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Leading Beyond Chemistry

- Outlook for 2019 achieved: adjusted EBITDA stable at €2.153 billion, free cash flow significantly improved
- Outlook for 2020: adjusted EBITDA between €2.0 billion and €2.3 billion, free cash flow to increase slightly
- New company structure mirrors strategy

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Essen, Germany. Evonik has kept earnings stable despite a deteriorating global economy. Adjusted EBITDA in 2019 was €2.153 billion compared with €2.150 billion in the previous year. Sales fell slightly by 1 percent to €13.1 billion.

“We achieved our outlook and kept our earnings stable even in a market environment that was significantly more difficult than the prior year,” said Christian Kullmann, chairman of the executive board. “Evonik stands for reliability and stability.”

At the annual shareholders’ meeting on May 27, 2020, the executive and supervisory boards will be proposing a dividend of €1.15 per share. Based on the closing share price at year-end 2019 that gives a dividend yield of 4.2 percent, positioning Evonik among the top chemical companies.

Net income for the year more than doubled to €2.1 billion, driven primarily by proceeds from the sale of the Methacrylates business in July 2019.

Evonik generated free cash flow of €717 million, before carve-out taxes related to the sale of the Methacrylates business. Thus, free cash flow improved significantly compared with the previous year.

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“The measures implemented in the last years to improve our cash generation have been effective,” Chief Financial Officer Ute Wolf said. “For the current year, we are aiming for a further improvement in free cash flow.”

For 2020 Evonik is expecting growth at its specialty businesses. However, a less dynamic global economy is expected to burden the more commoditized businesses. On this basis, the company expects sales to remain stable and an adjusted EBITDA of between €2.0 billion and €2.3 billion in 2020.

Evonik is working consistently on the implementation of its strategy. Accordingly, the company is adjusting its structure to fit the growth engines that it defined two years ago. On July 1, the current operating segments will be transferred into four divisions that are more balanced in their size and type of business. The divisions will be easier to manage because of their clear strategic roles, common end-markets and a clear alignment of technology platforms. The four divisions – Specialty Additives, Nutrition & Care, Smart Materials and Performance Materials – will have a lean and efficient setup. At the same time, Evonik has defined its self-perception: Leading beyond chemistry, to improve life, today and tomorrow.

“This purpose will serve as a compass,” said Kullmann. “Understanding what we are means we know what drives us forward.”

Segment performance

Resource Efficiency: Sales in 2019 remained on the level of the prior year at €5.69 billion. Slower demand in the automotive and coating sector had a negative impact on the Coating Additives, Coating & Adhesive Resins and Oil Additives businesses. The Silica business also recorded lower sales volumes in the adhesives and silicones end markets. By contrast, the demand for high-performance polymers remained solid, particularly for 3D printing and membranes.

Crosslinkers, which are used for environmentally friendly coating systems and high-performance composite materials, have benefited from high demand in the wind energy market. The active oxygen products benefited from good demand and license income. Adjusted EBITDA at Resource Efficiency increased 1 percent to €1.29 billion compared with 2018.

Nutrition & Care: Sales in 2019 fell 1 percent to €4.58 billion. Despite high demand for essential amino acids for animal nutrition, sales prices continued to fall over the course of the year. The specialties in the cosmetic solutions business developed particularly well. Adjusted EBITDA dropped 10 percent to €728 million in 2019.

Performance Materials: Sales declined 9 percent to €2.04 billion. Development at the Performance Intermediates business was impacted by a low oil price as well as bottlenecks in raw material supply and plant downtimes. Adjusted EBITDA at the segment fell 6 percent to €224 million.

Evonik Group: Excerpt from the income statement

(in € million)	Q4 2018	Q4 2019	Change in %	2018	2019	Change in %
Sales	3,261	3,284	1	13,267	13,108	-1
Adjusted EBITDA	402	505	26	2,150	2,153	
Adjusted EBIT	200	253	27	1,361	1,201	-12
Adjustments	-265	-1		-312	-115	
Financial result	-22	-19		-155	-132	
Income before income taxes, continuing operations	-87	233		894	954	7
Income taxes	51	-26		-186	-180	
Income after taxes, continuing operations	-36	207		708	774	9
Income after taxes, discontinued operations	48	-43		246	1,353	
Income after taxes	12	164		954	2,127	123
thereof attributable to non-controlling interests	8	4		22	21	
Net Income	4	160		932	2,106	126
Adjusted net income	167	231	38	1,014	902	-11

Prior-year figures restated

Segment performance

(in € million)	Sales			Adjusted EBITDA		
	Q4 2018	Q4 2019	Change in %	Q4 2018	Q4 2019	Change in %
Nutrition & Care	1,172	1,163	-1	167	170	2
Resource Efficiency	1,402	1,387	-1	256	314	23
Performance Materials	506	495	-2	46	50	9
Services	175	221	26	-	24	
Other operations	6	18		-67	-53	
Group	3,261	3,284	1	402	505	26
(in € million)	Sales			Adjusted EBITDA		
	2018	2019	Change in %	2018	2019	Change in %
Nutrition & Care	4,646	4,582	-1	810	728	-10
Resource Efficiency	5,708	5,685		1,283	1,290	1
Performance Materials	2,233	2,043	-9	239	224	-6
Services	664	763	15	100	122	22
Other operations	16	35		-282	-211	
Group	13,267	13,108	-1	2,150	2,153	

Prior-year figures restated

Employees by segment

	31.12.2018	31.12.2019
Nutrition & Care	8,218	8,090
Resource Efficiency	10,270	10,153
Performance Materials	1,539	1,622
Services	12,091	12,037
Other operations	505	521
Evonik	32,623	32,423
Discontinued operations	3,420	-
Evonik	36,043	32,423

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 €13.1 billion and an operating profit (adjusted EBITDA) of €2.15 billion in 2019. Evonik goes far beyond chemistry to create innovative, profitable and sustainable solutions for customers. More than 32,000 employees work together for a common purpose: We want to improve life, day by day.

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