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Key Financial Data: Second Quarter 2020

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Evonik is getting through the crisis well

- Outlook for 2020 confirmed: adjusted EBITDA between €1.7 billion and €2.1 billion
- Q2: Sales decline 14 percent on weaker demand, adjusted EBITDA falls 19 percent
- Robust EBITDA-margin of 20 percent in growth segments Nutrition & Care and Resource Efficiency

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Essen, Germany. Against the backdrop of the worldwide recession triggered by the Corona pandemic, Evonik is getting through the crisis well. Nevertheless, sales and earnings in the second quarter decreased compared to the previous year due to significantly weaker demand in some markets. Company sales fell by 14 percent to €2.83 billion, while adjusted earnings before interest, tax, depreciation and amortization (EBITDA) fell 19 percent to €456 million.

"Evonik is weathering the crisis," said Christian Kullmann, chairman of the management board. "In the second quarter we felt the effects of the pandemic. However, the strategic portfolio changes and the implementation of our efficiency programs contributed to the fact that we got through the first half of the year better than initially expected. This is especially true for our strong growth segments."

The two growth segments Resource Efficiency and Nutrition & Care showed robust performance in the second quarter and achieved strong EBITDA margins of 20 percent each. The Performance Materials segment, on the other hand, was hit much harder by the slump in demand as well as suffering from the low oil price.

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Adjusted net income in the second quarter decreased by 30 percent year-on-year to €160 million. Adjusted earnings per share declined from €0.49 to €0.34. Free cash flow was significantly positive at €96 million. Lower bonus payments and tax reimbursements more than compensated for the effects of lower operating profit and an increase in net working capital.

"In the crisis, we have shown high cash and cost discipline," said Ute Wolf, chief financial officer. "We are starting to see initial signs of recovery in some markets. However, there is still no question of a general economic recovery. The Corona crisis is not yet over."

For the full year 2020 Evonik confirms its outlook from May 7. The company expects sales of between €11.5 billion and €13.0 billion as well as adjusted EBITDA of between €1.7 billion and €2.1 billion.

Segment Development

Resource Efficiency: At the Resource Efficiency segment some businesses were significantly affected by the decline in demand, while others remained stable. Crosslinkers saw higher demand from the wind-energy market. Sales of active oxygen products also increased due to the initial inclusion of PeroxyChem, the US manufacturer of hydrogen peroxide and peracetic acid acquired at the beginning of February, as well as a good development in specialties, such as disinfectants. On the other hand, the global economic slowdown and cutbacks in production by customers, especially in the automotive sector, led to a decline in sales volumes of high-performance plastics, silica and silanes for the tire industry. Demand for oil additives also declined. Sales at Resource Efficiency fell by 14 percent to €1.24 billion in the second quarter and adjusted EBITDA by 22 percent to €255 million.

Nutrition & Care: The Nutrition & Care segment stayed robust. Sales fell by only 4 percent to €1.09 billion in the second quarter. Adjusted EBITDA even rose by 14 percent to €217 million. The essential amino acids for animal nutrition benefited from higher selling prices and increased demand. The health care business

once again recorded a pleasing development in pharmaceuticals and food ingredients as well as pharmaceutical polymers. However, additives for polyurethane foams experienced a decline in demand.

Performance Materials: At the Performance Materials segment sales in the second quarter fell significantly by 42 percent to €319 million. The decline in demand, particularly from the automotive and oil industries, particularly affected Performance Intermediates. In addition, the massive drop in the price of oil weighed on business. Functional Solutions' sales also declined due to weak demand. Adjusted EBITDA of the segment decreased by 85 percent to €11 million.

Excerpt from the income statement

	2nd quarter			1st half		
	2019	2020	Change in %	2019	2020	Change in %
Sales	3,306	2,827	-14	6,592	6,069	-8
Adjusted EBITDA	566	456	-19	1,105	970	-12
Adjusted EBIT	340	202	-41	655	475	-27
Adjustments	-21	-14		-41	-40	
Financial result	-52	-25		-104	-75	
Income before income taxes, continuing operations	267	163	-39	510	360	-29
Income taxes	-74	-34		-101	-91	
Income after income taxes, continuing operations	193	129	-33	409	269	-34
Income after taxes, discontinued operations	40	-11		69	-18	
Income after taxes	233	118	-49	478	251	-47
thereof attributable to non-controlling interests	5	4		11	7	
Net Income	228	114	-50	467	244	-48
Adjusted net income	227	160	-30	476	341	-28

Segment performance – 2nd quarter

	Sales			Adjusted EBITDA		
	2019	2020	Change in %	2019	2020	Change in %
Nutrition & Care	1,131	1,085	-4	190	217	14
Resource Efficiency	1,445	1,244	-14	326	255	-22
Performance Materials	553	319	-42	74	11	-85
Services	171	171	-	36	37	3
Other operations	6	8	33	-60	-64	-7
Group	3,306	2,827	-14	566	456	-19

Segment performance – 1st half

in € million	Sales			Adjusted EBITDA		
	2019	2020	Change in %	2019	2020	Change in %
Nutrition & Care	2,280	2,219	-3	370	391	6
Resource Efficiency	2,883	2,681	-7	655	599	-9
Performance Materials	1,073	791	-26	128	35	-73
Services	345	362	5	67	66	-1
Other operations	11	16	45	-115	-121	-5
Group	6,592	6,069	-8	1,105	970	-12

Employees by segment

	31.12.2019	30.06.2020
Nutrition & Care	8,090	7,979
Resource Efficiency	10,153	10,564
Performance Materials	1,622	1,605
Services	12,037	11,988
Other operations	521	485
Evonik	32,423	32,621

Company information

Evonik is one of the world leaders in specialty chemicals. The company is active in more than 100 countries around the world and generated sales of €13.1 billion and an operating profit (adjusted EBITDA) of €2.15 billion in 2019. Evonik goes far beyond chemistry to create innovative, profitable and sustainable solutions for customers. More than 32,000 employees work together for a common purpose: We want to improve life, today and tomorrow.

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