

Evonik grows strongly in the first half of the year and raises outlook for 2021

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- Sales rise 29 percent in second quarter, adjusted EBITDA gains 42 percent
- All three growth divisions deliver results above pre-crisis levels of 2019
- Outlook 2021: Adjusted EBITDA now expected to be €2.3 billion to €2.4 billion

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Essen, Germany. Evonik has raised its outlook for 2021 after posting strong earnings in the first half. Demand for Evonik products increased significantly worldwide with sales prices also rising.

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"We have emerged out of the crisis stronger than before and have made substantial gains in the first half," said Christian Kullmann, chairman of the board of management. "This positive dynamic will continue into the second half. Therefore, we are confident about raising our outlook. From today's perspective we will even end up in the upper part of the range."

For 2021 Evonik now expects adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) of between €2.3 billion and €2.4 billion for the full year. Previously the range was €2.1 billion to €2.3 billion. The outlook for sales is now €13 billion to €14.5 billion, up from a previously expected €12 billion to €14 billion. Last year Evonik posted adjusted EBITDA of €1.91 billion and sales of €12.2 billion.

In the second quarter, adjusted EBITDA rose 42 percent to €649 million compared with the prior-year quarter. Even compared with the pre-corona second quarter of 2019, adjusted EBITDA gained, growing 15 percent. The main drivers were all three growth divisions – Specialty Additives, Nutrition & Care and Smart Materials, which demonstrated their resilience despite higher raw-material costs.

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Sales at the company gained 29 percent to €3.64 billion in the second quarter compared with the same quarter in 2020. Adjusted net income increased 58 percent to €253 million with adjusted earnings per share rising from €0.34 to €0.54.

As a result of the improved business performance, free cash flow increased year-on-year to €101 million, despite the expected increase in net working capital and higher tax payments. As a result, free cash flow reached a record level of €413 million in the first half of the year.

"The excellent cash flow in the first half of the year provides the basis for achieving a cash conversion rate of 40 percent again this year," said Ute Wolf, chief financial officer.

Development of the divisions

Specialty Additives: The division's sales rose 23 percent to €922 million in the second quarter. Additives for polyurethane foams, for example for the construction industry or durable goods such as mattresses and refrigerators, saw significantly higher demand with sales rising strongly compared to the corona-related weaker quarter last year. Additives for the coatings industry also recorded significant sales growth in all regions. Good demand for renewable energy products continued. The business with additives for the automotive industry also increased significantly year-on-year. Adjusted EBITDA increased by 20 percent to €242 million.

Nutrition & Care: Sales at Nutrition & Care rose 13 percent to €838 million in the second quarter. Sales of essential amino acids increased with good volume demand and improved selling prices. The products for the health and care sector benefited from good demand and achieved considerably higher sales. Active ingredients, particularly for cosmetic applications, benefited from a very good volume development. In pharmaceutical applications lipids for mRNA vaccines saw a significant increase in sales. Adjusted EBITDA improved by 9 percent to €183 million.

Smart Materials: The division's sales improved by 35 percent to €975 million in the second quarter. High-performance polymers saw a significant increase in demand from the auto industry. Polyamide 12 powders for 3D printing and membranes for efficient gas treatment were also in high demand. The tire silica business benefited from a strong upturn in demand compared to the corona-related weaker quarter last year. Active oxygen products recorded good volume demand both in the specialty business and in the classic hydrogen peroxide business. The catalysts business benefited from the first-time inclusion of Porocel, which was acquired in November 2020. Adjusted EBITDA rose 73 percent to €176 million at the division.

Performance Materials: The division's sales rose by 62 percent to €708 million in the second quarter. Sales of C4 products increased significantly with increasing demand and strongly improved selling prices. The superabsorbent business continues to be affected by a difficult market environment. Adjusted EBITDA rose from €12 million to €99 million in the quarter.

Excerpt from the income statement

in € million	2nd quarter			1st half		
	2020	2021	Change in %	2020	2021	Change in %
Sales	2,827	3,636	29	6,069	6,994	15
Adjusted EBITDA	456	649	42	970	1,237	28
Adjusted EBIT	202	398	97	475	734	55
Adjustments	-14	-18		-40	-46	
Financial result	-25	-40		-75	-62	
Income before income taxes, continuing operations	163	340	109	360	626	74
Income taxes	-34	-113		-91	-200	
Income after income taxes, continuing operations	129	227	76	269	426	58
Income after taxes, discontinued operations	-11	-3		-18	-10	
Income after taxes	118	224	90	251	416	66
thereof attributable to non-controlling interests	4	6		7	11	
Net Income	114	218	91	244	405	66
Adjusted net income	160	253	58	341	493	45

Division performance – 2nd quarter

in € million	Sales			Adjusted EBITDA		
	2020	2021	Change in %	2020	2021	Change in %
Specialty Additives	747	922	23	202	242	20
Nutrition & Care	742	838	13	168	183	9
Smart Materials	722	975	35	102	176	73
Performance Materials	437	708	62	12	99	725
Technology & Infrastructure	161	179	11	39	26	-33
Enabling Functions, Other Activities, Consolidation	18	14	-22	-67	-77	-15
Group	2,827	3,636	29	456	649	42

Segment performance – 1st half

in € million	Sales			Adjusted EBITDA		
	2020	2021	Change in %	2020	2021	Change in %
Specialty Additives	1,600	1,829	14	442	515	17
Nutrition & Care	1,490	1,618	9	286	325	14
Smart Materials	1,579	1,884	19	268	350	31
Performance Materials	1,022	1,288	26	29	140	383
Technology & Infrastructure	345	348	1	73	55	-25
Enabling Functions, Other Activities, Consolidation	33	27	-18	-128	-148	-16
Group	6,069	6,994	15	970	1,237	28

Employees by division

	Dec. 31, 2020	June 30, 2021
Specialty Additives	3,666	3,680
Nutrition & Care	5,295	5,323
Smart Materials	7,874	7,765
Performance Materials	1,798	1,791
Technology & Infrastructure	8,711	8,413
Enabling Functions, Other Activities, Consolidation	5,762	5,689
Group	33,106	32,661

Company information

Evonik is one of the world leaders in specialty chemicals. The company is active in more than 100 countries around the world and generated sales of €12.2 billion and an operating profit (adjusted EBITDA) of €1.91 billion in 2020. Evonik goes far beyond chemistry to create innovative, profitable and sustainable

solutions for customers. About 33,000 employees work together for a common purpose: We want to improve life today and tomorrow.

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