Analyst & Investor Fact Sheet Q2 2020

Evonik Group (continuing operations)

in € million	Q2 2019	Q2 2020	yoy Δ%	Q1 2020	Q2 2020	qoq Δ%	Q2 2020 Consensus*
External sales	3.306	2.827	-14%	3.243	2.827	-13%	2.885
Volume (%)			*-12%*				*-11%*
Price (%)			*-3%*				*-4%*
Exchange Rates (%)			*0%*				*0%*
Other effects (%)			*1%*				*2%*
Adjusted EBITDA	566	456	-19%	513	456	-11%	416
Adjusted EBITDA Margin (%)	*17,1%*	16,1%	-1,0 pp	15,8%	16,1%	0,3 pp	14,3%
Adjusted EBIT	340	202	-41%	273	202	-26%	177
Adjustments	-21	-14		-26	-14		
EBIT	319	188	-41%	247	188	-24%	
Adjusted net income	227	160	-30%	181	160	-12%	125
Adjusted earnings per share in €	0,49	0,34	-30%	0,39	0,34	-12%	0,27
Capex (cash-out)	182	189	4%	184	189	3%	
Net financial position (as of Dec. 31)	-4.081	-2.994		-2.778	-2.994	8%	
Cash flow from operating activities, cont. ops.	118	285	>100%	297	285	-4%	
Free cash flow, cont. ops.	-64	96	>100%	113	96	-15%	

* Vara Consensus 20 July 2020

Highlights

Better than expected Q2 performance

- Q2 adj. EBITDA at €456 m – clearly better than initially expected
- Growth segments Nutrition & Care and Resource Efficiency with robust EBITDA and margin >20% in H1
- Clearly positive Free Cash Flow in Q2 – even in a tough environment and with no support from NWC release yet
- Managing the crisis with a long-term view: Solid H1 not a result of radical short-term cost savings – we benefit from the structural changes and measures implemented over the last years

FCF outlook raised

- Adj. EBITDA outlook confirmed: between €1.7 and 2.1 bn
- FCF outlook upgraded: Cash conversion now expected at least on prior year's level (33%; previously: stable at ~30%)
- New divisional structure implemented (from July 1st)

Group business development Q2 2020

- Sales decreased by -14% to €2,827 m (Q2 2019: €3,306 m)
  - Volume decline (-12%) on group level driven by weaker market environment for auto and petrochemical derivatives; lower volumes in PM (-21%) and RE (-18%), NC robust (-3%)
  - Prices slightly negative (-3%) on Group level; strong pricing power in RE (+1%); resilient in NC (+/-0%); pressure in PM (-20% due to significantly lower naphtha price)
- Adj. EBITDA of €456 m well above the initial Q2 guidance of "around €400 m"; -19% yoy (Q2 2019: €566 m);
  - RE (€255 m, -22%) with expected pressure in auto-linked businesses, but earnings resilience in >50% of the portfolio; margin level of above 20% preserved due to continued high cost awareness, solid pricing and beneficial product mix
  - NC (€217 m, +14%) with strong performance in resilient end markets; strong margin improvement (to 20%) driven by robust pricing, structural cost savings and raw material support; methionine with healthy volumes and increasing prices throughout Q2
  - PM (€11 m; -85%) Difficult market environment for petrochemical derivatives continuing; low naphtha price with pressure on C4 derivatives (lower prices and spreads)
  - Services & Corporate/Others broadly stable yoy
- Adj. EBITDA margin on Group level at 16.1% (Q2 2019: 17.1%)
- Adj. EBIT of €202 m (Q2 2019: €340 m); D&A slightly higher yoy (Q2 2020: €254 m, Q2 2019: €226 m)
- Adj. EPS at €0.34 (Q2 2019: €0.49); lower operational earnings and slightly higher D&A

Highlights from cash flow statement & balance sheet H1 2020

Cash Flow Statement

- Free Cash Flow clearly higher yoy (H1 2020: €209 m, H1 2019: €95 m) despite EBIT decline of €180 m
- Net working capital: Focus on supply security in H1; now shifting back to active NWC management in H2
- FCF supported by maintaining capex on low prior year's level (H1 2020: -€373 m; H1 2019: -€357 m)
- Lower bonus payments (visible in "change in other provisions" line) and lower outflows for taxes in H1 2020 (only -€14 m due to reimbursements relating to other periods; H1 2019: -€145 m)

Balance Sheet

- Net financial debt increased sequentially to €2,994 m (from €2,778 m end of Q1 2020), mainly due to the 50% dividend payment (€266 m) beginning of June
- Pension provisions increased slightly to €3,994 m (from €3,787 m end of Q1) due to a slightly lower discount rate in Germany (from 1.7% to 1.4%)
- Leverage (net debt/adj. EBITDA) now at 3.3x; net financial debt leverage at 1.4x

Outlook for FY 2020

- Basis for our outlook:
  - Economic development -5.5% (previously: -3.0%)
  - Euro/US dollar exchange rate: US$1.10 (previously: US$1.12)
  - Internal raw material index significantly lower than the prior year (unchanged)

- Outlook for the full year 2020
  - **Sales between €11.5 and €13.0 bn** (2019: €13.1 bn)
  - **Adj. EBITDA between €1.7 and €2.1 bn** (2019: €2.153 m)
  - **FCF conversion ratio (**FCF/adjusted EBITDA) **at least on prior year's level** (2019: 33.3%; previous outlook: stable cash conversion at around 30%)
  - Divisional outlook now based on the **new divisional structure:**
    - **Specialty Additives** will not reach prior year's earnings level while maintaining attractive margin
    - **Nutrition & Care** with clearly higher earnings and margin in resilient end markets
    - **Smart Materials** with more resilient Inorganics and clearly lower Polymers business
    - **Performance Materials** with oil price-related significant drop in earnings

- H2 2020 operational development by division
  - **Specialty Additives**
    - Additives for agrochemicals, packaging and textiles as well as for composites with ongoing robust development
    - Recovery of auto- and mobility-related additives visible - however due to later position of additives in the value chain with slightly delayed recovery phasing
  - **Nutrition & Care**
    - Unchanged positive performance in resilient Health & Care end markets
    - Animal Nutrition with normalization of volumes in H2
  - **Smart Materials**
    - Ongoing resilience in large parts of Inorganics: demand for hygiene, personal care and environmental applications even benefitting from crisis
    - Auto-related areas in Polymers and tire Silica with slow recovery
  - **Performance Materials**
    - Challenging situation in C4-chain only slowly improving with slight recovery of Naphtha prices and product spreads
    - yoy lower volume and price environment in superabsorbents persisting throughout the year

Additional indications for FY 2020 (cont. operations) – no changes

- PeroxyChem: Included in outlook with 11 months (2019: ~USD300 m sales, ~USD60 m adj. EBITDA)
- ROCE: **Below the level of 2019** (2019: 8.6%)
- Capex (cash outflow for investment in intangible assets, pp&e): **Around the already low level of 2019** (2019: 880 m)
- EUR/USD: **1.10 EUR/USD** (previously: 1.12 EUR/USD, 2019: 1.12 EUR/USD)
- EUR/USD sensitivity: +/-1 USD cent = **-/+ ~€7 m** adj. EBITDA (FY basis)
- Adj. EBITDA Services, Corp. & Others: **Slightly more negative than 2019** (2019: -€94 m)
  (In the new divisional structure and starting with Q3 2020, Services, Corporate & Other will be reported and guided in IR documents as only one line item going forward)
- Adj. D&A: **Around the level of 2019** (2019: €952 m)
- Adj. net financial result: **Around -€100 m** (2019: -€185 m) due to lower cross-currency swaps, lower interest rates for pensions and other provisions
- Adj. tax rate: **Back to a normalized rate of ~27%** (2019: 20%; MMA related)

New divisional structure in place since July 1st

Historic (2015-2019) and quarterly (2019 & 2020) figures available on our website:

https://corporate.evonik.de/en/investor-relations/-138285.html

Resource Efficiency (RE)

in € million	Q2 2019	Q2 2020	yoy Δ%	Q1 2020	Q2 2020	qoq Δ%	Q2 2020 Consensus*
External sales	1,445	1,244	-14%	1,437	1,244	-13%	1,241
Volume (%)			*-18%*				
Price (%)			*1%*				
Exchange Rates (%)			*0%*				
Other effects (%)			*3%*				
Adjusted EBITDA	326	255	-22%	344	255	-26%	249
Adjusted EBITDA Margin (%)	22.6%	20.5%	-2.1 pp	23.9%	20.5%	-3.4 pp	19.9%
Adjusted EBIT	247	160	-35%	258	160	-38%	164
Adjustments	-4	-3		-18	-3		
EBIT	243	157	-35%	240	157	-35%	
Capital expenditures	65	109	68%	91	109	20%	

* Vara Consensus 20 July 2020

- **Sales** 14% lower at €1,244 m (Q2 2019: €1,445 m)
  - Volumes (-18%) clearly impacted by weaker auto demand, pricing remained strong (+1%) in Q2

- **Adj. EBITDA** decreased by -22% to €255 m (Q2 2019: €326 m)
  - Margin level of above 20% preserved due to continued high cost awareness, solid pricing and beneficial product mix
  - Continued solid performance of Crosslinkers, Active Oxygen and Catalysts; Silica with resilient performance in Oral Care and Specialty application
  - Volumes in High Performance Polymers, Silica for tires and Oil Additives clearly impacted by weaker auto demand
  - Q2 with maintenance costs for shutdown in preparation of PA12 expansion (~€10 m)

- **Coating Additives:** China and deco coatings with recovery throughout the quarter; continued slow demand for container & auto coatings
- **Crosslinkers**: Good demand for composite applications for wind energy and isophorones for disinfections. Favorable product mix and lower raw material costs (Acetone)
- **High Performance Polymers:** Slow demand from automotive, white goods and oil & gas; additional burden from maintenance shutdown in preparation of PA12 expansion (~€10 m)
- **Silica**: Tire business with visible impact, while Oral Care and specialty applications continued their resilient performance
- **Active Oxygens**: Weaker base business, strong demand for specialty applications like disinfections or food packaging; contribution from PeroxyChem for the full quarter

Nutrition & Care (N&C)

in € million	Q2 2019	Q2 2020	yoy Δ%	Q1 2020	Q2 2020	qoq Δ%	Q2 2020 Consensus*
External sales	1,131	1,085	-4%	1,134	1,085	-4%	1,154
Volume (%)			*-3%*				
Price (%)			*0%*				
Exchange Rates (%)			*-1%*				
Other effects (%)			*0%*				
Adjusted EBITDA	190	217	14%	174	217	25%	199
Adjusted EBITDA Margin (%)	16.8%	20.0%	3.2 pp	15.3%	20.0%	4.7 pp	16.9%
Adjusted EBIT	117	134	15%	89	134	51%	117
Adjustments	-3	-1		-1	-1		
EBIT	114	133	17%	88	133	51%	
Capital expenditures	76	32	-58%	23	32	39%	

* Vara Consensus 20 July 2020

- **Sales** decreased by -4% to €1,085 m (Q2 2019: €1,131 m)
  - Negative volumes (-3%) mainly caused by Comfort & Insulation business (clearly impacted by lower demand from auto and white goods producers) and Lysine
  - Prices stable: Animal Nutrition up, Baby Care down yoy

- **Adj. EBITDA** increased by 14% yoy to €217 m (Q2 2019: €190 m)
  - Strong margin improvement to 20% driven by robust pricing, structural cost savings and raw material support
  - Robust performance in defensive end markets like Health Care & Care Solutions
  - Methionine with healthy volumes and increasing prices throughout Q2

- **Care Solutions:** Overall solid performance, especially in cleaning and active ingredients; Asia with quick recovery after softer Q1; Europa and Americas with corona impact in leave-on cosmetics in Q2
- **Health Care**: Ongoing good performance; high demand for pharma polymers; project pipeline for API well filled
- **Comfort & Insulation:** Subdued business in auto, consumer durables & white goods applications
- **Baby Care:** Baby Care with expected yoy volume and price pressure
- **Animal Nutrition**: Methionine with healthy volumes and increasing prices throughout Q2; Lysine with yoy clearly lower volumes

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Performance Materials (PM)

in € million	Q2 2019	Q2 2020	yoy Δ%	Q1 2020	Q2 2020	qoq Δ%	Q2 2020 Consensus*
External sales	553	319	-42%	472	319	-32%	326
Volume (%)			*-21%*				
Price (%)			*-20%*				
Exchange Rates (%)			*0%*				
Other effects (%)			*-1%*				
Adjusted EBITDA	74	11	-85%	23	11	-52%	2
Adjusted EBITDA Margin (%)	13.4%	3.4%	-10.0 pp	4.9%	3.4%	-1.5 pp	0.9%
Adjusted EBIT	50	-17	>-100%	-1	-17	>-100%	-22
Adjustments	0	0		0	0		
EBIT	50	-17	>-100%	-1	-17	>-100%	
Capital expenditures	11	9	-18%	10	9	-10%	

* Vara Consensus 20 July 2020

- **Sales** decreased by -42% to €319 m (Q2 2019: €553 m)
  - Difficult market environment for petrochemical derivatives for the full quarter, leading to negative volumes (-21%) and prices (-20%)

- **Adj. EBITDA** decreased by -85% to €11 m (Q2 2019: €74 m)
  - Low naphtha price with pressure on C4 derivatives (lower prices and spreads)
  - Weak demand, especially from tire industry (Butadiene) and weakening gasoline market due to less mileage driven (MTBE)

- **Performance Intermediates:**
  - Difficult market environment for petrochemical derivatives continuing
  - Weak demand, especially from tire industry (Butadiene) and weakening gasoline market due to less mileage driven (MTBE)
  - Low naphtha price with pressure on C4 derivatives (lower prices and spreads)

- **Functional Solutions:**
  - Solid business with alkoxides

Services

in € million	Q2 2019	Q2 2020	yoy Δ%	Q1 2020	Q2 2020	qoq Δ%	Q2 2020 Consensus*
External sales	171	171	0%	191	171	-10%	174
Adjusted EBITDA	36	37	3%	29	37	28%	28
Adjusted EBITDA Margin (%)	21.1%	21.6%	0.5 pp	15.2%	21.6%	6.4 pp	15.2%
Adjusted EBIT	-7	-3		-10	-3		-12
Adjustments	-2	2		3	2		
EBIT	-9	-1		-7	-1		
Capital expenditures	32	42	31%	73	42	-42%	

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- Services with yoy stable earnings
- Overall good utilization in Energy & Utilities, Engineering, Logistics; no major COVID-19 impact

Corporate / Others

in € million	Q2 2019	Q2 2020	yoy Δ%	Q1 2020	Q2 2020	qoq Δ%	Q2 2020 Consensus*
External sales	6	8		9	8		7
Adjusted EBITDA	-60	-64	-7%	-57	-64	-12%	-58
Adjusted EBIT	-67	-72	-7%	-63	-72	-14%	-66
Adjustments	-12	-12		-10	-12		
EBIT	-79	-84		-73	-84		
Capital expenditures	2	1		1	1		

* Vara Consensus 20 July 2020

- Corporate / Others with slightly more negative earnings
- COVID-19 related cost savings and lower bonus provisions compensated by change in provision for environmental protection (- €10 m yoy)

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