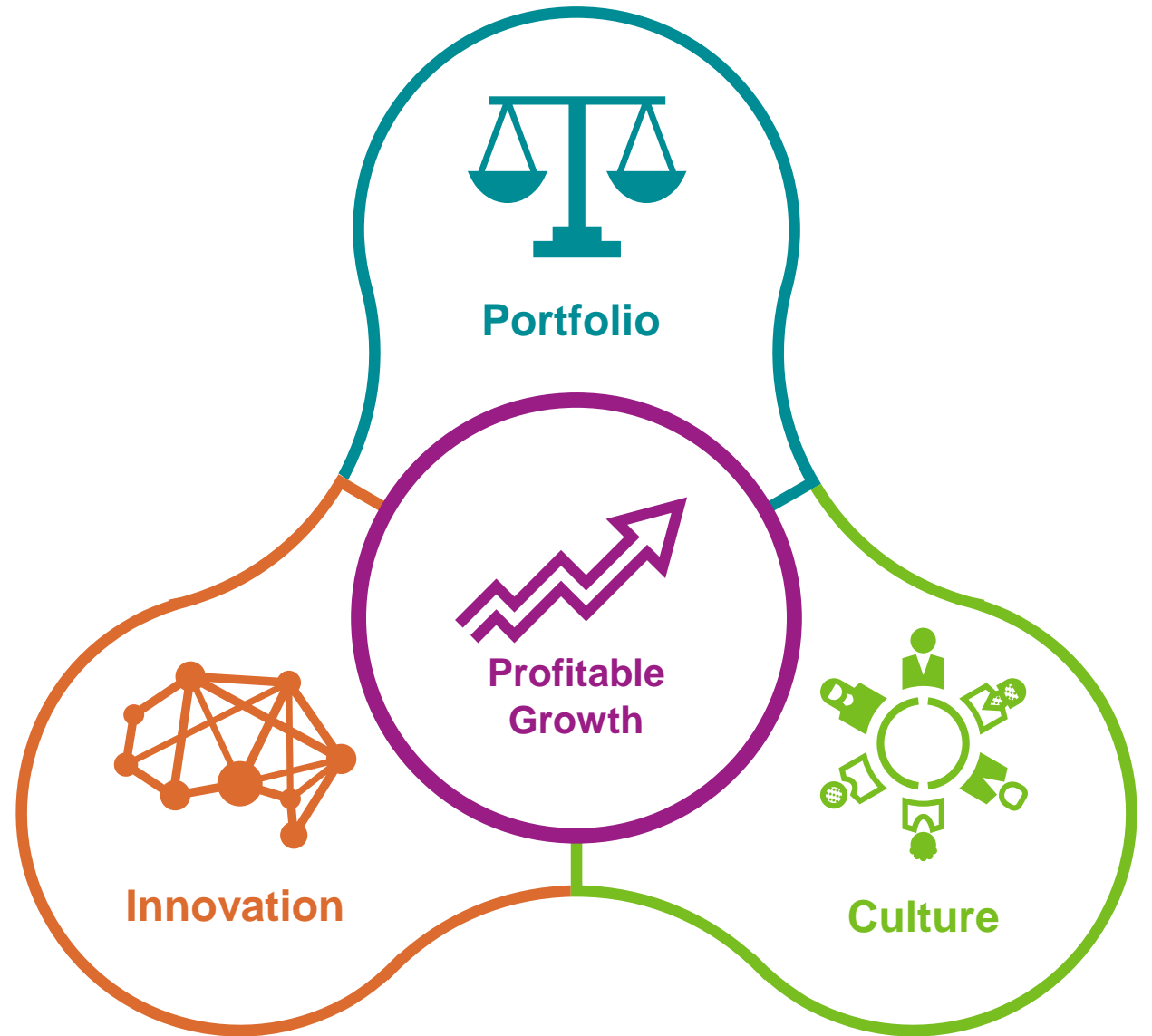


**Evonik**  
**Power to create.**

Company presentation

Q2 2018 Results Roadshow



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# A strong basis in Specialty Chemicals

## Market leadership



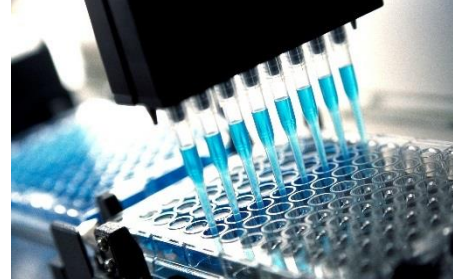
Leading market positions in  
**80%**  
of our businesses<sup>1</sup>

## 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



**togo**  
An Evonik product.

**ROHACELL**<sup>®</sup>  
An Evonik product.

**PLEXIGLAS**<sup>®</sup>

(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 2017

**Sales**

€14,383 m

**Adj. EBITDA**

€2,357 m

**Margin**

16.4%

**ROCE**

11.2%



### Growth

**Nutrition  
& Care**



**Resource  
Efficiency**



**Sales**

€4,507 m



**Adj. EBITDA / Margin**

€747 m / 16.6%



**Sales**

€5,393 m



**Adj. EBITDA / Margin**

€1,173 m / 21.8%



### Efficiency

**Performance  
Materials**



**Sales**

€3,751 m

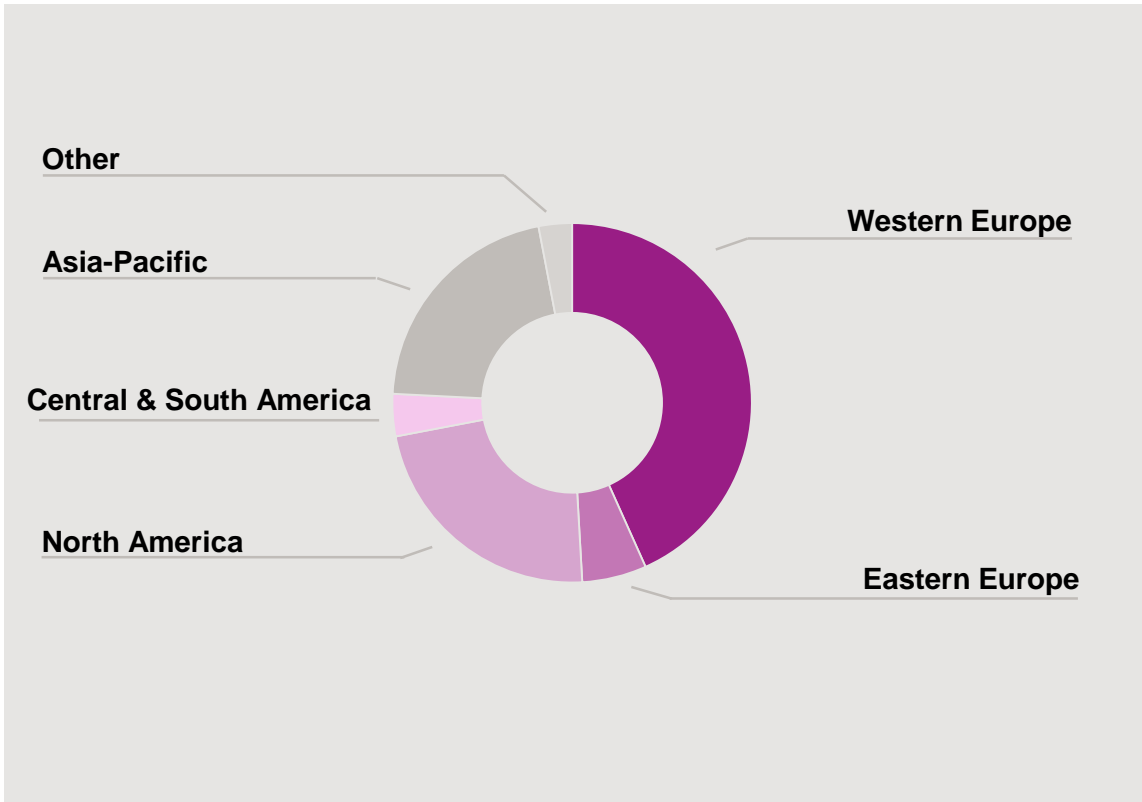


**Adj. EBITDA / Margin**

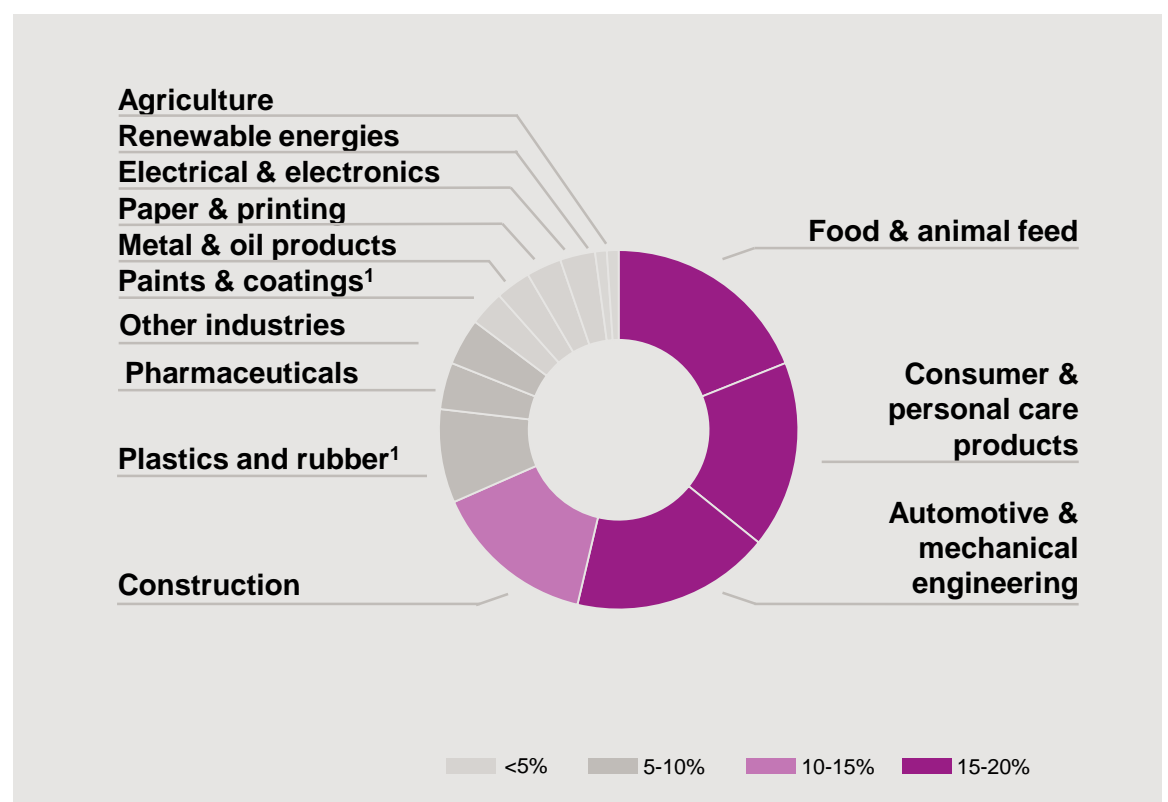
€658 m / 17.5%

# Balanced regional and end market split

## Sales by region



## End market split



1. Where not assigned to other end-customer industries | 2017 Financials

# Evonik management team with clear responsibilities

## Executive Board

### Group Strategy



**Christian Kullmann**

Chairman of the Executive Board

### Chemistry & Innovation



**Dr. Harald Schwager**

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**



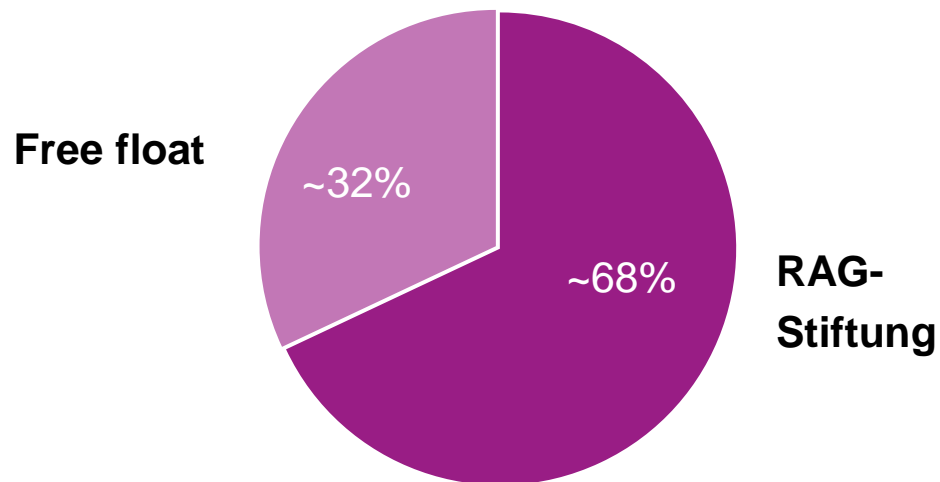
**Performance Materials**  
**Johann-Caspar Gammelín**



**Services**  
**Gregor Hetzke**

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

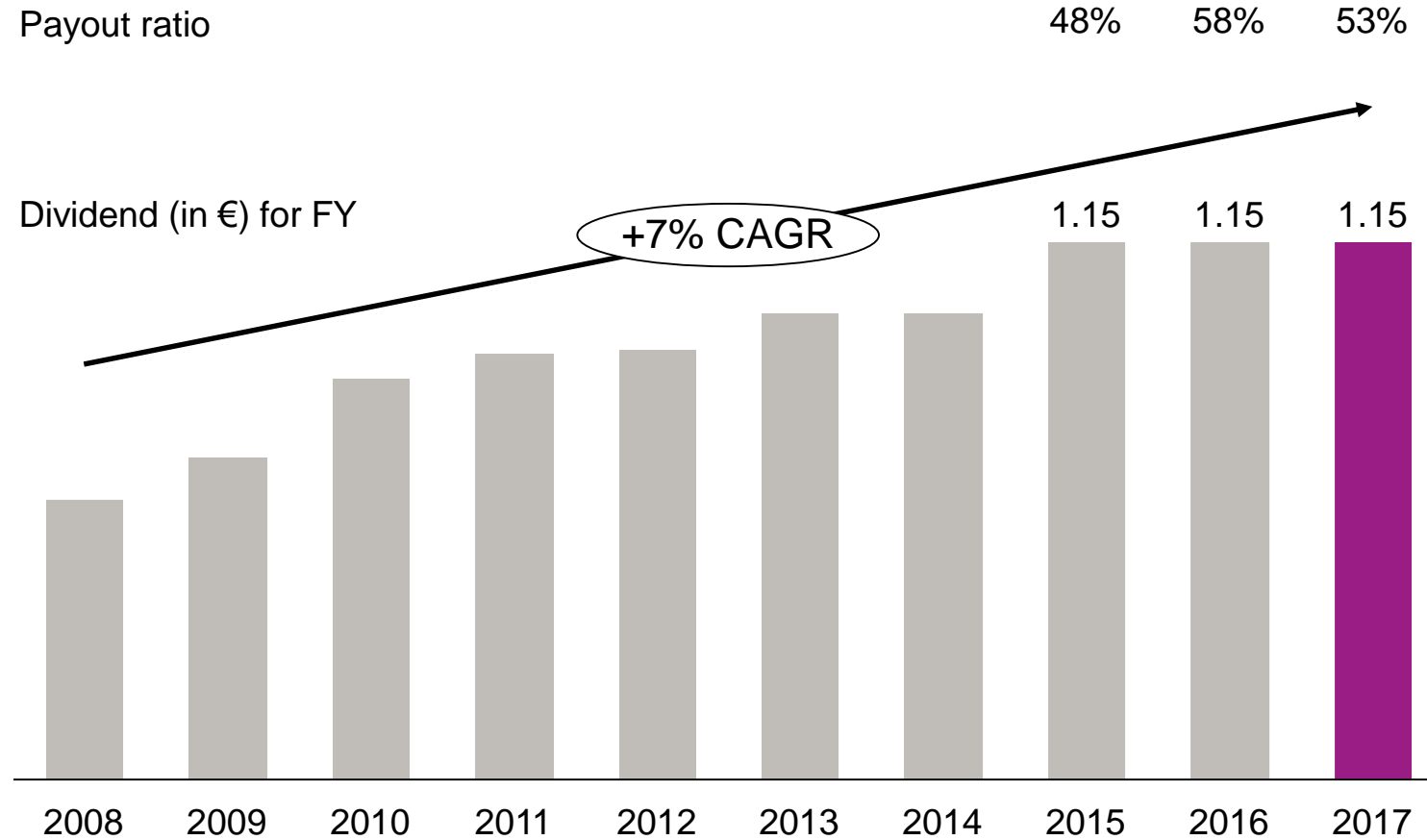
## Ownership structure



## 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)
- Long-term perspective: intention to retain a strategic shareholding of **at least 25.1%**

# Reliable and attractive dividend policy



- Sustainable dividend growth over the last years: 7% CAGR between 2008 and 2017
- **Attractive dividend yield ~ 3.7%**
- Reliable dividend policy targeting:
  - **dividend continuity**
  - a **payout ratio of ~40%** of adjusted net income



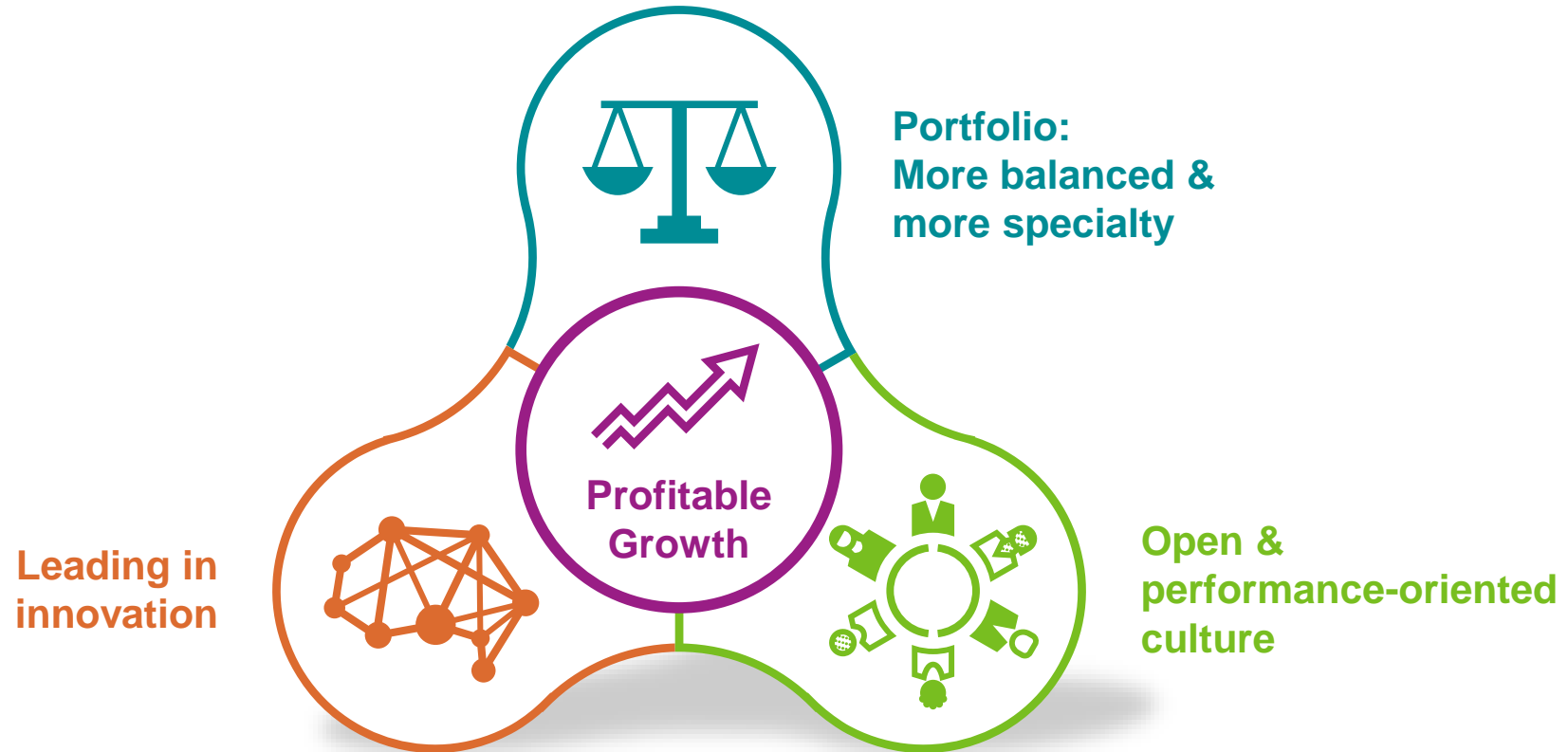
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# Building a best-in-class specialty chemicals company

# Targeting excellence in three strategic focus areas



# Building on our strengths

## Developing our growth segments and businesses

### NUTRITION & CARE

€4.5 bn

Mature  
businesses



Growth  
businesses

### RESOURCE EFFICIENCY

€5.4 bn

Mature  
businesses



Growth  
businesses

### PERFORMANCE MATERIALS

€3.8 bn

Mature  
businesses



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

# Strategic growth focus

Four growth engines as drivers for profitable & balanced growth

## NUTRITION & CARE

## RESOURCE EFFICIENCY



Health & Care



Smart Materials



Specialty Additives



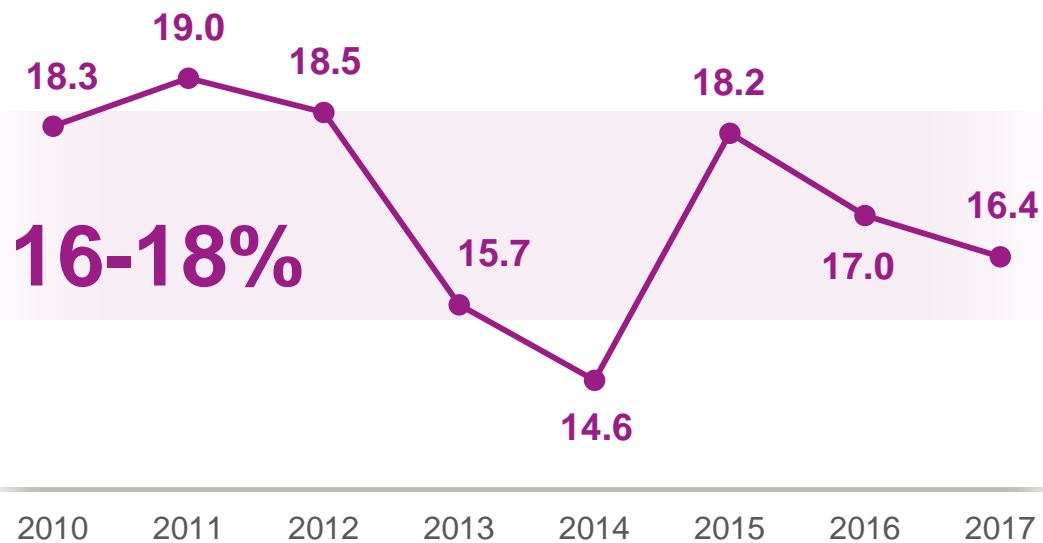
Animal Nutrition

Four  
growth  
engines

# 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

# Consistently executing our strategic agenda

## Levers for structural uplift in profitability and growth

	Strategic lever	Impact (p.a.)	by (year)
<b>Synergy realization</b>	<ul style="list-style-type: none"> <li>Realization of synergies from Air Products and J.M. Huber acquisitions</li> </ul>	€85 m EBITDA <sup>1</sup>	2020/2021
<b>Cost excellence</b>	<ul style="list-style-type: none"> <li>Leaner processes, higher cost discipline, competitive cost structures</li> </ul>	€200 m EBITDA	2021 (full impact)
<b>Innovation</b>	<ul style="list-style-type: none"> <li>Leverage additional growth from six innovation growth fields with above-average profitability</li> </ul>	€1 bn additional SALES	2025
<b>Portfolio Management</b>	<ul style="list-style-type: none"> <li>Portfolio strategy: more balanced and more specialty</li> </ul>		

**18-20%**  
EBITDA margin

**GDP+**  
volume growth

1. Total synergies of ~\$100 m; currency translation based on current EUR/USD rate of 1.18

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# Our agenda for 2018 – Driving the change

Strategy execution more and more visible in accelerated financial performance



## 1 Strategy execution

- Continued execution of efficiency programs
- MMA divestment fully on track

## 2 Earnings growth

- Broad-based earnings growth across all segments
- Further progress on FCF: Q2 positive
- FY 2018 EBITDA and FCF outlook increased

## Highlights Q2 2018

Broad-based earnings growth and margin expansion, positive FCF in Q2

### Volume growth

**+3%**

Higher volumes in Nutrition & Care (+3%) and Performance Materials (+6%)

### Adj. EBITDA and margin

**€742 m** (+16%<sup>1</sup>)

**19.2%** (+1.5pp<sup>1</sup>)

Broad-based earnings growth across all three chemical segments; margin expansion mainly driven by both growth segments (NC, RE)

### Free cash flow

**€56 m**

Strong cash generation in Q2 in a normally negative quarter. FCF development driven by higher earnings and increased cash focus

### Outlook raised

**€2.6-2.65 bn**

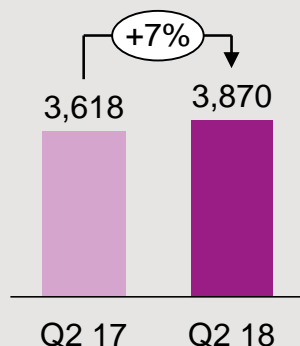
Based on strong H1, FY EBITDA and FCF outlook raised. **FCF** expected to be **notably higher** compared to 2017

1. Compared to Q2 17 | 2017 financials restated for IFRS 15

# Financial highlights Q2 2018

Strong quarterly performance reflected in all KPI's

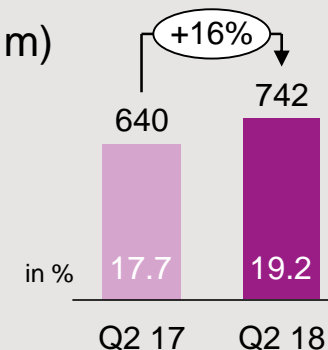
Sales  
(in € m)



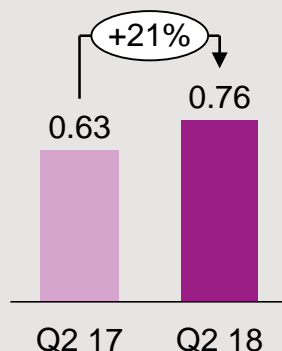
Q2 18 vs. Q2 17

Volume	+3%	↗	Price	+4%	↗
FX	-3%	↘	Other <sup>1</sup>	+3%	↗

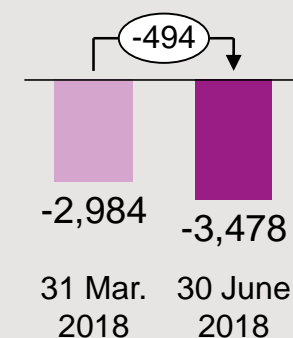
Adj. EBITDA (in € m)  
/ margin (in %)



Adj. EPS  
(in €)



Net financial  
position  
(in € m)



- Higher net financial position mainly due to dividend cash-out

1. Portfolio effects and others | 2017 financials restated for IFRS 15

# Earnings development Q2 2018

Broad-based margin expansion across all three chemical segments

## Resource Efficiency



Margin improvement yoy<sup>1</sup>

**+140 bps**

(Margin: 24.7%)

## Nutrition & Care



Margin improvement yoy<sup>1</sup>

**+140 bps**

(Margin: 18.7%)

## Performance Materials



Margin improvement yoy<sup>1</sup>

**+60 bps**

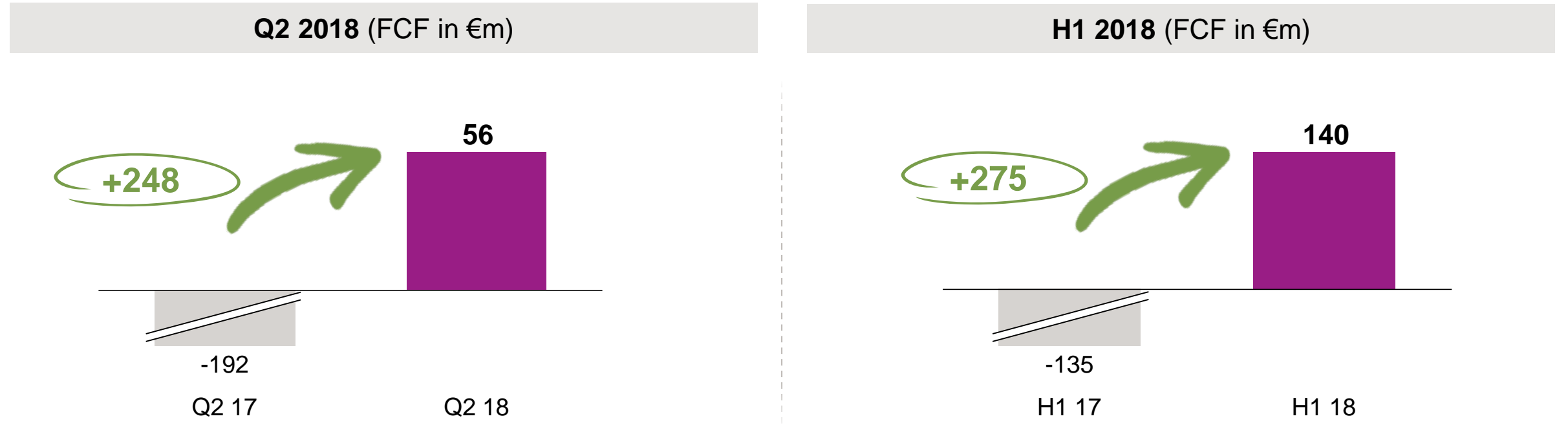
(Margin: 19.1%)

yoy higher earnings in all 16 business lines

1. Improvement yoy: Q2 18 vs. Q2 17 | 2017 financials restated for IFRS 15

# Free Cash Flow Q2 2018

Substantial progress on FCF development: Q2 and H1 FCF clearly positive

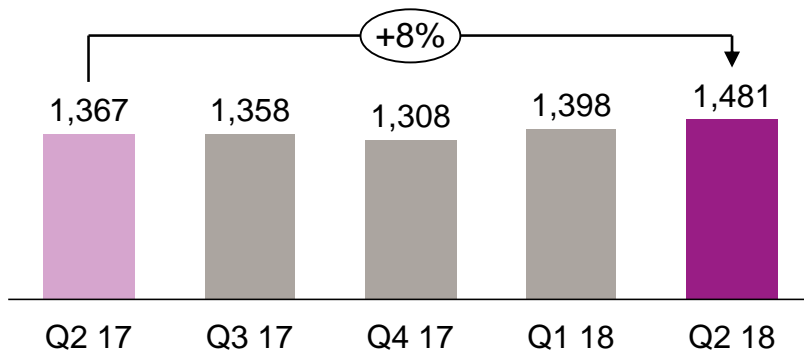


- Increase in FCF mainly driven by **higher earnings** and **increased focus on cash-generation**

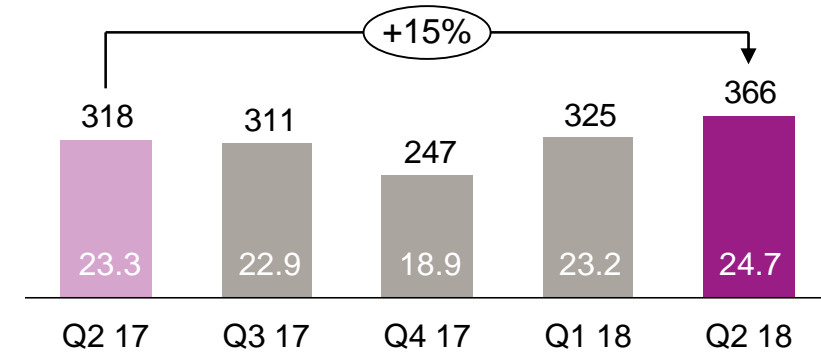
# Resource Efficiency

All business lines exceeding prior-year earnings

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q2 18 vs. Q2 17

Volume	0% →	Price	+5% ↗	FX	-3% ↘	Other <sup>1</sup>	+6% ↗
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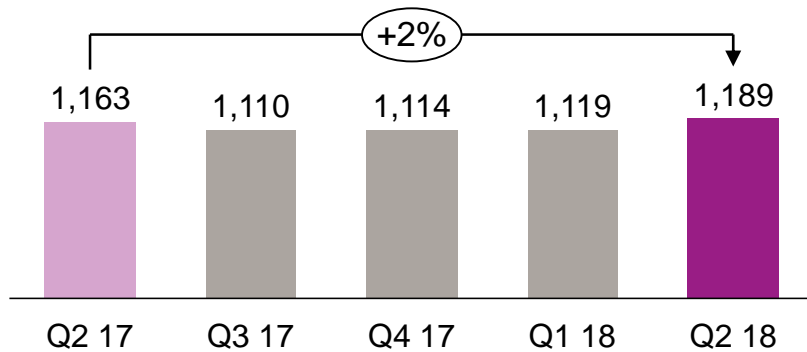
- Outstanding performance with all nine business lines exceeding prior-year earnings
- Continued high demand for majority of businesses, especially HPP, Silica and Coating Additives
- Stable volumes on good prior-year level. Plant utilization remains high, railway strikes in France negatively impacting volumes

1. Mix of portfolio effects and others | 2017 financials restated for IFRS 15

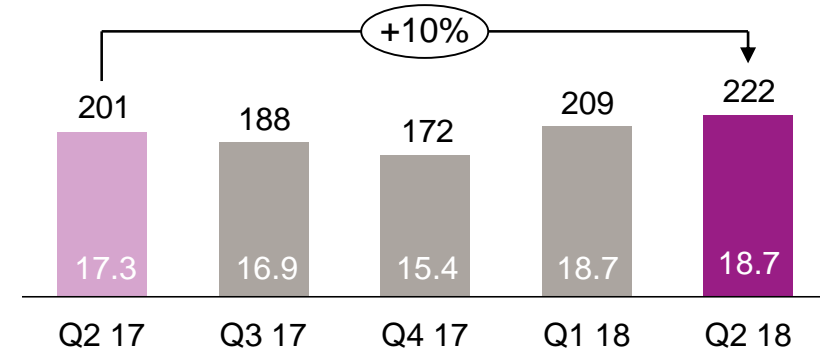
# Nutrition & Care

## Good operational performance continuing, margin further expanding

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q2 18 vs. Q2 17	Volume	Price	FX	Other <sup>1</sup>
	+3% ↗	0% →	-4% ↘	+3% ↗



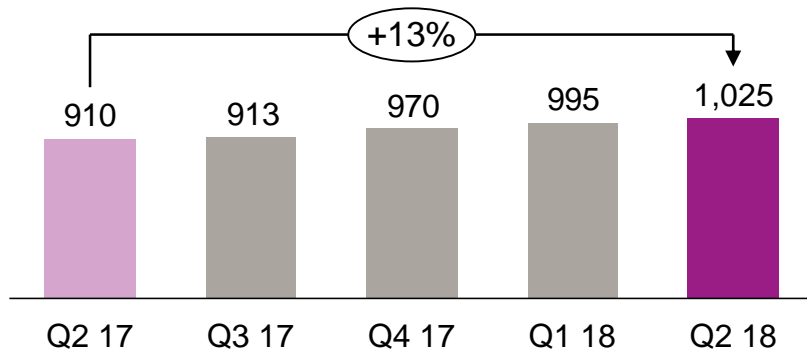
- Good operational performance continuing, driven by focus on product mix, raw material management and strict cost optimization
- Higher volumes across virtually all business lines
- Comfort & Insulation with continued positive development, Health Care with biggest absolute earnings growth year-on-year
- Methionine with robust demand trend and yoy higher volumes; prices stable on average 2017 level (in local currencies)

1. Mix of portfolio effects and others | 2017 financials restated for IFRS 15

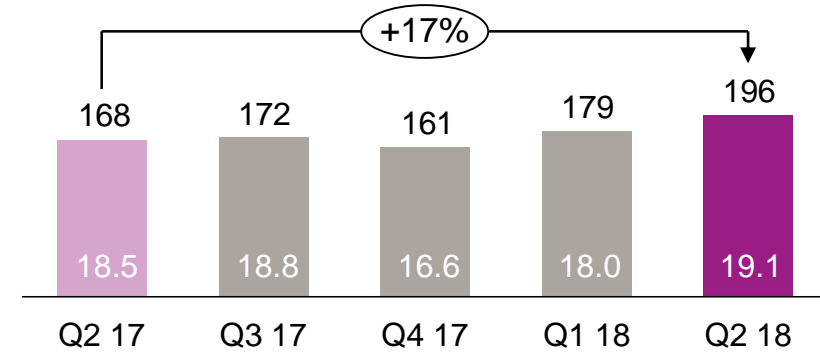
# Performance Materials

## Strong performance in Methacrylates to continue

**Sales (in € m)**

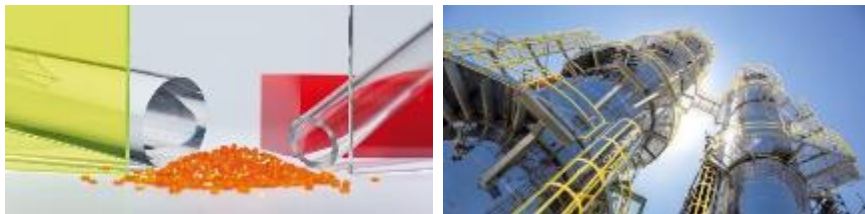


**Adj. EBITDA (in € m) / margin (in %)**



**Q2 18 vs. Q2 17**

Volume	+6% ↗	Price	+9% ↗	FX	-2% ↘	Other	0% →
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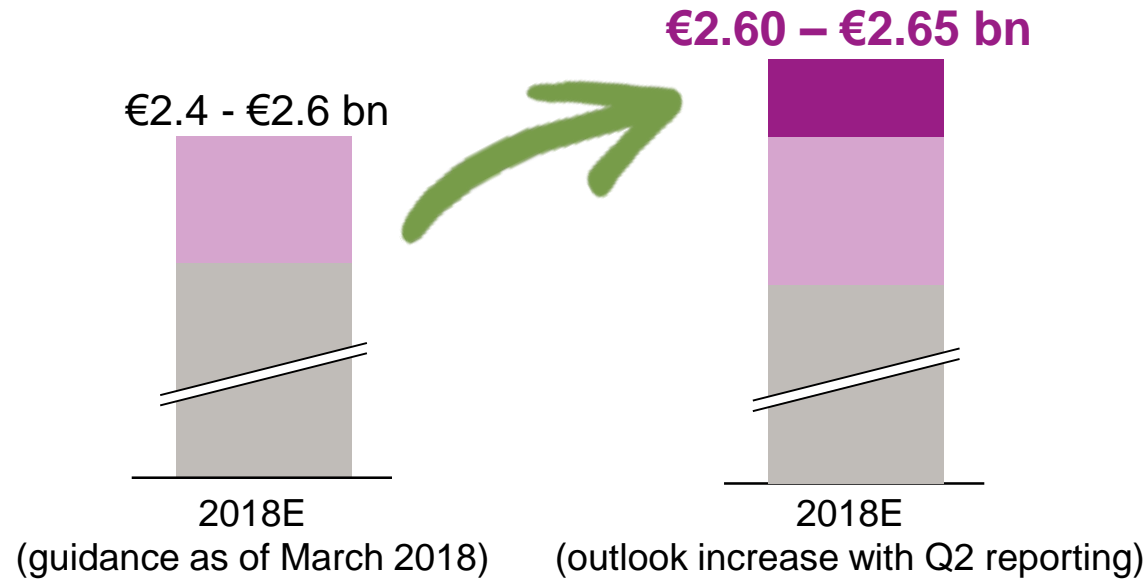
- Another good quarter for Performance Materials driven by MMA/PMMA
- Volumes (+6%) driven by ongoing good demand in MMA/PMMA, supported by easier comparables (Q2 17 impacted by force majeure in Antwerp)
- C4 business with sequentially improving market conditions



# Outlook 2018

## EBITDA and FCF outlook raised – Strong H1, confidence for H2

### Adj. EBITDA and FCF outlook



▶ **FCF expected to be notably higher compared to prior year** (previously: slightly higher)



# Outlook 2018

## FY outlook for Nutrition & Care and Performance Materials raised

Segment outlook		
Nutrition & Care	“higher earnings yoy ”	previously: slightly higher
Resource Efficiency	“perceptibly higher earnings yoy”	
Performance Materials	“higher earnings yoy ”	previously: not achieve prior-year level



# Additional indications for 2018

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- Synergies from acquisitions (APD Specialty Chemicals & Huber Silica) **Additional synergies of ~€25 m** (Synergies 2018e: ~€40 m; 2017: ~€15 m)
- Huber Additional adj. EBITDA of **~€30 m** for further eight months of consolidation (closing Sept 1<sup>st</sup> 2017)
- ROCE **Above cost of capital** (10.0% before taxes) and around the level of last year (2017: 11.2%)
- Capex **~€1 bn** (2017: €1,078 m)
- Free cash flow **Changed to “notably higher compared to prior year”** (previously: “slightly above 2017”; 2017: €511 m)
- EUR/USD **Changed to 1.20 EUR/USD** (previously: 1.26; 2017: 1.13 EUR/USD)
- EUR/USD sensitivity<sup>1</sup> +/-1 USD cent = **-/+ ~€8 m** adj. EBITDA (FY basis)
- Adj. EBITDA Services **Slightly higher than in 2017** (2017: €123 m)
- Adj. EBITDA Corporate / Others **Slightly less negative than in 2017** (2017: -€346 m)
- Adj. D&A **€840 m** (2017: €870 m)
- Adj. net financial result<sup>2</sup> **~-€190 m** (2017: -€175 m); increase mainly due to hybrid bond issuance in July 2017
- Adj. tax rate **~29%** (2017: 29% including positive one-time effects from US tax reform in Q4, 31% without this one-time effect)

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



**EVONIK**

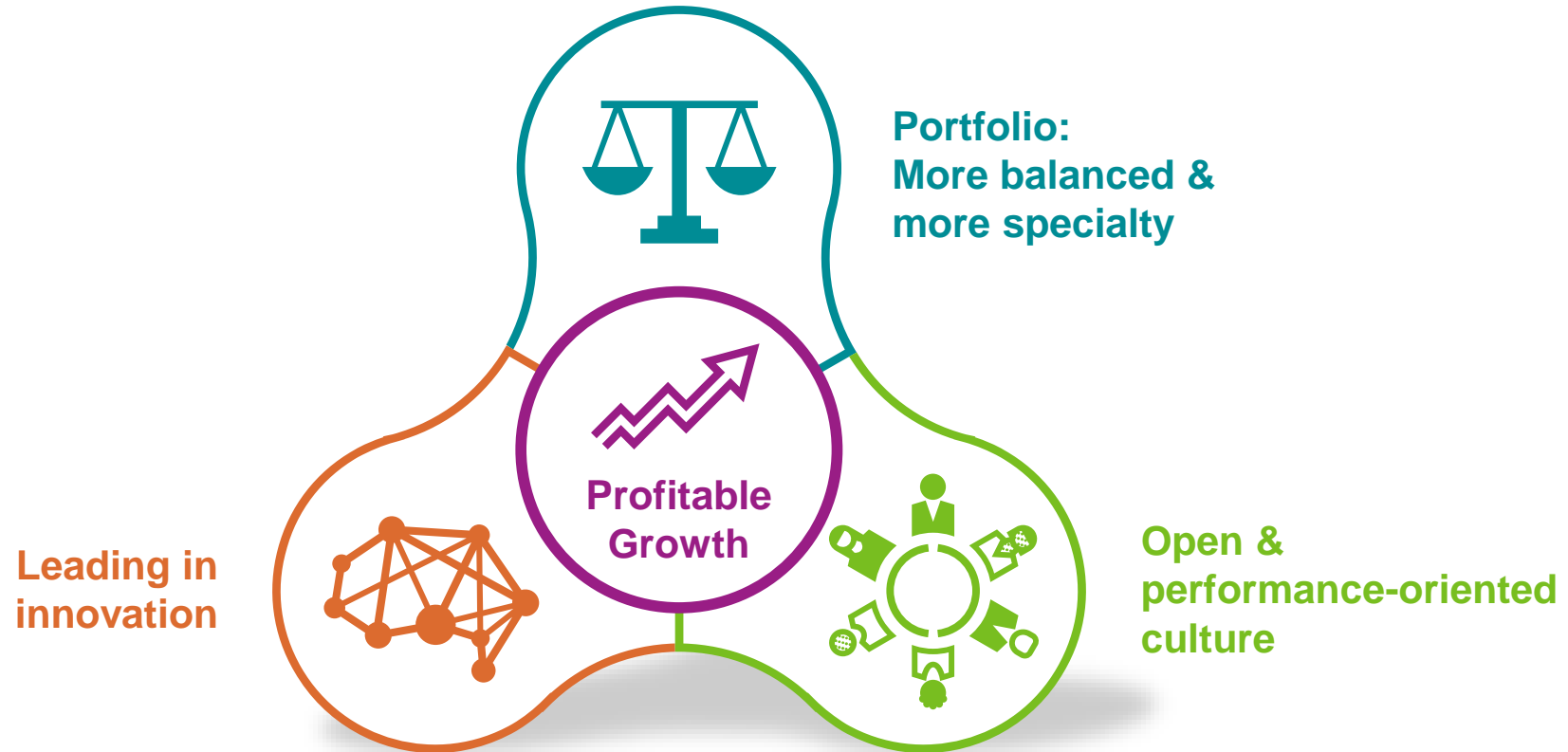
**POWER TO CREATE**

# Appendix

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- 1. Strategy Details**
2. Segment overview
3. Financials
4. Upcoming events

# 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

**Above-  
average  
growth and  
margins**

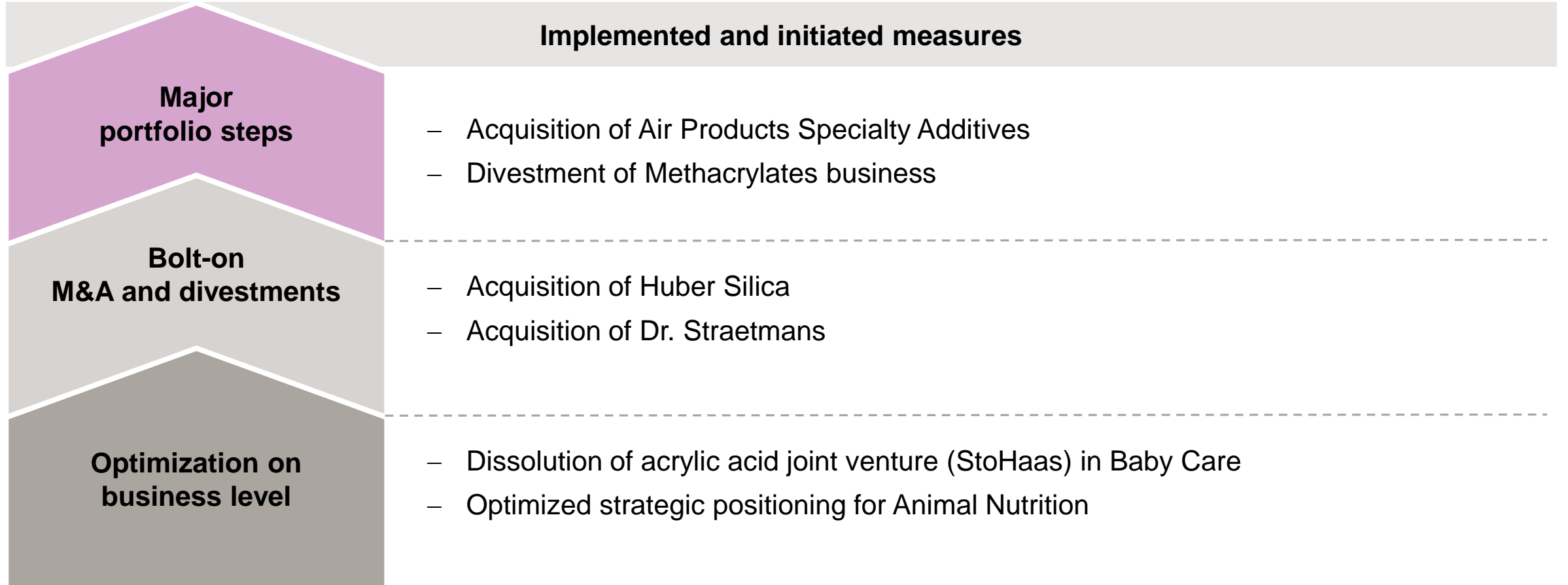
Customer-specific products  
and services

High customer proximity

Mission-critical solutions  
enabling value-based pricing

# Executing portfolio management on all levels






## Building a more balanced and more specialty portfolio





# Four growth engines

## Growth drivers and product examples

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

# 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

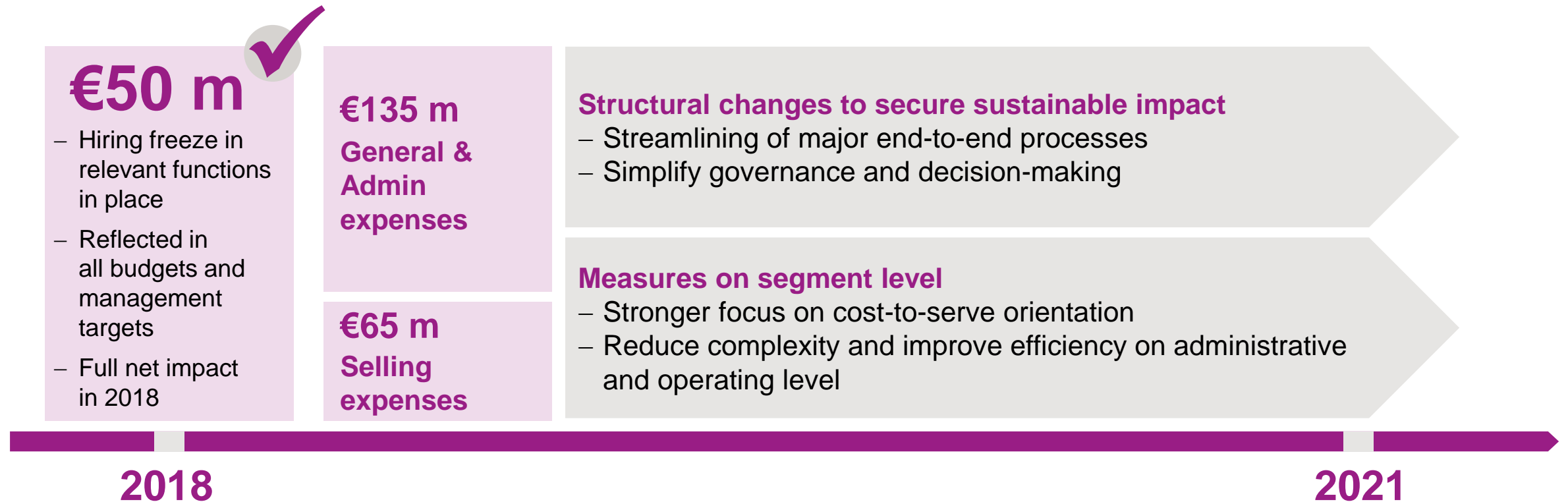
**Disciplined expansion in high-growth & -margin businesses with excellent strategic fit**

# Achieving cost excellence

Leaner processes, higher cost discipline and increased performance orientation

## Cost savings of €200 m (p.a.)

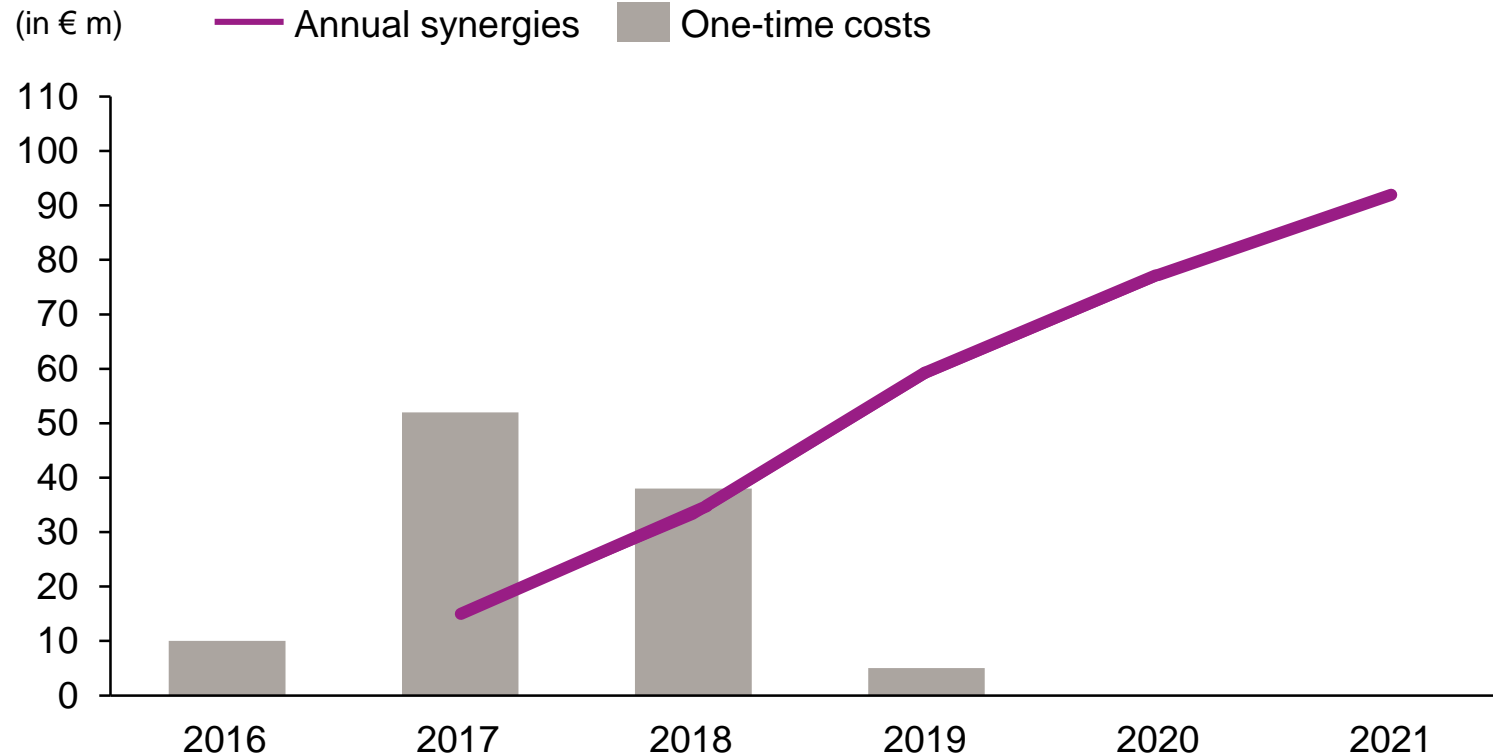
Reduction of 1,000 FTE combined with non-personnel savings across all units and segments



# Implementation schedule for acquisition synergies

## Ramp-up on track for Air Products specialty additives and Huber silica acquisitions

### Implementation schedule



### Total

#### Annual synergies

**~ €85 m p.a. (USD100 m)**  
 APD: ~ €68 m p.a. (USD80 m)  
 Huber: ~ €17 m p.a. (USD20 m)

#### One-time integration costs<sup>1</sup>

**~ €105 m p.a.**  
 APD: ~ €75 m p.a.  
 Huber: ~ €30 m p.a.

1. Excluding transaction-related costs | Currency translation based on current EUR/USD rate of ~1.20

# Acquisition of Air Products (APD) Performance Materials activities

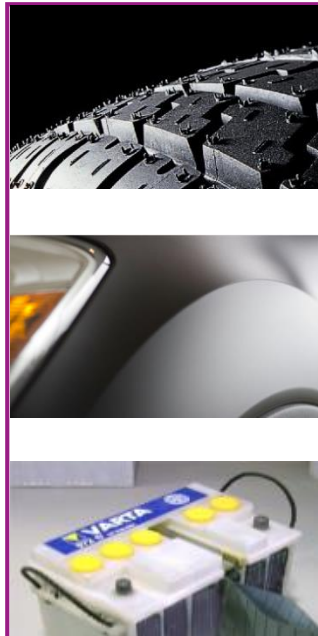
## Creating a global leader in Specialty & Coating Additives



# Acquisition of Huber Silica

Access to new highly attractive silica applications for Evonik

## Evonik's focus areas in Silica



**Tire**

**Coatings**

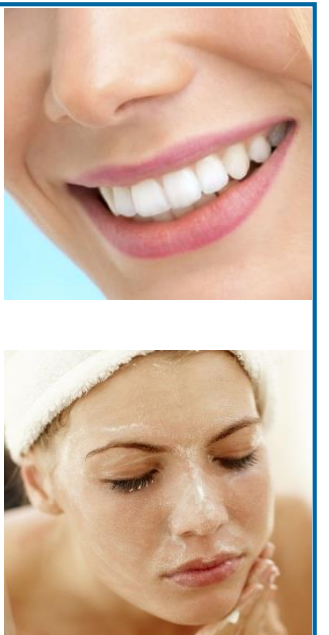
**Industrial Specialties**

Complementary applications



Attractive growth rates: 4-6%

## Huber's focus areas in Silica



**Dental**

**Life Science Specialties**

Combined sales<sup>1</sup>: > €1.3 bn | Adj. EBITDA margin: >20%

1. Sales of Evonik Business Line Silica and Huber Silica

# Leading in Innovation

Ambitious targets, clear strategy and inspiring culture



## Innovation Targets

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



## Innovation Strategy

- Balanced innovation portfolio management
- Fostering disruptive innovations: Innovation 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 in Innovation

# Innovation: Our goals

---

## R&D rate

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



## Evonik Innovation 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**



**Corporate  
Culture**

## 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**

# Appendix

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# Evonik Group

## 22 Business Lines grouped in 3 segments

### Nutrition & Care



**Sales**  
€4,507 m



**Adj. EBITDA / Margin**  
€747 m / 16.6%

Animal Nutrition

Baby Care

Comfort & Insulation

Health Care

Personal Care

Household Care

Interface & Performance

### Resource Efficiency



**Sales**  
€5,393 m



**Adj. EBITDA / Margin**  
€1,173 m / 21.8%

Silica

Crosslinkers

Coating & Adhesive Resins

Oil Additives

High Performance Polymers

Active Oxygens

Coating Additives

Silanes

Catalysts

### Performance Materials



**Sales**  
€3,751 m



**Adj. EBITDA / Margin**  
€658 m / 17.5%

Performance Intermediates

Methacrylates

Acrylic Products

Functional Solutions

Agrochemicals & Polymer Additives

CyPlus Technologies

# Nutrition & Care

## Fulfilling human needs in a globalizing world

### Key characteristics

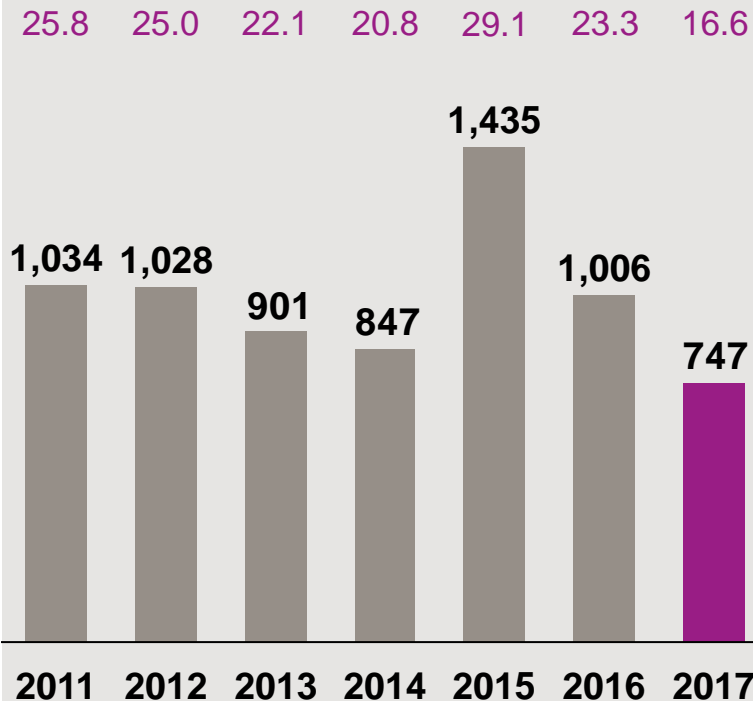
- High degree of **customer intimacy and market know-how**
- Enabling our customers to deliver **differentiating solutions** in their markets
- **Excellent technology platforms**
- **Sustainability** as major growth driver

### Key products

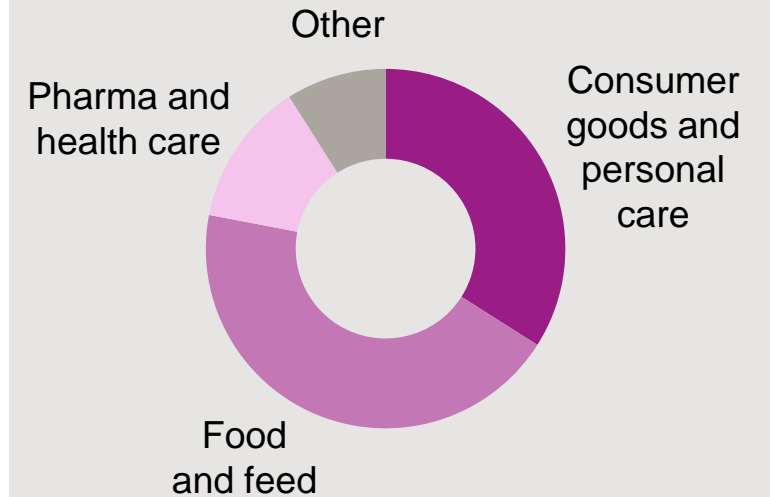
- Amino acids for professional animal nutrition
- Ingredients for cosmetic products
- Superabsorbents for baby diapers
- Drug delivery systems for controlled drug release



### Adj. EBITDA (€ m) and margin (%)







### End market split



# Nutrition & Care




## Business Line overview (1/2)

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

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

# Nutrition & Care

## Business Line overview (2/2)

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

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

# Spotlight on Nutrition & Care

Pioneer solutions for nutrition, healthcare, personal care and everyday living

A high-value portfolio shaped by the individual needs of our customers

- 1 Non-cyclical growth trends** Serving end markets with **robust and resilient growth (~5%)**
- 2 Technology platforms** **Strong backbone** for innovation & growth (e.g. Silicone Chemistry, Advanced Biotechnology)
- 3 Innovation** **Breakthrough innovations:** biodegradable medical devices, all-natural cosmetic raw materials, algae-based omega-3 fatty acids
- 4 Efficiency** Advance leadership by **growth initiatives & efficiency improvements**



# Portfolio Management – Animal Nutrition

Advance leadership position by growth initiatives and efficiency gains

## Strategic review process conducted in Animal Nutrition

### Broaden portfolio



...beyond amino acids:

- Probiotics
- CreAMINO®
- Omega-3 fatty acids
- Diagnostics

**Double-digit  
annual growth rates**

### Manage production setup



- Contract manufacturing for bio-amino acids
- Closure of uneconomic sites (e.g. Threonine in Hungary)
- Synergy realization for lysine and omega-3 production in Blair, NE

**€50 m p.a. efficiency improvements**

- First savings already in 2018; full savings by 2020
- Reduction of ~270 FTE across all functions

### Optimize cost base

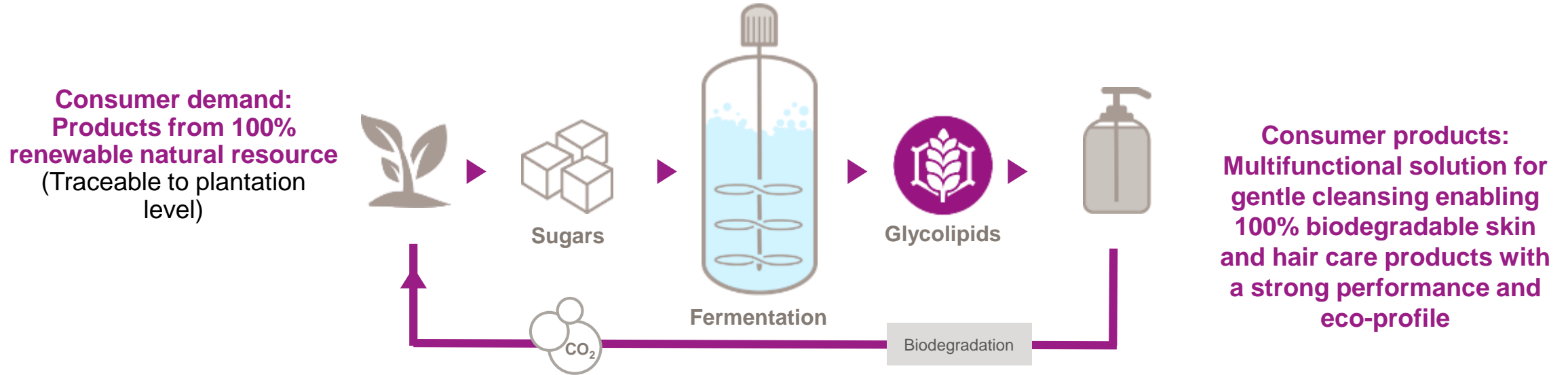


- Process innovations to improve Methionine production cost base
- Streamlining supply chain
- Evolution of sales & marketing: strict cost-to-serve approach



# RHEANCE® Glycolipids

## Biotechnology for a sustainable step change in cosmetic ingredients



### Unique process – Unique products

- Nature-identical biomolecules
- By fermentation of sugars only
- No tropical oils needed
- Based on strong Evonik biotech platform

# Evonik expands North American drug delivery business with new capabilities for advanced injectables

## Evonik Birmingham & Vancouver Laboratories



- The Evonik Health Care Business Line is the **global strategic partner to pharmaceutical companies** offering:
  - **Birmingham: Polymer-based dosage forms** include biodegradable microspheres (e.g. used in prostate cancer drugs)
  - **Vancouver: Liposome-based dosage forms** are bio-compatible drug delivery vehicles to improve drug solubility and protect API against degradation.

## Expansion rationale

- **New capacities needed** to support high demand for advanced services, e.g. controlled release injectable formulations, growing **above 5% annually**
- **€35 million expansion** of contract development and manufacturing capabilities until mid-2019



# Resource Efficiency

## Innovative products for resource-efficient solutions

### Key characteristics

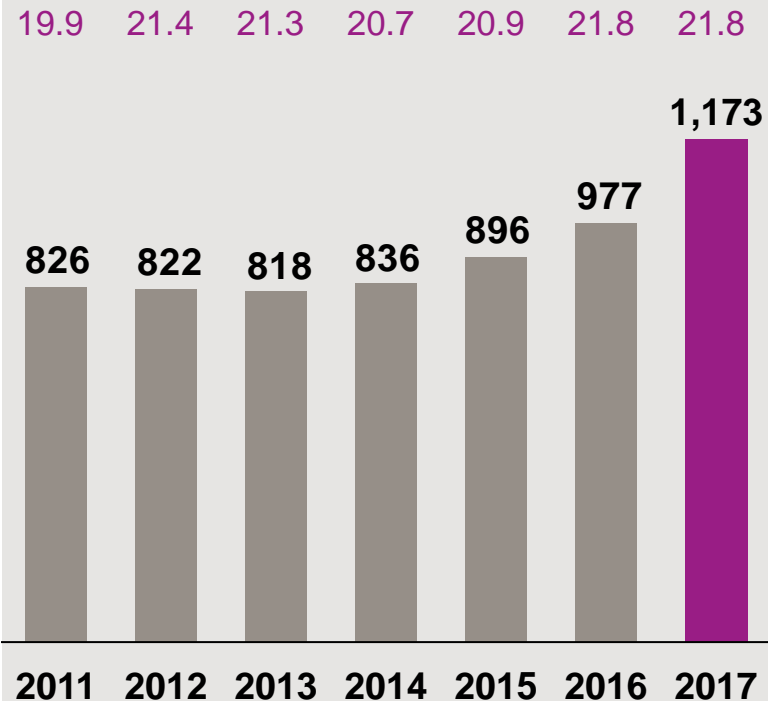
- Focus on **performance-impacting** and value-driving components
- **Minor share of cost** in most end products
- Strong focus on **technical service**
- **Low risk of substitution**
- High pricing power (**value-based pricing**)

### Key products

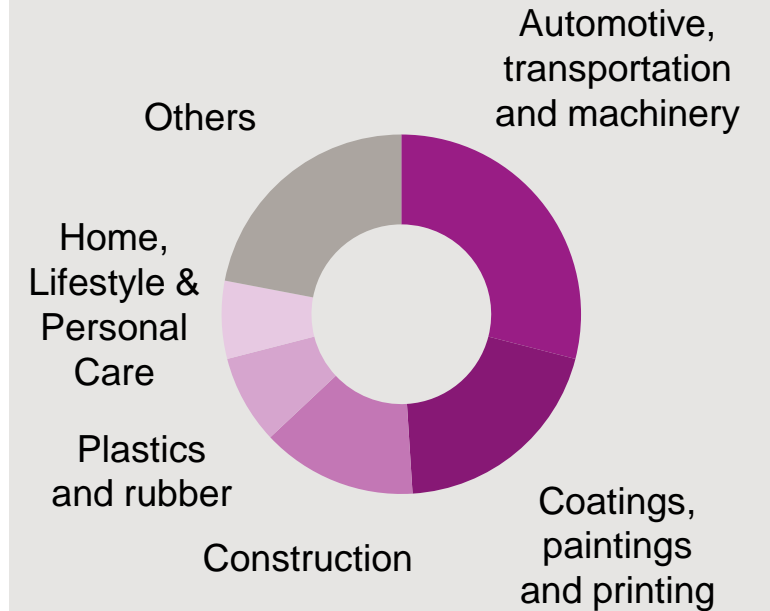
- Precipitated and fumed silica as flow property enhancers
- Crosslinkers for composite materials and coatings
- Viscosity modifiers for oils and hydraulic fluids



### Adj. EBITDA (€ m) and margin (%)






### End market split



# Resource Efficiency




## Business Line overview (1/3)

	<b>Silica</b> 	<b>Oil Additives</b> 	<b>Crosslinkers</b> 
<b>Key products</b>	<ul style="list-style-type: none"> <li>▪ Precipitated silica</li> <li>▪ Fumed silica</li> <li>▪ Special oxides</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lubricant additives (viscosity modifiers)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Crosslinkers for composites, elastomers and coatings</li> </ul>
<b>Main Applications</b>	<ul style="list-style-type: none"> <li>▪ Silicone rubber</li> <li>▪ Tires, green tires &amp; rubber</li> <li>▪ Paints &amp; coatings</li> <li>▪ Adhesives &amp; sealants</li> </ul>	<ul style="list-style-type: none"> <li>▪ Automotive lubes</li> <li>▪ Industrial lubes</li> <li>▪ Hydraulic systems</li> </ul>	<ul style="list-style-type: none"> <li>▪ Composites</li> <li>▪ Coatings &amp; inks</li> <li>▪ Construction / Flooring</li> <li>▪ Automotive interior</li> </ul>
<b>Market position<sup>1</sup></b>	<ul style="list-style-type: none"> <li>▪ # 1 in silicas (precipitated, fumed, special oxides, matting agents and specialty fillers)</li> </ul>	<ul style="list-style-type: none"> <li>▪ # 1 in viscosity modifiers for lubricants</li> </ul>	<ul style="list-style-type: none"> <li>▪ # 1 in isophorone chemicals</li> </ul>
<b>Main competitors</b>	<ul style="list-style-type: none"> <li>▪ Cabot</li> <li>▪ Solvay</li> <li>▪ Wacker</li> </ul>	<ul style="list-style-type: none"> <li>▪ Infineum</li> <li>▪ Lubrizol</li> <li>▪ Afton</li> <li>▪ Oronite</li> </ul>	<ul style="list-style-type: none"> <li>▪ BASF</li> <li>▪ Covestro</li> <li>▪ Wanhua</li> </ul>

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

# Resource Efficiency

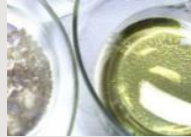


## Business Line overview (2/3)

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

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

# Resource Efficiency

## Business Line overview (3/3)

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

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

# Spotlight on Resource Efficiency

## True specialty segment as main value driver for Evonik

### High profitability and high-value specialty portfolio

- 1 Resilience** No single business line accounting for >20% of EBITDA<sup>1</sup>
- 2 Integrated product chains** Strong **core technology platforms** (e.g. Silica, HPP, Crosslinkers)
- 3 Innovation** >20% annual sales growth in **New Growth Businesses**<sup>2</sup>
- 4 FCF generator** Major contributor to **Evonik's FCF** in recent years

1. Segment EBITDA | 2. 2012-2017 sales of "New Growth Businesses"



# Resource Efficiency – e-mobility

## Catching up significant additional opportunities of e-mobility trend

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



### Additional opportunities arising

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

1. CAGR (2017-2021)



# Market examples for Polyamide 12

## Several growth markets profiting from unique PA12 properties

### Medical



VESTAMID® Care >15% p.a.<sup>1</sup>

- Heart catheters and tubes
- Durable medical equipment in imaging devices

**Unique PA 12 benefit:**  
bio-compatibility

### Hi-tech sport equipment



VESTAMID® CW >5% p.a.<sup>1</sup>

- Impact modified PA 12 for professional sports
- E.g. Ski- and snowboard boots

**Unique PA 12 benefit:**  
low-temperature impact strength

### Electronics & Telecommunication



VESTAMID® >20% p.a.<sup>1</sup>

- Sheathing for fiber optic cables for data transfer
- Protection of polymer optical fibers

**Unique PA 12 benefit:**  
high flexibility

### Lightweight design



VESTAPE® >30% p.a.<sup>1</sup>

- PA 12 matrix for carbon fiber tapes
- Used in composite structures for e.g. lightweight design in cars

**Unique PA 12 benefit:**  
outstanding mechanical properties

1. Mid-term CAGR, Evonik estimates

## Spotlight on Silica

### Silica market with strong growth, Evonik leading supplier with full coverage

#### Silica market

- Market growth: 4-6%, expected to stay clearly above GDP
- Main growth driver: eco-friendly and custom-tailored, steadily new applications
- Market access: reliable and cost competitive raw material base crucial

#### Evonik positioning

- Only supplier for both, **fumed** and **precipitated silica** as well as **metal oxides**
- **Superior process technology** (e.g. integrated silica-silane production platform)
- In-house “Verbund” and external **raw material** partners
- **Global production platform** (26 sites)
- Regional **customer proximity** (~200 M&S employees, presence in 100 countries)
- Unique product portfolio with **>100 larger volume specialties** as well as **customized solutions**



## Product Example: Water-borne coatings

Serving the high demand for eco-friendly, water-borne coatings

### Challenges & needs:

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

### Approach & Solution:

- Evonik a leading player for water-borne coatings
- Strong and innovative portfolio to serve the growing demand for water-borne coatings and applications from various industries



# Performance Materials

## Integrated production platforms for efficient production of rubber and plastic intermediates

### Key characteristics

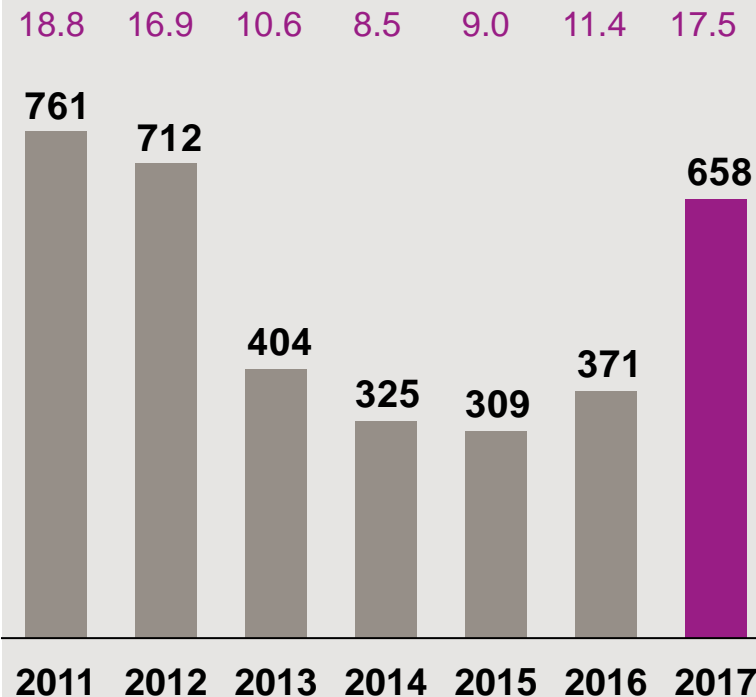
- Strong **integrated production platforms**
- **Leading cost positions**
- Favorable **raw material access**
- Focus on **continuous efficiency improvements**
- High degree of **supply reliability**

### Key products

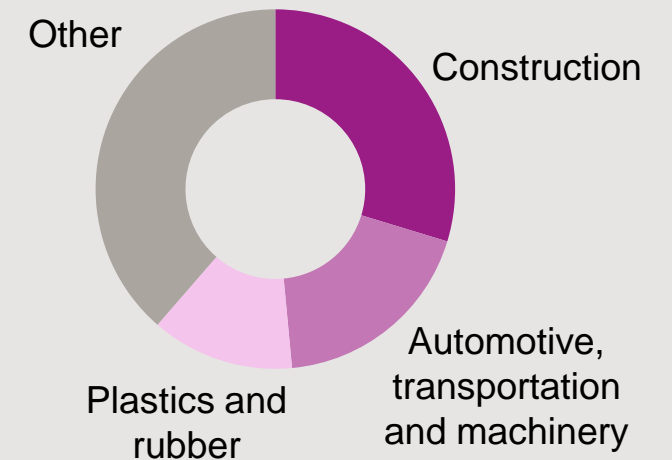
- Acrylic sheets, molding compounds (PMMA) and its precursors (MMA), e.g. for LED and touch screens
- Butadiene for synthetic rubber
- MTBE as fuel additive



### Adj. EBITDA (€ m) and margin (%)






### End market split



# Performance Materials




## Business Line overview (1/2)

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

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

# Performance Materials

## Business Line overview (2/2)

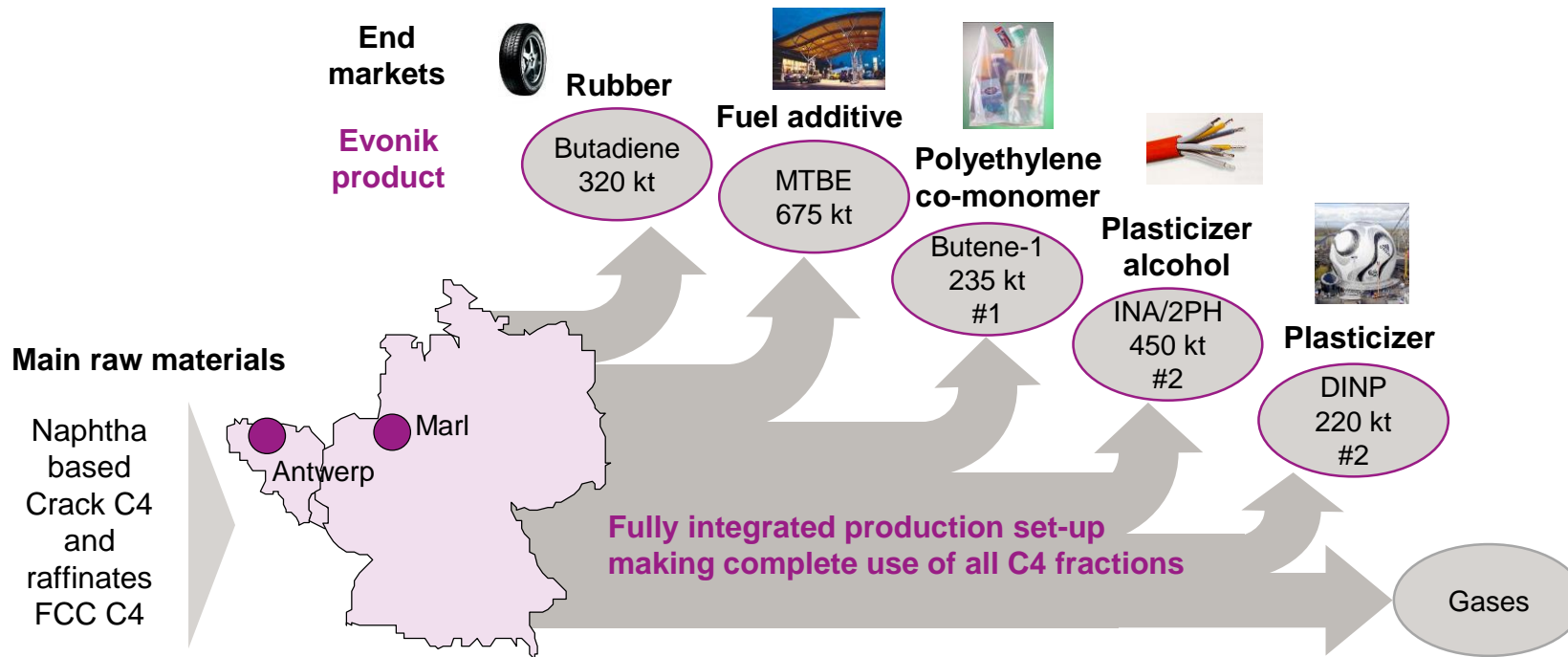
	Agrochemicals & Polymer Additives	Functional Solutions	CyPlus Technologies
<b>Key products</b>	 <ul style="list-style-type: none"> <li>▪ Triacetonamine</li> <li>▪ Crosslinkers</li> <li>▪ Precursors for crop protection</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Alkoxides (e.g. sodium methylate)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

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

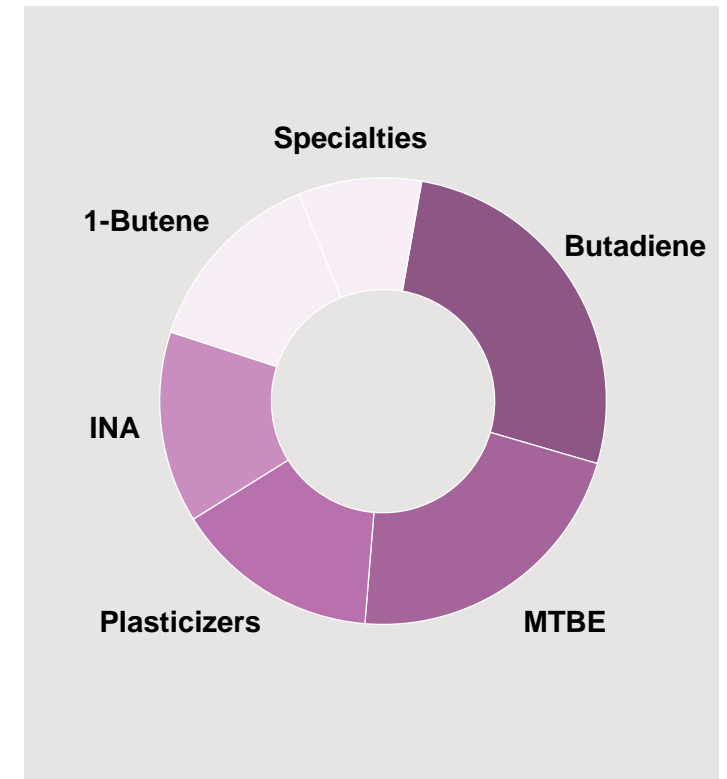
# Performance Intermediates (C4 chain)

## Fully integrated production platform in Europe

### Capacity overview



### Share of total sales by product





# Strategic project to further strengthen our C4 chain



## Target

### C4 “Verbund” optimization through:

- Increased productivity
- Optimization of supply
- Higher product flexibility



## Addressed levers

- Better utilization and debottlenecking of existing plants
- Better catalysts
- Improved product mix



## Approach

### Holistic evaluation of “Verbund” structure

- Interdisciplinary teams
- Agile cooperation methods like Scrum
- Scope: Products & Markets, Processes & Plants, Innovation



## Financial impact

### Consequent focus on efficiency

- Realization of main strategic targets while spending significantly less capex
- **Capex savings of ~55%** after completion



# Portfolio Management – Methacrylates

## Divestment of Methacrylates business

### Business Facts

~ €1.5 bn  
sales in 2017

#2 globally  
in MMA and PMMA

18 sites

Access to  
C2, C3 & C4  
-based technologies

~3,700  
employees<sup>1</sup>

>3%  
global market growth

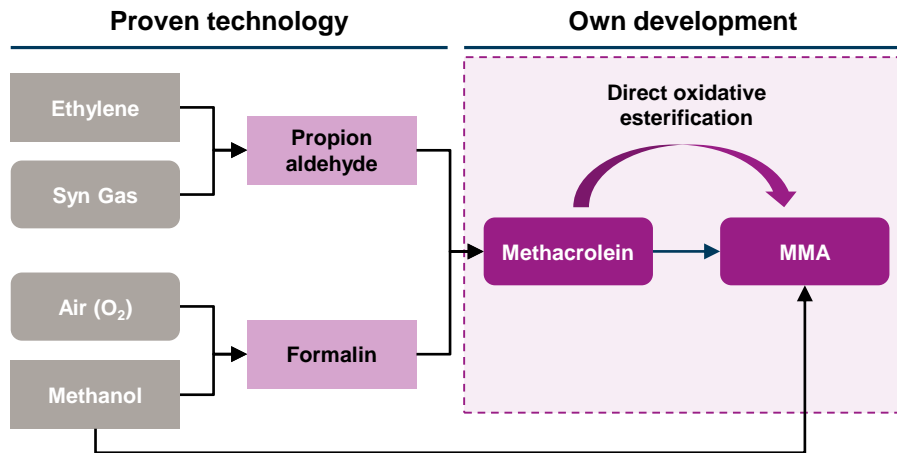
- Methacrylates in good shape and well positioned
- C2 technology “LiMA” opens new opportunities for the business
- Business perspectives cannot be realized with current portfolio role
- Driving process to find a new owner

**Divestment  
process for  
Methacrylates  
initiated**

1. In operational and service functions

# Proprietary C2 MMA technology with disruptive potential

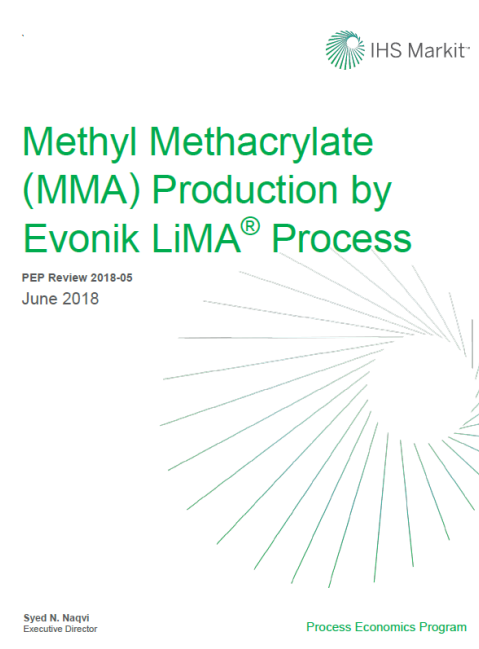
## LiMA – C2 MMA production technology



Pilot plant with >10,000 hrs

- ➔ **Intelligent process ...**  
proprietary catalyst with high yield and selectivity
- ➔ **Efficient new catalyst ...**  
accesses shale gas as raw-material source
- ➔ **Best-in-class ...**  
in environmental impact (emission, energy)

## Advantages of LiMA



*“Based on our analysis, we believe that LiMA has a strong potential to produce MMA at lower costs and with lesser environmental impact than Lucite’s Alpha process.”*

*IHS PEP Review*

# Appendix

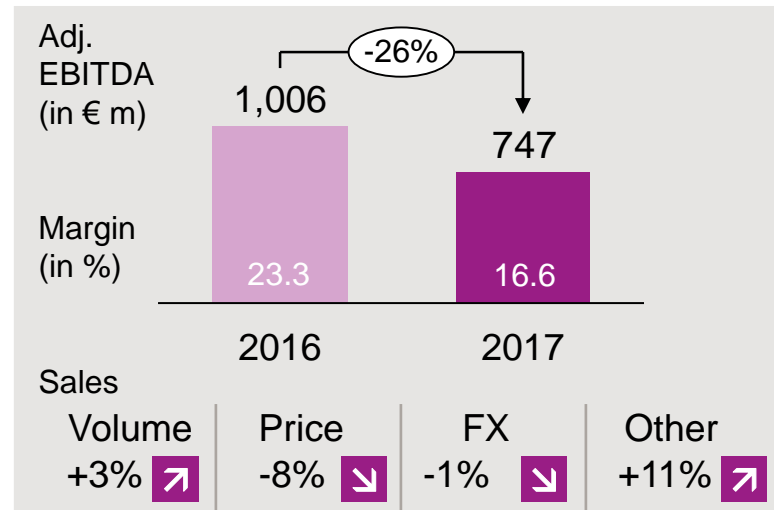
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1. Strategy Details
2. Segment overview
- 3. Financials**
4. Upcoming events

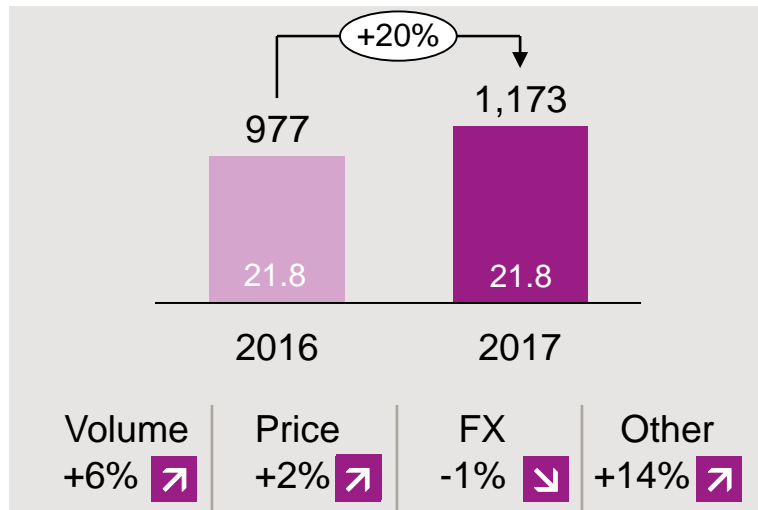
# Segment performance FY 2017

## Resource Efficiency and Performance Materials with strong earnings growth

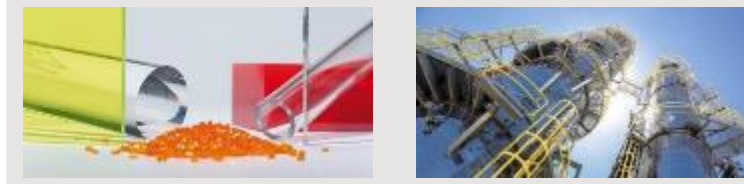
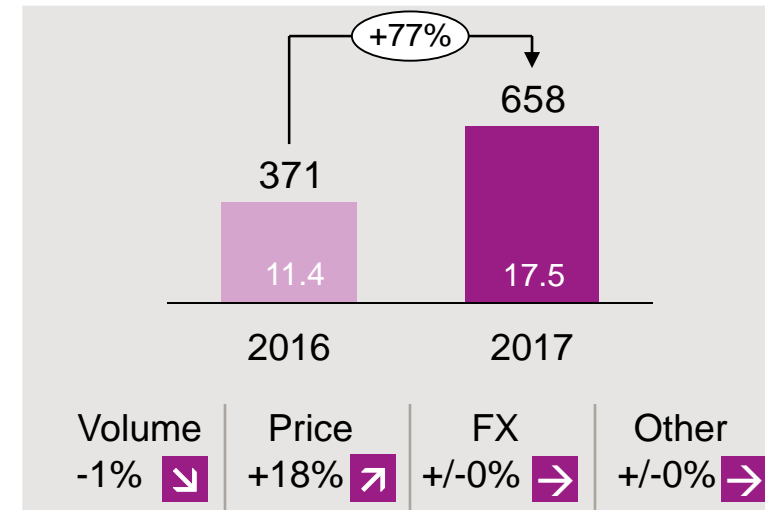
### Nutrition & Care



### Resource Efficiency

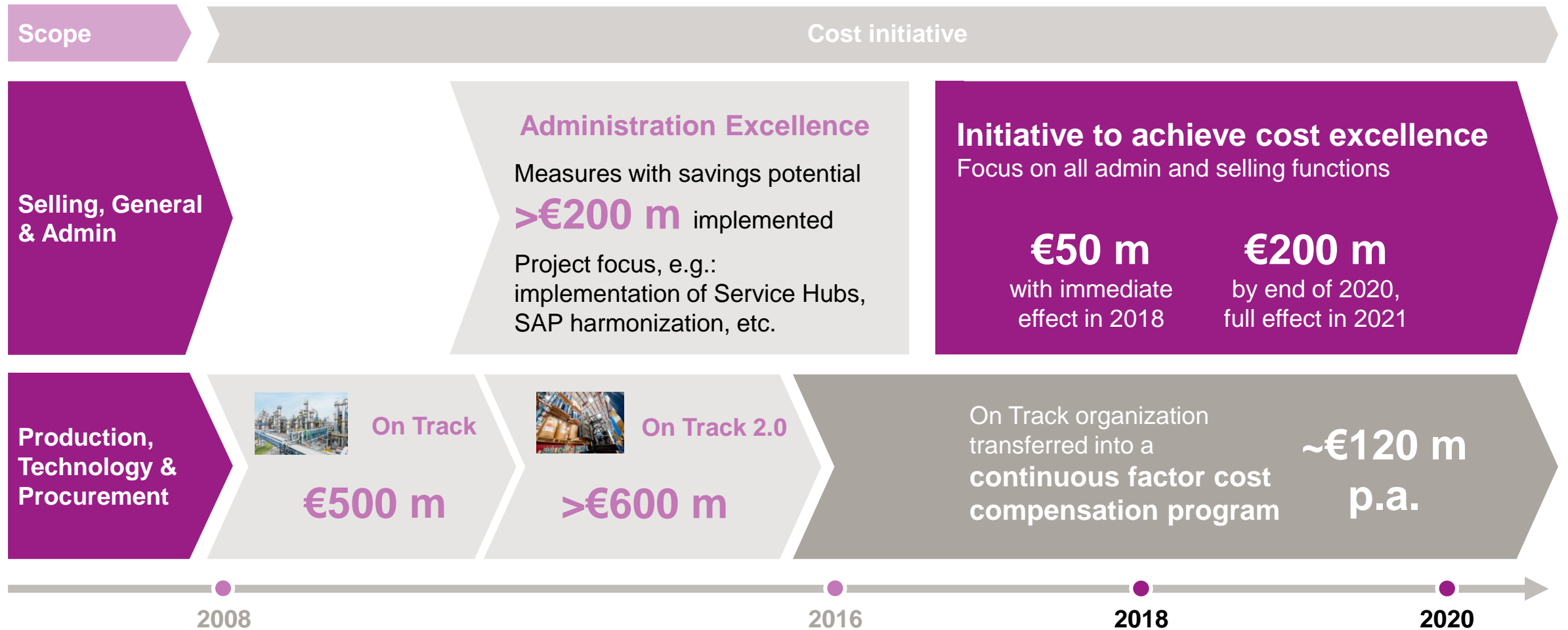


### Performance Materials



# Recent cost initiatives

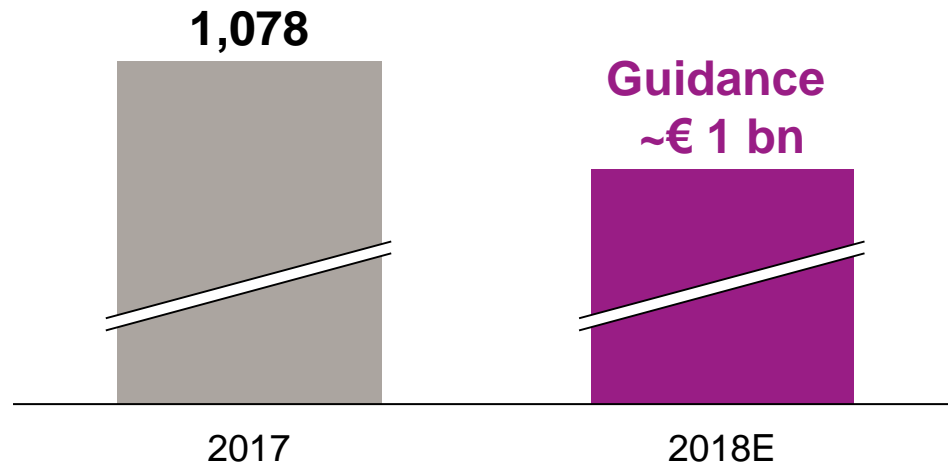
## Program to achieve cost excellence in admin and selling initiated



# Capex 2018

~€1 bn despite additional €150 m for Me6 plant

## Capex development



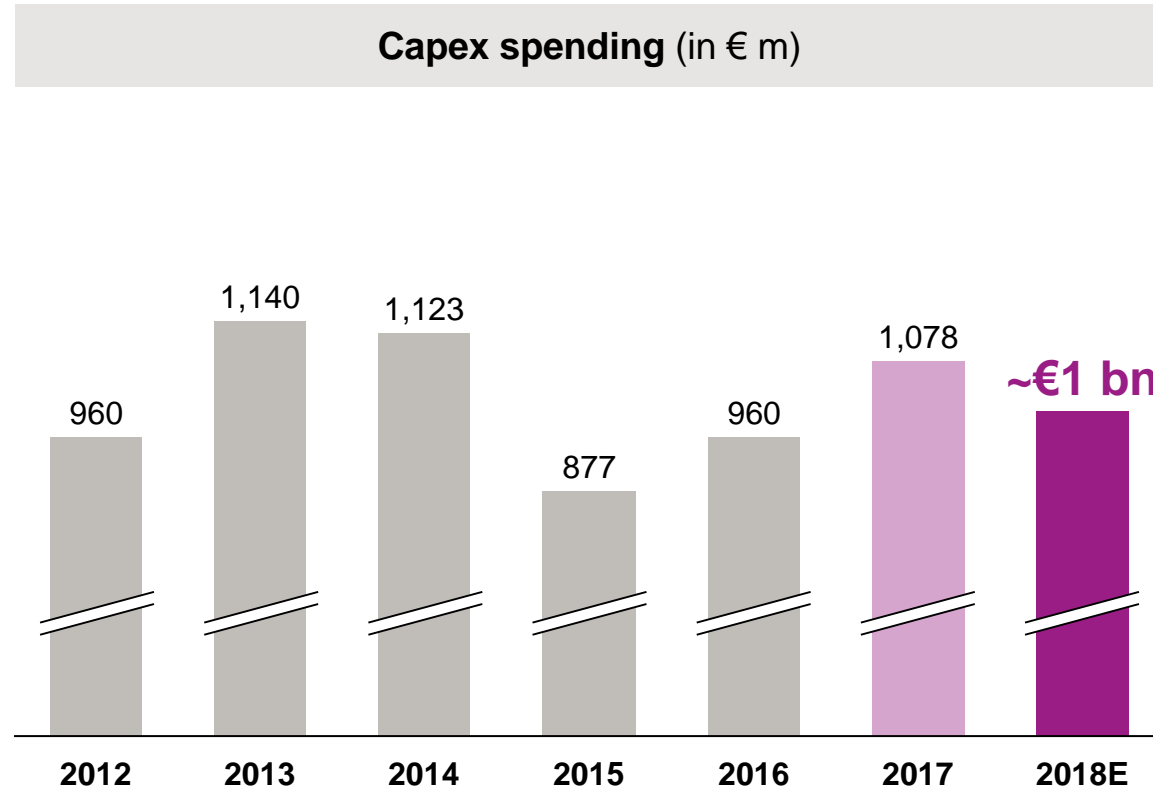
- Additional ~€150 m capex for Me6 plant in Singapore compared to prior year (total Me6 spending in 2018: ~€300 m)
- Overall lower capex in 2018 due to high capex discipline in form of reduced maintenance capex or postponement of projects

## Top growth projects 2018

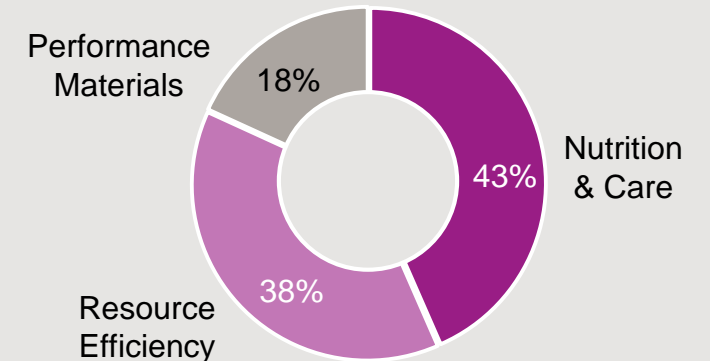
- **Methionine 6 (Me6)**
  - More than half a billion €, 2016-2019  
Singapore
- **Extension precipitated silica**
  - ~€100 m; 2016-2018  
Charleston, South Carolina
- **Extension of fumed silica**
  - Upper double-digit million €, 2017-2019  
Antwerp
- **Veramaris (Green Ocean)**
  - ~€100 m (Evonik share), 2017-2019  
Blair, Nebraska

# Investments

## Capex with significant decrease since 2013 – focus on growth segments



- Capex focus on the two growth segments
- **Sustainable capex level going forward: ~€900 - 950 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 2017 for chemical segments

# Investments

## Selective projects announced for 2018/2019

### Investment projects successfully completed ...

#### Polyimide membrane exp.

Austria

**Rationale:** strengthen growth in attractive gas separation market and position as technology leader for membrane-based gas separation



#### PA12 powder exp.

Germany

**Rationale:** additional capacities target highly attractive growth markets (e.g. 3-D printing) and solidifies leading market position for PA 12



#### Specialty silicones plant

China

**Rationale:** local production increases flexibility in the fast growing market for specialty silicones (e.g. used in polyurethane, paints, and coatings)



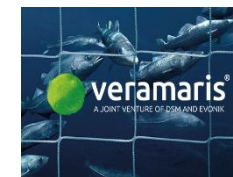
### ... and projects with start-up planned for 2019

#### Veramaris JV (Green Ocean)

United States

Start-up: 2019

Volume: ~€100 m



#### Extension of fumed silica

Belgium

Start-up: 2019

Volume: upper double-digit million €



#### New methionine plant (Me6)

Singapore

Start-up: 2019

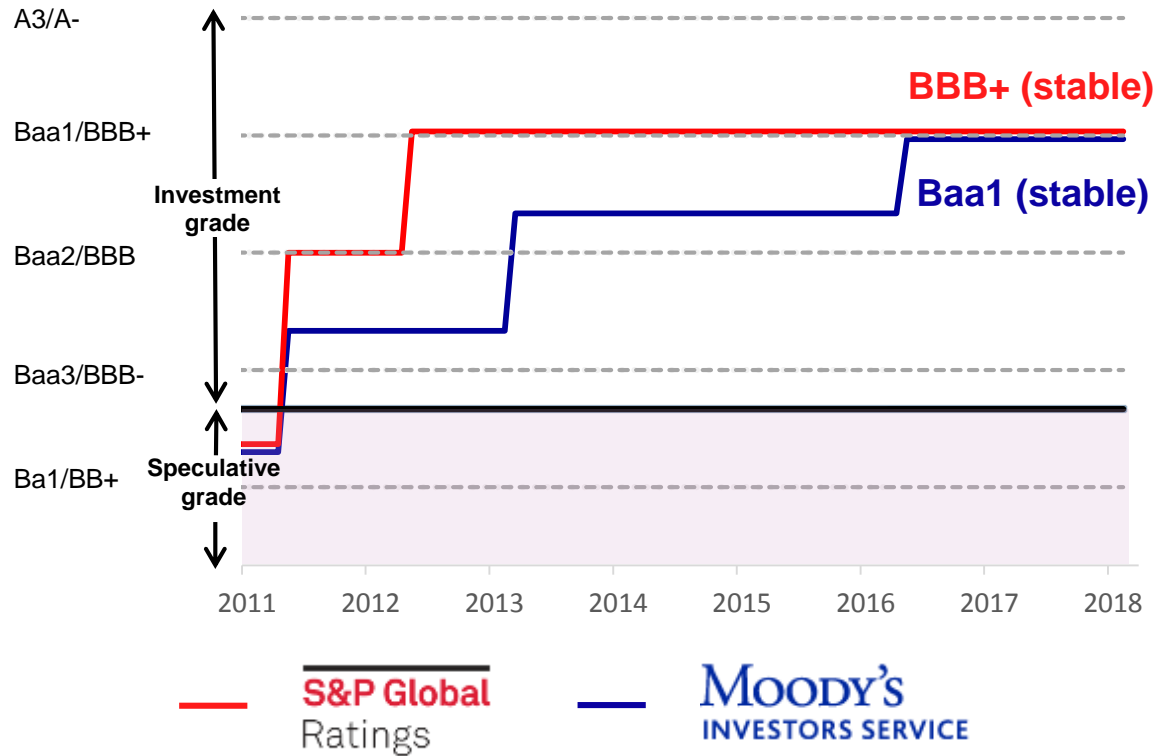
Volume: >€500 m





# Financial policy

## Maintaining a solid investment grade rating



### Both rating agencies affirmed its ratings in 2017 based on

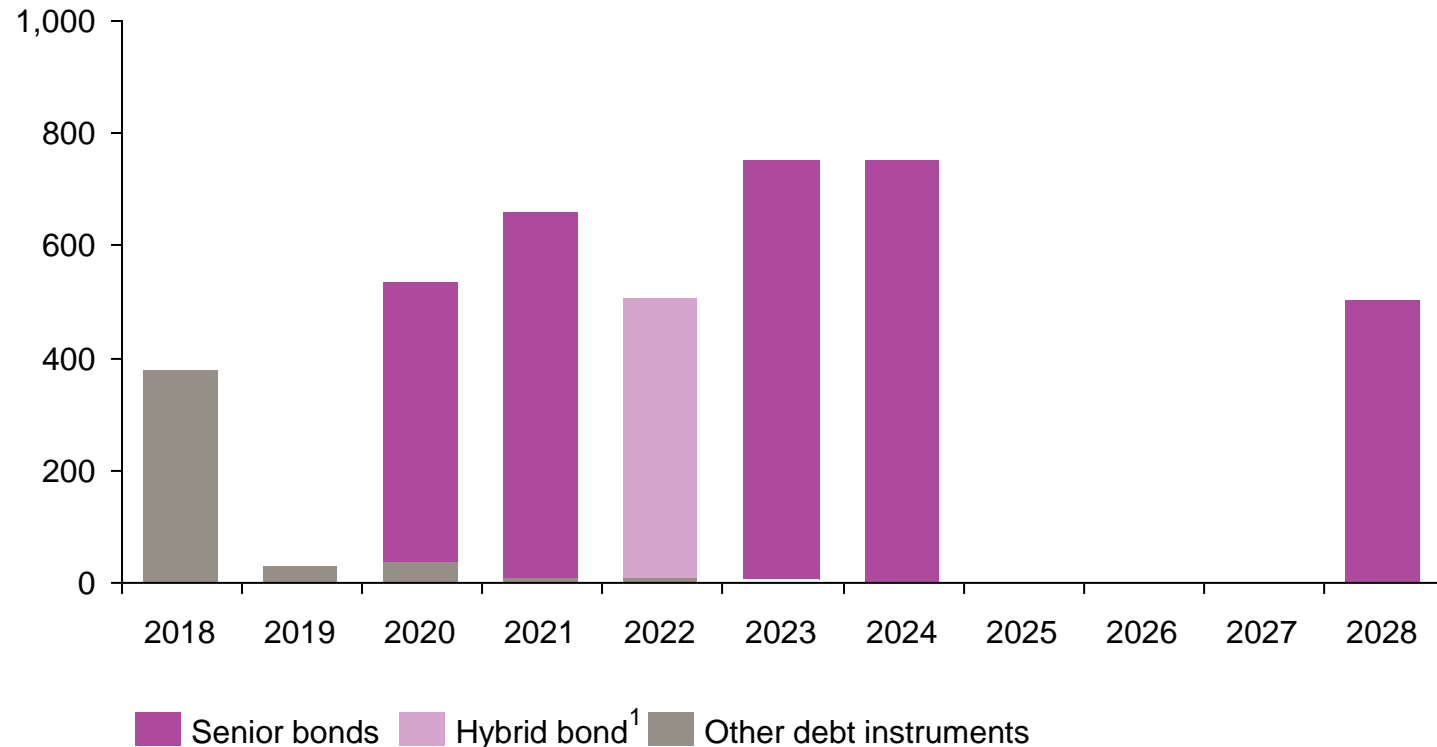
- Strong business profile underpinned by significant size and leading global market positions
- Greater-than-peer diversity in terms of end-markets and product range
- Acquisitions of Air Products Specialty Additives and Huber Silica enhances the specialty chemicals portfolio
- Supportive financial policy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

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

# Debt structure

## Well balanced maturity profile

(in € m as of June 30, 2018)

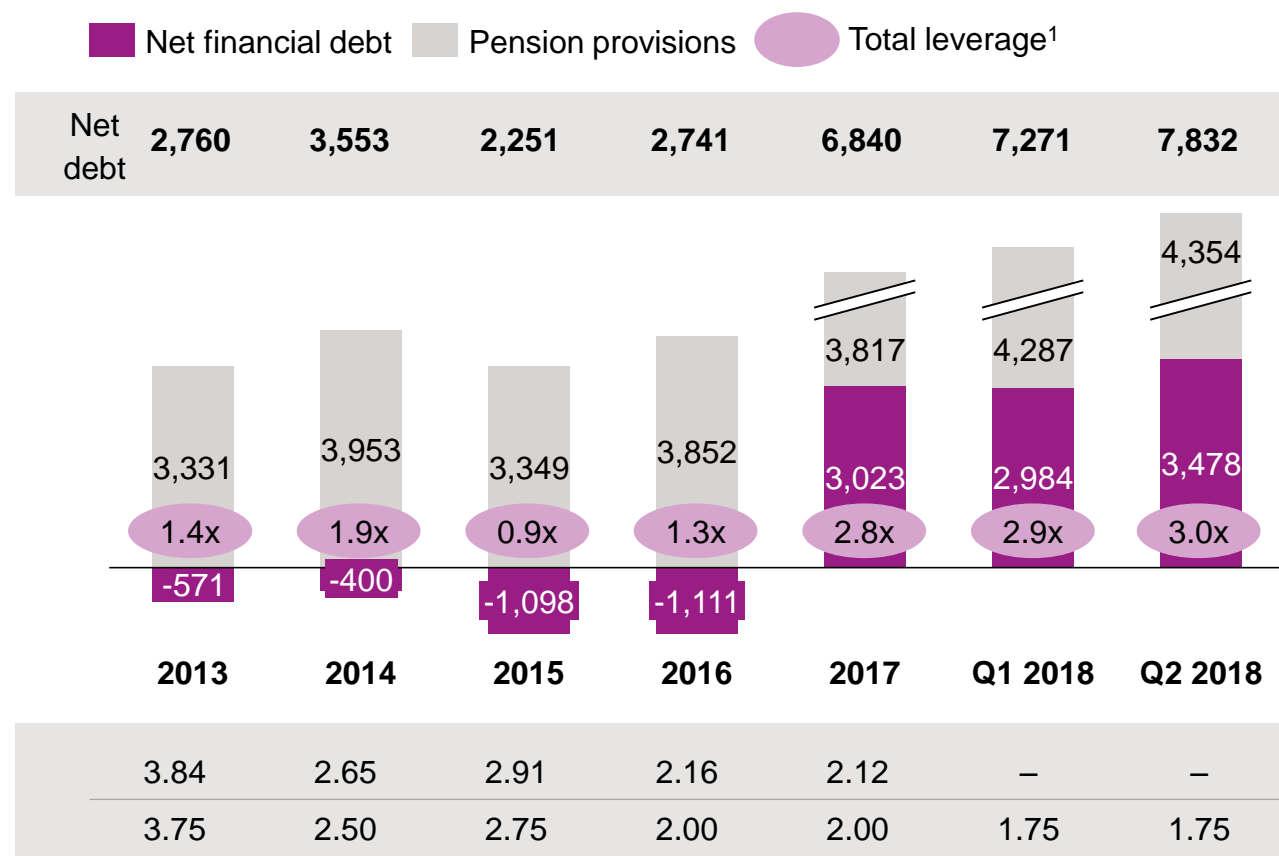


- Well balanced debt maturity profile with no single maturity greater than €750 m
- Long-term capital market financing secured under favorable conditions: average coupon of only 0.74% p.a. on €3.15 bn senior bonds and 2.125% p.a. on €0.5 bn hybrid bond
- Undrawn €1,750 m syndicated revolving credit facility maturing June 2023 (plus one-year extension option)<sup>2</sup> provides comfortable level of back-up liquidity

1. Formal lifetime of 60 years; first redemption right for Evonik in 2022 2. Initial tenor until June 2022; first extension option until June 2023 exercised as per April 2018

# Development of net debt and leverage over time

(in € m)



- Increase of net financial debt during Q2 due to dividend payment for fiscal year 2017 (€536 m)
- Change in discount rate for Germany (from 2.00% to 1.75 %, as per March 31, 2018) resulting in an increase in pension provisions
- Net financial debt development 2017 mainly driven by acquisition-related purchase price payments (in particular APD and Huber Silica)
- Pension provisions are partly balanced by corresponding deferred tax assets of ~€1.2 bn
- More than half of total net debt consists of long-dated pension obligations; average life of DBO exceeds 15 years

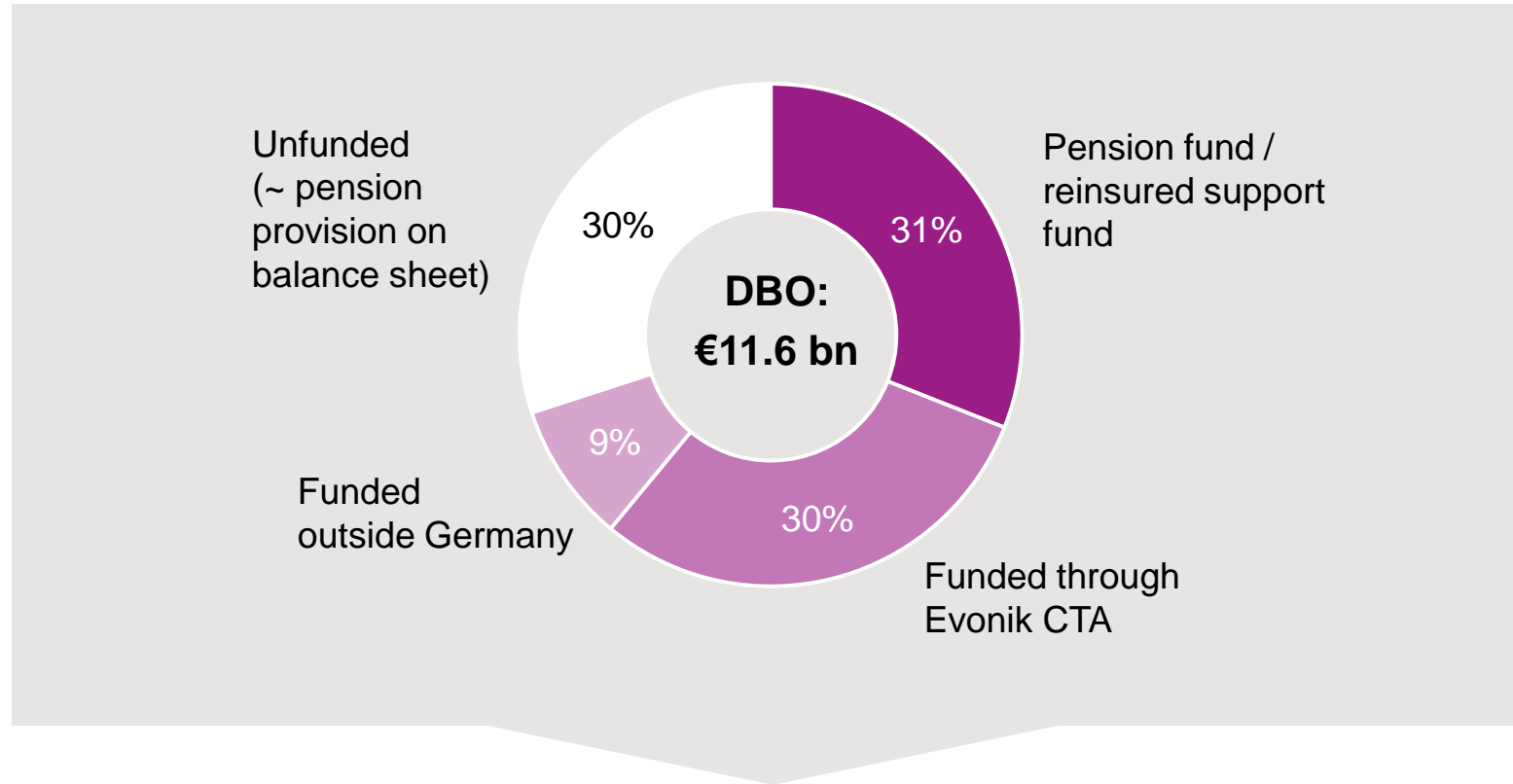
Evonik Group global discount rate (in %)<sup>2</sup>

Evonik discount rate for Germany (in %)

1. Total leverage defined as (net financial debt - 50% hybrid bond + pension provisions) / adj. EBITDA LTM | 2. Calculated annually

# Pensions

## Pension funding overview as of 31 December 2017

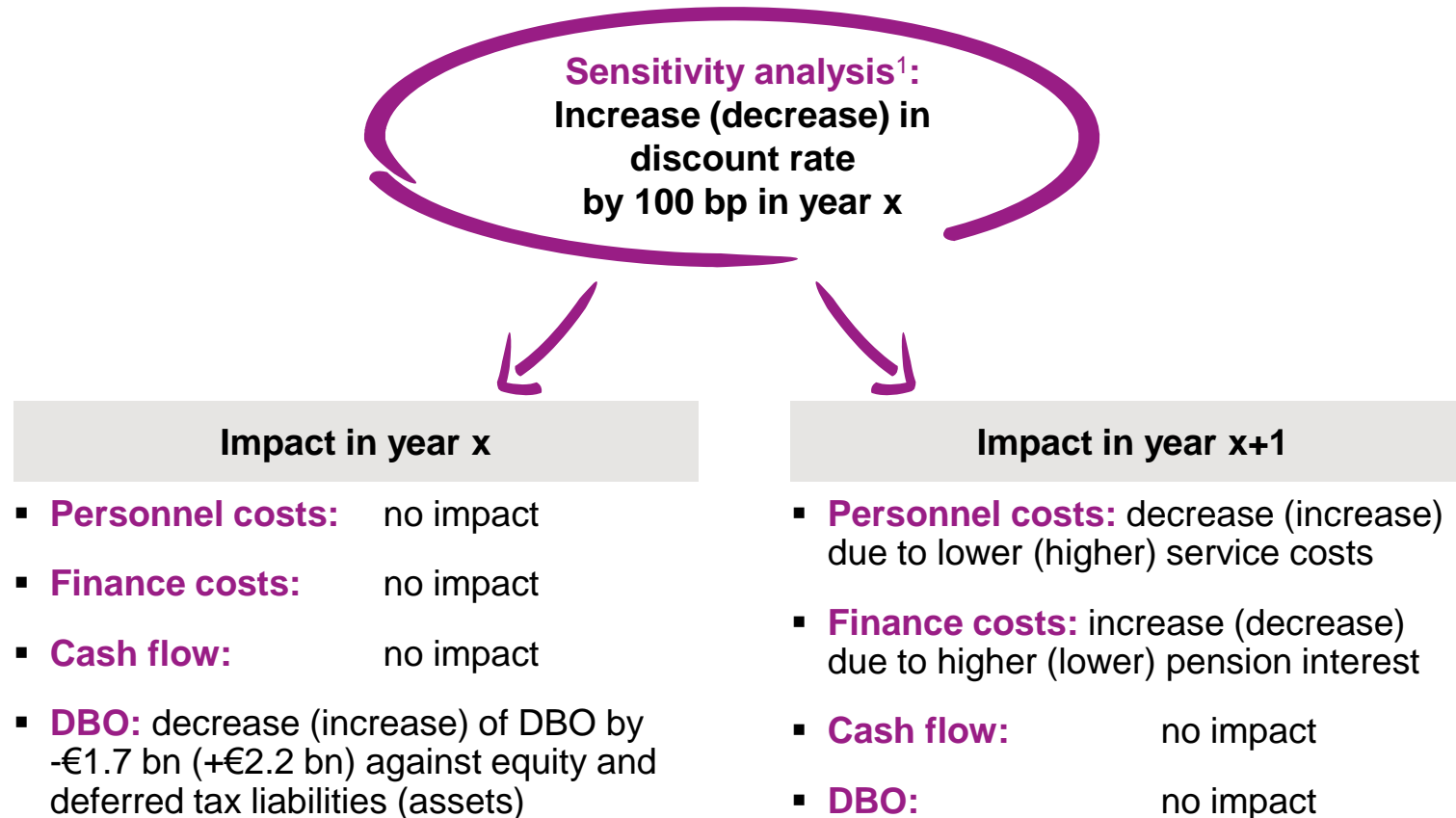


- Pensions very long-term, patient debt (>16 years) with no funding obligations in Germany
- DBO level of €11.6 bn yoy stable (interest rate unchanged at 2.00%)
- Funding ratio increased to ~70% mainly due to positive development of pension asset

Funding level increased to ~70%

# Pensions

## Sensitivity to discount rate changes



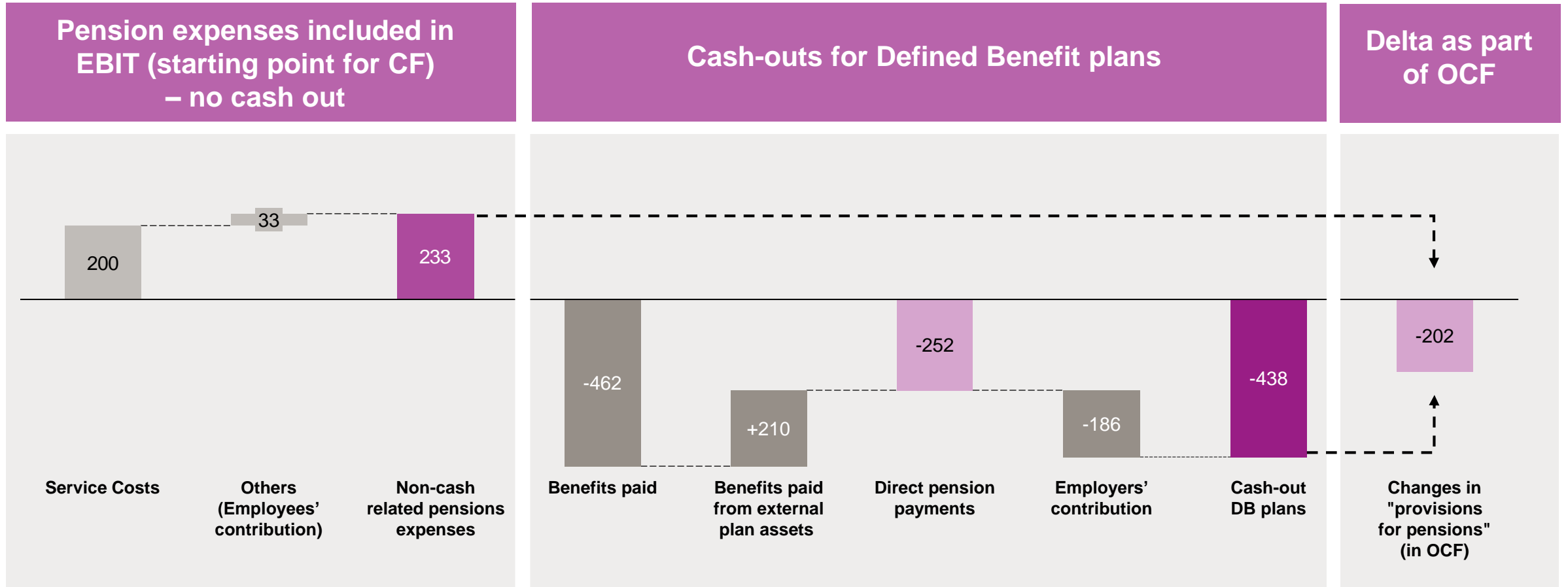
1. Excluding any effects from potential actuarial changes and changes in the valuation of plan assets

# Pensions

## Breakdown of P&L and cash flow effects

		in € m		P&L item / KPI	2016	2017	Annual report '17
P&L	Current service costs			Adj. EBITDA	-180	-200	p. 131
	Interest costs			Net interest expense	-297	-243	p. 131
	Exp. return on plan assets			Net interest expense	+207	+166	p. 132
	Other			Adj. EBITDA	-44	-33	p. 133
	Total pension expense				-316	-310	
		in € m			2016	2017	Annual report '17
Cash flow	Benefits paid				-428	-462	p. 131
	Benefits paid from plan assets		} From defined benefit plans		+181	+210	p. 132
	Contribution to plan assets (excl. CTA)				-152	-186	p. 132
	Payments under defined contribution plans				-166	-178	p. 133
	Total cash out for pensions (excl. CTA)				-565	-616	

# Transition of “Changes in provisions for pensions” in Operating Cash Flow

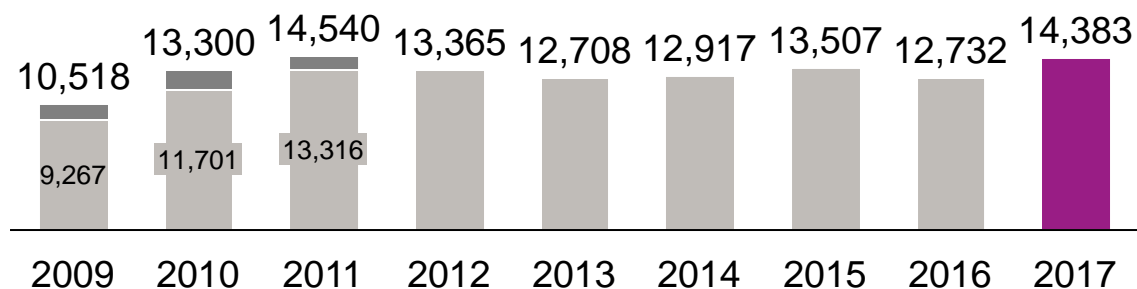


Based on 2017 financials

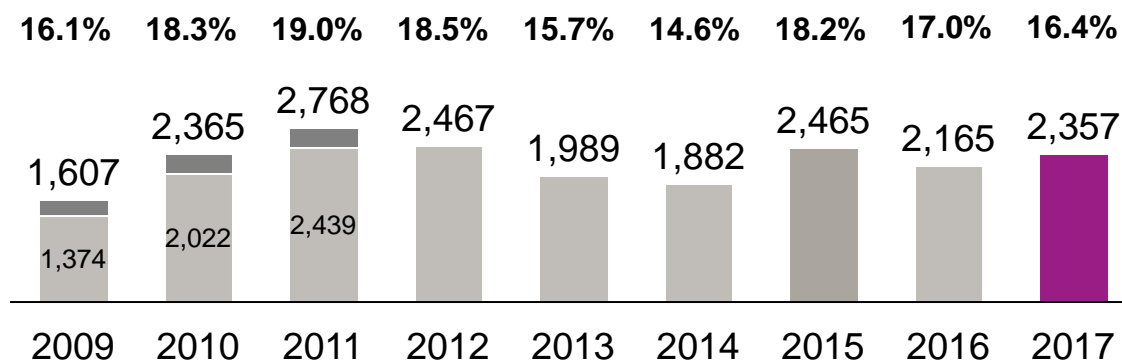
# Financial track record

### Sales (in € m)

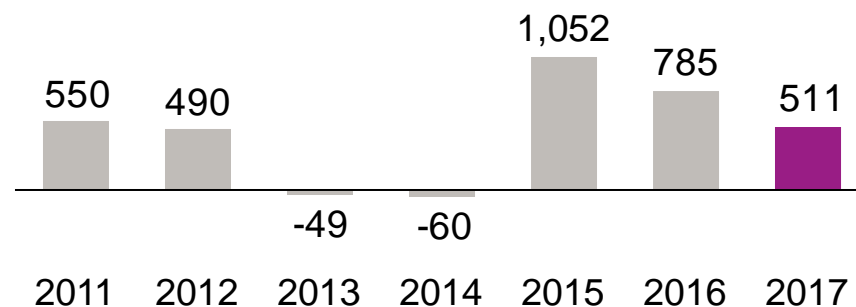
Carbon Black/Real Estate



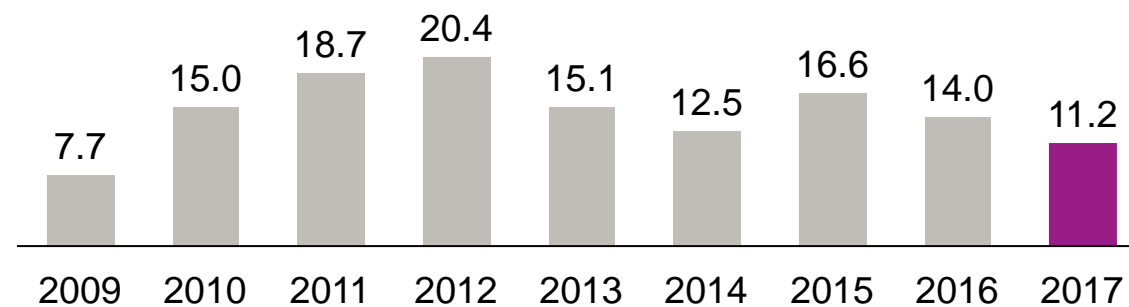
### Adj. EBITDA (in € m) / margin<sup>1</sup>



### Free Cash Flow (in € m)



### ROCE (in %)



1. Excluding Carbon Black



## Segment overview by quarter

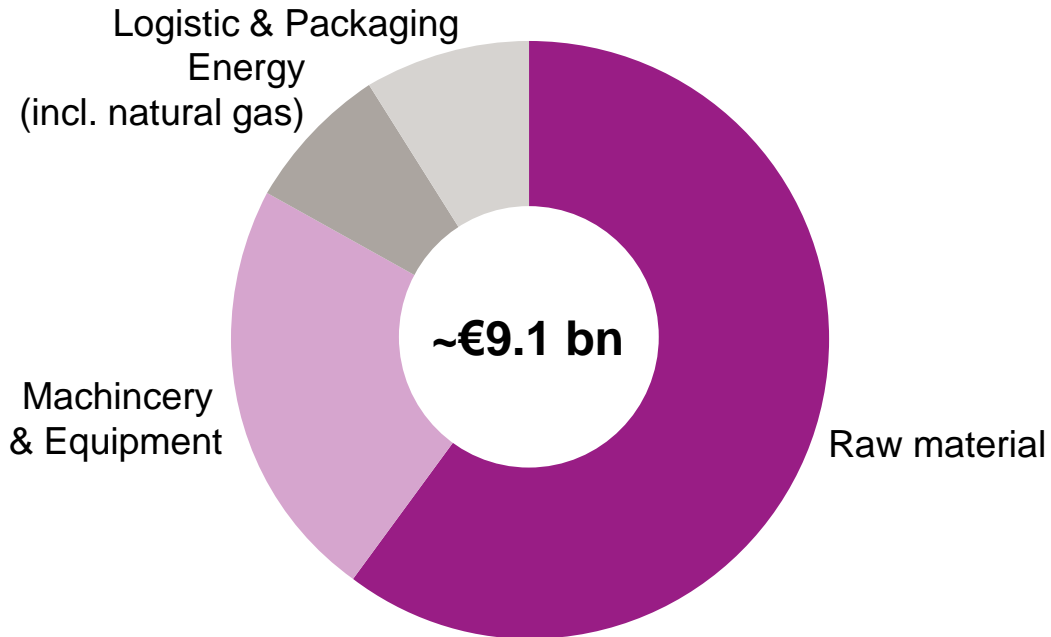
Sales (in € m)	FY 2016	Q1/17	Q2/17	Q3/17	Q4/17	FY 2017	Q1/18	Q2/18
Nutrition & Care	<b>4,316</b>	1,120	1,163	1,110	1,114	<b>4,507</b>	1,119	1,189
Resource Efficiency	<b>4,473</b>	1,360	1,367	1,358	1,308	<b>5,393</b>	1,398	1,479
Performance Materials	<b>3,245</b>	959	910	913	970	<b>3,751</b>	995	1,025
Services	<b>683</b>	193	174	172	178	<b>717</b>	163	172
Corporate / Others	<b>15</b>	4	4	3	3	<b>15</b>	3	3
<b>Evonik Group</b>	<b>12,732</b>	3,636	3,618	3,556	3,573	<b>14,383</b>	3,678	3,870

Adj. EBITDA (in € m)	FY 2016	Q1/17	Q2/17	Q3/17	Q4/17	FY 2017	Q1/18	Q2/18
Nutrition & Care	<b>1,006</b>	187	201	188	172	<b>747</b>	209	222
Resource Efficiency	<b>977</b>	297	318	311	247	<b>1,173</b>	325	366
Performance Materials	<b>371</b>	157	168	172	161	<b>658</b>	179	196
Services	<b>151</b>	43	38	49	3	<b>133</b>	49	35
Corporate / Others	<b>-340</b>	-89	-85	-80	-100	<b>-354</b>	-83	-77
<b>Evonik Group</b>	<b>2,165</b>	595	640	640	483	<b>2,357</b>	679	742

2017 financials restated for IFRS 15

# Raw material split

Total procurement volume 2017 (in € m)



Breakdown of raw material spend<sup>1</sup> (examples)

## Bio

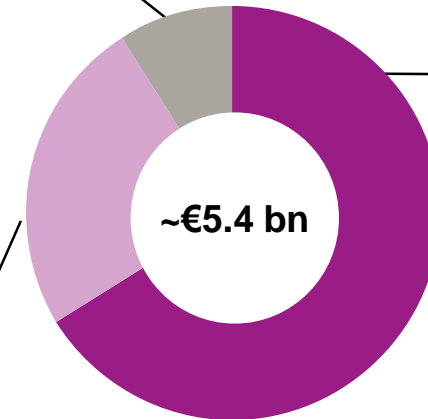
- Dextrose
- Fatty alcohols
- Tallow fatty acid
- Fatty acids
- tallow

## Inorganic & other

- Sodium silicate
- Sodium hydroxide
- Silicon metal

## Fossil

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



1. Raw material spend 60% of total procurement volume in 2017

# Management compensation

<p>Fixed salary ~1/3</p>	<ul style="list-style-type: none"><li>▪ To be paid in cash for each financial year on a monthly basis</li></ul>
<p>Bonus ~1/3</p>	<ul style="list-style-type: none"><li>▪ Pay-out calculated on the basis of the achievement of focused KPIs; aligned to mid-term strategic targets:<ol style="list-style-type: none"><li>1. Progression towards EBITDA margin target</li><li>2. EBITDA growth (yoy)</li><li>3. Contribution to group's FCF target</li><li>4. Accident performance</li></ol></li><li>▪ Factor of between 0.8 and 1.2 to take into account the achievement of further individual targets</li><li>▪ Bonus capped at 200% of initial target</li></ul>
<p>Long-term incentive plan ~1/3</p>	<ul style="list-style-type: none"><li>▪ Granted LTI target amount is calculated in virtual shares (4-year lock-up)</li><li>▪ Value of LTI to mirror the development of Evonik's share price (incl. dividends)</li><li>▪ Amount payable is determined by two performance elements<ul style="list-style-type: none"><li>▪ Absolute performance: Real price of the Evonik share</li><li>▪ Relative performance against external index benchmark (MSCI Chemicals)</li></ul></li><li>▪ Bonus capped at 300% of initial amount</li><li>▪ To be paid out in cash after lock-up period</li></ul>

# Six strong Innovation Growth Fields within the growth engines

Leveraging our core competencies into new highly attractive markets

**Growth engines**



Health & Care



Smart Materials



Animal Nutrition



Specialty Additives

**Innovation Growth Fields**

Advanced Food Ingredients



Additive Manufacturing



Sustainable Nutrition



Cosmetic Solutions



Membranes









Healthcare Solutions



more than  
€1 billion  
by 2025

Additional contribution to sales from all six Innovation Growth Fields

# Our sustainability targets 2017 and beyond

<b>Strategy and Growth</b> 	<b>Governance and Compliance</b> 	<b>Employees</b> 
<ul style="list-style-type: none"><li>Development of methods and indicators for sustainable portfolio management</li></ul>	<ul style="list-style-type: none"><li>20% women at 1<sup>st</sup> and 2<sup>nd</sup> management level below Executive Board (2019)</li></ul>	<ul style="list-style-type: none"><li>Establish a learning strategy for the ongoing development of various employee groups</li></ul>
<b>Value chain and Products</b> 	<b>Environment</b> 	<b>Safety</b> 
<ul style="list-style-type: none"><li>20 supplier sustainability audits according to TfS<sup>1</sup></li><li>&gt; €1 bn additional sales in R&amp;D growth fields (2025)</li></ul>	<p>Reduce</p> <ul style="list-style-type: none"><li>specific GHG emissions by 12% (2020)</li><li>specific water intake by 10% (2020)</li></ul>	<ul style="list-style-type: none"><li>Accident frequency rate <math>\leq 1.3</math></li><li>Incident frequency rate <math>\leq 48</math></li><li>Occupational Health Performance Index <math>\geq 5</math></li></ul>

# Ratings & Rankings: Evonik well positioned

## Our commitment has been recognized by

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



# Appendix

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1. Strategy
2. Segment overview
3. Financials
- 4. Upcoming events**

# Additional indications for 2018

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- Synergies from acquisitions (APD Specialty Chemicals & Huber Silica) **Additional synergies of ~€25 m** (Synergies 2018e: ~€40 m; 2017: ~€15 m)
- Huber Additional adj. EBITDA of **~€30 m** for further eight months of consolidation (closing Sept 1<sup>st</sup> 2017)
- ROCE **Above cost of capital** (10.0% before taxes) and around the level of last year (2017: 11.2%)
- Capex **~€1 bn** (2017: €1,078 m)
- Free cash flow **Changed to “notably higher compared to prior year”** (previously: slightly above 2017 (€511 m))
- EUR/USD **Changed to 1.20 EUR/USD** (previously: 1.26; 2017: 1.13 EUR/USD)
- EUR/USD sensitivity<sup>1</sup> +/-1 USD cent = **-/+ ~€8 m** adj. EBITDA (FY basis)
- Adj. EBITDA Services **Slightly higher than in 2017** (2017: €123 m)
- Adj. EBITDA Corporate / Others **Slightly less negative than in 2017** (2017: -€346 m)
- Adj. D&A **€840 m** (2017: €870 m)
- Adj. net financial result<sup>2</sup> **~-€190 m** (2017: -€175 m); increase mainly due to hybrid bond issuance in July 2017
- Adj. tax rate **~29%** (2017: 29% including positive one-time effects from US tax reform in Q4, 31% without this one-time effect)

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



# Invitation

## “Meet the Management”

- Dr. Harald Schwager, Deputy CEO
- Dr. Reiner Beste, Head of Nutrition & Care
- Dr. Claus Rettig, Head of Resource Efficiency

**September 14, 2018**  
**8.30 a.m. – 2.00 p.m.**

**“Hotel M by Montcalm”, 151-157 City Road, Hoxton, London**

# Upcoming IR events

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## Conferences & Roadshows

<b>6 August</b>	Roadshow, Frankfurt
<b>7 August</b>	Roadshow, London
<b>23 August</b>	Deutsche Bank Corporate Days, Helsinki
<b>26 September</b>	Bernstein SDC Conference, London
<b>26 September</b>	Berenberg/Goldman Sachs German Corporate Conference, Munich
<b>27 September</b>	Baader Investment Conference, Munich
<b>27 September</b>	J.P. Morgan Investor Forum, Milan

## Upcoming Events & Reporting Dates

<b>14 September 2018</b>	Meet the Management, London
<b>6 November 2018</b>	Q3 2018 reporting
<b>5 March 2019</b>	FY 2018 reporting

# Evonik Investor Relations team

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**EVONIK**

**POWER TO CREATE**