Evonik
Power to create.

Company presentation

Q3 2018 Results Roadshow
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1. Evonik at a glance
2. Strategy
3. Acquisition of PeroxyChem
4. Financials Q3 2018
5. Appendix
A strong basis in Specialty Chemicals

Market leadership
Leading market positions in 80% of our businesses¹

Customer proximity
Almost 90% of direct sales via marketing & sales force of ~2,000 employees

Technology leadership
Leading and proprietary technology platforms in 25 countries on 5 continents

Unique brand recognition

Qualified employees
Highly qualified workforce as key factor for a successful and sustainable business development

¹. Sales with top 1-3 market position by sales, production volume or capacity (depending on available data)
Three segments with differentiated management

Group financials 2017

<table>
<thead>
<tr>
<th>Sales</th>
<th>Adj. EBITDA</th>
<th>Margin</th>
<th>ROCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>€14,383 m</td>
<td>€2,357 m</td>
<td>16.4%</td>
<td>11.2%</td>
</tr>
</tbody>
</table>

Growth

Nutrition & Care

- Sales: €4,507 m
  - Adj. EBITDA / Margin: €747 m / 16.6%

Resource Efficiency

- Sales: €5,393 m
  - Adj. EBITDA / Margin: €1,173 m / 21.8%

Efficiency

Performance Materials

- Sales: €3,751 m
  - Adj. EBITDA / Margin: €658 m / 17.5%

2017 financials restated for IFRS 15
Balanced regional and end market split

Sales by region

- Western Europe
- Eastern Europe
- Other
- Asia-Pacific
- Central & South America
- North America

End market split

- Agriculture
- Renewable energies
- Electrical & electronics
- Paper & printing
- Metal & oil products
- Paints & coatings
- Other industries
- Pharmaceuticals
- Plastics and rubber
- Construction
- Food & animal feed
- Consumer & personal care products
- Automotive & mechanical engineering

1. Where not assigned to other end-customer industries

2017 Financials
Evonik management team with clear responsibilities

**Executive Board**

<table>
<thead>
<tr>
<th>Group Strategy</th>
<th>Chemistry &amp; Innovation</th>
<th>Financials</th>
<th>HR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christian Kullmann</td>
<td>Dr. Harald Schwager</td>
<td>Ute Wolf</td>
<td>Thomas Wessel</td>
</tr>
<tr>
<td>Chairman of the Executive Board</td>
<td>Deputy Chairman of the Executive Board</td>
<td>Chief Financial Officer</td>
<td>Chief Human Resources Officer</td>
</tr>
</tbody>
</table>

**Segment Management**

- **Nutrition & Care**
  - Dr. Reiner Beste

- **Resource Efficiency**
  - Dr. Claus Rettig

- **Performance Materials**
  - Johann-Caspar Gammelin

- **Services**
  - Gregor Hetzke
“RAG-Stiftung” as long-term shareholder with focus on attractive returns

Ownership structure

- RAG-Stiftung: 64.3%
- Free float: ~35.7%

RAG-Stiftung

- A foundation with the obligation to finance the perpetual liabilities arising from the cessation of hard-coal mining in Germany
- From 2019 onwards, annual cash out of ~€220 m expected
- Evonik as integral and stable portfolio element with attractive and reliable dividend policy
- RAG-Stiftung capable to cover annual cash out requirements with Evonik dividend (~€365 m dividend received in 2016)
- Long-term perspective: intention to retain a strategic shareholding of at least 25.1%
Reliable and attractive dividend policy

- Sustainable dividend growth over the last years: 7% CAGR between 2008 and 2017
- Attractive dividend yield ~ 3.7%
- Reliable dividend policy targeting:
  - dividend continuity
  - a payout ratio of ~40% of adjusted net income
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Building a best-in-class specialty chemicals company
Targeting excellence in three strategic focus areas

- **Portfolio:** More balanced & more specialty
- **Leading in innovation**
- **Open & performance-oriented culture**

**Profitable Growth**
### Target portfolio structure
Four growth engines as drivers for profitable & balanced growth

<table>
<thead>
<tr>
<th>NUTRITION &amp; CARE</th>
<th>RESOURCE EFFICIENCY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health &amp; Care</td>
<td>Smart Materials</td>
</tr>
<tr>
<td>Specialty Additives</td>
<td></td>
</tr>
<tr>
<td>Animal Nutrition</td>
<td></td>
</tr>
</tbody>
</table>

**Four growth engines**
Building on our strengths
Developing our growth segments and businesses

- **NUTRITION & CARE**: €4.5 bn
  - Mature businesses
  - Growth businesses

- **RESOURCE EFFICIENCY**: €5.4 bn
  - Mature businesses
  - Growth businesses

- **PERFORMANCE MATERIALS**: €3.8 bn
  - Mature businesses

Meeting specialty chemicals characteristics
Portfolio strategy
Healthy mix of growth & financing businesses

Strengthen leading positions in attractive markets
- Strong growth profile
- Above-average returns
- Focus of capital allocation (capex, R&D, acquisitions)
- Examples: High Performance Polymers, Comfort & Insulation

Generating financing power
- Attractive market growth
- Below average capex allocation
- Stable returns and high FCF contribution
- Examples: Perf. Intermediates (C4), Active Oxygens, Oil Additives

Growth businesses
Financing businesses
## Portfolio Management

**Targeted and disciplined M&A approach**

###9. In specialty applications (~65% of total Adj. EBITDA)
Strategic agenda reflected in ambitious financial targets
Structurally lifting EBITDA margin and driving balanced growth

Historic margin range (in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>18.3</td>
</tr>
<tr>
<td>2011</td>
<td>19.0</td>
</tr>
<tr>
<td>2012</td>
<td>18.5</td>
</tr>
<tr>
<td>2013</td>
<td>15.7</td>
</tr>
<tr>
<td>2014</td>
<td>14.6</td>
</tr>
<tr>
<td>2015</td>
<td>18.2</td>
</tr>
<tr>
<td>2016</td>
<td>17.0</td>
</tr>
<tr>
<td>2017</td>
<td>16.4</td>
</tr>
</tbody>
</table>

Targets going forward (over the cycle)

- Structurally lift EBITDA margin into **sustainably higher range** of 18-20%
- **Above-average** volume growth **GDP+**
- ROCE above cost of capital
- Sustainable FCF generation
- Reliable and sustainably growing dividend
- Solid investment grade rating
Step by step execution of strategic agenda
What we achieved so far

Strategy Update London
“Building a best-in-class specialty chemicals company”

Methacrylates
“Divestment process for MMA / PMMA initiated”

Adjust 2020
“Strengthen leadership position in Animal Nutrition - savings of €50 m”

Acquisition of PeroxyChem
“Futurize Peroxide”

SG&A 2020
“Savings of €200 m - leaner processes, higher cost discipline, competitive cost structures”

June 2017
Nov. 2017
Mar. 2018
Nov. 2018
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1. Evonik at a glance  
2. Strategy  
3. Acquisition of PeroxyChem  
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5. Appendix
| ✔ | Strengthening of Evonik’s growth segment Resource Efficiency |
| ✔ | Focus on environmentally-friendly specialty applications |
| ✔ | Attractive end-market growth with low cyclicality |
| ✔ | Excellent fit with Evonik’s peroxide portfolio – expansion of business in North America |
| ✔ | EBITDA margin of ~20% above Evonik’s average group margin |
| ✔ | Strong FCF generation with sustainable FCF conversion >60% |
| ✔ | Fair valuation with EV / adj. EBITDA multiple 7.8x (incl. synergies) |
PeroxyChem – Overview
A global manufacturer and supplier of peroxides

- PeroxyChem is a global manufacturer and supplier of hydrogen peroxide, peracetic acid (PAA) and persulfates (PS)
- Headquarter in Philadelphia, Pennsylvania
- Ownership: Private equity (One Equity Partners)
- Founded: 1900s (Foret and Buffalo Electro-chemical Co.)
- Headcount: ~600 globally, thereof ~20% in application development, sales and marketing
- Locations: 8 manufacturing facilities (USA, Canada, Germany, Spain, Thailand), 2 distribution facilities, 5 regional offices, 3 R&D labs

PeroxyChem

Sales 2018E: ~$300 m
adj. EBITDA 2018E: ~$60 m
adj. EBITDA margin: ~20%
Acquisition of PeroxyChem
Excellent complementary fit with Evonik’s existing peroxide business

<table>
<thead>
<tr>
<th>Evonik Business Line Active Oxygens</th>
<th>PeroxyChem’s peroxide portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Business</td>
<td></td>
</tr>
<tr>
<td>Specialties</td>
<td></td>
</tr>
<tr>
<td>$\text{H}_2\text{O}_2$</td>
<td>$\text{H}_2\text{O}_2$</td>
</tr>
<tr>
<td>$\text{PAA}$</td>
<td>$\text{PAA}$</td>
</tr>
<tr>
<td>HPPO</td>
<td>HPPO</td>
</tr>
</tbody>
</table>

Market growth
3% p.a.
6% p.a.

Combined sales\(^1\): > €700 m

1. Sales of Evonik Business Line Active Oxygen and PeroxyChem
Evonik and PeroxyChem specialty exposure
Expansion of high-growth and margin specialty applications

Evonik Business Line
Active Oxygens

PeroxyChem peroxide portfolio

Combined peroxide portfolio with higher specialty exposure

Share of specialty business increasing from ~50% to ~65%

Combined specialty applications Evonik and PeroxyChem
Synergies and integration costs
Tangible synergies driven by excellent strategic fit; low integration complexity

<table>
<thead>
<tr>
<th>Synergies</th>
<th>Integration costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Savings in Production, Logistic</td>
<td>Integration costs (e.g. IT integration, consultants)</td>
</tr>
<tr>
<td>Cross Selling</td>
<td></td>
</tr>
<tr>
<td>SG&amp;A</td>
<td></td>
</tr>
</tbody>
</table>

Total synergies:  
~$20 m p.a. 
fully realized by 2022

Expected cash-out of  
~$20 m 
in first 2 years

Integration costs excluding transaction costs
Attractive valuation

Enterprise Value

$625 m

For Enterprise Value:
- adj. EBITDA 2018E: ~60
- Synergies: ~20
- adj. EBITDA incl. synergies: ~80

EV / adj. EBITDA 2018E
- Including synergies: 7.8x
- Excluding synergies: 10.4x

EPS accretive in 1st full year after closing
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Our agenda for 2018 – Driving the change
Q3: Further strategy execution and ongoing improvement in operational performance

### Strategy execution
- MMA divestment fully on track
- Continued execution of efficiency programs
- Culture initiative started

### Earnings growth
- Earnings growth driven by growth segments
- Improved FCF performance YTD
- FY 2018 adj. EBITDA and FCF outlook confirmed
### Highlights Q3 2018
Earnings growth and margin expansion; higher FCF

<table>
<thead>
<tr>
<th>Sales growth</th>
<th>Adj. EBITDA and margin</th>
<th>Free cash flow (1-9)</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>+7%</td>
<td>€692 m (+8%(^1))</td>
<td>€442 m (+26%)</td>
<td>€2.6-2.65 bn</td>
</tr>
</tbody>
</table>

**Strong pricing** in all segments (+9%)

**Volumes** (-1%) impacted by low Rhine river water levels, high utilization rates and limited raw material availability

**Earnings growth** driven by growth segments; support from efficiency measures and successful compensation of raw material inflation

**Higher cash generation** in first nine month driven by higher earnings, cost efficiency measures and realization of synergies

1. Compared to Q3 17 | 2017 financials restated for IFRS 15
Earnings development Q3 2018
Earnings growth driven by growth segments

Resource Efficiency

Nutrition & Care

Performance Materials

Adj. EBITDA growth yoy¹

Adj. EBITDA growth yoy¹

Adj. EBITDA growth yoy¹

+9%
(Margin: 23.7%; +0.8 pp)

+13%
(Margin: 18.2%; +1.3 pp)

+/-0%
(Margin: 16.6%; -2.2 pp)

Growth segments driving earnings improvement

¹. Improvement yoy: Q3 18 vs. Q3 17 | 2017 financials restated for IFRS 15
Free Cash Flow 9M 2018
Progress in FCF development: 9M FCF clearly improved

- FCF after 9M 2018 improved by €92 m
- **NWC outflow after 9M 2018** clearly above last year due to different phasing (H2 vs H1). Preparation for maintenance and logistical challenges from low Rhine water level in Q3 2018
- As expected, **different phasing** in cash taxes lead to lower cash-out for taxes in H1 2018; now catch-up in H2
- **Outlook confirmed**: FCF expected to be notably higher yoy

9M 2018 (FCF in €m)

<table>
<thead>
<tr>
<th>9M 17</th>
<th>9M 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>350</td>
<td>442</td>
</tr>
</tbody>
</table>

+26%
Resource Efficiency
Sustained strong operational performance on attractive margin level

Sales (in € m)

<table>
<thead>
<tr>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.358</td>
<td>1.308</td>
<td>1.398</td>
<td>1.481</td>
<td>1.426</td>
</tr>
</tbody>
</table>

+5%

-2%  
-1%  
+6%  
+2%

Q3 18 vs. Q3 17

Adj. EBITDA (in € m) / margin (in %)

<table>
<thead>
<tr>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>311</td>
<td>247</td>
<td>325</td>
<td>366</td>
<td>338</td>
</tr>
</tbody>
</table>

+9%

22.9  
18.9  
23.2  
24.7  
23.7

- Strong performance at attractive margin level continued into Q3
- Organic sales growth of 4% driven by strong pricing, successfully compensating raw material inflation
- Volumes not reaching high prior-year comps due to already high plant utilization levels, limited raw material availability and more cautious customer behavior in auto-related activities towards the end of the quarter
- Ongoing strong demand for eco-friendly, water-borne Coating Additives

1. Mix of portfolio effects and others | 2017 financials restated for IFRS 15
**Nutrition & Care**

**Solid operational performance throughout the first three quarters**

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**Sales (in € m)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1.110</td>
<td>1.114</td>
<td>1.119</td>
<td>1.189</td>
<td>1.167</td>
</tr>
</tbody>
</table>

+5%

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**Adj. EBITDA (in € m) / margin (in %)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA</td>
<td>188</td>
<td>172</td>
<td>209</td>
<td>222</td>
<td>212</td>
</tr>
<tr>
<td>Margin</td>
<td>16.9</td>
<td>15.4</td>
<td>18.7</td>
<td>18.7</td>
<td>18.2</td>
</tr>
</tbody>
</table>

+13%

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- Good operational performance continuing – strong volume and price development in majority of businesses
- yoy margin expansion driven by improving product mix, successful management of higher raw material prices and efficiency measures
- Health Care and Personal Care with ongoing strong performance and further improving product mix
- Methionine with robust demand trend and yoy higher volumes; prices fairly stable in local currency

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1. Mix of portfolio effects and others | 2017 financials restated for IFRS 15
Performance Materials
Good operational quarter – one-time effects impacting profitability

- Good operational performance in both MMA/PMMA and C4
- Weaker volume mainly as a result of logistical constraints from low Rhine water level, raw material availability and maintenance turnaround in MMA
- Sustained high MMA/PMMA margins and yoy notably higher butadiene spreads lead to double-digit price increase
- Sequentially weaker margin due to time-lag in pass-on of higher Naphtha prices and higher logistics costs (low Rhine water level) and maintenance turnaround in MMA; total effect of €15 m

<table>
<thead>
<tr>
<th>Sales (in € m)</th>
<th>Adj. EBITDA (in € m) / margin (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 17: 913</td>
<td>Q3 17: 172</td>
</tr>
<tr>
<td>Q4 17: 970</td>
<td>Q4 17: 161</td>
</tr>
<tr>
<td>Q1 18: 995</td>
<td>Q1 18: 179</td>
</tr>
<tr>
<td>Q2 18: 1,025</td>
<td>Q2 18: 196</td>
</tr>
<tr>
<td>Q3 18: 1,034</td>
<td>Q3 18: 172</td>
</tr>
</tbody>
</table>

Q3 18 vs. Q3 17

Volume: -6%  Price: +21%  FX: -2%  Other: 0%

2017 financials restated for IFRS 15
Outlook 2018
Outlook confirmed

Adj. EBITDA and FCF outlook

€2.60 – €2.65 bn

outlook increase with Q2 reporting
outlook as of March 2018

FCF expected to be notably higher compared to prior year (2017: €511 m)

2017 financials restated for IFRS 15
## Outlook 2018
Outlook on segment level confirmed

<table>
<thead>
<tr>
<th>Segment outlook</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nutrition &amp; Care</strong></td>
<td>“higher earnings yoy”</td>
</tr>
<tr>
<td><strong>Resource Efficiency</strong></td>
<td>“perceptibly higher earnings yoy”</td>
</tr>
<tr>
<td><strong>Performance Materials</strong></td>
<td>“higher earnings yoy”</td>
</tr>
</tbody>
</table>
Additional indications for 2018

- Synergies from acquisitions (APD Specialty Chemicals & Huber Silica)
  Additional synergies of ~€25 m (Synergies 2018E: ~€40 m; 2017: ~€15 m)

- Huber
  Additional adj. EBITDA of ~€30 m for further eight months of consolidation (closing Sept 1st 2017)

- ROCE
  Above cost of capital (10.0% before taxes) and around the level of last year (2017: 11.2%)

- Capex
  ~€1 bn (2017: €1,078 m)

- Free cash flow
  Notably higher compared to prior year (2017: €511 m)

- EUR/USD
  Changed to 1.18 EUR/USD (previously: 1.20; 2017: 1.13 EUR/USD)

- EUR/USD sensitivity
  +/-1 USD cent = +/- ~€8 m adj. EBITDA (FY basis)

- Adj. EBITDA Services
  Slightly higher than in 2017 (2017: €123 m)

- Adj. EBITDA Corporate / Others
  Slightly less negative than in 2017 (2017: -€346 m)

- Adj. D&A
  €840 m (2017: €870 m)

- Adj. net financial result
  On previous year's level (previously: ~-€190 m; 2017: -€175 m)

- Adj. tax rate
  Changed to ~26% (previously: ~29%, change due to reversal of tax provisions relating to prior periods (non-cash); (2017: 29%)

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1. Including transaction effects (after hedging) and translation effects; before secondary / market effects
2. Guidance for “Adj. net financial result” subject to interest rate fluctuations which influence discounting effects on provisions.
Appendix

1. Strategy Details
2. Acquisition of PeroxyChem
3. Segment overview
4. Financials
5. Upcoming events
Targeting excellence in three strategic focus areas

Portfolio:
More balanced &
more specialty

Leading in
innovation

Profitable
Growth

Open &
performance-oriented
culture
Executing portfolio management on all levels
Achievements so far … more to come

<table>
<thead>
<tr>
<th>Major portfolio steps</th>
<th>Bolt-on M&amp;A and divestments</th>
<th>Optimization on business level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of Air Products Specialty Additives</td>
<td>Acquisition of PeroxyChem</td>
<td>Optimized strategic positioning for Animal Nutrition (adjust 2020)</td>
</tr>
<tr>
<td>Divestment of Methacrylates business</td>
<td>Acquisition of Huber Silica</td>
<td>Business model renewal Household/Personal Care (Oleo 2020)</td>
</tr>
<tr>
<td></td>
<td>Acquisition of Dr. Straetmans</td>
<td>Streamlined setup of Performance Materials (Merger Functional Solutions &amp; Agrochemicals)</td>
</tr>
<tr>
<td></td>
<td>Sale of non-core Jayhawk agrochemicals site in Galena, Kansas (Performance Materials)</td>
<td>Dissolution of acrylic acid joint venture (StoHaas) in Baby Care</td>
</tr>
</tbody>
</table>

Portfolio management on all levels to support financial targets
# Four growth engines

**Growth drivers and product examples**

## Growth trends and drivers

- More sophisticated requirements on additive effects
- Need for increased product performance and efficiency

## Product examples

- Coating Additives
- PU-Additives
- Oil Additives

## Market growth

- 5-6%

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## Specialty Additives

**“Small volume, big impact”**

- Increasing health-awareness and lifestyle
- Bio based products and environmentally-safe cosmetics

## Health & Care

**Preferred partner in Pharma and Cosmetics**

- Trend towards resource efficiency in high demanding applications
- Engineered materials and systems to fulfill high performance requirements

## Smart Materials

**Tailored functionalities for sustainable solutions**

- Sustainable nutrition
- Improving food quality and safety

## Animal Nutrition

**Comprehensive portfolio for more sustainable food chain**

- Pharma polymers
- Oleochemicals
- Advanced biotechnology

- Rubber Silica & Silanes
- High Performance Polymers
- Membranes

- Amino acids
- Probiotics
Consistently executing our strategic agenda  
Levers for structural uplift in profitability and growth

<table>
<thead>
<tr>
<th>Strategic lever</th>
<th>Impact (p.a.)</th>
<th>by (year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synergy realization</td>
<td>€85 m</td>
<td>2020/2021</td>
</tr>
<tr>
<td>• Realization of synergies from Air Products and J.M. Huber acquisitions</td>
<td>EBITDA&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Cost excellence</td>
<td>€200 m</td>
<td>2021 (full impact)</td>
</tr>
<tr>
<td>• Targeting structural improvements in SG&amp;A, reduction of 1,000 FTE</td>
<td>EBITDA</td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td>€1 bn</td>
<td>2025</td>
</tr>
<tr>
<td>• Leverage additional growth from six innovation growth fields with above-average profitability</td>
<td>additional SALES</td>
<td></td>
</tr>
<tr>
<td>Portfolio Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Portfolio strategy: more balanced and more specialty</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Total synergies of ~$100 m; currency translation based on current EUR/USD rate of 1.18

18-20% EBITDA margin

GDP+ volume growth
Achieving cost excellence: SG&A 2020
Targeting structural improvements in SG&A

Cost savings of €200 m p.a.
Reduction of 1,000 FTE
Savings across all units and segments

<table>
<thead>
<tr>
<th>Year</th>
<th>General &amp; Admin</th>
<th>Selling</th>
<th>Corp. &amp; Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>€135 m</td>
<td>€65 m</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>€135 m</td>
<td>€65 m</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>€135 m + €100 m</td>
<td>€65 m + €50 m</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>€135 m + €100 m</td>
<td>€65 m + €50 m</td>
<td>€200 m p.a.</td>
</tr>
</tbody>
</table>

Full potential realized

€200 m savings p.a.

Performance Materials
Nutrition & Care
Resource Efficiency
Corp. & Services
Implementation schedule for acquisition synergies
Ramp-up on track for Air Products specialty additives and Huber silica acquisitions

Implementation schedule

(in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual synergies</th>
<th>One-time costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>2017</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>2018</td>
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<tr>
<td>2019</td>
<td>40</td>
<td>50</td>
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<tr>
<td>2020</td>
<td>50</td>
<td>60</td>
</tr>
<tr>
<td>2021</td>
<td>60</td>
<td>70</td>
</tr>
</tbody>
</table>

Total

Annual synergies
- APD: ~€68 m p.a. (USD80 m)
- Huber: ~€17 m p.a. (USD20 m)
- ~€85 m p.a. (USD100 m)

One-time integration costs¹
- APD: ~€75 m p.a.
- Huber: ~€30 m p.a.
- ~€105 m p.a.

1. Excluding transaction-related costs | Currency translation based on current EUR/USD rate of ~1.20
Leading in Innovation
Innovation growth fields with tangible size already today – strong growth ahead

<table>
<thead>
<tr>
<th>Innovation Growth Fields</th>
<th>Sales contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Food Ingredients</td>
<td></td>
</tr>
<tr>
<td>Additive Manufacturing</td>
<td></td>
</tr>
<tr>
<td>Sustainable Nutrition</td>
<td></td>
</tr>
<tr>
<td>Membranes</td>
<td></td>
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<tr>
<td>Cosmetic Solutions</td>
<td></td>
</tr>
<tr>
<td>Healthcare Solutions</td>
<td></td>
</tr>
</tbody>
</table>

**Additional contribution to sales from Innovation Growth Fields**

- **2015**
- **2017/2018**
- **2025**

- *25% p.a. (CAGR)*
- *more than €1 bn by 2025*
- ~200m €
Digital innovations provide the means for value creation
Digital transformation offers broad-based opportunities

<table>
<thead>
<tr>
<th>Focus areas</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research &amp; Development</td>
<td>User centricity</td>
</tr>
<tr>
<td></td>
<td>“Throughput”</td>
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<tr>
<td></td>
<td>Time-to-market</td>
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<tr>
<td>Marketing &amp; Sales</td>
<td>Market insights</td>
</tr>
<tr>
<td></td>
<td>Pricing</td>
</tr>
<tr>
<td></td>
<td>Growth</td>
</tr>
<tr>
<td>Supply Chain &amp; Production</td>
<td>Connectivity</td>
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<tr>
<td></td>
<td>Prediction</td>
</tr>
<tr>
<td></td>
<td>NWC</td>
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<tr>
<td>Management &amp; Administration</td>
<td>Agility</td>
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<tr>
<td></td>
<td>Self-service-level</td>
</tr>
<tr>
<td></td>
<td>Complexity cost</td>
</tr>
</tbody>
</table>

New digital business models
Adaption of existing businesses & processes

Throughput
Time-to-market
Growth
NWC
Complexity cost

Focus areas
Benefits

User centricity
“Throughput”
Time-to-market
Market insights
Pricing
Growth
Connectivity
Prediction
NWC
Agility
Self-service-level
Complexity cost
Open & performance-oriented culture
New corporate values and performance management system

New corporate values
• Guidelines for cultural change
• Introduced in September 2018, now drilled down into the organization

New performance management system
• Leaner process and strict alignment with Group financial targets on all levels
• Reach goals together rather than individually and in silos
• Clearer differentiation of individual performance levels
• To be implemented from 2019 onwards
Appendix

1. Strategy Details

2. Acquisition of PeroxyChem

3. Segment overview

4. Financials

5. Upcoming events
Strengthening growth segment Resource Efficiency
One of the most versatile and sustainable chemicals available

Hydrogen peroxide (H₂O₂) and Peracetic acid (PAA)

- Diverse applications and high importance of application development: to commercialize new and enhanced products, technologies and services
- Sustainability: stricter environmental regulations as growth driver for environmentally-friendly peroxide applications
- Highly contract-based business: longstanding customer relationships with high share of revenue under contracts of >1 year
- Resilience: attractive margin profile with minimal raw material volatility or seasonality in demand
- Asset set-up and logistics: customer proximity, supply security and logistics as decisive factors

Resilient and attractive business profile
Attractive peroxide applications
Focus on specialty applications with strong secular growth drivers

<table>
<thead>
<tr>
<th>Specialties</th>
<th>Industry</th>
<th>Environmental</th>
<th>Electronics</th>
<th>Food &amp; Beverage</th>
<th>Other specialties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application fields</td>
<td></td>
<td>Solutions for waste water treatment, soil remediation and groundwater treatment</td>
<td>Ultra-pure hydrogen peroxide as cleaning agent in semiconductor Fabs</td>
<td>PAA as disinfectant in poultry &amp; beef processing</td>
<td>Medical, consumer and personal care applications such as sterilization of medical equipment and contact lens solutions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>H₂O₂ and PAA as alternative to chlorine</td>
<td></td>
<td>Aseptic packaging with H₂O₂ and PAA</td>
<td>Energy: Persulfates and PAA in hydraulic fracturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth driver</td>
<td></td>
<td>Stricter environmental regulations</td>
<td>Growth of mobile devices</td>
<td>Stronger regulations for food safety</td>
<td>Increased regulations on cosmetic and care products for high purity grades</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Redevelopments of former industrial or military sites</td>
<td></td>
<td>Increased demand for convenient packaged food</td>
<td>Rising domestic oil and natural gas production</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td></td>
<td>5-6% p.a.</td>
<td>&gt;7% p.a.</td>
<td>4-6% p.a.</td>
<td>3-5% p.a.</td>
</tr>
<tr>
<td></td>
<td>Hydrogen peroxide for pulp and paper processing</td>
<td></td>
<td></td>
<td></td>
<td>3% p.a.</td>
</tr>
<tr>
<td></td>
<td>H₂O₂ and PAA in chemical synthesis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer need for increased high product quality and supply security</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
Impressive growth track record and attractive growth perspective
Earnings growth driven by portfolio shift to specialty business

Resilient and strongly growing business (adj. EBITDA)

- Portfolio optimization: successful strategic shift towards specialty applications
- Strong application development to commercialize new products

Future growth drivers

- **Sustainability** and growing demand for environmentally-friendly specialty applications
  - e.g. new Memphis plant with long-term take-or-pay contract with City of Memphis for municipal wastewater treatment
- Increased exposure towards specialty applications
- **Optimization** in combined asset set-up and logistics
- Realization of synergies

---

<table>
<thead>
<tr>
<th>PeroxyChem</th>
<th>Evonik</th>
</tr>
</thead>
<tbody>
<tr>
<td>adj. EBITDA 2015</td>
<td>adj. EBITDA 2015</td>
</tr>
<tr>
<td>adj. EBITDA 2018E</td>
<td>adj. EBITDA 2018E</td>
</tr>
</tbody>
</table>

- >10% p.a.
PeroxyChem – capital expenditures and free cash flow
Low capital intensity and attractive FCF conversion

**Investing phase**

- Ø ~10% capex/sales

  (e.g. new Saratoga (US) plant for electronic applications and new Memphis (US) plant for municipal wastewater treatment)

  - Ø ~6% capex/sales

**Normalized capex**

**Free cash flow**

>60% FCF conversion

- FCF in 2019 with integration costs and additional CAPEX for growth and production platform optimization
- Positive FCF in 1st full year after closing, further ramping up in following years

**Sustainable FCF**

1. FCF conversion: FCF / adj. EBITDA
Transaction summary

Structure
- 100% acquisition of PeroxyChem
- On a cash- and debt-free basis

Financing
- Financing secured via cash and committed credit facilities

Timing
- Approved by PeroxyChem Board and Evonik’s Supervisory Board
- Aiming for closing by mid 2019, subject to approval by responsible authorities
Appendix

1. Strategy Details
2. Acquisition of PeroxyChem
3. Segment overview
4. Financials
5. Upcoming events
Evonik Group
Number of BL’s will be reduced from 22 to 17

Nutrition & Care

- Sales: €4,507 m
- Adj. EBITDA / Margin: €747 m / 16.6%

<table>
<thead>
<tr>
<th>Animal Nutrition</th>
<th>Baby Care</th>
<th>Comfort &amp; Insulation</th>
<th>Health Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Care</td>
<td>Household Care</td>
<td>Interface &amp; Performance</td>
<td></td>
</tr>
</tbody>
</table>

Resource Efficiency

- Sales: €5,393 m
- Adj. EBITDA / Margin: €1,173 m / 21.8%

<table>
<thead>
<tr>
<th>Silica</th>
<th>Crosslinkers</th>
<th>Coating &amp; Adhesive Resins</th>
<th>Oil Additives</th>
<th>High Performance Polymers</th>
<th>Active Oxygens</th>
<th>Coating Additives</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

Performance Materials

- Sales: €3,751 m
- Adj. EBITDA / Margin: €658 m / 17.5%

<table>
<thead>
<tr>
<th>Performance Intermediates</th>
<th>Functional Solutions</th>
<th>Functional Solutions¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methacrylates</td>
<td>Ag.chem. &amp; P. Additives</td>
<td></td>
</tr>
<tr>
<td>Acrylic Products</td>
<td>CyPlus Technologies</td>
<td></td>
</tr>
</tbody>
</table>

Divestment process started

2017 Financials | Business Lines ranked by turnover | ¹: as of January 2019

54
**Nutrition & Care**
Fulfilling human needs in a globalizing world

### Key characteristics
- High degree of **customer intimacy and market know-how**
- Enabling our customers to deliver **differentiating solutions** in their markets
- **Excellent technology platforms**
- **Sustainability** as major growth driver

### Key products
- Amino acids for professional animal nutrition
- Ingredients for cosmetic products
- Superabsorbents for baby diapers
- Drug delivery systems for controlled drug release

### Adj. EBITDA (€ m) and margin (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adj. EBITDA (€ m)</th>
<th>Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1,034</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>1,028</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>901</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>847</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>1,435</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1,006</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>747</td>
<td></td>
</tr>
</tbody>
</table>

### End market split

- **Pharma and health care**
- **Consumer goods and personal care**
- **Food and feed**
- **Other**
Strong growth in all business lines of Nutrition & Care has been overshadowed by declining prices in Animal Nutrition and Baby Care

**Animal Nutrition and Baby Care**

- Earnings decline since 2015 due to normalization of methionine price and overcapacities in Baby Care (Superabsorbents)
- 2018 showing clear signs of stabilization

**Other Nutrition & Care business lines**

- Strong earnings growth since 2015 – finally becoming visible in 2018
- Besides Comfort & Insulation (organic growth and M&A-driven), Personal Care and Health Care as major drivers
# Nutrition & Care

## Business Line overview (1/2)

<table>
<thead>
<tr>
<th>Key products</th>
<th>Main Applications</th>
<th>Market position</th>
<th>Main competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal Nutrition</td>
<td>Methionine, Lysine, Threonine, Tryptophan</td>
<td>Feed additives and services for animal nutrition</td>
<td># 1 in Feed Amino Acids</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Chem China/Adisseo, Novus, Ajinomoto, Cheil Jedang</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Baby Care</th>
<th>Personal Care</th>
<th>Household Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superabsorbents</td>
<td>Personal Care</td>
<td>Fabric conditioners, Specialty surfactants</td>
</tr>
<tr>
<td>Baby Care, Female Care, Adult Care</td>
<td># 2-3 in superabsorbents</td>
<td>Laundry care, Home care, Car care</td>
</tr>
<tr>
<td># 3-4 in cosmetic ingredients</td>
<td></td>
<td># 1 in fabric softeners</td>
</tr>
<tr>
<td>BASF, Nippon Shokubai</td>
<td>Ashland, BASF, Croda</td>
<td>AkzoNobel, BASF, Solvay, Stepan</td>
</tr>
</tbody>
</table>

1. Company estimates for relevant markets based on multiple research reports
### Nutrition & Care
#### Business Line overview (2/2)

<table>
<thead>
<tr>
<th>Key products</th>
<th>Main Applications</th>
<th>Market position¹</th>
<th>Main competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care</td>
<td></td>
<td></td>
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<tr>
<td>- Pharmaceutical coatings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Active pharma ingredients</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Pharma grade amino acids</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comfort &amp; Insulation</td>
<td></td>
<td></td>
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<tr>
<td>- Foam stabilizers</td>
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<td></td>
<td></td>
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<tr>
<td>- Catalysts</td>
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<td></td>
<td></td>
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<tr>
<td>- Release agents</td>
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<td></td>
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<tr>
<td>Interface &amp; Performance</td>
<td></td>
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<td></td>
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<tr>
<td>- Release coatings</td>
<td></td>
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<tr>
<td>- Super spreading additives</td>
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<thead>
<tr>
<th></th>
<th>Drug delivery systems for oral and parenteral dosage</th>
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<tbody>
<tr>
<td></td>
<td>Tailor-made pharmaceutical syntheses</td>
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<tr>
<td></td>
<td>Pharma Amino Acids</td>
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</tbody>
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<table>
<thead>
<tr>
<th></th>
<th># 1 Functional Polymers for Controlled Release</th>
</tr>
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<tbody>
<tr>
<td></td>
<td># 3 Exclusive Synthesis</td>
</tr>
<tr>
<td></td>
<td># 3 Pharma Amino Acids</td>
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<thead>
<tr>
<th></th>
<th>Foam stabilizers</th>
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<td></td>
<td>Catalysts</td>
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<td>Release agents</td>
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<tr>
<th></th>
<th>Furniture / appliances</th>
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<tr>
<td></td>
<td>Construction</td>
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<td></td>
<td>Automotive</td>
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|                     | # 1 in polyurethane foam additives                    |

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<th>Maysta</th>
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<td>Momentive</td>
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<td>Dow Corning</td>
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<tr>
<td></td>
<td>Momentive</td>
</tr>
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<td></td>
<td>Wacker</td>
</tr>
</tbody>
</table>

1. Company estimates for relevant markets based on multiple research reports
Spotlight on Nutrition & Care
Pioneer solutions for nutrition, healthcare, personal care and everyday living

A high-value portfolio shaped by the individual needs of our customers

1. Non-cyclical growth trends
   Serving end markets with robust and resilient growth (~5%)

2. Technology platforms
   Strong backbone for innovation & growth
   (e.g. Silicone Chemistry, Advanced Biotechnology)

3. Innovation
   Breakthrough innovations: biodegradable medical devices,
   all-natural cosmetic raw materials, algae-based omega-3 fatty acids

4. Efficiency
   Advance leadership by growth initiatives & efficiency improvements
Portfolio Management – Animal Nutrition
Advance leadership position by growth initiatives and efficiency gains

Strategic review process conducted in Animal Nutrition

Broaden portfolio
...beyond amino acids:
- Probiotics
- CreAMINO®
- Omega-3 fatty acids
- Diagnostics

Manage production setup
- Contract manufacturing for bio-amino acids
- Closure of uneconomic sites (e.g. Threonine in Hungary)
- Synergy realization for lysine and omega-3 production in Blair, NE

Optimize cost base
- Process innovations to improve Methionine production cost base
- Streamlining supply chain
- Evolution of sales & marketing: strict cost-to-serve approach

Double-digit annual growth rates

€50 m p.a. efficiency improvements (“adjust 2020”)
- First savings already in 2018; full savings by 2020
- Reduction of ~270 FTE across all functions
Building a “Care Solutions” Powerhouse
Combining Personal Care & Household Care business lines

**Business Rationale**

- Same customers
- Same competencies, e.g.
  - consumer orientation
  - interfacial chemistry
  - formulation know-how
- Same resources, e.g.
  - Production plants
  - Product & Process Development
  - Customer service center
- Same technologies
- Same raw materials

**Broad Technology Platform**

- Organomodified Silicones
- Betaines
- Esterquats & Alkylquats
- Alkoxylates
- Esters
- Biotechnology
- Ceramides
- Peptides
Evonik Care Solutions
Leading partner for Care applications: Translating technologies into marketable solutions

- ~800 products in our portfolio
- ~17% innovation rate
- 3 acquisitions since 2016
- 8% sales growth 2014-17 CAGR
- ~1,400 direct customers globally

Focus on Specialties

Base Products
e.g. Sec. Surfactants, Quats

Lean Organization / Optimize

Grow and expand portfolio

Exemplary Applications

- Bath & Shower
- Skin Care
- Antiperspirants & Deodorants
- Age Defying

- Hair Care
- Sun Care
- Colour Cosmetics
- Industrial Institutional Cleaning

- Fabric Care
- Drilling Fluid, Hydraulic Fracturing, Cementing Chemicals
- Liquid Laundry Detergent

1 Sales from products/applications introduced in the past five years
Business Line Care Solutions: RHEANCE® Glycolipids / Biosurfactants
Biotechnology for a sustainable step change in cosmetic ingredients

Consumer demand:
Products from 100% renewable natural resource (Traceable to plantation level)

Consumer products:
Multifunctional solution for gentle cleansing enabling 100% biodegradable skin and hair care products with a strong performance and eco-profile

Unique process – Unique products
- Nature-identical biomolecules
- By fermentation of sugars only
- No tropical oils needed
- Based on strong Evonik biotech platform
Evonik Health Care
An enabling portfolio of products, technologies & services for high-value partnerships

> 1,000 customers served worldwide
> 50 core competencies
90% top 50 global pharma
38 nationalities in diverse teams
>60 years of market leadership
customer project pipeline
10 FDA-registered sites
2 innovation growth fields
34 labs and sales offices
6 acquisitions since 2010

Pharmaceuticals
- API contract manufacturing
- Oral and parenteral drug delivery
- Cell culture and tissue engineering

Bioresorbable Implants
- Biomaterials
- Application technologies

Nutraceuticals
- Advanced food ingredients
- Nutraceutical coatings

Creating Health Care Value
- Global security of quality and supply
- Faster speed to market
- Reduced project and regulatory risk
- Improved patient care and convenience
- Differentiated, user-preferred brands
**Business Line Health Care: AvailOm®**
The highest-load Omega-3 powder for cardiovascular and cognitive health

- High-concentration lysine powder complex
  - Minimum of 45 percent EPA and DHA by weight
  - 3-5 times more bioavailable than standard Omega-3 softgels
- Directly compressible to easily combine with other ingredients
- Unmatched protection against oxidation: stable for at least 3 yrs.
- Clearance for use in the U.S., Europe and other markets
- New formulation opportunities for new consumer products

A small, single tablet has the same uptake of EPA and DHA as two fish oil capsules

DHA to help maintain normal brain function with EPA + DHA to maintain normal heart function

Cognitive health
Cardiovascular health
Resource Efficiency
Innovative products for resource-efficient solutions

Key characteristics
- Focus on performance-impacting and value-driving components
- **Minor share of cost** in most end products
- Strong focus on technical service
- **Low risk of substitution**
- High pricing power (**value-based pricing**)

Key products
- Precipitated and fumed silica as flow property enhancers
- Crosslinkers for composite materials and coatings
- Viscosity modifiers for oils and hydraulic fluids

<table>
<thead>
<tr>
<th>Adj. EBITDA (€ m) and margin (%)</th>
<th>19.9</th>
<th>21.4</th>
<th>21.3</th>
<th>20.7</th>
<th>20.9</th>
<th>21.8</th>
<th>21.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>End market split</td>
<td>826</td>
<td>822</td>
<td>818</td>
<td>836</td>
<td>896</td>
<td>977</td>
<td>1,173</td>
</tr>
</tbody>
</table>

End market split
- Automotive, transportation and machinery
- Home, Lifestyle & Personal Care
- Coatings, paintings and printing
- Construction
- Others

Plastics and rubber

Evonik
POWER TO CREATE
## Resource Efficiency
### Business Line overview (1/3)

<table>
<thead>
<tr>
<th>Key products</th>
<th>Silica</th>
<th>Oil Additives</th>
<th>Crosslinkers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Precipitated silica</td>
<td>Lubricant additives (viscosity modifiers)</td>
<td>Crosslinkers for composites, elastomers and coatings</td>
</tr>
<tr>
<td></td>
<td>Fumed silica</td>
<td>Automotive lubes</td>
<td>Composites</td>
</tr>
<tr>
<td></td>
<td>Special oxides</td>
<td>Industrial lubes</td>
<td>Coatings &amp; inks</td>
</tr>
<tr>
<td>Main Applications</td>
<td>Silicone rubber</td>
<td>Hydraulic systems</td>
<td>Construction / Flooring</td>
</tr>
<tr>
<td></td>
<td>Tires, green tires &amp; rubber</td>
<td># 1 in viscosity modifiers for lubricants</td>
<td>Automotive interior</td>
</tr>
<tr>
<td></td>
<td>Paints &amp; coatings</td>
<td># 1 in isophorone chemicals</td>
<td>Coatings &amp; inks</td>
</tr>
<tr>
<td></td>
<td>Adhesives &amp; sealants</td>
<td></td>
<td>Construction / Flooring</td>
</tr>
<tr>
<td>Market position</td>
<td># 1 in silicas (precipitated, fumed, special oxides, matting agents and specialty fillers)</td>
<td></td>
<td># 1 in isophorone chemicals</td>
</tr>
<tr>
<td>Main competitors</td>
<td>Cabot</td>
<td>Infineum</td>
<td>BASF</td>
</tr>
<tr>
<td></td>
<td>Solvay</td>
<td>Lubrizol</td>
<td>Covestro</td>
</tr>
<tr>
<td></td>
<td>Wacker</td>
<td>Afton</td>
<td>Wanhua</td>
</tr>
</tbody>
</table>

1. Company estimates for relevant markets based on multiple research reports
## Resource Efficiency
### Business Line overview (2/3)

<table>
<thead>
<tr>
<th>Key products</th>
<th>Main Applications</th>
<th>Market position¹</th>
<th>Main competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Oxygen</td>
<td>Hydrogen peroxide</td>
<td>Oxidising agent in chemical reactions</td>
<td>Arkema</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pulp &amp; paper bleaching</td>
<td>Solvay</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Electronics</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fish-Farming</td>
<td></td>
</tr>
<tr>
<td></td>
<td># 2 in hydrogen peroxide</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Performance Polymers</td>
<td>High perf. polyamide (PA12)</td>
<td>Automotive components</td>
<td>Arkema</td>
</tr>
<tr>
<td></td>
<td>Polyetheretherketone (PEEK)</td>
<td>Medical</td>
<td>EMS</td>
</tr>
<tr>
<td></td>
<td>Membranes and Polyimide fibres</td>
<td>Oil &amp; gas pipes</td>
<td>Solvay</td>
</tr>
<tr>
<td></td>
<td># 1 in PA12</td>
<td>Additive manufacturing</td>
<td>Victrex</td>
</tr>
<tr>
<td>Coating &amp; Adhesive Resins</td>
<td>Functional resins</td>
<td>Hot melt</td>
<td>Dow</td>
</tr>
<tr>
<td></td>
<td>Adhesive hot melts</td>
<td>Pre coated metal</td>
<td>DSM</td>
</tr>
<tr>
<td></td>
<td>Heat sealants</td>
<td>Protective coatings</td>
<td>Mitsubishi Chemical</td>
</tr>
<tr>
<td></td>
<td>Polybutadiene</td>
<td>Road marking</td>
<td></td>
</tr>
<tr>
<td></td>
<td># 1 in polyester resins</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Company estimates for relevant markets based on multiple research reports
### Resource Efficiency

#### Business Line overview (3/3)

<table>
<thead>
<tr>
<th>Key products</th>
<th>Silanes</th>
<th>Coating Additives</th>
<th>Catalysts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chlorosilanes</td>
<td>Additives for eco-friendly and high solid industrial coatings</td>
<td>Activated base metal catalysts</td>
</tr>
<tr>
<td></td>
<td>Organofunctional silanes</td>
<td></td>
<td>Precious metal catalysts</td>
</tr>
<tr>
<td></td>
<td>Rubber silanes</td>
<td></td>
<td>Catalysts for industrial &amp; petrochemicals</td>
</tr>
<tr>
<td>Main Applications</td>
<td>Fumed silica</td>
<td>Eco-friendly coatings</td>
<td>Catalysts for chemical processes</td>
</tr>
<tr>
<td></td>
<td>Optical fibres</td>
<td>(low VOC, water based)</td>
<td>Enabler for process efficiency / innovation</td>
</tr>
<tr>
<td></td>
<td>Adhesive &amp; sealants</td>
<td></td>
<td>#1 in precious metal powder catalysts</td>
</tr>
<tr>
<td></td>
<td>Building protection</td>
<td></td>
<td>#2 in activated base metal catalysts</td>
</tr>
<tr>
<td>Market position¹</td>
<td># 1 in chlorosilanes</td>
<td># 2 in high performance additives for coatings and inks</td>
<td>BASF</td>
</tr>
<tr>
<td></td>
<td># 1 in organofunctional and rubber silanes</td>
<td># 1-2 in silicone resins for special applications</td>
<td>Clariant</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Johnson Matthey</td>
</tr>
<tr>
<td>Main competitors</td>
<td>Dow Chemical (Dow Corning)</td>
<td>Altana</td>
<td>WR Grace</td>
</tr>
<tr>
<td></td>
<td>Momentive</td>
<td>BASF</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shin Etsu</td>
<td>Dow Chemical (Dow Corning)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tokuyama</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹. Company estimates for relevant markets based on multiple research reports.
Resource Efficiency
True specialty segment as strong value driver for Evonik

High profitability and high-value specialty portfolio

1. Portfolio: High-value and resilient specialty business with broad application scope

2. Financials: Commitment to continue growth track record with resilient EBITDA margins >20%

3. Innovation: Strong technology platforms, application know-how and innovation focus

4. Efficiency: Continue efficiency improvement with focus on SG&A, digitalization and process efficiency
### Resource Efficiency
Diversified auto product portfolio with broad OEM and replacement exposure

#### RE sales by Evonik end markets

<table>
<thead>
<tr>
<th>Segment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home, Lifestyle &amp; Personal Care</td>
<td></td>
</tr>
<tr>
<td>Plastics &amp; Rubber</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Paints &amp; Coatings</td>
<td></td>
</tr>
<tr>
<td>Other transport. &amp; machinery</td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
</tr>
</tbody>
</table>

#### Automotive end market by direct customer industries

<table>
<thead>
<tr>
<th>Main products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rubber silica and silanes</td>
</tr>
<tr>
<td>Methacrylate polymers</td>
</tr>
<tr>
<td>Polyamide 12</td>
</tr>
<tr>
<td>Silica, acetylenediol, silanes, isophorone derivatives</td>
</tr>
<tr>
<td>Polybutadienes, formulated amines, silanes</td>
</tr>
</tbody>
</table>

RE sales split 2017
Business Line Silica
Silica market with strong growth, Evonik leading supplier with full coverage

Silica market
- Market growth: 4-6%, expected to stay clearly above GDP
- Main growth driver: eco-friendly and custom-tailored, steadily new applications
- Market access: reliable and cost competitive raw material base crucial

Evonik positioning
- Only supplier for both, fumed and precipitated silica as well as metal oxides
- Superior process technology (e.g. integrated silica-silane production platform)
- In-house “Verbund” and external raw material partners
- Global production platform (26 sites)
- Regional customer proximity (~200 M&S employees, presence in 100 countries)
- Unique product portfolio with >100 larger volume specialties as well as customized solutions
Business Line Silica
Innovation pipeline goes beyond the existing business

1. Re-innovate product solutions for existing markets
   - New ULTRASIL® grade for SUV tires
     - Growing demand for larger SUVs tires
     - Challenge for tire manufacturers: Sufficient stiffness in spite of their size
     - ULTRASIL® 7800 GR offers the right mix to give SUV tires the needed stiffness, low rolling resistance and improved “grip”
     - This reduces CO2-emissions and lowers fuel consumption by up to 8%

2. Tap into new markets via application development
   - AEROXIDE® as additive in Li-ion batteries
     - Li-ion battery market shows a continued high growth rate, ultimately fueled by the electric vehicle market
     - Key industry challenges are performance, life-time, and safety of the battery
     - AEROXIDE® fumed metal oxides from Evonik help addressing these challenges as additives in Li-ion battery components

3. Create new technology options to enlarge the playing field
   - SPHERILEX® a new silica class
     - New product class, unique, patented manufacturing process and materials
     - Able to produce novel, precipitated silica morphologies with traditional raw materials
     - Ability to control pore size, pore size distribution and surface area
     - Applications examples: oral care, cosmetics and coatings
## Business Line Silica
### Investment highlights

<table>
<thead>
<tr>
<th>Start-up</th>
<th>Investment</th>
<th>Rationale</th>
<th>Precipitated Silica</th>
<th>Fumed Silica</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Acquisition of Huber Silica Business</td>
<td>Excellent complementary fit for high-growth and resilient Silica business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>New precipitated silica plant in South Carolina, USA</td>
<td>World-scale facility close to production plants of large tire manufacturers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>Capacity expansion, Antwerp 2020</td>
<td>Investment in additional fumed silica capacities in Antwerp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>Capacity expansion in Adapazari, Turkey</td>
<td>Investment into additional precipitated silica capacities mainly for tire applications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>Joint Venture with Wynca to produce fumed silica</td>
<td>First fumed silica plant in the attractive Chinese market with strong local partner</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Evonik to expand its leading position in powdered PA 12 for Additive Manufacturing

- Evonik VESTOSINT products have clear USP for powder-based 3D printing (e.g. chemicals resistance, melting point etc.)
- Strong growth potential with ongoing transition from prototyping to manufacturing
- Strong relationships with leading printer manufacturers (e.g. EOS, HP)
- New polyamide 12 powder plant in Marl
  - Investment in the mid double-digit million € range
  - New facility primarily produces high-performance powders for the 3D printing market, which is expanding heavily with double-digit growth rates
## Business Line High Performance Polymers

Several growth markets benefitting from unique Polyamide 12 properties

<table>
<thead>
<tr>
<th>Additive Manufacturing</th>
<th>Mid-term CAGR&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>VESTOSINT®</td>
<td>&gt;15% p.a.</td>
</tr>
<tr>
<td>- PA12 powders for various powder based 3D technologies</td>
<td></td>
</tr>
</tbody>
</table>

Unique PA12 benefit: powder quality (shape & precision)

<table>
<thead>
<tr>
<th>Automotive</th>
<th>VESTAMID®</th>
<th>5-10% p.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>- E.g. fuel lines for conventional vehicles &amp; cooling lines for battery packages</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Unique PA12 benefit: impact & chemical resistance

<table>
<thead>
<tr>
<th>Oil and Gas</th>
<th>VESTAMID® NRG</th>
<th>&gt;10% p.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>- PA12 for large diameter pipes for offshore Oil and Gas production</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- PA12 for onshore gas distribution</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Unique PA12 benefit: high strength & chemical resistance

<table>
<thead>
<tr>
<th>Medical</th>
<th>VESTAMID® Care</th>
<th>5-10% p.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Heart catheters and tubes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Durable medical equipment in imaging devices</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Unique PA12 benefit: biocompatibility

---

1. Evonik estimates
Business Line Coating Additives
Serving the high demand for eco-friendly, water-borne coatings

Challenges & needs:
- Chinese government introduced new coating-regulations to prevent solvent-borne coatings
- First step: only water-borne coatings allowed for container-paintings (China accounts for 90% of worldwide containers-production)
- Increasing use of waterborne coatings also for e.g., wood coatings, protective coatings, industrial coatings

Approach & Solution:
- Evonik as leading player for water-borne coatings
- Strong and innovative portfolio to serve the growing demand for water-borne coatings and applications from various industries
  - Additional double digit million € sales in 2018

Water-borne coatings market

<table>
<thead>
<tr>
<th>Region</th>
<th>CAGR 2013-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>APAC</td>
<td>&gt;9%</td>
</tr>
<tr>
<td>RoW</td>
<td>&gt;4%</td>
</tr>
</tbody>
</table>

2013  | 2018
Performance Materials
Integrated production platforms for efficient production of rubber and plastic intermediates

Key characteristics
- Strong integrated production platforms
- Leading cost positions
- Favorable raw material access
- Focus on continuous efficiency improvements
- High degree of supply reliability

Key products
- Acrylic sheets, molding compounds (PMMA) and its precursors (MMA), e.g. for LED and touch screens
- Butadiene for synthetic rubber
- MTBE as fuel additive

Adj. EBITDA (€ m) and margin (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>761</td>
<td>712</td>
<td>404</td>
<td>325</td>
<td>309</td>
<td>371</td>
<td>658</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>18.8</td>
<td>16.9</td>
<td>10.6</td>
<td>8.5</td>
<td>9.0</td>
<td>11.4</td>
<td>17.5</td>
</tr>
</tbody>
</table>

End market split

- Construction
- Automotive, transportation and machinery
- Plastics and rubber
- Other

Financial figures provided reflect the company's performance from 2011 to 2017.
### Performance Materials

#### Business Line overview (1/2)

<table>
<thead>
<tr>
<th>Performance Intermediates</th>
<th>Methacrylates</th>
<th>Acrylic Products</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key products</strong></td>
<td><strong>Main</strong></td>
<td><strong>Market</strong></td>
</tr>
<tr>
<td>Butadiene</td>
<td>Methylmethacrylate (MMA) &amp; application monomers</td>
<td>Acrylic sheets and semi-finished products (Plexiglas®/Acrylite®)</td>
</tr>
<tr>
<td>MTBE</td>
<td>Molding compounds (PMMA granulate)</td>
<td>PMMA systems</td>
</tr>
<tr>
<td>Butene-1</td>
<td>Coatings</td>
<td>Construction</td>
</tr>
<tr>
<td>Plasticizers (INA &amp; DNP)</td>
<td>PMMA extrusion</td>
<td>Light-weight</td>
</tr>
<tr>
<td></td>
<td></td>
<td>systems</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Automotive</td>
</tr>
<tr>
<td></td>
<td></td>
<td>components</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Main Applications</strong></td>
<td><strong>Market</strong></td>
<td><strong>Main</strong></td>
</tr>
<tr>
<td>Plastics</td>
<td>position¹</td>
<td></td>
</tr>
<tr>
<td>Styrene-Butadiene-Rubber</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High performance polymers</td>
<td># 1 in Butene-1</td>
<td></td>
</tr>
<tr>
<td></td>
<td># 2 in INA</td>
<td></td>
</tr>
<tr>
<td></td>
<td># 1 in INA</td>
<td></td>
</tr>
<tr>
<td></td>
<td># 2 in PMMA molding compounds</td>
<td># 2 in PMMA sheets</td>
</tr>
<tr>
<td></td>
<td># 2 in MMA</td>
<td></td>
</tr>
<tr>
<td></td>
<td># 2 in MMA</td>
<td></td>
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<td></td>
<td># 2 in MMA</td>
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<td></td>
<td># 2 in MMA</td>
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<td></td>
<td># 2 in PMMA</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Market position¹</strong></td>
<td><strong>Main</strong></td>
<td><strong>Main</strong></td>
</tr>
<tr>
<td># 1 in Butene-1</td>
<td></td>
<td></td>
</tr>
<tr>
<td># 2 in INA</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Main competitors</strong></td>
<td><strong>Market</strong></td>
<td><strong>Main</strong></td>
</tr>
<tr>
<td>BASF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sabic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LyondellBasell</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Company estimates for relevant markets based on multiple research reports
### Performance Materials
#### Business Line overview (2/2)

#### Key products
- **Agrochemicals & Polymer Additives**
  - Triacetonamine
  - Crosslinkers
  - Precursors for crop protection

- **Main Applications**
  - Polymer additives
  - Agro chemicals
  - Optical brighteners
  - Photovoltaic

- **Market position**
  - n.a.

- **Main competitors**
  - Lanxess
  - Weylchem

#### Functional Solutions
- **Key products**
  - Alkoxides (e.g. sodium methylate)

- **Main applications**
  - Catalysts for biodiesel production

- **Market position**
  - #1 in alkoxides

- **Main competitors**
  - BASF
  - Smotec

#### CyPlus Technologies
- **Key products**
  - Sodium cyanide
  - Potassium cyanide

- **Main applications**
  - Precious metals mining
  - Fine chemicals

- **Market position**
  - n.a.

- **Main competitors**
  - AGR
  - DuPont
  - Orica

---
1. Company estimates for relevant markets based on multiple research reports
Streamlined setup of Performance Materials segment
Merger Functional Solutions & Agrochemicals business lines

- **Complexity reduction:**
  - On segment level: Going forward, only 2 business lines in Performance Materials
  - On business line level: Reduction of product lines from 5 to 3 (in new Functional Solutions business line)

- **Efficiency improvement:**
  - Further optimization of Chlorine Verbund
  - More efficient supply chain organization
  - Bundling of mgmt. positions and support functions

**Merger Functional Solutions & Agrochemicals:** Bundling of competencies
Performance Intermediates (C4 chain)
Fully integrated production platform in Europe

Capacity overview

End markets
- Rubber
  - Butadiene 320 kt
- Fuel additive
  - MTBE 675 kt
- Polyethylene co-monomer
  - Butene-1 235 kt #1
- Plasticizer alcohol
  - INA/2PH 450 kt #2
- Plasticizer
  - DINP 220 kt #2

Main raw materials
- Naphtha based
- Crack C4 and raffinates
- FCC C4

Fully integrated production set-up making complete use of all C4 fractions

Share of total sales by product

- Butadiene
- MTBE
- 1-Butene
- INA
- Plasticizers
- Specialties

Evonik product

Antwerp Marl
Strategic project to further strengthen our C4 chain

**Target**

C4 “Verbund” optimization through:
- Increased productivity
- Optimization of supply
- Higher product flexibility

**Addressed levers**

- Better utilization and debottlenecking of existing plants
- Better catalysts
- Improved product mix

**Approach**

Holistic evaluation of “Verbund” structure
- Interdisciplinary teams
- Agile cooperation methods like Scrum
- Scope: Products & Markets, Processes & Plants, Innovation

**Financial impact**

Consequent focus on efficiency
- Realization of main strategic targets while spending significantly less capex
- **Capex savings of ~55%** after completion
## Portfolio Management – Methacrylates
### Divestment of Methacrylates business

#### Business Facts

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales in 2017</td>
<td>€1.7 bn</td>
</tr>
<tr>
<td>Sites</td>
<td>18</td>
</tr>
<tr>
<td>Employees</td>
<td>~3,700</td>
</tr>
<tr>
<td>Global market growth</td>
<td>&gt;3%</td>
</tr>
<tr>
<td>Rank globally in MMA and PMMA</td>
<td>#2</td>
</tr>
</tbody>
</table>

1. In operational and service functions

#### Divestment process for Methacrylates initiated

- Methacrylates in good shape and well positioned
- C2 technology “LiMA” opens new opportunities for the business
- Business perspectives cannot be realized with current portfolio role
- Driving process to find a new owner

Access to C2, C3 & C4-based technologies
The new Verbund pools methacrylate competencies
Our claim: the world’s leading methacrylate business

Performance Materials
- Methacrylates
- Acrylic Products
- CyPlus
- MMA Resins*

Resource Efficiency
- Site-based and administrative services

Technology & Infrastructure
- Administration Services

Services

Methacrylate “Verbund”
- Excellent Verbund structures
- Strong brands
- Highly qualified employees
- Leading technologies
- Leading market position
- Operational excellence
- Intelligent innovations

* Product groups: Protective Coatings & Inks, Roadmarking & Flooring
Based on our analysis, we believe that LiMA has a strong potential to produce MMA at lower costs and with lesser environmental impact than Lucite’s Alpha process.

IHS PEP Review
Appendix

1. Strategy Details
2. Acquisition of PeroxyChem
3. Segment overview
4. Financials
5. Upcoming events
Recent cost initiatives
Program to achieve cost excellence in admin and selling initiated

Scope

Selling, General & Admin

Administration Excellence
Measures with savings potential
>€200 m implemented
Project focus, e.g.: implementation of Service Hubs, SAP harmonization, etc.

Cost initiative

On Track organization transferred into a continuous factor cost compensation program
~€120 m p.a.

On Track

On Track 2.0

SG&A 2020
Focus on all admin and selling functions

€200 m
by end of 2020, full effect in 2021

Scope

Production, Technology & Procurement

€500 m
>€600 m

2008
2016
2018
2020
Capex 2018
~€1 bn despite additional €150 m for Me6 plant

- Additional ~€150 m capex for Me6 plant in Singapore compared to prior year (total Me6 spending in 2018: ~€300 m)
- Overall lower capex in 2018 due to high capex discipline in form of reduced maintenance capex or postponement of projects

**Capex development**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guidance</td>
<td>1,078</td>
<td>~€1 bn</td>
</tr>
</tbody>
</table>

**Top growth projects 2018**

- **Methionine 6 (Me6)**
  - More than half a billion €, 2016-2019
  - Singapore

- **Extension precipitated silica**
  - ~€100 m; 2016-2018
  - Charleston, South Carolina

- **Extension of fumed silica**
  - Upper double-digit million €, 2017-2019
  - Antwerp

- **Veramaris (Green Ocean)**
  - ~€100 m (Evonik share), 2017-2019
  - Blair, Nebraska
Investments
Capex with significant decrease since 2013 – focus on growth segments

- Capex focus on the two growth segments
- **Sustainable capex level going forward: ~€900 - 950 m**
- Sizable investment projects will result in slightly elevated levels during project time (e.g. second Methionine plant in Singapore with more than half a billion € of Capex between 2016 and 2019, peaking in 2018)

### Capex spending (in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Capex (€ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>960</td>
</tr>
<tr>
<td>2013</td>
<td>1,140</td>
</tr>
<tr>
<td>2014</td>
<td>1,123</td>
</tr>
<tr>
<td>2015</td>
<td>877</td>
</tr>
<tr>
<td>2016</td>
<td>960</td>
</tr>
<tr>
<td>2017</td>
<td>1,078</td>
</tr>
<tr>
<td>2018E</td>
<td>~€1 bn</td>
</tr>
</tbody>
</table>

Capex 2017 for chemical segments
Investments
Selective projects announced for 2018/2019

Investment projects successfully completed …

Polyimide membrane exp.
Austria
Rationale: strengthen growth in attractive gas separation market and position as technology leader for membrane-based gas separation

PA12 powder exp.
Germany
Rationale: additional capacities target highly attractive growth markets (e.g. 3-D printing) and solidifies leading market position for PA 12

Specialty silicones plant
China
Rationale: local production increases flexibility in the fast growing market for specialty silicones (e.g. used in polyurethane, paints, and coatings)

… and projects with start-up planned for 2019

Veramaris JV (Green Ocean)
United States
Start-up: 2019
Volume: ~€100 m

Extension of fumed silica
Belgium
Start-up: 2019
Volume: upper double-digit million €

New methionine plant (Me6)
Singapore
Start-up: 2019
Volume: >€500 m
Maintaining a solid investment grade rating is a central element in our financing strategy.

Both rating agencies affirmed its ratings in 2018 based on:

- Strong business profile underpinned by significant size and leading global market positions
- Greater-than-peer diversity in terms of end-markets and product range
- Acquisitions of Air Products Specialty Additives and Huber Silica enhances the specialty chemicals portfolio
- Supportive financial policy and management’s commitment to a solid investment-grade rating
Debt structure
Well balanced maturity profile

(in € m as of September 30, 2018)

- Well balanced debt maturity profile with no single maturity greater than €750 m
- Long-term capital market financing secured under favorable conditions: average coupon of only 0.74% p.a. on €3.15 bn senior bonds and 2.125% p.a. on €0.5 bn hybrid bond
- Undrawn €1.75 bn syndicated revolving credit facility maturing June 2023 (plus one-year extension option) provides comfortable level of back-up liquidity

1. Formal lifetime of 60 years; first redemption right for Evonik in 2022
Development of net debt and leverage over time

(in € m)

- Decrease of net financial debt during Q3 due to positive operating cash flow development
- Increase of discount rate for Germany (from 1.75% to 2.00%, as per September 30, 2018) resulting in decrease in pension provisions
- Net financial debt development 2017 mainly driven by acquisition-related purchase price payments (in particular APD and Huber Silica)
- Pension provisions are partly balanced by corresponding deferred tax assets of ~€1.1 bn
- More than half of total net debt consists of long-dated pension obligations; average life of DBO exceeds 15 years

<table>
<thead>
<tr>
<th>Year</th>
<th>Net financial debt</th>
<th>Pension provisions</th>
<th>Total leverage</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3,331</td>
<td>1.4x</td>
<td></td>
<td>-571</td>
<td>-400</td>
<td>-1,098</td>
<td>-1,111</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>3,953</td>
<td>1.9x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>3,349</td>
<td>0.9x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>3,852</td>
<td>1.3x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>3,023</td>
<td>2.8x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1 2018</td>
<td>3,817</td>
<td>4.287</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2 2018</td>
<td>2,984</td>
<td>2.9x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3 2018</td>
<td>3,478</td>
<td>3.0x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,852</td>
<td>2.6x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Total leverage defined as (net financial debt - 50% hybrid bond + pension provisions) / adj. EBITDA LTM | 2. Calculated annually

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3.84</td>
<td>2.65</td>
<td>2.91</td>
<td>2.16</td>
<td>2.12</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>2014</td>
<td>3.75</td>
<td>2.50</td>
<td>2.75</td>
<td>2.00</td>
<td>2.00</td>
<td>1.75</td>
<td>1.75</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Evonik Group global discount rate (in %)^2
Evonik discount rate for Germany (in %)
Pensions
Pension funding overview as of 31 December 2017

- Pensions very long-term, patient debt (>16 years) with no funding obligations in Germany
- DBO level of €11.6 bn yoy stable (interest rate unchanged at 2.00%)
- Funding ratio increased to ~70% mainly due to positive development of pension asset

![Pensions funding overview chart](chart.png)

- Unfunded (~ pension provision on balance sheet)
- Pension fund / reinsured support fund: 31%
- Funded outside Germany: 30%
- Funded through Evonik CTA: 9%

Funding level increased to ~70%
Pensions
Sensitivity to discount rate changes

Sensitivity analysis\(^1\):
Increase (decrease) in discount rate by 100 bp in year x

<table>
<thead>
<tr>
<th>Impact in year x</th>
<th>Impact in year x+1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel costs:</strong></td>
<td><strong>Personnel costs:</strong> decrease (increase) due to lower (higher) service costs</td>
</tr>
<tr>
<td>no impact</td>
<td></td>
</tr>
<tr>
<td><strong>Finance costs:</strong></td>
<td><strong>Finance costs:</strong> increase (decrease) due to higher (lower) pension interest</td>
</tr>
<tr>
<td>no impact</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow:</strong></td>
<td><strong>Cash flow:</strong></td>
</tr>
<tr>
<td>no impact</td>
<td>no impact</td>
</tr>
<tr>
<td><strong>DBO:</strong> decrease (increase) of DBO by -€1.7 bn (+€2.2 bn) against equity and deferred tax liabilities (assets)</td>
<td><strong>DBO:</strong> no impact</td>
</tr>
</tbody>
</table>

---

1. Excluding any effects from potential actuarial changes and changes in the valuation of plan assets
## Pensions
### Breakdown of P&L and cash flow effects

<table>
<thead>
<tr>
<th>P&amp;L Item / KPI</th>
<th>2016</th>
<th>2017</th>
<th>Annual report ‘17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service costs</td>
<td>Adj. EBITDA</td>
<td>-180</td>
<td>-200</td>
</tr>
<tr>
<td>Interest costs</td>
<td>Net interest expense</td>
<td>-297</td>
<td>-243</td>
</tr>
<tr>
<td>Exp. return on plan assets</td>
<td>Net interest expense</td>
<td>+207</td>
<td>+166</td>
</tr>
<tr>
<td>Other</td>
<td>Adj. EBITDA</td>
<td>-44</td>
<td>-33</td>
</tr>
<tr>
<td>Total pension expense</td>
<td></td>
<td>-316</td>
<td>-310</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>P&amp;L item / KPI</th>
<th>2016</th>
<th>2017</th>
<th>Annual report ‘17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits paid</td>
<td></td>
<td>-428</td>
<td>-462</td>
</tr>
<tr>
<td>Benefits paid from plan assets</td>
<td>From defined benefit plans</td>
<td>+181</td>
<td>+210</td>
</tr>
<tr>
<td>Contribution to plan assets (excl. CTA)</td>
<td></td>
<td>-152</td>
<td>-186</td>
</tr>
<tr>
<td>Payments under defined contribution plans</td>
<td></td>
<td>-166</td>
<td>-178</td>
</tr>
<tr>
<td>Total cash out for pensions (excl. CTA)</td>
<td></td>
<td>-565</td>
<td>-616</td>
</tr>
</tbody>
</table>
## Transition of “Changes in provisions for pensions” in Operating Cash Flow

Based on 2017 financials

<table>
<thead>
<tr>
<th>Service Costs</th>
<th>Others (Employees’ contribution)</th>
<th>Non-cash related pensions expenses</th>
<th>Benefits paid</th>
<th>Benefits paid from external plan assets</th>
<th>Direct pension payments</th>
<th>Employers’ contribution</th>
<th>Cash-out DB plans</th>
<th>Changes in &quot;provisions for pensions&quot; (in OCF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>200</td>
<td></td>
<td></td>
<td>-462</td>
<td>+210</td>
<td>-252</td>
<td>-186</td>
<td>-438</td>
<td>-202</td>
</tr>
<tr>
<td>33</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Pension expenses included in EBIT (starting point for CF) – no cash out

Cash-outs for Defined Benefit plans

Delta as part of OCF
### Financial track record

#### Sales (in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Carbon Black</th>
<th>Real Estate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>10,518</td>
<td>9,267</td>
<td>19,785</td>
</tr>
<tr>
<td>2010</td>
<td>13,300</td>
<td>11,701</td>
<td>25,001</td>
</tr>
<tr>
<td>2011</td>
<td>14,540</td>
<td>13,316</td>
<td>27,856</td>
</tr>
<tr>
<td>2012</td>
<td>13,365</td>
<td>12,708</td>
<td>26,073</td>
</tr>
<tr>
<td>2013</td>
<td>12,917</td>
<td>12,917</td>
<td>25,834</td>
</tr>
<tr>
<td>2014</td>
<td>13,507</td>
<td>12,732</td>
<td>26,239</td>
</tr>
<tr>
<td>2015</td>
<td>14,383</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Adj. EBITDA (in € m) / margin

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,607</td>
<td>2,365</td>
<td>2,768</td>
<td>2,467</td>
<td>1,989</td>
<td>1,882</td>
<td>2,465</td>
<td>2,165</td>
<td>2,357</td>
</tr>
</tbody>
</table>

1. Excluding Carbon Black
## Segment overview by quarter

<table>
<thead>
<tr>
<th>Sales (in € m)</th>
<th>FY 2016</th>
<th>Q1/17</th>
<th>Q2/17</th>
<th>Q3/17</th>
<th>Q4/17</th>
<th>FY 2017</th>
<th>Q1/18</th>
<th>Q2/18</th>
<th>Q3/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nutrition &amp; Care</td>
<td>4,316</td>
<td>1,120</td>
<td>1,163</td>
<td>1,110</td>
<td>1,114</td>
<td>4,507</td>
<td>1,119</td>
<td>1,189</td>
<td>1,167</td>
</tr>
<tr>
<td>Resource Efficiency</td>
<td>4,473</td>
<td>1,360</td>
<td>1,367</td>
<td>1,358</td>
<td>1,308</td>
<td>5,393</td>
<td>1,398</td>
<td>1,481</td>
<td>1,426</td>
</tr>
<tr>
<td>Performance Materials</td>
<td>3,245</td>
<td>959</td>
<td>910</td>
<td>913</td>
<td>970</td>
<td>3,751</td>
<td>995</td>
<td>1,025</td>
<td>1,034</td>
</tr>
<tr>
<td>Services</td>
<td>683</td>
<td>193</td>
<td>174</td>
<td>172</td>
<td>178</td>
<td>717</td>
<td>163</td>
<td>172</td>
<td>164</td>
</tr>
<tr>
<td>Corporate / Others</td>
<td>15</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>15</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Evonik Group</td>
<td>12,732</td>
<td>3,636</td>
<td>3,618</td>
<td>3,556</td>
<td>3,573</td>
<td>14,383</td>
<td>3,678</td>
<td>3,870</td>
<td>3,794</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adj. EBITDA (in € m)</th>
<th>FY 2016</th>
<th>Q1/17</th>
<th>Q2/17</th>
<th>Q3/17</th>
<th>Q4/17</th>
<th>FY 2017</th>
<th>Q1/18</th>
<th>Q2/18</th>
<th>Q3/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nutrition &amp; Care</td>
<td>1,006</td>
<td>187</td>
<td>201</td>
<td>188</td>
<td>172</td>
<td>747</td>
<td>209</td>
<td>222</td>
<td>212</td>
</tr>
<tr>
<td>Resource Efficiency</td>
<td>977</td>
<td>297</td>
<td>318</td>
<td>311</td>
<td>247</td>
<td>1,173</td>
<td>325</td>
<td>366</td>
<td>338</td>
</tr>
<tr>
<td>Performance Materials</td>
<td>371</td>
<td>157</td>
<td>168</td>
<td>172</td>
<td>161</td>
<td>658</td>
<td>179</td>
<td>196</td>
<td>172</td>
</tr>
<tr>
<td>Services</td>
<td>151</td>
<td>43</td>
<td>38</td>
<td>49</td>
<td>3</td>
<td>133</td>
<td>49</td>
<td>35</td>
<td>49</td>
</tr>
<tr>
<td>Corporate / Others</td>
<td>-340</td>
<td>-89</td>
<td>-85</td>
<td>-80</td>
<td>-100</td>
<td>-354</td>
<td>-83</td>
<td>-77</td>
<td>-79</td>
</tr>
<tr>
<td>Evonik Group</td>
<td>2,165</td>
<td>595</td>
<td>640</td>
<td>640</td>
<td>483</td>
<td>2,357</td>
<td>679</td>
<td>742</td>
<td>692</td>
</tr>
</tbody>
</table>

2017 financials restated for IFRS 15
Raw material split

Total procurement volume 2017 (in € m)

Breakdown of raw material spend¹ (examples)

Bio
- Dextrose
- Fatty alcohols
- Tallow fatty acid
- Fatty acids
- Tallow

Fossil
- Crack C4
- Propylene
- Acrylic acid
- Acetone
- Methanol

Inorganic & other
- Sodium silicate
- Sodium hydroxide
- Silicon metal

¹. Raw material spend 60% of total procurement volume in 2017
### Management compensation

<table>
<thead>
<tr>
<th>Fixed salary</th>
<th>~1/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be paid in cash for each financial year on a monthly basis</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bonus</th>
<th>~1/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay-out calculated on the basis of the achievement of focused KPIs; aligned to mid-term strategic targets:</td>
<td></td>
</tr>
<tr>
<td>1. Progression towards EBITDA margin target</td>
<td></td>
</tr>
<tr>
<td>2. EBITDA growth (yoy)</td>
<td></td>
</tr>
<tr>
<td>3. Contribution to group’s FCF target</td>
<td></td>
</tr>
<tr>
<td>4. Accident performance</td>
<td></td>
</tr>
<tr>
<td>Factor of between 0.8 and 1.2 to take into account the achievement of further individual targets</td>
<td></td>
</tr>
<tr>
<td>Bonus capped at 200% of initial target</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Long-term incentive plan</th>
<th>~1/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Granted LTI target amount is calculated in virtual shares (4-year lock-up)</td>
<td></td>
</tr>
<tr>
<td>Value of LTI to mirror the development of Evonik’s share price (incl. dividends)</td>
<td></td>
</tr>
<tr>
<td>Amount payable is determined by two performance elements</td>
<td></td>
</tr>
<tr>
<td>Absolute performance: Real price of the Evonik share</td>
<td></td>
</tr>
<tr>
<td>Relative performance against external index benchmark (MSCI Chemicals)</td>
<td></td>
</tr>
<tr>
<td>Bonus capped at 300% of initial amount</td>
<td></td>
</tr>
<tr>
<td>To be paid out in cash after lock-up period</td>
<td></td>
</tr>
</tbody>
</table>
Six strong Innovation Growth Fields within the growth engines
Leveraging our core competencies into new highly attractive markets

Additional contribution to sales from all six Innovation Growth Fields more than €1 billion by 2025
Our sustainability targets 2017 and beyond

<table>
<thead>
<tr>
<th>Strategy and Growth</th>
<th>Governance and Compliance</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Development of methods and indicators for sustainable portfolio management</td>
<td>▪ 20% women at 1st and 2nd management level below Executive Board (2019)</td>
<td>▪ Establish a learning strategy for the ongoing development of various employee groups</td>
</tr>
<tr>
<td><strong>Value chain and Products</strong></td>
<td><strong>Environment</strong></td>
<td><strong>Safety</strong></td>
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<td>▪ 20 supplier sustainability audits according to TFS¹</td>
<td><strong>Reduce</strong></td>
<td>▪ Accident frequency rate ≤ 1.3</td>
</tr>
<tr>
<td>▪ &gt; €1 bn additional sales in R&amp;D growth fields (2025)</td>
<td>▪ specific GHG emissions by 12% (2020)</td>
<td>▪ Incident frequency rate ≤ 48</td>
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<tr>
<td></td>
<td>▪ specific water intake by 10% (2020)</td>
<td>▪ Occupational Health Performance Index ≥ 5</td>
</tr>
</tbody>
</table>

¹ TFS: The Forum for Sustainability Targets
Sustainability Ratings & Rankings: Evonik well positioned

Our commitment has been recognized by

- CDP Climate Change (A-, Index-Leader MDAX)
- CDP Water (B)
- Oekom Research (prime standard B-)
- Sustainalytics (among Top 5 within chemical sector)
- Together for Sustainability/ecoVadis ("Gold Standard")
- FTSE4Good Europe, FTSE4Good Global
- STOXX® Global ESG Leaders
Appendix

1. Strategy
2. Acquisition of PeroxyChem
3. Segment overview
4. Financials
5. Upcoming events
## Upcoming IR events

<table>
<thead>
<tr>
<th>Conferences &amp; Roadshows</th>
<th>Upcoming Events &amp; Reporting Dates</th>
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<tbody>
<tr>
<td><strong>8 November</strong> Roadshow Frankfurt</td>
<td><strong>5 March 2019</strong> FY 2018 reporting</td>
</tr>
<tr>
<td><strong>13 November</strong> UBS European Conference, London</td>
<td><strong>7 May 2019</strong> Q1 2019 reporting</td>
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<tr>
<td><strong>13 November</strong> Morgan Stanley Global Chemicals Conference, Boston</td>
<td><strong>28 May 2019</strong> AGM</td>
</tr>
<tr>
<td><strong>14 November</strong> Roadshow London</td>
<td><strong>1 August 2019</strong> Q2 2019 reporting</td>
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<tr>
<td><strong>21 November</strong> Kepler Cheuvreux One-Stop-Shop, Dublin</td>
<td><strong>5 November 2019</strong> Q3 2019 reporting</td>
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<td><strong>22 November</strong> Roadshow Edinburgh</td>
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<tr>
<td><strong>29 November</strong> Société Générale Premium Review Conference, Paris</td>
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<tr>
<td><strong>4 December</strong> Credit Suisse Specialty Chemicals Conference, London</td>
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<tr>
<td><strong>5 December</strong> Berenberg European Conference, Pennyhill</td>
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<tr>
<td><strong>6 December</strong> Bank of America Chemicals Conference, London</td>
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