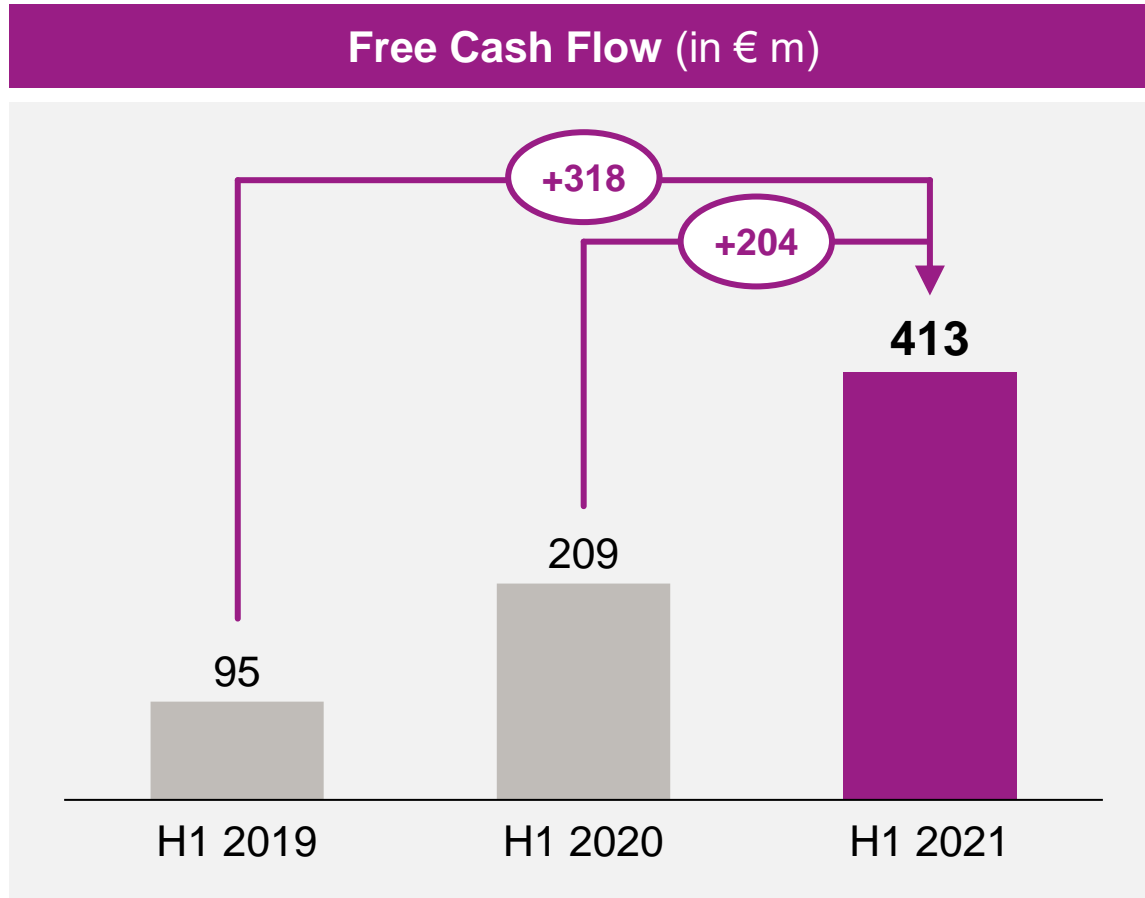
Financial performance Q2 2021

Another strong quarter for Evonik

Sales (in € m)	Adj. EBITDA (in € m)	Free cash flow (in € m)	Adj. EPS (in €)
<p>3,636</p> <p>(Q2 20: 2,827)</p>	<p>649</p> <p>(Q2 20: 456)</p>	<p>101</p> <p>(Q2 20: 96)</p>	<p>0.54</p> <p>(Q2 20: 0.34)</p>
<p>Based on both double-digit volume and price growth</p>	<p>Adj. EBITDA margin improved by 170bp to 17.8%</p>	<p>Improved FCF despite significant NWC outflow</p>	<p>Strong operational performance partly offset by extraordinary effects in financial result and tax rate</p>

Free Cash Flow

Record-high FCF generation in first half of 2021



FCF at record-high level

- Best-ever FCF for a first half year
- Well above both 2019 and 2020 level
- Strong basis for **continued track record of FCF growth** also in 2021
- >15% FCF CAGR since FY 2017

FCF drivers H1 2021

- Higher adj. EBIT(DA)
- Clear NWC outflow (in Q2)
- Higher tax cash-out
- Lower bonus pay-out (for 2020) in “other provisions”

Specialty Additives

Maintaining high margin level despite notably higher raw material costs

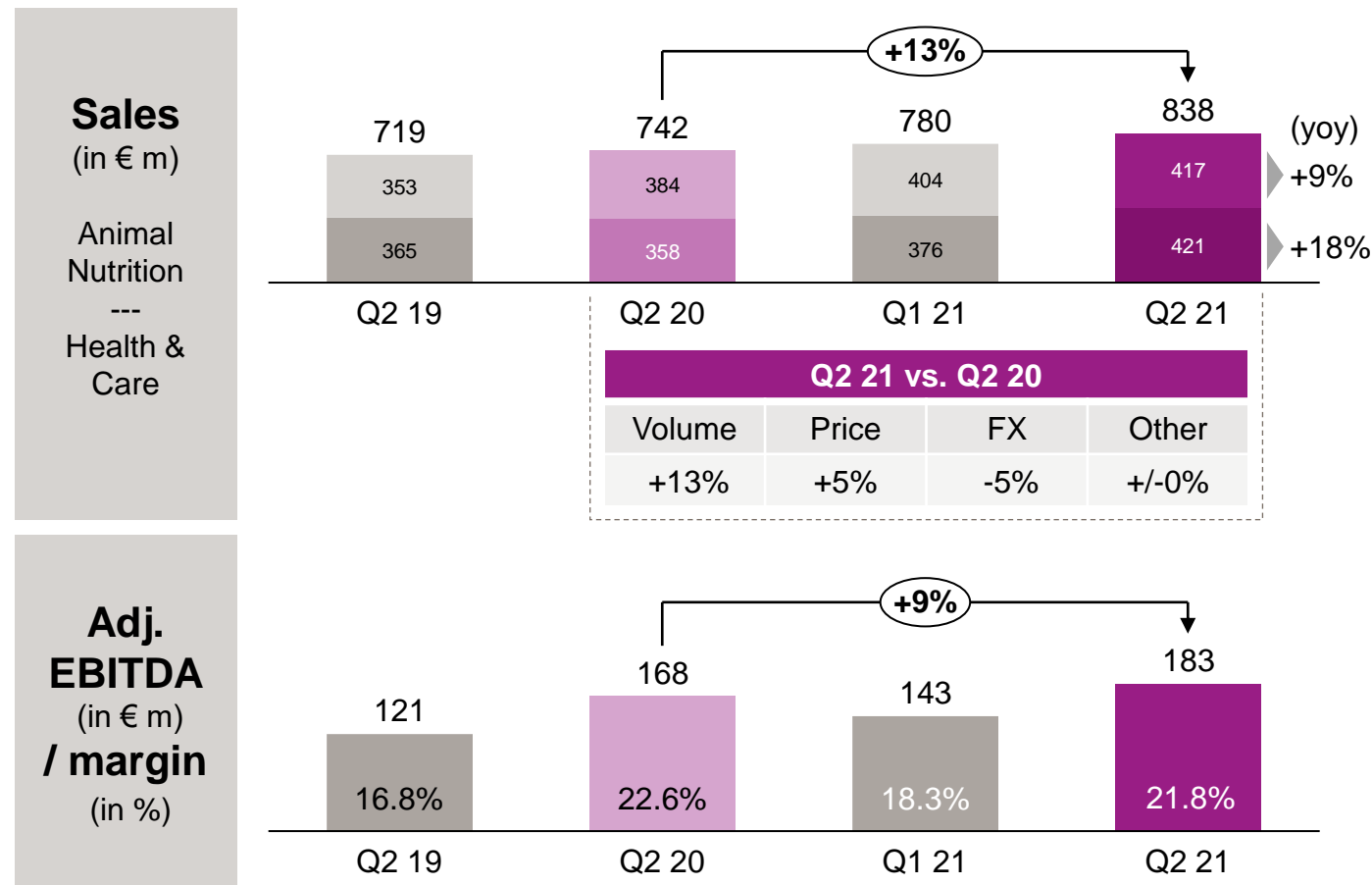


- Strong demand patterns from Q1 continued across industries and regions
 - Additives for coatings and PU foams performing particularly well
- Volume growth coupled with first price increases resulting in strong sales growth
- High margin level maintained despite notably higher raw material costs
- Value-based pricing approach resulting in time lag in raw material pass-on, full effect only in FY 2022



Nutrition & Care

Strong & broad based earnings growth

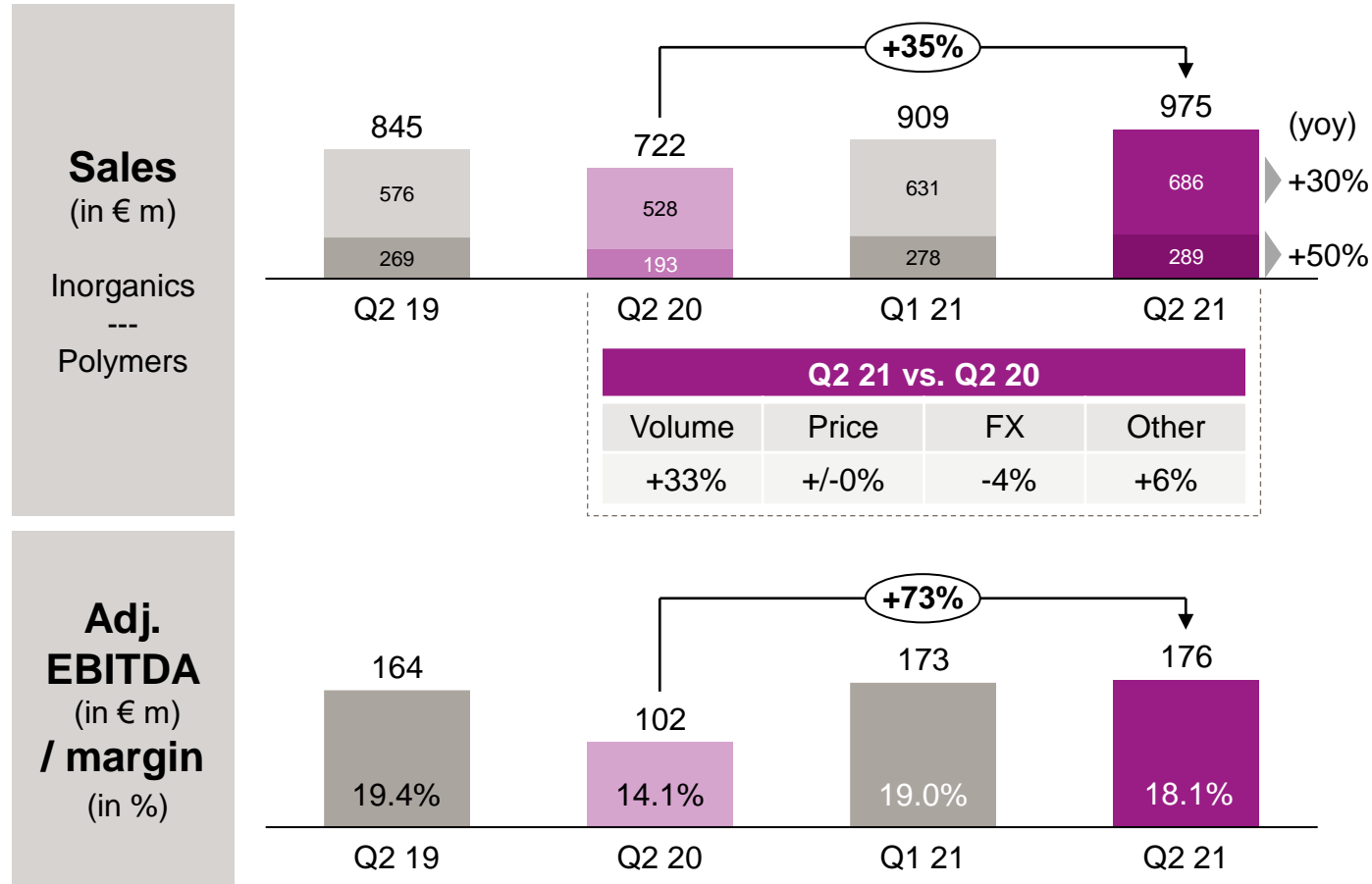


- Strong Q2 with yoy broad-based earnings growth, especially driven by shift towards System Solutions and favorable pricing in Animal Nutrition
- **Health & Care:** Q2 with 18% sales growth. First contribution from LNP business (contract with BioNTech) as well as strong demand for Active Ingredients in Care business
- **Animal Nutrition:** Tight markets in Q1 driving step-up in Q2 pricing (despite negative FX effect); solid demand and pricing also expected for Q3



Smart Materials

Strong volume growth across all businesses

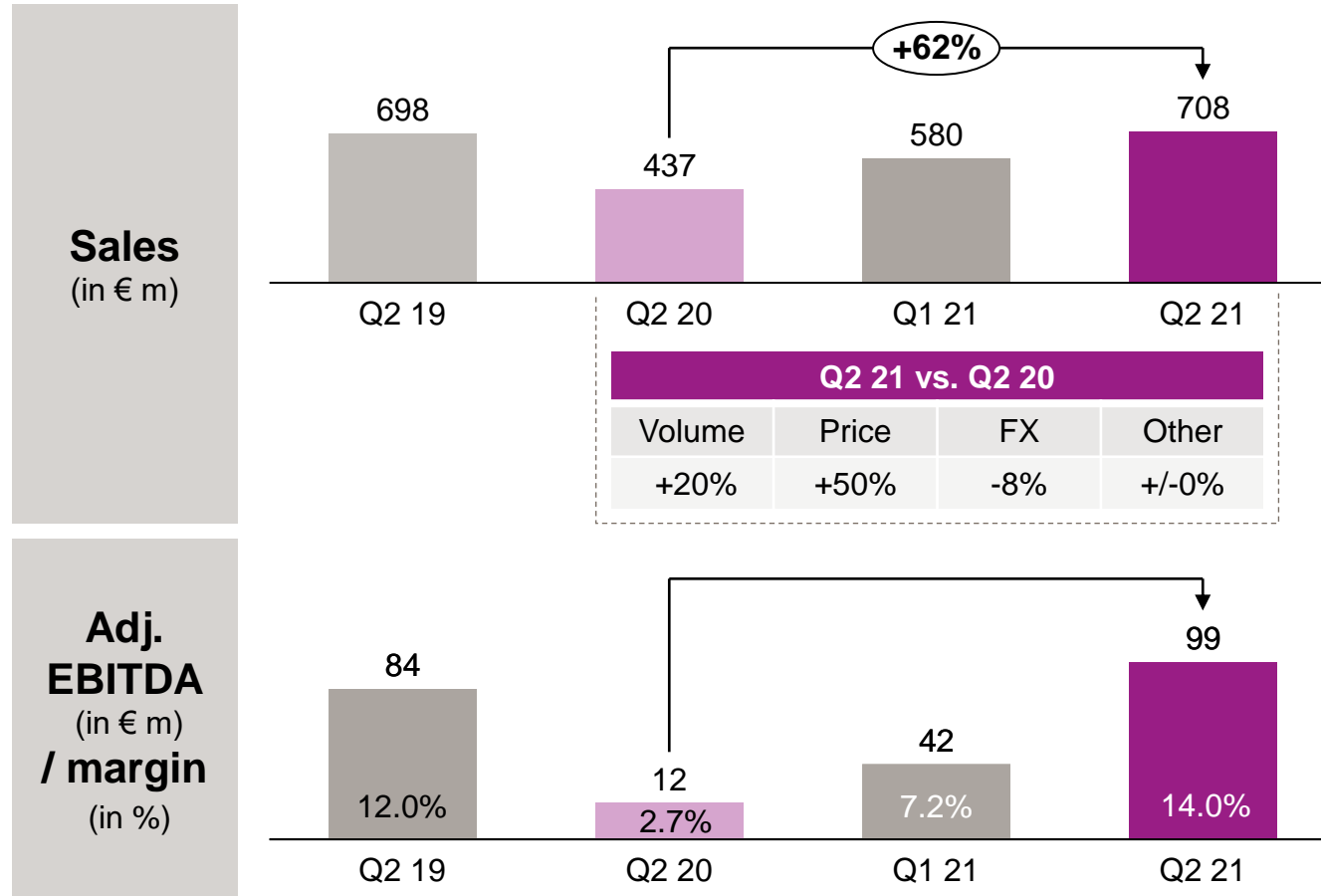


- Strong Q2 performance driven by higher volumes across all businesses
- Solid EBITDA increase, although margin impacted by temporary higher fixed costs (PA 12 ramp up, tight logistics situation)
- Recovery in automotive prevailing, benefitting Silica for tires and High Performance Polymers
- High demand for “Eco-Solutions” like active oxygens specialties and gas separation membranes
- Additional contribution from Porocel acquisition



Performance Materials

Higher C4 volumes and margins driving clear earnings recovery



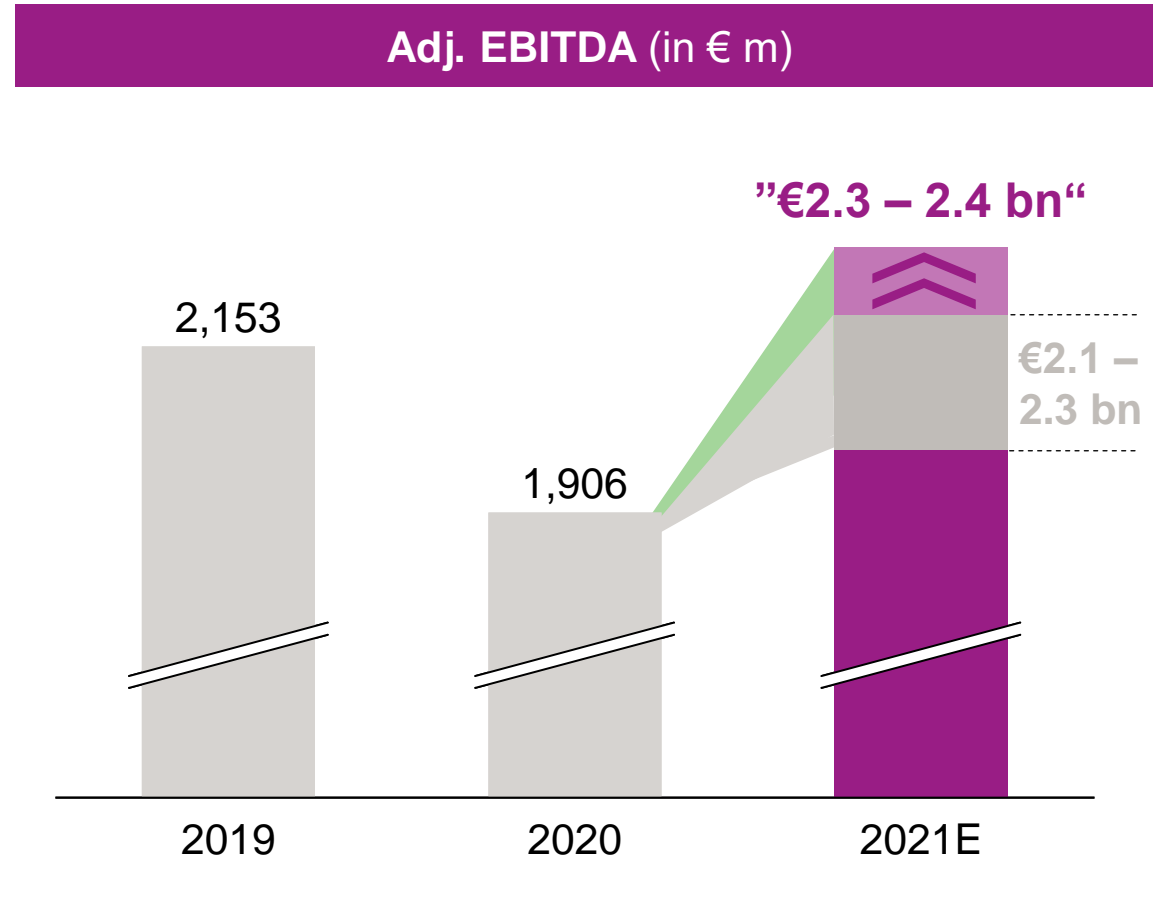
- Higher volumes and margins for all major C4 products (Butadiene, MTBE, oxo alcohols & plasticizers, PE co-monomers) driving clear earnings recovery
- Healthy demand across all major applications meeting tight supply with planned and unplanned outages along the entire value chain
- Higher Naphtha price supports value creation for our C4 products with naphtha-based price formulas
- Q3 with continued tight C4 markets and healthy demand; however, expected lower raw material availability and own planned maintenance turnarounds



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FY 2021 adj. EBITDA outlook raised to €2.3 to 2.4 bn – Likely ending up in upper part of range



Outlook FY 2021

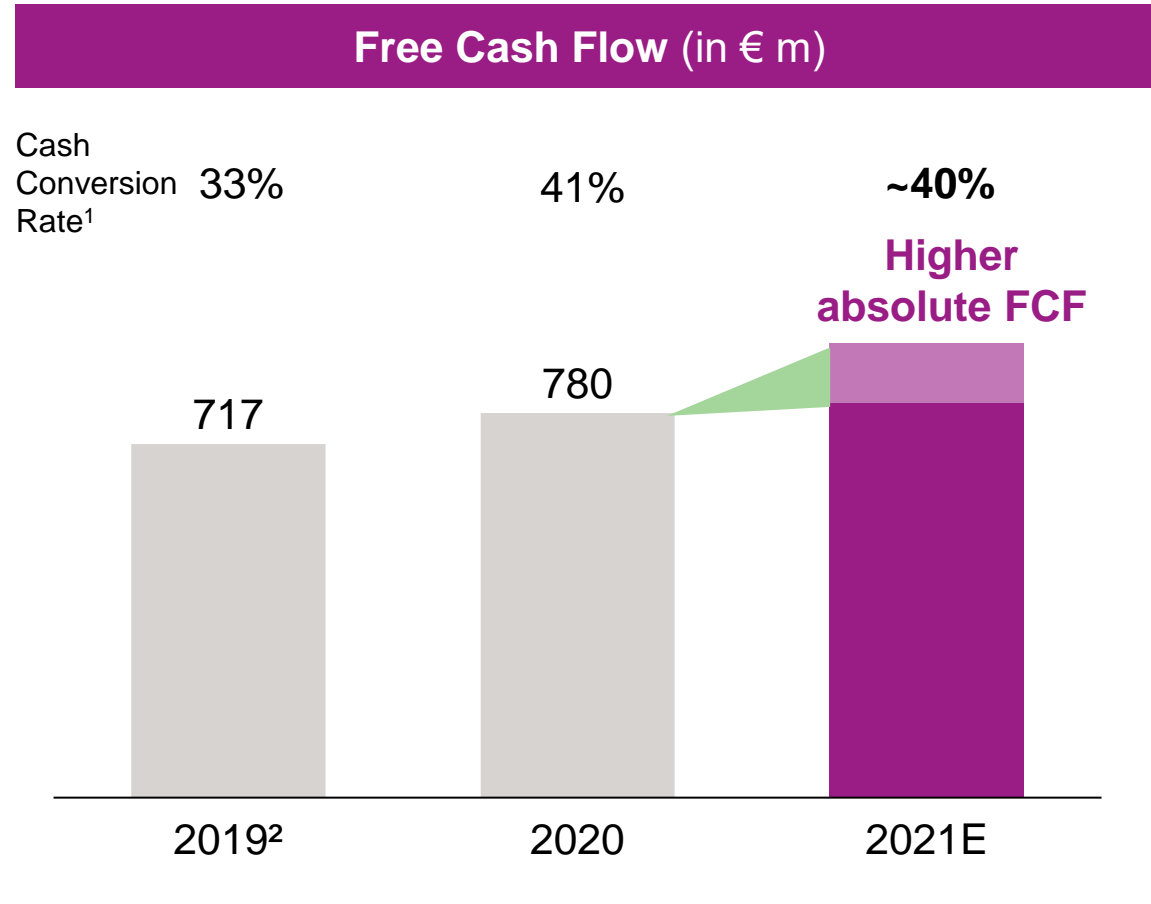
- FY 2021 adj. EBITDA outlook **raised to €2.3 to 2.4 bn** (up from €2.1 – 2.3 bn in May 2021)
- From today's perspective even ending up in the upper part of the range

Structural growth

- ~5% EBITDA CAGR since 2017¹ despite years of less favourable market environment
- Driven by
 - Portfolio shift geared towards Specialties
 - Sustainability trends across all growth divisions
 - Contribution from Innovation Growth Fields
 - Structural cost savings (SG&A)

1: Continuing operations (excl. MMA) with FY 2017 adj. EBITDA of €1,970 m as basis

Continued strong cash generation: On track to extend 40% cash conversion track record also in FY 2021



Outlook FY 2021

- “**Stable FCF conversion** on high prior-year level” (FY 2020: 41%)
- Resulting in higher absolute FCF, driven by:
 - Improving adj. EBIT(DA)
 - Lower capex
 - Continued benefit from CTA pension reimbursement
 - Lower bonus payments (for FY 2020)
- Compensating for
 - NWC outflow
 - Higher tax cash out

1. Free cash flow conversion (FCF / adj. EBITDA); 2. Excl. extraordinary carve-out taxes of ~€245 m (MMA divestment)



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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; 2020: 6.1%)
Capex¹	around €900 m (unchanged; 2020: €956 m)
EUR/USD	1.20 EUR/USD (unchanged; 2020: 1.15 EUR/USD)
EUR/USD sensitivity²	+/-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%)

1: Cash outflow for investment in intangible assets, pp&e | 2: Including transaction effects (after hedging) and translation effects; before secondary / market effects

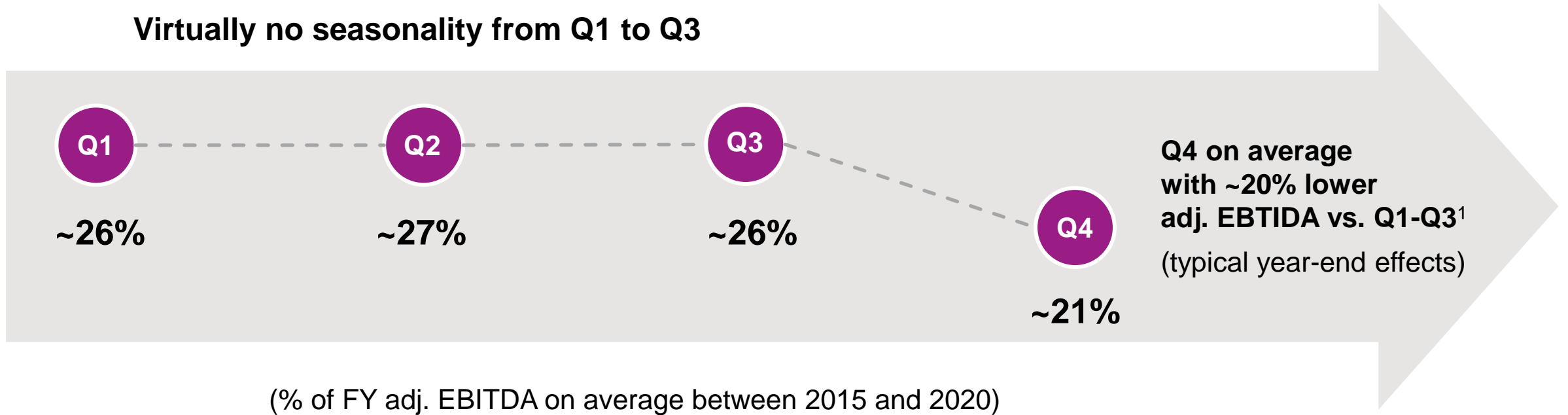
Indications for FY 2021 adj. EBITDA on division level

Specialty Additives		“slightly above prior year level”
Nutrition & Care		“well above prior year level”
Smart Materials		“significantly above prior year level”
Performance Materials		“substantially above low prior year level”
T&I/Other ¹		“clearly more negative than prior year level”

1. Entity renamed; no changes in scope or financials

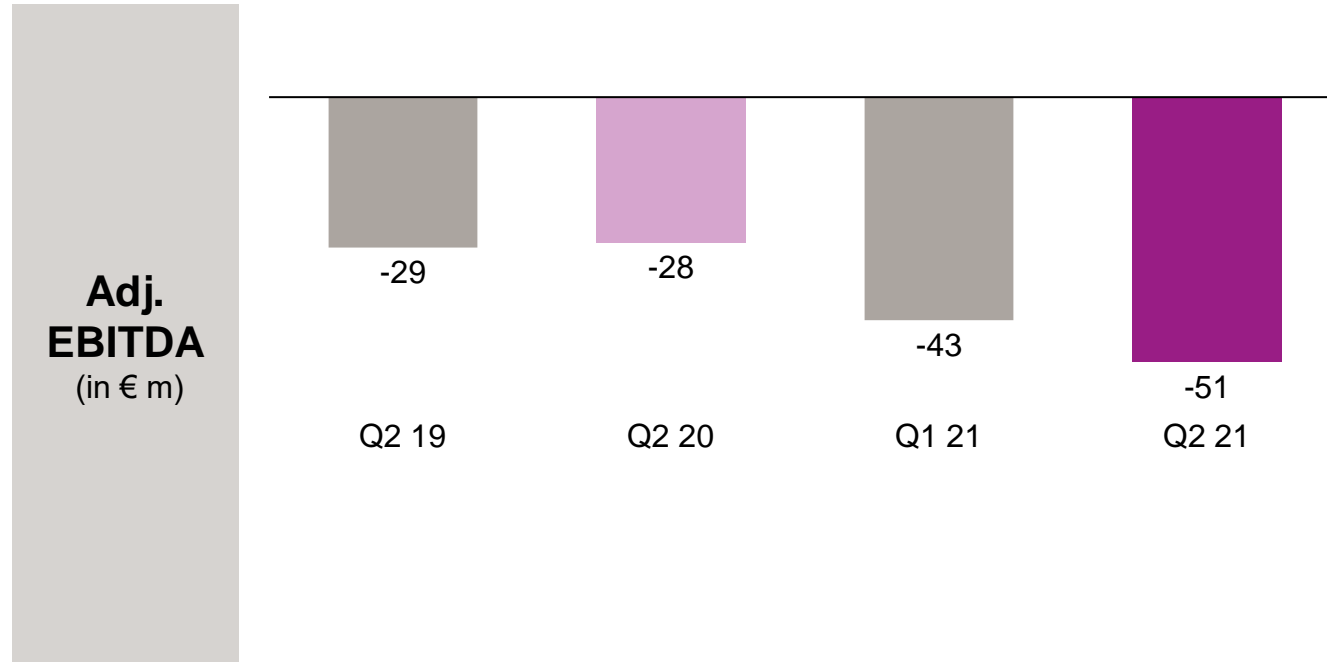
Typical earnings seasonality over the quarters

Virtually no seasonality from Q1 to Q3



1. Q4 adj. EBITDA vs. average of Q1-Q3 from 2015 - 2020

Technology & Infrastructure/Other¹



- Admin costs down 4% yoy thanks to successfully completed 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

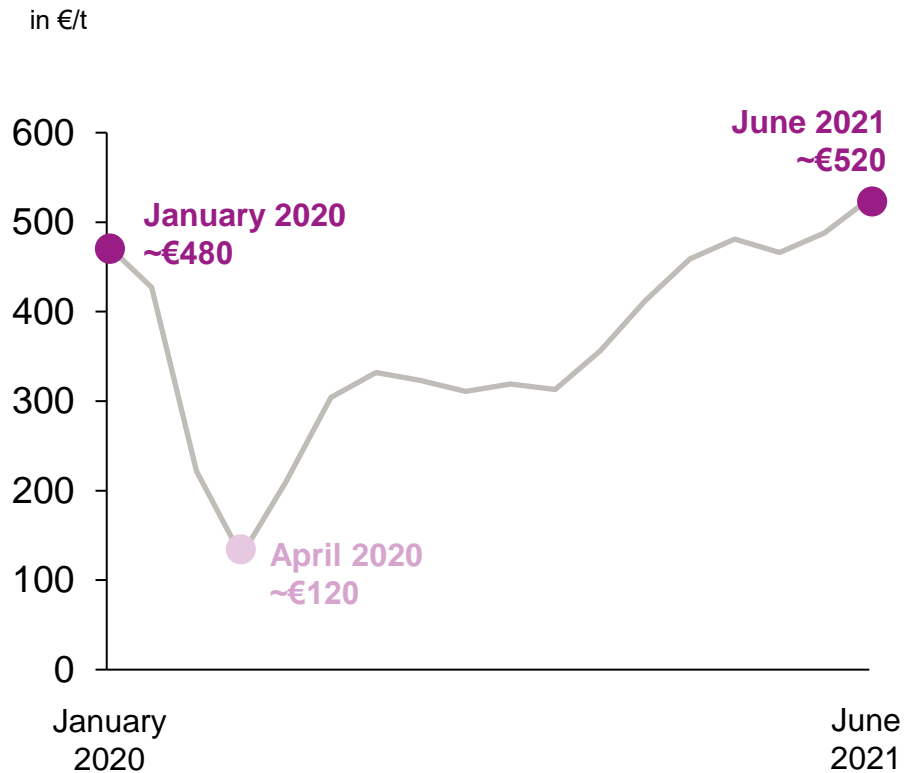


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Performance Intermediates (C4)

Positive impact from recovered naphtha price

Naphtha price recovered to pre-crisis levels

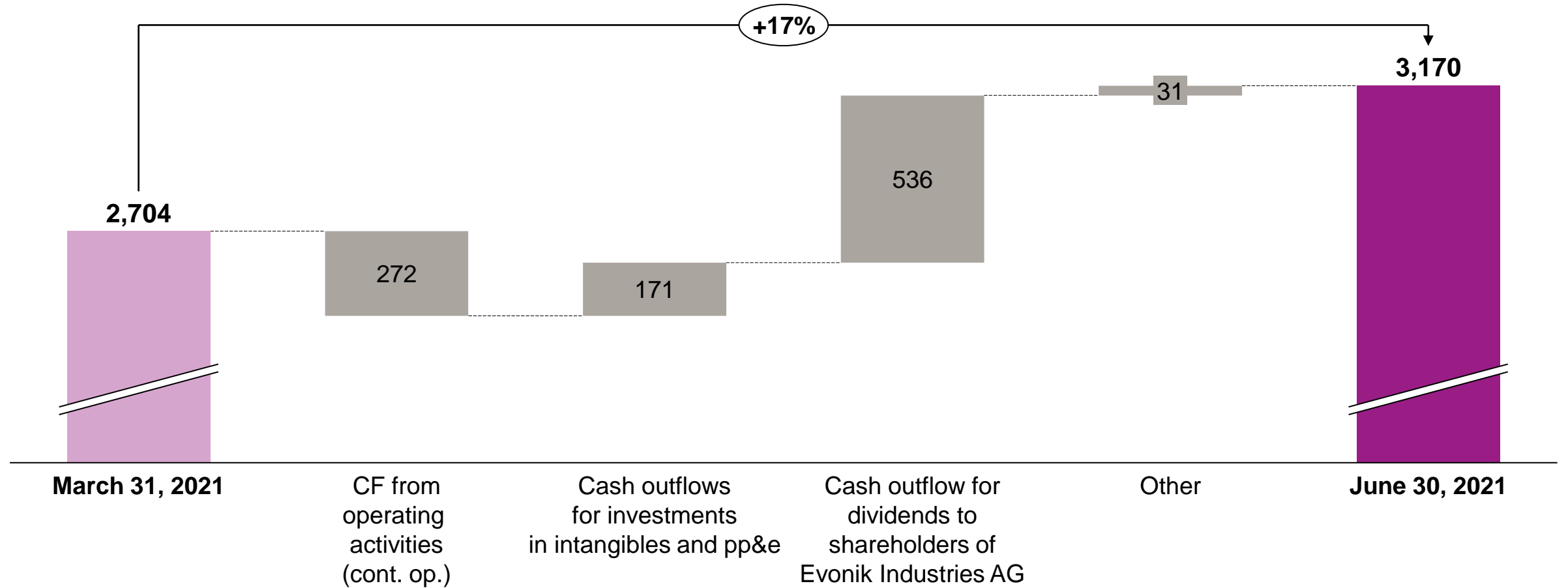


Positive impact on Performance Intermediates (C4)

	Feedstock input costs	Value creation	Current trading
Butadiene	Input Costs = 1.x naphtha	Butadiene-Naphtha Spread	Spread back to 2019 pre-crisis level at the end of Q2
MTBE Butene-1 Plasticizer / Plasticizer alcohols		Value creation (in €) based on naphtha factor (0.x times naphtha)	Naphtha price recovered from historic lows last April to pre-crisis levels

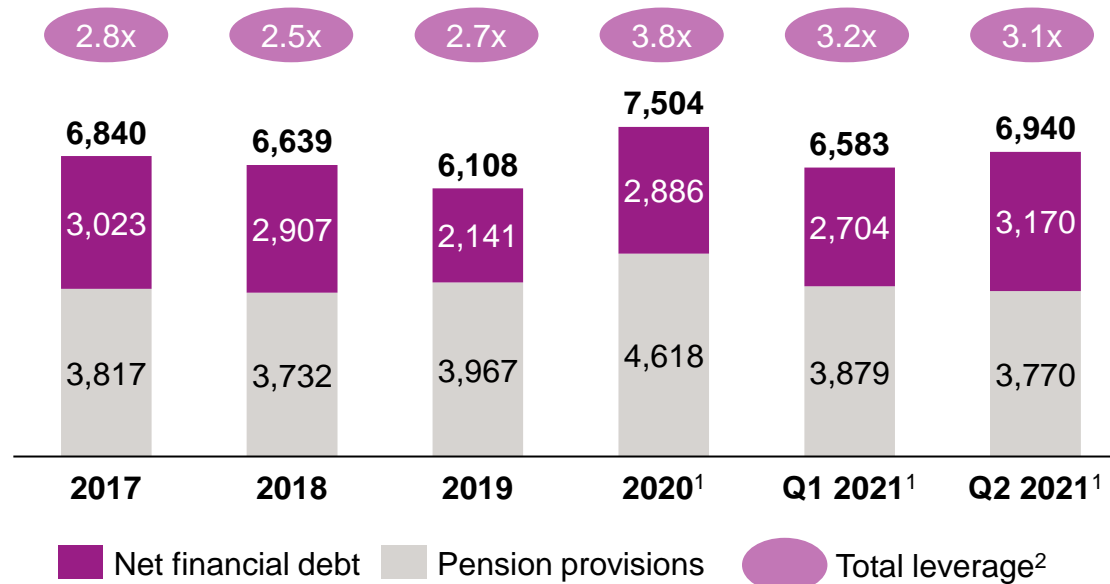
Net financial debt development Q2 2021

(in € m)



Development of debt and leverage over time

(in € m)



Adj. net debt³	6,590	6,389	5,858 ¹	7,254 ¹	6,332 ¹	6,690 ¹
Adj. EBITDA LTM	2,357	2,601	2,153 ¹	1,906 ¹	1,981 ¹	2,173 ¹
German pension discount rate (%)	2.00	2.00	1.30	0.90	1.30	1.30

- Increase of net financial debt versus end of Q1 mainly due to dividend payment in Q2
- Low net financial debt leverage at 1.3x⁴
- Majority of net debt consists of long-dated pension obligations with >18 years duration
- Pension provisions broadly stable qoq due to unchanged pension discount rates
- Pension provisions partly balanced by corresponding deferred tax assets of ~€1.3 bn

1: Continuing operations (excluding methacrylate activities) | 2: Adj. net debt / adj. EBITDA LTM | 3: Net financial debt – 50% hybrid bond + pension provisions | 4: (Net financial debt – 50% hybrid bond) / adj. EBITDA

Adjusted income statement Q2 2021

in € m	Q2 2020	Q2 2021	Δ in %
Sales	2,827	3,636	+29
Adj. EBITDA	456	649	+42
Depreciation & amortization	-254	-251	
Adj. EBIT	202	398	+97
Adj. net financial result	-25	-50	
D&A on intangible assets	38	35	
Adj. income before income taxes	215	383	+78
Adj. income tax	-51	-124	
Adj. income after taxes	164	259	+58
Adj. non-controlling interests	-4	-6	
Adj. net income	160	253	+58
Adj. earnings per share	0.34	0.54	+59
Adjustments	-14	-18	

Adj. net financial result

- Overall lower interest expenses for financial liabilities as well as for pension and other provisions
- Overcompensated by more negative “other financial result” due to
 - hyperinflation valuation effects of financial positions in Argentine Peso
 - prior-year including positive effects from value fluctuations of specialty funds

Adj. tax rate

- Temporarily higher adj. tax rate of 32% due to several one-time effects, e.g.
 - partly non-tax-deductible valuation effects from hyperinflation in Argentina
 - taxes related to other periods
- Return to long-term sustainable level of ~29% from 2022 onwards

Adjustments

- Restructuring charges mainly related to asset optimization in Animal Nutrition (Wesseling site)

Cash flow statement Q2 2021

in € m	Q2 2020	Q2 2021
Income before financial result and income taxes (EBIT)	188	380
Depreciation and amortization	256	250
Δ Net working capital	-23	-222
Change in provisions for pensions & other post-employment benefits	3	17
Change in other provisions	-224	-103
Change in miscellaneous assets/liabilities	-10	-18
Cash outflows from income taxes	92	-58
Others	3	26
Cash flow from operating activities (continuing ops.)	285	272
Cash outflows for investment in intangible assets, pp&e	-189	-171
FCF	96	101
Cash flow from investing activities (continuing ops.)	41	-158
Cash flow from financing activities (continuing ops.)	-448	-532

CF from operating activities

- Higher adj. EBIT(DA)
- Clear NWC outflow due to increase in inventories and receivables, reflecting higher business activity and increase in raw material prices
- Lower “other provisions” due to lower bonus payments for FY 2020 and higher bonus provisions for current year
- Higher cash taxes due to higher earnings level and prior year benefitting from tax reimbursements

CF from investing activities

- Slightly lower capex
- Cash-out for arbitration of legal case related to previous M&A transaction (Carbon Black)
- Prior-year including higher inflow due to sale of securities

CF from financing activities

- Prior-year with lower outflow for dividend (50% paid in Q2 and Q3 each)

Divisional overview by quarter

Sales (in € m)	Q1/19	Q2/19	Q3/19	Q4/19	FY 2019	Q1/20	Q2/20	Q3/20	Q4/20	FY 2020	Q1/21	Q2/21
Specialty Additives	842	867	861	810	3,381	852	747	777	848	3,225	907	922
Nutrition & Care	731	719	726	747	2,922	748	742	715	787	2,992	780	838
Smart Materials	857	845	833	836	3,371	858	722	790	866	3,235	909	975
Performance Mat.	677	698	607	652	2,634	584	437	444	517	1,983	580	708
T&I/Other	180	177	205	239	800	201	179	191	194	764	182	193
Evonik Group	3,287	3,306	3,232	3,284	13,108	3,243	2,827	2,917	3,212	12,199	3,358	3,636

Adj. EBITDA (in € m)	Q1/19	Q2/19	Q3/19	Q4/19	FY 2019	Q1/20	Q2/20	Q3/20	Q4/20	FY 2020	Q1/21	Q2/21
Specialty Additives	225	226	232	203	886	239	202	214	201	857	273	242
Nutrition & Care	113	121	119	109	462	118	168	140	133	560	143	183
Smart Materials	162	164	157	168	651	166	102	137	124	529	173	176
Performance Mat.	63	84	49	53	248	18	12	28	30	88	42	99
T&I/Other	-24	-29	-14	-28	-94	-28	-28	0	-70	-128	-43	-51
Evonik Group	539	566	543	505	2,153	513	456	519	418	1,906	588	649

Upcoming IR events

Conferences & Roadshows	
10 August 2021	Roadshow, London (Barclays)
31 August 2021	Corporate Conference, Frankfurt (Commerzbank)
13 September 2021	Basic Materials Conference, New York (Credit Suisse)
14 September 2021	Food Ingredients & Chemicals Conf., London (Berenberg)
16 September 2021	Roadshow, Frankfurt (Kepler Cheuvreux)
21 September 2021	Baader Investment Conference, Munich (Baader Bank)
22 September 2021	German Conference, Munich (Berenberg / Goldman Sachs)
23 September 2021	Strategic Decisions Conference, London (Bernstein)

Upcoming Events & Reporting Dates	
4 November 2021	Q3 2021 reporting
3 March 2022	Q4 2021 reporting
7 October 2021	Capital Markets Day

Postponed...
hoping for a
physical event
in H1 2022

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