

**“Adding Advantages”
Business Line
Coating Additives**

Evonik Capital Markets Day 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

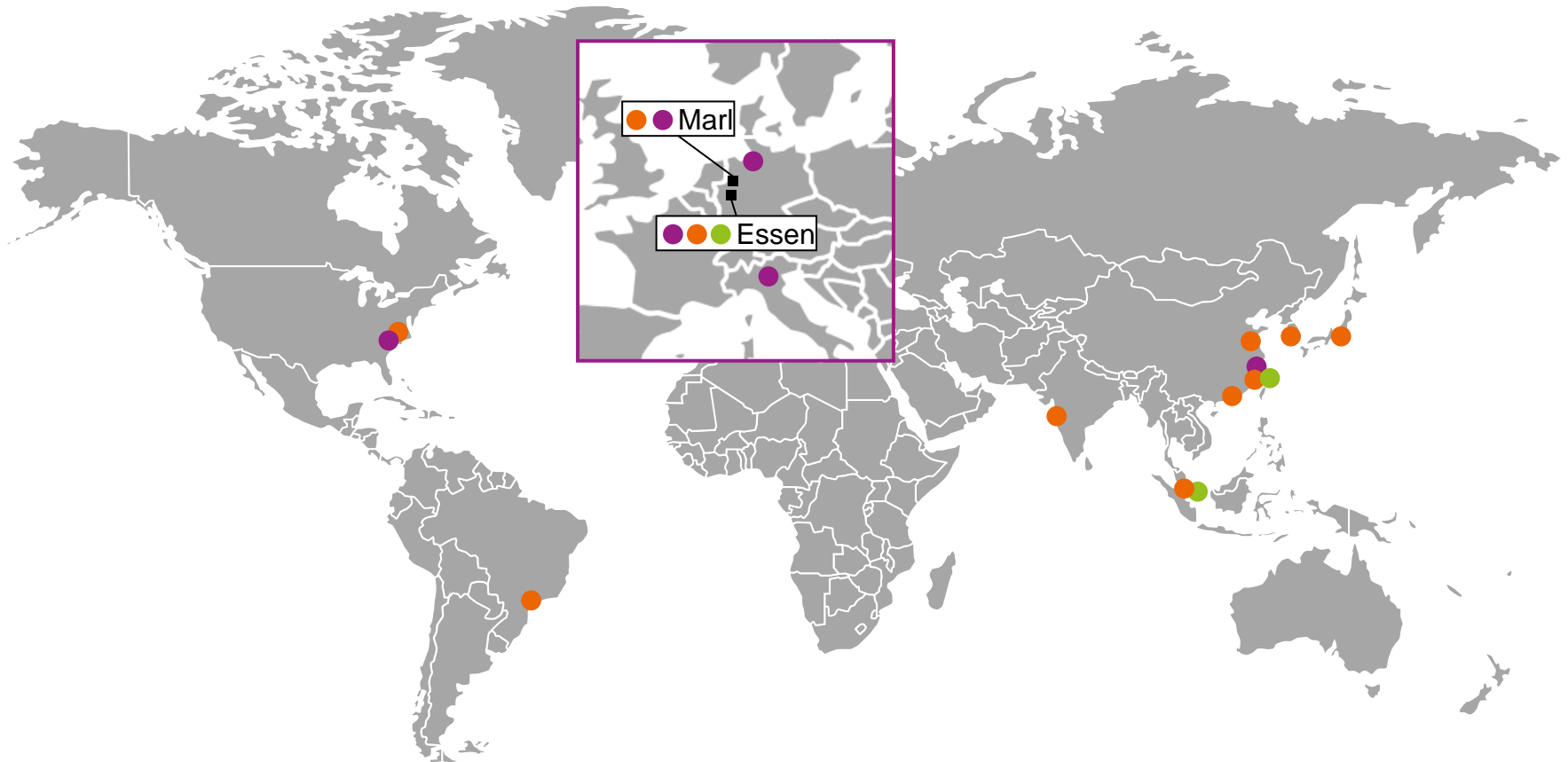
tailor-made products for
broad spectrum of
applications in diversified
end markets

>5%

R&D ratio

Global customer access

Customer service labs in all major regions



● Production sites

● Customer service labs

● Innovation centers

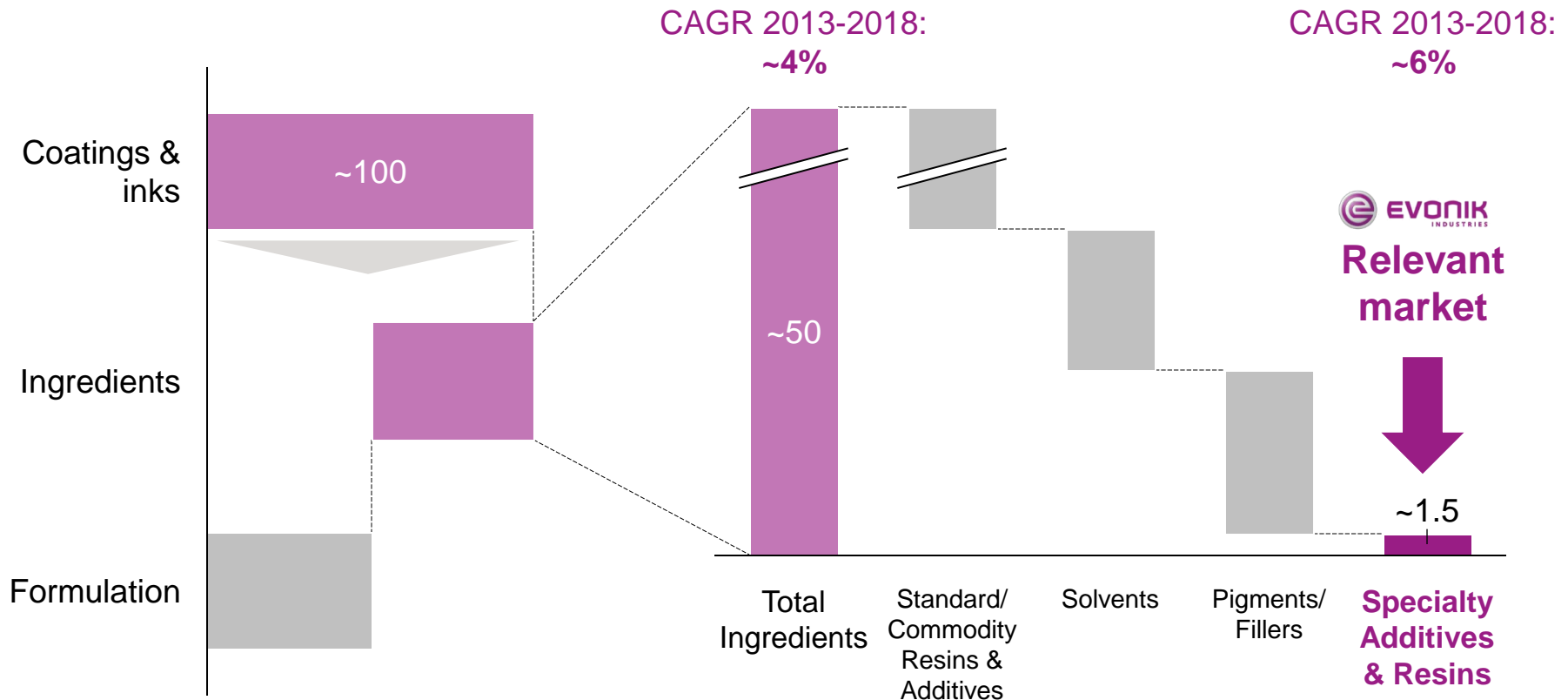
Niche positioning in coatings & inks market

Attractive “low-volume – high impact” business



Market Split: Coatings & Inks [€ bn]

Coatings & Inks Ingredients Market [€ bn]








Main competitors:



Major Applications and Functionalities

Broad application spectrum in diversified end markets

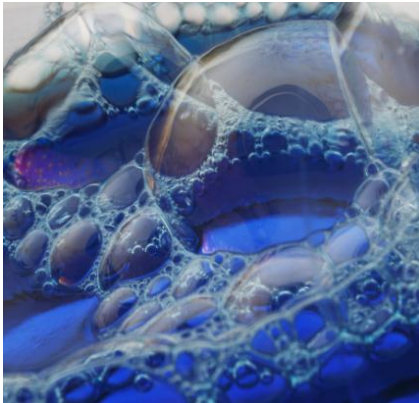
Applications	Functionality examples	
Architectural Paints	<ul style="list-style-type: none">• Water protection of façade paints• Defoaming of wall paints	
Printing Inks	<ul style="list-style-type: none">• Improved substrate wetting on packaging materials• Gloss increase of packaging inks for better appearance	
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

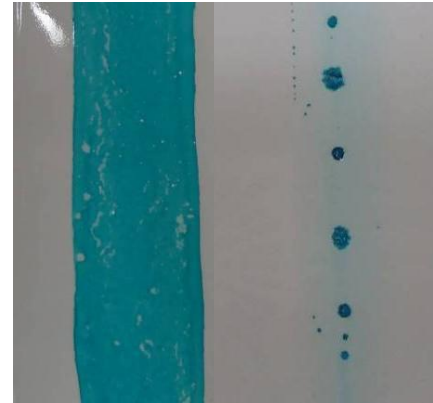


Defoaming



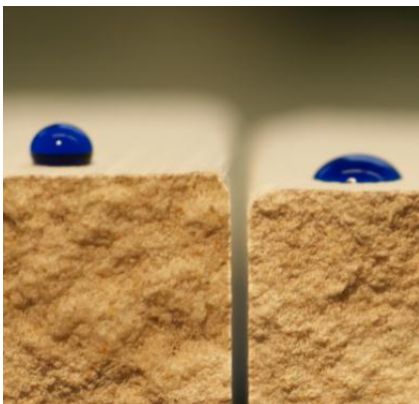
Defoamers eliminate foam in the coating film

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



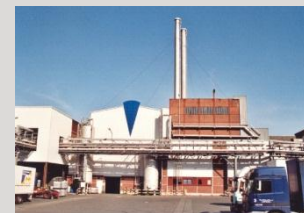
Partnering with customers

- 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

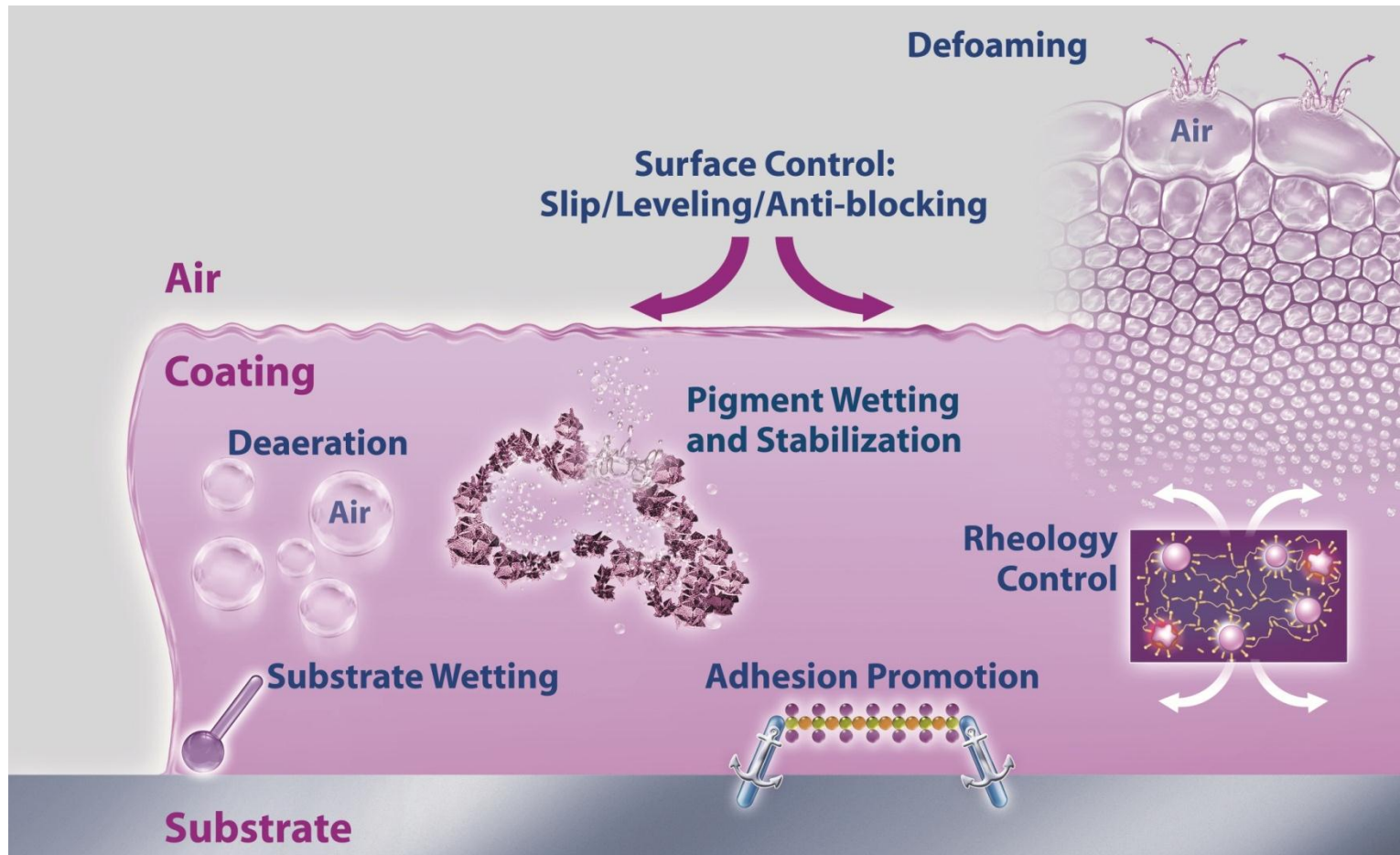
- Broad technology base (siloxanes & polyethers)
- Integrated production technology
- Capable to produce unique and individual products
- Attractive economies of scale in R&D, production and logistics



Extensive application & formulation know how

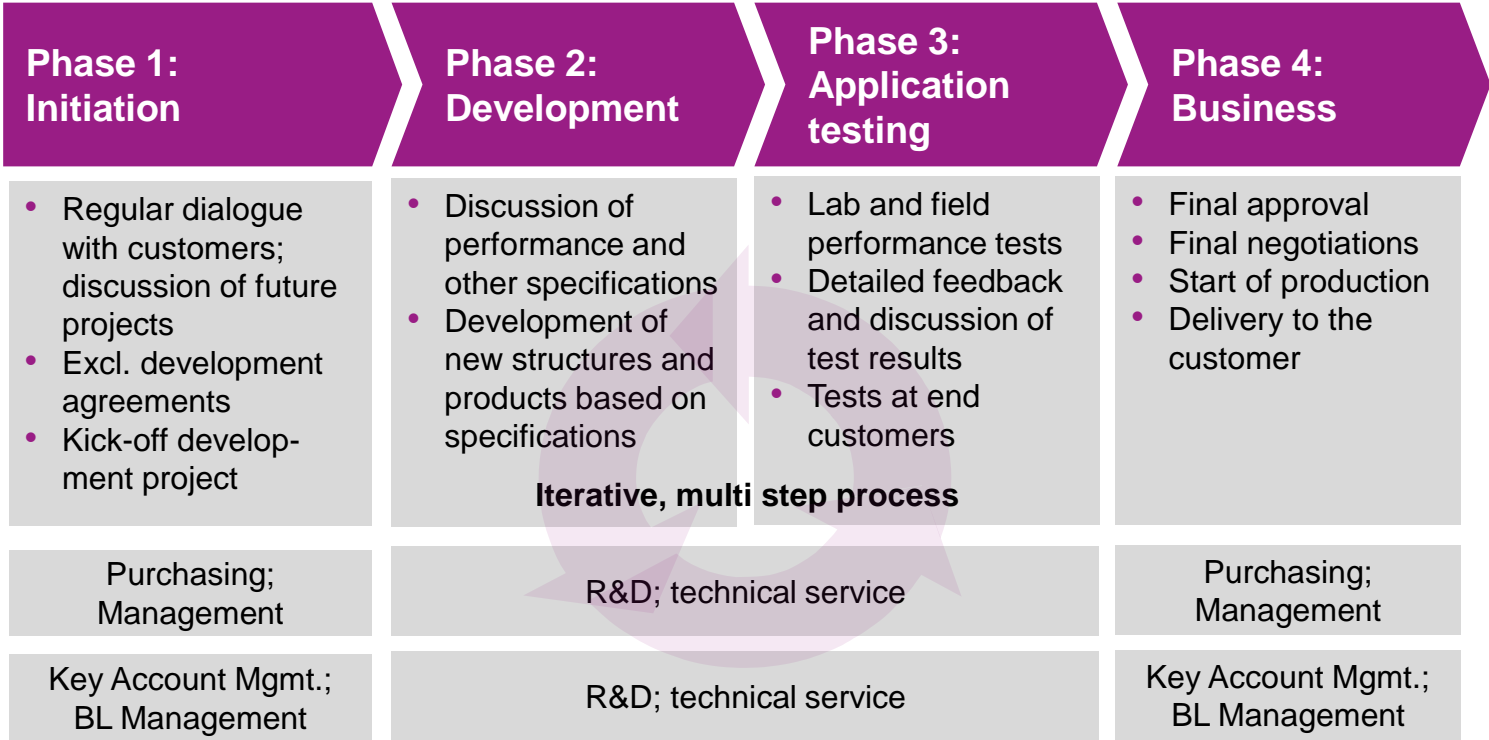
Customized solutions for coatings & inks

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



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:

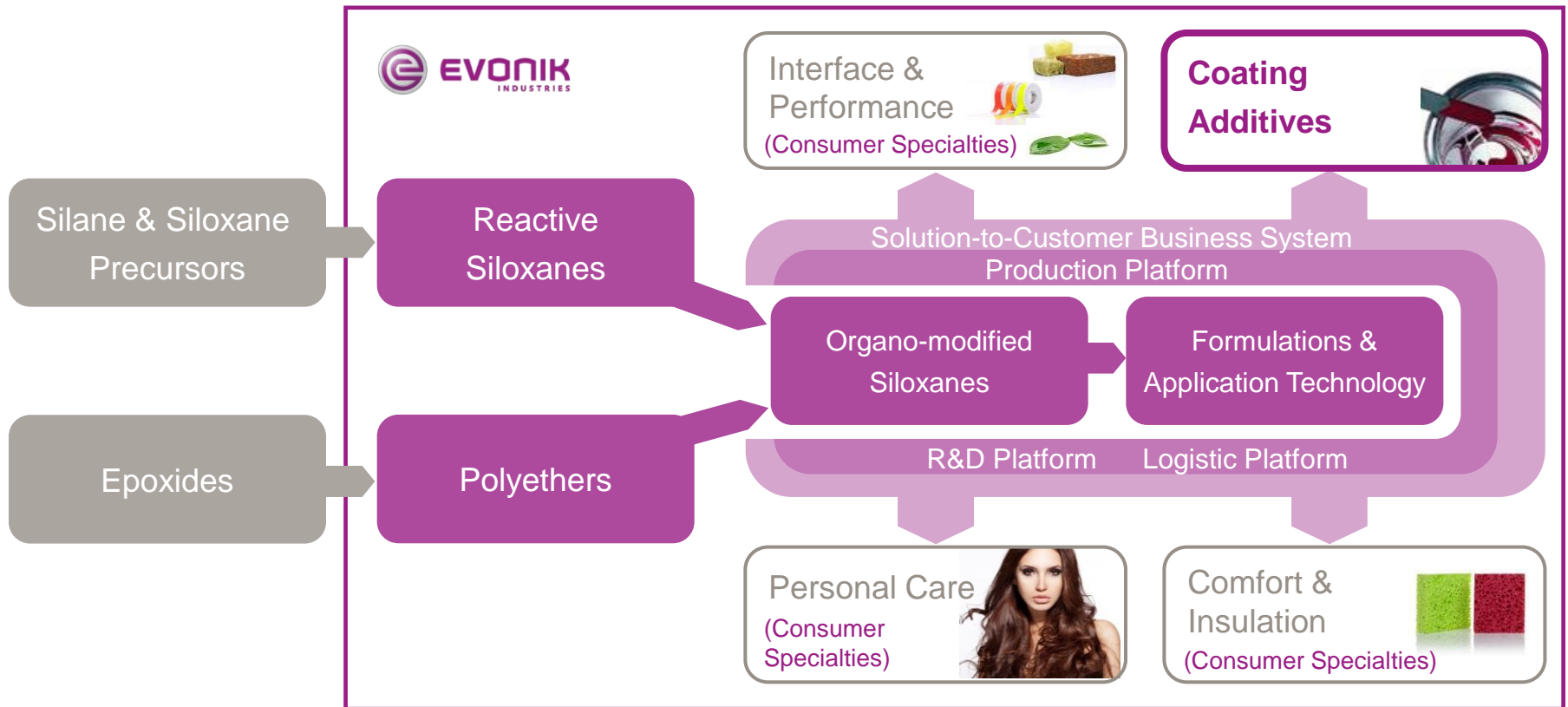


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Future growth drivers

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



Trends and growth rates	Environmentally friendly coatings & inks	Modular coating manufacturing	Coatings with increased durability
	5% (waterborne paints) 7% (UV cured coatings)	7 – 8 % (universal grinding systems)	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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