

# Evonik "Division Spotlight Series" Smart Materials: "Future Mobility" and "Eco-Solutions" as growth drivers

 Serving complex customer requirements and everstricter regulations with tailor-made solutions

- Strategic pillars around sustainability and innovation to achieve ambitious financial and ESG targets
- Growth fields "Future mobility" and "Eco-Solutions" to grow sales by €700 million until 2027

Essen. After the implementation of its new divisional structure mid-2020, Evonik is hosting a "Division Spotlight Series" this year to give further insights into its three growth divisions. The series kicked off with the spotlight on Nutrition & Care in April, today the full attention is on the division Smart Materials.

Serving complex customer requirements and ever-stricter regulations with tailor-made solutions is at the core of the division. This is achieved through the ability to constantly develop innovative products, to tailor these to the customers' specific needs and helping the customers with individual know-how and dedicated services.

"Sustainability and innovation are our DNA. This helps us to achieve our ambition: We find solutions for the needs of today and tomorrow", says Claus Rettig, President of Smart Materials. "By executing on our strategic pillars, we will deliver on our ambitious financial and sustainability targets. Thus, more than 50% of our products will deliver superior sustainability benefits to our customers."

The three strategic pillars "Growth - Excellence - Leadership" will contribute to achieving the targets. The pillar "Growth" is driven by the two growth fields "Future Mobility" and "Eco-Solutions".

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The field of "Future Mobility" encompasses a wide array of solutions ranging from high-performance polymers used for light-weight parts in cars, trains and planes to additives for high-performance batteries. It gives answers to the challenges of reducing emissions and the shift to electrification. For the current year, the growth field should generate around €750 million in sales. Until 2027, it is forecasted to grow at 7% CAGR per year and to reach a sales level of around €1.1 billion.

While in a conventional combustion vehicle, the average value of Smart Materials' solutions reaches a value of around €30, it has the potential to reach €45 in a hybrid car and even around €70 in a full electrical car. At the core of the offering stands Evonik's Polyamide 12 Vestamid®. While serving a broad range of applications and end markets, it supports the shift to electrification with products for thermal management or insulation of electronic components. The product portfolio is supplemented by adhesives and sealants, silica and silanes as well as solutions for batteries. Evonik's battery materials will for example improve the interfaces between main components e.g. anode/cathode and thus secure the integrity of the system over the lifetime of a battery cell and pack and improve the energy density.

The growth field "Eco-Solutions" bundles applications like innovative membranes, active oxygen for specialty applications and catalysts. They distinct themselves by saving resources and enable environmentally friendly processes. For the current year, "Eco-Solutions" should generate around €550 million in sales. Until 2027, the field is to grow at 9% CAGR per year to reach a sales level of around €900 million. Several examples stand out, just to name a few: In electronics, ultra-high purity agents enable to face the increasing number of process steps in wafer-cleaning. In the oil & gas industry, special refining catalysts enable to face stricter regulations in low-sulfur fuels. Finally, Evonik's superior membrane technology holds a market-leading position in biogas separation. This paves the way for diversification into all relevant gas separation markets and opens up new opportunities in the promising field of a sustainable hydrogen economy. Evonik's hydrogen separation membranes enable to use existing natural gas pipelines to transport green hydrogen, separating it from natural

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gas at the location of usage. And the anion-exchange membranes (AEM) contribute to the breakthrough of cost competitive electrolysis of green hydrogen in the future.

The strategic pillar "Excellence" encompasses digitalization including the use of artificial intelligence. For example, the tool of SciTAI (Scientific-Technical Support by Artificial Intelligence) enables the prediction of material properties by means of AI. Two decades of research work is now available digitally at the push of a button. This allows for an accelerated development of Polyamide 12 compounds by 20% to 40%.

People are the key success factor of Smart Materials. Accordingly, further fostering organizational agility while at the same time increasing diversity in a more global set-up is at the centre of the strategic pillar "Leadership".

The commitment to deliver on the strategy is reflected in ambitious ESG and financial targets. The sales share of "Next Generation Solutions" with superior sustainability benefits is to reach more than 50% of the Smart Materials portfolio. The division expects to grow volumes to above 3% going forward and an EBITDA margin of around 20%. The return on capital employed should exceed 11%.

"We are optimistic to already reach these financial targets within the next couple of years", says Claus Rettig.

The fully virtual "Division Spotlight" for Smart Materials will start today at 3.00 pm (CEST). The webcast link and the presentation including more details can be found on Evonik's Investor Relations website:

https://corporate.evonik.com/en/evonik-156665.html

The "Division Spotlight Series" will conclude with the growth division Specialty Additives on July 1.

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#### 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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