

Evonik
Power to create.

Company presentation

June 2017

CREATE THE EXCEPTIONAL.



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2. Strategy Update
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A strong basis in Specialty Chemicals

Market leadership



Leading market positions in
80%
of our businesses¹

Customer proximity



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

Technology leadership



Leading and
proprietary technology
platforms in
25 countries
on
5 continents

Unique brand recognition



tego
An Evonik product.

ROHACELL
An Evonik product.

PLEXIGLAS

(selected product brands)

Qualified employees



Highly qualified workforce
as key factor for a
successful and
sustainable business
development

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

Three segments with differentiated management

Group financials 2016

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**

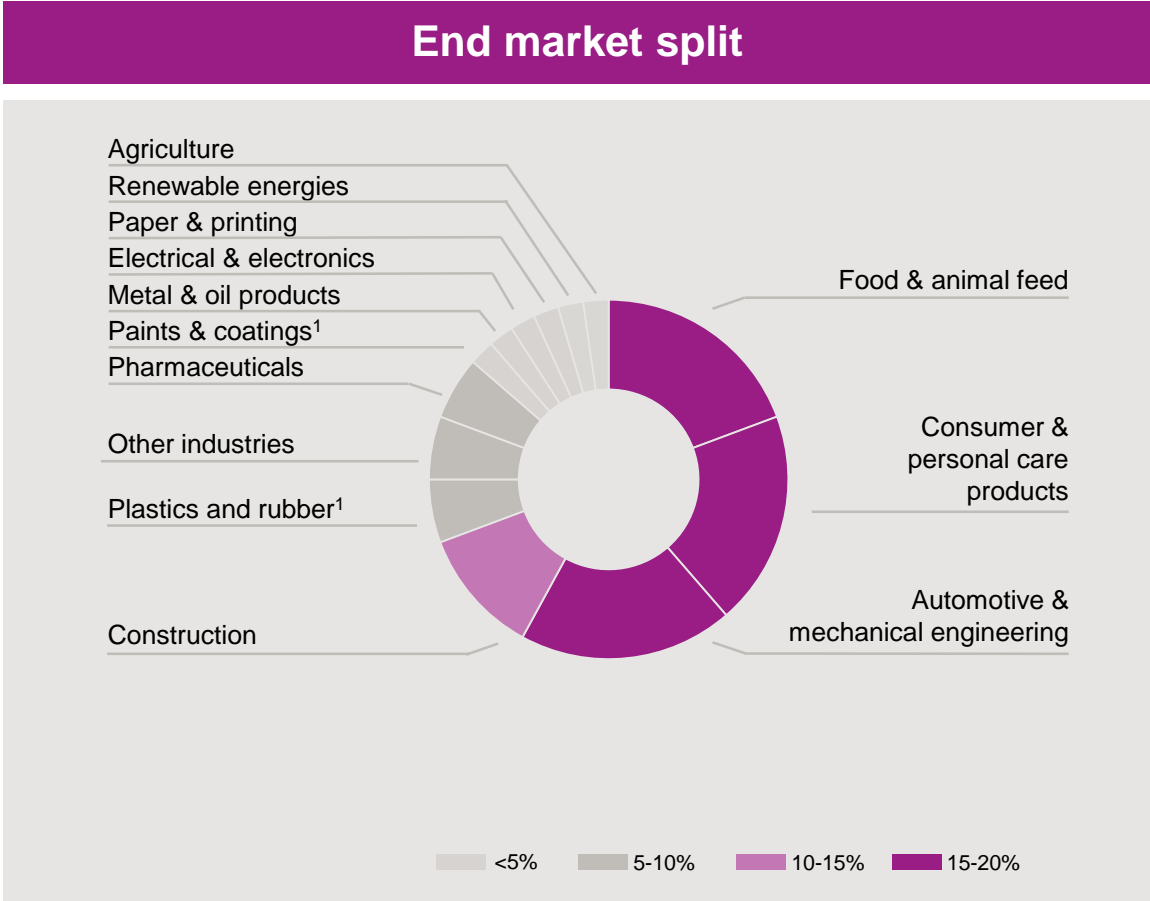
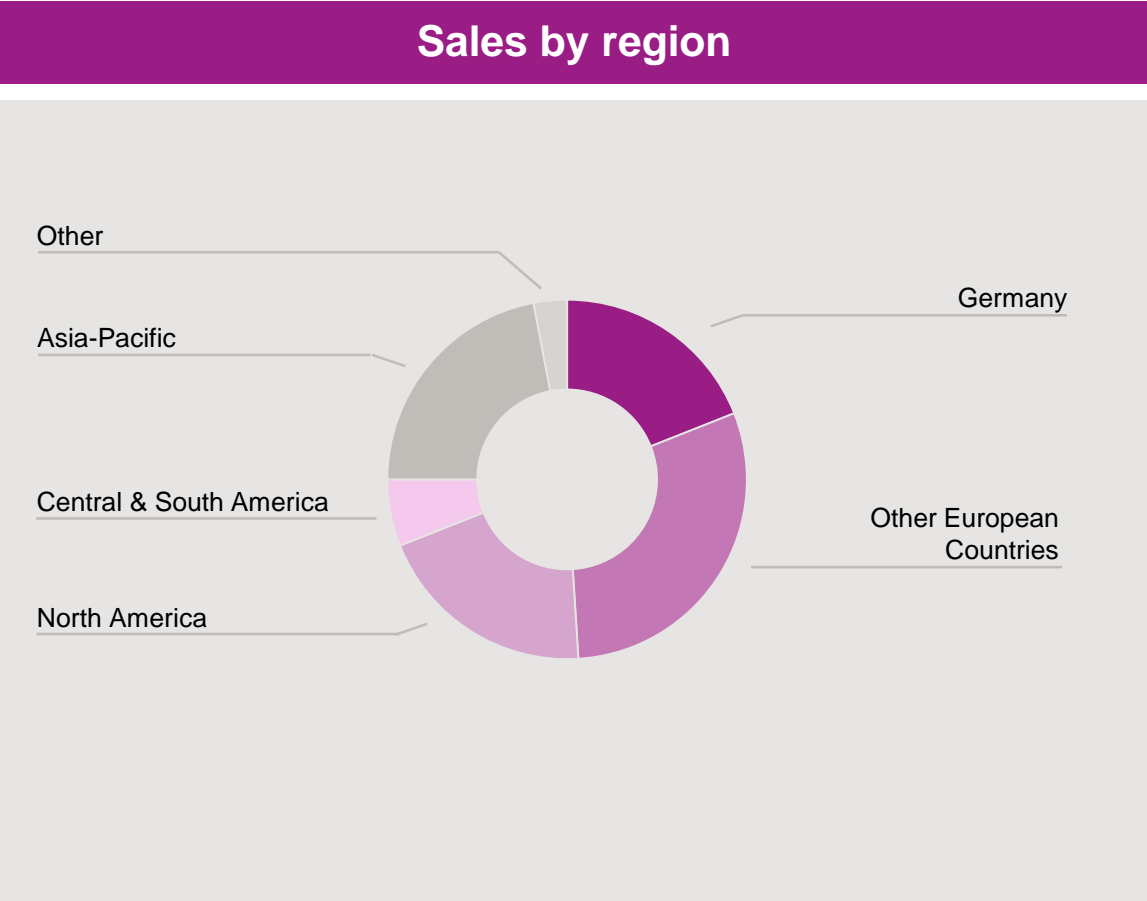


Sales
€3,245 m



Adj. EBITDA / Margin
€371 m / 11.4%

Balanced regional and end market split



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

Evonik management team with clear responsibilities

Executive Board

Group Strategy



Christian Kullmann

Chairman of the Executive Board

Chemistry & Innovation



Dr. Harald Schwager¹

Deputy Chairman of the Executive Board

Financials



Ute Wolf

Chief Financial Officer

HR



Thomas Wessel

Chief Human Resources Officer

Segment Management



Nutrition & Care
Dr. Reiner Beste



Resource Efficiency
Dr. Claus Rettig



Performance Materials
Johann-Caspar Gammelin

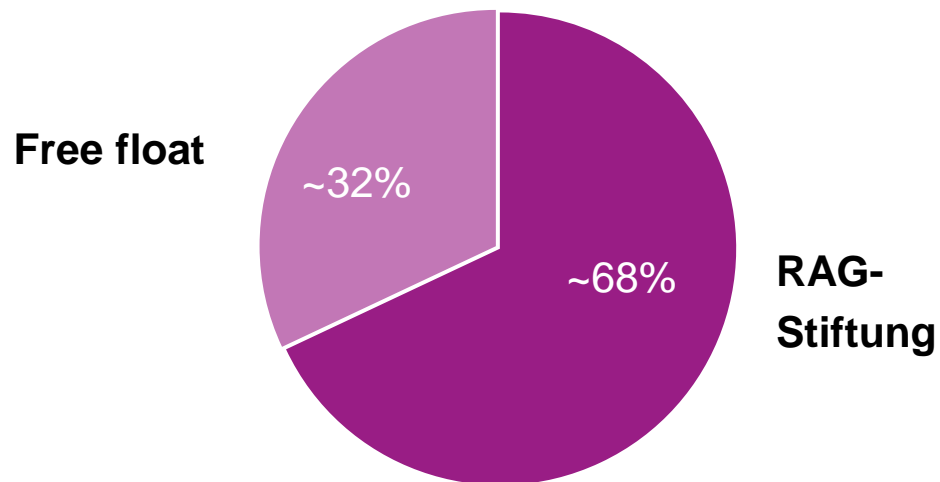


Services
Gregor Hetzke

1. Joining Evonik on September 1, 2017

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

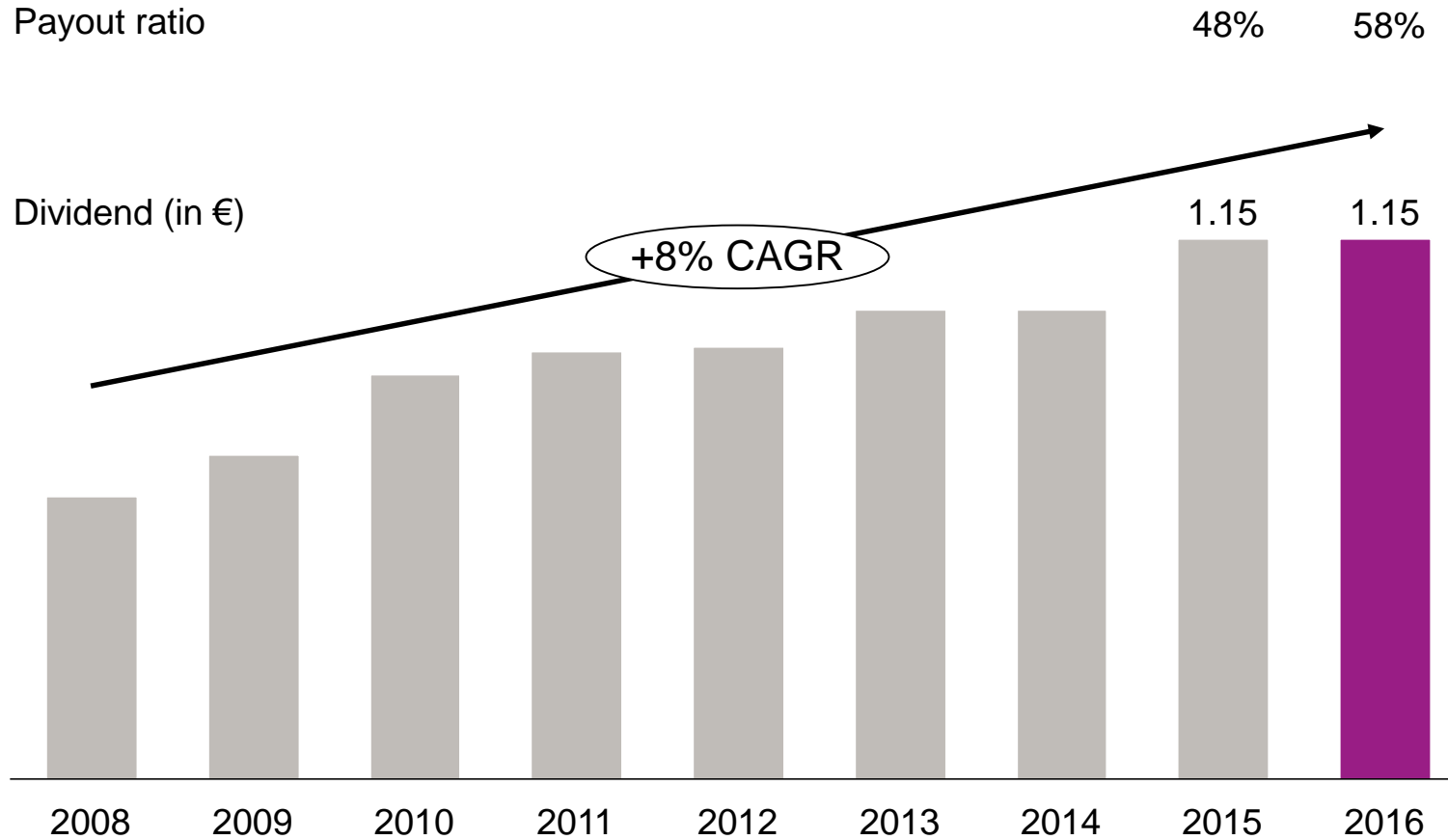
Ownership structure



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

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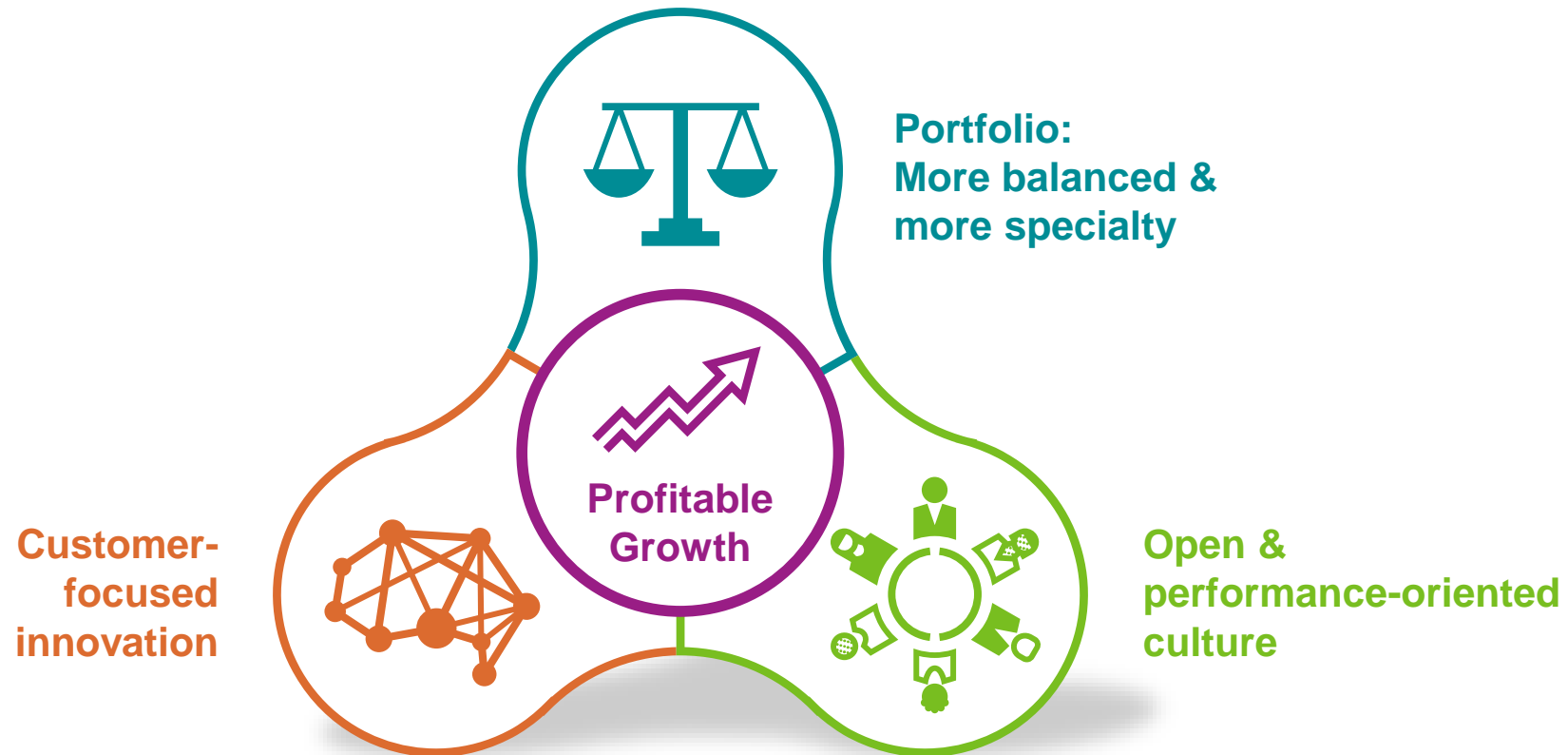
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Significant progress achieved over last 3 years



Building a best-in-class specialty chemicals company

Targeting excellence in three strategic focus areas

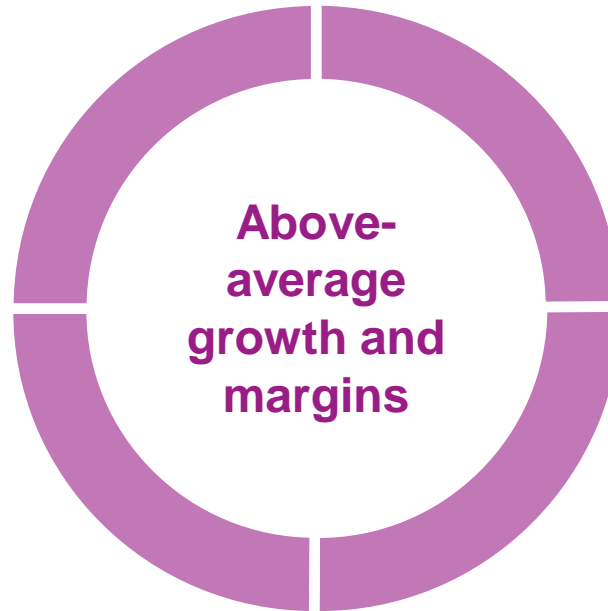


Portfolio strategy: „More balanced – more specialty“

Focus on businesses with specialty chemicals characteristics

Low cyclicalty;
low raw material dependency

High customer proximity



Customer-specific products
and services

Mission-critical solutions
enabling value-based pricing

Building on our strengths

Developing our growth segments and businesses

NUTRITION & CARE

€4.3 bn

Mature
businesses



Growth
businesses

RESOURCE EFFICIENCY

€4.5 bn

Mature
businesses



Growth
businesses

PERFORMANCE MATERIALS

€3.2 bn

Mature
businesses



- ✓ Meeting specialty chemicals characteristics
- ✓ Focus of capital allocation

Strategic growth focus

Four growth engines as drivers for profitable & balanced growth

Four
growth
engines

NUTRITION & CARE



Health & Care

RESOURCE EFFICIENCY



Smart Materials




Specialty Additives



Animal Nutrition

Four growth engines

Growth drivers and product examples

	Growth trends and drivers	Product examples	Market growth
 Specialty Additives “Small volume, big impact”	<ul style="list-style-type: none">▪ More sophisticated requirements on additive effects▪ Need for increased product performance and efficiency	Coating Additives PU-Additives Oil Additives	 5-6%
 Health & Care Preferred partner in Pharma and Cosmetics	<ul style="list-style-type: none">▪ Increasing health-awareness and lifestyle▪ Bio based products and environmentally-safe cosmetics	Pharma polymers Oleochemicals Advanced biotechnology	 5-6%
 Smart Materials Tailored functionalities for sustainable solutions	<ul style="list-style-type: none">▪ Trend towards resource efficiency in high demanding applications▪ Engineered materials and systems to fulfill high performance requirements	Rubber Silica & Silanes High Performance Polymers Membranes	 4-7%
 Animal Nutrition Comprehensive portfolio for more sustainable food chain	<ul style="list-style-type: none">▪ Sustainable nutrition▪ Improving food quality and safety	Amino acids Probiotics	 5-7%

Thorough review process of key drivers for value creation

Capital allocation

- Targeted investments for sustainable growth
- Value-adding acquisitions in defined growth areas
- Strategic portfolio review; review of qualification as best owner



Cost competitiveness

- Factor cost (over-) compensation as efficiency target for all businesses
- Focus on value-creating processes for our customers
- Best-in-class service & support functions drive competitiveness of operating segments
- Culture of clear cost responsibility and accountability

Targeted and disciplined M&A approach



Air Products
Performance Materials



Huber Silica



Dr. Straetmans

Purchase price

~ €3.5 bn

~ €600 m

~ €100 m

EBITDA margin

>20%

>20%

~20%

Market growth

~4-5%

~4-6%

~10%

Business

Highly attractive strategic fit, seamless integration into existing businesses

Disciplined expansion in high-growth & -margin businesses with excellent strategic fit

Leading Innovation

Ambitious targets, clear strategy and inspiring culture



Innovation Targets

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



Innovation Strategy

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



Innovation Culture

- Guiding principles of innovation (trust, openness, transparency)
- Focus on customer needs
- Fostering entrepreneurship and deal with setbacks

Leading Innovation

Innovation: Our goals

R&D rate

3 % on Group level;
4-6 % in growth engines



Evonik growth fields

€1 billion additional turnover
by 2025

Products/applications younger than five years

16 percent share of overall sales
(medium term)

Corporate culture drives performance

Business focus

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



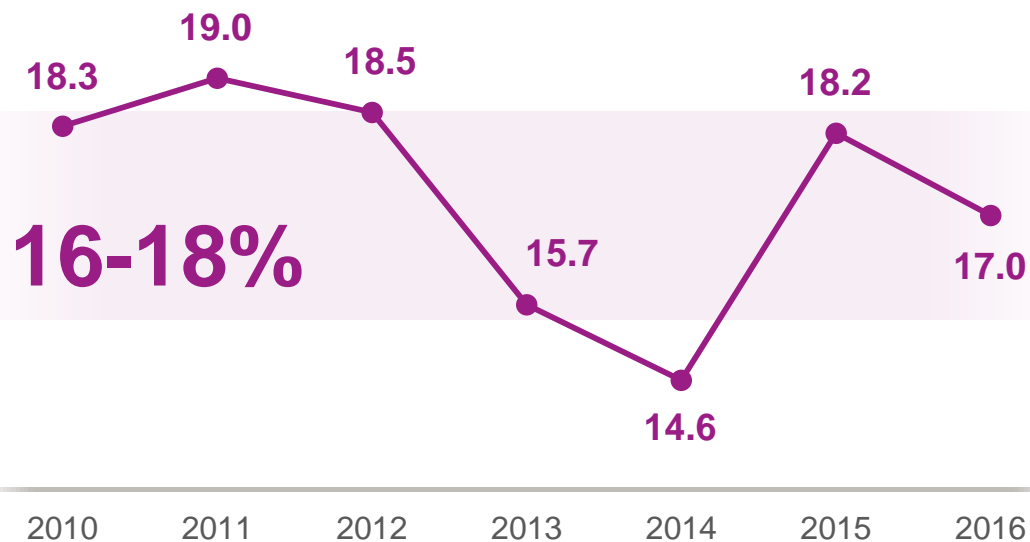
Best-in-class team

- We build on **openness, trust** and **respect**
- We assign **responsibility** and demand **accountability**
- We **reward performance**
- We continuously work on developing an **international mindset** as part of our **diversity strategy**
- We grow our **own leaders**

Strategic agenda reflected in ambitious financial targets

Structurally lifting EBITDA margin and driving balanced growth

Historic margin range (in %)



Targets going forward (over the cycle)

Structurally lift EBITDA margin into sustainably higher range of **18-20%**

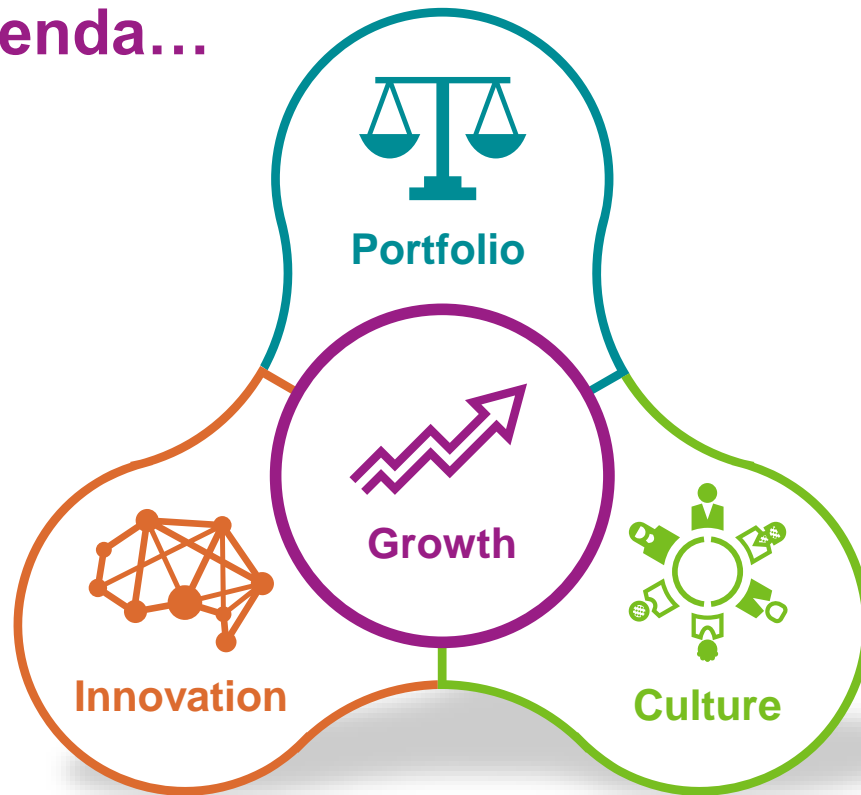
Above-average volume growth **GDP+**

- ROCE above cost of capital
- Sustainable FCF generation
- Reliable and sustainably growing dividend
- Solid investment grade rating

Summary

Building a best-in-class specialty chemicals company

Executing our
strategic agenda...



... for structural uplift
in profitability & growth

18-20%

EBITDA margin

GDP+

volume growth

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Highlights Q1 2017

Good start into the year

Volume growth

+8 %

Strong volume growth across all three chemical segments, with the two growth segments standing out

Prices almost stable on group level

Adj. EBITDA

€612 m

Strong earnings growth in Resource Efficiency (+22%) driven by both underlying business and Air Products specialty additives contribution

Strong momentum in Performance Materials (+148%)

Free cash flow

€57 m

Positive free cash flow, slightly below strong prior-year level

Outlook confirmed

€2.2-2.4 bn

Fully on track to reach guidance

Consistent strategy execution

Breakthrough innovation and targeted M&A

Breakthrough innovation

- **JV for omega-3 fatty acids from natural marine algae**
- Breakthrough to reduce impact on ocean resources
- JV to invest US\$ 200 m into commercial-scale production facility in the United States



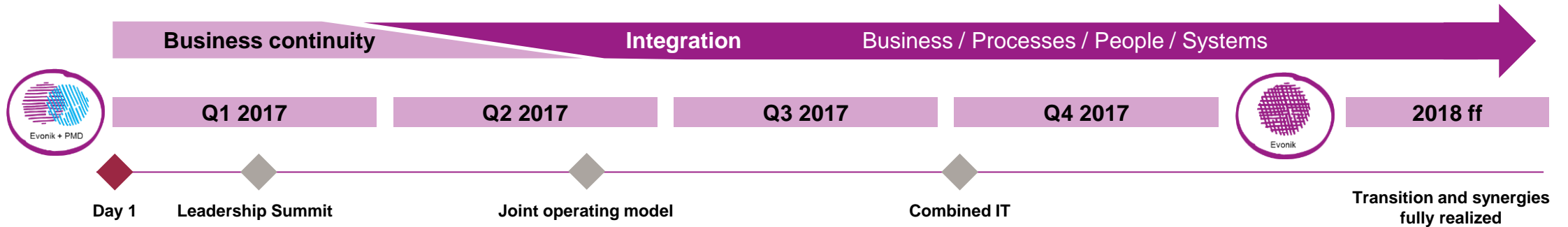
Targeted M&A

- **Acquisition of Dr. Straetmans:**
Specialist in alternative cosmetic preservation systems
- Expanding position as one of the leading partners to the cosmetics industry
- Allowing offering of complete formulation solutions



Swift and smooth integration process of Air Products specialty additives

Integration activities focus on joint operating model and systematic transition



Status

- Joint leadership summit to accelerate successful integration
- Combined market presence and joint business strategy
- Integration activities follow “best-of-both worlds” approach

Outlook

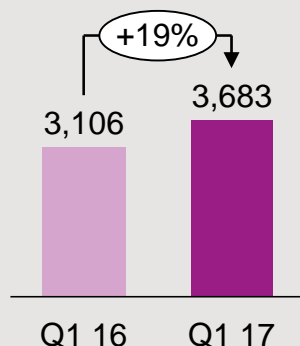
- Execution of synergies and quick wins
- Combined IT technology landscape established in Q3
- Uniform processes and single organization structure in the course of Q4

+ 6% sales growth of Air Products specialty additives in Q1 (yoy) – good start following well-prepared integration

Financial highlights Q1 2017

Strong volume growth and sequentially further improving price trend

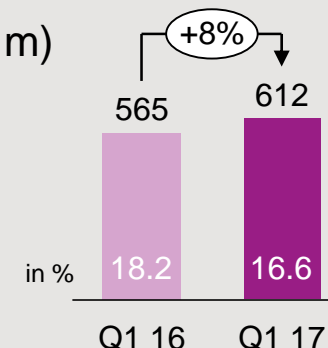
Sales
(in € m)



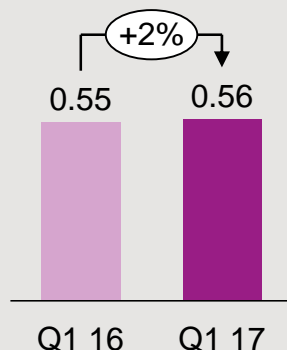
Q1 16 vs. Q1 17

Volume		Price	
+8%	↗	-1%	↘
FX		Other ¹	
+2%	↗	+10%	↗

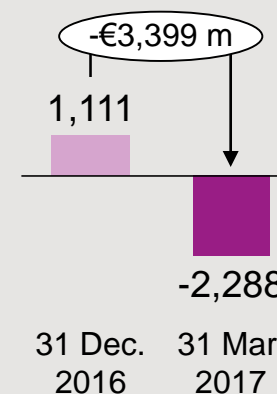
Adj. EBITDA (in € m)
/ margin (in %)



Adj. EPS
(in €)



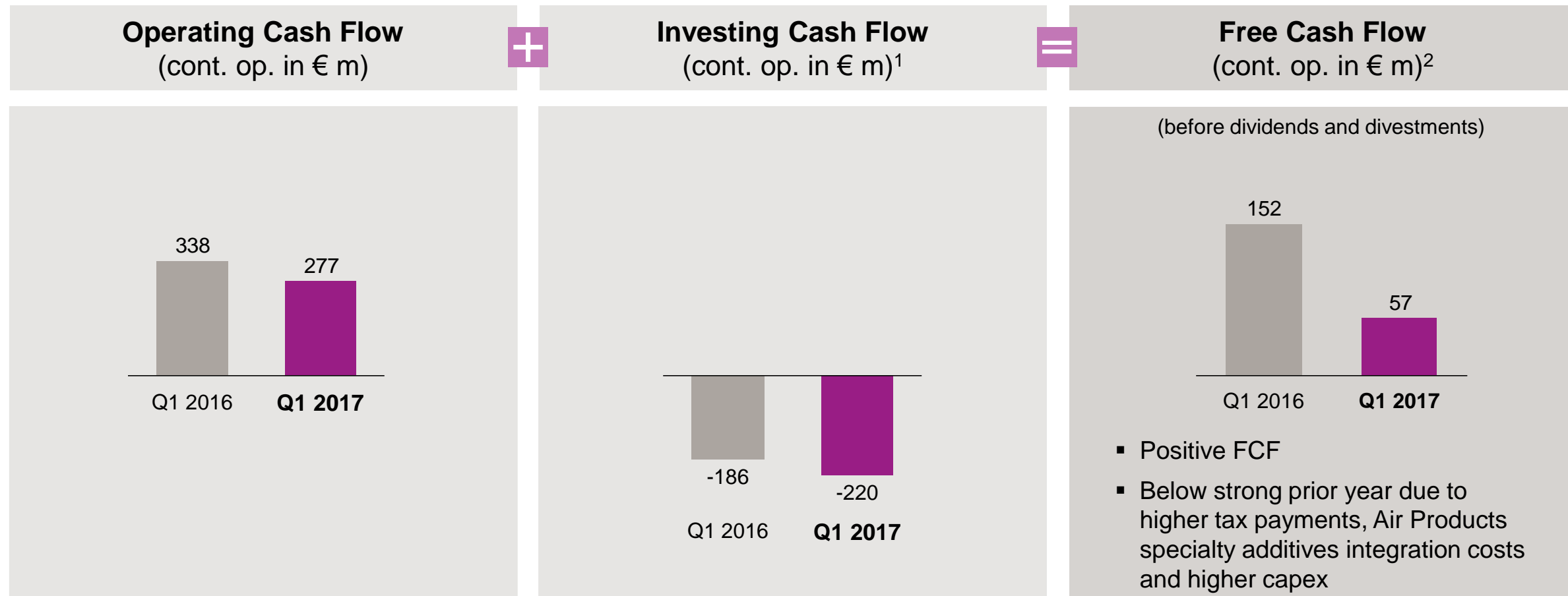
Net financial
position
(in € m)



1. Mix of portfolio effects (Air Products specialty additives, 8%) and others

Free Cash Flow Q1 2017

Positive free cash flow below strong prior-year level



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

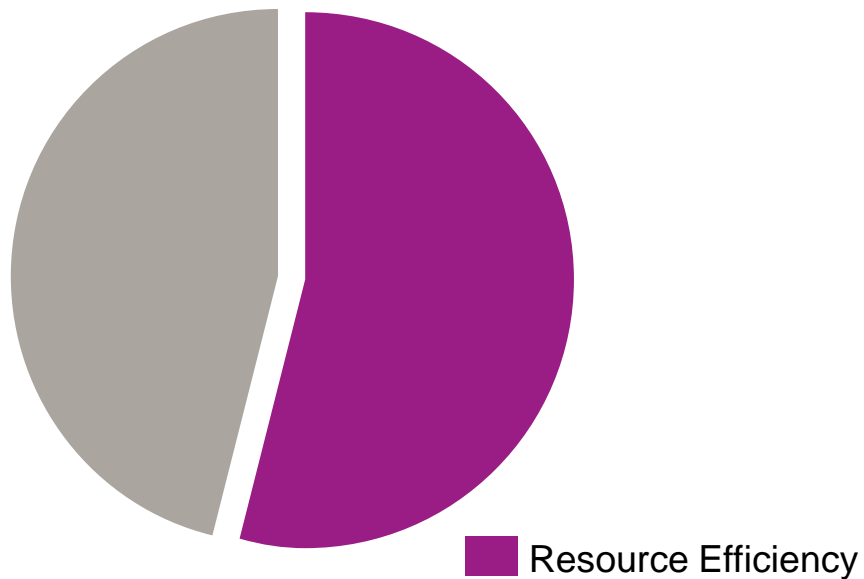
Resource Efficiency

Evonik's major earnings contributor

More than half of Group earnings in RE ...

... as high-value specialty chemicals business

Q1 2017 adj. EBITDA share



Resilient:

- Diversified end markets and businesses

Strong growth:

- Consistent volume and earnings growth

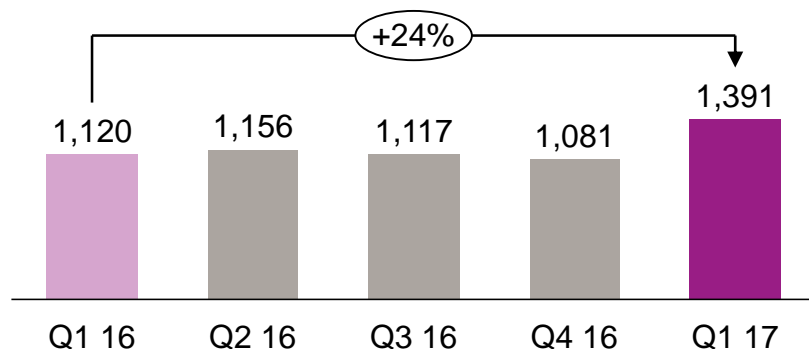
Attractive margin:

- Well above 20% with hardly any volatility

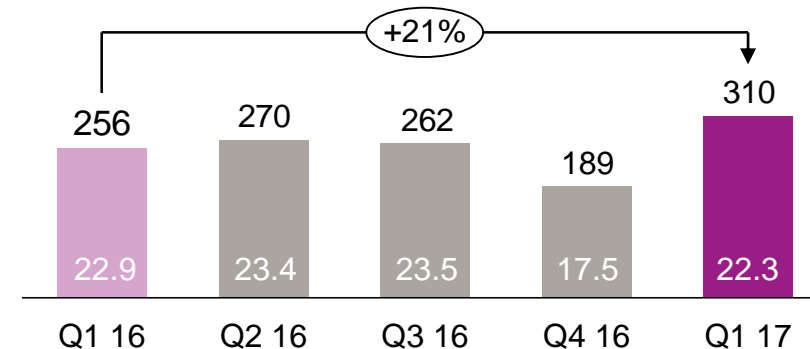
Resource Efficiency

Strong volume growth and consistently high margins

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q1 17 vs. Q1 16	Volume	Price	FX	Other
	+9% ↗	-1% ↘	+2% ↗	+14% ¹ ↗



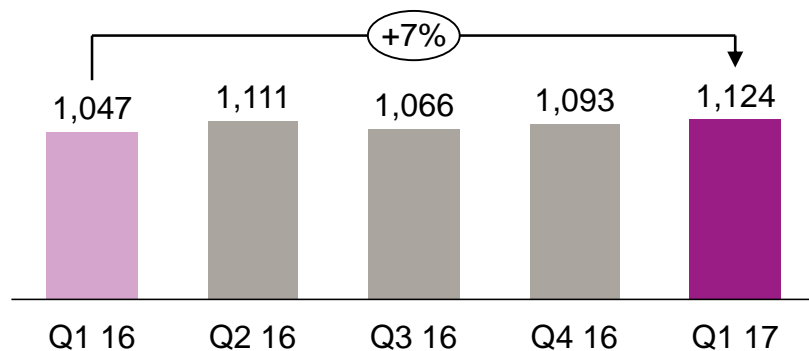
1. Mix of portfolio effects (Air Products specialty additives, 12%) and others
APD: Air Products specialty additives

- Strong volumes across virtually all businesses; prices impacted by product mix effects
- Earnings growth in underlying business (ex APD), driven by High Performance Polymers, Silica and Coating businesses; more than compensating Crosslinkers
- Additional contribution from APD businesses with good start after well-prepared integration
- Good business momentum expected to continue into Q2; negative raw material impact slightly more pronounced than in Q1

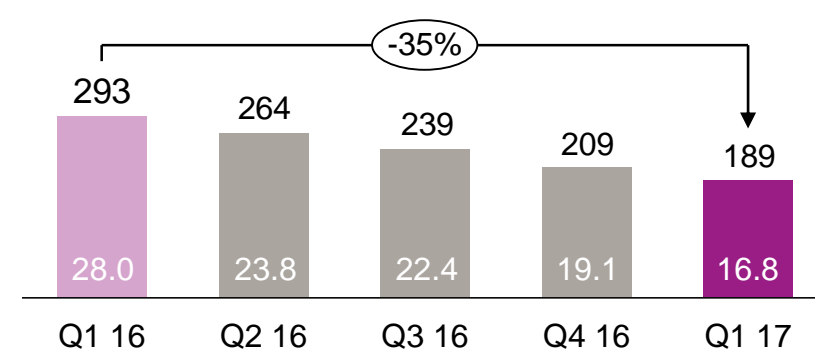
Nutrition & Care

Strong volume growth, earnings impacted by lower price level

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q1 17 vs. Q1 16	Volume	Price	FX	Other
	+10% ↗	-18% ↘	+4% ↗	+11% ¹ ↗



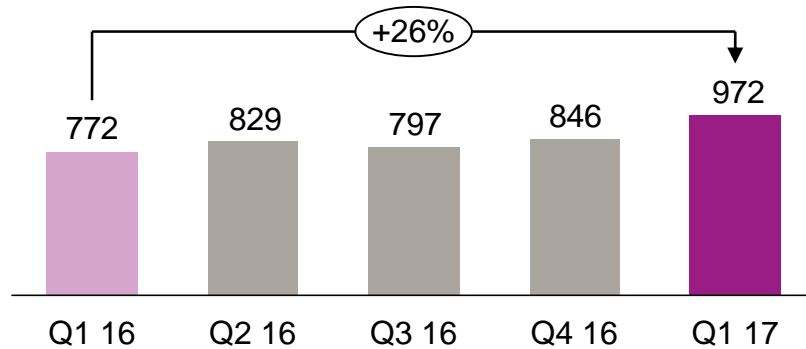
- Health Care starting strong into 2017, considerable volume and earnings growth
- Comfort & Insulation with continued solid performance; further strengthened by Air Products specialty additives acquisition
- Methionine with strong volume pickup after Chinese New Year; sequentially lower prices broadly in line with FY assumption
- Going into Q2, at least stable earnings expected for N&C

1. Mix of portfolio effects (Air Products specialty additives, 11%) and others

Performance Materials

Strong start into 2017 driven by MMA and C4 businesses

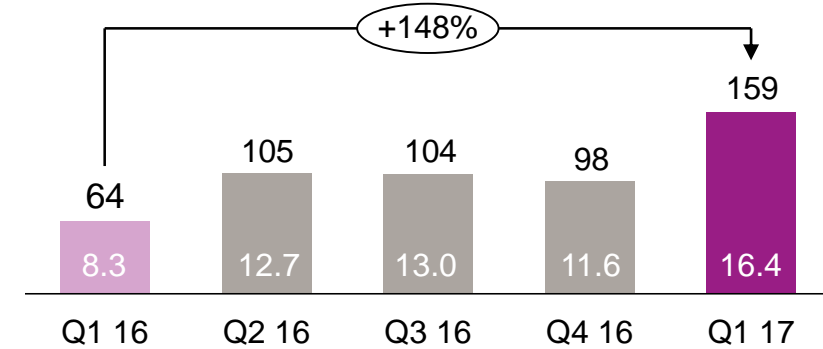
Sales (in € m)



Q1 17 vs. Q1 16	Volume	Price	FX	Other
	+4%	+20%	+2%	+/-0%
	↗	↗	↗	→



Adj. EBITDA (in € m) / margin (in %)



- MMA/PMMA business with excellent performance as good demand from Auto, Coatings and Construction continues. Persistent tight supply supported by plant outages (US & Europe)
- C4 chain benefits from healthy demand, especially Butadiene with tight supply in Europe
- Another strong quarter expected for Q2, tight markets expected to normalize in the course of H2

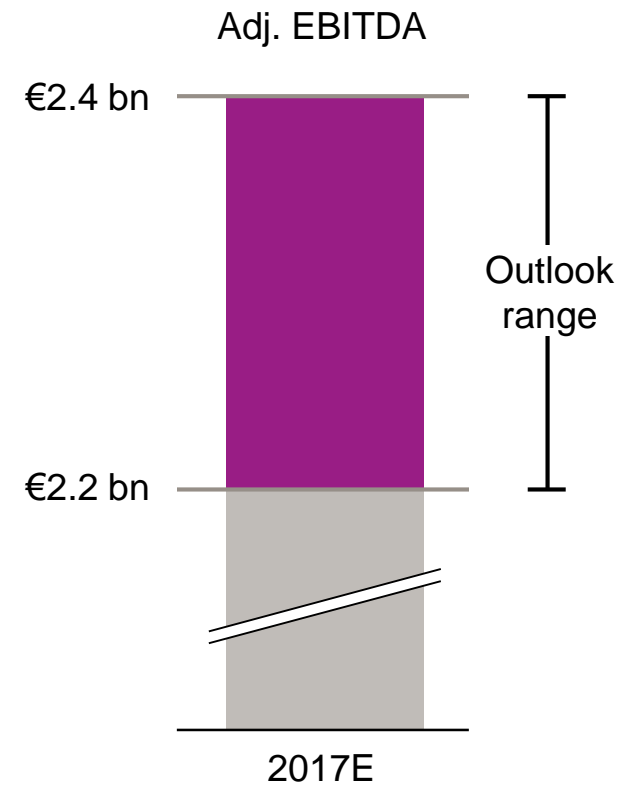
Targeting earnings growth for FY 2017

Outlook for 2017 confirmed

Outlook 2017

Higher sales
(2016: €12.7 bn)

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



Segment outlook FY 2017

(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

Indication for Q2

- Q2 earnings sequentially at least stable

Resource Efficiency

Considerably higher EBITDA

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

Indication for Q2

- Good business momentum expected to continue into Q2, negative raw material impact slightly more pronounced vs. Q1

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

Indication for Q2

- Another strong quarter expected for Q2

Additional indications for 2017 – excluding Huber Silica

- 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 **~€840 m** (previously: €800 m; increase due to finalized PPA, mainly related to Intangible Assets) (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

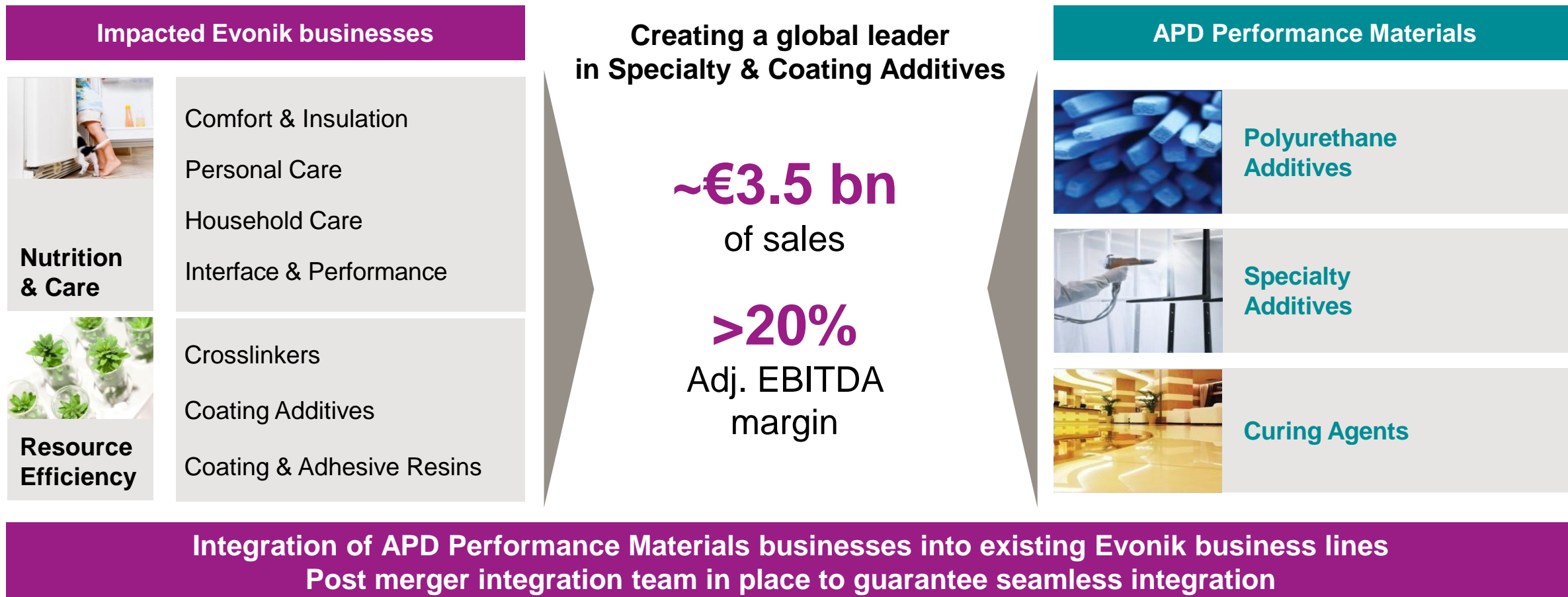
POWER TO CREATE

Appendix

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

Acquisition of Air Products (APD) Performance Materials activities

Creating a global leader in Specialty & Coating Additives

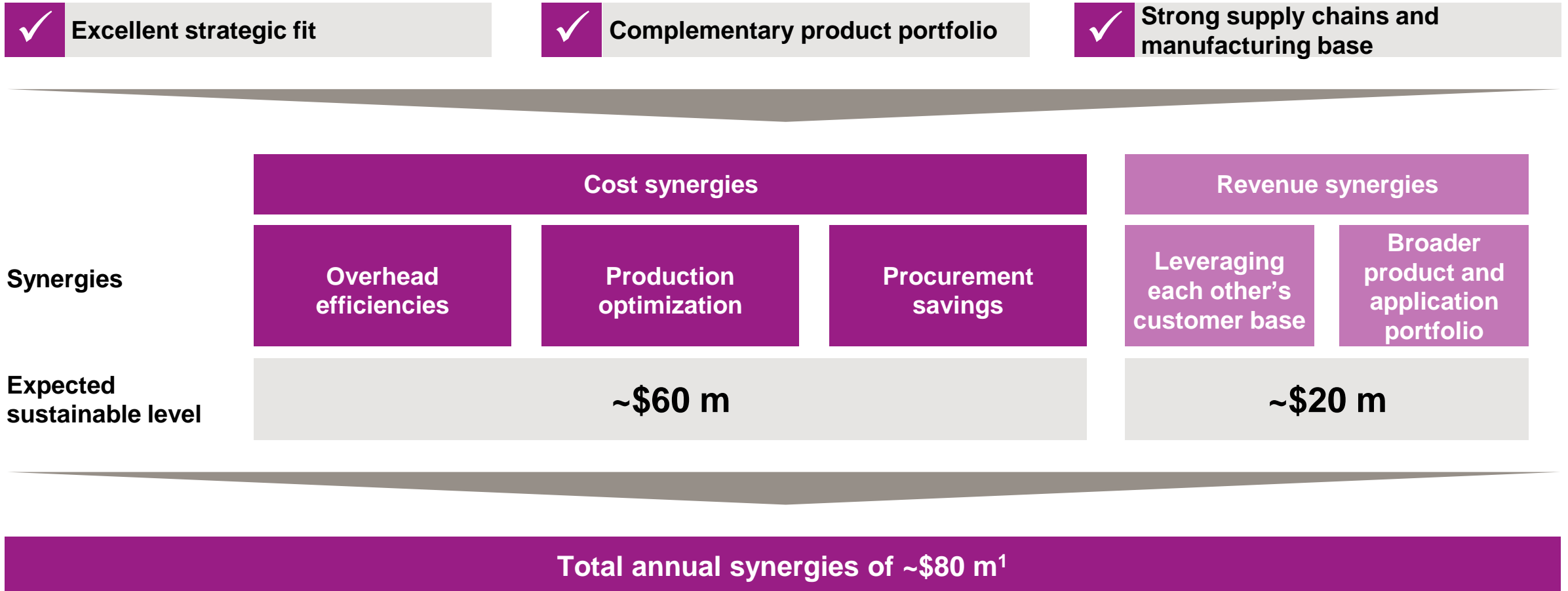


Excellent complementary fit of Evonik and Air Products specialty additives businesses

Evonik	Target industries	APD Performance Materials
<ul style="list-style-type: none"> PU foam stabilizers 	 <p>High value additives for PU foam</p>	<ul style="list-style-type: none"> PU foam catalysts
<ul style="list-style-type: none"> Isophorone-based crosslinkers Coating additives and adhesives resins 	 <p>Additives/Ingredients for Coatings & Adhesives</p>	<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 	 <p>Specialty surfactants for Industrial & Institutional Cleaning</p>	<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

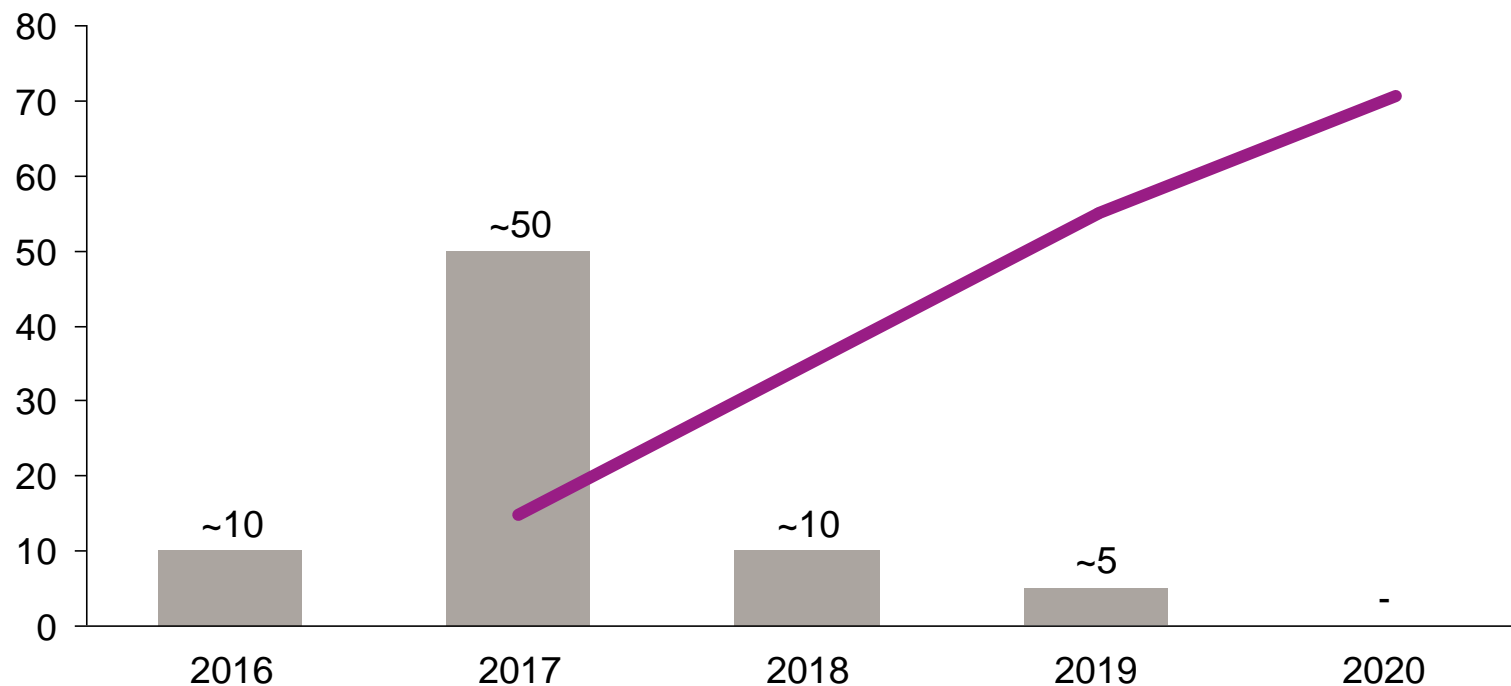


1. Based on current assumptions and market conditions; ramp-up period of 3-4 years with cumulative implementation costs of ~\$80 m

Synergy ramp-up on track for combined businesses

Implementation schedule of Air Products specialty additives acquisition

(in € m) — Annual synergies ■ One-time costs



Total

~ €70 m p.a.
(USD80 m)

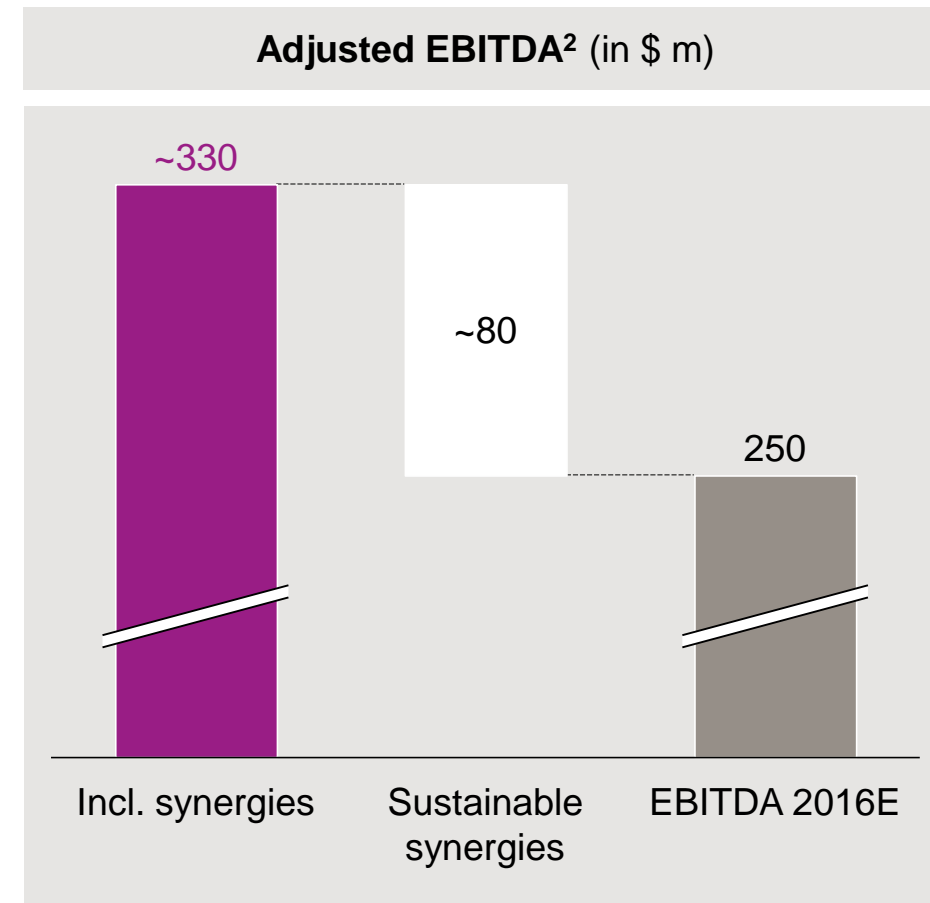
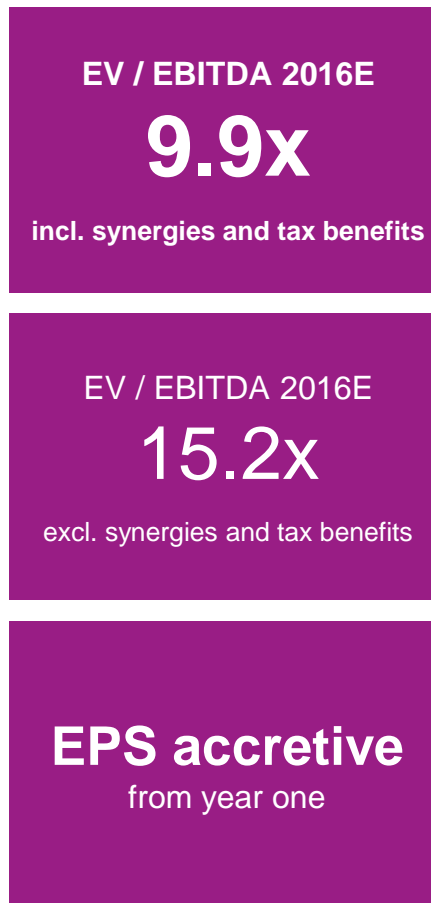
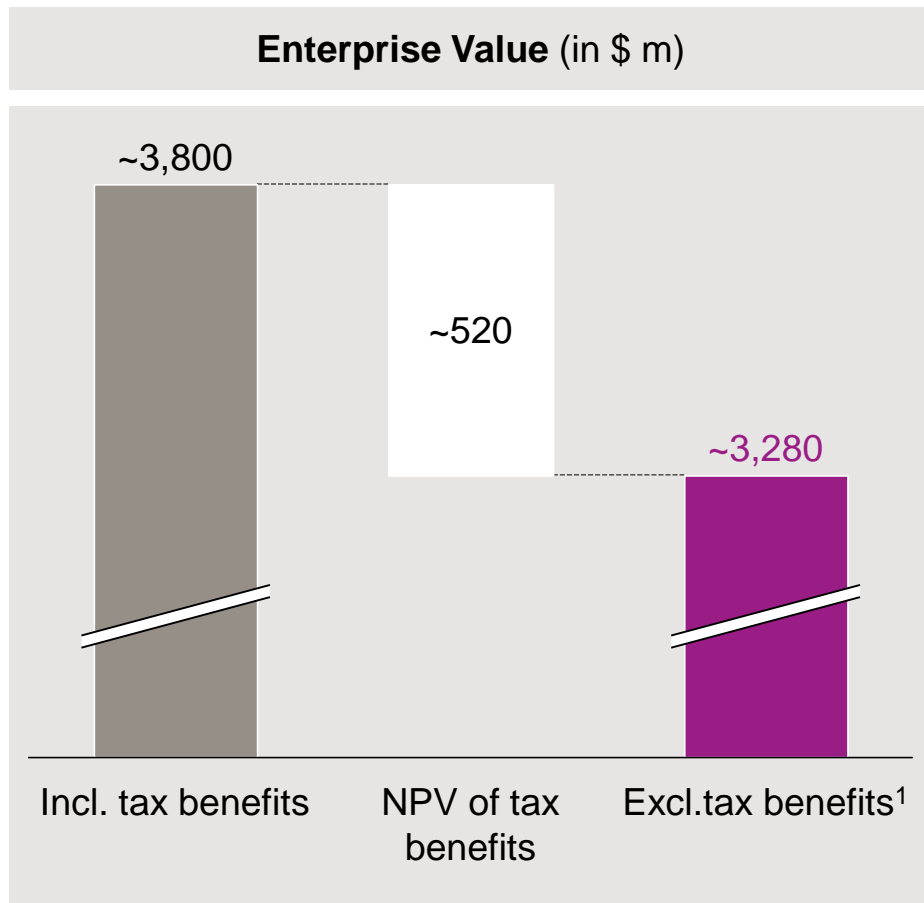
Annual synergies

~ €75 m

One-time integration
costs¹

1. Excluding transaction-related costs

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

1. Acquisition of Air Products specialty additives business
- 2. Acquisition of Huber Silica**
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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:

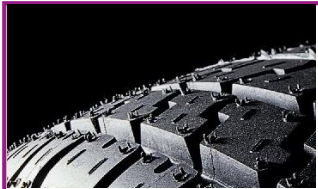
\$44 m

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


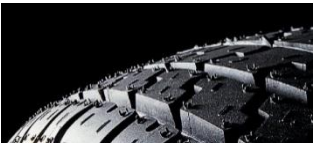




Excellent fit due to complementary applications and portfolio strengths

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

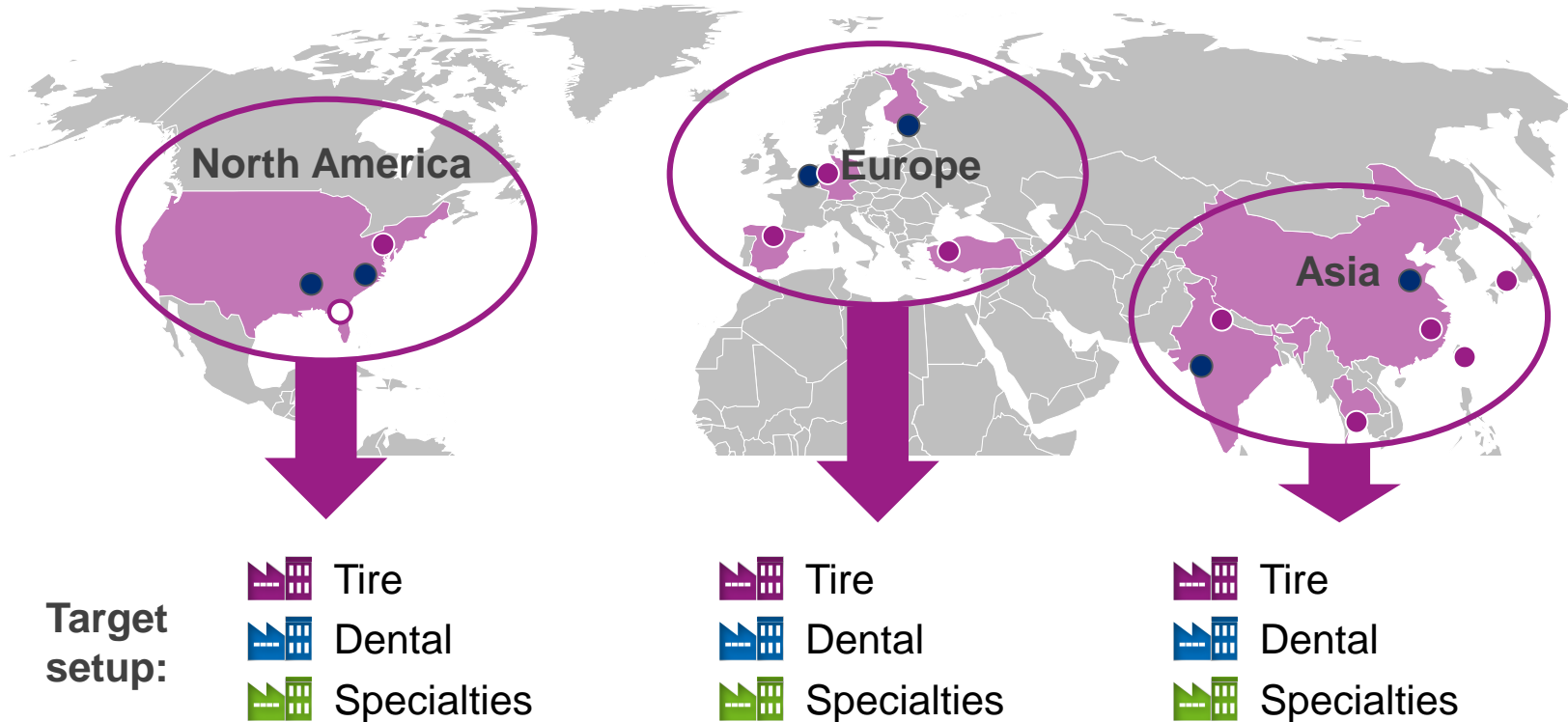
Resource Efficiency and Convenience as major growth drivers

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

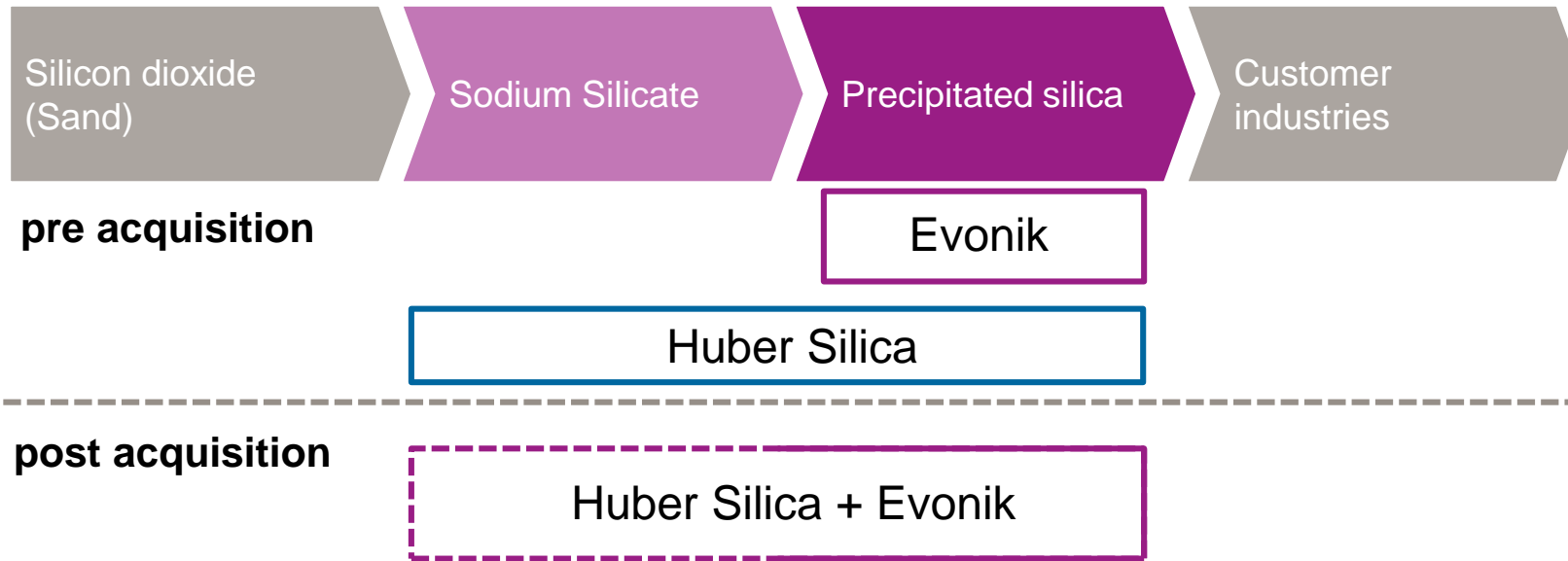
New setup after integration:

- 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



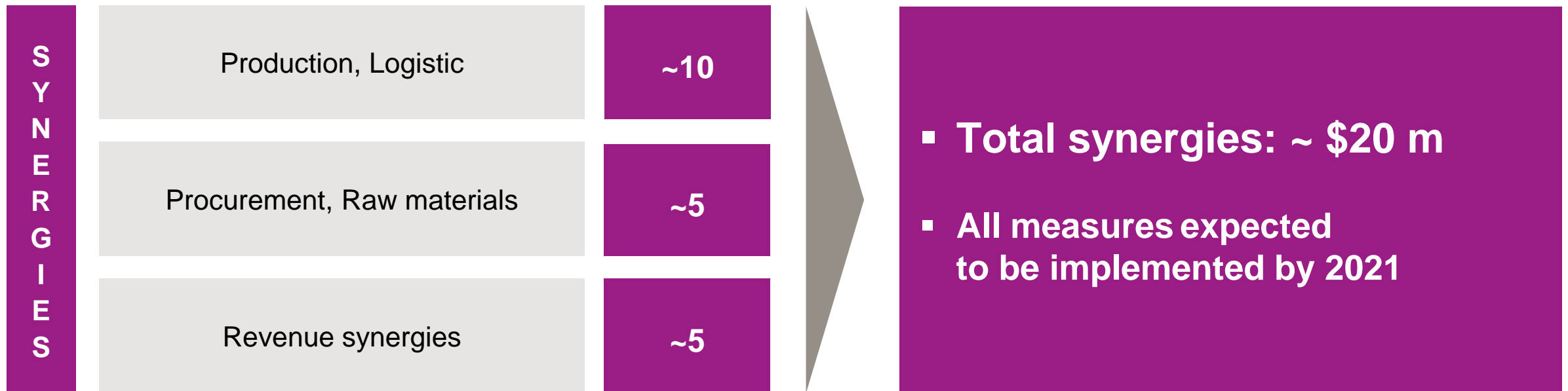
Excellent strategic fit



Complementary product portfolio

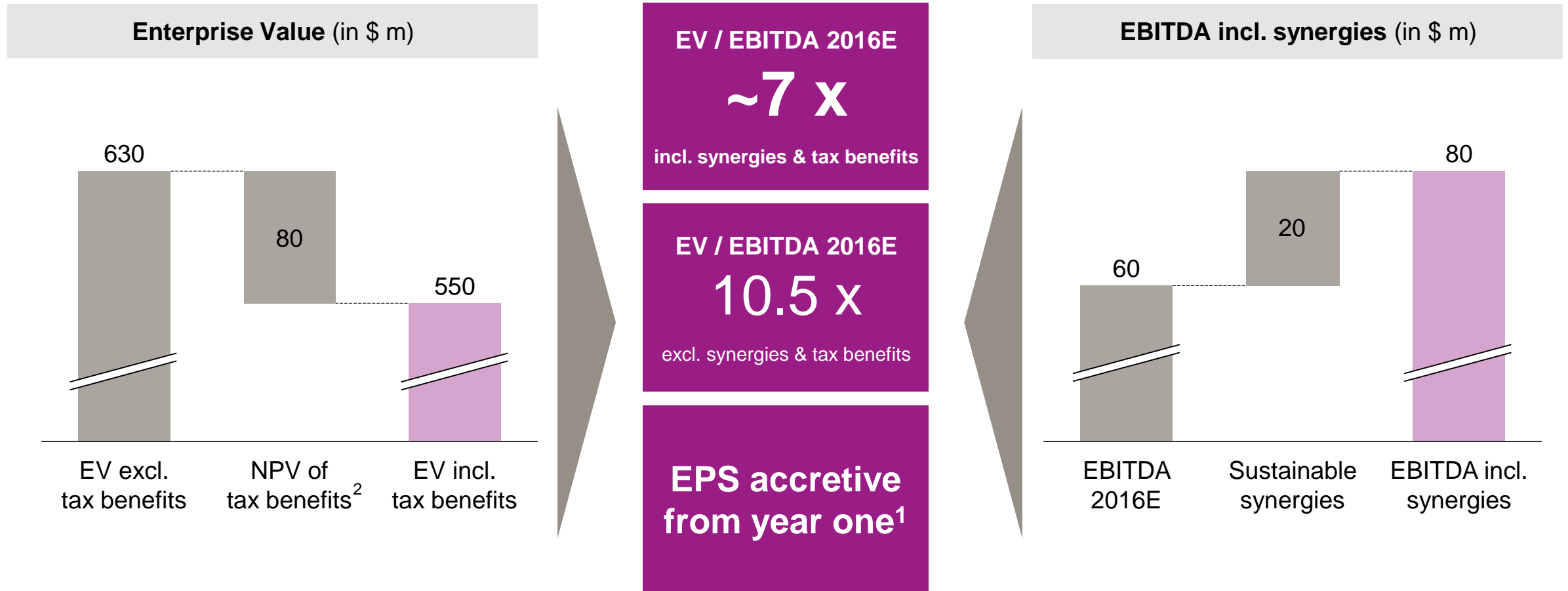


Strong supply chains and manufacturing base



Integration costs of ~ €30 m expected

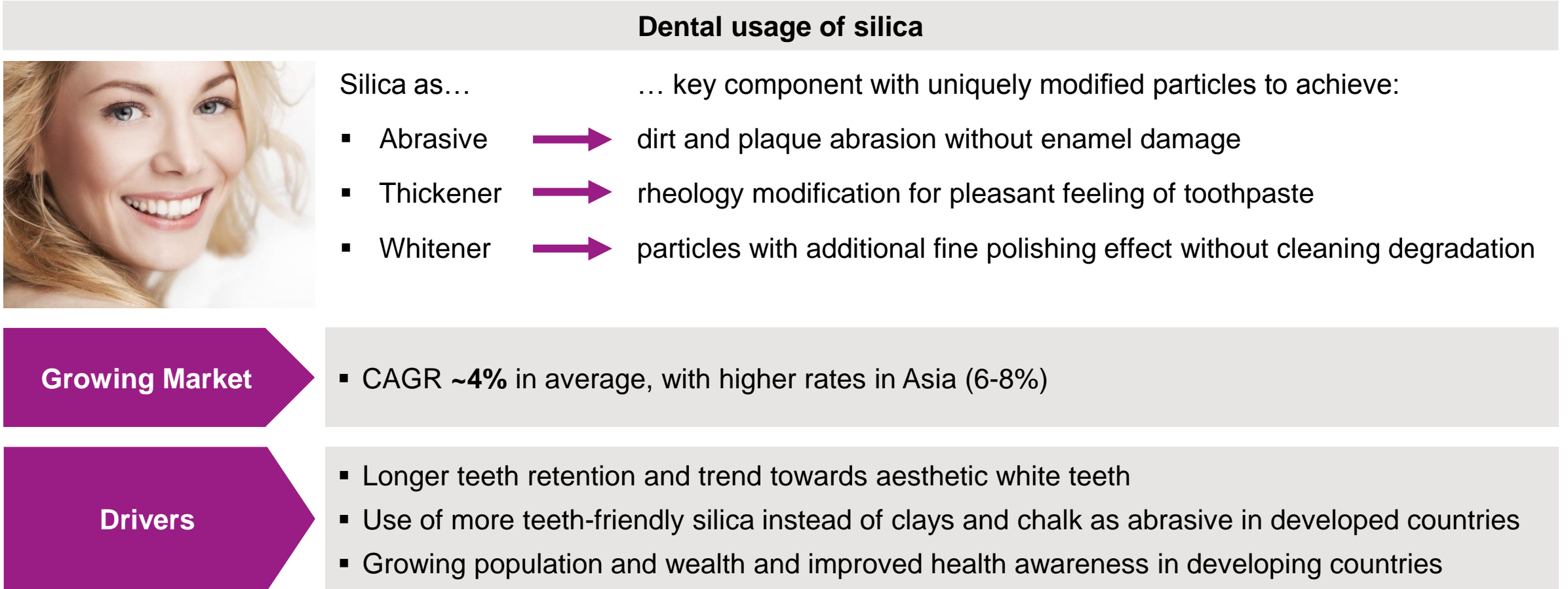
Synergies and position as strategic buyer leading to attractive valuation



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



Appendix

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

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

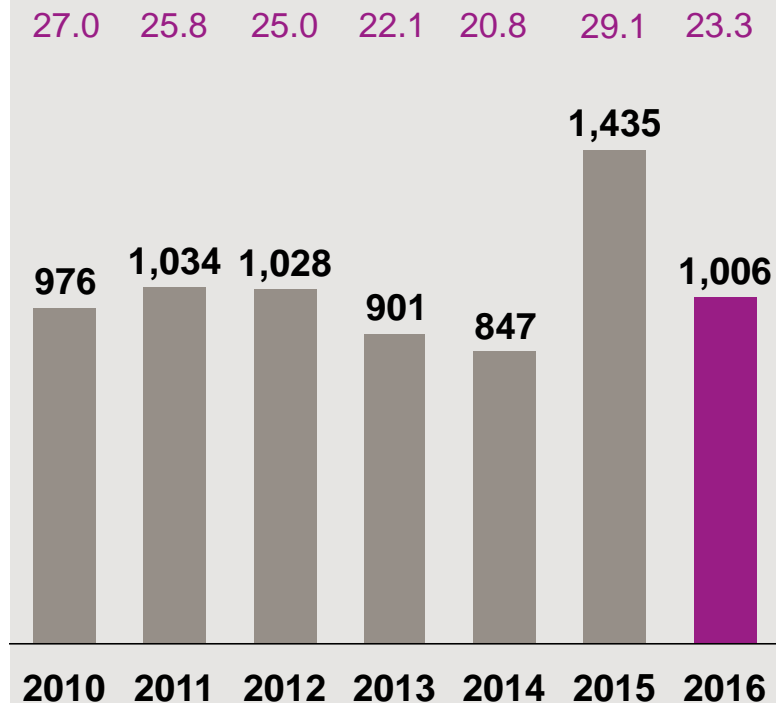
- High degree of **customer intimacy and market know-how**
- Enabling our customers to deliver **differentiating solutions** in their markets
- **Excellent technology platforms**
- **Sustainability** as major growth driver

Key products

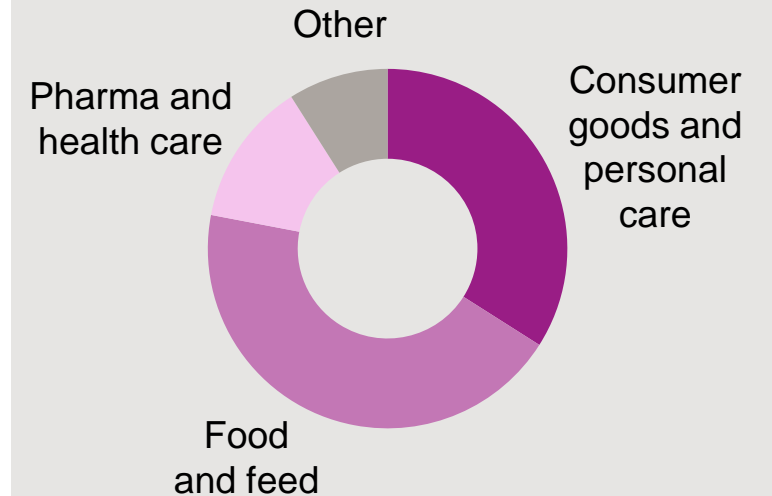
- Amino acids for professional animal nutrition
- Ingredients for cosmetic products
- Superabsorbents for baby diapers
- Drug delivery systems for controlled drug release



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"> ▪ # 3-4 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

Putting Methionine into perspective

Important product for Evonik, but not the core of our investment case

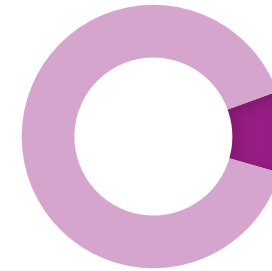
Leading position in Methionine with ...

- Global market and technology leader
- Well-invested global asset setup
- Customer proximity through direct sales presence in more than 120 countries
- Differentiation in new markets and animal species

... lowered dependency

Evonik
Sales 2017

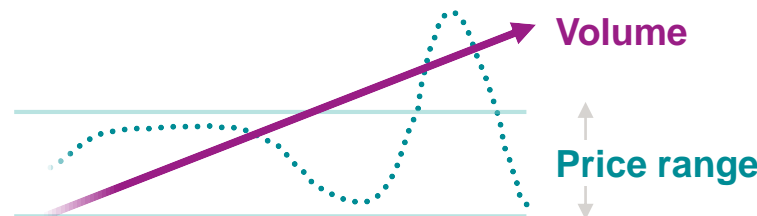
Rest of
Evonik
portfolio



Methionine:
~10% of sales;
earnings share not very different

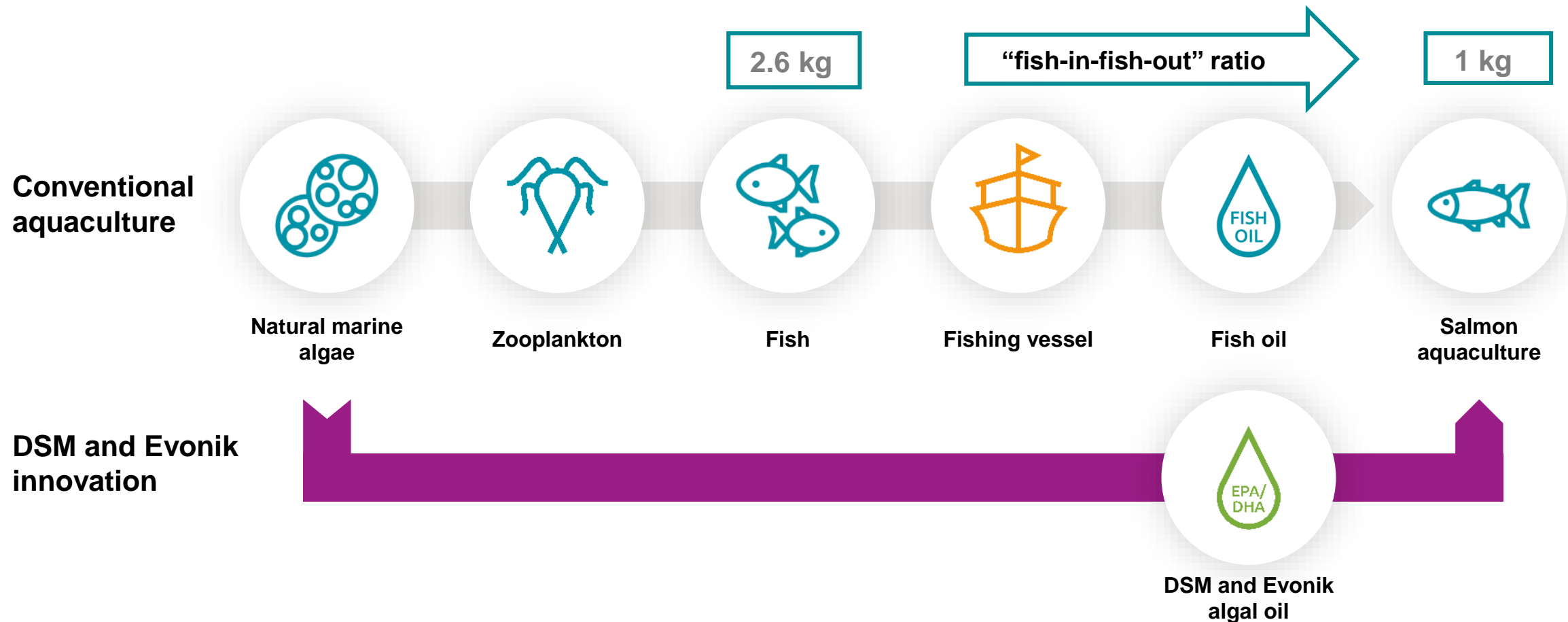
... and attractive perspective

Historic development over last decade



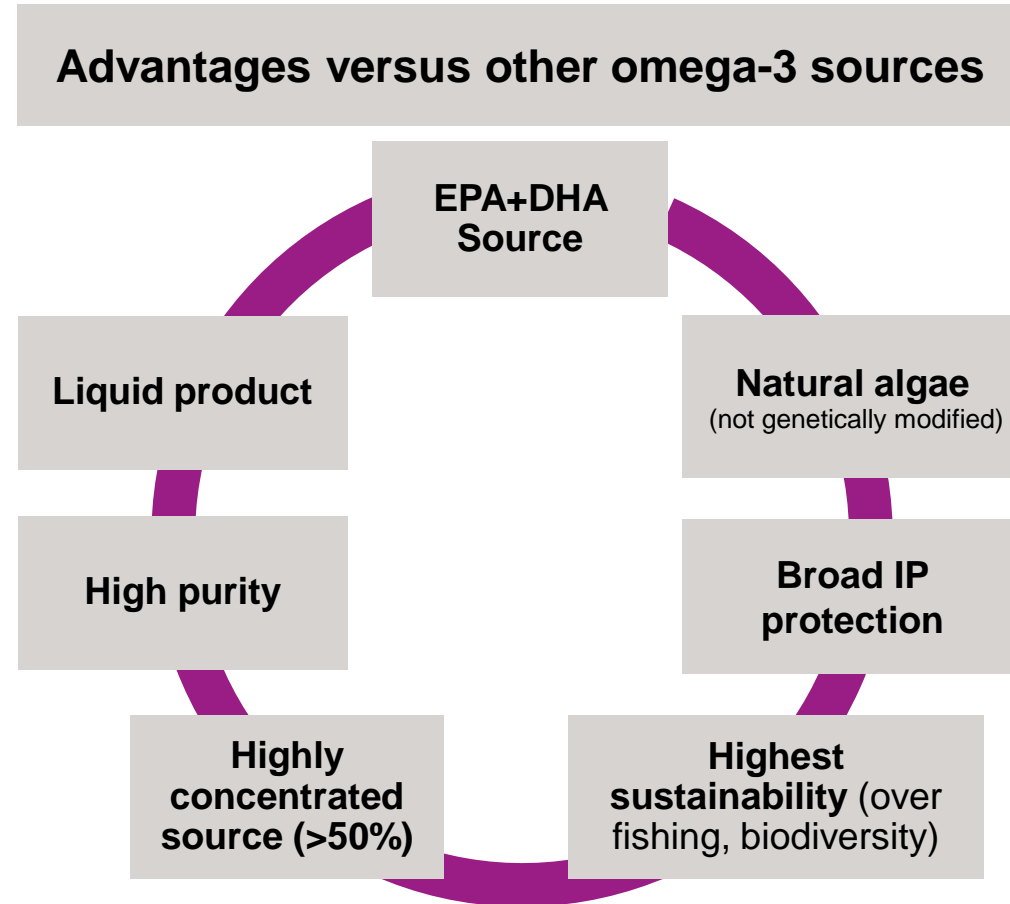
- Steady & resilient volume growth of 6% over last decade – set to continue
- Certain price fluctuation will remain – but 2015 was clear outlier in volatility (prices historically fluctuated in corridor of +/-10%)

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

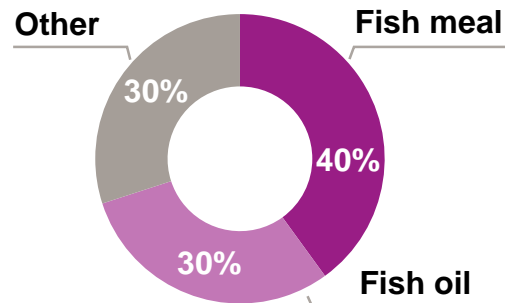


Evonik offers key components for the development of sustainable aquacultures

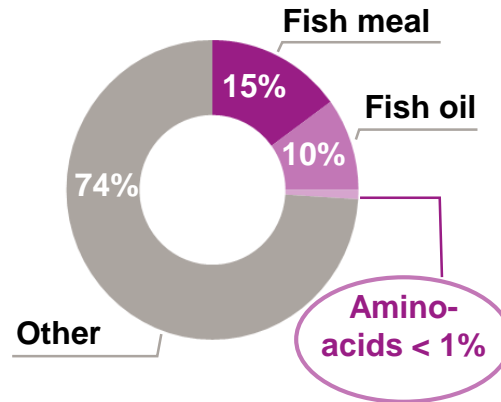
Start of evolution towards sustainable salmon diet

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

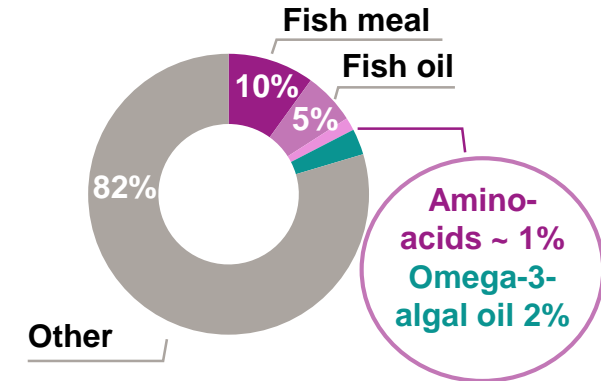
Traditional diet



More sustainable diet enabled by amino acids



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



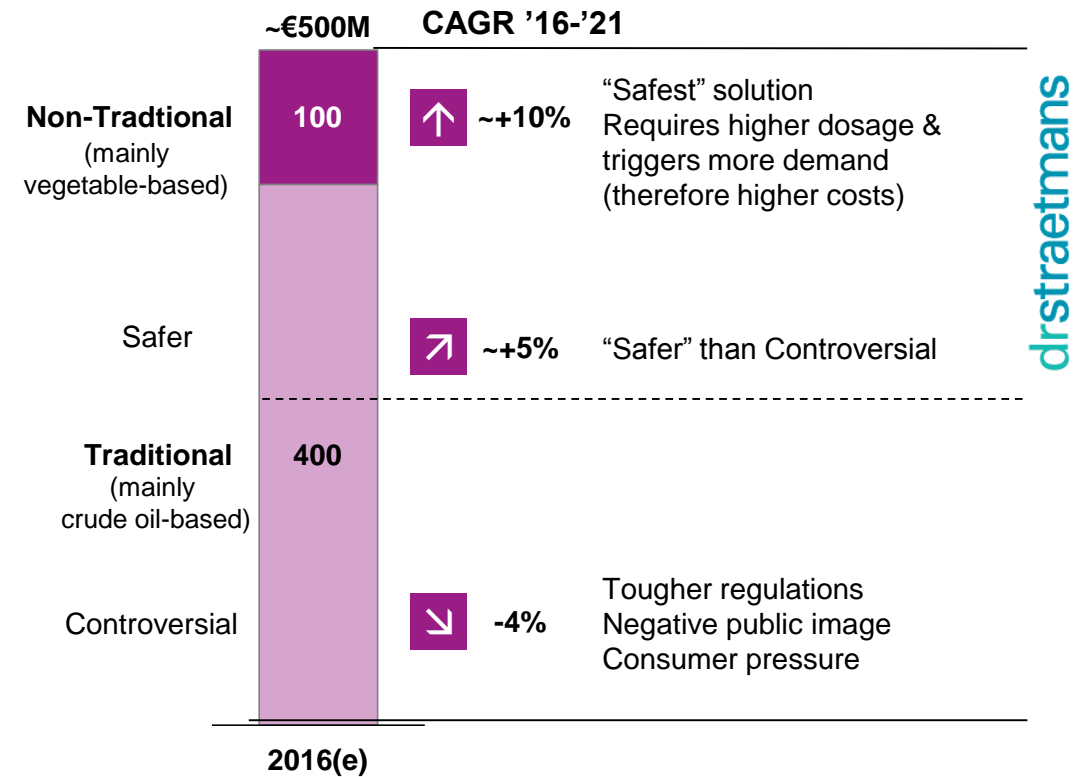
Acquisition of Dr. Straetmans

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

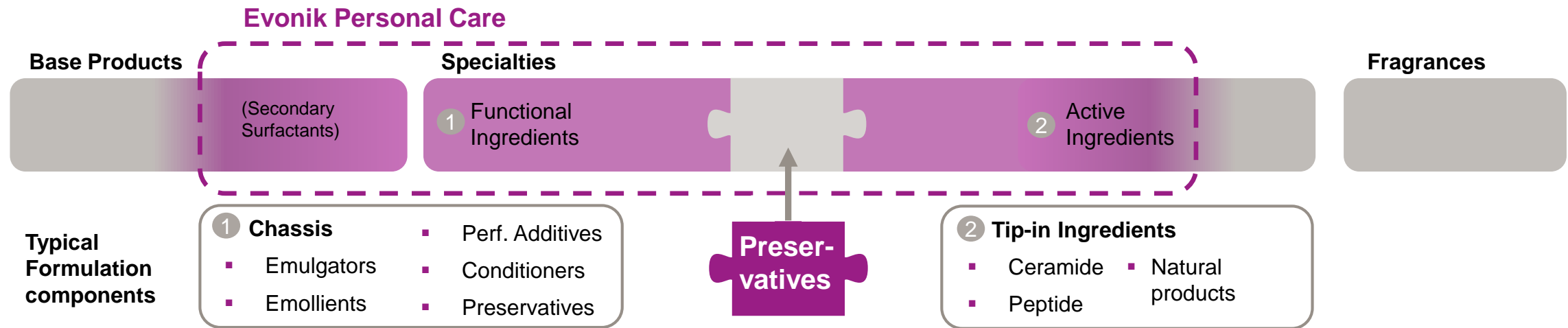
Market shift to high-growth non-traditional preservatives



Source: Expert interviews, Advancy analysis

Acquisition of Dr. Straetmans

Helping Evonik Personal Care to become a wide technology player

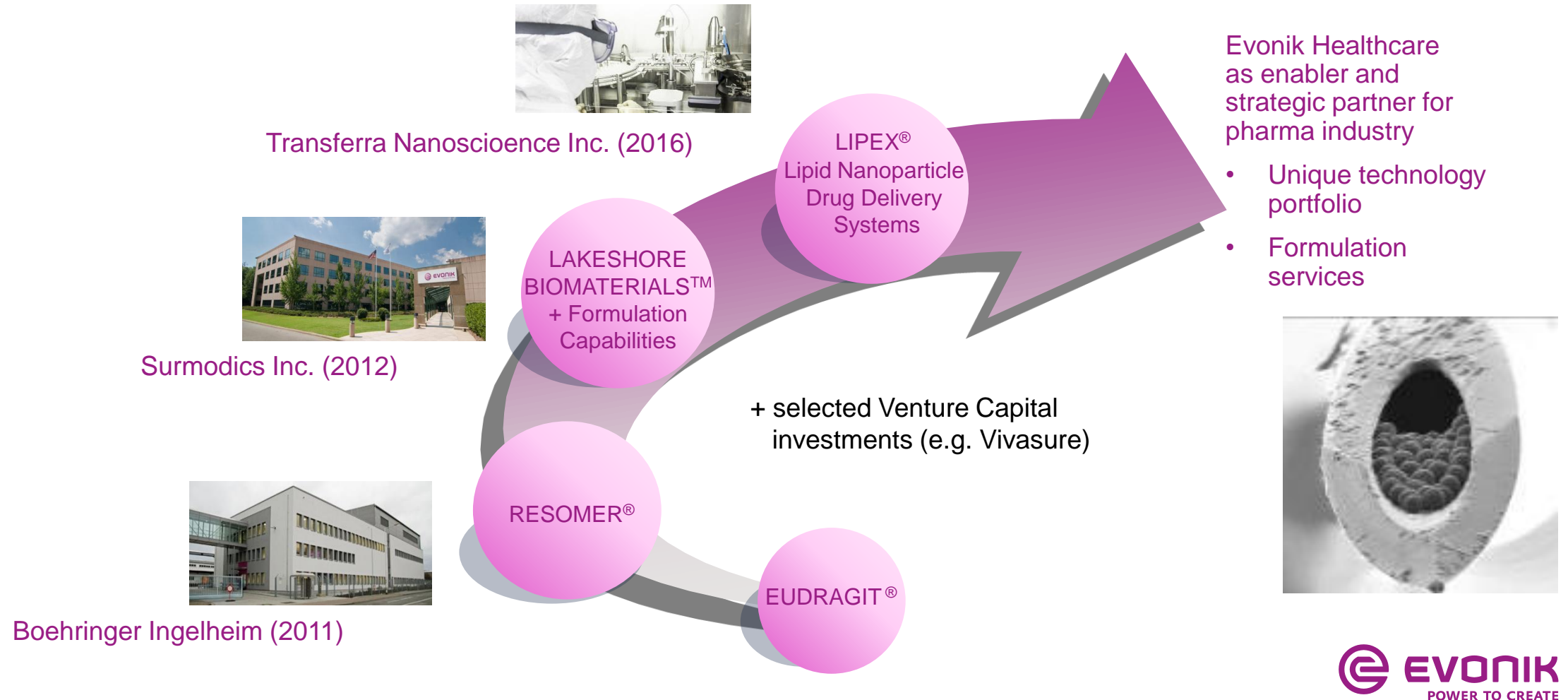


Strategic rationale

- 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

Harvesting substantial value from Technology M&A

Building up competences and additional solution portfolio by Technology M&A



Resource Efficiency

Innovative products for resource-efficient solutions

Key characteristics

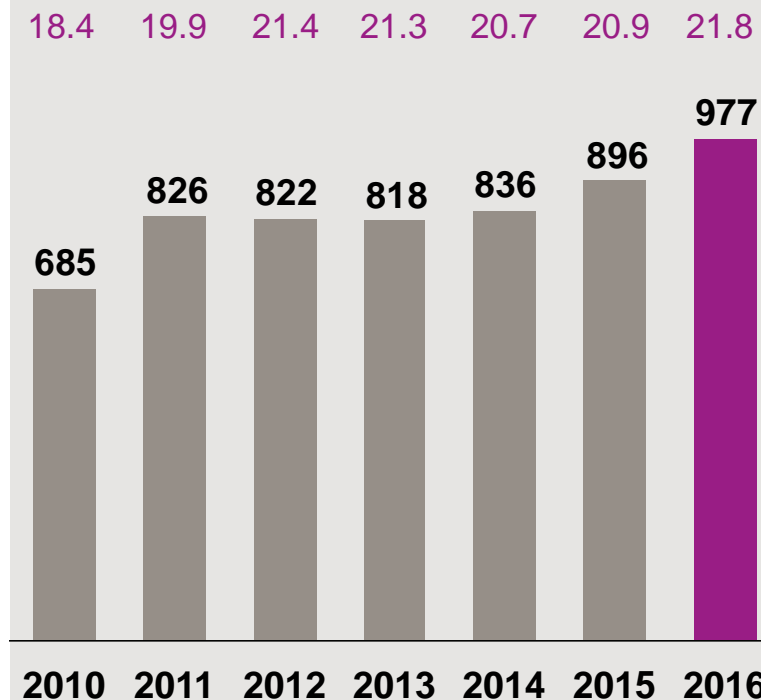
- Focus on **performance-impacting** and value-driving components
- **Minor share of cost** in most end products
- Strong focus on **technical service**
- **Low risk of substitution**
- High pricing power (**value-based pricing**)

Key products

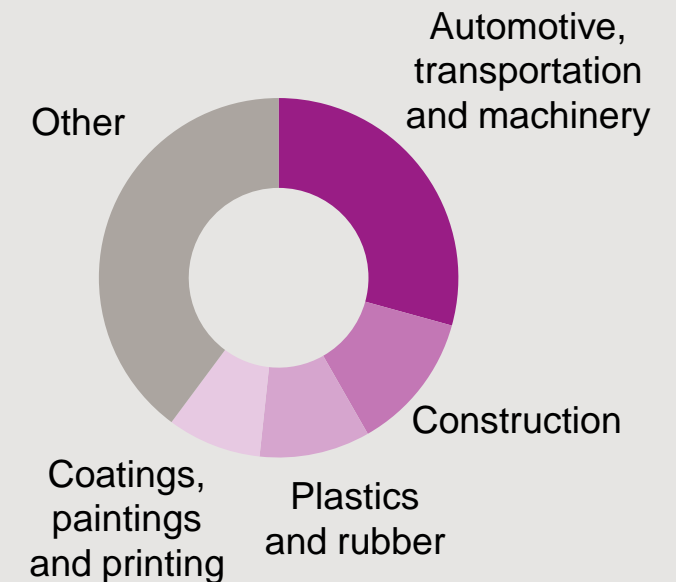
- Precipitated and fumed silica as flow property enhancers
- Crosslinkers for composite materials and coatings
- Viscosity modifiers for oils and hydraulic fluids



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) 	<ul style="list-style-type: none"> ▪ Crosslinkers for composites, elastomers and 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"> ▪ Automotive lubes ▪ Industrial lubes ▪ Hydraulic systems 	<ul style="list-style-type: none"> ▪ Composites ▪ Coatings & inks ▪ Construction / 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 ▪ Afton ▪ Oronite 	<ul style="list-style-type: none"> ▪ Arkema ▪ BASF ▪ Covestro

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

Resource Efficiency

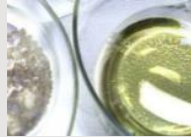


Business Line overview (2/3)

	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 Electronics Fish-Farming 	<ul style="list-style-type: none"> Automotive components Medical Oil & gas pipes Additive manufacturing 	<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 high 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 ▪ #2 in activated base metal catalysts
Main competitors	<ul style="list-style-type: none"> ▪ Dow Chemical (Dow Corning) ▪ Momentive ▪ Shin Etsu ▪ Tokuyama 	<ul style="list-style-type: none"> ▪ Altana ▪ BASF ▪ Dow Chemical (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

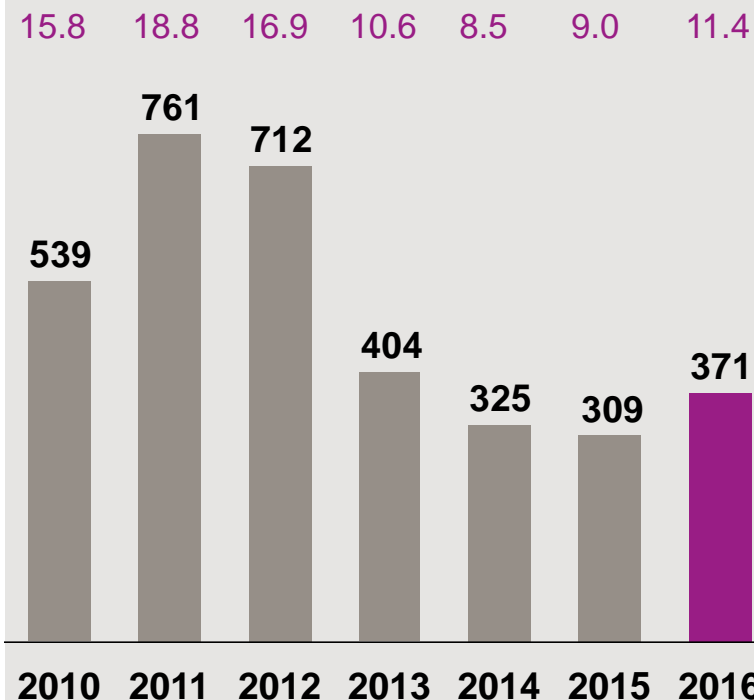
- Strong **integrated production platforms**
- **Leading cost positions**
- Favorable **raw material access**
- Focus on **continuous efficiency improvements**
- High degree of **supply reliability**

Key products

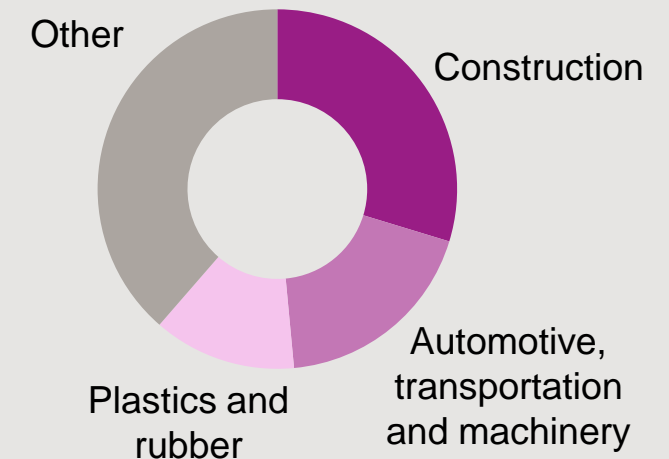
- Acrylic sheets, molding compounds (PMMA) and its precursors (MMA), e.g. for LED and touch screens
- Butadiene for synthetic rubber
- MTBE as fuel additive



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 # 2 in PMMA molding compounds 	<ul style="list-style-type: none"> # 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)

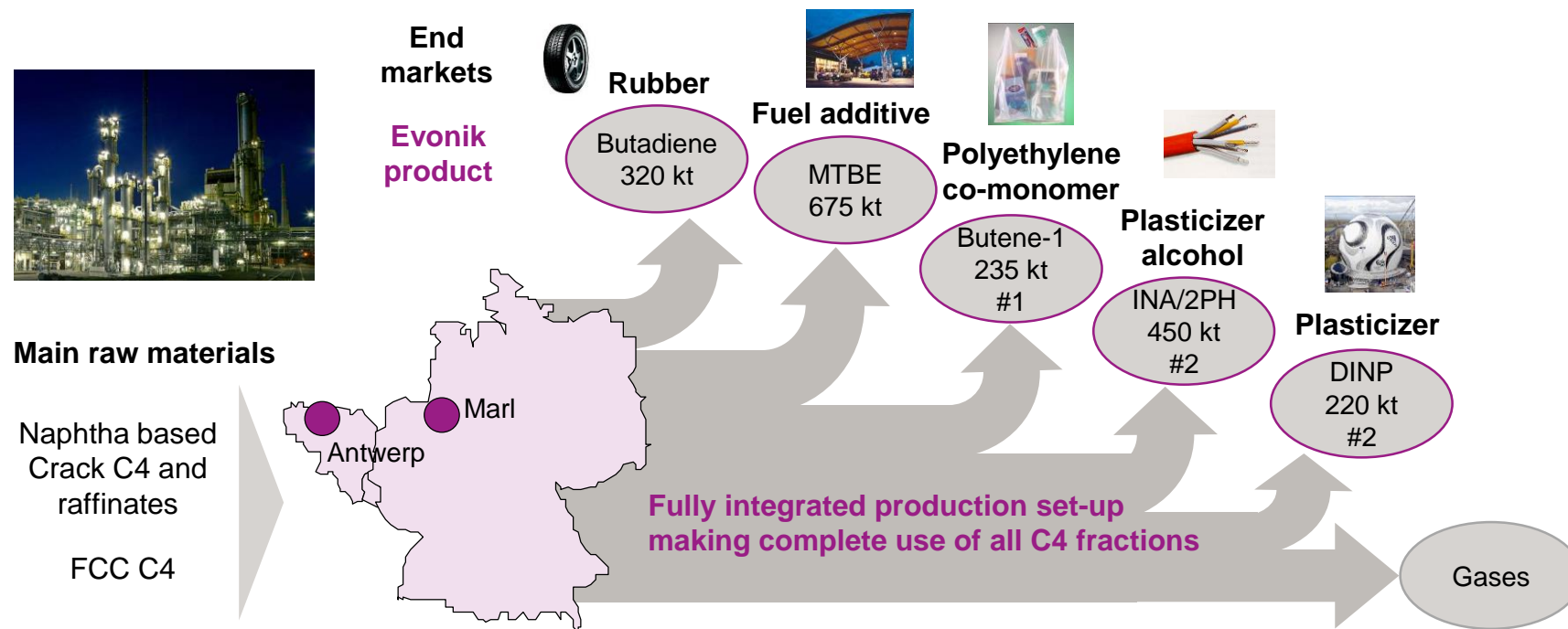
	Agrochemicals & Polymer Additives	Functional Solutions	CyPlus Technologies
			
Key products	<ul style="list-style-type: none"> ▪ Triacetoneamine ▪ Crosslinkers ▪ Precursors for crop protection 	<ul style="list-style-type: none"> ▪ Alkoxides (e.g. sodium methylate) 	<ul style="list-style-type: none"> ▪ Sodium cyanide ▪ Potassium cyanide
Main Applications	<ul style="list-style-type: none"> ▪ Polymer additives ▪ Optical brighteners ▪ Photovoltaic 	<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

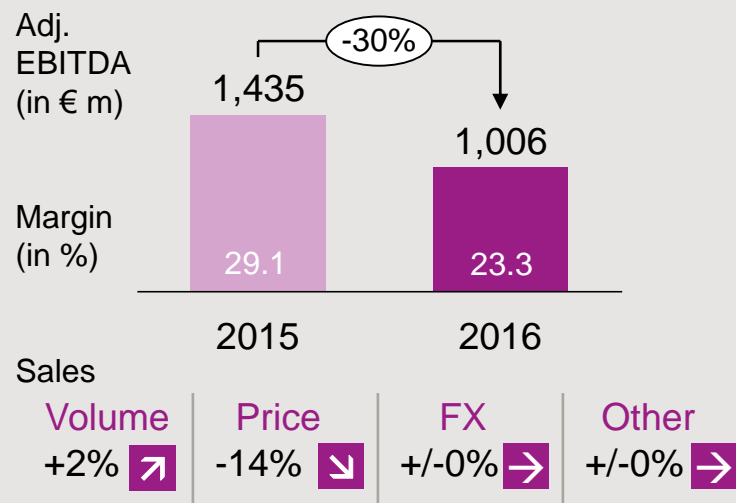
Appendix

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

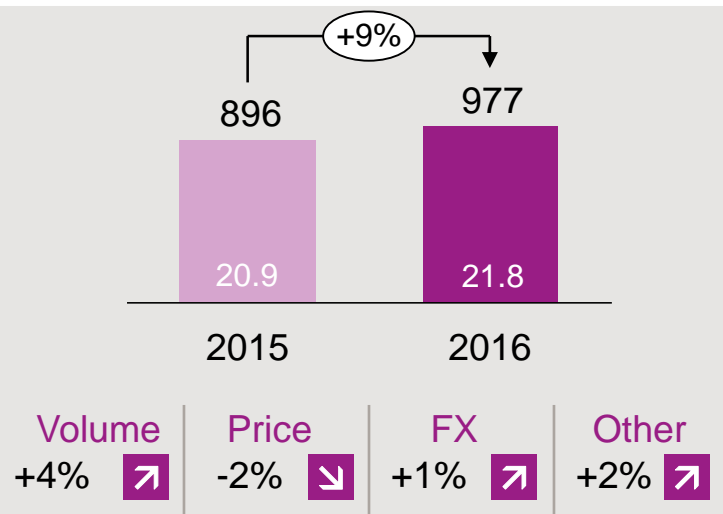
Resource Efficiency and Performance Materials with strong earnings growth

Segment performance FY 2016

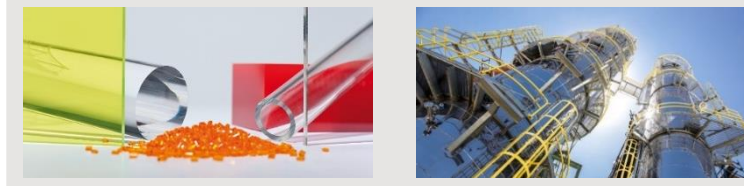
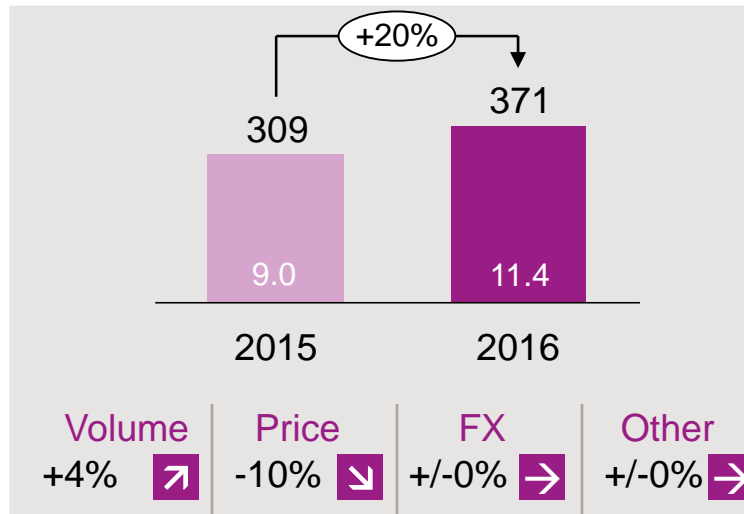
Nutrition & Care



Resource Efficiency



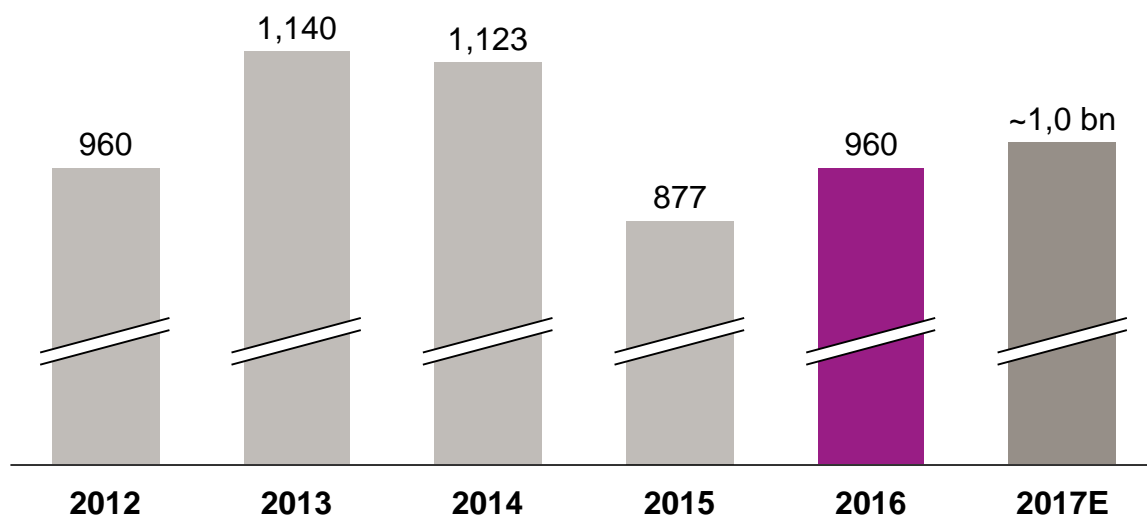
Performance Materials



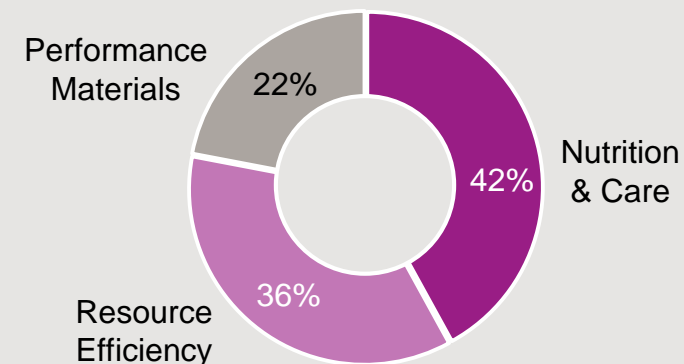
Investments

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



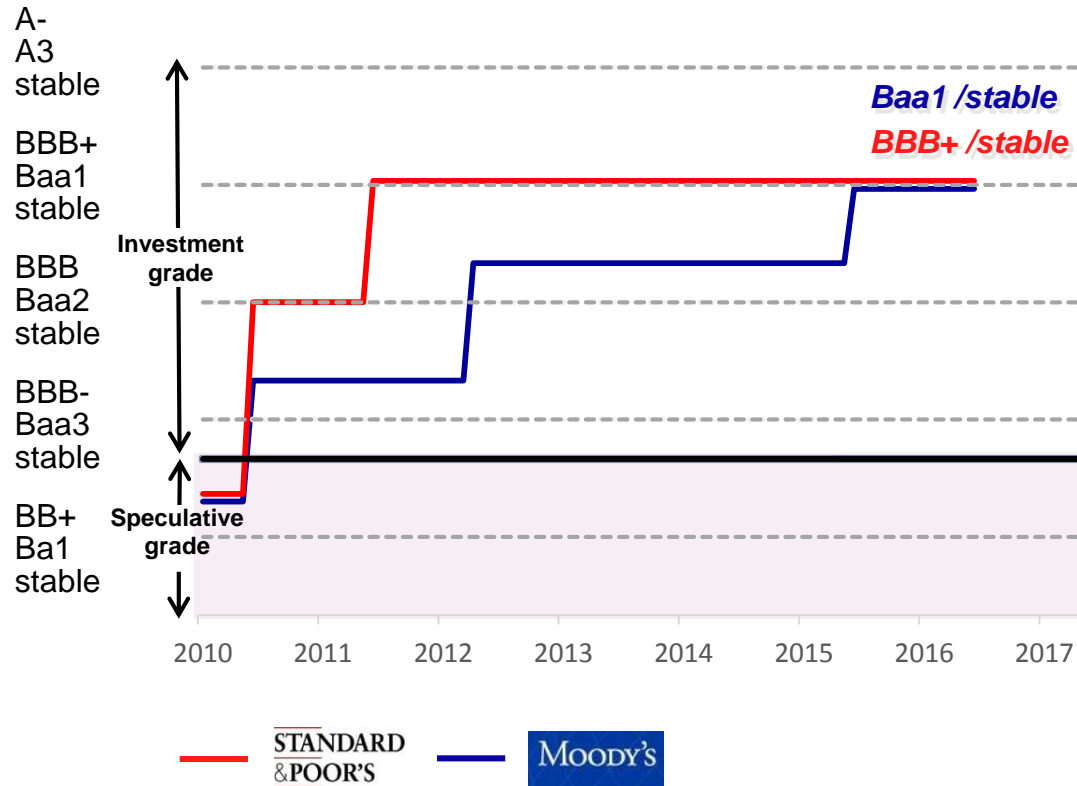
Efficiency

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

MOODY'S

Baa1 (stable)

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

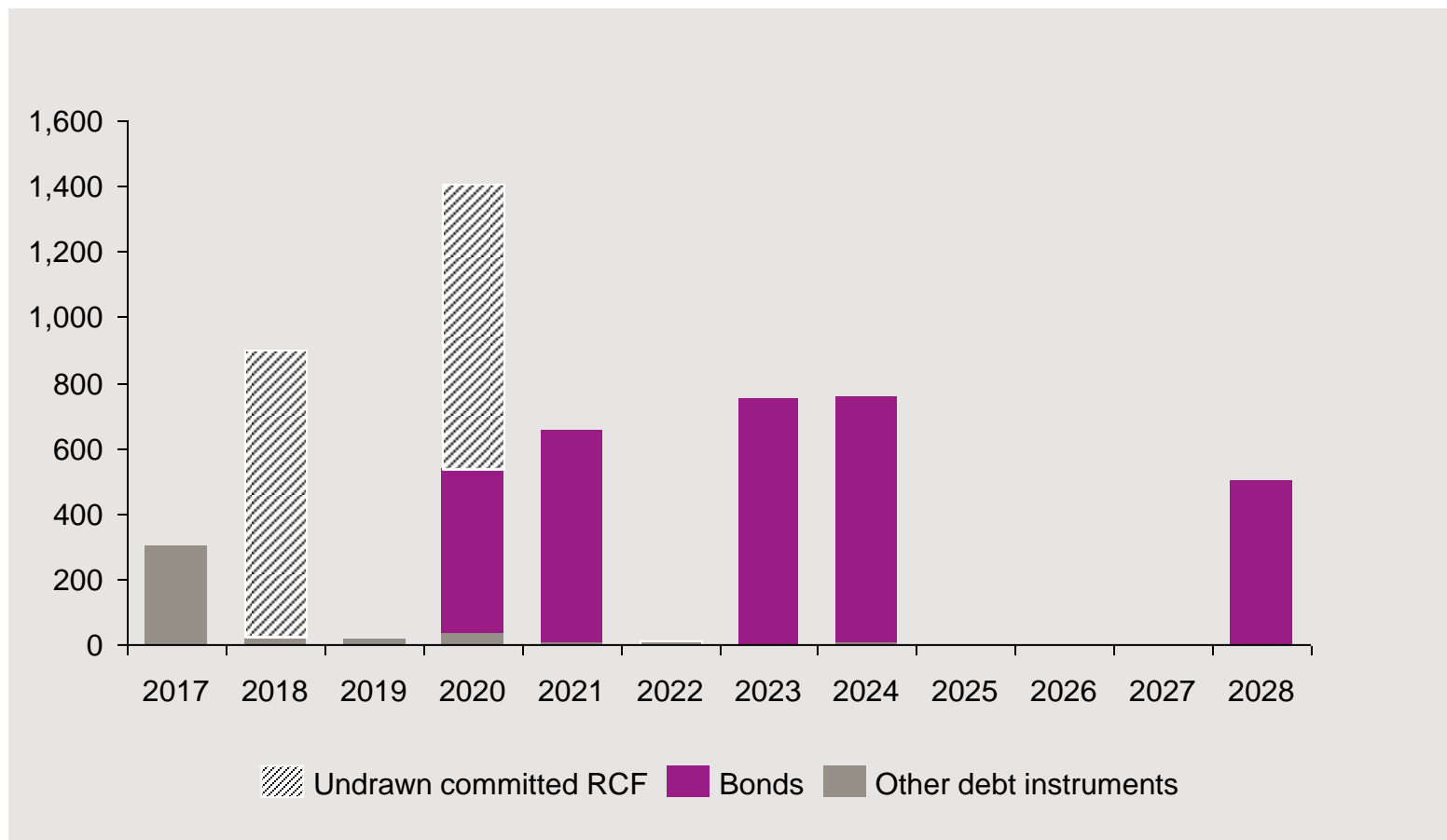
- Specialty chemicals franchise will be improved
- Further strengthening by adding scale and diversity

Maintaining a solid investment grade rating is a central element in our financing strategy

Debt structure

Balanced maturity profile

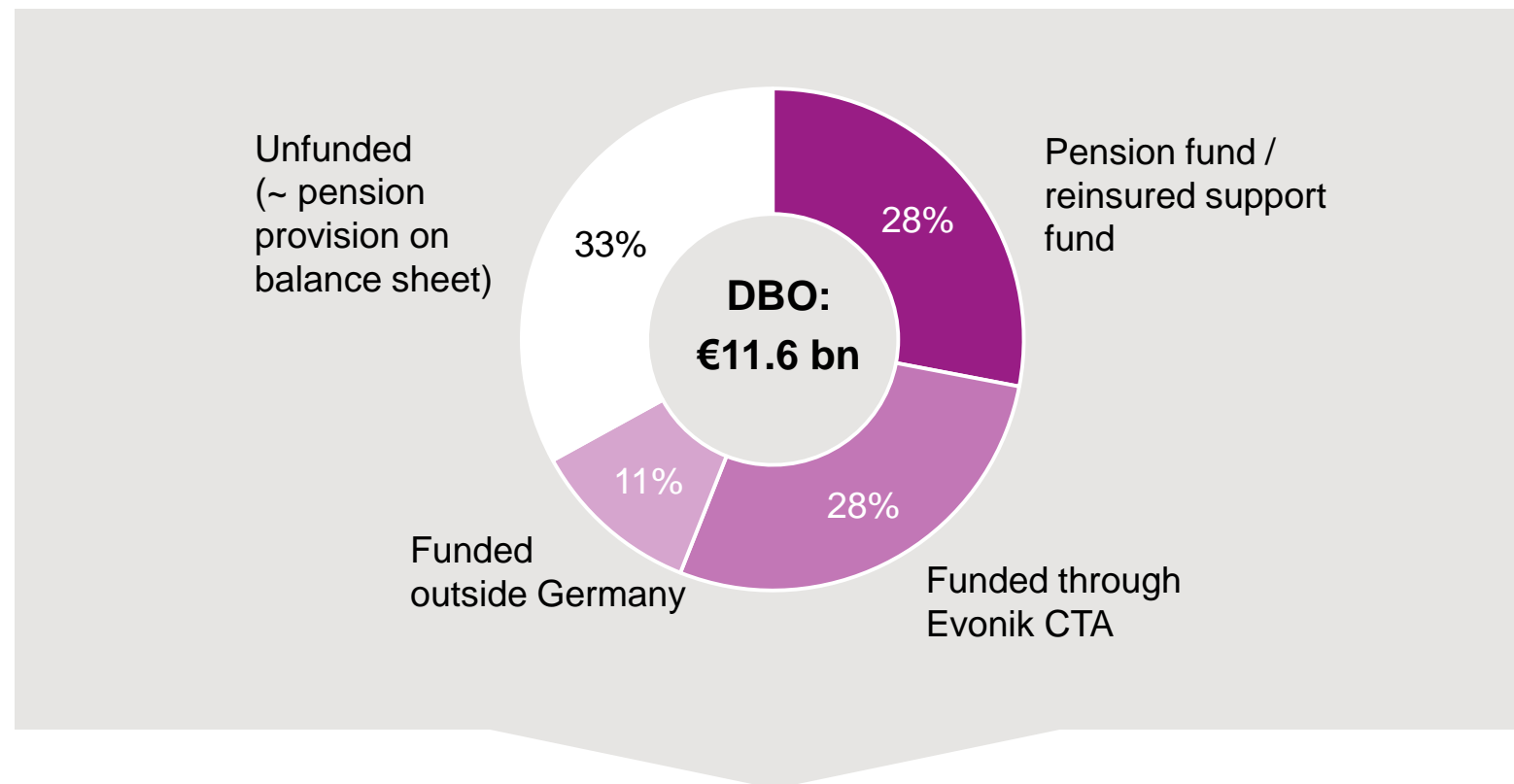
(in € m as of 31 March 2017)



- Three-tranche bonds with a total value of €1.9 billion successfully issued in September 2016, maturing in 2021, 2024 and 2028
- Proceeds were used for financing of Air Products specialty additives business acquisition in January 2017
- Average interest rate on outstanding capital market debt of 0.74% p.a.
- 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

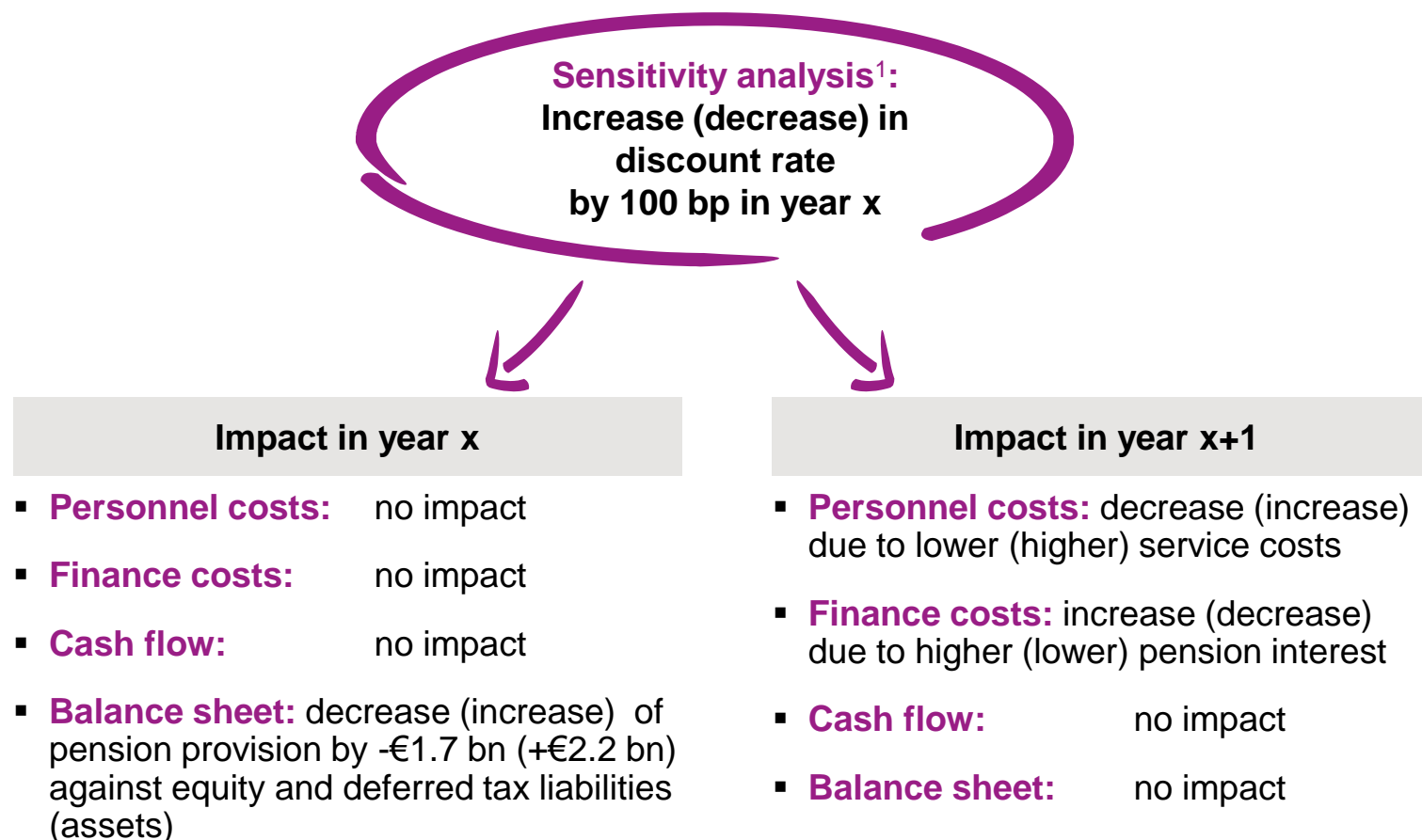
Breakdown of P&L and cash flow effects

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

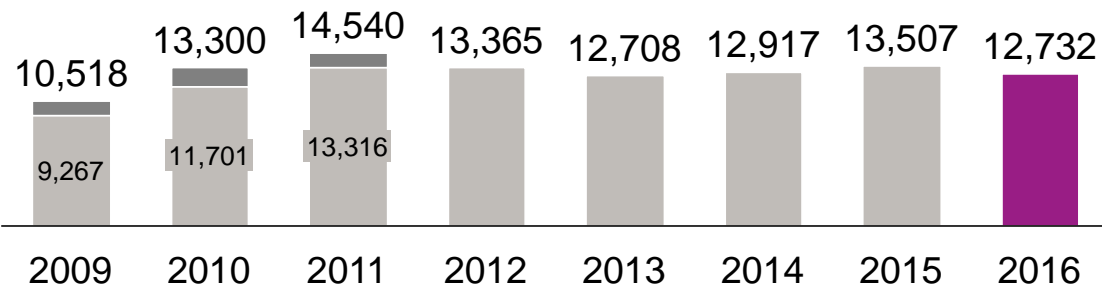


1. Excluding any effects from potential actuarial changes and changes in the valuation of plan assets

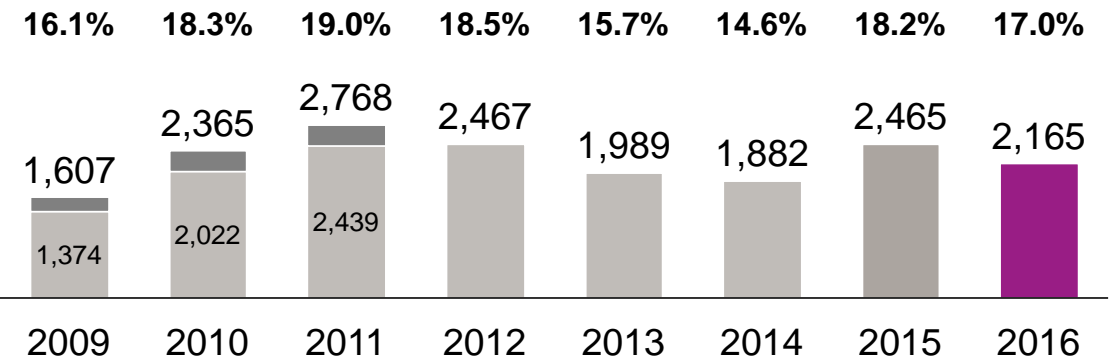
Financial track record

Sales (in € m)

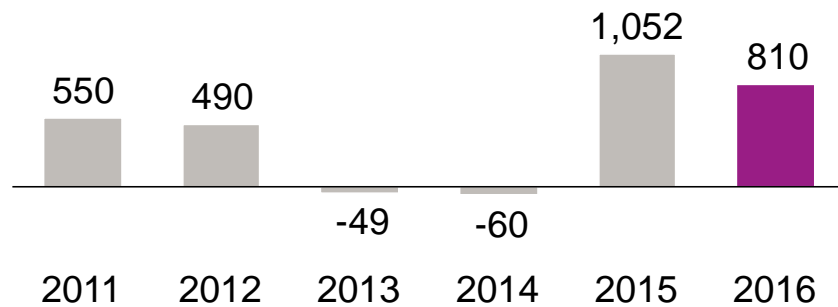
Carbon Black/Real Estate



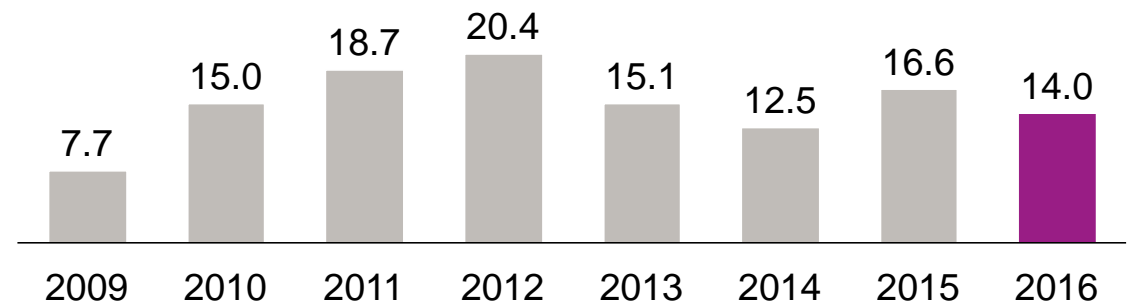
Adj. EBITDA (in € m) / margin¹



Free Cash Flow (in € m)



ROCE (in %)



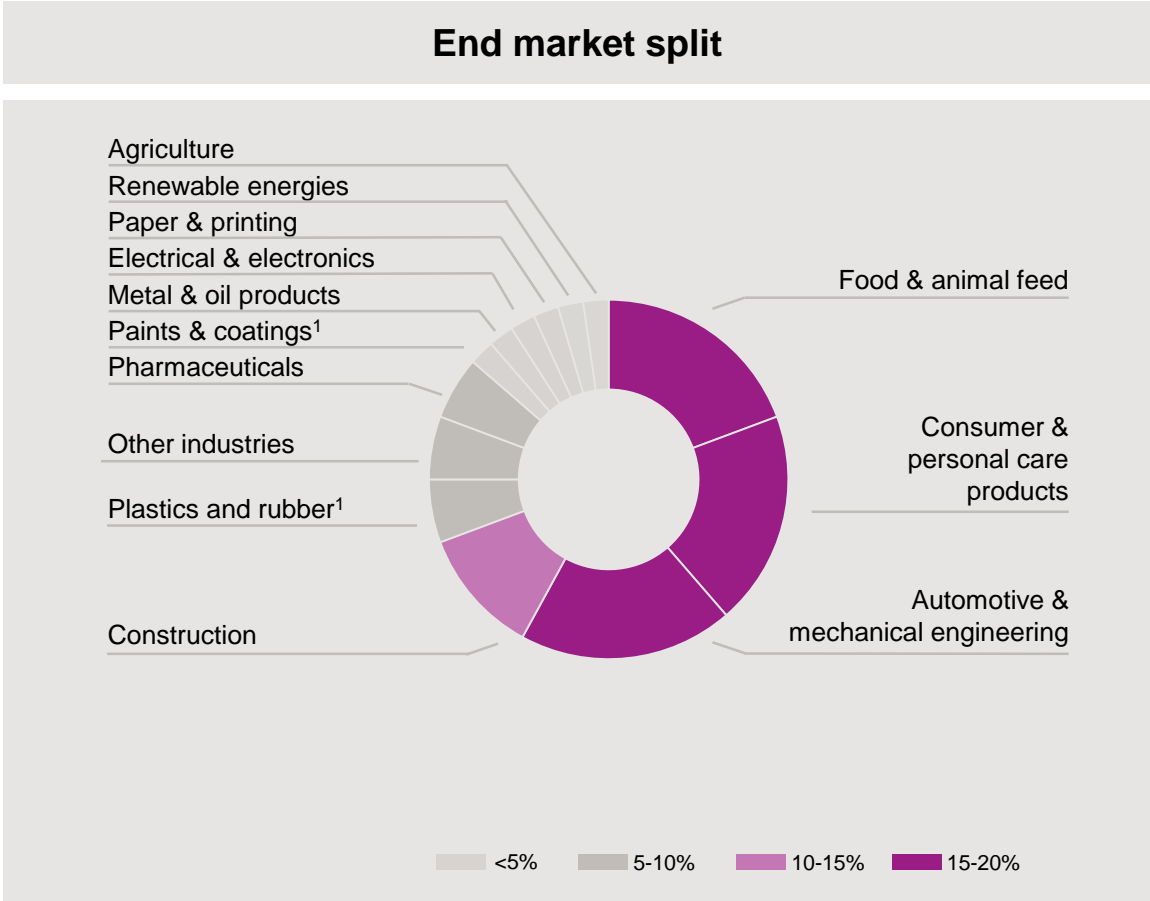
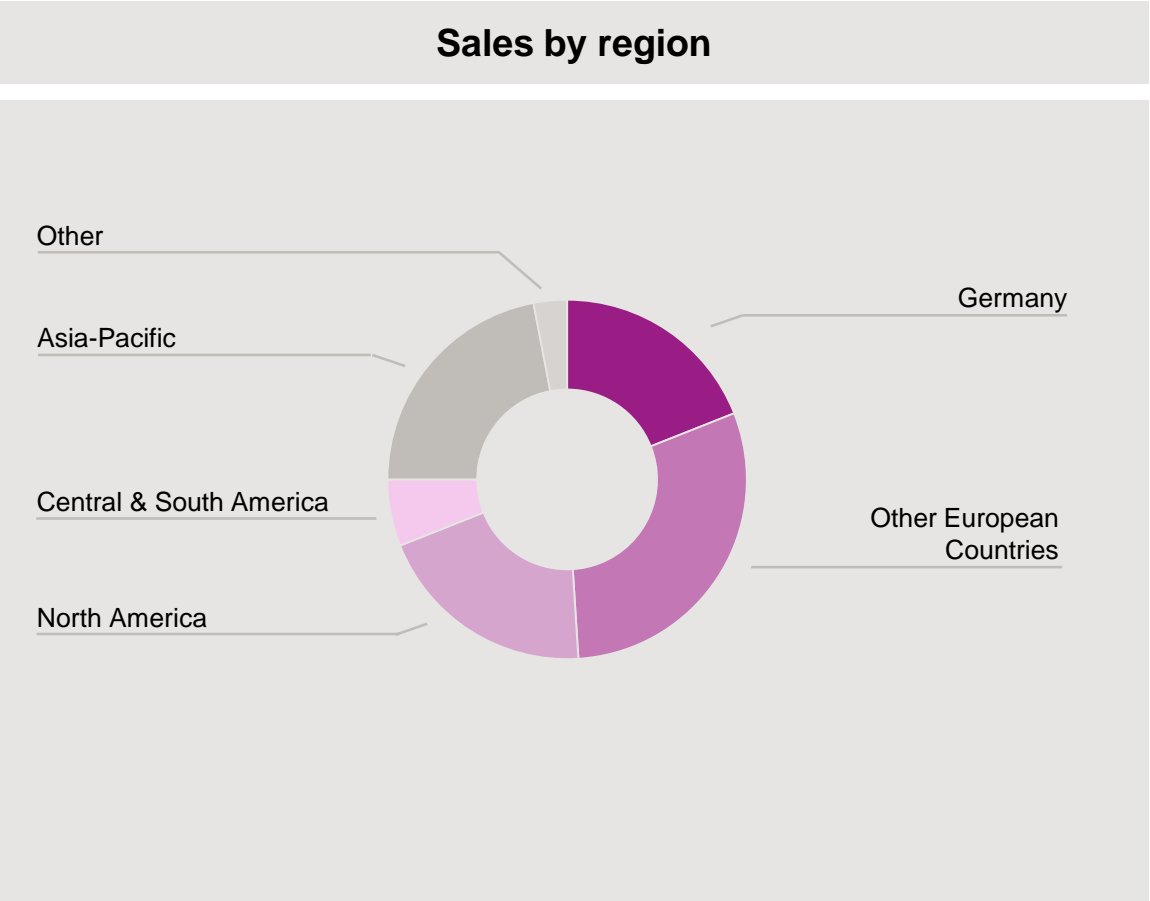
1. Excluding Carbon Black

Segment overview by quarter

Sales (in € m)	FY 2015	Q1/16	Q2/16	Q3/16	Q4/16	FY 2016	Q1/17
Nutrition & Care	4,924	1,047	1,111	1,066	1,093	4,316	1,124
Resource Efficiency	4,279	1,120	1,156	1,117	1,081	4,473	1,391
Perf. Materials	3,435	772	829	797	846	3,245	972
Services	828	166	163	173	180	683	193
Corporate / Others	41	1	-1	11	5	15	3
Evonik Group	13,507	3,106	3,258	3,164	3,205	12,732	3,683

Adj. EBITDA (in € m)	FY 2015	Q1/16	Q2/16	Q3/16	Q4/16	FY 2016	Q1/17
Nutrition & Care	1,435	293	264	239	209	1,006	189
Resource Efficiency	896	256	270	262	189	977	310
Perf. Materials	309	64	105	104	98	371	159
Services	159	35	33	50	32	151	41
Corporate / Others	-334	-83	-87	-77	-92	-340	-87
Evonik Group	2,465	565	585	578	437	2,165	612

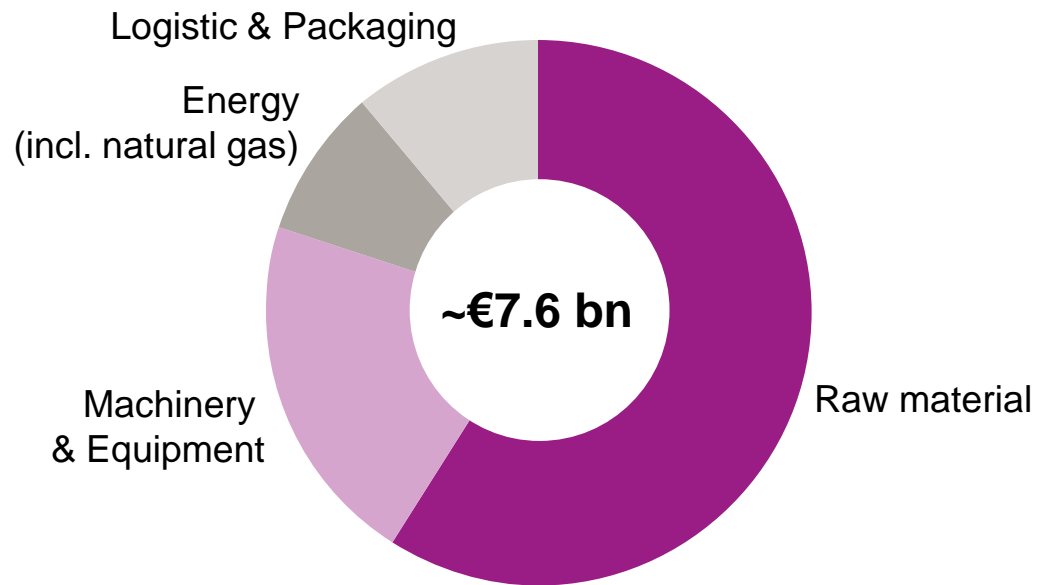
Balanced regional and end market split



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

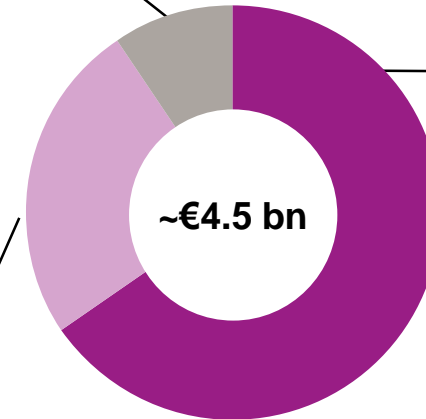
- Dextrose
- Fatty alcohols
- Tallow fatty acid
- Fatty acids
- tallow

Inorganic & other

- Sodium silicate
- Sodium hydroxide
- Silicon metal

Fossil

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



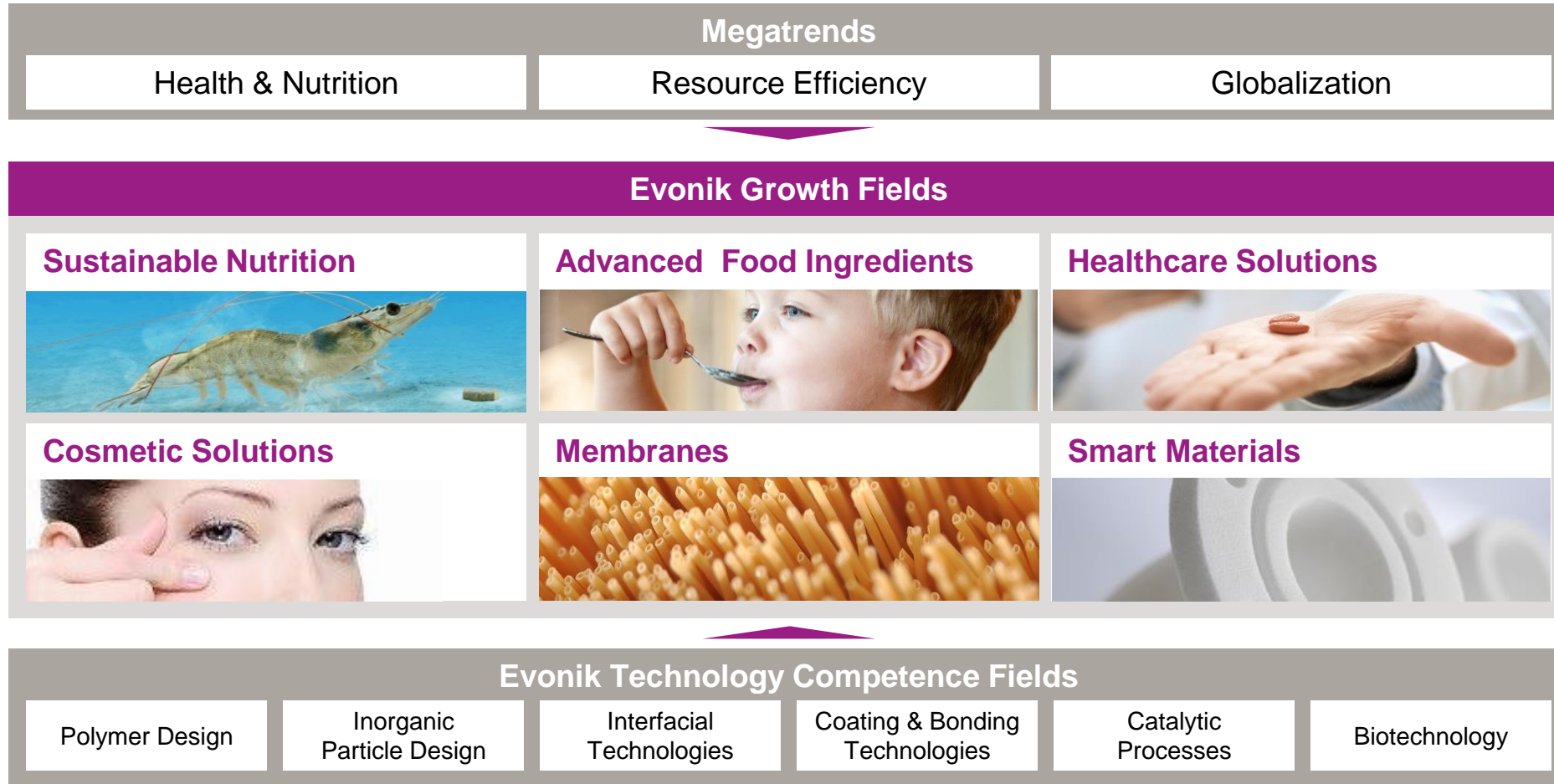
1. Raw material spend 59% of total procurement volume in 2016

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

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

Appendix

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

Upcoming IR events

Conferences & Roadshows

20 June	Credit Suisse Global Chem. & Ag. Conference, London
23 June	Deutsche Bank dbAccess Conference, Berlin
30-31 August	Roadshow USA
14 September	Berenberg Food Ingredients & Chemicals Conference, London
19 September	Berenberg/Goldman Sachs German Corporate Conference, Munich
20 September	Baader Investment Conference, Munich

Upcoming Events & Reporting Dates

3 August 2017	Q2 2017 reporting
3 November 2017	Q3 2017 reporting
6 March 2018	FY 2017 reporting

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EVONIK

POWER TO CREATE