

EVONIK GROUP DEVELOPMENT

Highlights: Well on track to deliver on FY guidance

- Adj. EBITDA of €522 m clearly above prior year (+28%) – even despite limited macro support so far
- Drivers of strong Q1 performance: Nutrition & Care with Animal Nutrition and strong Care Solutions portfolio; Specialty Additives with strong operating leverage from volumes coming back
- Contingency & optimization measures further ramping up; preparation for €400 m “Evonik Tailor Made” savings on track
- FCF of €127 m well above prior-year quarter, based on improved earnings and continued tight NWC management
- Outlook range for adj. EBITDA (€1.7 to 2.0 bn) confirmed – Q2 EBITDA expected on Q1 level

What is new? (compared to preliminary results published on April 16, 2024)

- FCF of €127 m well above prior-year quarter (€21 m), based on improved earnings and continued tight NWC management; FCF guidance for FY 2024 confirmed (~40% cash conversion)
- Q2 EBITDA expected on Q1 level (and again well above prior-year level) – despite planned shutdowns for Methionine in Singapore, for Crosslinkers and C4 chain
- Other KPI's (further details see below): volumes +4%, prices -5%; adj. EPS of €0.42 (+€0.17 yoy); net financial debt slightly decreased and pensions broadly stable (vs year-end 2023)

Income Statement

- **Sales** decreased by -5% in Q1 2024 to €3,796 m (Q1 2023: €4,005 m)
 - Positive volumes (+4% yoy) mainly due to Specialty Additives and Performance Materials
 - Sales decline driven by still negative pricing (-5%) and “Other” portfolio effects (-3%, mainly PM (divestment Functional Solutions on June 30, 2023 not restated)); negative FX effect of -1%
- **Adj. EBITDA** up +28% yoy to €522 m (Q1 2023: €409 m)
 - Evonik-specific drivers, esp. Specialty Additives (positive leverage on volumes coming back) and Nutrition & Care (Methionine recovery and strong performance in Care Solutions)
- **Adj. EBITDA margin** increased by 360bp to 13.8% (Q1 2023: 10.2%)
 - Supported by operating volume leverage (e.g. in SP and PM), contingency measures across the company, operational efficiency measures and lower variable costs (e.g. in Methionine)
- **Adj. EBIT** of €266 m (Q1 2023: €130 m)
- **Adj. EPS** of €0.42 (Q1 2023: €0.25) benefited from higher earnings and lower D&A (due to impairments in 2023), while interest result slightly more negative (lower income from discounting of other provisions)

Cash Flow Statement

- **Q1 2024 FCF** of €127 m well above prior-year level (€21 m)
 - Higher EBIT as starting point
 - Continued strong NWC discipline and lower cash-out for taxes
 - “Misc. assets/liabilities” with yoy negative effect: Changes in pre-payments received and made
 - Higher capex (- €45 m yoy) due to phasing

Balance Sheet

- **Net financial debt** of €3,212 m, lower vs. Q4 (€3,310 m) driven by higher FCF
- **Pension provisions** broadly stable at €1,828 m (Q4 2023 €1,858 m); unchanged discount rate in Germany of 3.5%
- **Leverage** (net debt / adj. EBITDA) at 2.7x (Q4 2023: 3.0x) due to higher adj. EBITDA

DIVISIONAL BUSINESS DEVELOPMENT

Specialty Additives (SP)

- Volumes increasing across virtually all businesses
 - Strong growth in Asia and re-stocking of customers
 - Most pronounced in coatings, PU foam & lubricant additives
 - Not based on pronounced macro-recovery
- Improving utilization leading to strong operating leverage (margin +2.2pp)
- Challenging competitive environment in Crosslinkers persists
- Q2: solid order books, however still short-term order patterns; Crosslinkers with planned maintenance shutdown in Q2

Nutrition & Care (NC)

- Care Solutions with strong performance across whole portfolio
- Health Care with typically lower order pattern for start into the year
- Animal Nutrition:
 - Double-digit increase in volumes yoy
 - Pricing still flat in Q1 yoy (will change in course of year as 2023 and 2024 show different direction of price dynamic)
 - Lower variable costs and ramp-up of cost savings supportive
 - Q2 with further sequential price step-up, compensated by lower volumes from shutdown in Singapore

Smart Materials (SM)

- Moderate start into the year
 - Flat volumes: Silica and construction applications with slight volume growth, but still no broad-based demand recovery visible
 - Still negative pricing, partially passing on decreasing input costs
- Adj. EBITDA stable on last year's level, with sequential improvement
 - Supported by license income for H₂O₂ (Fuhua hydrogen peroxide plant in Sichuan Province)
- Q2: expected around Q1 level, with slightly better performance in Silica, Catalysts and High-Performance Polymers

Performance Materials (PM)

- Towards end of the quarter, disruptions of global supply chains with positive impact on oxo-alcohol and plasticizers business
- Demand in other end markets and products remains subdued
- Q2: Oxo-alcohol and plasticizers business remains supportive; maintenance in C4 business planned for April
- Superabsorbers still included until closing (expected for mid-year)

Technology & Infrastructure (T&I) / Other

- Continued positive effect from contingency measures
- Termination of "service dividend": Higher adj. EBITDA for TI (yoy); lower for chemicals divisions (FY 2023: €82 m effect, see back-up of presentation)

OUTLOOK FY 2024

Basis for outlook (only change in raw material assumption)

- Conservative macro assumptions:
 - Global GDP growth of 2.3% expected below prior-year level (FY 2023: 2.7%)
 - No pronounced end market demand recovery throughout the year assumed as basis for outlook
- Contingency measures to be continued in 2024; first smaller savings from “Evonik Tailor Made”
- Operational efficiency programs (esp. in Animal Nutrition) ramping up further
- Animal Nutrition with stronger H1 (Methionine contract price on healthy level at least during H1)
- Energy costs only slightly lower due to long-term hedging
- Logistic costs with significant relief (high double-digit m €)
- Raw material basket expected slightly below prior-year level (previously: expected to move sideways)
- Higher bonus provisions expected (yoy)

Group outlook (unchanged; new Q2 indication)

- **Sales:** between €15 and 17 bn (FY 2023: €15.3 bn)
- **Adj. EBITDA:** between €1.7 and 2.0 bn (FY 2023: €1.656 m)
- **Q2 expected on Q1 level** (€522 m) despite planned shutdowns for Methionine in Singapore, for Crosslinkers and C4 chain
- **FCF:** again targeting ~40% conversion (FY 2023 cash conversion: 48%; FCF €801 m)
- **Capex:** continued capex discipline with ~€750 m targeted (~€50 m lower yoy; FY 2023: €793 m)
- **ROCE:** significantly above the low level of 2023 (FY 2023: 3.4%)

Divisional indications for adj. EBITDA (unchanged)

- **Specialty Additives:** “around prior-year level” (FY 2023: €673 m)
 - No broad-based recovery of demand, production volumes and capacity utilization assumed
 - First signs of recovery after prolonged period of destocking
 - Continued high competitive intensity (esp. Crosslinkers)
- **Nutrition & Care:** “considerably above prior-year level” (FY 2023: €389 m)
 - Animal Nutrition to benefit from healthy price level at least during H1 as well as operational efficiency program
 - Care Solutions with growth in Sustainable Specialties – supported by new biosurfactants plant
- **Smart Materials:** “slightly above prior-year level” (FY 2023: €540 m)
 - Assumption of no pronounced end market recovery
 - Slightly positive development in Inorganics
 - Polymers supported by increasing PA12 volumes and less maintenance costs
- **Performance Materials:** “above prior-year level” (FY 2023: €111 m)
 - Continued low demand level assumed in C4; modest recovery in prices and margins from trough levels; some support from lower energy costs
- **T&I/Other:** “slightly negative adj. EBITDA” (FY 2023: -€57 m)
 - No further re-allocation of “service dividend” to divisions (see backup slide of presentation); positive effect on TI from termination of “service dividend” (FY 2023: -€82 m of adj. EBITDA)
 - Negative effect from expected higher bonus provisions

Additional indications (only change in D&A)

- **EUR/USD sensitivity:** +/-1 USD cent = +/- ~€10 m adj. EBITDA (FY basis)
- **Adj. D&A:** around €1 bn (previously: “around prior-year level”; 2023: €1,135 m)
- **Adj. net financial result:** slightly more negative than prior year (2023: -€103 m)
- **Adj. tax rate:** around long-term sustainable level of ~30% (2023: 33%)

Key Financials Q1 2024

Evonik Group

in € million	Q1 2023	Q1 2024	yoy Δ%	Q4 2023	Q1 2024	qoq Δ%	Q1 2024 Consensus*
External sales	4,005	3,796	-5%	3,604	3,796	5%	3,883
Volumes (%)			4%				2%
Prices (%)			-5%				-2%
Exchange Rates (%)			-1%				-1%
Other (incl. M&A; %)			-3%				-1%
Adjusted EBITDA	409	522	28%	312	522	67%	450
Adjusted EBITDA Margin (%)	10.2%	13.8%	3.6 pp	8.7%	13.8%	5.1 pp	11.6%
Adjusted EBIT	130	266	105%	32	266	>200%	170
Adjustments	-47	-14		-2	-14		
EBIT	83	252	204%	30	252	>200%	147
Adjusted net income	115	197	71%	-56	197	>200%	121
Adjusted earnings per share in €	0.25	0.42		-0.12	0.42		0.26
Capex (cash-out)	206	251	22%	188	251	34%	
Net financial position (as of December 31)	-3,258	-3,212		-3,310	-3,212		
Cash flow from operating activities, cont. ops.	227	378	67%	703	378	-46%	
Free cash flow, cont. ops.	21	127	505%	515	127	-75%	

Specialty Additives

External sales	921	908	-1%	811	908	12%	884
Volumes (%)			5%				
Prices (%)			-5%				
Exchange Rates (%)			-1%				
Other (incl. M&A; %)			0%				
Adjusted EBITDA	168	185	10%	134	185	38%	162
Adjusted EBITDA Margin (%)	18.2%	20.4%	2.2 pp	16.5%	20.4%	3.9 pp	18.5%

Nutrition & Care

External sales	886	900	2%	908	900	-1%	948
Volumes (%)			2%				
Prices (%)			1%				
Exchange Rates (%)			-1%				
Other (incl. M&A; %)			0%				
Sales Animal Nutrition	441	483	10%	425	483	14%	459
Sales Health & Care	445	417	-6%	483	417	-14%	480
Adjusted EBITDA	76	140	84%	115	140	22%	134
Adjusted EBITDA Margin (%)	8.6%	15.6%	7.0 pp	12.7%	15.6%	2.9 pp	14.0%

Smart Materials

External sales	1,188	1,093	-8%	1,054	1,093	4%	1,129
Volumes (%)			0%				
Prices (%)			-8%				
Exchange Rates (%)			-1%				
Other (incl. M&A; %)			1%				
Sales Inorganics	860	790	-8%	765	790	3%	817
Sales Polymers	328	302	-8%	290	302	4%	311
Adjusted EBITDA	164	159	-3%	119	159	34%	140
Adjusted EBITDA Margin (%)	13.8%	14.5%	0.7 pp	11.3%	14.5%	3.2 pp	12.5%

Performance Materials

External sales	707	646	-9%	532	646	21%	665
Volumes (%)			12%				
Prices (%)			-10%				
Exchange Rates (%)			-1%				
Other (incl. M&A; %)			-10%				
Adjusted EBITDA	37	43	16%	-4	43	>200%	27
Adjusted EBITDA Margin (%)	5.2%	6.7%	1.5 pp	-0.8%	6.7%	7.5 pp	4.0%

Technology & Infrastructure / Other

External sales	303	249	-18%	300	249	-17%	300
Adjusted EBITDA	-36	-5	86%	-50	-5	90%	-15

* Vara Consensus March 26, 2024