

Evonik

Leading Beyond Chemistry

Company Presentation Q2 2023

NEXTGEN 



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**

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2. Strategy
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4. Financial performance Q2 2023

Leading Beyond Chemistry – Our purpose

Evonik on the way to become a best-in-class specialty chemicals company



Video “We are Evonik”

Leading ...

- Leading market positions in **80%** of our business
- Leading **key financial indicators**

... Beyond ...

- **Connecting skills** and perspectives
- Develop **solutions** together with partners
- **Sustainability** key driver of growth

... Chemistry

- Clear focus on **specialty chemicals**
- Target **100% specialty** portfolio













Evonik well equipped as “Enabler of Sustainable Change”

Portfolio circled around our four “Sustainability Focus Areas”



Leading Beyond Chemistry – Growth divisions

Specialty chemicals portfolio with strong positioning and attractive financials

	Specialty Additives	Nutrition & Care	Smart Materials
			
Strong positioning ...	Wide range of additives for maximum performance which make the key difference	Sustainable solutions for basic human needs in resilient end markets like pharma, personal care and animal nutrition	Innovative materials that enable environmentally-friendly solutions for mobility, environment and urbanization
... and attractive financials ¹	 Sales: €4,184 m  Margin: 23%  ROCE: 16%	 Sales: €4,237 m  Margin: 16%  ROCE: 9%	 Sales: €4,833 m  Margin: 14%  ROCE: 7%

1: FY 2022

Leading Beyond Chemistry – Growth divisions

Ambition and promising growth drivers

Discover
more in our
Factbook!

	Specialty Additives	Nutrition & Care	Smart Materials
			
Ambition	“Small amount – Big effect ”	“Bringing Nutrition & Care to Life – for life and living ”	“We find solutions for the needs of today and tomorrow ”
... and promising growth drivers	✓ Making the difference	✓ Active cosmetics ingredients	✓ Future Mobility
	✓ Enabling circular economy	✓ Drug delivery systems	
	✓ Digital solutions	✓ Sustainable & healthy nutrition	✓ Eco-Solutions

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

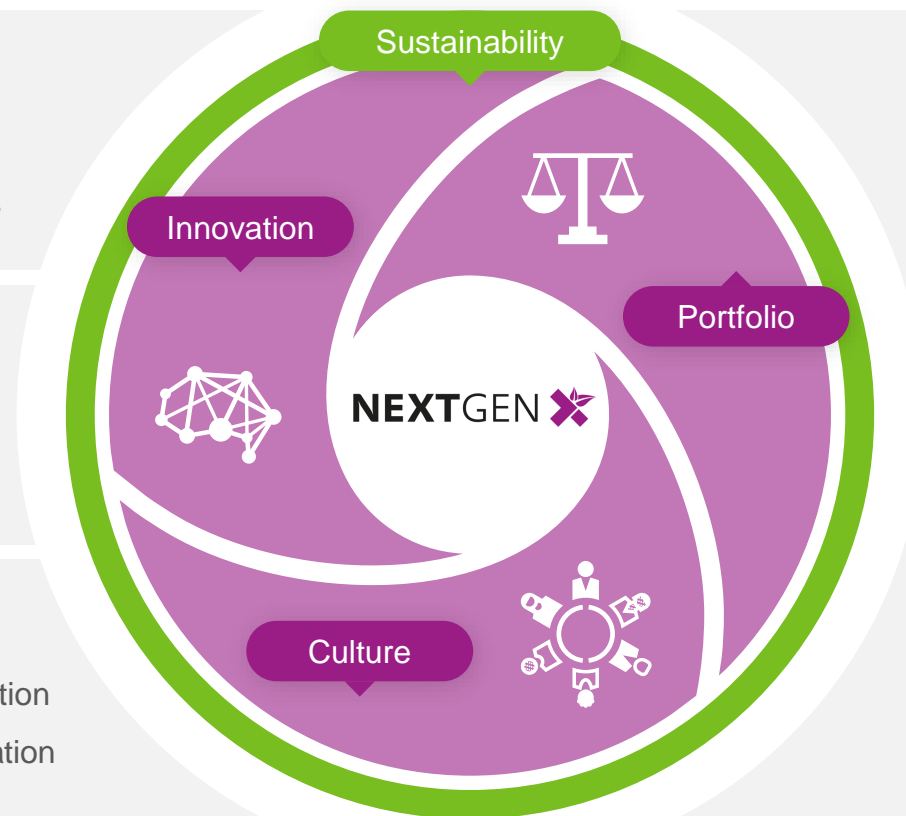
- + Exit Performance Materials
- + Full focus on three attractive growth divisions

Next Generation Innovation

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

Next Generation Culture

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



ESG Targets¹

- + >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%

1. Until 2030

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



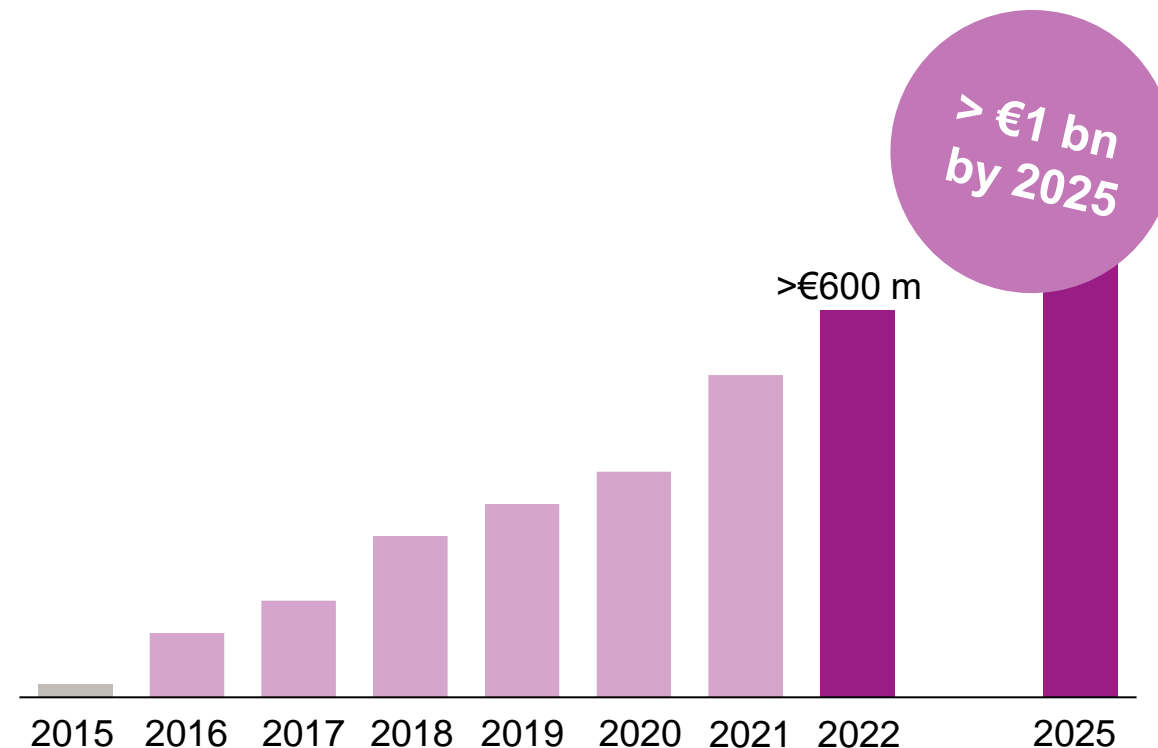
Healthcare
Solutions



Sizeable sales base established
in all growth fields

Above-average margin contribution

Sales contribution Innovation Growth Fields



Evonik aligned to sustainability

Sustainability as part of portfolio and strategic management processes

Excellent Rankings



Sector leading rankings

Evonik amongst leaders in all relevant ratings –
“AA” MSCI ESG rating, EcoVadis “Platin” rating,
“B-” ISS Oekom and “A-” CDP rating

Environmental Targets



reduction of scope 1 and scope 2
emission until 2030 (vs. 2021)

Ambitious environmental targets

Evonik’s sustainability strategy
with ambitious targets
Evonik will be climate neutral by 2050

Portfolio Management



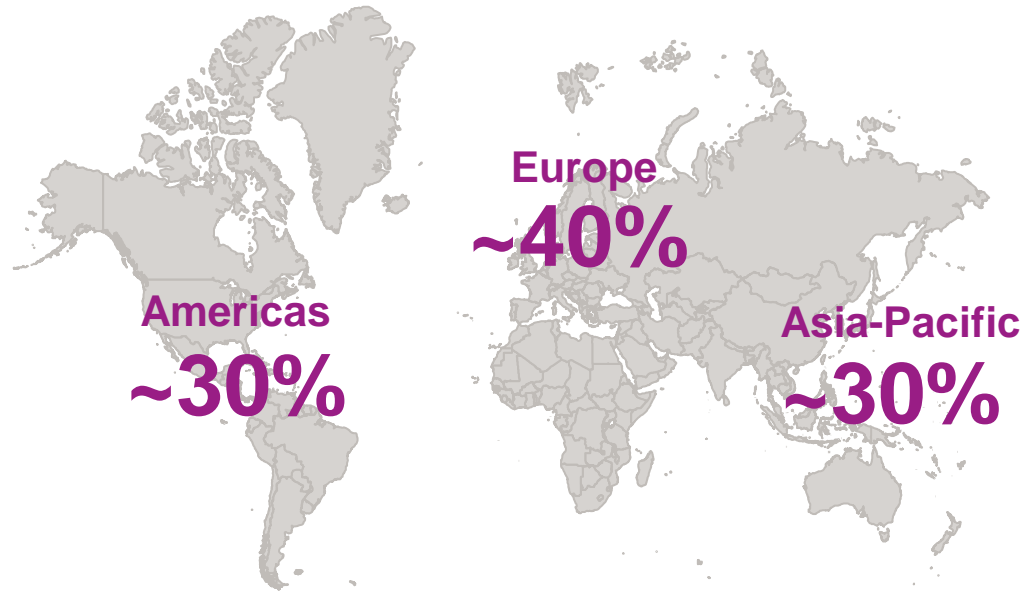
Portfolio aligned to sustainability

Sales share with solutions with a
clearly positive sustainability profile;
target of >50% by 2030

Balanced global footprint – Clearly profitable in all regions

Europe as profitable core region for Evonik

Share of production volumes (in kt, FY 2022)¹



All major value chains with production hubs
in all three key regions

European business with high competitiveness



Portfolio

- Focus on less energy-intensive businesses
- Frontrunner in sustainability



Innovation

- Innovation-driven, customer-centric solutions
- Value-based pricing

Clearly profitable across all value chains
in Europe – now and in the future

1. Excl. Performance Materials

Leading Beyond Chemistry

Summary of key financial & ESG targets

Financial Targets		ESG Targets	
Organic sales CAGR	>4%	Accident frequency rate ¹	≤0.26
EBITDA margin	18-20%	“Next Generation Solutions” ²	>50%
Cash conversion ratio	>40%	Sales Inno. Growth Fields ³	>€1 bn
ROCE	~11%	GHG emissions (scope 1&2) ⁴	-25%
Reliable & sustainably growing dividend		Gender diversity ⁵	23%
Solid investment grade rating		Intercultural mix ⁶	20%



1. Upper limit, indicator per 200,000 working hours | 2. Sales share by 2030 | 3. by 2025

4. Gross emissions, reference year 2021, target year 2030 | 5. Executive & senior management positions by 2023 | 6. Executive positions by 2023

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2. Strategy

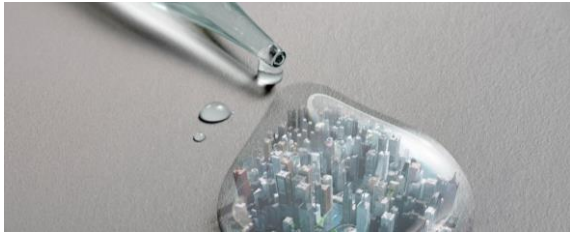
3. Capital allocation & financial targets

4. Financial performance Q2 2023

Portfolio transformation – Clear portfolio roles

Focus on three growth divisions - Exit Performance Materials

Specialty Additives



Nutrition & Care



Smart Materials



Performance Materials



Growth focus

- Strong innovation pipeline
- High sustainability focus: Expand portfolio share of “Next Generation Solutions”
- Targeted M&A in complementary products and technologies
- Selected efficiency measures to strengthen cost leadership and improve portfolio quality

Exit

- Aiming to find new owners for each of the three businesses in the course of 2023

Portfolio: 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)

Portfolio transformation – Active M&A management

Decisive and value-accretive portfolio management

Divestments

~€2 bn cyclical sales

sold at attractive valuation
(**8.5x** EV/EBITDA)

Ø EBITDA margin: ~**15%**¹



Acquisitions

>€2 bn resilient sales

Ø multiple of **9.1x** EV/EBITDA
(incl. synergies)

Ø EBITDA margin: ~**22%**

Delivery of synergies on track (€80 m by end of 2020)



Decisive and value-accretive portfolio management

- Portfolio cyclicalality & Capex intensity reduced
- More resilient EBITDA margin and improved cash profile

Divestments: Methacrylates business sold for EV of €3 bn (8.5x EV/EBITDA) in 07/2019

Acquisitions: Air Products specialty additives business for US\$3.8 bn (9.9x EV/EBITDA incl. synergies & tax benefits) in 01/2017 | Dr. Straetmans cosmetics business in 05/2017

Huber Silica business for US\$630 m (~7x EV/EBITDA incl. synergies & tax benefits) in 09/2017 | PeroxyChem for US\$640 m (7.6x EV/EBITDA incl. synergies) in 02/2020 | Porocel for US\$210 m (9.1x EV/EBITDA) in 11/2020

1: 2014-2019

Exit of Performance Materials underway

Functional Solutions



- Sale of Lülldorf site, incl. the production of **potash derivatives and cyanuric chlorides**, to ICIG signed in early April
- **Alkoxides** (biodiesel catalysts) integrated into catalyst business within Smart Materials¹

1. As of January 1st, 2023

Next steps

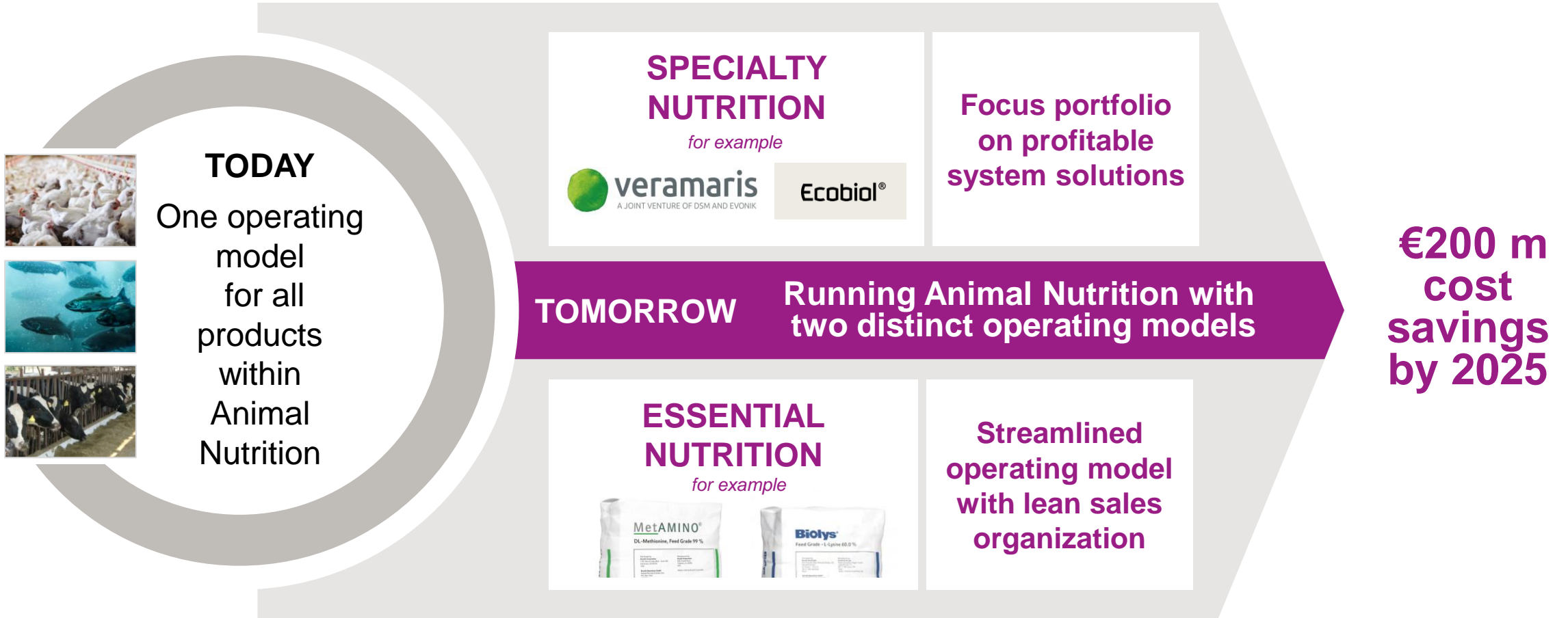
Superabsorber



Performance Intermediates



Strengthening competitiveness of Animal Nutrition business



RD&I at a glance

Facts & Figures

RD&I AT EVONIK

>€460 m SPENT

**>€600 M SALES IN 2022 FROM
INNOVATION GROWTH FIELDS**

~24,000 PATENTS¹

>2,700 EMPLOYEES

100% SUSTAINABILITY-INTEGRATED

FIGHT CLIMATE CHANGE



DRIVE CIRCULARITY



SAFEGUARD ECOSYSTEMS

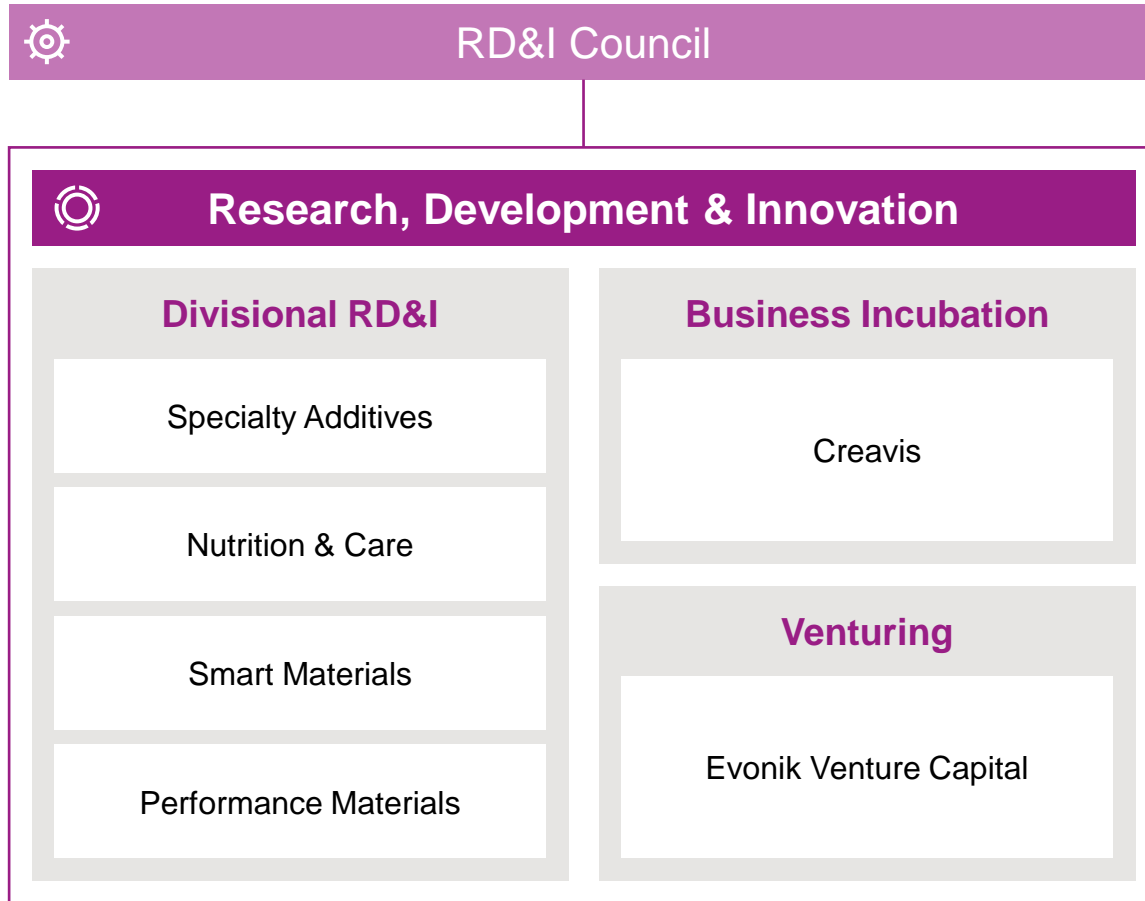


ENSURE HEALTH & SAFETY



1. Patents and patents pending

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 as backbone of Evonik's purpose and strategy

Clear commitment to growing handprint and reducing footprint

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**

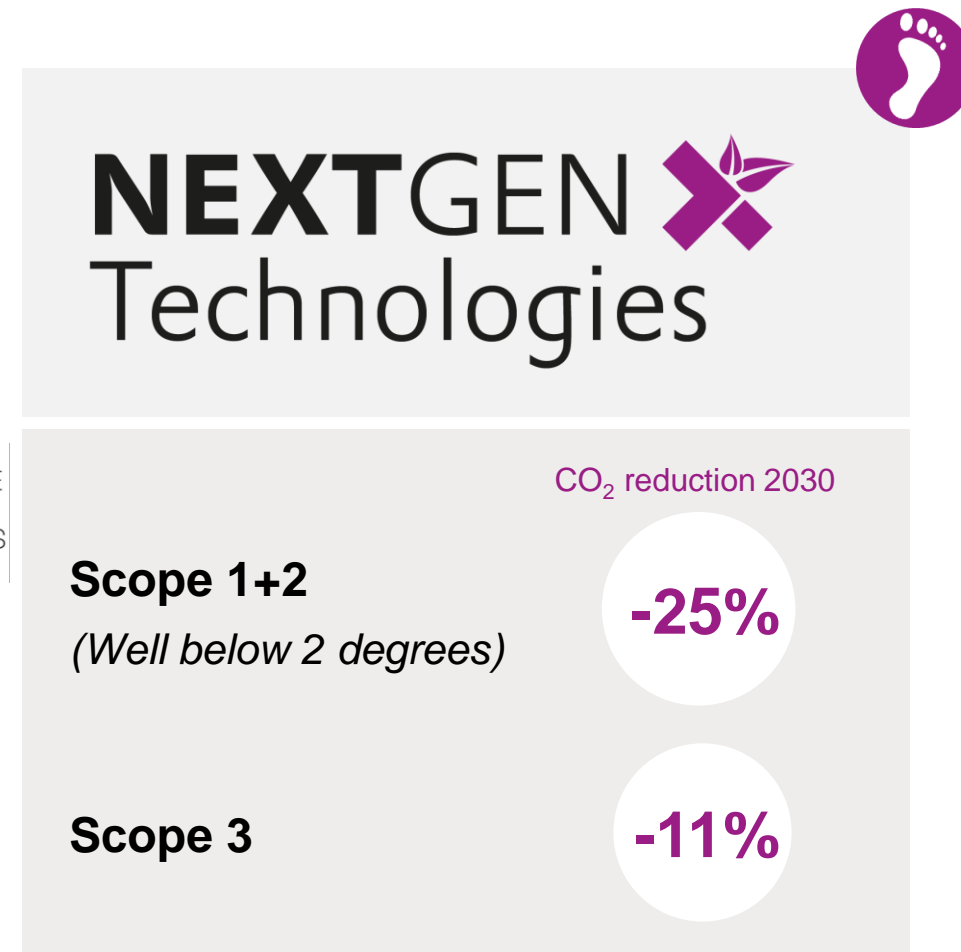


4 Evonik with high standards for **governance** and continuous **improvement of its reporting**



Ambitious commitments on handprint and footprint

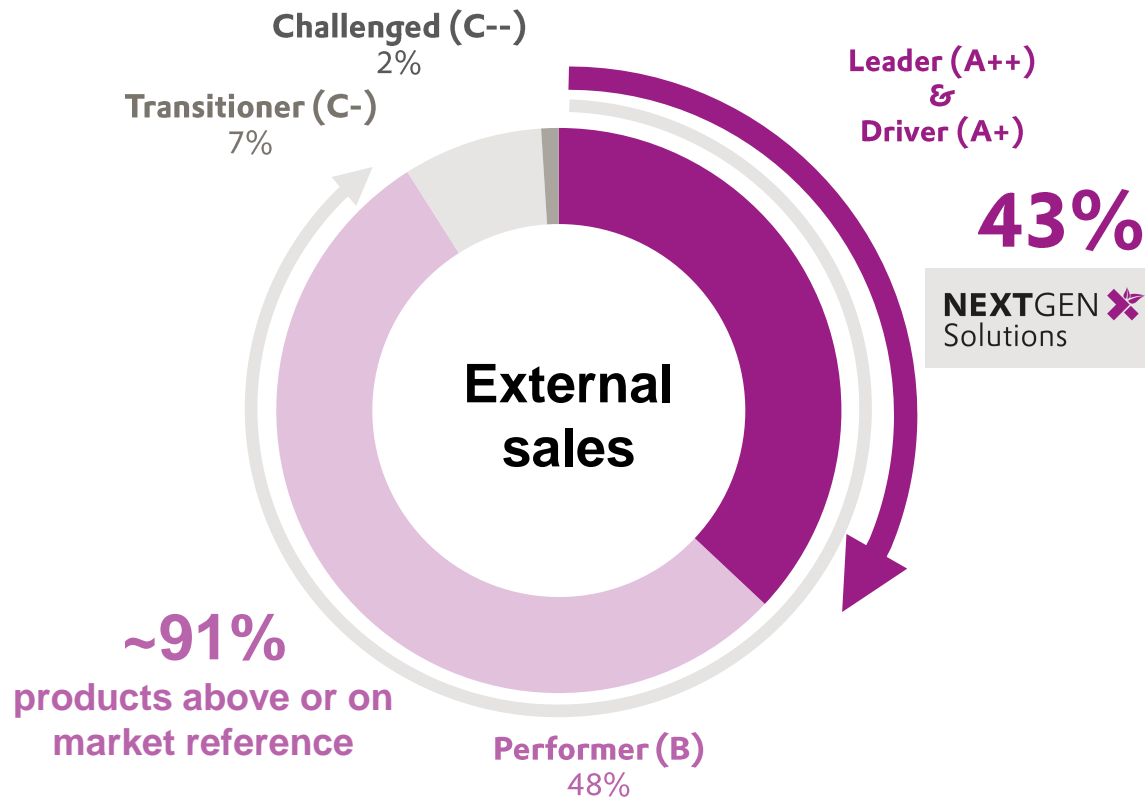
In line with Science Based Targets



Handprint: “Next Generation Solutions”

43% 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

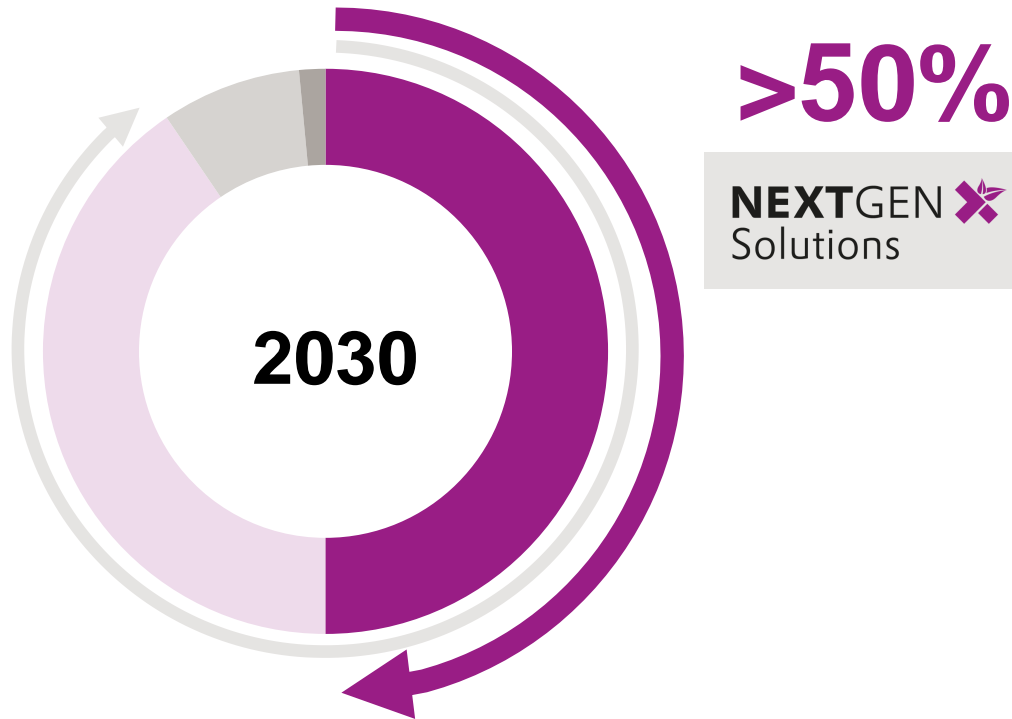
...deliver **superior sustainability benefits** to our customers

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

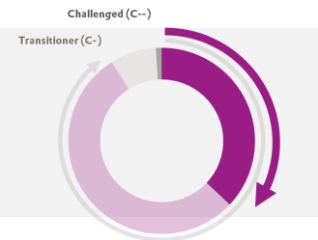
Existing “Next Generation Solutions” with **superior sales growth rates**



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



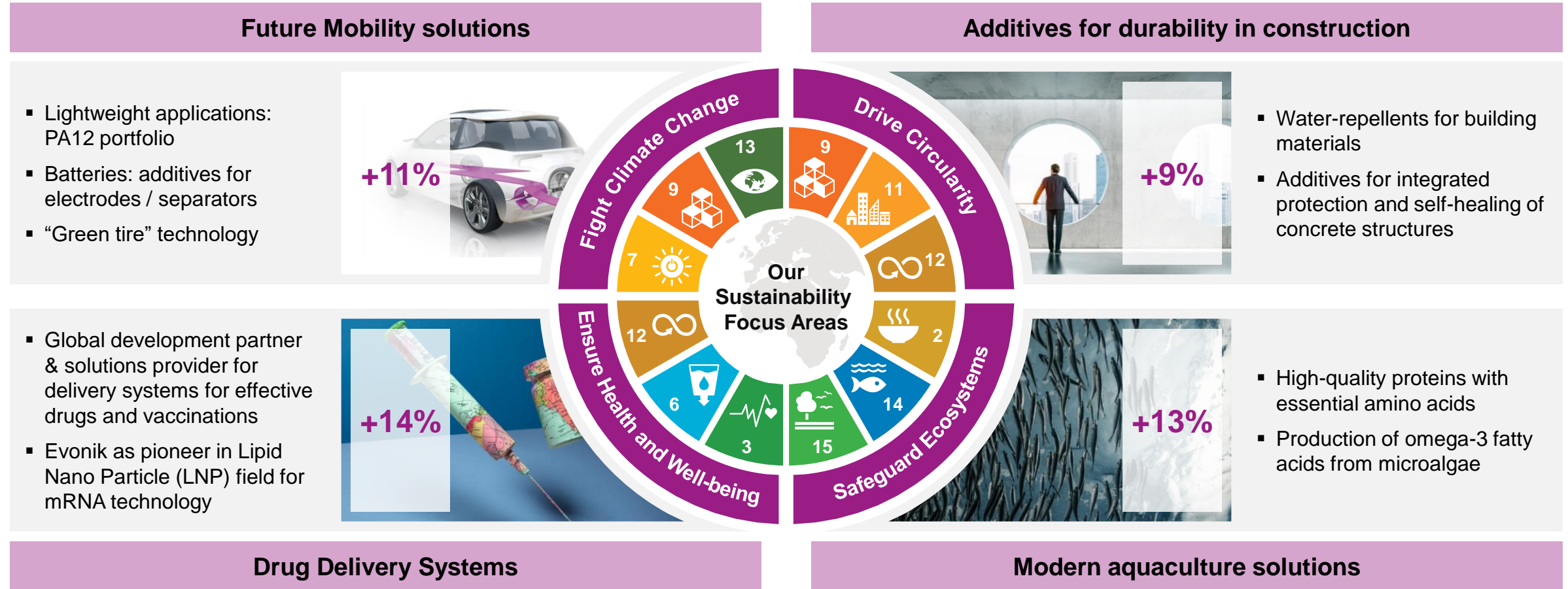
“**Challenged**” and “**Transitioner**” products exiting or with new formulations



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

Handprint: Above-average growth of “Next Generation Solutions”

Selected examples addressing our four Sustainability Focus Areas



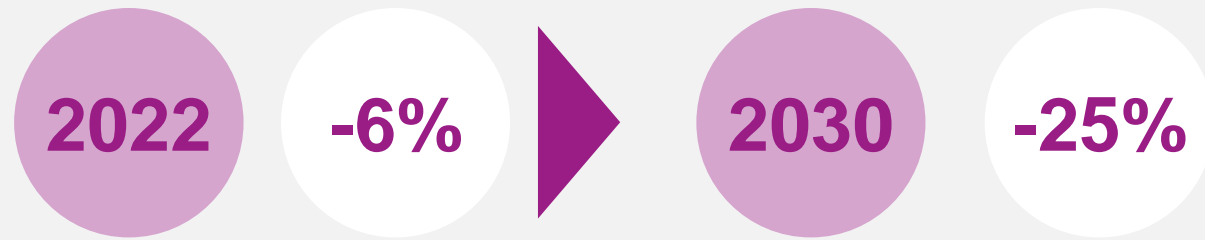
% values: Target CAGR 2021-2030 defined in Strategy Dialogue

Footprint: Further reduction underway

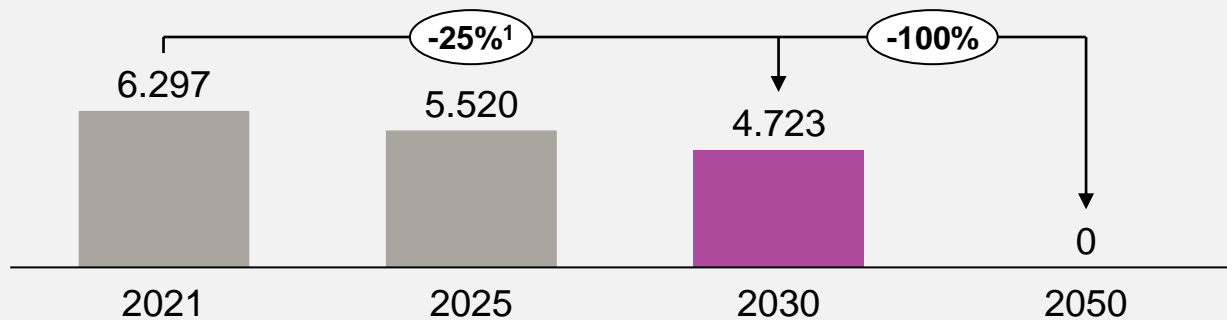
Holistic and measurable set of environmental KPIs in place

Emission reduction with good progress already in 2022

Scope 1&2



Our path to climate neutrality



New water & waste targets until 2030

Reduce specific production waste²

-10%



Reduce specific freshwater intake²

-3%



1. Gross emissions in Scope 1 and 2; reference year 2021 and target year 2030 | 2. Corresponding to the production volume; reference year 2021

Footprint: Targeting 100% green sourced electricity until 2030

Increasing independence from fossil energy sources

Europe: Long-term PPA with EnBW starting in 2026



- First PPA (100 MW) concluded in Q4 2022
- Second long-term agreement (50 MW) in February 2023
- Covering 33% European electricity needs of Evonik with wind energy (~150 kt CO₂ emission reduction p.a.¹)

Asia: Further PPAs at production locations



- Nanning site (Health Care) switching from coal-fired power to green electricity from wind
- PPAs at five Chinese locations for electricity from wind power and photovoltaic plants in 2022

Increase of share of green sourced electricity to ~50% in 2026, targeting 100% until 2030

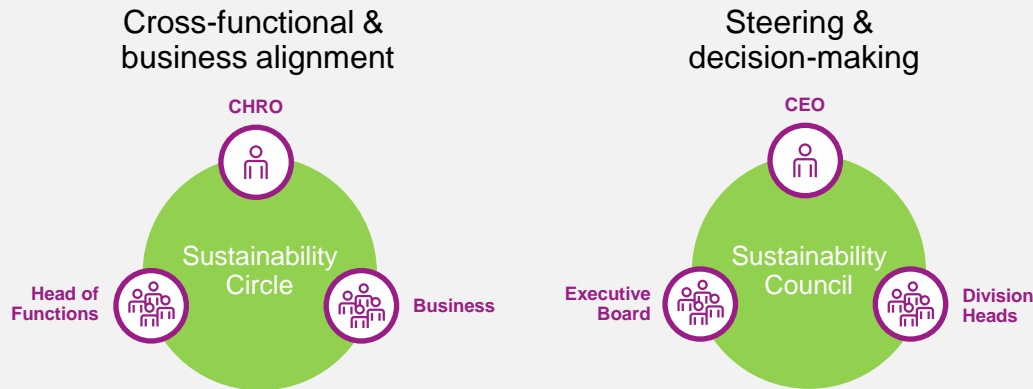
1. CO₂ reduction occurs in GHG protocol scope 1 or 3

Complementing the governance on ESG

Reflected in organizational set-up and remuneration

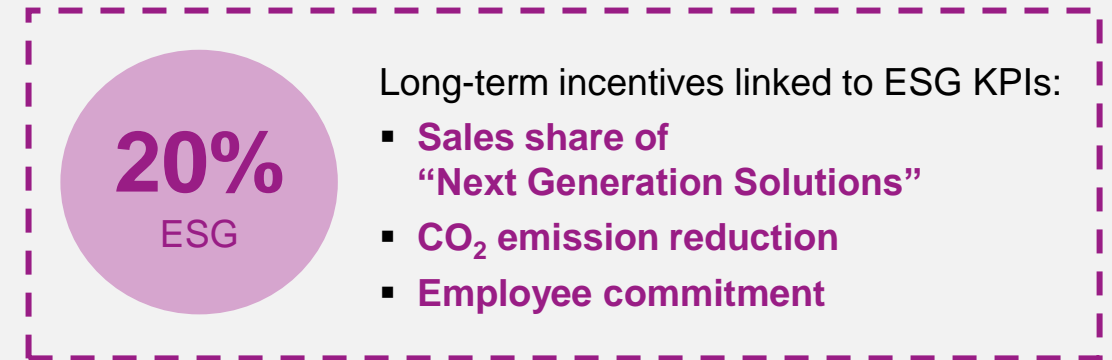
Clear responsibilities

- **Executive Board** has overall **responsibility** for sustainability
- Setting **strategic framework** and **executing measures** in close cooperation with operating divisions



Part of remuneration

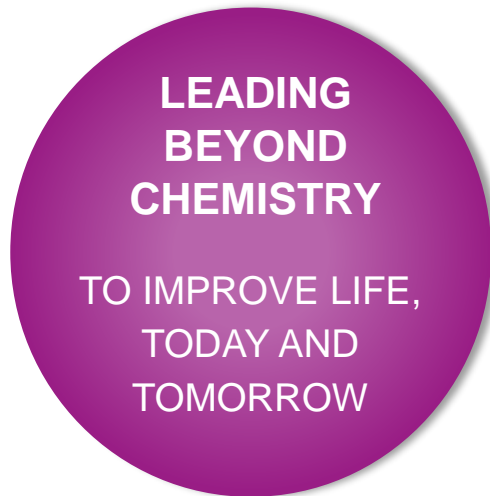
- Occupational safety part of remuneration of the executive board since more than a decade
- New ESG goals **integrated in remuneration schemes** of Executive Board



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)

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Financial targets

Evonik Group

Mid-term targets (excl. PM)

Organic sales CAGR >4%

Unchanged

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

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

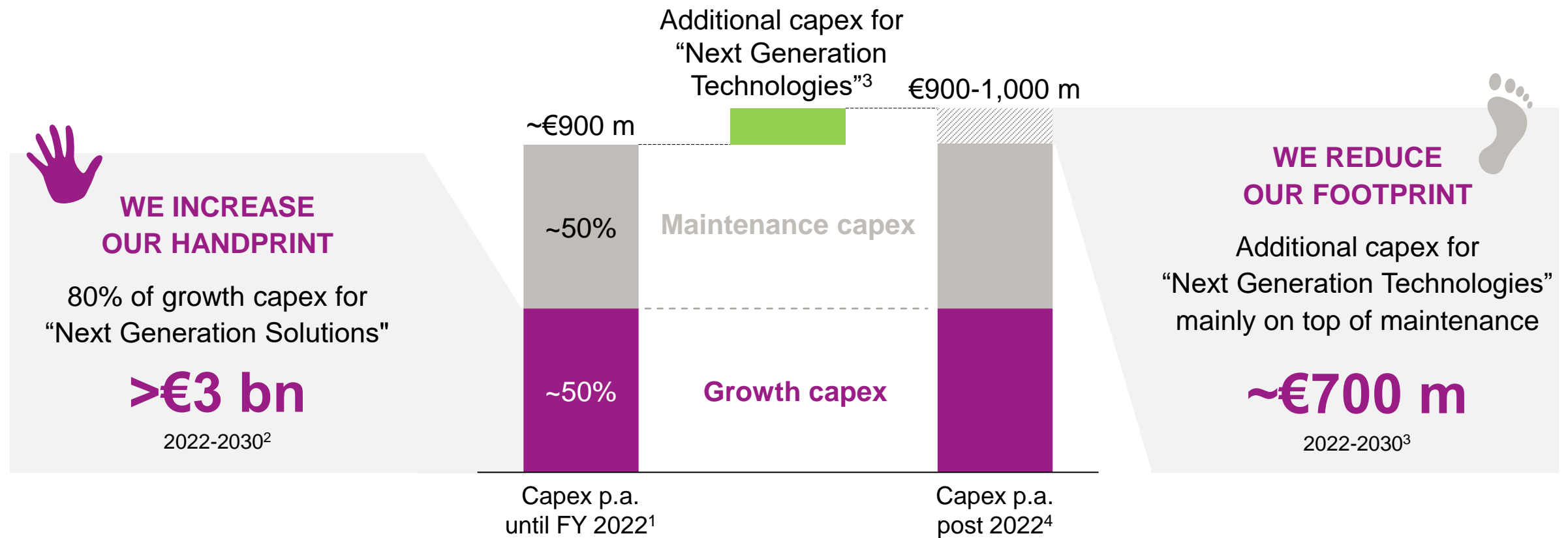
**Attractive
dividend**

- 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 (~€75 m p.a. on average)

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. ~€75 m p.a. for NGT

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



-25%²

2030

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.)

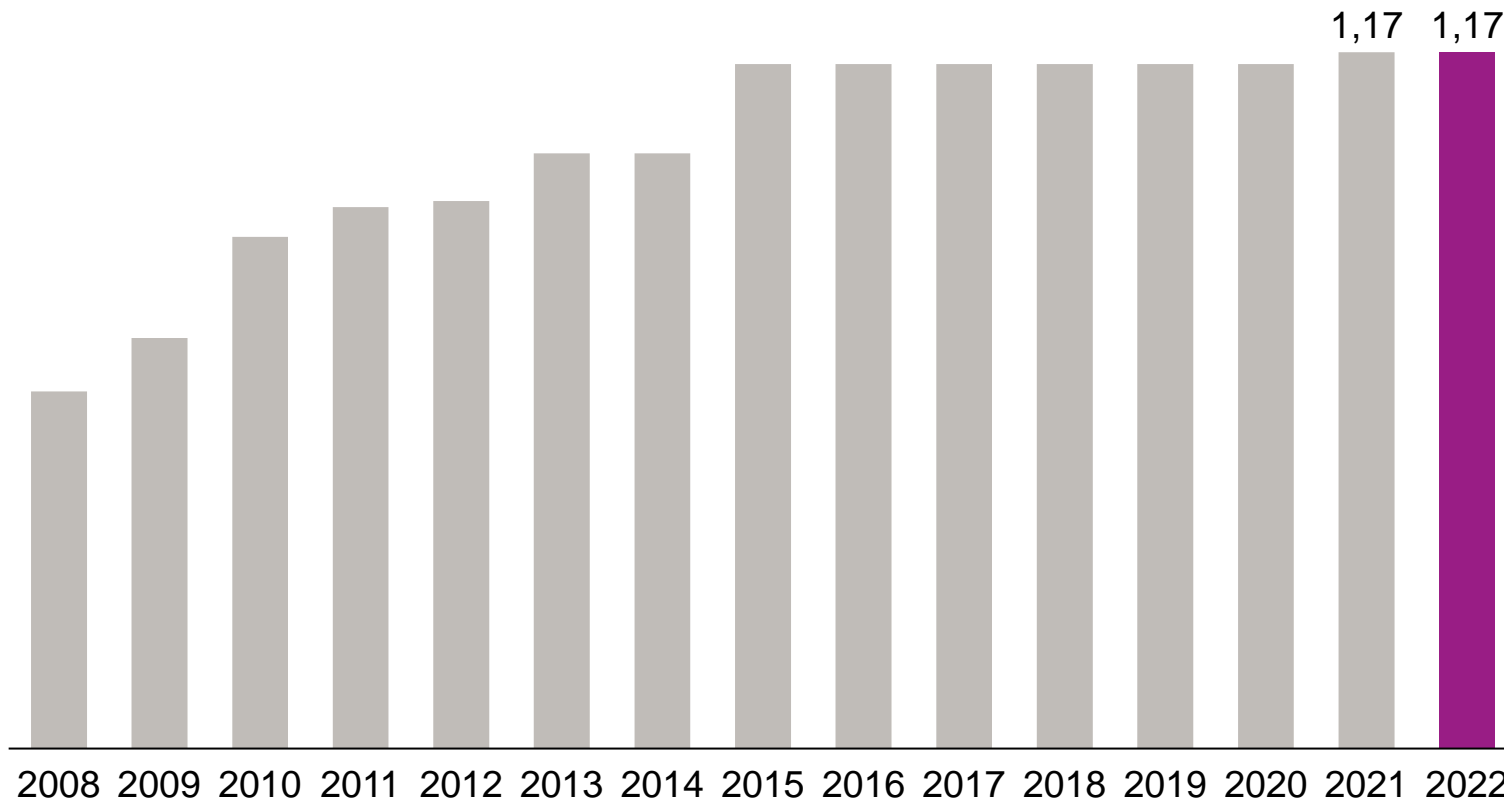
1. “Next Generation Solutions” include “Leader” (A++) and “Driver” (A+) products and solutions

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

Spotlight on shareholder returns

Reliable and attractive dividend policy

Dividend (in €) for FY



- **Stable with €1.17 in FY 2022**
- **Attractive dividend yield of ~6%**
- Reliable dividend policy targeting:
 - **Dividend continuity**
 - **Adj. EPS and FCF growth** with potential for sustainable **dividend growth** going forward

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Evonik challenges during 2023

Difficult macroeconomic environment for Chemicals

Lack of expected China recovery

Continued demand weakness & destocking across all end markets

Geopolitical uncertainty in Europe remains

High inflation & interest rates impact core geographic markets

Animal Nutrition with unprecedented earnings decline

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

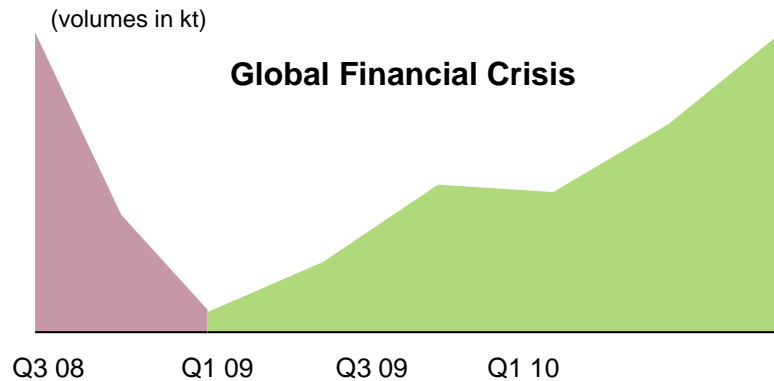
Stagnating demand

Elevated raw materials costs...

... combined with intense price pressure

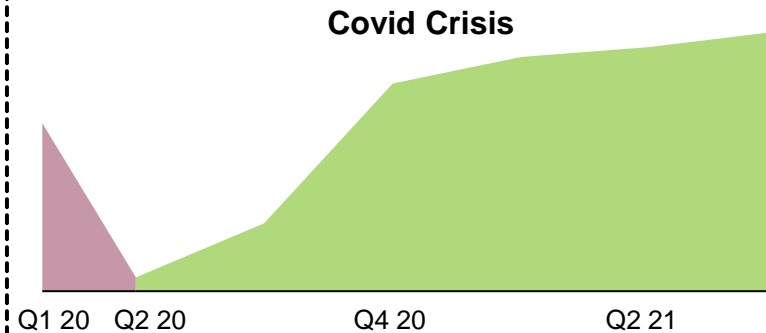
Current crisis characterized by unparalleled & persistent demand weakness

Recovery after 2 quarters



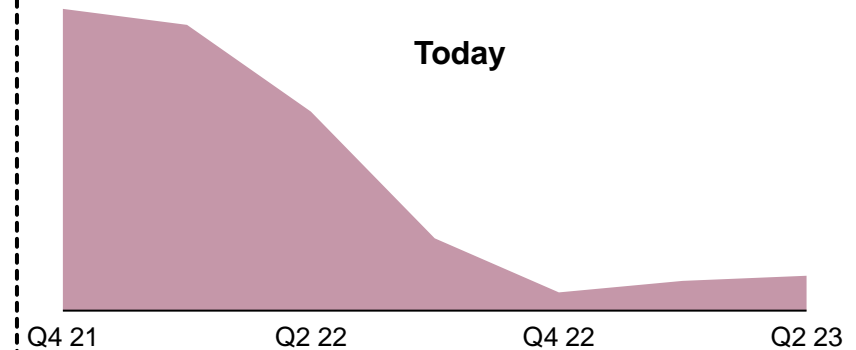
- Steep volume losses of -25% **between Q3 2008 and Q1 2009**
- Recovery from Q1 2009 onwards, with **volumes reaching pre-crisis levels after 4-5 quarters**

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

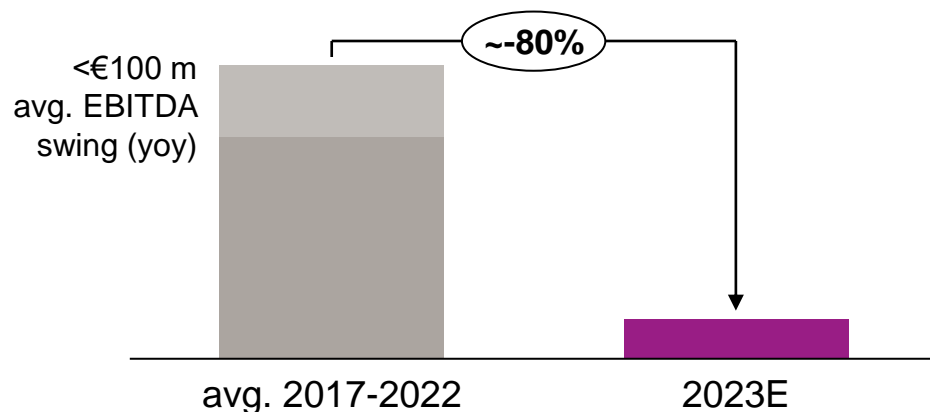
No recovery since 5 quarters



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

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

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

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

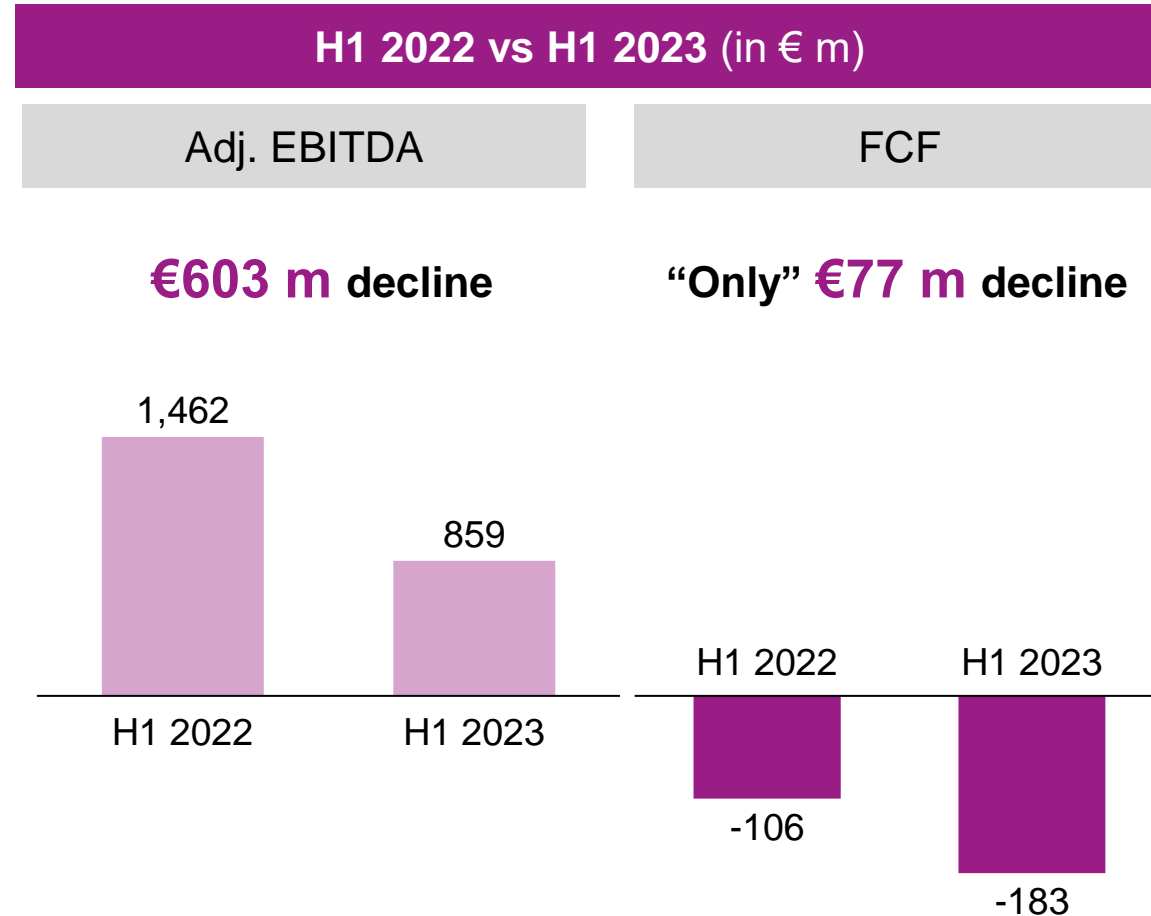


Our priorities

Cost management

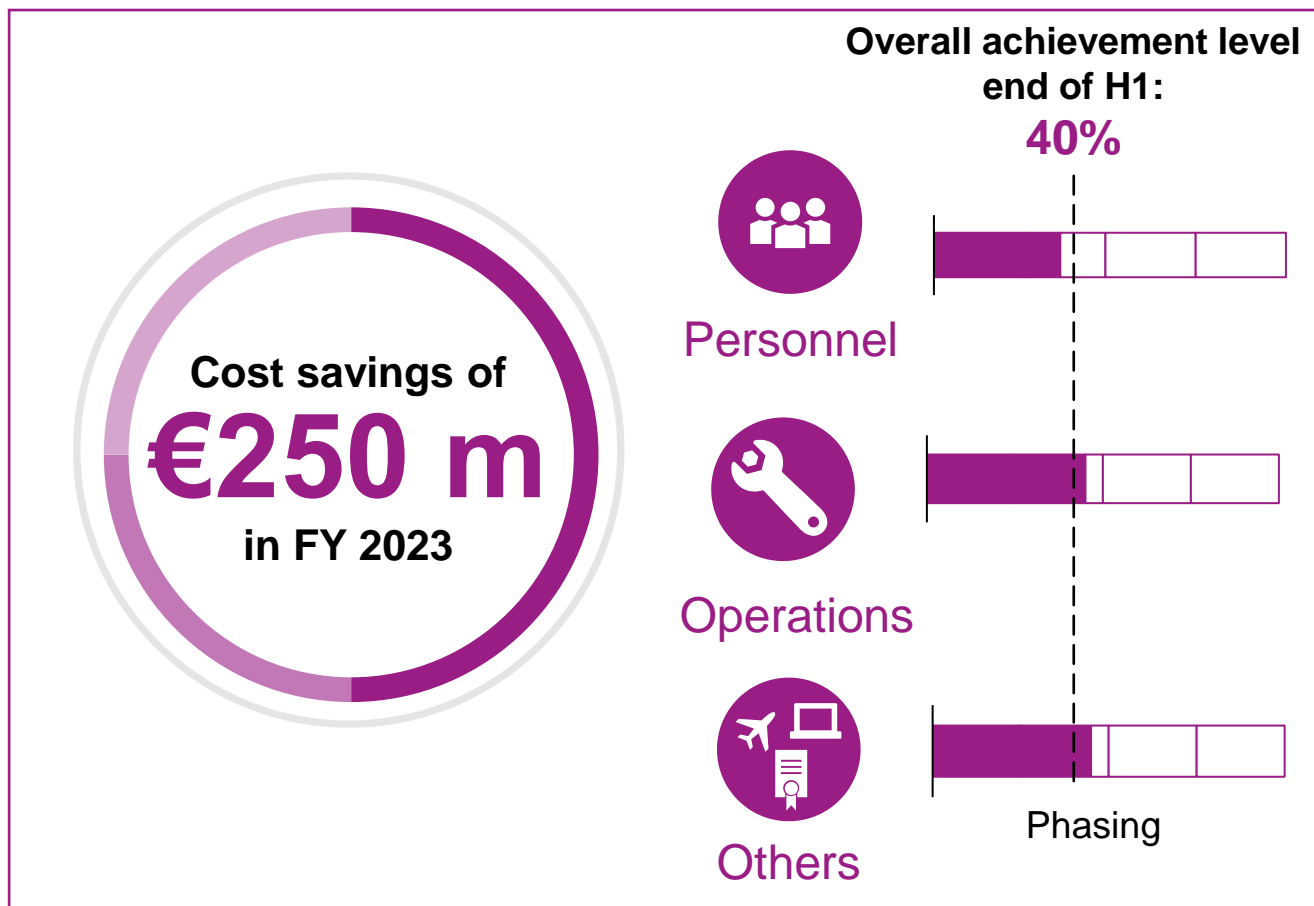
- Support from contingencies visible in H1 already
- Further tightening of measures for H2 ramp-up

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



- **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)

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

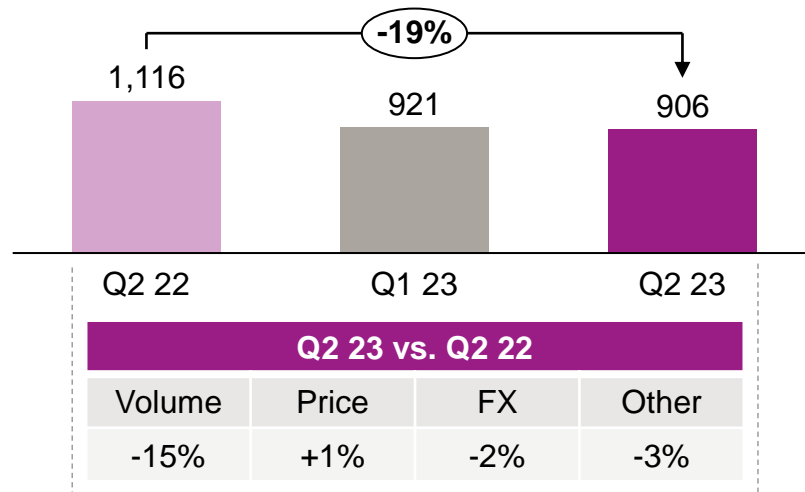
- Optimizing logistics & packaging
- Discipline in maintenance

Others

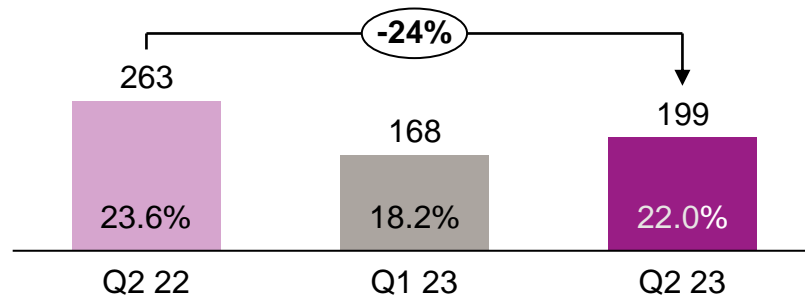
- Trainings & seminars cancelled or postponed
- Travelling reduced to the minimum

Specialty Additives

Sales (in € m)



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



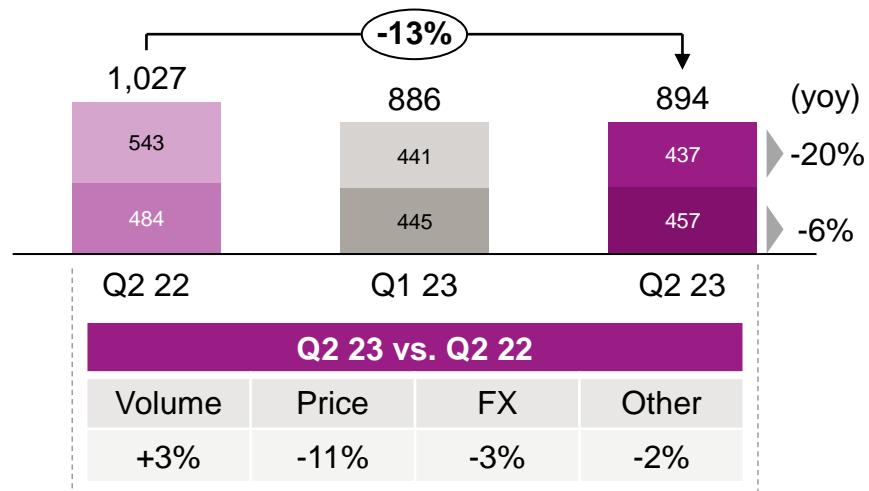
Q2 2022 still contained sales and earnings from the TAA derivatives business, which was divested in Q4 2022

Nutrition & Care

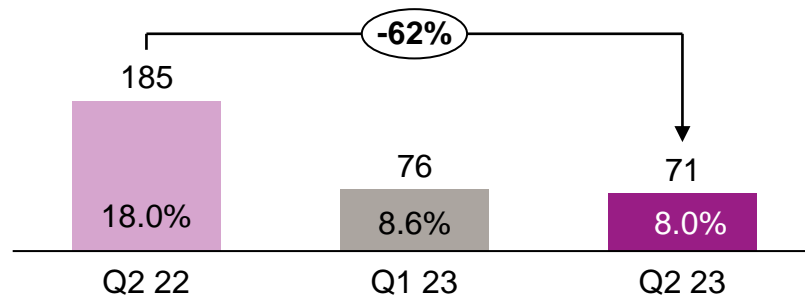
Sales (in € m)

Animal
Nutrition

Health &
Care



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

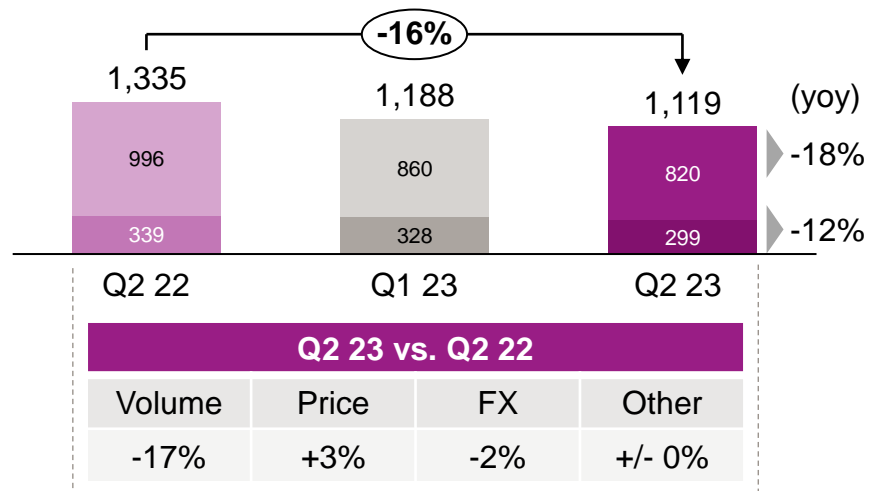


Smart Materials

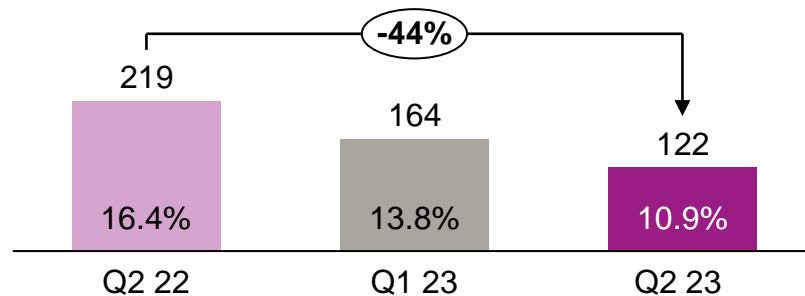
Sales (in € m)

Inorganics

Polymers



Adj. EBITDA (in € m) / margin (in %)

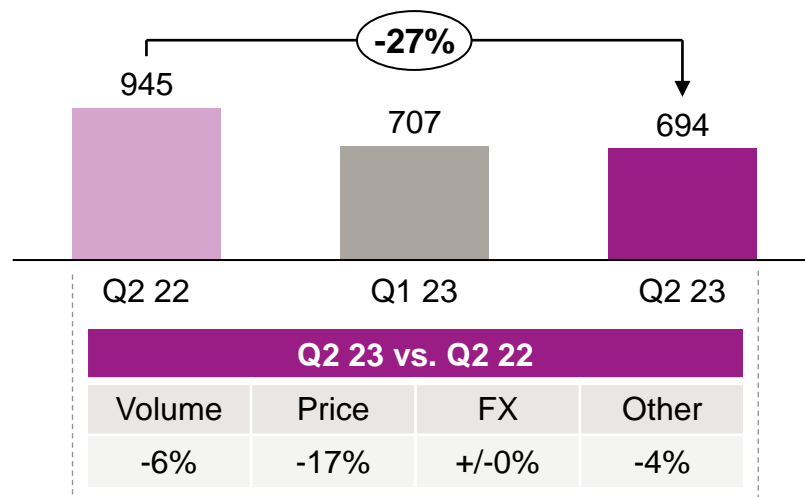


- Sales impacted by broad-based volume declines due to lower demand
- H₂O₂ with ongoing HPPO plant shutdowns in Asia (weakness in construction markets)
- Pricing holding up in most businesses
- qoq adj. EBITDA decline fully explained by -€40 m effect from planned maintenance shutdown in PA12 (costs of plant overhaul as well as shortfall in volumes)
- With successful completion, both PA12 plants now available for further ramp-up as of July

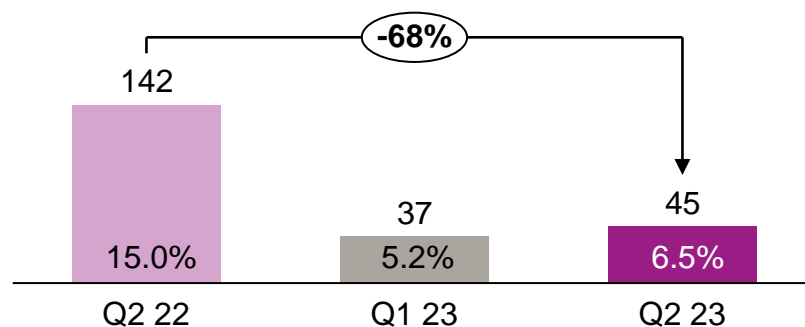


Performance Materials

Sales (in € m)



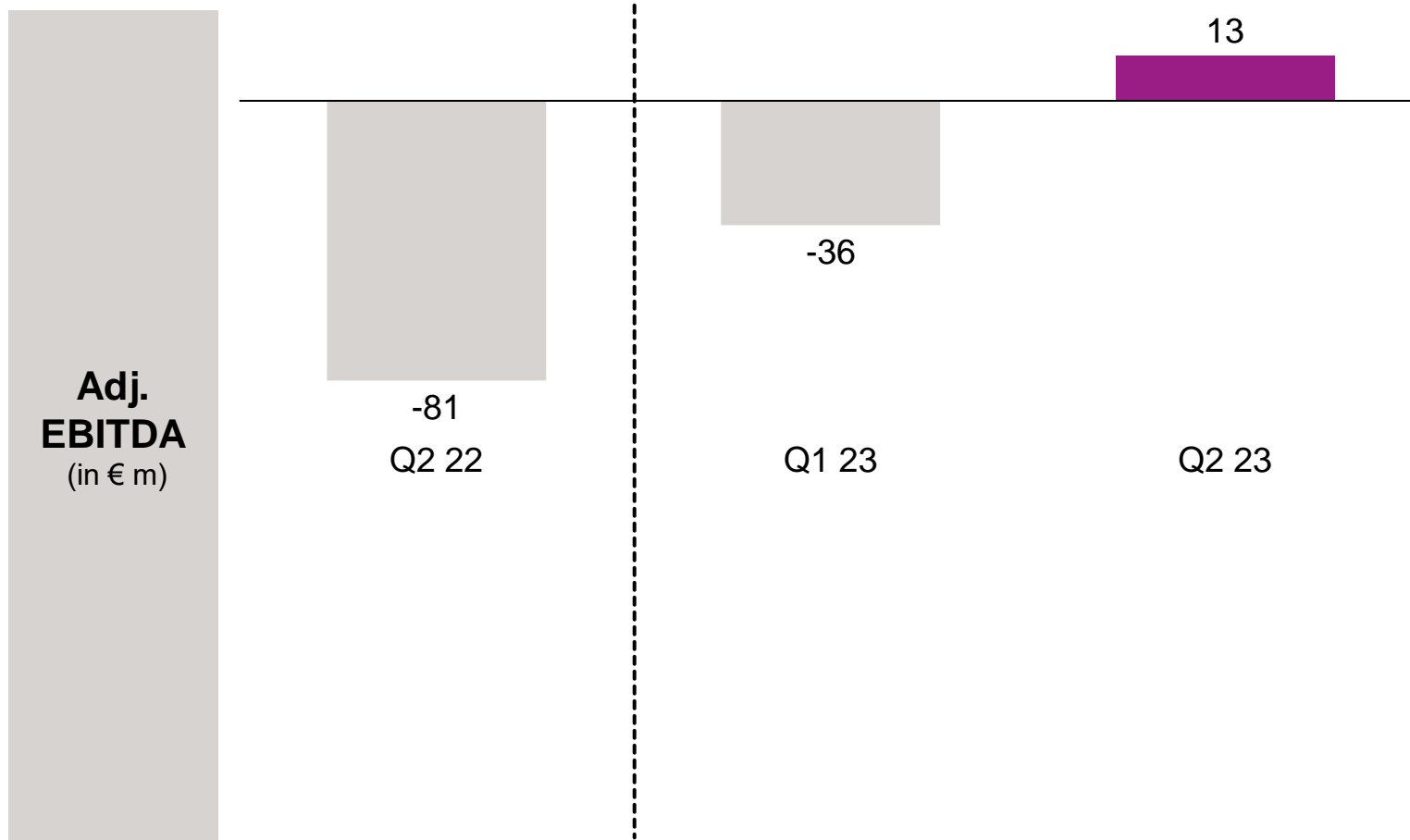
Adj. EBITDA (in € m) / margin (in %)



- 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

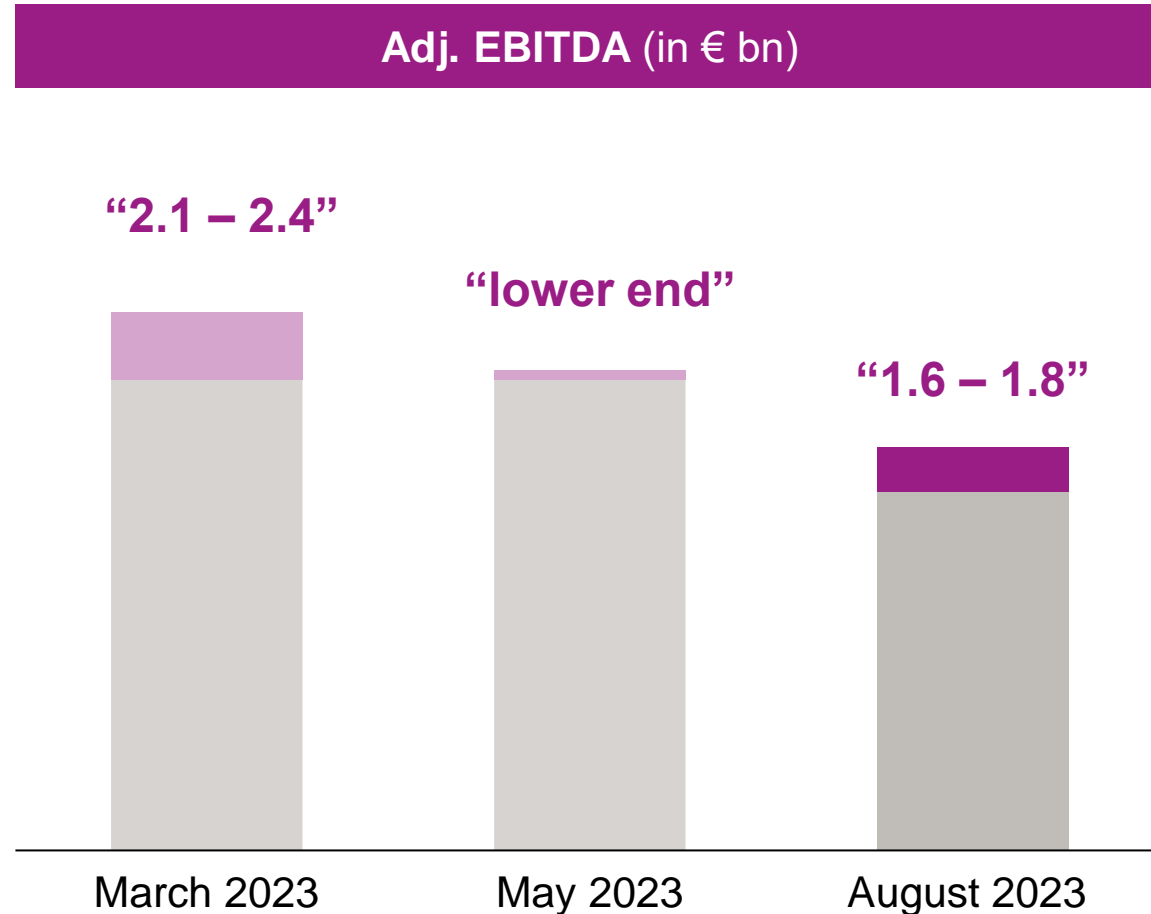


Technology & Infrastructure / Other



- 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

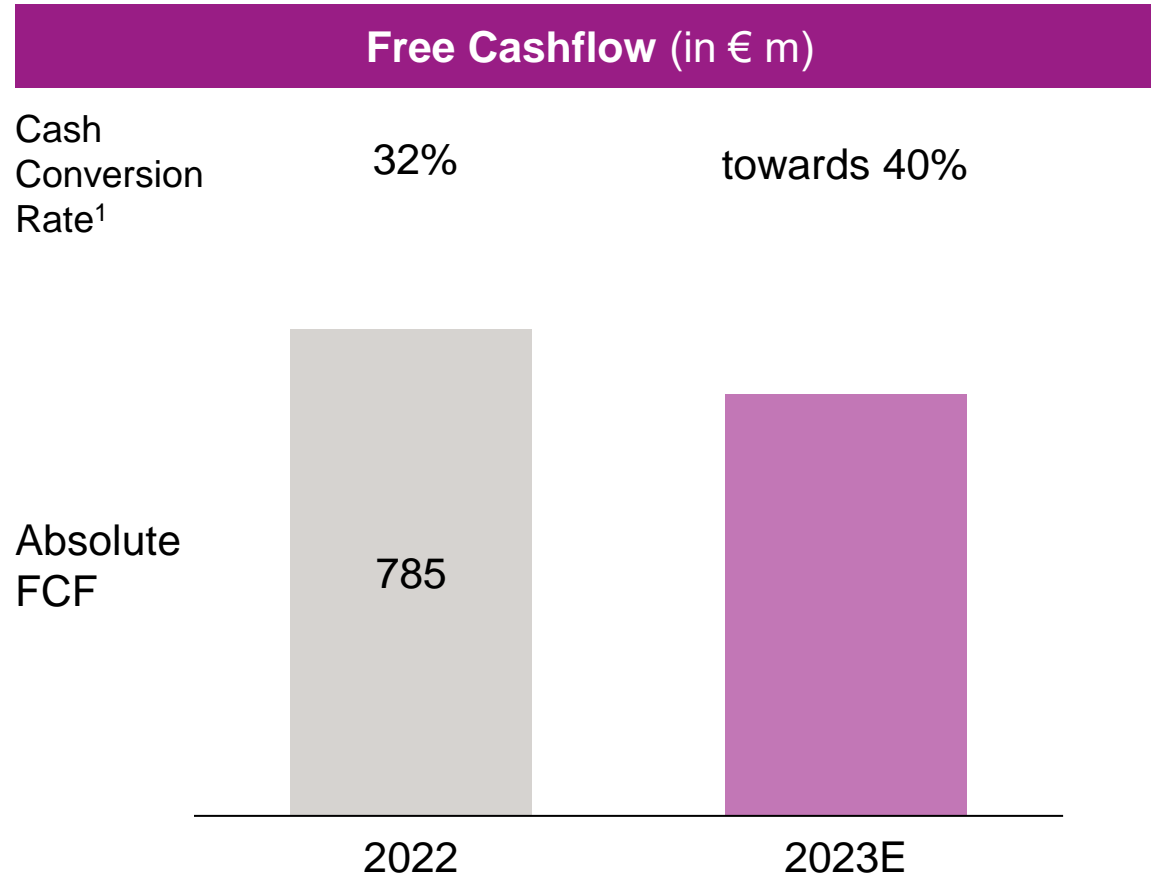
Revised adj. EBITDA outlook no longer assumes any recovery in H2



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

FY target to develop cash conversion rate towards 40% confirmed



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

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)

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

Indications for adj. EBITDA FY 2023 on division level

Specialty Additives	Nutrition & Care	Smart Materials	Performance Materials
 <ul style="list-style-type: none"> 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 	 <ul style="list-style-type: none"> 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 	 <ul style="list-style-type: none"> 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 	 <ul style="list-style-type: none"> Significant pressure on margins in the C₄ business Superabsorbers to benefit from improving market environment and long-term customer relationships
<p>“considerably lower than prior-year level” (previously: stable)</p>	<p>“significantly lower than prior-year level” (previously: considerably lower)</p>	<p>“considerably lower than prior-year level”¹ (previously: slightly higher)</p>	<p>“significantly lower than prior-year level”¹ (unchanged)</p>

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

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%)
Capex¹	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 sensitivity²	+/-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

Adjusted income statement Q2 2023

in € m	Q2 2022	Q2 2023	Δ 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

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
Δ 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)

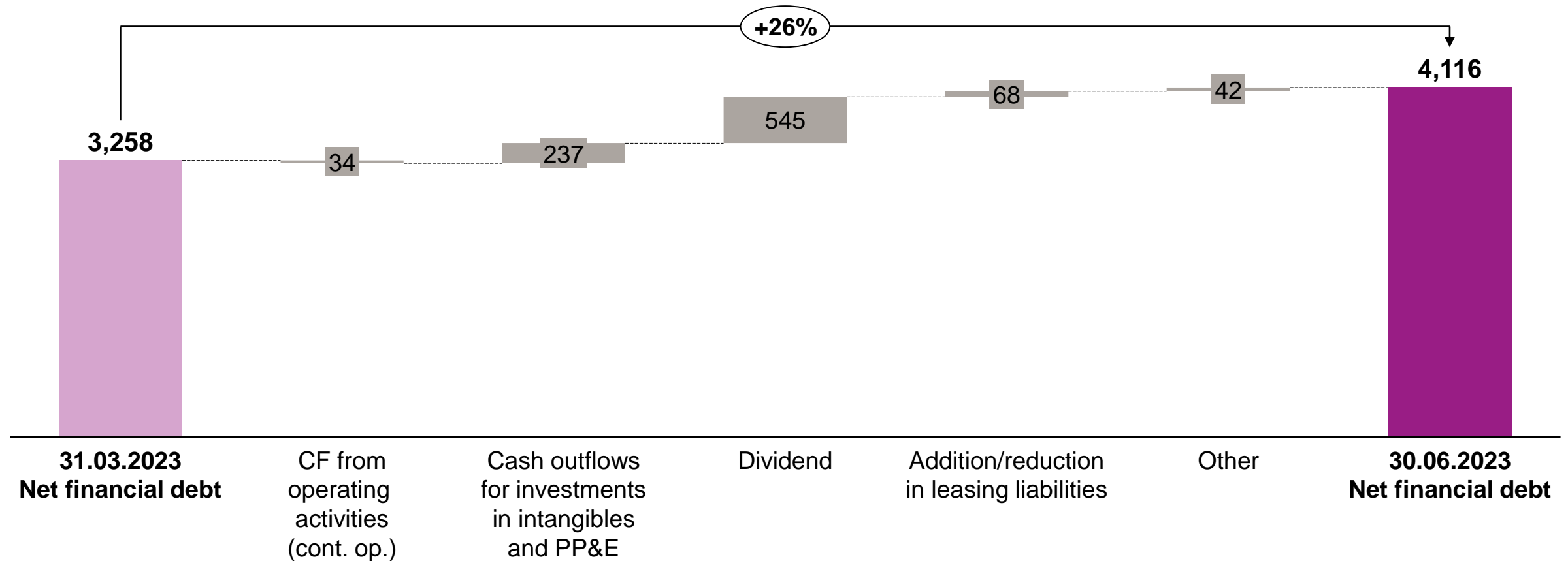
- Higher capex due to different phasing (H1 higher than H2 this year, PY opposite)

CF from financing activities (-€112 m)

- Last year with inflow from bond issuance

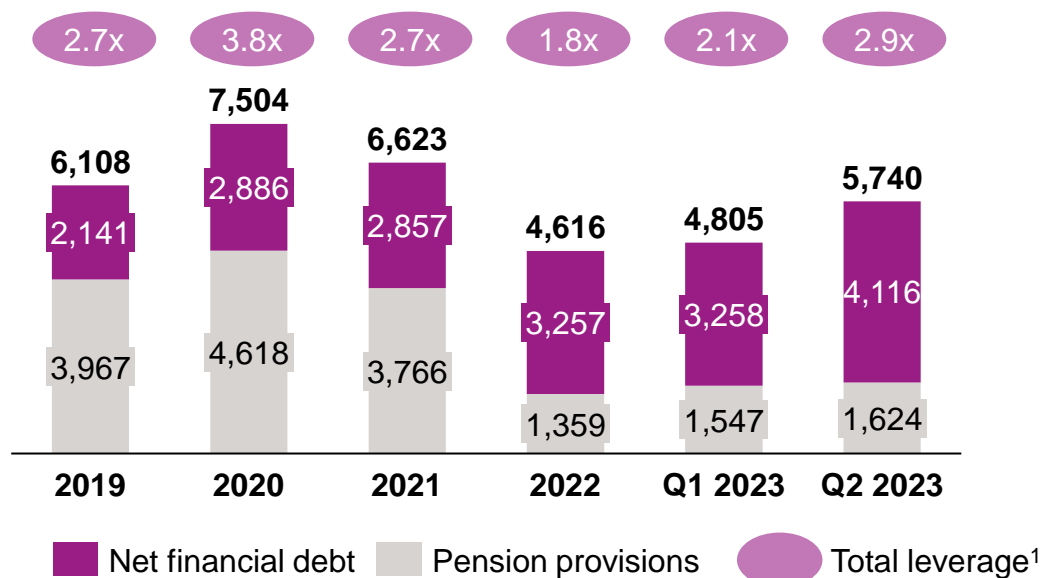
Net financial debt development Q2 2023

(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

	2019	2020	2021	2022	Q1 2023	Q2 2023
Adj. EBITDA (last 12 months)	2,153	1,906	2,383	2,490	2,164	1,887

	2019	2020	2021	2022	Q1 2023	Q2 2023
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 2.0x³ (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

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

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

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