

Evonik Group

in € million	Q1 2014	Q1 2015	yoy Δ%	Q1 2015 Consensus*
External sales	3,201	3,425	7%	3,403
Volume (%)			2%	2%
Price (%)			0%	0%
Exchange Rates (%)			6%	5%
Other effects (%)			-1%	0%
Adjusted EBITDA	465	650	40%	603
Adjusted EBITDA Margin (%)	14.5%	19.0%	+4.5 pp	17.7%
Adjusted EBIT	318	485	53%	429
Adjustments	-19	-37		
EBIT	299	448	50%	
Adjusted net income	196	320	63%	273
Adjusted earnings per share in €	0.42	0.69	63%	0.58
Capital expenditures	209	189	-10%	
Net financial position (as of March 31)	+583	+548		
Cash flow from operating activities, cont. ops.	298	445	49%	

* Vara Consensus

Highlights

- Strong start into the year, positive trend from second half of 2014 is continuing
- Dynamic volume growth in Nutrition & Care (+5%) and Resource Efficiency (+6%)
- Adjusted EBITDA 40% above prior year, driven by a strong performance in two growth segments Nutrition & Care and Resource Efficiency
- Three quarters of 22 Business Lines with yoy higher earnings contribution
- Outlook for 2015 raised: Adjusted EBITDA of at least €2.2 bn expected

Group business development Q1 2015

- Sales increased in Q1 by 7% to €3,425 m (Q1 2014: €3,201 m)
 - Organic sales growth of +2%; Volumes +2%; Prices 0%; FX +6%; Other (incl. M&A) -1%
 - Very positive volume growth and price development in Nutrition & Care and Resource Efficiency segments to some extent offset by negative developments in Performance Materials
- Adj. EBITDA soared 40% yoy to €650 m (Q1 2014: €465 m)
- Strong increase in profitability: adj. EBITDA margin of 19.0% (Q1 2014: 14.5%)
- Adj. EPS clearly above prior year at €0.69 (Q1 2014: €0.42)
 - Adj. D&A increased to €165 m (Q1 2014: €147 m) due to new plants going on stream
 - Adj. net financial result of -€49 m improved yoy (Q1 2014: -€59 m) mainly due to favorable bond refinancing
 - Adj. tax rate of 27.4% slightly below full year indication of 29% (Q1 2014: 28.7%)

Highlights from balance sheet & cash flow statement

- Strong cash flow from operating activities of €445 m (49% above prior-year level of €298 m); thanks to higher operating earnings, partly compensated by build-up in NWC as a result of higher volumes and sales
- Net cash position (€548 m) further improved during Q1 2015 (Q4 2014: €400 m), mirroring the strong operational cash flow development
- Again, reduced pension discount rate in Q1 (from 2.50% in Q4 2014 to now 1.75% in Germany); leading to an increase in pension provisions by ~€0.9 bn

Outlook FY 2015 raised

- Global economic growth in 2015 to pick up moderately compared with 2014
- Positive trend experienced in H2 2014 further strengthened at the beginning of 2015

- **Sales: slightly higher** than in previous year (unchanged; 2014: €12,917 m)
- **Adj. EBITDA: at least €2.2 bn** (previously: “slightly higher”; 2014: €1,882 m)

- **Positive FX impact** on sales and adj. EBITDA now included in outlook (assumption: US\$1.13)
- **Volume** growth should continue, especially in the segments Nutrition & Care and Resource Efficiency, supported by continued positive market trends and pleasing demand for our products and new production facilities
- **Price** trend expected to develop solidly across most of our product portfolio; in the segment Nutrition & Care we assume that average selling prices for amino acids for animal feed will be well above last year’s level; in the Performance Materials segment, selling prices in some businesses could remain under pressure due to lower raw material prices
- **Efficiency enhancement programs** will make a perceptible contribution to the earnings increase
- Impact of **lower raw material prices** vary in individual businesses, but should largely balance out across the portfolio

- Forecast based on the following assumption:
 - Global growth: 3.0% (unchanged)
 - Euro/US dollar exchange rate: US\$1.13 (previously: around US\$1.30)
 - Internal raw material cost index lower than prior year (unchanged)

Additional indications for FY 2015

- **EUR/USD sensitivity:** +/-1 USD cent = +/- ~€5 m adj. EBITDA (FY basis; including transaction effects (after hedging) and translation effects; before secondary/market effects)
- **Adj. EBITDA Services¹:** Stable in 2015 (previously: “slightly below prior year”; 2014: €151 m)
- **Adj. EBITDA Corporate/Other¹:** Slightly more negative than in 2014 (previously: “on prior year level”; 2014: -€277 m)
- **Adj. D&A:** ~€700 m (unchanged; 2014: €626 m)
- **Adj. net financial result²:** Slight improvement (previously: “stable adj. net interest result in 2015”; 2014: -€209 m)
- **Adj. tax rate:** ~29% (unchanged; 2014: 28.3%)
- **Capex:** Up to €1.1 bn in 2015 (unchanged; 2014: €1.1 bn)
- **Net financial position:** Net cash position end of 2015 (previously: “net debt position”; 2014: €400 m net cash)

¹ Guidance adjusted to reflect reorganization of Group structure

² Guidance now for “Adj. net financial result” (new definition incl. “Adj. interest income/expense” and “Other financial income/expense”)

Please note that the already announced new corporate structure is effective from Q1 2015 onwards; restated financials for 2014 and 2013 are available on our website: www.evonik.com/investor-relations

Nutrition & Care (N&C)

in € million	Q1 2014	Q1 2015	yoy Δ%	Q1 2015 Consensus*
External sales	962	1,229	28%	1,150
Volume (%)			5%	
Price (%)			16%	
Exchange Rates (%)			9%	
Other effects (%)			-2%	
Adjusted EBITDA	186	353	90%	318
Adjusted EBITDA Margin (%)	19.3%	28.7%	+9.4 pp	27.4%
Adjusted EBIT	149	302	103%	270
Adjustments	-1	-1		
EBIT	148	301	103%	
Capital expenditures	81	54	-33%	

* Vara Consensus

Development Q1

- Sales above prior year level at €1,229 m with dynamic volume growth (+5%) and strong pricing (+16%)
- Adj. EBITDA up sharply yoy (90%) to €353 m (Q1 2014: €186 m)
- Adj. EBITDA margin at 28.7%, clearly above prior year level of 19.3%
- Excellent volume growth and positive price trend across nearly all Business Lines
- Good start into the year for Personal Care business facing good demand esp. in Asia and North America; overall favorable product mix with higher share of specialties
- Also Health Care with strong start into the year for drug delivery systems; positive trend in API carrying over from Q4
- Baby Care with solid performance in normalized market environment; new production capacities coming on stream in the industry
- Animal Nutrition benefitting from favorable market conditions esp. in methionine; markets with strong demand growth meeting still tight supply; additional tailwind from low raw material prices and new volumes from Singapore site

Please note: In the context of the reorganization of the Group structure, the segment "Consumer, Health & Nutrition" was renamed into "Nutrition & Care" (effective with Q1 2015 reporting)

Resource Efficiency (RE)

in € million	Q1 2014	Q1 2015	yoy Δ%	Q1 2015 Consensus*
External sales	999	1,124	13%	1,043
Volume (%)			6%	
Price (%)			0%	
Exchange Rates (%)			6%	
Other effects (%)			1%	
Adjusted EBITDA	221	244	10%	232
Adjusted EBITDA Margin (%)	22.1%	21.7%	-0.4 pp	22.3%
Adjusted EBIT	180	192	7%	181
Adjustments	-3	-8		
EBIT	177	184	4%	
Capital expenditures	60	46	-23%	

* Vara Consensus

Development Q1

- Sales rose by 13% yoy to €1.124 m (Q1 2014: €999 m) with dynamic volume growth (+6%) and stable pricing (0%) despite a deflationary raw material environment
- Adj. EBITDA up 10% to €244 m (from €221 m) at continued high margin level (21.7%), close to excellent prior year (22.1%)
- Strong start into the year for the entire segment
- Silica with strong demand across most end markets leading to high plant utilization also for new capacities; strong demand for specialty applications
- Crosslinkers with good start into 2015 driven by high volumes in key industries (e.g. automotive coatings, PU dispersion, composites and construction); new production site in Shanghai further ramping up, but also leading to higher fixed cost base
- High Performance Polymers with good sales growth; business benefitting from low raw material price environment
- Active Oxygens with improved demand in classic H₂O₂ markets (pulp & paper, textile) across all regions; further ramp-up of new HPPO facility in China

Performance Materials (PM)

in € million	Q1 2014	Q1 2015	yoy Δ%	Q1 2015 Consensus*
External sales	999	851	-15%	983
Volume (%)			-5%	
Price (%)			-14%	
Exchange Rates (%)			4%	
Other effects (%)			0%	
Adjusted EBITDA	80	72	-10%	86
Adjusted EBITDA Margin (%)	8.0%	8.5%	0.5 pp	8.2%
Adjusted EBIT	53	42	-21%	43
Adjustments	0	-20		
EBIT	53	22	-58%	
Capital expenditures	41	47	15%	

* Vara Consensus

Development Q1

- Declining sales at €851 m with lower volumes (-5%) and prices (-14%) following sharp yoy decrease in oil price
- Adj. EBITDA down to €72 m (Q1 2014: €80 m); as expected, Q1 saw further inventory revaluations (~€20 m, mainly naphtha and acetone-based), excluding these effects, earnings would have been above prior year
- Adj. EBITDA margin at 8.5%, above prior year level of 8.0%
- Methacrylates with good start into the year, product prices held up well in low raw material price environment, leading to a margin uplift
- Performance Intermediates still facing cautious customer behavior esp. in January and February; price spreads over naphtha tightening in Q1 due to naphtha prices slightly recovering and product prices further falling (negative time-lag effect)

Please note: In the context of the reorganization of the Group structure, the segment "Specialty Materials" was renamed into "Performance Materials" (effective with Q1 2015 reporting)

Services

in € million	Q1 2014	Q1 2015	yoy Δ%	Q1 2015 Consensus*
External sales	231	207	-10%	234
Adjusted EBITDA	43	46	7%	45
Adjusted EBITDA Margin (%)	18.6%	22.2%	3.6 pp	19.0%
Adjusted EBIT	18	20		18
Adjustments	-3	-4		
EBIT	15	16		
Capital expenditures	23	39	70%	

* Vara Consensus

Corporate / Others

in € million	Q1 2014	Q1 2015	yoy Δ%	Q1 2015 Consensus*
External sales	10	14	40%	18
Adjusted EBITDA	-65	-65	0%	-73
Adjusted EBIT	-82	-71	13%	-87
Adjustments	-12	-4		
EBIT	-94	-75	20%	
Capital expenditures	4	3	-25%	

* Vara Consensus

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