

Evonik

Power to create.

Company presentation

Q3 2019

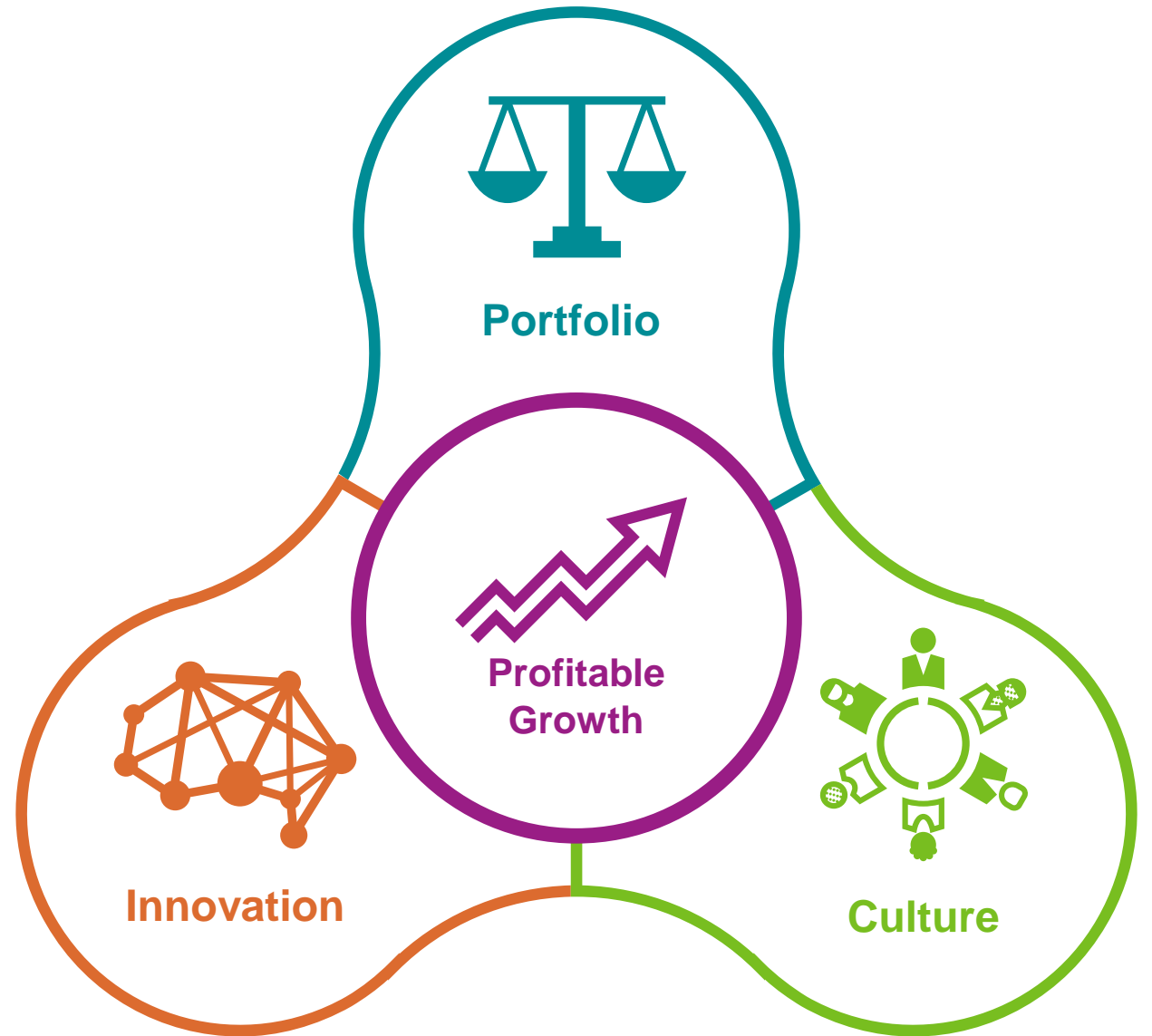


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A strong basis in Specialty Chemicals

Market leadership



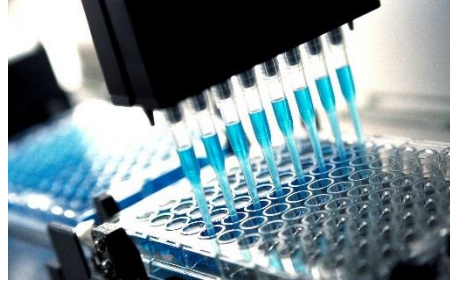
Leading market positions in
80%
of our businesses¹

Customer proximity



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

Technology leadership



Leading and
proprietary technology
platforms in
25 countries
on
5 continents

Unique brand recognition



tego
An Evonik product.

ROHACELL
An Evonik product.

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)

Three segments with differentiated management

Group financials 2018¹

Sales

€13,267 m

Adj. EBITDA

€2,150 m

Margin

16.2%

ROCE

10.2%



Growth

**Nutrition
& Care**



Sales
€4,646 m



Adj. EBITDA / Margin
€810 m / 17.4%

**Resource
Efficiency**



Sales
€5,547 m



Adj. EBITDA / Margin
€1,258 m / 22.7%



Efficiency

**Performance
Materials**



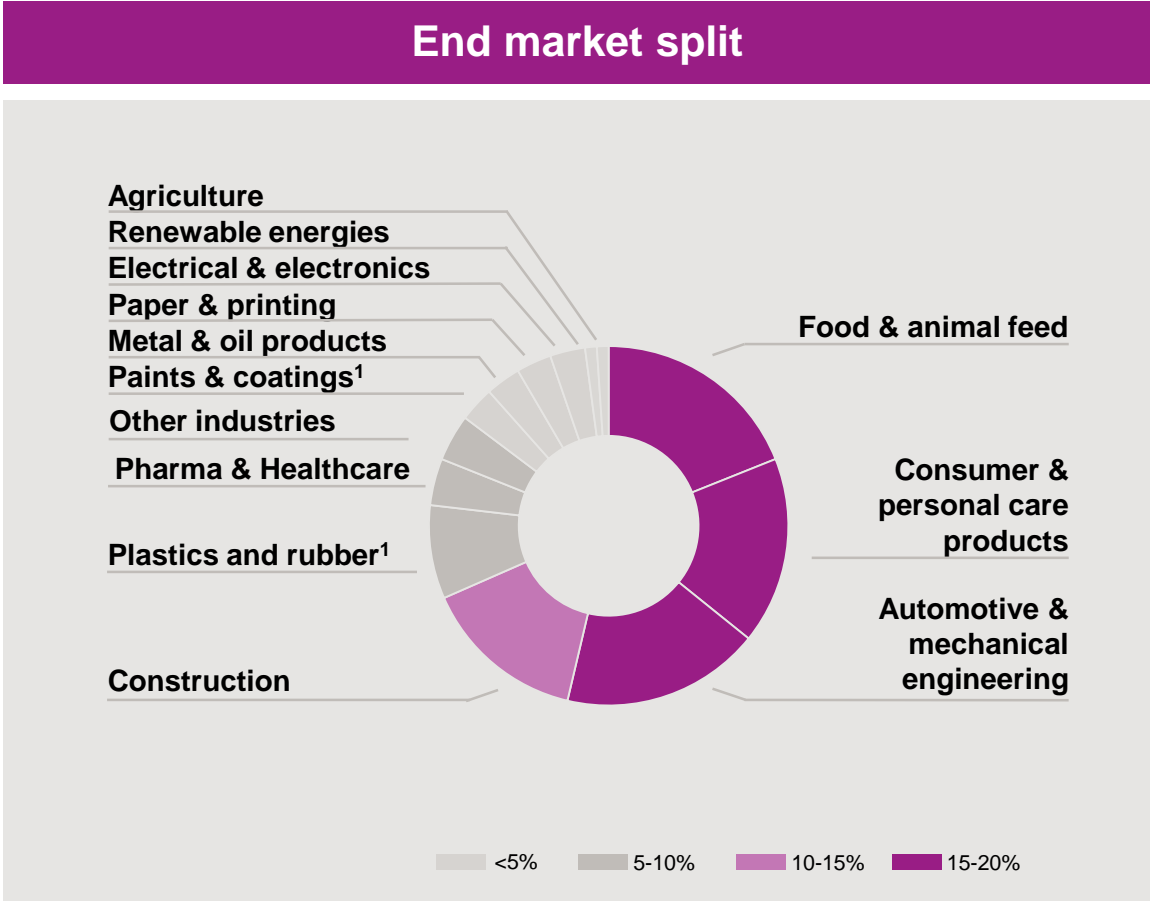
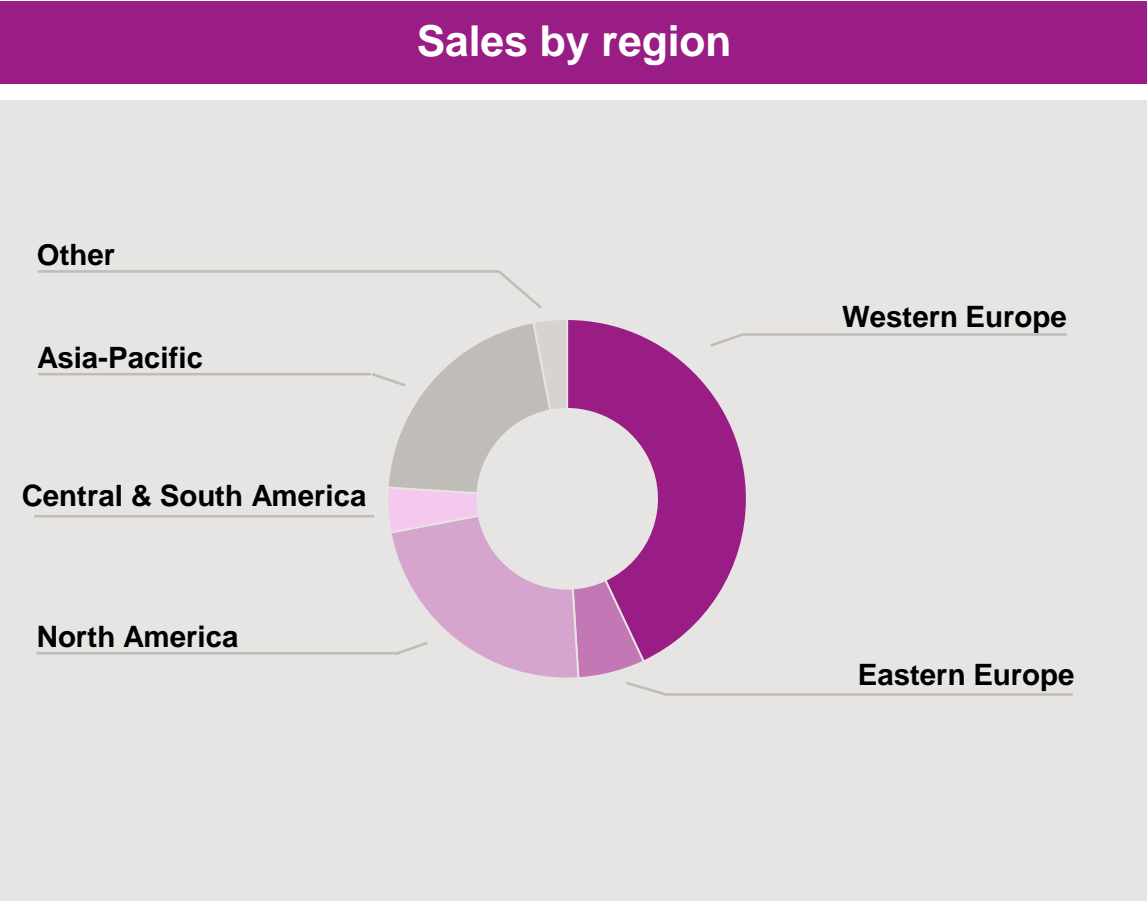
Sales
€2,394 m



Adj. EBITDA / Margin
€265 m / 11.1%

1. Continuing Operations

Balanced regional and end market split



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

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 analyses**
- Founding member of “Together for Sustainability” initiative:
~80% of purchasing volume covered by **TfS** assessments
- **50%** of sales from **resource-efficient** products²
- **>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 **CO₂ 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 applications¹

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

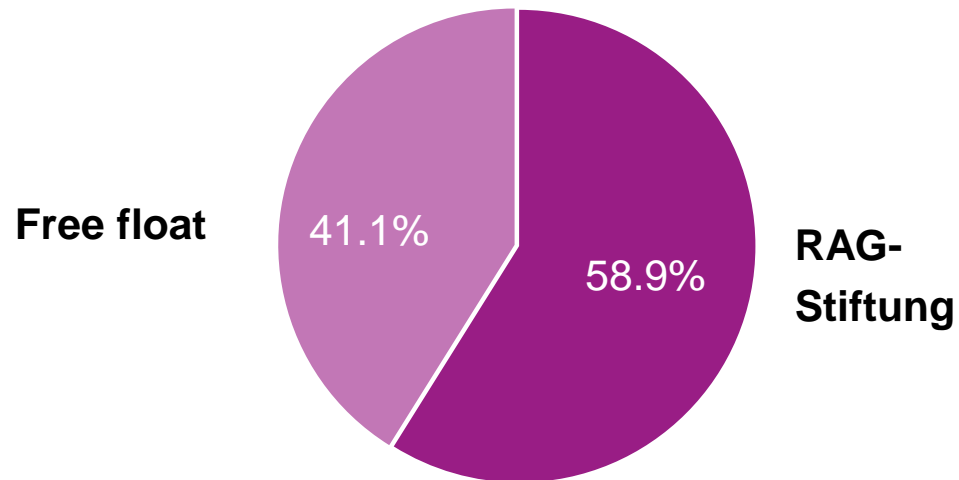
Used for photovoltaic cell encapsulation



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

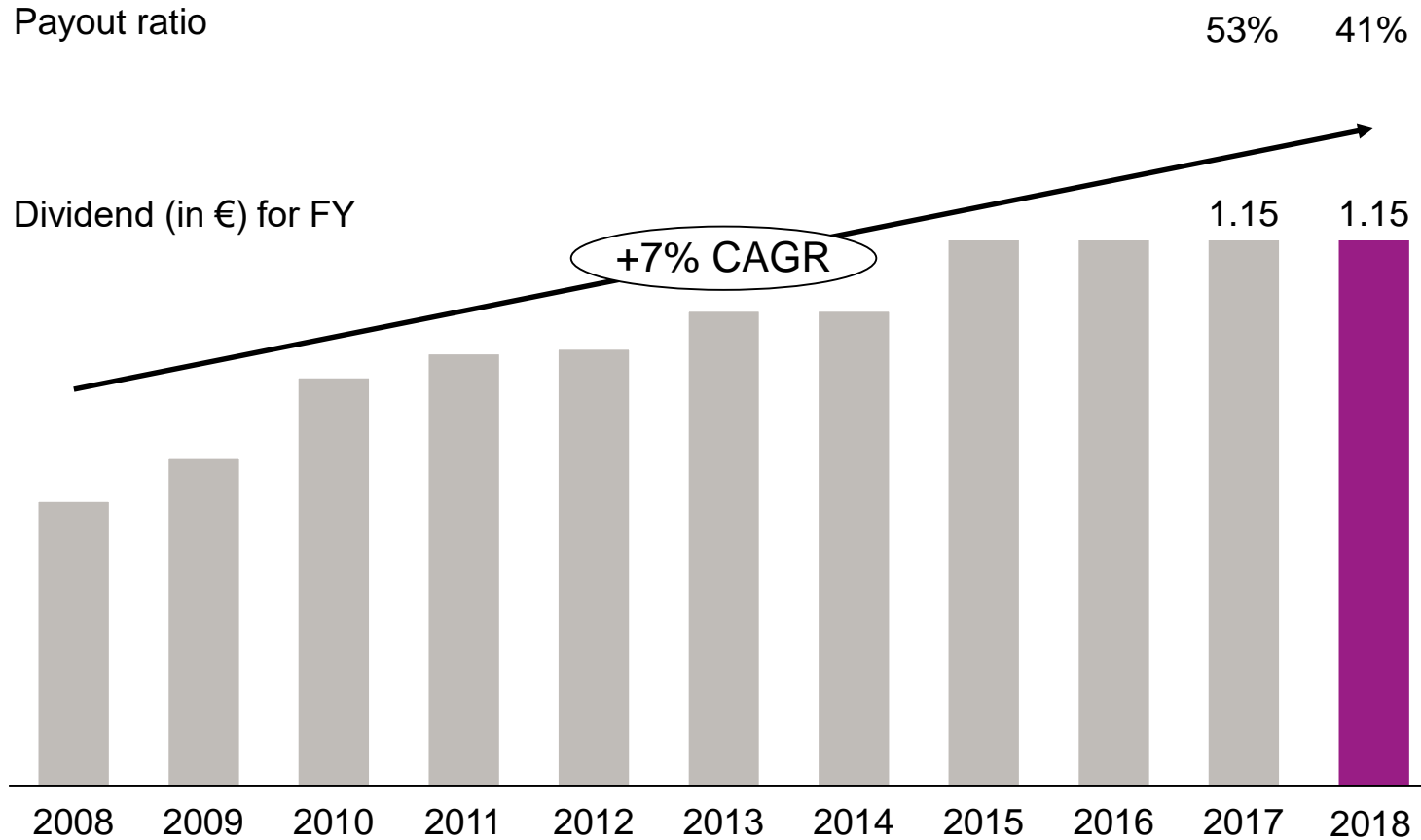
Ownership structure



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



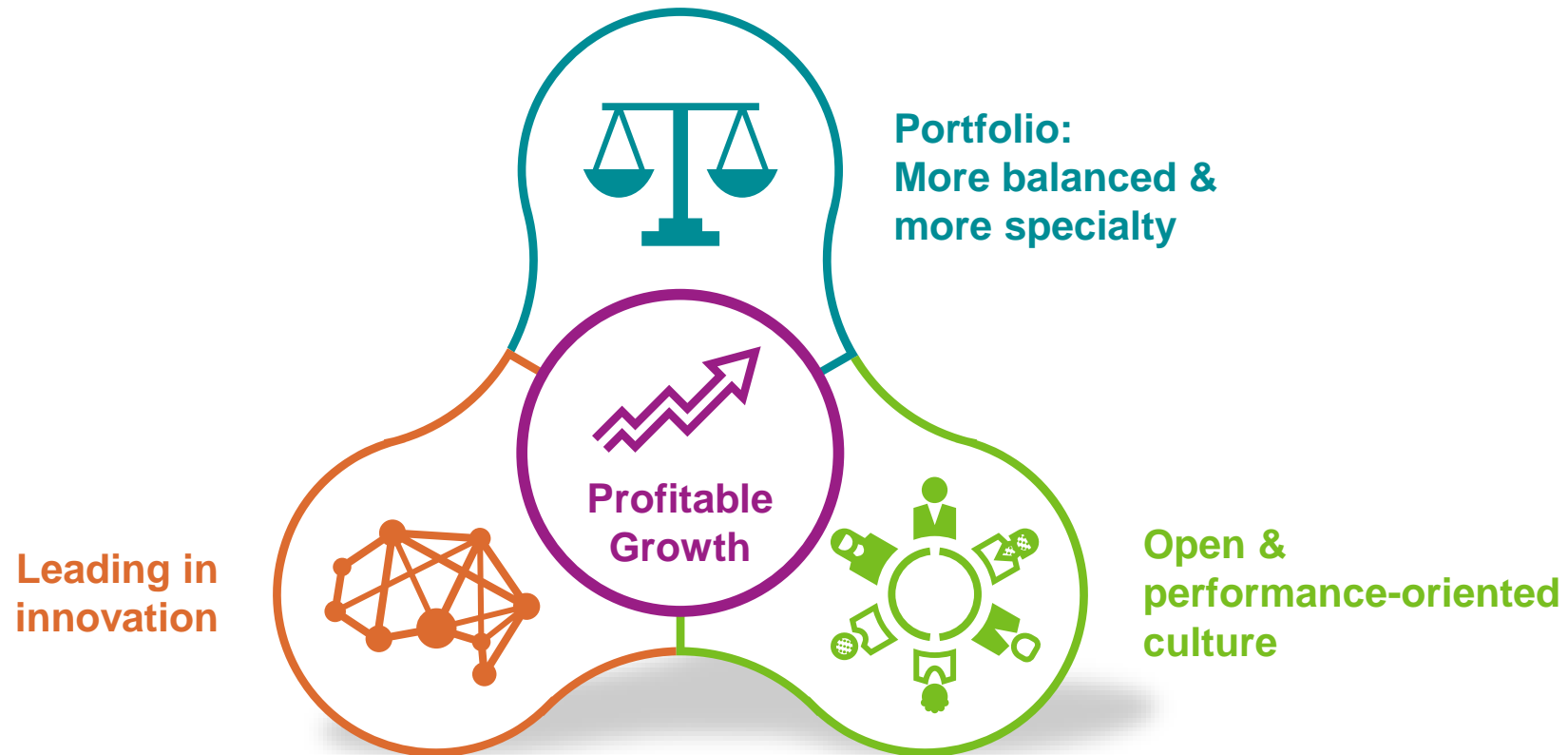
- Sustainable dividend growth over the last years: 7% CAGR between 2008 and 2018
- **Attractive dividend yield**
- Reliable dividend policy targeting:
 - **dividend continuity**
 - a **payout ratio of ~40%** of adjusted net income

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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

Four
growth
engines

NUTRITION & CARE



Health & Care

RESOURCE EFFICIENCY



Smart Materials



Specialty Additives



Animal Nutrition

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

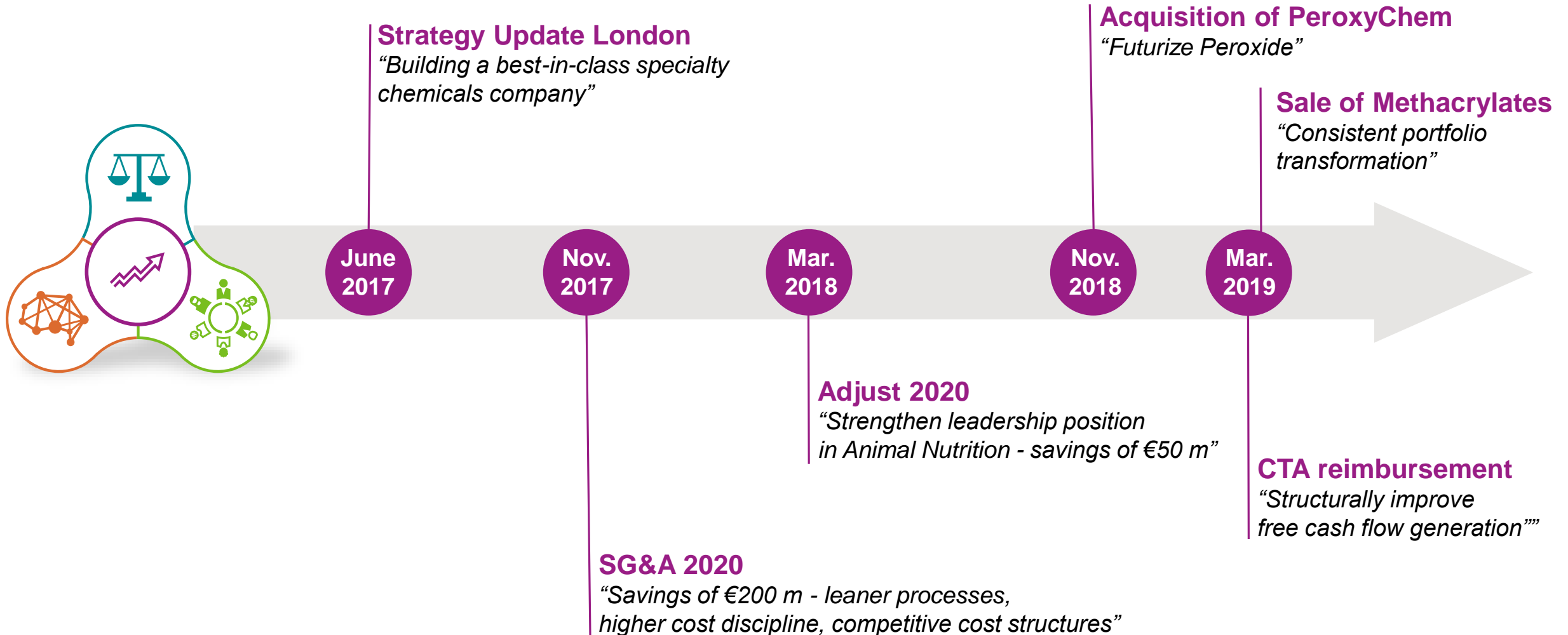
Mature
businesses



✓ Meeting specialty chemicals characteristics

Step by step execution of strategic agenda

What we achieved so far



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

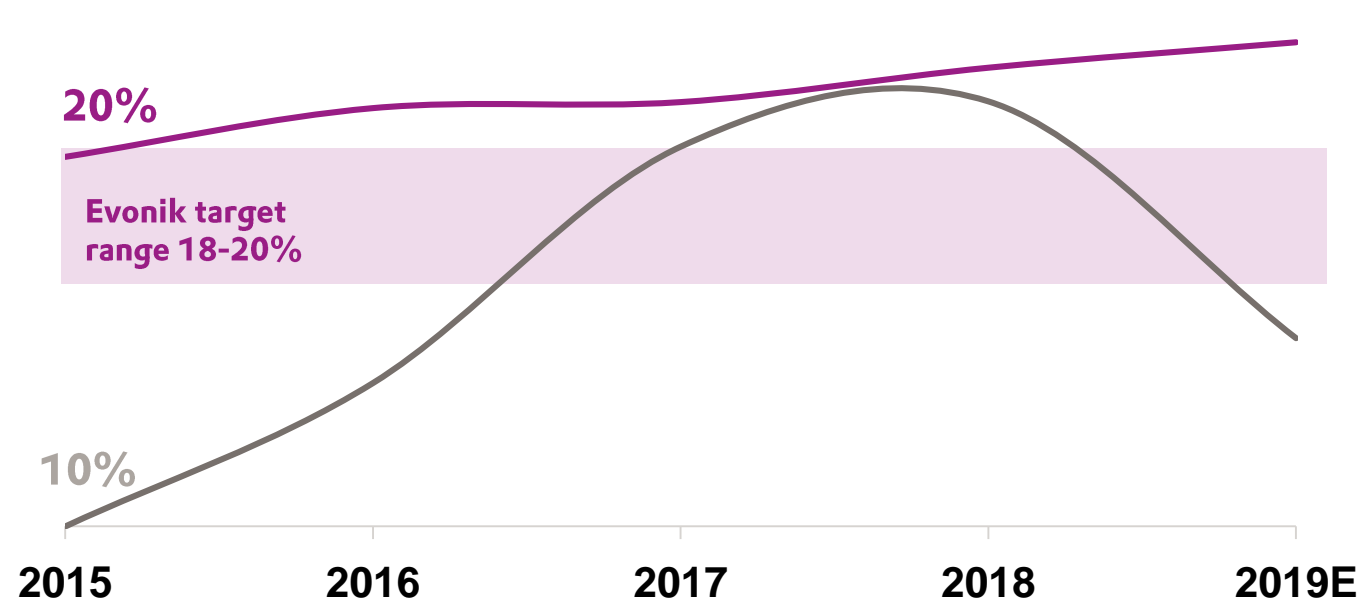
Portfolio transformation leads to higher margins with reduced volatility

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

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

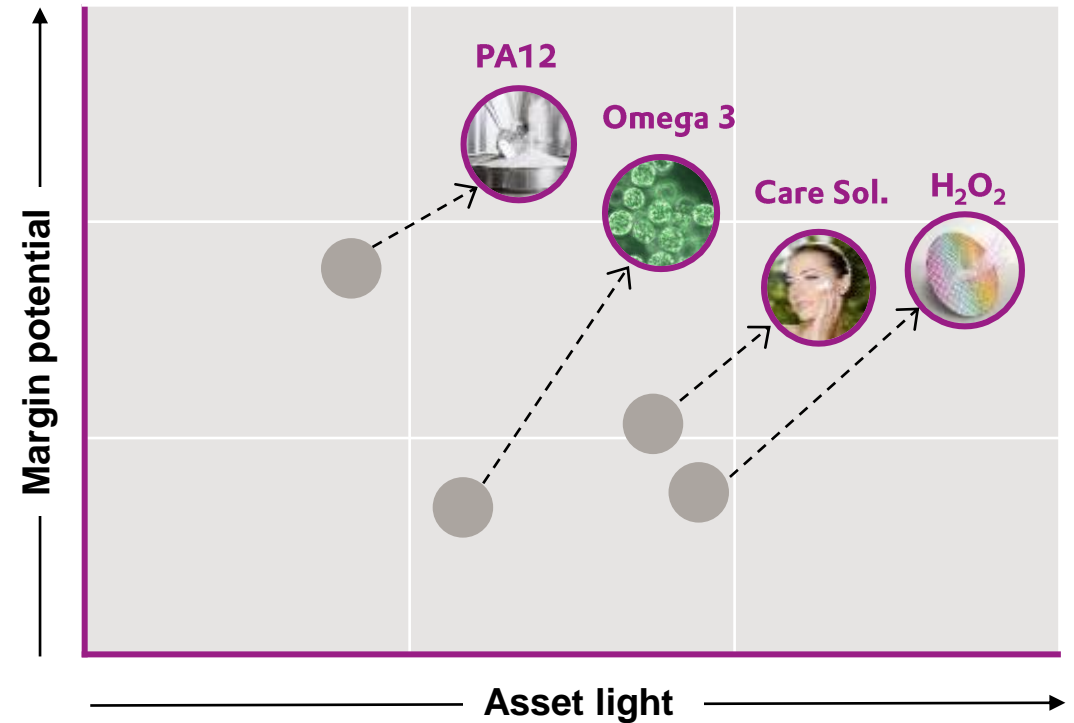
Repurposing fermenters of mature lysine business to produce high-end algae based omega-3 fatty acids

H₂O₂

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

Care Solutions

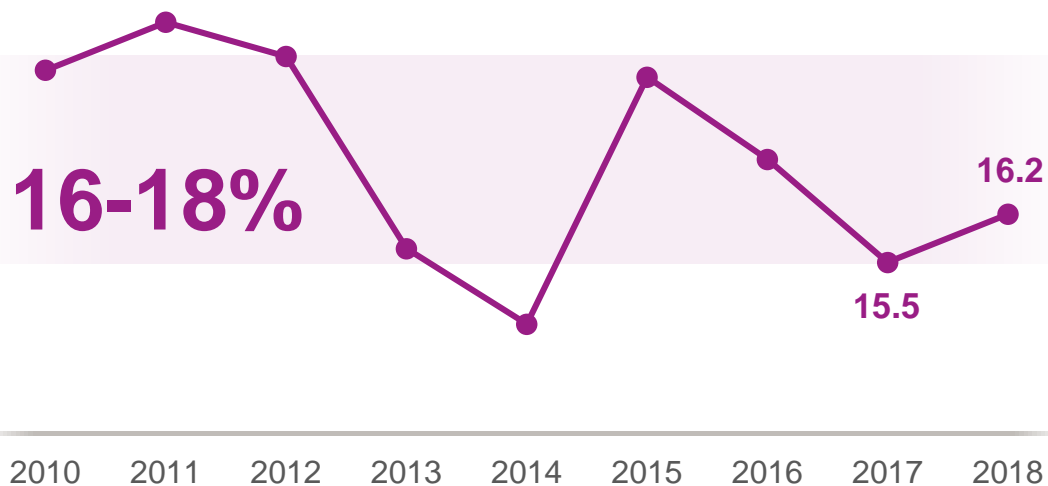
Aligning the product portfolio and adapting the asset network to meet the future requirements for a higher share of specialties



Strategic agenda reflected in ambitious financial targets

Structurally lifting EBITDA margin and driving balanced growth

Historic margin range (in %)



2017 & 2018: continued operations

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

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Outlook 2019 confirmed

Intensified self-help compensates production constraints and weaker environment

Market environment

- Ongoing **challenging market environment** mirrored in tight Q3 businesses performance

Production constraints Performance Materials

- **Production constraints in Performance Materials** additionally weigh on H2 earnings

Self-help measures

- Self-help measures intensified: **SG&A** program **ahead of plan**; additional **contingency measures** implemented

EBITDA guidance 2019 confirmed:
“at least stable adj. EBITDA” (FY 2018: €2,150 m)

SG&A program ahead of plan – additional contingency measures implemented for H2 2019

SG&A program ahead of plan

(SG&A savings 2019)



Additional contingency measures implemented

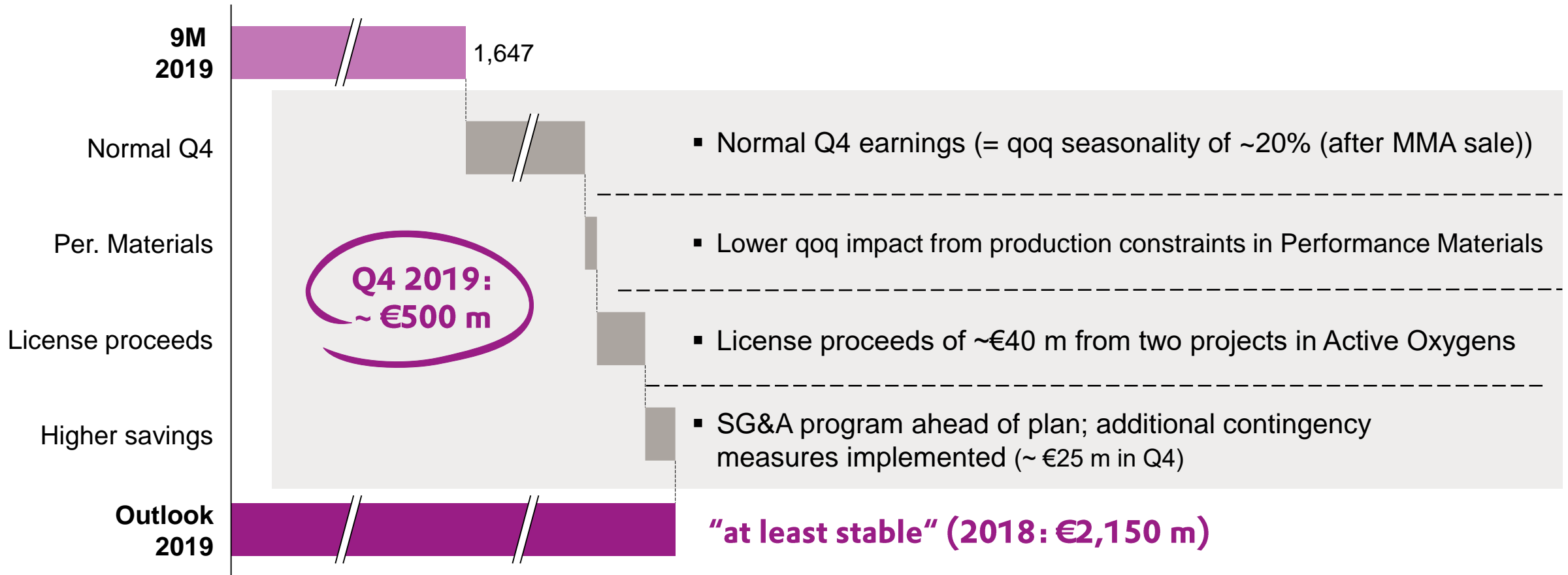
- Additional contingencies of **+€20 m**
 - Hiring discipline (free positions filled internally)
 - Travel restrictions (e.g. more digital meetings)
 - Reduced expenditure on external consultants
 - Maintenance (energy & plant management)
 - Salary components

+ €40 m in H2 2019
(thereof €25 m in Q4)

Q4 EBITDA expected ~ €500 m

Reduced Q4 seasonality supported by license fees & cost savings

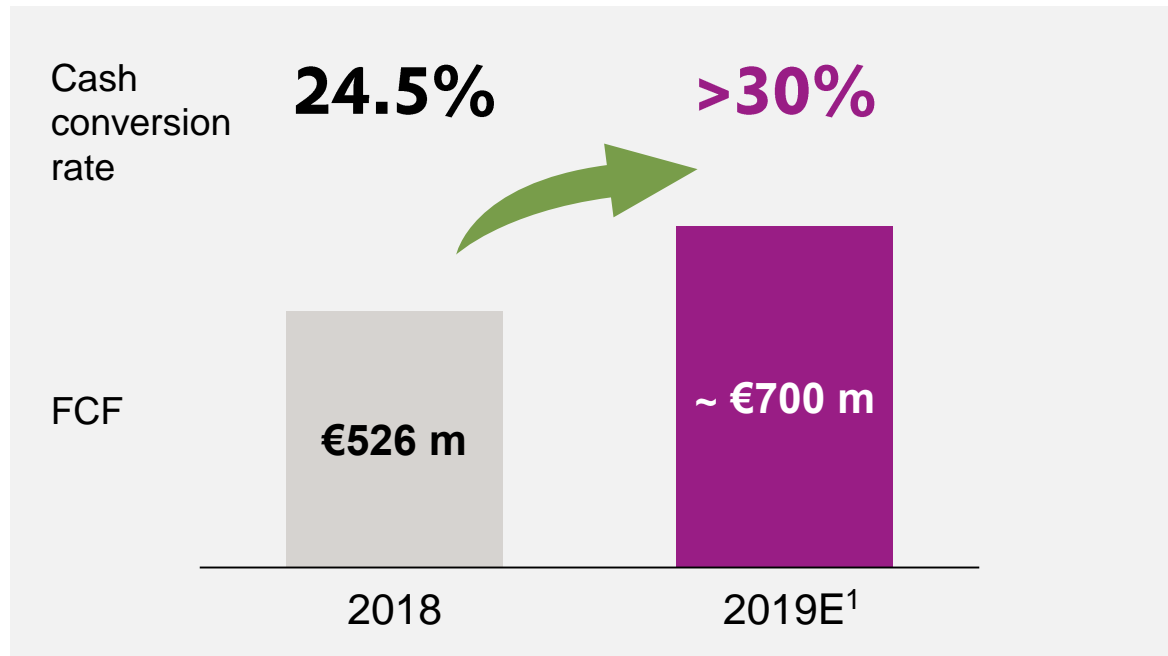
(Adj. EBITDA in € m)



Outlook 2019: Free Cashflow

Strong improvement both in FCF and cash conversion – further upside in 2020

“Free cash flow of around €700 m” (FY 2018: €526 m)



- Significantly higher FCF: **~€700 m**
- Strict **working capital management**
- High **capex discipline**
- Support from **CTA reimbursement**

Cash conversion rate

- **above 30%** in 2019
- further **upside** for **2020**

1. Extraordinary carve-out taxes of €200-220 m (related to MMA divestment) not considered in 2019 outlook

Outlook 2019:

EBITDA outlook confirmed, sales now expected slightly lower

“slightly lower sales”

(FY 2018: €13,267 m)

- With regards to the challenging macro environment we revised our sales outlook for 2019
- Sales on group level are expected to be **slightly below prior year's level** (previously: at least stable)

“at least stable adj. EBITDA”

(FY 2018: €2,150 m)

- EBITDA guidance on **group level confirmed**
- **Update** on segment guidance:
 - **Nutrition & Care** slightly lower (confirmed)
 - **Resource Efficiency** slightly higher (confirmed)
 - **Performance Materials lower** (previously: around level of last year)
 - **Services** and **Corporate/Other** with **tangibly lower** cost base

Additional indications for 2019

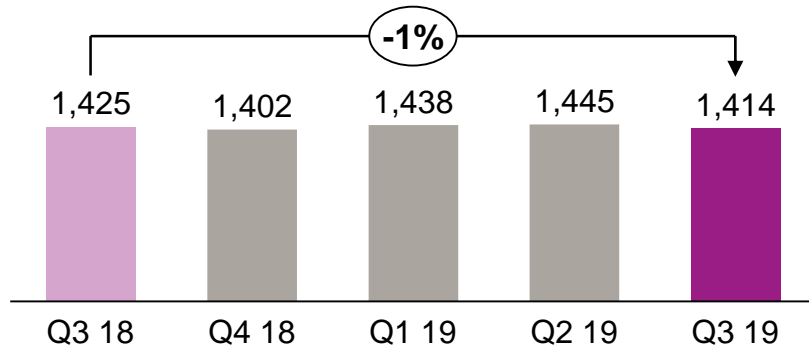
▪ Synergies from acquisitions (APD & Huber Silica)	Additional synergies of ~€30 m (total synergies: ~€70 m)
▪ PeroxyChem	Not included in outlook
▪ ROCE	Slightly below (previously: above) cost of capital (10.0% before taxes) and below (previously: around) the level of 2018 (10.2%)
▪ Capex	~€900 m (previously: €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	Slightly above the level of 2018 (previously: around the level of 2018; 2018: €100 m)
▪ Adj. EBITDA Corporate / Others	Tangibly less negative than 2018 (previously: slightly less negative (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

Resource Efficiency

Sequentially stable earnings in an unchanged challenging market environment

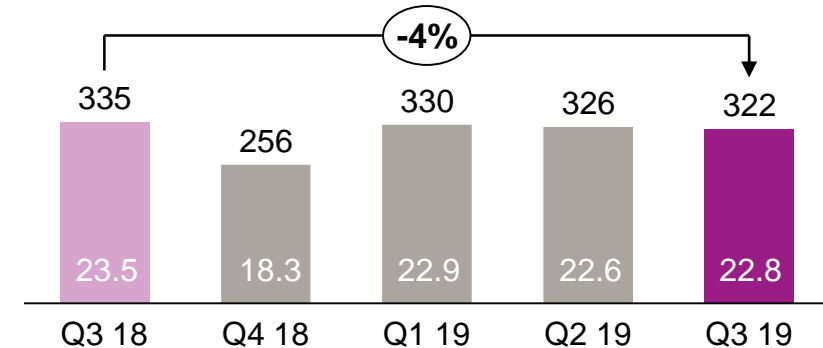
Sales (in € m)



Q3 19 vs. Q3 18	Volume	Price	FX	Other
	-3% ↘	+1% ↗	+1% ↗	0% →



Adj. EBITDA (in € m) / margin (in %)

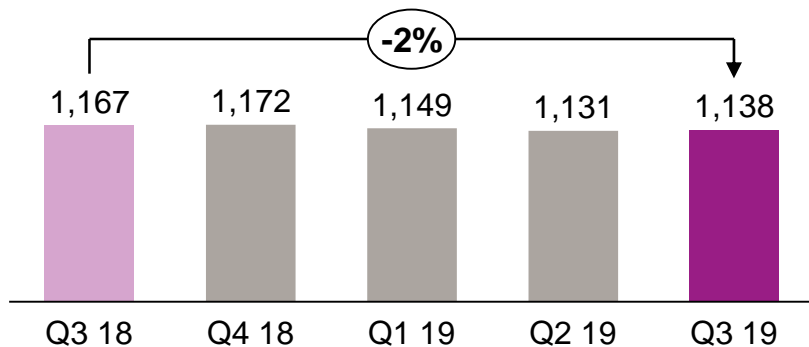


- Difficult market environment for auto and coatings businesses rolled over into Q3
- Volumes in industry-linked Silica applications and Coating businesses impacted by economic downturn
- Solid pricing continued in Q3, maintaining high margin level of above 22%
- High Performance Polymers (ongoing strong PA12 business in industrial & consumer goods) and Crosslinkers (strong demand for IPD for wind industry) with resilient performance

Nutrition & Care

Solid operational performance in resilient end markets

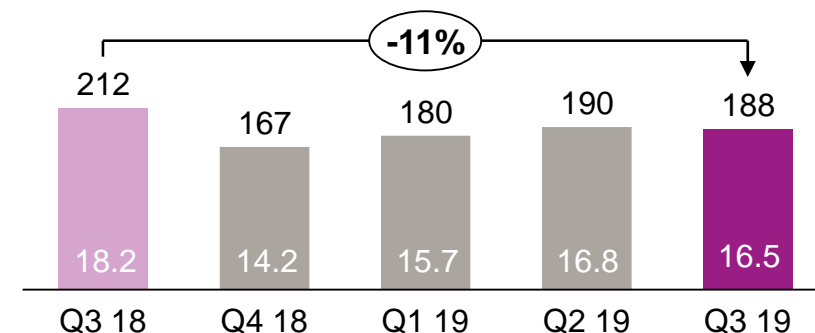
Sales (in € m)



Q3 19 vs. Q3 18	Volume	Price	FX	Other
	-1% ↘	-3% ↘	+2% ↗	0% →



Adj. EBITDA (in € m) / margin (in %)

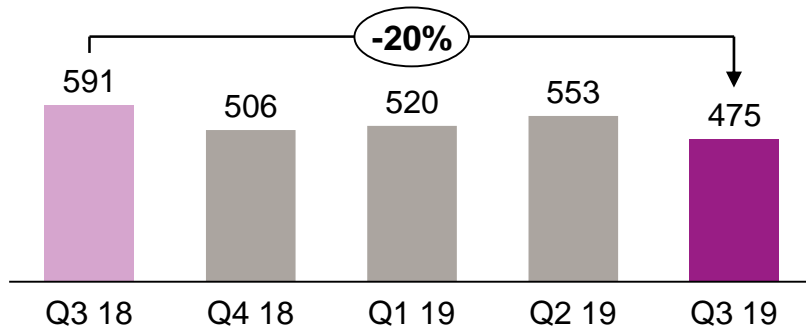


- High demand in Animal Nutrition continues to be neutralized by planned shift from bulk to specialty products (in Care Solutions and for Veramaris JV)
- Robust contribution from Care Solutions and accelerating earnings in Health Care (FY 2019 back-end loaded)
- Methionine with ongoing strong volumes, sequentially slightly lower prices
- Successful implementation of efficiency programs throughout 2019 mitigate negative methionine price effect of > €100 m

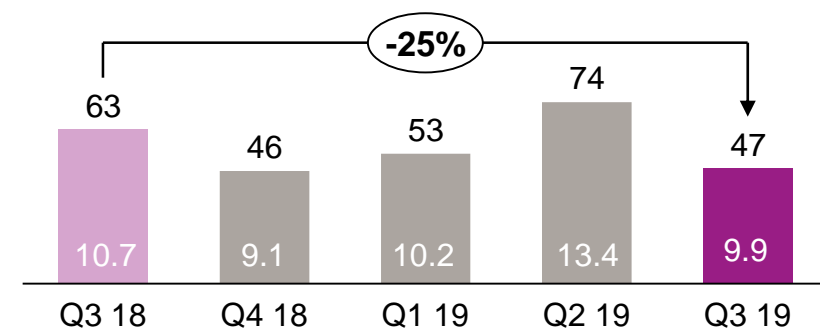
Performance Materials

Difficult quarter due to limited raw material availability and unexpected outage

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q3 19 vs. Q3 18	Volume	Price	FX	Other
	-6% ↘	-10% ↘	0% →	-4% ↘

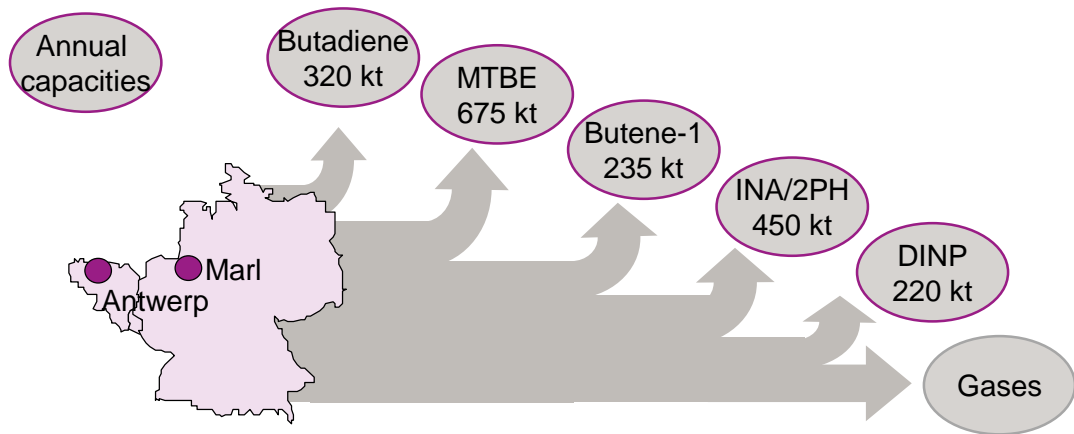


- Difficult market environment for petrochemical derivatives continuing. Additionally, C4 business impacted by limited raw material availability and unexpected outage (BD-plant in Antwerp) (combined EBITDA impact of ~€20 m in Q3)
- Prices down mainly due to yoy lower Butadiene spread
- Q4 earnings will be impacted by limited product availability for INA and DINP (compressor failure in C4 plant in Marl). Production constraints expected to be solved by mid-November. Expected impact on EBITDA in Q4: ~€10 m

Performance Materials

Supply issues and production constraints throughout the year

Performance Materials



- **Integrated** production set-up based on supply of **crack C4** from crackers in Marl & Antwerp
- Evonik's **advantage** to make **complete use of all C4** fractions
- **High** plant **utilization crucial** for segment **earnings**

Challenges 2019

- **Q1** with limited raw material availability in Marl (supplier shutdown)
 - Impact on EBITDA in Q1: ~€10 m
- **Q3** with limited raw material availability in Antwerp (supplier shutdown) and unexpected turnaround in Antwerp (BD-plant)
 - Impact on EBITDA in Q3: ~€20 m
- **Q4** impacted by limited product availability for INA and DINP due to compressor failure in Marl. Production constraints expected to be solved by mid-November.
 - Expected impact on EBITDA in Q4: ~€10 m



EVONIK

POWER TO CREATE

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	<ul style="list-style-type: none"> Realization of synergies from Air Products and J.M. Huber acquisitions 	€85 m EBITDA	2020/2021
Cost excellence	<ul style="list-style-type: none"> Targeting structural improvements in SG&A, reduction of 1,000 FTE 	€200 m EBITDA	2021 (full impact)
Innovation	<ul style="list-style-type: none"> Leverage additional growth from six innovation growth fields with above-average profitability 	€1 bn additional SALES	2025
Portfolio Management	<ul style="list-style-type: none"> Portfolio strategy: more balanced and more specialty 		

18-20%
EBITDA margin

GDP+
volume growth

Four growth engines

Growth drivers and product examples

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

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

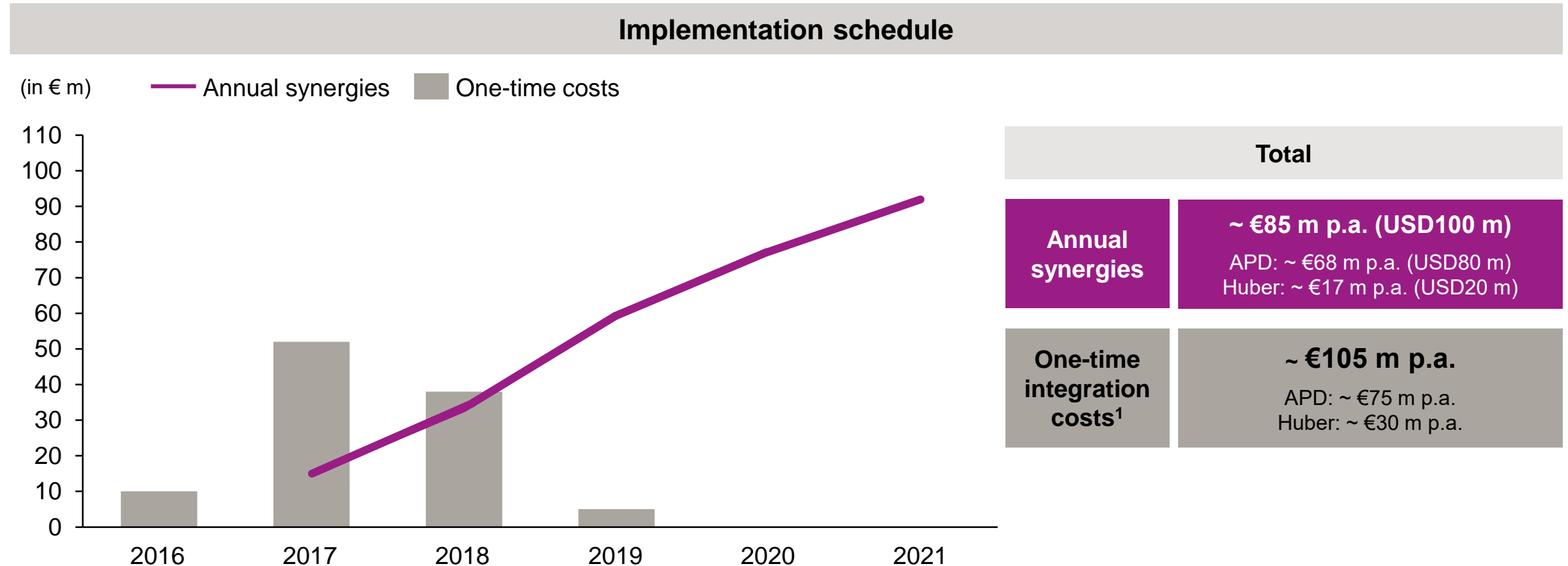
Highly attractive strategic fit, seamless integration into existing businesses

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

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

Implementation schedule for acquisition synergies

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

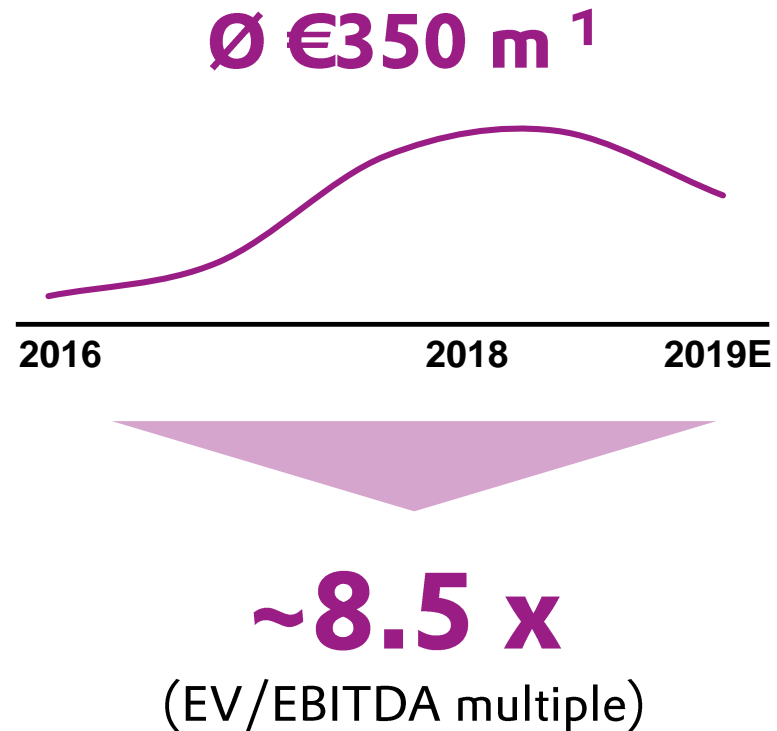


1. Excluding transaction-related costs | Currency translation based on current EUR/USD rate of ~1.20

Methacrylates Divestment

Well-structured divestment process results in attractive valuation

EBITDA 2016 - 2019E



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**

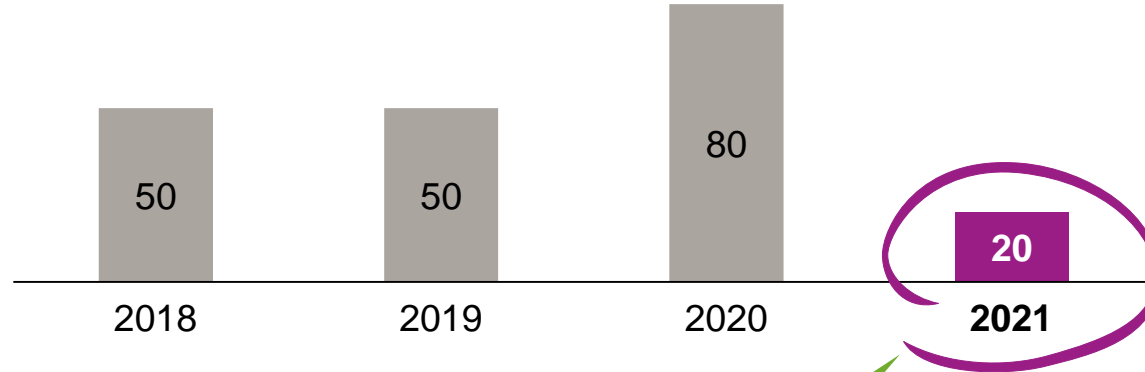
1. Average annual EBITDA for years 2016 – 2018 as well as expected EBITDA for FY 2019

SG&A 2020 – progressing faster than expected

Full saving potential already realized by end of 2020

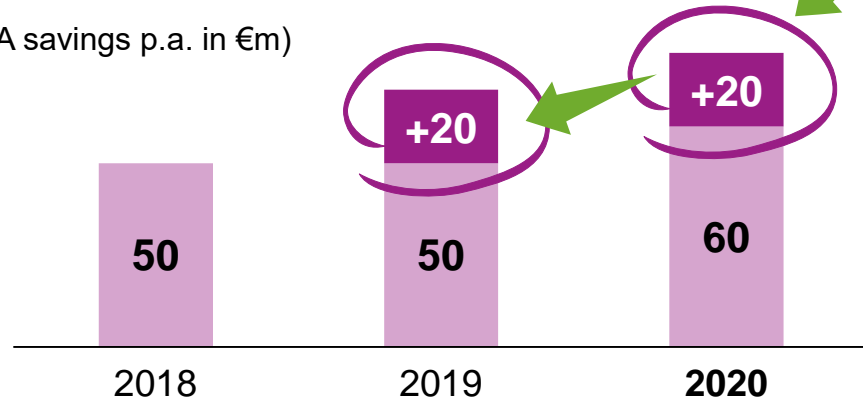
As announced

(SG&A savings p.a. in €m)



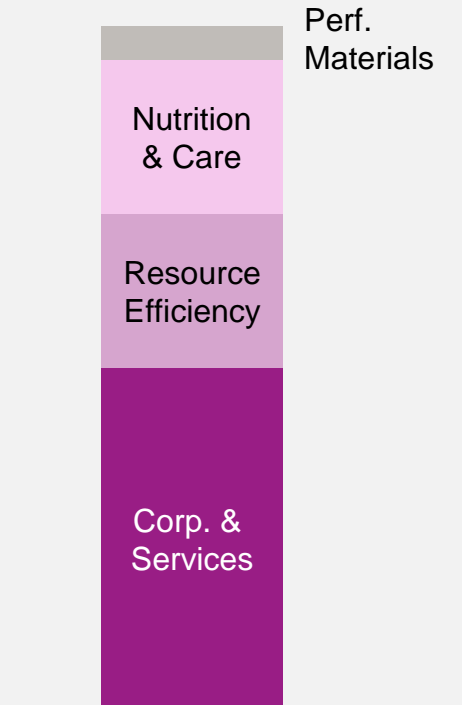
New phasing

(SG&A savings p.a. in €m)



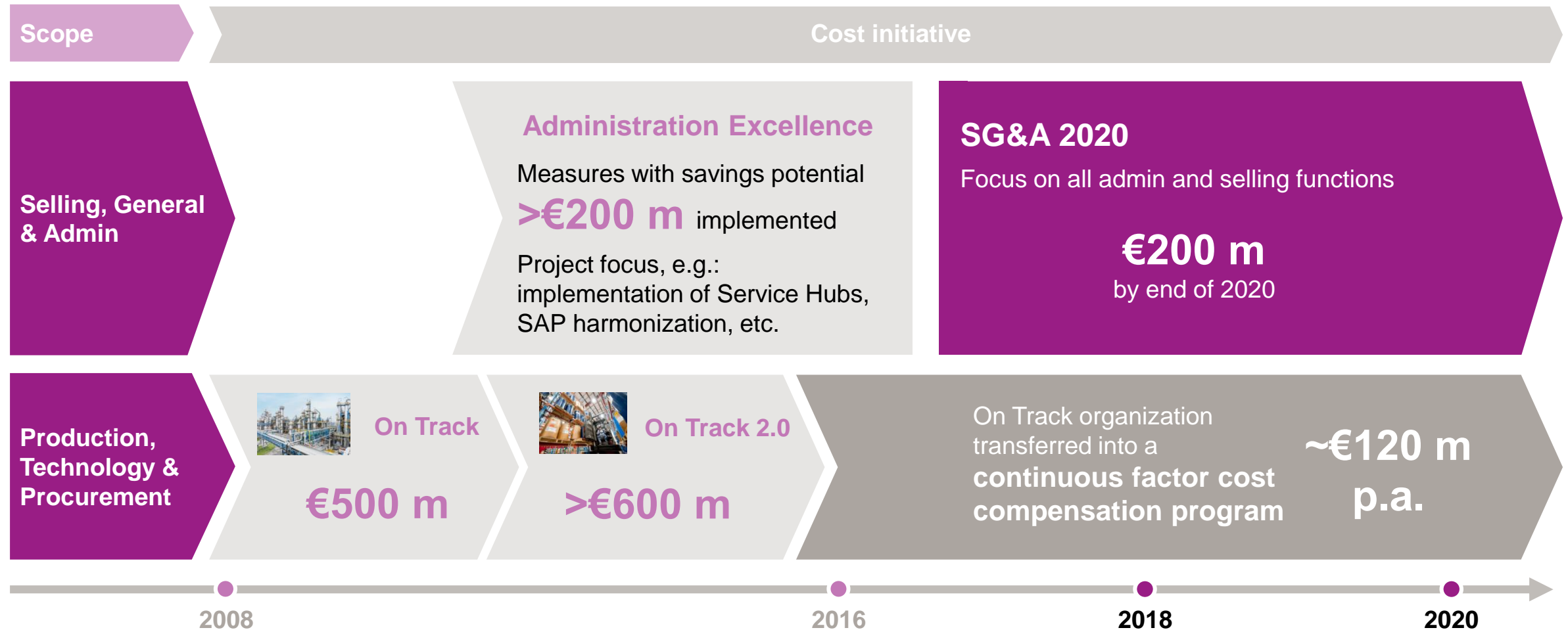
€200 m
savings
already
realized by
end of **2020**

Split by Segment



Recent cost initiatives

Program to achieve cost excellence in admin and selling initiated



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

Additional contribution to sales from
Innovation Growth Fields

25% p.a. (CAGR)

more
than
€1 bn by
2025

~€250 m

2015

2018

2025

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



Appendix

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Evonik Group¹

17 Business Lines managed in 3 operative segments

Nutrition & Care



Sales
€4,646 m



Adj. EBITDA / Margin
€810 m / 17.4%

Animal Nutrition

Care Solutions

Baby Care

Comfort & Insulation

Health Care

Interface & Performance

Resource Efficiency



Sales
€5,547 m



Adj. EBITDA / Margin
€1,258 m / 22.7%

Silica

Crosslinkers

Oil Additives

High Performance Polymers

Coating Additives

Coating & Adhesive Resins

Active Oxygens

Silanes

Catalysts

Performance Materials



Sales
€2,394 m



Adj. EBITDA / Margin
€265 m / 11.1%

Performance Intermediates

Functional Solutions

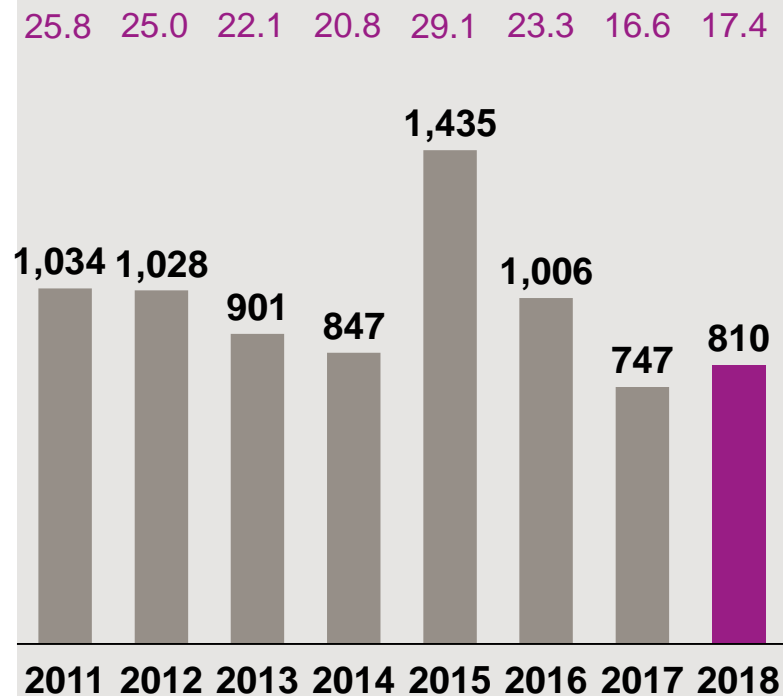
Nutrition & Care

Fulfilling human needs in a globalizing world

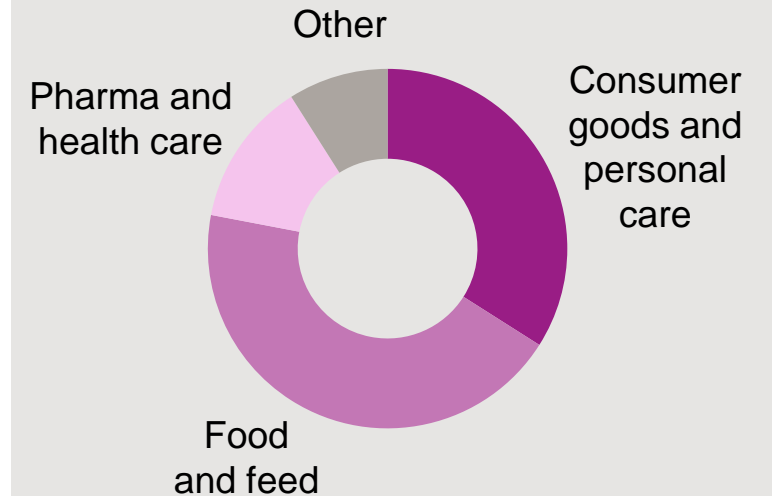
Key characteristics

- 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***

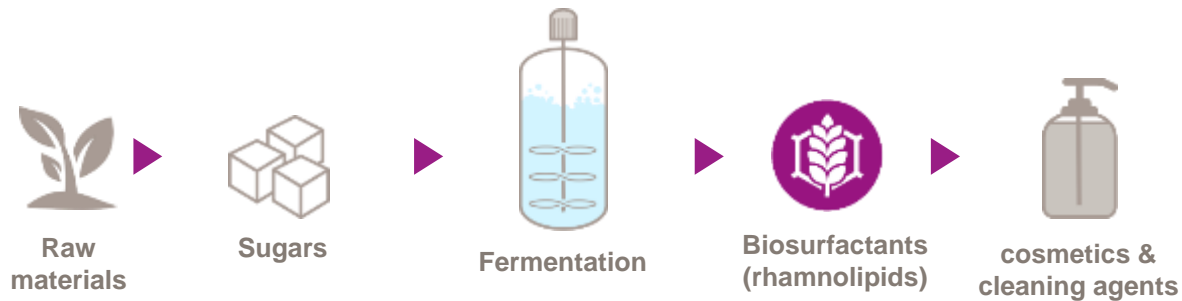


With our innovative additives based on organically modified silicones like TEGOSTAB® mattresses are more flexible

Biosurfactants are the next game changer in Evonik's innovation portfolio

Large-scale production of world's first "green" biosurfactant (rhamnolipids)

A unique process resulting in a unique product



- 100% **renewable natural resource & biodegradable**
 - **Plant based sugars** as only carbon source – no oils used
 - **Unique product properties**, especially cleansing & foaming (comparable products usually made from petrochemicals)
- **First large-scale biosurfactant** for cosmetics and cleaning

Commercialization to capture future growth



- **Unilever** has successfully launched a product in Chile in 2019
- Next step in commercializing **Evonik's leading biotechnology capabilities**: designs of a **global scale production plant**
- Evonik will be the **first company to produce biosurfactants on industrial scale** with focus on attractive markets in personal and home care

Nutrition & Care – Veramaris

Algae to produce omega-3 fatty acids, skipping over the food chain in the ocean



Specialist in developing industrial biotechnology processes and in operating large scale manufacturing sites for fermentative processes



Specialist for the cultivation of marine organisms including algae



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 plant¹
- **Evonik site in Blair offers flexibility** and opportunity for further investments to expand production



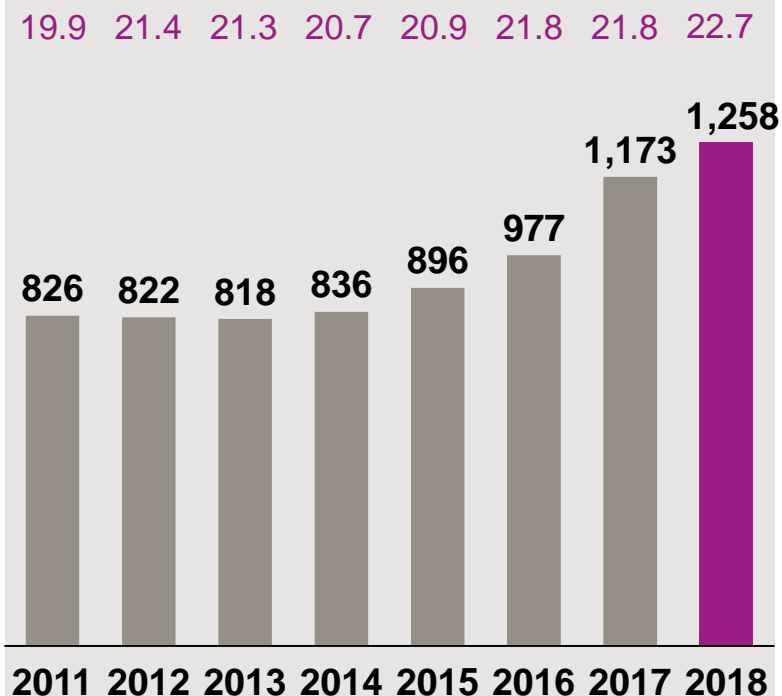
Resource Efficiency

Innovative products for resource-efficient solutions

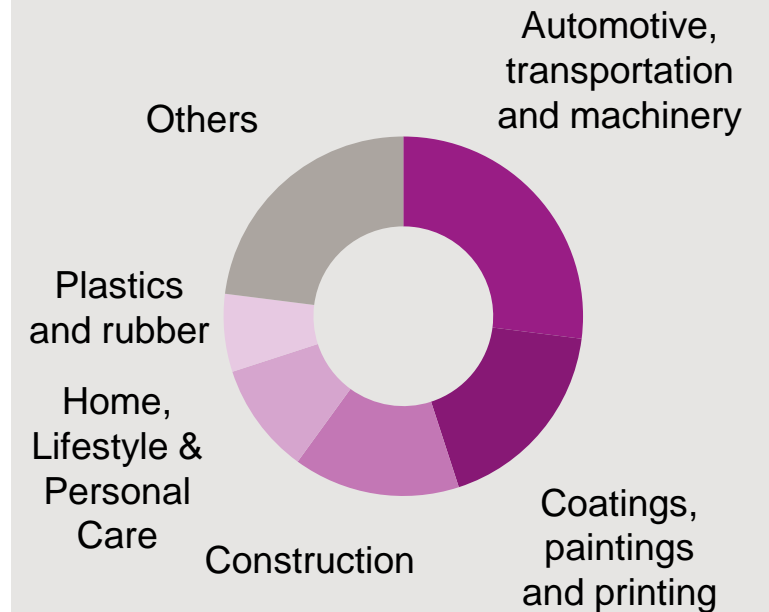
Key characteristics

- **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 recycable 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

Resource Efficiency – E-Mobility

Significant additional sales opportunities



Opportunities arising from e-mobility ...

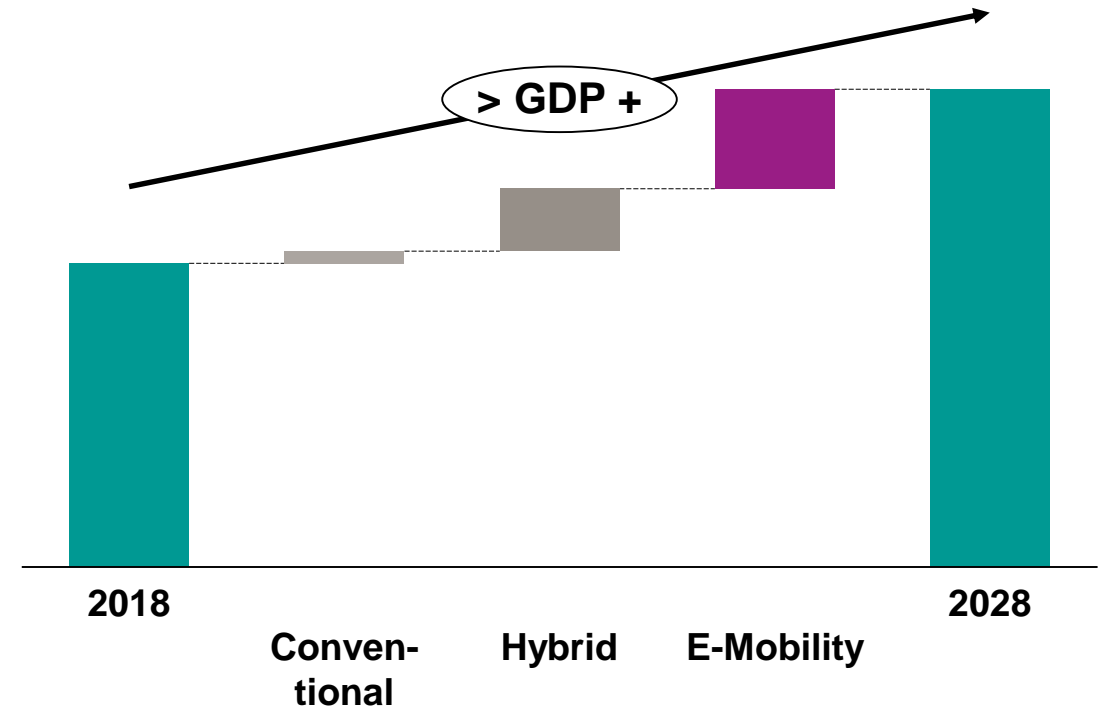
Plastics and composites (e.g. PA 12 or ROHACELL®)
Cooling lines, charging and high voltage cables

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)



Performance Materials

Integrated production platforms for efficient production of rubber and plastic intermediates

Key characteristics

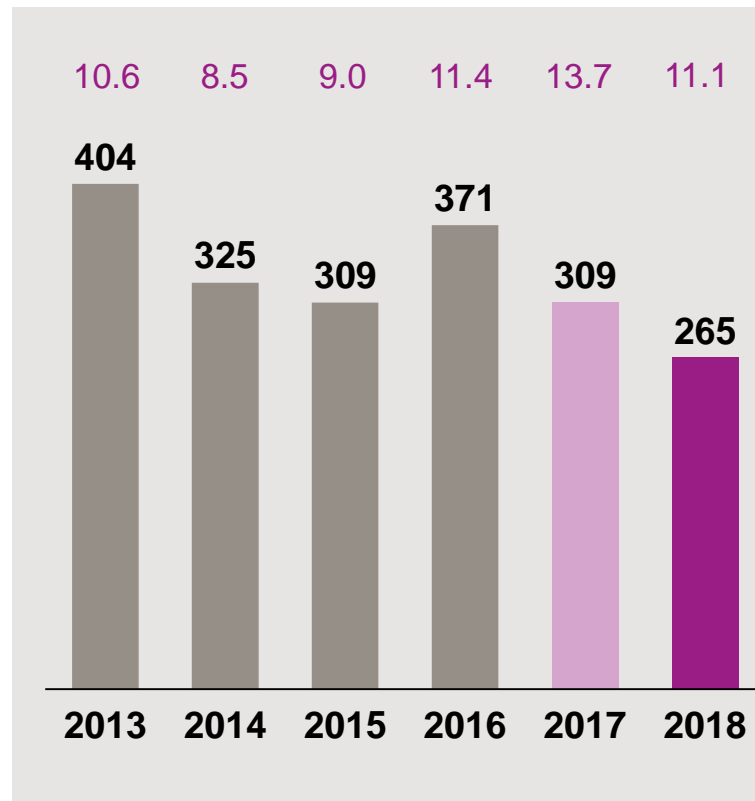
- Strong **integrated production platforms**
- **Leading cost positions**
- Favorable **raw material access**
- Focus on **continuous efficiency improvements**
- High degree of **supply reliability**

Key products

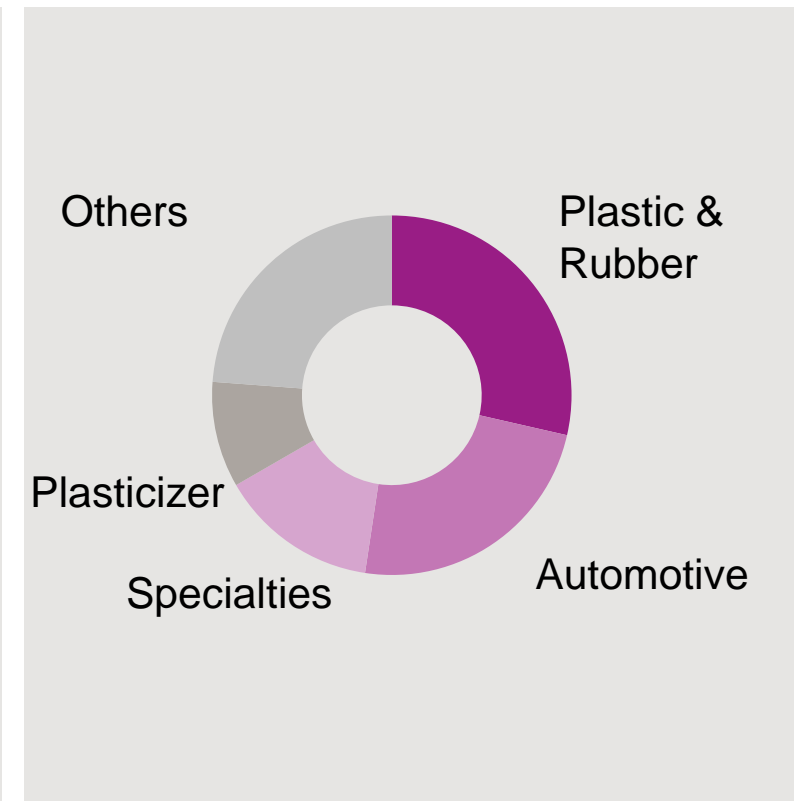
- Butadiene for synthetic rubber
- MTBE as fuel additive
- Alkoxides for biodiesel and life-science products



Adj. EBITDA¹ (€ m) and margin¹ (%)



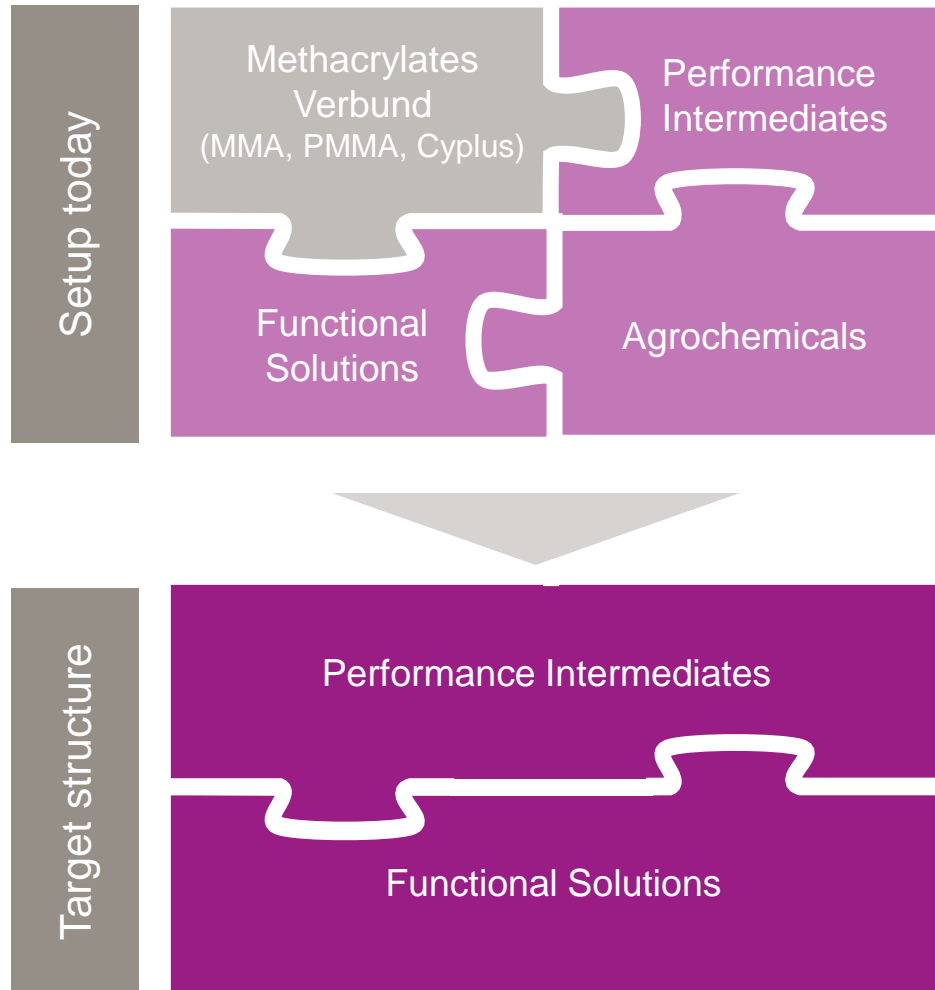
End market split



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

Streamlined setup of Performance Materials segment

Merger Functional Solutions & Agrochemicals business lines



Merger Functional Solutions & Agrochemicals: Bundling of competencies

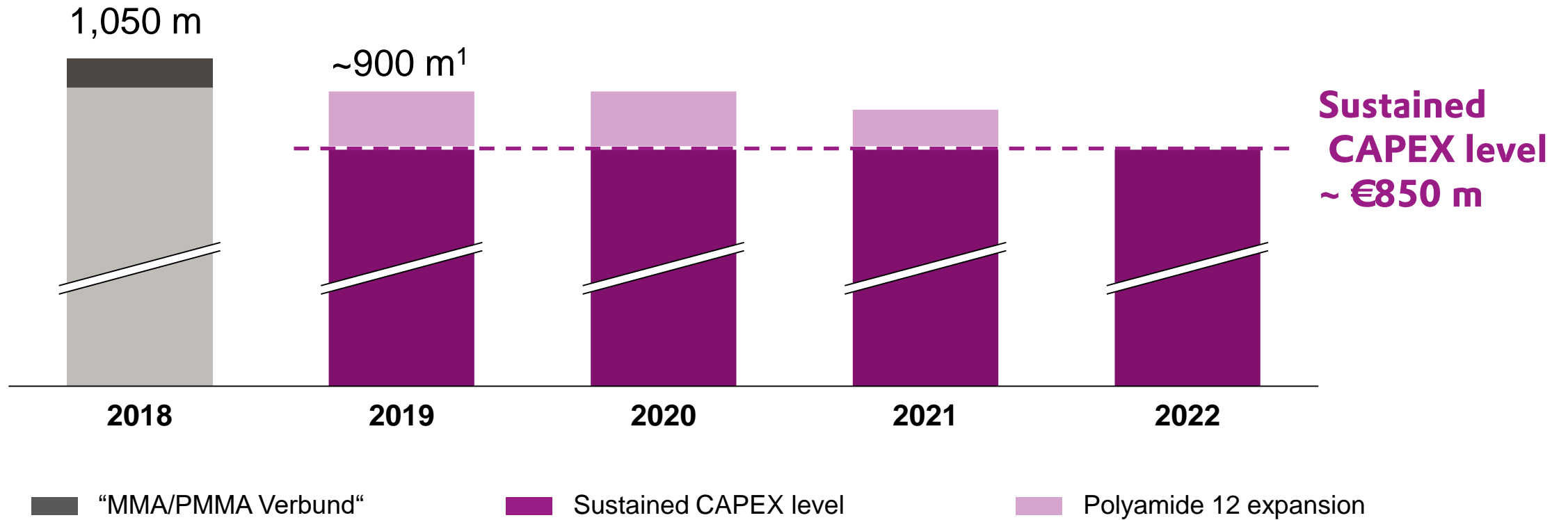
- **Complexity reduction:**
 - On segment level: Going forward, only 2 business lines in Performance Materials
 - On business line level: Reduction of product lines from 5 to 3 (in new Functional Solutions business line)
- **Efficiency improvement:**
 - Further optimization of Chlorine Verbund
 - More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

Appendix

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

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)



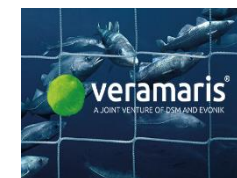
... and projects currently in ramp-up

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

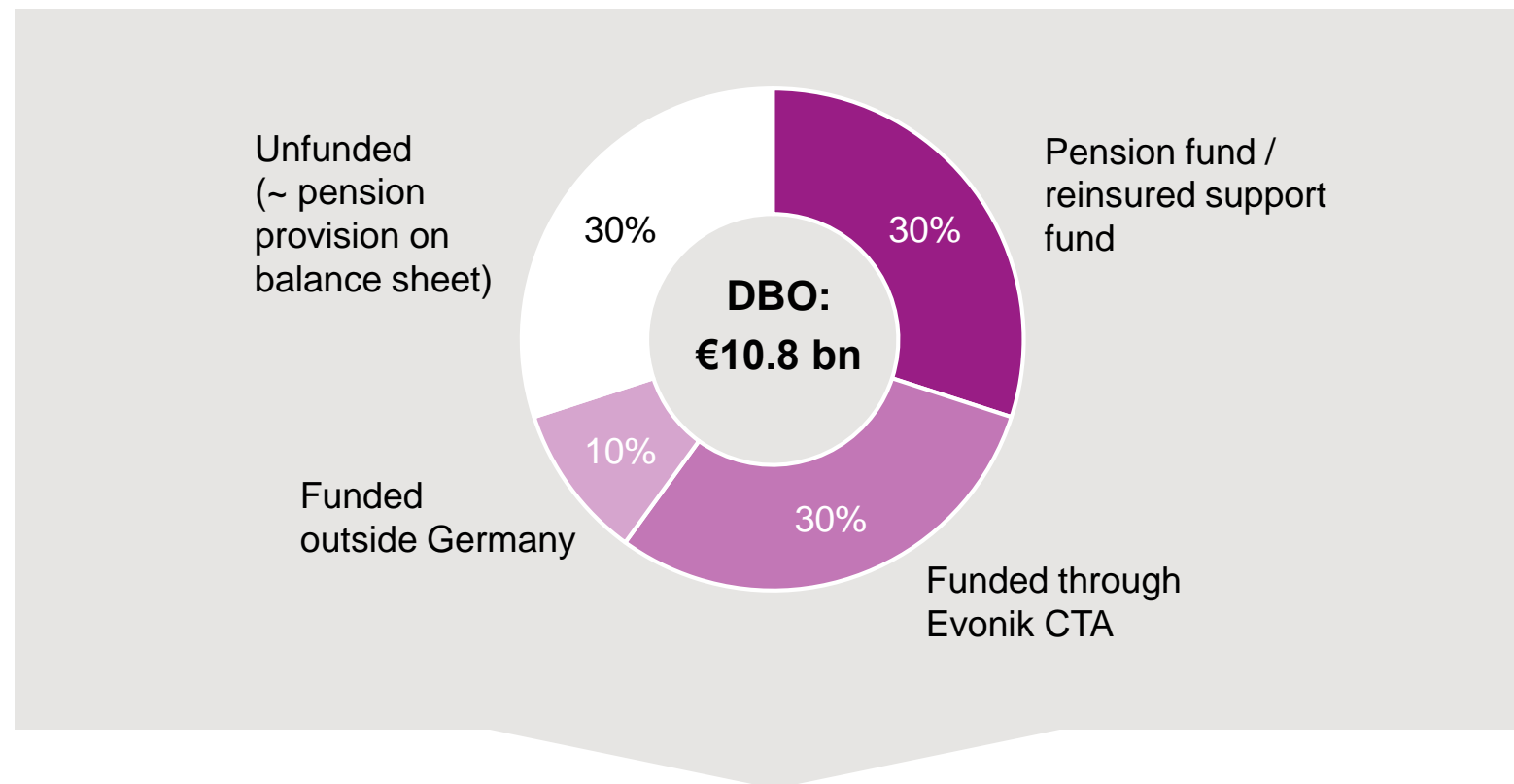
Start-up: 2019

Sales potential: > €500 m



Pensions

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

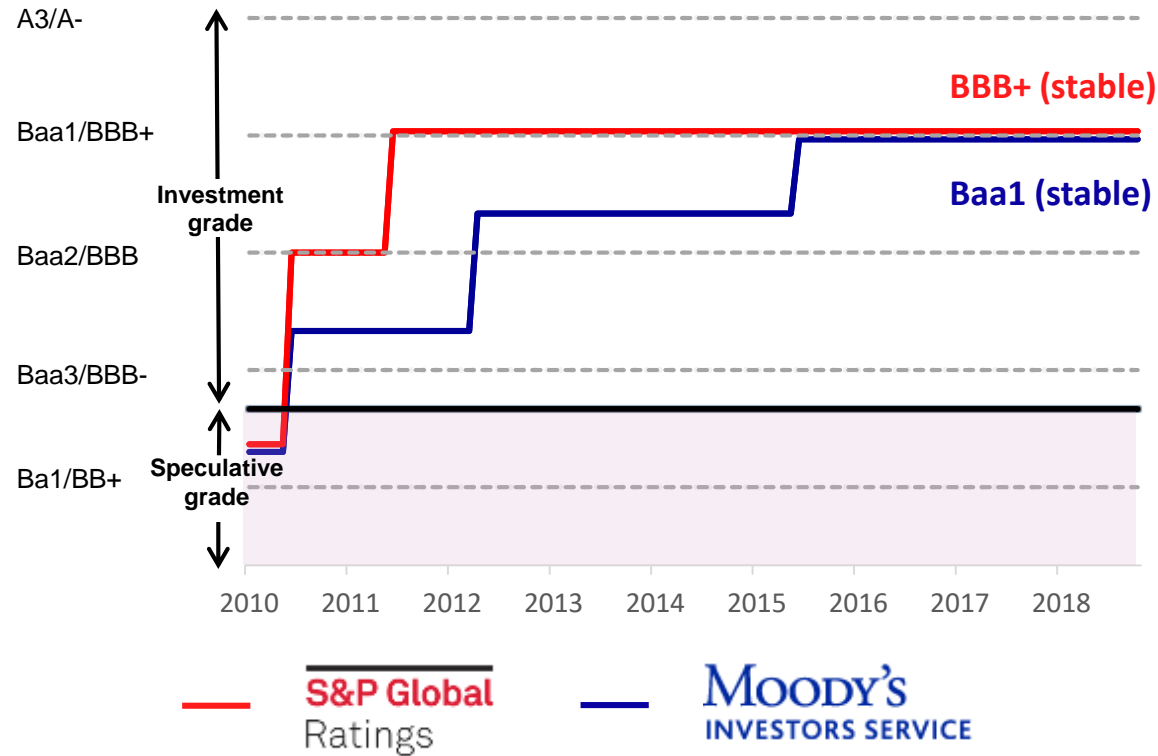


- Pensions very long-term, patient debt (>16 years) with no funding obligations in Germany
- DBO level of €11.7 bn yoy stable (interest rate unchanged at 2.00%)
- Funding ratio at ~70% mainly due to positive development of pension asset

Funding level at ~ 70%

Financial policy

Maintaining a solid investment grade rating



Successful rating development based on a strong credit profile:

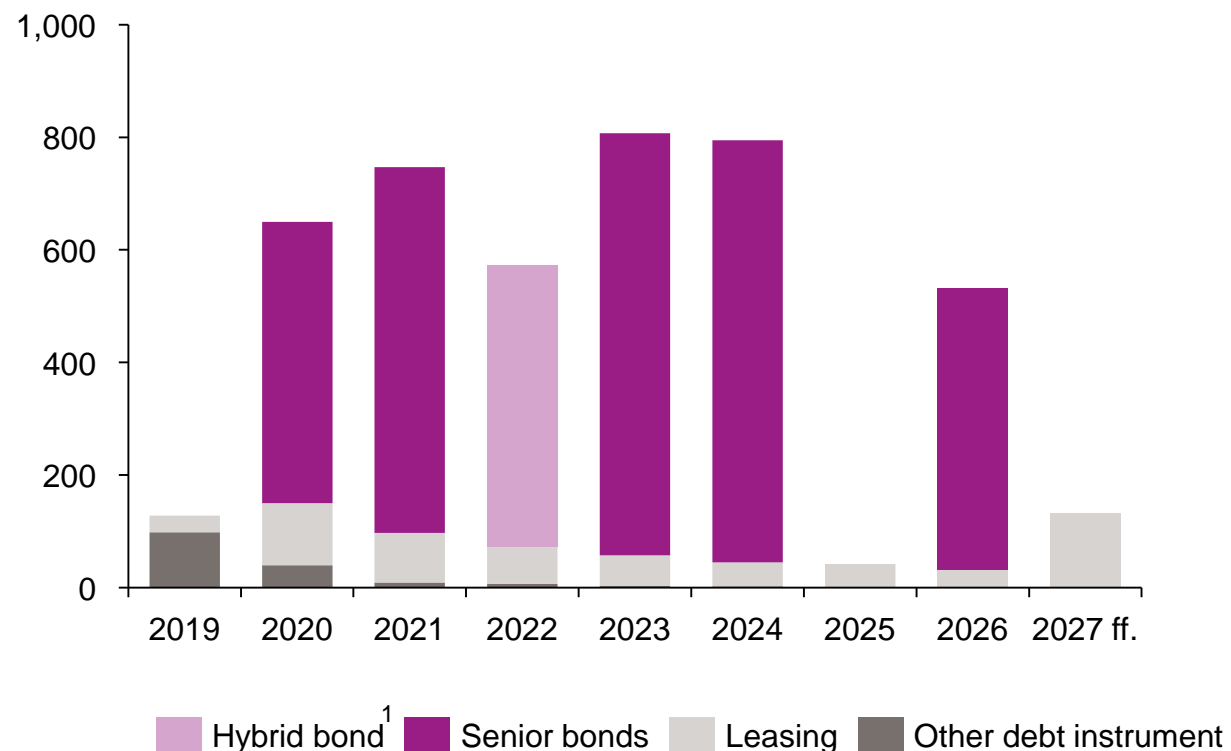
- Strong business profile underpinned by significant size and leading global market positions
- Greater-than-peer diversity in terms of end-markets and product range
- Supportive financial policy and management's commitment to a solid investment-grade rating

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

Debt structure

Well balanced maturity profile

(in € m as of September 30, 2019)



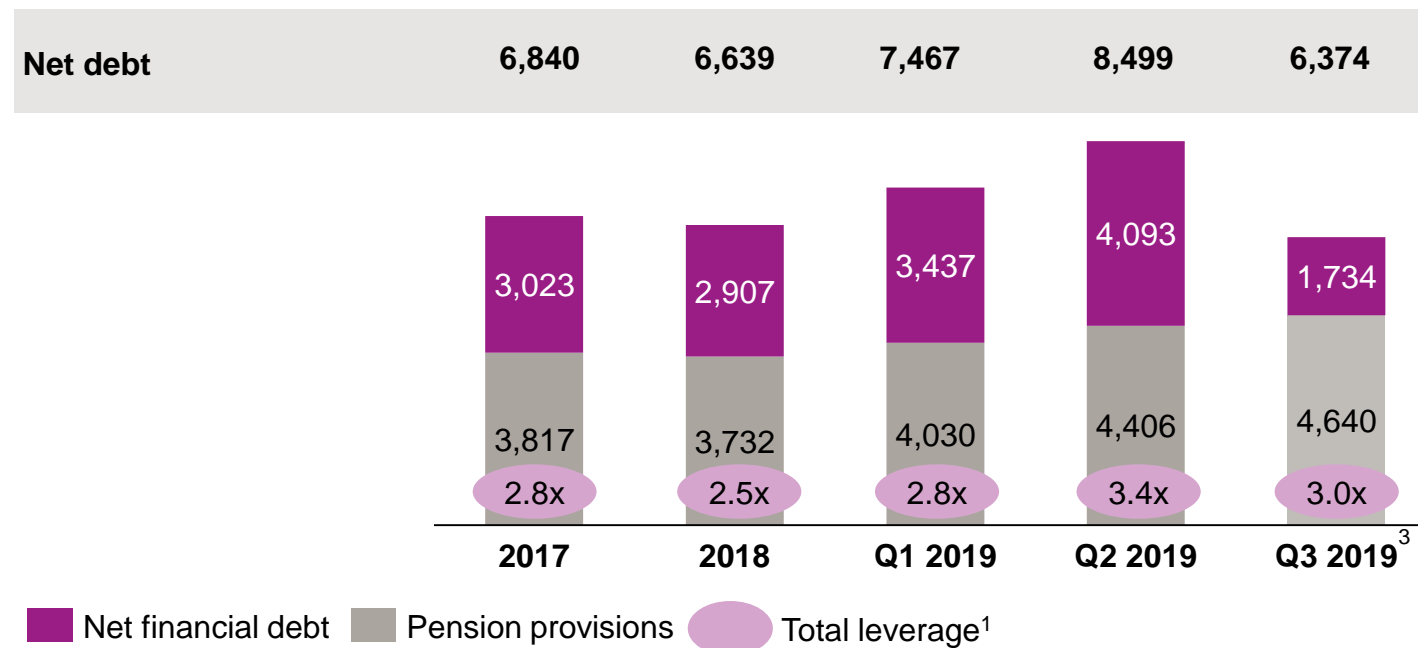
- Well balanced debt maturity profile with no single maturity greater than €750 m
- Long-term capital market financing secured at favorable conditions:
 - average coupon of 0.74% p.a. on €3.15 bn senior bonds
 - coupon of 2.125% p.a. on €0.5 bn hybrid bond
- Undrawn €1.75 bn syndicated revolving credit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

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

Development of net debt and leverage over time

From Q3 2019 onwards excluding discontinued operations

(in € m)



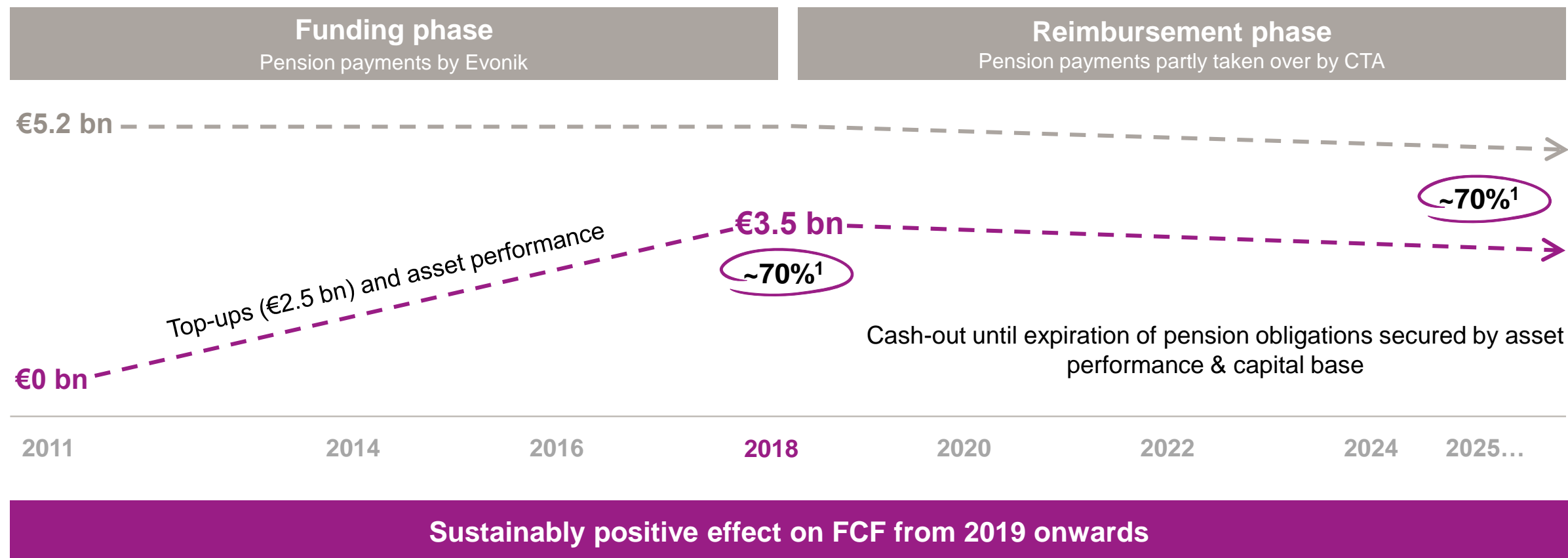
Discount rate global (in %) ²	2.12	2.15	-	-	-
Discount rate Germany (in %)	2.00	2.00	1.75	1.50	1.00

- Net financial debt decreased as per Q3 2019 (vs Q2) mainly due to proceeds from the MMA disposal
- **Net financial debt** leverage **at 0.7x** as per Q3 2019
- Pension provisions increased by ~€0.2 bn (despite €0.6 bn pension transfer from MMA disposal) based on a sharp decline of the German discount rate to 1.0%
- Pension provisions are partly balanced by corresponding deferred tax assets of ~€1.6 bn as per Q3 2019
- Almost 75% 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. Continuing operations (excluding MMA)

Pensions: Sustainable free cash flow improvement

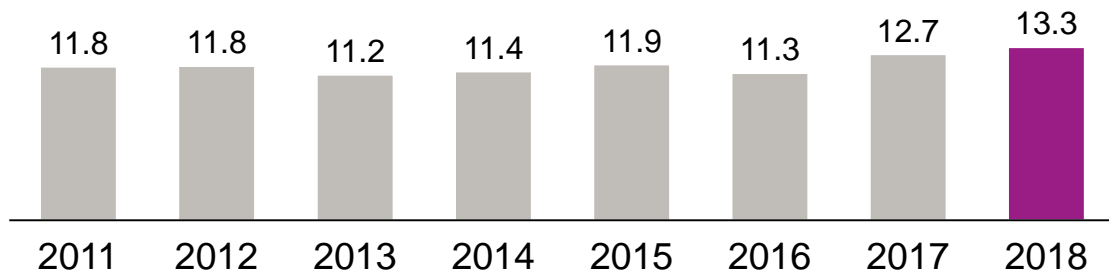
Strong CTA performance as a basis for reimbursements without further top-ups



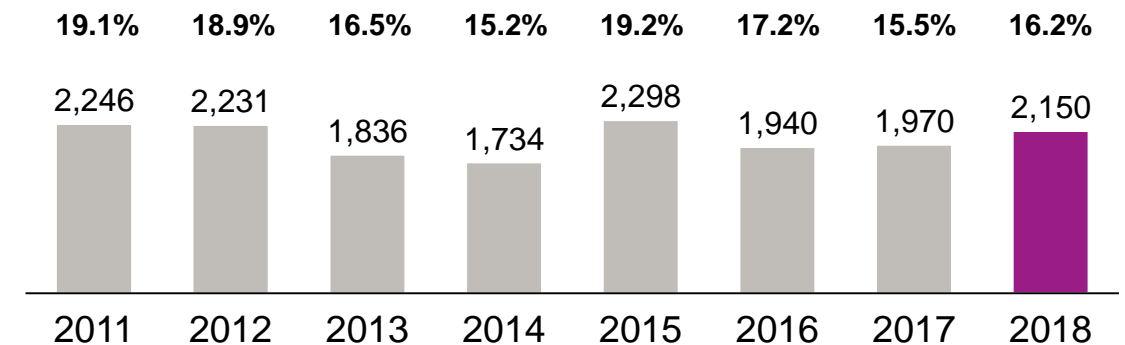
1. Funding ratio | - - - Development of CTA assets - - - Pension obligations in CTA

Financials

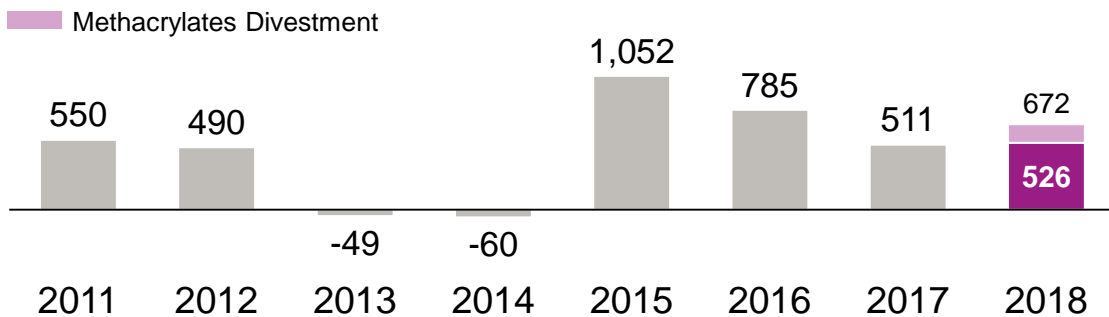
Sales¹ (in € bn)



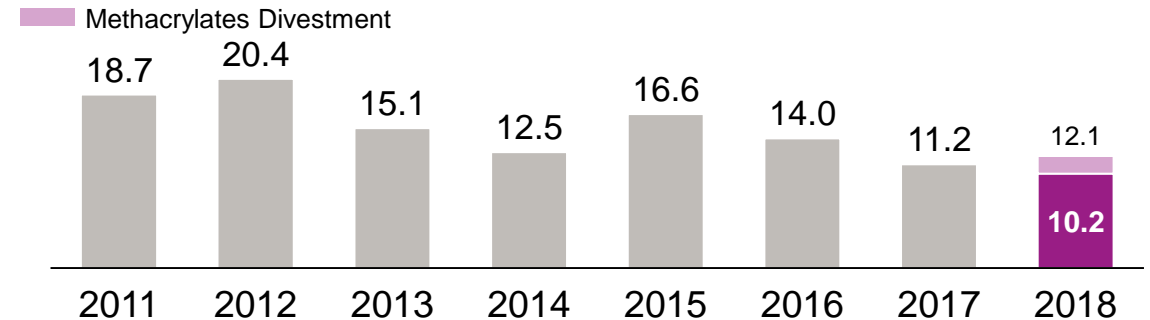
Adj. EBITDA¹ (in € m) / margin



Free Cash Flow (as reported, in € m)



ROCE (as reported, in %)



1. Continuing operations

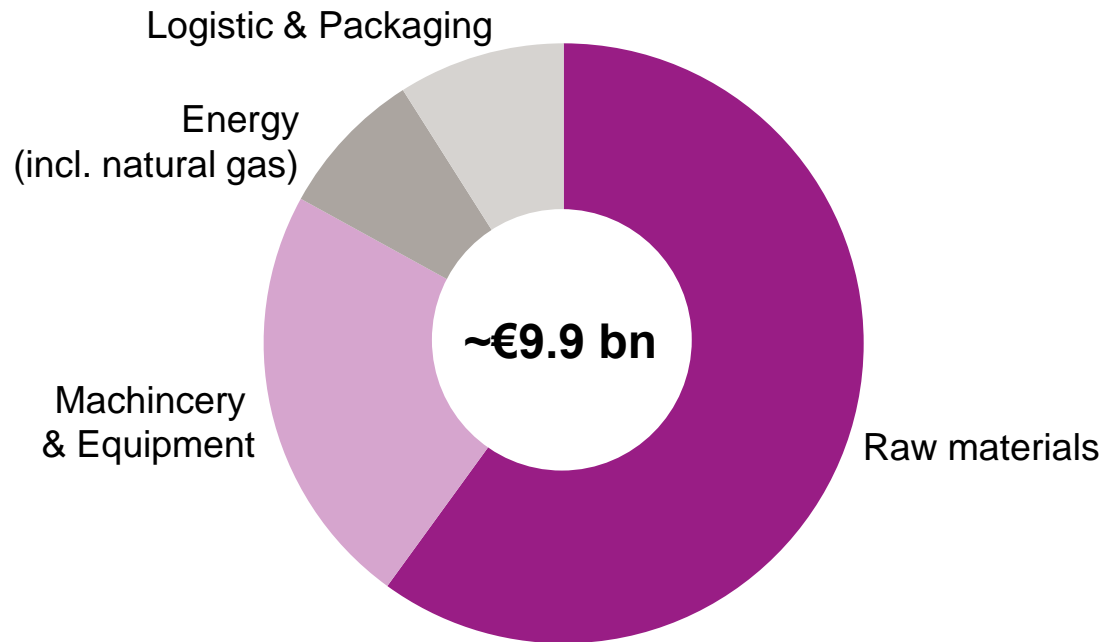
Segment overview by quarter – continuing operations

Sales (in € m)	Q1/18	Q2/18	Q3/18	Q4/18	FY 2018	Q1/19	Q2/19	Q3/19
Nutrition & Care	1,119	1,189	1,167	1,172	4,646	1,149	1,131	1,138
Resource Efficiency	1,402	1,478	1,425	1,402	5,708	1,438	1,445	1,414
Performance Materials	563	573	591	506	2,233	520	553	475
Services	160	169	161	175	664	174	171	196
Corporate / Others	3	4	3	6	16	6	6	9
Evonik Group	3,247	3,413	3,347	3,261	13,267	3,287	3,306	3,232

Adj. EBITDA (in € m)	Q1/18	Q2/18	Q3/18	Q4/18	FY 2018	Q1/19	Q2/19	Q3/19
Nutrition & Care	209	222	212	167	810	180	190	188
Resource Efficiency	324	367	335	256	1,283	330	326	322
Performance Materials	60	71	63	46	239	53	74	47
Services	35	25	39	0	100	31	36	32
Corporate / Others	-74	-69	-70	-67	-282	-55	-60	-46
Evonik Group	554	616	579	402	2,150	539	566	543

Raw material split

Total procurement volume 2018 (in € m)



Breakdown of raw material spend¹ (examples)

Bio

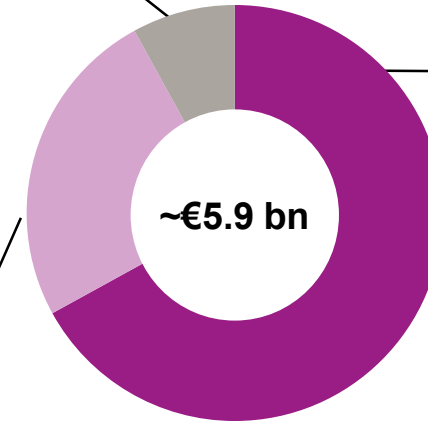
- Dextrose
- Fatty alcohols
- Tallow fatty acid
- Fatty acids
- tallow

Inorganic & other

- Sodium silicate
- Sodium hydroxide
- Silicon metal

Fossil

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



1. Raw material spend 60% of total procurement volume in 2018

Management compensation

Fixed salary ~1/3	<ul style="list-style-type: none">▪ To be paid in cash for each financial year on a monthly basis	
Bonus ~1/3	<ul style="list-style-type: none">▪ Pay-out calculated on the basis of the achievement of focused KPIs; aligned to mid-term strategic targets:<ol style="list-style-type: none">1. Progression towards EBITDA margin target2. EBITDA growth (yoy)3. Contribution to FCF target4. Accident performance	<ul style="list-style-type: none">▪ Factor of between 0.8 and 1.2 to take into account the achievement of further individual targets▪ Bonus capped at 200% of initial target
Long-term incentive plan ~1/3	<ul style="list-style-type: none">▪ Granted LTI target amount is calculated in virtual shares (4-year lock-up)▪ Value of LTI to mirror the development of Evonik's share price (incl. dividends)▪ Amount payable is determined by two performance elements	<ul style="list-style-type: none">▪ Absolute performance: Real price of the Evonik share▪ Relative performance against external index benchmark (MSCI Chemicals)▪ Bonus capped at 300% of initial amount▪ To be paid out in cash after lock-up period

Appendix

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

Disclaimer

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

Upcoming IR events

Conferences & Roadshows	
6 November 2019	Roadshow, Frankfurt
6-7 November 2019	Roadshow, London
13 November 2019	UBS European Conference, London
14 November 2019	Roadshow, Dublin
25 November 2019	UBS Senior Investor Day, Munich
28 November 2019	Kepler Cheuvreux One-Stop-Shop, Amsterdam
2 December 2019	Berenberg European Corporate Conf., London Pennyhill
3 December 2019	Bank of America Chemicals Conference, London
4 December 2019	Societe Generale Premium Review, Paris
14-15 January 2020	Commerzbank German Investment Seminar, New York
16 January 2020	Baader German Corporate Day, Toronto
17 January 2020	Roadshow Montreal
20-21 January 2020	Kepler Cheuvreux German Corporate Conference, Frankfurt

Upcoming Events & Reporting Dates	
4 March 2020	Q4/FY 2019 reporting
1 April 2020	Capital Markets Day, London
7 May 2020	Q1 2020 reporting
4 August 2020	Q2 2020 reporting
3 November 2020	Q3 2020 reporting

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