

Evonik
Power to create.

Company presentation

March 2017

CREATE THE EXCEPTIONAL.



Table of contents

- 1. Evonik at a glance**
2. Strategic summary FY 2016
3. Financials Q4 / FY 2016
4. Appendix

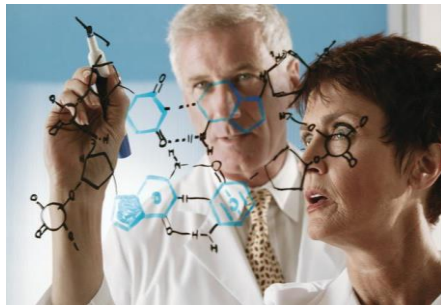
Leading in Specialty Chemicals

Market leader



Leading market positions in
80%
of our businesses¹

Customer proximity



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

Value proposition



Most products with
small volume
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 2016
more than 4%
in our growth segments²

1. Sales with top 1-3 market position by sales, production volume or capacity (depending on available data) | 2. Nutrition & Care and Resource Efficiency

Three segments with differentiated management



Sales

€12,732 m

Adj. EBITDA

€2,165 m

Margin

17.0%

ROCE

14.0%



Growth

Nutrition & Care



Sales
€4,316 m



Adj. EBITDA / Margin
€1,006 m / 23.3%

Resource Efficiency



Sales
€4,473 m



Adj. EBITDA / Margin
€977 m / 21.8%



Efficiency

Performance Materials



Sales
€3,245 m



Adj. EBITDA / Margin
€371 m / 11.4%

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-up¹

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



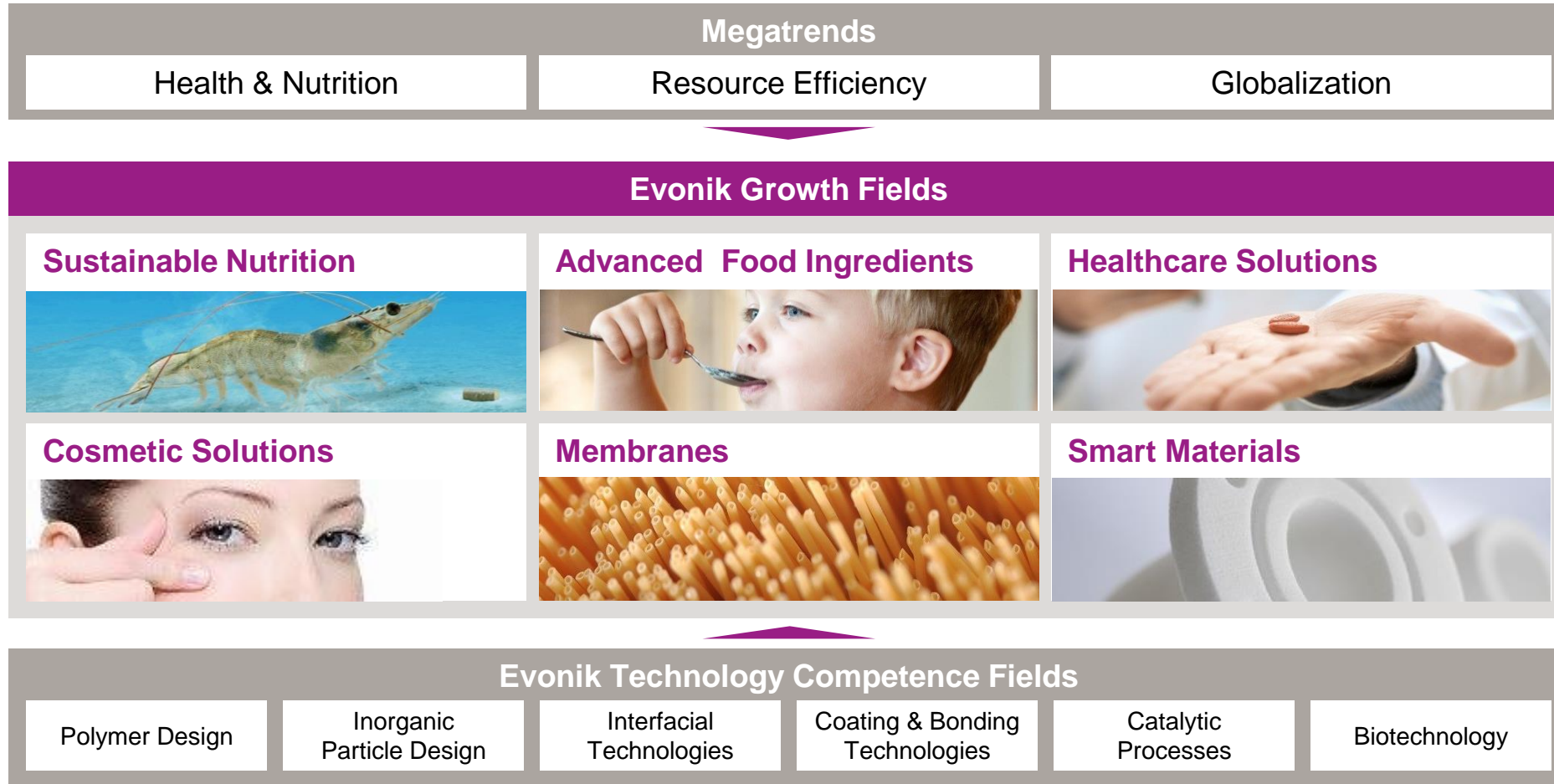
Sharpening of specialty
chemicals portfolio
Additional route for growth and
value creation

Acquisition of
Specialty Additives
business of Air Products
Acquisition of **Huber Silica**

1. Construction between 2012 and 2016

Innovation excellence: Evonik growth fields

Leveraging our core competencies into highly attractive markets



Additional
contribution
to sales

more
than
€1 billion
by 2025

Evonik's sustainability performance publicly recognized

Our sustainability approach

- Sustainability is a core element in our corporate claim “Power to create”
- Evonik positions sustainability close to its operating businesses
- We focus our sustainability activities on 6 areas



2016: Included in DJSI World and Europe

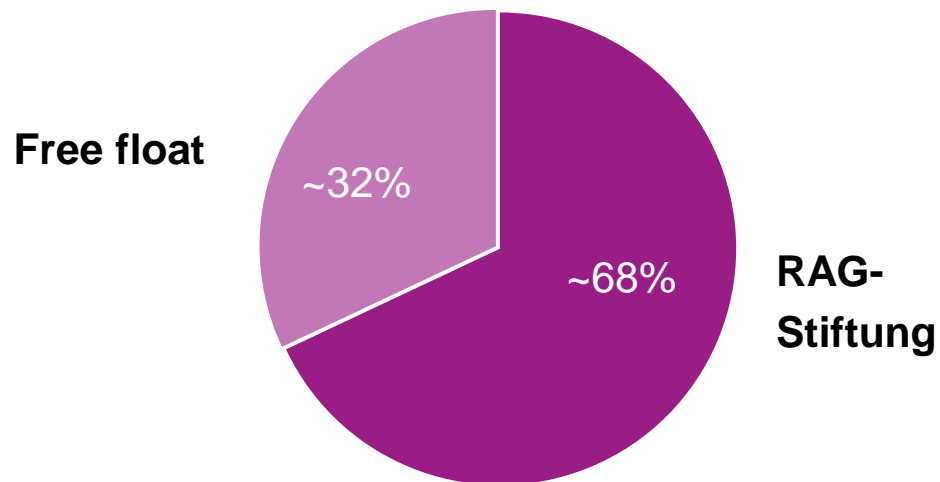
- Evonik well positioned in various ratings & rankings, e.g.
 - Investor CDP (A-; MDAX index/country leader)
 - Oekom Research (prime standard B-)
 - Sustainalytics (one of industry leaders)
 - Together for Sustainability/EcoVadis (“Gold Standard”)



Sep 2016: Evonik included in the DJSI Index World and Europe for the first time; positioned as No 4 in chemical industry assessment worldwide

“RAG-Stiftung” as long-term shareholder with focus on attractive returns

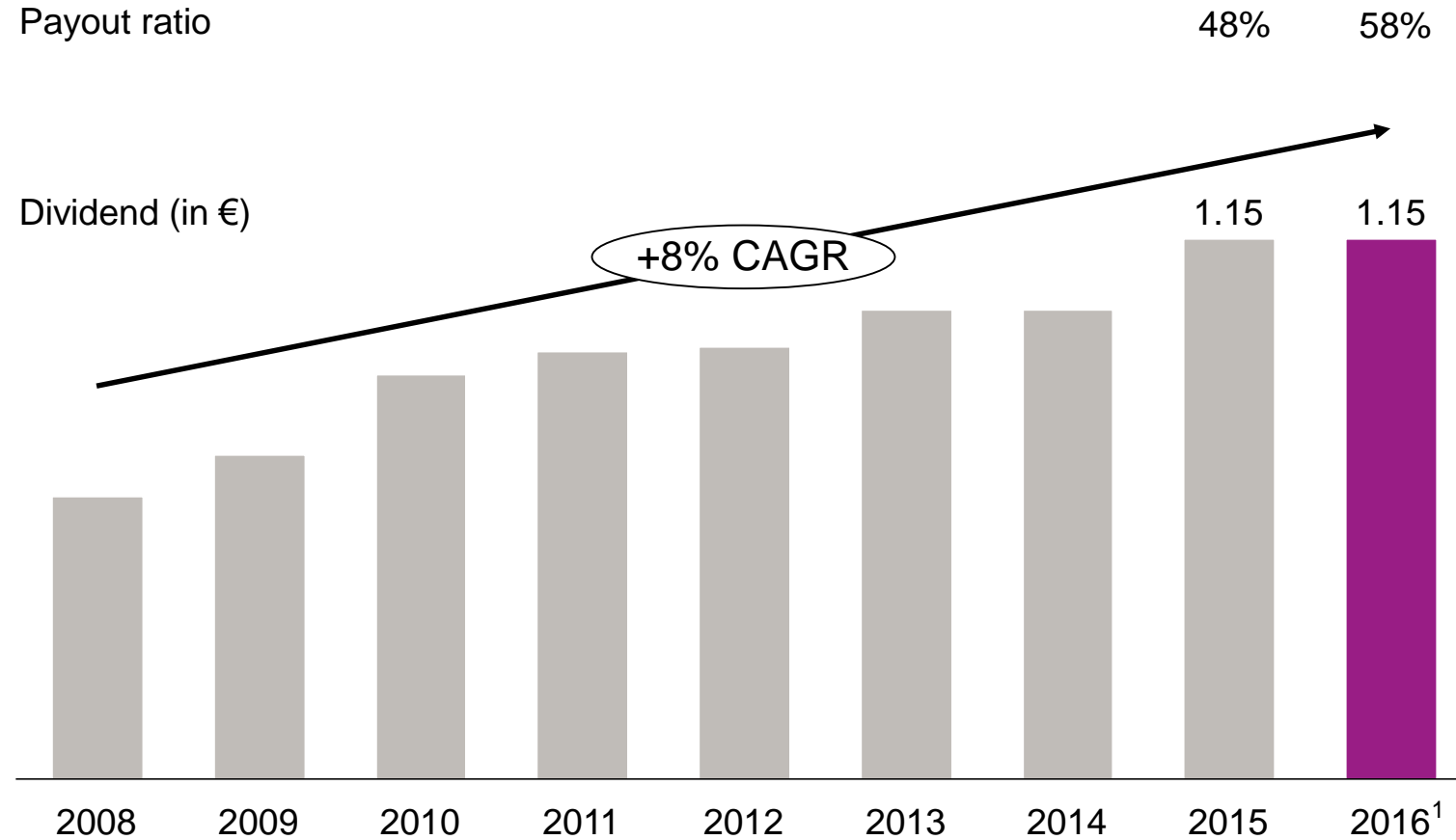
Ownership structure



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)
- RAG-Stiftung with **no intention to reduce** its stake in Evonik
- 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: 8% CAGR between 2008 and 2016
- Dividend for 2016 on attractive 2015 level despite lower adjusted net income
- **Attractive dividend yield ~ 4%**
- Reliable dividend policy targeting:
 - **dividend continuity**
 - a **payout ratio of ~40%** of adjusted net income

1. Proposal

Table of contents

1. Evonik at a glance
- 2. Strategic summary FY 2016**
3. Financials Q4 / FY 2016
4. Appendix

Executing on strategy and delivering on financial targets

Stringent M&A execution

- Acquisition of **Air Products Performance Materials** to strengthen our leading position in the high-margin specialty & coating additives market
- Planned acquisition of **Huber Silica** business, a strongly growing, profitable and resilient producer of precipitated silica

Differentiated segment strategy

- Strengthening of **growth** segments Nutrition & Care and Resource Efficiency via selective acquisitions, targeted investments and promising R&D projects
- Further **efficiency** improvements in Performance Materials by ongoing cost optimization and restructuring measures

Delivering on financial targets

- Upper end of **outlook** range achieved
- Strong **Free Cash Flow** generation
- Attractive **dividend** to be maintained

Stringent M&A execution

Building a best-in-class Specialty Chemicals portfolio

Strategy ...

- Strengthening **growth segments** Nutrition & Care and Resource Efficiency
- Targeting markets with **high margins and attractive growth rates**

Growth: GDP+
Margins: >20%

... in execution

- Acquisition of Air Products Performance Materials (APD PM)
- Creating a global leader in specialty & coating additives



Market growth: 4-5%
Margin: >20%

- Acquisition of Huber Silica
- Excellent complementary fit for high-growth and resilient Silica business



Market growth: 4-6%
Margin: >20%

Further balancing of Evonik's portfolio and financial profile

Air Products Performance Materials acquisition successfully closed

Well prepared for a quick and smooth integration

Strong finish of a successful year 2016

- Sales of \$1,056 m and EBITDA of \$259 m in calendar year 2016¹
- Coating additives with good volume and earnings development
- Strong volume development for polyurethane additives

Quick and smooth integration process

- Global onboarding process immediately started after closing on January 3
- Open-minded and constructive atmosphere
- Upfront preparation secured smooth integration process

Attractive earnings contribution

- \$80 m synergies confirmed
- \$10 - 20 m synergies expected in 2017
- Positive EPS contribution in FY 2017

1. January to December 2016, differing from Air Product's fiscal year October to September

Consistent execution of differentiated segment strategy



Growth

Nutrition & Care



Resource Efficiency



Investments

- Selective investments to fuel attractive growth businesses, e.g. new silica plant in South Carolina, USA
- Further ramp-up of capacities, e.g. in Methionine, Crosslinkers and Oleochemicals

Innovation

- Strategic portfolio realignment into six new Growth Fields with above average potential
- Accelerate innovation by investing in specialized start-ups and promising technology funds via venture capital

M&A

- Acquisition of APD PM and Huber Silica
- Targeted bolt-on acquisitions, e.g. in Sustainable Nutrition or Healthcare Solutions

Delivering highly profitable growth



Efficiency

Performance Materials



- Enhancing competitive position through
 - measures to compensate factor cost increase
 - flexibilization of cost structure
 - optimization of product portfolio and production network
- Efficiency improvements becoming visible by attractive cash generation

Strictly committed to efficiency and cash conversion

Delivering on financial targets

	Actual FY 2016		Initial guidance
Adj. EBITDA	€2,165 m	✓	“between €2.0 and €2.2 bn”
ROCE	14.0%	✓	“above cost of capital” (10.5%)
Capex	€ 960 m	✓	“around 2015 level” (€0.9 bn)
Free Cash Flow	€810 m	✓	“clearly positive”

Table of contents

1. Evonik at a glance
2. Strategic summary FY 2016
- 3. Financials Q4 / FY 2016**
4. Appendix

Good operating performance

Highlights FY 2016

Volume growth

+3 %

Good volume growth across all three chemical segments

Adj. EBITDA

€2,165 m

Earnings growth in 17 out of 22 business lines achieved
Strong adj. EBITDA growth in Resource Efficiency (+9%) and Performance Materials (+20%)

Free cash flow

€810 m

Strong cash generation – supported by improved net working capital management

Dividend proposal

1.15 €

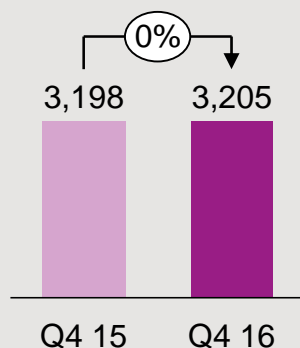
Reliable dividend policy resulting in attractive distribution to shareholders

Outlook 2016 fully accomplished

Financial highlights Q4 2016

Strong volume growth and sequentially improving price trend

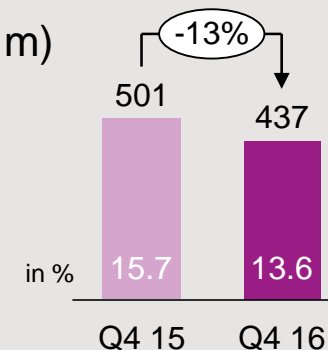
Sales
(in € m)



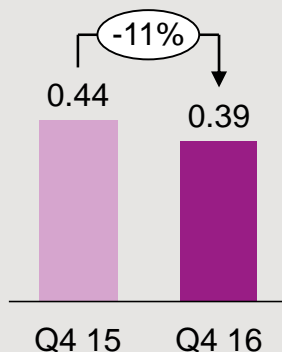
Q4 16 vs. Q4 15

Volume		Price	
+5%	↗	-6%	↘
FX		Other	
+1%	↗	+/-0%	→

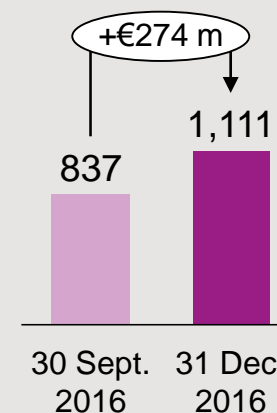
Adj. EBITDA (in € m)
/ margin (in %)



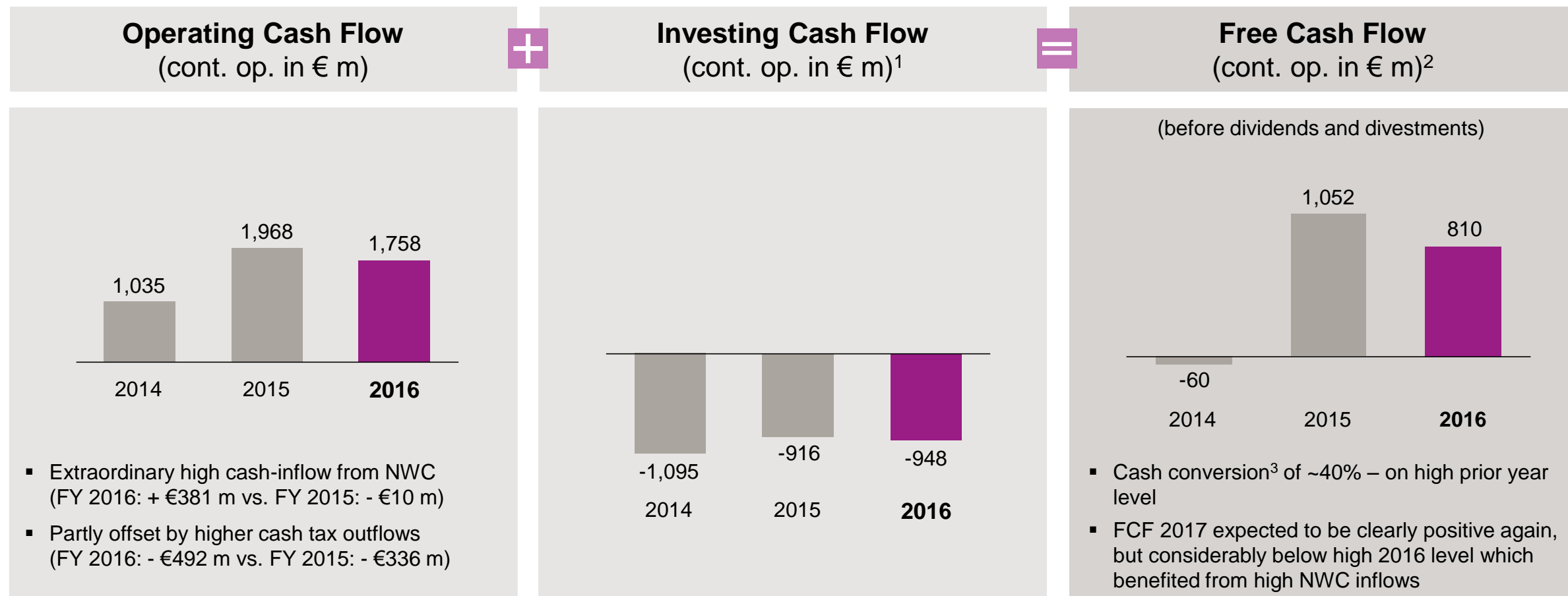
Adj. EPS
(in €)



Net financial
position
(in € m)



Strong operating cash flow and improved net working capital management supporting free cash flow in FY 2016

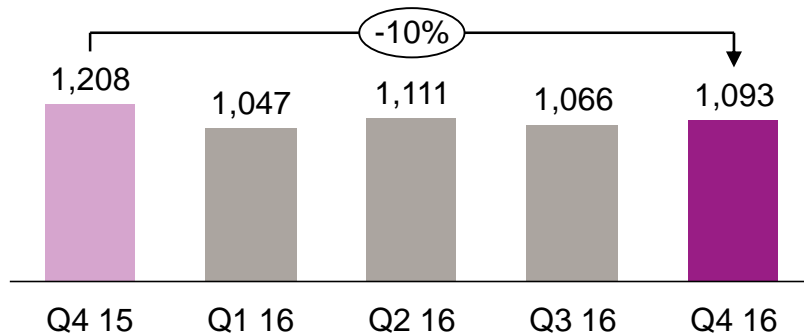


1. Cash outflow for investments in intangible assets and PP&E | 2. Operating Cash Flow (cont. op.) ./ Investing Cash Flow (cont. op.) | 3. FCF/Adj. EBITDA

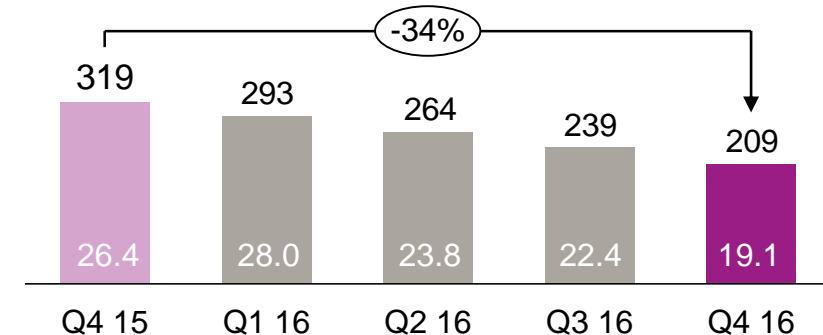
Nutrition & Care

Health Care and Comfort & Insulation with strong finish of a successful year

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q4 16 vs. Q4 15	Volume	Price	FX	Other
	+6% ↗	-17% ↘	+1% ↗	+/-0% →

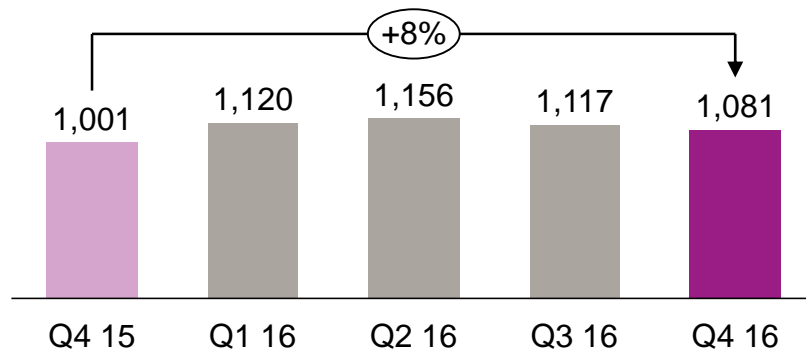


- Lower prices in Animal Nutrition and Baby Care main reason for earnings below prior year
- All other activities with earnings growth yoy
- Comfort & Insulation and Health Care with strong finish
- Strong Q4 volumes in Animal Nutrition confirming healthy demand. Sequentially lower prices in line with expectations. Price declines expected to level out going into 2017.

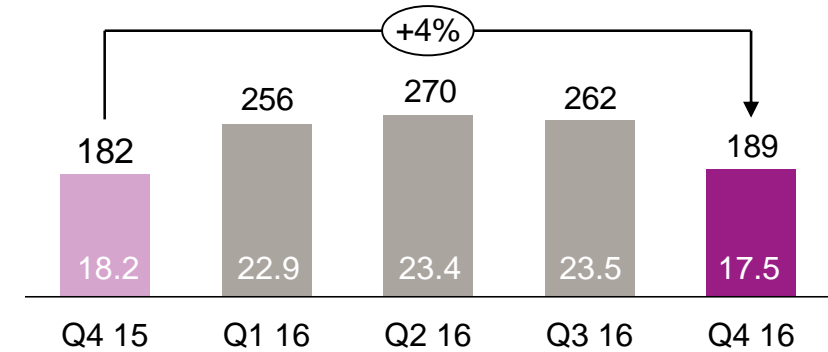
Resource Efficiency

Earnings growth and margin expansion for 3rd year in a row

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q4 16 vs. Q4 15	Volume	Price	FX	Other
	+4%	+/-0%	+1%	+3%
	↗	→	↗	↗

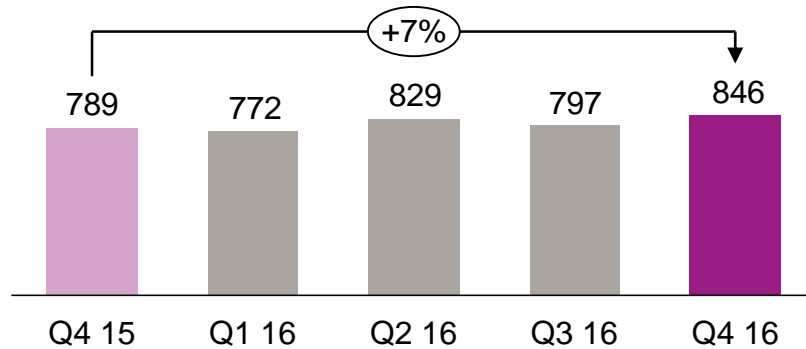


- Continuing good demand in key industries like coatings, construction and automotive with strong pull for value-enhancing additives
- Good volume growth across majority of businesses
- Usual Q4 seasonality, several planned maintenance shutdowns, fading raw material tailwind and more pronounced year-end effects

Performance Materials

Significant year-on-year earnings improvement

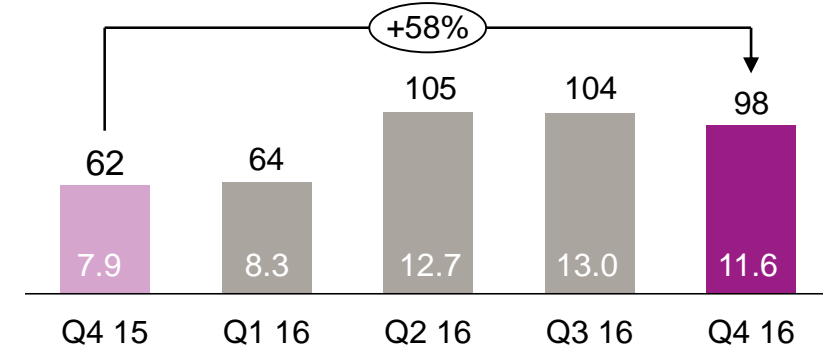
Sales (in € m)



Q4 16 vs. Q4 15	Volume	Price	FX	Other
	+4%	+3%	+/-0%	+/-0%
	↗	↗	→	→



Adj. EBITDA (in € m) / margin (in %)



- Good volumes and further improving spreads compensate usual seasonal earnings decline in Q4
- Methacrylates driven by healthy demand from coatings and construction industries and tight supply, successful pass-on of raw material price increases
- C4 chain with good demand from plastics and rubber industries, in combination with tighter than expected supply
- Strong start into 2017; tight market situation expected to normalize in the course of H2

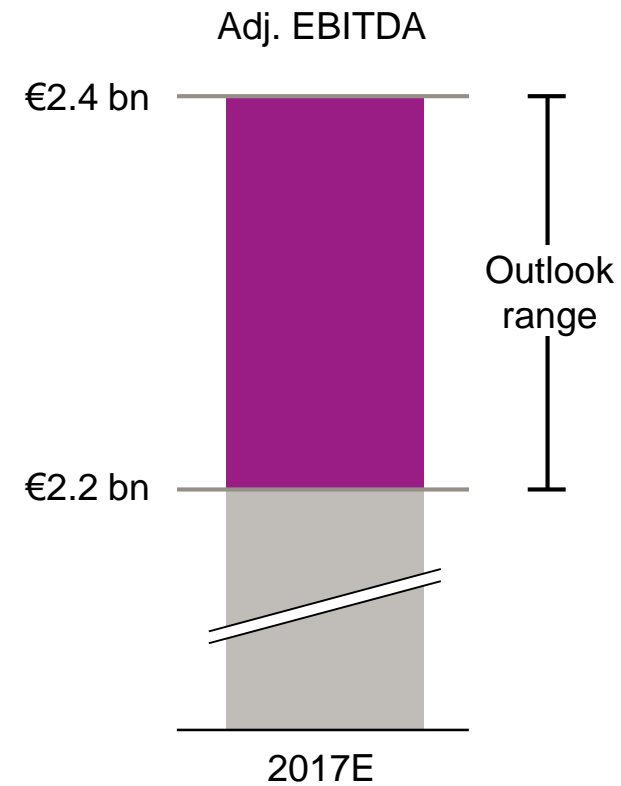
Targeting earnings growth for FY 2017

Outlook for 2017

Higher sales
(2016: €12.7 bn)

Adj. EBITDA between
€2.2 bn and €2.4 bn
(2016: €2.165 bn)

Outlook 2017



Progress in 2016 as basis for further profitable growth ahead

2016: Executing on strategy and delivering on financial targets

- Outlook achieved – financial targets accomplished
- Good operating performance with attractive volume and earnings growth across large parts of the portfolio
- Consistent execution of differentiated segment strategy
- Stringent M&A execution to further balance Evonik's portfolio and earnings profile

2017: Set for profitable growth

- Successful integration of Air Products specialty additives business and synergy realization as top priority
- Sustained positive market environment for majority of businesses
- Continuation of positive volume growth
- More balanced earnings profile
- Innovation pipeline well filled

Segment outlook FY 2017

(including Air Products specialty additives business; **Huber Silica business not included in outlook**)

Nutrition & Care

- **EBITDA lower than in previous year**
- Positive earnings contribution from allocated Air Products activities
- Stable or slightly positive earnings trend in majority of businesses
- Methionine: lower average annual selling price versus previous year; price declines expected to level out going into 2017

Resource Efficiency

- **Considerably higher EBITDA**
- Positive earnings contribution from allocated Air Products activities
- Good business performance expected in most of the other businesses

Performance Materials

- **Considerably higher EBITDA**
- Improvement in supply/demand situation for key products
- Steps taken to raise efficiency
- Normalization of favorable supply/demand situation assumed during the year

Additional indications for 2017

- Air Products specialty additives business Adj. EBITDA of **around €250 m** including first **synergies of €10-20 m**; Sales and adj. EBITDA will be allocated roughly equally between N&C and RE
- ROCE **Above cost of capital** (10.0% before taxes), but perceptibly lower than in 2016 (14.0%) as a consequence of the substantial acquisition-driven rise in capital employed
- Capex **~€1.0 bn** (2016: €960 m)
- Free cash flow **“Clearly positive, but considerably below the strong prior year“** (2016: €810 m)
- EUR/USD **On previous year’s level** (1.10 EUR/USD)
- EUR/USD sensitivity¹ +/- 1 USD cent = **-/+ ~€7 m** adj. EBITDA (FY basis)
- Pensions Change in year-end discount rate leading to **~€50 m increase** in pension service costs
- Adj. EBITDA Services **Slightly below 2016** (2016: €151 m)
- Adj. EBITDA Corporate / Others **Slightly more negative than in 2016** (2016: -€340 m)
- Adj. D&A **~€800 m** including €70 - €80 m for APD PM (underlying APD PM business and PPA effects) (2016: €717 m)
- Adj. net financial result² **~-€190 m** (2016: -€139 m); absence of pronounced positive year-end effects vs. 2016
- Adj. tax rate **~31%** (2016: 30.4%), due to higher share of profits in USA

1. Including transaction effects (after hedging) and translation effects; before secondary / market effects and after APD acquisition | 2. Guidance for “Adj. net financial result” (incl. “Adj. interest income/expense” and “Other financial income/expense”); subject to interest rate fluctuations which influence discounting effects on provisions



EVONIK

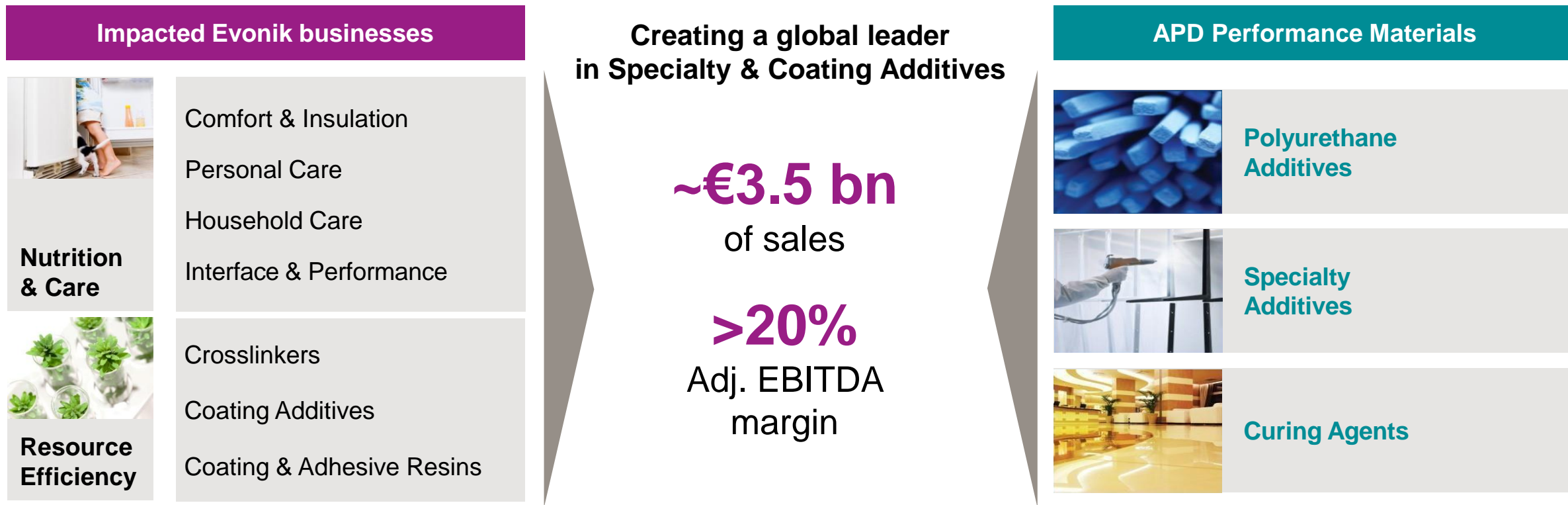
POWER TO CREATE

Appendix

- 1. Acquisition of Air Products specialty additives business**
2. Acquisition of Huber Silica
3. Segment overview
4. Financials
5. Investor Relations contact

Acquisition of Air Products (APD) Performance Materials activities

Creating a global leader in Specialty & Coating Additives



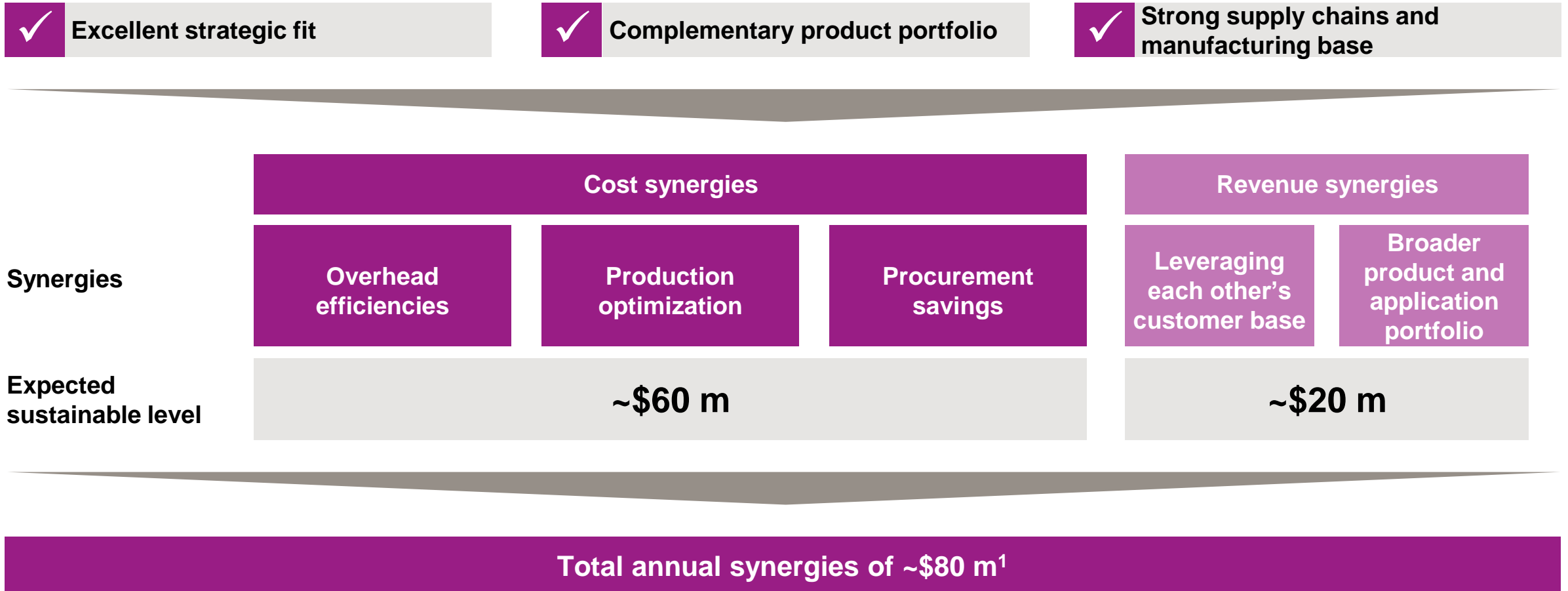
Integration of APD Performance Materials businesses into existing Evonik business lines
Post merger integration team in place to guarantee seamless integration

Excellent complementary fit of Evonik and Air Products specialty additives businesses

Evonik	Target industries	APD Performance Materials
<ul style="list-style-type: none"> PU foam stabilizers 	 <ul style="list-style-type: none"> High value additives for PU foam 	<ul style="list-style-type: none"> PU foam catalysts
<ul style="list-style-type: none"> Isophorone-based crosslinkers Coating additives and adhesives resins 	 <ul style="list-style-type: none"> Additives/Ingredients for Coatings & Adhesives 	<ul style="list-style-type: none"> Amine-based crosslinkers Epoxy curing agents Specialty wetting agents
<ul style="list-style-type: none"> Specialty surfactants for care and industrial applications 	 <ul style="list-style-type: none"> Specialty surfactants for Industrial & Institutional Cleaning 	<ul style="list-style-type: none"> Amine-based specialty surfactants
~€2.5 bn	2015 Sales in Specialty & Coating Additives	~€1 bn

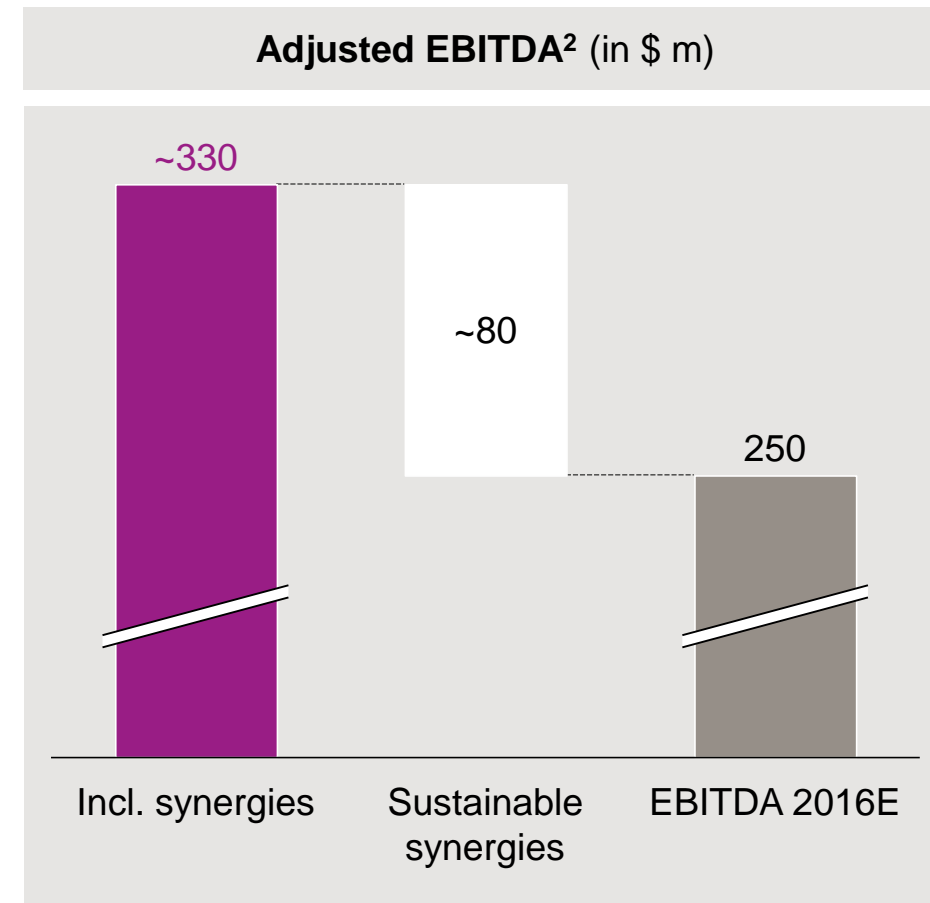
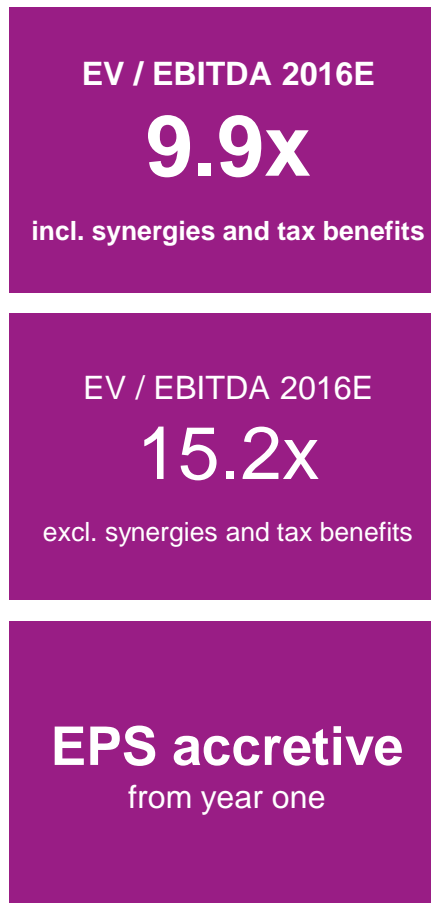
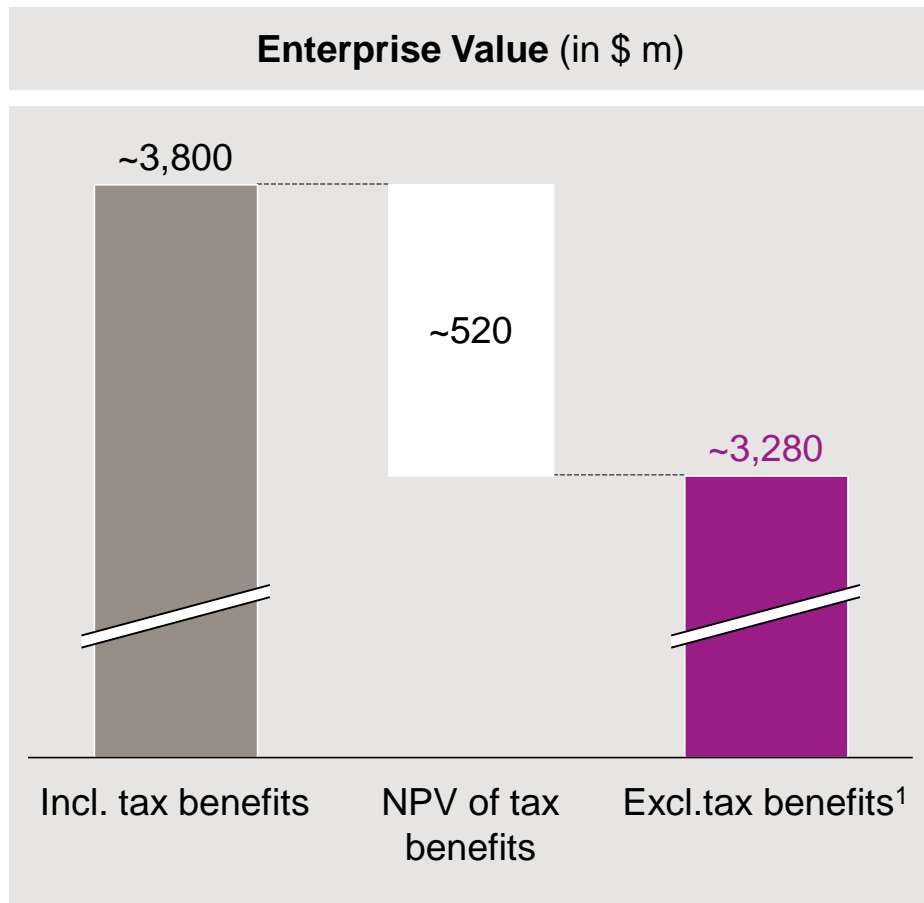
Creation of a global leader in specialty additives

Excellent strategic and operational fit leading to significant synergies



1. Based on current assumptions and market conditions; ramp-up period of 3-4 years with cumulative implementation costs of ~\$80 m

Synergy potential and tax benefits leading to an attractive price



1. By purchasing assets, tax benefits from higher D&A after asset step-up will reduce future cash tax burden

2. Adjusted EBITDA before restructuring charges and corporate allocations

Appendix

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- 2. Acquisition of Huber Silica**
3. Segment overview
4. Financials
5. Investor Relations contact

Huber Silica

A profitable and resilient player in Silica

J.M. Huber Corporation

- Huber Silica is part of US-based company J.M. Huber Corporation
- Family-owned, founded in 1883
- Headquarter in Edison, New Jersey

Huber Silica business

- Technology- and solution-driven business with long-term customer relationships
- Headcounts: 697 globally
- 6 plants with global footprint in all key regions (U.S., Europe, India, China)
- 4 R&D centers in all key regions



Sales 2016E:

close to
\$300 m

EBITDA 2016E:

\$60 m

EBIT 2016E:

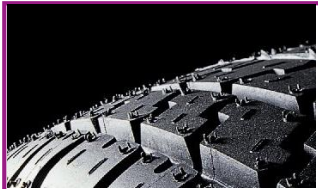
\$44 m

EBITDA margin: >20%

Acquisition of Huber Silica

Access to new highly attractive silica applications for Evonik

Evonik's focus areas in Silica



Tire



Coatings



**Industrial
Specialties**

**Complementary
applications**



**Attractive
growth rates:
4-6%**

Huber's focus areas in Silica

Dental



**Life Science
Specialties**



Combined sales¹: > €1.3 bn | Adj. EBITDA margin: >20%

1. Sales of Evonik Business Line Silica and Huber Silica







Excellent fit due to complementary applications and portfolio strengths

Key applications	Evonik	Precipitated silica	Huber Silica
		Dental 	  
	  	Tire 	
	  	Industrial Specialties, Coatings, Pharma & Care, Food & Feed 	 

- Established industries with high quality standards and global key accounts
- “Green tires” with stronger growth, Dental with higher resilience
- Combining Evonik’s and Huber’s Specialty Silica portfolio creates growth opportunities and critical mass in >20 attractive customer industries

Diversified exposure with attractive growth rates

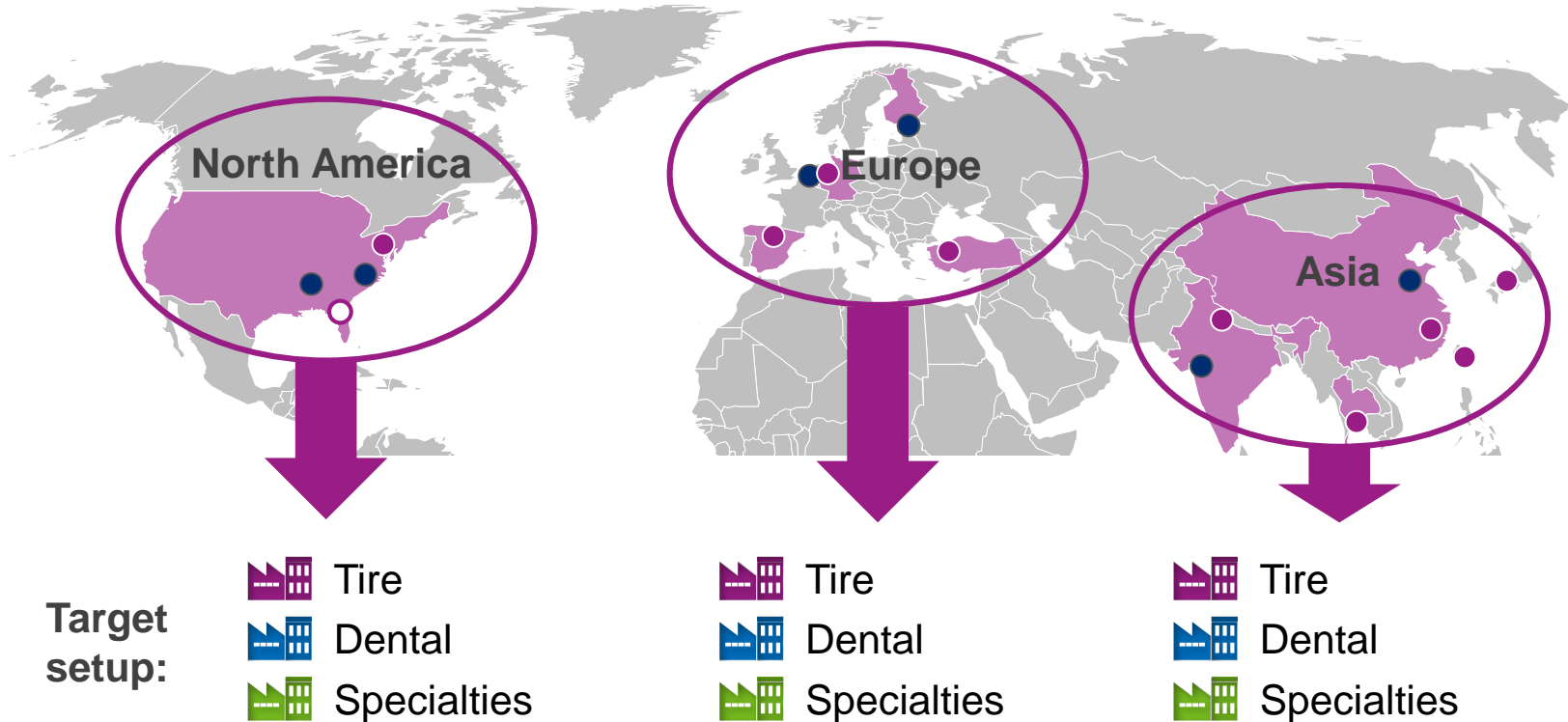
Resource Efficiency and Convenience as major growth drivers

Dental		4% p.a.	<ul style="list-style-type: none"> Abrasive silica for cleaning and whitening Thickening agent for toothpaste
Tire		5-7% p.a.	<ul style="list-style-type: none"> Reduced rolling resistance of "Green Tires" Increased tensile strength and hardness of e.g. belts
Industrial		3-5% p.a.	<ul style="list-style-type: none"> Tear resistance in silicones and rubbers Flow control of bonding pastes in windmill production
Coatings		5% p.a.	<ul style="list-style-type: none"> Matting agent of choice for waterborne coatings Rheology control additive in automotive coatings
Pharma & Care		5% p.a.	<ul style="list-style-type: none"> Tableting aid and carrier for drugs Replacement of plastic scrub particles for peelings
Food & Feed		4% p.a.	<ul style="list-style-type: none"> Anti-settling in liquid agrochemicals Carrier for liquid ingredients (e.g. vitamins) Anti-caking during food processing

Source: Notch Consulting, Inc.; Evonik estimates

Optimizing the regional production setup

Dedicated plants for specific silica types in each major region



Asset optimization:

Situation today:

- Plants producing different silica types for several applications

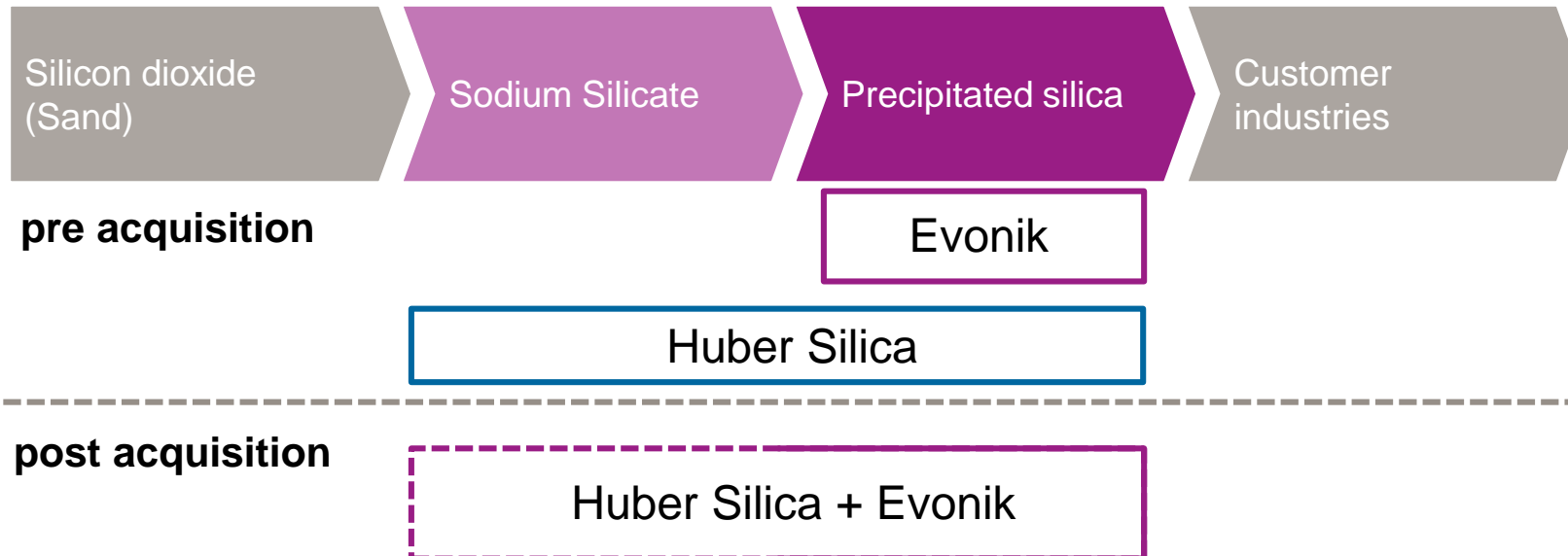
New setup after integration:

- Asset optimization towards one dedicated application per plant fuels higher efficiency
- R&D centers in each major region facilitating targeted R&D for Specialties
- Combined and optimized capacities enable capex saving potential for Evonik in the future

Combination of production setups: Enabling a dedicated regional plant setup for specific applications

Evonik will improve its position in precipitated silica through partial backward integration

Partial backward integration into sodium silicate (water glass)



- Currently Evonik buys required sodium silicate externally
- Acquisition will improve production setup through backward integration
- Increased supply security and cost position

Significant synergies driven by excellent strategic and operational fit



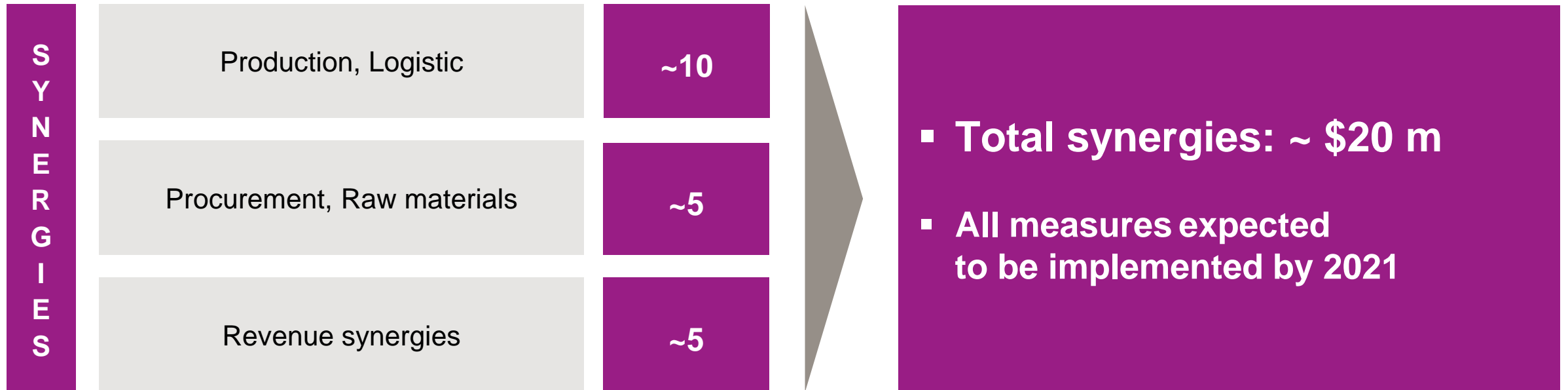
Excellent strategic fit



Complementary product portfolio

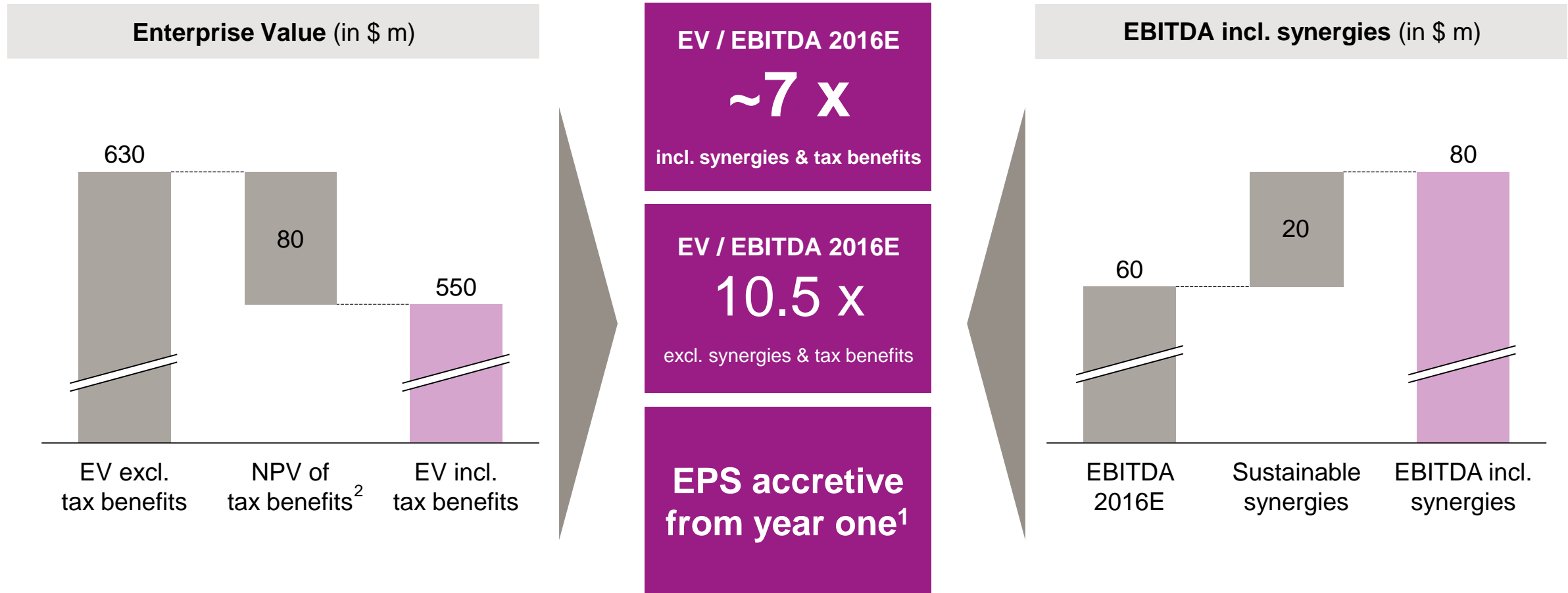


Strong supply chains and manufacturing base



Integration costs of ~ €30 m expected

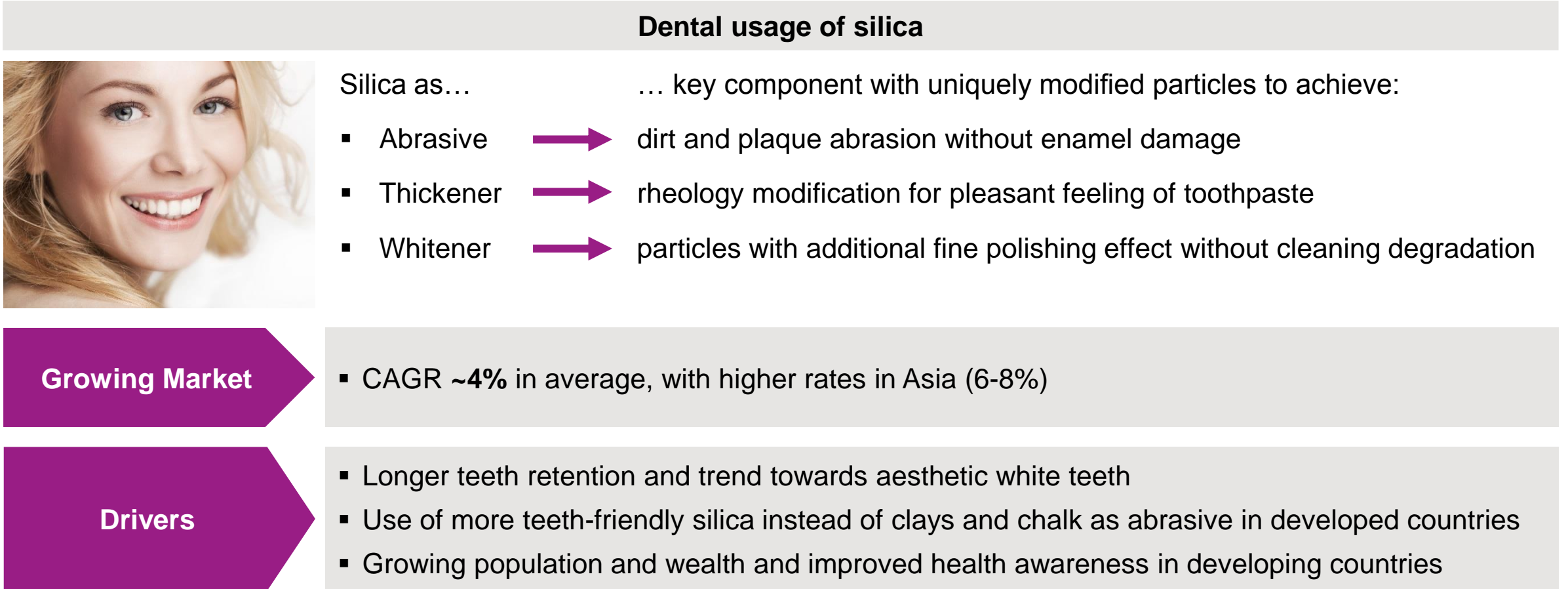
Synergies and position as strategic buyer leading to attractive valuation



1. First full year after closing | 2. By purchasing assets, tax benefits from higher D&A after asset step-up will reduce future cash tax burden

Target market example: dental silica:

Silica as key component for improved oral hygiene and teeth retention



Key takeaways

- ✓ Strengthening of Evonik's growth segment Resource Efficiency
- ✓ Excellent complementary fit with Evonik's existing silica business
- ✓ High-growth and resilient business with attractive margins
- ✓ Optimizing global presence and combined production setup
- ✓ Attractive valuation
- ✓ Further balancing of Evonik's portfolio and earnings profile

Appendix

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- 3. Segment overview**
4. Financials
5. Investor Relations contact

Evonik Group

22 Business Lines grouped in 3 segments

Nutrition & Care



Sales
€4,316 m



Adj. EBITDA / Margin
€1,006 m / 23.3%

Animal Nutrition

Baby Care

Health Care

Personal Care

Household Care

Comfort & Insulation

Interface & Performance

Resource Efficiency



Sales
€4,473 m



Adj. EBITDA / Margin
€977 m / 21.8%

Silica

Crosslinkers

Oil Additives

Coating & Adhesive Resins

High Performance Polymers

Active Oxygens

Silanes

Coating Additives

Catalysts

Performance Materials



Sales
€3,145 m



Adj. EBITDA / Margin
€371 m / 11.4%

Performance Intermediates

Methacrylates

Acrylic Products

Functional Solutions

Agrochemicals & Polymer Additives

CyPlus Technologies

2016 financials; Business Lines ranked by turnover

Nutrition & Care

Fulfilling human needs in a globalizing world

Key characteristics

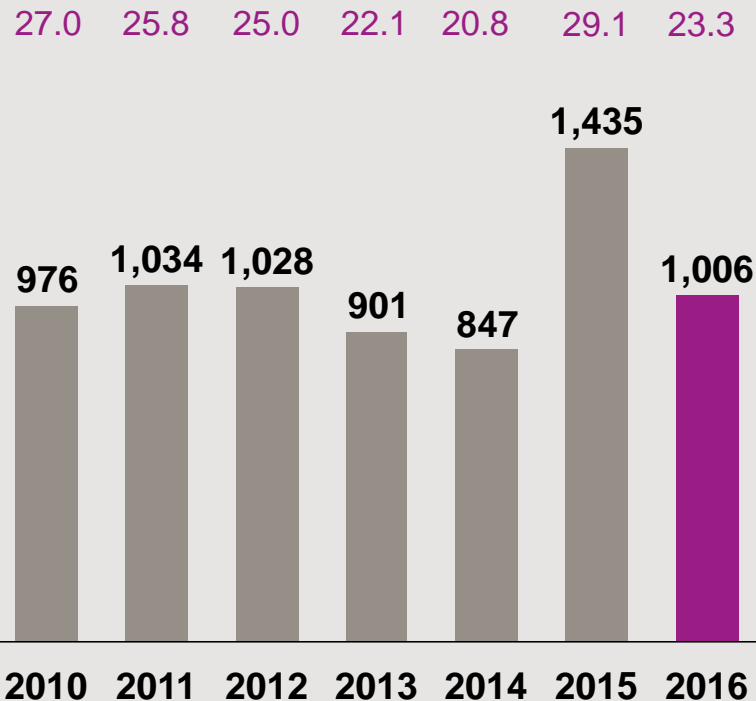
- High degree of **customer intimacy and market know-how**
- Enabling our customers to deliver **differentiating solutions** in their markets
- **Excellent technology platforms**
- **Sustainability** as major growth driver

Key products

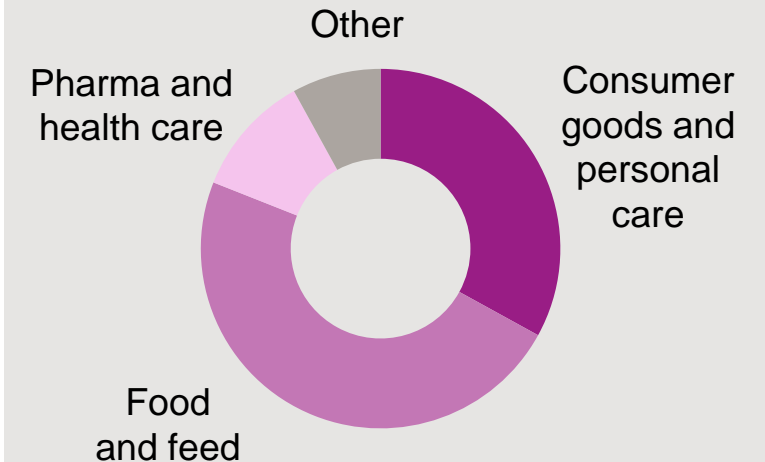
- Amino acids for professional animal nutrition
- Active ingredients for cosmetic products
- Superabsorbents for baby diapers
- Drug delivery systems for controlled drug release



Adj. EBITDA (€ m) and margin (%)







End market split



Nutrition & Care




Business Line overview (1/2)

	Animal Nutrition 	Baby Care 	Personal Care 	Household Care 
Key products	<ul style="list-style-type: none"> ▪ Methionine ▪ Lysine, Threonine, Tryptophan 	<ul style="list-style-type: none"> ▪ Superabsorbents 	<ul style="list-style-type: none"> ▪ Actives ▪ Emulsifiers ▪ Conditioners 	<ul style="list-style-type: none"> ▪ Fabric conditioners ▪ Specialty surfactants
Main Applications	<ul style="list-style-type: none"> ▪ Feed additives and services for animal nutrition 	<ul style="list-style-type: none"> ▪ Baby Care ▪ Female Care ▪ Adult Care 	<ul style="list-style-type: none"> ▪ Personal Care 	<ul style="list-style-type: none"> ▪ Laundry care ▪ Home care ▪ Car care
Market position¹	<ul style="list-style-type: none"> ▪ # 1 in Feed Amino Acids 	<ul style="list-style-type: none"> ▪ # 2-3 in superabsorbents 	<ul style="list-style-type: none"> ▪ # 4 in cosmetic ingredients 	<ul style="list-style-type: none"> ▪ # 1 in fabric softeners
Main competitors	<ul style="list-style-type: none"> ▪ Chem China/Adisseo ▪ Novus ▪ Ajinomoto ▪ Cheil Jedang 	<ul style="list-style-type: none"> ▪ BASF ▪ Nippon Shokubai 	<ul style="list-style-type: none"> ▪ Ashland ▪ BASF ▪ Croda 	<ul style="list-style-type: none"> ▪ AkzoNobel ▪ BASF ▪ Solvay ▪ Stepan

1. Company estimates for relevant markets based on multiple research reports

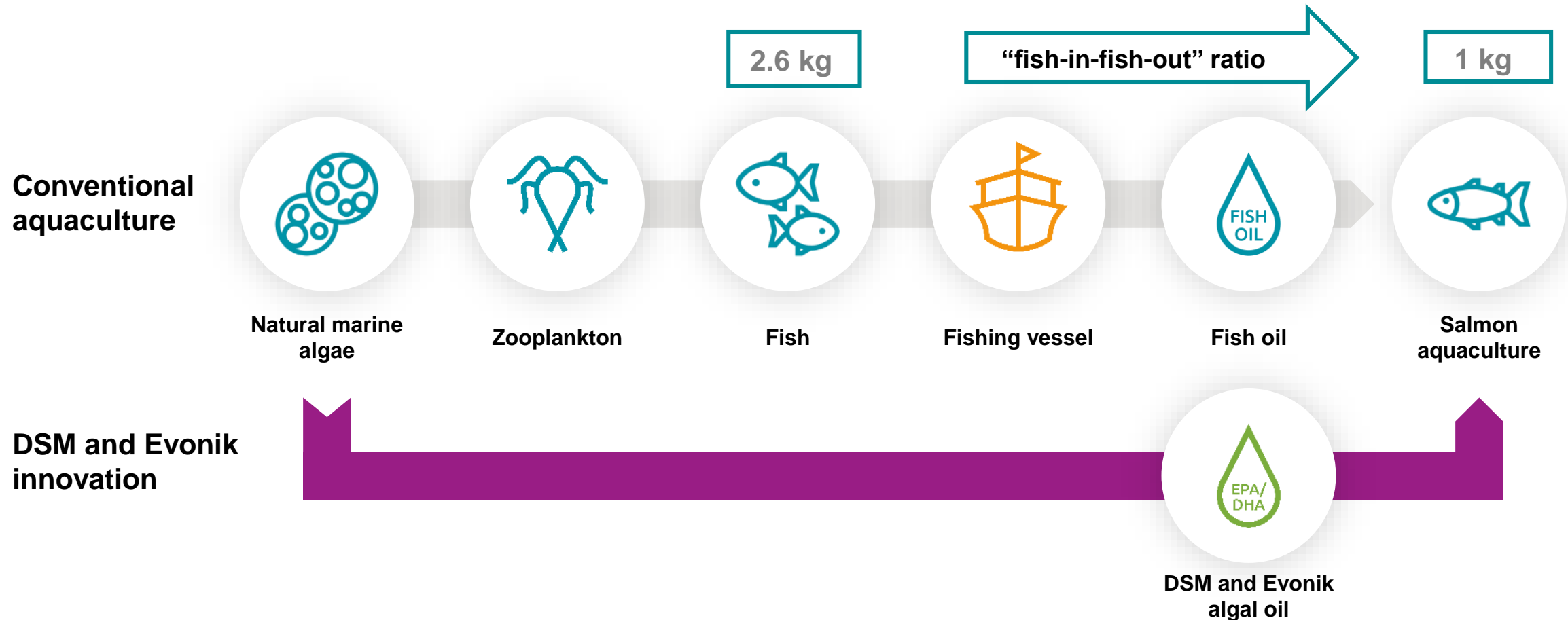
Nutrition & Care

Business Line overview (2/2)

	Health Care	Comfort & Insulation	Interface & Performance
Key products	 <ul style="list-style-type: none"> Pharmaceutical coatings Active pharma ingredients Pharma grade amino acids 	 <ul style="list-style-type: none"> Foam stabilizers Catalysts Release agents 	 <ul style="list-style-type: none"> Release coatings Super spreading additives
Main Applications	<ul style="list-style-type: none"> Drug delivery systems for oral and parenteral dosage Tailor-made pharmaceutical syntheses Pharma Amino Acids 	<ul style="list-style-type: none"> Furniture / appliances Construction Automotive 	<ul style="list-style-type: none"> Packaging / tapes Agrochemicals Plastic additives
Market position¹	<ul style="list-style-type: none"> # 1 Functional Polymers for Controlled Release # 3 Exclusive Synthesis # 3 Pharma Amino Acids 	<ul style="list-style-type: none"> # 1 in polyurethane foam additives 	<ul style="list-style-type: none"> # 1-2 in release coatings
Main competitors	<ul style="list-style-type: none"> BASF DSM Lonza Ajinomoto 	<ul style="list-style-type: none"> Maysta Momentive 	<ul style="list-style-type: none"> Clariant Dow Corning Momentive Wacker

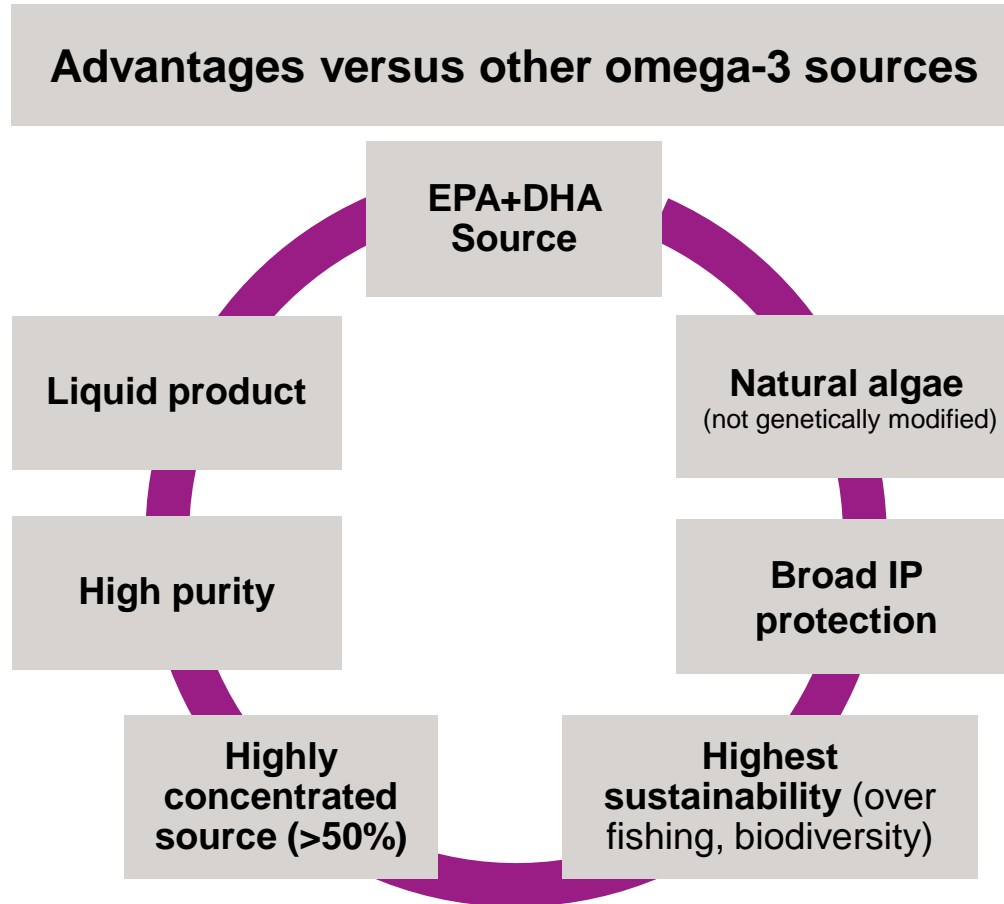
1. Company estimates for relevant markets based on multiple research reports

Natural marine algal oil is a sustainable alternative solution for omega-3 fatty acids used in aquacultures



DSM and Evonik breakthrough – shortening the natural food chain

Algal oil as a high-quality source of omega-3 for the use in animal nutrition has many advantages



1 kg of our EPA and DHA algal oil
can replace **60 kg** wild catch fish



Meeting roughly **15%** of the EPA and DHA
demand of the **global salmon industry**



DSM and Evonik establish joint venture for omega-3 fatty acids from natural marine algae for animal nutrition

- DSM and Evonik to found a **50:50 joint venture** to be named **Veramaris™**, headquartered in The Netherlands
- Joint venture for high value omega-3 fatty acid products rich in **EPA and DHA** for **animal nutrition** produced from **natural marine algae**
- Joint venture's capital expenditure in the facility will amount to around **US\$ 200 million** over the next 2 – 3 years
- Facility is scheduled to **open in 2019**
- New facility will be built in the United States, at an existing site of Evonik
- Global aquaculture production **growth is 5-6%** per year with high increasing requirements in fish oil

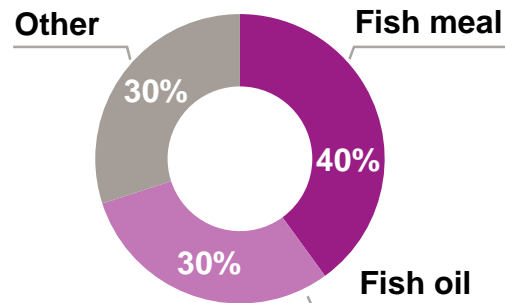


Evonik offers key components for the development of sustainable aquacultures

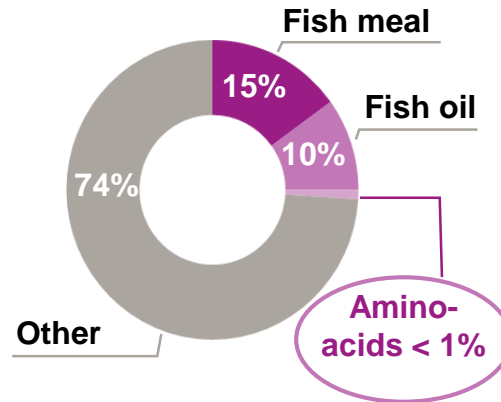
Start of evolution towards sustainable salmon diet

Target: “vegetarian” diet without fish meal and -oil

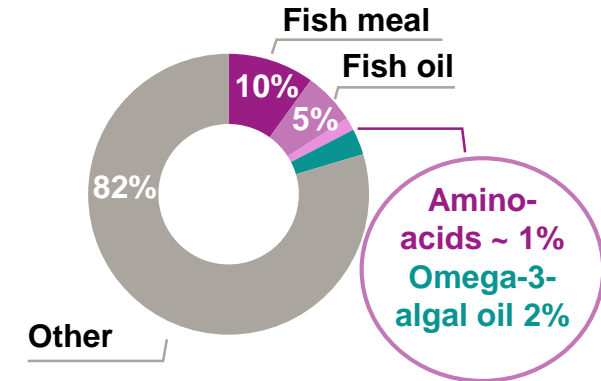
Traditional diet



More sustainable diet enabled by amino acids



Further reduction of fish input enabled by omega-3 algal oil



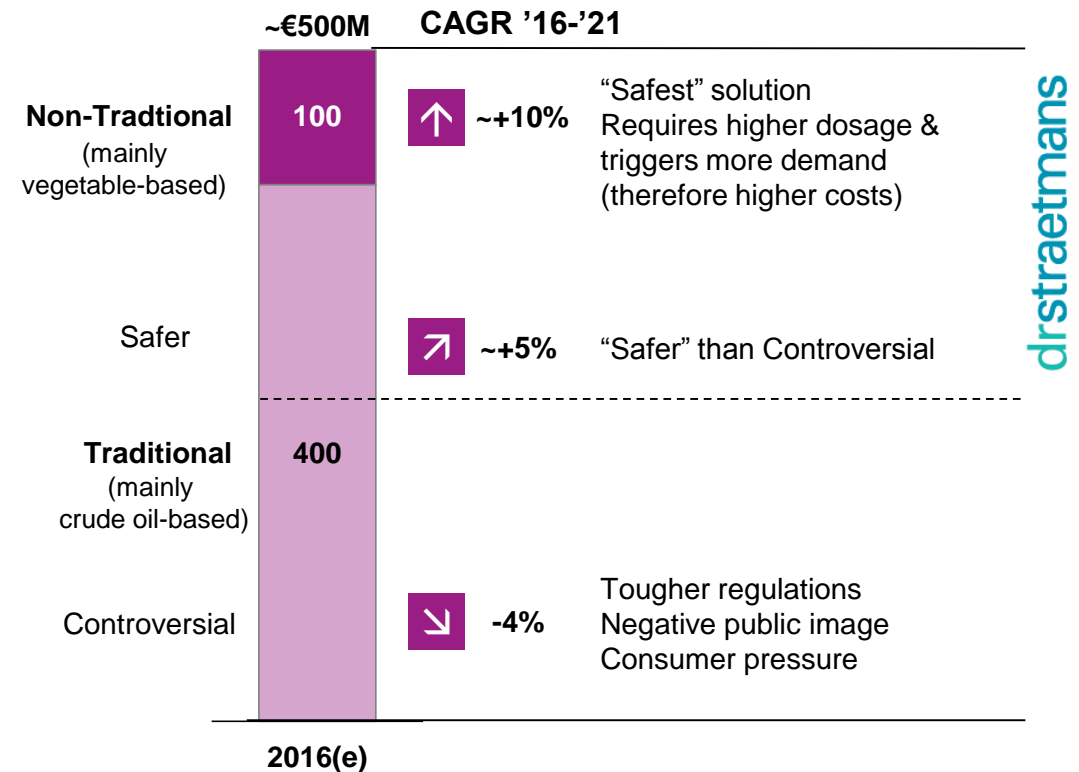
Acquisition of Dr. Straetmans

Sustainable preservation with state of the art multifunctionals

Preservatives

- Preservatives are an essential part of any cosmetics formulation preventing product deterioration (e.g. via oxidation) → important cross-sectional technology
- Trend towards non-traditional preservatives due to criticism of traditional preservatives (e.g. possible estrogenic effects of paraben)
- Use of non-traditional preservatives is more complex and requires higher dosages and higher application and formulation know-how

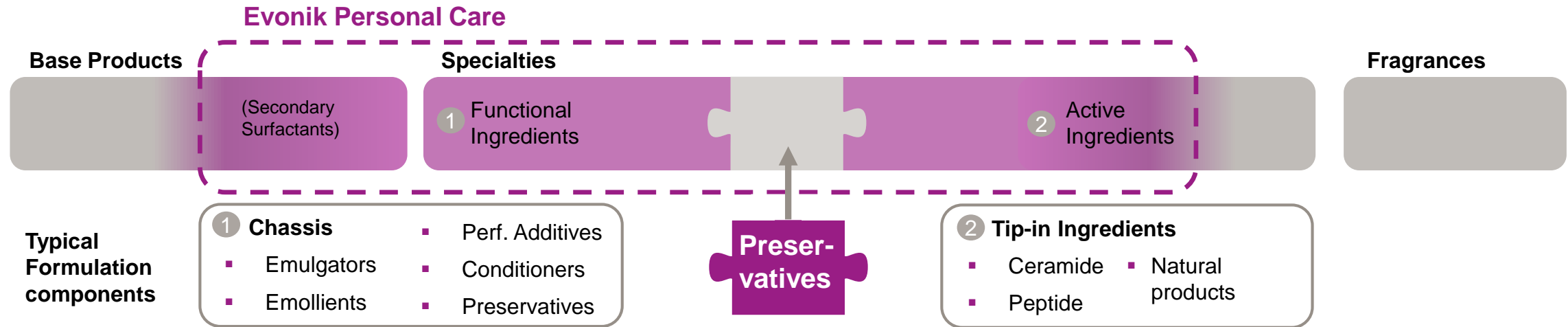
Market shift to high-growth non-traditional preservatives



Source: Expert interviews, Advancy analysis

Acquisition of Dr. Straetmans

Helping Evonik Personal Care to become a wide technology player



Strategic rationale

- Combination of preservatives know how of Dr. Straetmans with emulsifier know how of Evonik
- Expanded formulation skills in one hand, thus enhanced capability to offer formulation packages
- Reduced development time and costs for customers

Resource Efficiency

Innovative products for resource-efficient solutions

Key characteristics

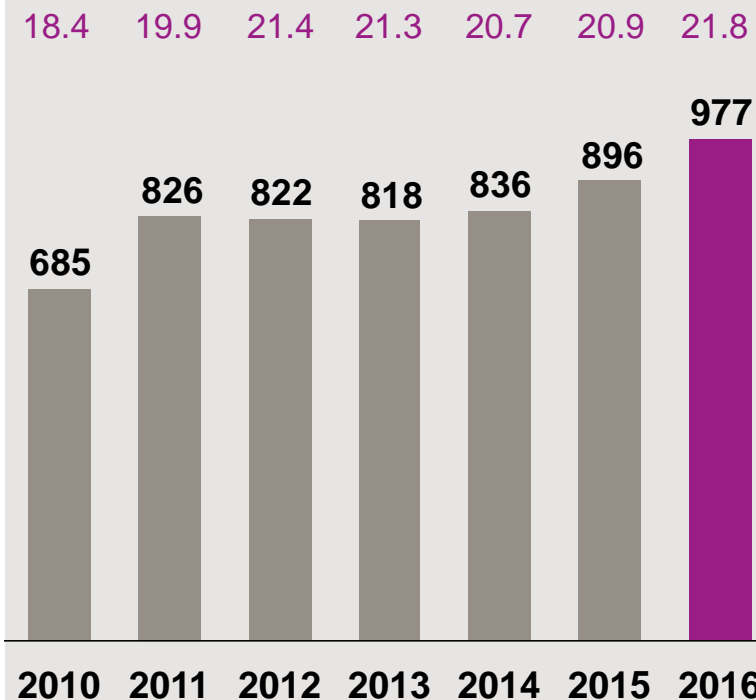
- Focus on **performance-impacting** and value-driving components
- **Minor share of cost** in most end products
- Strong focus on **technical service**
- **Low risk of substitution**
- High pricing power (**value-based pricing**)

Key products

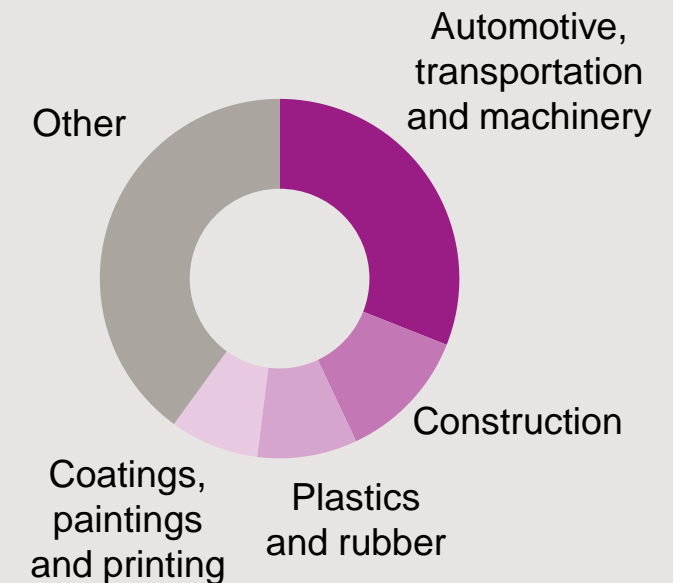
- Precipitated and fumed silica as flow property enhancers
- Crosslinkers for composite materials and coatings
- Viscosity modifiers for oils and hydraulic fluids



Adj. EBITDA (€ m) and margin (%)






End market split



Resource Efficiency




Business Line overview (1/3)

	Silica 	Oil Additives 	Crosslinkers 
Key products	<ul style="list-style-type: none"> ▪ Precipitated silica ▪ Fumed silica ▪ Special oxides 	<ul style="list-style-type: none"> ▪ Lubricant additives (viscosity modifiers) ▪ Fuel additives 	<ul style="list-style-type: none"> ▪ Crosslinkers for composites, elastomers and non-solvent coatings
Main Applications	<ul style="list-style-type: none"> ▪ Silicone rubber ▪ Tires, green tires & rubber ▪ Paints & coatings ▪ Adhesives & sealants 	<ul style="list-style-type: none"> ▪ Auto & industrials ▪ Hydraulic systems ▪ Refinery processing ▪ Biofuels 	<ul style="list-style-type: none"> ▪ Composites ▪ Coatings & paints ▪ Flooring ▪ Automotive interior
Market position¹	<ul style="list-style-type: none"> ▪ # 1 in silicas (precipitated, fumed, special oxides, matting agents and specialty fillers) 	<ul style="list-style-type: none"> ▪ # 1 in viscosity modifiers for lubricants 	<ul style="list-style-type: none"> ▪ # 1 in isophorone chemicals
Main competitors	<ul style="list-style-type: none"> ▪ Cabot ▪ JM Huber ▪ Solvay ▪ Wacker 	<ul style="list-style-type: none"> ▪ Infineum ▪ Lubrizol ▪ NewMarket (Afton) ▪ Oronite 	<ul style="list-style-type: none"> ▪ Arkema ▪ BASF ▪ Covestro

1. Company estimates for relevant markets based on multiple research reports

Resource Efficiency

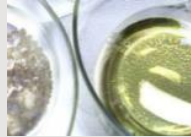


Business Line overview (2/3)

	Active Oxygens	High Performance Polymers	Coating & Adhesive Resins
			
Key products	<ul style="list-style-type: none"> Hydrogen peroxide 	<ul style="list-style-type: none"> High perf. polyamide (PA12) Polyetheretherketone (PEEK) Membranes and Polyimide fibres 	<ul style="list-style-type: none"> Functional resins Adhesive hot melts Heat sealants Polybutadiene
Main Applications	<ul style="list-style-type: none"> Oxidising agent in chemical reactions Pulp & paper bleaching 	<ul style="list-style-type: none"> Automotive components Medical Oil & gas pipes 	<ul style="list-style-type: none"> Hot melt Pre coated metal Protective coatings Road marking
Market position¹	<ul style="list-style-type: none"> # 2 in hydrogen peroxide 	<ul style="list-style-type: none"> # 1 in PA12 	<ul style="list-style-type: none"> # 1 in polyester resins
Main competitors	<ul style="list-style-type: none"> Arkema Solvay 	<ul style="list-style-type: none"> Arkema EMS Solvay Victrex 	<ul style="list-style-type: none"> Dow DSM Mitsubishi Chemical

1. Company estimates for relevant markets based on multiple research reports

Resource Efficiency

Business Line overview (3/3)

	Silanes 	Coating Additives 	Catalysts 
Key products	<ul style="list-style-type: none"> ▪ Chlorosilanes ▪ Organofunctional silanes ▪ Rubber silanes 	<ul style="list-style-type: none"> ▪ Additives for eco-friendly and highly solid industrial coatings 	<ul style="list-style-type: none"> ▪ Activated base metal catalysts ▪ Precious metal catalysts ▪ Catalysts for industrial & petrochemicals
Main Applications	<ul style="list-style-type: none"> ▪ Fumed silica ▪ Optical fibres ▪ Adhesive & sealants ▪ Building protection 	<ul style="list-style-type: none"> ▪ Eco-friendly coatings (low VOC, water based) ▪ High solid industrial coatings 	<ul style="list-style-type: none"> ▪ Catalysts for chemical processes ▪ Enabler for process efficiency / innovation
Market position¹	<ul style="list-style-type: none"> ▪ # 1 in chlorosilanes ▪ # 1 in organofunctional and rubber silanes 	<ul style="list-style-type: none"> ▪ # 2 in high performance additives for coatings and inks ▪ # 1-2 in silicone resins for special applications 	<ul style="list-style-type: none"> ▪ #1 in precious metal powder catalysts ▪ #3 in activated base metal catalysts
Main competitors	<ul style="list-style-type: none"> ▪ Dow Corning ▪ Momentive ▪ Shin Etsu ▪ Tokuyama 	<ul style="list-style-type: none"> ▪ Altana ▪ BASF ▪ Dow Corning 	<ul style="list-style-type: none"> ▪ BASF ▪ Clariant ▪ Johnson Matthey ▪ WR Grace

1. Company estimates for relevant markets based on multiple research reports

Performance Materials

Integrated production platforms for efficient production of rubber and plastic intermediates

Key characteristics

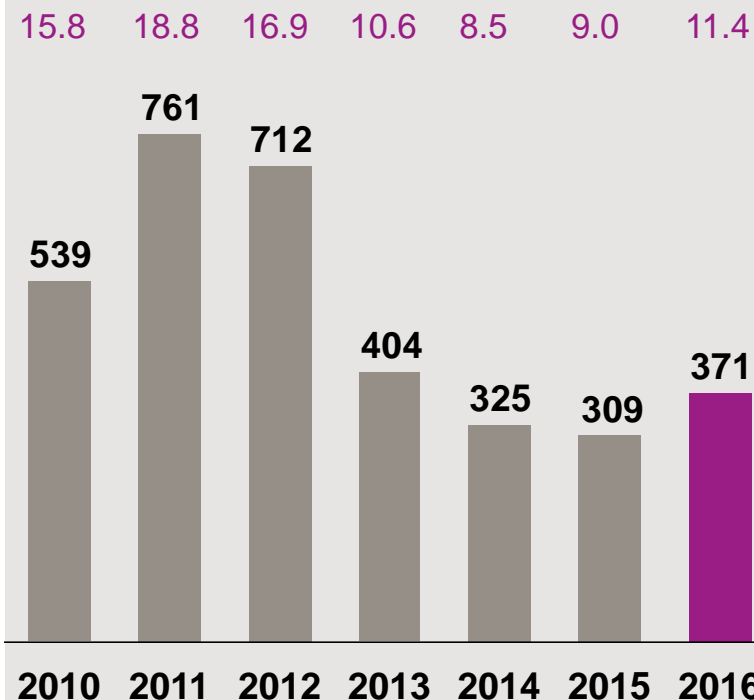
- Strong **integrated production platforms**
- **Leading cost positions**
- Favorable **raw material access**
- Focus on **continuous efficiency improvements**
- High degree of **supply reliability**

Key products

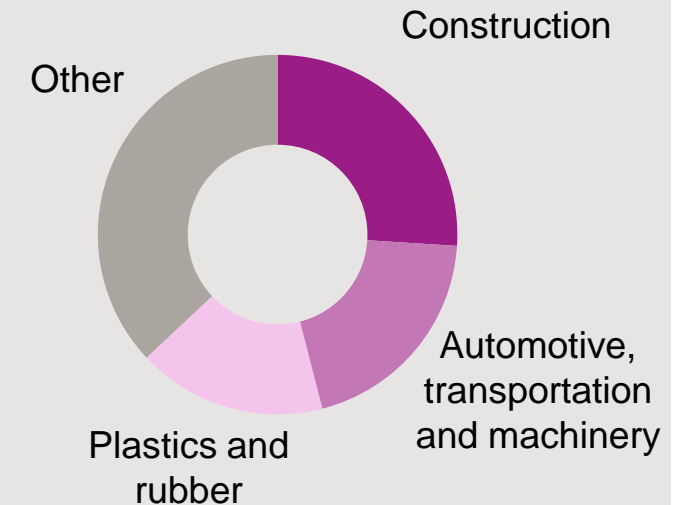
- Acrylic sheets, molding compounds (PMMA) and its precursors (MMA), e.g. for LED and touch screens
- Butadiene for synthetic rubber
- MTBE as fuel additive



Adj. EBITDA (€ m) and margin (%)






End market split



Performance Materials




Business Line overview (1/2)

	Performance Intermediates 	Methacrylates 	Acrylic Products 
Key products	<ul style="list-style-type: none"> Butadiene MTBE Butene-1 Plasticizers (INA & DINP) 	<ul style="list-style-type: none"> Methylmethacrylate (MMA) & application monomers Molding compounds (PMMA granulate) 	<ul style="list-style-type: none"> Acrylic sheets and semi-finished products (Plexiglas®/ Acrylite®) PMMA systems
Main Applications	<ul style="list-style-type: none"> Plastics Styrene-Butadiene-Rubber High performance polymers 	<ul style="list-style-type: none"> Coatings PMMA extrusion Light-weight systems Automotive components 	<ul style="list-style-type: none"> Construction Light-weight systems Automotive components Light-guiding systems
Market position¹	<ul style="list-style-type: none"> # 1 in Butene-1 # 2 in INA 	<ul style="list-style-type: none"> # 2 in MMA # 1-2 in PMMA molding compounds 	<ul style="list-style-type: none"> # 1-2 in PMMA sheets
Main competitors	<ul style="list-style-type: none"> BASF Sabic LyondellBasell 	<ul style="list-style-type: none"> LG MMA Mitsubishi Chemicals Sumitomo 	<ul style="list-style-type: none"> Arkema Mitsubishi Chemicals Sumitomo

1. Company estimates for relevant markets based on multiple research reports

Performance Materials

Business Line overview (2/2)

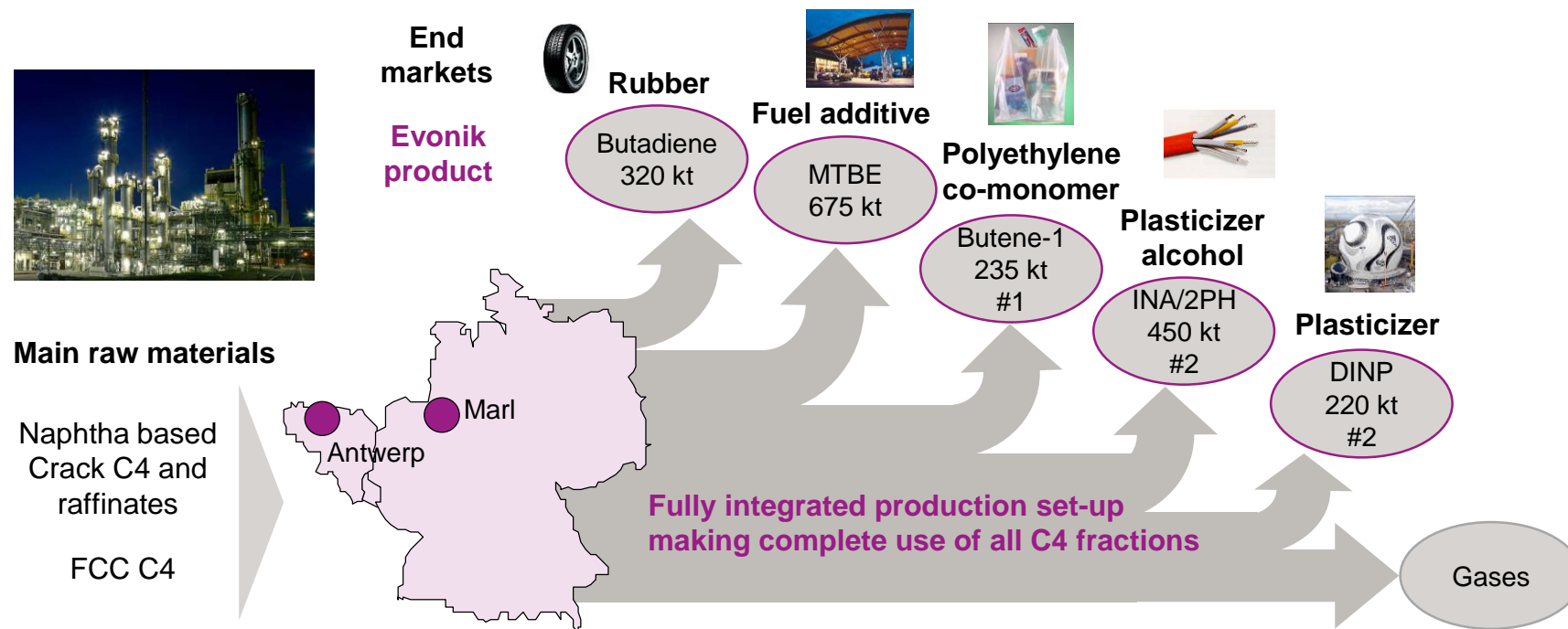
	Agrochemicals & Polymer Additives	Functional Solutions	CyPlus Technologies
			
Key products	<ul style="list-style-type: none"> ▪ Triacetonamine ▪ Crosslinkers ▪ Precursors for crop protection 	<ul style="list-style-type: none"> ▪ Alkoxides (e.g. sodium methylate) 	<ul style="list-style-type: none"> ▪ Sodium cyanide ▪ Potassium cyanide
Main Applications	<ul style="list-style-type: none"> ▪ Polymer additives ▪ Optical brighteners ▪ Photovoltaic ▪ Agro chemicals 	<ul style="list-style-type: none"> ▪ Catalysts for biodiesel production 	<ul style="list-style-type: none"> ▪ Precious metals mining ▪ Fine chemicals
Market position¹	<ul style="list-style-type: none"> ▪ n.a. 	<ul style="list-style-type: none"> ▪ # 1 in alkoxides 	<ul style="list-style-type: none"> ▪ n.a.
Main competitors	<ul style="list-style-type: none"> ▪ Lanxess ▪ Weylchem 	<ul style="list-style-type: none"> ▪ BASF ▪ Smotec 	<ul style="list-style-type: none"> ▪ 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



Key success factors

- Leading, cost efficient technology platform with more than 30 years of experience
- High expertise in logistics of C4 products and streams
- New technologies to capture additional C4 feedstocks
- Scale, secure feedstock base and long-standing customer relationships

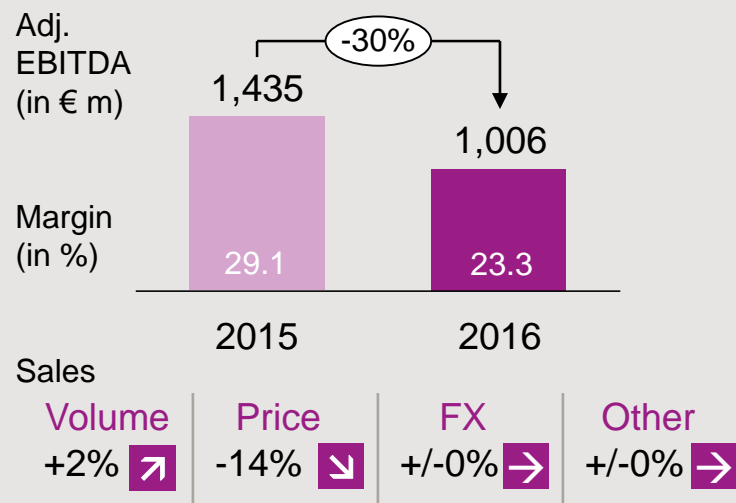
Appendix

1. Acquisition of Air Products specialty additives business
2. Acquisition of Huber Silica
3. Segment overview
- 4. Financials**
5. Investor Relations contact

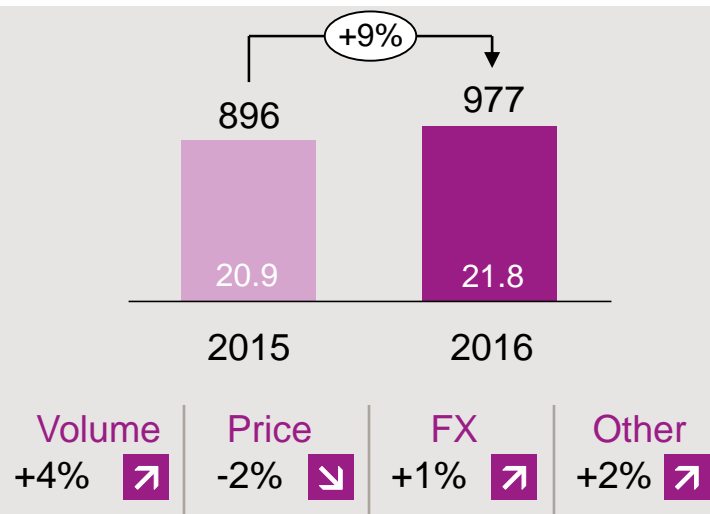
Resource Efficiency and Performance Materials with strong earnings growth

Segment performance FY 2016

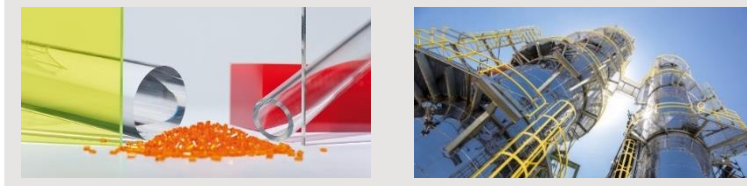
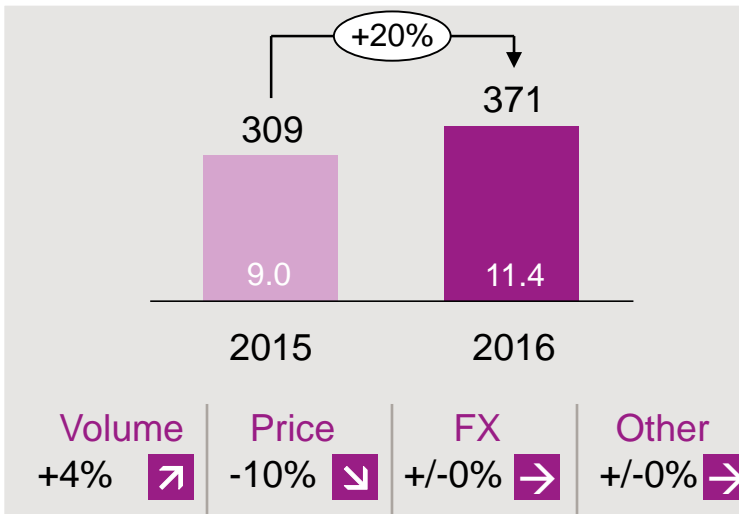
Nutrition & Care



Resource Efficiency



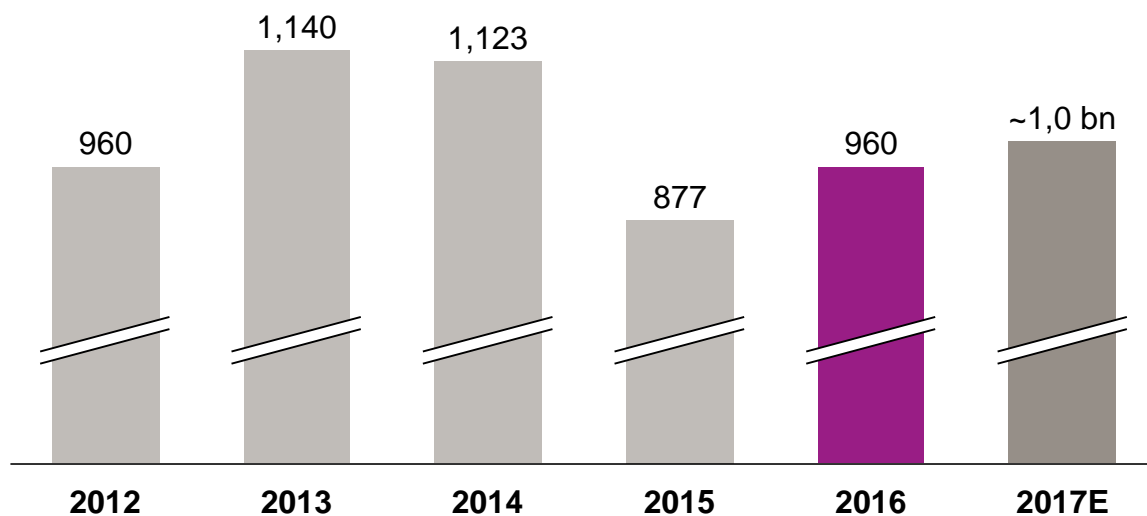
Performance Materials



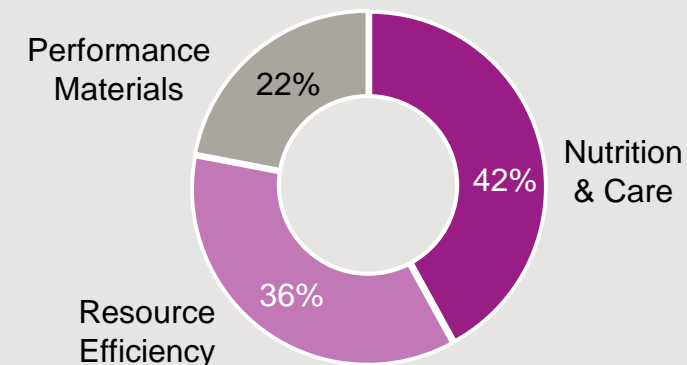
Investments

Capex with significant decrease since 2013 – focus on growth segments

Capex spending (in € m)



- Capex has considerably declined since 2013
- Clear focus on the two growth segments
- **Sustainable capex level going forward: ~€900 m**
- Sizable investment projects will result in slightly elevated levels during project time (e.g. second methionine plant in Singapore with more than half a billion € of Capex between 2016 and 2019, peaking in 2018)



Capex 2016 for chemical segments

Investments

Selective, smaller projects announced for 2017/18

Major projects successfully completed ...

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



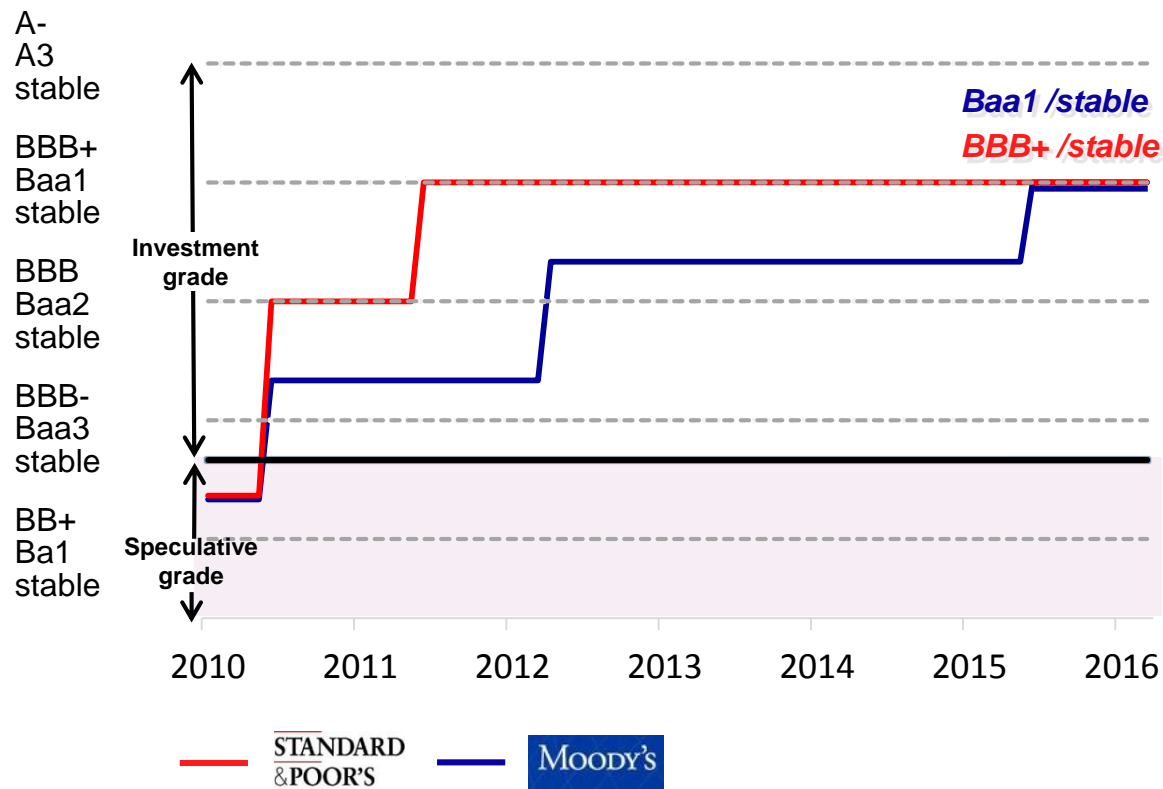
Efficiency

Cost improvement integral part of Evonik's DNA



Financial policy

Maintaining a solid investment grade rating



BBB+ (stable)

Rating affirmed at BBB+ stable on May 6, 2016 shortly after Air Products specialty additives business acquisition announcement

- Will enhance Evonik's business risk profile
- Resilient combined performance expected



Baa1 (stable)

Rating upgraded to Baa1 stable from Baa2 positive on May 10, 2016 also after PM acquisition

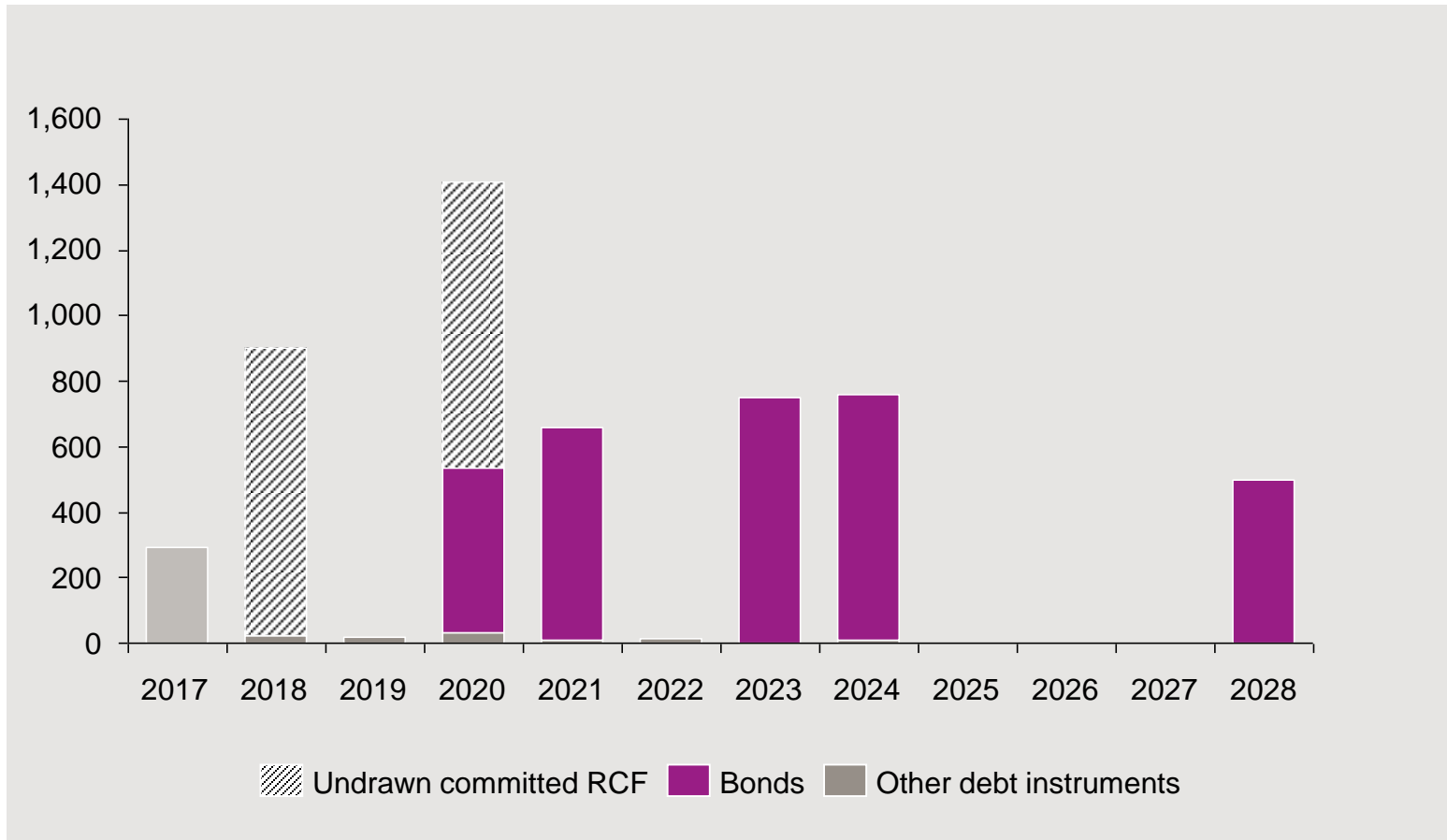
- Specialty chemicals franchise will be improved
- Further strengthening by adding scale and diversity

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

Debt structure

Balanced maturity profile

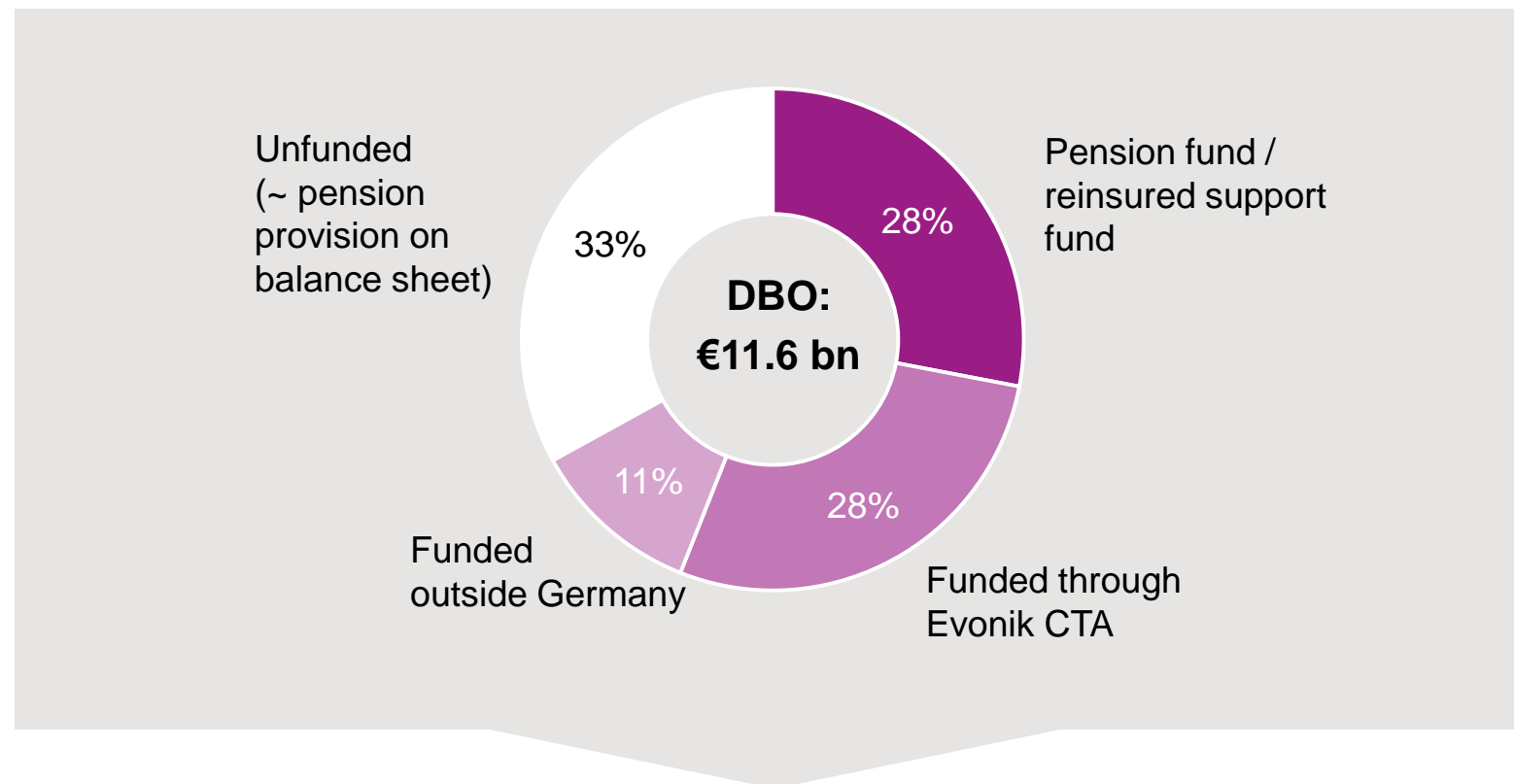
(in € m as of 31 December 2016)



- Three-tranche bonds with a total value of €1.9 billion successfully issued in September, maturing in 2021, 2024 and 2028 with an average coupon of 0.35%
- New bond issuance reduces the average interest rate on capital market debt from 1.35% p.a. to 0.74% p.a
- Proceeds to be used for financing of Air Products specialty additives business acquisition
- Maturity of syndicated revolving credit facility (RCF) in 2018/20 (€875 m each); currently fully undrawn

Pensions

Pension funding overview as of Dec 31, 2016



- Pensions very long-term, patient debt (>16 years) with no funding obligations in Germany
- DBO level in 2016 of €11.6 bn; Increase of €1.1 bn vs. 2015 mainly driven by change in discount rate esp. in Germany from 2.75% to 2.00%
- Funding ratio increased to >65%

Funding level increased to >65%

Pensions

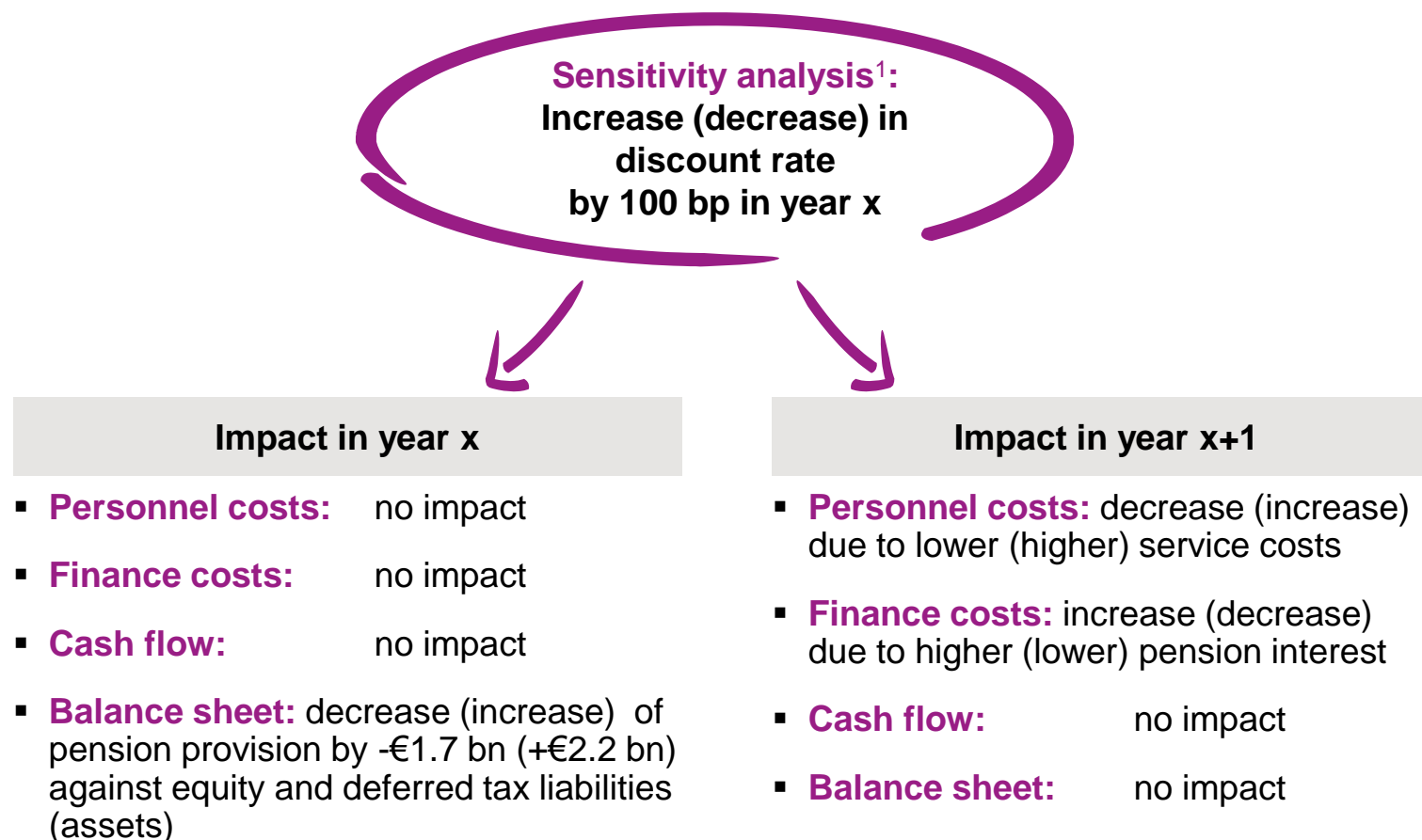
Breakdown of P&L and cash flow effects

P&L	in € m		P&L item / KPI	2015	2016	Annual report '16
	Current service costs		Adj. EBITDA	-191	-180	p. 161
	Interest costs		Net interest expense	-281	-297	p. 161
	Exp. return on plan assets		Net interest expense	+185	+207	p. 162 / 163
	Other		Adj. EBITDA	-40	-44	p. 163
	Total pension expense			-327	-316	

Cash flow	in € m			2015	2016	Annual report '16
	Benefits paid			-433	-428	p. 161
	Benefits paid from plan assets	From defined benefit plans		+185	+181	p. 162
	Contribution to plan assets (excl. CTA)			-145	-152	p. 162
	Payments under defined contribution plans			-156	-166	p. 163
	Total cash out for pensions (excl. CTA)			-549	-565	

Pensions

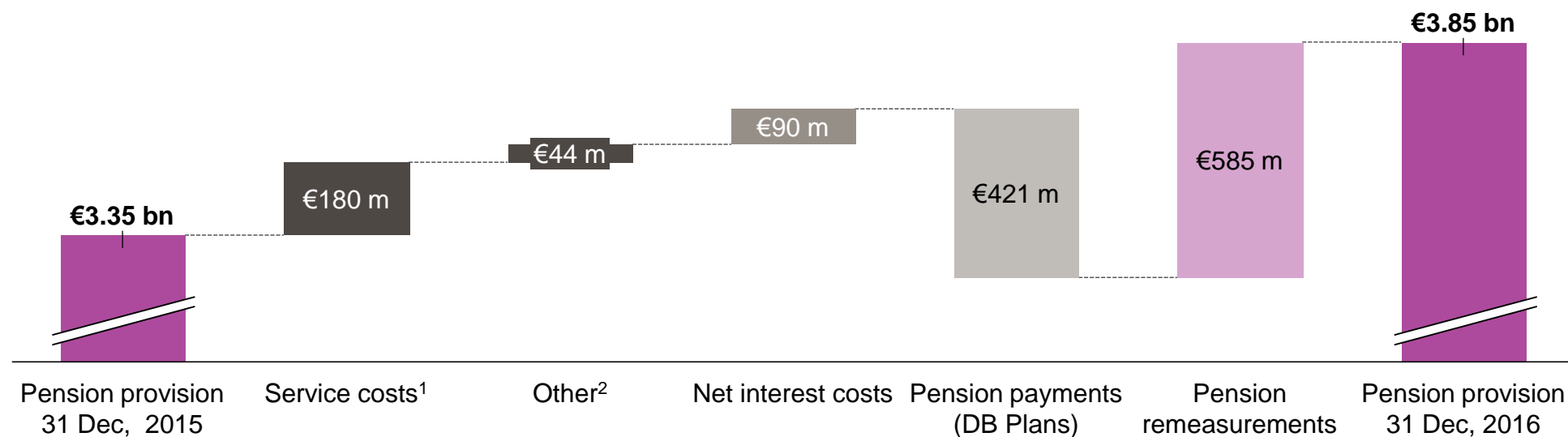
Sensitivity to discount rate changes



1. Excluding any effects from potential actuarial changes and changes in the valuation of plan assets

Pension accounting

Reconciliation of pension provision (as of Dec. 2016 YTD)



In financial statement:

EBITDA: personnel expenses

Financial Result

Operating cash flow³

Balance sheet (Equity)

Outlook for 2017:

~€50 m higher

No notable change

broadly unchanged

depending on future discount rate

1. Service costs = present (discounted) value of the future/projected pension benefits earned by active employees

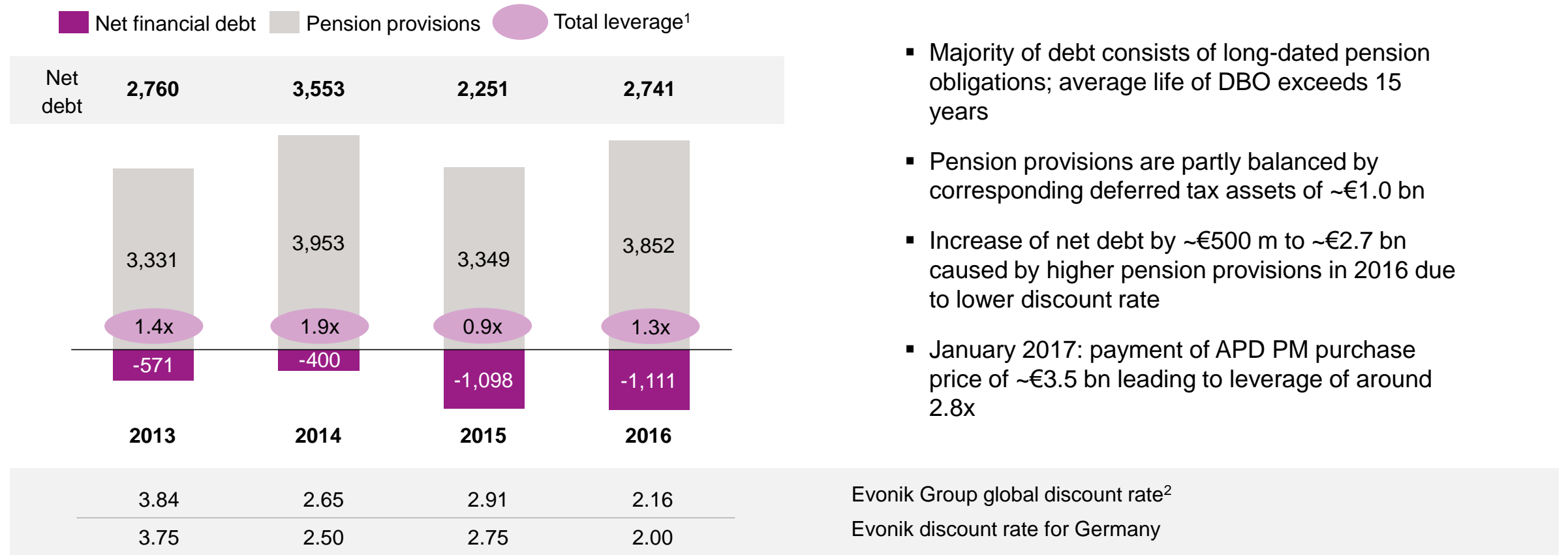
2. Employee contributions

3. Line item "Change in provisions for pensions" in operating cash flow statement: -€173 m

Reconciliation: Pension payments (€421 m) - Service costs (€180 m) - Other (€41 m) - Investing cash flow, Transfer to pension trust fund and Tax effects (€22 m) = €178 m

Net debt development

(in € m)

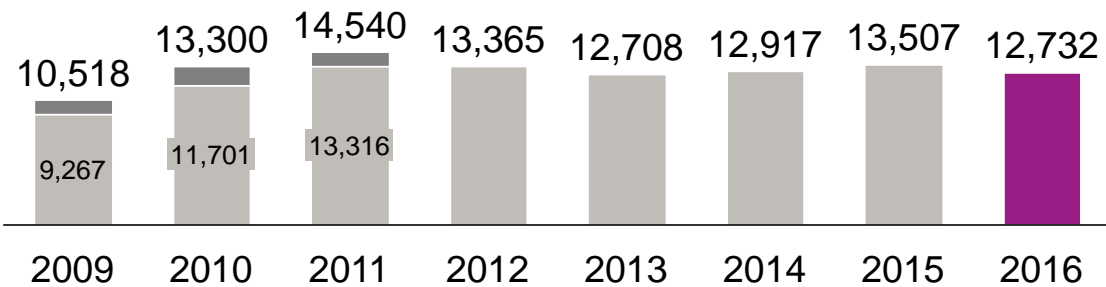


1. Total leverage defined as (net financial debt + pension provisions) / adj. EBITDA LTM | 2. Calculated annually

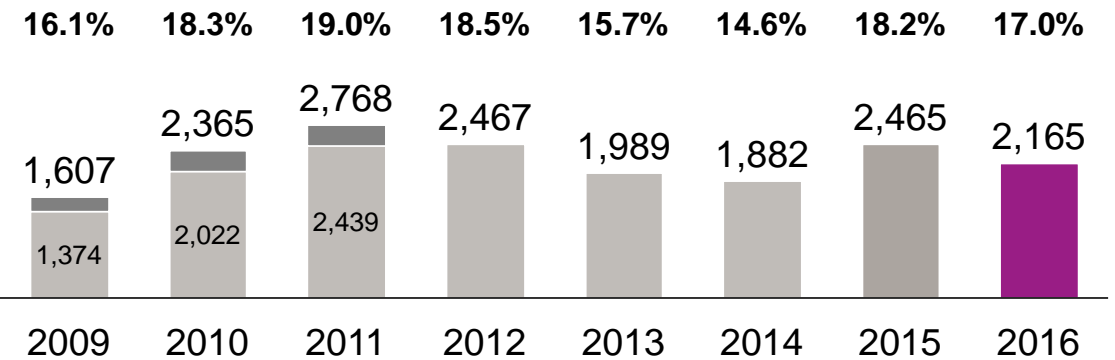
Financial track record

Sales (in € m)

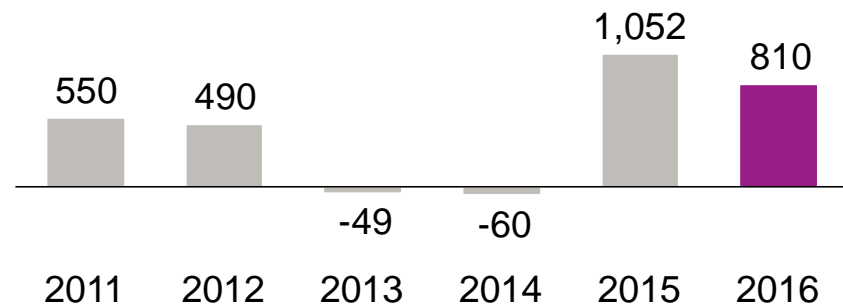
■ Carbon Black/Real Estate



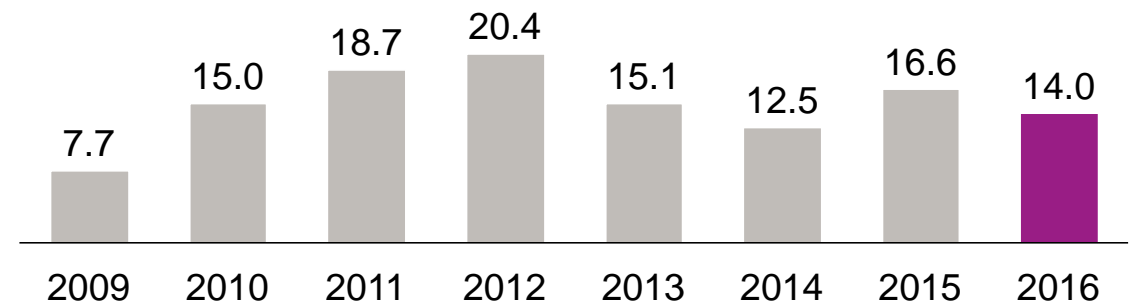
Adj. EBITDA (in € m) / margin¹



Free Cash Flow (in € m)



ROCE (in %)



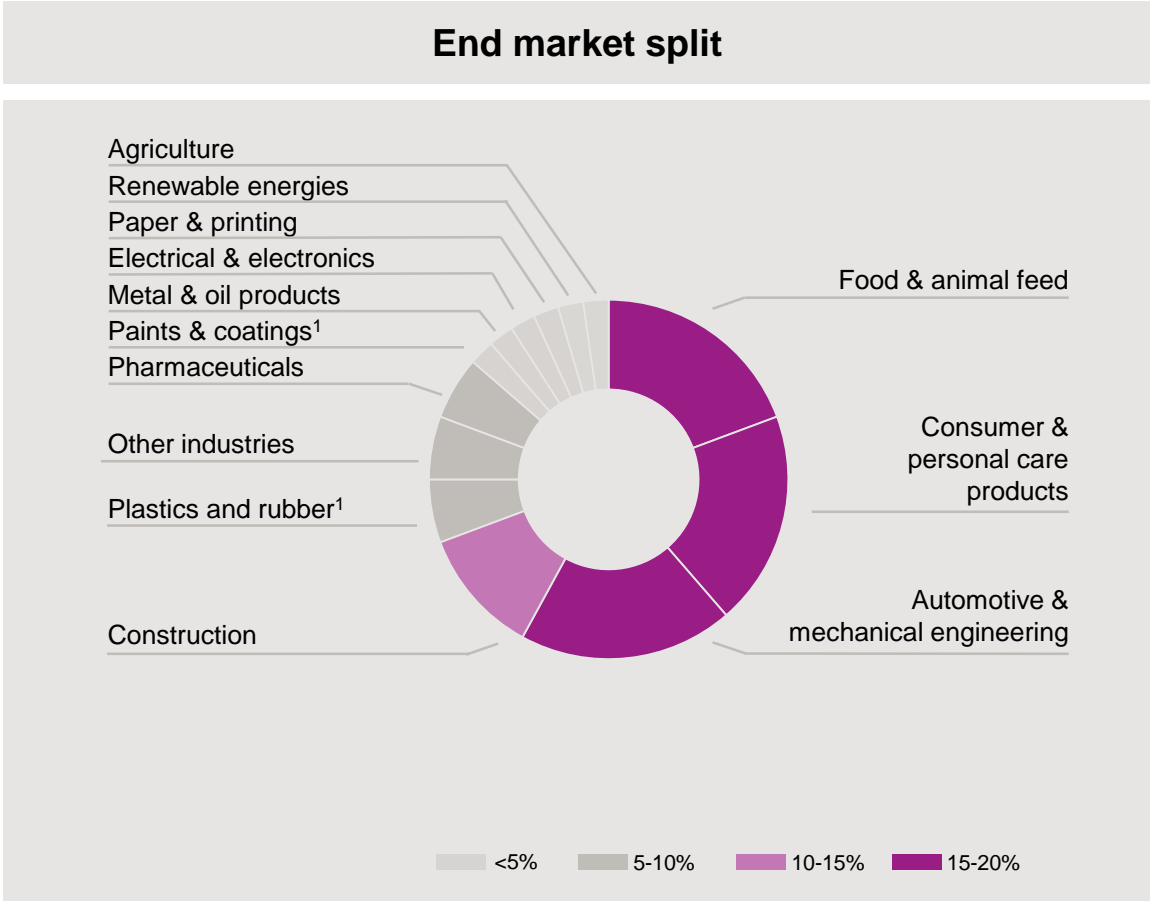
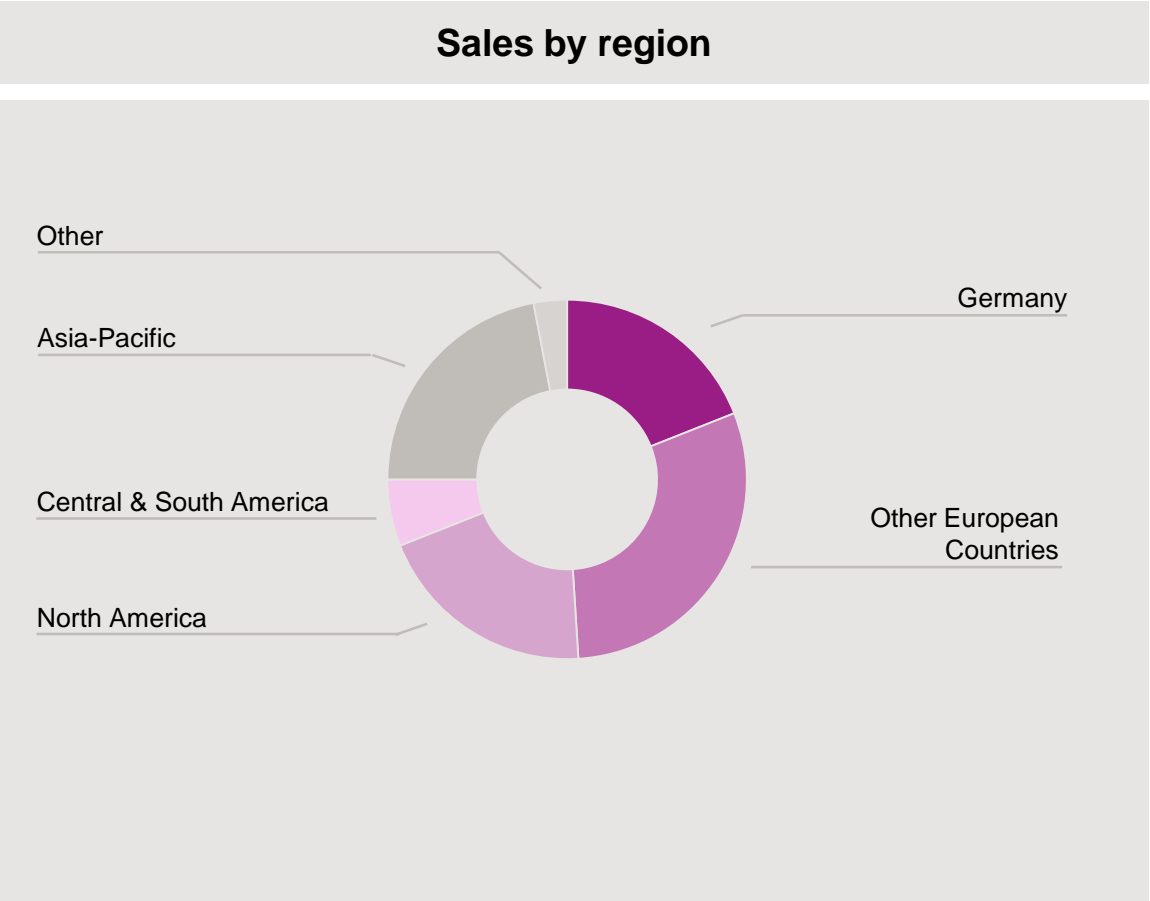
1. Excluding Carbon Black

Segment overview by quarter

Sales (in € m)	Q1/15	Q2/15	Q3/15	Q4/15	FY 2015	Q1/16	Q2/16	Q3/16	Q4/16	FY 2016
Nutrition & Care	1,229	1,248	1,240	1,208	4,924	1,047	1,111	1,066	1,093	4,316
Resource Efficiency	1,124	1,110	1,044	1,001	4,279	1,120	1,156	1,117	1,081	4,473
Perf. Materials	851	938	858	789	3,435	772	829	797	846	3,245
Services	207	211	207	203	828	166	163	173	180	683
Corporate / Others	14	12	16	-3	41	1	-1	11	5	15
Evonik Group	3,425	3,519	3,365	3,198	13,507	3,106	3,258	3,164	3,205	12,732

Adj. EBITDA (in € m)	Q1/15	Q2/15	Q3/15	Q4/15	FY 2015	Q1/16	Q2/16	Q3/16	Q4/16	FY 2016
Nutrition & Care	353	381	382	319	1,435	293	264	239	209	1,006
Resource Efficiency	244	254	216	182	896	256	270	262	189	977
Perf. Materials	72	82	94	62	309	64	105	104	98	371
Services	46	28	46	40	159	35	33	50	32	151
Corporate / Others	-65	-84	-85	-102	-334	-83	-87	-77	-92	-340
Evonik Group	650	661	653	501	2,465	565	585	578	437	2,165

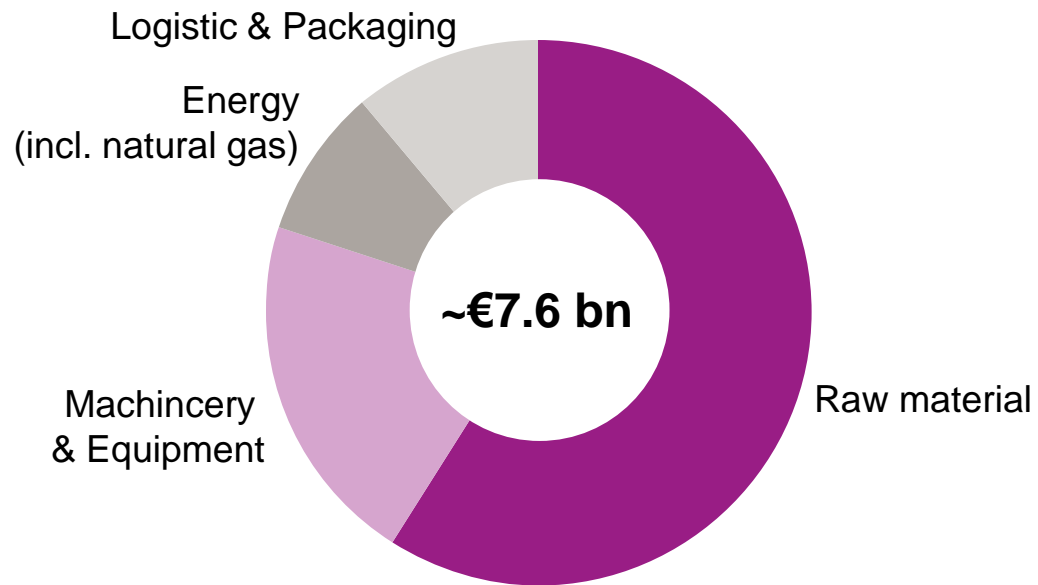
Balanced regional and end market split



1. Where not assigned to other end-customer industries | 2016 Financials

Raw material split

Total procurement volume 2016 (in € m)



Oil price link of raw material spend¹ (examples)

Bio

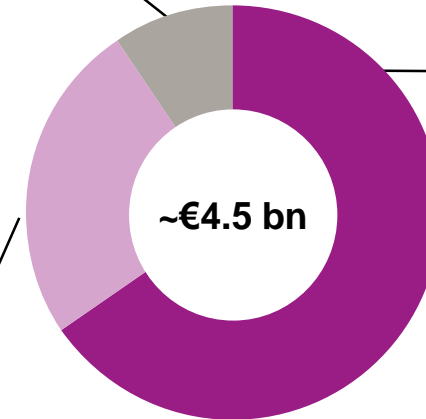
- Dextroxe
- Fatty alcohols
- Tallow fatty acid
- Fatty acids
- tallow

Inorganic & other

- Sodium silicate
- Sodium hydroxide
- Silicon metal

Fossil

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



1. Raw material spend 59% of total procurement volume in 2016

Management compensation

Fixed salary ~1/3	<ul style="list-style-type: none">▪ To be paid in cash for each financial year on a monthly basis	
Bonus ~1/3	<ul style="list-style-type: none">▪ 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	<ul style="list-style-type: none">▪ 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	<ul style="list-style-type: none">▪ 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	<ul style="list-style-type: none">▪ 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

Appendix

1. Acquisition of Air Products specialty additives business
2. Acquisition of Huber Silica
3. Segment overview
4. Financials
- 5. Investor Relations contact**

Upcoming IR events

Conferences & Roadshows

3 March	Roadshow, London
9 March	Roadshow, Frankfurt
23 March	Roadshow, Amsterdam
29 March	Goldman Sachs Chemicals Conference, London
30 March	MainFirst Corporate Conference, Copenhagen

Next reporting dates

5 May 2017	Q1 2017 reporting
23 May 2017	Annual General Meeting 2017
3 August 2017	Q2 2017 reporting
3 November 2017	Q3 2017 reporting

Evonik Investor Relations team



Tim Lange
Head of Investor Relations

+49 201 177 3150
tim.lange@evonik.com



Janine Kanotowsky
Team Assistant

+49 201 177 3146
janine.kanotowsky@evonik.com



Daniel Györy
Investor Relations Manager

+49 201 177 3147
daniel.gyoery@evonik.com



Kai Kirchhoff
Investor Relations Manager

+49 201 177 3145
kai.kirchhoff@evonik.com



Joachim Kunz
Investor Relations Manager

+49 201 177 3148
joachim.kunz@evonik.com

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