

# Evonik

# Leading Beyond Chemistry

Q3 2021

Earnings Conference Call

November 4, 2021

**Christian Kullmann**, Chief Executive Officer

**Ute Wolf**, Chief Financial Officer

# FCF outlook raised to ~€1 bn

## Set for structural growth in FY 2022

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Q3 with **adj. EBITDA of €645 m continuing on strong Q2 level** ... despite ~€30 m negative temporary & one-time effects

**Price increases gaining track:** Q3 at +8% in growth divisions (Q2: +2%)

**Cost inflation managed well** and compensated by price increases already in Q3

Sustained positive trends into Q4 – **FY adj. EBITDA outlook specified to ~€2.4 bn** (top end of previous range)

**Record strong FCF** of €937 m in 1-9 2021 – **FY FCF outlook raised to ~€1 bn**

Growth drivers in place & cost inflation under control – **Set for continued structural growth in FY 2022**

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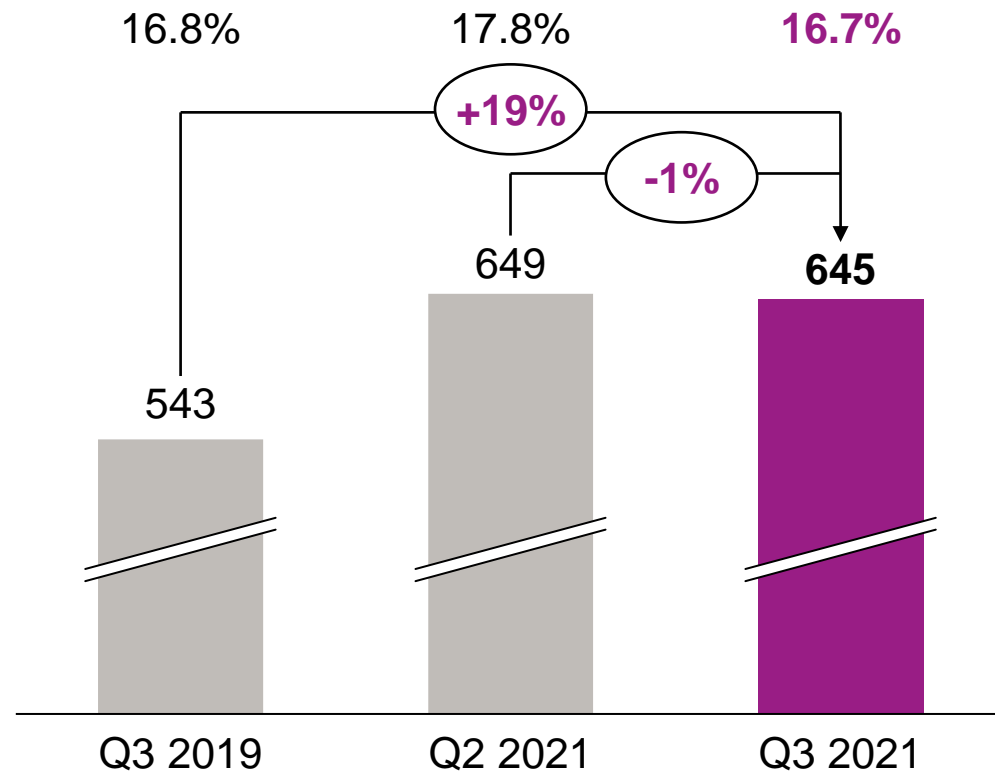
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- 1. Financial performance Q3 2021**
2. Outlook FY 2021
3. Well set for 2022

# Q3 continuing on strong Q2 level

... despite negative temporary & one-time effects

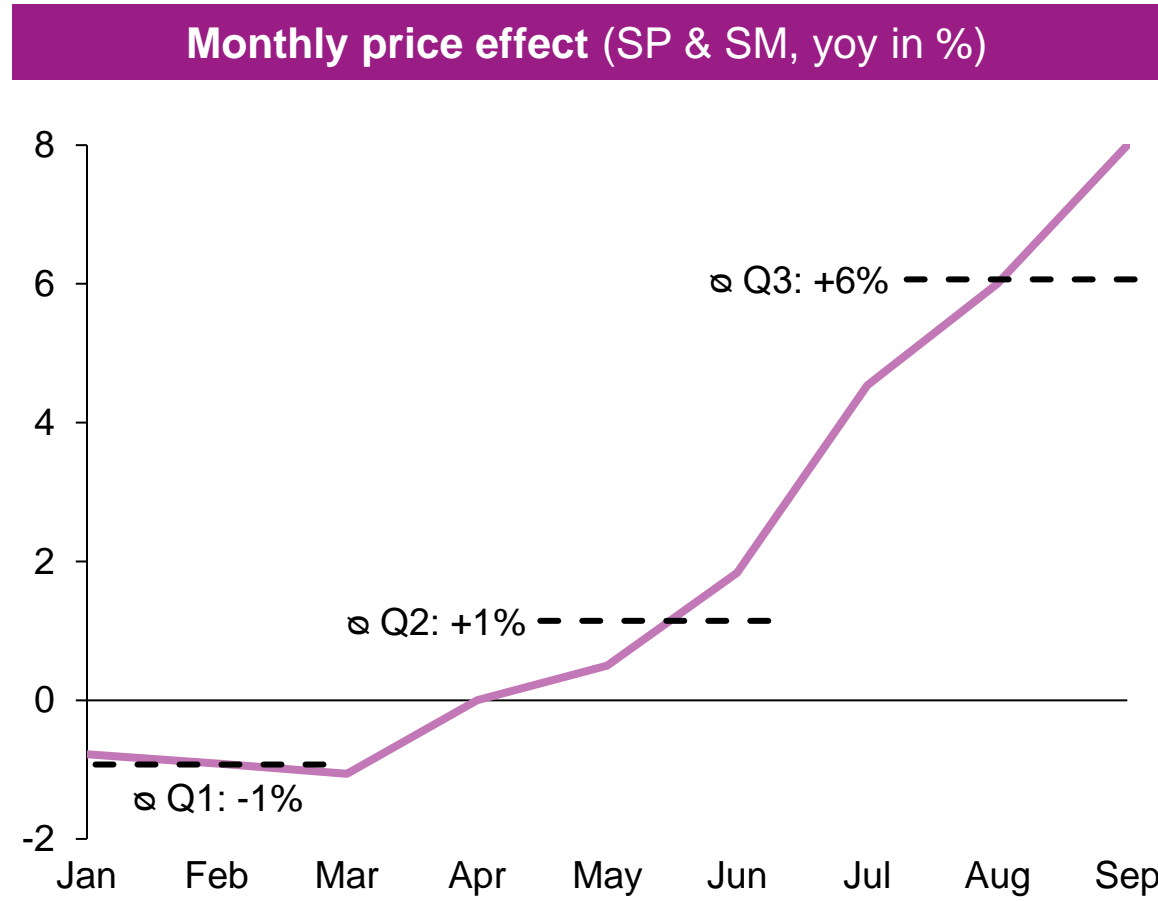
## Adj. EBITDA (in € m) & margin (in %)



- Unchanged positive demand dynamics across all businesses
- Sequentially stable adj. EBITDA despite ~€30 m negative temporary & one-time effects
  - Bonus provisions (all divisions)
  - Maintenance shutdowns, e.g. in Performance Materials
  - Lost volumes due to supply chain constraints and raw material availability (mainly in Specialty Additives)
- Lower margin explained by negative temporary & one-time effects (80bp margin effect) as well as higher raw material prices (base effect on sales)

# Demonstrating pricing ability

## Price increases ramping up – high Q3 exit rate



### Specialty Additives

- Next rounds of price increases initiated in Q4, e.g. net price increase of 30% or more for all silicone-based products globally, effective beginning of November

### Nutrition & Care

- Further price increases announced, e.g. for Methionine (net price increase of up to 8% globally) as well as for system solutions in cleaning and oral drug delivery

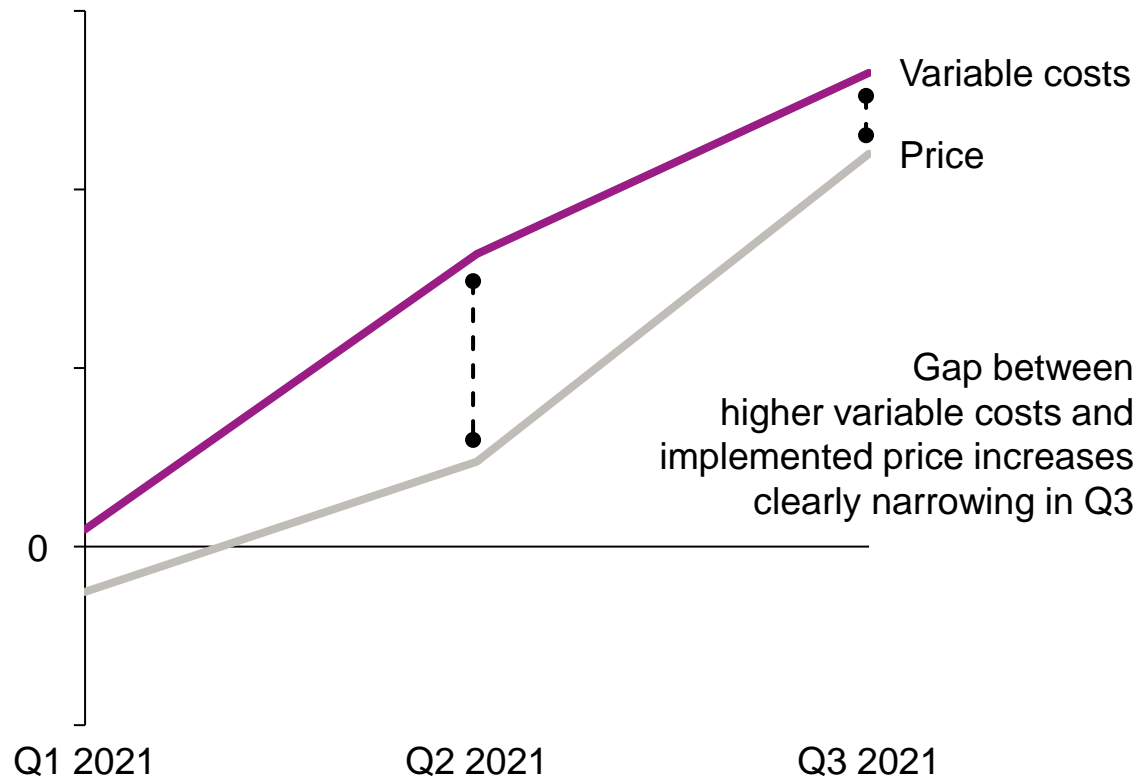
### Smart Materials

- Further price increases of at least 10% in implementation globally across almost all businesses
- Formula pricing in several businesses (e.g. Silica, H<sub>2</sub>O<sub>2</sub>)

# Successful price increases to close the cost inflation gap

## Price increases compensating for higher variable costs on Group level

### EBITDA effect SP & SM (yoy in € m)



### Group level

- Price increases of ~€450 m in Q3 (yoy) compensating higher variable costs (mainly raw materials, energy, logistics)

### Specialty Additives & Smart Materials

- Ramp-up of price increases gradually compensating higher variable costs
- Gap narrowing in Q3 already
- **Trend for 2022:**
  - Price increases further ramping up
  - Gap expected to turn positive in course of 2022

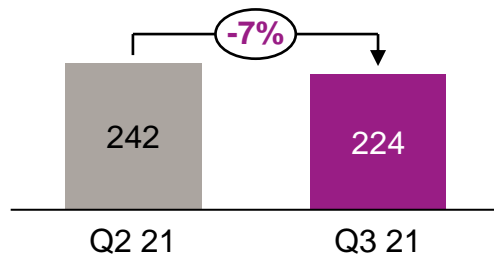
### Performance Materials

- C4 hedged via naphtha-based price formulas
- Swift pass-on of raw material price increases

# Strong performance continuing across all divisions

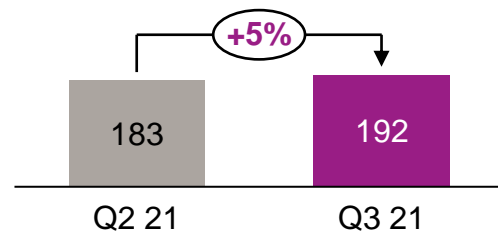
## ... with Nutrition & Care delivering consistent growth

### Specialty Additives



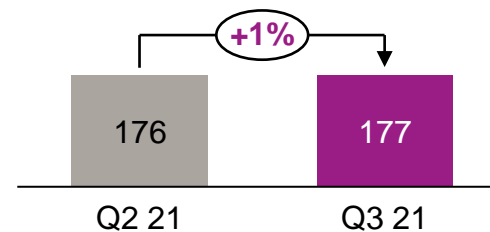
- Demand for additives remains on very high levels, but earnings potential limited by supply chain constraints
- Persistently increasing raw material costs; ongoing price initiatives to pass on

### Nutrition & Care



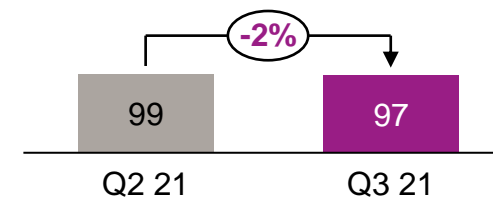
- 8<sup>th</sup> quarter in a row with yoy higher EBITDA
- Health Care and Care Solutions both >10% EBITDA CAGR since 2017

### Smart Materials



- Unchanged healthy demand
- New capacities (Catalysts, Silica, PA12) successively ramping up

### Performance Materials

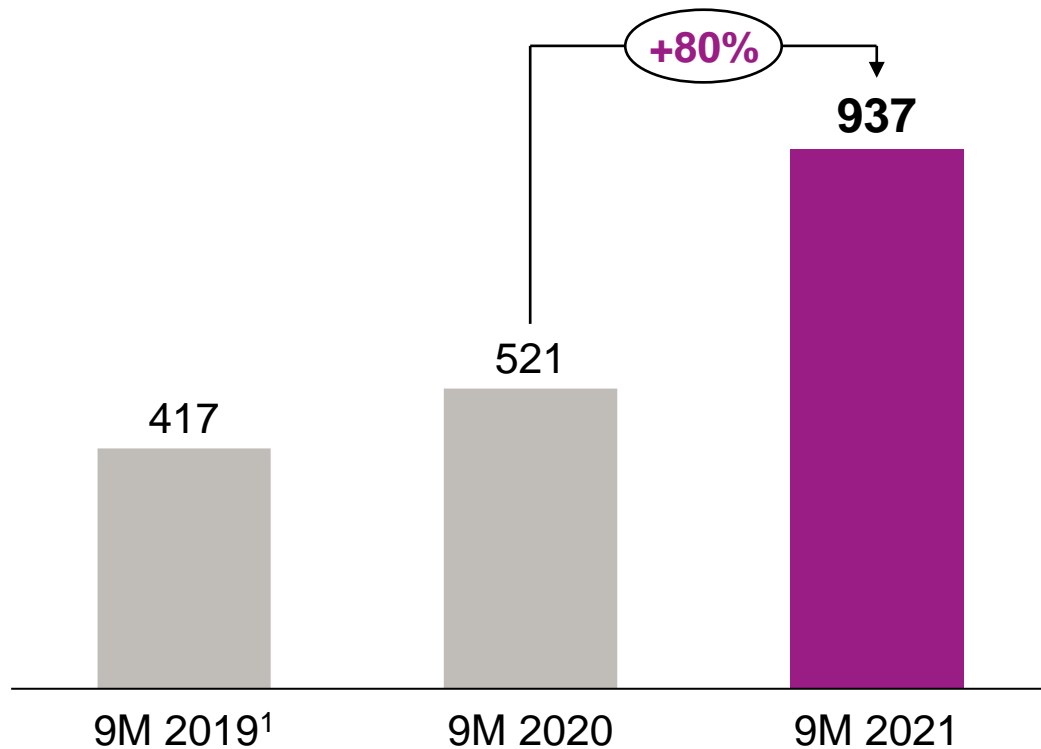


- Continued tight markets and higher margins in C4 chain
- Own planned maintenance turnarounds limiting additional growth

# Free Cash Flow

## Record-high FCF generation in 9M of 2021

### Free Cash Flow (in € m)



1. Excl. extraordinary carve-out taxes (MMA divestment)

### FCF on record-high level after 9M 2021

- 80% above already strong 2020 level
- Mainly driven by higher adj. EBIT(DA) and high cash conversion rate

Other effects compensating each other, like

- Lower bonus pay-out (for 2020) in “other provisions”
- Clearly higher NWC outflow
- Higher cash-out for taxes



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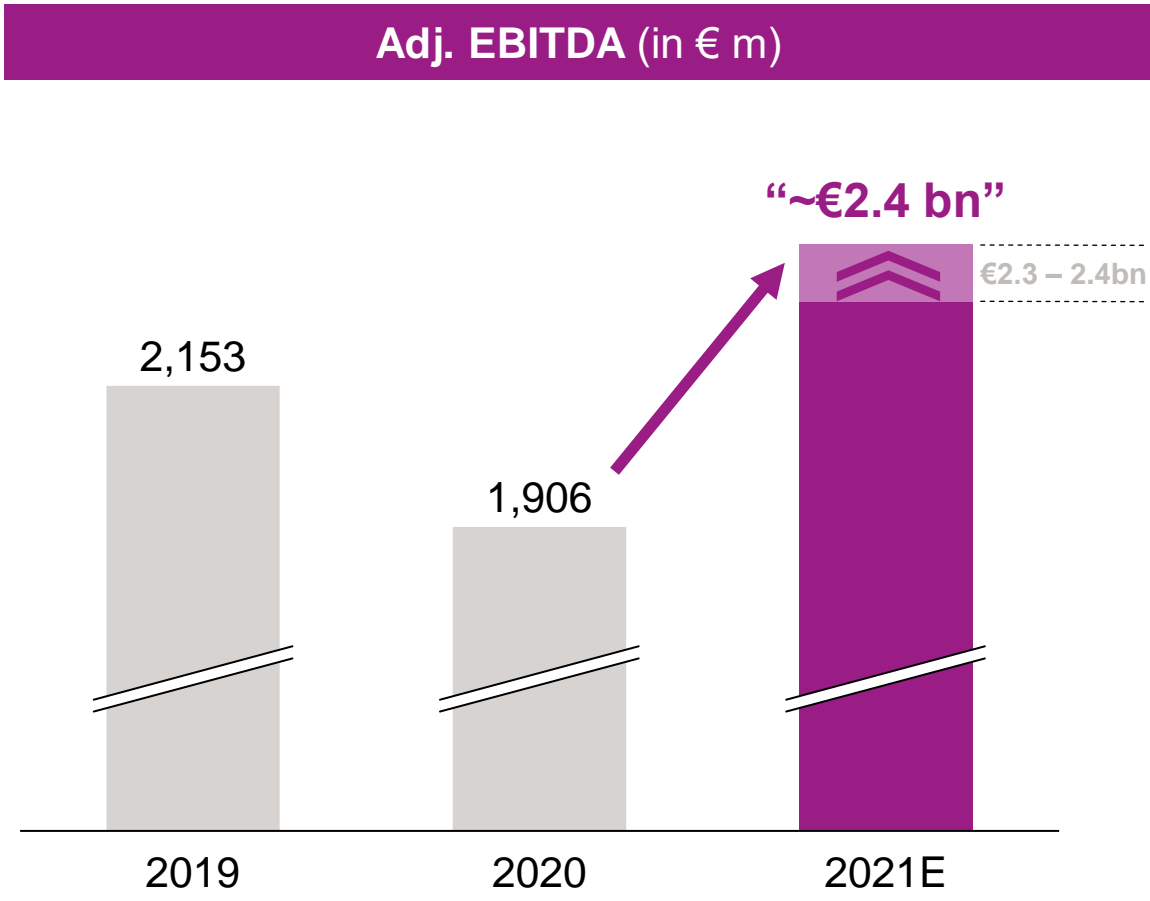
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1. Financial performance Q3 2021

**2. Outlook FY 2021**

3. Well set for 2022

# Adj. EBITDA outlook specified to top end of previous range



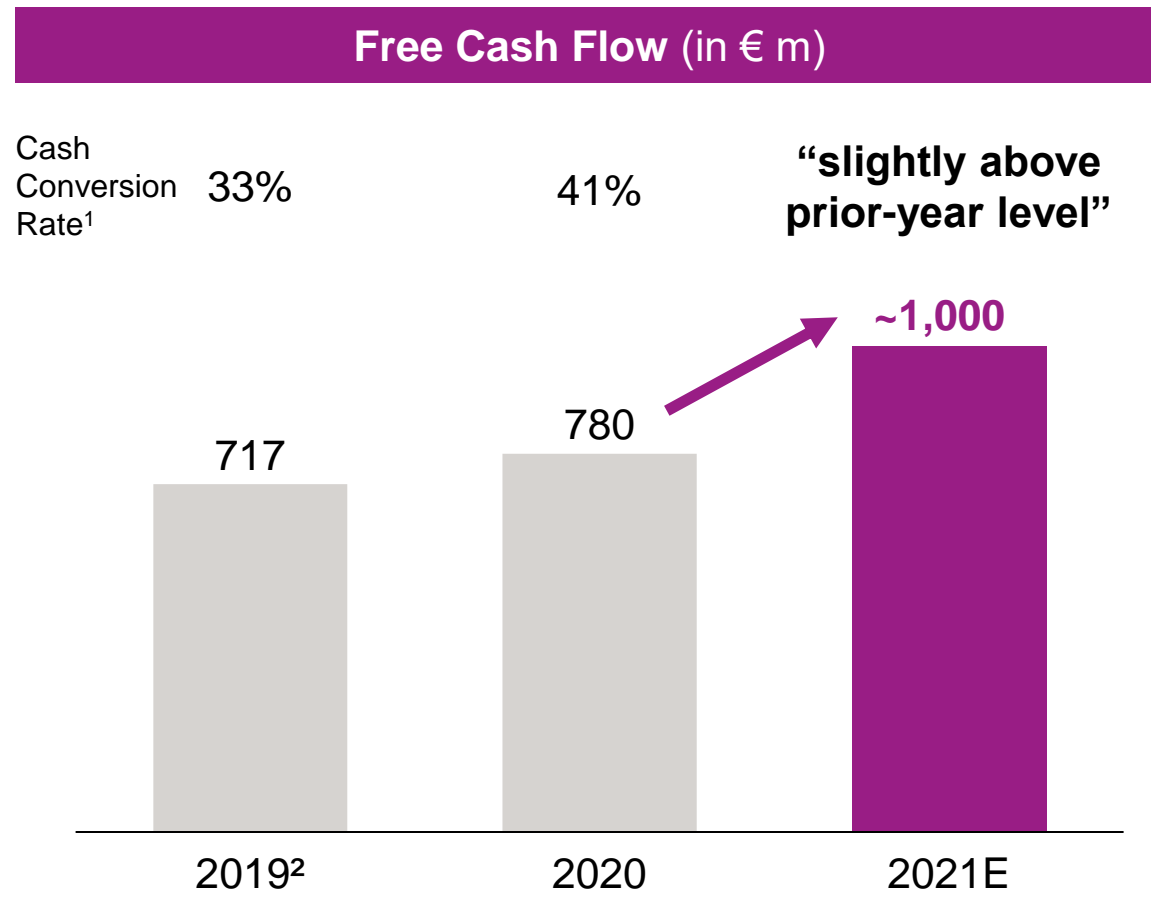
## Outlook FY 2021

- FY 2021 adj. EBITDA outlook **specified to ~€2.4 bn** (top end of previous range at €2.3 – 2.4 bn)

## Outlook Q4 2021

- Q4 2021 continues well above prior-year level (Q3 2021: +24% yoy)
- Sustained positive demand trends; typical year-end seasonality expected (usually EBITDA -20% Q4 vs Q3)
- Accelerating price increases again broadly compensating cost inflation
- Similar level of temporary & one-time effects as in Q3 2021 expected

# FCF outlook raised to ~€1 bn



1. Free cash flow conversion (FCF / adj. EBITDA) | 2. Excl. extraordinary carve-out taxes of ~€245 m (MMA divestment)

## Outlook FY 2021

- FY 2021 FCF outlook **raised to ~€1 bn**
- FCF conversion expected slightly above mid-term target level of ~40%
- Close to 20% FCF CAGR since FY 2017

## Expectations for Q4

- >€200 m cash-out for taxes
- Capex expected on similar level as Q4 2020 (€360 m), reaching ~€900 m for FY 2021
- NWC inflow well below prior-year Q4 level (€357 m)

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# Active portfolio management continues

## Progress in Performance Materials

### Divestment of main site in Functional Solutions



- Divestment of Lülisdorf site as main site of Business Line Functional Solutions (Performance Materials)
- Exit of lower-margin basic chemicals businesses:
  - Potassium Derivatives
  - Cyanuric Chloride & Derivates
- Further reduction of portfolio complexity
- Attractive Alkoxides business (biodiesel catalysts) to remain in portfolio and to be further developed (e.g. PET recycling)
- Progress on “challenged” products<sup>1</sup>: Solution for amalgam electrolysis technology in Lülisdorf on the way

**Relevant sales:** ~€150 m (FY 2021)

**Next step:** More details on divestment process spring 2022

1. Challenged product in ESG PARC analysis of portfolio

## Well set for 2022 ...

On track for  
continued structural  
earnings growth

### Cost inflation

... managed well

- Successful price increases closing the cost inflation gap
- Proactive hedging strategy containing energy cost increases

### Growth divisions

... extending track record

- Proven both resilience in 2020 as well as growth in 2021 – for whatever 2022 will bring!
- Pent-up demand from tight supply chains supporting start into 2022

### Capacities

... ramping up

- Lipids: Contracted business and strong project pipeline for Health Care and Care Solutions
- PA12: Ramp-up of new capacity in tight market environment

### Innovation pipeline

... gaining size

- Six resilient Innovation Growth Fields
- Sizeable EBITDA contributor for FY 2022

# Proactive hedging strategy against energy cost inflation

Headwind in FY 2021 digested well – High transparency for FY 2022

## EU gas market price vs. Evonik total energy costs

**+500%**

EU gas  
market price  
increase

**+35%**

Evonik total  
energy cost  
increase  
FY 2021

## Proactive & long-term hedging strategy

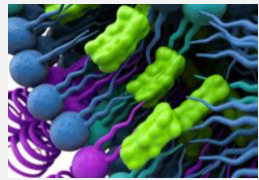
- 2/3 of costs are hedged globally and across all energy types (e.g. gas up to 70%, 3-year rolling-forward)
- Thus, total energy costs increase contained to ~35% in FY 2021, although e.g. gas market prices quintupled in Europe

## Expectations for 2022

- High transparency of cost development thanks to high share of physical forward buying
- ... enables proactive pass-on via own price increases

# Lipids: Strong position & synergies as growth driver for Nutrition & Care

## Contracted business and strong project pipeline in Health Care and Care Solutions



### Lipids for mRNA

- 2021 driven by Evonik's PhytoChol® and Pfizer/BioNTech COVID vaccine
- Established contracts for 2022 with upside potential
- Proven capability to ramp up and customize lipid production quickly

>15%  
growth rate<sup>1</sup>



### mRNA-LNP drug delivery systems

- Strong footprint in lipid nanoparticles for mRNA delivery technologies
- Attractive project pipeline beyond COVID expected to result in material CMO sales contribution in 3 to 5 years

>50%  
growth rate<sup>1</sup>



### Lipids for Cosmetics

- Lipids for Active Cosmetics Ingredients & Delivery Systems, e.g. Essential Ceramides
- Majority of future sales growth secured via contracts

>25%  
growth rate<sup>2</sup>



### Biosurfactants

- Evonik Rhamnolipids as natural surfactants produced by fermentation
- 1<sup>st</sup> global world-scale plant with start-up in 2023

€1 bn  
market size  
2030

- Evonik with excellent positioning in lipid technology
- Synergies across multiple applications and end markets
- Attractive sales potential well beyond COVID vaccines

**Clear triple-digit million sales today (FY 2021)**

**>25% CAGR**

in lipid technologies over next 5 years

1. CAGR over next 10 years | 2. CAGR over next 5 years



# PA12: Ramp-up of new capacity in tight market environment

## Expansion with new plant complex in Marl (Germany)

### PA12 expansion project

- World's largest fully integrated PA12 network
- 7 integrated plants from CDT to polymer
- >50% capacity increase in attractive market
- Up to 1,200 workers during construction phase
- Start-up of full Verbund in early 2022

### Market situation

- 5% market growth, for targeted specialty applications significantly higher
- Volumes back to pre-crisis level or even above in some applications (e.g. powders & 3D)
- Current capacities highly utilized

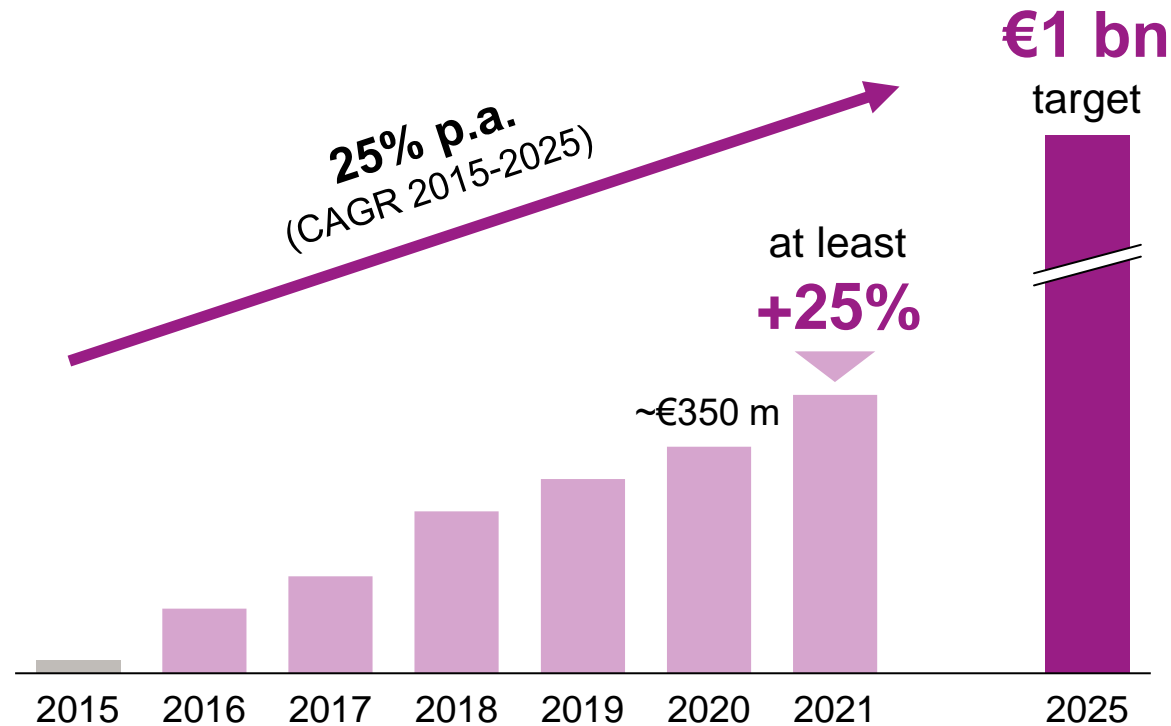
### Evonik position

- Unique market position and full backward integration
- >400 specific compounds and tailor-made formulations
- Significant entry barriers: extensive product qualification process (1-5 years depending on area); high level of application know-how

# Innovation pipeline gaining size

## Sizeable EBITDA contributor for FY 2022

### Sales contribution Innovation Growth Fields

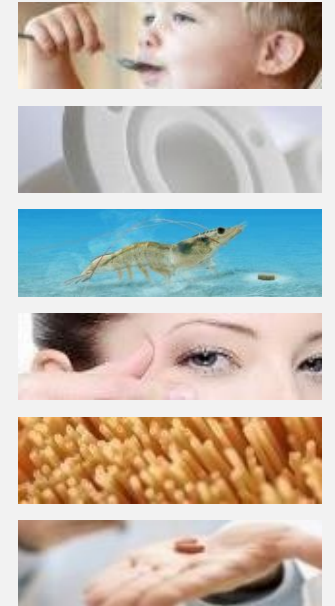


### Innovation Growth Fields

- Six resilient & strong-growth areas
- Growth drivers in FY 2021:
  - Active Cosmetics Ingredients
  - Drug Delivery Technologies

From “zero” sales in FY 2015

- ... to mostly triple-digit businesses
- ... with above-average profitability



**Sizeable EBITDA contributor**  
for FY 2022



**EVONIK**

**Leading Beyond Chemistry**

# Financial performance Q3 2021

## Another strong quarter for Evonik

Sales (in € m)	Adj. EBITDA (in € m)	Free cash flow (in € m)	Adj. EPS (in €)
<b>3,871</b> (Q3 20: 2,917)	<b>645</b> (Q3 20: 519)	<b>524</b> (Q3 20: 312)	<b>0.58</b> (Q3 20: 0.40)
Based on strong volume and price progression	Adj. EBITDA margin at 16.7% impacted by ~€30 m temporary & one-time effects (80bp)	Record FCF driven by high cash conversion	Strong operational performance

# Specialty Additives

## Supply challenges and high raw material costs with temporarily impact on margin

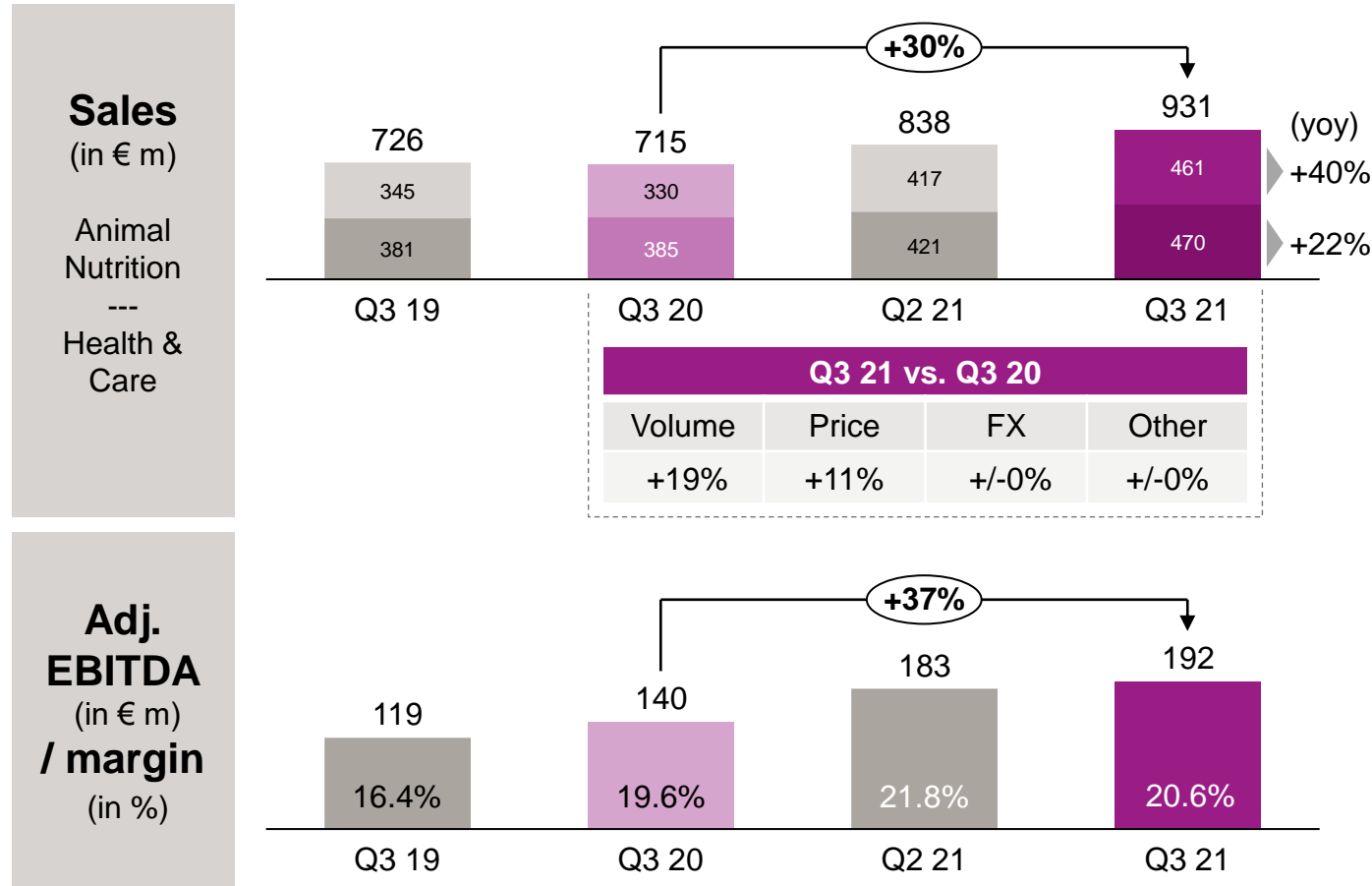


- Strong demand continues into Q3: Double-digit volume growth against resilient prior-year level
- Additives for construction, coatings and renewable energy in high demand
- Price initiatives implemented with accelerating effects: +7% in Q3 vs. +3% in Q2
- Temporary lower margin due to massive supply constraints (raw materials and logistics, both availability and higher costs) and bonus provisions
- Raw materials still on the rise, but margin squeeze to narrow constantly, positive spill-over effect into 2022



# Nutrition & Care

## Accelerating growth in System Solutions and solid performance in Animal Nutrition

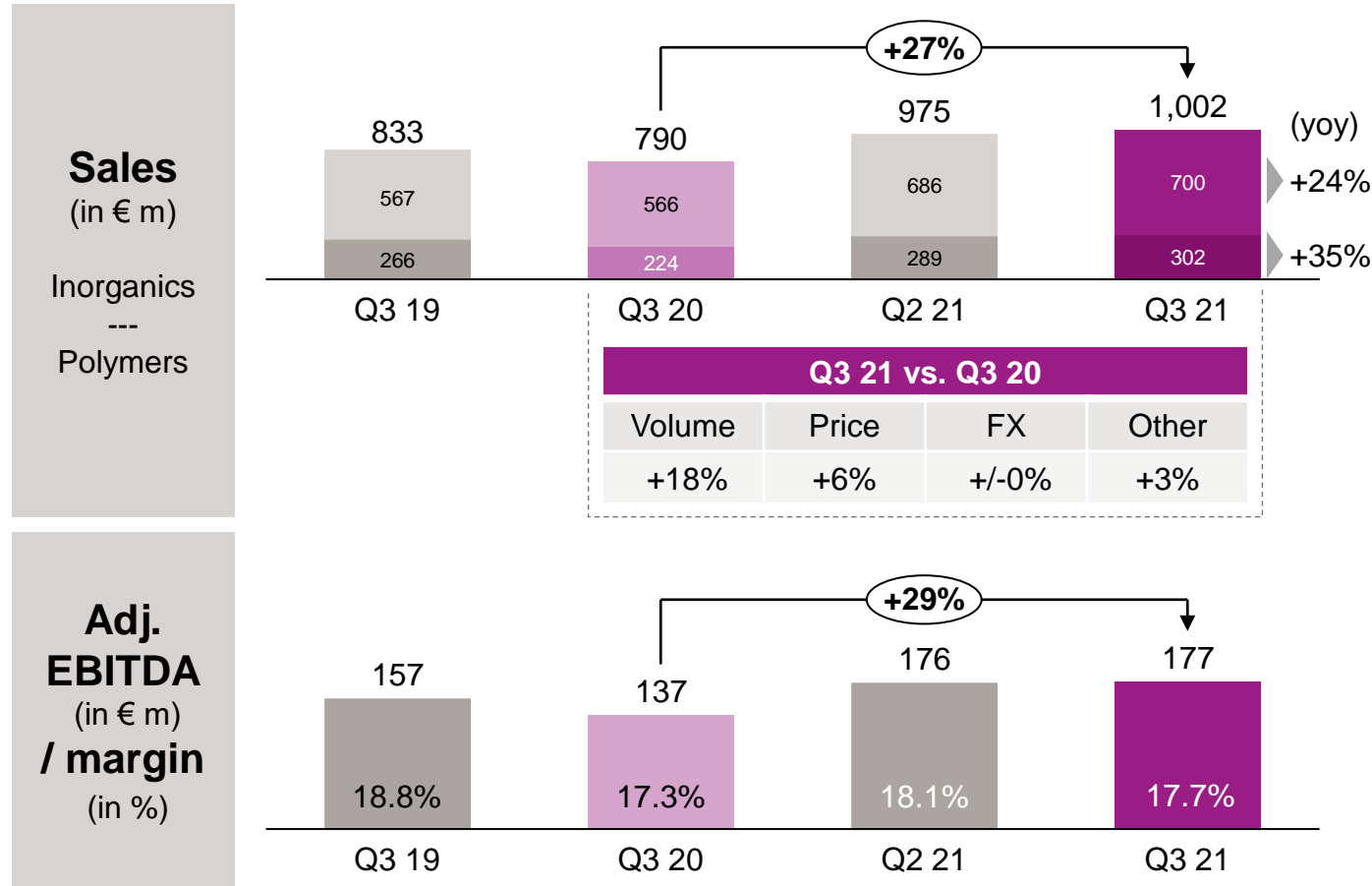


- Q3 with strong sequential sales growth across the board
- EBITDA up qoq; margin temporarily impacted by higher raw material costs, bonus provisions and preparation for maintenance in Q4
- **Health & Care:** >10% qoq sales growth; further accelerating contribution from mRNA LNP business as well as strong demand for Active Ingredients. Higher raw material costs in base business.
- **Animal Nutrition:** Healthy business performance continuing in Q3; higher raw material costs to be compensated by successfully implemented own price increases going forward



# Smart Materials

Strong volume growth across all businesses, pricing improving

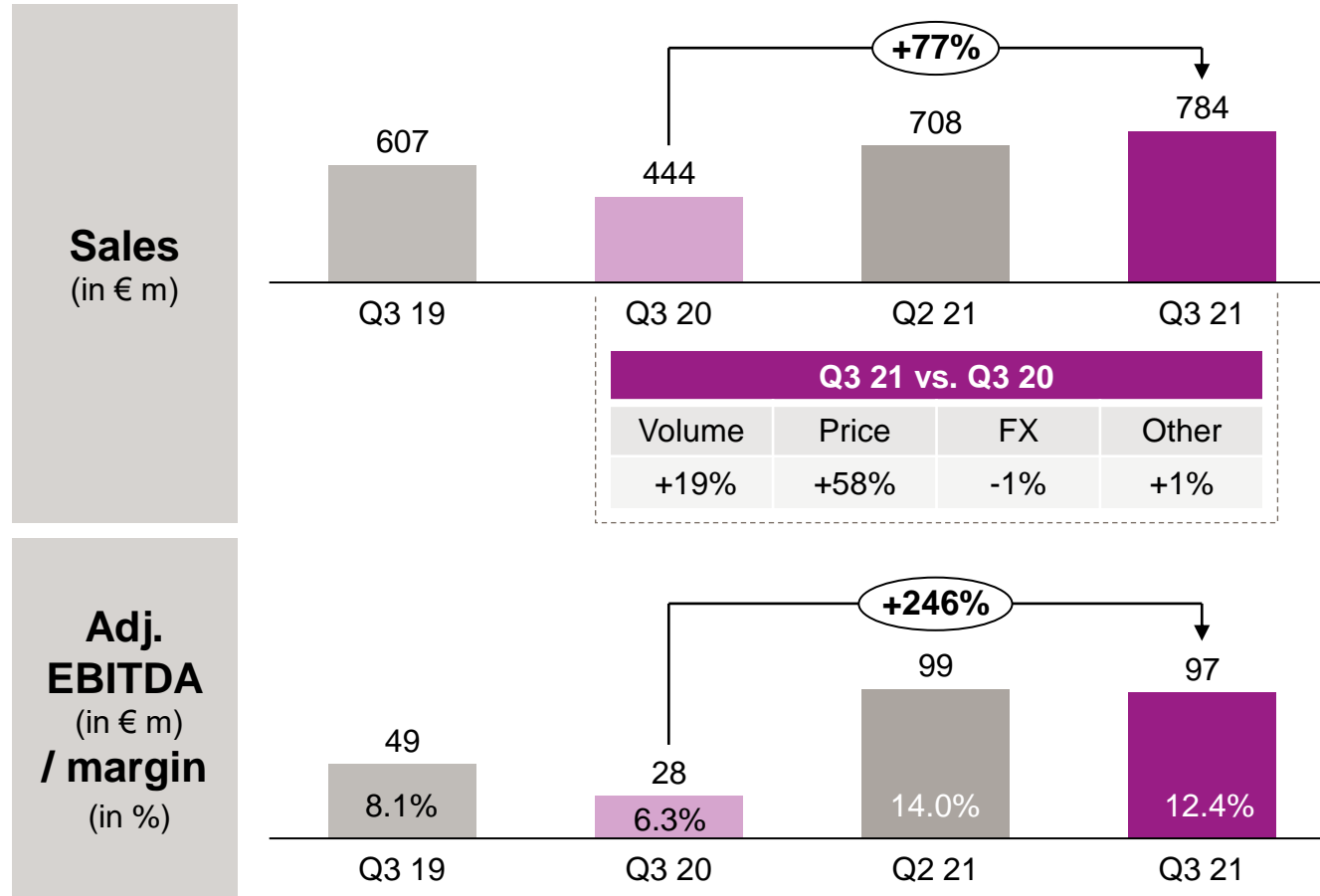


- Strong Q3 performance driven by double-digit increase of volumes across all businesses
- Stable EBITDA sequentially, despite temporary higher fixed costs (PA 12 ramp up, tight logistics situation)
- Solid demand in automotive, benefitting Silica for tires (replacement market) and High-Performance Polymers, with price increases materializing
- High demand for “Eco-Solutions” like active oxygens specialties and gas separation membranes



# Performance Materials

## Continued tight markets – limitations from raw materials & own planned turnaround

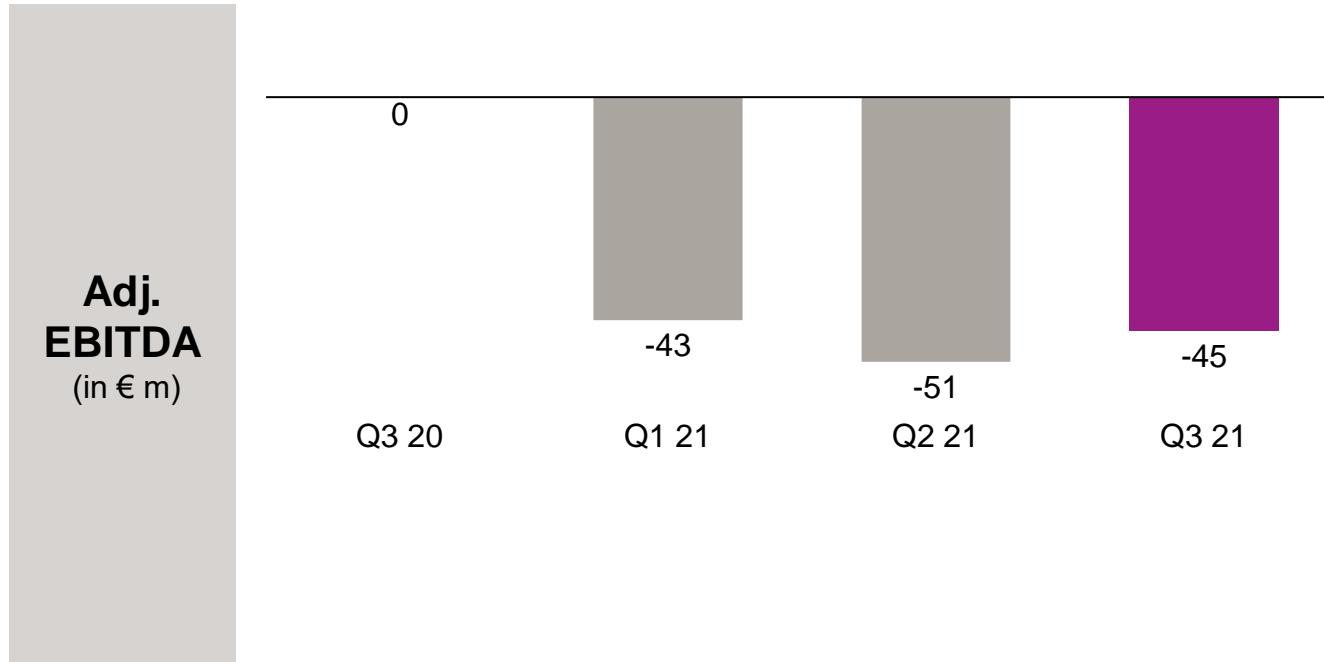


- Continued tight markets and healthy demand for all C4 derivatives
- Higher Naphtha price supports value creation for our C4 products with naphtha-based price formulas
- Sequentially higher spreads for virtually all products
- Supply side still impacted by production and supply chain disruptions in US and China
- Own planned maintenance turnarounds in C4 chain limiting additional growth
- Increasing Alkoxides sales in Functional Solutions due to competitor outage





# Technology & Infrastructure/Other



- Higher energy costs
- Pre-purchases of CO<sub>2</sub> certificates
- Increased bonus provisions
- Prior-year supported by COVID-related short-term savings and bonus provision release



## Additional indications for FY 2021

<b>Sales</b>	<b>around €14.5 bn</b> (previously: between €13.0 and 14.5 bn; 2020: €12.2 bn)
<b>Acquisitions</b>	<b>Porocel</b> (FY 2019: ~USD100 m sales, ~USD23 m adj. EBITDA) consolidated for 2 months in 2020 <b>PeroxyChem</b> (FY 2019: ~USD300 m sales, ~USD64 m adj. EBITDA) consolidated for 11 months in 2020
<b>ROCE</b>	<b>significantly above the level of 2020</b> (unchanged; 2020: 6.1%)
<b>Capex<sup>1</sup></b>	<b>around €900 m</b> (unchanged; 2020: €956 m)
<b>EUR/USD</b>	<b>1.20 EUR/USD</b> (unchanged; 2020: 1.15 EUR/USD)
<b>EUR/USD sensitivity<sup>2</sup></b>	+/-1 USD cent = <b>-/+ ~€6 m</b> adj. EBITDA (FY basis)
<b>Adj. EBITDA T&amp;I/Other</b>	<b>clearly more negative than prior year level</b> (unchanged; 2020: -€128 m) due to negative weather impact in H1 (~€20 m), higher energy costs, CO <sub>2</sub> certificates and bonus provisions
<b>Adj. D&amp;A</b>	<b>around the level of 2020</b> (previously: slightly above the level of 2020; 2020: €1,016 m)
<b>Adj. net financial result</b>	<b>less negative than 2020</b> due to lower interest expenses for financial liabilities, pensions and other provisions (previously: clearly less negative than 2020; 2020: -€146 m)
<b>Adj. tax rate</b>	<b>around 32%</b> in FY 2021 due to anticipated US tax reform and other one-time effects (e.g. partly non-tax-deductible inflation valuation effects and taxes related to other periods); long-term sustainable level now expected at <b>~31%</b> from 2022 onwards, impacted by US tax reform and harmonized international tax legislation (previously: long-term level at ~29%; 2020: 26.8%)

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 FY 2021 adj. EBITDA on division level

Specialty Additives		“slightly above prior year level”
Nutrition & Care		“ <b>significantly above prior year level</b> ” (previously: “well above prior year level”)
Smart Materials		“significantly above prior year level”
Performance Materials		“substantially above low prior year level”
T&I/Other <sup>1</sup>		“clearly more negative than prior year level”

1. Entity renamed; no changes in scope or financials

# Typical earnings seasonality over the quarters

Virtually no seasonality from Q1 to Q3



(% of FY adj. EBITDA on average between 2015 and 2020)

1. Q4 adj. EBITDA vs. average of Q1-Q3 from 2015 - 2020

# 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

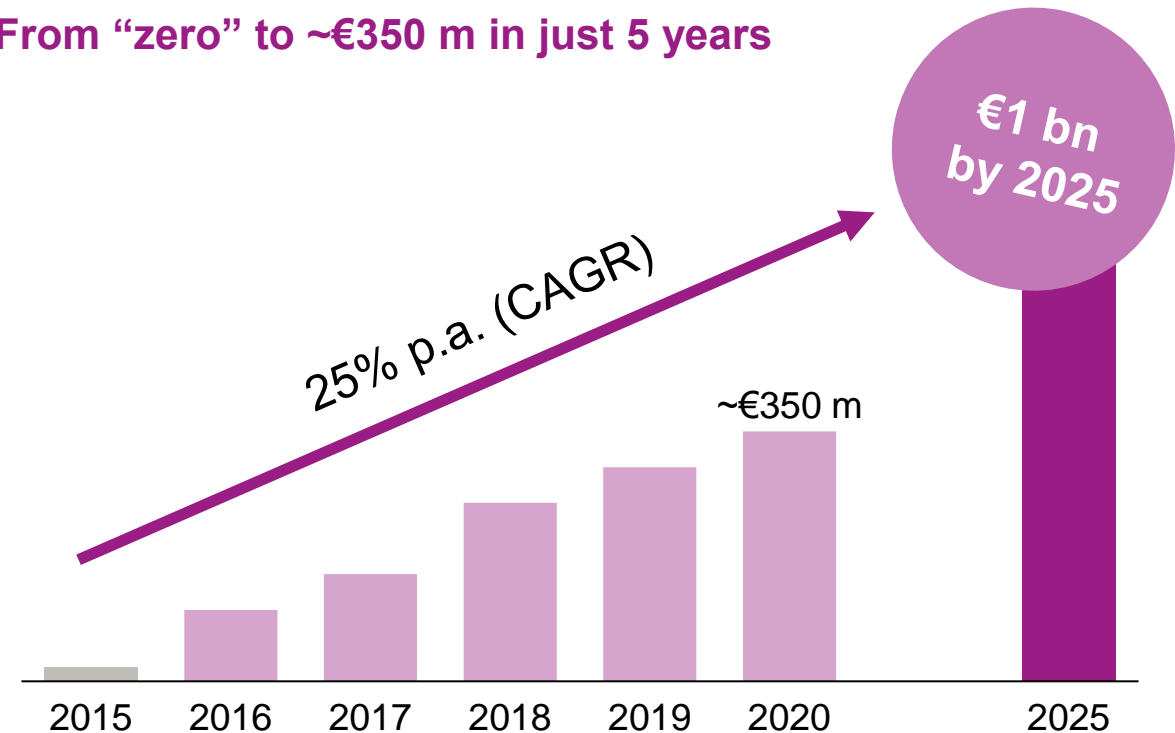


**Sizeable sales base** established  
in all growth fields

**Above-average margin** contribution

## Sales contribution Innovation Growth Fields

From “zero” to ~€350 m in just 5 years



# Membranes

Superior gas separation efficiency enabled by tailored polymer properties

## Technology/USP

**High performance hollow fiber membranes for efficient gas separation**

### Advantages

- Low energy consumption
- No waste, no emissions
- Flexible & easily expandable
- High yield & purity
- Robust & durable

### Market size:

~€500 m

### Market growth:

5 - 10%



## Status quo

**Innovation leader by backward integration into membrane polymer chemistry**

**2010:** Market entry: biogas upgrading

**2014:** Roll-out with process gases (like Helium & Nitrogen)

**2018:** Diversification into Natural Gas, Hydrogen and Aviation

**Now:** 900 membrane plants supplied already today

**Mid-double digit million sales today**

## Potential going forward

Future growth driver: **Hydrogen**

Today: **H<sub>2</sub> extraction membranes**

- **Using** membrane technology to **extract hydrogen from existing natural gas pipelines**

Future: **Anion Exchange Membranes**

**Breakthrough of electrolytic production of green hydrogen**

- 30% lower CAPEX
- 10% lower OPEX

(vs Proton Exchange Membranes)

Contribution to €1 bn

# Additive Manufacturing

## Driving industrial scale 3D printing technology along the entire value chain

### Markets and USP

Ready-to-use high-performance materials for infinite 3D applications

#### INFINAM® advantages:

- Highest quality & highest performance
- Ready-to-use
- Customized for different 3D technologies
- Unique combination of properties

#### Market size:

~€1 bn (polymer powders & photopolymers)

Market growth: >15%



### Status quo

Market leader for PA12 –  
Innovation leader for new materials

- Evonik as market leader in PA12 powder materials for powder-based 3D printing technologies<sup>1</sup>
- World's 1<sup>st</sup> PEEK filament for medical implant applications in 2020
- New product line for INFINAM® Photopolymers established in 2021
- Targeted external technology investments

STRUCTURED POLYMERS   UnionTech   Medvance   CASTOR

High double-digit million sales today

### Potential going forward

From prototyping to manufacturing

Substitution of plastic machining and injection molding through:

1. **Close partnerships** with major printing players and innovators



1. **Scaling** the broadest portfolio of ready-to-use high-performance materials for all key 3D printing technologies to large volumes



Contribution to €1 bn

1. SLS: Selective Laser Sintering; HSS: High-Speed Sintering; MJF: Multi-Jet Fusion

# Sustainable Nutrition

## Transform Animal Nutrition into system solutions for sustainable protein

### Markets and USP

System solutions addressing demand for sustainable & healthy food chain with reduced environmental footprint

#### Evonik ideally positioned:

- Strong nutritional know-how and services
- Global customer reach through Evonik's brand recognition in Animal Nutrition
- Key capabilities in R&D and innovation (in vivo, in vitro, gut model)

Relevant market: ~€800 m

Market growth: >15%

### Status quo

#### Established product portfolio for:



**Non-antibiotic livestock**  
via Gut Health Solutions  
(e.g. probiotic "GutCare")



**Enhancement of energy metabolism**  
via natural creatine precursor  
"GuanAMINO"



**Fighting overfishing**  
via omega-3 from natural marine algae



**High double-digit million sales today**

### Potential going forward

Future growth driver:



#### Precision Livestock Farming

Big data-based management to optimize every aspect of poultry production



**MONITOR** livestock production



**PREDICT** protein quality



**PLAN** protein supply

**Industry Value Potential: ~€5 bn**  
Potential for product, service & digital revenues

Contribution to €1 bn



# Cosmetic Solutions

Leading sustainable system solution provider for cosmetic ingredients

## Unique selling point

Full-service provider for our customers from an idea up to a claimable product

### Evonik key success factors

- Wide portfolio of specialty products with scientifically proven & claimable benefits
- Strong customer intimacy
- >30 years of extensive experience in white biotechnology

### Relevant market:

>€5-6 bn

### Market growth:

Functional ingredients and Actives ~5.5 %



## Status quo

Highly specialized **System Solutions** combining:



### Active ingredients

- Novel Active ingredients with focus on derma-cosmetics
- Expertise in skin-identical ceramides since 1994



### Delivery Systems

- Enhanced cosmetic delivery into skin
- 2021 acquisition of Infinitec adds 7 novel delivery systems to portfolio



### Sustainable Functionals

- e.g. Unique range of ultra-pure emollient esters, based on renewable sources & produced via an eco-efficient enzymatic process

**Triple-digit million sales today**

## Potential going forward

Future growth driver:

**Fully bio-based** solutions

- Our **100% bio-based surfactants** are made from plant-based sugar
- Applicable in **Care Solutions** as well as **Cleaning Solutions**
- Market growth **>50%**

Latest launch:

**RHEANCE® One finding new markets in a variety of cosmetic applications**

- 100% bio-based rinse-off application
- USP of good foam & no bitter taste is ideal for applications in toothpaste

Contribution to €1 bn

# Healthcare Solutions

Attractive portfolio with high level of synergies and access to fast-growing markets

## Unique selling point

An integrated System solutions portfolio of **Advanced Drug Delivery, Functional Excipients, and Contract Manufacturing** serving the pharmaceutical and medical device markets

### Advantages

- Track record of reliable, high quality **specialized products, technologies and services**
- **Shared competencies and technology platforms** across the portfolio

### Market size:

~€200 bn

### Market growth:

4 to >8%



## Status quo

### Strong market position in



#### Drug Delivery Systems:

Focused on system solutions that transport an active agent in the body to safely provide the desired therapeutic effect



#### Cell Culture Solutions<sup>1</sup>:

- Focused on providing system solutions for biological drug production and next-generation biological constructs



#### Medical Device Solutions:

- Focused on providing biomaterials and services for mechanic support or enhancement of damage biological structures

**Triple-digit million sales today**

## Potential going forward

Future growth driver: **mRNA-based solutions** for

- **Vaccines:** e.g. cancer immunotherapy, COVID-19
- **Protein therapeutics:** treating hereditary diseases
- **Gene therapy:** offering the potential for curative therapies at the genetic level

### Market potential:

Accessible market of

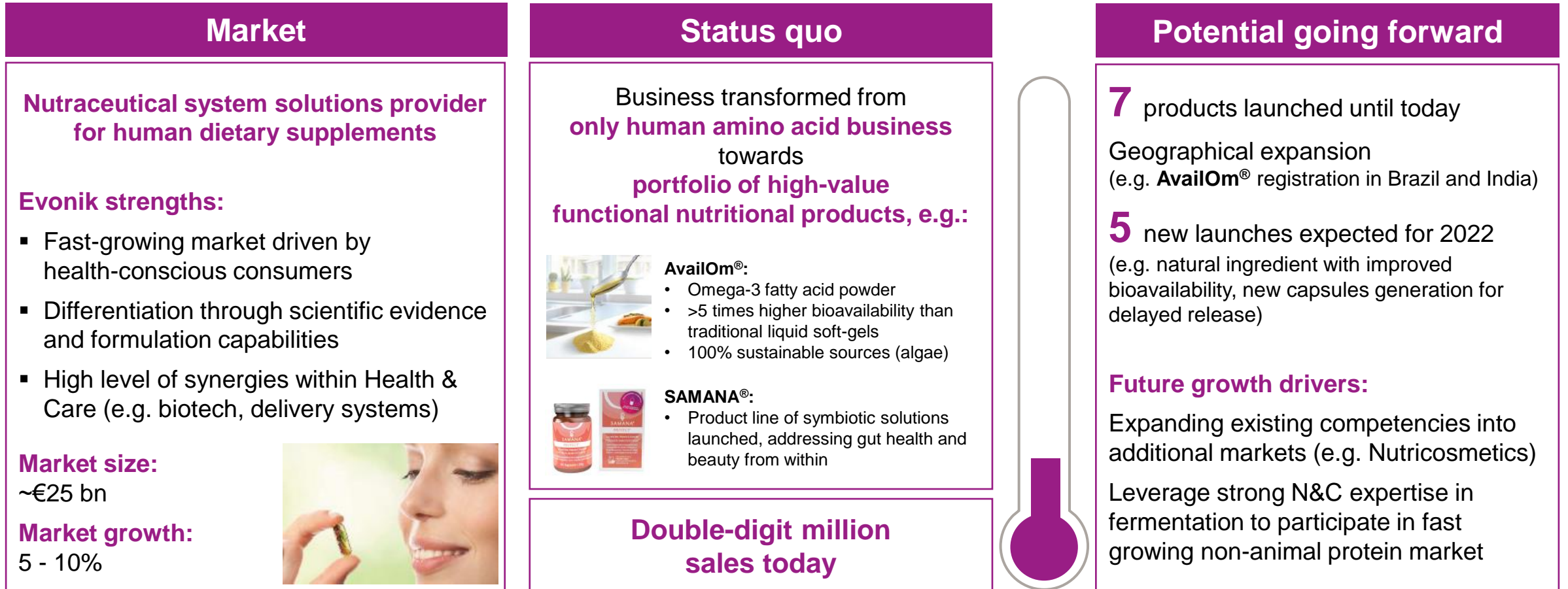
**≥ USD5 bn**  
by 2026

Contribution to €1 bn

1: Growing cells in controlled conditions outside its native environment |

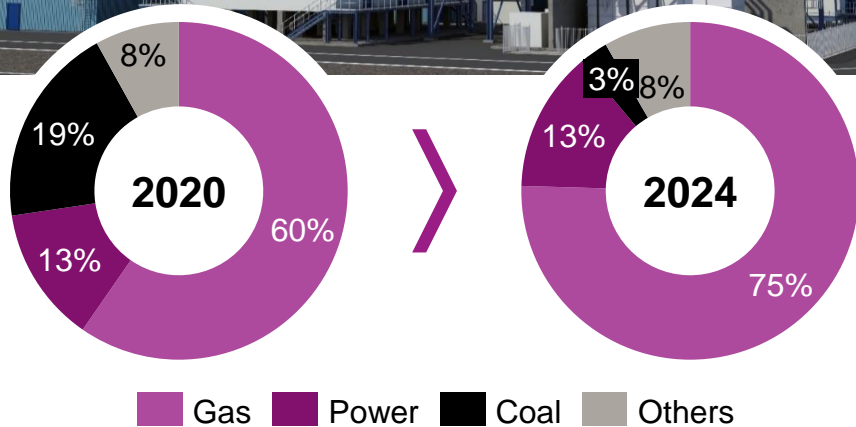
# Advanced Food Ingredients

## Portfolio of high-value functional nutritional products



Contribution to €1 bn

# New gas and steam turbine power plant in Marl



- Replacement of last coal-fired power plant in 2022 at Marl Chemical Park by a **flexible gas and steam turbine power plant**
  - Total power output of 180 megawatts with an efficiency exceeding 90%
- **Modernization** of Evonik's power plant park as key element in achieving our targeted CO<sub>2</sub> reduction by 2025
  - Global scope 1 GHG emissions to be cut by ~20%, mainly due to **annual reduction of 1 million mT CO<sub>2</sub>**

# Evonik successfully issued first green hybrid bond in August

## Majority of proceeds for investments in Next Generation Solutions

- €500 m issuance followed **publication of Green Finance Framework** on 24 August, 2021
- Sustainability even more closely integrated into Evonik's finance strategy
- Majority of proceeds will be used to finance investments in **Next Generation Solutions**
- Transaction generated strong interest and significant oversubscription
- **High share (~50%) of ESG-investors**
- Very attractive interest rate and cost advantage by green use of proceeds ("**Greenium**")
- Evonik successfully repurchased almost 81% of outstanding €500 m hybrid bond issued 2017 on 6 September, 2021 – remaining 19% was repaid on 12 October, 2021



**1.375% p.a.  
coupon**

**€3.8 m p.a.  
interest savings<sup>1</sup>**

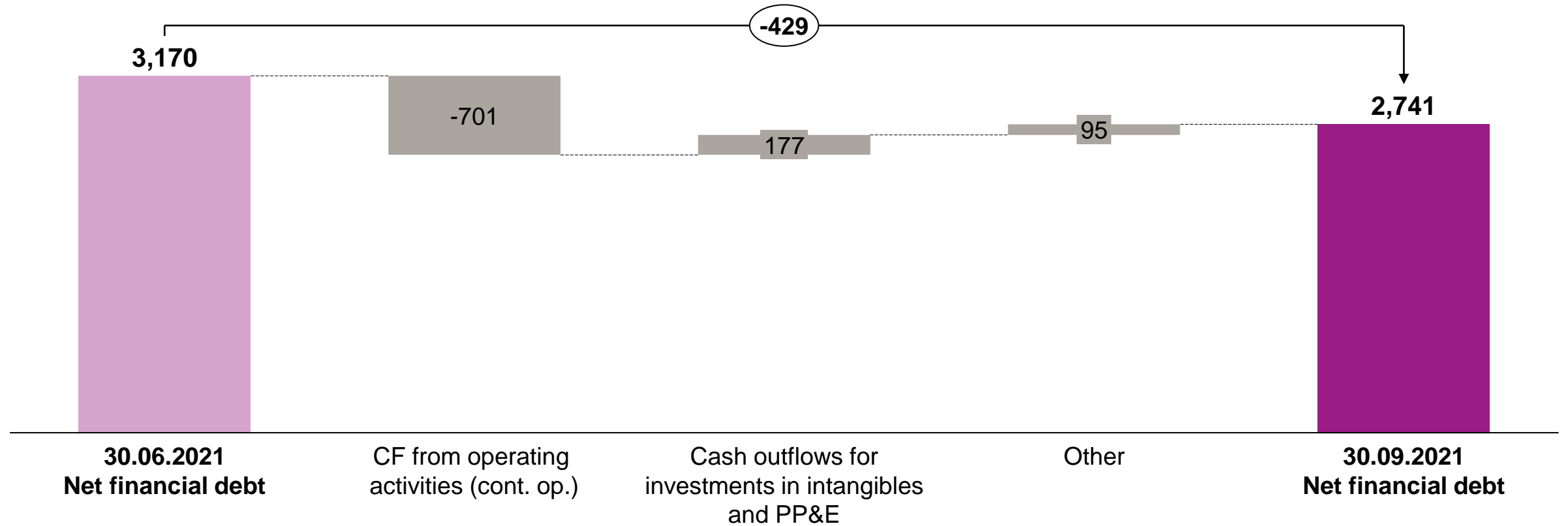
**0.10% (€500 k) p.a.  
"Greenium"**

**3.0x  
oversubscription**

1. Compared to €500 m hybrid bond issued in 2017

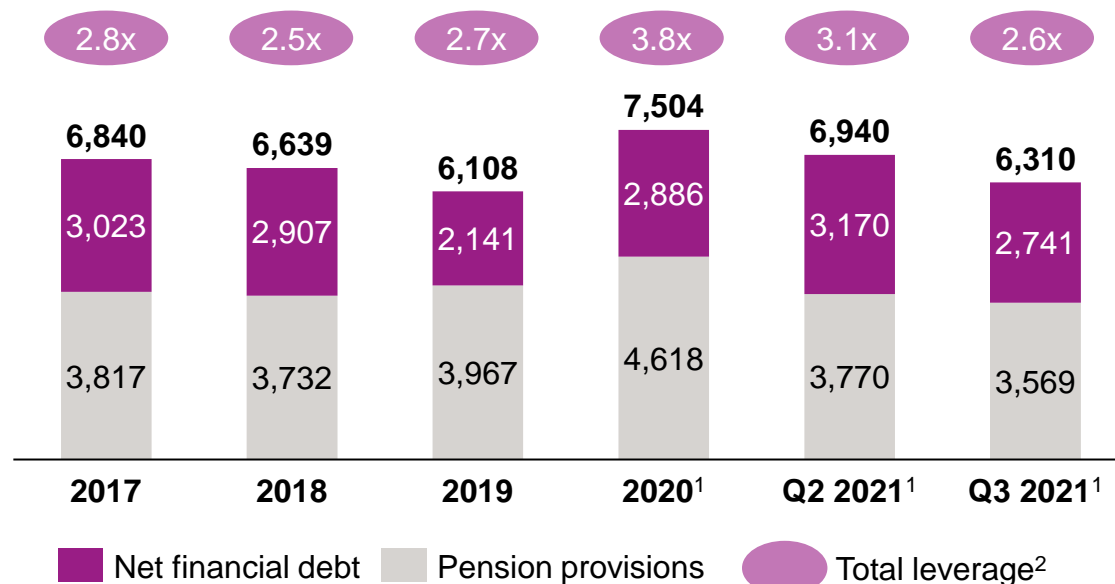
# Net financial debt development Q3 2021

(in € m)



# Development of debt and leverage over time

(in € m)



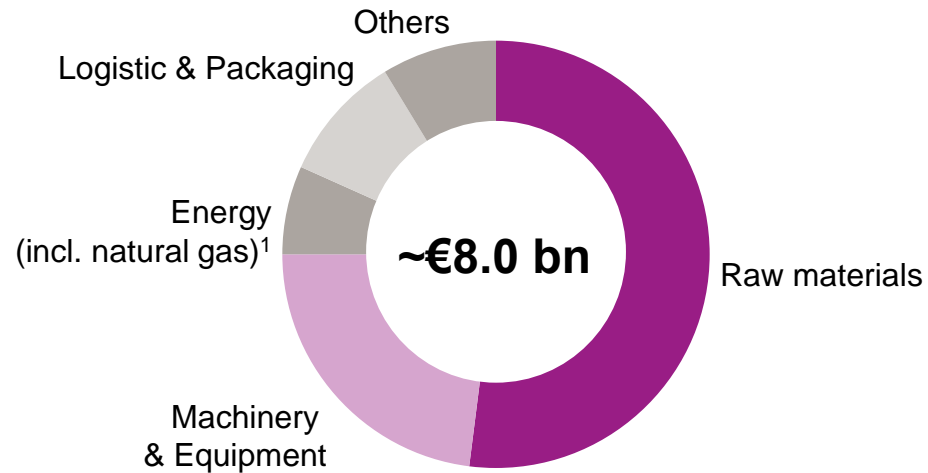
<b>Adj. net debt<sup>3</sup></b>	6,590	6,389	5,858 <sup>1</sup>	7,254 <sup>1</sup>	6,690 <sup>1</sup>	6,060 <sup>1</sup>
<b>Adj. EBITDA LTM</b>	2,357	2,601	2,153 <sup>1</sup>	1,906 <sup>1</sup>	2,173 <sup>1</sup>	2,299 <sup>1</sup>
<b>German pension discount rate (%)</b>	2.00	2.00	1.30	0.90	1.30	1.40

- Decrease of net financial debt versus end of Q2 mainly due to strong free cash flow
- Low net financial debt leverage at 1.1x<sup>4</sup>
- Majority of net debt consists of long-dated pension obligations with >18 years duration
- Lower pension provisions from increase of pension discount rates (German pension discount rate increase from 0.9% to 1.4%)
- Pension provisions partly balanced by corresponding deferred tax assets of ~€1.3 bn

1: Continuing operations (excluding methacrylate activities) | 2: Adj. net debt / adj. EBITDA LTM | 3: Net financial debt – 50% hybrid bond + pension provisions | 4: (Net financial debt – 50% hybrid bond) / adj. EBITDA

# Procurement volume split & Breakdown of raw material spend

## Total procurement volume 2020



## Breakdown of raw material spend<sup>2</sup> (examples)

### Bio

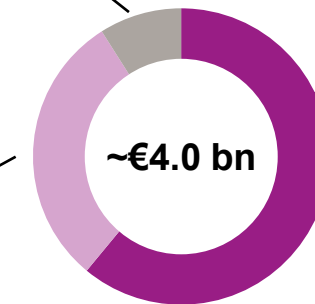
- Dextrose
- Fatty alcohols
- Tallow fatty acid
- Fatty acids
- Tallow

### Inorganics & others

- Sodium silicate
- Sodium hydroxide
- Silicon metal

### Fossil

- Crack C4
- Propylene
- Acrylic acid
- Acetone
- Methanol



### Specialty Additives

Acetone  
Ammonia  
Fatty Alcohol

### Nutrition & Care

Propylene  
Methanol  
Dextrose

### Smart Materials

Sodium Silicate  
Silicone Metal  
Sodium Hydroxide

### Performance Materials

Crack C4  
Propylene  
Acrylic Acid

1. Gross energy bill, not considering the selling to external parties | 2. Raw material spend ~50% of total procurement volume in 2020



# Adjusted income statement Q3 2021

in € m	Q3 2020	Q3 2021	Δ in %
<b>Sales</b>	<b>2,917</b>	<b>3,871</b>	<b>+33</b>
<b>Adj. EBITDA</b>	<b>519</b>	<b>645</b>	<b>+24</b>
Depreciation & amortization	-250	-258	
<b>Adj. EBIT</b>	<b>269</b>	<b>387</b>	<b>+44</b>
Adj. net financial result	-34	-37	
D&A on intangible assets	38	37	
<b>Adj. income before income taxes</b>	<b>273</b>	<b>387</b>	<b>+42</b>
Adj. income tax	-84	-113	
<b>Adj. income after taxes</b>	<b>189</b>	<b>274</b>	<b>+45</b>
Adj. non-controlling interests	-3	-5	
<b>Adj. net income</b>	<b>186</b>	<b>269</b>	<b>+45</b>
<b>Adj. earnings per share</b>	<b>0.40</b>	<b>0.58</b>	<b>+45</b>
Adjustments	-24	-14	

## Adj. net financial result

- Smaller negative effects from value fluctuations of specialty funds

## Adj. tax rate

- FY 2021 expected at ~32% due to anticipated US tax reform and one-time effects
- Q3 with lower adj. tax rate of 29% due to slightly higher tax-free income in Q3

## Adjustments

- Restructuring (-€5 m): related to asset optimization in Animal Nutrition (Wesseling site)
- Acquisitions (-€5 m): integration Porocel and PeroxyChem

# Cash flow statement Q3 2021

in € m	Q3 2020	Q3 2021
Income before financial result and income taxes (EBIT)	245	373
Depreciation and amortization	254	260
Δ Net working capital	-38	-159
Change in provisions for pensions & other post-employment benefits	1	10
Change in other provisions	41	163
Change in miscellaneous assets/liabilities	39	40
Cash outflows from income taxes	12	15
Others	-19	-1
<b>Cash flow from operating activities (continuing ops.)</b>	<b>535</b>	<b>701</b>
Cash outflows for investment in intangible assets, pp&e	-223	-177
<b>FCF</b>	<b>312</b>	<b>524</b>
<b>Cash flow from investing activities (continuing ops.)</b>	<b>38</b>	<b>-315</b>
<b>Cash flow from financing activities (continuing ops.)</b>	<b>-384</b>	<b>-83</b>

## CF from operating activities

- Higher adj. EBIT(DA)
- Clear NWC outflow reflecting higher business activity and increase in raw material prices
- Higher bonus provisions for current year in “other provisions”

## CF from investing activities

- Lower capex, partly caused by logistic and supply constraints at own production sites
- Prior-year including higher inflow due to sale of securities

## CF from financing activities

- Prior-year with later outflow for dividend (50% paid in Q2 and Q3 each)

## Divisional overview by quarter

Sales (in € m)	Q1/19	Q2/19	Q3/19	Q4/19	FY 2019	Q1/20	Q2/20	Q3/20	Q4/20	FY 2020	Q1/21	Q2/21	Q3/21
Specialty Additives	842	867	861	810	3,381	852	747	777	848	3,225	907	922	934
Nutrition & Care	731	719	726	747	2,922	748	742	715	787	2,992	780	838	931
Smart Materials	857	845	833	836	3,371	858	722	790	866	3,235	909	975	1,002
Performance Mat.	677	698	607	652	2,634	584	437	444	517	1,983	580	708	784
T&I/Other	180	177	205	239	800	201	179	191	194	764	182	193	220
<b>Evonik Group</b>	<b>3,287</b>	<b>3,306</b>	<b>3,232</b>	<b>3,284</b>	<b>13,108</b>	<b>3,243</b>	<b>2,827</b>	<b>2,917</b>	<b>3,212</b>	<b>12,199</b>	<b>3,358</b>	<b>3,636</b>	<b>3,871</b>

Adj. EBITDA (in € m)	Q1/19	Q2/19	Q3/19	Q4/19	FY 2019	Q1/20	Q2/20	Q3/20	Q4/20	FY 2020	Q1/21	Q2/21	Q3/21
Specialty Additives	225	226	232	203	886	239	202	214	201	857	273	242	224
Nutrition & Care	113	121	119	109	462	118	168	140	133	560	143	183	192
Smart Materials	162	164	157	168	651	166	102	137	124	529	173	176	177
Performance Mat.	63	84	49	53	248	18	12	28	30	88	42	99	97
T&I/Other	-24	-29	-14	-28	-94	-28	-28	0	-70	-128	-43	-51	-45
<b>Evonik Group</b>	<b>539</b>	<b>566</b>	<b>543</b>	<b>505</b>	<b>2,153</b>	<b>513</b>	<b>456</b>	<b>519</b>	<b>418</b>	<b>1,906</b>	<b>588</b>	<b>649</b>	<b>645</b>

# Upcoming IR events

Conferences & Roadshows	
<b>November 8<sup>th</sup></b>	Virtual Roadshow, Frankfurt (Stifel)
<b>November 9<sup>th</sup></b>	Virtual Roadshow, London (Exane)
<b>November 10<sup>th</sup></b>	Virtual European Conference (UBS)
<b>November 11<sup>th</sup></b>	Virtual Chemicals Conference, Boston (Morgan Stanley)
<b>November 15<sup>th</sup></b>	Virtual Sustainability in CPG Event (Morgan Stanley)
<b>November 30<sup>th</sup></b>	Virtual Materials & Infrastructure Conference (BofA)
<b>December 2<sup>nd</sup></b>	Virtual Premium Review, Paris (Société Générale)
<b>December 6<sup>th</sup></b>	European Conference, Pennyhill (Berenberg)

Upcoming Events & Reporting Dates	
<b>March 3<sup>rd</sup>, 2022</b>	Q4 2021 reporting
<b>May 6<sup>th</sup>, 2022</b>	Q1 2022 reporting
<b>August 3<sup>rd</sup>, 2022</b>	Q2 2022 reporting
<b>November 8<sup>th</sup>, 2022</b>	Q3 2022 reporting

# Evonik Investor Relations team

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