Evonik Industries AG

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This report does not constitute a rating action.

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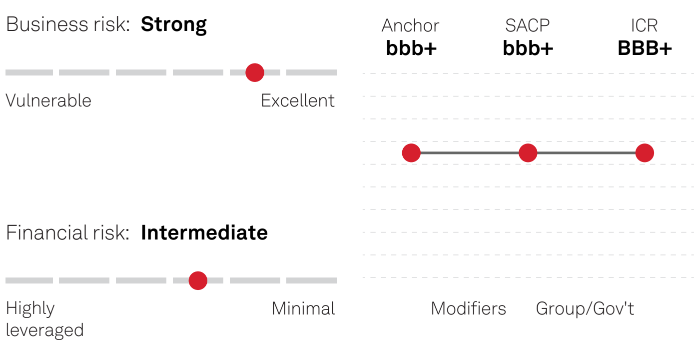
Ratings Score Snapshot



Issuer credit rating

BBB+/Stable/A-2

ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

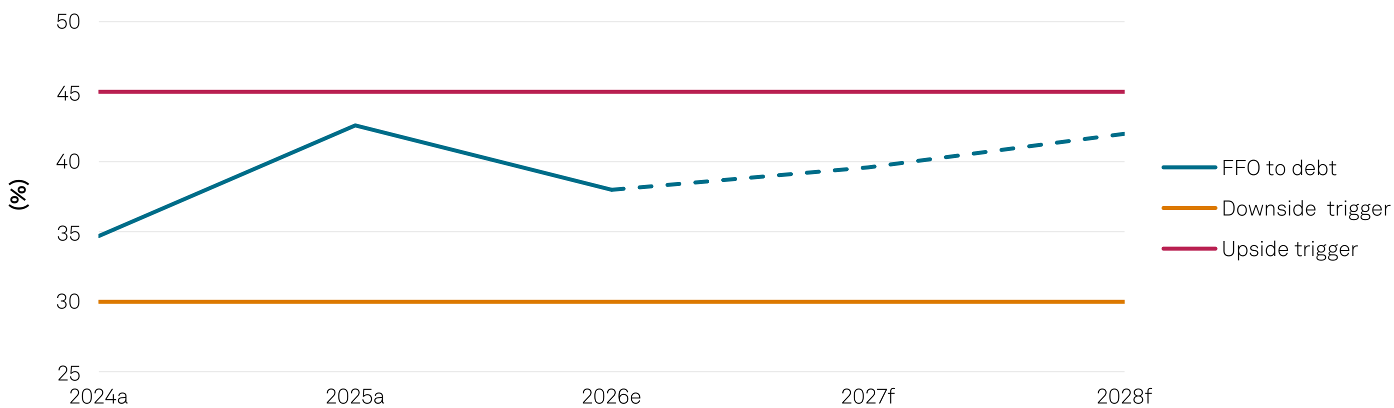
Overview

Key strengths	Key risks
Leading specialty-chemicals manufacturer globally with top market position in several business subsegments.	The Middle East conflict providing short-term opportunities in the commodity business due to temporarily decreased competition from Southeast Asia and China, but persistent high inflation could destroy demand in next few quarters.
Resilient local-for-local production business mode limiting direct exposure to supply chain disruptions.	Exposure to some cyclical end-markets and volatile raw material prices--especially in commoditized products--possibly leading to strain operating performance amid still-weak demand conditions and industry overcapacity.
Potential for improved profitability in the next few years due to growth investments, cost-saving initiatives, innovation, and portfolio optimization.	High concentration of revenue from Europe, the Middle East, North Africa, and North America (together accounting for about 77% of 2025 revenue), though the company has plans to expand in Asia-Pacific (APAC).
Supportive financial policy and management's commitment to a solid investment-grade rating.	Exposure to relatively high energy prices for production assets in Europe, especially Germany.

S&P Global Ratings expects Evonik Industries AG's rating headroom to remain adequate in 2026-2027 on still-modest, but gradually improving, operating performance as growth investments, cost-saving measures, and optimization of the group structure take effect. We expect S&P Global Ratings-adjusted funds from operations (FFO) to debt near 40% in 2026 and 2027, which provide a good cushion compared with the 30%-45% range commensurate with our 'BBB+' rating and despite significant uncertainty from the Middle East conflict. We view Evonik's strong commitment to a solid investment-grade rating and its track record of cautious financial policy as credit positives.

Chart 1

Evonik's rating headroom should strenghten in 2027 and 2028



FFO--Funds from operations. a--Actual. e--Estimate. f--Forecast. Source: S&P Global Ratings.

We think Evonik is well positioned to face conflict-related challenges and risks. The company benefits from a global setup with a balanced product portfolio where about 80% of sales are produced locally. The advanced technologies segment is likely to benefit from boosts to prices and volumes, reflecting lower exports from Asian competitors, which should support profitability in second- and third-quarter 2026. Evonik's local source of raw materials, as well as largely secured key input resources for the next few months, protect the company ahead of the current global supply chain disruption. Furthermore, Evonik has a good track record of passing on higher input costs and of hedging its energy bill, which should protect its margin amid raising input costs. However, as with other companies in the chemical sector, Evonik is exposed to indirect effects from the conflict.

We anticipate that the European chemicals sector's performance will remain challenging in the near term, with significant risks of demand contraction if inflation does not ease. The sector has been under strain, reflecting prolonged demand weaknesses, especially in key markets such as auto and construction. European chemicals production volumes and capacity utilization remain well below historical averages, a key issue hindering companies' profitability margins. We expect subdued demand to continue in 2026, given persistent uncertainty ahead of geopolitical tensions. The Middle East conflict has put supply chains under pressure in the Southeast Asia and Chinese chemical industry, given its reliance of Middle East imports, and this is providing a significant relief to some European commodity production that so far had been suffering from cheaper Asian exports. For example, the limited availability of methionine and C4 segment-related products could boost Evonik's results in both second- and third-quarter 2026.

Still, overcapacity in some areas could bounce back as soon as the conflict gets resolved and logistic disruption gets solved. The long-term impact hinges on the conflict's duration and escalation, and a prolonged conflict risks persistent inflation and demand disruptions.

Evonik's 2026 EBITDA should at least be on par with 2025 levels. In May 2025, the company confirmed its 2026 guidance for EBITDA of €1.7 billion-€2.0 billion (adjusted by the company before one-off costs). This is despite weaker first-quarter results year on year, driven by organic sales declines from lower volumes and selling prices, along with further negative currency effects. We anticipate short-term boosts from strong price momentum and volume increases in some of its commodity products, also reflecting some prebuying. However, higher variable costs limit profitability. Instead, in the second half of 2026, risks of demand softening could increase if inflation persists. Positively, the company is continuing its optimization programs including the Evonik Tailor Made cost-saving program, which should help limiting the burden of cost inflation. It posted weakened results in 2025, driven by prolonged weaknesses in key end-markets, cost inflation, and negative currency effects, despite cost-saving measures.

We anticipate that Evonik will continue generating strong free operating cash flow (FOCF). We forecast FOCF of €600 million-€650 million in 2026, in line with 2025 FOCF, due to reduced capital expenditure (capex) totaling about €750 million. Capex includes investments in next-generation technologies and immediate-return projects with paybacks of less than two years. We anticipate working capital cash outflows of about €100 million in 2026. Evonik is targeting a cash conversion rate of about 40% in 2026, with a focus on working capital efficiency. From 2026-2028, the company's cash allocation priorities are unchanged, with a continued focus on growth and maintenance capex, a more flexible dividend policy tied to financial performance, and deleveraging, with the option of additional shareholder returns. Evonik does not plan any mergers and acquisitions (M&A) until at least 2027.

Outlook

The outlook on the long-term rating is stable because we expect the company to maintain adjusted FFO to debt comfortably above 30% in the next 18-24 months.

Downside scenario

We could lower the rating if we anticipated that Evonik's adjusted FFO to debt would decline below 30% without near-term prospects of recovery. This would most likely happen if:

- The global economy and market conditions remain constrained in 2026 and 2027, or deteriorate, translating into weakened volumes or prices such that cost-savings measures are insufficient to offset the effects of lower earnings; and
- The company pursues significant debt-funded acquisitions.

In those scenarios, we assume Evonik would adopt measures to protect its credit metrics, given its commitment to preserving a solid investment-grade rating.

Upside scenario

We could take a positive rating action if the company maintained resilient performance via a higher share of specialty chemicals in its product portfolio, visible EBITDA contributions from expansion projects, adjusted FFO to debt of at least 45% sustainably, and a rise in FOCF. A financial policy commitment to a higher rating would be important for any upgrade considerations, including the preservation of rating headroom in years with favorable markets conditions. We see this scenario as unlikely in the next 18-24 months, however, given the currently weak operating environment for the chemical industry, particularly in Europe.

Our Base-Case Scenario

Assumptions

- Global GDP growth of 3.2% in 2026, 3.3% in 2027, and 3.2% in 2028 and 2029. GDP growth in U.S. of 2.2% in 2026 and 2.0% in 2027. GDP growth in Europe of 1.0% in 2026, 1.2% in 2027, and 1.4% in 2028.
- Sales growth of 2%-3% in 2026 and 2027, assuming higher selling prices and still-weak demand amid supply chain disruptions caused by geopolitical tensions. This follows a sharp revenue decline of 7.2% in 2025.
- A declining adjusted EBITDA margin in 2026. This is because of high cost inflation, particularly in energy and raw materials, and limited margin improvement in 2027, due to benefits from cost savings, growth in niche markets like biosurfactants and coating additives, a gradual recovery in volumes, and asset usage.
- Modest working capital cash absorption.
- Capex of about €750 million in 2026, in line with company guidance.
- Reduced dividends of about €480 million, including minority interests, in 2026, and slightly lower in 2027.

Key metrics

Evonik Industries AG--Forecast summary

Period ending	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028	Dec-31-2029
(Mil. EUR)	2022a	2023a	2024a	2025a	2026e	2027f	2028f	2029f
Revenue	18,488	15,267	15,157	14,069	14,407	14,822	15,170	15,625
EBITDA	2,502	1,703	1,769	1,837	1,803	1,883	2,021	2,081
Funds from operations (FFO)	2,248	1,368	1,440	1,608	1,467	1,536	1,672	1,718
Cash flow from operations (CFO)	1,586	1,523	1,634	1,372	1,368	1,437	1,523	1,569
Capital expenditure (capex)	855	786	830	735	737	837	887	887
Free operating cash flow (FOCF)	731	737	804	637	631	600	636	682
Dividends	561	558	568	560	485	455	455	505
Discretionary cash flow (DCF)	154	163	224	76	147	145	181	177
Debt	3,985	4,393	4,157	3,774	3,863	3,881	3,986	3,942
Adjusted ratios								
Debt/EBITDA (x)	1.6	2.6	2.3	2.1	2.1	2.1	2.0	1.9
FFO/debt (%)	56.4	31.2	34.7	42.6	38.0	39.6	42.0	43.6

Evonik Industries AG--Forecast summary

Period ending	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028	Dec-31-2029
CFO/debt (%)	39.8	34.7	39.3	36.3	35.4	37.0	38.2	39.8
FOCF/debt (%)	18.4	16.8	19.4	16.9	16.3	15.4	15.9	17.3
DCF/debt (%)	3.9	3.7	5.4	2.0	3.8	3.7	4.5	4.5
Annual revenue growth (%)	23.6	(17.4)	(0.7)	(7.2)	2.4	2.9	2.3	3.0
EBITDA margin (%)	13.5	11.2	11.7	13.1	12.5	12.7	13.3	13.3

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. EUR--euro.

Company Description

Evonik is one of the leading specialty chemical companies globally, with about €14.1 billion of reported revenue in 2025. The company has a global production footprint with its largest sites in Germany, Belgium, the U.S., China, and Singapore. It operates in two core segments after reorganizing its operating business into 13 business lines in April 2025:

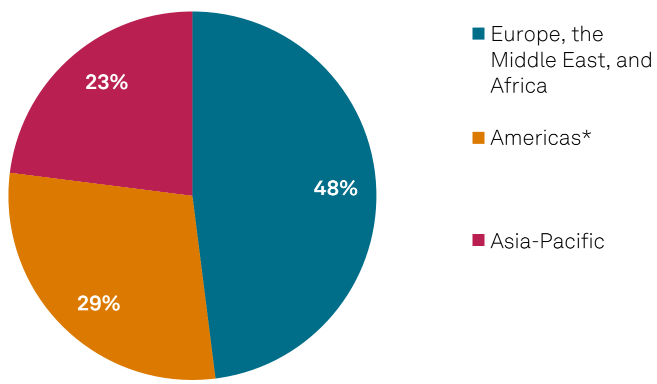
- Custom Solutions: Additives for coatings, adhesives, sealants, polyurethane foams, lubricants, catalysts, and ingredients for cosmetics, cleaning, and pharmaceutical industries. This segment reported €5.5 billion in sales and €910 million of EBITDA in 2025.
- Advanced Technologies: High-performance polymers, crosslinkers, hydrogen peroxide, silica, and amino acids. This segment reported €6.0 billion in sales and €945 million of EBITDA in 2025.

Evonik continues to reshape its portfolio following the divestment of major parts of its former Performance Materials division, including Functional Solutions and Superabsorbents, both sold to ICIG. The remaining activities consist of the C4 business, now operating under the name Oxeno. Together with the infrastructure activities at the Marl and Wesseling sites (SYNEQT), Oxeno is part of the newly established Infrastructure segment. Evonik is pursuing a divestment of Oxeno, while for SYNEQT it is evaluating options, including partnerships, joint ventures, carve-outs, or a straight sale. The strategic focus remains on strengthening its leading portfolio in Custom Solutions and Advanced Technologies

A high concentration of Evonik's revenue comes from the Europe, Middle East, and Africa (EMEA) region (48% of sales in 2025) and the Americas (29%). However, it is aiming for a more balanced geographic exposure, with sales split about evenly between the Americas, EMEA, and Asia-Pacific, through a mix of organic growth and divestments.

Chart 2

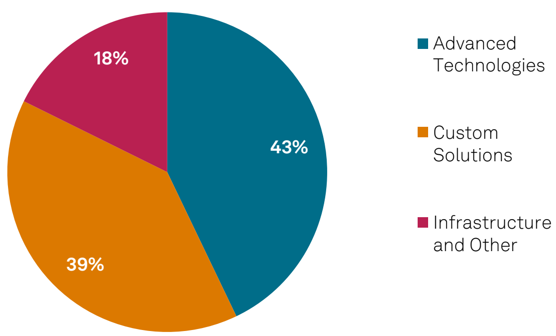
Evonik's 2025 sales by region



*The Americas regions were combined Jan. 1, 2025; previously, North America and Central & South America were reported separately. Source: Evonik 2025 Annual Report.

Chart 3

Evonik's 2025 sales by segment



Source: Evonik 2025 Annual Report.

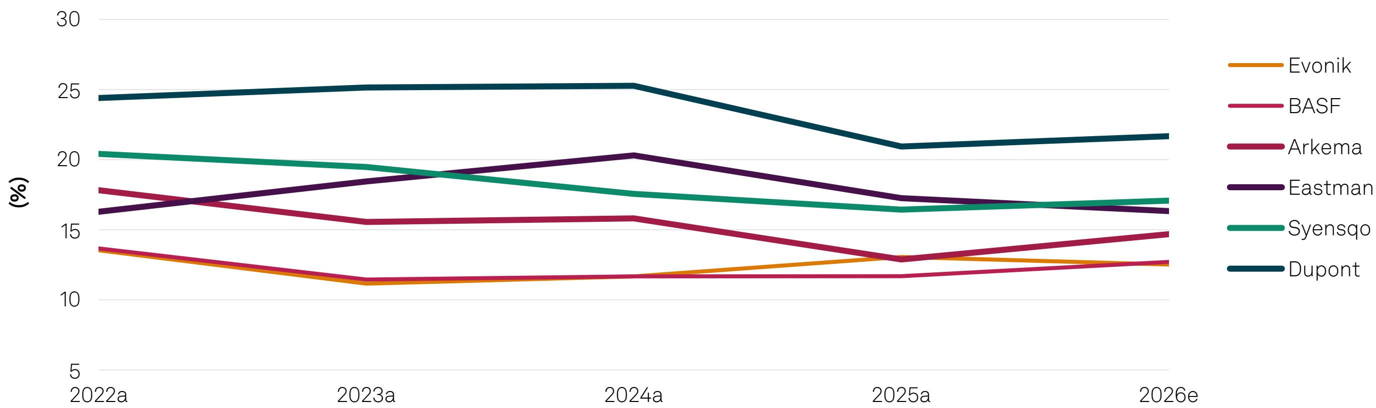
Evonik was publicly listed in 2013 by its majority owner, RAG-Stiftung, which still holds 43% of the company's shares. Moreover, RAG-Stiftung issued €1.4 billion of exchangeable bonds on Evonik shares. RAG-Stiftung has a long-term target of retaining a 25.1% stake in Evonik.

Peer Comparison

We compare Evonik with other European and U.S. chemical companies that largely operate in the specialty chemicals business. It has a wider scope of activities than most of its peers, except for BASF. The company also accesses a wide range of end markets, including personal care, nutrition, mobility, coatings, pharma, construction, and environmental. However, Evonik's EBITDA margin lags that of industry peers in the U.S., primarily due to higher energy and feedstock costs in Europe. Its higher exposure to production assets in Europe and larger share of commodity-like businesses, including performance materials and methionine in the animal nutrition segment--which has been affected by global oversupply in recent years--has led to a lower margin than for European specialty producers like Arkema and Syensqo. We see the potential for Evonik to improve profitability and reduce the margin gap with global industry peers due to cost-saving initiatives and the ongoing portfolio adjustment to focus on high-growth, high-margin specialty products with sustainability benefits.

Chart 4

Evonik's S&P Global Ratings-adjusted EBITDA margin lags that of industry peers



a--Actual. e--Estimate.Source: S&P Global Ratings.

Evonik Industries AG--Peer Comparisons

	Evonik Industries	BASF SE	Arkema S.A.	Eastman Chemical Co.	DuPont de Nemours Inc.
Foreign currency issuer credit rating	BBB+/Stable/A-2	A-/Stable/A-2	BBB+/Stable/A-2	BBB/Negative/A-2	BBB+/Stable/A-2
Local currency issuer credit rating	BBB+/Stable/A-2	A-/Stable/A-2	BBB+/Stable/A-2	BBB/Negative/A-2	BBB+/Stable/A-2
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2025-12-31	2025-12-31	2025-12-31	2025-12-31	2025-12-31
Mil.	EUR	EUR	EUR	EUR	EUR
Revenue	14,069	59,657	9,068	7,454	5,833
EBITDA	1,837	6,972	1,168	1,286	1,221
Funds from operations (FFO)	1,608	5,380	1,019	951	622
Interest	168	936	106	203	276
Cash interest paid	109	646	42	200	317
Operating cash flow (OCF)	1,372	5,455	979	919	545
Capital expenditure	735	4,115	630	452	284
Free operating cash flow (FOCF)	637	1,340	349	467	261
Discretionary cash flow (DCF)	76	(1,101)	28	57	(710)
Cash and short-term investments	619	2,759	2,188	482	609
Gross available cash	619	2,759	2,188	482	609
Debt	3,774	21,415	3,051	4,416	2,685

Evonik Industries AG--Peer Comparisons

Equity	8,426	34,339	6,632	5,142	12,011
EBITDA margin (%)	13.1	11.7	12.9	17.3	20.9
Return on capital (%)	6.7	5.0	3.1	7.1	2.7
EBITDA interest coverage (x)	10.9	7.4	11.0	6.3	4.4
FFO cash interest coverage (x)	15.7	9.3	25.3	5.8	3.0
Debt/EBITDA (x)	2.1	3.1	2.6	3.4	2.2
FFO/debt (%)	42.6	25.1	33.4	21.5	23.2
OCF/debt (%)	36.3	25.5	32.1	20.8	20.3
FOCF/debt (%)	16.9	6.3	11.4	10.6	9.7
DCF/debt (%)	2.0	(5.1)	0.9	1.3	(26.4)

Business Risk

Evonik's business risk profile is underpinned by its large size, strong market positions, and its global market reach and production footprint. The company holds leading market positions in several of its subsegment businesses, such as additives, care, organic and inorganic products, and animal nutrition. It benefits from greater end-market and product diversity than most of its peers, while there are limited synergies between its business lines. About 25% of sales come from nutrition and care products and 15%-20% from the more cyclical auto industry. Evonik has well-diversified exposure to other end markets, with none of them accounting for more than 20% of total sales. The company has a solid track record of research and development, which accounts for 3.0%-3.5% of its annual sales.

We view Evonik’s ongoing portfolio transformation toward more resilient, high-margin specialty chemicals as credit positive. The company continues to strengthen its specialty chemicals portfolio through targeted acquisitions and organic investments in higher-growth applications, including additives for coating, components for lithium batteries, PU foam for insulation, active cosmetic ingredients, and gas separation membranes. Recent expansion projects in PA12, Alkoxides, silica, and metal oxides support the group's focus on structurally growing in the specialty markets. The company has continued to reduce exposure to more commoditized and cyclical activities through the divestment of noncore businesses, including superabsorbent, and the ongoing restructuring of the remaining C4 base chemicals related activities. We view these actions as positive for the company's business profile, since they will lead to an improved EBITDA margin and more resilient cash flow. This is due to the higher volatility of commoditized products compared to the rest of the group's offerings and the businesses' sensitivity to economic cycles and global supply-and-demand dynamics.

Evonik's strategic focus on sustainable innovation and portfolio optimization positions it well for long-term success. The company has taken efforts to expand its sustainable product offering with next-generation solutions, which have above-average market growth potential. The company has identified three innovation growth areas: advance precision biosolutions, enable the circular economy, and accelerate the energy transition. Evonik aims to generate additional sales of €1.5 billion by 2032, with an EBITDA margin target of 18%-20%, with performance additionally supported by cost saving measures of €500 million targeted net savings and disciplined capital allocation. This will be supported by investments in growth projects and innovations such as the first industrial-scale rhamnolipid biosurfactant plant, an active ingredient for household and personal care, a lipid production facility for mRNA-based therapies in the U.S., and the expansion of precipitated silica capacity for sustainable tire applications in the U.S.

Despite having a global presence, about 40% of Evonik's volumes are produced in Europe, which has higher energy and feedstock prices than other regions like North America and the Middle East. These higher costs, alongside low growth potential and additional costs related to the EU’s labor and environmental regulations, results in competitive disadvantages for the company's European assets.

Financial Risk

Evonik's financial risk profile benefits from healthy and consistent cash flow through the business cycle and limited tolerance for debt. It also reflects the company commitment to a solid investment-grade rating. We anticipate that adjusted FFO to debt will stand at about 40% in 2026 and 2027, modestly down from 43.6% in 2025. This indicates comfortable rating headroom.

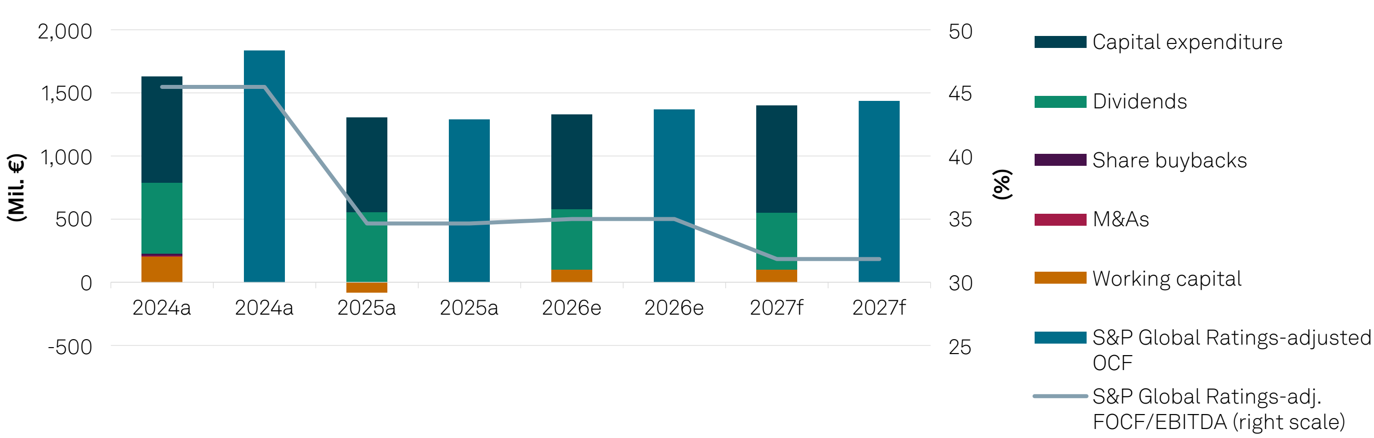
Evonik has a solid track record of conservative financial policy regarding investments, M&A, financing, and shareholder distributions, which is a key support to the ratings. For 2026-2028, Evonik's cash allocation priorities remain unchanged with a continued focus on by growth and maintenance capex, more flexible dividend policy tied to financial performance, and deleveraging, with the option for additional shareholder returns. Evonik is not targeting M&A until 2027, given its focus on portfolio optimization and growth investments. The company has a target cash conversion rate (free cash flow to EBITDA) of at least 40%.

In 2025, Evonik's credit metrics significantly benefited from reduced pension liabilities (down 40% from 2024) due to a higher discount rate, which translated into reduced adjusted debt. We anticipate that the new discount rate will not change in 2027 and 2028.

Our debt adjustments for 2025 include a pension deficit of about €614 million and €865 million in lease liabilities. The surplus cash adjustment weighs on our estimate of a haircut of about €100 million, which is not immediately accessible for debt repayment.

Chart 5

Evonik displays a strong commitment to cash conversion



M&A--Mergers and acquisitions. OCF--Operating cash flow. a--Actual. e--Estimate. f--Forecast. Source: S&P Global Ratings.

Evonik Industries AG--Financial Summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025
Reporting period	2020a	2021a	2022a	2023a	2024a	2025a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	12,199	14,955	18,488	15,267	15,157	14,069
EBITDA	1,884	2,317	2,502	1,703	1,769	1,837
Funds from operations (FFO)	1,723	1,909	2,248	1,368	1,440	1,608
Interest expense	108	108	115	150	149	168
Cash interest paid	78	100	80	103	116	109
Operating cash flow (OCF)	1,688	1,727	1,586	1,523	1,634	1,372
Capital expenditure	950	856	855	786	830	735
Free operating cash flow (FOCF)	738	871	731	737	804	637
Discretionary cash flow (DCF)	165	296	154	163	224	76
Cash and short-term investments	1,028	902	1,058	1,010	589	619
Gross available cash	1,028	902	1,058	1,010	589	619
Debt	5,706	5,092	3,985	4,393	4,157	3,774
Common equity	8,348	9,620	11,304	9,235	9,350	8,426
Adjusted ratios						
EBITDA margin (%)	15.4	15.5	13.5	11.2	11.7	13.1
Return on capital (%)	6.2	8.6	8.6	4.3	5.7	6.7
EBITDA interest coverage (x)	17.5	21.5	21.8	11.4	11.9	10.9
FFO cash interest coverage (x)	23.2	20.2	29.2	14.3	13.5	15.7
Debt/EBITDA (x)	3.0	2.2	1.6	2.6	2.3	2.1
FFO/debt (%)	30.2	37.5	56.4	31.2	34.7	42.6
OCF/debt (%)	29.6	33.9	39.8	34.7	39.3	36.3
FOCF/debt (%)	12.9	17.1	18.4	16.8	19.4	16.9
DCF/debt (%)	2.9	5.8	3.9	3.7	5.4	2.0

Reconciliation Of Evonik Industries AG Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2025									
Company reported amounts	3,066	8,110	14,069	1,767	564	102	1,837	1,443	555	748
Cash taxes paid	-	-	-	-	-	-	(120)	-	-	-
Cash interest paid	-	-	-	-	-	-	(101)	-	-	-
Lease liabilities	865	-	-	-	-	-	-	-	-	-
Intermediate hybrids (debt)	(252)	252	-	-	-	(5)	5	5	5	-
Postretirement benefit obligations/ deferred compensation	614	-	-	4	4	58	-	-	-	-

Reconciliation Of Evonik Industries AG Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Accessible cash and liquid investments	(519)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	13	(13)	(13)	-	(13)
Capitalized development costs	-	-	-	-	2	-	-	-	-	-
Dividends from equity investments	-	-	-	26	-	-	-	-	-	-
Nonoperating income (expense)	-	-	-	-	36	-	-	-	-	-
Reclassification of interest and dividend cash flows	-	-	-	-	-	-	-	(63)	-	-
Noncontrolling/ minority interest	-	64	-	-	-	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	19	19	-	-	-	-	-
EBITDA: Foreign exchange gain/(loss)	-	-	-	21	21	-	-	-	-	-
D&A: Impairment charges/ (reversals)	-	-	-	-	213	-	-	-	-	-
Total adjustments	708	316	-	70	295	66	(229)	(71)	5	(13)
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	3,774	8,426	14,069	1,837	859	168	1,608	1,372	560	735

Liquidity

Our short-term issuer credit rating on Evonik is ‘A-2’. We view the company’s liquidity as strong, based on our estimate that liquidity sources will exceed uses by about 2.7x over the 12 months from April 1, 2026, and 1.7x over the subsequent 24 months. Evonik's debt documentation does not include any covenants, and the group has a track record of addressing its maturities well ahead of time.

Principal liquidity sources	Principal liquidity uses
• About €706 million of cash and cash equivalents as of March 31, 2026.	• Short-term debt of about €500 million in the next 12 months.

- An undrawn revolving credit facility worth €1.75 billion maturing November 2029. The facility is not subject to any financial covenants.
- FFO of €1.2 billion-€1.3 billion over the next 12 months, according to our base-case scenario.
- Working capital outflows of €100 million in that time, in addition to a seasonal working capital swing of about €100 million.
- Capex of €750 million-€900 million.
- Dividends of €450 million-€500 million.

Environmental, Social, And Governance

Climate transition risk has an overall neutral consideration in our credit rating analysis of Evonik, notwithstanding that the company operates in the chemical sector. It has shifted its product mix toward low-emitting products, through the sale of its resource-intensive methacrylate business in 2019 and several targeted acquisitions, and has taken meaningful steps to divest the commoditized performance intermediate business line.

The company has embedded sustainability as a growth driver and in 2025 it generated about 48% of group sales from products and solutions with a clear sustainability benefit for its clients. Evonik targets next-generation products to account for over 50% of total sales by 2030. The company has announced three new innovation growth areas--biosolutions, the circular economy, and energy transition--from which it aims to generate €1.5 billion in additional annual sales by 2032.

Evonik's carbon intensity is lower than the average in the chemical sector, given the company's large focus on specialty chemical products. In 2025, Evonik's scope 1 and 2 carbon dioxide emissions stood at 4.4 million tons, driven mainly by production and purchased energy. In the EU, under ETS scheme, the company's carbon emissions totaled about 1.9 million tons. It aims to reduce its emissions by 25% by 2030 from 2021 levels, as part of its long-term goal of achieving net-zero emissions by 2050, primarily through actions in Europe such as the exit from coal-based energy at the Marl site, the deployment of next-generation technologies (for instance, advanced process controls, waste heat usage, and process redesign), and increased use of renewable electricity. This target is supported by planned capex of about €700 million in next-generation technologies by 2030, with execution already underway. Based on the current carbon regulation in the EU, Evonik expects average annual carbon costs in the mid-double-digit million-euro range assuming current market conditions continue. Evonik applies a multiyear hedging carbon strategy consistent with its broader energy procurement approach, and part of the anticipated carbon deficit for 2027–2029 has already been covered.

Governance factors are a positive consideration in our credit rating analysis because the group’s risk management systems are in line with best corporate practice, and we view positively its strategy of refocusing the business mix toward specialty chemicals.

Issue Ratings--Subordination Risk Analysis

Capital structure

Evonik Industries AG is the reporting entity and the ultimate parent company of Evonik Group. On Dec. 31, 2025, Evonik’s capital structure comprised four corporate bonds totaling about €2.4 billion, which accounted for the majority of the group’s reported debt. All bonds are issued by the parent company. In September, 2025 Evonik issued a €500 million green hybrid bond with the first right of redemption in 2031 to replace its €500 million hybrid security, with a first early redemption right from Sept. 2 to Dec. 2, 2026.

Analytical conclusions

With no material priority obligations ranking ahead of the senior unsecured obligations, we rate the company's senior unsecured debt 'BBB+', the same as the issuer credit rating.

We assess intermediate equity content to the €500 million green hybrid bond that has a coupon of 4.25% and matures in 2055 with a first call right in 2031. We rate the hybrid bond 'BBB-', two notches below the issuer credit rating on Evonik.

Rating Component Scores

Foreign currency issuer credit rating	**BBB+/Stable/A-2**
Local currency issuer credit rating	**BBB+/Stable/A-2**
Business risk	**Strong**
Country risk	Low
Industry risk	Intermediate
Competitive position	Strong
Financial risk	**Intermediate**
Cash flow/leverage	Intermediate
Anchor	**bbb+**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Positive (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb+**

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13 2025
- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 6 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10 2021
- General Criteria: Group Rating Methodology, July 1 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28 2018

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19 2013
- General Criteria: Methodology: Industry Risk, Nov. 19 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16 2011

Related Research

- The Middle East War Is Increasing Strains On European Chemicals March 9, 2026
- Industry Credit Outlook 2026: Chemicals, Jan. 14, 2026
- Tear Sheet: Evonik Industries AG, Dec. 4, 2025
- European Chemical Sector Outlook: Recovery Is Stalling, With Growth Not Expected Until 2026, Sept. 24, 2025

Ratings Detail (as of June 03, 2026)*	
Evonik Industries	
Issuer Credit Rating	BBB+/Stable/A-2
Junior Subordinated	BBB-
Senior Unsecured	BBB+
Short-Term Debt	A-2
Subordinated	BBB-
Issuer Credit Ratings History	
09-May-2012	BBB+/Stable/A-2
06-May-2011	BBB/Stable/A-2
21-Sep-2010	BB+/Positive/B

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.