

Evonik

Leading Beyond Chemistry

Q3 2024

Earnings Conference Call

November 6, 2024

Christian Kullmann, Chief Executive Officer

Maik Schuh, Chief Financial Officer

Key messages Q3 2024

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 Health Care and Coating & Adhesive Resins initiated to further strengthen earnings profile

New Innovation Growth Areas revealed in September

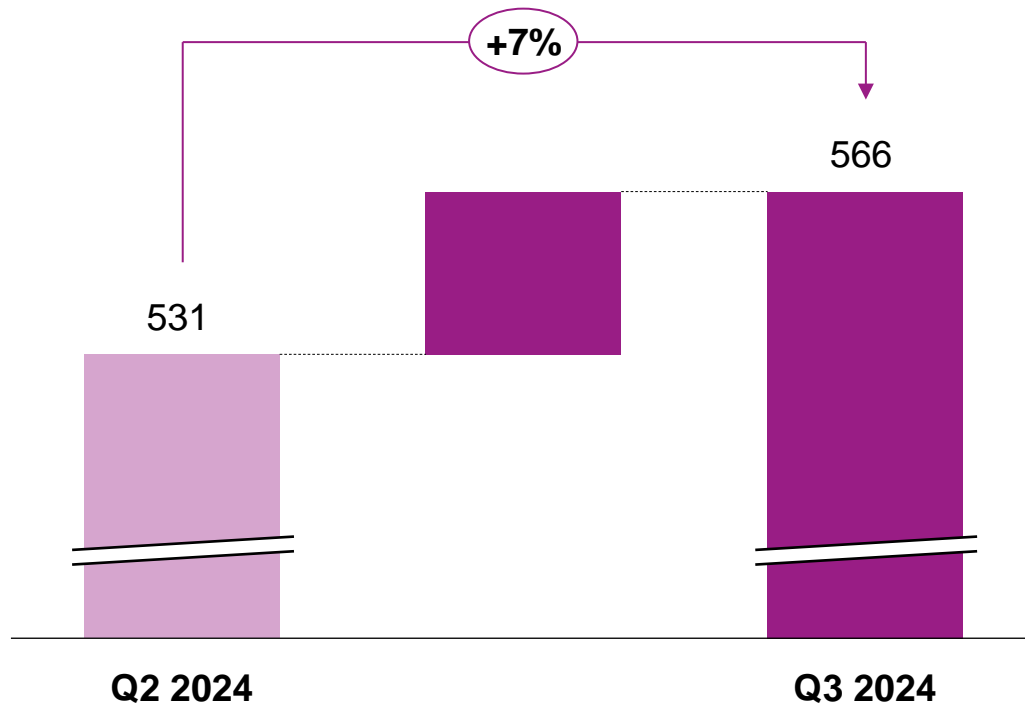
€1.5 bn additional sales by 2032

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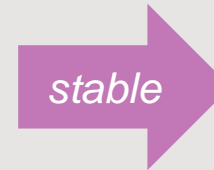
- 1. Strategic progress**
2. Financial performance Q3 2024
3. Outlook FY 2024

Three core divisions up sequentially

Core divisions¹ adj. EBITDA (in € m)



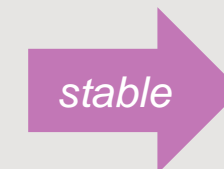
Q3 vs Q2 2024



- Continued solid performance across virtually all businesses
- Volumes only marginally lower qoq
- Active cost management continued



- Driven by Animal Nutrition: higher volumes after expansion shutdown; healthy market growth and solid pricing
- Continued positive momentum in Care Solutions



- EBITDA close to Q2 level; margin stable due to lower fixed & variable costs
- Stable development across virtually all businesses

1. Specialty Additives, Nutrition & Care & Smart Materials

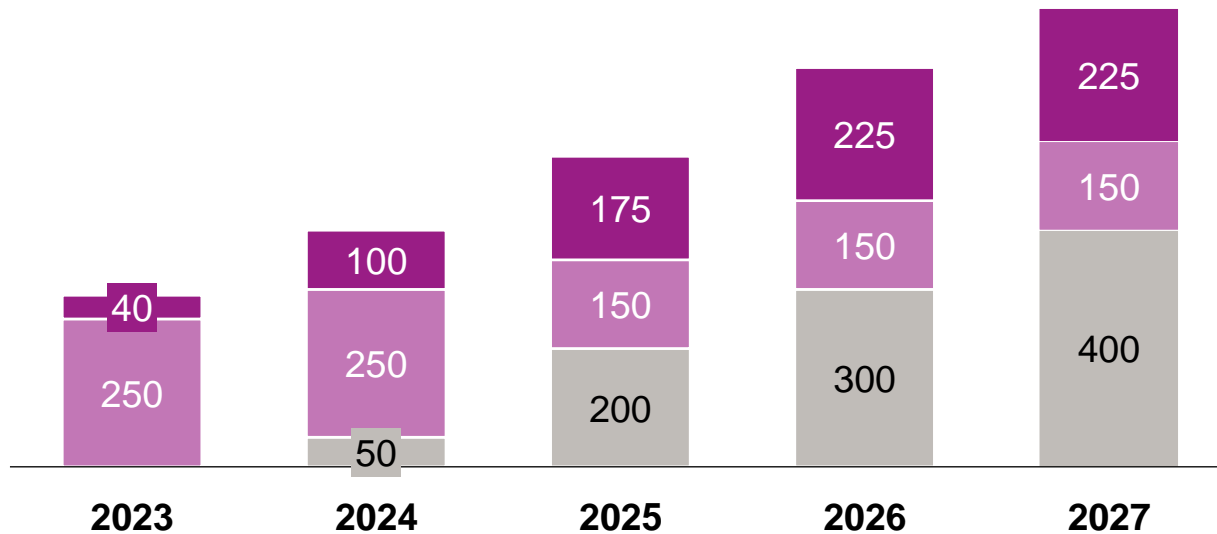
Cost savings programs continue to support earnings and margins

Further ramp-up into FY 2025

Overview gross savings (in € m)

■ Evonik Tailor Made ■ Contingencies ■ Business Optimization

Gross savings partly countered by factor cost increases

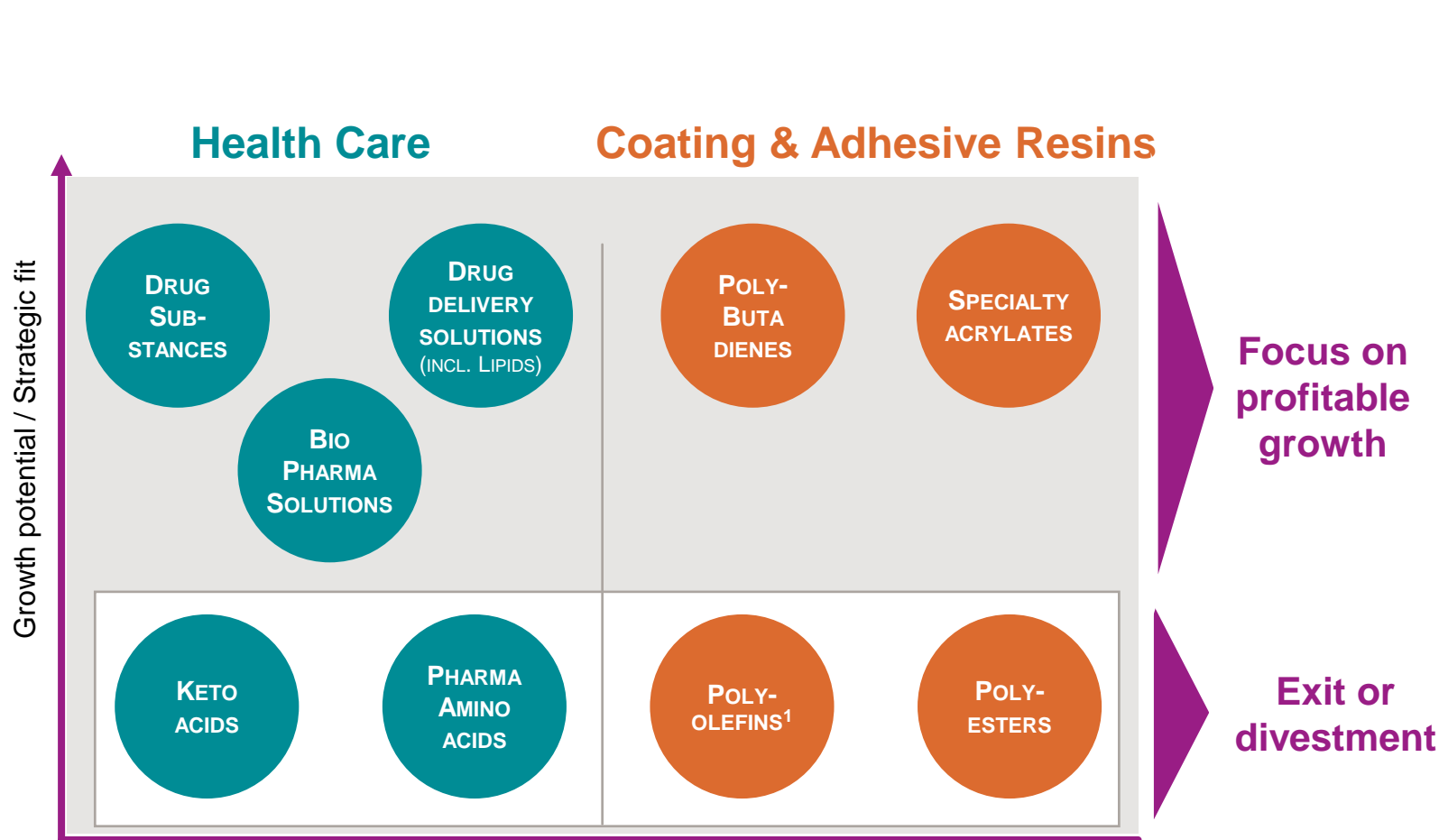


Effects in FY 2025

- Business optimization: **Additional gross ~€75 m** from measures in Animal Nutrition (started in 2023, full effect in FY 2026) as well as Coating Adhesive Resins and Health Care (started H2 2024)
- Short-term contingencies: Introduced in FY 2023, will be **partly reversed** in FY 2025 (**-€100 m**) to support business recovery seen this year
- “Evonik Tailor Made”: **Additional ~€150 m** gross savings in FY 2025

Realignment of business lines Health Care and Coating & Adhesive Resins

Portfolio adjustments enable focus on profitable growth









- 
- Constant review of portfolio also on Business Line level
 - **Focus of management resources & capex** on areas with best strategic fit and strongest growth potential
 - Businesses to be exited or divested with combined sales of ~€350 m
 - Resulting in **improvement of KPIs** (EBITDA & ROCE)
 - Full effect of measures from 2026 onwards

1. Polyolefins will be transferred to Performance Intermediates (C₄ chain), then to be sold as part of this business

New Innovation Growth Areas revealed in September




Addressing our most relevant sustainability trends


Previous Innovation Growth Fields

		
Advanced Food Ingredients	Additive Manufacturing	Sustainable Nutrition
		
Cosmetic Solutions	Membranes	Healthcare Solutions

- Introduced in 2016
- Targeted €1 bn additional sales until FY 2025
- €650 m achieved end of FY 2023 with EBITDA margin well above Group average
- Further growth in FY 2024 despite difficult macro

WE GO BEYOND TO ENABLE THE GREEN TRANSFORMATION

	Advance Precision Biosolutions	Leveraging biotechnology to enhance human health and quality of life while protecting our ecosystems
	Enable Circular Economy	Helping to close material cycles and paving the way for a sustainable future of our customers
	Accelerate Energy Transition	Addressing not only emission reduction, but also the capture, utilization, and storage of CO ₂



€1.5 bn additional sales by 2032¹

1. Vs base year 2023

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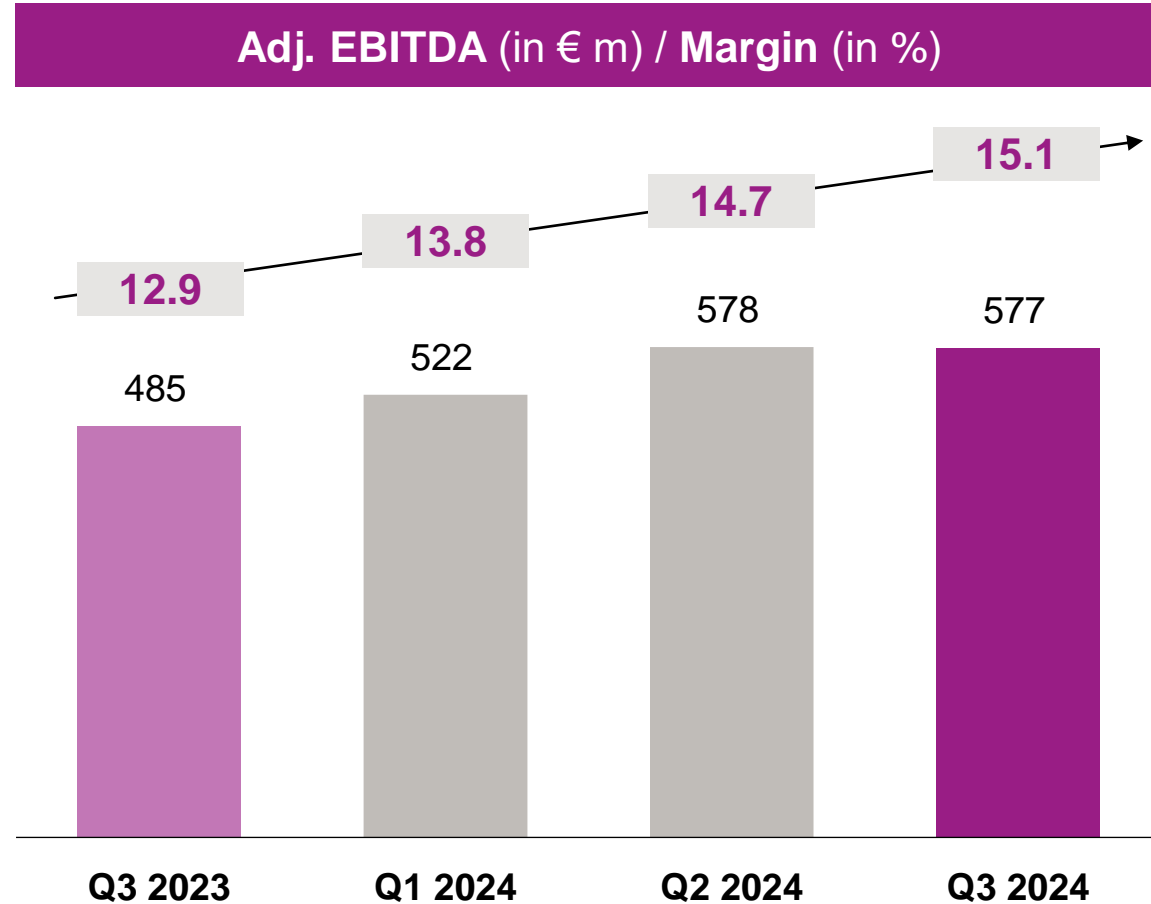
1. Strategic progress
- 2. Financial performance Q3 2024**
3. Outlook FY 2024

Q3 2024 results overview

Sales (in € m)	Adj. EBITDA (in € m)	Free cash flow (in € m)	Adj. EPS (in €)
<p>3,832</p> <p>(Q3 2023: 3,771)</p>	<p>577</p> <p>(Q3 2023: 485)</p>	<p>357</p> <p>(Q3 2023: 469)</p>	<p>0.58</p> <p>(Q3 2023: 0.41)</p>
<p>Positive volumes (+5% yoy), negative “Other” due to sale of superabsorbers business</p>	<p>Strong performance mainly driven by increasing utilization, cost savings and lower input costs</p>	<p>Another strong quarter of cash generation yoy higher EBIT(DA) compensated by NWC outflow</p>	<p>Low adj. tax rate due to positive tax effects in Germany related to “Evonik Tailor Made”</p>

Delivering on our promises: “Q3 at least on Q2 level”

Continued positive margin trend since beginning of FY 2023

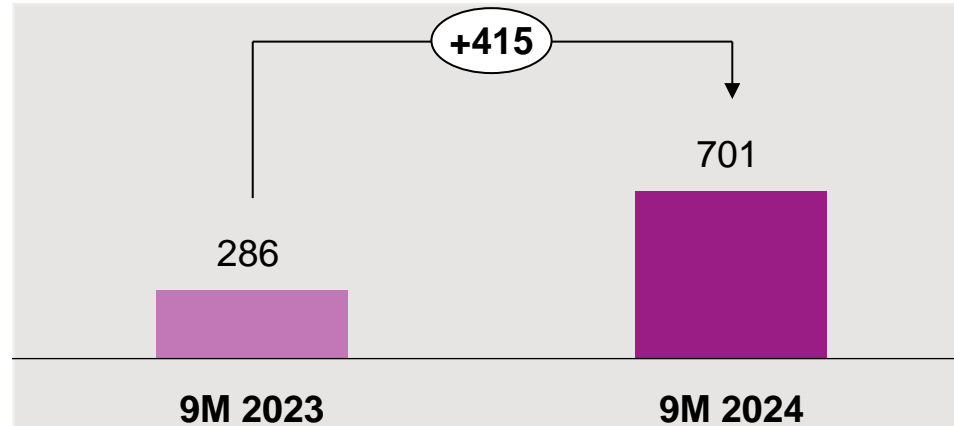


- Another quarter of **margin improvement** (despite qoq slightly lower sales)
- Margin **improved by 5pp** from trough at 10% in Q1 2023
- **Adj. EBITDA development** supported by
 - Continued strict cost discipline across all businesses
 - Animal Nutrition with clearly higher volumes after maintenance shutdown in Q2

Free Cash Flow 9M clearly ahead of last year's level

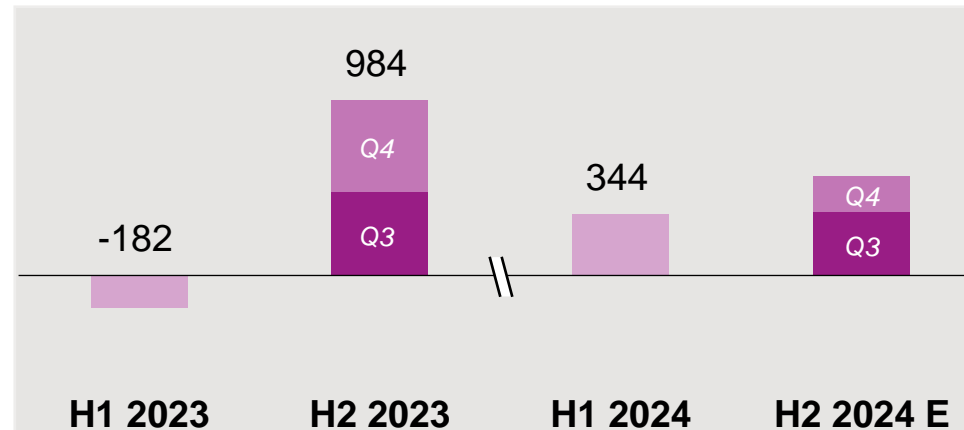
Well on track for 40% cash conversion rate

FCF 9M (in € m)



- FCF 9M >€400 m ahead of last year
- Q3 FCF of €357 m (vs. €469 m prior-year)
 - Higher adj. EBITDA as starting point
 - ...compensated by higher outflows for NWC (in line with higher sales) and capex (different phasing yoy)

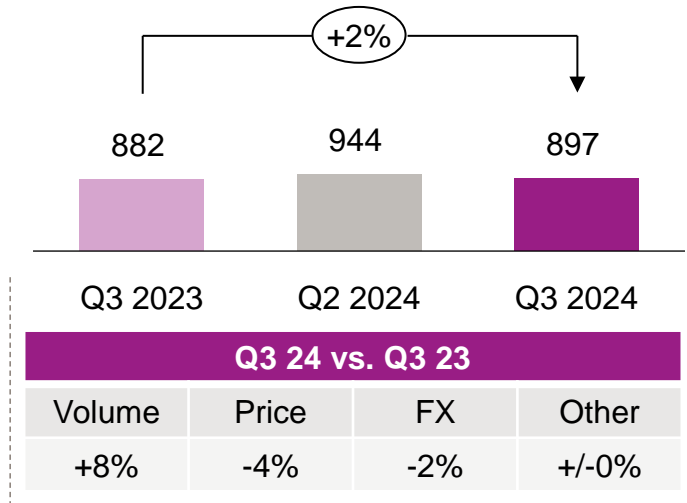
FCF distribution (in € m)



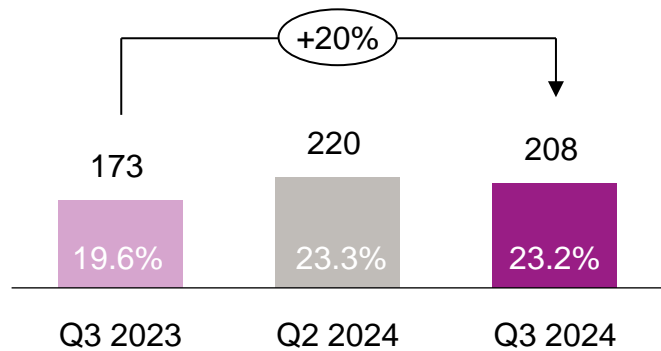
- Cash generation in 2024 more evenly distributed between H1 and H2
 - Different to last year, no need to bring down high NWC levels in Q4
 - Well on track to reach ~40% cash conversion for FY 2024

Specialty Additives

Sales
(in € m)



Adj. EBITDA
(in € m)
/ margin
(in %)



- 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

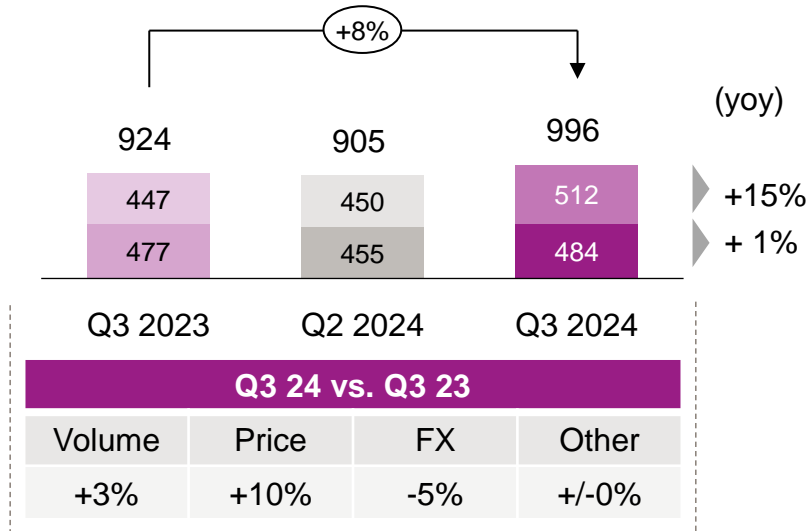


Nutrition & Care

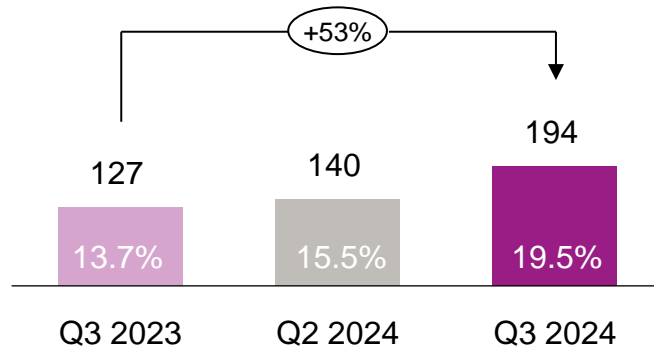
Sales (in € m)

Animal
Nutrition

Health &
Care



Adj. EBITDA (in € m) / margin (in %)



Health & Care

- Care Solutions with positive volumes and pricing 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



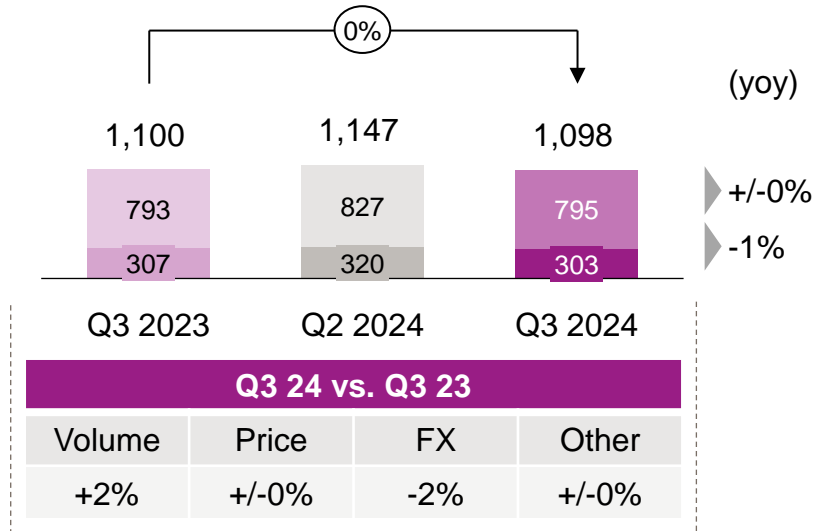
Smart Materials

Sales

(in € m)

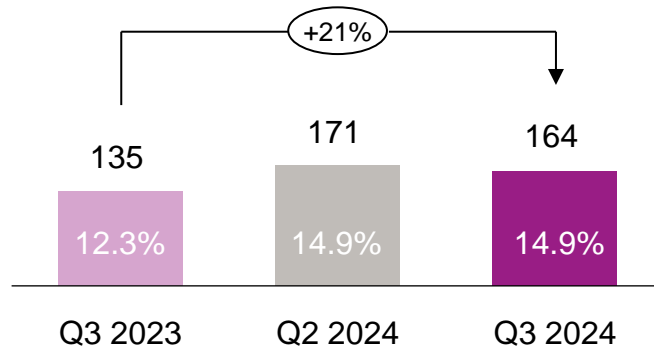
Inorganics

Polymers



Adj. EBITDA

(in € m)
/ margin
(in %)

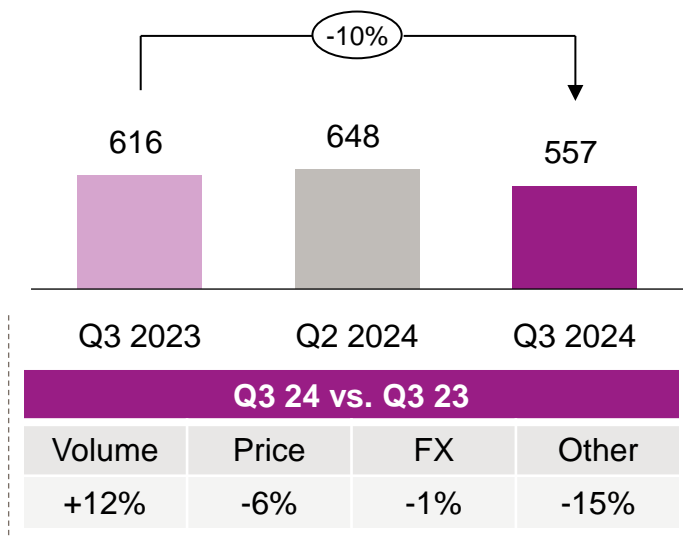


- Positive volume growth continues with +2% yoy; although slightly lower volumes sequentially due to seasonality
 - Silica with continued solid performance, broad-based across industries – supported by higher volumes in Special Oxides
 - Solid quarter for catalysts, e.g. high demand for biodiesel catalysts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

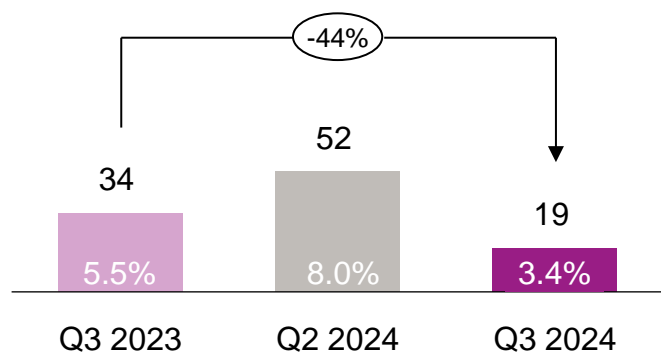


Performance Materials

Sales
(in € m)



Adj. EBITDA
(in € m)
/ margin
(in %)



- 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)

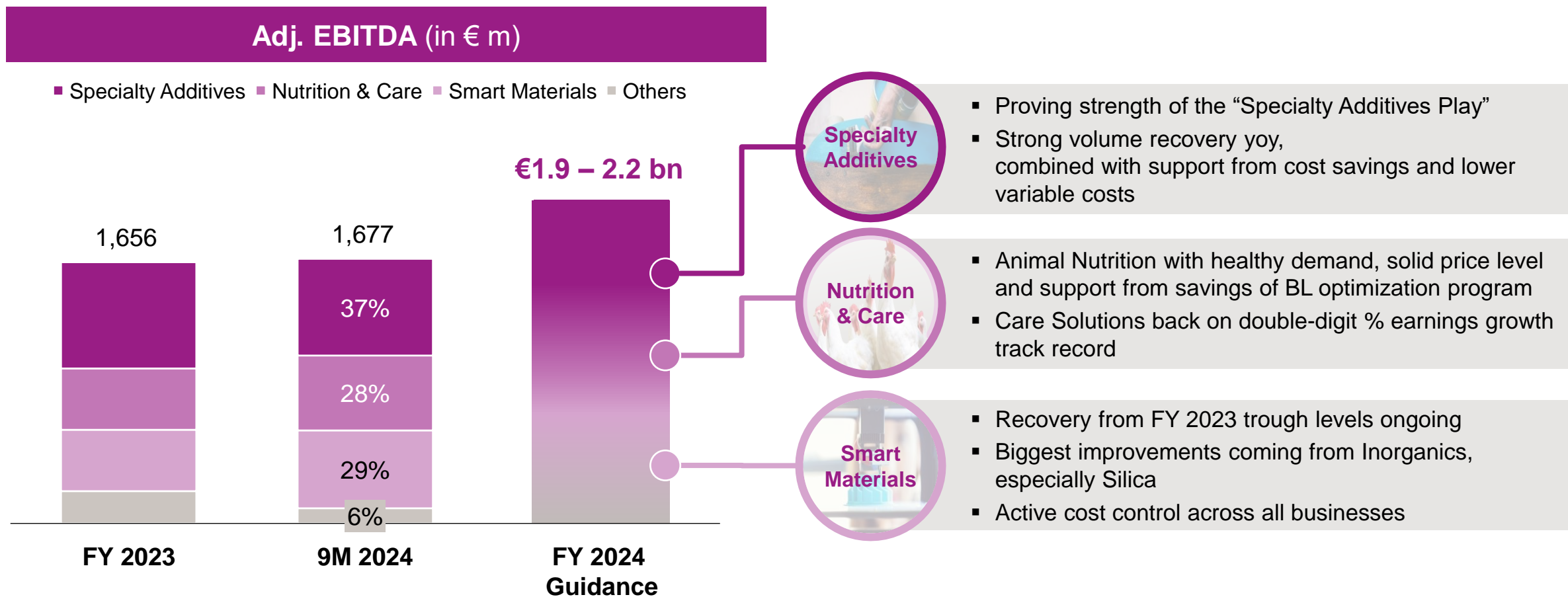


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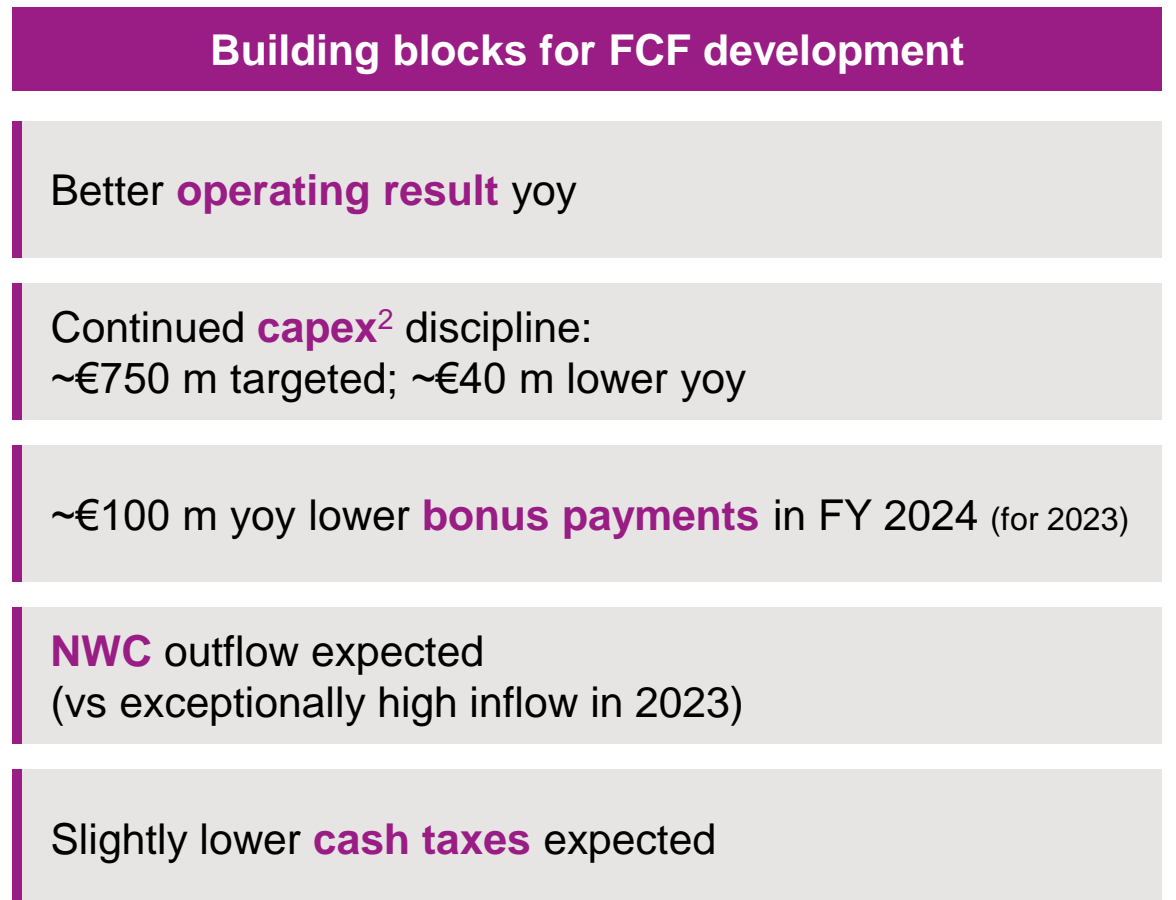
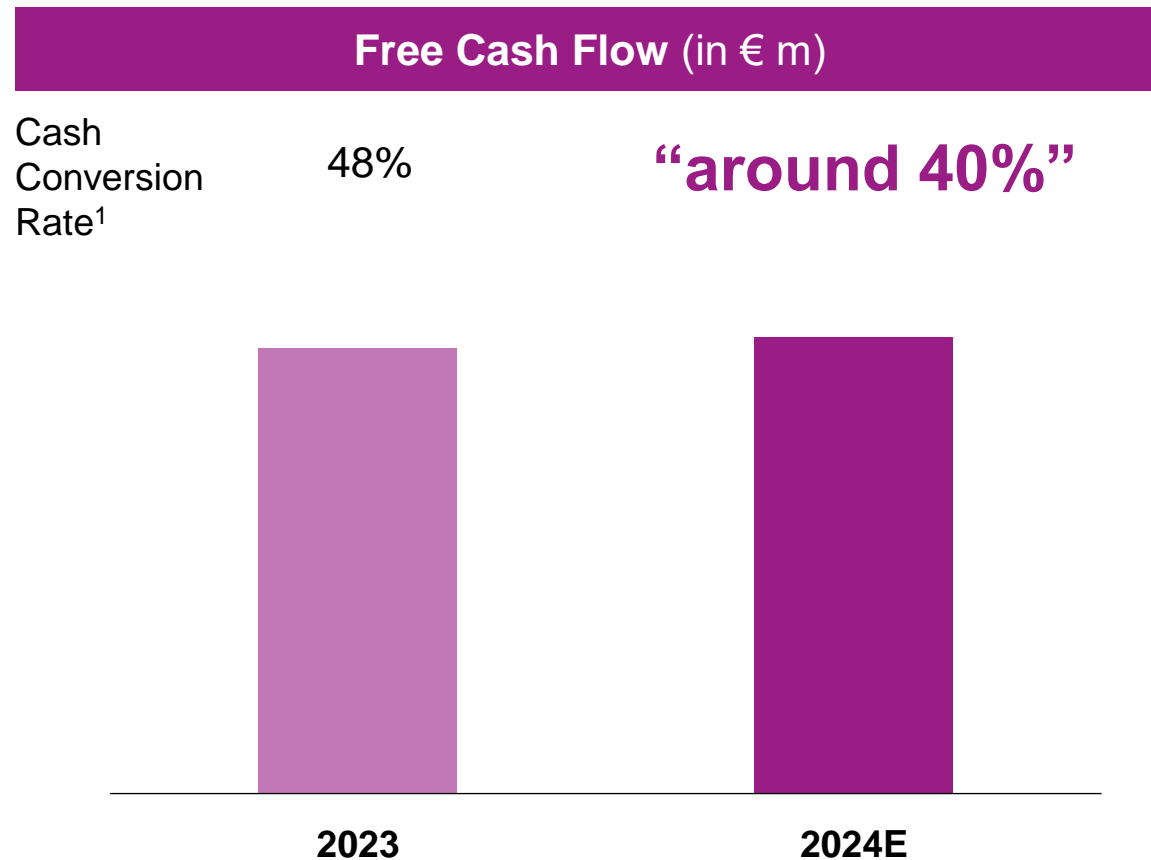
1. Strategic progress
2. Financial performance Q3 2024
- 3. Outlook FY 2024**

Guidance range confirmed at €1.9 to 2.2 bn

... well underpinned by solid achievement level after first 9 months



Free Cash Flow outlook confirmed: Targeting ~40% conversion



1. Free cash flow conversion (FCF / adj. EBITDA) | 2. Cash outflow for investment in intangible assets, pp&e

Executing well against a difficult market backdrop

Short-term self-help measures

NWC and capex discipline
Business optimization programs
Contingency measures in 2023 & 2024

Mid-term strategy execution

Reorganization: Evonik Tailor Made
Innovation and NGS growth
Portfolio transformation

Earnings growth in 2024

Q3:
+ 19% yoy

Sustainably strong cash generation

Q3:
+ €140 m qoq

Attractive & stable dividend

Paid in 2024:
€1.17

Green transformation of portfolio and production

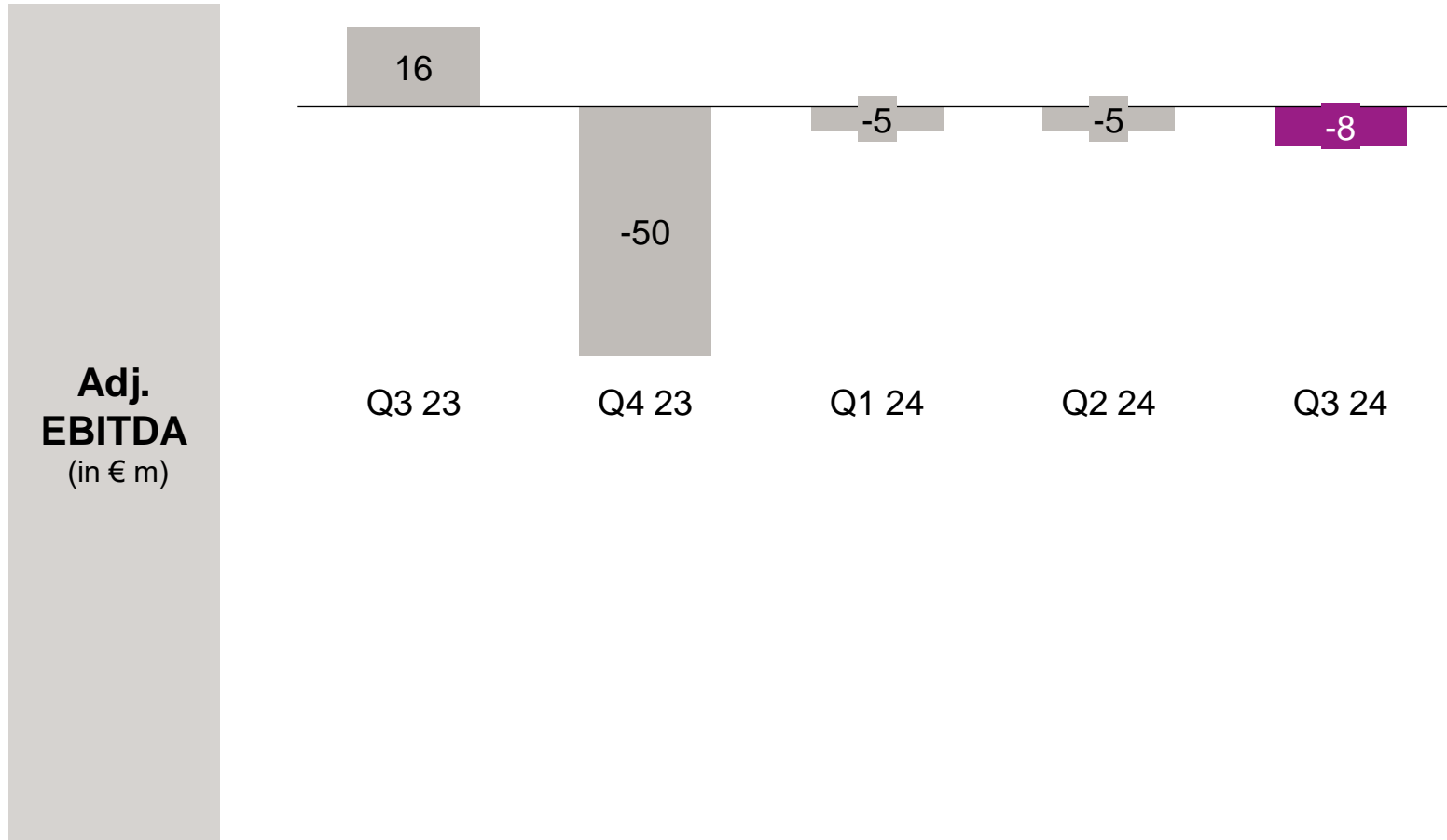
Innovation for future growth



EVONIK

Leading Beyond Chemistry

Technology & Infrastructure / Other



Q3 2024





- Continued high cost discipline

Additional indications for FY 2024 (only change in adj. tax rate)

Sales	between €15 and 17 bn (FY 2023: €15.3 bn)
ROCE	significantly above the low level of 2023 (FY 2023: 3.4%)
Capex¹	around €750 m (2023: €793 m)
EUR/USD sensitivity²	+/-1 USD cent = +/- ~€10 m adj. EBITDA (FY basis)
Adj. EBITDA T&I / Other³	slightly negative adj. EBITDA (2023: -€57 m); positive effect from termination of “service dividend”, negative effect from higher bonus provisions
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

1. Cash outflow for investment in intangible assets, pp&e | 2. Including transaction effects (after hedging) and translation effects; before secondary / market effects | 3. Excl. “service dividend” (-€82 m in FY 2023)

Outlook updated for two divisions

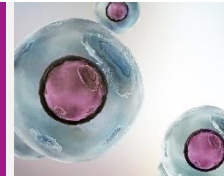
	Former outlook	Updated outlook
 <p>Specialty Additives</p>	“slightly above prior-year level” (2023: €673 m)	“considerably above prior-year level”
 <p>Nutrition & Care</p>	“significantly above prior-year level” (2023: €389 m)	unchanged
 <p>Smart Materials</p>	“Considerably above prior-year level” (2023: €540 m)	unchanged
 <p>Performance Materials</p>	“significantly above prior-year level” (2023: €111 m)	“slightly above prior-year level”

Advance Precision Biosolutions: Leveraging biotechnology to enhance human health and quality of life while protecting our ecosystems

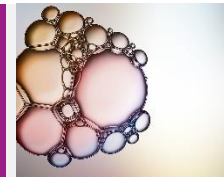
WE GO BEYOND TO ACCELERATE PRECISION BIOSOLUTIONS



Nucleic Acid-Based Medicines & Drug Delivery Systems



Cell Culture Solutions



Biosurfactants & Biofunctional Ingredients



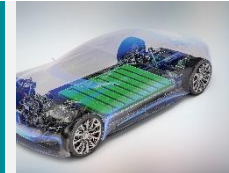
Cosmetic Actives & Delivery Systems

Accelerate Energy Transition: Addressing not only emission reduction, but also the capture, utilization, and storage of CO₂

WE GO BEYOND TO ACCELERATE ENERGY TRANSITION



Membranes, Hydrogen Generation and Transport



Future Mobility and Battery Solutions



Carbon Capture and Storage



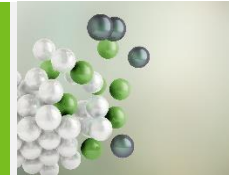
Renewable Energy and Energy Efficiency

Enable Circular Economy: Helping to close material cycles and paving the way for a sustainable future of our customers

WE GO BEYOND TO ENABLE CIRCULAR ECONOMY



Enable Plastic Recycling



Enable Catalyst and Inorganics Recycling



Renewable or Recycled Raw Materials



Design for Circularity

Realignment Business Line Health Care

Strategic portfolio shift towards system solutions and core growth areas

	Drug Substance	Parenteral Drug Delivery Solutions	Oral Drug Delivery Solutions	Health Solutions	Keto and Amino acids
Market	<ul style="list-style-type: none"> API & Intermediates 	Advanced drug delivery <ul style="list-style-type: none"> Functional polymers Lipids 		<ul style="list-style-type: none"> Medical device solutions Cell culture solutions Nutraceuticals 	<ul style="list-style-type: none"> Medical nutrition Cosmetics Human nutrition Pharmaceutical intermediates
Plants	Tippecanoe (US) Dossenheim (DE)	Birmingham (US) Vancouver (CA)	Darmstadt (DE)	Fermas (SK) Jena (DE)	Wuming (CN) Ham (FR) Hanau (DE)
Future Focus	Focus on system solutions and core growth areas				<ul style="list-style-type: none"> Sales of ~€100 m Production in Hanau to be discontinued (2025) Evaluate strategic options for Ham and Wuming

Realignment Business Line Adhesive & Coating Resins

	Polybutadienes	Specialty Acrylics	Polyesters	Polyolefins
Market	<ul style="list-style-type: none"> Automotive Window glazing Electronics 	<ul style="list-style-type: none"> Heat Seal Reactive adhesives Medical Applications 	<ul style="list-style-type: none"> Food cans Flexible packaging Construction Household appliances 	<ul style="list-style-type: none"> Automobile Packaging Hygiene applications Construction
Plants	Marl	Darmstadt	Witten, Shanghai, Marl	Marl
Future Focus	Liquid polybutadienes as additives for adhesives and sealants or tires	Specialty acrylics for medical technology and the packaging industry	<ul style="list-style-type: none"> To be divested Sales of ~€150 m 	<ul style="list-style-type: none"> Transfer to C₄ chain business and to be sold as part of C₄ chain business in the future Sales of ~€100 m

Adjusted income statement Q3 2024

in € m	Q3 2023	Q3 2024	Δ
Sales	3,771	3,832	+2%
Adj. EBITDA	485	577	+19%
Depreciation & amortization	-283	-255	
Adj. EBIT	202	322	+59%
Adj. net financial result	-13	-48	
D&A on intangible assets	38	34	
Adj. income before income taxes	227	308	+36%
Adj. income tax	-33	-33	
Adj. income after taxes	194	275	+42%
Adj. non-controlling interests	-5	4	
Adj. net income	189	271	+43%
Adj. earnings per share (in €)	0.41	0.58	

Adj. D&A (-€255 m)

- D&A lower yoy due to lower asset base after last year's impairments (e.g. Animal Nutrition, Silica)

Adj. net financial result (-€48 m)

- More negative than previous year mainly due to lower interest income

Adj. income tax (-€33 m)

- Low adj. tax rate (11%) due to positive tax effects in Germany related to Evonik Tailor Made

Adjustments (€0 m in Q3 2024)

- Smaller income from reversal of impairments (Nutrition & Care) vs smaller expenses linked to sale of Superabsorber business

Cash flow statement Q3 2024

in € m	Q3 2023	Q3 2024
Income before financial result and income taxes (EBIT)	-101	321
Depreciation and amortization	574	234
Δ Net working capital	111	-161
Change in provisions for pensions & other post-employment benefits	-31	0
Change in other provisions	31	126
Change in miscellaneous assets/liabilities	108	16
Cash inflows/outflows from income taxes	-60	-18
Others		19
Cash flow from operating activities	631	537
Cash outflows for investment in intangible assets, pp&e	-162	-180
FCF	469	357
Cash flow from investing activities	-17	-86
Cash flow from financing activities	-426	-504

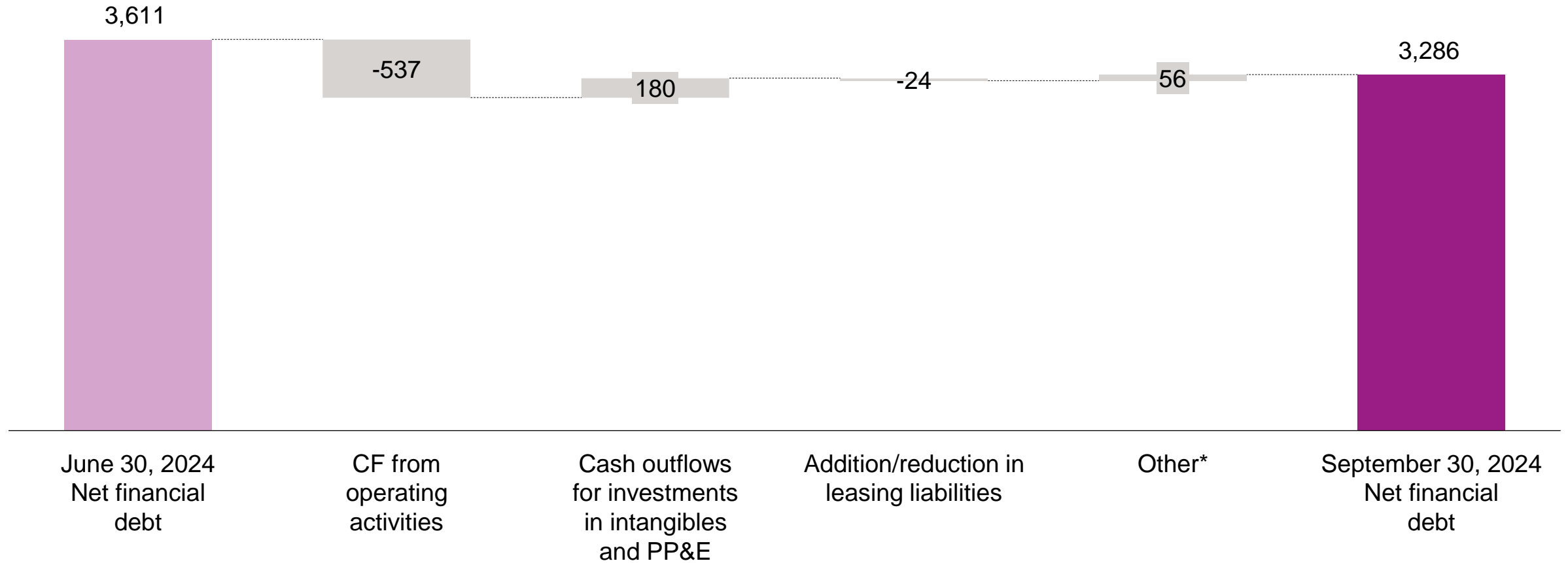
CF from operating activities (€537 m)

- Higher (reported) EBIT as starting point
- Prior-year EBIT as well as D&A impacted by impairments (mainly Superabsorber)
- NWC outflow due to higher sales (change in inventories of >€300 m yoy)
- Other provisions: Reversal of non-cash effect from higher bonus provisions (yoy)
- Misc. assets: Prior year with higher cash inflow related to other tax receivables

CF from financing activities (-€504 m)

- Repayment of senior bond (€750 m), partially covered through draw-down of first tranche of European Investment Bank (EIB) loan (€250 m)

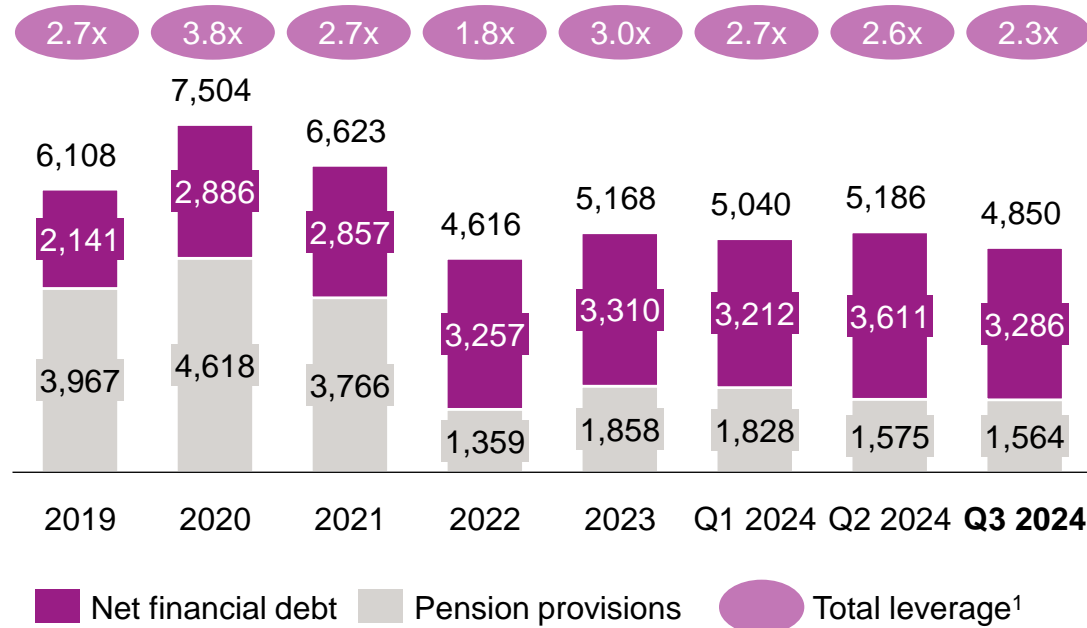
Net financial debt development Q3 2024



* Thereof €41 m net interest paid

Development of debt and leverage over time

(in € m)



Adj. net debt²	5,858	7,254	6,373	4,366	4,918	4,790	4,936	4,600
Adj. EBITDA (last 12 months)	2,153	1,906	2,383	2,490	1,656	1,769	1,897	1,989
German pension discount rate (%)	1.3	0.9	1.3	4.1	3.5	3.5	3.8	3.6

1. Adj. net debt / adj. EBITDA | 2. Net financial debt – 50% hybrid bond + pension provisions
3. Before impairment

Net financial debt (€3,286 m)

- Net financial debt decreased qoq due to strong free cashflow generation
- Leverage decreases qoq due to lower net financial debt and higher adj. EBITDA (LTM)

Pension provisions (€1,564 m)

- Long-dated pension obligations with ~14 years duration
- Stable pension provisions qoq thanks to better performance of plan assets (despite lower discount rates)
- Pension provisions partly balanced by corresponding deferred tax assets of ~€0.7 bn³

Divisional overview by quarter

Sales (in € m)	FY 2022	Q1/23	Q2/23	Q3/23	Q4/23	FY 2023	Q1/24	Q2/24	Q3/24
Specialty Additives	4,184	921	906	882	811	3,520	908	944	897
Nutrition & Care	4,237	886	893	924	908	3,611	900	905	996
Smart Materials	5,240	1,188	1,119	1,100	1,054	4,461	1,093	1,147	1,098
Performance Materials	3,253	707	694	616	532	2,549	646	648	557
T&I / Other	1,574	303	274	249	300	1,126	249	286	284
Evonik Group	18,488	4,005	3,886	3,771	3,604	15,267	3,796	3,930	3,832

Adj. EBITDA (in € m)	FY 2022	Q1/23	Q2/23	Q3/23	Q4/23	FY 2023	Q1/24	Q2/24	Q3/24
Specialty Additives	946	168	199	173	134	673	185	220	208
Nutrition & Care	677	76	71	127	115	389	140	140	194
Smart Materials	743	164	122	135	119	540	159	171	164
Performance Materials	350	37	45	34	-4	111	43	52	19
T&I / Other	-226	-36	13	16	-50	-57	-5	-5	-8
Evonik Group	2,490	409	450	485	312	1,656	522	578	577



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