

Key figures: First Quarter 2022

May 6, 2022

Confirmed: First quarter significantly above expectations

- Adjusted EBITDA up 25 percent at €735 million
- Higher costs successfully offset
- Inventories increased as a precaution

Essen, Germany. Evonik's successful start to 2022 significantly exceeded capital market expectations. The company is confirming preliminary figures, which were released on April 21. Adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) rose to €735 million in the first quarter. The analyst consensus was approximately €652 million.

“Across all divisions, we were able to adjust selling prices successfully and therefore offset the increase in variable costs,” said Christian Kullmann, Chairman of the Executive Board. “Although business conditions were dominated by uncertainty and bottlenecks, Evonik made a good start to the year.”

The main growth drivers at present are the Nutrition & Care and Performance Materials divisions. The business with essential amino acids for animal nutrition benefited from rising demand and higher selling prices. Operating world-scale production facilities in Singapore, Antwerp, and Alabama has paid off as Evonik can ensure reliable and cost-effective delivery to Asia, Europe, and the Americas. Significant earnings growth also came from drug delivery systems and active ingredients for cosmetics.

The Performance Materials division benefited from higher demand and improved selling prices for C₄ products. In the present situation, its naphtha-based price clauses act as a natural hedge against higher oil prices.

These developments are also reflected in company sales, which increased by 34 percent year-on-year to €4.5 billion in the first three months. Adjusted net income was 49 percent higher at €356 million.

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Free cash flow amounted to €133 million in the first quarter, compared with €312 million in the prior-year period. “Cost inflation and, above all, higher raw material costs have raised the value of our inventories,” said Ute Wolf, Chief Financial Officer. “Moreover, we have increased inventories as a precaution, so we are prepared for possible supply chain disruptions.”

In light of lower projections for global economic growth, Evonik has reviewed its expectations for 2022 as a whole. “We are living in a period of unusual economic uncertainty,” said Kullmann. “Higher energy prices and considerable uncertainty about the supply of raw materials are weighing on industry and the entire economy.”

Evonik now anticipates that global growth will be 3.3 percent. “Based on our strong start to the year and assuming there will be no further escalation in the geopolitical situation, we are confirming our outlook for the full year,” said Kullmann. The company expects to report adjusted EBITDA of between €2.5 billion and €2.6 billion and sales of between €15.5 billion and €16.5 billion. In 2021, Evonik’s adjusted EBITDA was €2.38 billion and sales were €15 billion.

Development in the divisions

Specialty Additives: In the Specialty Additives division sales increased 16 percent to €1.05 billion in the first quarter. Higher selling prices to compensate for increased costs boosted sales at the division. However, products for the construction, coatings and renewable energy industries saw lower demand, partly due to problems in global supply chains. The additives for polyurethane foams as well as for paints and varnishes achieved significantly higher sales, to which higher selling prices contributed significantly. Sales of additives for the automotive sector also increased with solid demand and improved prices. Adjusted EBITDA at the division fell 8 percent to €252 million due to slightly lower volumes and higher logistics costs.

Nutrition & Care: The division's sales increased 33 percent to €1.04 billion in the first quarter. The essential amino acids

continued to be in high demand worldwide and achieved significant sales growth. Products for the health and care sector also significantly increased their sales. In particular, the businesses with drug delivery systems and active ingredients for cosmetic applications recorded a very pleasing development. Adjusted EBITDA grew by 55 percent to €222 million, mainly because of the very good price development.

Smart Materials: Sales at the Smart Materials division increased by 30 percent to €1.18 billion in the first quarter. The inorganic products achieved significantly higher sales. With a positive development in demand, it was possible to increase selling prices in order to pass on higher costs. The development of the environmentally friendly "Eco-Solutions" products was particularly pleasing. Polymers also benefited from significantly higher demand with improved selling prices and contributed sales significantly higher than in the previous year. Adjusted EBITDA improved 14 percent to €197 million.

Performance Materials: In the Performance Materials division, sales increased by 63 percent to €947 million in the first quarter. Sales of products from the C4 Group also rose significantly despite high demand and strongly improved selling prices. The superabsorber business recorded a significant increase in sales thanks to increasing volume demand and higher selling prices. Adjusted EBITDA increased from €42 million to €97 million, mainly due to improved product margins.

Excerpt from the income statement

in € million	1st quarter		
	2021	2022	Change in %
Sales	3,358	4,498	34
Adjusted EBITDA	588	735	25
Adjusted EBIT	336	472	40
Adjustments	-28	-16	
Financial result	-21	-12	
Income before income taxes, continuing operations	287	444	55
Income taxes	-88	-126	
Income after income taxes, continuing operations	199	318	60
Income after taxes, discontinued operations	-7	-	
Income after taxes	192	318	66
thereof attributable to non-controlling interests	6	4	
Net Income	186	314	69
Adjusted net income	239	356	49

Division performance – 1st quarter

in € million	Sales			Adjusted EBITDA		
	2021	2022	Change in %	2021	2022	Change in %
Specialty Additives	907	1,049	16	273	252	-8
Nutrition & Care	780	1,038	33	143	222	55
Smart Materials	909	1,181	30	173	197	14
Performance Materials	580	947	63	42	97	131
Technology & Infrastructure	169	271	60	29	35	21
Enabling Functions, Other Activities, Consolidation	13	12	-8	-72	-68	6
Evonik Group	3,358	4,498	34	588	735	25

Employees by division

	Dec. 31, 2021	Mar. 31, 2022
Specialty Additives	3,693	3,742
Nutrition & Care	5,453	5,540
Smart Materials	7,742	7,826
Performance Materials	1,964	1,975
Technology & Infrastructure	8,152	8,044
Enabling Functions, Other Activities, Consolidation	6,000	6,024
Evonik Group	33,004	33,151

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 €15 billion and an operating profit (adjusted EBITDA) of €2.38 billion in 2021. Evonik goes far beyond chemistry to create innovative, profitable and sustainable solutions for customers. About 33,000 employees work together for a common purpose: We want to improve life today and tomorrow.

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