

Next Generation Evonik

Capital Markets Day
May 11, 2022

Christian Kullmann, CEO

Part 1: Strategy & Portfolio



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1. **Current challenges in the European Chemicals Industry**
2. “Next Generation Evonik”
3. “Next Generation Portfolio”

Evonik-specific drivers supporting strong Q1 performance

Adj. EBITDA of €735 m (+25% yoy) clearly above expectations

Drivers of strong Q1 performance: Nutrition & Care with 9th quarter of resilient yoy growth;
Performance Materials working as natural hedge against higher oil prices

Positive effect from own price increases further ramping up (>€750 m after ~€600 m in Q4 2021),
again **overcompensating variable cost increases on Group level**

FCF (€133 m) burdened by further outflow in NWC
as a result of continued cost inflation and higher safety stock levels to prepare for potential supply chain challenges

Outlook of adj. EBITDA between €2.5 and 2.6 bn **confirmed**

Managing through the current challenges...

FY outlook confirmed

Raw material prices

... managed well

- Higher variable costs successfully compensated via own price increases in each of the last five quarters

Outlook:

- Further price increases necessary and in implementation for the next quarters

Supply chain

... closely monitored

- Tight supply chains and raw material markets still putting limitations on sales potential

Outlook:

- China lockdown puts further stress on local & global supply chains

Energy ... fully hedged for FY 2022

- Flexibility from extending coal-fired power plant in Marl
- Low risk, high visibility for energy costs in 2022 (95% hedged)

Outlook:

- Continued gas supply critical for European Chemicals industry and Evonik

Demand ... holding up well

- Healthy demand in Q1
- No slowdown in demand or order books visible yet

Outlook:

- Outlook for FY 2022 confirmed, even assuming macro slowdown in H2

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1. Current challenges in the European Chemicals Industry
- 2. “Next Generation Evonik”**
3. “Next Generation Portfolio”

Successful execution of our transformation over the last four years

Progress on all strategic levers resulting in improving financial performance

~ €2 bn



cyclical sales divested

8.5x EV/EBITDA

Ø margin: ~15%

resilient sales acquired

9.1x EV/EBITDA¹

Ø margin: ~22%

> €200 m

structural cost savings in general administrative expenses

(SG&A program)

5 %

adj. EBITDA CAGR

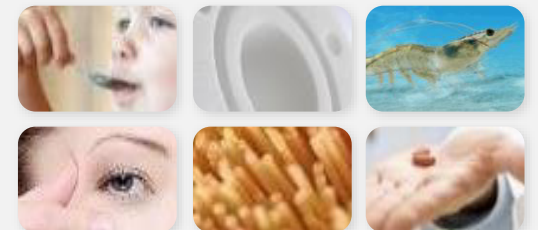
15 %

FCF CAGR

> €500 m

new sales

in six innovation growth fields
with above-average margins



1. incl. synergies

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

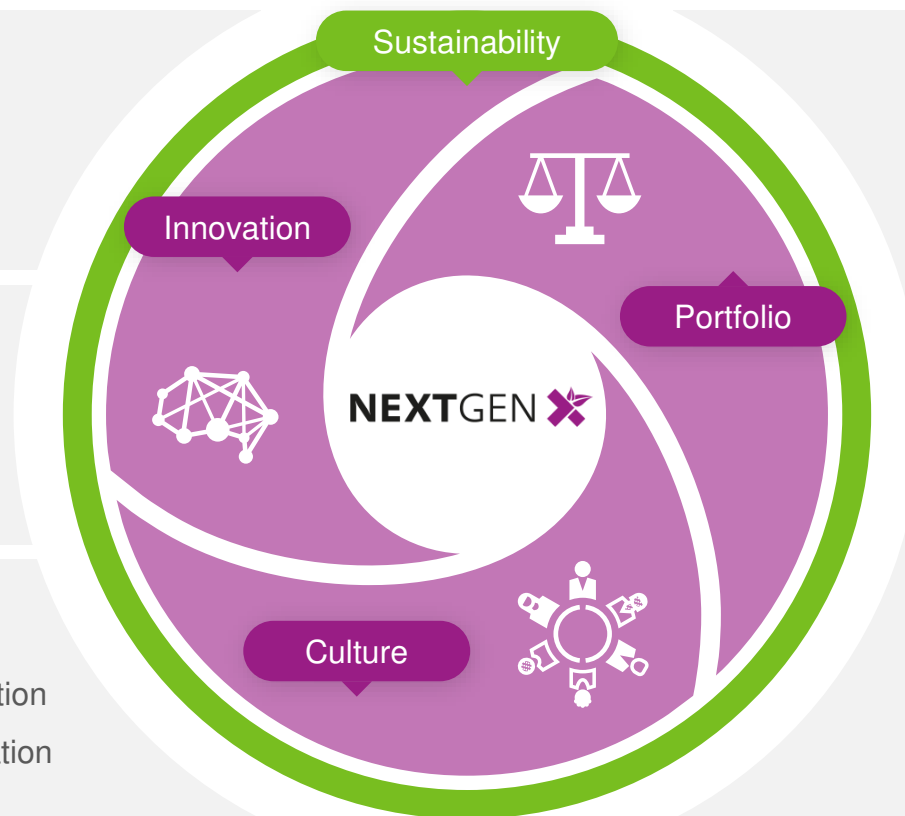
- + Exit Performance Materials
- + Full focus on three attractive growth divisions

Next Generation Innovation

- + €1 bn new sales well on track
- + Growth areas beyond 2025 already launched

Next Generation Culture

- + Diversity as key to successful strategy execution
- + ESG targets integrated into mgmt. compensation



ESG Targets

- + >50% sales share of **NEXTGEN Solutions** ✦
- + -25% CO₂ emission reduction, e.g. via **NEXTGEN Technologies** ✦

Financial Targets

- + Organic growth >4%
- + EBITDA margin 18-20%
- + ROCE ~11%
- + FCF Conversion >40%

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- 3. “Next Generation Portfolio”**



Portfolio: Evonik well equipped as “Enabler of Sustainable Change”

Portfolio circled around our four “Sustainability Focus Areas”





Portfolio: Exit of Performance Materials in execution

Transformation for all three business lines ongoing

Superabsorber



~ €700 m sales¹

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

Functional Solutions



~ €450 m sales¹

- 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 sales¹

- 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



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)



Full focus on three attractive growth divisions

Investments in R&D, organic & inorganic growth

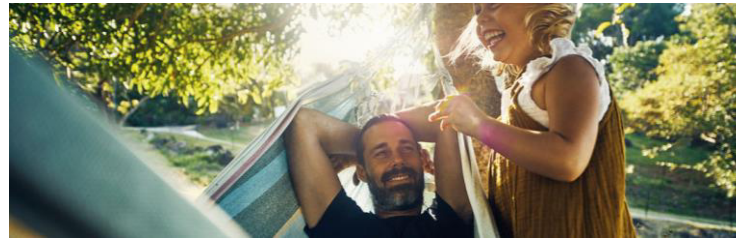
Specialty Additives



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

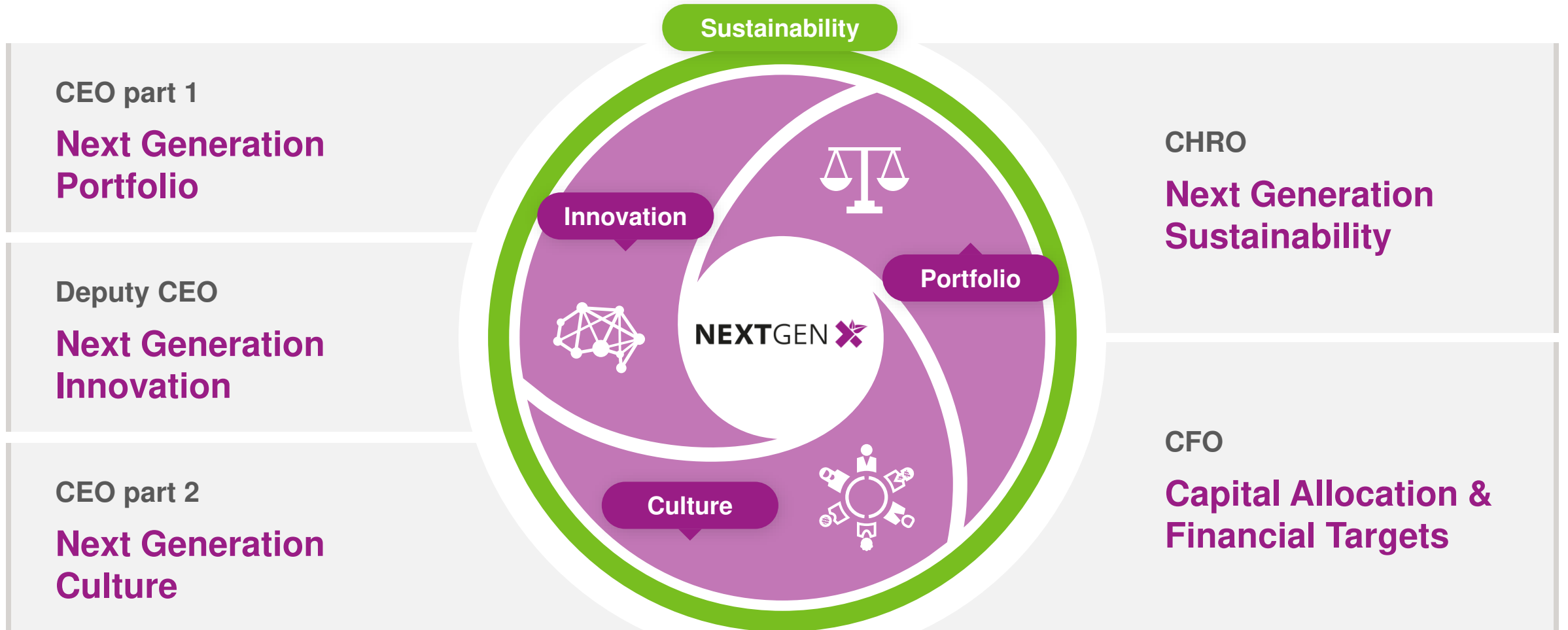
- Modular investments into **capacity expansion for gas-filtering membranes** (~€50 m)
- Breakthrough of electrolytic production of green hydrogen via **DURAION® AEM membranes**

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)

“Next Generation Evonik”

Agenda for today’s presentations



Enabling sustainable growth through innovation

Capital Markets Day
May 11, 2022

Harald Schwager, Deputy CEO

Next Generation Innovation



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- 1. RD&I Strategy**
2. Operational innovation
3. Long-term innovation

EVONIK PURPOSE

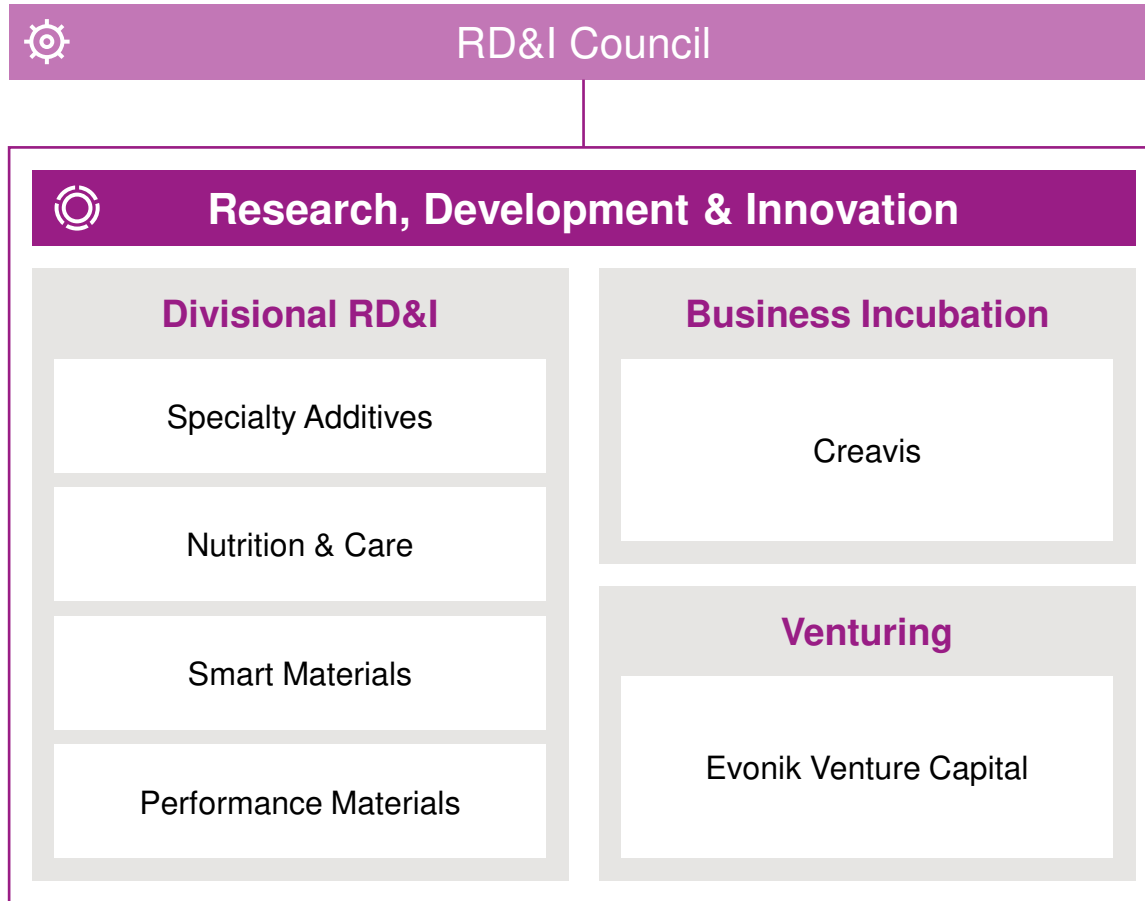
Leading beyond
chemistry to
improve life,
today and
tomorrow

RD&I particularly
contributes to the
“**beyond**” and
“**tomorrow**” –
by pioneering
sustainable
solutions

RD&I MISSION

Delivering
innovative
solutions by
combining
technology and
business
to promote
sustainable growth

RD&I steers innovation based on clear alignment and 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 is fully integrated into innovation portfolio steering

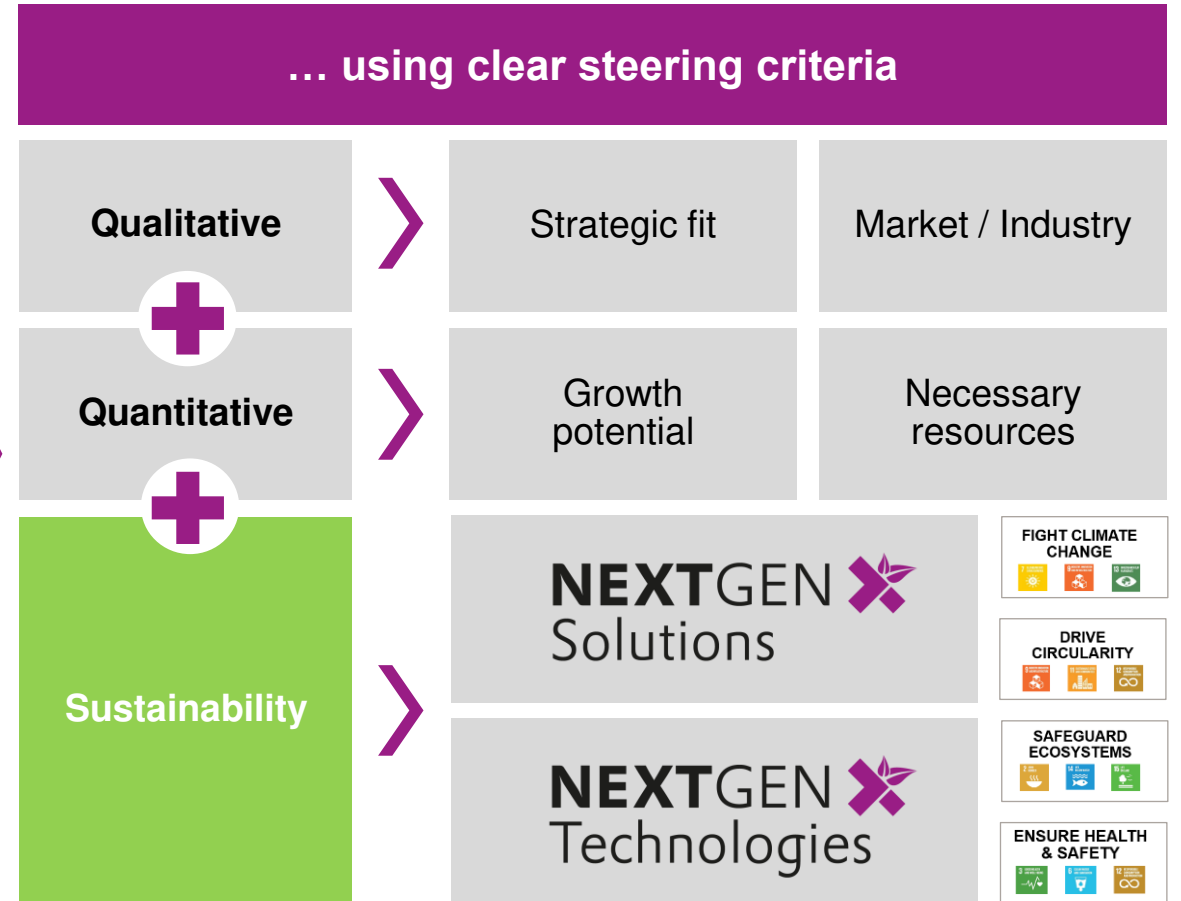
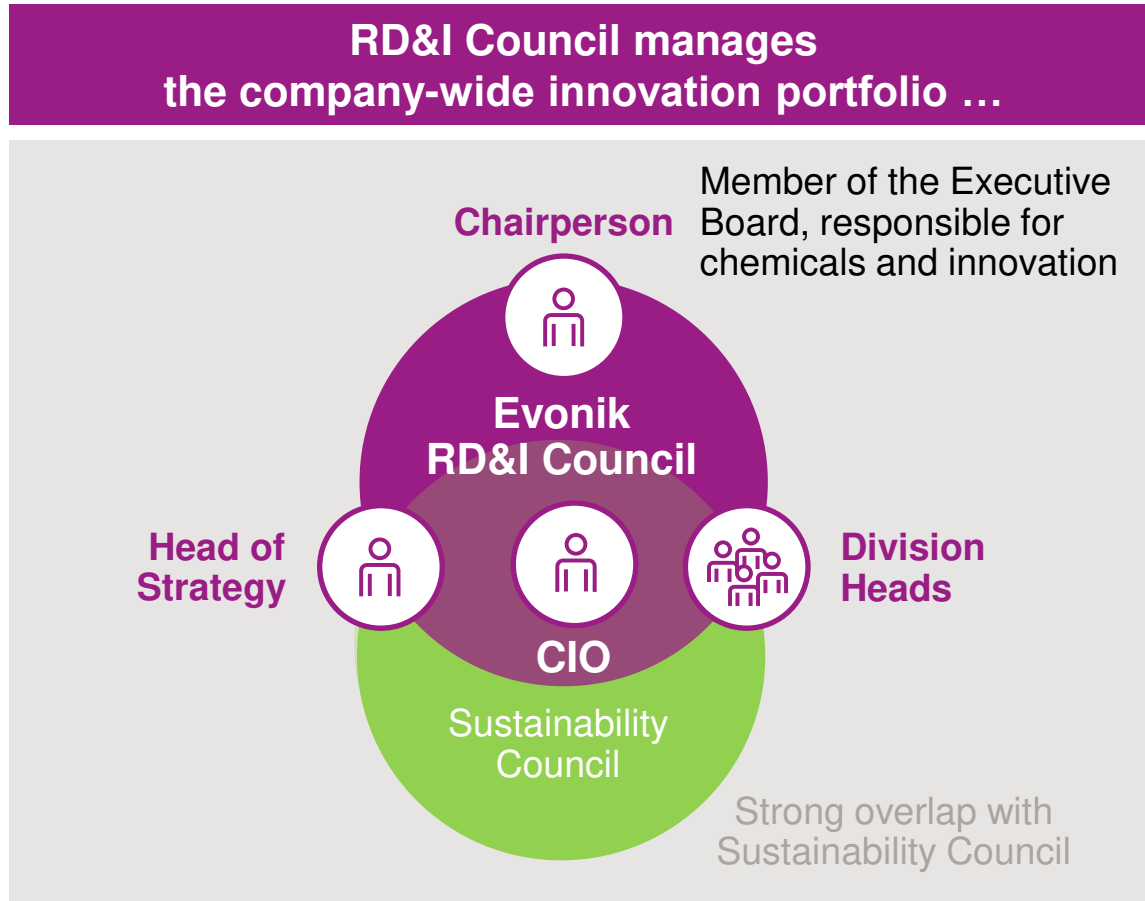


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1. RD&I Strategy
- 2. Operational innovation**
 - **Product innovation**
 - Process innovation
3. Long-term innovation

Innovation Growth Fields on track to achieve target of >€1 bn sales

Innovation Growth Fields



Advanced Food
Ingredients



Additive
Manufacturing



Sustainable
Nutrition



Cosmetic
Solutions



Membranes



Sustainable
Nutrition

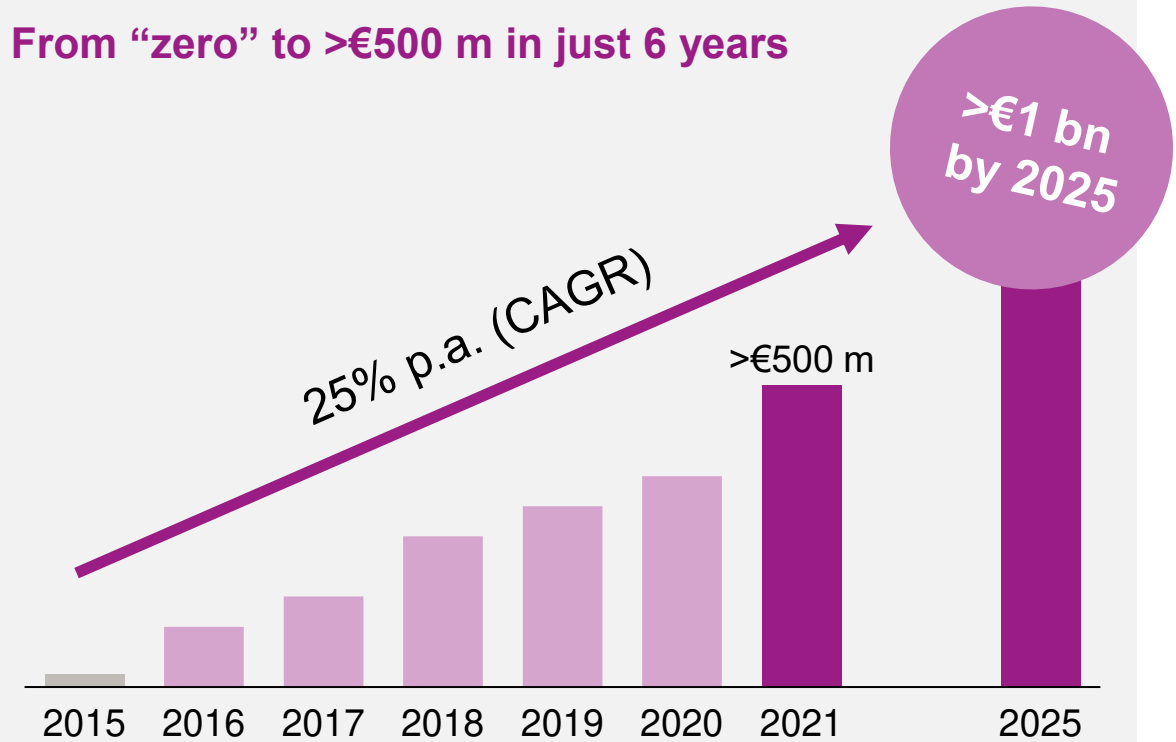


Sizeable sales base established in all
growth fields

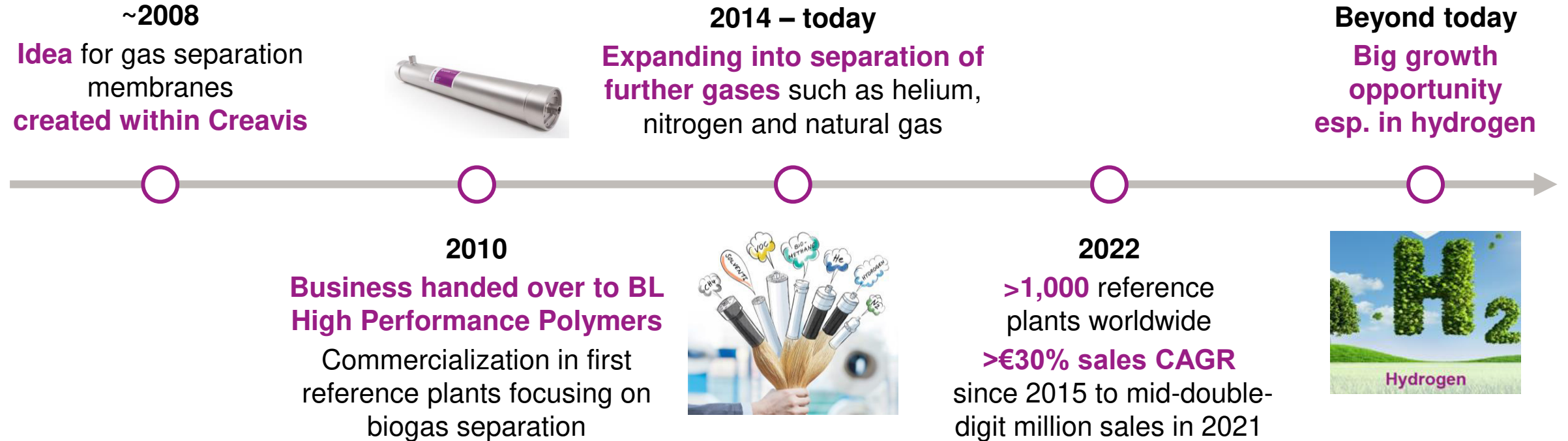
Above-average margin contribution

Sales contribution Innovation Growth Fields

From “zero” to >€500 m in just 6 years



Innovation Growth Field “Membranes” as blueprint for future innovation



Continuous RD&I efforts to improve product characteristics and scope of application

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1. RD&I Strategy

2. Operational innovation

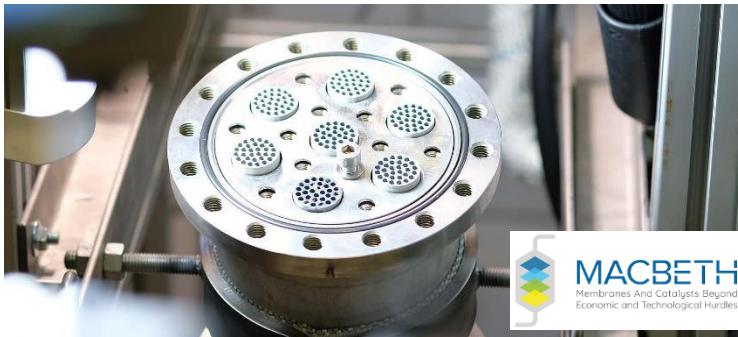
– Product innovation

– **Process innovation**

3. Long-term innovation

Driving sustainability through process innovation in new technologies

Breakthrough technology – Catalytic membrane reactors



- Development of two-in-one reactor: **Efficient catalytic reactor technology** and **sustainable downstream** processing
- Demonstration of **CO₂ saving** potentials (up to 35%) and increase in **energy efficiency** (up to 70%)
- **New business opportunities** by technology enabled alternative reaction pathways

SAM 3D – Disruptive digital design for sustainable processes



- **New generation of reactors** designed to drive decarbonization
- Perfectly adjusted reactor geometries by **simulations, additive manufacturing and AI** for production accurate to the molecule
- **Minimized emissions & energy costs** in tailored reactors with enhanced process control

New solvolysis process for PET recycling



- Development of **sustainable engineering packages backed by life cycle assessments**
- **Technology** as building block and differentiating factor **for strategic alliances**
- Enabling **new business for Evonik alkoxides** in chemical recycling of PET

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1. RD&I Strategy
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- 3. Long-term innovation**
 - **Business Incubation: Creavis**
 - Evonik Venture Capital

Creavis acting as business incubator within Evonik

The Creavis approach ...

Using this approach Creavis pursues **New Business Development** for the **divisions** and the **group**



focuses on **new markets** and **evolving value chains**



focuses on **sustainable system solutions**¹



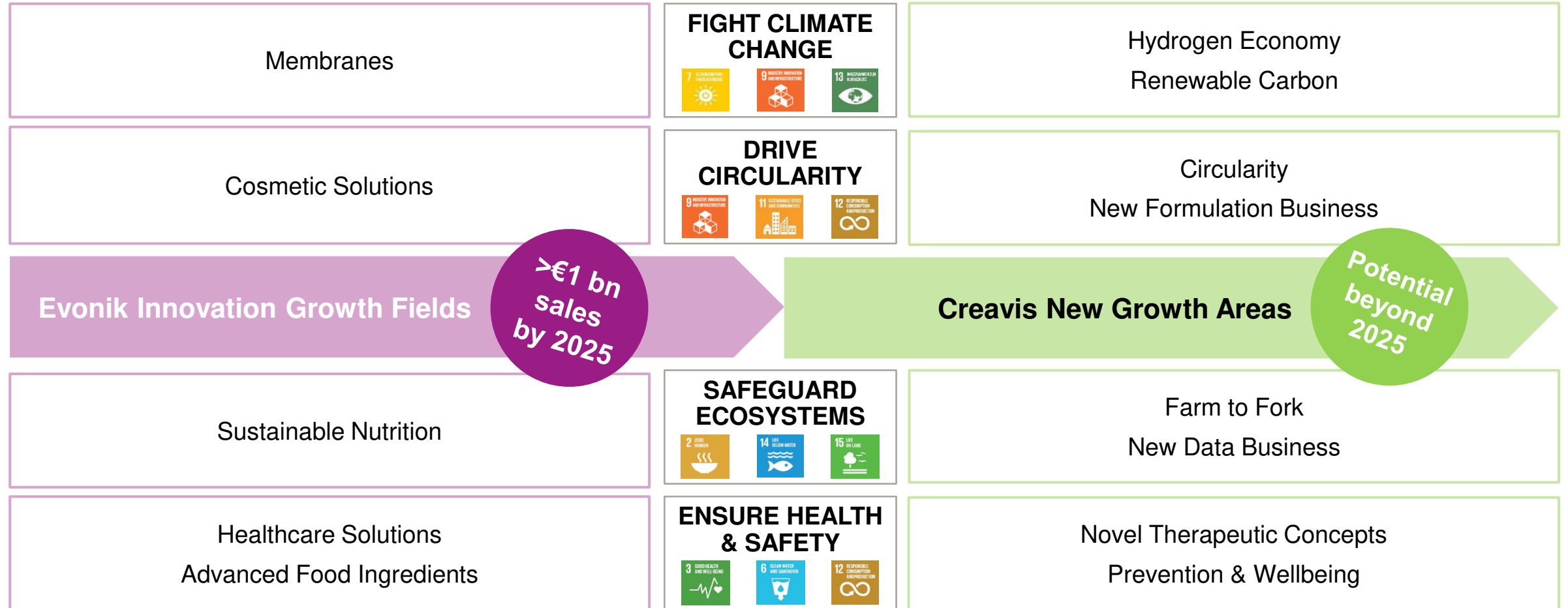
focuses on **commercialization within a 5-10-year time frame**²



is **cross-industry** and **interdisciplinary**

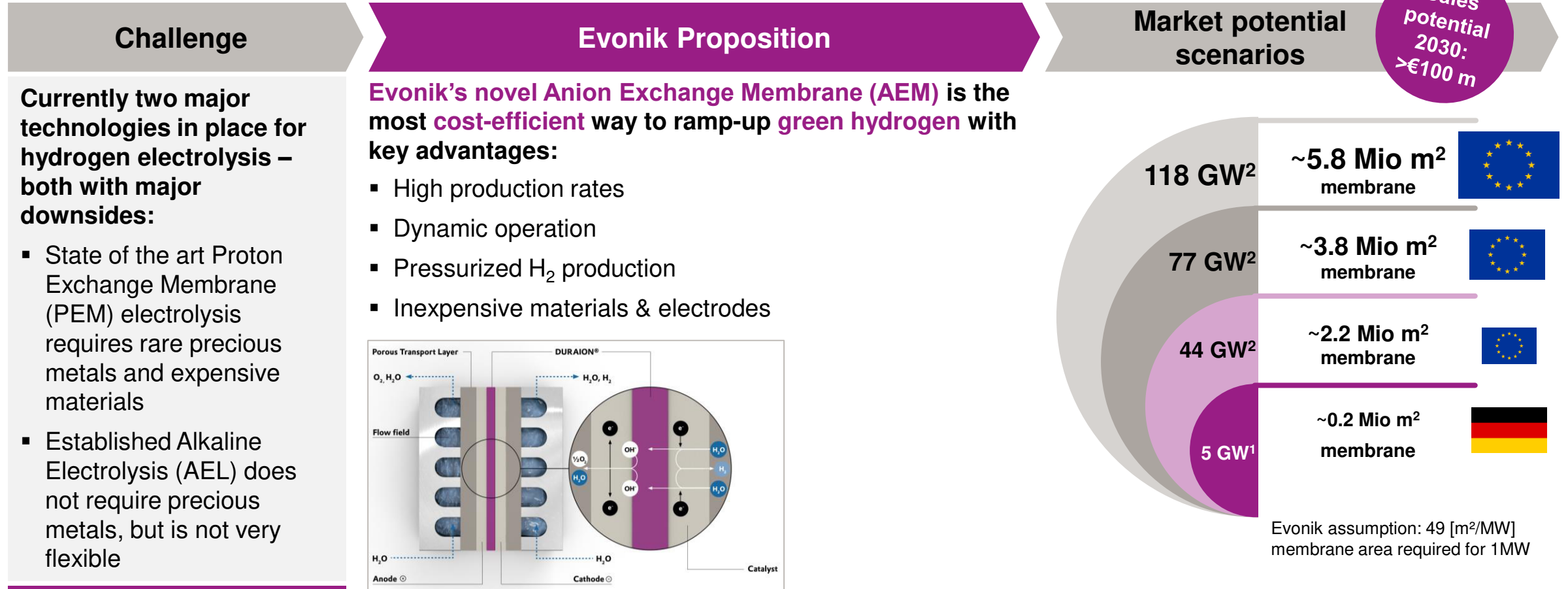
1. Next Generation Solutions (Driver, Leader) according to PARC logic at the time of commercialization 2 After project start

Innovation with clear focus on Sustainability Focus Areas



New Growth Area: Hydrogen Economy

Tapping into a major opportunity with our DURAION® membrane



1. Study IndWEDe– NOW GmbH, 2018 2 Green Hydrogen for a European Green Deal A 2 x 40 GW Initiative, Hydrogen Europe; Translation with internal assumptions (Creavis)

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1. RD&I Strategy

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– Business Incubation: Creavis

– **Evonik Venture Capital**

Evonik Venture Capital enables access to technology leaders globally

- Investments in global innovation leaders with **disruptive technologies and business models**
- High relevance for Evonik portfolio – aim to **support and accelerate the growth** of Evonik

€250 m

designated funds

46

investments to date

7

exits to date

>2x

financial returns¹

Integration into business

Structured Polymers (US)

- Formulations and Materials for 3D-Printing
- Acquisition by Division Smart Materials in 2018

JeNaCell (DE)

- Nature identical biomaterials
- Acquisition by Division Nutrition & Care in 2021

Value creating exit

FRX Polymers (US)

- IPO in May 2022

- Cooperation with Division Specialty Additives

¹ Based on capital invested

Evonik Sustainability Tech Fund

for investments in technologies towards carbon neutrality

New
Venture Capital fund
with volume of
€150 m

Start in
May 2022

Investments made with the primary objective to achieve CO₂ mitigation by reducing and removing emissions and foster carbon sequestrations

Drive
Circularity

Feedstock Switch
and Substitution

Future Mobility

Hydrogen
Economy

Renewable
Carbon

Clean
Energy Production

Enabling sustainable growth through innovation

Our new RD&I organization enables clear alignment across divisions and functions – ensuring **consistency and efficiency**

Sustainability is fully integrated into innovation portfolio steering – aiming at both handprint and footprint optimization

Innovation Growth Fields on track to achieve target of **>€1 bn sales in 2025**

Creavis focused on potential beyond 2025 – aligned with our four Sustainability Focus Areas

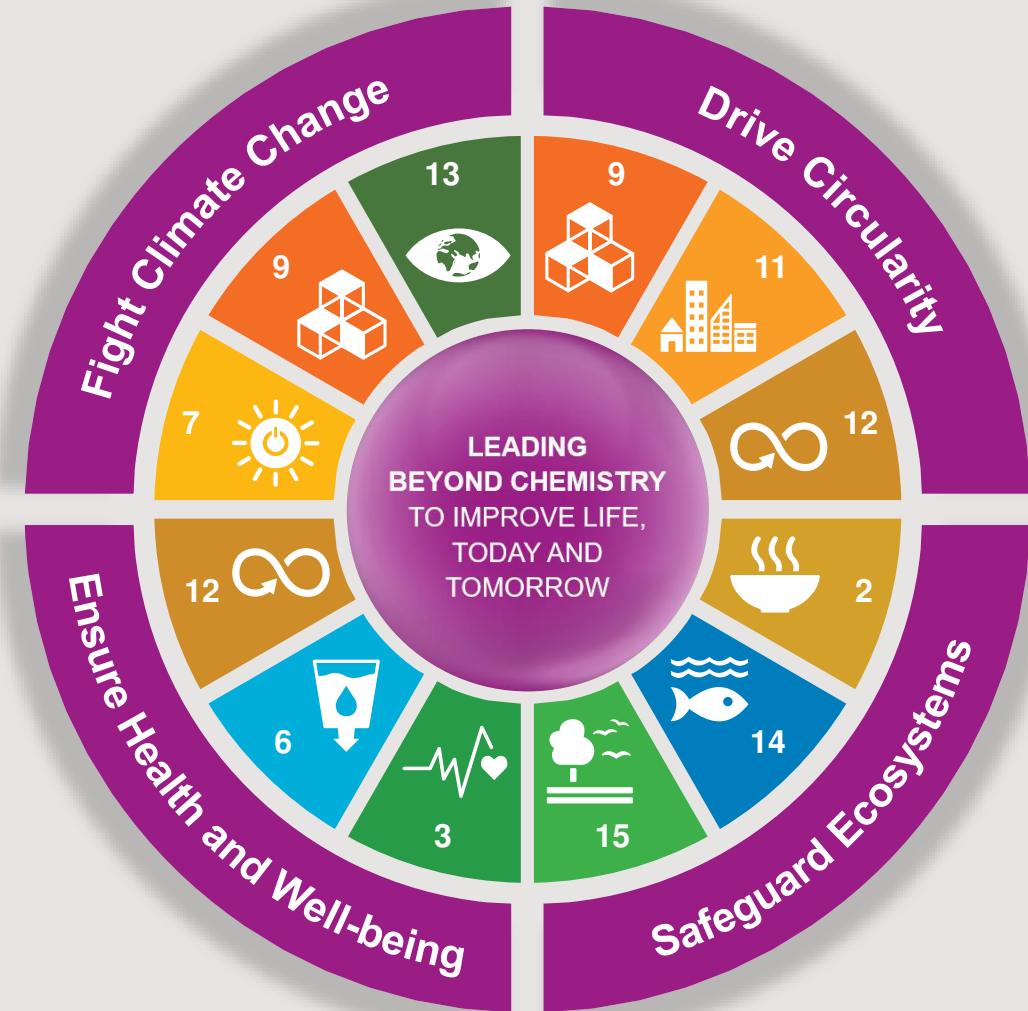
New **Sustainability Tech Fund** to capture business opportunities and position Evonik as sustainability leader

To improve life, today and tomorrow.

Capital Markets Day
May 11, 2022

Thomas Wessel, CHRO

Next Generation Sustainability



Sustainability as backbone of Evonik's purpose and strategy

Setting the frame

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**



Sustainability as backbone of Evonik's purpose and strategy

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1. Full integration into Strategic Management Process



2. Increase the portfolio share of products with sustainability benefits



3. Committed to foresighted resource management



4. Setting high standards for governance

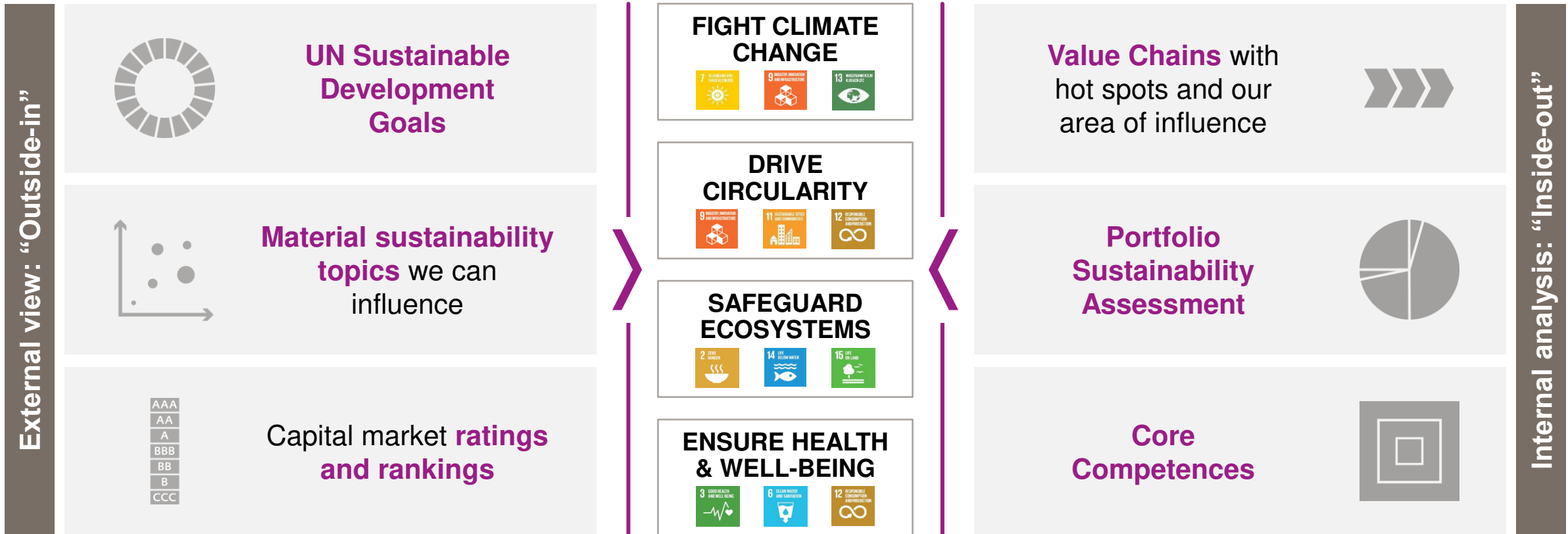


Our Sustainability Focus Areas defining footprint & handprint measures

Result of external views and Evonik portfolio and competencies



Our Sustainability Focus Areas



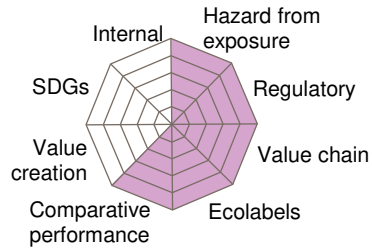
Sustainability fully integrated in corporate strategy

PSA and Emission Data Cube: core tools for strategic management process



“Portfolio Sustainability Analysis” (PSA)

Assessing products vs. market signals

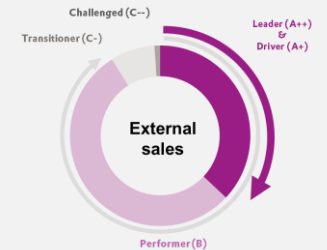


Categorization of product portfolio

- >500 PARC¹s analyzed
- Classification into 5 product sustainability clusters with ranking from C-- to A++

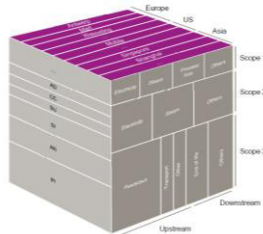
Outcomes for Strategic Management Process

- Portfolio circle with sustainability clusters, to be aligned with strategic roles of product groups
- Portfolio guidelines for product and innovation steering



“Emissions Data Cube” (Evonik GHG summary)

Emissions' analysis



3-dimensional emission data

- By business lines and divisions
- By type: scope 1-3 emissions, up- & downstream
- By site and region

- Targets considered in asset strategy and accounted for in resource planning
- Simulation of scenarios in all dimensions (e.g. portfolio moves, regional choices)

Portfolio management

Innovation management

Capital allocation

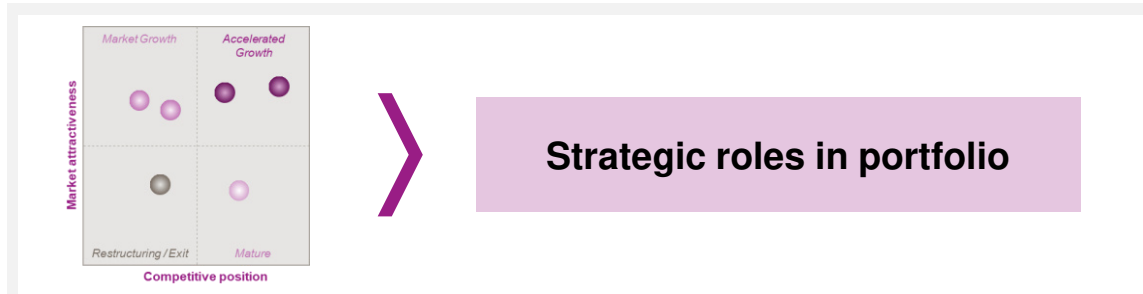
1. PARC: product-application-region combinations

Portfolio management: Adding sustainability as integral dimension

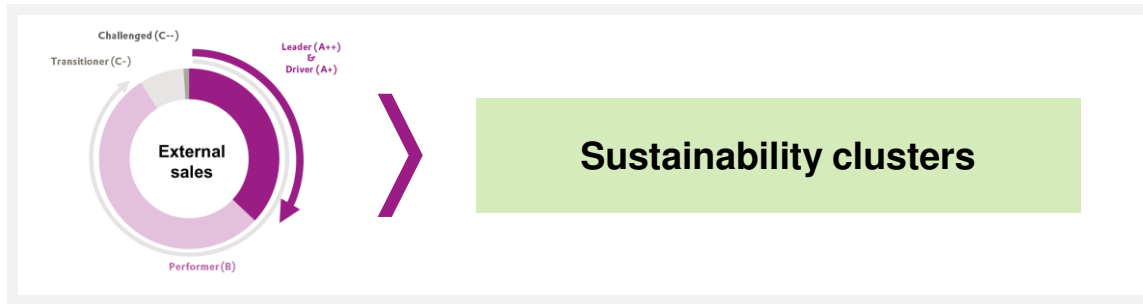
Alignment of sustainability clusters and strategic roles in strategy dialogues



Bringing together two approaches



Traditional strategy matrix + "Portfolio Sustainability Analysis"



To derive new strategic actions

Sustainability clusters	Leader				
	Driver				
	Performer				
	Transitioner				
	Challenged				
		Restructuring	Mature	Market Growth	Accelerated Growth
		Strategic roles in portfolio			

Sustainability as backbone of Evonik's purpose and strategy

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1. Full integration into Strategic Management Process



2. Increase the portfolio share of products with sustainability benefits



3. Committed to foresighted resource management



4. Setting high standards for governance

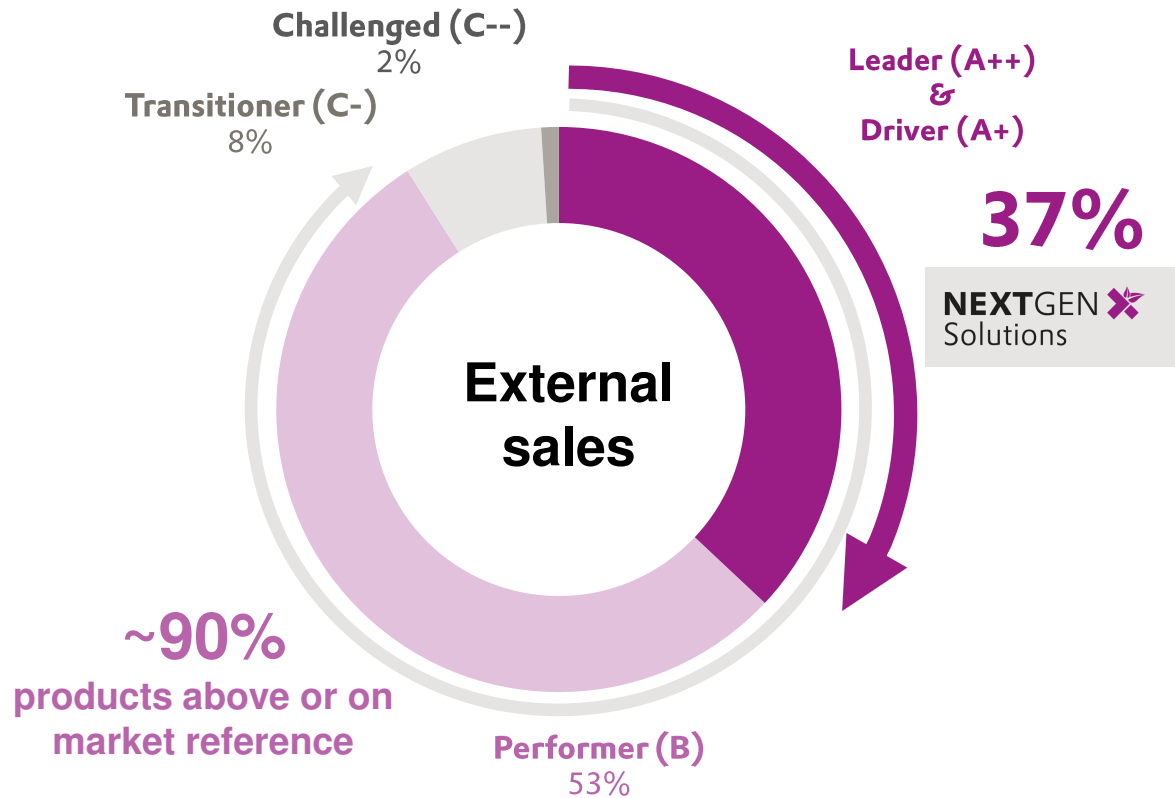


Handprint: “Next Generation Solutions”

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

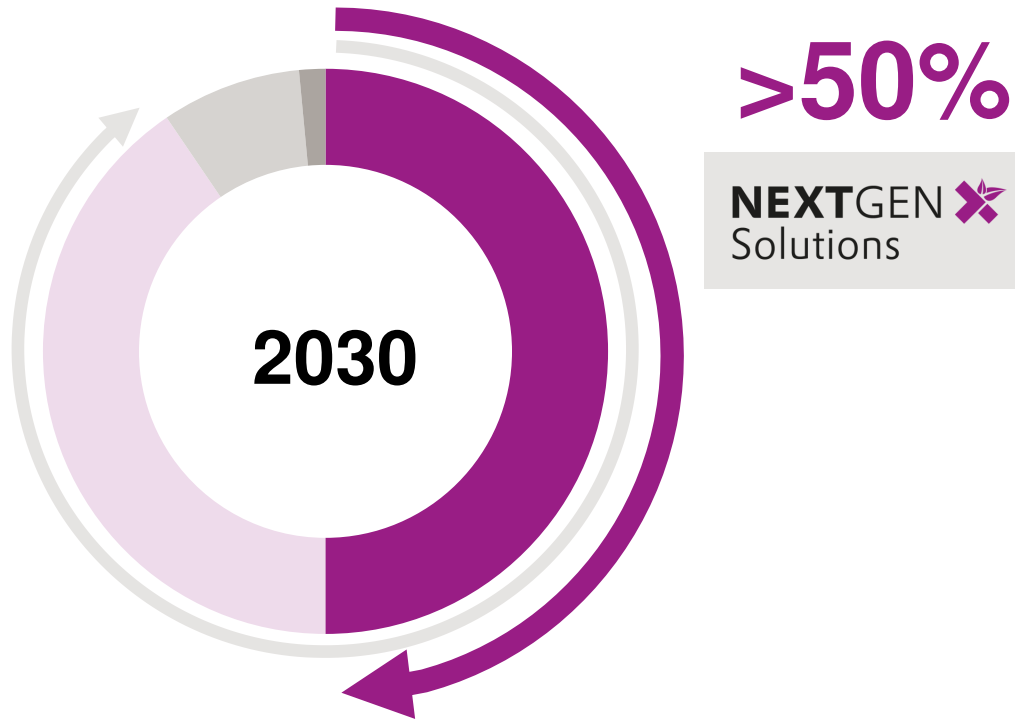
NGS: “Next Generation Solutions” include “Leader” (A++) and “Driver” (A+) products and solutions

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

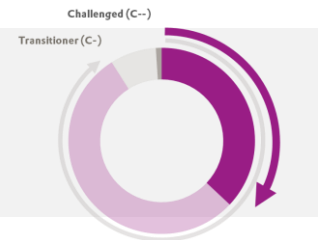
Existing “Next Generation Solutions” with **superior sales growth rates**



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



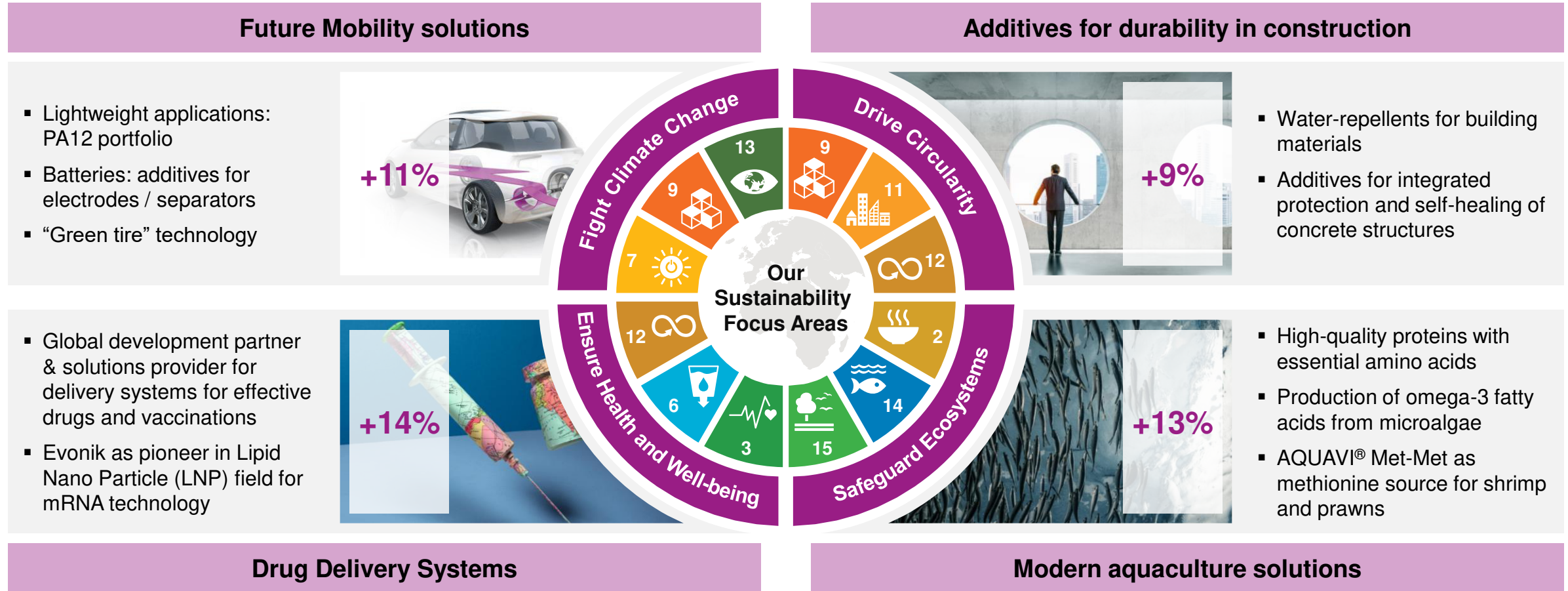
“**Challenged**” and “**Transitioner**” products exiting or with new formulations



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

Above-average growth of existing “Next Generation Solutions”

Selected examples addressing our four Sustainability Focus Areas



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

Sustainability as backbone of Evonik's purpose and strategy

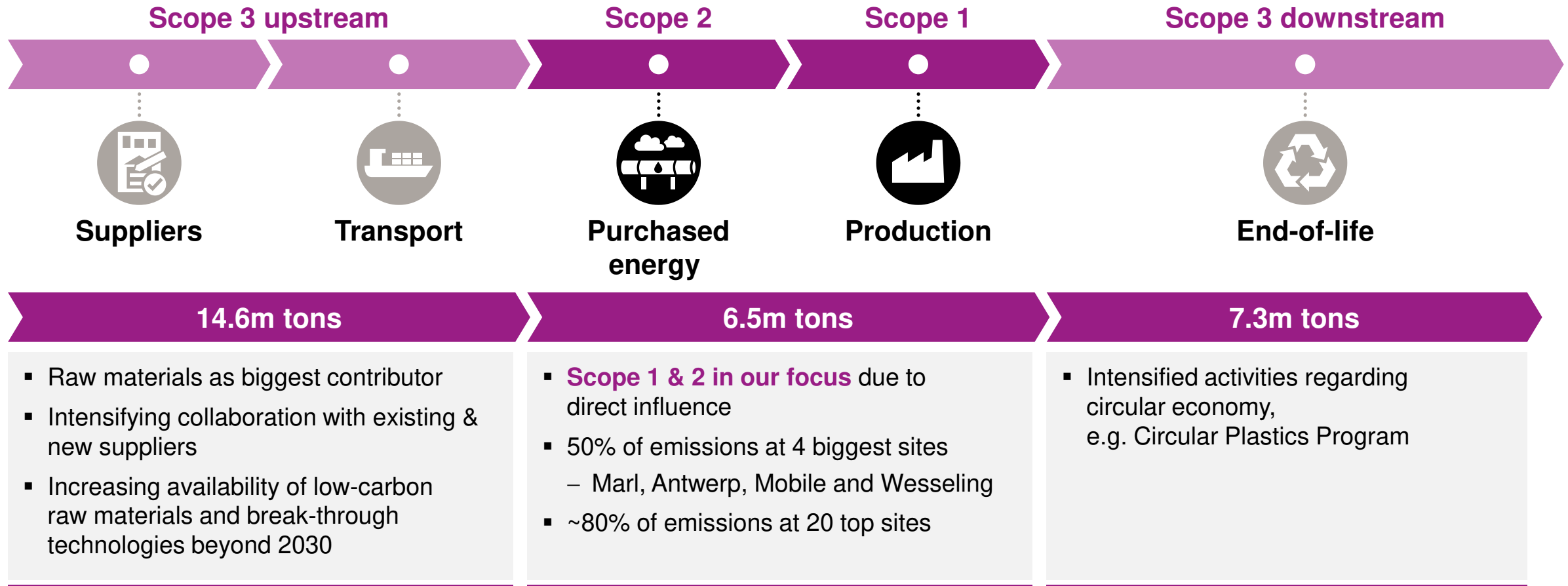
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Footprint: Evonik Carbon Footprint 2021

Focus on Scope 1&2, intensifying efforts on Scope 3



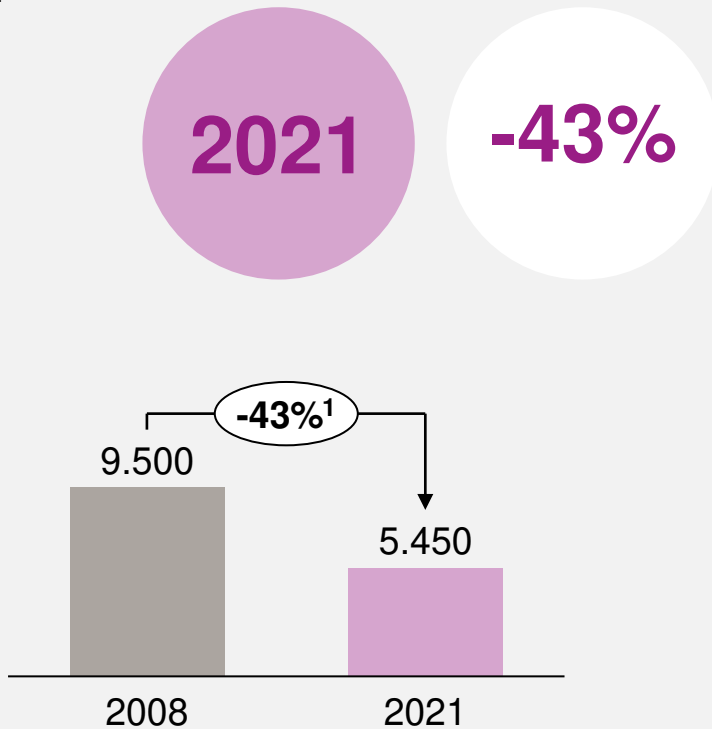
Our commitments to reaching the Paris Climate Agreement

Evonik will be climate neutral by 2050. Committed to SBTi.



Achievements on GHG emissions' reduction

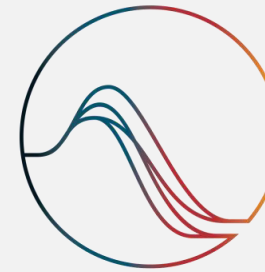
Scope 1&2



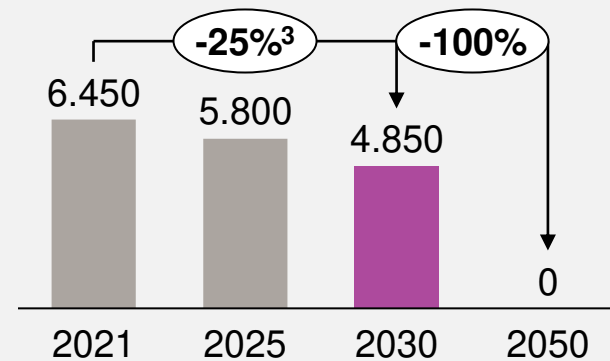
New targets for GHG emissions scope 1&2

Scope 1&2
Well below 2°C²

Scope 3
Committed²



2030 -25%



2050 -100%

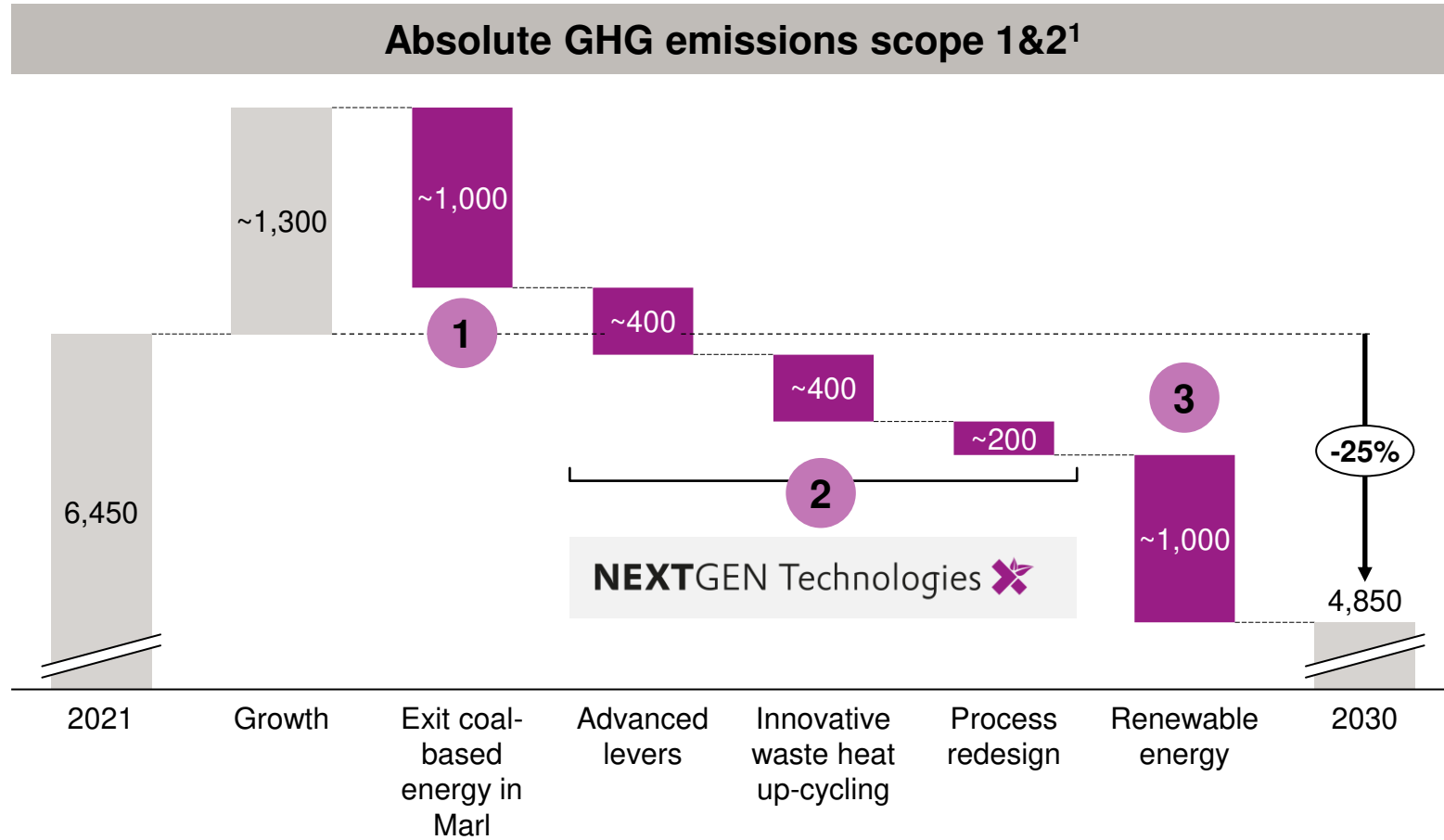
1. Net emissions (= gross emissions minus power and steam sold externally); reference year 2008; on initial -50% target by year 2025

2. Commitment letter signed and handed in for SBTi, 25th April 2022

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

Clear roadmap to achieve Scope 1 & 2 targets by 2030

Three clusters with economically attractive measures defined



Reduction measures

1. Exit coal-based energy in Marl
2. “Next Generation Technologies”
 - a. Advanced levers, e.g. Adv. Process Control
 - b. Innovative waste heat up-cycling, e.g. heat pumps
 - c. Process redesign
3. Renewable energy, e.g. procuring green electricity

1. Gross emissions in kt CO₂e



1 Exit coal-based energy in Marl



Modernization of Evonik's power plant park

Replacement of last coal-fired power plant at Marl Chemical Park by a **flexible combined cycle gas power plant**

Global **scope 1** GHG emissions to be cut **by ~20%**, mainly due to **annual reduction of up to 1 million metric tons CO₂**

Plant expected to come on stream in **Q2 2022**, an additional generating unit scheduled to be connected to the grid shortly thereafter

Total power output of 270 megawatts with an **efficiency exceeding 90%**

Flexibility due to current energy market situation:

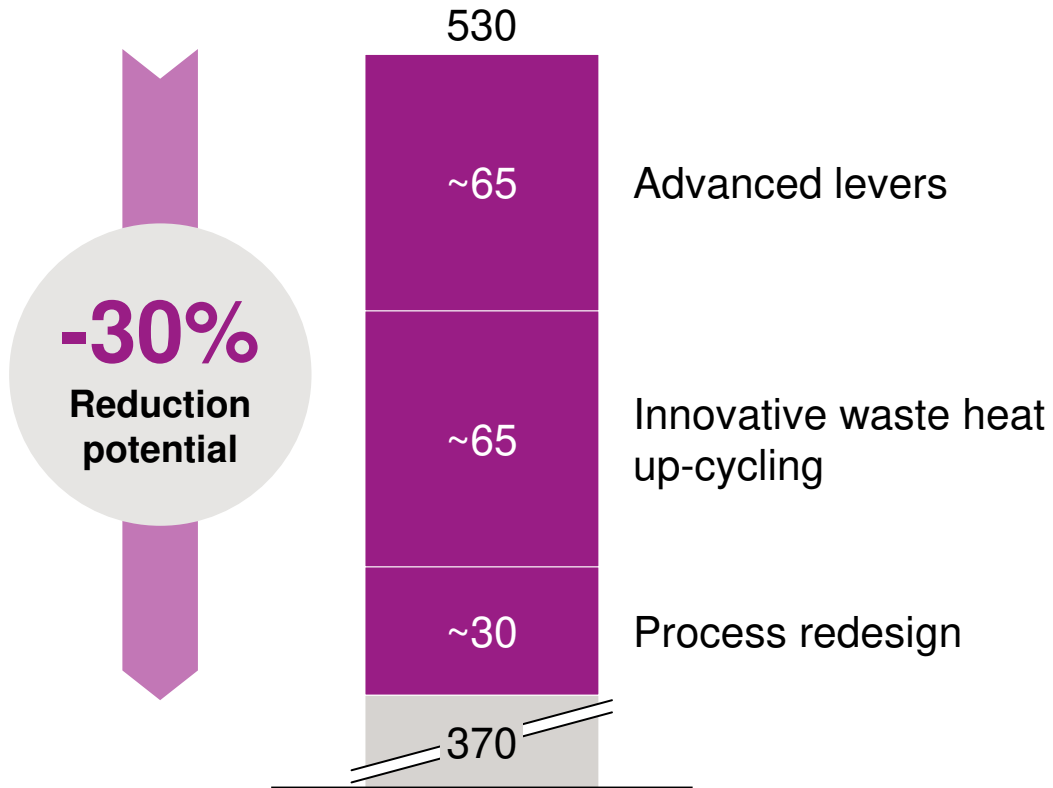
Temporary prolongation of runtime of coal-fired power plant under evaluation in order to increase security of supply, before readopting initial plan to replace coal with gas

2 “Next Generation Technologies”

Example Antwerp as blueprint for other sites



Reduction¹ by economically attractive measures



1. Gross emissions in kt CO₂e

“Next Generation Technologies” (selected examples)

2a

- Advanced Process Control (APC) ensuring production at ideal operating point
- Heat exchangers for improved heat integration

2b

- High temperature heat pumps for valorization of waste heat
- Mechanical vapor recompression

2c

- CO₂ reuse in production processes
- Adaptation of reaction conditions for increased energy efficiency

2 New EAGER program to assess main CO₂ emitting sites

Definition of 2030 implementation plan with reduction measures



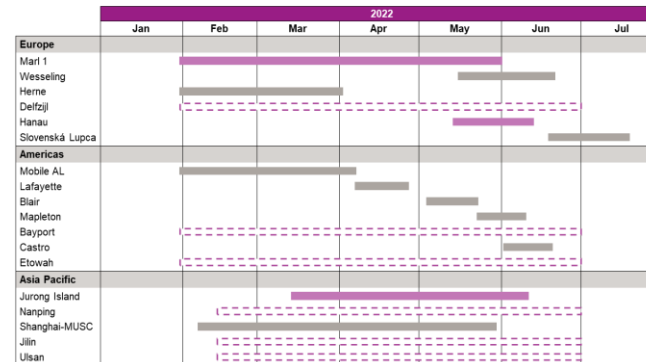
2021: Starting point

- Detailed analysis of options for Antwerp and Rheinfelden sites
- Definition of most important reduction levers with necessary investments
- Blueprint for other sites



2022: On-going

- Project EAGER¹ to develop a clear perspective for top sites to collect and prioritize suitable reduction measures
- New data collection on waste & water



2022-2030

- “Next Generation Technologies” implementation plan ready end of 2022
- Investment into selected projects
- Execution of CO₂ reduction measures

NEXTGEN 
Technologies

IMPLEMENTATION PLAN

1. EAGER: Evonik Assessment of Greenhouse Gas Emission Reduction



3 Renewable energy

Increase share of renewable grid electricity



- Advanced negotiations for first photovoltaic-based PPAs (Power Purchase Agreements)
- Increasing electrification of processes e.g. by heat pumps leading to increasing demand of green electricity

Other renewable energy sources

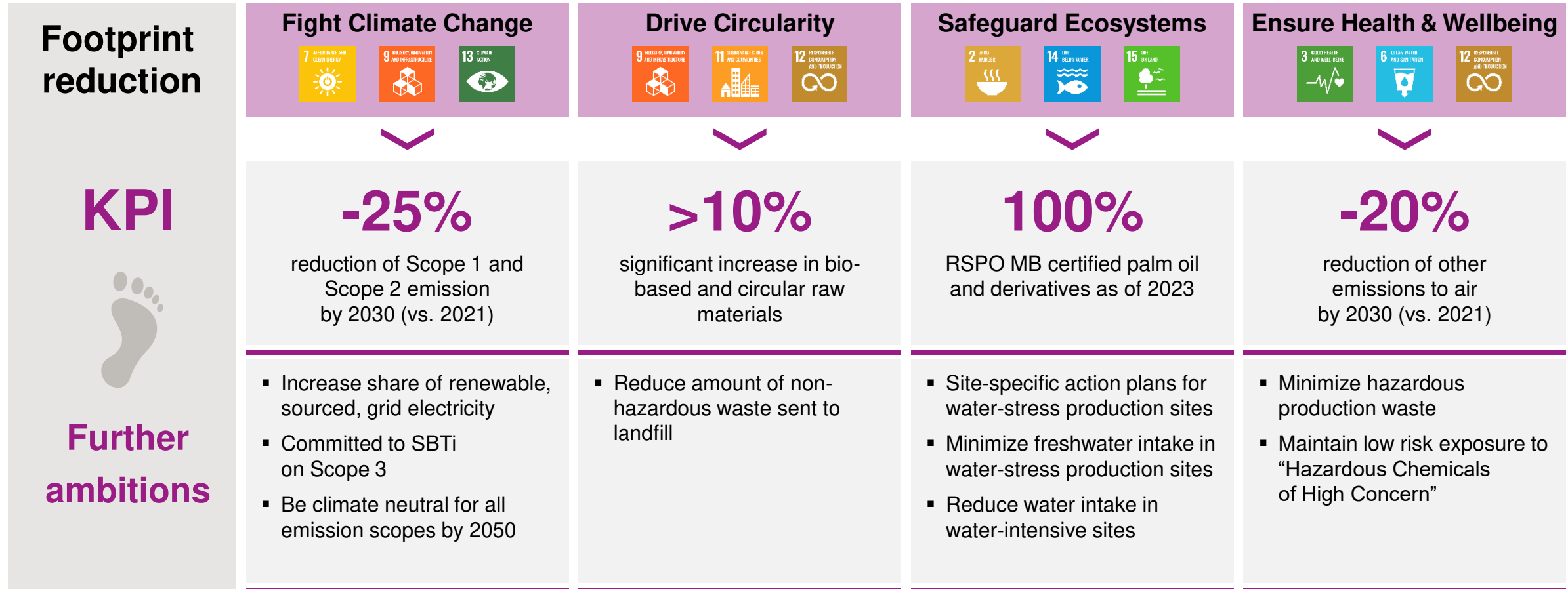
Other options for renewable energy include:

- Biomethane or biomass for self-generation of steam and electricity¹
- Green hydrogen supplementing or replacing natural gas

1. CO₂ reduction occurs in GHG protocol scope 1 or 3, dependent on selected accounting methodology (incl. or excl. biogenic carbon removals and emissions)

Reducing our footprint in all our sustainability focus areas

Measurable set of KPIs in place, more to come with EAGER results



1. RSPO MB: Roundtable on Sustainable Palm Oil Mass Balance

Sustainability as backbone of Evonik's purpose and strategy

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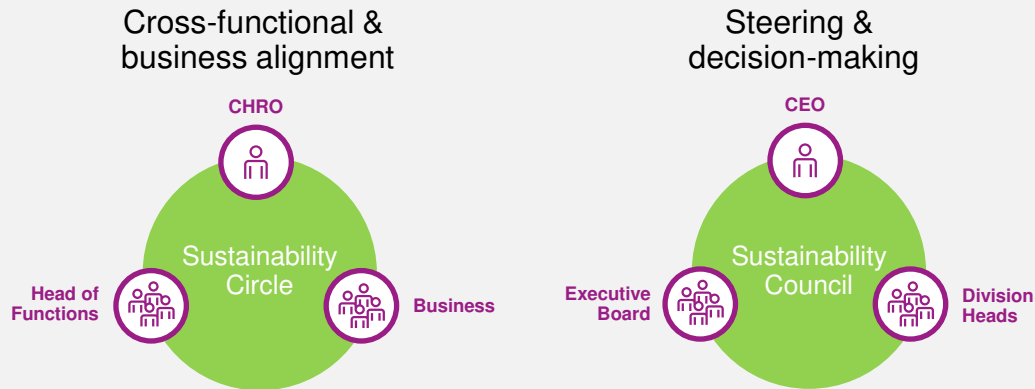
Complementing the governance on ESG

Reflected in organizational set-up and remuneration



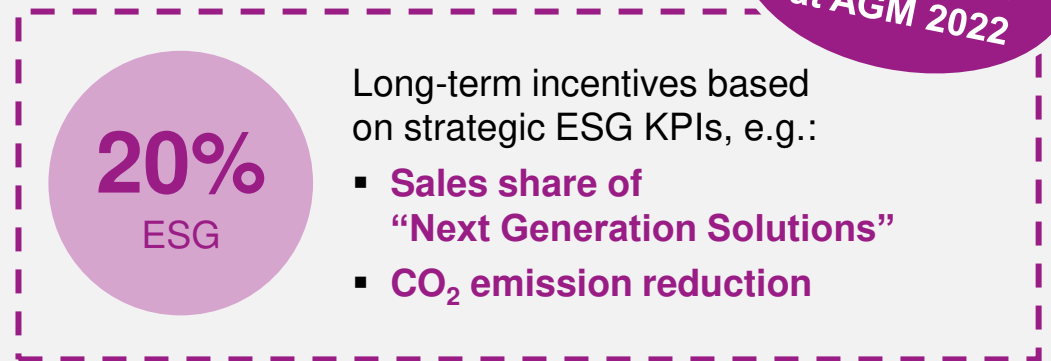
Clear responsibilities

- **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



Sustainability strategy - Key take-aways

To improve life, today and tomorrow.

Sustainability is an **integral part of our purpose** – four focus areas as guiding principle for Evonik

Sustainability is fully integrated into strategic management processes: portfolio & innovation steering, capital allocation

Handprint: increase NGS¹ sales share to **>50% by 2030**

Footprint: reduce CO₂ emissions by **25% by 2030²**

Complementing **ESG governance**

NEXTGEN ✦
Solutions

>50%



-25%

1. NGS: "Next Generation Solutions"

2. Commitment letter signed and handed in for SBTi, 25th April 2022, gross emissions reduction with reference year 2021, target year 2030

Financial Ambition

.....

Capital Markets Day
May 11, 2022

Ute Wolf, CFO

Capital Allocation & Financial Targets



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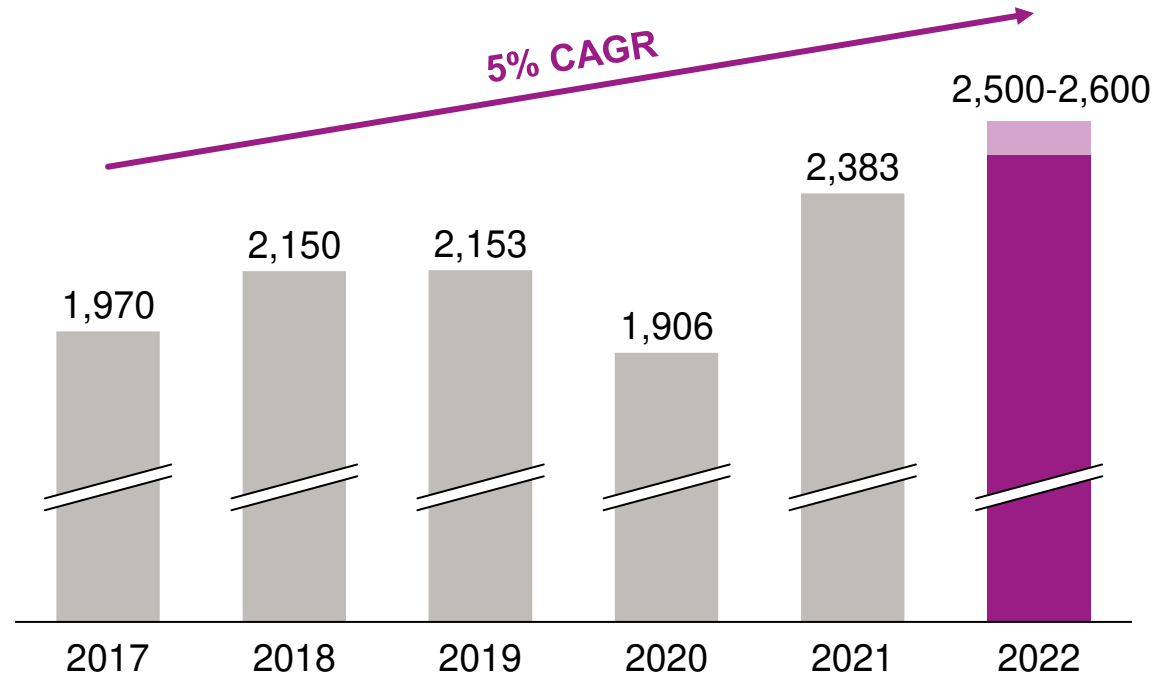
1. Capital Allocation

2. Financial Targets

We are consistently and reliably growing EBITDA and Free Cash Flow

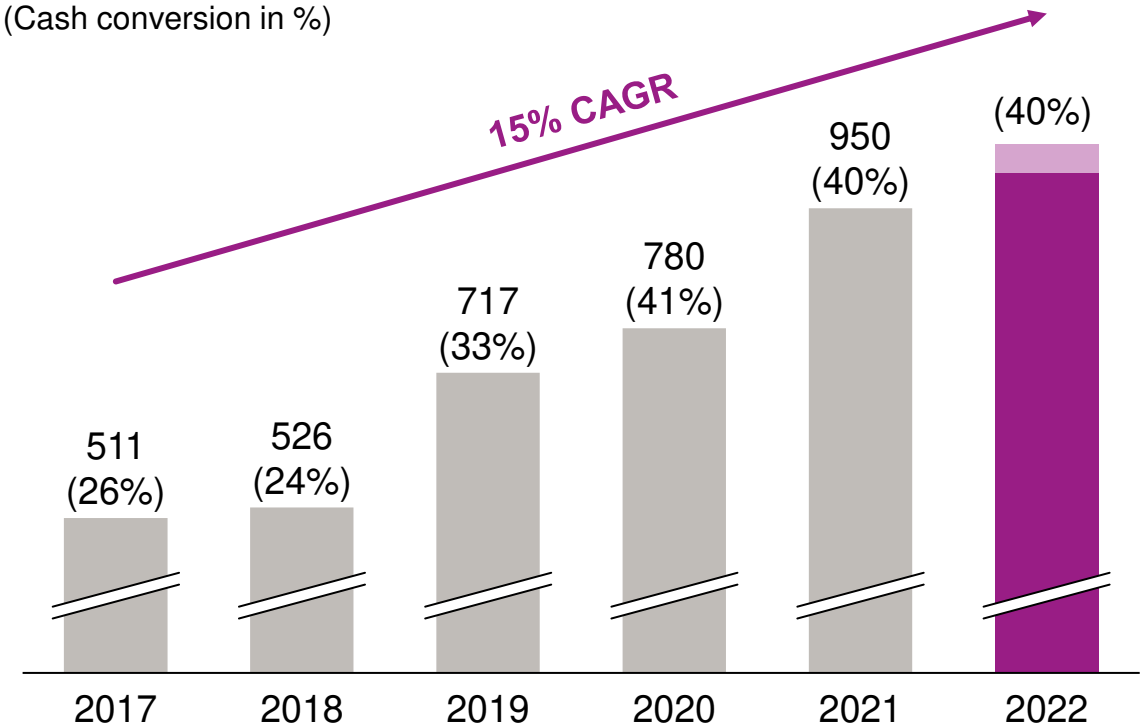
Strong earnings growth ...

Adj. EBITDA in € m



... is translating into even faster FCF growth

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



Cash flow and divestment proceeds drive our green portfolio transformation

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

**Growth
capex for¹**

NEXTGEN 
Solutions

~€700 m
2022-2030

Capex for²

NEXTGEN 
Technologies

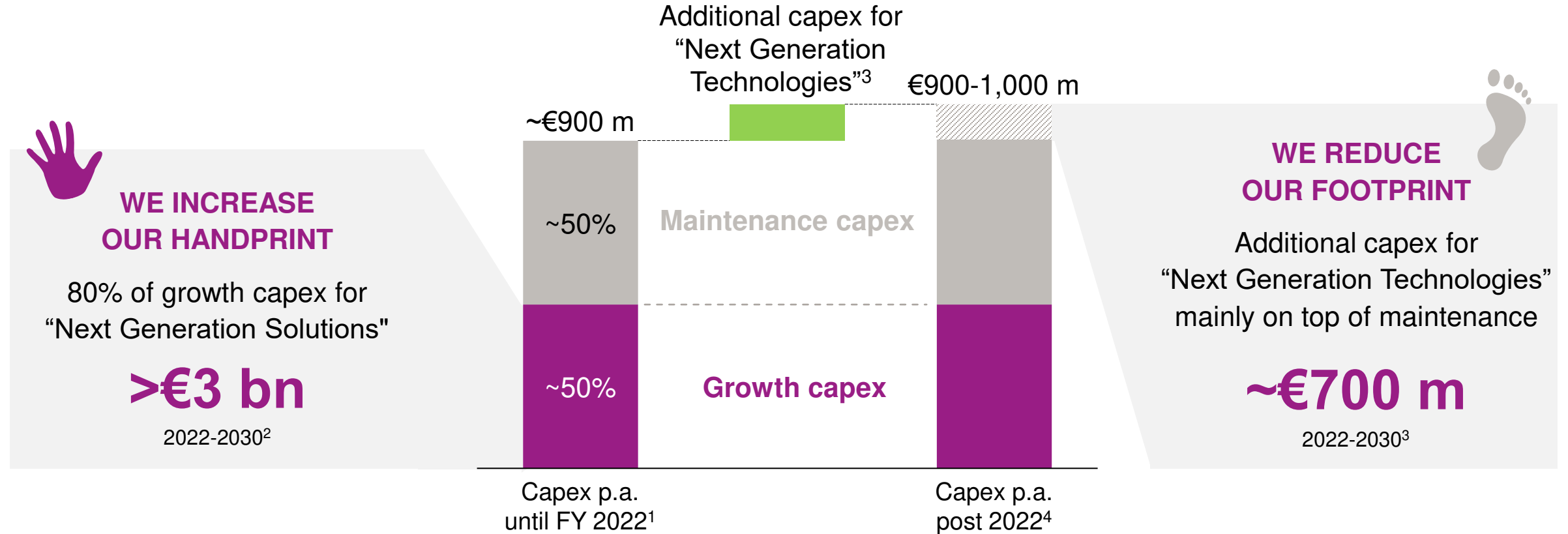
Targeted M&A
to accelerate green portfolio transformation

Reliable and sustainably growing **dividend**

Solid investment grade rating

1. 80% of growth capex for "Next Generation Solutions" (~€350 m p.a.) | 2. Additional capex for "Next Generation Technologies" (~€80 m p.a. on average), incl. Performance Materials

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 sustainability¹ 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%)
- CO₂ pricing implemented

NEXTGEN Technologies



2030

-25%²

Scope 1+2

Projects to lower CO₂ 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

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1. Capital Allocation

2. Financial Targets

Financial targets

Where do we stand today?

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

Current status

Strong volume growth in 2021, but 2019 and 2020 more challenging (COVID impact)



Solid underlying progression, but dilutive effect of current high-cost environment on margin

40% reached in 2020 and 2021



Good progress in 2021 to 9% covering cost of capital but still below target of 11%



Dividend **increased to €1.17** for FY 2021



Solid investment grade ratings **BBB+/Baa2**



Financial targets

Where do we want to go from here?

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%

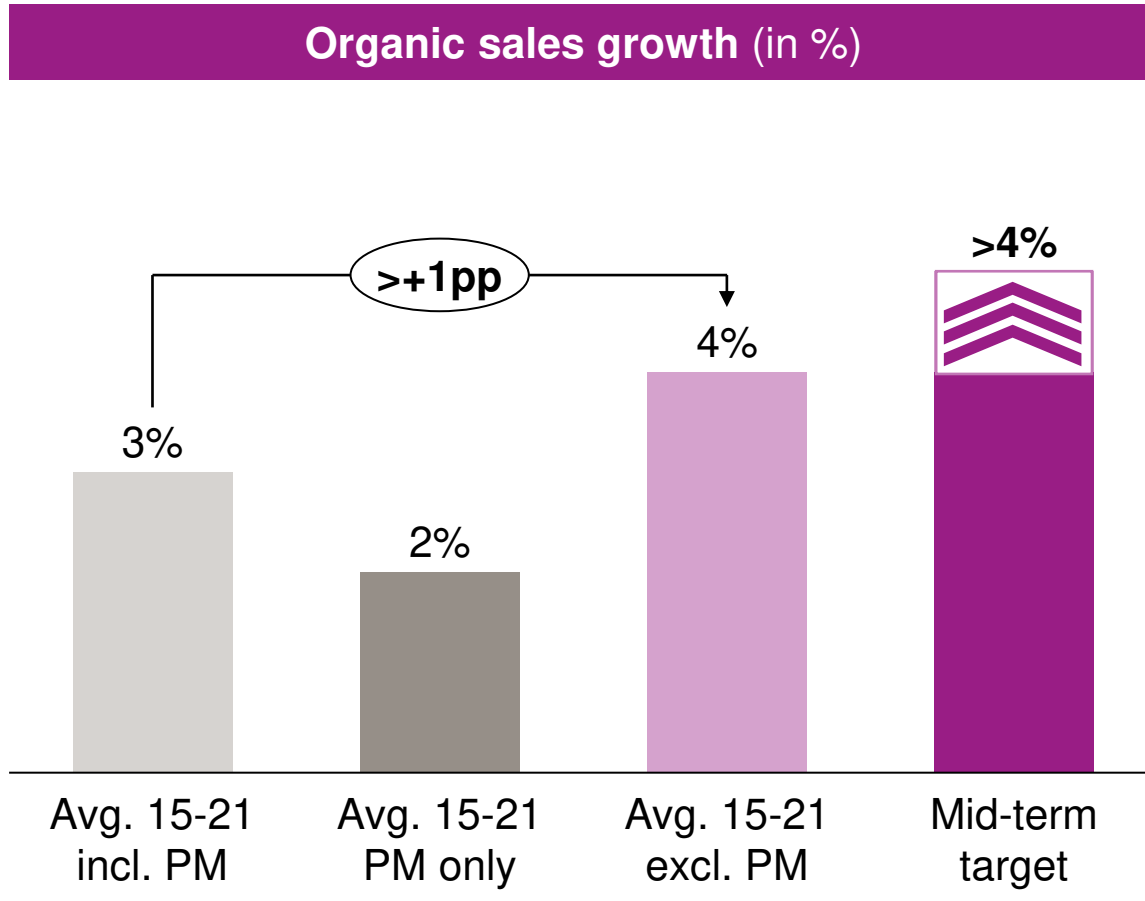
ROCE ~11% - well above cost of capital

Reliable and sustainably growing dividend

Solid investment grade rating

Unchanged

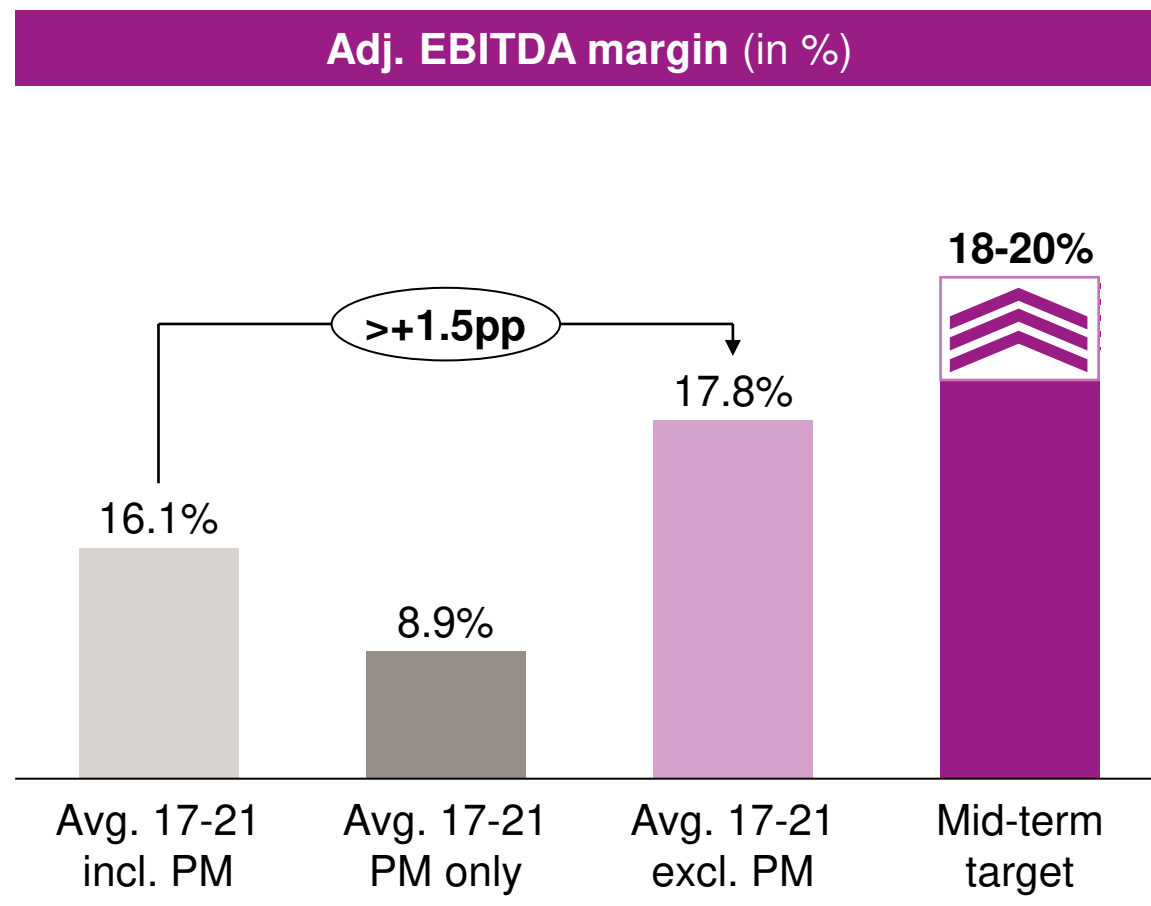
Accelerated organic sales growth through sustainability, innovation and pricing focus



Levers (& examples) to reach target range

- “Next Generation Solutions” with above-average growth
 - Novel PU additives for environmentally friendly spray foam show **>20% sales growth**
- Innovation Growth Field sales with above-average growth
 - Membranes with **>30% sales growth CAGR** since 2015
- Shift towards specialties resulting in more pricing power
 - Smart Materials with **+3% price increases** p.a. since 2017
- Strategic pricing optimization projects across the organization
 - Pricing moving higher on the **management agenda**

Constant portfolio upgrading and cost consciousness resulting in margin uplift

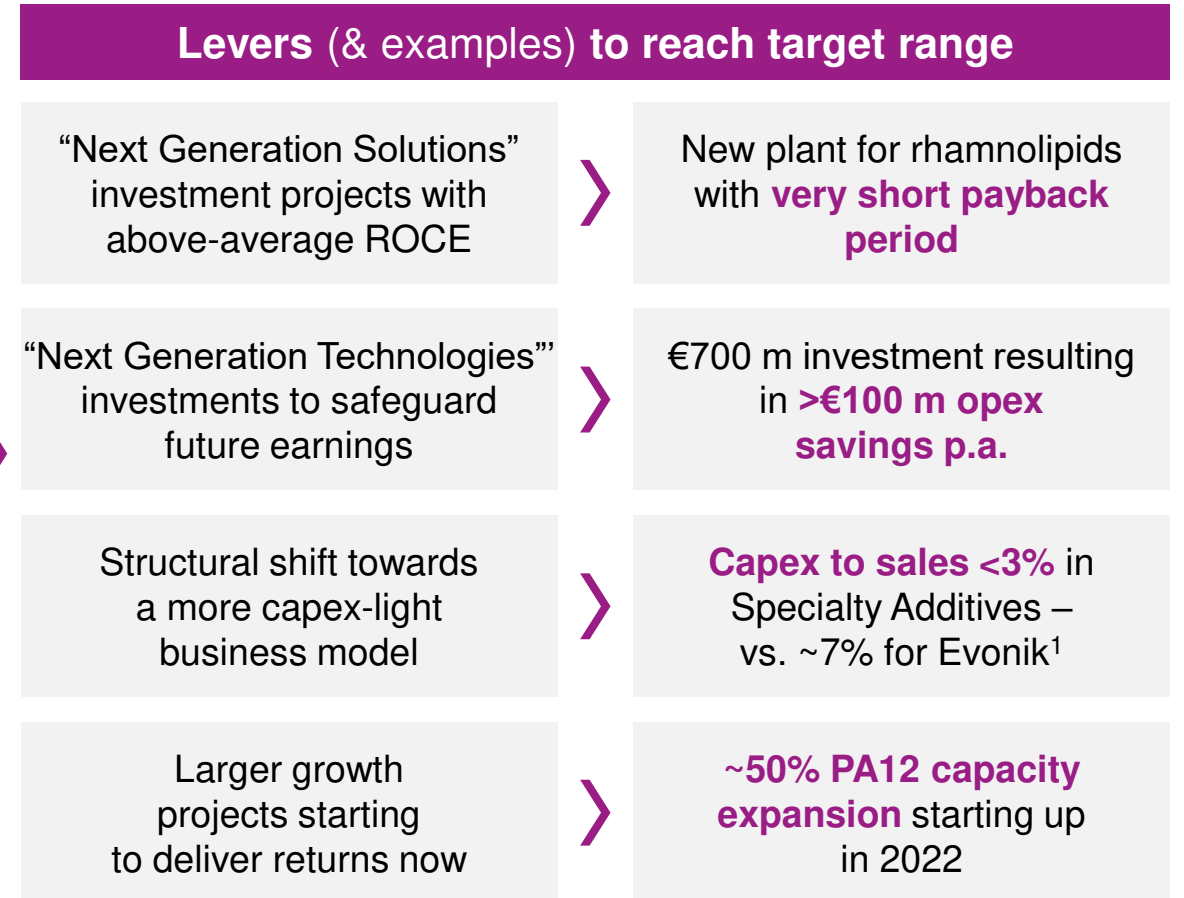
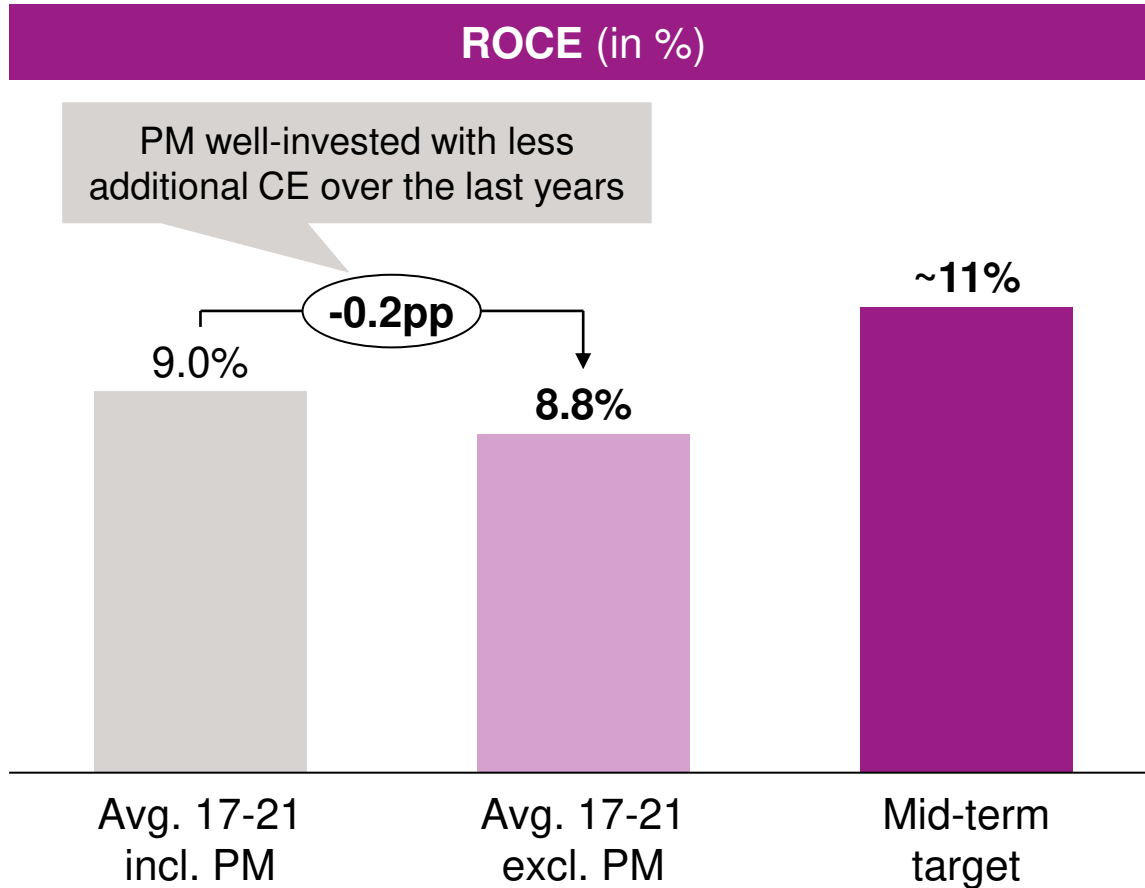


Levers (& examples) to reach target range

- “Next Generation Solutions“ with above-average margins
 - Lipid Nano Particles (LNP) with **clearly superior margin profile** within Health Care
- Innovation Growth Field sales with above-average margins
 - 3D printing innovations like INFINAM® offer **margin upside**
- Ongoing shift of product portfolio towards specialties – also in growth divisions
 - Share of system solutions within Care Solutions ~50% resulting in **+4pp** margin uplift¹
- Continuous factor-cost compensation well embedded in the organization
 - >€150 m p.a.** compensated in operating businesses and functions

1. System solutions share as of today; margin comparison 2021 vs. 2017

Organic growth and capex discipline to lead towards a structural ROCE increase



1. Average 2017-2021

Financial Ambition

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

Cash flow and divestment proceeds are financing our **green portfolio transformation**

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

Targeting **organic sales growth of >4%** and an **adj. EBITDA margin of 18-20%**

Beyond the divestment of Performance Materials our **strategy execution is resulting in progress** toward our targets

Next Generation Evonik

Capital Markets Day
May 11, 2022

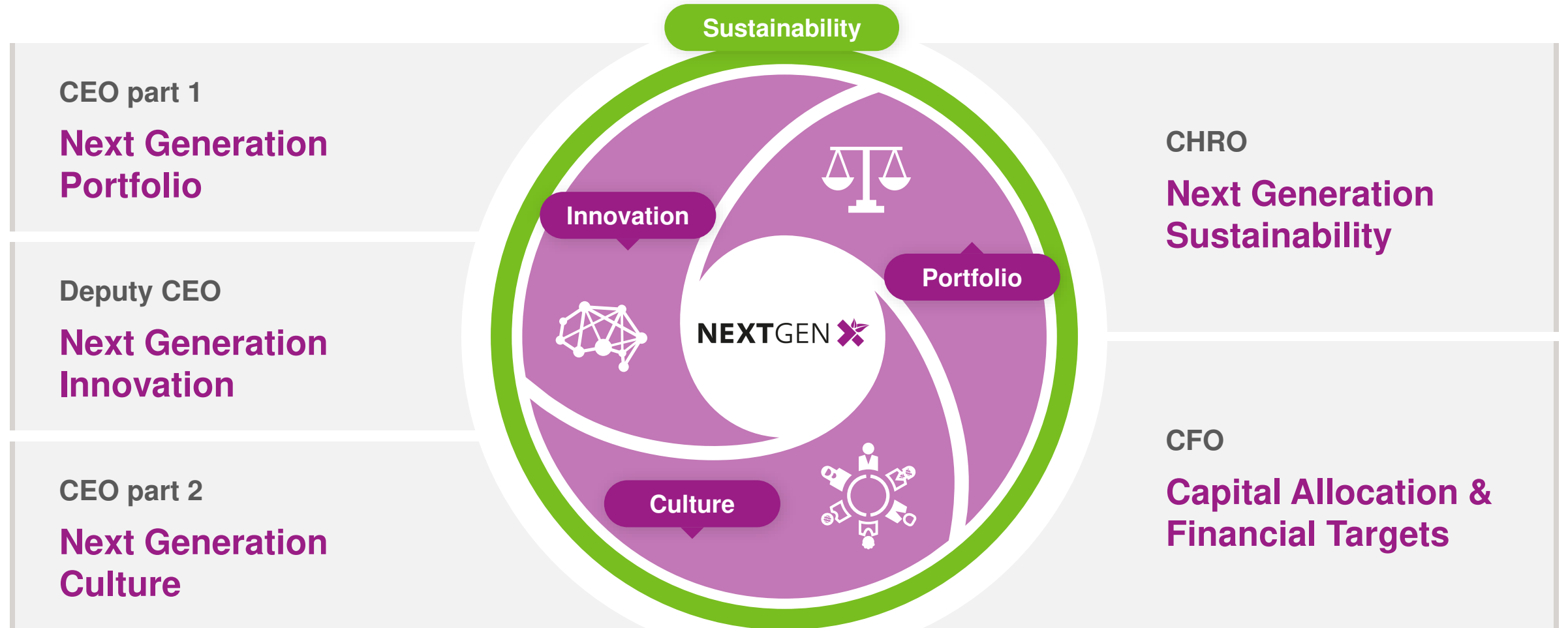
Christian Kullmann, CEO

Part 2: Culture & Wrap-Up



“Next Generation Evonik”

Wrap-up of today’s presentations





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 years¹

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)



Diversity goes far beyond qualitative targets

We approach diversity with diversity

Diversity is key to economic success

- Evonik ranks among **top European companies** in terms of diversity
- We address **diversity** strategically, culturally and with an eye toward our business processes
- **Top management** as prominent **role model** in embracing diversity, e.g. in Diversity Council



Specific goals with highest priority (by 2023)

- **Gender diversity:** e.g. **23%** of executive & senior management positions and **30%** on manager level (2021: 18%/29%)
- **Intercultural mix:** e.g. **20%** of executive and **35%** of senior management positions (2021: 15%/25%)

Diversity goes far beyond qualitative targets!

- Diversity is not only a numeric game but a **matter of culture**
- An **inclusive mindset and behavior** ultimately determine if we can utilize diversity successfully

Diversity creates growth

Diversity creates innovation

Diversity brings us closer to our customers

Diversity is our future



Sustainability integrated into management compensation scheme

20% of long-term incentive based on strategic ESG KPI's

<p>Fixed salary ~1/3</p>	<p>To be paid in cash for each financial year</p>
<p>Bonus ~1/3</p>	<p>KPIs aligned to mid-term strategic targets</p> <ol style="list-style-type: none">1. Progression towards EBITDA margin target2. EBITDA growth (yoy)3. Contribution to FCF target <p>... and integrating Safety First mindset:</p> <ol style="list-style-type: none">4. Accident performance
<p>Long-term incentive plan ~1/3</p>	<div data-bbox="466 882 733 1149"><p>80% share price</p></div> <ul style="list-style-type: none">▪ Granted LTI target amount calculated in virtual shares (4-year lock-up)▪ Absolute performance: Real price of the Evonik share▪ Relative performance against external index benchmark (MSCI Chemicals) <div data-bbox="1447 839 2430 1196" style="border: 2px dashed purple; padding: 10px;"><div data-bbox="1485 886 1753 1149"><p>20% ESG</p></div><p>LTI based on strategic ESG KPI's, e.g.:</p><ul style="list-style-type: none">▪ Sales share of "Next Generation Solutions"▪ CO₂ emission reduction</div> <div data-bbox="2091 651 2486 936" style="border: 2px solid purple; border-radius: 50%; padding: 10px; transform: rotate(15deg);"><p>New element for approval at AGM 2022</p></div>

Evonik – A compelling equity story today and tomorrow

Leading beyond chemistry to drive shareholder value

Strong track record of **strategic and financial execution** over the last four years

“Enabler of Sustainable Change”:
Portfolio circled around “Sustainability Focus Areas”

Sustainability fully integrated into three strategic levers
“Portfolio – Innovation – Culture”

Full focus on three attractive growth divisions
Exit Performance Materials in the course of 2023

Capital allocation into our green transformation:
“Next Generation Technologies & Next Generation Solutions”

Ambitious financial & non-financial targets;
integrated into management compensation scheme



NEXTGEN 



EVONIK

Leading Beyond Chemistry