Analyst & Investor Fact Sheet Q2 2016

Evonik Group

in € million	Q2 2015	Q2 2016	yoy Δ%	Q2 2016 Consensus*
External sales	3,519	3,258	-7%	3,212
Volume (%)			*4%*	*2%*
Price (%)			*-10%*	*-9%*
Exchange Rates (%)			*0%*	*-1%*
Other effects (%)			*-1%*	*0%*
Adjusted EBITDA	661	585	-11%	559
Adjusted EBITDA Margin (%)	18.8%	18.0%	-0.8 pp	17.2%
Adjusted EBIT	486	406	-16%	381
Adjustments	122	-47		
EBIT	608	359	-41%	
Adjusted net income	307	246	-20%	240
Adjusted earnings per share in €	0.66	0.53	-20%	0.51
Capital expenditures	189	211	12%	
Net financial position (as of December 31)	1,098	598		
Cash flow from operating activities, cont. ops.	167	251		
Free cash flow, cont. ops.	-13	47		

* Vara Consensus

Evonik specifies outlook for 2016 following a good second quarter

- Good volume growth of 4% with all three chemical segments contributing
- Adj. EBITDA of €585 m, strong sequential improvement by €20 m vs. Q1 2016
- High profitability level maintained: adj. EBITDA margin of 18.0%
- Positive free cash flow generation of €47 m, €60 m above prior year
- Outlook 2016 specified: adj. EBITDA in the upper half of €2.0 to €2.2 bn range
- APD Performance Materials acquisition on track, closing expected for year-end 2016

Group business development Q2 2016

- Sales declined by 7% to €3,258 m (Q2 2015: €3,519 m)
  - Pleasing volume growth of 4%; prices 10% lower due to lower raw material prices and price normalization in Animal Nutrition; FX flat; Other -1%
- Adj. EBITDA of €585 m down by 11% yoy (Q2 2015: €661 m)
  - Good earnings growth in Resource Efficiency and Performance Materials (+6% and +28% yoy respectively)
  - Nutrition & Care with lower earnings as expected
  - Adj. EBITDA margin almost on prior year level at 18.0% (Q2 2015: 18.8%)
- Adj. EPS came in 20% lower at €0.53 (Q2 2015: €0.66)
  - Adj. net financial result of -€55 m slightly below prior year (Q2 2015: -€49 m), mirroring higher interest expense for long-term provisions (as result of lower interest environment)
  - Adj. tax rate of 31% on previous year level (Q2 2015: 31%)

- Adjustments of -€47 m include restructuring expenses of €18 m (optimization of portfolio structure in Performance Materials), impairment losses of €17 m (equity investment in Nutrition & Care) and project expenses of €11 m in connection with the planned APD PM acquisition

Highlights from balance sheet & cash flow statement

- Strong operating cash flow of €251 m even above prior year (Q2 2015: €167 m) mainly driven by active working capital management
- Capex slightly up to €211 m (Q2 2015: €189 m), H1 on previous year level
- Positive free cash flow generation of €47 m in a normally cash-negative quarter (Q2 2015: -€13 m)
- Net cash position decreased sequentially by €579 m to €598 m (Q1 2016: €1,177 m); mainly due to dividend payment of €536 m
- Lowered discount rate by 100 bp vs. Q1 2016 leading to ~€1.5 bn sequential increase in pension provisions from €3.53 bn in Q1 2016 to €5.06 in Q2 2016. These provisions are partly balanced by corresponding deferred tax assets of ~€1.4 bn. (Discount rate Germany: Dec. 2015: 2.75%; March 2016: 2.5%; June 2016: 1.5%)

Outlook FY 2016

- Expectations for global economic conditions altered marginally:
  - We continue to anticipate slightly lower growth momentum in the global economy
  - Following the Brexit decision, we have slightly reduced our growth forecasts for the UK and Europe
  - Resulting in a global GDP growth rate of 2.4% in 2016 (previously 2.5%)

- **We are specifying our outlook for adjusted EBITDA** on the basis of the good earnings development in the first six months and our expectations for the second half of the year
- We are confident that we can realize an adjusted EBITDA **in the upper half** of the anticipated range of €2.0 billion to €2.2 billion (2015: €2.47 billion)
- We still expect to report slightly lower sales in 2016 (2015: €13.5 billion)

Additional indications for FY 2016

- **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/Others:** Around the level of 2015 (previously: "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 (2015: -€179 m)
- **Adj. tax rate**: ~30% (previously: ~29%; 2015: 29.3%)
- **Capex**: Around the level of 2015 (2015: €877 m)
- **Free cash flow:** Positive (2015: €1,052 m)

Nutrition & Care (N&C)

in € million	Q2 2015	Q2 2016	yoy Δ%	Q2 2016 Consensus*
External sales	1,248	1,111	-11%	1,070
Volume (%)			*5%*	
Price (%)			*-15%*	
Exchange Rates (%)			*-1%*	
Other effects (%)			*0%*	
Adjusted EBITDA	381	264	-31%	261
Adjusted EBITDA Margin (%)	30.5%	23.8%	-6.7 pp	24.0%
Adjusted EBIT	324	212	-35%	202
Adjustments	-1	-17		
EBIT	323	195	-40%	
Capital expenditures	59	61	3%	

* Vara Consensus

Development Q2

- Sales declined by 11% yoy to €1,111 m (Q2 2015: €1,248 m)
  - Strong volume development after softer start into the year, mainly driven by Animal Nutrition
  - Lower prices mostly in Baby Care (due to propylene formula prices and competitive environment) and Animal Nutrition
  - Methionine prices with stabilization trend in Q2, expected to continue in H2

- Adj. EBITDA of €264 m below the very high prior-year level of €381 m

- **Personal Care** with continued good business development especially in the US and Asia and favorable product mix
- **Comfort & Insulation:** strong performance of PU foam stabilizer business in EU and US core markets
- **Baby Care:** volumes and prices significantly impacted by overcapacities in the market; additional effect on selling prices from pass-on of lower propylene quotations via formula pricing
- **Animal Nutrition:** Methionine prices normalized further in Q2, stabilization trend for H2 visible. Strong volume growth in Q2 after softer start into the year. Slightly improving situation in lysine vs. Q1

Resource Efficiency (RE)

in € million	Q2 2015	Q2 2016	yoy Δ%	Q2 2016 Consensus*
External sales	1,110	1,156	4%	1,120
Volume (%)			*4%*	
Price (%)			*-2%*	
Exchange Rates (%)			*0%*	
Other effects (%)			*2%*	
Adjusted EBITDA	254	270	6%	255
Adjusted EBITDA Margin (%)	22.9%	23.4%	+0.5 pp	22.9%
Adjusted EBIT	200	214	7%	200
Adjustments	-1	6		
EBIT	199	220	11%	
Capital expenditures	52	63	21%	

* Vara Consensus

Development Q2

- Sales up by 4% to €1,156 m (Q2 2015: €1,110 m)
  - Good volume growth (4%) across majority of businesses counterbalancing slightly lower selling prices (-2%), reflecting sustained low level of raw material prices
  - Positive market environment expected to continue into H2, raw material tailwind fading

- Adj. EBITDA rose by 6% to €270 m (Q2 2015: €254 m), mainly because of higher volumes, favorable raw material costs and positive FX effects
- Adj. EBITDA margin improved to a very good 23.4% (+0.5 pp)

- **Coating Additives:** pronounced seasonal pick-up with strong sales development across all regions
- **Crosslinkers:** continuing strong demand in almost all regions and applications (flooring, construction, marine paints, coatings, composites)
- **Silica:** continued good demand from the tire industry (rubber silica) and ongoing positive development of other key market segments (e.g. Coatings and Consumer, Health & Nutrition)
- **High Performance Polymers:** High demand for PA12 compounds and powders as well as gas filtering membranes

Performance Materials (PM)

in € million	Q2 2015	Q2 2016	yoy Δ%	Q2 2016 Consensus*
External sales	938	829	-12%	845
Volume (%)			*4%*	
Price (%)			*-16%*	
Exchange Rates (%)			*0%*	
Other effects (%)			*0%*	
Adjusted EBITDA	82	105	28%	83
Adjusted EBITDA Margin (%)	8.7%	12.7%	+4.0 pp	9.9%
Adjusted EBIT	51	70	37%	48
Adjustments	1	-21		
EBIT	52	49	-6%	
Capital expenditures	43	41	-5%	

* Vara Consensus

Development Q2

- Sales fell 12% to €829 m (Q2 2015: €938 m)
  - Volumes increased by 4% supported by solid demand and C4 expansion
  - Prices in line with lower raw material costs (-16%)

- Adj. EBITDA came in 28% above prior year (Q2 2016: €105 m; Q2 2015: €82 m), driven by rise in volumes, improved raw material efficiency and systematic cost management
- Solid adj. EBITDA margin of 12.7% (Q2 2015: 8.7%)
- H2 2016: scheduled maintenance and expected narrowing of spreads

- **MMA** with good demand from coating and construction in combination with a temporarily constrained supply side caused by some competitor outages
- **PMMA** continued on higher level supported by strong automotive demand from Europe, U.S. and favorable raw material costs (MMA)
- **Performance Intermediates**, situation in C4 chain is clearly improving after a tough start into the year:
  - increased volumes from C4 expansion in Marl and Antwerp (butadiene, MTBE, INA)
  - notable improvement in feedstock quality
  - higher oil price and healthier price spreads C4 over naphtha
  - positive effects from inventory revaluation

Services

in € million	Q2 2015	Q2 2016	yoy Δ%	Q2 2016 Consensus*
External sales	211	163	-23%	175
Adjusted EBITDA	28	33	18%	37
Adjusted EBITDA Margin (%)	13.3%	20.2%	+6.9 pp	21.0%
Adjusted EBIT	2	4		9
Adjustments	-4	-15		
EBIT	-2	-11		
Capital expenditures	31	41	32%	

* Vara Consensus

Development Q2

- Lower sales as a result of lower energy costs (trading activity for external customers)
- Adj. EBITDA came in at €33 m (Q2 2016: €28 m)

Corporate / Others

in € million	Q2 2015	Q2 2016	yoy Δ%	Q2 2016 Consensus*
External sales	12	-1	-108%	12
Adjusted EBITDA	-84	-87	-4%	-80
Adjusted EBIT	-91	-94	-3%	-87
Adjustments	127	0		
EBIT	36	-94	361%	
Capital expenditures	4	5	25%	

* Vara Consensus

Development Q2

- Broadly stable adj. EBITDA (yoy and qoq)

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