

# Evonik

## Leading Beyond Chemistry

Q4 / FY 2021  
Earnings Conference Call



3 March 2022

**Christian Kullmann**, Chief Executive Officer  
**Ute Wolf**, Chief Financial Officer

# Strategy execution paying off

## Evonik growth engine keeps on running

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Ongoing **portfolio upgrading**: >40% growth in innovation sales; "Next Generation Solutions" reach 37% of group sales

Resilience 2020 – Strong growth 2021: **Growth divisions** as driving force behind €2.4 bn adj. EBITDA (+11% vs 2019)

Raw materials & supply chain remained challenging in Q4 – **€600 m price effect** already overcompensates variable costs

**Structural growth continues** into FY 2022: Targeting 5-9% adj. EBITDA growth; strong start in Q1 with at least +10% yoy





**FCF**: FY 2022 expected to be 5<sup>th</sup> year of higher FCF in a row

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1. **Strategy execution paying off**
2. Financial performance Q4 / FY 2021
3. Outlook FY 2022

## Persistent track record of EBITDA & FCF growth ... ... to be continued in FY 2022

	CAGR 2017-2021	2021 vs 2019	Guidance 2022
Adj. EBITDA	 <b>+5%</b>	 <b>+11%</b>	<b>Outperform historic growth rates</b>
FCF	 <b>+17%</b>	 <b>+32%</b>	<b>Another increase – 5<sup>th</sup> year in a row</b>

# Proven portfolio quality over last three years

## ... resulting in consistent growth

	2019	2020	2021
<b>Year of...</b>	<b>Stability</b> despite more challenging macro in H2	<b>Resilience</b> in a pandemic year with GDP at -3%	<b>Growth</b> despite raw material & supply chain challenges
<b>Highlights</b>	<ul style="list-style-type: none"> <li>▪ Successful divestment of MMA business</li> <li>▪ SG&amp;A program well ahead of plan</li> <li>▪ New divisional structure for more transparency</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implementing pandemic plans &amp; securing supply chain</li> <li>▪ Three growth divisions with almost stable EBITDA on 2019 level</li> </ul>	<ul style="list-style-type: none"> <li>▪ Demonstrating control of cost inflation and supply chain disruptions</li> <li>▪ Growth divisions as driven force</li> </ul>
<b>Promise &amp; Deliver</b>	<b>Stable at €2.15 bn</b> Spot on guidance after upgrade in Q1	<b>Spot-on at €1.9 bn</b> Reliable guidance throughout pandemic	<b>Strong growth to €2.4 bn</b> Well above initial guidance, with upgrades every quarter

# Sustainability as growth driver

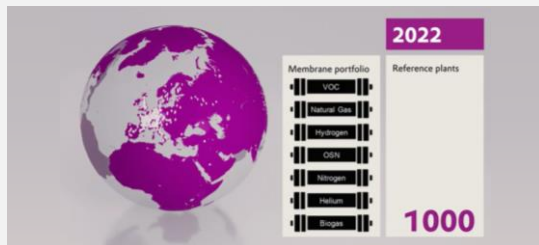
## “Next Generation Solutions” expanding to 37% sales share

Strong growth of Next Generation Solutions across our four “Sustainability Focus Areas”

### Fight Climate Change



#### SEPURAN® membranes



- Success: >1,000 reference plants worldwide for gas separation
- From start-up to global technology leader for gas separation membranes within a decade

### Drive Circularity



#### Abrasion-resistant coatings



- New material with a unique spherical particle morphology
- Highest performance in scratch- and abrasion-resistance

### Safeguard Ecosystems



#### PAA for waste-water disinfection



- Increasing demand for alternative waste-water treatment solutions
- Offer for non-toxic, environmentally-friendly solution

### Ensure Health & Well-being



#### RESOMER® excipients



- Biocompatible polymers for controlled release of complex parenteral drug products
- Varied use with small molecules, peptides and proteins

# Progress on our strategic agenda

## Transformation towards higher-quality portfolio with higher returns well on track

### Innovation

- **>40%** growth in **Innovation Growth Fields**
- **Re-designed RD&I function** to leverage full potential from digitalization and Venture Capital investments
- **“Creavis”** as business incubator of Evonik realigned to address key global challenges



### Ongoing portfolio transformation

- Carve-Out executed for **Baby Care**
- Divestment announced for main site of **Functional Solutions** (Lülsdorf, Germany)
- **Specialty share** within our businesses expanded – e.g. in Health & Care and Active Oxygens

### Open & performance-driven corporate culture

- Improvement in **customer satisfaction and loyalty**
- Pushing **top performers**
- Fostering **diversity**

# Portfolio: Successful portfolio transformation beyond M&A

... resulting in higher share of specialty products & applications

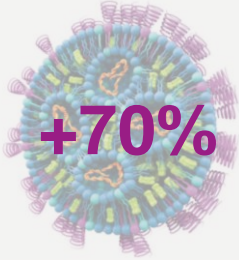

<b>Specialty Additives</b>		<b>&gt;20%</b>	sales growth in <b>novel PU additives</b> for environmentally friendly blowing agents in spray foam
<b>Nutrition &amp; Care</b>		<b>~24%</b>	<b>sales share of “System Solutions”</b> <ul style="list-style-type: none"><li>▪ up from ~20% in FY 2020</li><li>▪ working toward &gt;50% target in 2030</li></ul>
<b>Smart Materials</b>		<b>&gt;10%</b>	sales growth with <b>specialty grade H<sub>2</sub>O<sub>2</sub></b> for <b>aseptic packaging</b>



# Innovation: Ahead of plan

Critical size of Innovation Growth Fields achieved – Growth accelerating

Sales with Innovation Growth Fields		
	Growth rate p.a.	Sales level
Target until FY 2025	25%	>€1,000 m
Achieved in FY 2021	>40%	>€500 m

FY 2021: Major innovation growth drivers	
Innovation highlights	FY 2021
<p><b>Healthcare Solutions:</b></p> <ul style="list-style-type: none"> <li>Global development partner &amp; solutions provider for drug delivery systems</li> <li>Evonik as pioneer in LNP field for mRNA technology</li> </ul>	 <p>+70%</p>
<p><b>Cosmetic Solutions:</b></p> <ul style="list-style-type: none"> <li>Active ingredients portfolio reaching triple-digit million € sales</li> <li>Launch of more than 10 new cosmetic actives in 2021</li> <li>e.g. SPHINOX® Defenda: innovative bioactive sphingolipid offering various daylight skin defense and protection benefits</li> </ul>	 <p>+50%</p>

# Culture: Open & performance-driven corporate culture

## Progress on all levels of Evonik's corporate values



>80%

customer satisfaction and loyalty  
with constant increase over the last years<sup>1</sup>

>60%

of annual wage increases is now  
**performance-driven** – higher flexibility  
to support top performers

+2pp

women in management positions<sup>2</sup>  
(to 28% in 2021)

1. based on independent customer surveys | 2. management circles 1-3, with 17.7% in MC1 / Executive management positions, 17.6% in MC2 and 28.7% in MC3

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# FY 2021 results

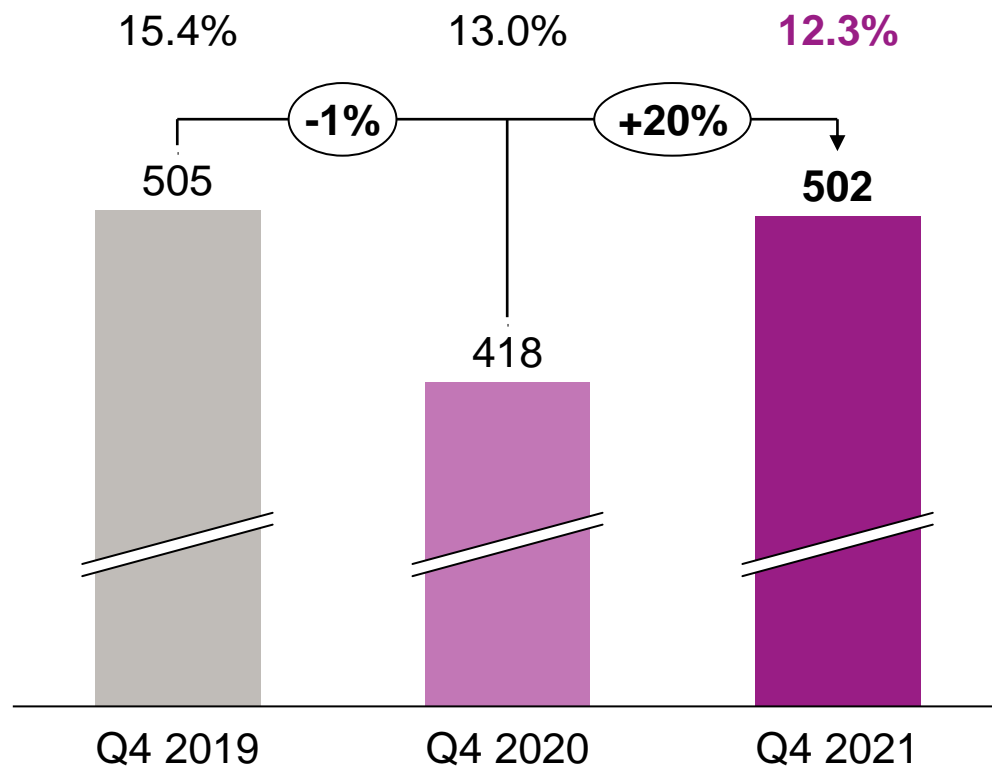
## Up on all levels

Sales (in € m)	EBITDA (in € m)	Free cash flow (in € m)	Dividend (in €)
<b>14,955</b> (FY 2020: 12,199)	<b>2,383</b> (FY 2020: €1,906 m)	<b>950</b> (FY 2020: €780 m)	<b>1.17</b> (FY 2020: 1.15 €)
Demand trends intact; price increases compensating cost inflation in H2	11% EBITDA growth vs FY 2019	Clear improvement of absolute FCF level (+22%)	Increase for reliable & attractive dividend

# Q4 rounding out a successful year

## Despite further rising variable costs and negative one-time effect

Adj. EBITDA (in € m) & margin (in %)



Unchanged positive demand dynamics across all businesses: 5% volume growth against strong prior-year level

~€20 m negative one-time effect in T&I/Other

- Higher costs due to unplanned outages of power plants in Marl, Germany

Lower margin explained by dilutive effect of higher raw material prices (base effect on sales; explanation on slide 38 in backup)

## Q4 Highlights

Positive trends to be sustained, negatives fading throughout 2022

- **Healthy volumes** in all businesses
- **Price increases** in SP & SM ramping up (+10% Q4 after +6% Q3)
- **Nutrition & Care** with a strong finish of a very successful year
  - Health Care: Ramp-up of lipid deliveries to BioNTech
  - Continued solid volume growth and successively higher prices in Animal Nutrition
- **Performance Materials:** C4 chain with sustained positive spreads in Butene-1, Oxo products and Specialties (~70% of the C4 chain)



Positive trends expected to continue into Q1

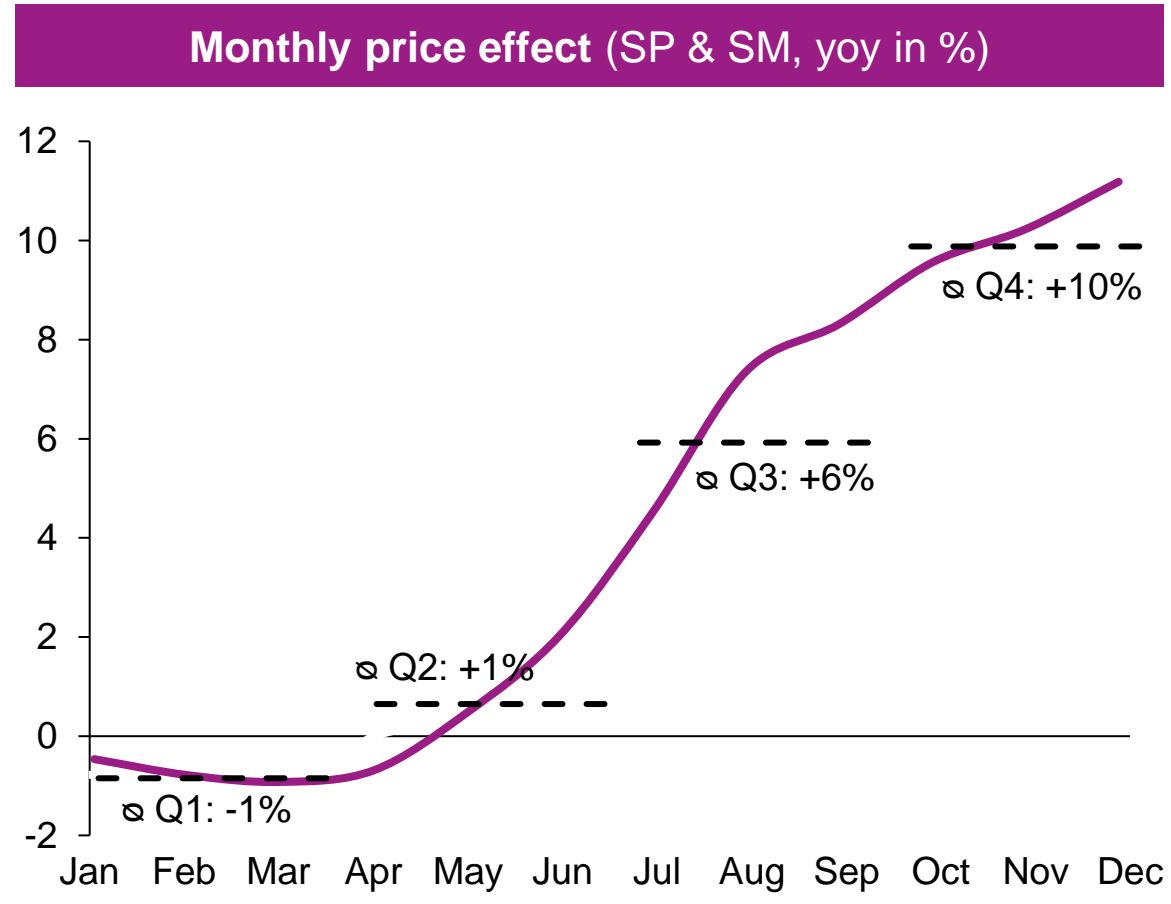
- **Raw materials:** Further cost increases, especially in Specialty Additives (siloxanes) and Smart Materials (silicon metal); volumes in Specialty Additives limited by supply chain disruptions
- **Logistics:** Commitment to supply security as reliable partner resulting in higher costs towards year-end
- **Baby Care:** Last quarter of unfavourable contract prices
- **T&I/Other:** Negative impact from unplanned power plant outage



Negatives fading from Q1 2022 onwards

# Price increases accelerating further in Q4

## Time lag resulting in a tailwind for 2022



### Price increases accelerating...

- Price increases accelerating further in Q4 (Q4 at €600 m vs Q3 at €450 m on Group level)
- Campaigns continue to ramp up into 2022

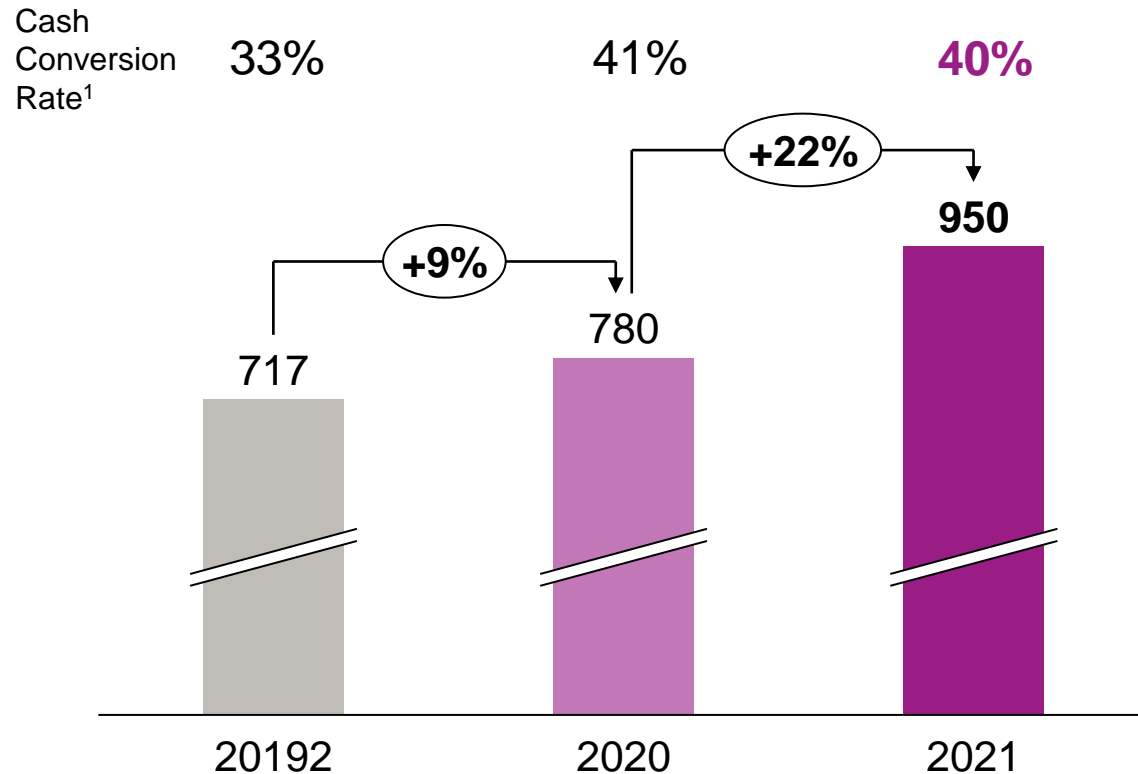
### ...overcompensating cost inflation

- On Group level, price increases in Q4 of €600 m already overcompensate variable cost increase
- Specialty Additives and Smart Materials with 80% compensation in Q4 after another steep increase in raw material costs
- Catch-up of negative 2021 cost gap in SP & SM with a time lag; resulting in positive EBITDA contribution for 2022

# Free Cash Flow FY 2021

## Significantly higher FCF

### Free Cash Flow 2021 (in € m, continuing operations)



4<sup>th</sup> year in a row with higher FCF

Cash conversion rate continues at target level

+22% FCF growth in FY 2021 despite lower Q4 level

Q4 FCF (€13 m vs €259 m prior-year) impacted by

- NWC inflow well below prior-year level (€114 m vs €357 m) mainly due to higher inventories (higher price level, more goods in transit, preparation for maintenance shutdowns in Q1)
- High cash-out for taxes (€230 m vs €81 m) due to year-end phasing prepayments (adapting to higher earnings)

1. Free cash flow conversion (FCF/adj. EBITDA) | 2. Extraordinary carve-out taxes of €245 m (related to MMA divestment) not considered



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## Well set for 2022 ...

On track for  
continued structural  
earnings growth

### Cost inflation

... managed well

- Successful price increases closing the cost inflation gap
- Proactive hedging strategy limiting energy cost increases

### Growth divisions

... extending track record

- Proven both resilience in 2020 as well as growth in 2021
- Hardly any business overearning in FY 2021
- ... boding well for further structural growth in FY 2022

### Capacities

... ramping up

- Lipids: Contracted business and strong project pipeline for Health Care and Care Solutions
- PA12: Ramp-up of new capacity in tight market environment

### Sustainable innovation

... gaining size

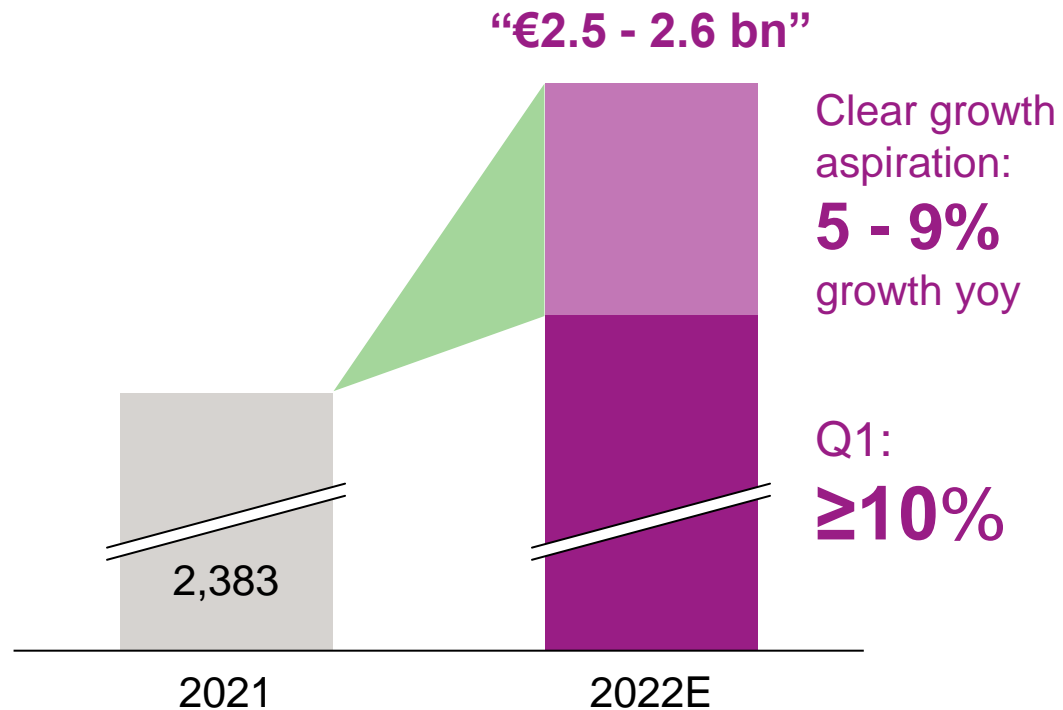
- ~€150 m higher sales from innovation in FY 2021 (yoy) at above-average margins
- Unchanged positive trends bode well for innovation-driven growth in FY 2022

Our outlook and all forward-looking statements are based on the currently observable positive sales and order book development. As anybody else, we are currently not able to assess the impact of the war in the Ukraine on the overall economic development.

# Outlook 2022: Adj. EBITDA

## Continued structural earnings growth – Strong start into the year

“between €2.5 and 2.6 bn” (FY 2021: €2,383 m)



- Hardly any business overearning in FY 2021
- Acceleration of structural earnings growth expected in FY 2022 (vs 5% CAGR 2017 to 2021)
- Clear growth ambition in any scenario
- More resilient portfolio enables narrower range
- All three growth divisions expected with yoy higher adj. EBITDA

### Strong start into the year:

- **Q1 adj. EBITDA** growth of “at least 10%” (yoy) expected
- ... even above growth rate at upper end of FY guidance range (9%)

Our outlook and all forward-looking statements are based on the currently observable positive sales and order book development. As anybody else, we are currently not able to assess the impact of the war in the Ukraine on the overall economic development.

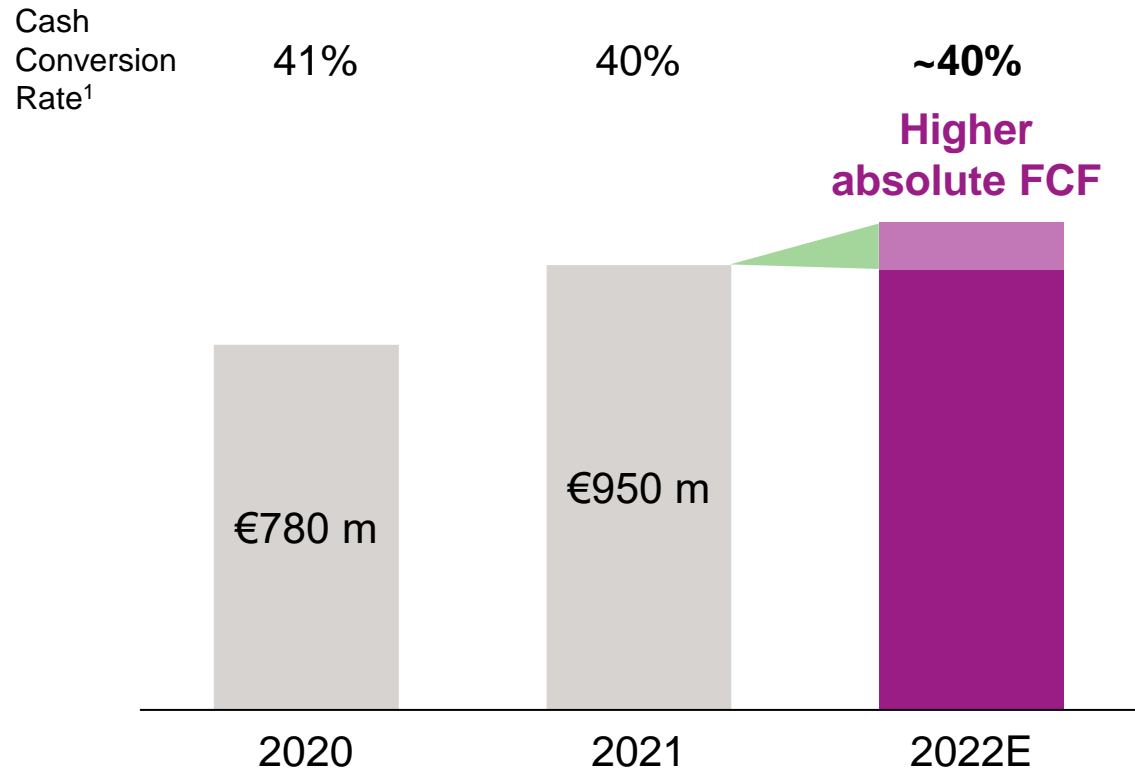
# Indications for adj. EBITDA FY 2022 on division level

Specialty Additives	Nutrition & Care	Smart Materials	Performance Materials
 <ul style="list-style-type: none"><li>▪ Mission-critical solutions supporting broad-based growth across additives portfolio</li><li>▪ Ongoing strong demand across all key end markets</li><li>▪ Pricing initiatives continue to compensate higher input costs</li></ul>	 <ul style="list-style-type: none"><li>▪ Increasing share of “System Solutions” with above-average margin profile</li><li>▪ Positive price trend in Animal Nutrition</li><li>▪ Continued active cost &amp; portfolio management</li></ul>	 <ul style="list-style-type: none"><li>▪ Ongoing positive development in “Eco Solutions”</li><li>▪ “Future Mobility”: New PA12 capacities into tight market</li><li>▪ Pricing initiatives continue to compensate higher input costs</li></ul>	 <ul style="list-style-type: none"><li>▪ Normalization of product spreads in C<sub>4</sub> chain</li><li>▪ Baby Care to benefit from improving market environment and long-term customer relationships</li></ul>
“slightly above prior year level”	“considerably above prior year level”	“significantly above prior year level”	“below prior year level”

# Outlook 2022: Free Cashflow

Continued strong cash conversion = higher absolute FCF

“Stable FCF conversion around 40%”



Higher absolute FCF in FY 2022  
for the 5<sup>th</sup> year in a row, driven by:

Higher **EBITDA**

Significantly lower **NWC** outflow

Continued **capex** discipline despite inflationary environment

... overcompensating higher **bonus payments**

1. Free cash flow conversion (FCF/adj. EBITDA)

**Save the date**

# Capital Markets Day

Essen, Germany  
11 May 2022

**Details and  
invitation  
to follow  
shortly**



**EVONIK**

**Leading Beyond Chemistry**

## Additional indications for FY 2022

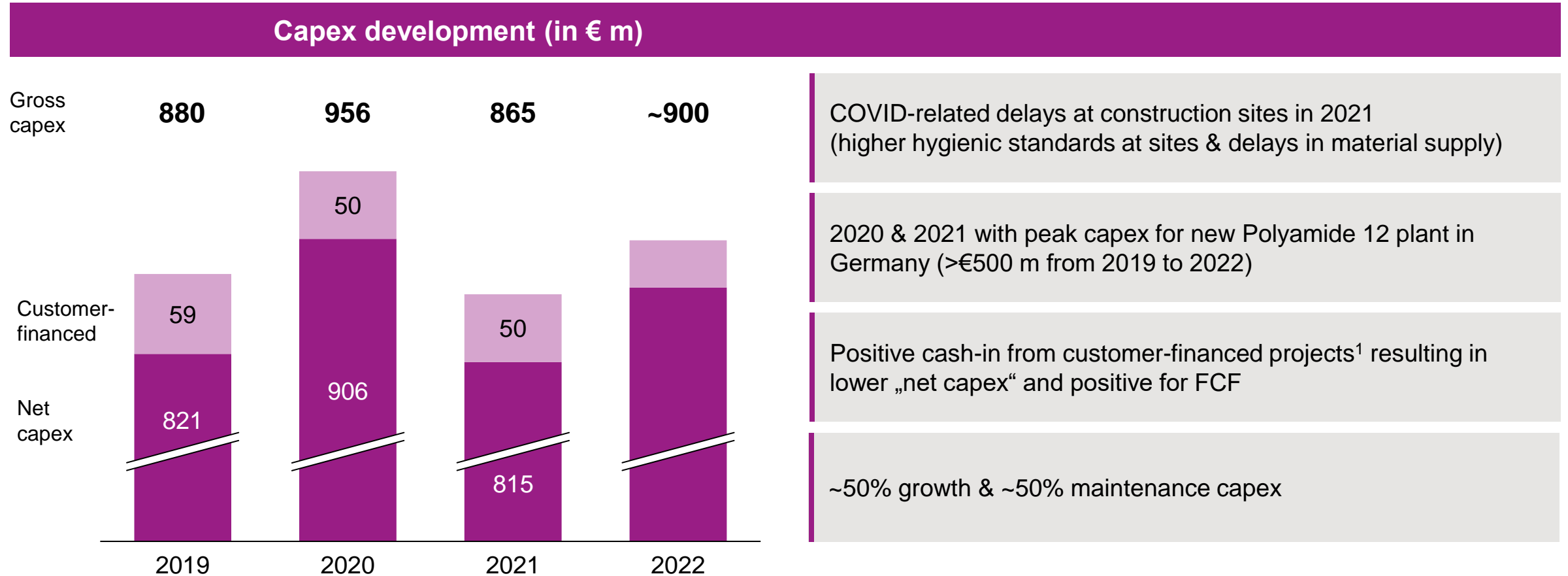
<b>Sales</b>	<b>between €15.5 and 16.5 bn</b> (2021: €15.0 bn)
<b>ROCE</b>	<b>slightly above the level of 2021</b> (2021: 9.0%)
<b>Capex<sup>1</sup></b>	<b>around €900 m</b> (2021: €865 m)
<b>EUR/USD sensitivity<sup>2</sup></b>	+/-1 USD cent = <b>-/+ ~€6 m</b> adj. EBITDA (FY basis)
<b>Adj. EBITDA T&amp;I/Other</b>	<b>considerably less negative than prior year level</b> (2021: -€221 m)
<b>Adj. D&amp;A</b>	<b>slightly above the level of 2021</b> (2021: €1,045 m)
<b>Adj. net financial result</b>	<b>slightly less negative than 2021</b> (2021: -€97 m)
<b>Adj. tax rate</b>	<b>around</b> long-term sustainable level of <b>~30%</b> (previously: long-term level of 31%); higher compared to previous years (2021: 28%), amongst others due to changes in international tax legislation

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



# Cash-out for capex expected at target level of “~€900 m” in FY 2022

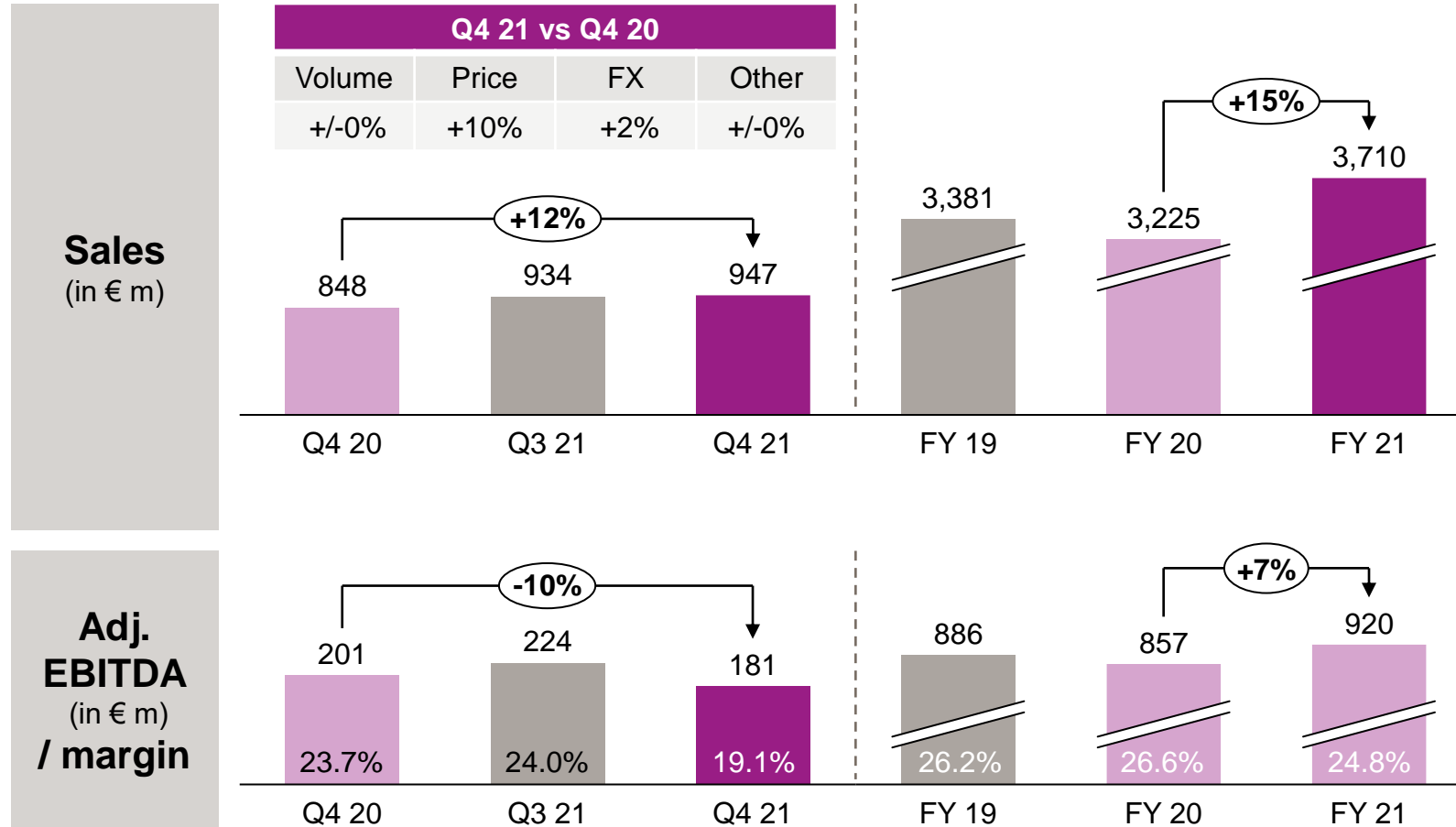
## Temporary lower capex in 2021



1. Customer financing included in Operating Cashflow (as part of EBITDA or „misc. assets & liabilities“)

# Specialty Additives

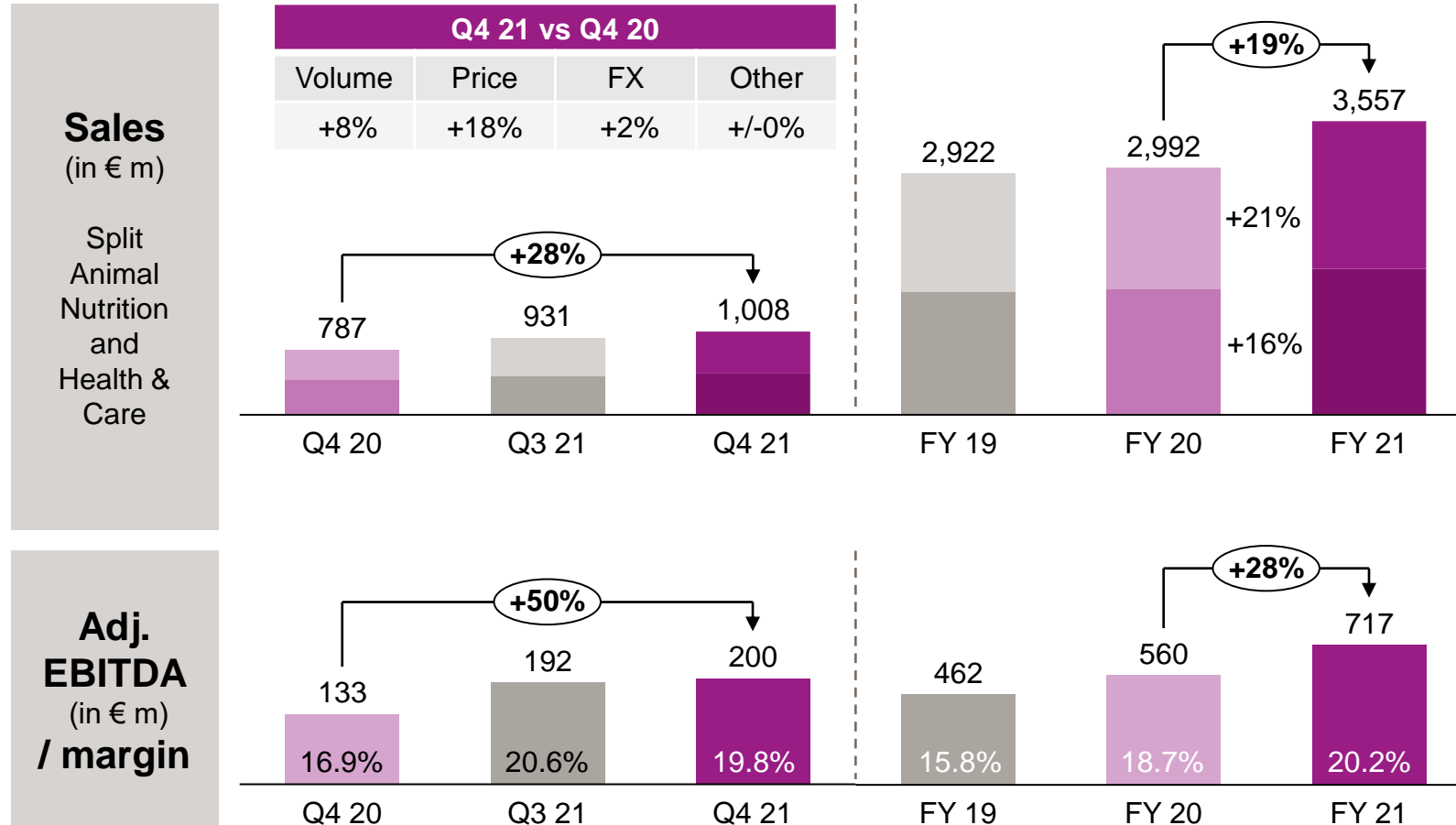
## Strong sales growth, but temporary margin pressure continues in Q4



- Finishing a strong year: 11% volume growth despite flat volumes in Q4 due to supply constraints
  - Unbroken strong demand across all key end markets – also into 2022
  - Pricing clearly accelerating: +10% in Q4 vs +7% in Q3
  - Q4 with high logistics costs to maintain product deliveries to key customers
  - Raw material price increases to be fully passed on with time delay in 2022
  - Margin dilution due to higher raw material prices
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# Nutrition & Care

## Strong finish of a strong year

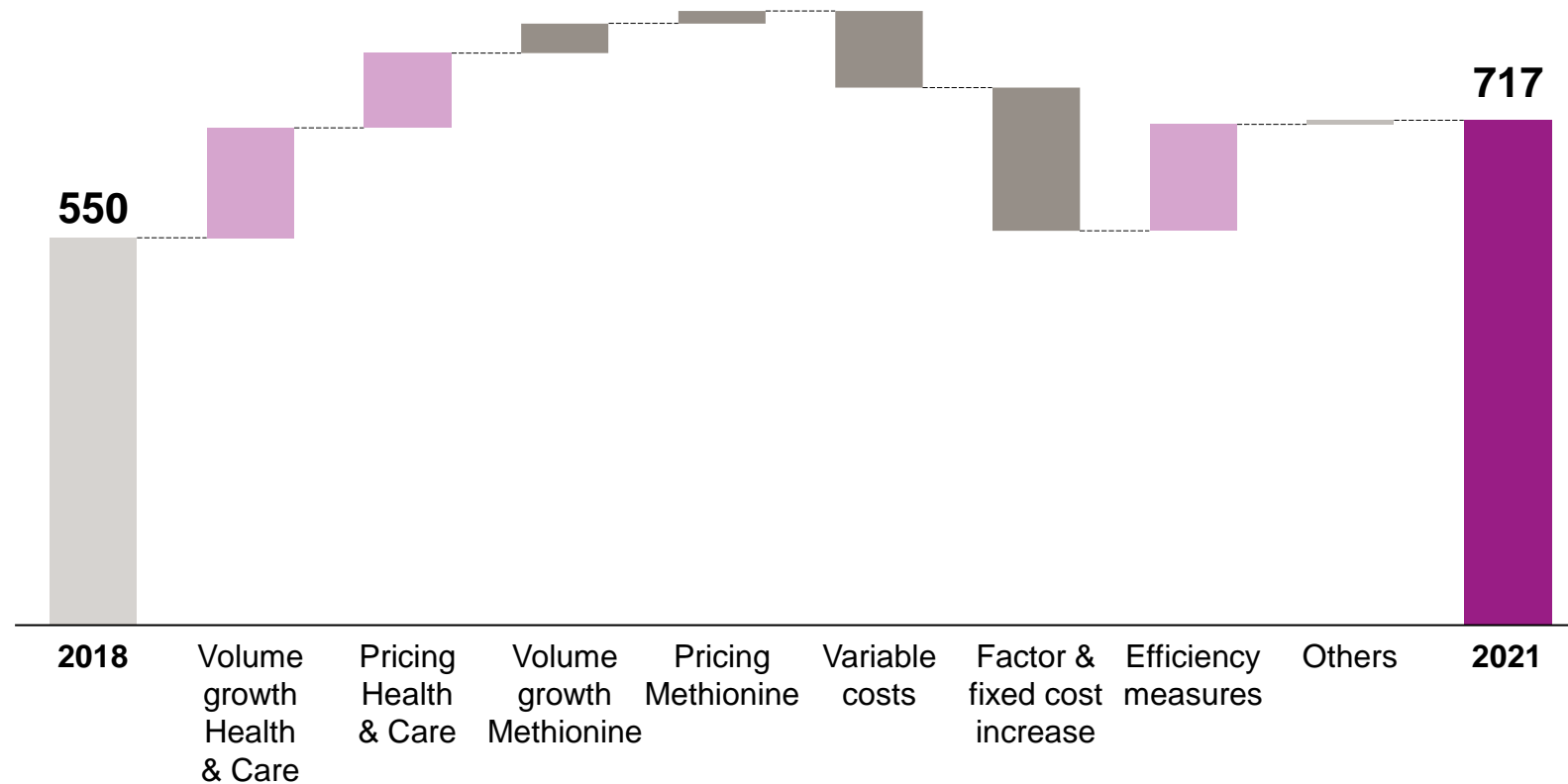


- N&C with ~€170 m higher EBITDA vs FY 2018 (9% CAGR) - a year with a similar Methionine price level
  - Main drivers: Strong growth and margin expansion in Health & Care, steady Methionine volume growth of ~5% and active cost management
  - FY 2021: Care Solutions with strong sales growth, driven by >50% growth in Active Ingredients
  - Q4 with strong finish mainly in Health Care (lipid deliveries to BioNTech) and Animal Nutrition (challenging global supply situation at high demand supports volumes & prices)
- 


# Nutrition & Care: The longer-term perspective

Strong earnings growth driven by Health & Care and efficiency measures

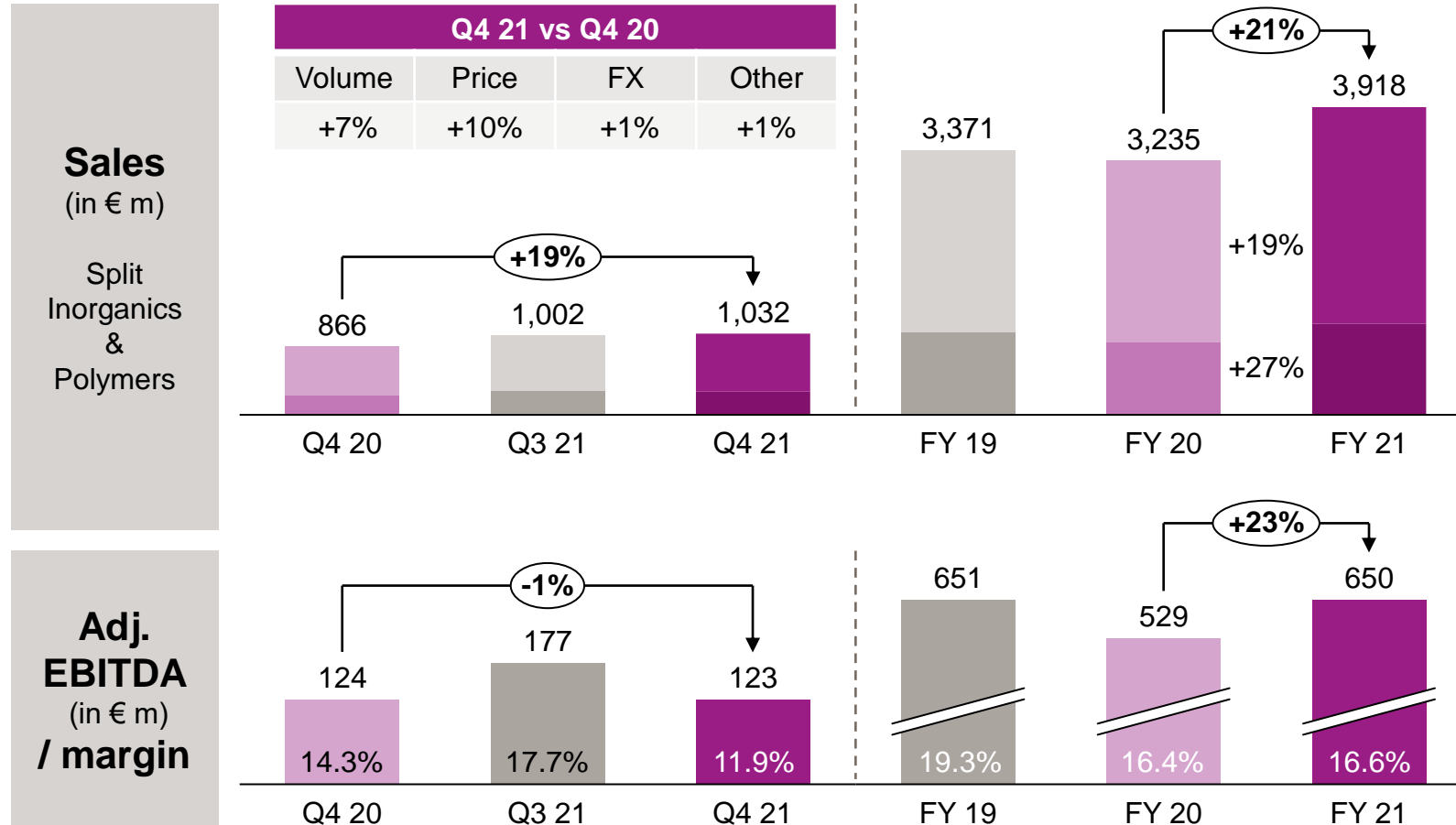
EBITDA (in € m)



- **Organic growth Health & Care:**
  - Strong volume growth in active ingredients (Care Solutions) and drug delivery systems (Health Care)
  - Pricing reflects successful upgrading of product portfolio and pricing power to compensate higher variable costs
- **Volume Growth Animal Nutrition:**
  - 5% annual volume growth in Methionine
- **Methionine price** virtually stable comparing 2018 and 2021 price level
- **Efficiency improvements:**
  - Successful implementation of efficiency programs ‘OLEO’ (Care Solutions) and ‘adjust’ (Animal Nutrition)
- **Factor & Fixed Cost:**
  - Annual factor cost increase of ~3% and higher fixed costs for new capacities (e.g. Methionine Singapore or Health Care)

# Smart Materials

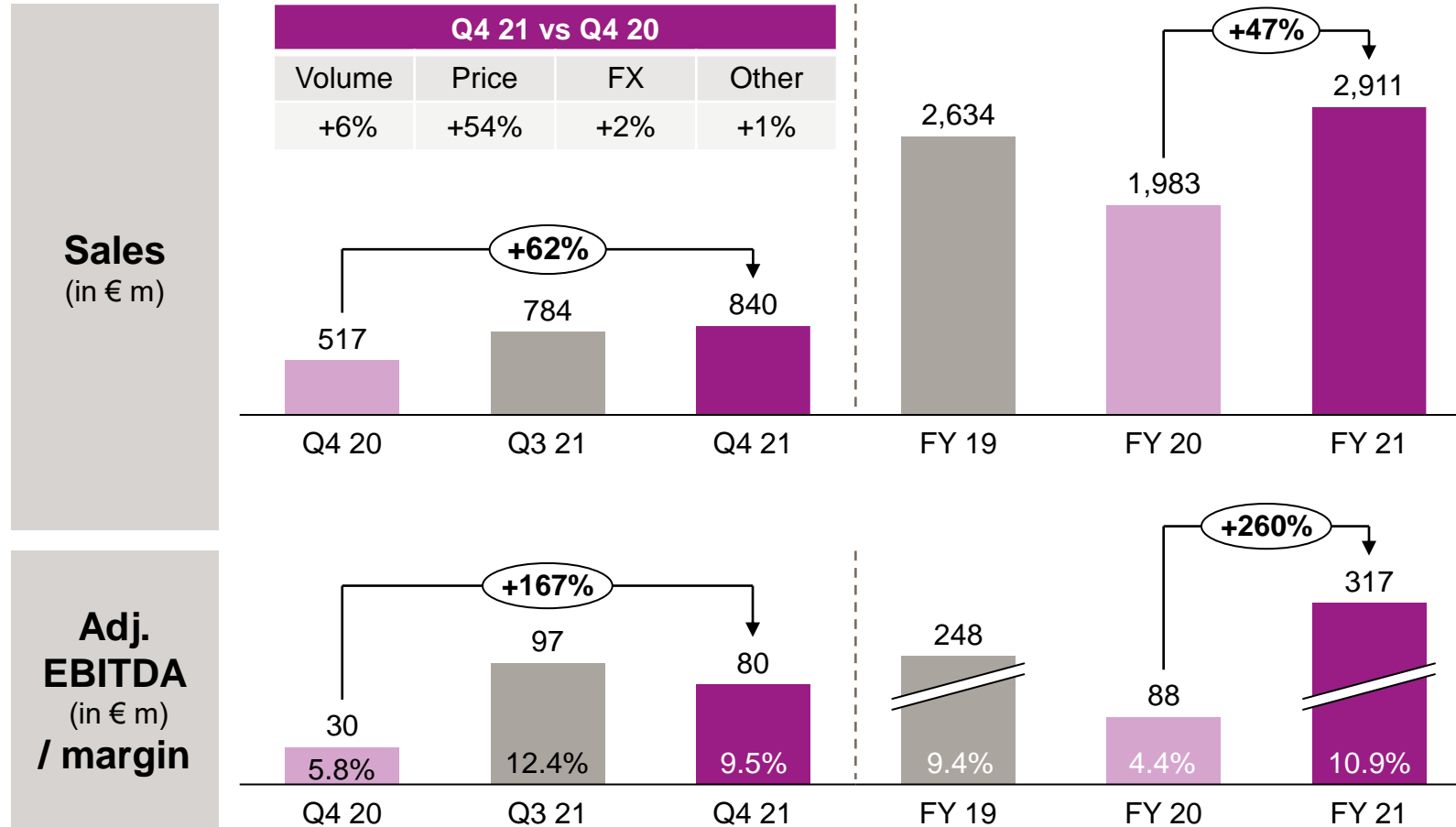
## Intact structural demand trends, but increased margin pressure at year-end



- FY: Strong +16% volume growth based on intact demand trends
  - Second half of the year burdened by raw material price increases and logistics, to be fully passed on with time lag in 2022
  - "Eco-Solutions" (e.g. H<sub>2</sub>O<sub>2</sub> specialties) with positive developments in all regions
  - Polyamide 12 with strong volume growth, impacted by higher fixed costs for new plant
  - Innovations: membranes and 3D printing powder with ongoing strong growth
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# Performance Materials

## Strong recovery from trough levels

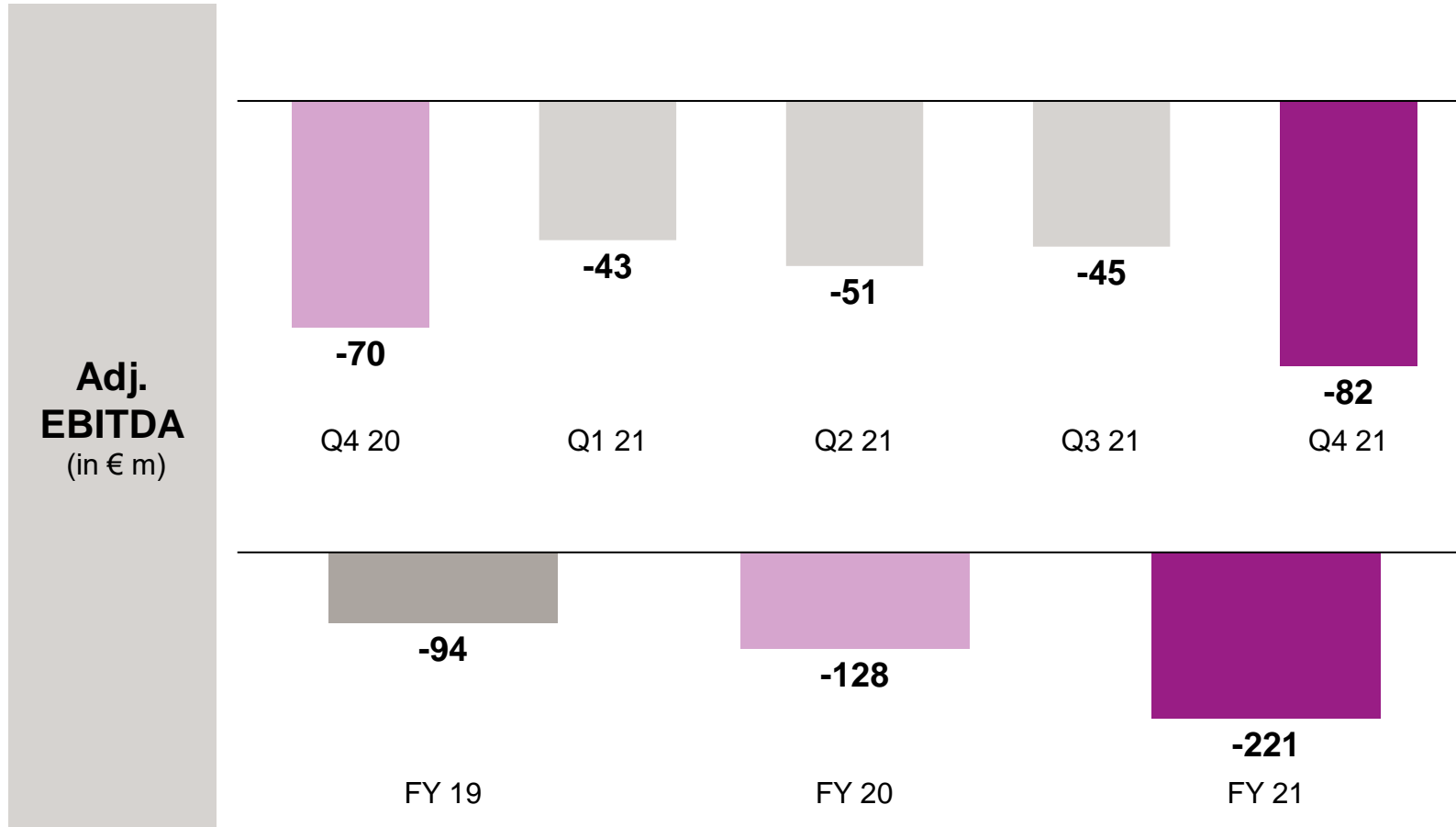


- Strong demand and unusual low seasonality for a Q4 resulting in high volumes and utilization rates
- Spreads remained healthy across most products
- Additional support from higher Naphtha price in Q4 (above Q3 level)
- Baby Care: last quarter of unfavourable contract prices



# T&/Other

## Q4/FY 2021 comments



- Q4 2021: €20 m higher costs due to unplanned outages of power plants in Marl, Germany
- FY 2021 additionally impacted by:
  - Insurance claims for weather impacts in H1
  - Higher energy costs
  - Pre-purchases of CO<sub>2</sub> certificates
  - Increased bonus provisions
- Prior years supported by COVID-related short-term savings and bonus provision releases

# Adjusted income statement Q4 2021

in € m	Q4 2020	Q4 2021	Δ in %
<b>Sales</b>	<b>3,212</b>	<b>4,091</b>	<b>+27</b>
<b>Adj. EBITDA</b>	<b>418</b>	<b>502</b>	<b>+20</b>
Depreciation & amortization	-272	-285	
<b>Adj. EBIT</b>	<b>146</b>	<b>217</b>	<b>+49</b>
Adj. net financial result	-36	11	
D&A on intangible assets	40	54	
<b>Adj. income before income taxes</b>	<b>150</b>	<b>282</b>	<b>+88</b>
Adj. income tax	-34	-54	
<b>Adj. income after taxes</b>	<b>116</b>	<b>229</b>	<b>+97</b>
Adj. non-controlling interests	-2	4	
<b>Adj. net income</b>	<b>114</b>	<b>224</b>	<b>+96</b>
<b>Adj. earnings per share</b>	<b>0.24</b>	<b>0.48</b>	
Adjustments	-7	-104	

## Adj. net financial result:

- Lower interest rate environment & higher interest income for tax accruals and VAT refund claim

## Adj. tax rate:

- Q4 with low adj. tax rate of 19% due to temporary lower foreign tax rates and slightly higher tax-free income

## Adjustments:

- Restructuring (-€3 m): related to asset optimization in Animal Nutrition (Wesseling site)
- Impairment (-€27 m): for US site of Nutrition & Care
- Acquisitions (-€2 m): integration Porocel and PeroxyChem
- Other (-€74 m) containing a.o.:
  - One-time costs for carve-out Baby Care business
  - Settlement of legal case related to a past sale of land



# Adjusted income statement FY 2021

in € m	FY 2020	FY 2021	Δ in %
<b>Sales</b>	<b>12,199</b>	<b>14,955</b>	<b>+23</b>
<b>Adj. EBITDA</b>	<b>1,906</b>	<b>2,383</b>	<b>+25</b>
Depreciation & amortization	-1,016	-1,045	
<b>Adj. EBIT</b>	<b>890</b>	<b>1,338</b>	<b>+50</b>
Adj. net financial result	-146	-97	
D&A on intangible assets	149	162	
<b>Adj. income before income taxes</b>	<b>893</b>	<b>1,403</b>	<b>+57</b>
Adj. income tax	-239	-396	
<b>Adj. income after taxes</b>	<b>654</b>	<b>1,007</b>	<b>+54</b>
Adj. non-controlling interests	-14	-21	
<b>Adj. net income</b>	<b>640</b>	<b>986</b>	<b>+54</b>
<b>Adj. earnings per share</b>	<b>1.37</b>	<b>2.12</b>	
Adjustments	-71	-165	

## Adj. net financial result:

- Less negative due to lower interests for pensions and other provisions as well as higher interest income for tax accruals and VAT refund claim

## Adj. tax rate:

- Adj. tax rate of 28% in 2021 below expected rate of ~32%, mainly due to lower than expected tax levels in Q3 and Q4 (temporary lower foreign tax rates and slightly higher tax-free income)

## Adjustments

- Restructuring (-€20 m): related to asset optimization in Animal Nutrition and SG&A efficiency program
- Impairment (-€27 m): for US site of Nutrition & Care
- Acquisitions (-€13 m): integration Porocel and PeroxyChem
- Other (-€105 m), containing a.o.:
  - Settlement of legal cases related to past sale of land and to previous M&A transaction
  - One-time costs for carve-out Baby Care business

# Cash flow statement Q4 2021

in € m	Q4 2020	Q4 2021
Income before financial result and income taxes (EBIT)	139	113
Depreciation and amortization	268	312
Δ Net working capital	357	114
Change in provisions for pensions & other post-employment benefits	-36	31
Change in other provisions	27	100
Change in miscellaneous assets/liabilities	-50	-113
Cash outflows from income taxes	-81	-230
Others	-5	21
<b>Cash flow from operating activities</b> (continuing ops.)	<b>619</b>	<b>348</b>
Cash outflows for investment in intangible assets, pp&e	-360	-335
<b>FCF</b>	<b>259</b>	<b>13</b>
<b>Cash flow from investing activities</b> (continuing ops.)	<b>-365</b>	<b>-544</b>
<b>Cash flow from financing activities</b> (continuing ops.)	<b>-733</b>	<b>-168</b>

## CF from operating activities

- Lower EBIT
- NWC inflow well below prior-year level, mainly due to higher inventories (higher price level, more goods in transit, preparation for maintenance shut-downs in Q1)
- “Other provisions” reflecting higher bonus provisions for current year
- High cash-out for taxes due to phasing of prepayments (adapting to higher earnings level)

## CF from investing activities

- Lower capex level caused by logistic and supply constraints
- Higher outflow for purchase of securities in specialty funds

## CF from financing activities

- Less repayment of debt; prior-year included -€650 m bond redemption

# Cash flow statement FY 2021

in € m	FY 2020	FY 2021
Income before financial result and income taxes (EBIT)	819	1,173
Depreciation and amortization	1,018	1,073
Δ Net working capital	94	-444
Change in provisions for pensions & other post-employment benefits	-14	83
Change in other provisions	-133	207
Change in miscellaneous assets/liabilities	33	-23
Cash outflows from income taxes	-83	-308
Others	2	54
<b>Cash flow from operating activities</b> (continuing ops.)	<b>1,736</b>	<b>1,815</b>
Cash outflows for investment in intangible assets, pp&e	-956	-865
<b>FCF</b>	<b>780</b>	<b>950</b>
<b>Cash flow from investing activities</b> (continuing ops.)	<b>-570</b>	<b>-1,070</b>
<b>Cash flow from financing activities</b> (continuing ops.)	<b>-1,734</b>	<b>-856</b>

## CF from operating activities

- Higher EBIT
- Clear NWC outflow reflecting higher business activity and increase in raw material prices
- Inflow for pensions benefitting from CTA reimbursement
- “Other provisions” reflecting higher bonus provisions for current year
- Increased cash taxes based on higher earnings level with more pre-payments and less reimbursements

## CF from investing activities

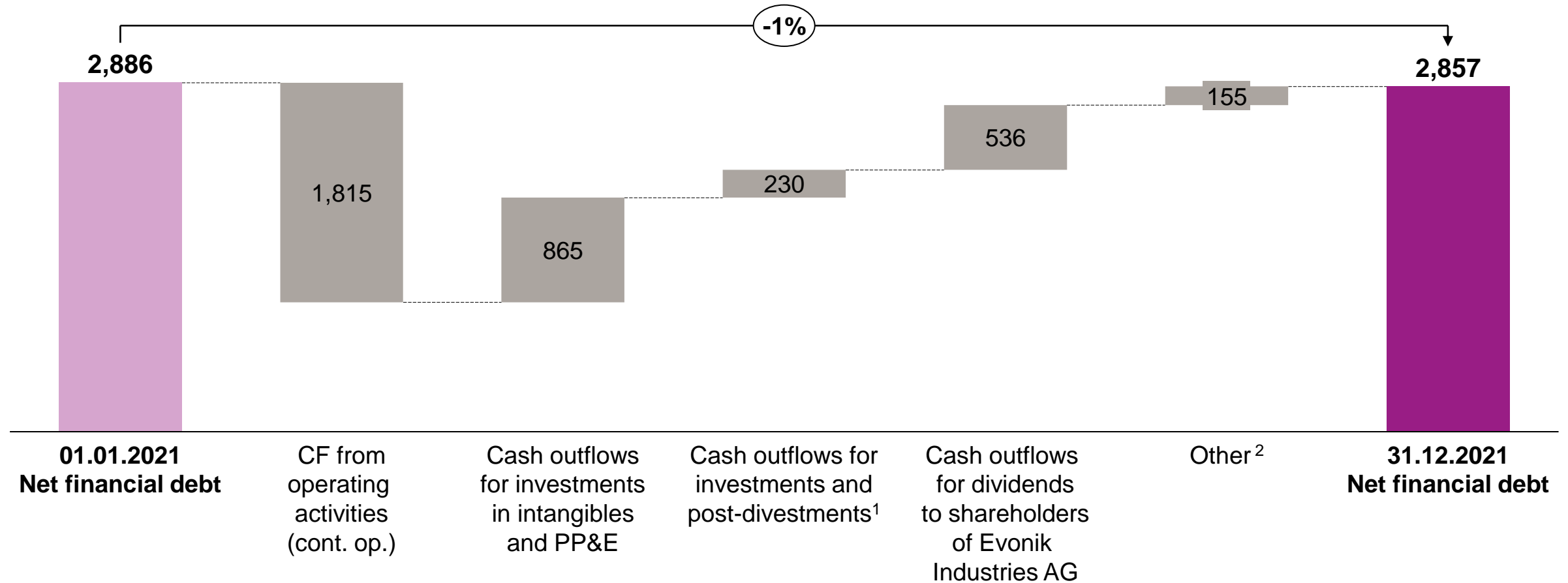
- Temporary lower capex level caused by logistic and supply constraints
- FY 2021: Cash-out for acquisitions (Botanica and Infinitec) & settlements from previous M&A transactions
- Prior-year with high cash inflow from sale of securities in specialty funds (overcompensating cash-out for acquisitions of Porocel and PeroxyChem)

## CF from financing activities

- Less repayment of debt; prior-year included -€650 m bond redemption

# Net financial debt development FY 2021

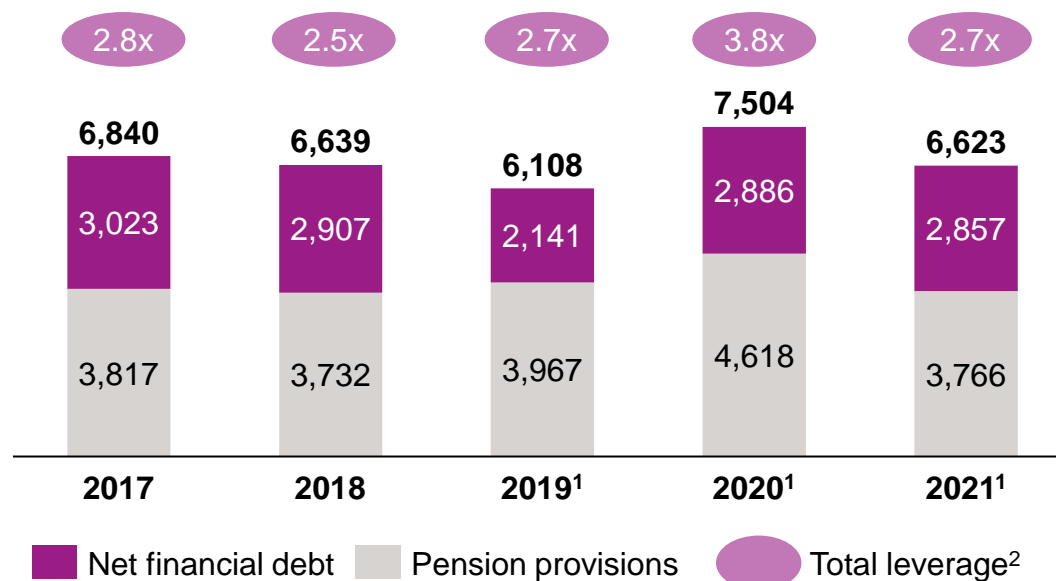
(in € m)



1. incl. cash-out for smaller acquisitions (€85 m) as well as settlements from previous M&A transactions (€145 m) | 2. incl. a. o. cash-out for interests (€82 m) and change in lease liabilities

# Development of debt and leverage over time

(in € m)



<b>Adj. net debt<sup>3</sup></b>	6,590	6,389	5,858 <sup>1</sup>	7,254 <sup>1</sup>	6,373 <sup>1</sup>
<b>Adj. EBITDA (last 12 months)</b>	2,357	2,601	2,153 <sup>1</sup>	1,906 <sup>1</sup>	2,383 <sup>1</sup>
<b>German pension discount rate (%)</b>	2.00	2.00	1.30	0.90	1.30

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

- Stable net financial debt versus year-end 2020: higher free cash flow counterbalanced by cash-outs for dividend, acquisitions and previous M&A transactions
- Low net financial debt leverage at 1.1x<sup>4</sup>
- Majority of net debt consists of long-dated pension obligations with >18 years duration
- FY 2021: Lower pension provisions from increase of pension discount rates (German pension discount rate increase from 0.9% to 1.3%)
- Pension provisions partly balanced by corresponding deferred tax assets of ~€1.3 bn
- Q4 2021: Higher pension provisions (vs. €3,569 m end of Q3) amid decrease of pension discount rates (German pension discount rate from 1.4% to 1.3%)

# Even full pass-on of rising material costs causes a margin-dilutive effect

## Effect to revert as soon as raw material costs decline

### EBITDA margin (in € m, illustrative)

EBITDA margin before rising raw material costs:

$$\frac{\text{EBITDA}}{\text{Sales}} = \frac{20}{100} = \underline{\underline{20\% \text{ EBITDA margin}}}$$

**Example: Raw material costs rising by €5 m** (thereof 100% passed on via higher price)

$$\frac{\text{EBITDA} + \text{Higher price} - \Delta \text{Raw materials}}{\text{Sales} + \text{Higher price}} = \frac{20 + 5 - 5}{100 + 5} = \underline{\underline{19\% \text{ EBITDA margin}}}$$

### Effect of price increases

EBITDA

+ Higher price  
- Increase in raw materials

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= New EBITDA

Sales

+ Higher price

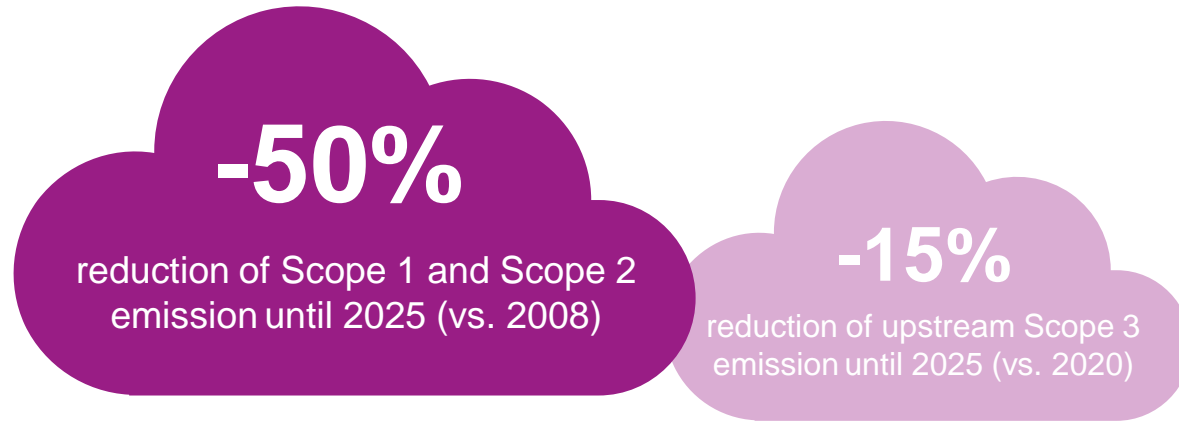
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= New Sales

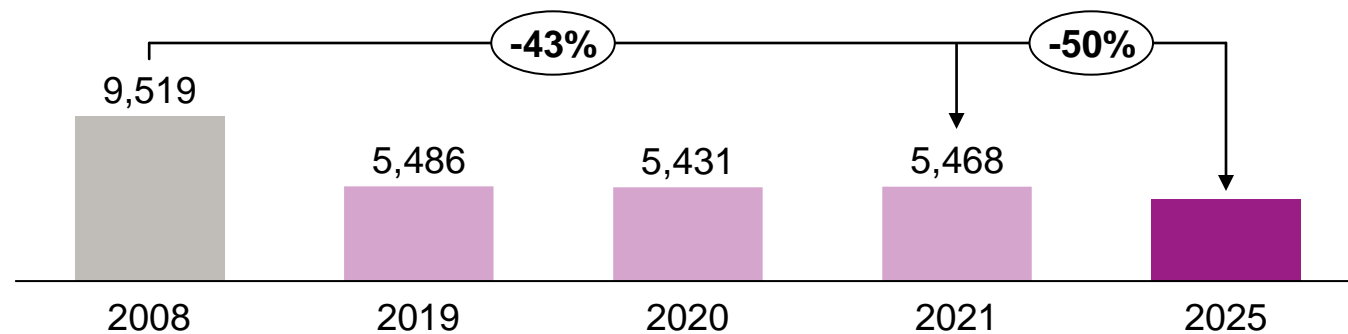
Even if rising raw material costs are fully passed on to customers, a margin-dilutive effect on EBITDA is caused mathematically

# Sustainability – Environmental targets

## Ambitious greenhouse gas emission reduction targets



### Evonik Scope 1 and Scope 2 emissions<sup>1</sup>



1. in thousand metric tons CO<sub>2</sub>eq, values for 2020 corrected due to fast-close process

- Strong commitment to “**Paris Agreement on Climate Change**” reflected in implementation and execution on environmental targets
- Global **CO<sub>2</sub> pricing** used as additional parameter for large investment decisions
- In 2020, decline in Scope 1 emissions due to lower production volumes, however Scope 2 impacted by the acquisition of PeroxyChem
- In 2021, stable emissions despite increase in production volumes of 7%

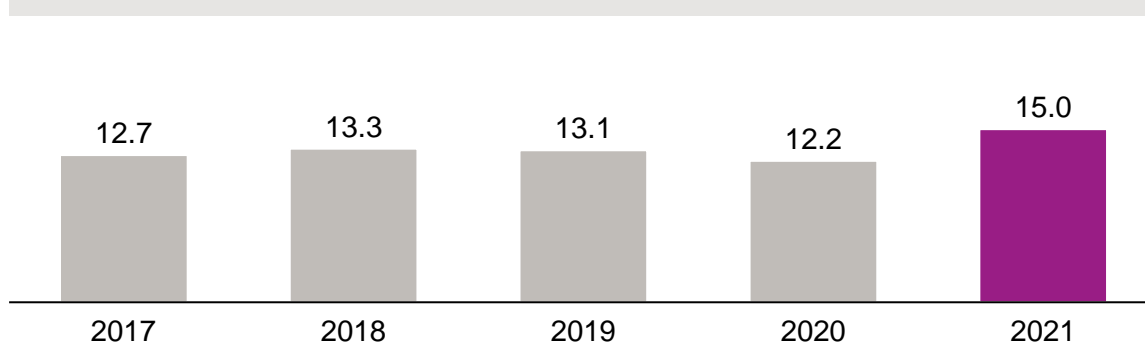
## Divisional overview by quarter

Sales (in € m)	Q1/20	Q2/20	Q3/20	Q4/20	FY 2020	Q1/21	Q2/21	Q3/21	Q4/21	FY 2021
Specialty Additives	852	747	777	848	3,225	907	922	934	947	3,710
Nutrition & Care	748	742	715	787	2,992	780	838	931	1008	3,557
Smart Materials	858	722	790	866	3,235	909	975	1,002	1,032	3,918
Performance Materials	584	437	444	517	1,983	580	708	784	840	2,911
Services, Corporate & Others	201	179	191	194	764	182	193	220	264	859
<b>Evonik Group</b>	<b>3,243</b>	<b>2,827</b>	<b>2,917</b>	<b>3,212</b>	<b>12,199</b>	<b>3,358</b>	<b>3,636</b>	<b>3,871</b>	<b>4,091</b>	<b>14,955</b>
Adj. EBITDA (in € m)	Q1/20	Q2/20	Q3/20	Q4/20	FY 2020	Q1/21	Q2/21	Q3/21	Q4/21	FY 2021
Specialty Additives	239	202	214	201	857	273	242	224	181	920
Nutrition & Care	118	168	140	133	560	143	183	192	200	717
Smart Materials	166	102	137	124	529	173	176	177	123	650
Performance Materials	18	12	28	30	88	42	99	97	80	317
Services, Corporate & Others	-28	-28	0	-70	-128	-43	-51	-45	-82	-221
<b>Evonik Group</b>	<b>513</b>	<b>456</b>	<b>519</b>	<b>418</b>	<b>1,906</b>	<b>588</b>	<b>649</b>	<b>645</b>	<b>502</b>	<b>2,383</b>

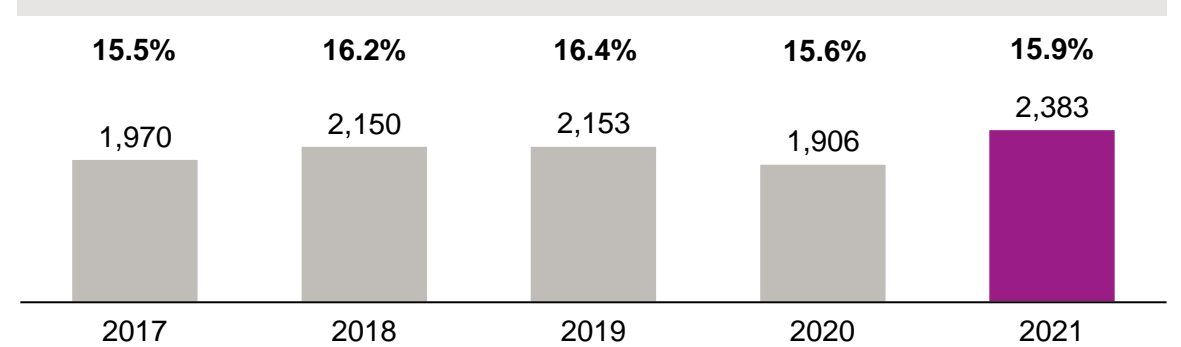


# Financials<sup>1</sup>

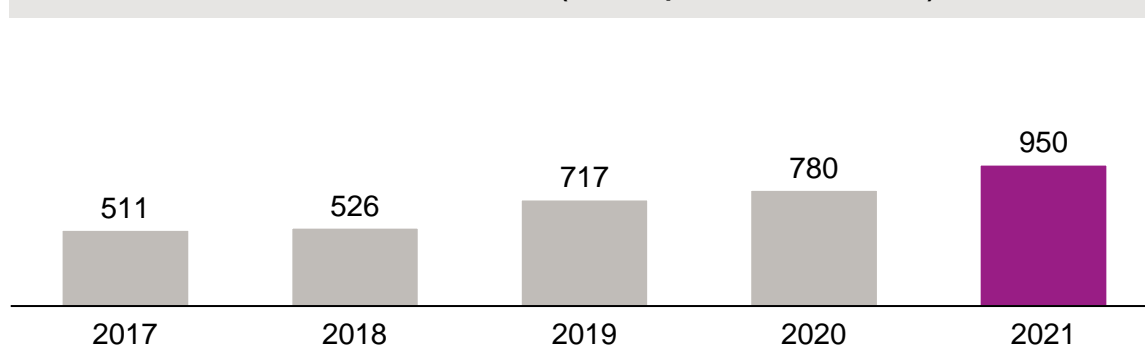
## Sales (in € bn)



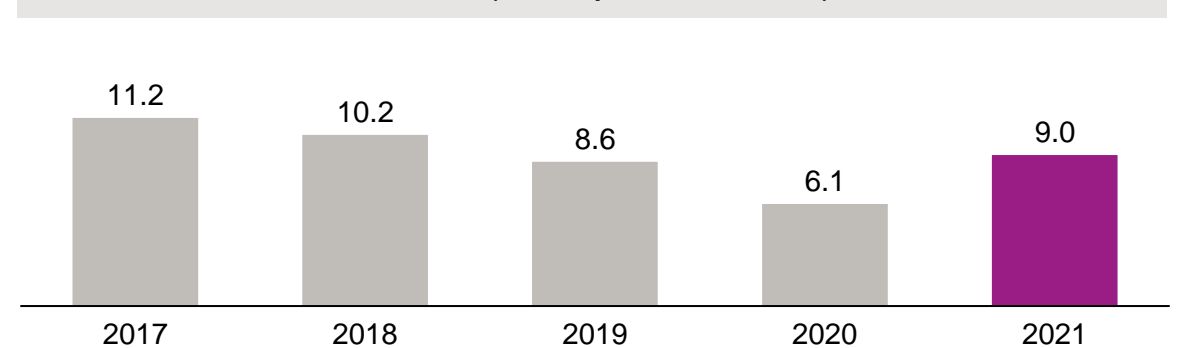
## Adj. EBITDA (in € m) / margin



## Free Cash Flow (as reported, in € m)



## ROCE (as reported, in %)



1. Continuing operations

# Upcoming IR events

## Conferences & Roadshows

<b>March 9, 2022</b>	Virtual Roadshow London (UBS)
<b>March 9, 2022</b>	Virtual Roadshow Paris & Benelux (Exane)
<b>March 10, 2022</b>	European Chemicals & Consumer Ingredients Conference London (Goldman Sachs)
<b>March 17, 2022</b>	Consumer Ingredients Conference London (Exane)
<b>March 23, 2022</b>	Roadshow Frankfurt (Metzler)

## Upcoming Events & Reporting Dates

<b>May 6, 2022</b>	Q1 2022 reporting
<b>May 11, 2022</b>	Capital Markets Day
<b>May 24, 2022</b>	AGM
<b>August 3, 2022</b>	Q2 2022 reporting

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