Analyst & Investor Fact Sheet Q1 2016

Evonik Group

in € million	Q1 2015	Q1 2016	yoy Δ%	Q1 2016 Consensus*
External sales	3,425	3,106	-9%	3,132
Volume (%)			*0%*	*0%*
Price (%)			*-7%*	*-8%*
Exchange Rates (%)			*-1%*	*0%*
Other effects (%)			*-1%*	*0%*
Adjusted EBITDA	650	565	-13%	550
Adjusted EBITDA Margin (%)	19.0%	18.2%	-0.8 pp	17.6%
Adjusted EBIT	485	389	-20%	366
Adjustments	-37	-13		
EBIT	448	376	-16%	
Adjusted net income	320	254	-21%	229
Adjusted earnings per share in €	0.69	0.55	-21%	0.48
Capital expenditures	189	160	-15%	
Net financial position (as of December 31)	1,098	1,177		
Cash flow from operating activities, cont. ops.	445	347		
Free cash flow, cont. ops.	179	161		

* Vara Consensus

Highlights: A solid first quarter

- Start into the year as expected and in line with assumptions for FY guidance
- Positive volume development in Resource Efficiency and Performance Materials; weaker volumes in Nutrition & Care against very strong comparables
- Prices impacted mainly by lower raw material costs (Baby Care, Performance Intermediates) and normalization of situation in methionine
- Adj. EBITDA of €565 m
- High profitability level maintained: adj. EBITDA margin of 18.2%
- Clearly positive free cash flow generation of €161 m almost on prior year level
- Outlook for 2016 confirmed: adjusted EBITDA between €2.0 and 2.2 bn expected

Group business development Q1 2016

- Sales declined by 9% to €3,106 m (Q1 2015: €3,425 m)
  - Volumes overall flat; prices down by 7% mostly due to lower raw material prices; FX and Other (incl. M&A) -1% each
- Adj. EBITDA of €565 m down by 13% yoy (Q1 2015: €650 m)
  - Good earnings growth of 5% in Resource Efficiency
  - Nutrition & Care and Performance Materials yoy with lower earnings as anticipated
  - Adj. EBITDA margin almost on prior year level at 18.2% (Q1 2015: 19.0%)
- Adj. EPS came in 21% lower at €0.55 (Q1 2015: €0.69)
  - Adj. D&A climbed to €176 m due to new production plants coming on stream (Q1 2015: €165 m)
  - Adj. net financial result of -€32 m was impacted positively by one-time interest income from tax refunds (Q1 2015: -€49 m); otherwise broadly flat vs. prior year
  - Adj. tax rate of 29.7% above extraordinarily low prior year (Q1 2015: 27.4%), but in line with full year guidance (~29%)
- Adjustments of -€13 million include restructuring expenses of -€6 m and other adjustments of -€7 m

Highlights from balance sheet & cash flow statement

- Capex down 15% to €160 m (Q1 2015: €189 m)
- Operating cash flow was solid with €347 m (Q1 2015: €445 m) and capex declined, leading to a free cash flow of €161 m almost on prior year level (Q1 2015: €179 m)
- Net cash position increased slightly to now €1,177 m (Q4 2015: €1,098 m)
- Pension liabilities on the balance sheet increased by ~€200 m to ~€3.5 bn due to a 0.25 pp decline in the German discount rate to 2.50% at the end of Q1 vs. year-end 2015

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Outlook FY 2016

- Expectations for global economic conditions unchanged:
  - We anticipate slightly lower momentum in the global economy,
  - resulting in a GDP growth rate of 2.5% in 2016

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

- Following a very successful year in 2015, we expect to report:
  - slightly lower sales in 2016 (2015: €13.5 billion), and
  - adjusted EBITDA between €2.0 billion and €2.2 billion (2015: €2.47 billion)

Additional indications for FY 2016

- Mostly unchanged, only change in indication for adj. financial result

- **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 Services**: Slightly below 2015 (2015: €159 m)
- **Adj. EBITDA Corporate/Other**: Slight improvement (i.e. less negative) (2015: -€334 m)
- **Adj. D&A:** Around the level of 2015 (2015: €713 m)
- **Adj. net financial result:** Slight improvement (previously: "around the level of 2015"; 2015: -€179 m)
- **Adj. tax rate**: ~29% (2015: 29.3%)
- **Capex**: Around the level of 2015
- **Free cash flow:** Positive (2015: €1,052 m)

Nutrition & Care (N&C)

in € million	Q1 2015	Q1 2016	yoy Δ%	Q1 2016 Consensus*
External sales	1,229	1,047	-15%	1,057
Volume (%)			*-5%*	
Price (%)			*-8%*	
Exchange Rates (%)			*-2%*	
Other effects (%)			*0%*	
Adjusted EBITDA	353	293	-17%	285
Adjusted EBITDA Margin (%)	28.7%	28.0%	-0.7 pp	26.8%
Adjusted EBIT	302	240	-21%	228
Adjustments	-1	0		
EBIT	301	240	-20%	
Capital expenditures	54	41	-24%	

* Vara Consensus

Development Q1

- Sales declined by 15% yoy to €1,047 m (Q1 2015: €1,229 m) due to
  - lower volumes in Baby Care (competitive market situation) and in methionine (against very strong comparables and slightly slower market growth), and
  - lower prices especially in Baby Care (formula prices with propylene pass-on mechanism) and in Animal Nutrition
- Adj. EBITDA down 17% to €293 m (Q1 2015: €353 m)
- Adj. EBITDA margin still strong almost on prior year level at 28.0% (-0.7 pp)

- Personal Care enjoyed good demand across all regions and market segments; beneficial product mix and increasing contributions from new oleochemicals plants in China and Brazil
- In Baby Care both volumes and prices were impacted negatively by the competitive situation and overcapacities in the market; additional impact on selling prices from pass-on of low propylene quotations via formula pricing
- Animal Nutrition: normalization of methionine prices from extraordinarily high levels seen mid-2015 continuing as additional volumes become available; lower volumes against very strong comparables (last year's Q1 without typical slowdown around Chinese New Year) and due to temporarily slower market growth; market situation in lysine remains unsatisfactory

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Resource Efficiency (RE)

in € million	Q1 2015	Q1 2016	yoy Δ%	Q1 2016 Consensus*
External sales	1,124	1,120	0%	1,135
Volume (%)			*2%*	
Price (%)			*-3%*	
Exchange Rates (%)			*0%*	
Other effects (%)			*1%*	
Adjusted EBITDA	244	256	5%	247
Adjusted EBITDA Margin (%)	21.7%	22.9%	+1.2 pp	21.8%
Adjusted EBIT	192	200	4%	191
Adjustments	-8	-1		
EBIT	184	199	8%	
Capital expenditures	46	49	7%	

* Vara Consensus

Development Q1

- Sales were flat at €1,120 m (Q1 2015: €1,124 m) as positive volumes (+2%) were offset by slightly lower selling prices (-3%), reflecting the sustained low level of raw material prices
- Adj. EBITDA rose by 5% to €256 m (Q1 2015: €244 m) supported by good business development in our key activities and lower raw material prices
- Adj. EBITDA margin climbed to 22.9% (+1.2 pp)

- Silica had a good start into the year with strong rubber silica demand in Europe and the US (weaker Asian markets continued from H2 2015); specialty silica (esp. matting agents) above prior year in all regions
- Crosslinkers enjoyed strong demand across the value chain and most industries, the good demand trends carried over from 2015
- High Performance Polymers with continued strength in PA12 powder applications and foams, fibres and membranes continues; base business weaker yoy but improved sequentially; regionally Europe and US with better performance than Asian markets
- Oil Additives with another strong quarter thanks to good demand environment and attractive product mix; additional volumes coming from the expanded oil additives plant inaugurated in Singapore supporting volume development

Performance Materials (PM)

in € million	Q1 2015	Q1 2016	yoy Δ%	Q1 2016 Consensus*
External sales	851	772	-9%	757
Volume (%)			*5%*	
Price (%)			*-14%*	
Exchange Rates (%)			*0%*	
Other effects (%)			*0%*	
Adjusted EBITDA	72	64	-11%	56
Adjusted EBITDA Margin (%)	8.5%	8.3%	-0.2 pp	7.5%
Adjusted EBIT	42	30	-29%	20
Adjustments	-20	9		
EBIT	22	39	77%	
Capital expenditures	47	24	-49%	

* Vara Consensus

Development Q1

- Sales fell 9% to €772 m (Q1 2015: €851 m)
  - Volumes increased by 5% as a result of the C4 expansion which started-up mid-2015 in Marl and Antwerp
  - Prices were mainly driven down by the low oil price (-14%)
- Adj. EBITDA came in 11% lower yoy at €64 m (Q1 2015: €72 m), resulting in a slight decline in adj. EBITDA margin to 8.3% (Q1 2015: 8.5%)

- The methacrylate business showed a mixed picture in Q1
  - MMA was weaker compared to a strong Q1 2015; longer markets vs. prior year where we benefitted from a competitor outage met weaker demand, especially from Asian coatings and construction markets; sustained low raw material prices put additional pressure on selling prices, which stabilized towards the end of the quarter
  - PMMA showed an improved performance yoy, helped by strong automotive demand from Europe and the US
- Performance Intermediates had a tough start into the year
  - Further lowered naphtha prices leading to notable decline in selling prices and also price spreads (hence margins) across the whole C4 chain
  - Increased volumes from C4 expansion in Marl & Antwerp (butadiene, MTBE, INA)
  - Additionally inventory write-downs in Q1 2016 as a result of low raw material costs (mid-single-digit million €)

Services

in € million	Q1 2015	Q1 2016	yoy Δ%	Q1 2016 Consensus*
External sales	207	166	-20%	166
Adjusted EBITDA	46	35	-24%	39
Adjusted EBITDA Margin (%)	22.2%	21.1%	-1.1 pp	22.8%
Adjusted EBIT	20	7		11
Adjustments	-4	-10		
EBIT	16	-3		
Capital expenditures	39	43	10%	

* Vara Consensus

Development Q1

- Lower sales as a result of lower energy costs (trading activity for external customers)
- Earnings decline yoy partly due permanent plant shutdown of one major customer

Corporate / Others

in € million	Q1 2015	Q1 2016	yoy Δ%	Q1 2016 Consensus*
External sales	14	1	-93%	13
Adjusted EBITDA	-65	-83	-28%	-80
Adjusted EBIT	-71	-88	-24%	-92
Adjustments	-4	-10		
EBIT	-75	-98	-31%	
Capital expenditures	3	3	0%	

* Vara Consensus

Development Q1

- Earnings negatively impacted by hedging effects
- Q1 2015 benefitted from various smaller non-operating one-offs

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