Evonik
Leading Beyond Chemistry

Q2 2023
Earnings Conference Call

August 10th, 2023

Christian Kullmann, Chief Executive Officer
Maike Schuh, Chief Financial Officer

Q2 only slightly better than Q1 – economic environment remains difficult

Q2 adj. EBITDA of €450 m slightly better than Q1 (€409 m)

Recovery slower than expected in May and June;
persistently very weak demand across all end markets and continued customer destocking

Strict contingency measures with supportive effect; on track to achieve full effect of €250 m in second half of the year

Revised adj. EBITDA outlook for FY 2023 of €1.6 to 1.8 bn **no longer assumes any recovery in H2**

FCF broadly stable in H1 (yoy) despite significantly weaker adj. EBITDA;
FY target to develop cash conversion rate towards 40% **confirmed**

Table of contents

1. **Reflections on the current environment**
2. Financial performance Q2 2023
3. Outlook FY 2023

Evonik challenges during 2023

Lack of expected China recovery

Continued demand weakness & destocking across all end markets

Difficult macroeconomic environment for Chemicals

Geopolitical uncertainty in Europe remains

High inflation & interest rates impact core geographic markets

Inflation on feed/food prices esp. in low-income countries

Stagnating demand

Animal Nutrition with unprecedented earnings decline

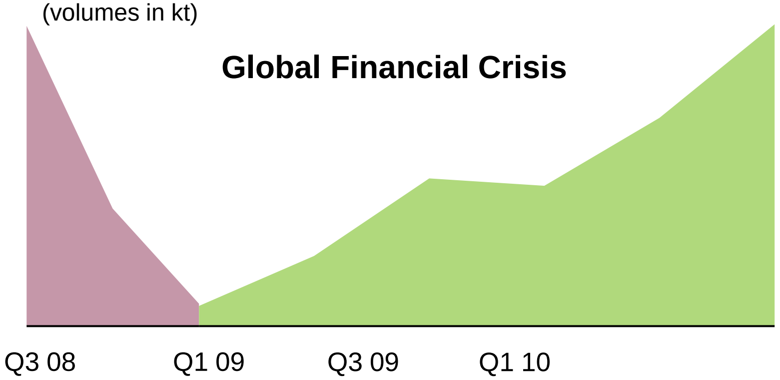
Elevated raw materials costs…

… combined with intense price pressure

EVONIK Leading Beyond Chemistry

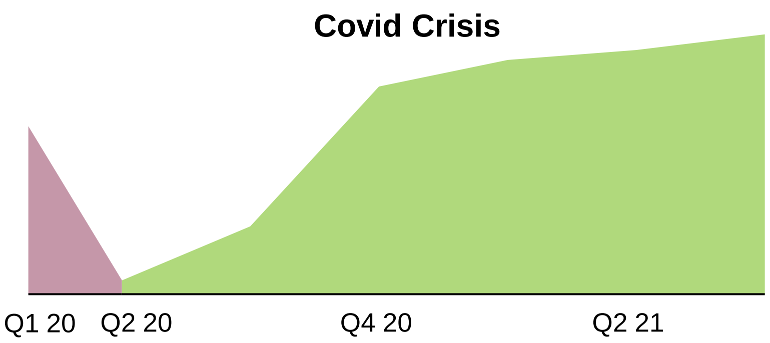
Current crisis characterized by unparalleled & persistent demand weakness

Recovery after 2 quarters



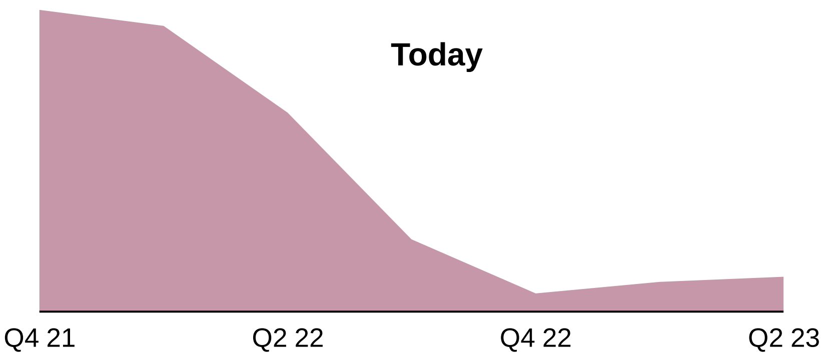
- Steep volume losses of -25% **between Q3 2008 and Q1 2009**
- Recovery from Q1 2009 onwards, with **volumes reaching pre-crisis levels after 4-5 quarters**

Recovery after 1 quarter



- Drastic volume losses of -13% in **only one quarter** (Q2 2020)
- **V-shaped recovery** surpassing pre-crisis volumes already in Q4 2020

No recovery since 5 quarters

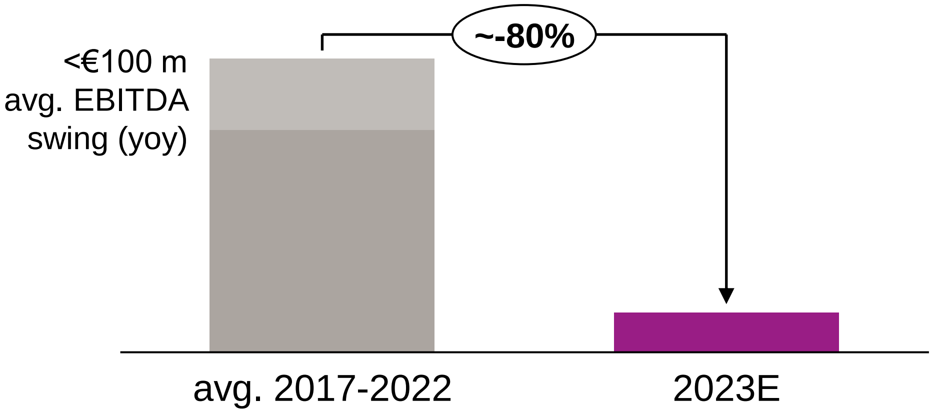


- **Steady decline for five quarters**
- Different to previous crises, **also resilient businesses significantly affected**

EVONIK
Leading Beyond Chemistry

Animal Nutrition with unprecedented earnings decline – counter measures in execution and well on track

Animal Nutrition adj. EBITDA ~80% below long-term average



- **Stagnating Methionine market** for two years in a row (unprecedented over the last decades)
- Special situation of **sharply rising raw material** and **steadily falling Methionine prices**

Outlook going forward

- **Transformation of operating model** for Animal Nutrition

- Improving cost position through **US backward integration;** to be completed in H2 2024
- Total savings of €200 m until 2025; thereof **~€100 m** in 2024

- **Singapore shutdown for 6 months due to expansion project** starting in Q4 2023 – representing close to 10% of total market capacity

EVONIK
Leading Beyond Chemistry

Table of contents

1. Reflections on the current environment
2. **Financial performance Q2 2023**
3. Outlook FY 2023

Q2 2023 results overview

Sales (in € m)	**Adj. EBITDA** (in € m)	**Free cash flow** (in € m)	**Adj. EPS** (in €)
3,886 (Q2 2022: 4,772)	**450** (Q2 2022: 728)	**-203** (Q2 2022: -239)	**0.26** (Q2 2022: 0.75)
Pricing in Specialties remains positive while volume weakness persists	Sequential pick up in Specialty Additives and Performance Materials	Cash outflow for bonus payments in Q2; NWC management efforts coming through	Unadjusted EPS of -€0.58 as a result of €390 m asset impairments in Animal Nutrition and Silica

EVONIK
Leading Beyond Chemistry

Full focus on cash generation and cost savings

Free cash flow

- H1 FCF broadly stable yoy
- Increased capex discipline and strict NWC management for H2

Our priorities

Cost management

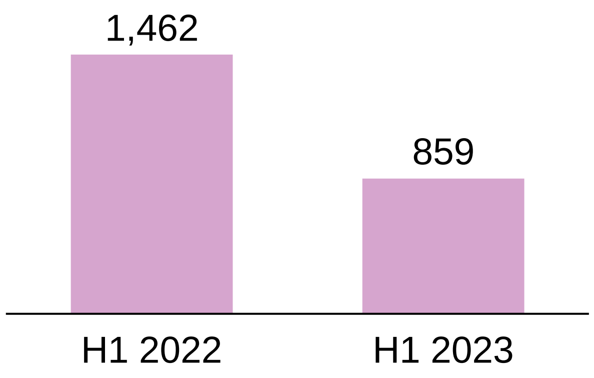
- Support from contingencies visible in H1 already
- Further tightening of measures for H2 ramp-up

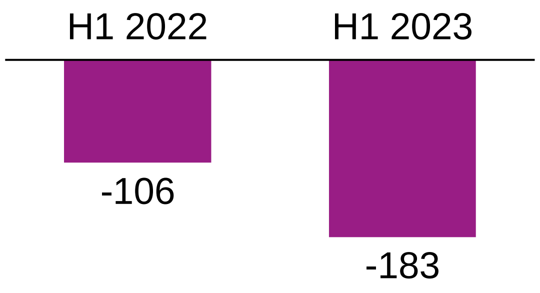
EVONIK Leading Beyond Chemistry

FCF broadly stable in H1 (yoy) despite significantly weaker adj. EBITDA

H1 2022 vs H1 2023 (in € m)

Adj. EBITDA	FCF
€603 m decline	**“Only” €77 m decline**

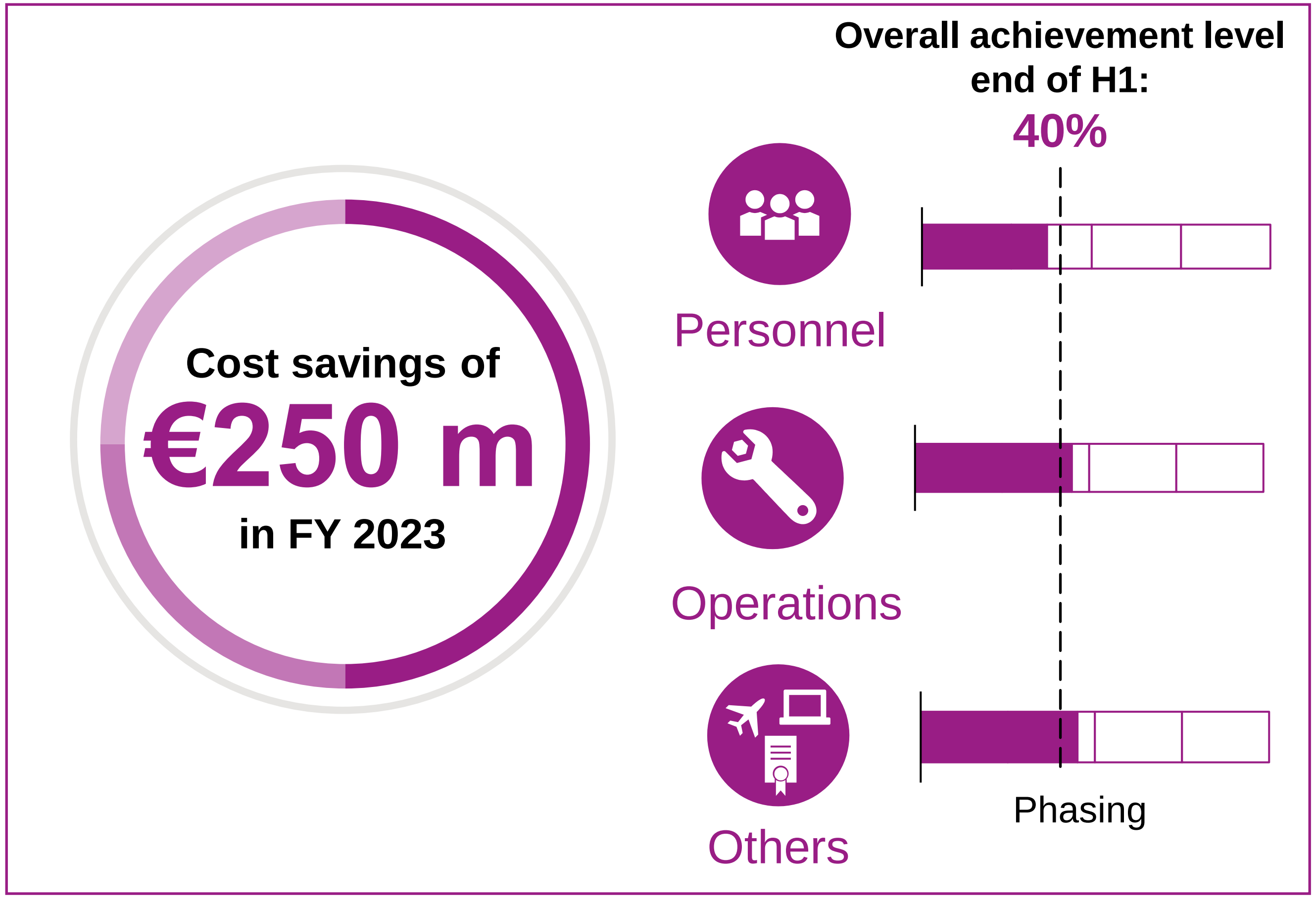




- **Free cash flow broadly stable** in H1 (yoy) despite significantly weaker **adj. EBITDA**
- **Operating cash flow** at €260 m even up yoy (H1 2022: €235 m)
  - **Lower NWC outflow** (+€631 m yoy) due to strict NWC management and less pronounced price effect compared to 2022
  - **Lower bonus cashout** (yoy)
- **Different phasing of capex** (H1 stronger than H2) resulting in higher H1 cash outflow (-€102 m yoy)

EVONIK
Leading Beyond Chemistry

Strict contingency measures with supportive effect – well on track for full-year impact of €250 m



Measures driving H2 ramp-up

Personnel

- Hiring freeze: all vacant positions to be filled internally

Operations

- Optimizing logistics & packaging
- Discipline in maintenance

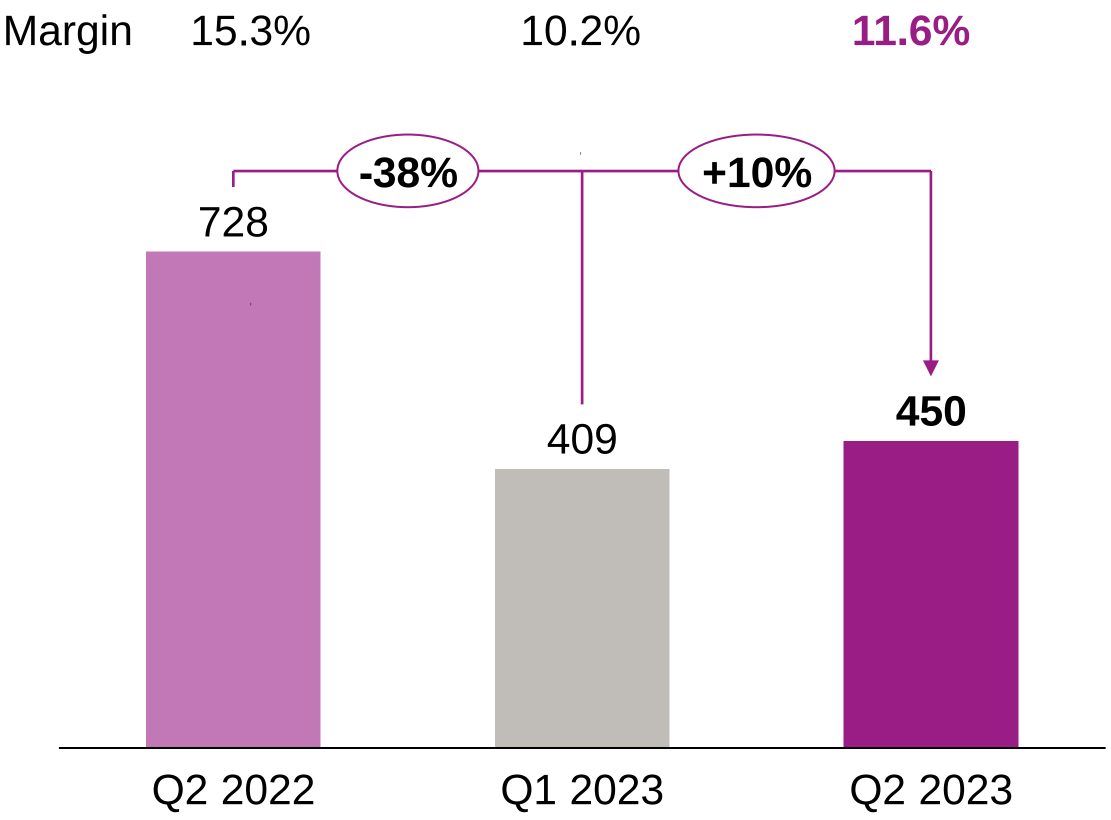
Others

- Trainings & seminars cancelled or postponed
- Travelling reduced to the minimum

Q2 adj. EBITDA slightly better than Q1

Recovery slower than expected amid very weak demand across all end markets

Adj. EBITDA (in € m)

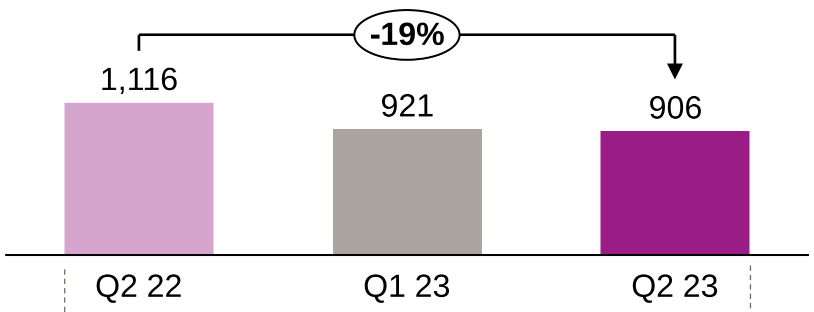


- **Q2 adj. EBITDA** up +10% sequentially driven by
  - Specialty Additives with easing destocking vs Q1
  - Performance Materials with improving earnings in MTBE and Superabsorbers
  - T&I/Other with biggest effect from contingency measures and reversal of bonus provisions
- **Continued stable pricing** in Specialties
  - SP (+1% yoy) and SM (+3% yoy)
  - Ongoing pressure on prices and spreads in Animal Nutrition and C4

Leading Beyond Chemistry

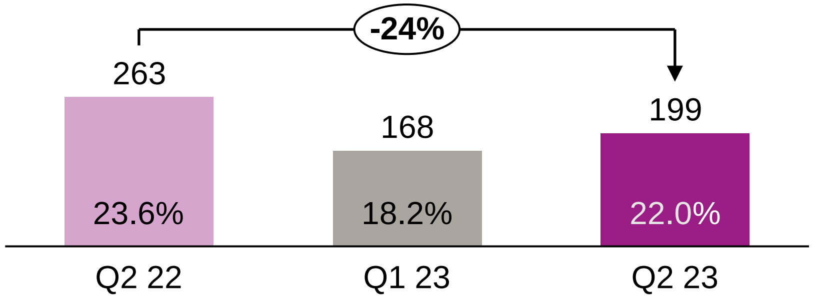
Specialty Additives

Sales
(in € m)



Q2 23 vs. Q2 22			
Volume	Price	FX	Other
-15%	+1%	-2%	-3%

Adj. EBITDA
(in € m)
/ margin
(in %)



- Unprecedented demand weakness (3rd quarter in a row with double-digit volume declines) reflecting a combination of both weak demand and continued destocking
- Customers work through high stock levels from mid last year and reduce stock levels to below normal due to weak end customer demand (e.g. in coatings, construction, durable goods, agro)
- Nevertheless, volumes slightly improved compared to Q1 due to slowing destocking towards the end of the quarter (esp. in coatings)
- Falling prices in selected raw materials providing some support

Q2 2022 still contained sales and earnings from the TAA derivatives business, which was divested in Q4 2022

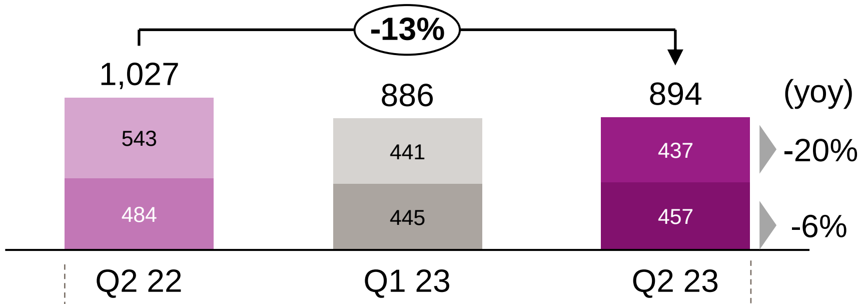
EVONIK
Leading Beyond Chemistry

Nutrition & Care

Sales
(in € m)

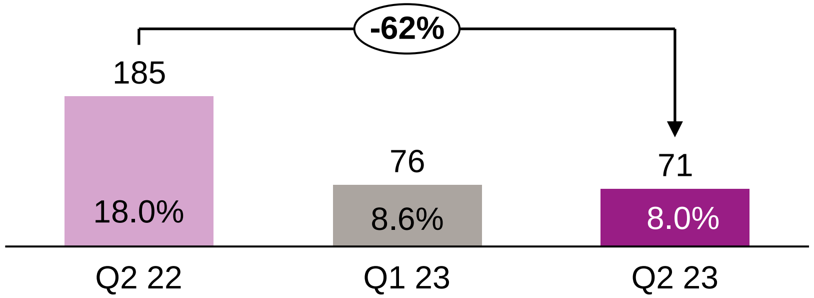
Animal Nutrition

Health & Care



Q2 23 vs. Q2 22			
Volume	Price	FX	Other
+3%	-11%	-3%	-2%

Adj. EBITDA
(in € m)
/ margin
(in %)



Health & Care

- Care Solutions: Active cosmetic ingredients continue strongly, base business negatively impacted by customer destocking
- Health Care: Lower lipid sales, increasing oral drug delivery and service business; H2 with usual stronger seasonality

Animal Nutrition

- Demand pickup led by China as well as across other regions, resulting in sequential volume improvement in Q2
- Prices declining further during Q2, bottoming out visible in Q3
- Maintenance shutdown in Wesseling until May

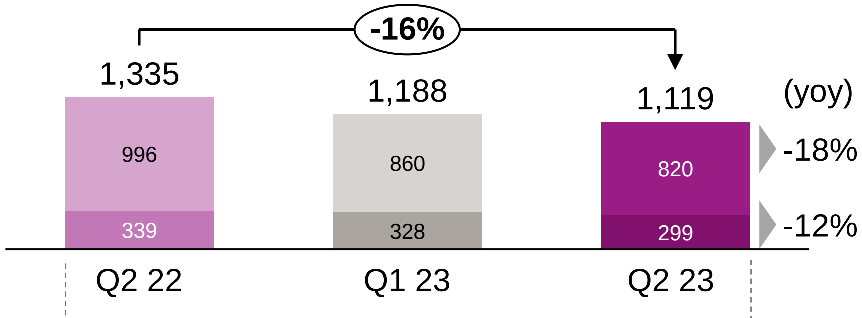
EVONIK
Leading Beyond Chemistry

Smart Materials

Sales
(in € m)

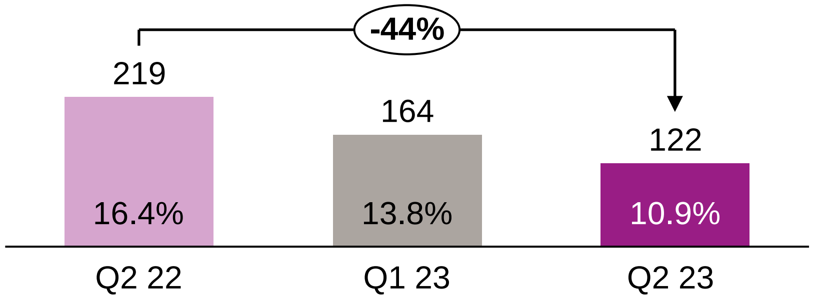
Inorganics

Polymers

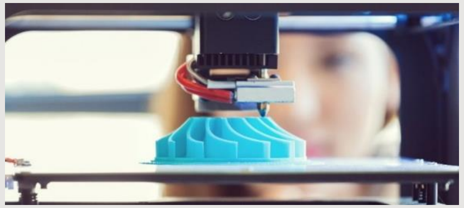


Q2 23 vs. Q2 22			
Volume	Price	FX	Other
-17%	+3%	-2%	+/- 0%

Adj. EBITDA
(in € m)
/ margin
(in %)



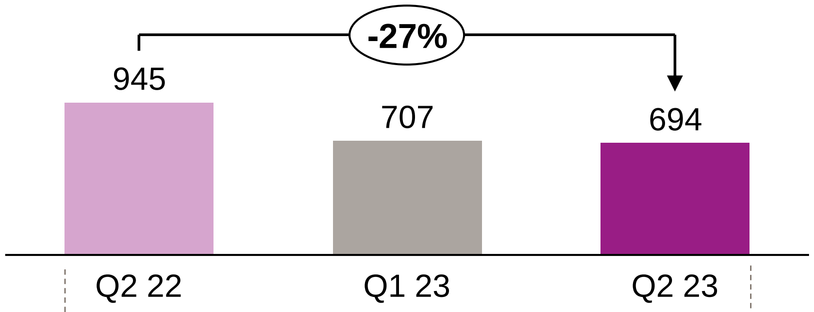
- Sales impacted by broad-based volume declines due to lower demand
- H_2O_2 with ongoing HPPO plant shutdowns in Asia (weakness in construction markets)
- Pricing holding up in most businesses
- qoq adj. EBITDA decline fully explained by -€40 m effect from planned maintenance shutdown in PA12 (costs of plant overhaul as well as shortfall in volumes)
- With successful completion, both PA12 plants now available for further ramp-up as of July



EVONIK
Leading Beyond Chemistry

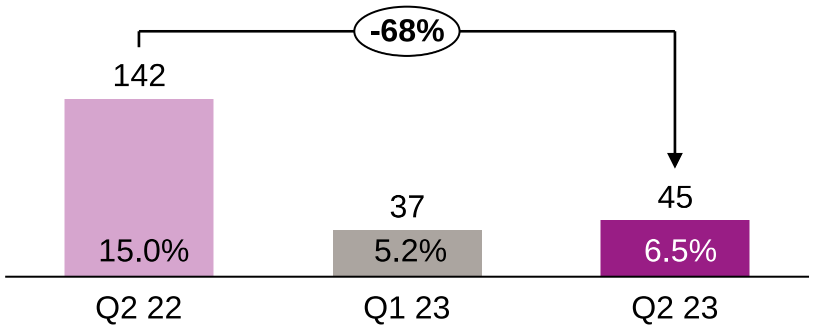
Performance Materials

Sales
(in € m)



Q2 23 vs. Q2 22			
Volume	Price	FX	Other
-6%	-17%	+/-0%	-4%

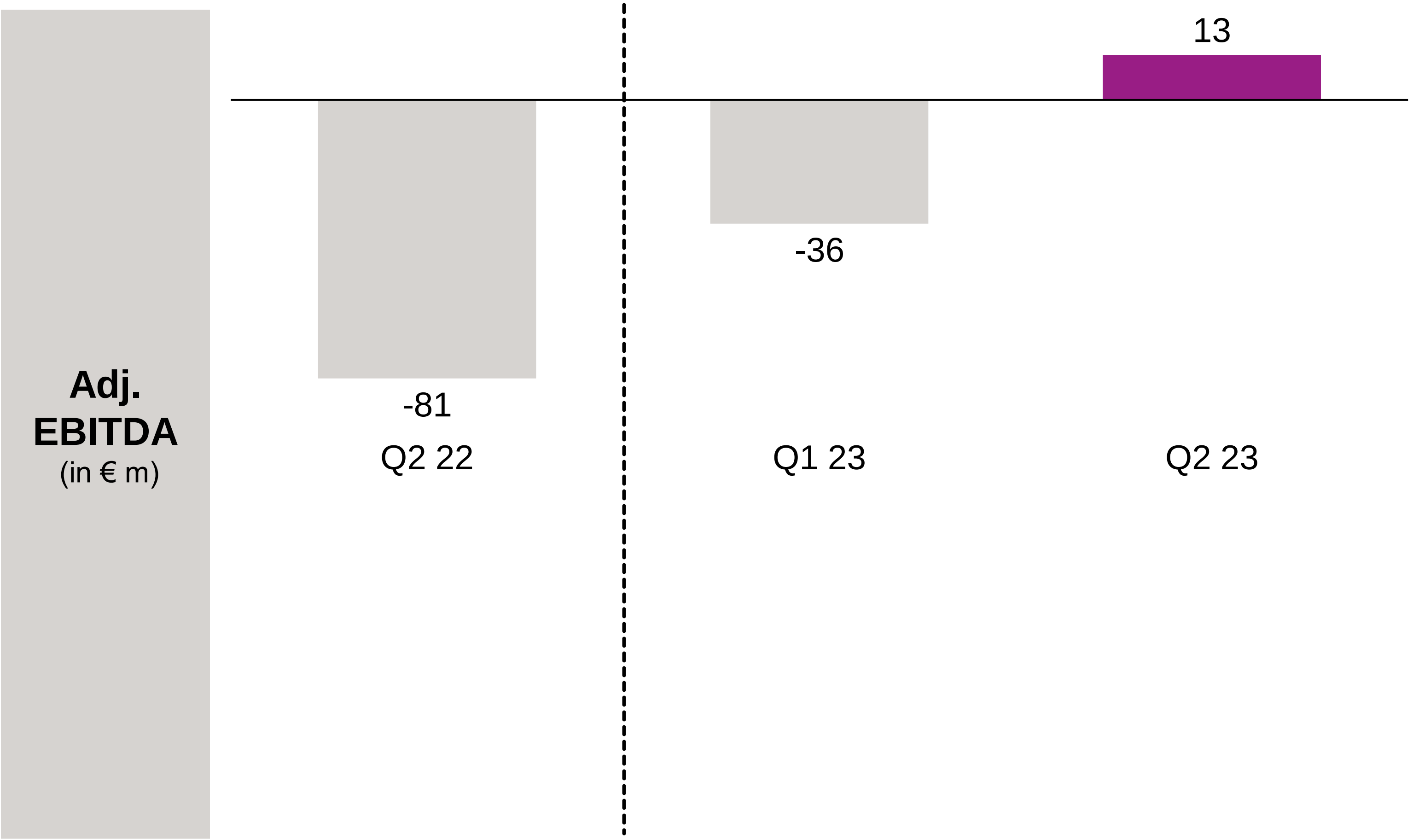
Adj. EBITDA
(in € m)
/ margin
(in %)



- Weak customer end markets (plastics, rubber, construction) across the C4 chain
- Pressure on spreads especially for Butadiene, Oxo-Alcohols and plasticizers continuing into H2
- Strong European MTBE market and prices with positive outlook, record-high Gasoline-Naphtha spread positive for octane boosters like MTBE
- Superabsorber with sequentially higher volumes on improved contract price level

EVONIK
Leading Beyond Chemistry

Technology & Infrastructure / Other



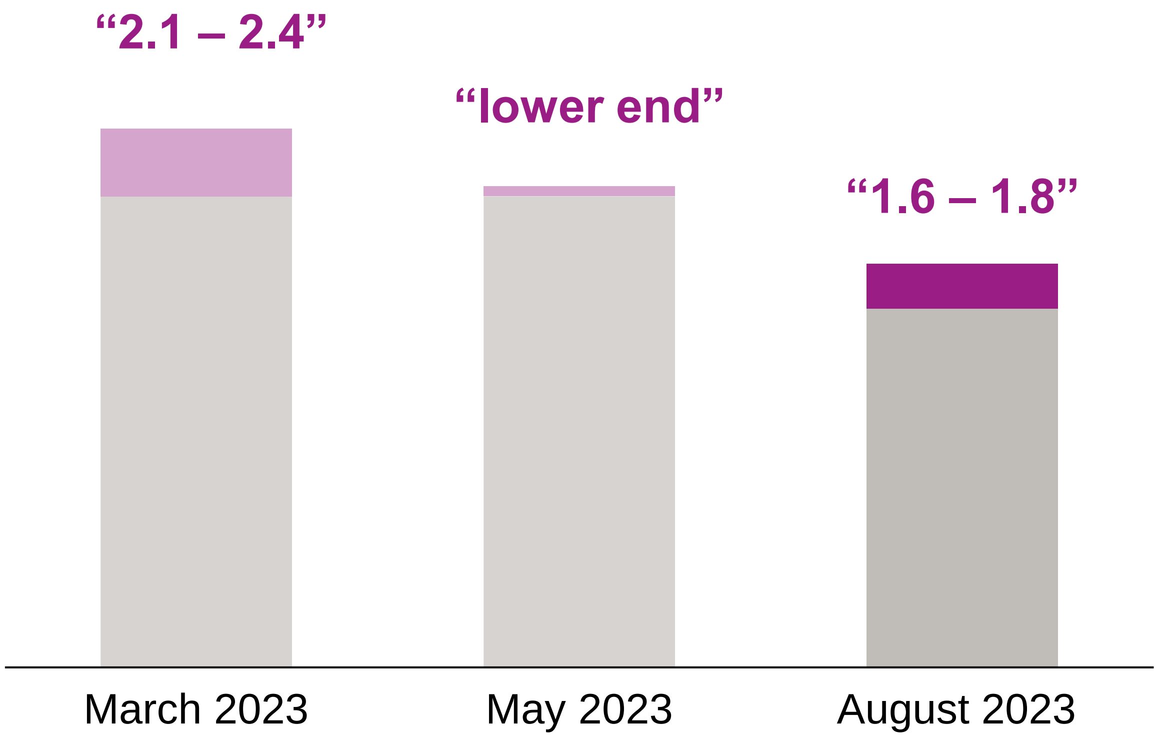
- Q2 2023 with exceptional positive earnings level for T&I / Other
  - Increasing benefits from ramping up of contingencies
  - Higher energy sales from high power plant availability
  - Release of bonus provisions
- FY 2023 adj. EBITDA will be a negative mid-double digit million € amount
  - Contingency measures and bonus provisions with positive effect
  - Negative energy-related one-time effects in FY 2022 not reoccurring

Table of contents

1. Reflections on the current environment
2. Financial performance Q2 2023
3. **Outlook FY 2023**

Revised adj. EBITDA outlook no longer assumes any recovery in H2

Adj. EBITDA (in € bn)



Basis for the outlook

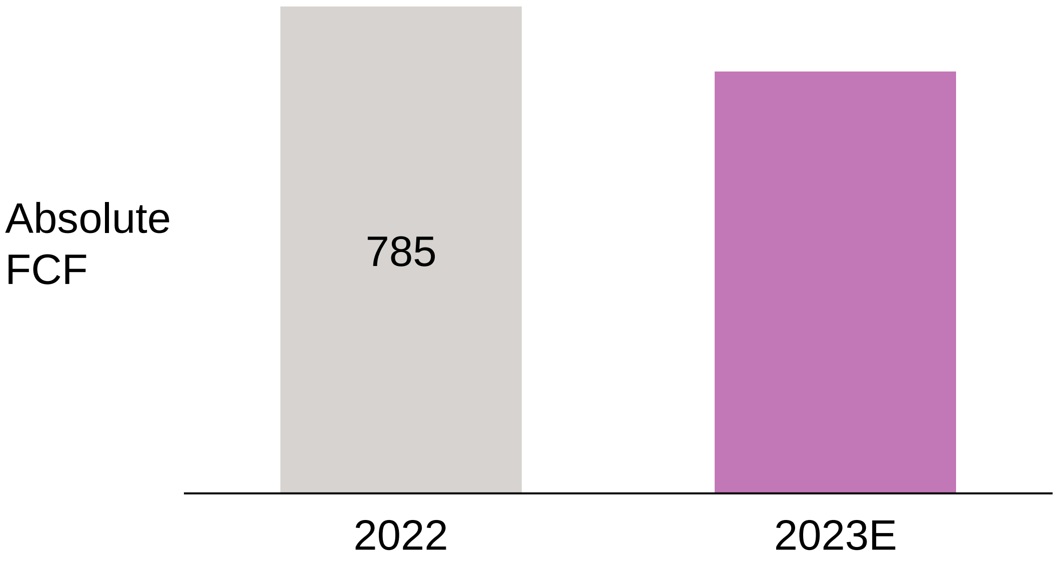
- Continued demand weakness without any recovery throughout H2
- Q3 adj. EBITDA expected on Q2 level;
  Q4 with usual year-end seasonality (~20% vs Q3)
- **Supporting factors for H2:**
  – Contingencies ramping up further in H2
  – Falling raw material prices to provide margin support
  – Both PA12 plants with further ramp-up as of July

EVONIK
Leading Beyond Chemistry

FY target to develop cash conversion rate towards 40% confirmed

Free Cashflow (in € m)

	2022	2023E
Cash Conversion Rate[1]	32%	towards 40%



Outlook for FY:

- Lower absolute FCF (based on lower EBITDA level)
- FCF conversion to develop towards 40% target (FY 2022: 32%)

H2 to benefit from

- Increased capex discipline:
  Capex guidance lowered to now €850 m
  (from €975 m in March and €900 m in May)
- Strong cash inflow from NWC management
- Lower tax cash-outs (adapting to lower earnings)

1. Free cash flow conversion (FCF / adj. EBITDA)

EVONIK Leading Beyond Chemistry

Successfully managing current challenges

Economic environment expected to remain challenging for remainder of 2023

Contingencies well on track to achieve €250 m cost savings this year

Additional measures as reaction to persisting underutilization being rolled out
(e.g. reduction of overtime accounts, capacity reductions)

Animal Nutrition with €200 m cost savings until 2025

Full focus on capex discipline and cash generation

EVONIK

Leading Beyond Chemistry

Indications for adj. EBITDA FY 2023 on division level

Specialty Additives

- Specialty Additives faced weak demand and destocking in H1
- While destocking is slowly easing, no substantial demand recovery to be expected in H2
- Cost discipline and falling raw material prices will be supportive through the remainder of the year

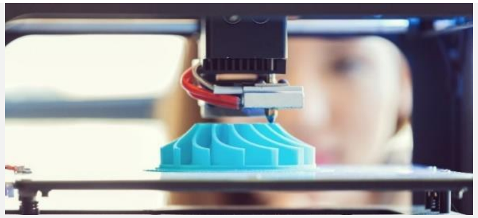
“considerably lower than prior-year level”
(previously: stable)

Nutrition & Care

- Health & Care expected to deliver a considerably better H2 after a weak first half
- Animal Nutrition with significantly lower prices yoy, but bottoming out in Q3; volumes likely to be stable
- Easing input costs and first savings from new amino acid operating model supportive in H2

“significantly lower than prior-year level”
(previously: considerably lower)

Smart Materials



- Weak demand especially in Inorganics
- New PA12 capacities to contribute to earnings in H2, following a planned maintenance in Q2
- Alkoxides (bio-diesel catalysts) now part of Catalysts business line

“considerably lower than prior-year level”[1]
(previously: slightly higher)

Performance Materials

- Significant pressure on margins in the C_4 business
- Superabsorbers to benefit from improving market environment and long-term customer relationships

“significantly lower than prior-year level”[1]
(unchanged)

1. Outlook for Smart Materials and Performance Materials based on restated prior-year figures: alkoxides business moved from PM to SM as of January 1st, 2023

EVONIK
Leading Beyond Chemistry

Additional indications for FY 2023

Sales	**between €14 and 16 bn** (previously: between €17 and 19 bn; 2022: €18.5 bn)
ROCE	**significantly below the level of 2022** (previously: slightly below; 2022: 8.3%)
Capex[1]	**around €850 m** (previously: around €900 m; 2022: €865 m), incl. maintenance and growth investments as well as investments in Next Generation Technologies (€700 m until 2030)
EUR/USD sensitivity[2]	+/-1 USD cent = **-/+ ~€10 m** adj. EBITDA (FY basis)
Adj. EBITDA T&I/Other	**negative mid-double digit million € amount** (previously: significantly less negative than prior year level; 2022: -€226 m)
Adj. D&A	**slightly above the level of 2022** (unchanged; 2022: €1,140 m)
Adj. net financial result	**back to around 2021 level** (unchanged; 2022: -€19 m; 2021: -€97 m)
Adj. tax rate	**around** long-term sustainable level of **~30%** (unchanged; 2022: 29%)

1. Cash outflow for investment in intangible assets, pp&e | 2. Including transaction effects (after hedging) and translation effects; before secondary / market effects

EVONIK
Leading Beyond Chemistry

Adjusted income statement Q2 2023

in € m	Q2 2022	Q2 2023	∆ in %
Sales	**4,772**	**3,886**	**-19**
Adj. EBITDA	**728**	**450**	**-38**
Depreciation & amortization	-272	-293	
Adj. EBIT	**456**	**157**	**-66**
Adj. net financial result	4	-27	
D&A on intangible assets	41	39	
Adj. income before income taxes	**501**	**169**	**-66**
Adj. income tax	-145	-42	
Adj. income after taxes	**356**	**127**	**-64**
Adj. non-controlling interests	5	4	
Adj. net income	**351**	**123**	**-65**
Adj. earnings per share (in €)	**0.75**	**0.26**	
Adjustments	-35	-412	

Adj. net financial result (-€27 m)

- Below prior year which included one-time benefits from provision release for tax interest due to lower interest rate

Adj. tax rate (26%)

- Slightly below FY guidance of 30%

Adjustments (-€412 m)

- Impairment losses (-€390 m): Asset impairments in Animal Nutrition and Silica

EVONIK
Leading Beyond Chemistry

Cash flow statement Q2 2023

in € m	Q2 2022	Q2 2023
Income before financial result and income taxes (EBIT)	421	-255
Depreciation and amortization	274	675
∆ Net working capital	-421	-25
Change in provisions for pensions & other post-employment benefits	9	-15
Change in other provisions	-289	-263
Change in miscellaneous assets/liabilities	7	-46
Cash outflows from income taxes	-77	-51
Others	2	14
Cash flow from operating activities	**-74**	**34**
Cash outflows for investment in intangible assets, pp&e	-165	-237
FCF	**-239**	**-203**
Cash flow from investing activities	**-71**	**-141**
Cash flow from financing activities	**230**	**-112**

CF from operating activities (€34 m)

- Much lower EBIT as starting point
- D&A significantly higher due to impairment losses of -€390 m
- Supported by significantly lower cash outflow for NWC (+€396 m)

CF from investing activities (-€141 m)

- Higher capex due to different phasing (H1 higher than H2 this year, PY opposite)

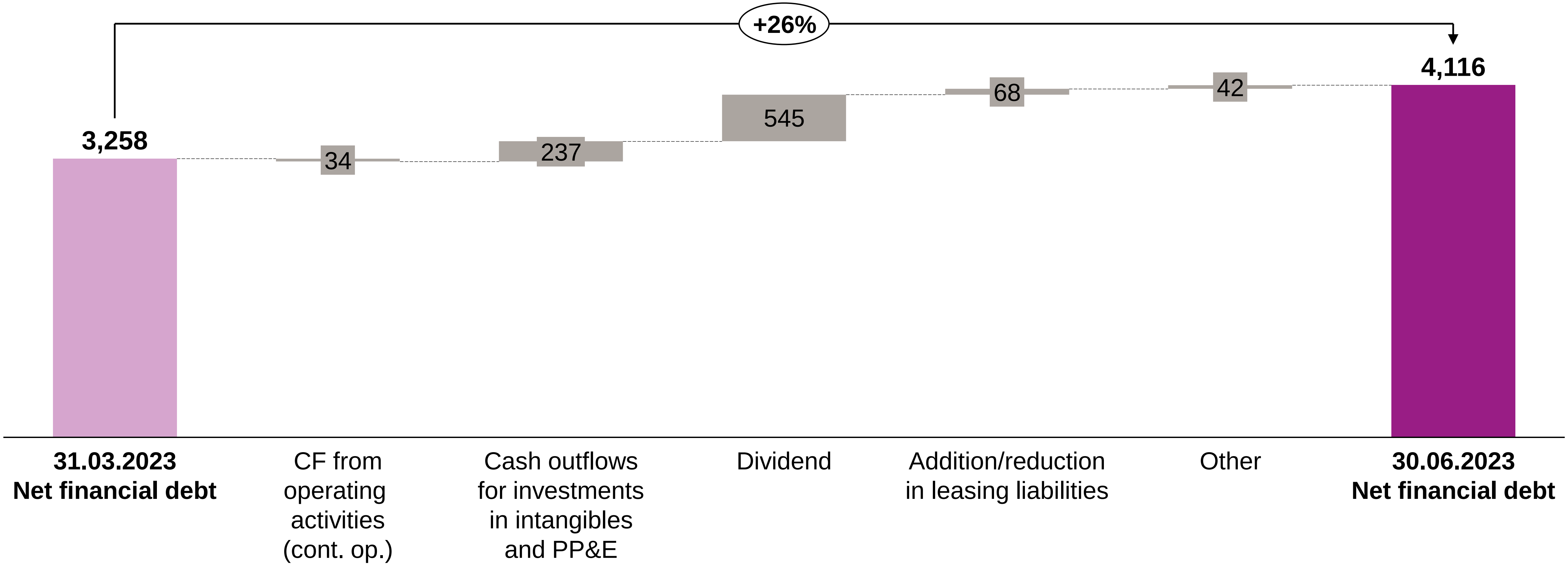
CF from financing activities (-€112 m)

- Last year with inflow from bond issuance

EVONIK Leading Beyond Chemistry

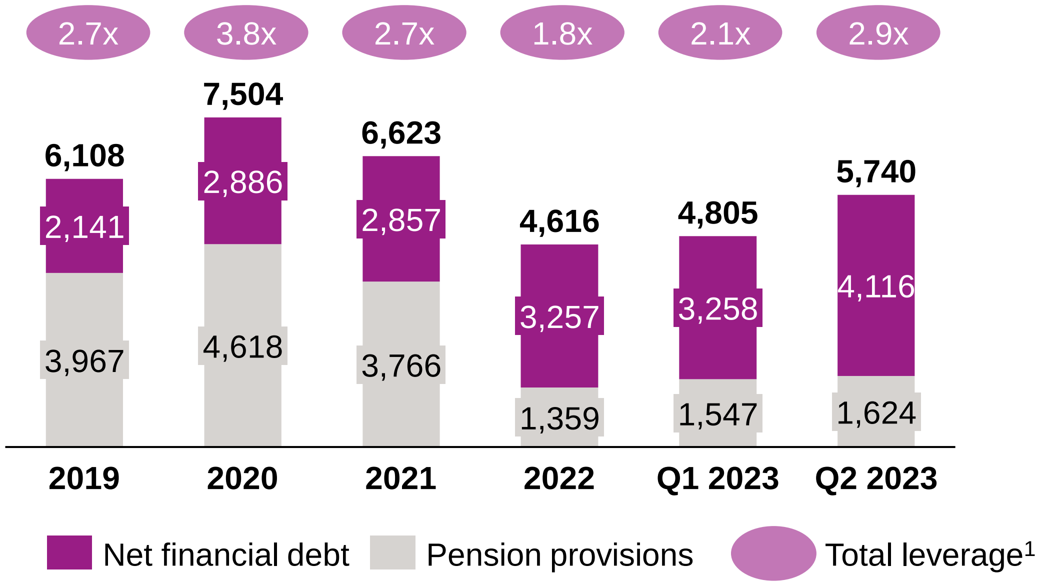
Net financial debt development Q2 2023

(in € m)



Development of debt and leverage over time

(in € m)



	2019	2020	2021	2022	Q1 2023	Q2 2023
Adj. net debt[2]	5,858	7,254	6,373	4,366	4,555	5,490
Adj. EBITDA (last 12 months)	2,153	1,906	2,383	2,490	2,164	1,887
German pension discount rate (%)	1.30	0.90	1.30	4.10	3.90	3.80

1. Adj. net debt / adj. EBITDA | 2. Net financial debt – 50% hybrid bond + pension provisions
3. (Net financial debt – 50% hybrid bond) / adj. EBITDA

Net financial debt (€4,116 m)

- Increase by ~€0.86 bn vs. year-end
- Mainly driven by dividend and bonus payout in Q2
- Higher net financial debt leverage at 2.0x[3] (previously: Q1 23: 1.4x; FY 2022: 1.2x)

Pension provisions (€1,624 m)

- Long-dated pension obligations with >13 years duration
- Slightly higher pension provisions vs. year-end from decrease of pension discount rates (esp. in Germany from 4.1% to 3.8%)
- Pension provisions partly balanced by corresponding deferred tax assets of ~€0.6 bn

EVONIK
Leading Beyond Chemistry

Divisional overview by quarter

Sales (in € m)	FY 2021	Q1/22	**Q2/22**	Q3/22	Q4/22	FY 2022	Q1/23	**Q2/23**
Specialty Additives	3,710	1,049	**1,116**	1,113	906	4,184	921	**906**
Nutrition & Care	3,557	1,038	**1,027**	1,062	1,111	4,237	886	**893**
Smart Materials	3,918	1,284	**1,335**	1,365	1,256	5,240	1,188	**1,119**
Performance Materials	2,911	844	**945**	797	666	3,253	707	**694**
T&I / Other	859	283	**349**	541	401	1,574	303	**274**
Evonik Group	14,955	4,498	**4,772**	4,878	4,340	18,488	4,005	**3,886**

Adj. EBITDA (in € m)	FY 2021	Q1/22	**Q2/22**	Q3/22	Q4/22	FY 2022	Q1/23	**Q2/23**
Specialty Additives	920	252	**263**	243	188	946	168	**199**
Nutrition & Care	717	222	**185**	148	122	677	76	**71**
Smart Materials	650	212	**219**	188	124	743	164	**122**
Performance Materials	317	82	**142**	63	63	350	37	**45**
T&I / Other	-221	-33	**-81**	-27	-85	-226	-36	**13**
Evonik Group	2,383	735	**728**	615	413	2,490	409	**450**

Alkoxides business moved from Performance Materials to Smart Materials as of January 1st, 2023; 2022 financials restated

EVONIK
Leading Beyond Chemistry

Upcoming IR events

Conferences & roadshows	
August 16, 2023	London Roadshow (Berenberg)
August 24, 2023	Frankfurt Roadshow (Deutsche Bank)
September 5, 2023	Oddo Corporate Conference, Frankfurt
September 6, 2023	JPM CEO Speaker Series (virtual)
September 13, 2023	Berenberg Food Ingredients & Chemicals Conference, London
September 20,2023	Berenberg & Goldman Sachs Corporate Conference, Munich
September 21, 2023	Baader Investment Conference, Munich

Upcoming events & reporting dates	
November 7, 2023	Q3 2023 Reporting
March 4, 2024	Q4 / FY 2023 Reporting

EVONIK
Leading Beyond Chemistry

Evonik Investor Relations team

Tim Lange
Head of Investor Relations

+49 201 177 3150
tim.lange@evonik.com

Christoph Finke
Investor Relations Manager

+49 201 177 3145
christoph.finke@evonik.com

Janine Göttel
Team Assistant

+49 201 177 3146
janine.goettel@evonik.com

Cédric Schupp
Investor Relations Manager

+49 201 177 3149
cedric.schupp@evonik.com

Katharina Gayk
Team Assistant

+49 201 177 3141
katharina.gayk@evonik.com

Dr. Rouven Möller
Investor Relations Manager

+49 201 177 3148
rouven.moeller@evonik.com

EVONIK
Leading Beyond Chemistry

Disclaimer

In so far as forecasts or expectations are expressed in this presentation or where our statements concern the future, these forecasts, expectations or statements may involve known or unknown risks and uncertainties. Actual results or developments may vary, depending on changes in the operating environment. Neither Evonik Industries AG nor its group companies assume an obligation to update the forecasts, expectations or statements contained in this release.

EVONIK
Leading Beyond Chemistry

EVONIK

Leading Beyond Chemistry