Analyst & Investor Fact Sheet Q1 2017

Evonik Group

in € million	Q1 2016	Q1 2017	yoy Δ%	Q4 2016	Q1 2017	qoq Δ%	Q1 2017 Consensus*
External sales	3,106	3,683	19%	3,205	3,683	15%	3,520
Volume (%)			*8%*				*3%*
Price (%)			*-1%*				*0%*
Exchange Rates (%)			*2%*				*1%*
Other effects (%)			*10%*				*8%*
Adjusted EBITDA	565	612	8%	437	612	40%	602
Adjusted EBITDA Margin (%)	18.2%	16.6%	-1.6 pp	13.6%	16.6%	3.0 pp	17.0%
Adjusted EBIT	389	405	4%	258	405	57%	404
Adjustments	-13	-113		-76	-113		
EBIT	376	292	-22%	182	292	60%	
Adjusted net income	254	260	2%	182	260	43%	244
Adjusted earnings per share in €	0.55	0.56	2%	0.39	0.56	43%	0.52
Capital expenditures	160	197	23%	372	197	-47%	
Net financial position (as of Mar 31)	1,177	-2,288			-2,288		
Cash flow from operating activities, cont. ops.	338	277		660	277		
Free cash flow, cont. ops.	152	57		322	57		

* Vara Consensus 19 Apr 2017

Good start into 2017

- Adj. EBITDA of €612 m, up by 8% yoy - Strong performance in Resource Efficiency and Performance Materials
- Strong and broad-based volume growth (+8%) - driven by growth segments Resource Efficiency (+9%) and Nutrition & Care (+10%)
- Negative price trend has almost eased in Q1
- Outlook confirmed: fully on track to reach adj. EBITDA between €2.2 and €2.4 bn (2016: €2,165 m)

Group business development Q1 2017

- Significant sales growth of 19% to €3,683 m (Q1 2016: €3,106 m)
  - Volume +8%; Price -1%; FX +2%; Other effects +10%
  - 8% (€249 m) out of the 10% "Other effects" attributable to acquired Air Products specialty additives business (APD). This translates into 6% sales growth yoy (Q1 2016: €235 m).
- Adj. EBITDA of €612 m; +8% yoy (Q1 2016: €565 m) – strong growth in Resource Efficiency (+21%) and Performance Materials (+148%)
- Adj. EBITDA margin on group level at 16.6% (Q1 2016: 18.2%)
- Adj. EPS came in 2% higher at €0.56 (Q1 2016: €0.55)
  - Prior year's adj. financial result positively impacted by interest gains from tax refunds, otherwise broadly flat yoy

- Reported EPS of €0.34 below prior year (Q1 2016: €0.52) mainly due to effects from APD acquisition:
  - Total adjustments of -€113 m include ~€90 m in connection with APD acquisition, thereof €64 m resulting from fair value step-up of acquired inventories in the course of the purchase price allocation
  - Higher reported D&A (includes €30 m amortization on intangible assets, thereof €22 m as result from APD purchase price allocation; not included in Adj. EPS)

Highlights from balance sheet & cash flow statement

Cash Flow Statement

- Free cash flow positive at €57 m, but below strong prior-year level (Q1 2016: €152 m)
- Operating cash flow of €277 m slightly below previous year (Q1 2016: €338 m) mainly due to higher cash outflows for income taxes, APD integration costs and higher interest payments (prior year interest gains from tax refunds)
- Slightly higher capex (€197 m vs €160 m), mainly explained by outflows for second methionine plant in Singapore

Balance Sheet

- Net financial debt now at -€2.3 bn (Dec 31, 2016: +€1,1 bn) after payment of APD purchase price of ~€3.5 bn in January, leverage (Net Debt / Adj. EBITDA) at 2.8x
- Line item "Intangible Assets" up by €2.6 bn to €5.9 bn vs. Dec. 2016 including ~€2.0 bn goodwill from APD acquisition and fair value measurement of acquired intangible assets

Outlook FY 2017 (unchanged)

- Basis for our forecast unchanged:
  - Including Air Products specialty additives business; Huber Silica business not included in outlook
  - Global growth of 2.6%
  - Euro/US dollar exchange rate around the same level as 2016 (1.10 EUR/USD)
  - Internal raw material cost index perceptibly higher than in prior year

- Under these conditions, we are **confirming our outlook for the full year**

- We are confident that our business will grow in 2017 and expect to report:
  - **Higher sales** (2016: €12,732 m)
  - **Higher adj. EBITDA between €2.2 and €2.4 bn** (2016: €2,165 m)
  - **Air Products specialty additives business** will contribute sales of ~€ 1.0 bn and adj. EBITDA of ~€ 250 m in fiscal 2017, including initial positive synergies of €10 - 20 m

Segment indication Q2:

- **Nutrition & Care:** at least stable earnings expected for Q2
- **Resource Efficiency:** good business momentum expected to continue; negative raw material impact slightly more pronounced than in Q1
- **Performance Materials:** another strong quarter expected for Q2

Additional indications for FY 2017

- Mostly unchanged, only change in Adj. D&A

- **APD PM:** Adj. EBITDA of around €250 m including first synergies of €10 - 20 m; Sales and adj. EBITDA will be allocated roughly equally between N&C and RE
- **ROCE:** Above cost of capital (10.0% before taxes), but perceptibly lower than in 2016 (14.0%) as a consequence of the substantial acquisition-driven rise in capital employed
- **Capex:** ~€1.0 bn (2016: €960 m)
- **Free cash flow**: Clearly positive, but considerably below the strong prior year (2016: €810 m)
- **EUR/USD:** On previous year's level (1.10 EUR/USD)
- **EUR/USD sensitivity:** +/-1 USD cent = -/+ ~€7 m adj. EBITDA (FY basis)
- **Pensions:** Change in year-end discount rate leading to ~€50 m increase in pension service costs
- **Adj. EBITDA Services:** Slightly below 2016 (2016: €151 m)
- **Adj. EBITDA Corporate / Others:** Slightly more negative than in 2016 (2016: -€340 m)
- **Adj. D&A:** ~€840 m (previously: €800 m; increase due to finalized PPA, mainly related to intangible assets) (2016: €717 m)
- **Adj. net financial result:** ~-€190 m (2016: -€139 m); absence of pronounced positive year-end effects vs. 2016
- **Adj. tax rate:** ~31% (2016: 30.4%), due to higher share of profits in USA

- **Pro-forma 2016 Adjusted Income Statement** incl. APD PM included in "Evonik Financials Q1 2017"
  http://corporate.evonik.de/Q1 Financials

Nutrition & Care (N&C)

in € million	Q1 2016	Q1 2017	yoy Δ%		Q4 2016	Q1 2017	qoq Δ%	Q1 2017 Consensus*
External sales	1.047	1.124	7%		1.093	1.124	3%	1.089
Volume (%)			*10%*					
Price (%)			*-18%*					
Exchange Rates (%)			*4%*					
Other effects (%)			*11%*					
Adjusted EBITDA	293	189	-35%		209	189	-10%	191
Adjusted EBITDA Margin (%)	28,0%	16,8%	-11,2 pp		19,1%	16,8%	-2,3 pp	17,8%
Adjusted EBIT	240	122	-49%		161	122	-24%	131
Adjustments	0	-22			-57	-22		
EBIT	240	100	-58%		104	100	-4%	
Capital expenditures	41	68	66%		154	68	-56%	

* Vara Consensus 19 Apr 2017

Development Q1: Strong volume growth, earnings impacted by lower price level

- **Sales** increased by 7% yoy to €1,124 m (Q1 2016: €1,047 m)
  - Strong Q1 volumes of +10%, considerable volume growth across most businesses
  - Prices as expected below previous year
  - Other effects of 11% mainly representing portfolio effect from APD specialty additives business

- **Adj. EBITDA** of €189 m vs. still high comps of €293 m in Q1 2016
  - Lower prices in Animal Nutrition and Baby Care main reason for earnings below prior year
  - Health Care starting strong into 2017, considerable volume and earnings growth
  - Comfort & Insulation with continued solid performance; further strengthened by Air Products specialty additives acquisition

- **Going into Q2,** at least stable earnings expected for N&C

- **Personal Care:** Solid start into the year; EMEA ahead of other regions.
- **Health Care:** Strong start into the year; all product lines contributed with strong performance and good plant utilization.
- **Comfort & Insulation:** Good start into the year, favorable product and regional mix; slight headwind from higher raw materials.
- **Baby Care:** Persisting pressure on volumes and prices due to unfavorable global Supply/Demand situation.
- **Animal Nutrition:** Methionine with strong volume pickup after Chinese New Year; sequentially lower prices broadly in line with FY assumption

Resource Efficiency (RE)

in € million	Q1 2016	Q1 2017	yoy Δ%	Q4 2016	Q1 2017	qoq Δ%	Q1 2017 Consensus*
External sales	1.120	1.391	24%	1.081	1.391	29%	1.322
Volume (%)			*9%*				
Price (%)			*-1%*				
Exchange Rates (%)			*2%*				
Other effects (%)			*14%*				
Adjusted EBITDA	256	310	21%	189	310	64%	303
Adjusted EBITDA Margin (%)	22,9%	22,3%	-0,6 pp	17,5%	22,3%	4,8 pp	23,0%
Adjusted EBIT	200	242	21%	132	242	83%	238
Adjustments	-1	-47		-24	-47		
EBIT	199	195	-2%	108	195	81%	
Capital expenditures	49	68	39%	86	68	-21%	

* Vara Consensus 19 Apr 2017

Development Q1: Strong volume growth and consistently high margins

- Sales up by 24% to €1,391 m (Q1 2016: €1,120 m)
  - Strong volume growth (+9%) across virtually all businesses
  - Prices - 1%, impacted by product mix effects
  - Other effects (+14%), mainly integration of APD business (+12%)

- Adj. EBITDA rose by 21% to €310 m (Q1 2016: €256 m)
  - Earnings growth in underlying business (ex APD), driven by High Performance Polymers, Silica and Coating businesses, more than compensating Crosslinkers
  - Additional contribution from APD businesses with good start after well-prepared integration

- **Q2:** Good business momentum expected to continue; negative raw material impact slightly more pronounced than in Q1

- **Coating Additives:** Strong start into 2017 throughout all regions. Good growth momentum for waterborne systems and noticeable contribution of APD coating additives.
- **Crosslinkers:** As expected weaker demand for wind energy in China, ramp-up of new competitor in Asia and higher acetone prices.
- **High Performance Polymers:** Excellent start into the year with strong demand for key products and customer pre-buying ahead of increasing prices (butadiene effect). Higher raw materials prices from Q2 onwards, passed on to customers with time lag.
- **Silica:** Good start into 2017, driven by high demand from the tire industry and ongoing positive development in Specialty Silica. Special Oxides with strong growth rates in all major product groups.

Performance Materials (PM)

in € million	Q1 2016	Q1 2017	yoy Δ%	Q4 2016	Q1 2017	qoq Δ%	Q1 2017 Consensus*
External sales	772	972	26%	846	972	15%	909
Volume (%)			*4%*				
Price (%)			*20%*				
Exchange Rates (%)			*2%*				
Other effects (%)			*0%*				
Adjusted EBITDA	64	159	148%	98	159	62%	159
Adjusted EBITDA Margin (%)	8,3%	16,4%	8,1 pp	11,6%	16,4%	4,8 pp	17,1%
Adjusted EBIT	30	123	310%	64	123	92%	118
Adjustments	9	0		-12	0		
EBIT	39	123	215%	52	123	137%	
Capital expenditures	24	29	21%	61	29	-52%	

* Vara Consensus 19 Apr 2017

Development Q1: Strong start into 2017 driven by MMA and C4 businesses

- Sales increased considerably by 26% to €972 m (Q1 2016: €772 m)
  - Volume up by 4% due to good plant utilization
  - Significant positive price effect (+20%) driven by high demand and tight supply in key businesses

- Adj. EBITDA came in 148% above prior year at €159 m (Q1 2016: €64 m), good volumes and favorable price development in MMA/PMMA and C4 chain

- **Q2:** another strong quarter expected for Q2

- **MMA:** Excellent performance as good demand from Auto, Coatings and Construction continues. Persistent tight supply supported by plant outages (US & Europe). Evonik with several turnarounds (China, US and Germany) scheduled for Q2
- **PMMA:** Demand for molding compounds from automotive sector remains strong. Medical business with improving trend. Overall better product mix with higher share of specialty products.
- **Performance Intermediates:** Strong and robust regional demand for Butadiene in Europe, combined with tight supply due to maintenance. Good demand for MTBE.
  INA and 1-Butene with continued good demand in Asia from downstream applications and sequentially improved spreads. Tight raw material availability.

Services

in € million	Q1 2016	Q1 2017	yoy Δ%	Q4 2016	Q1 2017	qoq Δ%	Q1 2017 Consensus*
External sales	166	193	16%	180	193	7%	166
Adjusted EBITDA	35	41	17%	32	41	28%	35
Adjusted EBITDA Margin (%)	21.1%	21.2%	0.1 pp	17.8%	21.2%	3.4 pp	21.4%
Adjusted EBIT	7	11		0	11		6
Adjustments	-10	-5		-15	-5		
EBIT	-3	6		-15	6		
Capital expenditures	43	27		64	27		

* Vara Consensus 19 Apr 2017

Development Q1

- Increased sales supported by higher yoy maintenance activity
- Adj. EBITDA came in at €41 m (Q1 2017: €35 m)

Corporate / Others

in € million	Q1 2016	Q1 2017	yoy Δ%	Q4 2016	Q1 2017	qoq Δ%	Q1 2017 Consensus*
External sales	1	3		5	3		3
Adjusted EBITDA	-83	-87	-5%	-92	-87	5%	-85
Adjusted EBIT	-88	-93	-6%	-100	-93	7%	-88
Adjustments	-10	-39		33	-39		
EBIT	-98	-132		-67	-132		
Capital expenditures	3	5		7	5		

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Development Q1

- Adj. EBITDA in Q1 of -€87 m in line with FY guidance

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