

Dr. Klaus Engel

Chairman of the Executive Board

Evonik Industries AG

"Here we are!"

Statement

at the Annual Shareholders' Meeting

on May 20, 2014

in Essen (Germany)

Good morning ladies and gentlemen,

"Here we are!" That is the motto of our Annual Report 2013 and of today's Shareholders' Meeting. Here we are—on the stock market, in the specialty chemicals sector, and with you, our shareholders. Together with my colleagues on the Executive Board, I would like to welcome you to our first Shareholders' Meeting as a listed company. Today is a premiere, which we and our employees have been working towards for a long time.

In a moment I will be reporting on 2013, which was an important year for Evonik. I would also like to use our first public Shareholders' Meeting to give you an overview of the company's special strengths. After that, I shall look ahead to how we intend to drive Evonik forward and create sustained value. I hope that today will strengthen your confidence in Evonik as a globally successful specialty chemicals company.

2013—An important year for Evonik

We will remember 2013 as a special year in which we achieved two major strategic objectives.

- First, we completed the far-reaching realignment of the Evonik Group by divesting the majority of shares in our real estate business. Evonik is now focused consistently on specialty chemicals. The majority stake in STEAG was divested back in 2011.
- Second, Evonik was listed on the stock exchange at the end of April 2013. Only a few months later, we were included in the MDAX index.

Those were important milestones.

To be candid, we would have liked to report a very different share price performance last year. 2013 was a challenging year for the chemical industry as a whole due to the unsatisfactory economic situation, and that also affected Evonik. Our operating performance was clearly impacted by a sharp drop in selling prices for some important products. The first half of the year was weaker than expected and economic growth forecasts for the second half of the year were reduced. At the start of August we therefore had to alter our outlook for the full year.

That was also reflected in our share price. Following our stock exchange listing, shares initially traded in a range of €30 to €32. However, they then dropped significantly to a low for the year of under €25. The share price picked up following the revision of our full-year guidance, and additional upward impetus came from the inclusion of Evonik in the MDAX and STOXX Europe 600 indices at the end of September. Since October 2013, our share price has basically moved in line with the positive performance of the overall market and the benchmark indices.

We will continue our efforts to ensure that the systematic implementation of our corporate strategy in the coming years is rewarded by an appropriate share price.

Evonik has long been an established and reliable partner for its customers, suppliers and employees. As a newcomer to the stock market, we aim to build an equally good reputation.

In recent months we have outlined our specialty chemicals portfolio and growth strategy in detail at roadshows, conferences and shareholder events, and we will be continuing this close and regular dialog with investors in the future.

A solid operating performance in difficult market conditions

And now let us turn to fiscal 2013

As I have already said, the difficult market situation put perceptible pressure on selling prices for some important products. By contrast, the continued high demand for our products was pleasing. We registered clear volume growth of 6 percent, mainly in the second half of the year.

The four-year review also shows a pleasing trend. Volume growth in our specialty chemicals segments averaged around 5 percent a year, well above the rise in global GDP.

That shows that our customers around the world trust the high quality of our products and solutions. We are building on that. It is the heart of our strategic alignment to megatrends such as global population growth, efficient use of scarce resources, and using new high-performance materials as substitutes for conventional materials.

Despite the challenging overall economic conditions, we achieved a solid performance in 2013. That can be seen from the following key data:

- **Group sales** totaled €12.9 billion. After adjustment for currency and other effects, sales were therefore close to the prior-year level.
- **Adjusted EBITDA** was €2.0 billion, 19 percent lower than in the previous year, mainly as a consequence of lower selling prices.
- The **adjusted EBITDA margin** remained at a good level of 15.6 percent.
- **ROCE** was 14.5 percent so we once again earned an attractive premium on the cost of capital.
- The **cash flow** from operating activities remained good at €1.1 billion.
- **Net income** climbed 76 percent to €2.1 billion. The main factor here was the disposal of the majority of shares in the real estate business bundled at Vivawest, which generated a divestment gain of €1.5 billion.

This real estate transaction made a clear contribution to our financial performance in 2013. Placing this business in good hands was very important to us. In the stable new ownership structure, RAG-Stiftung is now Vivawest's biggest shareholder with a stake of 30 percent. Other shareholders with a long-term investment horizon are the German Mining, Chemical and Energy Industrial Union (IG BCE), and Evonik Pensionstreuhand e.V., the contractual trust fund or CTA for short that secures our employees' company pensions. That is a clear sign of continuity, reliability and quality. The remaining stake held by Evonik is 10.9 percent. We want to divest that to long-term investors in the foreseeable future.

Mainly due to the sale of the majority of shares in the real estate activities, the net financial debt of around €1.2 billion shown on the balance sheet at the end of 2012 reversed to net financial assets of €0.6 billion at year-end 2013.

We made good progress in the funding of our pension obligations with the transfer of a 25 percent stake in Vivawest to our CTA and an additional cash allocation of €200 million. The Group's pension funding ratio is now over 60 percent. We plan to allocate a further €200 million to the CTA in both 2014 and 2015.

Evonik has a strong financial profile. With an equity ratio of around 43 percent, we are soundly financed. Thanks to our investment grade rating, we can obtain refinancing on favorable terms, as shown by the successful bond issue in April 2013.

This solid base is the cornerstone of our ambitious growth strategy. Last year, we increased capital expenditures by 18 percent to €1.1 billion. In addition, we raised spending on research and development further to €394 million.

Dividend yield among the highest in the chemical industry

We want you—our shareholders—to share appropriately in our success in 2013.

The Executive Board and Supervisory Board are therefore proposing that Evonik should pay a dividend of €1.00 per share, an increase of €0.08 or 9 percent compared with the previous year. That would give a dividend yield of over 3 percent, placing Evonik among the leaders in the chemical industry.

We have a long-term dividend policy based on reliability and continuity. Our aim is to pay out about 40 percent of adjusted net income to you every year and to maintain the dividend each year at least at the absolute level of the preceding year.

Q1 2014: A slow start to the year

In early May we reported in detail on our performance in the first quarter of this year. Pleasing volume growth was countered by lower selling prices for some important products. Sales were €3.2 billion, close to the level in the same period of last year. Organic sales growth was 1 percent. Adjusted EBITDA was solid at €463 million, but—as expected—lower than in the first quarter of 2013, which was by far the strongest quarter of the year. We have confirmed our outlook for fiscal 2014.

We make a key contribution to our customers' success

Evonik has a presence everywhere in people's daily lives, even if that is not always evident at first sight. Perhaps you have had an opportunity to convince yourselves of this through our annual report, the exhibits on the ground floor, and the film clips shown before the meeting started. Our specialty chemicals give many of our customers' products the additional benefits that make them attractive and successful on the global market. Here are just three examples.

- The active properties of many cosmetic products, from skin cremes to hair care products and effective sunscreens, benefit from innovative system solutions made by Evonik.
- Our oil additives improve the efficiency and effectiveness of construction machinery, for example, by reducing the fuel consumption and CO₂ emissions of excavators.
- ROHACELL® structural foam makes cars and planes lighter, a property that is also used in the construction of Formula 1 cars.

Close collaboration with customers is one of Evonik's hallmarks. Through this intensive interchange, we gain wide-ranging knowledge of their specific requirements and markets, so we can customize our solutions to meet their needs. This close collaboration often gives rise to new products and solutions, and therefore creates a good basis for profitable growth in the future.

Key competitive advantages also come from our integrated technology platforms, which we are constantly refining. In addition, we benefit from the balanced spectrum of the businesses and markets in which we operate. Today, market-leading positions account for about 80 percent of our sales. We will be building on that to drive Evonik forward in the coming years. The basis for this is our corporate strategy with its three elements: growth, efficiency and values. I would like to outline these to you in more detail, starting with growth.

We are realizing our investment program rapidly and with discipline

We are engaged in an extensive investment program totaling over €6 billion between 2012 and 2016. In the past two years, more than €2.1 billion of this budget has been spent on selected investments to open up new growth prospects for Evonik. Special attention is being paid to fast-growing economic areas such as the Asia-Pacific region, South America and Eastern Europe. At the same time, we are continuing to expand our excellent position in highly developed regions, including Germany.

Our investment program is making good headway, as can be seen from the production facilities completed last year. I would specifically like to draw your attention to two key projects.

- A production plant for ingredients for cosmetics and consumer household goods came on stream in Shanghai (China), enabling us to respond fast and flexibly to local customer requirements. China is now the biggest single market for cosmetic products in Asia. In the mid-term, it is expected to account for 25 percent of global growth in this market.
- A new production plant for superabsorbents came into operation in Al Jubail in Saudi Arabia. Superabsorbents are important starting products, for example, for diapers. Together with local partners, at this plant we will be producing up to 80,000 metric tons a year of these minute particles, which can absorb up to 500 times their weight in liquid. This new plant will meet the rising demand for hygiene products in the Middle East and parts of Africa and Asia.

Further important investment projects will be completed this year.

- This month, an integrated production complex for isophorone and isophorone diamine came on stream in Shanghai (China). The new plants will mainly serve customers in the paints and coatings, construction and adhesives industries in Asia. As the market and technology leader in isophorone chemistry, we are the only company in the world that covers the entire value-added chain for isophorone and its derivatives.
- A new production facility for functionalized polybutadiene is currently being brought into service in Marl (Germany). These sealing compounds are used for triple-glazing with high insulating properties and as structural adhesives in non-weldable composites used in auto bodywork. The key growth drivers here are energy efficiency and weight reduction.
- In Singapore, a large production facility for the feed additive methionine will come on stream in the second half of the year. This is the biggest single investment to date in our chemicals business, totaling over €500 million. Construction is fully on schedule and a few months ago we started training more than a hundred employees for a variety of jobs at the plant. This new methionine plant will source all major precursors from in-house production, so we can maximize the reliability of supply to our customers.

We are realizing our investment program with great discipline and flexibility. Projects that have not yet started are always reviewed for changes in the market situation. We carefully analyze when the time is right to introduce new capacities to avoid adverse market effects.

Our capital expenditures are well balanced between the three specialty chemicals segments. Regionally, we raised investment in Asia considerably in 2013, increasing its share of total capital expenditures from 29 percent in 2012 to 45 percent. We also invested a substantial amount in Germany, which accounted for 31 percent of our capital expenditures.

We will be undertaking further attractive investments in the period up to 2016 to strengthen our leading market positions. Capital spending of up to €1.4 billion is earmarked for this year.

Our innovations create the basis for profitable growth in the future

High innovative strength is essential for our growth strategy. We want to offer our customers a constant stream of superior new products and intelligent solutions. To achieve that, we are stepping up the pace of innovation and extending research and development in economically attractive areas. For instance, our research center in Shanghai (China) has been extended for the third time. In addition, we encourage a culture of innovation where our employees can rapidly drive forward good ideas. R&D spending has increased by an average of 9 percent a year since 2009. That highlights the strategic significance we accord to innovation.

I would like to give you an example of how a research project can be successfully transferred to industrial production. Our Health & Nutrition Business Unit produces amino acids for animal nutrition, especially methionine for environment-friendly nutrition of poultry. In recent years this business unit has developed AQUAVI® Met-Met, a new source of methionine especially for shrimp and crustaceans. AQUAVI® Met-Met is added to the feed used in aquaculture. It reduces consumption of expensive fishmeal and improves water quality by

raising the efficiency of the feed. In this way it makes an important contribution to the sustainability of aquaculture. At the start of this year, the Executive Board gave the go-ahead for the construction of the world's first production facility for AQUAVI® Met-Met in Antwerp (Belgium). This will give us access to the attractive and growing market for amino acids for shrimp and crustaceans, which has posted double-digit volume growth in the past few years. Further dynamic growth is expected in the future.

Our internal growth is complemented by acquisitions that give us access to new, high-margin products and technologies. A recent example is the acquisition of the US company Silbond, which strengthens our leading position in silanes. We constantly examine the strategic alignment, earnings power and development potential of possible acquisition targets.

We are continuously improving the efficiency of our structures and processes.

That brings me to the second element in our corporate strategy: efficiency.

In recent years we have made considerable headway with the continuous improvement of our cost base. An important element in this is the On Track 2.0 efficiency enhancement program launched in 2012. Key contributions come, above all, from further optimization of global procurement and of production and related workflows. The aim of On Track 2.0 is to reduce our cost base by €500 million a year by the end of 2016.

We continued to make good progress with this in 2013. For example, we are steadily raising energy efficiency at our sites, while maintaining the reliability of supply. This has been achieved, among other things, by bundling the procurement of natural gas for our large production sites in Germany. Services previously provided by an external energy supplier are now undertaken in-house by Evonik specialists, bringing sustained savings in the single-digit million euro range.

Overall, by the end of 2013 we had already identified and approved measures under the On Track 2.0 program with the potential to reduce costs by over €400 million. At the end of the year, measures with total savings potential of over €280 million were being implemented. That was twice as much as at year-end 2012.

In addition, since last fall we have been examining the efficiency of our administrative activities because some of our workflows are still aligned to the needs of our former conglomerate structure. Our aim is to create a uniform global administrative organization—without duplication of responsibilities or cost-intensive interfaces. Leaner administrative structures will make us faster and more agile in the marketplace.

At the same time, we aim to achieve a lasting reduction of up to €250 million a year in material and personnel expenses in our administrative organization by the end of 2016. That will involve shedding around 1,000 jobs Group-wide in the coming years. As in the past, this will be achieved in a socially compatible manner that respects people. Dismissals for operational reasons have been excluded up to the end of 2018.

I would like to take this opportunity to repeat that Administration Excellence is not simply about cutting costs. At least equally importantly, this program is designed to achieve a

significant improvement in the quality of our administrative structures and align them to our new demands as a focused specialty chemicals company.

We accept responsibility

That brings me to the third element of our corporate strategy: values. Sustainable development and corporate responsibility are vital for the future of Evonik. We accept responsibility worldwide—for our business, our employees, the environment and society.

We have initiated a wide range of activities to gain, develop and retain skilled and talented employees. These have received public acknowledgement: In the latest sector ranking by the German news magazine "Focus" we were classed as one of the best employers in the chemical and pharmaceutical industry. In China, we have received an award as a top employer for the seventh time.

Evonik is also one of the biggest providers of vocational training in Germany. In 2013, the number of training places in our company reached a new record. Our training ratio is well above the sector and national averages. For many years, we have also taken part in a pre-training program run by the chemical industry employers and trade unions to disadvantage youngsters for work.

We regard the diversity of our employees, including differences in gender, educational background, age and nationality, as an enrichment for our specialty chemicals company. It increases the potential to tap into new ideas, products and processes. The Evonik Group therefore specifically fosters diversity.

We want our employees to share appropriately in Evonik's success. As a listed company, in the spring of this year we launched our first share-based employee participation program. Almost 40 percent of employees in Germany, Belgium and the United States participated in this new program. As a result, Evonik now has more than 10,000 new shareholders. We were very pleased by the high participation rate as it underscores our employees' high level of confidence in the company.

To purchase the shares required for this program, we made use of the authorization to purchase shares in the company granted by the Annual Shareholders' Meeting in 2013. Between March 19 and April 11, 2014, we repurchased a total of 466,731 shares, with a pro rata share of the capital stock of €1.00, at an average price of €27.53 per share. That corresponds to 0.1 percent of our capital stock of €466 million. These shares have now been transferred to the eligible employees and the remainder have been sold. Evonik no longer holds any treasury shares.

The enormous commitment of our employees is also visible in the successful attainment of our environmental targets for the period 2004 to 2014. We achieved these targets two years earlier than planned. That shows that we do not let up on this front. We do what we plan. We have set ambitious new environmental targets for the period 2013 to 2020: We aim to reduce energy- and process-related specific greenhouse gas emissions by 12 percent and specific water consumption by 10 percent.

Evonik puts social responsibility into practice in a number of different ways around the world. Maintaining a good relationship with the communities close to our sites is particularly important to us. Our efforts range from vacation programs for children and educational materials for school students through local activities and rapid relief efforts in the wake of natural catastrophes. All that helps maintain and strengthen people's trust in Evonik. This spring, around 60 of our corporate talents gained valuable experience outside their day-to-day work: They built houses for needy families in Vietnam as a practical example of value-driven action. We also support a number of universities and talented science students, especially through the Evonik Foundation. And here in the Ruhr region we are one of the biggest sponsors of the arts.

Evonik needs a reliable framework for its business

A reliable framework is essential for business success. That applies equally to Germany, our home market where most of our major production sites are located. Affordable energy is a key factor. We therefore welcome the economically judicious compromise reached with the EU Commission on guidelines for subsidies. This compromise avoids extremely high additional costs. The amendment of the German Renewable Energies Act based on this provides for complete protection of the present situation as regards power production by industrial companies for captive use. That is very important for Evonik. At our site in Rheinfelden (Germany), for example, 97 percent of our energy requirements come from our in-house hydroelectric and co-generation power plants.

"Here we are!"

Ladies and gentlemen,

We achieved a good deal in 2013. I am sure that you, our valued shareholders, join me in thanking Evonik's more than 33,000 employees for that. Our thanks go to our employees in the more than 100 countries where Evonik operates and the 25 countries where we have production facilities.

I would also like to thank the representatives of our workforce for their trustful collaboration. Social and economic success are not mutually incompatible. That is important to us. And it also plays an integral part in our corporate culture. A good relationship fosters stability, especially in economically challenging times, and is a genuine competitive advantage.

May I also thank the Supervisory Board chaired by Werner Müller, for its consistently constructive and trustful support for the work of the Executive Board.

2014 will be another difficult year for Evonik. Despite the upturn in the global economy in recent months, the global economic situation remains challenging. This is exacerbated by political uncertainty, for example, about future developments in Eastern Europe.

However, we are here! Our strategy is right. We are well-positioned. And we are working steadily to do even better and continue to earn your trust.