Highlights

- Delivering on financial targets:
  - Stable EBITDA in FY 2019 despite more difficult macro environment: adj. EBITDA at €2,153 m (2018: €2,150 m)
  - FCF increased to €717 m (2017: €526 m); cash conversion improved to beyond 30%" "
  - Stable and attractive dividend proposed (€1.15)

- Outlook 2020 (including PeroxyChem):
  - Adj. EBITDA between €2.0 billion and €2.3 billion
  - FCF to rise slightly

- New divisional structure: Next logical step in our portfolio transformation

Group business development Q4 2019

- Sales increased by +1% to €3,284 m (Q3 2019: €3,261 m)
  - Stable volumes (+/-0%) on group level; NC (+1%) and PM (+9%) with positive volumes, difficult market environment for auto & coatings businesses leading to decline in RE (-4%)
  - Prices negative (-4%); ongoing solid pricing in RE (+/-0%); declines in NC (-5%); still methionine-related and PM (-14% due to noticeably lower C4 spreads)

- Adj. EBITDA of €505 m; +26% yoy (Q4 2019: €402 m)
  - Higher yoy earnings in all chemical segments & strict cost awareness on all levels
  - RE (€314 m, +23%); ongoing challenging market environment for auto & coatings businesses, conversely continued solid pricing, cost savings and license income in Active Oxygen business (~€40 m in Q4); EBITDA margin remaining well above 22%
  - NC (€170 m, +2%) with yoy higher earnings for the first time in 2019; strong finish in Care Solutions and Health Care; methionine with sequentially almost stable prices and ongoing strong volumes
  - PM (€50 m; +9%) Higher volumes (prior year burdened by low Rhine water level and limited raw material availability); price decline due to yoy weaker Butadiene and INA spreads; as guided, Q4 with ~€10 m negative impact from compressor failure in C4 businesses

- Services & Corporate/Others with expected positive effects from strict cost discipline

- Adj. EBITDA margin on Group level at 15.4% (Q4 2018: 12.3%)
- Increase in R&D from €202 m to €252 m mainly due to first time application of IFRS 16 (positive effect of €142 m in FY 2019 after final assessment of leasing contract structure and new tolling contracts due to M&A divestment)

- Adj. EPS at €0.50 (Q4 2018: €0.36)
  - Low tax rate of ~13% due to positive effects from deferred tax revaluation and release of tax risk provisions

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"We have achieved our targets in 2019. For 2020, there are for sure some opportunities in our businesses - but the macro side remains challenging. So, we look ahead with confidence and will stick to what we have established: give a solid and reliable guidance and deliver on our promises!" Christian Kullmann, CEO
Highlights from cash flow statement & balance sheet 2019

**Cash Flow Statement**
- FCF 2019 at €717 m (excl. carve-out taxes), yoy improvement driven by strict NWC management, high capex discipline and lower pension cash-out (CTA reimbursement)
- Cash conversion (FCF/adj. EBITDA) improved from 24.5% to 33.3% in 2019

**Balance Sheet**
- Net financial debt increased sequentially to €2,141 m (from €1,734 m end of Q3), mainly due to the acquisition of a Vivawest stake from the CTA (€369 m) to increase liquidity in our pension assets in-line with the new CTA reimbursement strategy implemented last year
- Pension provisions decreased to €3,967 m (from €4,640 m end of Q3) due to higher discount rate in Germany (from 1.0% to 1.3%)
- Leverage (net debt/adj. EBITDA) now at 2.7x; net financial debt leverage at 0.9x

**Outlook for FY 2020**
- **Basis for our outlook:**
  - Low growth environment expected to continue; no macro recovery assumed (global growth of 2.5% in 2020 (2019: 2.6%))
  - Effects from Corona virus included in outlook (Assumption: ~ €30 m for Q1)
  - Internal raw material cost index slightly lower than in the prior year

- **Outlook for the full year 2020**
  - Sales stable (2019: €13.1 bn)
  - Adj. EBITDA between €2.0 and €2.3 bn (2019: €2.153 m)
  - FCF slightly higher than 2019 (2019: €717 m)

- **Expected development by segment:**
  - **Resource Efficiency:** Earnings at least stable
    - Resilient performance expected for majority of businesses
    - Lower growth in Auto-related end markets to continue
    - High level of license income will not reoccur in 2020
    - 11 months contribution from PXC.
  - **Nutrition & Care:** Slightly higher earnings
    - Resilience and earnings growth expected for Health & Care
    - Strong volumes and assumption of stable Methionine price (yoy annual average)
    - Lower earnings contribution from Baby Care
  - **Performance Materials:** Stable to slightly lower earnings
    - Continued price weakness leading to lower product spreads year-on-year
    - Negative impact from limited raw material supply and plant outages should not reoccur
Additional indications for FY 2020 (cont. operations)

- PeroxyChem: included in outlook with 11 months (2019: ~USD300 m sales, ~USD60 m adj. EBITDA)
- ROCE: around the level of 2019 (2019: 8.6%)
- Capex: around the already low level of 2019 (2019: €842 m)
- EUR/USD sensitivity: +/-1 USD cent = +/- ~€7 m adj. EBITDA (FY basis)
- Adj. EBITDA Services: around the level of 2019 (2019: €122 m)
- Adj. EBITDA Corporate / Others: slightly more negative than 2019 (2019: -€211 m)
- Adj. D&A: around the level of 2019 (2019: €952 m)
- Adj. net financial result: around -€100 m (2019: -€185 m) due to bond payback and lower interest rates for pensions
- Adj. tax rate: back to a normalized rate of ~27% (2019: 20%; MMA-related)

New divisional structure

- Reporting in new structure will start from Q3 2020 onwards

- Clear benefits of new divisional structure:
  - Structure follows strategy: Logical evolution of defined growth engines into divisional structure
  - Clearly defined strategic roles (Growth & Efficiency)
  - Higher transparency
  - Easier-to-understand and to model (common themes, drivers & end markets for each division)
  - Smoother internal management (e.g. technology platforms assigned to single divisions)

- Four new operational divisions:
  - Specialty Additives: Broad spectrum of performance-defining additives making the key difference in industrial applications for coatings, polyurethane foam & lubricants
  - Nutrition & Care: Sustainable solutions for consumer markets, particularly in pharmaceutical, personal care, and nutrition industries. Quarterly sales for sub-divisions “Animal Nutrition” and “Health & Care”
  - Quarterly sales for sub-divisions “Inorganics” and “Polymers”
  - Performance Materials: Leading platforms with efficient processes for production of intermediates and superabsorbent polymers

Further details @ CMD 2020 on 1 April
Resource Efficiency (RE)

Sales slightly decreased by -1% to €1,387 m (Q4 2018: €1,402 m)
  - Difficult market environment for auto & coatings businesses continued in Q4, visible in yoy declining volume (-4%)

Adj. EBITDA increased by +23% to €314 m (Q4 2018: €265 m)
  - High EBITDA margin level of 22.6% due to continued solid pricing, cost savings and license income
  - Oil Additives, High Performance Polymers and Crosslinkers with resilient performance throughout the year
  - License income from two projects in Active Oxygens business with positive EBITDA impact of ~€40 m in Q4

Coating Additives: Continued slow demand for water-borne coatings for container industry in China as well as coatings for automotive

Crosslinkers: Demand remained healthy driven by composites applications for wind energy; further support from low raw material prices (mainly Acetone)

High Performance Polymers: Resilient business performance supported by price increases in polymer business and positive product mix towards Membranes and 3D printing business

Silica: Slower demand for industry-linked applications like sealants and silicones for automotive continued, while tire business holding up well

Active Oxygen: Specialty applications on continuous growth path, overall Q4 performance supported by ~€40 m license income
Nutrition & Care (N&C)

Sales decreased by -1% to €1,163 m (Q4 2018: €1,172 m)
- Volumes slightly positive (+1%); high volumes in Animal Nutrition continue to be mitigated by planned shift from bulk to specialty products (in Care Solutions and for Veramaris JV)
- Prices down by -5%; mainly due to high comparables in methionine

Adj. EBITDA increased by +2% yoy to €170 m (Q4 2018: €167 m)
- Adj. EBITDA slightly up yoy due to strong finish in Care Solutions and back-end loaded Health Care earnings

**Care Solutions:** Solid performance of Cosmetic Solutions and Active Ingredients in 2019. Overall lower volumes due to planned upgrade in product mix

**Health Care:** As anticipated, earnings picked up in H2 2019. Overall, FY 2019 with yoy stable earnings (end of large legacy contract compensated by underlying growth)

**Comfort & Insulation:** Subdued business in auto-related applications more than compensated by higher demand from consumer durables and isolation end-markets

**Baby Care:** Improvement from a low base in 2019. Self-help measures with positive effect. Price pressure increasing in 2020

**Animal Nutrition:** Methionine with ongoing strong volumes, sequentially almost stable pricing. Positive market sentiment and price trend visible into 2020

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**Table:**

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>Q4 2019</th>
<th>yoy Δ%</th>
<th>Q4 2019 Consensus*</th>
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* Vara Consensus 29 January 2020
Performance Materials (PM)

- **Sales** decreased by -2% to €495 m (Q4 2018: €506 m)
  - Volumes positive (+9%); volumes in prior year negatively impacted by low Rhine water levels
  - Prices down (-14%) mainly because of yoy lower Butadiene and INA spreads

- **Adj. EBITDA** increased by +9% to €50 m (Q4 2018: €46 m)
  - Easier comparables as prior year already with ~€20 negative effect from low Rhine water levels.
  - Higher volumes in Performance Intermediates more than compensated by yoy weaker spreads for C4 derivatives
  - Additionally, and as guided, Q4 2019 with ~€10 m negative impact from compressor failure in C4 businesses.

- **Performance Intermediates:**
  - Higher yoy volumes as prior year was burdened by low Rhine water level
  - Weaker market demand and spreads for petrochemical derivatives (Butadiene, INA, Butene-1)
  - Despite winter season, strong MTBE demand in Europe

- **Functional Solutions:**
  - Very solid performance continues due to continued high demand from Biodiesel market for Alkoxides

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<table>
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<tr>
<th></th>
<th>Q4 2018</th>
<th>Q4 2019</th>
<th>yoy Δ%</th>
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<th>yoy Δ%</th>
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<td>1.0 pp</td>
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<td>0.3 pp</td>
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<td>45</td>
<td>48</td>
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*Vara Consensus 29 January 2020*
Analyst & Investor Fact Sheet Q4 2019

Services

- Q4 2019 with usual seasonality; last year’s earnings with higher reimbursement from Services to operating segments

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<th>in € million</th>
<th>Q4 2018</th>
<th>Q4 2019</th>
<th>yoy Δ%</th>
<th>Q4 2019 Consensus*</th>
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<th>2019</th>
<th>yoy Δ%</th>
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<td>139</td>
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Corporate / Others

- Visible positive effects from initiated efficiency programs as well as positive year-end effects

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<tr>
<th>in € million</th>
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<th>Q4 2019</th>
<th>yoy Δ%</th>
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Tel. +49-201-177-3146
E-Mail: investor-relations@evonik.com

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