

Evonik

Leading Beyond Chemistry

Company Presentation Q1 2020

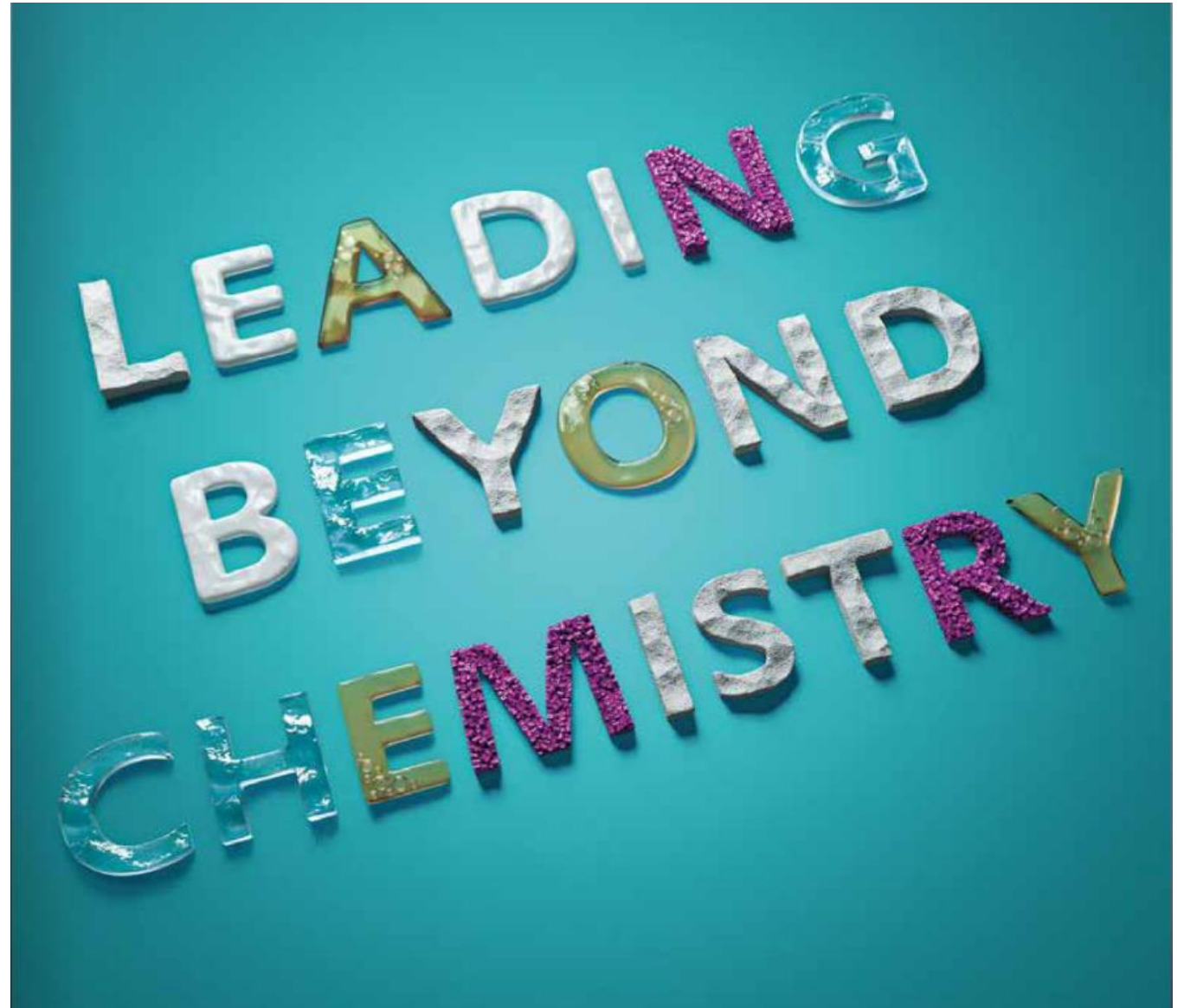


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**LEADING BEYOND CHEMISTRY
TO IMPROVE LIFE, TODAY AND TOMORROW**

Leading Beyond Chemistry – Our purpose

Evonik on the way to become the world's best specialty chemicals company



Video “We are Evonik”

Leading ...

- Leading market positions in **80%** of our business
- Leading **key financial indicators**

... Beyond ...

- **Connecting skills** and perspectives
- Develop **solutions** together with partners
- **Sustainability** key driver of growth

... Chemistry

- Clear focus on **specialty chemicals**
- Target **100% specialty** portfolio

Leading Beyond Chemistry – Growth divisions

Specialty chemicals portfolio with strong positioning and attractive financials

Specialty Additives




*Leading positions
in performance-defining
specialty additives*

**Strong
positioning...**

**... and
attractive
financials**

 Sales 2019: €3,381 m

 Margin level of 26%

 ROCE of 18%


Nutrition & Care



*Innovation leader in
resilient Health & Care market

Building a system house for
Sustainable Animal Nutrition*

 Sales 2019: €2,922 m

 Margin level of 16%

 ROCE of 8%

Smart Materials



*Leading player in
inorganic specialties
and
high performance polymers*

 Sales 2019: €3,371 m

 Margin level of 19%

 ROCE of 16%

Leading in Innovation – Growth fields and sales target

On track to achieve target of >1 bn sales from innovation

Innovation Growth Fields



Advanced Food
Ingredients



Additive Manufacturing



Sustainable Nutrition



Cosmetic
Solutions



Membranes



Healthcare
Solutions

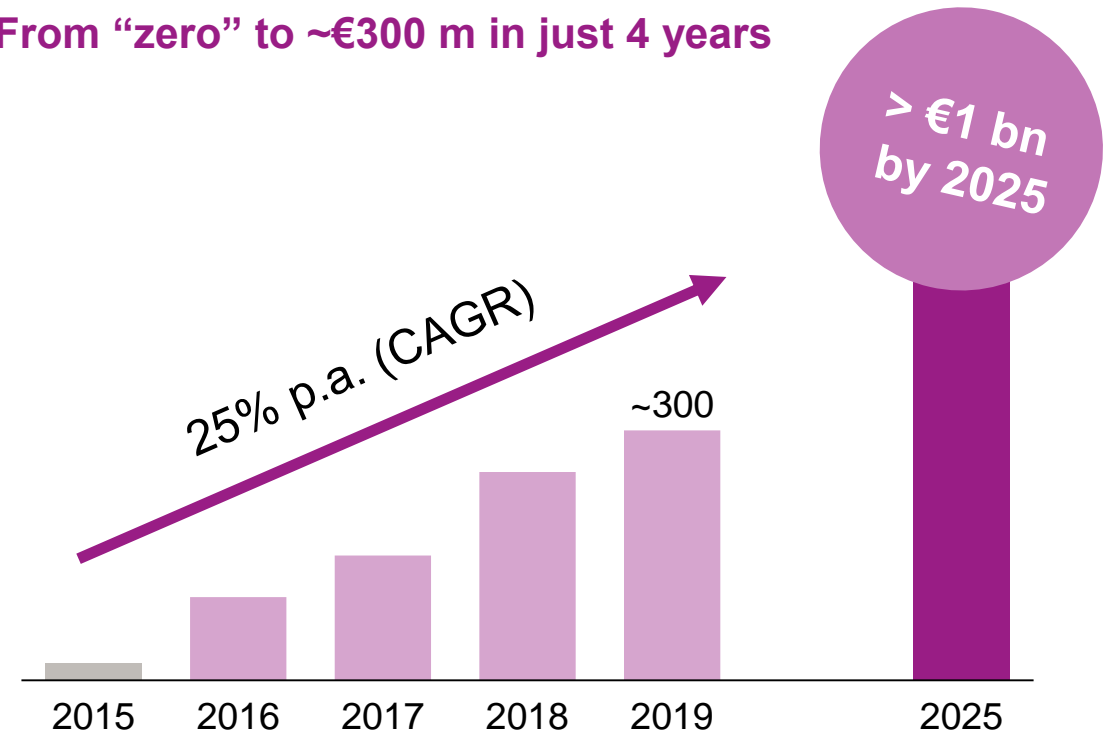


Sizeable sales base established
in all growth fields

Above-average margin contribution

Sales contribution Innovation Growth Fields

From “zero” to ~€300 m in just 4 years



Evonik aligned to sustainability

Sustainability as part of portfolio and strategic management processes

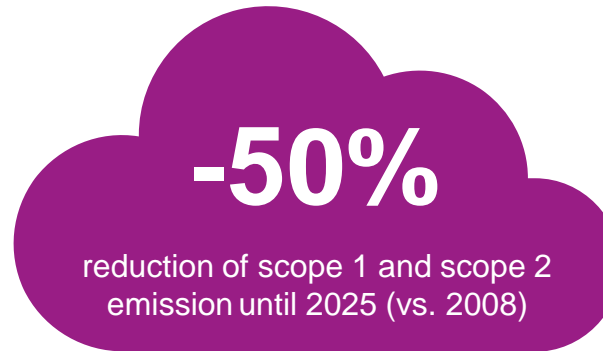
Excellent Rankings



Sector leading rankings

Evonik amongst leaders in all relevant ratings – “A” MSCI ESG rating¹, EcoVadis “Gold” rating, “B-”ISS Oekom² and “B” CDP rating³

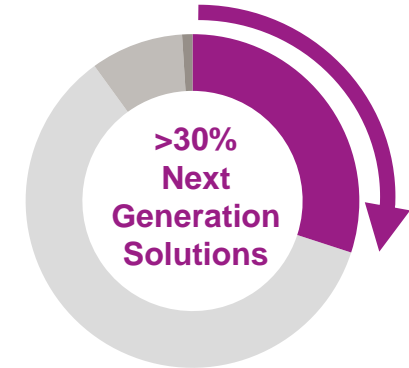
Environmental Targets



Ambitious environmental targets

Evonik’s sustainability strategy 2020+ with ambitious climate and water targets

Portfolio Management



Portfolio aligned to sustainability

>30% of sales with superior sustainability benefits to customers; integration of sustainability into strategic management processes and decisions

1. Rating on a scale of AAA to CCC | 2. Rating on a scale of A+ to D- | 3. Rating on a scale of A+ to D-

Evonik – A compelling equity story today and tomorrow

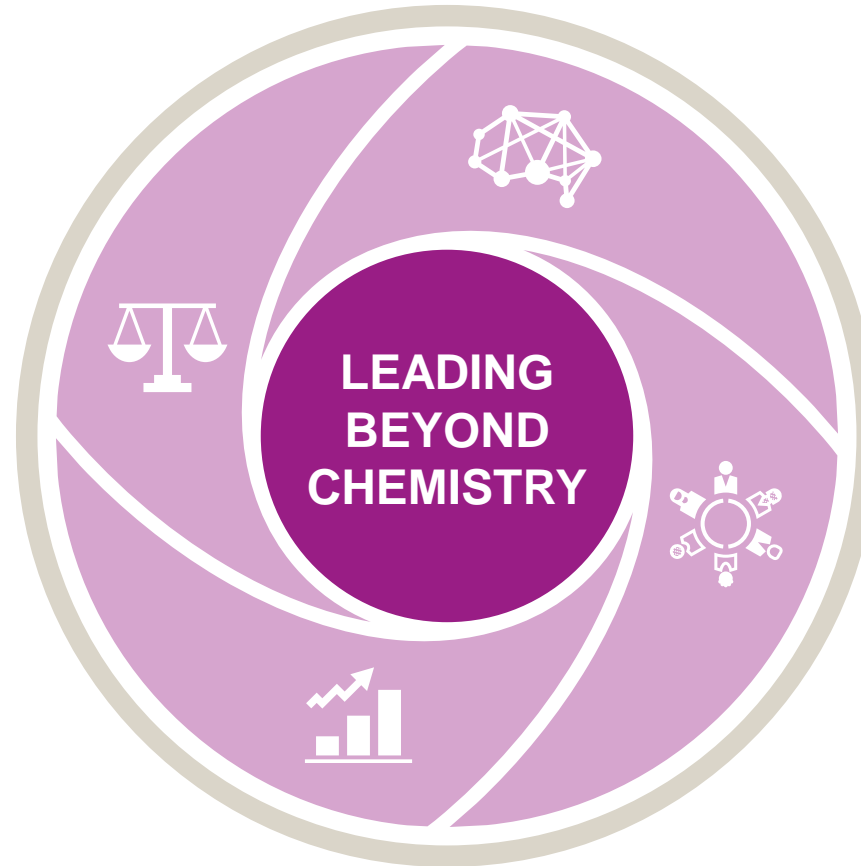
Leading beyond chemistry to drive shareholder value

Ongoing portfolio transformation

- Target: Specialty portfolio with 100% growth businesses

Ambitious financial targets

- EBITDA margin: 18-20%
- Cash conversion ratio: >40%
- ROCE: 11%



Innovation & Sustainability as growth drivers

- €1 bn additional sales from innovation growth fields by 2025
- Growing portfolio share of “Next generation solutions”

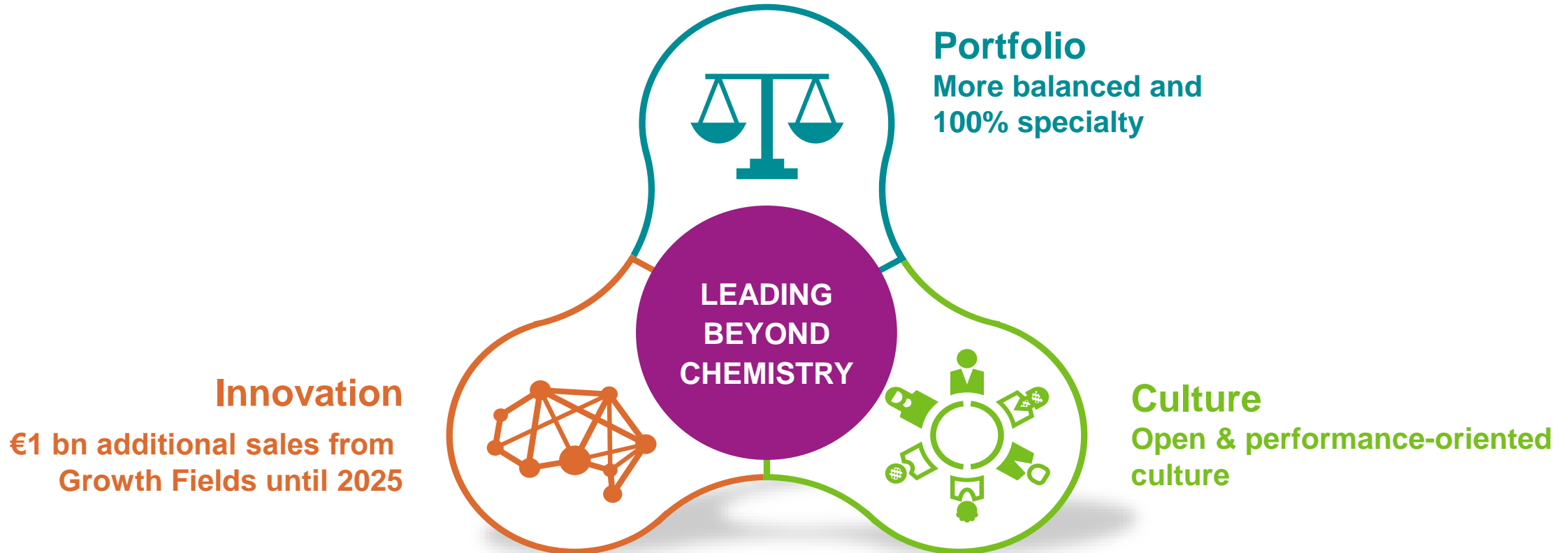
Performance-driven corporate culture

- Further drive gender and cultural diversity
- Deliver on efficiency programs in Administration & Operations

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Targeting excellence in three strategic focus areas





Performance-oriented culture

Major lever of corporate culture with increased capital market focus

Cost awareness

- Streamlined organization with high cost awareness on all levels
- ~€200 m savings achieved by end of 2019¹

Corporate Values

- Values “Performance”, “Trust”, “Openness” and “Speed” as guidelines for Evonik’s operations
- Bottom up initiatives like internal “Speed up Conferences” support cultural change

**Performance-oriented
corporate culture
with increased
capital market focus**

Performance Management

- Group-wide incentive system strictly aligned to financial targets on all levels
- Clearer differentiation of individual performance levels (“Top”, “Good”, “Low”)

Diversity

- Living diversity is one of the keys to Evonik’s economic success
- Targets for gender diversity and intercultural mix implemented

1: SG&A program (€120 m of €200 m achieved by end of 2019), Adjust 2020 (€30 m of €50 m achieved), Oleo 2020 (€20 m achieved)



Innovation strategy

Targeted approach for market-leading innovations



Targeted approach

- **Central steering** of innovation activities
- Focus on **innovation growth fields** with clearly assigned responsibilities
- Bundling of **cross-business competencies** in dedicated R&D hubs



Sustainability focus

- Sustainability as **key driver** for future innovation initiatives
- Sustainability criteria and KPI's **integrated** into innovation process
- Continuous **sustainability analysis** of introduced products



Process innovations

- Higher focus on **process innovations** to drive operational excellence
- Integrate process innovations into continuous improvement process
- **Lower capex and opex levels** for capacity expansions



Innovation pipeline – examples

A well-filled R&D pipeline with different target horizons

Short-term



Additive Manufacturing

- Evonik's 3D printing portfolio as beneficiary from trend “prototyping only” into real series production

Mid-term



Biosurfactants

- Based on Evonik's leading biotechnology know-how
- 100% renewable natural resource & biodegradable

Long-term



Precision Livestock Farming

- Digital solutions to optimize every aspect of livestock production – in one holistic approach

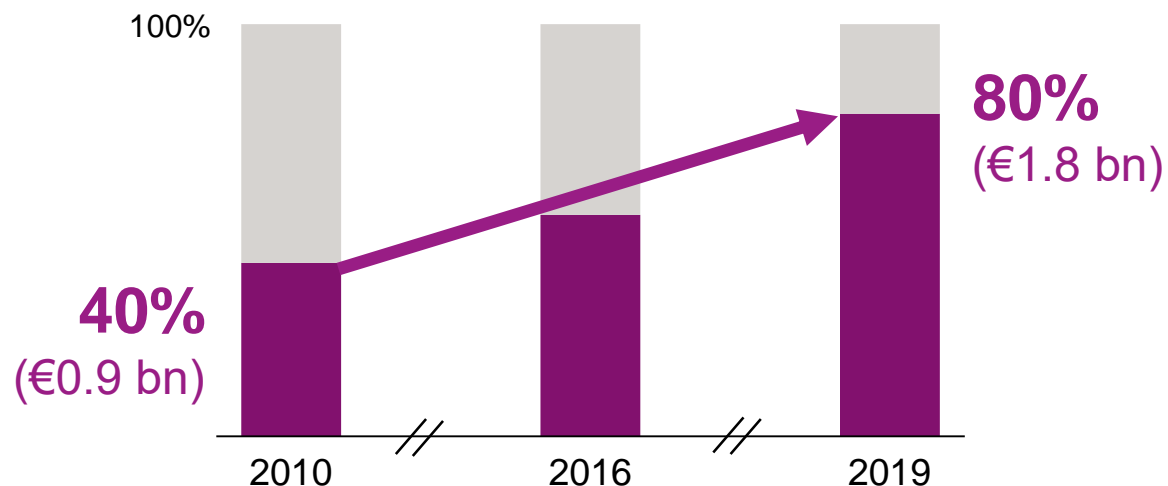




Portfolio transformation – More balanced and more specialty

Portfolio quality significantly improved – today 80% specialty businesses

Adj. EBITDA operating businesses



Portfolio characteristics

- **Specialty businesses** now represent **~80%** of EBITDA¹
- Specialty businesses with track record of **6% annual organic earnings growth**²

Specialty businesses: Specialty Additives, Smart Materials, Health & Care

1: Calculation for operating businesses excluding Services & Corporate | 2: organic EBITDA CAGR (excl. M&A) 2014 – 2019



Portfolio transformation – Active M&A management

Decisive and value-accretive portfolio management

Divestments

~€2 bn cyclical sales

sold at attractive valuation
(**8.5x** EV/EBITDA)

Ø EBITDA margin: ~**15%**¹



Acquisitions

>€2 bn resilient sales

Ø multiple of **9.1x** EV/EBITDA
(incl. synergies)

Ø EBITDA margin: ~**22%**



Delivery of synergies on track (€70 m by end of 2019)

Decisive and value-accretive portfolio management

- Portfolio cyclicalality & Capex intensity reduced
- More resilient EBITDA margin and improved cash profile

Divestments: Methacrylates business sold for EV of €3 bn (8.5x EV/EBITDA) in July 2019

Acquisitions: Air Products specialty additives business for US\$3.8 bn (9.9x EV/EBITDA incl. synergies & tax benefits) in January 2017 | Dr. Straetmans cosmetics business in May 2017

Huber Silica business for US\$630 m (~7x EV/EBITDA incl. synergies & tax benefits) in September 2017 | PeroxyChem for US\$640 m (7.6x EV/EBITDA incl. synergies) in February 2020

1: 2014-2019



Portfolio transformation – Spotlight on acquisitions

Targeted acquisitions to improve quality of growth divisions



(2017)



Specialty Additives

- Creating a **global leader** in Specialty & Coating Additives
- **High margin** and **resilient business** with low capital intensity and strong cash generation



(2017)



Nutrition & Care

- Combination of preservatives know how with emulsifier know how of Evonik
- **Expanded formulation skills** in one hand, thus enhanced capability to offer formulation packages



(2020)

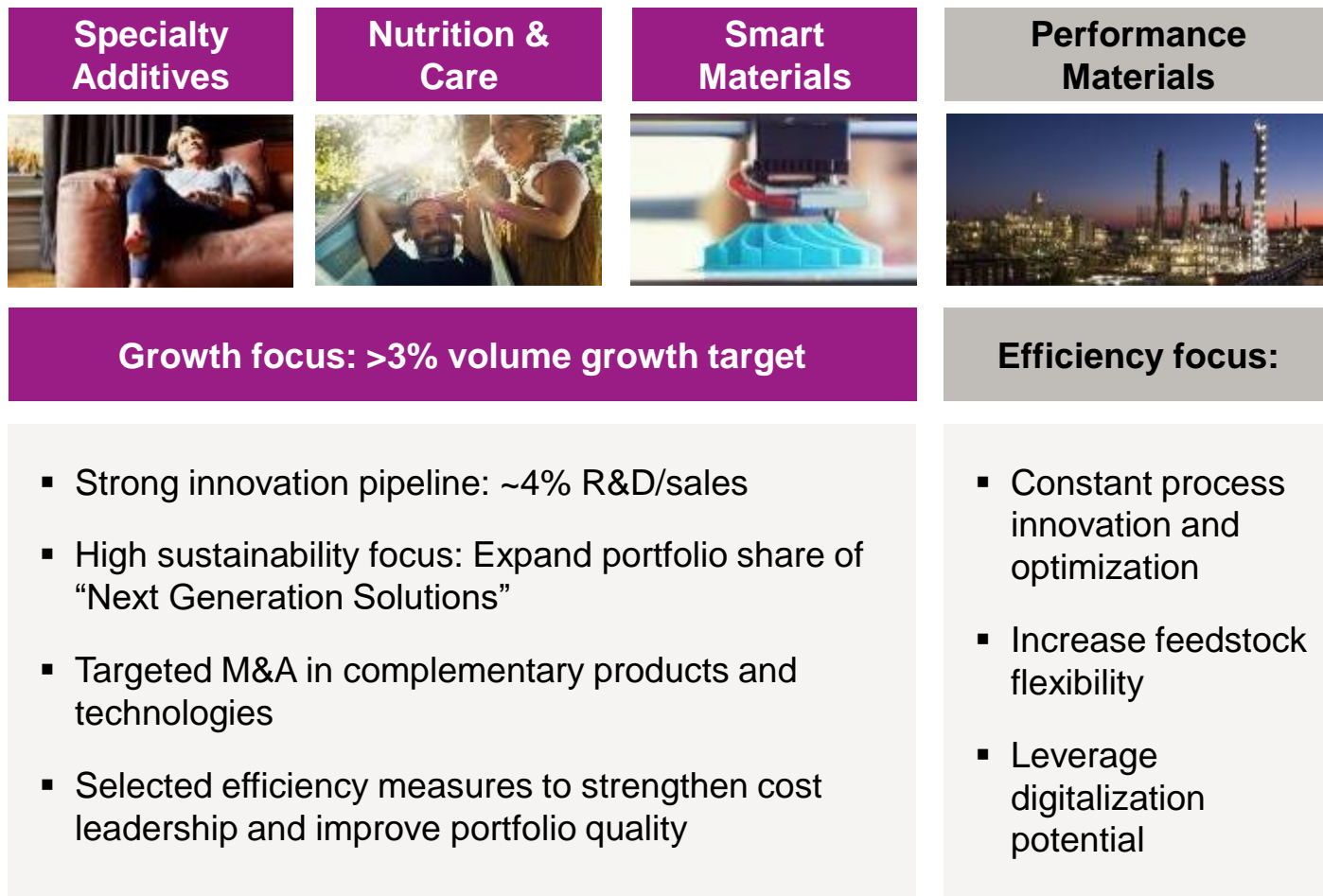


Smart Materials

- Focus on **environmentally-friendly** specialty applications
- **Resilient business** with sustainable FCF conversion >60%

Strategic agenda going forward

Clear strategic and financial targets



Mid-term Group targets:

>3%	Volume growth ¹
18-20%	EBITDA margin
>40%	FCF conversion
11%	ROCE

1: in growth divisions over the cycle

Capital allocation

Priorities for capital deployment

Our capital allocation priorities



Efficient capex allocation

- Strict **capital allocation criteria**
- Optimized Capex spending on **continuously lower level**
- Investment projects **contributing to financial targets**



Attractive dividend

- Shareholder return mainly via **attractive dividend**
- **Stable to rising** dividend going forward



Targeted M&A

- Strong **strategic fit** in our portfolio
- Contributing to **defined financial targets**
- **Strict return criteria**
- High level of **synergies**



Healthy balance sheet level

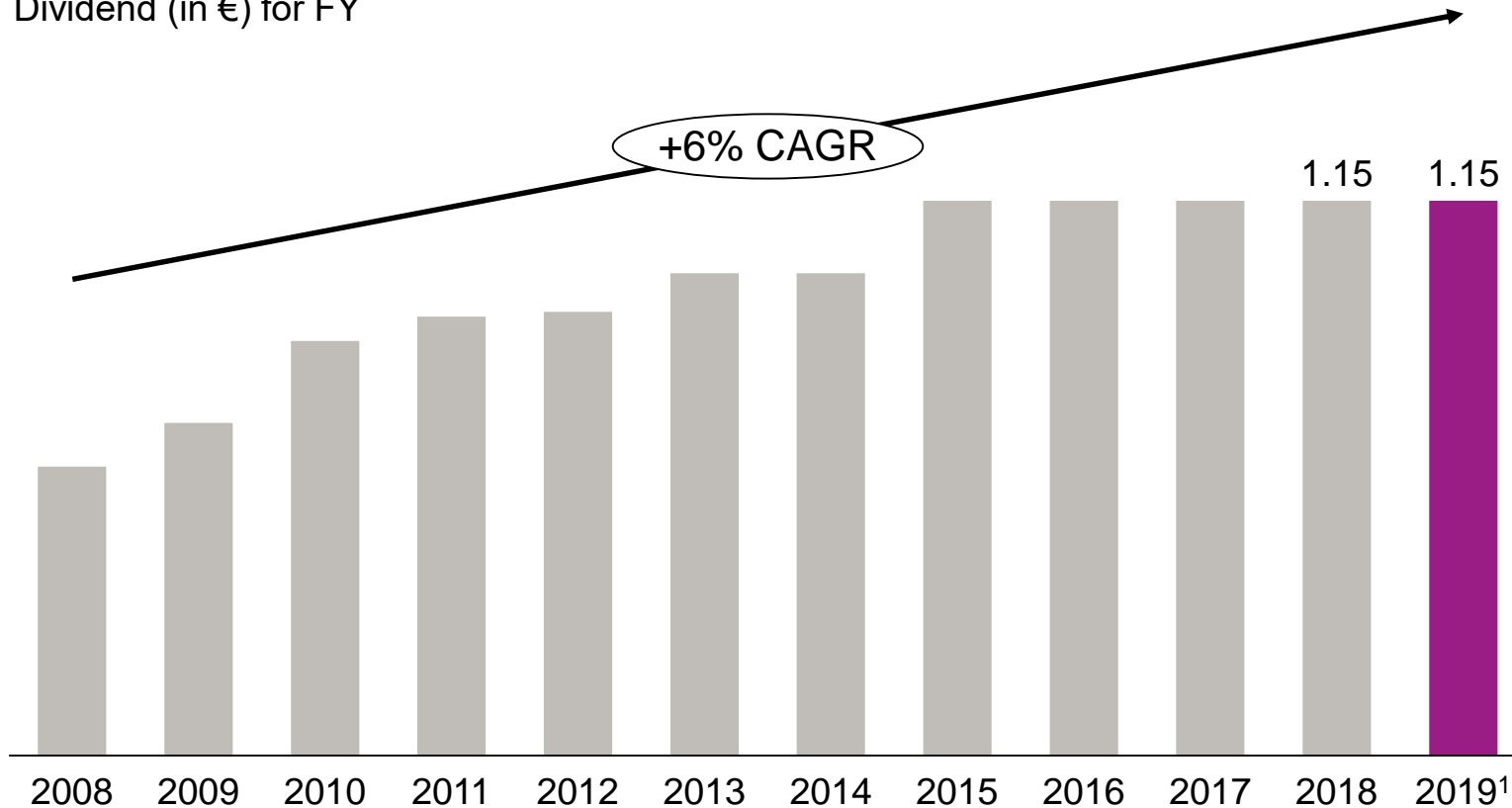
- Maintaining a **solid investment grade rating**
- Solid balance sheet leaves **sufficient room** for **development of the group**

Increasing shareholder value

Spotlight on shareholder returns

Reliable and attractive dividend policy

Dividend (in €) for FY



- Sustainable dividend growth over the last years: 6% CAGR between 2008 and 2019
- **Attractive dividend yield** (~5% mid-2020)
- Reliable dividend policy targeting:
 - **Dividend continuity**
 - **Adj. EPS and FCF growth** with potential for sustainable **dividend growth** going forward

1. Dividend proposal

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Highlights

Solid Q1 results – well prepared for challenges ahead

Well prepared for challenges ahead in an unprecedented environment

- **Solid Q1 performance** in growth segments Nutrition & Care and Resource Efficiency
- **All larger plants up and running; only limited impact on supply chains**
- **Strong liquidity position** and high financial flexibility
- **Dividend of €1.15 confirmed:** 1st half to be paid on 2 June; 2nd half after virtual AGM (August 31st)
- Measures to **preserve cash** on all levels
- **FY outlook adjusted** to €1.7 - 2.1 bn; Q2 expected at around €400 m

Managing the corona situation proactively

Precautionary measures in place on all levels



Pandemic plans with highest hygienic standards implemented
(guarantee highest possible health & safety for our employees)



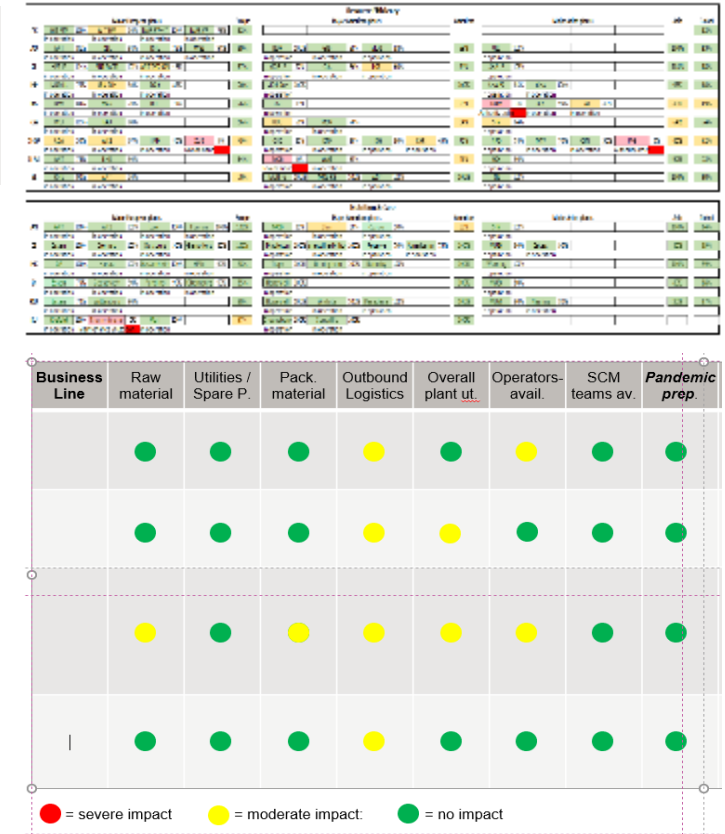
Task forces monitor and coordinate activities globally
(operations, plants, procurement, supply chain)



Dashboards in place for centralized “live tracking”
(order intake & cancellations, NWC, utilization rates, ...)



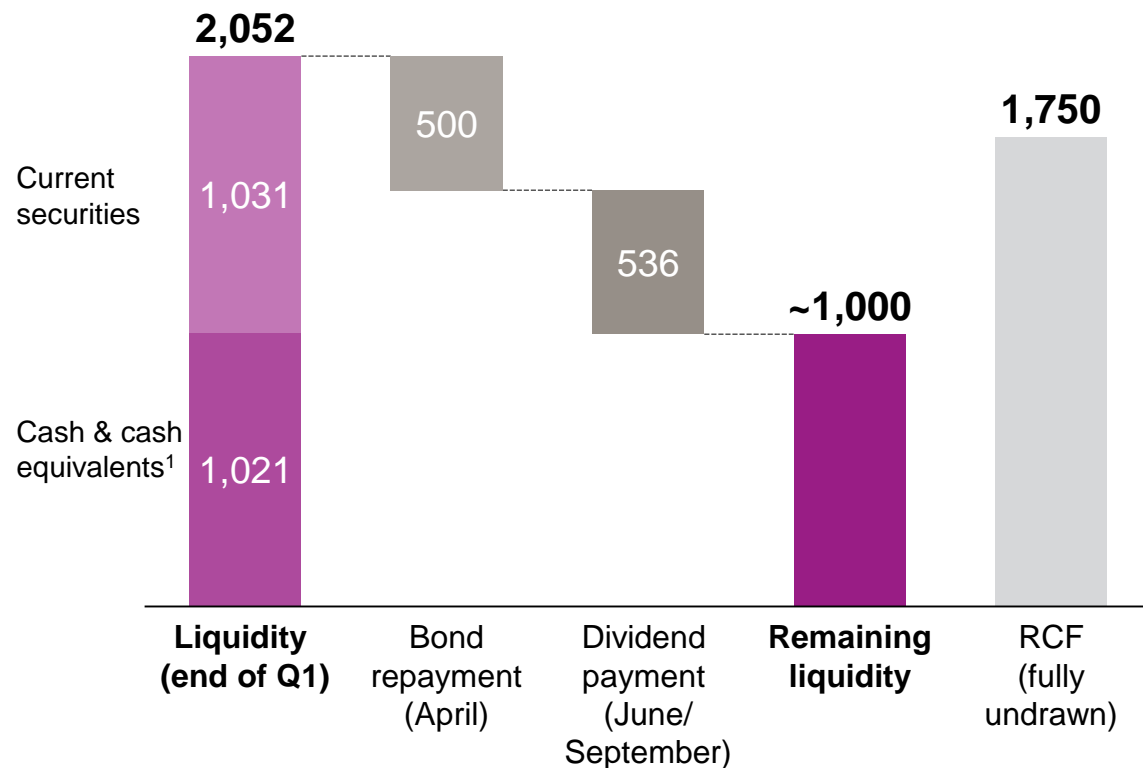
Use of flexible working model
(work time accounts, overtime)



Strong liquidity position

Strong basis and high flexibility

Strong liquidity position



1. Including €22 m other financial investments

- **Clearly positive FCF** in Q1
- **Strong liquidity** position
- **Dividend:** 1st half to be paid on June 2, 2nd half after official resolution from AGM on Aug 31st
- **NFD leverage** at 1.2x (end of Q1); no financial covenants
- **Revolving credit facility** (RCF) of €1.75 bn fully undrawn and committed by 18 banks until June 2024
- **Pension** financing and CTA reimbursement not impacted (cash-outs unchanged; funding ratio stable at ~70%; no cash contributions needed)

Strong track-record & flexibility in implementing cost saving initiatives

Proven ability to lower cost base

1 Ongoing efficiency initiatives

SG&A 2020

- Focus on all admin & selling functions

Adjust 2020 & Oleo 2020

- Strengthening of cost positions and optimizing product portfolios

~ **€170 m achieved** by end-2019

2 Contingency measures

Measures implemented in H2 2019 & extended into 2020

- Hiring discipline & less business travel
- Reduced expenditure on maintenance & external consultants
- Salary components

€40 m delivered in H2 2019

3 Cash preservation

Measures to safeguard liquidity

- Measures implemented; scale depending on economic scenario
- Focus areas:
 - Reduce fix cost basis
 - Capex discipline
 - Strict NWC management

Prepared to adapt cost structures and cash-out on all levels

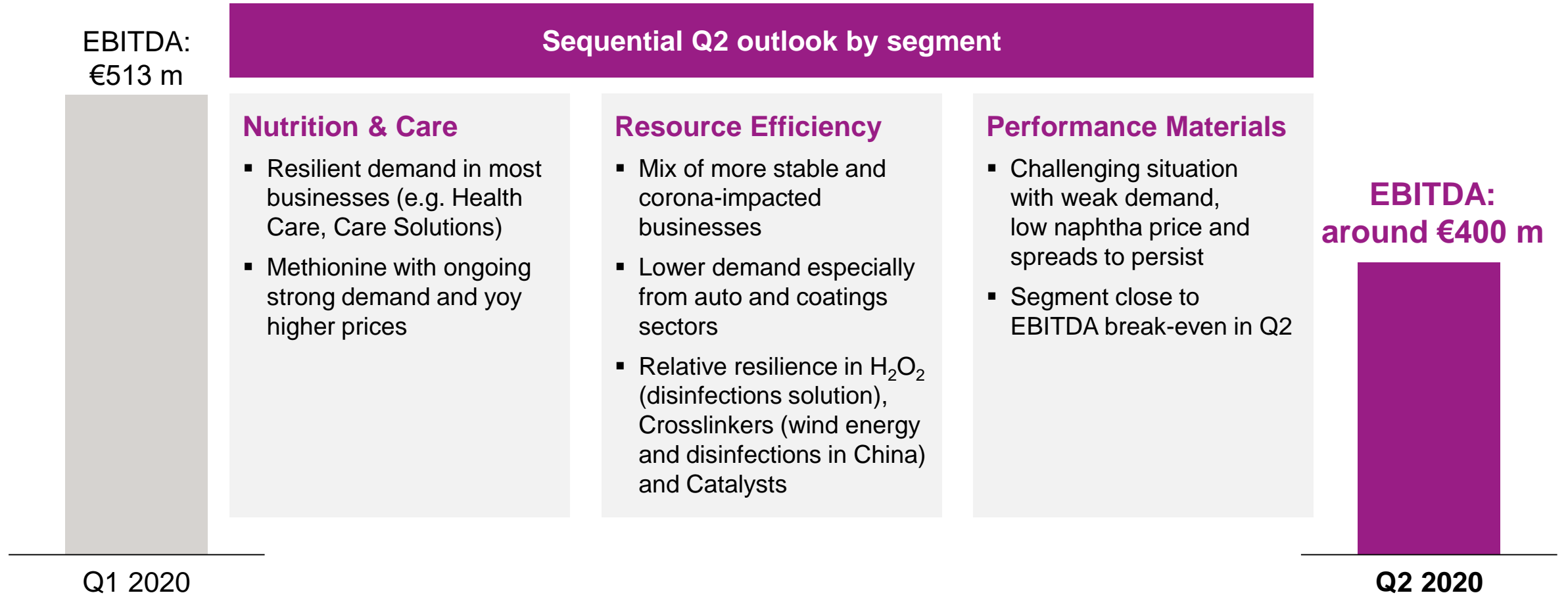
Tight cost, capex and NWC management

Costs	In worst-case scenario, reduction of fixed costs by 1/3 possible
	So far, short-term work implemented only occasionally in non-operating functions (e.g. catering); further roll-out possible anytime
	Resource management: Prioritization of all internal projects and focus on essentials to manage the crisis (safeguarding resources & cash-out)
Capex	Tight budget for capex on already low prior year level (~ €850 m) with limitation only to compliance & must-do maintenance investments and continuation of larger growth projects
NWC	Strict NWC management; close monitoring of account receivables; inventory levels to secure global delivery capability; further cash potential depending on economic scenario

Various levers
depending on
economic
scenario

Outlook 2020 – Indications for Q2

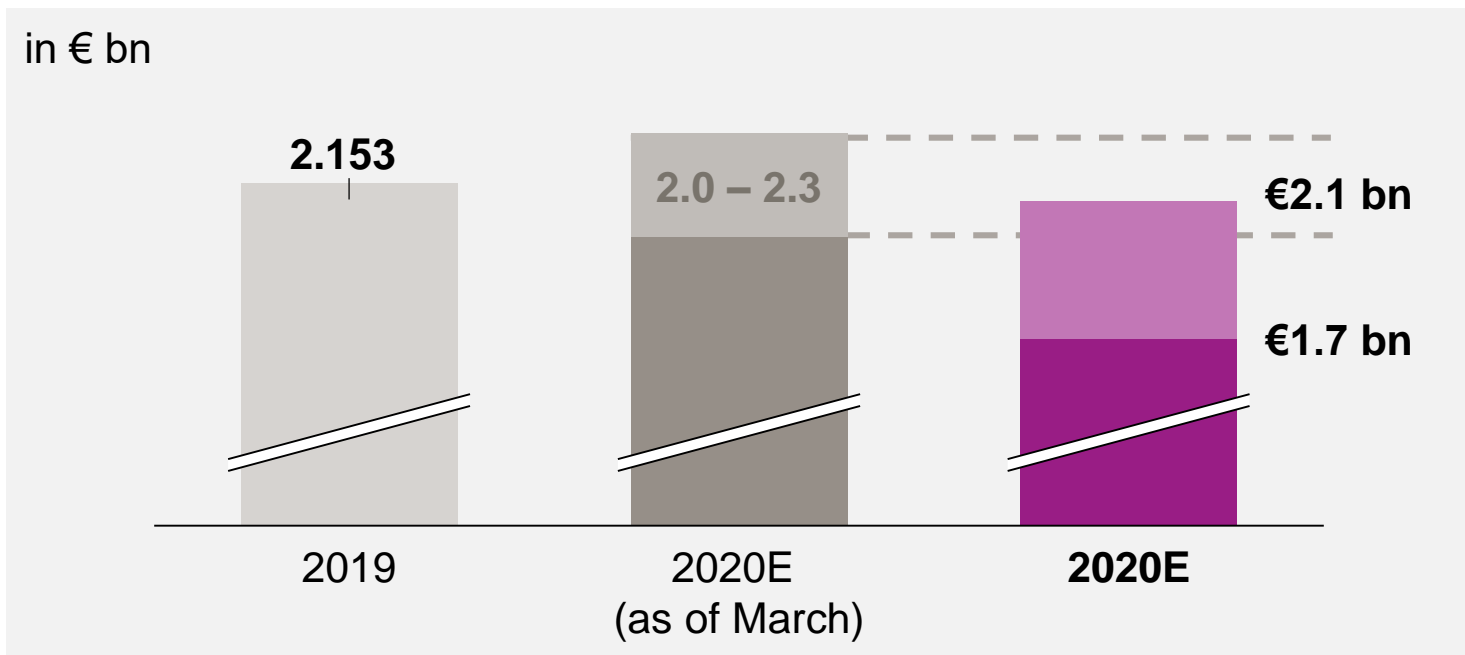
NC expected qoq higher, RE & PM with qoq lower earnings



Outlook FY 2020

Adj. EBITDA

New range: “between €1.7 and €2.1 bn” (previously: €2.0 – 2.3 bn; FY 2019: €2.153 bn)



New outlook range covering **three scenarios** for economic recovery in 2020:

- **Downside risk covered** with L-shaped recovery
- **Base case** assuming stepwise and steady recovery throughout Q3 and Q4 (U-shaped)
- **Upside case** with V-shaped recovery already in Q3

Outlook FY 2020

Adj. EBITDA expected between €1.7 and €2.1 bn

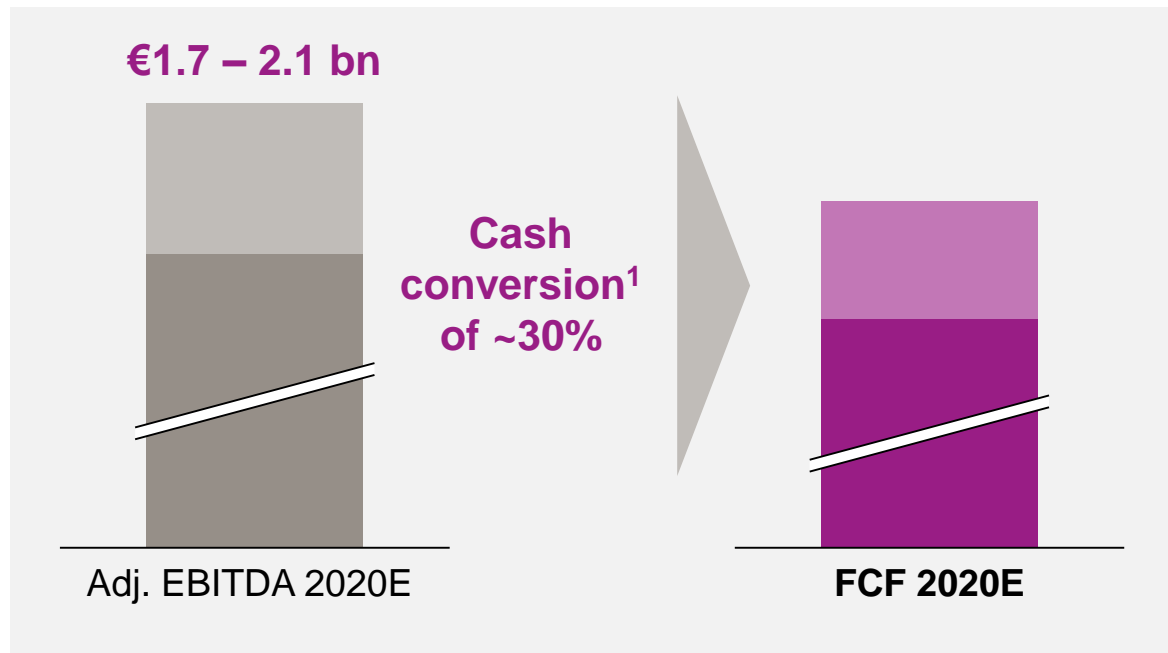
“Adj. EBITDA between €1.7 and €2.1 bn”

	Lower end of range	Mid-range	Upper end of range
	“L-shaped”	“U-shaped”	“V-shaped”
Nutrition & Care	N&C with solid demand in mostly resilient end markets, broadly independent of economic scenario Animal Nutrition ... with ongoing positive development		
Resource Efficiency	No recovery in Q3; slow recovery from Q4 onwards	Steady recovery of corona-impacted businesses from Q3 onwards	Quick recovery of corona-impacted businesses already in Q3
Performance Materials	Low Naphtha price level and product spreads throughout Q3; slight recovery in Q4	Steady recovery of Naphtha price level and product spreads from Q3 onwards	Quick recovery of Naphtha price level and product spreads

Outlook FY 2020

Stable FY cash conversion and solid H1 FCF expected

“Stable cash conversion rate¹” (FY 2019: 33.3%; previous outlook: “slightly higher FCF”)



- Stable cash conversion¹ of ~30% for FY 2020 expected
- **Solid H1 FCF generation:**
Q2 FCF expected above prior year's level (supported by lower bonus payments for 2019)

1. Free cash flow conversion (FCF/adj. EBITDA)

Q1 2020 – Solid start despite first corona effects

Sales

€3,243 m

(Q1 19: €3,287 m)

*Solid volumes & prices
in N&C and RE;
clearly lower in PM*

Adj. EBITDA

€513 m

(margin: 15.8%)

*Strong margins in RE;
NC solid;
PM clearly down*

Free cash flow

€113 m

(Q1 19: €159m)

*Solid cash contribution in
challenging environment*

Adj. EPS

0.39€

(Q1 19: 0.53€)

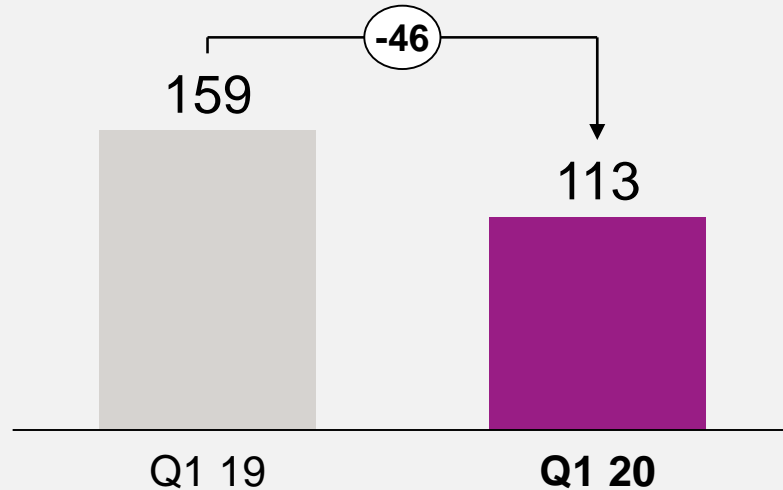
*Normalization of tax rate
(back to 27% vs. 14%
in Q1 2019)*

Free Cash Flow Q1 2019

Solid FCF generation

Free Cash Flow Q1 2020 (in € m, continuing operations)

in € m

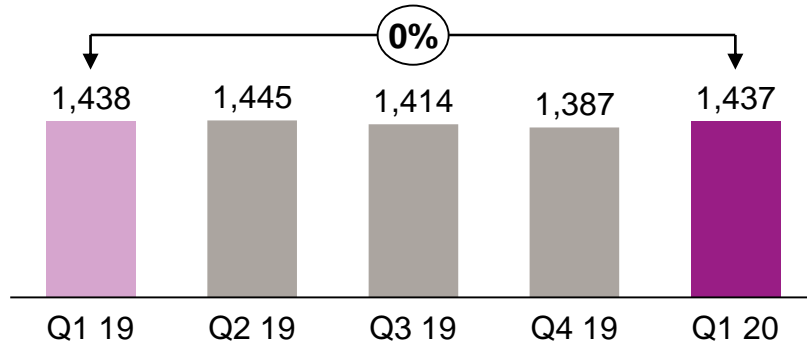


- FCF mirroring **lower operational result**
 - EBIT declining by €49 m
- Stable yoy outflows for **NWC**; securing delivery security in case of stressed supply chains
- **Capex** maintained on low prior year's level

Resource Efficiency

High margin level maintained

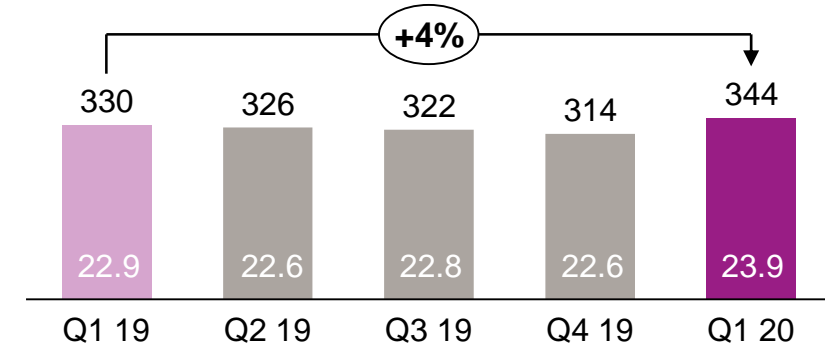
Sales (in € m)



Q1 20 vs. Q1 19	Volume	Price	FX	Other
	-3%	-1%	+1%	+3%



Adj. EBITDA (in € m) / margin (in %)

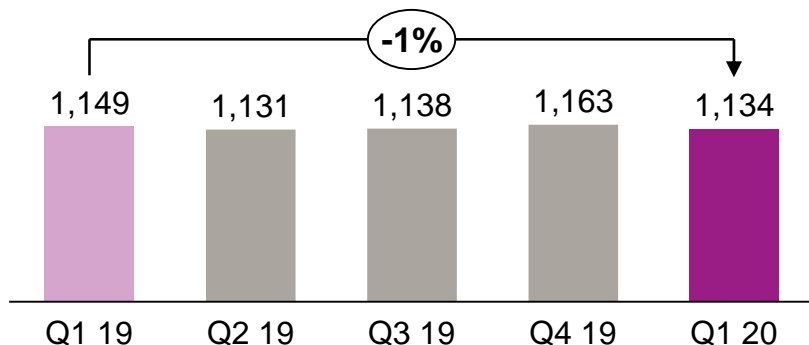


- Despite first corona impacts in industries like auto or coatings, demand for majority of businesses held up well in Q1
- High margin level of ~24% due to continued high cost awareness, solid pricing and beneficial product mix
- Continued solid demand for Crosslinkers and Active Oxygen; Silica with resilient performance in Oral Care and Specialty application
- First 2 months of sales & earnings contribution from PeroxyChem

Nutrition & Care

Solid operational performance in resilient end markets

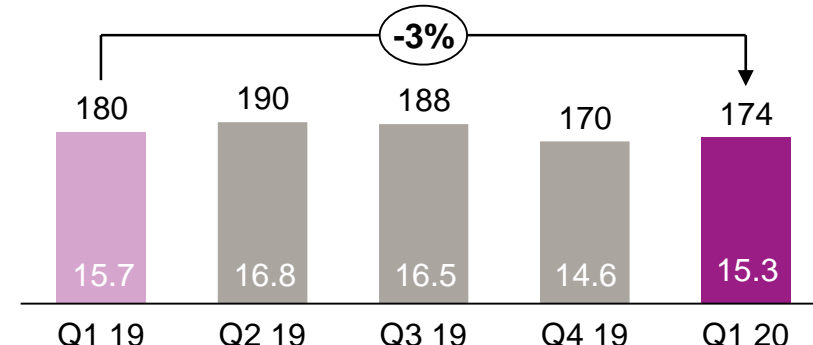
Sales (in € m)



Q1 20 vs. Q1 19	Volume	Price	FX	Other
	+1% ↗	-3% ↘	+1% ↗	0% →



Adj. EBITDA (in € m) / margin (in %)

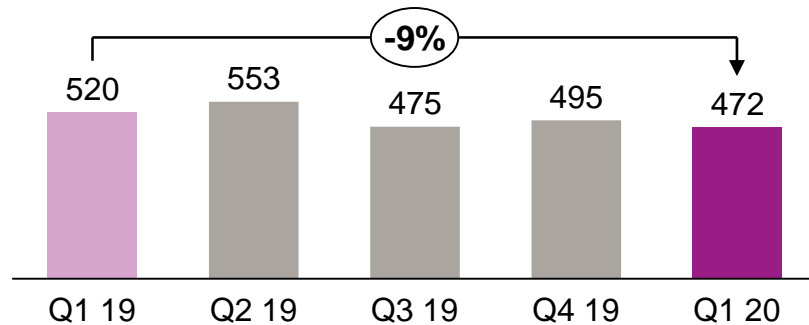


- Resilient volume & price development (negative prices mainly caused by Baby Care)
- Good start in Health Care, smaller corona impacts in Care Solutions (mainly Asia) and Comfort & Insulation
- Baby Care with expected pressure on prices and volumes
- Methionine with ongoing strong volumes and sequentially higher pricing (but still slightly lower yoy)

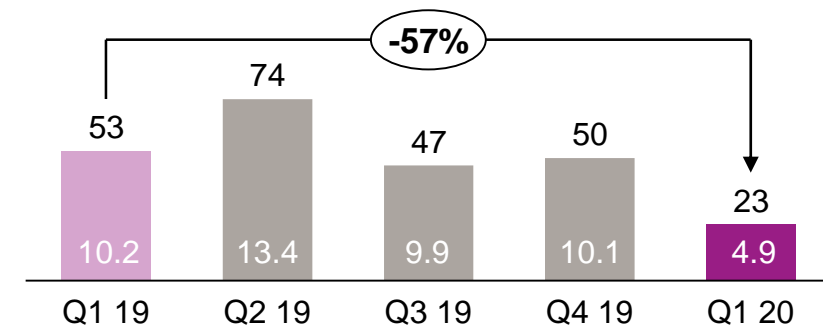
Performance Materials

Difficult quarter due to drastic decline of oil/naphtha prices

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q1 20 vs. Q1 19	Volume	Price	FX	Other
	-5% ↘	-5% ↘	0% →	+1% ↗



- Difficult market environment for petrochemical derivatives continuing
- Strong decline in naphtha price (even stronger than oil price decline) with additional pressure on C4 derivatives (lower prices and spreads), especially from March onwards; inventory impairments ~€10 m negative for the quarter
- Functional Solutions holding up well due to good demand for alkoxides

Additional indications for 2020

- PeroxyChem: Included in outlook with 11 months (FY 2019: ~ USD300 m sales, ~ USD60 m adj. EBITDA)
- ROCE: **Below the level of 2019** (previously: around the level of 2019; 2019: 8.6%)
- Capex¹: **Around the already low level of 2019** (2019: €880 m)
- EUR/USD: **1.12 EUR/USD** (2019: 1.12 EUR/USD)
- EUR/USD sensitivity²: +/-1 USD cent = -/+ **~€7 m** adj. EBITDA (FY basis)
- Adj. EBITDA Services: **Around the level of 2019** (2019: €122 m)
- Adj. EBITDA Corporate / Others: **Slightly more negative than 2019** (2019: -€211 m)
- Adj. D&A: **Around the level of 2019** (2019: €952 m)
- Adj. net financial result: **Around -€100 m** (2019: -€185 m) due to bond payback and lower interest rates for pensions
- Adj. tax rate: **Back to a normalized rate of ~27%** (2019: 20%; related to MMA divestment)

1. Cash outflow for investment in intangible assets, pp&e | 2. Including transaction effects (after hedging) and translation effects; before secondary / market effects



EVONIK

Leading Beyond Chemistry

Appendix

1. Strategy Details

2. Financials

3. Division overview

4. Sustainability

5. Financials

6. Upcoming events



Portfolio Management – Portfolio Strategy

Active portfolio management on multiple layers

Examples ...

Restructuring

- Bio-amino acids (toll manufacturing, streamlining production cost base)
- Care Solutions (adapting asset network for a higher share of specialties)

Innovation and product mix

- H₂O₂ (transform base business into specialized applications)
- Veramaris (switching of Lysin fermentation capacities)

Active M&A

- Bolt-on M&A to strengthen “growth” businesses
- Constant portfolio review and exit of commoditized businesses

Target: Portfolio with 100% growth businesses



Portfolio Management – overview acquisitions

Proof of concept for targeted and disciplined M&A approach



Air Products
Performance Materials (2017)



Huber Silica
(2017)



Dr. Straetmans
(2017)



PeroxyChem
(2020)

Purchase price	~ €3.5 bn	~ €600 m	€100 m	\$640 m
Multiple ²	15.2x / 9.9x	10.5x / 7x	(not disclosed)	9.9x / 7.6x
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

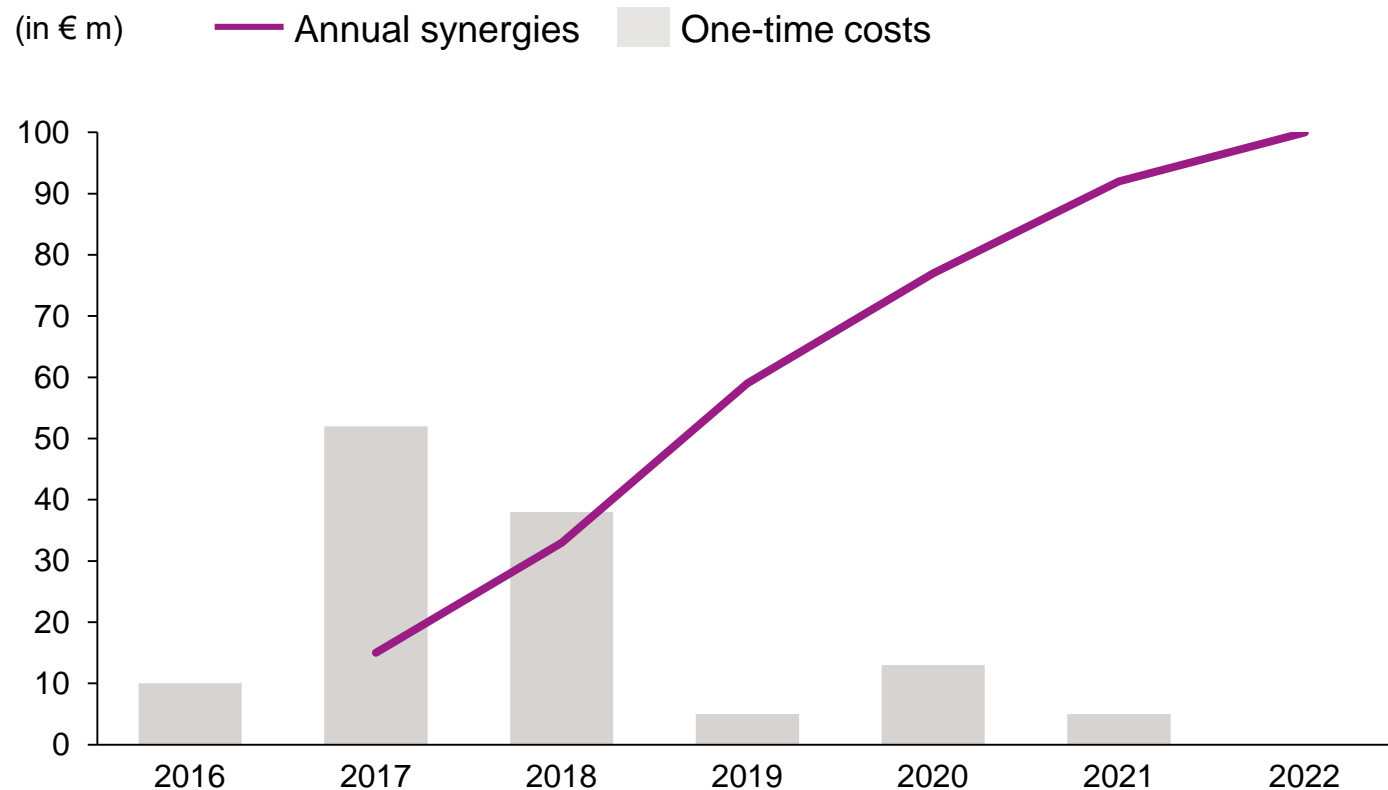
1. In specialty applications (~65% of total Adj. EBITDA) | 2. EV/EBITDA pre / post synergies & tax benefits



Synergies – implementation schedule

Strong delivery on synergy targets; PeroxyChem with additional synergies

Implementation schedule



Total

Annual synergies

~ €100 m p.a. (USD120 m)

APD: ~ €68 m p.a. (USD80 m)

Huber: ~ €17 m p.a. (USD20 m)

PeroxyChem: ~ €18m p.a. (USD20 m)

One-time integration costs¹

~ €120 m

APD: ~ €75 m

Huber: ~ €30 m

PeroxyChem: ~€18 m

1. Excluding transaction-related costs | Currency translation based on current EUR/USD rate of ~1.20 for APD & Huber; 1.12 for PXC



Portfolio management – sustainability analysis

Sustainability Analysis integrated into strategy and portfolio decisions

Portfolio management via sustainability criteria

Method



- WBCSD¹ sector **standard approach** aligned to specific requirements of Evonik
- Approach **audited** by PWC



Analysis and results



- **99%** of sales covered by Sustainability analysis
- **Classification** of product portfolio according to its **sustainability performance** (A++ to C--)



Strategic measures



- Analysis part of **strategic portfolio management** e.g. for
 - Investments
 - Innovation
 - M&A

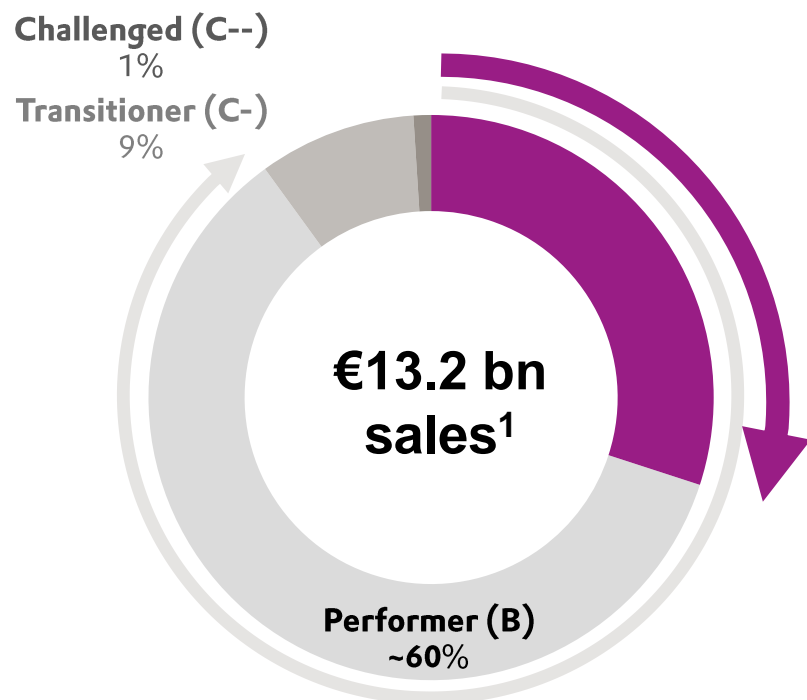


1. Portfolio Sustainability Assessments (PSA) from World Business Council for Sustainable Development



Portfolio management – “Next Generation Solutions”

>30% of Evonik’s portfolio with superior sustainability benefits



~90%

generated with products or solutions **above or on market reference** in terms of sustainability

>30%

“Next Generation Solutions”²

- ... address globally **increasing demand** for sustainable solutions
 - .. deliver **above-average growth**
- ... are highly **profitable** (in or above margin target range of 18-20%)

Target to further increase “Next Generation Solutions”

- Challenged products: evaluation of strategic options (transform/exit/divest) within 5 years

1. 2018 sales continuing operations | 2. “Next Generation Solutions” include “Leader” (A++) and “Driver” (A+) products and solutions



Portfolio management – examples “Next Generation Solutions”

Addressing customers desire for sustainable solutions

Biosurfactants



Biosurfactants used in personal and household care applications

Evonik's superiority to market

- Evonik only company to produce bio-based surfactants on an **industrial scale**

Growth
>10%

Sustainable Food Packaging



Food stays fresh for longer due to O₂ absorbing packaging

Evonik's superiority to market

- Evonik only provider of **additive** to capture oxygen molecules inside of packages to keep them fresh longer and **reduce global food waste**

Growth
>5%

Improving Lithium-Ion-Batteries



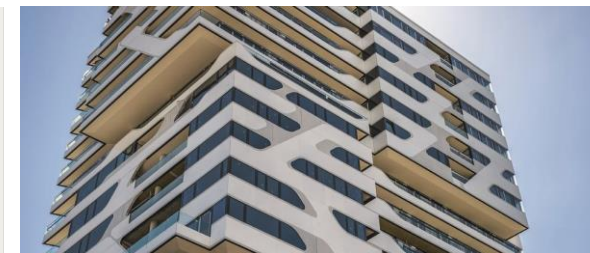
High-performance separators for more powerful batteries

Evonik's superiority to market

- Evonik's high-quality pure silica and metal oxides **increase safety, lifetime** and **performance** of **batteries** for EVs

Growth
>20%

Superinsulation



Purely mineral high-performance insulation material

Evonik's superiority to market

- **Silica-based** insulation material which is **fully recyclable** and **incombustible** for sustainable housing

Growth
>20%



Portfolio management – Nutrition & Care

Transformation of Care Solutions into a specialty products provider

Acquisitions



Polymeric and
Liposome delivery
systems



Alternative
preservatives;
formulation service



Natural products



Consumer
Information
(Venture Capital)



Botanical
Extracts

Streamlining

2016



Formation of "Care Solutions"



Strengthening digitalization



OLEO 2020 Project

- Streamlining of product portfolio
- Optimization of asset footprint

~€20 m EBITDA potential until 2022

2020

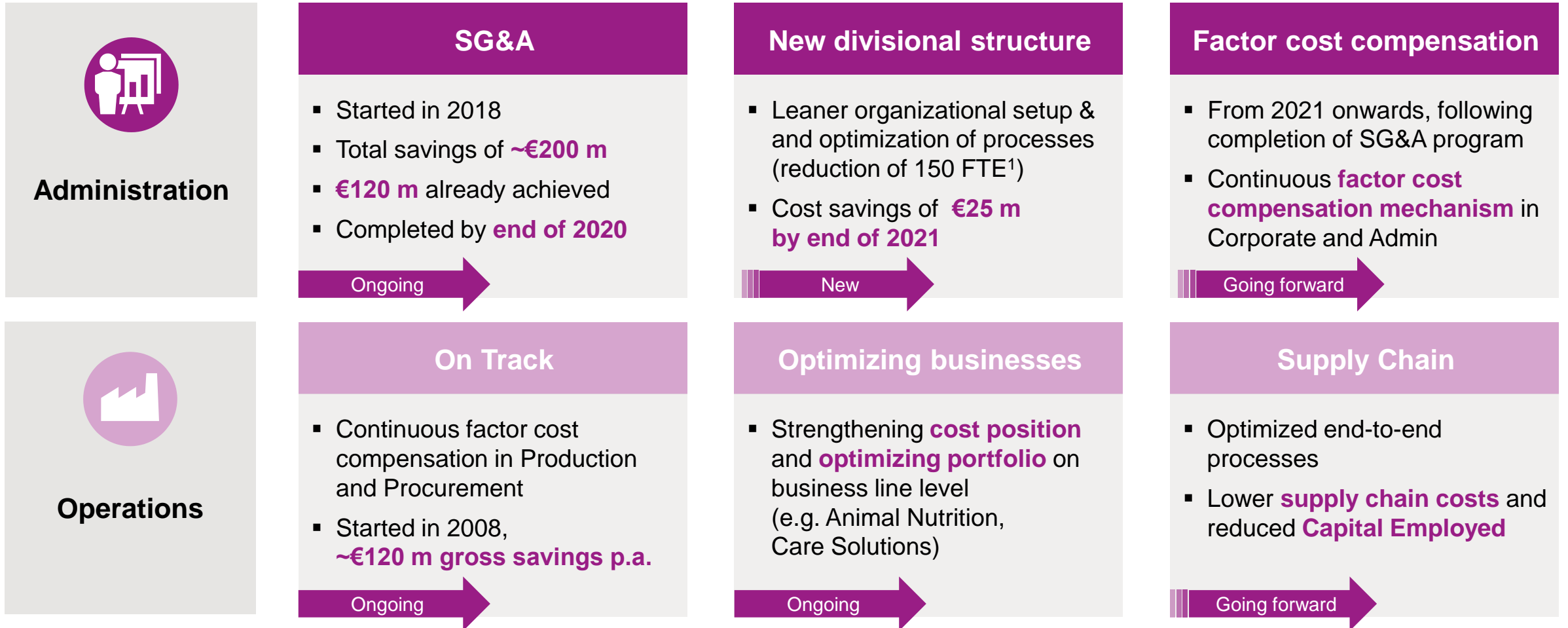
**Sustainable
specialty products
provider**

*>400 bps margin
improvement since 2016*



Culture – self-help measures supporting margin target

Targeting cost excellence in Administration and Operations



1. Majority of FTE reduction in operating segments and Services; smaller part in Corporate

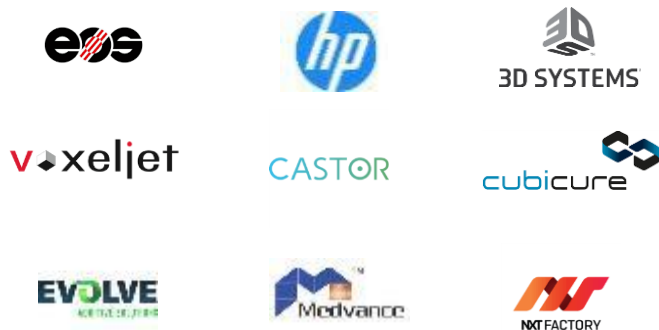


Innovation – Additive manufacturing

A strong existing base offering further growth opportunities

Strong base established

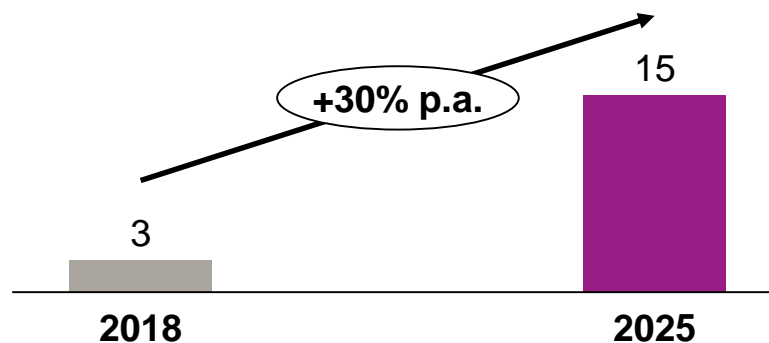
- Evonik as **market leader** in PA12 powder-based 3D printing materials
- **Several platforms available** to serve all major powder-based printing technologies
- **Close partnerships** with major printing players and innovators:



Expand strong position to new applications and new materials

- Establish position in emerging technologies like **high performance photo-resins**
- **Expand business in medical applications** with implantable PEEK and bio-resorbable RESOMER
- **Capture growth potential** from shift from “prototyping only” into real series production:

Non-metal 3D-printing materials market (in €bn)



Evonik as leading ready-to-use materials supplier for Additive Manufacturing

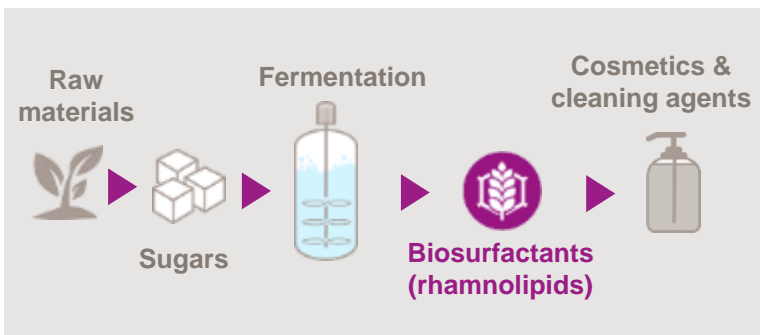


Innovation – Biosurfactants

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

2016

Development phase



- **Renewable resource & biodegradable**
- **Plant-based sugars** as only carbon source – no oils used
- **Unique product properties**, especially cleansing & foaming

2018

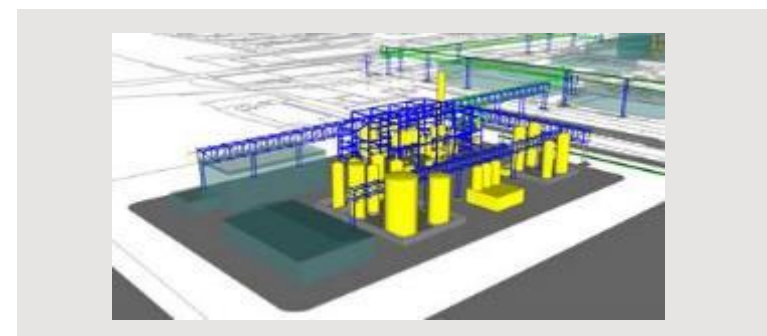
Test phase & first products



- Personal Care ingredient “RHEANCE® One” **awarded at “in-cosmetics”** 2018
- **Test launch** in selected personal care products
- **Unilever** with successful market launch of a dishwashing product in 2019

2020

Industry-scale investment



- Commercializing **Evonik’s leading biotechnology capabilities**
- Evonik will be the **first company to produce biosurfactants on industrial scale**
- Basic engineering at our **biotech hub in Slovakia**



Innovation – Precision livestock farming

Digital solutions to optimize every stage of livestock production



Digital in-flock monitoring of animals

Data

Data

Data



Provide real-time recommendations for

Optimized farming

- Growth monitoring and prediction
- Efficient use of resources
- Limited Nitrogen emissions

Better nutrition

- Analyze exact feed quality
- Optimum balance of nutrient ingredients

Improved health

- Implement preventive measures
- Avoid disease outbreak
- Reduce antibiotics use

First offerings available

Porphyrio®

An Evonik product.



Big data technology & biostatistics combined with poultry science and poultry Production



PRODUCTION
PLANNING



INTUITIVE
DASHBOARD



ACCURATE
PREDICTIONS



INTERNAL
BENCHMARKING



EARLY WARNING
SYSTEM



HEALTH
MANAGEMENT



Appendix

1. Strategy Details

2. Financials

3. Division overview

4. Sustainability

5. Financials

6. Upcoming events

Financial targets going forward

Mid-term Financial Targets set in 2017

Above-average volume growth (GDP+)

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

FCF significantly above dividend level

ROCE above Cost of Capital

Reliable and sustainably growing dividend

Solid investment grade rating

Updated mid-term Financial Targets

Above-average volume growth ¹⁾

>3%



Cash Conversion ratio of ²⁾

>40%

ROCE **well above Cost of Capital**





~11%



1: In growth divisions | 2: Cash Conversion ratio defined as FCF/Adj. EBITDA

Top-line growth

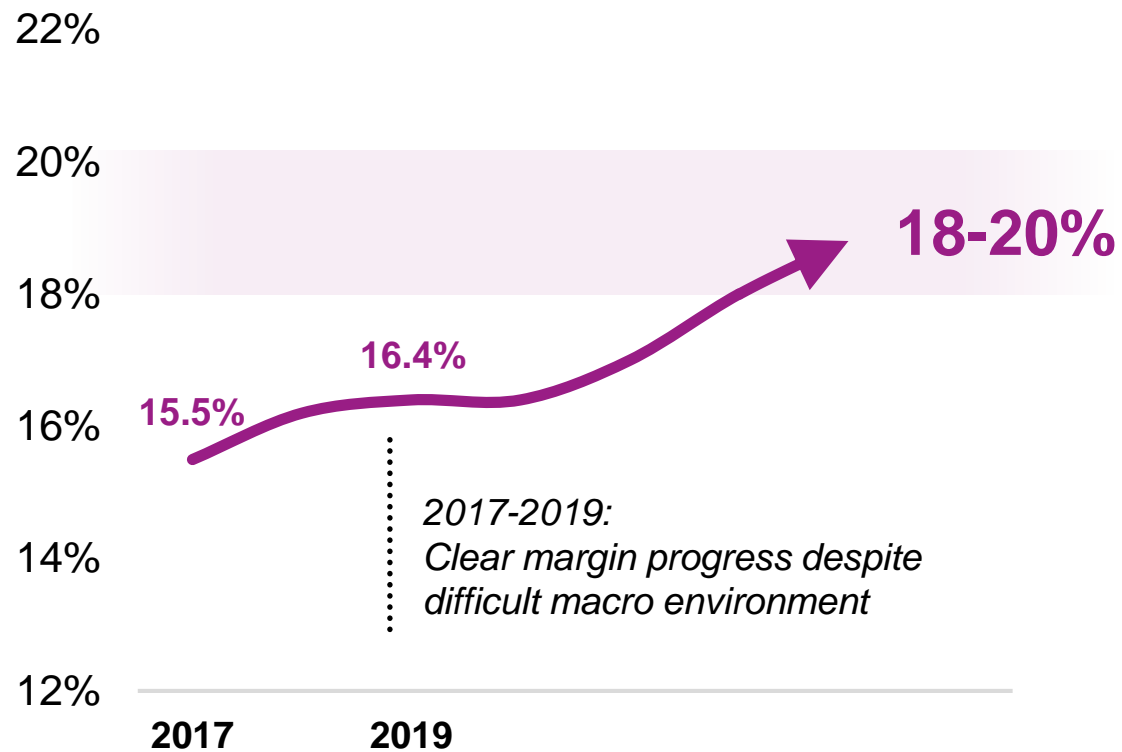
Targeting above-average volume growth in growth divisions

Target	Above-average volume growth in growth divisions	>3%
	Ø Volume growth (2015-2018)	Volume growth going forward
	Specialty Additives ~3%	 >3% in growth divisions (over the cycle)
	Nutrition & Care ~4%	
	Smart Materials ~3%	

EBITDA margin target range of 18-20%

Three strategic focus areas driving structural margin improvement

EBITDA margin in % (Group level excl. MMA)



1: Organic growth, excl. large M&A activities

Main drivers going forward



Portfolio¹

- Organic growth projects
- Ongoing shift of product portfolio towards specialty

>100 bp¹

Culture



- Cost savings from efficiency measures in Administration and Operations

~50bp

Innovation



- €1 bn additional sales from Innovation Growth Fields with above-average margin

~50bp

FCF conversion

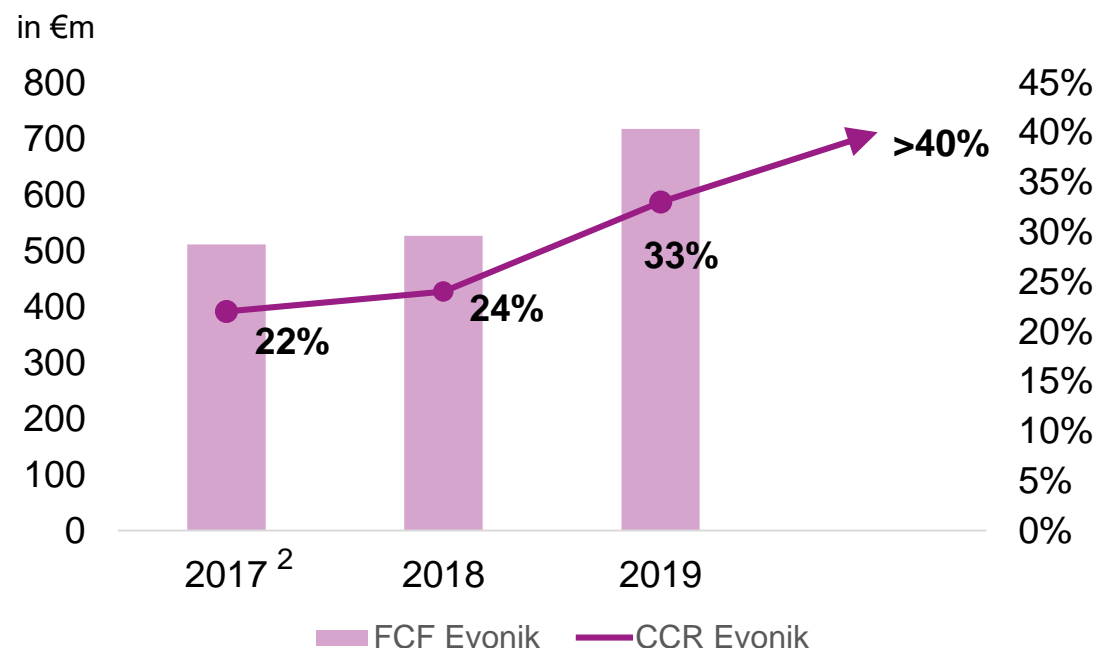
Strong track record established – further improvement ahead

Target

Cash Conversion Ratio¹ of

>40%

Strong improvement of FCF and Cash Conversion¹



1: Cash Conversion ratio as FCF/Adj. EBITDA | 2: Including Methacrylates business

FCF levers going forward

- Ongoing **strict NWC management**; current low level to be secured going forward
- Maintain **capex** level of **€850 m** going forward
- **Growth projects** contributing to high cash conversion e.g.
 - Methionine plant (ME6)
 - PA12 expansion
- Fade-out of cash-outs from **efficiency measures**
- Pensions with stable cash-outs on lowered level (**CTA**)
- Bolt-on acquisitions with **high cash conversion** (e.g. PeroxyChem >60%)

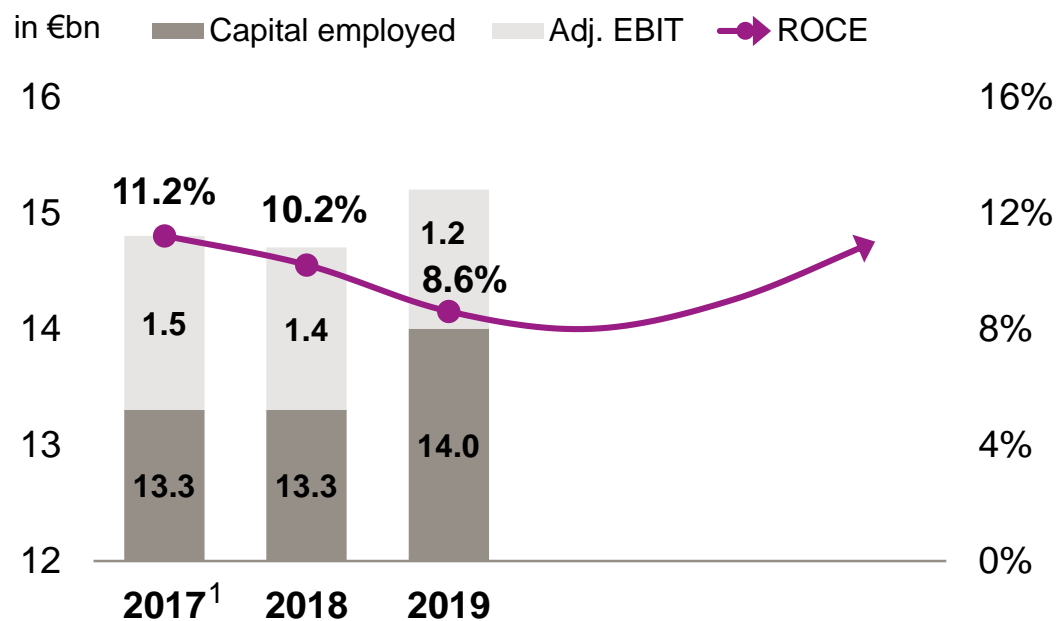
ROCE

Targeting ROCE well above Cost of Capital

Target

ROCE well above Cost of Capital

~11%



Increase in **Capital Employed** mainly driven by **IFRS 16**: capitalization of leases (~€0.6 bn with Q1 2020³)

Larger **growth projects** (like ME6, Precipitated silica USA, PA12):

- ~€1 bn capitalized on balance sheet
- Full level of fixed costs already since start-up

Higher EBIT contribution

- Increasing **utilization**
- Growing **market penetration**
- Improving **process efficiency**

Supply chain optimization:

- Optimized processes, lower Capital Employed

WACC² of

9%

Structural improvement of ROCE to

~11%

1: Including Methacrylates business | 2: WACC reduced to 9% due to lower cost of capital and lower beta factor | 3: Annual averages

Appendix

1. Strategy Details
2. Financials
- 3. Division overview**
4. Sustainability
5. Financials
6. Upcoming events

New divisional structure – Rationale

Rationale for new management and reporting structure



Clearly defined strategic roles

**3 “Growth” divisions with >3% volume growth target
Performance Materials as “Efficiency” division**



More homogeneous divisions

Common themes & trends in growth divisions



Higher transparency

4 divisions; sales split for sub-divisions



More efficient internal management

Clear-cut technology platforms



Leaner organization

Reduction of 150 FTE, €25 m p.a. savings by end of 2021

New divisional structure – Overview

Growth divisions with strong positioning and promising drivers

Specialty Additives



Nutrition & Care



Smart Materials



Performance Materials



Portrait

Broad spectrum of **additives solutions** for maximum performance which **make the key difference** in industrial applications for coatings, polyurethane foam & lubricants

Sustainable solutions for basic human needs **in resilient end markets** like pharma, personal care & animal nutrition

Innovative materials for **resource-saving solutions** and **substitution of conventional materials** in environmental, mobility and construction end markets

Efficient platforms for production of high-volume intermediates for mobility, plastics & rubber as well as superabsorbent polymers for consumer applications

Main Growth Drivers

- More sophisticated additive effects
- Environmentally-friendly additives

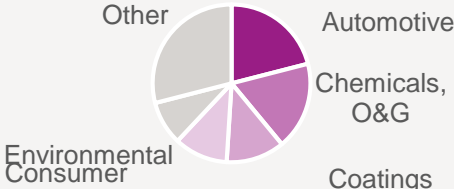
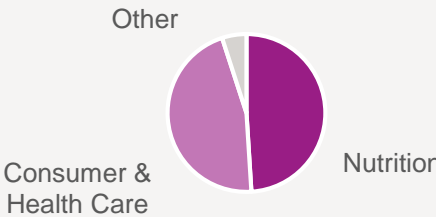
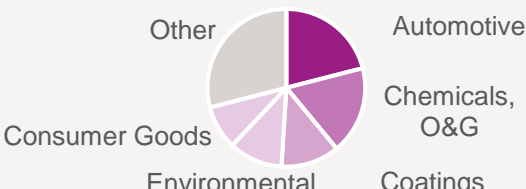
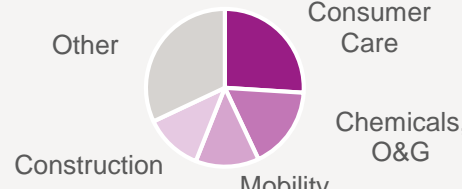
- Social trends in health, well-being and nutrition
- Natural-based ingredients
- Biotechnology and fermentation

- Saving resources
- Use of lightweight materials
- Stricter regulation and safety standards

- Focus on efficiency in production & procurement




New divisional structure – Overview

Technology platforms and end market exposure

Specialty Additives	Nutrition & Care	Smart Materials	Performance Materials
Technology platforms			
<ul style="list-style-type: none"> ▪ Silicone chemistry ▪ Isophorone platform ▪ Amines 	<ul style="list-style-type: none"> ▪ Biotechnology / Fermentation ▪ Methionine platform ▪ Oleo chemistry 	<ul style="list-style-type: none"> ▪ Inorganic particle design ▪ Specialty polymers ▪ Active oxygens ▪ Process catalysts 	<ul style="list-style-type: none"> ▪ C4 processing and derivatizing ▪ Polymer know-how
Key products & global market positions			
<ul style="list-style-type: none"> ▪ #1-2 in Coating additives ▪ #1 in PU additives ▪ #1 in Viscosity modifiers (for lubricants) 	<ul style="list-style-type: none"> ▪ #1 in Methionine ▪ Strong position in Active cosmetic ingredients ▪ #2 in Drug delivery systems 	<ul style="list-style-type: none"> ▪ #1 in Silica ▪ #2 in H₂O₂ ▪ Leading in Catalysts¹ ▪ #1 in PA12 	<ul style="list-style-type: none"> ▪ C4 derivatives ▪ Superabsorbers
End market split			
			



1. #2 in activated nickel catalysts, #3 in Oil & fat hydrogenation catalysts

Financial targets for growth divisions going forward

	Specialty Additives	Nutrition & Care	Smart Materials
Financial target			
Volume growth	<p>>3%</p> <p>in all growth divisions (over the cycle)</p>		
EBITDA margin level	<p>Maintain very attractive margin level (2019: 26%)</p>	<p>Getting back into target range (2019: 16%)</p>	<p>Secure margin level at least in range of 18 - 20% (2019: 19%)</p>
Capex/Sales ratio	~4%	~5%	~6%

New divisional structure – Peers

Growth division with more homogenous trends easier-to-compare to peers

	Specialty Additives	Nutrition & Care	Smart Materials
Characteristics of divisional peers which we see as a benchmark...	Leaders in industrial additives and major players in our core customer industries such as paints & coatings	Specialists with a chemicals pedigree in the field of consumer well-being and food & feed	Companies in the sphere of inorganic specialties, incl. catalysts, as well as high-performance polymers
Examples for comparable business model or overlap in value chains...	  	  	  

Specialty Additives – Key characteristics

Leading Specialty Additives portfolio for maximum customer value

Key characteristics

- Leading portfolio of **additive solutions** for maximum performance which **make the key difference**
- **Minor share of cost** in customers' end products
- **Unique formulation know-how** guarantees **deep integration** into customers' innovation processes



Growth drivers

- Trend towards **more sophisticated additive effects**
- Constantly rising demand for **environmentally-friendly solutions**
- Leverage capabilities in **silicone and amine technology platforms** into new applications

Specialty Additives – Growth drivers

Additives solutions making the key difference in various applications

Less maintenance



Rust doesn't stand a chance

Crosslinkers for composite-reinforced bars with outstanding mechanical and chemical properties

Global corrosion cost ~**US\$2.5 tn** Prevention best practices can reduce costs by **15-35%**

Less energy



Colder drinks for less money

PU foam surfactants create performance advantages in insulating foams for appliances and buildings

Reducing the electricity bill **with increased sustainability**

More protection



The paint stays put

Additives for paint systems creating a lasting barrier against chemical cleaning agents

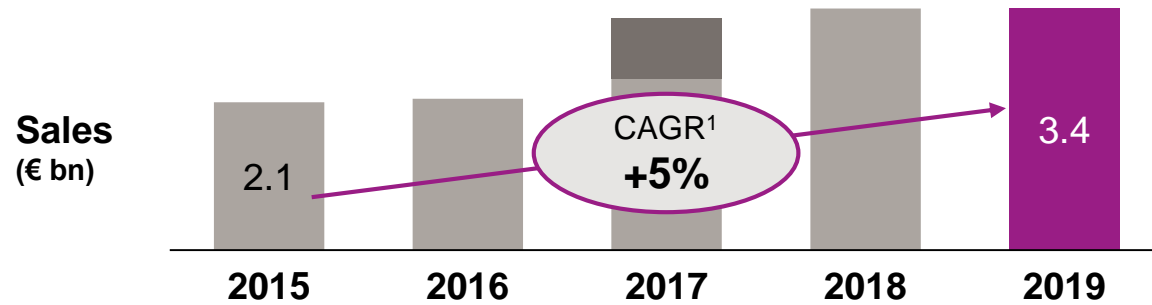
Protecting rail car surfaces and helping to **avoid €30,000 of repainting costs**

Specialty Additives – Financials

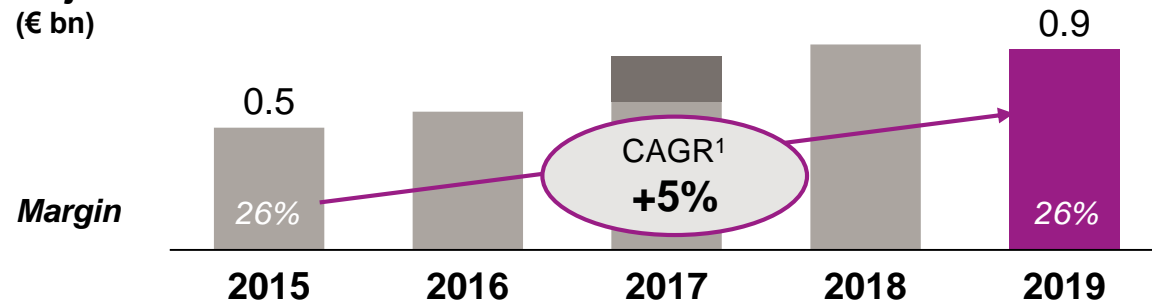
Continue strong growth track record on very attractive margin level

Specialty Additives

■ APD acquisition



Adj. EBITDA
(€ bn)



1. Organic Sales / EBITDA CAGR = adjusted for APD acquisition

- Steady **earnings growth** and **outstanding 26% margin level**
- Strong track record of **pricing power** and good volume development
- Attractive **ROCE of ~18% in 2019** (including APD goodwill)

- **Ambitions going forward:**
 - Continue **strong growth track record**
 - Maintain **very attractive margin level**

Specialty Additives – Strategic agenda

Strategic agenda to drive growth and expand market leadership



Portfolio development



- **Expand leading additives portfolio** towards environmentally-friendly systems and formulations
- Exploit new applications via **innovation** and **customer application development**



Investments



- Continue successful **capex-light** approach
- Ongoing **expansions** and **debottleneckings**

Capex/sales:
~4%¹



M&A



- Additives portfolio offers bolt-on **M&A opportunities** in complementary products and technologies

1. Target range

Nutrition & Care – Key characteristics

Sustainable solutions in defensive end markets

Key characteristics

- **Resilient business models** in defensive end markets
- Unique combination of **technology infrastructure and customer-centric formulation know-how**
- **Close partnerships and R&D collaborations** with leading personal care and pharma players



Growth drivers

- **Social trends** for sustainable nutrition and natural-based cosmetics ingredients
- **Leading biotech / fermentation know-how** offers new growth arenas

Nutrition & Care – Growth drivers

Leading position in the growing market for fermentation-based materials

Strong foundation in microbial fermentation...

- **> 30 years** industry expertise
- **> 25 fermentation-based products commercialized**
- Wide range of bacteria, yeast and algae-based organisms used in strain development and fermentation
- Global network of sites across Europe, USA and Asia
 - **> 7,000m³ fermentation capacity** - One of the industry's largest players
- Expanding to support internal and CMO projects in high growth areas:
 - e.g. **protein fermentation** of food ingredients and biofabricated materials (e.g. leather)

...with an outstanding project pipeline



- Algae fermentation for omega-3 EPA / DHA in salmon aquaculture
- Production facility in Nebraska, USA
- Latest innovation: recombinant collagen platform
- Fermentation-based & animal-free
- ~€1.5 bn accessible collagen market for pharma & healthcare
- Contract manufacturing and industrialization projects with large & growing list of innovators
- Protein fermentation, pharma

Nutrition & Care – Growth drivers

Strong setup for future growth in Care Solutions

Expansion of technology portfolio
in natural-based ingredients...

2016



- Botanical Extracts
"Consumer request for sustainable sourced botanicals"

2017



- Alternative preservatives & Formulation service
"Consumers demand alternative solutions to parabens – which are by far more complex to formulate"

2020



- Natural products
"Plant-derived active ingredients and intermediates"

...delivering outstanding customer benefits

Transformation into a
sustainable specialty products provider
to provide outstanding formulation concepts

**Peptides &
Amino acids**



Biopolymers

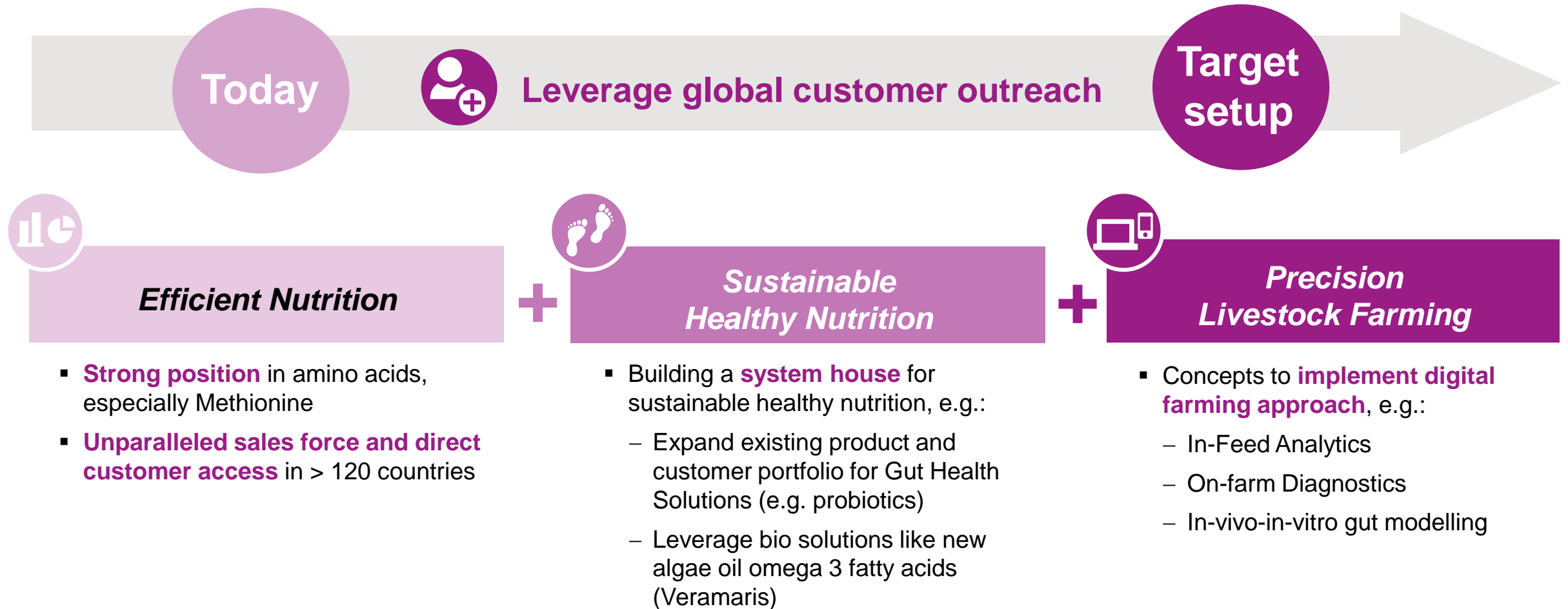


**Plant extracts &
Phytochemicals**



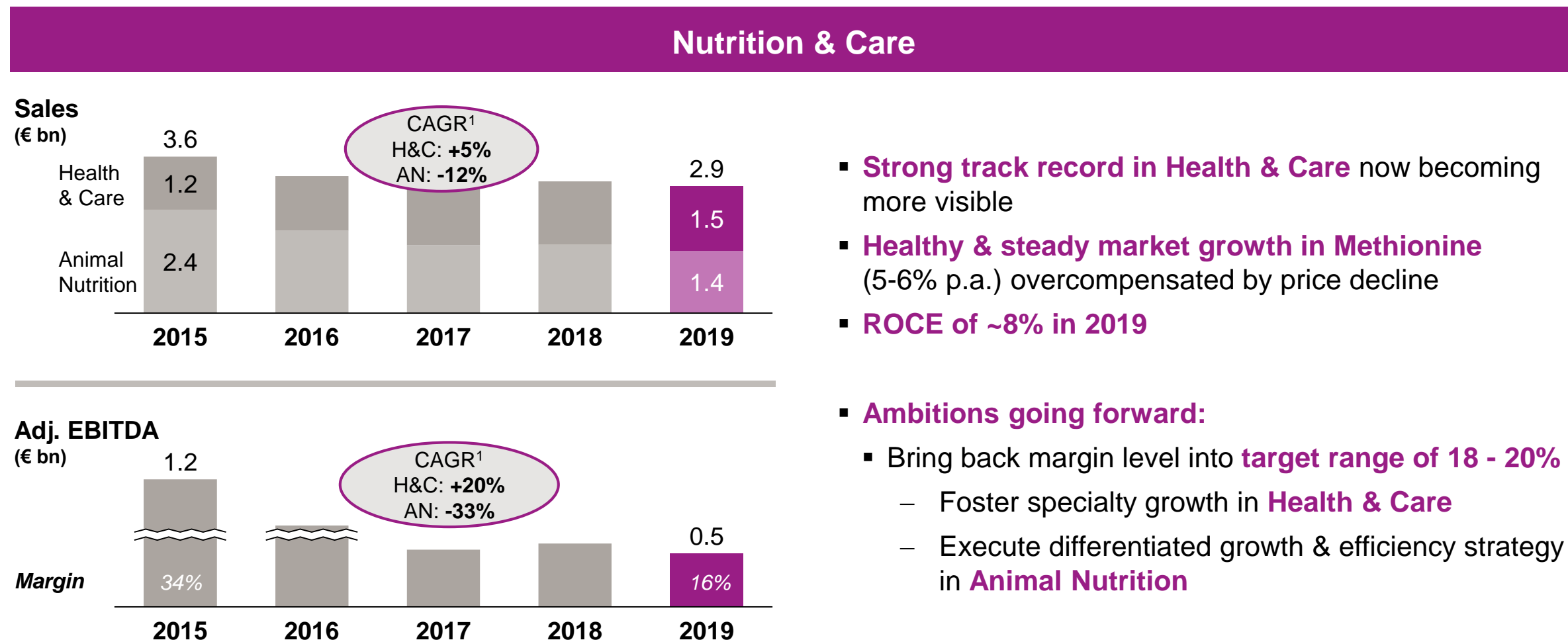
Animal Nutrition Transformation

From Amino Acid producer into system house for sustainable nutrition



Nutrition & Care – Financials

Strong H&C performance; Animal Nutrition with healthy & steady volume growth



- **Strong track record in Health & Care** now becoming more visible
- **Healthy & steady market growth in Methionine** (5-6% p.a.) overcompensated by price decline
- **ROCE of ~8% in 2019**
- **Ambitions going forward:**
 - Bring back margin level into **target range of 18 - 20%**
 - Foster specialty growth in **Health & Care**
 - Execute differentiated growth & efficiency strategy in **Animal Nutrition**

1. Organic Sales / EBITDA CAGR = adjusted for APD acquisition

Nutrition & Care – Strategic agenda

Foster growth trend for sustainable nutrition and natural-based ingredients



Portfolio development

- Expand portfolio of **natural-based ingredients**
- **Leverage strong biotechnology platform** across all businesses



Investments

- **Well-invested asset base, limited capex needs** going forward
- Focus on **debottleneckings** and **customer-financed projects**

Capex/sales:
~5%¹



M&A

- **M&A opportunities** to strengthen Animal Nutrition in growth areas outside amino acids
- Attractive niches for adjacent **technology acquisitions** in Health & Care



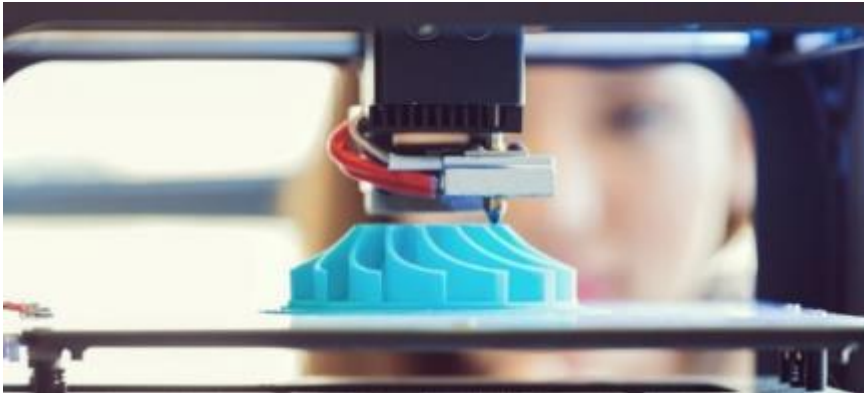
1. Target range

Smart Materials – Key characteristics

Resource-efficient and environmentally-friendly solutions

Key characteristics

- **Environmentally-friendly solutions**
- Broad expertise and portfolio for **complex customer requirements**
- **Global market leading positions** with high economies of scale



Growth drivers

- **Saving resources**
- Increasing use of **lightweight materials**
- **Stricter regulation** and **safety standards**

Smart Materials – Growth drivers

Broad-based specialty silica portfolio with >€1 bn of sales

Facts

#1

supplier for fumed and precipitated silica as well as metal oxides

32

industries served by industry experts

>100

products to solve customer challenges

~260

R&D and Applied Technology experts

26

production sites with global coverage

Broad specialty silica portfolio



Precipitated Silica



Fumed Silica



Metal Oxides

- **Portfolio** with exposure to various end-markets
- Growth focus on **customer-oriented solutions** in niche markets
- Strong **innovation capabilities** – 20 new products since 2017

Specialty portfolio constantly supplemented by product innovations like...



... silica for eco-friendly cosmetic

>3%
p.a.

- SPHERILEX®
- Versatile and eco-friendly alternative to microplastics in leave-on and color cosmetic applications



... Separators for Lithium-Ion-Batteries

>5%
p.a.

- AEROXIDE®
- High quality pure silica and metal oxides separators increase safety, lifetime and performance of batteries for EVs

1. Portfolio includes precipitated, fumed and metal oxides applications

Smart Materials – Growth drivers

Shifting consumer & producer preferences in food & beverage processing

Customer challenge in aseptic packaging

- Consumer demand for **more nutritional natural drinks** (more conducive environment for microbial growth)

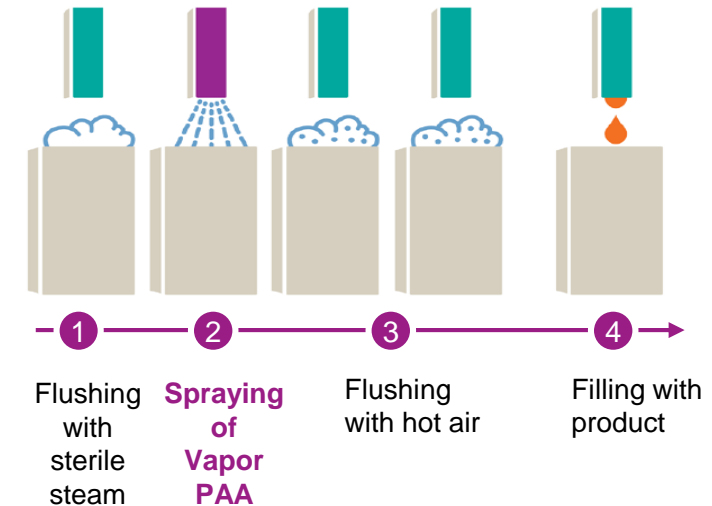


- Producer demand for **more cost effective, high speed PET bottle filling systems**
- **More innovative bottle designs**
- Sustainability trend to **thinner packaging**

Technical challenges in existing sterilants and applications

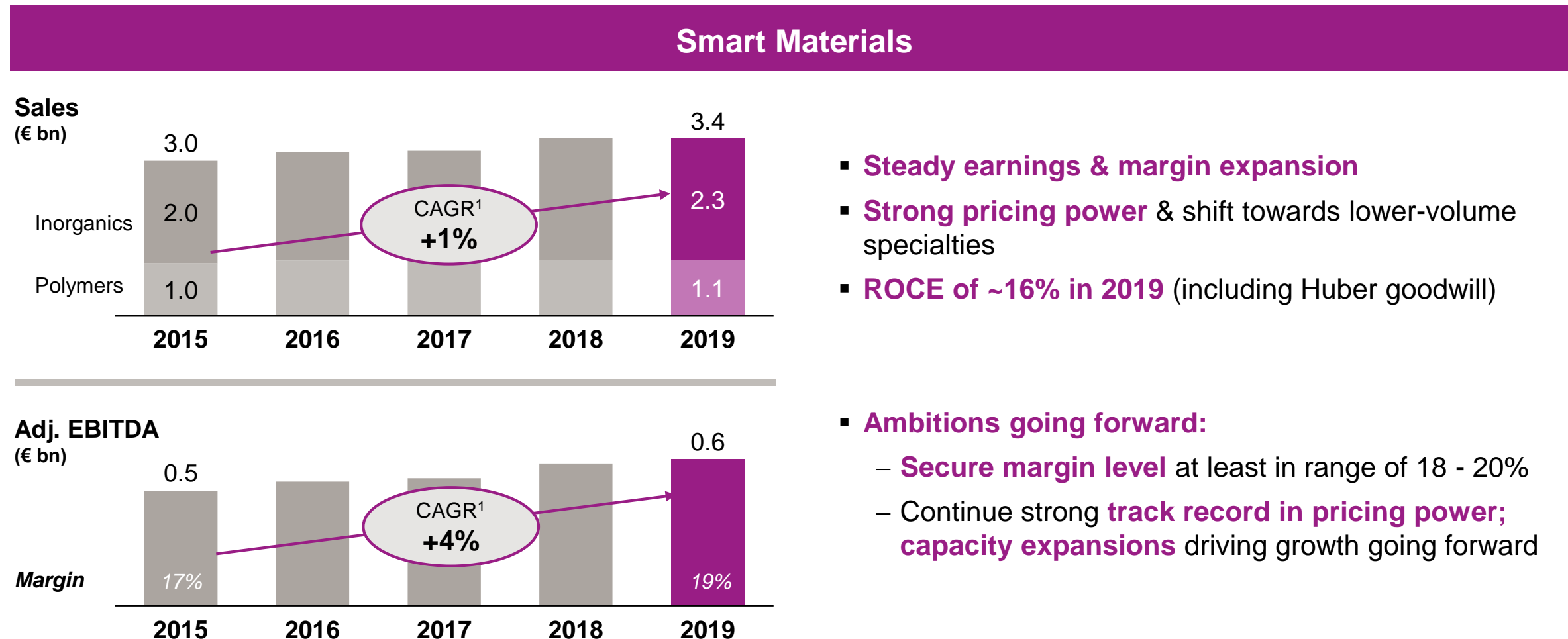
Evonik solution: Spraying Technology “Vapor PAA”

- **New Vapor PAA technology** (as alternative to liquid Peracetic Acid or Vapor H_2O_2) for spray sterilization
- Greatly reduces water and energy consumption
- Withstands lower temperatures, which increases bottle options



Smart Materials – Financials

Solid earnings growth and margin progression



- **Steady earnings & margin expansion**
 - **Strong pricing power** & shift towards lower-volume specialties
 - **ROCE of ~16% in 2019** (including Huber goodwill)
-
- **Ambitions going forward:**
 - **Secure margin level** at least in range of 18 - 20%
 - Continue strong **track record in pricing power; capacity expansions** driving growth going forward

1. Organic Sales / EBITDA CAGR = adjusted for Huber acquisition

Smart Materials – Strategic agenda

Expand technology and cost leadership



Portfolio development

- Expand **specialty applications**, e.g. in Silica & H₂O₂
- Capture **opportunities and new markets** for non-fossil raw materials and products



Investments

- Expand **technology and cost leadership**
- **Ramp-up** of new PA12 and Silica capacities to meet strong market growth

Capex/sales:
~6%¹



M&A

- **Leverage** Huber Silica & PeroxyChem acquisitions
- **Selective M&A** to complement already strong positioning of current portfolio



1. Target range

Performance Materials – Key characteristics

Leading platforms and processes

Key characteristics

- **Leading integrated C4-technology platform** with excellent exploitation of raw materials
- Reliable partner for our customers in **Superabsorbent polymers**
- Global supplier of **Alkoxides** as essential catalyst for the renewable fuel industry
- Highly **efficient processes and integrated platforms** offer reliable cash contribution



Efficiency examples



E-Business solutions
'C4Connect®' for order and availability management as well as personalized offers



Constant **process innovation and optimization** (e.g. fluid catalytic cracking to broaden raw material base)



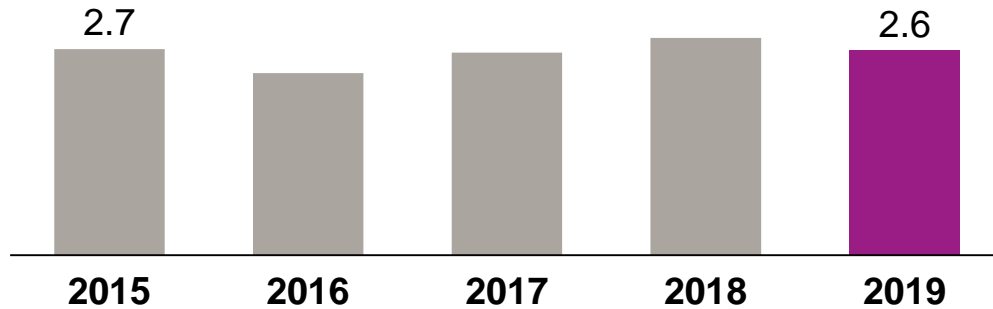
Consistent digitalization of the whole production Verbund
leads to a permanent improvement of manufacturing and business processes

Performance Materials – Financials

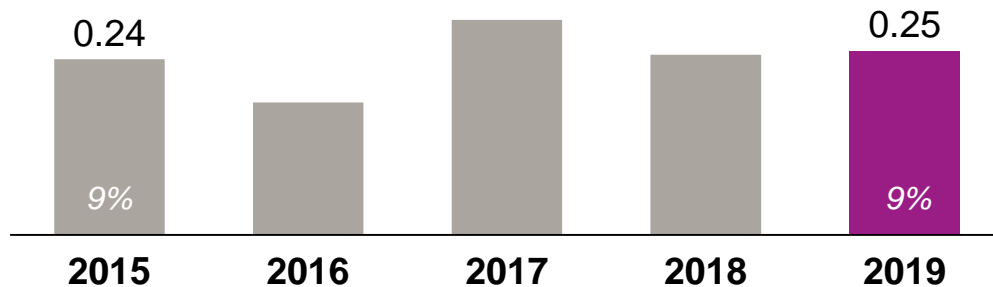
Focus on cost efficiency and cash generation

Performance Materials

Sales
(€ bn)



Adj. EBITDA
(€ bn)



Margin



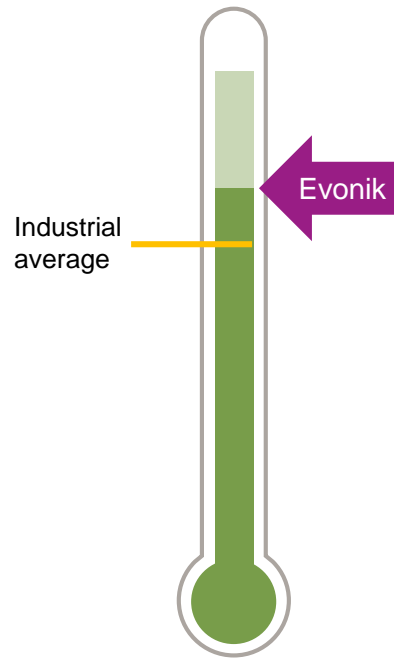
- Focus on **cost efficiency** and **cash generation**
- Constant **process innovation and optimization**, also by using digitalization potentials
- **Higher exploitation** of raw material streams in C4 chain

Appendix

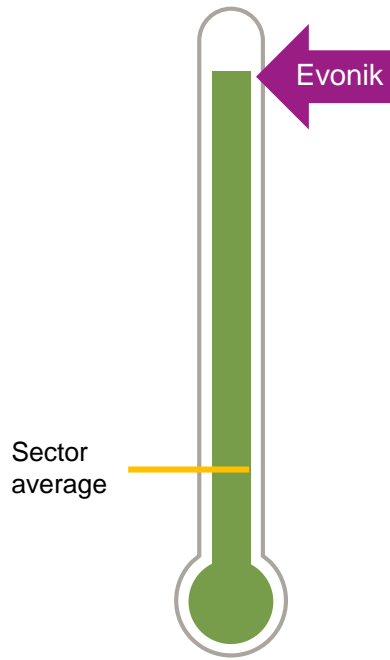
1. Strategy Details
2. Financials
3. Division overview
- 4. Sustainability**
5. Financials
6. Upcoming events

Sustainability – Rankings

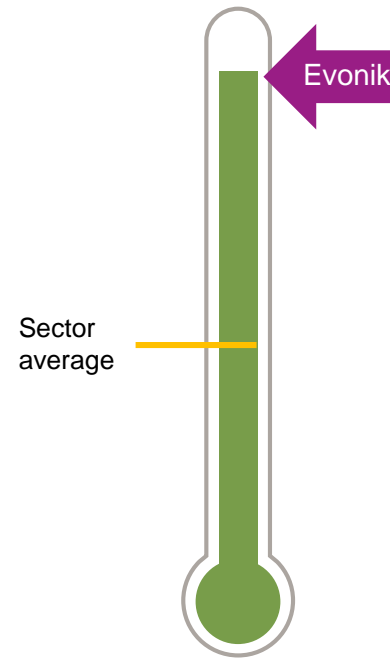
Evonik best-in-class within chemicals sector in terms of sustainability



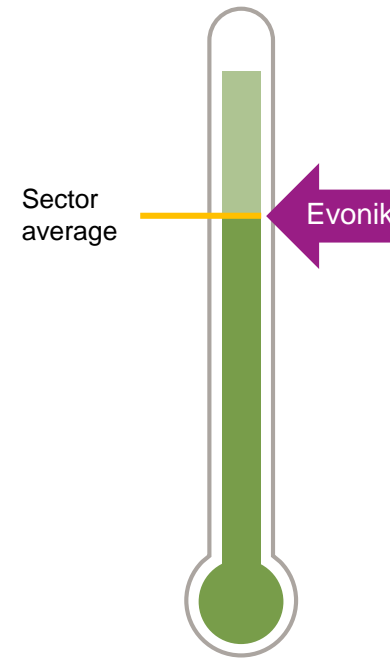
MSCI



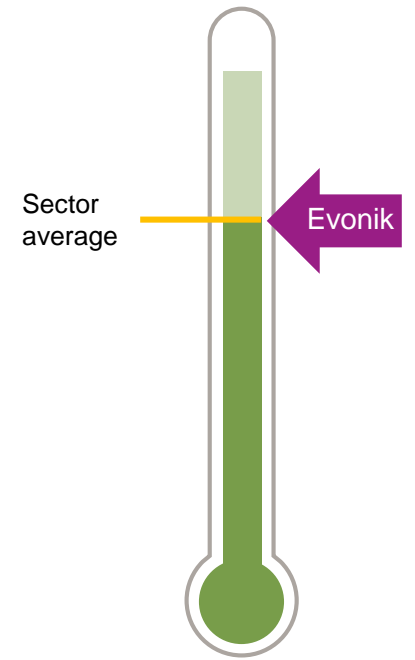
ecovadis



ISS-oekom



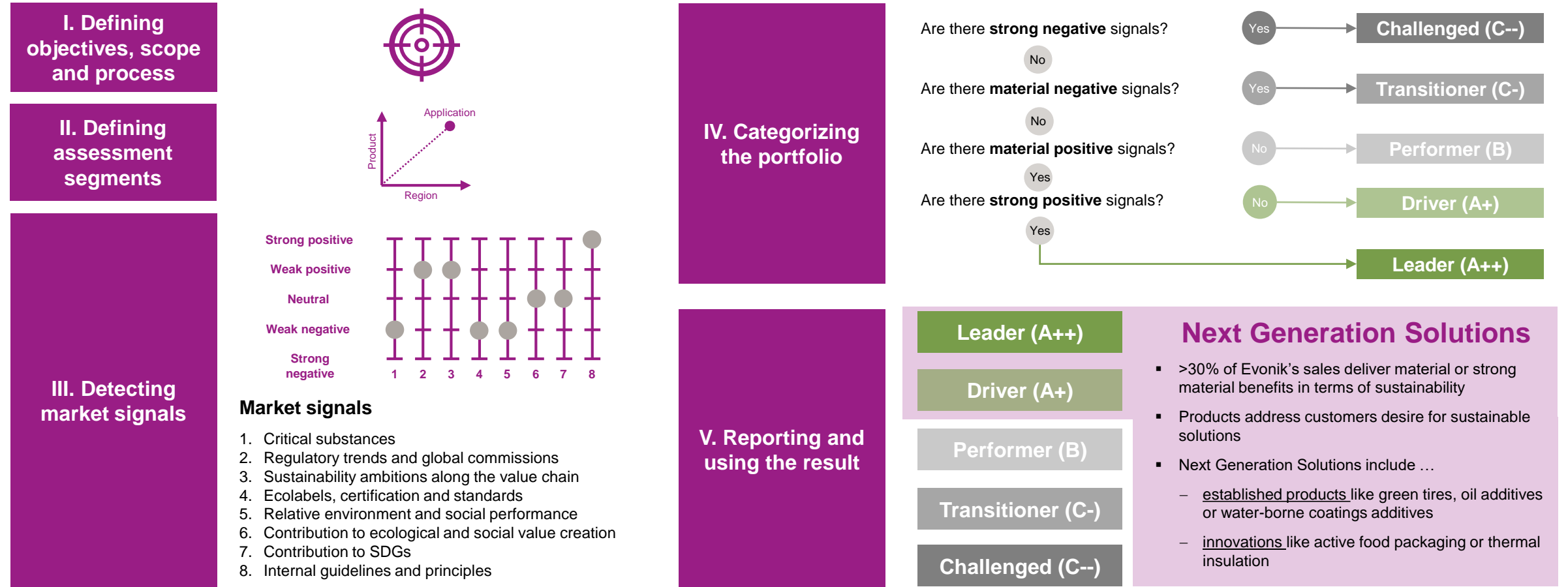
SUSTAINALYTICS



CDP
DRIVING SUSTAINABLE ECONOMIES

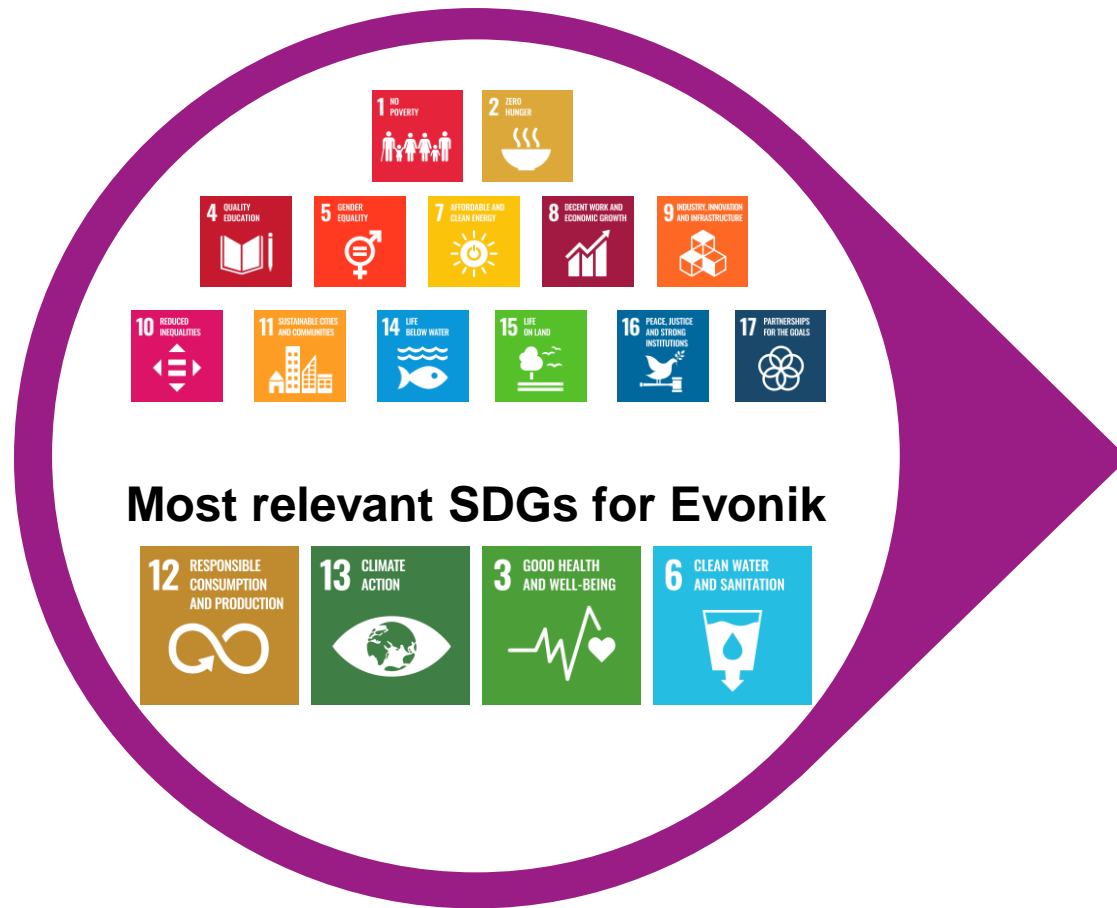
Sustainability – Evonik Sustainability Analysis

Methodology aligned to WBCSD standards



UN Sustainable Development Goals (SDGs)

>50% of Evonik's portfolio with positive benefit to SDGs



>50%¹
of Evonik's sales
contribute to SDGs

1. 2018 sales continuing operations | Most relevant SDGs ranked by significance from left to right

UN Sustainable Development Goals (SDGs)

Our positive impact on the SDGs of most relevance for Evonik¹

Our contribution to SDG 12

- High safety standards
- Responsible supply chain management
- Responsible management of chemicals and waste
- Products for resource efficiency in highly demanding applications

Our contribution to SDG 3

- APIs² and intermediates
- Food ingredients and nutritional delivery
- Highly purified amino acids
- Parenteral and drug delivery
- Medical devices

SDGs of most relevance for Evonik



Our contribution to SDG 13

- Ambitious CO₂ reduction targets
- Silica-silane technology for „green“ tires
- Oil additives to extend life of hydraulic machines and save fuel
- Membranes for biogas upgrading
- DL methionine for animal nutrition
- High-performance insulation materials

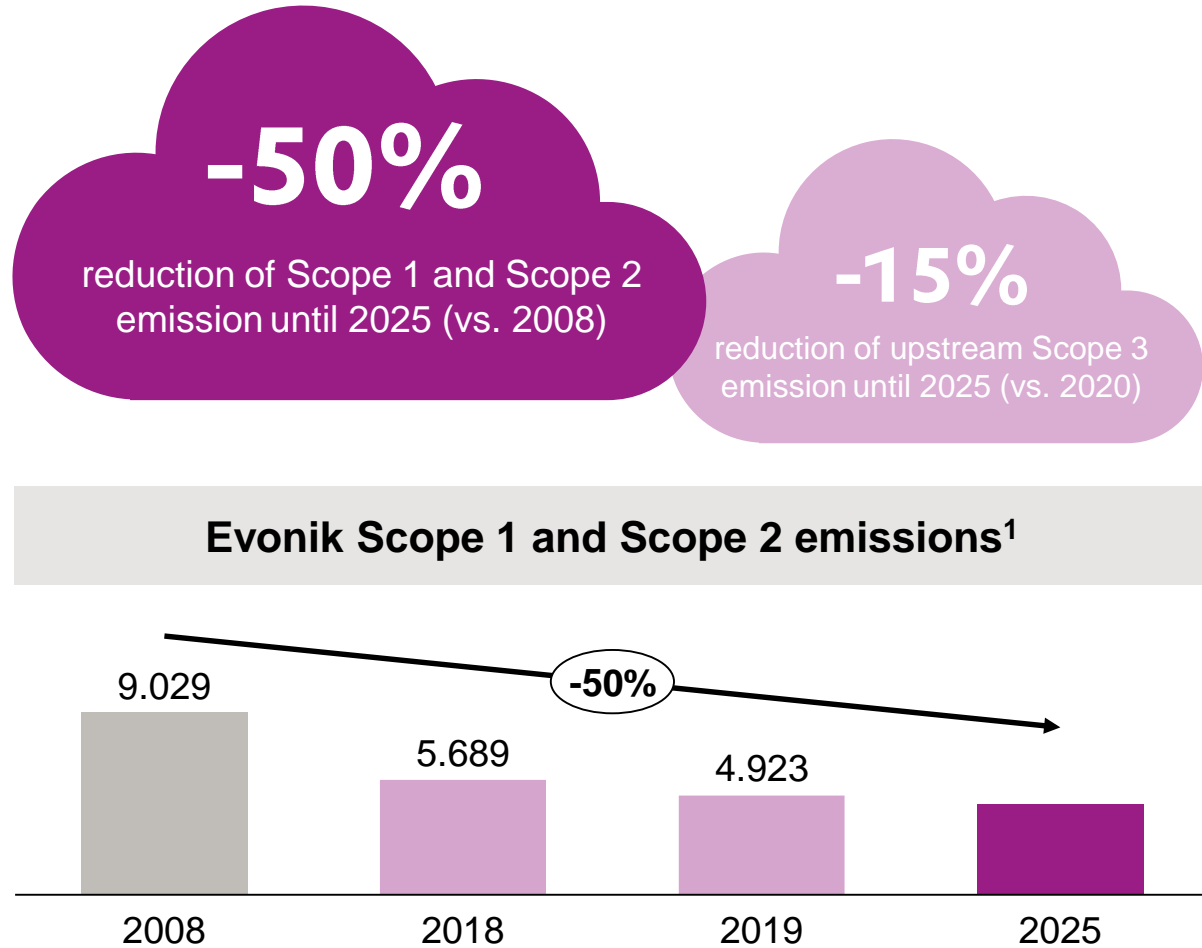
Our contribution to SDG 6

- Global water management system: development of site-specific action plans within Evonik Group
- Oxidation agents, waste water treatment
- Biosurfactants

1) Examples 2) API = Active Pharmaceutical Ingredient

Sustainability – Environmental targets

Ambitious greenhouse gas emission reduction targets



- Strong commitment to **"Paris Agreement on Climate Change"** reflected in implementation and execution on environmental targets
- **"Sustainability Strategy 2020+"** targets reduction of -50% of Scope 1 and Scope 2 emissions by 2025 (compared to base year 2008)
- Global **CO₂ pricing** used as an additional planning parameter for investment decisions

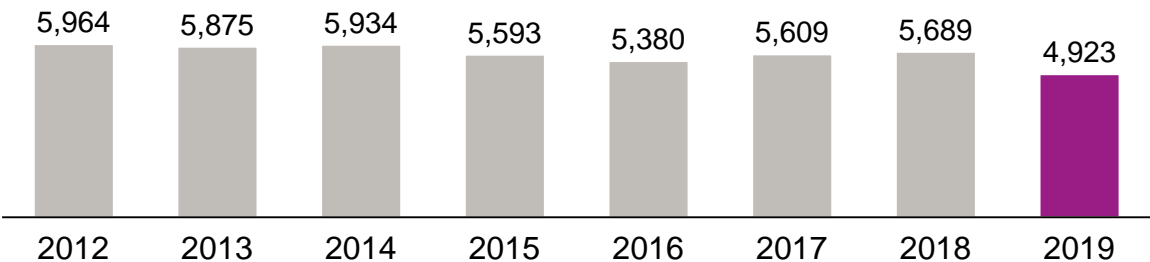
1. in thousand metric tons CO₂eq

Sustainability – Main KPIs



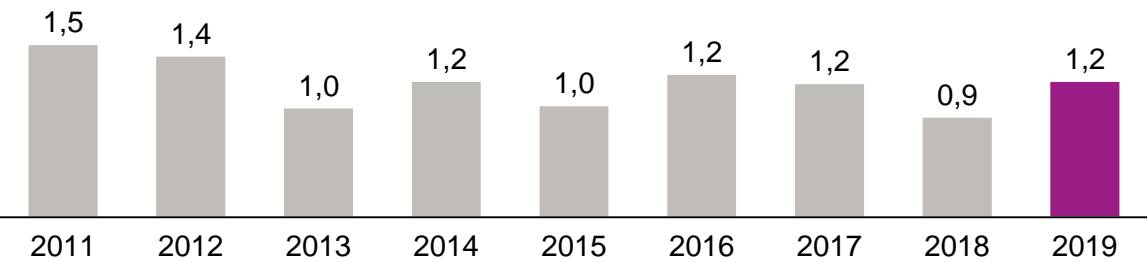
Greenhouse gas emissions

Scope 1 and Scope 2 emissions in thousand metric tons CO2 equivalents



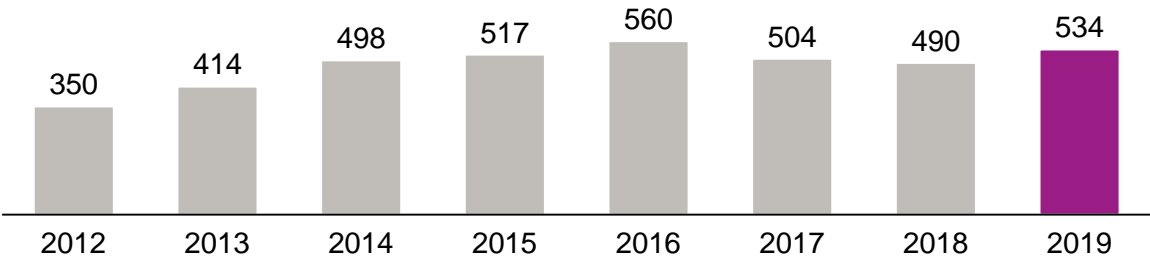
Accident frequency

Number of accidents per 1 million working hours



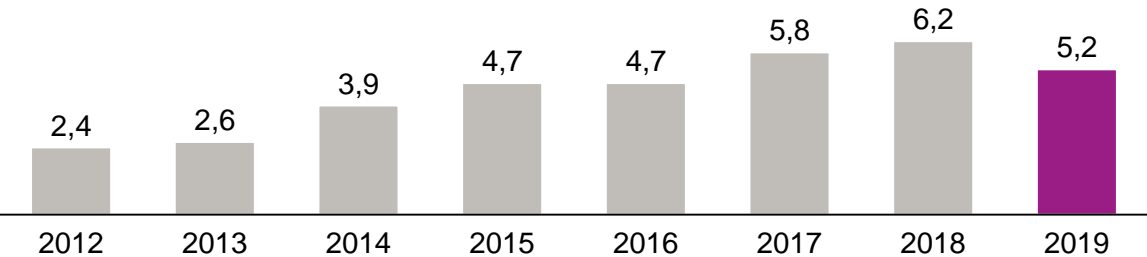
Total water consumption

in million m³



Employee turnover

in %



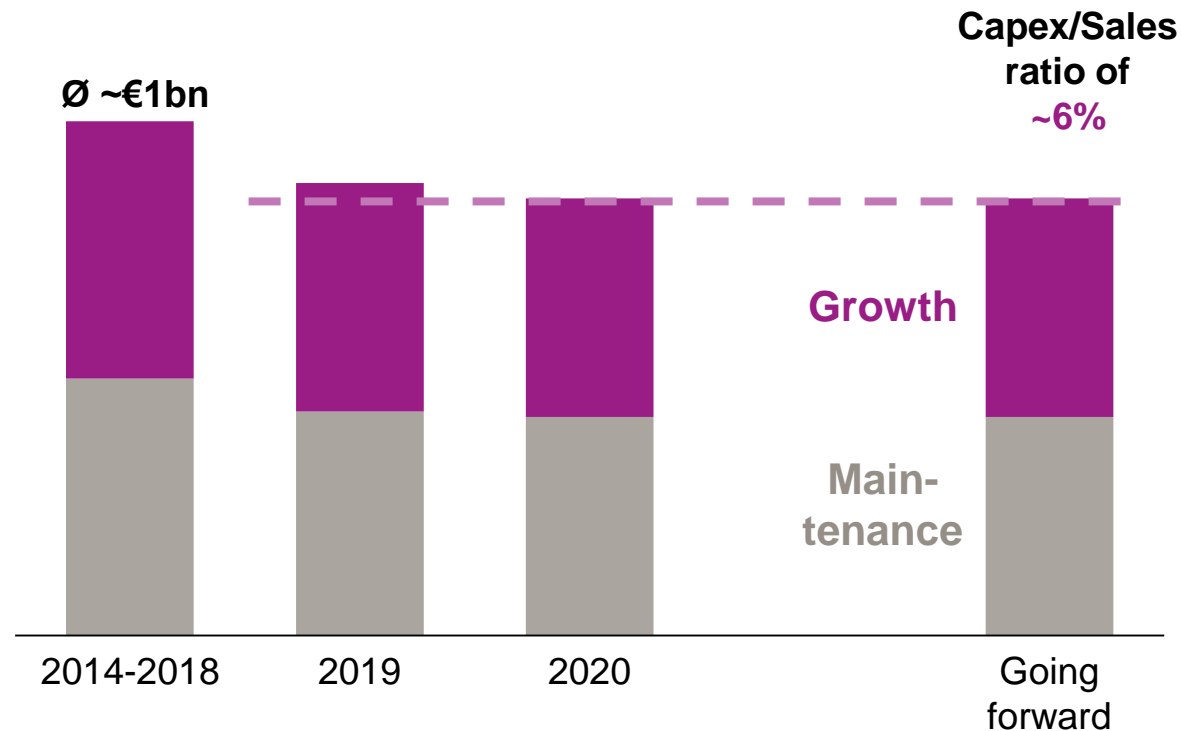
Appendix

1. Strategy Details
2. Financials
3. Division overview
4. Sustainability
- 5. Financials**
6. Upcoming events

Spotlight on capex

Optimized capex spending on a continuously lower level of €850 m

Continuous capex level of ~€850 m



Capex = Cash outflow for investment in intangible assets, pp&e

Optimized capex spending going forward



Strict allocation criteria, especially for maintenance capex



Harmonization of maintenance projects to global standards



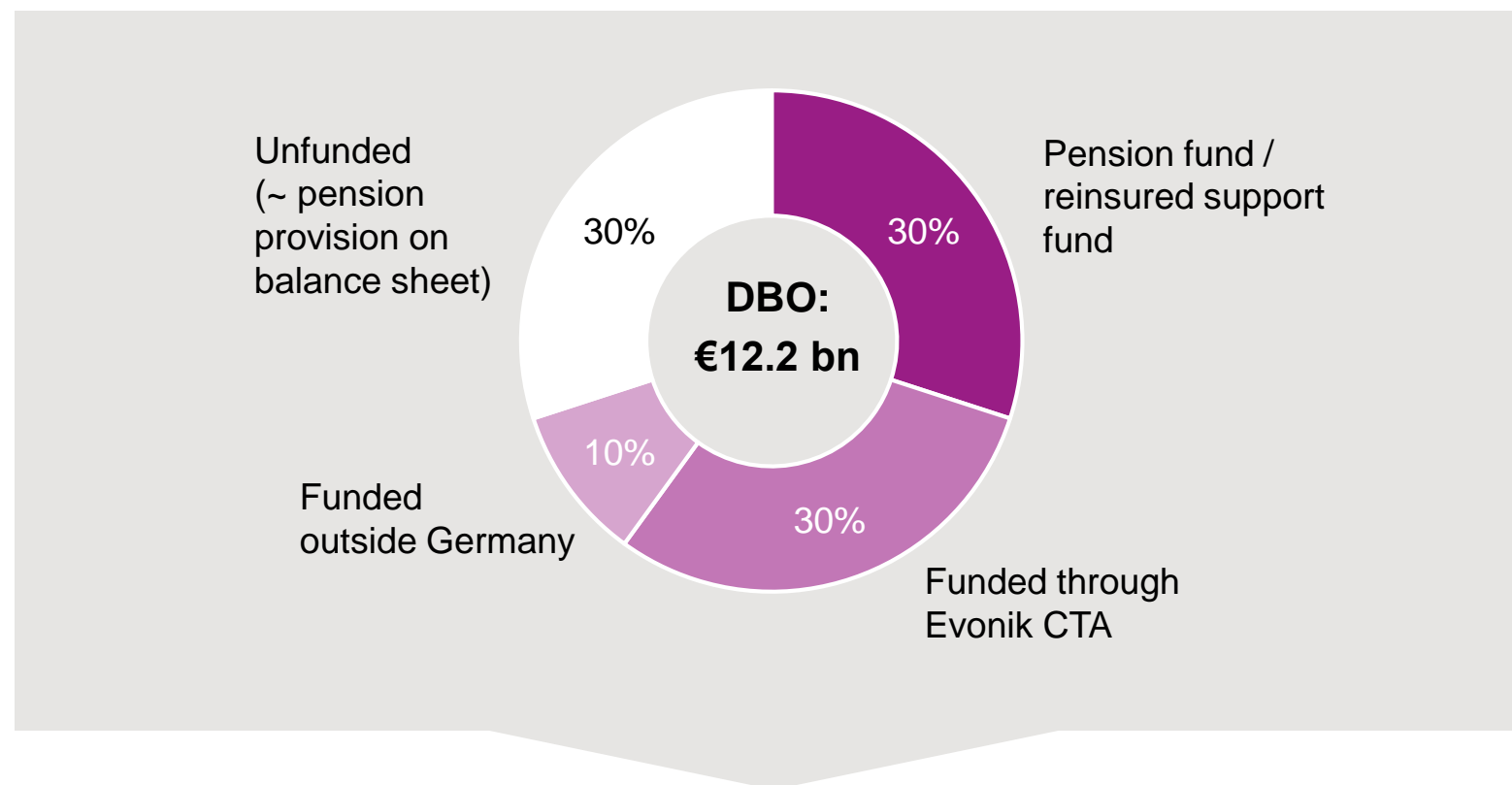
Asset Lifecycle Management for each business with a 10-year time horizon



Site Footprint Masterplan: Definition and capex allocation according to clear capex roles for individual sites

Pensions

Pension funding overview as of 31 December 2019



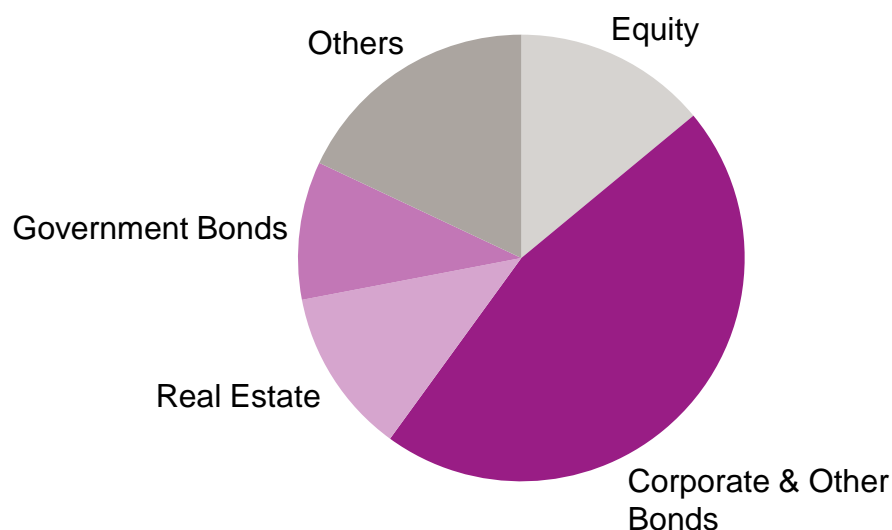
Funding level at ~ 70%

- Pensions very long-term, patient debt (>17 years) with no funding obligations in Germany
- DBO level of €12.2 bn (interest rate at 1.30%)
- Funding ratio at ~70% mainly due to positive development of pension asset

Pensions

Structure and performance of pension assets

Structure of pension assets



€8.4 bn plan assets covering **~€12.2 bn** DBO with **~70%** funding ratio¹

1. As of 31 December 2019

Performance of pension assets

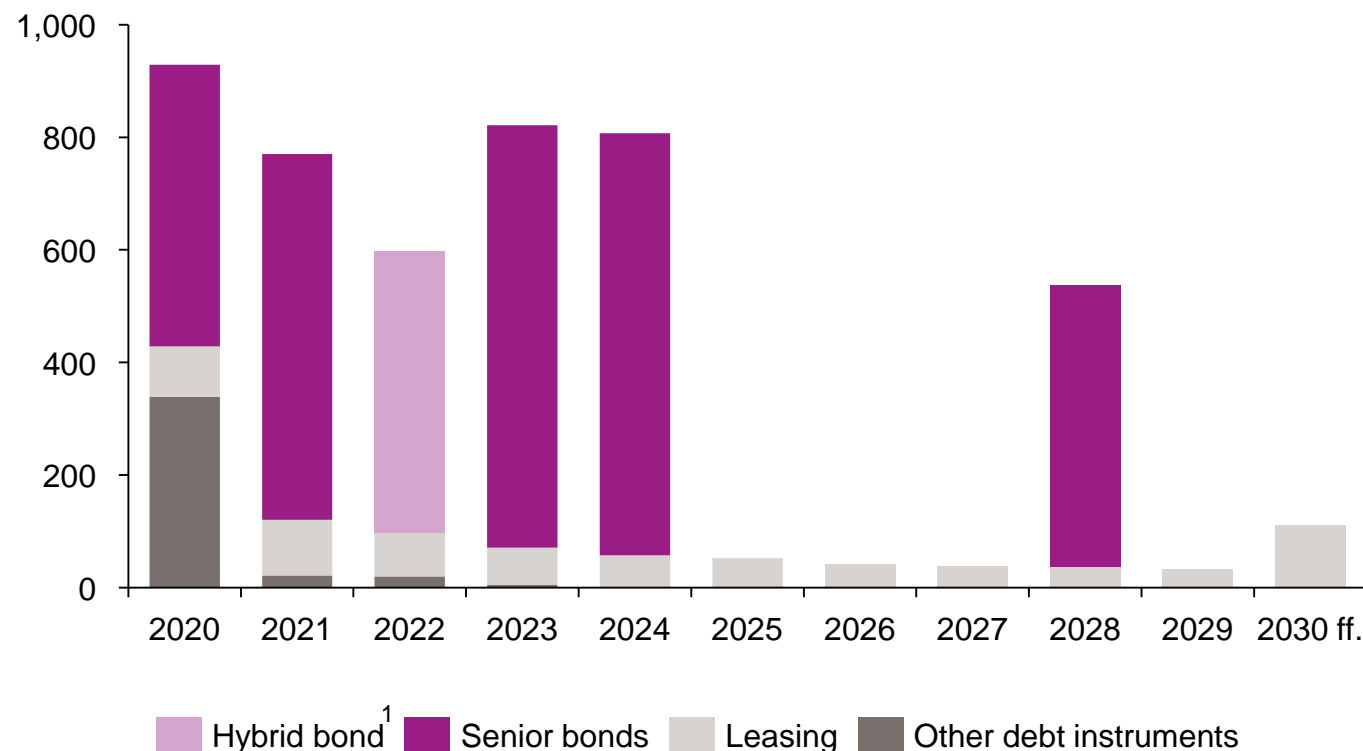
- Pension assets with a relatively **defensive and diversified portfolio** mix (only 14% equity quota)
- Strong **historic performance of ~5%** on average securing a 70% funding ratio
- Conservative performance targets going forward sufficient to **keep the current funding ratio**

Even in a more difficult environment **no need for further top-ups** to maintain current funding ratio

Debt structure

Well balanced maturity profile

(in € m as of March 31, 2020)

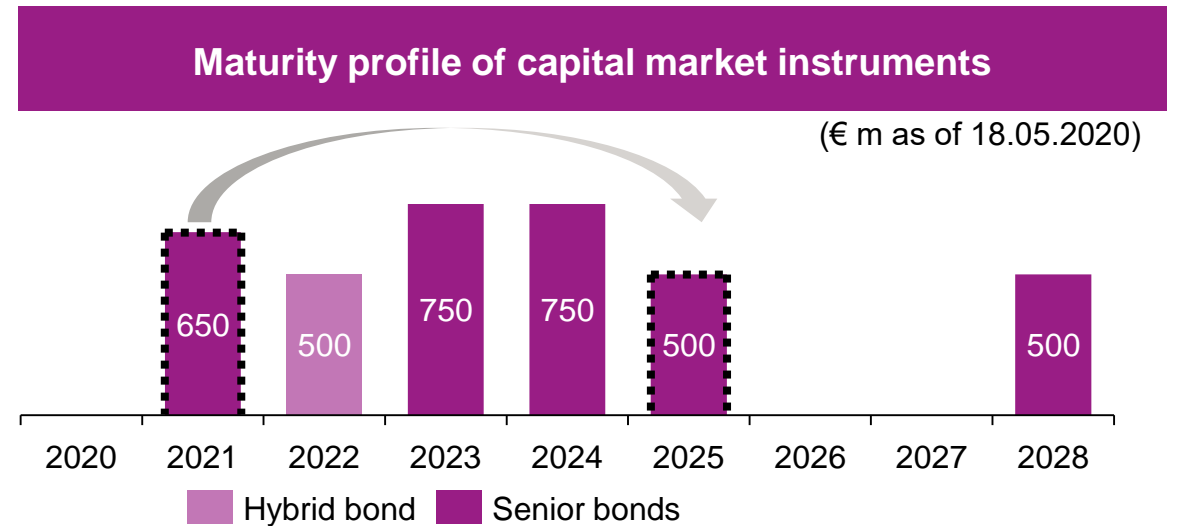


- Well balanced debt maturity profile with no single bond maturity greater than € 750m
- Long-term capital market financing secured at favorable conditions:
 - average coupon of 0.74% p.a. on €3.15 bn senior bonds
 - coupon of 2.125% p.a. on €0.5 bn hybrid bond
- €500 m senior bond due in April 2020 already repaid from MMA disposal proceeds
- Undrawn €1.75 bn syndicated revolving credit facility maturing June 2024

Evonik successfully placed €500 m bond

- On 11th May 2020, Evonik successfully placed a €500m bond in the Eurobond market
- The proceeds of the issue will be used to partially refinance the outstanding €650 million senior bond due in March 2021
- The final orderbook was ~ 2.5x oversubscribed
- Demand was driven by German, French and UK high-quality asset managers

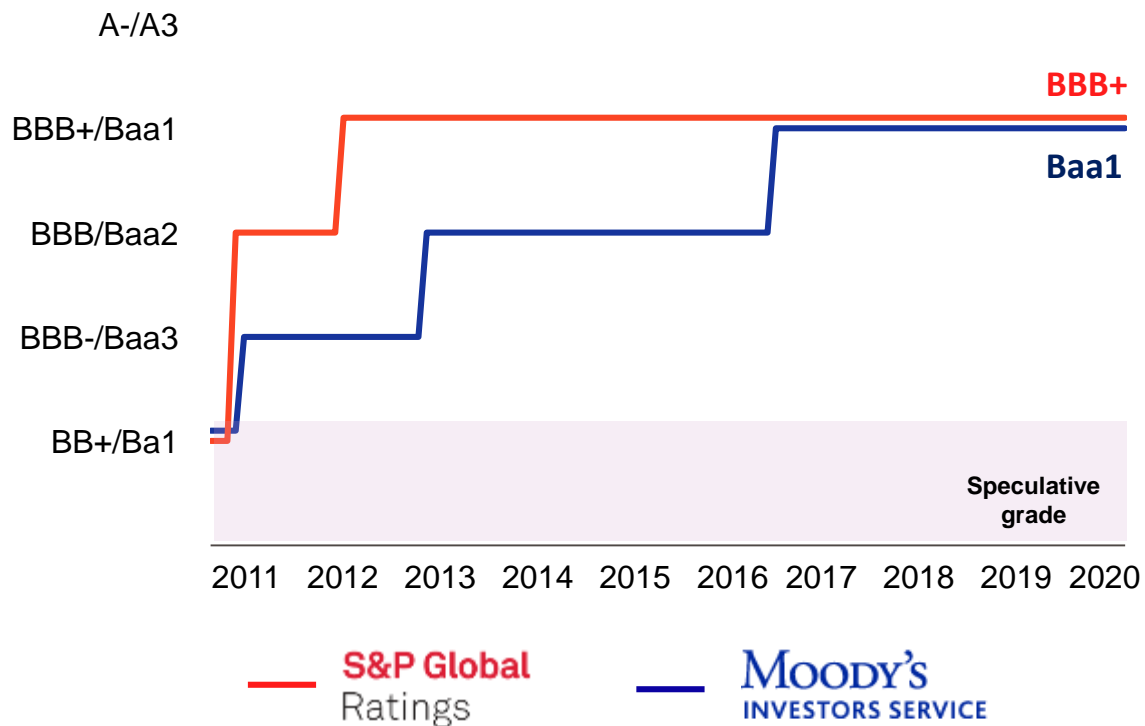
Key transaction terms	
Issuer	Evonik Industries AG
Amount	€500m
Tenor	5 years 4 months
Maturity	18 September 2025
Coupon	0.625% p.a.
Price	99.599%
Yield	0.702% p.a.



- €500 m senior bond due in April 2020 already repaid from MMA disposal proceeds
- €650 million senior bond due in March 2021 already partially pre-financed by a new bond issued in May 2020

Financial policy

Maintaining a solid investment grade rating



In April 2020 **Moody's** affirmed the **Baa1** rating of Evonik and changed the outlook to **negative** from stable

At the same time Moody's assessed the liquidity profile of Evonik as solid underpinned by a strong cash position

S&P rating and outlook remains unchanged at **BBB+/stable** since 2012

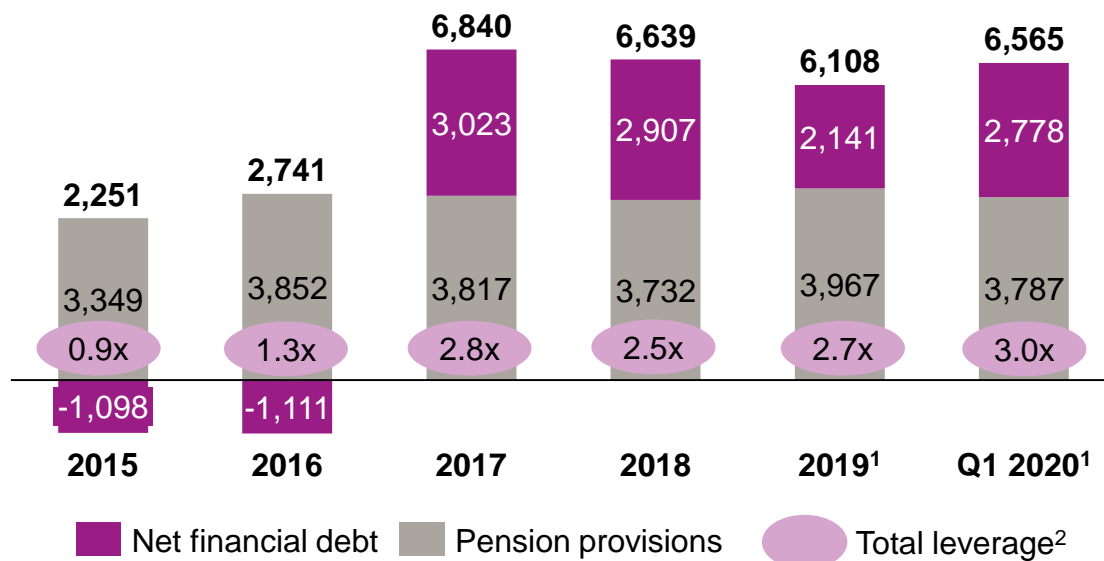
Both rating agencies acknowledge

- a strong business profile of Evonik 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

Development of debt and leverage over time

(in € m)

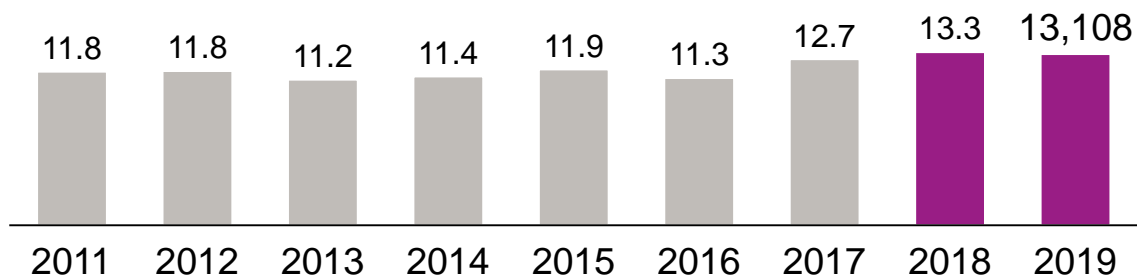


Adj. net debt ³	2,251	2,741	6,590	6,389	5,858 ¹	6,315 ¹
Adj. EBITDA	2,465	2,165	2,357	2,601	2,153 ¹	2,127 ¹
German pension discount rate (%)	2.75	2.00	2.00	2.00	1.30	1.70

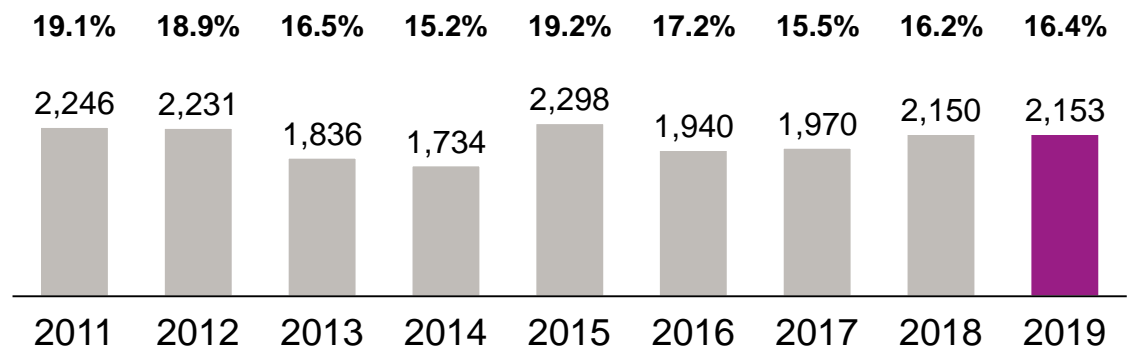
- Increase as per Q1 2020 mainly from closing of PeroxyChem acquisition
- **Net financial debt leverage** continues to be low at **only 1.2x**
- More than half of net debt consists of long-dated pension obligations with > 17 years duration
- Pension provisions reduced during Q1 due to increase of pension discount rates (mainly caused by higher yields of underlying AA-rated corporate bonds)
- Pension provisions partly balanced by corresponding deferred tax assets of ~€1.29 bn

Financials

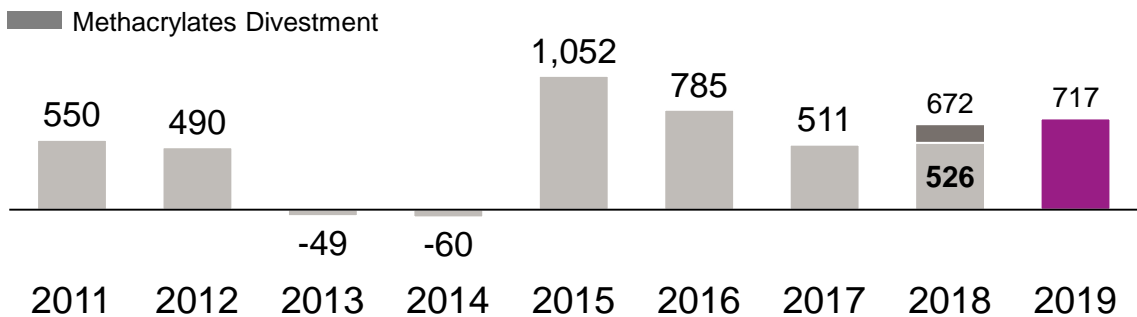
Sales¹ (in € bn)



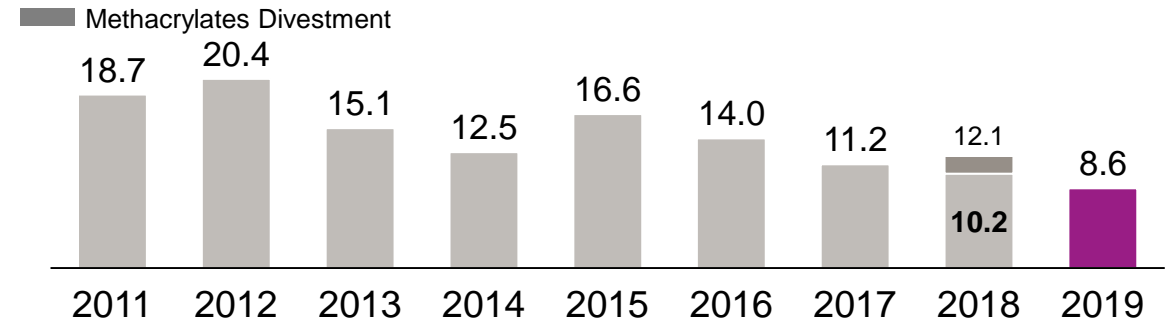
Adj. EBITDA¹ (in € m) / margin



Free Cash Flow (as reported, in € m)



ROCE (as reported, in %)



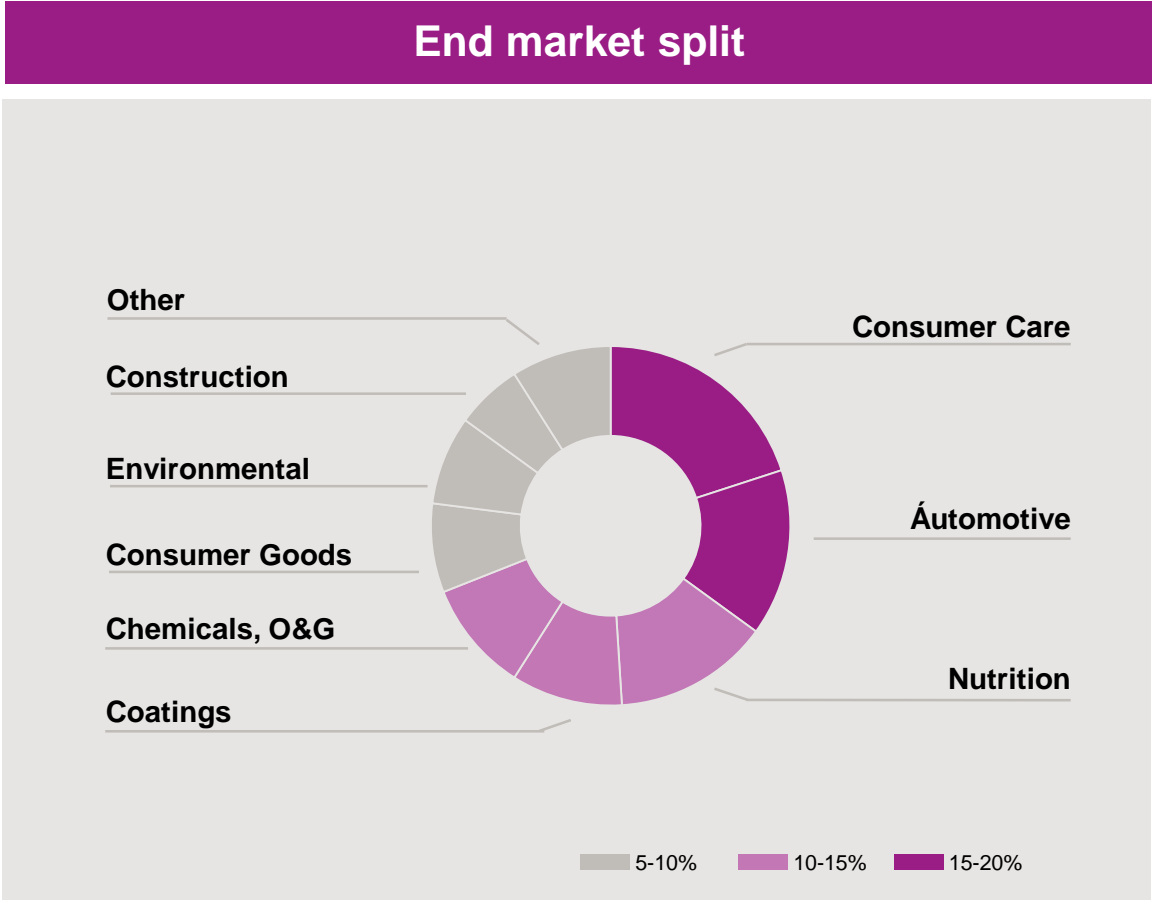
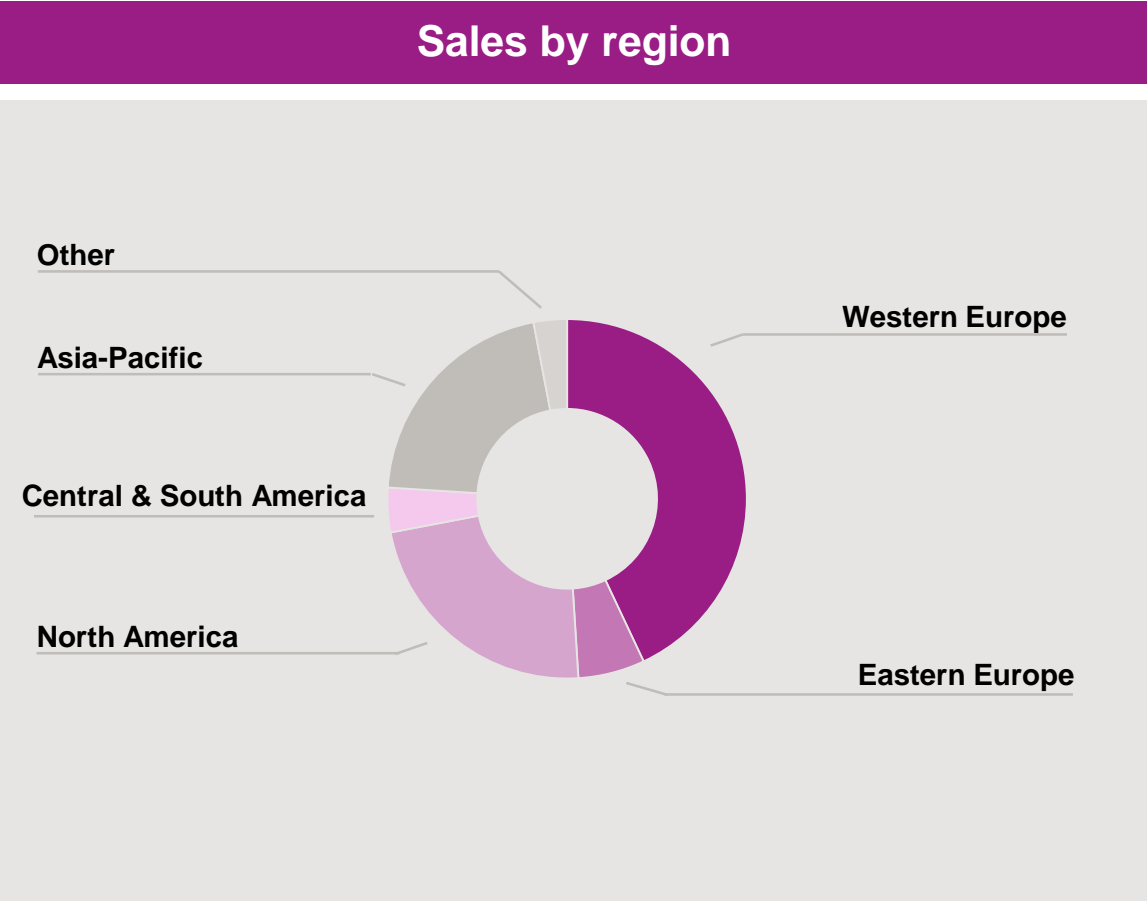
1. Continuing operations

Segment overview by quarter – Continuing operations

Sales (in € m)	Q1/19	Q2/19	Q3/19	Q4/19	FY 2019	Q1/20
Nutrition & Care	1,149	1,131	1,138	1,163	4,582	1,134
Resource Efficiency	1,438	1,445	1,414	1,387	5,685	1,437
Performance Materials	520	553	475	495	2,043	472
Services	174	171	196	221	763	191
Corporate / Others	6	6	9	18	35	9
Evonik Group	3,287	3,306	3,232	3,284	13,108	3,243

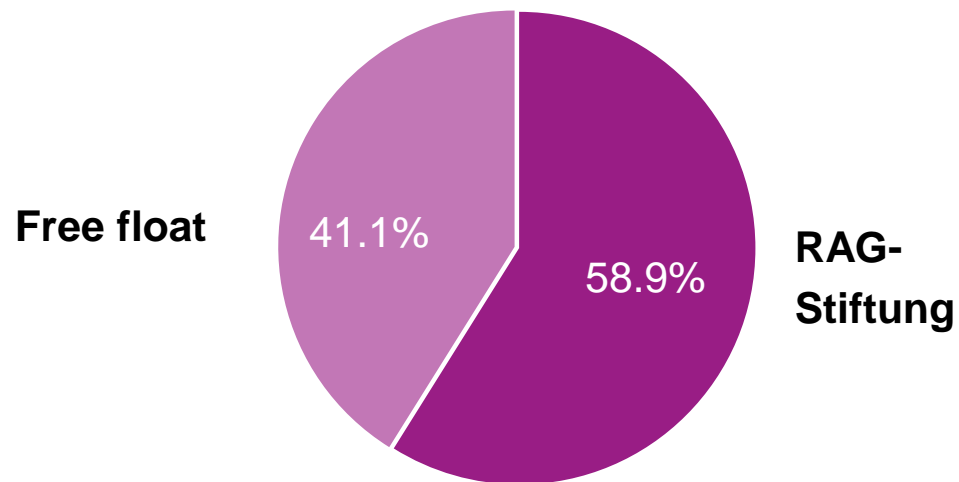
Adj. EBITDA (in € m)	Q1/19	Q2/19	Q3/19	Q4/19	FY 2019	Q1/20
Nutrition & Care	180	190	188	170	728	174
Resource Efficiency	330	326	322	314	1,290	344
Performance Materials	53	74	47	50	224	23
Services	31	36	32	24	122	29
Corporate / Others	-55	-60	-46	-53	-211	-57
Evonik Group	539	566	543	505	2,153	513

Balanced regional and end market split 2019



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

Ownership structure



RAG-Stiftung

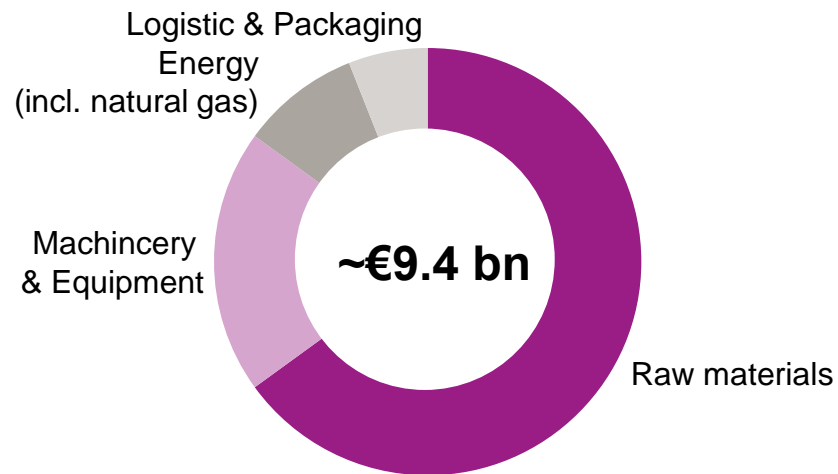
- A foundation with the obligation to finance the perpetual liabilities arising from the cessation of hard-coal mining in Germany
- Evonik as integral and stable portfolio element with **attractive and reliable dividend policy**
- Clear **intention to remain significant shareholder**
- RAG-Stiftung capable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

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

Raw material split and TOP 3 raw materials per division

Total procurement volume 2019 (in € m)



Breakdown of raw material spend¹ (examples)

Bio

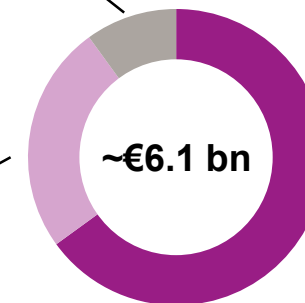
- Dextrose
- Fatty alcohols
- Tallow fatty acid
- Fatty acids
- tallow

Inorganic & other

- Sodium silicate
- Sodium hydroxide
- Silicon metal

Fossil

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



Specialty Additives

Acetone
Ammonia
Fatty Alcohol

Nutrition & Care

Propylene
Methanol
Dextrose

Smart Materials

Sodium Silicate
Silicone Metal
Sodium Hydroxide

Performance Materials

Crack C4
Propylene
Acrylic Acid

1. Raw material spend 65% of total procurement volume in 2019

New divisional structure

Divisions, sub-divisions and key products

Specialty Additives		Nutrition & Care		Smart Materials		Performance Materials
		Animal Nutrition	Health & Care	Inorganics	Polymers	
Coating additives PU additives Lubricant additives		Amino acids	Active cosmetic ingredients Drug delivery systems	Silica H ₂ O ₂ Catalysts	PA 12	C4 derivatives Superabsorbers

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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	
18 June 2020	Barclays European Select Conf., Napa Valley (virtual)
18 August 2020	Bankhaus Lampe “Deutschlandkonferenz”, Baden Baden

Upcoming Events & Reporting Dates	
31 August 2020	AGM (virtual)
4 August 2020	Q2 2020 reporting
3 November 2020	Q3 2020 reporting
4 March 2021	Q4/FY 2020 reporting
6 May 2021	Q1 2021 reporting
5 August 2021	Q2 2021 reporting
4 November 2021	Q3 2021 reporting

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