

# Evonik

## Leading Beyond Chemistry

Company Presentation Q3 2022

**NEXTGEN** 



# Key messages Q3 2022

## Solid results in an increasingly challenging market environment

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Solid results in an increasingly challenging market environment:

**Adj. EBITDA of €615 m in Q3** – supported by a **strong Specialty Additives performance** (+8% yoy)

**Volumes decline, pricing holding up:** Double-digit price increases across all growth divisions resulting in **ongoing successful pass-on** of higher variable costs

**Cash generation picking up** with FCF of €288 m in Q3; further significant NWC improvement expected in Q4 to **achieve ~30% cash conversion for the full year**

**Outlook** for FY 2022 **confirmed:** Adj. EBITDA between €2.5 and 2.6 bn

**Structural support for 2023:** Resilient & regionally balanced portfolio setup, progress in Performance Materials divestment, high visibility on energy costs & gas supply, contingency measure toolbox in implementation

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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

# Evonik well equipped as “Enabler of Sustainable Change”

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



# Leading Beyond Chemistry – Growth divisions

Specialty chemicals portfolio with strong positioning and attractive financials

Strong positioning ...

... and attractive financials<sup>1</sup>

## Specialty Additives



Wide range of additives for **maximum performance** which make the key difference

 Sales: €3,710 m  
 Margin: 25%  
 ROCE: 18%

## Nutrition & Care



Sustainable solutions for basic human needs in **resilient end markets** like pharma, personal care and animal nutrition

 Sales: €3,557 m  
 Margin: 20%  
 ROCE: 12%

## Smart Materials



Innovative materials that enable **environmentally-friendly solutions** for mobility, environment and urbanization

 Sales: €3,918 m  
 Margin: 17%  
 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
			
<b>Ambition</b>	“Small amount – <b>Big effect</b> ”	“Bringing Nutrition & Care to Life – <b>for life and living</b> ”	“We find solutions for the <b>needs of today and tomorrow</b> ”
<b>... and promising growth drivers</b>	<ul style="list-style-type: none"> <li>✓ Making the difference</li> <li>✓ Enabling circular economy</li> <li>✓ Digital solutions</li> </ul>	<ul style="list-style-type: none"> <li>✓ Active cosmetics ingredients</li> <li>✓ Drug delivery systems</li> <li>✓ Sustainable &amp; healthy nutrition</li> </ul>	<ul style="list-style-type: none"> <li>✓ Future Mobility</li> <li>✓ Eco-Solutions</li> </ul>

# Next Generation Evonik: Embarking on the next phase of our transformation

## Sustainability fully integrated into all three strategic levers

Three major strategic levers...

... with sustainability fully integrated ...

... delivering on ambitious targets

### Next Generation Portfolio

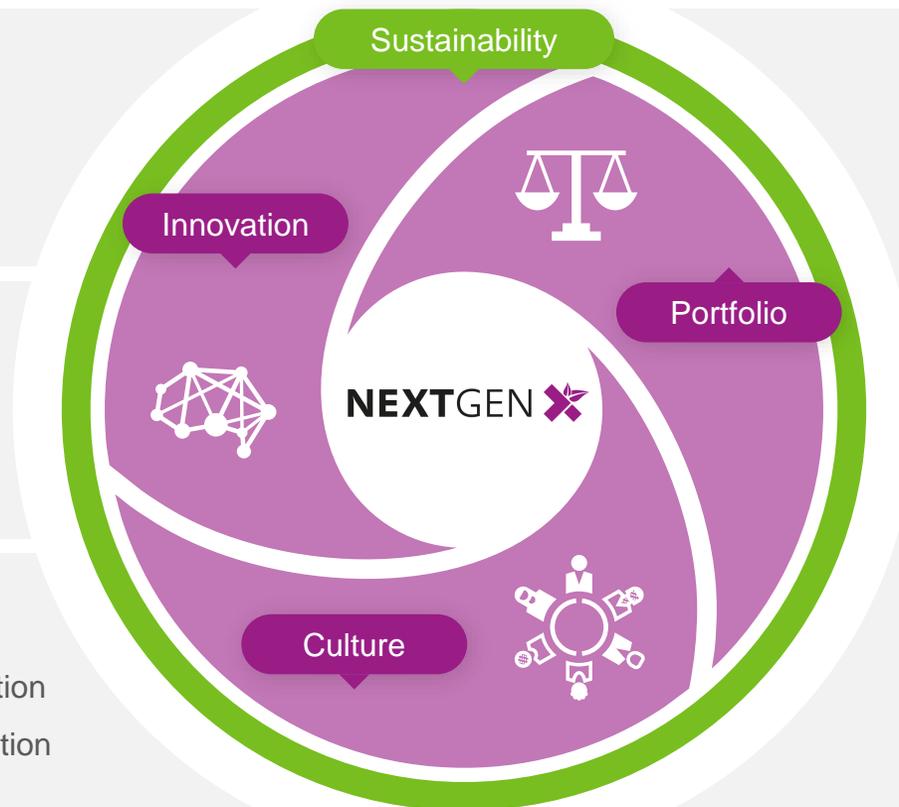
- + Exit Performance Materials
- + Full focus on three attractive growth divisions

### 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



### ESG Targets<sup>1</sup>

- + >50% sales share of **NEXTGEN Solutions** ✦
- + -25% CO<sub>2</sub> 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



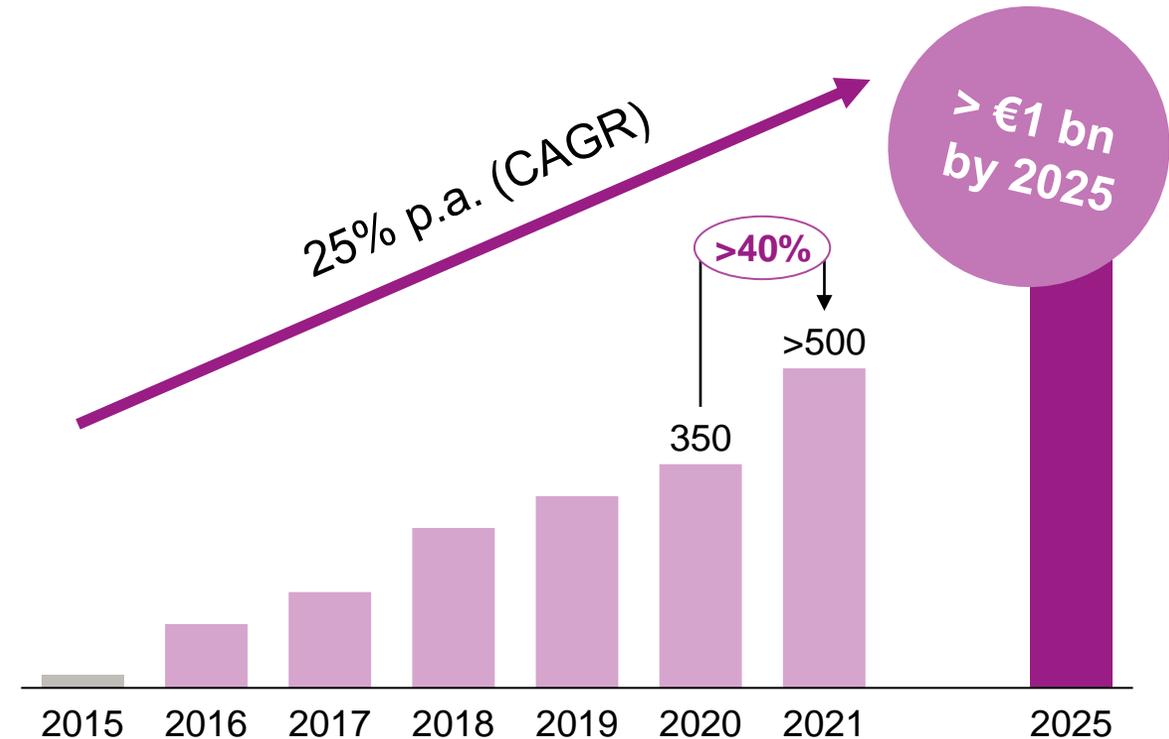
Healthcare  
Solutions



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

**Above-average margin** contribution

## Sales contribution Innovation Growth Fields



# Evonik aligned to sustainability

## Sustainability as part of portfolio and strategic management processes

### Excellent Rankings



### Sector leading rankings

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

### Environmental Targets

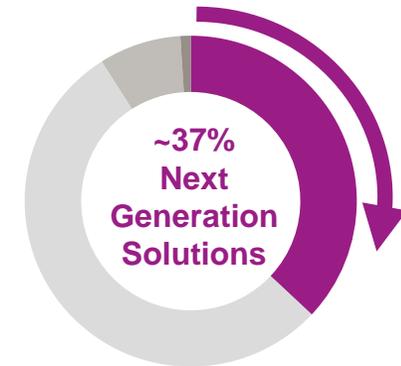


reduction of scope 1 and scope 2 emission until 2030 (vs. 2021)

### Ambitious environmental targets

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

### Portfolio Management



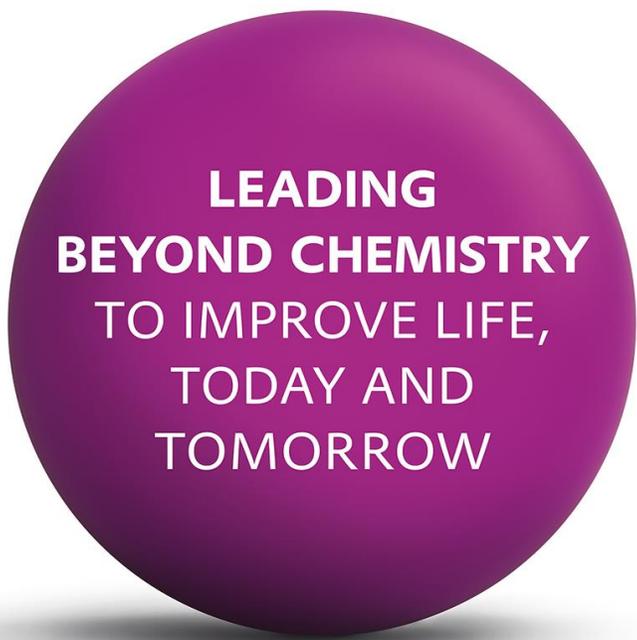
### Portfolio aligned to sustainability

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		ESG Targets	
Organic sales CAGR	>4%	Accident frequency rate <sup>1</sup>	≤0.26
EBITDA margin	18-20%	“Next Generation Solutions” <sup>2</sup>	>50%
Cash conversion ratio	>40%	Sales Inno. Growth Fields <sup>3</sup>	>€1 bn
ROCE	~11%	GHG emissions (scope 1&2) <sup>4</sup>	-25%
Reliable & sustainably growing dividend		Gender diversity <sup>5</sup>	23%
Solid investment grade rating		Intercultural mix <sup>6</sup>	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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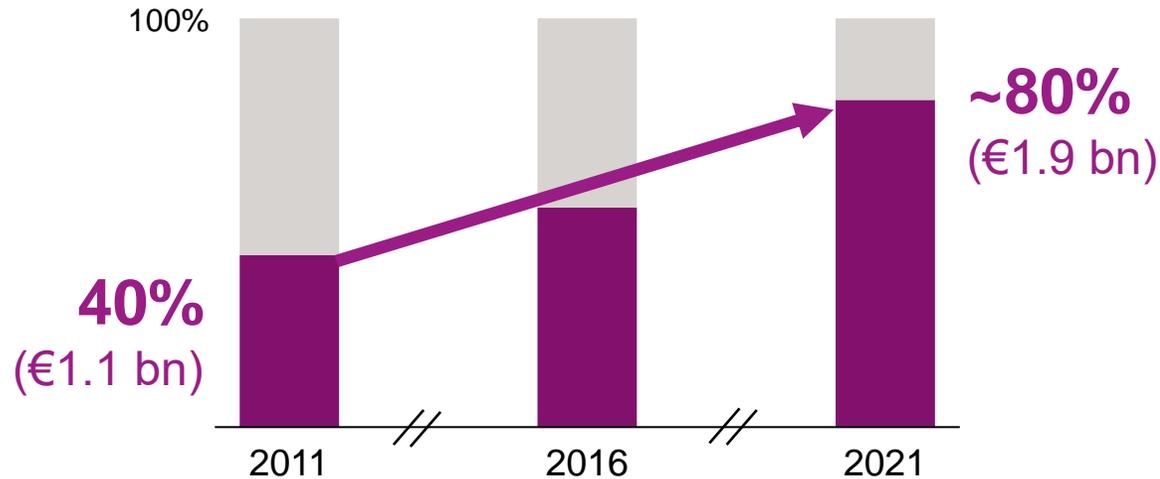
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# Portfolio transformation – More balanced and more specialty

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<sup>1</sup>**

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

- 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

- 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

~€2 bn cyclical sales

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

Ø EBITDA margin: ~**15%**<sup>1</sup>



### Acquisitions

>€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 cyclicalities & 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 | Dr. Straetmans cosmetics business in 05/2017

Huber Silica business for US\$630 m (~7x EV/EBITDA incl. synergies & tax benefits) in 09/2017 | PeroxyChem for US\$640 m (7.6x EV/EBITDA incl. synergies) in 02/2020 | Porocel for US\$210 m (9.1x EV/EBITDA) in 11/2020

1: 2014-2019



# Portfolio: Exit of Performance Materials in execution

## Transformation for all three business lines ongoing

### Superabsorber



~ €700 m sales<sup>1</sup>

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

### Functional Solutions



~ €450 m sales<sup>1</sup>

- Divestment process for Lülisdorf 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<sup>1</sup>

- Process to find strong new partner for the business to be initiated in H2 2022
- Joint venture as preferred intermediate 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<sup>1</sup>

>€2,500 EMPLOYEES

100% SUSTAINABILITY-INTEGRATED

#### FIGHT CLIMATE CHANGE



#### DRIVE CIRCULARITY



#### SAFEGUARD ECOSYSTEMS



#### ENSURE HEALTH & SAFETY

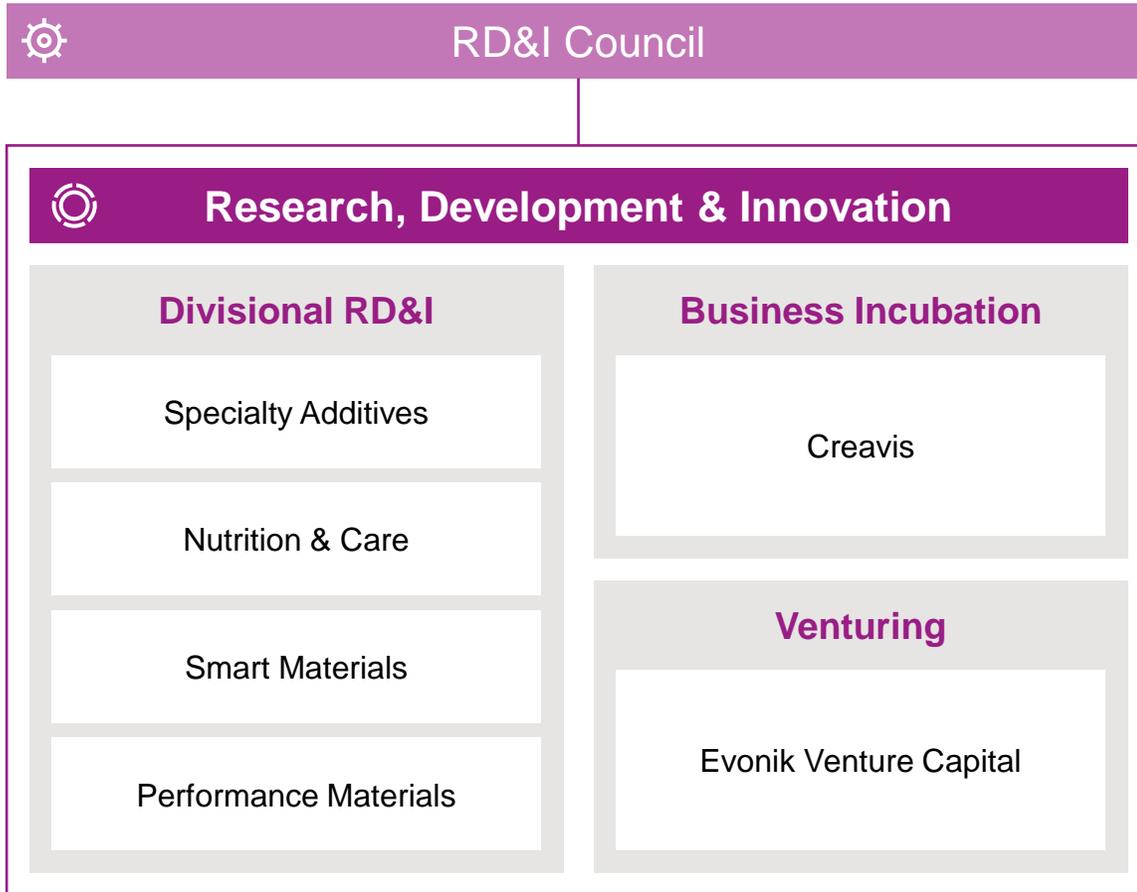


1. Patents and patents pending



# RD&I organization

## Continuous exchange across the entire Evonik organization



- 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

# 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**



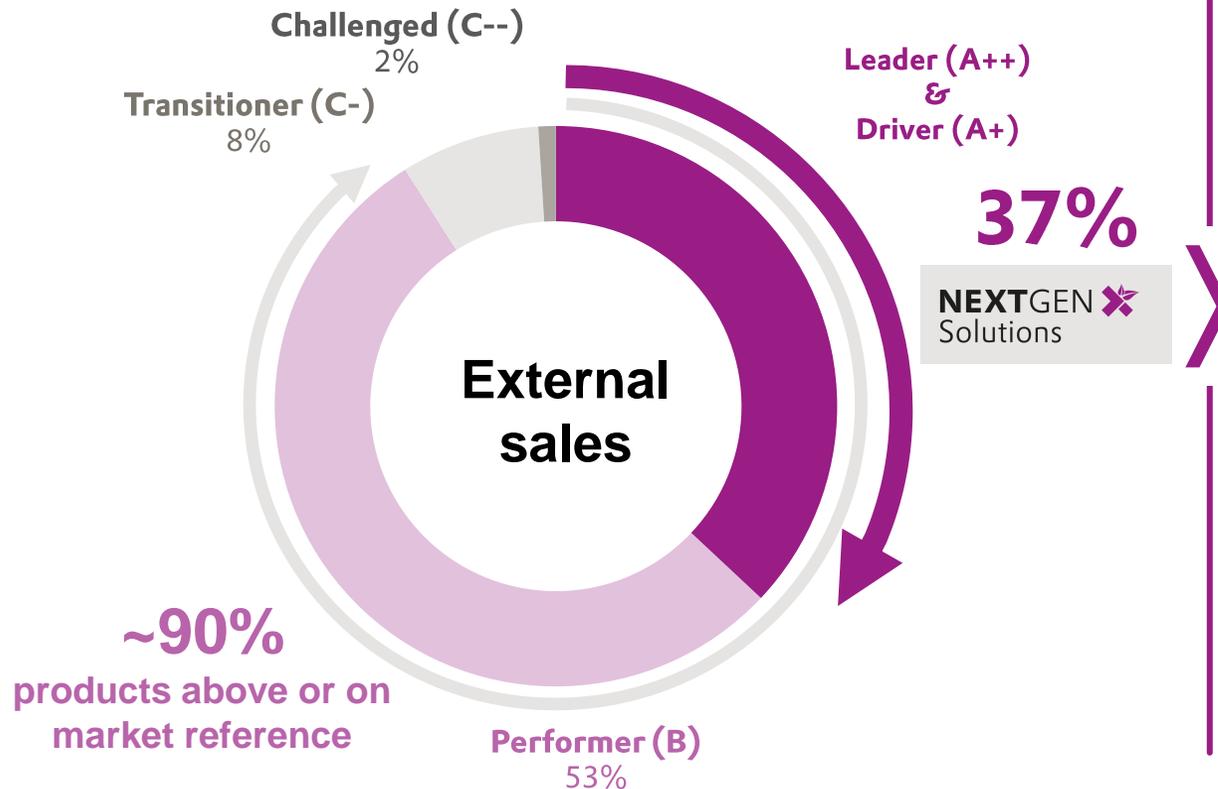
**4** Evonik with high standards for **governance** and continuous **improvement of its reporting**



# Handprint: “Next Generation Solutions”

## 37% of Evonik’s portfolio with superior sustainability benefits

### Result of PSA analysis



### Best-in-class products in Evonik’s portfolio which...

...deliver **above-average growth**

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

**NEXTGEN**   
Solutions

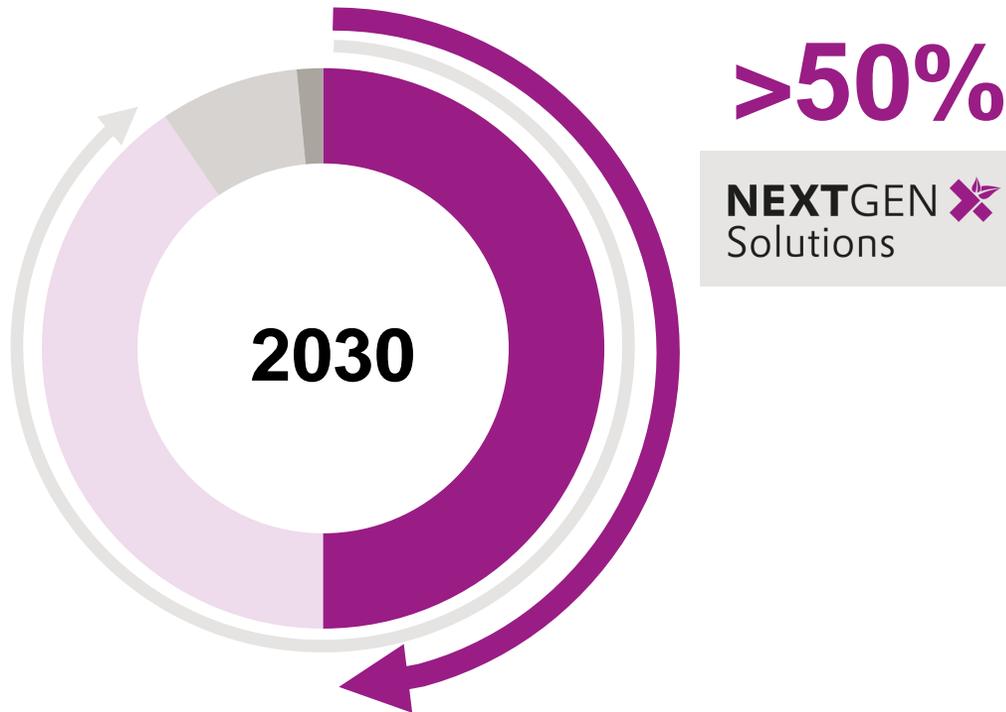
...deliver **superior sustainability benefits** to our customers

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”



### Three levers to increase the share of NGS

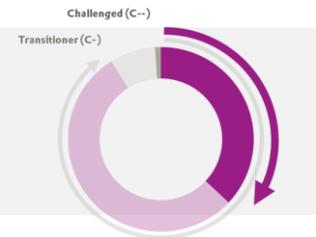
Existing “Next Generation Solutions” with **superior sales growth rates**



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



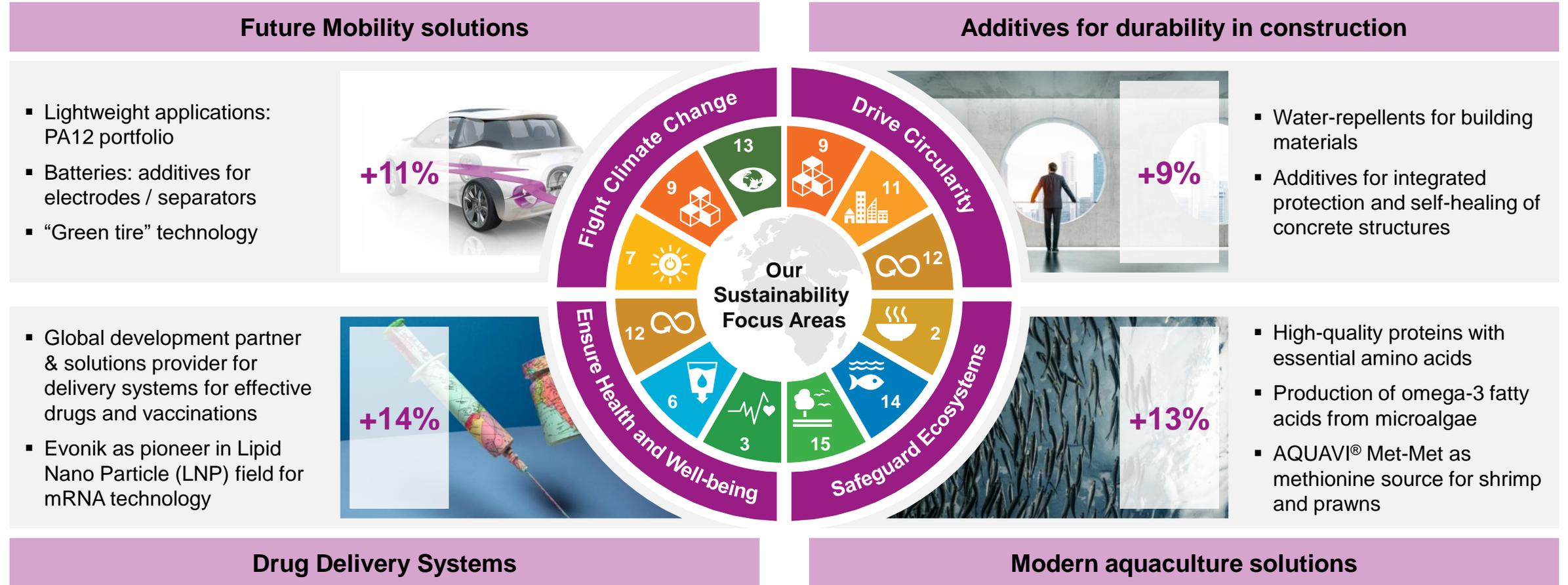
“**Challenged**” and “**Transitioner**” products exiting or with new formulations



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

# Handprint: Above-average growth of “Next Generation Solutions”

## Selected examples addressing our four Sustainability Focus Areas



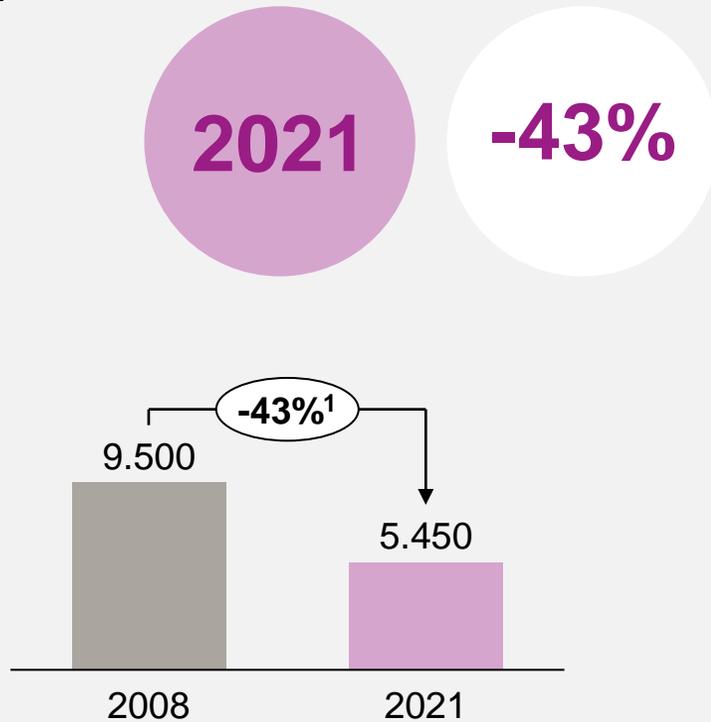
% values: Target CAGR 2021-2030 defined in Strategy Dialogue

# 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



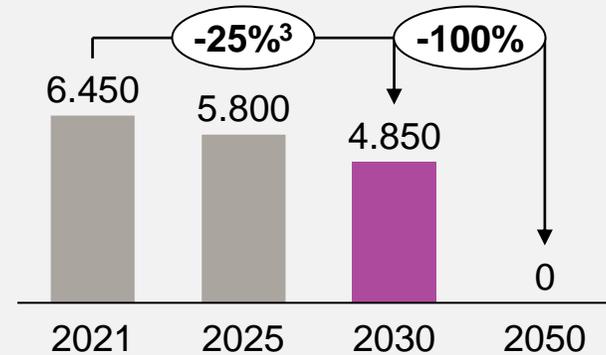
## New targets for GHG emissions scope 1&2

**Scope 1&2**  
Well below 2°C<sup>2</sup>

**Scope 3**  
Committed<sup>2</sup>



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, 25<sup>th</sup> April 2022

3. Gross emissions; reference year 2021, target year 2030

# Footprint: Long-term PPA signed with EnBW

Covering 25% of European electricity needs of Evonik with wind energy



- PPA signed with EnBW for a new North Sea offshore wind park starting in 2026
- Delivery of 0.4 TWh to Evonik
- Covering 25% of Evonik's European electricity needs (~100 kt CO<sub>2</sub> emission reduction p.a.)
- Fixed conditions over 15 years (duration of contract)

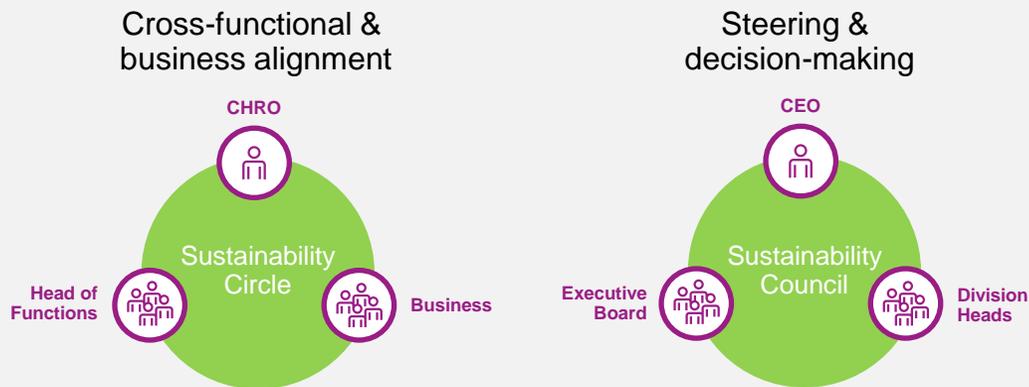
**Significantly reducing dependency  
on availability and prices  
of conventional energy sources**

# 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





# ONE Evonik. ONE Culture

... with unifying elements for a diverse company

**Our Purpose**  
inspires us



**Our Values**  
guide us



**Safety first as foundation:**

- Accident frequency as part of management compensation
- Low level secured over the last years<sup>1</sup>

**Diversity as basis of our economic success:**

- Ambitious targets defined
- Inclusive mindset and behavior ultimately utilize diversity successfully

**Attractive employer:**

- Employee commitment 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

Above-average volume growth in growth divisions (>3%)

EBITDA margin in the range of 18-20%

Cash conversion ratio of >40%

ROCE ~11% - well above cost of capital

Reliable and sustainably growing dividend

Solid investment grade rating

### Revised targets (excl. PM)

Organic sales CAGR >4%

EBITDA margin in the range of 18-20%

Cash conversion ratio of >40%

ROCE ~11% - well above cost of capital

Reliable and sustainably growing dividend

Solid investment grade rating

Unchanged

# Financial targets

## By growth division

	Specialty Additives	Nutrition & Care	Smart Materials
			
<b>Next Generation Solutions<sup>1</sup></b>	<b>&gt; 40%</b>	<b>&gt; 50%</b>	<b>&gt; 50%</b>
<b>EBITDA margin</b>	<b>Secure</b> strong level (2021: 25%)	<b>&gt; 22%</b> (2021: 20%)	<b>~ 20%</b> (2021: 17%)
<b>ROCE</b>	<b>Secure</b> strong level (2021: 18%)	<b>&gt; 14%</b> (2021: 12%)	<b>&gt; 11%</b> (2021: 8%)

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

# Capital allocation into our green transformation

## Priority on growth investments and targeted M&A

### Significant cash inflow ...

#### Increasing Operating Cash Flow

Attractive cash conversion with steadily growing earnings

#### Divestment proceeds Performance Materials

### ... invested into our green transformation

**>€3 bn**  
2022-2030

**NEXTGEN**   
Solutions

- Growth investments into our sustainability leaders
- Attractive growth rates and returns (IRR >11%)

**~€700 m**  
2022-2030

**NEXTGEN**   
Technologies

- Investments into infrastructure, production and processes
- Significant energy & emissions reduction as well as reduction of operating costs (>€100 m by 2030)

**Targeted M&A**

- Acceleration of portfolio transformation
- Expansion of businesses with above-average growth, sustainability profile and returns

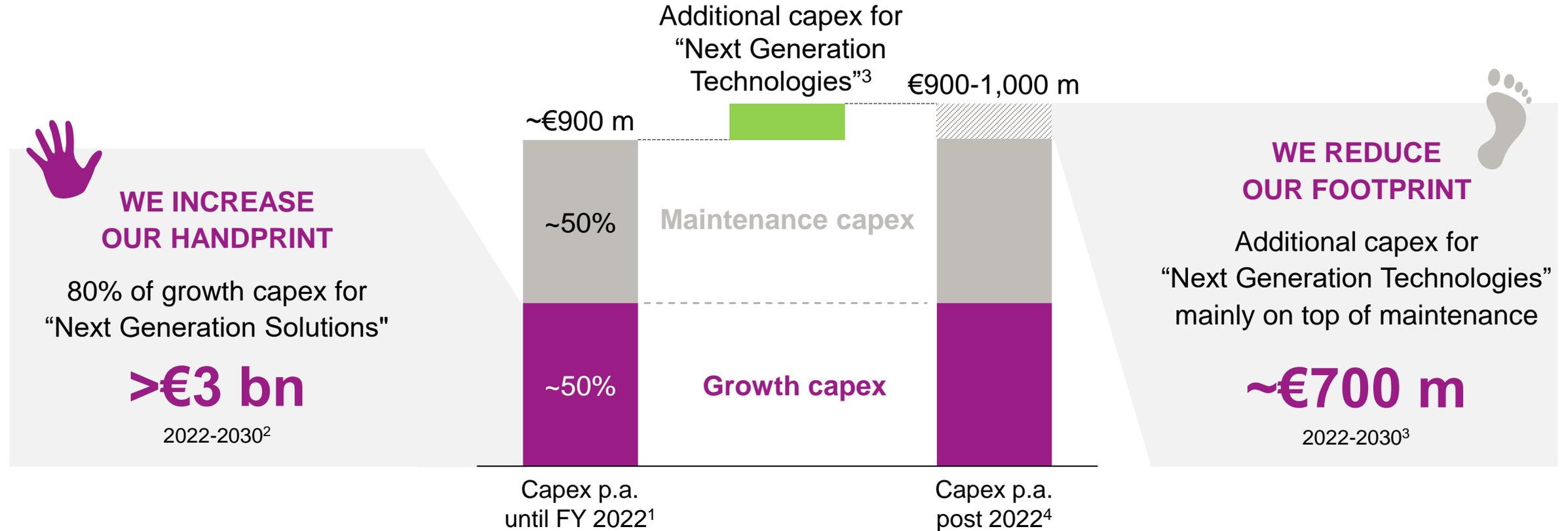
**Attractive dividend**

- 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)

# Capex as key element for investments into handprint & footprint



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

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

## Target & benefit

### NEXTGEN Solutions

NEXTGEN Solutions 

**>50%**  
sales share

Products with superior sustainability<sup>1</sup> and financial performance

## Value creation

**Clear investment criteria – aligned with strategic, sustainability and financial targets**

- Above-average market growth
- Superior sustainability profile (PSA analysis)
- IRR above ROCE target (>11%)
- CO<sub>2</sub> pricing implemented

### NEXTGEN Technologies



**2030**

**-25%<sup>2</sup>**

Scope 1+2

Projects to lower CO<sub>2</sub> emissions with value-enhancing, positive NPVs

**€700 m capex (2022-2030) ...**

- For NPV-positive projects
- For advanced levers, innovative waste heat up-cycling and process re-design

**... resulting in >€100 m opex savings (p.a.)**

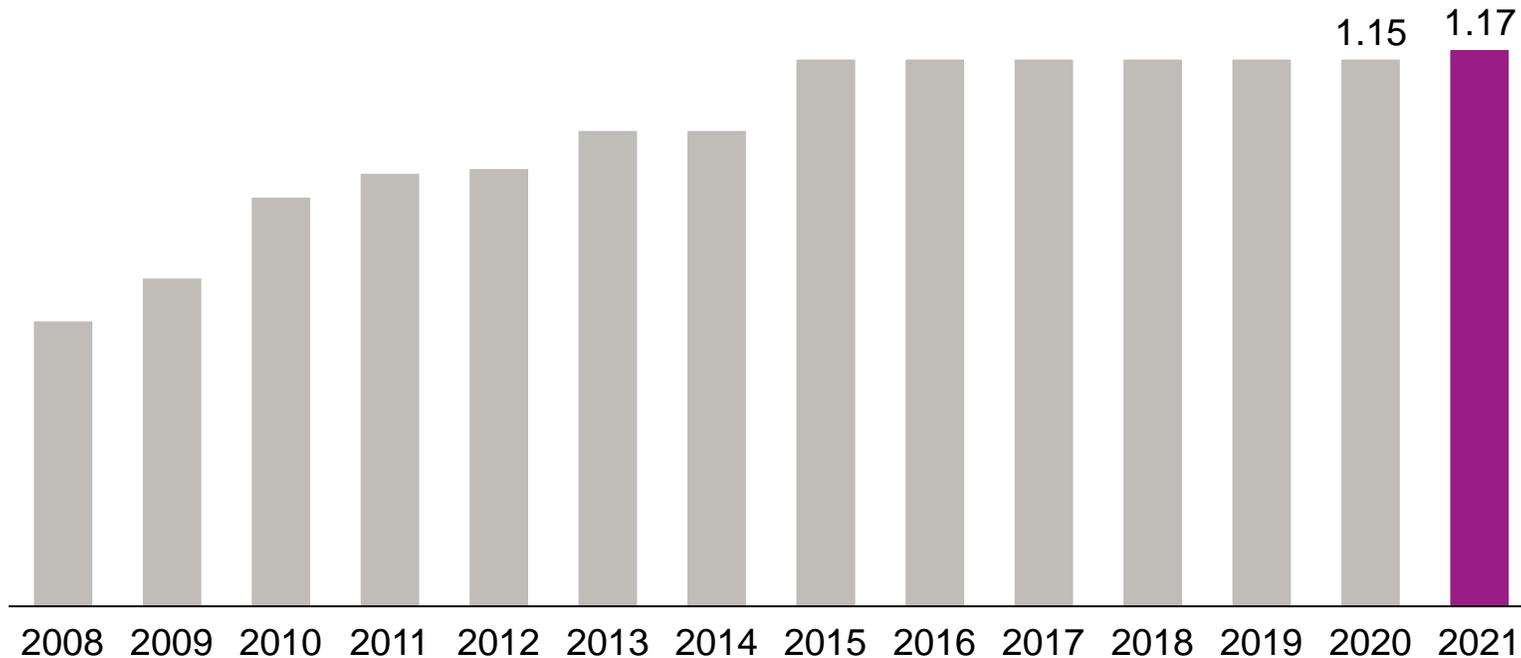
1. “Next Generation Solutions” include “Leader” (A++) and “Driver” (A+) products and solutions

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

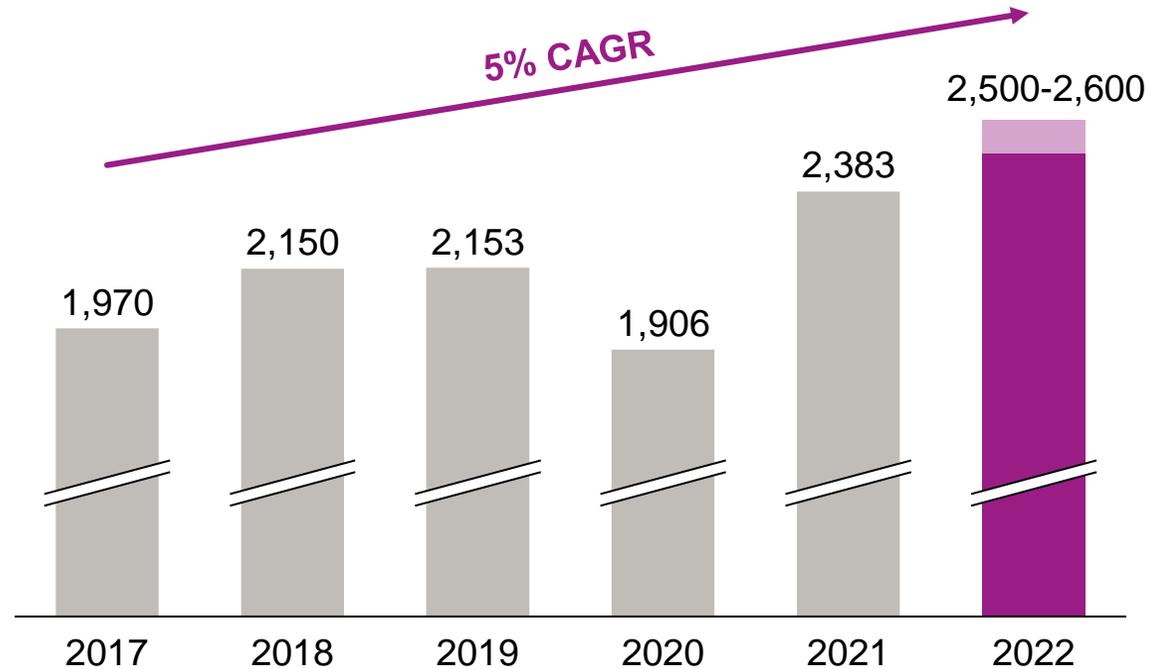


- **Slight increase** to €1.17 in FY 2021
- **Attractive dividend yield of ~4%**
- Reliable dividend policy targeting:
  - **Dividend continuity**
  - **Adj. EPS and FCF growth** with potential for sustainable **dividend growth** going forward

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

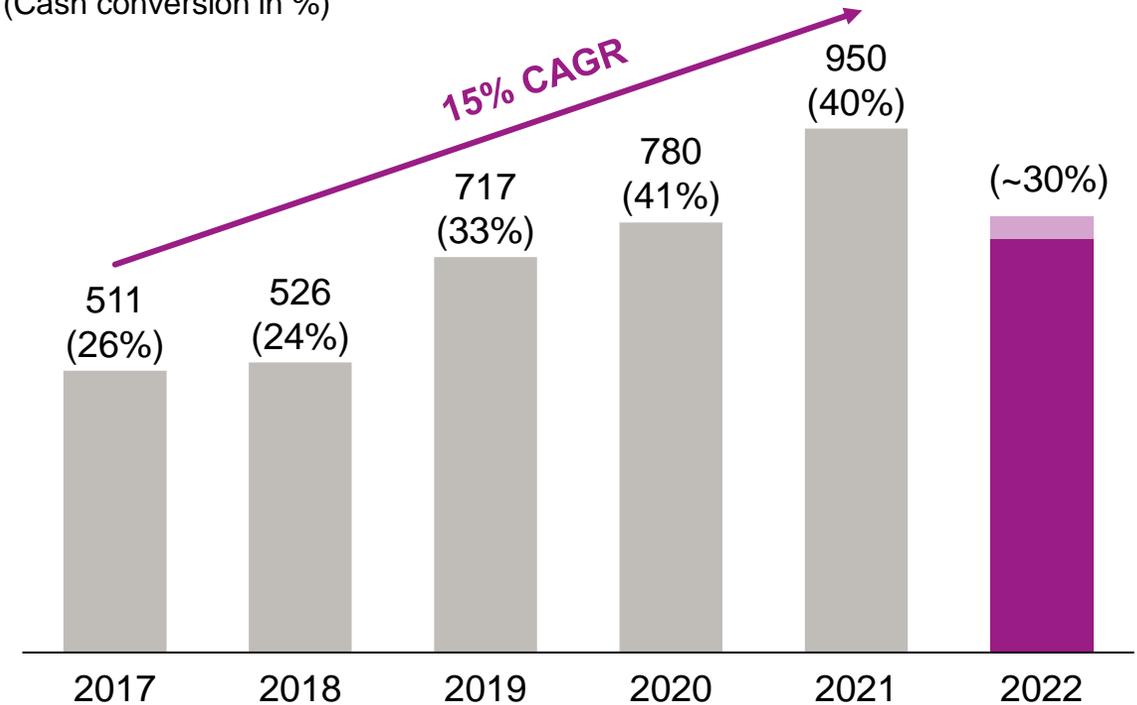
## Strong earnings growth ...

Adj. EBITDA in € m



## ... is translating into even faster FCF growth

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



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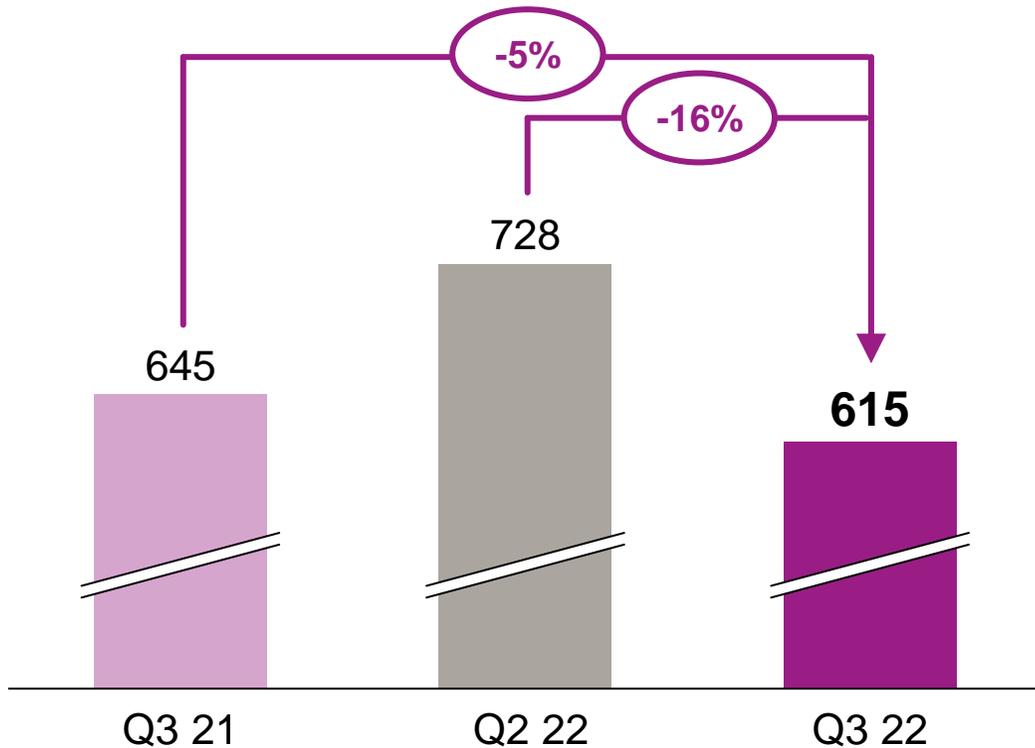
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## Q3 2022 results at a glance

Sales (in € m)	Adj. EBITDA (in € m)	Free cash flow (in € m)	Adj. EPS (in €)
<b>4,878</b> (Q3 2021: 3,871)	<b>615</b> (Q3 2021: €645 m)	<b>288</b> (Q3 2021: €524 m)	<b>0.54</b> (Q3 2021: 0.58 €)
Volumes decline; another +17% pricing on already elevated prior-year basis	Solid results – Specialty Additives above and Smart Materials on prior-year level	Cash generation picking up thanks to improvement in inventories	Financial result and tax rate in-line with expectations and FY guidance

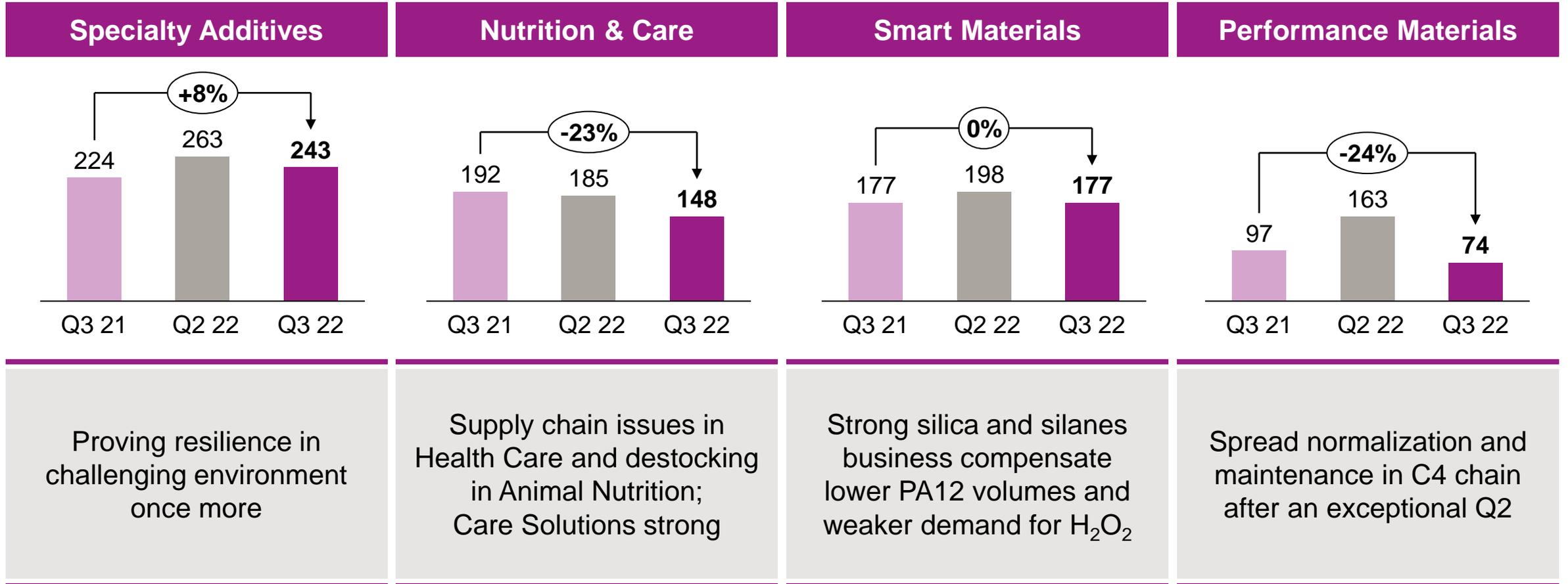
# Adj. EBITDA Q3 2022

## Adj. EBITDA (in € m)



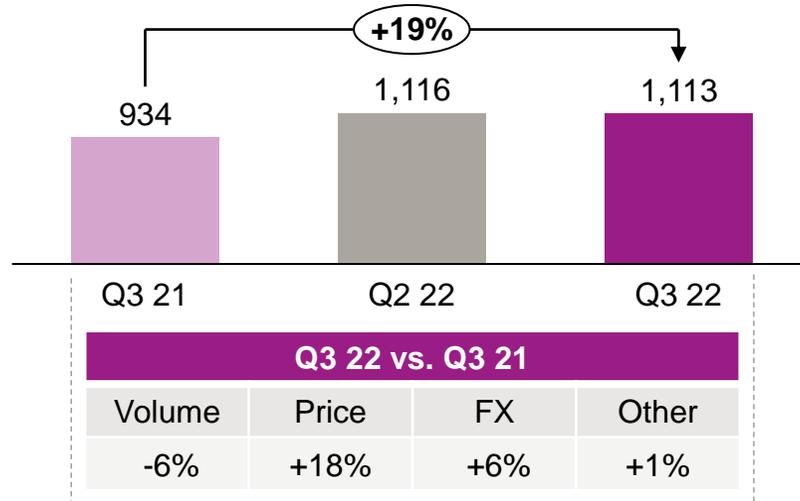
- **Solid results** in an increasingly challenging environment
  - **Higher prices** again compensate higher variable costs in all divisions
  - **Lower volumes** across majority of businesses impacting earnings
- **No impact** from inventory revaluation in Q3

# Adj. EBITDA development by division

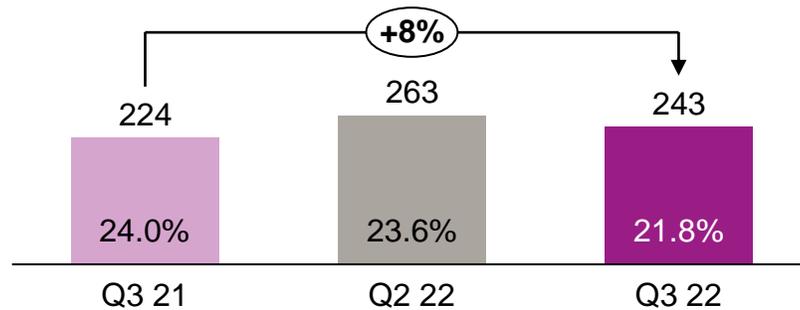


# Specialty Additives

**Sales**  
(in € m)



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



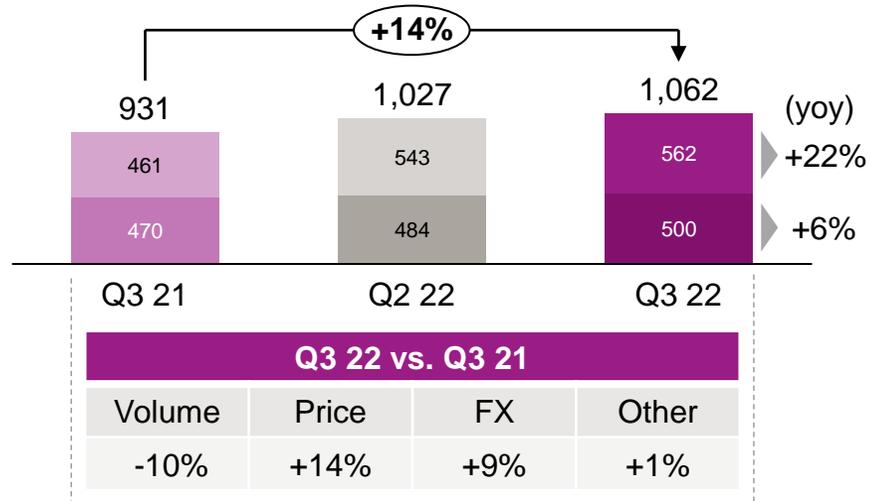
- Overall strong performance across all businesses – demonstrating resilience in tougher environment
- Price increases continue on similar strong level as Q2 (+18% yoy) and compensate for higher variable costs
- Volume declines in Europe and Asia, volume expansion in Americas
  - Good demand in agro, energy storage and release coatings
  - Weaker demand and destocking esp. from coatings and construction
  - Unplanned downtime in Crosslinkers



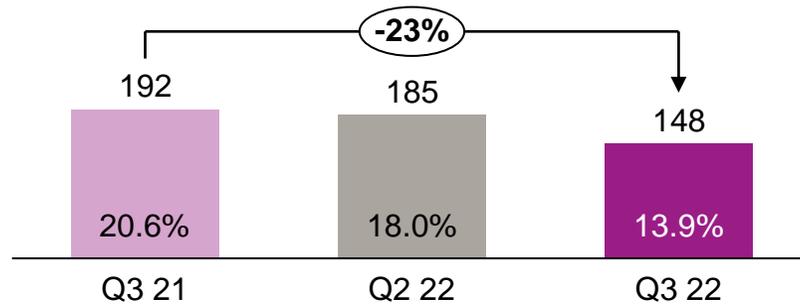
# Nutrition & Care

## Sales (in € m)

Animal  
Nutrition  
---  
Health &  
Care



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



### Health & Care:

- Care Solutions: Strong volumes and pricing esp. for cosmetic solutions and active cosmetic ingredients
- Health Care: weak quarter with supply chain issues at several sites resulting in lower deliveries to customers, catch-up in Q4

### Animal Nutrition:

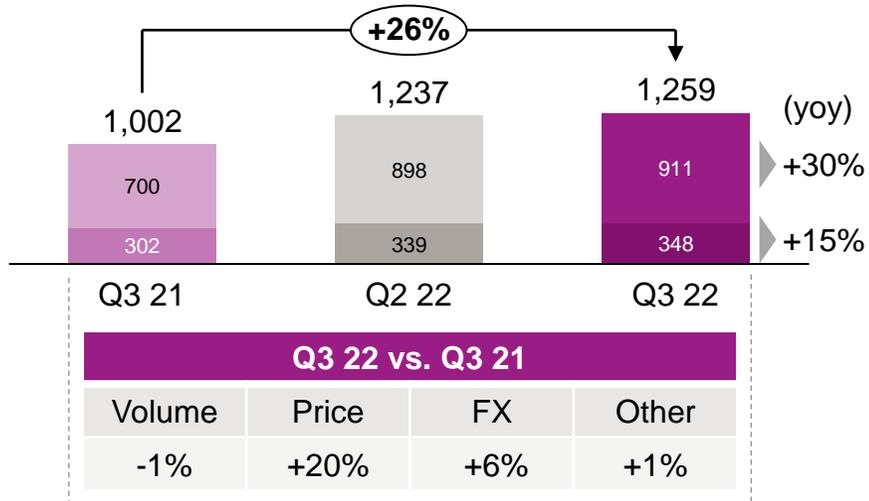
- Only slow demand recovery in Q3 (qoq)
- Ongoing customer destocking across all regions and impact of global inflation on meat consumption in low-income countries



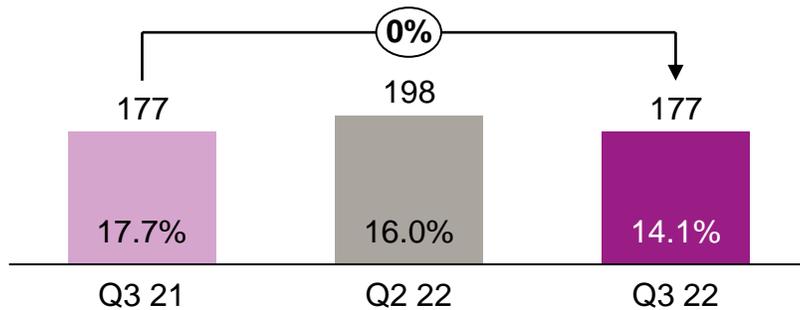
# Smart Materials

## Sales (in € m)

Inorganics  
---  
Polymers



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

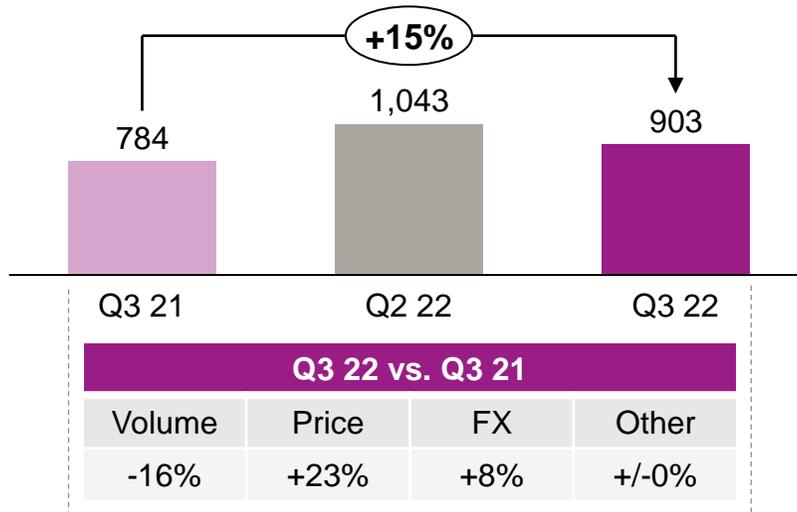


- Stable volumes despite weaker demand in construction and limitations in raw materials for PA12 (C4 maintenance)
- Continued strong growth in Silanes and Silica, driven by automotive demand, oral care, electronics and special oxides
- Active Oxygen’s base business affected by current gas price
- High demand for “Eco-Solutions” like active oxygen specialties and gas separation membranes
- Price increases in same magnitude as previous quarter, continue to compensate higher variable costs

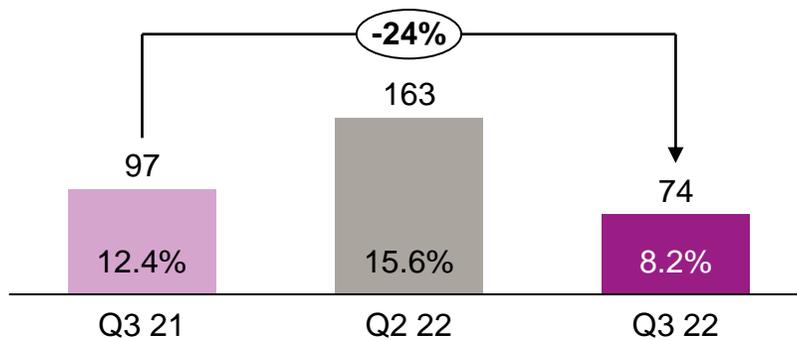


# Performance Materials

**Sales**  
(in € m)



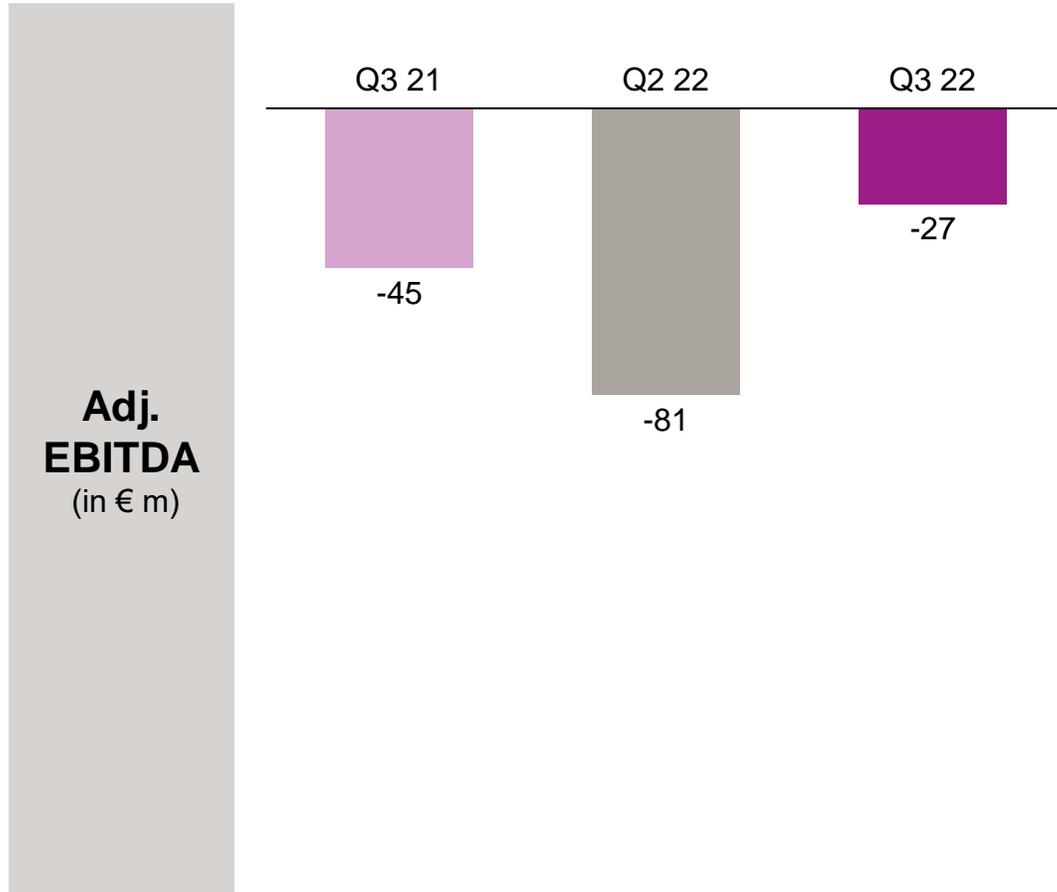
**Adj. EBITDA / margin**  
(in € m)  
(in %)



- Lower earnings after exceptional Q2 driven by lower volumes in C4 business: Planned maintenance shutdown in Marl followed by force majeure of a supplier
- Weaker development across all C4 market segments, most pronounced in INA and plasticizers (lower demand from construction and automotive)
- C4 spreads down from peak levels, additional margin impact from lower Naphtha price and increased energy costs



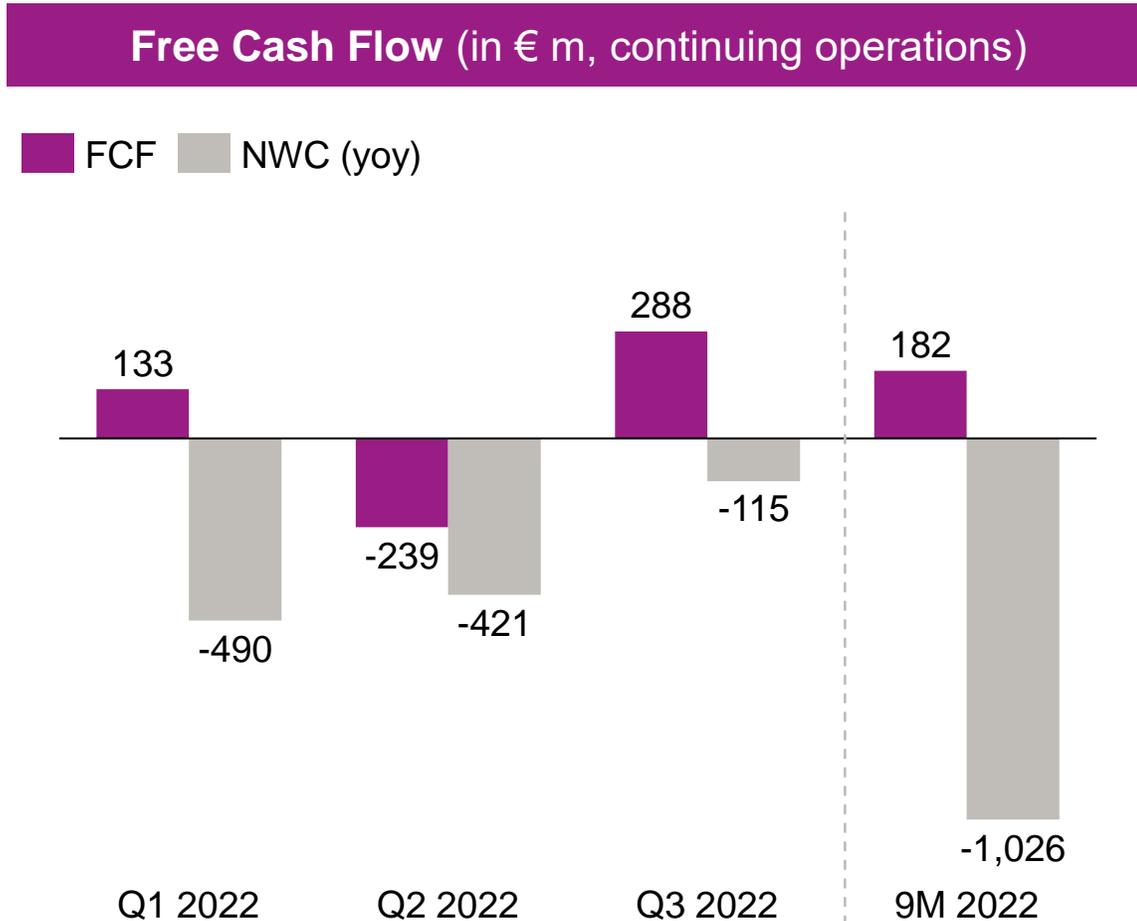
# Technology & Infrastructure (T&I) / Other



- Revenue up +146% yoy (to €541 m) due to energy purchasing for third parties (pass-through to customers, no effect on earnings)
- Adj. EBITDA clearly better yoy and qoq due to re-distribution of negative effects (esp. higher costs for power plants and energy purchasing) in Q2 to operating businesses



# Improving cash generation despite continued NWC headwinds



- **Cash generation picking up in Q3** and pointing into the right direction – despite significant NWC headwind
- **Implemented inventory optimization measures** starting to take effect and set to continue in Q4
- After 9M 2022, free cash flow remains heavily impacted by **significantly higher NWC outflow yoy**
- Additionally, yoy higher cash outflow for variable remuneration (in Q2 2022 for FY 2021)

# Structural support for 2023

## Resilient & regionally balanced portfolio setup

- Support from sustainability focus and defensive end markets
- Contribution from new PA12 plant
- Diversified, global asset footprint
- Competitive European operations

## Progress in Performance Materials divestment

- Divestment projects progressing as planned
- Aiming to find new owners/partners in the course of 2023
- Reducing exposure to Europe

## High visibility on energy costs and gas supply

- Good visibility on energy cost development – independent from political decisions
- Energy supply well secured
- Raw material & logistics costs beyond peak level

## Contingency measure toolbox in implementation

- Triple-digit million € additional cost savings
- Proven cash generation also in tougher times (41% conversion in 2020)
- Strong balance sheet and liquidity position

# Support from sustainability focus & defensive end markets

Also in 2023 – largely independent of general macro trends



Additives  
that make the  
sustainable difference

## Renewable energy production

- Growth driver: Increasing number of wind farms  
e.g. Crosslinkers for composite materials in wind turbine blades  
e.g. Oil Additives for wind turbine gear oils



Resilience & growth in  
Health & Care

## Defensive end markets

- Earnings growth 2023 expected for both Care Solutions and Health Care

## Strong growth from biotech platform

- Ceramides, cell culture and CDMO projects as growth drivers



PA12:  
New capacities into  
favorable end markets

## New capacities

- >50% capacity increase in attractive market  
creating the world's largest fully integrated PA12 network in Marl

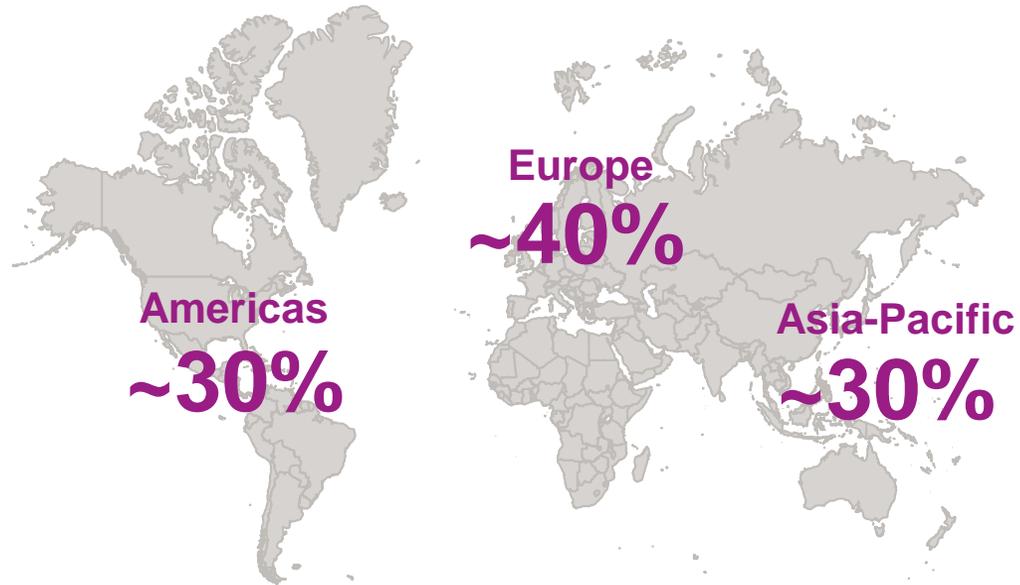
## Various applications

- >400 specific compounds and tailor-made formulations

# Balanced global footprint – Clearly profitable in all regions

## Europe as profitable core region for Evonik

### Share of production volumes (in kt, FY 2021)<sup>1</sup>



All major value chains with production hubs in all three key regions

### European business with high competitiveness



#### Portfolio

- Focus on less energy-intensive businesses
- Frontrunner in sustainability



#### Innovation

- Innovation-driven, customer-centric solutions
- Value-based pricing

Clearly profitable across all value chains in Europe – now and in the future

1. Excl. Performance Materials

# High visibility on energy costs and gas supply

## Independent from political decisions

Evonik-specific advantages

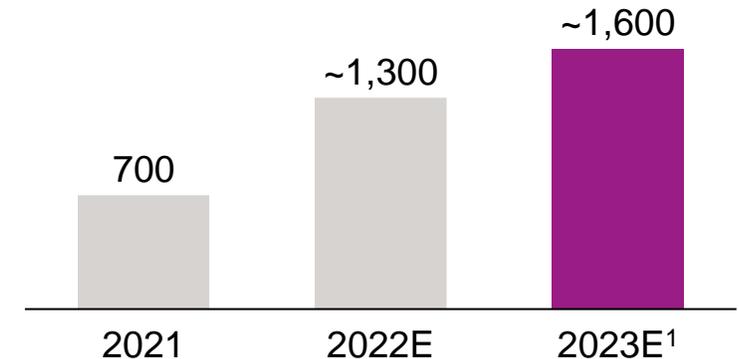
Long-term hedging strategy

Gas substitution measures  
(up to 40% natural gas in Germany)

### We are in control:

- Cost increase 2023 will be below the increase of 2022
- Security on energy supply and costs largely independent from political decisions

Energy costs (in € m)



1. Excluding potential impact from gas price cap in Germany

# Contingency measure toolbox in implementation

Triple-digit million € additional cost savings in 2023

## Learnings from 2020:

- Contingency measure toolbox ready
- Will be executed immediately

1

### Operations

- Reduce fixed cost base
- Capex discipline
- Strict NWC management
- Optimized maintenance schedules
- Discipline on projects with no immediate business impacts

2

### Personnel

- Discipline on hiring & secondments
- Less business travel
- Discipline on wage increases and promotions

3

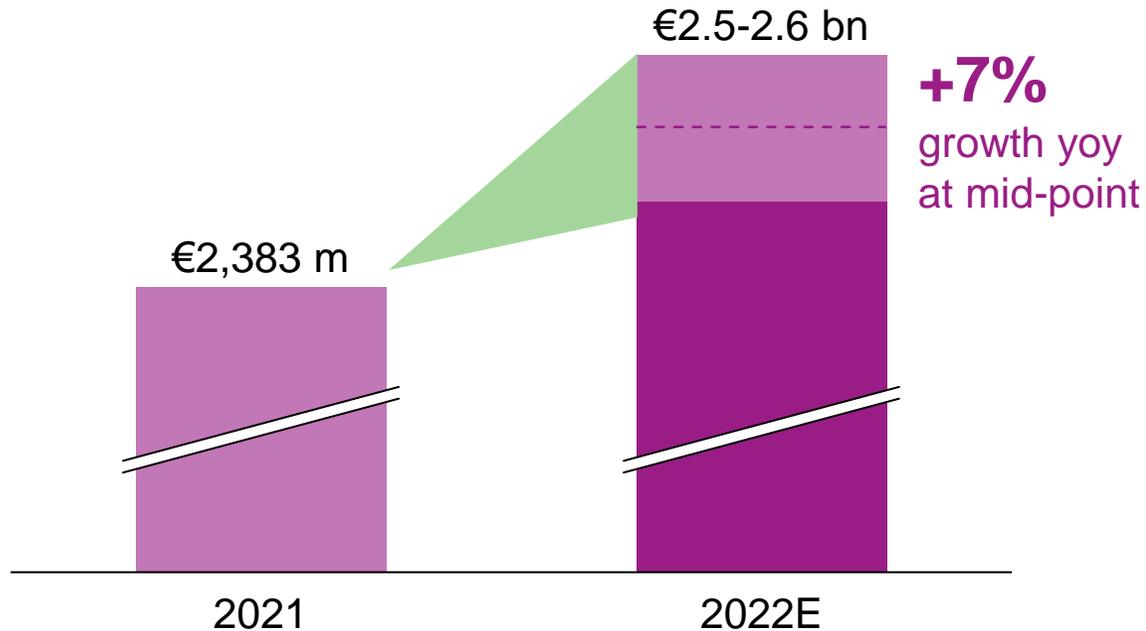
### Other

- Less use of consultants
- Reduced fair and event participation
- Review of non-contracted sponsoring

Triple-digit million € additional cost savings in 2023

# FY 2022 outlook for adj. EBITDA “between €2.5 and 2.6 bn” confirmed

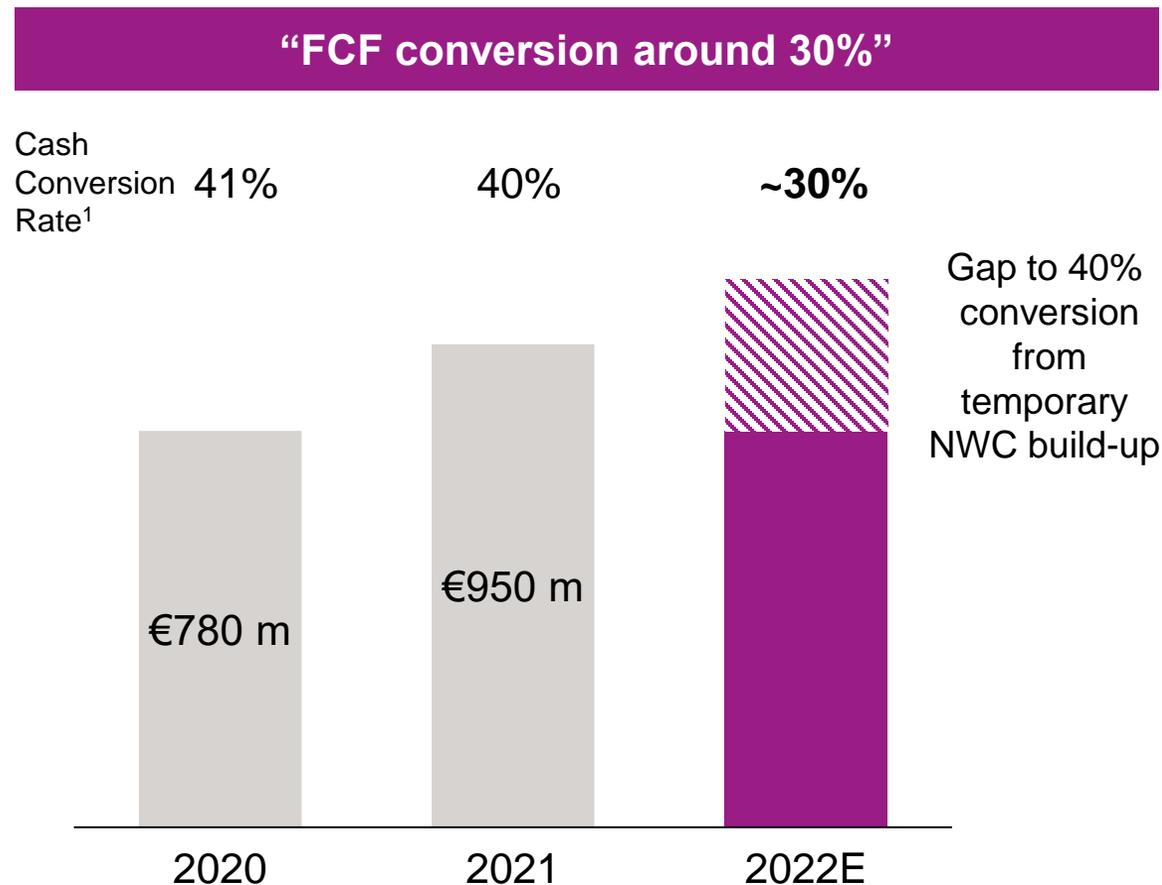
“Adj. EBITDA between €2.5 and 2.6 bn”



## Basis for the outlook

- Strong 9M performance as basis (+10% yoy)
- Assuming similar pace of macro slowdown for Q4 like in Q3
- Energy supply:
  - Outlook based on sufficient gas supply to maintain production on necessary scale
  - Extensive measures implemented to make energy production at European sites largely independent from Russian gas

# FCF conversion “around 30%” confirmed



## NWC impact in 2022 so far

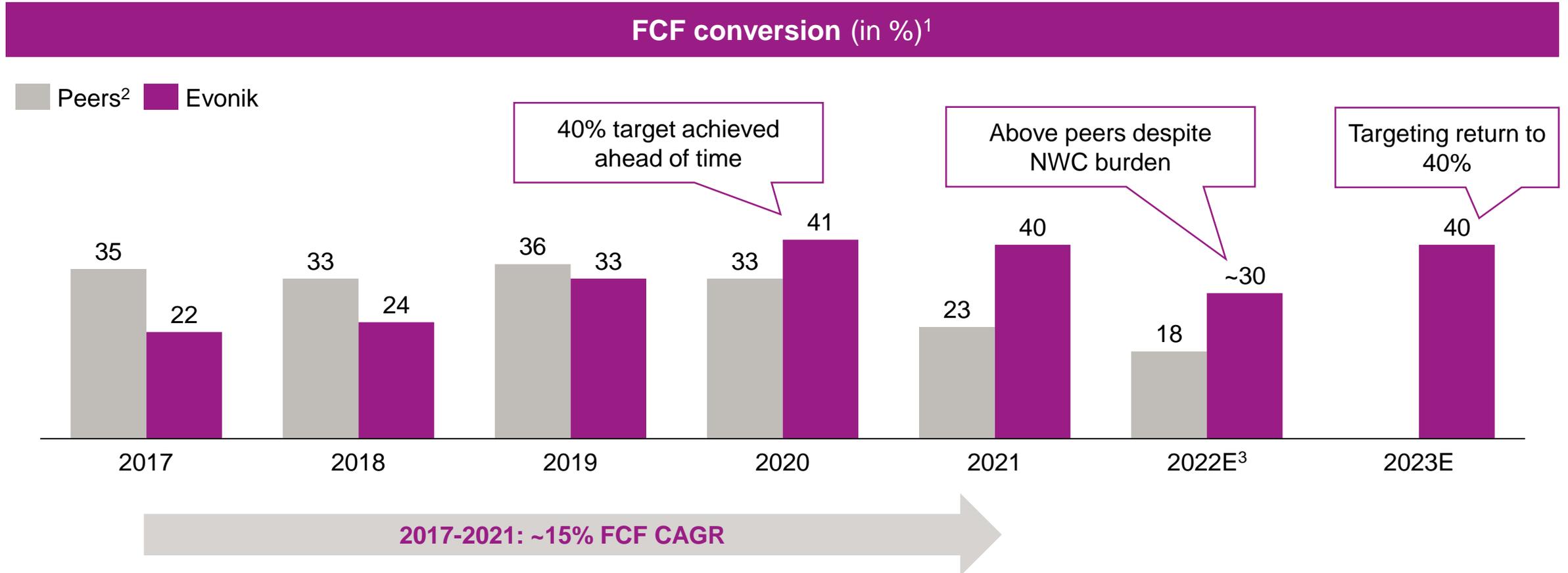
- **~€1 bn NWC outflow in 9M** (yoy delta of ~€500 m) driven mainly by inventories and payables
- **Inventory optimization measures** started to take effect in Q3 and will continue in Q4

## Outlook

- **Significant NWC improvement** expected in Q4
- Leaving additional NWC reversal potential in 2023 to **return to 40% cash conversion**

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

# Evonik with structural cash generation improvement – above peers



1. Free cash flow conversion (FCF/adj. EBITDA) | 2. Average of peer group: Arkema, BASF, Clariant, Covestro, DSM, Lanxess, Solvay | 3. Visible Alpha Consensus for peers, outlook for Evonik

## Additional indications for FY 2022

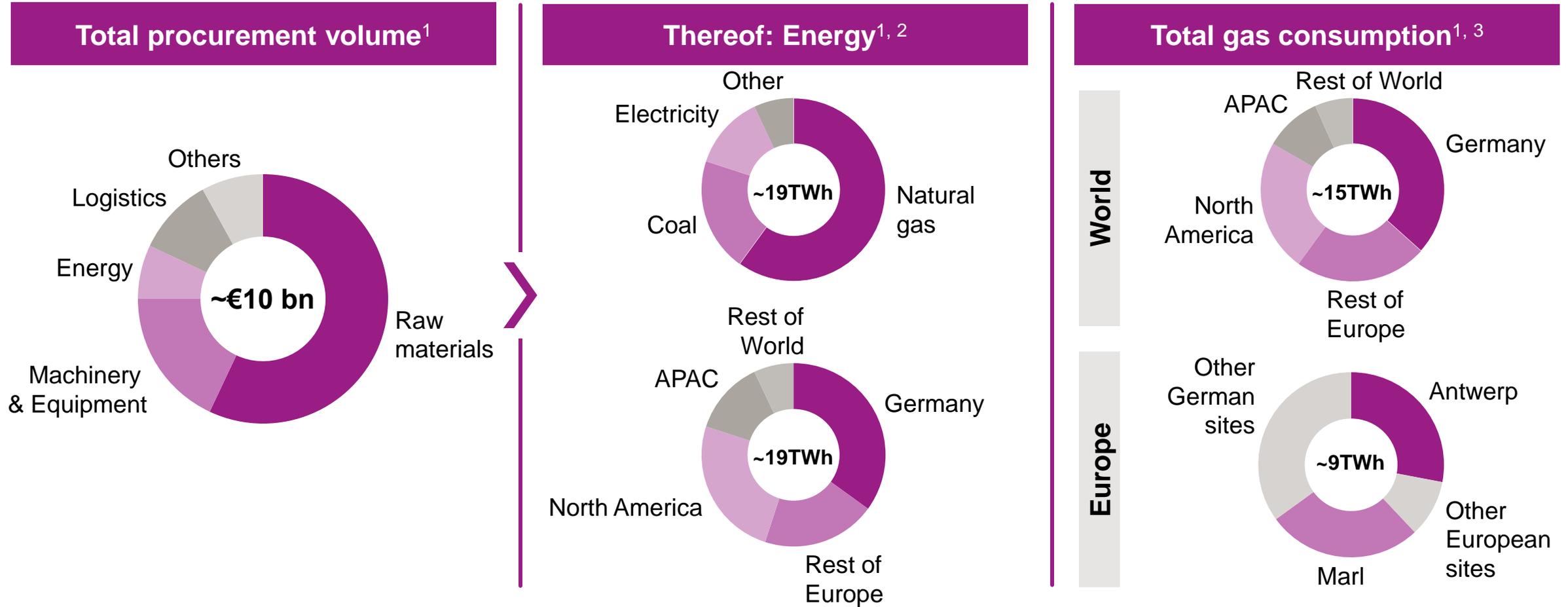
<b>Sales</b>	<b>around €18.5 bn</b> (previously: between €17 and 18 bn ; 2021: €15.0 bn)
<b>ROCE</b>	<b>slightly above the level of 2021</b> (unchanged; 2021: 9.0%)
<b>Capex<sup>1</sup></b>	<b>around €900 m</b> (unchanged; 2021: €865 m)
<b>EUR/USD sensitivity<sup>2</sup></b>	+/-1 USD cent = -/+ ~€6 m adj. EBITDA (FY basis)
<b>Adj. EBITDA T&amp;I/Other</b>	<b>considerably less negative than prior year level</b> (unchanged; 2021: -€221 m)
<b>Adj. D&amp;A</b>	<b>slightly above the level of 2021</b> (unchanged; 2021: €1,045 m)
<b>Adj. net financial result</b>	<b>slightly less negative than 2021</b> (unchanged; 2021: -€97 m)
<b>Adj. tax rate</b>	<b>around long-term sustainable level of ~30%</b> (unchanged; FY 2021: 28%); 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	Nutrition & Care	Smart Materials	Performance Materials
 <ul style="list-style-type: none"> <li>▪ Mission-critical solutions with superior sustainability profile supporting broad-based growth across additives portfolio</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>▪ Inorganics as key driver of positive earnings trajectory</li> <li>▪ Pricing initiatives continue to compensate higher input costs</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Product spreads in C4 chain with clearly positive trends</li> <li>▪ Superabsorber to benefit from improving market environment and long-term customer relationships</li> </ul>
<p><b>“slightly above prior year level”</b> (unchanged)</p>	<p><b>“on prior year level”</b> (previously: considerably above PY)</p>	<p><b>“considerably above prior year level”</b> (unchanged)</p>	<p><b>“significantly above prior year level”</b> (unchanged)</p>

# Evonik energy and gas consumption



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

# Adjusted income statement Q3 2022

in € m	Q3 2021	Q3 2022	Δ in %
<b>Sales</b>	<b>3,871</b>	<b>4,878</b>	<b>+26</b>
<b>Adj. EBITDA</b>	<b>645</b>	<b>615</b>	<b>-5</b>
Depreciation & amortization	-258	-273	
<b>Adj. EBIT</b>	<b>387</b>	<b>342</b>	<b>-12</b>
Adj. net financial result	-37	-21	
D&A on intangible assets	37	39	
<b>Adj. income before income taxes</b>	<b>387</b>	<b>360</b>	<b>-7</b>
Adj. income tax	-113	-106	
<b>Adj. income after taxes</b>	<b>274</b>	<b>254</b>	<b>-7</b>
Adj. non-controlling interests	-5	-1	
<b>Adj. net income</b>	<b>269</b>	<b>253</b>	<b>-6</b>
<b>Adj. earnings per share</b>	<b>0.58</b>	<b>0.54</b>	
Adjustments	-14	-16	

## Adj. net financial result (-€21 m)

- Higher interest income, mainly due to higher discount rate on other provisions

## Adj. tax rate (29%)

- Slightly below FY guidance of 30%

## Adjustments (-€16 m)

- Restructuring: mainly charges related to the intended divestment of Performance Materials
- M&A: Integration of previous acquisitions

# Cash flow statement Q3 2022

in € m	Q3 2021	Q3 2022
Income before financial result and income taxes (EBIT)	373	326
Depreciation and amortization	260	275
Δ Net working capital	-159	-115
Change in provisions for pensions & other post-employment benefits	10	-5
Change in other provisions	163	85
Change in miscellaneous assets/liabilities	40	12
Cash in- and outflows from income taxes	15	-59
Others	-1	-2
<b>Cash flow from operating activities</b> (continuing ops.)	<b>701</b>	<b>517</b>
Cash outflows for investment in intangible assets, pp&e	-177	-229
<b>FCF</b>	<b>524</b>	<b>288</b>
<b>Cash flow from investing activities</b> (continuing ops.)	<b>-315</b>	<b>-188</b>
<b>Cash flow from financing activities</b> (continuing ops.)	<b>-83</b>	<b>27</b>

## CF from operating activities (€517 m)

- Lower NWC outflow yoy, following substantially higher yoy outflow in Q1 & Q2 (>-€400 m each)
- Other provisions: yoy lower contribution to bonus provisions
- Normalized tax payment after inflow in last year

## CF from investing activities (-€188 m)

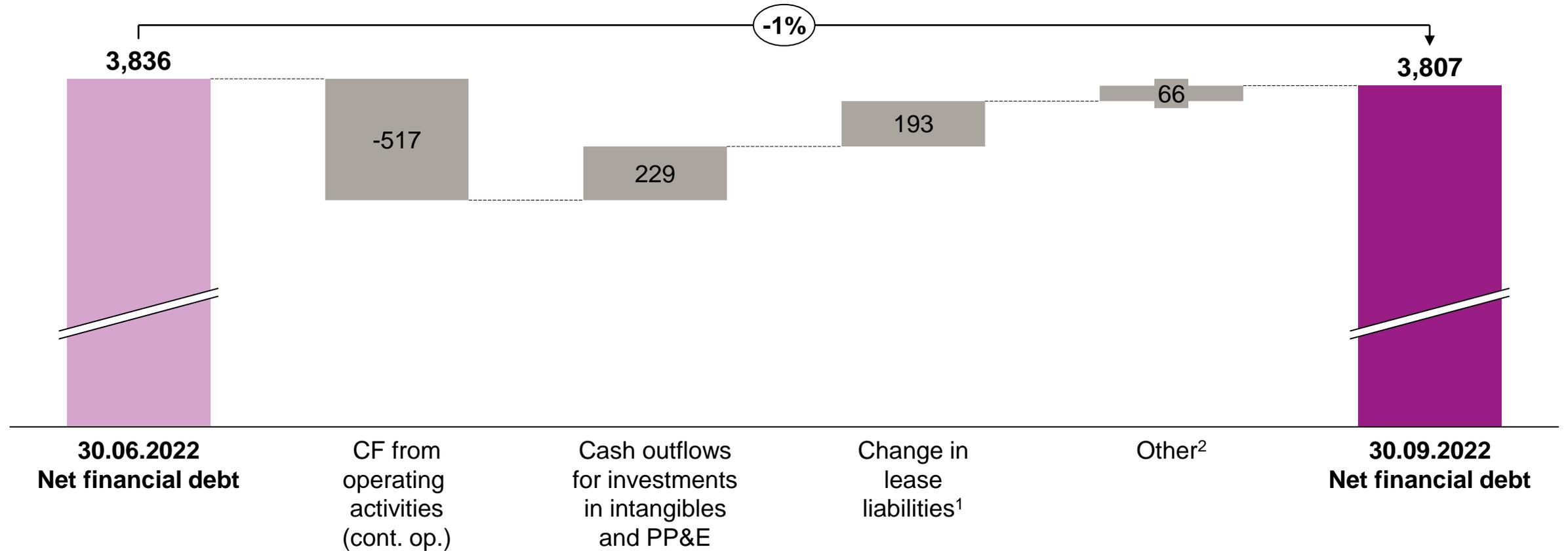
- Capex catching-up after yoy lower outflows in Q1 and Q2
- Inflow from sale of securities

## CF from financing activities (€27 m)

- Inflow from Schuldschein largely compensated by outflow for other financing activities

# Net financial debt development Q3 2022

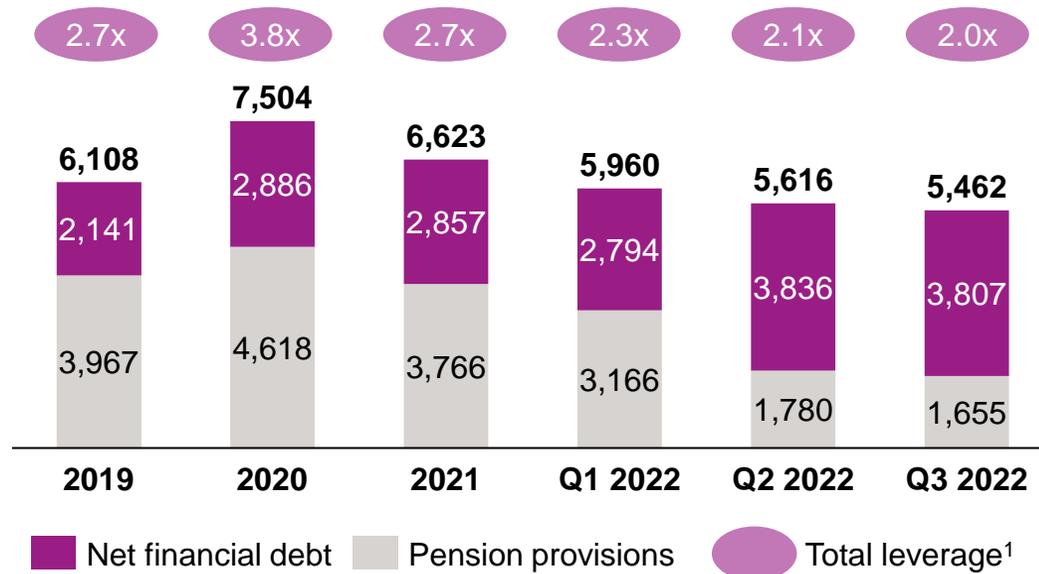
(in € m)



1. Attributable to the new gas power plant in Marl | 2. Incl. outflows for financial transactions and interest payments

# Development of net debt and leverage over time

(in € m)



<b>Adj. net debt<sup>2</sup></b>	5,858	7,254	6,373	5,710	5,365	5,211
<b>Adj. EBITDA (last 12 months)</b>	2,153	1,906	2,383	2,530	2,609	2,579
<b>German pension discount rate (%)</b>	1.30	0.90	1.30	1.90	3.30	3.90

## Net financial debt (€3,807 m)

- Basically unchanged vs. last quarter-end
- Still low net financial debt leverage at 1.4x<sup>3</sup>

## Pension provisions (€1,655 m)

- Long-dated pension obligations with >18 years duration
- Further slight decline in Q3 due to another increase of pension discount rates (German pension discount rate increase from 3.3% to 3.9%)
- 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	Q3/22
Specialty Additives	907	922	934	947	3,710	1,049	1,116	1,113
Nutrition & Care	780	838	931	1,008	3,557	1,038	1,027	1,062
Smart Materials	909	975	1,002	1,032	3,918	1,181	1,237	1,259
Performance Materials	580	708	784	840	2,911	947	1,043	903
Technology & Infrastructure (T&I) / Other	182	193	220	264	859	283	349	541
<b>Evonik Group</b>	<b>3,358</b>	<b>3,636</b>	<b>3,871</b>	<b>4,091</b>	<b>14,955</b>	<b>4,498</b>	<b>4,772</b>	<b>4,878</b>
Adj. EBITDA (in € m)	Q1/21	Q2/21	Q3/21	Q4/21	FY 2021	Q1/22	Q2/22	Q3/22
Specialty Additives	273	242	224	181	920	252	263	243
Nutrition & Care	143	183	192	200	717	222	185	148
Smart Materials	173	176	177	123	650	197	198	177
Performance Materials	42	99	97	80	317	97	163	74
Technology & Infrastructure (T&I) / Other	-43	-51	-45	-82	-221	-33	-81	-27
<b>Evonik Group</b>	<b>588</b>	<b>649</b>	<b>645</b>	<b>502</b>	<b>2,383</b>	<b>735</b>	<b>728</b>	<b>615</b>

# Upcoming IR events

## Conferences & roadshows

<b>November 15, 2022</b>	Roadshow London (KeplerCheuvreux)
<b>November 23, 2022</b>	Roadshow Frankfurt (MainFirst)
<b>November 30, 2022</b>	BofA Materials & Infrastructure Conference, London
<b>December 1, 2022</b>	Societe Generale The Premium Review Conference, Paris
<b>January 6, 2023</b>	Oddo BHF Forum, Lyon

## Upcoming reporting dates

<b>March 2, 2023</b>	Q4 / FY 2022 Reporting
<b>May 9, 2023</b>	Q1 2023 Reporting
<b>May 31, 2023</b>	Annual General Meeting
<b>August 4, 2023</b>	Q2 2023 Reporting
<b>November 7, 2023</b>	Q3 2023 Reporting

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