

**Embargoed until: May 7, 2020, 7 a.m. CEST**

May 7, 2020

**Strategy Update: New structure and updated financial targets to push forward transformation**

**Matthias Ruch**  
Head of External Communications  
Phone +49 201 177-3315  
Mobile +49 174 325 9942  
Matthias.Ruch@evonik.com

- New divisional structure from July 1 to reflect strategic transformation
- Sustainability to drive growth and play important role in strategic management decisions
- Updated financial targets with focus on growth, returns and cash generation

**Sheenagh Matthews**  
External Communications  
Phone +49 201 177 3167  
Mobile +49 152 093 87321  
sheenagh.matthews@evonik.com

**Essen, Germany.** Evonik is pushing forward with its transformation into a best-in-class specialty chemicals company and is reorganizing its divisional structure. This step reflects the ongoing strategic transformation of the company's portfolio.

On July 1, the current operating segments will be transferred into four divisions that are more balanced in their size and type of business. The divisions will be easier to manage because of their clear strategic roles – three oriented towards growth and one towards efficiency – and will be structured along separate technology platforms.

“The transformation of Evonik is becoming more and more visible,” said Christian Kullmann, chairman of the executive board. “We have been very successful in increasing the share of specialty businesses in our portfolio and will continue to push forward in this direction.”

Specialty businesses currently make up 80 percent of Evonik's portfolio, up from just 40 percent in 2010. These businesses have delivered annual organic earnings growth – not including growth from acquisitions – of 6 percent over the last five years.

The four new divisions – Specialty Additives, Nutrition & Care, Smart Materials and Performance Materials – will have a more streamlined administration. The new set-up means a reduction of

**Evonik Industries AG**  
Rellinghauser Straße 1-11  
45128 Essen  
Germany  
Phone +49 201 177-01  
Fax +49 201 177-3475  
www.evonik.com

Supervisory Board  
Bernd Tönjes, Chairman  
Executive Board  
Christian Kullmann, Chairman  
Dr. Harald Schwager, Deputy Chairman  
Thomas Wessel, Ute Wolf

Registered Office is Essen  
Register Court Essen Local Court  
Commercial Registry B 19474

150 positions and annual savings of €25 million by the end of 2021, mainly in administrative functions in the operating segments.

The new reporting structure will increase financial transparency. Evonik will disclose figures for four, instead of three divisions, shedding more light on the development of the different businesses. In addition, Evonik will disclose sales splits for four sub-divisions.

Evonik has also conducted a sustainability analysis across its portfolio to better integrate sustainability topics into the company's portfolio and strategic management decisions. The results show that 90 percent of products have a positive sustainability benefit that is at or above market reference. More than 30 percent of Evonik's portfolio deliver clearly superior sustainability benefits. These "Next Generation Solutions" address customers' desire for sustainable products and offer above-average growth potential for Evonik.

"Our Next Generation Solutions are creating attractive growth opportunities," said Kullmann. "We are seeing high demand and expect to further increase the share of sales from such sustainability winners."

To reflect its strategic transformation and growth expectations, Evonik has updated its medium-term financial targets. In the three growth divisions, sales volumes are expected to increase by more than 3 percent annually on average over the medium term. The company aims to create value by generating a return on capital employed of 11 percent – well above its cost of capital. Finally, Evonik is aiming for strong free cash flow generation in relation to profit, with a goal for a cash conversion ratio (defined as free cash flow / adjusted EBITDA) of more than 40 percent.

"These new targets illustrate our focus on creating shareholder value with an increased focus on growth, returns and cash generation," said Ute Wolf, chief financial officer.

These new targets complement existing targets, which remain valid. Evonik still plans to reach an EBITDA margin of 18 to 20 percent, pay a reliable dividend and retain a solid investment grade rating.

**Company information**

Evonik is one of the world leaders in specialty chemicals. The company is active in more than 100 countries around the world and generated sales of €13.1 billion and an operating profit (adjusted EBITDA) of €2.15 billion in 2019. Evonik goes far beyond chemistry to create innovative, profitable and sustainable solutions for customers. More than 32,000 employees work together for a common purpose: We want to improve life, today and tomorrow.

**Disclaimer**

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