Analyst & Investor Fact Sheet Q2 2015

Evonik Group

in € million	Q2 2014	Q2 2015	yoy Δ%	Q1 2015	Q2 2015	qoq Δ%	Q2 2015 Consensus*
External sales	3,247	3,519	8%	3,425	3,519	3%	3,548
Volume (%)			*2%*				*3%*
Price (%)			*1%*				*1%*
Exchange Rates (%)			*6%*				*6%*
Other effects (%)			*-1%*				*0%*
Adjusted EBITDA	471	661	40%	650	661	2%	664
Adjusted EBITDA Margin (%)	14.5%	18.8%	+4.3 pp	19.0%	18.8%	-0.2 pp	18.8%
Adjusted EBIT	321	486	51%	485	486	0%	488
Adjustments	-72	122		-37	122		
EBIT	249	608	144%	448	608	36%	
Adjusted net income	181	307	70%	320	307	-4%	309
Adjusted earnings per share in €	0.39	0.66	70%	0.69	0.66	-4%	0.66
Capital expenditures	268	189	-29%	189	189	0%	
Net financial position (as of June 30)	-150	+459		+548	+459		
Cash flow from operating activities, cont. ops.	-19	167		445	167		

* Vara Consensus

Highlights: Evonik raises outlook following another strong quarter

- Operational performance continued on the strong levels experienced in Q1
- Continued solid volume growth on high levels (+2%) and pricing turning positive (+1%)
- Adj. EBITDA clearly above prior year (+40%) and even above already high Q1 levels
- Adj. EPS of €0.66 increased significantly yoy (+70%)
- All three chemical segments delivering sequentially higher earnings, compensating for qoq lower earnings from Services and Corporate / Others segments
- Strong positive operating cash flow generation in a usually cash-negative quarter
- Outlook raised on the back of strong earnings momentum: adjusted EBITDA of around €2.4 bn expected

Group business development Q2 2015

- Sales up 8% to €3,519 m (Q2 2014: €3,247 m)
  - Sales grew organically by 3% thanks to solid volume growth (+2%) and pricing turning positive (+1%)
  - FX tailwind of +6%; Other -1%
- Adj. EBITDA of €661 m jumped by 40% yoy (Q2 2014: €471 m)
  - All three chemical segments delivering sequentially higher earnings, thereby overcompensating €37 m (qoq) more negative Services and Corporate / Others segments (Several miscellaneous items, strongest impact from increasing provisions for variable remuneration)
  - Adj. EBITDA margin up 4.3pp to 18.8%
- Adj. EPS of €0.66 clearly above prior year (+70%; Q2 2014: €0.39)
  - Adj. D&A of €175 m higher yoy due to new plants coming on stream (Q2 2014: €150 m)
  - Adj. net financial result significantly improved to -€49 mainly as a consequence of favorable bond refinancing (Q2 2014: -€63 m)
  - Adj. tax rate of 31% above full year indication due to tax payments related to other accounting periods (Q2 2014: 33.5%); H1 2015 (29.3%) on track with full year guidance (~29%)
- Adj. EPS qoq slightly lower (Q1 2015: €0.69) due to higher tax rate in Q2 compared to previous quarter (Q1 2015: 27.4%)

Highlights from balance sheet & cash flow statement

- Strong operating cash flow of €167 m in a usually cash-negative quarter (Q2 2014: -€19 m)
- Net cash position of €459 m almost stable vs. end of March (€548) even after the dividend payout (€466 m), thanks to strong operating cash flow and proceeds from the divestment of the final 10.3% stake in Real Estate activities (€428 m)
- Pension discount rate development reversed: German rate increased by +1pp to 2.75% in Q2 resulting in a significant decrease of pension provisions by €1.4 bn to €3.5 bn (end of Q1: €4.9 bn, year-end 2014: €4.0 bn)

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Outlook FY 2015 raised

- Global economic growth in 2015 to pick up moderately compared with 2014
- Cyclical upturn in the developed economies likely to be countered by a slowdown in emerging markets

- **Sales: around €13.5 bn (**previously: "slightly higher "; 2014 €12,917 m)
- **Adj. EBITDA: around €2.4 bn** (previously: "at least €2.2 bn"; 2014: €1,882 m)

- **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 (unchanged)
  - 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 Services:** Slightly below 2014 (previously: "stable"; 2014: €151 m), change due to increasing provisions for variable remuneration
- **Adj. EBITDA Corporate/Other:** More negative than -€300 m (previously: "slightly more negative than in 2014"; 2014: -€277 m), change due to increasing provisions for variable remuneration
- **Adj. D&A:** ~€700 m (unchanged; 2014: €626 m)
- **Adj. net financial result:** Slight improvement (unchanged; 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 of more than €500 m (previously: "net cash position"; 2014: €400 m net cash)

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Nutrition & Care (N&C)

in € million	Q2 2014	Q2 2015	yoy Δ%	Q1 2015	Q2 2015	qoq Δ%	Q2 2015 Consensus*
External sales	983	1,248	27%	1,229	1,248	2%	1,263
Volume (%)			*0%*				
Price (%)			*18%*				
Exchange Rates (%)			*10%*				
Other effects (%)			*-1%*				
Adjusted EBITDA	186	381	105%	353	381	8%	365
Adjusted EBITDA Margin (%)	18.9%	30.5%	+11.6 pp	28.7%	30.5%	+1.8 pp	29.0%
Adjusted EBIT	148	324	119%	302	324	7%	317
Adjustments	0	-1		-1	-1		
EBIT	148	323	118%	301	323	7%	
Capital expenditures	125	59	-53%	54	59	9%	

* Vara Consensus

Development Q2

- Sales jumped by 27% yoy to €1,248 m (Q2 2014: €983 m) mostly thanks to strong pricing across nearly all Business Lines (+18%) and FX tailwind (+10%)
- Volumes were stable on high levels; while methionine continued to grow against tough comparables from a strong Q2 2014, volumes in Baby Care slightly decreased
- Adj. EBITDA more than doubled yoy to €381 m (+105%; Q2 2014: €186 m), lifting the margin to 30.5%
- Personal Care with growth in North America; overall favorable product mix with higher share of specialties
- Baby Care with solid performance in a market still absorbing new production capacities coming on-stream; volumes were slightly below last year
- Health Care with strong performance in drug delivery systems; encouraging trend in API business due to increasing number of new customer projects
- Animal Nutrition benefitting from strong market esp. in methionine; successful ramp-up of new Singapore plant at opportune time to supply growing demand

Resource Efficiency (RE)

in € million	Q2 2014	Q2 2015	yoy Δ%	Q1 2015	Q2 2015	qoq Δ%	Q2 2015 Consensus*
External sales	1,043	1,110	6%	1,124	1,110	-1%	1,147
Volume (%)			*4%*				
Price (%)			*0%*				
Exchange Rates (%)			*5%*				
Other effects (%)			*-2%*				
Adjusted EBITDA	226	254	12%	244	254	4%	250
Adjusted EBITDA Margin (%)	21.7%	22.9%	+1.2 pp	21.7%	22.9%	+1.2 pp	21.8%
Adjusted EBIT	178	200	12%	192	200	4%	195
Adjustments	-36	-1		-8	-1		
EBIT	142	199	40%	184	199	8%	
Capital expenditures	67	52	-22%	46	52	13%	

* Vara Consensus

Development Q2

- Sales were up 6% yoy to €1,110 m (Q2 2014: €1,043) with dynamic volume growth (+4%) and flat prices despite yoy lower raw material costs
- Adj. EBITDA up again by 12% yoy to €254 m (Q2 2014: €226 m) leading to margin expansion to 22.9%, even exceeding the already strong levels seen last year and in Q1
- Strong performance of segment as a whole continued with positive market trends intact and growth in all key Business Lines
- Silica with high plant utilization also for new capacities; strong demand for specialty applications
- Crosslinkers saw strong volumes across the whole chain and key industries (e.g. light weight applications and wind energy business); new production site in Shanghai further ramping up
- Demand and margins in High Performance Polymers improving yoy; esp. strong PA12 powder business (e.g. 3D printing)
- Demand also improved in classic H_2O_2 markets (pulp & paper, electronic) across all regions of BL Active Oxygens

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Performance Materials (PM)

in € million	Q2 2014	Q2 2015	yoy Δ%	Q1 2015	Q2 2015	qoq Δ%	Q2 2015 Consensus*
External sales	979	938	-4%	851	938	10%	906
Volume (%)			*4%*				
Price (%)			*-13%*				
Exchange Rates (%)			*5%*				
Other effects (%)			*0%*				
Adjusted EBITDA	83	82	-1%	72	82	14%	82
Adjusted EBITDA Margin (%)	8.5%	8.7%	+0.2 pp	8.5%	8.7%	+0.2 pp	9.0%
Adjusted EBIT	57	51	-11%	42	51	21%	46
Adjustments	-14	1		-20	1		
EBIT	43	52	21%	22	52	136%	
Capital expenditures	45	43	-4%	47	43	-9%	

* Vara Consensus

Development Q2

- The situation in Performance Materials slowly improved; sales fell 4% to €938 m (Q2 2014: €979 m) and with that much less than in Q1 2015 (-15%)
- While price levels (-13%) were clearly still affected by the lower oil price, volumes recovered to positive (+4%)
- Despite difficult environment, adj. EBITDA of €82 m almost reached prior year's level (Q2 2014: €83 m), leading to a slight recovery in margins to 8.7%
- Overall segment performance showed some slow recovery, but still mixed picture within the segment
- MMA and PMMA continued its solid performance from the start into the year
  - In MMA, supply/demand picture in Europe became more balanced over the course of the quarter; raw material price environment continues to be favorable
  - PMMA faced good demand in Europe and the US for specialties from automotive customers; positive product mix development towards more specialized products
- Situation in Performance Intermediates continued to be influenced by the lower oil price environment
  - Butadiene price spreads over naphtha on average even tighter than in Q1 (negative time-lag), but improvement visible towards the end of the quarter due to lower availability in China and US (cracker shut downs); good demand for MTBE; plasticizers markets with low dynamics

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Services

in € million	Q2 2014	Q2 2015	yoy Δ%	Q1 2015	Q2 2015	qoq Δ%	Q2 2015 Consensus*
External sales	223	211	-5%	207	211	2%	224
Adjusted EBITDA	45	31	-31%	46	31	-33%	45
Adjusted EBITDA Margin (%)	20.2%	14.7%	-5.5 pp	22.2%	14.7%	-7.5 pp	19.8%
Adjusted EBIT	21	4		20	4	-80%	18
Adjustments	-4	-3		-4	-3		
EBIT	17	1		16	1	-94%	
Capital expenditures	24	31	29%	39	31	-21%	

* Vara Consensus

Corporate / Others

in € million	Q2 2014	Q2 2015	yoy Δ%	Q1 2015	Q2 2015	qoq Δ%	Q2 2015 Consensus*
External sales	19	12	-37%	14	12	-14%	19
Adjusted EBITDA	-69	-87	-26%	-65	-87	-34%	-74
Adjusted EBIT	-83	-93	-12%	-71	-93	-31%	-92
Adjustments	-18	126		-4	126		
EBIT	-101	33	133%	-75	33	144%	
Capital expenditures	7	4	-43%	3	4	33%	

* Vara Consensus

Development Q2

- Adj. EBITDA decline in Services (qoq and yoy: -€15 m) and Corporate / Other (qoq: -€22 m; yoy: -€18 m)
- Main effect from increased provisions for variable remuneration due to higher earnings expectations (bonus) and positive share price development (LTI program), including catch-up effect for Q1
- Several smaller miscellaneous effects:
  - Services: less working days in Q2 than in Q1
  - Corporate / Others: FX effects and increase in environmental provisions

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