Key Messages Q2 Roadshow Season
Successful through the crisis with a long-term view

Delivering on our promises in Q2
- Better than expected Q2 performance in an uncertain environment
- Outlook 2020: FCF upgraded, EBITDA confirmed

The right dosage of crisis management
- Structural efficiency measures implemented timely ahead of the crisis
- Going forward, implementation of learnings from the crisis will preserve lower cost base

Growth drivers innovation & sustainability
- New RD&I (Research, Development & Innovation) organization started
- “Next Generation Solutions” delivering growth even in difficult environment

New divisions with a long-term view
- Smooth implementation of new divisional structure (from July 1st) despite the crisis
- Growth divisions with strong positioning and promising growth drivers
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LEADING BEYOND CHEMISTRY
TO IMPROVE LIFE, TODAY AND TOMORROW
Leading Beyond Chemistry – Our purpose
Evonik on the way to become a best-in-class 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**
- Broad spectrum of additives for maximum performance which make the key difference

**Nutrition & Care**
- Sustainable solutions for basic human needs in resilient end markets like pharma, personal care and animal nutrition

**Smart Materials**
- Innovative materials that enable resource-saving solutions for environment, urbanization, mobility and health

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

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

- **Smart Materials**
  - Sales: €3,371 m
  - Margin: 19%
  - ROCE: 16%

Financials FY 2019
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

25% p.a. (CAGR)


> €1 bn by 2025
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 rating¹, EcoVadis “Gold” rating, “B”-ISS Oekom² and “B” CDP rating³

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-
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

Innovation
Clearly defined growth fields & bundling of cross-business competencies

Portfolio
Specialty portfolio with 100% growth businesses

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

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

Portfolio characteristics

- 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-accrative portfolio management**

### Divestments

- **~€2 bn cyclical sales**
  - sold at attractive valuation (8.5x EV/EBITDA)
  - Ø EBITDA margin: ~15%\(^1\)

### 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-accrative portfolio management

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

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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

<table>
<thead>
<tr>
<th>Specialty Additives</th>
<th>Nutrition &amp; Care</th>
<th>Smart Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating a <strong>global leader</strong> in Specialty &amp; Coating Additives</td>
<td>Combination of preservatives know how with emulsifier know how of Evonik</td>
<td><strong>Portfolio expansion</strong> by sustainable specialty applications for <strong>dental silica</strong> and <strong>hydrogen peroxide</strong></td>
</tr>
<tr>
<td><strong>High margin and resilient business</strong> with low capital intensity and strong cash generation</td>
<td><strong>Expanded formulation skills</strong> in one hand, thus enhanced capability to offer formulation packages</td>
<td>Both <strong>resilient business</strong> with sustainable FCF conversion &gt;60%</td>
</tr>
</tbody>
</table>

- **Air Products** (2017)
- **Dr Straetmans** (2017)
- **PeroxyChem** (2020)

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(2017)
Strategic agenda going forward
Clear strategic and financial targets

**Specialty Additives**
**Nutrition & Care**
**Smart Materials**
**Performance Materials**

**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

<table>
<thead>
<tr>
<th>Efficient capex allocation</th>
<th>Attractive dividend</th>
<th>Targeted M&amp;A</th>
<th>Healthy balance sheet level</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Strict capital allocation criteria</td>
<td>▪ Shareholder return mainly via attractive dividend</td>
<td>▪ Strong strategic fit in our portfolio</td>
<td>▪ Maintaining a solid investment grade rating</td>
</tr>
<tr>
<td>▪ Optimized Capex spending on continuously lower level</td>
<td>▪ Stable to rising dividend going forward</td>
<td>▪ Contributing to defined financial targets</td>
<td>▪ Solid balance sheet leaves sufficient room for development of the group</td>
</tr>
<tr>
<td>▪ Investment projects contributing to financial targets</td>
<td></td>
<td>▪ Strict return criteria</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ High level of synergies</td>
<td></td>
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</tbody>
</table>

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

- 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

Dividend (in €) for FY

1. Dividend proposal
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Highlights
Better than expected Q2 - FCF outlook 2020 upgraded

Delivering on Q2 & H1 performance

- Q2 adj. EBITDA at €456 m – clearly better than initially expected
- Combined growth segments with robust EBITDA and pricing in H1
- Clearly positive free cash flow in Q2 – even in a tough quarter

FCF outlook upgraded

- Adj. EBITDA between €1.7 and 2.1 bn
- Cash conversion rate at least on prior year’s level (33.3%) – upgraded from “stable cash conversion rate”
## Actively managing the Corona situation
Successful through the crisis - step-by-step to the “new normal”

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
</table>
| Health & safety   | - High hygienic and safety measures remain in place  
                      Step-by-step returning to “new normal” under highest hygienic standards                                                                  |
| Operations        | - Reliable partner for customers throughout the crisis  
                      Outstanding achievement to keep operations and supply chain up and running                                                                 |
| Liquidity management | - Positive H1 FCF and strong liquidity position  
                          €1.7 bn liquidity end of June; refinancing of 2021 bond maturity secured                                                               |
| Cost control      | - Execution on efficiency initiatives  
                      Structurally improved cost position gives support in and out of the crisis                                                                   |
### The right dosage of crisis management
Cost management and organizational changes with a long-term view

<table>
<thead>
<tr>
<th>Costs &amp; Efficiency</th>
<th>Organizational setup</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Structural <strong>efficiency measures implemented timely</strong> ahead of the crisis</td>
<td>- Smooth implementation of <strong>new divisional structure</strong> (from July 1(^{st})) despite the crisis</td>
</tr>
<tr>
<td>- Very <strong>limited use of short-time work</strong> necessary</td>
<td>- New <strong>RD&amp;I</strong> (Research, Development &amp; Innovation) organization starting July 1(^{st})</td>
</tr>
<tr>
<td>- Going forward, <strong>implementation of learnings from the crisis</strong> will preserve lower cost base</td>
<td></td>
</tr>
<tr>
<td>(e.g. virtual marketing &amp; sales activities, internal meeting culture, e-learning, virtual investor roadshows)</td>
<td>- Pooling interdisciplinary expertise and technologies to foster sustainable growth</td>
</tr>
</tbody>
</table>

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Ongoing portfolio transformation bearing fruit

Growth segments with robust performance in H1

- **Challenging situation** with weak demand, low naphtha price and product spreads
- **Lower demand** from automotive sector
- **4 out of 9 businesses with yoy higher earnings;** e.g. $H_2O_2$ (disinfection solutions), Crosslinkers (wind energy and disinfections in China) and Catalysts
- **Resilient performance** in Health Care & Care Solutions
- **Animal Nutrition** with strong demand in H1 and yoy higher prices

Growth segments:
- Resource Efficiency
- Nutrition & Care
- Performance Materials

**robust EBITDA; margin >20%**

1. H1 performance of combined growth segments: yoy adj. EBITDA -3% (incl. PXC contribution); EBITDA margin at 20.2%
# Q2 2020 – Solid performance despite corona effects

<table>
<thead>
<tr>
<th>Category</th>
<th>Q2 2020</th>
<th>Q2 19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>€2,827 m</td>
<td>€3,306 m</td>
<td>-15.9%</td>
</tr>
<tr>
<td>Adj. EBITDA</td>
<td>€456 m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free cash flow (H1)</td>
<td>€209 m</td>
<td>€95 m</td>
<td>120%</td>
</tr>
<tr>
<td>Adj. EPS</td>
<td>0.34€</td>
<td>0.49€</td>
<td>-26.6%</td>
</tr>
</tbody>
</table>

- **N&C very solid; RE with strong pricing; challenging environment for PM**
- **Strong margins in N&C and RE; PM clearly down**
- **Very solid cash generation even during the trough of the crisis**
- **Lower operational earnings and slightly higher D&A**
Free Cash Flow H1 2020
Clearly higher FCF despite challenging environment

<table>
<thead>
<tr>
<th>Free cash flow (in € m, continuing operations)</th>
</tr>
</thead>
<tbody>
<tr>
<td>in € m</td>
</tr>
<tr>
<td>H1 19</td>
</tr>
<tr>
<td>95</td>
</tr>
<tr>
<td>▼ +114</td>
</tr>
<tr>
<td>H1 20</td>
</tr>
<tr>
<td>209</td>
</tr>
</tbody>
</table>

**Free cash flow clearly higher** in H1 (yoy):
- Overcompensating EBIT decline of €180 m
- High cash awareness with strict cost management
- **NWC:** Focus on supply security in H1; now shifting back to active NWC management in H2
- **Capex** maintained on low prior year’s level
- Lower **bonus** payments
- Lower outflows for **taxes** (reimbursements relating to other periods)
Resource Efficiency
Resilience in >50% of the portfolio; Auto-linked businesses clearly impacted

### Sales (in € m)

<table>
<thead>
<tr>
<th></th>
<th>Q2 19</th>
<th>Q3 19</th>
<th>Q4 19</th>
<th>Q1 20</th>
<th>Q2 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,445</td>
<td>1,414</td>
<td>1,387</td>
<td>1,437</td>
<td>1,244</td>
</tr>
<tr>
<td>% change</td>
<td>-14%</td>
<td>-14%</td>
<td>-14%</td>
<td>-14%</td>
<td>-14%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Q2 19</th>
<th>Q3 19</th>
<th>Q4 19</th>
<th>Q1 20</th>
<th>Q2 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA</td>
<td>326</td>
<td>322</td>
<td>314</td>
<td>344</td>
<td>255</td>
</tr>
<tr>
<td>% change</td>
<td>-22%</td>
<td>-22%</td>
<td>-22%</td>
<td>-22%</td>
<td>-22%</td>
</tr>
<tr>
<td>Margin</td>
<td>22.6</td>
<td>22.8</td>
<td>22.6</td>
<td>23.9</td>
<td>20.5</td>
</tr>
<tr>
<td>Volume</td>
<td>-18%</td>
<td>+1%</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FX</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

- Margin level of above 20% preserved due to continued high cost awareness, solid pricing and beneficial product mix
- Continued solid performance of Crosslinkers, Active Oxygen and Catalysts; Silica with resilient performance in Oral Care and Specialty application
- Volumes in High Performance Polymers, Silica for tires and Oil Additives clearly impacted by weaker auto demand
- Q2 with maintenance costs for shutdown in preparation of PA12 expansion (~€10 m)
**Nutrition & Care**

**Strong performance in resilient end markets**

<table>
<thead>
<tr>
<th>Q2 20 vs. Q2 19</th>
<th>Volume</th>
<th>Price</th>
<th>FX</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 19</td>
<td>1,131</td>
<td>16.8</td>
<td>14.6</td>
<td>217</td>
</tr>
<tr>
<td>Q3 19</td>
<td>1,138</td>
<td>16.5</td>
<td>15.3</td>
<td>188</td>
</tr>
<tr>
<td>Q4 19</td>
<td>1,163</td>
<td></td>
<td>20.0</td>
<td>170</td>
</tr>
<tr>
<td>Q1 20</td>
<td>1,134</td>
<td></td>
<td></td>
<td>174</td>
</tr>
<tr>
<td>Q2 20</td>
<td>1,085</td>
<td></td>
<td></td>
<td>217</td>
</tr>
</tbody>
</table>

### Sales (in € m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales (in € m)</th>
</tr>
</thead>
<tbody>
<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>
<tr>
<td>Q2 20</td>
<td>1,085</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adj. EBITDA (in € m)</th>
<th>Margin (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 19</td>
<td>190</td>
<td>16.8</td>
</tr>
<tr>
<td>Q3 19</td>
<td>188</td>
<td>16.5</td>
</tr>
<tr>
<td>Q4 19</td>
<td>170</td>
<td>14.6</td>
</tr>
<tr>
<td>Q1 20</td>
<td>174</td>
<td>15.3</td>
</tr>
<tr>
<td>Q2 20</td>
<td>217</td>
<td>20.0</td>
</tr>
</tbody>
</table>

- Robust performance in defensive end markets like Health Care & Care Solutions
- Strong margin improvement driven by robust pricing, structural cost savings and raw material support
- Negative volumes mainly caused by Comfort & Insulation business (clearly impacted by lower demand from auto and white goods producers) and Lysine
- Methionine with healthy volumes and increasing prices throughout Q2
Performance Materials

Difficult market environment for petrochemical derivatives continuing

- Difficult market environment for petrochemical derivatives continuing
- Low naphtha price with pressure on C4 derivatives (lower prices and spreads)
- Weak demand, especially from tire industry (Butadiene) and weakening gasoline market due to less mileage driven (MTBE)
Outlook FY 2020 (1/3)
Outlook for adjusted EBITDA confirmed

Sales: “between €11.5 and €13.0 bn” (FY 2019: €13.1 bn)
Adjusted EBITDA: “between €1.7 and €2.1 bn” (FY 2019: €2.153 bn)

FY outlook for new divisions:

- **Specialty Additives** will not reach prior year’s earnings level while maintaining attractive margin
- **Nutrition & Care** with clearly higher earnings and margin in resilient end markets
- **Smart Materials** with more resilient Inorganics and clearly lower Polymers business
- **Performance Materials** with oil price-related significant drop in earnings
## Outlook FY 2020 (2/3)
### H2 operational development by division

| Specialty Additives | - Additives for agrochemicals, packaging and textiles as well as for composites with ongoing robust development  
| - Recovery of auto- and mobility-related additives visible - however due to later position of additives in the value chain with slightly delayed recovery phasing |
| Nutrition & Care | - Unchanged positive performance in resilient Health & Care end markets  
| - Animal Nutrition with normalization of volumes in H2 |
| Smart Materials | - Ongoing resilience in large parts of Inorganics: demand for hygiene, personal care and environmental applications even benefitting from crisis  
| - Auto-related areas in Polymers and tireSilica with slow recovery |
| Performance Materials | - Challenging situation in C4-chain only slowly improving with slight recovery of Naphtha prices and product spreads  
| - yoy lower volume and price environment in superabsorbents persisting throughout the year |
Outlook FY 2020 (3/3)
Outlook for FCF upgraded

“Cash conversion rate\(^1\) at least on prior year’s level” (FY 2019: 33.3%)

- Strong H1 free cash flow, clearly above prior year’s level
- Active NWC management in H2

FCF outlook upgraded:
- **Cash conversion rate\(^1\) at least on prior year’s level**
  (previously: stable cash conversion rate)

1. Free cash flow conversion (FCF/adj. EBITDA)
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 (2019: 8.6%)
- Capex\(^1\): Around the already low level of 2019 (2019: €880 m)
- EUR/USD sensitivity\(^2\): +/-1 USD cent = +/- ~€7 m adj. EBITDA (FY basis)
- Adj. EBITDA Services, Corp. & Others: Slightly more negative than 2019 (2019: -€94 m)
  (In the new divisional structure and starting with Q3 2020, Services, Corporate & Other will be reported and guided in IR documents as only one line item going forward)
- Adj. D&A: Around the level of 2019 (2019: €952 m)
- Adj. net financial result: Around -€100 m (2019: -€185 m) due to lower cross-currency swaps, lower interest rates for pensions and other provisions
- 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
Feedback …
Are you missing anything?
Any comments?

We are always happy about feedback
Appendix

1. Strategy Details
2. Financial targets
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)

- Restructuring
  - H$_2$O$_2$ (transform base business into specialized applications)
  - Veramaris (switching of Lysin fermentation capacities)

- Innovation and product mix
  - 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>
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<tbody>
<tr>
<td><strong>Purchase price</strong></td>
<td>~ €3.5 bn</td>
<td>~ €600 m</td>
<td>€100 m</td>
</tr>
<tr>
<td><strong>Multiple</strong></td>
<td>15.2x / 9.9x</td>
<td>10.5x / 7x</td>
<td>(not disclosed)</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>&gt;20%</td>
<td>&gt;20%</td>
<td>~20%</td>
</tr>
<tr>
<td><strong>Market growth</strong></td>
<td>~4-5%</td>
<td>~4-6%</td>
<td>~10%</td>
</tr>
</tbody>
</table>

1. In specialty applications (~65% of total Adj. EBITDA)  
2. EV/EBITDA pre / post synergies & tax benefits
### 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>
<tbody>
<tr>
<td>▪ WBCSD(^1) sector <strong>standard approach</strong> aligned to specific requirements of Evonik</td>
<td>▪ <strong>99%</strong> of sales covered by Sustainability analysis</td>
<td>▪ Analysis part of <strong>strategic portfolio management</strong> e.g. for</td>
</tr>
<tr>
<td>▪ Approach <strong>audited</strong> by PWC</td>
<td>▪ <strong>Classification</strong> of product portfolio according to its <strong>sustainability performance</strong> (A++ to C--)</td>
<td>– Investments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Innovation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– M&amp;A</td>
</tr>
</tbody>
</table>

---

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

\(\€13.2\) bn sales\(^1\)

1. 2018 sales continuing operations | 2. “Next Generation Solutions” include “Leader” (A++) and “Driver” (A+) products and 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 additive 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>▪ Silica-based insulation material which is fully recyclable and incombustible for sustainable housing</td>
</tr>
<tr>
<td>Growth &gt;10%</td>
<td>Growth &gt;5%</td>
<td>Growth &gt;20%</td>
<td>Growth &gt;20%</td>
</tr>
</tbody>
</table>
Culture – self-help measures supporting margin target
Targeting cost excellence in Administration and Operations

**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 FTE$^1$)
- 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
Appendix

1. Strategy Details
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### 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 18-20%</td>
<td><strong>✓</strong></td>
</tr>
<tr>
<td>FCF significantly above dividend level</td>
<td><strong>Cash Conversion</strong> ratio of $^2$)</td>
</tr>
<tr>
<td>ROCE above Cost of Capital</td>
<td><strong>ROCE well above Cost of Capital</strong></td>
</tr>
<tr>
<td>Reliable and sustainably growing dividend</td>
<td><strong>✓</strong></td>
</tr>
<tr>
<td>Solid investment grade rating</td>
<td><strong>✓</strong></td>
</tr>
</tbody>
</table>

1: In growth divisions | 2: Cash Conversion ratio defined as FCF/Adj. EBITDA

---

**FCF significantly above dividend level**

**ROCE well above Cost of Capital**

---

**Updated mid-term Financial Targets**

- **Above-average** volume growth $^1$ > 3%
- **✓** Structurally lift EBITDA margin into sustainably higher range of 18-20%
- **Cash Conversion** ratio of $^2$ > 40%
- **ROCE well above Cost of Capital** ~ 11%
- **✓** Reliable and sustainably growing dividend
- **✓** Solid investment grade rating
Top-line growth
Targeting above-average volume growth in growth divisions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialty Additives</td>
<td></td>
<td>~3%</td>
<td></td>
</tr>
<tr>
<td>Nutrition &amp; Care</td>
<td></td>
<td>~4%</td>
<td>&gt;3%</td>
</tr>
<tr>
<td>Smart Materials</td>
<td></td>
<td>~3%</td>
<td>&gt;3%</td>
</tr>
</tbody>
</table>

~3% in growth divisions (over the cycle)
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>14%</td>
</tr>
<tr>
<td>2018</td>
<td>16%</td>
</tr>
<tr>
<td>2019</td>
<td>16.4%</td>
</tr>
</tbody>
</table>

2017-2019: Clear margin progress despite difficult macro environment

**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

\(>40\%\)

Strong improvement of FCF and Cash Conversion\(^1\)

FCF levers going forward

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

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
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New divisional structure – Overview
Growth divisions with strong positioning and promising drivers

Specialty Additives

Broad spectrum of additives solutions for maximum performance which make the key difference in industrial applications for coatings, polyurethane foam & lubricants

Nutrition & Care

Sustainable solutions for basic human needs in resilient end markets like pharma, personal care & animal nutrition

Smart Materials

Innovative materials for resource-saving solutions and substitution of conventional materials in environmental, mobility and construction end markets

Performance Materials

Efficient platforms for production of high-volume intermediates for mobility, plastics & rubber as well as superabsorbent polymers for consumer applications

Portrait

- 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

Further details on the new divisions are available in the Strategy Update May 2020 presentation on our Evonik IR website.
### New divisional structure – Overview

**Technology platforms and end market exposure**

<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></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>▪ Inorganic particle design</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Technology platforms

- **Silicone chemistry**
- **Isophorone platform**
- **Amines**

- **Biotechnology / Fermentation**
  - Methionine platform
  - Oleo chemistry

- **Inorganic particle design**
  - Specialty polymers
  - Active oxygens
  - Process catalysts

- **C4 processing and derivatizing**
  - Polymer know-how

#### Key products & global market positions

- **#1-2 in Coating additives**
- **#1 in PU additives**
- **#1 in Viscosity modifiers (for lubricants)**

- **#1 in Methionine**
  - Strong position in Active cosmetic ingredients
  - #2 in Drug delivery systems

- **#1 in Silica**
  - #2 in H₂O₂
  - Leading in Catalysts¹
  - #1 in PA12

- **C4 derivatives**
  - Superabsorbers

#### 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>&gt;3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA margin level</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>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 specialities, 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…

- Ashland
- AkzoNobel
- DSM
- CRODA
- NewMarket
- Lonza
- EMS
- SOLVAY
- GRACE
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Sustainability – Rankings
Evonik best-in-class within chemicals sector in terms of sustainability

Evonik
Industrial average

Evonik
Sector average

Evonik
Sector average

Evonik
Sector average

Evonik
Sector average

Evonik
Sector average

Evonik
Sector average

Evonik
Sector average

Evonik
Sector average
UN Sustainable Development Goals (SDGs)
>50% of Evonik’s portfolio with positive benefit to SDGs

Most relevant SDGs for Evonik

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

1. 2018 sales continuing operations | Most relevant SDGs ranked by significance from left to right
### 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)

#### Evonik Scope 1 and Scope 2 emissions\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂ eq (thousand metric tons)</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

- 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
Sustainability – Main KPIs

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

- **2012**: 5.964
- **2013**: 5.875
- **2014**: 5.934
- **2015**: 5.930
- **2016**: 5.609
- **2017**: 5.689
- **2018**: 5.593
- **2019**: 4.923

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

- **2011**: 1.5
- **2012**: 1.4
- **2013**: 1.0
- **2014**: 1.2
- **2015**: 1.0
- **2016**: 1.2
- **2017**: 1.2
- **2018**: 0.9
- **2019**: 1.2

### Specific water intake
In m3 freshwater per metric ton production

- **2012**: 32.3
- **2013**: 31.8
- **2014**: 32.1
- **2015**: 32.3
- **2016**: 31.8
- **2017**: 32.1
- **2018**: 32.3
- **2019**: 32.1

### Diversity/Employees
Female managers in % (Management circles 1 – 3)

- **2012**: ~18
- **2013**: 18.8
- **2014**: 20.1
- **2015**: 20.8
- **2016**: 22.0
- **2017**: 23.2
- **2018**: 24.3
- **2019**: 25.2
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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

Funding level at ~ 70%
Debt structure
Well balanced maturity profile

(in € m as of June 30, 2020)

- Well balanced debt maturity profile with no single bond maturity greater than €750 m
- Long-term capital market financing secured at favorable conditions:
  - average coupon of 0.55% 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 repaid from existing liquidity
- In May 2020, Evonik successfully placed a €500 m senior bond, the proceeds of which will be used to partially refinance the outstanding €650 million senior bond due in March 2021
- Undrawn €1.75 bn syndicated revolving credit facility maturing June 2024

---

1. Formal lifetime of 60 years; first redemption right for Evonik in 2022
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 remains 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 commitment to a solid investment-grade rating.
Development of debt and leverage over time

(in € m)

- Increase of net financial debt as per H1 2020 (vs year-end 2019) mainly from closing of PeroxyChem acquisition and partial dividend payment

- **Net financial debt leverage** continues to be low at only 1.4x

- More than half of net debt consists of long-dated pension obligations with >17 years duration

- Q2 pension provisions slightly higher (+ €207 m vs Q1) due to decrease of pension discount rates (from 1.7% to 1.4% in Germany)

- Pension provisions partly balanced by corresponding deferred tax assets of ~€1.35 bn

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,251</td>
<td>2,465</td>
<td>2,741</td>
<td>2,575</td>
<td>0.9x</td>
<td>2.75</td>
</tr>
<tr>
<td>2016</td>
<td>3,349</td>
<td>2,165</td>
<td>3,852</td>
<td>2,000</td>
<td>1.3x</td>
<td>2.00</td>
</tr>
<tr>
<td>2017</td>
<td>2,660</td>
<td>2,357</td>
<td>6,590</td>
<td>2,000</td>
<td>2.8x</td>
<td>2.00</td>
</tr>
<tr>
<td>2018</td>
<td>6,840</td>
<td>2,601</td>
<td>6,389</td>
<td>2,000</td>
<td>2.5x</td>
<td>2.00</td>
</tr>
<tr>
<td>2019</td>
<td>6,639</td>
<td>2,153 1</td>
<td>6,108</td>
<td>1.30</td>
<td>2.7x</td>
<td>1.30</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>6,988</td>
<td>2,017 1</td>
<td></td>
<td></td>
<td>3.3x</td>
<td>1.40</td>
</tr>
</tbody>
</table>

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Financials

### Sales\(^1\) (in € bn)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>11.8</td>
<td>11.8</td>
<td>11.2</td>
<td>11.4</td>
<td>11.9</td>
<td>11.3</td>
<td>12.7</td>
<td>13.3</td>
<td>13.108</td>
</tr>
</tbody>
</table>

### Adj. EBITDA\(^1\) (in € m) / margin

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>19.1%</td>
<td>18.9%</td>
<td>16.5%</td>
<td>15.2%</td>
<td>19.2%</td>
<td>17.2%</td>
<td>15.5%</td>
<td>16.2%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Sales</td>
<td>2,246</td>
<td>2,231</td>
<td>1,836</td>
<td>1,734</td>
<td>2,298</td>
<td>1,940</td>
<td>1,970</td>
<td>2,150</td>
<td>2,153</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>550</td>
<td>490</td>
<td>-49</td>
<td>1,052</td>
<td>785</td>
<td>511</td>
<td>672</td>
<td>717</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>Methacrylates Divestment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

### ROCE (as reported, in %)

<table>
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<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>18.7</td>
<td>20.4</td>
<td>15.1</td>
<td>12.5</td>
<td>16.6</td>
<td>14.0</td>
<td>11.2</td>
<td>12.1</td>
<td>8.6</td>
</tr>
<tr>
<td>Sales</td>
<td>Methacrylates Divestment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

1. Continuing operations
## Divisional overview by quarter

<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>
<th>Q2/20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales (in € m)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Specialty Additives</td>
<td>842</td>
<td>867</td>
<td>861</td>
<td>810</td>
<td>3,381</td>
<td>852</td>
<td>747</td>
</tr>
<tr>
<td>Nutrition &amp; Care</td>
<td>731</td>
<td>719</td>
<td>726</td>
<td>747</td>
<td>2,922</td>
<td>748</td>
<td>742</td>
</tr>
<tr>
<td>Smart Materials</td>
<td>857</td>
<td>845</td>
<td>833</td>
<td>836</td>
<td>3,371</td>
<td>858</td>
<td>722</td>
</tr>
<tr>
<td>Performance Materials</td>
<td>677</td>
<td>698</td>
<td>607</td>
<td>652</td>
<td>2,634</td>
<td>584</td>
<td>437</td>
</tr>
<tr>
<td>Services, Corporate &amp; Others</td>
<td>180</td>
<td>177</td>
<td>205</td>
<td>239</td>
<td>800</td>
<td>201</td>
<td>179</td>
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</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>
<th>Q2/20</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>
<td></td>
</tr>
<tr>
<td>Specialty Additives</td>
<td>225</td>
<td>226</td>
<td>232</td>
<td>203</td>
<td>886</td>
<td>239</td>
<td>202</td>
</tr>
<tr>
<td>Nutrition &amp; Care</td>
<td>113</td>
<td>121</td>
<td>119</td>
<td>109</td>
<td>462</td>
<td>118</td>
<td>168</td>
</tr>
<tr>
<td>Smart Materials</td>
<td>162</td>
<td>164</td>
<td>157</td>
<td>168</td>
<td>651</td>
<td>166</td>
<td>102</td>
</tr>
<tr>
<td>Performance Materials</td>
<td>63</td>
<td>84</td>
<td>49</td>
<td>53</td>
<td>248</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td>Services, Corporate &amp; Others</td>
<td>-24</td>
<td>-29</td>
<td>-14</td>
<td>-27</td>
<td>-94</td>
<td>-28</td>
<td>-28</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>
<td>456</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
- Nutrition
- Automotive
- Coatings

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 (~EUR345 m dividend received in 2019)
## 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>▪ 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>
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</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 FCF target</td>
<td></td>
</tr>
<tr>
<td>4. Accident performance</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>▪ Absolute performance: Real price of the Evonik share</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>▪ Relative performance against external index benchmark (MSCI Chemicals)</td>
<td></td>
</tr>
<tr>
<td>▪ Amount payable is determined by two performance elements</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>
Raw material split and TOP 3 raw materials per division

**Total procurement volume 2019 (in € m)**

- Logistic & Packaging
- Energy (incl. natural gas)
- Machincery & Equipment
- Raw materials
- ~€9.4 bn

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

**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
Appendix

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
<th>Location</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 August 2020</td>
<td>Roadshow London</td>
<td>(virtual)</td>
<td></td>
</tr>
<tr>
<td>5/6 August 2020</td>
<td>Jefferies Industrial Conference (virtual)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 August 2020</td>
<td>Roadshow Benelux</td>
<td>(virtual)</td>
<td></td>
</tr>
<tr>
<td>26 August 2020</td>
<td>Roadshow USA</td>
<td>(virtual)</td>
<td></td>
</tr>
<tr>
<td>27 August 2020</td>
<td>Berenberg Top Picks Seminar, Kopenhagen (virtual)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 September 2020</td>
<td>Commerzbank Corporate Conference, Frankfurt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 September 2020</td>
<td>Berenberg Food Ingredients &amp; Chemicals Conference, London (virtual)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22 September 2020</td>
<td>Baader Investment Conference, Munich</td>
<td></td>
<td></td>
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<tr>
<td>23 September 2020</td>
<td>Berenberg/Goldman Sachs German Corporate Conference, Munich</td>
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<tr>
<td>24 September 2020</td>
<td>Bernstein Strategic Decisions Conference, London (virtual)</td>
<td></td>
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</tr>
<tr>
<td>1 October 2020</td>
<td>J.P. Morgan Milan Investor Forum (virtual)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Upcoming Events & Reporting Dates

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 August 2020</td>
<td>AGM (virtual)</td>
</tr>
<tr>
<td>4 August 2020</td>
<td>Q2 2020 reporting</td>
</tr>
<tr>
<td>3 November 2020</td>
<td>Q3 2020 reporting</td>
</tr>
<tr>
<td>4 March 2021</td>
<td>Q4/FY 2020 reporting</td>
</tr>
<tr>
<td>6 May 2021</td>
<td>Q1 2021 reporting</td>
</tr>
<tr>
<td>5 August 2021</td>
<td>Q2 2021 reporting</td>
</tr>
<tr>
<td>4 November 2021</td>
<td>Q3 2021 reporting</td>
</tr>
</tbody>
</table>
Evonik Investor Relations team

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