

Evonik Capital Markets Day 2014

Hanau, 2 October, 2014



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Evonik Capital Markets Day

Agenda



Update on Evonik Group

10.30 – 11.30	Group Strategy <i>Poised for accelerated growth</i>	Klaus Engel (CEO)
	Financial Strategy <i>Transforming accelerated growth into value</i>	Ute Wolf (CFO)
	Q&A Session	

Spotlight on Segment Resource Efficiency

11.30 – 11.45	Segment Resource Efficiency <i>Making the difference</i>	Patrik Wohlhauser (COO)
11.45– 12.30	Lunch Break	
12.30 – 14.15	Small Group Sessions	
	Andreas Fischer Business Line 'Silica' <i>Invented to improve</i>	Ralf Duessel Business Line 'Oil Additives' <i>Let it flow</i>
14.15 – 15.00	Visit of Silica technical application center	Stefan Silber Business Line 'Coating Additives' <i>Adding Advantages</i>

Evonik Capital Markets Day 2014

Poised for
accelerated growth

Klaus Engel
Chief Executive Officer
Hanau, 2 October, 2014



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Evonik is committed to deliver sustainable profitable growth in specialty chemicals



Our businesses are aligned towards:

Allocation of resources according to global megatrends and high growth opportunities

Strengthening of leading market positions by development of tailor-made and innovative solutions together with clients

Strategic and financial discipline:

Proven track record in portfolio optimization

Solid balance sheet and disciplined use of funds

Clear Commitment:

to deliver sustainable growth

to increase profitability

Value generation
for our shareholders

Table of contents



1	Trends in chemical industry
2	Evonik portfolio analysis
3	Strategies for accelerated growth

Global chemicals industry expected to continue to outgrow global GDP, but ...

Growth

Demand growth mainly in emerging countries leading to further shift of markets towards Asia

Product life cycles becoming shorter with an increasing commoditization of product portfolios

Changing competitive structures due to Asian competition

Competitive- ness

Partly higher raw material and operating costs in Europe compared to other regions (USA, Middle East)

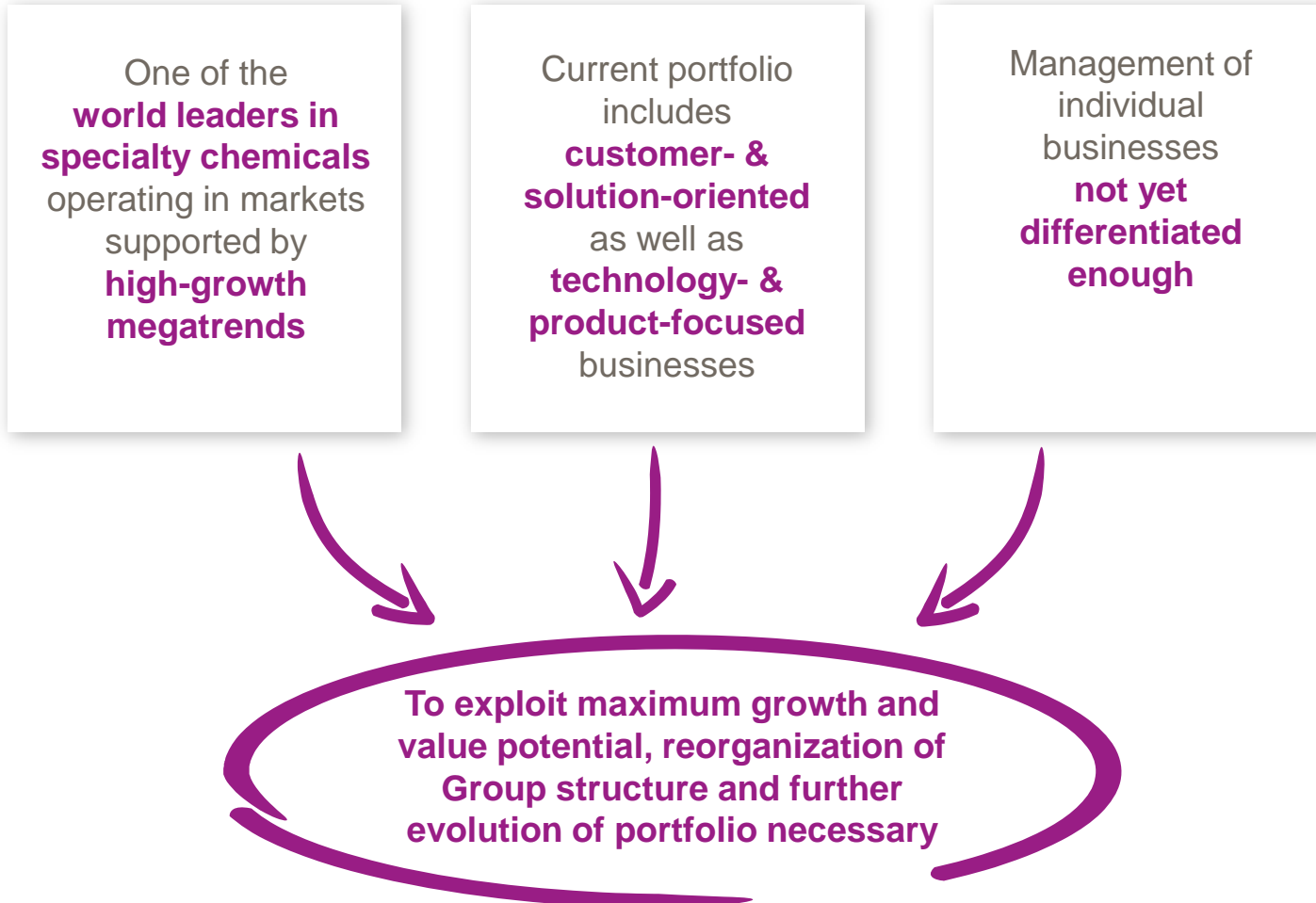
High investment needs are no longer a barrier to entry

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1	Trends in chemical industry
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3	Strategies for accelerated growth

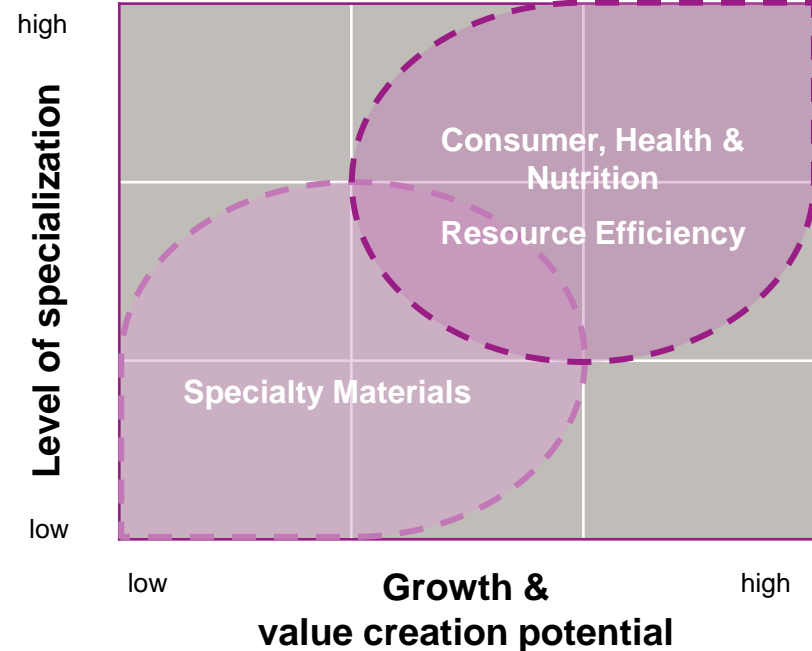
Assessment of Evonik's position and portfolio: More differentiated management needed



Evonik portfolio analysis regarding level of specialization and growth & value potential

Success factors for differentiation

- Dependence on raw materials
- Price-setting mechanisms
- Growth perspectives
- General market size
- Relative margins
- Threats of substitution
- Barriers to entry



**Differentiated management necessary -
tailored to specific needs of individual businesses**

Consumer, Health & Nutrition and Resource Efficiency identified as areas of growth



Consumer, Health & Nutrition



Resource Efficiency



Leading in customized, individual and innovation-driven solutions

- Niche markets with high margins, GDP+ growth rates and strong barriers to entry
 - Low dependency on specific raw material cost development
- Joint R&D with customers and innovative solutions are of high importance

Focus on above-average profitable growth

High returns on invested capital

Concentrate growth capex on these areas

Expansion of businesses with selective acquisitions

Specialty Materials managed with more product-driven business approach in the future



Specialty Materials



Leading in product-driven activities

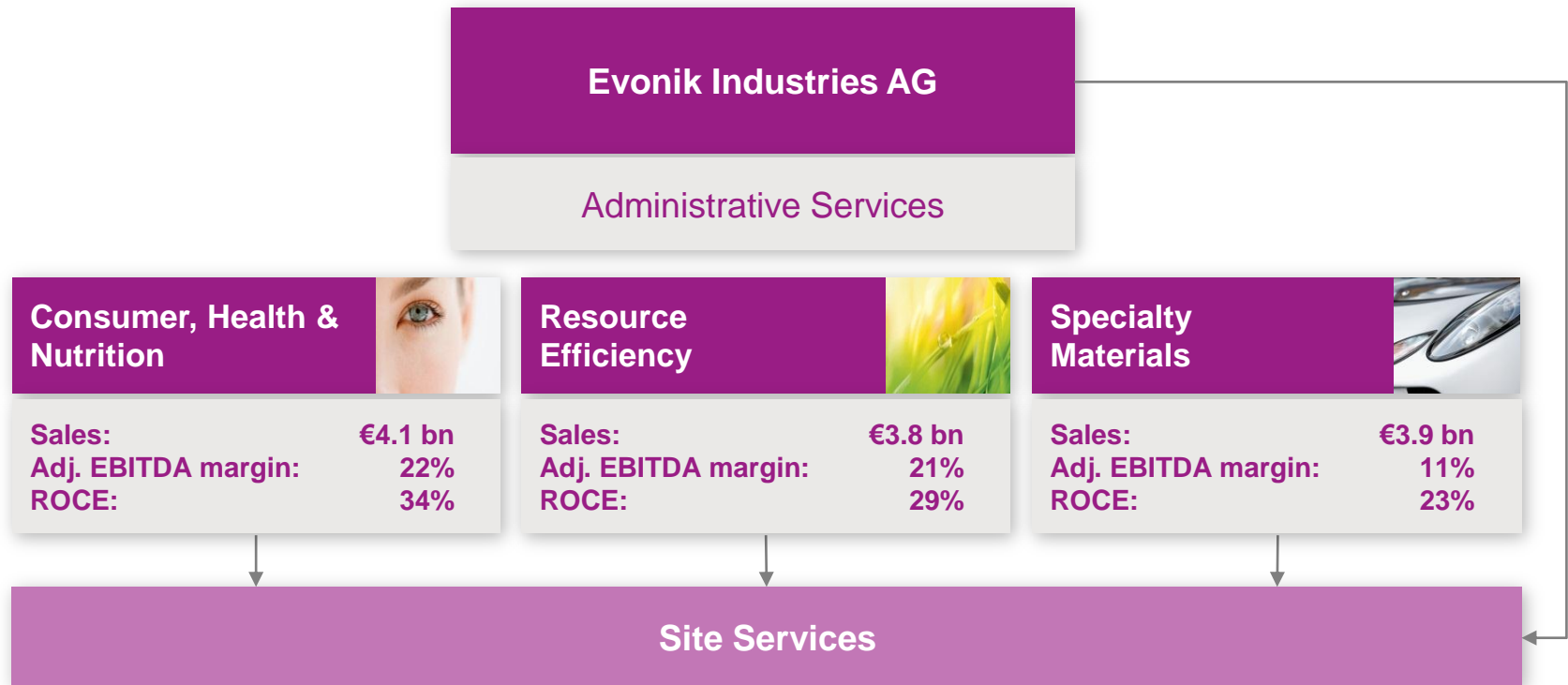
- More product-driven, energy and raw material-intensive businesses
- Characterized by integrated technology platforms, efficient processes and high market penetration

Further efficiency and effectiveness enhancements

High cash returns

Investments and, where appropriate, alliances to secure good market positions

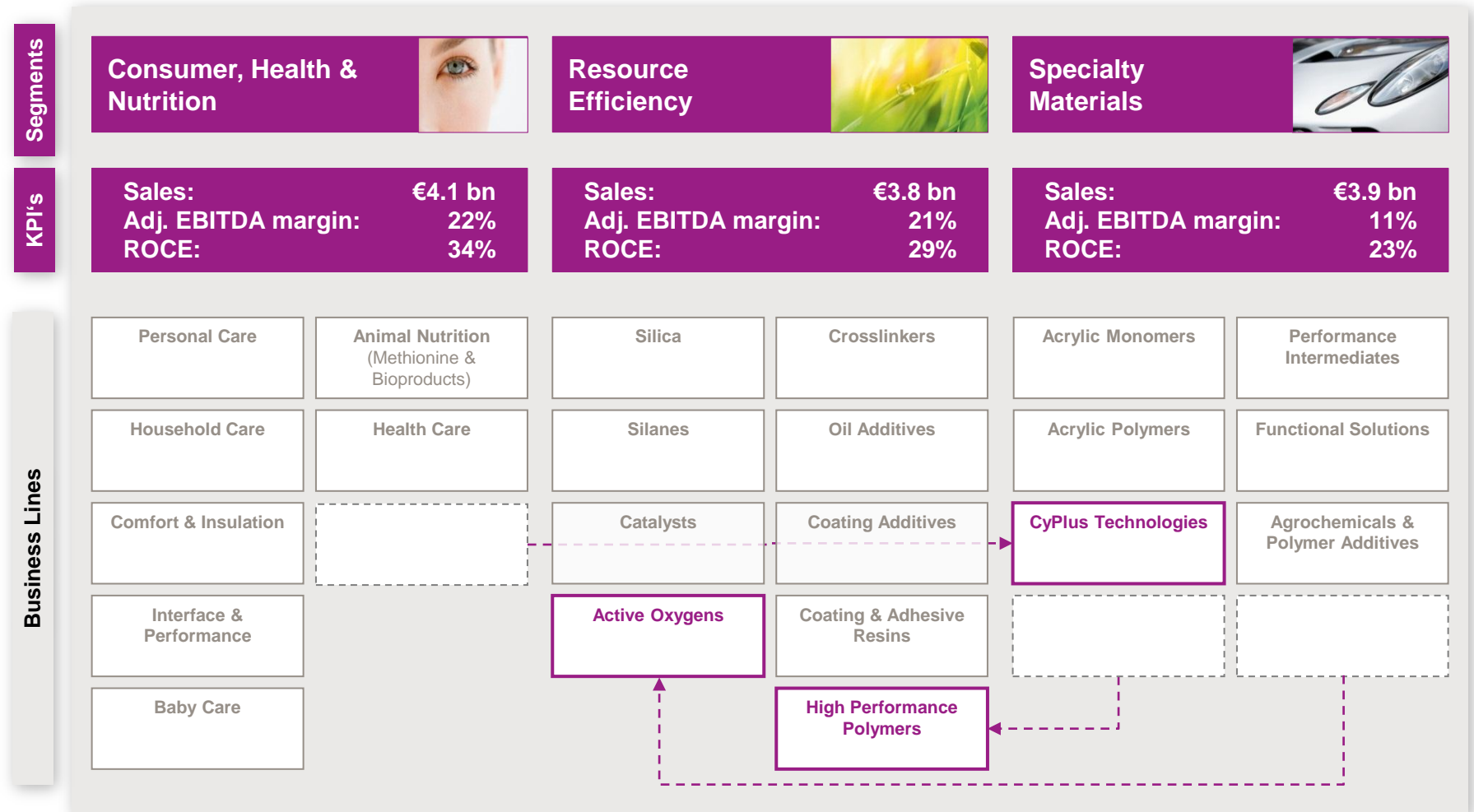
Differentiated management approach supported by new holding structure



- Evonik Industries AG as new holding company focusses on strategic development and target setting
- Legally independent segments with increased degrees of entrepreneurial freedom to manage the operational business

Reclassification of single business lines to allow more targeted management

New
segment structure
from Jan 2015



Pro-forma data as of fiscal year-end 2013 (before reallocation of corporate costs)

2 October, 2014 | Evonik Capital Markets Day 2014 | Group Strategy

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Levers for sustainable value creation

Innovation

- **Differentiated focus** of innovation activities according to specific business needs
- **Strong market & customer orientation** as basis for successful R&D

Organic growth

- **Ramp-up** of investment projects according to plan
- Taking advantage of **flexibility** in investment program

External growth

- **Acquisitions** as an additional route for value creation

Differentiated focus of R&D activities according to specific business needs

Growth



Consumer, Health
& Nutrition



Resource
Efficiency

Further strengthening of innovation efforts to expand leading positions in growth segments, e.g.:

- Innovative solutions for animal nutrition beyond amino acids
- Biosurfactants produced from renewable resources
- Innovative scratch-resistant coatings, e.g. for automotive clear coats

**Split of
R&D
expenses**

~80%

Efficiency



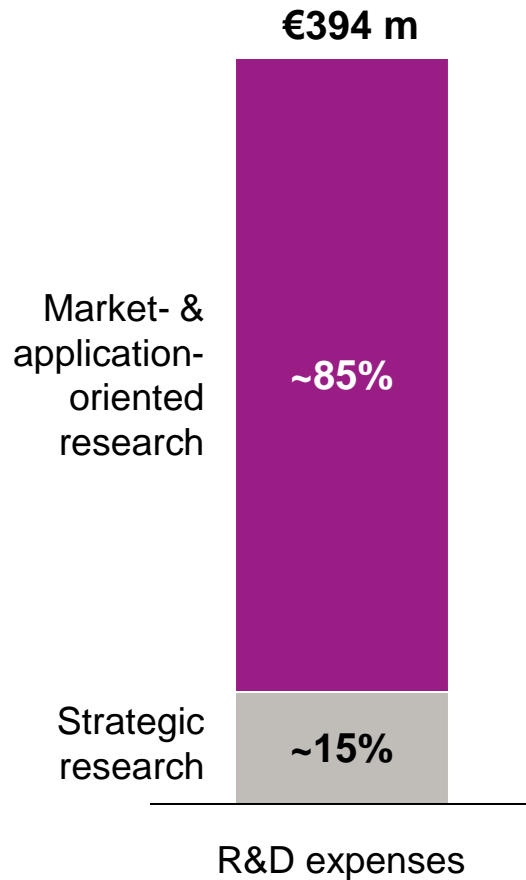
Specialty
Materials

Securing market and cost positions by optimizing production processes, e.g.:

- Broadening of raw material base, e.g. in C4 chain
- Development of new innovative catalysts for use in Evonik production processes (e.g. in INA)

~20%

Strong market & customer orientation as basis for successful R&D



Market- & application-oriented research:

- Short- & medium-term projects
- Focus on existing markets and technologies
- **Strong customer orientation and joint R&D collaborations:**



Oil Additives:

New high quality, multi grade hydraulic fluids from Total for heavy machinery formulated with DYNAVIS® technology



High Performance Polymers:

Supported by Evonik and based on VESTAKEEP® PEEK, medical device maker DiFusion developed a spinal implant with FDA approval

Successful realization of major investment projects

New world-scale methionine plant in Singapore

- On time and on budget after construction phase of three years
- Mechanical completion in July; start of production expected for Q4 2014
- Economic assumptions in line with initial expectations
- Good timing for additional volumes into an unchanged healthy market



Targeted silica expansion steps as part of global master plan

- Global silica master plan:
Capacity expansions completed in USA, Thailand, Taiwan, India, Germany, Spain and Turkey
- Targeted and selective expansion steps meeting strong customer demand and being absorbed by the market



Acquisitions as additional route for value creation



- Acquisitions as **additional growth route** to create value:
 - **Accelerated entrance** into adjacent markets and businesses
 - Enable **growth in asset-light businesses**
 - Strengthening of **resilience** against market or product cycles
 - Value enhancement via **synergies**
- Further **growth and sharpening of specialty chemicals portfolio** in Consumer, Health & Nutrition / Resource Efficiency
- Potential driver for subsequent **portfolio adjustments**
- **Strong financial profile** offers flexibility for external growth

Levers for sustainable value creation: Ambitious long-term aspiration level

Ambitious long-term aspiration level (by FY 2018)

Innovation

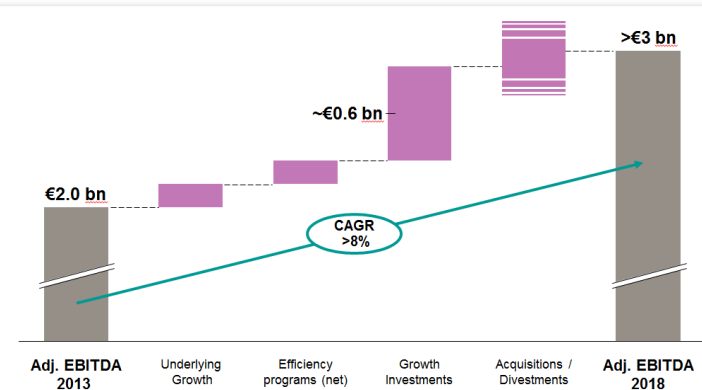
Organic growth

External growth

~€18 bn Sales

>€3 bn adj. EBITDA

Attractive premium on cost of capital





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Group Strategy

Backup

Reorganization of Business Lines according to differentiated management approach

New
segment structure
from Jan 2015

High Performance Polymers



- e.g. Polyamide12; PEEK
- Products with high value added and large portion of customer-specific solutions
- Growth potential in the fields of membranes, light-weight construction, medical technology and alternative energy sources

Active Oxygens



- H_2O_2 for HPPO & “traditional” applications
- Proprietary environmentally friendly technology to produce propylene oxide as polyurethane precursor with substantial cost advantages (HPPO process)

CyPlus Technologies



- e.g. cyanides for precious metal mining
- Joint management in hydrocyanic acid platform (together with MMA) in the future

**Reorganization from
Specialty Materials
to Resource Efficiency**

**Reorganization from
Consumer, Health & Nutrition
to Specialty Materials**

Evonik Capital Markets Day 2014

Transforming
accelerated growth
into value

Ute Wolf
Chief Financial Officer
Hanau, 2 October, 2014



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Transforming accelerated growth into value



Transforming accelerated growth into value

1

Disciplined approach in
employment of funds

**Capex and M&A targeting accelerated
growth in specialty chemicals**

2

Continued focus on
efficiency gains and cost savings

**~€500 m On Track 2.0 savings
up to €250 m Admin Excellence savings**

3

Strong balance sheet
and strict financial policy

Solid investment grade rating




Ambitious long-term aspiration
for delivering shareholder returns

**~€18 bn Sales
>€3 bn adj. EBITDA
Attractive premium on cost of capital**

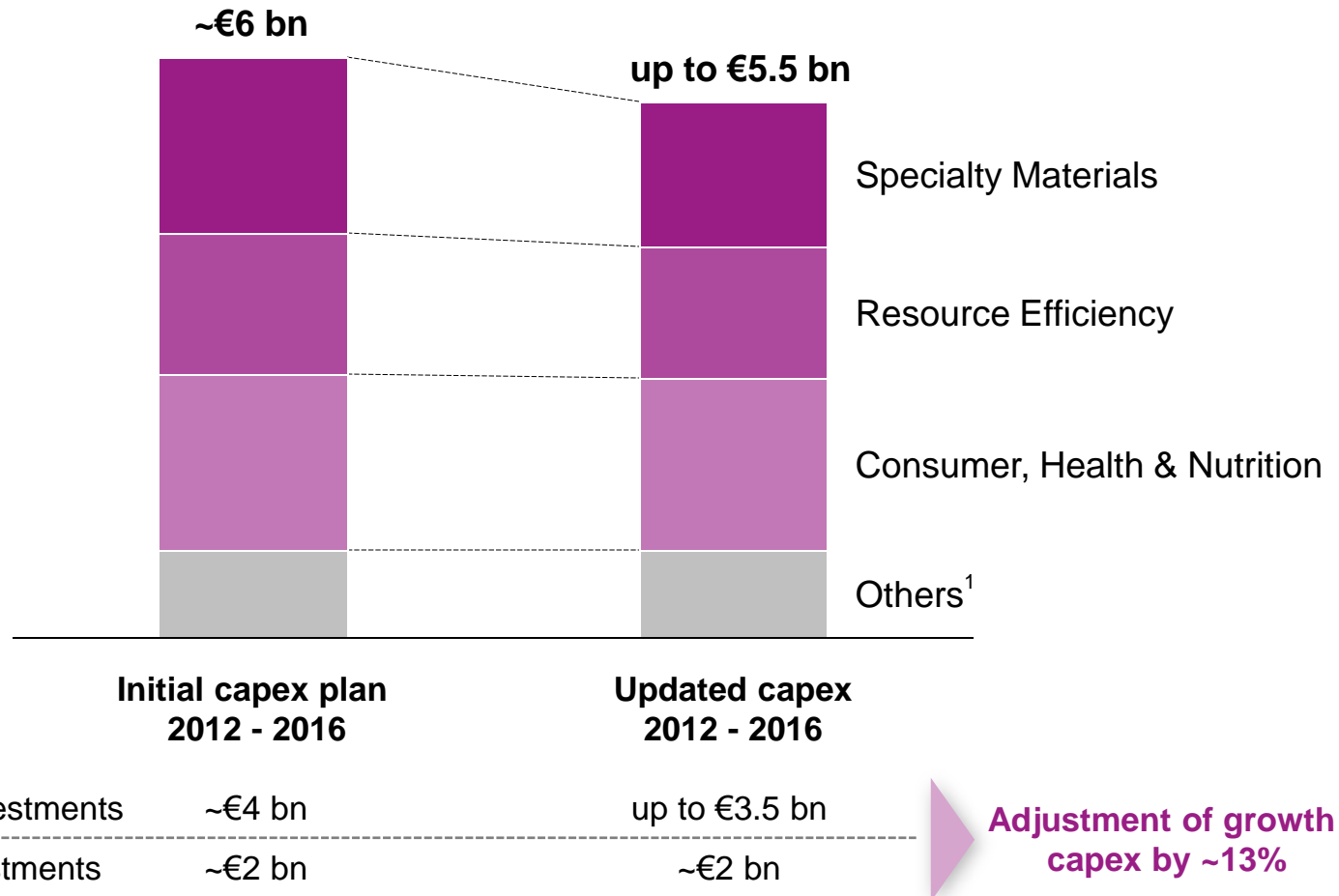
Maximum value creation in specialty chemicals

- Attractive portfolio with **high growth opportunities**
- Focus on specialty chemicals businesses with **above-average returns**
- **Disciplined and structured approach** to internal and external growth opportunities
- Track record in **flexible project execution** and disciplined use of funds















Exploit maximum value potential in specialty chemicals portfolio

Taking advantage of flexibility in internal growth program



¹ Others: Services and Corporate / Others

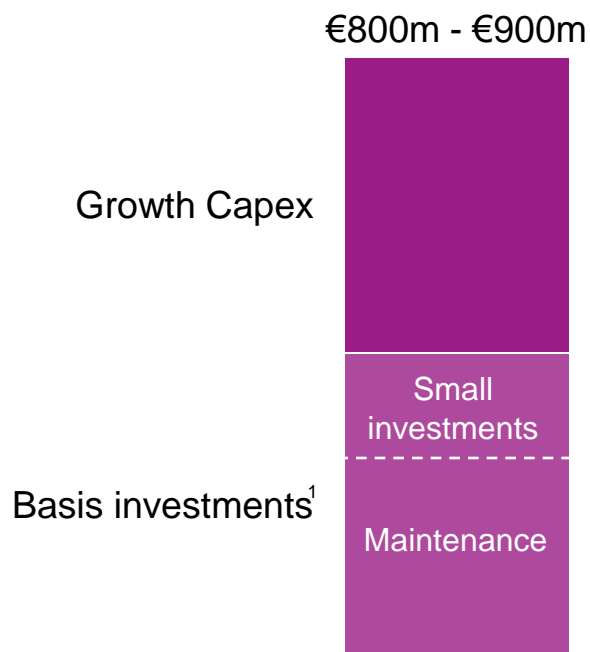
Several major projects finished or close to completion

Segment	Product area	Location	Capex budget	Capex spent ¹	Start-up (actual/expected)
Consumer, Health & Nutrition	Methionine	Singapore 	>€500 m		Q4 2014
	Personal & home care ingredients	China Brazil 	>€100 m		Q1 2014 Q1 2015
Resource Efficiency	Precipitated silica	Global master plan 	~€100 m		Q1 2013 (Taiwan) Q1 2014 (Thailand) Q3 2014 (USA)
	Isophorone/ Isophorone diamine	China 	>€100 m		Q2 2014
Specialty Materials	H ₂ O ₂ for HPPO	China 	>€130 m		Q2 2014
	C4 Chain	Germany & Belgium 	>€250 m		2015

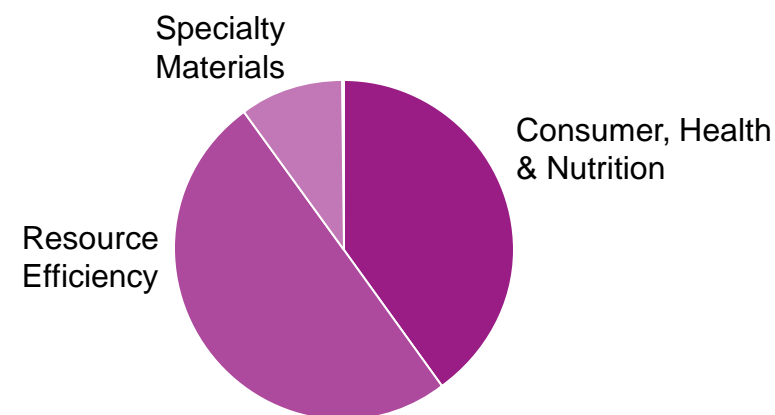
¹ As of September 2014

Return to sustainable capex after 2016

Sustainable annual capex level



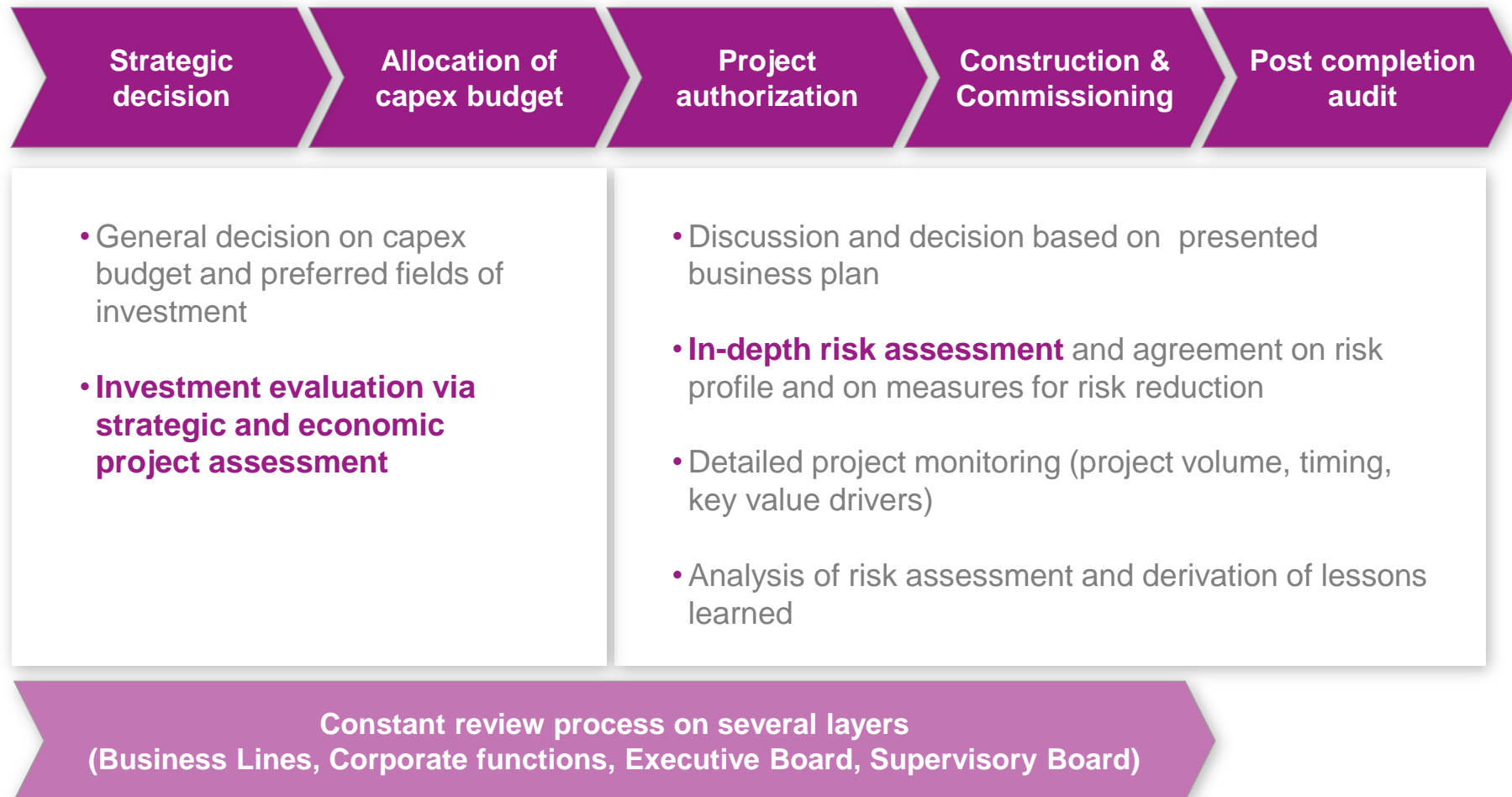
Growth capex by segment



Growth capex mainly allocated to high-margin specialty chemicals businesses

¹ Basis investments defined as small investments (below €2.5 m focused on growth or efficiency improvements) and maintenance capex (maintenance and regulatory compliance investments)

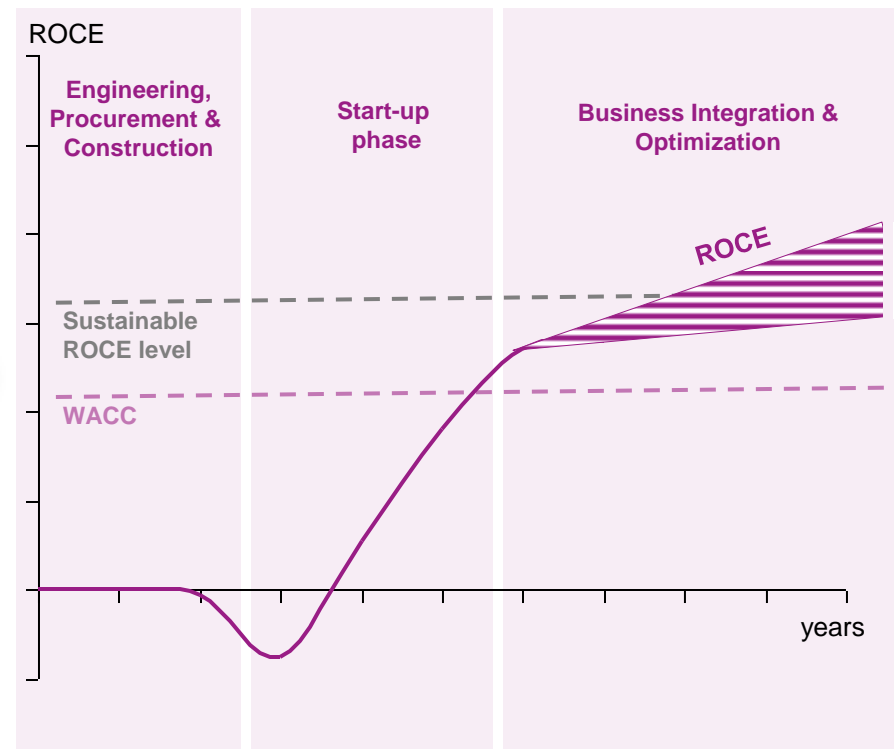
Structured planning and approval process



Diligent investment evaluation to secure premium returns

Strategic and economic assessment

- Strategic assessment considering competitive position, market attractiveness and regional focus
- Economic assessment using DCF-based investment evaluation
- Strict internal hurdle rates and “competition” for scarce resources



Different return levels depending on project layout (e.g. greenfield or debottlenecking)

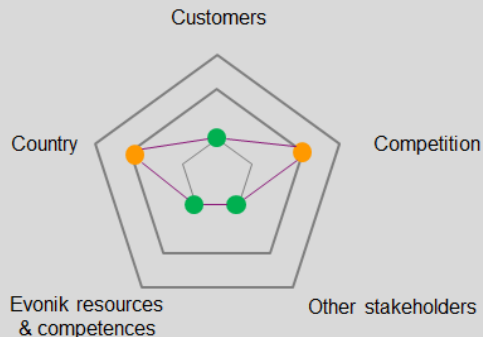
Similar processes apply to external growth

Internal growth

Current cost of capital

Analysis timeframe:
Average depreciation period
(if appropriate, supplemented by life cycle analysis)

Risk assessment in 5 categories



External growth

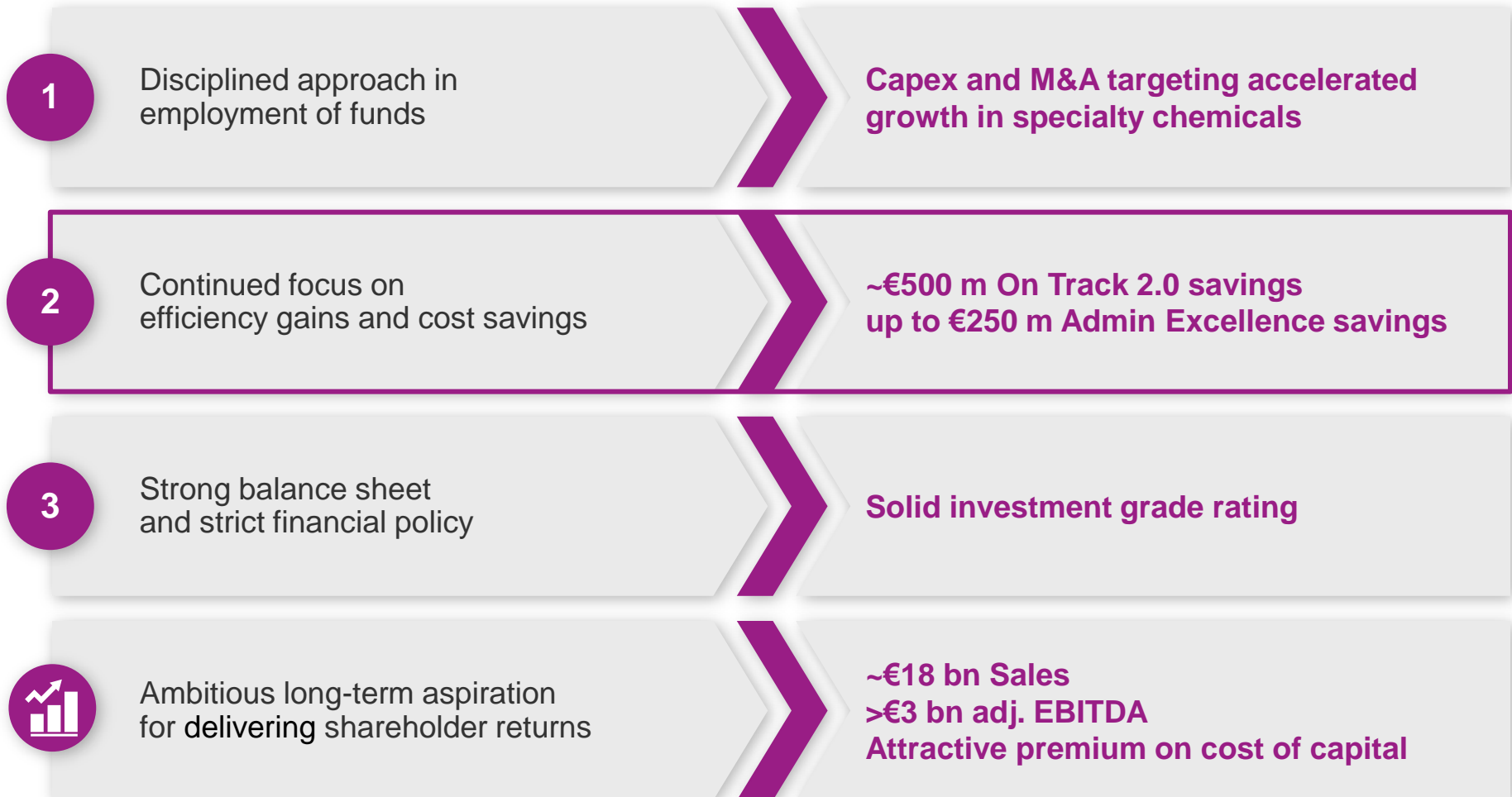
Depending on target size:
Current or updated cost of capital
according to changing business profile

Analysis incl. **perpetual annuity**

... supplemented by **further risk categories**

- Transaction risks
- Integration risks
- Realization of potential
- Synergies
- ...

Transforming accelerated growth into value



Current efficiency programs well underway

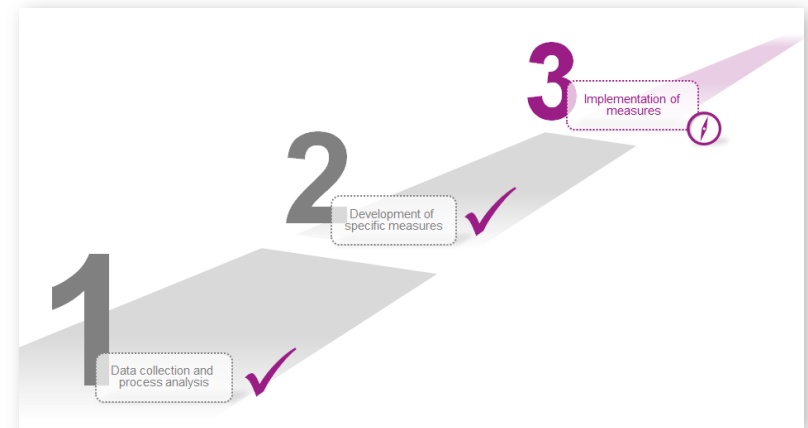


Focus	Mainly on productivity improvements at our sites and procurement	Administrative functions worldwide
Expected Savings	~€500 m p.a. by 2016 (partly compensated by increasing factor costs)	up to €250 m p.a. by the end of 2016 (high retention rate expected)
Status	Measures for savings of almost €300 m in execution and further ~€150 m already backed by specific measures	Phase 3 started, first measures in implementation

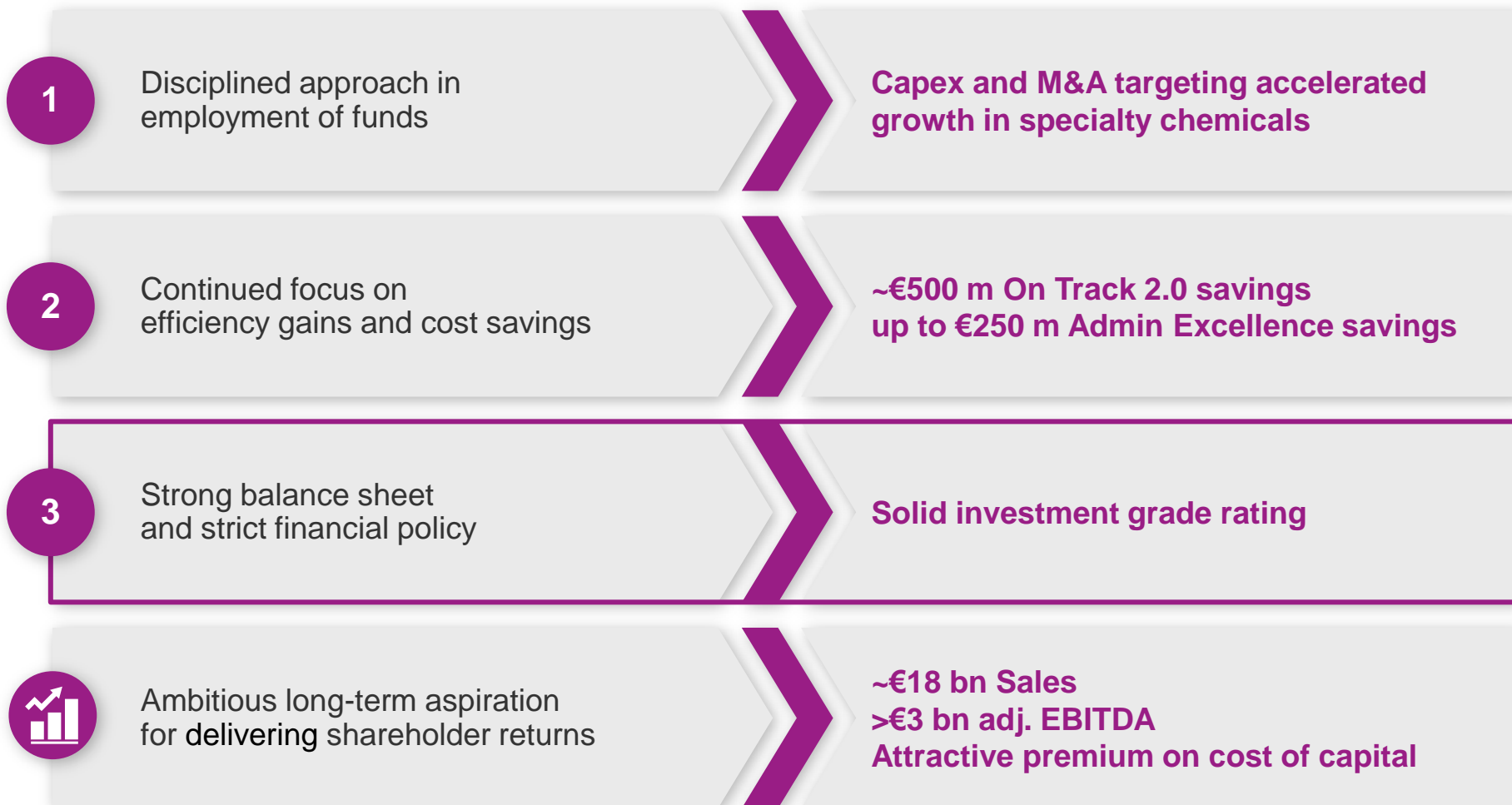
Status of Admin Excellence measures

Admin Excellence: Phase 3 started

- In **project phase 2**, more than 400 measures were defined:
 - Structural improvements (~100 measures)
 - Process improvements (~200 measures)
 - Cease of services (~100 measures)
- **Project phase 3** initiated
 - **First measures already in implementation**, e.g.:
 - Streamlining of controlling and billing processes, e.g. harmonization of SAP platforms
 - Concentration of IT resources and infrastructure in one global competence center

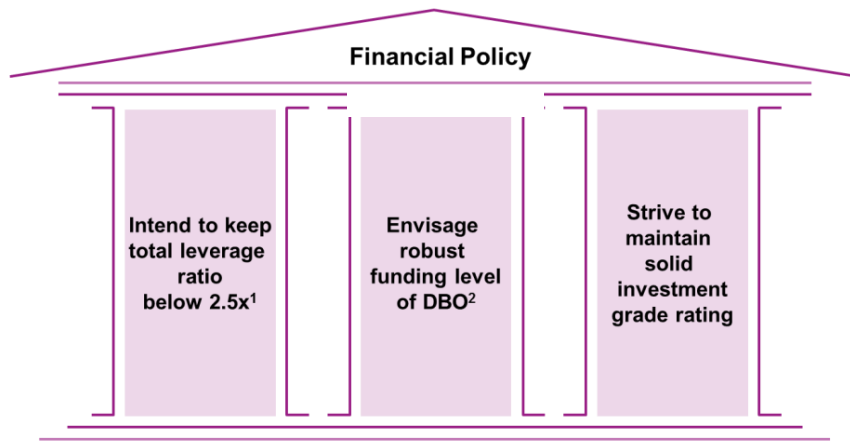


Transforming accelerated growth into value



Financial policy and strong balance sheet provide flexibility

Financial policy



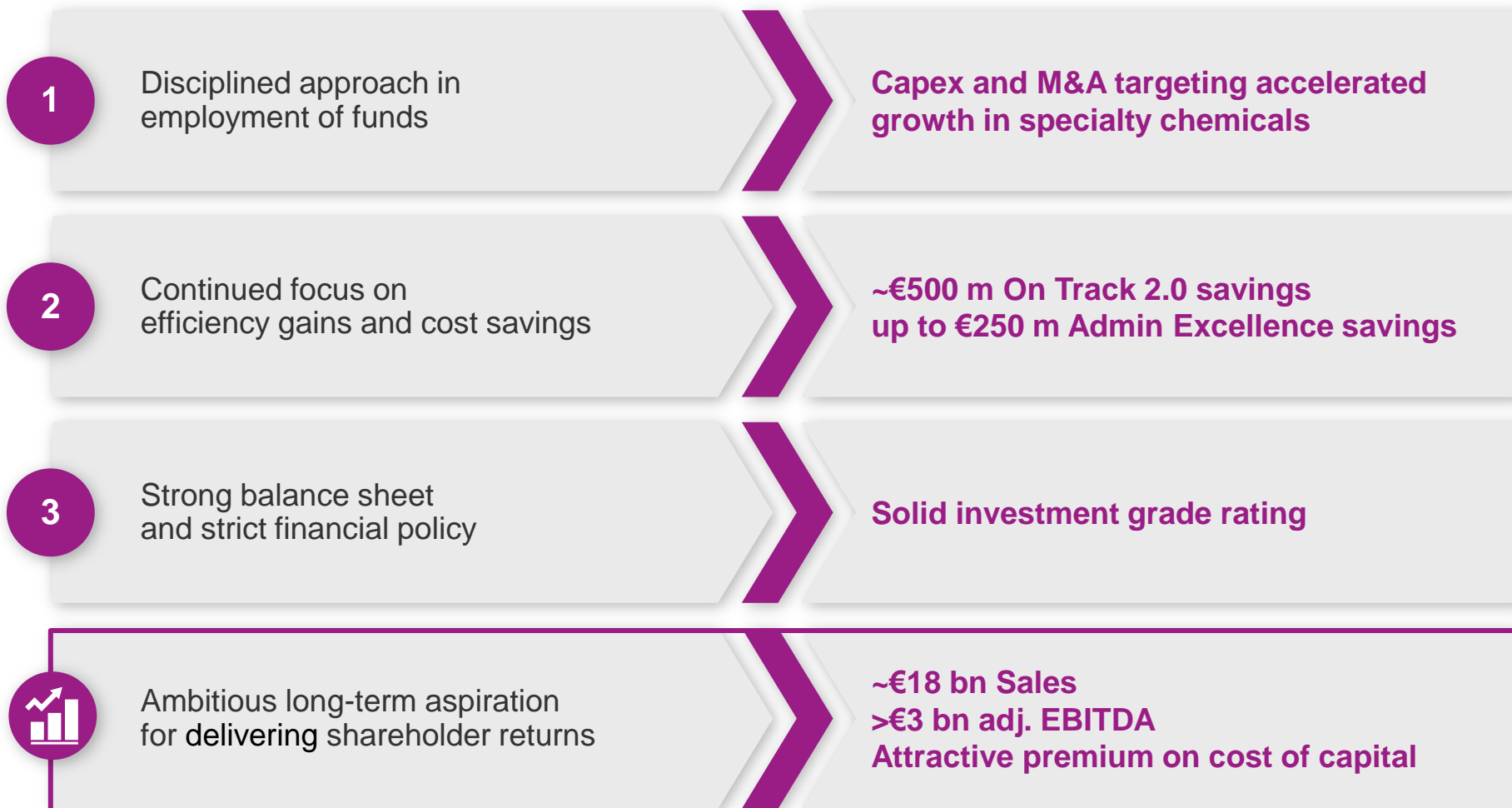
Strong balance sheet

- **Equity ratio of ~40%**
- **Net financial debt at only -€150 m** on 30 June 2014
- STEAG proceeds of ~€570 m received in September 2014
- Total **leverage ratio¹ at 2.1x** (incl. pensions) as of June 2014

¹ Total leverage defined as (net financial debt + unfunded pension obligations) / adj. EBITDA

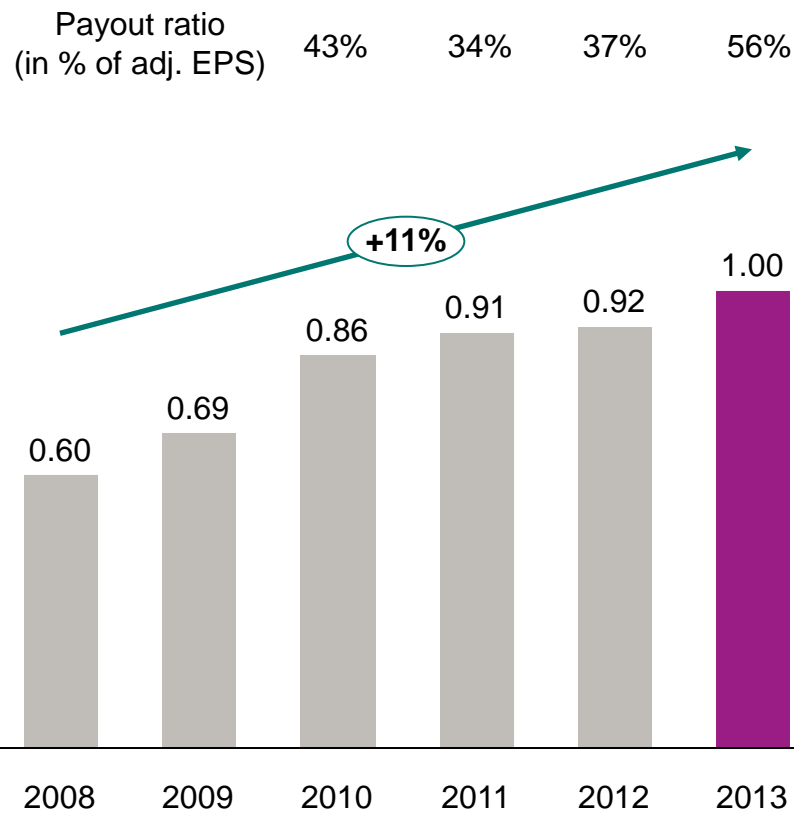
² Defined benefit obligations

Transforming accelerated growth into value



Reliable dividend policy and attractive returns

Dividend history (in €)

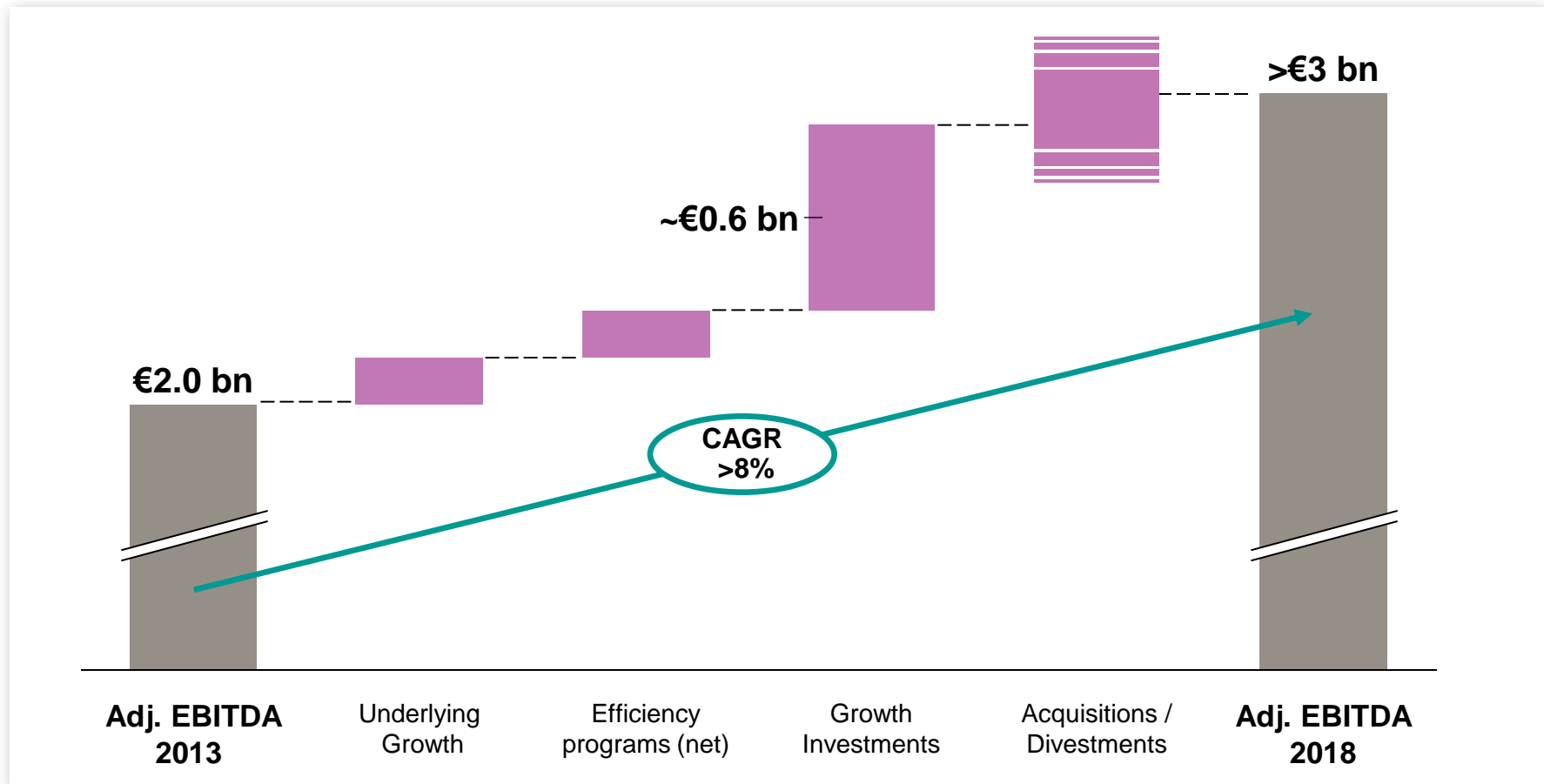


Dividend policy

Two components of Evonik's dividend policy:

- 1) Overarching target of **dividend continuity**
 - 2) additionally, targeted payout ratio:
~40% of adjusted net income
- Compelling track record with regards to dividend policy and shareholder returns (also pre-listing)
 - Dividend payment for 2013 of 1.00 € supported by significant cash inflows from Real Estate divestment

Aspiration level: Adj. EBITDA of >€3 bn
and an attractive premium on cost of capital












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Financial Strategy

Backup

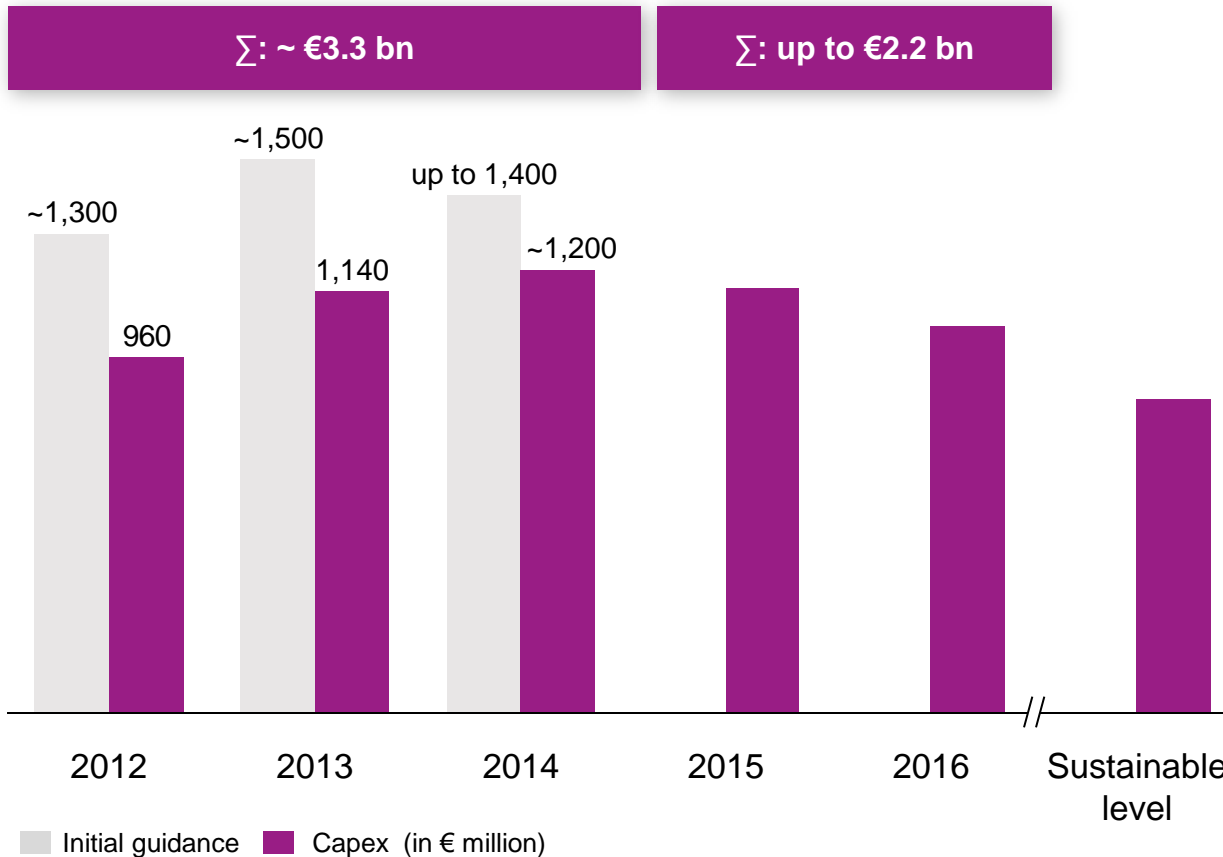
Selected projects planned for 2015 & 2016

Segment	Product area	Location	Capex budget	Capex spent ¹	Start-up (expected)	Status
Consumer, Health & Nutrition	Methionine: Mepron® (for dairy cows)	USA/ Belgium 	<50 m		2015	approved
	AQUAVI® Met-Met (for aquaculture)					
Resource Efficiency	Precipitated silica	Global master plan 	~€100 m		2016 (Brazil)	approved
	Fumed Silica and Silanes	China 	~€100 m		2016	LOI for JV signed

Further projects currently being planned, but not yet approved

¹ As of September 2014

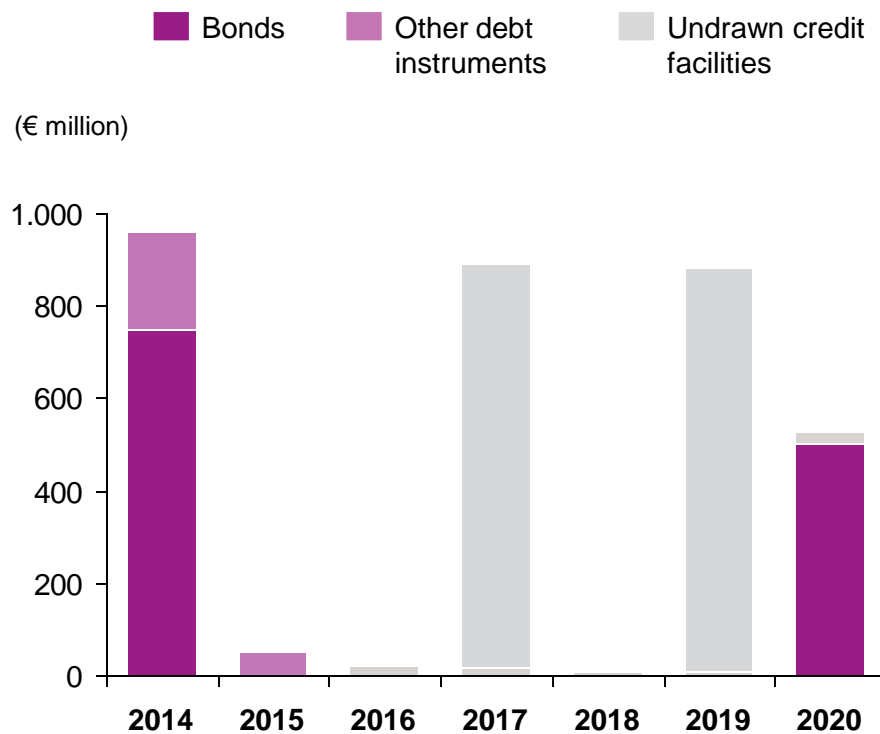
Distribution of capex spending 2012 -2016



- ~€3.3 bn capex will be spent end of 2014
- Target amount for 2015 and 2016: up to €2.2 bn
- Return to sustainable annual capex level of €800 m - €900 m p.a. after 2016 (at current portfolio setup)
 - Thereof ~€450 m basis investments¹
- Corresponding D&A of ~€800 m

Balanced maturity profile

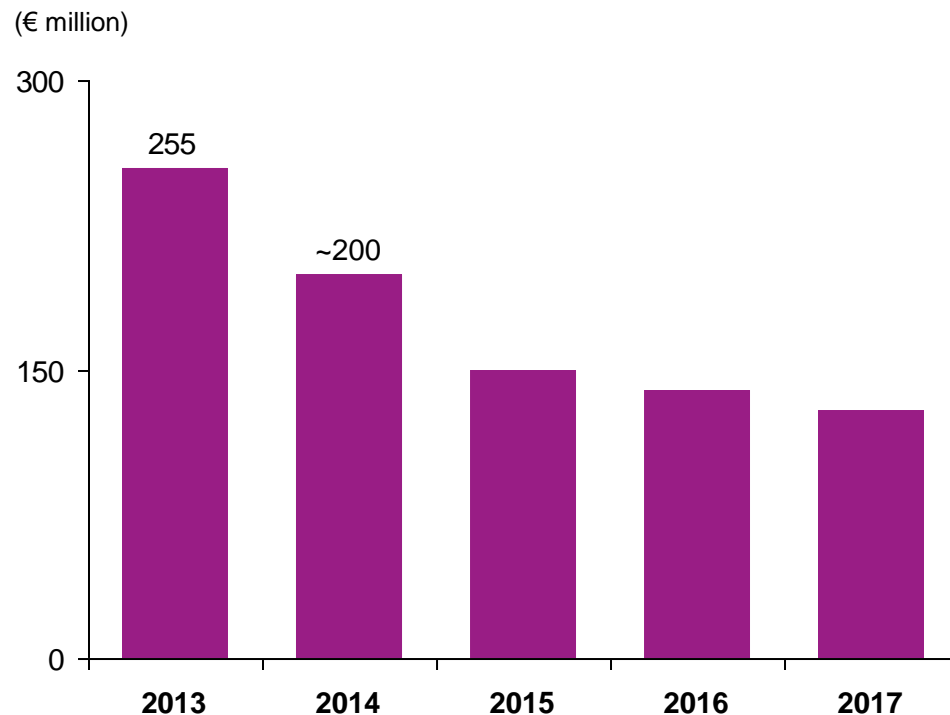
Maturity profile



- Upcoming €750m bond maturity in October 2014
- Unchanged policy to fund long-term debt through Capital Markets:
 - €3 bn debt issuance program in place
 - Additional flexibility from STEAG proceeds (€570 m)
- Undrawn syndicated revolving credit facilities as backup

Declining interest burden

Expected development of adj. net interest expense



- Further reduction of interest expense:
 - Upcoming €750m / 7% bond maturity on 14 October 2014
 - Further CTA funding in 2014 and 2015 (€200 m each)
- Estimated adj. net interest expense for 2014: ~€200 m

Sale of former Energy business STEAG completed



General information

- Sale of remaining 49% stake in Energy business STEAG to consortium of municipal utility suppliers completed in Q3 2014
- Purchase price of ~€570 m received in September
- Accounting treatment changed:
 - Until Q2 2014: at equity in P&L (fixed dividend of €6 m per quarter or €24 m p.a.) and balance sheet (as Evonik “Adjusted EBITDA” definition includes at equity result, fixed dividend was also part of Adjusted EBITDA; in segment Corporate/Other)
 - In Q3 2014 deconsolidation completed after restatement to discontinued operations; **prior year figures (2013) and Q1/Q2 2014 will be restated accordingly**

P&L / Balance Sheet effects

- Guaranteed dividend **of €24 m (on FY basis!) no longer included in adj. EBITDA & adj. EPS**
- Instead in: **“Income after tax from discontinued operations”**, this will include (visible with deconsolidation in Q3 reporting):
 - YTD dividend payments Jan.-Sept. (~ +€10 m)
 - Negative accounting effect from deconsolidation (mid double digit m € amount)
 - Both effects not included in adj. EPS (as excludes disc. op.), but in reported EPS

Evonik Capital Markets Day 2014

”Making the difference”
Segment Resource Efficiency

Patrik Wohlhauser
Chief Operating Officer
Hanau, 2 October, 2014



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Segment Resource Efficiency

Portfolio of highly profitable and resilient businesses

Segments

Consumer, Health & Nutrition

Sales: ~€4.1 bn
Adj. EBITDA margin: ~22%

Resource Efficiency

Sales: ~€3.8 bn
Adj. EBITDA margin: ~21%



Specialty Materials

Sales: ~€3.9 bn
Adj. EBITDA margin: ~11%

Business Lines

Silica
(~25%)



Crosslinkers
(~10%)



Silanes
(~10%)



Coating & Adhesive Resins
(~10%)



Catalysts
(~5%)



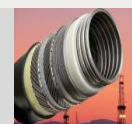
Coating Additives
(~5%)



Active Oxygens
(~10%)



High Perf. Polymers
(~10%)



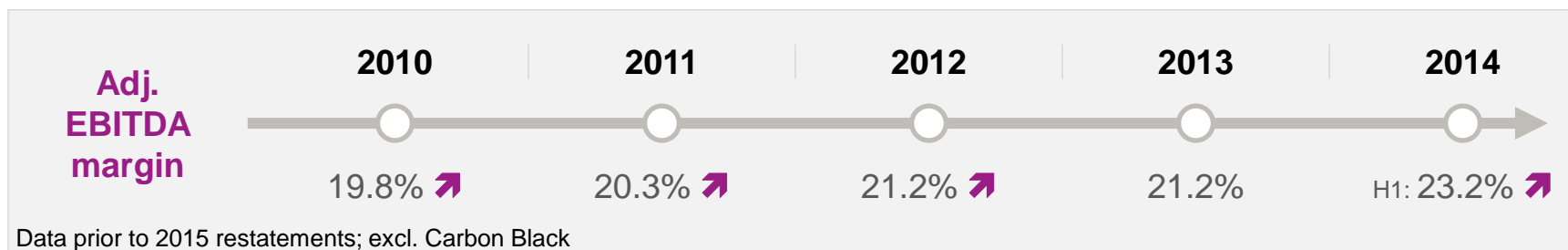
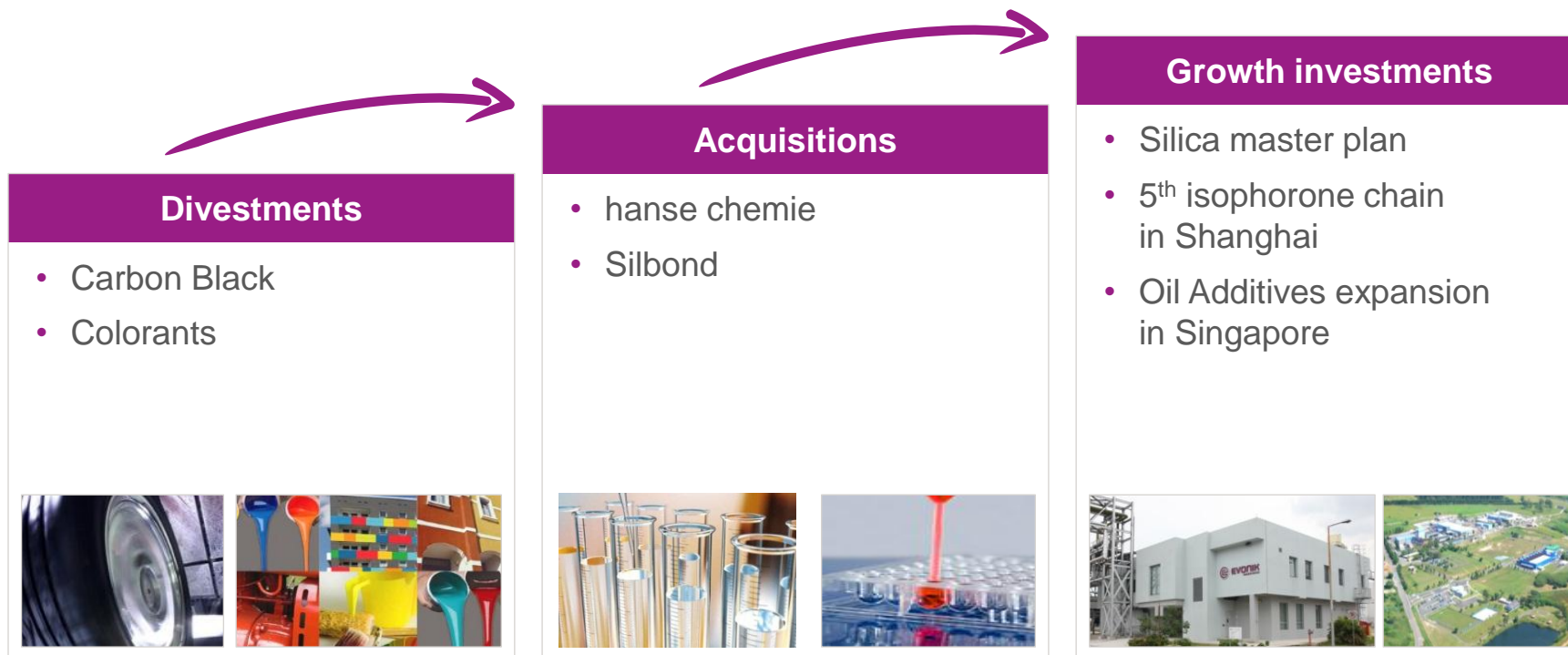
Oil Additives
(~15%)



New
segment structure
from Jan 2015

Portfolio management and growth investments

Actively sharpening specialty character of portfolio

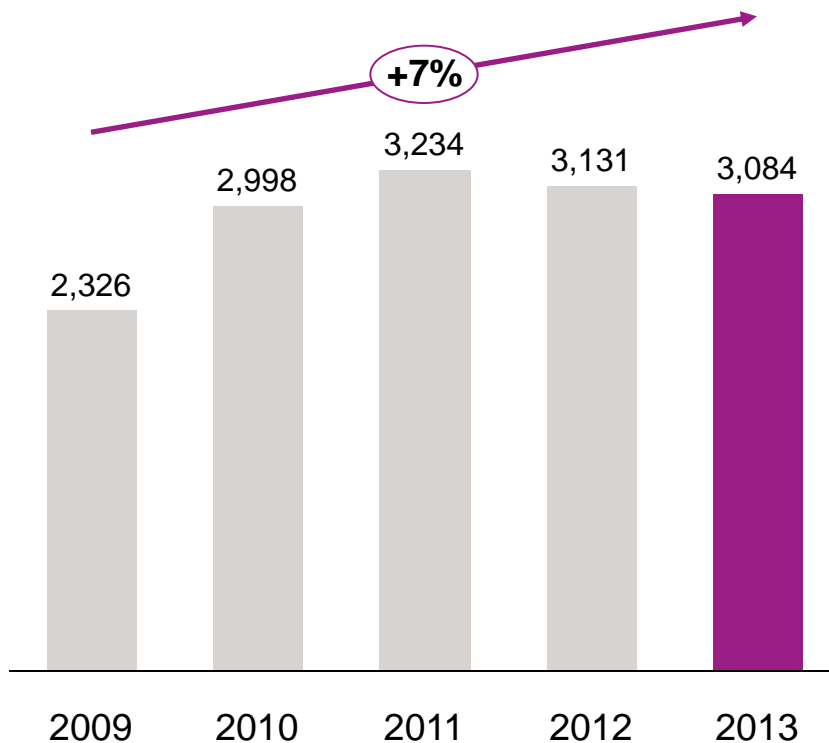


Strong financial track record

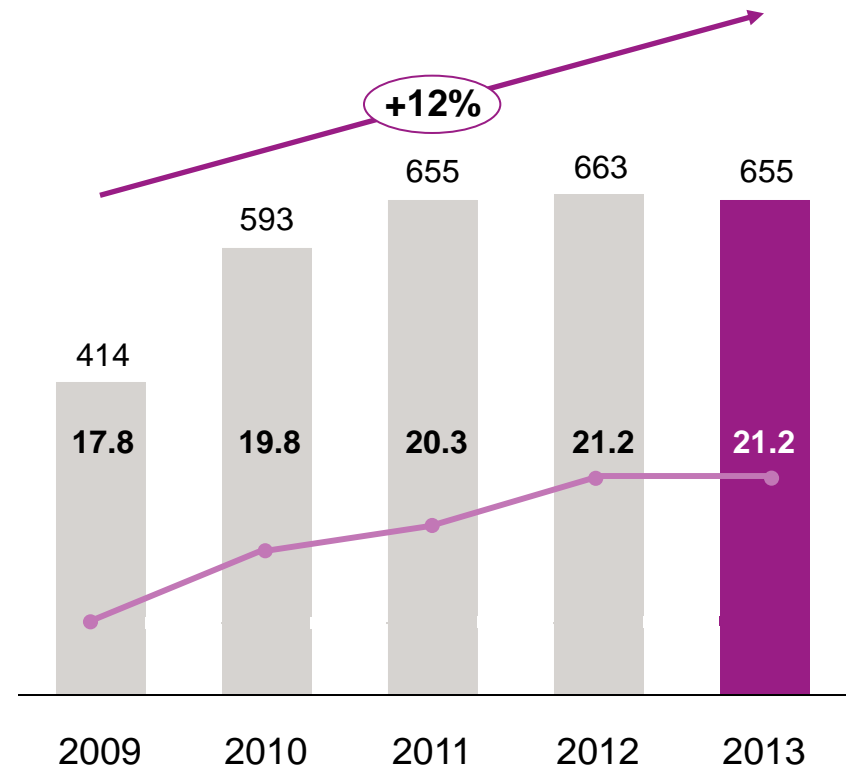
Constantly increasing operating margin



Sales (€ m)



Adj. EBITDA (€ m) and margin (%)



Data prior to 2015 restatements; excl. Carbon Black

Global operations

Increasing sales share in markets outside Europe
driven by growth investments



(Sales split by region
in % of total segment sales
and expected development)

~20%

Americas

- ~700 employees
- 19 sites
- 3 R&D centers
- Main sites: Mobile, Parsippany, Sao Paulo

~50%

Europe

- ~ 3,600 employees
- 23 sites
- 8 R&D centers
- Main sites: Antwerp, Hanau, Marl, Darmstadt

~30%

Asia¹

- ~1,600 employees
- 36 sites
- 6 R&D centers
- Main sites: Shanghai, Singapore

Data prior to 2015 restatements; excl. Carbon Black

¹ Incl. Middle East and Africa

End market split & growth rates

Attractive and high-growth end markets

Selected market growth rates:

Lead acid batteries: ~5%

Feed: ~4-6%

Industrial & Petrochemicals,
Life Science and Polyolefin
Catalysts: ~4-5%

High Performance Composites:
~5-6%

Selected market growth rates:

Low rolling resistance tires: ~10%

Light vehicle tires: ~5%

Viscosity modifiers: ~5%

Automotive, transportation & machinery

Construction

Selected market growth rates:

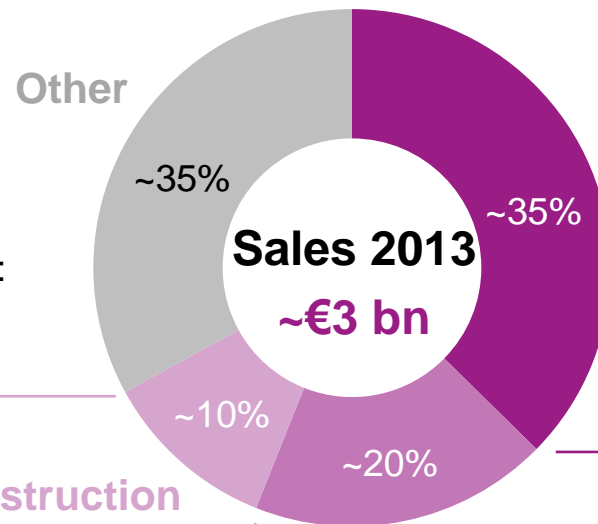
Coatings & industrial flooring: ~4-5%

Coatings, paintings & printing

Selected market growth rates:

Matting agents: ~3-5%

Specialty Additives & Resins: ~6%



Innovative solutions for the automotive industry

Fuel savings and emissions reduction



Low rolling resistance tires¹ with **silica-silane reinforcing system** reduce fuel consumption by up to **8%**

Lightweight design



Crosslinkers enable the production of robust thermoset composite material, used esp. for light-weight vehicles, which are lighter² by up to **20%**

Surface technologies



Silane modified hybrid crosslinkers enable scratch-resistant automotive clear-coats, reducing loss of gloss and refinishing needs by³ **15%**

¹ EU label category A vs category G tires

² Body in White – concept plus some exterior parts in composite versus conventional metal technology (internal study)

³ Industry typical scratch resistance test comparing current technology vs silane modified hybrid technology after 1500 hours accelerated weathering

Enabling the development and construction of bigger and more efficient wind turbines

Crosslinkers

Crosslinkers enable **composite materials** used in large rotor blades of modern on- and offshore wind turbines.

80% of today's wind blades are based on this technology.

Silica

Silicas improve properties of **high-performance adhesives** giving greater stability to large rotor blades with a length of up to **75m**

Oil Additives

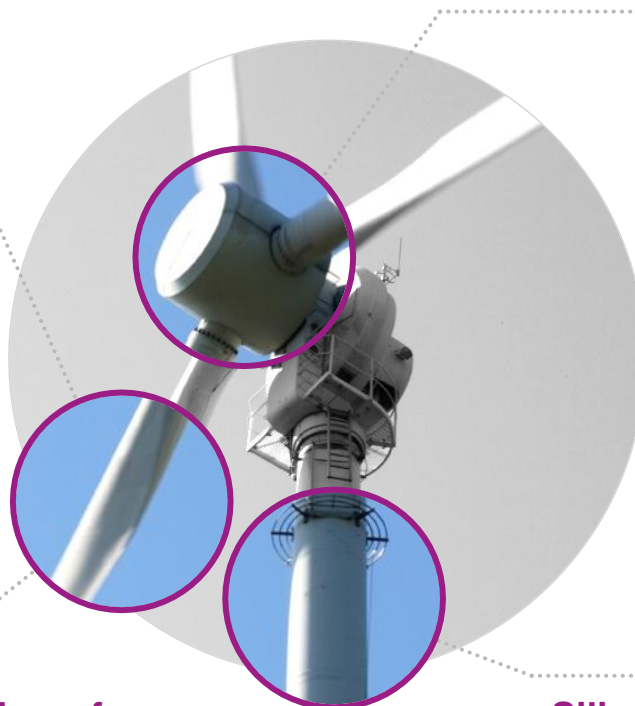
Additives for wind turbine gear oils deliver reliability, extended service life and reduce "oil cost" by up to

20%

Coating Additives

Silicone Epoxy Resins enable excellent anti-corrosion coatings for heavy duty applications with

44% thinner films.



Common theme for the segment

“Small volume, big impact!”



- Focus on **performance-impacting** and value-driving components
- **Minor share of cost** in most end products
- High degree of **customer intimacy**



- **Low risk of substitution**
- Increased pricing power (**value-based pricing**)
- Long-term **customer relationships**

Key success factors

High customer intimacy through delivering tailor-made, mission-critical solutions



Customer proximity and strategic partnership

- Long-term relationships with industry leaders
- Strategic alignment on top management level
- Customer- and market-driven innovation projects



Performance-impacting and value-driving solutions

With/without Evonik product



Technology platforms and core competencies

- Silicon platform
- Isophorone chain
- Siloxanes and polyether technology platforms
- Industry teams
- Innovation-driven and application know-how
- Focus on technical service

Targeted investment projects to continue profitable growth track record



New silica plant in Brasil

- Serve attractive South-American market with locally produced silica
- First plant for highly dispersible silica in South America



New isophorone chain in Shanghai

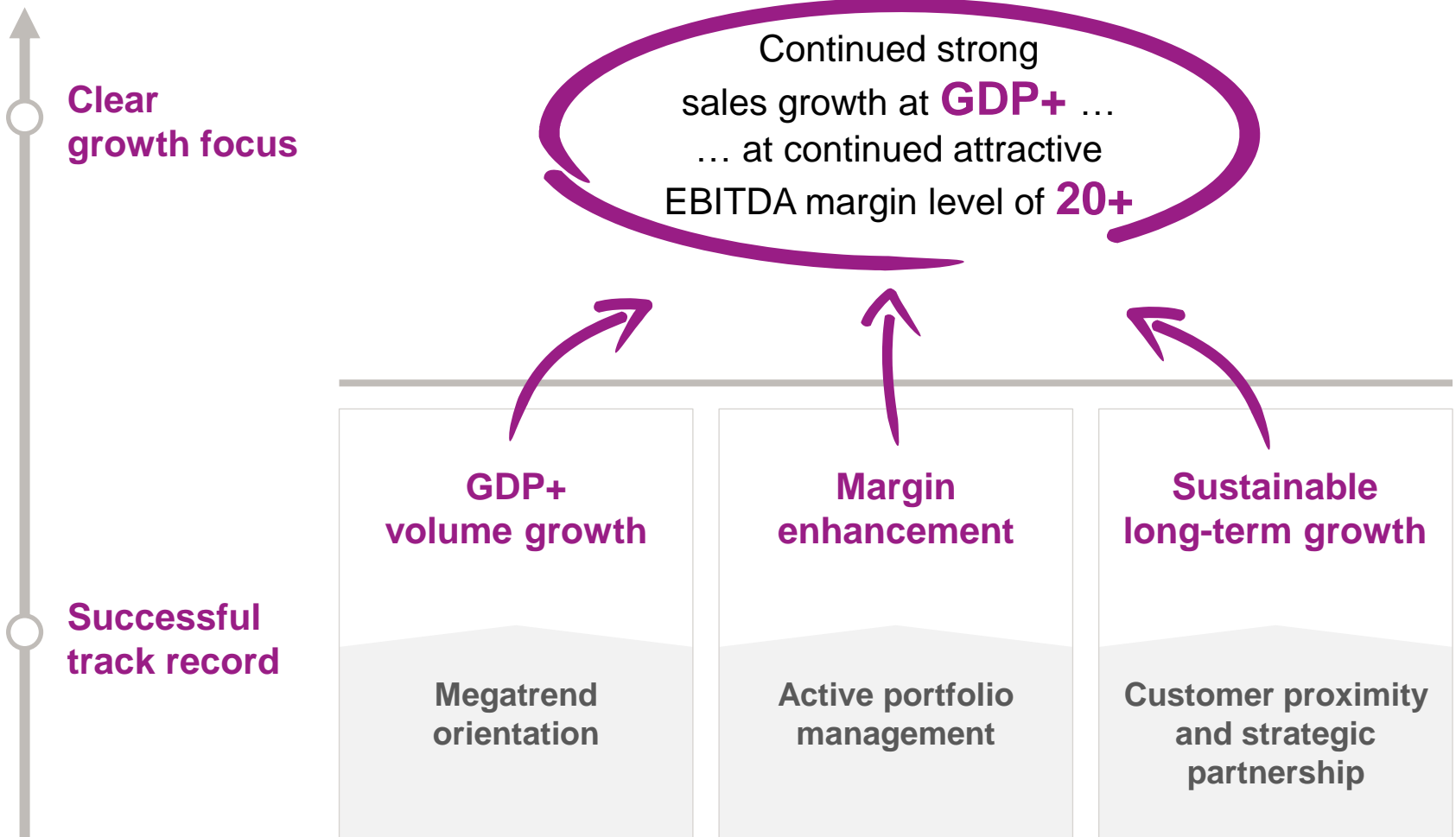
- Regional diversification of asset base with five fully integrated isophorone chains in Europe, US and now Asia
- Strengthen leading market position



Oil Additives expansion in Singapore

- Capacity increase needed to serve growing demand
- Market growth strongest in Asia

Resource Efficiency has set the course to continue the successful growth story



Reorganization of group structure

Greater entrepreneurial independence and more targeted management for Resource Efficiency



Clear growth focus

- Above average growth-rates
- High returns on invested capital
- Dedicated resource allocation
- Differentiated management of businesses tailored to specific needs

Management Team Segment Resource Efficiency



Dr. Claus Rettig
Chairman



Dr. Johannes Ohmer
Managing Director



Simone Hildmann
Head of Finance



EVONIK
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“Invented to improve” Business Line Silica

Evonik Capital Markets Day 2014

Andreas Fischer
Head of BL Silica
Hanau, 2 October, 2014



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Silica

Strong pillar in Evonik's specialty chemicals portfolio



Segment

Resource Efficiency

Sales: ~€3.8 bn

Adj. EBITDA / margin: ~€800 m / ~21%



Business Lines

Silica (~25% of segment sales)



Silanes (~10%)



Catalysts (~5%)



Active Oxygens (~10%)



Oil Additives (~15%)



Crosslinkers (~10%)



Coating & Adhesive Resins (~10%)



Coating Additives (~5%)



High Performance Polymers (~10%)



Silica

Tailored product properties for environmentally friendly and energy efficient solutions



High silica content leads to low rolling resistance and excellent traction in tires



Silica improve properties of adhesives, giving greater stability to large rotor blades



Silica make modern tablet and capsule manufacturing processes more efficient



Silica improve free flow in solid and anti-settling in liquid agrochemical formulations

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3	Targeted investment strategy
4	Summary

Business at a glance

Leading silica supplier with full coverage



Top
#1

Supplier for
fumed and precipitated
silica

20

Production sites with
global coverage

282

R&D and Applied
Technology experts

32

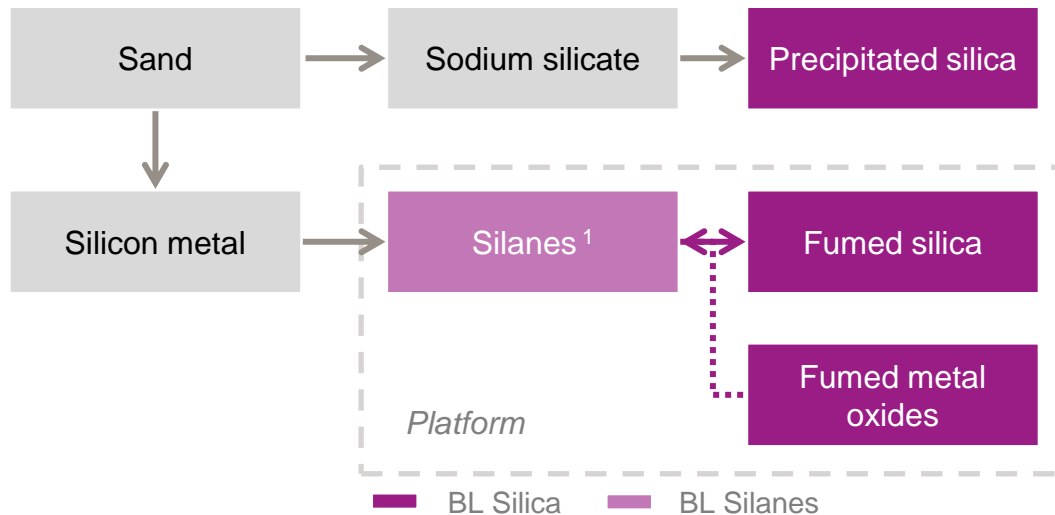
Industries served by
industry experts

>100

Products to solve
customer challenges

Product portfolio capabilities

From sand to a broad range of tailor-made silica solutions



Particle design: Same weight of 25 g, different volumes of silica products



— Sand — Precip. Silica — Fumed silica

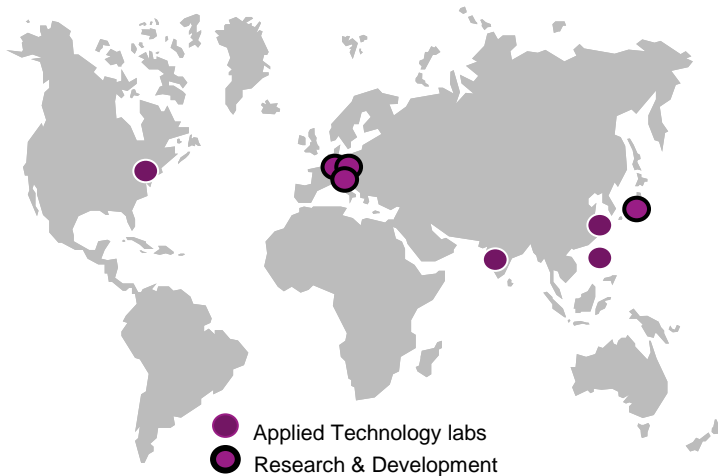
Characteristics

- Synthetic amorphous silica (SAS) with high surface and low density
- Particle size and structure, as well as surface characteristics the main differences between the two technologies – further optimization via particle design possible
- Available in powder form, as granules or dispersions

¹ Chloro-, Organo- & Rubber-Silanes

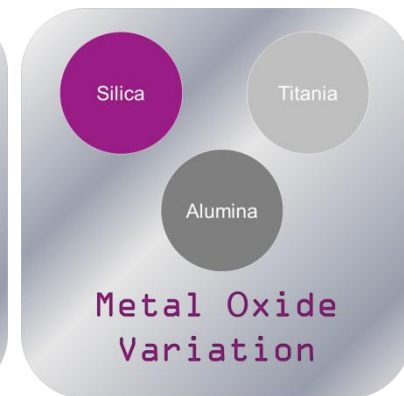
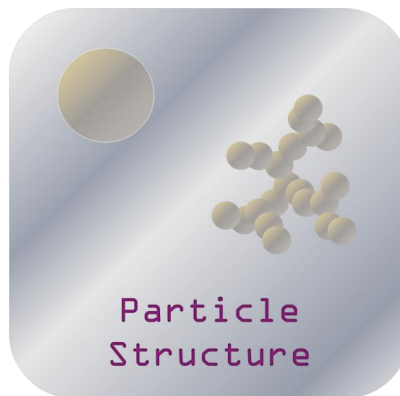
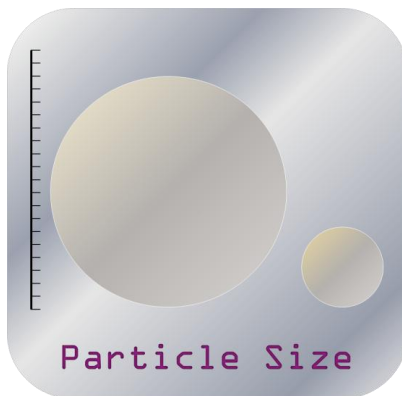
Technological capabilities

Outstanding expertise in designing organic particles and surface properties



- Unique product portfolio of larger volume products as well as customized solutions
- Broad commercialized technology base
- Long-standing in-house cooperation within Resource Efficiency segment
- Worldwide setup of Research and Applied Technology Centers

Market differentiation based on outstanding technological competences to design tailor-made particles and product properties



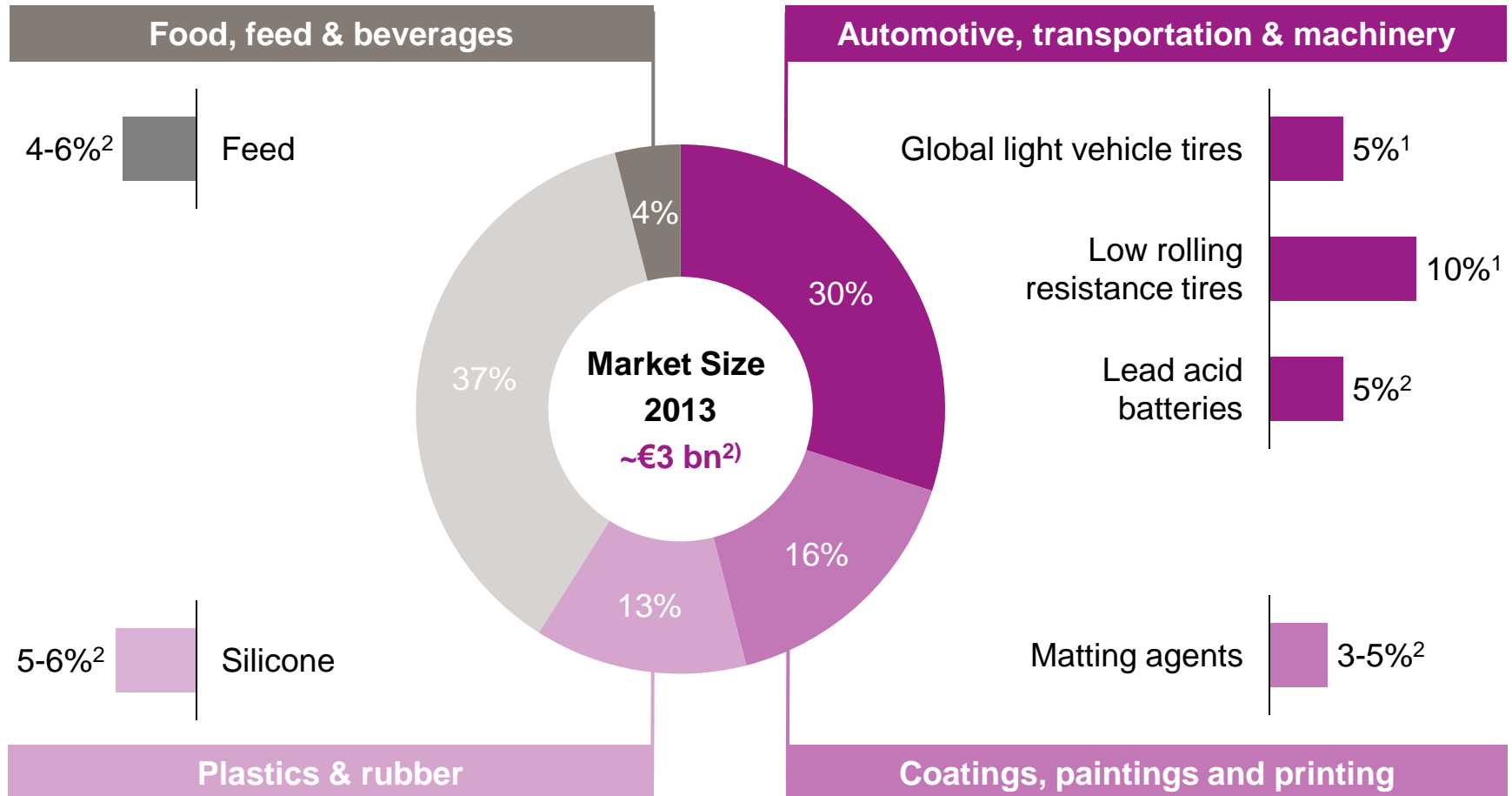
Market focus

Well-balanced end market split with exposure to attractive growth markets



Sales split by end market (2013) and expected market growth (2014 – 2019)³

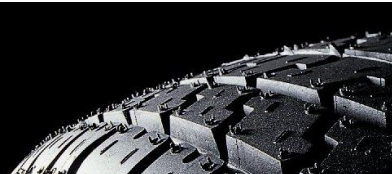




% p.a.



Sources: ¹⁾ Evonik estimate, LMC; ²⁾ Evonik estimate, precipitated silica and fumed metal oxides; ³⁾ Selective examples only
October 2, 2014 | Evonik Capital Markets Day 2014 | Silica

Applications and functionalities

Broad application spectrum in diversified end markets

Applications	Functionality examples	
Tire and MRG ¹	<ul style="list-style-type: none">• Reduced rolling resistance of “Green Tires”• Increased tensile strength and hardness of e.g. belts	
Silicones and Adhesives	<ul style="list-style-type: none">• Tear resistance in silicones• Flow control of bonding pastes in windmill production	
Coatings	<ul style="list-style-type: none">• Matting agent of choice for waterborne coatings• Rheology control additive in automotive coatings• White extender for paints	
Health care and Home care	<ul style="list-style-type: none">• Tableting aid and carrier for drugs• UV-filter for suncreams• Thickening agent for toothpaste	
Agriculture, Food and Feed	<ul style="list-style-type: none">• Anti-settling in liquid agrochemicals• Carrier for liquid ingredients (e.g. vitamins)• Anti-caking during food processing	

¹ Mechanical rubber goods

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Key success factors

Tailor-made solutions based on deep understanding of customers' needs



Broad product & industry portfolio

- Precipitated silica and fumed metal oxides
- Broad variety of specialties
- Options to customize



- Unbiased advising
- Cross-selling potential
- Innovation leader



Strong customer intimacy

- Future winner concept and industry teams
- Strong brands
- (Technical) service orientation



- Long-term relationships with key customers
- Communication and support on par level

Global production network

- Production platforms in all major regions
- High quality standards
- Global coordination and cross-regional support



- Preferred partner for global businesses
- Supply security
- Customer proximity



Spotlight food and feed

Broad portfolio enables to act as advisor for the best customer solution



Industry needs



- Silica as free flow aid in food and feed processing
- Customer specific formulations

Evonik offering

- Fumed and precipitated silica products manufactured under food additive regulations (HACCP)¹
- Industry experts and applied technology team promotes both products in parallel
- Customer gets an objective advise on the optimal solution for his requirements

The Evonik Industries logo is positioned in the top right corner of the slide.

SIPERNAT® and AEROSIL®
in the Food Industry

Industry Information 2129

A photograph of a woman with dark hair, wearing a white lab coat, sitting at a table and preparing food. She is holding a small container and a spoon. On the table are various items including a bowl of orange juice, a glass of water, and some fruit. A window with a view of greenery is in the background.

SIPERNAT® AEROSIL®

Evonik. Power to create.

¹ Hazard analysis and critical control points

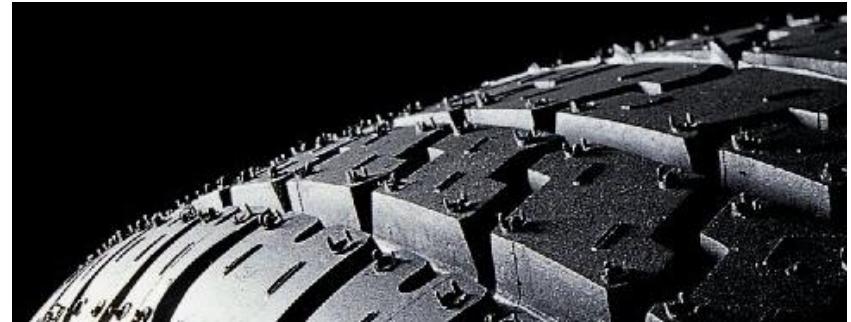
Spotlight tire industry

Customer intimacy has to be re-earned day per day



Industry needs

- Just-in-time deliveries and full supply security
- Consistent quality with growing requirements
- Easy-to-disperse products for fast processing
- Local supply with global quality also in emerging growth markets



Evonik offering

- Strategic alignment on top management level
- Global key account managers as internal voice of the customer
- Customer and market driven innovation projects incl. joint innovation projects
- Handling and applied technology experts to solve process challenges
- Global quality standards and production network to support regional expansion

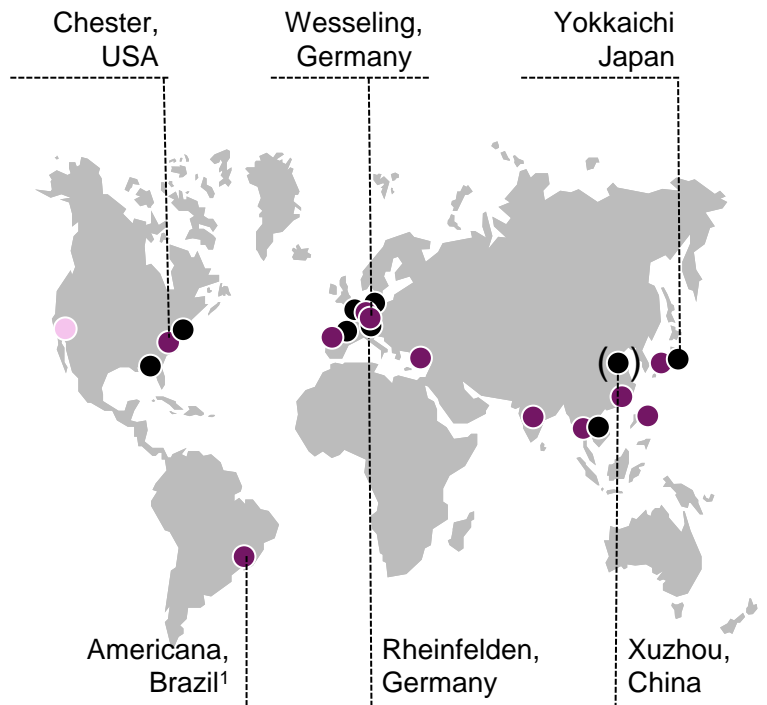
Global production network

Global production platform combined with regional customer proximity



20 silica plants globally

- Evonik precipitated silica plants
- Evonik fumed silica plants
- Evonik colloidal silica plants
- () Planned



- **Global production network** with presence in all major silica markets
- Combination of
 - World scale production plants to realize economies of scale
 - Medium-sized plants close to customers
 - Flexible setup for further expansion steps
- **Global marketing & sales organization** with ~180 employees and presence in 96 countries
- **Superior process technology** due to integrated silica-silane production platform

¹ Under construction

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Targeted investment strategy

Flexible and stepwise approach
for expansion of global silica platform



Selective investment approach depending on the situation in the respective markets

1

Diluting fixed costs by
stepwise **expansion**
of existing sites



Example:
Chester, USA

2

Tapping strong growth markets
by **new production facilities**



Example:
Americana, Brazil

3

Partnering with strong local
players to achieve beneficial
cost position



Example:
Xuzhou, China

Regular review of investment decisions according to market developments

1 Stepwise expansion of existing sites

Example: Chester (USA)

- **Existing Evonik site** since 1984
- Stepwise expansions tripled capacity until today
- **Broad production platform**, ranging from larger volume rubber grades to high end matting agents



Chester, Pa., September 9, 2014



Latest example:

- Additional 20,000 mt capacity for precipitated silica on-stream in Q3 2014
- Strengthens presence in NAFTA market

2 New production facilities

Example: Americana (Brazil)

- First production plant for **highly dispersible (HD) silica** in South America
- Tapping **Latin American growth markets** by new production facility currently mainly served by imports
- **Attractive specialty segments** in South America's food, feed, and agricultural industries
- **Tire labelling in Brazil** from 2016 onwards as additional growth driver
- Investment: mid-double-digit million € range
- Plant scheduled to go on stream in 2016



3 Partnering with strong local players

Example: Xuzhou (China)

- New site for **fumed silica** and **ultrapure silicon tetrachloride** in China
- **Attractive cost position** via fence-to-fence partnership with leading silicon producer (CGL)
- **>20,000 mt total capacity** to be built in Xuzhou
- LOI Evonik-CGL signed in July 2014
- Commissioning scheduled for 2016
- Basic engineering has started

Main applications



Ultra-pure silicon tetrachloride:

Fiber optics needed to expand China's broadband networks (optic fiber cable)



Fumed silica:

Silicone industry, adhesives & sealants, gel batteries (E-bikes)

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Summary

Silica well-positioned to write the story of tomorrow



- Leading silica producer with superior portfolio of larger volume products and specialties

- Outstanding particle design competence as technical differentiator

- Well-balanced end market split in attractive growth markets



- High customer intimacy and innovation partnerships with industry leaders

- Flexible and stepwise approach for expansion of unrivaled global silica platform



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“Invented to improve”
Business Line Silica

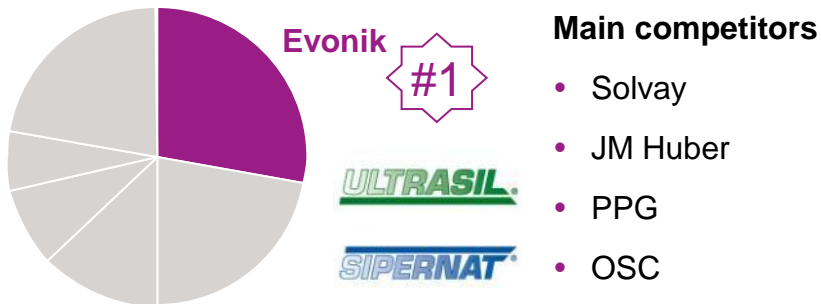
Backup

Facts & figures

Largest producer of amorphous silica with more than 70 years experience

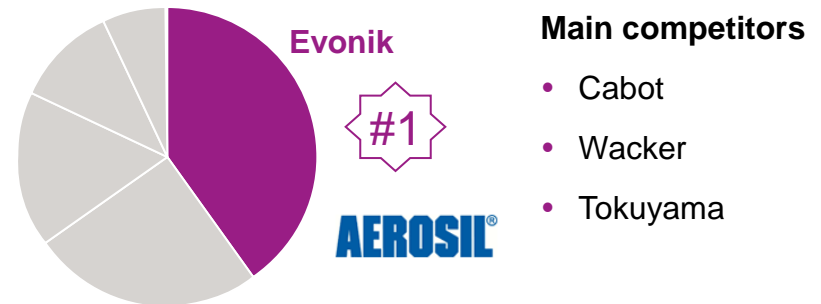


Precipitated Silica



- Close customer relationships, esp. with tire manufacturers
- Broad range of end markets with strong established brands
- Ongoing global expansion program

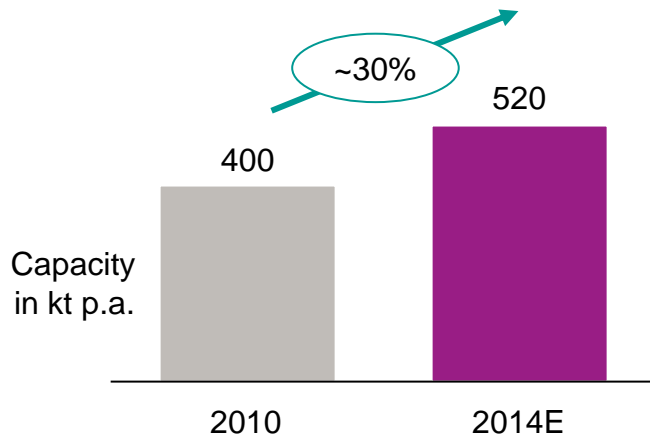
Fumed Silica



- Broadest product offering
- High brand awareness
- Strong process and applied technology (> 70 years of experience)
- Fence-to-Fence partnerships

Silica master plan supports #1 position globally

Capacity expansion steps since 2010



- Evonik precipitated silica capacity expansion by ~30% over last 4 years
- Targeted and selective expansion steps across all major regions
- Meeting strong customer demand

Expansion steps¹

Asia

- India 2011/2012
- Taiwan 2011/2012
- Thailand 2014
- Japan 2015²

Americas

- USA 2014
- Brazil 2016²

Europe

- Turkey
 - Germany
 - Spain
- 2010 – 2012

¹ Date of commissioning

² Under construction



“Let it flow.” Business Line Oil Additives

Evonik Capital Markets Day 2014

Ralf Duessel
Head of BL Oil Additives
Hanau, 2 October, 2014



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Positioning within Resource Efficiency

Oil Additives as important contributor to portfolio of resource efficient customer solutions



Segment

Resource Efficiency

Sales: ~€3.8 bn

Adj. EBITDA / margin: ~€800 m / ~21%



Business Lines

Oil Additives (~15%)



Silica (~25% of segment sales)



Silanes (~10%)



Catalysts (~5%)



Active Oxygens (~10%)



Crosslinkers (~10%)



Coatings & Adhesive Resins (~10%)



Coating Additives (~5%)



High Performance Polymers (~10%)



Oil Additives at a glance

Leading global supplier of unique, high performance lubricant, fuel and refinery additives



#1

supplier of resource
efficient viscosity modifiers

25

largest lubricant
companies are all Evonik
customers

5%

R&D ratio (incl. technical
service)

>5 million

tons of CO₂ emissions
avoided through the use of
our technologies

GDP++

annual sales growth
over last 10 years

75%

diversity in management
positions

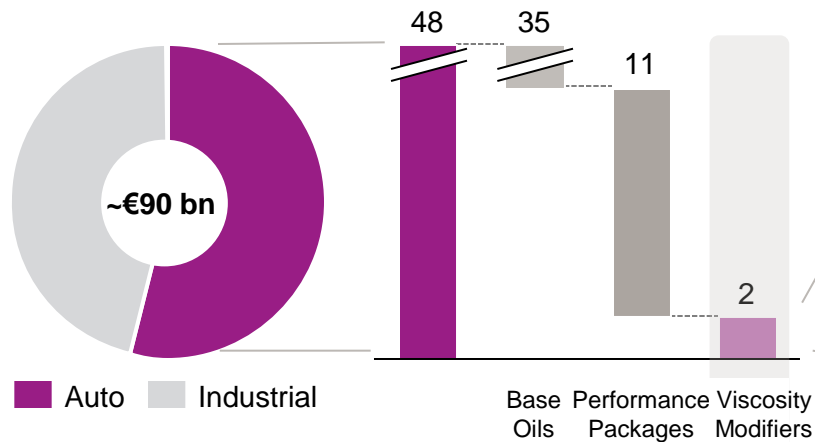
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Facts & figures

Well positioned in lubricant additives market

Lubricant market (in € bn)



Competitors



#1-2

Main competitors

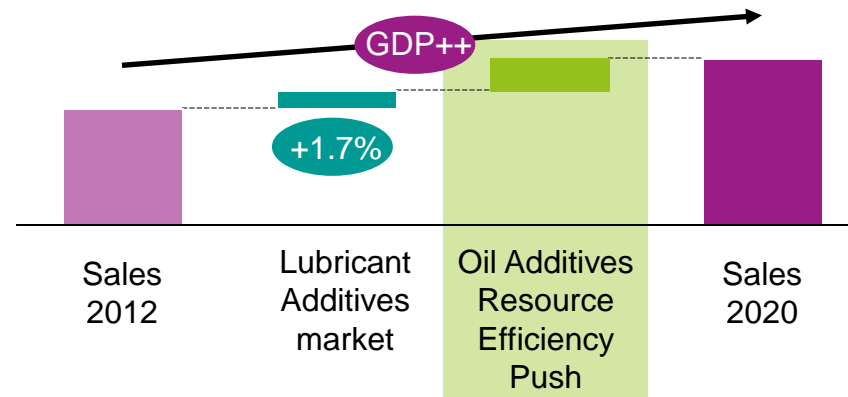
Lubrizol

Infineum

Oronite

Afton
CHEMICAL

Market growth

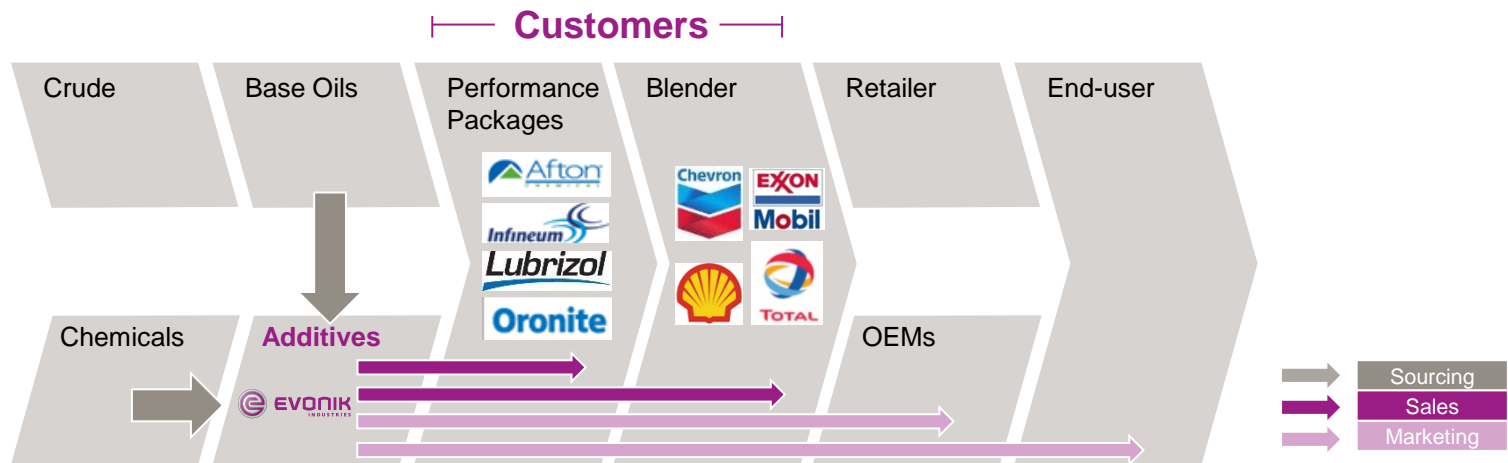


Facts & figures

Integrated supply chain with high customer intimacy and OEM reputation



Integrated supply chain with downstream relationships



- Integrated global supply chain and production network
- Technical support for customers, own R&D and product development capabilities
- Downstream OEM and end-user relationships and reputation

Facts & figures

Enabling our customers to improve resource efficiency of their products



A **DYNAVIS®** technology formulated hydraulic fluid saves up to **25%** with heavy stone milling.



DRIVON™ technology for transmission and engine oils can save the value chain up to **€ 600** per car.



NUFLUX™ technology for wind turbine gear oils deliver reliability, extended service life and reduce “oil cost” by up to **20%**

Facts & figures

Broad product portfolio improving friction, wear and flow performance of base fluids



Main products

Viscosity Index Improvers (VII)

Pour Point Depressants (PPD)

Cold Flow Improvers for Biodiesel

Synthetic Base Fluids

Application examples



Automotive: engine oil additives contribute to fuel economy, engine cleanliness and reduced wear.



Heavy machinery: additives in hydraulic fluids improve cold temperature performance and fuel economy.



Aviation: hydraulic fluids with improved fire resistance, reliability and safety.



Wind turbines: Gear oils for maximized energy yield and minimized wear in gearboxes.

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Key success factors

Tailor-made solutions based on deep understanding of customers' needs



Global reach

- 5 production plants around the globe
- 5 technical service facilities
- Sales force in >35 countries
- Strong Key Account Management

Technology leadership

- Core competencies include:
 - Deep understanding of applications
 - Hydrocarbon fluid viscometrics, rheology and tribology
 - Polymer design

Customer intimacy

- Novel technologies for formulation components and base fluids
- Tailor-made products improve friction, wear and flow performance
- Application- and solution-driven
- Strong focus on technical service
- Strong brand positioning



Customer intimacy

Example “DYNAVIS inside”



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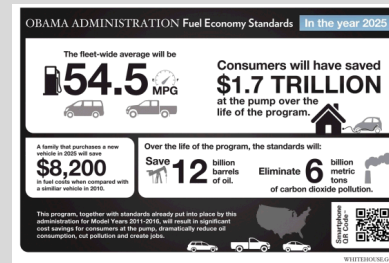
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Future growth drivers

Efficiency increases important criteria for lubricant customers

Efficiency increases are key to

- ▶ mitigate increase in emissions
- ▶ meet future governmental emission limits
- ▶ prolong lubricant life



Customers and competitors are focusing on efficiency and sustainability



Efficient lubricants will also play a more critical role to enable the use of renewable energies



Resource efficient lubricants require higher concentrations of performance additives

Future growth drivers

Broadening the scope of our portfolio

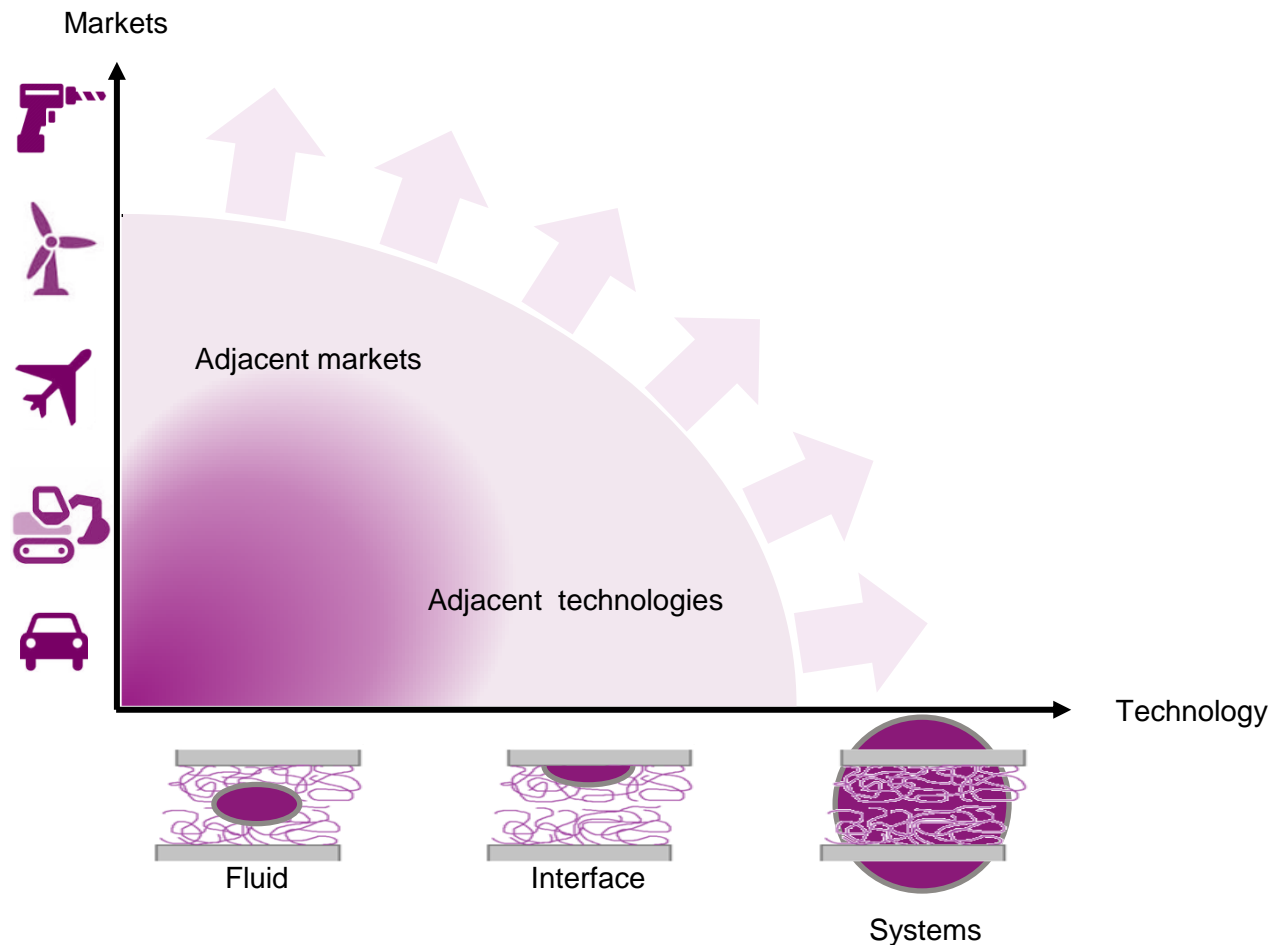


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Summary


Oil Additives well positioned to drive sustainable and profitable growth



- Leading global supplier of unique, high performance lubricant, fuel and refinery additives
- Integrated supply chain with high customer intimacy and OEM reputation
- Tailor-made solutions based on deep understanding of customers' needs
- Well positioned to drive future growth by
 - Resource Efficiency push in existing market,
 - and broadening of the portfolio into adjacent markets and technologies



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“Adding Advantages” Business Line Coating Additives

Evonik Capital Markets Day 2014

Stefan Silber
Head of BL Coating Additives
Hanau, 2 October, 2014



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Positioning within Evonik

Coating Additives as “customer enabler”
for resource-efficient solutions



Segment

Resource Efficiency

Sales: ~€3.8 bn

Adj. EBITDA / margin: ~ €800 m / ~21%



Business Lines

Silica (~25% of segment sales)



Silanes (~10%)



Catalysts (~5%)



Active Oxygens (~10%)



Oil Additives (~15%)



Coating Additives (~5%)



Crosslinkers (~10%)



Coating & Adhesive Resins (~10%)



High Performance Polymers (~10%)



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Business at a glance

Leading supplier for high performance additives
and specialty resins



Top
#2

supplier for
high performance additives
and
specialty resins

25

innovation partnerships
with leading customers

GDP++

annual sales growth
over last 10 years

>450

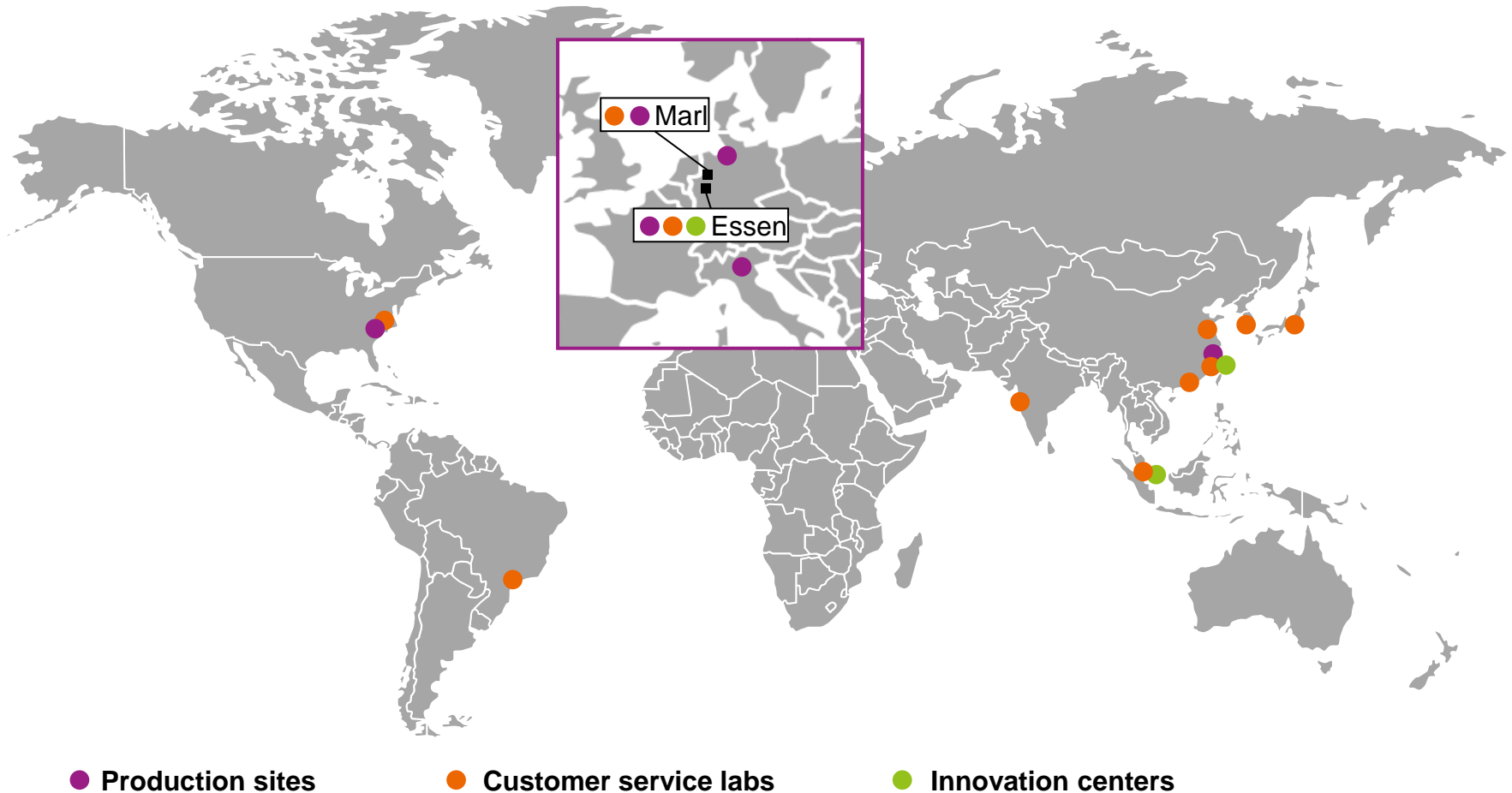
taylor-made products for
broad spectrum of
applications in diversified
end markets

>5%

R&D ratio

Global customer access

Customer service labs in all major regions



Niche positioning in coatings & inks market

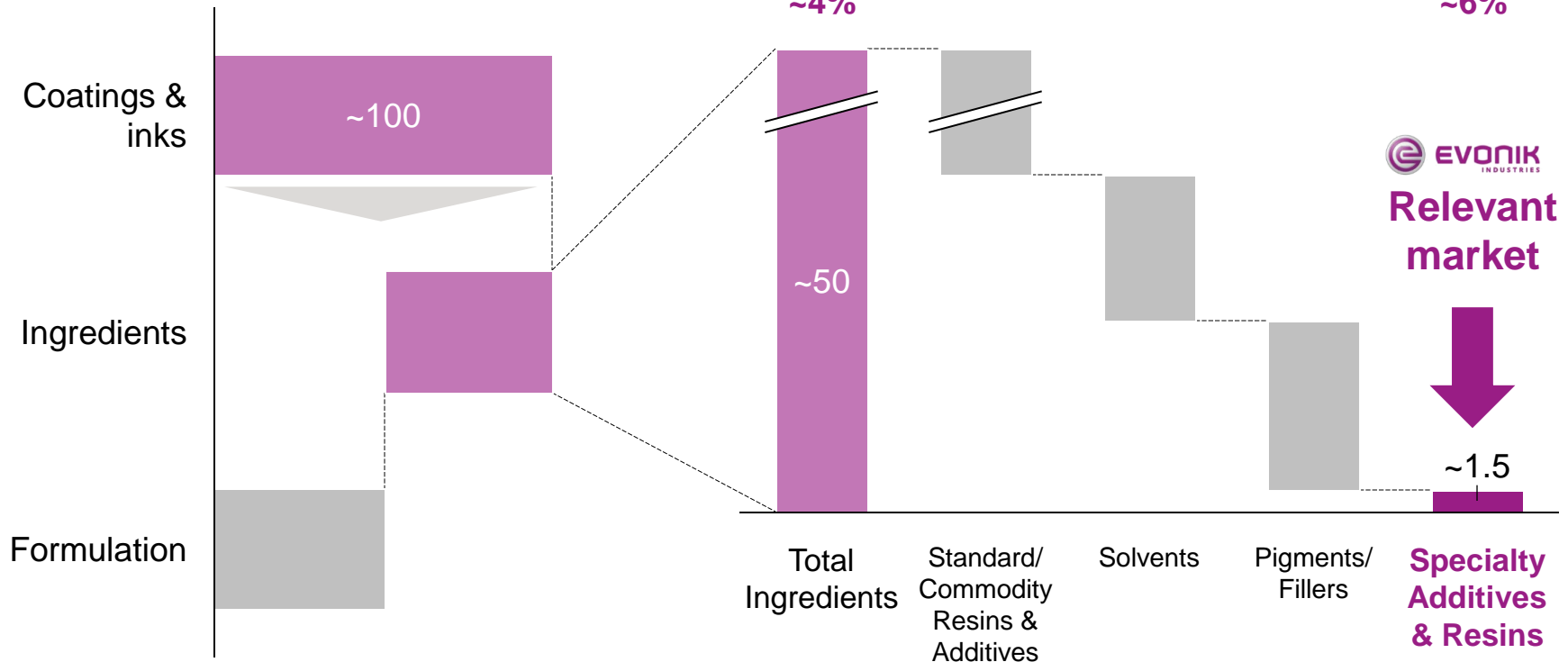
Attractive “low-volume – high impact” business

Market Split: Coatings & Inks [€ bn]

Coatings & Inks Ingredients Market [€ bn]

CAGR 2013-2018:
~4%

CAGR 2013-2018:
~6%








Main competitors:



Major Applications and Functionalities

Broad application spectrum in diversified end markets

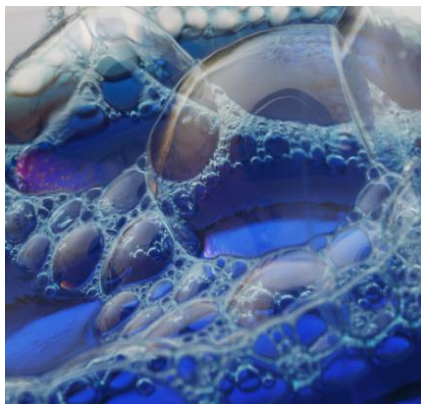
Applications	Functionality examples	
Architectural Paints	<ul style="list-style-type: none">• Water protection of façade paints• Defoaming of wall paints	
Printing Inks	<ul style="list-style-type: none">• Improved substrate wetting on packaging materials• Gloss increase of packaging inks for better appearance	
Wood Coatings	<ul style="list-style-type: none">• Stronger anti-blocking properties• Increased scratch resistance of parquet coatings	
Pigment Concentrates	<ul style="list-style-type: none">• Increased color strength of pigment concentrates for color rich paints	
Industrial & Automotive Coatings	<ul style="list-style-type: none">• Longer lasting durability of industrial & automotive coatings, e.g. by better chemical and weathering resistance	

Application examples

Innovative and mission-critical solutions with high value-added for the end customer

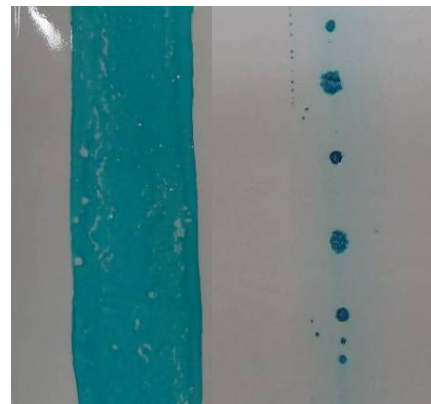


Defoaming



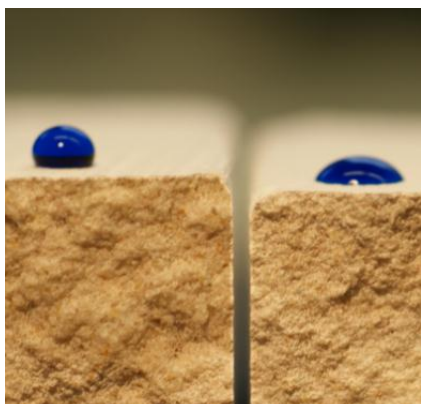
Defoamers eliminate foam in the coating film

Anti-Graffiti protection



Use of anti-graffiti additives results in strong protection of coatings against vandalism from sprayers

Water protection



External façade paints are well protected against rain and humidity

Scratch resistance



Nanocomposites improve scratch resistance of coatings

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Key success factors

Tailor-made solutions based on deep understanding of customers' needs



Extensive R&D, application & formulation know how

- Global technical service with labs in all major regions
- R&D hubs in Europe and Asia focus on resource efficient products, e.g. for waterborne coatings
- High throughput experimentation as powerful support tool for R&D



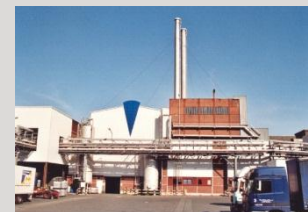
Partnering with customers

- Strategic partner to key and focus accounts
- Dedicated, cross regional teams for global accounts
- Joint development projects for individual and customer specific solutions



Strong technology base

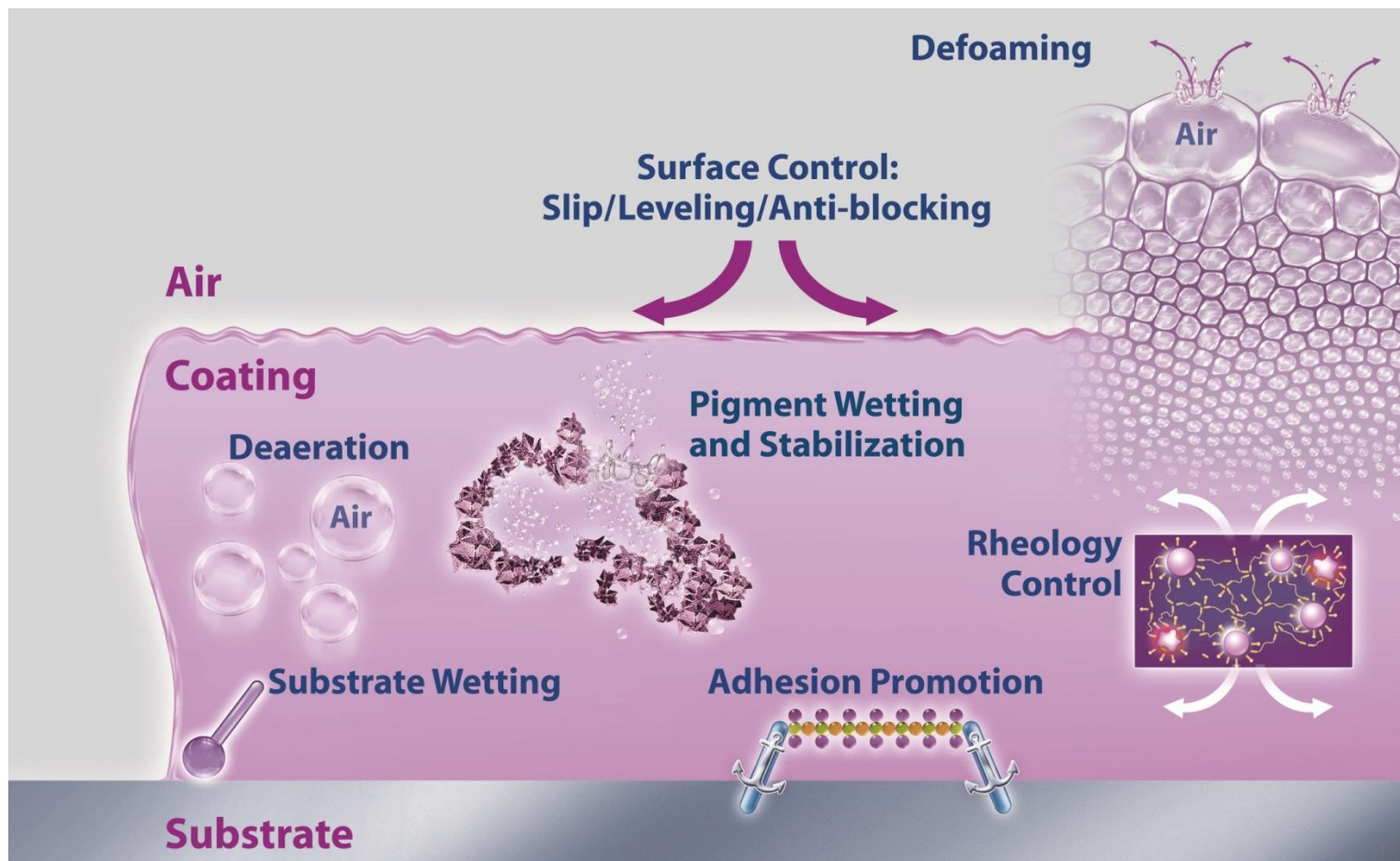
- Broad technology base (siloxanes & polyethers)
- Integrated production technology
- Capable to produce unique and individual products
- Attractive economies of scale in R&D, production and logistics



Extensive application & formulation know how

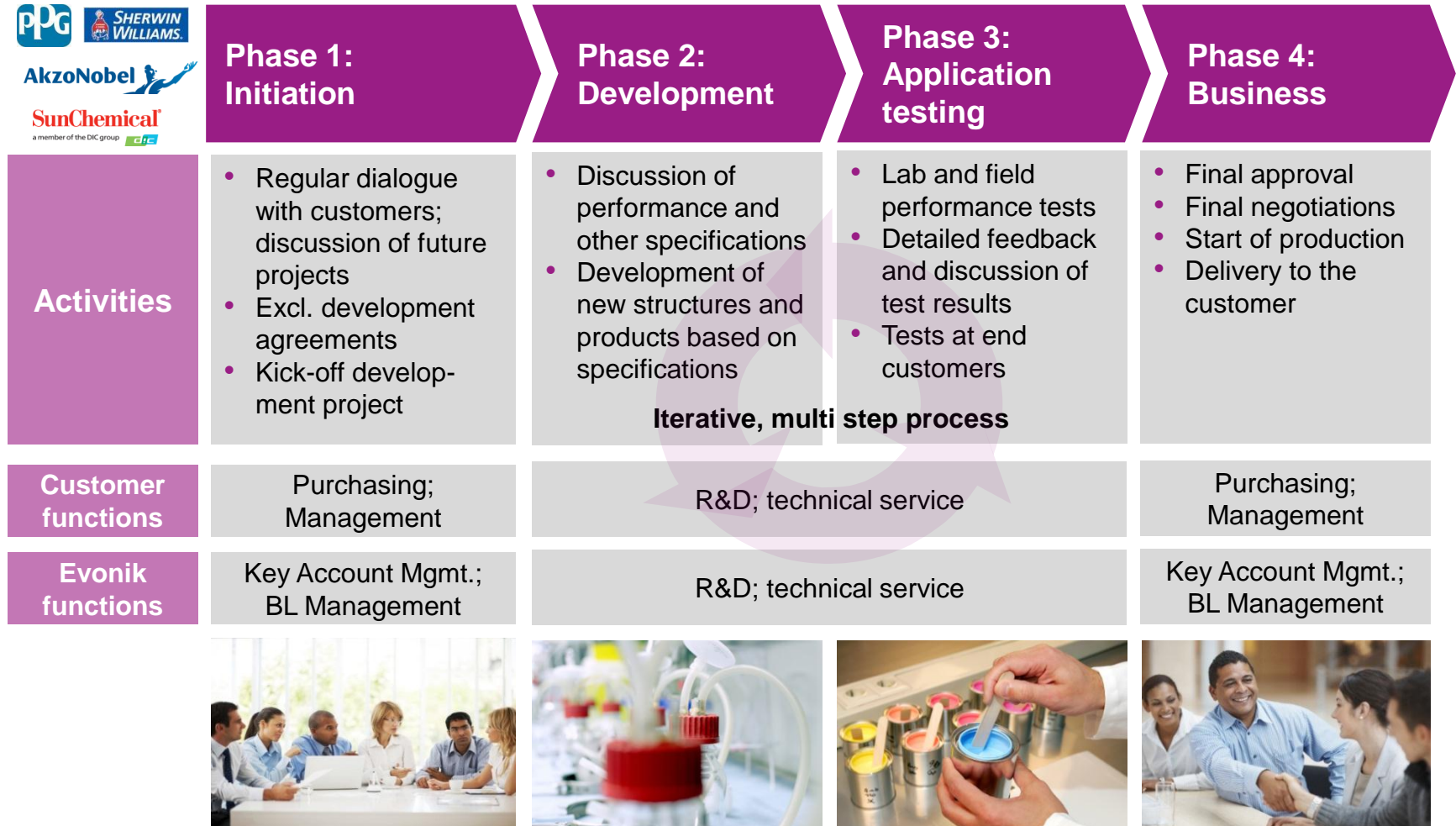
Customized solutions for coatings & inks

Based on its extensive know how in surface chemistry,
Coating Additives delivers individual solutions to various issues of coatings and inks



Partnering with customers

Joint development projects as key element of innovation partnership approach



Iterative, multi step process

Strong technology base

Capable to produce unique and individual products at attractive economies of scale



Coating Additives embedded in Evonik's **ORGANO SILICONE PLATFORM** that feeds four Evonik business lines:

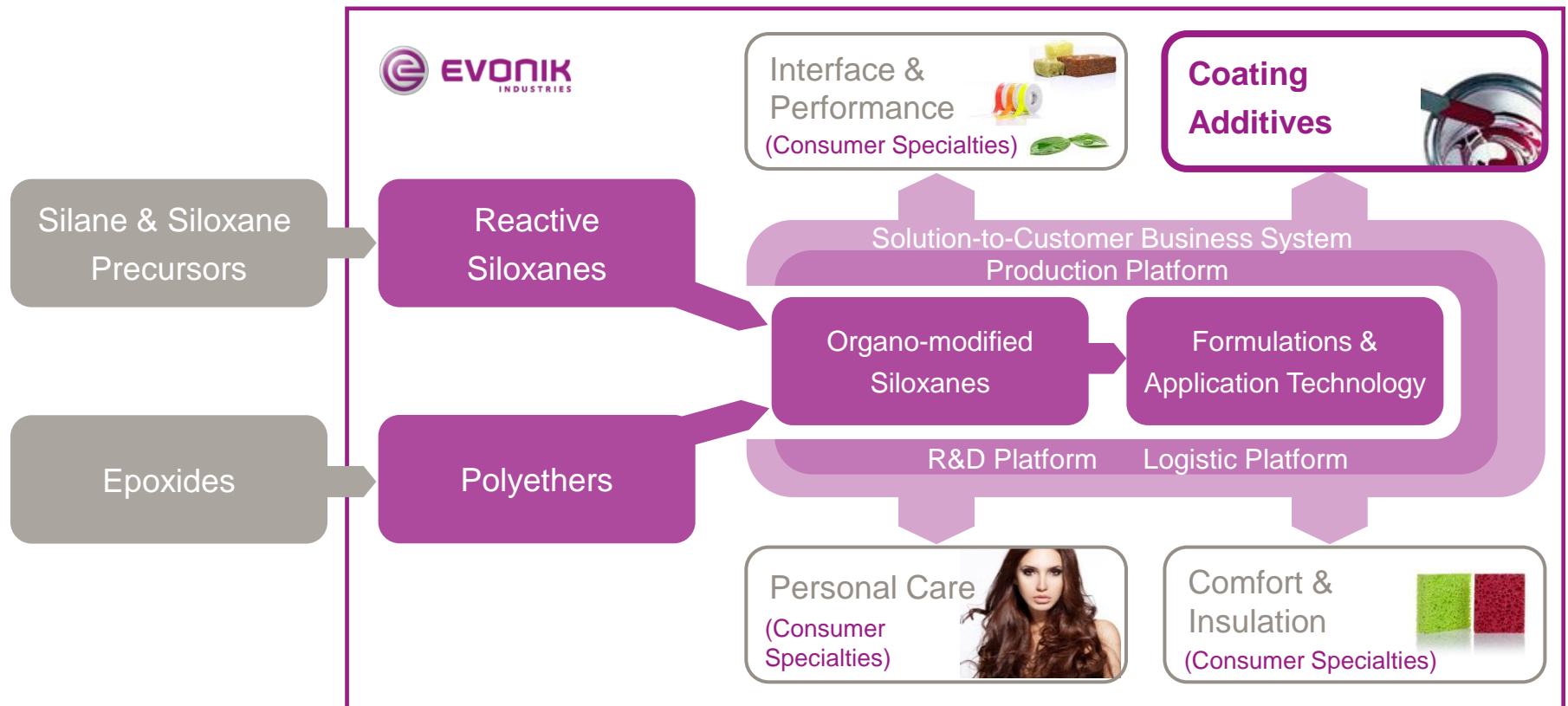


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Future growth drivers

With its portfolio, Coating Additives addresses several important trends in coatings & inks market



Trends and growth rates

Environmentally friendly coatings & inks

5% (waterborne paints)
7% (UV cured coatings)

Modular coating manufacturing

7 – 8 % (universal grinding systems)

Coatings with increased durability

6% (High solid anti corrosion coatings)

Solution examples from Coating Additives

TEGO® Foamex:
High performance foam control agents



TEGO® Dispers:
Dispersants for universal pigment concentrates



SILIKOPON®:
Ultra high solid Si-hybrid resins for long-lasting coatings



Coating Additives offers innovative solutions to address current trends in the coatings industry

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Summary

Coating Additives has set the course to continue the successful growth story in the future



- Leading global position with broad and attractive portfolio
- Mission-critical solutions with high value-added for end customers
- Close strategic customer relations and innovation partnerships
- Tailor-made solutions based on deep understanding of customers' needs
- Strong growth opportunities by addressing current trends in the coatings industry



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