

Evonik Group

in € million	Q4 2015				2015			
	Q4 2014	Q4 2015	yoy Δ%	Consensus*	2014	2015	yoy Δ%	Consensus*
External sales	3,227	3,198	-1%	3,367	12,917	13,507	5%	13,675
Volume (%)			3%	3%			1%	2%
Price (%)			-4%	1%			0%	1%
Exchange Rates (%)			2%	1%			5%	4%
Other effects (%)			-2%	0%			-1%	0%
Adjusted EBITDA	446	501	12%	501	1,882	2,465	31%	2,465
Adjusted EBITDA Margin (%)	13.8%	15.7%	+1.9 pp	15.1%	14.6%	18.2%	+3.6 pp	18.1%
Adjusted EBIT	268	308	15%	320	1,256	1,752	39%	1,764
Adjustments	-35	-82			-179	-88		
EBIT	233	226	-3%		1,077	1,664	55%	
Adjusted net income	189	205	8%	177	782	1,128	44%	1,100
Adjusted earnings per share in €	0.41	0.44	8%	0.38	1.68	2.42	44%	2.36
Capital expenditures	370	293	-21%		1,123	877	-22%	1,090
Net financial position (as of December 31)					+400	+1,098		+832
Free cash flow, cont. ops.	113	378			-60	1,052		

* Vara Consensus

Highlights

- Strong finish of an excellent fiscal year
- Outlook clearly achieved; Q4 fully in line with expectations, higher volumes and earnings in growth segments
- Disciplined capex spending and strong free cash flow generation
- Significant increase of dividend proposed (from €1.00 to €1.15)
- Well positioned for another successful year despite a tougher and more volatile environment
- Outlook 2016: Adj. EBITDA between €2.0 and 2.2 bn expected

Group business development Q4 2015

- Sales slightly down by 1% to €3,198 m (Q4 2014: €3,227 m) mainly attributable to Performance Materials (lower oil price)
 - Solid volume growth (+3%) achieved in Q4 in an overall lower-growth environment; lower prices (-4%) mainly due to effect from lower oil price in Performance Materials, growth segments with broadly stable prices; FX tailwind of +2%, Other -2%
- Adj. EBITDA of €501 m increased by 12% yoy (Q4 2014: €446 m)
 - Year-on-year earnings growth in Nutrition & Care and Resource Efficiency; Performance Materials burdened by low oil price, Services with higher earnings due to provision release and transfer of several service activities to Corporate / Other
 - Adj. EBITDA margin up 1.9pp to 15.7%
- Adj. EPS of €0.44 followed adj. EBITDA growth (+8%; Q4 2014: €0.41)
 - Adj. D&A of €193 m higher yoy due to new plants coming on stream (Q4 2014: €178 m)
 - Adj. net financial result on prior year level at -€23 m (Q4 2014: -€23 m)
 - Adj. tax rate of 29.2% in-line to meet full year guidance (~29%)
- Adjustments of -€82 million include restructuring expenses of -€24 m, impairment losses of -€16 m and other adjustments of -€42 m

Highlights from balance sheet & cash flow statement

- Capex significantly below prior year in Q4 and FY 2015
- Operating performance and capex discipline leading to strong free cash flow generation of €378 m (Q4 2014: €113 m)
- Consequently, net cash position increased by €135 m during the quarter to €1,098 m, despite CTA funding (€201 m)
- Pension provisions decreased by ~€0.5 bn to €3.3 bn (end of Q3: €3.8 bn; year-end 2014: €4.0 bn) due to CTA funding and pension discount rate development (German rate increased by 0.25pp to 2.75% in Q4)

Outlook FY 2016

- We expect a weaker global growth dynamic for 2016 due to:
 - Increasing uncertainty about economic growth in emerging markets (esp. China) and the US
 - Globally weakening demand
 - Further decline in oil (vs. 2015 average) and hence raw material prices
 - Ongoing risk that geopolitical tensions may further intensify
- Nevertheless, we are confident that our business will continue to develop successfully in 2016 and expect to report:
 - **Slightly lower sales** (2015: €13,507 m)
 - **Adj. EBITDA between €2.0 and 2.2 bn** (2015: €2,465 m)
- Thanks to our strong market positions, balanced portfolio and concentration on high-growth businesses, we assume continued **demand for our products and notable volume growth** despite the challenging macroeconomic conditions.
- We expect selling prices to develop solidly across most of our product portfolio. However, **lower selling prices** are anticipated for single businesses in the Nutrition & Care and Performance Materials segments, leading to a slight reduction in overall sales.
- The earnings impact of **lower raw material prices** on individual businesses will vary, but should largely balance out across the portfolio as a whole.
- The continued systematic implementation of our On Track 2.0 and Administration Excellence **efficiency enhancement programs** will also make a positive contribution to earnings in 2016.
- **Nutrition & Care:**
 - Stable or slightly positive business performance in majority of businesses (vs. prior year)
 - Animal Nutrition: expected gradual normalization of tight supply / demand situation experienced in 2015; market demand to remain robust
 - Baby Care: very competitive market environment to persist
- **Resource Efficiency:**
 - Continuation of prior years' successful business performance, despite weaker global economic growth
- **Performance Materials:**
 - Further declining oil price (vs. 2015 average) continues to pressure prices and margins of C4 products
 - Ample supply and weaker demand weigh on Acrylic Monomers
- Basis for our forecast:
 - Global growth of 2.5%
 - Euro/US dollar exchange rate around the same level as 2015 (~US\$1.10)
 - Internal raw material cost index lower than in prior year

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: €163 m)
- **Adj. EBITDA Corporate/Other:** Slight improvement (i.e. less negative) (2015: - €338 m)
- **Adj. D&A:** Around the level of 2015 (2015: €713 m)
- **Adj. net financial result:** 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	Q4 2015			2015				
	Q4 2014	Q4 2015	yoy Δ%	Consensus*	2014	2015	yoy Δ%	Consensus*
External sales	1,115	1,208	8%	1,224	4,075	4,924	21%	4,941
Volume (%)			2%				2%	
Price (%)			4%				13%	
Exchange Rates (%)			2%				7%	
Other effects (%)			0%				-1%	
Adjusted EBITDA	269	319	19%	320	847	1,435	69%	1,436
Adjusted EBITDA Margin (%)	24.1%	26.4%	+2.3 pp	25.8%	20.8%	29.1%	+8.3 pp	28.8%
Adjusted EBIT	220	261	19%	250	685	1,214	77%	1,204
Adjustments	-17	-6			-30	-21		
EBIT	203	255	26%		655	1,193	82%	
Capital expenditures	128	73	-43%		458	250	-45%	

* Vara Consensus

Development Q4

- Sales grew by 8% yoy to €1,208 m (Q4 2014: €1,115 m) mainly due to yoy positive volumes (+2%) and prices (+4%)
- Adj. EBITDA increased significantly yoy to €319 m (+19%; Q4 2014: €269 m), lifting the margin to 26.4%
- Personal Care with higher sales vs. last year across all regions and market segments; utilization of new China plant increasing and Brazil starting up successfully
- Comfort & Insulation: Strong demand in EU core markets; demand for durable consumer applications (e.g. furniture, appliances) in China stabilizing
- Baby Care: Overcapacities and ongoing competitive market environment impacting both volumes and prices
- 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: expected gradual normalization of tight supply / demand situation from summer 2015 started; situation in well-supplied lysine market more challenging

Resource Efficiency (RE)

in € million	Q4 2015			2015				
	Q4 2014	Q4 2015	yoy Δ%	Consensus*	2014	2015	yoy Δ%	Consensus*
External sales	971	1,001	3%	1,037	4,040	4,279	6%	4,315
Volume (%)			2%				2%	
Price (%)			-1%				0%	
Exchange Rates (%)			3%				4%	
Other effects (%)			-1%				0%	
Adjusted EBITDA	175	182	4%	191	836	896	7%	905
Adjusted EBITDA Margin (%)	18.0%	18.2%	+0.2 pp	18.5%	20.7%	20.9%	+0.2 pp	21.0%
Adjusted EBIT	120	122	2%	135	642	675	5%	688
Adjustments	0	-3			-44	-57		
EBIT	120	119	-1%		598	618	3%	
Capital expenditures	86	80	-7%		273	241	-12%	

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Development Q4

- Sales were up 3% yoy to €1,001 m (Q4 2014: €971 m) attributable to higher volumes (+2%) and positive currency effects (+3%), while prices declined only slightly (-1%) despite lower raw material price environment
- Adj. EBITDA increased 4% yoy to €182 m (Q4 2014: €175 m); margin at 18.2% (Q4 2014: 18.0%)
- Silica enjoying good demand and increasing volumes for both rubber (Europe and US) and fumed silica; slightly weaker demand for rubber silica in Asia
- Crosslinkers with strong demand across the whole chain and key industries continuing into Q4; benefit from favorable raw material prices persisted
- High Performance Polymers with recovery after weaker Q3 volumes; strong fibres and membranes business; Chinese demand stabilized on lower levels
- Active Oxygens with continued good performance in classic markets leading to high plant utilization globally; recently acquired plant in Netherlands contributing additional volumes and earnings

Performance Materials (PM)

in € million	Q4 2015			2015				
	Q4 2014	Q4 2015	yoy Δ%	Consensus*	2014	2015	yoy Δ%	Consensus*
External sales	884	789	-11%	853	3,827	3,435	-10%	3,500
Volume (%)			5%				1%	
Price (%)			-18%				-14%	
Exchange Rates (%)			2%				3%	
Other effects (%)			0%				0%	
Adjusted EBITDA	72	62	-14%	63	325	309	-5%	311
Adjusted EBITDA Margin (%)	8.2%	7.9%	-0.3 pp	7.4%	8.5%	9.0%	+0.5 pp	8.9%
Adjusted EBIT	35	24	-31%	32	204	174	-15%	182
Adjustments	-4	-38			-27	-84		
EBIT	31	-14	-145%		177	90	-49%	
Capital expenditures	78	59	-24%		218	183	-16%	

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Development Q4

- Sales fell 11% to €789 m (Q4 2014: €884 m); volumes developed positively (+5%), selling prices (-18%), especially in Performance Intermediates, were impacted by the lower price of crude oil
- Adj. EBITDA of €62 m below prior year's level (Q4 2014: €72 m), leading to a slightly lower margin of 7.9% (Q4 2014: 8.2%)
- MMA with more balanced supply/demand situation in Europe; softer demand trends (esp. in China) and low raw material price environment leading to lower prices and margins
- PMMA: satisfying demand esp. due to strong EU and US automotive markets; typical seasonal slowdown in construction industry
- Performance Intermediates impacted by negative time-lag after stronger Q3 results: end product prices followed oil price drop over the summer and price spreads tightened again; low oil price clearly unfavorable for the whole C4 chain; MTBE with lower blending rates during winter season

Services

in € million	Q4 2015			2015	2015			
	Q4 2014	Q4 2015	yoy Δ%		Consensus*	2014	2015	yoy Δ%
External sales	235	203	-14%	226	906	828	-9%	851
Adjusted EBITDA	16	40	150%	22	151	163	8%	145
Adjusted EBITDA Margin (%)	6.8%	19.7%	+12.9 pp	9.2%	16.7%	19.7%	+3.0 pp	16.9%
Adjusted EBIT	-11	10		-3	49	53	8%	40
Adjustments	-4	-5			-14	-16		
EBIT	-15	5			35	37	6%	
Capital expenditures	72	67	-7%		153	177	16%	

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Corporate / Others

in € million	Q4 2015			2015	2015			
	Q4 2014	Q4 2015	yoy Δ%		Consensus*	2014	2015	yoy Δ%
External sales	23	-1	-104%	28	69	41	-41%	70
Adjusted EBITDA	-86	-102	-19%	-80	-277	-338	-22%	-317
Adjusted EBIT	-95	-108	-14%	-92	-324	-364	-12%	-344
Adjustments	-11	-31			-64	90		
EBIT	-106	-139	-31%		-388	-274	29%	
Capital expenditures	6	14	133%		21	26	24%	

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Development Q4

- Strong Q4 results in Services helped by provision release; yoy positively impacted by transfer of several activities from Services to Corporate / Others (e.g. Marketing & Sales Excellence)
- Q4 earnings in Corporate / Other influenced by usual year-end and negative FX effects; yoy negative impact from transfer of several activities from Services to Corporate / Others (e.g. Marketing & Sales Excellence)

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