

EVONIK GROUP DEVELOPMENT

Highlights: Another quarter of delivery

- Adj. EBITDA of €577 m sequentially stable – margin further improved to 15%; adj. EBITDA of three core divisions even up by 7% sequentially
- 9M FCF of €701 m more than €400 m above prior year; well on track for ~40% cash conversion rate for FY 2024
- Guidance range confirmed at adj. EBITDA of €1.9 to 2.2 bn; well underpinned by solid achievement level in first 9M
- Cost savings programs continue to support earnings and margins in Q3 – and ahead into FY 2025; realignment of business lines Coating & Adhesive Resins and Health Care initiated to further strengthen earnings profile
- New Innovation Growth Areas revealed in September: €1.5 bn additional sales by 2032

Income Statement

- **Sales** increased by +2% in Q3 2024 to €3.832 m (Q3 2023: €3,771 m)
 - Positive volume growth continuing (+5% yoy); all divisions with positive volumes yoy, SP standing out at +8% yoy; sequentially slightly lower volumes during summer months
 - Price +/-0%; FX -2%; negative “Other” (-1%) due to sale of Superabsorber business
- **Adj. EBITDA** up +19% yoy to €577 m (Q3 2023: €485 m)
 - Stable qoq – as guided in August (Q2 2024: €578 m)
 - SP and SM with continued solid performance across virtually all businesses, supported by active cost management
 - NC up qoq by ~40%, driven by Animal Nutrition with healthy market growth and solid pricing plus higher volumes after expansion shutdown; continued positive momentum in Care Solutions
- **Adj. EBITDA margin** increased yoy by 220bp to 15.1% (Q3 2023: 12.9%); positive margin trend since beginning of FY 2023 (+5pp from trough in Q1 2023); further improvement qoq (Q2: 14.7%)
- **Adj. EBIT** of €322 m (Q3 2023: €202 m)
- **Adj. EPS** of €0.58 (Q3 2023: €0.41) benefited from low adj. tax rate (11%) due to positive tax effects in Germany related to “Evonik Tailor Made”

Cash Flow Statement

- **FCF 9M** >€400 m ahead of last year (9M 2024 at €701 m vs prior year at €286 m)
- Cash generation in 2024 more evenly distributed between H1 and H2 (FY 2023 with weaker H1 and strong catch-up in H2 through NWC development)
- **FCF Q3 2024** strong at €357 m; below prior-year (€469 m) with higher EBIT(DA) as starting point but compensated by higher NWC outflow (in line with higher sales) and capex (different phasing yoy)
- Well on track to reach ~40% cash conversion rate for FY 2024

Balance Sheet

- **Net financial debt** decreased by €325 m qoq (€3,286 m end of Sept vs €3,611 m end of June), mainly driven by strong FCF
- **Pension provisions** stable qoq at €1,564 m despite slightly lower discount rates (in Germany 3.6% vs 3.8% in Q2 2024) thanks to better performance of plan assets

DIVISIONAL BUSINESS DEVELOPMENT

Specialty Additives (SP)

- Strong volume growth continues with +8% yoy; sequentially slightly lower volumes during summer months
- Continued strong performance across virtually all businesses; Crosslinkers in continued tough competitive environment
- Margin maintained above 23% thanks to improved utilization, lower input costs and high cost discipline
- Active cost management continued

Nutrition & Care (NC)

- Health & Care:
 - Care Solutions with positive volume and pricing effects in Cosmetic and Cleaning solutions
 - Health Care with transition phase during renewal and progression of project pipeline
- Animal Nutrition:
 - Benefit from higher volumes and positive inventory effect after expansion shut-down in Singapore in Q2
 - Strong demand especially in Asia; continued solid price level
 - Veramaris continues strong & profitable growth path of last two years; continuous growth of aquaculture industry and widening supply gap for omega-3; strong focus on process improvement

Smart Materials (SM)

- Positive volume growth continues with +2% yoy; although slightly lower volumes sequentially due to seasonality
 - Silica with continued solid performance, broad-based across industries – supported by higher volumes in Special Oxides
 - Solid quarter for catalysts, e.g. high demand for biodiesel catalysts in Americas
 - Demand for hydrogen peroxide subdued in Asia
- Margin secured at 15% qoq, well above prior year: attributable to positive volumes, variable costs effects and fixed costs discipline

Performance Materials (PM)

- Q2 benefitted from disruptions of global supply chains in oxo-alcohol and plasticizers business; market longer again in Q3
- MTBE margin normalized; still on decent levels however below H1
- Butadiene: Weak end market demand in rubber, tires and automotive persisting
- Sale of superabsorbers business completed on August 31, sales and earnings contributions no longer included, no restatement of this year's or prior year's financials (~€900 m sales in FY 2023)

OUTLOOK FY 2024

Group outlook (unchanged)

- **Sales:** between €15 and 17 bn (FY 2023: €15.3 bn)
- **Adj. EBITDA:** between €1.9 and 2.2 bn (FY 2023: €1,656 m)
- **FCF:** targeting ~40% conversion (FY 2023 cash conversion: 48%; FCF €801 m)
- **Capex:** ~€750 m thanks to continued capex discipline (~€50 m lower yoy; FY 2023: €793 m)
- **ROCE:** significantly above the low level of 2023 (FY 2023: 3.4%)

Divisional indications for FY adj. EBITDA (changed for SP & PM)

- **Specialty Additives:** guidance increased from “slightly above prior-year level” to “considerably above prior-year level” (FY 2023: €673 m)
- **Nutrition & Care:** “significantly above prior-year level” (FY 2023: €389 m) – unchanged
- **Smart Materials:** “considerably above prior-year level” (FY 2023: €540 m) – unchanged
- **Performance Materials:** guidance lowered from “significantly above prior-year level” to “slightly above prior-year level” (FY 2023: €111 m)

Additional indications (only change in adj. tax rate)

- **EUR/USD sensitivity:** +/-1 USD cent = +/- ~€10 m adj. EBITDA (FY basis)
- **Adj. EBITDA T&I/Other:** “slightly negative adj. EBITDA” (FY 2023: -€57 m)
- **Adj. D&A:** around €1 bn (FY 2023: €1,135 m)
- **Adj. net financial result:** slightly more negative than prior year due to interest rate increase vs previous year (FY 2023: -€103 m)
- **Adj. tax rate:** ~25% due to treatment of deferred tax assets in Germany in 2024 (previously: ~30%; FY 2023: 33%); long-term sustainable level of ~30% unchanged

Key Financials Q3 2024

Evonik Group

| in € million | Q3 2023 | Q3 2024 | yoy Δ% | Q2 2024 | Q3 2024 | qoq Δ% | Q3 2024 Consensus* |
|---|---------|---------|--------|---------|---------|--------|--------------------|
| External sales | 3,771 | 3,832 | 2% | 3,930 | 3,832 | -2% | 3,904 |
| <i>Volumes (%)</i> | | | 5% | | | | 5% |
| <i>Prices (%)</i> | | | 0% | | | | 0% |
| <i>Exchange Rates (%)</i> | | | -2% | | | | 0% |
| <i>Other (incl. M&A; %)</i> | | | -1% | | | | 0% |
| Adjusted EBITDA | 485 | 577 | 19% | 578 | 577 | 0% | 573 |
| Adjusted EBITDA Margin (%) | 12.9% | 15.1% | 2.2 pp | 14.7% | 15.1% | 0.4 pp | 14.7% |
| Adjusted EBIT | 202 | 322 | 59% | 329 | 322 | -2% | 314 |
| Adjustments | -303 | 0 | | -236 | 0 | | |
| EBIT | -101 | 322 | | 93 | 322 | | 302 |
| Adjusted net income | 189 | 271 | 43% | 234 | 271 | 16% | 215 |
| Adjusted earnings per share in € | 0.41 | 0.58 | | 0.50 | 0.58 | | 0.46 |
| Capex (cash-out) | 162 | 180 | 11% | 143 | 180 | 26% | |
| Net financial position (as of December 31) | -3,740 | -3,286 | | -3,611 | -3,286 | | |
| Cash flow from operating activities, cont. ops. | 631 | 537 | -15% | 360 | 537 | 49% | |
| Free cash flow, cont. ops. | 469 | 357 | -24% | 217 | 357 | 65% | |

Specialty Additives

| | | | | | | | |
|---------------------------------|-------|-------|--------|-------|-------|---------|-------|
| External sales | 882 | 897 | 2% | 944 | 897 | -5% | 925 |
| <i>Volumes (%)</i> | | | 8% | | | | |
| <i>Prices (%)</i> | | | -4% | | | | |
| <i>Exchange Rates (%)</i> | | | -2% | | | | |
| <i>Other (incl. M&A; %)</i> | | | 0% | | | | |
| Adjusted EBITDA | 173 | 208 | 20% | 220 | 208 | -5% | 205 |
| Adjusted EBITDA Margin (%) | 19.6% | 23.2% | 3.6 pp | 23.3% | 23.2% | -0.1 pp | 22.0% |

Nutrition & Care

| | | | | | | | |
|---------------------------------|-------|-------|--------|-------|-------|--------|-------|
| External sales | 924 | 996 | 8% | 905 | 996 | 10% | 997 |
| <i>Volumes (%)</i> | | | 3% | | | | |
| <i>Prices (%)</i> | | | 10% | | | | |
| <i>Exchange Rates (%)</i> | | | -5% | | | | |
| <i>Other (incl. M&A; %)</i> | | | 0% | | | | |
| Sales Animal Nutrition | 447 | 512 | 15% | 450 | 512 | 14% | 500 |
| Sales Health & Care | 477 | 484 | 1% | 455 | 484 | 6% | 487 |
| Adjusted EBITDA | 127 | 194 | 53% | 140 | 194 | 39% | 176 |
| Adjusted EBITDA Margin (%) | 13.7% | 19.5% | 5.8 pp | 15.5% | 19.5% | 4.0 pp | 17.5% |

Smart Materials

| | | | | | | | |
|---------------------------------|-------|-------|--------|-------|-------|--------|-------|
| External sales | 1,100 | 1,098 | 0% | 1,147 | 1,098 | -4% | 1,139 |
| <i>Volumes (%)</i> | | | 2% | | | | |
| <i>Prices (%)</i> | | | 0% | | | | |
| <i>Exchange Rates (%)</i> | | | -2% | | | | |
| <i>Other (incl. M&A; %)</i> | | | 0% | | | | |
| Sales Inorganics | 793 | 795 | 0% | 827 | 795 | -4% | 819 |
| Sales Polymers | 307 | 303 | -1% | 320 | 303 | -5% | 315 |
| Adjusted EBITDA | 135 | 164 | 21% | 171 | 164 | -4% | 165 |
| Adjusted EBITDA Margin (%) | 12.3% | 14.9% | 2.6 pp | 14.9% | 14.9% | 0.0 pp | 14.5% |

Performance Materials

| | | | | | | | |
|---------------------------------|------|------|---------|------|------|---------|------|
| External sales | 616 | 557 | -10% | 648 | 557 | -14% | 585 |
| <i>Volumes (%)</i> | | | 12% | | | | |
| <i>Prices (%)</i> | | | -6% | | | | |
| <i>Exchange Rates (%)</i> | | | -1% | | | | |
| <i>Other (incl. M&A; %)</i> | | | -15% | | | | |
| Adjusted EBITDA | 34 | 19 | -44% | 52 | 19 | -63% | 29 |
| Adjusted EBITDA Margin (%) | 5.5% | 3.4% | -2.1 pp | 8.0% | 3.4% | -4.6 pp | 5.2% |

Technology & Infrastructure / Other

| | | | | | | | |
|-----------------|-----|-----|-------|-----|-----|------|-----|
| External sales | 249 | 284 | 14% | 286 | 284 | -1% | 260 |
| Adjusted EBITDA | 16 | -8 | -150% | -5 | -8 | -60% | -5 |

* Vara Consensus October 21, 2024