

Evonik successfully issues first green hybrid bond

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- Sustainability even more closely integrated into Evonik's finance strategy
- Bond primarily used to finance investments in Next Generation Solutions
- Volume of €500 million with first redemption right in 2026 fits well into the current maturity profile

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Essen, Germany. Evonik Industries AG today successfully issued a first green hybrid bond with a nominal volume of €500 million. This bond is the specialty chemical company's first green finance issuance and follows the publication of Evonik's Green Finance Framework on August 24, 2021, which integrates sustainability even more closely into Evonik's finance strategy.

As a globally active specialty chemicals company, responsibility and long-term economic success are two sides of the same coin. Sustainability has developed into a growth driver at Evonik. The demand for products with market-superior sustainability benefits – Next Generation Solutions – is developing dynamically. The majority of proceeds will therefore be used to finance investments in Next Generation Solutions. These include, for example, biosurfactants, sustainable food packaging, innovative insulation materials and membranes for gas filtration. Evonik plans to further increase the proportion of sales it generates from Next Generation Solutions in the coming years from 35 percent now.

At the same time, Evonik will further reduce its own ecological footprint. To this end, the company continuously invests in its processes along the entire value chain. The proceeds from the green hybrid bond help Evonik minimize its own resource requirements, for example by financing initiatives to reduce its own CO2 footprint.

“Evonik aims to be a best-in-class specialty chemicals company and our Sustainability Strategy 2020+ is an expression of this aspiration. With the publication of our Green Finance Framework and with this green hybrid issuance we are reflecting our strong commitment to sustainability, also in financing,” said Ute Wolf, chief financial officer of Evonik.

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Attractive investment opportunity for investors in Evonik's hybrid capital with a focus on sustainability

The green hybrid bond was significantly oversubscribed and generated strong interest from a broad circle of institutional investors. Evonik benefited from its good debt capital markets reputation, its attractive sustainability profile and the favorable market environment.

The green hybrid bond has a formal lifetime of 60 years. Evonik has a first redemption right in 2026. It is subordinated to other financial liabilities. In addition to the new green hybrid bond, Evonik announced a tender offer on August 24, 2021 to repurchase its outstanding hybrid bond of €500 million, which has an interest rate of 2.125 percent per year. Results of the tender offer will be published on 2 September 2021.

By combining the issuance of a new green hybrid bond with a repurchase offer, Evonik can refinance its outstanding hybrid bond at an early stage and offer current investors an attractive opportunity to reinvest in Evonik's hybrid capital with a sustainability focus. The annual interest rate on the green hybrid bond is 1.375 percent per year. This results in interest savings of €3.8 million per year compared to the repurchased hybrid bond.

Evonik Industries AG is rated by Moody's and S&P with Baa2 and BBB+ respectively, both with stable outlook. The ratings for the hybrid bond of Ba1 / BBB- are, as is typical for these instruments, two steps below the company rating. In line with the hybrid bond issued in 2017, the new green hybrid bond is structured in such a way that both rating agencies have valued 50 percent as equity capital.

BofA Securities acted as hybrid structuring adviser and Citigroup as green structuring adviser on the issuance of the green hybrid bond. Further joint bookrunners were BNP Paribas, HSBC and UniCredit. BNP Paribas, BofA Securities and Citigroup are also acting as dealer managers on the tender offer.

Company information

Evonik is one of the world leaders in specialty chemicals. The company is active in more than 100 countries around the world and generated sales of €12.2 billion and an operating profit (adjusted EBITDA) of €1.91 billion in 2020. Evonik goes far beyond chemistry to create innovative, profitable and sustainable solutions for customers. More than 33,000 employees work together for a common purpose: We want to improve life today and tomorrow.

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