

Key Financial Data: First Quarter 2020

May 7, 2020

Evonik makes a solid start to the year

- Q1: Sales decline only 1 percent despite Corona crisis, adjusted EBITDA falls 5 percent
- Outlook for 2020 adapted: adjusted EBITDA between €1.7 billion and €2.1 billion expected
- Early preparation for pandemic pays off

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Essen, Germany. Evonik made a solid start to the new year despite the economic slowdown caused by the corona pandemic. In particular, the two growth segments Resource Efficiency and Nutrition & Care held their course in a challenging environment. The company's sales decreased slightly by 1 percent to €3.24 billion in the first quarter compared with the previous year. Adjusted earnings before interest, tax, depreciation and amortization (EBITDA) fell 5 percent to €513 million.

"We implemented measures early and consistently to protect as best as possible the health of our employees and at the same time maintain operations," said Christian Kullmann, chairman of the management board. "Evonik stands for stability even in difficult times. We are doing everything we can to ensure that we supply our customers reliably."

While Evonik is facing challenges in logistics and production, the company's global network is paying off. Supply chains are intact and there are hardly any restrictions on production worldwide, except for a few government-ordered shutdowns at smaller sites.

At all sites, very high hygiene standards apply. Wherever possible for administrative posts, conditions were created within a very short time to enable working from home and existing flexible working-time models utilized. An internal steering committee is monitoring the dynamic situation closely and enables the company to react to new developments at short notice. At the

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same time, Evonik has sufficient liquidity and committed unused credit lines.

"Our efforts in the last three years to cut costs and increase efficiency at the company are now paying off," said Ute Wolf, chief financial officer. "We have a strong balance sheet and a good liquidity cushion."

Lower volumes and selling prices were responsible for the decline in adjusted EBITDA in the first quarter. Additionally, weak demand and inventory impairments, due to the significantly lower oil price, burdened the Performance Materials segment. Accordingly, the adjusted EBITDA margin declined from 16.4 percent to 15.8 percent.

Adjusted net income dropped 27 percent to €181 million with adjusted earnings per share declining from €0.53 to €0.39. The company generated a significantly positive free cash flow of €113 million in the first quarter. Compared with the prior-year quarter, this was down by €46 million, primarily because of higher tax payments.

The effects of the Corona pandemic on Evonik's sales and earnings remained modest in the first quarter. Since then it has become much clearer to what extent the pandemic will burden the global economy. That was not yet visible at the beginning of the year.

In light of this, Evonik is adjusting its outlook for the full year 2020. The company is now expecting sales between €11.5 billion and €13.0 billion and an adjusted EBITDA of between €1.7 billion and €2.1 billion. Previously Evonik was expecting stable sales of around €13.1 billion and adjusted EBITDA of between €2.1 billion and €2.3 billion.

The executive board is sticking to its proposal to pay a dividend of €1.15 per share for the 2019 financial year. The amount of €0.57 per share will be paid on June 2, 2020 as an advance on the net profit. On September 3, 2020, the remaining €0.58 per share will be

paid, subject to a corresponding resolution being passed at the planned annual shareholders' meeting on August 31, 2020.

Segment Development

Resource Efficiency: Sales of €1.44 billion in the first quarter of 2020 reached the level of the previous year. The segment benefited from the first-time consolidation of PeroxyChem, the US producer of hydrogen peroxide and peracetic acid acquired at the beginning of February. The active oxygen products developed well overall, both classic applications and specialties such as disinfectants. Crosslinkers also developed positively. The economic slowdown in Asia as well as declining demand in the automotive and coatings sectors as a result of the corona pandemic affected the development of individual businesses. In particular, coating additives, silica for the tire industry and high-performance polymers posted slightly lower sales. Adjusted EBITDA at Resource Efficiency rose 4 percent to €344 million.

Nutrition & Care: Sales declined slightly by 1 percent to €1.13 billion in the first quarter. Essential amino acids for animal nutrition recorded significantly higher volume demand and were able to increase their sales with almost stable selling prices. The Health Care business also developed well in pharmaceuticals and food ingredients, posting higher sales. By contrast, sales at the Baby Care business were significantly lower, adversely affected by tougher competition for superabsorbers. Adjusted EBITDA fell 3 percent to €174 million.

Performance Materials: At the Performance Materials segment sales dropped 9 percent to €472 million in the first quarter. Sales at Performance Intermediates declined due to weak demand, particularly from the automotive and oil industries. Business was also negatively impacted by the massive drop in oil prices. Alcoholates at the Functional Solutions business posted a very pleasing performance. Adjusted EBITDA at the segment dropped 57 percent to €23 million due to impairments resulting from the significantly lower oil price.

Excerpt from the income statement

	1st quarter		
in € million	2019	2020	Change in %
Sales	3,287	3,243	-1
Adjusted EBITDA	539	513	-5
Adjusted EBIT	315	273	-13
Adjustments	-19	-26	
Financial result	-54	-50	
Income before income taxes, continuing operations	242	197	-19
Income taxes	-27	-57	
Income after income taxes, continuing operations	215	140	-35
Income after taxes, discontinued operations	29	-6	
Income after taxes	244	134	-45
thereof attributable to non-controlling interests	5	4	
Net Income	239	130	-46
Adjusted net income	249	181	-27

Prior-year figures restated

Segment performance - 1st quarter - Sales

	Sales		
in € million	2019	2020	Change in %
Nutrition & Care	1,149	1,134	-1
Resource Efficiency	1,438	1,437	
Performance Materials	520	472	-9
Services	174	191	10
Other operations	6	9	
Group	3,287	3,243	-1

Prior-year figures restated

Segment performance - 1st quarter - Adjusted EBITDA

	Adjusted EBITDA		
in € million	2019	2020	Change in %
Nutrition & Care	180	174	-3
Resource Efficiency	330	344	4
Performance Materials	53	23	-57
Services	31	29	-6
Other operations	-55	-57	
Group	539	513	-5

Prior-year figures restated

Employees by segment

	31.12.2019	31.03.2020
Nutrition & Care	8,090	8,017
Resource Efficiency	10,153	10,597
Performance Materials	1,622	1,612
Services	12,037	12,060
Other operations	521	484
Evonik	32,423	32,770

Prior-year figures restated

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 €13.1 billion and an operating profit (adjusted EBITDA) of €2.15 billion in 2019. Evonik goes far beyond chemistry to create innovative, profitable and sustainable solutions for customers. More than 32,000 employees work together for a common purpose: We want to improve life, today and tomorrow.

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