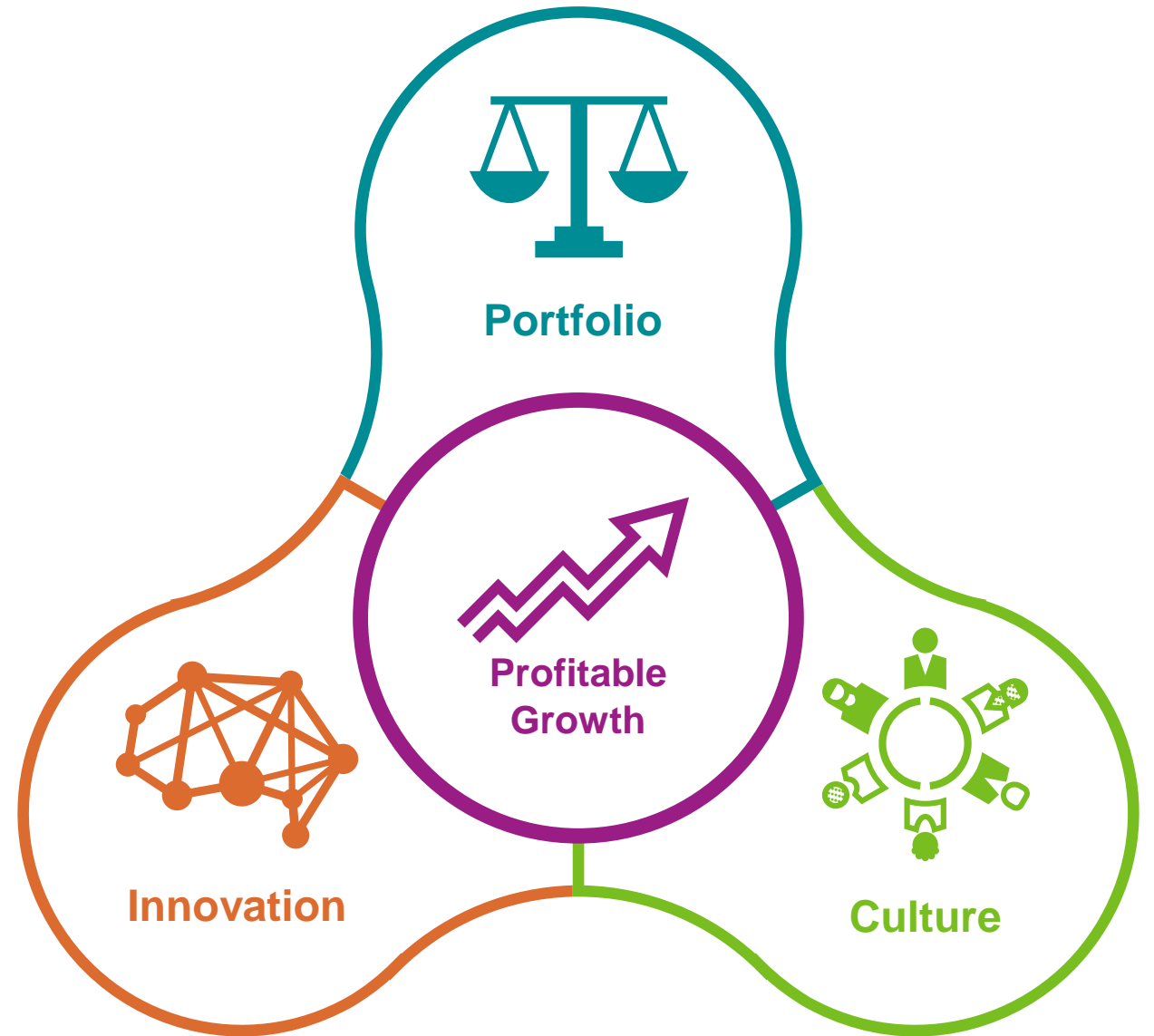


**Evonik**  
**Power to create.**

Company presentation

Q4 2018 Results Roadshow



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# A strong basis in Specialty Chemicals

## Market leadership



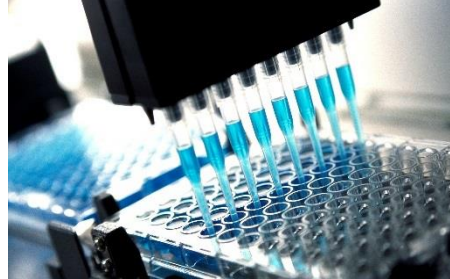
Leading market positions in  
**80%**  
of our businesses<sup>1</sup>

## Customer proximity



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

## Technology leadership



Leading and  
proprietary technology  
platforms in  
**25 countries**  
on  
**5 continents**

## Unique brand recognition



**tego**  
An Evonik product.

**ROHACELL**  
An Evonik product.

**PLEXIGLAS**

(selected product brands)

## Qualified employees



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

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

# Three segments with differentiated management

## Group financials 2018

**Sales**

€15,024 m

**Adj. EBITDA**

€2,601 m

**Margin**

17.3%

**ROCE**

12.1%



### Growth

**Nutrition  
& Care**



**Resource  
Efficiency**



### Efficiency

**Performance  
Materials**



**Sales**  
€4,646 m



**Adj. EBITDA / Margin**  
€810 m / 17.4%



**Sales**  
€5,709 m



**Adj. EBITDA / Margin**  
€1,288 m / 22.6%



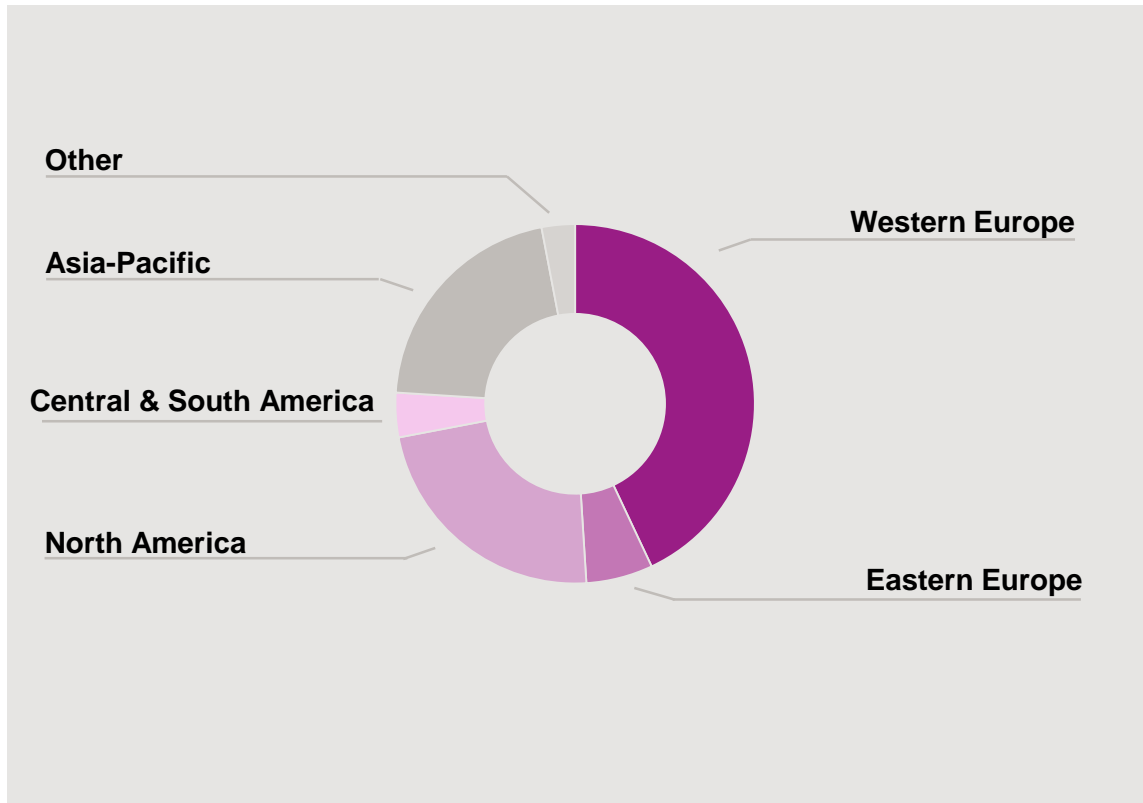
**Sales**  
€3,976 m



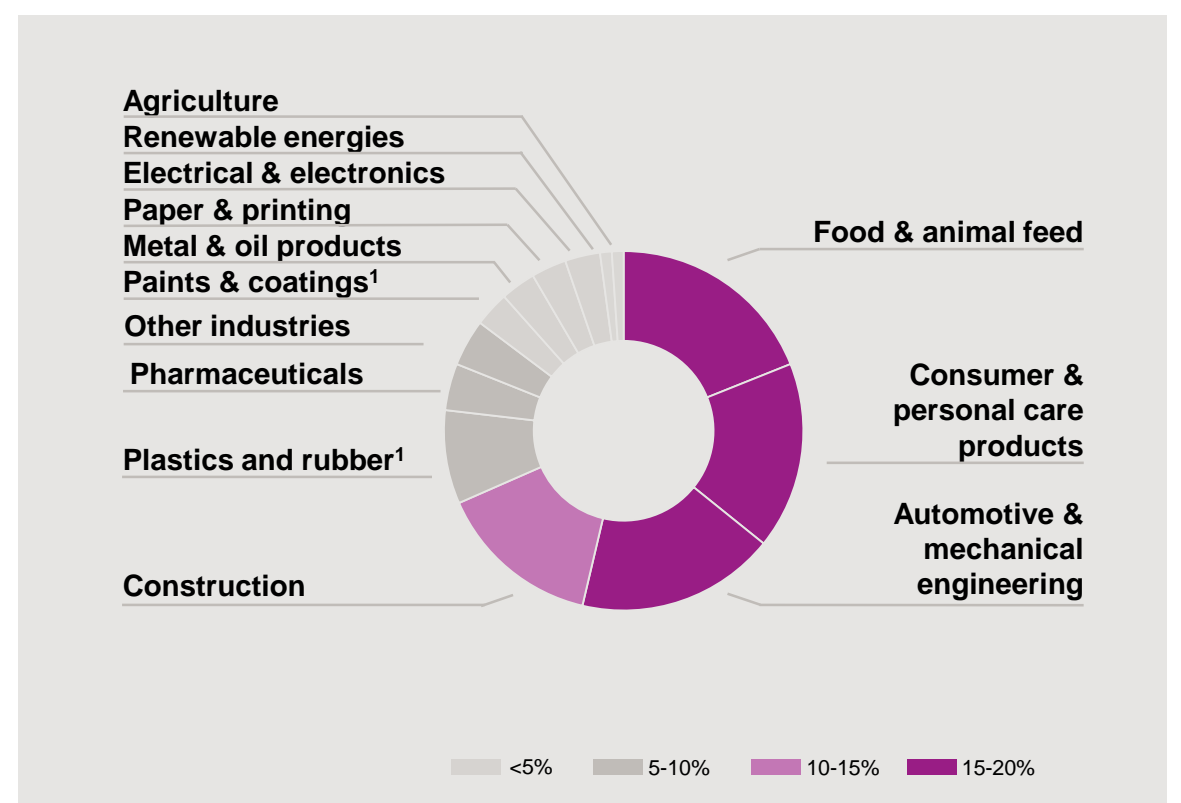
**Adj. EBITDA / Margin**  
€670 m / 16.9%

# Balanced regional and end market split

## Sales by region



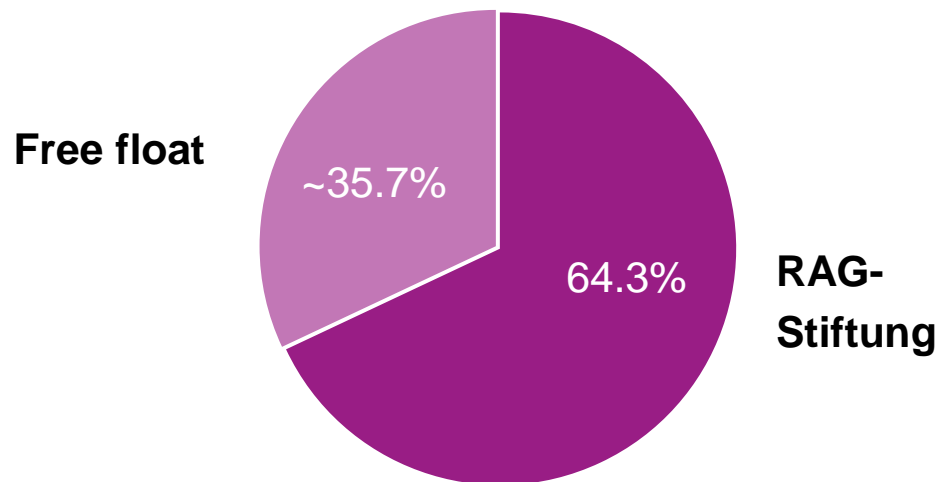
## End market split



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

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

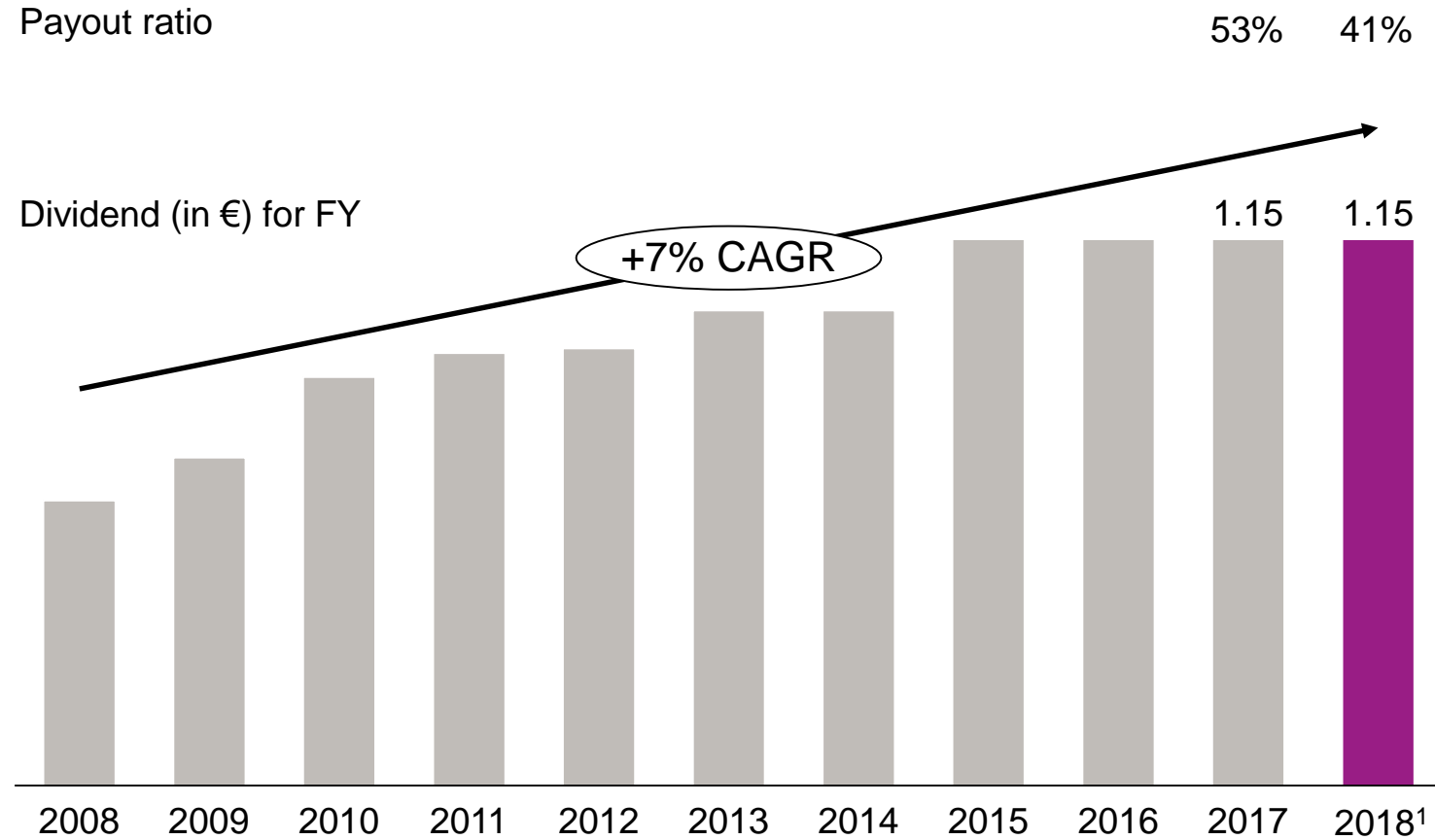
## Ownership structure



## 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 (~€365 m dividend received in 2017)

# 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

1. Proposal to AGM 2019

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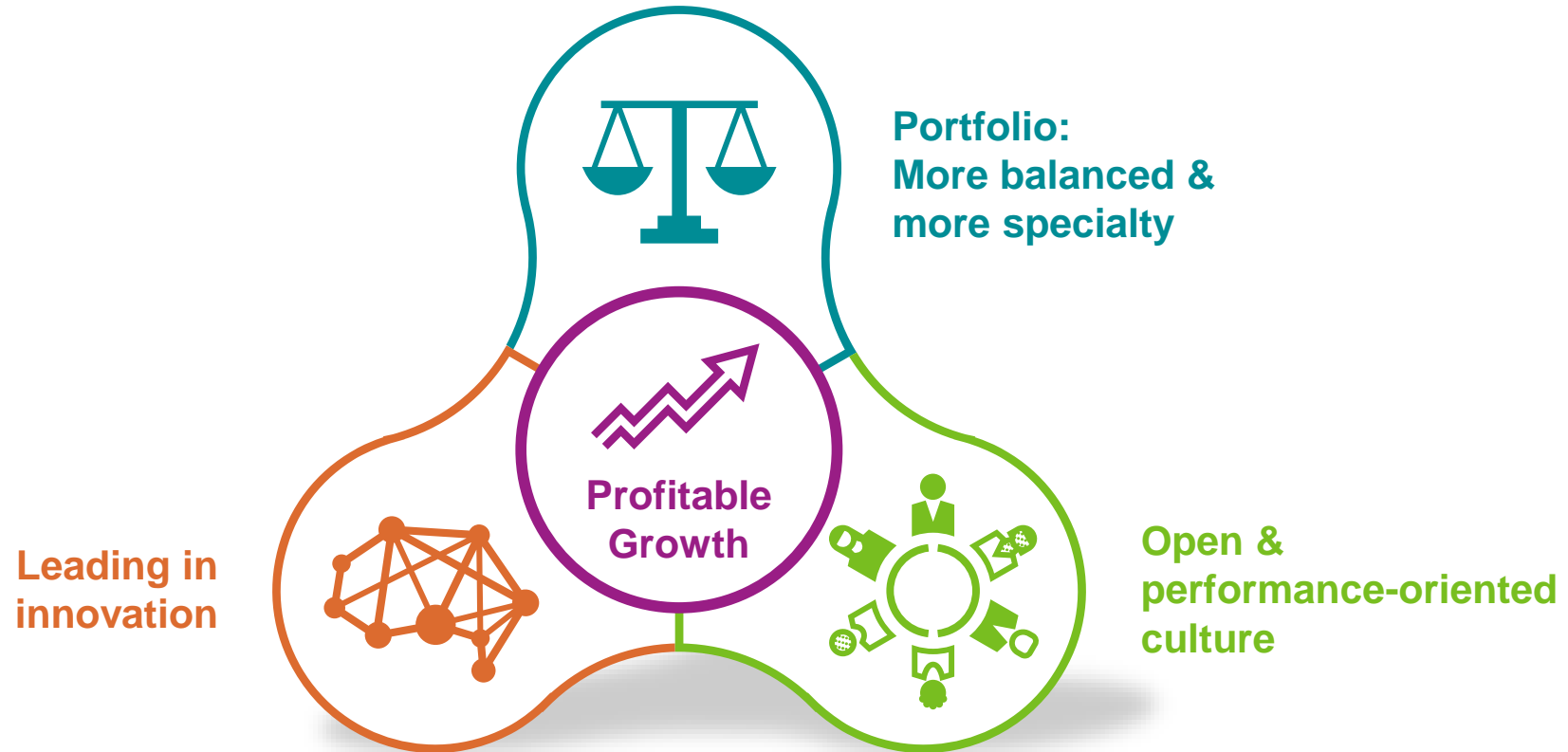
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# Building a best-in-class specialty chemicals company

# Targeting excellence in three strategic focus areas



# Target portfolio structure

Four growth engines as drivers for profitable & balanced growth

## NUTRITION & CARE

## RESOURCE EFFICIENCY



Health & Care



Smart Materials



Specialty Additives



Animal Nutrition

Four  
growth  
engines

# Building on our strengths

## Developing our growth segments and businesses

### NUTRITION & CARE

€4.6 bn

Mature  
businesses



Growth  
businesses

### RESOURCE EFFICIENCY

€5.7 bn

Mature  
businesses



Growth  
businesses

### PERFORMANCE MATERIALS

€4.0 bn

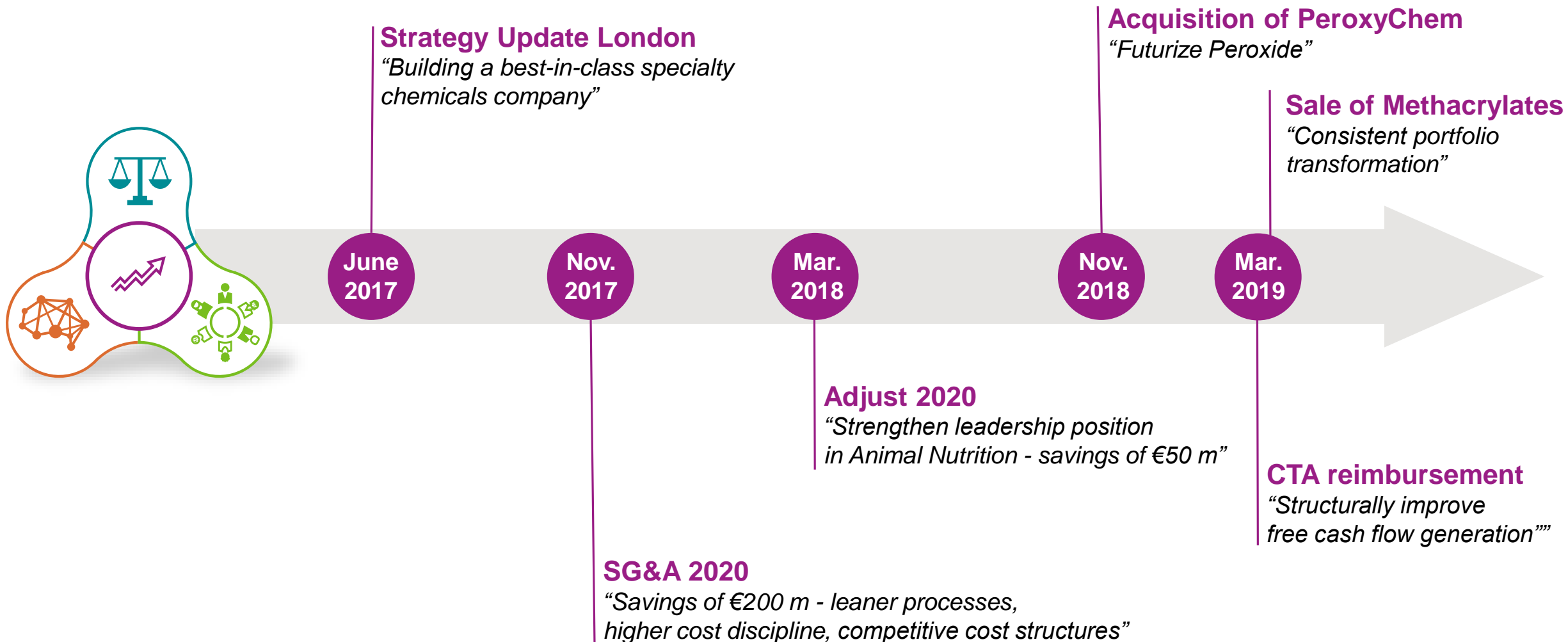
Mature  
businesses



✓ 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 H<sub>2</sub>O<sub>2</sub> 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

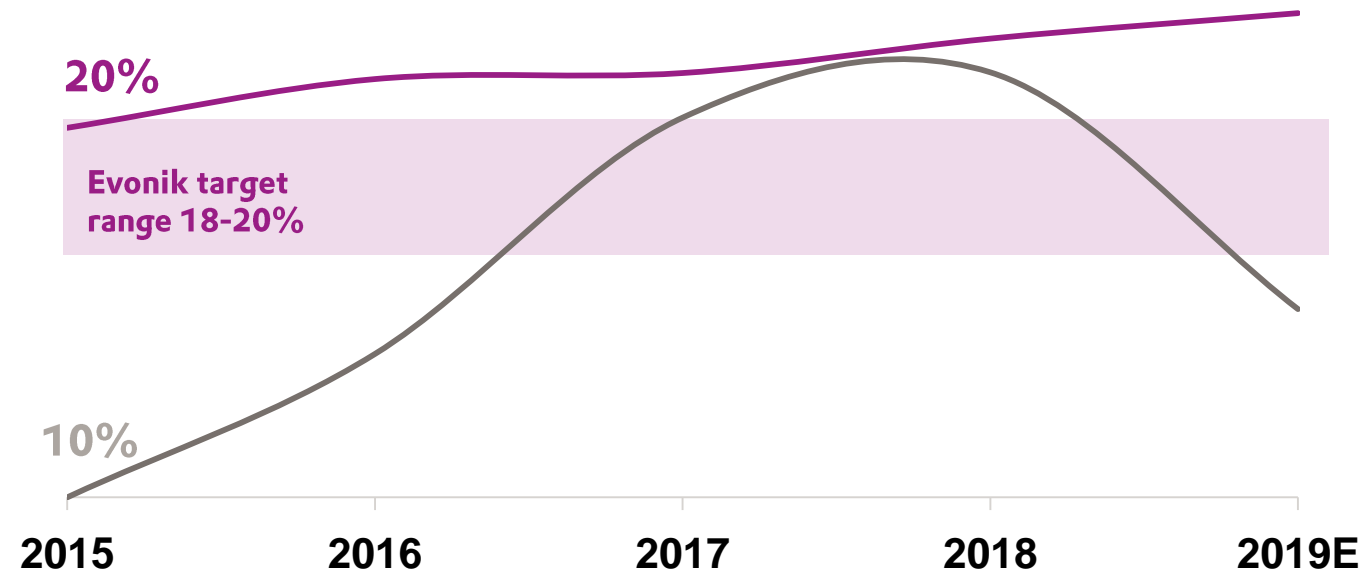
# Portfolio transformation leads to higher margins with reduced volatility

## EBITDA margin development: Acquisitions vs. "MMA/PMMA Verbund"

### Acquisitions



### MMA/PMMA



Ø Acquisitions  
~22%

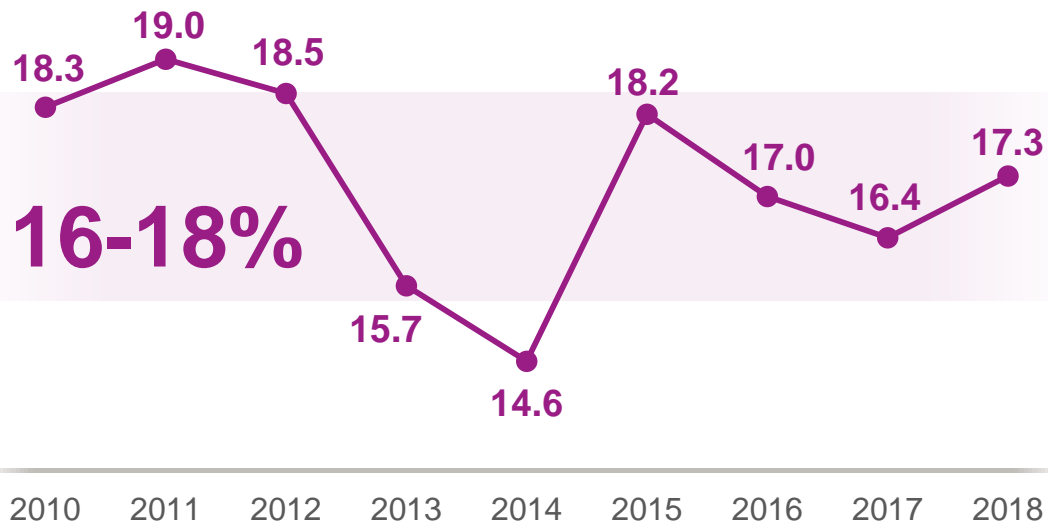
VS.

Ø MMA  
~17%

# Strategic agenda reflected in ambitious financial targets

## Structurally lifting EBITDA margin and driving balanced growth

### Historic margin range (in %)



### Targets going forward (over the cycle)

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

Above-average volume growth **GDP+**

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



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# FY 2018 – We delivered on our main financial targets

EBITDA growth<sup>1</sup>

**+10%**

*Delivering on guidance,  
despite more difficult  
macro environment*

EBITDA margin<sup>1</sup>

**+90bp**  
(to 17.3%)

*Moving closer to  
target range of 18-20%*

Free cash flow<sup>1</sup>

**+32%**  
(cash conversion rate 25.8%)

*Clear improvement of  
absolute FCF level  
and conversion rate*

ROCE<sup>1</sup>

**+90bp**  
(to 12.1%)

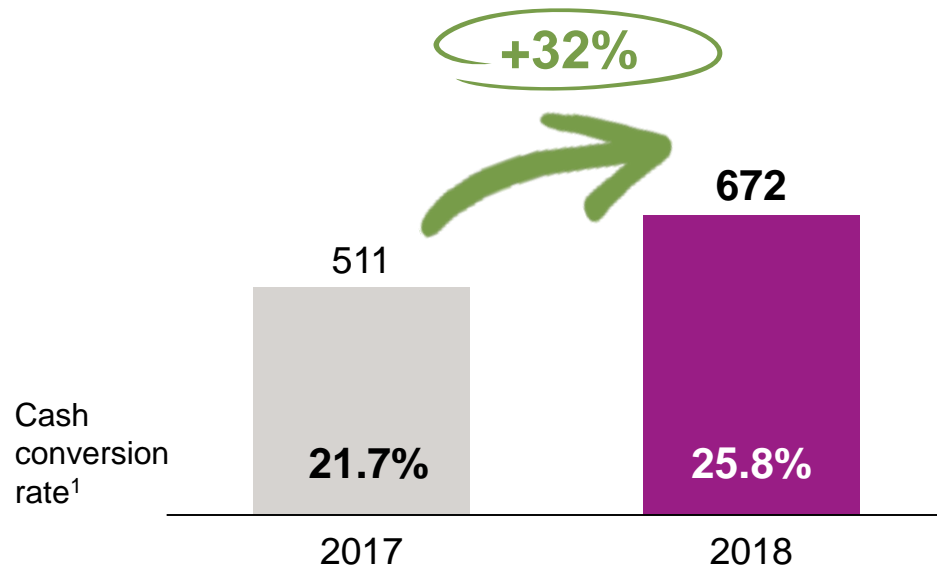
*ROCE clearly above  
cost of capital*

1. Compared to prior year

# Free Cash Flow 2018

Strong FCF driven by operating performance and efficiency measures

## Free Cash Flow 2018 (in €m)

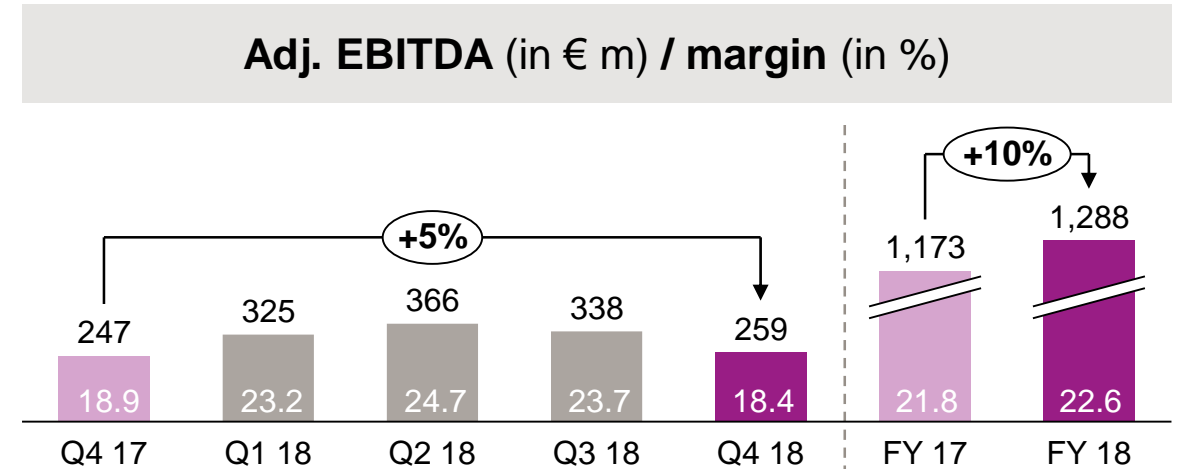
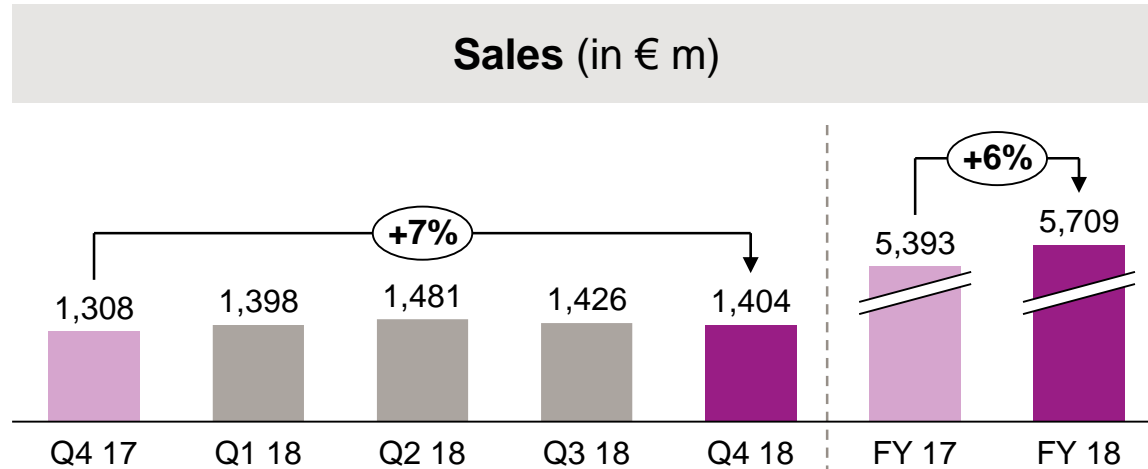


- FCF improved by €161 m – **strong operational performance** mirrored in operating cash flow
- Strong FCF generation despite **above-average NWC outflow in 2018** due to logistical challenges from low Rhine water level and cautious customer behavior towards year-end
- **Lower cash-out** for taxes in 2018 due to reimbursements relating to other periods

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

# Resource Efficiency

## Positive volumes, further margin expansion



	Volume	Price	FX	Other
<b>Q4 18 vs. Q4 17</b>	+1% ↗	+6% ↗	-1% ↘	+1% ↗

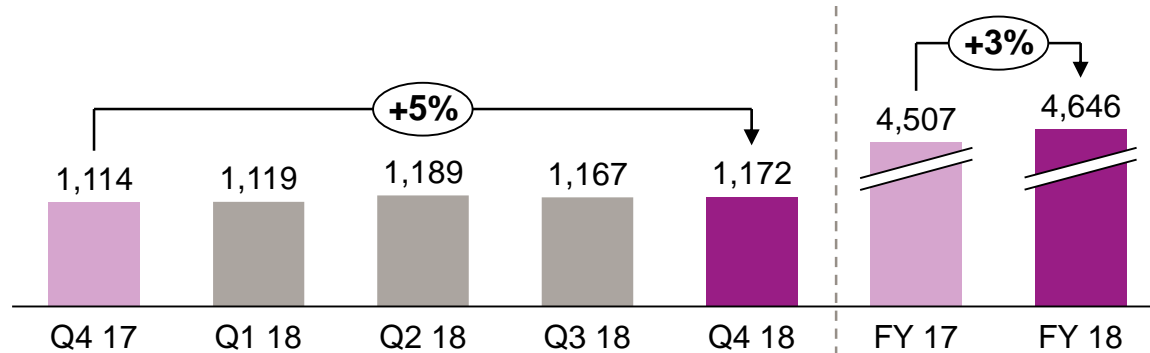


- Positive volume growth in Q4
- Good demand for eco-friendly, water-borne Coating Additives and High Performance Polymers
- Q4 impacted by usual seasonality and cautious customer behavior in Auto- and China-related businesses
- Earnings growth targeted for FY 2019

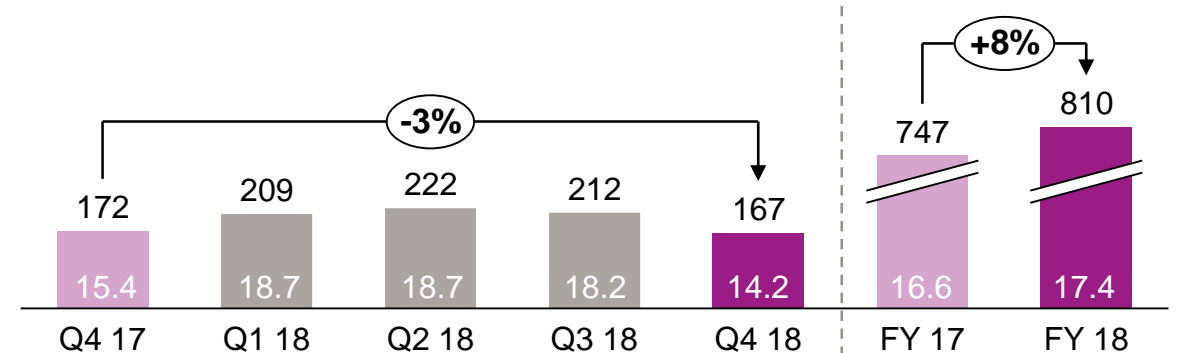
# Nutrition & Care

## Animal Nutrition robust, Health and Personal Care with strong development

### Sales (in € m)



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



Q4 18 vs. Q4 17	Volume	Price	FX	Other
+9%	↗	-2%	↘	0%
			↘	→



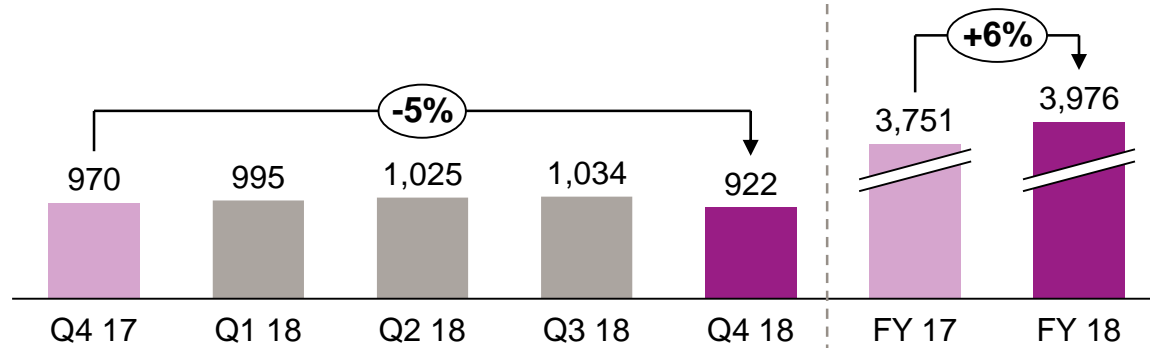
1. Mix of portfolio effects and others

- Strong volume growth at year-end driven by Animal Nutrition and Baby Care
- Industry-linked businesses (e.g. Comfort & Insulation) in Q4 impacted by cautious customer behavior especially in China
- Methionine with unchanged healthy demand trend; prices down yoy due to higher product availability
- Lower earnings in Q1 expected (yoy), driven by seasonal patterns in Health Care, lower Methionine price (comps improving throughout the year) and ramp-up costs for new methionine plant

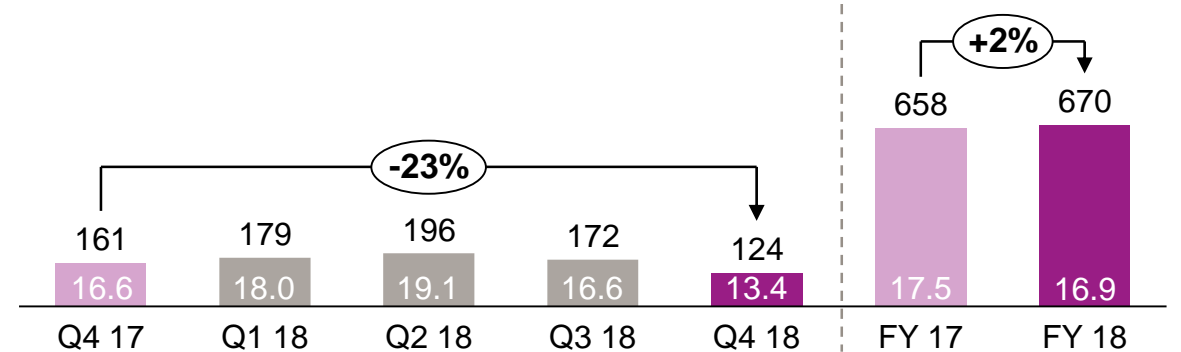
# Performance Materials

## Successful FY 2018 despite a challenging year-end

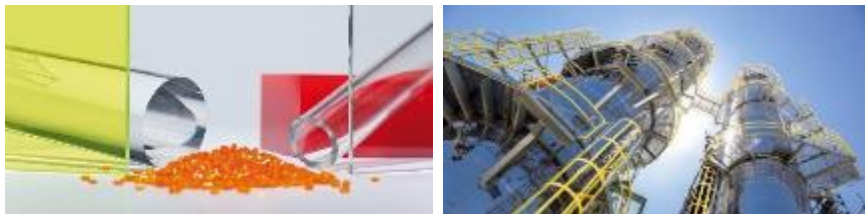
Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q4 18 vs. Q4 17	Volume	Price	FX	Other
	-13% ↘	+9% ↗	-1% ↘	0% →



- Q4 burdened by low Rhine water level (Q4 impact ~€20 m) and limited raw material availability
- Weaker demand in Coatings & Construction and destocking in chemical supply chain additionally impacting volumes
- Positive pricing mainly driven by yoy higher butadiene spreads; expected margin normalization in MMA/PMMA
- In Q1, margin normalization in MMA/PMMA expected to continue; C4 business with limited raw material availability

# Resilient portfolio – Challenges addressed

Confidence for 2019 despite a more difficult macro environment



● ————— yoy EBITDA growth expected for **>3/4** of all business lines ————— ●



- **Specialty Additives** with resource-efficient solutions
- **Health & Care** with high exposure to attractive end-markets
- **Smart Materials** with ongoing replacement trend of traditional materials
- **Animal Nutrition** with unchanged trend towards sustainable nutrition
- Successful divestment of **methacrylates business**
- **Animal Nutrition** with “adjust 2020” efficiency program underway
- **SG&A 2020** efficiency program in execution
  - Integration of **acquisitions**: Synergies & additional earnings contribution

# Outlook 2019: Adj. EBITDA

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## Outlook 2019

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**“slightly lower** (up to -10%)

**or**

**stable adj. EBITDA”** (0%)

(FY 2018: €2,601 m)

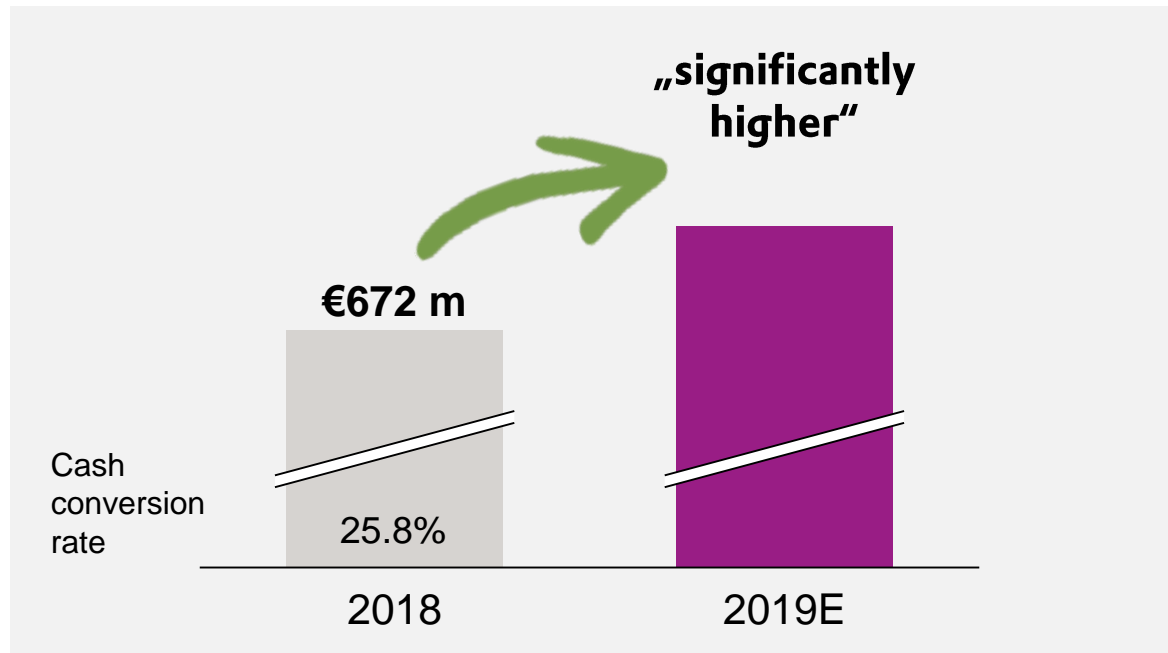
- Assumption of **lower economic growth** throughout the year 2019
- Including price normalization in **Methacrylates** (- €140m)
- Nutrition & Care slightly lower;  
Resource Efficiency slightly higher;  
Performance Materials noticeably lower



# Outlook 2019: Free Cashflow

Further improvement in cash generation expected

**“significantly higher free cash flow”** (FY 2018: €672 m)



## Positives:

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

## Negatives:

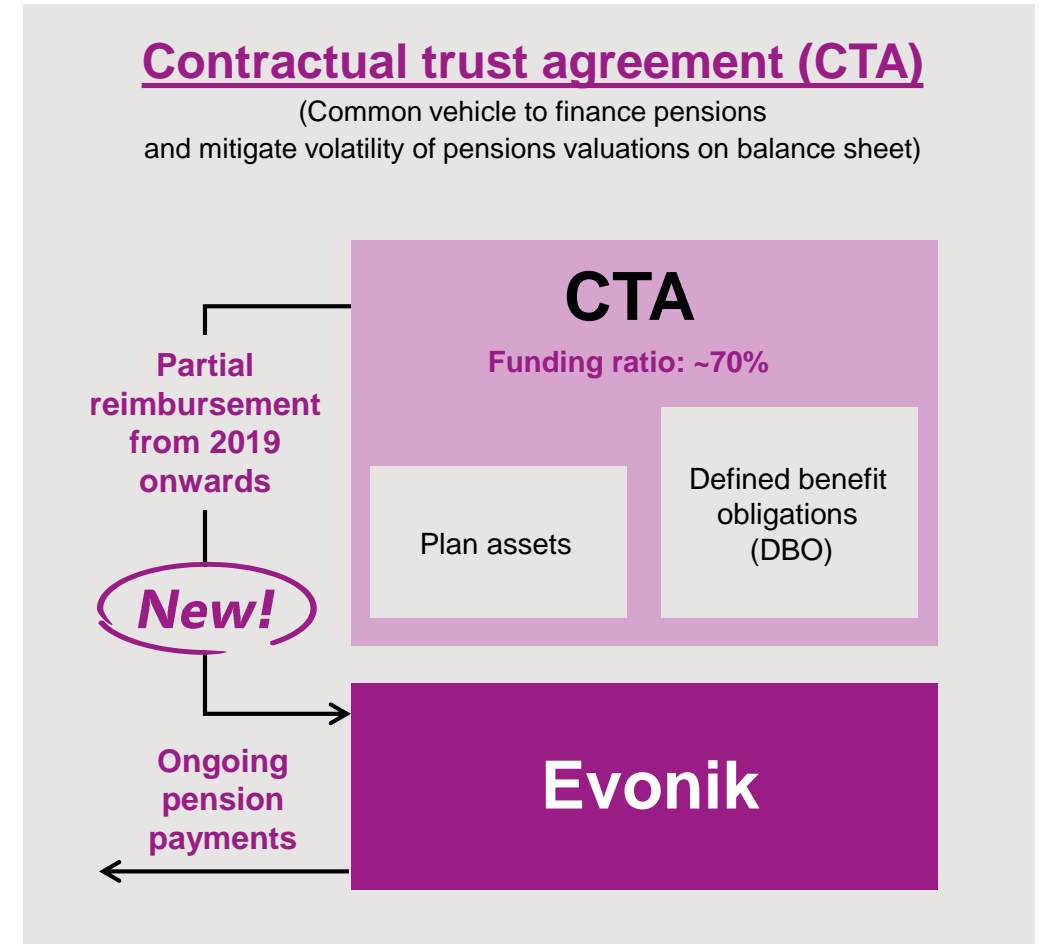
- Normalization of cash taxes
- Cash-out for efficiency program (SG&A)

# Strategy shift in pension assets for sustainable FCF improvement

## Reimbursement from pension assets with tangible effect

- Target **CTA funding ratio of ~70% reached ahead of plan** due to historic top-ups (2011-2015) and strong asset performance
- **Reimbursement** (out of CTA assets) brought forward from 2021 to 2019
- Sufficient asset base to **reimburse annually until the end of pension life** while keeping funding ratio ~70% (no future top-ups)

**Sustainable annual FCF improvement  
of ~ €100 m p.a.**



# Additional indications for 2019

---

- Synergies from acquisitions (APD & Huber Silica) **Additional synergies of ~€30 m** (total synergies: ~€70 m)
- PeroxyChem Not yet included in outlook, closing expected mid-2019 (Adj. EBTDA FY 2018: \$60 m)
- ROCE **Above cost of capital** (10.0% before taxes) but below 2018 (12.1%) due to higher capital employed (IFRS 16-related)
- Capex **~€1 bn** (2018: €1,050 m)
- EUR/USD **1.15 EUR/USD** (2018: 1.18 EUR/USD)
- EUR/USD sensitivity<sup>1</sup> +/- 1 USD cent = **-/+ ~€8 m** adj. EBITDA (FY basis)
- Adj. EBITDA Services **Around the level of 2018** (2018: €146 m)
- Adj. EBITDA Corporate / Others **Slightly less negative than in 2018** (2018: -€313 m)
- Adj. D&A **~€950 m** (2018: €877 m); increase mainly IFRS 16-related (~ +€90 m)
- Adj. net financial result<sup>2</sup> **~€190 m** (2018: -€162 m); increase partly IFRS 16-related (~ -€10 m)
- Adj. tax rate **~28%** (2018: 23%); 2018 benefitted from deferred taxes revaluation

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



**EVONIK**

**POWER TO CREATE**

# Appendix

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

# Consistently executing our strategic agenda

## Levers for structural uplift in profitability and growth







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

**18-20%**  
EBITDA margin

**GDP+**  
volume growth

# Four growth engines

## Growth drivers and product examples

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

# 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%<sup>1</sup>

**Business**

Highly attractive strategic fit, seamless integration into existing businesses

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

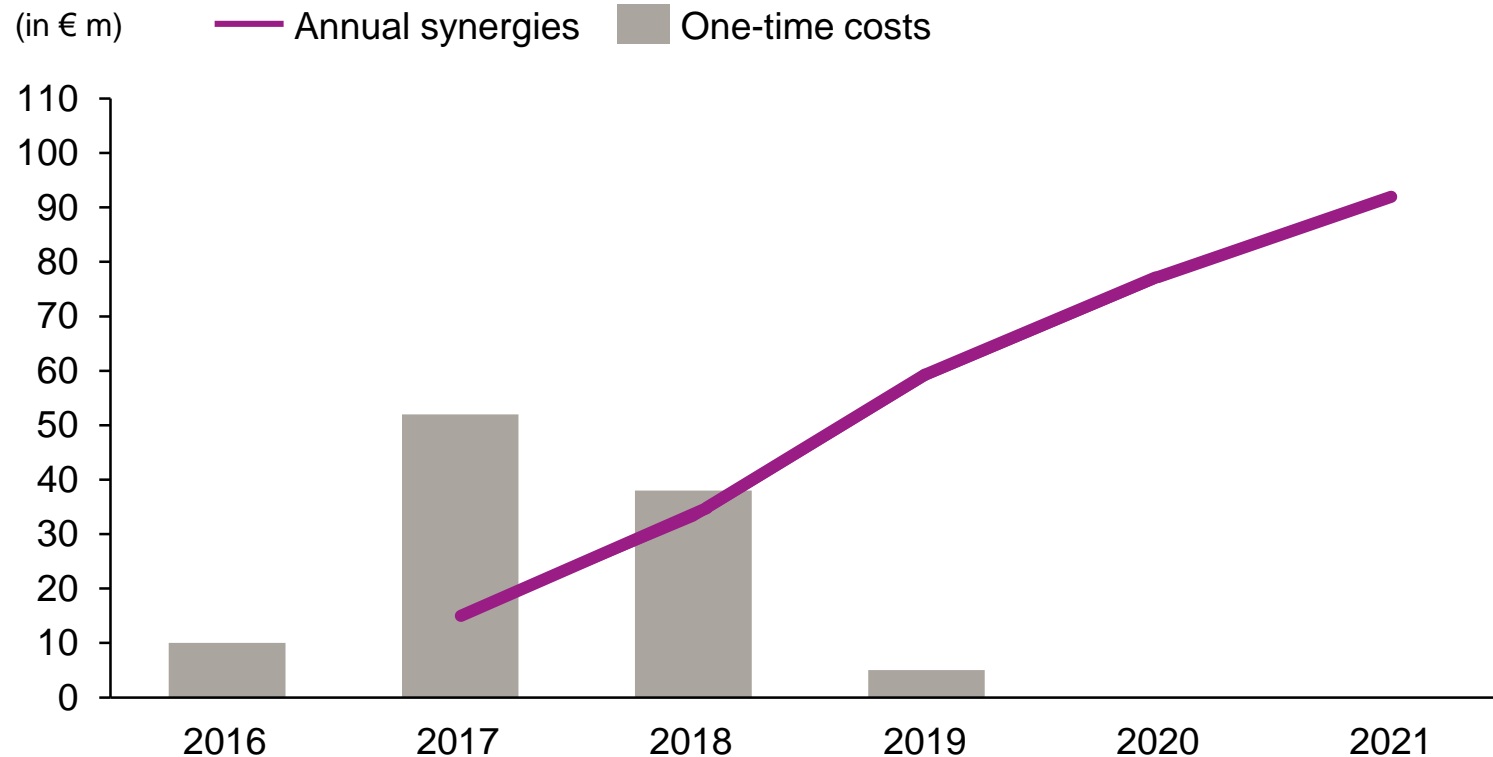
1. In specialty applications (~65% of total Adj. EBITDA)



# Implementation schedule for acquisition synergies

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

### Implementation schedule



### Total

#### Annual synergies

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

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

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

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

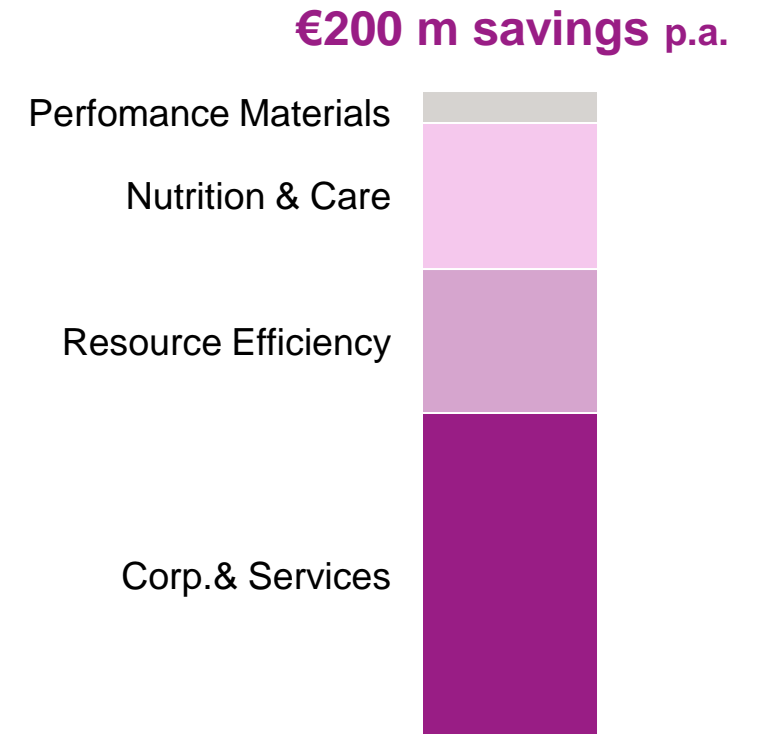
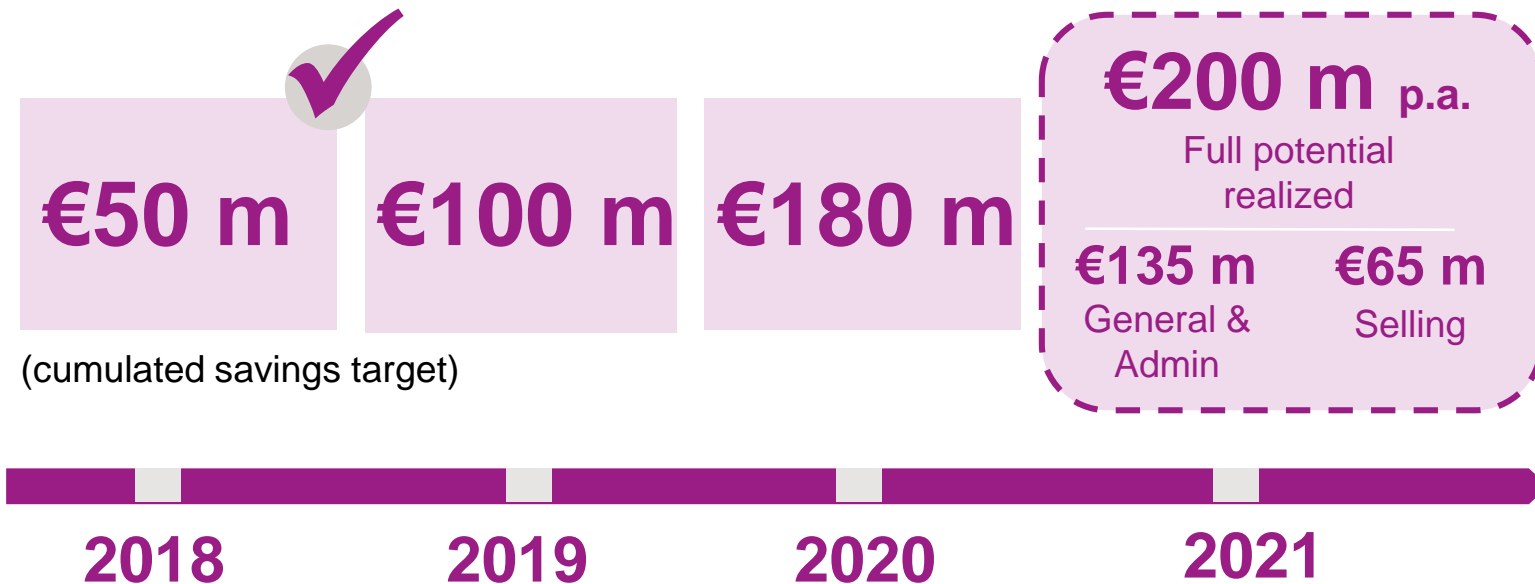
# Achieving cost excellence: SG&A 2020

## Targeting structural improvements in SG&A

Cost savings of **€200 m** p.a.

Reduction of **1,000 FTE**

Savings **across all units and segments**



# Successful efficiency measures reflected in improved financial metrics

Admin expenses<sup>1</sup>

- €58 m

- **Delivering SG&A savings** as planned
- Measures for next €150 m defined and in implementation
- FTEs identified and provisioned in Q4

Selling expenses<sup>2</sup>

- 10bp

- **Delivering SG&A savings** as planned...
- ... and despite significantly higher logistics costs during low Rhine water levels

R&D expenses

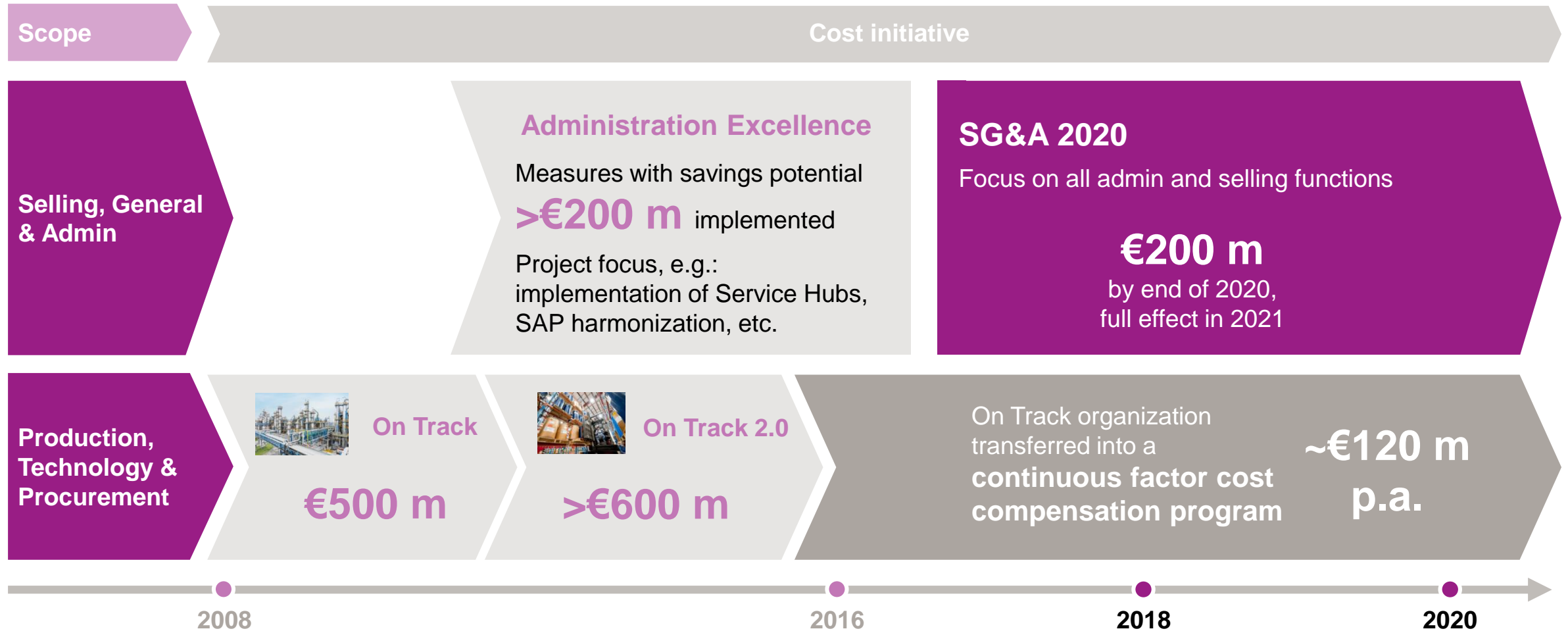
Stable at ~ €460 m

- More targeted R&D approach and focus on innovation growth fields
- At same time, **sales with new products<sup>3</sup> increased** from 10 to 12%

1. FY 2018 P&L compared to prior year; 2. FY 2018 P&L in % of sales compared to prior year; 3. Products/applications younger than five years of overall sales

# 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

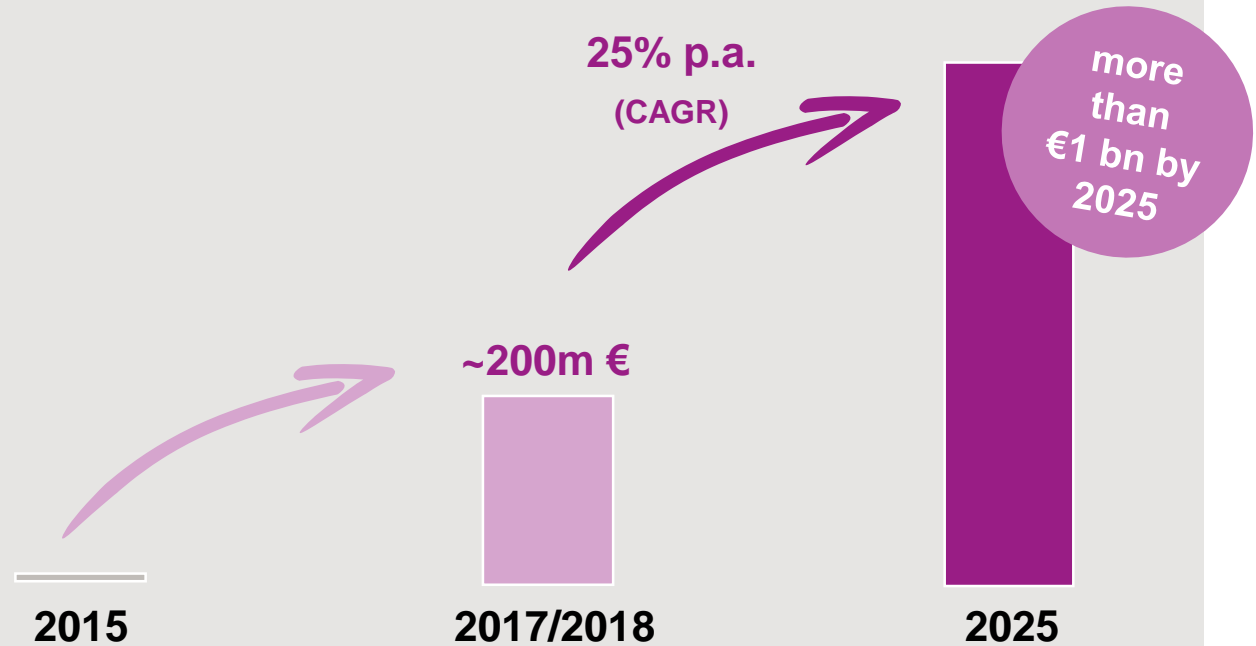


Healthcare Solutions



## Sales contribution

Additional contribution to sales from Innovation Growth Fields



# Open & performance-oriented culture

## New corporate values and performance management system

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### 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

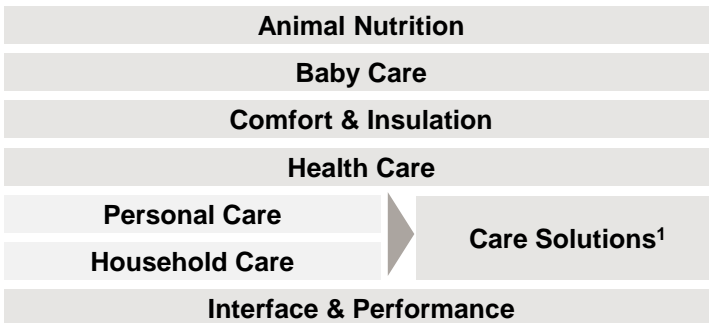
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1. Strategy Details
- 2. Segment overview**
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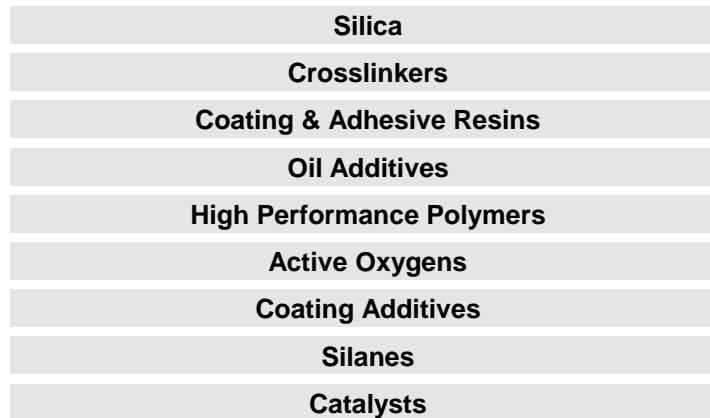
# Evonik Group

Number of BL's will be reduced from 22 to 17

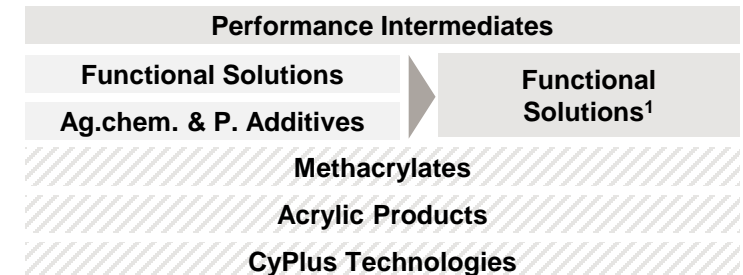
## Nutrition & Care



## Resource Efficiency



## Performance Materials



Divestment process started



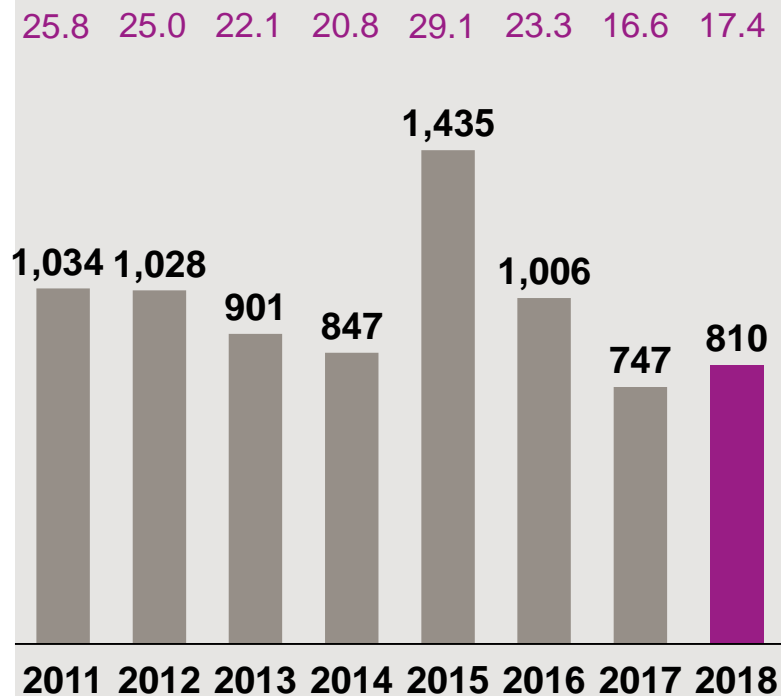
# Nutrition & Care

## Fulfilling human needs in a globalizing world

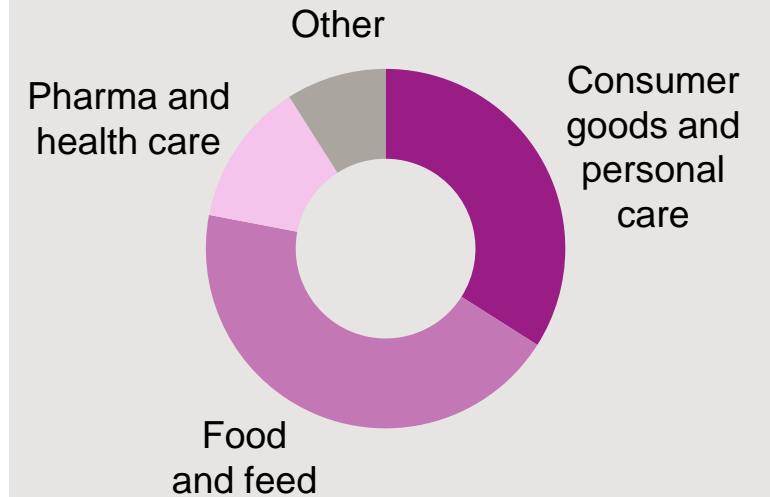
### Key characteristics

- 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

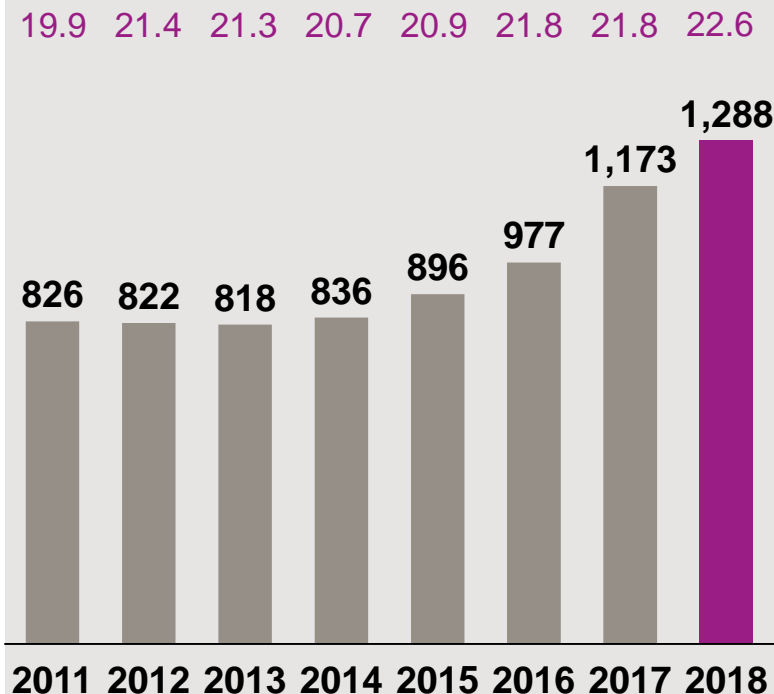
# Resource Efficiency

## Innovative products for resource-efficient solutions

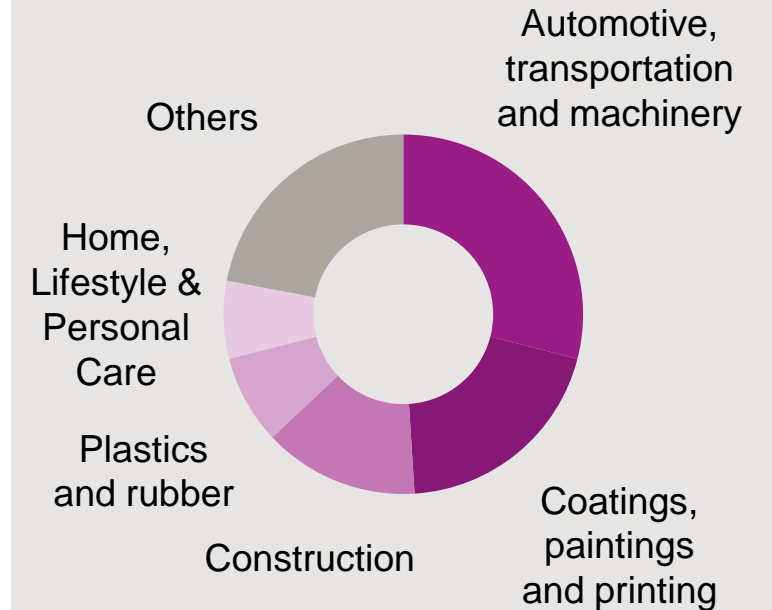
### Key characteristics

- **High-value and resilient specialty business** with broad application scope
- Focus on **performance-impacting** and value-driving components
- **Minor share of cost** in most end products
- Strong focus on **technical service**
- **Low risk of substitution**
- High pricing power (**value-based pricing**)
- **Strong technology platforms, application know-how** and **innovation focus**

### Adj. EBITDA (€ m) and margin (%)



### End market split



# Resource Efficiency

## Selected growth trends and products examples

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

### Growth example ***Lightweight***



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

### Growth example ***Green Tires***



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

### Growth example ***Eco-friendly Insulation***



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

### Growth example ***Eco-friendly Coatings***



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

# Performance Materials

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

### Key characteristics

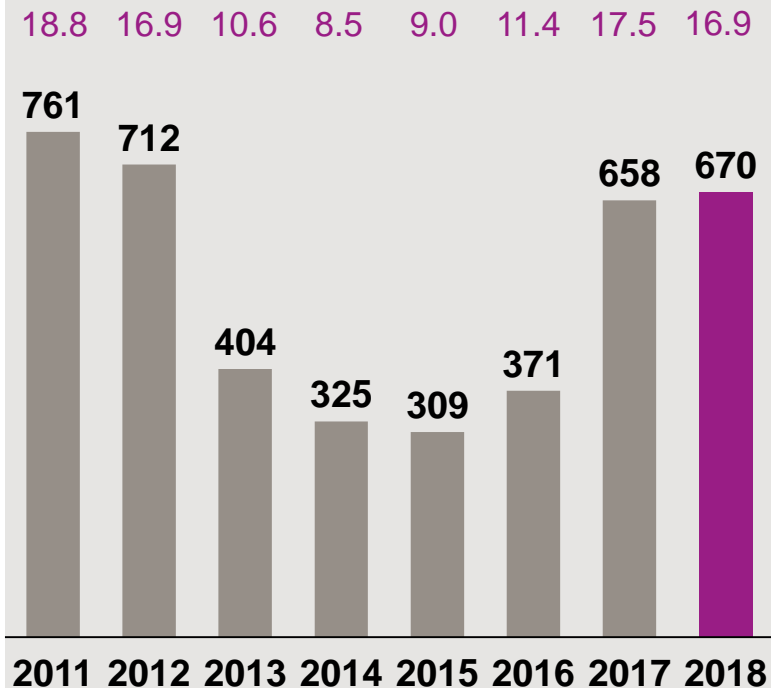
- Strong **integrated production platforms**
- **Leading cost positions**
- Favorable **raw material access**
- Focus on **continuous efficiency improvements**
- High degree of **supply reliability**

### Key products

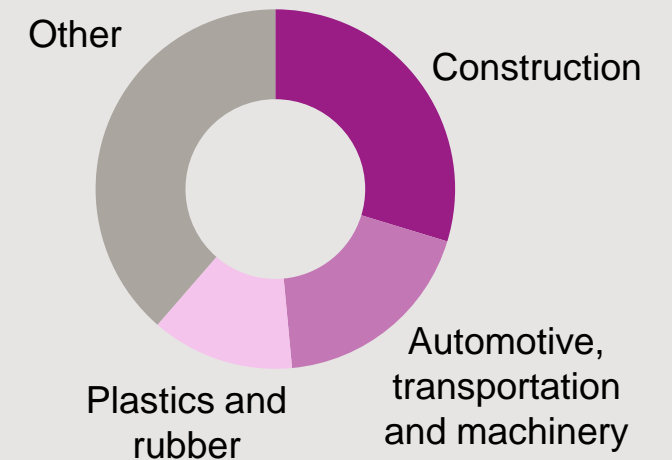
- Acrylic sheets, molding compounds (PMMA) and its precursors (MMA), e.g. for LED and touch screens
- Butadiene for synthetic rubber
- MTBE as fuel additive



### Adj. EBITDA (€ m) and margin (%)

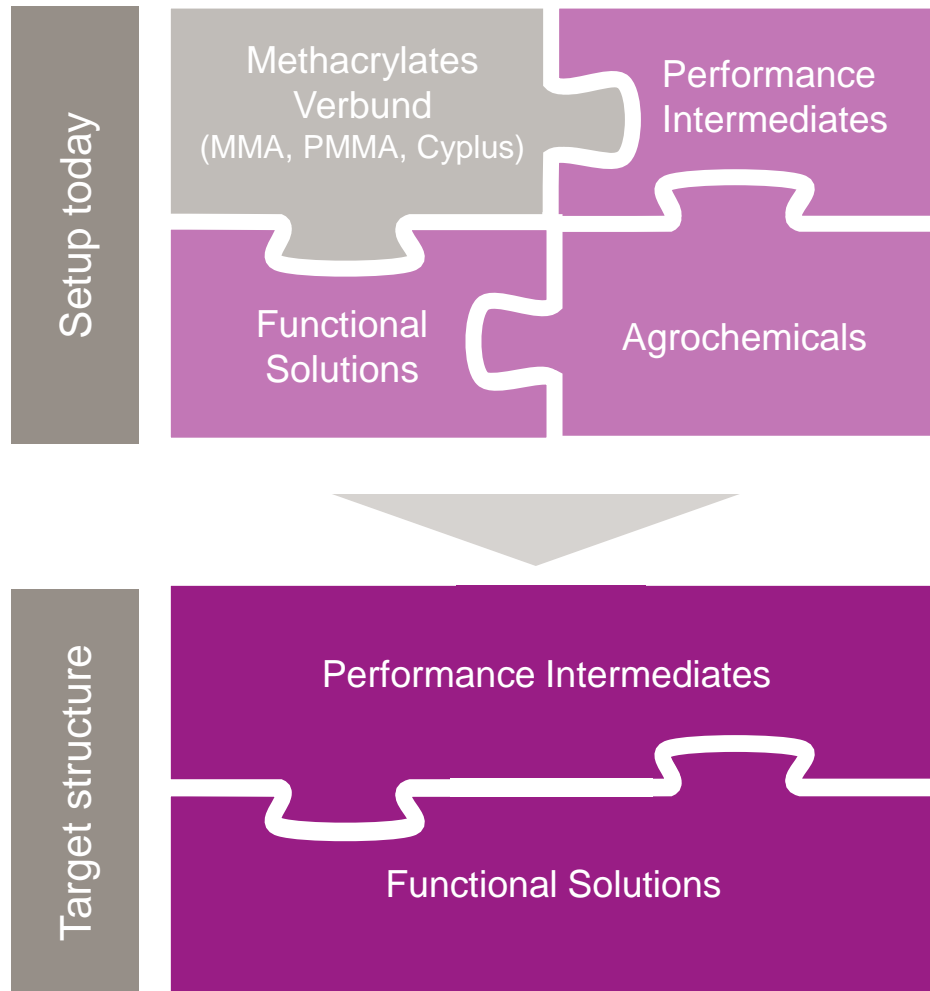


### End market split



# 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

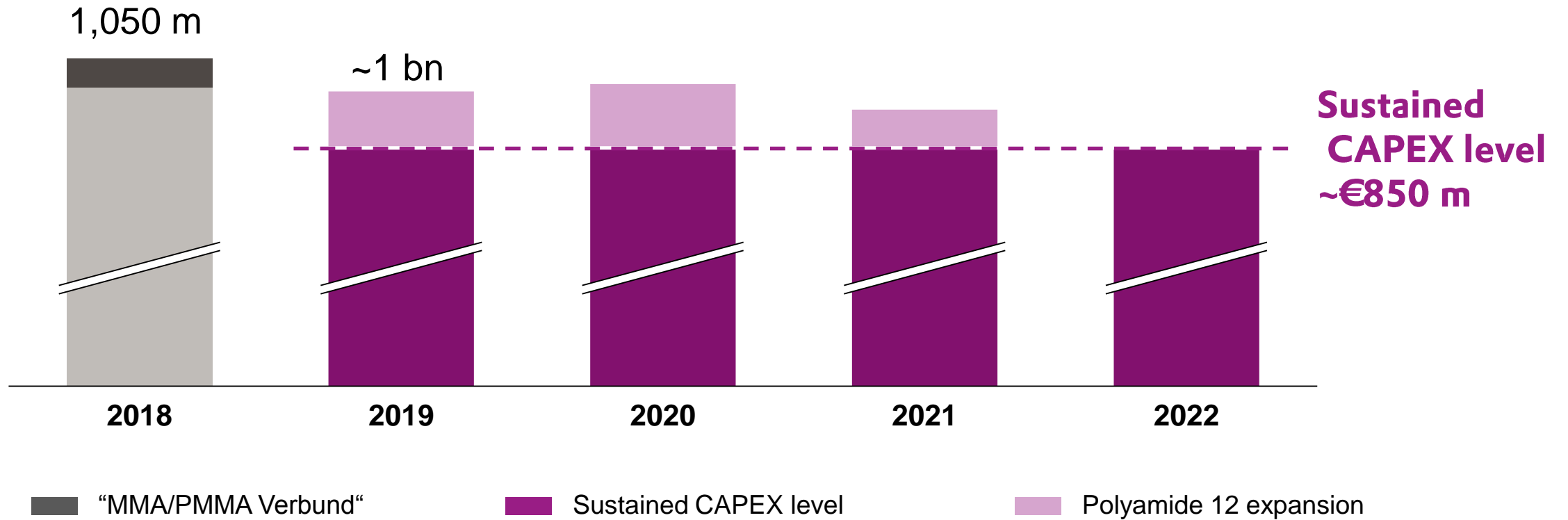
# Appendix

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

# Trimming down sustained CAPEX level to ~€850 m

CAPEX development (in € m)





# Investments

## Selective projects announced for 2018/2019

### 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)



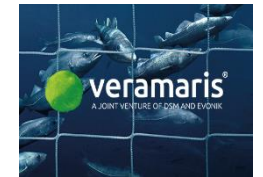
### ... and projects with start-up planned for 2019

#### Veramaris JV (Green Ocean)

United States

Start-up: 2019

Volume: ~€100 m



#### Extension of fumed silica

Belgium

Start-up: 2019

Volume: upper double-digit million €



#### New methionine plant (Me6)

Singapore

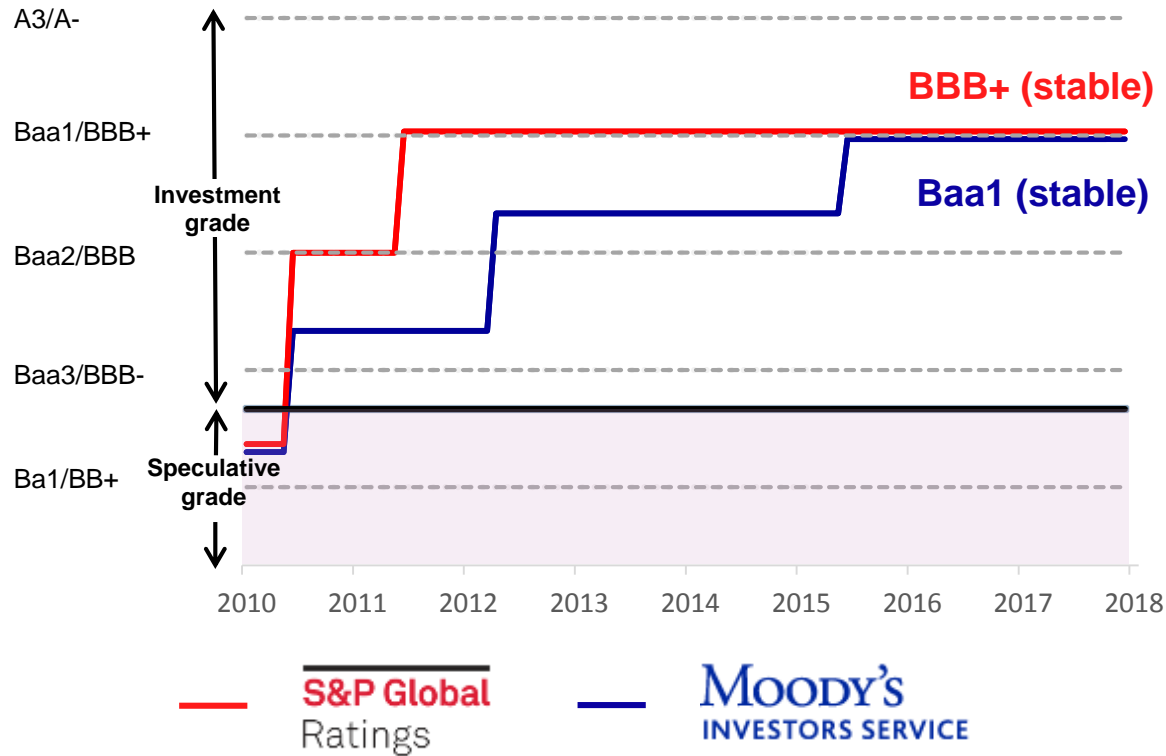
Start-up: 2019

Volume: >€500 m



# Financial policy

## Maintaining a solid investment grade rating



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

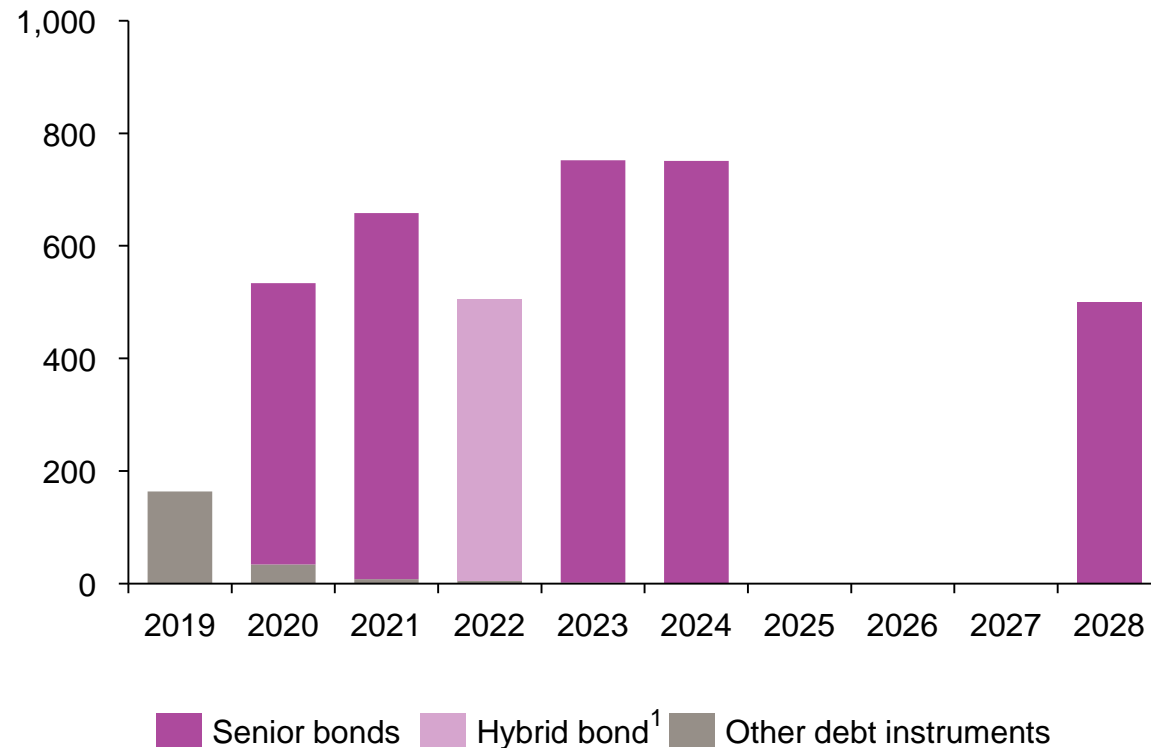
- Strong business profile underpinned by significant size and leading global market positions
- Greater-than-peer diversity in terms of end-markets and product range
- Supportive financial policy and management's commitment to a solid investment-grade rating

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

# Debt structure

## Well balanced maturity profile

(in € m as of December 31, 2018)



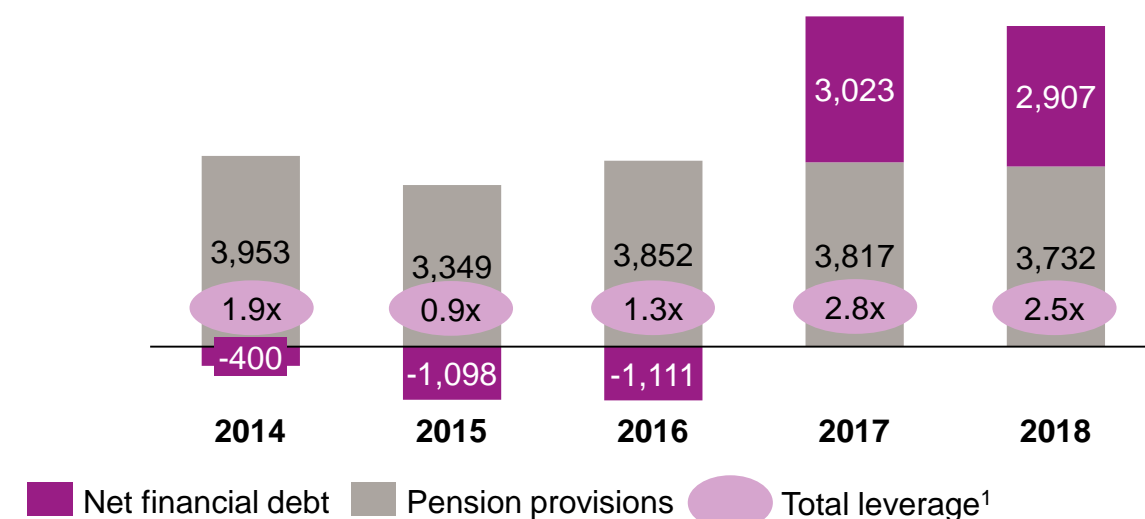
- Well balanced debt maturity profile with no single maturity greater than €750 m
- Long-term capital market financing secured at favorable conditions:
  - average coupon of 0.74% p.a. on €3.15 bn senior bonds
  - coupon of 2.125% p.a. on €0.5 bn hybrid bond
- Undrawn €1.75 bn syndicated revolving credit facility maturing June 2023 (plus one-year extension option) provides comfortable level of back-up liquidity

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

# Development of net debt and leverage over time

(in € m)

<b>Net debt</b>	<b>3,553</b>	<b>2,251</b>	<b>2,741</b>	<b>6,840</b>	<b>6,639</b>
-----------------	--------------	--------------	--------------	--------------	--------------



- Net financial debt reduced in 2018 by €116 m due to good development of free cash flow
- Pension provisions slightly reduced in 2018 at a constant discount rate
- Net financial debt development 2017 mainly driven by acquisition-related purchase price payments (in particular APD and Huber Silica)
- Pension provisions are partly balanced by corresponding deferred tax assets of ~€1.2 bn
- More than half of total net debt consists of long-dated pension obligations (> 15 years) and depends on the discount rate

2.65	2.91	2.16	2.12	2.15
2.50	2.75	2.00	2.00	2.00

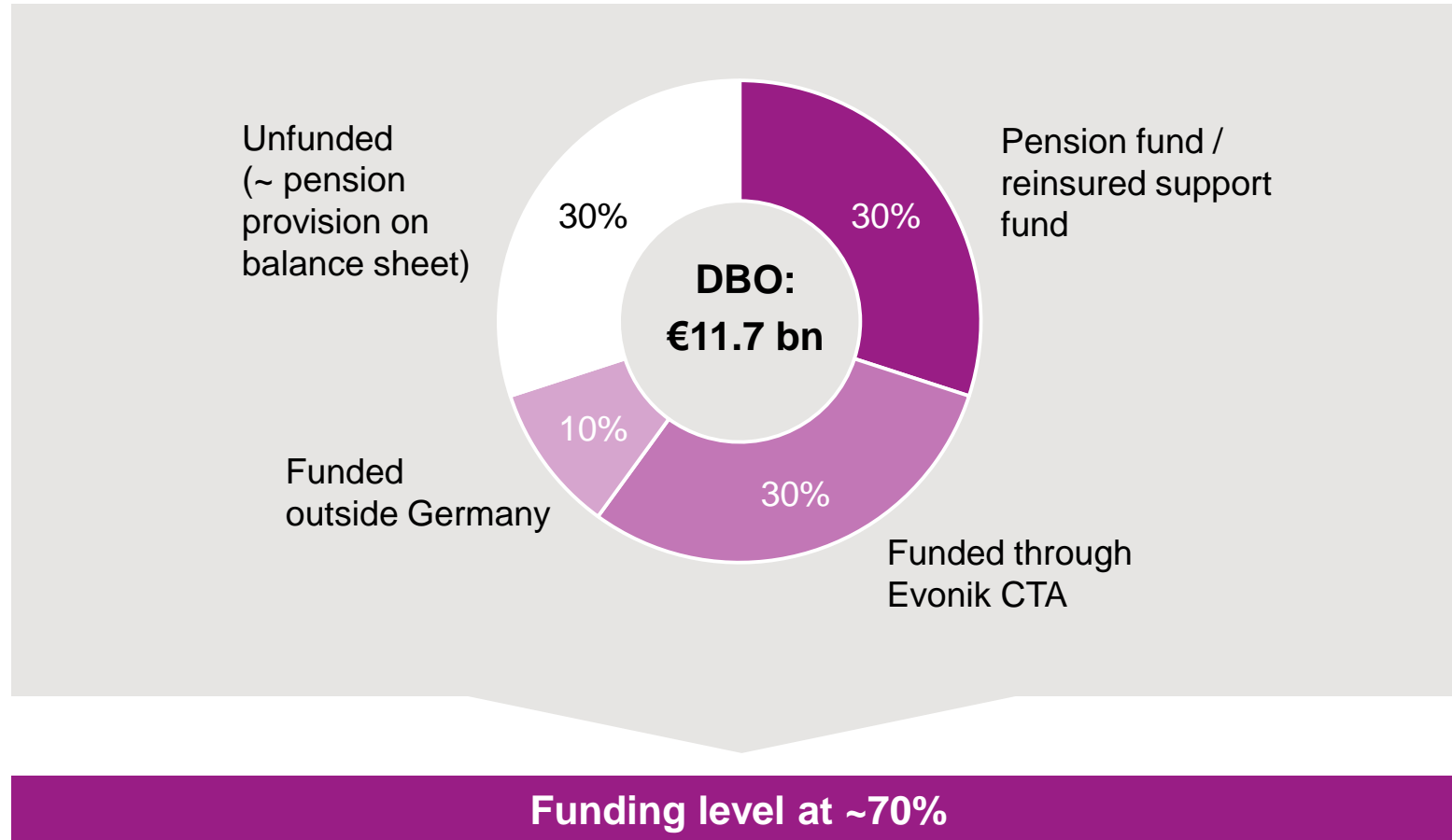
Evonik Group global discount rate (in %)<sup>2</sup>

Evonik discount rate for Germany (in %)

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

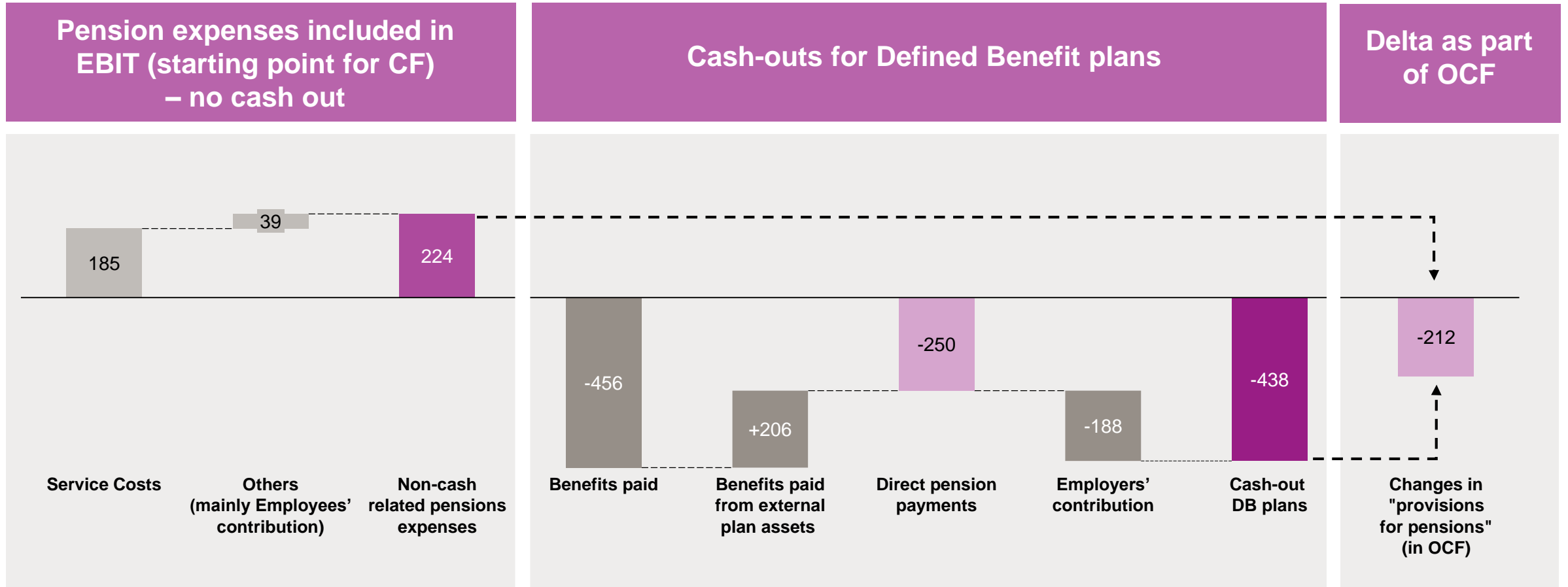
# Pensions

## Pension funding overview as of 31 December 2018



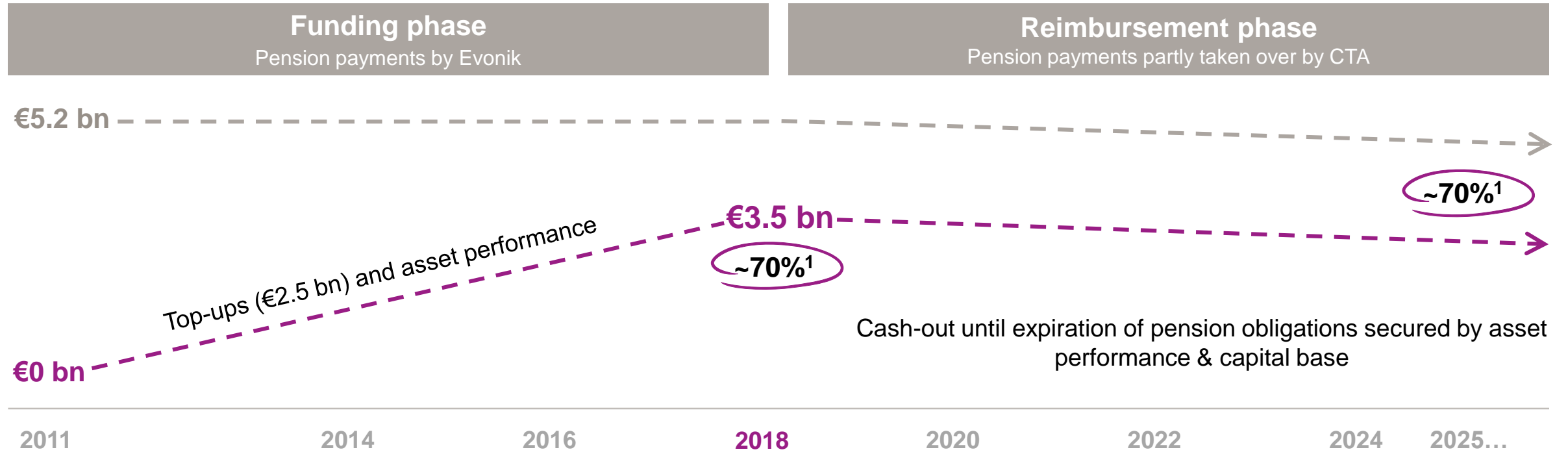
- Pensions very long-term, patient debt (>16 years) with no funding obligations in Germany
- DBO level of €11.7 bn yoy stable (interest rate unchanged at 2.00%)
- Funding ratio at ~70% mainly due to positive development of pension asset

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



# Pensions: Sustainable free cash flow improvement

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

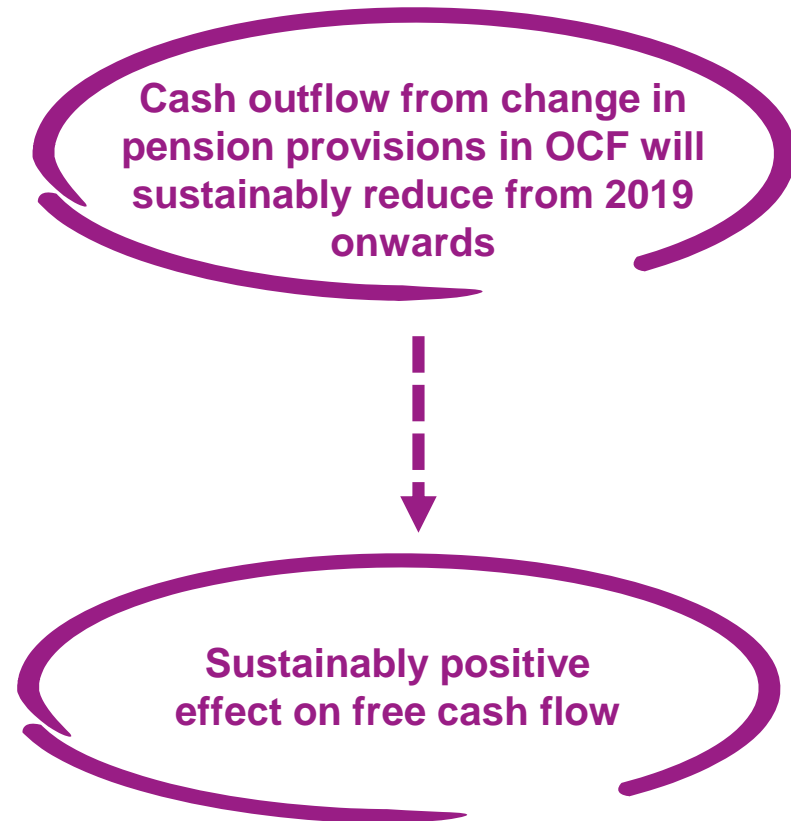


**Sustainably positive effect on FCF: ~€100 m from 2019 onwards**

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

# Impact on Cash flow statement

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

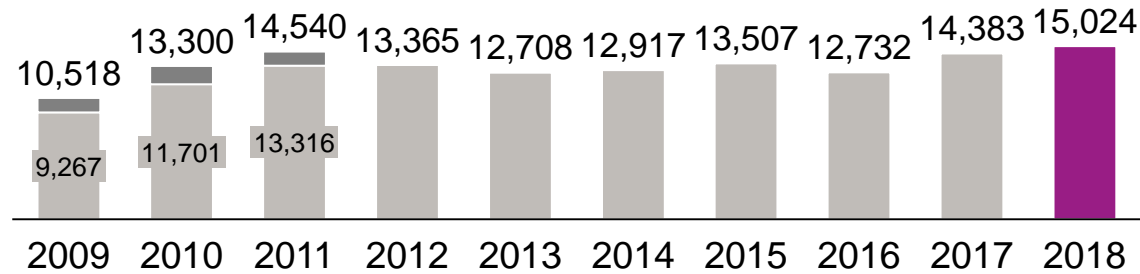




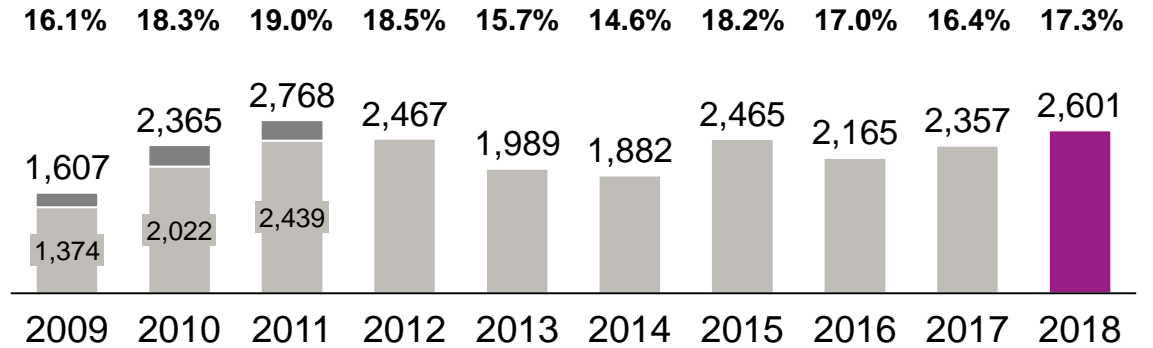
# Financial track record

## Sales (in € m)

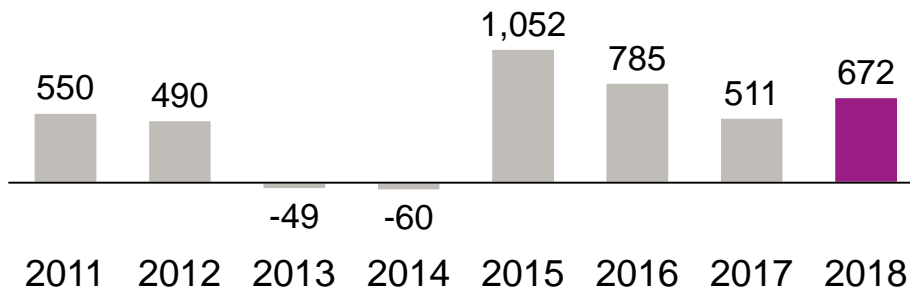
■ Carbon Black/Real Estate



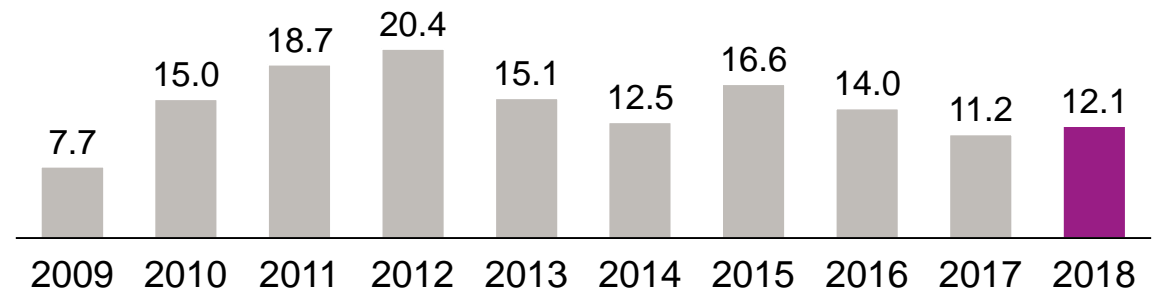
## Adj. EBITDA (in € m) / margin<sup>1</sup>



## Free Cash Flow (in € m)



## ROCE (in %)



1. Excluding Carbon Black

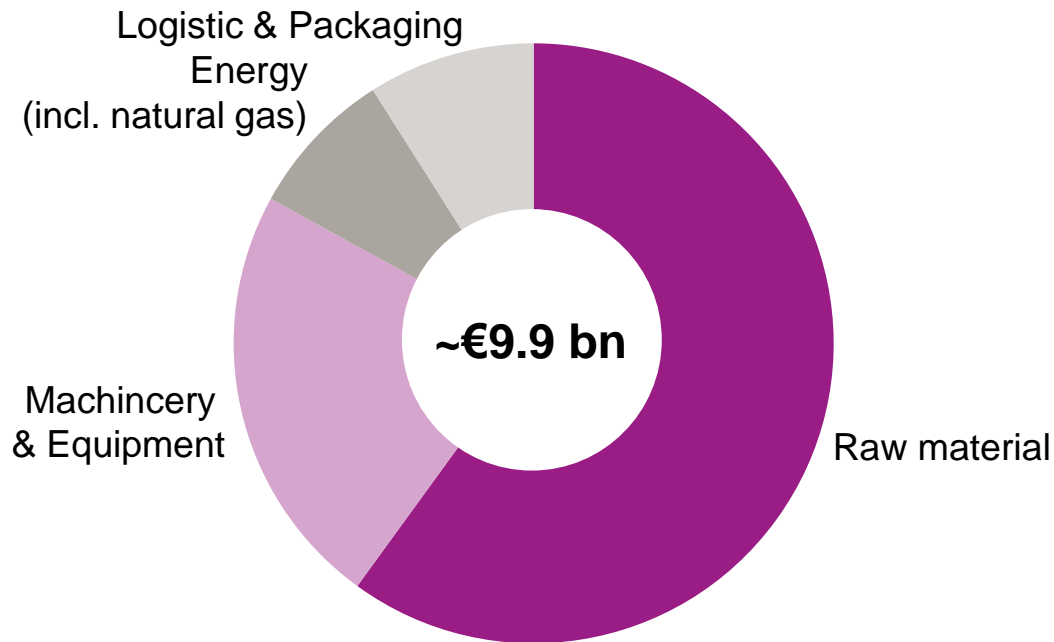
## Segment overview by quarter

Sales (in € m)	Q1/17	Q2/17	Q3/17	Q4/17	FY 2017	Q1/18	Q2/18	Q3/18	Q4/18	FY 2018
Nutrition & Care	1,120	1,163	1,110	1,114	<b>4,507</b>	1,119	1,189	1,167	1,172	<b>4,646</b>
Resource Efficiency	1,360	1,367	1,358	1,308	<b>5,393</b>	1,398	1,481	1,426	1,404	<b>5,709</b>
Performance Materials	959	910	913	970	<b>3,751</b>	995	1,025	1,034	922	<b>3,976</b>
Services	193	174	172	178	<b>717</b>	163	172	164	178	<b>677</b>
Corporate / Others	4	4	3	3	<b>15</b>	3	3	3	6	<b>16</b>
<b>Evonik Group</b>	<b>3,636</b>	<b>3,618</b>	<b>3,556</b>	<b>3,573</b>	<b>14,383</b>	<b>3,678</b>	<b>3,870</b>	<b>3,794</b>	<b>3,681</b>	<b>15,024</b>

Adj. EBITDA (in € m)	Q1/17	Q2/17	Q3/17	Q4/17	FY 2017	Q1/18	Q2/18	Q3/18	Q4/18	FY 2018
Nutrition & Care	187	201	188	172	<b>747</b>	209	222	212	167	<b>810</b>
Resource Efficiency	297	318	311	247	<b>1,173</b>	325	366	338	259	<b>1,288</b>
Performance Materials	157	168	172	161	<b>658</b>	179	196	172	124	<b>670</b>
Services	43	38	49	3	<b>133</b>	49	35	49	13	<b>146</b>
Corporate / Others	-89	-85	-80	-100	<b>-354</b>	-83	-77	-79	-74	<b>-313</b>
<b>Evonik Group</b>	<b>595</b>	<b>640</b>	<b>640</b>	<b>483</b>	<b>2,357</b>	<b>679</b>	<b>742</b>	<b>692</b>	<b>487</b>	<b>2,601</b>

# Raw material split

**Total procurement volume 2018 (in € m)**



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

## Bio

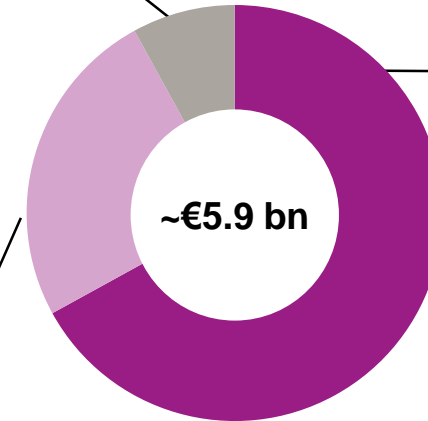
- Dextrose
- Fatty alcohols
- Tallow fatty acid
- Fatty acids
- tallow

## Inorganic & other

- Sodium silicate
- Sodium hydroxide
- Silicon metal

## Fossil

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



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

# Management compensation

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

# Our sustainability targets 2019 and beyond

## Strategy and Growth



- Anchor sustainability in strategy dialogues
- Review SDGs of relevance for Evonik (from 2020)

## Value chain and Products



- Conduct sustainability analysis of our businesses using new methodology
- $\geq 20$  supplier sustainability audits according to TfS<sup>1)</sup>
- $> \text{€}1$  bn additional sales in six innovation growth fields (2025)

## Governance and Compliance



- 20% women at 1st and 2nd management levels below executive board (year-end 2019)

## Environment



- Reduce absolute scope 1 and scope 2 emissions by 50 percent<sup>2)</sup> (2025)
- Introduce a global water management system, including site-specific action plans

## Employees



- Analyze results of global employee survey
- Further support for diversity
- Occupational Health Performance Index  $\geq 5$

## Safety



- Accident frequency rate  $\leq 1.30$
- Incident frequency rate  $\leq 1.10$

1) Under the shared audit principle of the „Together for Sustainability“ initiative 2) Reference base: 2008

# UN Sustainable Development Goals (SDGs)

## Our contributions to the SDGs



## 2018: Most relevant SDGs for the Evonik Group



# Ratings & Rankings: Evonik well-positioned

- ✓ **Oekom Research** (Prime Standard B-)
- ✓ **Sustainalytics** (among Top 10 of chemicals sector)
- ✓ Together for Sustainability/**EcoVadis** (“Gold Standard”)
- ✓ **Dow Jones Sustainability Indices** World and Europe
- ✓ **FTSE4Good** Europe, FTSE4Good Global
- ✓ **STOXX**® Global ESG Leaders
- ✓ **MSCI** World ESG Leaders Index; Socially Responsible Index MSCI Europe
- ✓ **Vigeo Eiris** Euronext Index – Europe 120



# Appendix

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



## Upcoming IR events

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### Conferences & Roadshows

<b>8 March 2019</b>	Roadshow, Frankfurt
<b>8 March 2019</b>	Roadshow, London
<b>14 March 2019</b>	Goldman Sachs Chemicals Conference, London
<b>15 March 2019</b>	Roadshow, Edinburgh
<b>19 March 2019</b>	Exane Consumer Ingredients Conference, London
<b>20 March 2019</b>	Roadshow, Zurich
<b>21 March 2019</b>	Roadshow, Wien
<b>28 March 2019</b>	MainFirst Corporate Conference, Copenhagen
<b>4 April 2019</b>	Roadshow, New York

### Upcoming Events & Reporting Dates

<b>5 March 2019</b>	FY 2018 reporting
<b>7 May 2019</b>	Q1 2019 reporting
<b>28 May 2019</b>	AGM
<b>1 August 2019</b>	Q2 2019 reporting
<b>5 November 2019</b>	Q3 2019 reporting

# Evonik Investor Relations team

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**POWER TO CREATE**