# Interim report

## 2nd quarter 2013
## January to June 2013

**2nd quarter weaker than expected—Outlook revised**

- Market conditions far more difficult than expected
- Volume trend remained good but selling prices declined perceptibly
- Operating results well below very good prior-year period
- Action to raise efficiency and cut costs stepped up
- Successful divestment of the real estate business
- Outlook for 2013 revised

Evonik. Power to create.

EVONIK INDUSTRIES

## Key data for the Evonik Group

| | 2nd quarter | | 1st half | |
|---|---|---|---|---|
| in € million | **2013** | 2012 | **2013** | 2012 |
| Sales | 3,263 | 3,428 | 6,526 | 6,835 |
| Adjusted EBITDA[1] | 489 | 632 | 1,079 | 1,289 |
| Adjusted EBITDA margin in % | 15.0 | 18.4 | 16.5 | 18.9 |
| Adjusted EBIT[2] | 342 | 486 | 787 | 995 |
| EBIT | 278 | 461 | 694 | 902 |
| Income before financial result and income taxes, continuing operations | 261 | 450 | 657 | 878 |
| Net income | 191 | 264 | 481 | 533 |
| Earnings per share in € | 0.41 | 0.57 | 1.03 | 1.14 |
| Adjusted earnings per share in € | 0.39 | 0.53 | 1.02 | 1.21 |
| Cash flow from operating activities | 9 | 6 | 222 | 389 |
| Capital expenditures | 250 | 217 | 431 | 378 |
| Net financial debt as of June 30 | | | –1,230 | –1,302 |
| Employees as of June 30 | | | 33,531 | 33,249 |

Prior-year figures restated.
[1] Earnings before interest, taxes, depreciation and amortization, after adjustments.
[2] Earnings before interest and taxes, after adjustments.

Due to rounding, some figures in this report may not add up exactly to the totals stated.

# Contents

# Evonik in focus Q2 2013

## Evonik shares successfully listed on the stock exchange

Trading in shares in Evonik Industries AG commenced on the stock exchanges in Frankfurt am Main (Prime Standard) and Luxembourg on April 25, 2013. Information on Evonik's shareholder structure, share price performance, and investor relations activities can be found in the "Evonik stock" section.

## Ute Wolf to succeed Dr. Wolfgang Colberg

Ute Wolf has been appointed Chief Financial Officer of Evonik Industries AG effective October 1, 2013. Ms. Wolf has a degree in mathematics and has headed Evonik's Finance Division since 2006. She succeeds Dr. Wolfgang Colberg, who played a key role in the successful repositioning of Evonik as a pure play specialty chemicals company and in the stock exchange listing. Dr. Wolfgang Colberg, who has been Evonik's CFO since April 1, 2009, is leaving the company in best mutual agreement.

## Successful divestment of the real estate business

Having pooled management of the real estate activities of Vivawest GmbH and THS GmbH effective January 1, 2012, agreements on a combined new ownership structure for these companies were signed in July 2013. Closure of this transaction is a further milestone in Evonik's focus on specialty chemicals. RAG-Stiftung now holds 30.0 percent of Vivawest, 26.8 percent is held by the German Mining, Chemical and Energy Industrial Union (IG BCE), 25.0 percent is held by Evonik Pensionstreuhand e.V. (contractual trust arrangement, CTA), and 7.3 percent is held by RAG AG. Evonik plans to divest its remaining 10.9 percent stake to trusted long-term investors in the intermediate term.

## New silica plant in Brazil

Evonik has started basic engineering for a production plant for precipitated silica in Americana (Brazil). Subject to the approval of the relevant bodies, the plant should be completed in 2015. Investment in this facility, which will be operated by the Inorganic Materials Business Unit, will be in the mid-double-digit million euro range and it will be Evonik's first silica production plant in South America. Silica marketed under the ULTRASIL® brand name is used for energy-saving tires with low rolling resistance while the SIPERNAT® brand is used in the feed and food industries and the paints and coatings industry. Demand for precipitated silica is rising strongly in South America, and in Brazil in particular. Two reasons for this are the significant growth of the local automotive industry and rising demand in the life science and agriculture industries, for example as a dosing aid for animal feed.

## New generation of PVC plasticizers to expand product portfolio

The Advanced Intermediates Business Unit has started up a new production facility for the phthalate-free plasticizer ELATUR® CH in Marl (Germany) as part of the strategic expansion of its portfolio. Investment in this new plant, which has annual production capacity of 40,000 metric tons, was in the double-digit million euro range. To develop the plasticizers further, Evonik operates its own research and development laboratory. There are also plans to market bio-based plasticizers.

# Evonik stock

## Evonik shares listed on the stock exchange

Shares in Evonik Industries AG have been traded on the stock exchanges in Frankfurt am Main (Prime Standard) and Luxembourg since April 25, 2013.

In 2013, prior to the stock exchange listing, the previous sole owners, RAG-Stiftung and funds advised by CVC Capital Partners, sold equal numbers of shares in the company to institutional investors in several steps.

As a result, on June 30, 2013 the free float was 14.2 percent of the company's capital stock, RAG-Stiftung held 67.9 percent of the shares and funds advised by CVC held 17.9 percent.

**Key data**

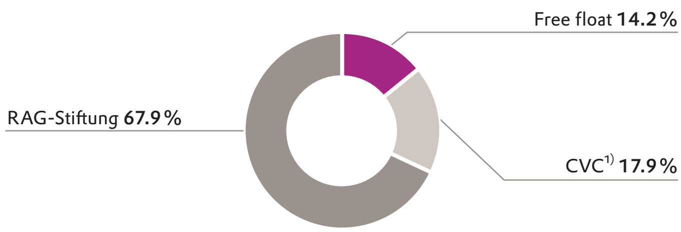
| | April 25 – June 30, 2013 |
|---|---|
| Highest share price* (intraday) | €33.20 |
| Lowest share price* (intraday) | €25.61 |
| Average price* | €29.99 |
| Closing price* on June 28, 2013 | €27.20 |
| No. of shares | 466,000,000 |
| Market capitalization* June 28, 2013 in billion | €12.68 |
| Average daily trading volume* (no. of shares) | 258,697 |

* Xetra trading

## Analyst coverage initiated

By the end of June 2013 nine chemicals analysts had published equity research reports on Evonik. Three of them rated our shares as a buy, five as a hold, and one issued a sell rating. The price targets were between €28 and €40, giving a median of €31.50.

**Shareholder structure**




[1] The shares in Evonik are held by Gabriel Acquisitions GmbH, an indirect subsidiary of funds advised by CVC Capital Partners.

## Events and roadshows

The Executive Board and Investor Relations team maintained an intensive dialog with members of the financial community through roadshows and investors' conferences in Germany and other European countries. Our first conference call, held on May 8, 2013 when the quarterly financial report was published, attracted considerable interest from analysts and investors. We also organized field trips to our sites in Marl and Essen (Germany). Extensive investor relations activities are planned for the second half of this year, including our first Capital Markets Day on September 3, 2013. For further information on our investors relations activities, visit our website at www.evonik.com/investor-relations.

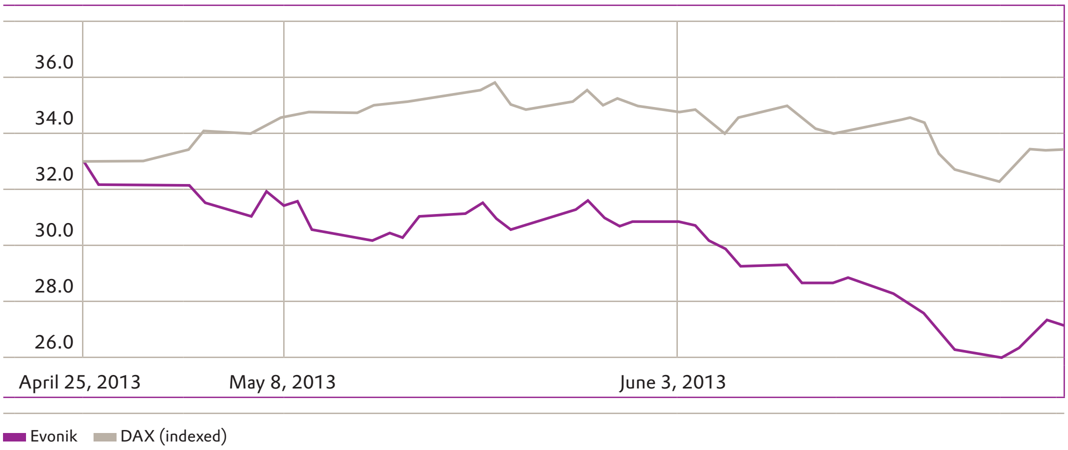
**Basic data on Evonik stock**

| | |
|---|---|
| WKN | EVNK01 |
| ISIN | DE000EVNK013 |
| Ticker symbol | EVK |
| Reuters (Xetra trading) | EVKn.DE |
| Bloomberg (Xetra trading) | EVK GY |
| First trading day | April 25, 2013 |
| Trading segments | Regulated market (Prime Standard) Frankfurt am Main<br>Regulated market Luxembourg |

## Good credit ratings facilitate financing

Evonik has sound investment grade ratings: BBB+ (outlook: stable) from Standard & Poor's and Baa2 (outlook: positive) from Moody's. Among other things, these rating agencies highlight the sound diversification of our end-markets compared with our competitors, and our conservative financial management. In April 2013 we issued a €500 million bond with a tenor of seven years. Here we benefited from our good credit profile and the favorable market conditions for corporate bonds. The bond has a coupon of 1.875 percent and the yield at issue was 2.001 percent.

**Performance of Evonik shares April 25 – June 30, 2013**

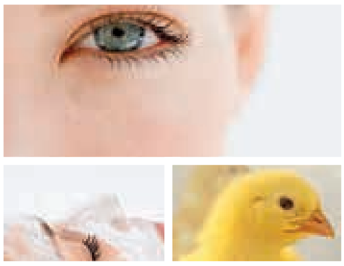


# Profile of Evonik

Evonik is one of the world's leading specialty chemicals companies. Around 80 percent of sales come from leading market positions, which we plan to expand further. We concentrate on high-growth megatrends, especially health, nutrition, resource efficiency and globalization. As part of our ambitious growth strategy, we are investing considerable amounts to step up our presence in emerging markets, especially in Asia. Important competitive advantages come from our integrated technology platforms, which we are constantly refining. Our operations are grouped in three segments, each of which has two business units which act as entrepreneurs within the enterprise.

## Consumer, Health & Nutrition

This segment's products are used principally in applications in the consumer goods, animal nutrition and healthcare sectors. It comprises the Consumer Specialties and Health & Nutrition Business Units.



## Resource Efficiency

This segment provides environment-friendly and energy-efficient system solutions. It is comprised of the Inorganic Materials and Coatings & Additives Business Units.

## Specialty Materials

The heart of the Specialty Materials segment is the production of polymer materials and intermediates mainly for the rubber and plastics industries. It consists of the Performance Polymers and Advanced Intermediates Business Units.

## Services

This segment principally comprises Site Services and Evonik Business Services. It mainly provides services for Evonik's specialty chemicals segments and Corporate Center, but also serves third parties.

## Real Estate

Alongside Evonik's portfolio of residential real estate, which was bundled at Vivawest, the Real Estate segment comprised a 50 percent stake in THS. Following the amalgamation of Vivawest and THS, in July 2013 Evonik realized its plans to relinquish its majority interest in the real estate activities. We plan to divest the remaining 10.9 percent stake to trusted long-term investors in the intermediate term.

# Half-year financial report 2013

## Contents

# Interim management report for the Evonik Group as of June 30, 2013

## 1. Business conditions and performance

### 1.1 Economic background

Global economic conditions remained difficult in the second quarter of 2013. In some cases, growth in gross domestic product slowed more than had been anticipated. Negative factors such as the sovereign debt crisis in Europe and consolidation of the US budget dominated the economic trend, leading to considerable uncertainty. Although sentiment on the capital markets improved, overall production momentum remained weak in the first six months and fell short of the previous year's growth rates.

Economic growth remained subdued in the industrialized countries, and a large number of European countries are still in recession. However, the situation in the EU member states varied. Although the German economy grew faster in the second quarter of 2013 than at the start of the year, momentum remained below expectations, indicating that it is no longer able to escape the trend in the other European states. In the USA, economic growth was far weaker in the second quarter than in the first quarter, partly due to budget cuts and tax rises.

In the emerging economies, especially China, the high pace of growth at the start of the year could not be maintained. Moreover, growth rates in other large economies such as Brazil and India were lower than in the prior-year period and expectations for the first half of 2013.

The recession in many European countries was reflected in their industrial output. Although there were further signs of a slight economic recovery in key end-customer industries, so far the driving forces have been relatively weak. The slight upturn did not reach the entire supply chain and had no impact on output in the chemical industry.

In view of the differences in the regional situation, demand from end-customer industries varied enormously. Following a very strong start to the year, the automotive industry and tire production in China were unable to maintain their growth momentum, but production in the USA posted high growth. In Europe, there are first signs of a slight upturn in end-customer industries, following a considerable drop in volume sales of cars and tires in the first quarter. Nevertheless, output declined considerably year-on-year in the first half of 2013.

In the paints and coatings and construction industries, demand was positive, especially in the USA, and was well up on the previous year. In Europe, by contrast, it was down considerably year-on-year and the normal spring upturn also failed to materialize. This was partly due to unusually poor weather conditions up to the end of the second quarter of 2013.

By contrast, demand in the personal & home care industry developed very positively, as expected, and output was well above the year-back level in almost all regions.

Nevertheless, one-time effects had an at times considerable downward impact on global growth in end-customer industries. A drought in some parts of the USA had a considerable negative impact on the supply chain in the agricultural sector. In China, uncertainty about food hygiene, especially avian flu, weakened demand for products in these supply chains.

The price of Brent crude continued to trend sideways in the second quarter of 2013. The price for this type of crude oil was US$103 per barrel, slightly below the annual average for 2012. The euro remained very volatile owing to the European sovereign debt crisis and the US budget consolidation dispute. At an average exchange rate of €1.31 to the US dollar, the average for both the second quarter and the first six months was almost unchanged from the previous year.

## 1.2 Business performance

### Main events

Trading in shares in Evonik Industries AG commenced on the stock exchanges in Frankfurt am Main (Prime Standard) and Luxembourg on April 25, 2013. Prior to the stock exchange listing, the previous sole shareholders, RAG-Stiftung and funds advised by CVC Capital Partners, sold equal numbers of shares in Evonik to institutional investors in several steps.

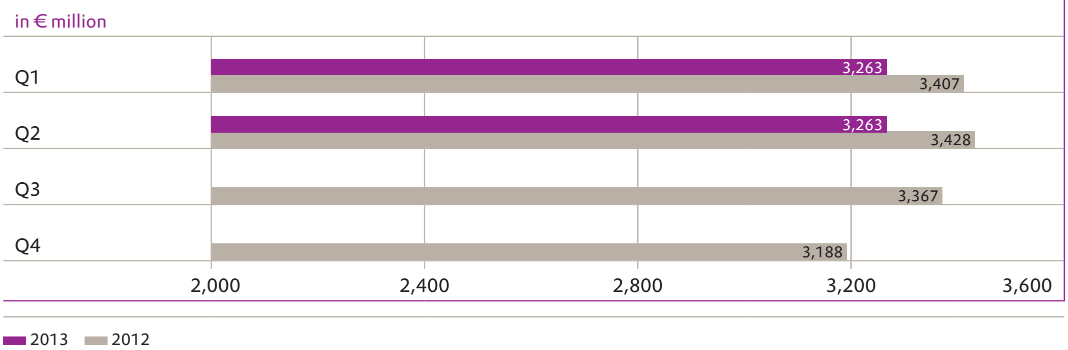
On June 21, 2013, the Supervisory Board of Evonik Industries AG agreed to end the term of office of Dr. Wolfgang Colberg (53) as a member of the Executive Board and Chief Financial Officer (CFO) by mutual agreement effective September 30, 2013. At the same time, the Supervisory Board appointed Ms. Ute Wolf (45) to the Executive Board of Evonik Industries AG as CFO effective October 1, 2013. She has a degree in mathematics and has headed Evonik's Finance Division since 2006.

In accordance with its focus on specialty chemicals, Evonik has made considerable progress with the sale of the activities bundled in its Real Estate segment. Following a resolution on a step plan to divest the majority of this business, the Real Estate segment was reclassified to discontinued operations in March 2013. Having combined the management of the residential real estate of Vivawest GmbH and THS GmbH effective January 1, 2012, the next step was to combine Vivawest and THS with a stable new ownership structure. The agreements on this were signed on July 4 and 5, 2013[1]. RAG-Stiftung holds 30.0 percent of Vivawest, Vermögensverwaltungs- und Treuhandgesellschaft der Industriegewerkschaft Bergbau und Energie mbH (VTG) holds 26.8 percent, Evonik Pensionstreuhand e.V., (contractual trust arrangement, CTA) holds 25.0 percent, and RAG Aktiengesellschaft holds 7.3 percent. We plan to divest the remaining 10.9 percent stake in Vivawest held by Evonik to trusted long-term investors in the intermediate term.

### Business performance in Q2 2013

Given the challenging global economic situation, our business performance in the second quarter of 2013 was weaker than had been anticipated. Owing to the tough market conditions, there was a substantial drop in the selling prices of some key products. Another downside factor was the scheduled major maintenance shutdown of integrated production facilities in the Specialty Materials segment. By contrast, the good overall volume sales trend for our products was pleasing. In all, sales and the operating results were below the previous year's very good figures.

**Sales by quarters**




Prior-year figures restated.

[1] See "Events after the reporting date".

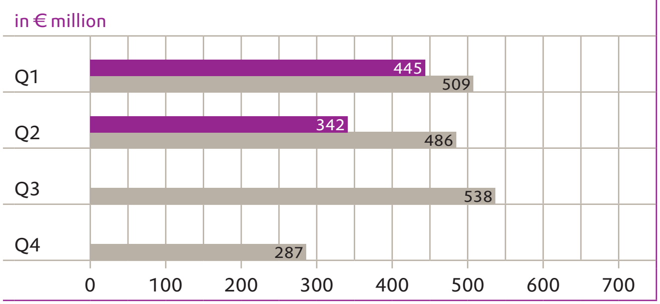
In the second quarter of 2013, the Evonik Group's sales declined 5 percent to €3,263 million. The organic sales decrease of 3 percent was due to lower selling prices, while volumes increased. The other effects totaling minus 1 percentage point mainly related to the colorants business that was divested in April 2012 and the cyanuric chloride business in China, which was sold in December 2012.

## Year-on-year change in sales

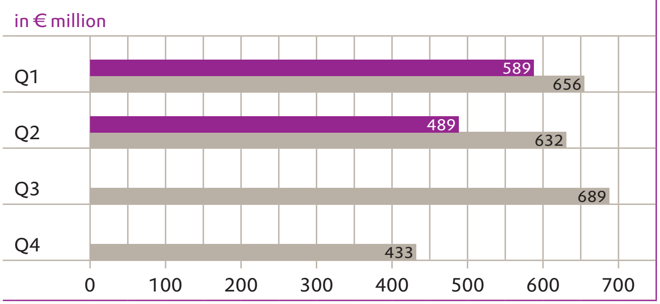
| in % | Q1 2013 | Q2 2013 | H1 2013 |
|---|---|---|---|
| Volume | 0 | 2 | 1 |
| Price | –2 | –5 | –4 |
| **Organic sales growth** | **–2** | **–3** | **–3** |
| Exchange rates | 0 | –1 | 0 |
| Other effects | –2 | –1 | –2 |
| **Total** | **–4** | **–5** | **–5** |

## Operating results by quarters

Adjusted EBIT




Adjusted EBITDA




2013 2012
Prior-year figures restated.

The operating results were below the previous year's high levels, mainly as a result of lower selling prices for some key products and the maintenance shutdown of production plants in the Specialty Materials segment. Overall, adjusted EBITDA fell by 23 percent to €489 million, while adjusted EBIT dropped 30 percent to €342 million. The adjusted EBITDA margin slipped from 18.4 percent to 15.0 percent.

## Statement of income

| | 2nd quarter | | | 1st half | | |
|---|---|---|---|---|---|---|
| in € million | 2013 | 2012 | Change in % | 2013 | 2012 | Change in % |
| **Sales** | **3,263** | **3,428** | **–5** | **6,526** | **6,835** | **–5** |
| **Adjusted EBITDA** | **489** | **632** | **–23** | **1,079** | **1,289** | **–16** |
| Depreciation and amortization | –147 | –146 | | –292 | –294 | |
| **Adjusted EBIT** | **342** | **486** | **–30** | **787** | **995** | **–21** |
| Adjustments | –64 | –25 | | –93 | –93 | |
| thereof attributable to | | | | | | |
| *Restructuring* | *8* | *–2* | | *3* | *–7* | |
| *Impairment losses/reversals of impairment losses* | *–35* | *–2* | | *–35* | *–72* | |
| *Acquisition/divestment of shareholdings* | *–10* | *7* | | *–10* | *4* | |
| *Other* | *–27* | *–28* | | *–51* | *–18* | |
| Net interest expense | –68 | –77 | | –135 | –157 | |
| **Income before income taxes, continuing operations** | **210** | **384** | **–45** | **559** | **745** | **–25** |
| Income taxes | –78 | –166 | | –162 | –281 | |
| **Income after income taxes, continuing operations** | **132** | **218** | **–39** | **397** | **464** | **–14** |
| Income after income taxes, discontinued operations | 54 | 40 | | 75 | 60 | |
| **Income after taxes** | **186** | **258** | **–28** | **472** | **524** | **–10** |
| Attributable to non-controlling interests | 5 | 6 | | 9 | 9 | |
| **Net income** | **191** | **264** | **–28** | **481** | **533** | **–10** |
| **Earnings per share in €** | **0.41** | **0.57** | **–28** | **1.03** | **1.14** | **–10** |

Prior-year figures restated.

The adjustments of minus €64 million mainly comprised income, expenses and impairment losses in connection with the shutdown of production plants in the Resource Efficiency and Specialty Materials segments, and expenses relating to the divestment of former non-core operations. Other adjustments comprised expenses of €16 million in connection with the recognition of the put and call options for the remaining shares in STEAG GmbH, and insurance refunds for the incident at the CDT plant in Marl (Germany) at the end of March 2012. The prior-year figure mainly comprised expenses of €18 million in connection with the recognition of the STEAG options.

Net interest expense improved to €68 million, driven by lower interest for non-current provisions and higher income as a result of transfers made to the CTA in 2012. Income before income taxes, continuing operations fell 45 percent to €210 million due to the decline in operating income and higher adjustment expense. The income tax rate was 37 percent, partly because of current losses that are not tax-deductible and tax expense relating to previous periods.

Income after income taxes, discontinued operations amounted to €54 million and almost entirely comprised operating income from the Real Estate segment. Total income after taxes declined by 28 percent to €186 million. Net income decreased 28 percent to €191 million.

Adjusted net income reflects the operating performance so it does not contain the impact of adjustments or the discontinued operations. Adjusted net income dropped 27 percent to €183 million in the second quarter of 2013. As a result, adjusted earnings per share decreased from €0.53 to €0.39.

## Reconciliation to adjusted net income

| | 2nd quarter | | | 1st half | | |
|---|---|---|---|---|---|---|
| in € million | 2013 | 2012 | Change in % | 2013 | 2012 | Change in % |
| **Income before financial result and income taxes [1]** | **261** | **450** | **–42** | **657** | **878** | **–25** |
| Result from investments recognized at equity | 13 | 11 | | 26 | 23 | |
| Other financial income | 4 | – | | 11 | 1 | |
| **EBIT** | **278** | **461** | **–40** | **694** | **902** | **–23** |
| Adjustments | 64 | 25 | | 93 | 93 | |
| **Adjusted EBIT** | **342** | **486** | **–30** | **787** | **995** | **–21** |
| Net interest expense | –68 | –77 | | –135 | –157 | |
| **Adjusted income before income taxes [1]** | **274** | **409** | **–33** | **652** | **838** | **–22** |
| Adjusted income taxes | –96 | –166 | | –185 | –282 | |
| **Adjusted income after taxes [1]** | **178** | **243** | **–27** | **467** | **556** | **–16** |
| Adjusted income attributable to non-controlling interests | 5 | 6 | | 9 | 9 | |
| **Adjusted net income [1]** | **183** | **249** | **–27** | **476** | **565** | **–16** |
| **Adjusted earnings per share [1] in €** | **0.39** | **0.53** | **–27** | **1.02** | **1.21** | **–16** |

Prior-year figures restated.
[1] Continuing operations.

### Business performance in H1 2013

In the first six months of 2013, the Evonik Group's sales decreased 5 percent to €6,526 million. The organic sales decline of 3 percent was due to lower selling prices (minus 4 percentage points), while volumes increased by 1 percentage point. The other effects totaling minus 2 percentage points mainly related to the colorants business that was divested in April 2012 and the cyanuric chloride business in China, which was sold in December 2012.

The operating results declined, principally as a result of lower selling prices for key products. Overall, adjusted EBITDA declined by 16 percent to €1,079 million, while adjusted EBIT fell 21 percent to €787 million. The adjusted EBITDA margin slipped from 18.9 percent to 16.5 percent.

Good progress is being made with the efficiency enhancement program On Track 2.0. In the first half of 2013 we achieved further savings of a good €50 million. Together with the cost reductions made in 2012, just 18 months after the launch of this program we have already leveraged nearly €200 million of the planned annual savings of €500 million.

The adjustments of minus €93 million mainly comprised income, expenses and impairment losses in connection with the shutdown of production plants in the Resource Efficiency and Specialty Materials segments, and expenses relating to the divestment of former non-core operations. Other adjustments comprised expenses of €27 million in connection with the recognition of the put and call options for the remaining shares in STEAG GmbH, and insurance refunds for the incident at the CDT plant in Marl (Germany). The prior-year figure mainly comprised impairment losses on production plants in the Resource Efficiency segment due to tougher competition in the photovoltaics industry, and expenses of €7 million in connection with recognition of the STEAG options.

Net interest expense improved to €135 million. Income before income taxes, continuing operations contracted by 25 percent to €559 million as a result of the weaker operating performance. The income tax rate of 29 percent was roughly in line with the expected Group tax rate of 30 percent.

Income after income taxes, discontinued operations amounted to €75 million and mainly comprised operating income from the Real Estate segment. Net income was €481 million, which was 10 percent lower than in the prior-year period.

Adjusted net income decreased by 16 percent to €476 million, while adjusted earnings per share declined from €1.21 to €1.02.

# 1.3 Segment performance

## Consumer, Health & Nutrition segment

- Higher volumes, lower selling prices
- Operating results below the very good prior-year figures
- Adjusted EBITDA margin remained very good at 23.7 percent in the first six months

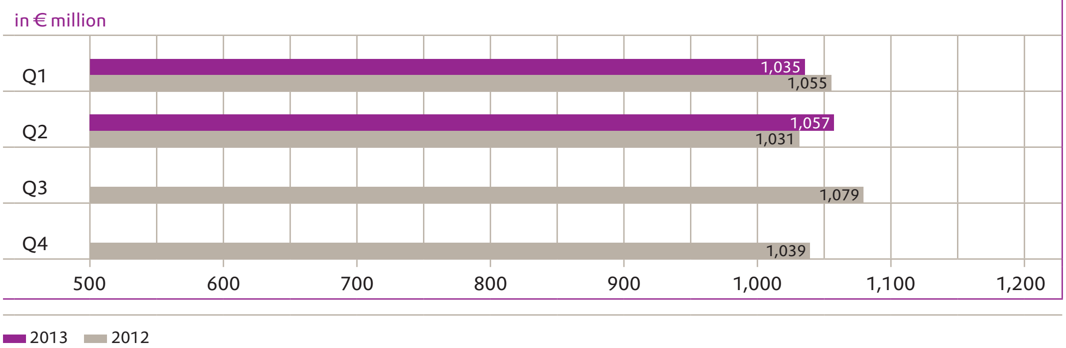
### Key data on the Consumer, Health & Nutrition segment

| | 2nd quarter | | | 1st half | | |
|---|---|---|---|---|---|---|
| in € million | **2013** | 2012 | Change in % | **2013** | 2012 | Change in % |
| External sales | 1,057 | 1,031 | 3 | 2,093 | 2,086 | 0 |
| Consumer Specialties Business Unit | 560 | 529 | 6 | 1,113 | 1,043 | 7 |
| Health & Nutrition Business Unit | 497 | 502 | –1 | 980 | 1,043 | –6 |
| Adjusted EBITDA | 222 | 259 | –14 | 496 | 546 | –9 |
| Adjusted EBITDA margin in % | 21.0 | 25.1 | – | 23.7 | 26.2 | – |
| Adjusted EBIT | 188 | 230 | –18 | 428 | 484 | –12 |
| Capital expenditures | 84 | 69 | 22 | 144 | 114 | 26 |
| Employees as of June 30 | | | | 6,967 | 6,698 | 4 |

Prior-year figures restated.

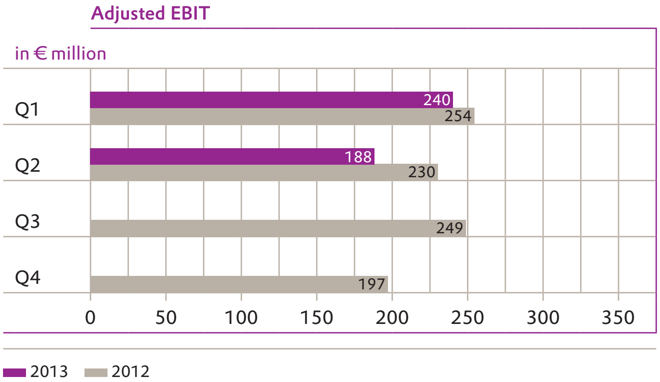
The Consumer, Health & Nutrition segment grew sales 3 percent to €1,057 million in the second quarter of 2013. This was principally attributable to organic sales growth resulting from far higher volumes, whereas selling prices declined overall. The operating results were below the previous year's very good levels, mainly due to lower prices. Adjusted EBITDA fell 14 percent to €222 million, while adjusted EBIT dropped 18 percent to €188 million. The adjusted EBITDA margin declined from 25.1 percent to 21.0 percent.

### Sales for the Consumer, Health & Nutrition segment

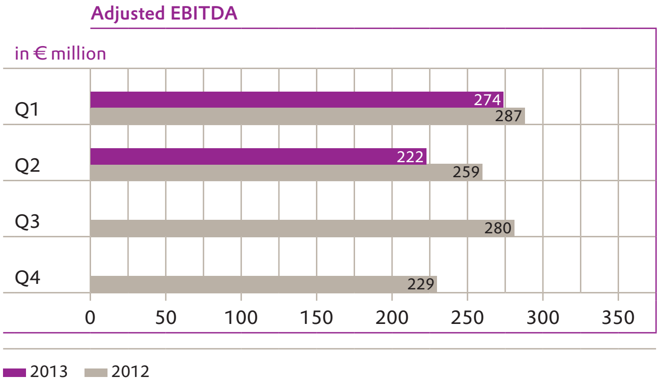


In the first six months of 2013, sales in the Consumer, Health & Nutrition segment were €2,093 million, which was in line with the first half of 2012. The overall decline in selling prices was offset by volume growth. The operating results fell short of the previous year's high levels, mainly for price reasons. Adjusted EBITDA decreased 9 percent to €496 million, while adjusted EBIT declined 12 percent to €428 million. The adjusted EBITDA margin remained very good at 23.7 percent.

## Operating results for the Consumer, Health & Nutrition segment




Prior-year figures restated.




Prior-year figures restated.

### Consumer Specialties

The Consumer Specialties Business Unit grew sales 6 percent to €560 million in the second quarter of 2013. Particularly pleasing were the business trends for superabsorbents, which benefited from high demand, and personal care products, where demand was also good. The operating results were slightly higher than in the second quarter of 2012.

### Health & Nutrition

In the Health & Nutrition Business Unit, sales were €497 million in the second quarter, 1 percent lower than in the prior-year period. Business with amino acids for animal nutrition was impacted by the effects of avian flu in China (Asia), but a slight recovery was registered at the end of the quarter. Overall, volume sales were higher than in the prior-year period, with increased production capacity for Biolys® in Blair (Nebraska, USA) contributing to this. Selling prices were below the previous year's very good level. The Health & Nutrition Business Unit's operating results were below the excellent year-back results due to lower prices and higher raw material costs.

## Resource Efficiency segment

- Stable operating performance
- Operating results benefiting from lower fixed costs
- In the first six months the adjusted EBITDA margin improved from 20.8 percent to 22.0 percent

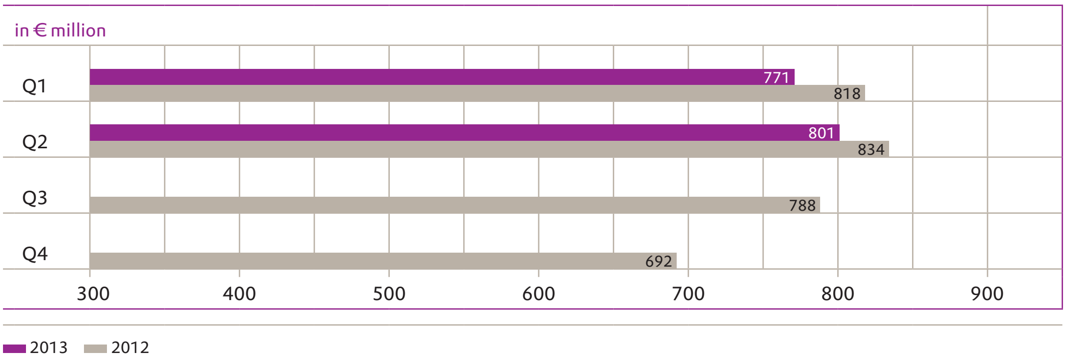
### Key data on the Resource Efficiency segment

| in € million | 2nd quarter 2013 | 2nd quarter 2012 | 2nd quarter Change in % | 1st half 2013 | 1st half 2012 | 1st half Change in % |
|---|---|---|---|---|---|---|
| External sales | 801 | 834 | –4 | 1,572 | 1,651 | –5 |
| Inorganic Materials Business Unit | 370 | 386 | –4 | 731 | 749 | –2 |
| Coatings & Additives Business Unit | 431 | 448 | –4 | 841 | 902 | –7 |
| Adjusted EBITDA | 174 | 176 | –1 | 346 | 344 | 1 |
| Adjusted EBITDA margin in % | 21.7 | 21.1 | – | 22.0 | 20.8 | – |
| Adjusted EBIT | 145 | 139 | 4 | 289 | 270 | 7 |
| Capital expenditures | 50 | 36 | 39 | 87 | 64 | 36 |
| Employees as of June 30 | | | | 5,841 | 5,744 | 2 |

Prior-year figures restated.

In the second quarter of 2013, the Resource Efficiency segment's sales dropped 4 percent to €801 million, mainly because of negative currency effects and the divestment of the colorants business at the end of April 2012. The organic sales trend was flat as the slight decline in selling prices was offset by higher volumes. The stable operating performance was also reflected in the operating results: Adjusted EBITDA almost matched the previous year's level at €174 million and adjusted EBIT rose 4 percent to €145 million. The adjusted EBITDA margin was 21.7 percent, up from 21.1 percent in the second quarter of 2012.

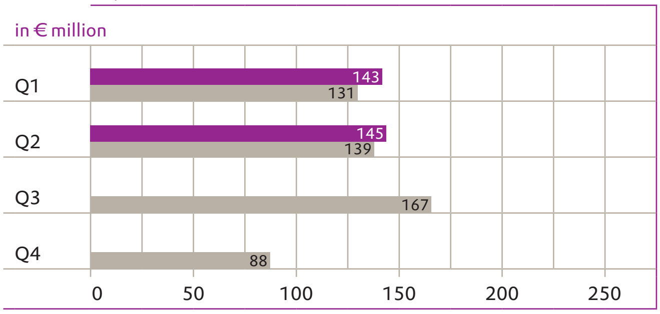
### Sales for the Resource Efficiency segment



In the first six months of 2013 the Resource Efficiency segment reported sales of €1,572 million, which was 5 percent lower than in the prior-year period. This was due to a slight drop in the organic sales trend, negative currency effects and the divestment of the colorants business. The operating results increased, partly due to lower fixed costs following restructuring of the photovoltaic business in the fourth quarter of 2012. This principally involved the shutdown of one production plant and the sale of another. Adjusted EBITDA increased 1 percent to €346 million, while adjusted EBIT grew 7 percent to €289 million. The adjusted EBITDA margin rose from 20.8 percent to 22.0 percent.

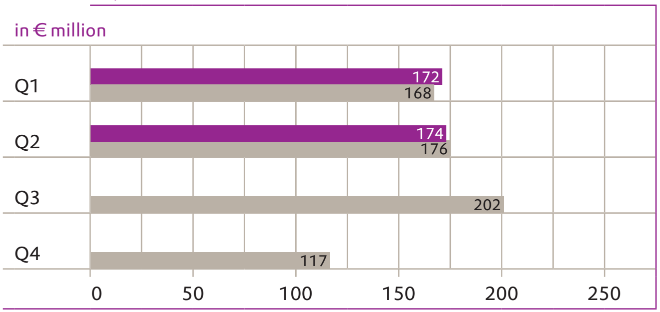
### Operating results for the Resource Efficiency segment

Adjusted EBIT




2013 2012
Prior-year figures restated.

Adjusted EBITDA




2013 2012
Prior-year figures restated.

**Inorganic Materials**

This business unit's sales dropped 4 percent to €370 million in the second quarter. Since the operating business trend was very stable overall, this was mainly due to the lack of sales from the photovoltaic industry. Adjusted EBITDA decreased slightly, but because of lower depreciation adjusted EBIT was higher than in the prior-year period.

**Coatings & Additives**

In the Coatings & Additives Business Unit sales dropped 4 percent to €431 million in the second quarter. This was due to the fact that the colorants business was included in the prior-year period for one month, and to negative currency effects. While demand, especially from the construction sector, increased slightly for seasonal reasons, it nevertheless remained low due to the economic slowdown. However, higher demand was registered from the automotive industry, especially for oil additives. Demand from the coatings industry was also stable overall. The operating results were slightly higher than in the prior-year period.

## Specialty Materials segment

- Negative impact of sharp drop in selling prices and plant maintenance shutdowns in integrated production facilities
- Operating results below the very good prior-year period
- Adjusted EBITDA margin dropped from 18.3 percent to 13.5 percent in the first six months

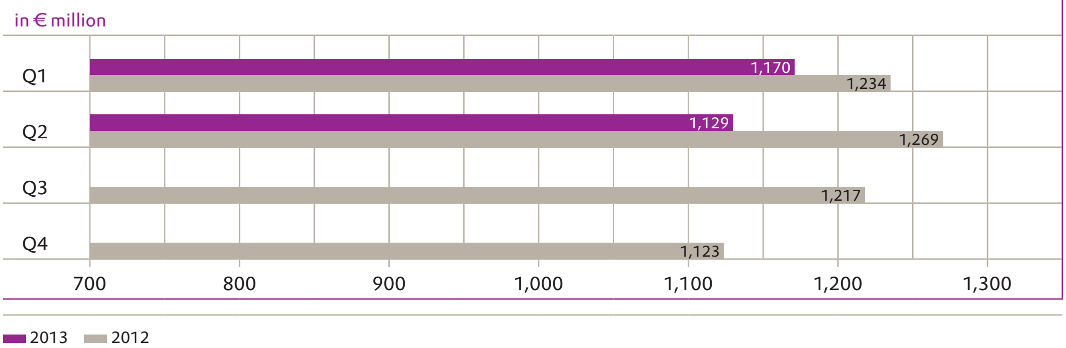
### Key figures on the Specialty Materials segment

| | 2nd quarter | | | 1st half | | |
|---|---|---|---|---|---|---|
| in € million | **2013** | 2012 | Change in % | **2013** | 2012 | Change in % |
| External sales | 1,129 | 1,269 | –11 | 2,299 | 2,503 | –8 |
| Performance Polymers Business Unit | 459 | 472 | –3 | 902 | 947 | –5 |
| Advanced Intermediates Business Unit | 670 | 797 | –16 | 1,397 | 1,556 | –10 |
| Adjusted EBITDA | 128 | 241 | –47 | 310 | 457 | –32 |
| Adjusted EBITDA margin in % | 11.3 | 19.0 | – | 13.5 | 18.3 | – |
| Adjusted EBIT | 90 | 203 | –56 | 234 | 381 | –39 |
| Capital expenditures | 75 | 67 | 12 | 125 | 121 | 3 |
| Employees as of June 30 | | | | 6,241 | 6,686 | –7 |

Prior-year figures restated.

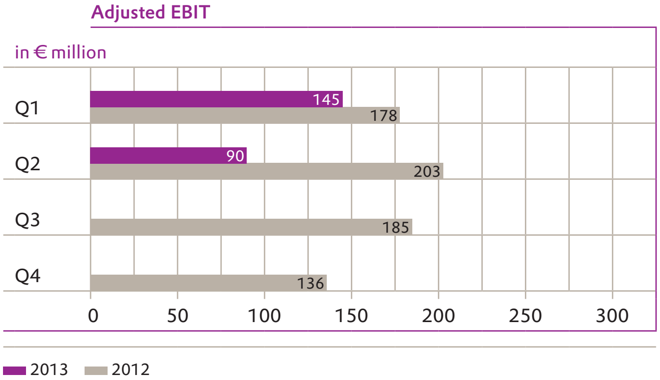
In the Specialty Materials segment sales declined 11 percent to €1,129 million in the second quarter. Alongside withdrawal from the cyanuric chloride business in China in December 2012, this was due to a perceptible organic sales decline, caused by far lower selling prices, especially for butadiene, and a reduction in volumes resulting from scheduled shutdown of integrated production facilities for maintenance. The operating results were therefore below the previous year's very good level. Adjusted EBITDA decreased by 47 percent to €128 million, and adjusted EBIT fell 56 percent to €90 million. The adjusted EBITDA margin thus dropped from 19.0 percent in the second quarter of 2012 to 11.3 percent in the second quarter of 2013.

### Sales for the Specialty Materials segment

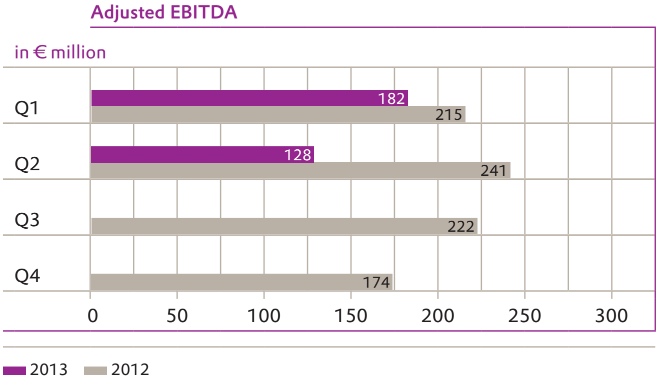


In the first six months of 2013, sales in the Specialty Materials segment were 8 percent lower at €2,299 million, mainly due to an organic sales drop resulting from considerably lower selling prices, especially for butadiene. Another factor was the withdrawal from the cyanuric chloride business in China in December 2012. The operating results fell short of the very good results reported for the prior-year period due to lower selling prices and the maintenance shutdowns at production plants. Adjusted EBITDA decreased by 32 percent to €310 million, while adjusted EBIT fell 39 percent to €234 million. The adjusted EBITDA margin thus dropped from 18.3 percent in the prior-year period to 13.5 percent.

## Operating results for the Specialty Materials segment




Prior-year figures restated.




Prior-year figures restated.

### Performance Polymers

This business unit's sales slipped 3 percent to €459 million in the second quarter. The deterioration in economic conditions had a substantial impact on demand from southern Europe and Asia, which in turn affected selling prices. This was countered by slightly higher volumes following start-up of the rebuilt CDT plant but the operating results were nevertheless lower.

### Advanced Intermediates

The Advanced Intermediates Business Unit posted sales of €670 million in the second quarter, 16 percent lower than in the prior-year period. This was due to lower selling prices for C4 chemicals, especially butadiene, and lower volumes as a result of a scheduled shutdown of C4 production facilities in Marl (Germany) for extensive maintenance work, which is carried out every five years. There was higher demand for hydrogen peroxide for applications using the HPPO process developed by Evonik and ThyssenKrupp Uhde. The operating results fell short of the very good results for the prior-year period due to the lower selling prices and the maintenance shutdowns.

## Services segment

### Key figures on the Services segment

| | 2nd quarter | | | 1st half | | |
|---|---|---|---|---|---|---|
| in € million | **2013** | 2012 | Change in % | **2013** | 2012 | Change in % |
| External sales | 215 | 245 | −12 | 451 | 501 | −10 |
| Adjusted EBITDA | 52 | 49 | 6 | 107 | 102 | 5 |
| Adjusted EBITDA margin in % | 24.2 | 20.0 | – | 23.7 | 20.4 | – |
| Adjusted EBIT | 29 | 27 | 7 | 61 | 59 | 3 |
| Capital expenditures | 26 | 15 | 73 | 47 | 30 | 57 |
| Employees as of June 30 | | | | 11,605 | 11,516 | 1 |

Prior-year figures restated.

The Services segment's sales totaled €635 million in the second quarter. Internal sales accounted for €420 million of the total. External sales slipped 12 percent to €215 million as a customer shut down a production facility at the site in Marl (Germany). Adjusted EBITDA increased 6 percent to €52 million, while adjusted EBIT rose 7 percent to €29 million.

In the first six months, external sales declined by 10 percent to €451 million due to the demand situation. The increase in the operating results was mainly driven by improved cost structures at Site Services and adjusted EBITDA increased to €107 million, while adjusted EBIT grew to €61 million.

## Real Estate segment

In March 2013 a step plan for divestment of the majority of the real estate activities was adopted and this segment was reclassified to discontinued operations.

### Key data on the Real Estate segment

| | 2nd quarter | | | 1st half | | |
|---|---|---|---|---|---|---|
| in € million | **2013** | 2012 | Change in % | **2013** | 2012 | Change in % |
| External sales | 57 | 51 | 12 | 111 | 100 | 11 |
| Adjusted EBITDA | 51 | 47 | 9 | 93 | 88 | 6 |
| Adjusted EBITDA margin in % | 89.5 | 92.2 | – | 83.8 | 88.0 | – |
| Adjusted EBIT | 38 | 35 | 9 | 68 | 65 | 5 |
| Capital expenditures | 11 | 9 | 22 | 17 | 13 | 31 |
| Employees as of June 30 | | | | 666 | 601 | 11 |

Prior-year figures restated.

Sales in the Real Estate segment advanced 12 percent to €57 million in the second quarter, thanks mainly to higher revenues from property development activities and real estate services. The operating results benefited from book gains resulting from the sale of real estate and an improvement in the at-equity result from THS. Adjusted EBITDA increased by 9 percent to €51 million, while adjusted EBIT rose 9 percent to €38 million.

In the first six months of 2013, the Real Estate segment grew sales 11 percent to €111 million, mainly due to higher property sales. The operating results improved as a result of increased property sales and the higher at-equity result from THS. Overall, adjusted EBITDA grew by 6 percent to €93 million, while adjusted EBIT increased 5 percent to €68 million.

# 2. Earnings, financial and asset position

## 2.1 Earnings position

Sales dropped 5 percent to €6,526 million in the first six months of 2013. Due to higher energy costs the cost of sales only declined by 3 percent to €4,659 million. The gross profit on sales decreased by 8 percent to €1,867 million. Selling and administrative expenses rose by 4 percent to €974 million, and research and development expenses increased by 6 percent, to €195 million.

Other operating income totaling €491 million includes income from the measurement of derivatives and from currency translation of monetary assets and liabilities. The year-on-year decline of €101 million in other operating income was mainly attributable to lower income from these two items. The other operating expenses amounted to €532 million and mainly related to the measurement of derivatives and currency translation of monetary assets and liabilities, which have to be stated separately from income in the gross view. The decline of €91 million was principally attributable to lower expenses for these items as well. Income before financial result and income taxes, continuing operations dropped 25 percent to €657 million.

The financial result improved by €35 million to minus €98 million, principally due to lower interest expense and higher income from securities transactions. Income before income taxes, continuing operations was 25 percent lower at €559 million. Income taxes decreased to €162 million mainly due to tax income relating to prior periods. Income after taxes, continuing operations dropped by 14 percent overall to €397 million.

Income after taxes, discontinued operations was €75 million and mainly related to the Real Estate segment. Income after taxes declined by 10 percent to €472 million. Non-controlling interests in after-tax income amounted to minus €9 million, as in the previous year. Overall, the net income of the Evonik Group decreased by 10 percent to €481 million.

## 2.2 Financial and asset position

As of June 30, 2013, financial debt was €2,764 million, a slight decline of €70 million compared with year-end 2012. While financial debt declined significantly as of end-March 2013 due to the reclassification of the Real Estate segment to discontinued operations, it increased in the second quarter as a result of the €500 million bond issue in April. The issue price was 99.185 percent and the bond has a coupon of 1.875 percent. Since it has a tenor of seven years, it has considerably improved our maturity profile. Standard & Poor's has given the bond a BBB+ rating with a stable outlook, while Moody's rating is Baa2 with a positive outlook. Together with available liquidity, the proceeds from the issue will be used, among other things, to redeem the €1.1 billion Evonik Degussa bond, which matures in December 2013.

The net financial debt shown on the balance sheet at end-June was €1,230 million, an increase of €67 million compared with year-end 2012. Including the discontinued operations, total net financial debt increased by €719 million to €1,822 million in the first six months of 2013. This was principally due to the dividend of €429 million for 2012, which was paid on March 12, 2013, and to high capital expenditures.

## Net financial debt

| in € million | June 30, 2013 | Dec. 31, 2012 |
|---|---|---|
| Non-current financial liabilities | –1,387 | –1,397 |
| Current financial liabilities | –1,377 | –1,437 |
| **Financial debt [1]** | **–2,764** | **–2,834** |
| Cash and cash equivalents | 873 | 741 |
| Current securities | 659 | 928 |
| Other financial assets | 2 | 2 |
| **Financial assets [1]** | **1,534** | **1,671** |
| **Net financial debt as stated on the balance sheet** | **–1,230** | **–1,163** |
| Net financial debt, discontinued operations | –652 | – |
| **Net financial debt (total)** | **–1,882** | **–** |

[1] Excluding derivatives.

## Cash flow statement (excerpt)

| | 1st half | |
|---|---|---|
| in € million | **2013** | 2012 |
| Cash flow from operating activities, continuing operations | 172 | 338 |
| Cash flow from operating activities, discontinued operations | 50 | 51 |
| **Cash flow from operating activities** | **222** | **389** |
| Cash flow from investing activities, continuing operations | –187 | –647 |
| Cash flow from investing activities, discontinued operations | –4 | –64 |
| **Cash flow from investing activities** | **–191** | **–711** |
| Cash flow from financing activities, continuing operations | 1 | –382 |
| Cash flow from financing activities, discontinued operations | 105 | 24 |
| **Cash flow from financing activities** | **106** | **–358** |
| **Change in cash and cash equivalents** | **137** | **–680** |

Prior-year figures restated.

The cash flow from operating activities, continuing operations declined by €166 million to €172 million in the first six months of 2013. This was mainly caused by lower income before depreciation, amortization, financial result and income taxes, with a counter-effect coming from the lower increase in net working capital. The cash flow, discontinued operations was €50 million, virtually unchanged year-on-year. Overall, the cash flow from operating activities declined by €167 million year-on-year to €222 million. Investing activities by the continuing operations led to a cash outflow of €187 million, with cash outflows for capital expenditures countered by inflows from the sale of current securities. In the prior-year period, cash outflows for capital expenditures and securities resulted in a total outflow of €647 million. Together with the cash outflow for the discontinued operations, the cash outflow for investing activities was €191 million, compared with an outflow of €711 million in the prior-year period. The cash inflow from financing activities was €106 million, with the outflow for payment of the dividend more than offset by an inflow from the bond issue. In the prior-year period, the cash outflow for financing activities was €358 million.

Capital expenditures increased 14 percent to €431 million, in line with our ambitious investment program. 33 percent of capital expenditures were allocated to the Consumer, Health & Nutrition segment, 29 percent to the Specialty Materials segment and 20 percent to the Resource Efficiency segment. In June 2013, the Advanced Intermediates Business Unit started up a new production plant for phthalate-free plasticizers at the site in Marl (Germany). Investment was in the double-digit million euro range. The Coatings & Additives Business Unit started production of a new class of silane-modified isocyanates, also in Marl. These products are used, among other things, for novel binders for coatings. In Essen (Germany), the Consumer Specialties Business Unit started production of the TEGOPAC® brand of silane-modified polymers for the sealants and adhesives industry.

Additions to financial assets totaled €159 million, which was above the previous year's figure of €26 million. This includes part of a promissory note loan[2], which Evonik Industries AG granted to Vivawest on market terms at the end of June 2013. This will be repaid in installments by the end of June 2015.

As a consequence of the retrospective application of IAS 19[3], some items on the balance sheet for 2012 have been restated. This increased pension provisions as of December 31, 2012 by €2.0 billion, while equity declined by €1.4 billion. In all, the changes increased total equity and liabilities as of year-end 2012 by €0.5 billion to €17.2 billion.

Total assets were €17.5 billion as of June 30, 2013, a slight increase compared with year-end 2012. The €2.1 billion drop in non-current assets to €9.4 billion was mainly due to the reclassification of the Real Estate segment's non-current assets to assets held for sale. The €2.4 billion increase in current assets to €8.1 billion was principally driven by the substantial rise in assets held for sale. Equity declined slightly by €0.1 billion to €5.4 billion. The equity ratio decreased from 31.9 percent to 30.9 percent.

# 3. Research & development

In the second quarter of 2013, Evonik's research and development (R&D) expenses amounted to €100 million, a rise of 10 percent year-on-year. In the first half of 2013, R&D expenses were €195 million (H1 2012: €184 million).

In June 2013, we opened a new innovation center in Essen (Germany) for sustainable ingredients for the cosmetics industry. Investment was close to €17 million and the center offers optimal scope for joint development work with key customers as it includes demonstration laboratories and workshops. 90 employees from the Consumer Specialties Business Unit work at the center on projects for the research platforms sensorial issues/particles, active ingredients for skin and hair care, and silicones for emulsions and conditioning. Examples are new anti-aging products based on algae extracts. High innovative strength is a critical success factor for this business unit: every year it files around 40 new patent applications and places about 60 new products on the market.

The Inorganic Materials Business Unit has launched Dynasylan® SIVO 140. This is a new water-based binder for zinc-rich paints, which are used in heavy-duty corrosion protection applications, for example, in shipbuilding. Its benefits are better heat resistance than organic binders and good adhesion to organic coatings. Curing of formulations based on Dynasylan® SIVO 140 takes place from 10 °C and they are environment-friendly because they contain virtually no solvents (VOCs).

At the start of May 2013, Evonik and the biotechnology firm OPX Biotechnologies, Inc. (OPXBIO) of Boulder (Colorado, USA) signed a cooperation agreement on joint development of bio-based specialty chemicals products such as plastics. By using OPXBIO technology in our strategic innovation unit Creavis, we aim to shorten the time to market for these products and reinforce our leading competitive positions. At the same time, broadening our raw material base will increase flexibility and independence.

[2] For further information see Note 6.
[3] For further information see Note 3.

In spring 2013 we established a Composites Project House as a cross-unit platform to develop new materials and system solutions for lightweight structures. Its work focuses, among other things, on applications in the automotive and aviation sectors and regenerative energies. This project house is based in Marl (Germany), with a second location in Darmstadt (Germany).

# 4. Employees

As of June 30, 2013 the Evonik Group had 33,531 employees, 32,865 of whom were employed in the continuing operations. The slight increase of 184 employees in the continuing operations since year-end 2012 is principally due to the increase in headcount in connection with growth-driven investments.

**Employees by segment**

| | June 30, 2013 | Dec. 31, 2012 |
|---|---|---|
| Consumer, Health & Nutrition | 6,967 | 6,821 |
| Resource Efficiency | 5,841 | 5,755 |
| Specialty Materials | 6,241 | 6,134 |
| Services | 11,605 | 11,900 |
| Other operations | 2,211 | 2,071 |
| **Continuing operations** | **32,865** | **32,681** |
| Discontinued operations (Real Estate) | 666 | 617 |
| **Evonik** | **33,531** | **33,298** |

# 5. Events after the reporting date

Vivawest and THS have been combined and given a new ownership structure under agreements dated July 4 and 5, 2013. The amalgamation involved a capital increase in kind at Vivawest through the transfer of the 50 percent stake in THS held by VTG in return for a 26.8 percent stake.

Evonik then sold 30.0 percent of the shares in Vivawest to RAG-Stiftung and 7.3 percent of the shares to RAG Aktiengesellschaft. This reduced Evonik's stake in Vivawest to 35.9 percent. As a further step, Evonik transferred 25.0 percent of the shares in Vivawest to Evonik Pensionstreuhand e.V. (CTA), the trust fund to secure employees' company pension entitlements. These transactions took place with economic effect from January 1, 2013. Following conclusion of these transactions, Evonik's direct shareholding in Vivawest is 10.9 percent. It intends to divest this to trusted long-term investors in the intermediate term.

Due to divestment of the majority stake in Vivawest, Evonik will lose its controlling interest in this company in the third quarter of 2013 and the real estate operations will therefore be deconsolidated.

# 6. Expected development

As an international Group with a diversified portfolio, Evonik is exposed to a wide range of opportunities and risks. The opportunities are described in detail in the report on expected developments in the Group management report for 2012 and still apply. The risk categories and principal individual risks to our earnings, financial and asset position, and the structure of our risk management system are described in detail in the risk report. No risks that could jeopardize the continued existence of Evonik and no significant change in our risk profile were identified in the first six months of 2013.

Global economic conditions will remain challenging in the second half of the year. We now expect the improvement in the global economy predicted for this period to be less pronounced than we had assumed at the start of the year. We have therefore revised our growth expectations downwards for the main regions of significance for Evonik, especially the EU and China, principally because of the sovereign debt crisis and its impact on Europe, and far lower economic growth in China. The continued recession in many European countries is also proving more pernicious than previously assumed. Accordingly, we now assume that the global economic conditions for 2013 as a whole will be worse than previously forecast. In the light of this, we expect that in the second half of the year the development of the markets of relevance to us will continue at the weaker level seen the first half of the year.

In view of the reclassification of the Real Estate segment to discontinued operations in March 2013 and the upcoming deconsolidation of these operations in the third quarter of 2013, the following comments only refer to the continuing operations. The corresponding figures for 2012 have been restated.

The more challenging economic conditions had a considerable adverse effect on our operating performance in the first half of 2013. While volume sales were higher overall, downward pressure mainly came from a sharp drop in selling prices for key products. Since the first half was weaker than expected and economic growth forecasts for the second half of the year have been reduced, we are altering our outlook for the full year.

We anticipate a slight year-on-year improvement in volumes in the second half of 2013 and assume that selling prices will stabilize at the present level.

Overall we now expect sales in 2013 to be around the same level as in the previous year at around €13 billion, and the operating results to be below the very good 2012 levels. We assume that adjusted EBITDA will be around €2.0 billion (2012: €2.4 billion).

To secure our earnings we will be driving forward the measures to raise efficiency introduced as part of our On Track 2.0 program. In addition we have set up a cost management project to identify potential short-term savings that can be realized immediately. This is focusing on non-operating units.

As part of our growth strategy, we are continuing our investment program of over €6 billion between 2012 and 2016. Flexibility in the realization of this program enables us to scale back the budget for capital expenditures this year from €1.5 billion to €1.2 billion and to spread it over an extended time period. In principle, in view of changes in market conditions for the coming years we will review projects scheduled that have not yet commenced and possibly postpone their starting dates.

# Consolidated interim financial statements as of June 30, 2013

## Income statement

### Evonik Group

| | 2nd quarter | | 1st half | |
|---|---|---|---|---|
| in € million | **2013** | 2012 | **2013** | 2012 |
| Sales | 3,263 | 3,428 | 6,526 | 6,835 |
| Cost of sales | −2,343 | −2,454 | −4,659 | −4,808 |
| **Gross profit on sales** | **920** | **974** | **1,867** | **2,027** |
| Selling expenses | −336 | −312 | −650 | −615 |
| Research and development expenses | −100 | −91 | −195 | −184 |
| General administrative expenses | −167 | −164 | −324 | −319 |
| Other operating income | 202 | 318 | 491 | 592 |
| Other operating expenses | −258 | −275 | −532 | −623 |
| **Income before financial result and income taxes, continuing operations** | **261** | **450** | **657** | **878** |
| Interest income | 5 | 6 | 15 | 13 |
| Interest expense | −73 | −83 | −150 | −170 |
| Result from investments recognized at equity | 13 | 11 | 26 | 23 |
| Other financial income | 4 | – | 11 | 1 |
| **Financial result** | **−51** | **−66** | **−98** | **−133** |
| **Income before income taxes, continuing operations** | **210** | **384** | **559** | **745** |
| Income taxes | −78 | −166 | −162 | −281 |
| **Income after taxes, continuing operations** | **132** | **218** | **397** | **464** |
| Income after taxes, discontinued operations | 54 | 40 | 75 | 60 |
| **Income after taxes** | **186** | **258** | **472** | **524** |
| thereof attributable to | | | | |
| Non-controlling interests | −5 | −6 | −9 | −9 |
| Shareholders of Evonik Industries AG (net income) | 191 | 264 | 481 | 533 |
| **Earnings per share in € (basic and diluted)** | **0.41** | **0.57** | **1.03** | **1.14** |

Prior-year figures restated.

# Statement of comprehensive income

## Evonik Group

| | 2nd quarter | | 1st half | |
|---|---|---|---|---|
| in € million | **2013** | 2012 | **2013** | 2012 |
| **Income after taxes** | **186** | **258** | **472** | **524** |
| **Comprehensive income that will be reclassified subsequently to profit or loss** | **–91** | **68** | **–57** | **40** |
| Unrealized gains/losses on available-for-sale securities | –6 | – | –13 | 4 |
| Unrealized gains/losses on hedging instruments | 14 | –52 | –1 | –16 |
| Currency translation adjustment | –94 | 105 | –44 | 48 |
| Deferred taxes | –5 | 15 | 1 | 4 |
| **Comprehensive income that will not be reclassified subsequently to profit or loss** | **–42** | **–189** | **–37** | **–675** |
| Actuarial gains and losses relating to pension plans and other post-employment benefits | –58 | –272 | –50 | –964 |
| Deferred taxes | 16 | 83 | 13 | 289 |
| **Other comprehensive income after taxes** | **–133** | **–121** | **–94** | **–635** |
| **Total comprehensive income** | **53** | **137** | **378** | **–111** |
| thereof attributable to | | | | |
| Non-controlling interests | –7 | –2 | –10 | –6 |
| Shareholders of Evonik Industries AG | 60 | 139 | 388 | –105 |

Prior-year figures restated.

# Balance sheet

## Evonik Group

| in € million | June 30, 2013 | Dec. 31, 2012 |
|---|---|---|
| Intangible assets | 3,114 | 3,190 |
| Property, plant and equipment | 4,585 | 4,497 |
| Investment property | 7 | 1,550 |
| Investments recognized at equity | 630 | 1,122 |
| Financial assets | 274 | 197 |
| Deferred tax assets | 740 | 842 |
| Other income tax assets | 20 | 21 |
| Other receivables | 28 | 35 |
| **Non-current assets** | **9,398** | **11,454** |
| Inventories | 1,745 | 1,718 |
| Other income tax assets | 125 | 79 |
| Trade accounts receivable | 1,820 | 1,687 |
| Other receivables | 487 | 367 |
| Financial assets | 799 | 1,086 |
| Cash and cash equivalents | 873 | 741 |
| | **5,849** | **5,678** |
| Assets held for sale | 2,292 | 34 |
| **Current assets** | **8,141** | **5,712** |
| **Total assets** | **17,539** | **17,166** |
| Issued capital | 466 | 466 |
| Reserves | 4,852 | 4,892 |
| **Equity attributable to shareholders of Evonik Industries AG** | **5,318** | **5,358** |
| Equity attributable to non-controlling interests | 102 | 111 |
| **Total equity** | **5,420** | **5,469** |
| Provisions for pensions and other post-employment benefits | 4,343 | 4,380 |
| Other provisions | 703 | 799 |
| Deferred tax liabilities | 394 | 413 |
| Other income tax liabilities | 134 | 115 |
| Financial liabilities | 1,389 | 1,464 |
| Other payables | 87 | 309 |
| **Non-current liabilities** | **7,050** | **7,480** |
| Other provisions | 875 | 1,130 |
| Other income tax liabilities | 157 | 223 |
| Financial liabilities | 1,480 | 1,483 |
| Trade accounts payable | 956 | 1,096 |
| Other payables | 299 | 272 |
| | **3,767** | **4,204** |
| Liabilities associated with assets held for sale | 1,302 | 13 |
| **Current liabilities** | **5,069** | **4,217** |
| **Total equity and liabilities** | **17,539** | **17,166** |

Prior-year figures restated.

# Statement of changes in equity

## Evonik Group

| in € million | Issued capital | Reserves: Capital reserve | Reserves: Accumulated income | Reserves: Accumulated other comprehensive income | Attributable to shareholders of Evonik Industries AG | Attributable to non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **As of December 31, 2011** | **466** | **1,165** | **4,568** | **–218** | **5,981** | **93** | **6,074** |
| Adjustments pursuant to IAS 8 | – | – | –653 | – | –653 | – | –653 |
| **As of January 1, 2012** | **466** | **1,165** | **3,915** | **–218** | **5,328** | **93** | **5,421** |
| Capital increases/decreases | – | – | – | – | – | 5 | 5 |
| Dividend distribution | – | – | –425 | – | –425 | –8 | –433 |
| Income after taxes | – | – | 533 | – | 533 | –9 | 524 |
| Other comprehensive income after taxes | – | – | –675 | 37 | –638 | 3 | –635 |
| Total comprehensive income | – | – | –142 | 37 | –105 | –6 | –111 |
| Other changes | – | – | 1 | –1 | – | –2 | –2 |
| **As of June 30, 2012** | **466** | **1,165** | **3,349** | **–182** | **4,798** | **82** | **4,880** |
| **As of January 1, 2013** | **466** | **1,165** | **3,940** | **–213** | **5,358** | **111** | **5,469** |
| Capital increases/decreases | – | – | – | – | – | 8 | 8 |
| Dividend distribution | – | – | –429 | – | –429 | –3 | –432 |
| Changes in ownership interests in subsidiaries without loss of control | – | – | – | – | – | –2 | –2 |
| Income after taxes | – | – | 481 | – | 481 | –9 | 472 |
| Other comprehensive income after taxes | – | – | –37 | –56 | –93 | –1 | –94 |
| Total comprehensive income | – | – | 444 | –56 | 388 | –10 | 378 |
| Other changes | – | – | 2 | –1 | 1 | –2 | –1 |
| **As of June 30, 2013** | **466** | **1,165** | **3,957** | **–270** | **5,318** | **102** | **5,420** |

Prior-year figures restated.

# Cash flow statement

## Evonik Group

| | 2nd quarter | | 1st half | |
|---|---|---|---|---|
| in € million | **2013** | 2012 | **2013** | 2012 |
| Income before financial result and income taxes, continuing operations | 261 | 450 | 657 | 878 |
| Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets | 182 | 149 | 326 | 366 |
| Gains/losses on the disposal of non-current assets | 1 | –7 | 2 | –13 |
| Change in inventories | 36 | –73 | –90 | –120 |
| Change in trade accounts receivable | 27 | –102 | –167 | –285 |
| Change in trade accounts payable and current advance payments received from customers | –108 | –13 | –100 | –9 |
| Change in provisions for pensions and other post-employment benefits | –26 | –48 | –59 | –85 |
| Change in other provisions | –236 | –255 | –254 | –192 |
| Change in miscellaneous assets/liabilities | –43 | –26 | 27 | –38 |
| Cash outflows for interest | –21 | –6 | –37 | –20 |
| Cash inflows from interest | 1 | 5 | 6 | 14 |
| Cash inflows from dividends | 25 | 13 | 61 | 34 |
| Cash inflows/outflows for income taxes | –119 | –113 | –200 | –192 |
| **Cash flow from operating activities, continuing operations** | **–20** | **–26** | **172** | **338** |
| Cash flow from operating activities, discontinued operations | 29 | 32 | 50 | 51 |
| **Cash flow from operating activities** | **9** | **6** | **222** | **389** |
| Cash outflows for investments in intangible assets, property, plant and equipment, investment property | –242 | –212 | –461 | –378 |
| Cash outflows for investments in shareholdings | –2 | –25 | –4 | –26 |
| Cash inflows from divestments of intangible assets, property, plant and equipment, investment property | 17 | 4 | 30 | 13 |
| Cash inflows/outflows from divestment of shareholdings | –17 | 67 | –24 | 59 |
| Cash inflows/outflows relating to securities, deposits and loans | –90 | –248 | 272 | –315 |
| **Cash flow from investing activities, continuing operations** | **–334** | **–414** | **–187** | **–647** |
| Cash flow from investing activities, discontinued operations | –12 | –69 | –4 | –64 |
| **Cash flow from investing activities** | **–346** | **–483** | **–191** | **–711** |
| Cash inflows/outflows relating to capital contributions | 8 | 3 | 8 | 5 |
| Cash outflows for dividends to shareholders of Evonik Industries AG | – | –425 | –429 | –425 |
| Cash outflows for dividends to non-controlling interests | –3 | –1 | –3 | –3 |
| Cash inflows/outflows from changes in ownership interests in subsidiaries without loss of control | – | – | –2 | – |
| Cash inflows from the addition of financial liabilities | 547 | 52 | 595 | 134 |
| Cash outflows for repayment of financial liabilities | –48 | –26 | –168 | –93 |
| **Cash flow from financing activities, continuing operations** | **504** | **–397** | **1** | **–382** |
| Cash flow from financing activities, discontinued operations | 105 | –6 | 105 | 24 |
| **Cash flow from financing activities** | **609** | **–403** | **106** | **–358** |
| **Change in cash and cash equivalents** | **272** | **–880** | **137** | **–680** |
| **Cash and cash equivalents as of April 1/January 1** | **613** | **1,610** | **741** | **1,411** |
| Change in cash and cash equivalents | 272 | –880 | 137 | –680 |
| Changes in exchange rates and other changes in cash and cash equivalents | –11 | 7 | –4 | 6 |
| **Cash and cash equivalents as of June 30** | **874** | **737** | **874** | **737** |
| Cash and cash equivalents included in assets held for sale | –1 | –2 | –1 | –2 |
| **Cash and cash equivalents as on the balance sheet as of June 30** | **873** | **735** | **873** | **735** |

Prior-year figures restated.

# Notes

## 1. Segment report

### By operating segments—2nd quarter

| in € million | Consumer, Health & Nutrition 2013 | Consumer, Health & Nutrition 2012 | Resource Efficiency 2013 | Resource Efficiency 2012 | Specialty Materials 2013 | Specialty Materials 2012 |
|---|---|---|---|---|---|---|
| External sales | 1,057 | 1,031 | 801 | 834 | 1,129 | 1,269 |
| Internal sales | 17 | 20 | 33 | 20 | 38 | 31 |
| Total sales | 1,074 | 1,051 | 834 | 854 | 1,167 | 1,300 |
| Adjusted EBITDA | 222 | 259 | 174 | 176 | 128 | 241 |
| Adjusted EBITDA margin in % | 21.0 | 25.1 | 21.7 | 21.1 | 11.3 | 19.0 |
| Adjusted EBIT | 188 | 230 | 145 | 139 | 90 | 203 |
| Capital expenditures | 84 | 69 | 50 | 36 | 75 | 67 |
| Financial investments | 1 | 24 | – | – | – | – |

Reporting segments

Prior-year figures restated.

### By regions—2nd quarter

| in € million | Germany 2013 | Germany 2012 | Other European countries 2013 | Other European countries 2012 | North America 2013 | North America 2012 |
|---|---|---|---|---|---|---|
| External sales | 747 | 791 | 1,003 | 1,083 | 611 | 643 |
| Capital expenditures | 85 | 106 | 17 | 18 | 27 | 32 |

Prior-year figures restated.

| Services 2013 | Services 2012 | Real Estate (discontinued operations) 2013 | Real Estate (discontinued operations) 2012 | **Total reporting segments** 2013 | **Total reporting segments** 2012 | Corporate, other operations, consolidation, less discontinued operations 2013 | Corporate, other operations, consolidation, less discontinued operations 2012 | **Total Group (continuing operations)** 2013 | **Total Group (continuing operations)** 2012 |
|---|---|---|---|---|---|---|---|---|---|
| 215 | 245 | 57 | 51 | **3,259** | 3,430 | 4 | −2 | **3,263** | 3,428 |
| 420 | 407 | – | – | **508** | 478 | −508 | −478 | **–** | – |
| 635 | 652 | 57 | 51 | **3,767** | 3,908 | −504 | −480 | **3,263** | 3,428 |
| 52 | 49 | 51 | 47 | **627** | 772 | −138 | −140 | **489** | 632 |
| 24.2 | 20.0 | 89.5 | 92.2 | **19.2** | 22.5 | – | – | **15.0** | 18.4 |
| 29 | 27 | 38 | 35 | **490** | 634 | −148 | −148 | **342** | 486 |
| 26 | 15 | 11 | 9 | **246** | 196 | 4 | 21 | **250** | 217 |
| – | – | – | – | **1** | 24 | 155 | 1 | **156** | 25 |

| Central and South America 2013 | Central and South America 2012 | Asia-Pacific 2013 | Asia-Pacific 2012 | Middle East, Africa 2013 | Middle East, Africa 2012 | **Total Group (continuing operations)** 2013 | **Total Group (continuing operations)** 2012 |
|---|---|---|---|---|---|---|---|
| 211 | 210 | 603 | 621 | 88 | 80 | **3,263** | 3,428 |
| 11 | 3 | 109 | 58 | 1 | – | **250** | 217 |

## By operating segments—1st half

| | Reporting segments | | | | | |
|---|---|---|---|---|---|---|
| | Consumer, Health & Nutrition | | Resource Efficiency | | Specialty Materials | |
| in € million | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 |
| External sales | 2,093 | 2,086 | 1,572 | 1,651 | 2,299 | 2,503 |
| Internal sales | 33 | 41 | 48 | 34 | 70 | 60 |
| Total sales | 2,126 | 2,127 | 1,620 | 1,685 | 2,369 | 2,563 |
| Adjusted EBITDA | 496 | 546 | 346 | 344 | 310 | 457 |
| Adjusted EBITDA margin in % | 23.7 | 26.2 | 22.0 | 20.8 | 13.5 | 18.3 |
| Adjusted EBIT | 428 | 484 | 289 | 270 | 234 | 381 |
| Capital expenditures | 144 | 114 | 87 | 64 | 125 | 121 |
| Financial investments | 3 | 24 | – | – | 2 | – |
| Employees as of June 30 | 6,967 | 6,698 | 5,841 | 5,744 | 6,241 | 6,686 |

Prior-year figures restated.

## By regions—1st half

| | Germany | | Other European countries | | North America | |
|---|---|---|---|---|---|---|
| in € million | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 |
| External sales | 1,524 | 1,620 | 2,074 | 2,139 | 1,187 | 1,271 |
| Goodwill as of June 30 [1] | 1,556 | 1,557 | 540 | 542 | 280 | 291 |
| Other intangible assets, property, plant and equipment, investment property as of June 30 [1] | 2,874 | 2,800 | 465 | 524 | 661 | 632 |
| Capital expenditures | 149 | 195 | 34 | 32 | 51 | 59 |
| Employees as of June 30 | 21,282 | 20,882 | 2,803 | 2,751 | 3,792 | 3,796 |

Prior-year figures restated.
[1] Non-current assets according to IFRS 8.33 b.

| | Services | | Real Estate (discontinued operations) | | **Total reporting segments** | | Corporate, other operations, consolidation, less discontinued operations | | **Total Group (continuing operations)** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 |
| | 451 | 501 | 111 | 100 | **6,526** | 6,841 | – | –6 | **6,526** | 6,835 |
| | 831 | 857 | 1 | – | **983** | 992 | –983 | –992 | **–** | – |
| | 1,282 | 1,358 | 112 | 100 | **7,509** | 7,833 | –983 | –998 | **6,526** | 6,835 |
| | 107 | 102 | 93 | 88 | **1,352** | 1,537 | –273 | –248 | **1,079** | 1,289 |
| | 23.7 | 20.4 | 83.8 | 88.0 | **20.7** | 22.5 | – | – | **16.5** | 18.9 |
| | 61 | 59 | 68 | 65 | **1,080** | 1,259 | –293 | –264 | **787** | 995 |
| | 47 | 30 | 17 | 13 | **420** | 342 | 11 | 36 | **431** | 378 |
| | – | – | – | – | **5** | 24 | 154 | 2 | **159** | 26 |
| | 11,605 | 11,516 | 666 | 601 | **31,320** | 31,245 | 1,545 | 1,403 | **32,865** | 32,648 |

| | Central and South America | | Asia-Pacific | | Middle East, Africa | | **Total Group (continuing operations)** | |
|---|---|---|---|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 |
| | 416 | 417 | 1,159 | 1,235 | 166 | 153 | **6,526** | 6,835 |
| | 27 | 28 | 253 | 288 | 1 | – | **2,657** | 2,706 |
| | 51 | 44 | 988 | 862 | 10 | 8 | **5,049** | 4,870 |
| | 22 | 5 | 173 | 86 | 2 | 1 | **431** | 378 |
| | 473 | 428 | 4,402 | 4,685 | 113 | 106 | **32,865** | 32,648 |

# 2. General information

Evonik Industries AG is an international specialty chemicals company headquartered in Germany. It also has investments in residential real estate and the energy sector.

Trading in shares in Evonik Industries AG commenced on the stock exchanges in Frankfurt am Main and Luxembourg on April 25, 2013. The main shareholders of Evonik Industries AG are still RAG-Stiftung and Gabriel Acquisitions GmbH (Gabriel Acquisitions), Gadebusch (Germany).

The present condensed and consolidated interim financial statements (consolidated interim financial statements) of Evonik Industries AG and its subsidiaries (referred to jointly as Evonik or the Group) as of June 30, 2013, have been prepared in accordance with the provisions of IAS 34 Interim Financial Reporting, and in application of Section 315 a Paragraph 1 of the German Commercial Code (HGB) using the International Financial Reporting Standards (IFRS) and comply with these standards. The IFRS comprise the standards (IFRS, IAS) issued by the International Accounting Standards Board (IASB), London (UK) and the interpretations (IFRIC, SIC) of the IFRS Interpretations Committee (IFRS IC), as adopted by the European Union.

The consolidated interim financial statements as of June 30, 2013 are presented in euros. The reporting period is January 1 to June 30, 2013. All amounts are stated in millions of euros (€ million) except where otherwise indicated. The basis for the consolidated interim financial statements comprises the consolidated financial statements for the Evonik Group as of December 31, 2012, which should be referred to for further information.

# 3. Accounting policies

The accounting and consolidation principles applied in these consolidated interim financial statements are the same as those used for the consolidated financial statements as of December 31, 2012, with the exception of changes resulting from mandatory application of new or revised reporting standards. The changes in 2013 are outlined below.

As of January 1, 2013, Evonik retrospectively applied IAS 19 Employee Benefits (revised 2011), which the IASB published in June 2011, in conjunction with the transition provisions of IAS 19 (2011), together with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The following amendments in IAS 19 (2011) have a material impact on Evonik's consolidated financial statements. IAS 19 (2011) abolishes the corridor method previously used by Evonik. Under this method, actuarial gains and losses were recognized with a time lag and only insofar as they exceeded certain thresholds. Now they have to be recognized immediately in full in other comprehensive income. Another effect results from the immediate recognition of non-vested past service cost in profit or loss as it arises. The previous method of recognition over the period until it became vested is no longer permitted. Another impact comes from net interest cost/income, which replaces interest cost and the expected income from plan assets. The expected return on plan assets is no longer calculated on the basis of expected investment income, but is assumed to be equal to the discount rate for pension obligations. Top-up and termination benefits under the German phased early retirement model and long-term accounts are no longer immediately expensed in full, as was the case in the past. Instead, they are amortized over the remaining term of active employment. This change also affects Evonik's consolidated financial statements.

The following tables summarize the effects of the amended financial reporting standard for the comparative data as of December 31, 2012, the opening balance sheet as of January 1, 2012 and the prior-year period.

## Balance sheet Evonik Group (excerpt)

| in € million | Dec. 31, 2012 Before restatement | Impact of change | Restated amount | Jan. 1, 2012 Before restatement | Impact of change | Restated amount |
|---|---|---|---|---|---|---|
| Investments recognized at equity | 1,132 | –10 | 1,122 | 1,057 | –1 | 1,056 |
| Deferred tax assets | 329 | 513 | 842 | 477 | 235 | 712 |
| **Non-current assets** | **10,951** | **503** | **11,454** | **11,026** | **234** | **11,260** |
| **Total assets** | **16,663** | **503** | **17,166** | **16,944** | **234** | **17,178** |
| Reserves | 6,252 | –1,360 | 4,892 | 5,515 | –653 | 4,862 |
| Equity attributable to shareholders of Evonik Industries AG | 6,718 | –1,360 | 5,358 | 5,981 | –653 | 5,328 |
| **Equity** | **6,829** | **–1,360** | **5,469** | **6,074** | **–653** | **5,421** |
| Provisions for pensions and other post-employment benefits | 2,377 | 2,003 | 4,380 | 2,805 | 1,030 | 3,835 |
| Other provisions | 889 | –90 | 799 | 1,014 | –102 | 912 |
| Deferred tax liabilities | 463 | –50 [1)] | 413 | 481 | –41 [1)] | 440 |
| **Non-current liabilities** | **5,617** | **1,863** | **7,480** | **7,484** | **887** | **8,371** |
| **Total equity and liabilities** | **16,663** | **503** | **17,166** | **16,944** | **234** | **17,178** |

[1)] Offset against deferred tax assets.

The effects of the amended standard on income before financial result and income taxes, continuing operations, essentially canceled each other out in the second quarter of 2012 and the six months to June 30, 2012. They mainly comprised income from the abolition of amortization of actuarial gains and losses amounting to €5 million in the second quarter of 2012 and €11 million in the six months to June 30, 2012. This was countered by the newly required recognition of expenses for top-up payments under the German phased early retirement program amounting to €5 million for the second quarter of 2012 and €11 million for the six months to June 30, 2012. The introduction of net interest cost and the lower interest resulting from the reduction in personnel-related provisions resulted in insignificant income or rather a negligible reduction in expenses in the financial result in the second quarter of 2012 and the six months to June 30, 2012.

**Statement of comprehensive income Evonik Group (excerpt)**

| in € million | 2nd quarter 2012 Before restatement | Impact of change | Restated amount | 1st half 2012 Before restatement | Impact of change | Restated amount |
|---|---|---|---|---|---|---|
| **Comprehensive income that will be reclassified subsequently to profit or loss** | **72** | **–4** | **68** | **42** | **–2** | **40** |
| Currency translation adjustment | 109 | –4 | 105 | 50 | –2 | 48 |
| **Comprehensive income that will not be reclassified subsequently to profit or loss** | **–** | **–189** | **–189** | **–** | **–675** | **–675** |
| Actuarial gains and losses relating to pension plans and other post-employment benefits | – | –272 | –272 | – | –964 | –964 |
| Deferred taxes | – | 83 | 83 | – | 289 | 289 |
| **Other comprehensive income after taxes** | **72** | **–193** | **–121** | **42** | **–677** | **–635** |
| **Total comprehensive income** | **330** | **–193** | **137** | **566** | **–677** | **–111** |
| thereof attributable to | | | | | | |
| Shareholders of Evonik Industries AG | 332 | –193 | 139 | 572 | –677 | –105 |

Compared with the old version of IAS 19, the application of IAS 19 (2011) increased the reported income before financial result and income taxes, continuing operations by around €19 million in the second quarter of 2013, while the financial result declined by about €10 million. Similarly, it increased income before financial result and income taxes, continuing operations by around €38 million in the six months to June 30, 2013 and decreased the financial result by about €20 million. The actuarial gains and losses relating to pension plans and other post-employment benefits in the statement of comprehensive income is a new item.

IFRS 13 Fair Value Measurement, which was adopted by the IASB in May 2011, was applied prospectively by Evonik for the first time as of January 1, 2013, in accordance with the transition provisions contained in this standard. IFRS 13 prescribes uniform rules for the measurement of fair value across various standards and extends the disclosures on fair value. It does not provide information on when fair value is to be used. First-time application of IFRS 13 in the reporting period had no significant impact on the consolidated financial statements apart from additional disclosures in the notes.

In June 2011 the IASB issued Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income (amendments to IAS 1). This stipulates that in the presentation of other comprehensive income, interim amounts must be shown for items depending on whether these items might subsequently be reclassified to profit or loss. Evonik has applied these amendments since January 1, 2013.

Since January 1, 2013, Evonik has also applied the amendments to IFRS 7 Financial Instruments: Disclosures issued by the IASB in December 2011. The supplementary disclosures on the offsetting of financial instruments did not have a significant impact on the consolidated financial statements.

Evonik applied the amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34 issued as part of the Annual Improvements 2009–2011 Cycle retrospectively for the first time as of January 1, 2013, in conjunction with the applicable transition provisions. These amendments comprise improvements and clarification of existing standards. The amended standards did not have a material impact on the consolidated financial statements.

Due to the reassessment of possible fluctuations in the value of some current securities as of December 31, 2012, the following prior-year data in the cash flow statement have been restated to reflect the current view. Cash and cash equivalents as of June 30, 2012, were reduced by €306 million. Cash outflows for securities, deposits and loans within the cash flow for investing activities increased by €24 million in the second quarter of 2012 and by €106 million in the first half of 2012, while the change in cash and cash equivalents dropped by these amounts. Cash and cash equivalents were €282 million lower as of April 1, 2012 and

€200 million lower as of January 1, 2012. Due to the publication of an interim management report for the Group for each reporting period since the first quarter of 2013, the structure of the notes to the consolidated financial statements has changed compared with the prior year.

# 4. Changes in the Group

## 4.1 Scope of consolidation

The scope of consolidation changed as follows in the reporting period:

**Changes in the scope of consolidation**

| Number of companies | Germany | Other countries | Total |
|---|---|---|---|
| **Evonik Industries AG and consolidated subsidiaries** | | | |
| **As of December 31, 2012** | **67** | **107** | **174** |
| Other companies consolidated for the first time | 2 | – | 2 |
| Intragroup mergers | –2 | –2 | –4 |
| Other companies deconsolidated | –1 | –4 | –5 |
| **As of June 30, 2013** | **66** | **101** | **167** |
| **Investments recognized at equity** | | | |
| **As of December 31, 2012** | **11** | **8** | **19** |
| Divestments | –1 | – | –1 |
| Classified as held for sale pursuant to IFRS 5 | –3 | – | –3 |
| **As of June 30, 2013** | **7** | **8** | **15** |
| | **73** | **109** | **182** |

## 4.2 Acquisitions and divestments

In the reporting period there were no acquisitions or divestments that had a material impact on the scope of consolidation.

## 4.3 Assets held for sale and discontinued operations

In accordance with its focus on specialty chemicals, Evonik has made considerable progress with the divestment of the real estate activities bundled in the Real Estate segment (Real Estate group of companies headed by Vivawest GmbH (Vivawest)). In February 2013 the Executive Board of Evonik Industries AG adopted a step plan to divest its majority stake in this business, which was approved by the Supervisory Board of Evonik Industries AG on March 11, 2013.

In accordance with this plan, under agreements signed on July 4 and 5, 2013, Vivawest and THS GmbH (THS) have been combined and transferred to a new ownership structure. As a result of this transaction, Evonik will lose its controlling interest in Vivawest in the third quarter of 2013 and will deconsolidate the real estate business.[4]

[4] See Note 8.4.

As of June 30, 2013 the assets and liabilities of the Real Estate segment were still classified as held for sale. IFRS 5 Non-current Assets Held for Sale and Discontinued Operations sets out the valuation and accounting principles to be used for such operations and their presentation in the consolidated financial statements:

Assets held for sale and the associated liabilities have to be stated separately from other assets and liabilities on the balance sheet. The amounts recognized for these assets and liabilities in the previous year do not have to be reclassified or restated.

Businesses whose assets and liabilities have been classified as held for sale may also meet the criteria for classification as discontinued operations, especially if a separate, significant business area is to be disposed of. The income and expenses of such discontinued operations have to be stated separately from those of continuing operations in the income statement. The cash flows also have to be stated separately. The prior-period figures have to be restated in the income statement and the cash flow statement.

The Real Estate segment's activities meet the criteria for classification as discontinued operations.

The following table shows the main impact of the discontinued operations on the income statement, broken down into operating income and the gain or loss on divestment:

### Income statement

| | Operating income after taxes | | Divestment gains/losses after taxes | | Income after taxes, discontinued operations | |
|---|---|---|---|---|---|---|
| | 2nd quarter | | 2nd quarter | | 2nd quarter | |
| in € million | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 |
| Real Estate segment | 48 | 27 | – | – | 48 | 27 |
| Other discontinued operations | – | – | 6 | 13 | 6 | 13 |
| | **48** | **27** | **6** | **13** | **54** | **40** |

### Income statement

| | Operating income after taxes | | Divestment gains/losses after taxes | | Income after taxes, discontinued operations | |
|---|---|---|---|---|---|---|
| | 1st half | | 1st half | | 1st half | |
| in € million | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 |
| Real Estate segment | 69 | 46 | – | – | 69 | 46 |
| Other discontinued operations | – | – | 6 | 14 | 6 | 14 |
| | **69** | **46** | **6** | **14** | **75** | **60** |

The following income and expense items relate to the operating income of the Real Estate segment:

## Income statement

| in € million | 2nd quarter 2013 | 2nd quarter 2012 | 1st half 2013 | 1st half 2012 |
|---|---|---|---|---|
| Income | 86 | 66 | 150 | 122 |
| Expenses | −31 | −38 | −73 | −74 |
| **Operating income before income taxes, discontinued operations** | **55** | **28** | **77** | **48** |
| Income taxes | −7 | −1 | −8 | −2 |
| **Operating income after taxes, discontinued operations** | **48** | **27** | **69** | **46** |

The operating income includes €23 million from a profit distribution from a company that was previously included at equity. Following classification as a discontinued operation, the equity method was no longer applied, pursuant to IAS 28, so the at-equity carrying amount of the company did not change in the second quarter. The profit distribution was not offset against the carrying amount of the company as an investment. Instead it was recognized in income. However, the higher carrying amount compared with recognition at equity will reduce future proceeds from divestment. Accordingly, the impact on income will be balanced in fiscal 2013.

The following table shows the assets held for sale and the associated liabilities after all consolidation steps:

### Balance sheet

| in € million | June 30, 2013 | Dec. 31, 2012 |
|---|---|---|
| Intangible assets | 39 | – |
| Property, plant and equipment | 28 | 6 |
| Investment property | 1,545 | – |
| Investments recognized at equity | 489 | – |
| Financial assets | 37 | – |
| Deferred tax assets | 32 | 3 |
| Other income tax assets | 31 | – |
| Inventories | 61 | 7 |
| Trade accounts receivable | 23 | 16 |
| Other receivables | 5 | 2 |
| Cash and cash equivalents | 2 | – |
| **Assets held for sale** | **2,292** | **34** |
| Provisions for pensions and other post-employment benefits | 105 | – |
| Other provisions | 65 | 1 |
| Deferred tax liabilities | 5 | 1 |
| Other income tax liabilities | 24 | – |
| Financial liabilities | 865 | 8 |
| Trade accounts payable | 6 | 3 |
| Other payables | 232 | – |
| **Liabilities associated with assets held for sale** | **1,302** | **13** |

# 5. Notes to the income statement

### Other operating income

| | 2nd quarter | | 1st half | |
|---|---|---|---|---|
| in € million | **2013** | 2012 | **2013** | 2012 |
| Income from the measurement of derivatives (excluding interest rate derivatives) | 30 | 36 | 126 | 197 |
| Income from currency translation of monetary assets and liabilities | 10 | 123 | 97 | 172 |
| Other income | 162 | 159 | 268 | 223 |
| | **202** | **318** | **491** | **592** |

The other income of €268 million in the first half of 2013 mainly comprised income from insurance refunds, the reversal of provisions and income in connection with the termination of contracts.

**Other operating expenses**

| | 2nd quarter | | 1st half | |
|---|---|---|---|---|
| in € million | **2013** | 2012 | **2013** | 2012 |
| Losses on the measurement of derivatives (excluding interest rate derivatives) | 35 | 123 | 168 | 212 |
| Losses on currency translation of monetary assets and liabilities | 24 | 53 | 94 | 158 |
| Impairment losses | 37 | 10 | 40 | 83 |
| Other expense | 162 | 89 | 230 | 170 |
| | **258** | **275** | **532** | **623** |

The other expense of €230 million in the first half of 2013 related, among other things, to additions to provisions, outsourcing, projects for the acquisition and divestment of companies and business operations, non-core operations, commission expenses, and legal and consultancy fees.

Due to the harmonization and standardization of cost accounting, in 2013 Evonik reclassified some warehousing expenses and energy sales recognized on the income statement to different functional areas. The reclassification in the income statement was not material.

# 6. Notes to the balance sheet

Under an agreement dated June 24 and 25, 2013, Evonik Industries AG granted Vivawest an intragroup promissory note loan of €567 million to repay cash pooling liabilities and refinance a one-time payout of €650 million. This loan comprises a transaction between continuing and discontinued operations. Parts of the promissory note loan have been sold on to investors. Pursuant to the provisions of IFRS 5, Evonik is required to recognize the remaining €204 million of the promissory note loan on an unconsolidated basis under financial assets of its continuing operations as of June 30, 2013. A corresponding liability is recognized in the financial liabilities of the discontinued operations.

# 7. Notes on the segment report

The Executive Board of Evonik Industries AG decides on the allocation of resources and evaluates the earnings power of the Group's operations on the basis of the operating segments described below (subsequently referred to as segments). The operating activities are divided into business units within the segments. The reporting based on segments reflects the Group's internal organizational and reporting structure (management approach).

In accordance with Evonik's focus on specialty chemicals, the Executive Board of Evonik Industries AG has decided to divest the real estate operations bundled in the Real Estate segment.

The Real Estate segment, which is classified as held for sale (see Note 4.3) is shown in the segment reporting as a discontinued operation, but is nevertheless still a reporting segment. In order to present the

Group's continuing operations, the Real Estate segment is then deducted via "Corporate, other operations, consolidation less discontinued operations."

The table shows a reconciliation from adjusted EBIT for the reporting segments to income before income taxes for the Group's continuing operations:

### Reconciliation of adjusted EBIT for the reporting segments to income before income taxes

| | 2nd quarter | | 1st half | |
|---|---|---|---|---|
| in € million | **2013** | 2012 | **2013** | 2012 |
| **Adjusted EBIT, reporting segments** | **490** | **634** | **1,080** | **1,259** |
| Adjusted EBIT, other operations | –16 | –14 | –27 | –23 |
| Adjusted EBIT, Corporate Center and corporate activities | –79 | –84 | –168 | –147 |
| Consolidation | –15 | –15 | –30 | –29 |
| less adjusted EBIT of discontinued operations | –38 | –35 | –68 | –65 |
| **Adjusted EBIT, Corporate, other operations, consolidation, less discontinued operations** | **–148** | **–148** | **–293** | **–264** |
| **Adjusted EBIT, Group (continuing operations)** | **342** | **486** | **787** | **995** |
| Adjustments | –64 | –25 | –93 | –93 |
| Net interest expense | –68 | –77 | –135 | –157 |
| **Income before income taxes, continuing operations** | **210** | **384** | **559** | **745** |

Prior-year figures restated.

The impact of the retrospective application of IAS 19 (2011) increased the operating results previously reported for the second quarter of 2012, i.e. the adjusted EBIT and adjusted EBITDA of the Group (continuing operations), by €5 million, while adjustments were reduced by €5 million. Accordingly, the impact in the six months to June 30, 2013 was an increase of €11 million in the Group's operating results—adjusted EBIT and adjusted EBITDA (continuing operations)—and a reduction of €11 million in adjustments.

# 8. Other disclosures

## 8.1 Fair values

The fair value determination is based on the 3-level hierarchy stipulated by IFRS 13:

- Level 1: Quoted price in an active market
- Level 2: Quoted price in an active market for similar financial instruments or valuation methods based on observable market data
- Level 3: Valuation methods not based on observable market data

The following table shows the assets and liabilities that were measured at fair value on a recurring basis after initial recognition on the balance sheet:

### Measurement at fair value pursuant to IFRS 13

| | Fair value based on | | | June 30, 2013 |
|---|---|---|---|---|
| in € million | Level 1 | Level 2 | Level 3 | |
| **Assets measured at fair value** | **668** | **57** | **78** | **803** |
| Securities and similar claims | 668 | – | – | 668 |
| Receivables from derivatives | – | 57 | 78 | 135 |
| **Liabilities measured at fair value** | **–** | **–32** | **–73** | **–105** |
| Liabilities from derivatives | – | –32 | –73 | –105 |

Level 2 derivatives comprised currency, interest rate and commodity derivatives whose fair value was determined on the basis of the exchange rates at the European Central Bank, observed interest rate structure curves and observed commodity prices. The discount effect on these derivatives was negligible.

The fair values shown under Level 3 result mainly from the valuation of the put option and the call option for the remaining 49 percent shareholding in STEAG and, to an insignificant extent, from derivatives embedded in supply contracts. Recognized option pricing models were used to measure these derivatives.

During the reporting period, no derivatives were reclassified to other levels.

## Reconciliation from the opening to the closing balances for fair value (Level 3)

| in € million | Receivables from derivatives | Liabilities from derivatives | Total |
|---|---|---|---|
| **As of January 1, 2013** | **97** | **–65** | **32** |
| Additions | – | –1 | –1 |
| Gains or losses in the reporting period | –19 | –7 | –26 |
| Other operating income | – | 1 | 1 |
| Other operating expenses | –19 | –8 | –27 |
| **As of June 30, 2013** | **78** | **–73** | **5** |

As of June 30, 2013, the net value of the put option and the call option for the remaining 49 percent of the shares in STEAG was €5 million. The key factors influencing the valuation were the formula-based option strike price and an estimate of the fair value of 49 percent of the shares in STEAG. If the fair value of the 49 percent stake in STEAG had been 10 percent lower on June 30, 2013, the net value of the options would have been €54 million higher and would have resulted in an additional gain of the same amount. A 10 percent increase in the fair value of the 49 percent stake in STEAG would have reduced the net value of the options by €56 million, resulting in a corresponding additional loss.

The balance sheet as of June 30, 2013 contains assets and liabilities that are measured at fair value on a non-recurring basis totaling €22 million. These are contained in assets held for sale and the associated liabilities. The net fair value derived from the loss-free valuation of these assets and liabilities was allocated to Level 2 of the fair value hierarchy. The main input factor for the valuation was the expected proceeds from sale less the costs to sell.

The following overview shows the carrying amounts and fair values of all financial assets and liabilities:

## Fair value and carrying amounts of financial assets

June 30, 2013

| in € million | Carrying amount | Fair value |
|---|---|---|
| **Financial assets** | **1,073** | **1,075** |
| Other investments | 16 | 16 |
| Loans | 242 | 243 |
| Securities and similar claims | 668 | 668 |
| Receivables from finance leases | – | 1 |
| Receivables from derivatives | 135 | 135 |
| Other financial assets | 12 | 12 |
| **Trade accounts receivable** | **1,820** | **1,820** |
| **Cash and cash equivalents** | **873** | **873** |

**Fair value and carrying amounts of financial liabilities** June 30, 2013

| in € million | Carrying amount | Fair value |
|---|---|---|
| **Financial liabilities** | **2,869** | **2,965** |
| Bonds | 2,340 | 2,411 |
| Liabilities to banks | 284 | 306 |
| Loans from non-banks | 71 | 71 |
| Liabilities from finance leases | 5 | 7 |
| Liabilities from derivatives | 105 | 105 |
| Other financial liabilities | 64 | 65 |
| **Trade accounts payable** | **956** | **956** |

## 8.2 Contingent receivables and liabilities

There has not been any material change in contingent liabilities since the annual financial statements as of December 31, 2012.

The contingent receivables in connection with the incident at a production facility in Marl (Germany) mentioned in the consolidated financial statements as of December 31, 2012 have been finalized and are now recognized as a receivable.

## 8.3 Related parties

The principal transactions with related parties that have taken place since December 31, 2012 are as follows:

Sales revenues of €57 million were recorded with the joint venture Vivawest Wohnen GmbH in the first six months of 2013 from leasing the real estate to be managed by this company.

In the first quarter of 2013 a dividend for 2012 was paid to the company's shareholders, RAG-Stiftung and Gabriel Acquisitions. The dividend payment to RAG-Stiftung was €296 million, while Gabriel Acquisitions received a dividend of €81 million. In addition, since June 2013 there has been a liability of €100 million to RAG-Stiftung.

## 8.4 Events after the reporting date

Vivawest and THS have been combined and given a new ownership structure under agreements dated July 4 and 5, 2013. The amalgamation involved a capital increase in kind at Vivawest through the transfer of the 50 percent stake in THS held by VTG in return for a 26.8 percent stake.

Evonik then sold 30.0 percent of the shares in Vivawest to RAG-Stiftung and 7.3 percent of the shares to RAG Aktiengesellschaft. This reduced Evonik's stake in Vivawest to 35.9 percent. As a further step, Evonik transferred 25.0 percent of the shares in Vivawest to Evonik Pensionstreuhand e.V. (CTA), the trust fund to secure employee's company pension entitlements. These transactions took place with economic effect from January 1, 2013. Following conclusion of these transactions, Evonik's direct shareholding in Vivawest is 10.9 percent. It intends to divest this to trusted long-term investors in the intermediate term.

Due to divestment of the majority stake in Vivawest, Evonik will lose its controlling interest in this company in the third quarter of 2013 and the real estate operations will therefore be deconsolidated.

## 8.5 Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group in accordance with German accepted accounting principles, and the interim management report for the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Essen, July 25, 2013

**Evonik Industries AG**
**The Executive Board**

| | | |
|---|---|---|
| Dr. Engel | Dr. Colberg | Dr. Haeberle |
| Wessel | Wohlhauser | Dr. Yu |

# Review report

To Evonik Industries AG, Essen,

We have reviewed the condensed consolidated interim financial statements—comprising the condensed income statement, condensed statement of comprehensive income, condensed balance sheet, condensed statement of changes in equity, condensed cash flow statement and selected explanatory notes—and the interim Group management report for Evonik Industries AG, Essen, for the period from January 1, 2013 to June 30, 2013, which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the company's Executive Board. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information performed by the Independent Auditor of the Entity" (ISRE 2410). These standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, July 26, 2013

**PricewaterhouseCoopers**
**Aktiengesellschaft**
**Wirtschaftsprüfungsgesellschaft**

| | |
|---|---|
| Dr. Peter Bartels | Lutz Granderath |
| (German Public Auditor) | (German Public Auditor) |

## Financial calendar 2013/2014

| Event | Date |
|---|---|
| Interim Report Third Quarter 2013 | November 4, 2013 |
| Interim Report Fourth Quarter and Full Year Results 2013 | March 7, 2014 |
| Annual Shareholders' Meeting | May 20, 2014 |



## Credits

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