

Evonik
Power to create.

Company presentation

Q1 2018 Results Roadshow

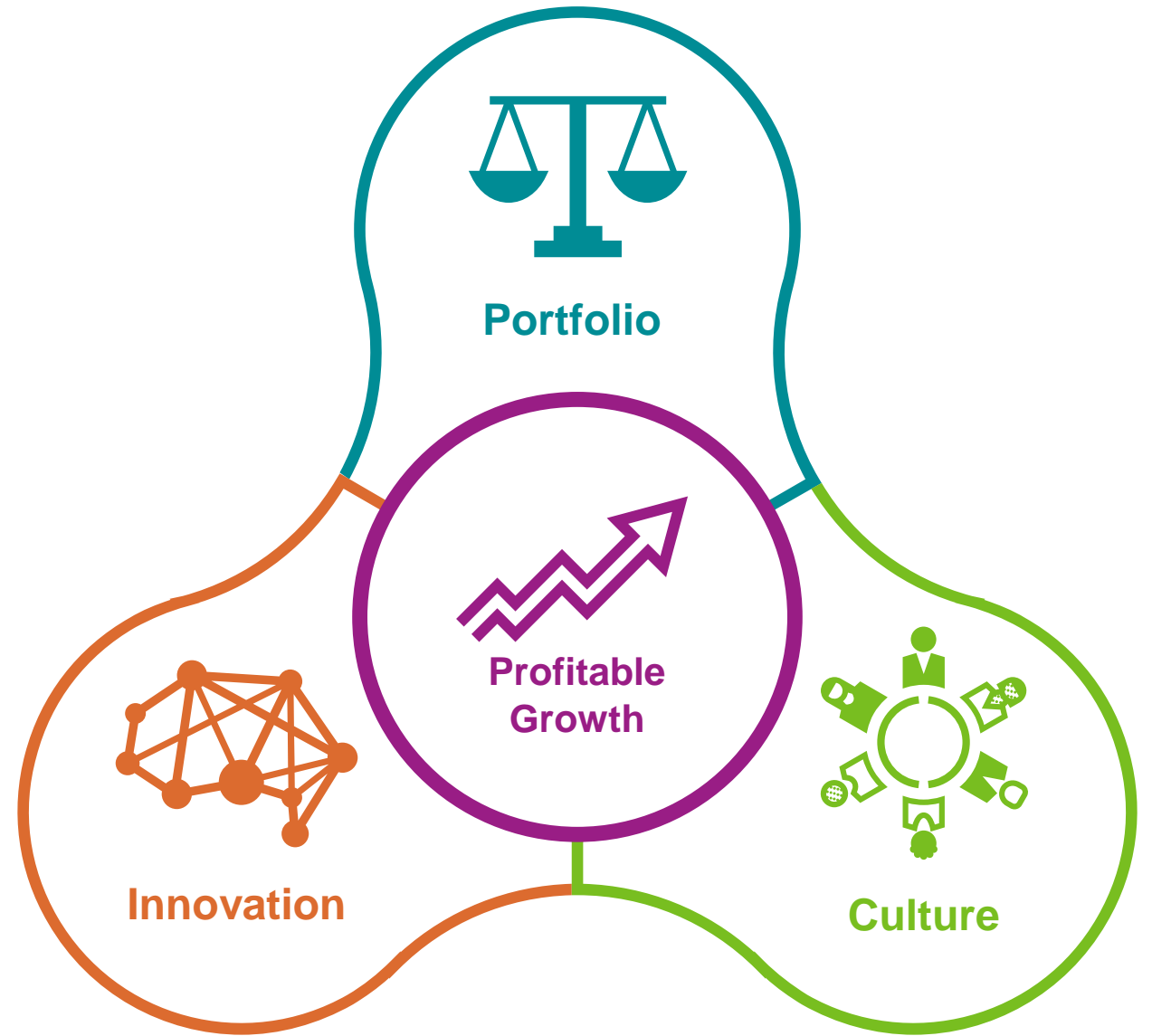


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2. Strategy
3. Financials Q1 2018
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A strong basis in Specialty Chemicals

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 2017

Sales

€14,383 m

Adj. EBITDA

€2,357 m

Margin

16.4%

ROCE

11.2%



Growth

**Nutrition
& Care**



**Resource
Efficiency**



Efficiency

**Performance
Materials**



Sales
€4,507 m



Adj. EBITDA / Margin
€747 m / 16.6%



Sales
€5,393 m



Adj. EBITDA / Margin
€1,173 m / 21.8%



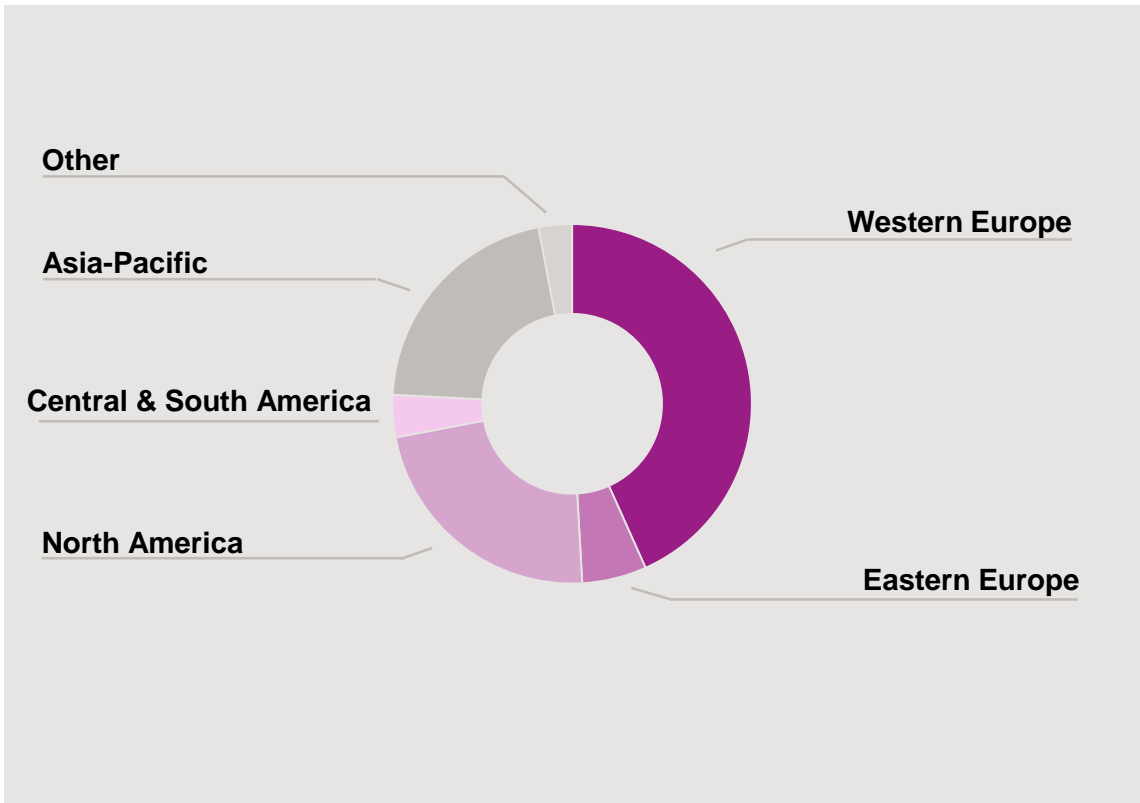
Sales
€3,751 m



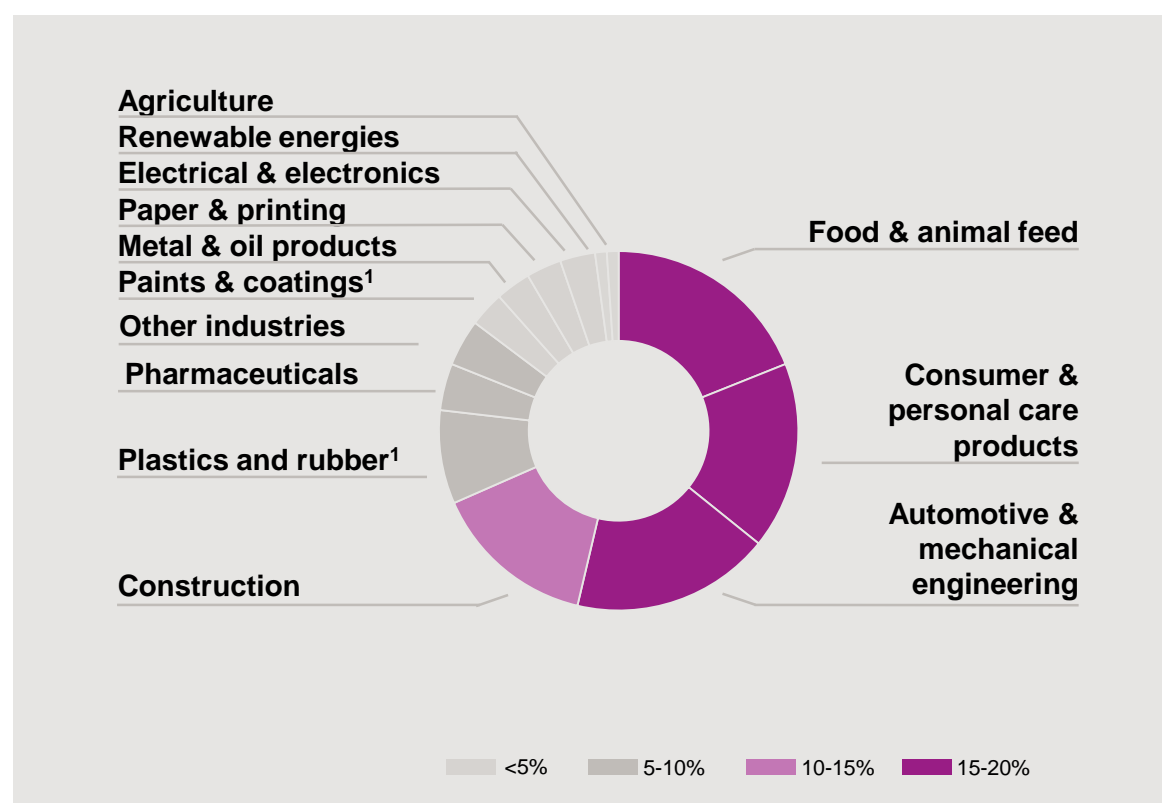
Adj. EBITDA / Margin
€658 m / 17.5%

Balanced regional and end market split

Sales by region



End market split



1. Where not assigned to other end-customer industries | 2017 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



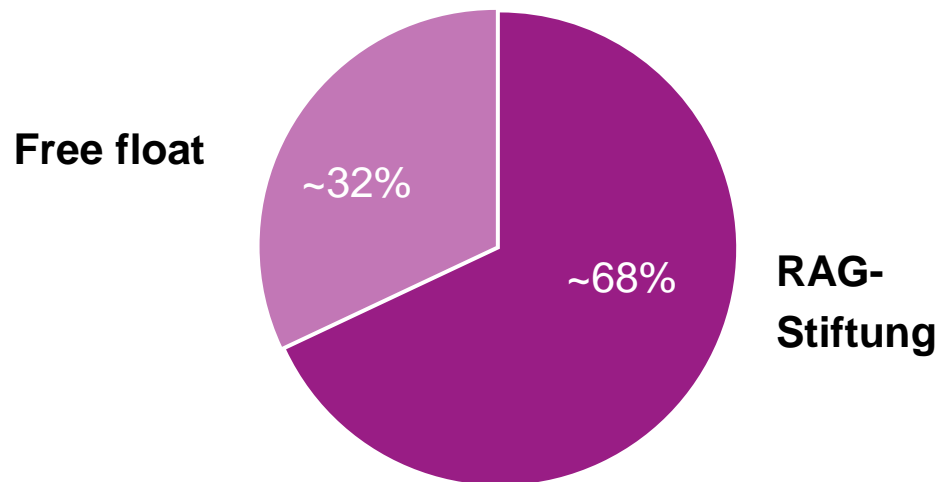
Performance Materials
Johann-Caspar Gammelin



Services
Gregor Hetzke

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

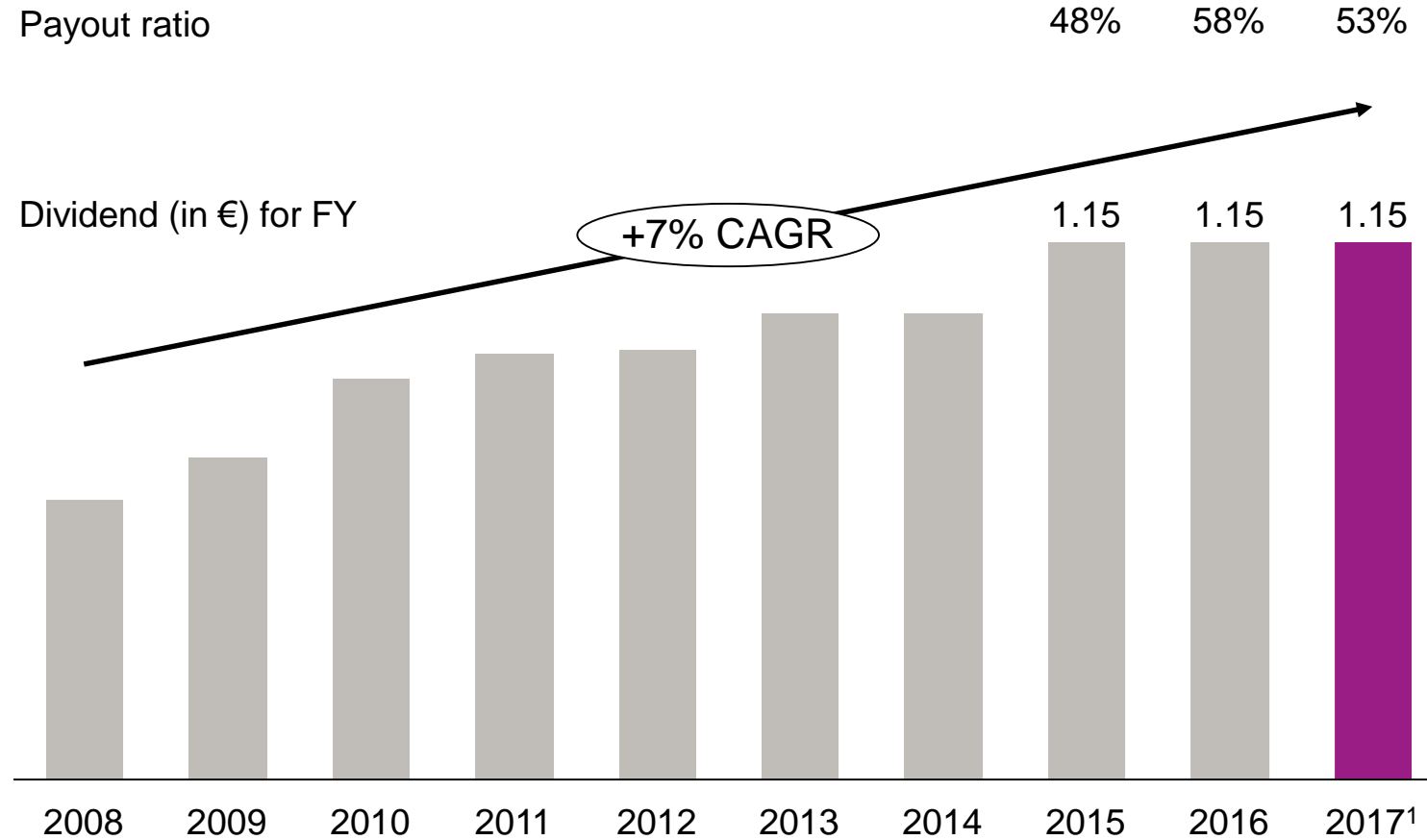
Ownership structure



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)
- Long-term perspective: intention to retain a strategic shareholding of **at least 25.1%**

Reliable and attractive dividend policy



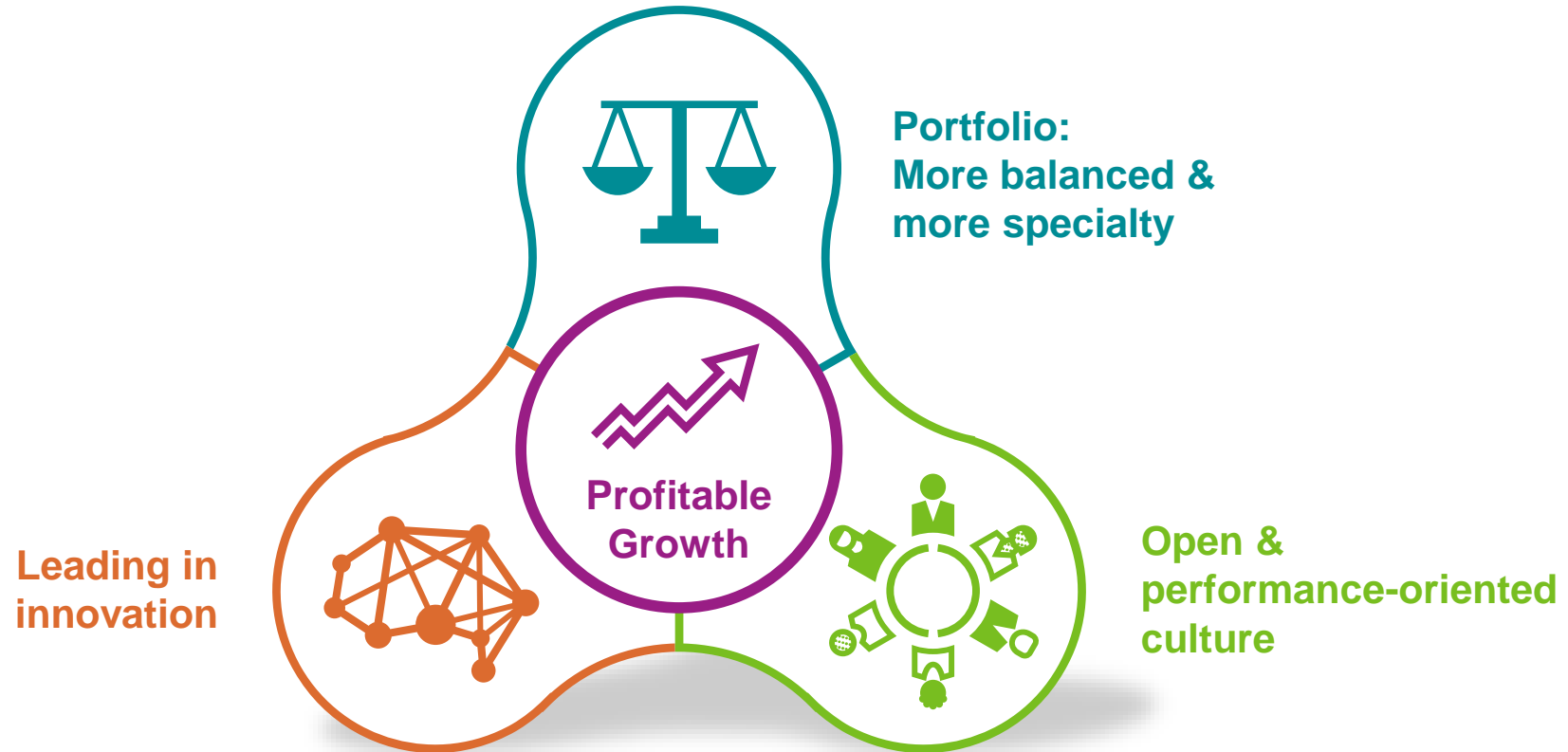
- Sustainable dividend growth over the last years: 7% CAGR between 2008 and 2017
- **Attractive dividend yield ~ 3.7%**
- Reliable dividend policy targeting:
 - **dividend continuity**
 - a **payout ratio of ~40%** of adjusted net income

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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

€4.5 bn

Mature
businesses



Growth
businesses

RESOURCE EFFICIENCY

€5.4 bn

Mature
businesses



Growth
businesses

PERFORMANCE MATERIALS

€3.8 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



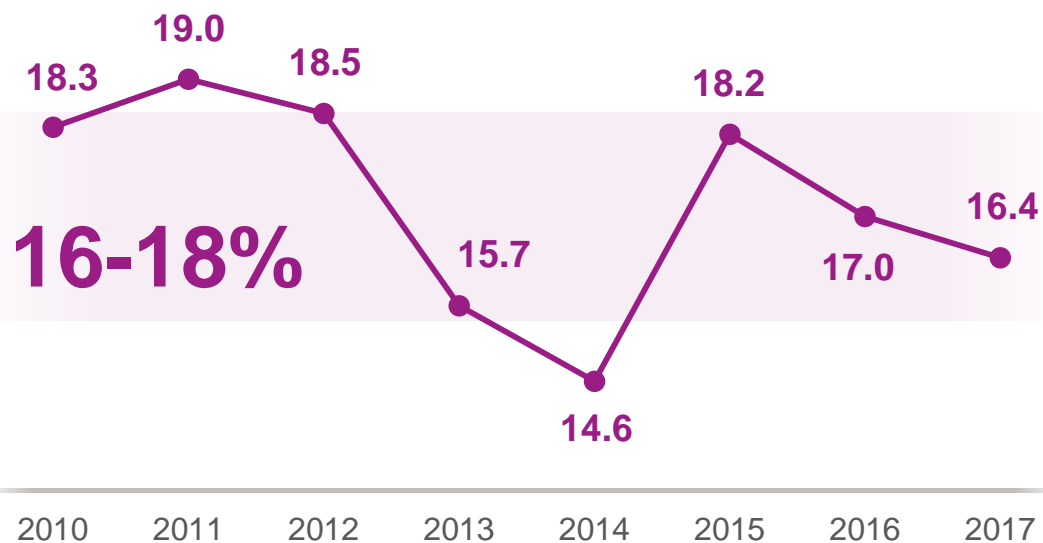
Animal Nutrition

Four
growth
engines

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 (p.a.)	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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Our agenda for 2018 – Driving the change

Steady progress on strategy execution



1 Strategy execution

- Divestment of Methacrylates business
- Strengthening “Smart Materials” via PA12 investment
- €200 m cost savings in SG&A
- Optimized strategic positioning for Animal Nutrition
- Driving an open and performance-oriented culture

2 Earnings growth

- Adj. EBITDA with €679 m well above prior year
- Earnings growth in all operative segments for the first time since Q3 2015

Highlights Q1 2018

Good start into the year, strong earnings and margin growth, higher FCF

Volume growth

+1%

Good volumes in Nutrition & Care (+4%), Performance Materials stable at high utilization, lower volumes in Resource Efficiency due to plant shutdowns (-2%)

Adj. EBITDA and margin

€679 m (+14%¹)

18.5% (+2.1pp¹)

Strong earnings and margin improvement despite headwinds from FX and raw materials

Free cash flow

€84 m

FCF above prior year (Q1 17: €57 m); capex discipline supports FCF

Outlook confirmed

€2.4-2.6 bn

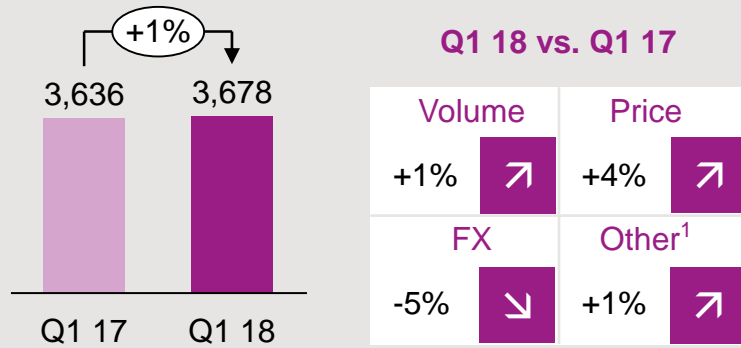
Good start into the year, fully confirming FY outlook, despite more adverse FX assumption for 2018

1. Compared to Q1 17

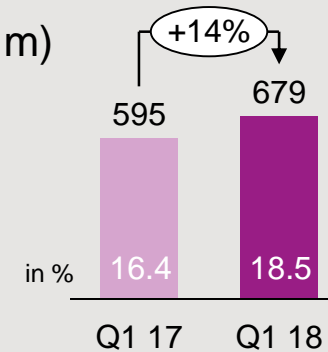
Financial highlights Q1 2018

Good quarterly performance reflected in all KPI's

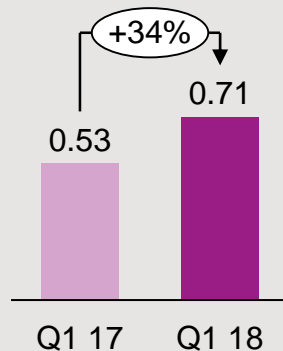
Sales
(in € m)



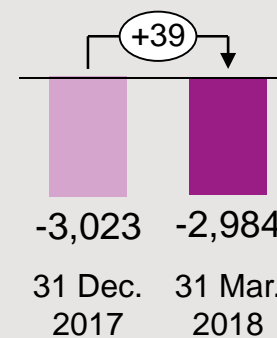
Adj. EBITDA (in € m)
/ margin (in %)



Adj. EPS
(in €)



Net financial
position
(in € m)



1. Portfolio effects and others | 2017 financials restated for IFRS 15

Earnings development Q1 2018

Earnings and margin expansion in all segments despite material headwinds



- Significant **FX headwind** in all segments
- Higher **raw material prices**



- **Healthy underlying trends** in most **businesses**
- **Synergy realization** from Air Products and Huber
- First effects from **cost savings** support earnings

Resource Efficiency (yoy)¹

Adj. EBITDA **+9%**
Margin **+140 bps**

Nutrition & Care (yoy)¹

Adj. EBITDA **+12%**
Margin **+200 bps**

Performance Materials (yoy)¹

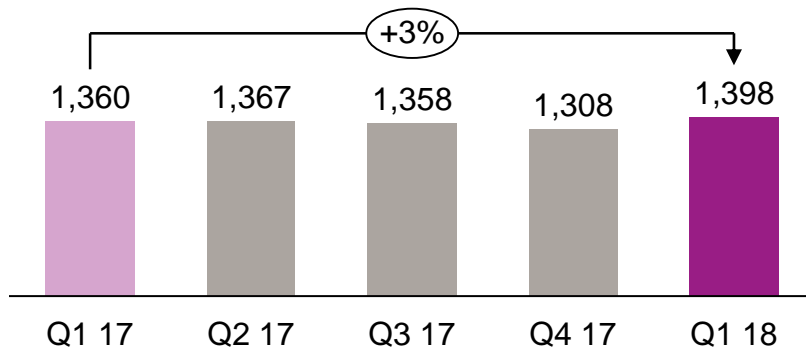
Adj. EBITDA **+14%**
Margin **+160 bps**

1. Adj. EBITDA and adj. EBITDA margin Q1 18 vs. Q1 17 | 2017 financials restated for IFRS 15

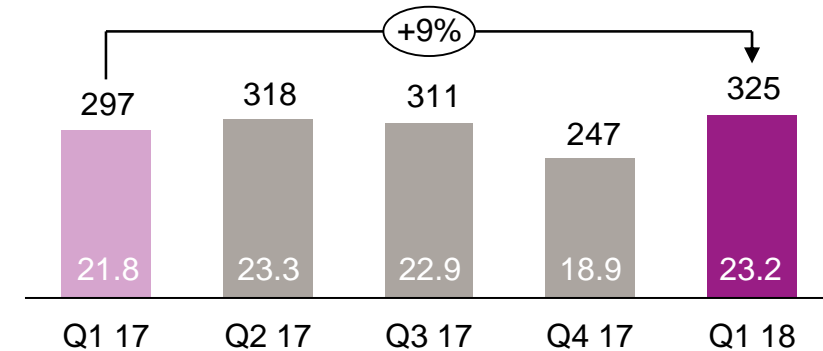
Resource Efficiency

Business strength proven by sustained high margin level

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q1 18 vs. Q1 17	Volume	Price	FX	Other
	-2%	+4%	-4%	+5% ¹
	↘	↗	↘	↗



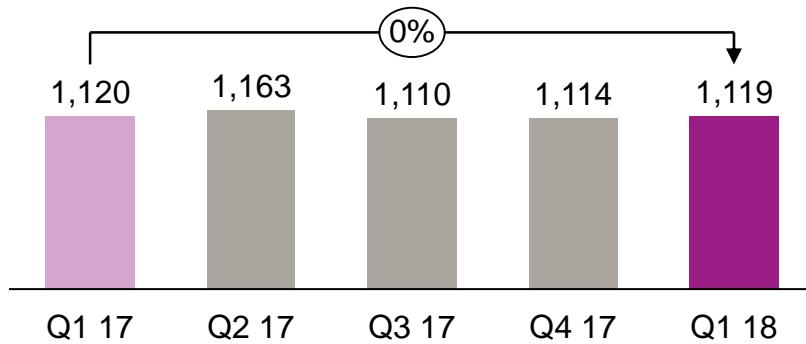
- Successful management of raw material prices and Huber contribution more than offset lower volumes and FX
- Negative volumes explained by shutdowns in Active Oxygens and Coating & Adhesive Resins businesses
- Ongoing strong demand and high utilization for Silica and High Performance Polymers (PA12)
- Strong performance of Coating Additives, driven by high demand for low VOC coatings
- For Q2, sequential earnings growth on segment level expected

1. Mix of portfolio effects and others | 2017 financials restated for IFRS 15

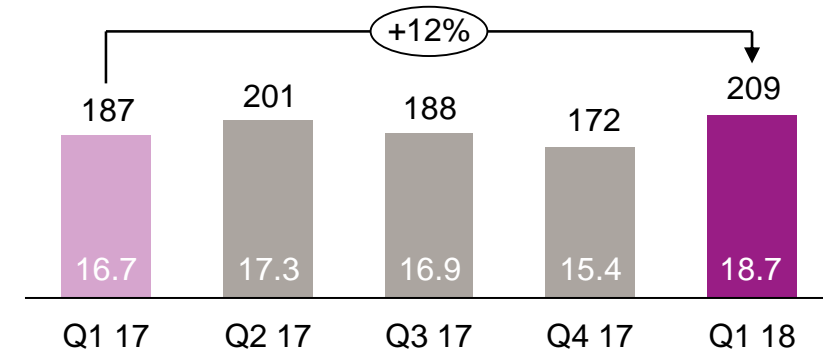
Nutrition & Care

Healthy organic growth leading to higher earnings and margin expansion

Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



Q1 18 vs. Q1 17	Volume	Price	FX	Other
	+4% ↗	+3% ↗	-8% ↘	+1% ↗

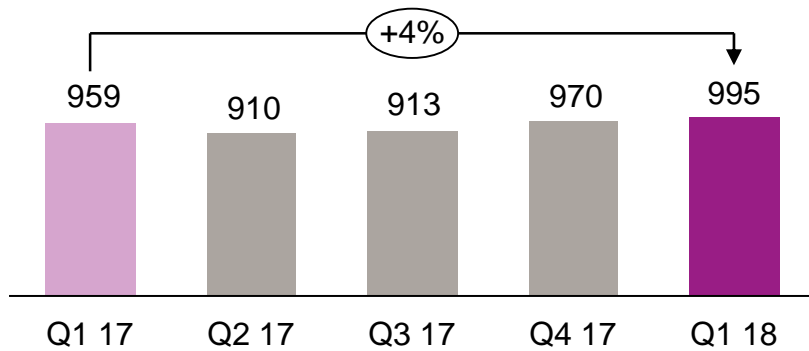


- Overall, good operational development in underlying businesses
- Higher volumes and prices counterbalancing tangible FX effect
- Personal Care driven by specialties and strong Dr. Straetmans business
- Health Care with continued good performance, especially in Pharma Polymers
- Methionine with yoy higher volumes, pickup especially after Chinese New Year; price stable in local currency
- Sequentially stable earnings expected on segment level for Q2

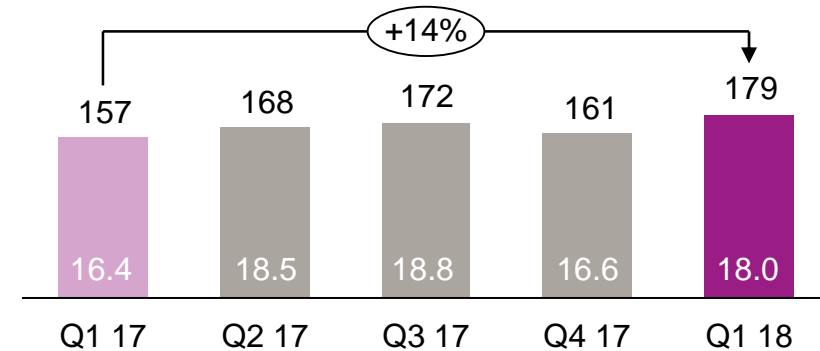
Performance Materials

Another strong quarter driven by Methacrylates

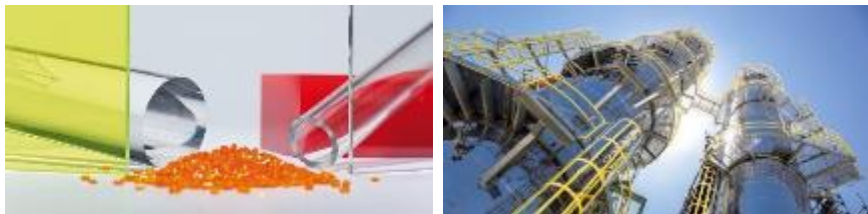
Sales (in € m)



Adj. EBITDA (in € m) / margin (in %)



	Volume	Price	FX	Other
Q1 18 vs. Q1 17	+/-0% →	+8% ↗	-4% ↘	+/-0% →



- Negative FX effect (mainly in MMA/PMMA business) more than offset by higher prices
- MMA/PMMA margins in Q1 continue on attractive levels, in some regions and products even with a sequential uptick. Volumes on already good previous year level.
- C4 business with a softer start into the year. MTBE and Butadiene with good volumes, but lower margins
- Another strong quarter for the segment expected for Q2: C4 business with sequential improvement, tight markets in MMA to persist

Outlook 2018

Committed to higher sales and earnings growth

Outlook FY 2018		
Sales	Slightly higher sales	2017: €14.4 bn
Adj. EBITDA	€2.4 – 2.6 bn	2017: €2,357 m
FX assumption	1.26 EUR/USD (from 1.20 at Q4 17 reporting)	

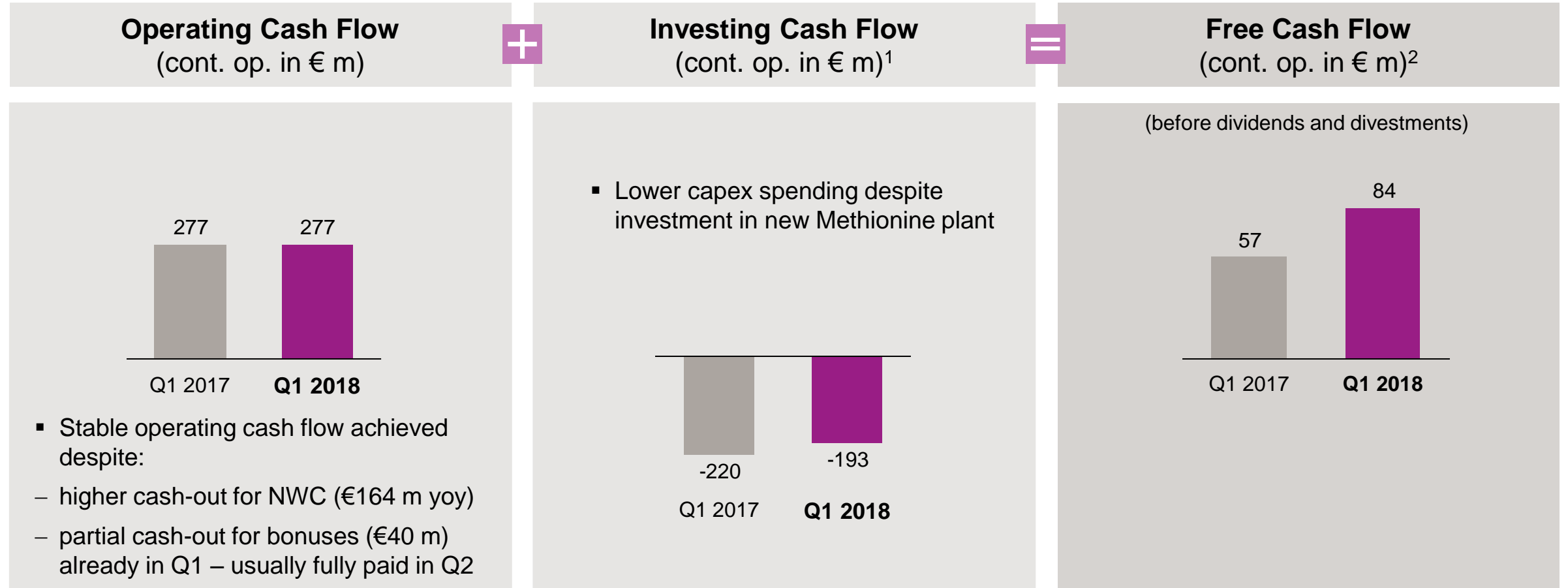


▶ Outlook fully confirmed, despite more negative FX assumption

▶ Adj. EBITDA for Q2 expected on good Q1 level

Free Cash Flow Q1 2018

Free cash flow above prior-year level



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

Additional indications for 2018

- Synergies from acquisitions (APD Specialty Chemicals & Huber Silica) **Additional synergies of ~€25 m** (Synergies 2018e: ~€40 m; 2017: ~€15 m)
- Huber Additional adj. EBITDA of **~€30 m** for further eight months of consolidation (closing Sept 1st 2017)
- ROCE **Above cost of capital** (10.0% before taxes) and around the level of last year (2017: 11.2%)
- Capex **~€1 bn** (2017: €1,078 m)
- Free cash flow **Slightly above the level of 2017** (2017: €511 m)
- EUR/USD **Changed to 1.26 EUR/USD** (previously: 1.20; 2017: 1.13 EUR/USD)
- EUR/USD sensitivity¹ +/-1 USD cent = **-/+ ~€8 m** adj. EBITDA (FY basis)
- Adj. EBITDA Services **Slightly higher than in 2017** (2017: €123 m)
- Adj. EBITDA Corporate / Others **Slightly less negative than in 2017** (2017: -€346 m)
- Adj. D&A **Changed to €840 m** (previously: ~€890 m; 2017: €870 m)
- Adj. net financial result² **~-€190 m** (2017: -€175 m); increase mainly due to hybrid bond issuance in July 2017
- Adj. tax rate **~29%** (2017: 29% including positive one-time effects from US tax reform in Q4, 31% without this one-time effect)

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



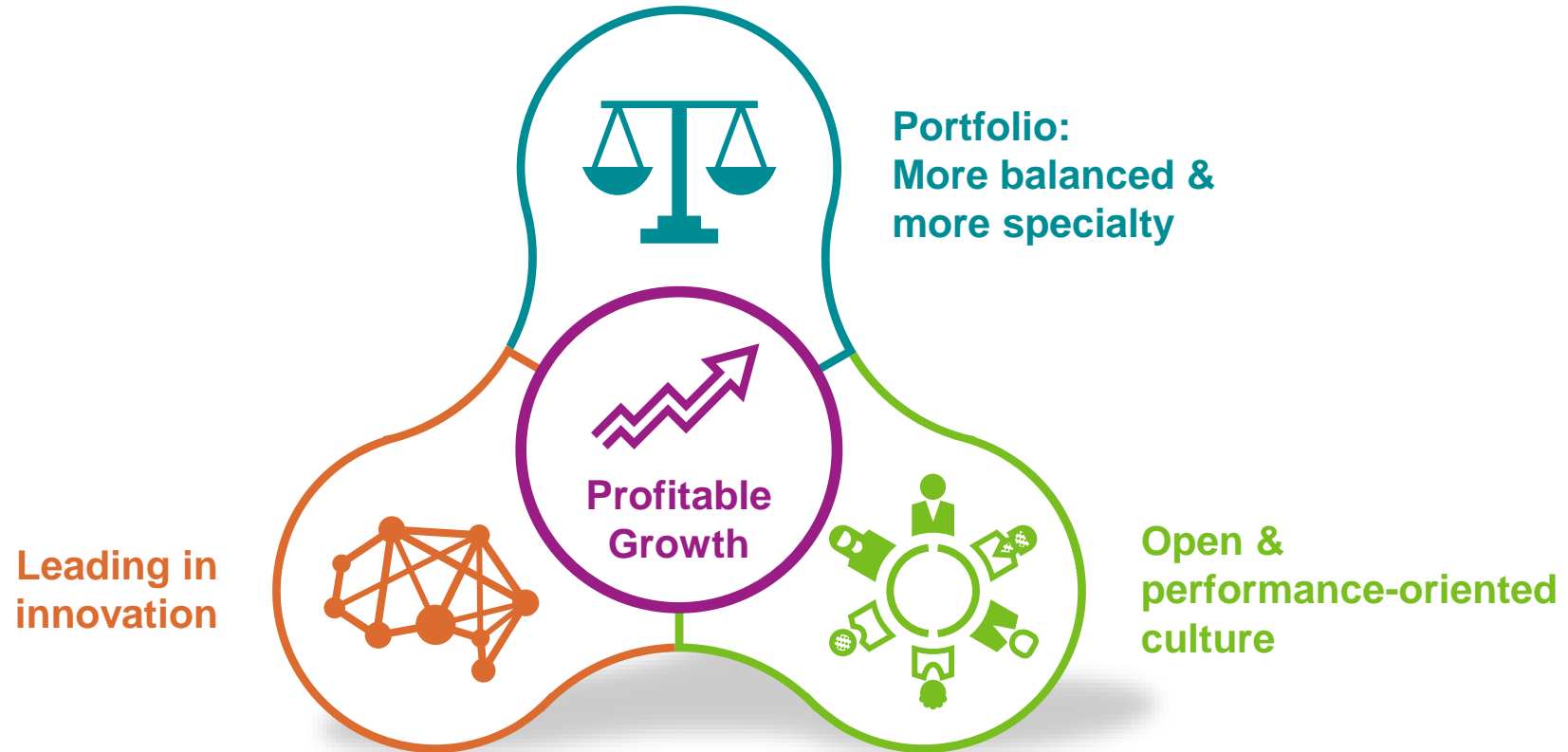
EVONIK

POWER TO CREATE

Appendix

- 1. Strategy Details**
2. Segment overview
3. Financials
4. Upcoming events

Targeting excellence in three strategic focus areas



Portfolio strategy: „More balanced – more specialty“

Focus on businesses with specialty chemicals characteristics

Low cyclicalty;
low raw material dependency

**Above-
average
growth and
margins**

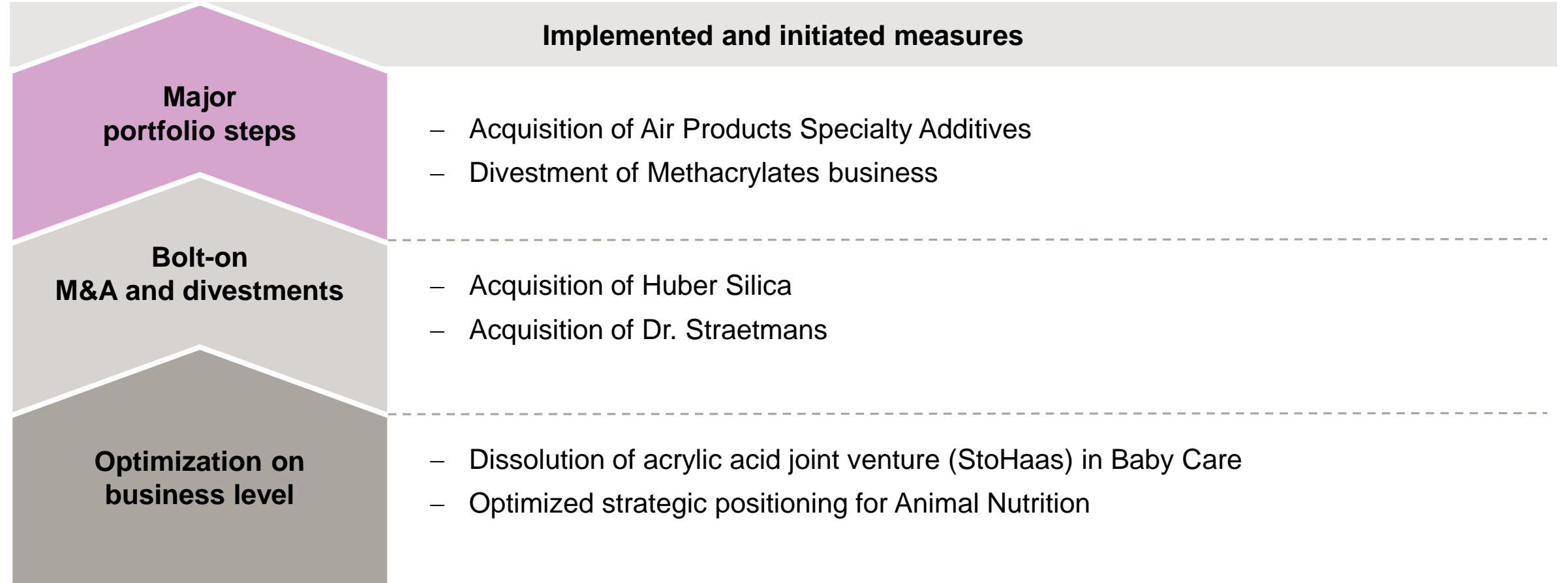
Customer-specific products
and services

High customer proximity

Mission-critical solutions
enabling value-based pricing








Executing portfolio management on all levels

Building a more balanced and more specialty portfolio



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>5-6%</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>5-6%</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>4-7%</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>	 <p>5-7%</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

Achieving cost excellence

Leaner processes, higher cost discipline and increased performance orientation

Cost savings of €200 m (p.a.)

✓
€50 m

- Hiring freeze in relevant functions in place
- Reflected in all budgets and management targets
- Full net impact in 2018

€135 m
General & Admin expenses

€65 m
Selling expenses

Structural changes to secure sustainable impact

- Streamlining of major end-to-end processes
- Simplify governance and decision-making

Measures on segment level

- Stronger focus on cost-to-serve orientation
- Reduce complexity and improve efficiency on administrative and operating level

Further details latest by June

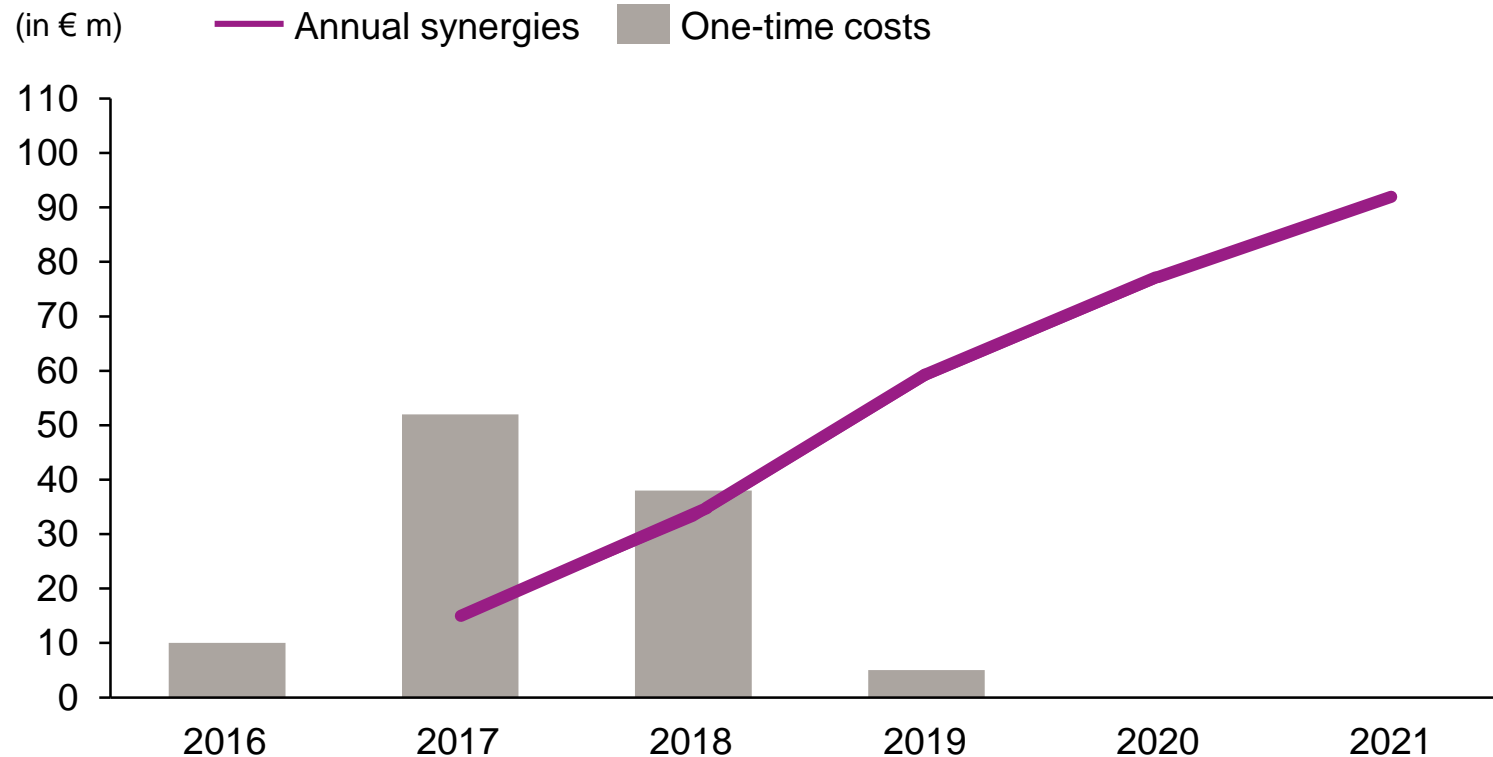
2018

2021

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 ~1.20

Acquisition of Air Products (APD) Performance Materials activities

Creating a global leader in Specialty & Coating Additives



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

Leading in 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 in 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

1. Strategy Details
- 2. Segment overview**
3. Financials
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Evonik Group

22 Business Lines grouped in 3 segments

Nutrition & Care



Sales
€4,507 m



Adj. EBITDA / Margin
€747 m / 16.6%

Animal Nutrition

Baby Care

Comfort & Insulation

Health Care

Personal Care

Household Care

Interface & Performance

Resource Efficiency



Sales
€5,393 m



Adj. EBITDA / Margin
€1,173 m / 21.8%

Silica

Crosslinkers

Coating & Adhesive Resins

Oil Additives

High Performance Polymers

Active Oxygens

Coating Additives

Silanes

Catalysts

Performance Materials



Sales
€3,751 m



Adj. EBITDA / Margin
€658 m / 17.5%

Performance Intermediates

Methacrylates

Acrylic Products

Functional Solutions

Agrochemicals & Polymer Additives

CyPlus Technologies

Nutrition & Care

Fulfilling human needs in a globalizing world

Key characteristics

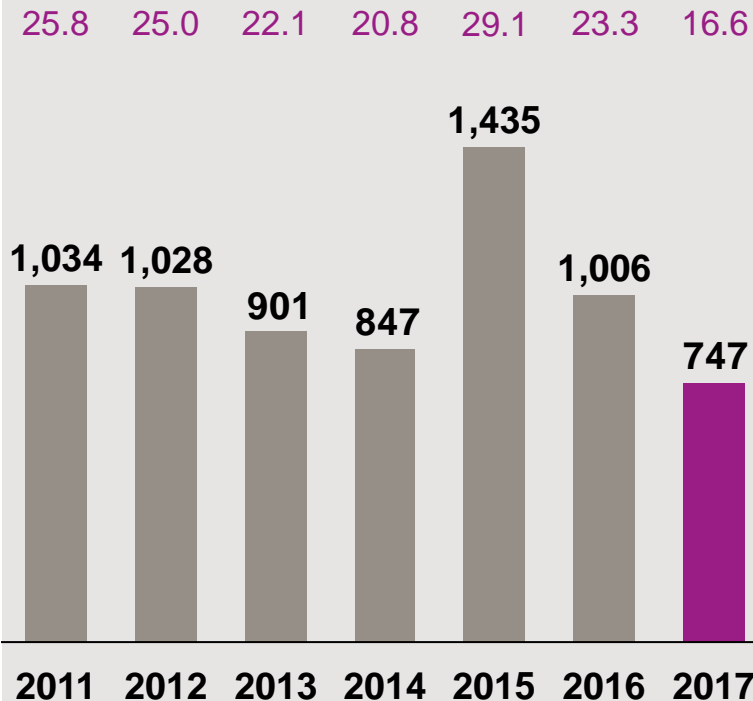
- High degree of **customer intimacy and market know-how**
- Enabling our customers to deliver **differentiating solutions** in their markets
- **Excellent technology platforms**
- **Sustainability** as major growth driver

Key products

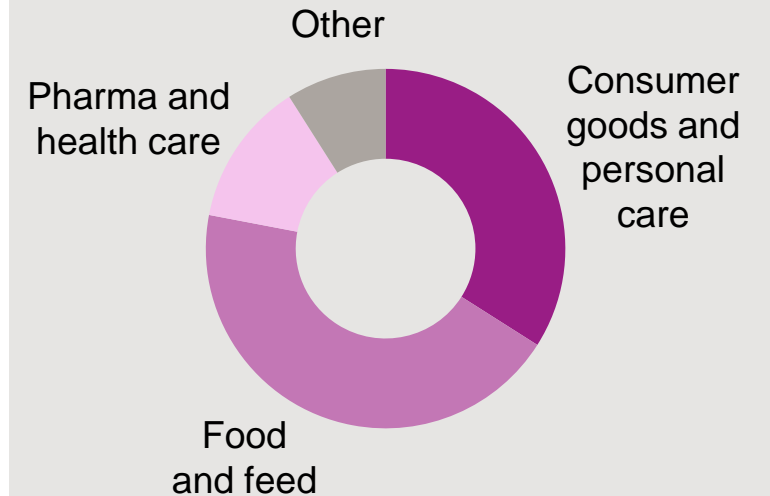
- Amino acids for professional animal nutrition
- Ingredients for cosmetic products
- Superabsorbents for baby diapers
- Drug delivery systems for controlled drug release



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

Portfolio Management – Animal Nutrition

Advance leadership position by growth initiatives and efficiency gains

Strategic review process conducted in Animal Nutrition

Broaden portfolio



...beyond amino acids:

- Probiotics
- CreAMINO®
- Omega-3 fatty acids
- Diagnostics

**Double-digit
annual growth rates**

Manage production setup



- Contract manufacturing for bio-amino acids
- Closure of uneconomic sites (e.g. Threonine in Hungary)
- Synergy realization for lysine and omega-3 production in Blair, NE

€50 m p.a. efficiency improvements

- First savings already in 2018; full savings by 2020
- Reduction of ~270 FTE across all functions

Optimize cost base



- Process innovations to improve Methionine production cost base
- Streamlining supply chain
- Evolution of sales & marketing: strict cost-to-serve approach

Strengthen Health & Care Growth Engine

Investment in American Digital Skin Technology Start-up mySkin

Driving digitalization in the cosmetic industry

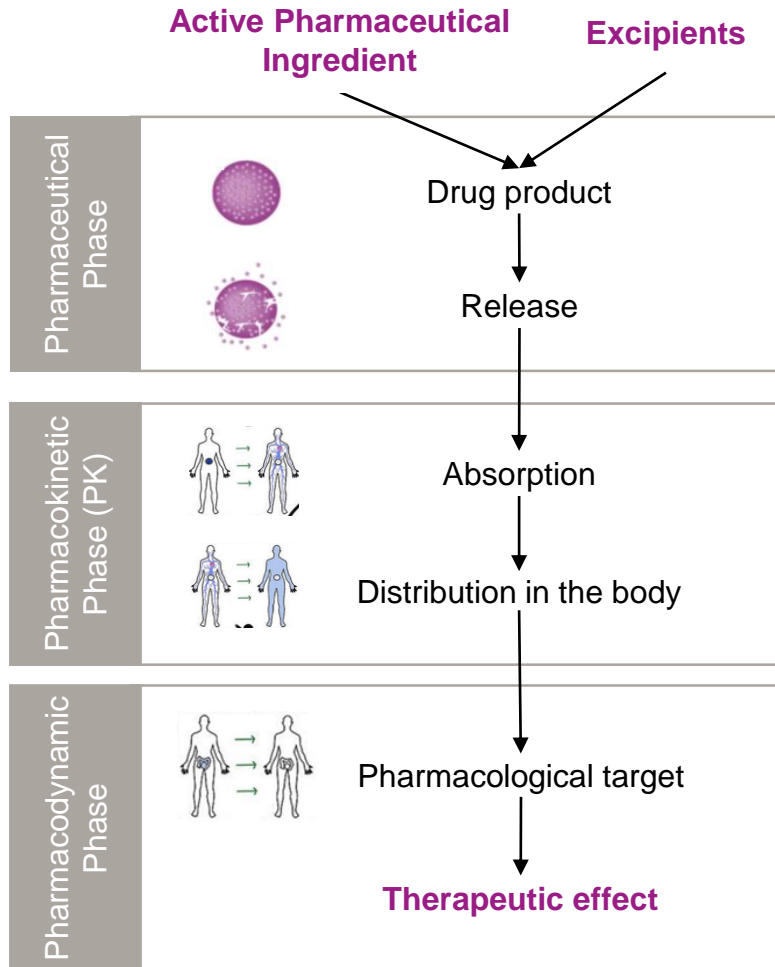
- Minority investment (single digit €) as part of a Series A financing
- mySkin's technology offers the possibility of getting a direct insight into how active ingredients perform in cosmetic products at the consumer level
- Breakthrough in how consumers can measure and improve their skin
- Supports Evonik Personal Care strategy of supplying cosmetic industry customers with a wide range of specialty technology solutions



mySkin's unique handheld device "OKU" measures a variety of skin properties and recommends personal care products

Pharma Polymers & Services

Our expertise is the design of medicine



Our excipients and drug delivery technologies turn drugs into high performance medicines

Example 1, Solid Oral Dosage Forms: Proton Pump Inhibitors (PPI)

- PPIs are oral drugs for long-lasting reduction of gastric acid production
- Targeted API release with EUDRAGIT® polymers for maximum effectiveness

Example 2, Injectable Microparticles: Synthetic Hormones

- Biodegradable microspheres are commonly used in prostate cancer drugs
- RESOMER® polymers control the rate of drug release for long-term parenteral drug delivery (1-6 month)

Example 3, Injectable Lipid Nanoparticles (LNPs): Cytostatic compounds

- Bio-compatible drug delivery vehicles for to improve drug solubility, Pharmacokinetic Phase and protect API against degradation
- Liposomes can improve the safety profile of a cancer drug

Resource Efficiency

Innovative products for resource-efficient solutions

Key characteristics

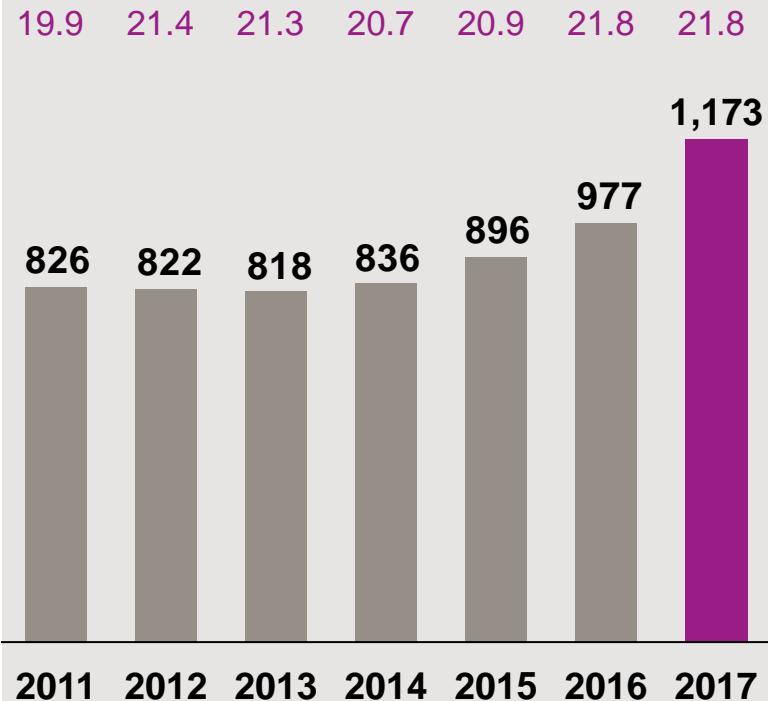
- Focus on **performance-impacting** and value-driving components
- **Minor share of cost** in most end products
- Strong focus on **technical service**
- **Low risk of substitution**
- High pricing power (**value-based pricing**)

Key products

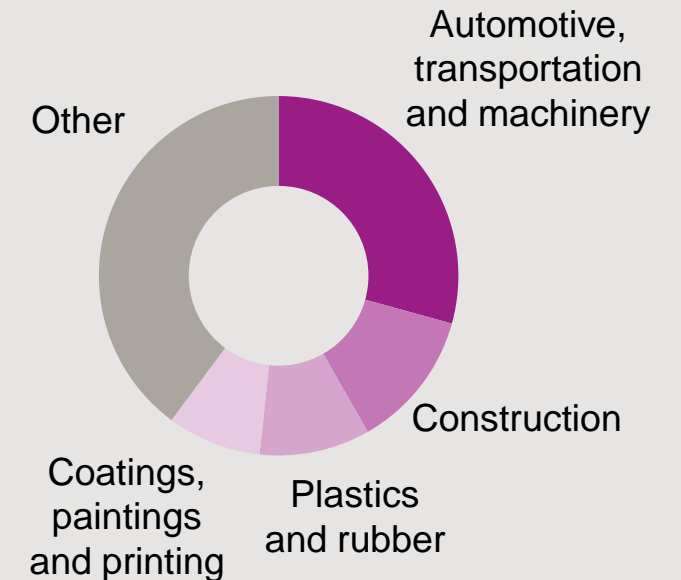
- Precipitated and fumed silica as flow property enhancers
- Crosslinkers for composite materials and coatings
- Viscosity modifiers for oils and hydraulic fluids



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"> ▪ BASF ▪ Covestro ▪ Wanhua

1. Company estimates for relevant markets based on multiple research reports

Resource Efficiency

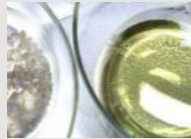


Business Line overview (2/3)

	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

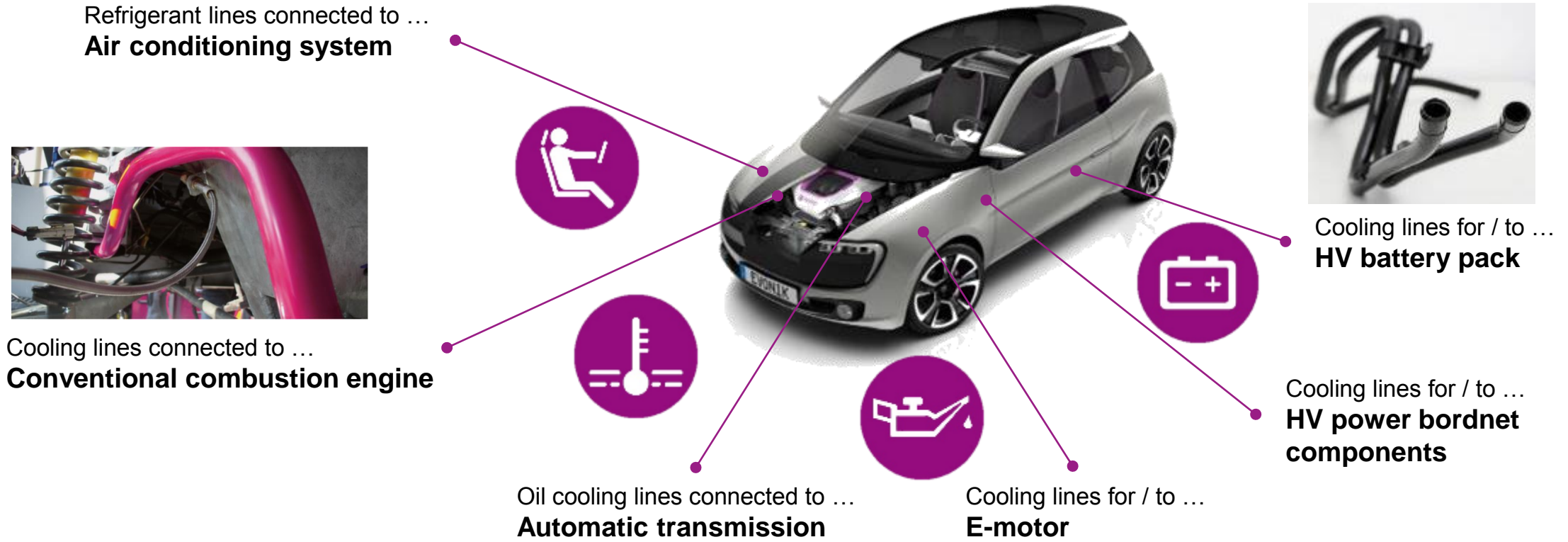
Expansion of Polyamide 12 capacities with new plant complex in Marl (Germany)

- ▶ **Strong strategic fit**
... expanding growth engine “Smart Materials”
 - ▶ **Attractive market**
... strong growth and demanding applications
 - ▶ **Unique market position**
... leading player with full backward integration
 - ▶ **Highly attractive financial profile**
... high and stable returns
- Capex of ~€400 m over four years as part of annual budget for growth investments**



PA12 key market examples – Automotive and e-mobility

Thermal management as key PA12 growth driver in future automotive



low weight

chemical
resistance

Unique PA12 benefits

high stability
high flexibility

temperature
resistance

PA12 key market examples – 3D Printing

Evonik clear market leader in material for key 3D printing technologies

No. 1 choice
for Additive
Manufacturing

Powder Bed Fusion (SLS, MJF)

+ Best mechanical properties - Expensive machines

No support structures



Fused Deposition Modeling

+ Clean - Support structures
Slow

Stereolithography

+ Surface quality - Support structures
Brittle and slow

- Evonik is market leader in powder-based processes with 65% market share
- Powder-based 3D printing technology is the No. 1 candidate for transitioning from prototyping to higher volume manufacturing
- Selective Laser Sintering (SLS) and Multi Jet Fusion (MJF) offer best mechanical properties of all 3D printing technologies
- Evonik special PA12 powders optimally suited for SLS and MJF due to high quality, processing capabilities and property profiles.

Mid-term CAGR: >20% p.a.¹

Market size by 2030: €22 bn²

1. Evonik estimate | 2. Handelsblatt

Strengthening Green Tire Product Portfolio

New products to meet market needs for innovative solutions

- Evonik is **market leader** and the only manufacturer worldwide to offer **Silica** and **Rubber Silanes** from a single source
- Both are most important components for manufacturing **green tires** with particularly low rolling resistance

▶ **~20% of a car's fuel is used to overcome tire resistance**

- Strengthening market leadership by constantly expanding product portfolio for green tires
- For example with new **ULTRASIL® 7800 GR**
 - superior dry handling & low rolling resistance
 - excellent wet grip
 - striking wear resistance
 - ideal for large SUV and all-season tires
 - easy-to-process granulated silica



Tire market offers
attractive growth
rate (p.a.)

5-7%

Performance Materials

Integrated production platforms for efficient production of rubber and plastic intermediates

Key characteristics

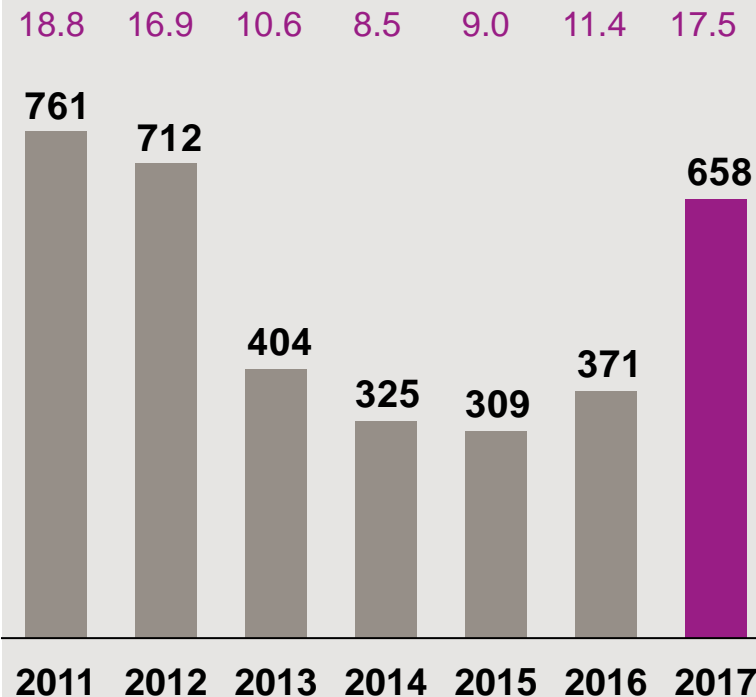
- Strong **integrated production platforms**
- **Leading cost positions**
- Favorable **raw material access**
- Focus on **continuous efficiency improvements**
- High degree of **supply reliability**

Key products

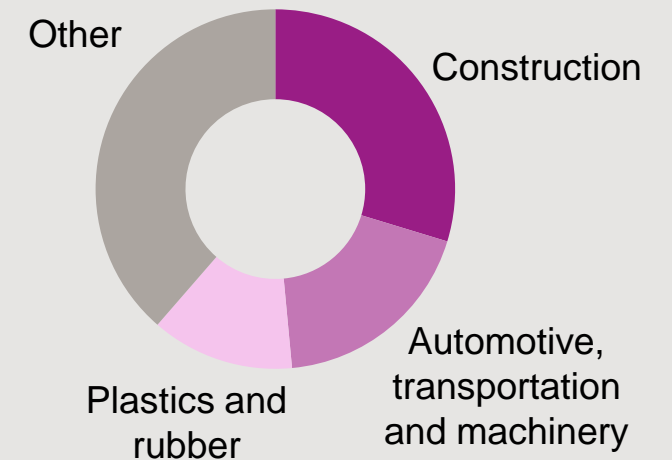
- Acrylic sheets, molding compounds (PMMA) and its precursors (MMA), e.g. for LED and touch screens
- Butadiene for synthetic rubber
- MTBE as fuel additive



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

Portfolio Management – Methacrylates

Divestment of Methacrylates business

Business Facts

~ €1.5 bn
sales in 2017

#2 globally
in MMA and PMMA

18 sites

Access to
C2, C3 & C4
-based technologies

~3,700
employees¹

>3%
global market growth

- Methacrylates in good shape and well positioned
- C2 technology “LiMA” opens new opportunities for the business
- Business perspectives cannot be realized with current portfolio role
- Driving process to find a new owner

**Divestment
process for
Methacrylates
initiated**

1. In operational and service functions

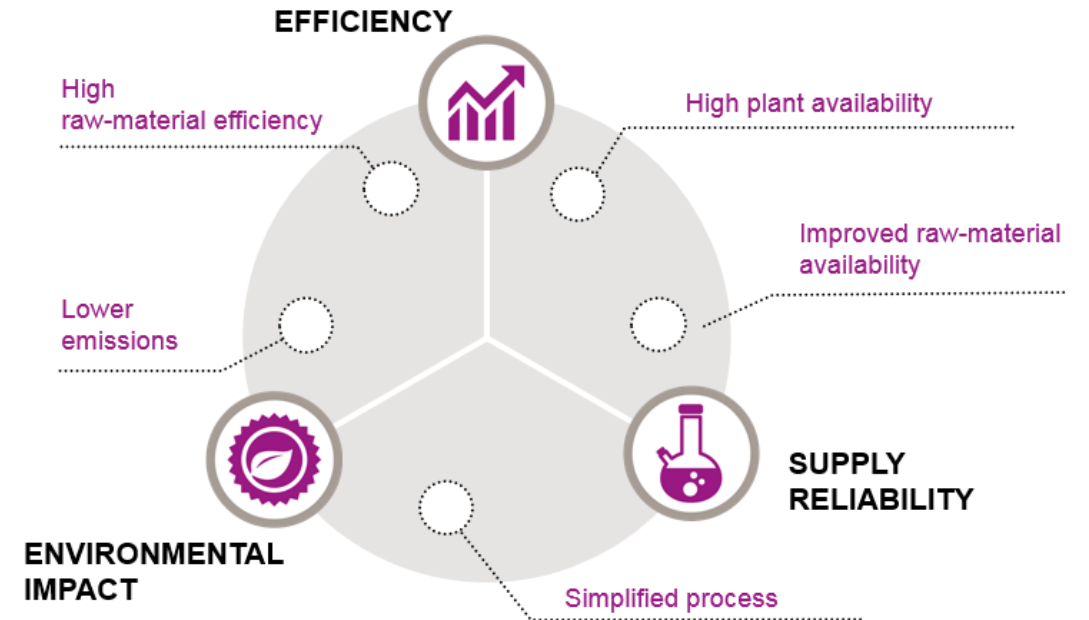
Portfolio Management – Methacrylates

Evonik's new C2 technology "LiMA" – best-in-class MMA production process

"LiMA" – Leading in Methacrylates

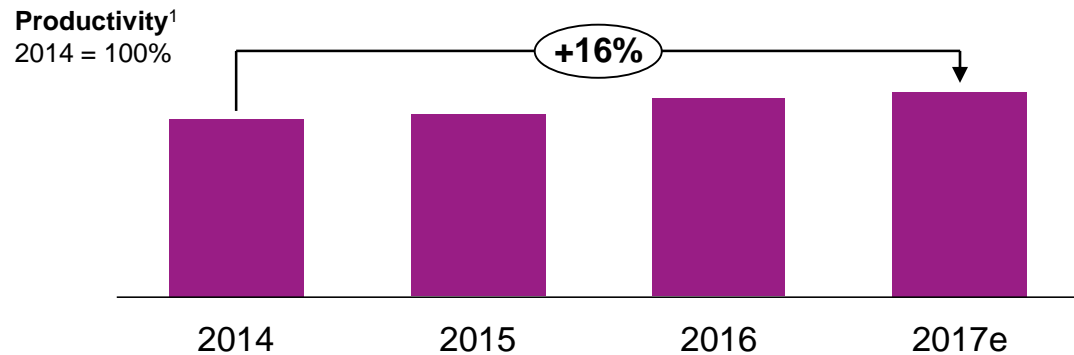
- **Intelligent process ...**
minimizes energy and steam requirements
- **Efficient new catalyst ...**
accesses shale gas as raw-material source for MMA production
- **Product quality ...**
produced MMA can be used even for most demanding optical applications
- **Best-in-class ...**
in efficiency, environmental impact and raw material availability

**COST LEADING TECHNOLOGY
READY TO INVEST**



Performance Materials increases productivity while exercising tight cost management

Productivity increase 2014 - 2017



Strategic measures raising productivity

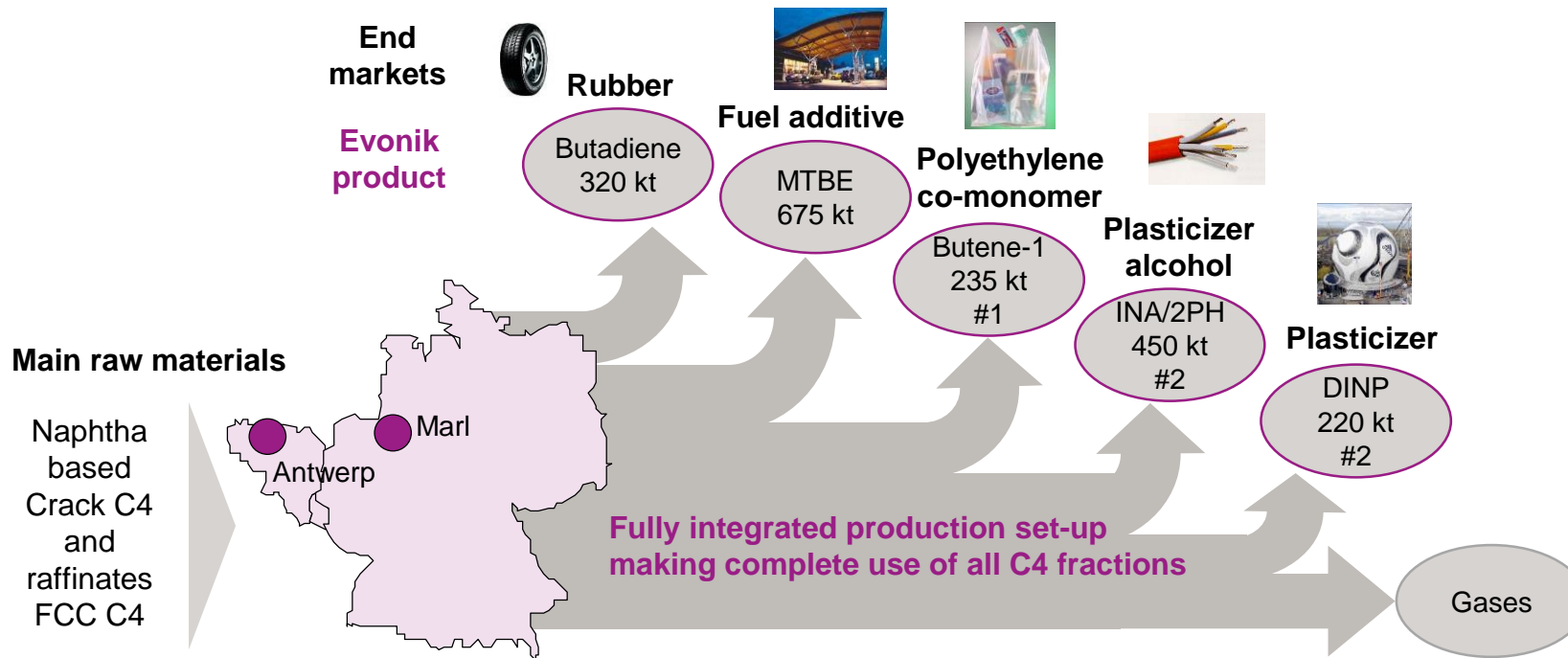
- Flexibilization of cost structure and streamlining of product portfolio
 - Site closure Münchsmünster (CO₂ extraction business) and Gramatneusiedl (PMMA)
 - Restructuring business setup in MMA/PMMA
 - Total headcount reduction: ~230 by end of 2017 (vs. 2014)
- New innovative business models
 - Higher 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

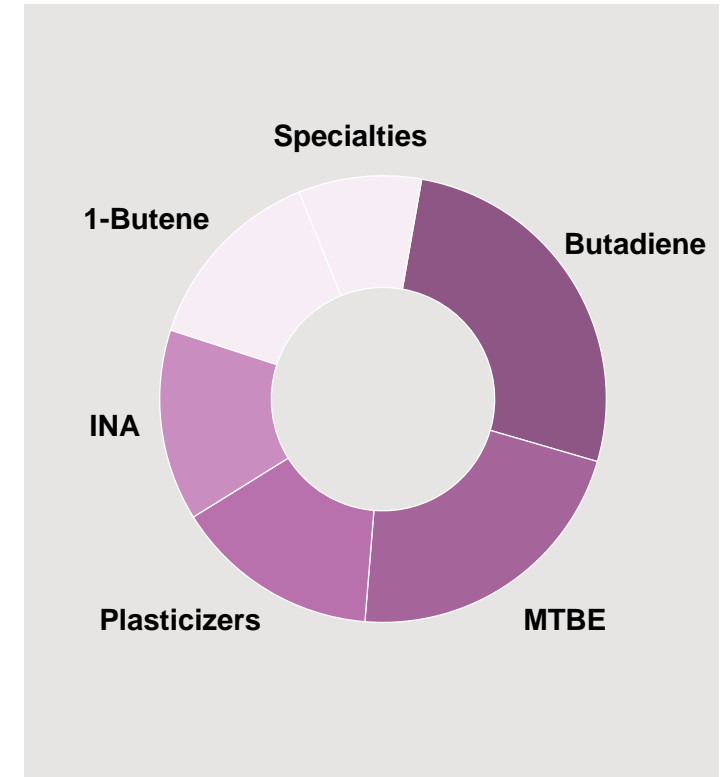
Performance Intermediates (C4 chain)

Fully integrated production platform in Europe

Capacity overview



Share of total sales by product



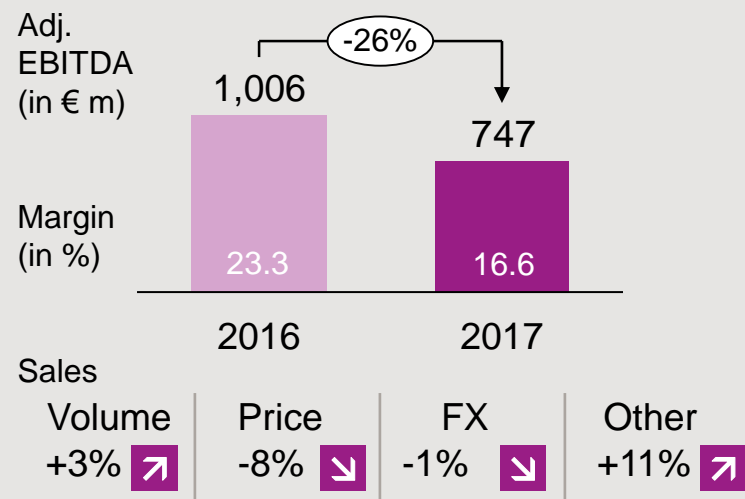
Appendix

1. Strategy Details
2. Segment overview
- 3. Financials**
4. Upcoming events

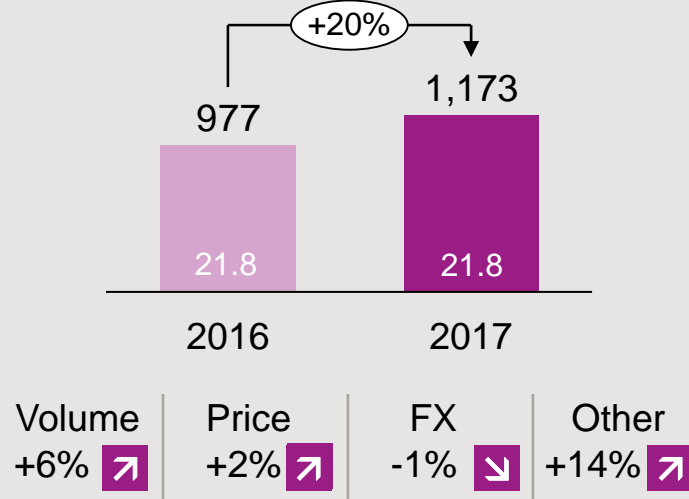
Segment performance FY 2017

Resource Efficiency and Performance Materials with strong earnings growth

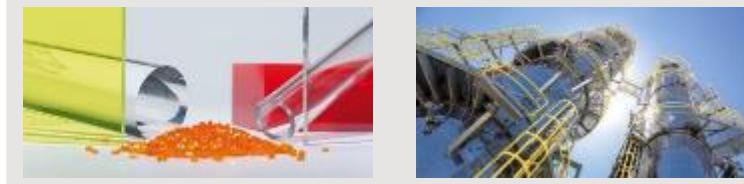
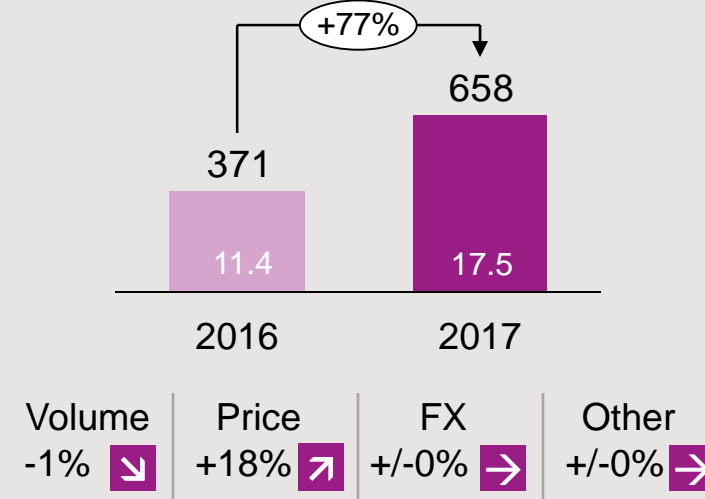
Nutrition & Care



Resource Efficiency

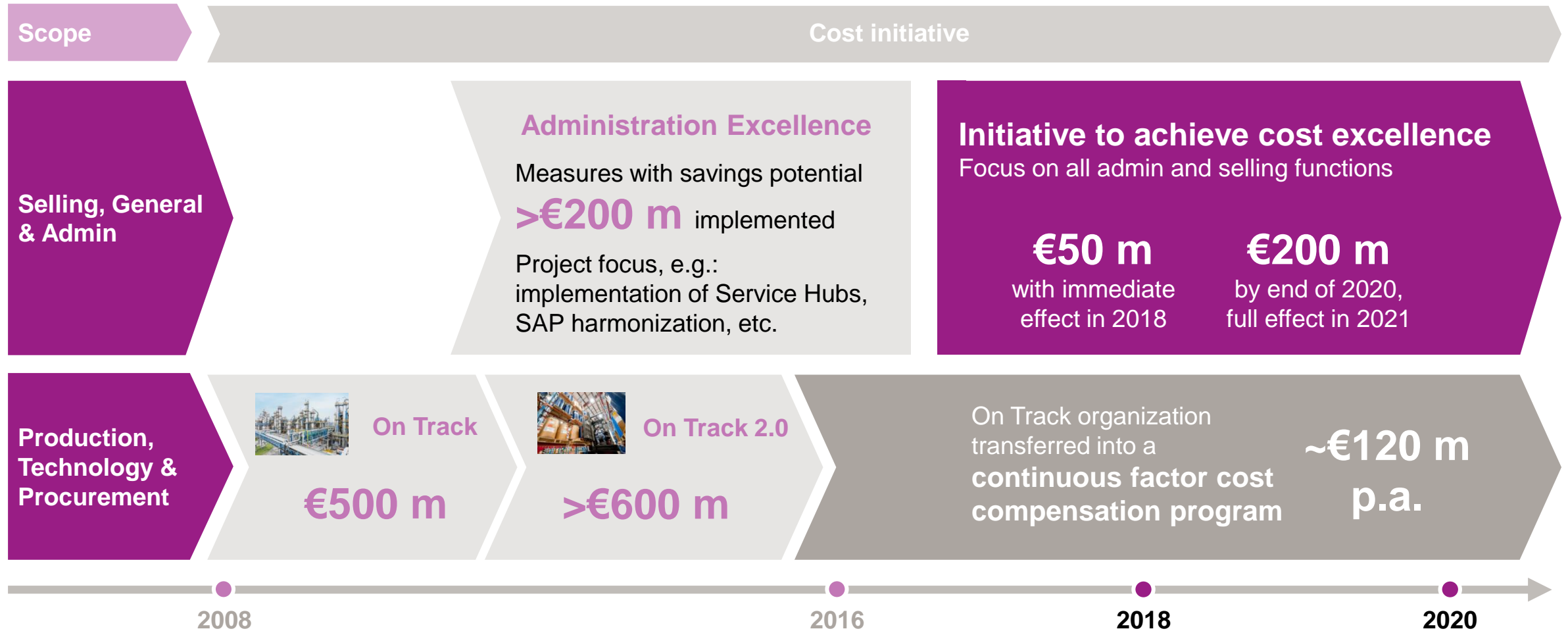


Performance Materials



Recent cost initiatives

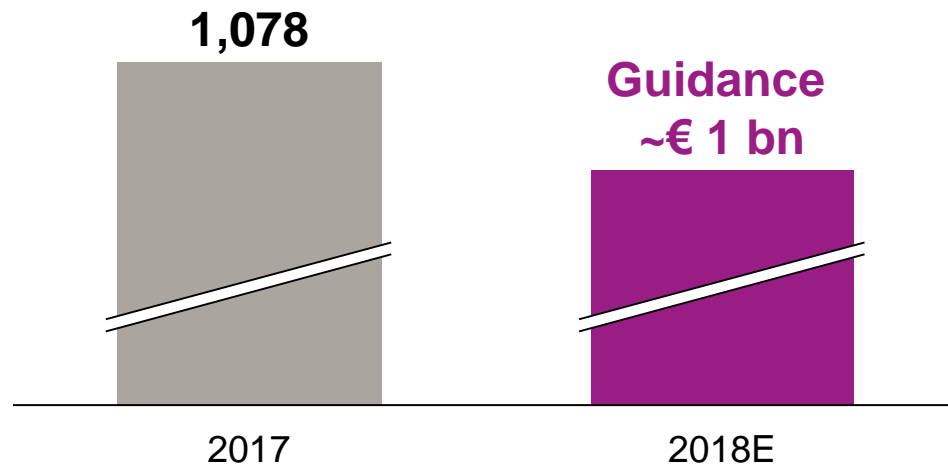
Program to achieve cost excellence in admin and selling initiated



Capex 2018

~€1 bn despite additional €150 m for Me6 plant

Capex development



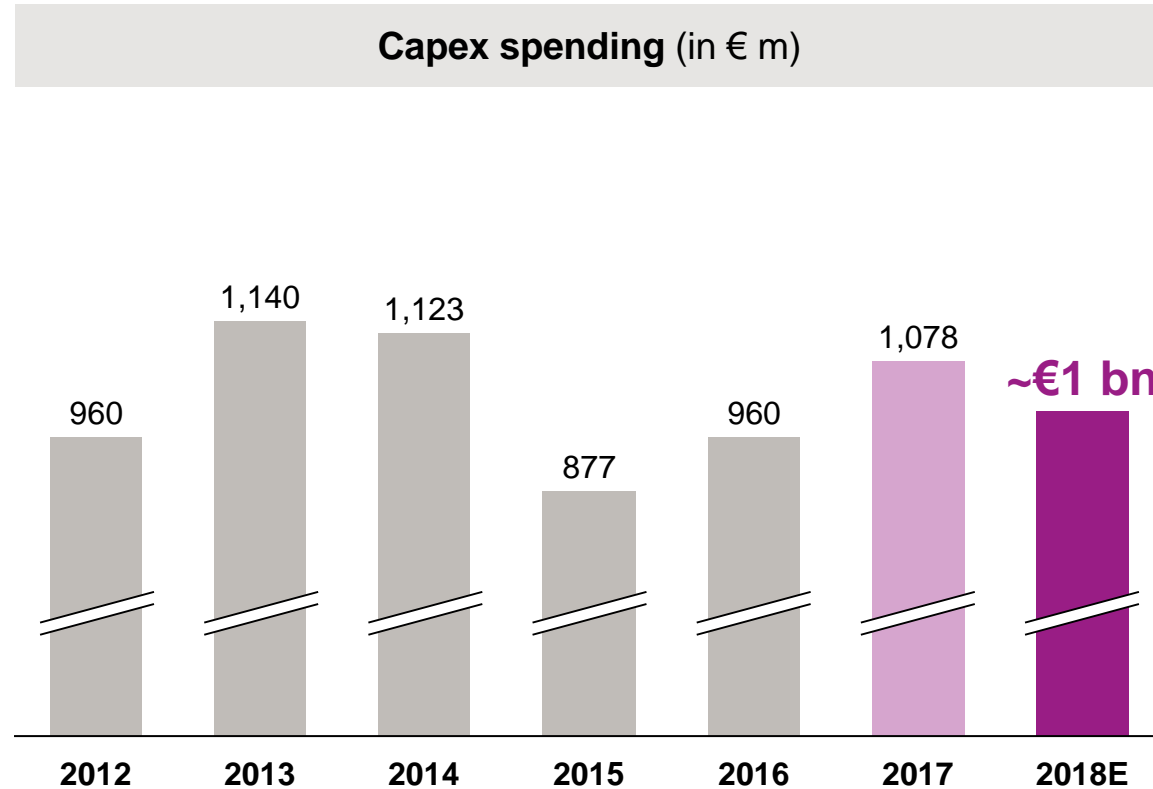
- Additional ~€150 m capex for Me6 plant in Singapore compared to prior year (total Me6 spending in 2018: ~€300 m)
- Overall lower capex in 2018 due to high capex discipline in form of reduced maintenance capex or postponement of projects

Top growth projects 2018

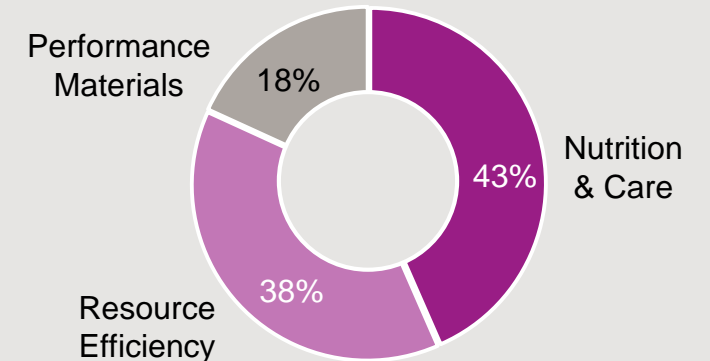
- **Methionine 6 (Me6)**
 - More than half a billion €, 2016-2019
Singapore
- **Extension precipitated silica**
 - ~€100 m; 2016-2018
Charleston, South Carolina
- **Extension of fumed silica**
 - Upper double-digit million €, 2017-2019
Antwerp
- **Veramaris (Green Ocean)**
 - ~€100 m (Evonik share), 2017-2019
Blair, Nebraska

Investments

Capex with significant decrease since 2013 – focus on growth segments



- Capex focus on the two growth segments
- **Sustainable capex level going forward: ~€900 - 950 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 2017 for chemical segments

Investments

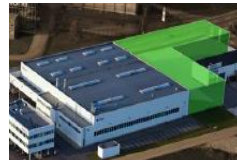
Selective projects announced for 2018/2019

Investment projects successfully completed ...

Polyimide membrane exp.

Austria

Rationale: strengthen growth in attractive gas separation market and position as technology leader for membrane-based gas separation



PA12 powder exp.

Germany

Rationale: additional capacities target highly attractive growth markets (e.g. 3-D printing) and solidifies leading market position for PA 12



Specialty silicones plant

China

Rationale: local production increases flexibility in the fast growing market for specialty silicones (e.g. used in polyurethane, paints, and coatings)



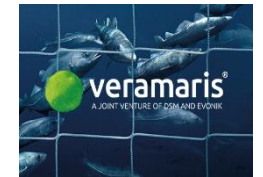
... and projects with start-up planned for 2019

Veramaris JV (Green Ocean)

United States

Start-up: 2019

Volume: ~€100 m



Extension of fumed silica

Belgium

Start-up: 2019

Volume: upper double-digit million €



New methionine plant (Me6)

Singapore

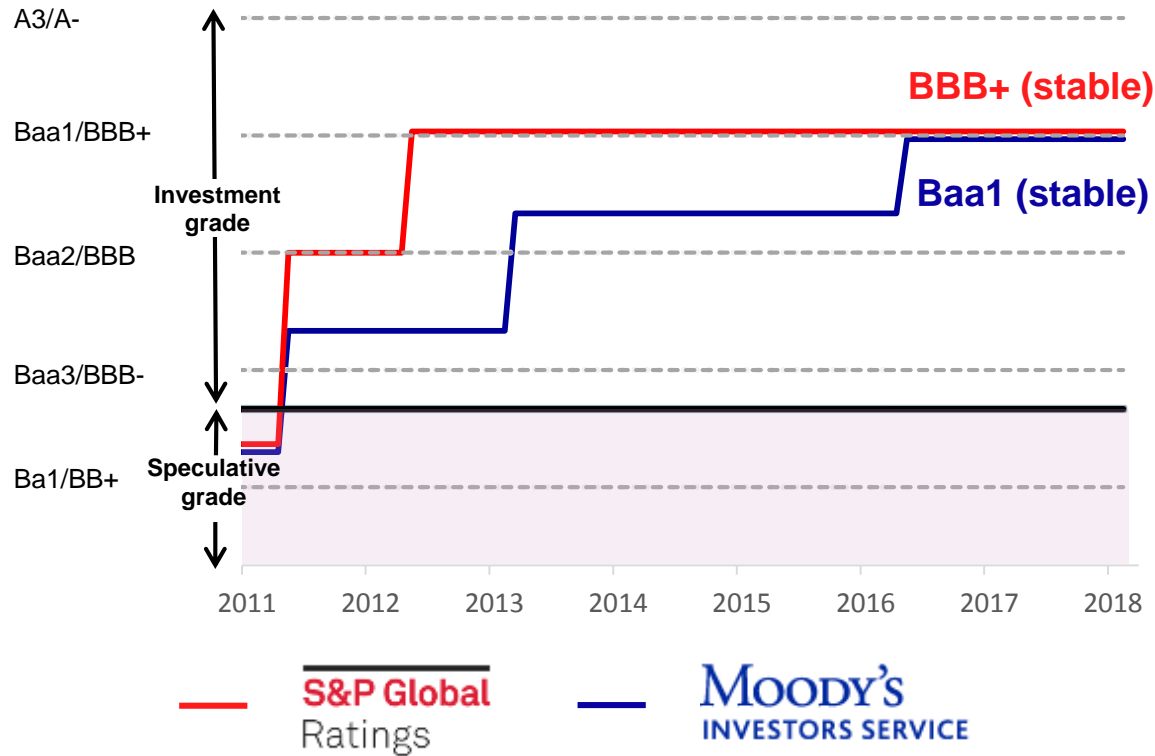
Start-up: 2019

Volume: >€500 m



Financial policy

Maintaining a solid investment grade rating



Both rating agencies affirmed its ratings in 2017 based on

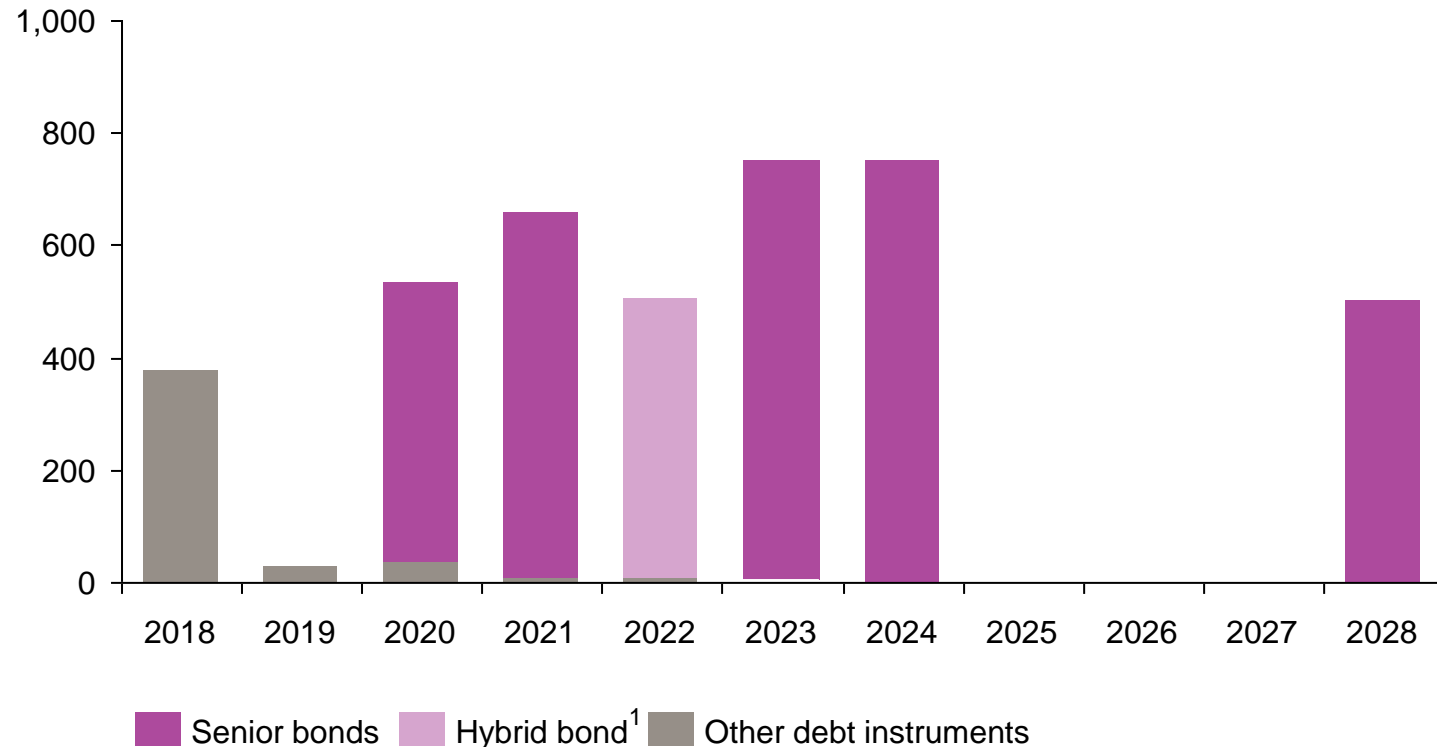
- Strong business profile underpinned by significant size and leading global market positions
- Greater-than-peer diversity in terms of end-markets and product range
- Acquisitions of Air Products Specialty Additives and Huber Silica enhances the specialty chemicals portfolio
- Supportive financial policy and management's commitment to a solid investment-grade rating

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

Debt structure

Well balanced maturity profile

(in € m as of 31 March 2018)

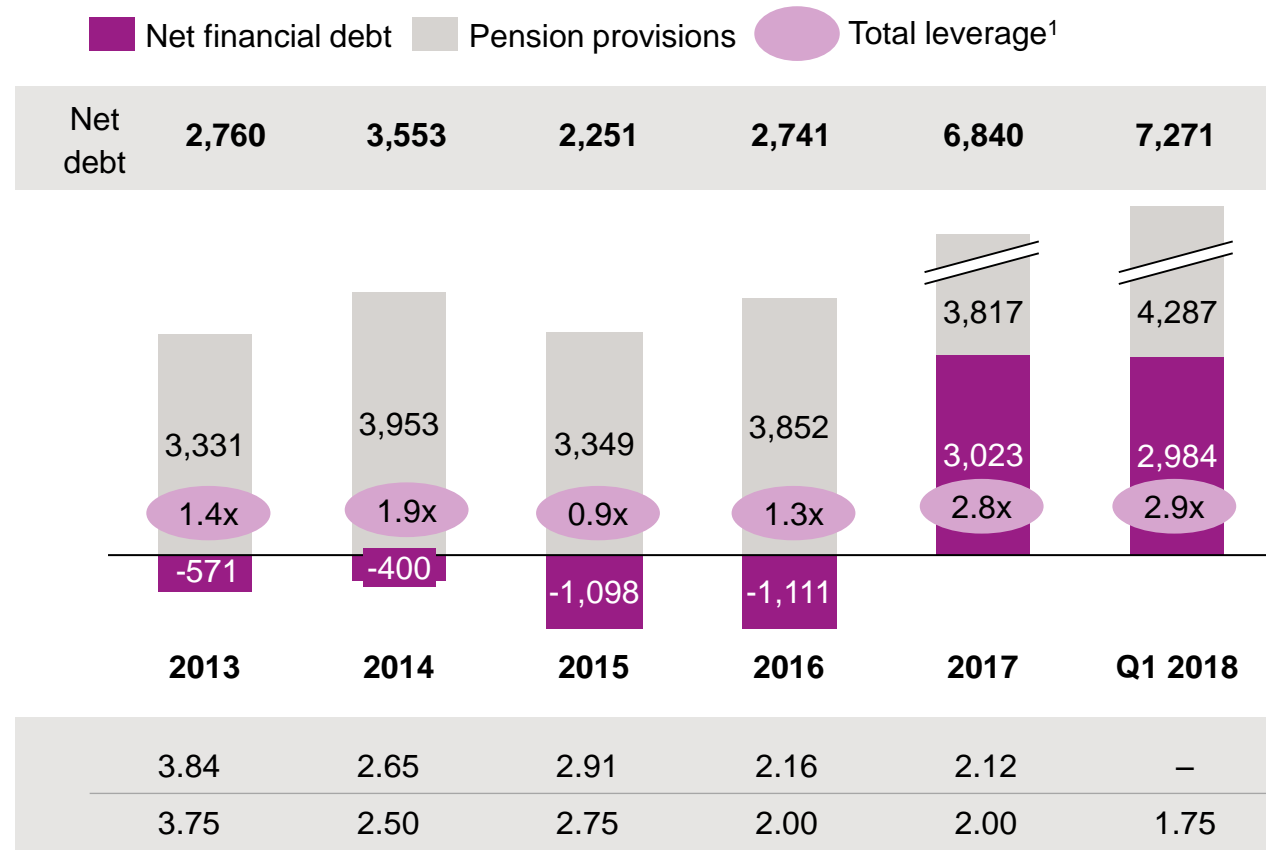


- Well balanced debt maturity profile with no single maturity greater than €750 m
- Long-term capital market financing secured under favorable conditions: average coupon of only 0.74% p.a. on €3.15 bn senior bonds and 2.125% p.a. on €0.5 bn hybrid bond
- Undrawn €1,750 m syndicated revolving credit facility maturing June 2023 (plus one-year extension option)² provides comfortable level of back-up liquidity

1. Formal lifetime of 60 years; first redemption right for Evonik in 2022 2. Initial tenor until June 2022; first extension option until June 2023 exercised as per April 2018

Net debt development

(in € m)



- Net financial debt slightly reduced vs. FY 2017
- Increase of net financial debt in 2017 mainly driven by acquisition-related purchase price payments (in particular APD and Huber Silica)
- Reference-date related change in discount rate for Germany (from 2.00% to 1.75 % as per March 31, 2018) resulting in an increase in pension provisions of approximately €450 m
- Pension provisions are partly balanced by corresponding deferred tax assets of ~€1.2 bn
- More than half of total net debt consists of long-dated pension obligations; average life of DBO exceeds 15 years

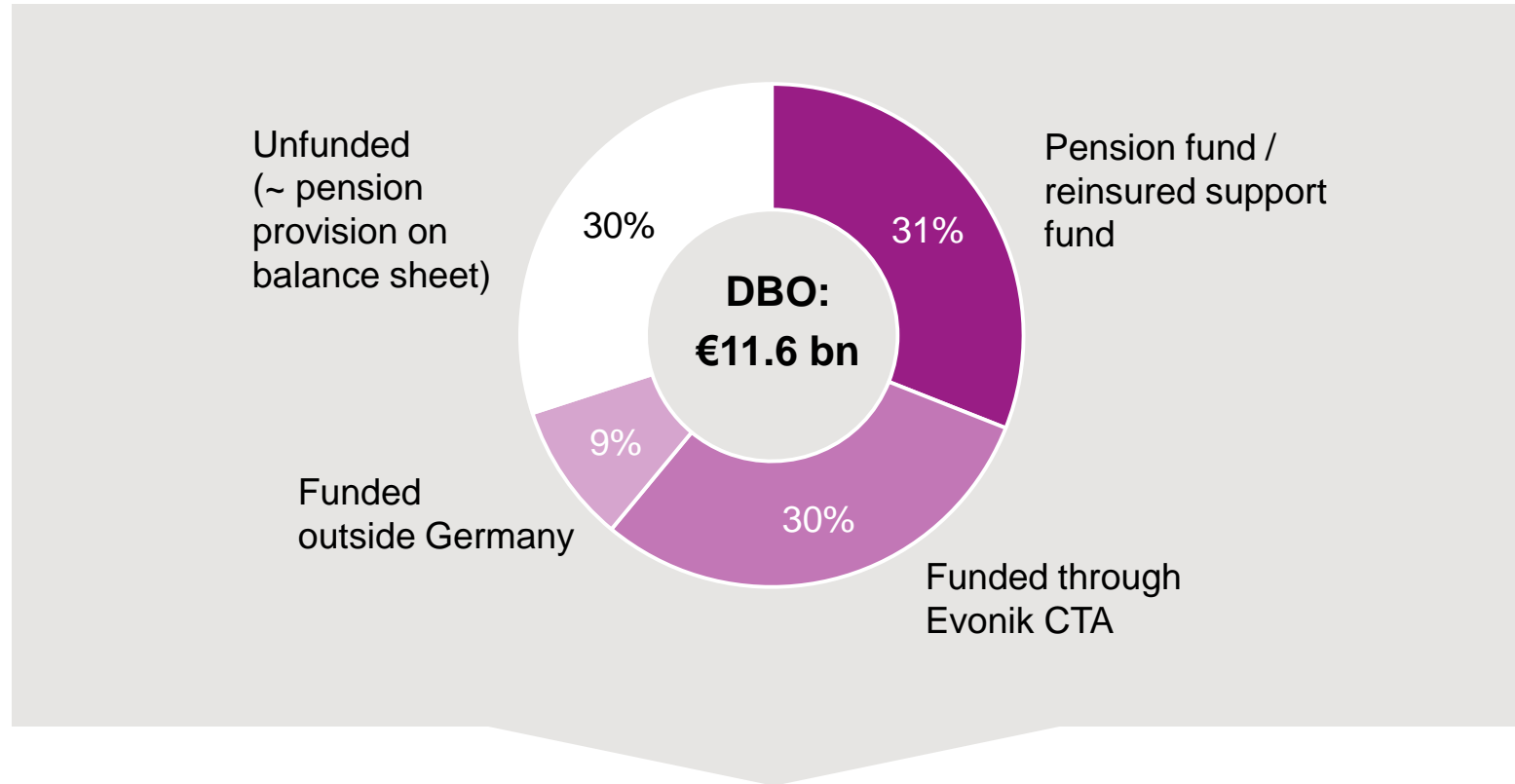
Evonik Group global discount rate (in %)²

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 31 December 2017

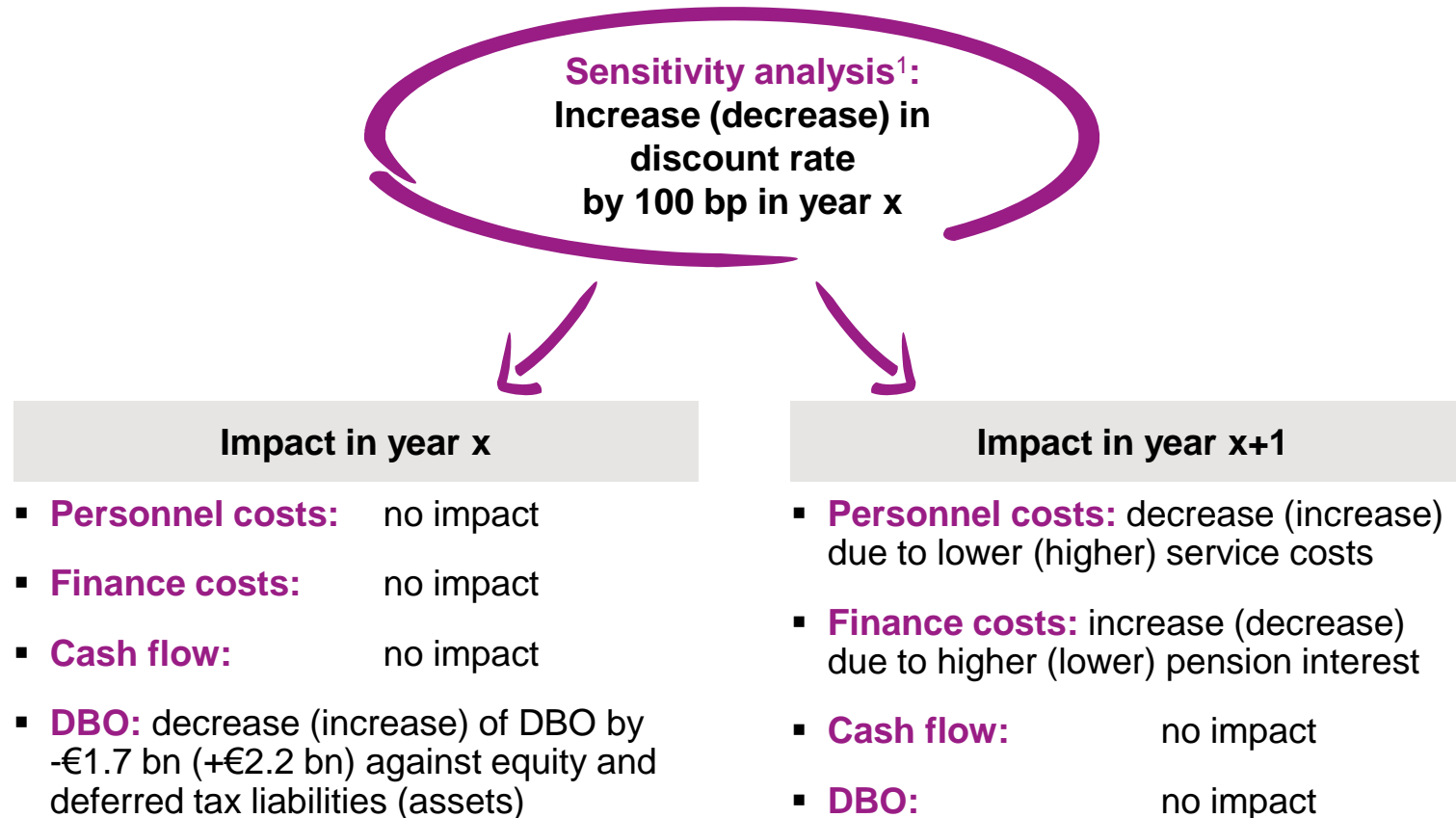


- Pensions very long-term, patient debt (>16 years) with no funding obligations in Germany
- DBO level of €11.6 bn yoy stable (interest rate unchanged at 2.00%)
- Funding ratio increased to ~70% mainly due to positive development of pension asset

Funding level increased to ~70%

Pensions

Sensitivity to discount rate changes



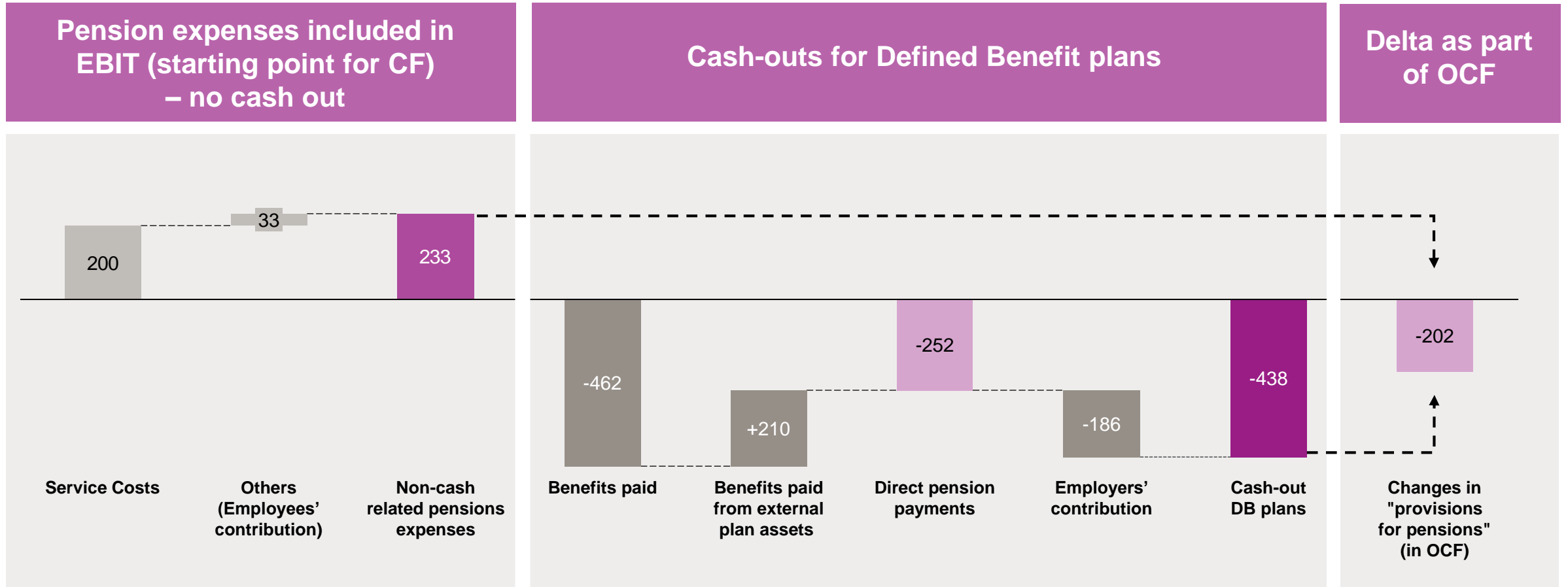
1. Excluding any effects from potential actuarial changes and changes in the valuation of plan assets

Pensions

Breakdown of P&L and cash flow effects

		in € m			
		P&L item / KPI	2016	2017	Annual report '17
P&L	Current service costs	Adj. EBITDA	-180	-200	p. 131
	Interest costs	Net interest expense	-297	-243	p. 131
	Exp. return on plan assets	Net interest expense	+207	+166	p. 132
	Other	Adj. EBITDA	-44	-33	p. 133
	Total pension expense		-316	-310	
		in € m			
			2016	2017	Annual report '17
Cash flow	Benefits paid	From defined benefit plans	-428	-462	p. 131
	Benefits paid from plan assets		+181	+210	p. 132
	Contribution to plan assets (excl. CTA)		-152	-186	p. 132
	Payments under defined contribution plans	-166	-178	p. 133	
	Total cash out for pensions (excl. CTA)		-565	-616	

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

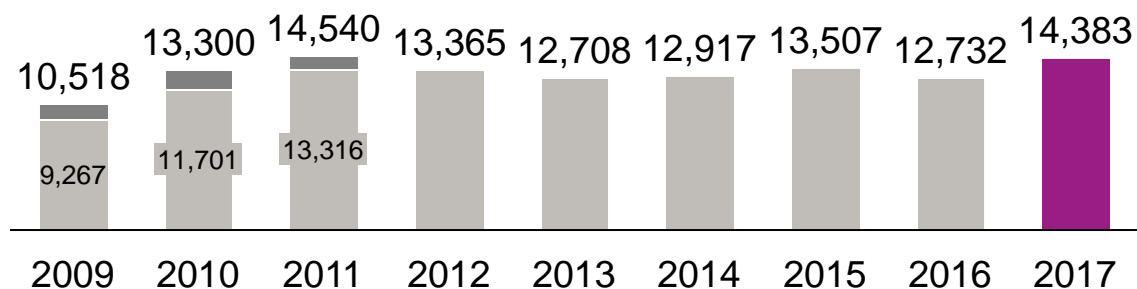


Based on 2017 financials

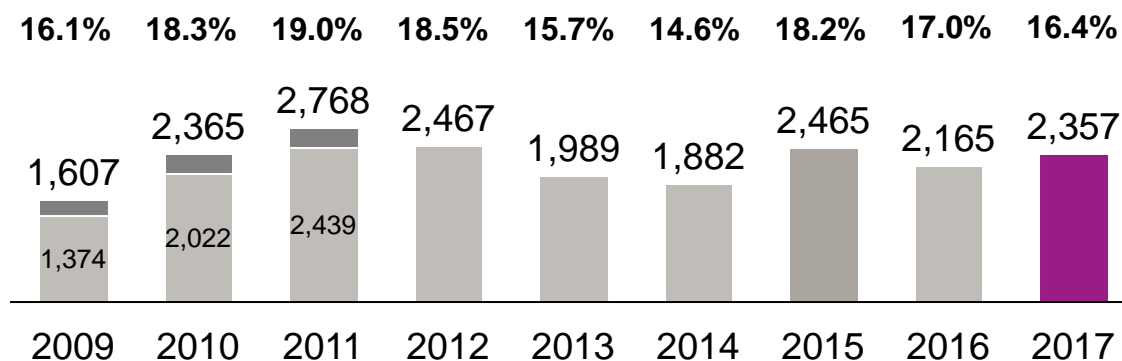
Financial track record

Sales (in € m)

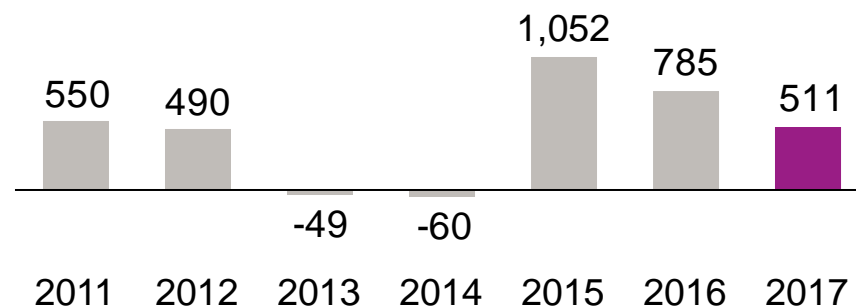
Carbon Black/Real Estate



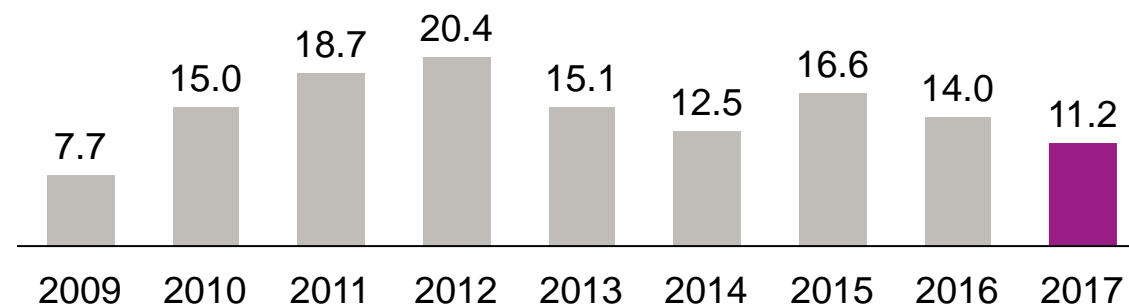
Adj. EBITDA (in € m) / margin¹



Free Cash Flow (in € m)



ROCE (in %)



1. Excluding Carbon Black

Segment overview by quarter

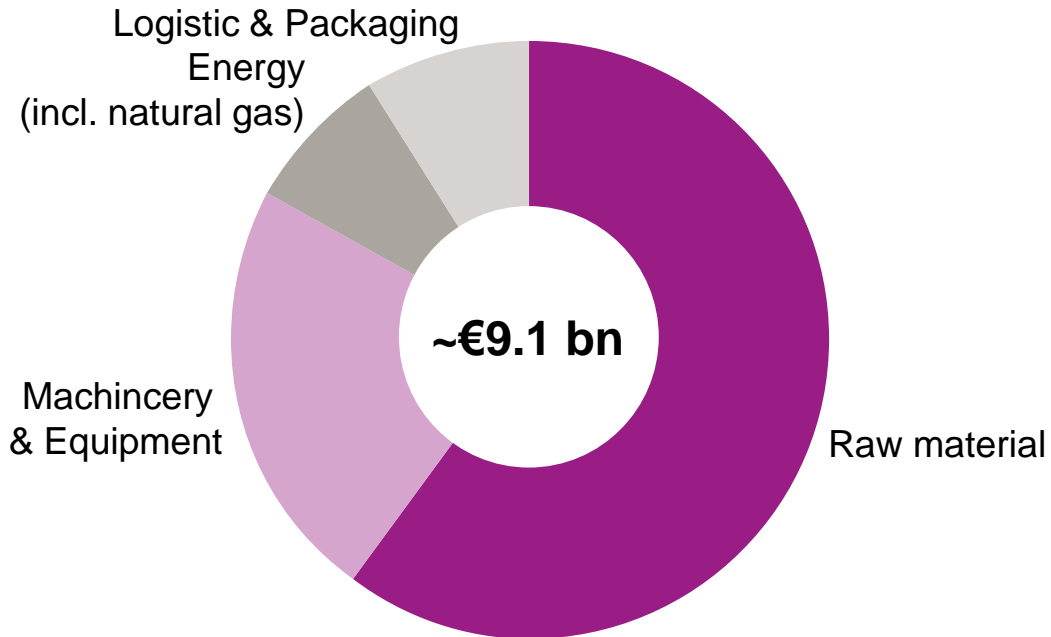
Sales (in € m)	Q4/16	FY 2016	Q1/17	Q2/17	Q3/17	Q4/17	FY 2017	Q1/18
Nutrition & Care	1,093	4,316	1,120	1,163	1,110	1,114	4,507	1,119
Resource Efficiency	1,081	4,473	1,360	1,367	1,358	1,308	5,393	1,398
Performance Materials	846	3,245	959	910	913	970	3,751	995
Services	180	683	193	174	172	178	717	163
Corporate / Others	5	15	4	4	3	3	15	3
Evonik Group	3,205	12,732	3,636	3,618	3,556	3,573	14,383	3,678

Adj. EBITDA (in € m)	Q4/16	FY 2016	Q1/17	Q2/17	Q3/17	Q4/17	FY 2017	Q1/18
Nutrition & Care	209	1,006	187	201	188	172	747	209
Resource Efficiency	189	977	297	318	311	247	1,173	325
Performance Materials	98	371	157	168	172	161	658	179
Services	32	151	43	38	49	3	133	49
Corporate / Others	-92	-340	-89	-85	-80	-100	-354	-83
Evonik Group	437	2,165	595	640	640	483	2,357	679

2017 financials restated for IFRS 15

Raw material split

Total procurement volume 2017 (in € m)



Breakdown of raw material spend¹ (examples)

Bio

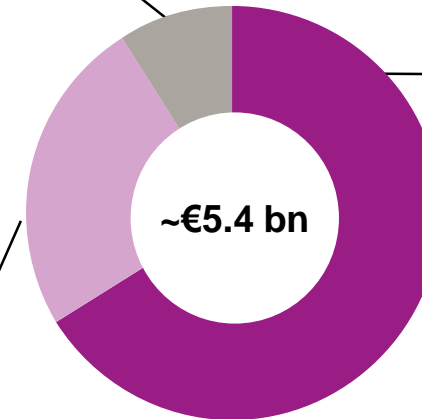
- Dextrose
- Fatty alcohols
- Tallow fatty acid
- Fatty acids
- tallow

Inorganic & other

- Sodium silicate
- Sodium hydroxide
- Silicon metal

Fossil

- Crack C4
- Propylene
- Acrylic acid
- Acetone
- Methanol



1. Raw material spend 60% of total procurement volume in 2017

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"> ▪ Pay-out calculated on the basis of the achievement of focused KPIs; aligned to mid-term strategic targets: <ol style="list-style-type: none"> 1. Progression towards EBITDA margin target 2. Yoy growth rate 3. FCF 4. Accident performance 	<ul style="list-style-type: none"> ▪ 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 	<ul style="list-style-type: none"> ▪ 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

Our sustainability targets 2017 and beyond

Strategy and Growth 	Governance and Compliance 	Employees 
<ul style="list-style-type: none">Development of methods and indicators for sustainable portfolio management	<ul style="list-style-type: none">20% women at 1st and 2nd management level below Executive Board (2019)	<ul style="list-style-type: none">Establish a learning strategy for the ongoing development of various employee groups
Value chain and Products 	Environment 	Safety 
<ul style="list-style-type: none">20 supplier sustainability audits according to TfS¹> €1 bn additional sales in R&D growth fields (2025)	<p>Reduce</p> <ul style="list-style-type: none">specific GHG emissions by 12% (2020)specific water intake by 10% (2020)	<ul style="list-style-type: none">Accident frequency rate ≤ 1.3Incident frequency rate ≤ 48Occupational Health Performance Index ≥ 5

Ratings & Rankings: Evonik well positioned

Our commitment has been recognized by

- ✓ CDP Climate Change (A-, Index-Leader MDAX)
- ✓ CDP Water (B)
- ✓ Oekom Research (prime standard B-)
- ✓ Sustainalytics (among Top 5 within chemical sector)
- ✓ Together for Sustainability/ecoVadis (“Gold Standard”)
- ✓ FTSE4Good Europe, FTSE4Good Global
- ✓ STOXX® Global ESG Leaders



Appendix

1. Strategy
2. Segment overview
3. Financials
- 4. Upcoming events**

Save the date

Capital Markets Day

Essen

13/14 September 2018

**Details and
invitation
to follow
shortly**

Upcoming IR events

Conferences & Roadshows

16 May	Roadshow, London
16-17 May	Roadshow, Milan/Lugano
28 May	Roadshow, Paris
5 June	mBank Conference, Warsaw
6-7 June	Deutsche Bank Conference, Berlin
13 June	Exane European CEO Conference, Paris
21 June	Citi Chemicals Conference, London
22 June	Roadshow, Zurich

Upcoming Events & Reporting Dates

23 May	AGM
2 August	Q2 2018 reporting
13/14 September	Capital Markets Day
6 November	Q3 2018 reporting

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POWER TO CREATE