

Evonik
Power to create.

Company presentation

Q3 2018 Results Roadshow

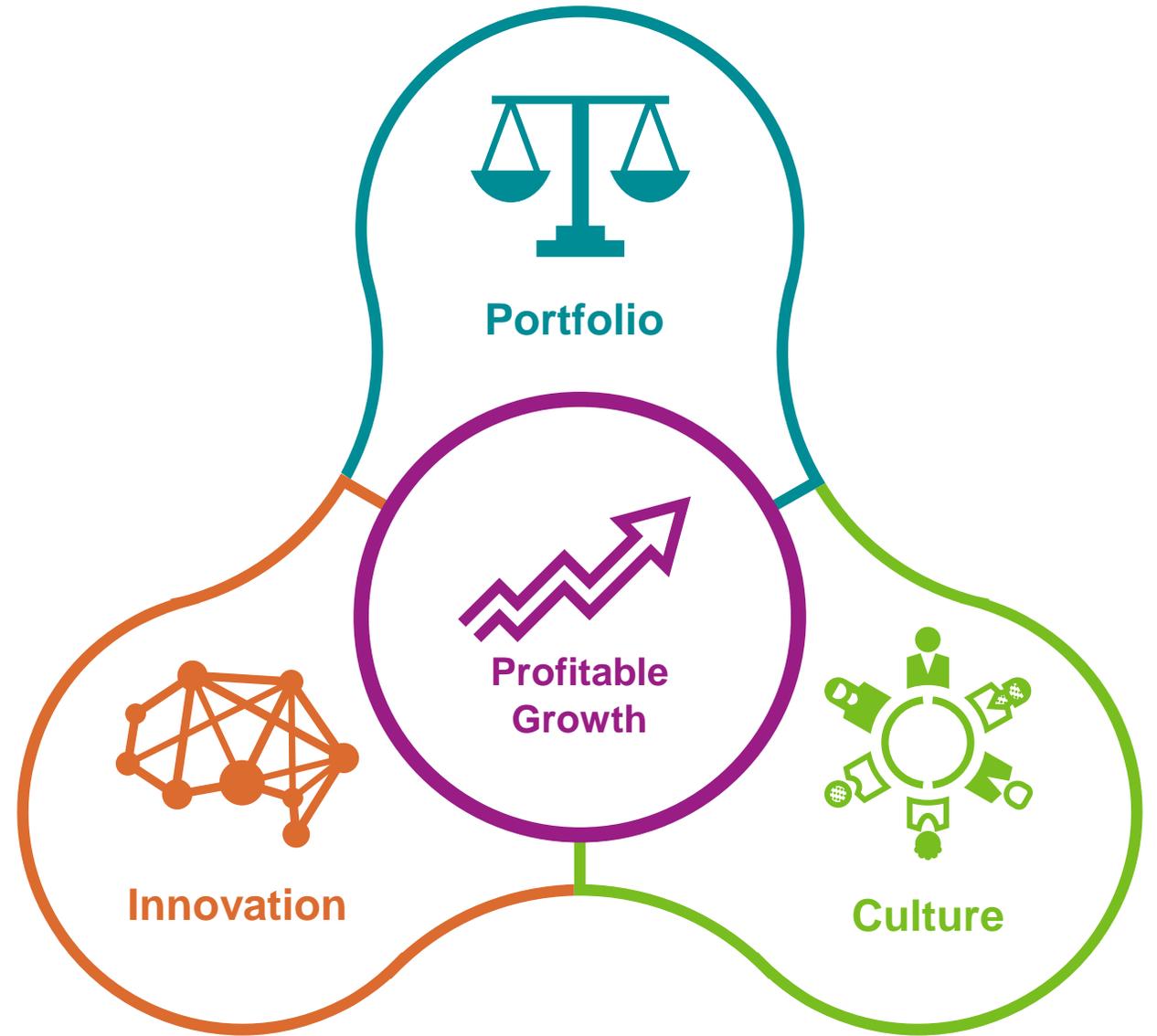


Table of contents

1. **Evonik at a glance**
2. Strategy
3. Acquisition of PeroxyChem
4. Financials Q3 2018
5. Appendix

A strong basis in Specialty Chemicals

Market leadership



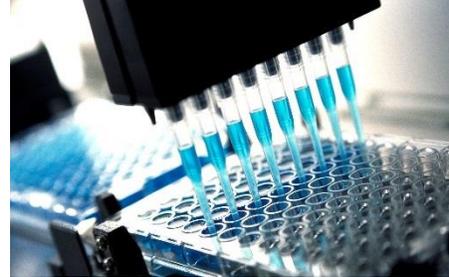
Leading market positions in
80%
of our businesses¹

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.

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 2017

Sales
€14,383 m

Adj. EBITDA
€2,357 m

Margin
16.4%

ROCE
11.2%



Growth

**Nutrition
& Care**



**Resource
Efficiency**



Efficiency

**Performance
Materials**



Sales
€4,507 m



Adj. EBITDA / Margin
€747 m / 16.6%



Sales
€5,393 m



Adj. EBITDA / Margin
€1,173 m / 21.8%



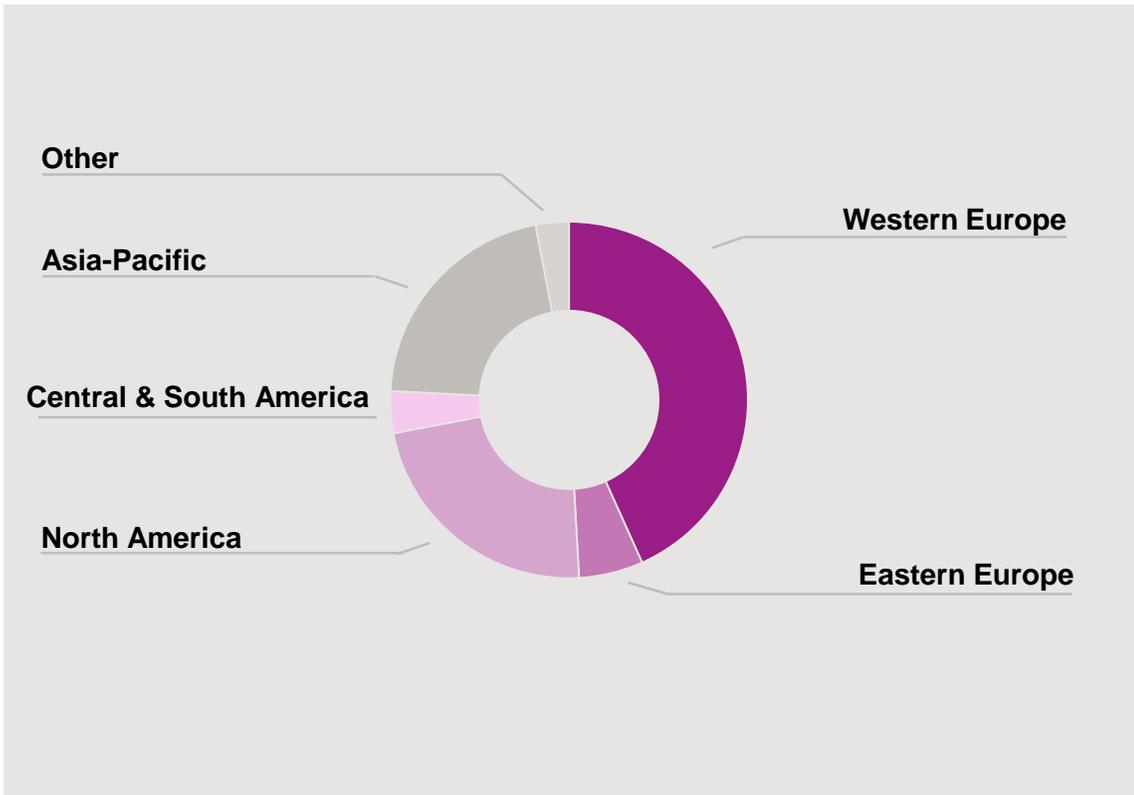
Sales
€3,751 m



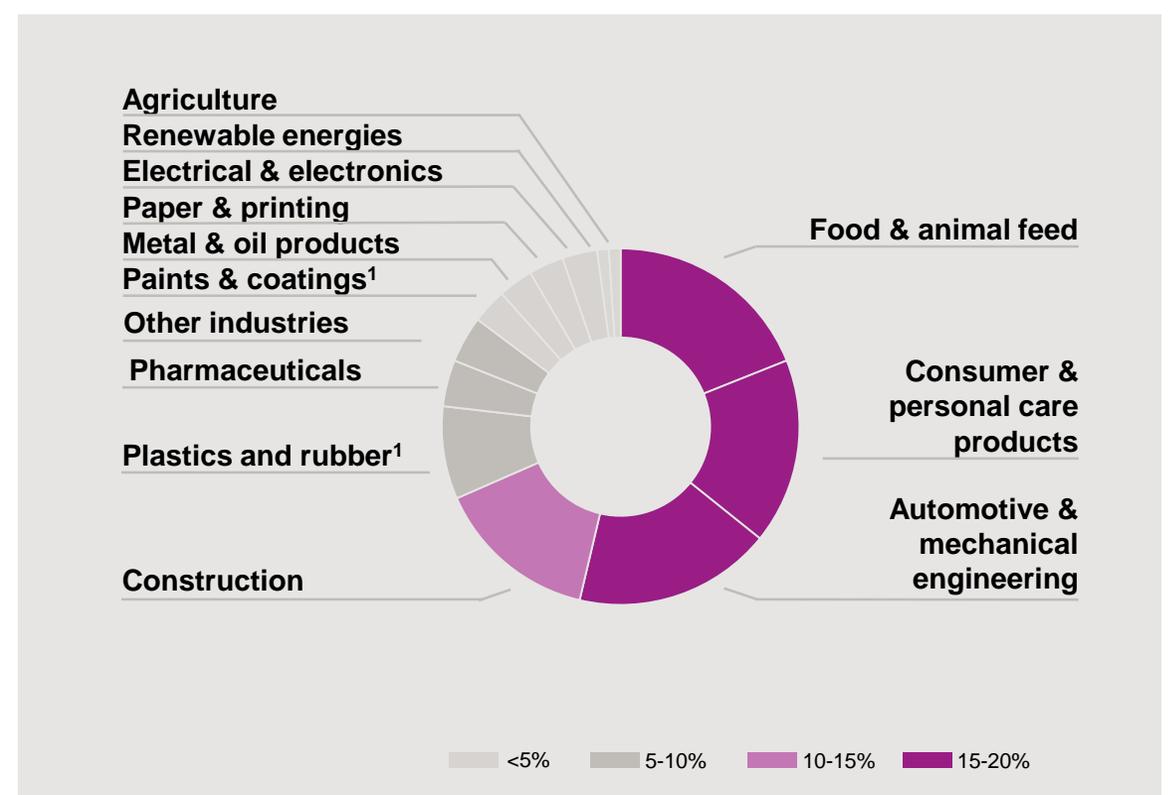
Adj. EBITDA / Margin
€658 m / 17.5%

Balanced regional and end market split

Sales by region



End market split



1. Where not assigned to other end-customer industries | 2017 Financials

Evonik management team with clear responsibilities

Executive Board

Group Strategy



Christian Kullmann

Chairman of the Executive Board

Chemistry & Innovation



Dr. Harald Schwager

Deputy Chairman of the Executive Board

Financials



Ute Wolf

Chief Financial Officer

HR



Thomas Wessel

Chief Human Resources Officer

Segment Management



Nutrition & Care
Dr. Reiner Beste



Resource Efficiency
Dr. Claus Rettig



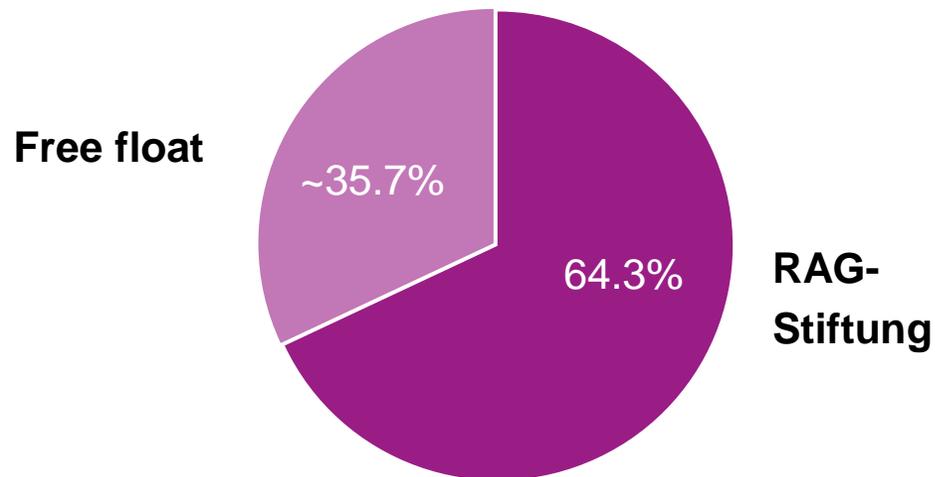
Performance Materials
Johann-Caspar Gammelin



Services
Gregor Hetzke

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

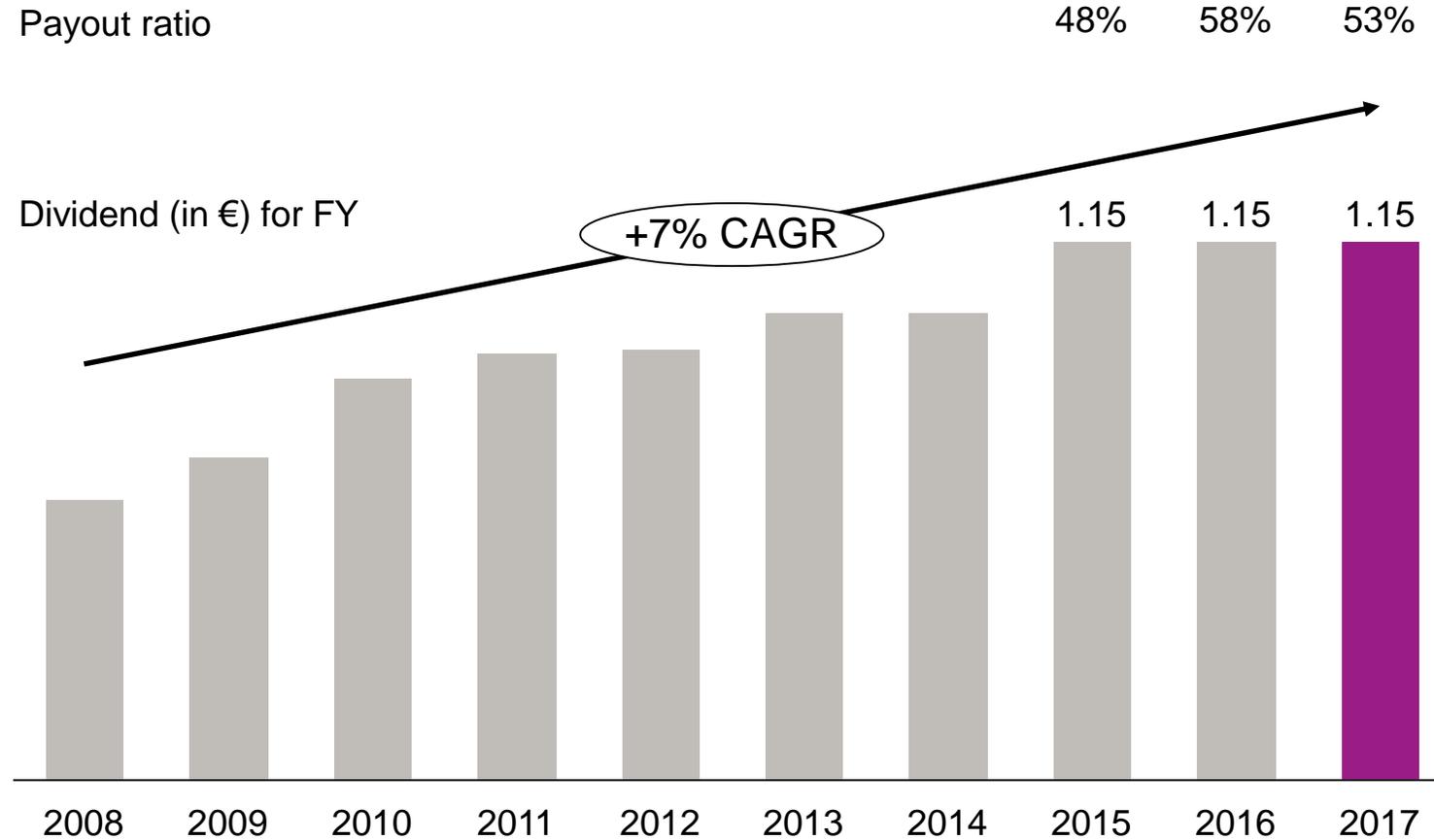
Ownership structure



RAG-Stiftung

- A foundation with the obligation to finance the perpetual liabilities arising from the cessation of hard-coal mining in Germany
- From 2019 onwards, annual cash out of ~€220 m expected
- Evonik as integral and stable portfolio element with **attractive and reliable dividend policy**
- RAG-Stiftung capable to cover annual cash out requirements with Evonik dividend (~€365 m dividend received in 2016)
- Long-term perspective: intention to retain a strategic shareholding of **at least 25.1%**

Reliable and attractive dividend policy



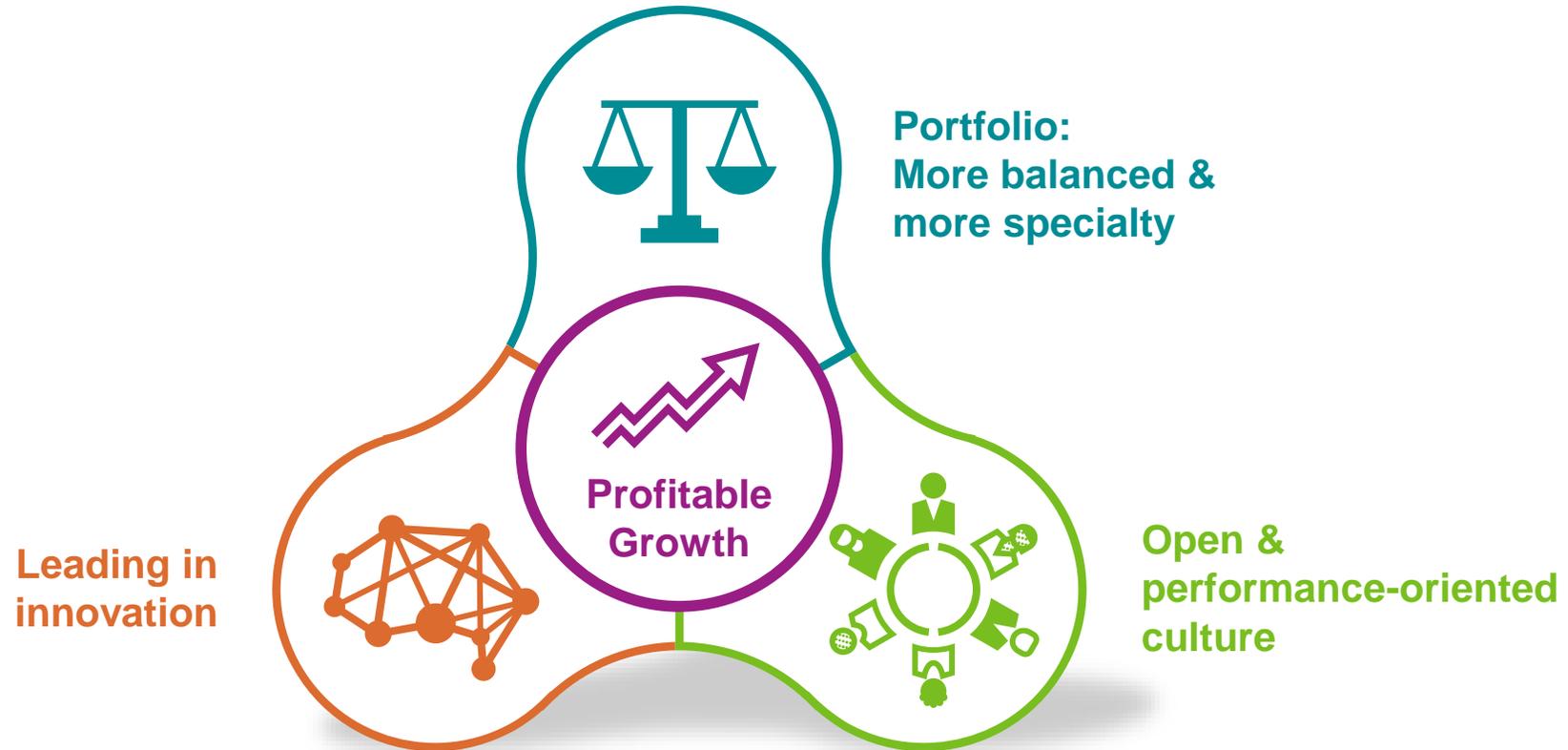
- Sustainable dividend growth over the last years: 7% CAGR between 2008 and 2017
- **Attractive dividend yield ~ 3.7%**
- Reliable dividend policy targeting:
 - **dividend continuity**
 - a **payout ratio of ~40%** of adjusted net income

Table of contents

1. Evonik at a glance
- 2. Strategy**
3. Acquisition of PeroxyChem
4. Financials Q3 2018
5. Appendix

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

€4.5 bn

Mature
businesses



Growth
businesses

RESOURCE EFFICIENCY

€5.4 bn

Mature
businesses



Growth
businesses

PERFORMANCE MATERIALS

€3.8 bn

Mature
businesses



✓ Meeting specialty chemicals characteristics

Portfolio strategy

Healthy mix of growth & financing businesses

Strengthen leading positions in attractive markets

- Strong growth profile
- Above-average returns
- Focus of capital allocation (capex, R&D, acquisitions)
- **Examples:**
High Performance Polymers, Comfort & Insulation

**Growth
businesses**

**Financing
businesses**

Generating financing power

- Attractive market growth
- Below average capex allocation
 - Stable returns and high FCF contribution
- **Examples:**
Perf. Intermediates (C4), Active Oxygens, Oil Additives

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)

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
- Sustainable FCF generation
- Reliable and sustainably growing dividend
- Solid investment grade rating

Step by step execution of strategic agenda

What we achieved so far

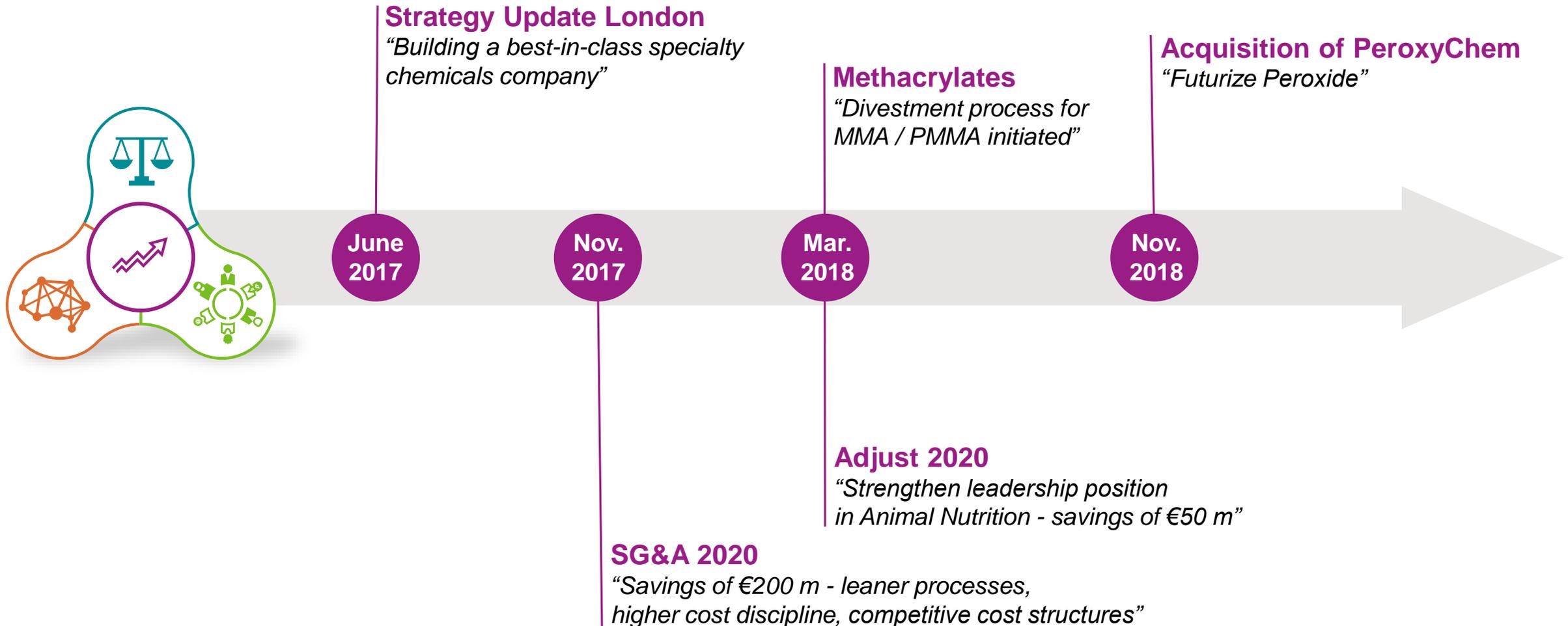


Table of contents

1. Evonik at a glance
2. Strategy
- 3. Acquisition of PeroxyChem**
4. Financials Q3 2018
5. Appendix

Acquisition highlights

- ✓ Strengthening of Evonik's growth segment Resource Efficiency
- ✓ Focus on environmentally-friendly specialty applications
- ✓ Attractive end-market growth with low cyclicalty
- ✓ Excellent fit with Evonik's peroxide portfolio – expansion of business in North America
- ✓ EBITDA margin of ~20% above Evonik's average group margin
- ✓ Strong FCF generation with sustainable FCF conversion >60%
- ✓ Fair valuation with EV / adj. EBITDA multiple 7.8x (incl. synergies)

PeroxyChem – Overview

A global manufacturer and supplier of peroxides

PeroxyChem

- PeroxyChem is a global manufacturer and supplier of hydrogen peroxide, peracetic acid (PAA) and persulfates (PS)
- Headquarter in Philadelphia, Pennsylvania
- Ownership: Private equity (One Equity Partners)
- Founded: 1900s (Foret and Buffalo Electro-chemical Co.)
- Headcount: ~600 globally, thereof ~20% in application development, sales and marketing
- Locations: 8 manufacturing facilities (USA, Canada, Germany, Spain, Thailand), 2 distribution facilities, 5 regional offices, 3 R&D labs



**Sales
2018E:**

~\$300 m

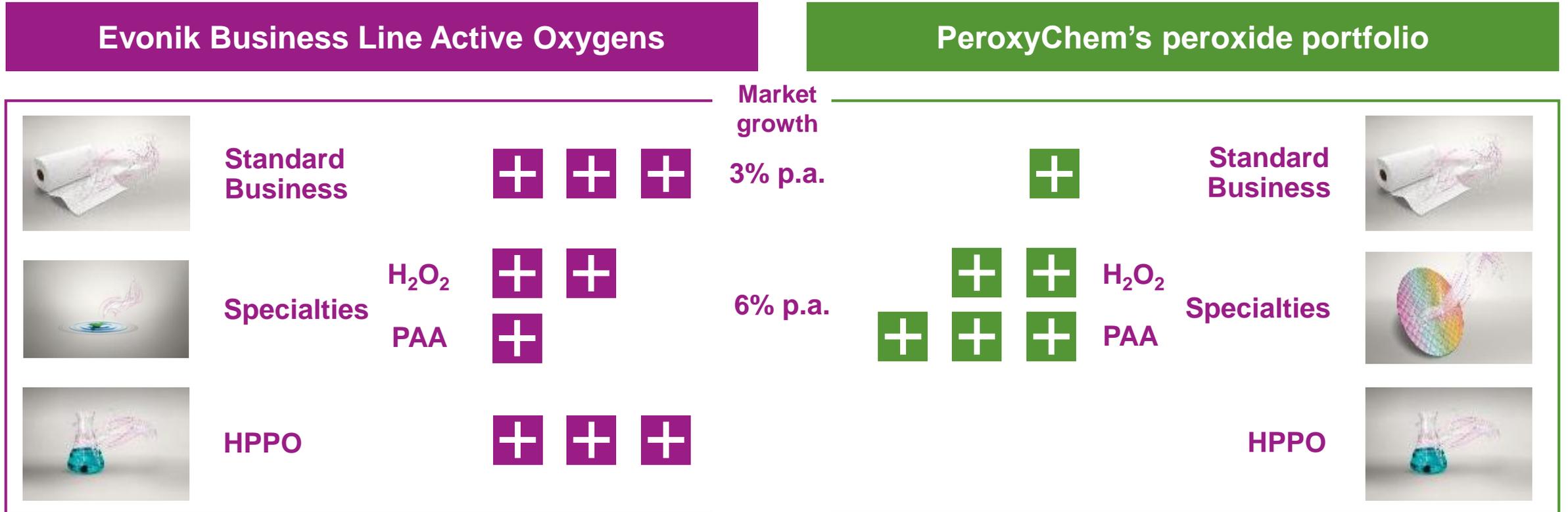
**adj. EBITDA
2018E:**

~\$60 m

adj. EBITDA margin: ~20%

Acquisition of PeroxyChem

Excellent complementary fit with Evonik's existing peroxide business

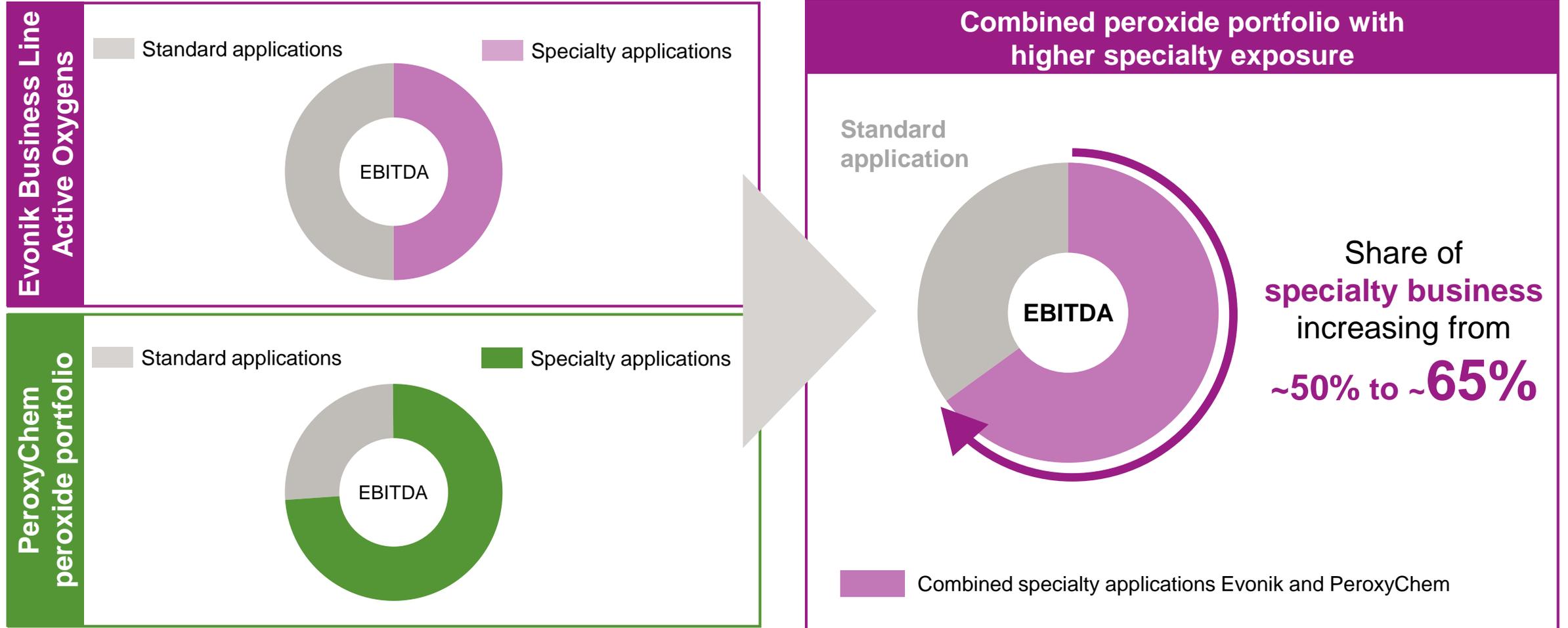


Combined sales¹: > €700 m

1. Sales of Evonik Business Line Active Oxygen and PeroxyChem

Evonik and PeroxyChem specialty exposure

Expansion of high-growth and -margin specialty applications



Synergies and integration costs

Tangible synergies driven by excellent strategic fit; low integration complexity

Synergies

Cost Savings in Production, Logistic

Cross Selling

SG&A

Total synergies:
~\$20 m p.a.
fully realized by 2022

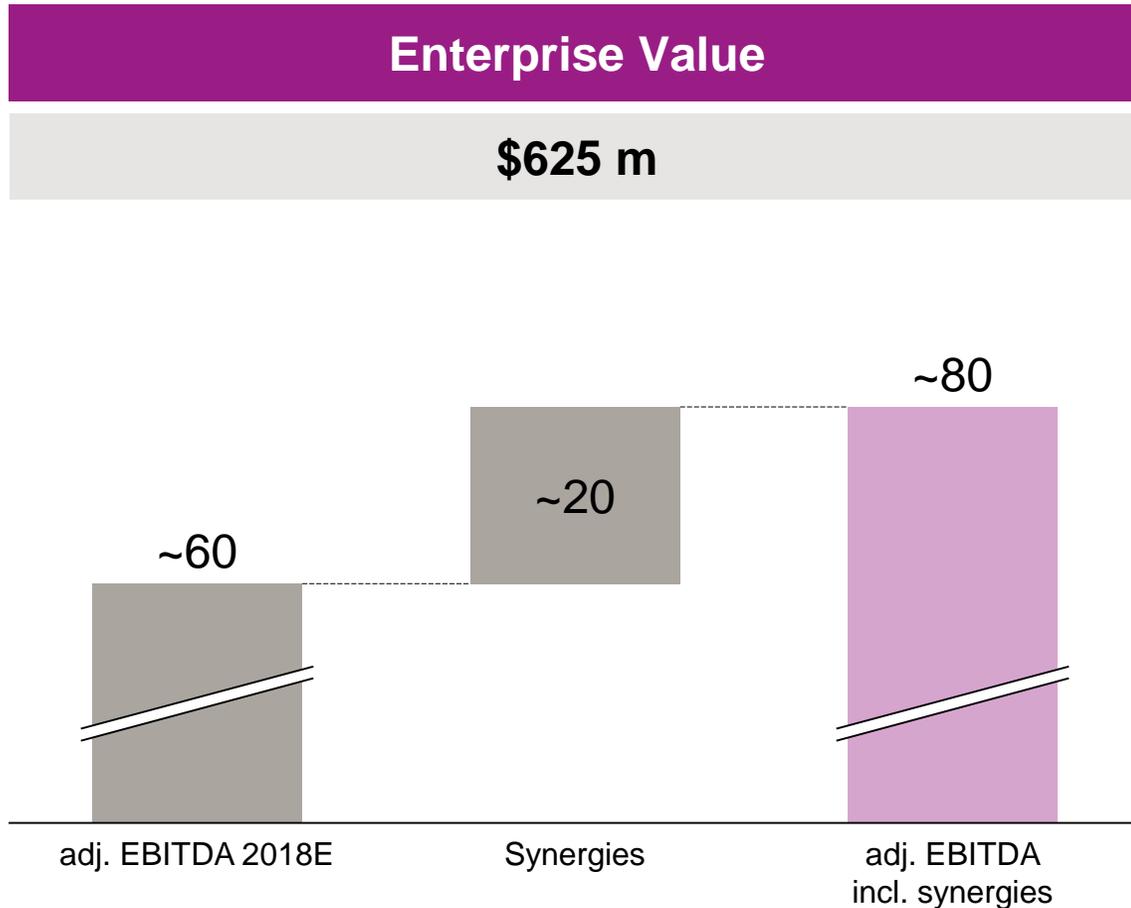
Integration costs

Integration costs
(e.g. IT integration, consultants)

Expected cash-out of
~\$20 m
in first 2 years

Integration costs excluding transaction costs

Attractive valuation



Enterprise Value
\$625 m

EV / adj. EBITDA 2018E
7.8x including synergies

EV / adj. EBITDA 2018E
10.4x excluding synergies

EPS accretive
in 1st full year after closing

Table of contents

1. Evonik at a glance
2. Strategy
3. Acquisition of PeroxyChem
- 4. Financials Q3 2018**
5. Appendix

Our agenda for 2018 – Driving the change

Q3: Further strategy execution and ongoing improvement in operational performance



1

Strategy execution

- MMA divestment fully on track
- Continued execution of efficiency programs
- Culture initiative started

2

Earnings growth

- Earnings growth driven by growth segments
- Improved FCF performance YTD
- FY 2018 adj. EBITDA and FCF outlook confirmed

Highlights Q3 2018

Earnings growth and margin expansion; higher FCF

Sales growth

+7%

Strong pricing in all segments (+9%)
Volumes (-1%) impacted by low Rhine river water levels, high utilization rates and limited raw material availability

Adj. EBITDA and margin

€692 m (+8%¹)

18.2% (+0.2pp¹)

Earnings growth driven by growth segments; support from efficiency measures and successful compensation of raw material inflation

Free cash flow (1-9)

€442 m (+26%)

Higher cash generation in first nine month driven by higher earnings, cost efficiency measures and realization of synergies

Outlook

€2.6-2.65 bn

Outlook for **Adj. EBITDA** and **FCF** (“notably higher”) **confirmed**

1. Compared to Q3 17 | 2017 financials restated for IFRS 15

Earnings development Q3 2018

Earnings growth driven by growth segments

Resource Efficiency



Adj. EBITDA growth yoy¹

+9%

(Margin: 23.7%; +0.8 pp)

Nutrition & Care



Adj. EBITDA growth yoy¹

+13%

(Margin: 18.2%; +1.3 pp)

Performance Materials



Adj. EBITDA growth yoy¹

+/-0%

(Margin: 16.6%; -2.2 pp)

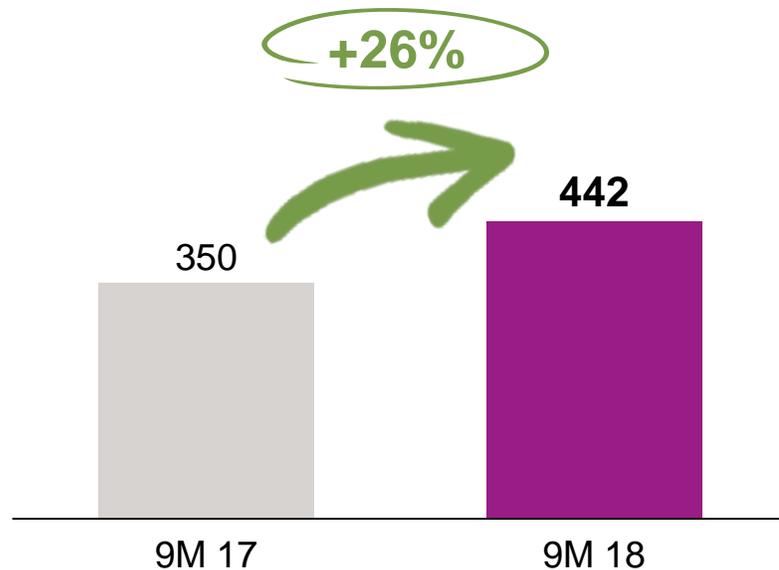
Growth segments driving earnings improvement

1. Improvement yoy: Q3 18 vs. Q3 17 | 2017 financials restated for IFRS 15

Free Cash Flow 9M 2018

Progress in FCF development: 9M FCF clearly improved

9M 2018 (FCF in €m)

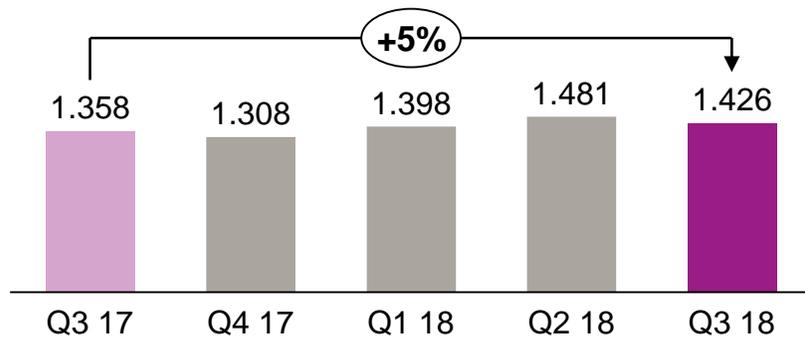


- FCF after 9M 2018 improved by €92 m
- **NWC outflow after 9M 2018** clearly above last year due to different phasing (H2 vs H1). Preparation for maintenance and logistical challenges from low Rhine water level in Q3 2018
- As expected, **different phasing** in cash taxes lead to lower cash-out for taxes in H1 2018; now catch-up in H2
- **Outlook confirmed:** FCF expected to be notably higher yoy

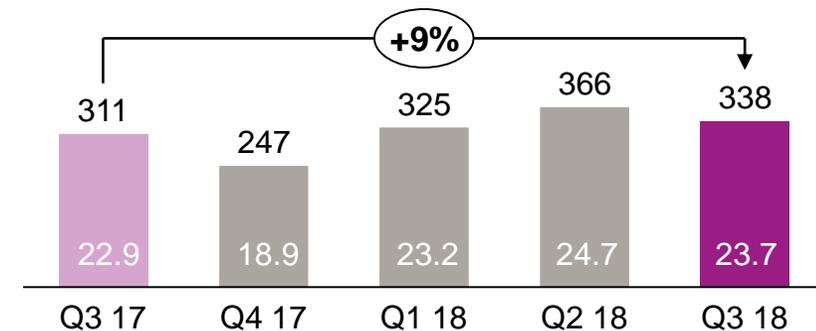
Resource Efficiency

Sustained strong operational performance on attractive margin level

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q3 18 vs. Q3 17

Volume	-2%	Price	+6%	FX	-1%	Other ¹	+2%
--------	-----	-------	-----	----	-----	--------------------	-----



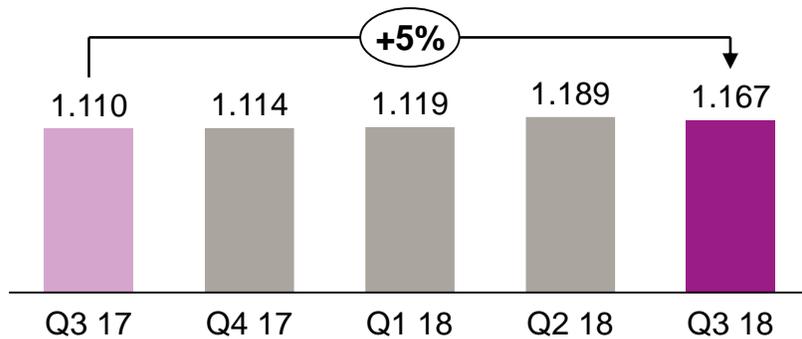
- Strong performance at attractive margin level continued into Q3
- Organic sales growth of 4% driven by strong pricing, successfully compensating raw material inflation
- Volumes not reaching high prior-year comps due to already high plant utilization levels, limited raw material availability and more cautious customer behavior in auto-related activities towards the end of the quarter
- Ongoing strong demand for eco-friendly, water-borne Coating Additives

1. Mix of portfolio effects and others | 2017 financials restated for IFRS 15

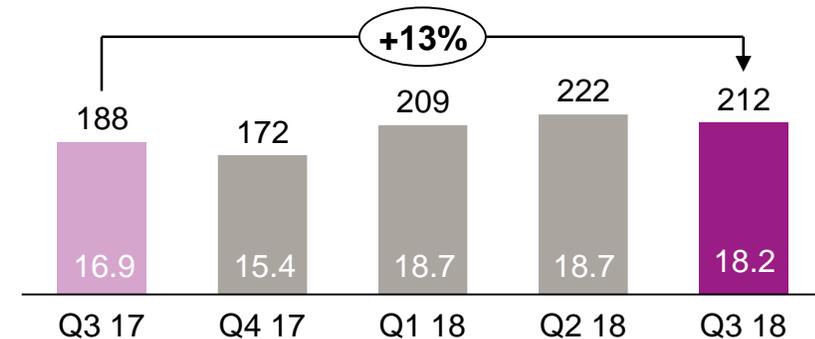
Nutrition & Care

Solid operational performance throughout the first three quarters

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q3 18 vs. Q3 17	Volume	Price	FX	Other ¹
+5%	↗	↗	↘	↘



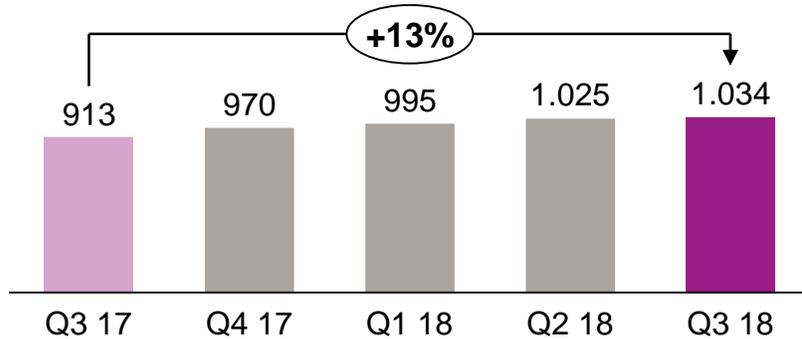
- Good operational performance continuing – strong volume and price development in majority of businesses
- yoy margin expansion driven by improving product mix, successful management of higher raw material prices and efficiency measures
- Health Care and Personal Care with ongoing strong performance and further improving product mix
- Methionine with robust demand trend and yoy higher volumes; prices fairly stable in local currency

1. Mix of portfolio effects and others | 2017 financials restated for IFRS 15

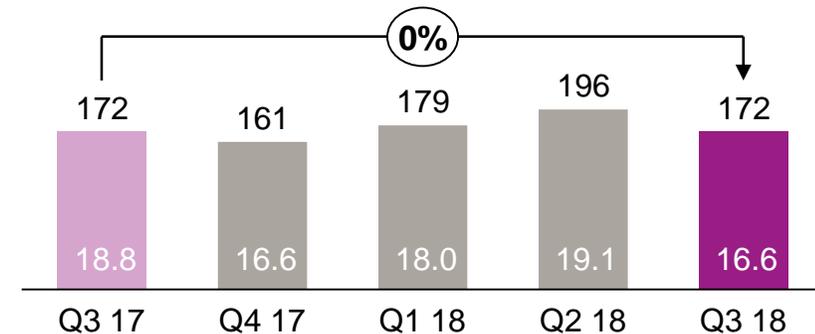
Performance Materials

Good operational quarter – one-time effects impacting profitability

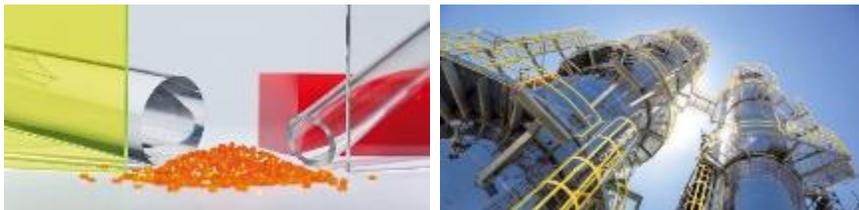
Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q3 18 vs. Q3 17	Volume	Price	FX	Other
	-6% ↘	+21% ↗	-2% ↘	0% →

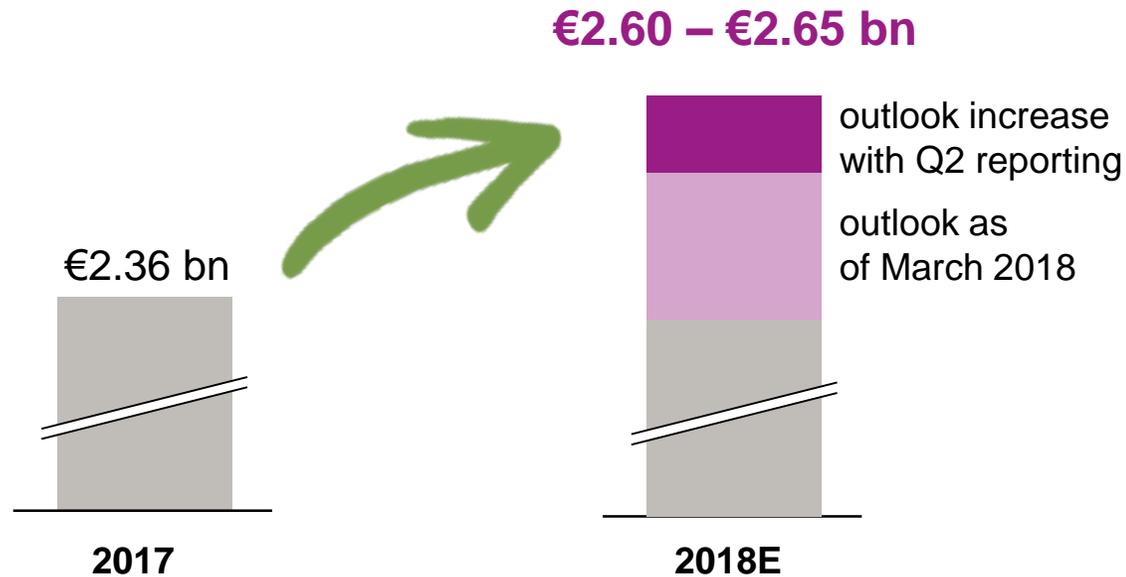


- Good operational performance in both MMA/PMMA and C4
- Weaker volume mainly as a result of logistical constraints from low Rhine water level, raw material availability and maintenance turnaround in MMA
- Sustained high MMA/PMMA margins and yoy notably higher butadiene spreads lead to double-digit price increase
- Sequentially weaker margin due to time-lag in pass-on of higher Naphtha prices and higher logistics costs (low Rhine water level) and maintenance turnaround in MMA; total effect of €15 m

Outlook 2018

Outlook confirmed

Adj. EBITDA and FCF outlook



▶ **FCF expected to be notably higher compared to prior year** (2017: €511 m)

2017 financials restated for IFRS 15

Outlook 2018

Outlook on segment level confirmed

Segment outlook	
Nutrition & Care	“higher earnings yoy”
Resource Efficiency	“perceptibly higher earnings yoy”
Performance Materials	“higher earnings yoy”



Additional indications for 2018

- Synergies from acquisitions (APD Specialty Chemicals & Huber Silica) **Additional synergies of ~€25 m** (Synergies 2018E: ~€40 m; 2017: ~€15 m)
- Huber Additional adj. EBITDA of **~€30 m** for further eight months of consolidation (closing Sept 1st 2017)
- ROCE **Above cost of capital** (10.0% before taxes) and around the level of last year (2017: 11.2%)
- Capex **~€1 bn** (2017: €1,078 m)
- Free cash flow **Notably higher compared to prior year** (2017: €511 m)
- EUR/USD **Changed to 1.18 EUR/USD** (previously: 1.20; 2017: 1.13 EUR/USD)
- EUR/USD sensitivity¹ +/-1 USD cent = **-/+ ~€8 m** adj. EBITDA (FY basis)
- Adj. EBITDA Services **Slightly higher than in 2017** (2017: €123 m)
- Adj. EBITDA Corporate / Others **Slightly less negative than in 2017** (2017: -€346 m)
- Adj. D&A **€840 m** (2017: €870 m)
- Adj. net financial result² **On previous year's level** (previously: ~ -€190 m; 2017: -€175 m)
- Adj. tax rate **Changed to ~26%** (previously: ~29%, change due to reversal of tax provisions relating to prior periods (non-cash); (2017: 29%))

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

1. Strategy Details

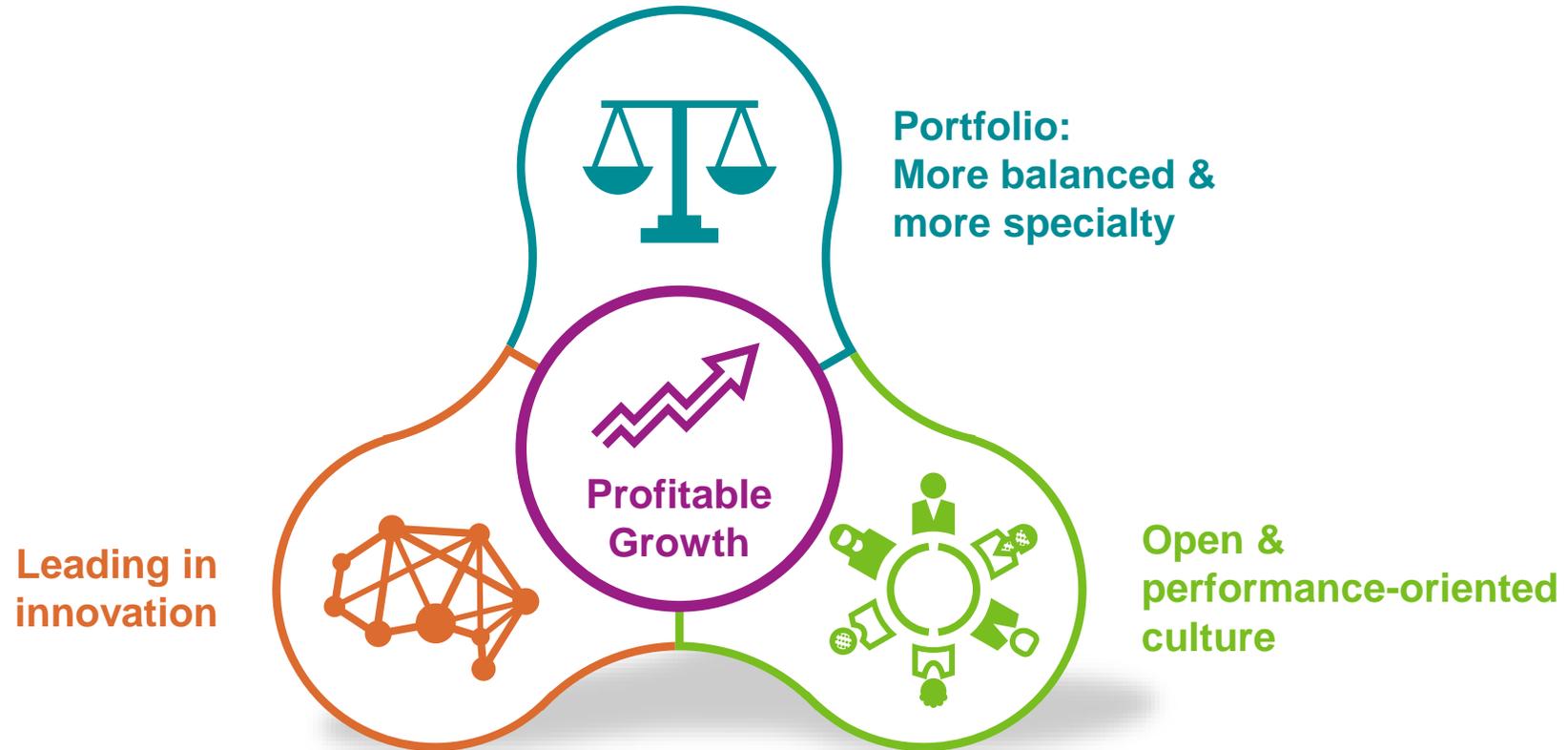
2. Acquisition of PeroxyChem

3. Segment overview

4. Financials

5. Upcoming events

Targeting excellence in three strategic focus areas



Executing portfolio management on all levels

Achievements so far ... more to come

Major portfolio steps

- Acquisition of Air Products Specialty Additives
- Divestment of Methacrylates business



Bolt-on M&A and divestments

- Acquisition of PeroxyChem
- Acquisition of Huber Silica
- Acquisition of Dr. Straetmans
- Sale of non-core Jayhawk agrochemicals site in Galena, Kansas (Performance Materials)



Optimization on business level

- Optimized strategic positioning for Animal Nutrition (adjust 2020)
- Business model renewal Household/ Personal Care (Oleo 2020)
- Streamlined setup of Performance Materials (Merger Functional Solutions & Agrochemicals)
- Dissolution of acrylic acid joint venture (StoHaas) in Baby Care

Portfolio management on all levels to support financial targets

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>

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 ¹	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

1. Total synergies of ~\$100 m; currency translation based on current EUR/USD rate of 1.18

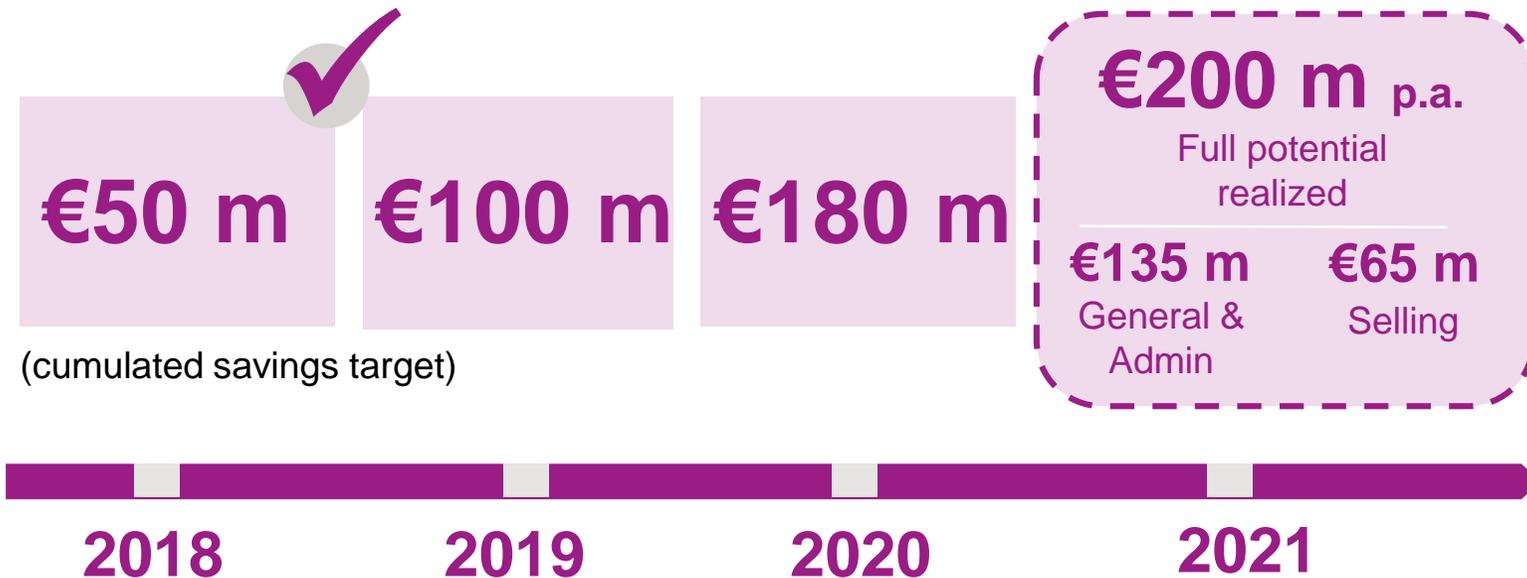
Achieving cost excellence: SG&A 2020

Targeting structural improvements in SG&A

Cost savings of **€200 m** p.a.

Reduction of **1,000 FTE**

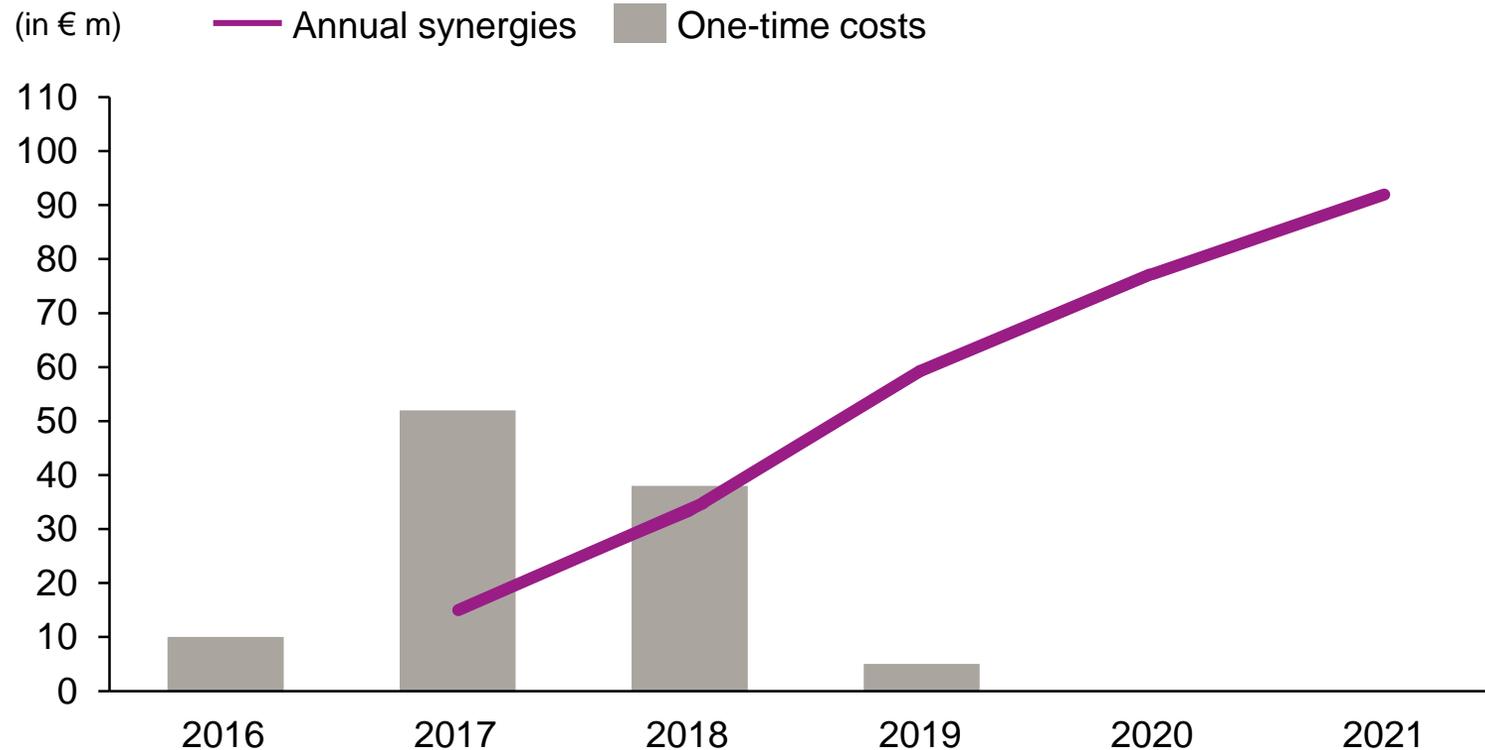
Savings **across all units and segments**



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

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

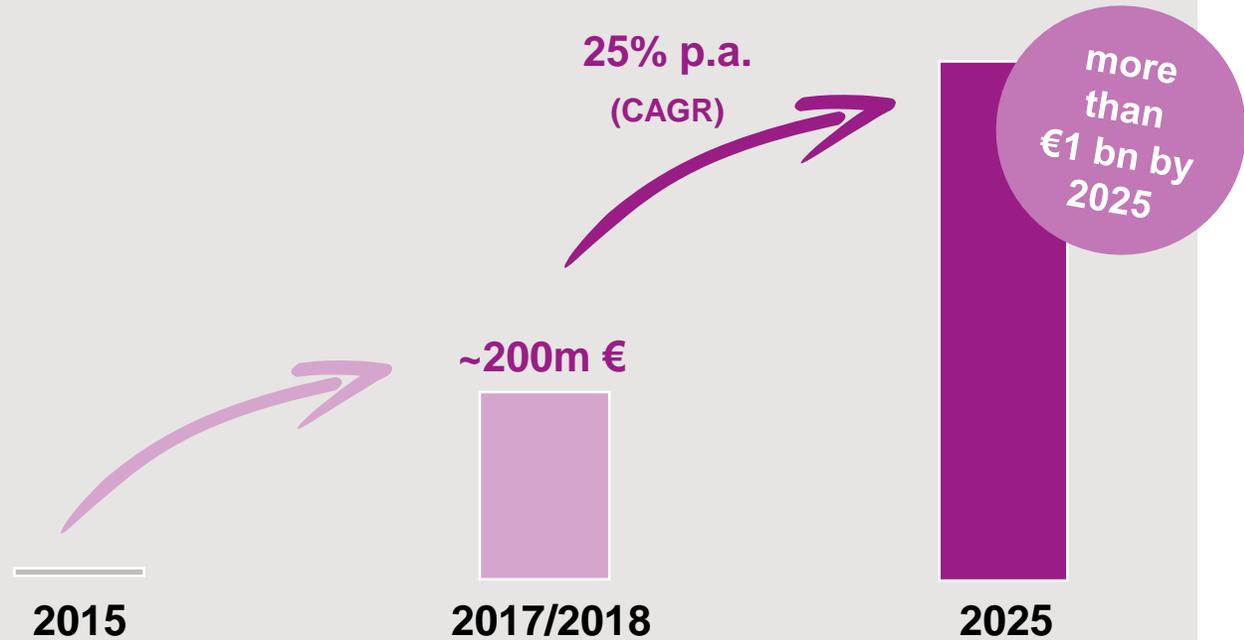


Healthcare Solutions



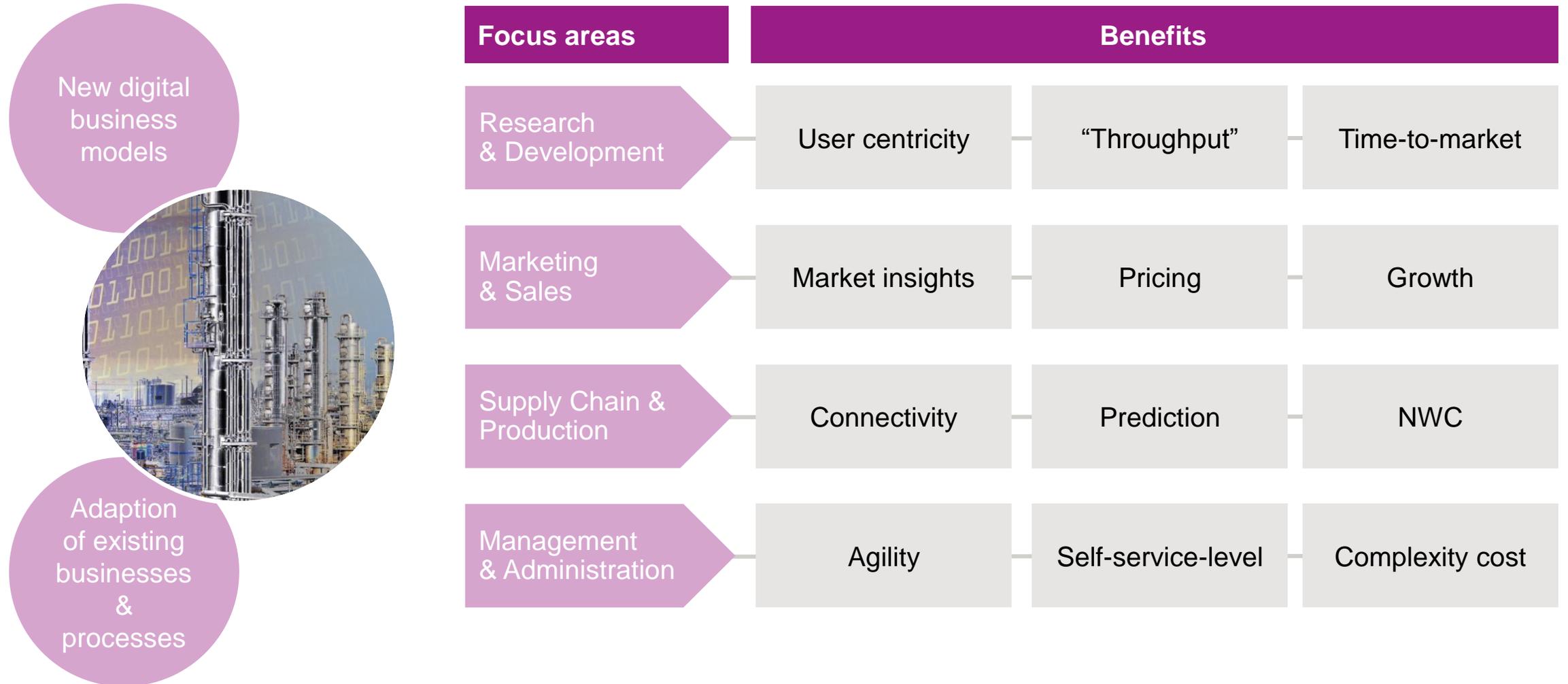
Sales contribution

Additional contribution to sales from Innovation Growth Fields



Digital innovations provide the means for value creation

Digital transformation offers broad-based opportunities



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. Acquisition of PeroxyChem

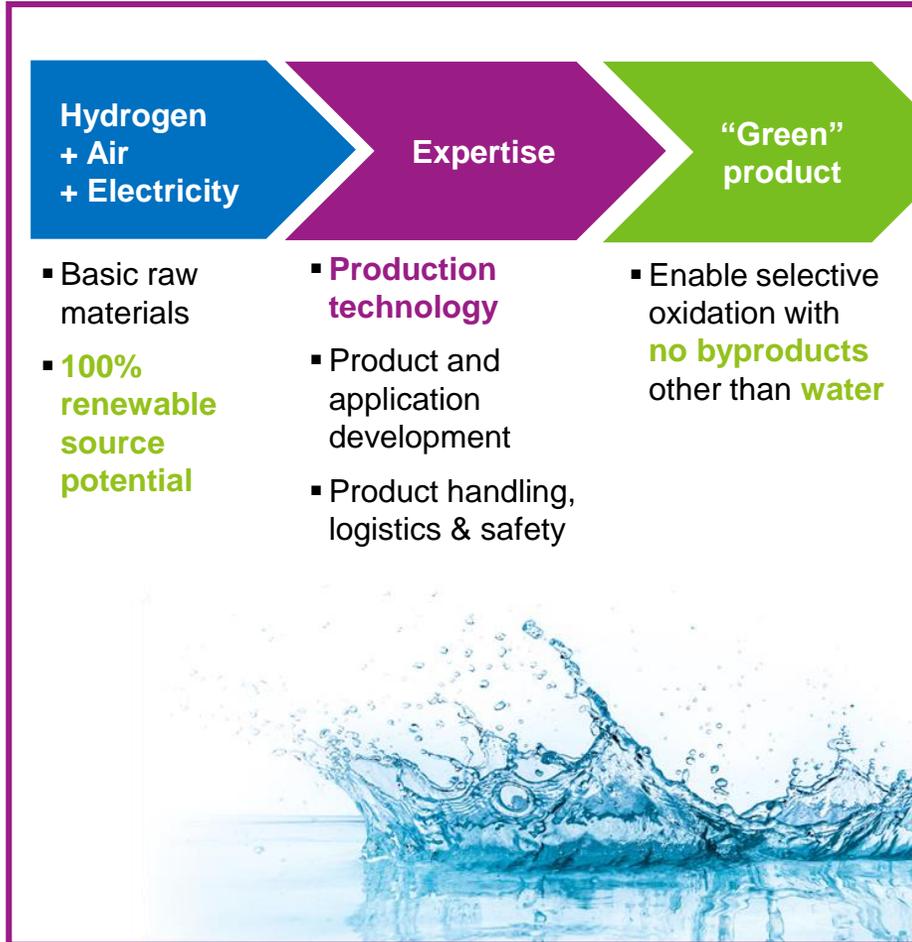
3. Segment overview

4. Financials

5. Upcoming events

Strengthening growth segment Resource Efficiency

One of the most versatile and sustainable chemicals available



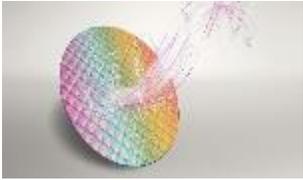
Hydrogen peroxide (H₂O₂) and Peracetic acid (PAA)

- **Diverse applications and high importance of application development:** to commercialize new and enhanced products, technologies and services
- **Sustainability:** stricter environmental regulations as growth driver for environmentally-friendly peroxide applications
- **Highly contract-based business:** longstanding customer relationships with high share of revenue under contracts of >1 year
- **Resilience:** attractive margin profile with minimal raw material volatility or seasonality in demand
- **Asset set-up and logistics:** customer proximity, supply security and logistics as decisive factors

Resilient and attractive business profile

Attractive peroxide applications

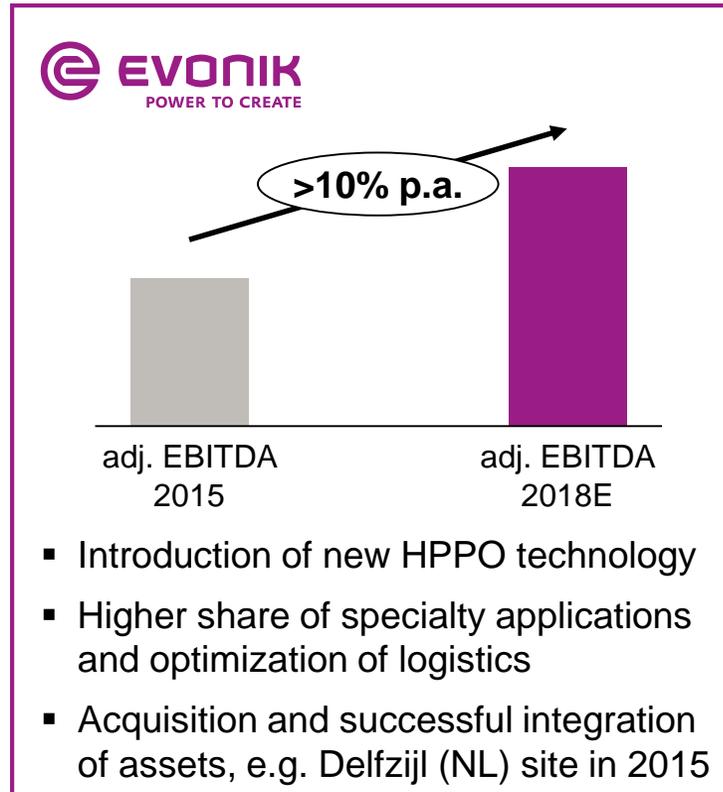
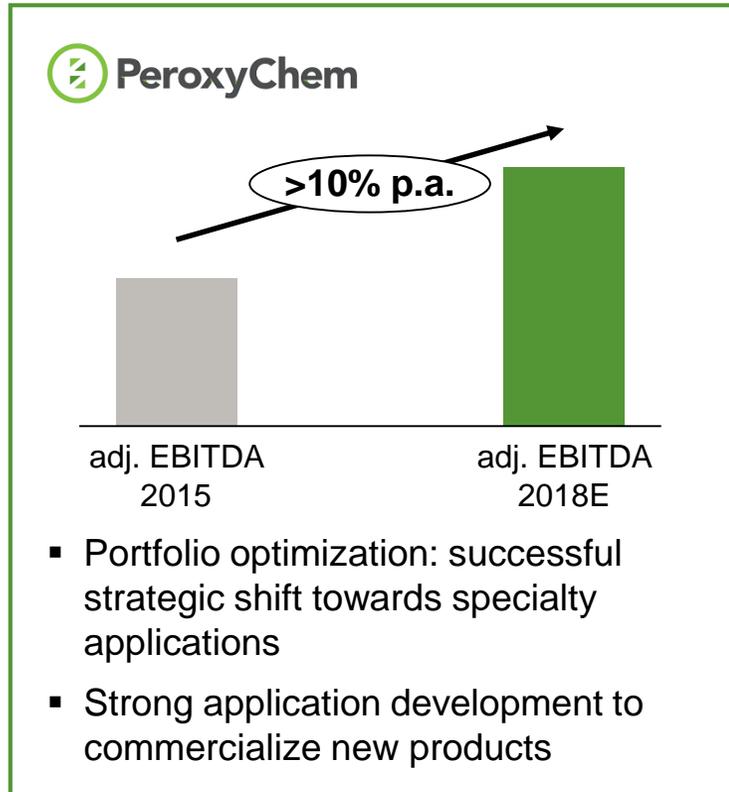
Focus on specialty applications with strong secular growth drivers

Specialties					
					
Industry	Environmental	Electronics	Food & Beverage	Other specialties	Process Chemicals
Application fields	<ul style="list-style-type: none"> Solutions for waste water treatment, soil remediation and groundwater treatment H₂O₂ and PAA as alternative to chlorine 	<ul style="list-style-type: none"> Ultra-pure hydrogen peroxide as cleaning agent in semiconductor Fabs 	<ul style="list-style-type: none"> PAA as disinfectant in poultry & beef processing Aseptic packaging with H₂O₂ and PAA 	<ul style="list-style-type: none"> Medical, consumer and personal care applications such as sterilization of medical equipment and contact lens solutions Energy: Persulfates and PAA in hydraulic fracturing 	<ul style="list-style-type: none"> Hydrogen peroxide for pulp and paper processing H₂O₂ and PAA in chemical synthesis
Growth driver	<ul style="list-style-type: none"> Stricter environmental regulations Redevelopments of former industrial or military sites 	<ul style="list-style-type: none"> Growth of mobile devices Automatization and digitalization 	<ul style="list-style-type: none"> Stronger regulations for food safety Increased demand for convenient packaged food 	<ul style="list-style-type: none"> Increased regulations on cosmetic and care products for high purity grades Rising domestic oil and natural gas production 	<ul style="list-style-type: none"> Customer need for increased high product quality and supply security
Growth	5-6% p.a.	>7% p.a.	4-6% p.a.	3-5% p.a.	3% p.a.

Impressive growth track record and attractive growth perspective

Earnings growth driven by portfolio shift to specialty business

Resilient and strongly growing business (adj. EBITDA)

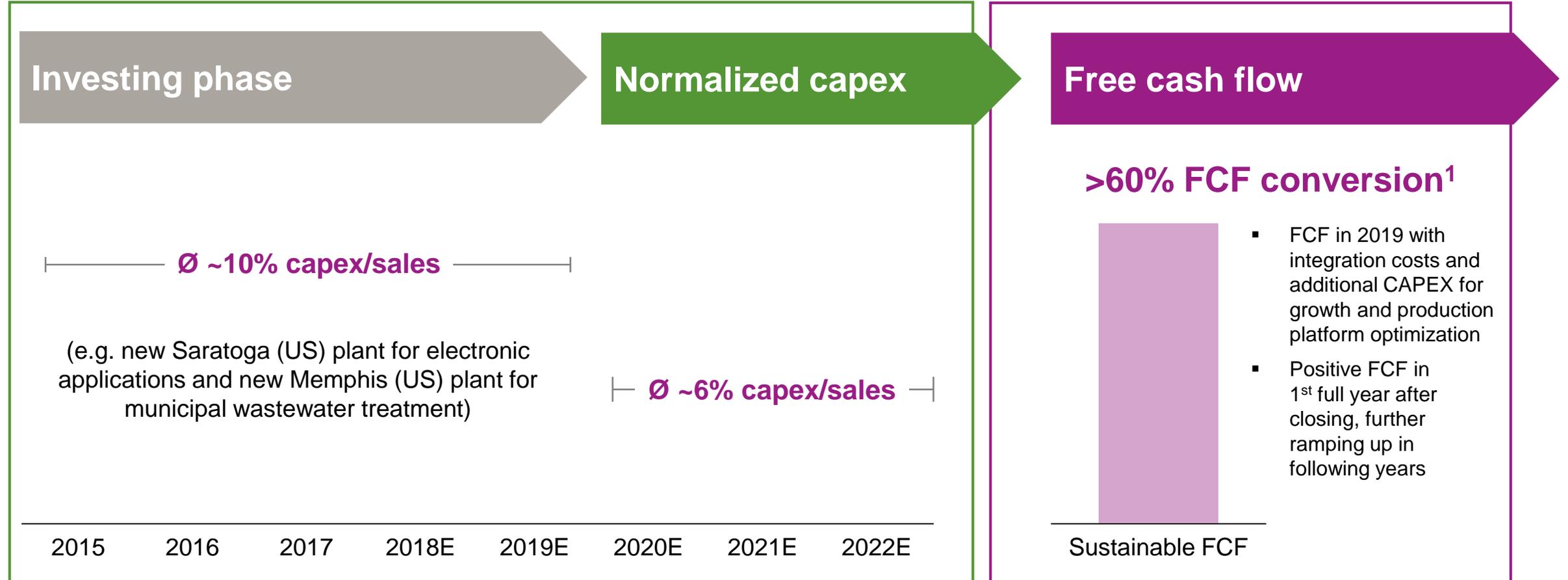


Future growth drivers

- **Sustainability** and growing demand for environmentally-friendly specialty applications
 - ▶ e.g. **new Memphis plant** with long-term **take-or-pay contract** with City of Memphis for municipal wastewater treatment
- Increased exposure towards **specialty applications**
- **Optimization** in combined **asset set-up** and **logistics**
- Realization of **synergies**

PeroxyChem – capital expenditures and free cash flow

Low capital intensity and attractive FCF conversion



1. FCF conversion: FCF / adj. EBITDA

Transaction summary

Structure

- 100% acquisition of PeroxyChem
- On a cash- and debt-free basis

Financing

- Financing secured via cash and committed credit facilities

Timing

- Approved by PeroxyChem Board and Evonik's Supervisory Board
- Aiming for closing by mid 2019, subject to approval by responsible authorities

Appendix

1. Strategy Details
2. Acquisition of PeroxyChem
- 3. Segment overview**
4. Financials
5. Upcoming events

Evonik Group

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

Nutrition & Care




- Animal Nutrition
 - Baby Care
 - Comfort & Insulation
 - Health Care
 - Personal Care
 - Household Care
 - Interface & Performance
- Care Solutions¹**

Resource Efficiency




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

Performance Materials




- Performance Intermediates
 - Functional Solutions
 - Ag.chem. & P. Additives
 - Methacrylates
 - Acrylic Products
 - CyPlus Technologies
- Functional Solutions¹**

 Divestment process started

Nutrition & Care

Fulfilling human needs in a globalizing world

Key characteristics

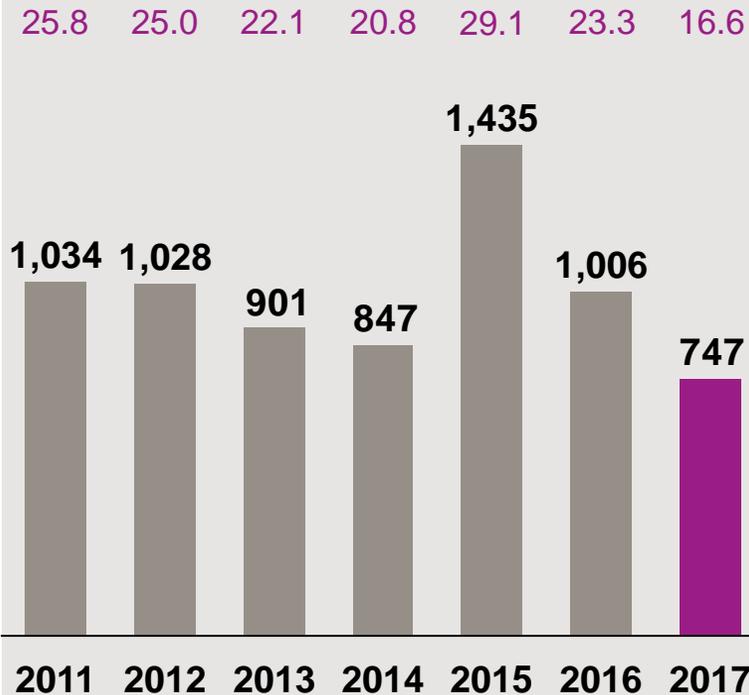
- High degree of **customer intimacy and market know-how**
- Enabling our customers to deliver **differentiating solutions** in their markets
- **Excellent technology platforms**
- **Sustainability** as major growth driver

Key products

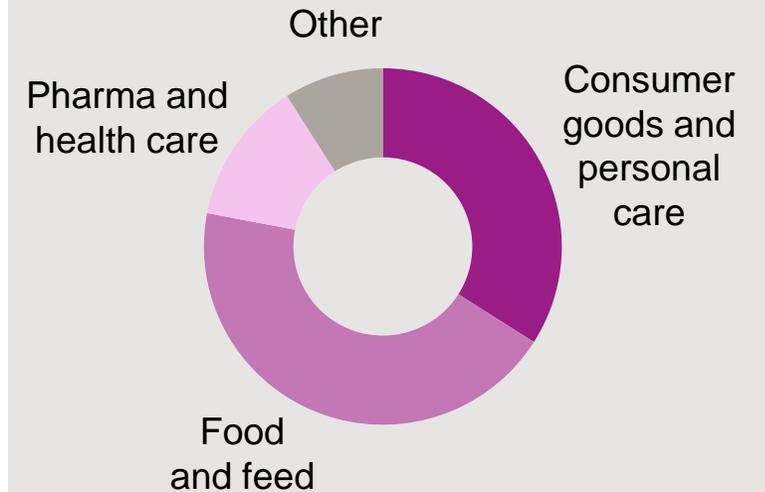
- Amino acids for professional animal nutrition
- Ingredients for cosmetic products
- Superabsorbents for baby diapers
- Drug delivery systems for controlled drug release



Adj. EBITDA (€ m) and margin (%)

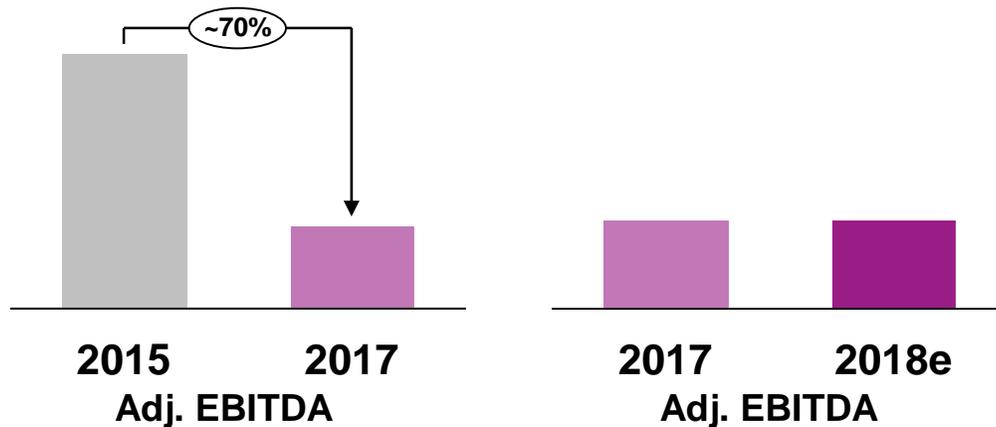


End market split



Strong growth in all business lines of Nutrition & Care has been overshadowed by declining prices in Animal Nutrition and Baby Care

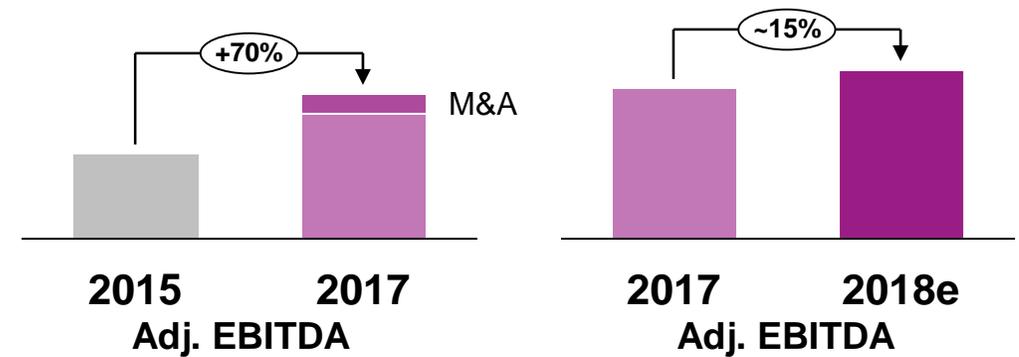
Animal Nutrition and Baby Care



- Earnings decline since 2015 due to normalization of methionine price and overcapacities in Baby Care (Superabsorbents)
- 2018 showing clear signs of stabilization

Other Nutrition & Care business lines

(Comfort & Insulation, Health Care, Personal Care, Household Care, Interface & Performance)



- Strong earnings growth since 2015 – finally becoming visible in 2018
- Besides Comfort & Insulation (organic growth and M&A-driven), Personal Care and Health Care as major drivers

Nutrition & Care

Business Line overview (1/2)

	Animal Nutrition 	Baby Care 	Personal Care 	Household Care 
Key products	<ul style="list-style-type: none">▪ Methionine▪ Lysine, Threonine, Tryptophan	<ul style="list-style-type: none">▪ Superabsorbents	<ul style="list-style-type: none">▪ Actives▪ Emulsifiers▪ Conditioners	<ul style="list-style-type: none">▪ Fabric conditioners▪ Specialty surfactants
Main Applications	<ul style="list-style-type: none">▪ Feed additives and services for animal nutrition	<ul style="list-style-type: none">▪ Baby Care▪ Female Care▪ Adult Care	<ul style="list-style-type: none">▪ Personal Care	<ul style="list-style-type: none">▪ Laundry care▪ Home care▪ Car care
Market position¹	<ul style="list-style-type: none">▪ # 1 in Feed Amino Acids	<ul style="list-style-type: none">▪ # 2-3 in superabsorbents	<ul style="list-style-type: none">▪ # 3-4 in cosmetic ingredients	<ul style="list-style-type: none">▪ # 1 in fabric softeners
Main competitors	<ul style="list-style-type: none">▪ Chem China/Adisseo▪ Novus▪ Ajinomoto▪ Cheil Jedang	<ul style="list-style-type: none">▪ BASF▪ Nippon Shokubai	<ul style="list-style-type: none">▪ Ashland▪ BASF▪ Croda	<ul style="list-style-type: none">▪ AkzoNobel▪ BASF▪ Solvay▪ Stepan

1. Company estimates for relevant markets based on multiple research reports

Nutrition & Care

Business Line overview (2/2)

	Health Care 	Comfort & Insulation 	Interface & Performance 
Key products	<ul style="list-style-type: none">▪ Pharmaceutical coatings▪ Active pharma ingredients▪ Pharma grade amino acids	<ul style="list-style-type: none">▪ Foam stabilizers▪ Catalysts▪ Release agents	<ul style="list-style-type: none">▪ Release coatings▪ Super spreading additives
Main Applications	<ul style="list-style-type: none">▪ Drug delivery systems for oral and parenteral dosage▪ Tailor-made pharmaceutical syntheses▪ Pharma Amino Acids	<ul style="list-style-type: none">▪ Furniture / appliances▪ Construction▪ Automotive	<ul style="list-style-type: none">▪ Packaging / tapes▪ Agrochemicals▪ Plastic additives
Market position¹	<ul style="list-style-type: none">▪ # 1 Functional Polymers for Controlled Release▪ # 3 Exclusive Synthesis▪ # 3 Pharma Amino Acids	<ul style="list-style-type: none">▪ # 1 in polyurethane foam additives	<ul style="list-style-type: none">▪ # 1-2 in release coatings
Main competitors	<ul style="list-style-type: none">▪ BASF▪ DSM▪ Lonza▪ Ajinomoto	<ul style="list-style-type: none">▪ Maysta▪ Momentive	<ul style="list-style-type: none">▪ Clariant▪ Dow Corning▪ Momentive▪ Wacker

1. Company estimates for relevant markets based on multiple research reports

Spotlight on Nutrition & Care

Pioneer solutions for nutrition, healthcare, personal care and everyday living

A high-value portfolio shaped by the individual needs of our customers

- 1 Non-cyclical growth trends** Serving end markets with **robust and resilient growth (~5%)**
- 2 Technology platforms** **Strong backbone** for innovation & growth (e.g. Silicone Chemistry, Advanced Biotechnology)
- 3 Innovation** **Breakthrough innovations:** biodegradable medical devices, all-natural cosmetic raw materials, algae-based omega-3 fatty acids
- 4 Efficiency** Advance leadership by **growth initiatives & efficiency improvements**



Portfolio Management – Animal Nutrition

Advance leadership position by growth initiatives and efficiency gains

Strategic review process conducted in Animal Nutrition

Broaden portfolio



...beyond amino acids:

- Probiotics
- CreAMINO®
- Omega-3 fatty acids
- Diagnostics

Manage production setup



- Contract manufacturing for bio-amino acids
- Closure of uneconomic sites (e.g. Threonine in Hungary)
- Synergy realization for lysine and omega-3 production in Blair, NE

Optimize cost base



- Process innovations to improve Methionine production cost base
- Streamlining supply chain
- Evolution of sales & marketing: strict cost-to-serve approach

Double-digit
annual growth rates

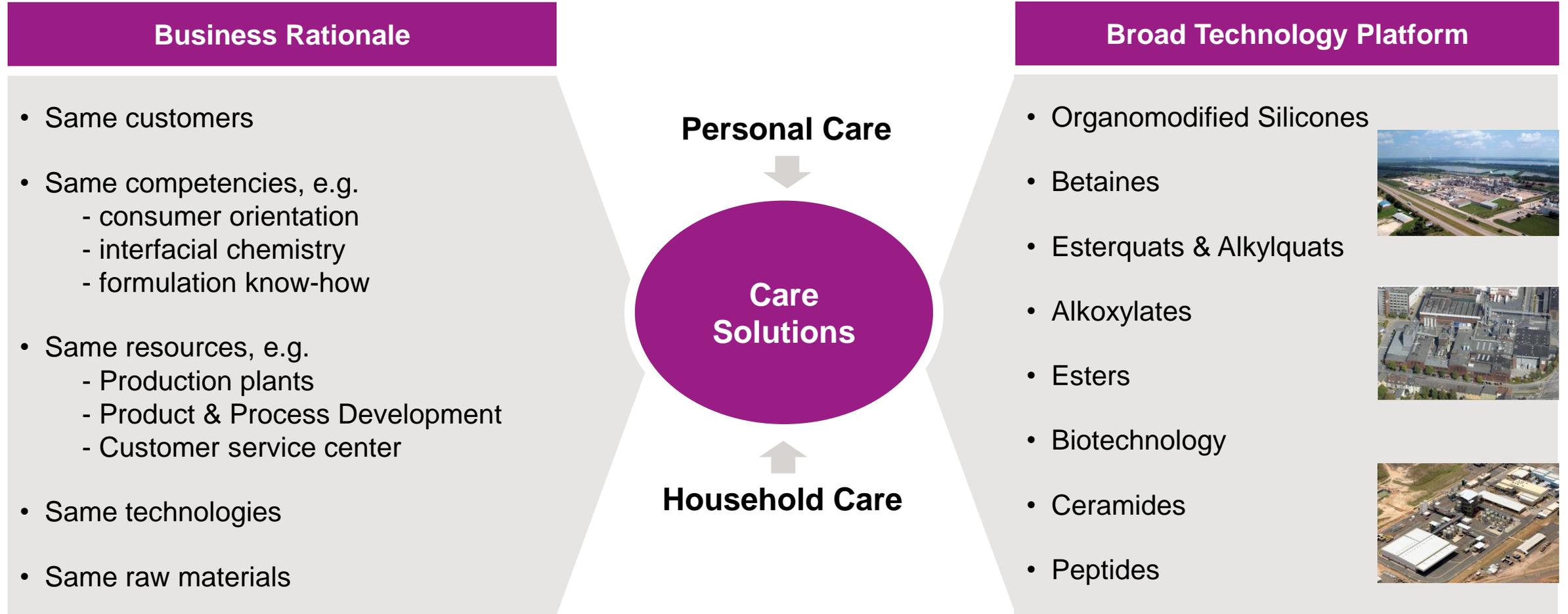
€50 m p.a. efficiency improvements (“adjust 2020”)

→ First savings already in 2018; full savings by 2020

→ Reduction of ~270 FTE across all functions

Building a “Care Solutions” Powerhouse

Combining Personal Care & Household Care business lines



Evonik Care Solutions

Leading partner for Care applications: Translating technologies into marketable solutions



Exemplary Applications

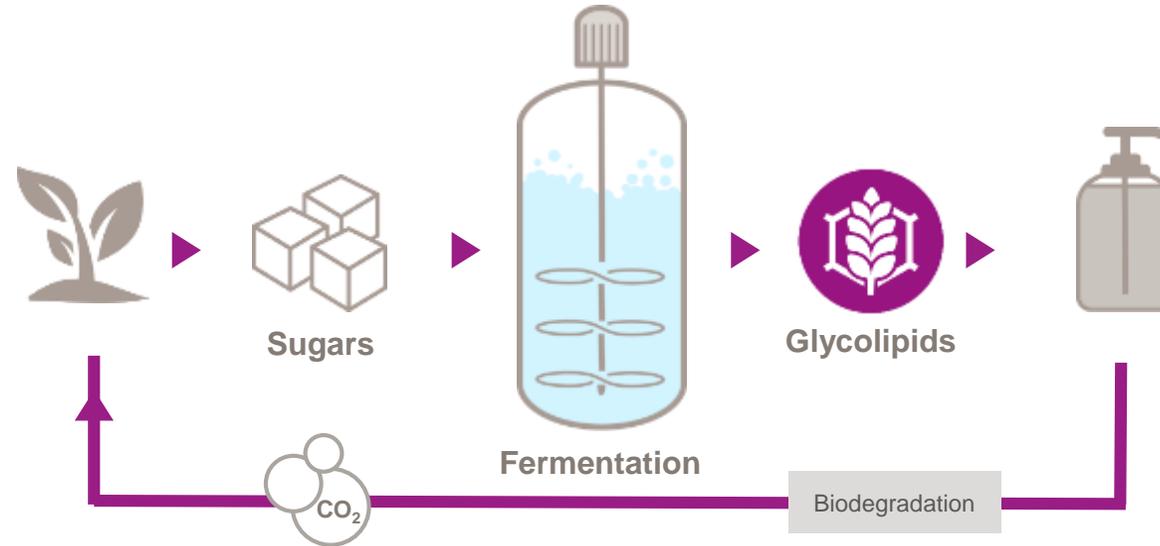
	Bath & Shower		Skin Care		Antiperspirants & Deodorants		Age Defying
	Hair Care		Sun Care		Colour Cosmetics		Industrial Institutional Cleaning
	Fabric Care		Drilling Fluid, Hydraulic Fracturing, Cementing Chemicals		Liquid Laundry Detergent		

¹ Sales from products/applications introduced in the past five years

Business Line Care Solutions: RHEANCE® Glycolipids / Biosurfactants

Biotechnology for a sustainable step change in cosmetic ingredients

Consumer demand:
Products from 100% renewable natural resource
(Traceable to plantation level)



Consumer products:
Multifunctional solution for gentle cleansing enabling 100% biodegradable skin and hair care products with a strong performance and eco-profile

Unique process – Unique products

- Nature-identical biomolecules
- By fermentation of sugars only
- No tropical oils needed
- Based on strong Evonik biotech platform

Evonik Health Care

An enabling portfolio of products, technologies & services for high-value partnerships



Pharmaceuticals



API contract manufacturing



Oral and parenteral drug delivery



Cell culture and tissue engineering

Bioresorbable Implants



Biomaterials



Application technologies

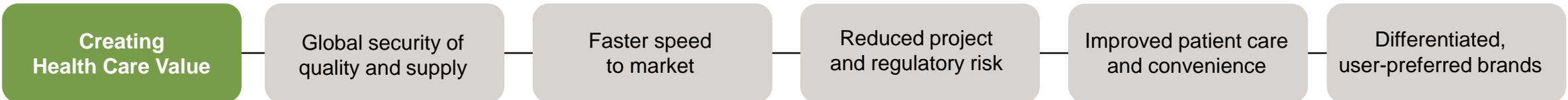
Nutraceuticals



Advanced food ingredients



Nutraceutical coatings

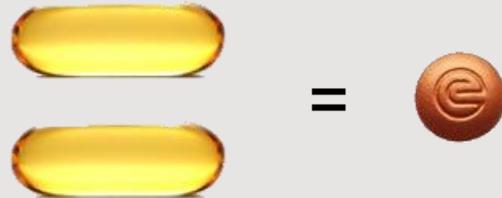


Business Line Health Care: AvailOm®

The highest-load Omega-3 powder for cardiovascular and cognitive health

- High-concentration lysine powder complex
 - Minimum of 45 percent EPA and DHA by weight
 - 3-5 times more bioavailable than standard Omega-3 softgels
- Directly compressible to easily combine with other ingredients
- Unmatched protection against oxidation: stable for at least 3 yrs.
- Clearance for use in the U.S., Europe and other markets
- New formulation opportunities for new consumer products

A small, single tablet has the same uptake of EPA and DHA as two fish oil capsules



DHA to help maintain normal brain function with EPA + DHA to maintain normal heart function



Cognitive health



Cardiovascular health

Resource Efficiency

Innovative products for resource-efficient solutions

Key characteristics

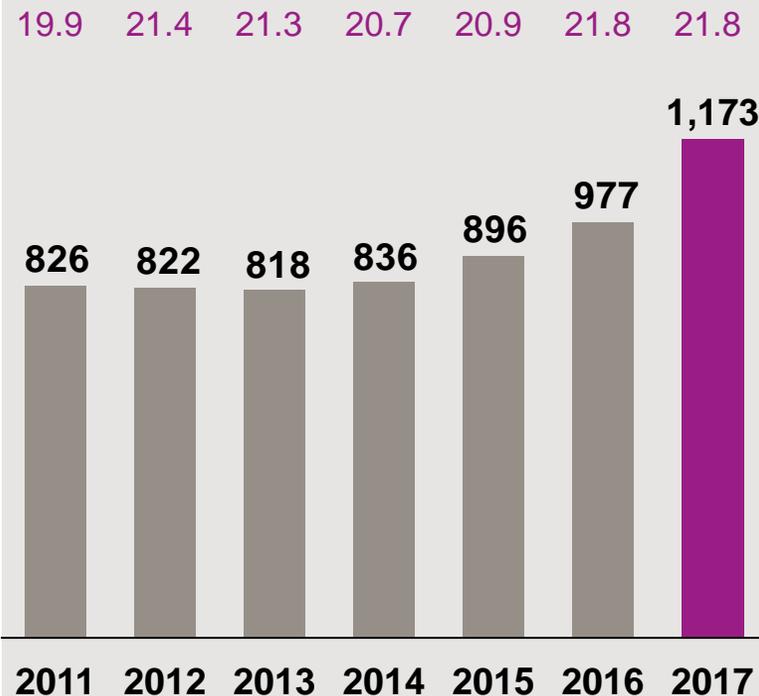
- Focus on **performance-impacting** and value-driving components
- **Minor share of cost** in most end products
- Strong focus on **technical service**
- **Low risk of substitution**
- High pricing power (**value-based pricing**)

Key products

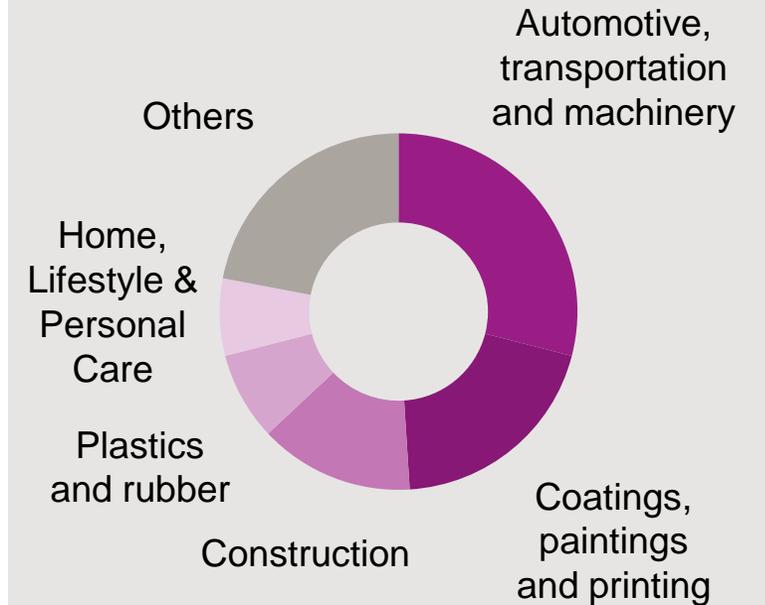
- Precipitated and fumed silica as flow property enhancers
- Crosslinkers for composite materials and coatings
- Viscosity modifiers for oils and hydraulic fluids



Adj. EBITDA (€ m) and margin (%)



End market split



Resource Efficiency

Business Line overview (1/3)

	Silica 	Oil Additives 	Crosslinkers 
Key products	<ul style="list-style-type: none"> ▪ Precipitated silica ▪ Fumed silica ▪ Special oxides 	<ul style="list-style-type: none"> ▪ Lubricant additives (viscosity modifiers) 	<ul style="list-style-type: none"> ▪ Crosslinkers for composites, elastomers and coatings
Main Applications	<ul style="list-style-type: none"> ▪ Silicone rubber ▪ Tires, green tires & rubber ▪ Paints & coatings ▪ Adhesives & sealants 	<ul style="list-style-type: none"> ▪ Automotive lubes ▪ Industrial lubes ▪ Hydraulic systems 	<ul style="list-style-type: none"> ▪ Composites ▪ Coatings & inks ▪ Construction / Flooring ▪ Automotive interior
Market position¹	<ul style="list-style-type: none"> ▪ # 1 in silicas (precipitated, fumed, special oxides, matting agents and specialty fillers) 	<ul style="list-style-type: none"> ▪ # 1 in viscosity modifiers for lubricants 	<ul style="list-style-type: none"> ▪ # 1 in isophorone chemicals
Main competitors	<ul style="list-style-type: none"> ▪ Cabot ▪ Solvay ▪ Wacker 	<ul style="list-style-type: none"> ▪ Infineum ▪ Lubrizol ▪ Afton ▪ Oronite 	<ul style="list-style-type: none"> ▪ BASF ▪ Covestro ▪ Wanhua

1. Company estimates for relevant markets based on multiple research reports

Resource Efficiency

Business Line overview (2/3)

	Active Oxygens	High Performance Polymers	Coating & Adhesive Resins
Key products	 <ul style="list-style-type: none"> Hydrogen peroxide 	 <ul style="list-style-type: none"> High perf. polyamide (PA12) Polyetheretherketone (PEEK) Membranes and Polyimide fibres 	 <ul style="list-style-type: none"> Functional resins Adhesive hot melts Heat sealants Polybutadiene
Main Applications	<ul style="list-style-type: none"> Oxidising agent in chemical reactions Pulp & paper bleaching Electronics Fish-Farming 	<ul style="list-style-type: none"> Automotive components Medical Oil & gas pipes Additive manufacturing 	<ul style="list-style-type: none"> Hot melt Pre coated metal Protective coatings Road marking
Market position¹	<ul style="list-style-type: none"> # 2 in hydrogen peroxide 	<ul style="list-style-type: none"> # 1 in PA12 	<ul style="list-style-type: none"> # 1 in polyester resins
Main competitors	<ul style="list-style-type: none"> Arkema Solvay 	<ul style="list-style-type: none"> Arkema EMS Solvay Victrex 	<ul style="list-style-type: none"> Dow DSM Mitsubishi Chemical

1. Company estimates for relevant markets based on multiple research reports

Resource Efficiency

Business Line overview (3/3)

	 <p>Silanes</p>	 <p>Coating Additives</p>	 <p>Catalysts</p>
Key products	<ul style="list-style-type: none"> Chlorosilanes Organofunctional silanes Rubber silanes 	<ul style="list-style-type: none"> Additives for eco-friendly and high solid industrial coatings 	<ul style="list-style-type: none"> Activated base metal catalysts Precious metal catalysts Catalysts for industrial & petrochemicals
Main Applications	<ul style="list-style-type: none"> Fumed silica Optical fibres Adhesive & sealants Building protection 	<ul style="list-style-type: none"> Eco-friendly coatings (low VOC, water based) High solid industrial coatings 	<ul style="list-style-type: none"> Catalysts for chemical processes Enabler for process efficiency / innovation
Market position¹	<ul style="list-style-type: none"> # 1 in chlorosilanes # 1 in organofunctional and rubber silanes 	<ul style="list-style-type: none"> # 2 in high performance additives for coatings and inks # 1-2 in silicone resins for special applications 	<ul style="list-style-type: none"> #1 in precious metal powder catalysts #2 in activated base metal catalysts
Main competitors	<ul style="list-style-type: none"> Dow Chemical (Dow Corning) Momentive Shin Etsu Tokuyama 	<ul style="list-style-type: none"> Altana BASF Dow Chemical (Dow Corning) 	<ul style="list-style-type: none"> BASF Clariant Johnson Matthey WR Grace

1. Company estimates for relevant markets based on multiple research reports

Resource Efficiency

True specialty segment as strong value driver for Evonik

High profitability and high-value specialty portfolio

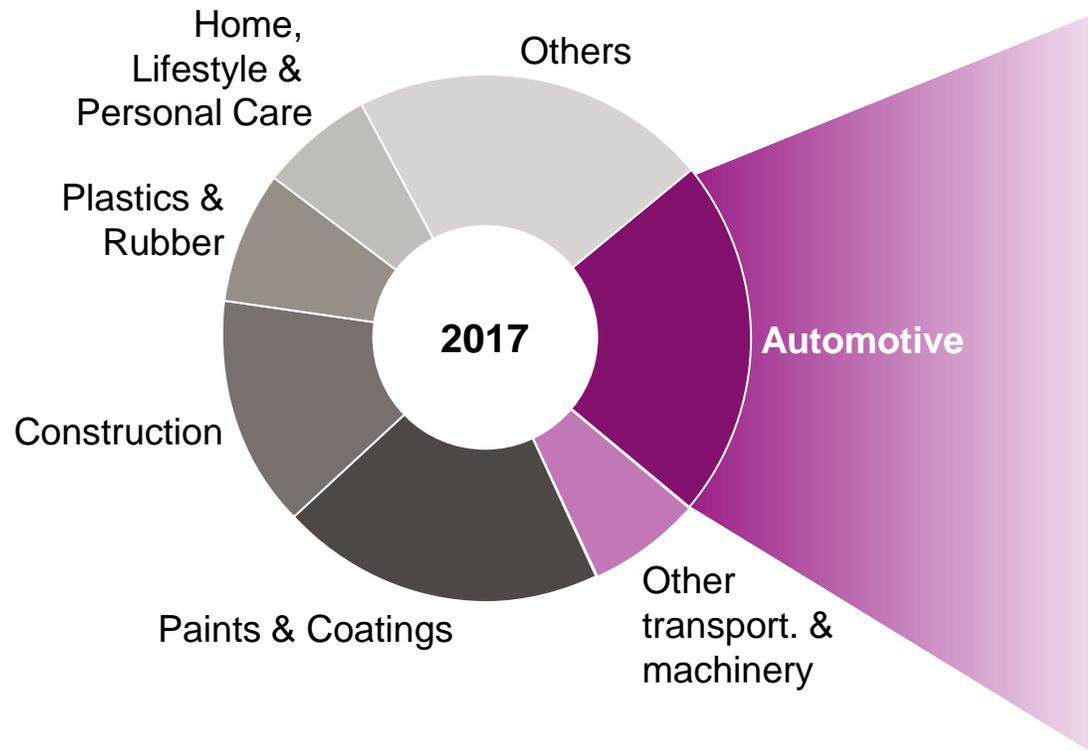
- 1 Portfolio** → High-value and resilient specialty business with broad application scope
- 2 Financials** → Commitment to continue growth track record with resilient EBITDA margins >20%
- 3 Innovation** → Strong technology platforms, application know-how and innovation focus
- 4 Efficiency** → Continue efficiency improvement with focus on SG&A, digitalization and process efficiency



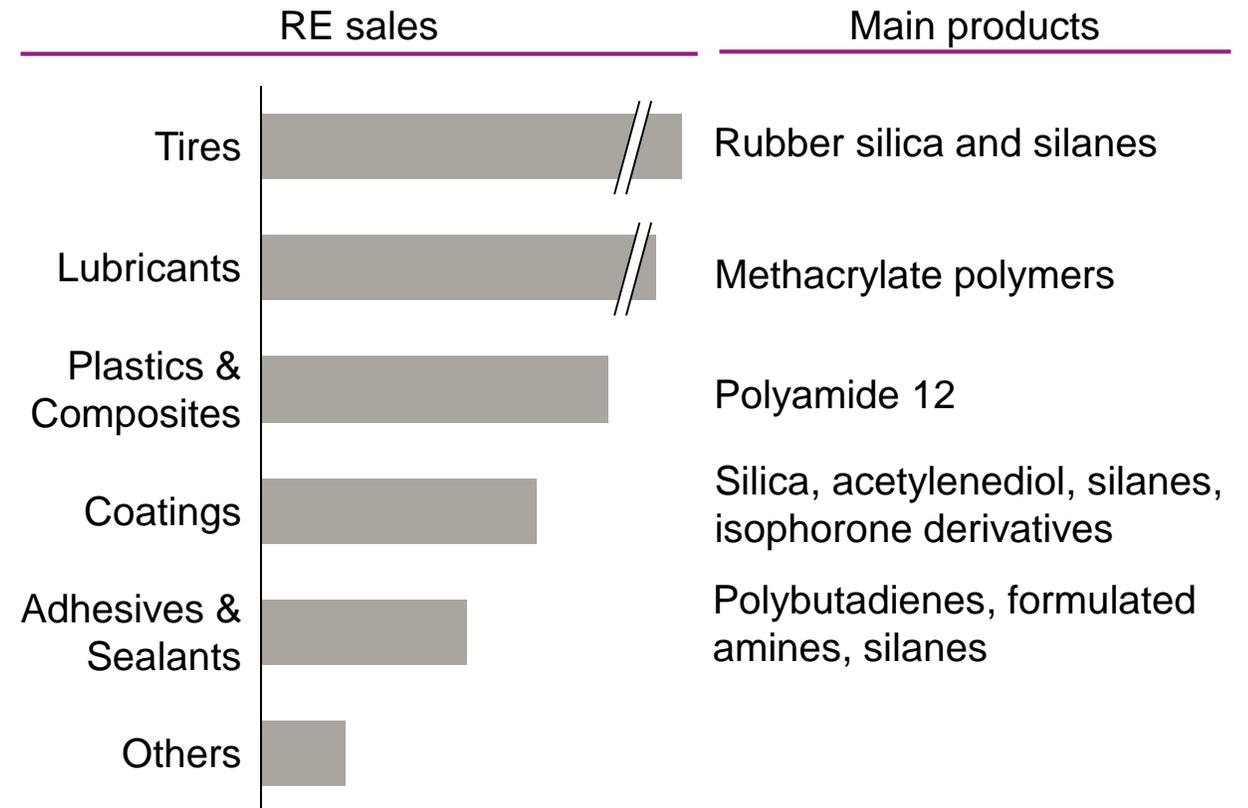
Resource Efficiency

Diversified auto product portfolio with broad OEM and replacement exposure

RE sales by Evonik end markets



Automotive end market by direct customer industries



RE sales split 2017

Business Line Silica

Silica market with strong growth, Evonik leading supplier with full coverage

Silica market

- Market growth: 4-6%, expected to stay clearly above GDP
- Main growth driver: eco-friendly and custom-tailored, steadily new applications
- Market access: reliable and cost competitive raw material base crucial

Evonik positioning

- Only supplier for both, **fumed** and **precipitated silica** as well as **metal oxides**
- **Superior process technology** (e.g. integrated silica-silane production platform)
- In-house “Verbund” and external **raw material** partners
- **Global production platform** (26 sites)
- Regional **customer proximity** (~200 M&S employees, presence in 100 countries)
- Unique product portfolio with **>100 larger volume specialties** as well as **customized solutions**



Business Line Silica

Innovation pipeline goes beyond the existing business

1 Re-innovate product solutions for existing markets

New ULTRASIL® grade for SUV tires

- Growing demand for larger SUVs tires
- Challenge for tire manufacturers: Sufficient stiffness in spite of their size
- **ULTRASIL® 7800 GR** offers the right mix to give SUV tires the needed stiffness, low rolling resistance and improved “grip”
- This reduces **CO2-emissions** and **lowers fuel consumption** by up to **8%**



2 Tap into new markets via application development

AEROXIDE® as additive in Li-ion batteries

- Li-ion battery market shows a continued high growth rate, ultimately fueled by the **electric vehicle** market
- Key industry challenges are **performance, life-time,** and **safety** of the battery
- **AEROXIDE®** fumed metal oxides from Evonik help addressing these challenges as additives in Li-ion battery components



3 Create new technology options to enlarge the playing field

SPHERILEX® a new silica class

- New product class, unique, **patented manufacturing process** and materials
- Able to produce **novel, precipitated silica morphologies** with traditional raw materials
- Ability to control pore size, pore size distribution and surface area
- Applications examples: oral care, cosmetics and coatings



Business Line Silica

Investment highlights

Start-up	Investment	Rationale	Precipitated Silica	Fumed Silica
2017	Acquisition of Huber Silica Business	Excellent complementary fit for high-growth and resilient Silica business	x	
2018	New precipitated silica plant in South Carolina, USA	World-scale facility close to production plants of large tire manufacturers	x	
2019	Capacity expansion, Antwerp 2020	Investment in additional fumed silica capacities in Antwerp		x
2020	Capacity expansion in Adapazari, Turkey	Investment into additional precipitated silica capacities mainly for tire applications	x	
2021	Joint Venture with Wynca to produce fumed silica	First fumed silica plant in the attractive Chinese market with strong local partner		x

Business Line High Performance Polymers

Evonik to expand its leading position in powdered PA 12 for Additive Manufacturing

- Evonik VESTOSINT products have clear USP for powder-based 3D printing (e.g. chemicals resistance, melting point etc.)
- Strong growth potential with ongoing transition from prototyping to manufacturing
- Strong relationships with leading printer manufacturers (e.g. EOS, HP)
- New polyamide 12 powder plant in Marl
 - Investment in the mid double-digit million € range
 - New facility primarily produces high-performance powders for the 3D printing market, which is expanding heavily with double-digit growth rates



Business Line High Performance Polymers

Several growth markets benefitting from unique Polyamide 12 properties

Additive Manufacturing

Mid-term CAGR¹



VESTOSINT® **>15% p.a.**

- PA12 powders for various powder based 3D technologies

Unique PA12 benefit:
powder quality (shape & precision)

Automotive



VESTAMID® **5-10% p.a.**

- E.g. fuel lines for conventional vehicles & cooling lines for battery packages

Unique PA12 benefit:
impact & chemical resistance

Oil and Gas



VESTAMID® NRG **>10% p.a.**

- PA12 for large diameter pipes for offshore Oil and Gas production
- PA12 for onshore gas distribution

Unique PA12 benefit:
high strength & chemical resistance

Medical



VESTAMID® Care **5-10% p.a.**

- Heart catheters and tubes
- Durable medical equipment in imaging devices

Unique PA12 benefit:
biocompatibility

1. Evonik estimates

Business Line Coating Additives

Serving the high demand for eco-friendly, water-borne coatings

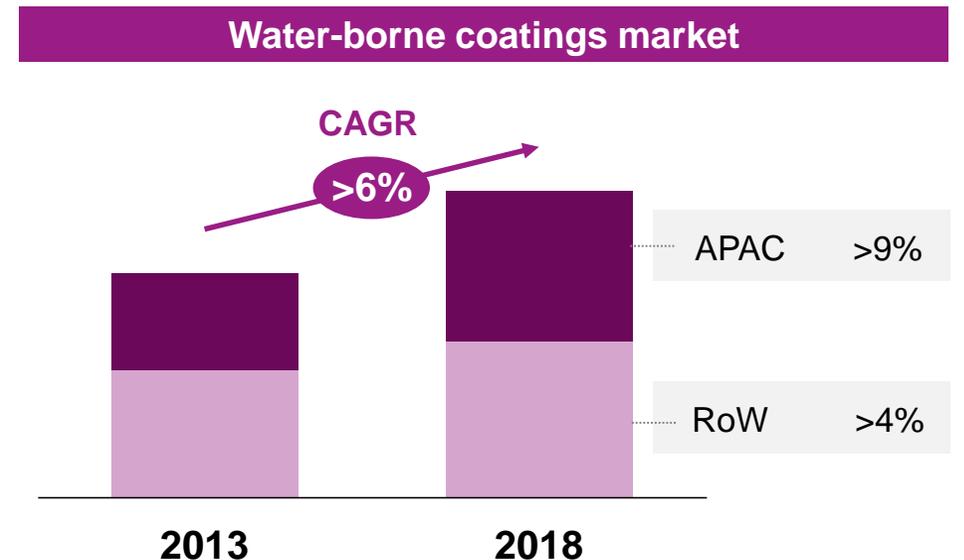
Challenges & needs:

- Chinese government introduced new coating-regulations to prevent solvent-borne coatings
- First step: only water-borne coatings allowed for container-paintings (China accounts for 90% of worldwide containers-production)
- Increasing use of waterborne coatings also for e.g., wood coatings, protective coatings, industrial coatings

Approach & Solution:

- Evonik as leading player for water-borne coatings
- Strong and innovative portfolio to serve the growing demand for water-borne coatings and applications from various industries

→ **Additional double digit million € sales in 2018**



Performance Materials

Integrated production platforms for efficient production of rubber and plastic intermediates

Key characteristics

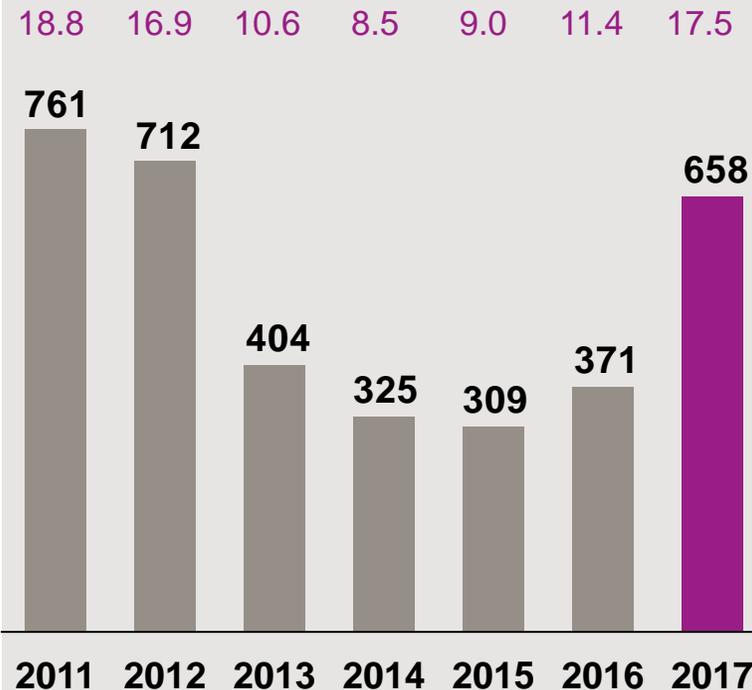
- Strong **integrated production platforms**
- **Leading cost positions**
- Favorable **raw material access**
- Focus on **continuous efficiency improvements**
- High degree of **supply reliability**

Key products

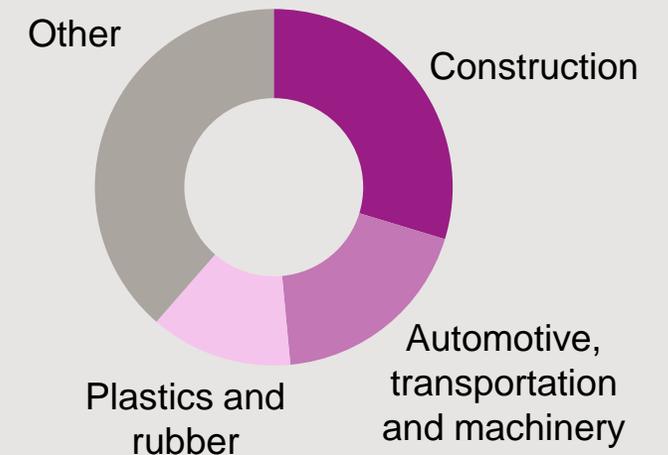
- Acrylic sheets, molding compounds (PMMA) and its precursors (MMA), e.g. for LED and touch screens
- Butadiene for synthetic rubber
- MTBE as fuel additive



Adj. EBITDA (€ m) and margin (%)



End market split



Performance Materials

Business Line overview (1/2)

	Performance Intermediates	Methacrylates	Acrylic Products
Key products	 <ul style="list-style-type: none"> Butadiene MTBE Butene-1 Plasticizers (INA & DINP) 	 <ul style="list-style-type: none"> Methylmethacrylate (MMA) & application monomers Molding compounds (PMMA granulate) 	 <ul style="list-style-type: none"> Acrylic sheets and semi-finished products (Plexiglas®/ Acrylite®) PMMA systems
Main Applications	<ul style="list-style-type: none"> Plastics Styrene-Butadiene-Rubber High performance polymers 	<ul style="list-style-type: none"> Coatings PMMA extrusion Light-weight systems Automotive components 	<ul style="list-style-type: none"> Construction Light-weight systems Automotive components Light-guiding systems
Market position¹	<ul style="list-style-type: none"> # 1 in Butene-1 # 2 in INA 	<ul style="list-style-type: none"> # 2 in MMA # 2 in PMMA molding compounds 	<ul style="list-style-type: none"> # 2 in PMMA sheets
Main competitors	<ul style="list-style-type: none"> BASF Sabic LyondellBasell 	<ul style="list-style-type: none"> LG MMA Mitsubishi Chemicals Sumitomo 	<ul style="list-style-type: none"> Arkema Mitsubishi Chemicals Sumitomo

1. Company estimates for relevant markets based on multiple research reports

Performance Materials

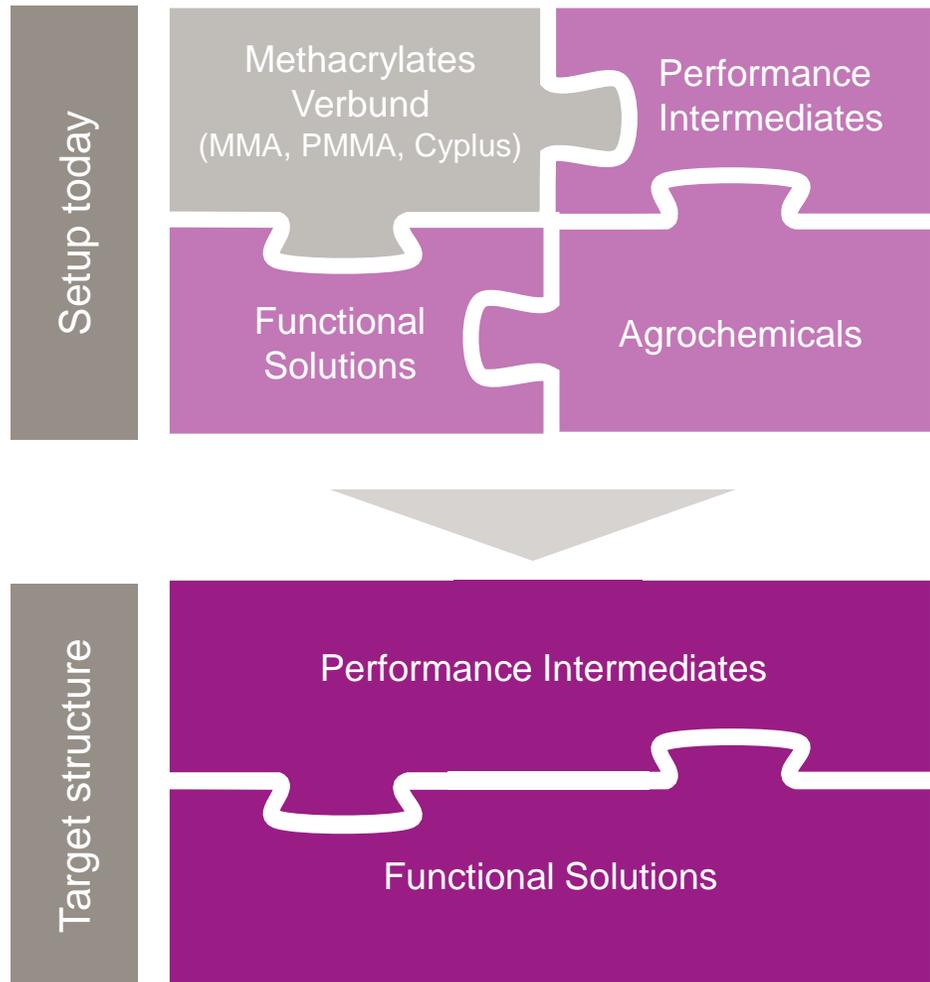
Business Line overview (2/2)

	Agrochemicals & Polymer Additives	Functional Solutions	CyPlus Technologies
Key products	 <ul style="list-style-type: none"> ▪ Triacetonamine ▪ Crosslinkers ▪ Precursors for crop protection 	 <ul style="list-style-type: none"> ▪ Alkoxides (e.g. sodium methylate) 	 <ul style="list-style-type: none"> ▪ Sodium cyanide ▪ Potassium cyanide
Main Applications	<ul style="list-style-type: none"> ▪ Polymer additives ▪ Optical brighteners ▪ Photovoltaic ▪ Agro chemicals 	<ul style="list-style-type: none"> ▪ Catalysts for biodiesel production 	<ul style="list-style-type: none"> ▪ Precious metals mining ▪ Fine chemicals
Market position¹	<ul style="list-style-type: none"> ▪ n.a. 	<ul style="list-style-type: none"> ▪ # 1 in alkoxides 	<ul style="list-style-type: none"> ▪ n.a.
Main competitors	<ul style="list-style-type: none"> ▪ Lanxess ▪ Weylchem 	<ul style="list-style-type: none"> ▪ BASF ▪ Smotec 	<ul style="list-style-type: none"> ▪ AGR ▪ DuPont ▪ Orica

1. Company estimates for relevant markets based on multiple research reports

Streamlined setup of Performance Materials segment

Merger Functional Solutions & Agrochemicals business lines



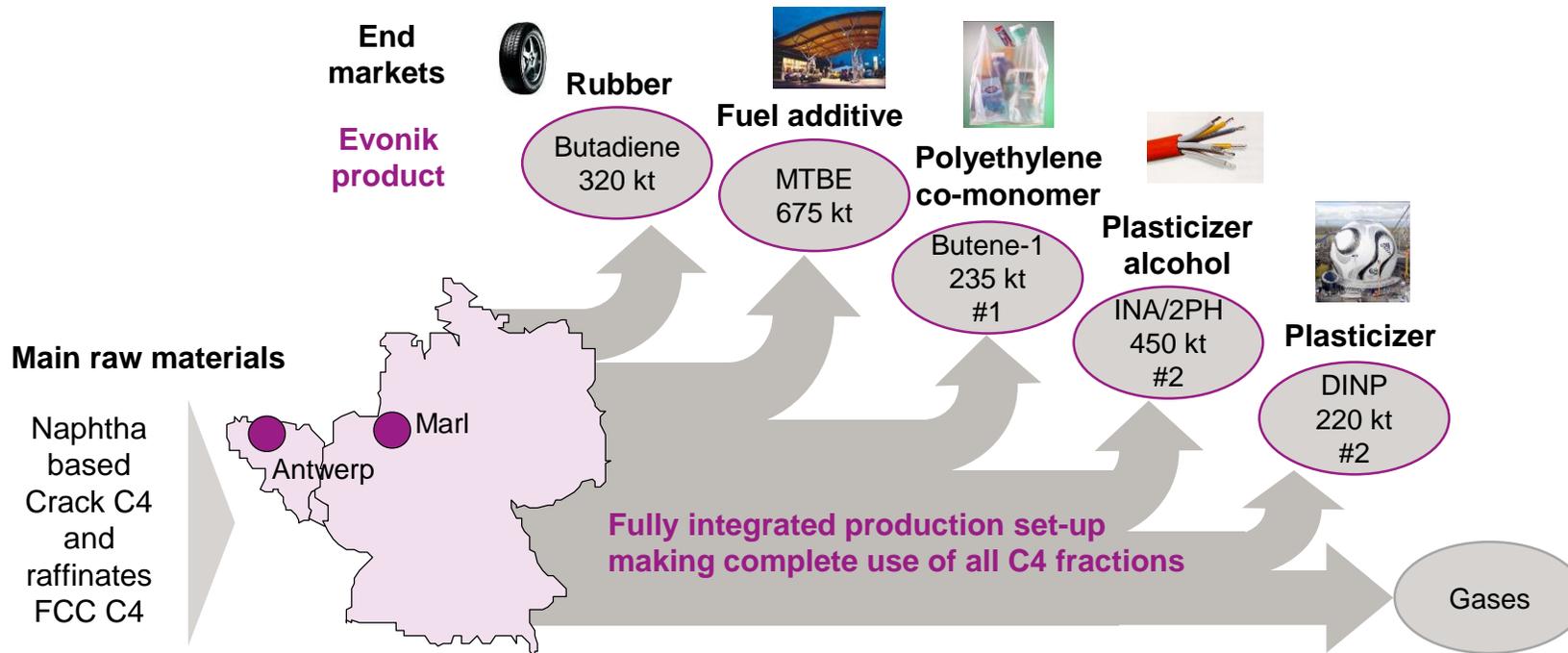
Merger Functional Solutions & Agrochemicals: Bundling of competencies

- **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

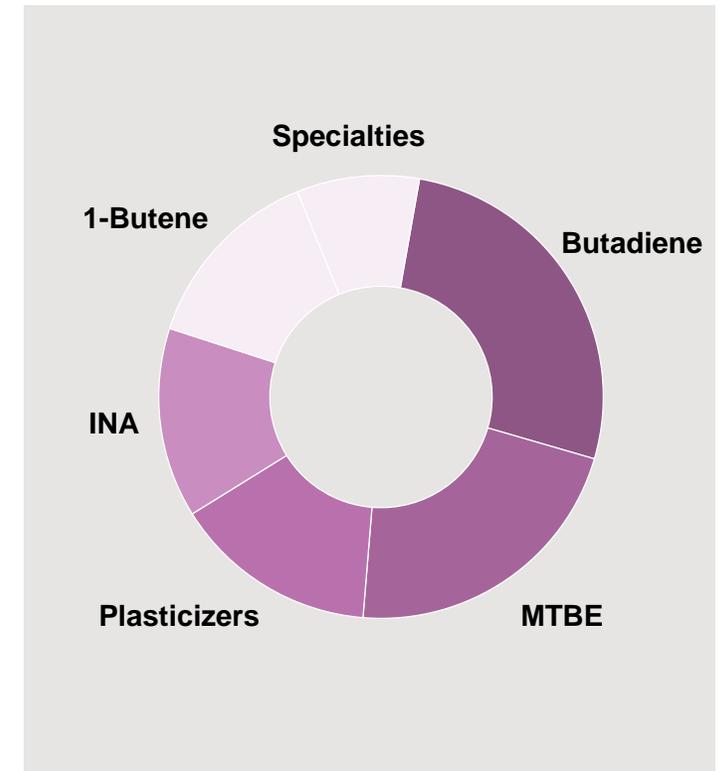
Performance Intermediates (C4 chain)

Fully integrated production platform in Europe

Capacity overview



Share of total sales by product



Strategic project to further strengthen our C4 chain



Target

C4 “Verbund” optimization through:

- Increased productivity
- Optimization of supply
- Higher product flexibility



Addressed levers

- Better utilization and debottlenecking of existing plants
- Better catalysts
- Improved product mix



Approach

Holistic evaluation of “Verbund” structure

- Interdisciplinary teams
- Agile cooperation methods like Scrum
- Scope: Products & Markets, Processes & Plants, Innovation



Financial impact

Consequent focus on efficiency

- Realization of main strategic targets while spending significantly less capex
- **Capex savings of ~55%** after completion

Portfolio Management – Methacrylates

Divestment of Methacrylates business

Business Facts

~€1.7 bn
sales in 2017

#2 globally
in MMA and PMMA

18 sites

Access to
C2, C3 & C4
-based technologies

~3,700
employees¹

>3%
global market growth

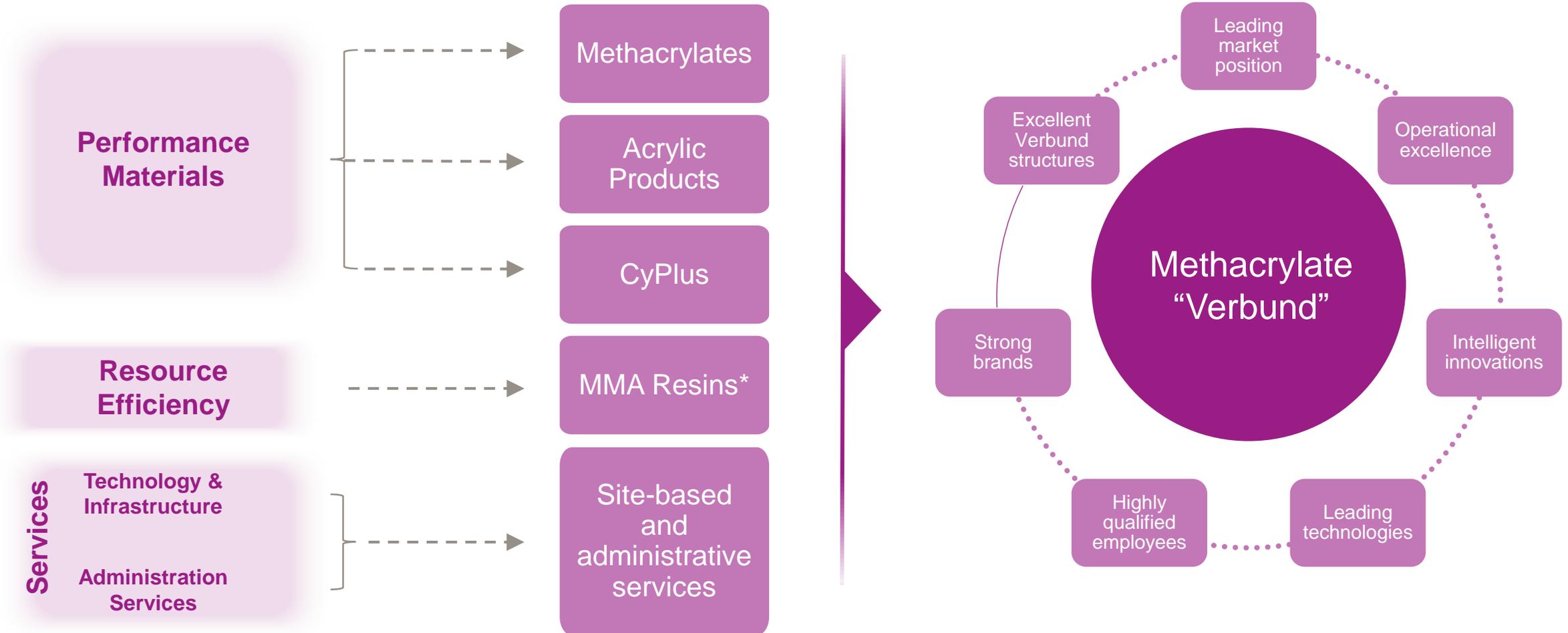
- Methacrylates in good shape and well positioned
- C2 technology “LiMA” opens new opportunities for the business
- Business perspectives cannot be realized with current portfolio role
- Driving process to find a new owner

**Divestment
process for
Methacrylates
initiated**

1. In operational and service functions

The new Verbund pools methacrylate competencies

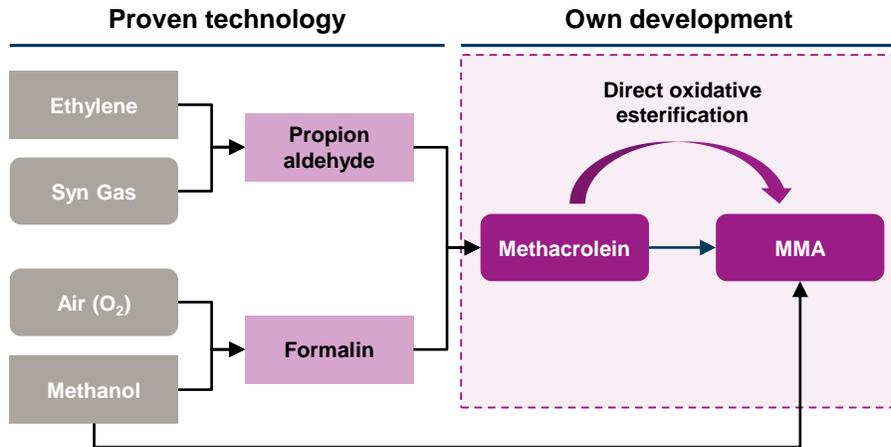
Our claim: the world's leading methacrylate business



* Product groups: Protective Coatings & Inks , Roadmarking & Flooring

Proprietary C2 MMA technology with disruptive potential

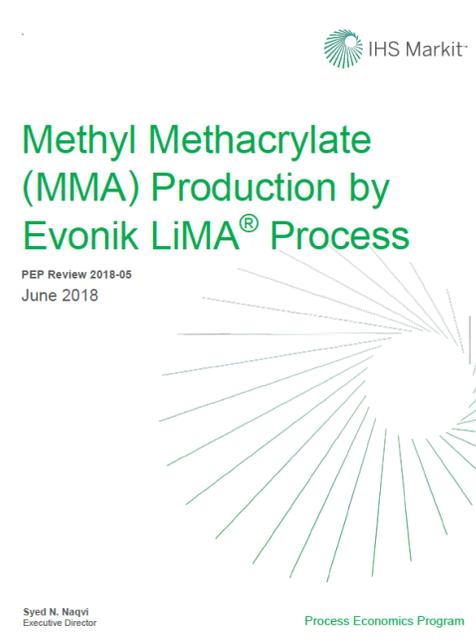
LiMA – C2 MMA production technology



Pilot plant with >10,000 hrs

- ➔ **Intelligent process ...**
proprietary catalyst with high yield and selectivity
- ➔ **Efficient new catalyst ...**
accesses shale gas as raw-material source
- ➔ **Best-in-class ...**
in environmental impact (emission, energy)

Advantages of LiMA



“Based on our analysis, we believe that LiMA has a strong potential to produce MMA at lower costs and with lesser environmental impact than Lucite’s Alpha process.”

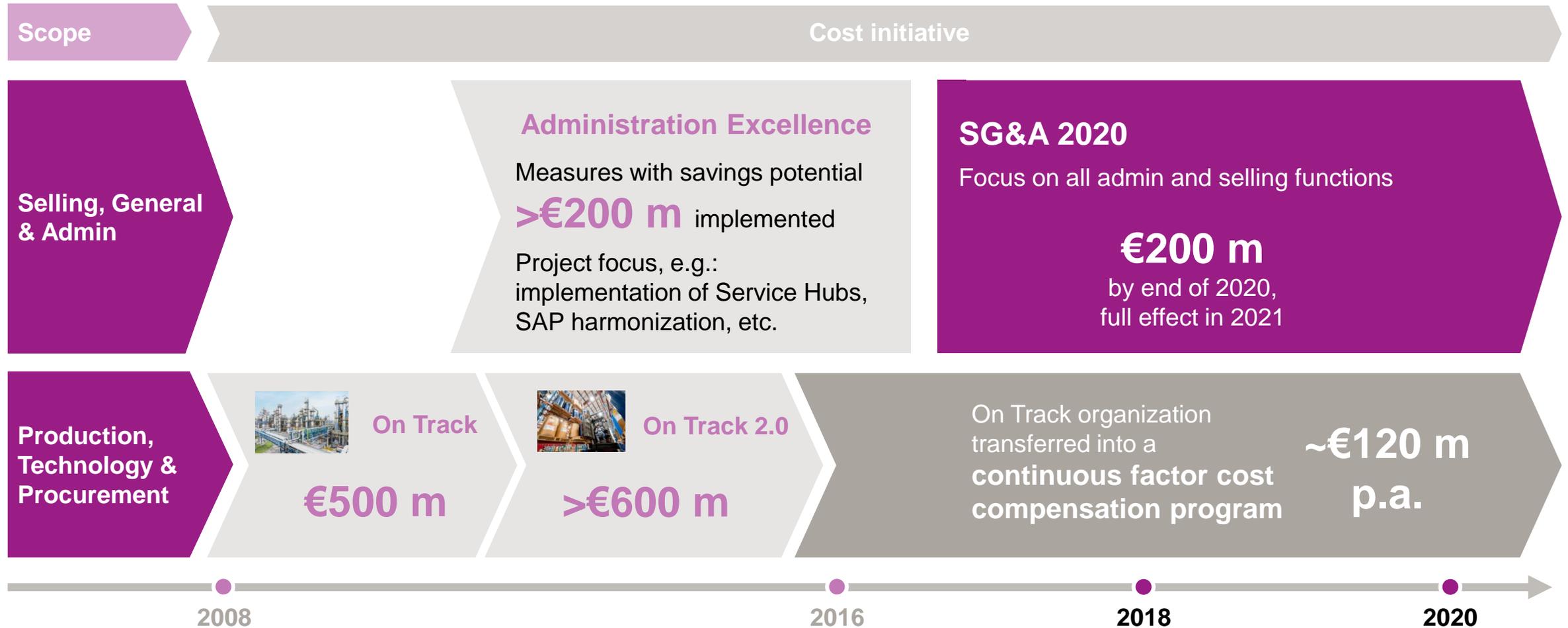
IHS PEP Review

Appendix

1. Strategy Details
2. Acquisition of PeroxyChem
3. Segment overview
- 4. Financials**
5. Upcoming events

Recent cost initiatives

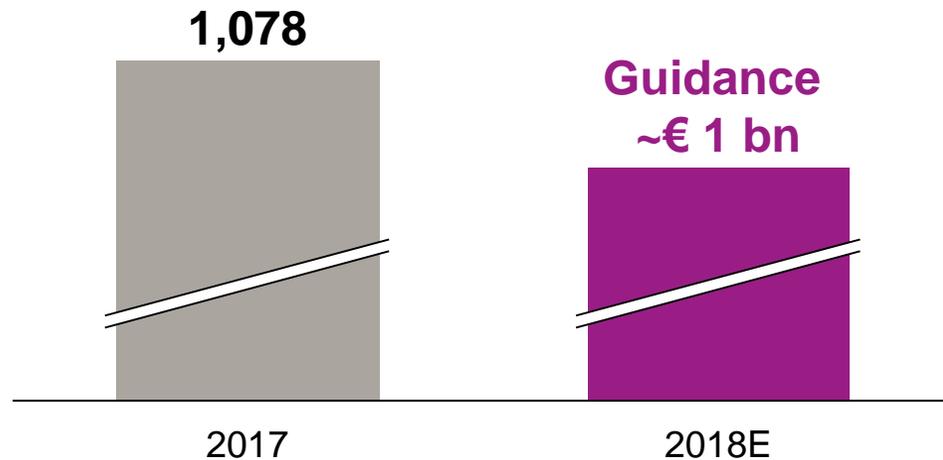
Program to achieve cost excellence in admin and selling initiated



Capex 2018

~€1 bn despite additional €150 m for Me6 plant

Capex development



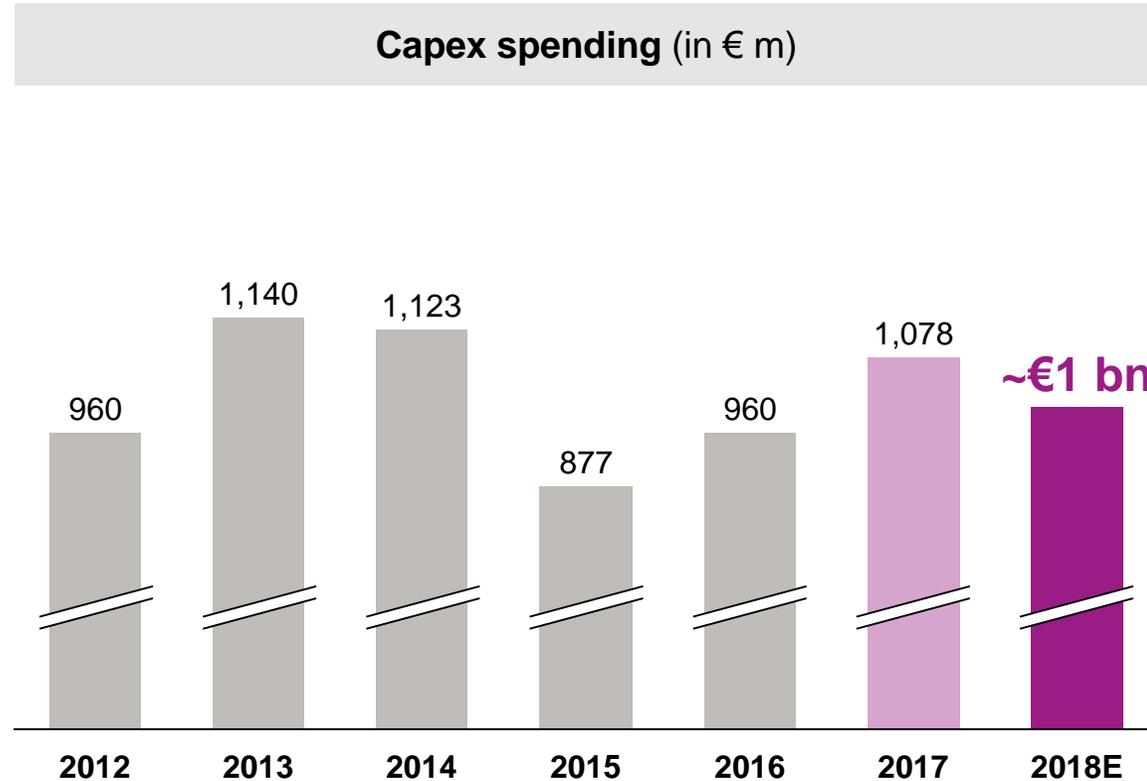
- Additional ~€150 m capex for Me6 plant in Singapore compared to prior year (total Me6 spending in 2018: ~€300 m)
- Overall lower capex in 2018 due to high capex discipline in form of reduced maintenance capex or postponement of projects

Top growth projects 2018

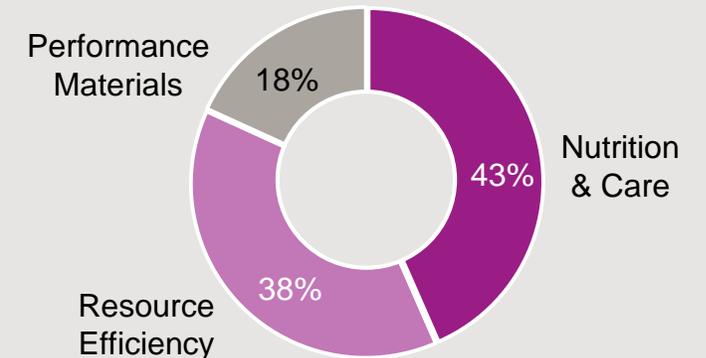
- **Methionine 6 (Me6)**
 - More than half a billion €, 2016-2019
Singapore
- **Extension precipitated silica**
 - ~€100 m; 2016-2018
Charleston, South Carolina
- **Extension of fumed silica**
 - Upper double-digit million €, 2017-2019
Antwerp
- **Veramaris (Green Ocean)**
 - ~€100 m (Evonik share), 2017-2019
Blair, Nebraska

Investments

Capex with significant decrease since 2013 – focus on growth segments



- Capex focus on the two growth segments
- **Sustainable capex level going forward: ~€900 - 950 m**
- Sizable investment projects will result in slightly elevated levels during project time (e.g. second Methionine plant in Singapore with more than half a billion € of Capex between 2016 and 2019, peaking in 2018)



Capex 2017 for chemical segments

Investments

Selective projects announced for 2018/2019

Investment projects successfully completed ...

Polyimide membrane exp.

Austria

Rationale: strengthen growth in attractive gas separation market and position as technology leader for membrane-based gas separation



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

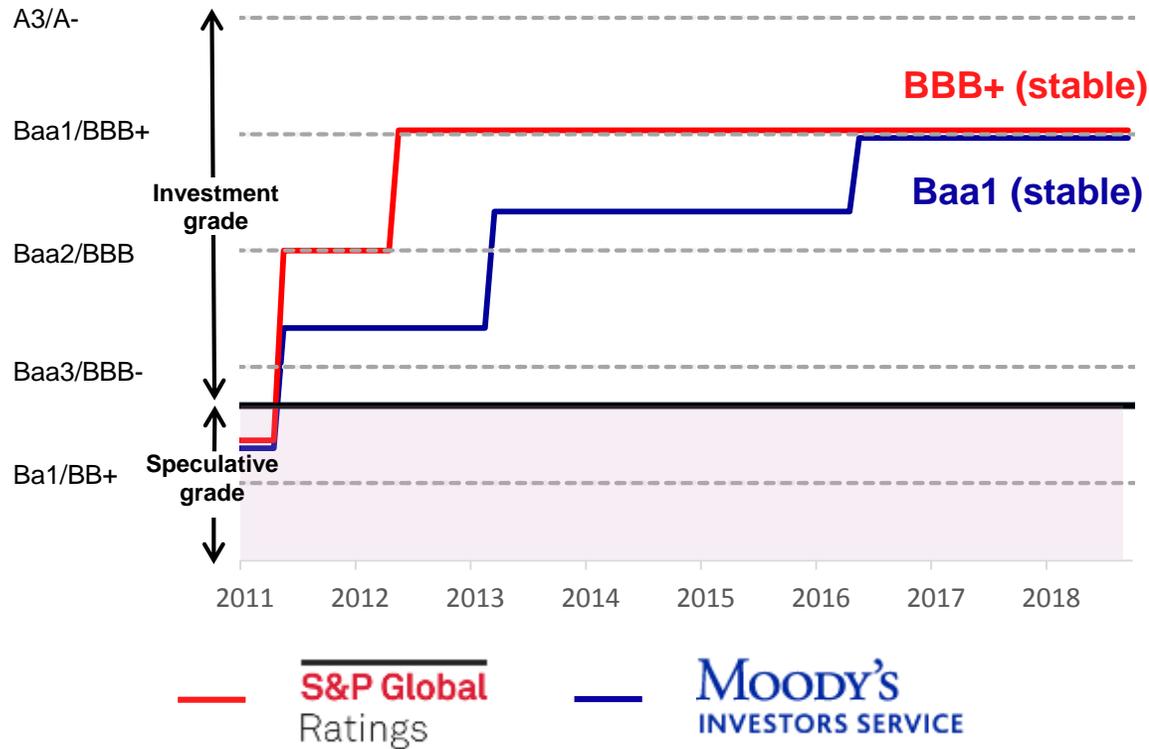
Start-up: 2019

Volume: >€500 m



Financial policy

Maintaining a solid investment grade rating



Both rating agencies affirmed its ratings in 2018 based on

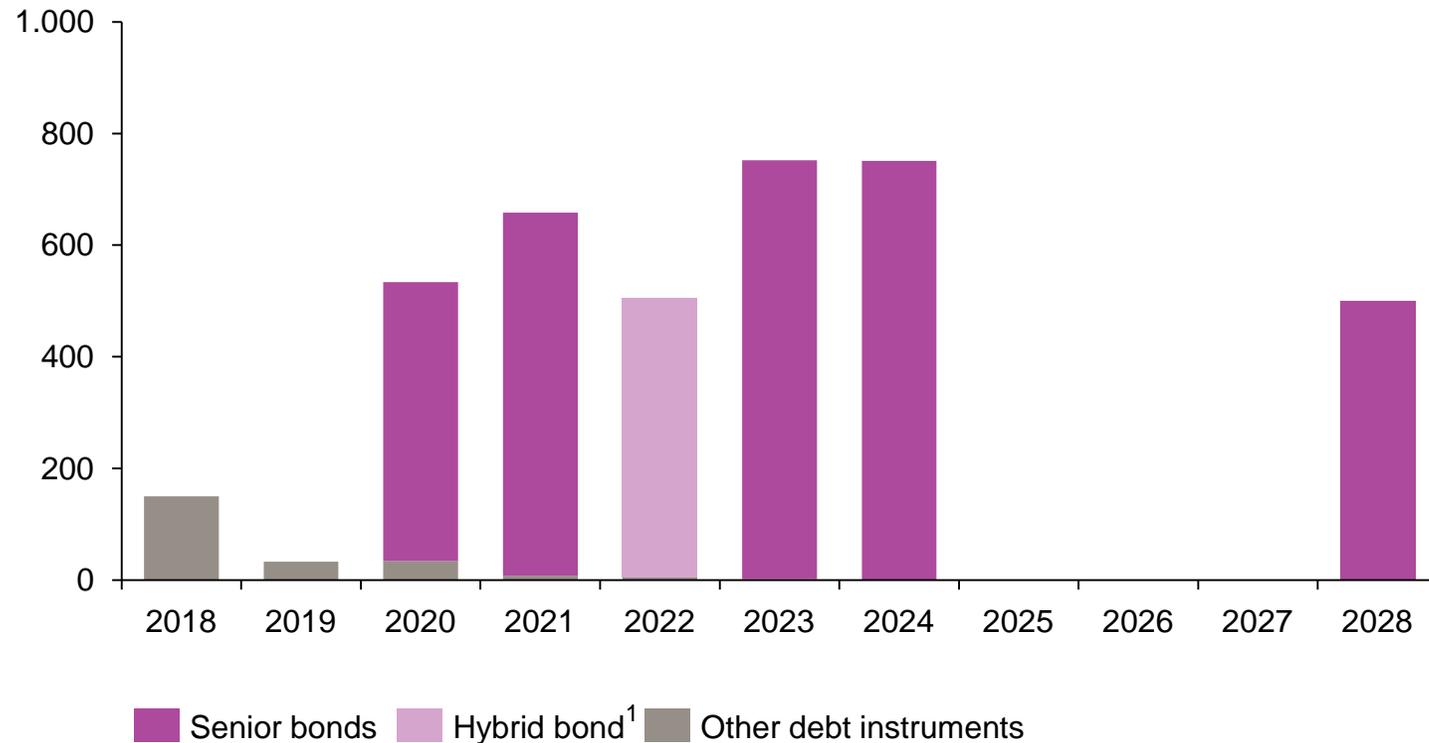
- Strong business profile underpinned by significant size and leading global market positions
- Greater-than-peer diversity in terms of end-markets and product range
- Acquisitions of Air Products Specialty Additives and Huber Silica enhances the specialty chemicals portfolio
- Supportive financial policy and management's commitment to a solid investment-grade rating

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

Debt structure

Well balanced maturity profile

(in € m as of September 30, 2018)

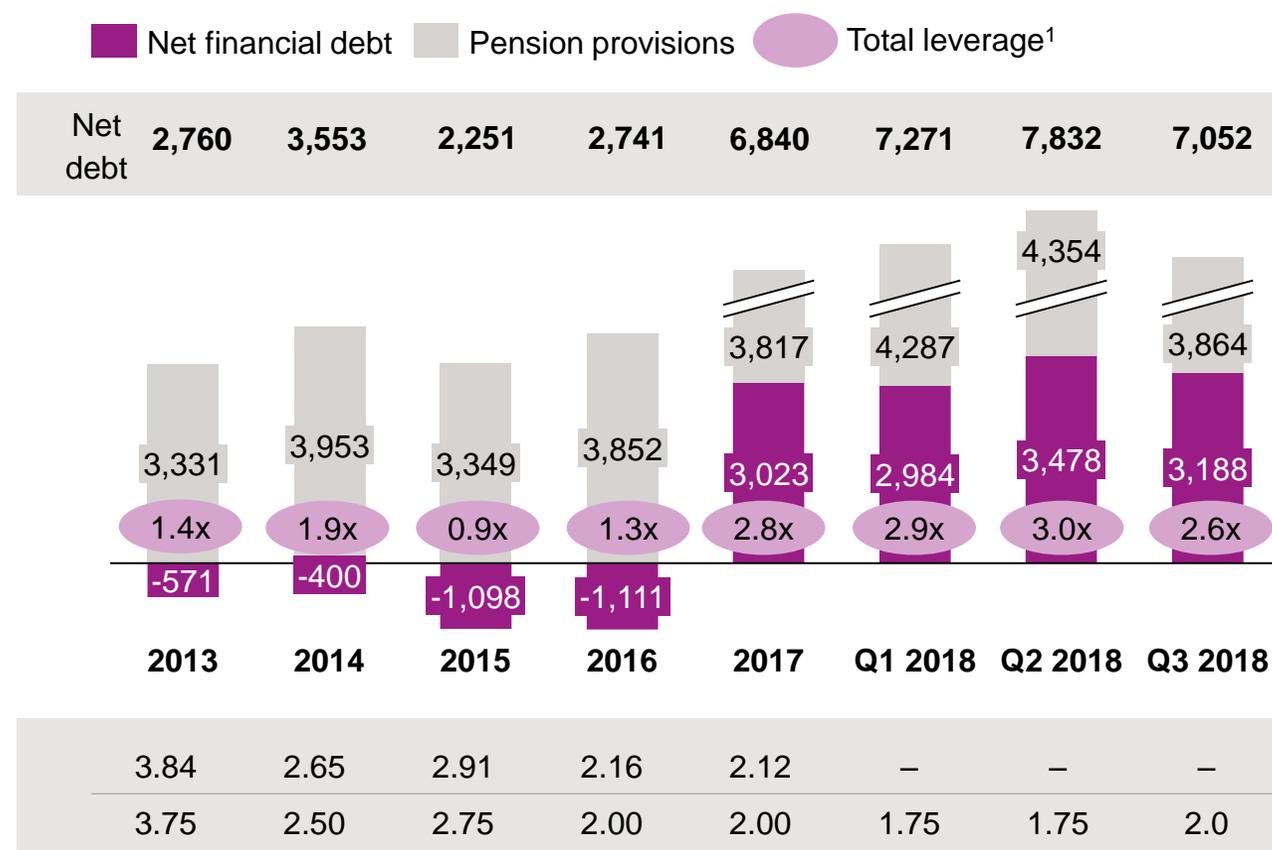


- Well balanced debt maturity profile with no single maturity greater than €750 m
- Long-term capital market financing secured under favorable conditions: average coupon of only 0.74% p.a. on €3.15 bn senior bonds and 2.125% p.a. on €0.5 bn hybrid bond
- Undrawn €1.75 bn syndicated revolving credit facility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



- Decrease of net financial debt during Q3 due to positive operating cash flow development
- Increase of discount rate for Germany (from 1.75% to 2.00%, as per September 30, 2018) resulting in decrease in pension provisions
- 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 ~€1.1 bn
- More than half of total net debt consists of long-dated pension obligations; average life of DBO exceeds 15 years

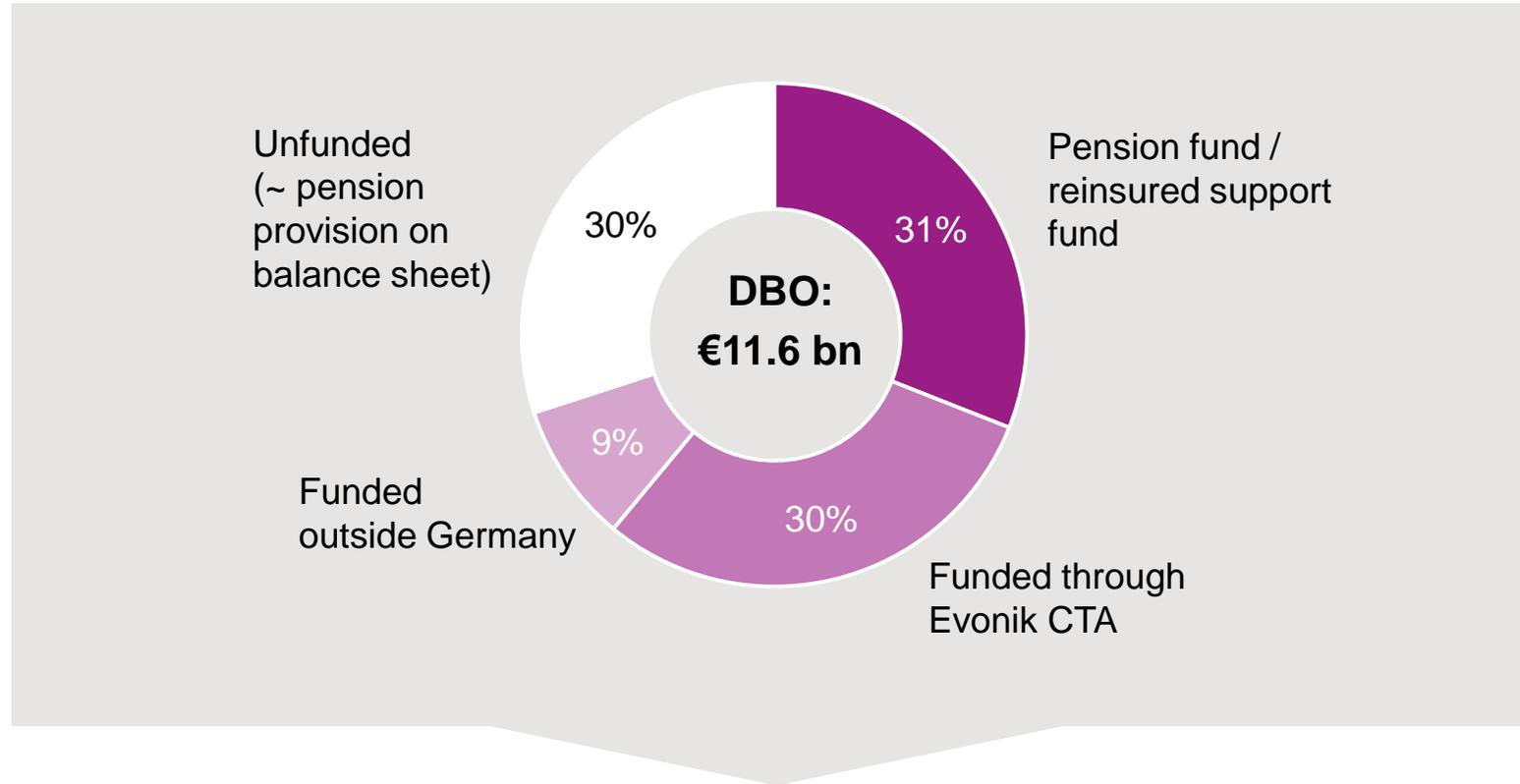
Evonik Group global discount rate (in %)²

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 2017

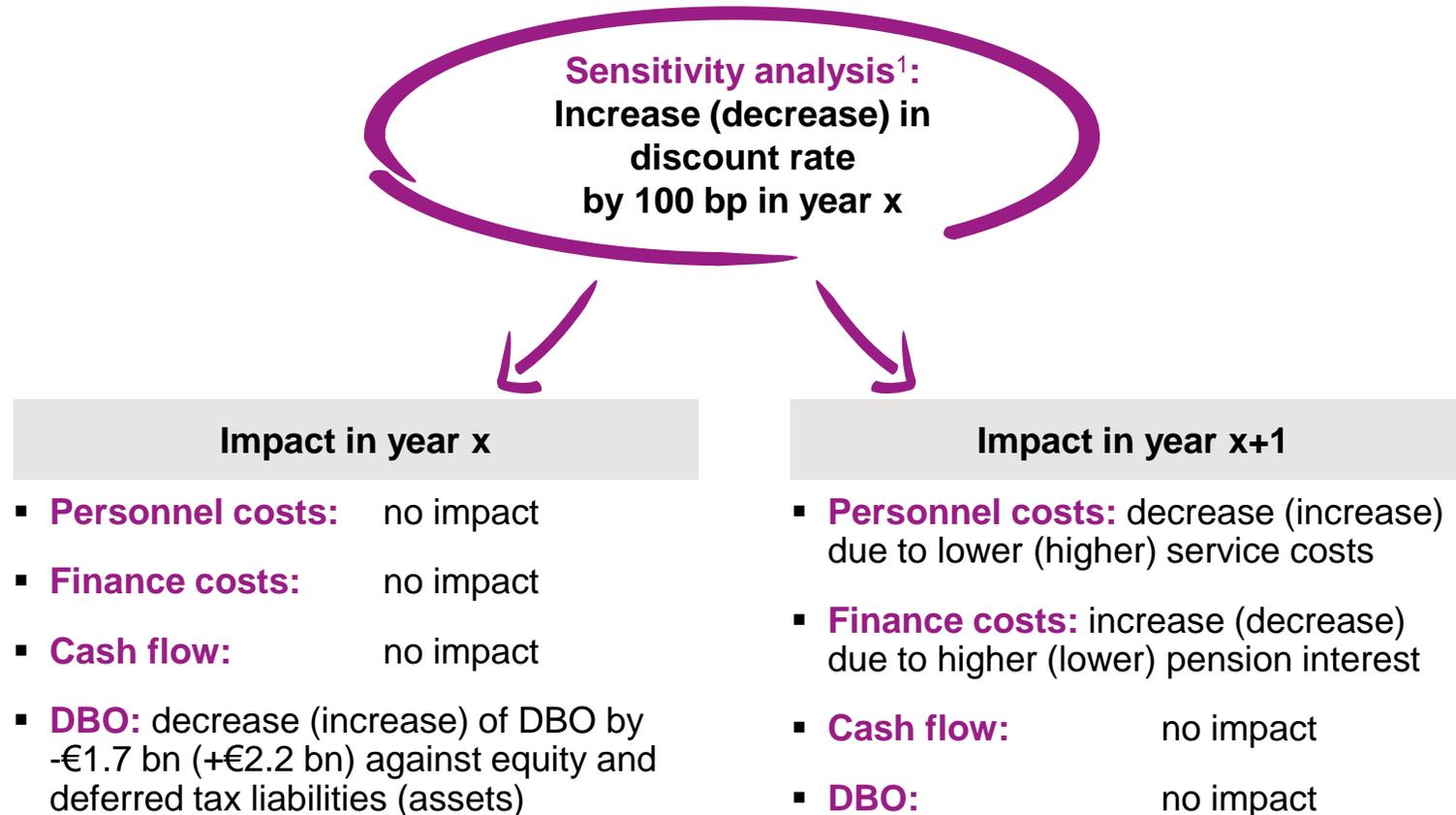


- Pensions very long-term, patient debt (>16 years) with no funding obligations in Germany
- DBO level of €11.6 bn yoy stable (interest rate unchanged at 2.00%)
- Funding ratio increased to ~70% mainly due to positive development of pension asset

Funding level increased to ~70%

Pensions

Sensitivity to discount rate changes



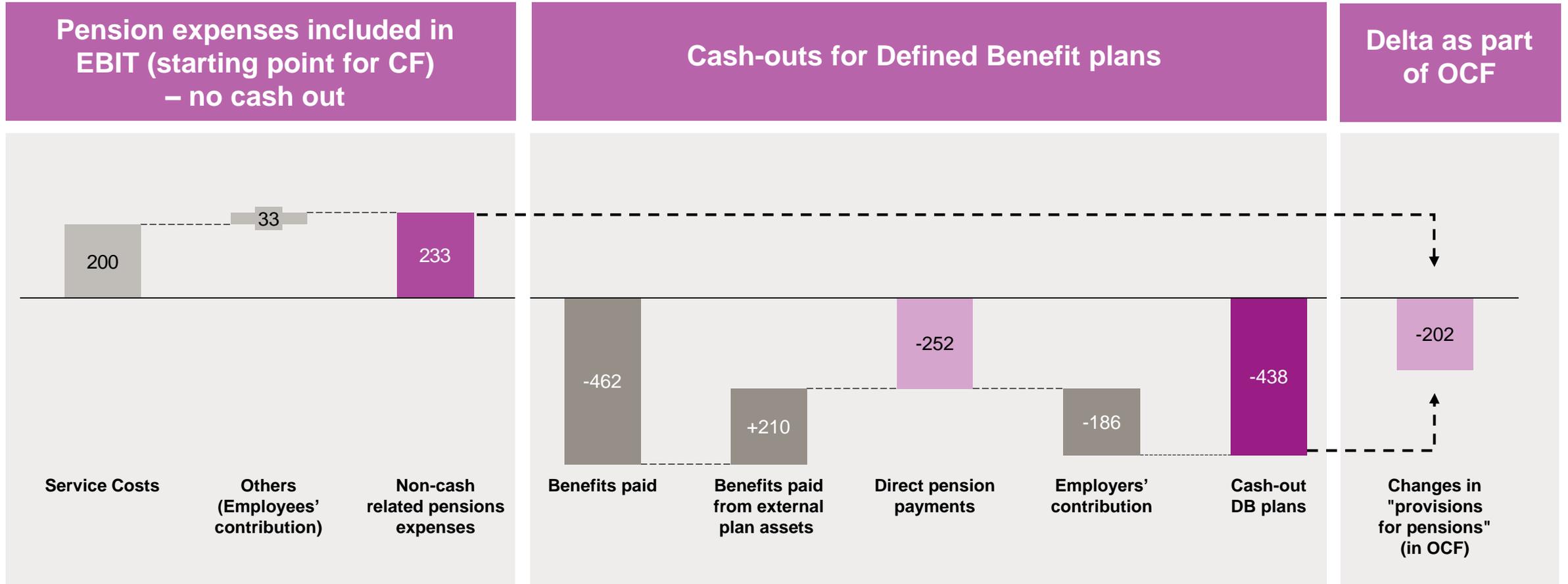
1. Excluding any effects from potential actuarial changes and changes in the valuation of plan assets

Pensions

Breakdown of P&L and cash flow effects

		in € m		P&L item / KPI	2016	2017	Annual report '17
P&L	Current service costs			Adj. EBITDA	-180	-200	p. 131
	Interest costs			Net interest expense	-297	-243	p. 131
	Exp. return on plan assets			Net interest expense	+207	+166	p. 132
	Other			Adj. EBITDA	-44	-33	p. 133
	Total pension expense				-316	-310	
		in € m			2016	2017	Annual report '17
Cash flow	Benefits paid				-428	-462	p. 131
	Benefits paid from plan assets			From defined benefit plans	+181	+210	p. 132
	Contribution to plan assets (excl. CTA)				-152	-186	p. 132
	Payments under defined contribution plans				-166	-178	p. 133
	Total cash out for pensions (excl. CTA)				-565	-616	

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

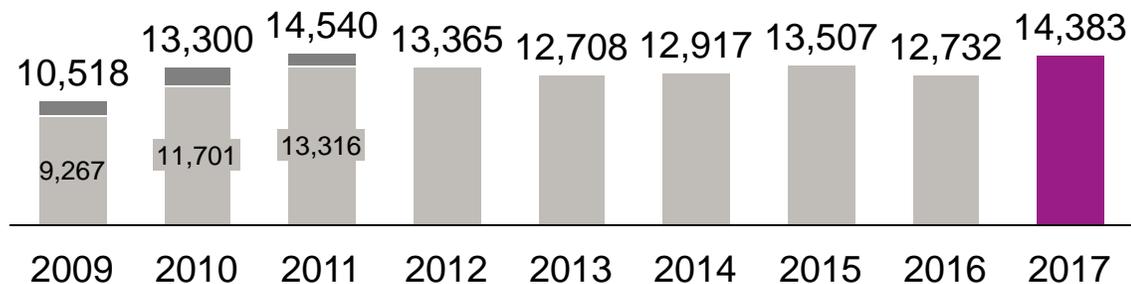


Based on 2017 financials

Financial track record

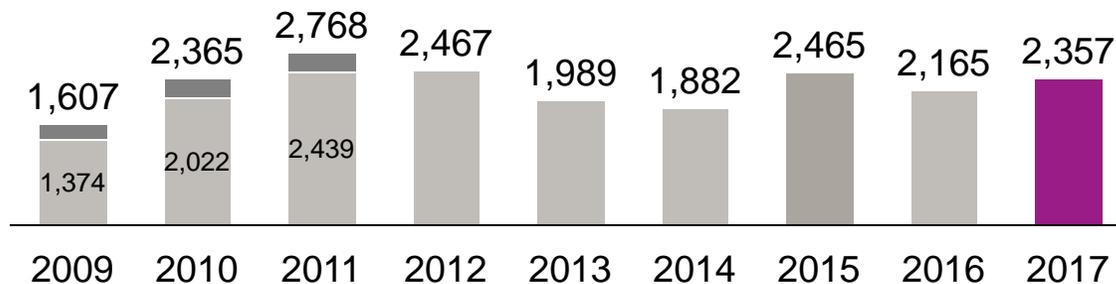
Sales (in € m)

■ Carbon Black/Real Estate

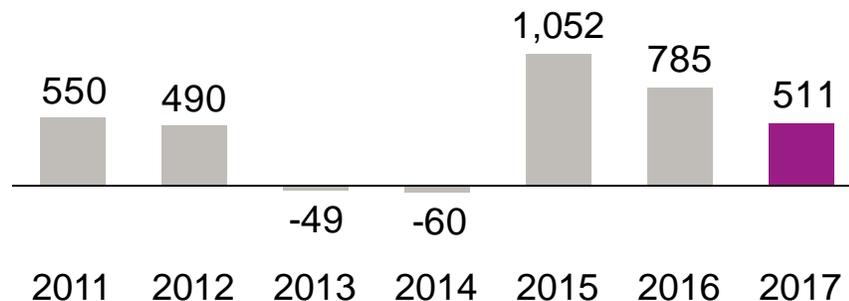


Adj. EBITDA (in € m) / margin¹

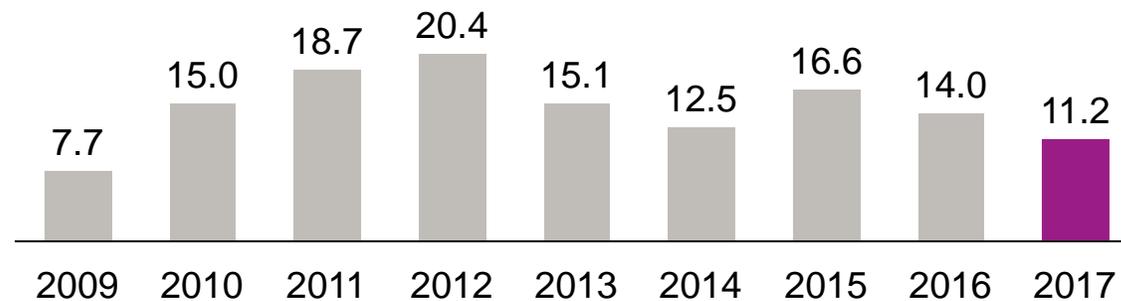
16.1% 18.3% 19.0% 18.5% 15.7% 14.6% 18.2% 17.0% 16.4%



Free Cash Flow (in € m)



ROCE (in %)



1. Excluding Carbon Black

Segment overview by quarter

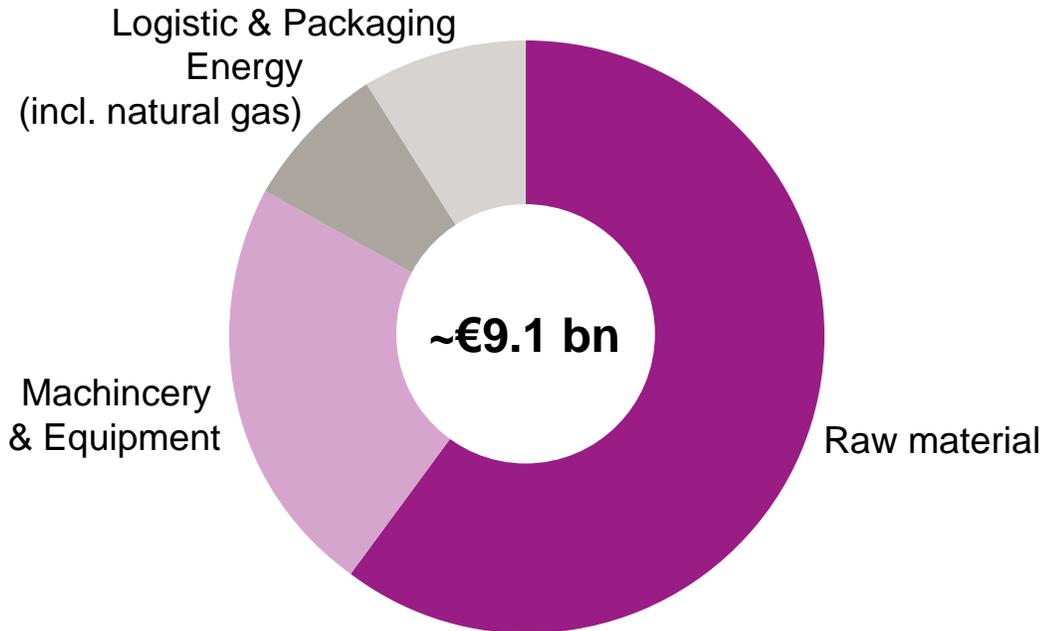
Sales (in € m)	FY 2016	Q1/17	Q2/17	Q3/17	Q4/17	FY 2017	Q1/18	Q2/18	Q3/18
Nutrition & Care	4,316	1,120	1,163	1,110	1,114	4,507	1,119	1,189	1,167
Resource Efficiency	4,473	1,360	1,367	1,358	1,308	5,393	1,398	1,481	1,426
Performance Materials	3,245	959	910	913	970	3,751	995	1,025	1,034
Services	683	193	174	172	178	717	163	172	164
Corporate / Others	15	4	4	3	3	15	3	3	3
Evonik Group	12,732	3,636	3,618	3,556	3,573	14,383	3,678	3,870	3,794

Adj. EBITDA (in € m)	FY 2016	Q1/17	Q2/17	Q3/17	Q4/17	FY 2017	Q1/18	Q2/18	Q3/18
Nutrition & Care	1,006	187	201	188	172	747	209	222	212
Resource Efficiency	977	297	318	311	247	1,173	325	366	338
Performance Materials	371	157	168	172	161	658	179	196	172
Services	151	43	38	49	3	133	49	35	49
Corporate / Others	-340	-89	-85	-80	-100	-354	-83	-77	-79
Evonik Group	2,165	595	640	640	483	2,357	679	742	692

2017 financials restated for IFRS 15

Raw material split

Total procurement volume 2017 (in € m)



Breakdown of raw material spend¹ (examples)

Bio

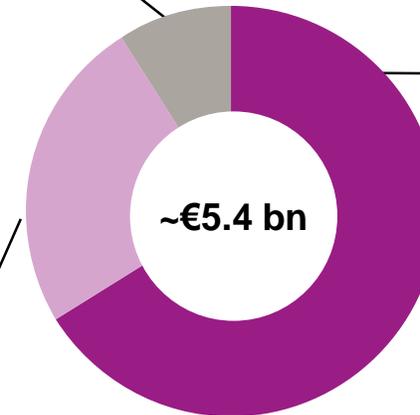
- Dextrose
- Fatty alcohols
- Tallow fatty acid
- Fatty acids
- tallow

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 2017

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 target 2. EBITDA growth (yoy) 3. Contribution to group's FCF target 4. 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
<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

Six strong Innovation Growth Fields within the growth engines

Leveraging our core competencies into new highly attractive markets

Growth engines



Health & Care



Smart Materials



Animal Nutrition



Specialty Additives

Innovation Growth Fields

Advanced Food Ingredients



Additive Manufacturing



Sustainable Nutrition



Cosmetic Solutions



Membranes



Healthcare Solutions



more than €1 billion by 2025

Additional contribution to sales from all six Innovation Growth Fields

Our sustainability targets 2017 and beyond

Strategy and Growth 	Governance and Compliance 	Employees 
<ul style="list-style-type: none">Development of methods and indicators for sustainable portfolio management	<ul style="list-style-type: none">20% women at 1st and 2nd management level below Executive Board (2019)	<ul style="list-style-type: none">Establish a learning strategy for the ongoing development of various employee groups
Value chain and Products 	Environment 	Safety 
<ul style="list-style-type: none">20 supplier sustainability audits according to TfS¹> €1 bn additional sales in R&D growth fields (2025)	<p>Reduce</p> <ul style="list-style-type: none">specific GHG emissions by 12% (2020)specific water intake by 10% (2020)	<ul style="list-style-type: none">Accident frequency rate ≤ 1.3Incident frequency rate ≤ 48Occupational Health Performance Index ≥ 5

Sustainability Ratings & Rankings: Evonik well positioned

Our commitment has been recognized by

- ✓ CDP Climate Change (A-, Index-Leader MDAX)
- ✓ CDP Water (B)
- ✓ Oekom Research (prime standard B-)
- ✓ Sustainalytics (among Top 5 within chemical sector)
- ✓ Together for Sustainability/ecoVadis (“Gold Standard”)
- ✓ FTSE4Good Europe, FTSE4Good Global
- ✓ STOXX® Global ESG Leaders



Appendix

1. Strategy
2. Acquisition of PeroxyChem
3. Segment overview
4. Financials
- 5. Upcoming events**

Upcoming IR events

Conferences & Roadshows

8 November	Roadshow Frankfurt
13 November	UBS European Conference, London
13 November	Morgan Stanley Global Chemicals Conference, Boston
14 November	Roadshow London
21 November	Kepler Cheuvreux One-Stop-Shop, Dublin
22 November	Roadshow Edinburgh
29 November	Société Générale Premium Review Conference, Paris
4 December	Credit Suisse Specialty Chemicals Conference, London
5 December	Berenberg European Conference, Pennyhill
6 December	Bank of America Chemicals Conference, London

Upcoming Events & Reporting Dates

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

Evonik Investor Relations team



Tim Lange

Head of Investor Relations

+49 201 177 3150

tim.lange@evonik.com



Janine Kanotowsky

Team Assistant

+49 201 177 3146

janine.kanotowsky@evonik.com



Joachim Kunz

Investor Relations Manager

+49 201 177 3148

joachim.kunz@evonik.com



Fabian Schwane

Investor Relations Manager

+49 201 177 3149

fabian.schwane@evonik.com



Kai Kirchhoff

Investor Relations Manager

+49 201 177 3145

kai.kirchhoff@evonik.com

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.



EVONIK

POWER TO CREATE