

**Evonik Group**

in € million	Q3 2015	Q3 2016	yoy Δ%	Q2 2016	Q3 2016	qoq Δ%	Q3 2016
							Consensus*
External sales	3,365	3,164	-6%	3,258	3,164	-3%	3,172
Volume (%)			3%				3%
Price (%)			-10%				-8%
Exchange Rates (%)			1%				0%
Other effects (%)			0%				0%
Adjusted EBITDA	653	578	-11%	585	578	-1%	550
Adjusted EBITDA Margin (%)	19.4%	18.3%	-1.1 pp	18.0%	18.3%	+0.3 pp	17.4%
Adjusted EBIT	473	396	-16%	406	396	-2%	372
Adjustments	-91	-15		-47	-15		
EBIT	382	381	0%	359	381	6%	
Adjusted net income	296	247	-17%	246	247	0%	229
Adjusted earnings per share in €	0.64	0.53	-17%	0.53	0.53	0%	0.49
Capital expenditures	206	217	5%	211	217	3%	
Net financial position (as of Sep 30)	963	837		598	837		
Cash flow from operating activities, cont. ops.	717	500		251	500		
Free cash flow, cont. ops.	508	280		47	280		

\* Vara Consensus 21 Oct 2016

**Third strong quarter in a row - outlook for 2016 reiterated**

- Another quarter of solid volume growth (+3%) supported by Specialty & Coating Additives business
- Adj. EBITDA of €578 m:  
Resource Efficiency with strong volume and earnings growth, Performance Materials with continued positive trend
- High profitability level maintained: adj. EBITDA margin of 18.3%
- Free cash flow generation of €280 m – supported by active net working capital management
- Outlook 2016 reiterated: adj. EBITDA in the upper half of €2.0 to €2.2 bn range
- Preparations for APD Performance Materials closing well on track

**Group business development Q3 2016**

- Sales declined by 6% to €3,164 m (Q3 2015: €3,365 m)
  - Volume growth of 3%; prices 10% lower due to lower raw material prices and lower prices in Animal Nutrition; FX +1%; Other effects +/- 0%
- Adj. EBITDA of €578 m down by 11% yoy (Q3 2015: €653 m)
  - Strong earnings growth in Resource Efficiency and Performance Materials (+21% and +11% yoy respectively)
  - Nutrition & Care with expected lower earnings
  - Adj. EBITDA margin on group level at 18.3% (Q3 2015: 19.4%)
- Adj. EPS came in 17% lower at €0.53 (Q3 2015: €0.64)

**Highlights from balance sheet & cash flow statement**

- Q3 with strong operating cash flow of €500 m, mainly driven by active working capital management
- 9M operating cash flow above €1 bn resulting in €488 m free cash flow for 1-9 2016
- Q3 capex stable on prior year level at €217 m (Q3 2015: €206 m)
- Net cash position increased sequentially by €239 m to €837 m (30 June 2016: €598 m) driven by strong operating cash flow
- Long-term financial liabilities increase by ~€1.9 bn due to financing of APD PM purchase price
- Discount rate of 1.5% for pensions confirmed with Q3 results  
(Discount rate Germany: Dec. 2015: 2.75%; March 2016: 2.5%; June 2016: 1.5%; September 2016: 1.5%)

## Outlook FY 2016

- Expectations for global economic conditions unchanged vs. Q2:
  - 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
- On the basis of the good earnings development in the first nine months and our confidence for Q4 **we reiterate our outlook for adjusted EBITDA**
- We are confident that we can realize an adjusted EBITDA **in the upper half** of the anticipated range of €2.0 to €2.2 bn (2015: €2.47 billion)
- We still expect to report slightly lower sales in 2016 (2015: €13.5 bn)

## 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 (2015: -€334 m)
- **Adj. D&A:** Around the level of 2015 (2015: €713 m)
- **Adj. net financial result:** Around the level of 2015 (previously: "Slight improvement"; 2015: - €179 m)
- **Adj. tax rate:** ~30% (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	Q3 2015	Q3 2016	yoy Δ%	Q2 2016	Q3 2016	qoq Δ%	Q3 2016
							Consensus*
External sales	1,240	1,066	-14%	1,111	1,066	-4%	1,085
Volume (%)			0%				
Price (%)			-16%				
Exchange Rates (%)			2%				
Other effects (%)			0%				
Adjusted EBITDA	382	239	-37%	264	239	-9%	243
Adjusted EBITDA Margin (%)	30.8%	22.4%	-8.4 pp	23.8%	22.4%	-1.4 pp	22.9%
Adjusted EBIT	328	182	-45%	212	182	-14%	189
Adjustments	-15	0		-17	0		
EBIT	313	182	-42%	195	182	-7%	
Capital expenditures	64	59	-8%	61	59	-3%	

\* Vara Consensus 21 Oct 2016

## Development Q3

- Sales declined by 14% yoy to €1,066 m (Q3 2015: €1,240 m)
  - Ongoing strong demand in Care (e.g. Health Care) and Specialty Additive Businesses (e.g. Comfort & Insulation) offset by weaker volumes in Baby Care
  - Lower prices mostly in Baby Care (due to propylene formula prices and competitive environment) and Animal Nutrition
  - Methionine market sequentially slightly softer; more relaxed supply situation and temporary weaker demand in some emerging regions
- Adj. EBITDA of €239 m below the very high prior-year level of €382 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:** overall market situation still challenging. Persisting pressure on volumes and prices due to unfavorable S/D situation. Efficiency improvement measures underway including announced capacity adjustment of 40 kt in US reducing fixed costs basis
- **Animal Nutrition:** After re-stocking and price stabilization in Q2, markets turned slightly softer again. More relaxed supply situation and temporary weaker demand in some emerging regions. Further improving situation in lysine vs. H1

## Resource Efficiency (RE)

in € million	Q3 2015	Q3 2016	yoy Δ%	Q2 2016	Q3 2016	qoq Δ%	Q3 2016
							Consensus*
External sales	1,044	1,117	7%	1,156	1,117	-3%	1,099
Volume (%)			6%				
Price (%)			-3%				
Exchange Rates (%)			2%				
Other effects (%)			2%				
Adjusted EBITDA	216	262	21%	270	262	-3%	254
Adjusted EBITDA Margin (%)	20.7%	23.5%	+2.8 pp	23.4%	23.5%	+0.1 pp	23.2%
Adjusted EBIT	161	205	27%	214	205	-4%	196
Adjustments	-44	-2		6	-2		
EBIT	117	203	74%	220	203	-8%	
Capital expenditures	63	68	8%	63	68	8%	

\* Vara Consensus 21 Oct 2016

## Development Q3

- Sales up by 7% to €1,117 m (Q3 2015: €1,044 m)
  - Strong volume growth (+6%) across majority of businesses, partly supported by lower prior year comparables
  - Prices (-3%) in line with lower raw materials
- Adj. EBITDA rose by 21% to €262 m (Q3 2015: €216 m) mainly because of higher volumes and positive FX effects
- Adj. EBITDA margin again at strong 23.5% (+2.8 pp vs. Q3 2015)
- In Q4 positive business momentum is expected to continue with the usual seasonality towards year-end, less favorable raw materials and scheduled maintenance shutdowns
- **Coating Additives:** strong demand and better product mix towards high end products driven by increased performance requirements from coating and construction customers
- **Crosslinkers:** continuing strong demand in almost all regions and applications (flooring, construction, marine paints and coatings). Low raw material prices still beneficial but fading. Q4 to be impacted by planned maintenance shutdown
- **Silica:** positive development in rubber silica and special oxides. High Specialty Silica demand in Asia and Europe, high demand from coatings industry
- **High Performance Polymers:** high demand for PA12 compounds and powders, gas filtering membranes and ROHACELL foams

**Performance Materials (PM)**

in € million	Q3 2015	Q3 2016	yoy Δ%	Q2 2016	Q3 2016	qoq Δ%	Q3 2016
							Consensus*
External sales	858	797	-7%	829	797	-4%	817
Volume (%)			4%				
Price (%)			-11%				
Exchange Rates (%)			0%				
Other effects (%)			0%				
Adjusted EBITDA	94	104	11%	105	104	-1%	94
Adjusted EBITDA Margin (%)	11.0%	13.0%	+2.0 pp	12.7%	13.0%	+0.3 pp	11.8%
Adjusted EBIT	57	70	23%	70	70	0%	60
Adjustments	-27	-1		-21	-1		
EBIT	30	69	130%	49	69	41%	
Capital expenditures	34	42	24%	41	42	2%	

\* Vara Consensus 21 Oct 2016

**Development Q3**

- Sales fell 7% to €797 m (Q3 2015: €858 m)
  - Volumes increased by 4% with good demand across all main products
  - Prices in line with lower raw material costs (-11%)
- Adj. EBITDA came in 11% above prior year at €104 m (Q3 2015: €94 m), driven by rise in volumes, favorable price spreads, improved raw material efficiency and systematic cost management
- Earnings level maintained vs. Q2 (Q2 2016: €105 m), supported by ongoing efficiency measures
- Good adj. EBITDA margin of 13.0% (Q3 2015: 11.0%)
- Usual seasonality expected for Q4
- **MMA:** continued good business development esp. in US and Asia. Healthy demand from coatings and construction markets with favorable product mix. Favorable supply situation especially in Asia
- **PMMA:** molding compounds with good demand, especially for specialty grades, due to strong automotive demand. Semi-finished products with positive development particularly in Europe. Raw material tailwind fading. Consistent cost management in execution
- **Performance Intermediates:**
  - Positive market development from Q2 continuing
  - Good butadiene demand (Europe & Asia) and tight supply driving spreads upwards; MTBE with improving trend throughout the quarter; good demand also in plasticizers
  - Feedstock quality staying on favorable levels.

## Services

in € million	Q3 2015	Q3 2016	yoy Δ%	Q2 2016	Q3 2016	qoq Δ%	Q3 2016
							Consensus*
External sales	207	173	-16%	163	173	6%	175
Adjusted EBITDA	46	50	9%	33	50	52%	40
Adjusted EBITDA Margin (%)	22.2%	28.9%	+6.7 pp	20.2%	28.9%	+8.7 pp	23.3%
Adjusted EBIT	18	21		4	21		11
Adjustments	-4	-8		-15	-8		
EBIT	14	13		-11	13		
Capital expenditures	40	41		41	41		

\* Vara Consensus 21 Oct 2016

## Development Q3

- Lower sales as a result of lower energy costs (trading activity for external customers)
- Adj. EBITDA came in at €50 m (Q3 2016: €46 m)
- Strong quarter due to maintenance services during turnaround season

## Corporate / Others

in € million	Q3 2015	Q3 2016	yoy Δ%	Q2 2016	Q3 2016	qoq Δ%	Q3 2016
							Consensus*
External sales	16	11		-1	11		6
Adjusted EBITDA	-85	-77	9%	-87	-77	11%	-82
Adjusted EBIT	-91	-82	10%	-94	-82	13%	-90
Adjustments	-1	-5		0	-5		
EBIT	-92	-87		-94	-87		
Capital expenditures	5	7		5	7		

\* Vara Consensus 21 Oct 2016

## Development Q3

- Broadly stable adj. EBITDA (yoy and qoq)

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