QUARTERLY STATEMENT

3rd quarter 2020 | 1st nine months 2020

Leading Beyond Chemistry

Third quarter better than expected—Outlook specified in more detail

3rd quarter 2020

- Sales and adjusted EBITDA **significantly higher than in Q2**
- **Sales** nevertheless down 10 percent year-on-year, mainly due to volumes
- **Adjusted EBITDA** dropped 4 percent to €519 million

1st nine months 2020

- **Sales** dropped 9 percent to €9.0 billion
- **Adjusted EBITDA** 10 percent lower than in the prior-year period at €1.5 billion
- **Adjusted net income** down 21 percent at €527 million
- **Free cash flow** significantly higher at €521 million
- **Outlook for 2020 specified in more detail:** adjusted EBITDA now expected to be between €1.8 billion and €2.0 billion, with a free cash flow of around €700 million

Key figures for the Evonik Group

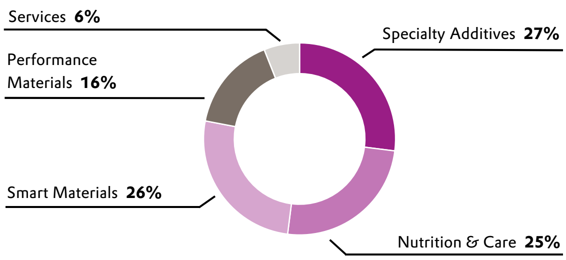
	3rd quarter		1st nine months	
in € million	2019[a]	2020	2019[a]	2020
Sales	3,232	2,917	9,824	8,986
Adjusted EBITDA[b]	543	519	1,647	1,488
Adjusted EBITDA margin in %	16.8	17.8	16.8	16.6
Adjusted EBIT[c]	293	269	948	744
Income before financial result and income taxes, continuing operations (EBIT)	219	245	834	680
Net income	1,479	149	1,945	393
Adjusted net income	195	186	671	527
Earnings per share in €	3.17	0.32	4.17	0.84
Adjusted earnings per share in €	0.42	0.40	1.44	1.13
Cash flow from operating activities, continuing operations	403	535	856	1,117
Cash outflows for investments in intangible assets, property, plant and equipment[d]	-210	-223	-567	-596
Free cash flow[e]	193	312	289	521
Free cash flow before tax payments relating to the carve-out of the methacrylates business	321	312	417	521
Net financial debt as of September 30	–	–	-1,734	-2,910
No. of employees (continuing operations) as of September 30[f]	–	–	32,570	32,822

[a] The methacrylates business was presented as a discontinued operation until its divestment on July 31, 2019.
[b] Earnings before financial result, taxes, depreciation, and amortization, after adjustments, continuing operations.
[c] Earnings before financial result and taxes, after adjustments, continuing operations.
[d] Investments in intangible assets, property, plant and equipment, continuing operations.
[e] Cash flow from operating activities, continuing operations, less cash outflows for investments in intangible assets, property, plant and equipment.
[f] Prior-year figures restated.

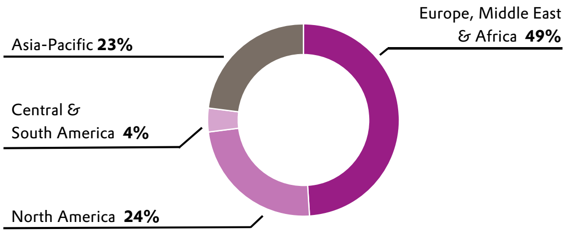
Due to rounding, some figures in this report may not add up exactly to the totals stated.

CONTENTS

Sales by segment—1st nine months



Sales by region[a]—1st nine months



[a] By location of customer.

Business conditions and performance

1. Business performance

Major events

Effective July 1, 2020, we introduced a new **corporate structure.** The figures for the first half of 2020 and the prior-year data have been restated accordingly. The new chemicals divisions—Specialty Additives, Nutrition & Care, Smart Materials, and Performance Materials—are more balanced in terms of size and profitability. Moreover, clearer alignment to the technology platforms allows more selective management. At the same time, we streamlined our legal entity structures and optimized our administrative functions.

The **coronavirus** pandemic continued to spread in the first nine months of 2020. Evonik took the necessary precautions to protect its employees at an early stage in order to prevent the virus from spreading within the company while continuing to operate as best possible. We are continuing to analyze the present situation on a daily basis so that we can take timely action.

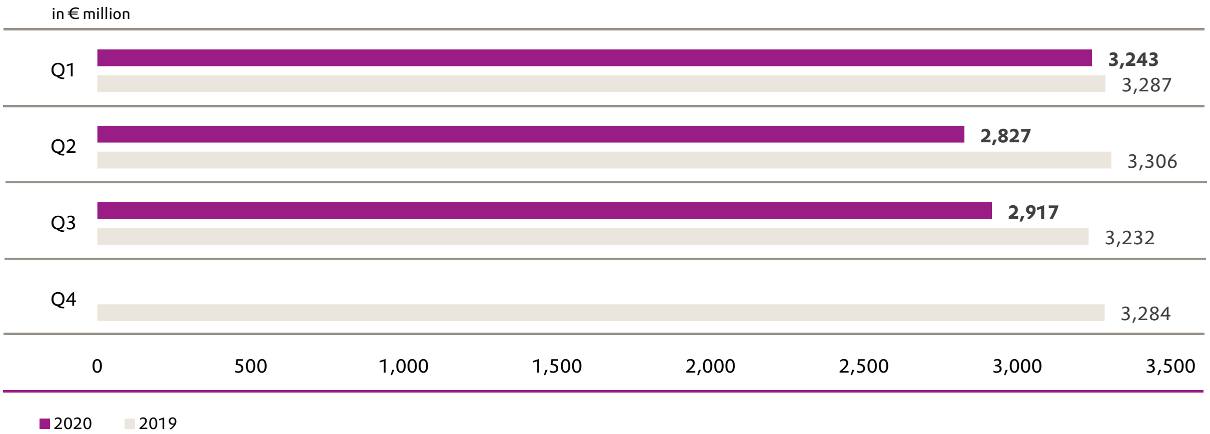
Our business performance in the first nine months of 2020 was hampered considerably by the effects of the coronavirus pandemic. We registered a significant drop in demand worldwide as a result of the recession, especially in some customer industries such as the automotive and fuel industries. However, our supply chains have remained intact, and we have sufficient liquidity, as well as firmly committed credit facilities that have not yet been drawn.

To strengthen the catalysts business in the Smart Materials division, Evonik signed an agreement in August 2020 to acquire the **Porocel Group,** Houston (Texas, USA). Porocel offers a technology for highly efficient rejuvenation of desulfurization catalysts, which are in increasing demand in the growing market for low-sulfur fuel. The Porocel technology offers customers a considerable CO_2 reduction compared with newly produced catalysts with comparable efficacy, as well as clear cost benefits. Closing is expected to take place in the fourth quarter of 2020, when all the conditions have been met.

Business performance in Q3 2020

Our business developed better than expected in the third quarter of 2020. Sales and adjusted EBITDA were above the figures for the second quarter of 2020, which were seriously affected by the effects of the coronavirus pandemic. The improvement compared with the second quarter was particularly marked in the Specialty Additives and Smart Materials growth divisions. Despite this positive trend, our business performance in the third quarter of 2020 continued to be impacted by the coronavirus pandemic, which resulted, above all, in considerable volume reductions. Sales and adjusted EBITDA were lower than in the prior-year period.

Sales by quarter

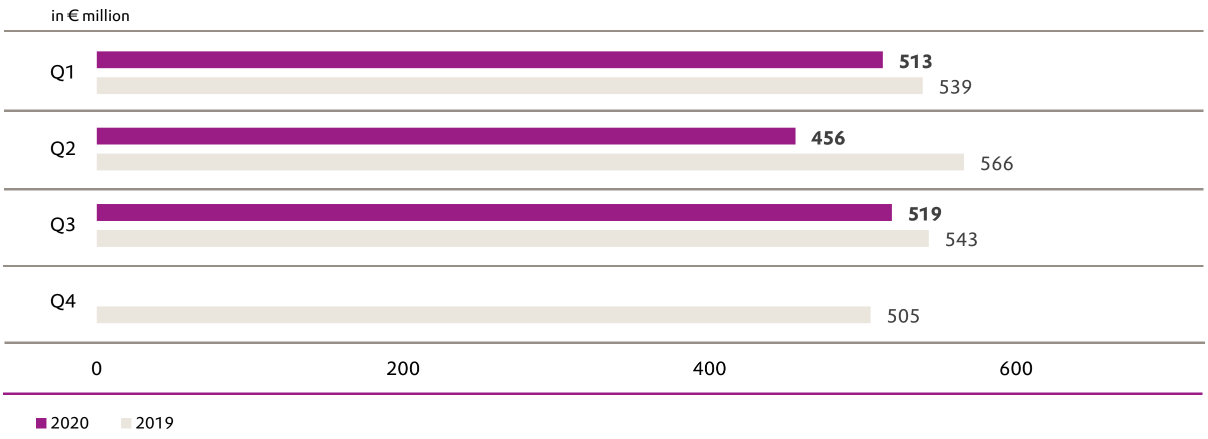


The Evonik Group's **sales** declined by 10 percent to €2,917 million due to lower volumes, declining selling prices, and negative currency effects. By contrast, a positive effect came from the first-time consolidation of PeroxyChem, Philadelphia (Pennsylvania, USA), which was acquired in February 2020.

Year-on-year change in sales

in %	1st quarter 2020	2nd quarter 2020	**3rd quarter 2020**	**1st nine months 2020**
Volumes	-1	-12	-5	-6
Prices	-2	-3	-2	-3
Organic sales growth	**-3**	**-15**	**-7**	**-9**
Exchange rates	–	–	-4	-1
Change in the scope of consolidation/other effects	2	1	1	1
Total	**-1**	**-14**	**-10**	**-9**

Adjusted EBITDA by quarter



Adjusted EBITDA declined by 4 percent to €519 million, mainly due to lower volumes and prices. By contrast, positive effects came from successful cost savings and the first-time consolidation of PeroxyChem. The adjusted EBITDA margin improved to 17.8 percent, compared with 16.8 percent in the prior-year period.

Statement of income

	3rd quarter			1st nine months		
in € million	2019	2020	Change in %	2019	2020	Change in %
Sales	**3,232**	**2,917**	**-10**	**9,824**	**8,986**	**-9**
Adjusted EBITDA	**543**	**519**	**-4**	**1,647**	**1,488**	**-10**
Adjusted depreciation, amortization, and impairment losses	-250	-250		-699	-744	
Adjusted EBIT	**293**	**269**	**-8**	**948**	**744**	**-22**
Adjustments	-74	-24		-114	-64	
thereof attributable to						
Restructuring	*-6*	*-25*		*-18*	*-29*	
Impairment losses/reversals of impairment losses	*-34*	*-2*		*-47*	*-2*	
Acquisition/divestment of shareholdings	*-17*	*-9*		*-25*	*-32*	
Other	*-17*	*12*		*-24*	*-1*	
Income before financial result and income taxes, continuing operations (EBIT)	**219**	**245**	**12**	**834**	**680**	**-18**
Financial result	-7	-24		-112	-99	
Income before income taxes, continuing operations	**212**	**221**	**4**	**722**	**581**	**-20**
Income taxes	-54	-69		-155	-160	
Income after taxes, continuing operations	**158**	**152**	**-4**	**567**	**421**	**-26**
Income after taxes, discontinued operations	1,326	–		1,395	-18	
Income after taxes	**1,484**	**152**	**-90**	**1,962**	**403**	**-79**
thereof attributable to non-controlling interests	5	3		17	10	
Net income	**1,479**	**149**	**-90**	**1,945**	**393**	**-80**
Earnings per share in €	**3.17**	**0.32**		**4.17**	**0.84**	

Prior-year figures restated.

The **adjustments** of -€24 million included restructuring expenses of €25 million, mainly for the shutdown of a production facility in the Nutrition & Care division and the SG&A 2020 program to reduce selling and administrative expenses. The expenses for the acquisition/divestment of shareholdings related principally to the acquisition of PeroxyChem. The item "other" contains a retrospective payment relating to the sale of a plot of land in a previous period. The prior-year adjustments principally comprised an impairment loss on the coal-fired power plant in Marl (Germany), which is to be replaced by a new natural gas-fired plant in 2022, and project expenses in connection with the divestment of the methacrylates business and the acquisition of PeroxyChem. The **financial result** of -€24 million contained a special item amounting to €10 million, principally for interest in connection with the end of a legal dispute relating to the sale of a plot of land in a previous period. The prior-year figure of -€7 million contained special items totaling €56 million from the reversal of provisions. The adjusted financial result improved from -€63 million to -€34 million, principally as a result of lower interest expense. **Income before income taxes, continuing operations,** increased by 4 percent to €221 million. The income tax rate on the continuing operations was 31 percent, and the adjusted income tax rate was also 31 percent. In the prior-year period, income after taxes, discontinued operations, comprised the proceeds from the divestment of the methacrylates business, which was sold in July 2019. **Net income** was €149 million, 90 percent below the high prior-year figure.

Adjusted net income fell by 5 percent to €186 million. **Adjusted earnings per share** decreased from €0.42 to €0.40.

Reconciliation to adjusted net income

	3rd quarter			1st nine months		
in € million	2019	**2020**	Change in %	2019	**2020**	Change in %
Adjusted EBITDA	**543**	**519**	**-4**	**1,647**	**1,488**	**-10**
Adjusted depreciation, amortization, and impairment losses	-250	-250		-699	-744	
Adjusted EBIT	**293**	**269**	**-8**	**948**	**744**	**-22**
Adjusted financial result	-63	-34		-165	-110	
Amortization and impairment losses on intangible assets	35	38		100	107	
Adjusted income before income taxes [a]	**265**	**273**	**3**	**883**	**741**	**-16**
Adjusted income taxes	-65	-84		-195	-204	
Adjusted income after taxes [a]	**200**	**189**	**-6**	**688**	**537**	**-22**
thereof adjusted income attributable to non-controlling interests	5	3		17	10	
Adjusted net income [a]	**195**	**186**	**-5**	**671**	**527**	**-21**
Adjusted earnings per share in € [a]	**0.42**	**0.40**		**1.44**	**1.13**	

[a] Continuing operations.

Business performance in the first nine months of 2020

Sales fell 9 percent to €8,986 million due to considerably lower volumes and slight price erosion. **Adjusted EBITDA** declined by 10 percent to €1,488 million, mainly as a consequence of the coronavirus crisis. The adjusted EBITDA margin was 16.6 percent, which was slightly lower than in the first nine months of 2019 (16.8 percent).

The **adjustments** of -€64 million included restructuring expenses of €29 million, mainly for the shutdown of a production facility in the Nutrition & Care division and the SG&A 2020 program to reduce selling and administrative expenses. The expenses for the acquisition/divestment of shareholdings related principally to the acquisition of PeroxyChem. The prior-year adjustments mainly comprised an impairment loss on the coal-fired power plant in Marl (Germany), which is to be replaced by a new natural gas-fired plant in 2022, and project expenses in connection with the divestment of the methacrylates business and the acquisition of PeroxyChem. The **financial result** of -€99 million contained special items of €11 million, principally for interest in connection with the end of a legal dispute relating to the sale of a plot of land in a previous period. The prior-year figure contained special items of €53 million from the reversal of provisions. The adjusted financial result improved from -€165 million to -€110 million as a result of lower interest expense. **Income before income taxes, continuing operations,** declined by 20 percent to €581 million. Due to lower foreign tax rates, the income tax rate on the continuing operations and the adjusted income tax rate were both 28 percent. In the prior-year period, they were only 21 percent and 22 percent, respectively, as a result of one-time effects from the remeasurement of deferred taxes. Income after taxes, discontinued operations, amounted to -€18 million and comprised post-divestment expenses, mainly for the methacrylates business, which was sold in July 2019. The prior-year figure of €1,395 million contained the operating income and, above all, the proceeds from the divestment of the methacrylates business. **Net income** was €393 million, significantly below the high prior-year level.

Adjusted net income dropped by 21 percent to €527 million, while **adjusted earnings per share** declined from €1.44 to €1.13.

2. Segment performance

Specialty Additives division

Key figures

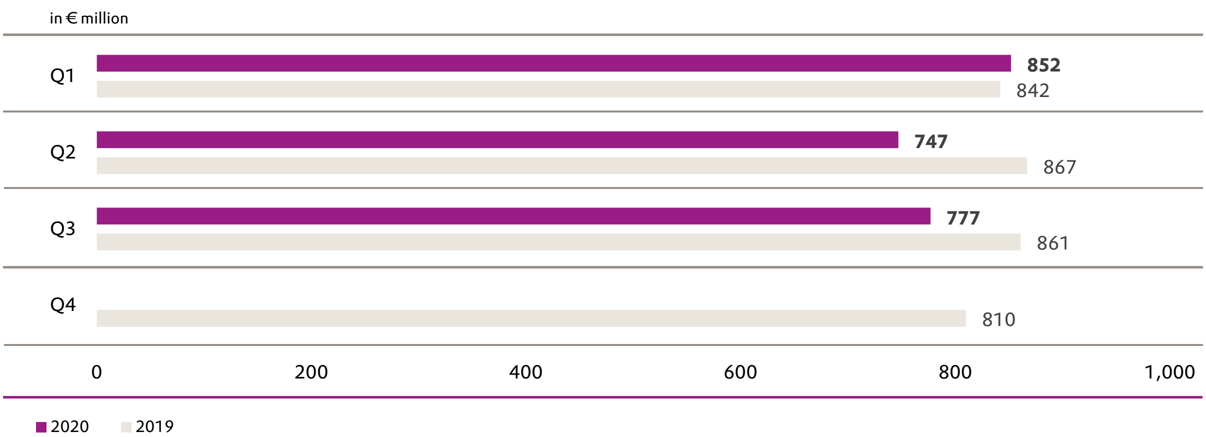
	3rd quarter			1st nine months		
in € million	2019	2020	Change in %	2019	2020	Change in %
External sales	861	777	-10	2,571	2,377	-8
Adjusted EBITDA	232	214	-8	683	656	-4
Adjusted EBITDA margin in %	26.9	27.5	–	26.6	27.6	–
Adjusted EBIT	189	171	-10	558	525	-6
Capital expenditures[a]	26	21	-19	62	52	-16
No. of employees as of September 30	–	–	–	3,665	3,649	–

Prior-year figures restated.
[a] Capital expenditures for intangible assets, property, plant and equipment.

The performance of the Specialty Additives division in the **third quarter of 2020** was better than in the second quarter. Nevertheless, sales fell 10 percent year-on-year to €777 million. While prices were stable, this was a result of lower volumes and negative currency effects.

Business with our products for the construction sector and renewable energies remained robust, driven partly by government investment programs. Although demand was better than in the previous quarter, worldwide, it nevertheless remained below the year-back-level, especially in the automotive sector and for coatings, leading to a drop in sales from the corresponding products. Additives for polyurethane foams benefited from good demand for consumer durables in Europe and China, but sales were down year-on-year due to weak demand in other markets.

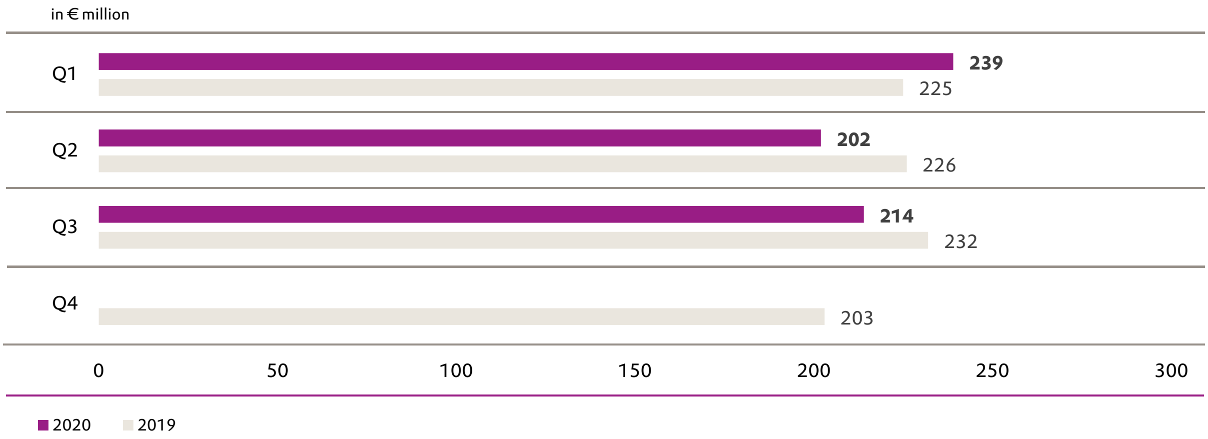
Sales Specialty Additives division



Prior-year figures restated.

Adjusted EBITDA fell by 8 percent to €214 million, mainly due to lower volumes. The adjusted EBITDA margin increased from 26.9 percent to 27.5 percent.

Adjusted EBITDA Specialty Additives division



Prior-year figures restated.

In the **first nine months of 2020,** sales in the Specialty Additives division slipped 8 percent to €2,377 million. Since selling prices were stable, this was due to lower volumes and negative currency effects. Adjusted EBITDA was only 4 percent below the prior-year figure at €656 million, partly as a result of successful cost savings. The adjusted EBITDA margin improved from 26.6 percent in the prior-year period to a very good level of 27.6 percent.

Nutrition & Care division

Key figures

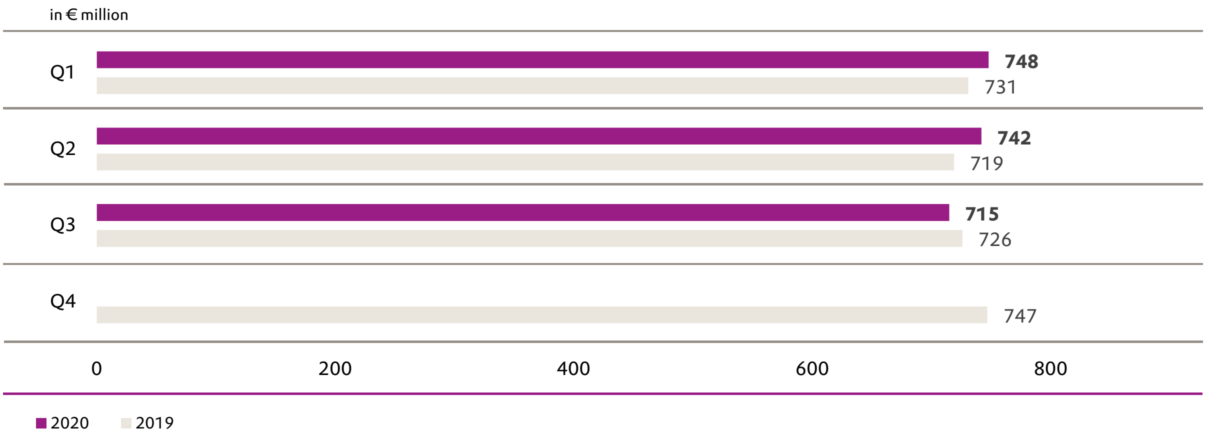
	3rd quarter			1st nine months		
in € million	2019	**2020**	Change in %	2019	**2020**	Change in %
External sales	726	715	-2	2,176	2,205	1
Adjusted EBITDA	119	140	18	353	427	21
Adjusted EBITDA margin in %	16.4	19.6	–	16.2	19.4	–
Adjusted EBIT	52	79	52	188	239	27
Capital expenditures[a]	45	36	-20	145	79	-46
No. of employees as of September 30	–	–	–	5,339	5,257	-2

Prior-year figures restated.
[a] Capital expenditures for intangible assets, property, plant and equipment.

The Nutrition & Care division reported a 2 percent drop in sales to €715 million in the **third quarter of 2020.** This slight decline was attributable to perceptibly negative currency effects and slightly lower volumes, but was cushioned by higher selling prices.

Essential amino acids posted slightly lower sales, mainly due to currency effects, while selling prices were perceptibly higher than in the prior-year quarter. Healthcare and care solutions products registered higher demand and an increase in sales.

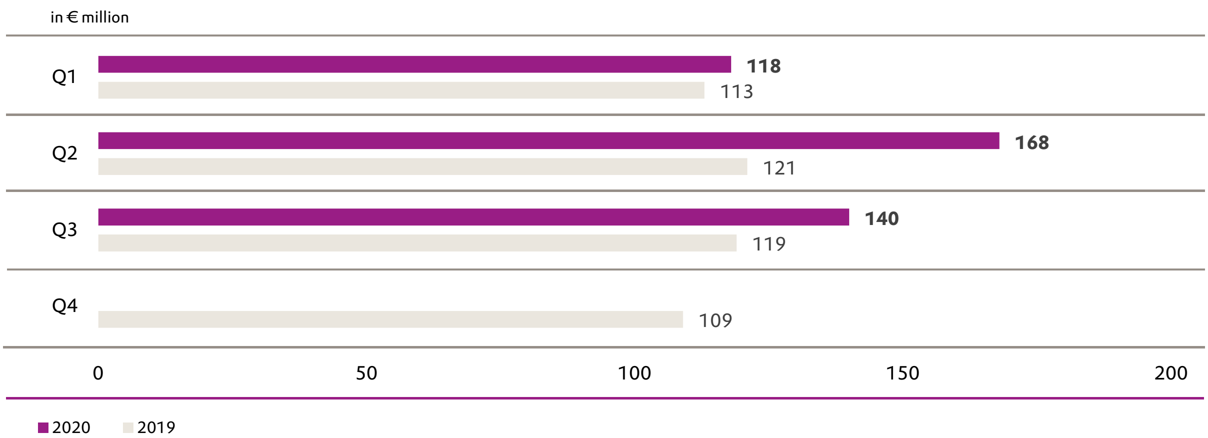
Sales Nutrition & Care division



Prior-year figures restated.

Adjusted EBITDA advanced 18 percent to €140 million as a result of higher selling prices. The adjusted EBITDA margin improved significantly from 16.4 percent in the prior-year period to 19.6 percent.

Adjusted EBITDA Nutrition & Care division



Prior-year figures restated.

In the **first nine months of 2020,** the Nutrition & Care division's sales rose by 1 percent to €2,205 million. While volumes were stable, this was attributable to higher selling prices. Negative currency effects had an adverse effect. Adjusted EBITDA rose by 21 percent to €427 million, principally as a result of the positive development of essential acids for animal nutrition. The adjusted EBITDA margin improved to a good level of 19.4 percent, up from 16.2 percent in the first nine months of 2019.

Smart Materials division

Key figures

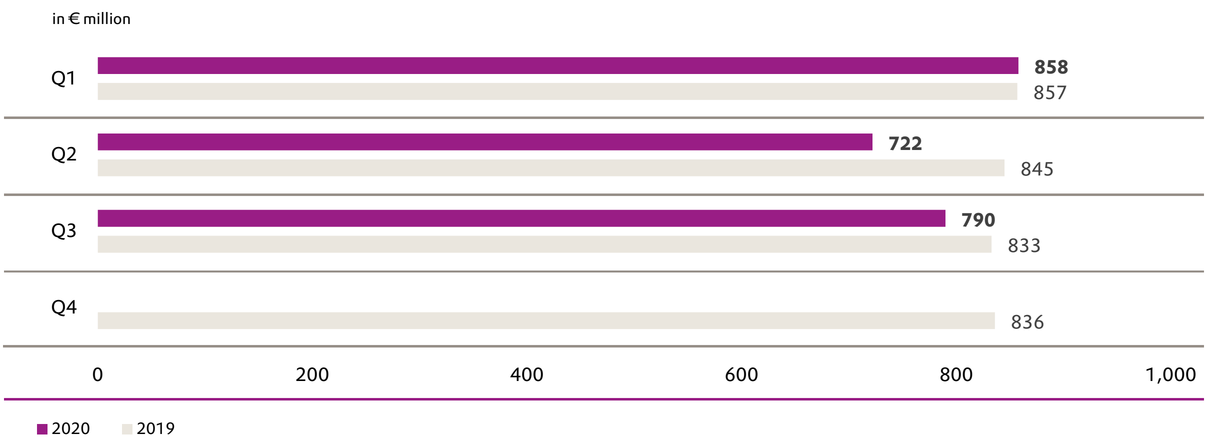
in € million	3rd quarter 2019	3rd quarter 2020	Change in %	1st nine months 2019	1st nine months 2020	Change in %
External sales	833	790	-5	2,535	2,369	-7
Adjusted EBITDA	157	137	-13	483	405	-16
Adjusted EBITDA margin in %	18.8	17.3	–	19.1	17.1	–
Adjusted EBIT	99	73	-26	321	215	-33
Capital expenditures[a]	72	105	46	161	286	78
No. of employees as of September 30	–	–	–	7,145	7,610	7

Prior-year figures restated.
[a] Capital expenditures for intangible assets, property, plant and equipment.

In the **third quarter of 2020,** the business trend in the Smart Materials division was considerably more buoyant than in the second quarter of 2020. Nevertheless, sales and earnings were lower than in the third quarter of 2019. Sales declined 5 percent year-on-year to €790 million. This was caused by declining volumes, slightly lower selling prices, and negative currency effects. The extent of the drop was reduced by first-time consolidation of PeroxyChem.

The continued global economic downturn, especially in OEM business with the automotive sector, but also in other industries, reduced volumes, particularly in the business with high-performance polymers and silicas for the tire industry. By contrast, the first-time consolidation of PeroxyChem had a clearly positive effect, and sales of inorganic products were therefore stable overall.

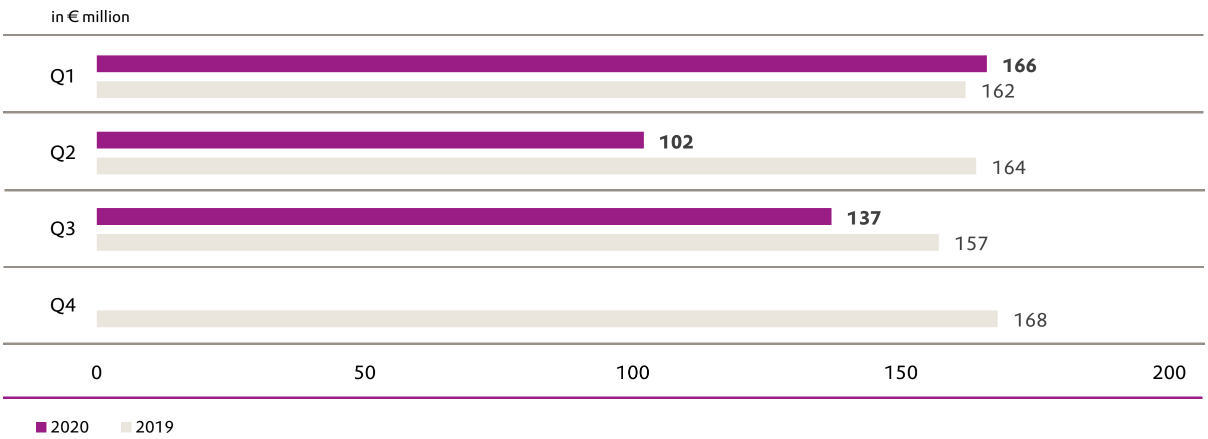
Sales Smart Materials division



Prior-year figures restated.

Adjusted EBITDA was 13 percent lower than in the prior-year period at €137 million. This was mainly attributable to lower volumes, while lower costs and the first-time consolidation of PeroxyChem had a positive effect. The adjusted EBITDA margin was 17.3 percent, down from 18.8 percent in the prior-year period.

Adjusted EBITDA Smart Materials division



Prior-year figures restated.

In the **first nine months of 2020,** the Smart Materials division's sales declined by 7 percent to €2,369 million. This was caused by the pandemic-related reduction in volumes. By contrast, the first-time consolidation of PeroxyChem had a positive impact. The 16 percent drop in adjusted EBITDA to €405 million was mainly caused by volume effects. The decline was reduced by the first-time consolidation of PeroxyChem and successful cost savings. The adjusted EBITDA margin decreased to 17.1 percent (9M 2019: 19.1 percent).

Performance Materials division

Key figures

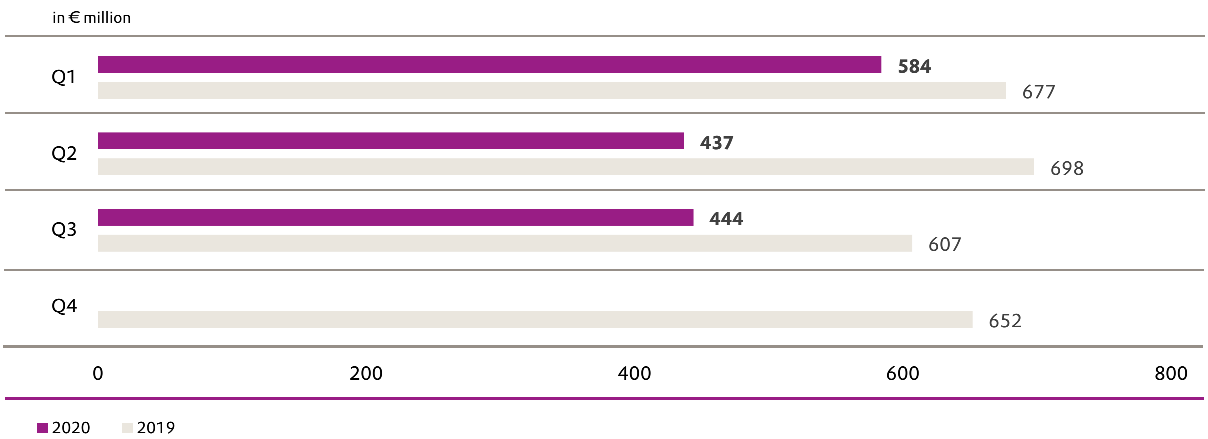
	3rd quarter			1st nine months		
in € million	2019	**2020**	Change in %	2019	**2020**	Change in %
External sales	607	444	-27	1,981	1,466	-26
Adjusted EBITDA	49	28	-43	195	57	-71
Adjusted EBITDA margin in %	8.1	6.3	–	9.8	3.9	–
Adjusted EBIT	17	-5	-129	94	-39	-141
Capital expenditures[a]	11	11	–	37	30	-19
No. of employees as of September 30	–	–	–	1,669	1,640	-2

Prior-year figures restated.
[a] Capital expenditures for intangible assets, property, plant and equipment.

In the Performance Materials division, sales were 27 percent lower at €444 million in the **third quarter of 2020** due to considerably lower prices and volumes.

Sales of C_4 products declined as a result of lower demand, especially from the automotive and fuel sectors. Another downside factor was the massive drop in the oil price. The business with superabsorbents was affected by the ongoing tough competitive situation on the market, resulting in a substantial drop in sales.

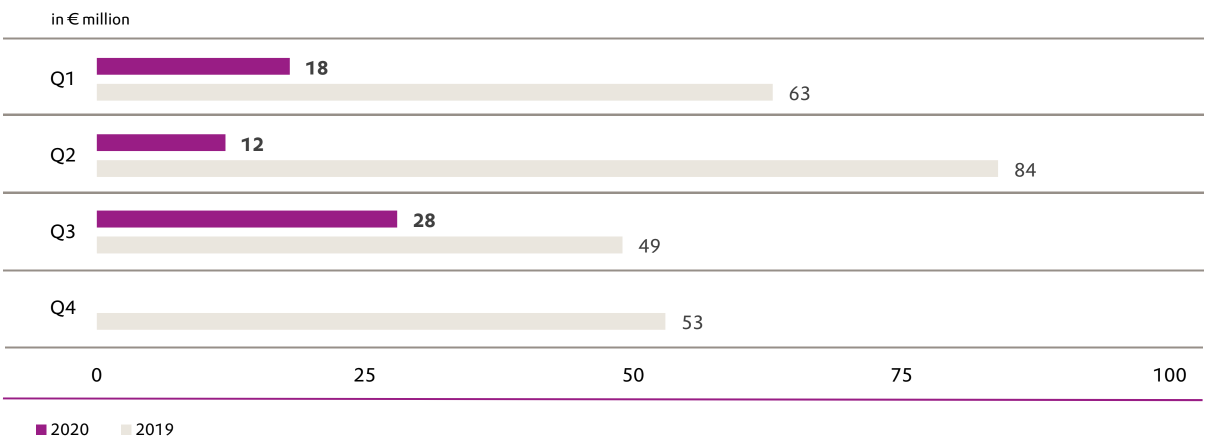
Sales Performance Materials division



Prior-year figures restated.

Adjusted EBITDA fell 43 percent to €28 million, mainly on price grounds. The adjusted EBITDA margin was 6.3 percent, down from 8.1 percent in the prior-year period.

Adjusted EBITDA Performance Materials division



Prior-year figures restated.

In the **first nine months of 2020,** price and volume effects reduced sales in the Performance Materials division by 26 percent to €1,466 million. Adjusted EBITDA contracted by 71 percent to €57 million. The adjusted EBITDA margin was 3.9 percent, compared with 9.8 percent in the prior-year period.

Services

Key figures

in € million	3rd quarter 2019	3rd quarter 2020	Change in %	1st nine months 2019	1st nine months 2020	Change in %
External sales	196	184	-6	542	546	1
Adjusted EBITDA	32	41	28	99	107	8
Adjusted EBITDA margin in %	16.3	22.3	–	18.3	19.6	–
Adjusted EBIT	-9	–	100	-24	-13	46
Capital expenditures[a]	42	42	–	95	157	65
No. of employees as of September 30	–	–	–	14,443	14,348	-1

[a] Capital expenditures for intangible assets, property, plant and equipment.

Sales fell 6 percent to €184 million in the **third quarter of 2020** as a result of a lower contribution from the energy business. Adjusted EBITDA improved 28 percent to €41 million

In the **first nine months of 2020,** sales rose 1 percent to €546 million. The main reason for this was the divestment of the methacrylates business in July 2019. This business now uses Evonik's site services as an external customer. Adjusted EBITDA increased 8 percent to €107 million.

Financial condition

The cash flow from operating activities, continuing operations, improved by €261 million to €1,117 million, principally because of lower tax payments. As a result of slightly higher cash outflows for property, plant and equipment, this lifted the **free cash flow** by €232 million to €521 million. It should be noted that the prior-year figure contained one-time tax payments relating to the carve-out of the methacrylates business (€128 million). Without this effect, the increase would have been €104 million.

Cash flow statement (excerpt)

in € million	1st nine months 2019	1st nine months 2020
Cash flow from operating activities, continuing operations	856	1,117
Cash outflows for investments in intangible assets, property, plant and equipment	-567	-596
Free cash flow	**289**	**521**
For information: free cash flow before tax payments relating to the carve-out of the methacrylates business	**417**	**521**
Cash flow from other investing activities, continuing operations	970	391
Cash flow from financing activities, continuing operations	-751	-1,001
Cash flow from discontinued operations	36	-9
Change in cash and cash equivalents	544	-98

Prior-year figures restated.

The cash flow of €391 million from other investing activities, continuing operations, resulted from cash inflows from the sale of current securities. A counter-effect came from the cash outflow of €281 million for the acquisition of PeroxyChem. The cash outflow of €1,001 million for financing activities was dominated by the dividend payment for fiscal 2019 (€536 million) and repayment of a loan of €298 million in connection with the acquisition of PeroxyChem. The cash flow from discontinued operations related to the methacrylates business.

Net financial debt was €2,910 million, an increase of €769 million compared with December 31, 2019. This was principally attributable to the acquisition of PeroxyChem, which resulted in a cash outflow of €580 million, taking into account repayment of an acquired loan, currency hedging, and the acquired cash and cash equivalents. Other factors were the dividend for fiscal 2019, which was paid in two installments this year due to the postponement of the annual shareholders' meeting (an advance payment was made out of the distributable profit in June and the remaining amount was paid in September). The positive cash flow from operating activities had a counter-effect.

Net financial debt

in € million	Dec. 31, 2019	Sep. 30, 2020
Non-current financial liabilities[a]	-3,712	-3,593
Current financial liabilities[a]	-806	-980
Financial debt	**-4,518**	**-4,573**
Cash and cash equivalents	1,165	1,043
Current securities	1,203	609
Other financial investments	9	11
Financial assets	**2,377**	**1,663**
Net financial debt	**-2,141**	**-2,910**

[a] Excluding derivatives and excluding the refund liability for rebate and bonus agreements.

In the first nine months of 2020, **capital expenditures for property, plant and equipment** increased to €607 million, compared with €507 million in the prior-year period. In principle, there is a slight timing difference in cash outflows for property, plant and equipment. The biggest individual project is the construction of a production complex for the specialty polymer polyamide 12, which started in 2019. The work is on schedule, and the facility is scheduled to come on stream in early 2021.

Expected development

There was a massive drop in global economic output in the first half of 2020, especially in March and April. However, considerable growth has been evident since mid-year—starting from the low level in the second quarter. The continued recovery of the global economy depends to a large extent on the development of the pandemic and the measures to combat it. Assuming that these measures are not stepped up massively again and the economy receives further support from monetary and fiscal policy, the second half of the year can be expected to post an improvement compared with the first half.

Overall, our expectations for **global economic conditions** in 2020 have improved slightly compared with the first half of the year. Nevertheless, they are well below our assessment at the start of the year. We now expect the global economy to shrink by 4.8 percent in 2020 (at the start of the year, we anticipated growth of 2.5 percent).

The projection for the world economy is, however, hampered by great uncertainty. There is a risk that the coronavirus crisis could cause corporate insolvencies or that the crisis could spread to the financial sector. Moreover, global economic activity could be held back considerably by further escalation of global trade disputes, geopolitical tension, or a further increase in the political risks in the European Union, including Brexit.

Our forecast is based on the following assumptions:

- Economic development -4.8 percent (March 2020: 2.5 percent; May 2020: -3.0 percent, July 2020: -5.5 percent)
- Euro/US dollar exchange rate: US$1.14 (March 2020: US$1.12; July 2020: US$1.10)
- Internal raw material index significantly lower than the prior year (March 2020: slightly below the prior year)

Sales and earnings

Due to the global spread of coronavirus and the related impact on the global economy, in our quarterly statement at the end of the first quarter, we revised the forecast for 2020 published in the 2019 financial report. We confirmed this revised forecast in our report on the first half of 2020. Since our performance in the third quarter was better than expected, we are now giving further guidance for adjusted EBITDA and revising our forecast for free cash flow upwards.

For 2020 as a whole, we still anticipate that **sales** will be between €11.5 billion and €13.0 billion (2019: €13.1 billion). The range specified for **adjusted EBITDA** is now between €1.8 billion and €2.0 billion, compared with previous forecast of €1.7 billion to €2.1 billion (2019: €2,153 billion).

We expect the development of the chemical divisions to be as follows:
Business in the Specialty Additives division will be influenced by lower demand from the automotive sector as a result of the coronavirus crisis. By contrast, additives for packaging, agrochemicals, and lightweight construction materials are expected to develop well. Overall, we expect that this division's earnings will not quite reach the previous year’s level (adjusted EBITDA 2019: €886 million), but that the margin will remain very attractive.

In the Nutrition & Care division, we expect business in the consumer goods, nutrition, and healthcare areas to develop positively without cyclical exposure. Overall, was expect earnings in the Nutrition & Care division to be clearly higher than in the previous year (adjusted EBITDA 2019: €462 million).

The Smart Materials division is affected by a pandemic-related drop in demand, especially for high-performance polymers and silica for the automotive industry. By contrast, hydrogen peroxide-based disinfectants, catalysts, and silica for consumer goods applications are expected to perform well. Overall, we expect that this division’s earnings will not reach the prior-year level (adjusted EBITDA 2019: €651 million).

The development of the Performance Materials division will continue to be held back by the sharp drop in the oil price. Consequently, we assume that earnings will be significantly lower than in the previous year (adjusted EBITDA 2019: €248 million).

We will continue the systematic implementation of our efficiency enhancement programs. At the same time, in the present tense global economic situation, we are focusing particularly on maintaining our strong liquidity position. That includes continued high capital expenditure discipline. In 2020, cash outflows for capital expenditures will remain at last year's already low level (2019: €880 million).

We now anticipate that the **free cash flow** will be around €700 million (2019: €717 million[1]). The cash conversion rate[2] should be above 35 percent (2019: 33.3 percent).

The return on capital employed (**ROCE**) ultimately depends on the level of earnings that can be achieved, but it will be below the prior-year level in 2020 (2019: 8.6 percent).

Forecast for 2020

Forecast performance indicators	2019	Forecast for 2020[a]	**Revised forecast as of May 2020**	**Current forecast for 2020**
Group sales	€13.1 billion	Stable	Between €11.5 billion and €13.0 billion	Between €11.5 billion and €13.0 billion
Adjusted EBITDA	€2.15 billion	Between €2.0 billion and €2.3 billion	Between €1.7 billion and €2.1 billion	Between €1.8 billion and €2.0 billion
ROCE	8.6%	At the prior-year level	Below the prior-year level	Below the prior-year level
Cash outflows for investments in intangible assets, property, plant and equipment	€880 million	At the prior-year level	At the prior-year level	At the prior-year level
Free cash flow: cash conversion rate[b]	33%[c]	Slightly higher	At least at the prior-year level	Above the prior-year level

[a] As in the financial report 2019.
[b] Defined as free cash flow/adjusted EBITDA.
[c] Before tax payments relating to the carve-out of the methacrylates business.

To facilitate comparison of the forecasts for 2020 based on the new corporate structure, the following table presents total external sales and adjusted EBITDA in 2019 in the new divisional structure:

2019 sales and adjusted EBITDA in the new corporate structure

in € million	Sales	Adjusted EBITDA
Specialty Additives	3,381	886
Nutrition & Care	2,922	462
Smart Materials	3,371	651
Performance Materials	2,634	248
Services	763	122
Corporate, other operations	37	-216
Evonik	**13,108**	**2,153**

[1] Before tax payments relating to the carve-out of the methacrylates business.
[2] Defined as free cash flow/adjusted EBITDA.

Income statement

in € million	3rd quarter 2019	3rd quarter 2020	1st nine months 2019	1st nine months 2020
Sales	3,232	2,917	9,824	8,986
Cost of sales	-2,343	-2,104	-6,986	-6,430
Gross profit on sales	**889**	**813**	**2,838**	**2,556**
Selling expenses	-370	-350	-1,135	-1,112
Research and development expenses	-107	-104	-315	-317
General administrative expenses	-135	-121	-419	-374
Other operating income	65	86	177	170
Other operating expense	-125	-85	-309	-256
Result from investments recognized at equity	2	6	-3	13
Income before financial result and income taxes, continuing operations	**219**	**245**	**834**	**680**
Interest income	57	14	70	28
Interest expense	-56	-37	-166	-124
Other financial income/expense	-8	-1	-16	-3
Financial result	**-7**	**-24**	**-112**	**-99**
Income before income taxes, continuing operations	**212**	**221**	**722**	**581**
Income taxes	-54	-69	-155	-160
Income after taxes, continuing operations	**158**	**152**	**567**	**421**
Income after taxes, discontinued operations	1,326	–	1,395	-18
Income after taxes	**1,484**	**152**	**1,962**	**403**
thereof attributable to				
Non-controlling interests	5	3	17	10
Shareholders of Evonik Industries AG (net income)	1,479	149	1,945	393
Earnings per share in € (basic and diluted)	**3.17**	**0.32**	**4.17**	**0.84**
thereof attributable to				
Continuing operations	0.33	0.32	1.18	0.88
Discontinued operations	2.84	0.00	2.99	-0.04

Balance sheet

in € million	Dec. 31, 2019	Sep. 30, 2020
Intangible assets	5,858	5,904
Property, plant and equipment	6,435	6,492
Right-of-use assets	640	643
Investments recognized at equity	45	76
Other financial assets	625	571
Deferred taxes	1,718	1,792
Other income tax assets	12	13
Other assets	82	119
Non-current assets	**15,415**	**15,610**
Inventories	1,884	1,965
Trade accounts receivable	1,569	1,455
Other financial assets	1,278	766
Other income tax assets	325	148
Other assets	387	283
Cash and cash equivalents	1,165	1,043
Current assets	**6,608**	**5,660**
Total assets	**22,023**	**21,270**

Issued capital	466	466
Capital reserve	1,167	1,167
Retained earnings including distributable profit	7,341	7,029
Other equity components	-4	-368
Equity attributable to shareholders of Evonik Industries AG	**8,970**	**8,294**
Equity attributable to non-controlling interests	90	87
Equity	**9,060**	**8,381**
Provisions for pensions and other post-employment benefits	3,967	4,274
Other provisions	779	765
Other financial liabilities	3,713	3,595
Deferred taxes	537	552
Other income tax liabilities	320	315
Other payables	93	134
Non-current liabilities	**9,409**	**9,635**
Other provisions	778	644
Trade accounts payable	1,324	1,105
Other financial liabilities	918	1,034
Other income tax liabilities	59	53
Other payables	475	418
Current liabilities	**3,554**	**3,254**
Total equity and liabilities	**22,023**	**21,270**

Cash flow statement

	3rd quarter		1st nine months	
in € million	2019	2020	2019	2020
Income before financial result and income taxes, continuing operations	219	245	834	680
Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets	286	254	734	750
Result from investments recognized at equity	-2	-6	3	-13
Gains/losses on the disposal of non-current assets	4	-13	-1	-3
Change in inventories	23	78	-57	-135
Change in trade accounts receivable	103	-46	-23	58
Change in trade accounts payable	-123	-70	-90	-186
Change in provisions for pensions and other post-employment benefits	-34	1	-69	22
Change in other provisions	46	41	-297	-160
Change in miscellaneous assets/liabilities	6	39	85	83
Cash inflows from dividends	3	–	10	23
Tax payments relating to the carve-out of the methacrylates business	-128	–	-128	–
Cash inflows/outflows for other income taxes	–	12	-145	-2
Cash flow from operating activities, continuing operations	**403**	**535**	**856**	**1,117**
Cash flow from operating activities, discontinued operations	52	–	91	-9
Cash flow from operating activities	**455**	**535**	**947**	**1,108**
Cash outflows for investments in intangible assets, property, plant and equipment	-210	-223	-567	-596
Cash outflows to obtain control of businesses	-25	-2	-25	-296
Cash outflows for investments in other shareholdings	-9	-2	-28	-17
Cash inflows from divestments of intangible assets, property, plant and equipment	10	20	19	32
Cash inflows from the divestment of the methacrylates business	2,206	18	2,206	18
Cash inflows/outflows relating to the loss of control over businesses	-1	2	-7	2
Cash inflows/outflows from divestment of other shareholdings	–	–	–	45
Cash inflows/outflows relating to securities, deposits, and loans	-1,203	212	-1,216	580
Cash inflows from interest	5	13	21	27
Cash flow from investing activities, continuing operations	**773**	**38**	**403**	**-205**
Cash flow from investing activities, discontinued operations	-16	–	-47	–
Cash flow from investing activities	**757**	**38**	**356**	**-205**
Cash inflows/outflows relating to capital contributions	3	–	4	2
Cash outflows for dividends to shareholders of Evonik Industries AG	–	-270	-536	-536
Cash outflows for dividends to non-controlling interests	-1	–	-11	-13
Cash outflows for the purchase of treasury shares	–	–	-17	-16
Cash inflows from the sale of treasury shares	–	–	13	12
Cash inflows from the addition of financial liabilities	-64	45	153	904
Cash outflows for repayment of financial liabilities	-132	-170	-285	-1,304
Cash inflows/outflows in connection with financial transactions	-6	23	9	–
Cash outflows for interest	-19	-12	-81	-50
Cash flow from financing activities, continuing operations	**-219**	**-384**	**-751**	**-1,001**
Cash flow from financing activities, discontinued operations	-4	–	-8	–
Cash flow from financing activities	**-223**	**-384**	**-759**	**-1,001**
Change in cash and cash equivalents	**989**	**189**	**544**	**-98**
Cash and cash equivalents as of July 1/January 1	**540**	**864**	**988**	**1,165**
Change in cash and cash equivalents	989	189	544	-98
Changes in exchange rates and other changes in cash and cash equivalents	3	-10	–	-24
Cash and cash equivalents as on the balance sheet as of September 30	**1,532**	**1,043**	**1,532**	**1,043**

Prior-year figures restated.

Segment report

Segment report by operating segments—3rd quarter

	Specialty Additives		Nutrition & Care		Smart Materials	
in € million	2019	2020	2019	2020	2019	2020
External sales	861	777	726	715	833	790
Internal sales	4	4	5	6	12	10
Total sales	865	781	731	721	845	800
Adjusted EBITDA	232	214	119	140	157	137
Adjusted EBITDA margin in %	26.9	27.5	16.4	19.6	18.8	17.3
Adjusted EBIT	189	171	52	79	99	73
Capital expenditures[a]	26	21	45	36	72	105
Financial investments	–	–	30	–	1	-12

Prior-year figures restated.
[a] For intangible assets, property, plant and equipment.

Segment report by regions—3rd quarter

	Europe, Middle East & Africa		North America	
in € million	2019	2020	2019	2020
External sales[a]	1,611	1,384	752	708
Capital expenditures	137	171	33	27

Prior-year figures restated.
[a] External sales Europe, Middle East & Africa: thereof Germany €506 million (Q3 2019: €562 million).

Performance Materials		Services		Corporate, other operations, consolidation		**Total Group (continuing operations)**	
2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**
607	444	196	184	9	7	3,232	**2,917**
23	11	444	432	-488	-463	–	**–**
630	455	640	616	-479	-456	3,232	**2,917**
49	28	32	41	-46	-41	543	**519**
8.1	6.3	16.3	22.3	0.0	–	16.8	**17.8**
17	-5	-9	–	-55	-49	293	**269**
11	11	42	42	1	1	197	**216**
–	–	9	2	–	–	40	**-10**

Central & South America		Asia-Pacific		**Total Group (continuing operations)**	
2019	**2020**	2019	**2020**	2019	**2020**
146	129	723	696	3,232	2,917
2	1	25	17	197	216

Segment report by operating segments—1st nine months

	Specialty Additives		Nutrition & Care		Smart Materials	
in € million	2019	2020	2019	2020	2019	2020
External sales	2,571	2,377	2,176	2,205	2,535	2,369
Internal sales	10	7	20	13	42	40
Total sales	2,581	2,384	2,196	2,218	2,577	2,409
Adjusted EBITDA	683	656	353	427	483	405
Adjusted EBITDA margin in %	26.6	27.6	16.2	19.4	19.1	17.1
Adjusted EBIT	558	525	188	239	321	215
Capital expenditures[a]	62	52	145	79	161	286
Financial investments	–	–	30	20	9	289
No. of employees as of September 30	3,665	3,649	5,339	5,257	7,145	7,610

Prior-year figures restated.
[a] For intangible assets, property, plant and equipment.

Segment report by regions—1st nine months

	Europe, Middle East & Africa		North America	
in € million	2019	2020	2019	2020
External sales[a]	5,067	4,348	2,212	2,178
Goodwill as of September 30[b]	2,345	2,344	1,992	1,959
Other intangible assets, property, plant and equipment, and right-of-use assets as of September 30[b]	4,305	4,568	2,021	2,172
Capital expenditures	336	457	84	108
No. of employees as of September 30	22,559	22,531	4,309	4,632

Prior-year figures restated.
[a] External sales Europe, Middle East & Africa: thereof Germany €1,549 million (9M 2019: €1,708 million).
[b] Non-current assets according to IFRS 8.33 b.

Performance Materials		Services		Corporate, other operations, consolidation		**Total Group (continuing operations)**	
2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**
1,981	1,466	542	546	19	23	9,824	8,986
73	49	1,416	1,312	-1,561	-1,421	–	–
2,054	1,515	1,958	1,858	-1,542	-1,398	9,824	8,986
195	57	99	107	-166	-164	1,647	1,488
9.8	3.9	18.3	19.6	0.0	0.0	16.8	16.6
94	-39	-24	-13	-189	-183	948	744
37	30	95	157	7	3	507	607
13	–	13	6	–	–	65	315
1,669	1,640	14,443	14,348	309	318	32,570	32,822

Central & South America		Asia-Pacific		**Total Group (continuing operations)**	
2019	**2020**	2019	**2020**	2019	**2020**
445	391	2,100	2,069	9,824	8,986
33	30	259	247	4,629	4,580
149	97	1,794	1,622	8,269	8,459
4	3	83	39	507	607
675	657	5,027	5,002	32,570	32,822

Appendix

Restatement of prior-year figures

Restatement in the cash flow statement

Two corrections were made to the cash flow statement as of December 31, 2019, resulting in retrospective restatements in the cash flow statement for the third quarter of 2019.

The first of these related to the presentation of the divestment of the methacrylates business and led to an increase of €15 million in the cash inflows from the divestment of the methacrylates business in the cash flow from investing activities, with a corresponding reduction in the cash flow from operating activities, discontinued operations.

The second restatement comprises additions to and repayments of financial debt of €150 million each; this had no impact on the cash flow from financing activities.

Restatement in the segment report

Effective July 1, 2020, the Executive Board of Evonik Industries AG introduced a new corporate structure. The new chemicals divisions—Specialty Additives, Nutrition & Care, Smart Materials, and Performance Materials—are more balanced in terms of size and profitability. Moreover, clearer alignment to the technology platforms allows more selective management. At the same time, the administrative functions were optimized.

The Western Europe, Eastern Europe, and Middle East & Africa regions were combined on July 1, 2020, so they can operate as one region in the future and respond to the upcoming challenges.

The prior-year figures for the reporting segments and the regions have been restated accordingly.

Financial calendar

Financial calendar 2021

Event	Date
Report on Q4 2020 and FY 2020	March 4, 2021
Interim report Q1 2021	May 6, 2021
Annual shareholders' meeting 2021	June 2, 2021
Interim report Q2 2021	August 5, 2021
Interim report Q3 2021	November 4, 2021

Credits

Published by
Evonik Industries AG
Rellinghauser Strasse 1-11
45128 Essen, Germany
www.evonik.com

Contact
Communications
Phone +49 201 177-3315
presse@evonik.com

Investor Relations
Phone +49 201 177-3146
investor-relations@evonik.com

EVONIK
Leading Beyond Chemistry