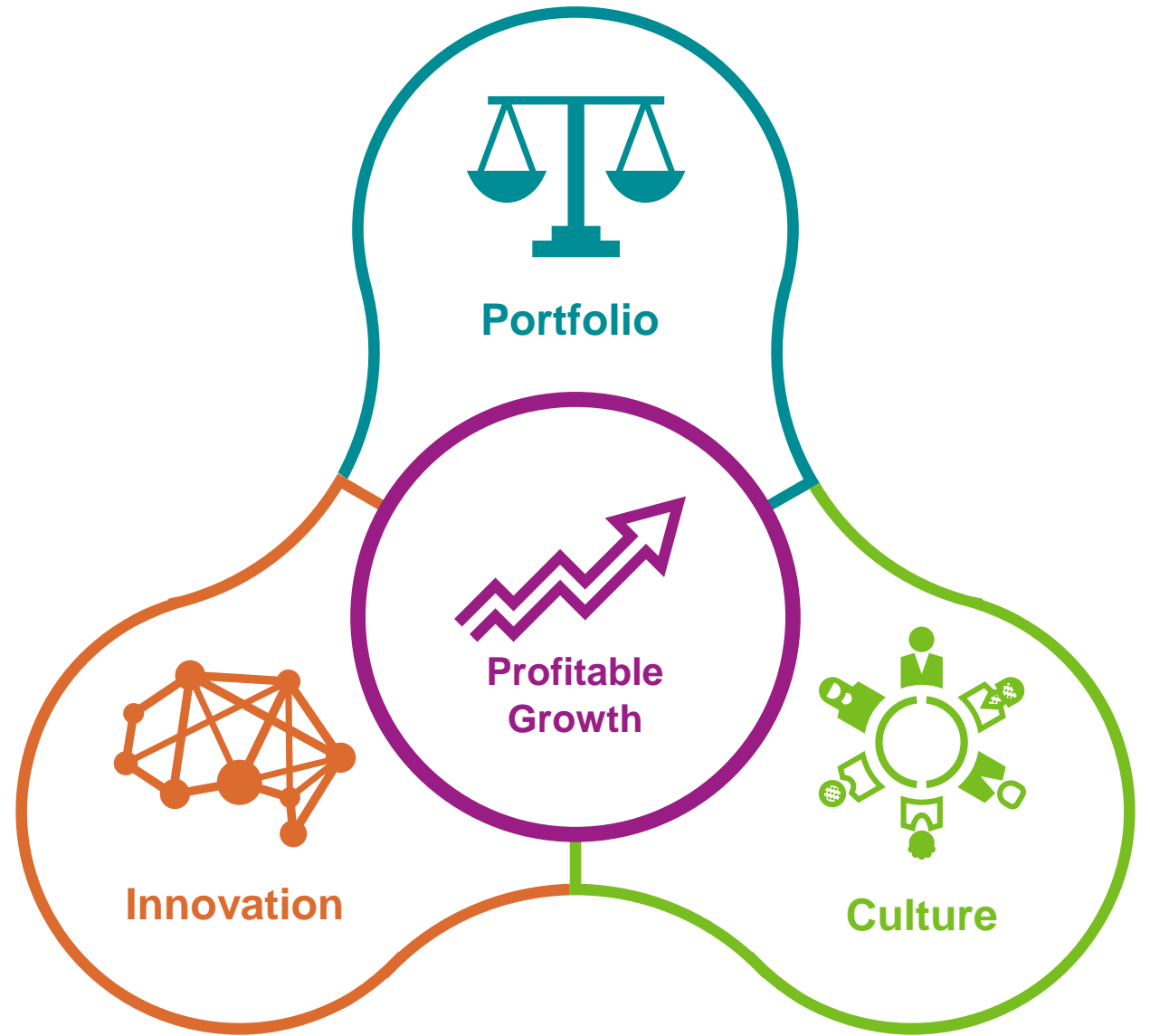


**Evonik**  
**Power to create.**

**Investor Factbook**

March 2018



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## 1. Evonik Industries

- **Company overview**
- Group strategy

## 2. Segments

## 3. Financials

## 4. Evonik share & Investor Relations

# A strong basis in Specialty Chemicals

## Market leadership



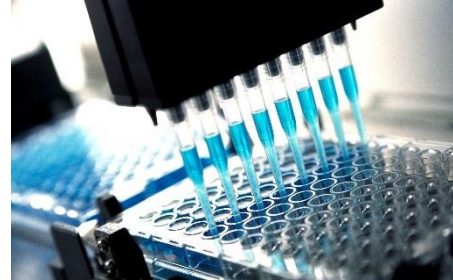
Leading market positions in **80%** of our businesses<sup>1</sup>

## 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



<b>Sales</b> €14,419 m	<b>Adj. EBITDA</b> €2,360 m	<b>Margin</b> 16.4%	<b>ROCE</b> 11.2%
---------------------------	--------------------------------	------------------------	----------------------

## Growth

**Nutrition & Care**

**Resource Efficiency**

<b>Sales</b> €4,511 m	<b>Adj. EBITDA / Margin</b> €749 m / 16.6%

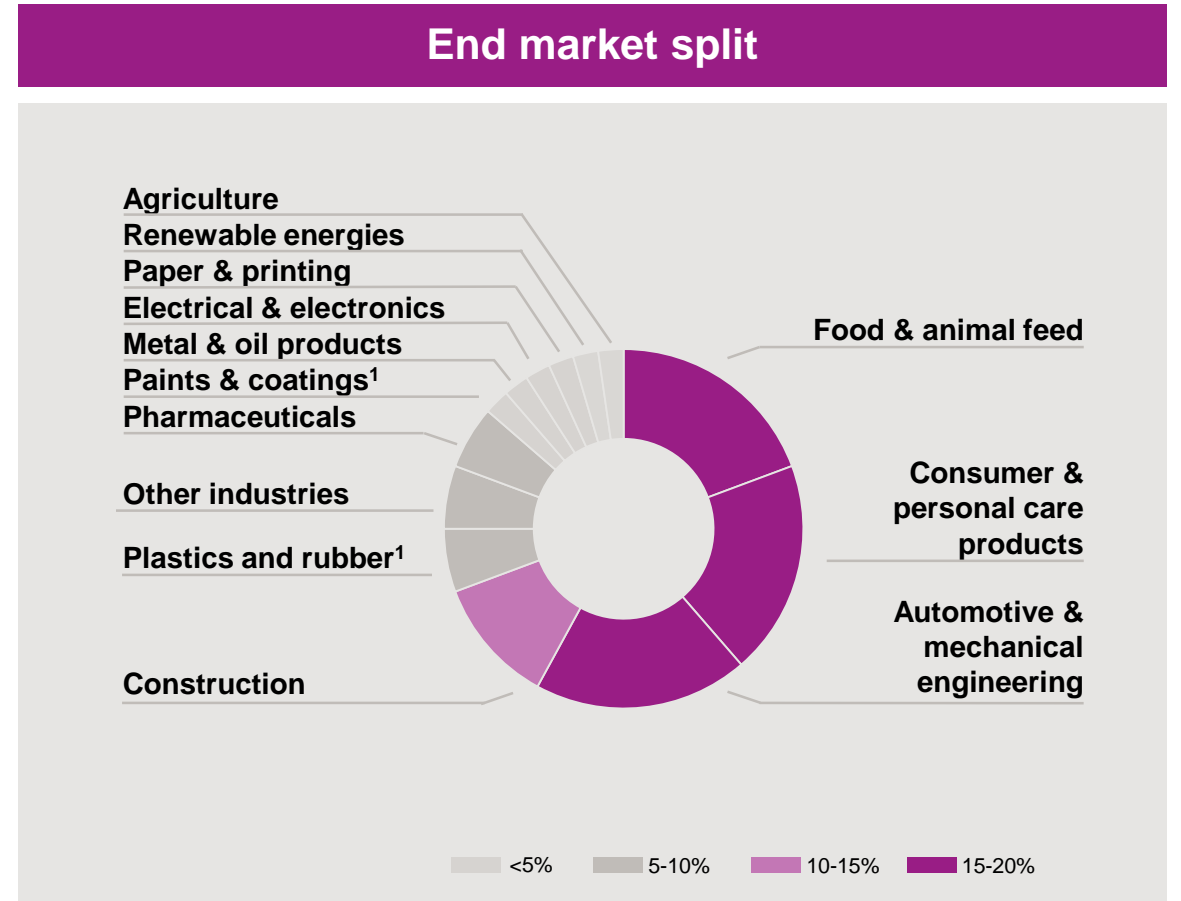
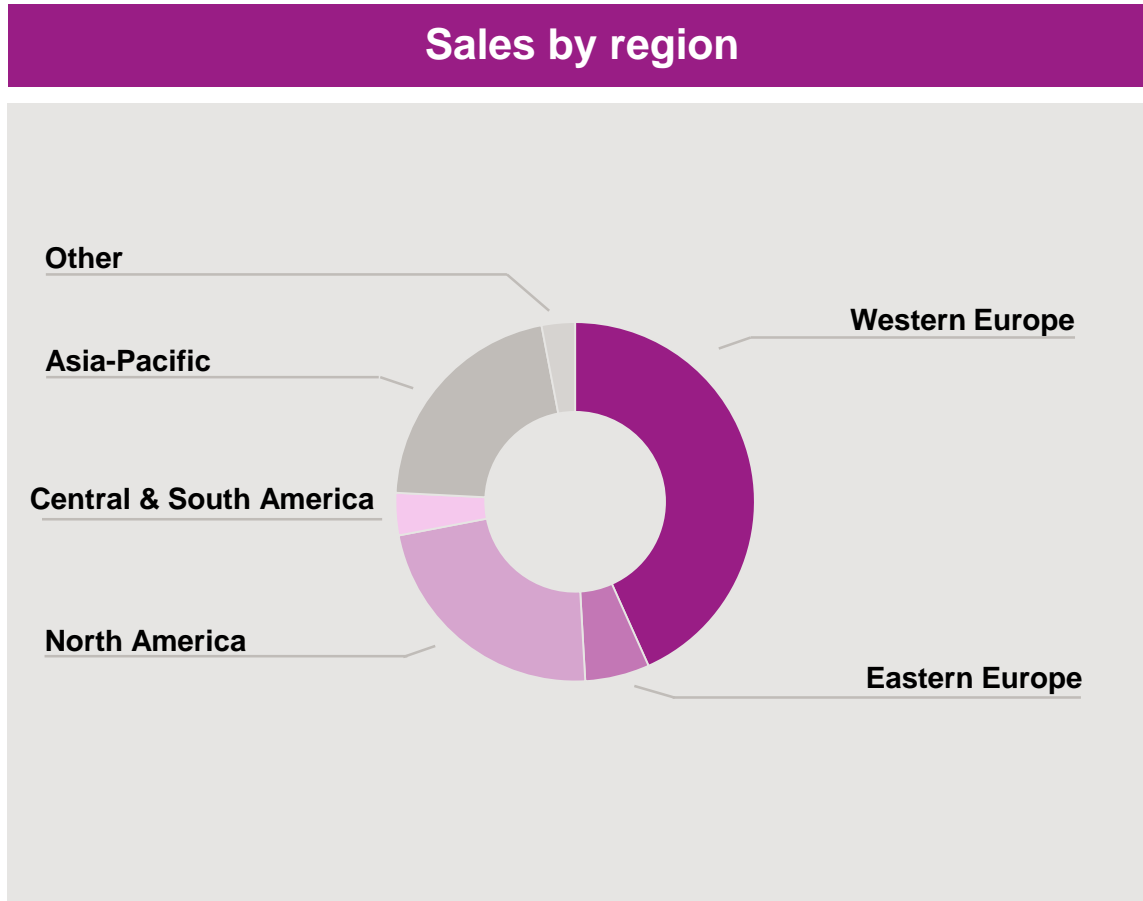
<b>Sales</b> €5,395 m	<b>Adj. EBITDA / Margin</b> €1,174 m / 21.8%

## Efficiency

**Performance Materials**

<b>Sales</b> €3,781 m	<b>Adj. EBITDA / Margin</b> €660 m / 17.5%

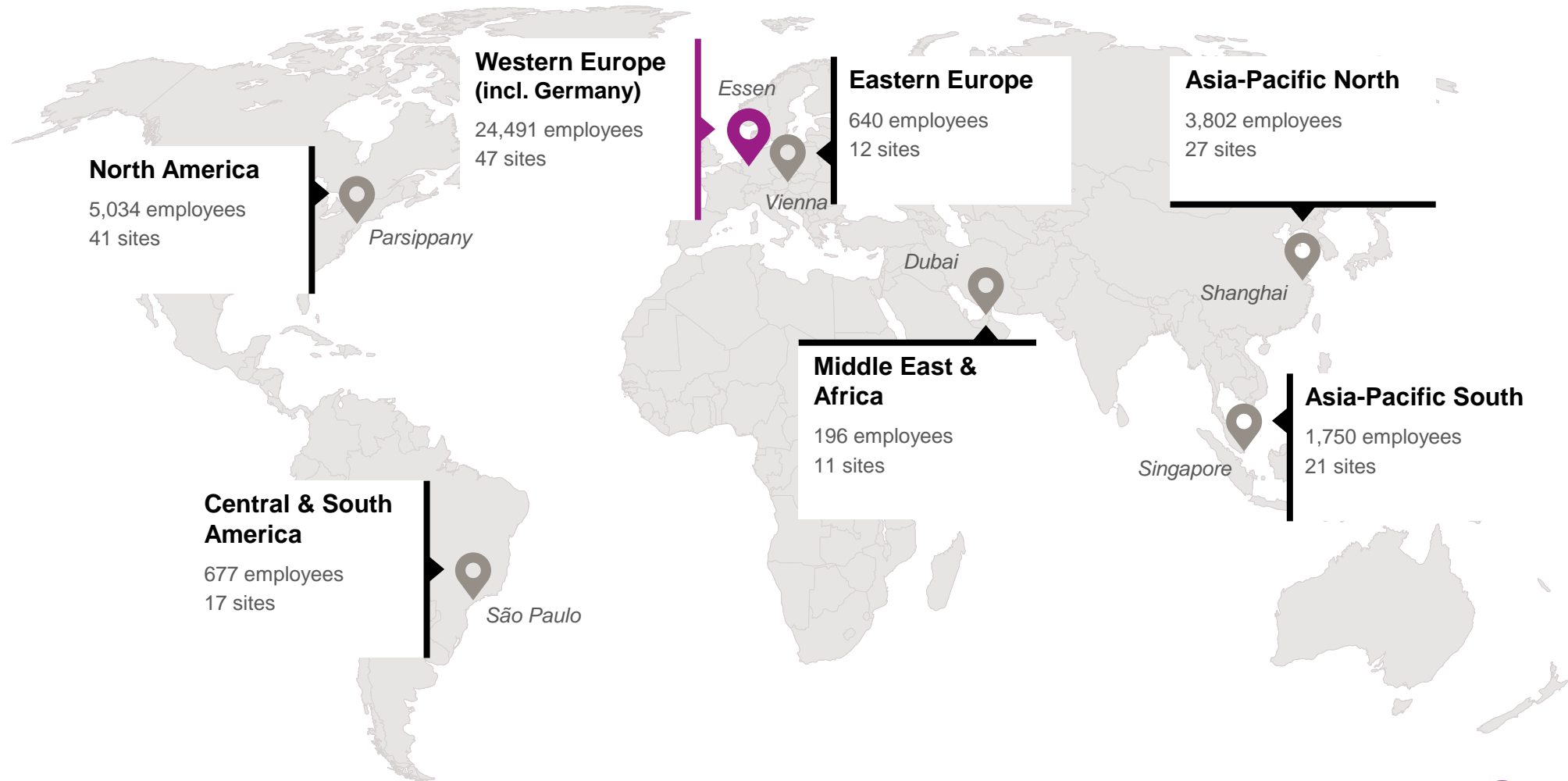
# Balanced regional and end market split



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

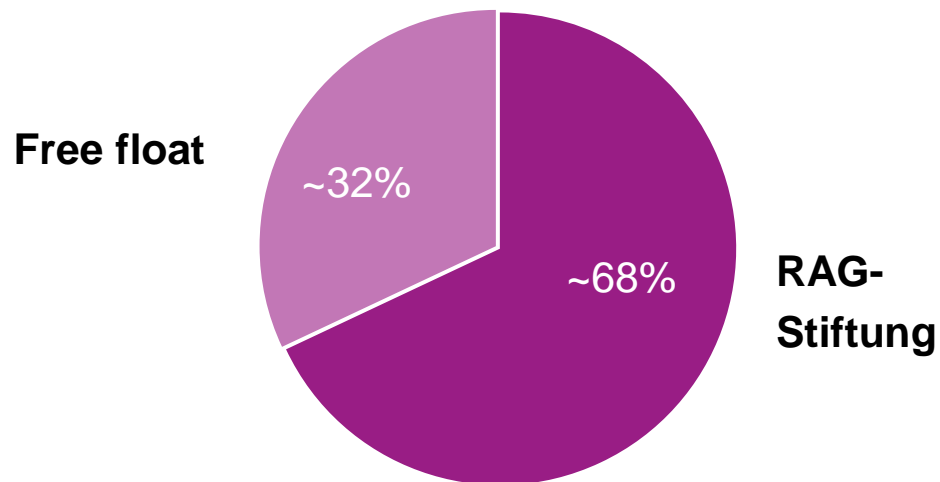
# Where we can be found

## Evonik operates worldwide



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

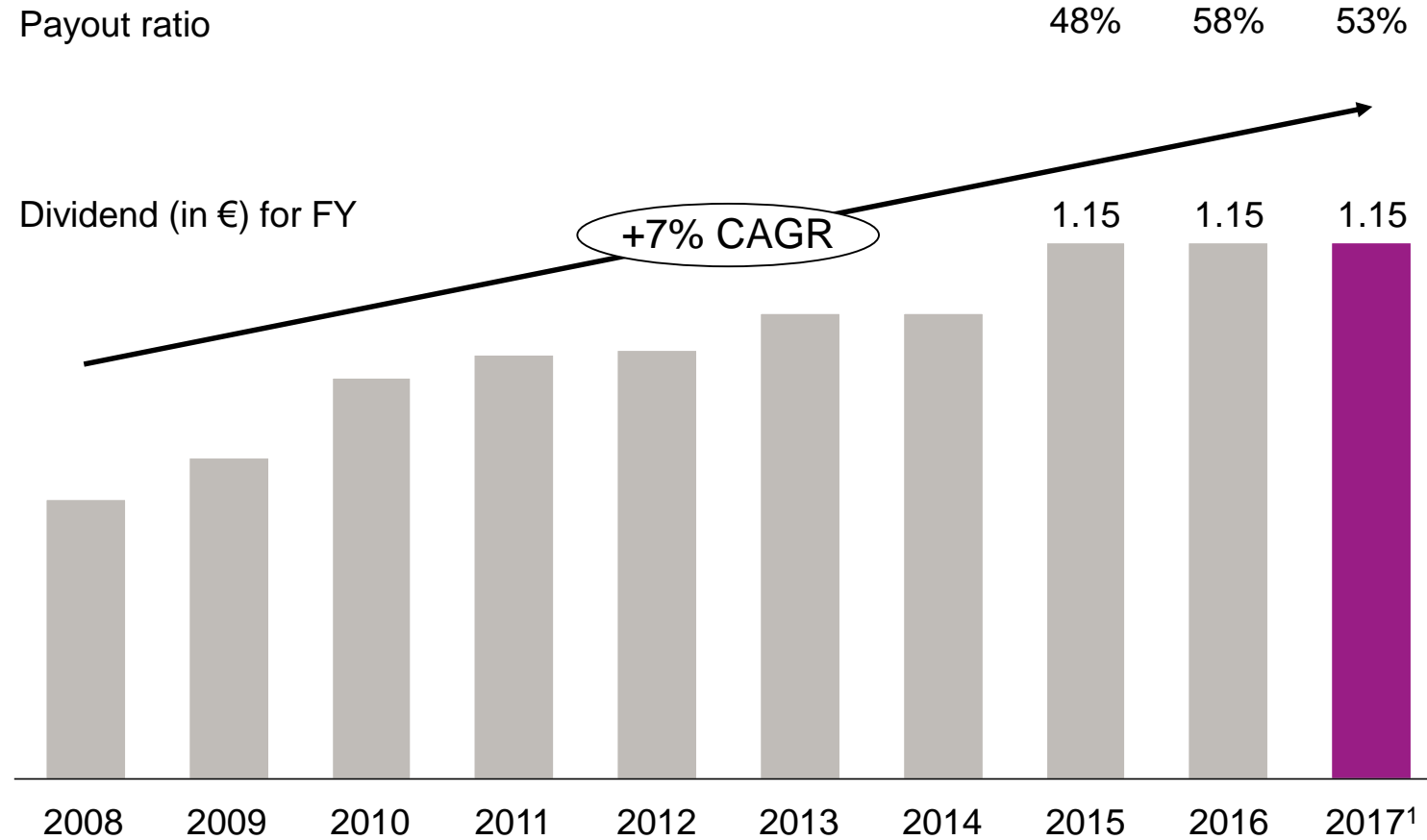
## Ownership structure



## RAG-Stiftung

- A foundation with the obligation to finance the perpetual liabilities arising from the cessation of hard-coal mining in Germany
- From 2019 onwards, annual cash out of ~ €220 m expected
- Evonik as integral and stable portfolio element with **attractive and reliable dividend policy**
- RAG-Stiftung capable to cover annual cash out requirements with Evonik dividend (~ €365 m dividend received in 2016)
- RAG-Stiftung with **no intention to reduce** its stake in Evonik
- Long-term perspective: intention to retain a strategic shareholding of **at least 25.1%**

# Reliable and attractive dividend policy

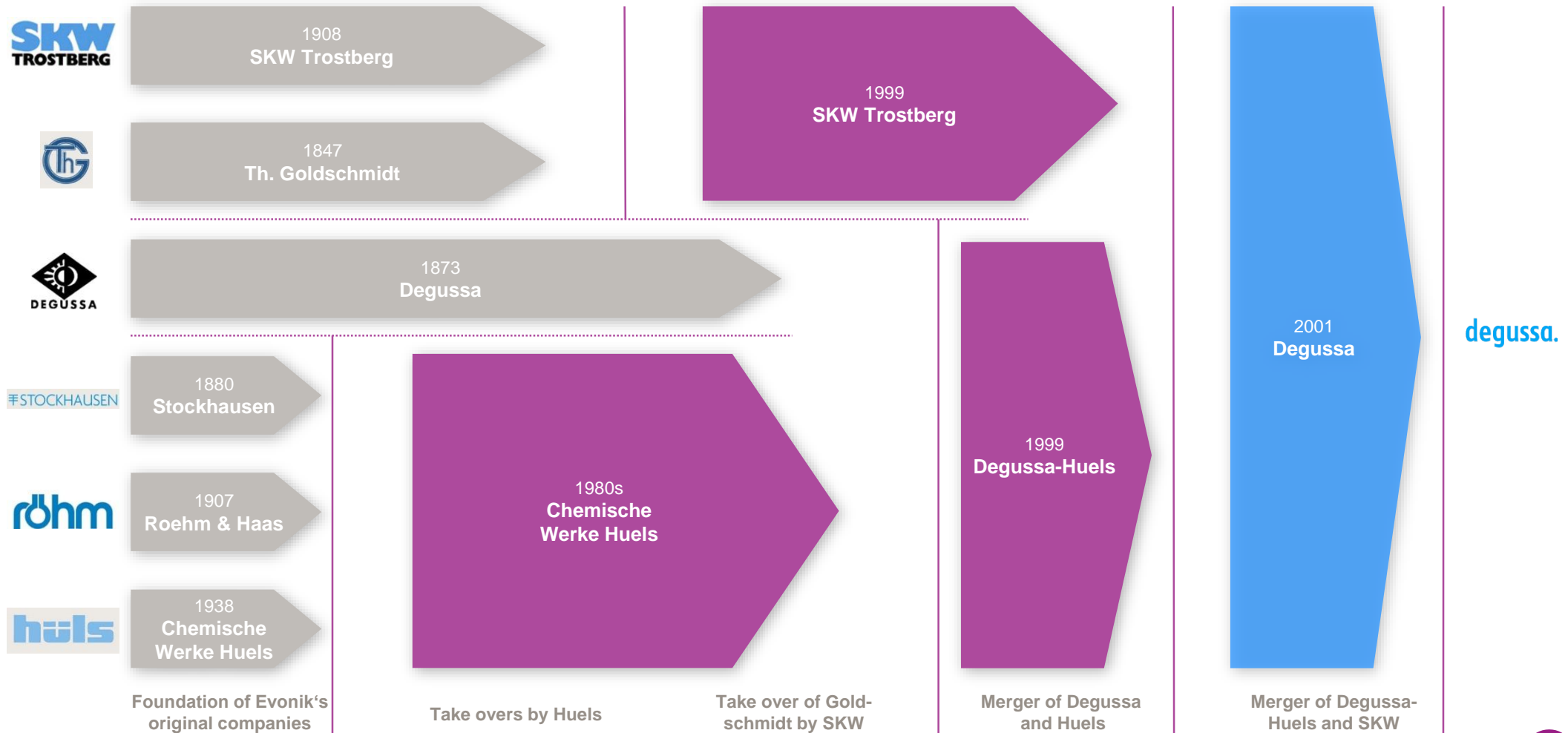


- Sustainable dividend growth over the last years: 7% CAGR between 2008 and 2017
- **Attractive dividend yield ~ 3.7%**
- Reliable dividend policy targeting:
  - **dividend continuity**
  - a **payout ratio of ~40%** of adjusted net income

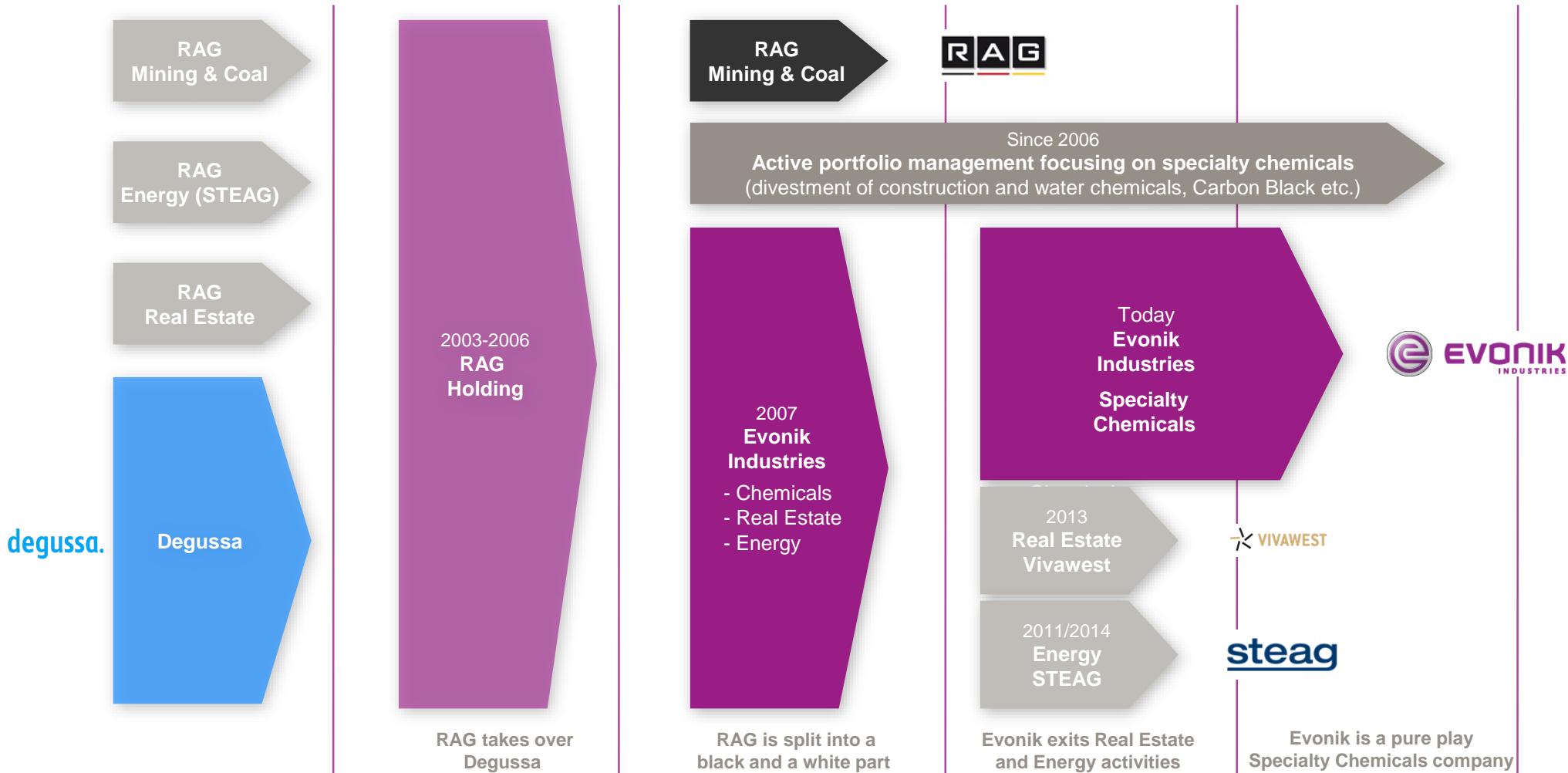
1. Proposal



# More than 150 years of experience in the chemicals industry (1/2)



# More than 150 years of experience in the chemicals industry (2/2)



# 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**

# Management compensation

<p>Fixed salary ~1/3</p>	<ul style="list-style-type: none"><li>▪ To be paid in cash for each financial year on a monthly basis</li></ul>
<p>Bonus ~1/3</p>	<ul style="list-style-type: none"><li>▪ Pay-out calculated on the basis of the achievement of focused KPIs; aligned to mid-term strategic targets:<ol style="list-style-type: none"><li>1. Progression towards EBITDA margin target</li><li>2. Yoy growth rate</li><li>3. FCF</li><li>4. Accident performance</li></ol></li><li>▪ Factor of between 0.8 and 1.2 to take into account the achievement of further individual targets</li><li>▪ Bonus capped at 200% of initial target</li></ul>
<p>Long-term incentive plan ~1/3</p>	<ul style="list-style-type: none"><li>▪ Granted LTI target amount is calculated in virtual shares (4-year lock-up)</li><li>▪ Value of LTI to mirror the development of Evonik's share price (incl. dividends)</li><li>▪ Amount payable is determined by two performance elements<ul style="list-style-type: none"><li>▪ Absolute performance: Real price of the Evonik share</li><li>▪ Relative performance against external index benchmark (MSCI Chemicals)</li></ul></li><li>▪ Bonus capped at 300% of initial amount</li><li>▪ To be paid out in cash after lock-up period</li></ul>

# Our sustainability targets 2017 and beyond

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

# 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



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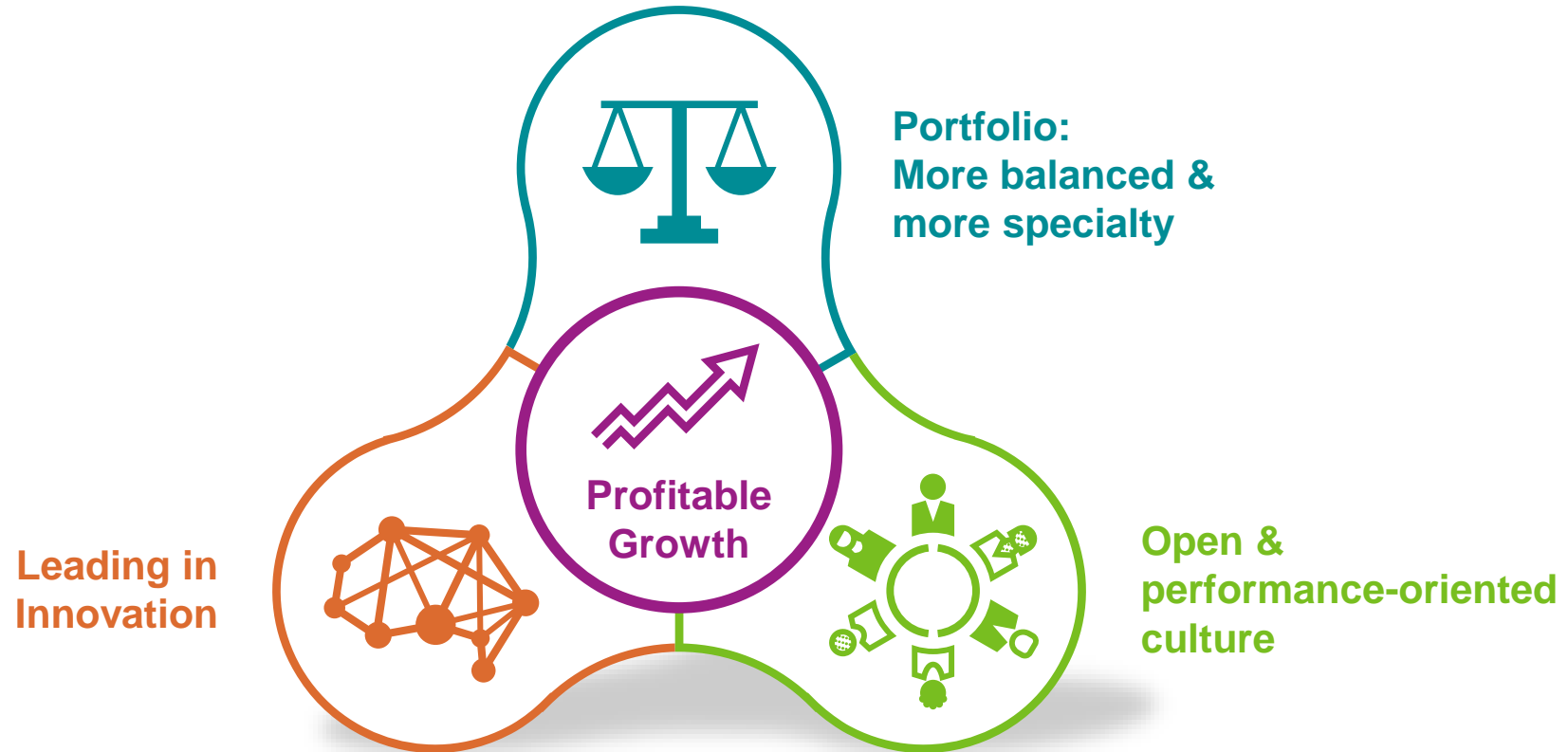
## 3. Financials

## 4. Evonik share & Investor Relations

# 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

# Four growth engines

## Growth drivers and product examples

	Growth trends and drivers	Product examples	Market growth
 <p><b>Specialty Additives</b> “Small volume, big impact”</p>	<ul style="list-style-type: none"> <li>More sophisticated requirements on additive effects</li> <li>Need for increased product performance and efficiency</li> </ul>	<p>Coating Additives PU-Additives Oil Additives</p>	 <p>5-6%</p>
 <p><b>Health &amp; Care</b> Preferred partner in Pharma and Cosmetics</p>	<ul style="list-style-type: none"> <li>Increasing health-awareness and lifestyle</li> <li>Bio based products and environmentally-safe cosmetics</li> </ul>	<p>Pharma polymers Oleochemicals Advanced biotechnology</p>	 <p>5-6%</p>
 <p><b>Smart Materials</b> Tailored functionalities for sustainable solutions</p>	<ul style="list-style-type: none"> <li>Trend towards resource efficiency in high demanding applications</li> <li>Engineered materials and systems to fulfill high performance requirements</li> </ul>	<p>Rubber Silica &amp; Silanes High Performance Polymers Membranes</p>	 <p>4-7%</p>
 <p><b>Animal Nutrition</b> Comprehensive portfolio for more sustainable food chain</p>	<ul style="list-style-type: none"> <li>Sustainable nutrition</li> <li>Improving food quality and safety</li> </ul>	<p>Amino acids Probiotics</p>	 <p>5-7%</p>

# Portfolio management – M&A

## 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**

# 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: 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 areas

€1 billion additional turnover  
by 2025

## Products/applications younger than five years

16 percent share of overall sales  
(medium term)

# Six strong innovation areas within the growth engines

Leveraging our core competencies into new highly attractive markets

Growth engines



Health & Care



Smart Materials



Animal Nutrition



Specialty Additives

Innovation areas

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 areas



# 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

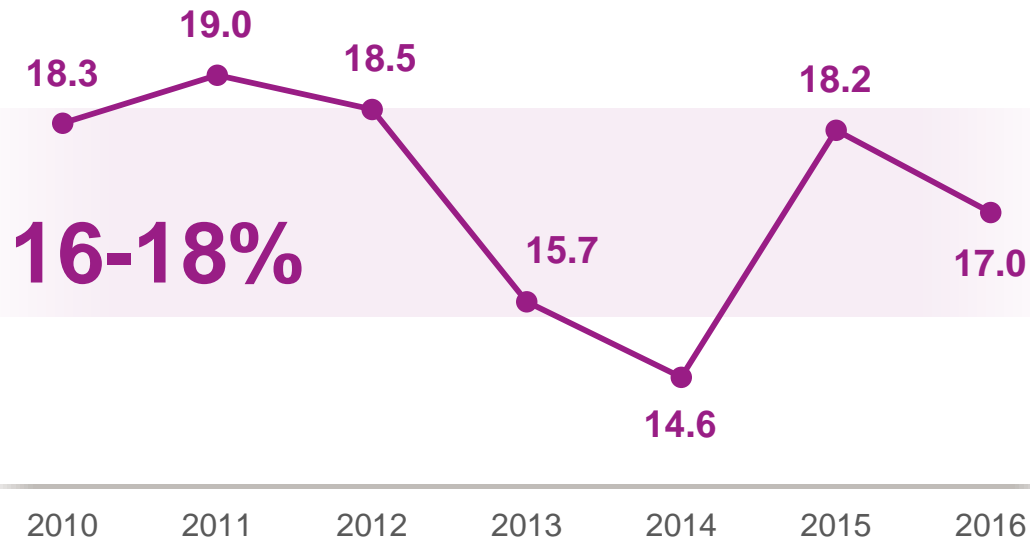
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- We build on **openness, trust** and **respect**
- We assign **responsibility** and demand **accountability**
- We **reward performance**
- We continuously work on developing an **international mindset** as part of our **diversity strategy**
- We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

# 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

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# Evonik Group

## 22 Business Lines grouped in 3 segments

### Nutrition & Care



**Sales**  
€4,511 m



**Adj. EBITDA / Margin**  
€749 m / 16.6%

Animal Nutrition

Baby Care

Health Care

Personal Care

Household Care

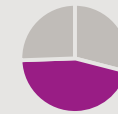
Comfort & Insulation

Interface & Performance

### Resource Efficiency



**Sales**  
€5,395 m



**Adj. EBITDA / Margin**  
€1,174 m / 21.8%

Silica

Crosslinkers

Oil Additives

Coating & Adhesive Resins

High Performance Polymers

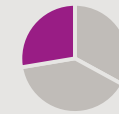
Active Oxygens

Silanes

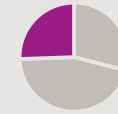
Coating Additives

Catalysts

### Performance Materials



**Sales**  
€3,781 m



**Adj. EBITDA / Margin**  
€660 m / 17.5%

Performance Intermediates

Methacrylates

Acrylic Products

Functional Solutions

Agrochemicals & Polymer Additives

CyPlus Technologies

2017 financials; Business Lines ranked by turnover

# Nutrition & Care

## Fulfilling human needs in a globalizing world

### Key characteristics

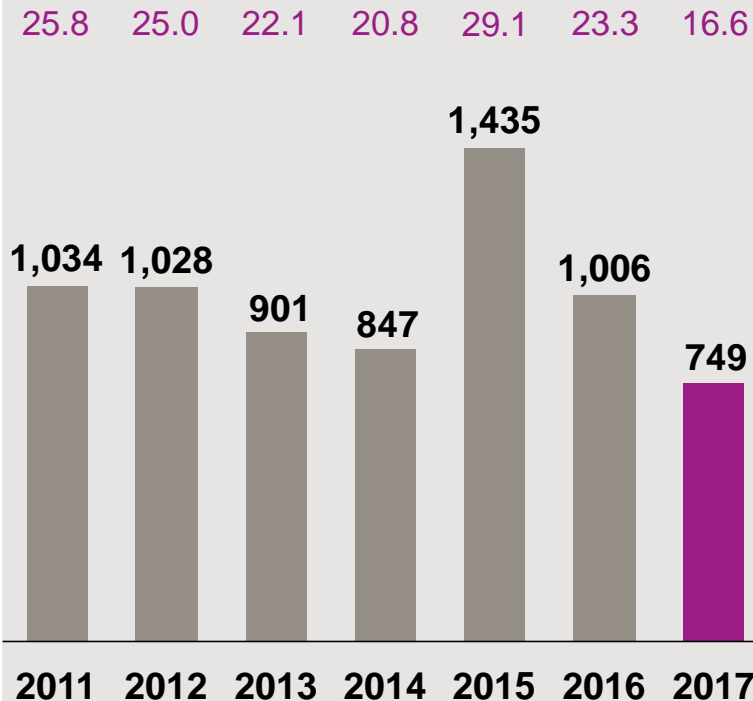
- High degree of **customer intimacy and market know-how**
- Enabling our customers to deliver **differentiating solutions** in their markets
- **Excellent technology platforms**
- **Sustainability** as major growth driver

### Key products

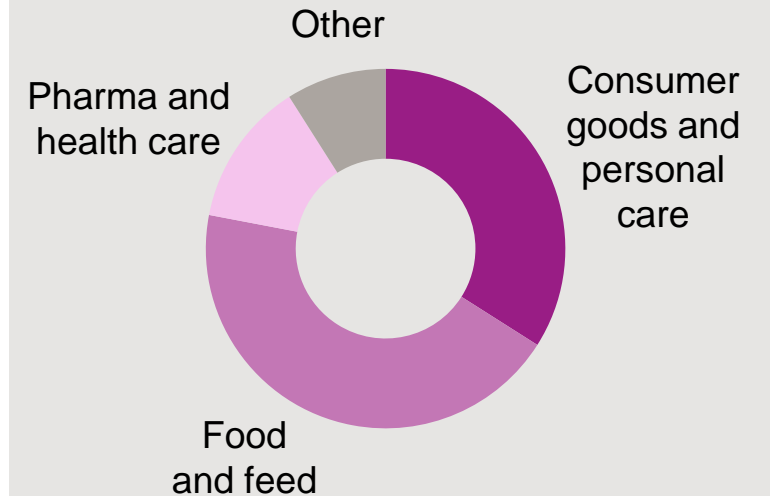
- Amino acids for professional animal nutrition
- Ingredients for cosmetic products
- Superabsorbents for baby diapers
- Drug delivery systems for controlled drug release



### Adj. EBITDA (€ m) and margin (%)







### End market split



# Nutrition & Care




## Business Line overview (1/2)

	<b>Animal Nutrition</b> 	<b>Baby Care</b> 	<b>Personal Care</b> 	<b>Household Care</b> 
<b>Key products</b>	<ul style="list-style-type: none"><li>▪ Methionine</li><li>▪ Lysine, Threonine, Tryptophan</li></ul>	<ul style="list-style-type: none"><li>▪ Superabsorbents</li></ul>	<ul style="list-style-type: none"><li>▪ Actives</li><li>▪ Emulsifiers</li><li>▪ Conditioners</li></ul>	<ul style="list-style-type: none"><li>▪ Fabric conditioners</li><li>▪ Specialty surfactants</li></ul>
<b>Main Applications</b>	<ul style="list-style-type: none"><li>▪ Feed additives and services for animal nutrition</li></ul>	<ul style="list-style-type: none"><li>▪ Baby Care</li><li>▪ Female Care</li><li>▪ Adult Care</li></ul>	<ul style="list-style-type: none"><li>▪ Personal Care</li></ul>	<ul style="list-style-type: none"><li>▪ Laundry care</li><li>▪ Home care</li><li>▪ Car care</li></ul>
<b>Market position<sup>1</sup></b>	<ul style="list-style-type: none"><li>▪ # 1 in Feed Amino Acids</li></ul>	<ul style="list-style-type: none"><li>▪ # 2-3 in superabsorbents</li></ul>	<ul style="list-style-type: none"><li>▪ # 3-4 in cosmetic ingredients</li></ul>	<ul style="list-style-type: none"><li>▪ # 1 in fabric softeners</li></ul>
<b>Main competitors</b>	<ul style="list-style-type: none"><li>▪ Chem China/Adisseo</li><li>▪ Novus</li><li>▪ Ajinomoto</li><li>▪ Cheil Jedang</li></ul>	<ul style="list-style-type: none"><li>▪ BASF</li><li>▪ Nippon Shokubai</li></ul>	<ul style="list-style-type: none"><li>▪ Ashland</li><li>▪ BASF</li><li>▪ Croda</li></ul>	<ul style="list-style-type: none"><li>▪ AkzoNobel</li><li>▪ BASF</li><li>▪ Solvay</li><li>▪ Stepan</li></ul>

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

# Nutrition & Care

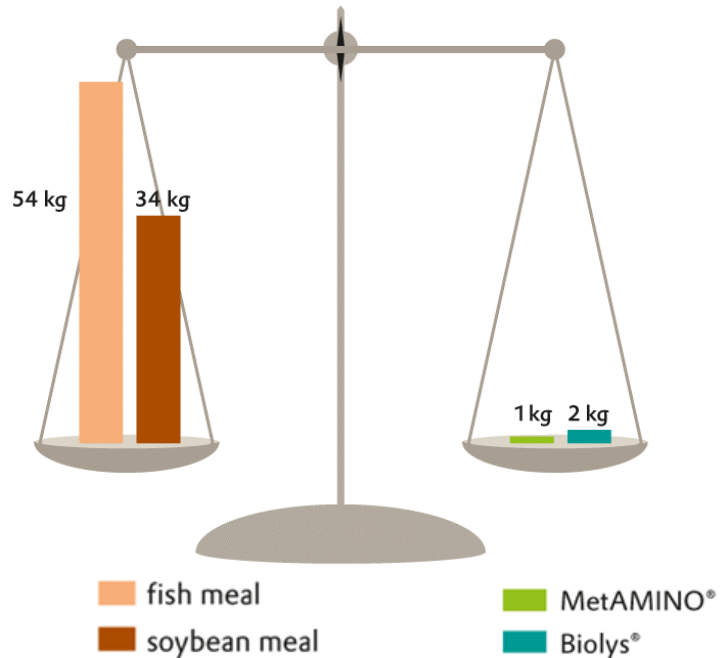
## Business Line overview (2/2)

	<b>Health Care</b> 	<b>Comfort &amp; Insulation</b> 	<b>Interface &amp; Performance</b> 
<b>Key products</b>	<ul style="list-style-type: none"><li>▪ Pharmaceutical coatings</li><li>▪ Active pharma ingredients</li><li>▪ Pharma grade amino acids</li></ul>	<ul style="list-style-type: none"><li>▪ Foam stabilizers</li><li>▪ Catalysts</li><li>▪ Release agents</li></ul>	<ul style="list-style-type: none"><li>▪ Release coatings</li><li>▪ Super spreading additives</li></ul>
<b>Main Applications</b>	<ul style="list-style-type: none"><li>▪ Drug delivery systems for oral and parenteral dosage</li><li>▪ Tailor-made pharmaceutical syntheses</li><li>▪ Pharma Amino Acids</li></ul>	<ul style="list-style-type: none"><li>▪ Furniture / appliances</li><li>▪ Construction</li><li>▪ Automotive</li></ul>	<ul style="list-style-type: none"><li>▪ Packaging / tapes</li><li>▪ Agrochemicals</li><li>▪ Plastic additives</li></ul>
<b>Market position<sup>1</sup></b>	<ul style="list-style-type: none"><li>▪ # 1 Functional Polymers for Controlled Release</li><li>▪ # 3 Exclusive Synthesis</li><li>▪ # 3 Pharma Amino Acids</li></ul>	<ul style="list-style-type: none"><li>▪ # 1 in polyurethane foam additives</li></ul>	<ul style="list-style-type: none"><li>▪ # 1-2 in release coatings</li></ul>
<b>Main competitors</b>	<ul style="list-style-type: none"><li>▪ BASF</li><li>▪ DSM</li><li>▪ Lonza</li><li>▪ Ajinomoto</li></ul>	<ul style="list-style-type: none"><li>▪ Maysta</li><li>▪ Momentive</li></ul>	<ul style="list-style-type: none"><li>▪ Clariant</li><li>▪ Dow Corning</li><li>▪ Momentive</li><li>▪ Wacker</li></ul>

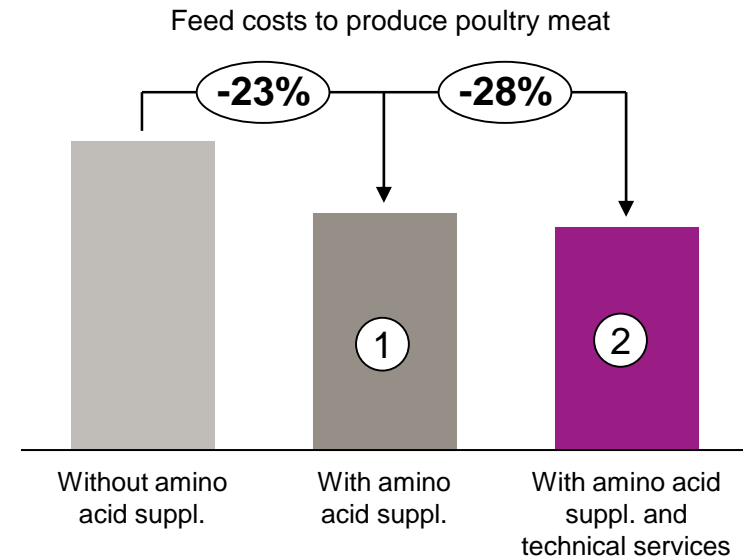
1. Company estimates for relevant markets based on multiple research reports

# Amino acids significantly increase efficiency and improve our customer's P&L

## Significant increase in efficiency



## Significant savings potential

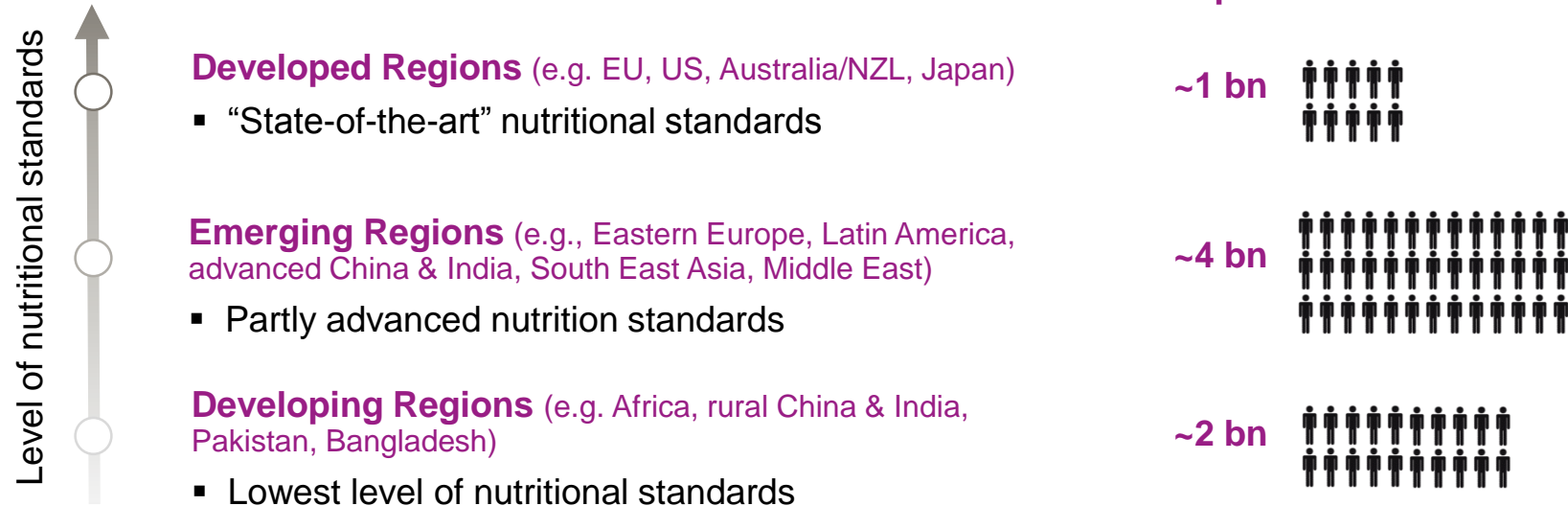


- ① Low protein diets with full range of Evonik amino acids
- ② Balanced amino acid and nutrient profiles via Evonik's Animal Nutrition service offering



# Globally improving standards in animal nutrition drive growth for high-performance feed

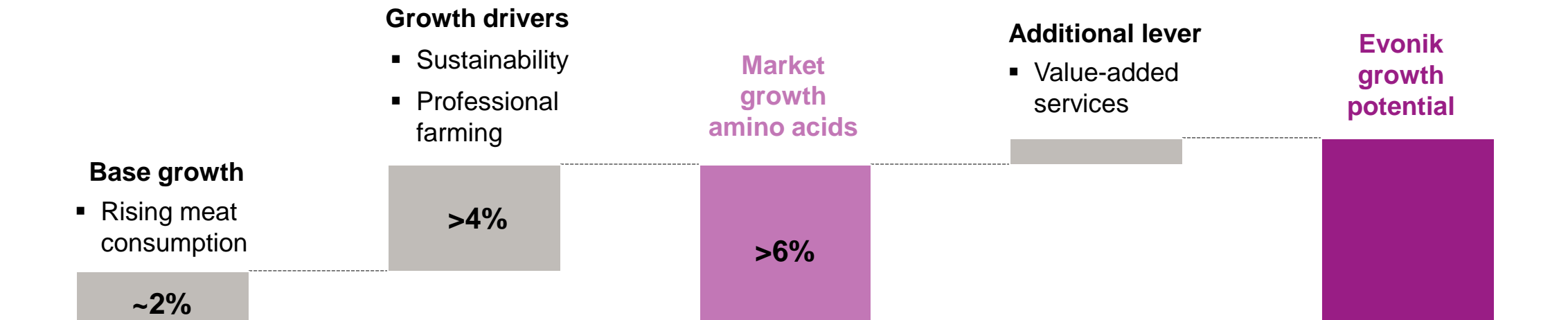
## Nutritional standards by region



**Increasing use of advanced nutrition concepts** factored with **growing population** as key growth drivers for feed markets in developing regions

# Sustainability, professional farming and value-added services as growth drivers

## Components of annual amino acid market growth



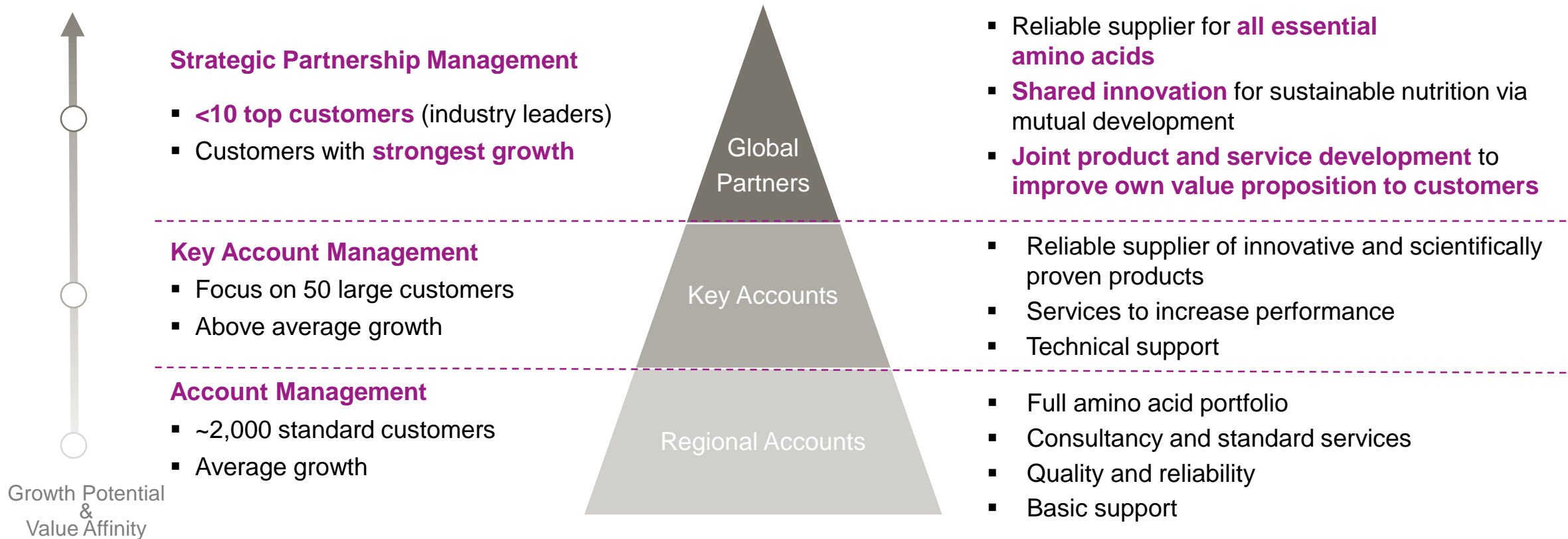
Evonik growth potential in amino acids significantly outpacing meat consumption due to:

- **Sustainability:** Significant ecological advantages, healthier livestock
- **Professionalization of farming:** Clear efficiency and performance improvements; consolidation trend in agricultural sector
- **Value-added services:** Additional growth driver for Evonik

# Segmentation of customers according to their specific service expectation

## Our sales approach

## Our value propositions

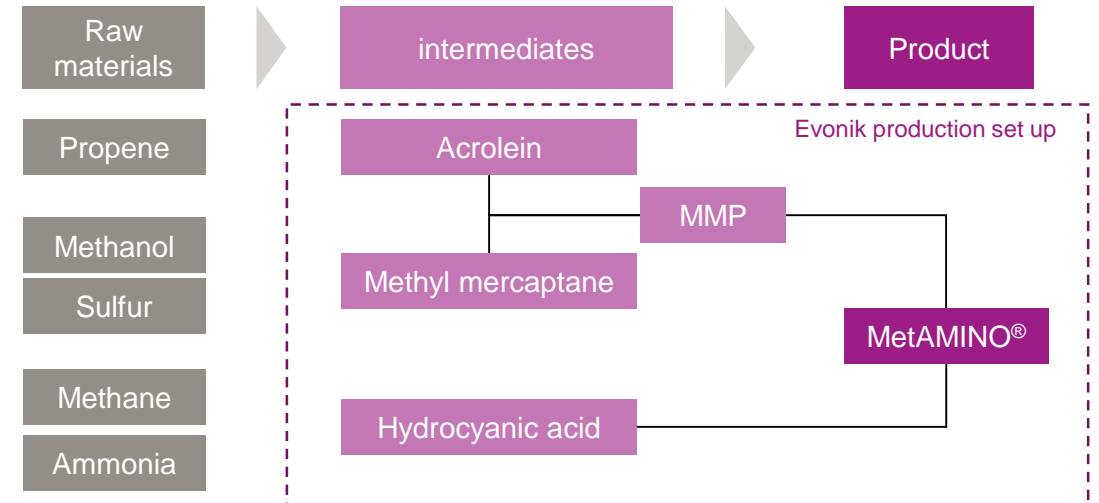


# Excellence in technology as key strength

## Advantages of Evonik

- *“The Right to Play”*: 60 years of experience and process know-how
- *“Setting standards”*: Continuous innovation leadership for cutting-edge safety technology
- *“Best in Class”*: Continuously optimized manufacturing and technology position
- Fully backward integrated production complexes
- Economies of scale with world-scale plants to meet market growth timely

## Setup of Methionine complex

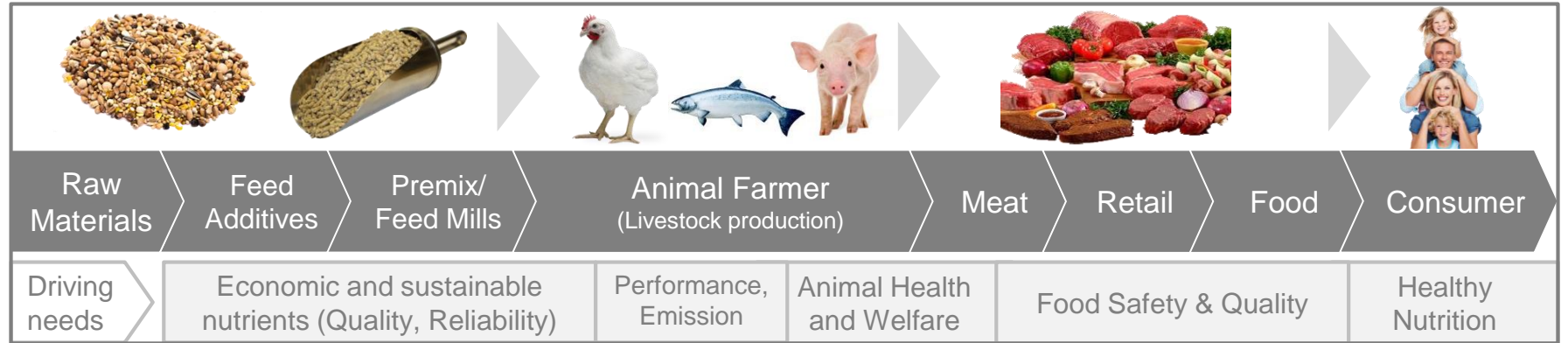


### Latest innovations implemented in Singapore plant:

- ✓ Further minimization of toxic intermediates
- ✓ Realization of economy of scale (150 kt)
- ✓ New highly efficient energy integration concept

# Strategic perspective: Expand portfolio to broaden our participation in the food value chain

Utilizing our technology platforms to grow the amino acid core and expand beyond

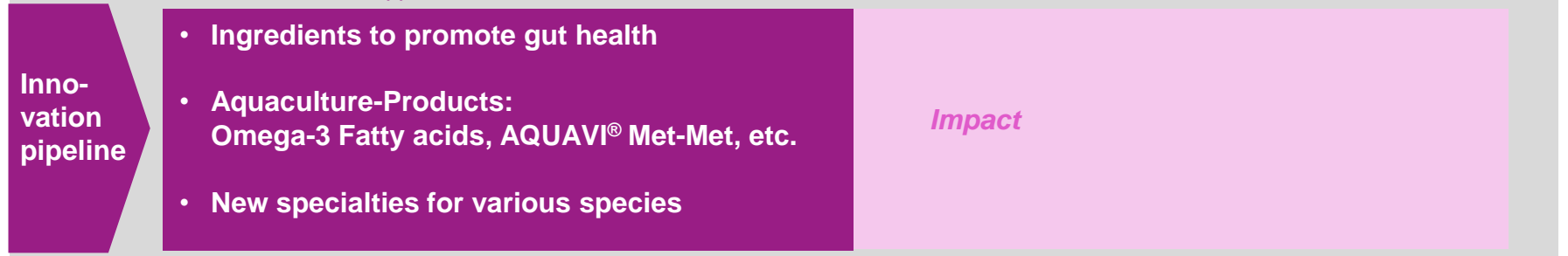


*Customer Access / Application*



Apply our technology platforms to broaden portfolio in the field of sustainable nutrition

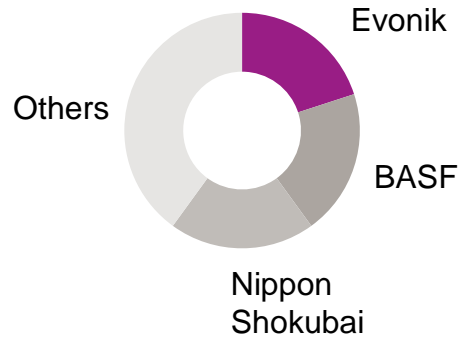
*Customer Access / Application*



# Consolidated markets with strong and robust growth

## Main suppliers & customers

Evonik is one of three big SAP producers

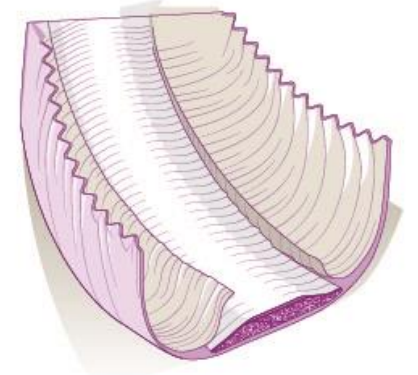


4 leading customers own 60% global market share



## Market characteristics

- “Solid market growth of 5% p.a.,
  - driven by growing demand for disposable diapers and other hygiene products
  - with focus in emerging regions (growing wealth)
  - with low demand volatility

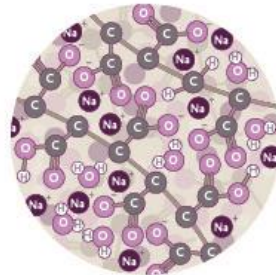


- Evonik one of three big superabsorbents producers and strategic partner of big diaper manufacturers
- As innovation leader Evonik is capable of bringing next-generation superabsorbents to the market

# Multiple levers to prevail in the market

## Innovation leadership

- **Smart FAVOR®**  
Superabsorbents, capable of adapting to the in use conditions of the diaper to allow more flexible use of hygiene articles
- **New FAVOR® for Ultrathin Diapers**  
New superabsorbent generations with ideal property profile (see below) will boost performance of ultrathin diapers



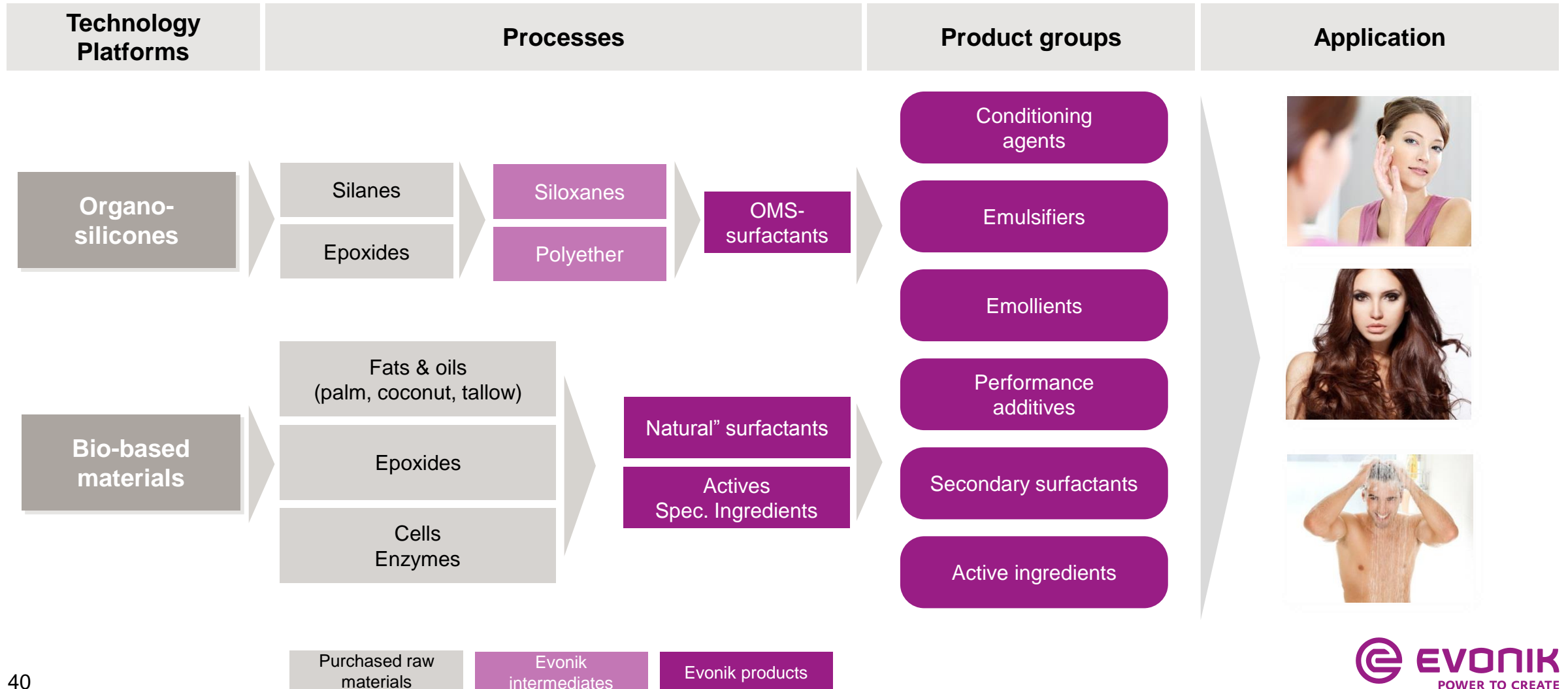
## Rapid scale-up excellence

- Significant improvement of scale-up abilities
- New pilot plant enables shortcut between product development and sample production for increases effectiveness and customer proximity
- Strengthening of prototyping capabilities at Krefeld site to ensure market leadership position



Superabsorbents as long-term attractive market for players with sufficient stamina to excel in production processes, upscale abilities and innovative new solution development

# Personal Care: A Broad specialties portfolio



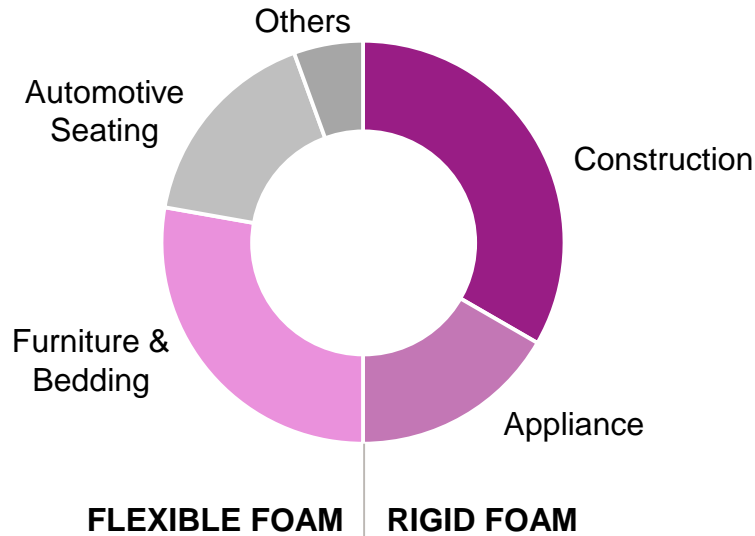


# Prime partner for Polyurethane (PU) foam additives

## Business Model

- Global strategic partner of key customers with production in all major regions
- Differentiation by quality, product development, application technology and superior logistics

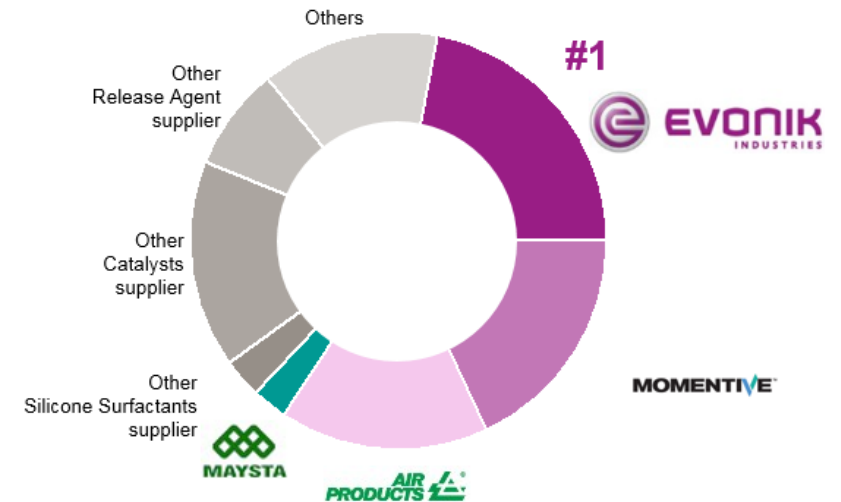
## PU foam end markets



## Customers (exemplary)



## Competitive landscape



# Polyurethane is a versatile material

We create performance advantages in a wide range of markets

## Appliances



- Excellent thermal insulation & energy efficiency
- Smooth surface creation & design freedom
- Extremely fine and homogeneous cell structure

## Construction



- Excellent flowabilities
- Outstanding nucleation performances
- Surface voids reduction
- High potencies & insulation values
- Advanced fire properties

## Home



- Extremely broad processing latitude
- Consumer safety (phthalate free solutions)
- Good cell regulation properties
- High flexibility in production

## Automotive

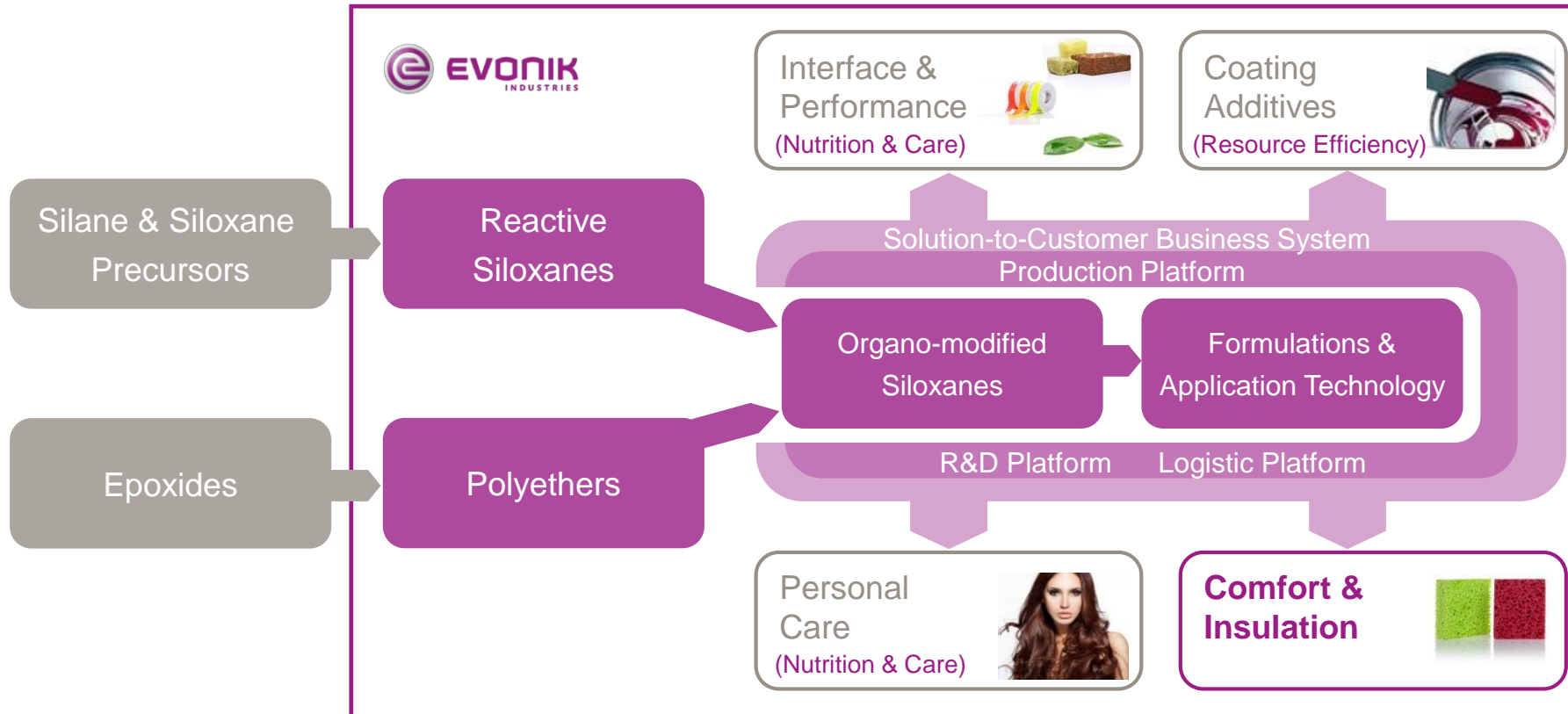


- Ultra-low VOC for consumer safety
- Noise and vibration reduction for enhanced passenger comfort
- Special EVONIK A III solvent technology

# Strong technology base

## Silicone platform for unique and individual products at attractive economies of scale

Comfort & Insulation embedded in Evonik's **ORGANO SILICONE PLATFORM** that feeds four Evonik Business Lines



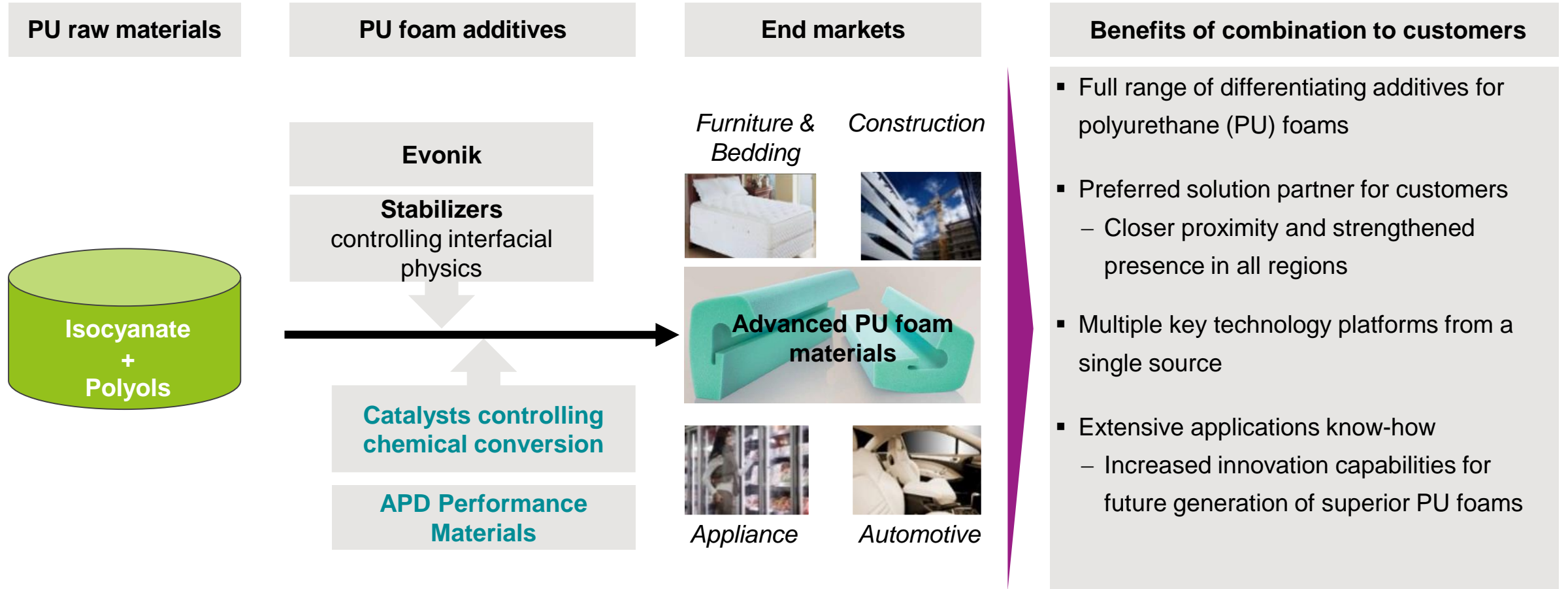
# Industry trends drive growth in major applications

Market trend	End Market	Key application functionalities
Cold Chain Development	Appliance	Lower energy consumption due to excellent cell nucleation, emulsification and surface appearance
Automotive Lightweight	Automotive	Comfort, protection, durability, energy conservation, reduce fogging and meet VOC requirements
Building Insulation	Construction	Energy efficiency management through maximum insulation efficiency, dimensional stability, uniform density, and fine cell structure
Improvement of living standards	Furniture & Bedding	Extremely broad processing latitude, phthalate free products, good cell regulation properties



# Acquisition of APD Performance Materials

## Creating a globally leading portfolio of PU foam additives





# Solution-oriented portfolio of products and services

## Customer Projects & Products



Development and manufacture of proprietary advanced intermediates and APIs, from the clinical stage all the way to commercialization.



## Standard APIs and intermediates

Portfolio of generic APIs & complex intermediates with global supply options.

## Purified amino acids, peptides & keto acids

**Rexim®**  
Amino acids and peptides for medical nutrition & pharma applications

**cQrex™**  
Cell culture ingredients for biological manufacturing



## Advanced food ingredients

**EUDRAGUARD®**  
Functional coatings for nutraceuticals

**Healthberry™**  
Anthocyanin rich ingredients

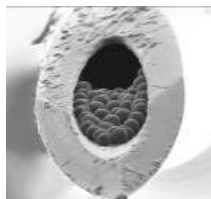
## EXCLUSIVE SYNTHESIS

## PHARMA & FOOD INGREDIENTS

## Biomaterials for injectables and medical devices

### RESOMER® and RESOMER Select®

Bioresorbable polymers for controlled release depot injections and medical devices.



## Development & Manufacturing Services

- Formulation development
- Analytical characterization
- Clinical supply
- Custom products



## Oral excipients

**EUDRAGIT®**  
Poly(meth)acrylates for oral solid dosage forms.



## PHARMA POLYMERS & SERVICES

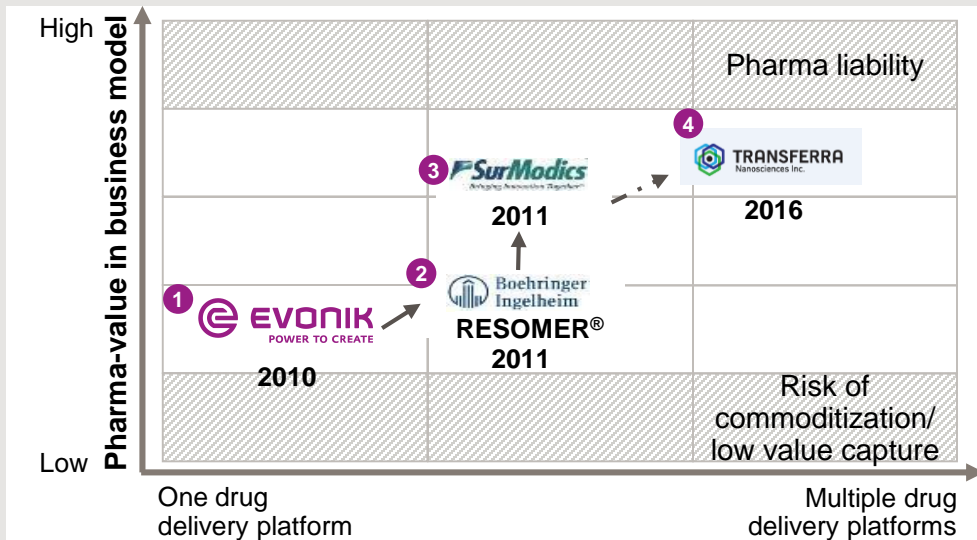
# Strategic roadmap towards pharma-value driven businesses

**Growth field:  
Healthcare  
Solutions**



- Excellent strategic fit for drug delivery business
- Powerhouse for complex injectable dosage forms
- Doubling Evonik's access to relevant markets
- Global market1 size: USD1.2 bn, CAGR ~8%

## Development of a broad drug delivery platform



- 1 2010 Evonik only covered one drug delivery platform
- 2 Acquisition of RESOMER® – bioresorbable polymers
- 3 Acquisition of SurModics – services and advanced drug delivery
- 4 **Tranferra Nanosciences** – new injectable liposome technology
  - Delivering active ingredients to the virus-infected cell membrane (targeted drug delivery)

1. Market for development & manufacturing services of complex parenteral formulations

# Resource Efficiency

## Innovative products for resource-efficient solutions

### Key characteristics

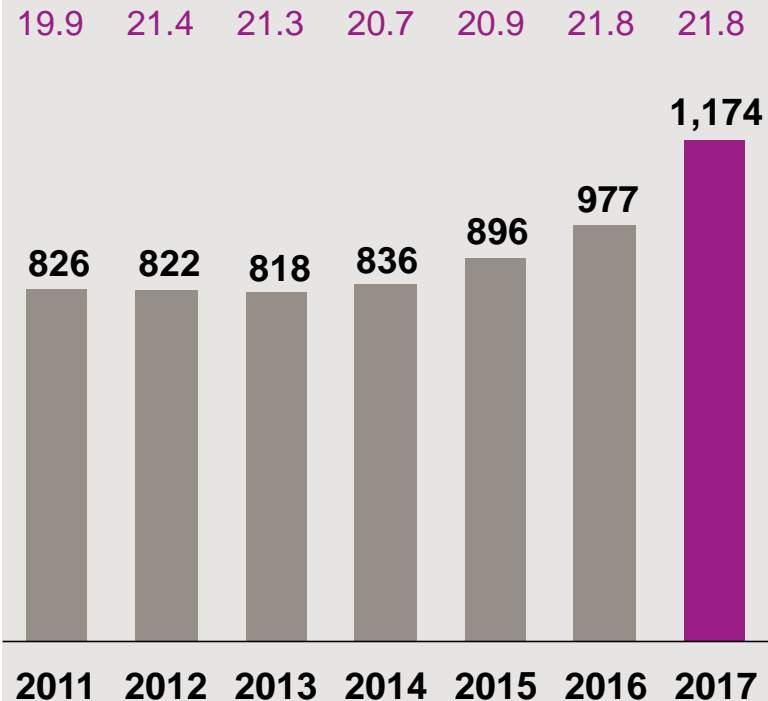
- Focus on **performance-impacting** and value-driving components
- **Minor share of cost** in most end products
- Strong focus on **technical service**
- **Low risk of substitution**
- High pricing power (**value-based pricing**)

### Key products

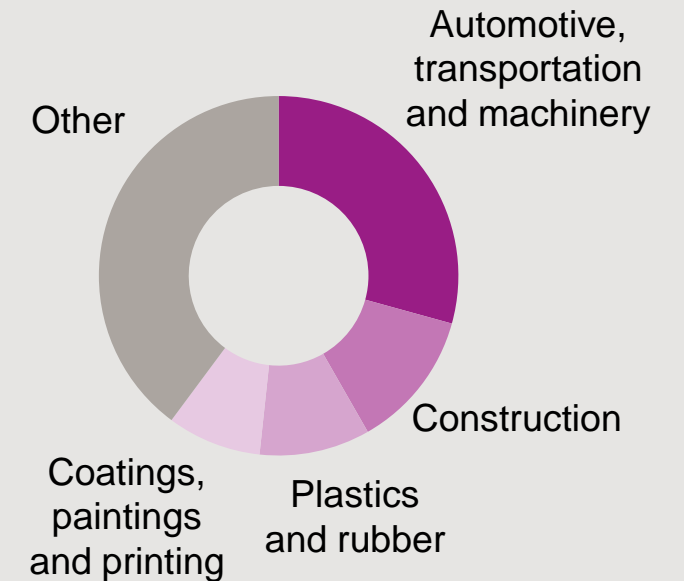
- Precipitated and fumed silica as flow property enhancers
- Crosslinkers for composite materials and coatings
- Viscosity modifiers for oils and hydraulic fluids



### Adj. EBITDA (€ m) and margin (%)






### End market split





# Resource Efficiency




## Business Line overview (1/3)

	Silica	Oil Additives	Crosslinkers
<b>Key products</b>	 <ul style="list-style-type: none"> <li>▪ Precipitated silica</li> <li>▪ Fumed silica</li> <li>▪ Special oxides</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Lubricant additives (viscosity modifiers)</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Crosslinkers for composites, elastomers and coatings</li> </ul>
<b>Main Applications</b>	<ul style="list-style-type: none"> <li>▪ Silicone rubber</li> <li>▪ Tires, green tires &amp; rubber</li> <li>▪ Paints &amp; coatings</li> <li>▪ Adhesives &amp; sealants</li> </ul>	<ul style="list-style-type: none"> <li>▪ Automotive lubes</li> <li>▪ Industrial lubes</li> <li>▪ Hydraulic systems</li> </ul>	<ul style="list-style-type: none"> <li>▪ Composites</li> <li>▪ Coatings &amp; inks</li> <li>▪ Construction / Flooring</li> <li>▪ Automotive interior</li> </ul>
<b>Market position<sup>1</sup></b>	<ul style="list-style-type: none"> <li>▪ # 1 in silicas (precipitated, fumed, special oxides, matting agents and specialty fillers)</li> </ul>	<ul style="list-style-type: none"> <li>▪ # 1 in viscosity modifiers for lubricants</li> </ul>	<ul style="list-style-type: none"> <li>▪ # 1 in isophorone chemicals</li> </ul>
<b>Main competitors</b>	<ul style="list-style-type: none"> <li>▪ Cabot</li> <li>▪ Solvay</li> <li>▪ Wacker</li> </ul>	<ul style="list-style-type: none"> <li>▪ Infineum</li> <li>▪ Lubrizol</li> <li>▪ Afton</li> <li>▪ Oronite</li> </ul>	<ul style="list-style-type: none"> <li>▪ Arkema</li> <li>▪ BASF</li> <li>▪ Covestro</li> </ul>

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

# Resource Efficiency

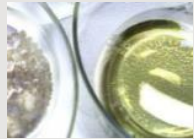


## Business Line overview (2/3)

	Active Oxygens	High Performance Polymers	Coating & Adhesive Resins
<b>Key products</b>	 <ul style="list-style-type: none"> <li>Hydrogen peroxide</li> </ul>	 <ul style="list-style-type: none"> <li>High perf. polyamide (PA12)</li> <li>Polyetheretherketone (PEEK)</li> <li>Membranes and Polyimide fibres</li> </ul>	 <ul style="list-style-type: none"> <li>Functional resins</li> <li>Adhesive hot melts</li> <li>Heat sealants</li> <li>Polybutadiene</li> </ul>
<b>Main Applications</b>	<ul style="list-style-type: none"> <li>Oxidising agent in chemical reactions</li> <li>Pulp &amp; paper bleaching</li> <li>Electronics</li> <li>Fish-Farming</li> </ul>	<ul style="list-style-type: none"> <li>Automotive components</li> <li>Medical</li> <li>Oil &amp; gas pipes</li> <li>Additive manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>Hot melt</li> <li>Pre coated metal</li> <li>Protective coatings</li> <li>Road marking</li> </ul>
<b>Market position<sup>1</sup></b>	<ul style="list-style-type: none"> <li># 2 in hydrogen peroxide</li> </ul>	<ul style="list-style-type: none"> <li># 1 in PA12</li> </ul>	<ul style="list-style-type: none"> <li># 1 in polyester resins</li> </ul>
<b>Main competitors</b>	<ul style="list-style-type: none"> <li>Arkema</li> <li>Solvay</li> </ul>	<ul style="list-style-type: none"> <li>Arkema</li> <li>EMS</li> <li>Solvay</li> <li>Victrex</li> </ul>	<ul style="list-style-type: none"> <li>Dow</li> <li>DSM</li> <li>Mitsubishi Chemical</li> </ul>

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

# Resource Efficiency

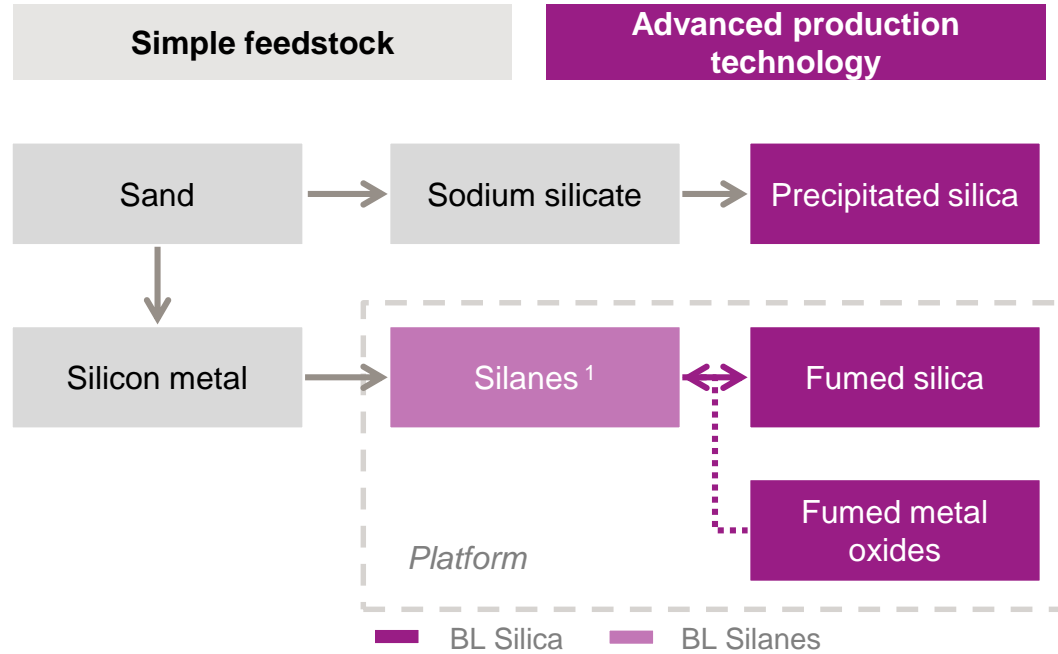
## Business Line overview (3/3)

	 <p><b>Silanes</b></p>	 <p><b>Coating Additives</b></p>	 <p><b>Catalysts</b></p>
<b>Key products</b>	<ul style="list-style-type: none"> <li>Chlorosilanes</li> <li>Organofunctional silanes</li> <li>Rubber silanes</li> </ul>	<ul style="list-style-type: none"> <li>Additives for eco-friendly and high solid industrial coatings</li> </ul>	<ul style="list-style-type: none"> <li>Activated base metal catalysts</li> <li>Precious metal catalysts</li> <li>Catalysts for industrial &amp; petrochemicals</li> </ul>
<b>Main Applications</b>	<ul style="list-style-type: none"> <li>Fumed silica</li> <li>Optical fibres</li> <li>Adhesive &amp; sealants</li> <li>Building protection</li> </ul>	<ul style="list-style-type: none"> <li>Eco-friendly coatings (low VOC, water based)</li> <li>High solid industrial coatings</li> </ul>	<ul style="list-style-type: none"> <li>Catalysts for chemical processes</li> <li>Enabler for process efficiency / innovation</li> </ul>
<b>Market position<sup>1</sup></b>	<ul style="list-style-type: none"> <li># 1 in chlorosilanes</li> <li># 1 in organofunctional and rubber silanes</li> </ul>	<ul style="list-style-type: none"> <li># 2 in high performance additives for coatings and inks</li> <li># 1-2 in silicone resins for special applications</li> </ul>	<ul style="list-style-type: none"> <li>#1 in precious metal powder catalysts</li> <li>#2 in activated base metal catalysts</li> </ul>
<b>Main competitors</b>	<ul style="list-style-type: none"> <li>Dow Chemical (Dow Corning)</li> <li>Momentive</li> <li>Shin Etsu</li> <li>Tokuyama</li> </ul>	<ul style="list-style-type: none"> <li>Altana</li> <li>BASF</li> <li>Dow Chemical (Dow Corning)</li> </ul>	<ul style="list-style-type: none"> <li>BASF</li> <li>Clariant</li> <li>Johnson Matthey</li> <li>WR Grace</li> </ul>

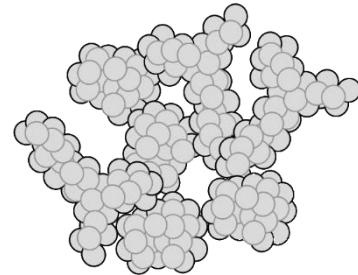
1. Company estimates for relevant markets based on multiple research reports

# Silica: Simple by nature – complex by design

Particle and surface properties decisive for specific end product characteristics



## Particle design as core competence



- 20x lower density and up to 1000x higher surface in final products
- Particle size, structure and aggregation crucial factors for characteristics of final application
- >100 types of different particle designs tailor-made for individual customers and specific applications



- Sand
- Precip. Silica
- Fumed silica

1. Chloro-, Organo- & Rubber-Silanes

# Key success factors

## Tailor-made solutions based on deep understanding of customers' needs

### Broad product & industry portfolio

- Precipitated silica and fumed metal oxides
- Broad variety of specialties
- Options to customize



- Unbiased advising
- Cross-selling potential
- Innovation leader



### Strong customer intimacy

- Future winner concept and industry teams
- Strong brands
- (Technical) service orientation



- Long-term relationships with key customers
- Communication and support on par level

### Global production network

- Production platforms in all major regions
- High quality standards
- Global coordination and cross-regional support



- Preferred partner for global businesses
- Supply security
- Customer proximity



# Extending Smart Materials growth engine

## Expansion of fumed Silica capacities in Antwerp







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



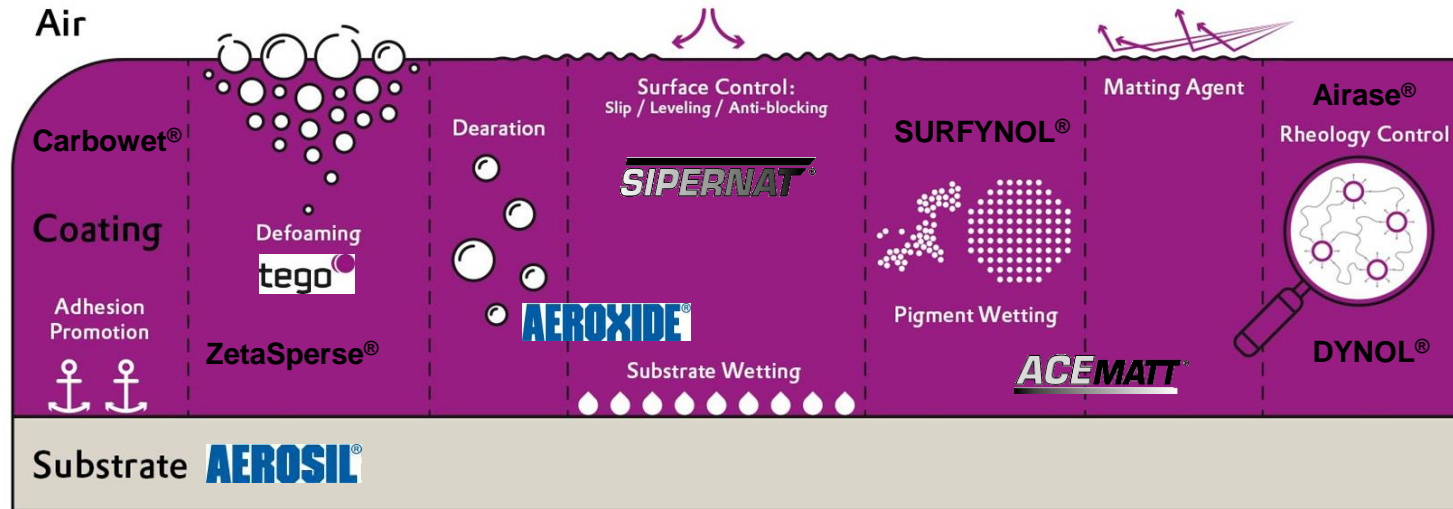


# Diversified exposure with attractive growth rates

## Resource Efficiency and Convenience as major growth drivers

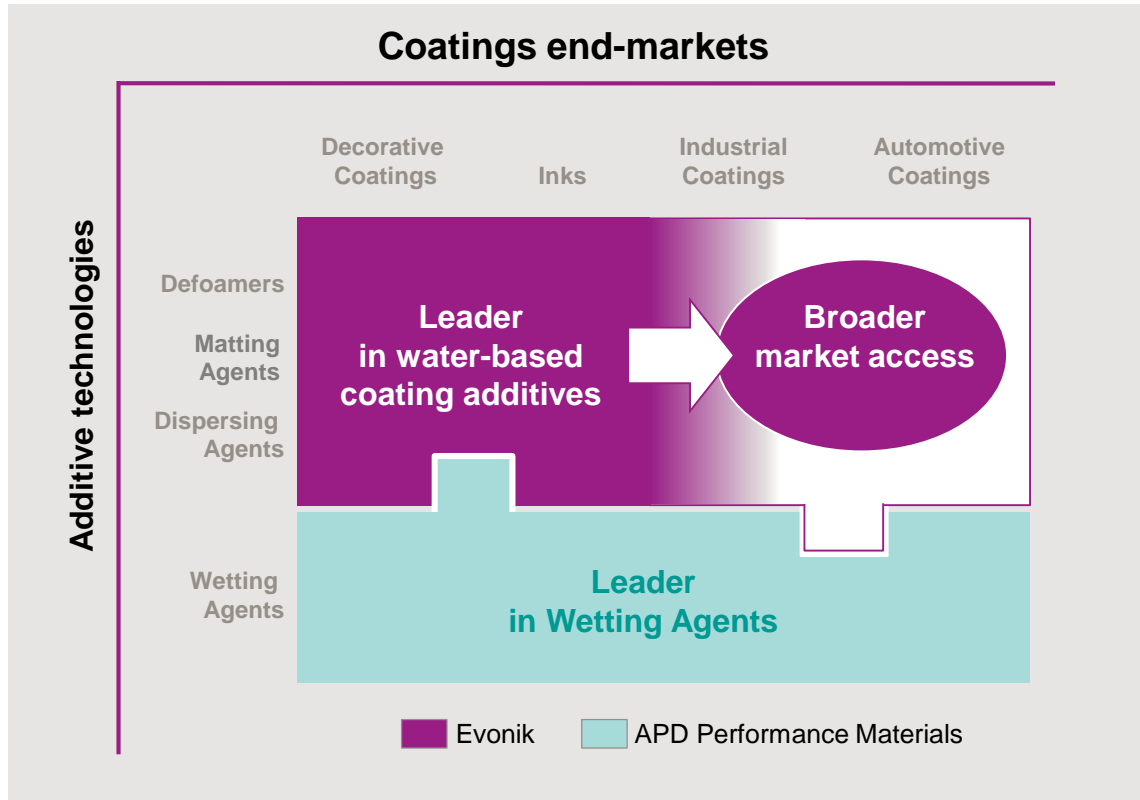
<p><b>Dental</b></p>		<p>4% p.a.</p>	<ul style="list-style-type: none"> <li>▪ Abrasive silica for cleaning and whitening</li> <li>▪ Thickening agent for toothpaste</li> </ul>
<p><b>Tire</b></p>		<p>5-7% p.a.</p>	<ul style="list-style-type: none"> <li>▪ Reduced rolling resistance of “Green Tires”</li>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

# Customized solutions to address various challenges in Paint & Coatings





# APD Performance Materials adds unique products to a strong portfolio and strengthens the access to new markets



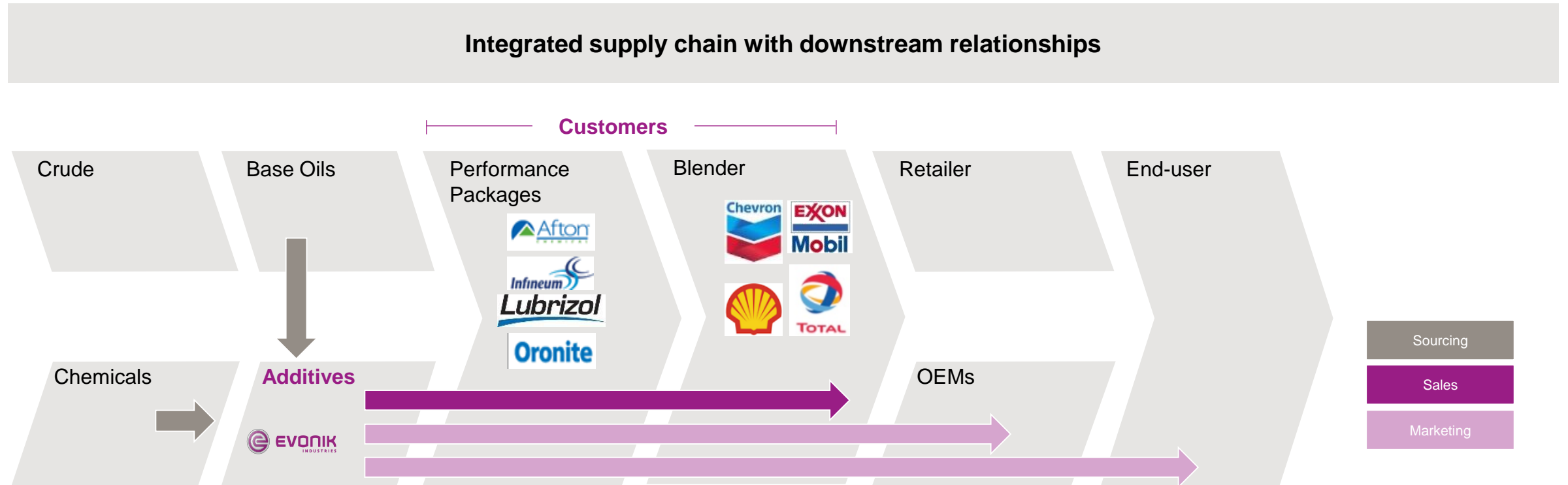
- ### Key value drivers
- Global leader for formulations enabling environmentally-friendly / waterborne coatings, and solvent-borne coatings
  - Access to complementary APD Performance Materials' wetting agent technology with
    - Market-leading position
    - Stronger focus on automotive industry
    - Additional customers to create cross-selling opportunities
  - Expanded toolkit and solutions expertise
  - Truly global set-up
    - Leveraging APD Performance Materials' position in North American coatings market

The unique APD Performance Materials product line complements Evonik's existing coating additives portfolio

# A fully integrated player & leadership along value chain



# Integrated supply chain with high customer intimacy and OEM reputation



- Integrated global supply chain and production network
- Technical support for customers, own R&D and product development capabilities
- Downstream OEM and end-user relationships and reputation

# Performance Materials

## Integrated production platforms for efficient production of rubber and plastic intermediates

### Key characteristics

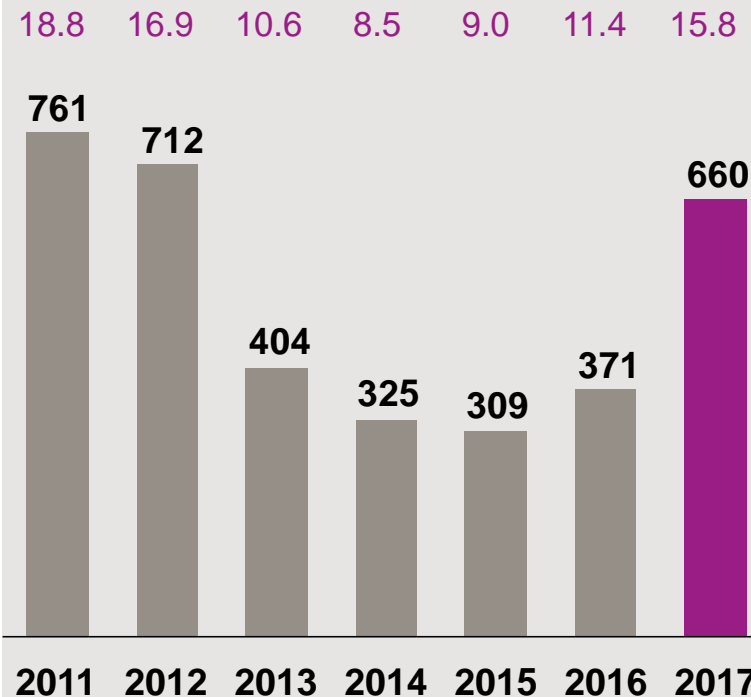
- Strong **integrated production platforms**
- **Leading cost positions**
- Favorable **raw material access**
- Focus on **continuous efficiency improvements**
- High degree of **supply reliability**

### Key products

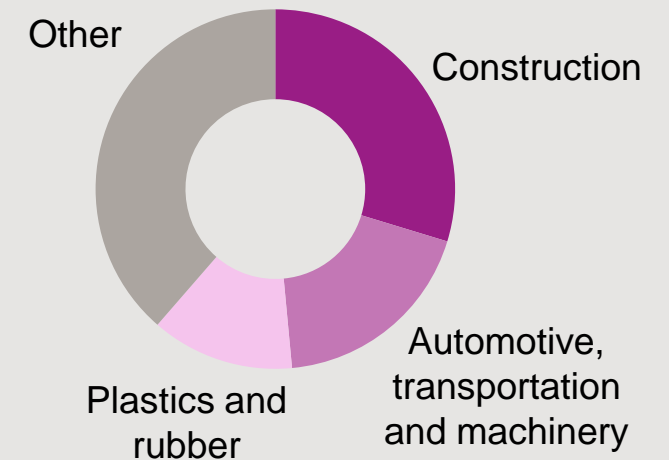
- Acrylic sheets, molding compounds (PMMA) and its precursors (MMA), e.g. for LED and touch screens
- Butadiene for synthetic rubber
- MTBE as fuel additive



### Adj. EBITDA (€ m) and margin (%)






### End market split



# Performance Materials




## Business Line overview (1/2)

	<b>Performance Intermediates</b> 	<b>Methacrylates</b> 	<b>Acrylic Products</b> 
<b>Key products</b>	<ul style="list-style-type: none"> <li>Butadiene</li> <li>MTBE</li> <li>Butene-1</li> <li>Plasticizers (INA &amp; DINP)</li> </ul>	<ul style="list-style-type: none"> <li>Methylmethacrylate (MMA) &amp; application monomers</li> <li>Molding compounds (PMMA granulate)</li> </ul>	<ul style="list-style-type: none"> <li>Acrylic sheets and semi-finished products (Plexiglas®/ Acrylite®)</li> <li>PMMA systems</li> </ul>
<b>Main Applications</b>	<ul style="list-style-type: none"> <li>Plastics</li> <li>Styrene-Butadiene-Rubber</li> <li>High performance polymers</li> </ul>	<ul style="list-style-type: none"> <li>Coatings</li> <li>PMMA extrusion</li> <li>Light-weight systems</li> <li>Automotive components</li> </ul>	<ul style="list-style-type: none"> <li>Construction</li> <li>Light-weight systems</li> <li>Automotive components</li> <li>Light-guiding systems</li> </ul>
<b>Market position<sup>1</sup></b>	<ul style="list-style-type: none"> <li># 1 in Butene-1</li> <li># 2 in INA</li> </ul>	<ul style="list-style-type: none"> <li># 2 in MMA</li> <li># 2 in PMMA molding compounds</li> </ul>	<ul style="list-style-type: none"> <li># 2 in PMMA sheets</li> </ul>
<b>Main competitors</b>	<ul style="list-style-type: none"> <li>BASF</li> <li>Sabic</li> <li>LyondellBasell</li> </ul>	<ul style="list-style-type: none"> <li>LG MMA</li> <li>Mitsubishi Chemicals</li> <li>Sumitomo</li> </ul>	<ul style="list-style-type: none"> <li>Arkema</li> <li>Mitsubishi Chemicals</li> <li>Sumitomo</li> </ul>

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

# Performance Materials

## Business Line overview (2/2)

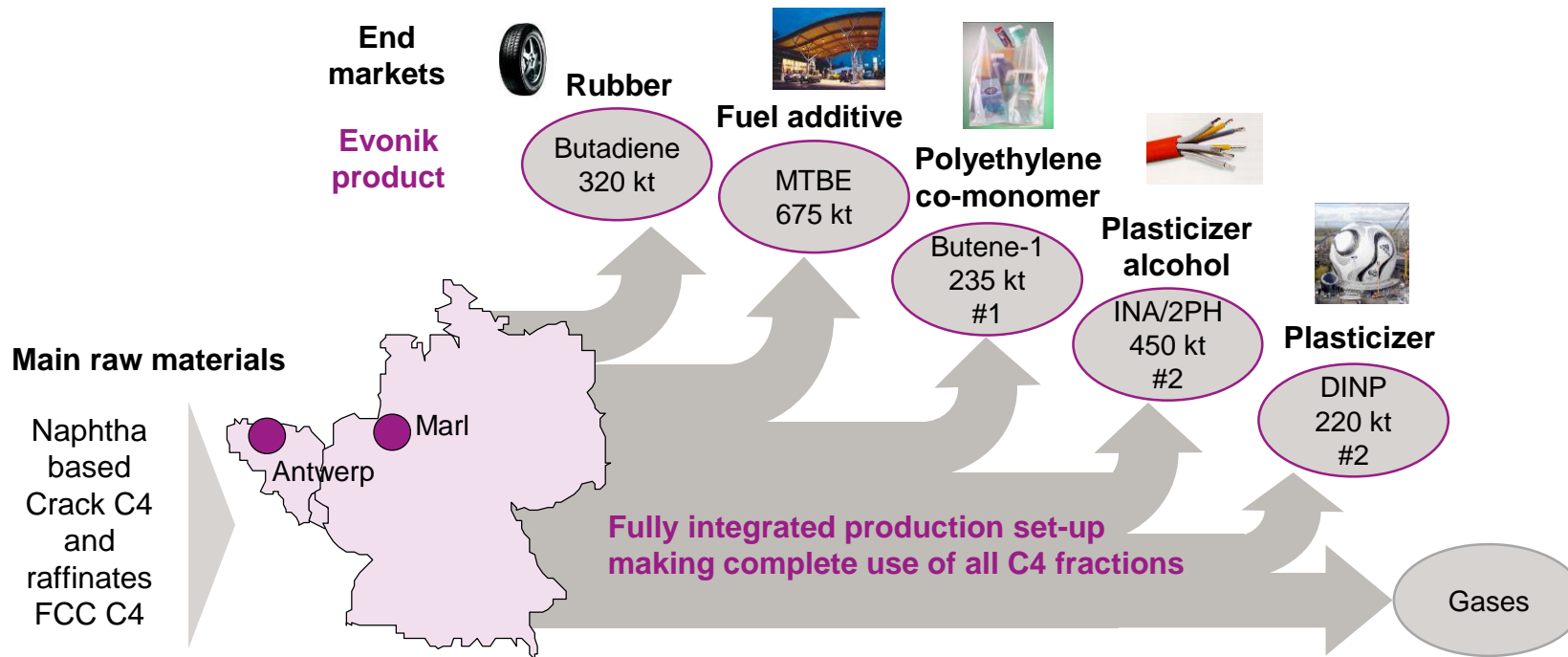
	Agrochemicals & Polymer Additives	Functional Solutions	CyPlus Technologies
<b>Key products</b>	 <ul style="list-style-type: none"> <li>▪ Triacetonamine</li> <li>▪ Crosslinkers</li> <li>▪ Precursors for crop protection</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Alkoxides (e.g. sodium methylate)</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Sodium cyanide</li> <li>▪ Potassium cyanide</li> </ul>
<b>Main Applications</b>	<ul style="list-style-type: none"> <li>▪ Polymer additives</li> <li>▪ Optical brighteners</li> <li>▪ Photovoltaic</li> <li>▪ Agro chemicals</li> </ul>	<ul style="list-style-type: none"> <li>▪ Catalysts for biodiesel production</li> </ul>	<ul style="list-style-type: none"> <li>▪ Precious metals mining</li> <li>▪ Fine chemicals</li> </ul>
<b>Market position<sup>1</sup></b>	<ul style="list-style-type: none"> <li>▪ n.a.</li> </ul>	<ul style="list-style-type: none"> <li>▪ # 1 in alkoxides</li> </ul>	<ul style="list-style-type: none"> <li>▪ n.a.</li> </ul>
<b>Main competitors</b>	<ul style="list-style-type: none"> <li>▪ Lanxess</li> <li>▪ Weylchem</li> </ul>	<ul style="list-style-type: none"> <li>▪ BASF</li> <li>▪ Smotec</li> </ul>	<ul style="list-style-type: none"> <li>▪ AGR</li> <li>▪ DuPont</li> <li>▪ Orica</li> </ul>

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

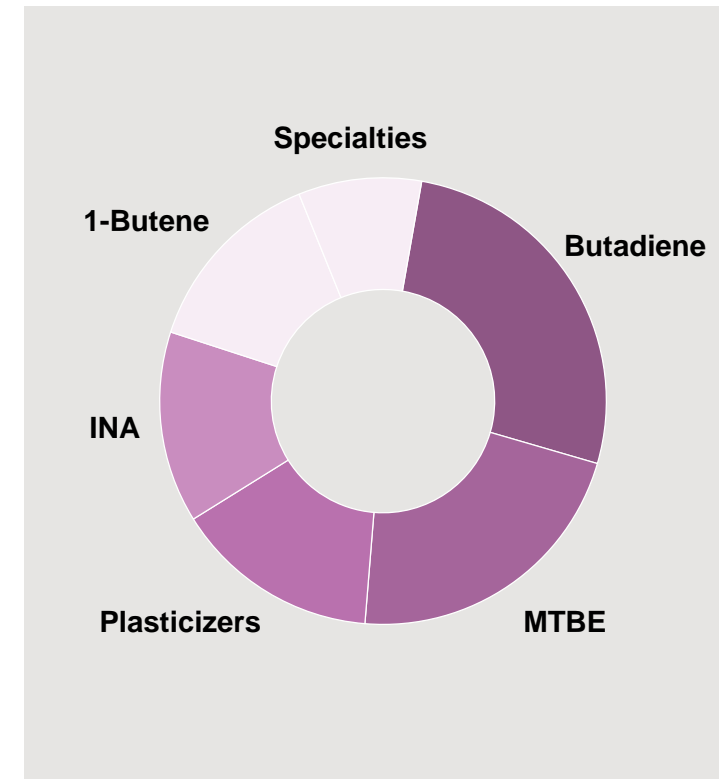
# Performance Intermediates (C4 chain)

## Fully integrated production platform in Europe

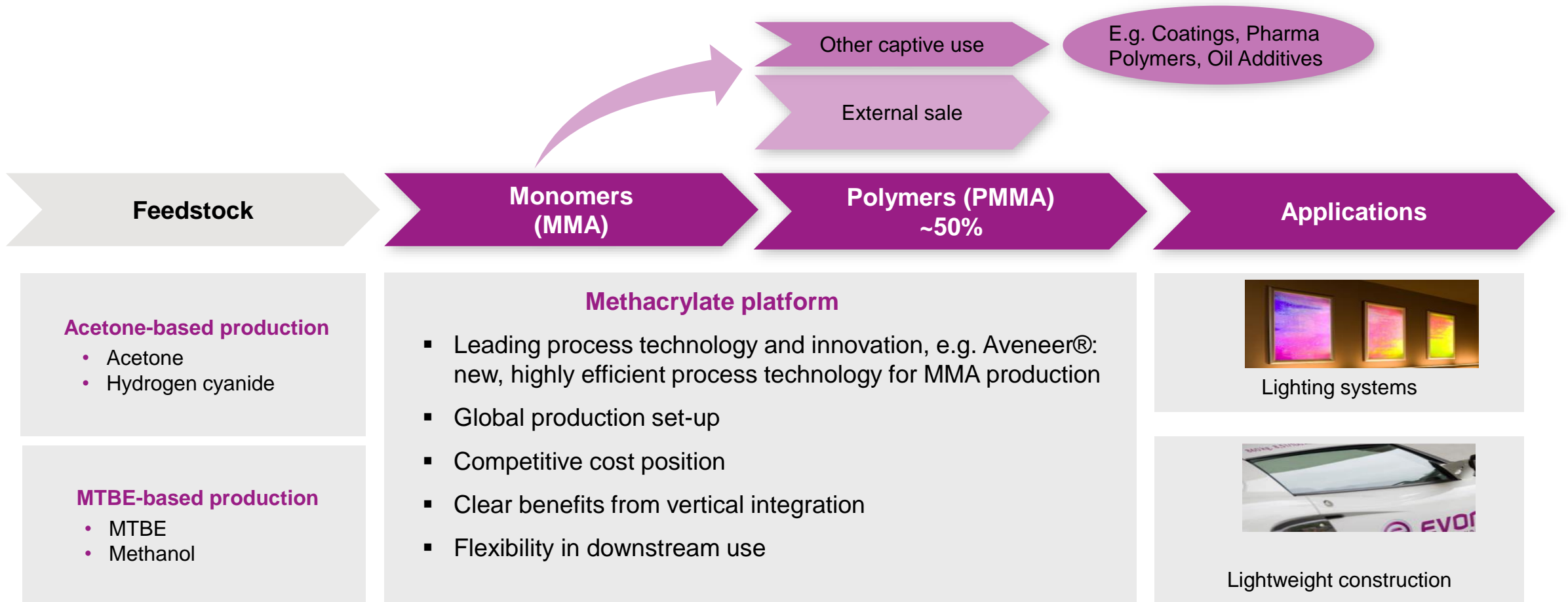
### Capacity overview



### Share of total sales by product



# Vertical integration in Methacrylates & Acrylic Products





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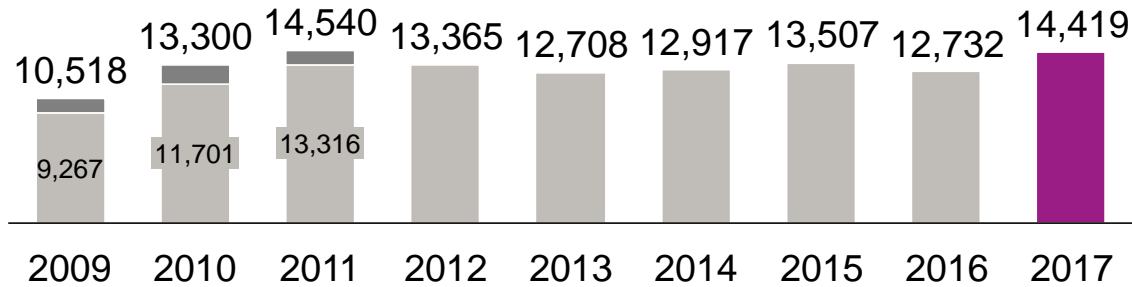
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1. Evonik Industries
2. Segments
- 3. Financials**
4. Evonik share & Investor Relations

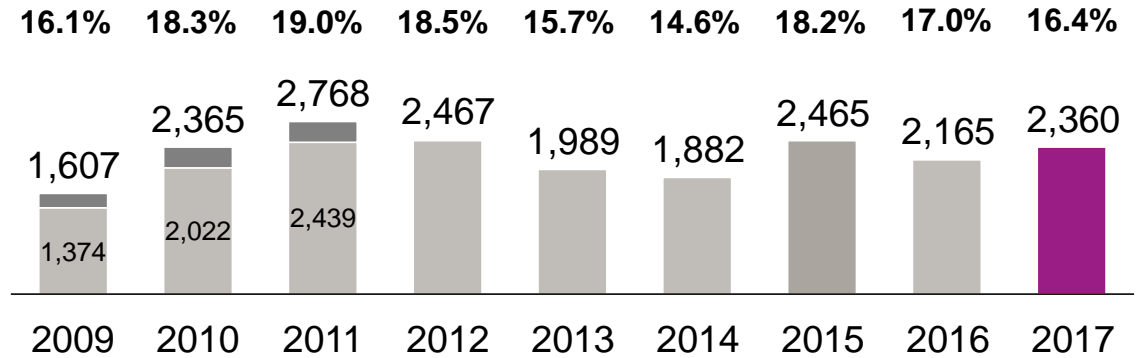
# Financial track record

## Sales (in € m)

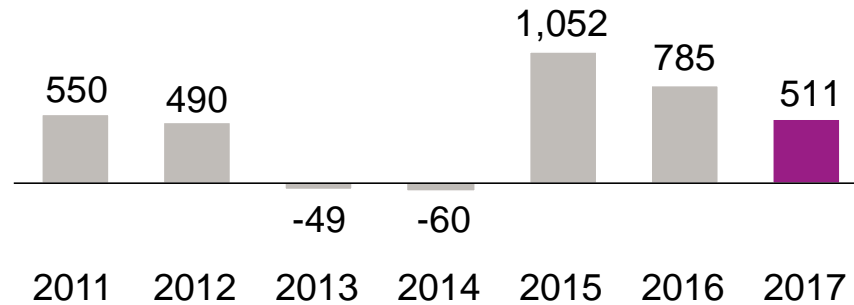
■ Carbon Black/Real Estate



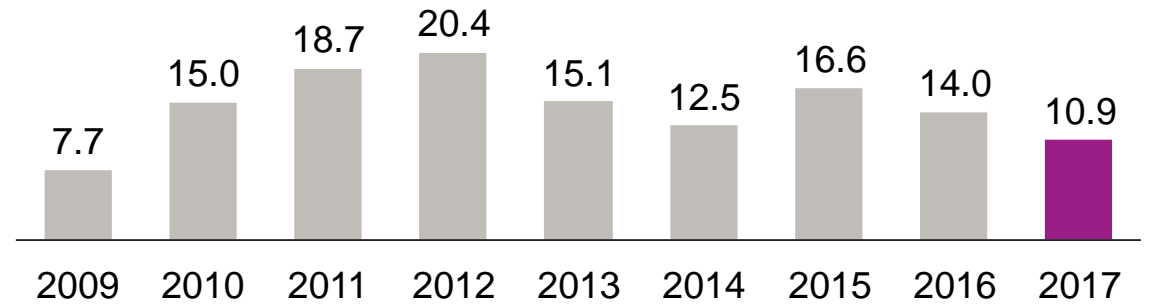
## Adj. EBITDA (in € m) / margin<sup>1</sup>



## Free Cash Flow (in € m)



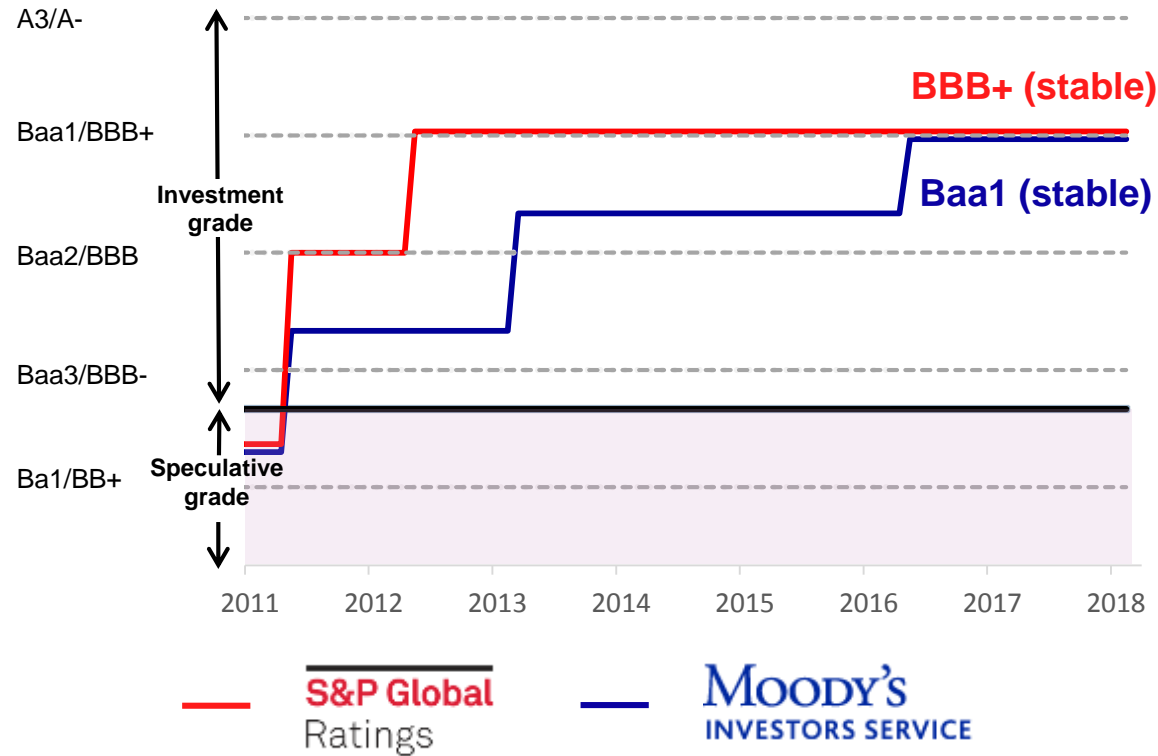
## ROCE (in %)



1. Excluding Carbon Black

# Financial policy

## Maintaining a solid investment grade rating



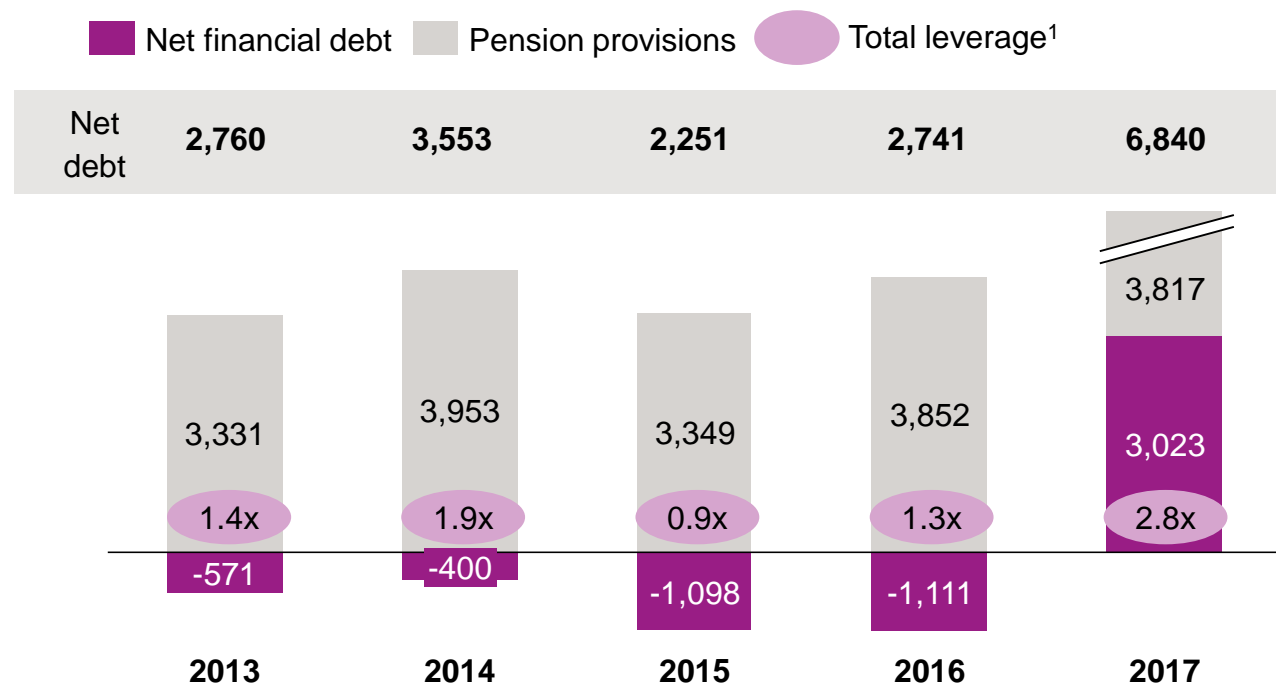
### Both rating agencies affirmed its ratings in 2017 based on

- 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 franchise
- 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

# Net debt development

(in € m)



- Increase of net financial debt in 2017 mainly driven by acquisition-related purchase price payments (APD, Huber Silica and Dr. Straetmans)
- Leverage supported by €0.5 bn hybrid issuance (of which only 50% is treated as debt in-line with rating agencies' treatment)
- 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
- More than half of total net debt consists of long-dated pension obligations; average life of DBO exceeds 15 years

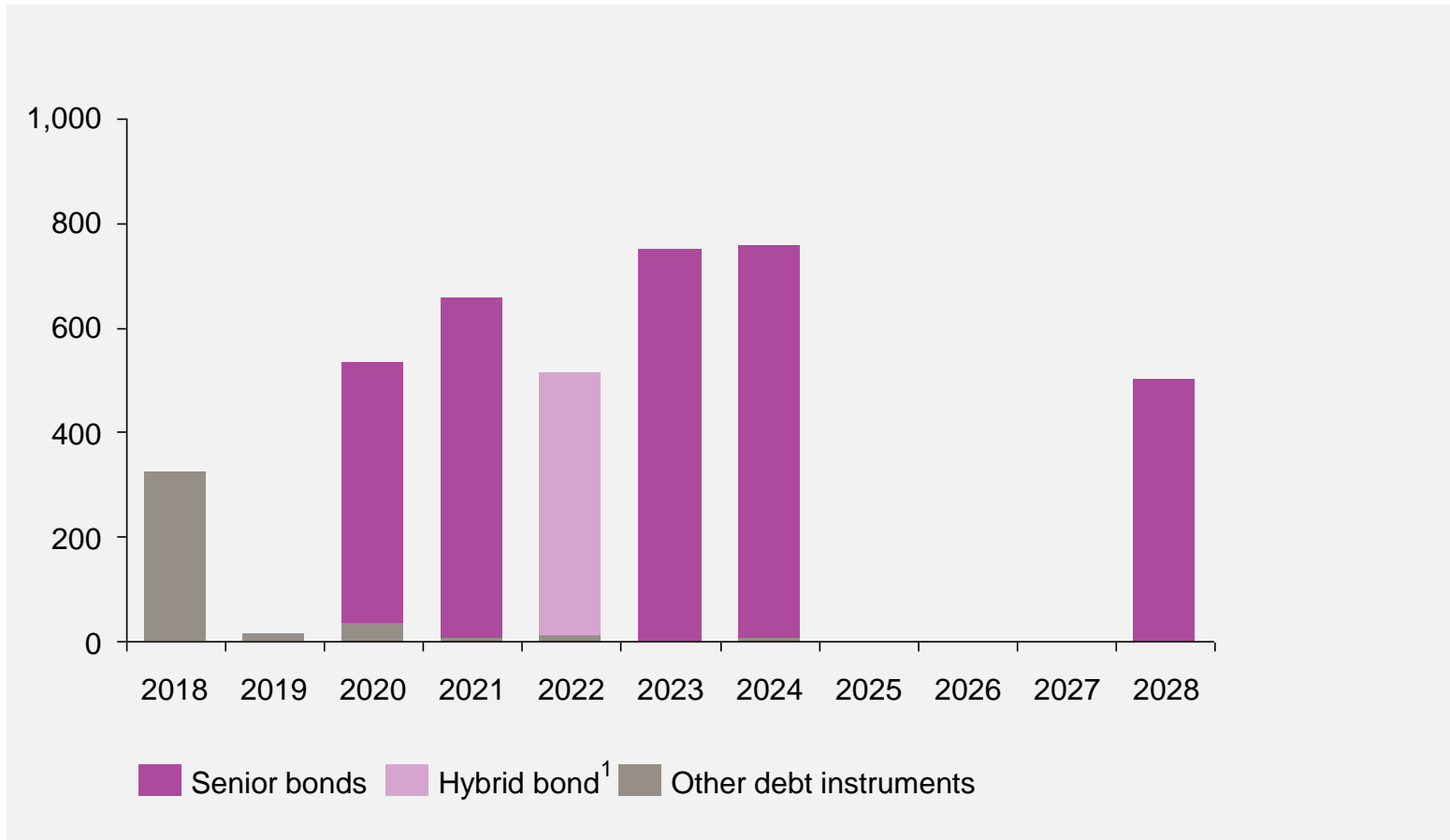
3.84	2.65	2.91	2.16	2.12	Evonik Group global discount rate (in %) <sup>2</sup>
3.75	2.50	2.75	2.00	2.00	Evonik discount rate for Germany (in %)

1. Total leverage defined as (net financial debt - 50% hybrid bond + pension provisions) / adj. EBITDA LTM | 2. Calculated annually

# Debt structure

## Well balanced maturity profile

(in € m as of 31 December 2017)

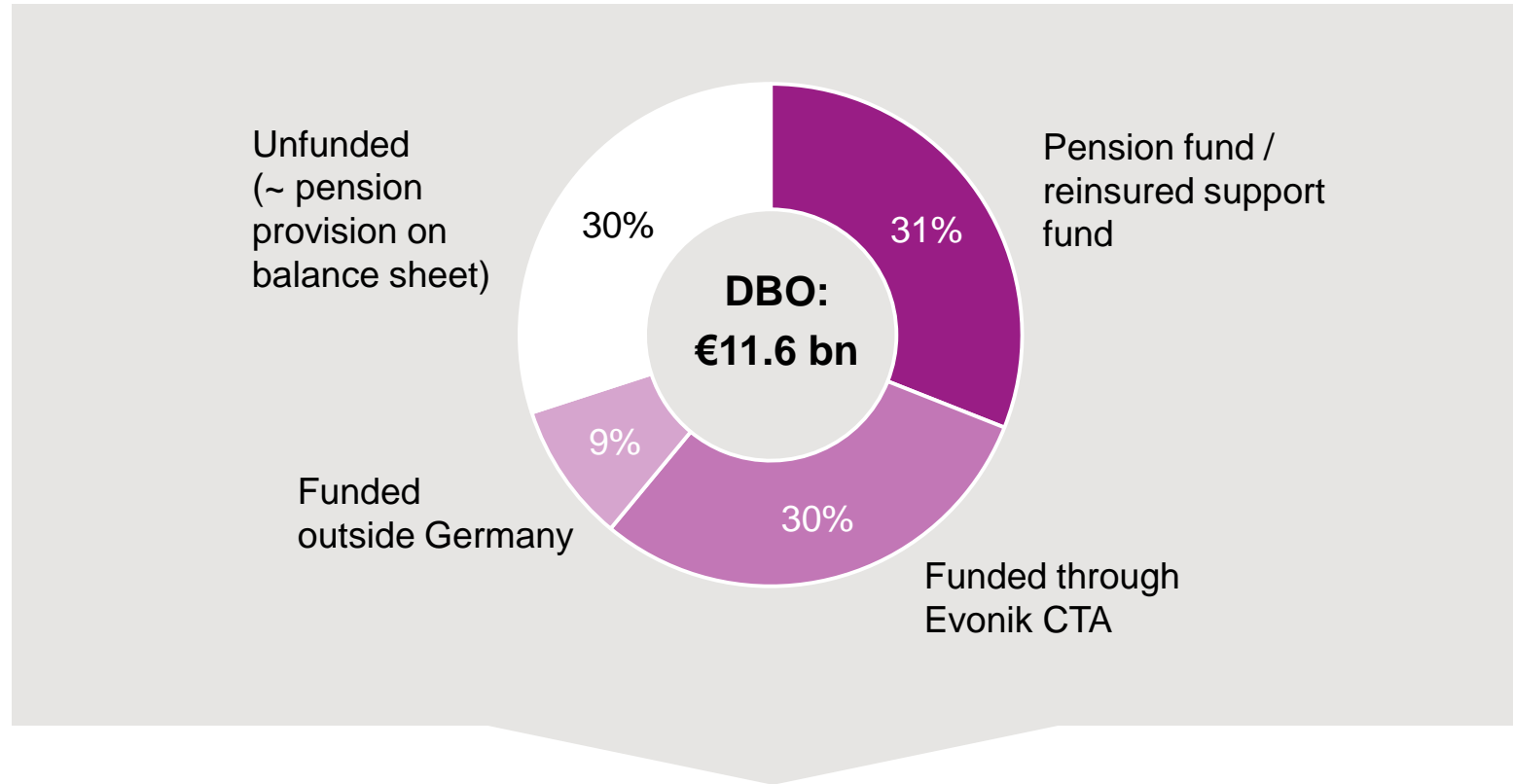


- Well balanced debt maturity profile with no single maturity greater than €750 m
- €500 m hybrid bond issued in July 2017 with first redemption right for Evonik in 2022 offers optimal fit into current maturity profile
- Undrawn €1,750 m syndicated revolving credit facility refinanced in June 2017 with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

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

# Pensions

## Pension funding overview as of Dec 31, 2017

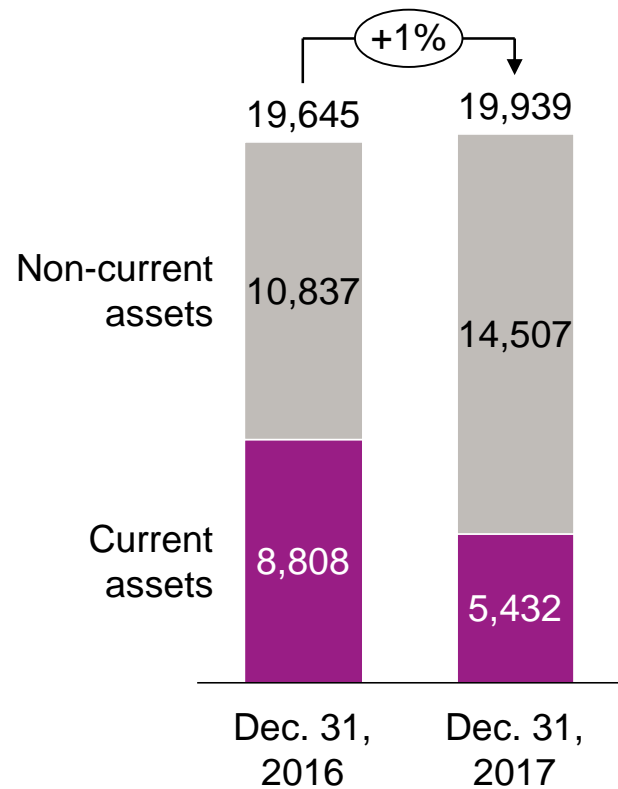


- Pensions very long-term, patient debt (>16 years) with no funding obligations in Germany
- DBO level of €11.6 bn yoy stable (interest rate unchanged at 2.00%)
- Funding ratio increased to ~70% mainly due to positive development of pension asset

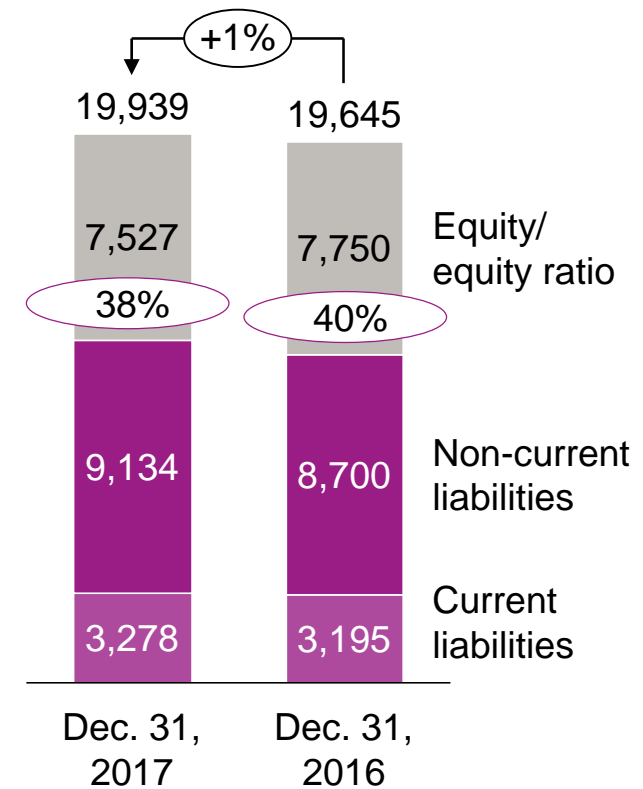
Funding level increased to ~70%

# Balance Sheet as of year-end 2017

**Assets (in € million)**

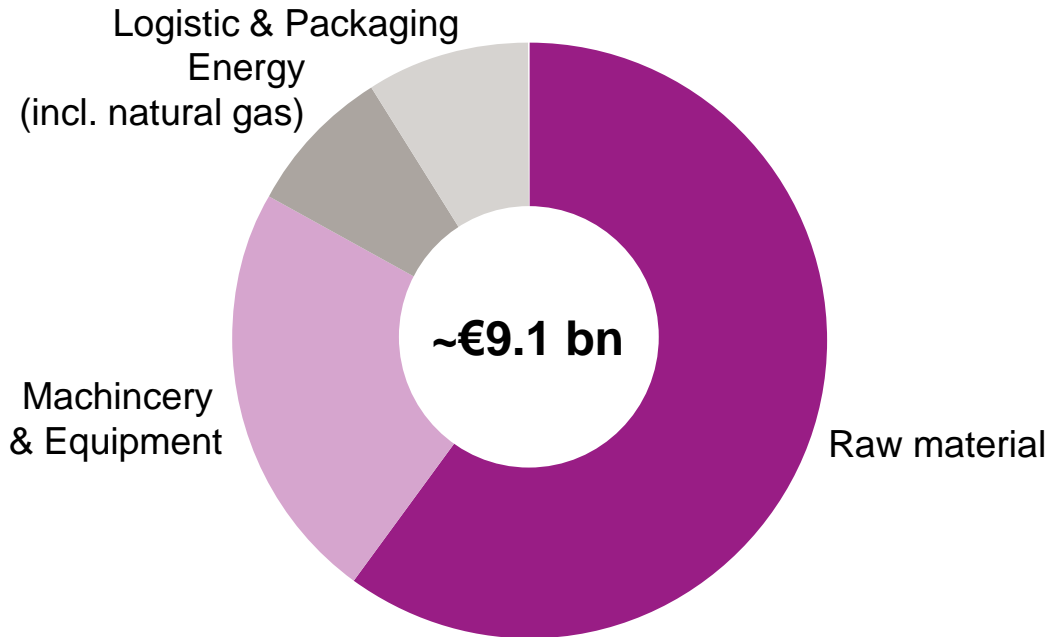


**Equity and liabilities (in € million)**



# Raw material split

Total procurement volume 2017 (in € m)



Breakdown of raw material spend<sup>1</sup> (examples)

## Bio

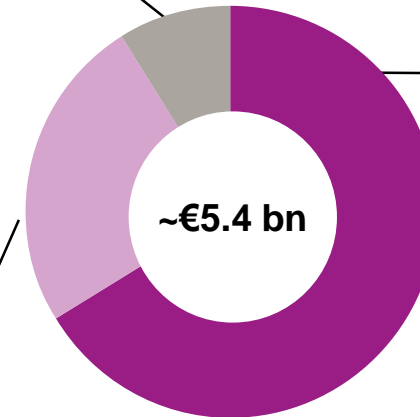
- Dextrose
- Fatty alcohols
- Tallow fatty acid
- Fatty acids
- tallow

## 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



# Table of contents

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1. Evonik Industries
2. Segments
3. Financials
- 4. Evonik share & Investor Relations**

# The Evonik Share

## Key Facts

- First Trading Day: April 25, 2013
- Indices: MDAX, STOXX 600  
Chemicals
- Segment: Prime Standard, Frankfurt
- Sector: Chemicals
- Subsector: Specialty Chemicals
- WKN: EVNK01
- ISIN: DE000EVNK013
- Ticker Symbol: EVK
- Reuters: EVKn.DE
- Bloomberg: EVK GY



# IR events & latest analyst estimates

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**Quarterly Reports**  
Evonik has published its quarterly report Q2 2017 on August 03, 2017. You can access further information from 07:00 a.m. (CET) here. ... **MORE**

Company  
**Annual Shareholders' Meeting 2017**  
The Annual Shareholders' Meeting 2017 of Evonik Industries AG took place on May 23, 2017, at the Grugahalle in Essen (Germany). You can access further information here. ... **MORE**

Company  
**Strategy update**  
On June 1, 2017 CEO Christian Kullmann and CFO Ute Wolf presented to institutional investors and financial analyst in London. You can access further information here. ... **MORE**

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Please find the latest **consensus figures** (Vara) on our IR website (“Share / Analysts' estimates“)

# Evonik Investor Relations team

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## Disclaimer

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