

Evonik Group

in € million	Q3 2014	Q3 2015	yoy Δ%	Q2 2015	Q3 2015	qoq Δ%	Q3 2015 Consensus*
External sales	3,243	3,365	4%	3,519	3,365	-4%	3,483
Volume (%)			-1%				2%
Price (%)			2%				1%
Exchange Rates (%)			3%				5%
Other effects (%)			0%				0%
Adjusted EBITDA	500	653	31%	661	653	-1%	626
Adjusted EBITDA Margin (%)	15.4%	19.4%	+4.0 pp	18.8%	19.4%	+0.6 pp	17.9%
Adjusted EBIT	349	473	36%	486	473	-3%	449
Adjustments	-54	-91		122	-91		
EBIT	295	382	29%	608	382	-37%	
Adjusted net income	217	296	36%	307	296	-4%	287
Adjusted earnings per share in €	0.47	0.64	36%	0.66	0.64	-4%	0.62
Capital expenditures	276	206	-25%	189	206	9%	
Net financial position (as of September 30)	+416	+963		+459	+963		
Cash flow from operating activities, cont. ops.	312	717		167	717		

* Vara Consensus

Highlights: Evonik delivers third strong quarter in a row

- Strong business performance continued in the second half of the year
- Positive price development on Group level (+2%) driven by Nutrition & Care and Resource Efficiency; price pressure in Performance Materials easing
- Volumes (-1%) impacted by several planned maintenance shutdowns especially in Resource Efficiency
- Adj. EBITDA of €653 m clearly above prior year period (+31%) and in line with the previous quarters' high levels
- Adj. EBITDA margin of 19.4% stands out in the chemicals sector
- Adj. EPS of €0.64 increased significantly yoy (+36%)
- Strong operating cash flow generation
- Outlook for 2015 confirmed: adjusted EBITDA of around €2.4 bn expected

Group business development Q3 2015

- Sales up 4% to €3,365 m (Q3 2014: €3,243 m)
 - Sales grew organically by 1% thanks to positive price development (+2%); volumes impacted by several planned maintenance shutdowns (-1%); FX tailwind of +3%, Other +/-0%
- Adj. EBITDA of €653 m jumped by 31% yoy (Q3 2014: €500 m)
 - Year-on-year earnings growth in all three chemical segments
 - Adj. EBITDA margin up 4.0pp to 19.4%
- Adj. EPS of €0.64 followed adj. EBITDA growth (+36%; Q3 2014: €0.47)
 - Adj. D&A of €180 m higher yoy due to new plants coming on stream (Q3 2014: €151 m)
 - Adj. net financial result improved to -€58 mainly as a consequence of favorable bond refinancing (Q3 2014: -€62 m)
 - Adj. tax rate of 29.7% above prior year (Q3 2014: 26.0%, benefitting from tax free income); 9M 2015 (29.3%) in line with full year guidance (~29%)
- Adjustments of -€91 million include restructuring expenses of -€20 m, impairment losses of -€24 m and other adjustments of -€47 m

Highlights from balance sheet & cash flow statement

- Strong operating cash flow generation of €717 m (Q3 2014: €312 m) due to operational performance and improvement in NWC, esp. in Performance Materials
- Already after 9M, significantly higher operating cash flow than in each of the last two full years (9M 2015: €1,329 m; FY 2014: €1,035 m)
- Net cash position increased by more than €500 m during the quarter to €963 m thanks to strong operating cash flow generation
- Pension discount rate development: German rate decreased by 0.25pp to 2.50% in Q3 resulting in an increase of pension provisions by ~€300 m to €3.8 bn (end of Q2: €3.5 bn; year-end 2014: €4.0 bn)

Outlook FY 2015 confirmed

- We still expect global economic conditions in 2015 to be dominated by differing regional growth trends; the slowdown in the emerging markets should be more than offset by the cyclical upturn in the developed economies, especially the USA
- **Sales: around €13.5 bn** (unchanged; 2014: €12,917 m)
- **Adj. EBITDA: around €2.4 bn** (unchanged; 2014: €1,882 m)
- We expect the positive development of our markets and pleasing demand for our products to continue in the remainder of the year
- As in previous years, the customary seasonal slowdown in the fourth quarter is likely to have a greater impact on the Resource Efficiency and Performance Materials segments than on the Nutrition & Care segment
- Efficiency enhancement programs will make a perceptible contribution to the earnings increase
- Forecast based on the following assumption:
 - Global growth: 2.9% (previously: 3.0%)
 - 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 (unchanged; 2014: €151 m),
- **Adj. EBITDA Corporate/Other:** More negative than -€300 m (unchanged; 2014: -€277 m)
- **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 €800 m, including €200 m planned contribution to CTA in Q4 2015 (previously: "more than €500 m"; 2014: €400 m net cash)

Nutrition & Care (N&C)

in € million	Q3 2014	Q3 2015	yoy Δ%	Q2 2015	Q3 2015	qoq Δ%	Q3 2015 Consensus*
External sales	1,016	1,240	22%	1,248	1,240	-1%	1,235
Volume (%)			1%				
Price (%)			16%				
Exchange Rates (%)			5%				
Other effects (%)			0%				
Adjusted EBITDA	206	382	85%	381	382	0%	353
Adjusted EBITDA Margin (%)	20.3%	30.8%	+10.5 pp	30.5%	30.8%	+0.3 pp	28.5%
Adjusted EBIT	168	328	95%	324	328	1%	299
Adjustments	-11	-15		-1	-15		
EBIT	157	313	99%	323	313	-3%	
Capital expenditures	124	64	-48%	59	64	8%	

* Vara Consensus

Development Q3

- Sales grew by 22% yoy to €1,240 m (Q3 2014: €1,016 m) mainly due to yoy positive pricing (+16%)
- Volumes also increased (+1%); strong growth in Animal Nutrition mitigated by lower volumes in some of the Care businesses
- Adj. EBITDA increased sharply yoy to €382 m (+85%; Q3 2014: €206 m), lifting the margin to 30.8%
- Personal Care with good sales growth in North America and Asia, supported by increasing contributions from new oleochemical plants
- Baby Care with solid performance in a market still absorbing new production capacities coming on-stream
- Health Care showing continued strong performance in drug delivery systems; positive trend in API business due to increasing number of new customer projects
- Animal Nutrition: favorable situation in methionine market continued into Q3; additional volumes from new capacities are well absorbed by strong demand growth

Resource Efficiency (RE)

in € million	Q3 2014	Q3 2015	yoy Δ%	Q2 2015	Q3 2015	qoq Δ%	Q3 2015 Consensus*
External sales	1,027	1,044	2%	1,110	1,044	-6%	1,091
Volume (%)			-3%				
Price (%)			1%				
Exchange Rates (%)			3%				
Other effects (%)			1%				
Adjusted EBITDA	214	216	1%	254	216	-15%	226
Adjusted EBITDA Margin (%)	20.8%	20.7%	-0.1 pp	22.9%	20.7%	-2.2 pp	20.6%
Adjusted EBIT	164	161	-2%	200	161	-20%	175
Adjustments	-5	-44		-1	-44		
EBIT	159	117	-26%	199	117	-41%	
Capital expenditures	60	63	5%	52	63	21%	

* Vara Consensus

Development Q3

- Sales were up 2% yoy to €1,044 m (Q3 2014: €1,027 m) attributable to slightly higher selling prices (+1%) and positive currency effects (+3%), while volumes declined slightly overall (-3%) due to routine maintenance especially at production plants for High Performance Polymers and Crosslinkers
- In China, rising uncertainty about the economic development of some sectors such as the automotive and coatings industries led to a slight deceleration in growth momentum
- Despite maintenance, adj. EBITDA increased 1% yoy to €216 m (Q3 2014: €214 m); margin at 20.7% (Q3 2014: 20.8%)
- Silica with solid quarter; good fumed silica business; regionally mixed picture in rubber silica (Europe and North America strong, Asia slightly weaker)
- Crosslinkers with strong demand across the whole chain and key industries; wind energy markets in China benefitting from currently higher subsidy level; scheduled maintenance in Germany affecting volumes
- High Performance Polymers with negative impact from planned maintenance shutdown in Marl (Germany); additionally weaker business in China from automotive and consumer goods industries (appliances, sports)
- Oil Additives with another strong quarter thanks to good demand environment and attractive product mix

Performance Materials (PM)

in € million	Q3 2014	Q3 2015	yoy Δ%	Q2 2015	Q3 2015	qoq Δ%	Q3 2015 Consensus*
External sales	966	858	-11%	938	858	-9%	931
Volume (%)			-2%				
Price (%)			-11%				
Exchange Rates (%)			2%				
Other effects (%)			0%				
Adjusted EBITDA	90	94	4%	82	94	15%	83
Adjusted EBITDA Margin (%)	9.3%	11.0%	+1.7 pp	8.7%	11.0%	+2.3 pp	9.0%
Adjusted EBIT	59	57	-3%	51	57	12%	49
Adjustments	-9	-27		1	-27		
EBIT	50	30	-40%	52	30	-42%	
Capital expenditures	54	34	-37%	43	34	-21%	

* Vara Consensus

Development Q3

- Sales fell 11% to €858 m (Q3 2014: €966 m); volumes (-2%) were held back by planned maintenance shutdowns; selling prices (-11%), especially in Performance Intermediates, were once again far lower than in the previous year mainly due to the lower price of crude oil
- On the earnings side, the negative price effect was more than offset by a temporary margin advantage in the third quarter as a result of the reduction in the cost of oil-based feedstocks
- Adj. EBITDA of €94 m above prior year's level (Q3 2014: €90 m), leading to a higher margin of 11.0%
- Situation in the individual businesses was mixed:
 - MMA business facing a more balanced supply/demand situation in Europe; this combined with continued low raw material prices leading to lower price environment. Planned maintenance shutdown impacting volumes
 - PMMA with strong demand from EU and US automotive markets; weakening demand in China from electronics customers.
 - Performance Intermediates with good start into the quarter driven by widening price spreads over naphtha; spreads tightening again in September. Planned maintenance shutdown in plasticizer plants in Marl. Continued strong MTBE demand.

Services

in € million	Q3 2014	Q3 2015	yoy Δ%	Q2 2015	Q3 2015	qoq Δ%	Q3 2015 Consensus*
External sales	217	207	-5%	211	207	-2%	210
Adjusted EBITDA	47	46	-2%	31	46	48%	41
Adjusted EBITDA Margin (%)	21.7%	22.2%	0.5 pp	14.7%	22.2%	+7.5 pp	19.4%
Adjusted EBIT	22	19		4	19	375%	15
Adjustments	-5	-4		-3	-4		
EBIT	17	15		1	15	1400%	
Capital expenditures	34	40	18%	31	40	29%	

* Vara Consensus

Corporate / Others

in € million	Q3 2014	Q3 2015	yoy Δ%	Q2 2015	Q3 2015	qoq Δ%	Q3 2015 Consensus*
External sales	17	16	-6%	12	16	33%	20
Adjusted EBITDA	-57	-85	-49%	-87	-85	2%	-80
Adjusted EBIT	-64	-92	-44%	-93	-92	1%	-92
Adjustments	-24	-1		126	-1		
EBIT	-88	-93	-6%	33	-93	382%	
Capital expenditures	4	5	25%	4	5	25%	

* Vara Consensus

Development Q3

- Adj. EBITDA in Services returned to normalized levels after exceptionally weak Q2 (variable remuneration)
- Last year with exceptionally good quarter in Corporate / Others due to one-time FX effects and lower provisions for variable remuneration

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