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2. Strategy
3. Financials Q1 2020
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LEADING BEYOND CHEMISTRY
TO IMPROVE LIFE, TODAY AND TOMORROW
Leading Beyond Chemistry – Our purpose
Evonik on the way to become the world’s best specialty chemicals company

- Leading market positions in 80% of our business
- Leading key financial indicators
- Connecting skills and perspectives
- Develop solutions together with partners
- Sustainability key driver of growth
- Clear focus on specialty chemicals
- Target 100% specialty portfolio

Video “We are Evonik”
Leading Beyond Chemistry – Growth divisions
Specialty chemicals portfolio with strong positioning and attractive financials

**Specialty Additives**
- Leading positions in performance-defining specialty additives

**Nutrition & Care**
- Innovation leader in resilient Health & Care market
- Building a system house for Sustainable Animal Nutrition

**Smart Materials**
- Leading player in inorganic specialties and high performance polymers

**Strong positioning...**

**... and attractive financials**

- **Specialty Additives**
  - Sales 2019: €3,381 m
  - Margin level of 26%
  - ROCE of 18%

- **Nutrition & Care**
  - Sales 2019: €2,922 m
  - Margin level of 16%
  - ROCE of 8%

- **Smart Materials**
  - Sales 2019: €3,371 m
  - Margin level of 19%
  - ROCE of 16%
Leading in Innovation – Growth fields and sales target
On track to achieve target of >1 bn sales from innovation

Innovation Growth Fields

- Advanced Food Ingredients
- Additive Manufacturing
- Sustainable Nutrition
- Cosmetic Solutions
- Membranes
- Healthcare Solutions

Sizeable sales base established in all growth fields
Above-average margin contribution

Sales contribution Innovation Growth Fields

From “zero” to ~€300 m in just 4 years

> €1 bn by 2025

25% p.a. (CAGR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>~0 m</td>
</tr>
<tr>
<td>2016</td>
<td>~0 m</td>
</tr>
<tr>
<td>2017</td>
<td>~0 m</td>
</tr>
<tr>
<td>2018</td>
<td>~0 m</td>
</tr>
<tr>
<td>2019</td>
<td>~0 m</td>
</tr>
<tr>
<td>2025</td>
<td>~300 m</td>
</tr>
</tbody>
</table>
Evonik aligned to sustainability
Sustainability as part of portfolio and strategic management processes

Excellent Rankings

Sector leading rankings
Evonik amongst leaders in all relevant ratings – “A” MSCI ESG rating\(^1\), EcoVadis “Gold” rating, “B-” ISS Oekom\(^2\) and “B” CDP rating\(^3\)

Environmental Targets

Ambitious environmental targets
Evonik’s sustainability strategy 2020+ with ambitious climate and water targets

Portfolio Management

Portfolio aligned to sustainability
>30% of sales with superior sustainability benefits to customers; integration of sustainability into strategic management processes and decisions

1. Rating on a scale of AAA to CCC | 2. Rating on a scale of A+ to D- | 3. Rating on a scale of A+ to D-
Evonik – A compelling equity story today and tomorrow
Leading beyond chemistry to drive shareholder value

**Ongoing portfolio transformation**
- Target: Specialty portfolio with 100% growth businesses

**Innovation & Sustainability as growth drivers**
- €1 bn additional sales from innovation growth fields by 2025
- Growing portfolio share of “Next generation solutions”

**Ambitious financial targets**
- EBITDA margin: 18-20%
- Cash conversion ratio: >40%
- ROCE: 11%

**Performance-driven corporate culture**
- Further drive gender and cultural diversity
- Deliver on efficiency programs in Administration & Operations
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Targeting excellence in three strategic focus areas

**Portfolio**
More balanced and 100% specialty

**Innovation**
€1 bn additional sales from Growth Fields until 2025

**Culture**
Open & performance-oriented culture
Performance-oriented culture
Major lever of corporate culture with increased capital market focus

Cost awareness
- Streamlined organization with high cost awareness on all levels
- ~€200 m savings achieved by end of 2019\(^1\)

Performance Management
- Group-wide incentive system strictly aligned to financial targets on all levels
- Clearer differentiation of individual performance levels ("Top", "Good", "Low")

Corporate Values
- Values “Performance”, “Trust”, “Openness” and “Speed” as guidelines for Evonik’s operations
- Bottom up initiatives like internal “Speed up Conferences” support cultural change

Diversity
- Living diversity is one of the keys to Evonik’s economic success
- Targets for gender diversity and intercultural mix implemented

---

1: SG&A program (€120 m of €200 m achieved by end of 2019), Adjust 2020 (€30 m of €50 m achieved), Oleo 2020 (€20 m achieved)
## Innovation strategy
### Targeted approach for market-leading innovations

<table>
<thead>
<tr>
<th>Targeted approach</th>
<th>Sustainability focus</th>
<th>Process innovations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central steering</strong> of innovation activities</td>
<td><strong>Sustainability as key driver</strong> for future innovation initiatives</td>
<td><strong>Higher focus on process innovations</strong> to drive operational excellence</td>
</tr>
<tr>
<td>Focus on <strong>innovation growth fields</strong> with clearly assigned responsibilities</td>
<td><strong>Sustainability criteria and KPI’s integrated</strong> into innovation process</td>
<td><strong>Integrate process innovations into continuous improvement process</strong></td>
</tr>
<tr>
<td>Bundling of <strong>cross-business competencies</strong> in dedicated R&amp;D hubs</td>
<td><strong>Continuous sustainability analysis</strong> of introduced products</td>
<td><strong>Lower capex and opex levels</strong> for capacity expansions</td>
</tr>
</tbody>
</table>

- **Central steering** of innovation activities
- **Focus on innovation growth fields** with clearly assigned responsibilities
- Bundling of **cross-business competencies** in dedicated R&D hubs
- **Sustainability as key driver** for future innovation initiatives
- **Sustainability criteria and KPI’s integrated** into innovation process
- **Continuous sustainability analysis** of introduced products
- **Higher focus on process innovations** to drive operational excellence
- **Integrate process innovations into continuous improvement process**
- **Lower capex and opex levels** for capacity expansions
Innovation pipeline – examples
A well-filled R&D pipeline with different target horizons

**Short-term**
- **Additive Manufacturing**
  - Evonik’s 3D printing portfolio as beneficiary from trend “prototyping only” into real series production

**Mid-term**
- **Biosurfactants**
  - Based on Evonik’s leading biotechnology know-how
  - 100% renewable natural resource & biodegradable

**Long-term**
- **Precision Livestock Farming**
  - Digital solutions to optimize every aspect of livestock production – in one holistic approach
Portfolio transformation – More balanced and more specialty
Portfolio quality significantly improved – today 80% specialty businesses

Adj. EBITDA operating businesses

<table>
<thead>
<tr>
<th>Year</th>
<th>40% (€0.9 bn)</th>
<th>80% (€1.8 bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Specialty businesses** now represent ~80% of EBITDA\(^1\)
- Specialty businesses with track record of 6% annual organic earnings growth\(^2\)

Specialty businesses: Specialty Additives, Smart Materials, Health & Care

1: Calculation for operating businesses excluding Services & Corporate  
Portfolio transformation – Active M&A management
Decisive and value-accretive portfolio management

Divestments

~€2 bn cyclical sales
sold at attractive valuation
(8.5x EV/EBITDA)
Ø EBITDA margin: ~15%

Acquisitions

>€2 bn resilient sales
Ø multiple of 9.1x EV/EBITDA
(incl. synergies)
Ø EBITDA margin: ~22%
Delivery of synergies on track (€70 m by end of 2019)

Decisive and value-accretive portfolio management

- Portfolio cyclicity & Capex intensity reduced
- More resilient EBITDA margin and improved cash profile

Divestments: Methacrylates business sold for EV of €3 bn (8.5x EV/EBITDA) in July 2019
Acquisitions: Air Products specialty additives business for US$3.8 bn (9.9x EV/EBITDA incl. synergies & tax benefits) in January 2017 | Dr. Straetmans cosmetics business in May 2017
Huber Silica business for US$630 m (~7x EV/EBITDA incl. synergies & tax benefits) in September 2017 | PeroxyChem for US$640 m (7.6x EV/EBITDA incl. synergies) in February 2020

1: 2014-2019
Portfolio transformation – Spotlight on acquisitions
Targeted acquisitions to improve quality of growth divisions

- Creating a **global leader** in Specialty & Coating Additives
- **High margin and resilient business** with low capital intensity and strong cash generation

**Specialty Additives**

- Combination of preservatives know how with emulsifier know how of Evonik
- **Expanded formulation skills** in one hand, thus enhanced capability to offer formulation packages

**Nutrition & Care**

- Focus on **environmentally-friendly specialty applications**
- **Resilient business** with sustainable FCF conversion >60%

**Smart Materials**

AIR PRODUCTS  
(2017)

DRSTRAETMANS  
(2017)

PEROXYCHEM  
(2020)
Strategic agenda going forward
Clear strategic and financial targets

- Growth focus: >3% volume growth target
  - Strong innovation pipeline: ~4% R&D/sales
  - High sustainability focus: Expand portfolio share of “Next Generation Solutions”
  - Targeted M&A in complementary products and technologies
  - Selected efficiency measures to strengthen cost leadership and improve portfolio quality

- Efficiency focus:
  - Constant process innovation and optimization
  - Increase feedstock flexibility
  - Leverage digitalization potential

Mid-term Group targets:

- >3% Volume growth
- 18-20% EBITDA margin
- >40% FCF conversion
- 11% ROCE

1: in growth divisions over the cycle
Capital allocation
Priorities for capital deployment

Our capital allocation priorities

-efficient capex allocation
- Strict capital allocation criteria
- Optimized Capex spending on continuously lower level
- Investment projects contributing to financial targets

-attractive dividend
- Shareholder return mainly via attractive dividend
- Stable to rising dividend going forward

-targeted M&A
- Strong strategic fit in our portfolio
- Contributing to defined financial targets
- Strict return criteria
- High level of synergies

-healthy balance sheet level
- Maintaining a solid investment grade rating
- Solid balance sheet leaves sufficient room for development of the group

Increasing shareholder value
Spotlight on shareholder returns
Reliable and attractive dividend policy

Dividend (in €) for FY

- Sustainable dividend growth over the last years: 6% CAGR between 2008 and 2019

- Attractive dividend yield (~5% mid-2020)

- Reliable dividend policy targeting:
  - Dividend continuity
  - Adj. EPS and FCF growth with potential for sustainable dividend growth going forward

1. Dividend proposal
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Highlights
Solid Q1 results – well prepared for challenges ahead

Well prepared for challenges ahead in an unprecedented environment

- **Solid Q1 performance** in growth segments Nutrition & Care and Resource Efficiency
- All larger plants up and running; only limited impact on supply chains
- **Strong liquidity position** and high financial flexibility
- **Dividend of €1.15 confirmed**: 1st half to be paid on 2 June; 2nd half after virtual AGM (August 31st)
- Measures to **preserve cash** on all levels
- **FY outlook adjusted** to €1.7 - 2.1 bn; Q2 expected at around €400 m
Managing the corona situation proactively
Precautionary measures in place on all levels

- Pandemic plans with highest hygienic standards implemented
  (guarantee highest possible health & safety for our employees)

- Task forces monitor and coordinate activities globally
  (operations, plants, procurement, supply chain)

- Dashboards in place for centralized “live tracking”
  (order intake & cancellations, NWC, utilization rates, …)

- Use of flexible working model
  (work time accounts, overtime)
### Strong liquidity position

#### Strong basis and high flexibility

- **Clearly positive FCF in Q1**
- **Strong liquidity** position
- **Dividend**: 1\textsuperscript{st} half to be paid on June 2, 2\textsuperscript{nd} half after official resolution from AGM on Aug 31\textsuperscript{st}
- **NFD leverage** at 1.2x (end of Q1); no financial covenants
- **Revolving credit facility** (RCF) of €1.75 bn fully undrawn and committed by 18 banks until June 2024
- **Pension** financing and CTA reimbursement not impacted (cash-outs unchanged; funding ratio stable at ~70%; no cash contributions needed)

---

#### Strong liquidity position

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (€ mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity (end of Q1)</td>
<td>1,031</td>
</tr>
<tr>
<td>Bond repayment (April)</td>
<td>500</td>
</tr>
<tr>
<td>Dividend payment (June/September)</td>
<td>536</td>
</tr>
<tr>
<td>Remaining liquidity</td>
<td>~1,000</td>
</tr>
<tr>
<td>RCF (fully undrawn)</td>
<td>1,750</td>
</tr>
</tbody>
</table>

1. Including €22 m other financial investments
Strong track-record & flexibility in implementing cost saving initiatives
Proven ability to lower cost base

1. Ongoing efficiency initiatives
   - SG&A 2020
     - Focus on all admin & selling functions
   - Adjust 2020 & Oleo 2020
     - Strengthening of cost positions and optimizing product portfolios
   - ~ €170 m achieved by end-2019

2. Contingency measures
   - Measures implemented in H2 2019 & extended into 2020
     - Hiring discipline & less business travel
     - Reduced expenditure on maintenance & external consultants
     - Salary components
     - €40 m delivered in H2 2019

3. Cash preservation
   - Measures to safeguard liquidity
     - Measures implemented; scale depending on economic scenario
     - Focus areas:
       - Reduce fix cost basis
       - Capex discipline
       - Strict NWC management
Prepared to adapt cost structures and cash-out on all levels
Tight cost, capex and NWC management

<table>
<thead>
<tr>
<th>Costs</th>
<th>In worst-case scenario, reduction of <strong>fixed costs</strong> by 1/3 possible</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>So far, <strong>short-term work</strong> implemented only occasionally in non-operating functions (e.g. catering); further roll-out possible anytime</td>
</tr>
<tr>
<td></td>
<td><strong>Resource management:</strong> Prioritization of all internal projects and focus on essentials to manage the crisis (safeguarding resources &amp; cash-out)</td>
</tr>
<tr>
<td>Capex</td>
<td><strong>Tight budget for capex</strong> on already low prior year level (~ €850 m) with limitation only to compliance &amp; must-do maintenance investments and continuation of larger growth projects</td>
</tr>
<tr>
<td>NWC</td>
<td><strong>Strict NWC management:</strong> close monitoring of account receivables; inventory levels to secure global delivery capability; further cash potential depending on economic scenario</td>
</tr>
</tbody>
</table>

Various levers depending on economic scenario
Outlook 2020 – Indications for Q2
NC expected qoq higher, RE & PM with qoq lower earnings

Sequential Q2 outlook by segment

**Nutrition & Care**
- Resilient demand in most businesses (e.g. Health Care, Care Solutions)
- Methionine with ongoing strong demand and yoy higher prices

**Resource Efficiency**
- Mix of more stable and corona-impacted businesses
- Lower demand especially from auto and coatings sectors
- Relative resilience in H$_2$O$_2$ (disinfections solution), Crosslinkers (wind energy and disinfections in China) and Catalysts

**Performance Materials**
- Challenging situation with weak demand, low naphtha price and spreads to persist
- Segment close to EBITDA break-even in Q2

EBITDA: €513 m
EBITDA: around €400 m

Q1 2020

Q2 2020
Outlook FY 2020
Adj. EBITDA

New range: “between €1.7 and €2.1 bn” (previously: €2.0 – 2.3 bn; FY 2019: €2.153 bn)

New outlook range covering **three scenarios** for economic recovery in 2020:

- **Downside risk covered** with L-shaped recovery
- **Base case** assuming stepwise and steady recovery throughout Q3 and Q4 (U-shaped)
- **Upside case** with V-shaped recovery already in Q3
### Outlook FY 2020
Adj. EBITDA expected between €1.7 and €2.1 bn

<table>
<thead>
<tr>
<th>Nutrition &amp; Care</th>
<th>Resource Efficiency</th>
<th>Performance Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lower end of range</strong></td>
<td><strong>Mid-range</strong></td>
<td><strong>Upper end of range</strong></td>
</tr>
<tr>
<td>“L-shaped”</td>
<td>“U-shaped”</td>
<td>“V-shaped”</td>
</tr>
</tbody>
</table>

- **Nutrition & Care**: N&C with solid demand in mostly resilient end markets, broadly independent of economic scenario. Animal Nutrition … with ongoing positive development.
- **Resource Efficiency**: No recovery in Q3; slow recovery from Q4 onwards. Steady recovery of corona-impacted businesses from Q3 onwards. Quick recovery of corona-impacted businesses already in Q3.
- **Performance Materials**: Low Naphtha price level and product spreads throughout Q3; slight recovery in Q4. Steady recovery of Naphtha price level and product spreads from Q3 onwards. Quick recovery of Naphtha price level and product spreads.

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“Adj. EBITDA between €1.7 and €2.1 bn”
Outlook FY 2020
Stable FY cash conversion and solid H1 FCF expected

“Stable cash conversion rate¹” (FY 2019: 33.3%; previous outlook: “slightly higher FCF”)

- Stable cash conversion¹ of ~30% for FY 2020 expected
- Solid H1 FCF generation:
  Q2 FCF expected above prior year’s level (supported by lower bonus payments for 2019)

1. Free cash flow conversion (FCF/adj. EBITDA)

Adj. EBITDA 2020E  Cash conversion¹ of ~30%  FCF 2020E

€1.7 – 2.1 bn
**Q1 2020 – Solid start despite first corona effects**

<table>
<thead>
<tr>
<th>Sales</th>
<th>Adj. EBITDA</th>
<th>Free cash flow</th>
<th>Adj. EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>€3,243 m</td>
<td>€513 m</td>
<td>€113 m</td>
<td>0.39€</td>
</tr>
<tr>
<td>(Q1 19: €3,287 m)</td>
<td>(margin: 15.8%)</td>
<td>(Q1 19: €159m)</td>
<td>(Q1 19: 0.53€)</td>
</tr>
</tbody>
</table>

- Solid volumes & prices in N&C and RE; clearly lower in PM
- Strong margins in RE; NC solid; PM clearly down
- Solid cash contribution in challenging environment
- Normalization of tax rate (back to 27% vs. 14% in Q1 2019)
Free Cash Flow Q1 2020 (in € m, continuing operations)

- FCF mirroring lower operational result
  - EBIT declining by €49 m
- Stable yoy outflows for NWC; securing delivery security in case of stressed supply chains
- Capex maintained on low prior year’s level
Resource Efficiency
High margin level maintained

Sales (in € m)

<table>
<thead>
<tr>
<th></th>
<th>Q1 19</th>
<th>Q2 19</th>
<th>Q3 19</th>
<th>Q4 19</th>
<th>Q1 20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,438</td>
<td>1,445</td>
<td>1,414</td>
<td>1,387</td>
<td>1,437</td>
</tr>
</tbody>
</table>

Adj. EBITDA (in € m) / margin (in %)

<table>
<thead>
<tr>
<th></th>
<th>Q1 19</th>
<th>Q2 19</th>
<th>Q3 19</th>
<th>Q4 19</th>
<th>Q1 20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>330</td>
<td>326</td>
<td>322</td>
<td>314</td>
<td>344</td>
</tr>
</tbody>
</table>

Volume: -3%, Price: -1%, FX: +1%, Other: +3%

- Despite first corona impacts in industries like auto or coatings, demand for majority of businesses held up well in Q1
- High margin level of ~24% due to continued high cost awareness, solid pricing and beneficial product mix
- Continued solid demand for Crosslinkers and Active Oxygen; Silica with resilient performance in Oral Care and Specialty application
- First 2 months of sales & earnings contribution from PeroxyChem
Nutrition & Care
Solid operational performance in resilient end markets

Sales (in € m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales (in € m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 19</td>
<td>1,149</td>
</tr>
<tr>
<td>Q2 19</td>
<td>1,131</td>
</tr>
<tr>
<td>Q3 19</td>
<td>1,138</td>
</tr>
<tr>
<td>Q4 19</td>
<td>1,163</td>
</tr>
<tr>
<td>Q1 20</td>
<td>1,134</td>
</tr>
</tbody>
</table>

Adj. EBITDA (in € m) / margin (in %)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adj. EBITDA (in € m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 19</td>
<td>180</td>
</tr>
<tr>
<td>Q2 19</td>
<td>190</td>
</tr>
<tr>
<td>Q3 19</td>
<td>188</td>
</tr>
<tr>
<td>Q4 19</td>
<td>170</td>
</tr>
<tr>
<td>Q1 20</td>
<td>174</td>
</tr>
</tbody>
</table>

- Resilient volume & price development (negative prices mainly caused by Baby Care)
- Good start in Health Care, smaller corona impacts in Care Solutions (mainly Asia) and Comfort & Insulation
- Baby Care with expected pressure on prices and volumes
- Methionine with ongoing strong volumes and sequentially higher pricing (but still slightly lower yoy)
Performance Materials
Difficult quarter due to drastic decline of oil/naphtha prices

Sales (in € m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 19</td>
<td>520</td>
<td></td>
</tr>
<tr>
<td>Q2 19</td>
<td>553</td>
<td>-9%</td>
</tr>
<tr>
<td>Q3 19</td>
<td>475</td>
<td></td>
</tr>
<tr>
<td>Q4 19</td>
<td>495</td>
<td></td>
</tr>
<tr>
<td>Q1 20</td>
<td>472</td>
<td></td>
</tr>
</tbody>
</table>

Adj. EBITDA (in € m) / margin (in %)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBITDA</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 19</td>
<td>53</td>
<td>10.2%</td>
</tr>
<tr>
<td>Q2 19</td>
<td>74</td>
<td>13.4%</td>
</tr>
<tr>
<td>Q3 19</td>
<td>47</td>
<td>9.9%</td>
</tr>
<tr>
<td>Q4 19</td>
<td>50</td>
<td>10.1%</td>
</tr>
<tr>
<td>Q1 20</td>
<td>23</td>
<td>4.9%</td>
</tr>
</tbody>
</table>

- Difficult market environment for petrochemical derivatives continuing
- Strong decline in naphtha price (even stronger than oil price decline) with additional pressure on C4 derivatives (lower prices and spreads), especially from March onwards; inventory impairments ~€10 m negative for the quarter
- Functional Solutions holding up well due to good demand for alkoxides
Additional indications for 2020

- PeroxyChem: Included in outlook with 11 months (FY 2019: ~ USD300 m sales, ~ USD60 m adj. EBITDA)
- ROCE: Below the level of 2019 (previously: around the level of 2019; 2019: 8.6%)
- Capex¹: Around the already low level of 2019 (2019: €880 m)
- EUR/USD sensitivity²: +/- 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%; related to MMA divestment)

¹. Cash outflow for investment in intangible assets, pp&e  ². Including transaction effects (after hedging) and translation effects; before secondary / market effects
Appendix

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2. Financials
3. Division overview
4. Sustainability
5. Financials
6. Upcoming events
Portfolio Management – Portfolio Strategy
Active portfolio management on multiple layers

Examples …

- Bio-amino acids (toll manufacturing, streamlining production cost base)
- Care Solutions (adapting asset network for a higher share of specialties)

- H₂O₂ (transform base business into specialized applications)
- Veramaris (switching of Lysin fermentation capacities)

- Bolt-on M&A to strengthen “growth” businesses
- Constant portfolio review and exit of commoditized businesses

Target: Portfolio with 100% growth businesses
### Portfolio Management – overview acquisitions

#### Proof of concept for targeted and disciplined M&A approach

<table>
<thead>
<tr>
<th>Business</th>
<th>Highly attractive strategic fit, seamless integration into existing businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Disciplined expansion in high-growth &amp; -margin businesses with excellent strategic fit</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>Purchase price</th>
<th>Multiple²</th>
<th>EBITDA margin</th>
<th>Market growth</th>
<th>Business Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Products Performance Materials (2017)</td>
<td>~ €3.5 bn</td>
<td>15.2x / 9.9x</td>
<td>&gt;20%</td>
<td>~4-5%</td>
<td>Highly attractive strategic fit, seamless integration into existing businesses</td>
</tr>
<tr>
<td>Huber Silica (2017)</td>
<td>~ €600 m</td>
<td>10.5x / 7x</td>
<td>&gt;20%</td>
<td>~4-6%</td>
<td>Highly attractive strategic fit, seamless integration into existing businesses</td>
</tr>
<tr>
<td>Dr. Straetmans (2017)</td>
<td>€100 m</td>
<td>(not disclosed)</td>
<td>~20%</td>
<td>~10%</td>
<td>Highly attractive strategic fit, seamless integration into existing businesses</td>
</tr>
<tr>
<td>PeroxyChem (2020)</td>
<td>$640 m</td>
<td>9.9x / 7.6x</td>
<td>~20%</td>
<td>~6%¹</td>
<td>Highly attractive strategic fit, seamless integration into existing businesses</td>
</tr>
</tbody>
</table>

1. In specialty applications (~65% of total Adj. EBITDA)  
2. EV/EBITDA pre / post synergies & tax benefits
Synergies – implementation schedule
Strong delivery on synergy targets; PeroxyChem with additional synergies

Implementation schedule

(in € m)

- Annual synergies
- One-time costs

Total

- Annual synergies
  - APD: ~ €68 m p.a. (USD80 m)
  - Huber: ~ €17 m p.a. (USD20 m)
  - PeroxyChem: ~ €18 m p.a. (USD20 m)
  - ~ €100 m p.a. (USD120 m)

- One-time integration costs
  - APD: ~ €75 m
  - Huber: ~ €30 m
  - PeroxyChem: ~ €18 m
  - ~ €120 m

1. Excluding transaction-related costs | Currency translation based on current EUR/USD rate of ~1.20 for APD & Huber; 1.12 for PXC
### Portfolio management – sustainability analysis

Sustainability Analysis integrated into strategy and portfolio decisions

#### Portfolio management via sustainability criteria

<table>
<thead>
<tr>
<th>Method</th>
<th>Analysis and results</th>
<th>Strategic measures</th>
</tr>
</thead>
</table>
| ▪ WBCSD\(^1\) sector **standard approach** aligned to specific requirements of Evonik  
▪ Approach **audited** by PWC | ▪ 99% of sales covered by Sustainability analysis  
▪ **Classification** of product portfolio according to its **sustainability performance** (A++ to C--) | ▪ Analysis part of **strategic portfolio management** e.g. for  
  – Investments  
  – Innovation  
  – M&A |

---

1. Portfolio Sustainability Assessments (PSA) from World Business Council for Sustainable Development
Portfolio management – “Next Generation Solutions”
>30% of Evonik’s portfolio with superior sustainability benefits

>30%
“Next Generation Solutions”²

- … address globally **increasing demand** for sustainable solutions
  - .. deliver **above-average growth**
  - … **are highly profitable** (in or above margin target range of 18-20%)

Target to further increase “Next Generation Solutions”

- Challenged products: evaluation of strategic options (transform/exit/divest) within 5 years

~90%
generated with products or solutions **above or on market reference** in terms of sustainability

1. 2018 sales continuing operations | 2. “Next Generation Solutions” include “Leader” (A++) and “Driver” (A+) products and solutions
## Portfolio management – examples “Next Generation Solutions”

Addressing customers desire for sustainable solutions

<table>
<thead>
<tr>
<th>Biosurfactants</th>
<th>Sustainable Food Packaging</th>
<th>Improving Lithium-Ion Batteries</th>
<th>Superinsulation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Biosurfactants used in personal and household care applications</strong></td>
<td><strong>Food stays fresh for longer due to $O_2$ absorbing packaging</strong></td>
<td><strong>High-performance separators for more powerful batteries</strong></td>
<td><strong>Purely mineral high-performance insulation material</strong></td>
</tr>
<tr>
<td><strong>Evonik’s superiority to market</strong></td>
<td><strong>Evonik’s superiority to market</strong></td>
<td><strong>Evonik’s superiority to market</strong></td>
<td><strong>Evonik’s superiority to market</strong></td>
</tr>
<tr>
<td>▪ Evonik only company to produce bio-based surfactants on an industrial scale</td>
<td>▪ Evonik only provider of <strong>additive</strong> to capture oxygen molecules inside of packages to keep them fresh longer and reduce global food waste</td>
<td>▪ Evonik’s high-quality pure silica and metal oxides increase safety, lifetime and performance of batteries for EVs</td>
<td>▪ <strong>Silica-based</strong> insulation material which is <strong>fully recyclable</strong> and <strong>incombustible</strong> for sustainable housing</td>
</tr>
</tbody>
</table>

**Growth**

- Biosurfactants: >10%
- Sustainable Food Packaging: >5%
- Improving Lithium-Ion Batteries: >20%
- Superinsulation: >20%
Portfolio management – Nutrition & Care
Transformation of Care Solutions into a specialty products provider

Acquisitions
- Polymeric and Liposome delivery systems
- Botanical Extracts
- Alternative preservatives; formulation service
- Natural products
- Consumer Information (Venture Capital)

Streamlining
- Formation of “Care Solutions”
- Strengthening digitalization
- OLEO 2020 Project
  - Streamlining of product portfolio
  - Optimization of asset footprint
  - ~€20 m EBITDA potential until 2022

2016

Sustainable specialty products provider
>400 bps margin improvement since 2016
### Administration

**SG&A**
- Started in 2018
- Total savings of ~€200 m
- €120 m already achieved
- Completed by end of 2020

### Operations

**On Track**
- Continuous factor cost compensation in Production and Procurement
- Started in 2008, ~€120 m gross savings p.a.

### New divisional structure

- Leaner organizational setup & and optimization of processes (reduction of 150 FTE¹)
- Cost savings of €25 m by end of 2021

### Factor cost compensation

- From 2021 onwards, following completion of SG&A program
- Continuous factor cost compensation mechanism in Corporate and Admin

### Supply Chain

- Optimized end-to-end processes
- Lower supply chain costs and reduced Capital Employed

---

1. Majority of FTE reduction in operating segments and Services; smaller part in Corporate
Innovation – Additive manufacturing
A strong existing base offering further growth opportunities

**Strong base established**

- Evonik as **market leader** in PA12 powder-based 3D printing materials
- **Several platforms available** to serve all major powder-based printing technologies
- **Close partnerships** with major printing players and innovators:

**Expand strong position to new applications and new materials**

- Establish position in emerging technologies like **high performance photo-resins**
- Expand business in medical applications with implantable PEEK and bio-resorbable RESOMER
- Capture growth potential from shift from “prototyping only” into real series production:

**Non-metal 3D-printing materials market** (in €bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>3</td>
</tr>
<tr>
<td>2025</td>
<td>15</td>
</tr>
</tbody>
</table>

+30% p.a.
Innovation – Biosurfactants
Large-scale production of world’s first “green” biosurfactant (rhamnolipids)

- Renewable resource & biodegradable
- Plant-based sugars as only carbon source – no oils used
- Unique product properties, especially cleansing & foaming

2016 Development phase
- Raw materials
- Sugars
- Fermentation
- Biosurfactants (rhamnolipids)

2018 Test phase & first products
- Personal Care ingredient “RHEANCE® One” awarded at “in-cosmetics” 2018
- Test launch in selected personal care products
- Unilever with successful market launch of a dishwashing product in 2019

2020 Industry-scale investment
- Commercializing Evonik’s leading biotechnology capabilities
- Evonik will be the first company to produce biosurfactants on industrial scale
- Basic engineering at our biotech hub in Slovakia

Timeline:
- 2016: Development phase
- 2018: Test phase & first products
- 2020: Industry-scale investment
Innovation – Precision livestock farming
Digital solutions to optimize every stage of livestock production

Digital in-flock monitoring of animals

Provide real-time recommendations for

Optimized farming
- Growth monitoring and prediction
- Efficient use of resources
- Limited Nitrogen emissions

Better nutrition
- Analyze exact feed quality
- Optimum balance of nutrient ingredients

Improved health
- Implement preventive measures
- Avoid disease outbreak
- Reduce antibiotics use

First offerings available

Porphyrio®
An Evonik product.

Big data technology & biostatistics combined with poultry science and poultry Production

- Production planning
- Intuitive dashboard
- Accurate predictions
- Internal benchmarking
- Early warning system
- Health management

Evonik
Leading Beyond Chemistry
Appendix

1. Strategy Details
2. Financials
3. Division overview
4. Sustainability
5. Financials
6. Upcoming events
## Financial targets going forward

<table>
<thead>
<tr>
<th>Mid-term Financial Targets set in 2017</th>
<th>Updated mid-term Financial Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above-average volume growth (GDP+)</td>
<td><strong>Above-average</strong> volume growth $^1$)</td>
</tr>
<tr>
<td>Structurally lift EBITDA margin into sustainably higher range of <strong>18-20%</strong></td>
<td>$&gt;3%$</td>
</tr>
<tr>
<td>FCF significantly above dividend level</td>
<td><strong>Cash Conversion</strong> ratio of $^2$) $&gt;40%$</td>
</tr>
<tr>
<td>ROCE above Cost of Capital</td>
<td><strong>ROCE well above Cost of Capital</strong> $\sim 11%$</td>
</tr>
<tr>
<td>Reliable and sustainably growing dividend</td>
<td>$\checkmark$</td>
</tr>
<tr>
<td>Solid investment grade rating</td>
<td>$\checkmark$</td>
</tr>
</tbody>
</table>

1: In growth divisions | 2: Cash Conversion ratio defined as FCF/Adj. EBITDA
Top-line growth
Targeting above-average volume growth in growth divisions

<table>
<thead>
<tr>
<th>Target</th>
<th>Above-average volume growth in growth divisions</th>
<th>&gt;3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ø Volume growth (2015-2018)</td>
<td>Volume growth going forward</td>
<td></td>
</tr>
<tr>
<td>Specialty Additives</td>
<td>~3%</td>
<td></td>
</tr>
<tr>
<td>Nutrition &amp; Care</td>
<td>~4%</td>
<td></td>
</tr>
<tr>
<td>Smart Materials</td>
<td>~3%</td>
<td></td>
</tr>
</tbody>
</table>

>3% in growth divisions (over the cycle)

Evolvnik
Leading Beyond Chemistry
EBITDA margin target range of 18-20%
Three strategic focus areas driving structural margin improvement

**EBITDA margin in % (Group level excl. MMA)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>12%</td>
</tr>
<tr>
<td>2018</td>
<td>14%</td>
</tr>
<tr>
<td>2019</td>
<td>16%</td>
</tr>
<tr>
<td>2020</td>
<td>16.4%</td>
</tr>
<tr>
<td>2021</td>
<td>18%</td>
</tr>
<tr>
<td>2022</td>
<td>20%</td>
</tr>
</tbody>
</table>

Main drivers going forward

- **Portfolio**: Organic growth projects, Ongoing shift of product portfolio towards specialty
  - >100 bp
- **Culture**: Cost savings from efficiency measures in Administration and Operations
  - ~50bp
- **Innovation**: €1 bn additional sales from Innovation Growth Fields with above-average margin
  - ~50bp

1: Organic growth, excl. large M&A activities
FCF conversion
Strong track record established – further improvement ahead

Target
Cash Conversion Ratio\(^1\) of

<table>
<thead>
<tr>
<th>Strong improvement of FCF and Cash Conversion(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="chart.png" alt="Diagram showing FCF and Cash Conversion improvement from 2017 to 2019" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FCF levers going forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing strict NWC management; current low level to be secured going forward</td>
</tr>
<tr>
<td>Maintain capex level of €850 m going forward</td>
</tr>
<tr>
<td>Growth projects contributing to high cash conversion e.g.</td>
</tr>
<tr>
<td>– Methionine plant (ME6)</td>
</tr>
<tr>
<td>– PA12 expansion</td>
</tr>
<tr>
<td>Fade-out of cash-outs from efficiency measures</td>
</tr>
<tr>
<td>Pensions with stable cash-outs on lowered level (CTA)</td>
</tr>
<tr>
<td>Bolt-on acquisitions with high cash conversion (e.g. PeroxyChem &gt;60%)</td>
</tr>
</tbody>
</table>

1: Cash Conversion ratio as FCF/Adj. EBITDA | 2: Including Methacrylates business
ROCE
Targeting ROCE well above Cost of Capital

~11%

Increase in Capital Employed mainly driven by IFRS 16: capitalization of leases (~€0.6 bn with Q1 2020³)

Larger growth projects (like ME6, Precipitated silica USA, PA12):
- ~€1 bn capitalized on balance sheet
- Full level of fixed costs already since start-up

Higher EBIT contribution
- Increasing utilization
- Growing market penetration
- Improving process efficiency

Supply chain optimization:
- Optimized processes, lower Capital Employed

1: Including Methacrylates business | 2: WACC reduced to 9% due to lower cost of capital and lower beta factor | 3: Annual averages
Appendix

1. Strategy Details

2. Financials

3. Division overview

4. Sustainability

5. Financials

6. Upcoming events
New divisional structure – Rationale
Rationale for new management and reporting structure

- Clearly defined strategic roles
- More homogeneous divisions
- Higher transparency
- More efficient internal management
- Leaner organization

3 “Growth” divisions with >3% volume growth target
Performance Materials as “Efficiency” division

Common themes & trends in growth divisions

4 divisions; sales split for sub-divisions

Clear-cut technology platforms

Reduction of 150 FTE, €25 m p.a. savings by end of 2021
## New divisional structure – Overview

Growth divisions with strong positioning and promising drivers

<table>
<thead>
<tr>
<th>Specialty Additives</th>
<th>Nutrition &amp; Care</th>
<th>Smart Materials</th>
<th>Performance Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Specialty Additives" /></td>
<td><img src="image2" alt="Nutrition &amp; Care" /></td>
<td><img src="image3" alt="Smart Materials" /></td>
<td><img src="image4" alt="Performance Materials" /></td>
</tr>
</tbody>
</table>

### Portrait

- **Broad spectrum of additives solutions** for maximum performance which make the key difference in industrial applications for coatings, polyurethane foam & lubricants
- **Sustainable solutions** for basic human needs in resilient end markets like pharma, personal care & animal nutrition
- **Innovative materials for resource-saving solutions and substitution of conventional materials** in environmental, mobility and construction end markets
- **Efficient platforms** for production of high-volume intermediates for mobility, plastics & rubber as well as superabsorbent polymers for consumer applications

### Main Growth Drivers

- More sophisticated additive effects
- Environmentally-friendly additives
- Social trends in health, well-being and nutrition
- Natural-based ingredients
- Biotechnology and fermentation
- Saving resources
- Use of lightweight materials
- Stricter regulation and safety standards
- Focus on efficiency in production & procurement
New divisional structure – Overview
Technology platforms and end market exposure

### Technology platforms

<table>
<thead>
<tr>
<th>Specialty Additives</th>
<th>Nutrition &amp; Care</th>
<th>Smart Materials</th>
<th>Performance Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Silicone chemistry</td>
<td>▪ Biotechnology / Fermentation</td>
<td>▪ Inorganic particle design</td>
<td>▪ C4 processing and derivatizing</td>
</tr>
<tr>
<td>▪ Isophorone platform</td>
<td>▪ Methionine platform</td>
<td>▪ Specialty polymers</td>
<td>▪ Polymer know-how</td>
</tr>
<tr>
<td>▪ Amines</td>
<td>▪ Oleo chemistry</td>
<td>▪ Active oxygens</td>
<td></td>
</tr>
<tr>
<td>▪ ▪ Amines</td>
<td>▪ ▪ Biotechnology / Fermentation</td>
<td>▪ ▪ Process catalysts</td>
<td></td>
</tr>
<tr>
<td>▪ ▪ ▪ Biotechnology / Fermentation</td>
<td>▪ ▪ ▪ Methionine platform</td>
<td>▪ ▪ ▪ Active oxygens</td>
<td></td>
</tr>
<tr>
<td>▪ ▪ ▪ Oleo chemistry</td>
<td>▪ ▪ ▪ Inorganic particle design</td>
<td>▪ ▪ ▪ Process catalysts</td>
<td></td>
</tr>
</tbody>
</table>

### Key products & global market positions

<table>
<thead>
<tr>
<th>Specialty Additives</th>
<th>Nutrition &amp; Care</th>
<th>Smart Materials</th>
<th>Performance Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ #1-2 in Coating additives</td>
<td>▪ #1 in Methionine</td>
<td>▪ #1 in Silica</td>
<td>▪ C4 derivatives</td>
</tr>
<tr>
<td>▪ #1 in PU additives</td>
<td>▪ #1 in Methionine</td>
<td>▪ #2 in H₂O₂</td>
<td>▪ Superabsorbers</td>
</tr>
<tr>
<td>▪ #1 in Viscosity modifiers (for lubricants)</td>
<td>▪ Strong position in Active cosmetic ingredients</td>
<td>▪ Leading in Catalysts¹</td>
<td></td>
</tr>
<tr>
<td>▪ #2 in Drug delivery systems</td>
<td></td>
<td>▪ #1 in PA12</td>
<td></td>
</tr>
</tbody>
</table>

### End market split

1. #2 in activated nickel catalysts, #3 in Oil & fat hydrogenation catalysts
## Financial targets for growth divisions going forward

<table>
<thead>
<tr>
<th>Financial target</th>
<th>Specialty Additives</th>
<th>Nutrition &amp; Care</th>
<th>Smart Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume growth</td>
<td>Maintain very attractive margin level (2019: 26%)</td>
<td>Getting back into target range (2019: 16%)</td>
<td>Secure margin level at least in range of 18 - 20% (2019: 19%)</td>
</tr>
<tr>
<td>EBITDA margin level</td>
<td>&gt;3% in all growth divisions (over the cycle)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capex/Sales ratio</td>
<td>~4%</td>
<td>~5%</td>
<td>~6%</td>
</tr>
</tbody>
</table>
### New divisional structure – Peers

Growth division with more homogenous trends easier-to-compare to peers

<table>
<thead>
<tr>
<th>Specialty Additives</th>
<th>Nutrition &amp; Care</th>
<th>Smart Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders in industrial additives and major players in our core customer industries such as paints &amp; coatings</td>
<td>Specialists with a chemicals pedigree in the field of consumer well-being and food &amp; feed</td>
<td>Companies in the sphere of inorganic specialties, incl. catalysts, as well as high-performance polymers</td>
</tr>
</tbody>
</table>

**Characteristics of divisional peers which we see as a benchmark…**

**Examples for comparable business model or overlap in value chains…**
**Specialty Additives – Key characteristics**

Leading Specialty Additives portfolio for maximum customer value

---

### Key characteristics

- Leading portfolio of **additive solutions** for maximum performance which **make the key difference**
- **Minor share of cost** in customers’ end products
- **Unique formulation know-how** guarantees **deep integration** into customers’ innovation processes

---

### Growth drivers

- Trend towards **more sophisticated additive effects**
- Constantly rising demand for **environmentally-friendly solutions**
- Leverage capabilities in **silicone and amine technology platforms** into new applications
Specialty Additives – Growth drivers
Additives solutions making the key difference in various applications

<table>
<thead>
<tr>
<th>Less maintenance</th>
<th>Less energy</th>
<th>More protection</th>
</tr>
</thead>
</table>

**Rust doesn’t stand a chance**
- **Crosslinkers** for composite-reinforced bars with outstanding mechanical and chemical properties
- Global corrosion cost ~US$2.5 tn
- Prevention best practices can reduce costs by 15-35%

**Colder drinks for less money**
- **PU foam surfactants** create performance advantages in insulating foams for appliances and buildings
- Reducing the electricity bill with increased sustainability

**The paint stays put**
- **Additives for paint systems** creating a lasting barrier against chemical cleaning agents
- Protecting rail car surfaces and helping to avoid €30,000 of repainting costs
Specialty Additives – Financials
Continue strong growth track record on very attractive margin level

- Steady earnings growth and outstanding 26% margin level
- Strong track record of pricing power and good volume development
- Attractive ROCE of ~18% in 2019 (including APD goodwill)

Ambitions going forward:
- Continue strong growth track record
- Maintain very attractive margin level

1. Organic Sales / EBITDA CAGR = adjusted for APD acquisition
Specialty Additives – Strategic agenda

Strategic agenda to drive growth and expand market leadership

- Expand leading additives portfolio towards environmentally-friendly systems and formulations
- Exploit new applications via innovation and customer application development
- Continue successful capex-light approach
- Ongoing expansions and debottleneckings
- Additives portfolio offers bolt-on M&A opportunities in complementary products and technologies

1. Target range
Nutrition & Care – Key characteristics
Sustainable solutions in defensive end markets

Key characteristics

- **Resilient business models** in defensive end markets
- Unique combination of *technology infrastructure* and *customer-centric formulation know-how*
- **Close partnerships and R&D collaborations** with leading personal care and pharma players

Growth drivers

- **Social trends** for sustainable nutrition and natural-based cosmetics ingredients
- **Leading biotech / fermentation know-how** offers new growth arenas
## Nutrition & Care – Growth drivers
Leading position in the growing market for fermentation-based materials

### Strong foundation in microbial fermentation...

- **> 30 years** industry expertise
- **> 25 fermentation-based products commercialized**
- Wide range of bacteria, yeast and algae-based organisms used in strain development and fermentation
- Global network of sites across Europe, USA and Asia
  - **> 7,000m³ fermentation capacity** - One of the industry’s largest players
- Expanding to support internal and CMO projects in high growth areas:
  - e.g. **protein fermentation** of food ingredients and biofabricated materials (e.g. leather)

### …with an outstanding project pipeline

- Algae fermentation for omega-3 EPA / DHA in salmon aquaculture
- Production facility in Nebraska, USA
- Latest innovation: recombinant collagen platform
- Fermentation-based & animal-free
- ~€1.5 bn accessible collagen market for pharma & healthcare
- Contract manufacturing and industrialization projects with large & growing list of innovators
- Protein fermentation, pharma
# Nutrition & Care – Growth drivers

Strong setup for future growth in Care Solutions

## Expansion of technology portfolio in natural-based ingredients...

### 2016
- Botanical Extracts
  
  "Consumer request for sustainable sourced botanicals"

### 2017
- Alternative preservatives & Formulation service
  
  "Consumers demand alternative solutions to parabens – which are by far more complex to formulate"

### 2020
- Natural products
  
  "Plant-derived active ingredients and intermediates"

## ...delivering outstanding customer benefits

Transformation into a **sustainable specialty products provider** to provide outstanding formulation concepts

- **Peptides & Amino acids**

- **Plant extracts & Phytochemicals**

- **Biopolymers**
Animal Nutrition Transformation
From Amino Acid producer into system house for sustainable nutrition

Efficient Nutrition
- Strong position in amino acids, especially Methionine
- Unparalleled sales force and direct customer access in > 120 countries

Sustainable Healthy Nutrition
- Building a system house for sustainable healthy nutrition, e.g.:
  - Expand existing product and customer portfolio for Gut Health Solutions (e.g. probiotics)
  - Leverage bio solutions like new algae oil omega 3 fatty acids (Veramaris)

Precision Livestock Farming
- Concepts to implement digital farming approach, e.g.:
  - In-Feed Analytics
  - On-farm Diagnostics
  - In-vivo-in-vitro gut modelling
Nutrition & Care – Financials
Strong H&C performance; Animal Nutrition with healthy & steady volume growth

- Strong track record in Health & Care now becoming more visible
- Healthy & steady market growth in Methionine (5-6% p.a.) overcompensated by price decline
- ROCE of ~8% in 2019

Ambitions going forward:
- Bring back margin level into target range of 18 - 20%
  - Foster specialty growth in Health & Care
  - Execute differentiated growth & efficiency strategy in Animal Nutrition

Sales (€ bn)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health &amp; Care</td>
<td>3.6</td>
<td>1.2</td>
<td></td>
<td>2.9</td>
<td>1.5</td>
</tr>
<tr>
<td>Animal Nutrition</td>
<td>2.4</td>
<td></td>
<td></td>
<td>1.4</td>
<td></td>
</tr>
</tbody>
</table>

CAGR\(^1\)

H&C: +5%  AN: -12%

Adj. EBITDA (€ bn)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health &amp; Care</td>
<td>1.2</td>
<td></td>
<td></td>
<td></td>
<td>0.5</td>
</tr>
<tr>
<td>Animal Nutrition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CAGR\(^1\)

H&C: +20%  AN: -33%

Margin

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health &amp; Care</td>
<td>34%</td>
<td></td>
<td></td>
<td></td>
<td>16%</td>
</tr>
<tr>
<td>Animal Nutrition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Organic Sales / EBITDA CAGR = adjusted for APD acquisition
Nutrition & Care – Strategic agenda
Foster growth trend for sustainable nutrition and natural-based ingredients

Portfolio development
- Expand portfolio of natural-based ingredients
- Leverage strong biotechnology platform across all businesses

Investments
- Well-invested asset base, limited capex needs going forward
- Focus on debottleneckings and customer-financed projects

M&A
- M&A opportunities to strengthen Animal Nutrition in growth areas outside amino acids
- Attractive niches for adjacent technology acquisitions in Health & Care

1. Target range
Smart Materials – Key characteristics  
Resource-efficient and environmentally-friendly solutions

Key characteristics

- Environmentally-friendly solutions
- Broad expertise and portfolio for complex customer requirements
- Global market leading positions with high economies of scale

Growth drivers

- Saving resources
- Increasing use of lightweight materials
- Stricter regulation and safety standards
Smart Materials – Growth drivers
Broad-based specialty silica portfolio with >€1 bn of sales

<table>
<thead>
<tr>
<th>Facts</th>
<th>Broad specialty silica portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Precipitated Silica</td>
</tr>
<tr>
<td></td>
<td>Fumed Silica</td>
</tr>
<tr>
<td></td>
<td>Metal Oxides</td>
</tr>
</tbody>
</table>

### Specialty portfolio constantly supplemented by product innovations like…

- **SPHERILEX®**
  - Versatile and eco-friendly alternative to microplastics in leave-on and color cosmetic applications

- **AEROXIDE®**
  - High quality pure silica and metal oxides separators increase safety, lifetime and performance of batteries for EVs

### Facts

- **#1**
  - Supplier for fumed and precipitated silica as well as metal oxides

- **32**
  - Industries served by industry experts

- **>100**
  - Products to solve customer challenges

- **~260**
  - R&D and Applied Technology experts

- **26**
  - Production sites with global coverage

---

1. Portfolio includes precipitated, fumed and metal oxides applications

---

72
Smart Materials – Growth drivers
Shifting consumer & producer preferences in food & beverage processing

Customer challenge in aseptic packaging

- Consumer demand for more nutritional natural drinks (more conducive environment for microbial growth)
- Producer demand for more cost effective, high speed PET bottle filling systems
- More innovative bottle designs
- Sustainability trend to thinner packaging

Technical challenges in existing sterilants and applications

Evonik solution: Spraying Technology “Vapor PAA”

- New Vapor PAA technology (as alternative to liquid Peracetic Acid or Vapor H₂O₂) for spray sterilization
- Greatly reduces water and energy consumption
- Withstands lower temperatures, which increases bottle options
Smart Materials – Financials
Solid earnings growth and margin progression

- Steady earnings & margin expansion
- Strong pricing power & shift towards lower-volume specialties
- ROCE of ~16% in 2019 (including Huber goodwill)

### Smart Materials

<table>
<thead>
<tr>
<th>Sales (€ bn)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inorganics</td>
<td>2.0</td>
<td>2.0</td>
<td>2.3</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Polymers</td>
<td>1.0</td>
<td>1.0</td>
<td>1.1</td>
<td>1.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>

- CAGR\(^1\) +1%

### Adj. EBITDA (€ bn)

<table>
<thead>
<tr>
<th>Margin</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.5</td>
<td>0.5</td>
<td>0.6</td>
<td>0.6</td>
<td></td>
</tr>
</tbody>
</table>

- CAGR\(^1\) +4%

1. Organic Sales / EBITDA CAGR = adjusted for Huber acquisition

### Ambitions going forward:
- Secure margin level at least in range of 18 - 20%
- Continue strong track record in pricing power; capacity expansions driving growth going forward
**Smart Materials – Strategic agenda**

**Expand technology and cost leadership**

- **Portfolio development**
  - Expand *specialty applications*, e.g. in Silica & H₂O₂
  - Capture *opportunities and new markets* for non-fossil raw materials and products

- **Investments**
  - Expand *technology and cost leadership*
  - **Ramp-up** of new PA12 and Silica capacities to meet strong market growth
  - **Capex/sales:** ~6%

- **M&A**
  - **Leverage** Huber Silica & PeroxyChem acquisitions
  - **Selective M&A** to complement already strong positioning of current portfolio
### Key characteristics

- **Leading integrated C4-technology platform** with excellent exploitation of raw materials
- Reliable partner for our customers in **Superabsorbent polymers**
- Global supplier of **Alkoxides** as essential catalyst for the renewable fuel industry
- Highly **efficient processes and integrated platforms** offer reliable cash contribution

### Efficiency examples

- **E-Business solutions**
  - ‘C4Connect®’ for order and availability management as well as personalized offers
- Constant **process innovation and optimization** (e.g. fluid catalytic cracking to broaden raw material base)
- **Consistent digitalization of the whole production Verbund** leads to a permanent improvement of manufacturing and business processes
Focus on cost efficiency and cash generation

- Focus on cost efficiency and cash generation
- Constant process innovation and optimization, also by using digitalization potentials
- Higher exploitation of raw material streams in C4 chain

Performance Materials

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (€ bn)</th>
<th>Adj. EBITDA (€ bn)</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.7</td>
<td>0.24</td>
<td>9%</td>
</tr>
<tr>
<td>2016</td>
<td>2.6</td>
<td>0.24</td>
<td>9%</td>
</tr>
<tr>
<td>2017</td>
<td>2.6</td>
<td>0.24</td>
<td>9%</td>
</tr>
<tr>
<td>2018</td>
<td>2.6</td>
<td>0.24</td>
<td>9%</td>
</tr>
<tr>
<td>2019</td>
<td>2.6</td>
<td>0.25</td>
<td>9%</td>
</tr>
</tbody>
</table>
Appendix

1. Strategy Details
2. Financials
3. Division overview
4. Sustainability
5. Financials
6. Upcoming events
Sustainability – Rankings
Evonik best-in-class within chemicals sector in terms of sustainability
Sustainability – Evonik Sustainability Analysis
Methodology aligned to WBCSD standards

I. Defining objectives, scope and process

II. Defining assessment segments

III. Detecting market signals

<table>
<thead>
<tr>
<th>Market signals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Critical substances</td>
</tr>
<tr>
<td>2. Regulatory trends and global commissions</td>
</tr>
<tr>
<td>3. Sustainability ambitions along the value chain</td>
</tr>
<tr>
<td>4. Ecolabels, certification and standards</td>
</tr>
<tr>
<td>5. Relative environment and social performance</td>
</tr>
<tr>
<td>6. Contribution to ecological and social value creation</td>
</tr>
<tr>
<td>7. Contribution to SDGs</td>
</tr>
<tr>
<td>8. Internal guidelines and principles</td>
</tr>
</tbody>
</table>

IV. Categorizing the portfolio

<table>
<thead>
<tr>
<th>Are there strong negative signals?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Are there material negative signals?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Are there material positive signals?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Are there strong positive signals?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
</tbody>
</table>

- Challenged (C--)
- Transitioner (C-)
- Performer (B)
- Driver (A+)
- Leader (A++)

Next Generation Solutions
- >30% of Evonik’s sales deliver material or strong material benefits in terms of sustainability
- Products address customers desire for sustainable solutions
- Next Generation Solutions include …
  - established products like green tires, oil additives or water-borne coatings additives
  - innovations like active food packaging or thermal insulation
UN Sustainable Development Goals (SDGs)
>50% of Evonik’s portfolio with positive benefit to SDGs

>50%¹ of Evonik’s sales contribute to SDGs

1. 2018 sales continuing operations | Most relevant SDGs ranked by significance from left to right
UN Sustainable Development Goals (SDGs)
Our positive impact on the SDGs of most relevance for Evonik

Our contribution to SDG 12
- High safety standards
- Responsible supply chain management
- Responsible management of chemicals and waste
- Products for resource efficiency in highly demanding applications

Our contribution to SDG 3
- APIs\(^2\) and intermediates
- Food ingredients and nutritional delivery
- Highly purified amino acids
- Parenteral and drug delivery
- Medical devices

Our contribution to SDG 13
- Ambitious CO\(_2\) reduction targets
- Silica-silane technology for „green“ tires
- Oil additives to extend life of hydraulic machines and save fuel
- Membranes for biogas upgrading
- DL methionine for animal nutrition
- High-performance insulation materials

Our contribution to SDG 6
- Global water management system: development of site-specific action plans within Evonik Group
- Oxidation agents, waste water treatment
- Biosurfactants

1) Examples 2) API = Active Pharmaceutical Ingredient
Sustainability – Environmental targets
Ambitious greenhouse gas emission reduction targets

-50% reduction of Scope 1 and Scope 2 emission until 2025 (vs. 2008)

-15% reduction of upstream Scope 3 emission until 2025 (vs. 2020)

- Strong commitment to "Paris Agreement on Climate Change" reflected in implementation and execution on environmental targets
- “Sustainability Strategy 2020+” targets reduction of -50% of Scope 1 and Scope 2 emissions by 2025 (compared to base year 2008)
- Global CO₂ pricing used as an additional planning parameter for investment decisions

<table>
<thead>
<tr>
<th>Year</th>
<th>Evonik Scope 1 and Scope 2 emissions¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>9.029</td>
</tr>
<tr>
<td>2018</td>
<td>5.689</td>
</tr>
<tr>
<td>2019</td>
<td>4.923</td>
</tr>
<tr>
<td>2025</td>
<td></td>
</tr>
</tbody>
</table>

¹ in thousand metric tons CO₂eq
Sustainability – Main KPIs

**Greenhouse gas emissions**
Scope 1 and Scope 2 emissions in thousand metric tons CO2 equivalents

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<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions</td>
<td>5,964</td>
<td>5,875</td>
<td>5,934</td>
<td>5,593</td>
<td>5,380</td>
<td>5,609</td>
<td>5,689</td>
<td>4,923</td>
</tr>
</tbody>
</table>

**Accident frequency**
Number of accidents per 1 million working hours

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
<td>1.5</td>
<td>1.4</td>
<td>1.0</td>
<td>1.2</td>
<td>1.0</td>
<td>1.2</td>
<td>1.2</td>
<td>0.9</td>
<td>1.2</td>
</tr>
</tbody>
</table>

**Total water consumption**
in million m³

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption</td>
<td>350</td>
<td>414</td>
<td>498</td>
<td>517</td>
<td>560</td>
<td>504</td>
<td>490</td>
<td>534</td>
</tr>
</tbody>
</table>

**Employee turnover**
in %

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>2.4</td>
<td>2.6</td>
<td>3.9</td>
<td>4.7</td>
<td>4.7</td>
<td>5.8</td>
<td>6.2</td>
<td>5.2</td>
</tr>
</tbody>
</table>
Appendix

1. Strategy Details
2. Financials
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Spotlight on capex
Optimized capex spending on a continuously lower level of €850 m

Continuous capex level of ~€850 m

Optimized capex spending going forward

- **Strict allocation criteria**, especially for maintenance capex
- **Harmonization of maintenance projects** to global standards
- **Asset Lifecycle Management** for each business with a 10-year time horizon
- **Site Footprint Masterplan**: Definition and capex allocation according to clear capex roles for individual sites

Capex = Cash outflow for investment in intangible assets, pp&e
Pensions
Pension funding overview as of 31 December 2019

- Pensions very long-term, patient debt (>17 years) with no funding obligations in Germany
- DBO level of €12.2 bn (interest rate at 1.30%)
- Funding ratio at ~70% mainly due to positive development of pension asset
Pensions
Structure and performance of pension assets

### Structure of pension assets

- **Equity**
- **Corporate & Other Bonds**
- **Real Estate**
- **Government Bonds**
- **Others**

### Performance of pension assets

- Pension assets with a relatively **defensive and diversified portfolio** mix (only 14% equity quota)
- Strong **historic performance of ~5%** on average securing a 70% funding ratio
- Conservative performance targets going forward sufficient to **keep the current funding ratio**

**€8.4 bn** plan assets covering **~€12.2 bn DBO with ~70% funding ratio**

Even in a more difficult environment **no need for further top-ups** to maintain current funding ratio

1. As of 31 December 2019
Debt structure
Well balanced maturity profile

(in € m as of March 31, 2020)

- Well balanced debt maturity profile with no single bond maturity greater than € 750m
- Long-term capital market financing secured at favorable conditions:
  - average coupon of 0.74% p.a. on €3.15 bn senior bonds
  - coupon of 2.125% p.a. on €0.5 bn hybrid bond
- €500 m senior bond due in April 2020 already repaid from MMA disposal proceeds
- Undrawn €1.75 bn syndicated revolving credit facility maturing June 2024

1. Formal lifetime of 60 years; first redemption right for Evonik in 2022
Evonik successfully placed €500 m bond

• On 11th May 2020, Evonik successfully placed a €500m bond in the Eurobond market
• The proceeds of the issue will be used to partially refinance the outstanding €650 million senior bond due in March 2021
• The final orderbook was ~ 2.5x oversubscribed
• Demand was driven by German, French and UK high-quality asset managers

<table>
<thead>
<tr>
<th>Key transaction terms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer</strong></td>
</tr>
<tr>
<td><strong>Amount</strong></td>
</tr>
<tr>
<td><strong>Tenor</strong></td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
</tr>
<tr>
<td><strong>Coupon</strong></td>
</tr>
<tr>
<td><strong>Price</strong></td>
</tr>
<tr>
<td><strong>Yield</strong></td>
</tr>
</tbody>
</table>

Maturity profile of capital market instruments

- €500 m senior bond due in April 2020 already repaid from MMA disposal proceeds
- €650 million senior bond due in March 2021 already partially pre-financed by a new bond issued in May 2020
Maintaining a solid investment grade rating is a central element in our financing strategy.

In April 2020, Moody’s affirmed the Baa1 rating of Evonik and changed the outlook to negative from stable. At the same time, Moody’s assessed the liquidity profile of Evonik as solid, underpinned by a strong cash position.

S&P rating and outlook remain unchanged at BBB+/stable since 2012.

Both rating agencies acknowledge:

- a strong business profile of Evonik, underpinned by significant size and leading global market positions
- greater-than-peer diversity in terms of end-markets and product range
- supportive financial policy and management’s commitment to a solid investment-grade rating
Development of debt and leverage over time

(in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net financial debt</th>
<th>Pension provisions</th>
<th>Total leverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3,349</td>
<td>2,251</td>
<td>0.9x</td>
</tr>
<tr>
<td>2016</td>
<td>3,852</td>
<td>2,741</td>
<td>1.3x</td>
</tr>
<tr>
<td>2017</td>
<td>3,817</td>
<td>3,023</td>
<td>2.8x</td>
</tr>
<tr>
<td>2018</td>
<td>3,732</td>
<td>2,907</td>
<td>2.5x</td>
</tr>
<tr>
<td>2019</td>
<td>3,967</td>
<td>2,141</td>
<td>2.7x</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>3,787</td>
<td>2,778</td>
<td>3.0x</td>
</tr>
</tbody>
</table>

- Increase as per Q1 2020 mainly from closing of PeroxyChem acquisition
- **Net financial debt leverage** continues to be low at only 1.2x
- More than half of net debt consists of long-dated pension obligations with > 17 years duration
- Pension provisions reduced during Q1 due to increase of pension discount rates (mainly caused by higher yields of underlying AA-rated corporate bonds)
- Pension provisions partly balanced by corresponding deferred tax assets of ~€1.29 bn

Adj. net debt$^3$

<table>
<thead>
<tr>
<th>Year</th>
<th>Adj. net debt$^3$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,251</td>
</tr>
<tr>
<td>2016</td>
<td>2,741</td>
</tr>
<tr>
<td>2017</td>
<td>6,590</td>
</tr>
<tr>
<td>2018</td>
<td>6,389</td>
</tr>
<tr>
<td>2019</td>
<td>5,858$^1$</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>6,315$^1$</td>
</tr>
</tbody>
</table>

Adj. EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>Adj. EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,465</td>
</tr>
<tr>
<td>2016</td>
<td>2,165</td>
</tr>
<tr>
<td>2017</td>
<td>2,357</td>
</tr>
<tr>
<td>2018</td>
<td>2,601</td>
</tr>
<tr>
<td>2019</td>
<td>2,153$^1$</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>2,127$^1$</td>
</tr>
</tbody>
</table>

German pension discount rate (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>German pension discount rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.75</td>
</tr>
<tr>
<td>2016</td>
<td>2.00</td>
</tr>
<tr>
<td>2017</td>
<td>2.00</td>
</tr>
<tr>
<td>2018</td>
<td>2.00</td>
</tr>
<tr>
<td>2019</td>
<td>1.30</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>1.70</td>
</tr>
</tbody>
</table>

1. Continuing operations (excluding methacrylate activities)
2. Adj. net debt$^3$ / adj. EBITDA
3. Net financial debt – 50% hybrid bond + pension provisions
## Financials

### Sales¹ (in € bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>11.8</td>
</tr>
<tr>
<td>2012</td>
<td>11.8</td>
</tr>
<tr>
<td>2013</td>
<td>11.2</td>
</tr>
<tr>
<td>2014</td>
<td>11.4</td>
</tr>
<tr>
<td>2015</td>
<td>11.9</td>
</tr>
<tr>
<td>2016</td>
<td>11.3</td>
</tr>
<tr>
<td>2017</td>
<td>12.7</td>
</tr>
<tr>
<td>2018</td>
<td>13.3</td>
</tr>
<tr>
<td>2019</td>
<td>13,108</td>
</tr>
</tbody>
</table>

### Adj. EBITDA¹ (in € m) / margin

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2,246</td>
<td>19.1%</td>
</tr>
<tr>
<td>2012</td>
<td>2,231</td>
<td>18.9%</td>
</tr>
<tr>
<td>2013</td>
<td>1,836</td>
<td>16.5%</td>
</tr>
<tr>
<td>2014</td>
<td>1,734</td>
<td>15.2%</td>
</tr>
<tr>
<td>2015</td>
<td>2,298</td>
<td>19.2%</td>
</tr>
<tr>
<td>2016</td>
<td>1,940</td>
<td>17.2%</td>
</tr>
<tr>
<td>2017</td>
<td>1,970</td>
<td>15.5%</td>
</tr>
<tr>
<td>2018</td>
<td>2,150</td>
<td>16.2%</td>
</tr>
<tr>
<td>2019</td>
<td>2,153</td>
<td>16.4%</td>
</tr>
</tbody>
</table>

### Free Cash Flow (as reported, in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Free Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>550</td>
</tr>
<tr>
<td>2012</td>
<td>490</td>
</tr>
<tr>
<td>2013</td>
<td>-49</td>
</tr>
<tr>
<td>2014</td>
<td>1,052</td>
</tr>
<tr>
<td>2015</td>
<td>785</td>
</tr>
<tr>
<td>2016</td>
<td>511</td>
</tr>
<tr>
<td>2017</td>
<td>672</td>
</tr>
<tr>
<td>2018</td>
<td>526</td>
</tr>
<tr>
<td>2019</td>
<td>717</td>
</tr>
</tbody>
</table>

### ROCE (as reported, in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>ROCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>18.7</td>
</tr>
<tr>
<td>2012</td>
<td>20.4</td>
</tr>
<tr>
<td>2013</td>
<td>15.1</td>
</tr>
<tr>
<td>2014</td>
<td>12.5</td>
</tr>
<tr>
<td>2015</td>
<td>16.6</td>
</tr>
<tr>
<td>2016</td>
<td>14.0</td>
</tr>
<tr>
<td>2017</td>
<td>11.2</td>
</tr>
<tr>
<td>2018</td>
<td>12.1</td>
</tr>
<tr>
<td>2019</td>
<td>8.6</td>
</tr>
</tbody>
</table>

1. Continuing operations
## Segment overview by quarter – Continuing operations

<table>
<thead>
<tr>
<th></th>
<th>Q1/19</th>
<th>Q2/19</th>
<th>Q3/19</th>
<th>Q4/19</th>
<th>FY 2019</th>
<th>Q1/20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales (in € m)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nutrition &amp; Care</td>
<td>1,149</td>
<td>1,131</td>
<td>1,138</td>
<td>1,163</td>
<td>4,582</td>
<td>1,134</td>
</tr>
<tr>
<td>Resource Efficiency</td>
<td>1,438</td>
<td>1,445</td>
<td>1,414</td>
<td>1,387</td>
<td>5,685</td>
<td>1,437</td>
</tr>
<tr>
<td>Performance Materials</td>
<td>520</td>
<td>553</td>
<td>475</td>
<td>495</td>
<td>2,043</td>
<td>472</td>
</tr>
<tr>
<td>Services</td>
<td>174</td>
<td>171</td>
<td>196</td>
<td>221</td>
<td>763</td>
<td>191</td>
</tr>
<tr>
<td>Corporate / Others</td>
<td>6</td>
<td>6</td>
<td>9</td>
<td>18</td>
<td>35</td>
<td>9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q1/19</th>
<th>Q2/19</th>
<th>Q3/19</th>
<th>Q4/19</th>
<th>FY 2019</th>
<th>Q1/20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adj. EBITDA (in € m)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nutrition &amp; Care</td>
<td>180</td>
<td>190</td>
<td>188</td>
<td>170</td>
<td>728</td>
<td>174</td>
</tr>
<tr>
<td>Resource Efficiency</td>
<td>330</td>
<td>326</td>
<td>322</td>
<td>314</td>
<td>1,290</td>
<td>344</td>
</tr>
<tr>
<td>Performance Materials</td>
<td>53</td>
<td>74</td>
<td>47</td>
<td>50</td>
<td>224</td>
<td>23</td>
</tr>
<tr>
<td>Services</td>
<td>31</td>
<td>36</td>
<td>32</td>
<td>24</td>
<td>122</td>
<td>29</td>
</tr>
<tr>
<td>Corporate / Others</td>
<td>-55</td>
<td>-60</td>
<td>-46</td>
<td>-53</td>
<td>-211</td>
<td>-57</td>
</tr>
<tr>
<td><strong>Evonik Group</strong></td>
<td>539</td>
<td>566</td>
<td>543</td>
<td>505</td>
<td>2,153</td>
<td>513</td>
</tr>
</tbody>
</table>
Balanced regional and end market split 2019

**Sales by region**
- Other
- Asia-Pacific
- Central & South America
- North America
- Western Europe
- Eastern Europe

**End market split**
- Other
- Construction
- Environmental
- Consumer Goods
- Chemicals, O&G
- Coatings
- Consumer Care
- Automotive
- Nutrition

Legend: 5-10%, 10-15%, 15-20%
“RAG-Stiftung” as long-term shareholder with focus on attractive returns

Ownership structure

- Free float: 41.1%
- RAG-Stiftung: 58.9%

RAG-Stiftung

- A foundation with the obligation to finance the perpetual liabilities arising from the cessation of hard-coal mining in Germany
- Evonik as integral and stable portfolio element with attractive and reliable dividend policy
- Clear intention to remain significant shareholder
- RAG-Stiftung capable to cover annual cash out requirements with Evonik dividend (~€345 m dividend received in 2019)
### Management compensation

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed salary</strong></td>
<td>▪ To be paid in cash for each financial year on a monthly basis</td>
</tr>
</tbody>
</table>
| **Bonus**                     | ▪ Pay-out calculated on the basis of the achievement of focused KPIs; aligned to mid-term strategic targets:  
  1. Progression towards EBITDA margin target  
  2. EBITDA growth (yoy)  
  3. Contribution to FCF target  
  4. Accident performance  
  ▪ Factor of between 0.8 and 1.2 to take into account the achievement of further individual targets  
  ▪ Bonus capped at 200% of initial target                                                                                                                                                                                                                                                                 |
| **Long-term incentive plan**  | ▪ Granted LTI target amount is calculated in virtual shares (4-year lock-up)  
  ▪ Value of LTI to mirror the development of Evonik’s share price (incl. dividends)  
  ▪ Amount payable is determined by two performance elements  
  ▪ Absolute performance: Real price of the Evonik share  
  ▪ Relative performance against external index benchmark (MSCI Chemicals)  
  ▪ Bonus capped at 300% of initial amount  
  ▪ To be paid out in cash after lock-up period |
Raw material split and TOP 3 raw materials per division

Total procurement volume 2019 (in € m)

- Logistic & Packaging (incl. natural gas)
- Machincery & Equipment

~€9.4 bn

Breakdown of raw material spend\(^1\) (examples)

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

~€6.1 bn

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

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

Specialty Additives
- Acetone
- Ammonia
- Fatty Alcohol

Nutrition & Care
- Propylene
- Methanol
- Dextrose

Smart Materials
- Sodium Silicate
- Silicone Metal
- Sodium Hydroxide

Performance Materials
- Crack C4
- Propylene
- Acrylic Acid

1. Raw material spend 65% of total procurement volume in 2019
# New divisional structure

**Divisions, sub-divisions and key products**

<table>
<thead>
<tr>
<th>Specialty Additives</th>
<th>Nutrition &amp; Care</th>
<th>Smart Materials</th>
<th>Performance Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Animal Nutrition</strong></td>
<td>Amino acids</td>
<td><strong>Inorganics</strong></td>
<td><strong>C4 derivatives</strong></td>
</tr>
<tr>
<td>Coating additives</td>
<td>Active cosmetic</td>
<td>Silica</td>
<td>Superabsorbers</td>
</tr>
<tr>
<td>PU additives</td>
<td>ingredients</td>
<td>H$_2$O$_2$</td>
<td></td>
</tr>
<tr>
<td>Lubricant additives</td>
<td>Drug delivery</td>
<td>Catalysts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>systems</td>
<td>PA 12</td>
<td></td>
</tr>
</tbody>
</table>
Appendix

1. Strategy Details
2. Financials
3. Division overview
4. Sustainability
5. Financials
6. Upcoming events
Disclaimer

In so far as forecasts or expectations are expressed in this presentation or where our statements concern the future, these forecasts, expectations or statements may involve known or unknown risks and uncertainties. Actual results or developments may vary, depending on changes in the operating environment. Neither Evonik Industries AG nor its group companies assume an obligation to update the forecasts, expectations or statements contained in this release.
# Upcoming IR events

<table>
<thead>
<tr>
<th>Conferences &amp; Roadshows</th>
<th>Upcoming Events &amp; Reporting Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>18 June 2020</strong></td>
<td><strong>31 August 2020</strong></td>
</tr>
<tr>
<td>Barclays European Select Conf., Napa Valley (virtual)</td>
<td>AGM (virtual)</td>
</tr>
<tr>
<td><strong>18 August 2020</strong></td>
<td><strong>4 August 2020</strong></td>
</tr>
<tr>
<td>Bankhaus Lampe “Deutschlandkonferenz”, Baden Baden</td>
<td>Q2 2020 reporting</td>
</tr>
<tr>
<td></td>
<td><strong>3 November 2020</strong></td>
</tr>
<tr>
<td></td>
<td>Q3 2020 reporting</td>
</tr>
<tr>
<td></td>
<td><strong>4 March 2021</strong></td>
</tr>
<tr>
<td></td>
<td>Q4/FY 2020 reporting</td>
</tr>
<tr>
<td></td>
<td><strong>6 May 2021</strong></td>
</tr>
<tr>
<td></td>
<td>Q1 2021 reporting</td>
</tr>
<tr>
<td></td>
<td><strong>5 August 2021</strong></td>
</tr>
<tr>
<td></td>
<td>Q2 2021 reporting</td>
</tr>
<tr>
<td></td>
<td><strong>4 November 2021</strong></td>
</tr>
<tr>
<td></td>
<td>Q3 2021 reporting</td>
</tr>
</tbody>
</table>
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