

# Evonik Capital Markets Day 2014

”Making the difference”  
Segment Resource Efficiency

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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%)



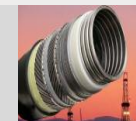
**Coating Additives**  
(~5%)



**Active Oxygens**  
(~10%)



**High Perf. Polymers**  
(~10%)



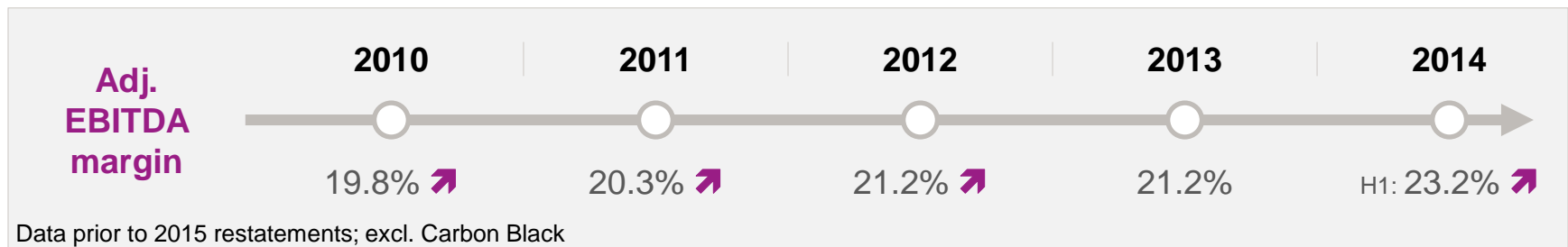
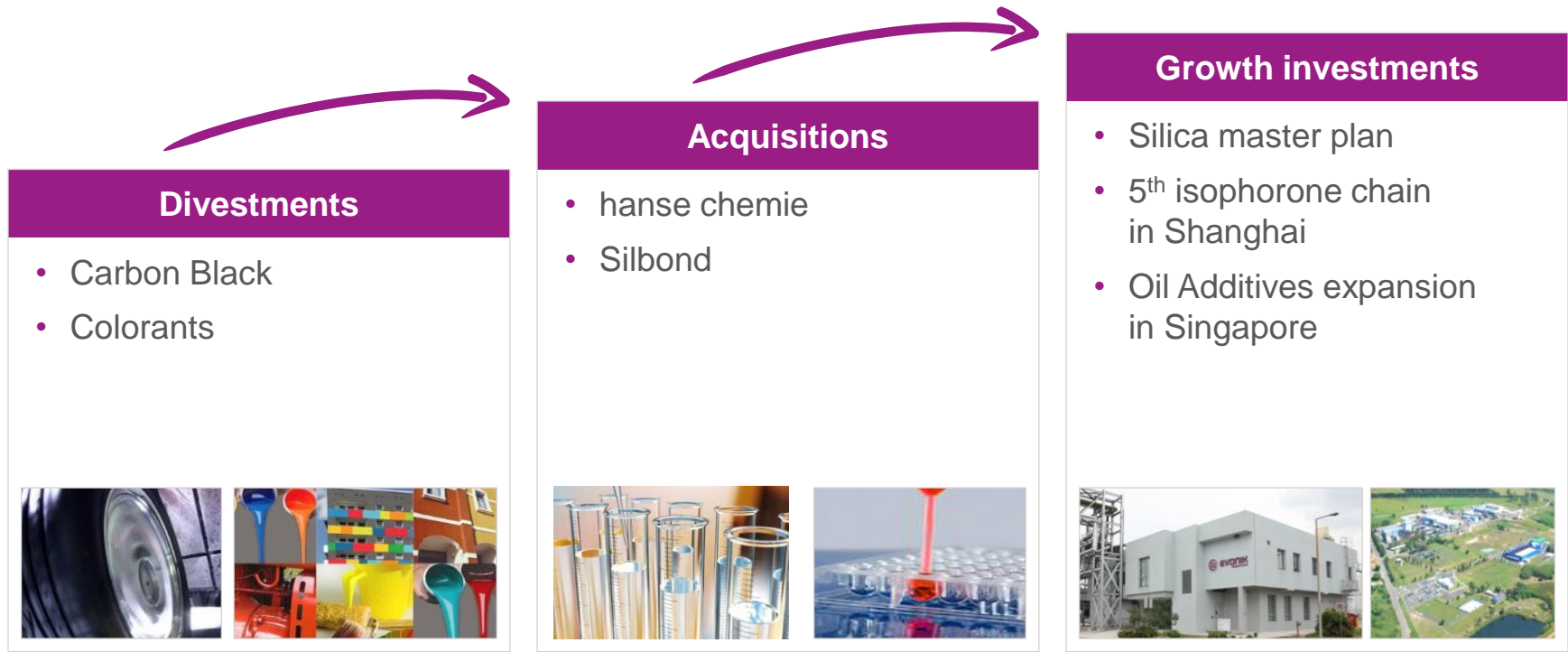
**Oil Additives**  
(~15%)



New segment structure from Jan 2015

# Portfolio management and growth investments

## Actively sharpening specialty character of portfolio

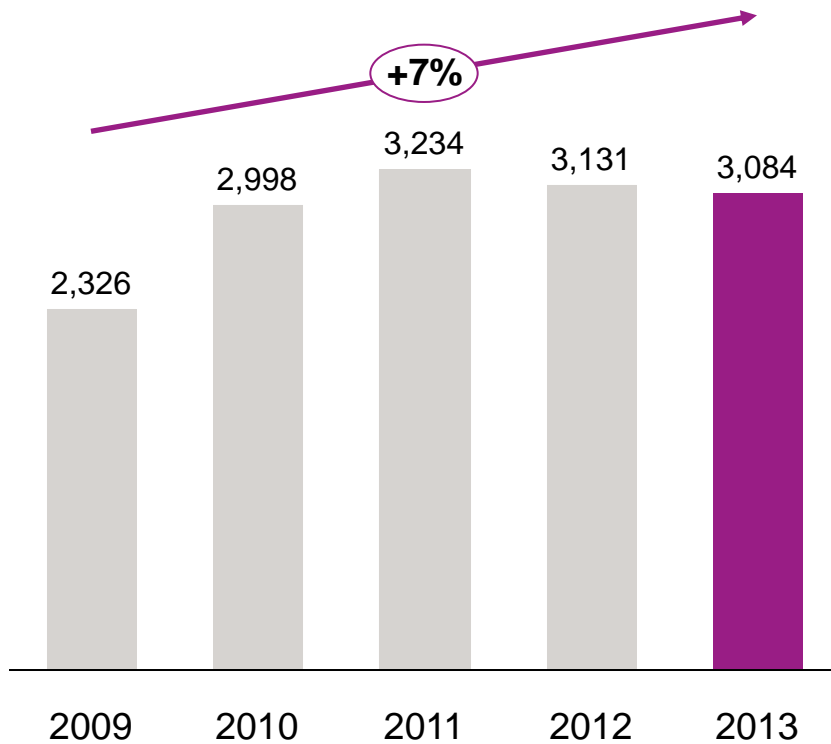


# Strong financial track record

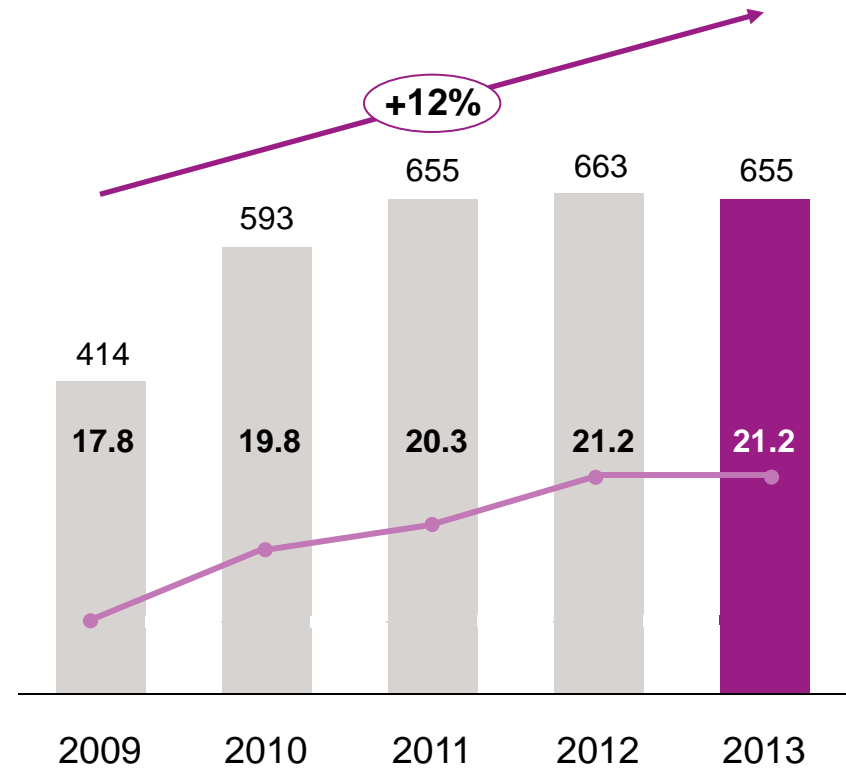
## Constantly increasing operating margin



### Sales (€ m)



### Adj. EBITDA (€ m) and margin (%)



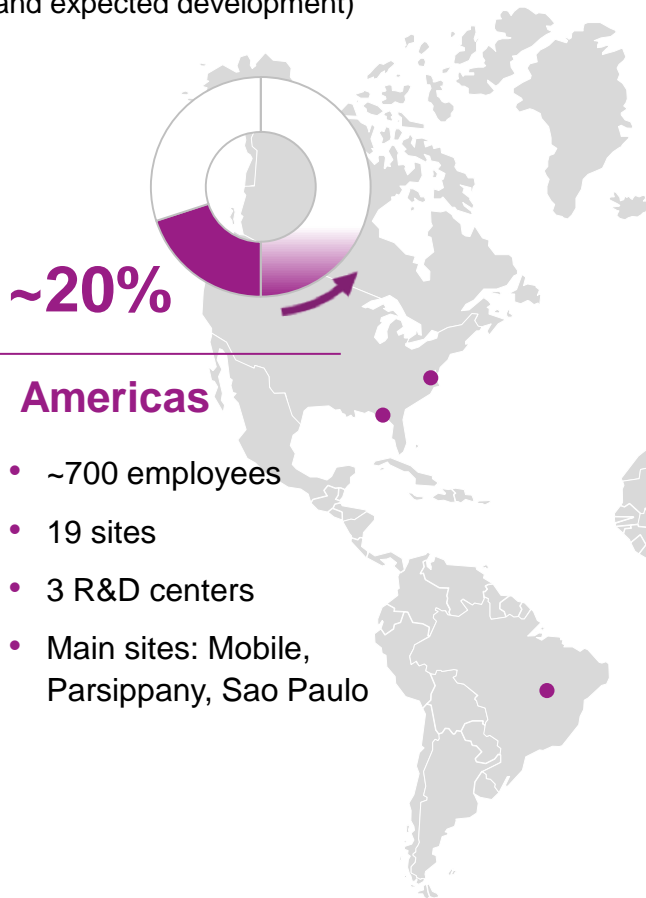
Data prior to 2015 restatements; excl. Carbon Black

# Global operations

## Increasing sales share in markets outside Europe driven by growth investments

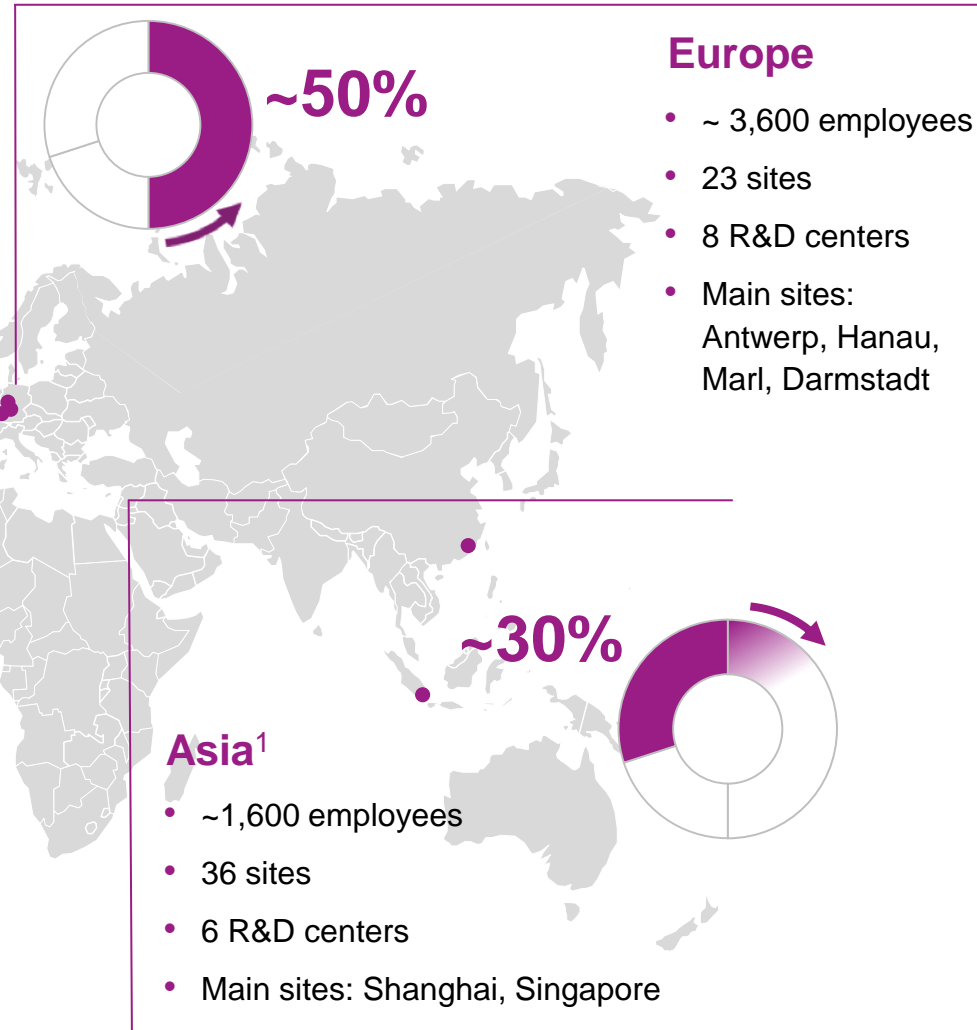


(Sales split by region in % of total segment sales and expected development)



### Americas

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



### Europe

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

### Asia<sup>1</sup>

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

Data prior to 2015 restatements; excl. Carbon Black

<sup>1</sup> 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%

Other

~35%

**Sales 2013**  
~€3 bn

~35%

### Selected market growth rates:

Low rolling resistance tires: ~10%

Light vehicle tires: ~5%

Viscosity modifiers: ~5%

**Automotive,  
transportation &  
machinery**

~10%

~20%

**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 tires<sup>1</sup> 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 lightweight vehicles, which are lighter<sup>2</sup> by up to **20%**

## Surface technologies



**Silane modified hybrid crosslinkers** enable scratch-resistant automotive clear-coats, reducing loss of gloss and refinishing needs by<sup>3</sup> **15%**

<sup>1</sup> EU label category A vs category G tires

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

<sup>3</sup> 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

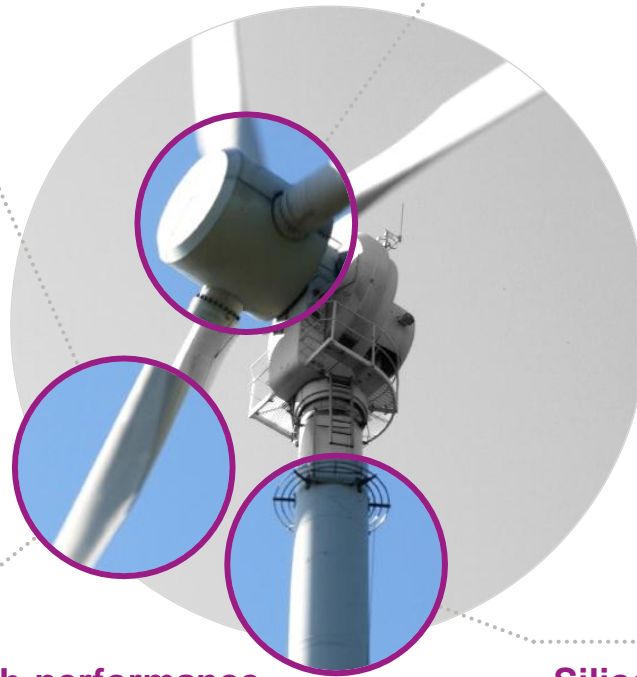
**Additives for wind turbine gear oils** deliver reliability, extended service life and reduce "oil cost" by up to

**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

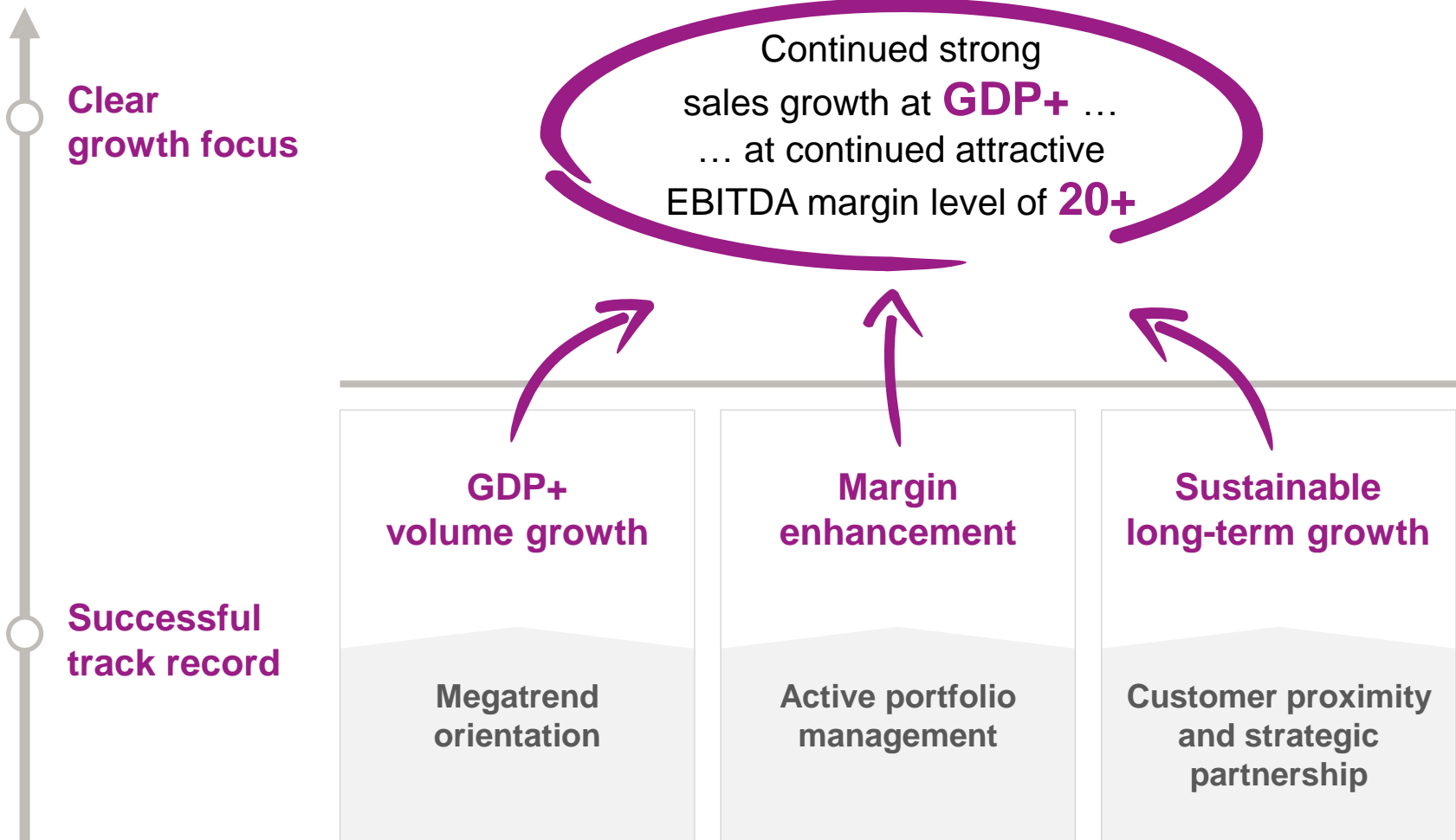
- Regional diversification of asset base with five fully integrated isophorone chains in Europe, US and now Asia
- Strengthen leading market position



## 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



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