

**Evonik.**  
**Power to create.**

Company presentation

April 2016



**EVONIK**  
INDUSTRIES

# Table of contents



1	<b>Evonik at a glance</b>
2	Group strategy
3	Financials Q4 / FY 2015
4	Appendix

# Leading in Specialty Chemicals

## Market leader

Leading market positions in **80%** of our businesses<sup>1</sup>



## Customer proximity

Strong customer intimacy and tailor-made solutions with **almost 90%** of direct sales



## Value proposition

Most products with **small volumes** but **big impact** in customers' end products



## Innovation power

**~500 R&D projects** driving future sales potential



## Growth profile

Average **volume growth** from 2010 until 2015 **of more than 4%** in our growth segments<sup>2</sup>



<sup>1</sup> Sales with top 1-3 market position by sales, production volume or capacity (depending on available data)

<sup>2</sup> Nutrition & Care and Resource Efficiency

# Three segments with differentiated management



**Sales**  
€13,507 m

**Adj. EBITDA**  
€2,465 m

**Margin**  
18.2%

**ROCE**  
16.6%



**Growth**



**Efficiency**



**Nutrition & Care**



**Sales**  
€4,924 m



**Adj. EBITDA / Margin**  
€1,435 m / 29.1%



**Resource Efficiency**



**Sales**  
€4,279 m



**Adj. EBITDA / Margin**  
€896 m / 20.9%



**Performance Materials**



**Sales**  
€3,435 m



**Adj. EBITDA / Margin**  
€309 m / 9.0%

# Growth strategy based on three strong pillars

## Investments



Expansion of global production footprint

Strengthen leading market positions worldwide

**7** world-scale production plants erected and currently in ramp-up<sup>1</sup>

## Innovation



Market- and customer-oriented R&D approach

Product and process innovation

**~ 2,700**  
R&D employees drive our innovation efforts across the group

## M&A



Sharpening of specialty chemicals portfolio

Additional route for growth and value creation

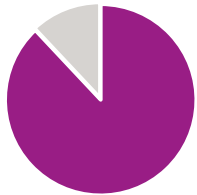
**~ €200 m**  
spent on four bolt-on acquisitions in the last two years<sup>2</sup>

<sup>1</sup> Construction between 2012 and 2015

<sup>2</sup> Since February 2014

# Strong business fundamentals

## Performance Materials



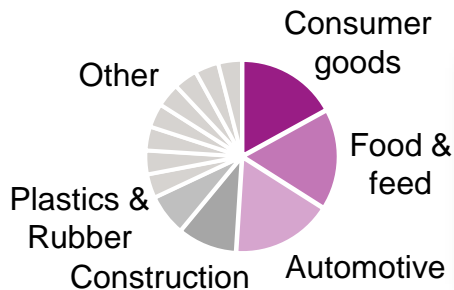
Nutrition & Care and  
Resource Efficiency

**Almost 90% of  
earnings  
generated in  
growth  
segments with  
little cyclical<sup>1</sup>**

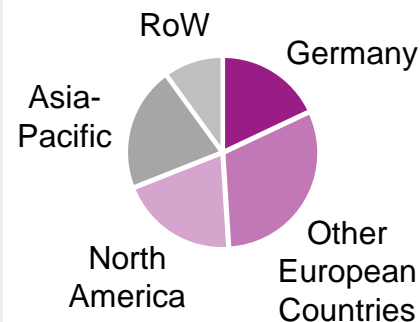
**17%**

average EBITDA margin  
since 2010

**Profitability  
significantly  
above average  
in European  
Chemicals**



**Largest  
exposure to  
defensive end  
markets; no  
dependency  
on any single  
industry<sup>2</sup>**



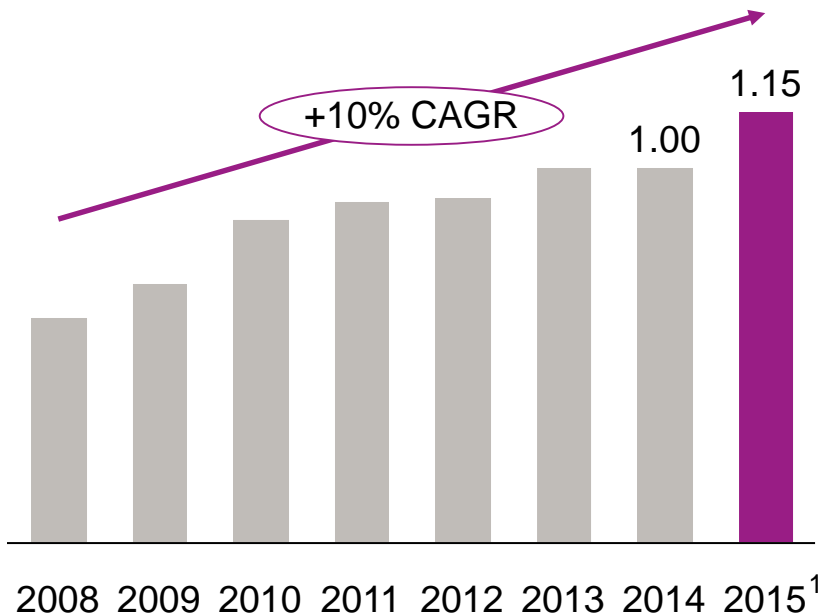
**Strong  
European  
heritage and  
selected  
exposure to  
emerging  
markets<sup>2</sup>**

<sup>1</sup> Based on specialty chemicals segments' 2015 adj. EBITDA

<sup>2</sup> Consolidated Group sales 2015

# Reliable and attractive dividend policy

Dividend (in €)



- Sustainable dividend growth over the last years: 10% CAGR between 2008 and 2015
- Substantial dividend increase of 15% proposed for fiscal 2015 on the back of strong operating performance
- **Attractive dividend yield ~ 4%**
- Reliable dividend policy targeting:
  - **dividend continuity**
  - a **payout ratio of ~40%** of adjusted net income

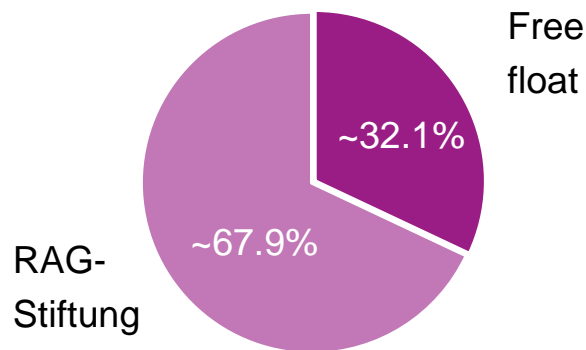
<sup>1</sup> Proposal

# Free float & trading liquidity

## Top ranking in MDAX



### Ownership structure



#### RAG-Stiftung

- Obligation to finance the perpetual liabilities arising from the cessation of hard-coal mining in Germany
- Intention to retain a strategic shareholding of **at least 25.1% in the long term**

### Free float development

- CVC with almost full exit in 2015 (initial stake: ~25%); remaining holding of 4.2% of Evonik shares basis and collateral for an exchangeable bond

**Free float increased to 32.1% 2015**



**#12**

by **market cap**  
in MDAX<sup>1</sup>



**#8**

by **trading volume**  
in MDAX<sup>1</sup>

**Average daily trading**  
volume increased to  
**>€20 m<sup>1</sup>**

<sup>1</sup> Average in H2 2015



# Table of contents



1	Evonik at a glance
<b>2</b>	<b>Group strategy</b>
3	Financials Q4 / FY 2015
4	Appendix

# Levers for growth

## Customer intimacy, investments and innovation

### Customer intimacy

Example:  
**Methionine**

**#1 >90%**

market  
position

direct sales to  
customers

Direct sales presence in more than 120 countries offering services like feed analytics and handling solutions



### Investments

Example:  
**Precipitated silica**

**#1 ~30%**

market  
position

Capacity expansion  
2010-2014

First plant in Brazil for highly dispersible silica to serve quickly growing local demand



### Innovation

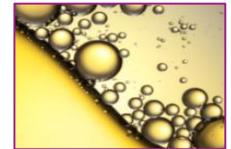
Example:  
**Viscosity modifiers**

**#1-2 5%**

market  
position

R&D ratio

New lubricant additives combine fuel savings with additional protection against wear and tear



# Customer intimacy

Close customers relationships as basis for growth

- Broad portfolio of mission-critical solutions which enable value-based pricing approach
- Constant focus on joint development to increase customer intimacy
- Customized technical service offerings as unique selling point and customer binding tool
- Established key account management and “Marketing Sales Excellence” initiative

**Close and  
long-term  
customer  
relationships  
as basis for  
growth**

**~ 2,000**



marketing  
and sales  
experts  
globally

**90%**



of sales  
directly to  
customers  
(only 10% via  
distribution)

**+7% p.a.**

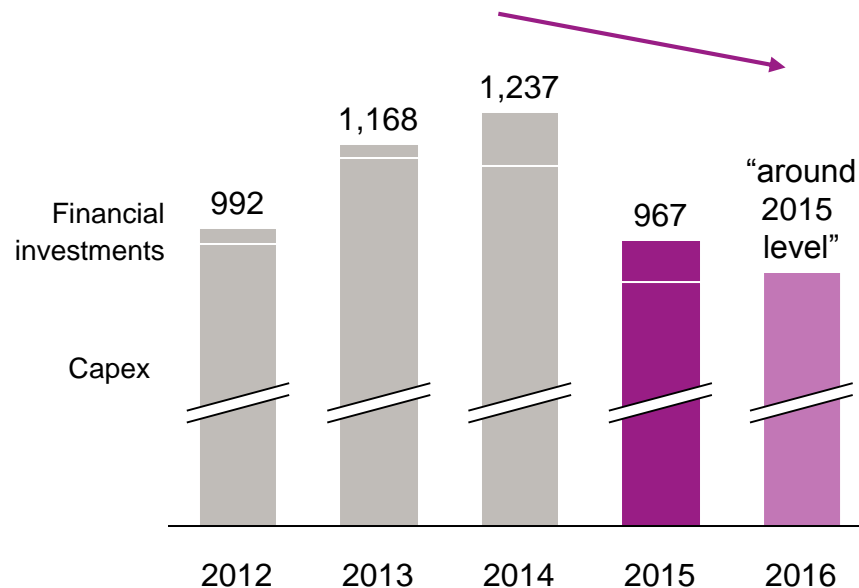


sales growth  
with top 10  
strategic  
partners

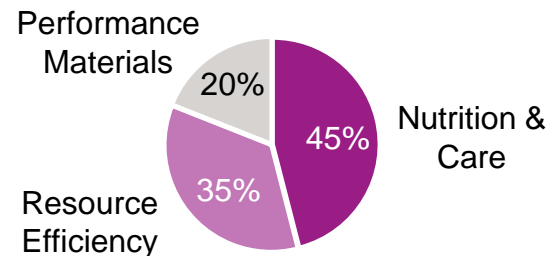
# Investments

## Capex brought down to sustainable level

### Capex spending (in € m)



- Declining capex since 2013
- Notable decline in 2015 after completion of major projects  
→ **sustainable capex level of €800 - 900 m already reached**
- Selective, smaller growth investments going forward with a clear focus on the two growth segments<sup>1</sup>:



<sup>1</sup> Sustainable level 2016 ff.

# Investments

Selective, smaller projects announced for 2017/18



**Major projects successfully completed in 2015....**

## **C4 expansion**

Germany, Belgium

Rationale: feedstock diversification



## **Oil Additives exp.**

Singapore

Rationale: enable growth in Asia



## **Personal Care plant**

Brazil

Rationale: establish local production



**... and selective, smaller projects with start-up planned for 2017/18**

## **Polyimide membrane exp.**

Austria

Start-up: 2017  
Volume: <50 m



## **PA12 powder exp.**

Germany

Start-up: 2017  
Volume: <50 m



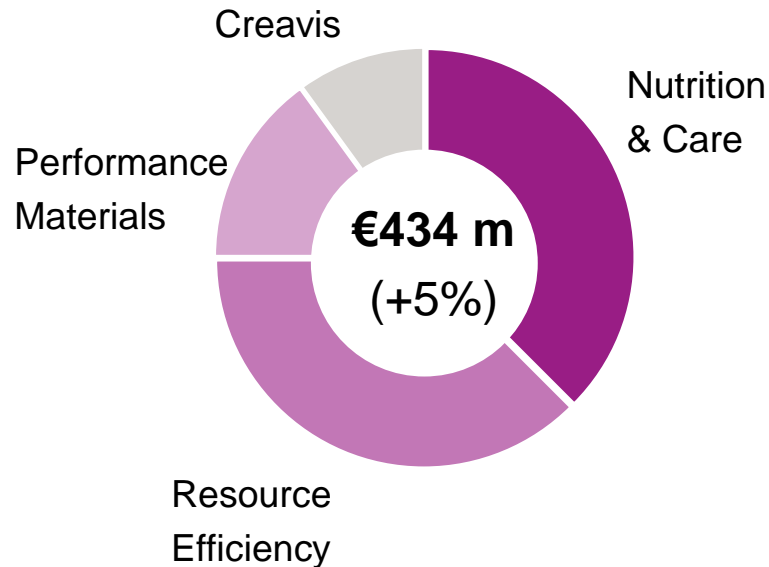
## **Copolyester plant**

Germany

Start-up: 2018  
Volume: <50 m



### R&D spending by segment (2015, in € m)



- Global R&D network spread over **35 sites** and consisting of **~ 2,700 employees**
- Strong focus on market- and customer-orientation: **90% of R&D spend is decentralized** in business segments; 10% is spend in the strategic innovation unit Creavis
- Cross functional teams focus on strategic growth fields
- **>500 R&D projects** currently underway

### R&D spending: €434 m<sup>1</sup>

Safeguarding  
existing  
business

Adjacent  
business

New  
business

#### **Feedstock diversification C4 chain**

Making FCC-C4 usable as feedstock  
for C4 business



#### **AQUAVI® Met-Met**

Modification of methionine for the use in  
feed for crustaceans



#### **iXsenic®**

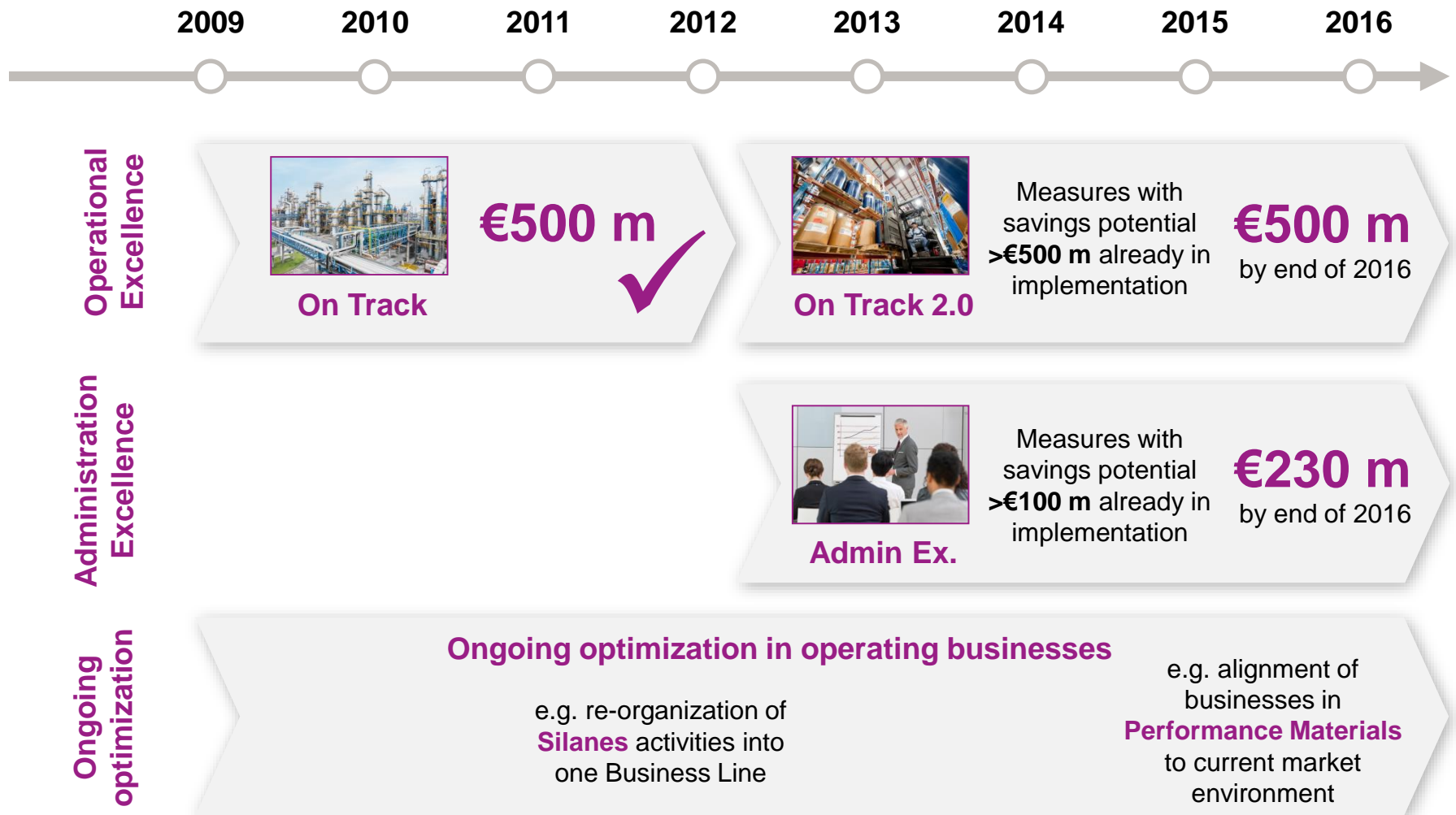
Semi-conductor material enabling simplified  
production of ultra high resolution flat screens



<sup>1</sup> FY 2015

# Efficiency

Cost improvement integral part of Evonik's DNA





# Table of contents



1	Evonik at a glance
2	Group strategy
<b>3</b>	<b>Financials Q4 / FY 2015</b>
4	Appendix

Sales (+5%)

**€13,507 m**

Organic growth:

Higher volumes and stable prices despite lower raw material prices

Adj. EBITDA (+31%)

**€2,465 m**

18.2% adj. EBITDA margin

3/4 of Business Lines with stable or higher earnings

Free cash flow

**€1,052 m**

Driven by outstanding operating performance and strong capex discipline

Dividend (+15%)

**€1.15**

Substantial dividend increase resulting in dividend yield of ~4%  
Reliable dividend policy targeting continuity

# Evonik well-positioned for above average future growth

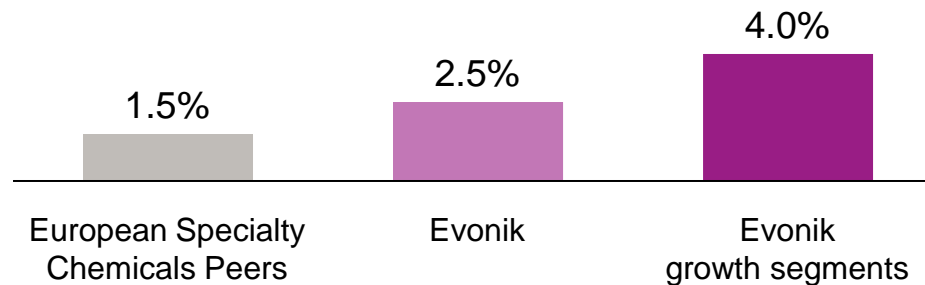


**Leading  
market positions**  
across the portfolio

High level of  
**customer intimacy**  
and tailor-made solutions

Most products with  
**small volumes**  
**but big impact**  
in customers' end products

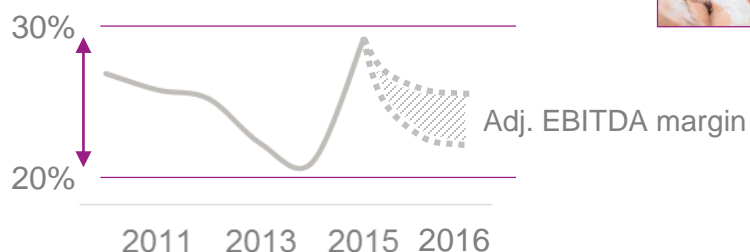
## Above average volume growth in challenging macro environment<sup>1</sup>



<sup>1</sup> Average volume growth 2013-2015

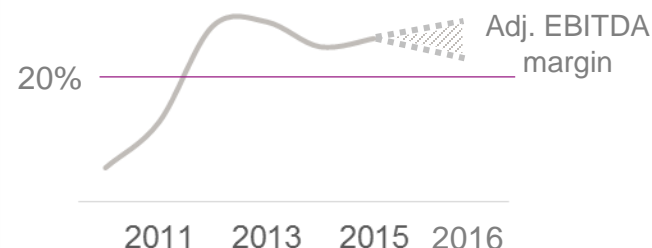
# Growth segments with industry-leading margins

## Nutrition & Care



- Attractive adj. EBITDA margin above 20% at all times
- 2016: Normalization on attractive levels expected after outstanding year 2015

## Resource Efficiency



- Steady and stepwise margin growth since 2010
- Solid and reliable margin slightly above 20% since 2012

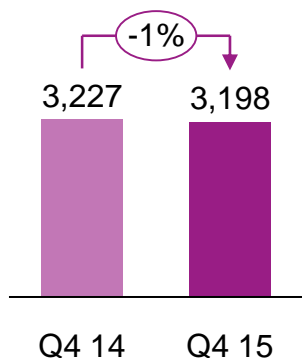
Sustainable and industry-leading EBITDA margin levels (%) of **20+**

# Financial highlights Q4 2015

## Strong finish of a successful year



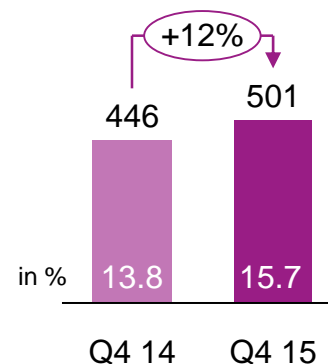
### Sales (in € m)



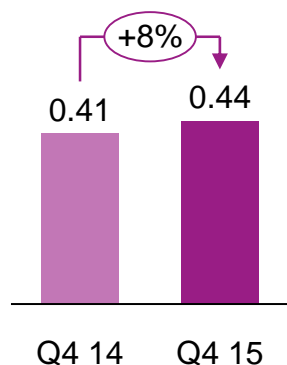
#### Q4 15 vs. Q4 14

Volume	Price
+3%	-4%
FX	Other
+2%	-2%

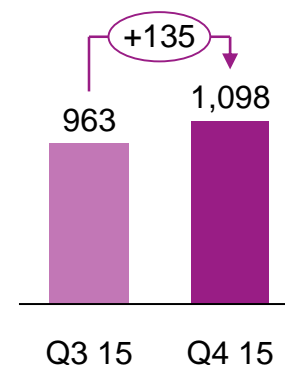
### Adj. EBITDA (in € m) / margin



### Adj. EPS (in €)



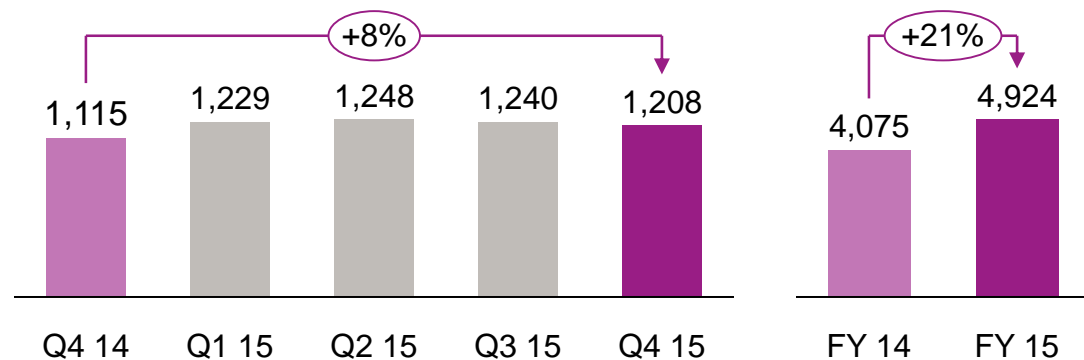
### Net financial position (in € m)







# Nutrition & Care

Good volumes; expected earnings normalization

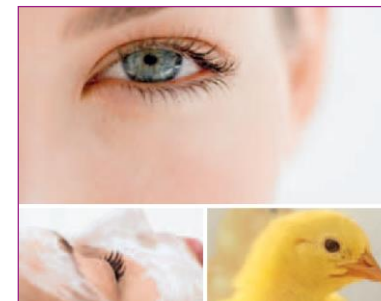
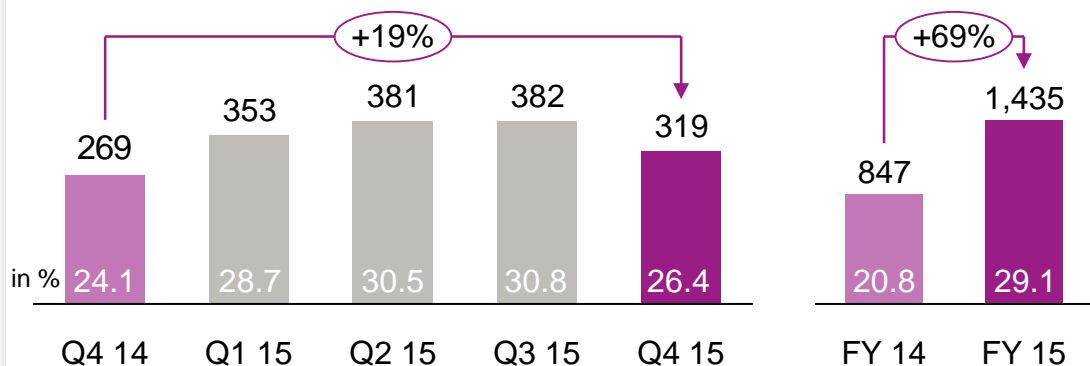
## Sales (in € m)



### Q4 15 vs. Q4 14

Volume	Price
+2% 	+4% 
FX	Other
+2% 	0% 

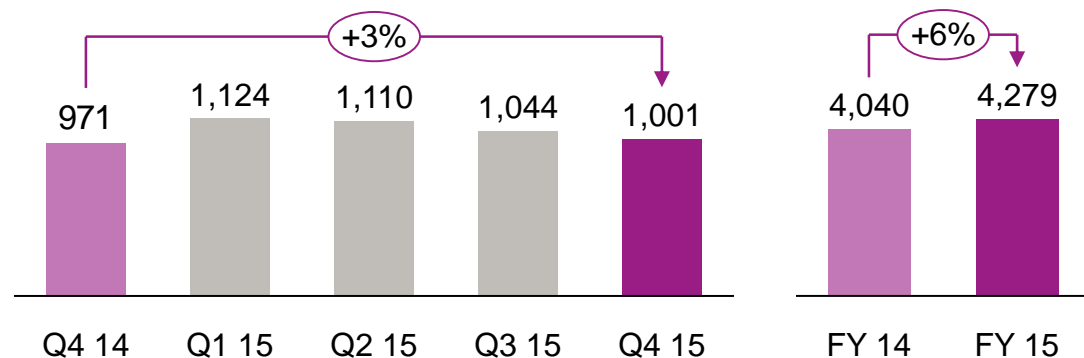
## Adj. EBITDA (in € m) / margin (in %)







# Resource Efficiency

Another year of volume growth & margin expansion

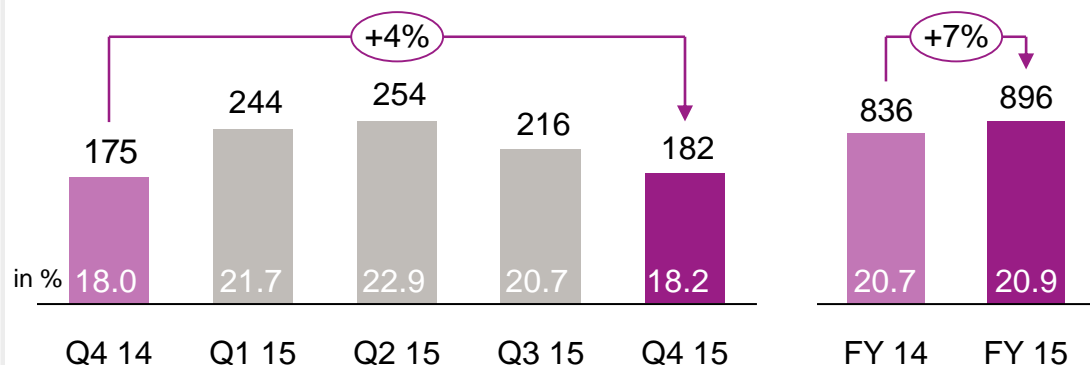
## Sales (in € m)



### Q4 15 vs. Q4 14

Volume	Price
+2% 	-1% 
FX	Other
+3% 	-1% 

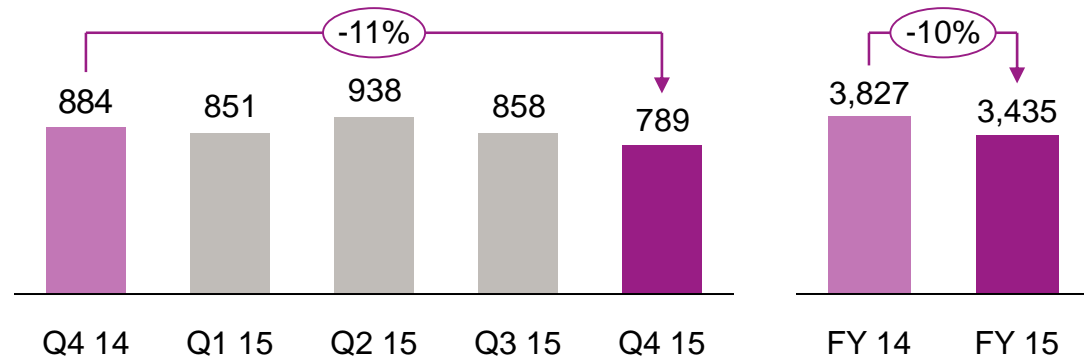
## Adj. EBITDA (in € m) / margin (in %)







# Performance Materials

Sales and earnings impacted by declining oil price

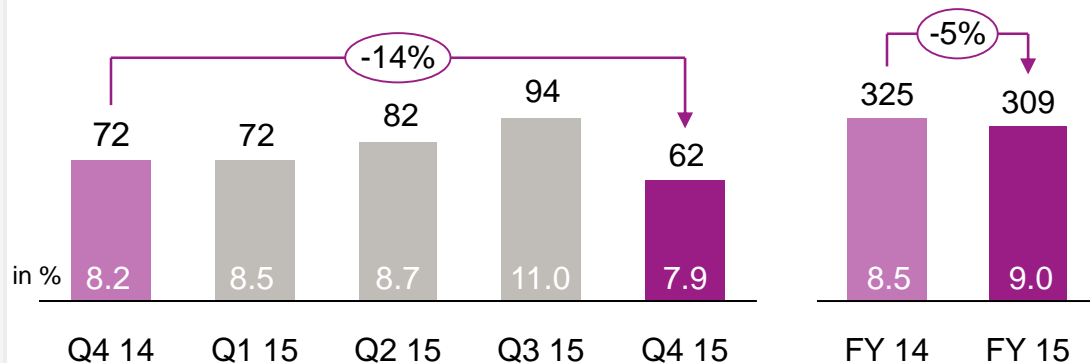
## Sales (in € m)



### Q4 15 vs. Q4 14

Volume	Price
+5% 	-18% 
FX	Other
+2% 	0% 

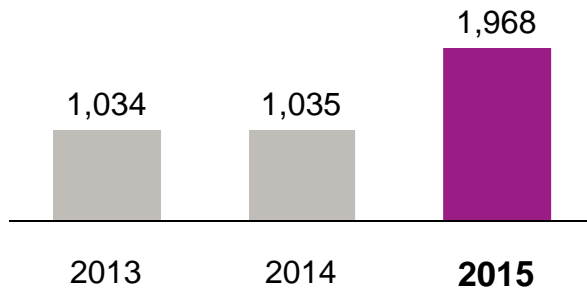
## Adj. EBITDA (in € m) / margin (in %)



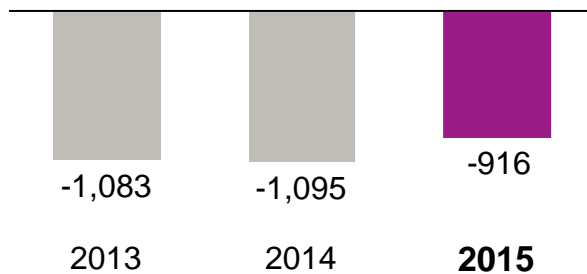


# Outstanding performance drives free cash flow

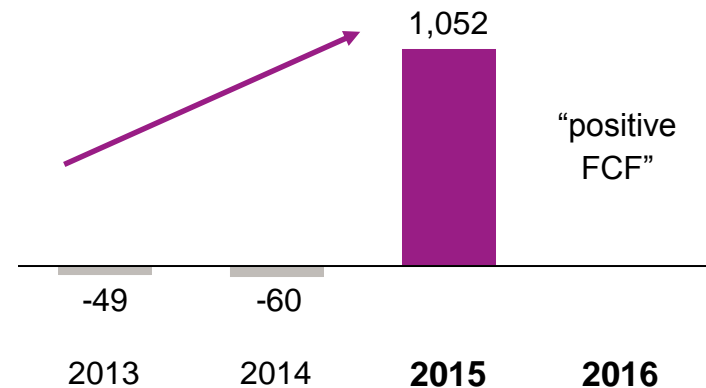
## Operating Cash Flow (cont. op. in € m)



## Investing Cash Flow (cont. op. in € m)<sup>1</sup>



## Free Cash Flow (cont. op. in € m)<sup>2</sup> (before dividends and divestments)



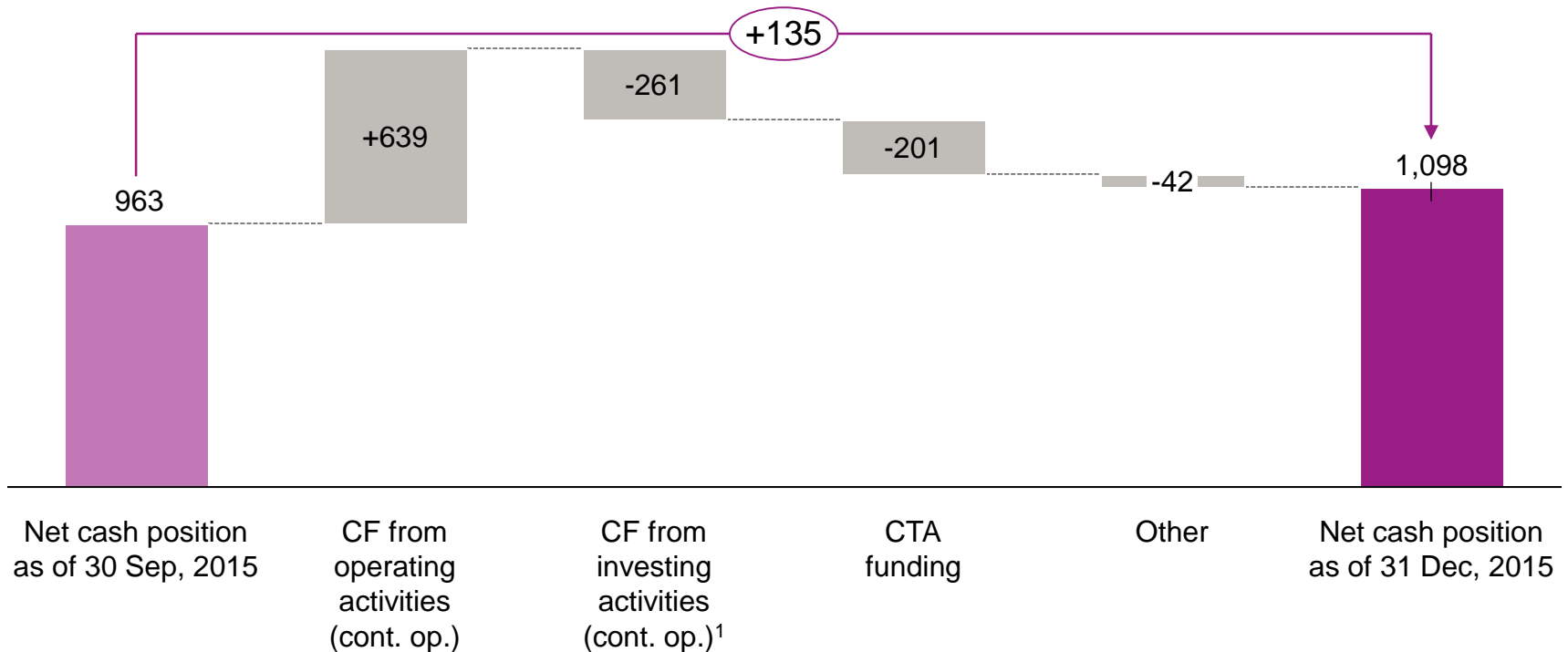
<sup>1</sup> Cash outflow for investments in intangible assets, PP&E and investment property

<sup>2</sup> Operating Cash Flow (cont. op.) ./ Investing Cash Flow (cont. op.)

# Net financial position

## CTA funding plan ending in 2015

### Development of net financial position (in € m)



<sup>1</sup> Cash outflow for investments in intangible assets, PP&E and investment property

### Weaker macroeconomic conditions expected

---

- Increasing **uncertainty about economic growth** in emerging markets (esp. China) and the US
- Globally weakening demand
- Further **decline in oil** (vs. 2015 average) and hence raw material prices
- Ongoing risk that **geopolitical tensions** may further intensify



**Macroeconomic situation carries high amount of uncertainty**  
**Substantial risk that global growth will disappoint in 2016**

# Outlook for 2016

Adj. EBITDA between €2.0 and 2.2 bn expected



**Slightly lower sales**

(2015: €13,507 m)

**Adj. EBITDA between €2.0 and 2.2 bn**

(2015: €2,465 m)

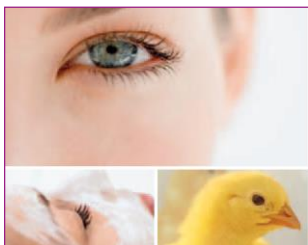
**Our future success  
continues to be built  
on strong business  
fundamentals**

- Continued **volume growth** in Nutrition & Care and Resource Efficiency
- **EBITDA margins** in Nutrition & Care and Resource Efficiency >20%
- Selective, smaller **investments** to drive future growth
- **Discipline** in use of funds (capex, M&A)
- **Strong balance sheet** enabling strategic flexibility and ensuring financial stability in volatile markets
- **Positive free cash flow** generation
- Consistent execution of **efficiency programs**

# Outlook for 2016

## Segment perspective

### Nutrition & Care



- Stable or slightly positive business performance in majority of businesses (vs. prior year)
- Animal Nutrition: expected gradual normalization of tight supply / demand situation experienced in 2015; market demand to remain robust
- Baby Care: very competitive market environment to persist

### Resource Efficiency



- Continuation of prior years' successful business performance, despite weaker global economic growth

### Performance Materials



- Further declining oil price (vs. 2015 average) continues to pressure prices and margins of C4 products
- Ample supply and weaker demand weigh on Acrylic Monomers

## Additional indications for 2016

- EUR/USD sensitivity<sup>1</sup>                      +/-1 USD cent = -/+ ~€5 m adj. EBITDA (FY basis)
- Adj. EBITDA Services                      **Slightly below 2015** (2015: €163 m)
- Adj. EBITDA Corporate/Other              **Slight improvement** (i.e. less negative) (2015: - €338 m)
- Adj. D&A                                      **Around the level of 2015** (2015: €713 m)
- Adj. net financial result<sup>2</sup>                **Around the level of 2015** (2015: - €179 m)
- Adj. tax rate                                  ~**29%** (2015: 29.3%)
- Capex                                          **Around the level of 2015**
- Free cash flow                                **Positive** (2015: €1,052 m)

<sup>1</sup> Including transaction effects (after hedging) and translation effects; before secondary / market effects

<sup>2</sup> Guidance for “Adj. net financial result” (incl. “Adj. interest income/expense” and “Other financial income/expense”)



**EVONIK**  
INDUSTRIES

# Table of contents



<b>A</b>	<b>Segment highlights</b>
B	Financials
C	Company history and ownership structure
D	Upcoming IR events and contact



# Evonik Group

## 22 Business Lines grouped in 3 segments



### Nutrition & Care



**Sales**  
€4,924 m



**Adj. EBITDA / Margin**  
€1,435 m / 29.1%

Animal Nutrition

Baby Care

Health Care

Personal Care

Household Care

Comfort & Insulation

Interface & Performance



### Resource Efficiency



**Sales**  
€4,279 m



**Adj. EBITDA / Margin**  
€896 m / 20.9%

Silica

Crosslinkers

Oil Additives

Coating & Adhesive Resins

High Performance Polymers

Active Oxygens

Silanes

Coating Additives

Catalysts



### Performance Materials



**Sales**  
€3,435 m



**Adj. EBITDA / Margin**  
€309 m / 9.0%

Performance Intermediates

Acrylic Polymers

Acrylic Monomers

Functional Solutions

Agrochemicals & Polymer Additives

CyPlus Technologies

2015 financials; Business Lines ranked by turnover

### Key characteristics

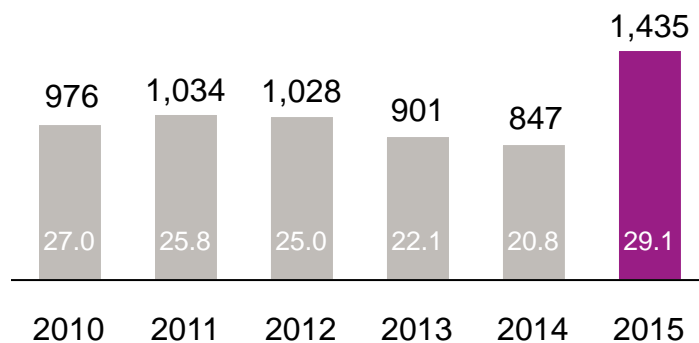
- High degree of **customer intimacy and market know-how**
- Enabling our customers to deliver **differentiating solutions** in their markets
- **Excellent technology platforms**
- **Sustainability** as major growth driver

### Key products

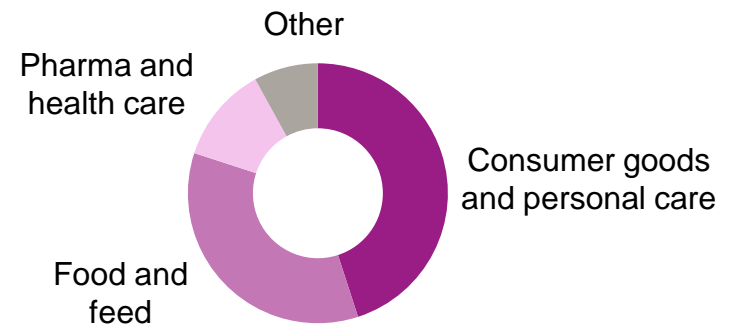
- Amino acids for professional animal nutrition
- Active ingredients for cosmetic products
- Superabsorbents for baby diapers
- Drug delivery systems for controlled drug release



### Adj. EBITDA (€ m) and margin (%)



### End market split



# Nutrition & Care

## Business Line overview (1/2)

Key products  
Main Applications  
Market position<sup>1</sup>  
Main competitors

### Animal Nutrition



- Methionine
- Lysine, Threonine, Tryptophan

- Feed additives and services for animal nutrition

- # 1 in Feed Amino Acids

- Chem China/Adisseo
- Novus
- Ajinomoto
- Cheil Jedang

### Baby Care



- Superabsorbents

- Baby Care
- Female Care
- Adult Care

- # 2-3 in superabsorbents

- BASF
- Nippon Shokubai

### Personal Care



- Actives
- Emulsifiers
- Conditioners

- Personal Care

- # 4 in cosmetic ingredients

- Ashland
- BASF
- Croda

### Household Care



- Fabric conditioners
- Specialty surfactants

- Laundry care
- Home care
- Car care

- # 1 in fabric softeners

- AkzoNobel
- BASF
- Solvay
- Stepan

<sup>1</sup> Company estimates for relevant markets based on multiple research reports

# Nutrition & Care

## Business Line overview (2/2)

Key products  
Main Applications  
Market position<sup>1</sup>  
Main competitors

### Health Care



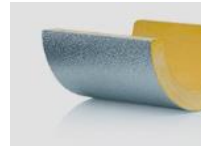
- Active pharma ingredients
- Pharma grade amino acids
- Pharmaceutical coatings

- Drug delivery systems for oral and parenteral dosage
- Tailor-made pharmaceutical syntheses
- Pharma Amino Acids

- # 1 Functional Polymers for Controlled Release
- # 2 Exclusive Synthesis
- # 3 Pharma Amino Acids

- BASF
- DSM
- Lonza
- Ajinomoto

### Comfort & Insulation



- Foam stabilizers
- Catalysts
- Release agents

- Furniture / appliances
- Construction
- Automotive

- # 1 in polyurethane foam additives

- Maysta
- Momentive

### Interface & Performance



- Release coatings
- Super spreading additives

- Packaging / tapes
- Agrochemicals
- Plastic additives

- # 1-2 in release coatings

- Clariant
- Dow Corning
- Momentive
- Wacker

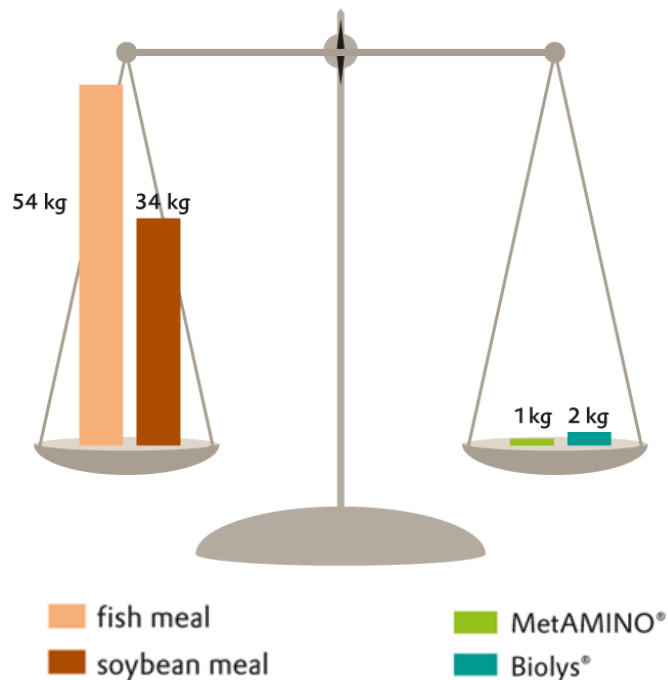
<sup>1</sup> Company estimates for relevant markets based on multiple research reports

# Nutrition & Care / BL Animal Nutrition

Amino Acids significantly increase efficiency and improve our customer's P&L

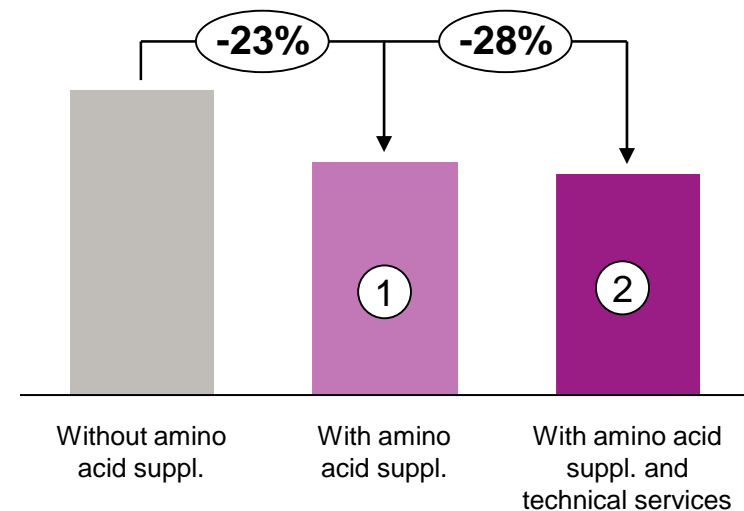


## Significant increase in efficiency



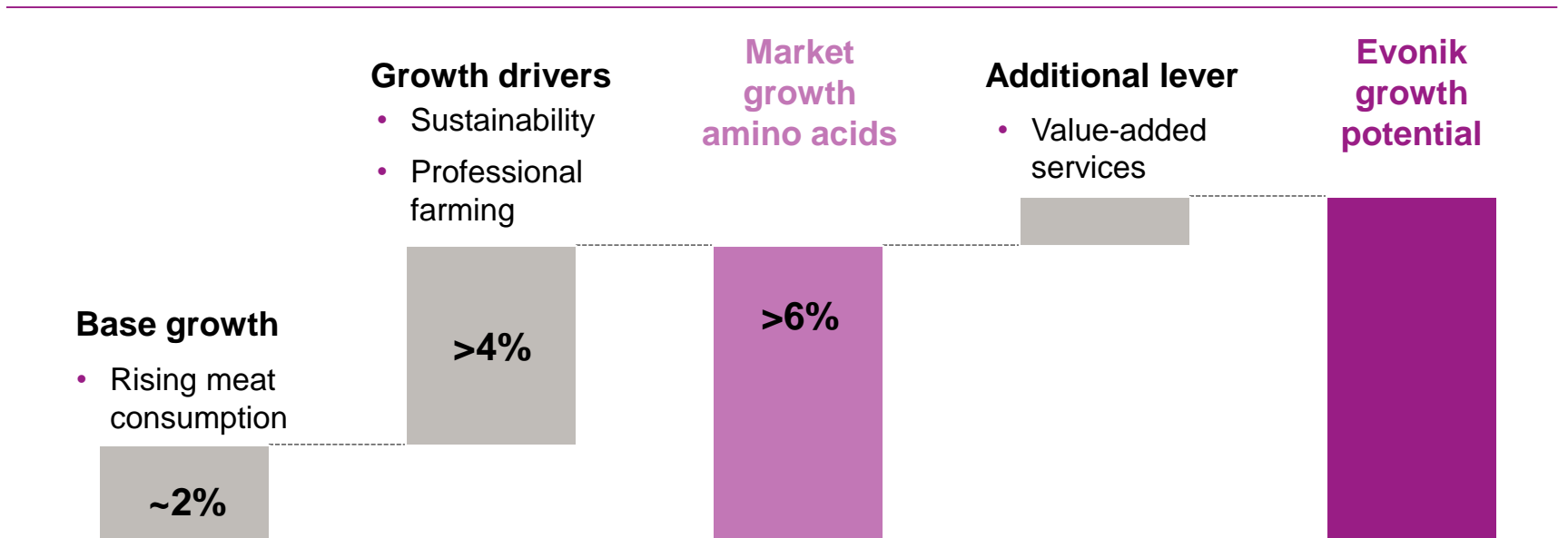
## Significant savings potential

Feed costs to produce poultry meat



- 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

### Components of annual amino acid market growth



### 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

With 1 kg of DL-Methionine, up to 260 kg of soybean meal can be replaced in feed.

The use of 100,000 t DL-Methionine<sup>1</sup> means:

– 1,000,000 t



Less consumption of resources (**crude oil equivalents**)

– 790,000 t



Reduced nitrates (**NO<sub>3</sub> emissions**) into ground waters

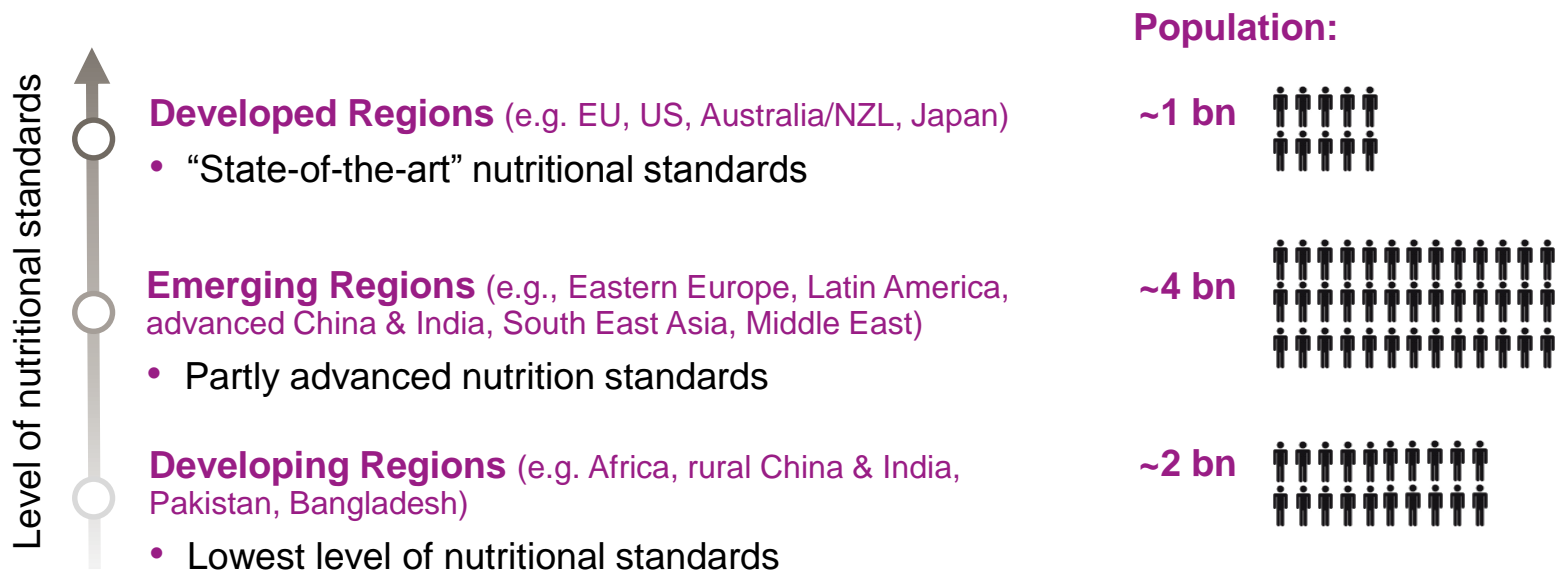
– 800,000 t



Reduced ammonia (**NH<sub>3</sub> emissions**) into the air

<sup>1</sup> The calculation is based on the “Ökobilanz –Methionin 2003” – 1 kg of DL-methionine replaces 260 kg soybean meal.  
April 2016 | Evonik company presentation | Appendix

## Nutritional Standards by Region

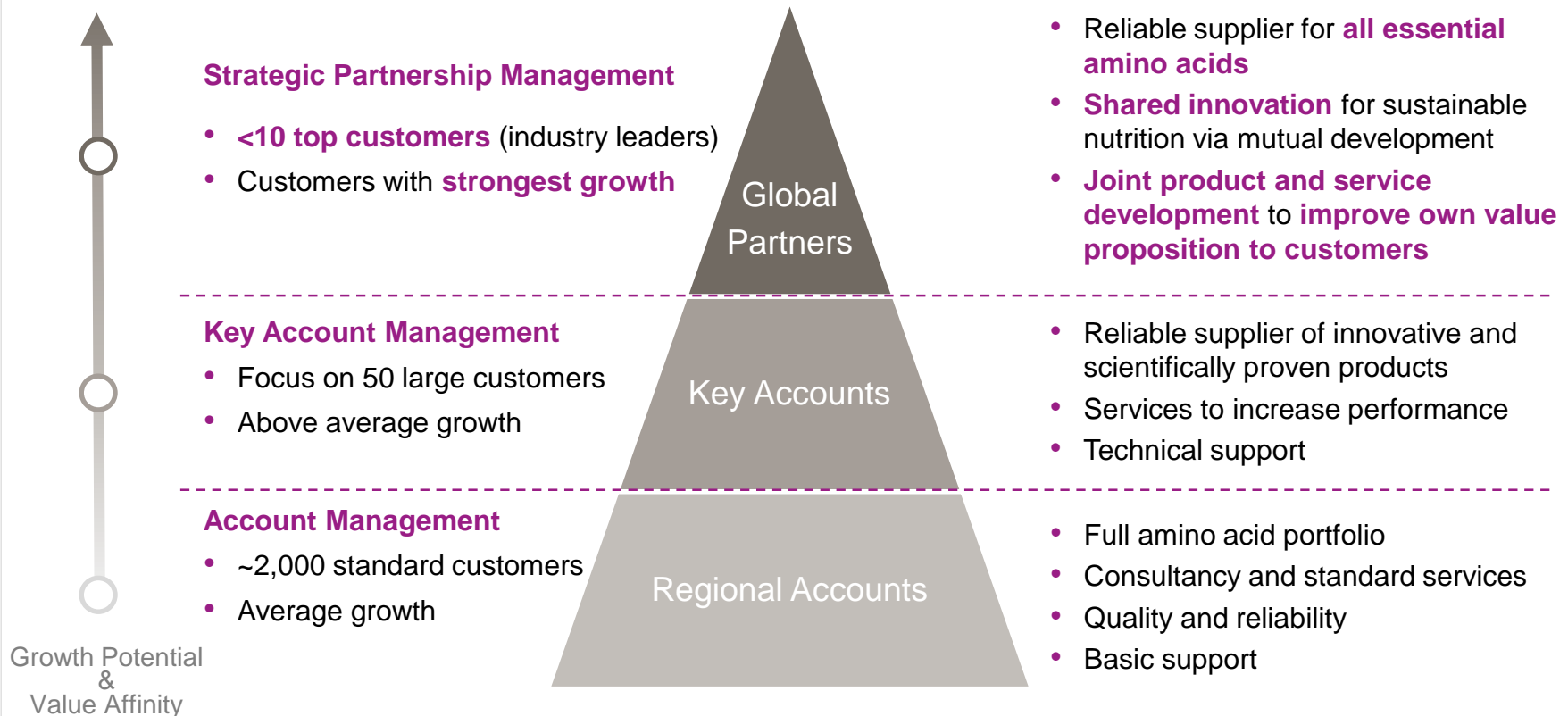


Increasing use of advanced nutrition concepts factored with growing population as key growth drivers for feed markets in developing regions



### Our sales approach

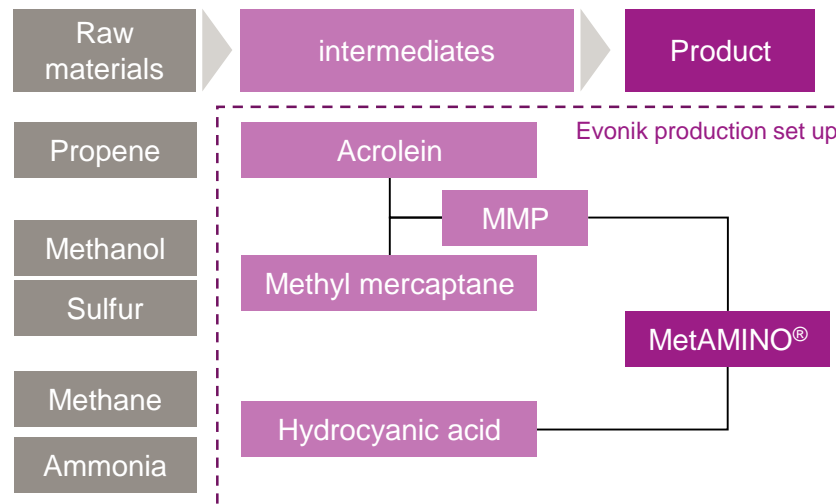
### Our value propositions



## 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



## Implemented innovations 2014 in Singapore:

- ✓ Further minimization of toxic intermediates
- ✓ Realization of economy of scale (150 kt)
- ✓ New highly efficient energy integration concept

### Growth strategy in Advanced Food Ingredients (AFI)

---

- AFI: Naturally occurring compounds with documented health benefits
- Aligning health platform to address mega trends, e.g.
  - Increased interest in healthy lifestyle
  - Growing importance of scientifically documented health ingredients
- Increasing share of bio-based formulation components
- Leverage existing Evonik and Health Care capabilities, e.g. delivery systems

### Acquisition of MedPalett AS

---

- MedPalett AS is a Norwegian manufacturer specialized in berry extracts with high anthocyanin content
- Anthocyanins have health-promoting properties in
  - heart health
  - eye health
  - disease prevention
- The main product Medox® is a 100% natural dietary supplement based on bilberries and black currant
- Health benefits are documented in more than 10 international studies and clinical trials

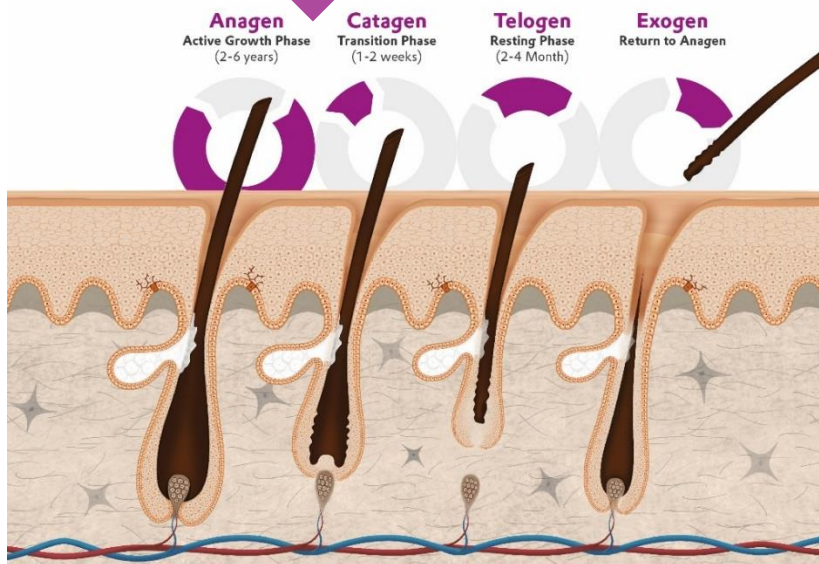


# Nutrition & Care / BL Personal Care

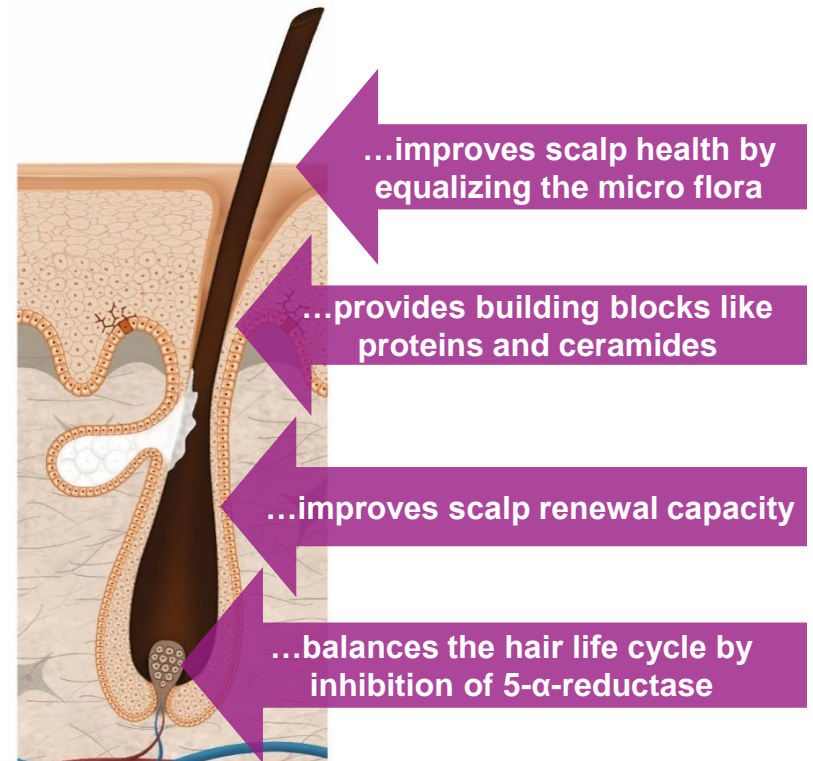
## Innovative new product to prevent hair loss

### Within the **hair life cycle** SPHINGONY...

...prevents hair loss  
by prolonging the  
anagen phase



### Within the **hair follicle** and on the **scalp** SPHINGONY...



# Resource Efficiency

Innovative products for resource-efficient solutions

## Key characteristics

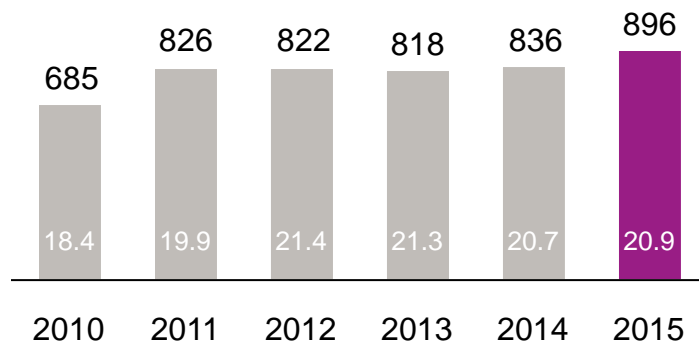
- Focus on **performance-impacting** and value-driving components
- **Minor share of cost** in most end products
- Strong focus on **technical service**
- **Low risk of substitution**
- High pricing power (**value-based pricing**)

## Key products

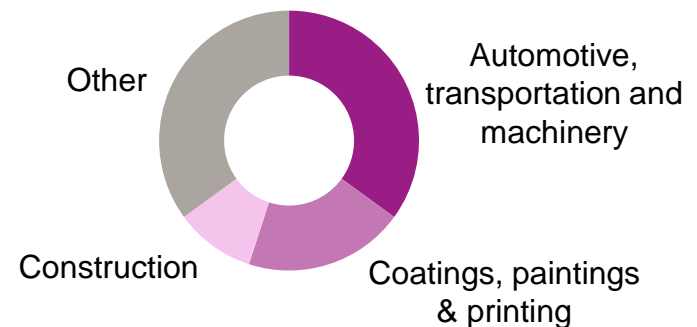
- Precipitated and fumed silica as flow property enhancers
- Crosslinkers for composite materials and coatings
- Viscosity modifiers for oils and hydraulic fluids



## Adj. EBITDA (€ m) and margin (%)



## End market split



# Resource Efficiency

## Business Line overview (1/3)

Key products  
Main Applications  
Market position<sup>1</sup>  
Main competitors

### Silica



- Precipitated silica
- Fumed silica
- Special oxides

- Silicone rubber
- Tires, green tires & rubber
- Paints & coatings
- Adhesives & sealants

- # 1 in silicas (precipitated, fumed, special oxides, matting agents and specialty fillers)

- Cabot
- JM Huber
- Solvay
- Wacker

### Oil Additives



- Lubricant additives (viscosity modifiers)
- Fuel additives

- Auto & industrials
- Hydraulic systems
- Refinery processing
- Biofuels

- # 1 in viscosity modifiers for lubricants

- Infineum
- Lubrizol
- NewMarket (Afton)
- Oronite

### Crosslinkers



- Crosslinkers for composites, elastomers and non-solvent coatings

- Composites
- Coatings & paints
- Flooring
- Automotive interior

- # 1 in isophorone chemicals

- Arkema
- BASF
- Covestro

<sup>1</sup> Company estimates for relevant markets based on multiple research reports

# Resource Efficiency

## Business Line overview (2/3)

Key products  
Main Applications  
Market position<sup>1</sup>  
Main competitors

### Active Oxygens



- Hydrogen peroxide

- Oxidising agent in chemical reactions
- Pulp & paper bleaching

- # 2 in hydrogen peroxide

- Arkema
- Solvay

### High Performance Polymers



- High perf. polyamide (PA12)
- Polyetheretherketone (PEEK)
- Membranes and Polyimide fibres

- Automotive components
- Medical
- Oil & gas pipes

- # 1 in PA12

- Arkema
- EMS
- Solvay
- Victrex

### Coating & Adhesive Resins



- Functional resins
- Adhesive hot melts
- Heat sealants
- Polybutadiene

- Hot melt
- Pre coated metal
- Protective coatings
- Road marking

- # 1 in polyester resins

- Dow
- DSM
- Mitsubishi Chemical

<sup>1</sup> Company estimates for relevant markets based on multiple research reports



# Resource Efficiency

## Business Line overview (3/3)

Key  
products

### Silanes



- Chlorosilanes
- Organofunctional silanes
- Rubber silanes

Main  
Applications

- Fumed silica
- Optical fibres
- Adhesive & sealants
- Building protection

Market  
position<sup>1</sup>

- # 1 in chlorosilanes
- # 1 in organofunctional and rubber silanes

Main  
competitors

- Dow Corning
- Momentive
- Shin Etsu
- Tokuyama

### Coating Additives



- Additives for eco-friendly and highly solid industrial coatings

- Eco-friendly coatings (low VOC, water based)
- High solid industrial coatings

- # 2 in high performance additives for coatings and inks
- # 1-2 in silicone resins for special applications

- Altana
- BASF
- Dow Corning

### Catalysts



- Activated base metal catalysts
- Precious metal catalysts
- Catalysts for industrial & petrochemicals

- Catalysts for chemical processes
- Enabler for process efficiency / innovation

- #1 in precious metal powder catalysts
- #3 in activated base metal catalysts

- BASF
- Clariant
- Johnson Matthey
- WR Grace

<sup>1</sup> Company estimates for relevant markets based on multiple research reports



# Resource Efficiency

Key ingredients for environmental-friendly solutions



## Crosslinkers

Crosslinkers enable **composite materials** used in large rotor blades of modern on- and offshore wind turbines.

**80%** of today's wind blades are based on this technology.

## Silica

Silicas improve properties of **high-performance adhesives** giving greater stability to large rotor blades with a length of up to

**75<sup>m</sup>**

## Oil Additives

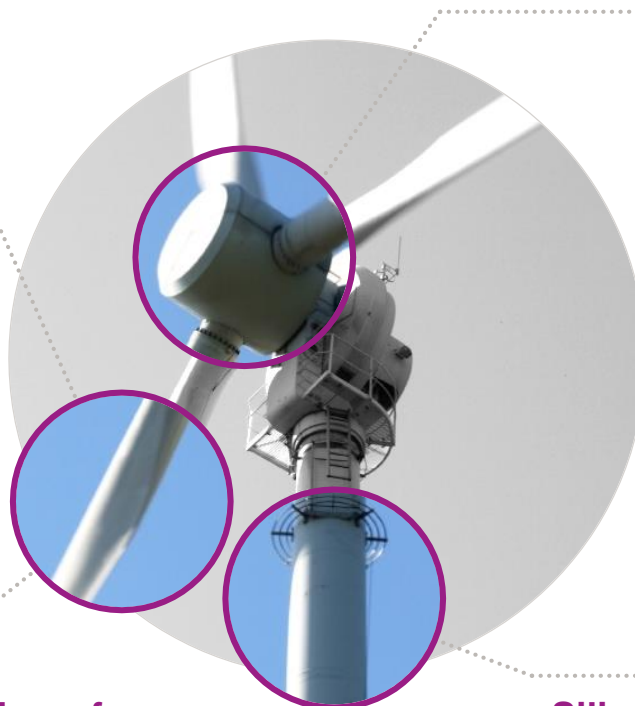
**Additives for wind turbine gear oils** deliver reliability, extended service life and reduce "oil cost" by up to

**20%**

## Coating Additives

**Silicone Epoxy Resins** enable excellent anti-corrosion coatings for heavy duty applications with

**44%** thinner films.

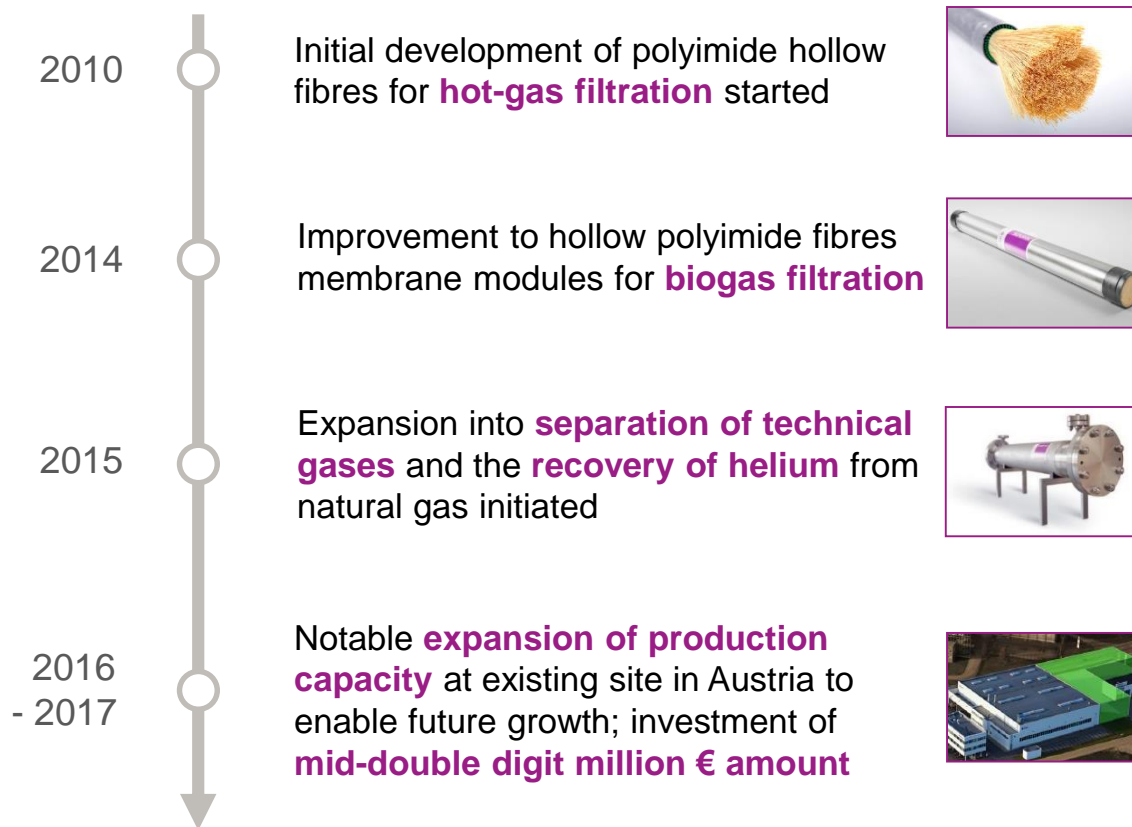


# Resource Efficiency / BL High Perf. Polymers

## Membranes from innovation to large scale production



### Polyimide hollow fibre membranes for gas filtration



**Consistent development and advancement of product leading to significant scale-up and hence to investment in new production capacity**

**Sales potential: ~€100 m**

# Resource Efficiency

iXsenic® semiconductor technology for extremely high resolution flat panel displays



Idea launched by Creavis

Advanced to market readiness  
by Resource Efficiency

Today

Next steps

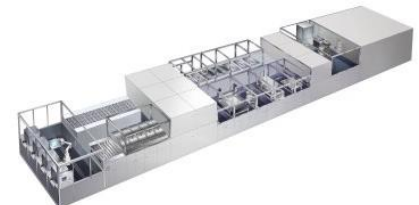
- Inorganic metal-oxide semiconductors replacing traditional amorphous silicon
- Enabling higher image resolution of ultra-HD televisions
- Significant production process simplification



- Successful customer trials
- Partner demonstration at “Touch Taiwan”: Chunghwa Picture Tubes (CPT) showed LCD displays based on iXsenic® technology from Evonik



- First display maker plans to use iXsenic® technology in a new large-scale flat panel display plant in China
- Strategic partnership with market leading coating equipment manufacturer to jointly offer system solutions to customers



# Resource Efficiency / BL Coatings & Adh. Resins

Polyester systems for can coatings  
to replace traditional material

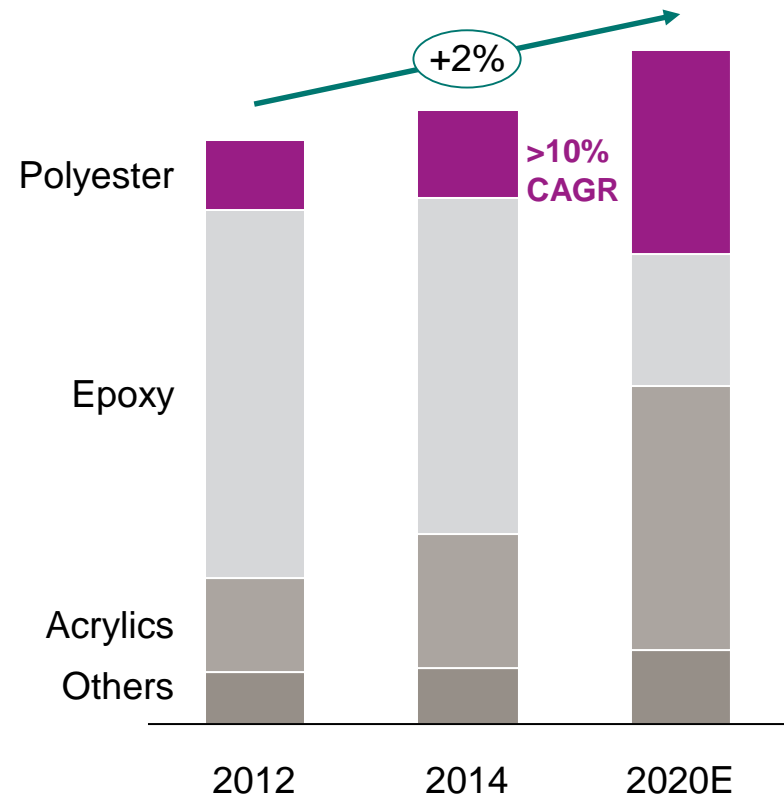


## Polyester can coatings market

- Trend to replace standard can coating systems based on epoxy/BPA by polyester systems due to health concerns
- Resulting in strong market growth of >10% for polyester can coatings
- High growth niche within mature packaging market (2-3% growth)
- Evonik already today one of the market leaders and with best process technology



**Investment of double-digit million €  
amount to expand existing capacity  
with start-up in 2018**



# Performance Materials

Integrated production platforms for efficient production of rubber and plastic intermediates



## Key characteristics

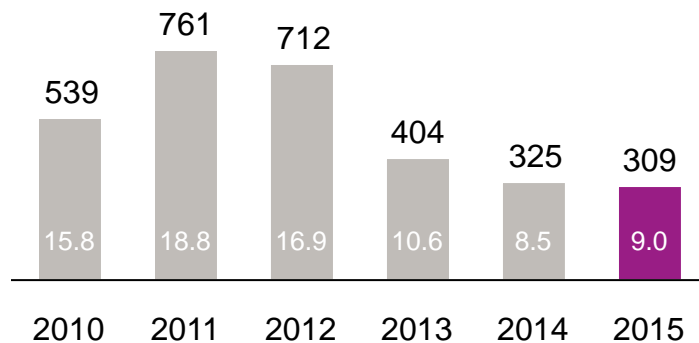
- Strong **integrated production platforms**
- **Leading cost positions**
- Favorable **raw material access**
- Focus on **continuous efficiency improvements**
- High degree of **supply reliability**

## Key products

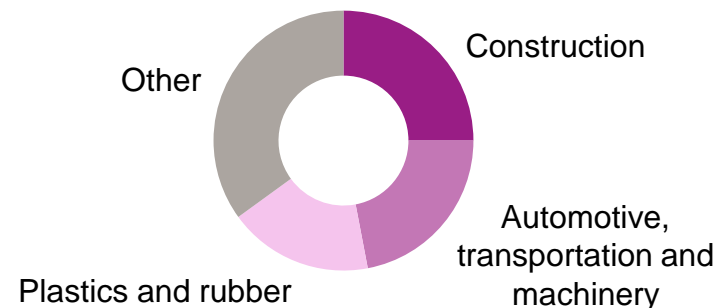
- Acrylic sheets, molding compounds (PMMA) and its precursors (MMA), e.g. for LED and touch screens
- Butadiene for synthetic rubber
- MTBE as fuel additive



## Adj. EBITDA (€ m) and margin (%)



## End market split



# Performance Materials

## Business Line overview (1/2)

Key products  
Main Applications  
Market position<sup>1</sup>  
Main competitors

### Performance Intermediates



- Butadiene
  - MTBE
  - Butene-1
  - Plasticizers (INA&DINP)
- 
- Plastics
  - Styrene-Butadiene-Rubber
  - High performance polymers
- 
- # 1 in butene-1
- 
- BASF
  - Sabic
  - LyondellBasell

### Acrylic Monomers



- Methylmethacrylate (MMA) & application monomers
  - Methacrylic acid
- 
- Coatings
  - PMMA
  - Monomers for specialty applications
- 
- # 2 in MMA
- 
- LG MMA
  - Mitsubishi Chemicals
  - Sumitomo

### Acrylic Polymers



- Molding compounds
  - Acrylic sheets (Plexiglas / Acrylite)
  - PMMA systems
- 
- LED/touch screens
  - Construction
  - Light-weight systems
  - Automotive components
- 
- # 1-2 in PMMA
- 
- Arkema
  - Mitsubishi Chemicals
  - Sumitomo

<sup>1</sup> Company estimates for relevant markets based on multiple research reports

# Performance Materials

## Business Line overview (2/2)

Key products  
Main Applications  
Market position<sup>1</sup>  
Main competitors

### Agrochemicals



- Triacetoneamine
- Crosslinkers
- Precursors of glyphosates

- Polymer additives
- Optical brighteners
- Photovoltaic
- Agro chemicals

- n.a.

- Lanxess
- Weylchem

### Functional Solutions



- Alkoxides  
(e.g. sodium methyllate)

- Catalysts for biodiesel production

- # 1 in alkoxides

- BASF
- DuPont

### CyPlus Technologies



- Sodium cyanide
- Potassium cyanide

- Precious metals mining
- Fine chemicals

- n.a.

- AGR
- DuPont
- Orica

<sup>1</sup> Company estimates for relevant markets based on multiple research reports

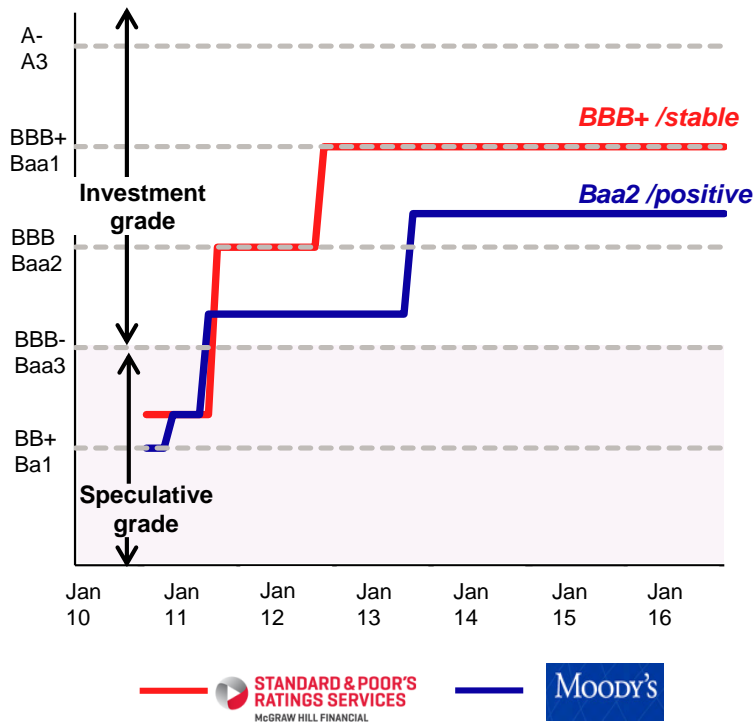
# Table of contents



A	Segment highlights
<b>B</b>	<b>Financials</b>
C	Company history and ownership structure
D	Upcoming IR events and contact



## Maintaining a solid investment grade rating is a central element of our financial strategy



### BBB+ (stable)



...Leading global specialty-chemicals manufacturer, with healthy market positions...  
 ...Stronger-than-peer end-market diversification...  
 ...Supportive financial policy ...

(September 14, 2015)

### Baa2 (positive)



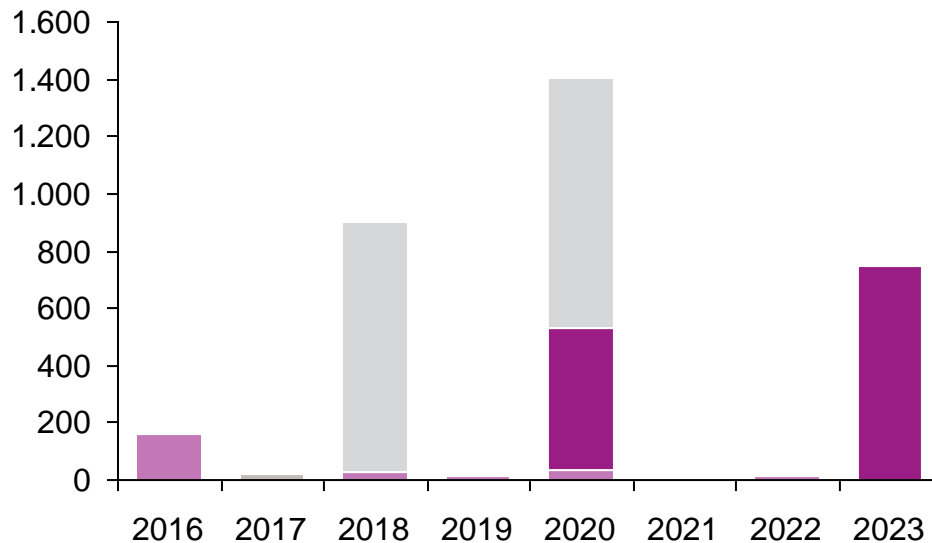
...Strong business profile underpinned by significant size and leading global market positions...  
 ...Stronger over-the-cycle profitability compared to its European Baa-rated peers...  
 ...Conservative financial policies...

(March 30, 2015)

# Maturity profile

## Maturity profile (in € m)

Undrawn credit facilities Bonds Other debt instruments

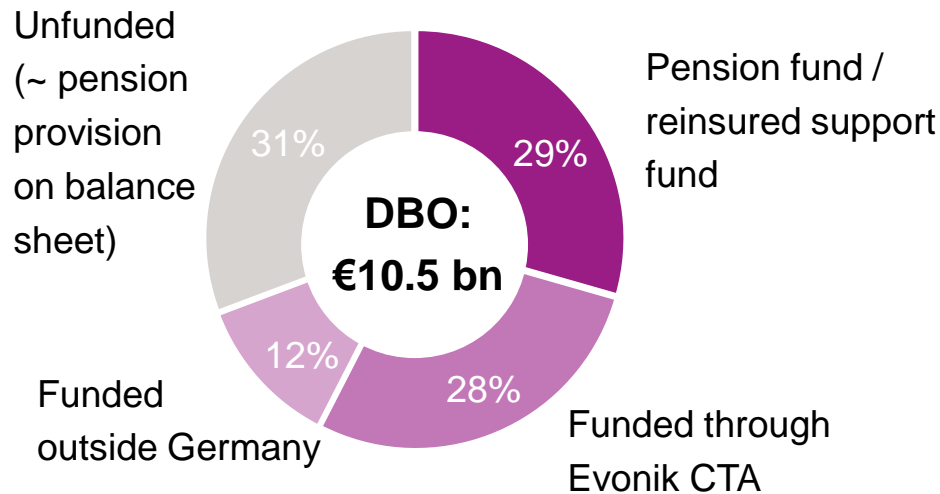


- Maturity of syndicated revolving credit facility (RCF) extended by one year to 2018/20 (€875 m each); fully undrawn
- Issuance of new €750 m 1% bond in January 2015 (8yrs to 2023); achieved lowest ever 8-year spread and coupon for a BBB (+/-/flat) rated corporate issuer

# Pensions

## Funding overview

### Pension funding overview as of Dec 31, 2015



**Funding level increased to >65%**

- Pensions very long-term, patient debt (>16 years) with no funding obligations in Germany
- DBO level of €10.5 bn stable in 2015 vs. prior year
- Cash contribution plan of in total €1.6 bn (2010-2015) completed with final cash injection of €200 in Q4 15
- Funding ratio increased to >65%

# Pensions

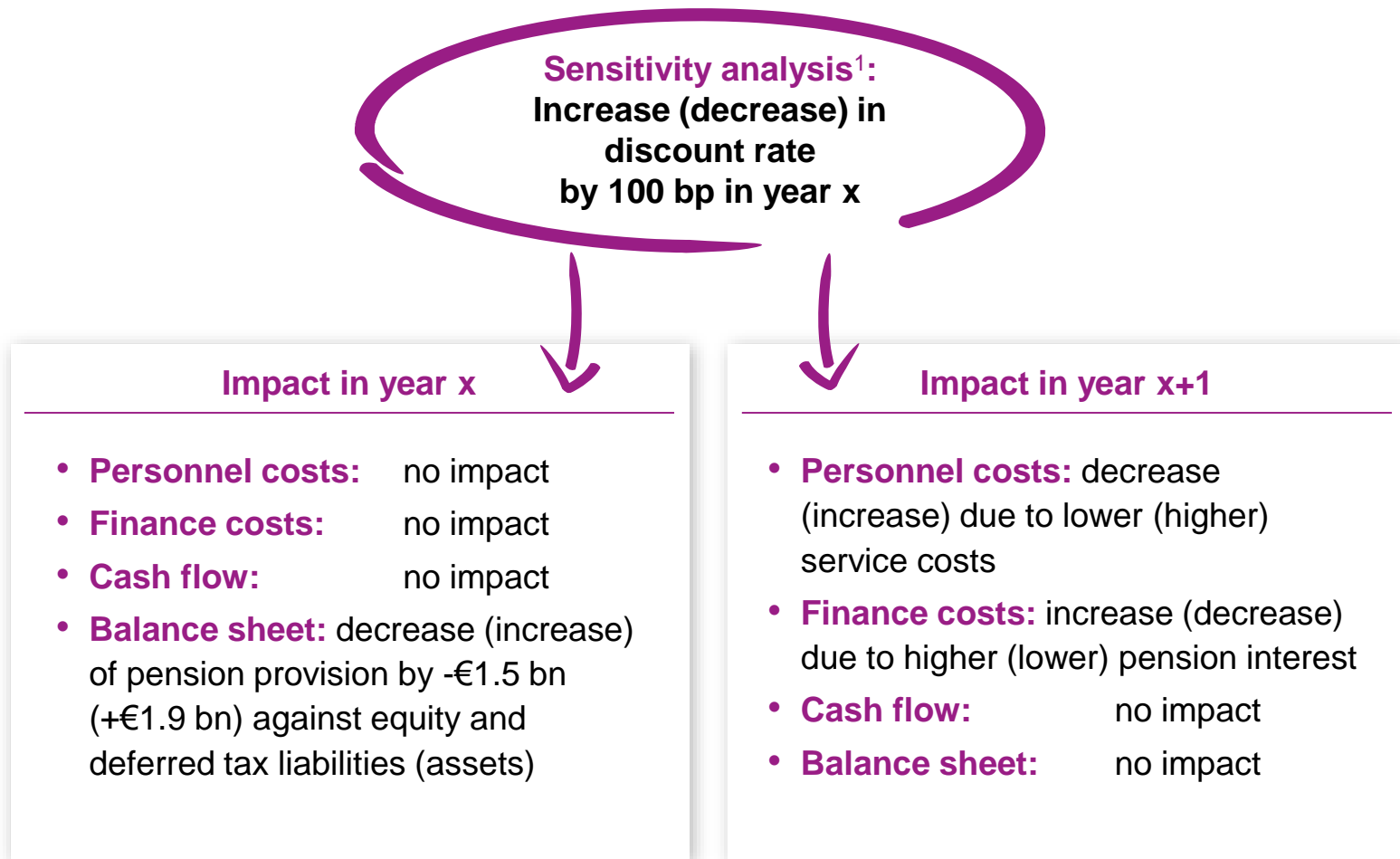
## Breakdown of P&L and cash flow effects

### P&L

in € m	P&L item / KPI	2014	2015	Annual report
Current service costs	Adj. EBITDA	-172	-191	p. 182
Interest costs	Net interest expense	-341	-281	p. 182
Exp. return on plan assets	Net interest expense	+221	+185	p. 183/184
Other	Adj. EBITDA	-38	-40	p. 184
Total pension expense		-330	-327	

### Cash flow

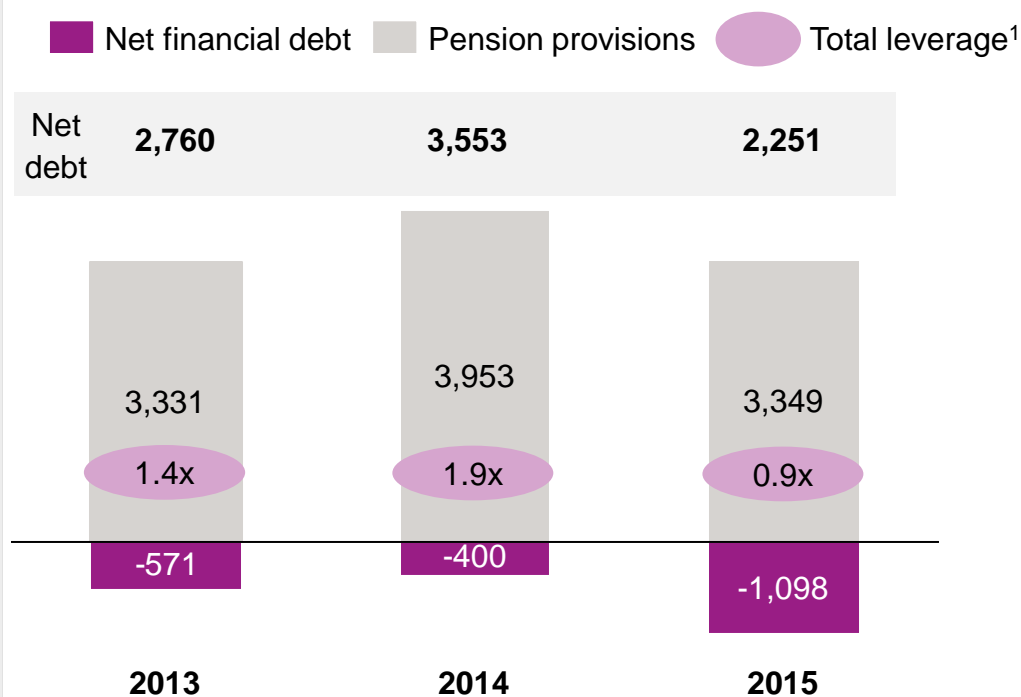
in € m		2014	2015	Annual report
Benefits paid	} From defined benefit plans	-404	-433	p. 182
Benefits paid from plan assets		+163	+185	p. 183
Contribution to plan assets (excl. CTA)		-135	-145	p. 183
Payments under defined contribution plans		-144	-156	p. 184
Total cash out for pensions (excl. CTA)		-520	-549	



<sup>1</sup> Excluding any effects from potential actuarial changes and changes in the valuation of plan assets

# Net debt development

## Net debt development (in € m)



- Majority of debt consists of long-dated pension obligations; average life of DBO exceeds 16 years
- Decrease of unfunded pension obligations in 2015 due to slightly higher discount rate and CTA funding with €200 m in Q4 15

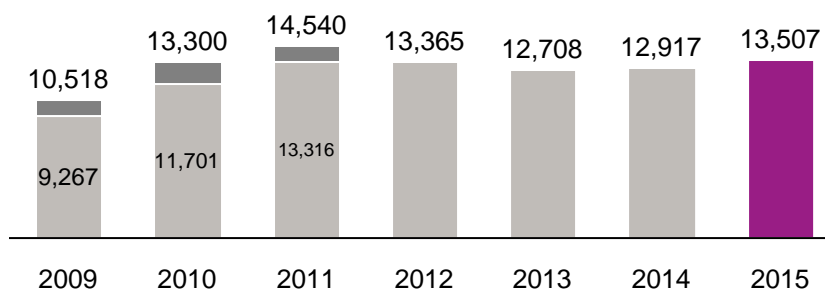
3.84	2.65	2.91	Evonik Group global discount rate Evonik discount rate for Germany
3.75	2.50	2.75	

<sup>1</sup> Total leverage defined as (net financial debt + pension provisions) / adj. EBITDA LTM

# Financial track record

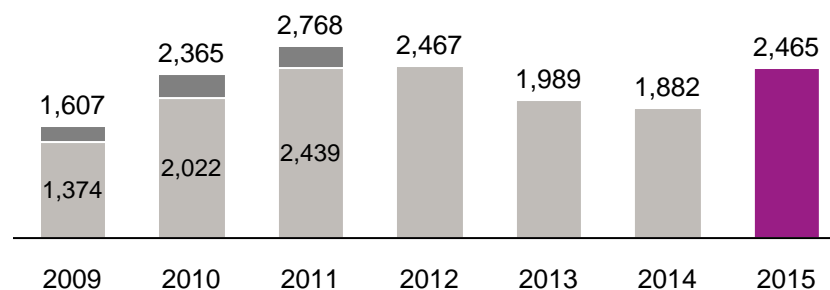
## Sales (in € m)

■ Carbon Black/Real Estate

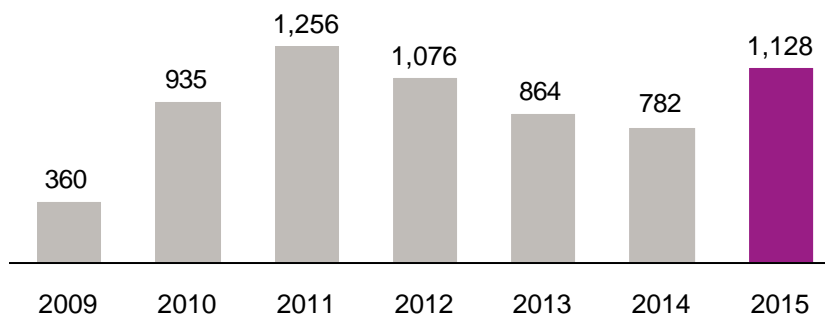


## Adj. EBITDA (in € m) / margin<sup>1</sup>

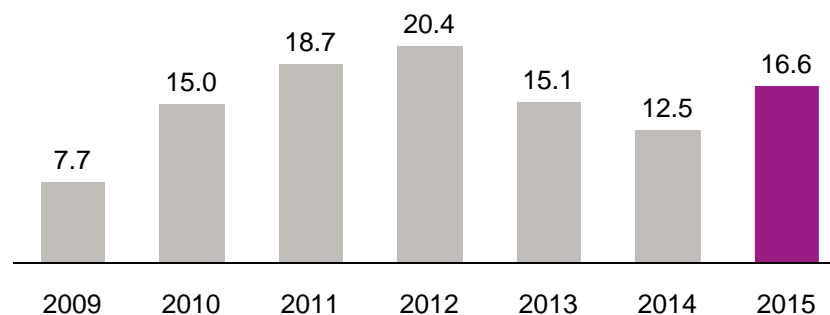
16.1% 18.3% 19.0% 18.5% 15.7% 14.6% 18.2%



## Adj. net income (in € m)



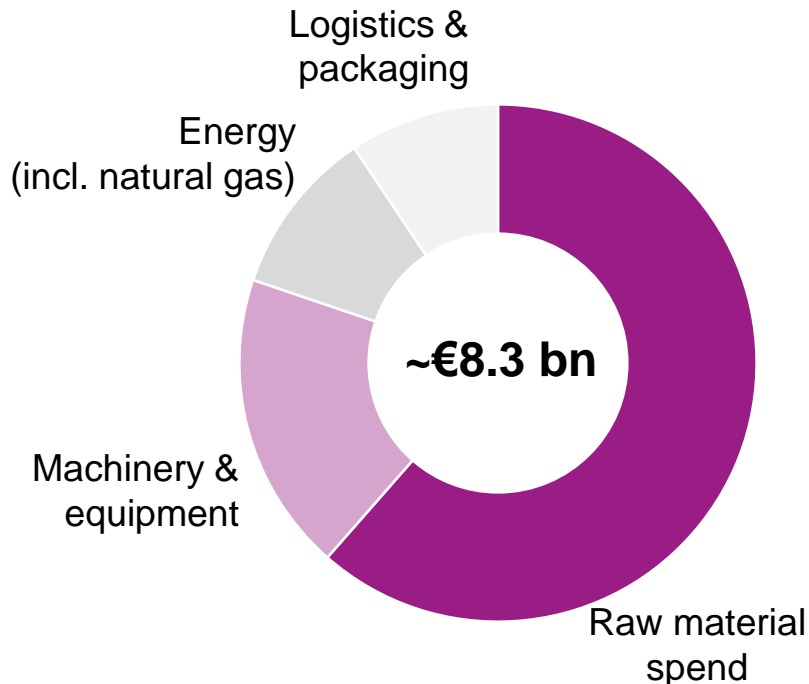
## ROCE (in %)



<sup>1</sup> Excluding Carbon Black

# Raw material split

## Total procurement volume 2015 (in € m)

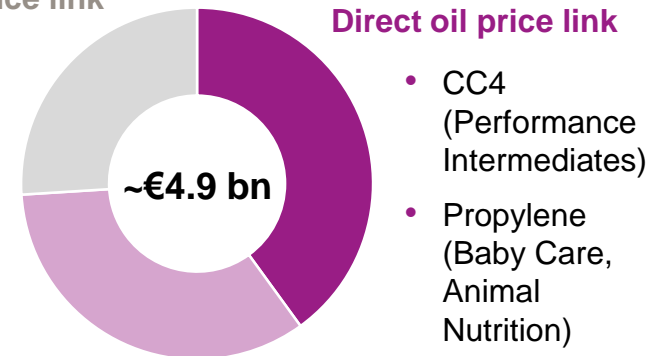


## Oil price link of raw material spend<sup>1</sup> (examples)

- Sodium silicate (Silica)
- Sugar (Animal Nutrition)
- Fatty acids (Personal Care)

### No oil price link

### Direct oil price link



### Indirect oil price link

- Acrylic acid (Baby Care)
- Acetone (Coatings & Additives, Acrylic Monomers)
- Methanol (Acrylic Monomers, Performance Intermediates)

<sup>1</sup> Raw material spend 59% of total procurement volume in 2015  
April 2016 | Evonik company presentation | Appendix



# Management compensation

## Fixed salary ~1/3

- To be paid in cash for each financial year on a monthly basis

## Bonus ~1/3

- To be paid out in cash annually
- Pay-out calculated on the basis of the achievement of certain, primarily value creation focused KPIs (e.g. ROCE, adj. net income, adj. EBITDA) and accident performance
- Factor of between 0.8 and 1.2 to take into account the achievement of further individual targets
- Bonus capped at 200% of initial target

## Long-term incentive plan ~1/3

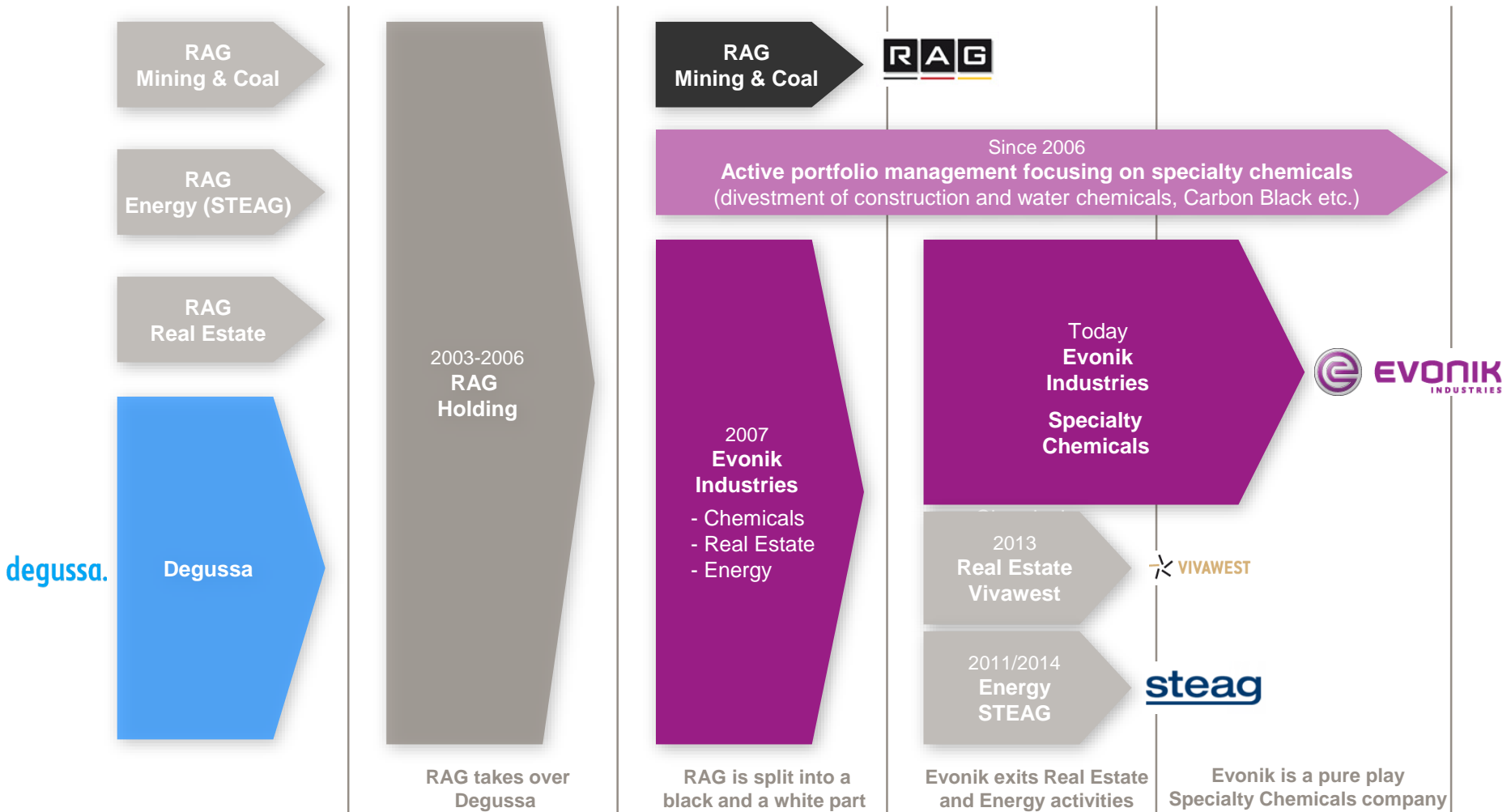
- Granted LTI target amount is calculated in virtual shares (4-year lock-up)
- Value of LTI to mirror the development of Evonik's share price (incl. dividends)
- Amount payable is determined by two performance elements:
- Absolute performance: Real price of the Evonik share
- Relative performance against external index benchmark (MSCI Chemicals)
- Bonus capped at 300% of initial amount
- To be paid out in cash after lock-up period

# Table of contents

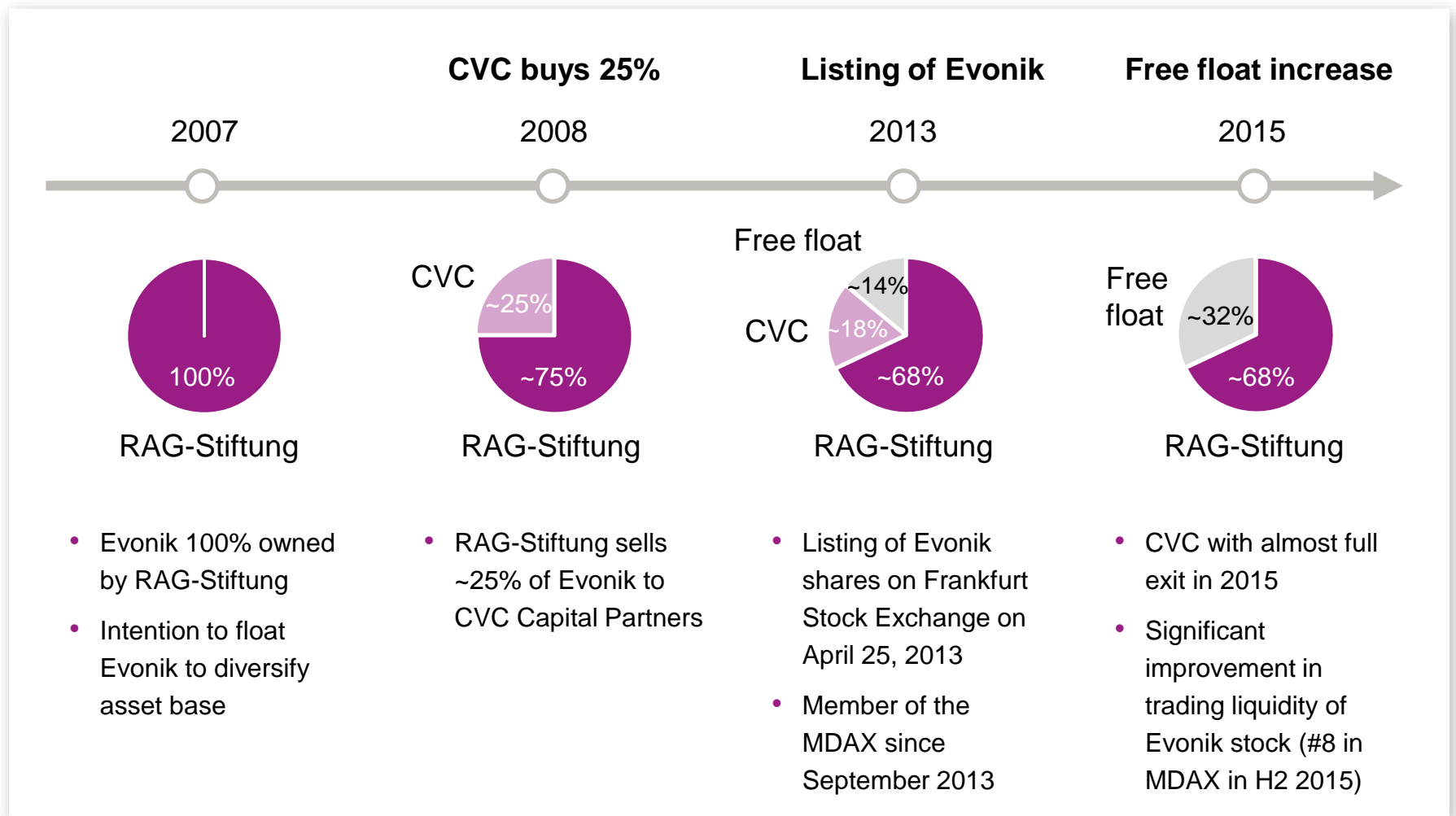


A	Segment highlights
B	Financials
<b>C</b>	<b>Company history and ownership structure</b>
D	Upcoming IR events and contact

# Company history



# History of ownership structure



# Table of contents



A	Segment highlights
B	Financials
C	Company history and ownership structure
<b>D</b>	<b>Upcoming IR events and contact</b>

# Upcoming IR events



## Conferences & Roadshows

- 7 April, 2016: MainFirst Corporate Conference, Copenhagen

## Next reporting dates

- 4 May, 2016: Q1 2016 reporting
- 5 August, 2016: Q2 2016 reporting
- 4 November, 2016: Q3 2016 reporting

**Please find an updated schedule  
on our IR website  
("Events & Presentations")**

# Evonik Investor Relations team



**Tim Lange**

Head of Investor Relations

+49 201 177 3150

[tim.lange@evonik.com](mailto:tim.lange@evonik.com)



**Janine Kanotowsky**

Team Assistant

+49 201 177 3146

[janine.kanotowsky@evonik.com](mailto:janine.kanotowsky@evonik.com)



**Kai Kirchhoff**

Investor Relations Manager

+49 201 177 3145

[kai.kirchhoff@evonik.com](mailto:kai.kirchhoff@evonik.com)



**Christoph Rump**

Investor Relations Manager

+49 201 177 3149

[christoph.rump@evonik.com](mailto:christoph.rump@evonik.com)

## **Disclaimer**

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





**EVONIK**  
INDUSTRIES