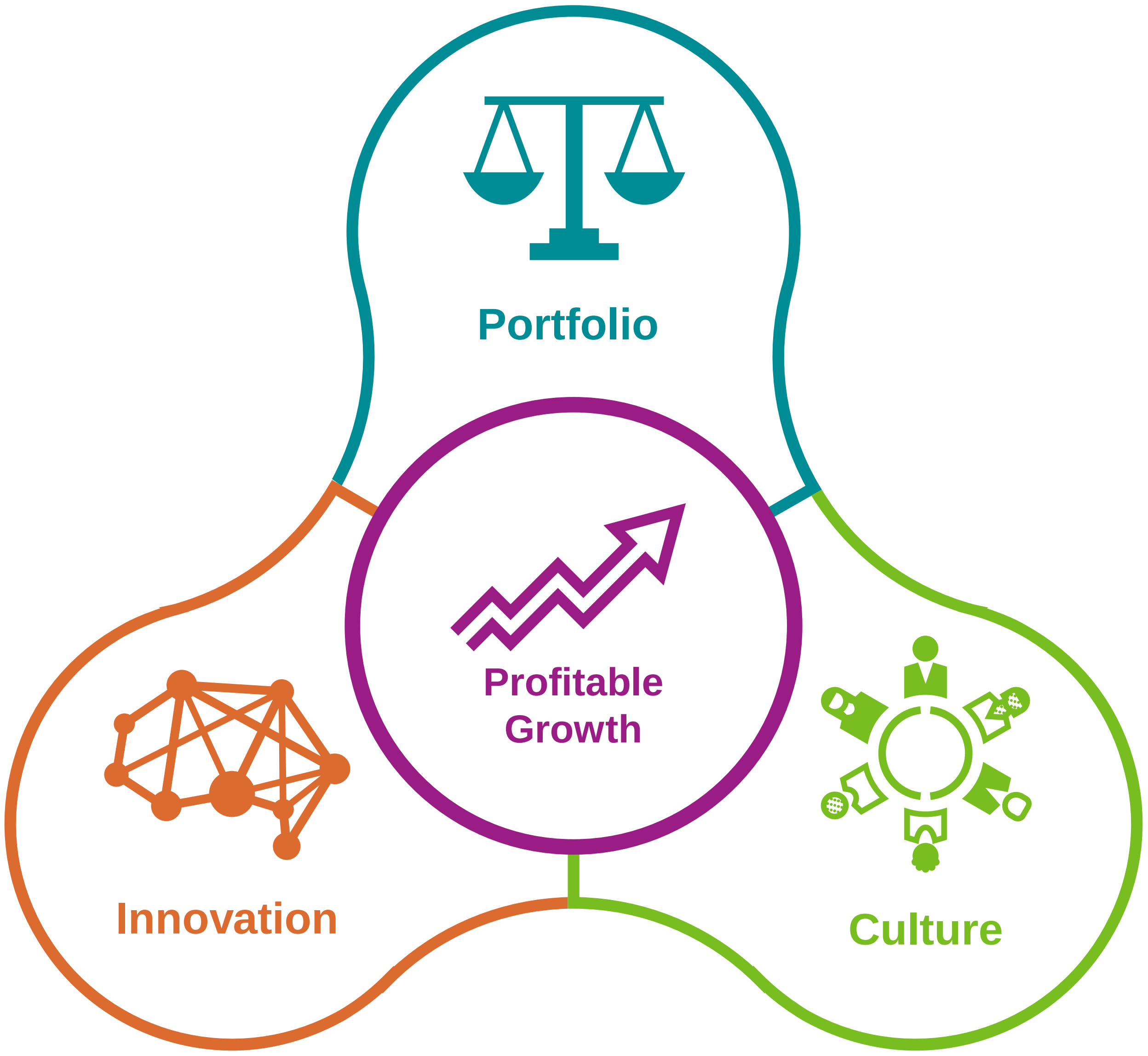
Evonik
Power to create.

Company presentation

Q2 2019



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A strong basis in Specialty Chemicals

Market leadership

Leading market positions in

80%

of our businesses[1]

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.

MetAMINO®

(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)

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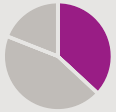
Three segments with differentiated management

Group financials 2018[1]

Sales	Adj. EBITDA	Margin	ROCE
€13,267 m	€2,150 m	16.2%	10.2%

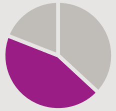
Growth

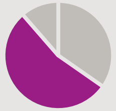
Nutrition & Care



Sales	Adj. EBITDA / Margin
€4,646 m	€810 m / 17.4%

Resource Efficiency

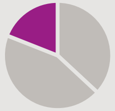


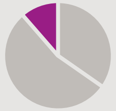


Sales	Adj. EBITDA / Margin
€5,547 m	€1,258 m / 22.7%

Efficiency

Performance Materials





Sales	Adj. EBITDA / Margin
€2,394 m	€265 m / 11.1%

1. Continuing Operations

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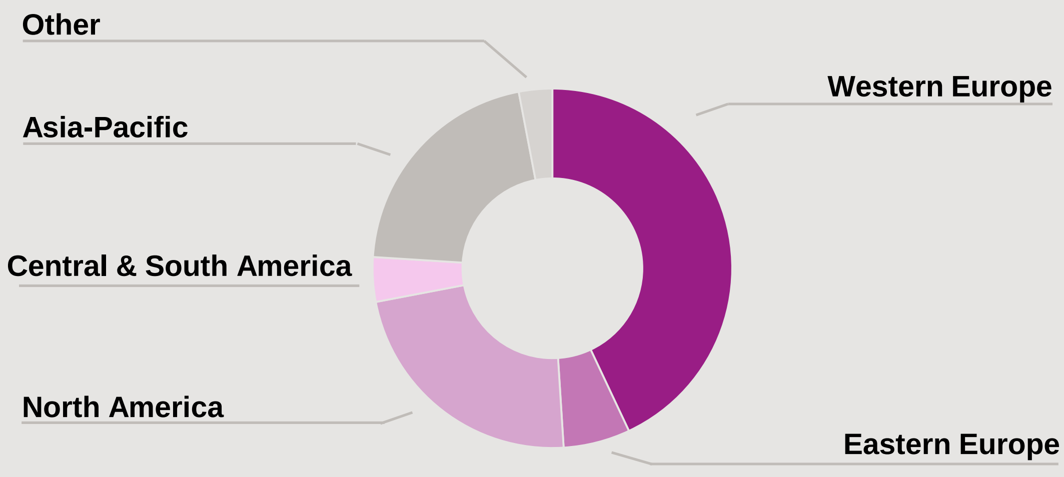
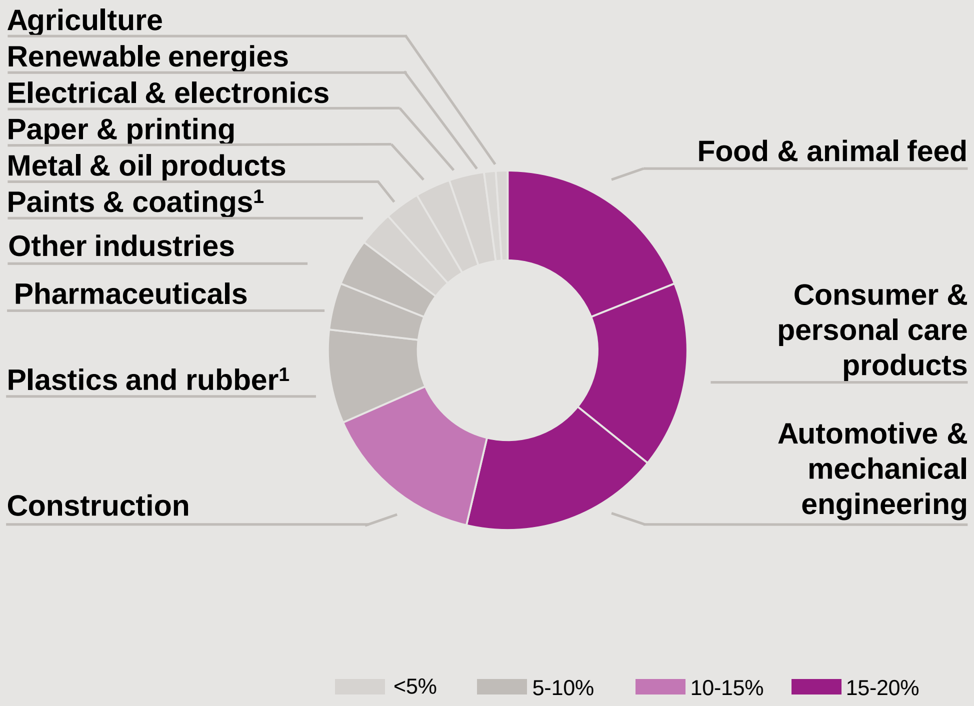
Balanced regional and end market split

Sales by region



End market split



1. Where not assigned to other end-customer industries | 2018 Financials

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Evonik Sustainability Strategy and Targets
Sustainability as core pillar of Evonik's operating businesses

Value chain and products

- **94%** of sales covered by **sustainability analysis**[1]
- **~70%** of sales covered by **life cycle analysis**
- **~80%** of purchasing volume covered by **"Together for Sustainability"** assessments
- **50%** of sales from **resource-efficient** products[2]
- **>80%** of sales contribute to **UN Sustainable Development Goals (SDGs)**

Environment

Targets 2004 – 2014 ✓

- Reduction of
  - specific greenhouse gas emissions (**GHG**) emissions by **20%** ✓
  - specific **water intake** by **20%** ✓

Targets 2013 – 2020

- Reduction of
  - specific **GHG** emissions by **12%**
  - specific water intake by **10%**

- **Evonik SUSTAINABILITY STRATEGY 2020+**
  - Reduction of absolute **GHG emissions by 50%** until 2025 (base year: 2008)
  - Internal **CO_2 pricing** taken into account for investment decisions
  - Introducing worldwide **water management system**

1. Methodology available at Evonik website; 2. Products that make a measurable contribution to improving resource efficiency in the use phase

Evonik Sustainability product examples
Broad-based resource-efficient applications portfolio

50% of sales generated with products for resource-efficient applications[1]

Product examples for Insulation & Circular Economy

POLYVEST® HT
Sealing compounds for insulating glass windows (triple glazing)

VESTENAMER®
Process additive that allows rubber waste to be processed to low-noise asphalt

PU-Additives
Additives for furniture applications and the automotive industry (low VOC)

CALOSTAT®
Purely mineral high-performance insulation material, fully recyclable and incombustible

Product examples for Mobility

Silica-organosilane
Reinforcing system for „green tire“ technology

DYNAVIS®
Oil additives for energy-efficient hydraulic fluids

ROHACELL®
Light-weight technology for automotive and aircraft industry

DRIVON™
Technology for cost-efficient engine oils and transmission fluids

Product examples for Renewable Energies

Catalyst NM 30
Catalyst enables cost-efficient biodiesel production

Crosslinkers, silica, oil additives, silicone epoxy resins for wind power

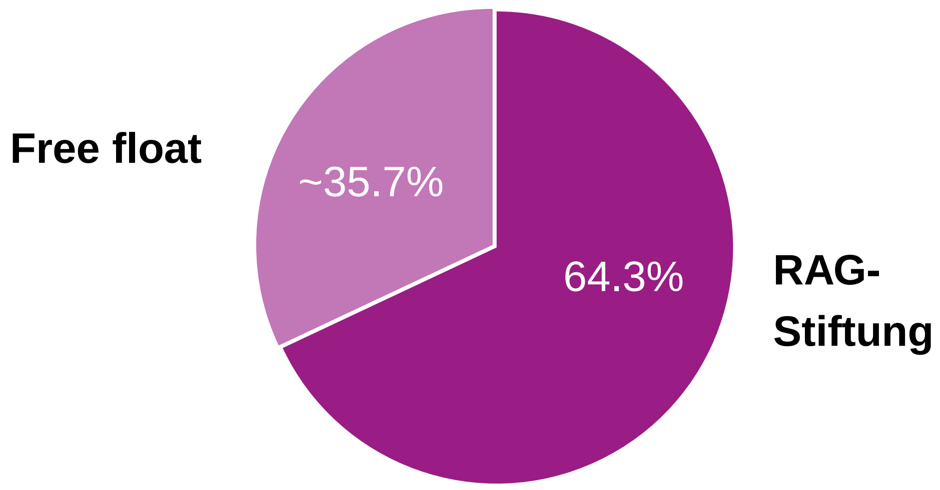
SEPURAN®
Customized hollow-fibre membranes for efficient biogas purification

TAICROS® Crosslinkers
Used for photovoltaic cell encapsulation

1. Products that make a measurable contribution to improving resource efficiency in the use phase

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

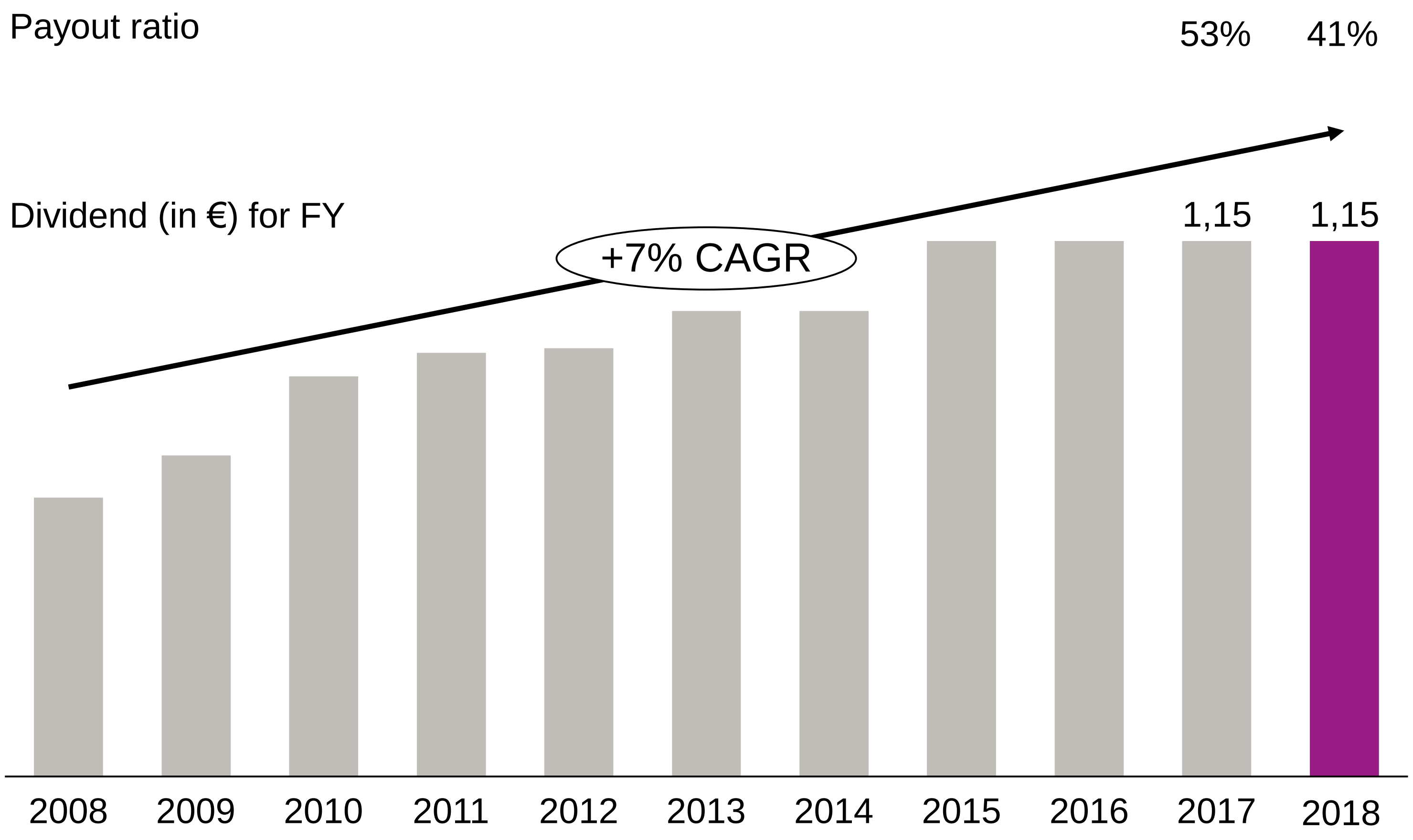
Ownership structure



RAG-Stiftung

- A foundation with the obligation to finance the perpetual liabilities arising from the cessation of hard-coal mining in Germany
- Evonik as integral and stable portfolio element with **attractive and reliable dividend policy**
- Clear **intention to remain significant shareholder**
- RAG-Stiftung capable to cover annual cash out requirements with Evonik dividend (~€345 m dividend received in 2019)

Reliable and attractive dividend policy



- Sustainable dividend growth over the last years: 7% CAGR between 2008 and 2018
- **Attractive dividend yield**
- Reliable dividend policy targeting:
  - **dividend continuity**
  - a **payout ratio of ~40%** of adjusted net income

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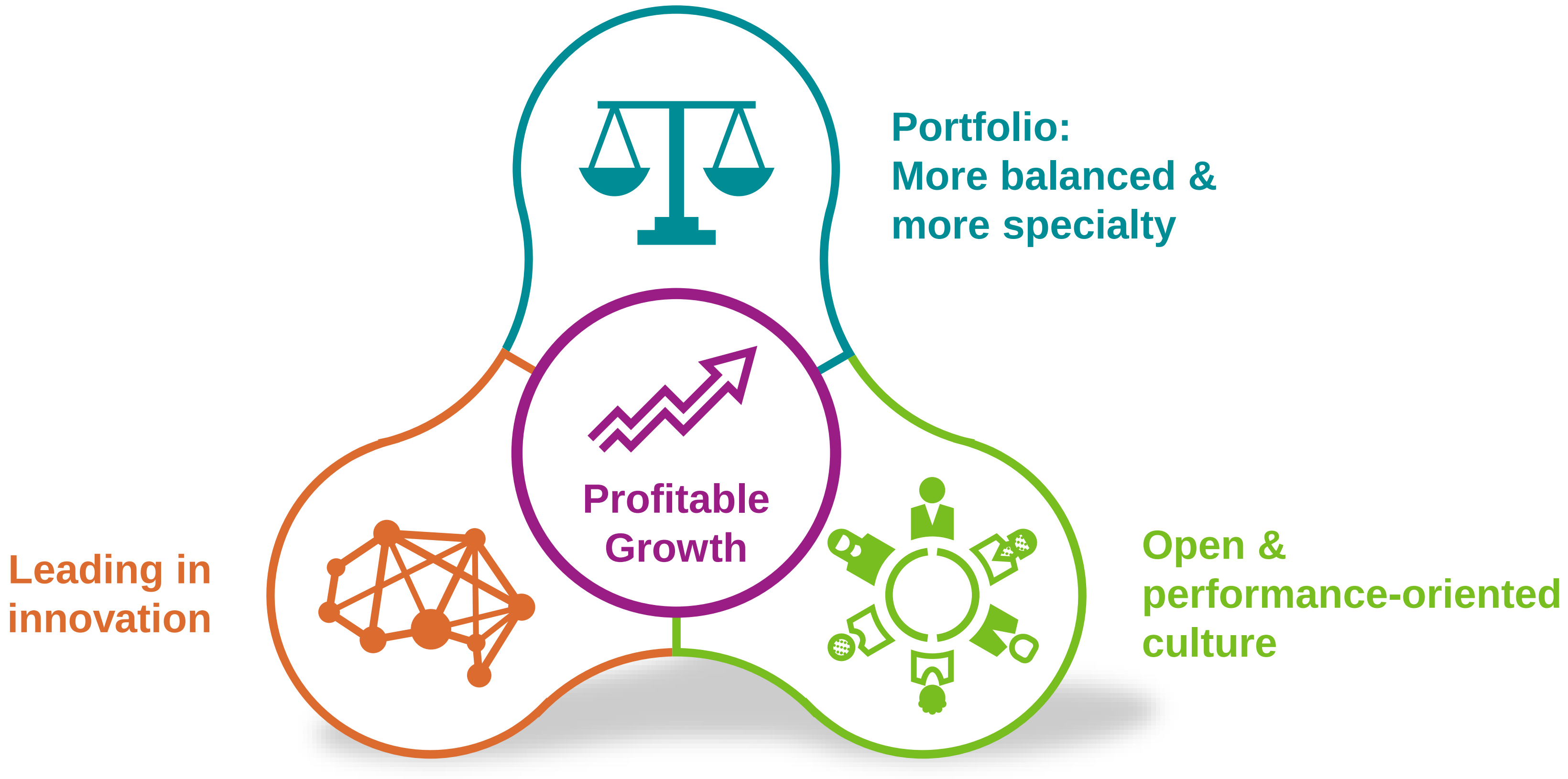
Building a best-in-class specialty chemicals company

Targeting excellence in three strategic focus areas



Target portfolio structure

Four growth engines as drivers for profitable & balanced growth

	NUTRITION & CARE	RESOURCE EFFICIENCY
Four growth engines	 Health & Care	 Smart Materials
	 Specialty Additives	Specialty Additives
	 Animal Nutrition	

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Building on our strengths
Developing our growth segments and businesses

NUTRITION & CARE

€4.6 bn

Mature businesses

Growth businesses

RESOURCE EFFICIENCY

€5.6 bn

Mature businesses

Growth businesses

PERFORMANCE MATERIALS

€2.4 bn

Mature businesses

✔ **Meeting specialty chemicals characteristics**

2018 Financials continuing operations

Step by step execution of strategic agenda
What we achieved so far

June 2017

Strategy Update London
"Building a best-in-class specialty chemicals company"

Nov. 2017

SG&A 2020
"Savings of €200 m - leaner processes, higher cost discipline, competitive cost structures"

Mar. 2018

Adjust 2020
"Strengthen leadership position in Animal Nutrition - savings of €50 m"

Nov. 2018

Acquisition of PeroxyChem
"Futurize Peroxide"

Mar. 2019

Sale of Methacrylates
"Consistent portfolio transformation"

CTA reimbursement
"Structurally improve free cash flow generation""

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Active portfolio management
More balanced and specialty with improved financial metrics

Acquisitions

APD Specialty Additives
„Creating a global leader in Specialty & Coating Additives“

Huber Silica
„Excellent complementary fit for resilient silica business“

Dr. Straetmans
„Expansion as leading partner for the cosmetics industry”

PeroxyChem
„Expansion of high-growth & -margin H2O2 specialty applications“

- Stable businesses with GDP+ growth
- EBITDA margin above target range
- CAPEX-light
- Sustained high cash conversion

Divestments

Jayhawk (non-core agrochemical site in PM)
„Streamlining on business-line level”

MMA/PMMA Verbund
„Major step towards a more specialty & balanced portfolio”

- Supply/demand-driven cyclical businesses
- Margin and FCF volatility over the cycle
- CAPEX-intensive

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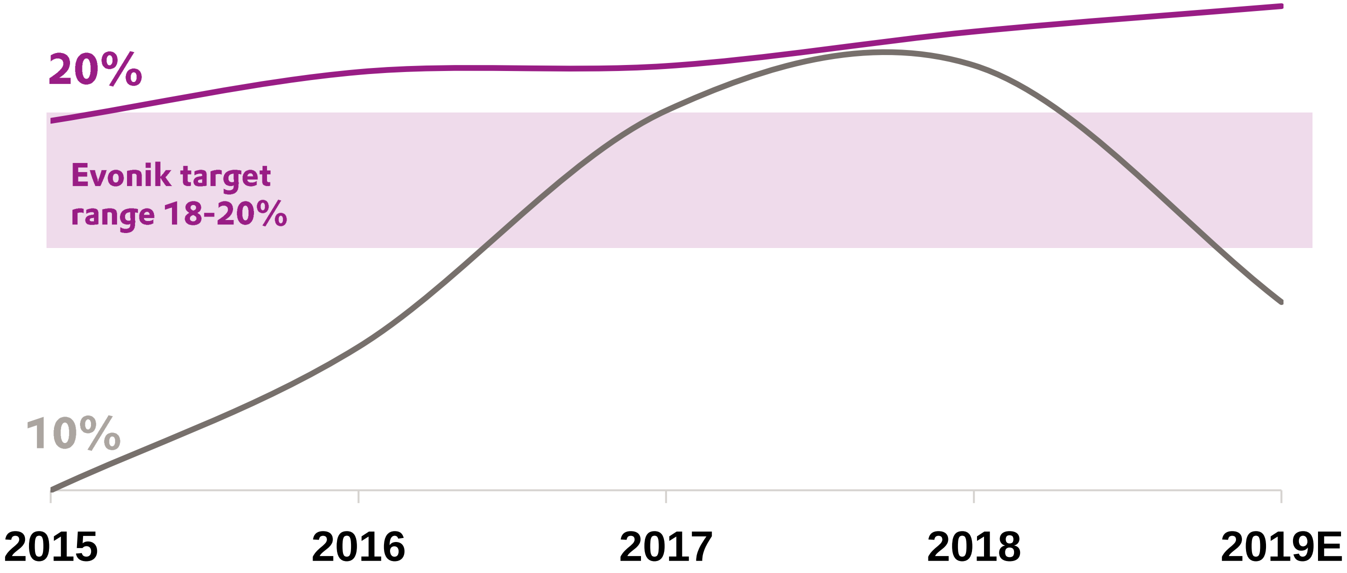
Portfolio transformation leads to higher margins with reduced volatility

EBITDA margin development: Acquisitions vs. “MMA/PMMA Verbund”

Acquisitions

MMA/PMMA



Ø Acquisitions ~22%

vs.

Ø MMA ~17%

Acquisitions: APD Specialty Additives; Huber Silica; Dr. Straetmans; PeroxyChem

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Portfolio development

Asset-light shift towards specialties leads to margin uplift

Asset-light shift towards specialty applications offers significant margin potential

PA12

Processing PA12 product into powders suitable for highest needs in 3D printing (additive manufacturing)

Omega 3 fatty acids

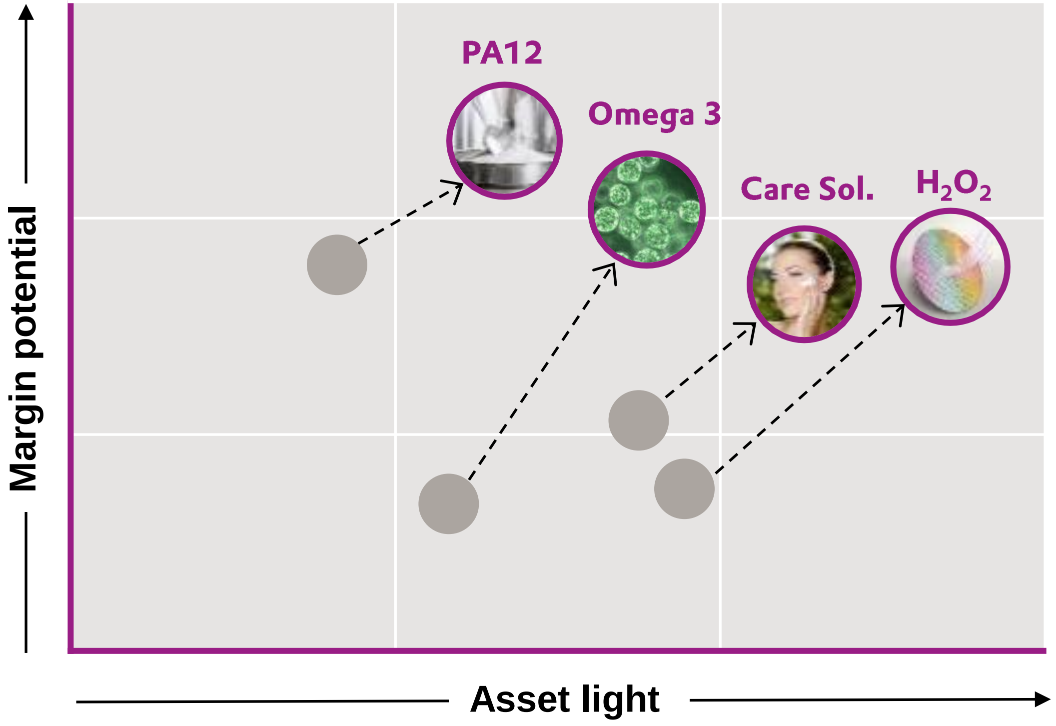
Repurposing fermenters of mature lysine business to produce high-end algae based omega-3 fatty acids

H_2O_2

Add purification stages to further transform base business into high-end applications in electronics and environmental applications

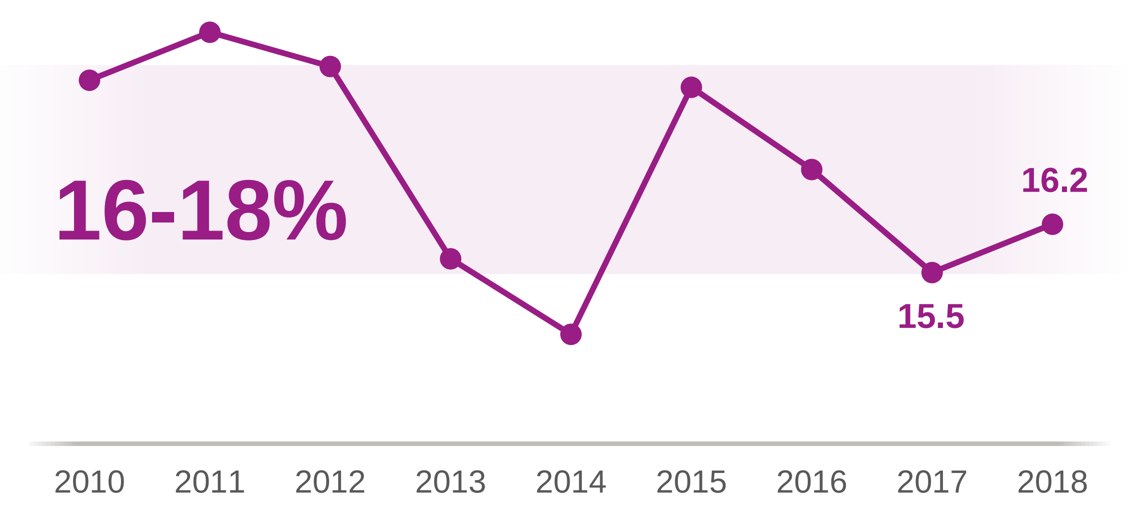
Care Solutions

Aligning the product portfolio and adapting the asset network to meet the future requirements for a higher share of specialties



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
- FCF significantly above dividend level
- Reliable and sustainably growing dividend
- Solid investment grade rating

2017 & 2018: continued operations

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Highlights Q2 2019
Solid performance in an increasingly challenging macro environment

Sales	Adj. EBITDA	Free cash flow (H1)	Outlook
3,306	**566**	**95**	**Outlook confirmed**
(Q2 18: €3,413 m)	(Q2 18: €616 m)	(H1 18: €46 m)	
Slight decrease in volumes (-2% yoy) *Strong pricing in RE (+3% yoy)*	*Sequential earnings growth in all three segments* *Solid group margin level above 17%*	*Higher cash generation driven by improved NWC, CTA reimbursement & capex discipline*	*EBITDA at least stable* *Significantly higher FCF*

All numbers refer to continuing operations

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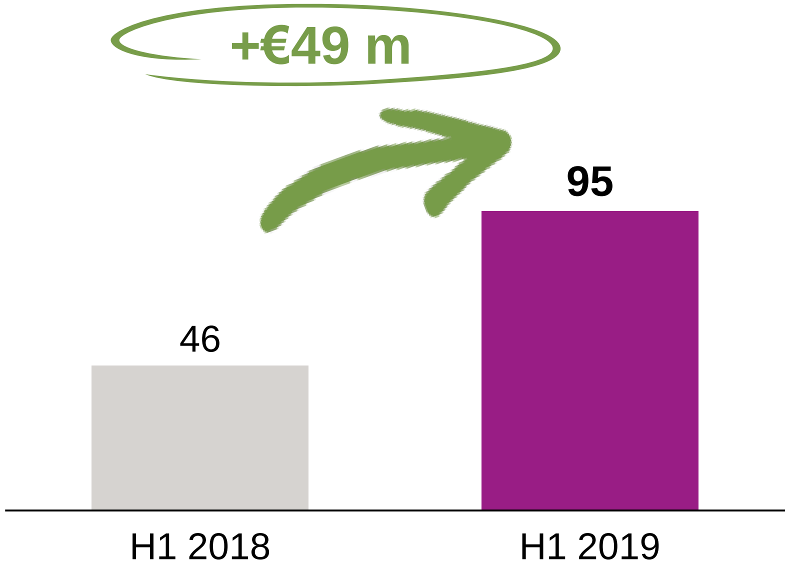
Free Cash Flow H1 2019

On track to significantly improve FCF in FY 2019

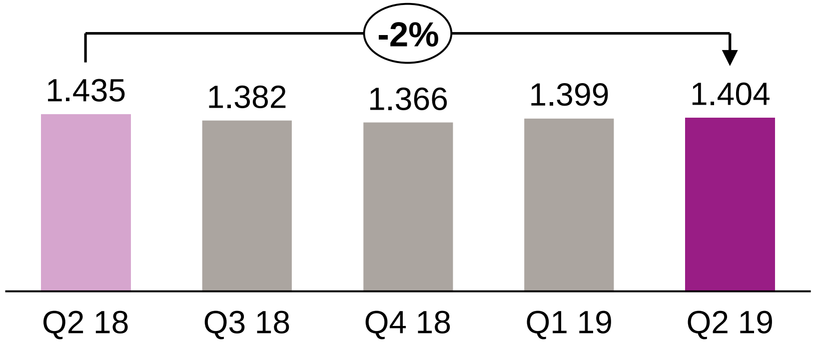
Free Cash Flow H1 2019 (in € m, continuing operations)



- FCF improved by €49 m in H1 2019
- … despite €136 m lower EBIT
- … and higher bonus payments (for fiscal 2018)
- Operating cash flow in H1 benefitting from lower cash outflows for NWC and pensions (CTA effect)
- Capex discipline: reduction by €69 m yoy

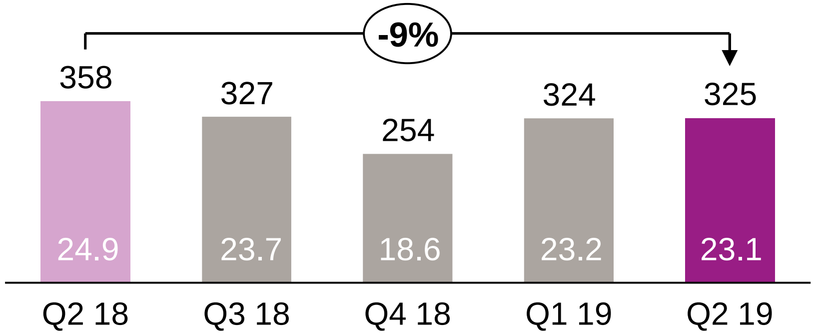
Resource Efficiency
Good performance in an increasingly tough market environment

Sales (in € m)



Q2 19 vs. Q2 18	Volume	Price	FX	Other
	-4% ↘	+3% ↗	0% →	-1% ↘

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

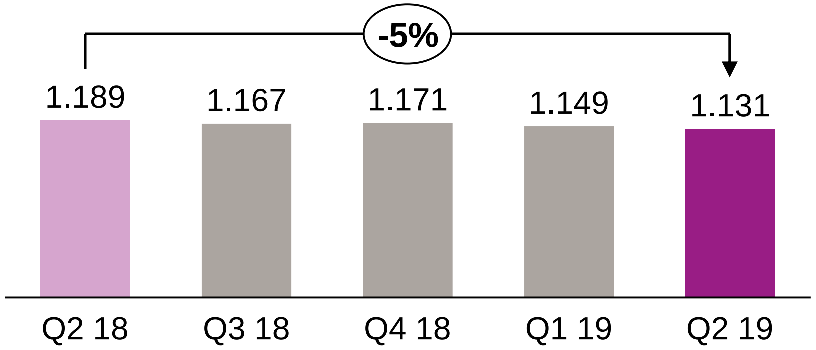


- Segment holds up well in weaker market environment for auto- and coatings-related businesses
- Volumes in Silica, Oil Additives and Coating businesses impacted by economic downturn
- High EBITDA margin of 23%; price increases (+3%) due to high share of specialty products
- Crosslinkers (good demand from wind energy market) and High Performance Polymers (ongoing strong demand for industrial & consumer goods) with resilient performance

Nutrition & Care

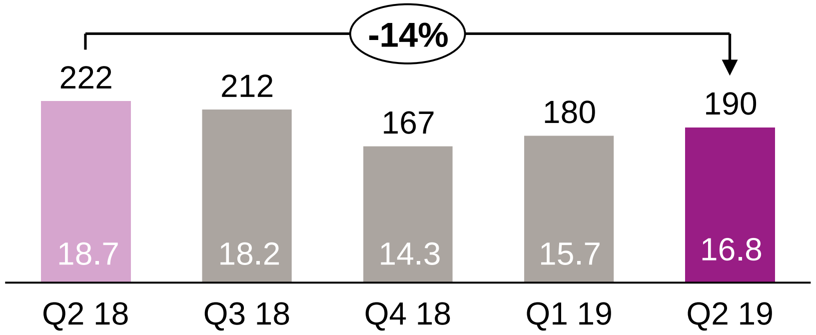
Solid operational performance in resilient end markets

Sales (in € m)



Q2 19 vs. Q2 18	Volume	Price	FX	Other
	0% →	-4% ↘	-1% ↘	0% →

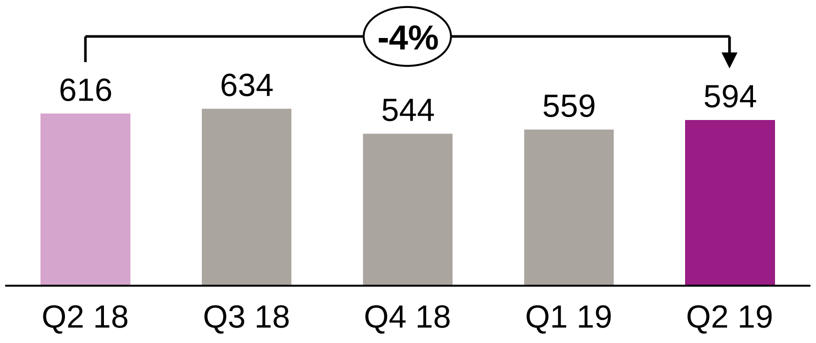
Adj. EBITDA (in € m) **/ margin** (in %)



- Good demand in resilient end markets: higher volumes in Animal Nutrition neutralized by planned shift from bulk to specialty products (in Care Solutions and for Veramaris JV)
- Sequential earnings increase due to still robust contribution from Care Solutions and accelerating Health Care (FY 2019 back-end loaded)
- Methionine with ongoing strong volumes, negative price effect against still high yoy comparables
- New methionine plant in Singapore going into production (Q2 ramp-up costs ~ €15 m)

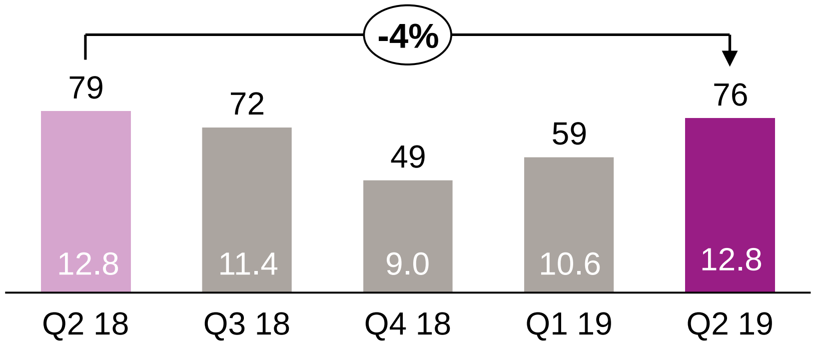
Performance Materials
Tougher market environment for petrochemical derivatives

Sales (in € m)



Q2 19 vs. Q2 18	Volume	Price	FX	Other
	-2% ↘	-1% ↘	-1% ↘	0% →

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



- Margin stable yoy and sequentially up due to higher utilization levels in C4 chain (Q1 with raw material supply constraints)
- Good MTBE development due to positive gasoline market and cracker shutdowns. Contrarily, globally weaker market for petrochemical derivatives (Butadiene, INA, Butene-1).
- Negative volumes compared to prior year due to divestment of non-core Jayhawk site (BL FY) in October 2018

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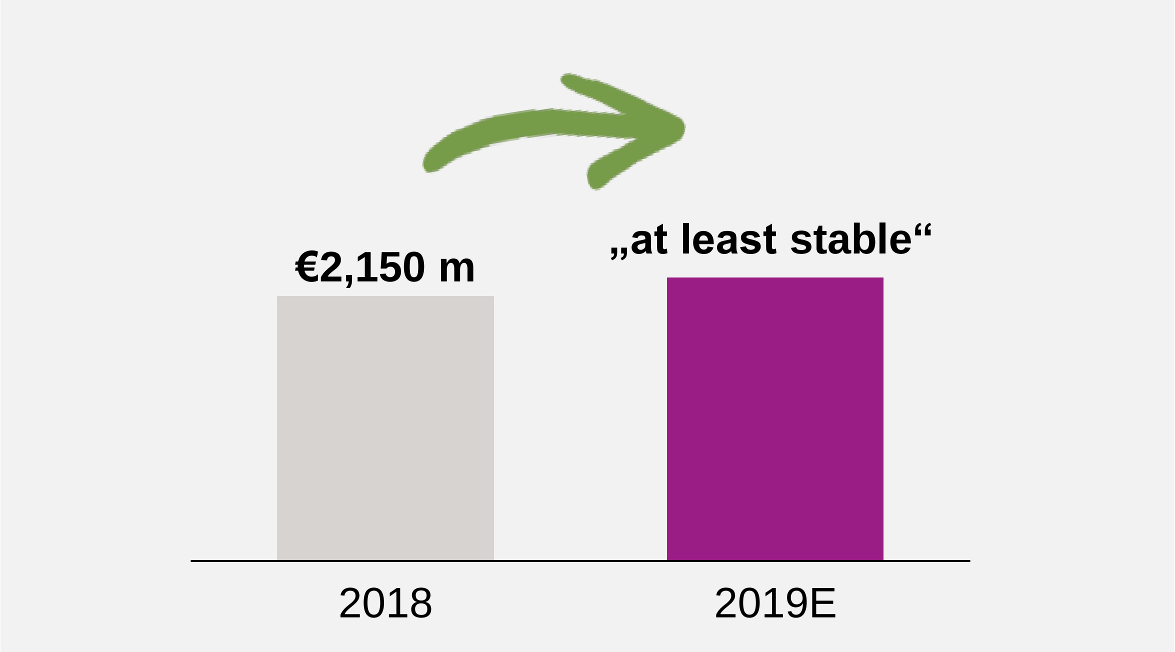
Outlook 2019: Adj. EBITDA
Outlook confirmed

"at least stable adj. EBITDA" (FY 2018: €2,150 m)

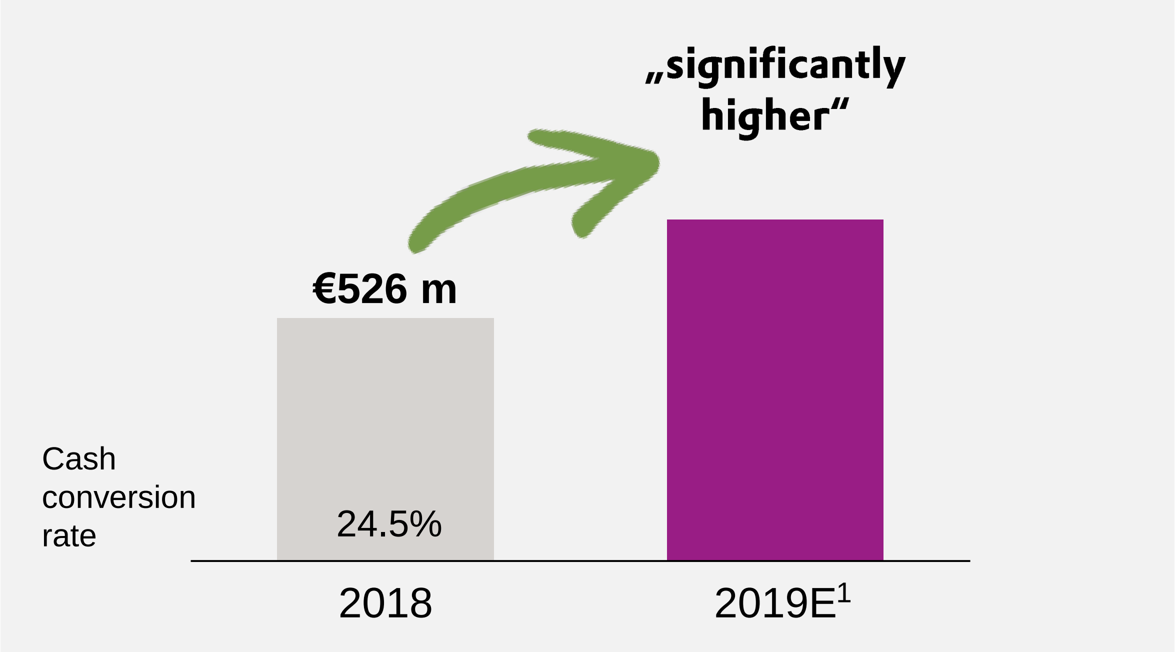


- Sequentially **weaker market environment** in Q2
- H2 expected to **continue on Q2 level**
- **Segment guidance confirmed**:
  - Nutrition & Care slightly lower;
  - Resource Efficiency slightly higher;
  - Perf. Materials around level of last year

Outlook 2019: Free Cashflow

Further improvement in cash generation expected

"significantly higher free cash flow" (FY 2018: €526 m)



Positives:

- CTA pension reimbursement
- Lower cash-outflow for working capital
- Lower capex

Negatives:

- Normalization of cash taxes
- Cash-out for efficiency program (SG&A)
- Higher bonus payments (for fiscal 2018)

1. Extraordinary carve-out taxes not considered in 2019 outlook

Additional indications for 2019

All indications referring to **continuing operations** (i.e. excluding Methacrylates)

Synergies from acquisitions (APD & Huber Silica)	**Additional synergies of ~€30 m** (total synergies: ~€70 m)
PeroxyChem	Not yet included in outlook, closing expected mid-2019 (Adj. EBTDA FY 2018: $60 m)
ROCE	**Above cost of capital** (10.0% before taxes); around the level of 2018 (10.2%)
Capex	**~€900 m** (previously: €950 m; 2018: €969 m)
EUR/USD	**1.15 EUR/USD** (2018: 1.18 EUR/USD)
EUR/USD sensitivity[1]	+/-1 USD cent = **-/+ ~€8 m** adj. EBITDA (FY basis)
Adj. EBITDA Services	**Around the level of 2018** (2018: €100 m)
Adj. EBITDA Corporate / Others	**Slightly less negative than in 2018** (2018: -€283 m)
Adj. D&A	**~€900 m** (2018: €789 m); increase mainly IFRS 16-related
Adj. net financial result[2]	**~-€190 m** (2018: -€151 m); increase partly IFRS 16-related
Adj. tax rate	**around the level of 2018** (2018: 23%); 2018 & 2019 benefit from US tax reform & MMA-related deferred tax assets, normalization of adj tax rate to ~28% expected from 2020 onwards

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

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Unchanged segment outlook FY 2019 (continuing operations)

Nutrition & Care

- We assume a continuation of the volume growth and positive earnings trend in the majority of businesses in the Nutrition & Care segment.
- With new production capacities coming on stream, we expect the annual average prices for essential amino acids for animal nutrition to be lower than in the previous year.
- To offset the impact on our earnings, in 2018 we embarked on a program to raise the efficiency of our animal nutrition business.
- In addition, earnings will be adversely affected by expenses for the start-up of our new methionine facility in Singapore, which is planned for mid-2019.
- Overall, earnings in the Nutrition & Care Segment are expected to be **slightly lower** than in the previous year (2018: €810 million).

Resource Efficiency

- In 2019, the Resource Efficiency segment will continue to benefit from its good positioning in the respective markets and from the trend to resource-efficient solutions.
- Although growth is expected to slow in some end-markets and regions, we expect earnings to be **slightly higher** than in the previous year (2018: €1,258 million).

Performance Materials

- In the Performance Materials segment (without the methacrylates business), we assume that earnings will be **fairly stable** (2018: €265 million).
- Operationally, we anticipate a slight downward trend in the C4 chain, but we do not expect a recurrence of the downside impact of the low water level in the river Rhine.

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Appendix

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

Consistently executing our strategic agenda
Levers for structural uplift in profitability and growth

	Strategic lever	Impact (p.a.)	by (year)
Synergy realization	▪ Realization of synergies from Air Products and J.M. Huber acquisitions	€85 m EBITDA	2020/ 2021
Cost excellence	▪ Targeting structural improvements in SG&A, reduction of 1,000 FTE	€200 m EBITDA	2021 (full impact)
Innovation	▪ Leverage additional growth from six innovation growth fields with above-average profitability	€1 bn additional SALES	2025
Portfolio Management	▪ Portfolio strategy: more balanced and more specialty		

18-20%
EBITDA margin

GDP+
volume growth

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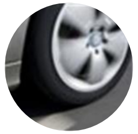
Four growth engines
Growth drivers and product examples

	Growth trends and drivers	Product examples	Market growth
 **Specialty Additives** "Small volume, big impact"	▪ 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	▪ 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	▪ 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	▪ Sustainable nutrition ▪ Improving food quality and safety	Amino acids Probiotics	5-7%

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Portfolio Management
Targeted and disciplined M&A approach

	 **Air Products** Performance Materials (2016)	 **Huber Silica** (2016)	 **Dr. Straetmans** (2017)	 **PeroxyChem** (2018)
Purchase price	~ €3.5 bn	~ €600 m	€100 m	$625 m
EBITDA margin	>20%	>20%	~20%	~20%
Market growth	~4-5%	~4-6%	~10%	~6%[1]
Business	Highly attractive strategic fit, seamless integration into existing businesses			

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

1. In specialty applications (~65% of total Adj. EBITDA)

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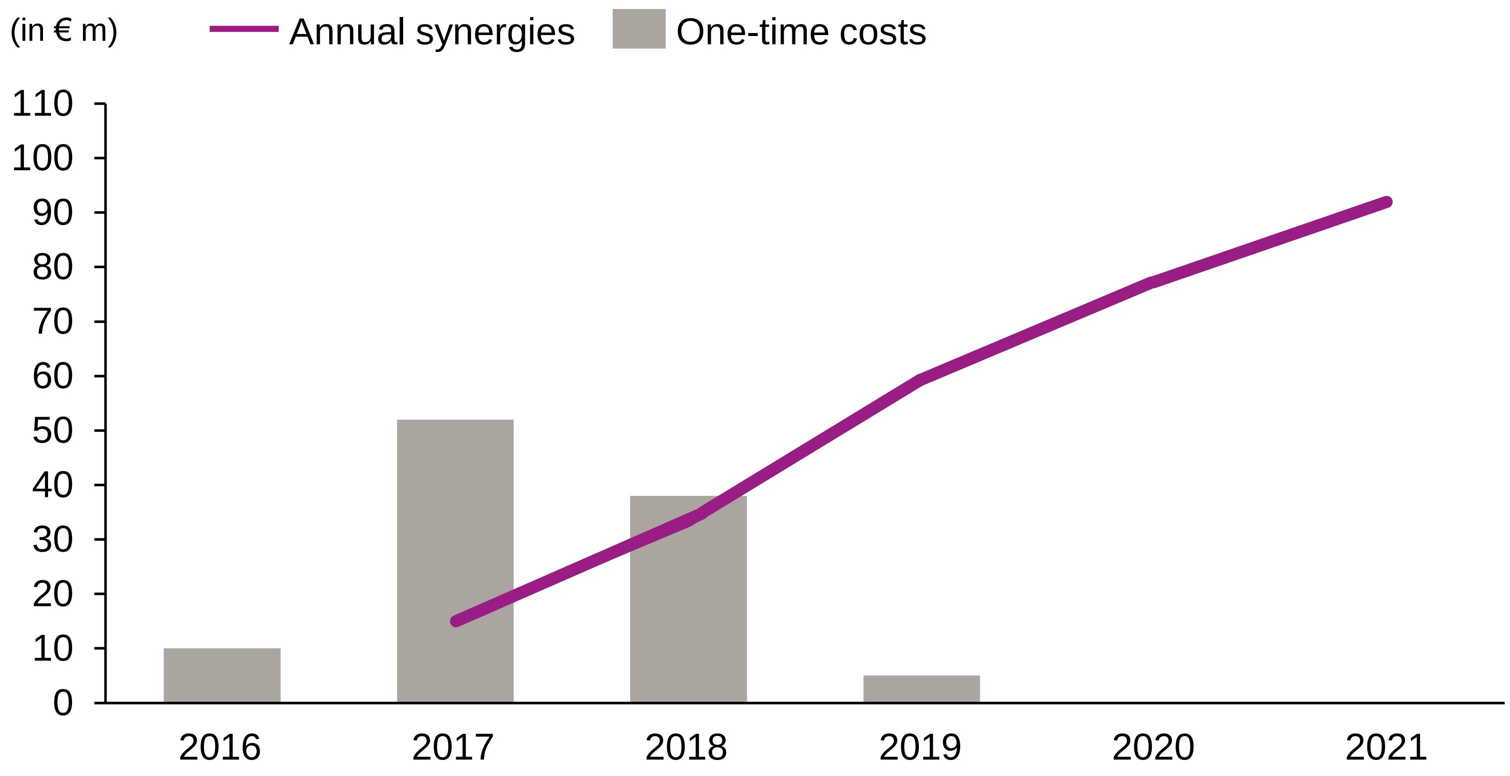
Implementation schedule for acquisition synergies

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[1]	**~ €105 m p.a.** APD: ~ €75 m p.a. Huber: ~ €30 m p.a.

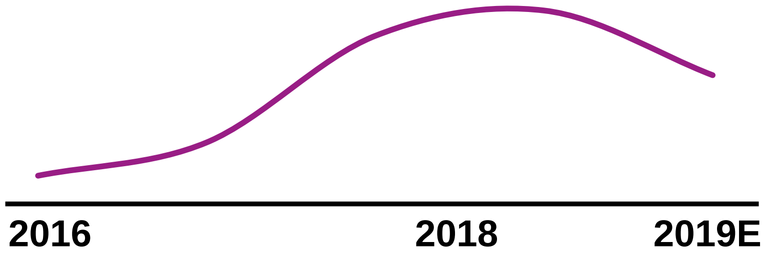
1. Excluding transaction-related costs | Currency translation based on current EUR/USD rate of ~1.20

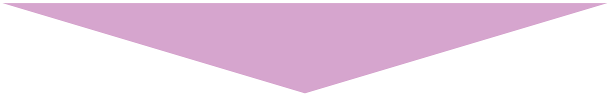
Methacrylates Divestment

Well-structured divestment process results in attractive valuation

EBITDA 2016 - 2019E

Ø €350 m [1]





~8.5 x

(EV/EBITDA multiple)

2016-2017: Preparing the business

- Continuous reduction of production costs
- Restructuring of business setup (e.g. site closure Gramatneusiedl)
- Implementing lean and optimized business model to efficiently serve customers
- Increasing share of attractive high-margin specialties

2018: Maximizing the value

- Establishing a **fully integrated "Verbund"** structure with downstream products and specialty solutions
- Well-timed divestment decision at **peak of cycle**

1. Average annual EBITDA for years 2016 – 2018 as well as expected EBITDA for FY 2019

Methacrylates Divestment
Attractive valuation

Enterprise Value	Pension provisions	Equity value
3.0 bn (~8.5 x)	**0.6 bn**	**2.4 bn**

Enterprise Value

- EBITDA (2016-2018): ~ €350 m
- EBITDA (2019E): ~ €350 m

Pension provisions

- Transfer of pension obligations and assets to new owner
- Evonik impact:
  Immediate positive effect on P&L (service cost) and FCF
  (+€20 m p.a. cash out for pensions)

Equity value

- Strengthening balance sheet
- Targeted growth

1. Mid-term cycle: 2015-2019E

Methacrylates Divestment

Capital allocation priorities: Strengthening balance sheet and investing in growth

Strengthening Balance Sheet

Deleveraging

Targeted growth


Animal Nutrition


Specialty Additives


Health & Care


Smart Materials

- **Disciplined M&A** via targeted bolt-on acquisitions in growth engines
- Highly attractive **internal growth projects** with ROCE well above 10%
- Ongoing high CAPEX discipline

Methacrylates Divestment
Impact on Evonik financials (1/3)

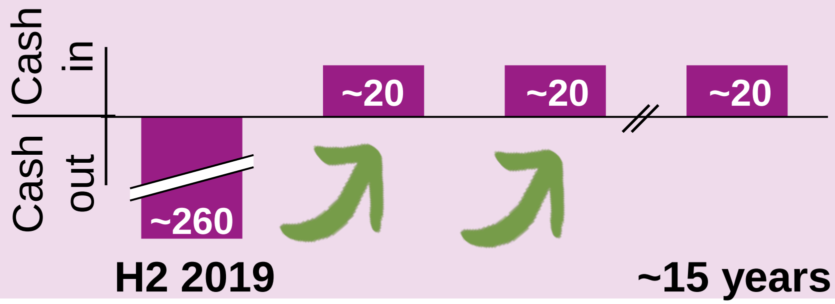
	2018		2019	
MMA	**€445 m** (will be shown in disc. op.)	**€140 m** business normalization MMA 2019 vs. 2018	~ €300 m	Pro forma EBITDA 2019 as part of Evonik Group
Remnant cost	./.		~ €50 m	Impact on Evonik Group ex MMA
	€445 m		**~ €350 m** Impact on Evonik ex. MMA in 2019	

Remnant cost also include impact from new market prices for Evonik ex MMA (implemented for “arm’s length” delivery terms of bulk monomers to NC and RE segments)
Remnant cost to be reduced by half until 2021

Tax implications related to the divestment of Methacrylates Verbund
Impact on Evonik financials (2/3)

MMA legal entity
(illustrative)

Assets related to MMA-Verbund	Sale to Advent →	**Transactional taxes**	**~€200 m** (included in discontinued operations in 2019)
Assets remaining @ Evonik	→ Reverse carve-out of non-MMA assets into EVK legal entity	**Taxes** related to fair value step-up for **carved-out assets**	see chart below = **largely offset**



= **largely offset**

(Cash-out included in OCF of continuing operations: line-item "cash taxes from portfolio measures")

Methacrylates Divestment

Impact on Evonik financials (3/3)

Dividend policy	▪ No change in dividend policy ▪ Dividend continuity (at least stable) / payout ratio of ~40% of adjusted net income
Remnant cost	▪ €50 m in 2019 ▪ To be reduced by half by 2021
CAPEX	▪ Reduction of sustained CAPEX level to €850 m ▪ Extraordinary CAPEX spending in 2019-2021 related to PA12 project (peak in 2020)
Tax implications	▪ Deal-related tax payments[1] of ~€200 m (~7%), group P&L tax rate going forward (~28%) ▪ One-time carve out taxes[2] of ~€260 m, largely offset after 15 years
Closing	▪ Closing of transaction: August 1st

1. Part of Operating CF from discontinued operations
2. Included in OCF of continuing operations: line-item cash taxes from portfolio measures

EVONIK POWER TO CREATE

Achieving cost excellence: SG&A 2020

Targeting structural improvements in SG&A

Cost savings of €200 m p.a.

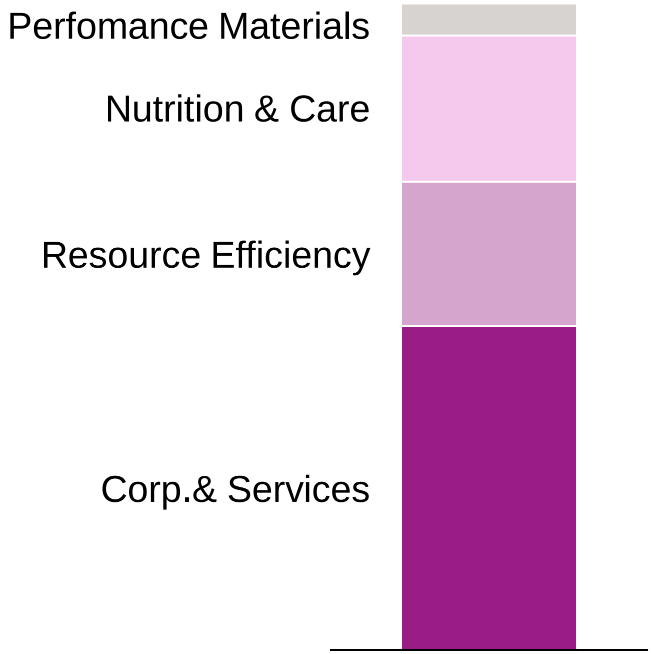
Reduction of 1,000 FTE

Savings across all units and segments

2018	2019	2020	2021
€50 m	€100 m	€180 m	€200 m p.a. Full potential realized: €135 m General & Admin; €65 m Selling

(cumulated savings target)

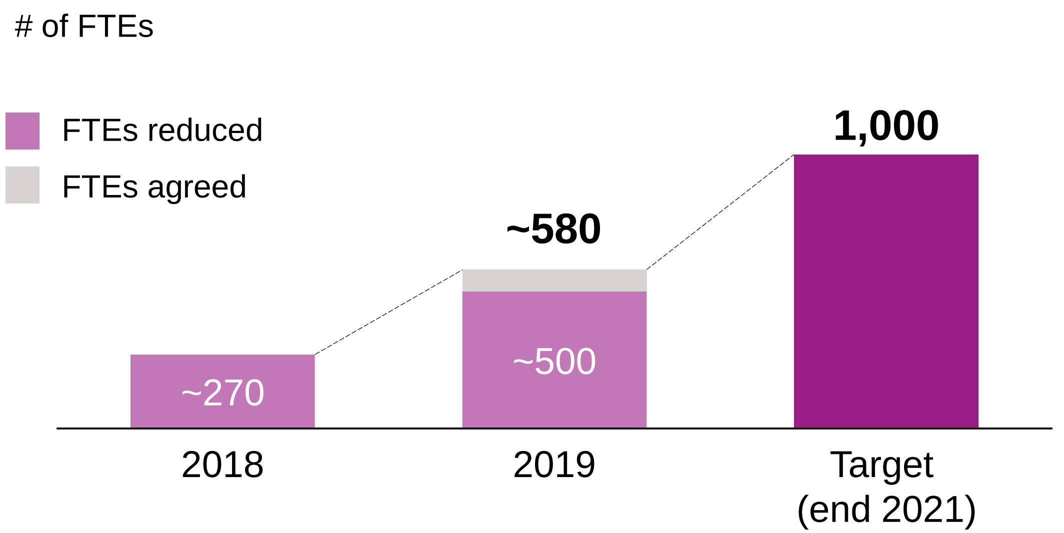
€200 m savings p.a.



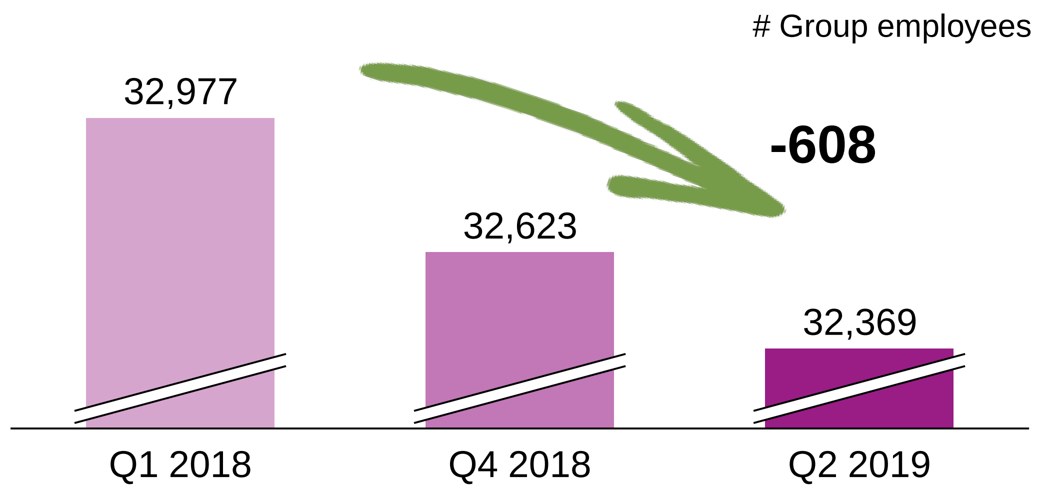
SG&A 2020

FTE reduction by 500 realized by Q2; >50% already fixed

SG&A FTE reduction **>50% fixed**



Total headcount development **-608** (Q2 vs. Q1 yoy)



- **Reduction of 270 FTEs** in 2018
- Further **230 realized** in H1 2019
- Overall, **>50%** of targeted 1,000 FTEs already fixed

- FTE reduction in SG&A also visible in number of employees on Group level (as reported)

EVONIK POWER TO CREATE

Recent cost initiatives
Program to achieve cost excellence in admin and selling initiated

Scope	Cost initiative		
Selling, General & Admin		**Administration Excellence** Measures with savings potential **>€200 m** implemented Project focus, e.g.: implementation of Service Hubs, SAP harmonization, etc.	**SG&A 2020** Focus on all admin and selling functions **€200 m** by end of 2020, full effect in 2021
Production, Technology & Procurement	 **On Track** **€500 m**	 **On Track 2.0** **>€600 m**	On Track organization transferred into a **continuous factor cost compensation program** **~€120 m p.a.**

2008 — 2016 — **2018** — **2020**

Leading in Innovation
Innovation growth fields with tangible size already today – strong growth ahead

Innovation Growth Fields

Advanced Food Ingredients

Additive Manufacturing

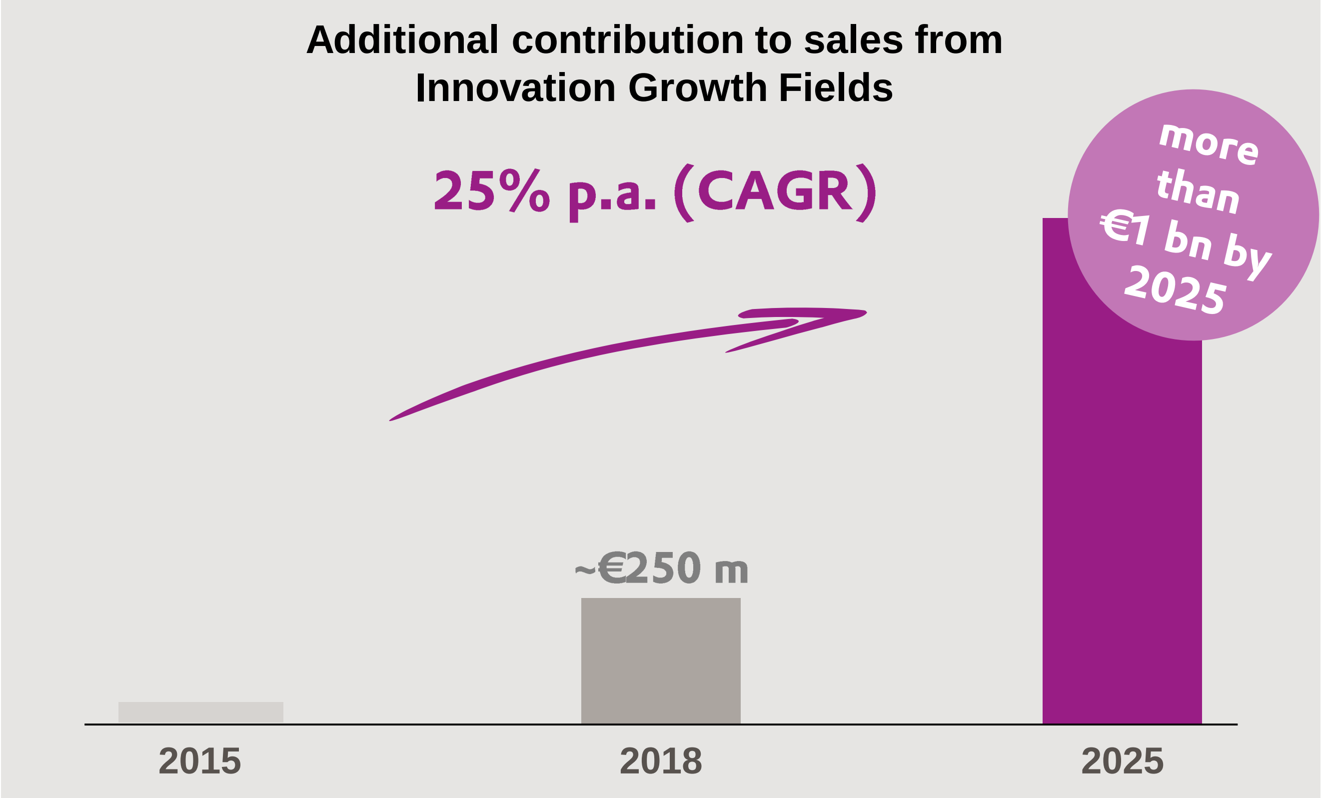
Sustainable Nutrition

Membranes

Cosmetic Solutions

Healthcare Solutions

Sales contribution



EVONIK POWER TO CREATE

Open & performance-oriented culture
New corporate values and performance management system

New corporate values

- Guidelines for cultural change
- Introduced in September 2018, now drilled down into the organization

New performance management system

- Leaner process and strict alignment with Group financial targets on all levels
- Reach goals together rather than individually and in silos
- Clearer differentiation of individual performance levels
- To be implemented from 2019 onwards

EVONIK
POWER TO CREATE

Appendix

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

EVONIK
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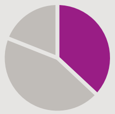
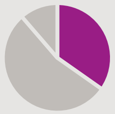
Evonik Group[1]
17 Business Lines managed in 3 operative segments

Nutrition & Care

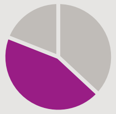


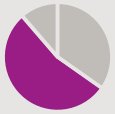


Sales	Adj. EBITDA / Margin
€4,646 m	€810 m / 17.4%

- Animal Nutrition
- Care Solutions
- Baby Care
- Comfort & Insulation
- Health Care
- Interface & Performance

Resource Efficiency

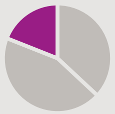


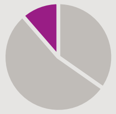


Sales	Adj. EBITDA / Margin
€5,547 m	€1,258 m / 22.7%

- Silica
- Crosslinkers
- Oil Additives
- High Performance Polymers
- Coating Additives
- Coating & Adhesive Resins
- Active Oxygens
- Silanes
- Catalysts

Performance Materials





Sales	Adj. EBITDA / Margin
€2,394 m	€265 m / 11.1%

- Performance Intermediates
- Functional Solutions

2018 Financials | Business Lines ranked by turnover | 1. Continuing operations

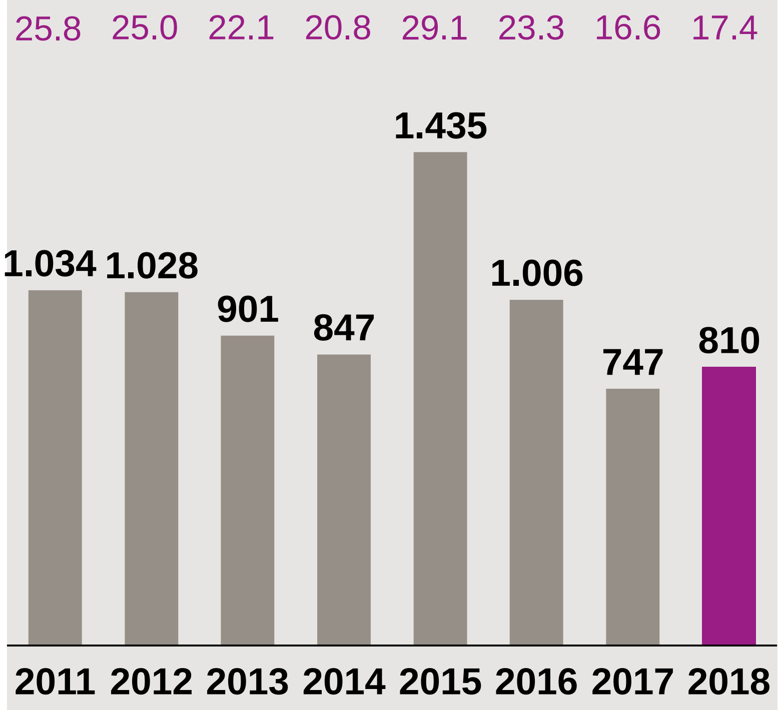
Nutrition & Care

Fulfilling human needs in a globalizing world

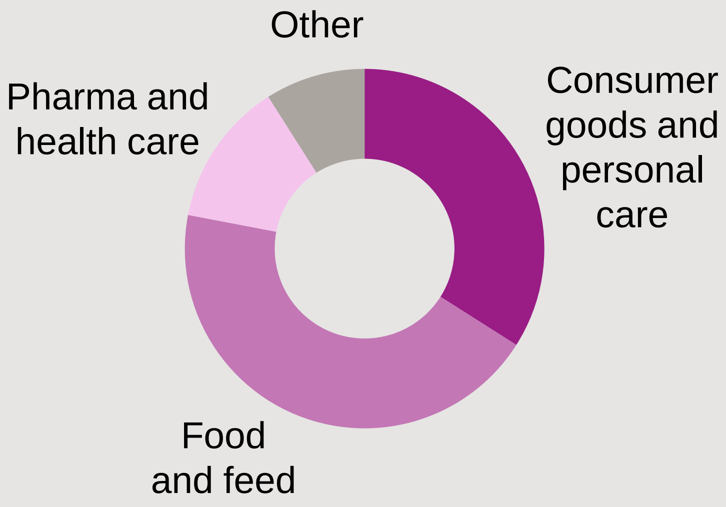
Key characteristics

- Long-term development is especially driven by **socioeconomic megatrends and sustainability**
- High degree of **customer intimacy and market know-how**
- Enabling our customers to deliver **differentiating solutions** in their markets
- **Excellent technology platforms**

Adj. EBITDA (€ m) and margin (%)



End market split



Nutrition & Care
Selected growth trends and products examples

***Nutrition & Care* produces specialty chemicals, principally for use in consumer goods for daily needs, in animal nutrition and in healthcare products**

Growth example *Smart Drug Delivery*

With smart drug delivery systems like EUDRAGIT®, active ingredients get to where they are needed in the body

Growth example *Sustainable Nutrition*

With our amino acids and probiotics, we have an extensive offering of solutions for sustainable healthy nutrition of animals

Growth example *Bio-based Cosmetics*

With RHEANCE®, we offer a multifunctional solution for gentle cleansing enabling 100% biodegradable skin and hair care products

Growth example *Innovative Additives*

With our innovative additives based on organically modified silicones like TEGOSTAB® mattresses are more flexible

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Nutrition & Care – Veramaris
Algae to produce omega-3 fatty acids, skipping over the food chain in the ocean

EVONIK POWER TO CREATE — Specialist in developing industrial biotechnology processes and in operating large scale manufacturing sites for fermentative processes

DSM BRIGHT SCIENCE. BRIGHTER LIVING. — Specialist for the cultivation of marine organisms including algae

veramaris
A JOINT VENTURE OF DSM AND EVONIK

A combination of complementary expertise

- **Start-up of new plant in July 2019**
- **Market-pull** from the feed value chain, consumers and NGOs
- **Committed customers** like Norwegian salmon farmer Lingalaks & German retailer Kaufland
- Initial **sales potential** of ~€150 - 200 m from first plant[1]
- **Evonik site in Blair offers flexibility** and opportunity for further investments to expand production

1: 50:50 JV Evonik & DSM

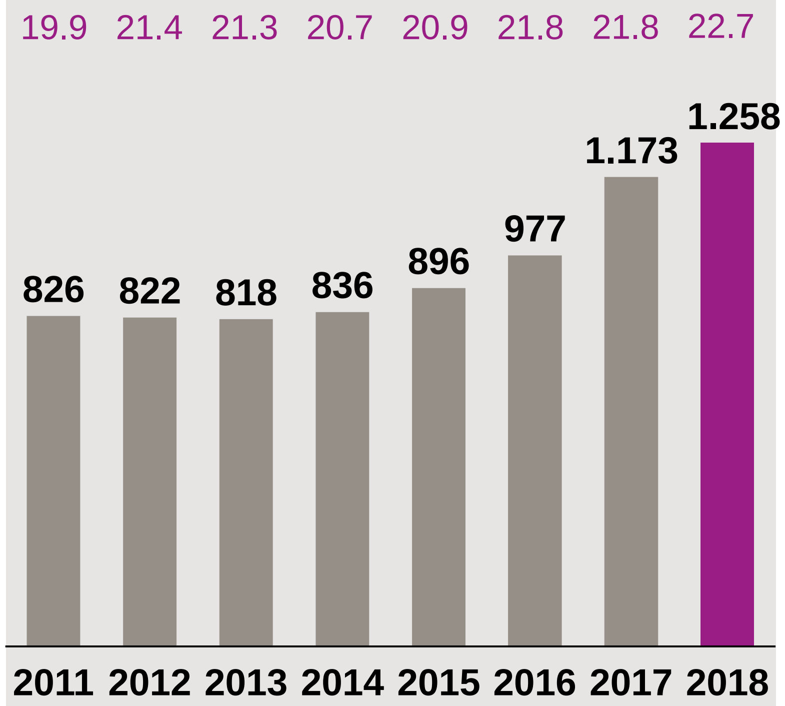
EVONIK POWER TO CREATE

Resource Efficiency
Innovative products for resource-efficient solutions

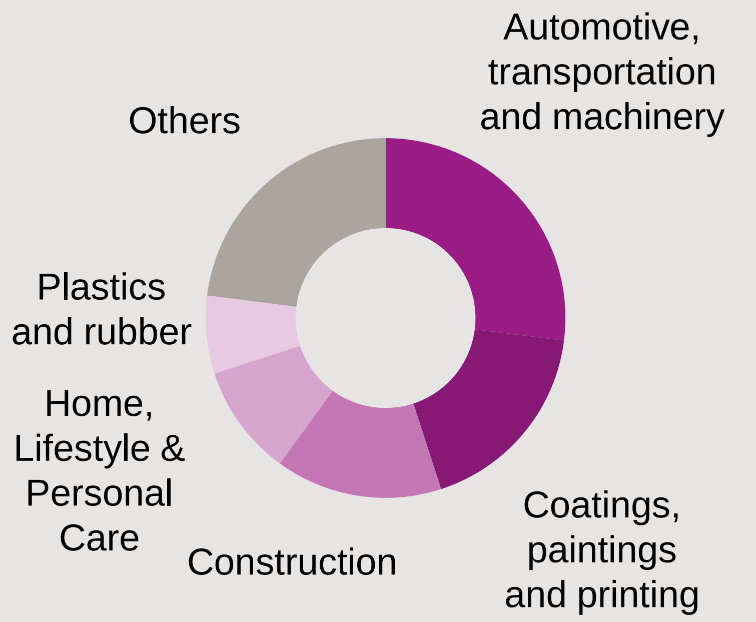
Key characteristics

- **High-value and resilient specialty business** with broad application scope
- 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**)
- **Strong technology platforms**, **application know-how** and **innovation** focus

Adj. EBITDA (€ m) **and margin** (%)



End market split



Resource Efficiency
Selected growth trends and products examples

***Resource Efficiency* provides environment-friendly and energy-efficient system solutions, mainly for the automotive sector and for the paints, coatings and construction industries**

Growth example *Lightweight*

With high performance polymers like ROHACELL® or Polyamid 12, we make for example airplanes or cars lighter

Growth example *Green Tires*

With our ULTRASIL® Silica/Silane technology, we reduce the rolling resistance of tires and help to save fuel

Growth example *Eco-friendly Insulation*

With our purely mineral and fully recyclable insulation material CALOSTAT®, we insulate houses efficiently

Growth example *Eco-friendly Coatings*

With our waterborne and solvent-free TEGO® applications, we make coatings environmentally friendly

EVONIK POWER TO CREATE

Resource Efficiency – E-Mobility
Significant additional sales opportunities

Opportunities arising from e-mobility …

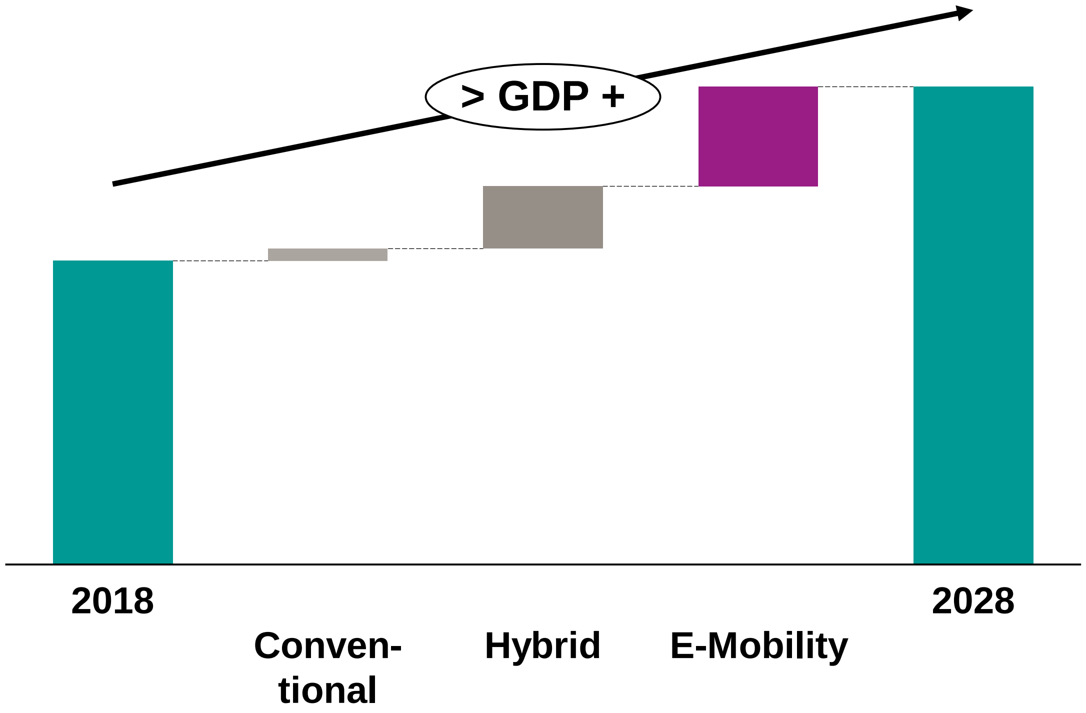
Plastics and composites *(e.g. PA 12 or ROHACELL®)*
Cooling lines, charging and high voltage cables

Lubricants *(e.g. Additives like DYNAVIS® or DRIVON™)*
Cooling fluids and e-motor greases, hybrid transmission

Tires *(e.g. Silica like ULTRASIL®)*
Reduced rolling and higher abrasion resistance

Adhesives & Sealants *(e.g. Polyesters like DYNACOLL®)*
Gap fillers for batteries, noise reduction, vibration/harshness

Additional sales potential in auto end market 2018-2028 (in €m)



EVONIK
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Performance Materials
Integrated production platforms for efficient production of rubber and plastic intermediates

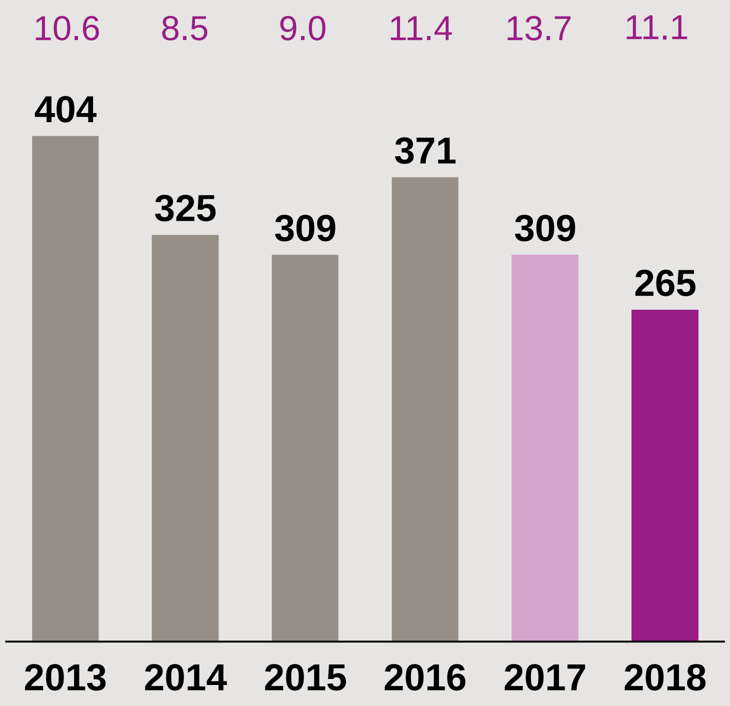
Key characteristics

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

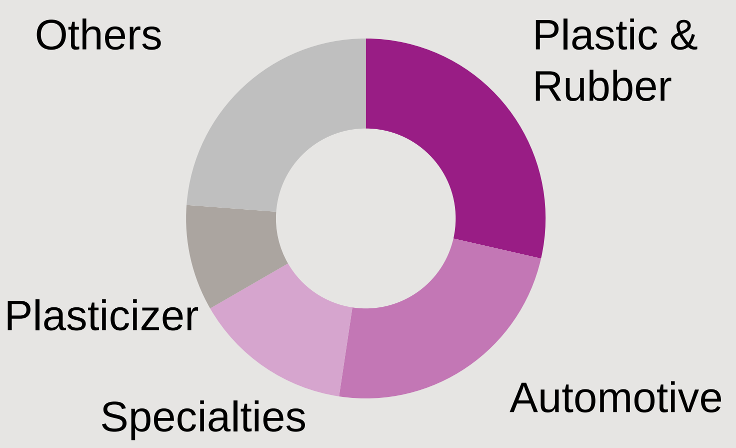
Key products

- Butadiene for synthetic rubber
- MTBE as fuel additive
- Alkoxides for biodiesel and life-science products

Adj. EBITDA[1] (€ m) and margin[1] (%)



End market split

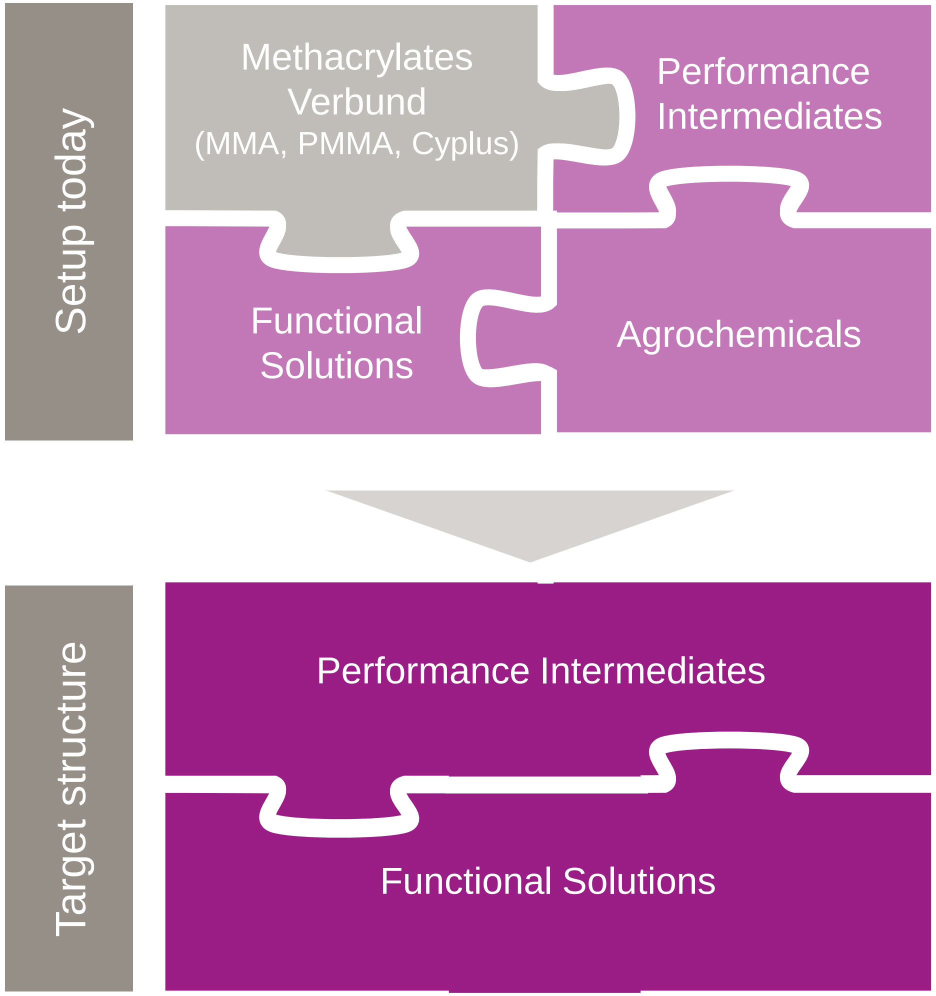


1. 2017 & 2018: restated for continuing operations (excluding methacrylates)

EVONIK POWER TO CREATE

Streamlined setup of Performance Materials segment

Merger Functional Solutions & Agrochemicals business lines



Merger Functional Solutions & Agrochemicals:
Bundling of competencies

- **Complexity reduction:**
  - On segment level: Going forward, only 2 business lines in Performance Materials
  - On business line level: Reduction of product lines from 5 to 3 (in new Functional Solutions business line)
- **Efficiency improvement:**
  - Further optimization of Chlorine Verbund
  - More efficient supply chain organization
  - Bundling of mgmt. positions and support functions

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Appendix

1. Strategy Details
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EVONIK
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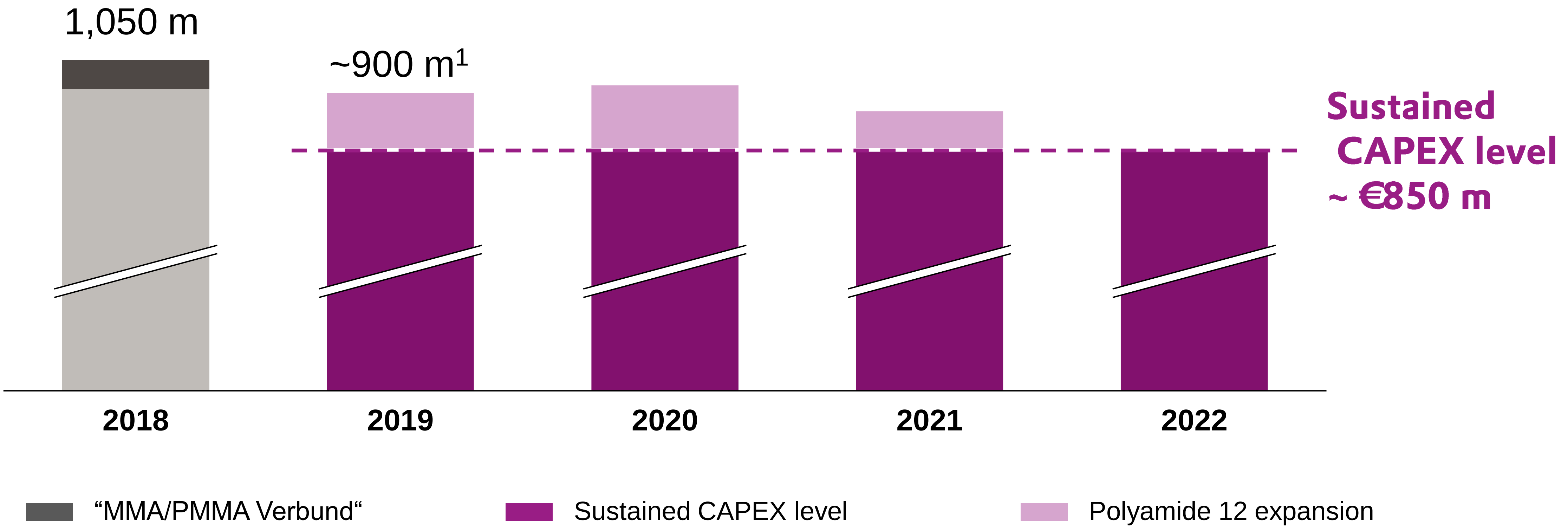
Trimming down sustained CAPEX level to ~ €850 m

CAPEX development (in € m)



1. Continuing operations (excluding methacrylates)

Investments
Selective projects announced for 2019

Investment projects successfully completed …

Precipitated Silica plant
United States
Rationale: new capacity in response to high demand for silica from tire industry in North America (e.g. green tires)

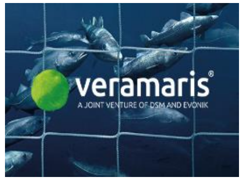
PA12 powder exp.
Germany
Rationale: additional capacities target highly attractive growth markets (e.g. 3-D printing) and solidifies leading market position for PA 12

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 currently in ramp-up

Veramaris JV (Green Ocean)
United States

Start-up: 2019
Sales potential: ~ €100 m



Extension of fumed silica
Belgium

Start-up: 2019
Sales potential: upper double-digit m €

New methionine plant (Me6)
Singapore

Start-up: 2019
Sales potential: > €500 m

EVONIK
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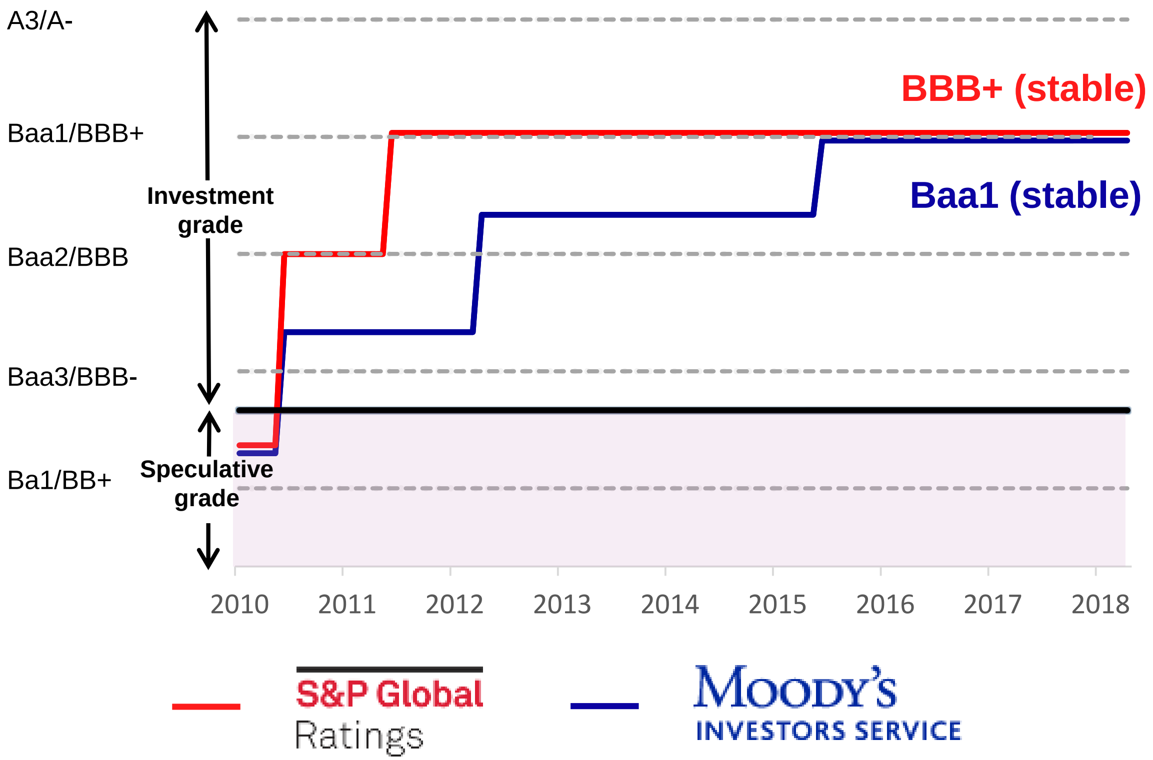
Financial policy
Maintaining a solid investment grade rating



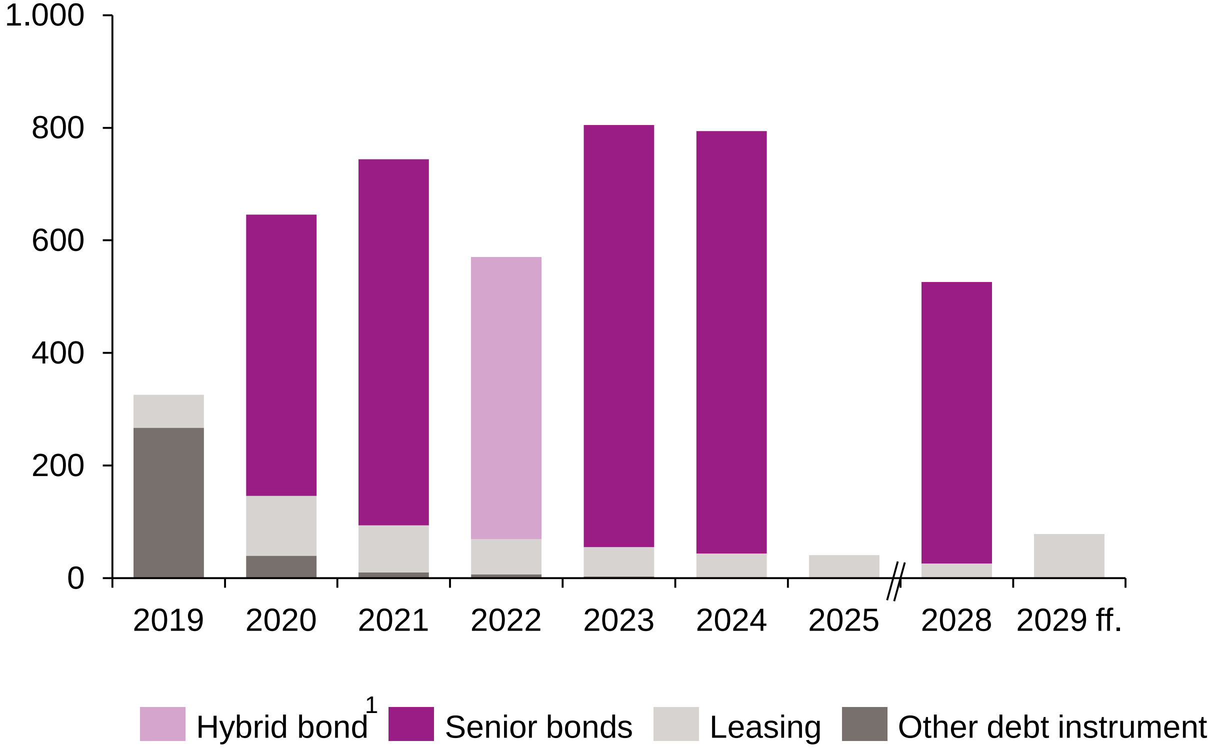
Successful track record of a strong rating from both rating agencies based on:

- Strong business profile underpinned by significant size and leading global market positions
- Greater-than-peer diversity in terms of end-markets and product range
- 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, 2019)



- Well balanced debt maturity profile with no single maturity greater than €750 m
- Long-term capital market financing secured at favorable conditions:
  - average coupon of 0.74% p.a. on €3.15 bn senior bonds
  - coupon of 2.125% p.a. on €0.5 bn hybrid bond
- Undrawn €1.75 bn syndicated revolving credit facility maturing June 2024

1. Formal lifetime of 60 years; first redemption right for Evonik in 2022

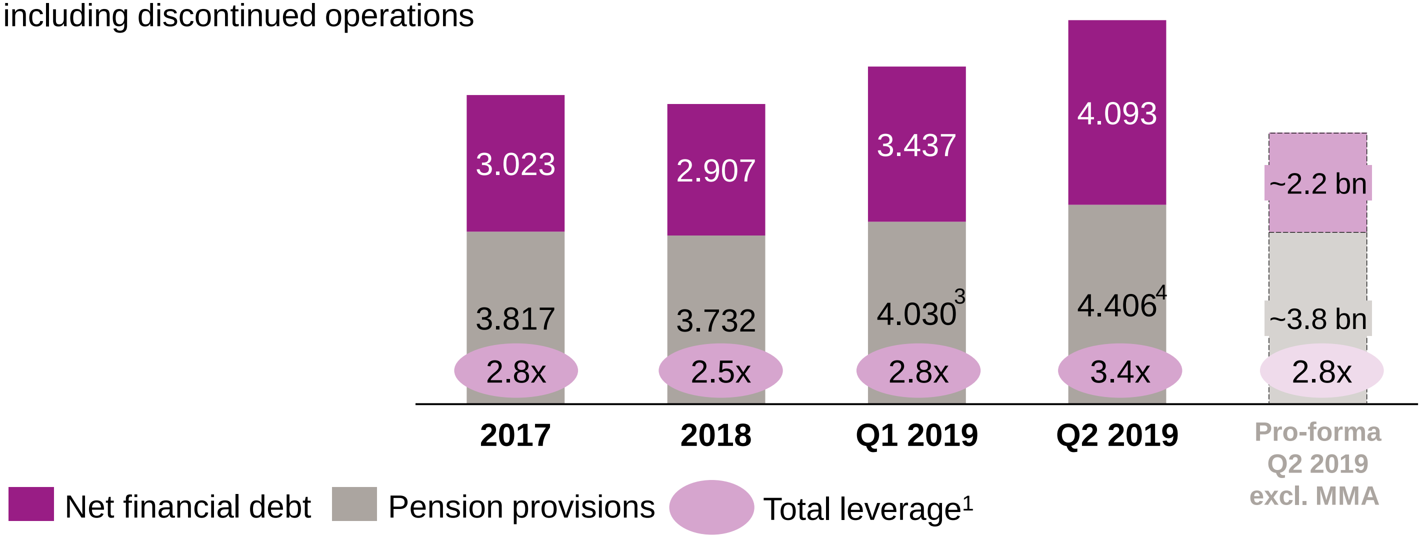
EVONIK POWER TO CREATE

Development of net debt and leverage over time
(still <u>including discontinued operations</u>)

(in € m)

Net debt	**6,840**	**6,639**	**7,467**	**8,499**	**~ 6 bn**

including discontinued operations



Discount rate global (in %)[2]	2.12	2.15	-	-
Discount rate Germany (in %)	2.00	2.00	1.75	1.50

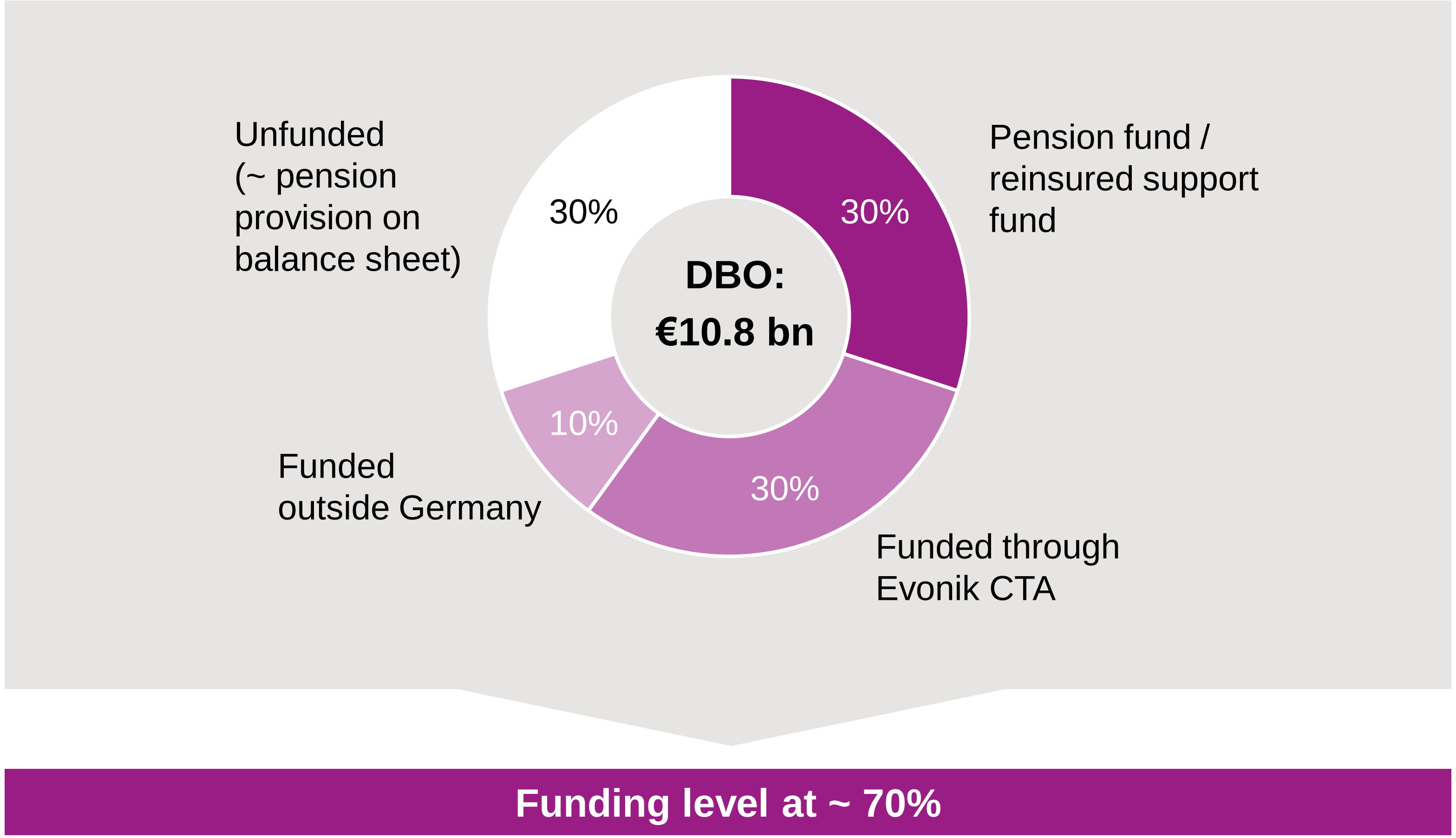
- Net financial debt increased as per Q2 2019 vs Q1 2019 mainly due to dividend and bonus payments
- **Net financial debt** leverage **at 1.8x** as per Q2 2019
- Pension provisions (incl. disc. op.) increased due to lower discount rate as per Q2 2019 (1.50% vs 1.75% as per Q1 2019)
- Pension provisions are partly balanced by corresponding deferred tax assets of ~€1.5 bn as per Q2 2019
- More than half of total net debt consists of long-dated pension obligations (> 15 years)

1. Total leverage defined as (net financial debt - 50% hybrid bond + pension provisions) / adj. EBITDA LTM | 2. Calculated annually | 3. Including €583 m from discontinued operations | 4. Including €602 m from discontinued operations

EVONIK POWER TO CREATE

Pensions

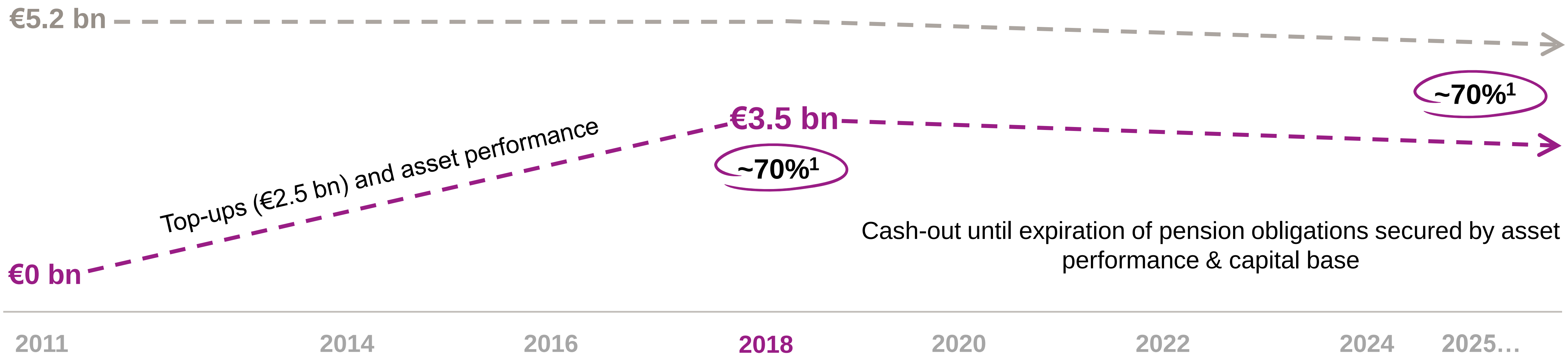
Pension funding overview as of 31 December 2018 (unaudited financials)



- Pensions very long-term, patient debt (>16 years) with no funding obligations in Germany
- DBO level of €11.7 bn yoy stable (interest rate unchanged at 2.00%)
- Funding ratio at ~70% mainly due to positive development of pension asset

Pensions: Sustainable free cash flow improvement
Strong CTA performance as a basis for reimbursements without further top-ups

Funding phase	Reimbursement phase
Pension payments by Evonik	Pension payments partly taken over by CTA



Sustainably positive effect on FCF: ~€100 m from 2019 onwards

1. Funding ratio | Development of CTA assets   Pension obligations in CTA

Impact on Cash flow statement

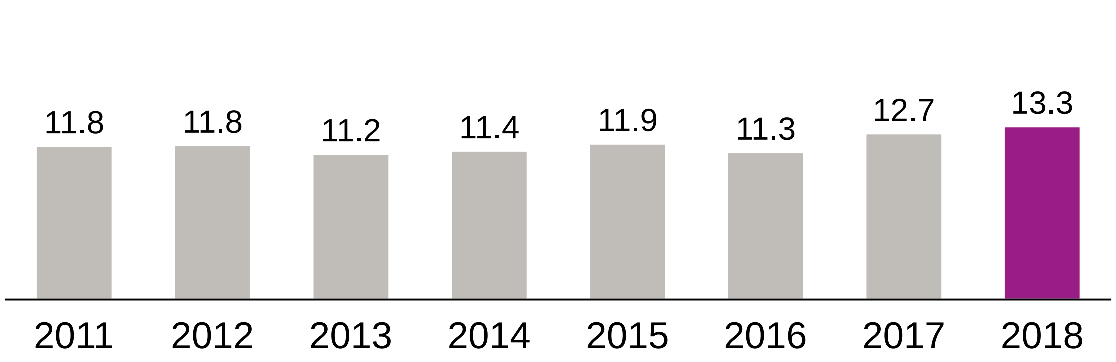
in € m	Change in 2019
Income before financial result and income taxes	
Depreciation and amortization	
∆ Net working capital	
Change in provisions for pensions and other post-employment benefits	**+ ~€100 m**
Change in other provisions	
Change in miscellaneous assets/liabilities	
Cash outflows from income taxes	
Others	
Cash flow from operating activities	**+ ~€100 m**
Cash inflows/outflows for investment in/divestments of intangible assets, pp&e	
Free Cash Flow	**+ ~€100 m**

Cash outflow from change in pension provisions in OCF will sustainably reduce from 2019 onwards

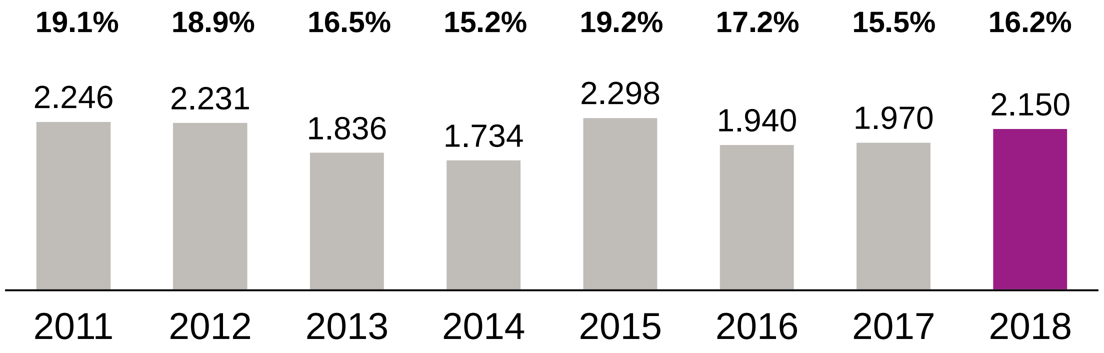
Sustainably positive effect on free cash flow

Financials

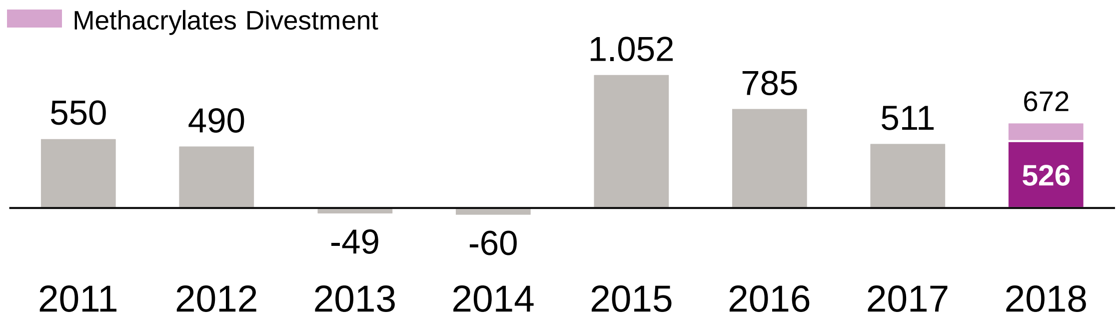
Sales[1] (in € bn)



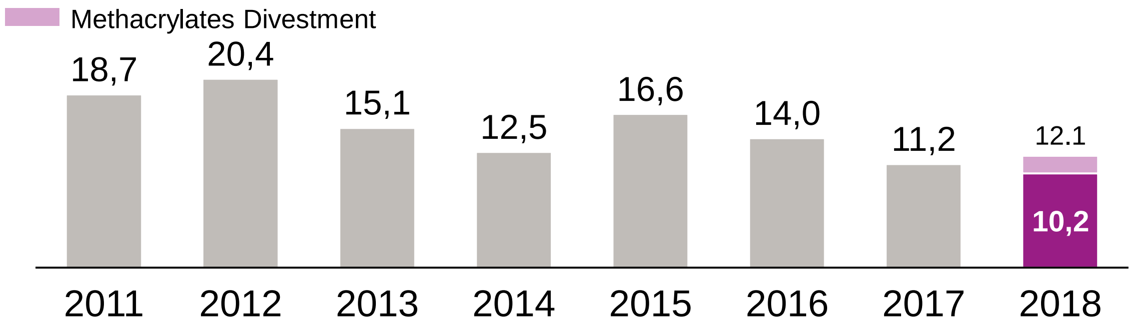
Adj. EBITDA[1] (in € m) **/ margin**



Free Cash Flow (as reported, in € m)



ROCE (as reported, in %)



1. Continuing operations

EVONIK POWER TO CREATE

Segment overview by quarter – continuing operations

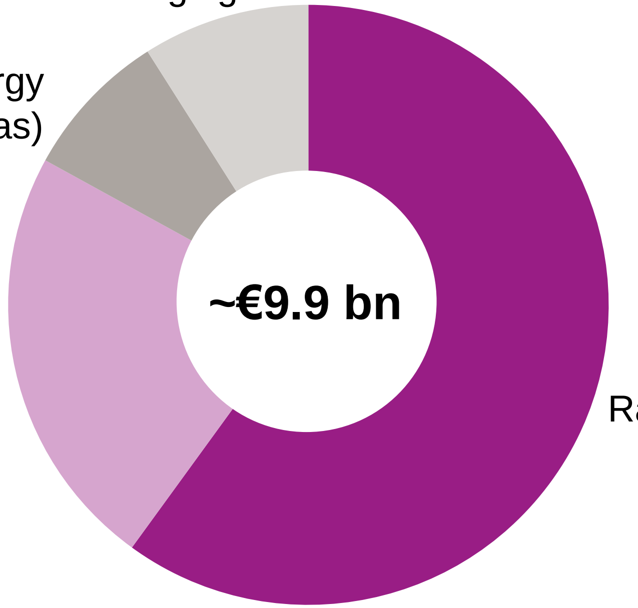
Sales (in € m)	Q1/18	Q2/18	Q3/18	Q4/18	**FY 2018**	Q1/19	Q2/19
Nutrition & Care	1,119	1,189	1,167	1,172	**4,646**	1,149	1,131
Resource Efficiency	1,364	1,435	1,382	1,365	**5,547**	1,399	1,404
Performance Materials	601	616	634	544	**2,394**	559	594
Services	160	169	161	175	**664**	174	171
Corporate / Others	3	4	3	5	**16**	6	6
Evonik Group	3,247	3,413	3,347	3,261	**13,267**	3,287	3,306

Adj. EBITDA (in € m)	Q1/18	Q2/18	Q3/18	Q4/18	**FY 2018**	Q1/19	Q2/19
Nutrition & Care	209	222	212	167	**810**	180	190
Resource Efficiency	319	358	327	254	**1,258**	324	325
Performance Materials	65	79	72	49	**265**	59	76
Services	35	25	39	0	**100**	31	36
Corporate / Others	-74	-68	-71	-68	**-283**	-55	-61
Evonik Group	554	616	579	402	**2,150**	539	566

POWER TO CREATE

Raw material split

Total procurement volume 2018 (in € m)



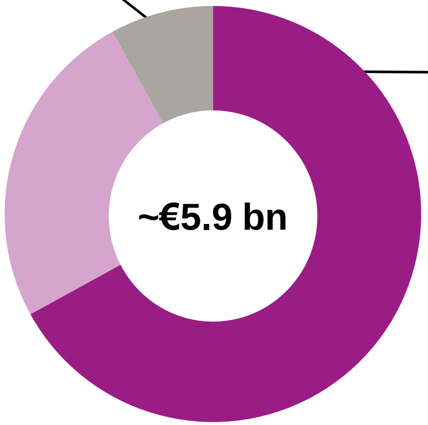
Breakdown of raw material spend[1] (examples)

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 2018

Management compensation

Fixed salary **~1/3**	▪ To be paid in cash for each financial year on a monthly basis	
Bonus **~1/3**	▪ Pay-out calculated on the basis of the achievement of focused KPIs; aligned to mid-term strategic targets: 1. Progression towards EBITDA margin target 2. EBITDA growth (yoy) 3. Contribution to FCF target 4. Accident performance	▪ Factor of between 0.8 and 1.2 to take into account the achievement of further individual targets ▪ Bonus capped at 200% of initial target
Long-term incentive plan **~1/3**	▪ Granted LTI target amount is calculated in virtual shares (4-year lock-up) ▪ Value of LTI to mirror the development of Evonik's share price (incl. dividends) ▪ Amount payable is determined by two performance elements	▪ Absolute performance: Real price of the Evonik share ▪ Relative performance against external index benchmark (MSCI Chemicals) ▪ Bonus capped at 300% of initial amount ▪ To be paid out in cash after lock-up period

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Appendix

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

Upcoming IR events

Conferences & Roadshows	
2 August 2019	Roadshow, Frankfurt
6 August 2019	Roadshow, London
20-21 August 2019	Deutsche Bank Corporate Days, Stockholm/Helsinki
27 August 2019	Commerzbank Sector Conference, Frankfurt
10 September 2019	Credit Suisse Basic Materials Conference, New York
11 September 2019	Roadshow, Toronto
11 September 2019	Berenberg Food Ingredients & Chemicals Conf., London
23 September 2019	Berenberg/Goldman Sachs Corporate Conf., Munich
26 September 2019	Baader Investment Conference, Munich
26 September 2019	Bernstein Strategic Decisions Conference, London

Upcoming Events & Reporting Dates	
5 November 2019	Q3 2019 reporting
4 March 2020	Q4/FY 2019 reporting

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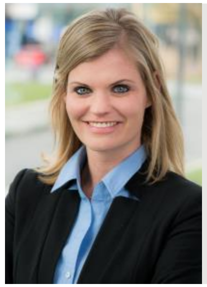

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