Analyst & Investor Fact Sheet Q2 2017

EVONIK POWER TO CREATE

Evonik Group

in € million	Q2 2016	Q2 2017	yoy Δ%	Q1 2017	Q2 2017	qoq Δ%	Q2 2017 Consensus*
External sales	3,258	3,614	11%	3,683	3,614	-2%	3,684
Volume (%)			*0%*				*2%*
Price (%)			*3%*				*1%*
Exchange Rates (%)			*0%*				*1%*
Other effects (%)			*8%*				*9%*
Adjusted EBITDA	585	635	9%	612	635	4%	622
Adjusted EBITDA Margin (%)	18.0%	17.6%	-0.4 pp	16.6%	17.6%	1.0 pp	16.9%
Adjusted EBIT	406	429	6%	405	429	6%	415
Adjustments	-47	-54		-113	-54		
EBIT	359	375	4%	292	375	28%	
Adjusted net income	246	289	17%	260	289	11%	268
Adjusted earnings per share in €	0.53	0.62	17%	0.56	0.62	11%	0.58
Capital expenditures	211	224	6%	197	224	14%	
Net financial position (as of June 30)	598	-3,087		-2,288	-3,087		
Cash flow from operating activities, cont. ops.	288	29		277	29		
Free cash flow, cont. ops.	84	-192		57	-192		

* Vara Consensus 21 July 2017

Evonik on target after the first half of 2017

- Adj. EBITDA of €635 m, up by 9% yoy – sequentially higher in all three Chemical Segments
- Strong volume growth in Nutrition & Care (5%) and Resource Efficiency (4%), around -3% negative volume impact on Group level from Performance Materials' force majeure in Antwerp
- Positive price development (+3% on Group level) after six quarters of negative prices
- Outlook confirmed: fully on track to reach adj. EBITDA between €2.2 and €2.4 bn (2016: €2,165 m)

Group business development Q2 2017

- Sales growth of 11% to €3,614 m (Q2 2016: €3,258 m);
  - Volume +/-0% affected by Performance Materials force majeure in Antwerp (without this effect ~3% volume growth on group level)
  - Prices +3%; FX +/-0%
  - Other effects +8% (~€250 m) mainly attributable to acquired Air Products specialty additives business (APD)
- Adj. EBITDA of €635 m; +9% yoy (Q2 2016: €585 m)
  - Strong growth in Resource Efficiency (+18%) and Performance Materials (+61%)
  - First synergies of ~€5 m from APD integration implemented
  - -€20 m negative impact of insurance deductible after force majeure in Antwerp on Group level (-€5 m in Performance Materials; -€15 m in Services)
- Adj. EBITDA margin on group level at 17.6% (Q2 2016: 18.0%)
- Adj. EPS came in 17% higher at €0.62 (Q2 2016: €0.53)
  - Adj. financial result (-€32 m) positively impacted by interest gains from tax refunds, otherwise broadly flat yoy (Q2 2016: -€55 m)
  - Adj. tax rate at 31.8% in Q2 (H1: 31.4%), broadly in-line with FY guidance of 31%

Highlights from balance sheet & cash flow statement

Cash Flow Statement

- Operating cash flow at €29 m in Q2 with usual outflows for variable remuneration, additionally impacted by increasing NWC
  - Increase in NWC mainly due to higher volumes, rising raw material costs and preparation for maintenance shutdowns in Q3
- Slightly higher capex yoy (€224 m vs €211 m)
- Free cash flow at -€192 m in Q2
- Cash flow from financing activities at -€477 mainly due to dividend payment of -€536 m in May

Balance Sheet

- Net financial debt at -€3.1 bn (Mar 31, 2017: -€2.3 bn) after dividend payment in May, leverage (Net Debt / Adj. EBITDA) at 3.0x
- Slight decrease in pension provisions (end of Q2: €3,680 m vs end of Q1: €3,823 m) due to better performance of plan assets; no change in pension discount rate (2.0% in Germany)

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

Additional indications for FY 2017 (unchanged)

- **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: €785 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 (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 Q2 2017"

Nutrition & Care (N&C)

in € million	Q2 2016	Q2 2017	yoy Δ%	Q1 2017	Q2 2017	qoq Δ%	Q2 2017 Consensus*
External sales	1,111	1,151	4%	1,124	1,151	2%	1,180
Volume (%)			*5%*				
Price (%)			*-11%*				
Exchange Rates (%)			*0%*				
Other effects (%)			*10%*				
Adjusted EBITDA	264	196	-26%	189	196	4%	197
Adjusted EBITDA Margin (%)	23.8%	17.0%	-6.8 pp	16.8%	17.0%	0.2 pp	16.8%
Adjusted EBIT	212	133	-37%	122	133	9%	133
Adjustments	-17	-19		-22	-19		
EBIT	195	114	-42%	100	114	14%	
Capital expenditures	61	85	39%	68	85	25%	

* Vara Consensus 21 July 2017

Development Q2: Strong volume growth, earnings sequentially up despite negative price effect

- **Sales** increased by 4% yoy to €1,151 m (Q2 2016: €1,111 m)
  - Strong volumes development continuing across most businesses
  - Prices as expected below previous year
  - Other effects of 10% mainly representing portfolio effect from APD specialty additives business

- **Adj. EBITDA** of €196 m vs. still high comps of €264 m in Q2 2016
  - Lower prices in Animal Nutrition main reason for earnings below prior year
  - Health Care continued its strong performance with considerable volume and earnings growth especially in Exclusive Synthesis and Pharma & Food Ingredients
  - Comfort & Insulation with continued solid performance; further strengthened by Air Products specialty additives acquisition
  - Successfully management of higher raw materials: margin stable or even rising in most businesses like Personal Care, Comfort & Insulation and Interface & Performance

- **Personal Care:** Good Q2 with strong performance in specialties and actives partly offset by increased raw material cost for base products.
- **Health Care:** Strong Q2 with considerable volume and earnings growth especially in Exclusive Synthesis and Pharma & Food Ingredients. Slightly lower Q3 expected due to contract patterns.
- **Comfort & Insulation:** with continued solid performance in legacy Evonik as well as newly acquired Air Products businesses.
- **Baby Care:** Sequentially stable on lower level due to currently unfavorable global supply/demand situation.
- **Animal Nutrition:** Good demand and improved market sentiment towards the end of the quarter. Lower volumes expected for Q3.

Resource Efficiency (RE)

in € million	Q2 2016	Q2 2017	yoy Δ%	Q1 2017	Q2 2017	qoq Δ%	Q2 2017 Consensus*
External sales	1,156	1,368	18%	1,391	1,368	-2%	1,399
Volume (%)			*4%*				
Price (%)			*2%*				
Exchange Rates (%)			*0%*				
Other effects (%)			*12%*				
Adjusted EBITDA	270	318	18%	310	318	3%	317
Adjusted EBITDA Margin (%)	23.4%	23.2%	-0.2 pp	22.3%	23.2%	0.9 pp	22.7%
Adjusted EBIT	214	249	16%	242	249	3%	247
Adjustments	6	-14		-47	-14		
EBIT	220	235	7%	195	235	21%	
Capital expenditures	63	68	8%	68	68	0%	

* Vara Consensus 21 July 2017

Development Q2: Further strong growth on high margin level

- **Sales** up by 18% to €1,368 m (Q2 2016: €1,156 m)
  - Continued strong volume growth (+4%) and positive price development (+2%) across most of the businesses
  - Other effects of +12% mainly representing portfolio effect from APD specialty additives business

- **Adj. EBITDA** rose by 18% to €318 m (Q2 2016: €270 m)
  - Earnings growth in underlying business (ex APD), driven by High Performance Polymers, Silica and Oil Additives
  - EBITDA margin on previous year level (and sequentially even expanded) despite yoy notably higher raw materials
  - Positive market environment expected to continue into H2. Larger revision shutdowns planned for Q3 (expected impact: €10-20 m)

- **Coating Additives:** Good performance in all regions, higher fixed costs due to planned outages.
- **Crosslinkers:** Sequentially stable development; ramp-up of new competitor in Asia and higher acetone prices broadly digested.
- **High Performance Polymers:** Ongoing strong demand for PA 12, especially for automotive and membrane fibres. Increased raw materials costs mostly compensated.
- **Silica:** Good performance on high level, another strong quarter for Rubber Silica and positive sales development in Asia and Americas.

Performance Materials (PM)

in € million	Q2 2016	Q2 2017	yoy Δ%	Q1 2017	Q2 2017	qoq Δ%	Q2 2017 Consensus*
External sales	829	916	10%	972	916	-6%	950
Volume (%)			*-10%*				
Price (%)			*20%*				
Exchange Rates (%)			*0%*				
Other effects (%)			*0%*				
Adjusted EBITDA	105	169	61%	159	169	6%	168
Adjusted EBITDA Margin (%)	12.7%	18.4%	5.7 pp	16.4%	18.4%	2.0 pp	18.0%
Adjusted EBIT	70	133	90%	123	133	8%	131
Adjustments	-21	-1		0	-1		
EBIT	49	132	169%	123	132	7%	
Capital expenditures	41	39	-5%	29	39	34%	

* Vara Consensus 21 July 2017

Development Q2: Strong demand coupled with tight supply for MMA/PMMA and C4 chain continued

- **Sales** increased by 10% to €916 m (Q2 2016: €829 m)
  - Volumes clearly impacted by the force majeure in Antwerp (~10% impact on Segment level) and three scheduled shutdowns in our MMA business.
  - Significant positive price effect (+20%) driven by high demand and tight supply in key businesses

- **Adj. EBITDA** came in 61% above prior year at €169 m (Q2 2016: €105 m)
  - Ongoing strong performance in MMA/PMMA; positive market environment to last longer than initially expected
  - C4 business benefitted from high butadiene spreads and strong underlying demand for most products like INA (plasticizer) or MTBE
  - EBITDA in Q2 impacted by -€5 m insurance deductible after force majeure in Antwerp
  - Another strong quarter expected for Q3 2017. Tight MMA/PMMA market and announced price increases with potential to counterbalance lower butadiene spread. Normalization towards year-end expected.

- **MMA:** Good demand from automotive, coatings and construction continues. Persistent tight supply supported by plant outages (US & Europe), normalization towards year-end expected.
- **PMMA:** Demand for molding compounds from automotive and construction sector continues at good level. Medical business with improving trend. Normalization in supply/demand expected towards year-end.
- **Performance Intermediates:** Most relevant spreads in C4 chain at highest levels in Q2. Robust demand for Butadiene in Europe. INA (plasticizer) demand from European customers is seen as strong and continued on good levels, overall favorable supply/demand conditions. MTBE also with strong trading, driven by seasonally high demand (driving season) and sequentially improving spreads (favorable supply/demand).

Services

in € million	Q2 2016	Q2 2017	yoy Δ%	Q1 2017	Q2 2017	qoq Δ%	Q2 2017 Consensus*
External sales	163	174	7%	193	174	-10%	168
Adjusted EBITDA	33	35	6%	41	35	-15%	23
Adjusted EBITDA Margin (%)	20.2%	20.1%	-0.1 pp	21.2%	20.1%	-1.1 pp	12.7%
Adjusted EBIT	4	3		11	3		-4
Adjustments	-15	-5		-5	-5		
EBIT	-11	-2		6	-2		
Capital expenditures	41	28		27	28		

* Vara Consensus 21 July 2017

Development Q2

- Negative impact from insurance deductible after force majeure in Antwerp (-€15 m) partly mitigated by higher earnings from business with external customers at our sites as well as reversal of personnel-related accruals

Corporate / Others

in € million	Q2 2016	Q2 2017	yoy Δ%	Q1 2017	Q2 2017	qoq Δ%	Q2 2017 Consensus*
External sales	-1	5		3	5		3
Adjusted EBITDA	-87	-83	5%	-87	-83	5%	-85
Adjusted EBIT	-94	-89	5%	-93	-89	4%	-92
Adjustments	0	-15		-39	-15		
EBIT	-94	-104		-132	-104		
Capital expenditures	5	4		5	4		

* Vara Consensus 21 July 2017

Development Q2

- Adj. EBITDA in Q1 of -€83 m in line with FY guidance

Contact: Investor Relations
Tel. +49-201-177-3146
E-Mail: investor-relations@evonik.com