

Evonik
Power to create.

Company presentation

Q1 2019

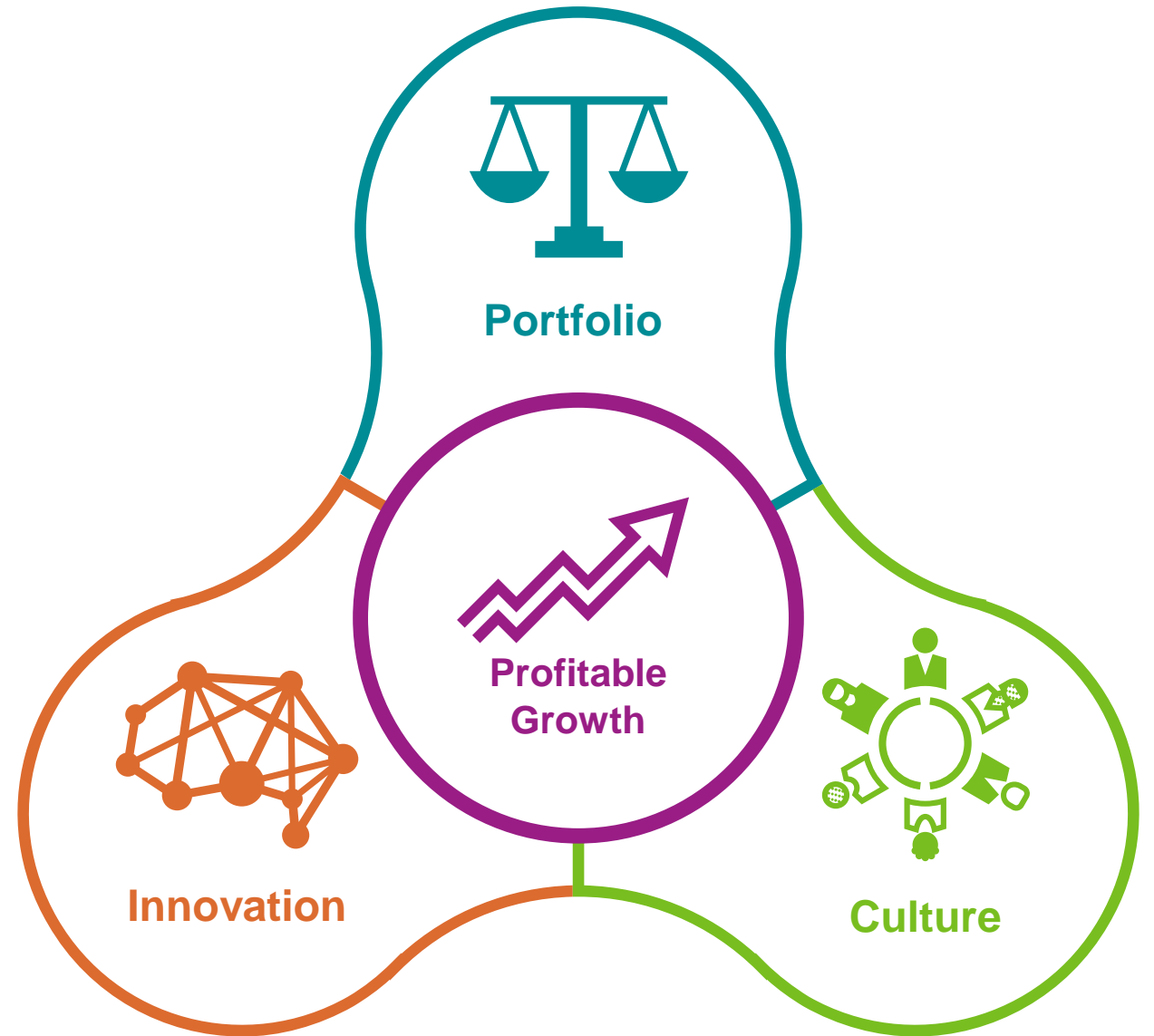


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A strong basis in Specialty Chemicals

Market leadership



Leading market positions in
80%
of our businesses¹

Customer proximity



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

Technology leadership



Leading and
proprietary technology
platforms in
25 countries
on
5 continents

Unique brand recognition



tego
An Evonik product.

ROHACELL
An Evonik product.

MetAMINO

(selected product brands)

Qualified employees



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

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

Three segments with differentiated management

Group financials 2018¹

Sales
€13,267 m

Adj. EBITDA
€2,150 m

Margin
16.2%

ROCE
10.2%



Growth

**Nutrition
& Care**



**Resource
Efficiency**



Efficiency

**Performance
Materials**



Sales
€4,646 m



Adj. EBITDA / Margin
€810 m / 17.4%



Sales
€5,547 m



Adj. EBITDA / Margin
€1,258 m / 22.7%



Sales
€2,394 m

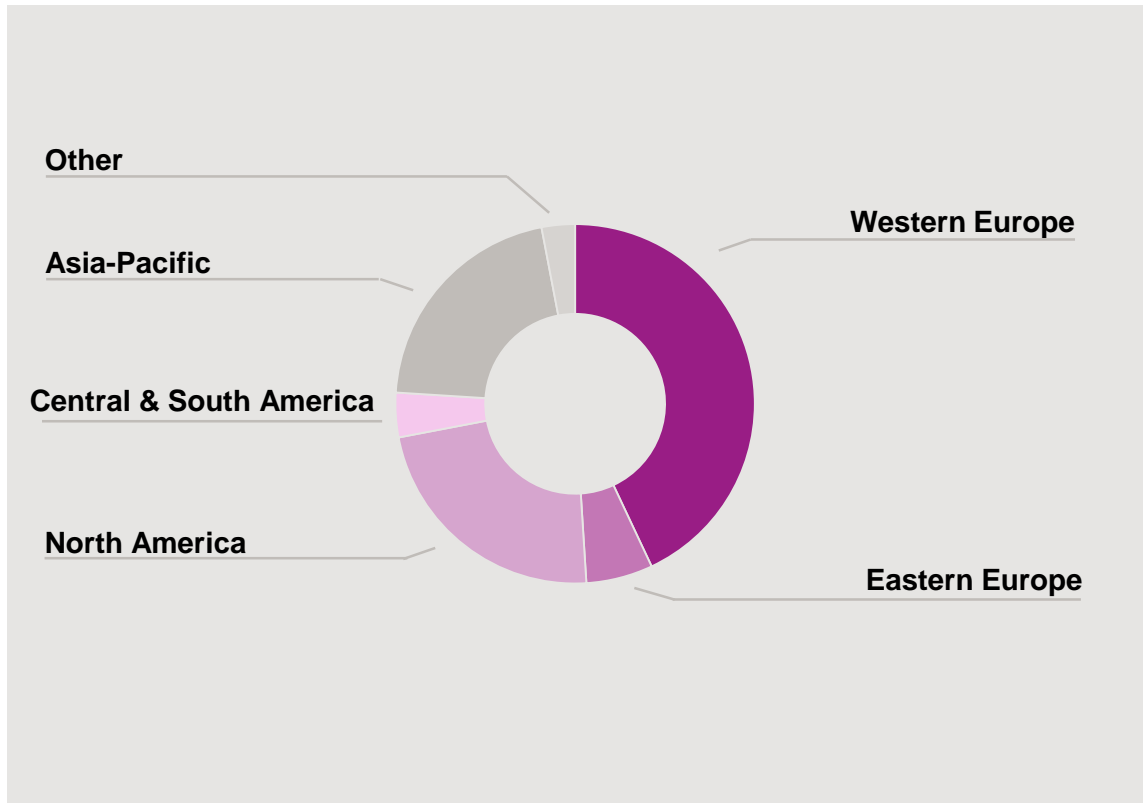


Adj. EBITDA / Margin
€265 m / 11.1%

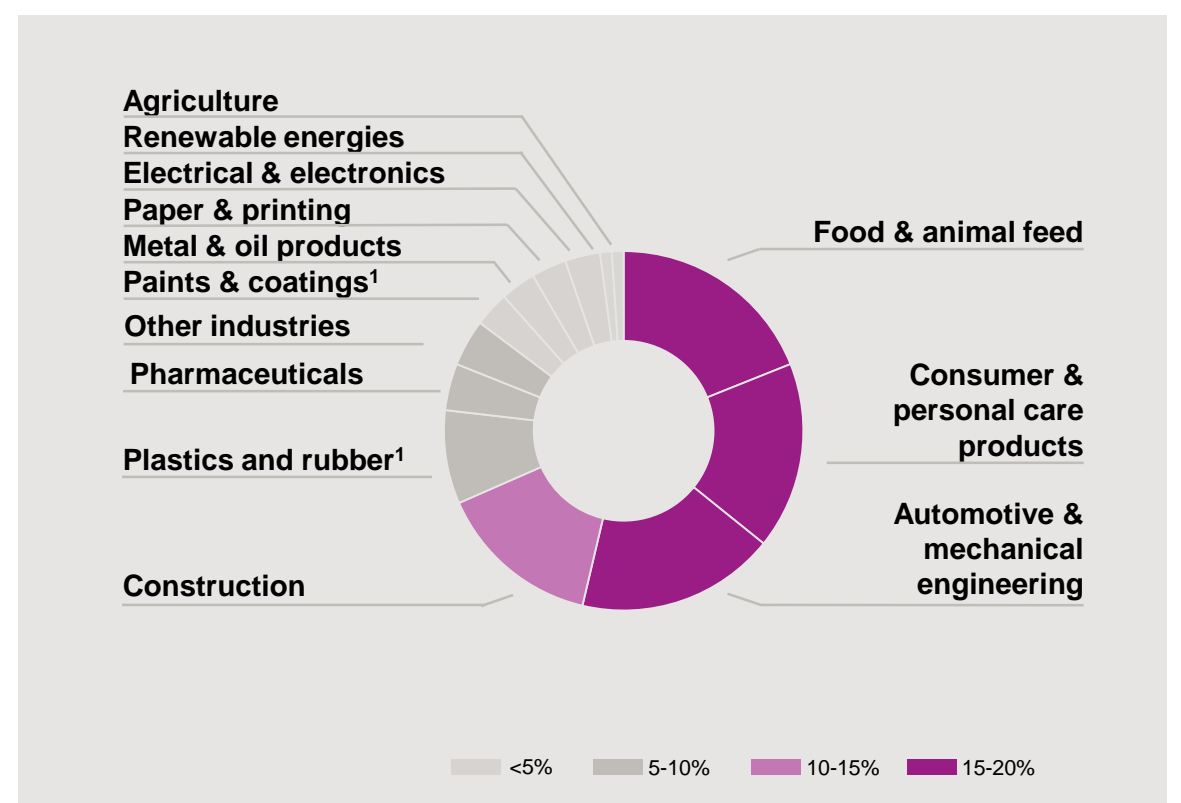
1. Continuing Operations

Balanced regional and end market split

Sales by region



End market split



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

Evonik Sustainability Strategy and Targets

Sustainability as core pillar of Evonik's operating businesses

Value chain and products



- **94%** of sales covered by **sustainability analysis**¹
- **70%** of sales covered by **Life Cycle Management** analysis
- Founding member of “Together for Sustainability” initiative:
>75% of purchasing volume covered by **TfS** assessments
- **50%** of sales from **resource efficiency** products²
- **>80%** of Group sales contribute to **UN Sustainable Development Goals (SDGs)**

Environment



Targets 2004 – 2014 ✓

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

Targets 2013 – 2020

- Reduction of
 - specific **GHG** emissions by **12%**
 - specific water intake by **10%**
- **Evonik SUSTAINABILITY STRATEGY 2020+**
 - Reduction of **GHG by 50%** until 2025 (base year: 2008)
 - Internal **CO₂ pricing** taken into account for investment decisions
 - Introducing worldwide **water management system**

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

Evonik Sustainability product examples

Broad-based resource-efficient applications portfolio

50% of sales generated with products for resource-efficient applications¹

Product examples for Insulation & Circular Economy

POLYVEST® HT

Sealing compounds for insulating glass windows (triple glazing)



VESTENAMER®

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



PU-Additives

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



CALOSTAT®

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



Product examples for Mobility

Silica-organosilane

Reinforcing system for „green tire“ technology



DYNAVIS®

Oil additives for energy-efficient hydraulic fluids



ROHACELL®

Light-weight technology for automotive and aircraft industry



DRIVON™

Technology for cost-efficient engine oils and transmission fluids



Product examples for Renewable Energies

Catalyst NM 30

Catalyst enables cost-efficient biodiesel production

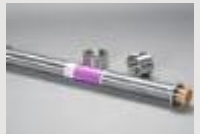


Crosslinkers, silica, oil additives, silicone epoxy resins for wind power



SEPURAN®

Customized hollow-fibre membranes for efficient biogas purification



TAICROS® Crosslinkers

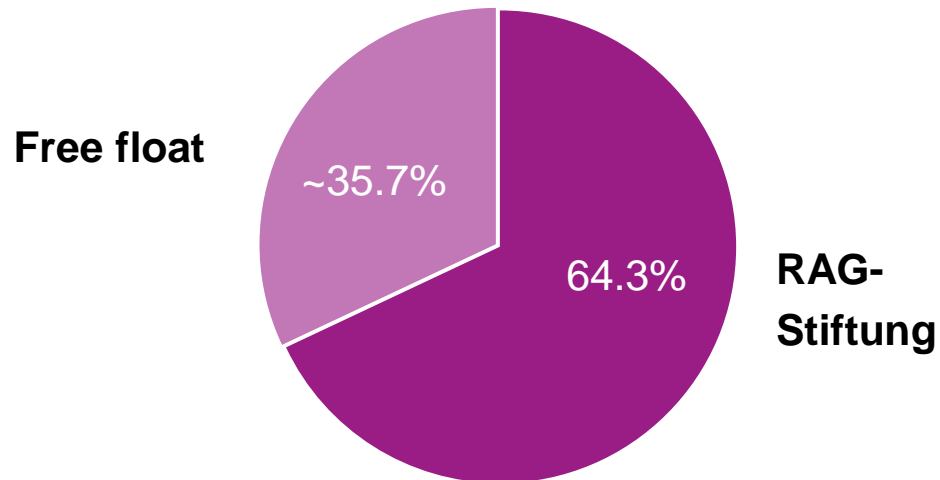
Used for photovoltaic cell encapsulation



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

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

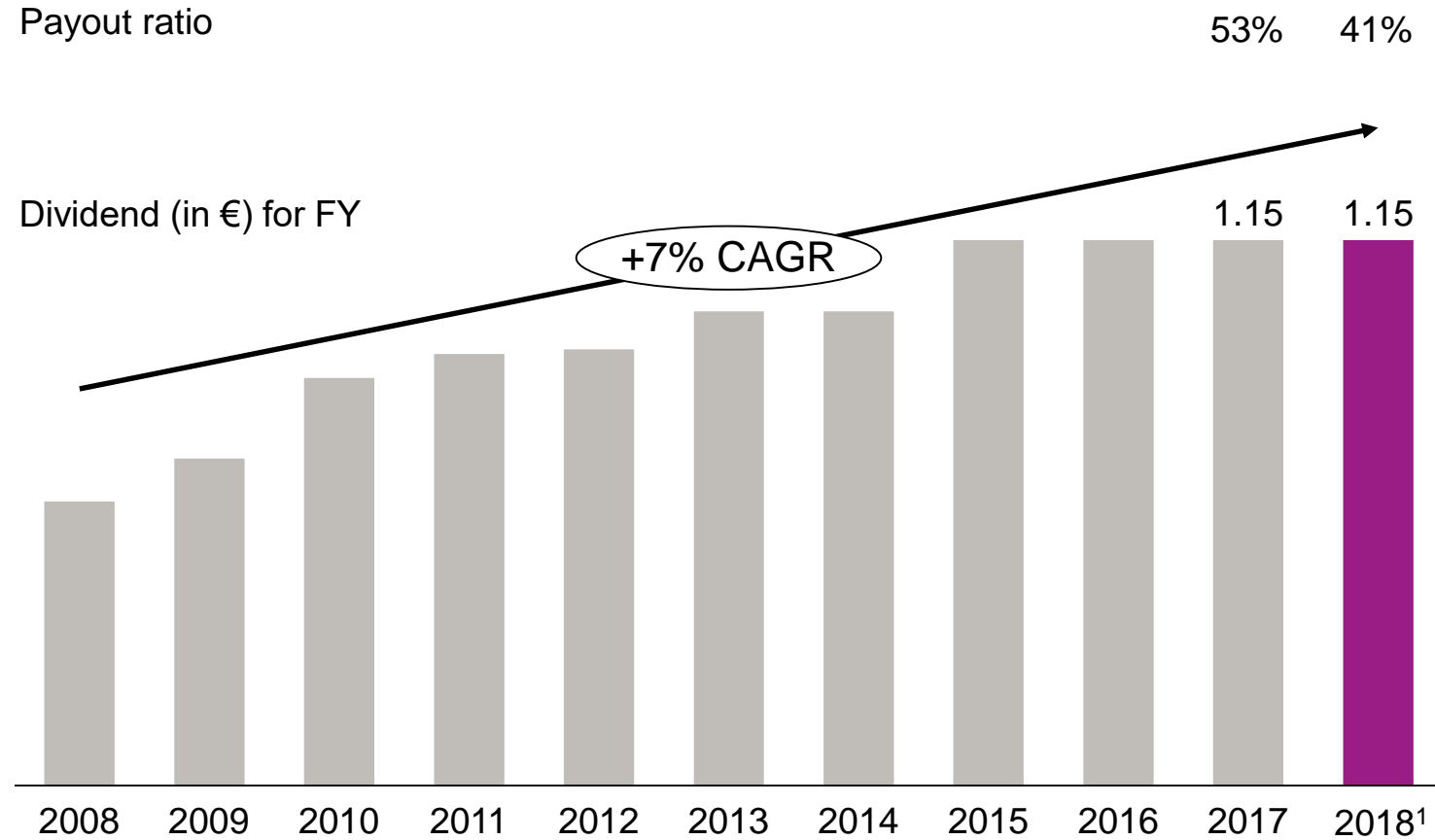
Ownership structure



RAG-Stiftung

- A foundation with the obligation to finance the perpetual liabilities arising from the cessation of hard-coal mining in Germany
- Evonik as integral and stable portfolio element with **attractive and reliable dividend policy**
- **Clear intention to remain significant shareholder**
- RAG-Stiftung capable to cover annual cash out requirements with Evonik dividend (~€363 m dividend received in 2018)

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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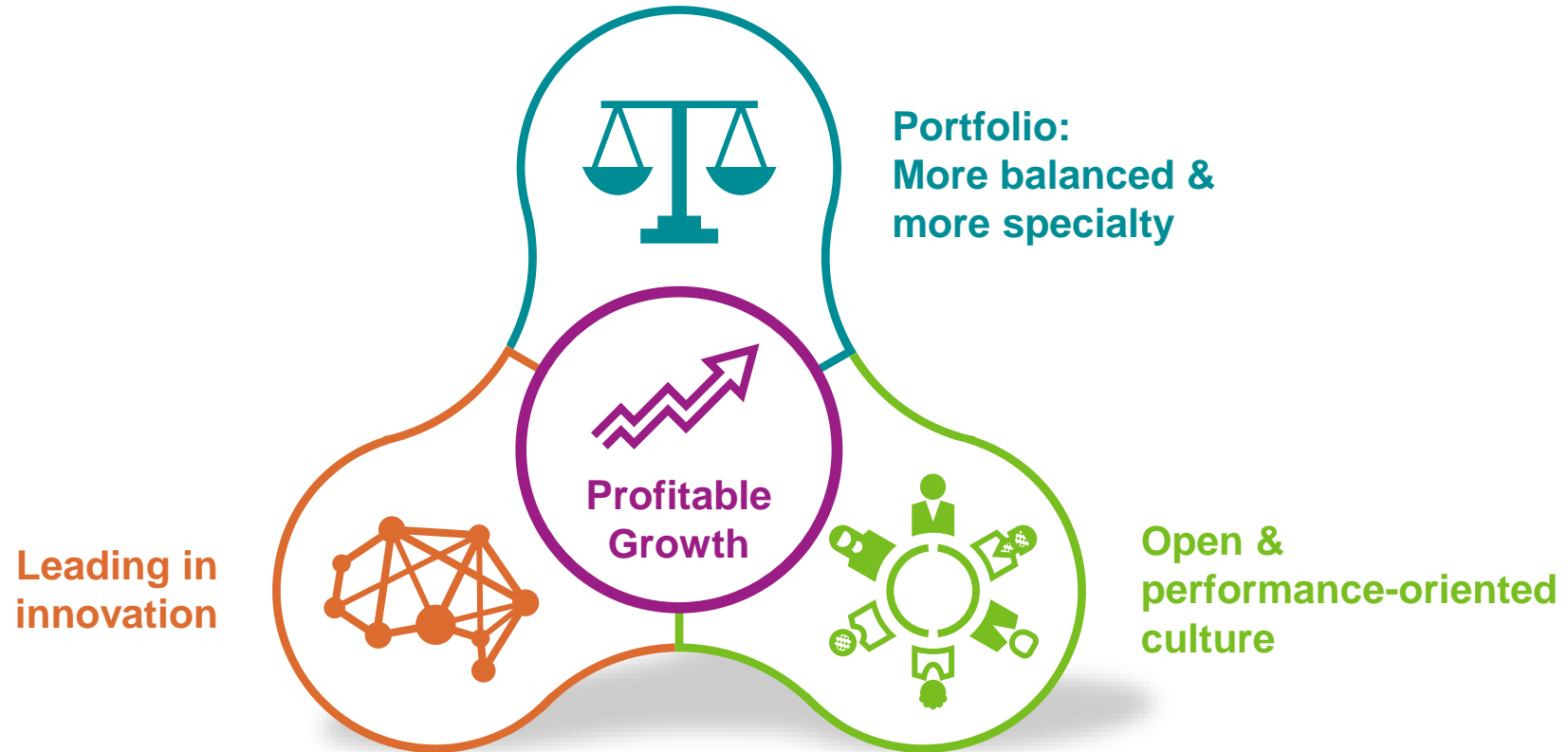
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Building a best-in-class specialty chemicals company

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

€5.6 bn

Mature
businesses



Growth
businesses

PERFORMANCE MATERIALS

€2.4 bn

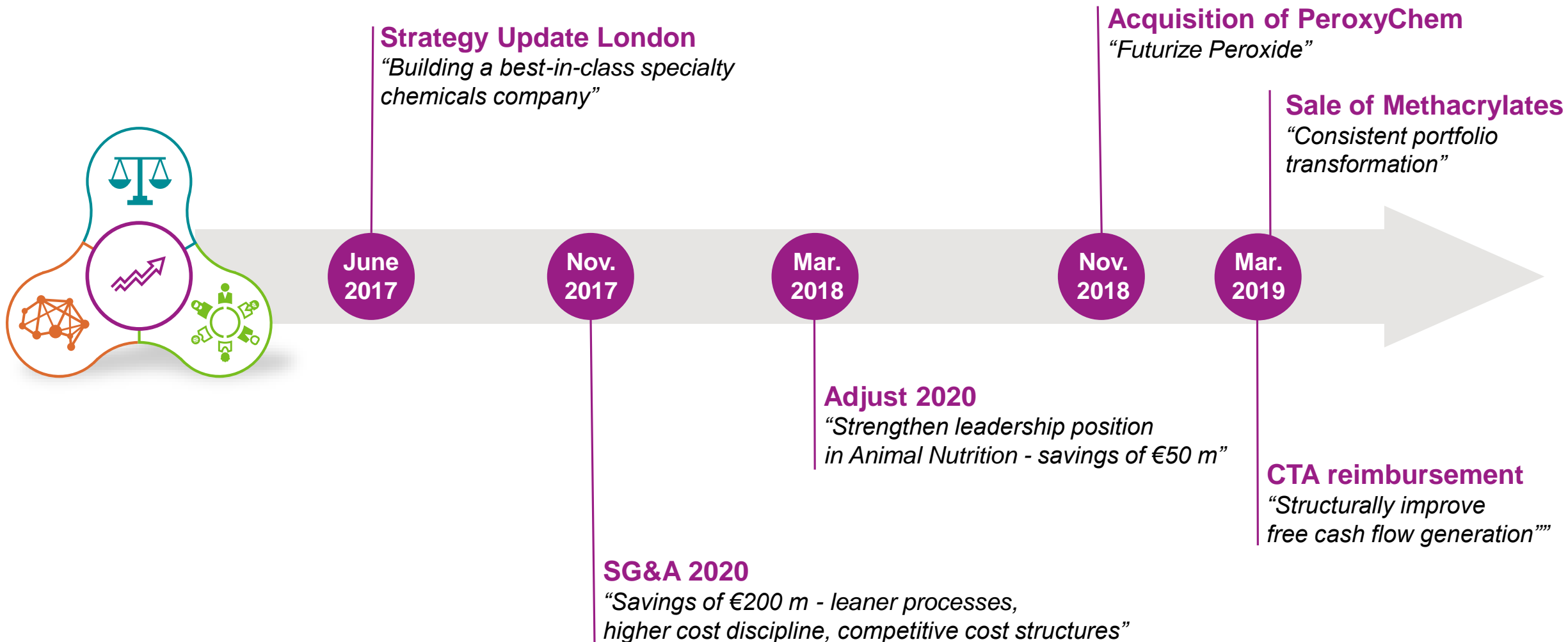
Mature
businesses



✓ Meeting specialty chemicals characteristics

Step by step execution of strategic agenda

What we achieved so far



Active portfolio management

More balanced and specialty with improved financial metrics

Acquisitions

APD Specialty Additives

„Creating a global leader in Specialty & Coating Additives“

Huber Silica

„Excellent complementary fit for resilient silica business“

Dr. Straetmans

„Expansion as leading partner for the cosmetics industry“

PeroxyChem

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



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

Divestments

Jayhawk (non-core agrochemical site in PM)

„Streamlining on business-line level“

MMA/PMMA Verbund

„Major step towards a more specialty & balanced portfolio“



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

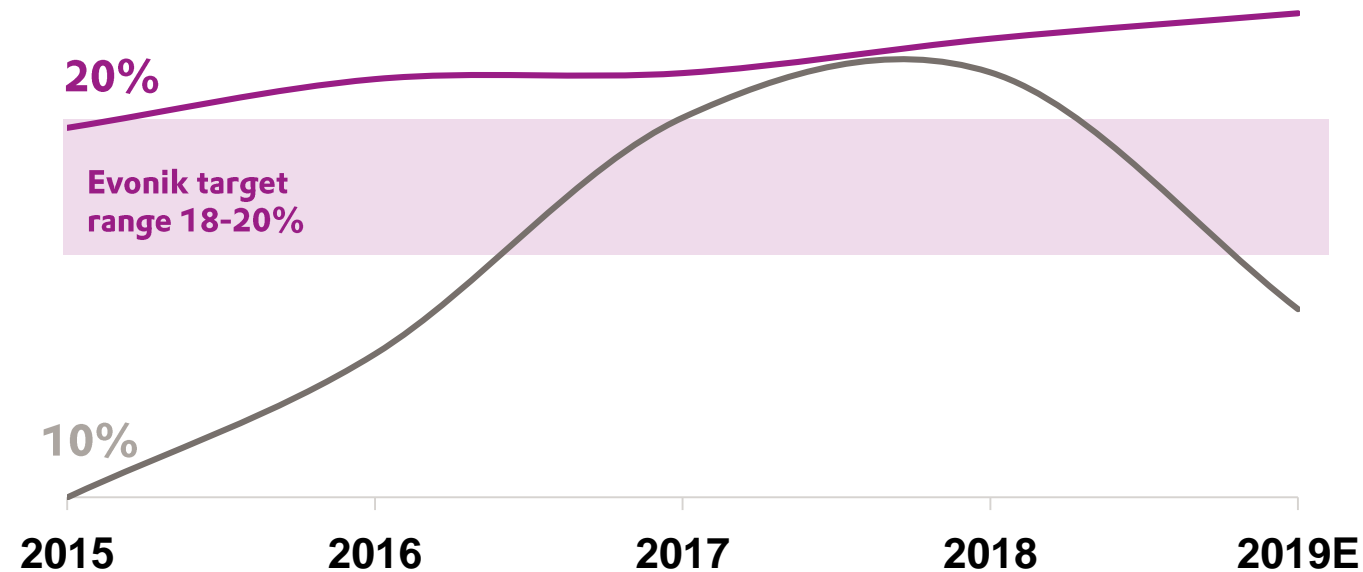
Portfolio transformation leads to higher margins with reduced volatility

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

Acquisitions



MMA/PMMA



Ø Acquisitions
~22%

VS.

Ø MMA
~17%

Portfolio development

Asset-light shift towards specialties leads to margin uplift

Asset-light shift towards specialty applications offers significant margin potential

PA12

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

Omega 3 fatty acids

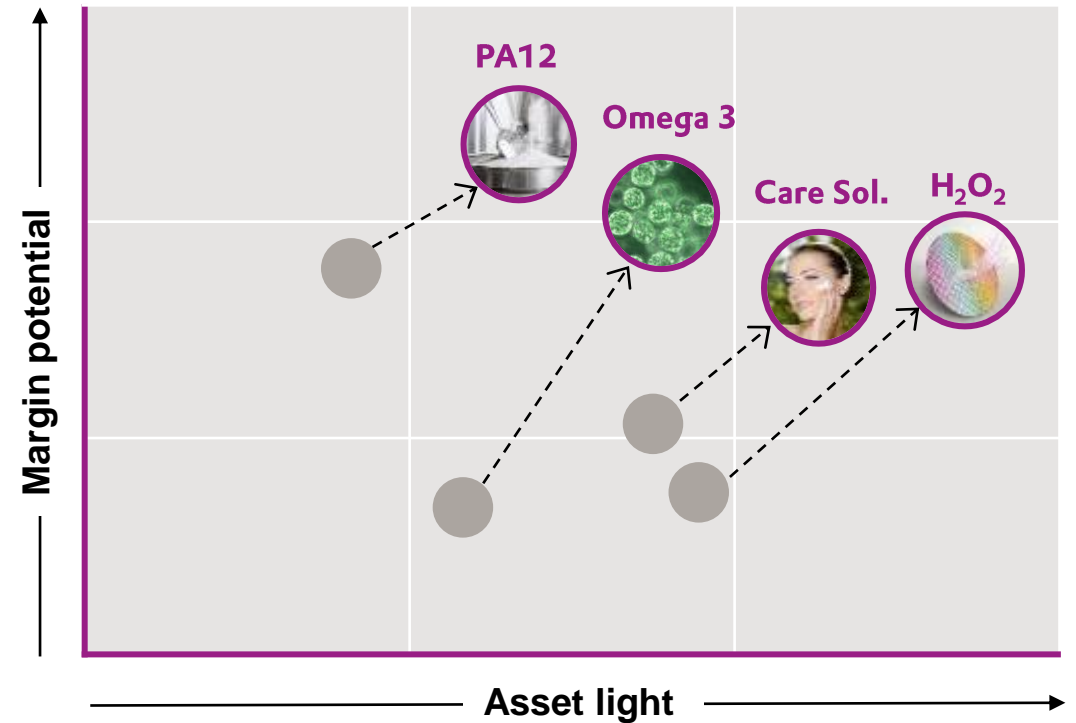
Repurposing fermenters of mature lysine business to produce high-end algae based omega-3 fatty acids

H₂O₂

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

Care Solutions

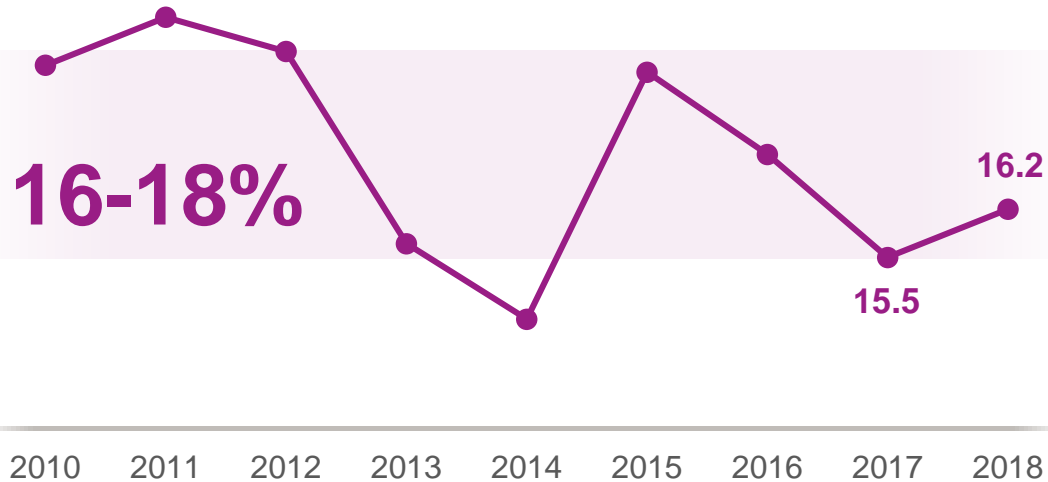
Aligning the product portfolio and adapting the asset network to meet the future requirements for a higher share of specialties



Strategic agenda reflected in ambitious financial targets

Structurally lifting EBITDA margin and driving balanced growth

Historic margin range (in %)



Targets going forward (over the cycle)

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

Above-average volume growth **GDP+**

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

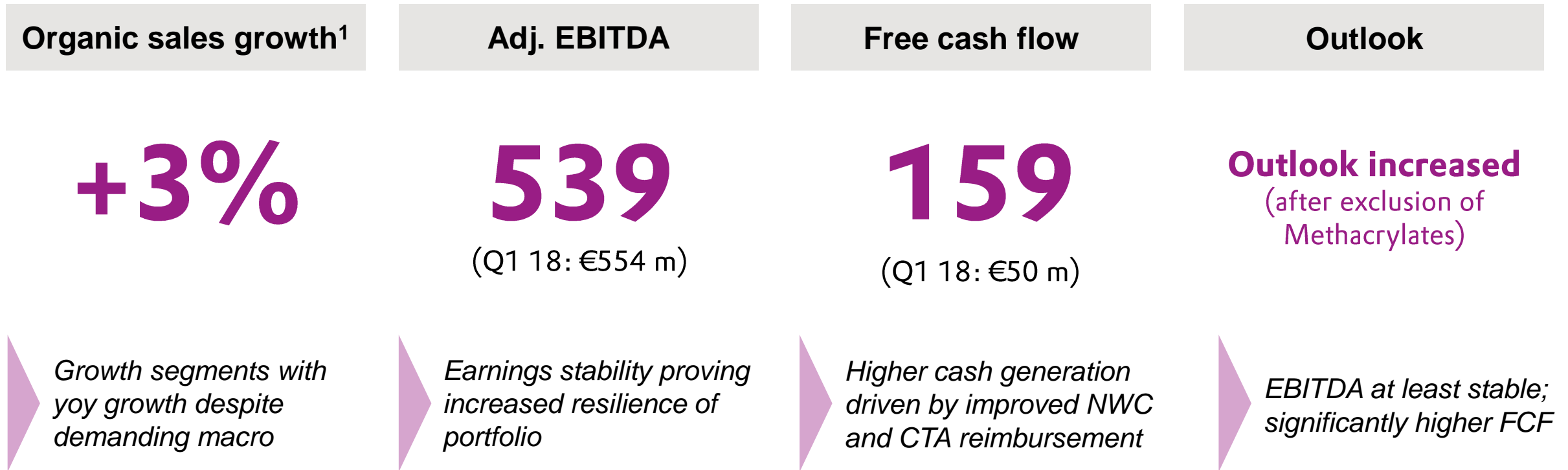
2017 & 2018: continued operations

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Highlights Q1 2019

Resilient start despite challenging macro environment

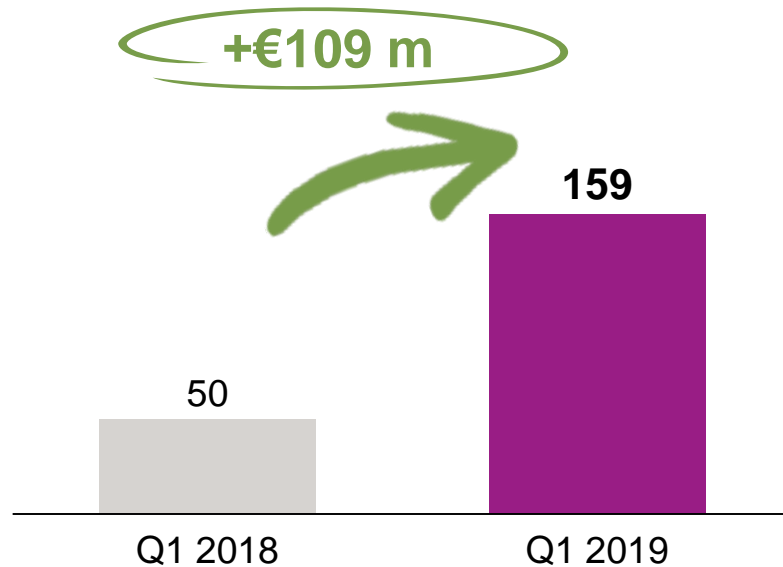


All numbers refer to continuing operations
1: Growth segments

Free Cash Flow Q1 2019

Strong FCF improvement

Free Cash Flow Q1 2019 (in €m, continuing operations)

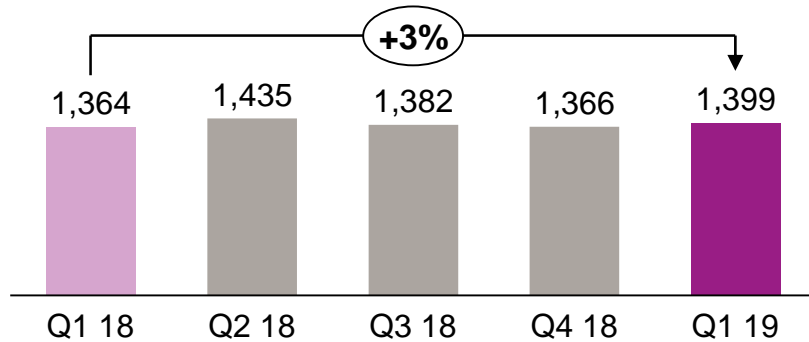


- FCF improved by €109 m
- ...despite €58 m lower EBIT
- Operating cash flow benefitting from lower cash outflows for NWC and pensions (CTA effect)
- Strong cash generation above prior year also pre IFRS 16 and after interest payments
- ... also visible in declining net financial debt level (- €154 m vs Jan 1st, 2019)

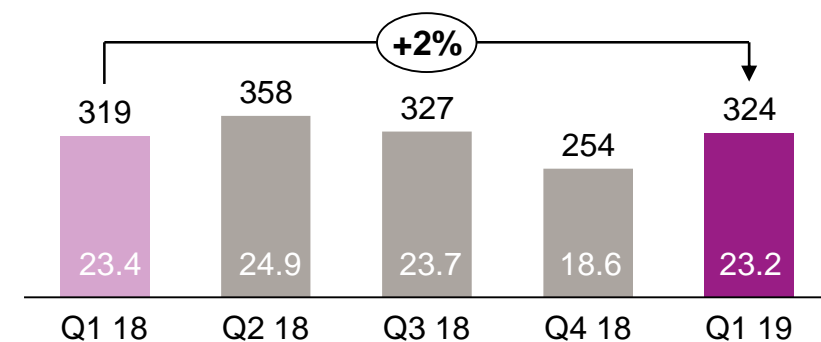
Resource Efficiency

Healthy organic growth driving higher earnings

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q1 19 vs. Q1 18	Volume	Price	FX	Other
	-2% ↘	+5% ↗	0% →	0% →



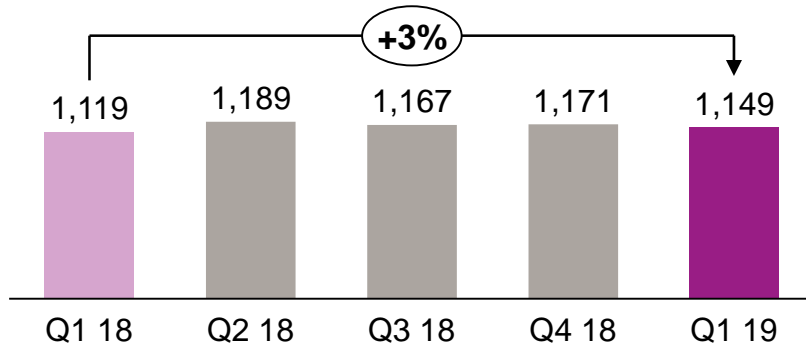
1. Mix of portfolio effects and others

- Specialty portfolio demonstrates its resilience with slightly higher earnings in Q1 vs already strong prior-year
- Organic growth of +3% driven by strong pricing (+5%)
- Continued good earnings momentum in Silica and High Performance Polymers (PA12)
- Oil Additives and Coating Additives holding up well in more challenging market environment
- Q2 expected sequentially slightly higher and below outstanding prior-year level

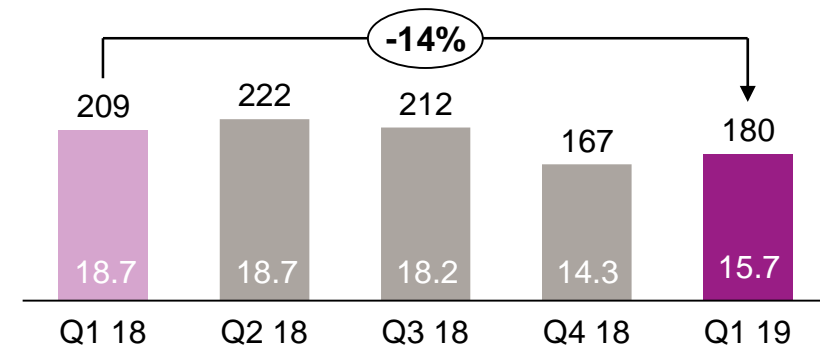
Nutrition & Care

Solid operational performance throughout the first three months

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q1 19 vs. Q1 18	Volume	Price	FX	Other
	+6% ↗	-3% ↘	0% →	0% →



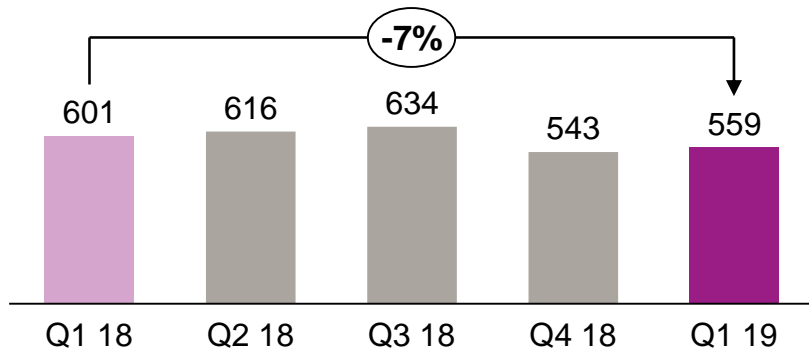
1. Mix of portfolio effects and others

- Strong volume development in resilient end markets
- Adj. EBITDA in Q1 negatively impacted by ramp-up costs for new methionine plant (~€15 m) and phasing of earnings in Health Care during FY 2019 (back-end loaded)
- Efficiency contributions from Animal Nutrition and Care Solutions
- Methionine with strong volumes, negative price effect against high comparables from Q1 2018
- Sequentially slightly higher earnings expected for Q2: negative price effect in methionine overcompensated by positive phasing in Health Care

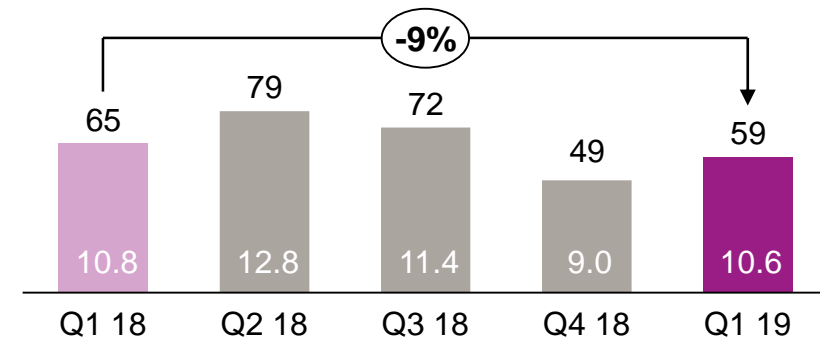
Performance Materials

Supply constraints impacting profitability

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q1 19 vs. Q1 18	Volume	Price	FX	Other
	-4% ↓	-2% ↓	-1% ↓	0% →

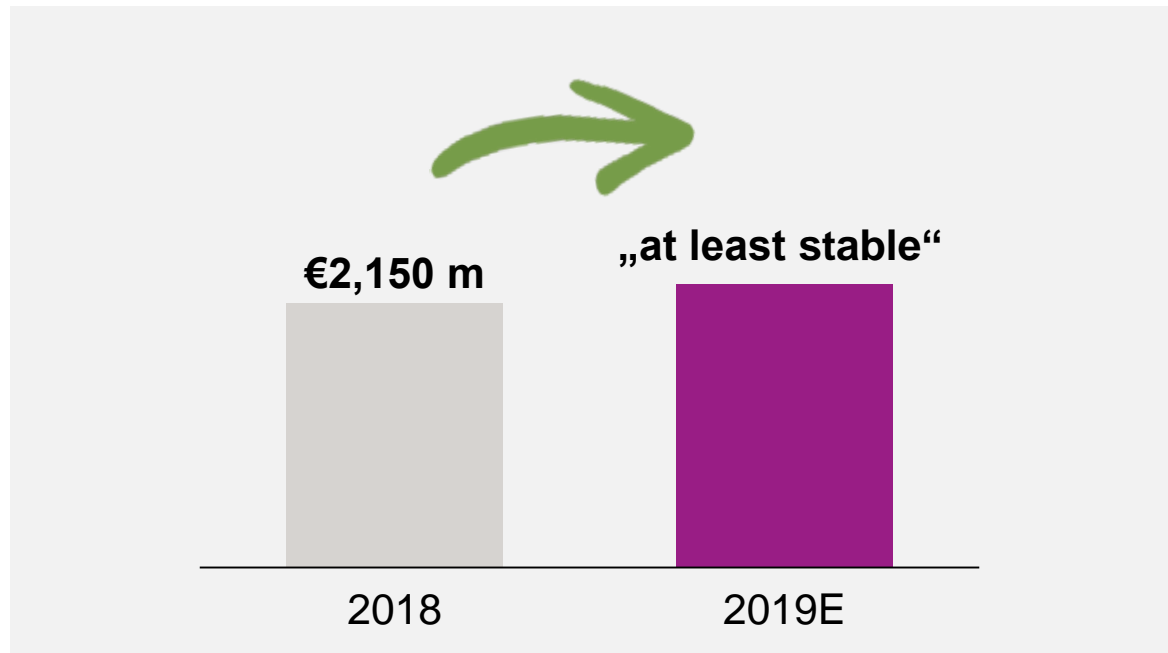


- Continuing operations in PM: C4 businesses and Functional Solutions (alkoxides for production of biodiesel and life science products)
- Lower volumes due to limited raw material availability caused by temporary production issues at supplier site; impact on EBITDA ~€10 m in Q1
- Lower MTBE prices (destocking in European gasoline market) mitigating higher BD-Naphtha spreads
- Supply constraints solved by end of Q1, therefore Q2 expected with clearly higher sales & EBITDA

Outlook 2019: Adj. EBITDA

Outlook increased after exclusion of Methacrylates

“at least stable adj. EBITDA” (FY 2018: €2,150 m); previously: “slightly lower or stable” (incl. MMA)

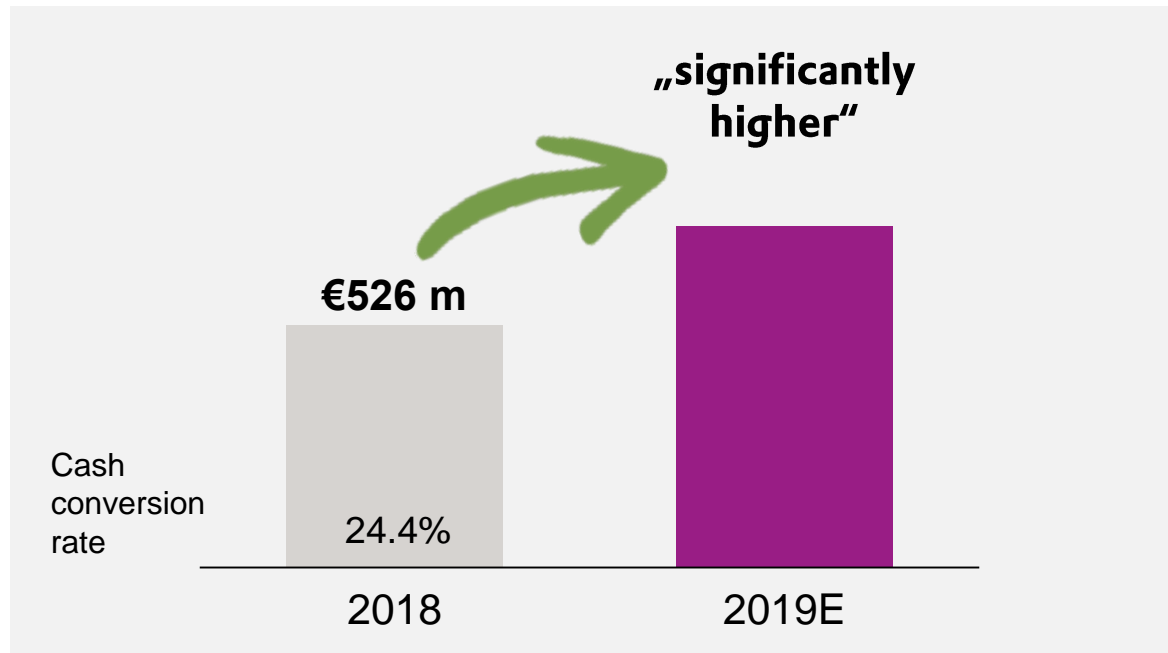


- Assumption of **lower economic growth** throughout the year 2019
- Outlook now **excluding Methacrylates**
- Nutrition & Care slightly lower;
Resource Efficiency slightly higher;
Perf. Materials around level of last year

Outlook 2019: Free Cashflow

Further improvement in cash generation expected

“significantly higher free cash flow” (FY 2018: €526 m); unchanged (now excl. MMA)



Positives:

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

Negatives:

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

Additional indications for 2019

- IFRS 16 effect ~€100 m equally split over four quarters of the year
- Synergies from acquisitions (APD & Huber Silica) **Additional synergies of ~€30 m** (total synergies: ~€70 m)
- PeroxyChem Not yet included in outlook, closing expected mid-2019 (Adj. EBTDA FY 2018: \$60 m)
- ROCE **Above cost of capital** (10.0% before taxes); around the level of 2018 (10.2%)
- Capex **~€950 m** (2018: €969 m)
- EUR/USD **1.15 EUR/USD** (2018: 1.18 EUR/USD)
- EUR/USD sensitivity¹ +/-1 USD cent = **-/+ ~€8 m** adj. EBITDA (FY basis)
- Adj. EBITDA Services **Around the level of 2018** (2018: €100 m); absolute level in Services now lower due SG&A 2020-related reorganization of support functions from Corporate to Services (2018 restated)
- Adj. EBITDA Corporate / Others **Slightly less negative than in 2018** (2018: -€283 m); absolute level in Corporate / Others now less negative due SG&A 2020-related reorganization of support functions from Corporate to Services (2018 restated)
- Adj. D&A **~€900 m** (2018: €789 m); increase mainly IFRS 16-related
- Adj. net financial result² **~€190 m** (2018: -€151 m); increase partly IFRS 16-related
- Adj. tax rate **around the level of 2018** (previously: 28%; 2018: 23%); 2019 now lower due to MMA-related deferred tax assets

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

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

Segment outlook FY 2019 (continuing operations)

Nutrition & Care

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

Resource Efficiency

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

Performance Materials

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



EVONIK

POWER TO CREATE

Appendix

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

Consistently executing our strategic agenda

Levers for structural uplift in profitability and growth




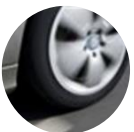



	Strategic lever	Impact (p.a.)	by (year)
Synergy realization	<ul style="list-style-type: none"> Realization of synergies from Air Products and J.M. Huber acquisitions 	€85 m EBITDA	2020/2021
Cost excellence	<ul style="list-style-type: none"> Targeting structural improvements in SG&A, reduction of 1,000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

18-20%
EBITDA margin

GDP+
volume growth

Four growth engines

Growth drivers and product examples

	Growth trends and drivers	Product examples	Market growth
 <p>Specialty Additives “Small volume, big impact”</p>	<ul style="list-style-type: none"> More sophisticated requirements on additive effects Need for increased product performance and efficiency 	<p>Coating Additives PU-Additives Oil Additives</p>	 <p>5-6%</p>
 <p>Health & Care Preferred partner in Pharma and Cosmetics</p>	<ul style="list-style-type: none"> Increasing health-awareness and lifestyle Bio based products and environmentally-safe cosmetics 	<p>Pharma polymers Oleochemicals Advanced biotechnology</p>	 <p>5-6%</p>
 <p>Smart Materials Tailored functionalities for sustainable solutions</p>	<ul style="list-style-type: none"> Trend towards resource efficiency in high demanding applications Engineered materials and systems to fulfill high performance requirements 	<p>Rubber Silica & Silanes High Performance Polymers Membranes</p>	 <p>4-7%</p>
 <p>Animal Nutrition Comprehensive portfolio for more sustainable food chain</p>	<ul style="list-style-type: none"> Sustainable nutrition Improving food quality and safety 	<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%¹

Business

Highly attractive strategic fit, seamless integration into existing businesses

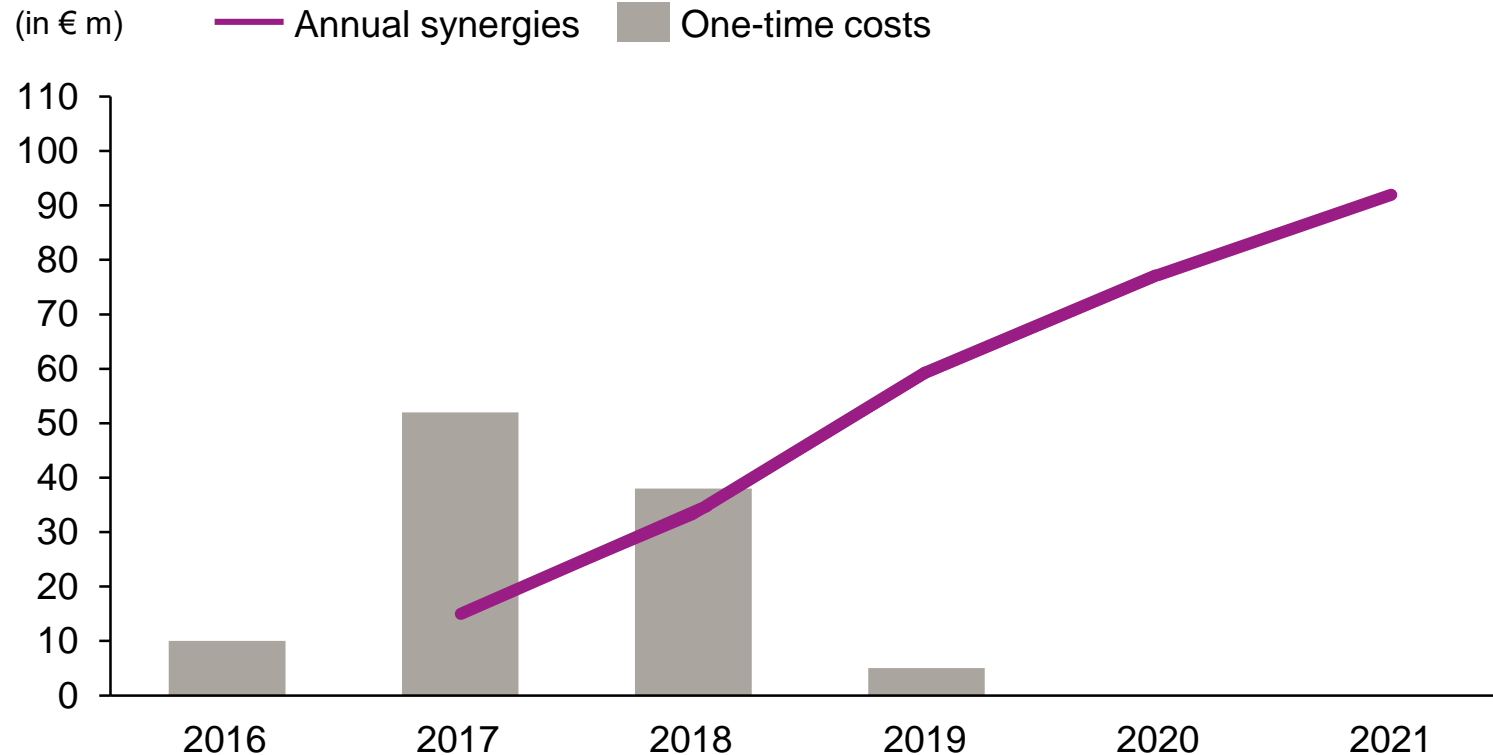
Disciplined expansion in high-growth & -margin businesses with excellent strategic fit

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

Implementation schedule for acquisition synergies

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

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 costs¹

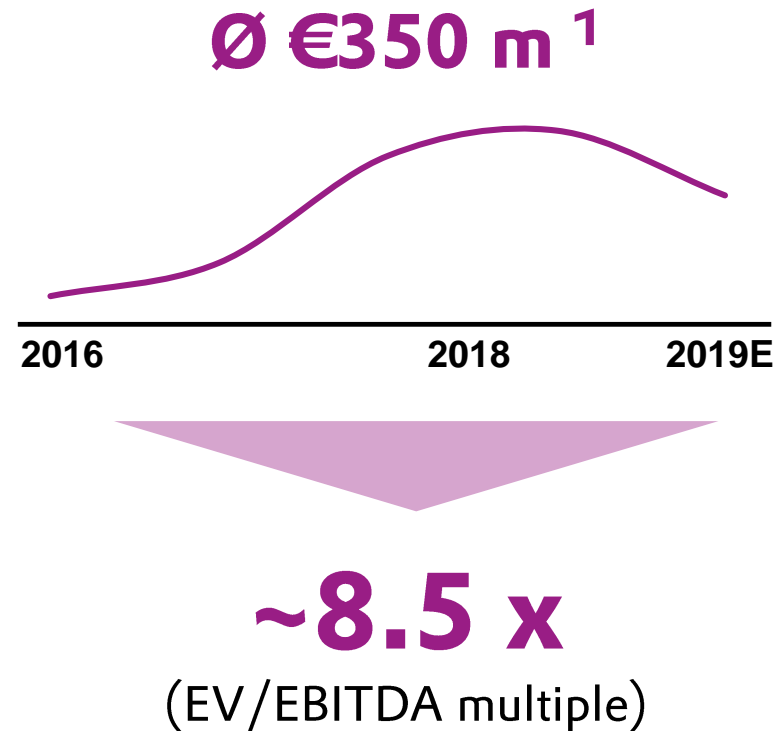
~ €105 m p.a.
 APD: ~ €75 m p.a.
 Huber: ~ €30 m p.a.

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

Methacrylates Divestment

Well-structured divestment process results in attractive valuation

EBITDA 2016 - 2019E



2016-2017: Preparing the business

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

2018: Maximizing the value

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

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

Methacrylates Divestment

Attractive valuation

Enterprise Value

3.0 bn
(~8.5 x)

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

Debt- & cash-free
adjustments

0.6 bn

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

Equity value

2.4 bn

- Strengthening balance sheet
- Targeted growth

Methacrylates Divestment

Capital allocation priorities: Strengthening balance sheet and investing in growth

Strengthening Balance Sheet

Deleveraging

Targeted growth



Animal
Nutrition



Specialty
Additives



Health
& Care

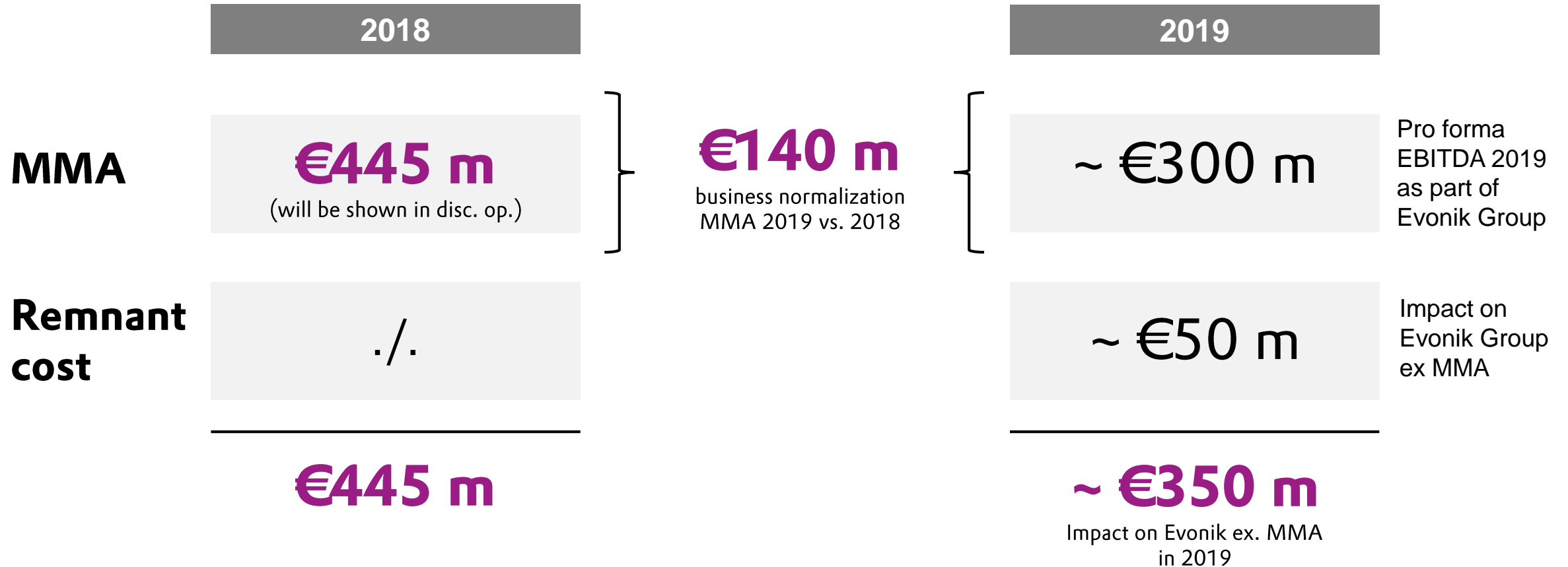


Smart
Materials

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

Methacrylates Divestment

Impact on Evonik financials (1/2)



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

Methacrylates Divestment

Impact on Evonik financials (2/2)

Dividend policy

- No change in dividend policy
- Dividend continuity (at least stable) / payout ratio of ~40% of adjusted net income

Remnant cost

- €50 m in 2019
- To be reduced by half by 2021

CAPEX

- Reduction of sustained CAPEX level to €850 m
- Extraordinary CAPEX spending in 2019-2021 related to PA12 project (peak in 2020)

Tax implications

- Deal-related tax payments¹ of ~€200 m (~7%)
- No significant impact on group P&L tax rate going forward (~28%)

Closing

- Estimated closing of transaction: Q3 2019

1. Part of Operating CF from discontinued operations

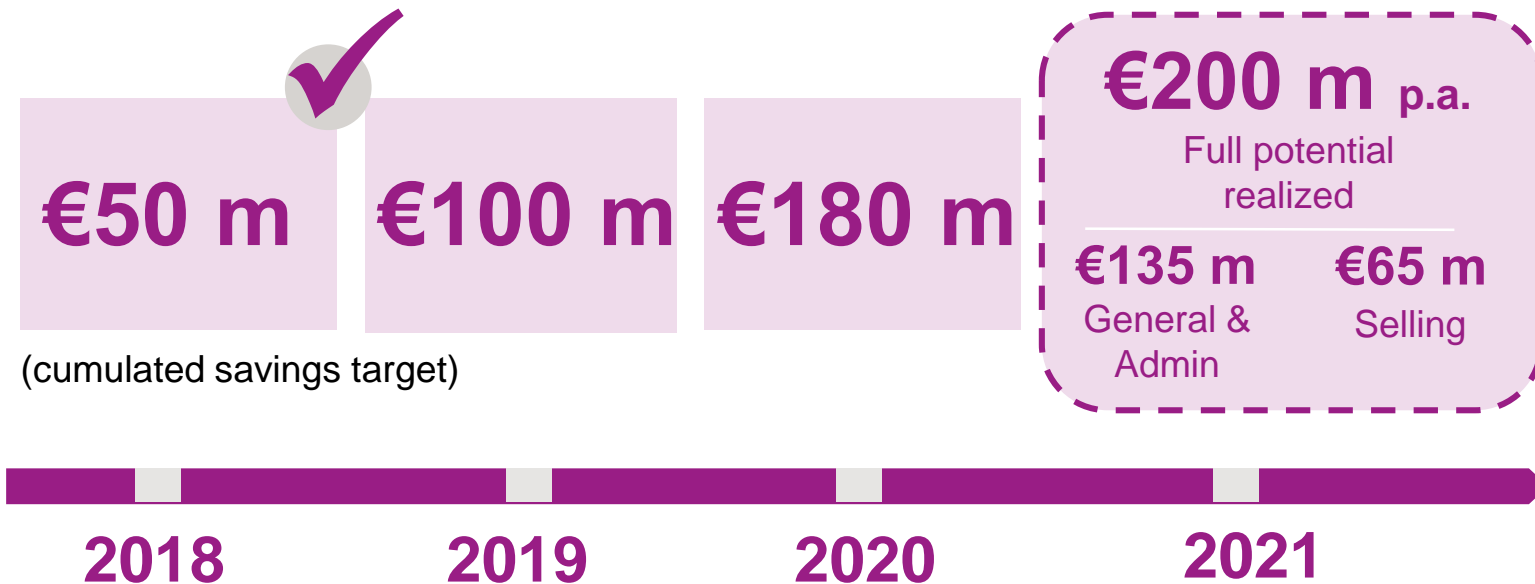
Achieving cost excellence: SG&A 2020

Targeting structural improvements in SG&A

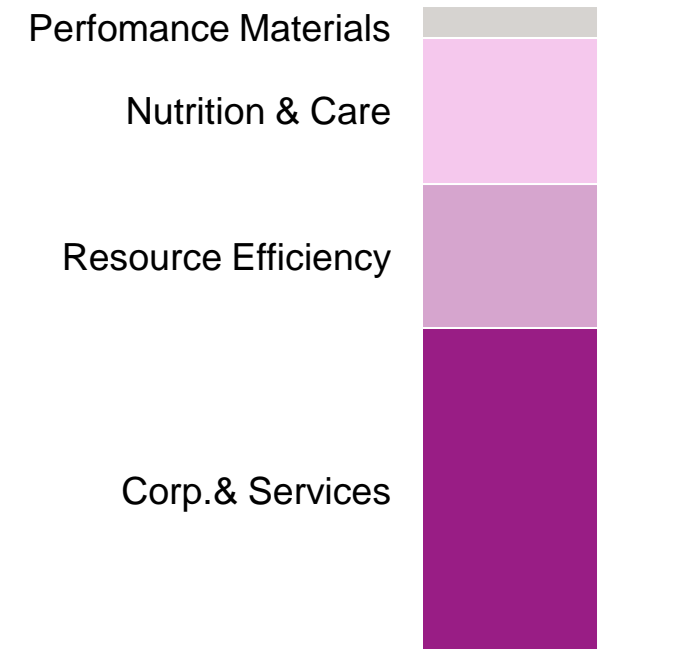
Cost savings of **€200 m** p.a.

Reduction of **1,000 FTE**

Savings **across all units and segments**



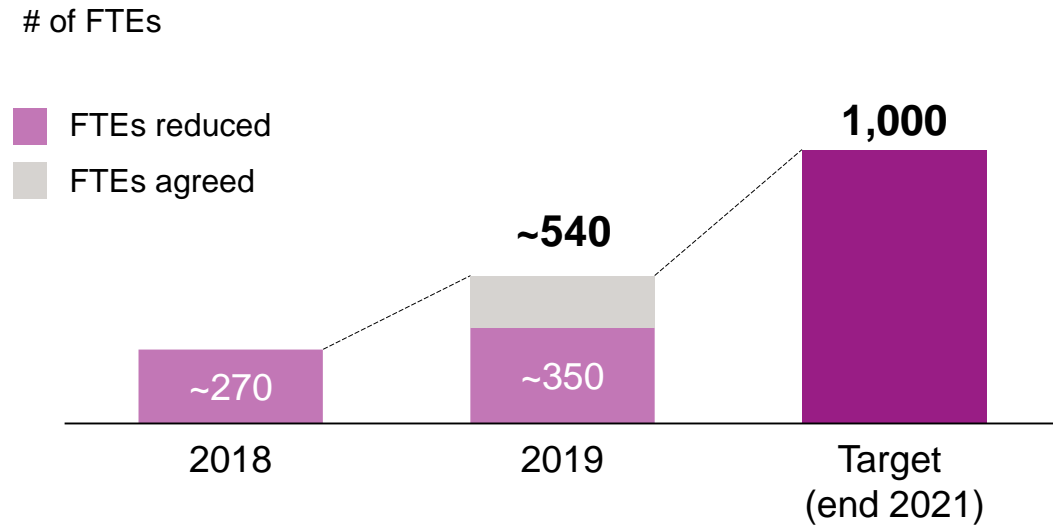
€200 m savings p.a.



SG&A 2020

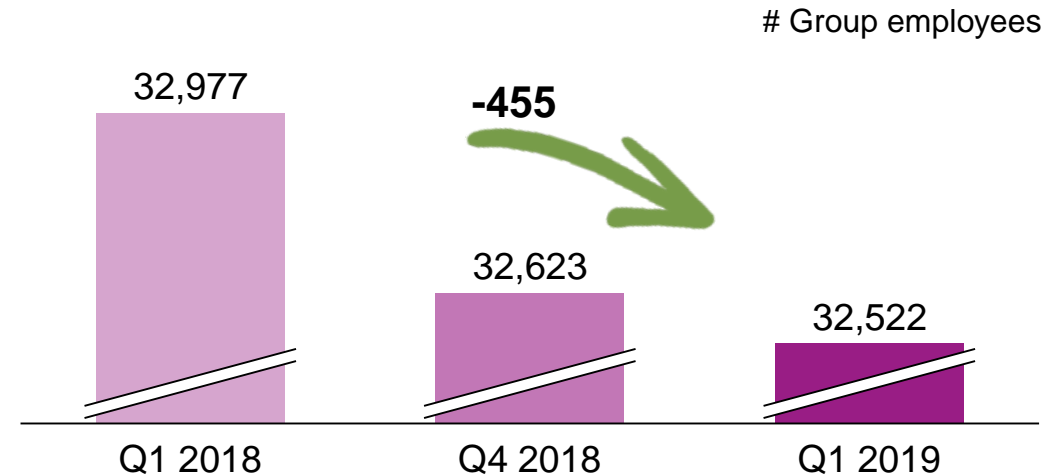
FTE reduction by 350 realized by Q1; >50% already fixed

SG&A FTE reduction >50% fixed



- **Reduction of 270 FTEs** in 2018
- Further **80 realized** in Q1 2019
- Overall, **>50%** of targeted 1,000 FTEs already fixed

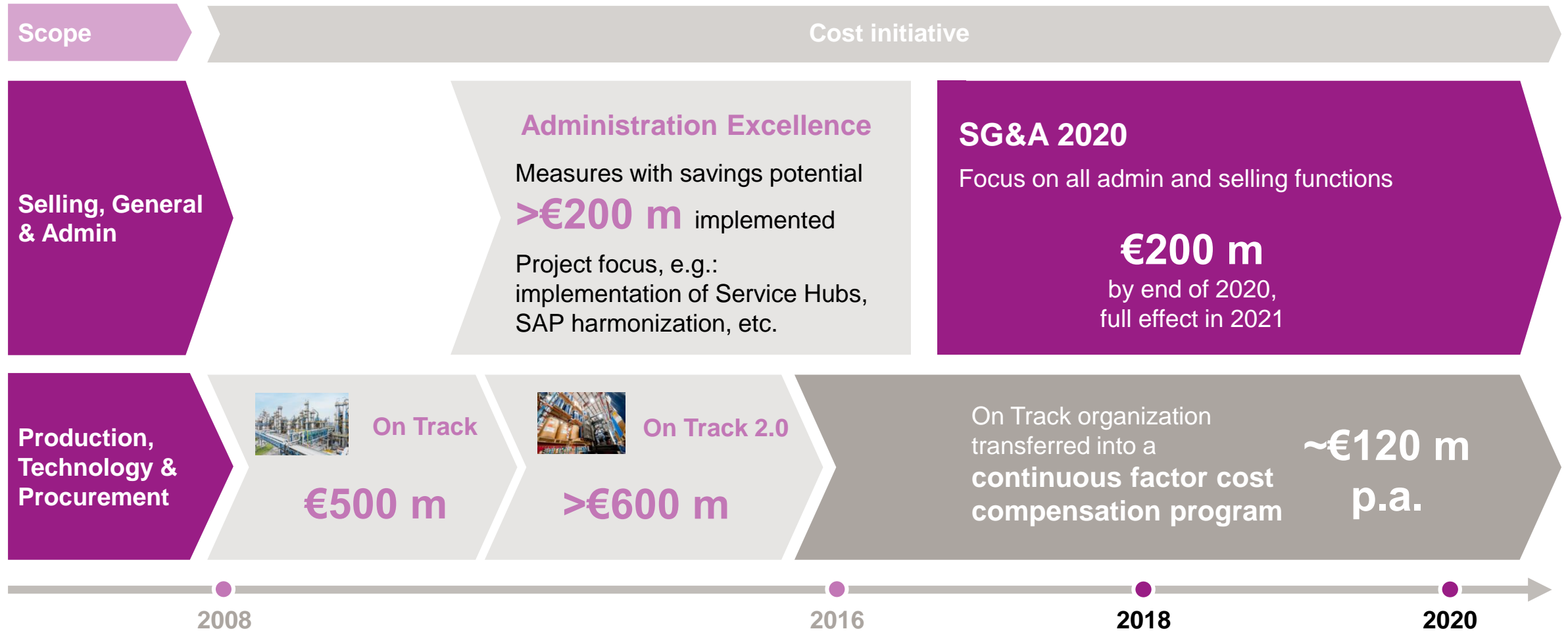
Total headcount development -455 (Q1 yoy)



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

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

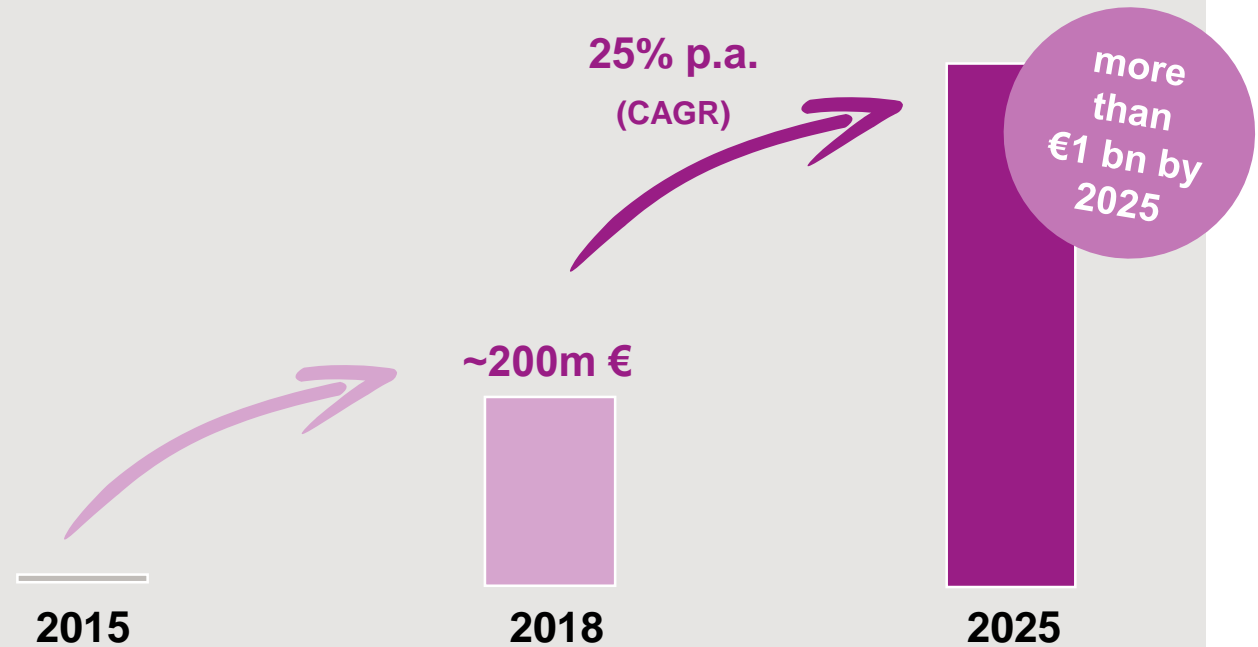


Healthcare Solutions



Sales contribution

Additional contribution to sales from Innovation Growth Fields



Open & performance-oriented culture

New corporate values and performance management system

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

1. Strategy Details
- 2. Segment overview**
3. Financials
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Evonik Group¹

17 Business Lines managed in 3 operative segments

Nutrition & Care



Sales
€4,646 m



Adj. EBITDA / Margin
€810 m / 17.4%

Animal Nutrition

Care Solutions

Baby Care

Comfort & Insulation

Health Care

Interface & Performance

Resource Efficiency



Sales
€5,547 m



Adj. EBITDA / Margin
€1,258 m / 22.7%

Silica

Crosslinkers

Oil Additives

High Performance Polymers

Coating Additives

Coating & Adhesive Resins

Active Oxygens

Silanes

Catalysts

Performance Materials



Sales
€2,394 m



Adj. EBITDA / Margin
€265 m / 11.1%

Performance Intermediates

Functional Solutions

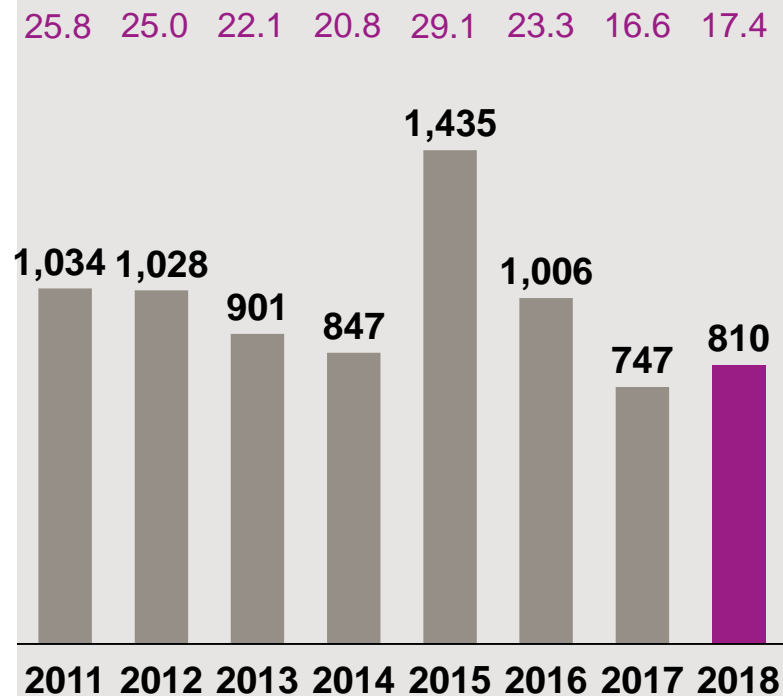
Nutrition & Care

Fulfilling human needs in a globalizing world

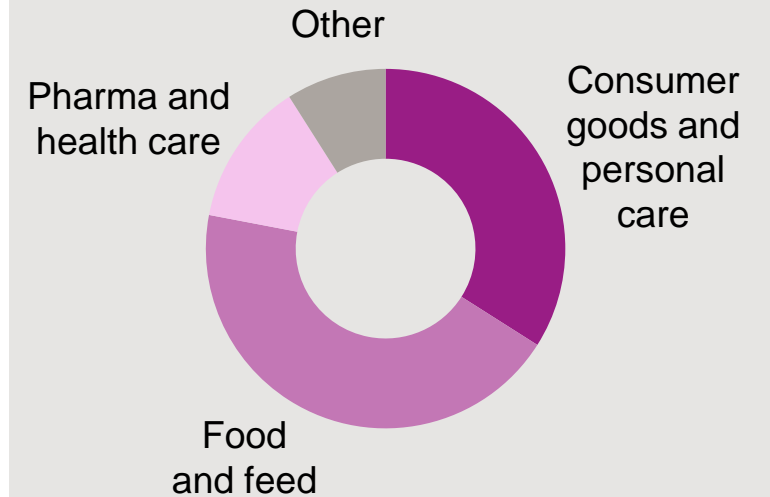
Key characteristics

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

Adj. EBITDA (€ m) and margin (%)



End market split



Nutrition & Care

Selected growth trends and products examples

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

Growth example ***Smart Drug Delivery***



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

Growth example ***Sustainable Nutrition***



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

Growth example ***Bio-based Cosmetics***



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

Growth example ***Innovative Additives***



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

Nutrition & Care – Veramaris

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



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



Specialist for the cultivation of marine organisms including algae



A combination of complementary expertise

- **Start-up of first plant mid-2019**
- **Market-pull** from the feed value chain, consumers and NGOs
- **Committed customers** like Norwegian salmon farmer Lingalaks & German retailer Kaufland
- Initial **sales potential** of ~ €150 - 200 m from first plant¹
- **Evonik site in Blair offers flexibility** and opportunity for further investments to expand production

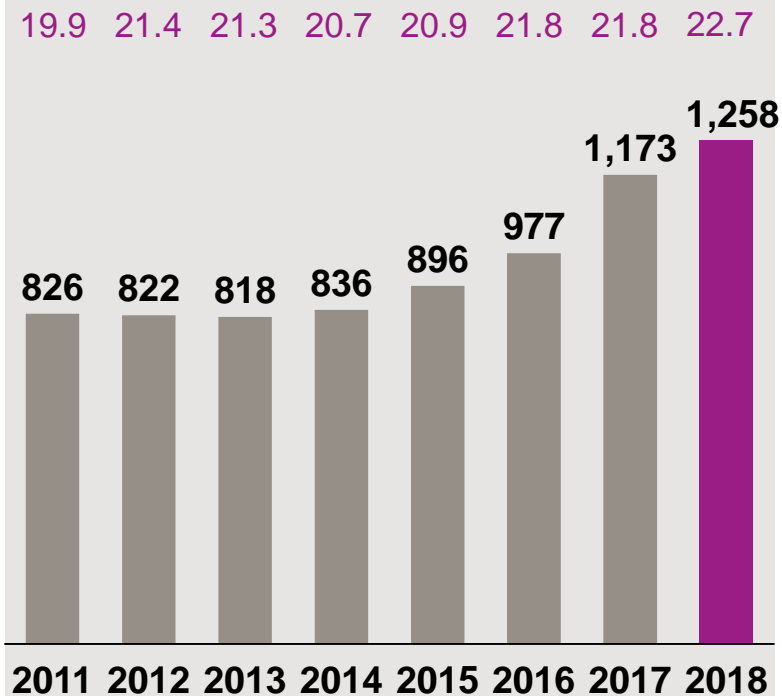
Resource Efficiency

Innovative products for resource-efficient solutions

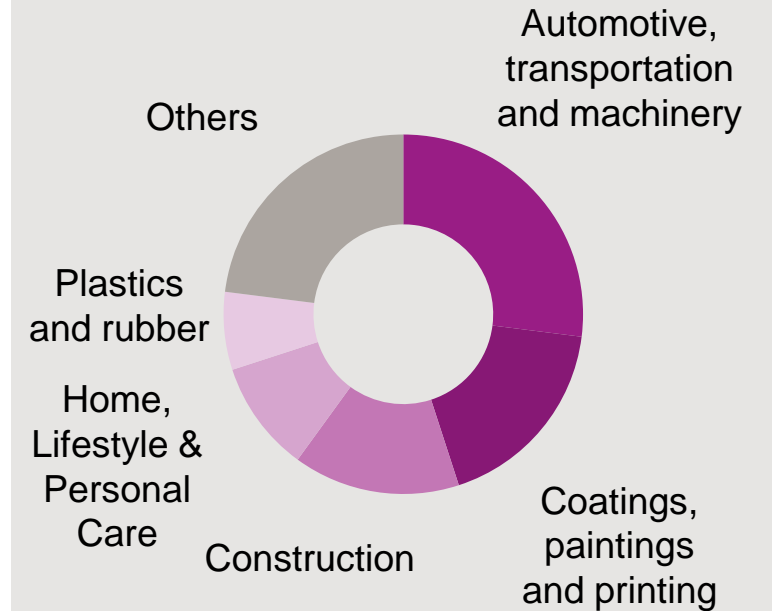
Key characteristics

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

Adj. EBITDA (€ m) and margin (%)



End market split



Resource Efficiency

Selected growth trends and products examples

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

Growth example ***Lightweight***



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

Growth example ***Green Tires***



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

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



With our purely mineral and fully 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

Resource Efficiency – E-Mobility

Significant additional sales opportunities



Opportunities arising from e-mobility ...

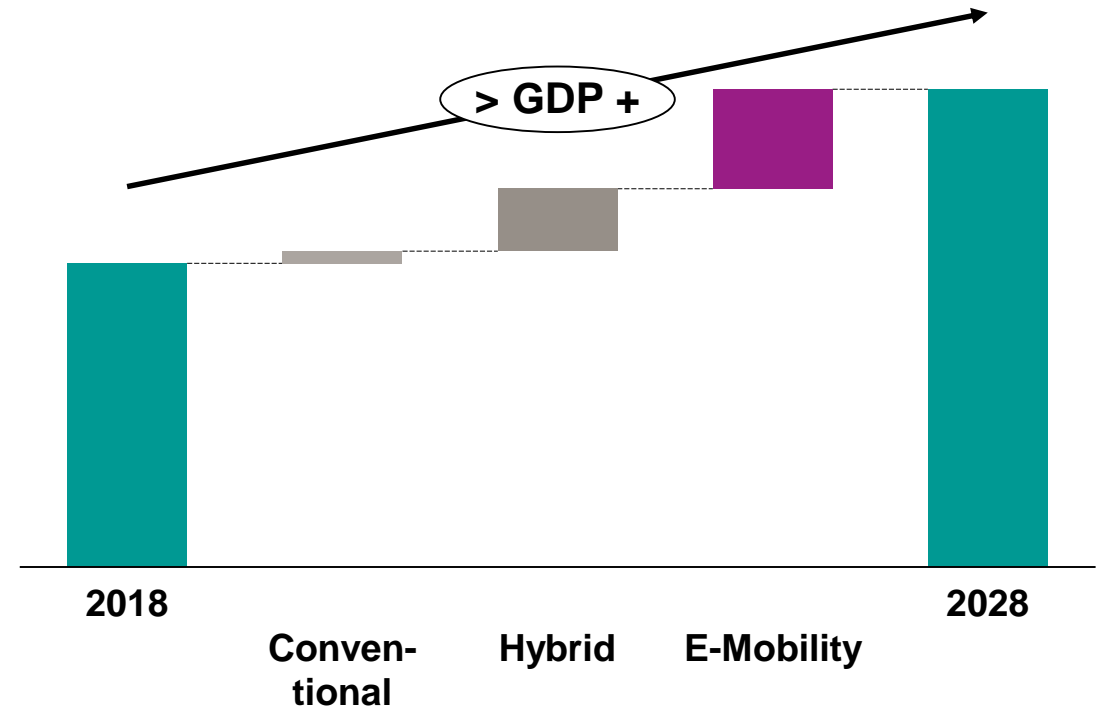
Plastics and composites (e.g. PA 12 or ROHACELL®)
Cooling lines, charging and high voltage cables

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

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

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

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



Performance Materials

Integrated production platforms for efficient production of rubber and plastic intermediates

Key characteristics

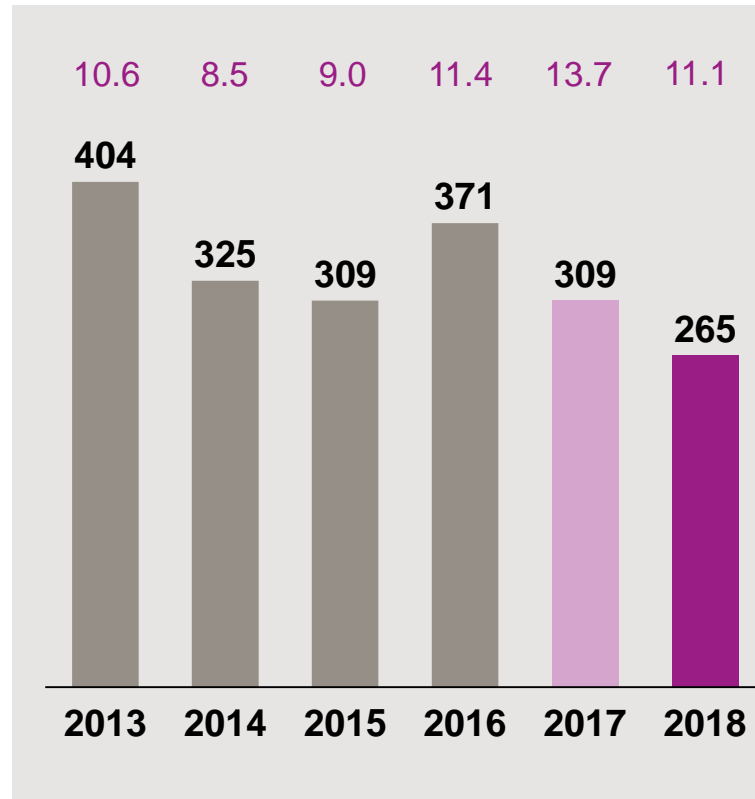
- Strong **integrated production platforms**
- **Leading cost positions**
- Favorable **raw material access**
- Focus on **continuous efficiency improvements**
- High degree of **supply reliability**

Key products

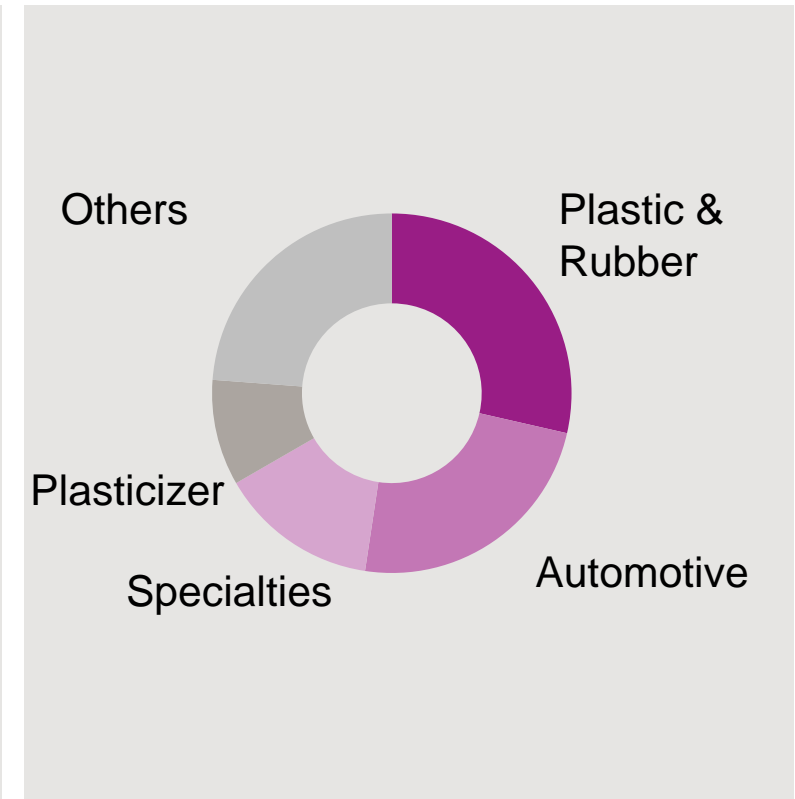
- Butadiene for synthetic rubber
- MTBE as fuel additive
- Alkoxides for biodiesel and life-science products



Adj. EBITDA¹ (€ m) and margin¹ (%)



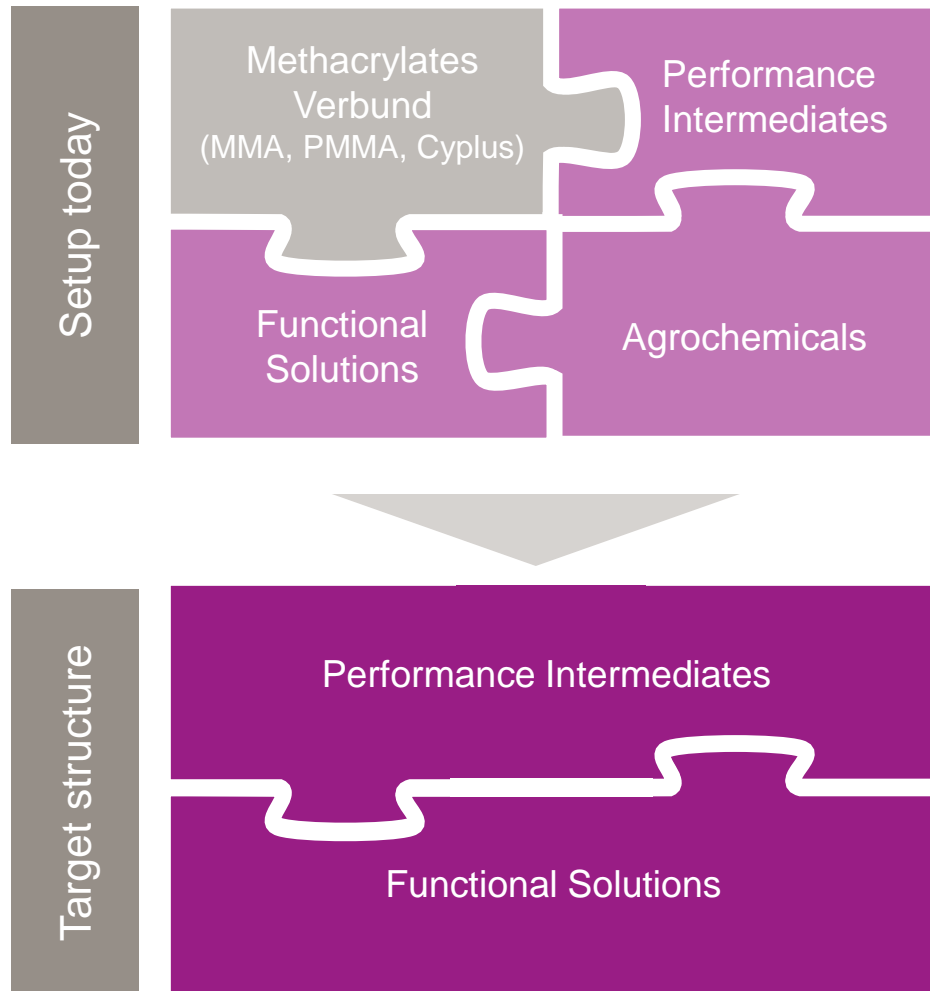
End market split



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

Streamlined setup of Performance Materials segment

Merger Functional Solutions & Agrochemicals business lines



Merger Functional Solutions & Agrochemicals: Bundling of competencies

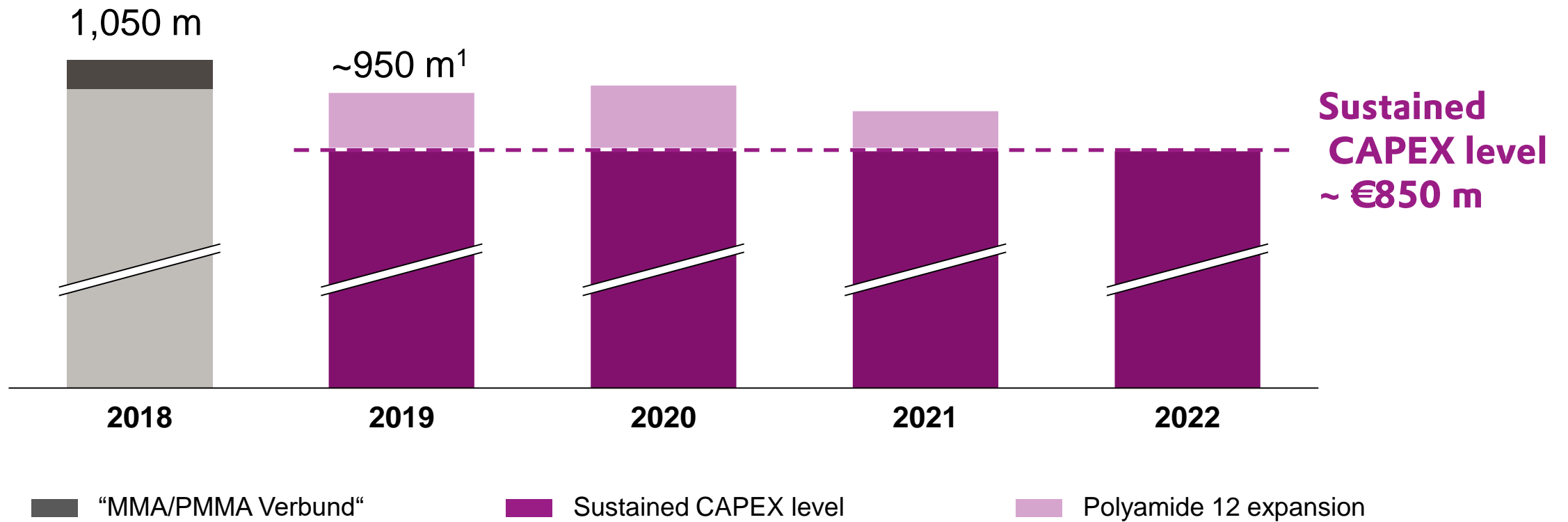
- **Complexity reduction:**
 - On segment level: Going forward, only 2 business lines in Performance Materials
 - On business line level: Reduction of product lines from 5 to 3 (in new Functional Solutions business line)
- **Efficiency improvement:**
 - Further optimization of Chlorine Verbund
 - More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

Appendix

1. Strategy Details
2. Segment overview
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Trimming down sustained CAPEX level to ~ €850 m

CAPEX development (in € m)



1. Continuing operations (excluding methacrylates)

Investments

Selective projects announced for 2019

Investment projects successfully completed ...

Precipitated Silica plant

United States

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



PA12 powder exp.

Germany

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



Specialty silicones plant

China

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



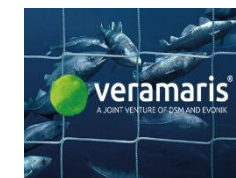
... and projects with start-up planned for 2019

Veramaris JV (Green Ocean)

United States

Start-up: 2019

Sales potential: ~ €100 m



Extension of fumed silica

Belgium

Start-up: 2019

Sales potential: upper double-digit m €



New methionine plant (Me6)

Singapore

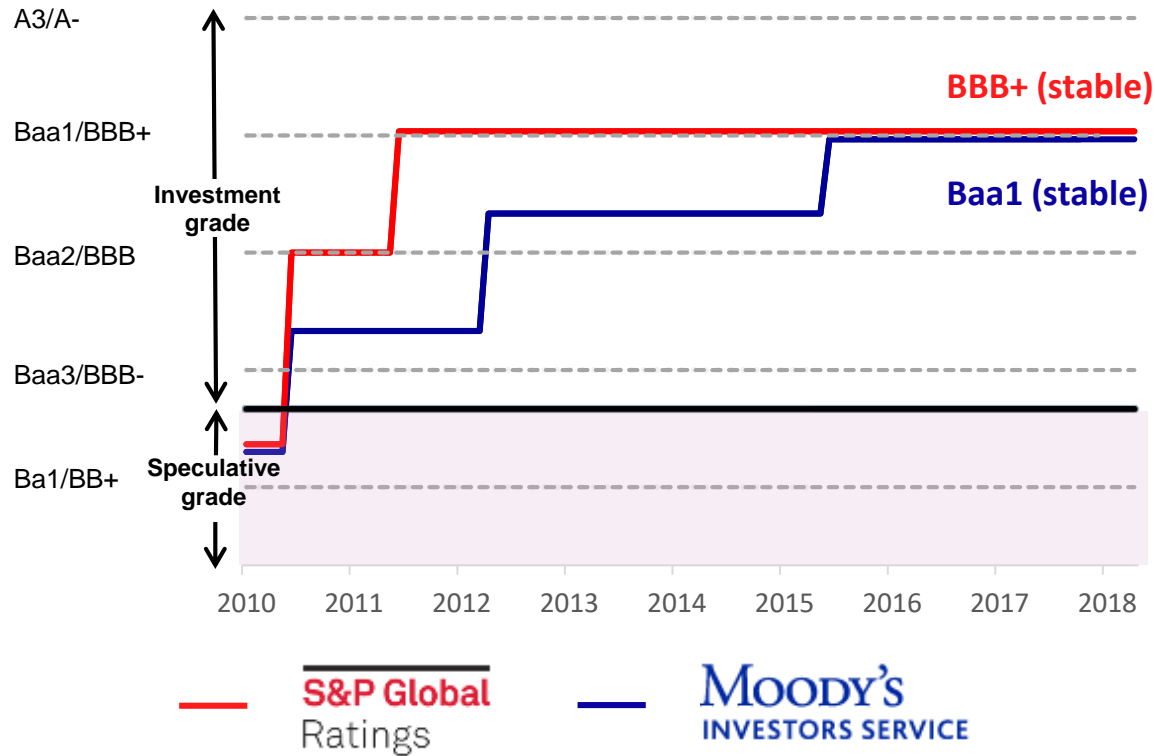
Start-up: 2019

Sales potential: > €500 m



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 March 31, 2019)

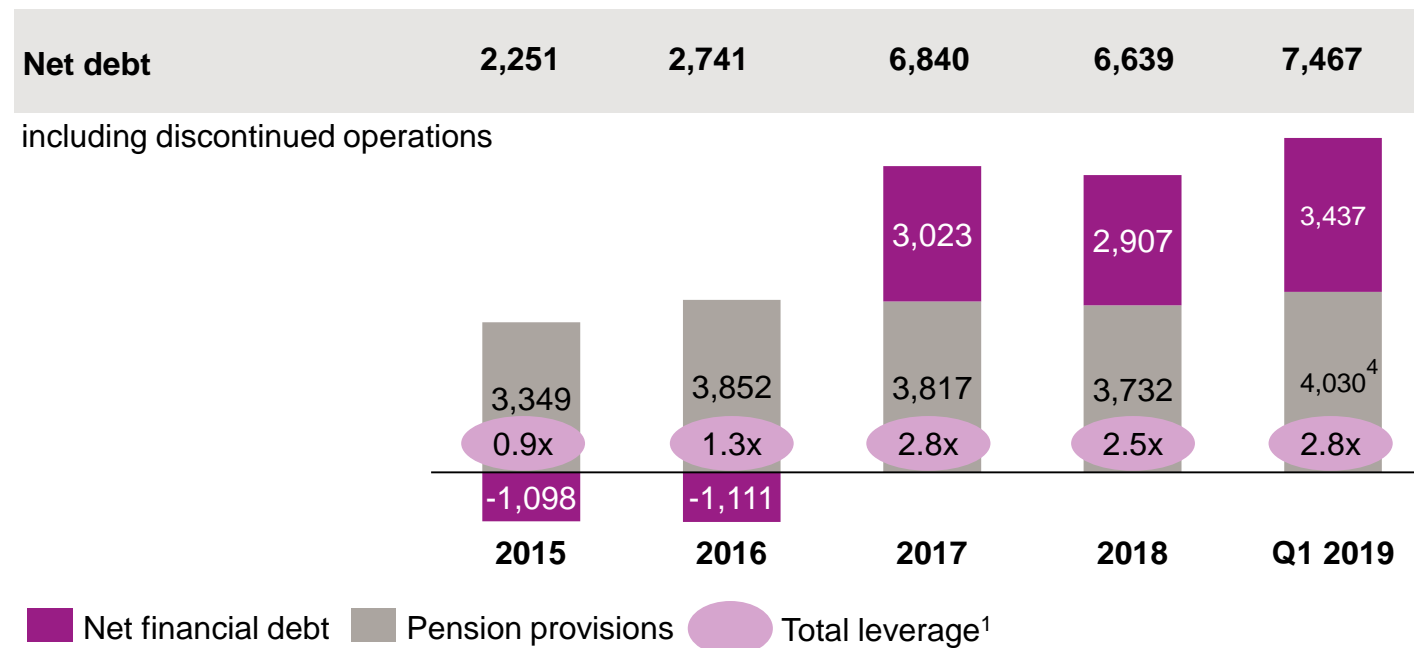


- Well balanced debt maturity profile with no single maturity greater than €750 m
- Long-term capital market financing secured at favorable conditions:
 - average coupon of 0.74% p.a. on €3.15 bn senior bonds
 - coupon of 2.125% p.a. on €0.5 bn hybrid bond
- Undrawn €1.75 bn syndicated revolving credit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

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

Development of net debt and leverage over time (still including discontinued operations)

(in € m)



Discount rate global (in %) ²	2.91	2.16	2.12	2.15	-
Discount rate Germany (in %)	2.75	2.00	2.00	2.00	1.75

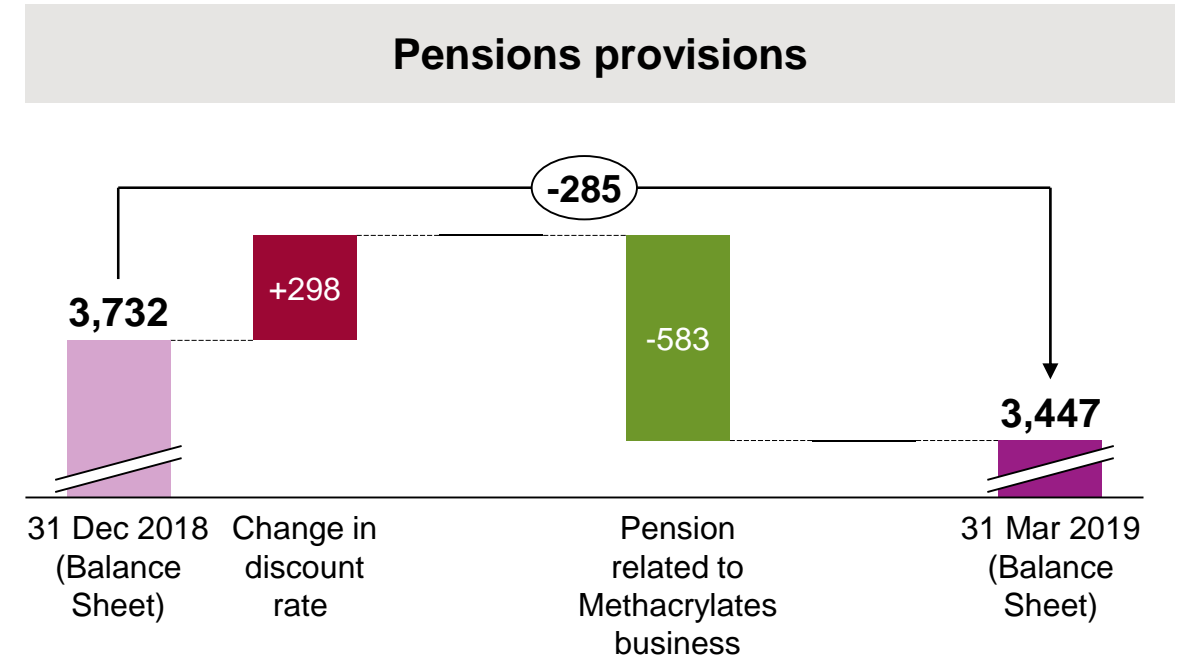
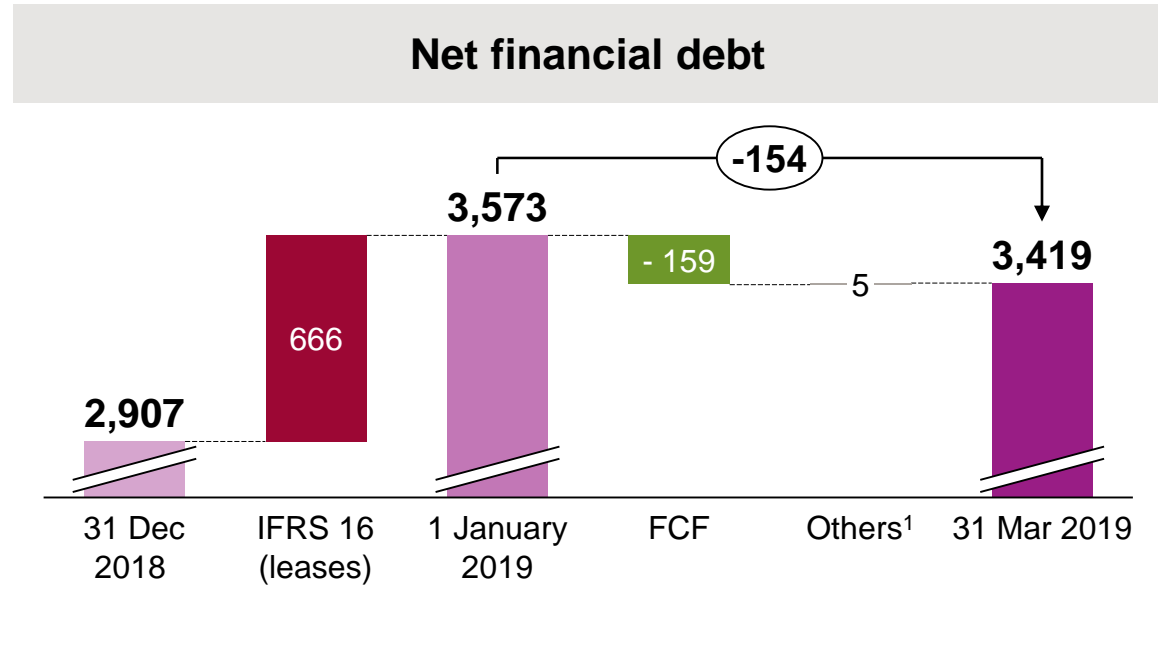
- Net financial debt increase as per Q1 2019 vs year-end 2018 mainly due to IFRS 16 (+ €666 m)
- Pension provisions (incl. disc. op.) increased due to lower discount rate as per Q1 2019 (1.75% vs 2.00% as per year-end 2018)
- Net financial debt development 2017 mainly driven by acquisitions (in particular 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)

1. Total leverage defined as (net financial debt - 50% hybrid bond + pension provisions) / adj. EBITDA LTM | 2. Calculated annually | 3. Including €18 m from discontinued operations | 4. Including €583 m from discontinued operations

Net financial debt and pension provision development Q1 2019 (cont op)

FCF improvement also becomes visible in net financial debt reduction

(in € m)



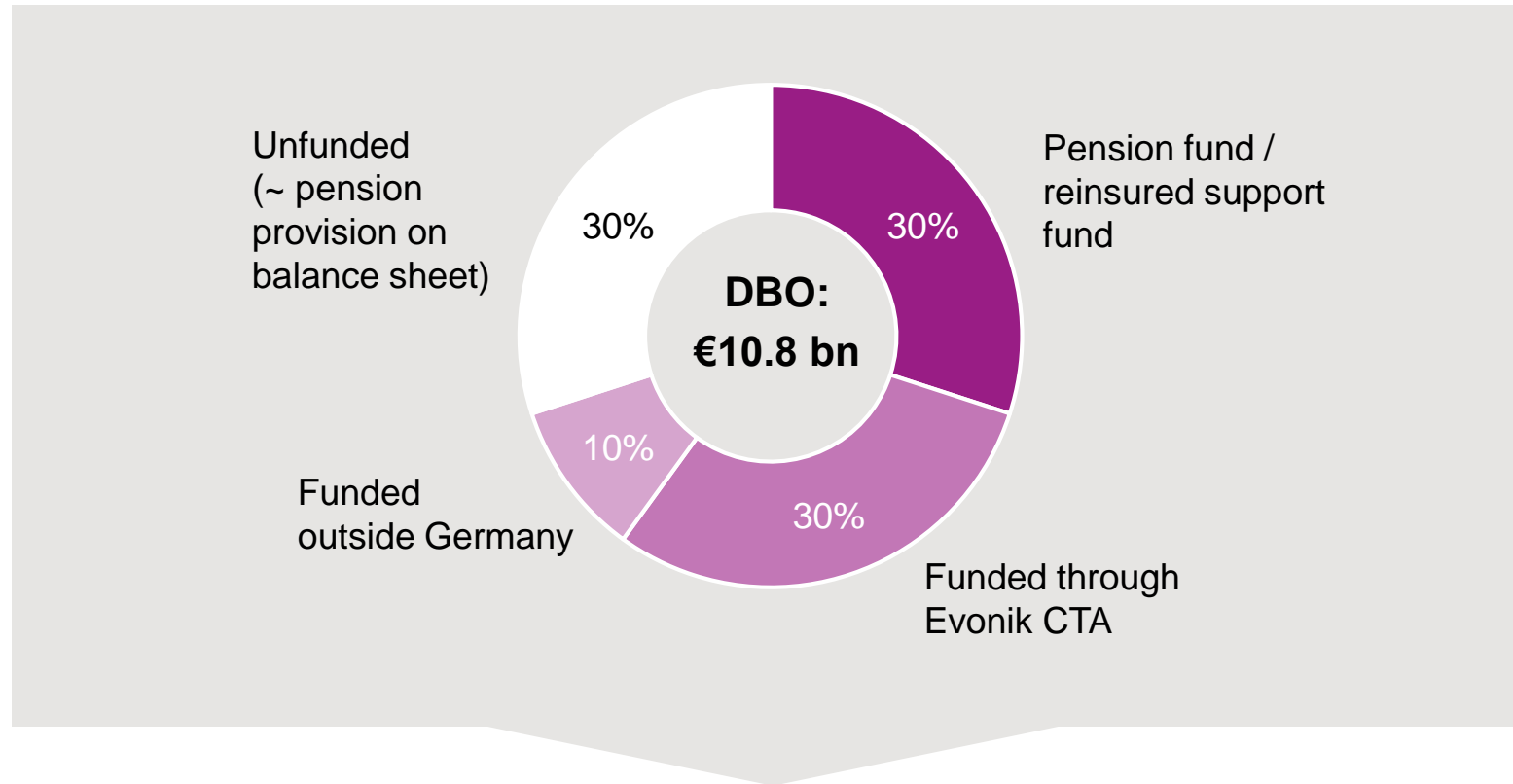
- Net financial debt with IFRS 16-related increase of €666 m
- From the new base, FCF improvement as main driver for decrease in net financial debt (by €154 m)

- Pensions provisions with increase of €298 m due to reference-date related interest rate change for Germany (from 2.00% to 1.75%);
- Clear relief of pension provisions from classification of Methacrylates business as discontinued operations

1. Others: cash-outs for interest and IFRS leases (not included in FCF definition) as well as other effects on net financial debt (e.g. changes in leasing liabilities)

Pensions

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

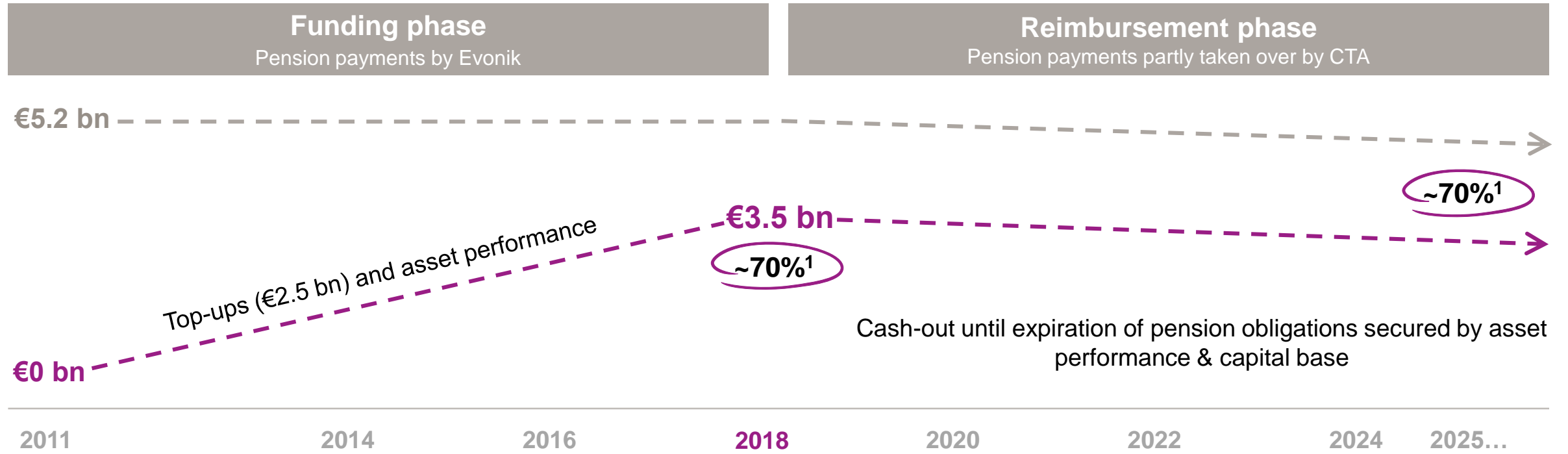


- Pensions very long-term, patient debt (>16 years) with no funding obligations in Germany
- DBO level of €11.7 bn yoy stable (interest rate unchanged at 2.00%)
- Funding ratio at ~70% mainly due to positive development of pension asset

Funding level at ~ 70%

Pensions: Sustainable free cash flow improvement

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

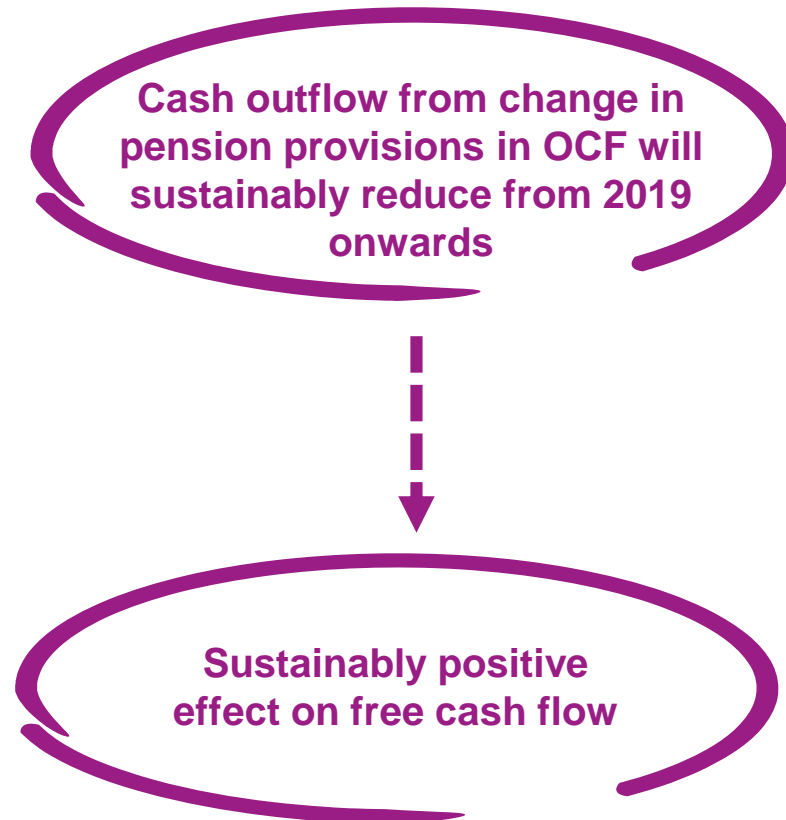


Sustainably positive effect on FCF: ~€100 m from 2019 onwards

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

Impact on Cash flow statement

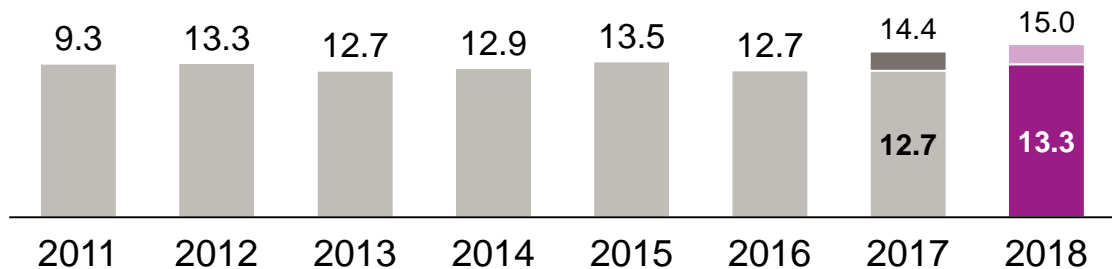
in € m	Change in 2019
Income before financial result and income taxes	
Depreciation and amortization	
Δ Net working capital	
Change in provisions for pensions and other post-employment benefits	+ ~€100 m
Change in other provisions	
Change in miscellaneous assets/liabilities	
Cash outflows from income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



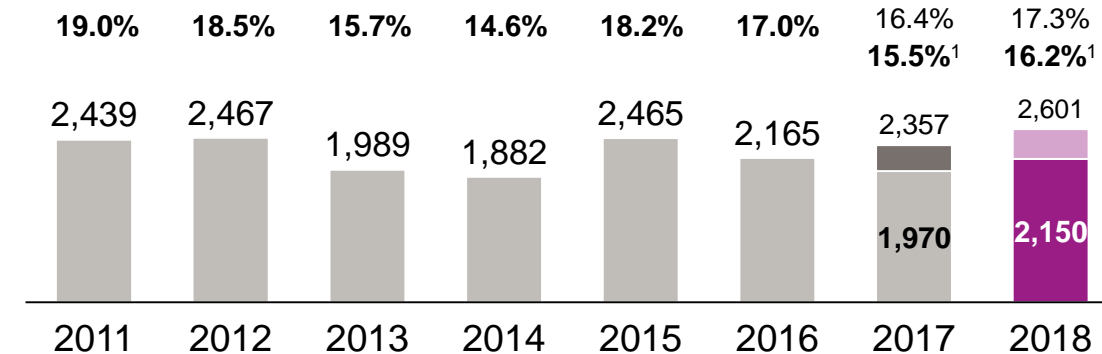
Financials

Sales (in € bn)

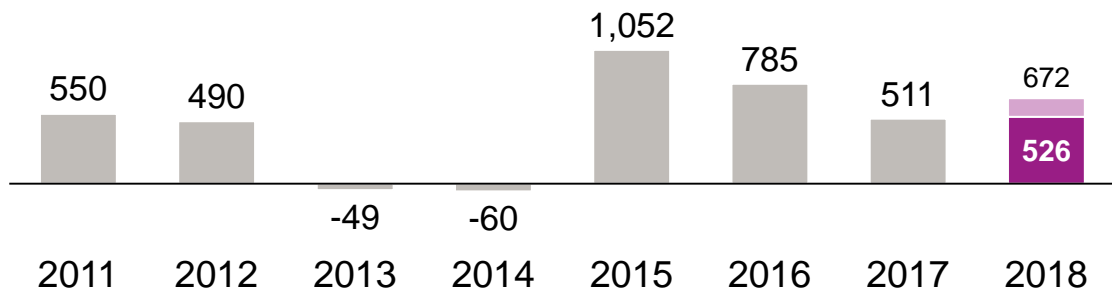
■ Methacrylates Divestment



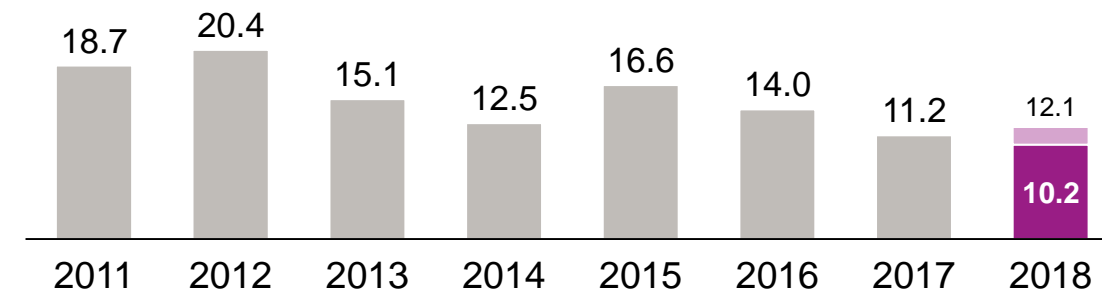
Adj. EBITDA (in € m) / margin



Free Cash Flow (in € m)



ROCE (in %)



1. Continuing operations

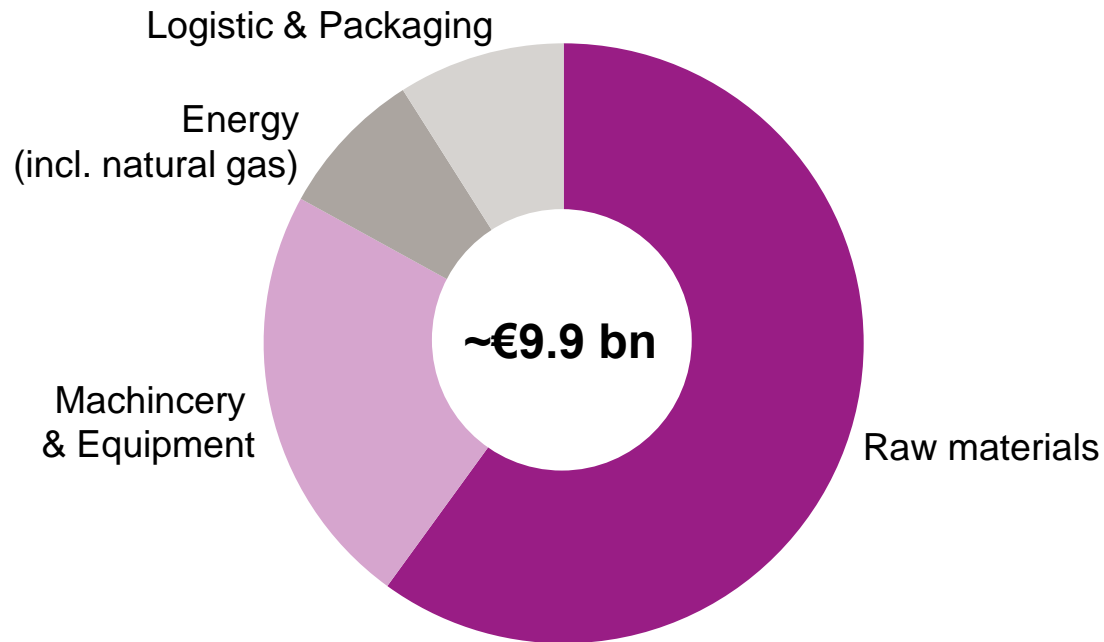
Segment overview by quarter – continuing operations

Sales (in € m)	Q1/17	Q2/17	Q3/17	Q4/17	FY 2017	Q1/18	Q2/18	Q3/18	Q4/18	FY 2018	Q1/19
Nutrition & Care	1,120	1,163	1,110	1,114	4,507	1,119	1,189	1,167	1,172	4,646	1,149
Resource Efficiency	1,326	1,321	1,316	1,279	5,242	1,364	1,435	1,382	1,365	5,547	1,399
Performance Materials	587	540	541	588	2,256	601	616	634	544	2,394	559
Services	188	169	167	173	697	160	169	161	175	664	174
Corporate / Others	4	4	4	3	15	3	4	3	5	16	6
Evonik Group	3,225	3,196	3,139	3,156	12,717	3,247	3,413	3,347	3,261	13,267	3,287

Adj. EBITDA (in € m)	Q1/17	Q2/17	Q3/17	Q4/17	FY 2017	Q1/18	Q2/18	Q3/18	Q4/18	FY 2018	Q1/19
Nutrition & Care	187	201	188	172	747	209	222	212	167	810	180
Resource Efficiency	290	310	305	249	1,153	319	358	327	254	1,258	324
Performance Materials	82	94	80	52	309	65	79	72	49	265	59
Services	34	32	41	2	104	35	25	39	0	100	31
Corporate / Others	-84	-84	-78	-97	-342	-74	-68	-71	-68	-283	-55
Evonik Group	595	640	640	483	1,970	554	616	579	402	2,150	539

Raw material split

Total procurement volume 2018 (in € m)



Breakdown of raw material spend¹ (examples)

Bio

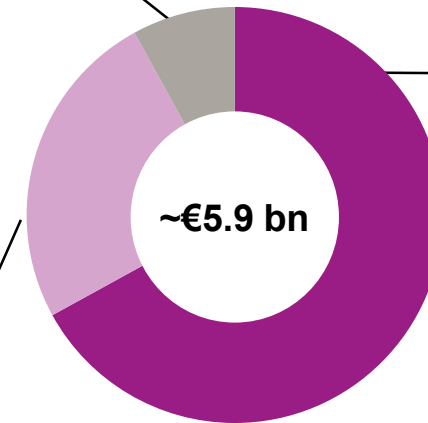
- Dextrose
- Fatty alcohols
- Tallow fatty acid
- Fatty acids
- tallow

Inorganic & other

- Sodium silicate
- Sodium hydroxide
- Silicon metal

Fossil

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



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

Management compensation

<p>Fixed salary ~1/3</p>	<ul style="list-style-type: none">▪ To be paid in cash for each financial year on a monthly basis
<p>Bonus ~1/3</p>	<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▪ 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
<p>Long-term incentive plan ~1/3</p>	<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

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Upcoming IR events

Conferences & Roadshows

4 June 2019	Credit Suisse Global Chemicals Conference, London
5-6 June 2019	Deutsche Bank Access Conference, Berlin
12 June 2019	JP Morgan European Materials Conference, London
13 June 2019	Roadshow, Dublin

Upcoming Events & Reporting Dates

28 May 2019	AGM
1 August 2019	Q2 2019 reporting
5 November 2019	Q3 2019 reporting

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EVONIK

POWER TO CREATE