# Evonik
## Leading Beyond Chemistry

Company Presentation Q2 2022

NEXTGEN

Leading Beyond Chemistry

# Key messages Q2 2022

## Q2 continues on strong Q1 level – Outlook for adj. EBITDA confirmed

**Adj. EBITDA of €728 m in Q2** (+12% yoy) – pricing power intact

**Specialty Additives and Smart Materials as basis for strong Q2** with higher earnings both yoy and qoq;
**Performance Materials** with exceptionally strong spreads **delivering a standout quarter**

**Outlook** for adj. EBITDA between €2.5 and 2.6 bn **confirmed;**
with €1,462 m in H1, **€2.6 bn well underpinned** even assuming a **successive economic slowdown in H2**

Risks around gas supply prevailing,
**tackled with up to 40% natural gas substitution in Germany** through use of alternative energy sources

H1 FCF of -€106 m **burdened by ~€500 m higher NWC outflow yoy;**
inflow in H2 expected to **achieve ~30% cash conversion for the full year**



Leading Beyond Chemistry

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# Leading Beyond Chemistry – Our purpose

## Evonik on the way to become a best-in-class specialty chemicals company

Video "We are Evonik"

**Leading …**

- Leading market positions in **80%** of our business
- Leading **key financial indicators**

**… Beyond …**

- **Connecting skills** and perspectives
- Develop **solutions** together with partners
- **Sustainability** key driver of growth

**… Chemistry**

- Clear focus on **specialty chemicals**
- Target **100% specialty** portfolio



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# Evonik well equipped as “Enabler of Sustainable Change”

## Portfolio circled around our four “Sustainability Focus Areas”

### ENSURE HEALTH & WELL-BEING

#### DRUG DELIVERY SYSTEMS

- Advanced oral & parenteral drug delivery systems (e.g. mRNA LNP)

#### SPECIALTY ADDITIVES

- for environmentally-friendly solutions, e.g. water-based artificial leather

### FIGHT CLIMATE CHANGE

#### FUTURE MOBILITY

- Lightweight solutions
- Solutions for hybrid & full battery cars

#### ECO-SOLUTIONS

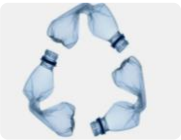
- Specialty peroxides solutions
- Membranes for gas separation

**Leading Beyond Chemistry**

### DRIVE CIRCULARITY

#### CIRCULAR ECONOMY

- Circular plastic & circular polyurethanes additive solutions



#### BIO-BASED SOLUTIONS

- Bio-based & fully bio-degradable surfactants
- Natural active cosmetics ingredients

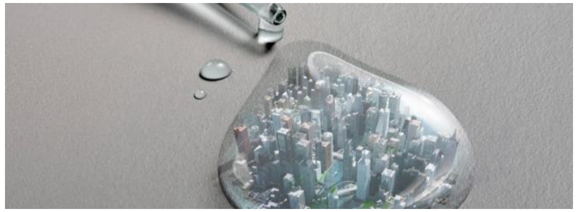
### SAFEGUARD ECOSYSTEMS

#### SUSTAINABLE NUTRITION

- Omega-3 fatty acids from natural marine algae
- Gut health solutions

# Leading Beyond Chemistry – Growth divisions

## Specialty chemicals portfolio with strong positioning and attractive financials

| | Specialty Additives | Nutrition & Care | Smart Materials |
|---|---|---|---|
| |  |  |  |
| **Strong positioning …** | Wide range of additives for **maximum performance** which make the key difference | Sustainable solutions for basic human needs in **resilient end markets** like pharma, personal care and animal nutrition | Innovative materials that enable **environmentally-friendly solutions** for mobility, environment and urbanization |
| **… and attractive financials[1]** | Sales: €3,710 m<br>Margin: 25%<br>ROCE: 18% | Sales: €3,557 m<br>Margin: 20%<br>ROCE: 12% | Sales: €3,918 m<br>Margin: 17%<br>ROCE: 8% |

1: FY 2021

# Leading Beyond Chemistry – Growth divisions
## Ambition and promising growth drivers

**Discover more in our Factbook!**

| | Specialty Additives | Nutrition & Care | Smart Materials |
|---|---|---|---|
| |  |  |  |
| **Ambition** | "Small amount – **Big effect**" | "Bringing Nutrition & Care to Life – **for life and living**" | "We find solutions for the **needs of today and tomorrow**" |
| **… and promising growth drivers** | ✓ Making the difference<br>✓ Enabling circular economy<br>✓ Digital solutions | ✓ Active cosmetics ingredients<br>✓ Drug delivery systems<br>✓ Sustainable & healthy nutrition | ✓ Future Mobility<br>✓ Eco-Solutions |

# Next Generation Evonik: Embarking on the next phase of our transformation
## Sustainability fully integrated into all three strategic levers

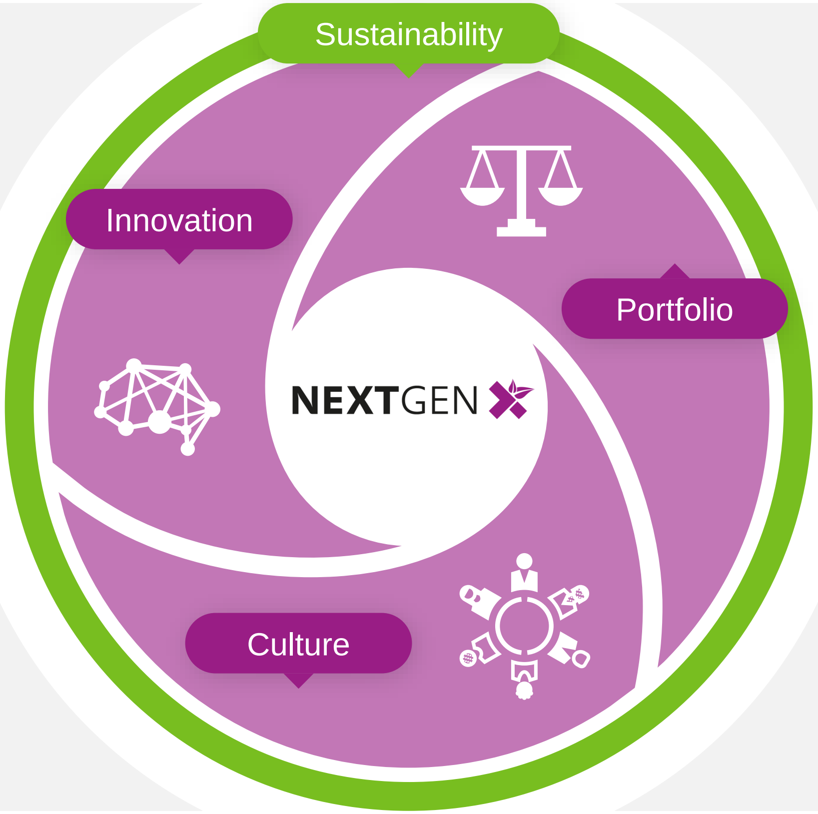
### Three major strategic levers…

#### Next Generation Portfolio
+ Exit Performance Materials
+ Full focus on three attractive growth divisions

#### Next Generation Innovation
+ €1 bn new sales well on track
+ Growth areas beyond 2025 launched

#### Next Generation Culture
+ Diversity as key to successful strategy execution
+ ESG targets integrated into mgmt. compensation

### … with sustainability fully integrated …




### … delivering on ambitious targets

#### ESG Targets[1]
+ >50% sales share of NEXTGEN Solutions
+ -25% $CO_2$ emission reduction, e.g. via NEXTGEN Technologies

#### Financial Targets
+ Organic growth >4%
+ EBITDA margin 18-20%
+ ROCE ~11%
+ FCF Conversion >40%

1. Until 2030

# Leading in Innovation – Growth fields and sales target

## On track to achieve target of >€1 bn sales from innovation

### Innovation Growth Fields


Advanced Food Ingredients


Additive Manufacturing


Sustainable Nutrition


Cosmetic Solutions

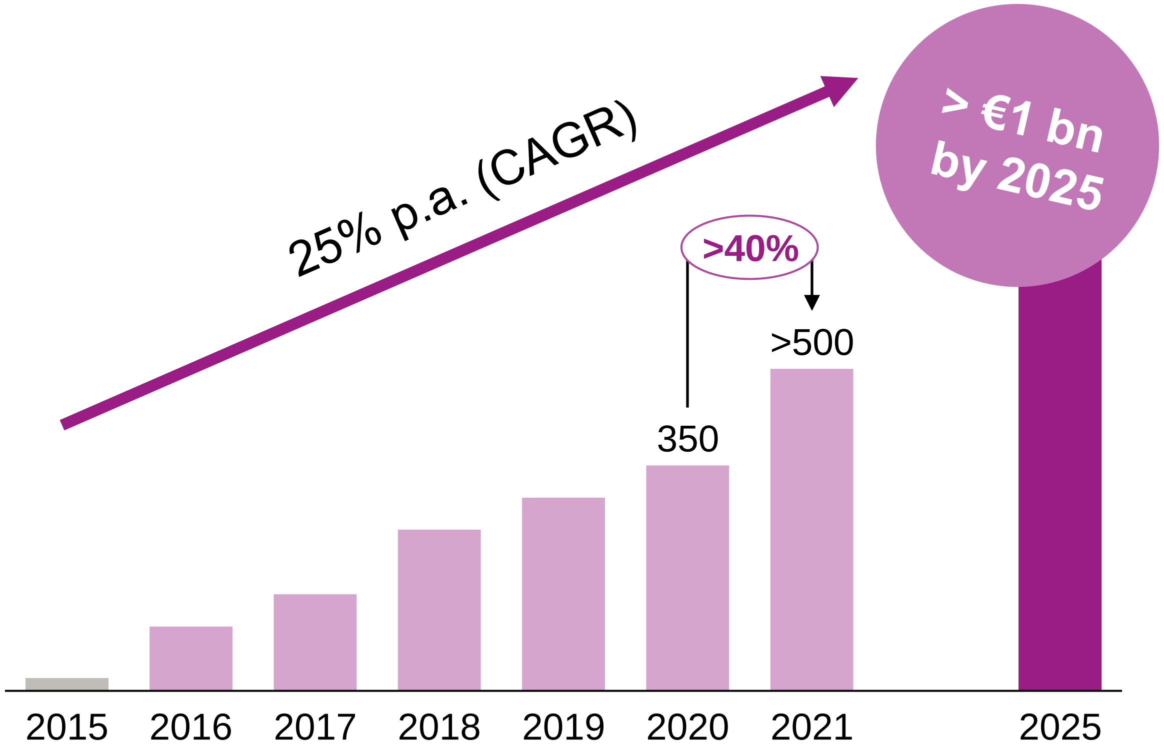

Membranes


Healthcare Solutions

**Sizeable sales base** established in all growth fields

**Above-average margin** contribution

### Sales contribution Innovation Growth Fields



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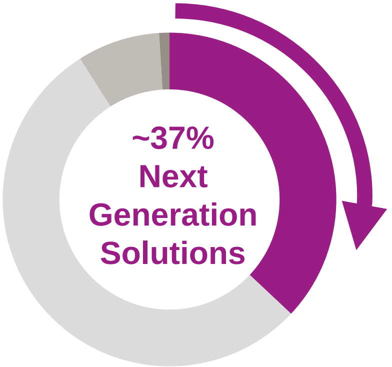
# Evonik aligned to sustainability

## Sustainability as part of portfolio and strategic management processes

| Excellent Rankings | Environmental Targets | Portfolio Management |
|---|---|---|

**-25%**

reduction of scope 1 and scope 2 emission until 2030 (vs. 2021)




### Sector leading rankings

Evonik amongst leaders in all relevant ratings – “AA” MSCI ESG rating, EcoVadis “Platin” rating, “B-” ISS Oekom and “A-” CDP rating

### Ambitious environmental targets

Evonik’s sustainability strategy with ambitious targets
Evonik will be climate neutral by 2050

### Portfolio aligned to sustainability

Sales share with solutions with a clearly positive sustainability profile; target of >50% by 2030

# Leading Beyond Chemistry
## Summary of key financial & ESG targets

| Financial Targets | |
|---|---|
| Organic sales CAGR | **>4%** |
| EBITDA margin | **18-20%** |
| Cash conversion ratio | **>40%** |
| ROCE | **~11%** |
| Reliable & sustainably growing dividend | |
| Solid investment grade rating | |


| ESG Targets | |
|---|---|
| Accident frequency rate[1] | **≤0.26** |
| "Next Generation Solutions"[2] | **>50%** |
| Sales Inno. Growth Fields[3] | **>€1 bn** |
| GHG emissions (scope 1&2)[4] | **-25%** |
| Gender diversity[5] | **23%** |
| Intercultural mix[6] | **20%** |

1. Indicator per 200,000 working hours | 2. Sales share by 2030 | 3. by 2025
4. Gross emissions, reference year 2021, target year 2030 | 5. Executive & senior management positions by 2023 | 6. Executive positions by 2023



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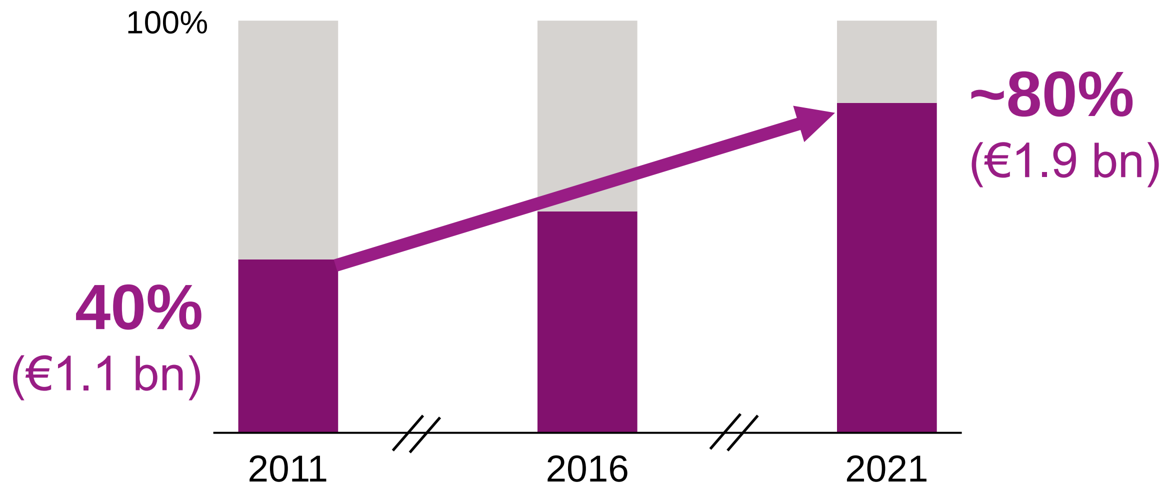
# Portfolio transformation – More balanced and more specialty
## Portfolio quality significantly improved – today ~80% specialty businesses

**Adj. EBITDA operating businesses**

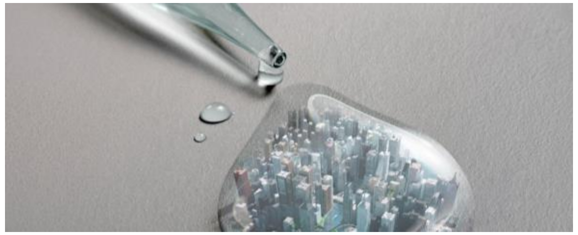



**Portfolio characteristics**

- **Specialty businesses** now represent **~80%** of EBITDA
- Specialty businesses with 10-year track record of **3pp higher annual organic earnings growth**[1]

Specialty businesses: Specialty Additives, Smart Materials, Health & Care (excl. Animal Nutrition & Performance Materials)
1: organic EBITDA CAGR Specialty vs. Total Operating Businesses (excl. M&A) 2011 – 2021

# Portfolio transformation – Clear portfolio roles
## Focus on three growth divisions - Exit Performance Materials

| Specialty Additives | Nutrition & Care | Smart Materials | Performance Materials |
|---|---|---|---|
|  |  |  |  |
| Growth focus | | | Exit |

**Growth focus**

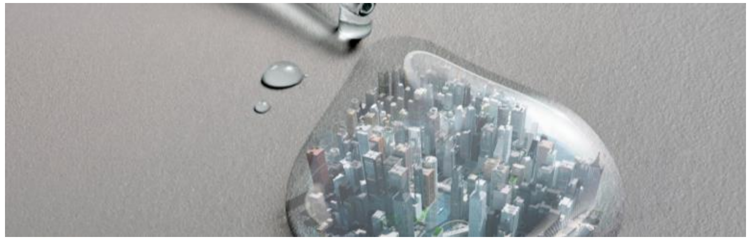
- Strong innovation pipeline: ~4% R&D/sales
- High sustainability focus: Expand portfolio share of “Next Generation Solutions”
- Targeted M&A in complementary products and technologies
- Selected efficiency measures to strengthen cost leadership and improve portfolio quality

**Exit**

- Aiming to find new owners/partners for the businesses in the course of 2023
- Performance Materials to be ceased thereafter

# Portfolio: Full focus on three attractive growth divisions
## Investments in R&D, organic & inorganic growth

### Specialty Additives



#### Additive Technologies

- **Modular expansion of Silicones & Amine platforms** via >€100 m investments (2022 – 2024)
- **Addition of new effects, functionalities and technology platforms** to Additives portfolio

### Nutrition & Care

#### Drug Delivery Systems

- **mRNA**: Sizeable investments into lipids, formulation and fill-finish

#### Care Solutions

- Three-digit million € investment into **world's first industrial-scale biosurfactants production** (start-up 2023/24)
- Targeting market leadership in **Active Cosmetics Ingredients** market by 2025 via organic growth and M&A

### Smart Materials

#### Membranes

- Modular investments into **capacity expansion for gas-filtering membranes** (~€50 m)
- Breakthrough of electrolytic production of green hydrogen via **DURAION® AEM membranes**

#### Specialty Peroxides Solutions

- Investments into **purification capacities** to capture growth potential of Specialties applications
- Growth option in highly efficient and sustainable **HP+ technologies** (HPPO, HPPG)

# Portfolio transformation – Active M&A management
## Decisive and value-accretive portfolio management

| Divestments | Acquisitions |
|---|---|

### ~€2 bn cyclical sales

sold at attractive valuation (**8.5x** EV/EBITDA)

Ø EBITDA margin: **~15%**[1]

### >€2 bn resilient sales

Ø multiple of **9.1x** EV/EBITDA (incl. synergies)

Ø EBITDA margin: **~22%**

Delivery of synergies on track (€80 m by end of 2020)

**Decisive and value-accretive portfolio management**

- Portfolio cyclicality & Capex intensity reduced
- More resilient EBITDA margin and improved cash profile

Divestments: Methacrylates business sold for EV of €3 bn (8.5x EV/EBITDA) in 07/2019
Acquisitions: Air Products specialty additives business for US$3.8 bn (9.9x EV/EBITDA incl. synergies & tax benefits) in 01/2017 I Dr. Straetmans cosmetics business in 05/2017
Huber Silica business for US$630 m (~7x EV/EBITDA incl. synergies & tax benefits) in 09/2017 I PeroxyChem for US$640 m (7.6x EV/EBITDA incl. synergies) in 02/2020 I Porocel for US$210 m (9.1x EV/EBITDA) in 11/2020
1: 2014-2019



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# Portfolio: Exit of Performance Materials in execution
## Transformation for all three business lines ongoing

### Superabsorber

**~ €700 m sales[1]**

- Carve-out completed July 1st 2021
- Value-enhancing start of divestment process on the basis of improved 2022 financials and positive 2023 outlook

### Functional Solutions

**~ €450 m sales[1]**

- Divestment process for Lülsdorf site (~ €150 m sales) initiated in 2021
- Alkoxides (biodiesel catalysts; ~ €300 m sales) to become part of Evonik growth divisions

### Performance Intermediates

**~ €1,800 m sales[1]**

- Process to find strong new partner for the business to be initiated in H2 2022
- Joint venture as preferred inter-mediate step for full divestment

**Aiming to find new owners/partners for each of the three businesses in the course of 2023**
**Division Performance Materials to be ceased thereafter**

1. FY 2021

# RD&I at a glance
## Facts & Figures

**RD&I AT EVONIK**

**>€450 m SPENT**

**>€500 M SALES IN 2021 FROM INNOVATION GROWTH FIELDS**

**~24,000 PATENTS[1]**

**>€2,500 EMPLOYEES**

**100% SUSTAINABILITY-INTEGRATED**

**FIGHT CLIMATE CHANGE**

**DRIVE CIRCULARITY**

**SAFEGUARD ECOSYSTEMS**

**ENSURE HEALTH & SAFETY**

1. Patents and patents pending



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# RD&I organization

## Continuous exchange across the entire Evonik organization

RD&I Council

**Research, Development & Innovation**

**Divisional RD&I**
- Specialty Additives
- Nutrition & Care
- Smart Materials
- Performance Materials

**Business Incubation**
- Creavis

**Venturing**
- Evonik Venture Capital

Consistent focus on the same strategic direction as a Group

Knowledge sharing and use of different technology platforms

Efficient use of resources and competencies; flexible setup of interdisciplinary project teams

Full integration of sustainability criteria into decision making and allocation of resources



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# Sustainability as backbone of Evonik's purpose and strategy

## Clear commitment to growing handprint and reducing footprint

### Sustainability is an integral part of our purpose

LEADING BEYOND CHEMISTRY TO IMPROVE LIFE, TODAY AND TOMORROW

"We see profitable growth and assuming responsibility as **two sides of the same coin**."

### Key growth driver…

**Our Handprint**

"**Sustainability is a key growth driver** and the cornerstone of our product portfolio, our investments and our innovation management."

### …and saving resources

**Our Footprint**

"We **take responsibility** by **caring about our resources**."

### Core elements of our sustainability approach

1 Evonik fully integrates sustainability in its **Strategic Management Process**

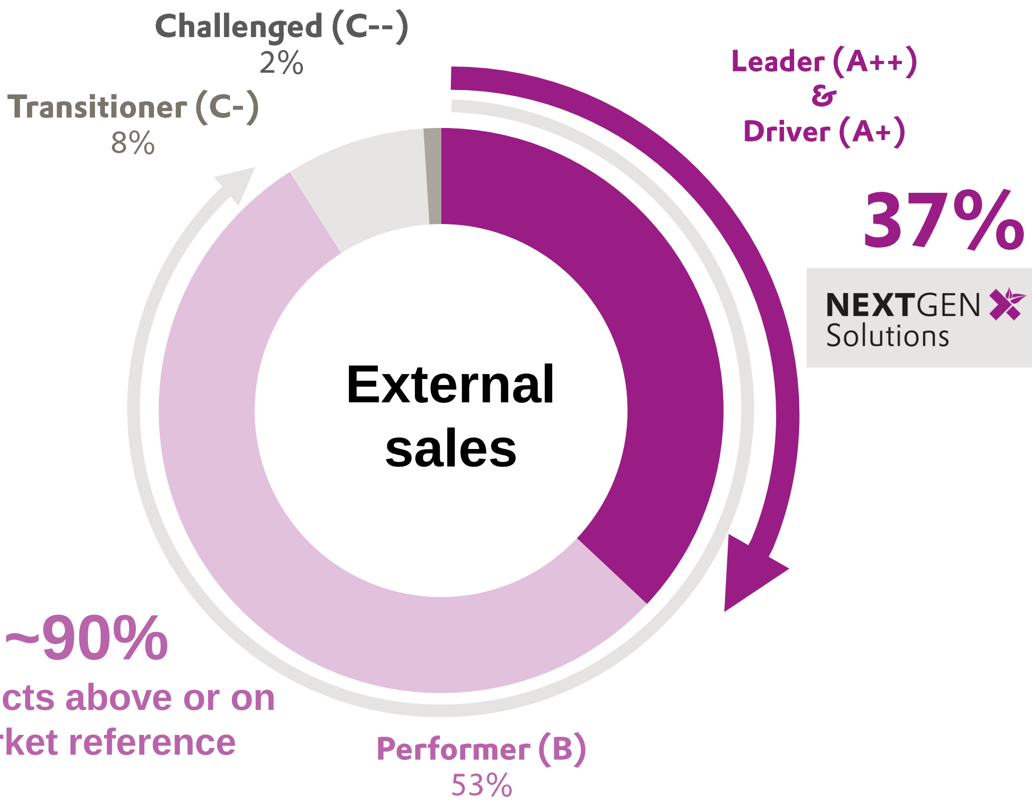
2 Evonik intends to **increase the portfolio share** of products with **sustainability benefits**

3 Evonik is committed to foresighted **resource management**

4 Evonik with high standards for **governance** and continuous **improvement of its reporting**

# Handprint: “Next Generation Solutions”
## 37% of Evonik’s portfolio with superior sustainability benefits

**Result of PSA analysis**




**~90%**
**products above or on market reference**

**Best-in-class products in Evonik’s portfolio which…**

…deliver **above-average growth**

…address **increasing customer demand** for sustainable solutions

NEXTGEN Solutions

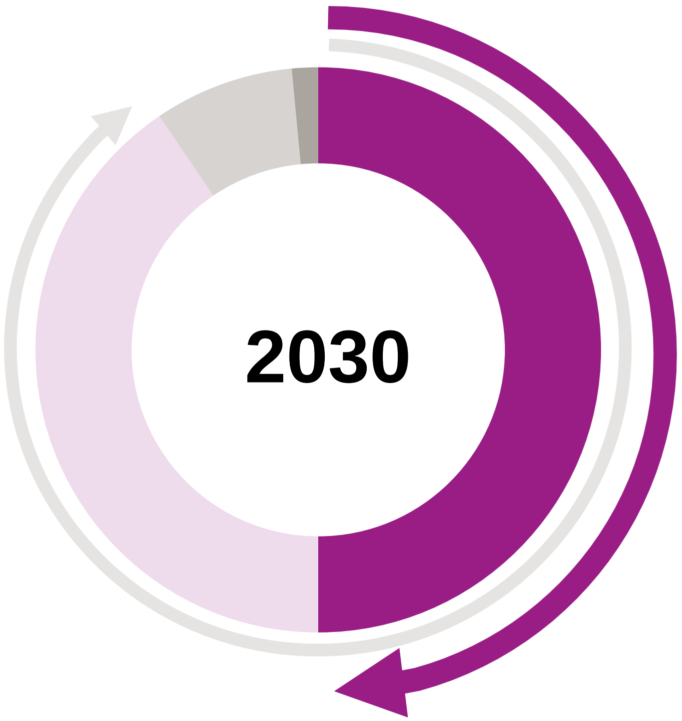
…deliver **superior sustainability benefits** to our customers

NGS: “Next Generation Solutions” include “Leader” (A++) and “Driver” (A+) products and solutions

# Handprint: “Next Generation Solutions” to grow beyond 50% by 2030

## Ambitious new sales share target to be achieved through three levers

### Increase “Next Generation Solutions”




**>50%**

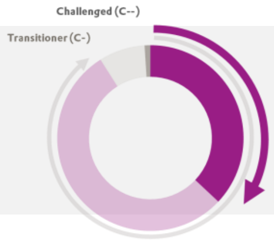
NEXTGEN Solutions

### Three levers to increase the share of NGS

Existing “Next Generation Solutions” with **superior sales growth rates**

New sales from **innovations** becoming “Next Generation Solutions”

“**Challenged**” and “**Transitioner**” products exiting or with new formulations




1. NGS: “Next Generation Solutions” include “Leader” (A++) and “Driver” (A+) products and solutions



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# Handprint: Above-average growth of “Next Generation Solutions”
## Selected examples addressing our four Sustainability Focus Areas

### Future Mobility solutions

- Lightweight applications: PA12 portfolio
- Batteries: additives for electrodes / separators
- “Green tire” technology

+11%

### Additives for durability in construction

+9%

- Water-repellents for building materials
- Additives for integrated protection and self-healing of concrete structures


- Global development partner & solutions provider for delivery systems for effective drugs and vaccinations
- Evonik as pioneer in Lipid Nano Particle (LNP) field for mRNA technology

+14%

### Drug Delivery Systems

+13%

- High-quality proteins with essential amino acids
- Production of omega-3 fatty acids from microalgae
- AQUAVI® Met-Met as methionine source for shrimp and prawns

### Modern aquaculture solutions

% values: Target CAGR 2021-2030 defined in Strategy Dialogue



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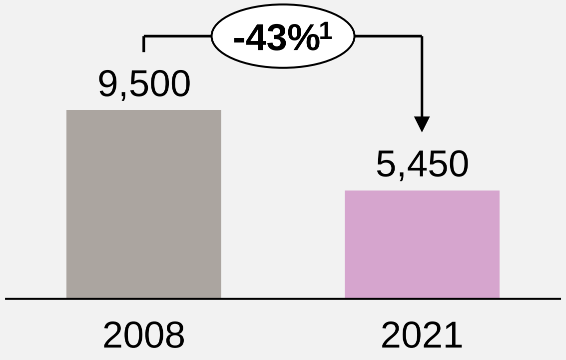
# Footprint: Commitments to reaching the Paris Climate Agreement

Evonik will be climate neutral by 2050. Committed to SBTi.

## Achievements on GHG emissions' reduction

**Scope 1&2**

**2021** **-43%**

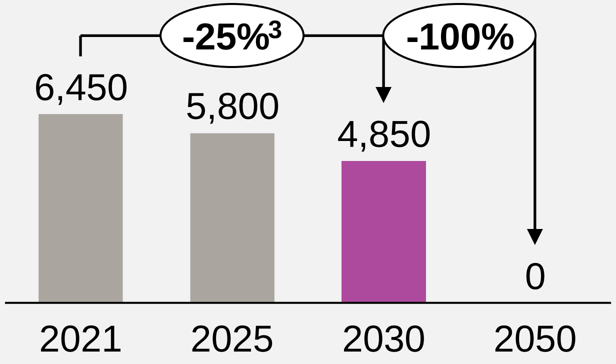



## New targets for GHG emissions scope 1&2

**Scope 1&2**
Well below 2°C[2]

**Scope 3**
Committed[2]

**2030** **-25%**




**2050** **-100%**

1. Net emissions (= gross emissions minus power and steam sold externally); reference year 2008; on initial -50% target by year 2025
2. Commitment letter signed and handed in for SBTi, 25th April 2022
3. Gross emissions; reference year 2021, target year 2030



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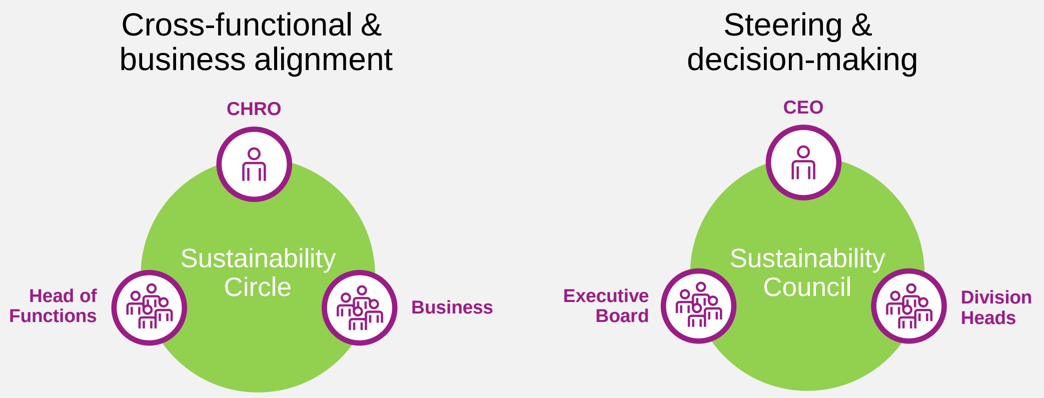
# Complementing the governance on ESG
## Reflected in organizational set-up and remuneration

### Clear responsibilities

- **Executive Board** has overall **responsibility** for sustainability
- Setting **strategic framework** and **executing measures** in close cooperation with operating divisions




### Part of remuneration

- Occupational safety part of remuneration of the executive board since more than a decade
- New ESG goals to be **integrated in remuneration schemes** of Executive Board

**New element for approval at AGM 2022**

**20%** ESG

Long-term incentives based on strategic ESG KPIs, e.g.:

- **Sales share of "Next Generation Solutions"**
- **$CO_2$ emission reduction**

# ONE Evonik. ONE Culture
## … with unifying elements for a diverse company

### Our Purpose
inspires us

**LEADING BEYOND CHEMISTRY**

TO IMPROVE LIFE, TODAY AND TOMORROW

### Our Values
guide us


### Safety first as foundation:
- Accident frequency as part of management compensation
- Low level secured over the last years[1]

### Diversity as basis of our economic success:
- Ambitious targets defined
- Inclusive mindset and behavior ultimately utilize diversity successfully

### Attractive employer:
- Employee committment with increase of 5 pp in latest employee survey

1. below upper limit of 0.26 (number of accidents per 200,000 working hours)



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# Financial targets
## Evonik Group

| Mid-term Financial Targets | | Revised targets (excl. PM) |
|---|---|---|
| Above-average volume growth in growth divisions (>3%) | | Organic sales CAGR >4% |
| EBITDA margin in the range of 18-20% | Unchanged | EBITDA margin in the range of 18-20% |
| Cash conversion ratio of >40% | Unchanged | Cash conversion ratio of >40% |
| ROCE ~11% - well above cost of capital | Unchanged | ROCE ~11% - well above cost of capital |
| Reliable and sustainably growing dividend | Unchanged | Reliable and sustainably growing dividend |
| Solid investment grade rating | Unchanged | Solid investment grade rating |



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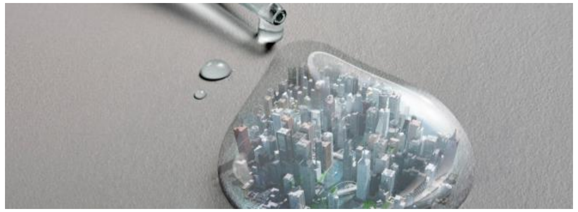
# Financial targets
## By growth division

| | Specialty Additives | Nutrition & Care | Smart Materials |
|---|---|---|---|
| |  |  |  |
| **Next Generation Solutions**[1] | **> 40%** | **> 50%** | **> 50%** |
| **EBITDA margin** | **Secure** strong level (2021: 25%) | **> 22%** (2021: 20%) | **~ 20%** (2021: 17%) |
| **ROCE** | **Secure** strong level (2021: 18%) | **> 14%** (2021: 12%) | **> 11%** (2021: 8%) |

1: Products and solutions with a clearly positive sustainability profile that is above or well above the market reference level



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# Capital allocation into our green transformation

## Priority on growth investments and targeted M&A

| Significant cash inflow … | … invested into our green transformation | | |
|---|---|---|---|
| **Increasing Operating Cash Flow**<br>Attractive cash conversion with steadily growing earnings | **>€3 bn**<br>2022-2030 | NEXTGEN Solutions | ▪ Growth investments into our sustainability leaders<br>▪ Attractive growth rates and returns (IRR >11%) |
| | **~€700 m**<br>2022-2030 | NEXTGEN Technologies | ▪ Investments into infrastructure, production and processes<br>▪ Significant energy & emissions reduction as well as reduction of operating costs (>€100 m by 2030) |
| **Divestment proceeds Performance Materials** | | **Targeted M&A** | ▪ Acceleration of portfolio transformation<br>▪ Expansion of businesses with above-average growth, sustainability profile and returns |
| | | **Attractive dividend** | ▪ Reliable and sustainably growing |

**Solid investment grade rating**

1. 80% of growth capex for Next Generation Solutions (~€350 m p.a.) | 2. Additional capex for Next Generation Technologies (~€65 m p.a. on average)



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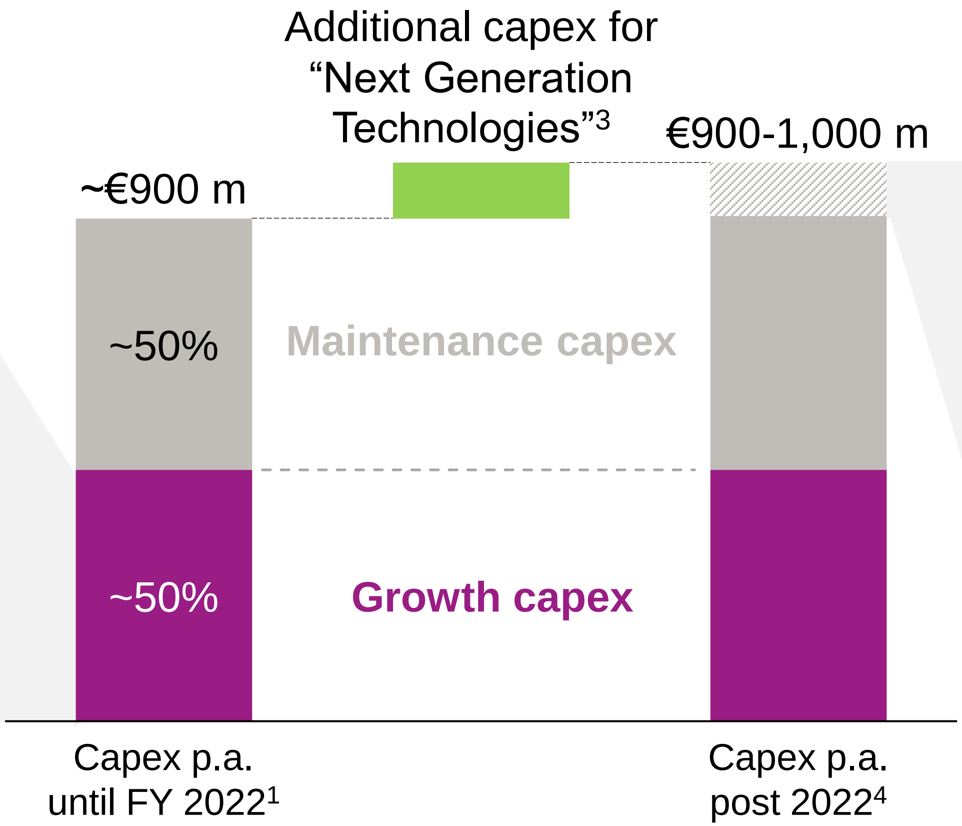
# Capex as key element for investments into handprint & footprint

**WE INCREASE OUR HANDPRINT**

80% of growth capex for "Next Generation Solutions"

**>€3 bn**

2022-2030[2]




**WE REDUCE OUR FOOTPRINT**

Additional capex for "Next Generation Technologies" mainly on top of maintenance

**~€700 m**

2022-2030[3]

1. Incl. ~€50 m p.a. for Performance Materials | 2. ~€350 m p.a. | 3. ~€80 m p.a. on average incl. ~€15 m p.a. for PM, ramping up gradually over the coming years | 4. Incl. ~€65 m p.a. for PM



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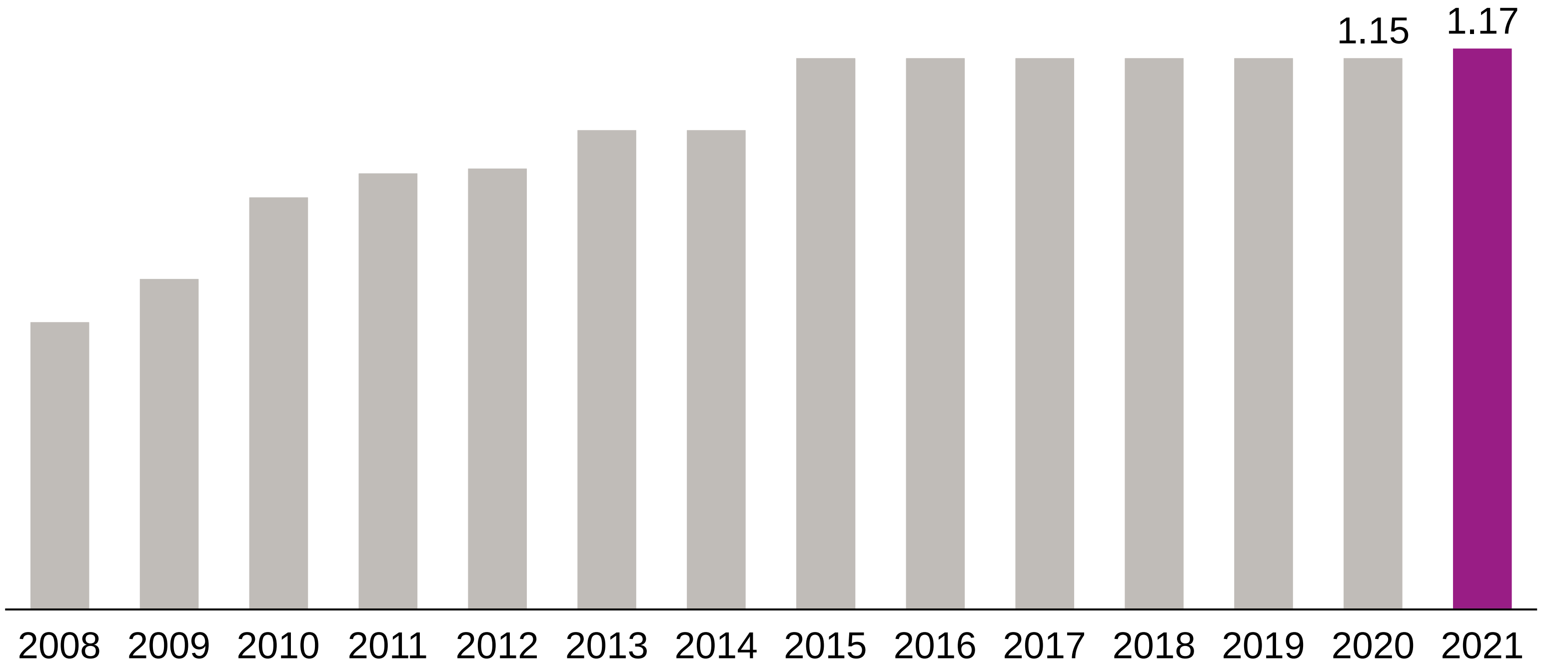
# Clear value generation with investments into “Next Generation Solutions” and “Next Generation Technologies”

| | NEXTGEN Solutions | NEXTGEN Technologies |
|---|---|---|
| **Target & benefit** | **>50%** sales share<br>Products with superior sustainability[1] and financial performance | **-25%**[2] Scope 1+2 by **2030**<br>Projects to lower $CO_2$ emissions with value-enhancing, positive NPVs |
| **Value creation** | **Clear investment criteria – aligned with strategic, sustainability and financial targets**<br>▪ Above-average market growth<br>▪ Superior sustainability profile (PSA analysis)<br>▪ IRR above ROCE target (>11%)<br>▪ $CO_2$ pricing implemented | **€700 m capex** (2022-2030) …<br>▪ For NPV-positive projects<br>▪ For advanced levers, innovative waste heat up-cycling and process re-design<br>… **resulting in >€100 m opex savings** (p.a.) |

1. “Next Generation Solutions” include “Leader” (A++) and “Driver” (A+) products and solutions
2. Commitment letter signed and handed in for SBTi, 25th April 2022, gross emissions reduction with reference year 2021, target year 2030

# Spotlight on shareholder returns
## Reliable and attractive dividend policy

Dividend (in €) for FY




- **Slight increase** to €1.17 in FY 2021
- **Attractive dividend yield of ~4%**
- Reliable dividend policy targeting:
  - **Dividend continuity**
  - **Adj. EPS and FCF growth** with potential for sustainable **dividend growth** going forward



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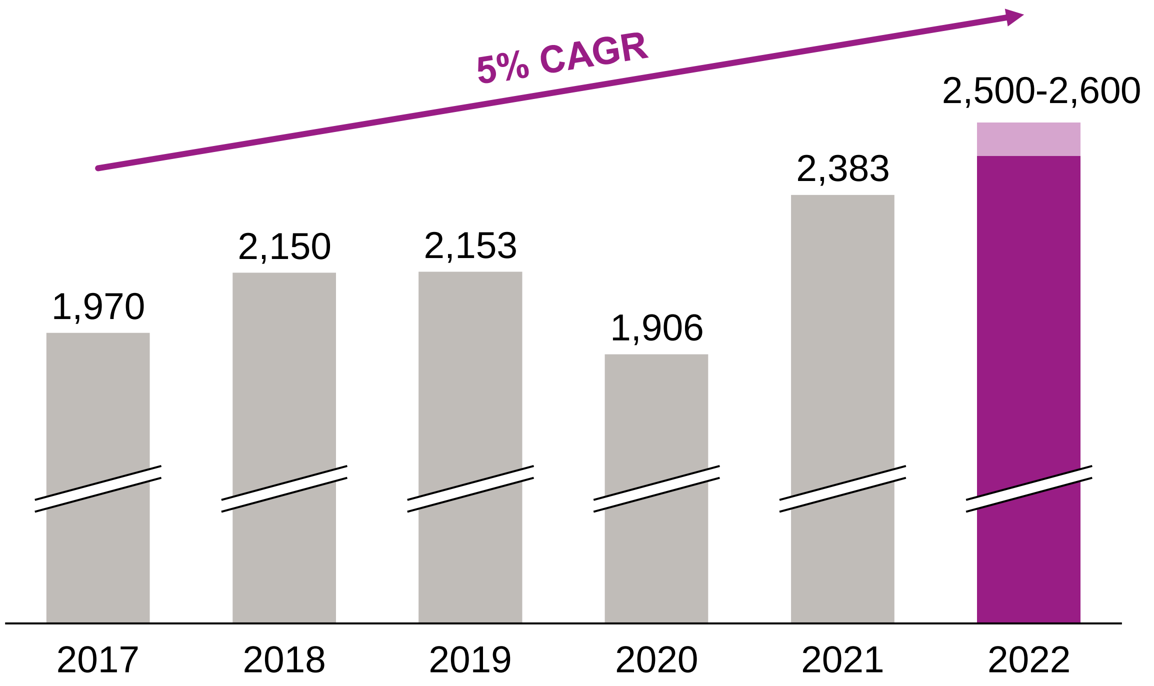
# We are consistently and reliably growing EBITDA and Free Cash Flow

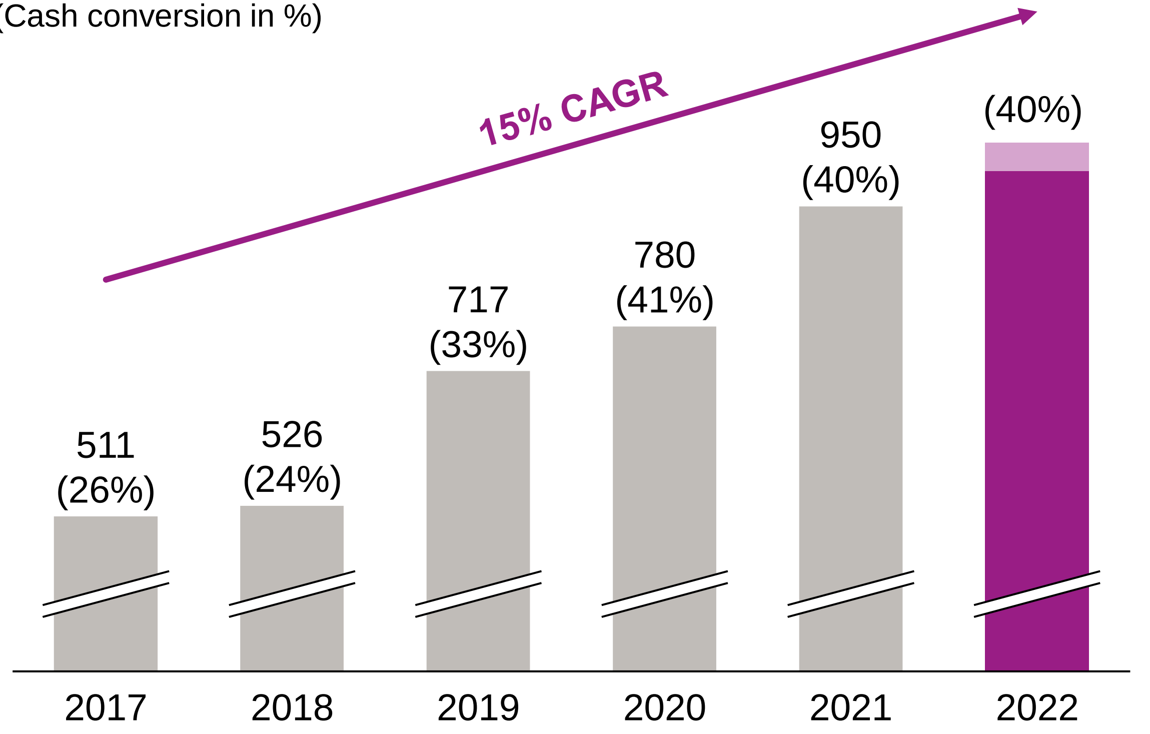
## Strong earnings growth …

Adj. EBITDA in € m




## … is translating into even faster FCF growth

Free Cash Flow in € m
(Cash conversion in %)



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# Decisive steps to reduce gas exposure in Germany

## Energy supply at Marl site to become completely independent from natural gas

### Germany

**Measures for up to 40%
gas substitution (up to 2 TWh)**

#### Marl

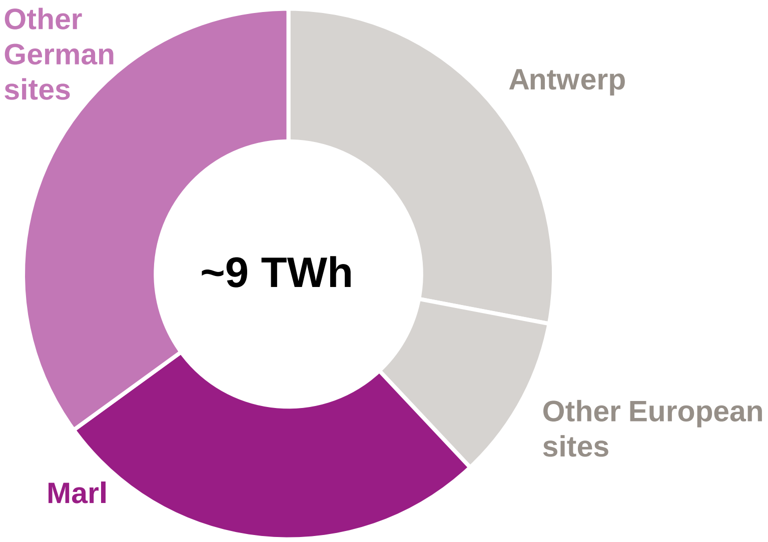
- Single biggest measure: substitution of natural gas with LPG in new gas power plant
- Runtime extension of coal power plant
- Energy supply at site to become completely independent from natural gas

#### Other German sites

- Partial switch to fuel oil

### Total gas consumption in Europe (TWh)[1]

Germany: ~5 TWh in 2021
→ to be reduced by up to 40%




### Rest of Europe

**Less dependency
on gas from Russia**

#### Antwerp

- Biggest gas consuming site of Evonik in Europe (e.g. C4 chain, Animal Nutrition)
- Benefitting from favorable infrastructure, e.g. direct proximity to LNG terminals

1. FY 2021; includes gas as raw material



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# Substitution of natural gas with LPG in new gas power plant in Marl as main measure to reduce gas consumption at German sites


**BP Cracker** (Scholven)

- LPG up to now handed back to BP cracker
- Will be replaced by alternative raw materials


**C4 Chain** (Marl)

**LPG** (liquified petroleum gas) **as by-product in production of Performance Intermediates** (C4 chain) **in Marl**


**New gas power plant** (Marl)

- New gas power plant in Marl technically equipped to also use LPG as energy source
- Significant reduction in natural gas consumption without any production limitation
- Enhancing supply security, but also economically viable in current environment

Left picture: BP Europa SE

# Strong track record of passing on higher costs

## Measures in place to limit 2023 energy cost increase

### Raw material costs

- Successfully compensated through own price increases
- Pressure easing as raw material price trends are flattening

**~€3 bn**

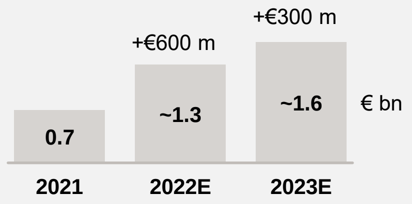
raw material cost increase since the beginning of 2020

### Energy costs

**~€300 m**

expected energy cost increase yoy for FY 2023[1]

- **Compensation measures limiting energy cost increase:**
  - Hedging in place
  - 40% gas substitution at German sites
- Targeting pass-on through own price increases




1. Not including potential levy for higher costs from gas imports and gas storage in Germany

# Q2 2022 results at a glance

| **Sales** (in € m) | **Adj. EBITDA** (in € m) | **Free cash flow** (in € m) | **Adj. EPS** (in €) |
|---|---|---|---|
| **4,772**<br>(Q2 2021: 3,636) | **728**<br>(Q2 2021: €649 m) | **-239**<br>(Q2 2021: €101 m) | **0.75**<br>(Q2 2021: 0.54 €) |
| Strong increase driven by further accelerating prices (+24%) – a clear sign that pricing power is intact | Specialty Additives and Smart Materials as basis for strong Q2; Performance Materials supporting with standout quarter | Significantly higher NWC outflow (yoy) mainly due to higher inventories and receivables | Supported by positive financial result; adj. tax rate of 29% |



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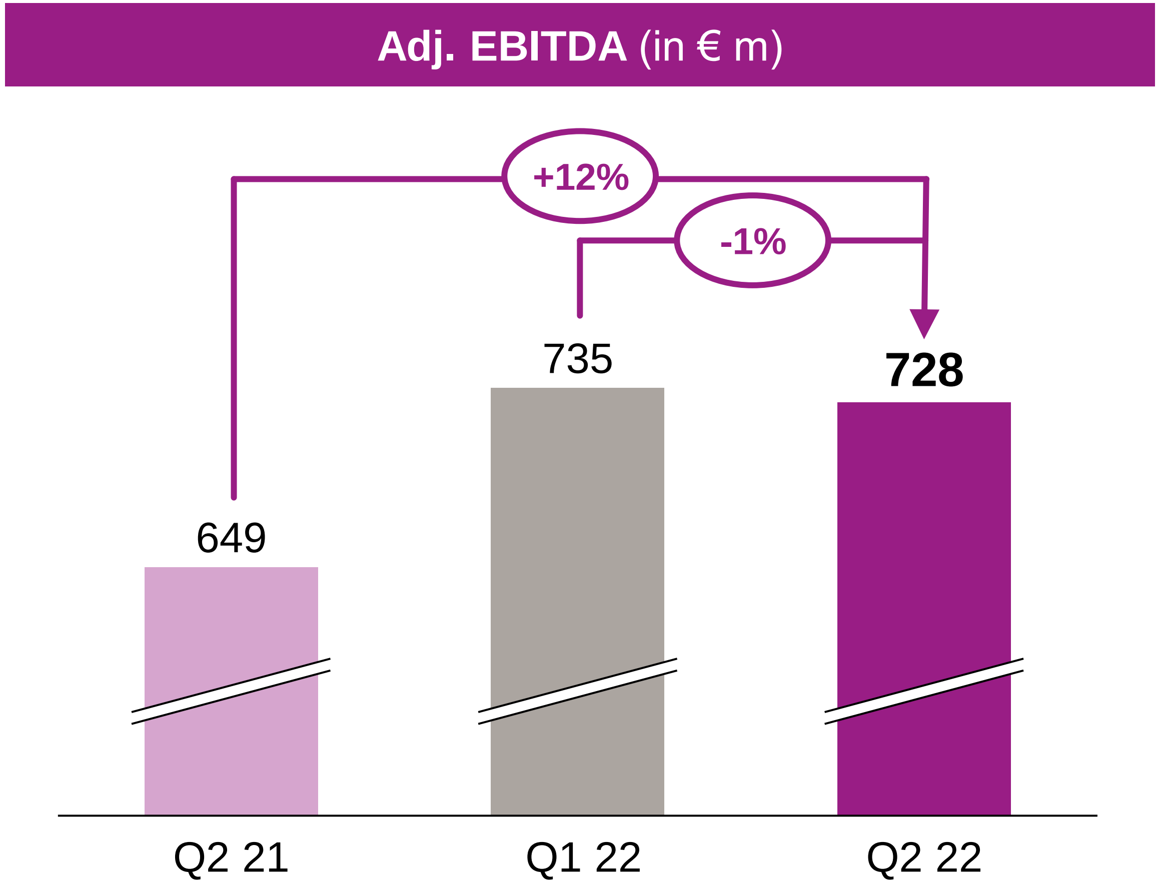
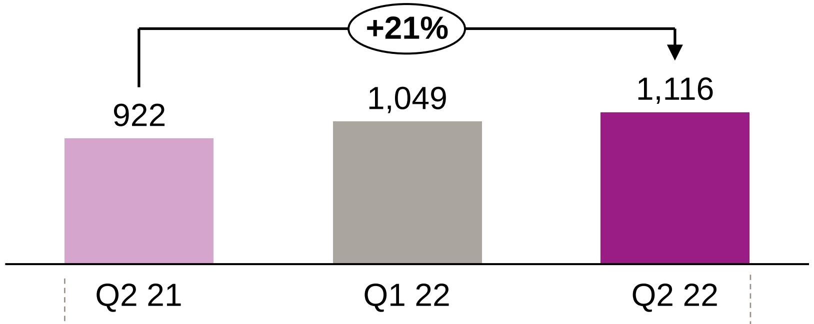
# Adj. EBITDA Q2 2022




- **Q2 continues on strong Q1 level**
- … despite **€20 m costs for one-time payment to employees** (mutual tariff agreement)
- **Higher prices** again compensate higher variable costs in all divisions
- **Specialty Additives and Smart Materials as basis for strong Q2** - with higher earnings both yoy and qoq
- **Performance Materials** with exceptionally strong spreads **delivering a standout quarter**
- Earnings **supported by inventory revaluation** effects
  - Similar level as Q1
  - Performance Materials with biggest impact

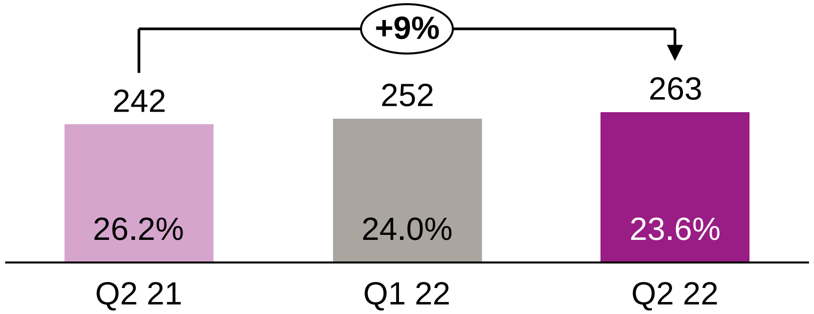
# Specialty Additives

**Sales**
(in € m)




| Q2 22 vs. Q2 21 | | | |
|---|---|---|---|
| Volume | Price | FX | Other |
| -2% | +18% | +5% | +/-0% |

**Adj. EBITDA**
(in € m)
**/ margin**
(in %)




- Continued positive underlying end market dynamics across all businesses in a good pricing environment
  - Crosslinkers with strong earnings momentum as a result of ongoing pricing campaigns to compensate higher raw mat costs
  - Additives businesses with good pricing and solid demand especially in agro and industrial applications
- Volumes down slightly against tough comparables (Q2 2021: +24%), still limited by logistics and ongoing raw material constraints
- Pricing campaigns accelerating further (with time-lag): +18% in Q2
- Gap between prices and variable costs closed in Q2 22, in addition some raw material prices start to flatten out, however logistics and energy costs remain elevated



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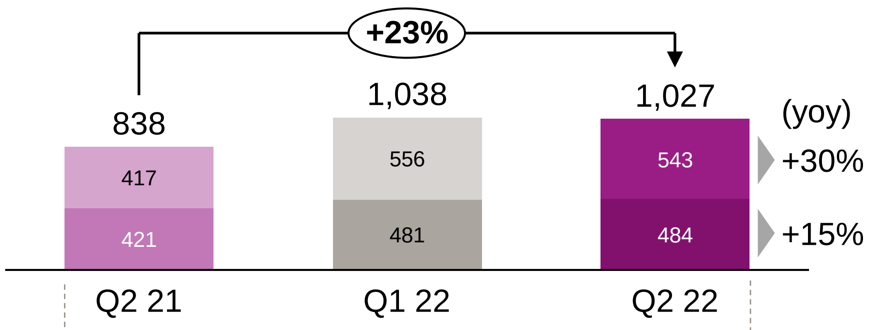
# Nutrition & Care

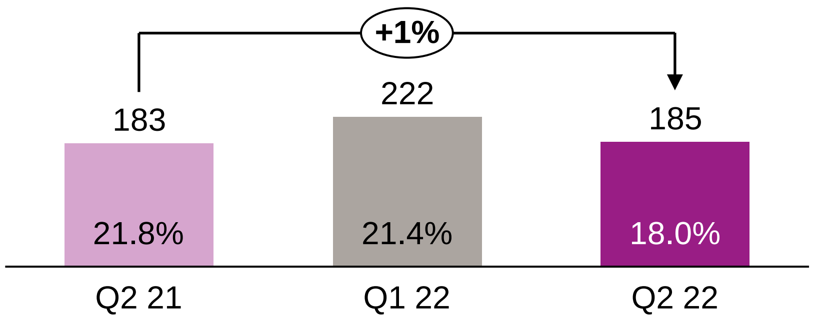
**Sales**
(in € m)

Animal Nutrition
---
Health & Care




| Q2 22 vs. Q2 21 | | | |
|---|---|---|---|
| Volume | Price | FX | Other |
| -6% | +21% | +8% | +/-0% |

**Adj. EBITDA**
(in € m)
**/ margin**
(in %)




- Health & Care with continued strong growth yoy and stable qoq
  - Care Solutions with continued strong volume growth and accelerating pricing esp. for active cosmetic ingredients and cosmetic solutions
  - Health Care with slightly lower order pattern for drug delivery, catch-up in H2 expected
- Animal Nutrition with strong pricing for another quarter, volumes lower mainly due to
  - lockdowns of major Chinese cities
  - some customer destocking



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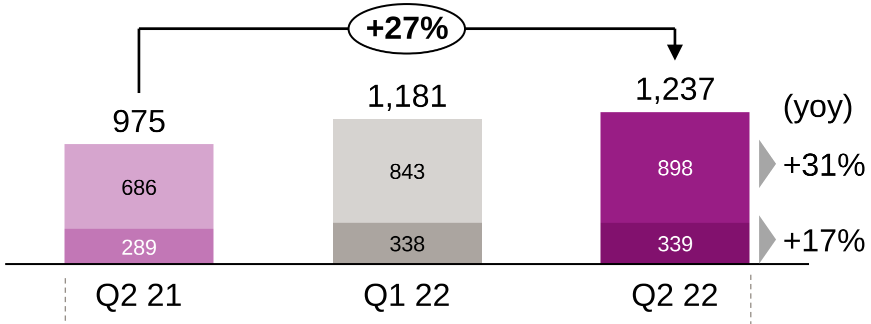
# Smart Materials

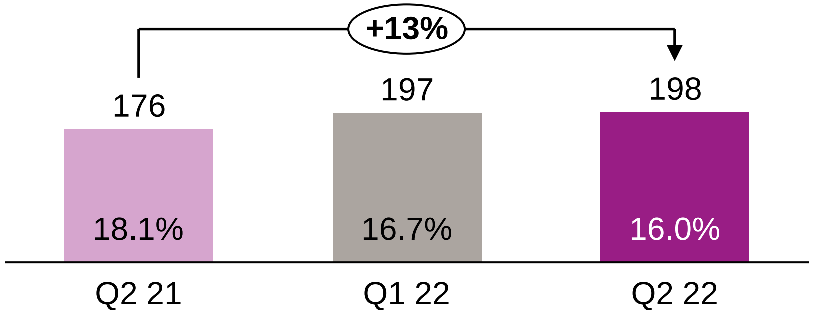
**Sales** (in € m)

Inorganics --- Polymers

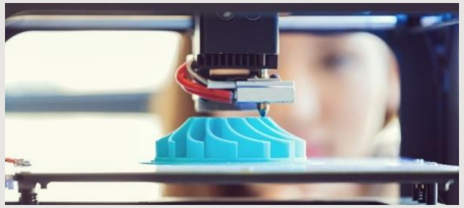



| Q2 22 vs. Q2 21 | | | |
|---|---|---|---|
| Volume | Price | FX | Other |
| +4% | +21% | +3% | -1% |

**Adj. EBITDA** (in € m) **/ margin** (in %)




- Double-digit EBITDA growth, driven by strong pricing
- Solid volume growth despite limitations by China lockdown, logistic issues and planned maintenance shutdown in PA12
- Continued strong growth in Silanes and Silica
- Project-based catalyst business supporting growth of the division
- Pricing campaigns accelerating further (with time-lag): +21%, following +16% in Q1 and +10% in Q4





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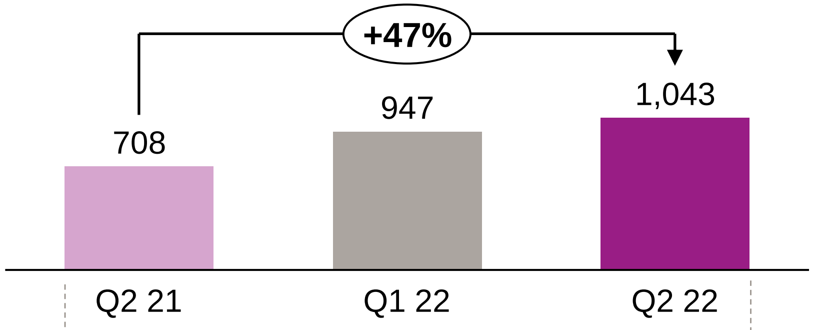
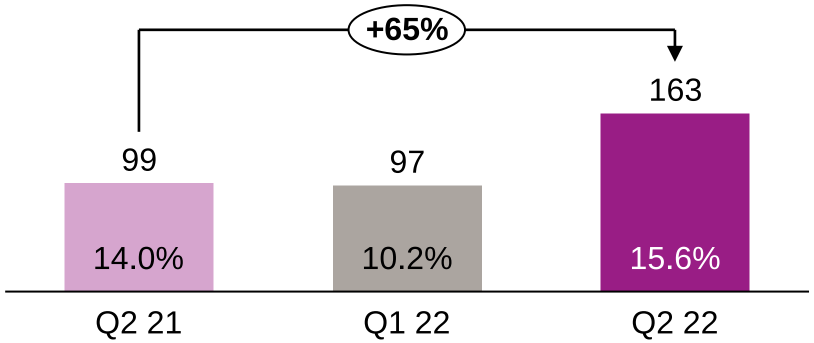
# Performance Materials

**Sales**
(in € m)




| Q2 22 vs. Q2 21 | | | |
|---|---|---|---|
| Volume | Price | FX | Other |
| -7% | +45% | +9% | +/-0% |

**Adj. EBITDA**
(in € m)
**/ margin**
(in %)




- Extraordinary strong quarter and spreads for C4 business
- Tight C4 markets in Q2, mainly supply-driven (several planned and unplanned shutdowns in Asia & US); markets relaxing into H2
- Naphtha price further supportive in Q2
- Q2 volumes negatively impacted by logistical challenges and reduced raw material availability; Q3 with planned maintenance in C4 operations in Marl, Germany
- Superabsorber with ongoing market recovery, Q2 negatively impacted by time lag in raw material pass-on



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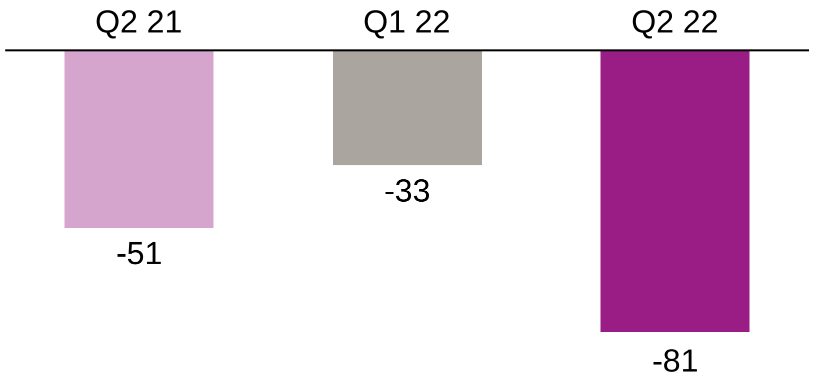
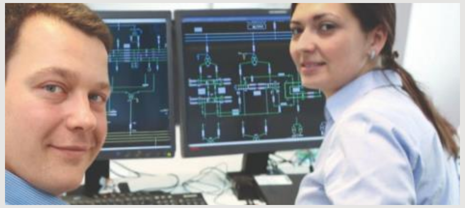
# Technology & Infrastructure (T&I) / Other

**Adj. EBITDA**
(in € m)




- Clearly below prior year and usual run rate due to
  - higher energy costs (e.g. additional purchase of coal)
  - higher costs for power plants in Marl
    - preparation of coal power plant for extended run-time
    - ramp-up of gas power plant using LPG
  - higher personnel costs due to one-time payment to employees as result of mutual tariff agreement
- Normalization in Q3 and Q4 leading to unchanged expectation for considerably less negative result in FY 2022





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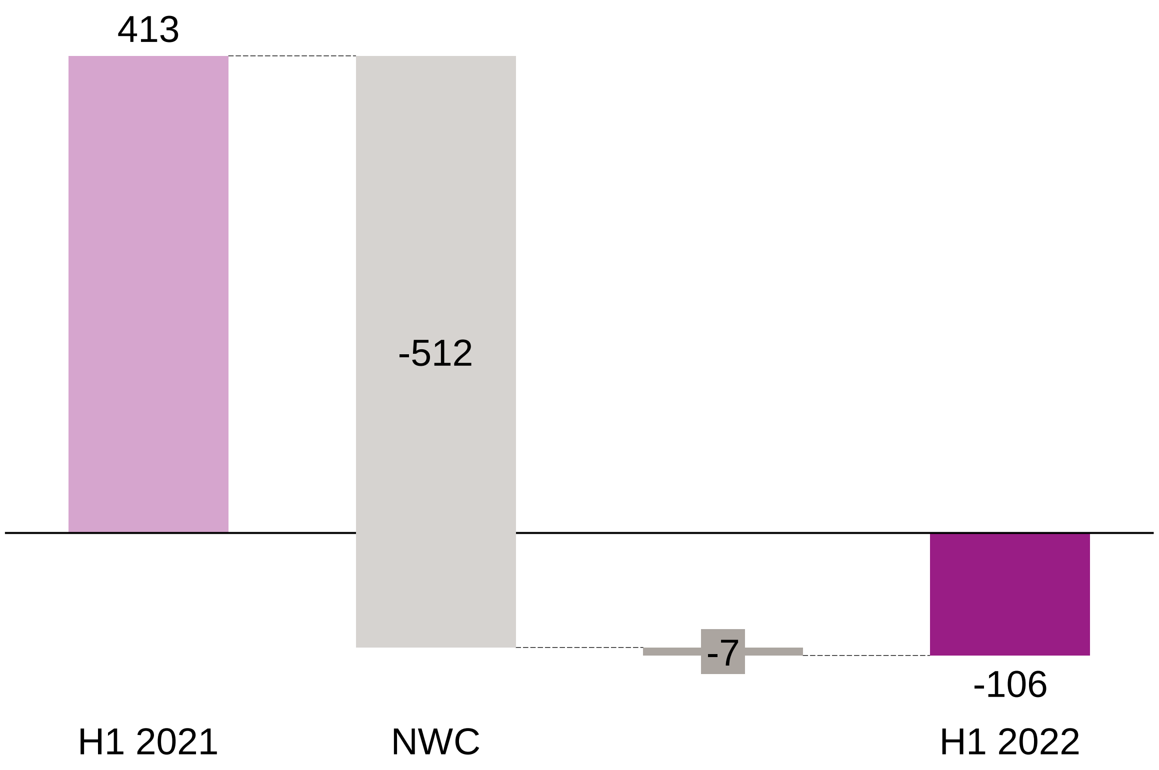
# Free Cash Flow H1 2022

**Free Cash Flow** (in € m, continuing operations)




- **H1 FCF** impacted by **significantly higher NWC outflow** yoy (-€911 m vs -€399 m in H1 2021)
- Increased raw material prices resulting in
  - Higher inventories (valuation)
  - Higher receivables (increased sales base)
- Additionally higher inventory levels due to
  - more goods in transit
  - higher level of safety stocks
- Higher EBIT(DA) compensated by higher cash outflow for variable remuneration (for FY 2021)



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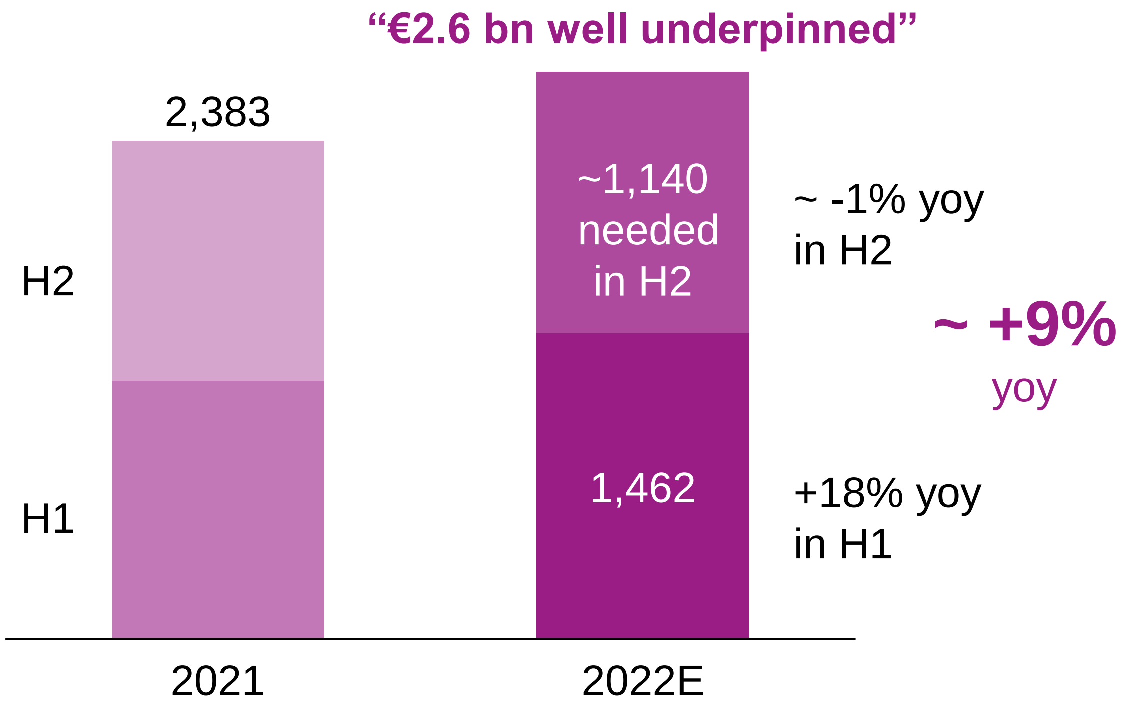
# FY 2022 outlook for adj. EBITDA confirmed

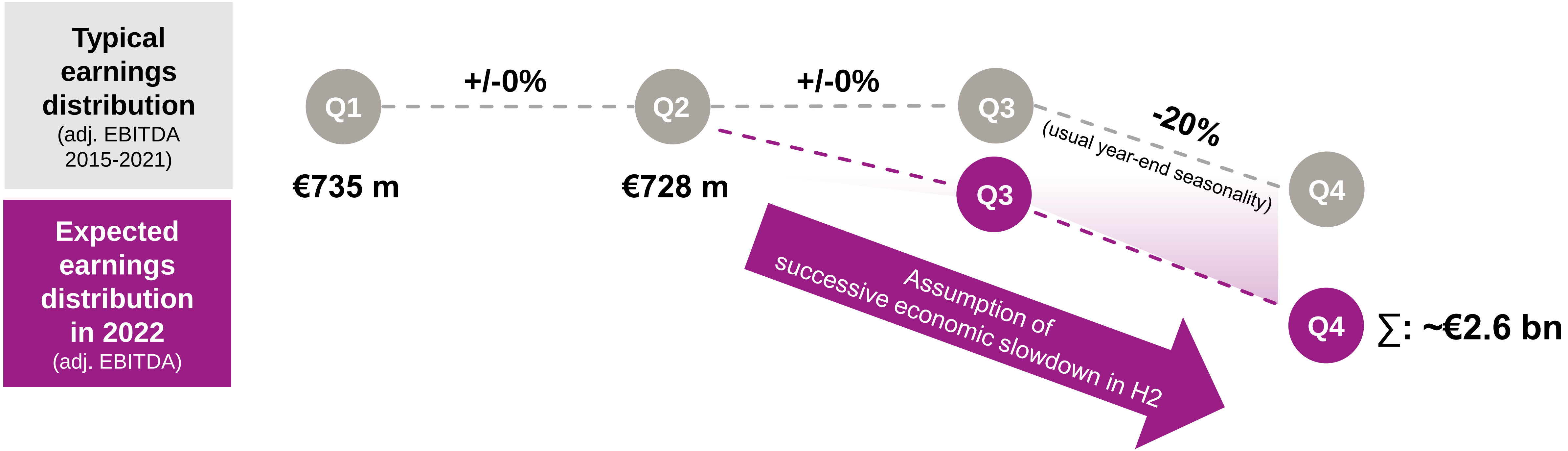
**"Adj. EBITDA between €2.5 and 2.6 bn"**




## Basis for the outlook

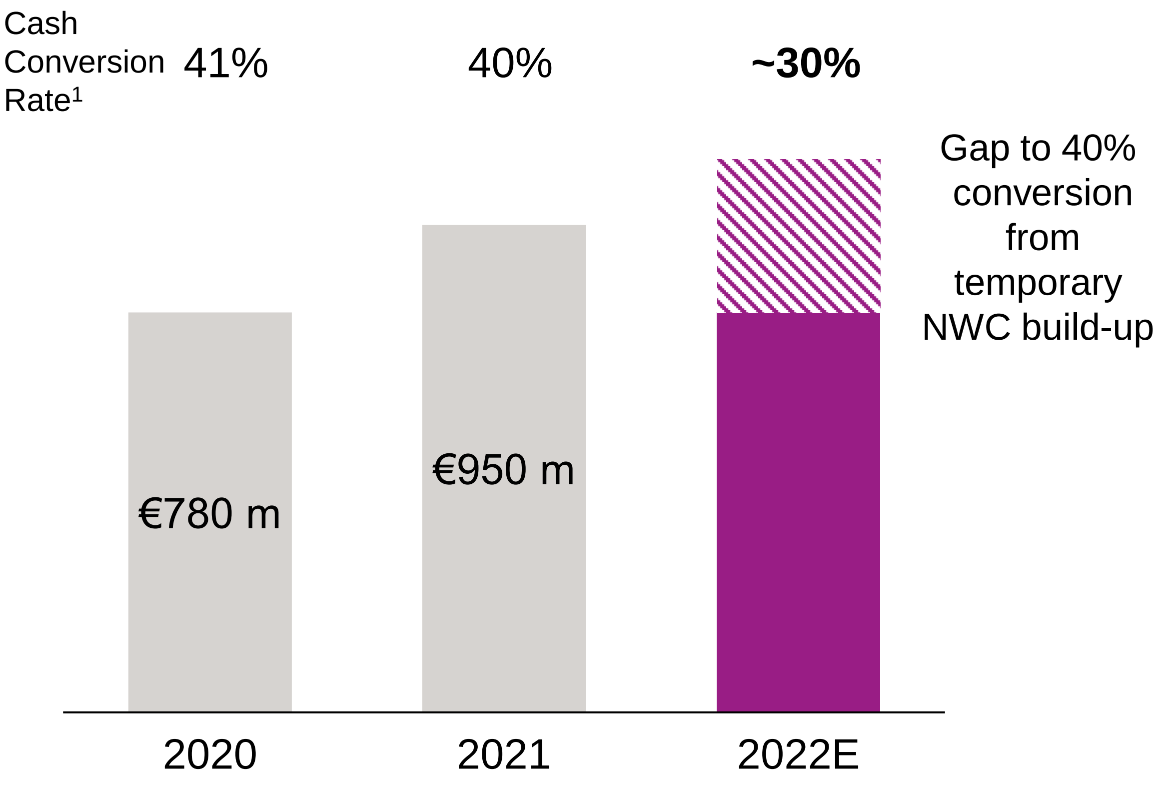
- Strong H1 performance as basis
- Assuming a successive macro slowdown in H2
- Energy supply:
  - – Outlook based on sufficient gas supply to maintain production on necessary scale
  - – Implementation of extensive measures to make energy production at European sites largely independent from further gas cuts
  - – Levy for higher costs from gas imports and gas storage in Germany included

# Macroeconomic slowdown in H2 factored into adj. EBITDA outlook for 2022



# FCF conversion expected lower in FY 2022 due to NWC outflow

**"FCF conversion around 30%"**




## NWC impact in 2022 so far

- **~€900 m NWC outflow in H1** (yoy delta of ~€500 m) due to both higher inventories and receivables

## Outlook

- Partly NWC reversal expected in H2 with **~€400-500 m inflow**
- Further NWC reversal potential in 2023

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

# Additional indications for FY 2022

| | |
|---|---|
| **Sales** | **between €17 and 18 bn** (previously: between €15.5 and 16.5 bn; 2021: €15.0 bn) |
| **ROCE** | **slightly above the level of 2021** (unchanged; 2021: 9.0%) |
| **Capex[1]** | **around €900 m** (unchanged; 2021: €865 m) |
| **EUR/USD sensitivity[2]** | +/-1 USD cent = **-/+ ~€6 m** adj. EBITDA (FY basis) |
| **Adj. EBITDA T&I/Other** | **considerably less negative than prior year level** (unchanged; 2021: -€221 m) |
| **Adj. D&A** | **slightly above the level of 2021** (unchanged; 2021: €1,045 m) |
| **Adj. net financial result** | **slightly less negative than 2021** (unchanged; 2021: -€97 m) |
| **Adj. tax rate** | **around** long-term sustainable level of **~30%** (unchanged; FY 2021: 28%);<br>higher compared to previous years, 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

# Indications for adj. EBITDA FY 2022 on division level

## Specialty Additives

- Mission-critical solutions with superior sustainability profile supporting broad-based growth across additives portfolio
- Pricing initiatives continue to compensate higher input costs

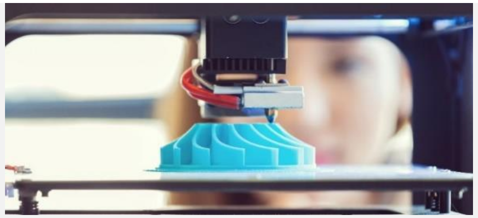
**"slightly above prior year level"**
(unchanged)

## Nutrition & Care

- Increasing share of "System Solutions" with above-average margin profile
- Positive price trend in Animal Nutrition
- Continued active cost & portfolio management

**"considerably above prior year level"**
(unchanged)

## Smart Materials



- Ongoing positive development in "Eco Solutions"
- "Future Mobility": New PA12 capacities into tight market
- Pricing initiatives continue to compensate higher input costs

**"considerably above prior year level"**
(previously: significantly above PY)

## Performance Materials

- Product spreads in C4 chain with clearly positive trends
- Superabsorber to benefit from improving market environment and long-term customer relationships

**"significantly above prior year level"**
(previously: below PY)



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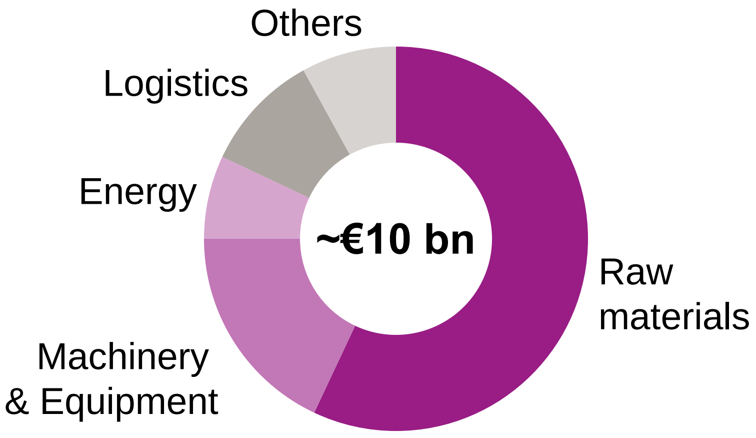
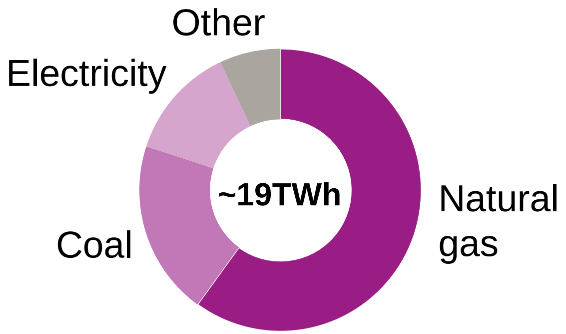
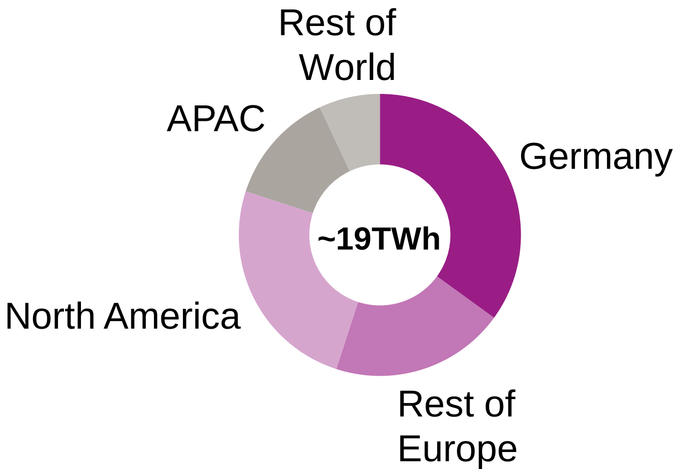
# Evonik energy and gas consumption

## Total procurement volume[1]

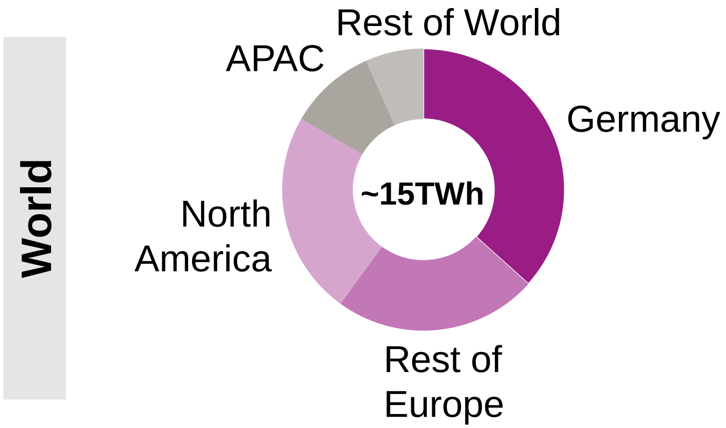


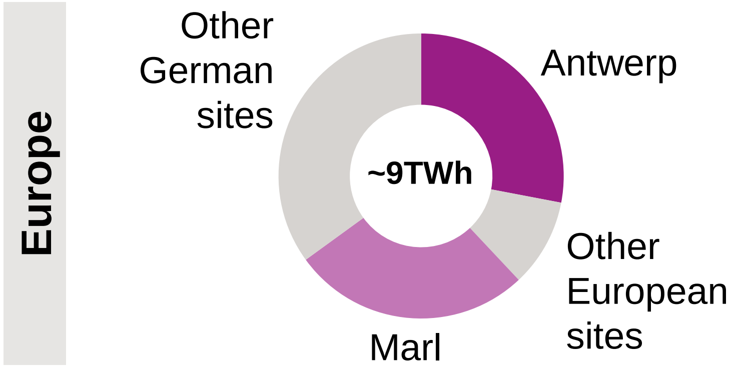

## Thereof: Energy[1, 2]




## Total gas consumption[1, 3]



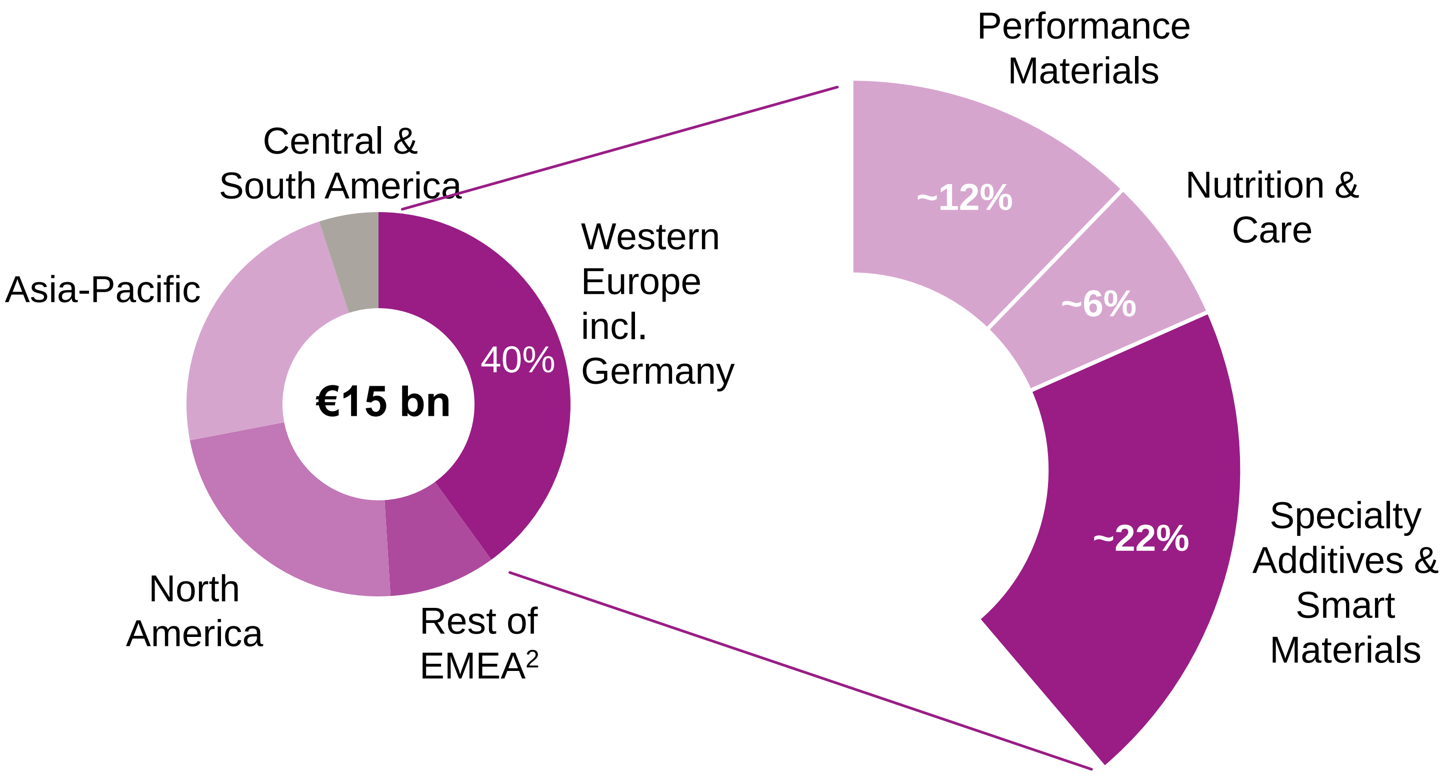




1. FY 2021; gross energy bill, not considering the selling to external parties | 2. Does not include gas as raw material (~4 TWh globally) | 3. Includes gas as raw material

# Regional sales split

## Only 20% exposure to Europe excluding non-core PM and resilient NC

**Evonik Group sales by region**[1]




**Performance Materials**

- Divestment in execution

**Nutrition & Care**

- Resilient end markets in Health, Care and Animal Nutrition

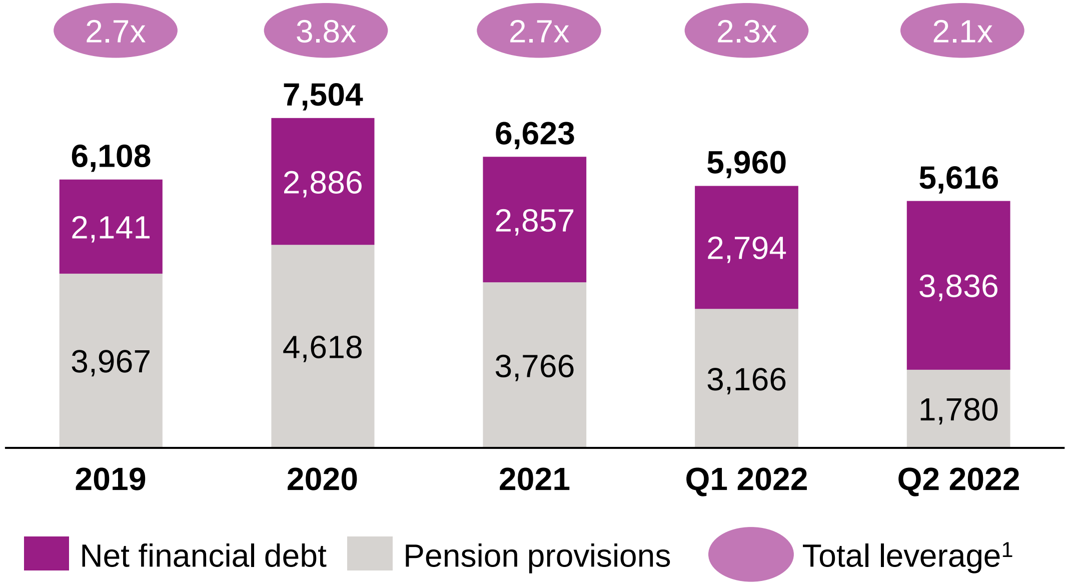
**Specialty Additives & Smart Materials**[3]

- Europe exposure to benefit from
  - Innovation power, e.g. for hydrogen economy
  - Accelerated transformation into low-carbon economy with higher share of renewable energy

1. FY 2021; by location of customer | 2. Middle East and Africa; CEE | 3. Also including TI/Others

# Development of debt and leverage over time

(in € m)




| | 2019 | 2020 | 2021 | Q1 2022 | Q2 2022 |
|---|---|---|---|---|---|
| **Adj. net debt[2]** | 5,858 | 7,254 | 6,373 | 5,710 | 5,365 |
| **Adj. EBITDA (last 12 months)** | 2,153 | 1,906 | 2,383 | 2,530 | 2,609 |
| **German pension discount rate (%)** | 1.30 | 0.90 | 1.30 | 1.90 | 3.30 |

## Net financial debt (€3,836 m)

- Increase in Q2 due to negative free cashflow and dividend payment in May
- Still low net financial debt leverage at 1.4x[3]

## Pension provisions (€1,780 m)

- Long-dated pension obligations with >18 years duration
- Pension provisions almost halved at the end of Q2 2022 following notable increase of pension discount rates (German pension discount rate increase from 1.9% to 3.3%)
- Pension provisions partly balanced by corresponding deferred tax assets of ~€0.7 bn

1. Adj. net debt / adj. EBITDA | 2. Net financial debt – 50% hybrid bond + pension provisions | 3. (Net financial debt – 50% hybrid bond) / adj. EBITDA

# Divisional overview by quarter

| **Sales** (in € m) | Q1/21 | **Q2/21** | Q3/21 | Q4/21 | FY 2021 | Q1/22 | **Q2/22** |
|---|---|---|---|---|---|---|---|
| Specialty Additives | 907 | **922** | 934 | 947 | 3,710 | 1,049 | **1,116** |
| Nutrition & Care | 780 | **838** | 931 | 1,008 | 3,557 | 1,038 | **1,027** |
| Smart Materials | 909 | **975** | 1,002 | 1,032 | 3,918 | 1,181 | **1,237** |
| Performance Materials | 580 | **708** | 784 | 840 | 2,911 | 947 | **1,043** |
| Technology & Infrastructure (T&I) / Other | 182 | **193** | 220 | 264 | 859 | 283 | **349** |
| **Evonik Group** | 3,358 | **3,636** | 3,871 | 4,091 | 14,955 | 4,498 | **4,772** |

| **Adj. EBITDA** (in € m) | Q1/21 | **Q2/21** | Q3/21 | Q4/21 | FY 2021 | Q1/22 | **Q2/22** |
|---|---|---|---|---|---|---|---|
| Specialty Additives | 273 | **242** | 224 | 181 | 920 | 252 | **263** |
| Nutrition & Care | 143 | **183** | 192 | 200 | 717 | 222 | **185** |
| Smart Materials | 173 | **176** | 177 | 123 | 650 | 197 | **198** |
| Performance Materials | 42 | **99** | 97 | 80 | 317 | 97 | **163** |
| Technology & Infrastructure (T&I) / Other | -43 | **-51** | -45 | -82 | -221 | -33 | **-81** |
| **Evonik Group** | 588 | **649** | 645 | 502 | 2,383 | 735 | **728** |



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# Upcoming IR events

| Conferences & Roadshows | |
|---|---|
| **August 17, 2022** | Roadshow Zürich (Baader Bank) |
| **August 23, 2022** | Roadshow London (Berenberg) |
| **August 24, 2022** | Roadshow Edinburgh (Berenberg) |
| **September 6, 2022** | Oddo Corporate Conference, Frankfurt |
| **September 14, 2022** | JP Morgan CEO Call Series, virtual |
| **September 19, 2022** | Baader Investment Conference, Munich |
| **September 28, 2022** | Exane ESG Conference, Paris |

| Upcoming Events & Reporting Dates | |
|---|---|
| **November 8, 2022** | Q3 2022 Reporting |
| **March 2, 2023** | Q4 / FY 2022 Reporting |



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