

Capital Markets Day 2013

Consumer, Health & Nutrition

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Essen, 3 September, 2013



EVONIK
INDUSTRIES

Consumer, Health & Nutrition overview

Segment structure



Segment

Consumer, Health & Nutrition

Sales: €4,204 m

Adj. EBITDA / margin: €1,054 m / 25.1%¹



Business Units

Consumer Specialties

Sales: €2,056 m

Health & Nutrition

Sales: €2,148 m

Business Lines

Baby Care

(~40%)



Personal Care

(~20%)



Household Care

(~15%)



Comfort & Insulation

(~15%)



Interface & Performance

(~10%)



Methionine

(~60%)



Amino acids
for animal
nutrition

Bioproducts

(~15%)



Health Care

(~20%)



CyPlus Technologies

(~5%)







Data as of Fiscal Year End 2012; in brackets % of sales of Business Unit in 2012

¹Adjusted for IAS 19 restatement

Consumer, Health & Nutrition overview

Demand driven by socio-demographic megatrends

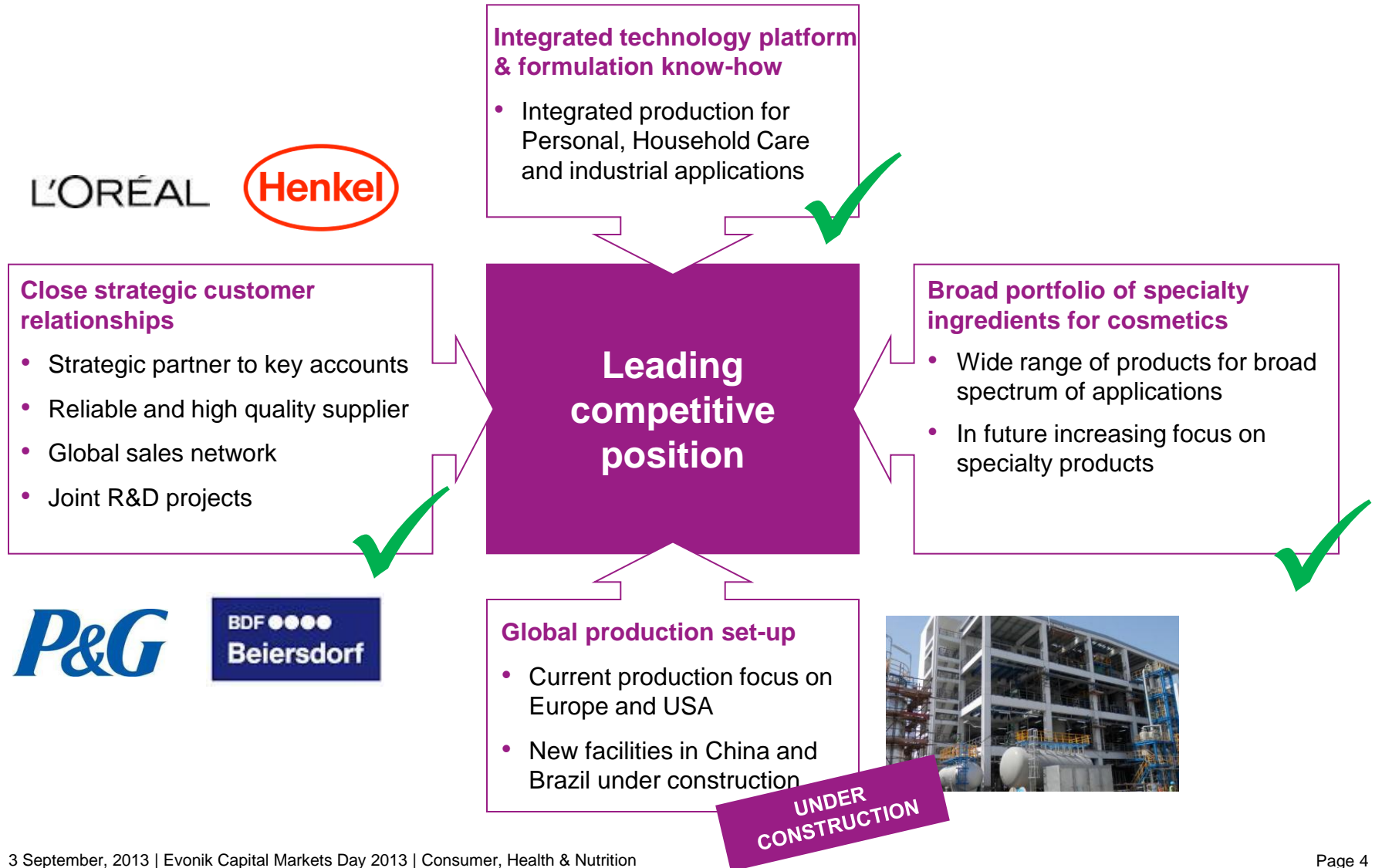
Megatrend and impact	Health, wellness and beauty trend	Increase in emerging market wealth	Global population growth	Higher life expectancy
	E.g. rising demand for anti aging creams → Personal Care	E.g. increased use of disposable diapers → Baby Care	E.g. rising meat consumption → Methionine	E.g. higher need for new pharmaceuticals → Health Care
End market growth¹	6% (global) 13% (China)	6% (global) 15% (China)	4% (global) 10% (China)	6% (global) 13% (China)
				

GDP+

¹ 2012-2020E; as per Frost & Sullivan (2013)

Business spotlight: Personal Care

Leading competitive position

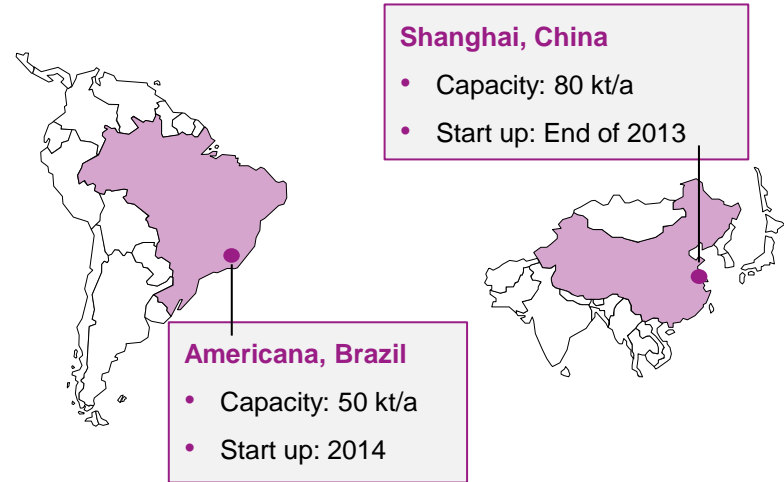


Business spotlight: Personal Care

Two strategic pillars

1 Growth in emerging regions

- Construction of two integrated specialty surfactants production platforms (bio-based)
- Focus on Personal and Household Care products (plus selected industrial applications)
- Participate from growth in local emerging markets



2 Increasing focus on specialty products

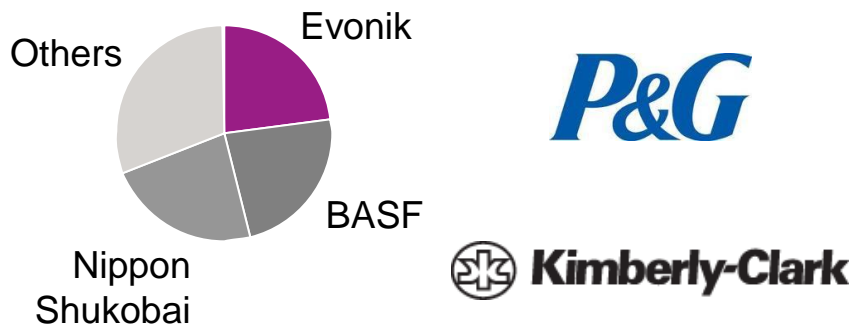


Ongoing strategic development towards higher value-added specialty products

Business spotlight: Baby Care

Consolidated markets with strong and robust growth

Leading suppliers and customers with high market share¹



Market characteristics

- Solid market growth of 6% p.a.,
 - driven by growing demand for disposable diapers and other hygiene products
 - with focus in emerging regions (growing wealth)
 - with low demand volatility
- Balanced market with utilization rates >90%
- Additional capacities to be absorbed by healthy market growth
- Evonik one of three big superabsorbents producers and strategic partner of big diaper manufacturers

Three major growth applications



Adult hygiene



Female hygiene



Disposable diapers

¹ As of 2012

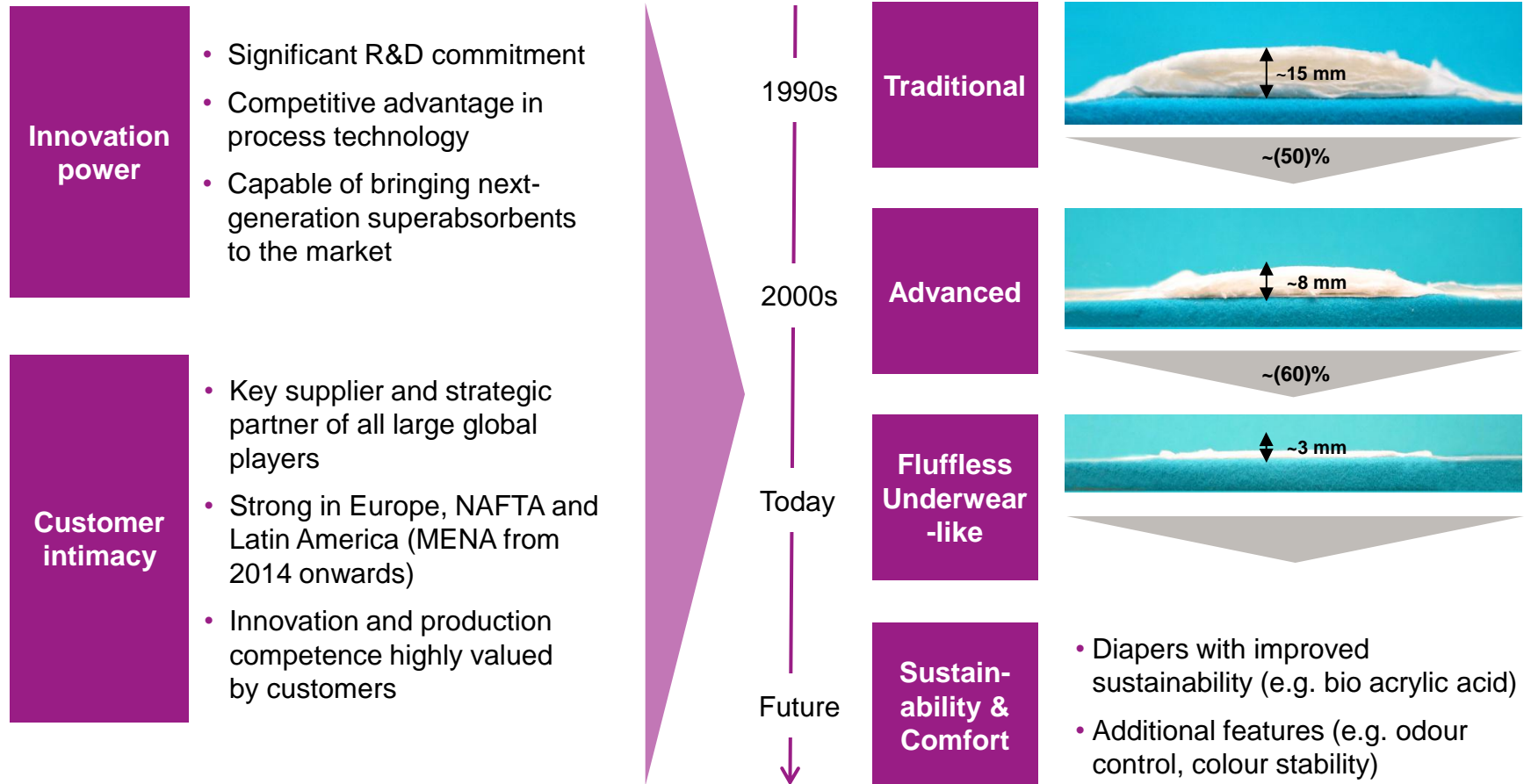
Business spotlight: Baby Care

Strategic partnership with customers fostering innovation



Close customer relationships...

...enabling innovation and creating value for our customers



Business spotlight: Baby Care

Entering emerging markets



Growth investments

- Strong demand growth in Middle East and North Africa
- World scale production plant (80 kt/a) in Saudi-Arabia; first superabsorbent production in the region
- Production JV with Tasnee-Sahara with competitive raw material access
- Marketing JV led by Evonik; long-term supply contract with P&G



¹ Relates to ownership in the joint venture for each process step

Business spotlight: Comfort & Insulation

Market leadership for PU foam additives



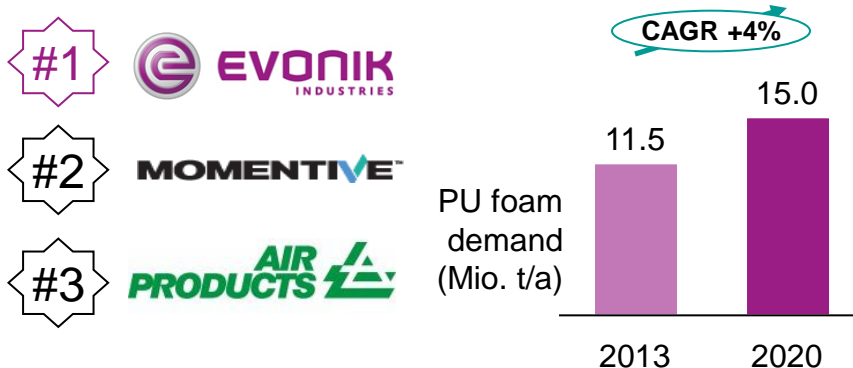
Strong positioning

- Leading producer of additives for polyurethane (PU) foam production
- Innovation and technology leadership
- High quality products, customer-specific solutions; reliable and flexible supplier
- Global presence with production in Europe, US and China

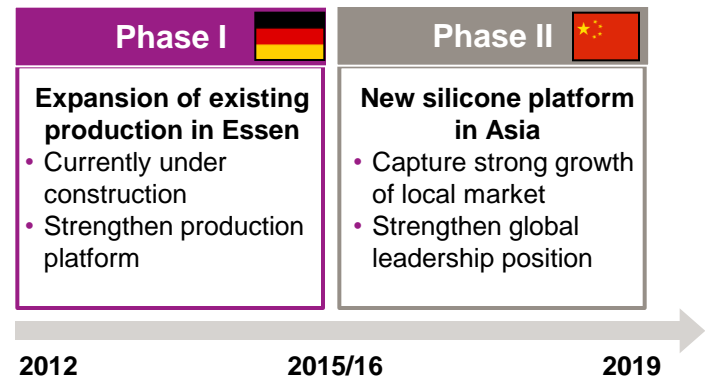
End markets



Leading market position¹ in growth market²



Planned expansion in Germany and Asia

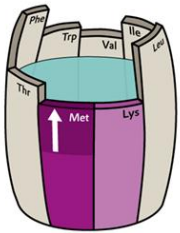


¹ As per company estimates

² As per Frost & Sullivan (2013)

Business spotlight: Feed Additives

Evonik offers first four limiting essential amino acids



Solution provider:

Only producer of first four limiting essential amino acids in animal nutrition: methionine, lysine, threonine and tryptophan



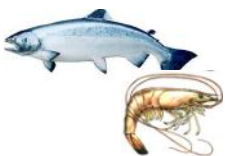
Strong partnerships:

Preferred partnerships with customers through tailor-made services



Direct access to customers:

>90% of sales directly to customers via global sales and service network of Evonik; customers range from pre-mixers and feed producers to fully integrated meat and food producers



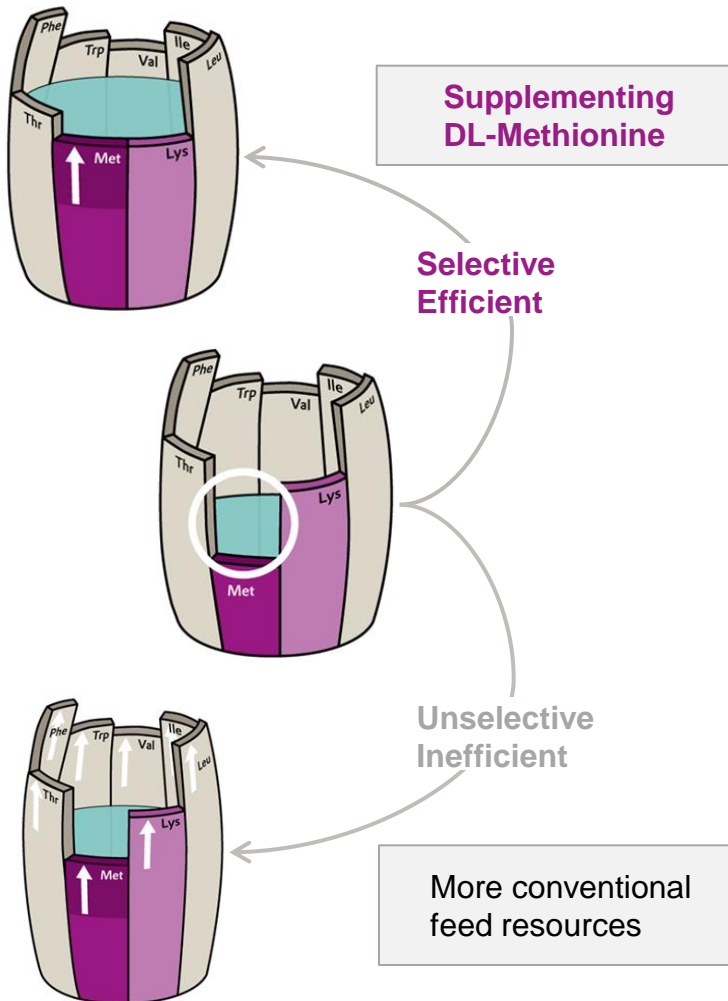
New applications:

Continuous broadening of product base by new applications, e.g. in aquaculture

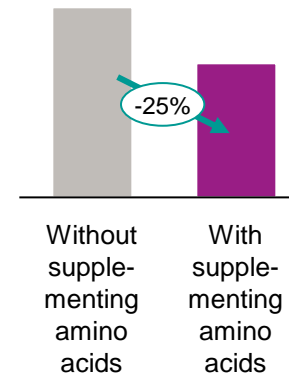


Business spotlight: Feed Additives

Ecological benefit from efficient animal nutrition



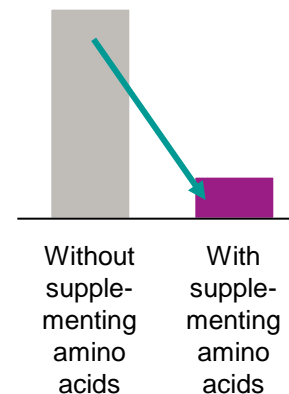
Reduced feed costs



The use of DL-Methionine means...

- less conventional feed resources are needed
- increasing efficiency and economic return

Enhanced sustainability¹

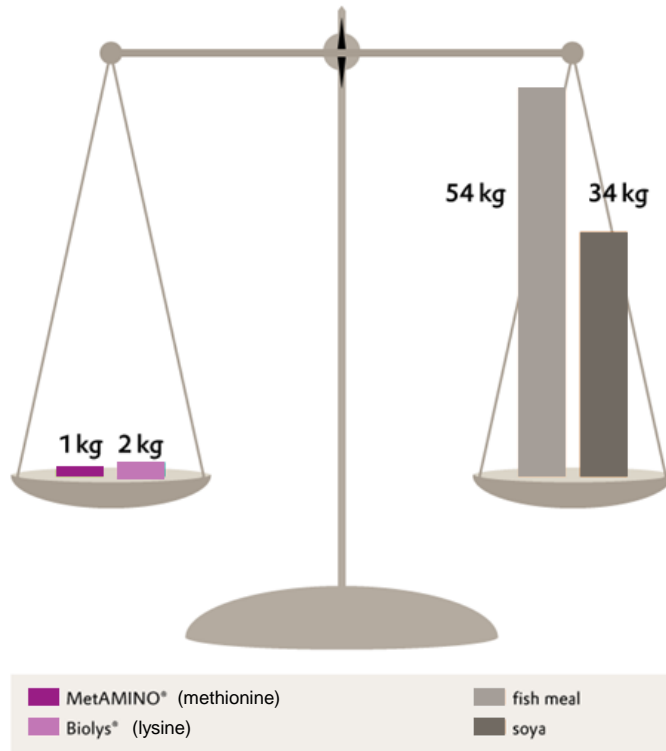


- The use of 100 kt DL-Methionine saves...
 - 2.3 mt of CO2 emissions
 - 2.6 mt less ammonia into the air
 - 700 kt less nitrates into ground water
- Reduction of land for growing of conventional feed

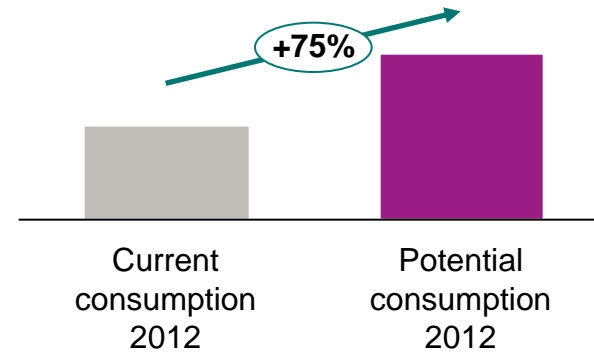
¹ The calculation is based on "Ökobilanz – Methionin 2003"

Business spotlight: Feed Additives

Potential from higher amino acid inclusion rates



Market potential: emerging countries



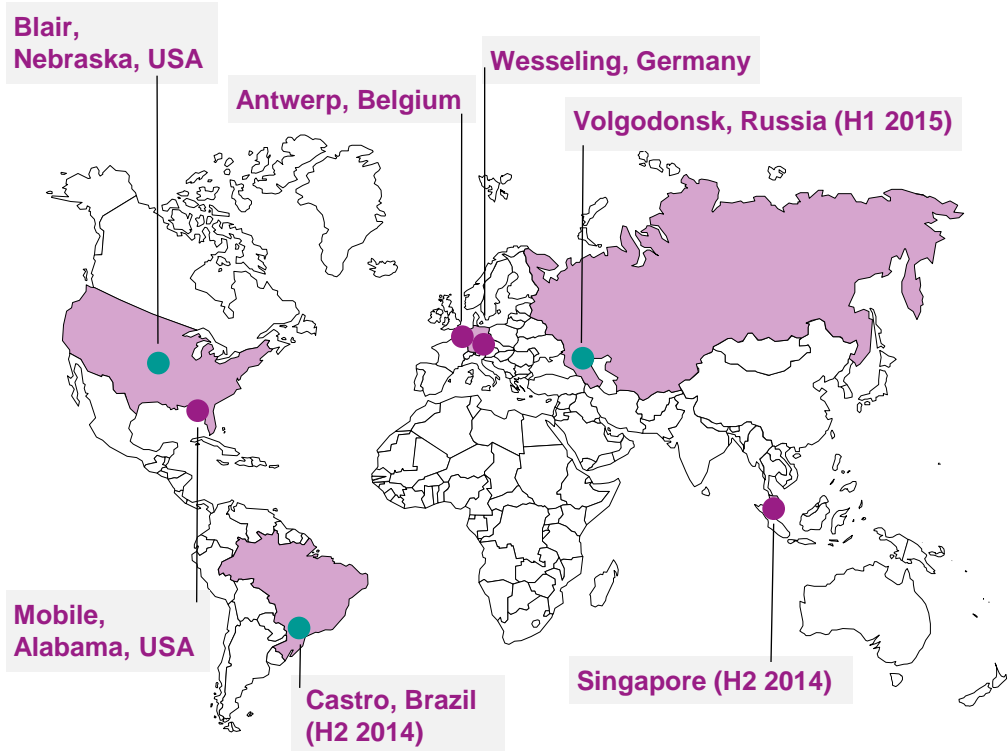
- Significant potential from
 - Consolidation in agricultural sector leading to larger, more professional farms
 - Improved nutritional concepts driving higher inclusion rates of amino acids

If emerging countries would apply same sophisticated nutrition concepts as some Western countries¹ today, amino acid demand in those countries could be 75% higher

¹ E.g. Netherlands (poultry, swine) and Scandinavia (fish)

Business spotlight: Feed Additives

Global footprint with leading technology position



Flexible supply

- Plants located strategically at logistics hubs
 - Proximity to customers
 - Favorable raw material access
 - Strong local sales forces
- Flexibility in handling of capacities and planned shutdowns for maintenance and process improvements

Excellence in technology

- Efficient process technology with decades of continuous improvements
- Backward integration into petrochemical base commodities
- Economies of scale: Evonik operates world's largest single train Methionine facilities (incl. Singapore plant)

Business spotlight: Feed Additives

Expanding product portfolio into aquaculture

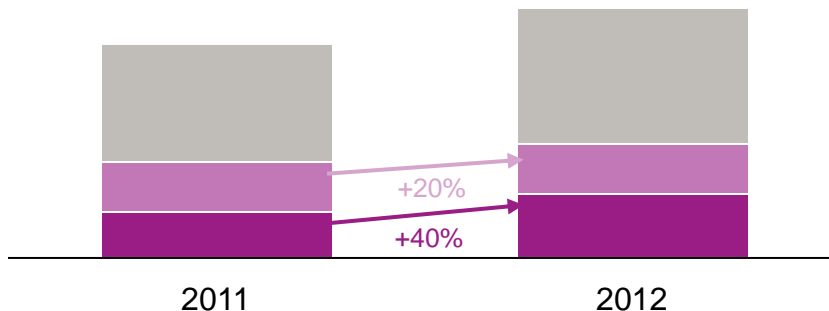


- New products for aquaculture: DL-Methionine for aquaculture® and AQUAVI®Lys for fish
- Innovative Methionine source for crustaceans: AQUAVI®Met-Met
- Key advantages:
 - Highly efficient substitution for traditional protein sources
 - Scientifically proven performance for many aquatic species
 - Appropriate particle size distribution and low water solubility

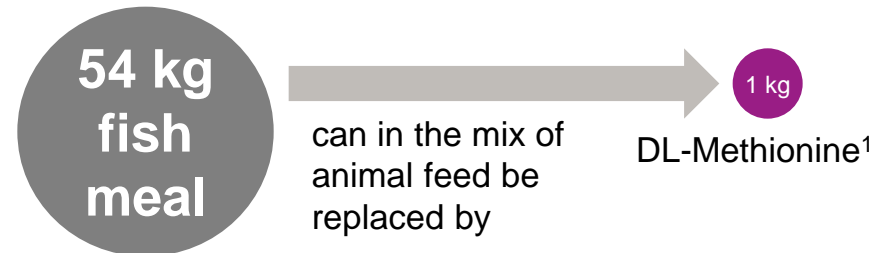


Leading player in the aquaculture market

Market potential
 Market volume
 Evonik sales



Sparing potential for alternative feed resources by 1 kg of DL-Methionine



¹ According to Met+Cys levels reported in AMINODat® 4.0

Business spotlight: Health Care

Solution-oriented portfolio of products and services



Exclusive Synthesis

Exclusive Customer Projects



Generic APIs and intermediates



Pharma Polymers and Services

Controlled drug release

Oral dosage forms



Injections and medical device applications



Rexim

Pharma grade amino acids

- Amino acids for parenteral nutrition
- As APIs or versatile building blocks for chiral pharma synthesis



Development and manufacturing service

- Formulation development and custom products
- Analytical characterization
- Clinical supply



Business spotlight: Health Care

Successful acquisition strategy



Vision

Evonik Health Care, a powerful engine serving Pharmaceutical, Nutrition and Medical Device companies with differentiated and valuable products, technologies and expertise



Acquisition of
Tippecanoe
laboratories
(Jan-2010)

- World class API production facility
- Clear #2 in API manufacturing services



Acquisition of
RESOMER®
business
(Mar-2011)

- Acquisition of leading bioresorbable polymer platform for controlled release injectables and medical devices
- Expansion of technology platform



Acquisition of
SurModics
Pharmaceuticals
(Nov-2011)

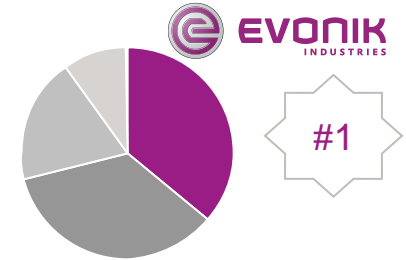
- Strengthening of service offering (drug development and manufacturing)

Consumer, Health & Nutrition Highlights



Leading global positions
with attractive
product portfolio

- Superabsorbents #1-2
- Exclusive Synthesis and Pharma Polymers #2
- World leader in amino acids for animal nutrition (#1)



Strong growth profile
due to new applications
and innovations

- Personal Care with increasing specialty focus
- Methionine for aquaculture
- Broad innovation platform in Health Care



Investment program
focusing on emerging
markets

- New superabsorbents plant in Saudi-Arabia
- Expansions with focus on Personal Care in China and Brazil
- New production sites for amino acids in Singapore (Methionine), Brazil and Russia (Lysine)

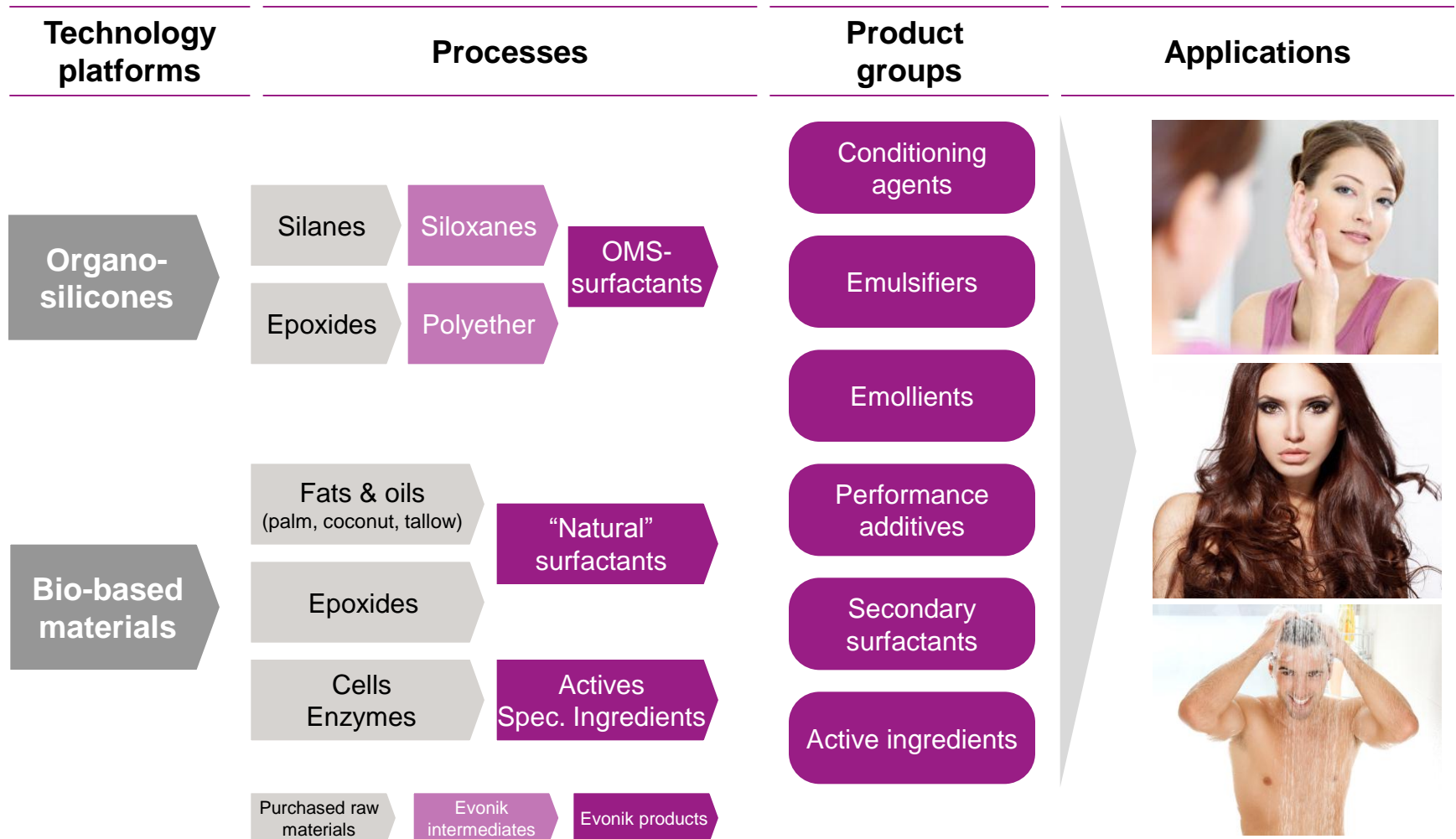




EVONIK
INDUSTRIES

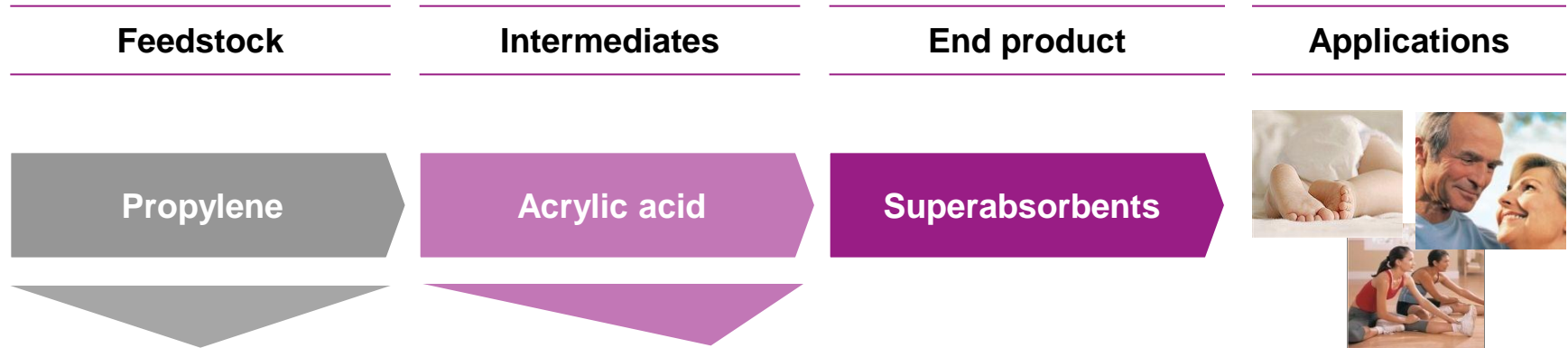
Business spotlight: Personal Care

Broad portfolio of specialty ingredients for the cosmetics industry



Business spotlight: Baby Care

Secure feedstock supply



Clearly defined contract structures

- Contractual pass-through of raw material price changes
 - Few months time lag in price adjustment for significant share of sales
 - Indexed based contracts (propylene)
- Absolute margin (€/t) contractually secured for significant share of sales volumes

JV for acrylic acid production

- Secure and cost competitive acrylic acid supply is strategically important
- Sourcing of major parts of acrylic acid needs from 50:50 JV StoHaas with Dow
 - In Europe JV supplies plants in Krefeld and Rheinmuenster
 - In the US JV supplies plants in Greensboro and Garyville

Business spotlight: Feed Additives

Value-added services as differentiating factor



Customer's needs



High product quality depends on getting the selection and processing of raw materials just right.



Amino acids impact feed quality – as does the supplier's experience, reliability and capacity for innovation.



Consulting expertise and industry know-how are key for successful partnerships with suppliers.

A reliable partner: Evonik

AMINO Services

AMINO Products

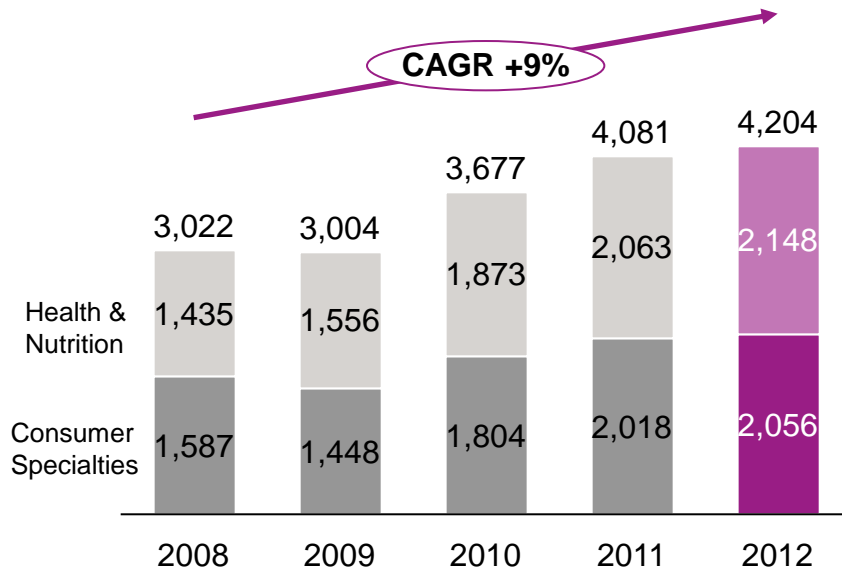
Experts

Consumer, Health & Nutrition overview

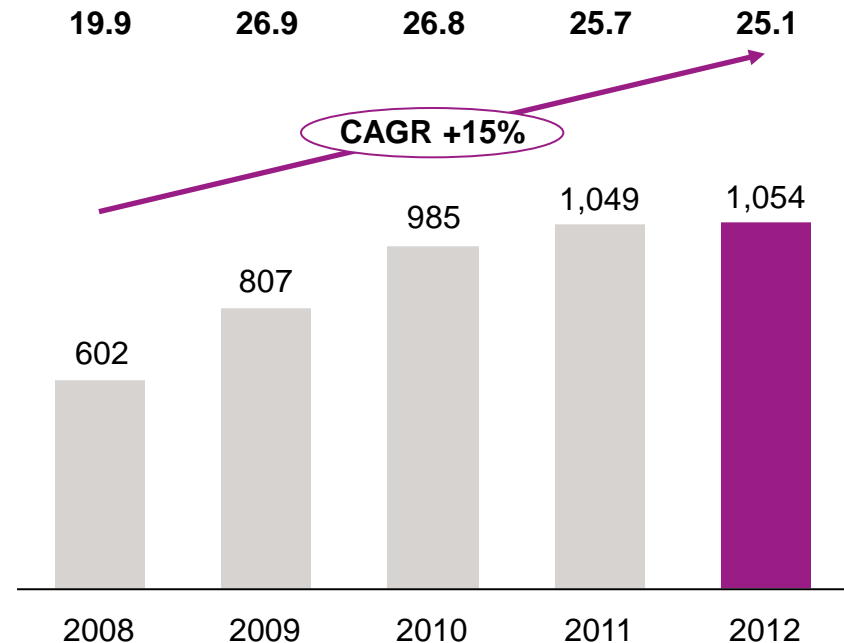
Strong financial performance



Sales (€ m)



Adj. EBITDA (€ m) and margin (%)¹



- Strong historic growth rates throughout the segment's different businesses
- Growth expected to continue from major investments, e.g. 150 kt/a Methionine plant

- Stable high profitability since 2009 thanks to exposure to non-cyclical end markets
- Highest ROCE within the group (2012: 48.8%)

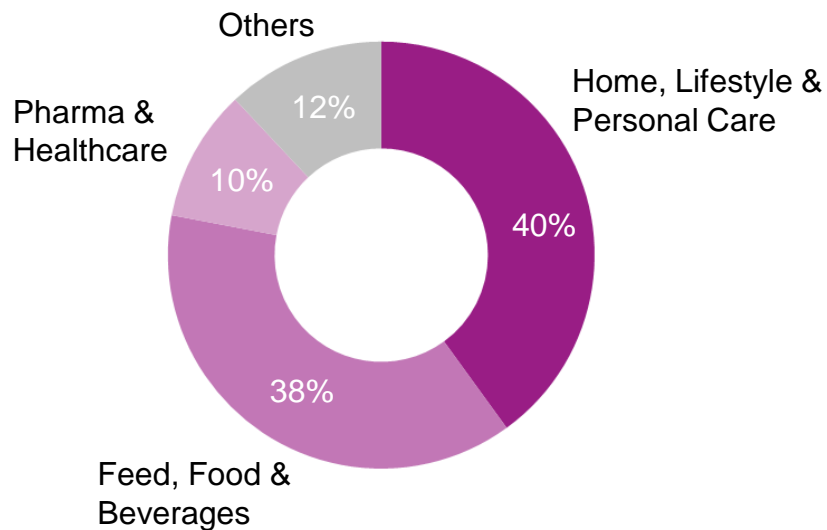
¹ Adjusted EBITDA 2012 restated for IAS 19 effects

Consumer, Health & Nutrition overview

Well balanced portfolio with diverse regional split

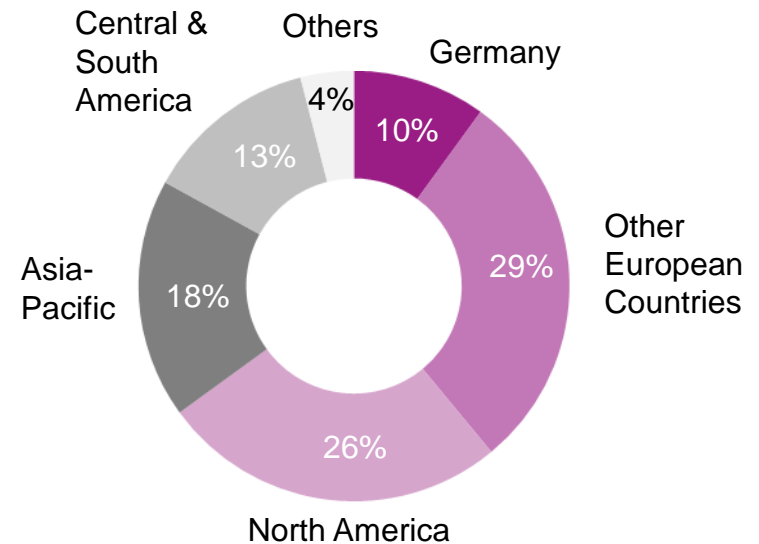


Sales split by Evonik's end markets (2012)¹



- Whole segment geared to mostly non-cyclical end markets
- Average relevant market growth of 6% driven by strong underlying megatrends

Sales split by region (2012)







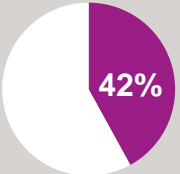
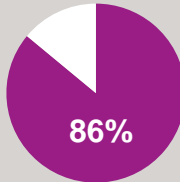


- Broad international exposure with already high sales share in emerging markets
- Ongoing expansion into emerging markets with investments in Singapore, China, Russia, Brazil

¹ Company estimates on the basis of information on Evonik's customers and the further use of Evonik's products by its customers

Consumer, Health & Nutrition overview

Leading market positions in key products





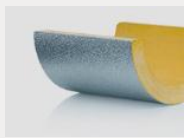


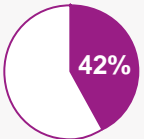
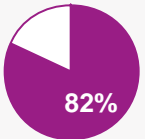

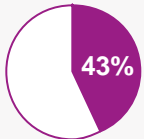
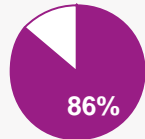
Key Business Lines	Personal Care	Baby Care	Methionine	Health Care
				
Example products and applications	Cosmetic ingredients e.g. for skin cremes, shampoos or shower gels	Superabsorbent polymers for diapers and adult hygiene products	DL-Methionine: Amino acid for animal nutrition, esp. poultry	Pharma polymers as drug-delivery systems (controlled drug release)
Evonik product position ¹	#4 in cosmetic ingredients	#1-2 in superabsorbents	#1 in DL-methionine	#2 in pharmaceutical polymers
% of sales from leading market positions ²				

¹ Company estimates, based on multiple research reports

² Defined as top 1-3 positions; as per company estimates, based on multiple research reports

Consumer, Health & Nutrition overview

BU Consumer Specialties








	Personal Care	Household Care	Comfort & Insulation	Interface & Perform.	Baby Care
					
Applications	<ul style="list-style-type: none"> Personal care Occupational skin care 	<ul style="list-style-type: none"> Laundry care Home care Car care 	<ul style="list-style-type: none"> Furniture / appliances Construction Automotive 	<ul style="list-style-type: none"> Packaging / tapes Agrochemicals Plastic additives 	<ul style="list-style-type: none"> Baby care Female care Adult care
Key products	<ul style="list-style-type: none"> Actives, emulsifiers, conditioners Skin cleansers 	<ul style="list-style-type: none"> Fabric conditioners Specialty surfactants 	<ul style="list-style-type: none"> Foam stabilizers Catalysts Release agents 	<ul style="list-style-type: none"> Release coatings Super spreading additives 	<ul style="list-style-type: none"> Superabsorbents
Sales split 2012	~20%	~15%	~15%	~10%	~40%
Market position¹	# 4 in cosmetic ingredients	# 1 in fabric softeners	# 1 in polyurethane foam additives	# 1-2 in release coatings	# 1-2 in superabsorbents
% of sales from leading positions²					
Main competitors	<ul style="list-style-type: none"> Croda BASF / Cognis Ashland / ISP 	<ul style="list-style-type: none"> AkzoNobel BASF / Cognis Solvay / Rhodia Stepan 	<ul style="list-style-type: none"> Air Products Dymatic Momentive 	<ul style="list-style-type: none"> Clariant Dow Corning Momentive Wacker 	<ul style="list-style-type: none"> BASF Nippon Shokubai

¹ Company estimates for relevant markets based on multiple research reports

² Defined as Top 1-3 positions; as per Company estimates, based on multiple research reports

Consumer, Health & Nutrition overview

BU Health & Nutrition

	Methionine	Bioproducts	Health Care	CyPlus Technologies
				
Applications	<ul style="list-style-type: none"> Animal nutrition, mainly poultry and swine 	<ul style="list-style-type: none"> Animal nutrition, poultry and swine 	<ul style="list-style-type: none"> Active pharmaceutical ingredients and functional pharmaceutical excipients: <ul style="list-style-type: none"> drug delivery systems functional drug coatings 	<ul style="list-style-type: none"> Fine chemicals Precious metals mining
Key products	<ul style="list-style-type: none"> Methionine 	<ul style="list-style-type: none"> Lysine Threonine Tryptophan 	<ul style="list-style-type: none"> Active pharma ingredients Pharma grade amino acids Pharmaceutical coatings 	<ul style="list-style-type: none"> Sodium cyanide Potassium cyanide
Sales split 2012	~60%	~15%	~20%	~5%
Market position¹	# 1 in DL-Methionine	# 3 in L-Threonine and L-Tryptophan	# 2 in drug-delivery systems	n.a.
% of sales from leading positions²				n.a.
Main competitors	<ul style="list-style-type: none"> Chem China / Adisseo Novus Sumitomo Chemicals 	<ul style="list-style-type: none"> Ajinomoto Archer Daniels Midland Cheil Jedang Global BioChem 	<ul style="list-style-type: none"> Colorcon Dow Cellulosics DSM Kyowa Hakko Lonza 	<ul style="list-style-type: none"> AGR DuPont Orica

¹ Company estimates for relevant markets based on multiple research reports

² Defined as Top 1-3 positions; as per Company estimates, based on multiple research reports