QUARTERLY STATEMENT

3rd quarter | First nine months

2023

Evonik
Leading Beyond Chemistry

A DIFFICULT THIRD QUARTER WITH HIGH FREE CASH FLOW—OUTLOOK CONFIRMED

3rd quarter

- Continued low demand in challenging economic conditions
- **Sales** decreased by 23 percent to €3.8 billion
- **Adjusted EBITDA** contracted by 21 percent to €485 million
- High **free cash flow** of €469 million

1st nine months

- **Adjusted EBITDA** 35 percent lower at €1.3 billion
- **Adjusted net income** 56 percent below the prior-year level at €427 million
- **Net income** -€319 million as a consequence of impairment losses
- **Free cash flow** improved to €286 million
- **Revised outlook for 2023 issued in August confirmed:** adjusted EBITDA expected to be between €1.6 billion and €1.8 billion

Key figures for the Evonik Group

	3rd quarter		1st nine months	
in € million	2022	**2023**	2022	**2023**
Sales	4,878	3,771	14,148	11,662
Adjusted EBITDA[a]	615	485	2,077	1,344
Adjusted EBITDA margin in %	12.6	12.9	14.7	11.5
Adjusted EBIT[b]	342	202	1,270	489
Income before financial result and income taxes, continuing operations (EBIT)	326	-101	1,202	-273
Net income	214	-96	824	-319
Adjusted net income	253	189	960	427
Earnings per share in €	0.46	-0.21	1.77	-0.68
Adjusted earnings per share in €	0.54	0.41	2.06	0.92
Cash flow from operating activities, continuing operations	517	631	752	891
Cash outflows for investments in intangible assets, property, plant and equipment	-229	-162	-570	-605
Free cash flow[c]	288	469	182	286
Net financial debt as of September 30	–	–	-3,807	-3,740
No. of employees as of September 30	–	–	33,836	33,575

[a] Earnings before financial result, taxes, depreciation, and amortization, after adjustments, continuing operations.
[b] Earnings before financial result and taxes, after adjustments, continuing operations.
[c] Cash flow from operating activities, continuing operations, less cash outflows for investments in intangible assets, property, plant and equipment.

Due to rounding, some figures in this report may not add up exactly to the totals stated.

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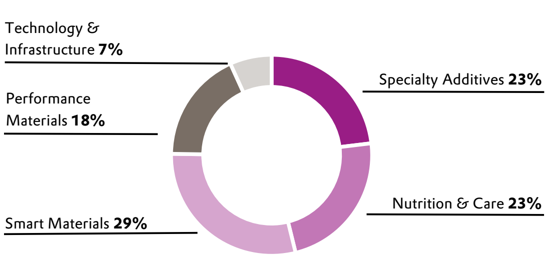
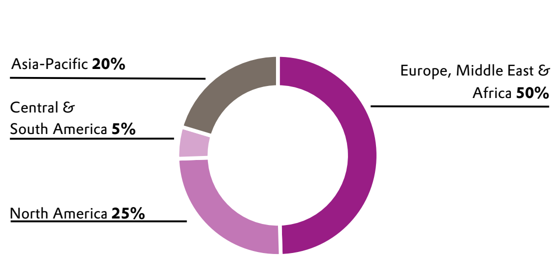
Sales by division—1st nine months



Sales by region[a]—1st nine months



[a] By location of customer.

Business conditions and performance

Business performance

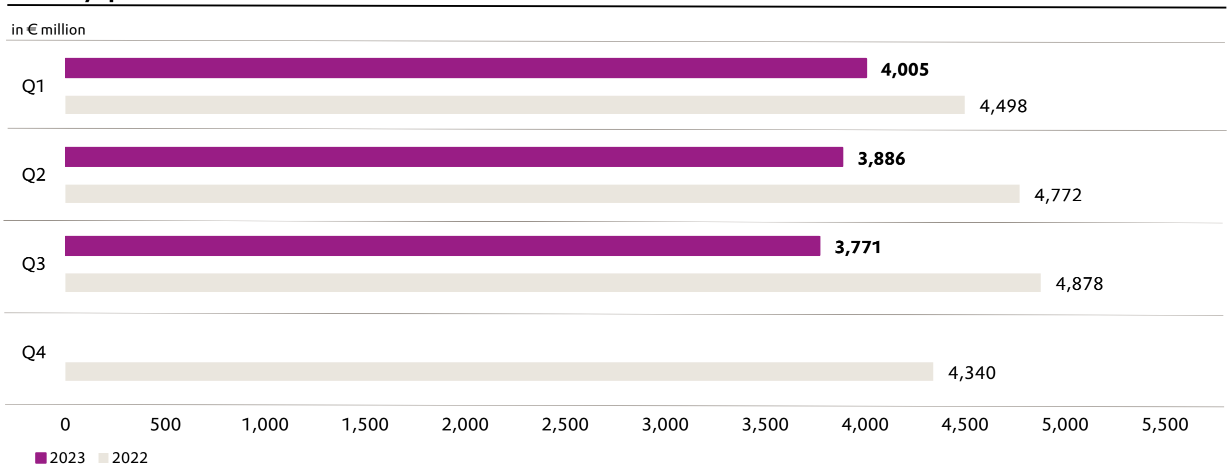
Business performance in Q3 2023

Evonik was significantly impacted by the difficult economic conditions in the third quarter as well. Global demand remained weak overall. As a result, volumes were lower than in the prior-year quarter. Selling prices declined, partly because the reduction in raw material costs during the year was passed on to customers. Although adjusted EBITDA improved compared with the weak previous quarters, it was still significantly below the prior-year quarter. Alongside an improvement in earnings in the Nutrition & Care division, the improvement was attributable to measures to safeguard earnings, which were introduced in the second half of 2022 in response to the unsatisfactory earnings trend.

The weak business trend triggered further impairment testing of assets as of September 30, 2023. Together with the impairment losses recognized as of June 30, 2023, this led to total impairment losses of €452 million in the first nine months of 2023. These are mainly recognized in the cost of production. The adjustments include €443 million in the category impairment losses/reversal of impairment losses.

In the third quarter, Evonik adopted measures to reorganize its structures in order to optimize cost structures: The operations of the **Technology & Infrastructure division** are to be split into cross-site technology and site-specific infrastructure activities to enable more differentiated operation on the market. In addition, **Evonik's entire administration** is being realigned through the internal Evonik Tailor Made program. The aims are significantly leaner structures, faster decisions, and more efficient workflows.

Sales by quarter

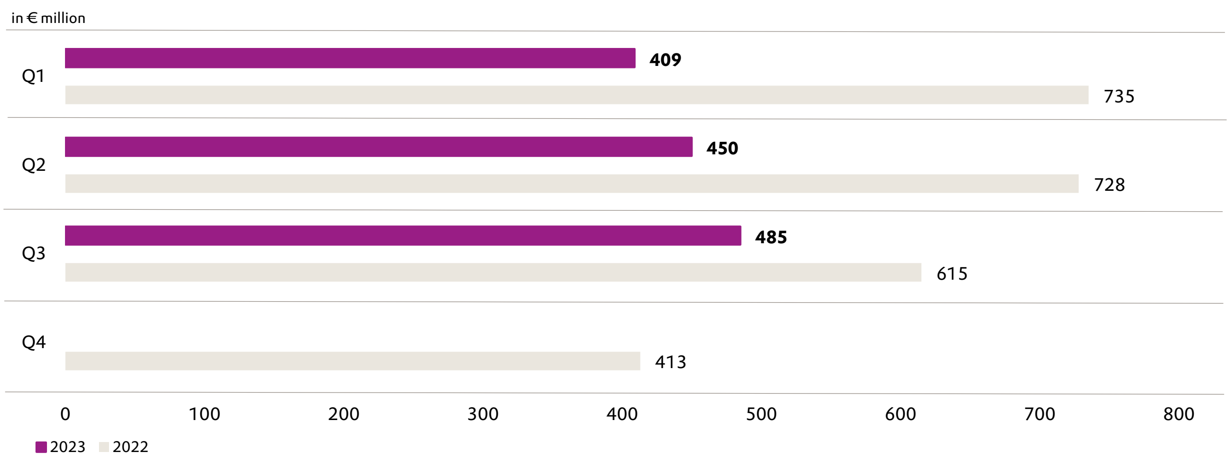


The Evonik Group's **sales** fell 23 percent to €3,771 million in the third quarter of 2023. We registered an organic decline in sales of 11 percent due to lower volumes and the erosion of selling prices. Further factors were negative exchange rate movements and the disposal of the TAA derivatives business at year-end 2022 and the Lülsdorf site as of June 30, 2023. The other effects mainly resulted from trading in gas and electricity, which is conducted by the Technology & Infrastructure division to supply energy to external customers.

Year-on-year change in sales

in %	1st quarter 2023	2nd quarter 2023	3rd quarter 2023	1st nine months 2023
Volumes	-14	-9	-5	-9
Prices	3	-5	-6	-3
Organic change in sales	**-11**	**-14**	**-11**	**-12**
Exchange rates	1	-2	-4	-2
Change in the scope of consolidation/other effects	-1	-3	-8	-4
Total	**-11**	**-19**	**-23**	**-18**

Adjusted EBITDA by quarter



Adjusted EBITDA contracted by 21 percent year-on-year to €485 million in the third quarter. This was mainly attributable to the reduction in volumes, the resulting lower capacity utilization, and declining prices. The adjusted EBITDA margin increased slightly from 12.6 percent in the prior-year period to 12.9 percent.

Statement of income

	3rd quarter			1st nine months		
in € million	2022	2023	Change in %	2022	2023	Change in %
Sales	**4,878**	**3,771**	**-23**	**14,148**	**11,662**	**-18**
Adjusted EBITDA	**615**	**485**	**-21**	**2,077**	**1,344**	**-35**
Adjusted depreciation, amortization, and impairment losses	-273	-283		-807	-855	
Adjusted EBIT	**342**	**202**	**-41**	**1,270**	**489**	**-61**
Adjustments	-16	-303		-68	-762	
thereof restructuring	-3	-1		-26	-46	
thereof impairment losses/reversal of impairment losses	–	-47		–	-443	
thereof acquisition/divestment of shareholdings	-3	-235		-8	-250	
thereof other	-10	-20		-34	-23	
Income before financial result and income taxes, continuing operations (EBIT)	**326**	**-101**		**1,202**	**-273**	
Financial result	-21	-13		-28	-58	
Income before income taxes, continuing operations	**305**	**-114**		**1,174**	**-331**	
Income taxes	-90	23		-339	23	
Income after taxes	**215**	**-91**		**835**	**-308**	
thereof income attributable to non-controlling interests	1	5		11	11	
Net income	**214**	**-96**		**824**	**-319**	
Earnings per share in €	**0.46**	**-0.21**		**1.77**	**-0.68**	

The **adjustments** of -€303 million mainly contained expenses in connection with the acquisition/divestment of shareholdings and impairment losses on assets in the Smart Materials division. “Other” contains expenses for the adjustment of the operating model for the amino acids business. The **financial result** improved to -€13 million. **Income before income taxes, continuing operations** was -€114 million, which was well below the prior-year level of €305 million. Income tax income of €23 million was recorded. **Net income** contracted by €310 million to -€96 million as a result of the high adjustments and weaker business performance.

After adjustment for special items, **adjusted net income** declined by 25 percent to €189 million. **Adjusted earnings per share** were €0.41, down from the prior-year level of €0.54.

Reconciliation to adjusted net income

	3rd quarter			1st nine months		
in € million	2022	2023	Change in %	2022	2023	Change in %
Adjusted EBITDA	**615**	**485**	**-21**	**2,077**	**1,344**	**-35**
Adjusted depreciation, amortization, and impairment losses	-273	-283		-807	-855	
Adjusted EBIT	**342**	**202**	**-41**	**1,270**	**489**	**-61**
Adjusted financial result	-21	-13		-28	-53	
Adjusted amortization and impairment losses on intangible assets	39	38		122	119	
Adjusted income before income taxes[a]	**360**	**227**	**-37**	**1,364**	**555**	**-59**
Adjusted income taxes	-106	-33		-393	-117	
Adjusted income after taxes[a]	**254**	**194**	**-24**	**971**	**438**	**-55**
thereof adjusted income attributable to non-controlling interests	1	5		11	11	
Adjusted net income[a]	**253**	**189**	**-25**	**960**	**427**	**-56**
Adjusted earnings per share in €[a]	**0.54**	**0.41**		**2.06**	**0.92**	

[a] Continuing operations.

Business performance in the first nine months of 2023

Sales decreased by 18 percent to €11,662 million. The organic decline in sales was 12 percent and was due to a reduction in volumes and lower selling prices. Further factors were negative exchange rate movements, changes in the scope of consolidation, and other effects from trading in gas and electricity, which is conducted by the Technology & Infrastructure division to supply energy to external customers.

Adjusted EBITDA was €1,344 million, 35 percent below the prior-year level as a result of weak demand and the significant price declines in the Animal Nutrition and Performance Intermediates businesses. The adjusted EBITDA margin declined from 14.7 percent in the first nine months of 2022 to 11.5 percent.

The **adjustments** of -€762 million contain impairment losses of €443 million, mainly for the integrated global methionine facilities in the Nutrition & Care division and production facilities in the Smart Materials division in Europe, North America, and China. The adjustments of -€250 million for the acquisition/divestment of shareholdings contain expenses for past and planned transactions. The restructuring expenses relate to the Performance Materials division. The **financial result** declined from -€28 million to -€58 million. The decrease resulted from higher interest expense. In addition, the prior-year figure contained interest income from interest on taxes. The financial result includes special items of -€5 million for impairment losses on financial receivables from a non-consolidated company. The adjusted financial result was -€53 million, compared with the prior-year level of -€28 million. **Income before income taxes, continuing operations** fell from €1,174 million in the prior-year period to -€331 million. The decrease in the operating result and high adjustments led to a drop of €1,143 million in **net income** to -€319 million.

After adjustment for special items, **adjusted net income** was 56 percent lower at €427 million, and **adjusted earnings per share** decreased from €2.06 to €0.92.

Performance of the divisions

Specialty Additives

Key figures

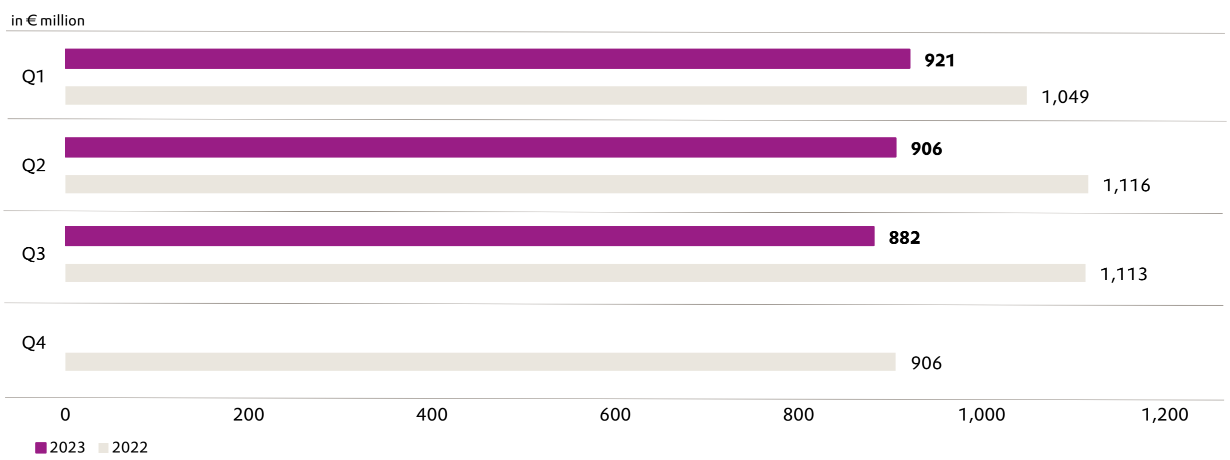
	3rd quarter			1st nine months		
in € million	2022	2023	Change in %	2022	2023	Change in %
External sales	1,113	882	-21	3,278	2,709	-17
Adjusted EBITDA	243	173	-29	758	540	-29
Adjusted EBITDA margin in %	21.8	19.6	–	23.1	19.9	–
Adjusted EBIT	194	127	-35	613	401	-35
Capital expenditures[a]	28	29	4	68	84	24
No. of employees as of September 30	–	–	–	3,785	3,538	-7

[a] Capital expenditures for intangible assets, property, plant and equipment.

In the Specialty Additives division, sales contracted by 21 percent to €882 million in the **third quarter of 2023** due to lower volumes, negative currency effects, and a drop in selling prices. In addition, the prior-year period still contained sales from the TAA derivatives business, which was divested at year-end 2022.

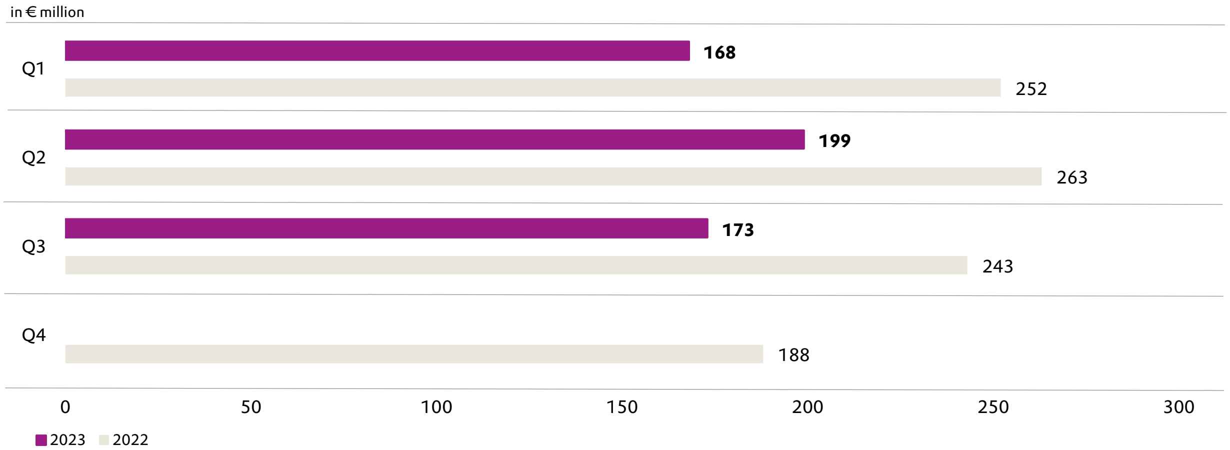
Demand for products for the construction and coatings industries weakened in all regions, and selling prices were also slightly lower, resulting in a significant drop in sales. Moreover, lower volumes and declining selling prices reduced sales of additives for polyurethane foams and consumer durables. Volumes of additives for the automotive sector declined, and selling prices slipped slightly as lower raw material costs were passed on to customers.

Sales Specialty Additives



Adjusted EBITDA decreased by 29 percent year-on-year to €173 million. The main reason for this was the considerable drop in volumes and the resulting reduction in capacity utilization. Support came from cost savings and lower raw material costs. The adjusted EBITDA margin fell from 21.8 percent in the prior-year period to 19.6 percent.

Adjusted EBITDA Specialty Additives



In the **first nine months of 2023,** sales in the Specialty Additives division decreased by 17 percent to €2,709 million. The main reasons for this were considerably lower volumes, negative currency effects, and the divestment of the TAA derivatives business. Adjusted EBITDA declined to €540 million, mainly as a consequence of the drop in volumes. The adjusted EBITDA margin was 19.9 percent, down from 23.1 percent in the first nine months of 2022.

Nutrition & Care

Key figures

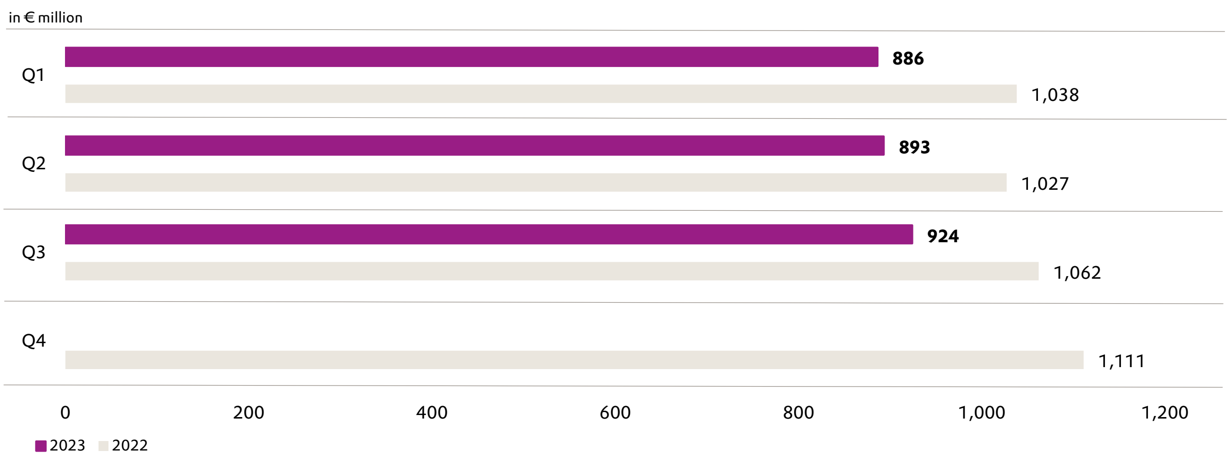
	3rd quarter			1st nine months		
in € million	2022	2023	Change in %	2022	2023	Change in %
External sales	1,062	924	-13	3,127	2,703	-14
Adjusted EBITDA	148	127	-14	555	273	-51
Adjusted EBITDA margin in %	13.9	13.7	–	17.7	10.1	–
Adjusted EBIT	82	69	-16	357	88	-75
Capital expenditures[a]	64	79	23	130	213	64
No. of employees as of September 30	–	–	–	5,680	5,697	–

[a] Capital expenditures for intangible assets, property, plant and equipment.

Although demand picked up in the Nutrition & Care division, sales decreased by 13 percent to €924 million in the **third quarter of 2023**. The reasons for this were lower selling prices than in the prior-year period and negative currency effects.

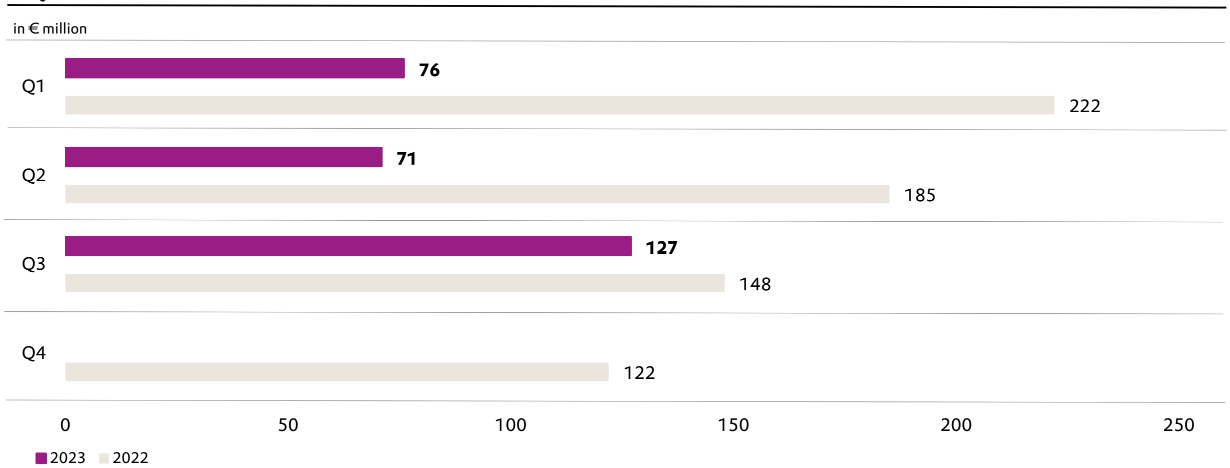
The essential amino acids business (Animal Nutrition) registered higher demand, and selling prices were around the same level as in the previous quarter. Nevertheless, sales of amino acids dropped because prices were significantly lower than in the prior-year quarter. Demand for health and care products was good overall, and selling prices increased. The drop in sales was primarily caused by currency effects.

Sales Nutrition & Care



Adjusted EBITDA improved significantly compared with the previous two quarters to €127 million. Nevertheless, it was 14 percent below the prior-year figure. This was principally attributable to lower prices for essential amino acids. By contrast, cost savings held back the downward trend. The adjusted EBITDA margin fell slightly from 13.9 percent in the prior-year period to 13.7 percent.

Adjusted EBITDA Nutrition & Care



In the **first nine months of 2023,** the Nutrition & Care division's sales declined by 14 percent to €2,703 million. While volumes were almost stable, the decrease was caused by lower selling prices and negative currency effects. Adjusted EBITDA fell 51 percent to €273 million as a result of the price trend for essential amino acids. The adjusted EBITDA margin was 10.1 percent, which was below the prior-year level (17.7 percent).

In view of the weak earnings trend, at the start of the year Evonik decided to adjust the operating model for amino acids; this should start to deliver positive effects this year. Overall, savings of around €200 million by 2025 are planned.

Smart Materials

Key figures

	3rd quarter			1st nine months		
in € million	2022	**2023**	Change in %	2022	**2023**	Change in %
External sales	1,365	1,100	-19	3,984	3,407	-14
Adjusted EBITDA	188	135	-28	619	421	-32
Adjusted EBITDA margin in %	13.8	12.3	–	15.5	12.4	–
Adjusted EBIT	111	41	-63	396	154	-61
Capital expenditures[a]	69	50	-28	175	146	-17
No. of employees as of September 30	–	–	–	8,009	8,079	1

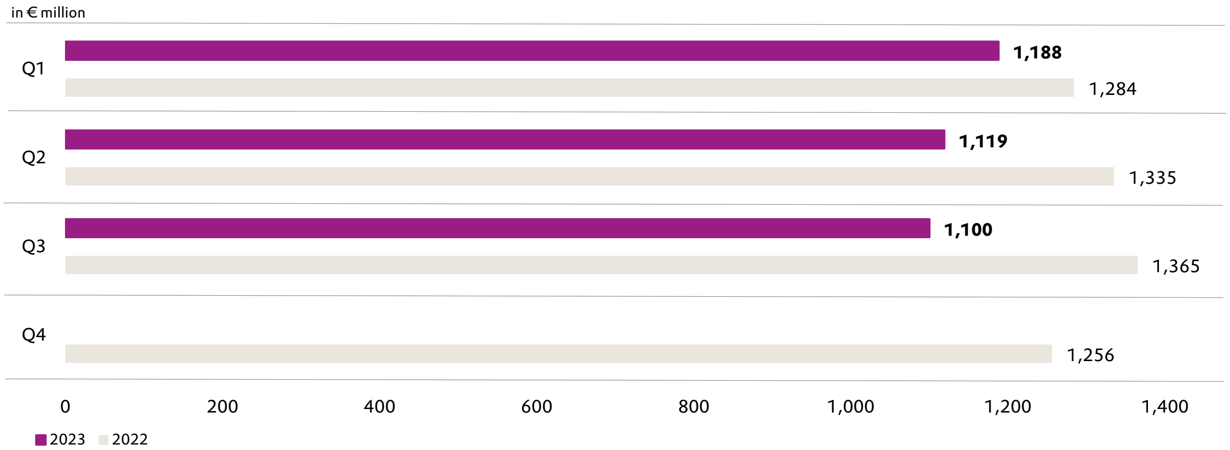
Prior-year figures restated.

[a] Capital expenditures for intangible assets, property, plant and equipment.

Sales in the Smart Materials division contracted by 19 percent to €1,100 million in the **third quarter of 2023.** This resulted from lower volumes, negative currency effects, and a drop in selling prices, partly because lower raw material costs were passed on to customers.

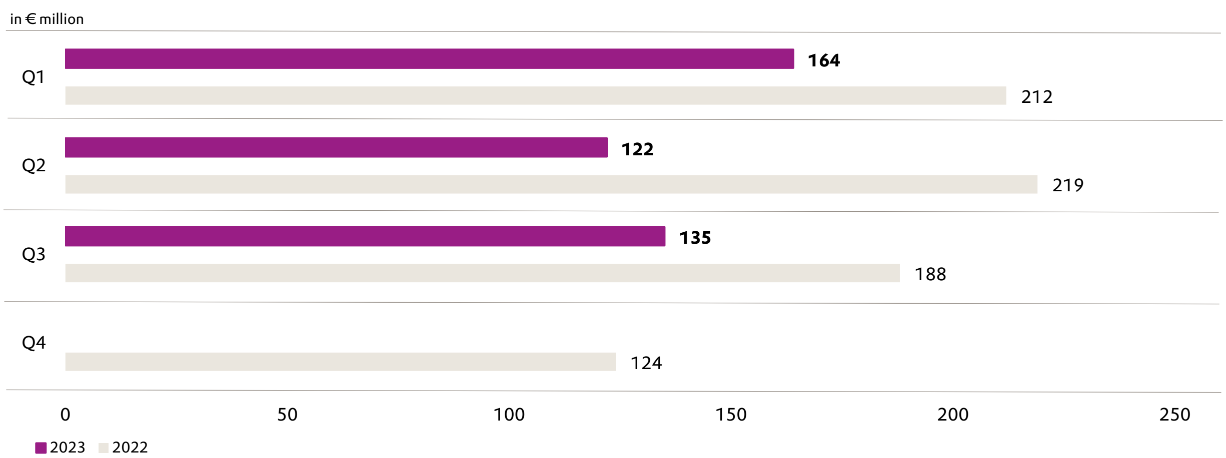
There was a significant reduction in sales of inorganic products as a result of lower demand. The lower selling prices reflect a drop in raw material costs. In the Polymers business, high-performance polymers benefited from the availability of both polyamide 12 production plants following maintenance work in the second quarter. Sales were around the prior-year level.

Sales Smart Materials



Adjusted EBITDA decreased by 28 percent to €135 million. This was mainly due to lower volumes and prices, while lower variable costs had a positive effect. The adjusted EBITDA margin fell from 13.8 percent in the prior-year period to 12.3 percent.

Adjusted EBITDA Smart Materials



Prior-year figures restated.

In the **first nine months of 2023,** sales in the Smart Materials division declined by 14 percent to €3,407 million. This was caused by a significant drop in volumes, while selling prices were slightly higher. Adjusted EBITDA decreased by 32 percent to €421 million, mainly because of the drop in volumes. The adjusted EBITDA margin fell from 15.5 percent in the prior-year period to 12.4 percent.

Performance Materials

Key figures

	3rd quarter			1st nine months		
in € million	2022	2023	Change in %	2022	2023	Change in %
External sales	797	616	-23	2,586	2,017	-22
Adjusted EBITDA	63	34	-46	287	115	-60
Adjusted EBITDA margin in %	7.9	5.5	–	11.1	5.7	–
Adjusted EBIT	31	12	-61	193	29	-85
Capital expenditures[a]	16	5	-69	38	27	-29
No. of employees as of September 30	–	–	–	1,941	1,732	-11

Prior-year figures restated.

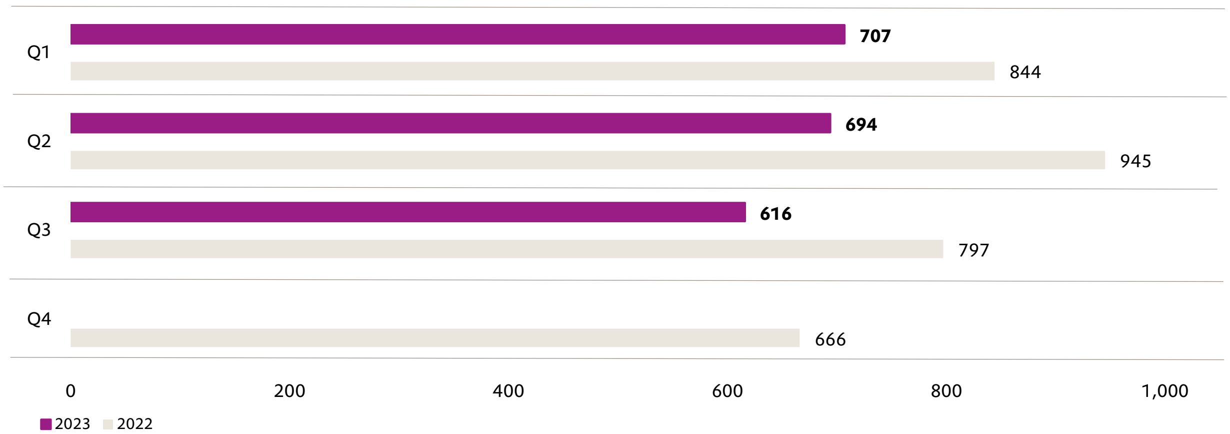
[a] Capital expenditures for intangible assets, property, plant and equipment.

In the Performance Materials division, sales decreased by 23 percent to €616 million in the **third quarter of 2023.** Lower volumes and prices and negative currency effects contributed to this. The prior-year figure still contained sales from the Lülsdorf site, which was sold as of June 30, 2023.

The business with C_4 products (Performance Intermediates) posted stable demand, but sales declined as a consequence of considerably lower prices. Sales of superabsorbents were also down year-on-year due to lower demand from Europe.

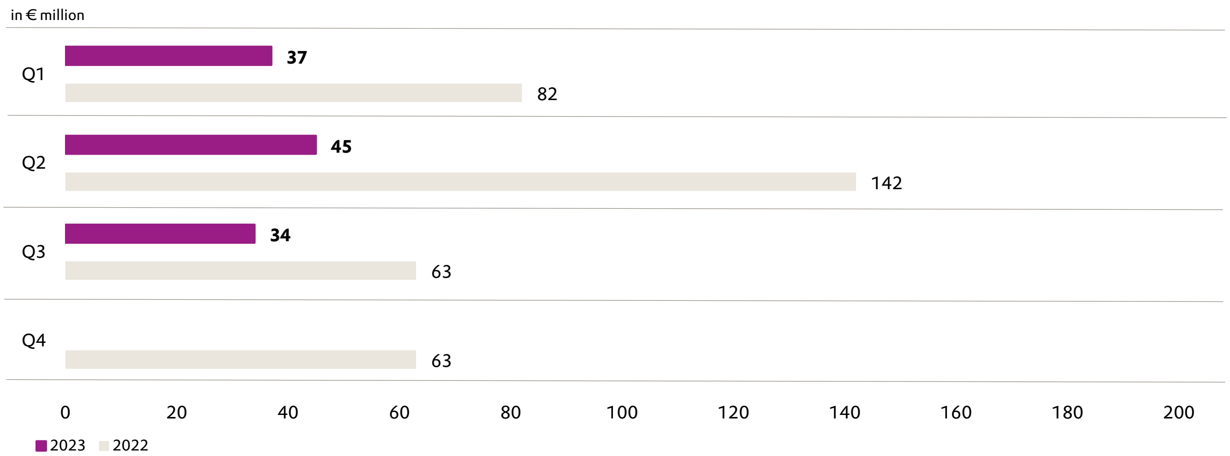
Sales Performance Materials

in € million



Adjusted EBITDA decreased by 46 percent to €34 million due to price erosion. The adjusted EBITDA margin dropped to 5.5 percent, down from 7.9 percent in the prior-year period.

Adjusted EBITDA Performance Materials



Sales in the Performance Materials division decreased by 22 percent to €2,017 million in the **first nine months of 2023** as a result of lower volumes and price reductions. Adjusted EBITDA was down 60 percent year-on-year at €115 million. The adjusted EBITDA margin was 5.7 percent, compared with 11.1 percent in the prior-year period.

Technology & Infrastructure

Key figures

	3rd quarter			1st nine months		
in € million	2022	**2023**	Change in %	2022	**2023**	Change in %
External sales	525	236	-55	1,124	788	-30
Adjusted EBITDA	35	77	120	65	175	169
Adjusted EBITDA margin in %	6.7	32.6	–	5.8	22.2	–
Adjusted EBIT	6	33	450	-21	56	–
Capital expenditures[a]	31	27	-13	71	76	7
No. of employees as of September 30	–	–	–	8,308	8,261	-1

[a] Capital expenditures for intangible assets, property, plant and equipment.

Sales in the Technology & Infrastructure division dropped 55 percent to €236 million in the **third quarter of 2023.** This was attributable to lower sales from natural gas and electricity supplied to external customers at our sites. Adjusted EBITDA increased from €35 million to €77 million. The adjusted EBITDA margin rose from 6.7 percent to 32.6 percent.

In the **first nine months of 2023,** sales fell 30 percent to €788 million. Adjusted EBITDA improved to €175 million, with positive effects coming from savings measures and the highly efficient new gas-fired power plants. The prior-year figure was impacted by the high cost of supplying energy. The adjusted EBITDA margin increased from 5.8 percent to 22.2 percent.

Financial position

Compared with the first nine months of 2022, the cash flow from operating activities, continuing operations increased by €139 million to €891 million. This was primarily due to a much lower increase in net working capital, which more than compensated for the weaker business performance. The **free cash flow** improved by €104 million to €286 million.

Cash flow statement (excerpt)

in € million	1st nine months 2022	1st nine months 2023
Cash flow from operating activities, continuing operations	752	891
Cash outflows for investments in intangible assets, property, plant and equipment	-570	-605
Free cash flow	**182**	**286**
Cash flow from other investing activities, continuing operations	121	280
Cash flow from financing activities, continuing operations	322	-606
Change in cash and cash equivalents	**625**	**-40**

The cash flow from other investing activities was €280 million and contained cash inflows from the sale of securities and the divestment of the TAA derivatives business. The cash outflow for financing activities mainly related to the payment of the dividend for the previous fiscal year (€545 million).

Net financial debt was €3,740 million, an increase of €483 million compared with December 31, 2022. This was principally due to the dividend for the previous year, which is regularly paid in the second quarter; the increase was mitigated by the positive free cash flow.

Net financial debt

in € million	Dec. 31, 2022	Sep. 30, 2023
Non-current financial liabilities[a]	-4,074	-3,335
Current financial liabilities[a]	-243	-1,160
Financial debt	**-4,317**	**-4,495**
Cash and cash equivalents	645	588
Current securities	413	165
Other financial investments	2	2
Financial assets	**1,060**	**755**
Net financial debt	**-3,257**	**-3,740**

[a] Excluding derivatives, excluding the refund liability for rebate and bonus agreements, and excluding liabilities for customer credit notes.

In the first nine months of 2023, **capital expenditures for property, plant and equipment** amounted to €575 million (9M 2022: €519 million). In principle, there is a slight timing difference in cash outflows for property, plant and equipment. Current major projects include investment in the triple-digit-million-euro range to build a production plant for bio-based rhamnolipids in Slovenská Ľupča (Slovakia) and the construction of a production plant for pharmaceutical specialty lipids in Lafayette (Indiana, USA). These facilities are scheduled to come on stream in 2024 and 2025 and will strengthen the Nutrition & Care division's business.

Expected development

Our expectations for **global economic conditions** in 2023 as a whole are unchanged from the beginning of this year. While the economic situation entails considerable uncertainty, we still anticipate that the global economy will grow by 1.9 percent year-on-year in 2023. Factors supporting the economy are countered by many risks, so economic conditions remain challenging for the remainder of the year.

High inflation and the resulting restrictive monetary policy are continuing to dampen investment spending and consumption. Above all, this affects demand for goods, but the service sector is now also registering a drop in momentum as a result of the inflation-induced reduction in purchasing power. Moreover, the global economic impetus from the end of China's zero-Covid policy is significantly lower than originally forecast.

At the same time, there are risks of a further deterioration in the economic situation: Stubborn inflation could force central banks to adopt an even more restrictive policy. Ultimately, the development of the global economy could be below our expectations as a result of a financial or real estate crisis, the war in Ukraine, the conflict in the Middle East, a renewed rise in energy costs, or further geopolitical conflicts.

In view of the production cuts by OPEC and the production adjustments resulting from escalating geopolitical tensions, significant volatility is expected in the crude oil market. However, since demand is weak overall, we still expect the prices of the specific raw materials used by Evonik to be considerably lower in 2023 than in 2022.

Our forecast is based on the following assumptions:

- Global growth: 1.9 percent (unchanged)
- Internal raw material index: considerably lower than in the prior year (unchanged from the quarterly publications in May and August 2023; start of 2023: slightly lower than in the prior year)

Sales and earnings

In the first nine months of 2023, Evonik registered exceptionally low demand and significant destocking by customers across all end-markets. In addition, business development was affected by significant price declines in the Performance Intermediates and Animal Nutrition businesses. While the situation in the Animal Nutrition business brightened slightly in the third quarter, we still do not expect the weak overall demand situation to change in the rest of the year. Therefore, Evonik is confirming the revised outlook for 2023 issued in August.

We still expect **sales** to be between €14.0 billion and €16.0 billion in 2023 (2022: €18.5 billion). This is principally attributable to lower volumes and the significant year-on-year decline in selling prices in Performance Intermediates and Animal Nutrition. In the specialty chemicals businesses, Evonik succeeded in keeping prices stable for the most part in the first six months of this year. However, with raw material prices falling faster in the second half, a slight downward trend is evident here too.

Given the weak demand, the resulting underutilization of capacity in our production plants, as well as the price declines in Performance Intermediates and Animal Nutrition outlined above, we continue to expect that **adjusted EBITDA** will be between €1.6 billion and €1.8 billion in fiscal 2023 (2022: €2,490 million). Earnings in all chemical divisions will be lower than in the previous year.

To counter this, Evonik is systematically implementing contingency measures to safeguard earnings, which were introduced in the second half of 2022. We aim to save €250 million this year, for example, by refraining from filling vacancies, exercising restraint in the use of external service providers, and restricting business travel. About 70 percent of these savings were realized in the first nine months of this year.

We expect the development of the chemicals divisions to be as follows:
In the first nine months, the **Specialty Additives** division had to contend with weak demand and clear destocking by customers. This resulted in underutilization of production capacity and thus pressure on margins. We do not anticipate an improvement in this situation or an upturn in demand in the final months of this year. Support is coming from cost savings and lower raw material costs. Overall, we now expect earnings in this division to be significantly lower than in the previous year (previously: considerably lower than in the previous year; 2022: €946 million).

We still assume that 2023 will be a weak year for the **Nutrition & Care** division. In the Animal Nutrition business, prices for essential amino acids are significantly lower than in the previous year. However, a recovery from the low level was visible in the third quarter. For the year as a whole, volumes are expected to be slightly above the prior-year level. The change in the operating model for amino acids introduced at the beginning of the year will start to deliver positive effects this year. Following a weak first half, the Health & Care business anticipates a considerable improvement in the second half of the year. We still anticipate that this division's earnings will be significantly lower than in the prior year (2022: €677 million).

Demand also remains weak in the **Smart Materials** division. In particular, this affects the Inorganics unit, with products such as hydrogen peroxide and silicas. In the second half of the year, Polymers will benefit from the new capacities for our high-performance polymers. Overall, we still expect earnings in this division to decrease considerably year-on-year (2022: €743 million[1]).

In the **Performance Materials** division, we see a further improvement in the market environment for superabsorbents, so we should benefit from our long-standing customer relationships and higher prices. Performance Intermediates (C_4 derivatives) is suffering from a significant deterioration in margins. Overall, we assume that in 2023, earnings in this division will be significantly lower than in the previous year (2022: €350 million[1]).

For **Technology & Infrastructure and Others**[2], we still assume that in fiscal 2023 earnings will be significantly less negative than in the previous year (2022: -€226 million). In this division, which has the largest number of employees, contingency measures, lower variable remuneration, and a reduction in negative effects, especially in connection with the supply of energy, will have a positive impact year-on-year.

[1] The alkoxides business was reclassified from Performance Materials to Smart Materials as of January 1, 2023. The prior-year figures have been restated (adjusted EBITDA 2022: €59 million).
[2] Enabling functions, other activities, consolidation.

In 2023, the return on capital employed **(ROCE)** is expected to be significantly below the previous year's level (unchanged from our guidance in August 2023; 2022: 8.3 percent).

Financing and investments

At the beginning of this year, Evonik budgeted capital expenditures of €975 million. After the first quarter, this was revised to €900 million by postponing and cutting back smaller capacity expansions and projects. In light of the persistently weak demand, Evonik made further cuts in the summer and now expects capital expenditures to be around €850 million in fiscal 2023, as communicated in August (2022: €865 million). This includes capital expenditures for maintenance and growth and unchanged investment in Next Generation Technologies, in other words, measures to raise efficiency and reduce CO_2 in production. Overall, we plan to invest around €700 million in these technologies by 2030.

Even in the present challenging environment, Evonik has a strong focus on free cash flow. The reduction in cash outflows for investing activities, lower net working capital, and lower bonus payments for 2022 support the free cash flow. Based on the strong cash generation in the third quarter, we are sticking to our projection that in 2023 the **cash conversion rate**[3] will develop towards our target of around 40 percent (2022: 32 percent).

Forecast for 2023

Forecast performance indicators	2022	Forecast for 2023[a]	Revised forecast as of May 2023[b]	**Current forecast for 2023**[c]
Group sales	€18.5 billion	Between €17.0 billion and €19.0 billion	Between €17.0 billion and €19.0 billion	Between €14.0 billion and €16.0 billion
Adjusted EBITDA	€2.5 billion	Between €2.1 billion and €2.4 billion	Between €2.1 billion and €2.4 billion	Between €1.6 billion and €1.8 billion
ROCE	8.3%	Slightly below the prior-year level	Slightly below the prior-year level	Significantly below the prior-year level
Cash outflows for investments in intangible assets, property, plant and equipment	€865 million	Around €975 million	Around €900 million	Around €850 million
Free cash flow: cash conversion rate	32%	Above the prior year	Above the prior year	Above the prior year

[a] As in the financial report 2022.
[b] As in the quarterly statement as of March 31, 2023.
[a] As revised in the half-year financial report 2023.

[3] Ratio of free cash flow to adjusted EBITDA.

Income statement

	3rd quarter		1st nine months	
in € million	2022	2023	2022	2023
Sales	4,878	3,771	14,148	11,662
Cost of sales	-3,784	-3,181	-10,619	-9,716
Gross profit on sales	**1,094**	**590**	**3,529**	**1,946**
Selling expenses	-540	-438	-1,544	-1,393
Research and development expenses	-115	-115	-340	-335
General administrative expenses	-129	-113	-414	-370
Other operating income	71	43	175	128
Other operating expense	-56	-69	-212	-256
Result from investments recognized at equity	1	1	8	7
Income before financial result and income taxes, continuing operations (EBIT)	**326**	**-101**	**1,202**	**-273**
Interest income	24	31	75	86
Interest expense	-32	-56	-80	-149
Other financial income/expense	-13	12	-23	5
Financial result	**-21**	**-13**	**-28**	**-58**
Income before income taxes, continuing operations	**305**	**-114**	**1,174**	**-331**
Income taxes	-90	23	-339	23
Income after taxes	**215**	**-91**	**835**	**-308**
thereof attributable to non-controlling interests	1	5	11	11
thereof attributable to shareholders of Evonik Industries AG (net income)	214	-96	824	-319
Earnings per share in € (basic and diluted)	**0.46**	**-0.21**	**1.77**	**-0.68**
thereof continuing operations	0.46	-0.21	1.77	-0.68
thereof discontinued operations	0.00	0.00	0.00	0.00

Balance sheet

in € million	Dec. 31, 2022	Sep. 30, 2023
Goodwill	4,568	4,604
Other intangible assets	1,142	1,005
Property, plant and equipment	6,962	6,276
Right-of-use assets	972	984
Investments recognized at equity	88	82
Other financial assets	441	425
Deferred taxes	890	991
Other income tax assets	19	21
Other non-financial assets	64	74
Non-current assets	**15,146**	**14,462**
Inventories	2,820	2,716
Trade accounts receivable	1,898	1,802
Other financial assets	581	291
Other income tax assets	98	140
Other non-financial assets	546	535
Cash and cash equivalents	645	588
	6,588	**6,072**
Assets held for sale	76	262
Current assets	**6,664**	**6,334**
Total assets	**21,810**	**20,796**
Issued capital	466	466
Capital reserve	1,168	1,168
Retained earnings	9,345	8,559
Other equity components	-5	-74
Equity attributable to shareholders of Evonik Industries AG	**10,974**	**10,119**
Equity attributable to non-controlling interests	82	79
Equity	**11,056**	**10,198**
Provisions for pensions and other post-employment benefits	1,359	1,189
Other provisions	542	508
Other financial liabilities	4,117	3,483
Deferred taxes	661	653
Other income tax liabilities	246	249
Other non-financial liabilities	182	146
Non-current liabilities	**7,107**	**6,228**
Other provisions	732	569
Trade accounts payable	1,735	1,531
Other financial liabilities	429	1,330
Other income tax liabilities	189	164
Other non-financial liabilities	501	585
	3,586	**4,179**
Liabilities associated with assets held for sale	61	191
Current liabilities	**3,647**	**4,370**
Total equity and liabilities	**21,810**	**20,796**

Cash flow statement

in € million	3rd quarter 2022	3rd quarter 2023	1st nine months 2022	1st nine months 2023
Income before financial result and income taxes, continuing operations (EBIT)	326	-101	1,202	-273
Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets	275	574	813	1,560
Result from investments recognized at equity	-2	-1	-8	-7
Gains/losses on the disposal of non-current assets	–	–	3	12
Change in inventories	-123	227	-737	-21
Change in trade accounts receivable	192	61	-270	-67
Change in trade accounts payable	-184	-177	-19	-81
Change in provisions for pensions and other post-employment benefits	-5	-31	25	-51
Change in other provisions	85	31	-138	-140
Change in miscellaneous assets/liabilities	12	108	54	114
Cash inflows from dividends	–	–	15	16
Cash outflows for income taxes	-78	-61	-288	-186
Cash inflows from income taxes	19	1	100	15
Cash flow from operating activities, continuing operations	**517**	**631**	**752**	**891**
Cash outflows for investments in intangible assets, property, plant and equipment	-229	-162	-570	-605
Cash outflows to obtain control of businesses	–	-8	–	-30
Cash outflows relating to the loss of control over businesses	–	-1	–	-18
Cash outflows for investments in other shareholdings	-6	-3	-18	-5
Cash inflows from divestments of intangible assets, property, plant and equipment	–	–	3	14
Cash inflows relating to the loss of control over businesses	4	–	4	43
Cash inflows from divestment of other shareholdings	–	2	–	2
Cash inflows/outflows relating to securities, deposits, and loans	38	149	120	248
Cash inflows from interest	5	6	12	26
Cash flow from investing activities, continuing operations	**-188**	**-17**	**-449**	**-325**
Cash outflows for dividends to shareholders of Evonik Industries AG	–	–	-545	-545
Cash outflows for dividends to non-controlling interests	-1	-3	-11	-7
Cash outflows due to changes in ownership interests in subsidiaries	-5	–	-5	–
Cash outflows for the purchase of treasury shares	–	–	-16	-16
Cash inflows from the sale of treasury shares	–	–	12	12
Cash inflows from the addition of financial liabilities	426	151	1,508	695
Cash outflows for repayment of financial liabilities	-331	-529	-472	-678
Cash inflows/outflows in connection with financial transactions	-39	6	-103	16
Cash outflows for interest	-23	-51	-46	-83
Cash flow from financing activities, continuing operations	**27**	**-426**	**322**	**-606**
Change in cash and cash equivalents	**356**	**188**	**625**	**-40**
Cash and cash equivalents as of July 1/January 1	**731**	**398**	**456**	**645**
Change in cash and cash equivalents	356	188	625	-40
Changes in exchange rates and other changes in cash and cash equivalents	4	3	10	-16
Cash and cash equivalents as of September 30	**1,091**	**589**	**1,091**	**589**
Cash and cash equivalents included in assets held for sale	13	1	13	1
Cash and cash equivalents as on the balance sheet as of September 30	**1,078**	**588**	**1,078**	**588**

Segment report

Segment report by operating segments—3rd quarter

	Specialty Additives		Nutrition & Care		Smart Materials	
in € million	2022	**2023**	2022	**2023**	2022	**2023**
External sales	1,113	882	1,062	924	1,365	1,100
Internal sales	2	1	3	2	28	7
Total sales	1,115	883	1,065	926	1,393	1,107
Adjusted EBITDA	243	173	148	127	188	135
Adjusted EBITDA margin in %	21.8	19.6	13.9	13.7	13.8	12.3
Adjusted EBIT	194	127	82	69	111	41
Capital expenditures[a]	28	29	64	79	69	50
Financial investments	–	–	–	–	1	–

Prior-year figures restated.

[a] For intangible assets, property, plant and equipment.

Segment report by regions—3rd quarter

	Europe, Middle East & Africa		North America	
in € million	2022	**2023**	2022	**2023**
External sales[a]	2,520	1,794	1,193	931
Capital expenditures	149	111	53	56

[a] External sales Europe, Middle East & Africa: thereof Germany €611 million (Q3 2022: €715 million).

Performance Materials		Technology & Infrastructure		Enabling functions, other activities, consolidation		**Total Group (continuing operations)**	
2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**
797	616	525	236	16	13	4,878	3,771
52	59	443	474	-528	-543	–	–
849	675	968	710	-512	-530	4,878	3,771
63	34	35	77	-62	-61	615	485
7.9	5.5	6.7	32.6	–	–	12.6	12.9
31	12	6	33	-82	-80	342	202
16	5	31	27	13	7	221	197
–	–	–	–	10	5	11	5

Central & South America		Asia-Pacific		**Total Group (continuing operations)**	
2022	**2023**	2022	**2023**	2022	**2023**
260	205	905	841	4,878	3,771
2	2	17	28	221	197

Segment report by operating segments—1st nine months

in € million	Specialty Additives		Nutrition & Care		Smart Materials	
	2022	2023	2022	2023	2022	2023
External sales	3,278	2,709	3,127	2,703	3,984	3,407
Internal sales	6	3	8	7	73	95
Total sales	3,284	2,712	3,135	2,710	4,057	3,502
Adjusted EBITDA	758	540	555	273	619	421
Adjusted EBITDA margin in %	23.1	19.9	17.7	10.1	15.5	12.4
Adjusted EBIT	613	401	357	88	396	154
Capital expenditures[a]	68	84	130	213	175	146
Financial investments	–	–	1	30	12	–
No. of employees as of September 30	3,785	3,538	5,680	5,697	8,009	8,079

Prior-year figures restated.

[a] For intangible assets, property, plant and equipment.

Segment report by regions—1st nine months

in € million	Europe, Middle East & Africa		North America	
	2022	2023	2022	2023
External sales[a]	7,260	5,777	3,333	2,908
Non-current assets in accordance with IFRS 8 as of September 30	7,717	7,146	4,853	4,275
Capital expenditures	361	330	114	165
No. of employees as of September 30	22,876	22,636	5,011	5,082

[a] External sales Europe, Middle East & Africa: thereof Germany €1,972 million (9M 2022: €2,214 million).

Performance Materials		Technology & Infrastructure		Enabling functions, other activities, consolidation		**Total Group (continuing operations)**	
2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**
2,586	2,017	1,124	788	49	38	14,148	11,662
161	246	1,297	1,465	-1,545	-1,816	–	–
2,747	2,263	2,421	2,253	-1,496	-1,778	14,148	11,662
287	115	65	175	-207	-180	2,077	1,344
11.1	5.7	5.8	22.2	–	–	14.7	11.5
193	29	-21	56	-268	-239	1,270	489
38	27	71	76	37	29	519	575
1	–	–	–	18	9	32	39
1,941	1,732	8,308	8,261	6,113	6,268	33,836	33,575

Central & South America		Asia-Pacific		**Total Group (continuing operations)**	
2022	**2023**	2022	**2023**	2022	**2023**
741	597	2,814	2,380	14,148	11,662
173	182	1,885	1,422	14,628	13,025
5	5	39	75	519	575
728	767	5,221	5,090	33,836	33,575

Appendix

Restatement of prior-year figures

Restatement in the segment report

As of January 1, 2023, the executive board integrated the **alkoxides business,** which had previously been part of the Performance Materials division, into the Smart Materials division. Alkoxides are mainly used as homogeneous catalysts in the production of biodiesel. They are also used in syntheses in the pharmaceutical and agrochemicals industry. They complement the division’s portfolio of catalysts. The prior-year figures have been restated.

Retrospective reclassification of the alkoxides business

	3rd quarter 2022		1st nine months 2022	
in € million	Smart Materials	Performance Materials	Smart Materials	Performance Materials
External sales	106	-106	307	-307
Internal sales	2	-2	5	-5
Total sales	108	-108	312	-312
Adjusted EBITDA	11	-11	47	-47
Adjusted EBIT	8	-8	41	-41

Financial calendar

Financial calendar 2024

Event	Date
Report on Q4 2023 and FY 2023	March 4, 2024
Interim report Q1 2024	May 8, 2024
Annual shareholders' meeting 2024	June 4, 2024
Interim report Q2 2024	August 1, 2024
Interim report Q3 2024	November 6, 2024

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