Evonik
Power to create.

Investor Factbook

Q3 2018
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1. Evonik Industries
   - Company overview
     - Group strategy

2. Segments

3. Financials

4. Evonik share & Investor Relations
A strong basis in Specialty Chemicals

- **Market leadership**: Leading market positions in 80% of our businesses¹

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

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

- **Unique brand recognition**: (selected product brands)

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

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

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

#### Growth

<table>
<thead>
<tr>
<th>Nutrition &amp; Care</th>
<th>Resource Efficiency</th>
<th>Performance Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales €4,507 m</td>
<td>Adj. EBITDA / Margin €747 m / 16.6%</td>
<td>Sales €3,751 m</td>
</tr>
<tr>
<td>Sales €5,393 m</td>
<td>Adj. EBITDA / Margin €1,173 m / 21.8%</td>
<td>Adj. EBITDA / Margin €658 m / 17.5%</td>
</tr>
</tbody>
</table>

2017 Financials, restated for IFRS 15
Balanced regional and end market split

1. Where not assigned to other end-customer industries
A global presence with sites on all continents

North America
4,982 employees
41 sites

Central & South America
680 employees
17 sites

Parsippany

Western Europe (incl. Germany)
24,488 employees
49 sites

Essen

Eastern Europe
643 employees
14 sites

Dubai

Asia-Pacific North
3,793 employees
28 sites

Shanghai

Asia-Pacific South
1,741 employees
21 sites

Singapore

Important sites (in alphabetical order)

Antwerp, BE
Methionine, Silica, C4-chemistry

Blair, US
Lysine, Omega 3 fatty acids (from 2019)

Essen, DE
Coating additives, PU additives, Personal Care

Hanau, DE
Health Care, Catalysts

Marl, DE
Crosslinkers, PA12, C4-chemistry

Mobile, US
Methionine, Silica, Methacrylates

Mumbai, IN
Catalysts

São Paulo, BR
Silica, Oleochemicals, Lysine

Shanghai, CN
Crosslinkers, Oleochemicals, Methacrylates

Singapore, SG
Methionine, Oil additives, Epoxy Curing Agents
“RAG-Stiftung” as long-term shareholder with focus on attractive returns

Ownership structure

- ~32% Free float
- ~68% RAG-Stiftung

RAG-Stiftung

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

Sustainable dividend growth over the last years: 7% CAGR between 2008 and 2017

Attractive dividend yield ~ 3.7%

Reliable dividend policy targeting:
- dividend continuity
- a payout ratio of ~40% of adjusted net income
More than 150 years of experience in the chemicals industry (1/2)

1873
Degussa

1880
Stockhausen

1907
Roehm & Haas

1938
Chemische Werke Huels

Foundation of Evonik’s original companies

1908
SKW Trostberg

1907
Th. Goldschmidt

1847

Take overs by Huels

Take over of Goldschmidt by SKW

1980s
Chemische Werke Huels

1999
SKW Trostberg

1999
Degussa-Huels

1999
Degussa and Huels

2001
Degussa

Merger of Degussa-Huels and SKW

1980s

Take overs by Huels

Take over of Goldschmidt by SKW

1980s
Chemische Werke Huels

1999
Degussa-Huels

1999
Degussa and Huels

2001
Degussa

Merger of Degussa-Huels and SKW

Evonik

Power to create
More than 150 years of experience in the chemicals industry (2/2)

RAG Mining & Coal

RAG Energy (STEAG)

RAG Real Estate

Degussa

2003-2006
RAG Holding

RAG takes over Degussa

2007
Evonik Industries
- Chemicals
- Real Estate
- Energy

RAG is split into a black and a white part

Evonik exits Real Estate and Energy activities

Since 2006
Active portfolio management focusing on specialty chemicals
(divestment of construction and water chemicals, Carbon Black etc.)

Today
Evonik Industries
Specialty Chemicals

2013
Real Estate
Vivawest

2011/2014
Energy
STEAG

Evonik exits Real Estate and Energy activities

Evonik is a pure play Specialty Chemicals company

Evonik Industries

Power to create
Evonik management team with clear responsibilities

<table>
<thead>
<tr>
<th>Executive Board</th>
<th>Segment Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group Strategy</strong></td>
<td><strong>Nutrition &amp; Care</strong> Dr. Reiner Beste</td>
</tr>
<tr>
<td>Christian Kullmann</td>
<td>Dr. Harald Schwager Deputy Chairman of the Executive Board</td>
</tr>
<tr>
<td><strong>Chemistry &amp; Innovation</strong></td>
<td><strong>Resource Efficiency</strong> Dr. Claus Rettig</td>
</tr>
<tr>
<td><strong>Financials</strong></td>
<td><strong>Performance Materials</strong> Johann-Caspar Gammelin</td>
</tr>
<tr>
<td>Ute Wolf Chief Financial Officer</td>
<td><strong>Services</strong> Gregor Hetzke</td>
</tr>
<tr>
<td><strong>HR</strong></td>
<td>Thomas Wessel Chief Human Resources Officer</td>
</tr>
</tbody>
</table>
## 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>
</table>
| - 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. YoY growth rate  
  3. FCF  
  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 |

<table>
<thead>
<tr>
<th>Long-term incentive plan</th>
<th>~1/3</th>
</tr>
</thead>
</table>
| - 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 |
Our sustainability targets 2017 and beyond

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

Our commitment has been recognized by

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

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4. Evonik share & Investor Relations
Building a best-in-class specialty chemicals company
Targeting excellence in three strategic focus areas

- Portfolio: More balanced & more specialty
- Profitable Growth
- Open & performance-oriented culture
- Leading in Innovation
Building on our strengths
Developing our growth segments and businesses

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

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

PERFORMANCE MATERIALS
- €3.8 bn
  - Mature businesses

Meeting specialty chemicals characteristics
Focus of capital allocation
Strategic growth focus
Four growth engines as drivers for profitable & balanced growth

Four growth engines

<table>
<thead>
<tr>
<th>NUTRITION &amp; CARE</th>
<th>RESOURCE EFFICIENCY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health &amp; Care</td>
<td>Smart Materials</td>
</tr>
<tr>
<td>Specialty Additives</td>
<td></td>
</tr>
<tr>
<td>Animal Nutrition</td>
<td></td>
</tr>
</tbody>
</table>
Portfolio strategy
Healthy mix of growth & financing businesses

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

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

## Growth drivers and product examples

<table>
<thead>
<tr>
<th>Growth trends and drivers</th>
<th>Product examples</th>
<th>Market growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>- More sophisticated requirements on additive effects&lt;br&gt;- Need for increased product performance and efficiency</td>
<td>Coating Additives&lt;br&gt;PU-Additives&lt;br&gt;Oil Additives</td>
<td>5-6%</td>
</tr>
<tr>
<td>- Increasing health-awareness and lifestyle&lt;br&gt;- Bio based products and environmentally-safe cosmetics</td>
<td>Pharma polymers&lt;br&gt;Oleochemicals&lt;br&gt;Advanced biotechnology</td>
<td>5-6%</td>
</tr>
<tr>
<td>- Trend towards resource efficiency in high demanding applications&lt;br&gt;- Engineered materials and systems to fulfill high performance requirements</td>
<td>Rubber Silica &amp; Silanes&lt;br&gt;High Performance Polymers&lt;br&gt;Membranes</td>
<td>4-7%</td>
</tr>
<tr>
<td>- Sustainable nutrition&lt;br&gt;- Improving food quality and safety</td>
<td>Amino acids&lt;br&gt;Probiotics</td>
<td>5-7%</td>
</tr>
</tbody>
</table>

**Specialty Additives**

“Small volume, big impact”

**Health & Care**

Preferred partner in Pharma and Cosmetics

**Smart Materials**

Tailored functionalities for sustainable solutions

**Animal Nutrition**

Comprehensive portfolio for more sustainable food chain
Portfolio Management
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>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase price</td>
<td>~ €3.5 bn</td>
<td>~ €600 m</td>
<td>€100 m</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>&gt;20%</td>
<td>&gt;20%</td>
<td>~20%</td>
</tr>
<tr>
<td>Market growth</td>
<td>~4-5%</td>
<td>~4-6%</td>
<td>~10%</td>
</tr>
</tbody>
</table>

1. In specialty applications (~65% of total Adj. EBITDA)
Leading in Innovation
Ambitious targets, clear strategy and inspiring culture

**Innovation Targets**
- Increase of innovation pipeline value
- 16% contribution of innovation to sales/profit by new products and new/improved processes

**Innovation Strategy**
- Balanced innovation portfolio management
- Fostering disruptive innovations: Growth Fields
- Open innovation approach by partnering and venture capital investments
- Truly global

**Innovation Culture**
- Guiding principles of innovation (trust, openness, transparency)
- Focus on customer needs
- Fostering entrepreneurship and deal with setbacks
Innovation: Our goals

R&D rate
3% on Group level;
4-6% in growth engines

Evonik innovation areas
€1 billion additional turnover
by 2025

Products/applications younger than five years
16 percent share of overall sales
(medium term)
Six strong innovation areas within the growth engines
Leveraging our core competencies into new highly attractive markets

Growth engines
- Health & Care
- Smart Materials
- Animal Nutrition
- Specialty Additives

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

Additional contribution to sales from all six innovation areas
more than €1 billion by 2025
Corporate culture drives performance

Business focus

- We take **action** and initiate **change**
- We reward **measured risk** taking
- We promise and deliver – with **conviction, clarity** and **consistency**
- We **excel** our customers’ **expectations**
- We **compete to win**

Best-in-class team

- We build on **openness, trust and respect**
- We assign **responsibility** and demand **accountability**
- We **reward performance**
- We continuously work on developing an **international mindset** as part of our **diversity strategy**
- We **grow our own leaders**
Strategic agenda reflected in ambitious financial targets
Structurally lifting EBITDA margin and driving balanced growth

Historic margin range (in %)

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

Targets going forward (over the cycle)

- **Structurally lift** EBITDA margin into **sustainably higher range** of 16-20%
- **Above-average** volume growth GDP+
- ROCE above cost of capital
- Sustainable FCF generation
- Reliable and sustainably growing dividend
- Solid investment grade rating
Step by step execution of strategic agenda
What we achieved so far

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

June 2017

Methacrylates
“Divestment process for MMA / PMMA initiated”

Nov. 2017

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

Mar. 2018

Acquisition of PeroxyChem
“Futurize Peroxide”

Nov. 2018

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

Nov. 2017
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## Evonik Group
22 Business Lines grouped in 3 segments

### Nutrition & Care

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

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

### Resource Efficiency

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

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

### Performance Materials

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

<table>
<thead>
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<th>Performance Materials</th>
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<tbody>
<tr>
<td>Performance Intermediates</td>
</tr>
<tr>
<td>Methacrylates</td>
</tr>
<tr>
<td>Acrylic Products</td>
</tr>
<tr>
<td>Functional Solutions</td>
</tr>
<tr>
<td>Agrochemicals &amp; Polymer Additives</td>
</tr>
<tr>
<td>CyPlus Technologies</td>
</tr>
</tbody>
</table>

2017 financials, restated for IFRS 15 | Business Lines ranked by turnover
## Nutrition & Care
Fulfilling human needs in a globalizing world

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

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

### Adj. EBITDA (€ m) and margin (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adj. EBITDA (€ m)</th>
<th>Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1,034</td>
<td>23.3</td>
</tr>
<tr>
<td>2012</td>
<td>1,028</td>
<td>25.0</td>
</tr>
<tr>
<td>2013</td>
<td>901</td>
<td>22.1</td>
</tr>
<tr>
<td>2014</td>
<td>847</td>
<td>25.8</td>
</tr>
<tr>
<td>2015</td>
<td>1,435</td>
<td>20.8</td>
</tr>
<tr>
<td>2016</td>
<td>1,006</td>
<td>29.1</td>
</tr>
<tr>
<td>2017</td>
<td>747</td>
<td>16.6</td>
</tr>
</tbody>
</table>

### End market split

- **Pharma and health care**
- **Consumer goods and personal care**
- **Food and feed**
- **Other**
# Nutrition & Care
## Business Line overview (1/2)

<table>
<thead>
<tr>
<th>Key products</th>
<th>Main Applications</th>
<th>Market position¹</th>
<th>Main competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Animal Nutrition</td>
<td>Methionine, Lysine, Threonine, Tryptophan</td>
<td>Feed additives and services for animal nutrition</td>
<td>Chem China/Adisseo, Novus, Ajinomoto, Cheil Jedang</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baby Care</td>
<td>Superabsorbents</td>
<td>Baby Care, Female Care, Adult Care</td>
<td>BASF, Nippon Shokubai</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Care</td>
<td>Actives, Emulsifiers, Conditioners</td>
<td>Personal Care</td>
<td>Ashland, BASF, Croda</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household Care</td>
<td>Fabric conditioners, Specialty surfactants</td>
<td>Laundry care, Home care, Car care</td>
<td>AkzoNobel, BASF, Solvay, Stepan</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Key products</th>
<th>Main Applications</th>
<th>Market position¹</th>
<th>Main competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care</td>
<td>Comfort &amp; Insulation</td>
<td>Interface &amp; Performance</td>
<td></td>
</tr>
<tr>
<td>Pharmaceutical coatings</td>
<td>Foam stabilizers</td>
<td>Release coatings</td>
<td></td>
</tr>
<tr>
<td>Active pharma ingredients</td>
<td>Catalysts</td>
<td>Super spreading additives</td>
<td></td>
</tr>
<tr>
<td>Pharma grade amino acids</td>
<td>Release agents</td>
<td>Packaging / tapes</td>
<td></td>
</tr>
<tr>
<td>Drug delivery systems for oral and parenteral dosage</td>
<td>Furniture / appliances</td>
<td>Agrochemicals</td>
<td></td>
</tr>
<tr>
<td>Tailor-made pharmaceutical syntheses</td>
<td>Construction</td>
<td>Plastic additives</td>
<td></td>
</tr>
<tr>
<td>Pharma Amino Acids</td>
<td>Automotive</td>
<td></td>
<td></td>
</tr>
<tr>
<td># 1 Functional Polymers for Controlled Release</td>
<td># 1 in polyurethane foam additives</td>
<td># 1-2 in release coatings</td>
<td></td>
</tr>
<tr>
<td># 3 Exclusive Synthesis</td>
<td># 3 Pharma Amino Acids</td>
<td></td>
<td></td>
</tr>
<tr>
<td># 3 Functional Polymers for Controlled Release</td>
<td>Maysta</td>
<td>Clariant</td>
<td></td>
</tr>
<tr>
<td>BASF</td>
<td>Momentive</td>
<td>Dow Corning</td>
<td></td>
</tr>
<tr>
<td>DSM</td>
<td></td>
<td>Momentive</td>
<td></td>
</tr>
<tr>
<td>Lonza</td>
<td></td>
<td>Wacker</td>
<td></td>
</tr>
<tr>
<td>Ajinomoto</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Company estimates for relevant markets based on multiple research reports
Amino acids significantly increase efficiency and improve our customer‘s P&L

Significant increase in efficiency

Significant savings potential

Feed costs to produce poultry meat

-23%
-28%

Without amino acid suppl.  With amino acid suppl.  With amino acid suppl. and technical services

1  2

1. Low protein diets with full range of Evonik amino acids
2. Balanced amino acid and nutrient profiles via Evonik’s Animal Nutrition service offering
Globally improving standards in animal nutrition drive growth for high-performance feed

**Nutritional standards by region**

- **Developed Regions** (e.g. EU, US, Australia/NZL, Japan)
  - “State-of-the-art” nutritional standards

- **Emerging Regions** (e.g., Eastern Europe, Latin America, advanced China & India, South East Asia, Middle East)
  - Partly advanced nutrition standards

- **Developing Regions** (e.g. Africa, rural China & India, Pakistan, Bangladesh)
  - Lowest level of nutritional standards

**Population:**

- ~1 bn
- ~4 bn
- ~2 bn

**Increasing use of advanced nutrition concepts** factored with **growing population** as key growth drivers for feed markets in developing regions.
## Components of annual amino acid market growth

<table>
<thead>
<tr>
<th>Growth drivers</th>
<th>Additional lever</th>
<th>Evonik growth potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability</td>
<td>Value-added services</td>
<td></td>
</tr>
<tr>
<td>Professional farming</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;4%</td>
<td>&gt;6%</td>
<td>~2%</td>
</tr>
</tbody>
</table>

**Evonik growth potential in amino acids significantly outpacing meat consumption due to:**

- **Sustainability:** Significant ecological advantages, healthier livestock
- **Professionalization of farming:** Clear efficiency and performance improvements; consolidation trend in agricultural sector
- **Value-added services:** Additional growth driver for Evonik
Segmentation of customers according to their specific service expectation

**Our sales approach**

<table>
<thead>
<tr>
<th>Strategic Partnership Management</th>
<th>Key Account Management</th>
<th>Account Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ &lt;10 top customers (industry leaders)</td>
<td>▪ Focus on 50 large customers</td>
<td>▪ ~2,000 standard customers</td>
</tr>
<tr>
<td>▪ Customers with strongest growth</td>
<td>▪ Above average growth</td>
<td>▪ Average growth</td>
</tr>
</tbody>
</table>

**Our value propositions**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Reliable supplier for <strong>all essential amino acids</strong></td>
<td>▪ <strong>Shared innovation</strong> for sustainable nutrition via mutual development</td>
<td>▪ <strong>Joint product and service development</strong> to improve own value proposition to customers</td>
</tr>
<tr>
<td>▪ Reliable supplier of innovative and scientifically proven products</td>
<td>▪ Services to increase performance</td>
<td>▪ Full amino acid portfolio</td>
</tr>
<tr>
<td>▪ Technical support</td>
<td>▪ Consultancy and standard services</td>
<td>▪ Quality and reliability</td>
</tr>
<tr>
<td>▪ Services to increase performance</td>
<td>▪ Basic support</td>
<td></td>
</tr>
</tbody>
</table>
Excellence in technology as key strength

Advantages of Evonik

- “The Right to Play”: 60 years of experience and process know-how
- “Setting standards”: Continuous innovation leadership for cutting-edge safety technology
- “Best in Class”: Continuously optimized manufacturing and technology position
- Fully backward integrated production complexes
- Economies of scale with world-scale plants to meet market growth timely

Setup of Methionine complex

<table>
<thead>
<tr>
<th>Raw materials</th>
<th>intermediates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Propene</td>
<td>Acrolein</td>
</tr>
<tr>
<td>Methanol</td>
<td>MMP</td>
</tr>
<tr>
<td>Sulfur</td>
<td>Methyl mercaptane</td>
</tr>
<tr>
<td>Methane</td>
<td>Hydrocyanic acid</td>
</tr>
<tr>
<td>Ammonia</td>
<td>MetAMINO®</td>
</tr>
</tbody>
</table>

Latest innovations implemented in Singapore plant:

- Further minimization of toxic intermediates
- Realization of economy of scale (150 kt)
- New highly efficient energy integration concept
### Strategic perspective:
Expand portfolio to broaden our participation in the food value chain

#### Utilizing our technology platforms to grow the amino acid core and expand beyond

#### Apply our technology platforms to broaden portfolio in the field of sustainable nutrition

<table>
<thead>
<tr>
<th>Raw Materials</th>
<th>Feed Additives</th>
<th>Premix/Feed Mills</th>
<th>Animal Farmer (Livestock production)</th>
<th>Meat</th>
<th>Retail</th>
<th>Food</th>
<th>Consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Driving needs</strong></td>
<td>Economic and sustainable nutrients (Quality, Reliability)</td>
<td>Performance, Emission</td>
<td>Animal Health and Welfare</td>
<td>Food Safety &amp; Quality</td>
<td>Healthy Nutrition</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Evonik today**
Amino Acids + Services

**Impact**

- Ingredients to promote gut health
- Aquaculture-Products: Omega-3 Fatty acids, AQUAVI® Met-Met, etc.
- New specialties for various species

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Consolidated markets with strong and robust growth

Main suppliers & customers

- Evonik
- BASF
- Nippon Shokubai
- Others

Evonik is one of three big SAP producers

4 leading customers own 60% global market share

Market characteristics

- “Solid market growth of 5% p.a.,
  - driven by growing demand for disposable diapers and other hygiene products
  - with focus in emerging regions (growing wealth)
  - with low demand volatility

- Evonik one of three big superabsorbents producers and strategic partner of big diaper manufacturers

- As innovation leader Evonik is capable of bringing next-generation superabsorbents to the market
Multiple levers to prevail in the market

**Innovation leadership**

- **Smart FAVOR®**
  Superabsorbents, capable of adapting to the in use conditions of the diaper to allow more flexible use of hygiene articles

- **New FAVOR® for Ultrathin Diapers**
  New superabsorbent generations with ideal property profile (see below) will boost performance of ultrathin diapers

**Rapid scale-up excellence**

- Significant improvement of scale-up abilities
- New pilot plant enables shortcut between product development and sample production for increases effectiveness and customer proximity
- Strengthening of prototyping capabilities at Krefeld site to ensure market leadership position

Superabsorbents as long-term attractive market for players with sufficient stamina to excel in production processes, upscale abilities and innovative new solution development
# Personal Care: A Broad specialties portfolio

## Technology Platforms
- **Organo-silicones**
  - Silanes
  - Epoxides
  - Siloxanes
  - Polyether
- **Bio-based materials**
  - Fats & oils (palm, coconut, tallow)
  - Epoxides
  - Cells
  - Enzymes

## Processes
- OMS-surfactants
- Natural surfactants
- Spec. Ingredients

## Product groups
- **Conditioning agents**
- **Emulsifiers**
- **Emollients**
- **Performance additives**
- **Secondary surfactants**
- **Active ingredients**

## Application
- **Purchased raw materials**
- **Evonik intermediates**
- **Evonik products**
Prime partner for Polyurethane (PU) foam additives

Business Model

- Global strategic partner of key customers with production in all major regions
- Differentiation by quality, product development, application technology and superior logistics

PU foam end markets

- Construction
- Furniture & Bedding
- Appliance
- Automotive Seating
- RIGID FOAM
- FLEXIBLE FOAM
- Others

Customers (exemplary)

- Electrolux
- BASF
- IKEA
- Tempur
- Dow
- Covestro
- Bridgestone
- Momentive
- Mayesta
- Air Products
- Other
- Others

Competitive landscape
Polyurethane is a versatile material
We create performance advantages in a wide range of markets

- **Excellent thermal insulation & energy efficiency**
- **Smooth surface creation & design freedom**
- **Extremely fine and homogeneous cell structure**

- **Excellent flowabilities**
- **Outstanding nucleation performances**
- **Surface voids reduction**
- **High potencies & insulation values**
- **Advanced fire properties**

- **Extremely broad processing latitude**
- **Consumer safety (phthalate free solutions)**
- **Good cell regulation properties**
- **High flexibility in production**

- **Ultra-low VOC for consumer safety**
- **Noise and vibration reduction for enhanced passenger comfort**
- **Special EVONIK A III solvent technology**
Strong technology base
Silicone platform for unique and individual products at attractive economies of scale

Comfort & Insulation embedded in Evonik’s ORGANO SILICONE PLATFORM that feeds four Evonik Business Lines

- Silane & Siloxane Precursors
- Epoxides
- Reactive Siloxanes
- Polyethers
- Interface & Performance (Nutrition & Care)
- Coating Additives (Resource Efficiency)
- Solution-to-Customer Business System
- Production Platform
- R&D Platform
- Logistic Platform
- Personal Care (Nutrition & Care)
- Comfort & Insulation

Evonik's ORGANO SILICONE PLATFORM is based on a strong technology base, offering unique and individual products at attractive economies of scale. It integrates various components and platforms to optimize performance across different business lines.
Industry trends drive growth in major applications

<table>
<thead>
<tr>
<th>Market trend</th>
<th>End Market</th>
<th>Key application functionalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cold Chain Development</td>
<td>Appliance</td>
<td>Lower energy consumption due to excellent cell nucleation, emulsification and surface appearance</td>
</tr>
<tr>
<td>Automotive Lightweight</td>
<td>Automotive</td>
<td>Comfort, protection, durability, energy conservation, reduce fogging and meet VOC requirements</td>
</tr>
<tr>
<td>Building Insulation</td>
<td>Construction</td>
<td>Energy efficiency management through maximum insulation efficiency, dimensional stability, uniform density, and fine cell structure</td>
</tr>
<tr>
<td>Improvement of living standards</td>
<td>Furniture &amp; Bedding</td>
<td>Extremely broad processing latitude, phthalate free products, good cell regulation properties</td>
</tr>
</tbody>
</table>
Acquisition of APD Performance Materials
Creating a globally leading portfolio of PU foam additives

Benefits of combination to customers

- Full range of differentiating additives for polyurethane (PU) foams
- Preferred solution partner for customers
  - Closer proximity and strengthened presence in all regions
- Multiple key technology platforms from a single source
- Extensive applications know-how
  - Increased innovation capabilities for future generation of superior PU foams
Solution-oriented portfolio of products and services

Customer Projects & Products
Development and manufacture of proprietary advanced intermediates and APIs, from the clinical stage all the way to commercialization.

EXCLUSIVE SYNTHESIS

Biomaterials for injectables and medical devices
RESOMER® and RESOMER Select®
Bioresorbable polymers for controlled release depot injections and medical devices.

PHARMA & FOOD INGREDIENTS

Standard APIs and intermediates
Portfolio of generic APIs & complex intermediates with global supply options.

Purified amino acids, peptides & keto acids
Rexim®
Amino acids and peptides for medical nutrition & pharma applications

cQrex™
Cell culture ingredients for biological manufacturing

Advanced food ingredients
EUDRAGUARD®
Functional coatings for nutraceuticals

Healthberry™
Anthocyanin rich ingredients

Development & Manufacturing Services
• Formulation development
• Analytical characterization
• Clinical supply
• Custom products

Oral excipients
EUDRAGIT®
Poly(meth)acrylates for oral solid dosage forms.

PHARMACOLOGICAL SERVICES

PHARMA POLYMERS & SERVICES
Strategic roadmap towards pharma-value driven businesses

Growth field: Healthcare Solutions

- Excellent strategic fit for drug delivery business
- Powerhouse for complex injectable dosage forms
- Doubling Evonik’s access to relevant markets
- Global market size: USD1.2 bn, CAGR ~8%

Development of a broad drug delivery platform

1. 2010 Evonik only covered one drug delivery platform
2. Acquisition of RESOMER® – bioresorbable polymers
3. Acquisition of SurModics – services and advanced drug delivery
4. Tranferra Nanosciences – new injectable liposome technology
   - Delivering active ingredients to the virus-infected cell membrane (targeted drug delivery)

1. Market for development & manufacturing services of complex parenteral formulations
Resource Efficiency
Innovative products for resource-efficient solutions

Key characteristics

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

Key products

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

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

End market split

- Automotive, transportation and machinery
- Coatings, paintings and printing
- Plastics and rubber
- Construction
- Other

Other
### Resource Efficiency

#### Business Line overview (1/3)

<table>
<thead>
<tr>
<th>Key products</th>
<th>Main Applications</th>
<th>Market position¹</th>
<th>Main competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Company estimates for relevant markets based on multiple research reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Silica</strong></td>
<td>Precipitated silica</td>
<td>Silicone rubber</td>
<td>Cabot</td>
</tr>
<tr>
<td>1. Company estimates for relevant markets based on multiple research reports</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fumed silica</td>
<td>Tires, green tires &amp; rubber</td>
<td>Solvay</td>
</tr>
<tr>
<td>1. Company estimates for relevant markets based on multiple research reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Special oxides</td>
<td>Paints &amp; coatings</td>
<td>Wacker</td>
</tr>
<tr>
<td>1. Company estimates for relevant markets based on multiple research reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Oil Additives</strong></td>
<td>Lubricant additives (viscosity modifiers)</td>
<td>Automotive lubes</td>
<td>Infineum</td>
</tr>
<tr>
<td>1. Company estimates for relevant markets based on multiple research reports</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Automotive lubes</td>
<td>Industrial lubes</td>
<td>Lubrizol</td>
</tr>
<tr>
<td>1. Company estimates for relevant markets based on multiple research reports</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hydraulics systems</td>
<td>Hydraulic systems</td>
<td>Atfon</td>
</tr>
<tr>
<td>1. Company estimates for relevant markets based on multiple research reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td># 1 in viscosity modifiers for lubricants</td>
<td># 1 in viscosity modifiers for lubricants</td>
<td>Oronite</td>
</tr>
<tr>
<td>1. Company estimates for relevant markets based on multiple research reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Crosslinkers</strong></td>
<td>Crosslinkers for composites, elastomers and coatings</td>
<td>Composites</td>
<td>Arkema</td>
</tr>
<tr>
<td>1. Company estimates for relevant markets based on multiple research reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coatings &amp; inks</td>
<td>Coatings &amp; inks</td>
<td>BASF</td>
</tr>
<tr>
<td>1. Company estimates for relevant markets based on multiple research reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Construction / Flooring</td>
<td>Construction / Flooring</td>
<td>Covestro</td>
</tr>
<tr>
<td>1. Company estimates for relevant markets based on multiple research reports</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

¹. Indicates market position as per company estimates based on multiple research reports.
### Resource Efficiency
#### Business Line overview (2/3)

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

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

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

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

¹ Company estimates for relevant markets based on multiple research reports
Silica: Simple by nature – complex by design
Particle and surface properties decisive for specific end product characteristics

Simple feedstock
- Sand
- Silicon metal

Advanced production technology
- Sodium silicate → Precipitated silica
- Silanes
- Fumed silica
- Fumed metal oxides

Platform
- BL Silica
- BL Silanes

Particle design as core competence
- 20x lower density and up to 1000x higher surface in final products
- Particle size, structure and aggregation crucial factors for characteristics of final application
- >100 types of different particle designs tailor-made for individual customers and specific applications

1. Chloro-, Organo- & Rubber-Silanes
## Key success factors
Tailor-made solutions based on deep understanding of customers’ needs

<table>
<thead>
<tr>
<th>Broad product &amp; industry portfolio</th>
<th>Strong customer intimacy</th>
<th>Global production network</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Precipitated silica and fumed metal oxides</td>
<td>▪ Future winner concept and industry teams</td>
<td>▪ Production platforms in all major regions</td>
</tr>
<tr>
<td>▪ Broad variety of specialties</td>
<td>▪ Strong brands</td>
<td>▪ High quality standards</td>
</tr>
<tr>
<td>▪ Options to customize</td>
<td>▪ (Technical) service orientation</td>
<td>▪ Global coordination and cross-regional support</td>
</tr>
<tr>
<td>▪ Unbiased advising</td>
<td>▪ Long-term relationships with key customers</td>
<td>▪ Preferred partner for global businesses</td>
</tr>
<tr>
<td>▪ Cross-selling potential</td>
<td>▪ Communication and support on par level</td>
<td>▪ Supply security</td>
</tr>
<tr>
<td>▪ Innovation leader</td>
<td></td>
<td>▪ Customer proximity</td>
</tr>
</tbody>
</table>
Evonik is extending its capacities for fumed silica in Antwerp
- Double digit million € investment volume
- Highly specialized chemistry with GDP+ growth in various end-markets
- Typical applications of these specialty silica, which Evonik markets under the name AEROSIL®, include
  - coatings and paints
  - modern adhesive systems
  - transparent silicones
  - non-flammable high-performance insulation materials
- Investment ensures Evonik’s position as leading global manufacturer of silica
### Diversified exposure with attractive growth rates

Resource Efficiency and Convenience as major growth drivers

<table>
<thead>
<tr>
<th>Business Line</th>
<th>Example Applications</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Silica</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| **Dental**    | Abrasive silica for cleaning and whitening  
                | Thickening agent for toothpaste | 4% p.a. |
| **Tire**      | Reduced rolling resistance of “Green Tires”  
                | Increased tensile strength and hardness of e.g. belts | 5-7% p.a. |
| **Plastics & Resins** | Tear resistance in silicones and rubbers  
                        | Flow control of bonding pastes in windmill production | 3-5% p.a. |
| **Coatings**  | Matting agent of choice for waterborne coatings  
                | Rheology control additive in automotive coatings | 5% p.a. |
| **Pharma & Care** | Tableting aid and carrier for drugs  
                        | Replacement of plastic scrub particles for peelings | 5% p.a. |
| **Food & Feed** | Anti-settling in liquid agrochemicals  
                          | Carrier for liquid ingredients (e.g. vitamins)  
                          | Anti-caking during food processing | 4% p.a. |
Customized solutions to address various challenges in Paint & Coatings
Product Example: Water-borne coatings
Serving the high demand for eco-friendly, water-borne coatings

Challenges & needs:
- Chinese government introduced new coating-regulations to prevent solvent-borne coatings
- First step: only water-borne coatings allowed for container-paintings (China accounts for 90% of worldwide containers-production)
- Further applications to follow: wood coatings, protective coatings, industrial coatings

Approach & Solution:
- Evonik a leading player for water-borne coatings
- Strong and innovative portfolio to serve the growing demand for water-borne coatings and applications from various industries
APD Performance Materials adds unique products to a strong portfolio and strengthens the access to new markets

**Business Line Coating Additives**

**Key value drivers**

- Global leader for formulations enabling environmentally-friendly / waterborne coatings, and solvent-borne coatings
- Access to complementary APD Performance Materials’ wetting agent technology with
  - Market-leading position
  - Stronger focus on automotive industry
  - Additional customers to create cross-selling opportunities
- Expanded toolkit and solutions expertise
- Truly global set-up
  - Leveraging APD Performance Materials’ position in North American coatings market

**The unique APD Performance Materials product line complements Evonik’s existing coating additives portfolio**
A fully integrated player & leadership along value chain

Isophorone (IP)

Acetone → Solvents & raw materials → Isophorone diamine (IPD) → Diisocyanates → Polysocyanates

Applications
- Coating & printing ink solvents
- Chemical synthesis
- Flooring
- Composites
- Marine paints
- TPU
- PUD
- Automotive interior trim

Key players
- Arkema
- BASF
- Covestro

Market position
- #1
Integrated supply chain with high customer intimacy and OEM reputation

- Integrated global supply chain and production network
- Technical support for customers, own R&D and product development capabilities
- Downstream OEM and end-user relationships and reputation
Resource Efficiency – e-mobility
Catching up significant additional opportunities of e-mobility trend

- Resource Efficiency with high exposure to automotive sector, e.g. tires, lubricants as well as plastics and composites
- Electric cars play significant role in new car production with growth rates of up to 30%\(^1\)
- Evonik positioned as a key material supplier for e-mobility

### Additional opportunities arising

<table>
<thead>
<tr>
<th>Category</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plastics and composites</td>
<td>cooling lines, charging and high voltage cables</td>
</tr>
<tr>
<td>Lubricants</td>
<td>cooling fluids and e-motor greases, hybrid transmission</td>
</tr>
<tr>
<td>Tires</td>
<td>reduced rolling and higher abrasion resistance</td>
</tr>
<tr>
<td>Adhesives &amp; Sealants</td>
<td>gap fillers for batteries, noise reduction, vibration and harshness</td>
</tr>
<tr>
<td>Batteries</td>
<td>specialty additives for battery separators and cathode coatings</td>
</tr>
</tbody>
</table>

1. CAGR (2017-2021)
Performance Materials
Integrated production platforms for efficient production of rubber and plastic intermediates

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

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

Adj. EBITDA (€ m) and margin (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adj. EBITDA</th>
<th>Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>761</td>
<td>18.8</td>
</tr>
<tr>
<td>2012</td>
<td>712</td>
<td>16.9</td>
</tr>
<tr>
<td>2013</td>
<td>404</td>
<td>10.6</td>
</tr>
<tr>
<td>2014</td>
<td>325</td>
<td>8.5</td>
</tr>
<tr>
<td>2015</td>
<td>309</td>
<td>9.0</td>
</tr>
<tr>
<td>2016</td>
<td>371</td>
<td>11.4</td>
</tr>
<tr>
<td>2017</td>
<td>658</td>
<td>15.8</td>
</tr>
</tbody>
</table>

End market split

- Construction
- Automotive, transportation and machinery
- Plastics and rubber
- Other
## Performance Materials
### Business Line overview (1/2)

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

1. Company estimates for relevant markets based on multiple research reports
### Agrochemicals & Polymer Additives
- **Key products**
  - Triacetonamine
  - Crosslinkers
  - Precursors for crop protection
- **Main Applications**
  - Polymer additives
  - Agro chemicals
  - Optical brighteners
  - Photovoltaic
- **Market position**
  - n.a.
- **Main competitors**
  - Lanxess
  - Weylchem

### Functional Solutions
- **Key products**
  - Alkoxides (e.g. sodium methylate)
- **Main Applications**
  - Catalysts for biodiesel production
- **Market position**
  - # 1 in alkoxides
- **Main competitors**
  - BASF
  - Smotec

### CyPlus Technologies
- **Key products**
  - Sodium cyanide
  - Potassium cyanide
- **Main Applications**
  - Precious metals mining
  - Fine chemicals
- **Market position**
  - n.a.
- **Main competitors**
  - AGR
  - DuPont
  - Orica

---

1. Company estimates for relevant markets based on multiple research reports
Performance Intermediates (C4 chain)
Fully integrated production platform in Europe

Capacity overview:
- **Butadiene**: 320 kt
- **MTBE**: 675 kt
- **Butene**: 235 kt #1
- **MTBE co-monomer**: INA/2PH 450 kt #2
- **Butene-1**: 235 kt #1
- **DINP**: 220 kt #2
- **MTBE**: 675 kt
- **Butadiene**: 320 kt
- **Butene**: 235 kt #1
- **MTBE co-monomer**: INA/2PH 450 kt #2
- **Butene-1**: 235 kt #1
- **DINP**: 220 kt #2

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

End markets:
- Rubber
- Fuel additive
- Polyethylene co-monomer
- Plasticizer alcohol
- Plasticizer

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

Share of total sales by product:
- Butadiene
- MTBE
- 1-Butene
- INA
- Plasticizers
- Specialties
Vertical integration in Methacrylates & Acrylic Products

Feedstock
- Acetone-based production
  - Acetone
  - Hydrogen cyanide
- MTBE-based production
  - MTBE
  - Methanol

Methacrylate platform
- Leading process technology and innovation, e.g. Aveneer®: new, highly efficient process technology for MMA production
- Global production set-up
- Competitive cost position
- Clear benefits from vertical integration
- Flexibility in downstream use

Monomers (MMA)

Polymers (PMMA) ~50%

Applications
- E.g. Coatings, Pharma Polymers, Oil Additives
- Other captive use
- External sale
- Lighting systems
- Lightweight construction
- External sale
- Other captive use
- E.g. Coatings, Pharma Polymers, Oil Additives
- Other captive use
- External sale
- E.g. Coatings, Pharma Polymers, Oil Additives
- Other captive use
- External sale
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1. Evonik Industries
2. Segments
3. Financials
4. Evonik share & Investor Relations
## Financial track record

### Sales (in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Carbon Black/Real Estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>10,518</td>
</tr>
<tr>
<td>2010</td>
<td>13,300</td>
</tr>
<tr>
<td>2011</td>
<td>14,540</td>
</tr>
<tr>
<td>2012</td>
<td>13,365</td>
</tr>
<tr>
<td>2013</td>
<td>12,708</td>
</tr>
<tr>
<td>2014</td>
<td>12,917</td>
</tr>
<tr>
<td>2015</td>
<td>13,507</td>
</tr>
<tr>
<td>2016</td>
<td>12,732</td>
</tr>
<tr>
<td>2017</td>
<td>14,383</td>
</tr>
</tbody>
</table>

### Adj. EBITDA (in € m) / margin

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>16.1%</td>
<td>1,607</td>
<td>2,365</td>
<td>2,768</td>
<td>2,467</td>
<td>1,989</td>
<td>1,882</td>
<td>2,465</td>
<td>2,165</td>
<td>2,357</td>
</tr>
</tbody>
</table>

### Free Cash Flow (in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>550</td>
<td>490</td>
<td>1,052</td>
<td>785</td>
<td>511</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### ROCE (in %)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7.7</td>
<td>15.0</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></td>
</tr>
</tbody>
</table>

1. Excluding Carbon Black
Maintaining a solid investment grade rating is a central element in our financing strategy. Both rating agencies affirmed its ratings in 2018 based on:

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

(in € m as of September 30, 2018)

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

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

(in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net financial debt</th>
<th>Pension provisions</th>
<th>Total leverage¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3,331</td>
<td>1.4x</td>
<td>-571</td>
</tr>
<tr>
<td>2014</td>
<td>3,953</td>
<td>1.9x</td>
<td>-400</td>
</tr>
<tr>
<td>2015</td>
<td>3,349</td>
<td>0.9x</td>
<td>-1,098</td>
</tr>
<tr>
<td>2016</td>
<td>3,852</td>
<td>1.3x</td>
<td>-1,111</td>
</tr>
<tr>
<td>2017</td>
<td>3,023</td>
<td>2.8x</td>
<td>3,817</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>2.9x</td>
<td>2.9x</td>
<td>4,287</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>3.0x</td>
<td>3.0x</td>
<td>4,354</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>2.6x</td>
<td>2.6x</td>
<td>3,864</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Net financial debt</th>
<th>Pension provisions</th>
<th>Total leverage¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3.84</td>
<td>2.65</td>
<td>2.91</td>
</tr>
<tr>
<td>2014</td>
<td>2.91</td>
<td>2.16</td>
<td>2.12</td>
</tr>
<tr>
<td>2015</td>
<td>2.12</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2016</td>
<td>2.12</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### Evonik Group global discount rate (in %)²

<table>
<thead>
<tr>
<th>Year</th>
<th>0.9x</th>
<th>1.4x</th>
<th>1.4x</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3.84</td>
<td>2.65</td>
<td>2.91</td>
</tr>
<tr>
<td>2014</td>
<td>2.91</td>
<td>2.16</td>
<td>2.12</td>
</tr>
<tr>
<td>2015</td>
<td>2.12</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2016</td>
<td>2.12</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### Evonik discount rate for Germany (in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>1.75</th>
<th>1.75</th>
<th>2.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3.84</td>
<td>2.65</td>
<td>2.91</td>
</tr>
<tr>
<td>2014</td>
<td>2.91</td>
<td>2.16</td>
<td>2.12</td>
</tr>
<tr>
<td>2015</td>
<td>2.12</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2016</td>
<td>2.12</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

¹ Total leverage defined as (net financial debt - 50% hybrid bond + pension provisions) / adj. EBITDA LTM | ² Calculated annually
Pensions
Pension funding overview as of Dec 31, 2017

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

Unfunded (~ pension provision on balance sheet)
Funded outside Germany
Funded through Evonik CTA
Pension fund / reinsured support fund

DBO: €11.6 bn

Funding level increased to ~70%
### Balance Sheet as of year-end 2017

#### Assets (in € million)

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2016</th>
<th>Dec. 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>10,837</td>
<td>14,510</td>
</tr>
<tr>
<td>Current assets</td>
<td>8,808</td>
<td>5,430</td>
</tr>
</tbody>
</table>

**Increase:** +2%

#### Equity and liabilities (in € million)

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2016</th>
<th>Dec. 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity/ liability ratio</td>
<td>38%</td>
<td>40%</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>9,134</td>
<td>8,700</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>3,287</td>
<td>3,195</td>
</tr>
</tbody>
</table>

**Increase:** +2%

---

Restated for IFRS 15
Raw material split

Total procurement volume 2017 (in € m)

Breakdown of raw material spend¹ (examples)

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

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

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

1. Raw material spend 60% of total procurement volume in 2017
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1. Evonik Industries
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## The Evonik Share

### Key Facts

- **First Trading Day:** April 25, 2013
- **Indices:** MDAX, STOXX 600 Chemicals
- **Segment:** Prime Standard, Frankfurt
- **Sector:** Chemicals
- **Subsector:** Specialty Chemicals
- **WKN:** EVNK01
- **ISIN:** DE000EVNK013
- **Ticker Symbol:** EVK
- **Reuters:** EVKn.DE
- **Bloomberg:** EVK GY
Please find **upcoming events and latest presentations** on our IR website (“Events & Presentations“)

Please find the latest **consensus figures** (Vara) on our IR website (“Share / Analysts’ estimates“)
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Disclaimer

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