

Evonik
Power to create.

Company presentation

KeplerCheuvreux – GCC 2018

Christian Kullmann, CEO
January 2018

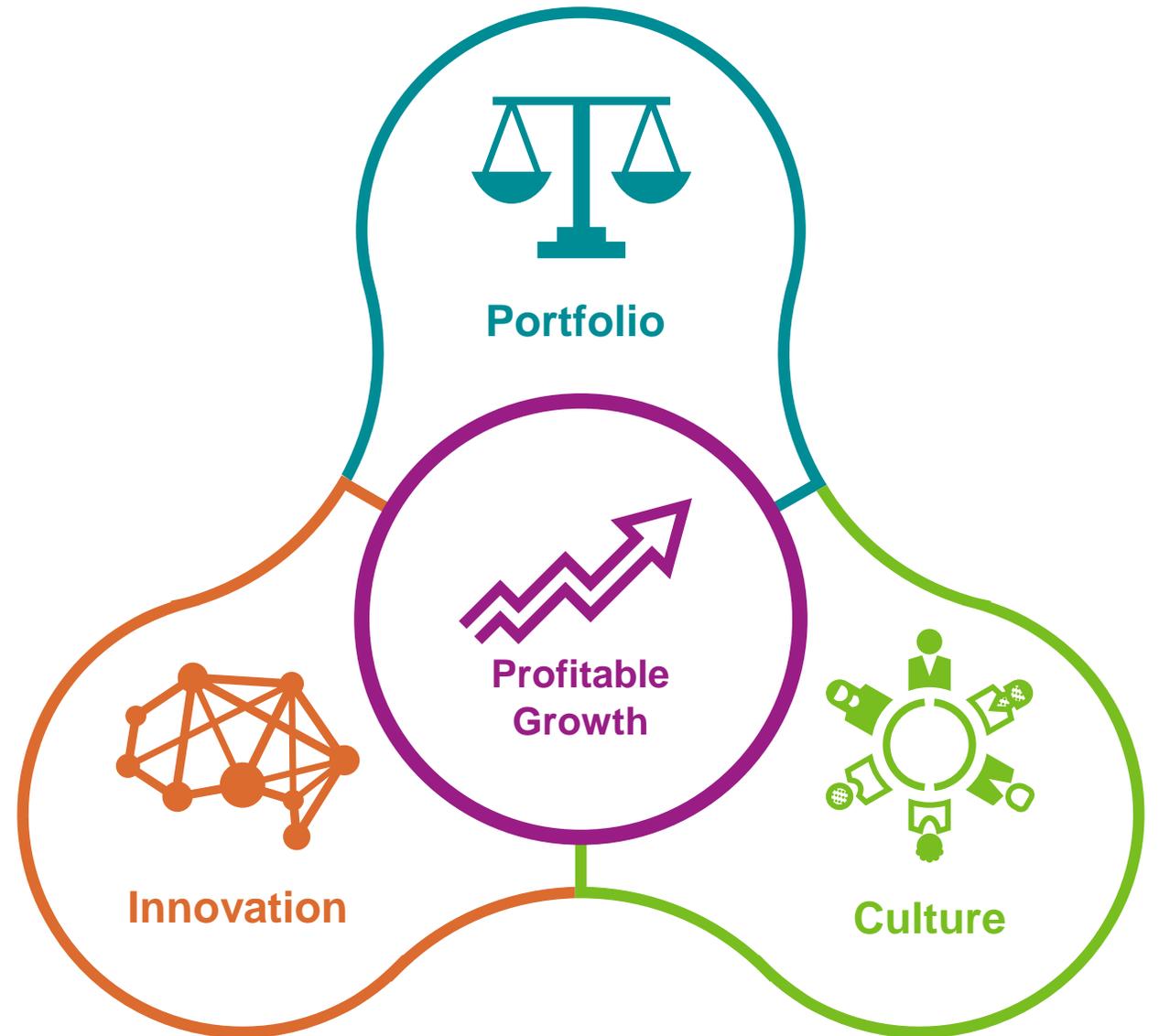


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A strong basis in Specialty Chemicals

Market leadership



Leading market positions in **80%** of our businesses¹

Customer proximity



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

Technology leadership



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

Unique brand recognition



tego
An Evonik product.

ROHACELL
An Evonik product.

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 2016

Sales

€12,732 m

Adj. EBITDA

€2,165 m

Margin

17.0%

ROCE

14.0%



Growth

**Nutrition
& Care**



**Resource
Efficiency**



Efficiency

**Performance
Materials**



Sales

€4,316 m



Adj. EBITDA / Margin

€1,006 m / 23.3%



Sales

€4,473 m



Adj. EBITDA / Margin

€977 m / 21.8%



Sales

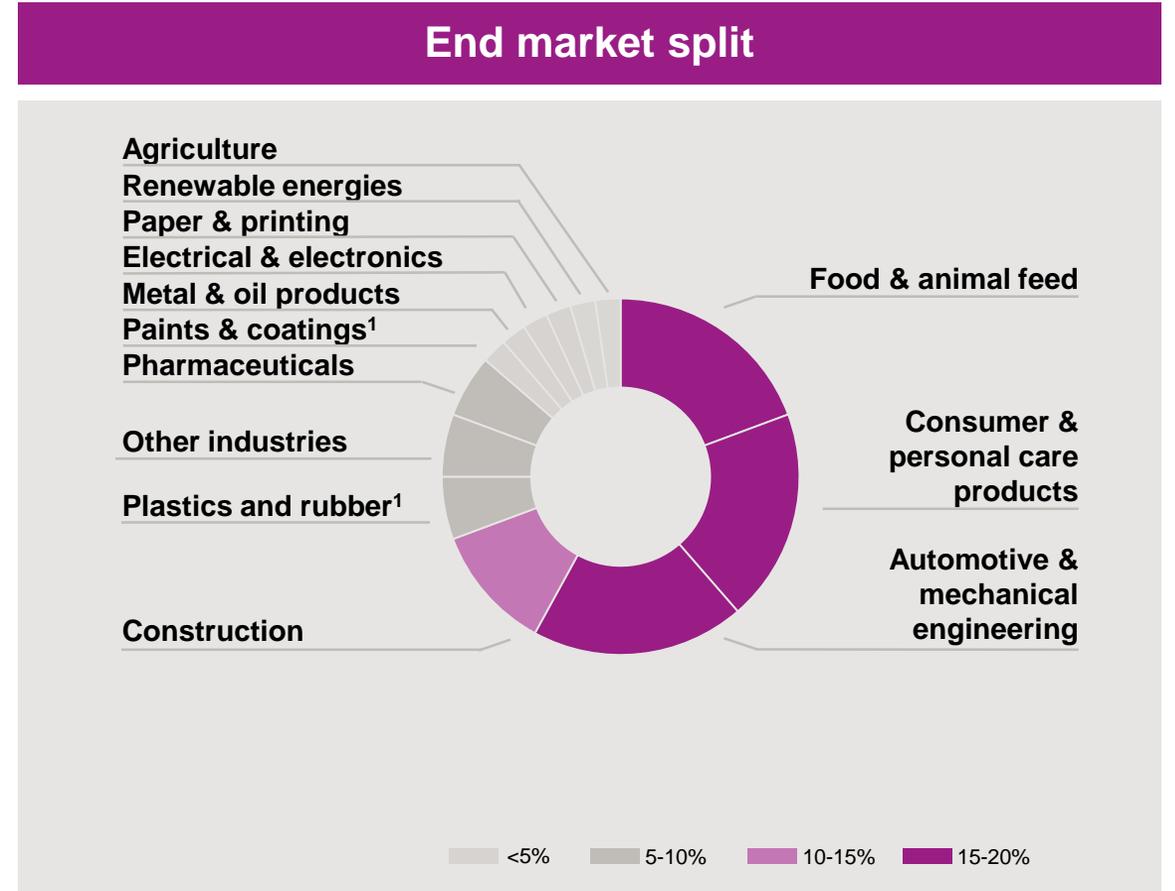
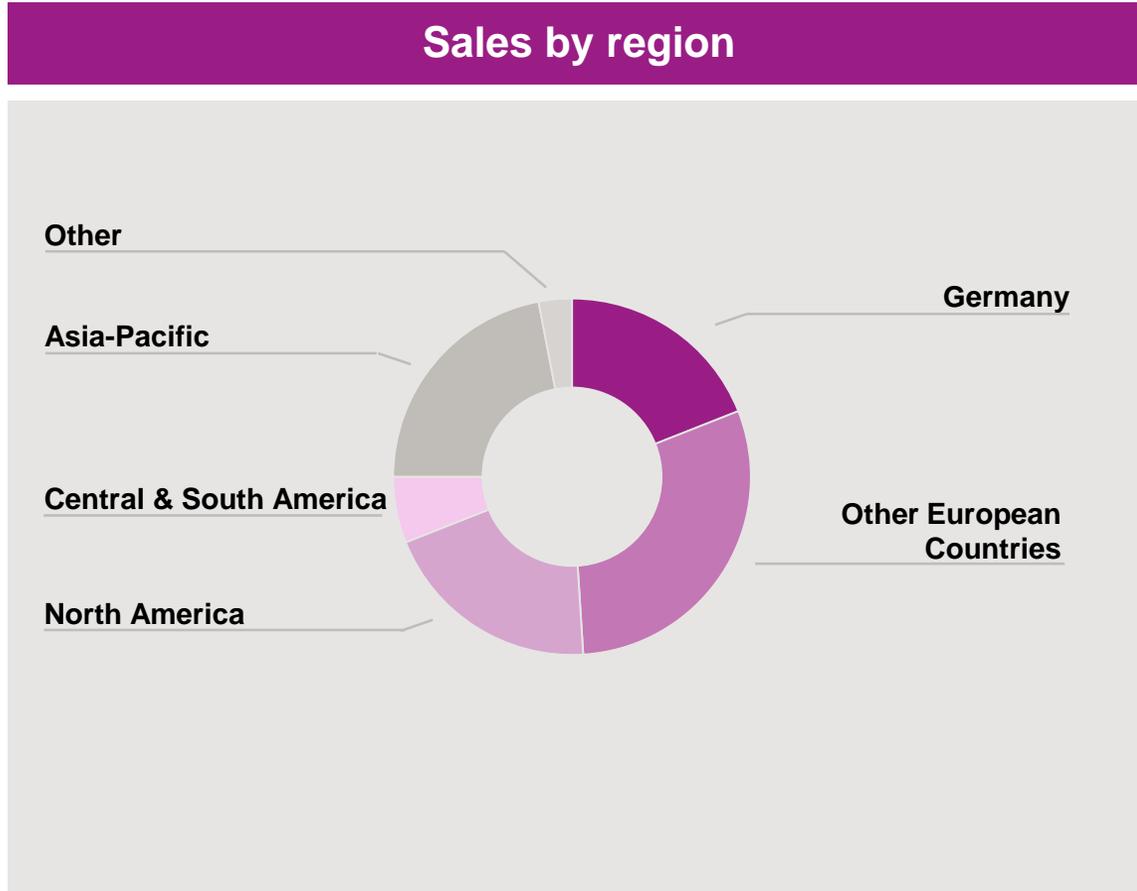
€3,245 m



Adj. EBITDA / Margin

€371 m / 11.4%

Balanced regional and end market split



1. Where not assigned to other end-customer industries | 2016 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



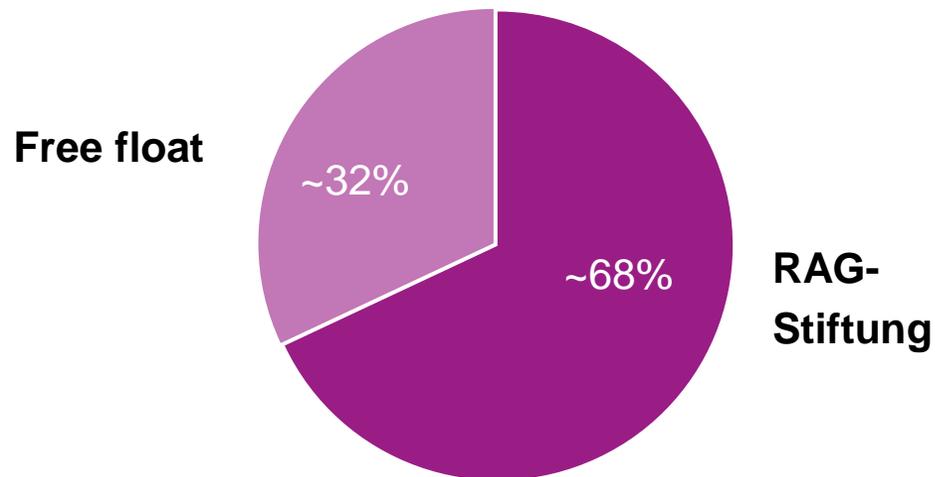
Performance Materials
Johann-Caspar Gammelin



Services
Gregor Hetzke

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

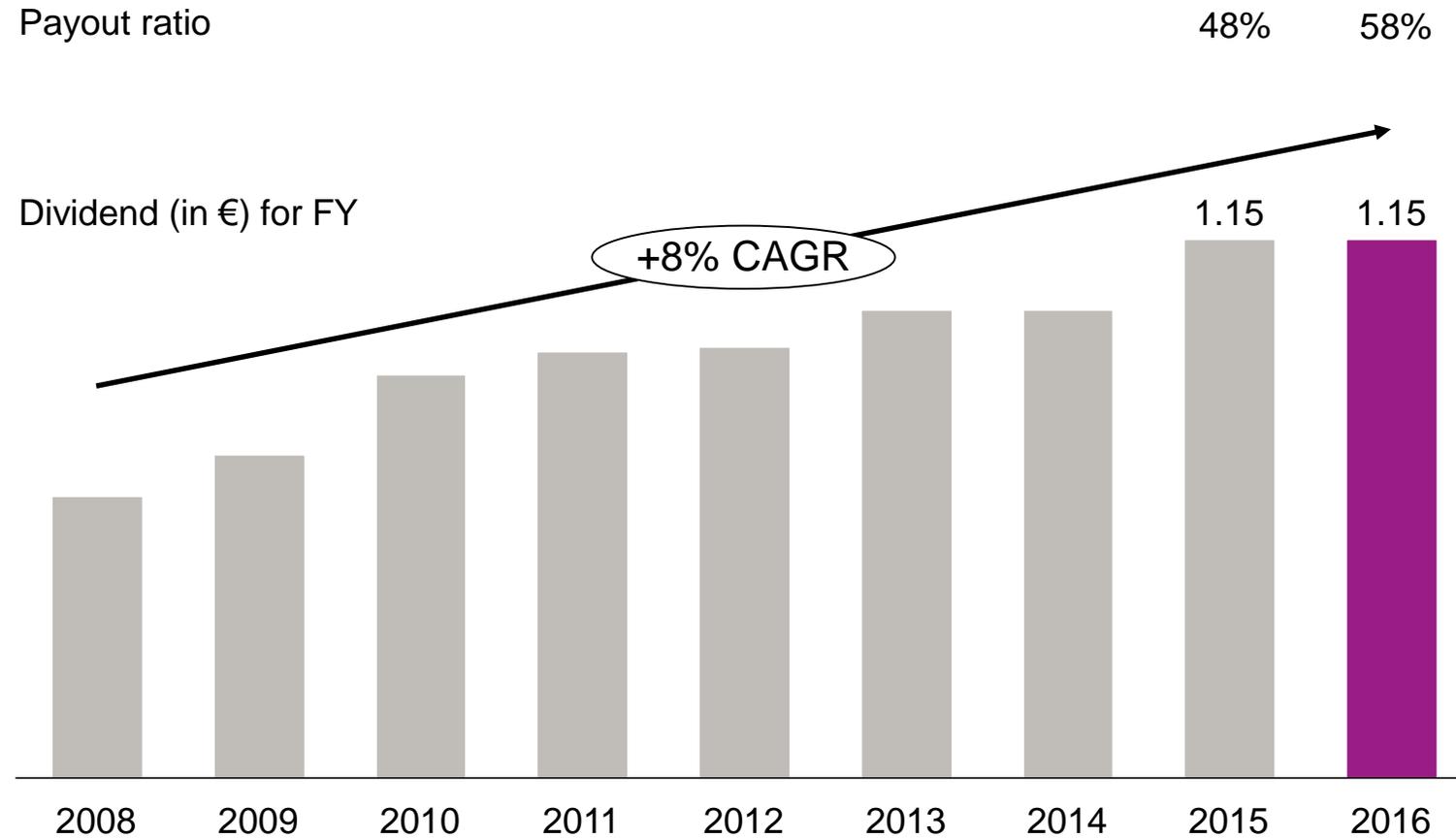
Ownership structure



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)
- RAG-Stiftung with **no intention to reduce** its stake in Evonik
- 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: 8% CAGR between 2008 and 2016
- Dividend for 2016 on attractive 2015 level despite lower adjusted net income
- **Attractive dividend yield ~ 4%**
- Reliable dividend policy targeting:
 - **dividend continuity**
 - a **payout ratio of ~40%** of adjusted net income

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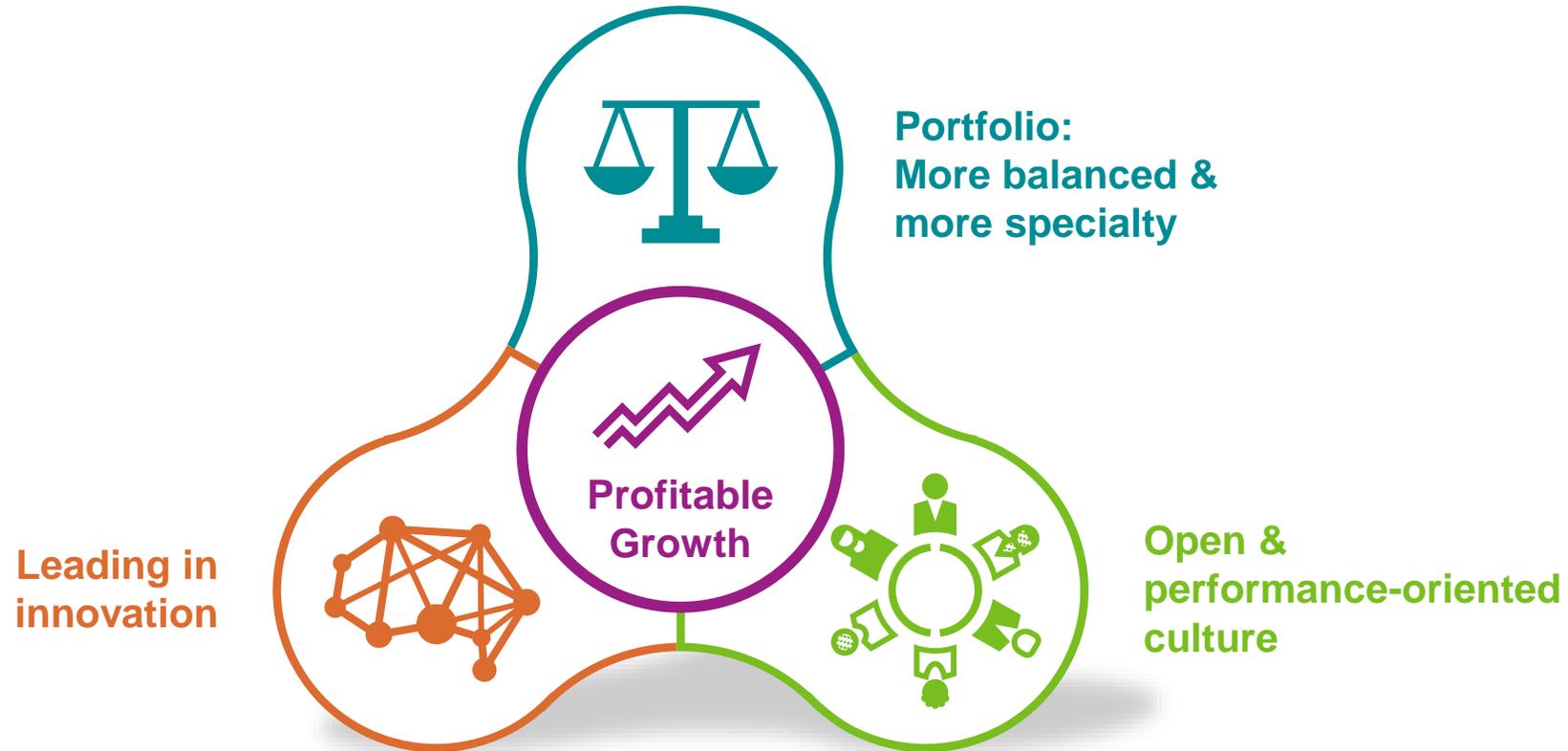
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Significant progress achieved over last 3 years



Building a best-in-class specialty chemicals company

Targeting excellence in three strategic focus areas



Building on our strengths

Developing our growth segments and businesses

NUTRITION & CARE

€4.3 bn

Mature
businesses



Growth
businesses

RESOURCE EFFICIENCY

€4.5 bn

Mature
businesses



Growth
businesses

PERFORMANCE MATERIALS

€3.2 bn

Mature
businesses



- ✓ Meeting specialty chemicals characteristics
- ✓ Focus of capital allocation

Strategic growth focus

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 a best-in-class specialty chemicals company

First steps taken in execution of strategic agenda



Achieving cost excellence

Leaner processes, higher cost discipline, competitive cost structures

Cost savings of **€200 m**

- **Focus:** Administrative & selling expenses
- **Scope:** Management holding, segments & regions
- **Leaner** organization and processes
- **Competitive** cost structures
- **Higher cost discipline**
- **Less regulation** – focus on value generation
- All measures **implemented by end of 2020, full effect in 2021**

Immediate effect
in 2018 of

€50 m

- Immediate implementation & realization
- Fully earnings-accretive already in 2018
- Limited implementation costs and time
- Strengthening free cash flow in 2018

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

Consistently executing our strategic agenda

Levers for structural uplift in profitability and growth

	Strategic lever	Impact	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"> Leaner processes, higher cost discipline, competitive cost structures 	€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

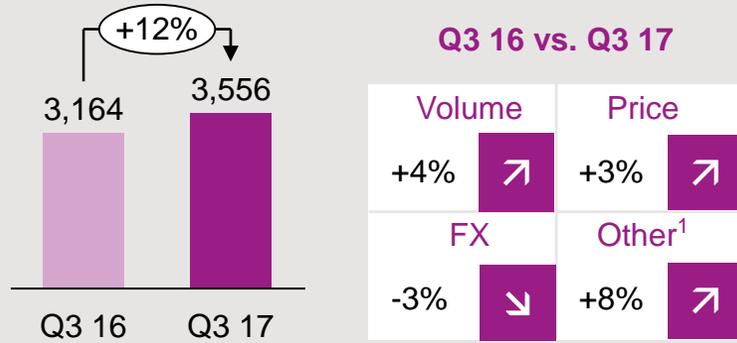
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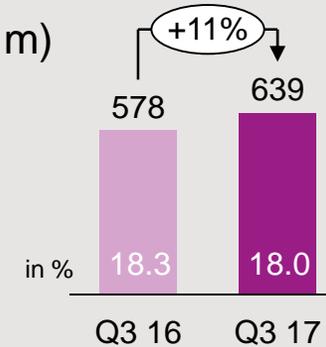
Financial highlights Q3 2017

Positive volume and price trend, only modest NFD increase despite Huber

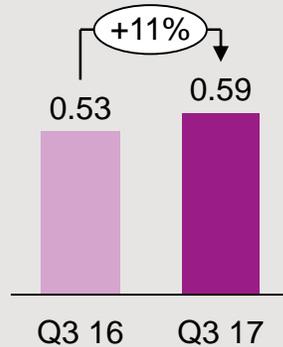
Sales
(in € m)



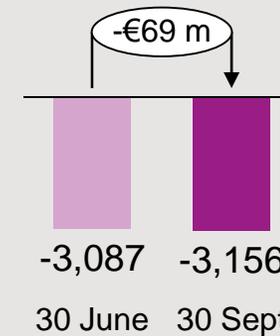
Adj. EBITDA (in € m)
/ margin (in %)



Adj. EPS
(in €)



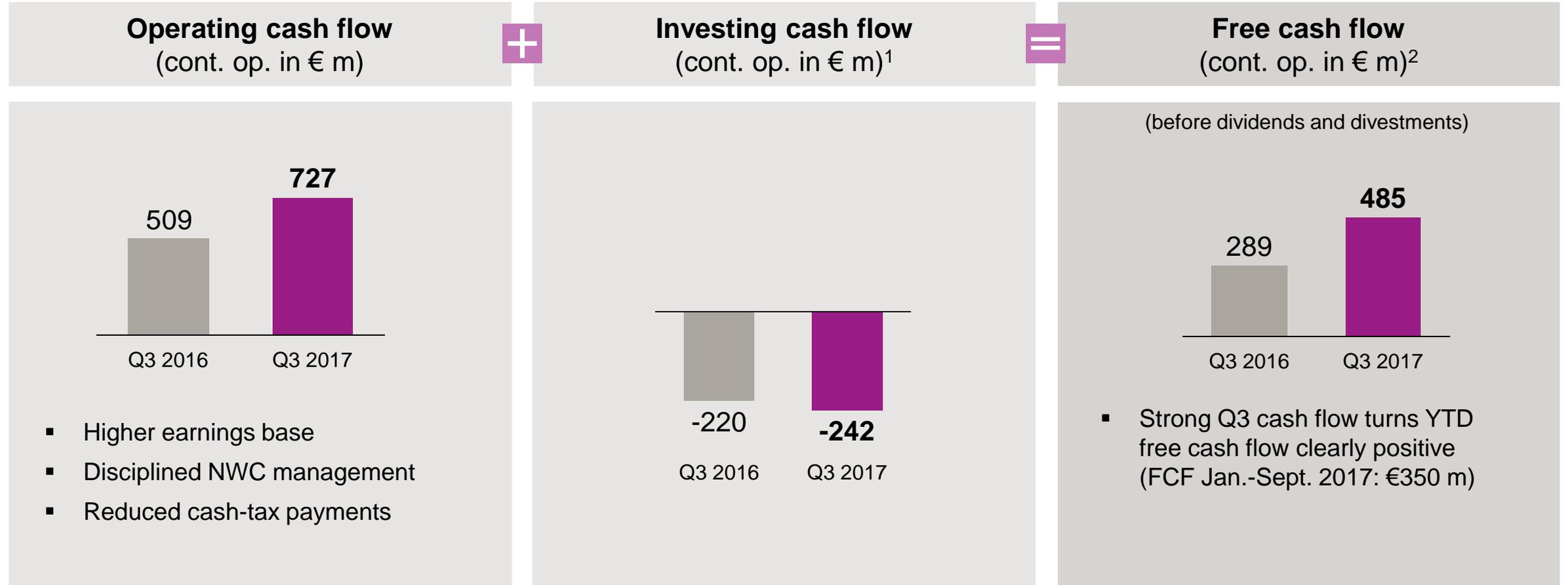
Net financial
position
(in € m)



1. Portfolio effects

Free cash flow Q3 2017

Excellent and broad-based free cash flow generation

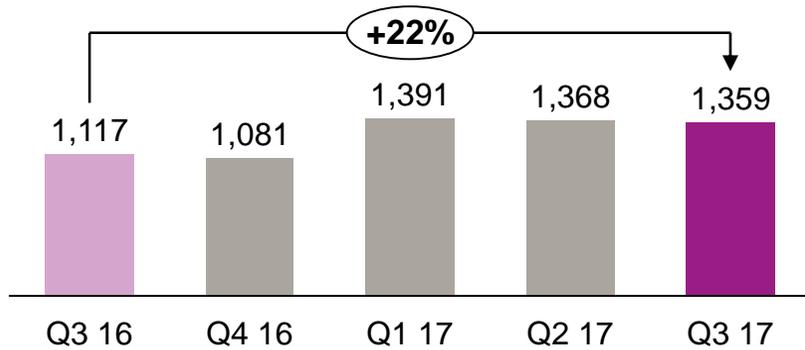


1. Cash outflow for investments in intangible assets and PP&E | 2. Operating cash flow (cont. op.) ./ Investing cash flow (cont. op.)

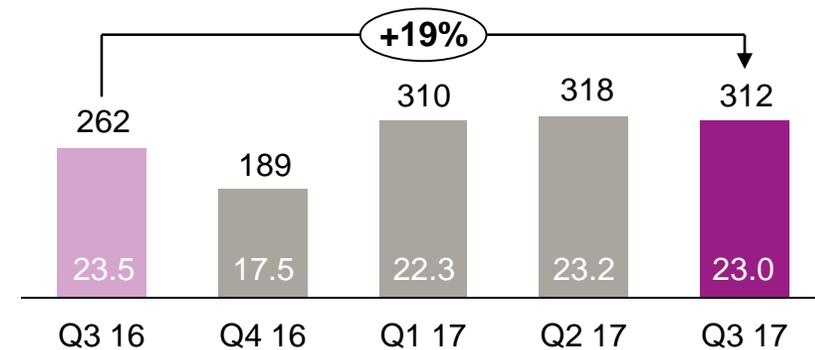
Resource Efficiency

Sustained strong performance and margin level

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



	Volume	Price	FX	Other
Q3 17 vs. Q3 16	+6% ↗	+3% ↗	-2% ↘	+15% ¹ ↗



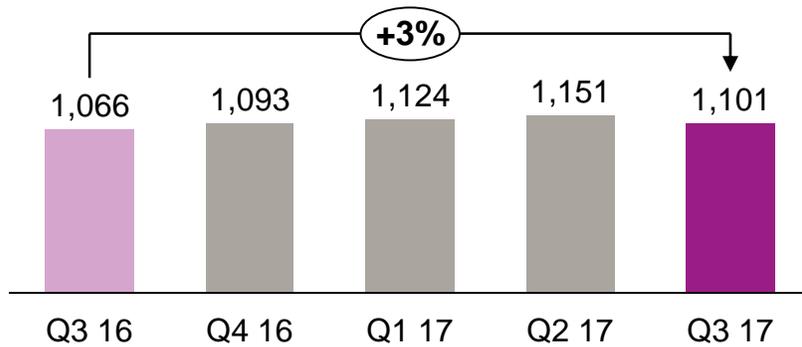
- Another strong operational performance with high and broad based volumes and accelerating prices
- Excellent margin level confirmed despite shutdowns in Q3
- Strong demand and high utilization rates across most businesses like High Performance Polymers or Crosslinkers
- Continued strength in Silica and first earnings contribution from acquired Huber Silica business
- Q4 operationally strong with typical year-end seasonality

1. Mix of portfolio effects and others

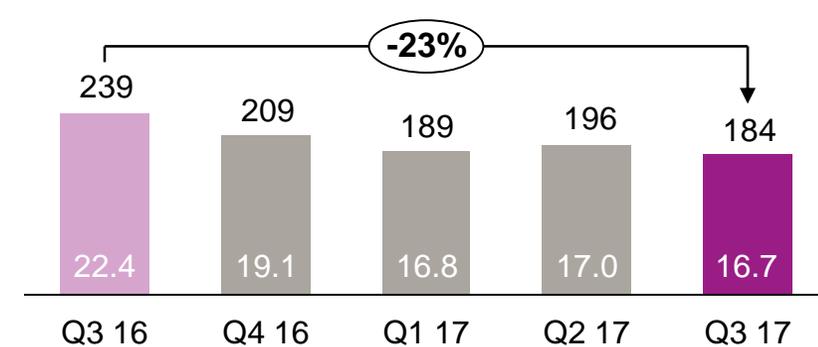
Nutrition & Care

Healthy demand and improved market sentiment in Methionine

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



	Volume	Price	FX	Other
Q3 17 vs. Q3 16	+2% ↗	-6% ↘	-3% ↘	+10% ¹ ↗



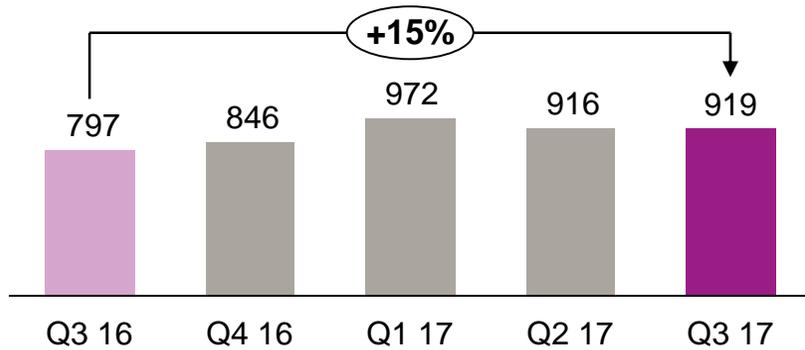
1. Mix of portfolio effects and others

- Improved market sentiment in Methionine. Price increase successfully implemented, price stabilization reached towards end of Q3. Volume impact less pronounced than initially expected.
- Comfort & Insulation with positive performance based on volume growth and margin stability
- As expected, contract patterns leading to sequentially lower contributions from Health Care.
- Q4 with accelerating impact from rising Methionine prices, potentially mitigated by lower volumes (contract business), FX and planned maintenance shutdowns

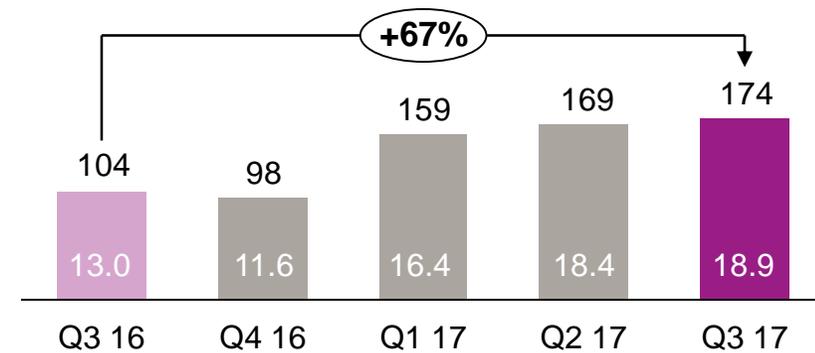
Performance Materials

Tightness in MMA and strong demand for intermediates drives Q3 performance

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q3 17 vs. Q3 16	Volume	Price	FX	Other
	+2% ↗	+15% ↗	-2% ↘	0% →



- Ongoing strong Methacrylates performance driven by current tightness with margins at high levels in all regions
- Another quarter with strong underlying demand for most C4 products. Butadiene-naphtha spread normalized as expected into more sustainable corridor. MTBE, 1-Buten and INA and DINP (plasticizers) with healthy margins.
- Strong operational performance expected to continue into Q4 with typical year-end seasonality, thus EBITDA notably above prior year, but sequentially clearly lower

Outlook for 2017 specified

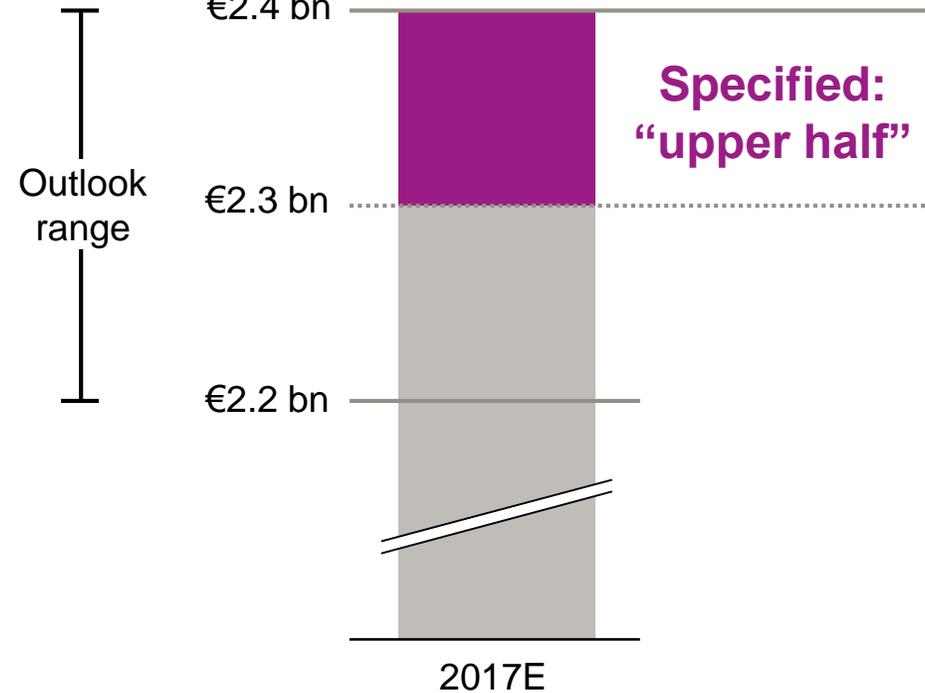
Upper half of guidance range expected

Outlook

Significantly higher sales
(previously: higher sales;
2016: €12.7 bn)

Adj. EBITDA in upper half of
€2.2 and 2.4 bn range
(2016: €2,165 bn)

Adj. EBITDA



Additional indications for 2017

- Air Products specialty additives business Adj. EBITDA of **around €250 m** including first **synergies of €10-20 m**; Sales and adj. EBITDA will be allocated roughly equally between N&C and RE
- Huber Adj. EBITDA of **around €15-20 m (for four month after closing on Sept 1st)**
- ROCE **Above cost of capital** (10.0% before taxes), but perceptibly lower than in 2016 (14.0%) as a consequence of the substantial acquisition-driven rise in capital employed
- Capex ~ **€1.0 bn** (2016: €960 m)
- Free cash flow **Clearly positive**, but considerably below the strong prior year (2016: €785 m)
- EUR/USD **Around 1.13 EUR/USD** (previously: 1.10 EUR/USD)
- EUR/USD sensitivity¹ +/-1 USD cent = **-/+ ~ €7 m** adj. EBITDA (FY basis)
- Adj. EBITDA Services **Slightly below 2016** (2016: €151 m)
- Adj. EBITDA Corporate / Others **Slightly more negative than in 2016** (2016: -€340 m)
- Adj. D&A ~ **€840 m** (2016: €717 m; increase due to finalized PPA, mainly related to Intangible Assets)
- Adj. net financial result² ~ **-€180 m** (previously; ~€190 m; 2016: -€139 m); absence of pronounced positive year-end effects vs. 2016
- Adj. tax rate ~ **31%** (2016: 30.4%), due to higher share of profits in USA

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



EVONIK

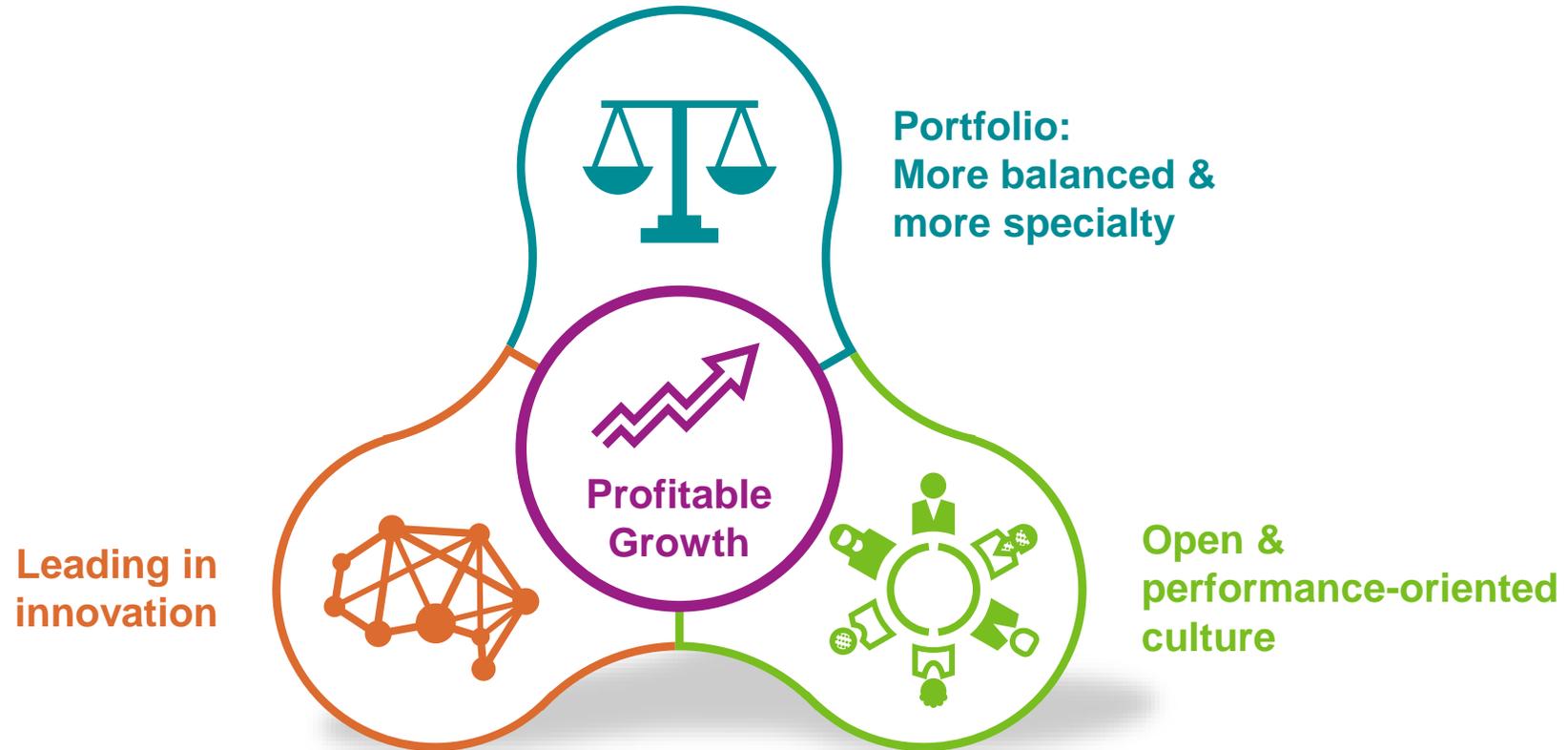
POWER TO CREATE

Appendix

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2. Acquisition of Air Products specialty additives business
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Targeting excellence in three strategic focus areas



Portfolio strategy: „More balanced – more specialty“

Focus on businesses with specialty chemicals characteristics

Low cyclical;
low raw material dependency

**Above-
average
growth and
margins**

Customer-specific products
and services

High customer proximity

Mission-critical solutions
enabling value-based pricing

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>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>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>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>	

Targeted and disciplined M&A approach



Air Products
Performance Materials



Huber Silica



Dr. Straetmans

Purchase price

~ €3.5 bn

~ €600 m

~ €100 m

EBITDA margin

>20%

>20%

~20%

Market growth

~4-5%

~4-6%

~10%

Business

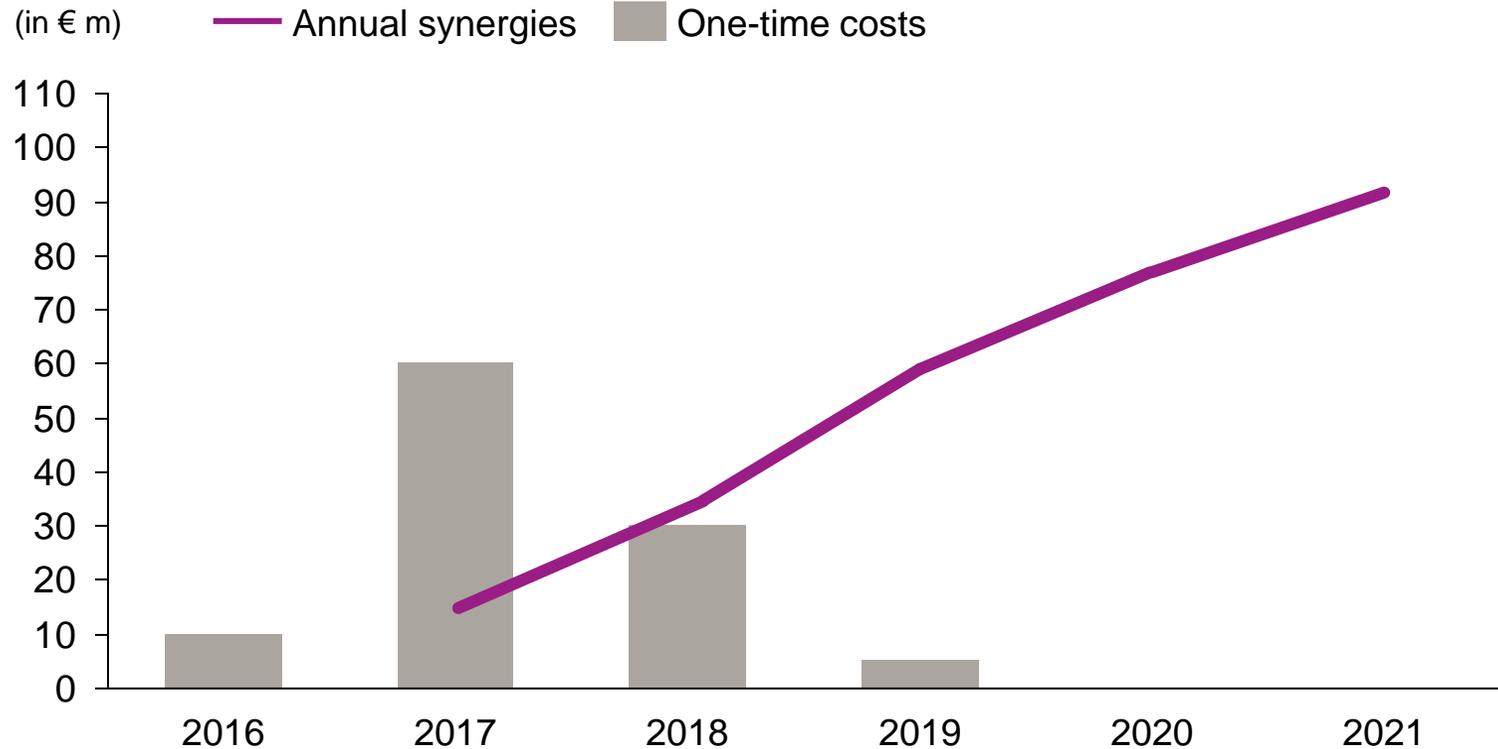
Highly attractive strategic fit, seamless integration into existing businesses

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

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 1.18

Leading Innovation

Ambitious targets, clear strategy and inspiring culture



Innovation Targets

- Increase of innovation pipeline value
- 16% contribution of innovation to sales/profit by new products and new/improved processes



Innovation Strategy

- Balanced innovation portfolio management
- Fostering disruptive innovations: Innovation Growth Fields
- Open innovation approach by partnering and venture capital investments
- Truly global



Innovation Culture

- Guiding principles of innovation (trust, openness, transparency)
- Focus on customer needs
- Fostering entrepreneurship and deal with setbacks

Leading Innovation

Innovation: Our goals

R&D rate

3 % on Group level;
4-6 % in growth engines



Evonik Innovation Growth Fields

€1 billion additional turnover
by 2025

Products/applications younger than five years

16 percent share of overall sales
(medium term)

Corporate culture drives performance

Business focus

- We take **action** and initiate **change**
- We reward **measured risk** taking
- We promise and deliver – with **conviction, clarity** and **consistency**
- We **excel** our customers' **expectations**
- We **compete to win**



**Corporate
Culture**

Best-in-class team

- We build on **openness, trust** and **respect**
- We assign **responsibility** and demand **accountability**
- We **reward performance**
- We continuously work on developing an **international mindset** as part of our **diversity strategy**
- We grow our **own leaders**

Appendix

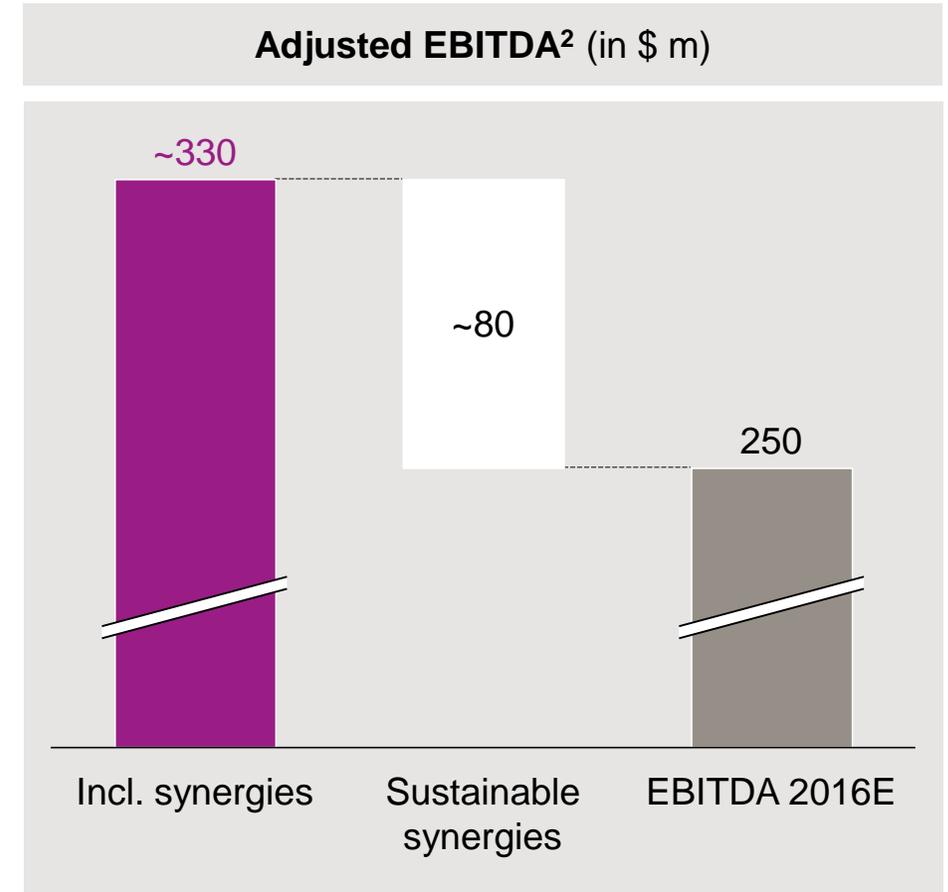
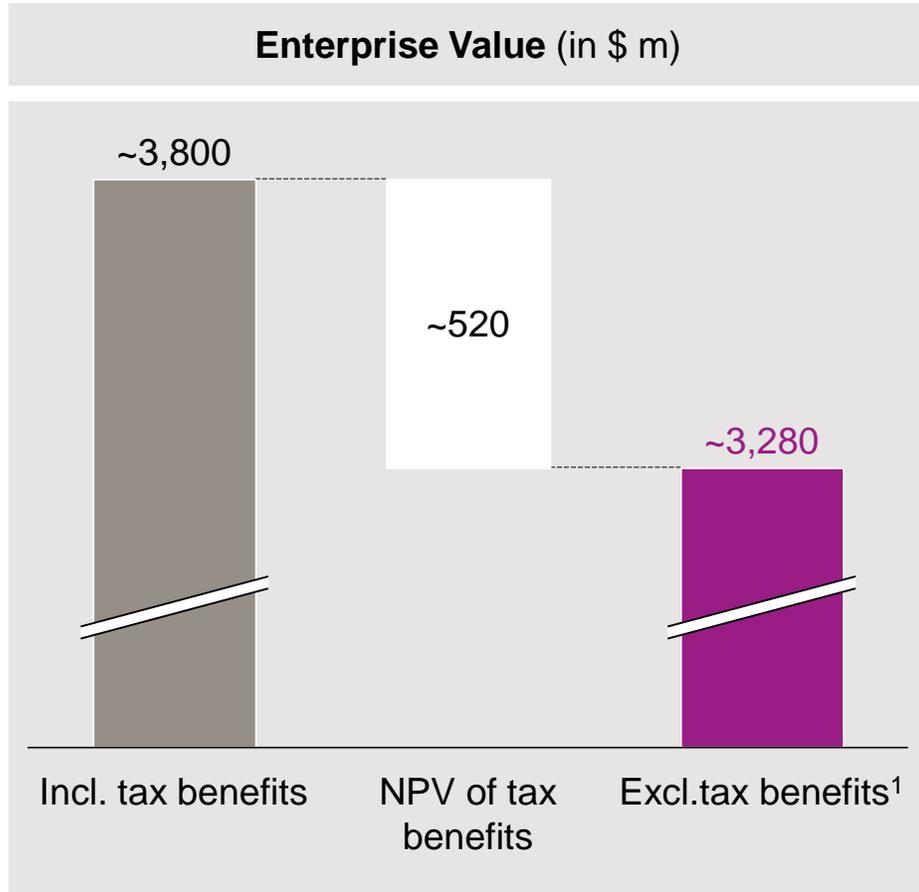
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Acquisition of Air Products (APD) Performance Materials activities

Creating a global leader in Specialty & Coating Additives



Synergy potential and tax benefits leading to an attractive price



1. By purchasing assets, tax benefits from higher D&A after asset step-up will reduce future cash tax burden
 2. Adjusted EBITDA before restructuring charges and corporate allocations

Current status Air Products specialty additives integration: Already double digit million savings achieved as predicted



Status update

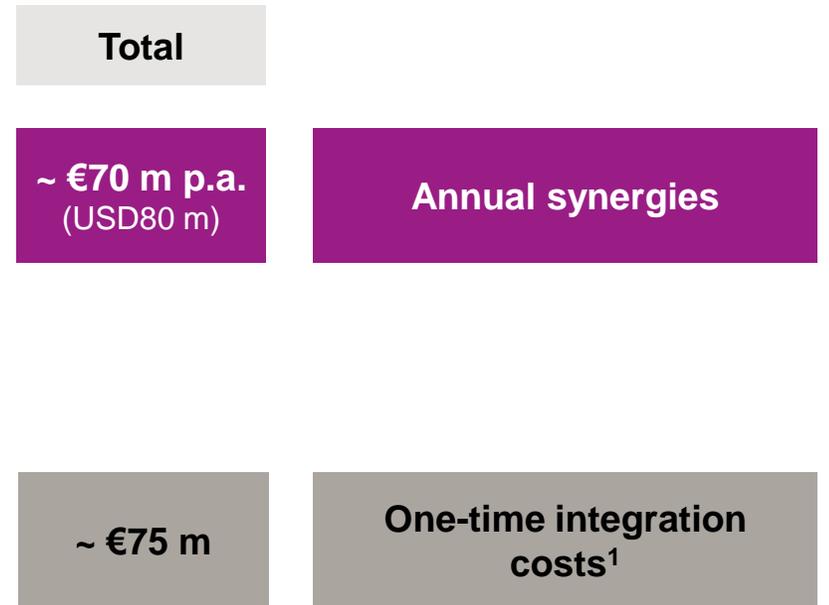
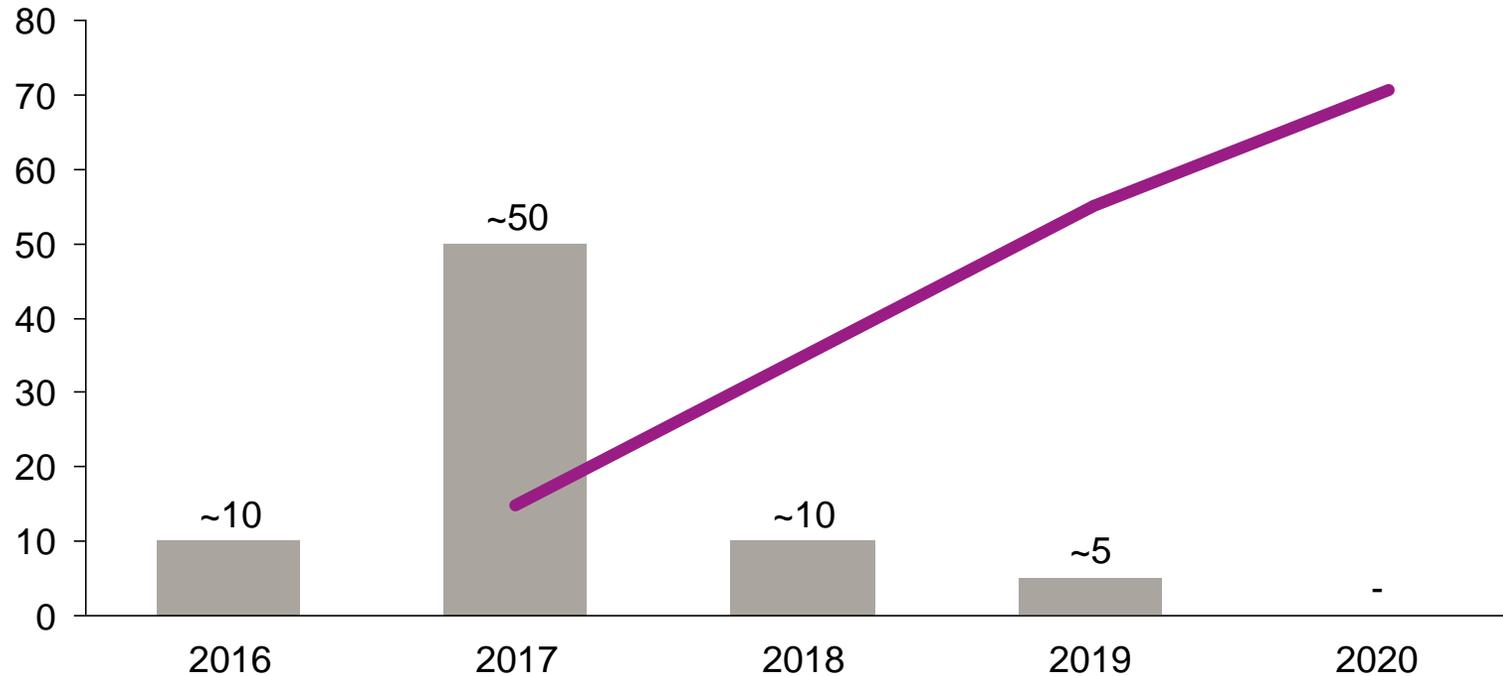
- First synergies realized via **streamlining of functions** and in **procurement**
- Continuous execution of “**best-of-both-worlds**” approach:
 - Enhancing and facilitation of **cross BL co-operation** (e.g. distributor management)
 - Jointly leveraging on individual commercial best practices (e.g. pricing, sales & operations planning)
- Successful GoLive of **combined IT technology landscape** achieved beginning of Q4 2017

€11 m synergies already realized (1-9 2017)

Synergy ramp-up on track for Air Products specialty additives

Implementation schedule of Air Products specialty additives acquisition

(in € m) — Annual synergies — One-time costs



1. Excluding transaction-related costs

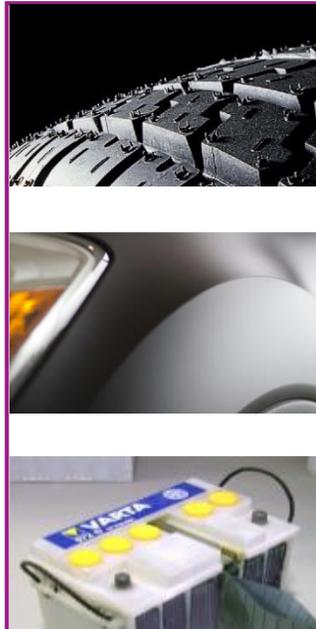
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Acquisition of Huber Silica

Access to new highly attractive silica applications for Evonik

Evonik's focus areas in Silica



Tire

Coatings

Industrial Specialties

Complementary applications



Attractive growth rates:
4-6%

Huber's focus areas in Silica



Dental

Life Science Specialties

Combined sales¹: > €1.3 bn | Adj. EBITDA margin: >20%

1. Sales of Evonik Business Line Silica and Huber Silica

Diversified exposure with attractive growth rates

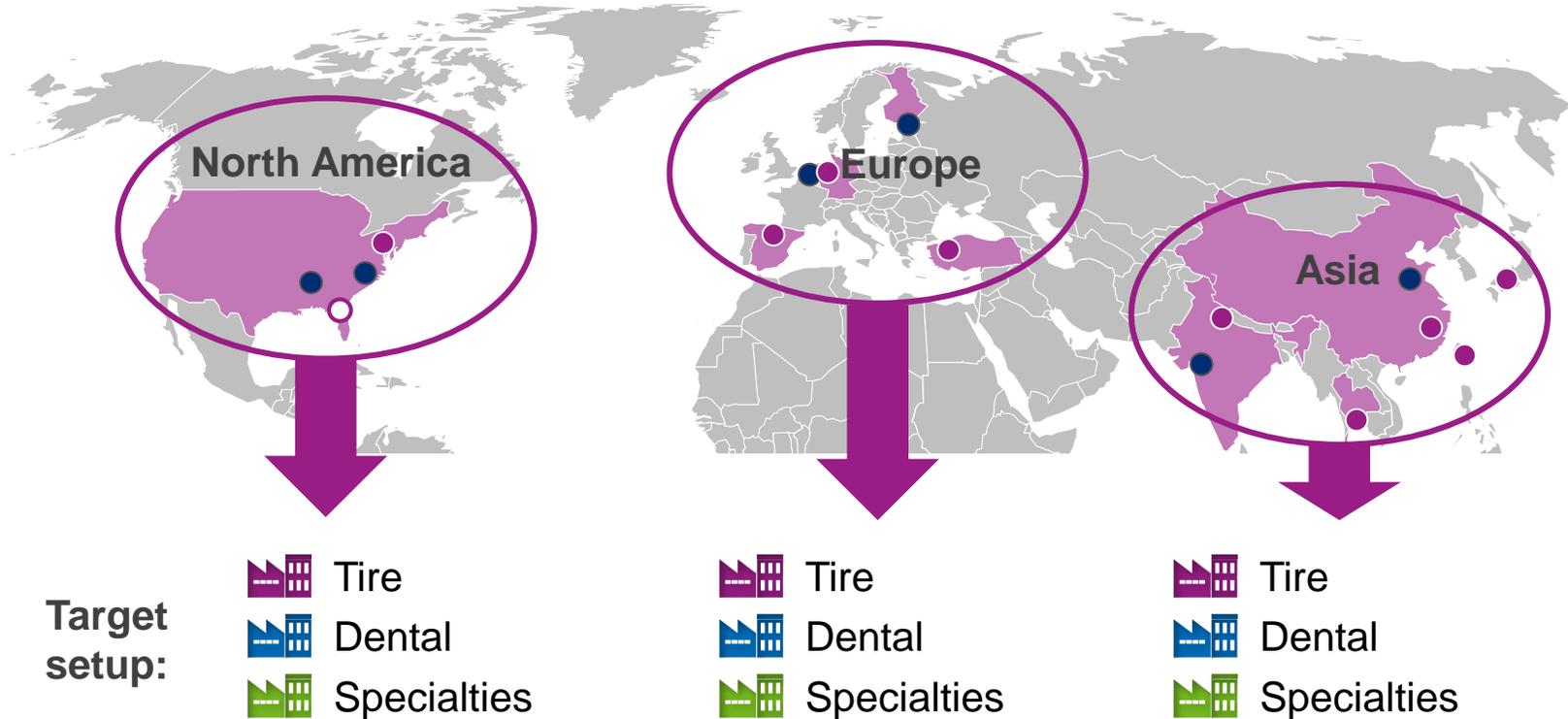
Resource Efficiency and Convenience as major growth drivers

Dental		4% p.a.	<ul style="list-style-type: none"> ▪ Abrasive silica for cleaning and whitening ▪ Thickening agent for toothpaste
Tire		5-7% p.a.	<ul style="list-style-type: none"> ▪ Reduced rolling resistance of “Green Tires” ▪ Increased tensile strength and hardness of e.g. belts
Industrial		3-5% p.a.	<ul style="list-style-type: none"> ▪ Tear resistance in silicones and rubbers ▪ Flow control of bonding pastes in windmill production
Coatings		5% p.a.	<ul style="list-style-type: none"> ▪ Matting agent of choice for waterborne coatings ▪ Rheology control additive in automotive coatings
Pharma & Care		5% p.a.	<ul style="list-style-type: none"> ▪ Tableting aid and carrier for drugs ▪ Replacement of plastic scrub particles for peelings
Food & Feed		4% p.a.	<ul style="list-style-type: none"> ▪ Anti-settling in liquid agrochemicals ▪ Carrier for liquid ingredients (e.g. vitamins) ▪ Anti-caking during food processing

Source: Notch Consulting, Inc.; Evonik estimates

Optimizing the regional production setup

Dedicated plants for specific silica types in each major region



Asset optimization:

Situation today:

- Plants producing different silica types for several applications

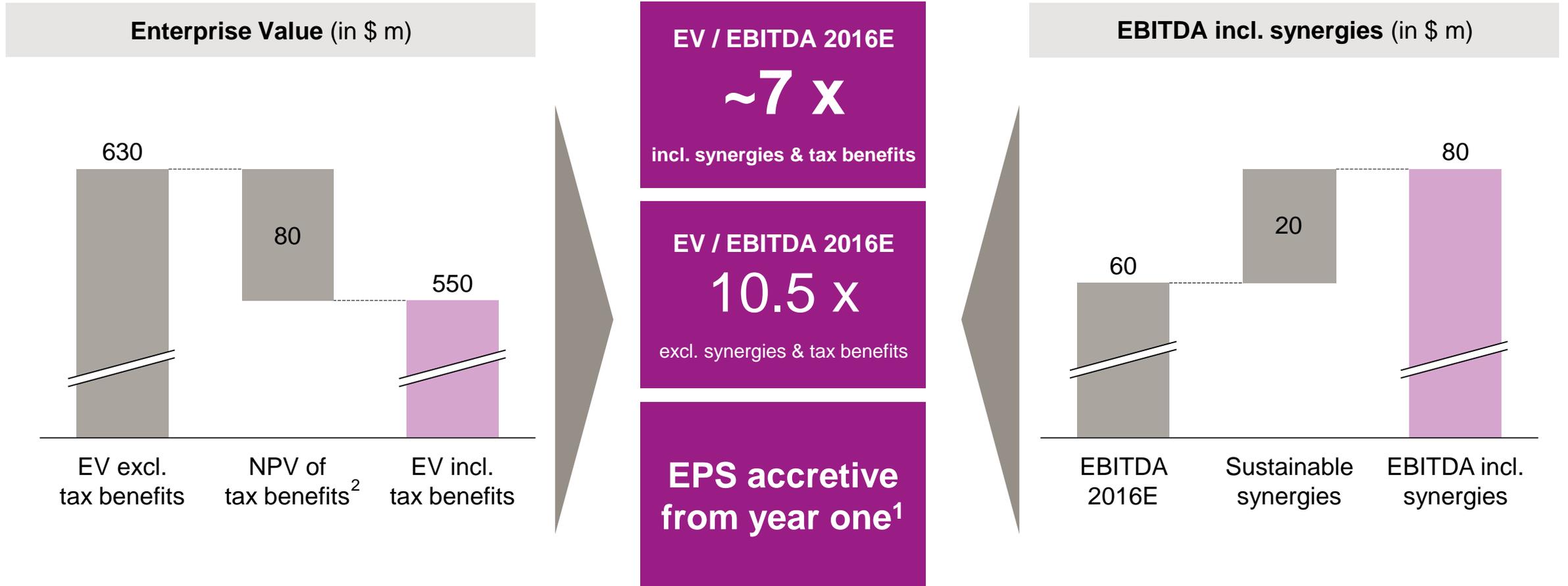
New setup after integration:

- Asset optimization towards one dedicated application per plant fuels higher efficiency
- R&D centers in each major region facilitating targeted R&D for Specialties
- Combined and optimized capacities enable capex saving potential for Evonik in the future

Combination of production setups: Enabling a dedicated regional plant setup for specific applications

● Production site Huber ● Production site Evonik ○ Plant under construction in USA

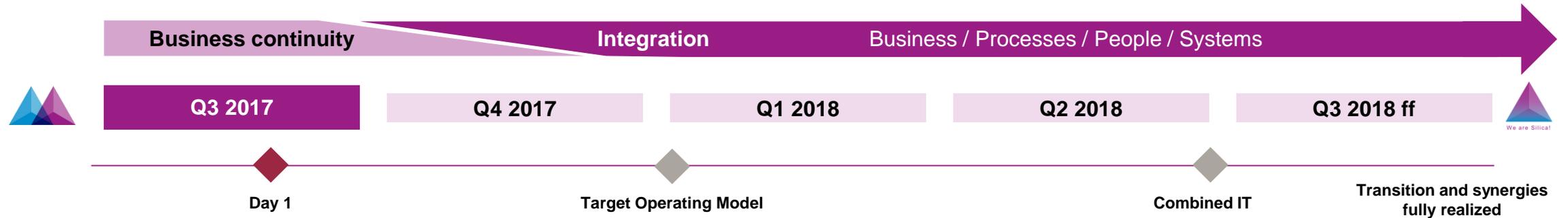
Synergies and position as strategic buyer leading to attractive valuation



1. First full year after closing | 2. By purchasing assets, tax benefits from higher D&A after asset step-up will reduce future cash tax burden

Current status Huber Silica integration:

After successful Day 1 focus on systematic transition



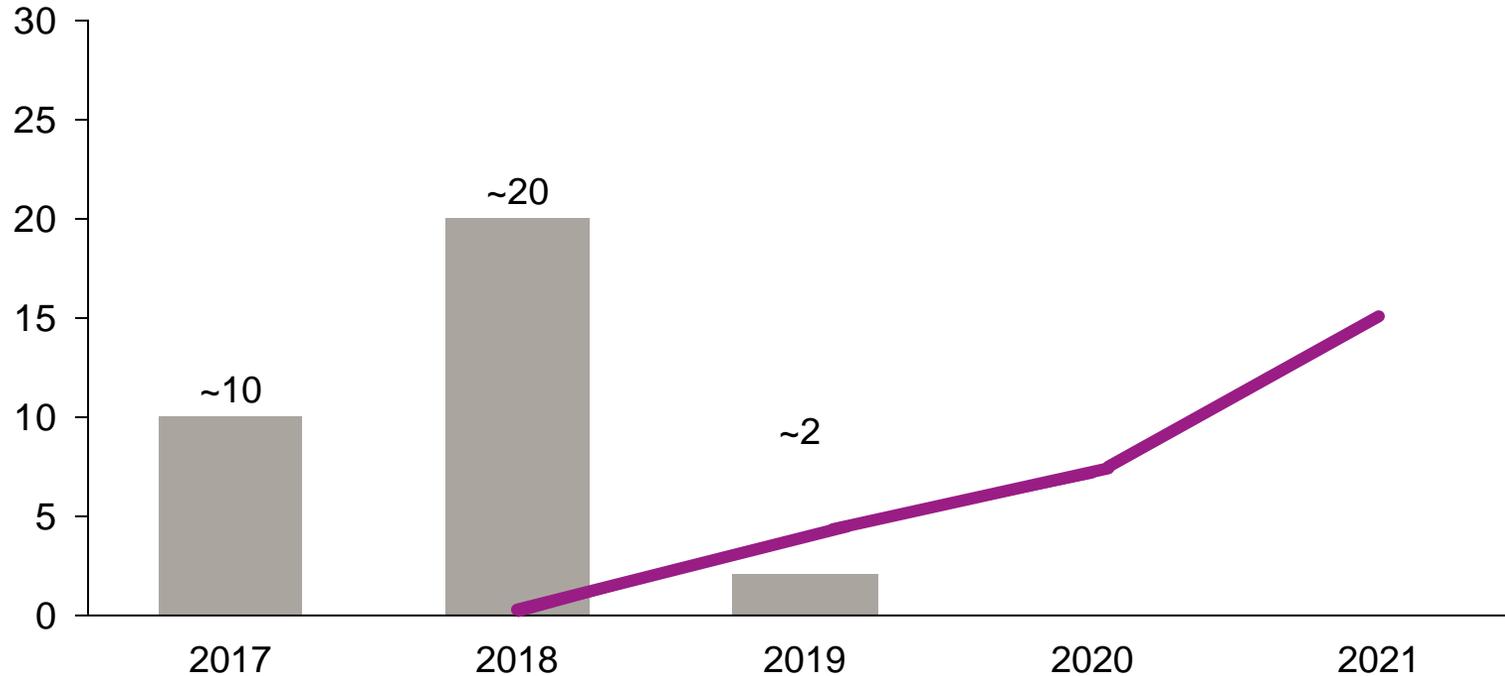
Status update

- Acquisition of Huber Silica business **successfully closed on Sept 1st**, Day 1 organization established
- **Carve-out and transfer of Evonik dental business and Huber defoamer** business in Europe to W.R. Grace on Sept 5th
- **Initiatives** for organizational and processes integration as well as **value generation initiated**
- Focus on **Business Continuity** and minimum disruption
- **Joint conferences** to accelerate the successful integration

Synergy ramp-up on track for Huber Silica specialty additives

Implementation schedule of Huber Silica acquisition

(in € m) — Annual synergies — One-time costs



Total

~ €17 m p.a.
(USD20 m)

Annual synergies
All measures expected
to be implemented by 2021

~ €30 m

**One-time integration
costs¹**

1. Excluding transaction-related costs

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Evonik Group

22 Business Lines grouped in 3 segments

Nutrition & Care




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

Resource Efficiency




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

Performance Materials




- Performance Intermediates
- Methacrylates
- Acrylic Products
- Functional Solutions
- Agrochemicals & Polymer Additives
- CyPlus Technologies

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

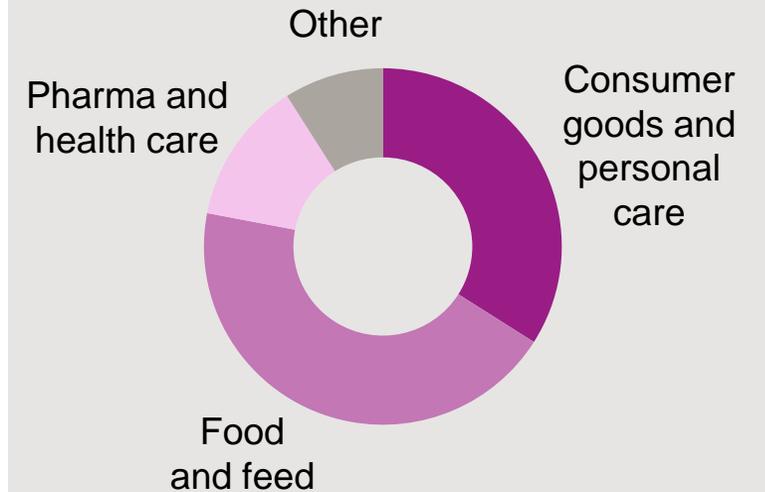
- Amino acids for professional animal nutrition
- Ingredients for cosmetic products
- Superabsorbents for baby diapers
- Drug delivery systems for controlled drug release



Adj. EBITDA (€ m) and margin (%)



End market split



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

Probiotics - Portfolio expansion beyond amino acids

Innovative solutions for antibiotic-free animal nutrition

**Growth engine:
“Animal Nutrition”**



Step change in animal nutrition:

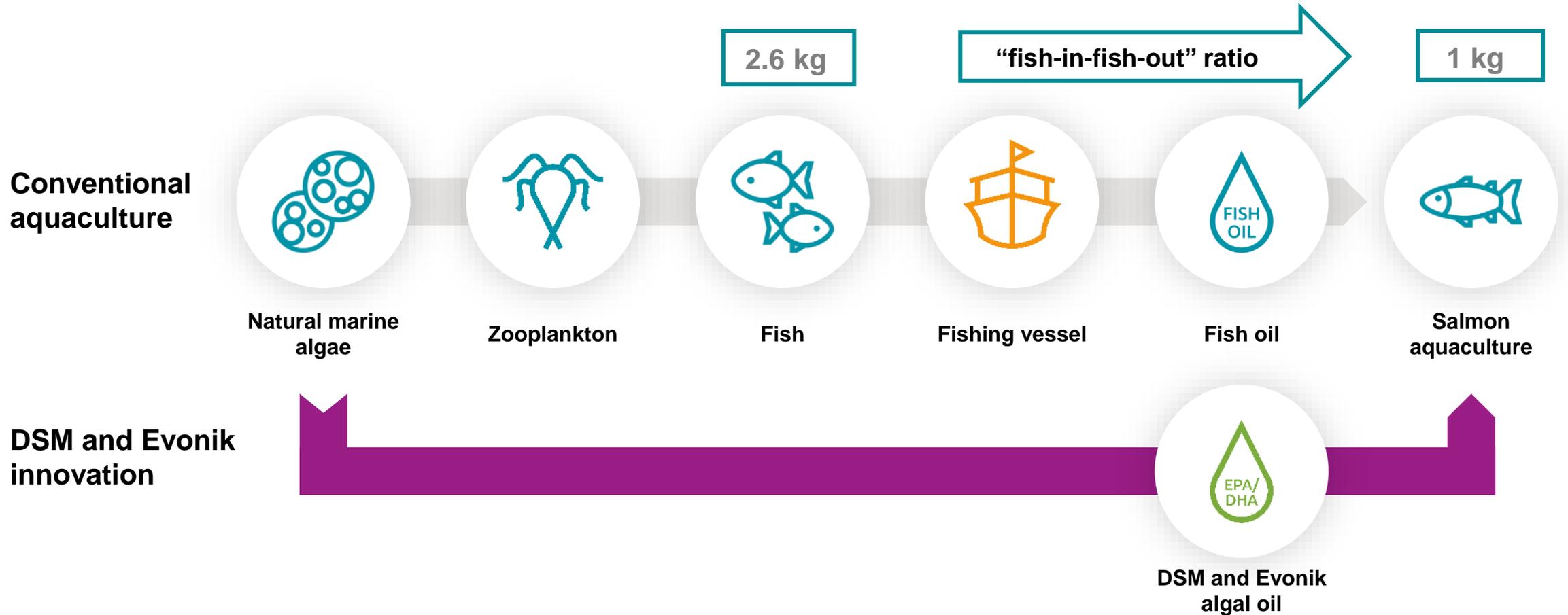
- Food quality and safety becoming more and more important
- Antibiotics being met with growing criticism
- Probiotics to play a pivotal role in resolving food quality and safety

Internal and external growth as integral part of Evonik’s strategy beyond amino acids

- Leveraging our **biotechnology** competence in probiotics
- Acquisition of **probiotics business of Norel S. A. in 2016**
 - Already approved and established brands
 - Important step to get **access** to the regulated and attractive European probiotics market
- Own product development of **GutCare®** to complement probiotics portfolio
 - After the United States and China earlier this year, Gutcare® launched in India and Bangladesh in July

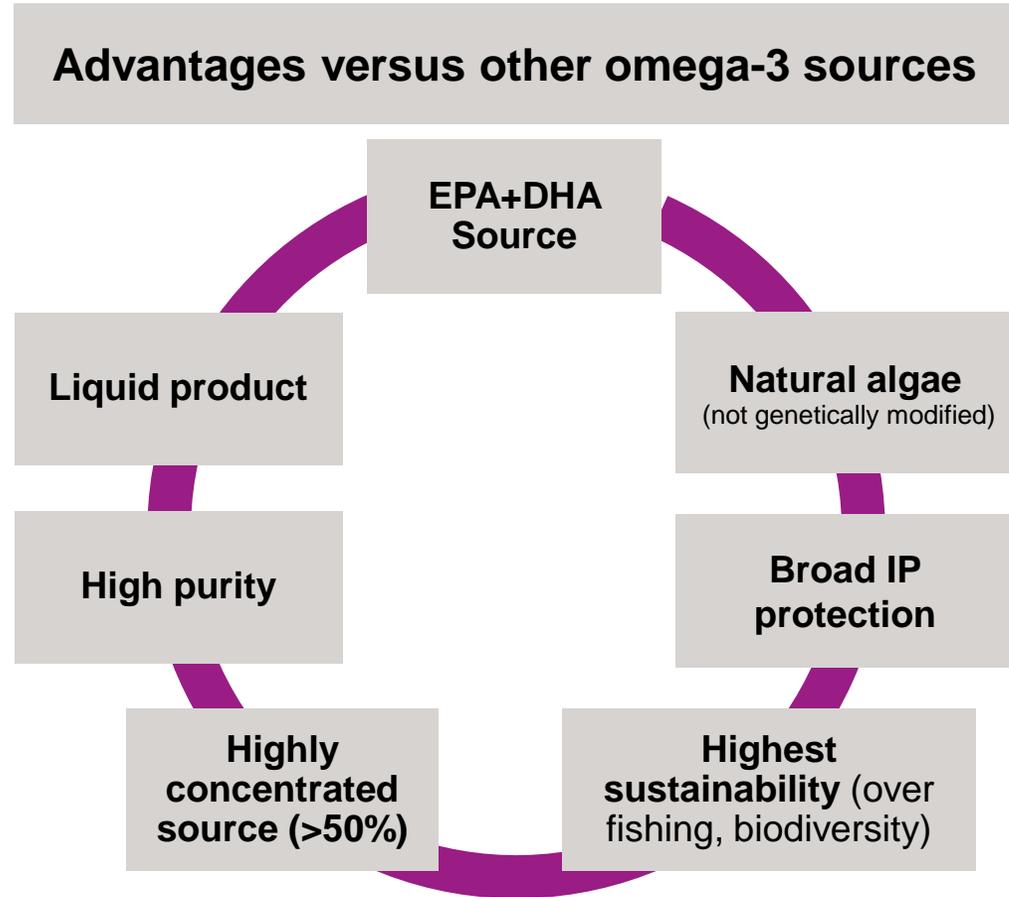
**With in the last 12 months
rollout of a global probiotics
business**

Natural marine algal oil is a sustainable alternative solution for omega-3 fatty acids used in aquacultures



DSM and Evonik breakthrough – shortening the natural food chain

Algal oil as a high-quality source of omega-3 for the use in animal nutrition has many advantages



1 kg of our EPA and DHA algal oil can replace **60 kg** wild catch fish



Meeting roughly **15%** of the EPA and DHA demand of the **global salmon industry**



DSM and Evonik establish joint venture for omega-3 fatty acids from natural marine algae for animal nutrition

- DSM and Evonik to found a **50:50 joint venture** to be named **Veramaris™**, headquartered in The Netherlands
- Joint venture for high value omega-3 fatty acid products rich in **EPA and DHA** for **animal nutrition** produced from **natural marine algae**
- Joint venture's capital expenditure in the facility will amount to around **US\$ 200 million** over the next 2 – 3 years
- Facility is scheduled to **open in 2019**
- New facility will be built in the United States, at an existing site of Evonik
- Global aquaculture production **growth is 5-6%** per year with high increasing requirements in fish oil



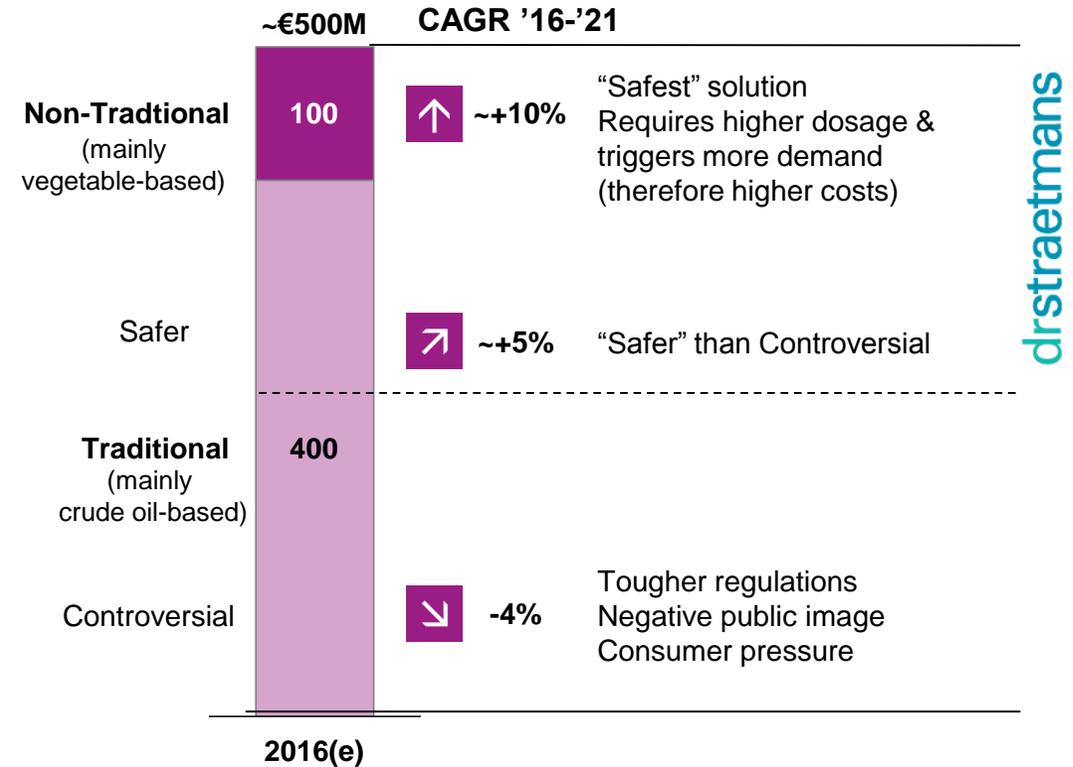
Acquisition of Dr. Straetmans

Sustainable preservation with state of the art multifunctionals

Preservatives

- Preservatives are an essential part of any cosmetics formulation preventing product deterioration (e.g. via oxidation) → important cross-sectional technology
- Trend towards non-traditional preservatives due to criticism of traditional preservatives (e.g. possible estrogenic effects of paraben)
- Use of non-traditional preservatives is more complex and requires higher dosages and higher application and formulation know-how

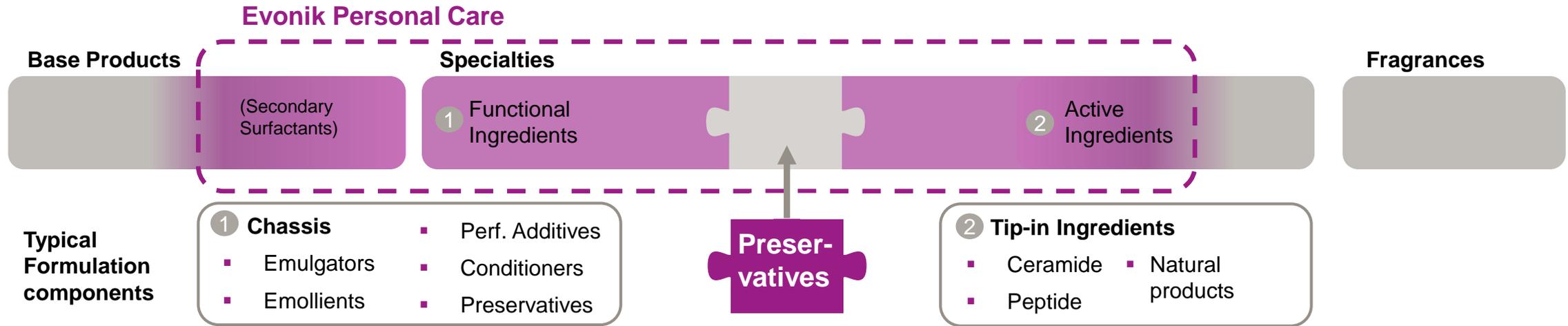
Market shift to high-growth non-traditional preservatives



Source: Expert interviews, Advancy analysis

Acquisition of Dr. Straetmans

Helping Evonik Personal Care to become a wide technology player

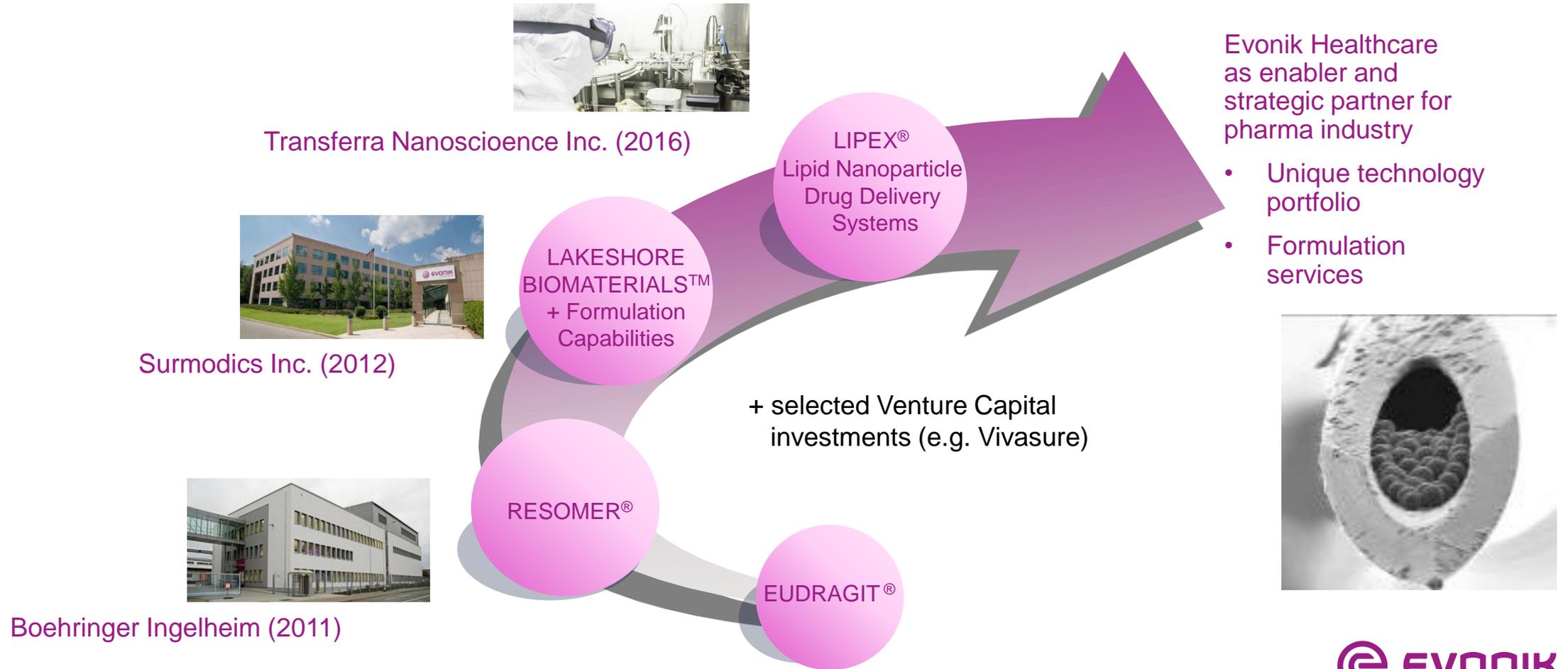


Strategic rationale

- Combination of preservatives know how of Dr. Straetmans with emulsifier know how of Evonik
- Expanded formulation skills in one hand, thus enhanced capability to offer formulation packages
- Reduced development time and costs for customers

Harvesting substantial value from Technology M&A in Health Care

Building up competences and additional solution portfolio



Resource Efficiency

Innovative products for resource-efficient solutions

Key characteristics

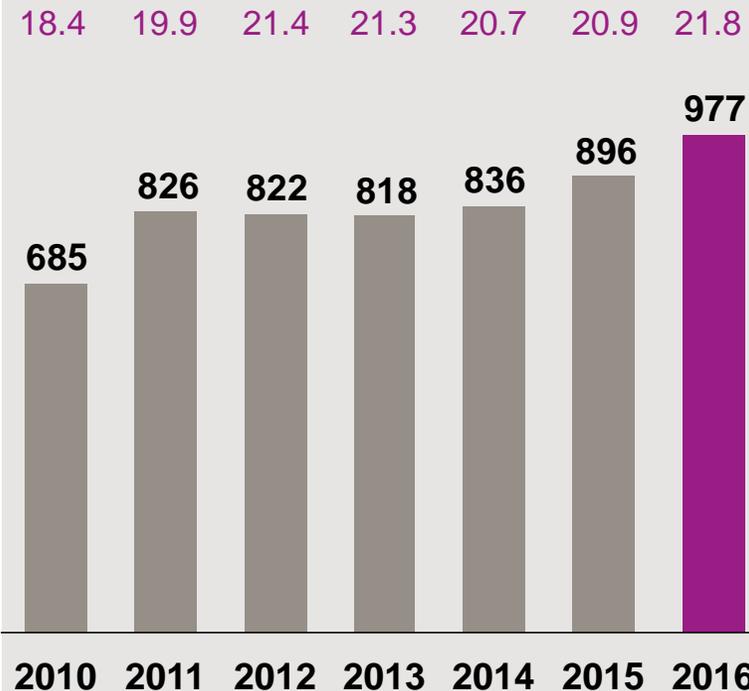
- Focus on **performance-impacting** and value-driving components
- **Minor share of cost** in most end products
- Strong focus on **technical service**
- **Low risk of substitution**
- High pricing power (**value-based pricing**)

Key products

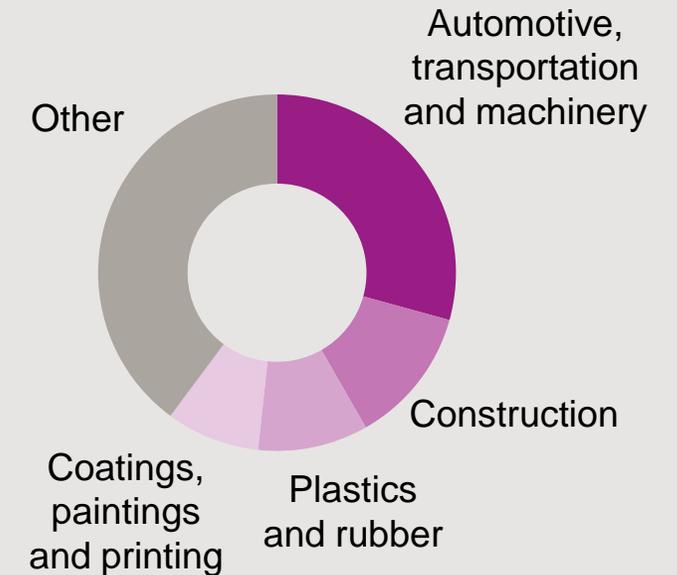
- Precipitated and fumed silica as flow property enhancers
- Crosslinkers for composite materials and coatings
- Viscosity modifiers for oils and hydraulic fluids



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"> ▪ Arkema ▪ BASF ▪ Covestro

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

Extending Smart Materials growth engine

Expansion of fumed Silica capacities in Antwerp

- Evonik is extending its capacities for fumed silica in Antwerp
- Double digit million € investment volume
- Highly specialized chemistry with GDP+ growth in various end-markets
- Typical applications of these specialty silica, which Evonik markets under the name AEROSIL®, include
 - coatings and paints
 - modern adhesive systems
 - transparent silicones
 - non-flammable high-performance insulation materials
- Investment ensures Evonik's position as leading global manufacturer of silica



Licensing of HPPO technology

Attractive risk/reward profile and reliable earnings stream

HPPO technology within our H₂O₂ business

- In the HPPO process hydrogen peroxide (H₂O₂) is used to oxidize propylene to propylene oxide (PO)
- Environmentally benign, state of-the-art process for attractive PO market with 3-5% growth globally but capital-intensive businesses
- Solution: **Licensing of HPPO process and hydrogen peroxide technology** solely for this purpose

Licensing for MOL group Polyol Project

- MOL group is a leading oil and gas company in Eastern Europe
- **HPPO plant** with 200 kt/year propylene oxide production capacity is part of €1.9 bn invest in new **industrial complex to produce polyols**
- **Evonik delivers licenses, services and catalysts**

Benefits for Evonik

- Attractive risk/return ratio
- Low capital intensity
- Reliable earnings stream
- Attractive EBITDA margin

Performance Materials

Integrated production platforms for efficient production of rubber and plastic intermediates

Key characteristics

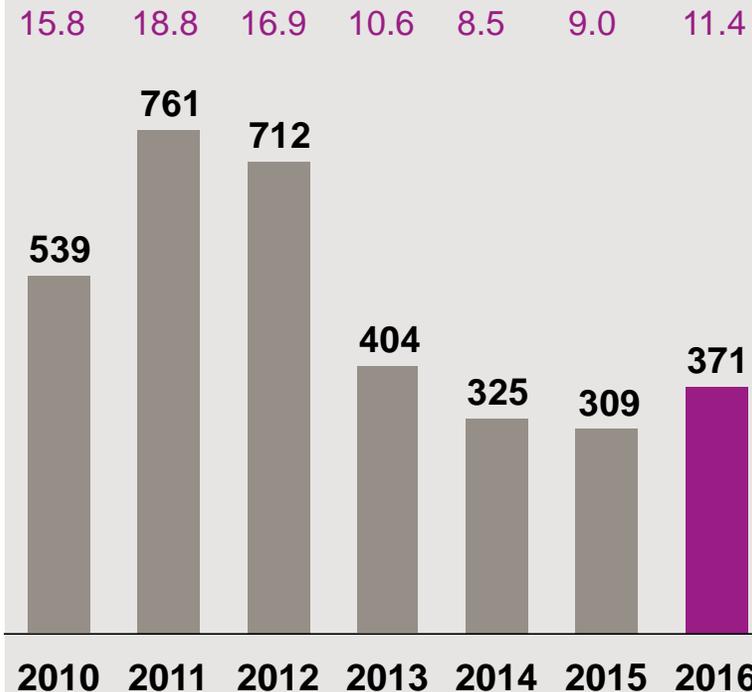
- Strong **integrated production platforms**
- **Leading cost positions**
- Favorable **raw material access**
- Focus on **continuous efficiency improvements**
- High degree of **supply reliability**

Key products

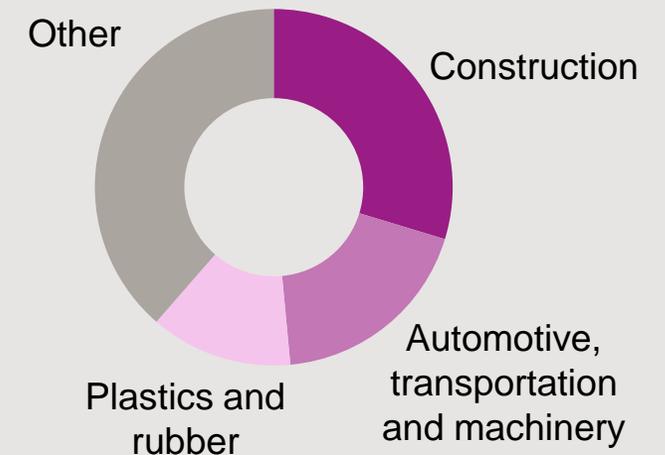
- Acrylic sheets, molding compounds (PMMA) and its precursors (MMA), e.g. for LED and touch screens
- Butadiene for synthetic rubber
- MTBE as fuel additive



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

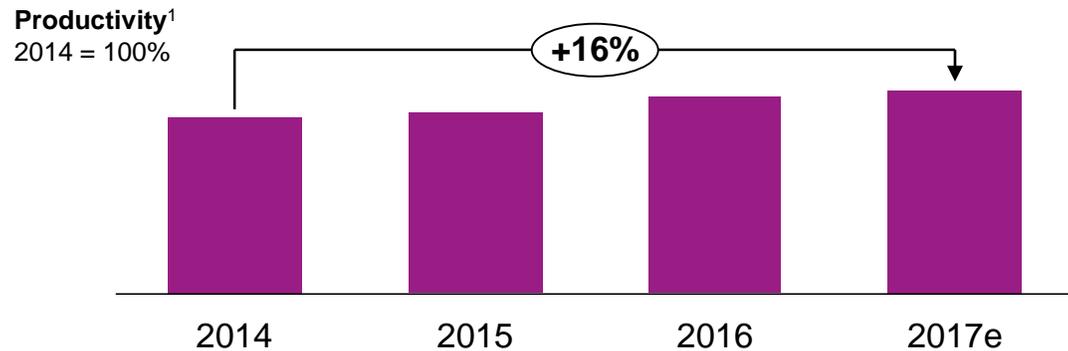
Business Line overview (2/2)

	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

Performance Materials increases productivity while exercising tight cost management

Productivity increase 2014 - 2017



Strategic measures raising productivity

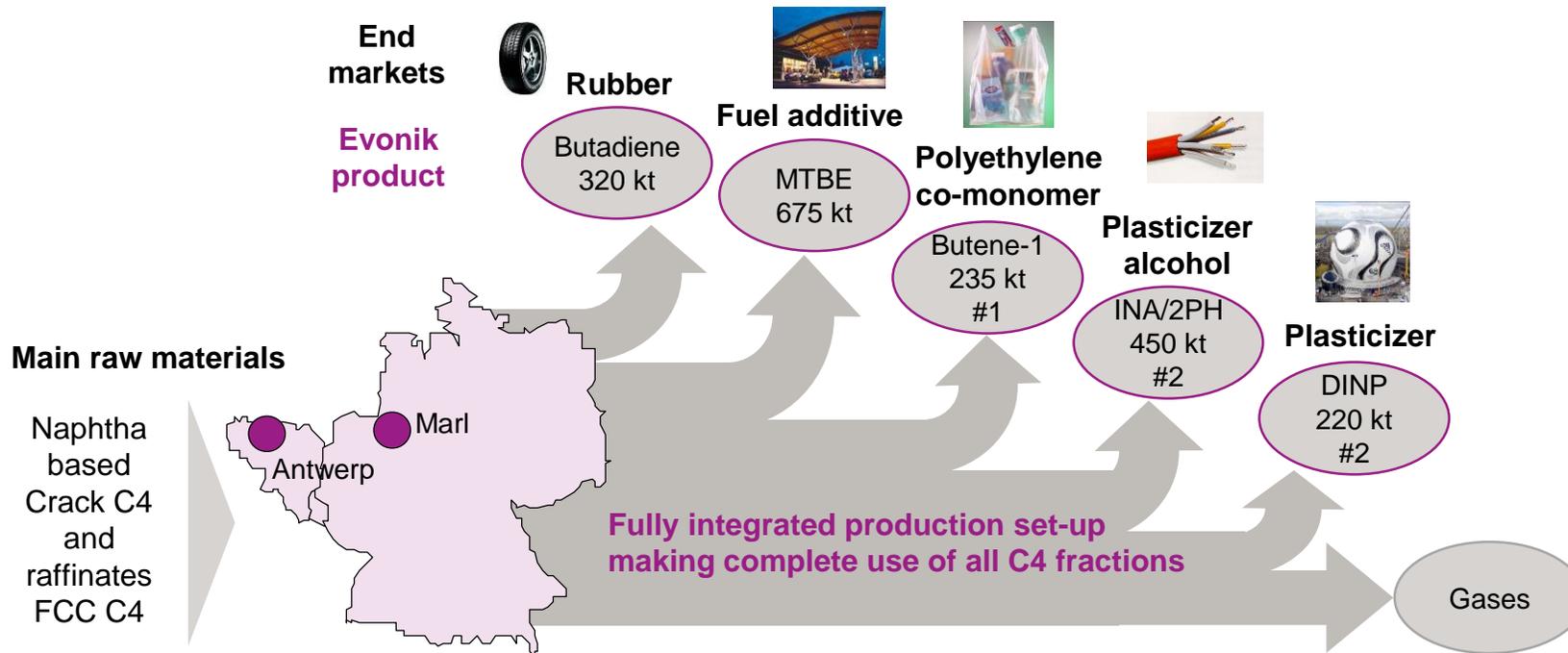
- Flexibilization of cost structure and streamlining of product portfolio
 - Site closure Münchsmünster (CO₂ extraction business) and Gramatneusiedl (PMMA)
 - Restructuring business setup in MMA/PMMA
 - Total headcount reduction: ~230 by end of 2017 (vs. 2014)
- New innovative business models
 - Higher proportion of direct sales business (w/o distributors)
 - Full service and solution provider business model
 - Supply Chain digitalization in C4 business

1. Total sales volume / Headcount Performance Materials w/o apprentices

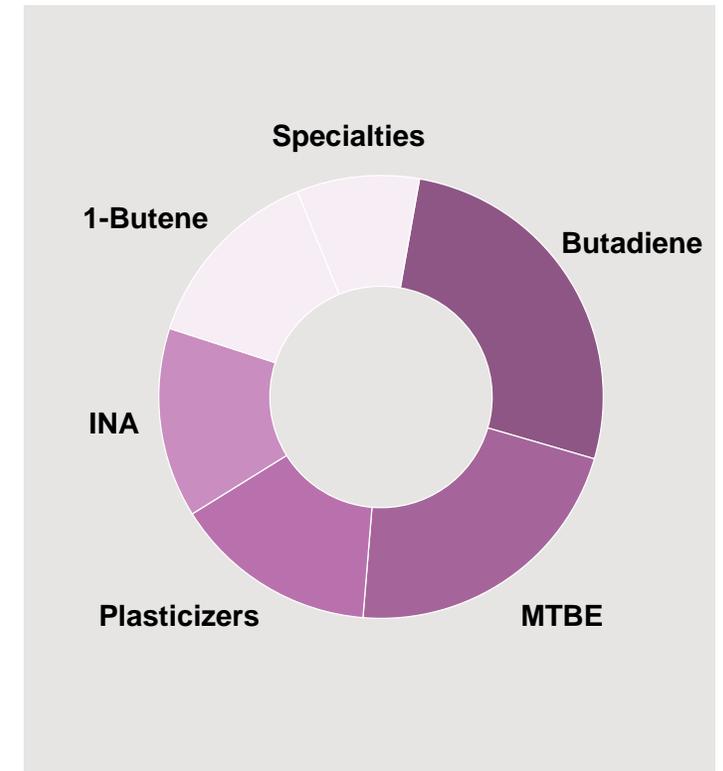
Performance Intermediates (C4 chain)

Fully integrated production platform in Europe

Capacity overview



Share of total sales by product



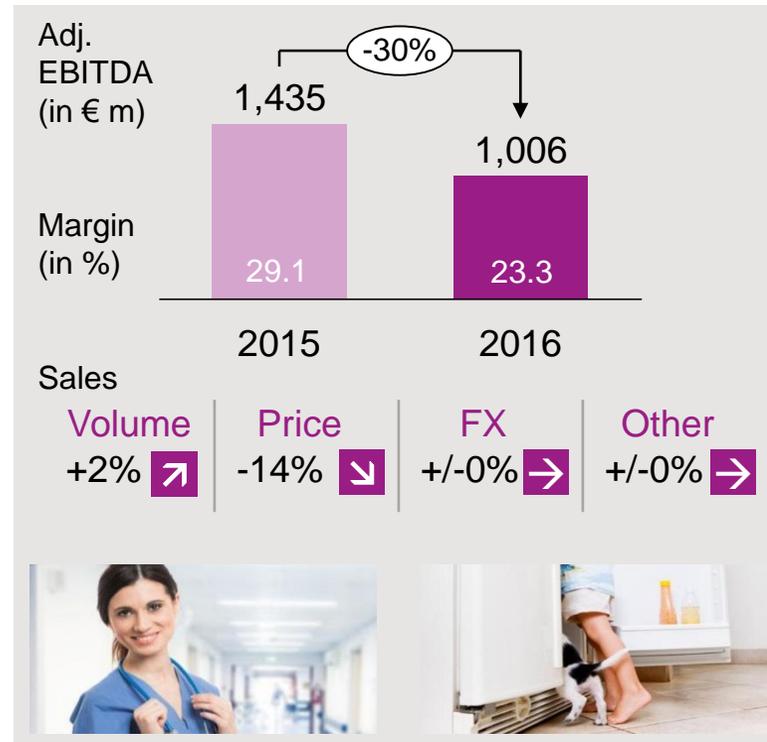
Appendix

1. Strategy Update Details
2. Acquisition of Air Products specialty additives business
3. Acquisition of Huber Silica
4. Segment overview
- 5. Financials**
6. Upcoming events

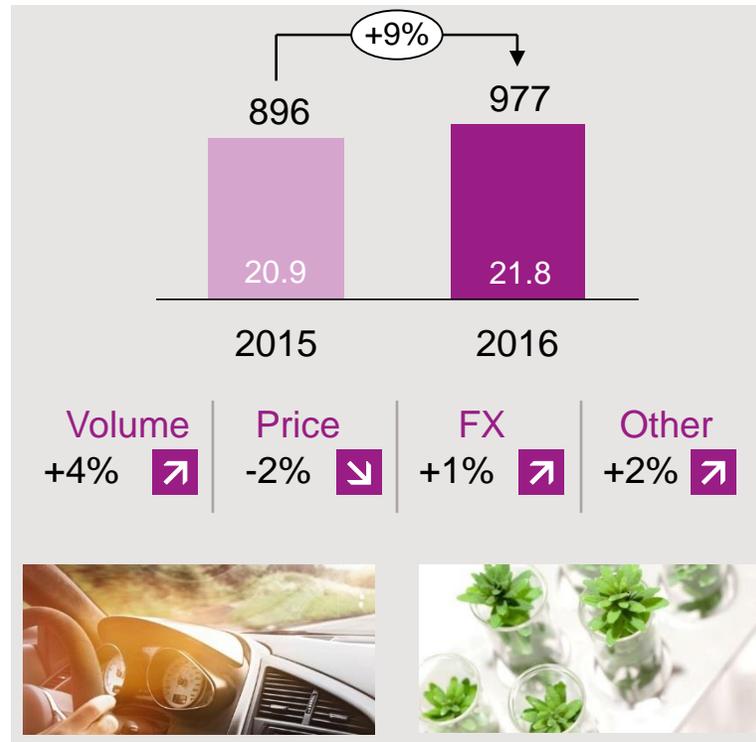
Resource Efficiency and Performance Materials with strong earnings growth

Segment performance FY 2016

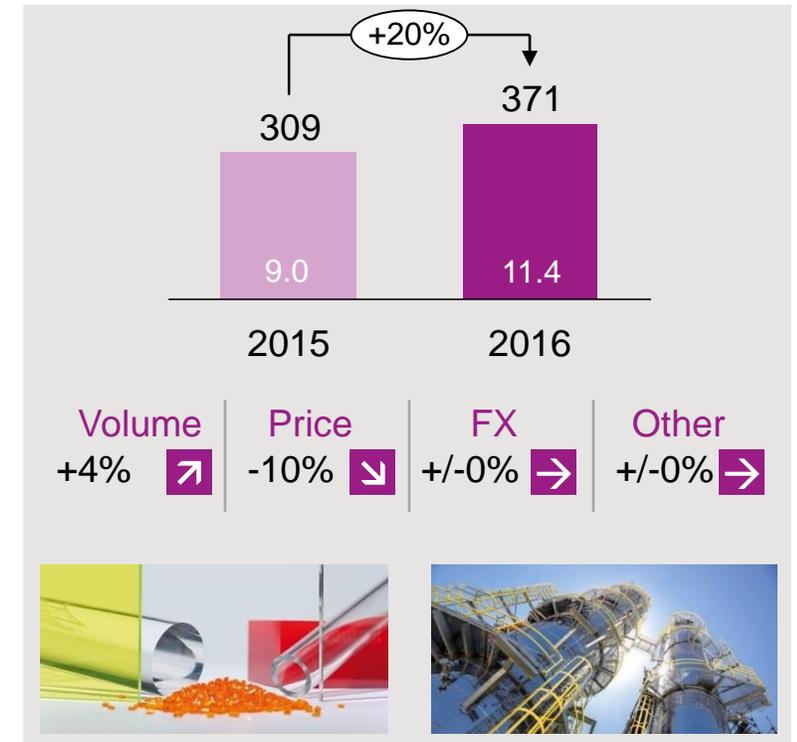
Nutrition & Care



Resource Efficiency

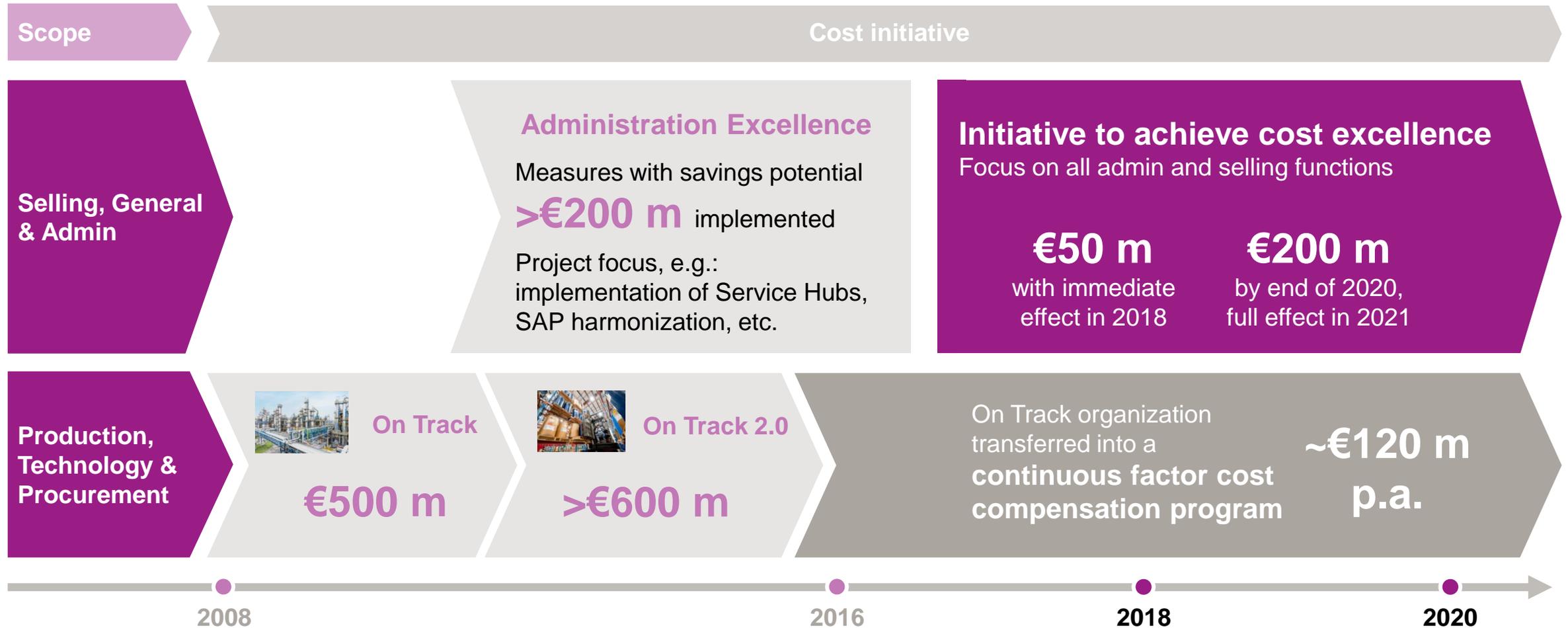


Performance Materials



Recent cost initiatives

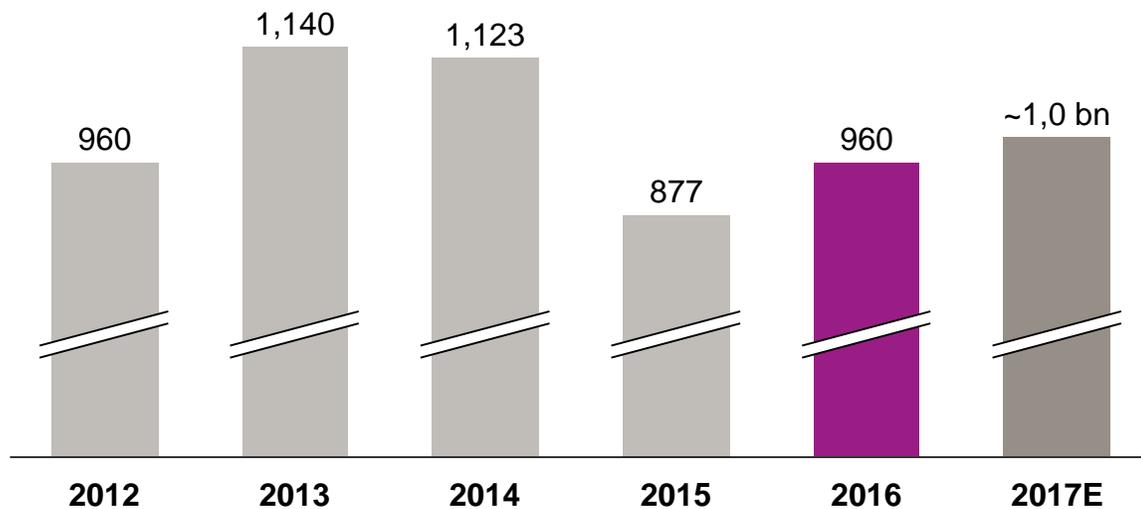
Program to achieve cost excellence in admin and selling initiated



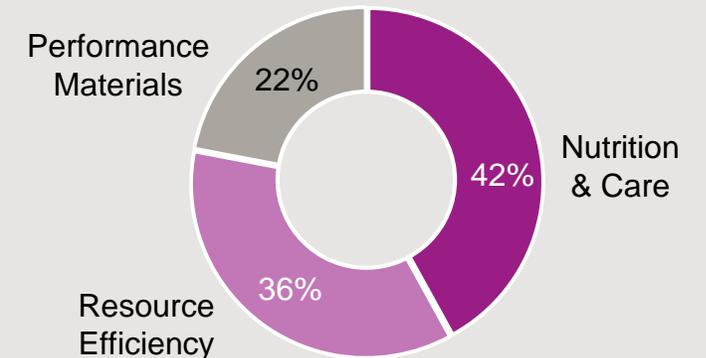
Investments

Capex with significant decrease since 2013 – focus on growth segments

Capex spending (in € m)



- Capex has considerably declined since 2013
- Clear focus on the two growth segments
- **Sustainable capex level going forward: ~€900 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 2016 for chemical segments

Investments

Selective, smaller projects announced for 2017/18

Major projects successfully completed ...

C4 expansion

Germany, Belgium

Rationale: feedstock diversification



Oil Additives exp.

Singapore

Rationale: enable growth in Asia



Personal Care plant

Brazil

Rationale: establish local production



... and selective, smaller projects with start-up planned for 2017/18

Polyimide membrane exp.

Austria

Start-up: 2017
Volume: <50 m



PA12 powder exp.

Germany

Start-up: 2017
Volume: <50 m



Copolyester plant

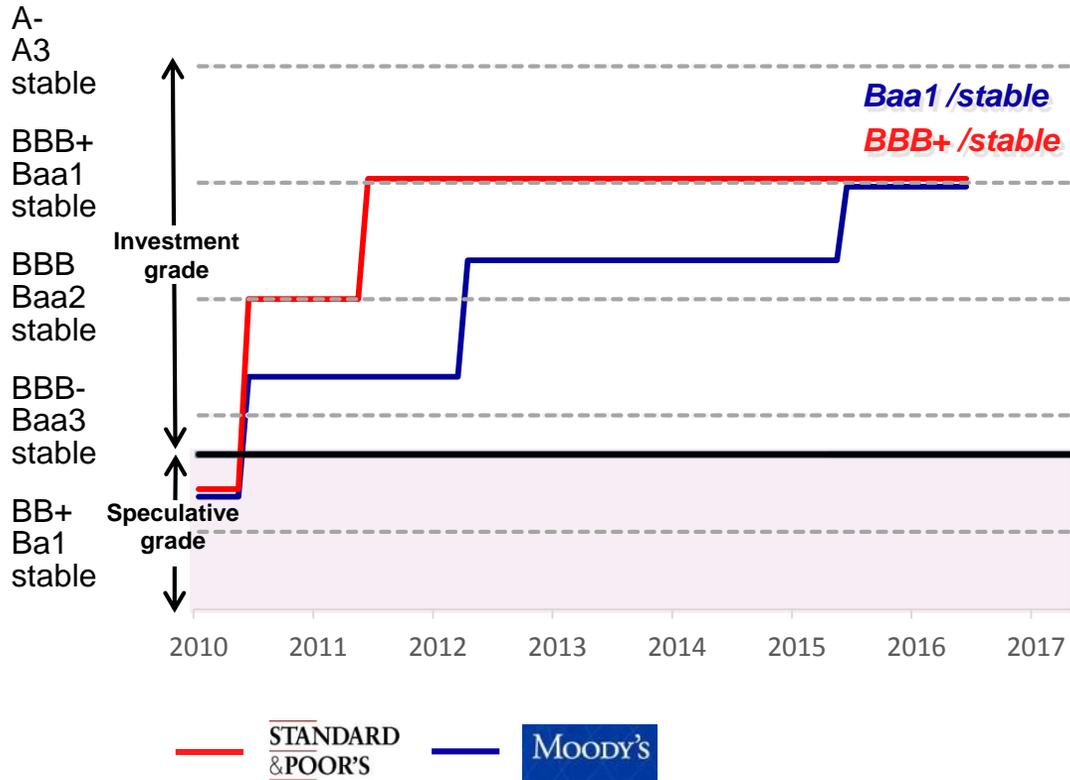
Germany

Start-up: 2018
Volume: <50 m



Financial policy

Maintaining a solid investment grade rating



BBB+ (stable)

Rating affirmed at BBB+ stable on May 6, 2016 shortly after Air Products specialty additives business acquisition announcement

- Will enhance Evonik's business risk profile
- Resilient combined performance expected



Baa1 (stable)

Rating upgraded to Baa1 stable from Baa2 positive on May 10, 2016 also after PM acquisition

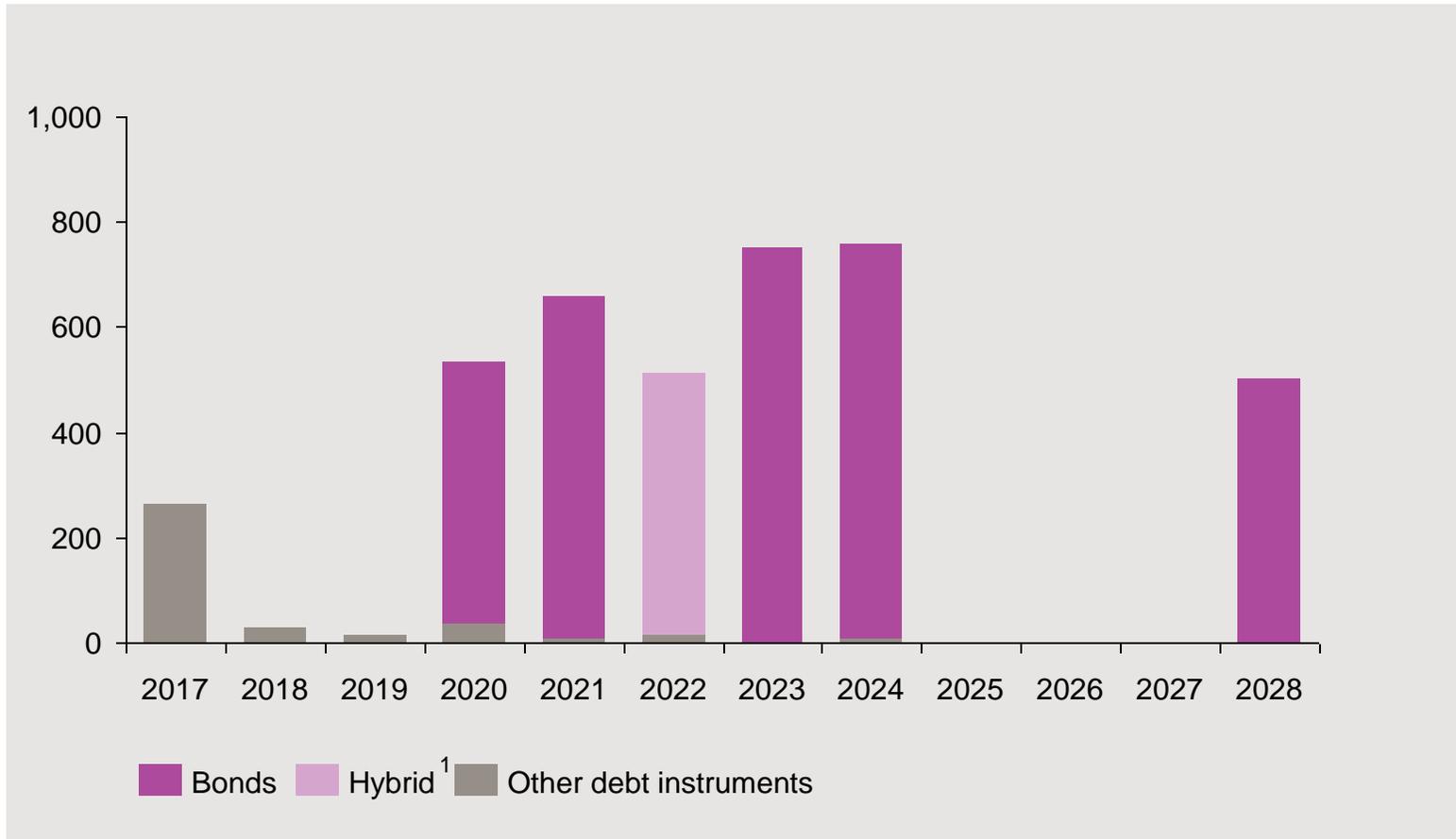
- Specialty chemicals franchise will be improved
- Further strengthening by adding scale and diversity

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

Debt structure

Well balanced maturity profile

(in € m as of 30 September 2017)

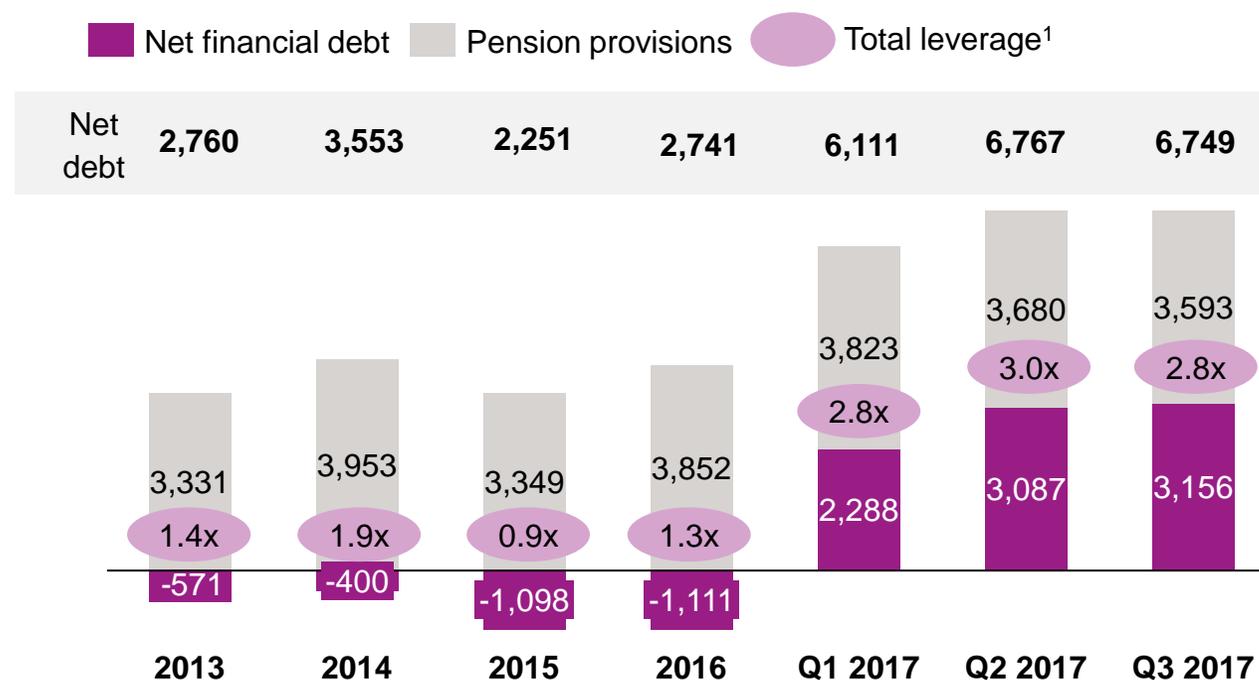


- Well balanced debt maturity profile with no single maturity greater than €750m
- €500m hybrid bond issued in July 2017 with first redemption right for Evonik in 2022 offers optimal fit into current maturity profile
- Undrawn €1,750m syndicated revolving credit facility refinanced in June 2017 with initial tenor until 2022 (plus two one-year extensions options) provides comfortable level of back-up liquidity

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

Net debt development

(in € m)



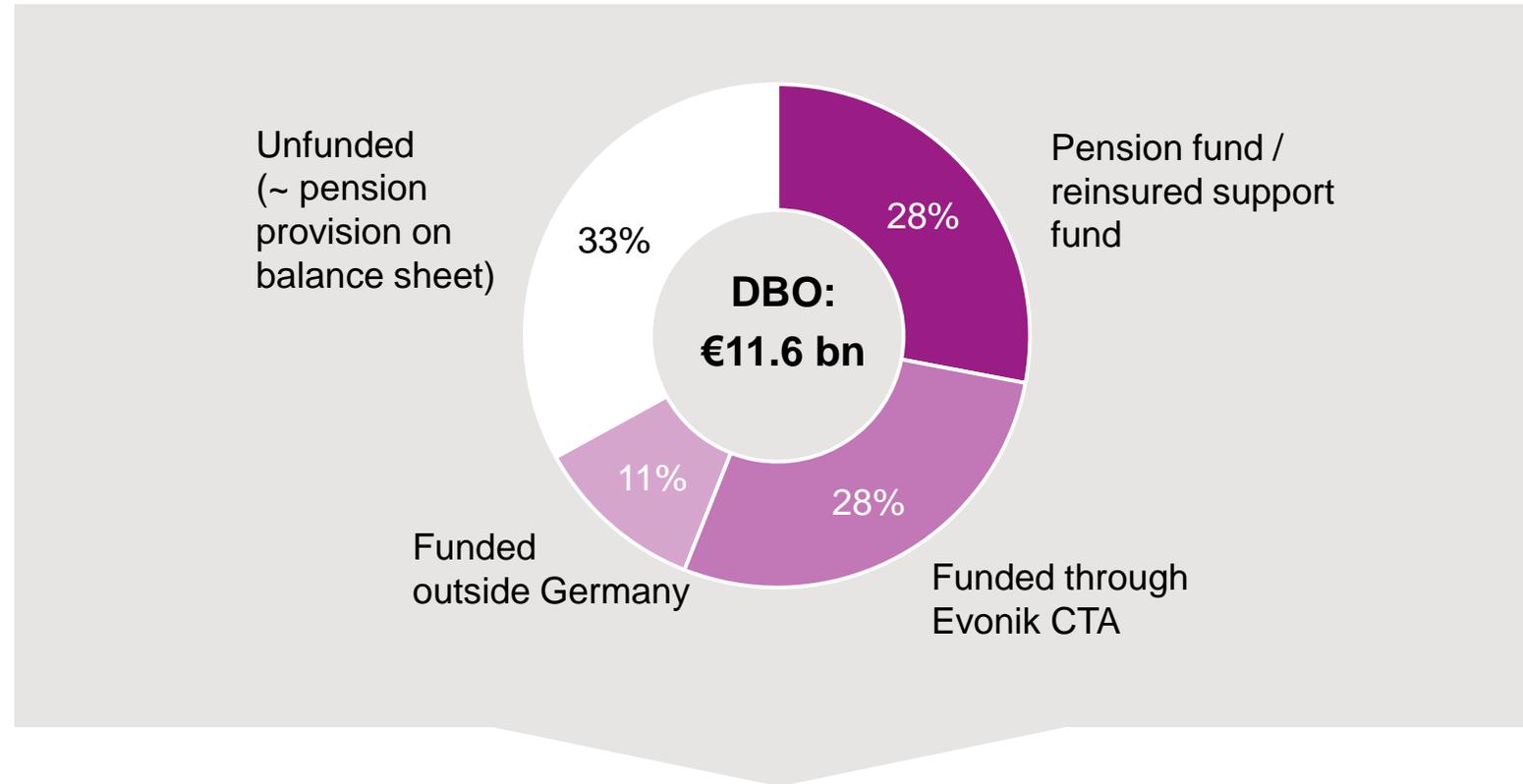
- Increase of net debt during 2017 mainly driven by acquisition-related purchase price payments (Air Products, Dr. Straetmans, Huber Silica)
- Total leverage improved in Q3 despite Huber purchase price payment due to strong free cash flow and €0.5bn hybrid issuance (of which only 50% are treated as debt for total leverage calculation)
- Long-term capital market financing secured under favorable conditions: average coupon of only 0.74% p.a. on €3.15bn senior bonds and 2.125% on €0.5bn hybrid bond
- More than half of total net debt consists of long-dated pension obligations; average life of DBO exceeds 15 years

3.84	2.65	2.91	2.16	-	-	-	Evonik Group global discount rate (in %) ²
3.75	2.50	2.75	2.00	2.00	2.00	2.00	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 Dec 31, 2016

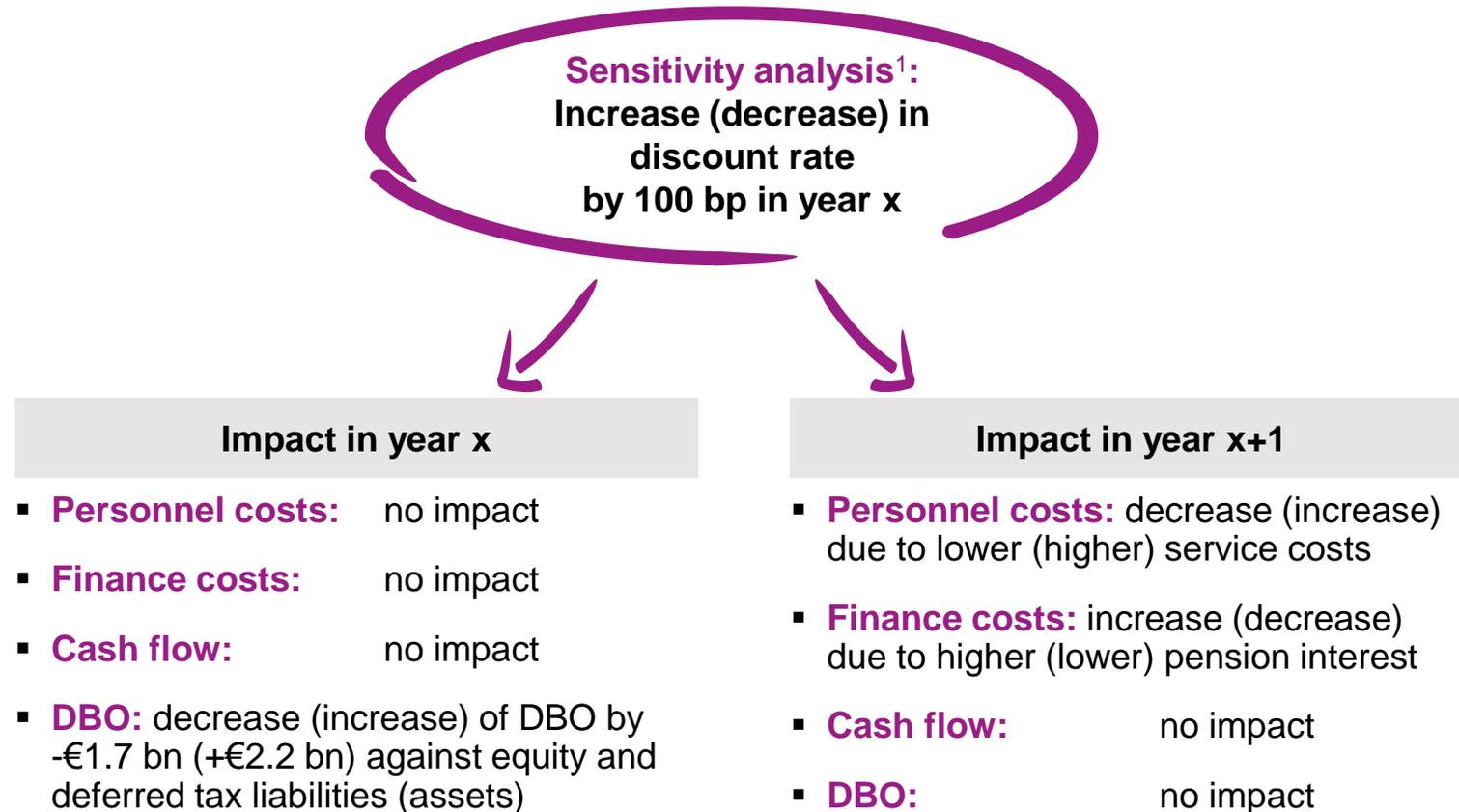


- Pensions very long-term, patient debt (>16 years) with no funding obligations in Germany
- DBO level in 2016 of €11.6 bn; Increase of €1.1 bn vs. 2015 mainly driven by change in discount rate esp. in Germany from 2.75% to 2.00%
- Funding ratio increased to >65%

Funding level increased to >65%

Pensions

Sensitivity to discount rate changes



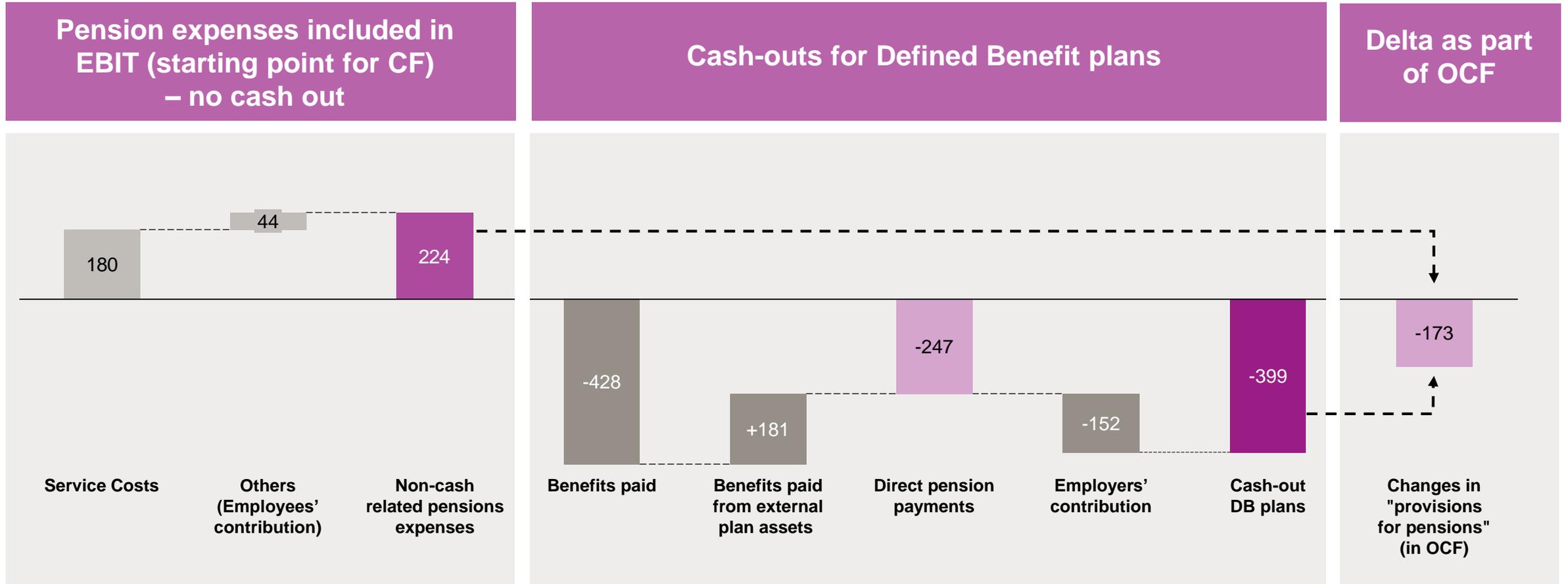
1. Excluding any effects from potential actuarial changes and changes in the valuation of plan assets

Pensions

Breakdown of P&L and cash flow effects

		in € m	P&L item / KPI	2015	2016	Annual report '16
P&L	Current service costs		Adj. EBITDA	-191	-180	p. 161
	Interest costs		Net interest expense	-281	-297	p. 161
	Exp. return on plan assets		Net interest expense	+185	+207	p. 162 / 163
	Other		Adj. EBITDA	-40	-44	p. 163
	Total pension expense			-327	-316	
		in € m		2015	2016	Annual report '16
Cash flow	Benefits paid			-433	-428	p. 161
	Benefits paid from plan assets	} From defined benefit plans		+185	+181	p. 162
	Contribution to plan assets (excl. CTA)			-145	-152	p. 162
	Payments under defined contribution plans			-156	-166	p. 163
	Total cash out for pensions (excl. CTA)			-549	-565	

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

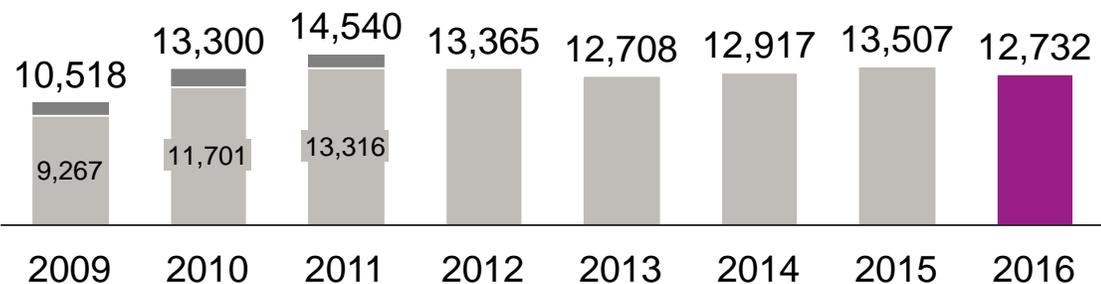


Based on 2016 financials

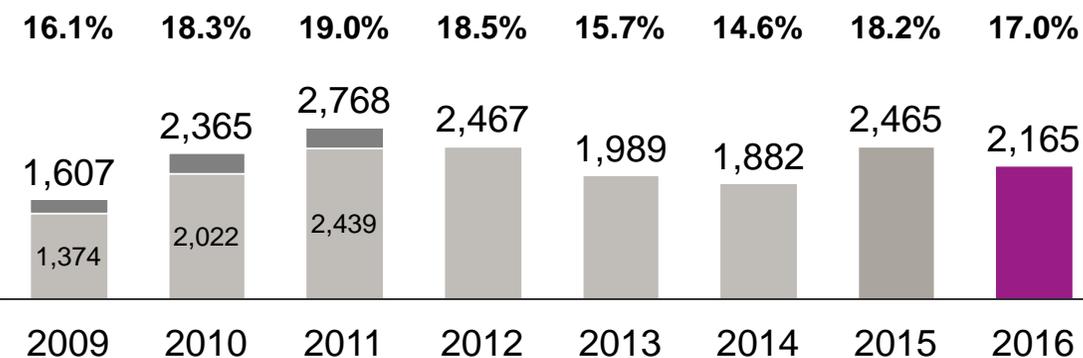
Financial track record

Sales (in € m)

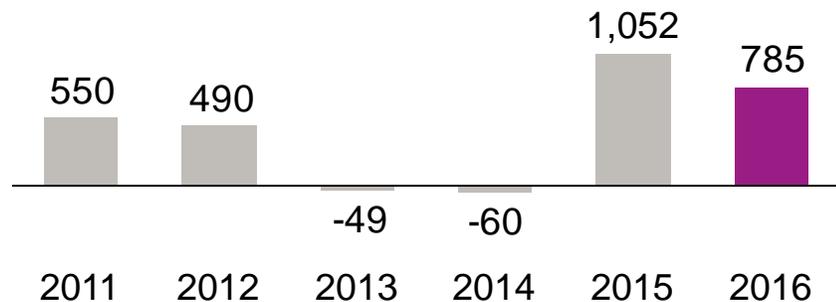
Carbon Black/Real Estate



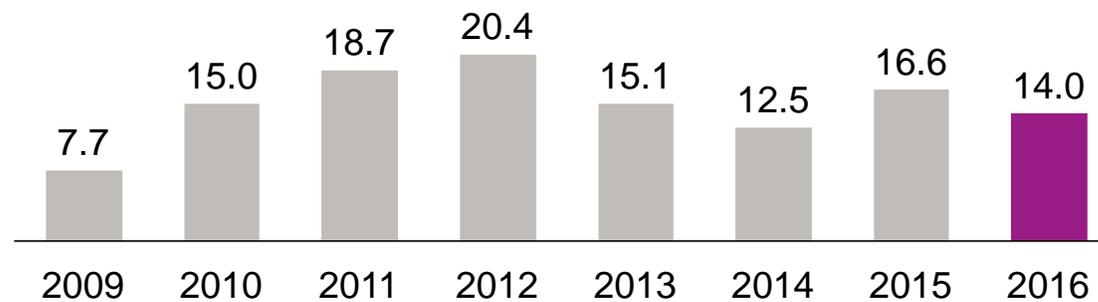
Adj. EBITDA (in € m) / margin¹



Free Cash Flow (in € m)



ROCE (in %)



1. Excluding Carbon Black

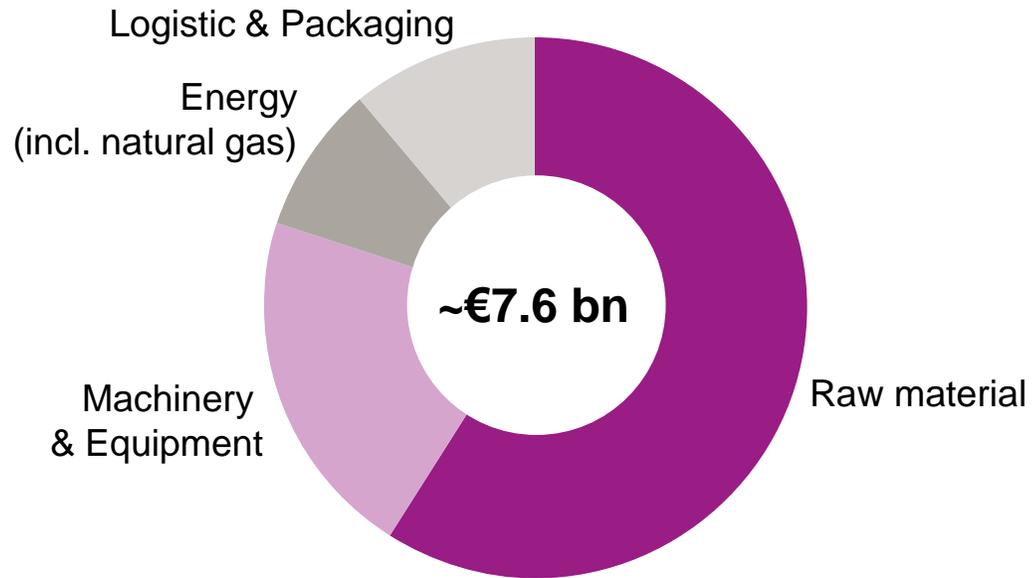
Segment overview by quarter

Sales (in € m)	Q2/16	Q3/16	Q4/16	FY 2016	Q1/17	Q2/17	Q3/17
Nutrition & Care	1,111	1,066	1,093	4,316	1,124	1,151	1,101
Resource Efficiency	1,156	1,117	1,081	4,473	1,391	1,368	1,359
Perf. Materials	829	797	846	3,245	972	916	919
Services	163	173	180	683	193	174	172
Corporate / Others	-1	11	5	15	3	5	5
Evonik Group	3,258	3,164	3,205	12,732	3,683	3,614	3,556

Adj. EBITDA (in € m)	Q2/16	Q3/16	Q4/16	FY 2016	Q1/17	Q2/17	Q3/17
Nutrition & Care	264	239	209	1,006	189	196	184
Resource Efficiency	270	262	189	977	310	318	312
Perf. Materials	105	104	98	371	159	169	174
Services	33	50	32	151	41	35	46
Corporate / Others	-87	-77	-92	-340	-87	-83	-77
Evonik Group	585	578	437	2,165	612	635	639

Raw material split

Total procurement volume 2016 (in € m)



Oil price link 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 59% of total procurement volume in 2016

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">▪ To be paid out in cash annually▪ Pay-out calculated on the basis of the achievement of certain, primarily value creation focused KPIs (e.g. ROCE, adj. net income, adj. EBITDA) and accident performance▪ Factor of between 0.8 and 1.2 to take into account the achievement of further individual targets▪ Bonus capped at 200% of initial target
<p>Long-term incentive plan ~1/3</p>	<ul style="list-style-type: none">▪ Granted LTI target amount is calculated in virtual shares (4-year lock-up)▪ Value of LTI to mirror the development of Evonik's share price (incl. dividends)▪ Amount payable is determined by two performance elements▪ 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

Evonik's sustainability performance publicly recognized

Our sustainability approach

- Sustainability is a core element in our corporate claim “Power to create”
- Evonik positions sustainability close to its operating businesses
- We focus our sustainability activities on 6 areas



2016: Included in DJSI World and Europe

- Evonik well positioned in various ratings & rankings, e.g.
 - Investor CDP (A-; MDAX index/country leader)
 - Oekom Research (prime standard B-)
 - Sustainalytics (one of industry leaders)
 - Together for Sustainability/EcoVadis (“Gold Standard”)



September 2017: Evonik has again been included in the DJSI Europe and DJSI World, achieving maximum results in the criteria innovation management, climate strategy and customer relationship management.

Appendix

1. Strategy Update
2. Acquisition of Air Products specialty additives business
3. Acquisition of Huber Silica
4. Segment overview
5. Financials
- 6. Upcoming events**

Upcoming IR events

Conferences & Roadshows

14 November	UBS European Conference, London
22 November	Exane Consumer Ingredients Conference, London
23 November	KeplerCheuvreux One-Stop-Shop, Dublin
5 December	Berenberg European Conference, Pennyhill (UK)
6 December	BoAML European Chemicals Conference, London
14 December	Citi Benelux Symposium 2017, Amsterdam

Upcoming Events & Reporting Dates

6 March 2018	FY 2017 reporting
8 May 2018	Q1 2018 reporting
23 May 2018	AGM

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EVONIK

POWER TO CREATE