HERE WE ARE!
INTERIM REPORT JANUARY 1 TO JUNE 30, 2014

A solid performance in the second quarter of 2014

- Declining price pressure accompanied by further pleasing volume growth
- Adjusted EBITDA below prior year but at a solid level
- All segments posted slightly better results than in the first quarter
- Clear improvement in cash flow from operating activities in the first six months
- Outlook for 2014 confirmed and specified

EVONIK INDUSTRIES

Key data for the Evonik Group

Key data for the Evonik Group

in € million	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013
Sales	3,247	3,209	6,448	6,421
Adjusted EBITDA [a]	473	509	936	1,115
Adjusted EBITDA margin in %	14.6	15.9	14.5	17.4
Adjusted EBIT [b]	322	364	638	828
EBIT	271	301	559	735
Income before financial result and income taxes, continuing operations	260	289	539	710
Net income	139	193	305	486
Earnings per share in €	0.30	0.41	0.65	1.04
Adjusted earnings per share in €	0.37	0.42	0.77	1.07
Cash flow from operating activities, continuing operations	–19	8	303	192
Capital expenditures	269	241	478	419
Net financial debt as on the balance sheet as of June 30	–	–	–150	–1,230
Employees as of June 30	–	–	33,168	33,531

Prior-year figures restated.

a Earnings before interest, taxes, depreciation, and amortization, after adjustments.
b Earnings before interest and taxes, after adjustments.

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

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Evonik in focus Q2 2014

Evonik's integrated production complex for isophorone and isophorone diamine came into service in Shanghai in May 2014.

New production facilities in the growing Asian region

Evonik is systematically strengthening its market-leading positions and utilizing growth opportunities in emerging markets, especially in Asia. In line with this, the Coatings & Additives Business Unit started up an integrated production complex for isophorone and isophorone diamine in Shanghai (China) in May 2014. Over €100 million has been invested in this complex, which continues Evonik's successful growth story in isophorone chemistry. Evonik now has fully backwardly integrated isophorone production facilities in all three of the world's major economic hubs—Europe, NAFTA and Asia. Customers in the paints and coatings, construction, adhesives and composites industries in Asia can now be supplied quickly and reliably with products from regional production facilities that meet the usual high quality and purity standards.

At the start of July 2014 Evonik officially started operation of a new hydrogen peroxide plant with capacity of 230,000 metric tons a year in Jilin (China). This has increased the Advanced Intermediates Business Unit's global capacity for this product to over 900,000 metric tons a year. The hydrogen peroxide produced in Jilin is supplied straight to the neighboring propylene oxide plant newly erected by Jishen Chemical Industry Co, Ltd., which uses it to manufacture propylene oxide on the basis of the efficient HPPO process developed by Evonik and ThyssenKrupp Uhde GmbH.

Brand partnership with BVB extended

Effective July 1, 2014, Evonik extended its sponsorship agreement with the BVB soccer club until June 30, 2025 to strengthen the Evonik brand and make it better known internationally. To underpin this alliance, Evonik has also taken a direct stake in the club by acquiring shares amounting to 9.06 percent of the capital stock of Borussia Dortmund GmbH & Co. KGaA through a capital increase. The issue price was €4.37 per share, giving a total investment of €26.7 million.

New Group structure planned— New appointment to the Executive Board

Evonik's management and portfolio structure is to be reorganized to create a better basis for differentiated management and systematic development of the various businesses with closer market alignment.

The Executive Board intends to concentrate more on Evonik's strategic development within a management holding structure. The intention is to give the operating segments—Consumer, Health & Nutrition, Resource Efficiency, and Specialty Materials—greater entrepreneurial freedom in their business activities.

The Executive Board presented these plans to the Supervisory Board on June 26, 2014. Further details of the planned new corporate structure will be worked out in the course of this year.

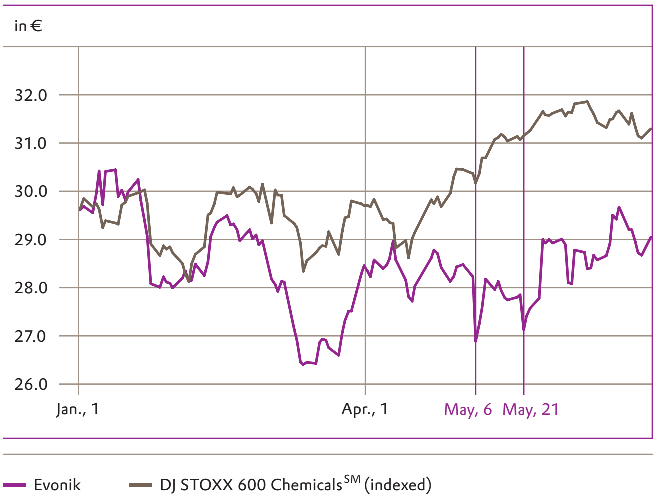
At its meeting on June 26, 2014, the Supervisory Board appointed Evonik's Executive Vice President Christian Kullmann to the Executive Board effective July 1, 2014. As Chief Strategic Officer, Kullmann is responsible for the Corporate Strategy & Corporate Performance, Legal & Compliance, Corporate Affairs, and Corporate Security Divisions.

Evonik on the capital markets

Share price performance

Following the announcement of the quarterly results at the start of May 2014 and a temporary dip in the share price, Evonik's shares rose to €29 at the end of the month. That more than offset the dividend discount of €1.00 on May 21, the day after our Annual Shareholders' Meeting. The upward price trend for feed additives, among other things, led to a positive share price performance in the second half of June, bringing our share to a high for the quarter of €29.68 on June 20. It ended the quarter at €29.05, around 2 percent higher than at the start of the quarter. Overall, between April and June shares in Evonik performed analogously to the MDAX index. However, both lagged the performance of the DJ STOXX 600 Chemicals[SM].

Performance of Evonik shares Jan. 1 – Jun. 30, 2014



Annual Shareholders' Meeting resolves to pay a dividend of €1.00 per share

On May 20, 2014, Evonik's first Shareholders' Meeting as a public company adopted the proposal made by the Executive Board and Supervisory Board that the company should pay a dividend of €1.00 per share for 2013, an increase of €0.08 or 9 percent compared with the previous year. That gives a dividend yield of over 3 percent, placing Evonik among the leaders in the chemical industry. The total dividend payment of €466 million was made on May 21. In addition, the Annual Shareholders' Meeting authorized the Executive Board to increase the capital stock, with the consent of the Supervisory Board, by up to 25 percent (Authorized Capital) and to issue warrant bonds and/or convertible bonds totaling up to €1.25 billion. Further, the capital stock was increased conditionally by up to €37.28 million to issue new shares in connection with the warrant bonds and/or convertible bonds (Conditional Capital). The scope and type of these authorizations is customary and there are currently no short-term plans to utilize them.

Key data

	Jan. 1 – Jun. 30, 2014
Highest share price[a] in €	29.68
Lowest share price[a] in €	26.89
Average price[a] in €	28.40
Closing price[a] on June 30, 2014 in €	29.05
No. of shares	466,000,000
Market capitalization[a] on June 30, 2014 in € billion	13.54
Average daily trading volume[a] No. of shares	187,399

[a] Xetra trading.

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 Regulated market, Luxembourg
Indices	MDAX, STOXX Europe 600

Increasing interest from investors

Between April and June 2014 our investor relations activities were dominated by reporting on the first quarter. The subsequent roadshows to financial centers in Europe such as London, Paris, Amsterdam and Copenhagen, and field trips in the USA and Germany attracted much attention. Overall, we registered more than 100 contacts with investors.

Further increase in coverage

Further analysts initiated coverage of Evonik in the reporting period. Our stock is now covered by 20 analysts. Ten of them rated Evonik as a buy, three put it on sell and seven issued hold recommendations. Their price targets ranged from €23 to €35. The median at the end of the quarter was €31.

Shareholder structure unchanged

Our largest shareholders between April and June 2014 were still RAG-Stiftung, with a shareholding of 67.9 percent of the capital stock, and funds advised by CVC Capital Partners, with an indirect shareholding of 17.9 percent. The free float was 14.2 percent.

On June 4, 2014 RAG-Stiftung issued a €600 million convertible bond, which matures on December 31, 2018. If this is converted fully into Evonik shares, the free float would increase by a good 3 percentage points.

Share.2014 employee share program well-received

Following its successful stock exchange listing, in spring 2014, Evonik launched its first share-based participation program for employees. We reported regularly on our Investor Relations website on the repurchase of shares for this purpose. In all, nearly 40 percent of eligible employees in Germany, Belgium and the USA took part in this new program.

S&P confirms BBB+ rating

In May 2014 Standard & Poor's (S&P) confirmed our BBB+ credit rating with a stable outlook. In particular, S&P drew attention to the good diversification of Evonik's end-markets compared with the sector. S&P noted that the authorizations for capital increases resolved by the Annual Shareholders' Meeting have increased Evonik's scope for possible acquisitions.

Syndicated credit facility extended

At the start of July 2014, a consortium of 27 national and international banks agreed to extend our €1.75 billion syndicated credit facility. The two tranches of this facility (€875 million each) are therefore now firmly approved up to 2017 and 2019 respectively.

Investor Relations

For further information on our investor relations activities, visit our website at **www.evonik.com/investor-relations.** The financial calendar on our website provides a convenient overview of important dates. The website also contains key facts and figures, especially financial and segment data and details of the company's structure and organization.

This is supplemented by information on Evonik shares, the terms of bond issues and an overview of our credit ratings. Current presentations, analysts' estimates and reports on our business performance are also available.

IR contact details: PHONE +49 201 177-3146 investor-relations@evonik.com

Profile of Evonik

Evonik is one of the world's leading specialty chemicals companies. The central elements of our strategy for sustained value creation are profitable growth, efficiency and values. Around 80 percent of sales come from market-leading positions, which we are systematically expanding. We concentrate on high-growth megatrends, especially health, nutrition, resource efficiency and globalization. As part of our ambitious growth strategy, we are also stepping up our presence in emerging markets, especially in Asia. Important competitive advantages come from our integrated technology platforms, which we continuously refine. Our operations are grouped in three segments, each of which has two business units.

Consumer, Health & Nutrition

The segment produces specialty chemicals, principally for applications in the consumer goods, animal nutrition and pharmaceutical sectors. It comprises the Consumer Specialties and Health & Nutrition Business Units.

Resource Efficiency

The Resource Efficiency segment provides solutions for environment-friendly and energy-efficient products. It comprises 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 business services. It mainly provides services for Evonik's specialty chemicals segments and Corporate Center, but also serves third parties.

HALF-YEAR FINANCIAL REPORT 2014

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Interim management report as of June 30, 2014

1. Business conditions and performance

1.1 Economic background

The **overall global economic development** was slightly weaker than expected in the first half of 2014. Although the sustained upward trend in global growth continued, no additional momentum was generated in the second quarter. The heightened geopolitical uncertainty resulting from a large number of political and military conflicts acted as a damper. In addition, the weather-induced production shortfalls in the United States at the start of the year had a stronger impact than had originally been anticipated.

A positive trend in Germany and the rest of Europe contributed to the global uptrend in the first half of the year. In Germany, in particular, economic output grew faster than in the previous year thanks to a good start to 2014 and a solid second quarter. The trend in the other European countries was less dynamic but there were nevertheless slight signs of growth. In the second quarter, the North American economy only recovered slowly from the extremely hard winter.

As expected, Evonik's **end-customer industries** around the world—especially the automotive, tire, coatings and construction sectors—posted a somewhat more dynamic trend in the first six months of 2014 than in the prior-year period. Following a strong start to 2014, growth in output slowed slightly in the second quarter. Overall, higher demand only had a limited impact on industrial prices: Combined with very low inflationary pressure in some regions, in both the second quarter and the first half of 2014 prices remained at the low level of the second half of 2013. They were therefore considerably lower than in the corresponding periods of the previous year.

In view of the mounting geopolitical tension in the second quarter of 2014, Evonik's average **raw material prices** increased slightly compared with the first quarter of the year. In the first six months of 2014, they were therefore slightly higher than in the first half of 2013.

1.2 Business performance

Significant events

At the end of March 2014 we reached agreement with Daimler AG on restructuring our lithium-ion activities. We sold our 50.1 percent interest in Li-Tec Battery GmbH and the 10 percent stake in Deutsche Accumotive GmbH & Co. KG to Daimler AG, which became the sole owner of both companies. The shares were transferred at the end of April. In view of the planned exit from the **lithium-ion business** these activities were reclassified to discontinued operations in September 2013. The revaluation of assets and provisions in connection with this agreement and the subsequent divestment of the shares resulted in income after taxes of €21 million.

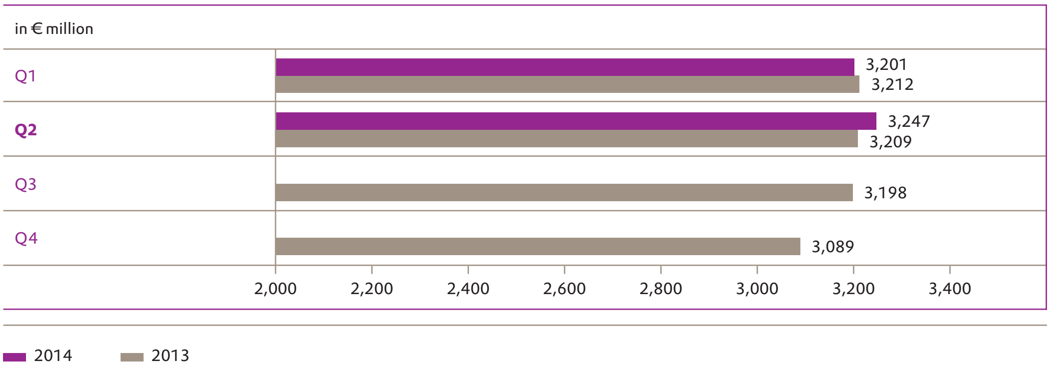
Evonik's **management and portfolio structure** is to be reorganized to create a better basis for differentiated management and systematic development of the various businesses with closer market alignment. The Executive Board intends to concentrate more on Evonik's strategic development within a management holding structure. The intention is to give the three operating segments—Consumer, Health & Nutrition, Resource Efficiency, and Specialty Materials—greater entrepreneurial freedom in their business activities. We presented these plans to the Supervisory Board on June 26, 2014. Further details of the planned new structure of the Group will be worked out in the course of this year.

The composition of the **Executive Board** of Evonik Industries AG has been modified to reflect the associated change in management requirements. At its meeting on June 26, 2014, the Supervisory Board appointed Mr. Christian Kullmann (45) to the Executive Board effective July 1, 2014.

Business performance in Q2 2014

Strong demand for our products was registered worldwide in the second quarter of 2014 in a slightly positive economic environment. The clear downward price trend observed in previous quarters as a result of the challenging market conditions has slowed perceptibly. Both sales and adjusted EBITDA improved slightly compared to the first quarter of 2014, with all segments contributing to the improvement in earnings.

Sales by quarters



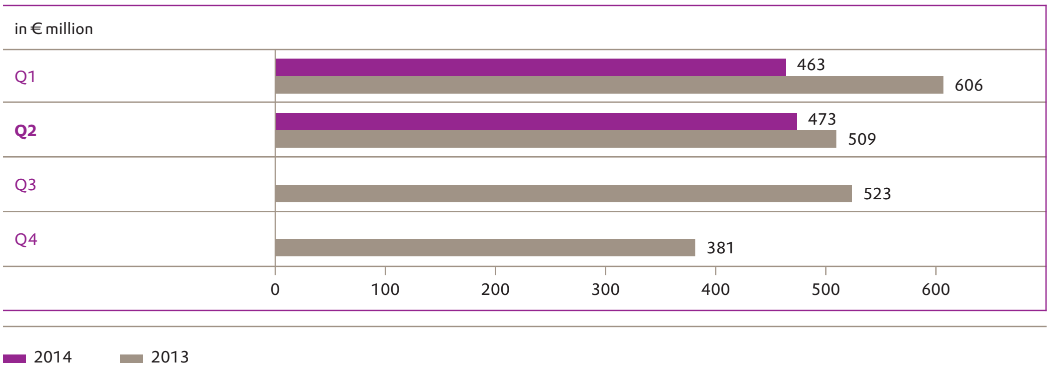
Prior-year figures restated.

The Evonik Group grew **sales** 1 percent year-on-year to €3,247 million. We posted organic sales growth of 3 percent, driven by a considerable rise in volumes (5 percentage points), which was countered by slight erosion of selling prices (–2 percentage points). Currency effects clipped sales by 2 percentage points.

Year-on-year change in sales

in %	1st quarter 2014	**2nd quarter 2014**	**1st half 2014**
Volumes	5	5	5
Prices	–4	–2	–3
Organic sales growth	**1**	**3**	**2**
Exchange rates	–1	–2	–2
Other effects	0	0	0
Total	**0**	**1**	**0**

Adjusted EBITDA by quarters



Prior-year figures restated.

Adjusted **EBITDA** was €473 million, 7 percent below the year-back figure, mainly due to lower selling prices. The adjusted EBITDA margin slipped from 15.9 percent to 14.6 percent. Adjusted EBIT dropped 12 percent to €322 million.

Statement of income

	2nd quarter			1st half		
in € million	**2014**	2013	Change in %	**2014**	2013	Change in %
Sales	**3,247**	**3,209**	**1**	**6,448**	**6,421**	**0**
Adjusted EBITDA	**473**	**509**	**–7**	**936**	**1,115**	**–16**
Depreciation and amortization	–151	–145		–298	–287	
Adjusted EBIT	**322**	**364**	**–12**	**638**	**828**	**–23**
Adjustments	–51	–63		–79	–93	
thereof attributable to						
Restructuring	*–20*	*8*		*–25*	*3*	
Impairment losses/reversals of impairment losses	*–11*	*–35*		*–29*	*–35*	
Acquisition/divestment of shareholdings	*–*	*–10*		*–*	*–10*	
Other	*–20*	*–26*		*–25*	*–51*	
Net interest expense	–59	–68		–135	–134	
Income before income taxes, continuing operations	**212**	**233**	**–9**	**424**	**601**	**–29**
Income taxes	–70	–80		–133	–165	
Income after taxes, continuing operations	**142**	**153**	**–7**	**291**	**436**	**–33**
Income after taxes, discontinued operations	–	35		21	42	
Income after taxes	**142**	**188**	**–24**	**312**	**478**	**–35**
thereof attributable to non-controlling interests	3	–5		7	–8	
Net income	**139**	**193**	**–28**	**305**	**486**	**–37**
Earnings per share in €	**0.30**	**0.41**	**–**	**0.65**	**1.04**	**–**

Prior-year figures restated.

The **adjustments** of minus €51 million include restructuring expenses of €20 million. Impairment losses/reversals of impairment losses totaling minus €11 million mainly comprise impairment losses on capitalized expenses for construction in progress relating to a project in the Specialty Materials segment that was terminated following a routine review of investment projects, and a write-up on the at-equity carrying amount of the 49 percent stake in STEAG GmbH. Other adjustments relate to expenses in connection with incidents incurred by business partners, and capitalized income from the pro rata guaranteed dividend from STEAG. The prior-year figure of minus €63 million principally comprised income, expenses and impairment losses in connection with the shutdown of production facilities in the Resource Efficiency and Specialty Materials segments.

Net interest expense improved to €59 million. This was mainly due to the repayment of the Evonik Degussa bond in December 2013. **Income before income taxes, continuing operations** was 9 percent lower at €212 million. The income tax rate was 33 percent and thus above the expected Group tax rate of 30 percent, primarily thanks to tax expenses relating to prior periods.

In the previous year, **income after taxes, discontinued operations** contained operating income from the real estate activities divested in July 2013. Overall, the Evonik Group's **net income** dropped 28 percent to €139 million.

Adjusted net income, which reflects the operating performance of the continuing operations, dropped 10 percent to €174 million in the second quarter of 2014. **Adjusted earnings per share** decreased slightly from €0.42 to €0.37.

Reconciliation to adjusted net income

in € million	2nd quarter 2014	2nd quarter 2013	2nd quarter Change in %	1st half 2014	1st half 2013	1st half Change in %
Income before financial result and income taxes [a]	**260**	**289**	**–10**	**539**	**710**	**–24**
Result from investments recognized at equity	11	7		20	14	
Other financial income	–	5		–	11	
EBIT	**271**	**301**	**–10**	**559**	**735**	**–24**
Adjustments	51	63		79	93	
Adjusted EBIT	**322**	**364**	**–12**	**638**	**828**	**–23**
Adjusted net interest	–59	–68		–111	–134	
Adjusted income before income taxes [a]	**263**	**296**	**–11**	**527**	**694**	**–24**
Adjusted income taxes	–87	–98		–161	–188	
Adjusted income after taxes [a]	**176**	**198**	**–11**	**366**	**506**	**–28**
thereof adjusted income attributable to non-controlling interests	2	4		5	7	
Adjusted net income [a]	**174**	**194**	**–10**	**361**	**499**	**–28**
Adjusted earnings per share [a] in €	**0.37**	**0.42**	**–**	**0.77**	**1.07**	**–**

Prior-year figures restated.

[a] Continuing operations.

Business performance in H1 2014

In the first six months of 2014 **sales** were higher than in the prior-year period at €6,448 million. Excluding the impact of exchange rates (minus 2 percentage points), organic growth was 2 percent. This was driven by higher volumes (5 percentage points), while selling prices were lower (minus 3 percentage points).

Adjusted **EBITDA** fell 16 percent to €936 million, mainly due to erosion of selling prices for some important products. The adjusted EBITDA margin therefore declined from 17.4 percent to 14.5 percent. Adjusted EBIT dropped 23 percent to €638 million.

The **adjustments** of minus €79 million contain restructuring expenses of €25 million. Impairment losses totaling €29 million mainly relate to capitalized expenses for construction in progress for a project in the Specialty Materials segment that was terminated following a routine review of investment projects, and to the at-equity carrying amount of STEAG. Other adjustments relate to expenses in connection with incidents incurred by business partners, and capitalized income from the pro rata guaranteed dividend from STEAG. The prior-year figure of minus €93 million principally comprised income, expenses and impairment losses in connection with the shutdown of production facilities in the Resource Efficiency and Specialty Materials segments.

Net interest expense was €135 million and contained interest expense of €24 million in connection with one-off factors relating to the establishment of provisions. If these are factored out, there was a considerable year-on-year improvement, chiefly because of the repayment of the Evonik Degussa bond in December 2013. **Income before income taxes, continuing operations** was 29 percent lower at €424 million. The income tax ratio was 31 percent, and thus basically in line with the expected Group tax rate.

Income after taxes, discontinued activities[1] totaling €21 million mainly relates to the lithium-ion business and results principally from revaluation in connection with the divestment of the shares in Li-Tec Battery and Deutsche Accumotive. Net income dropped 37 percent to €305 million.

Adjusted net income decreased by 28 percent to €361 million, while **adjusted earnings per share** declined from €1.07 to €0.77.

Efficiency enhancement programs

Systematic implementation of the On Track 2.0 efficiency enhancement program introduced in 2012 is proceeding well. Measures with annual savings potential of around €320 million out of the target of €500 million set for year-end 2016 are now being implemented. The additional Administration Excellence program launched last fall to optimize the quality of our Group-wide administration processes is also on schedule. This program should leverage savings of up to €250 million a year by the end of 2016. Initial organizational changes were made in 2013 and further optimization is currently being worked out in detail. Implementation of these measures will start in the second half of 2014, and the majority will be implemented in 2015 and 2016.

[1] See Note 4.3.

1.3 Segment performance

Consumer, Health & Nutrition segment

- Higher volumes, lower selling prices
- Adjusted EBITDA below the high prior-period level
- Adjusted EBITDA margin at a good level of 19.0 percent in H1 2014

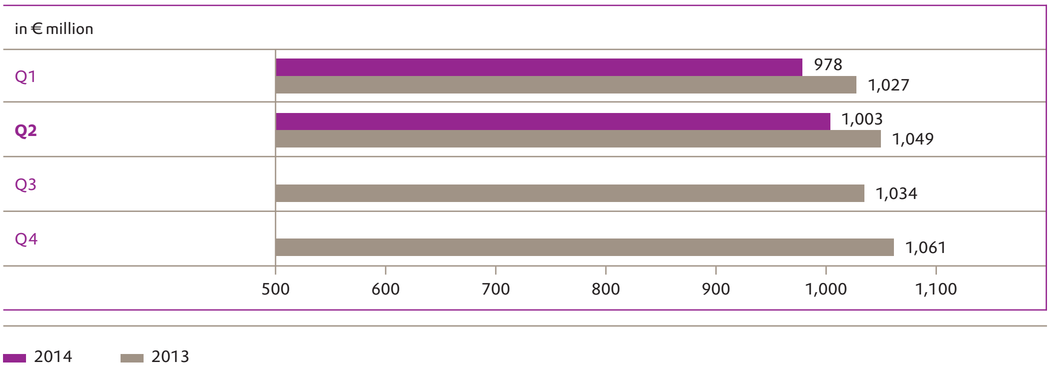
Key data for the Consumer, Health & Nutrition segment

in € million	2nd quarter 2014	2nd quarter 2013	2nd quarter Change in %	1st half 2014	1st half 2013	1st half Change in %
External sales	1,003	1,049	−4	1,981	2,076	−5
Consumer Specialties Business Unit	521	551	−5	1,047	1,096	−4
Health & Nutrition Business Unit	482	498	−3	934	980	−5
Adjusted EBITDA	188	227	−17	376	508	−26
Adjusted EBITDA margin in %	18.7	21.6	–	19.0	24.5	–
Adjusted EBIT	151	191	−21	300	436	−31
Capital expenditures	126	84	50	207	145	43
Employees as of June 30	–	–		7,059	6,967	1

Prior-year figures restated.

In the Consumer, Health & Nutrition segment sales slipped 4 percent to €1,003 million in the **second quarter of 2014.** Excluding negative currency effects, this segment posted a slight organic sales drop as selling prices declined despite higher volumes. Adjusted EBITDA was 17 percent below the high prior-period level at €188 million, principally due to lower selling prices and start-up expenses for new production capacity. The adjusted EBITDA margin was 18.7 percent, down from the previous year's level of 21.6 percent.

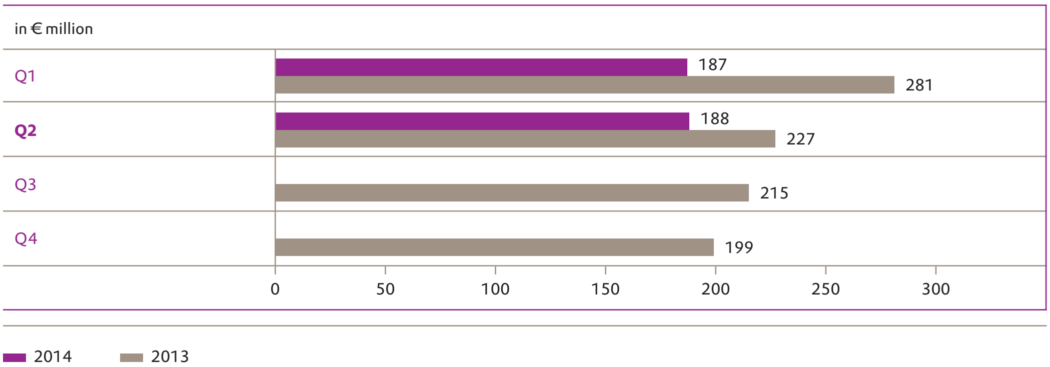
Sales for the Consumer, Health & Nutrition segment



Prior-year figures restated.

In the **first six months of 2014** this segment's sales dropped by 5 percent to €1,981 million. Slight volume growth was more than offset by declining selling prices and negative currency effects. Adjusted EBITDA dropped 26 percent to €376 million as a result of lower selling prices and start-up expenses for new production capacity. The adjusted EBITDA margin was good at 19.0 percent.

Adjusted EBITDA for the Consumer, Health & Nutrition segment



Prior-year figures restated.

Consumer Specialties

This business unit's sales slipped 5 percent to €521 million in the second quarter of 2014, mainly because superabsorbents did not match the high volume sales registered in the second quarter of 2013. In addition, adjusted EBITDA fell short of the previous year's level, held back by higher fixed costs and start-up expenses in connection with the growth-driven investments in China and Brazil.

Health & Nutrition

The Health & Nutrition Business Unit generated sales of €482 million, which was 3 percent less than in the prior-year quarter. Demand for amino acids for animal nutrition continued to rise but selling prices were well below the previous year's high level. Business with products for the healthcare industry was below the previous year's good level. This business unit's adjusted EBITDA declined, mainly because prices were lower than in the excellent prior-period quarter.

Resource Efficiency segment

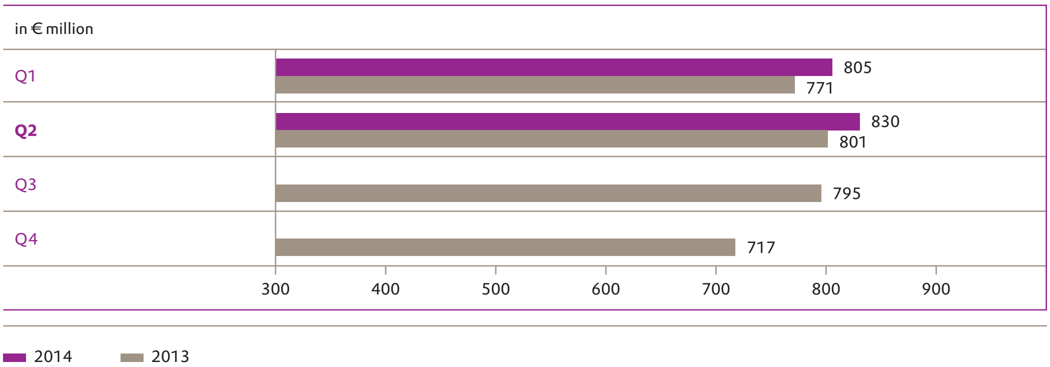
- Far higher demand and stable selling prices
- Further improvement in adjusted EBITDA
- Adjusted EBITDA margin rose to an excellent 23.2 percent in the first six months

Key data for the Resource Efficiency segment

	2nd quarter			1st half		
in € million	2014	2013	Change in %	2014	2013	Change in %
External sales	830	801	4	1,635	1,572	4
Inorganic Materials Business Unit	377	370	2	744	730	2
Coatings & Additives Business Unit	453	431	5	891	842	6
Adjusted EBITDA	191	174	10	380	346	10
Adjusted EBITDA margin in %	23.0	21.7	–	23.2	22.0	–
Adjusted EBIT	158	145	9	319	288	11
Capital expenditures	55	50	10	99	87	14
Employees as of June 30	–	–		5,984	5,841	2

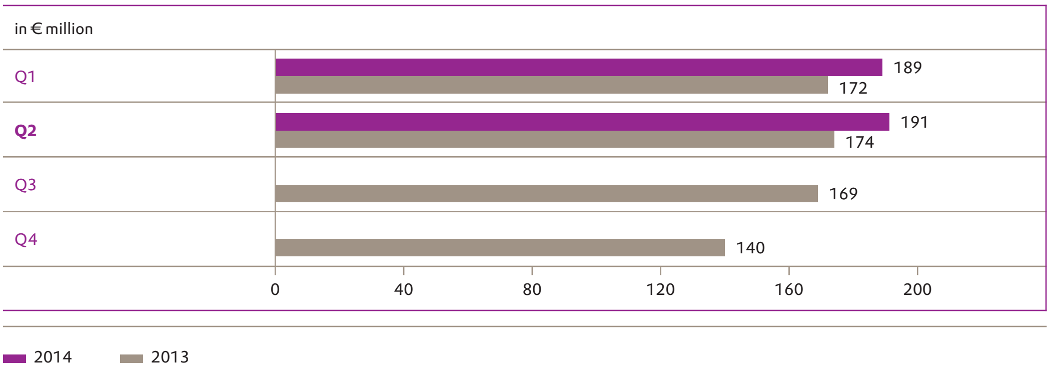
In the **second quarter of 2014,** the Resource Efficiency segment's sales rose 4 percent to €830 million. Thanks to a substantial rise in volumes and stable selling prices, this segment posted pleasing organic sales growth, although this was countered by negative currency effects. Adjusted EBITDA increased 10 percent to €191 million. The adjusted EBITDA margin was 23.0 percent, up from 21.7 percent in the second quarter of 2013.

Sales for the Resource Efficiency segment



Sales grew 4 percent to €1,635 million in the **first six months.** The strong volume growth was offset by a slight decline in selling prices and negative currency effects. Adjusted EBITDA increased 10 percent to €380 million, mainly because of the rise in volumes. The adjusted EBITDA margin rose from 22.0 percent to 23.2 percent.

Adjusted EBITDA for the Resource Efficiency segment



Inorganic Materials

There was strong demand for this business unit's products worldwide in the second quarter. Thanks to higher volumes accompanied by a slight improvement in selling prices, sales grew 2 percent to €377 million, despite negative currency effects. Business with silicas and silanes was very successful. Adjusted EBITDA improved, driven mainly by an increase in volume sales and high capacity utilization.

Coatings & Additives

Boosted by high demand from the automotive and construction industries, the Coatings & Additives Business Unit registered a very good business trend and was able to lift volumes considerably. Perceptible growth was achieved first and foremost in Europe, but also in North America and Asia. Overall, sales advanced 5 percent to €453 million. Adjusted EBITDA increased, mainly as a result of the rise in volume sales.

Specialty Materials segment

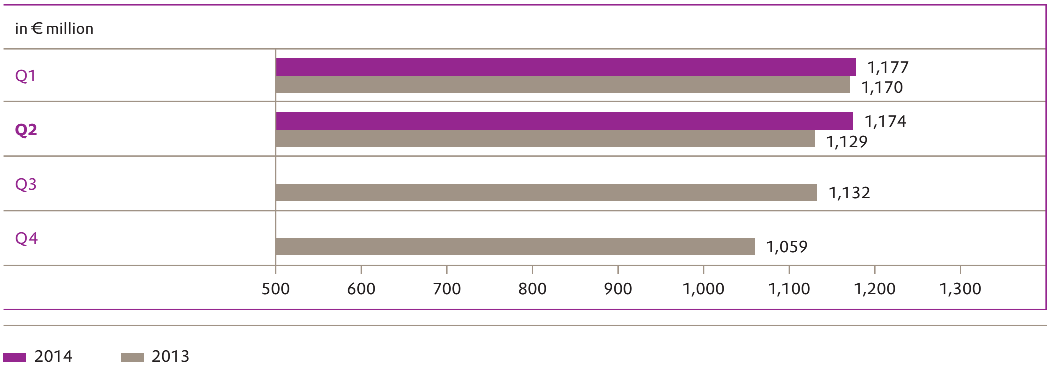
- Far higher volumes, lower selling prices
- Adjusted EBITDA down year-on-year
- Adjusted EBITDA margin slipped to a weak 9.5 percent in the first six months

Key data for the Specialty Materials segment

	2nd quarter			1st half		
in € million	**2014**	2013	Change in %	**2014**	2013	Change in %
External sales	1,174	1,129	4	2,350	2,299	2
Performance Polymers Business Unit	476	459	4	937	902	4
Advanced Intermediates Business Unit	697	670	4	1,413	1,397	1
Adjusted EBITDA	112	128	−13	224	310	−28
Adjusted EBITDA margin in %	9.5	11.3	–	9.5	13.5	–
Adjusted EBIT	71	90	−21	143	235	−39
Capital expenditures	59	75	−21	115	125	−8
Employees as of June 30	–	–		6,333	6,241	1

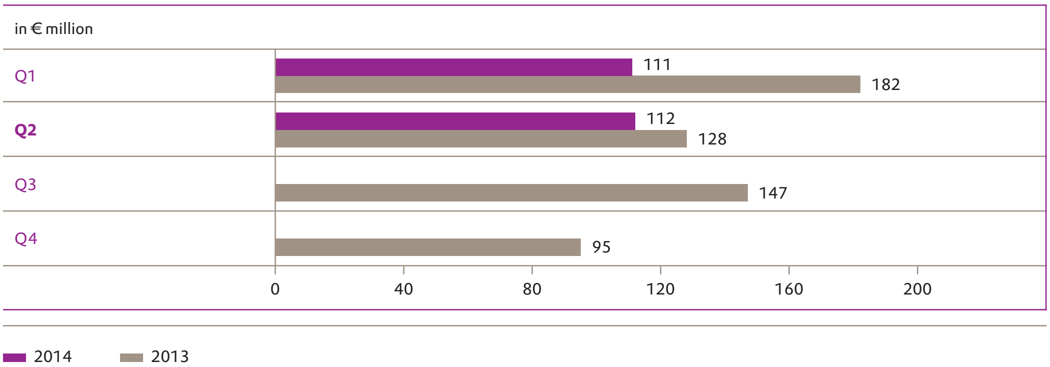
In the **second quarter of 2014,** the Specialty Materials segment's sales rose 4 percent to €1,174 million. Despite declining selling prices, this segment reported organic sales growth thanks to far higher demand. Adjusted EBITDA slipped 13 percent to €112 million as a result of lower prices and higher raw material costs. The adjusted EBITDA margin was 9.5 percent, down from 11.3 percent in the second quarter of 2013.

Sales for the Specialty Materials segment



In the **first six months,** sales rose 2 percent to €2,350 million in the Specialty Materials segment, driven by far higher volume sales, while lower selling prices held back sales growth. Adjusted EBITDA dropped 28 percent to €224 million, mainly because of the reduction in selling prices. The adjusted EBITDA margin dropped from 13.5 percent in the first half of 2013 to 9.5 percent.

Adjusted EBITDA for the Specialty Materials segment



Performance Polymers

The Performance Polymers Business Unit grew sales 4 percent to €476 million in the second quarter of 2014. Polyamide 12 products and methacrylates, in particular, benefited from rising demand, but selling prices remained under pressure. Adjusted EBITDA was down year-on-year, partly because of higher raw material costs.

Advanced Intermediates

This business unit's sales rose 4 percent to €697 million in the second quarter as a result of considerable volume growth, although this was counteracted by a drop in selling prices, especially for Performance Intermediates (C_4 Chemistry). Adjusted EBITDA was slightly above the low prior-year level, which was, however, impaired by a scheduled extensive maintenance shutdown.

Services segment

Key data for the Services segment

in € million	2nd quarter 2014	2013	Change in %	1st half 2014	2013	Change in %
External sales	220	210	5	449	437	3
Adjusted EBITDA	54	53	2	105	107	–2
Adjusted EBITDA margin in %	24.5	25.2	–	23.4	24.5	–
Adjusted EBIT	29	29	–	56	60	–7
Capital expenditures	24	26	–8	47	47	–
Employees as of June 30	–	–		12,185	11,824	3

Prior-year figures restated.

Sales increased 5 percent to €220 million in the **second quarter** as a result of higher procurement activities for external customers. Adjusted EBITDA was around the prior-year level at €54 million.

Sales grew 3 percent to €449 million in the **first six months.** Adjusted EBITDA was €105 million, compared with €107 million in the first half of the previous year.

2. Earnings, financial and asset position

2.1 Earnings position

Sales were €6,448 million in the first six months, slightly higher than in the previous year. The increase in volumes was almost entirely canceled out by lower selling prices and adverse currency effects. As a result of the increase in sales volumes, the cost of sales increased 3 percent to €4,649 million. The **gross profit on sales** therefore decreased by 6 percent to €1,799 million. Selling and administrative expenses also declined by 4 percent to €933 million thanks to successful cost savings. To strengthen our innovative capability still further, we raised spending on research and development by 7 percent to €202 million.

Other operating income totaling €290 million mainly includes income from the measurement of derivatives (€102 million) and from currency translation of monetary assets and liabilities (€82 million). The €200 million year-on-year decline in other operating income was principally attributable to the fact that the prior-year figure included income from the reversal of provisions, the termination of contracts, and insurance refunds. The other operating expenses of €415 million comprised €108 million relating to the measurement of derivatives, €89 million relating to currency translation of monetary assets and liabilities, and €35 million relating to impairment losses. The decline of €116 million compared with the prior period was mainly due to a reduction in the impact of the valuation of derivatives. **Income before financial result and income taxes, continuing operations** was €539 million, 24 percent below the corresponding prior-year figure.

The **financial result** declined to minus €115 million. This figure includes interest expense of €24 million relating to one-off factors in connection with the establishment of provisions. Income before income taxes, continuing operations declined 29 percent to €424 million. After deduction of the lower income taxes, income after taxes, continuing operations was €291 million, 33 percent less than in the first half of 2013.

Income after taxes, discontinued operations[1] totaling €21 million mainly relates to the lithium-ion business, principally the remeasurement of assets and provisions in connection with the divestment of the shares in Li-Tec Battery and Deutsche Accumotive.

Overall, the **net income** of the Evonik Group dropped 37 percent to €305 million as a result of the weaker operating performance and the impact of one-off factors on interest expense.

2.2 Financial and asset position

Financial debt increased slightly versus December 31, 2013, to €1,685 million. Financial assets were €642 million lower at €1,535 million, principally because of the €466 dividend for 2013, which was paid on May 21, 2014, and investment spending. Overall, **net financial debt** as stated on the balance sheet was €150 million on June 30, 2014, compared with net financial assets as stated on the balance sheet of €571 million at year-end 2013.

Net financial debt

in € million	June 30, 2014	Dec. 31, 2013
Non-current financial liabilities	–648	–627
Current financial liabilities	–1,037	–979
Financial debt [a]	**–1,685**	**–1,606**
Cash and cash equivalents	881	1,527
Current securities	642	635
Other financial assets	12	15
Financial assets [a]	**1,535**	**2,177**
Net financial debt/assets as stated on the balance sheet	**–150**	**571**
Net financial assets, discontinued operations	–	18
Net financial debt/assets (total)	**–150**	**589**

Prior-year figures restated.

[a] Excluding derivatives.

[1] See Note 4.3.

Cash flow statement (excerpt)

in € million	1st half 2014	2013
Cash flow from operating activities, continuing operations	303	192
Cash flow from operating activities, discontinued operations	5	17
Cash flow from operating activities	**308**	**209**
Cash flow from investing activities, continuing operations	–585	–185
Cash flow from investing activities, discontinued operations	–1	–16
Cash flow from investing activities	**–586**	**–201**
Cash flow from financing activities, continuing operations	–417	–7
Cash flow from financing activities, discontinued operations	–	113
Cash flow from financing activities	**–417**	**106**
Change in cash and cash equivalents	**–695**	**114**

Prior-year figures restated.

The **cash flow from operating activities, continuing operations** increased by €111 million to €303 million in the first six months of 2014. The drop in income before depreciation, amortization, financial result and income taxes was more than offset, mainly by the considerably lower increase in net working capital and lower income tax payments. The cash flow, discontinued operations was €5 million, down from €17 million in the previous year. Overall, the cash flow from operating activities increased by €99 million to €308 million.

The cash outflow for investing activities, continuing operations was €585 million, mainly for capital expenditures on property, plant and equipment and for investments in shareholdings. In the prior-year period, outflows for capital expenditures were countered by inflows from the sale of securities, resulting in a net cash outflow of just €185 million. Together with the corresponding cash flow from the discontinued operations, there was a cash outflow of €586 million for investing activities, compared with an outflow of €201 million in the first half of 2013.

The cash flow from financing activities, continuing operations comprised an outflow of €417 million, principally due to the dividend payment for 2013. In the prior-year period, the cash outflow, continuing operations was only €7 million due to the issue of a new corporate bond.

Capital expenditures increased 14 percent to €478 million. 43 percent of capital expenditures were allocated to the Consumer, Health & Nutrition segment, 24 percent to the Specialty Materials segment, and 21 percent to the Resource Efficiency segment. To extend our leading market positions, we started up new production capacity in Asia. In Shanghai (China), the Resource Efficiency segment has invested more than €100 million in an integrated production complex for isophorone and isophorone diamine. Isophorone chemicals increase the lifecycle of, for example, heavy-duty surfaces, and also facilitate environment-friendly coating technologies. In addition, the Resource Efficiency segment started operation of an extended production plant for precipitated silica in Rayong (Thailand). Growth in South-East Asia is driven principally by fuel-saving tires and life-science applications. The Specialty Materials segment has completed a new hydrogen peroxide plant with production capacity of 230,000 metric tons p.a. in Jilin (China). The hydrogen peroxide produced in Jilin is supplied straight to the neighboring propylene oxide plant newly erected by Jishen Chemical Industry Co, Ltd., which uses it to manufacture propylene oxide on the basis of the efficient HPPO process developed by Evonik and ThyssenKrupp Uhde GmbH.

Investment in **financial assets** increased to €44 million and mainly comprises the acquisition of Silbond Corporation, Weston (Michigan, USA), a specialized supplier of silicic acid esters (TEOS). Silicic acid esters are a special group of functional silanes used in a wide variety of high-growth applications, for example, in the electronics industry. The acquisition of Silbond opens the door for our Resource Efficiency segment to supply customers in North America in particular from local production facilities, and to participate in future growth in the market for silicic acid esters.

Total assets were €15.8 billion as of June 30, 2014, €0.1 billion lower than at year-end 2013. Non-current assets amounted to €10.2 billion, a slight rise of €0.4 billion. By contrast, current assets declined by €0.5 billion to €5.6 billion, mainly due to the dividend payment. Equity also decreased by a total of €0.5 billion to €6.3 billion as a result of the dividend payment and the reduction in the discount rate for pension provisions[1]. The equity ratio therefore declined from 43.0 percent to 39.8 percent.

3. Research & development

Research and development expenses increased 7 percent to €202 million in the first half of 2014. Significant projects included ongoing development of a biotechnological method of producing omega amino lauric acid, an alternative to a petroleum-based precursor for polyamide 12, at the pilot plant in Slovakia, and new insulating materials based on our expertise in inorganic particles.

In addition, Evonik has stepped up cooperation with leading universities around the world. The latest example is a **strategic partnership** with the University of Tokyo, as the basis for joint research projects. At Shanghai Jiao Tong University, which has been a strategic partner since 2012, Evonik has opened a joint laboratory for work on intelligent materials. In addition, both partners have agreed to establish a fund to support doctoral candidates and an Evonik scholarship program for young researchers.

Since April 2014, Evonik has been a shareholder in the **technology start-up** Algal Scientific Corporation, Northville (Michigan, USA). Algal markets 1,3-ß glucal, a polysaccharide that strengthens immune response, under the trade name Algamune™ . It is used as an additive in animal feeds, as a nutritional supplement and in pharmaceutical formulations. Algal is the first producer to obtain ß-glucal from algae on an industrial scale and is currently starting up its first production plant in Michigan.

In Birmingham (Alabama, USA), Evonik has opened a **Medical Devices Project House.** It pools Evonik's expertise in the areas of medical technology and biomaterial research in order to develop new materials and applications, especially for implantology. The USA accounts for 40 percent and thus a major proportion of the attractive medical technology market, which is valued at €300 billion and is growing by around 6 percent a year. Evonik is already a provider of specialty medical technology applications, for example, biocompatible synthetics for implants. In March 2014, the Performance Polymers Business Unit launched VESTAMID® Care ME-B, a new product range for medical technology, which greatly simplifies the production of catheters and hoses, and therefore cuts production costs.

[1] See Note 6.

4. Employees

As of June 30, 2014 the Evonik Group had 33,168 employees. 32,982 of them were employed in the continuing operations, a decrease of 13 compared with year-end 2013. The decline of 469 people in the discontinued operations was due to the divestment of Li-Tec Battery GmbH.

Employees by segment

	June 30, 2014	Dec. 31, 2013
Consumer, Health & Nutrition	7,059	7,150
Resource Efficiency	5,984	5,854
Specialty Materials	6,333	6,268
Services	12,185	12,192
Other operations	1,421	1,531
Continuing operations	**32,982**	**32,995**
Discontinued operations	186	655
Evonik	**33,168**	**33,650**

5. Opportunity and risk report

As an international Group with a diversified portfolio of specialty chemicals, Evonik is exposed to a wide range of **opportunities** and **risks.** The risk categories and principal individual opportunities and risks relating to our earnings, financial and asset position, and the structure of our risk management system are described in detail in the opportunity and risk report for 2013.

With the economic situation remaining uncertain, we regularly and systematically monitor and analyze the markets, sectors and growth prospects of relevance for our segments. Based on current price trends, especially in the Specialty Materials segment, we see fewer opportunities for the current year than in our assessment at the end of 2013, while the risk situation is unchanged. As in the past, there are no risks that could jeopardize the continued existence of the Evonik Group. Looking at material individual companies, the risk situation for our lithium-ion business has declined considerably following the divestment of our shares in Li-Tec Battery GmbH to Daimler.

6. Events after the reporting date

In July 2014 Evonik invested €27 million in shares in **Borussia Dortmund** GmbH & Co. KGaA, Dortmund (Germany), giving it a shareholding of 9.06 percent of the capital stock. In addition, the sponsorship agreement with Borussia Dortmund was extended to June 30, 2025.

On July 14, 2014 Evonik received notification from KSBG Kommunale Beteiligungsgesellschaft GmbH & Co. KG that it plans to exercise its call option for the remaining 49 percent of shares in **STEAG.** KSBG thus intends to exercise the call option within the contractually agreed timeframe. In view of this letter of notification, it can be assumed that the sale of the 49 percent stake, which is recognized at equity, will take place in the near term. The stake in STEAG will therefore be reclassified to discontinued operations in the third quarter of 2014.

7. Expected development

Looking at the **global economic background,** even though the development in the first six months was somewhat weaker than had been anticipated, we still expect to see a slight upturn in global growth in 2014 as a whole. That said, the stepwise recovery in the global economy is affected by increasing structural challenges in the emerging markets and the uncertainty arising from ongoing political disputes and military conflicts. Despite the expected upturn in demand, the decline in producer prices observed in 2013 will not be reversed in all end-customer industries in 2014.

The expected cyclical recovery occurred at the start of this year, especially in Germany and the other European countries. However, no further recovery is anticipated in the short term. In the emerging markets, too, the pace of growth has stabilized at a lower level, and this will hold back a clearer recovery in the global economy.

The fundamentally positive trend in North America is still intact. It is difficult to predict how a possible end to the expansionary monetary policy might affect the global economy. Provided that the uncertainties do not increase, overall we assume that the slightly positive economic development seen in the first half of the year will continue in the second half.

We are therefore sticking to the forecast we made at the start of this year for global economic conditions in 2014 as a whole, even though the geopolitical risks have increased. We assume that raw material costs will rise slightly faster than previously predicted. Our forecast is therefore based on the following assumptions:

- Global growth: 3.3 percent (unchanged)
- Euro/US dollar exchange rate: US$1.34 (previously US$1.35)
- Price of Brent crude: US$108 (previously: US$100)

Based on these overall economic conditions, we are confirming and specifying our **outlook** for the full year. We still anticipate that sales will rise slightly (2013: €12.7 billion[1]) and that adjusted EBITDA will be between €1.8 billion and €2.1 billion (2013: €2.0 billion).

The positive volume trend should continue, driven by the completion of our first growth investments.

On the price front, we expect the stabilization that has been evident so far to continue. In some businesses, a slightly positive price trend is visible. However, so far this does not apply to the Specialty Materials segment, where price trends have remained below our original expectations.

If this should continue for the remainder of this year, we currently assume that adjusted EBITDA will probably be in the lower rather than the upper part of the €1.8 billion to €2.1 billion range.

Further relief on the cost front should come from the On Track 2.0 efficiency enhancement program. In addition, we expect to see the first positive effects of the Administration Excellence program, which was launched in fall 2013 to optimize administrative structures. Downside factors could result from ramp-up expenses for growth investments, negative currency effects, and the rising price of crude oil.

This report contains forward-looking statements based on the present expectations, assumptions and forecasts made by the Executive Board and the information available to it. These forward-looking statements do not constitute a guarantee of future developments and earnings expectations. Future performance and developments depend on a wide variety of factors which contain a number of risks and unforeseeable factors and are based on assumptions that may prove incorrect.

[1] Restated for IFRS 11 Joint Arrangements.

Consolidated interim financial statements as of June 30, 2014

Income statement

Income statement for the Evonik Group

	2nd quarter		1st half	
in € million	**2014**	2013	**2014**	2013
Sales	3,247	3,209	6,448	6,421
Cost of sales	–2,335	–2,268	–4,649	–4,511
Gross profit on sales	**912**	**941**	**1,799**	**1,910**
Selling expenses	–318	–335	–633	–649
Research and development expenses	–104	–96	–202	–188
General administrative expenses	–149	–166	–300	–322
Other operating income	117	201	290	490
Other operating expenses	–198	–256	–415	–531
Income before financial result and income taxes, continuing operations	**260**	**289**	**539**	**710**
Interest income	5	5	11	15
Interest expense	–64	–73	–146	–149
Result from investments recognized at equity	11	7	20	14
Other financial income	–	5	–	11
Financial result	**–48**	**–56**	**–115**	**–109**
Income before income taxes, continuing operations	**212**	**233**	**424**	**601**
Income taxes	–70	–80	–133	–165
Income after taxes, continuing operations	**142**	**153**	**291**	**436**
Income after taxes, discontinued operations	–	35	21	42
Income after taxes	**142**	**188**	**312**	**478**
thereof attributable to				
Non-controlling interests	3	–5	7	–8
Shareholders of Evonik Industries AG (net income)	139	193	305	486
Earnings per share in € (basic and diluted)	**0.30**	**0.41**	**0.65**	**1.04**

Prior-year figures restated.

Statement of comprehensive income

Statement of comprehensive income for the Evonik Group

	2nd quarter		1st half	
in € million	**2014**	2013	**2014**	2013
Income after taxes	**142**	**188**	**312**	**478**
Comprehensive income that will be reclassified subsequently to profit or loss	**29**	**–93**	**17**	**–58**
Unrealized gains/losses on available-for-sale securities	1	–6	2	–13
Gains/losses on hedging instruments	–20	14	–37	–1
Currency translation adjustment	43	–96	42	–45
Deferred taxes	5	–5	10	1
Comprehensive income that will not be reclassified subsequently to profit or loss	**65**	**–42**	**–383**	**–37**
Remeasurement of the net defined benefit liability for defined benefit pension plans	94	–58	–547	–50
Deferred taxes	–29	16	164	13
Other comprehensive income after taxes	**94**	**–135**	**–366**	**–95**
Total comprehensive income	**236**	**53**	**–54**	**383**
thereof attributable to				
Non-controlling interests	5	–7	8	–10
Shareholders of Evonik Industries AG	231	60	–62	393
Total comprehensive income attributable to shareholders of Evonik Industries AG	**231**	**60**	**–62**	**393**
thereof attributable to				
Continuing operations	232	17	–81	337
Discontinued operations	–1	43	19	56

Prior-year figures restated.

Balance sheet

Balance sheet for the Evonik Group

in € million	June 30, 2014	Dec. 31, 2013
Intangible assets	3,055	3,038
Property, plant and equipment	5,028	4,822
Investment property	10	10
Investments recognized at equity	872	878
Financial assets	152	150
Deferred tax assets	1,010	837
Other income tax assets	14	13
Other receivables	39	30
Non-current assets	**10,180**	**9,778**
Inventories	1,653	1,594
Other income tax assets	197	188
Trade accounts receivable	1,816	1,626
Other receivables	342	278
Financial assets	716	748
Cash and cash equivalents	881	1,527
	5,605	**5,961**
Assets held for sale	52	144
Current assets	**5,657**	**6,105**
Total assets	**15,837**	**15,883**

Prior-year figures restated.

in € million	June 30, 2014	Dec. 31, 2013
Issued capital	466	466
Capital reserve	1,165	1,165
Accumulated income	4,999	5,547
Accumulated other comprehensive income	−403	−420
Equity attributable to shareholders of Evonik Industries AG	**6,227**	**6,758**
Equity attributable to non-controlling interests	84	78
Equity	**6,311**	**6,836**
Provisions for pensions and other post-employment benefits	3,877	3,331
Other provisions	878	800
Deferred tax liabilities	411	412
Other income tax liabilities	174	148
Financial liabilities	653	627
Other payables	69	81
Non-current liabilities	**6,062**	**5,399**
Other provisions	768	979
Other income tax liabilities	169	158
Financial liabilities	1,091	1,037
Trade accounts payable	1,071	1,089
Other payables	347	282
	3,446	**3,545**
Liabilities associated with assets held for sale	18	103
Current liabilities	**3,464**	**3,648**
Total equity and liabilities	**15,837**	**15,883**

Prior-year figures restated.

Statement of changes in equity

Statement of changes in equity for the Evonik Group

in € million	Issued capital	Capital reserve	Accumulated income
As of December 31, 2012	**466**	**1,165**	**3,940**
Changes pursuant to IAS 8	–	–	1
As of January 1, 2013	**466**	**1,165**	**3,941**
Capital increases/decreases	–	–	–
Dividend distribution	–	–	−429
Changes in ownership interests in subsidiaries without loss of control	–	–	–
Income after taxes	–	–	486
Other comprehensive income after taxes	–	–	−37
Total comprehensive income	–	–	449
Other changes	–	–	2
As of June 30, 2013	**466**	**1,165**	**3,963**
As of January 1, 2014	**466**	**1,165**	**5,547**
Capital increases/ decreases	–	–	–
Purchase of treasury shares	–	–	–
Share-based payment	–	3	–
Sale of treasury shares	–	−3	–
Dividend distribution	–	–	−466
Changes in ownership interests in subsidiaries without loss of control	–	–	–
Income after taxes	–	–	305
Other comprehensive income after taxes	–	–	−383
Total comprehensive income	–	–	−78
Other changes	–	–	−4
As of June 30, 2014	**466**	**1,165**	**4,999**

Prior-year figures restated.

	Treasury shares	Accumulated other comprehensive income	Attributable to shareholders of Evonik Industries AG	Attributable to non-controlling interests	Total equity
	–	**–213**	**5,358**	**111**	**5,469**
	–	–10	–9	–	–9
	–	**–223**	**5,349**	**111**	**5,460**
	–	–	–	8	8
	–	–	–429	–3	–432
	–	–	–	–2	–2
	–	–	486	–8	478
	–	–56	–93	–2	–95
	–	–56	393	–10	383
	–	–1	1	–2	–1
	–	**–280**	**5,314**	**102**	**5,416**
	–	**–420**	**6,758**	**78**	**6,836**
	–	–	–	–	–
	–13	–	–13	–	–13
	–	–	3	–	3
	13	–	10	–	10
	–	–	–466	–5	–471
	–	–	–	–	–
	–	–	305	7	312
	–	16	–367	1	–366
	–	16	–62	8	–54
	–	1	–3	3	–
	–	**–403**	**6,227**	**84**	**6,311**

Cash flow statement

Cash flow statement for the Evonik Group

	2nd quarter		1st half	
in € million	**2014**	2013	**2014**	2013
Income before financial result and income taxes, continuing operations	260	289	539	710
Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets	173	179	320	322
Gains/losses on the disposal of non-current assets	7	1	7	2
Change in inventories	–27	34	–46	–92
Change in trade accounts receivable	–37	28	–168	–158
Change in trade accounts payable and current advance payments received from customers	13	–103	49	–98
Change in provisions for pensions and other post-employment benefits	–35	–26	–67	–59
Change in other provisions	–222	–237	–186	–254
Change in miscellaneous assets/liabilities	–58	–43	–44	24
Cash outflows for interest	–19	–21	–29	–36
Cash inflows from interest	3	1	8	6
Cash inflows from dividends	16	25	40	26
Cash inflows/outflows for income taxes	–93	–119	–120	–201
Cash flow from operating activities, continuing operations	**–19**	**8**	**303**	**192**
Cash flow from operating activities, discontinued operations	12	13	5	17
Cash flow from operating activities	**–7**	**21**	**308**	**209**
Cash outflows for investments in intangible assets, property, plant and equipment, investment property	–263	–235	–521	–451
Cash outflows for investments in shareholdings	–3	–2	–42	–4
Cash inflows from divestments of intangible assets, property, plant and equipment, investment property	–	17	2	30
Cash inflows/outflows from divestment of shareholdings	–38	–17	–22	–24
Cash inflows/outflows relating to securities, deposits and loans	2	–98	–2	264
Cash flow from investing activities, continuing operations	**–302**	**–335**	**–585**	**–185**
Cash flow from investing activities, discontinued operations	–	–19	–1	–16
Cash flow from investing activities	**–302**	**–354**	**–586**	**–201**

	2nd quarter		1st half	
in € million	**2014**	2013	**2014**	2013
Cash outflows for dividends to shareholders of Evonik Industries AG	–466	–	–466	–429
Cash outflows for dividends to non-controlling interests	–	–3	–3	–3
Cash inflows/outflows from changes in ownership interests in subsidiaries without loss of control	–	–	–	–2
Cash outflows for the purchase of treasury shares	–7	–	–13	–
Cash inflows from the sale of treasury shares	13	–	13	–
Cash inflows from the addition of financial liabilities	27	547	139	595
Cash outflows for repayment of financial liabilities	–	–48	–87	–168
Cash flow from financing activities, continuing operations	**–433**	**496**	**–417**	**–7**
Cash flow from financing activities, discontinued operations	–	113	–	113
Cash flow from financing activities	**–433**	**609**	**–417**	**106**
Change in cash and cash equivalents	**–742**	**276**	**–695**	**114**
Cash and cash equivalents as of April 1/January 1	**1,618**	**638**	**1,572**	**793**
Change in cash and cash equivalents	–742	276	–695	114
Changes in exchange rates and other changes in cash and cash equivalents	5	–11	4	–4
Cash and cash equivalents as of June 30	**881**	**903**	**881**	**903**
Cash and cash equivalents included in assets held for sale	–	–1	–	–1
Cash and cash equivalents as on the balance sheet as of June 30	**881**	**902**	**881**	**902**

Prior-year figures restated.

Notes

1. Segment report

Segment report by operating segments—2nd quarter

	Operating segments					
	Consumer, Health & Nutrition		Resource Efficiency		Specialty Materials	
in € million	**2014**	2013	**2014**	2013	**2014**	2013
External sales	1,003	1,049	830	801	1,174	1,129
Internal sales	16	18	19	33	31	38
Total sales	1,019	1,067	849	834	1,205	1,167
Adjusted EBITDA	188	227	191	174	112	128
Adjusted EBITDA margin in %	18.7	21.6	23.0	21.7	9.5	11.3
Adjusted EBIT	151	191	158	145	71	90
Capital expenditures	126	84	55	50	59	75
Financial investments	1	2	–	–	–	–

Prior-year figures restated.

Segment report by regions—2nd quarter

	Germany		Other European countries		North America	
in € million	**2014**	2013	**2014**	2013	**2014**	2013
External sales	715	693	1,087	1,003	570	611
Capital expenditures	86	76	29	17	27	27

Prior-year figures restated.

Services		**Total reporting segments**		Corporate, other operations, consolidation		**Total Group (continuing operations)**	
2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
220	210	3,227	3,189	20	20	3,247	3,209
455	460	521	549	−521	−549	–	–
675	670	3,748	3,738	−501	−529	3,247	3,209
54	53	545	582	−72	−73	473	509
24.5	25.2	16.9	18.3	–	–	14.6	15.9
29	29	409	455	−87	−91	322	364
24	26	264	235	5	6	269	241
–	–	1	2	1	154	2	156

Central and South America		Asia-Pacific		Middle East, Africa		**Total Group (continuing operations)**	
2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
177	211	616	603	82	88	3,247	3,209
34	11	92	109	1	1	269	241

Segment report by operating segments—1st six months

	Operating segments					
	Consumer, Health & Nutrition		Resource Efficiency		Specialty Materials	
in € million	**2014**	2013	**2014**	2013	**2014**	2013
External sales	1,981	2,076	1,635	1,572	2,350	2,299
Internal sales	34	35	40	48	62	70
Total sales	2,015	2,111	1,675	1,620	2,412	2,369
Adjusted EBITDA	376	508	380	346	224	310
Adjusted EBITDA margin in %	19.0	24.5	23.2	22.0	9.5	13.5
Adjusted EBIT	300	436	319	288	143	235
Capital expenditures	207	145	99	87	115	125
Financial investments	1	3	40	–	–	2
Employees as of June 30	7,059	6,967	5,984	5,841	6,333	6,241

Prior-year figures restated.

Segment report by regions—1st six months

	Germany		Other European countries		North America	
in € million	**2014**	2013	**2014**	2013	**2014**	2013
External sales	1,469	1,419	2,184	2,074	1,111	1,187
Goodwill as of June 30 [a]	1,542	1,557	543	540	295	297
Other intangible assets, property, plant and equipment, investment property as of June 30 [a]	2,729	2,941	489	465	744	692
Capital expenditures	163	136	47	35	51	51
Employees as of June 30	21,113	20,634	2,751	2,803	3,741	3,792

Prior-year figures restated.

[a] Non-current assets according to IFRS 8.33 b.

Services		Total reporting segments		Corporate, other operations, consolidation		Total Group (continuing operations)	
2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
449	437	6,415	6,384	33	37	6,448	6,421
910	912	1,046	1,065	−1,046	−1,065	–	–
1,359	1,349	7,461	7,449	−1,013	−1,028	6,448	6,421
105	107	1,085	1,271	−149	−156	936	1,115
23.4	24.5	16.9	19.9	–	–	14.5	17.4
56	60	818	1,019	−180	−191	638	828
47	47	468	404	10	15	478	419
–	–	41	5	3	154	44	159
12,185	11,824	31,561	30,873	1,421	1,341	32,982	32,214

Central and South America		Asia-Pacific		Middle East, Africa		Total Group (continuing operations)	
2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
362	416	1,163	1,159	159	166	6,448	6,421
26	27	241	253	–	1	2,647	2,675
130	51	1,344	989	10	10	5,446	5,148
54	22	162	173	1	2	478	419
601	473	4,644	4,399	132	113	32,982	32,214

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.

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, 2014, have been prepared in accordance with the provisions of IAS 34 Interim Financial Reporting, and in application of Section 315a 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, 2014 are presented in euros. The reporting period is January 1 to June 30, 2014. 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, 2013, 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, 2013, with the exception of changes resulting from application of new or revised accounting standards that are applicable for the first time in fiscal 2014.

Since January 1, 2014, Evonik has applied IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements, which the IASB published in May 2011. IFRS 12 Disclosure of Interests in Other Entities, which was published at the same time, will result in extended disclosures in the notes to the consolidated financial statements for the first time as of December 31, 2014.

IFRS 10 replaces the guidelines on control and consolidation contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation—Special Purpose Entities. The new standard alters the definition of control so that the same principles are applied to all companies to determine a relationship of control. A parent company is deemed to control an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. This definition is supported by extensive application guidance. The new standard does not alter the previous core principle set out in IAS 27 that consolidated financial statements present the parent company and its subsidiaries as a single economic entity, nor does it alter the consolidation procedure. IAS 27 is to be renamed Separate Financial Statements and will in future only contain the unchanged rulings on the preparation of separate financial statements. SIC-12 will be withdrawn. First-time application of IFRS 10 did not have any impact on the scope of consolidation as of January 1, 2014.

IFRS 11 supersedes IAS 31 Interests in Joint Ventures. As a result of the amended definitions in IFRS 11, there are now two types of joint arrangements: joint operations and joint ventures. Joint ventures may now only be recognized using the equity method. The previous option of pro rata consolidation has been abolished. This change does not affect Evonik as the company only used the equity method in the past. Companies involved in joint operations are required to recognize their share of the assets, liabilities, revenue and expenses from such operations. As a result of first-time application of IFRS 11, effective January 1, 2014 Evonik was required to reclassify a company with three subsidiaries allocated to the Consumer, Health & Nutrition segment that was previously recognized at equity as a joint operation.

The following tables show the impact of the retrospective application of IFRS 11 on the prior-year figures.

Impact of IFRS 11 on the consolidated income statement of the Evonik Group (excerpt)

	2nd quarter 2013	1st half 2013
in € million	Impact of change	Impact of change
Sales	–39	–79
Cost of sales	47	99
Result from investments recognized at equity	–6	–12
Income taxes	–	–2
Income after taxes	**2**	**6**

Impact of IFRS 11 on the consolidated balance sheet of the Evonik Group (excerpt)

	Dec. 31, 2013
in € million	Impact of change
Non-current assets	–42
thereof investments recognized at equity	–82
Current assets	27
thereof cash and cash equivalents	9
Total assets	**–15**
Equity	–11
Non-current liabilities	2
Current liabilities	–6
Total equity and liabilities	**–15**

Impact of IFRS 11 on the cash flow statement of the Evonik Group (excerpt)

	2nd quarter 2013	1st half 2013
in € million	Impact of change	Impact of change
Cash flow from operating activities	12	–13
Cash flow from investing activities	–8	–10
Cash flow from financing activities	–	–

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

No. of companies	Germany	Other countries	Total
Evonik Industries AG and consolidated subsidiaries			
As of December 31, 2013	**45**	**102**	**147**
Acquisitions	–	1	1
Other companies consolidated for the first time	–	2	2
Divestments	–1	–	–1
Intragroup mergers	–4	–2	–6
Other companies deconsolidated	–1	–	–1
As of June 30, 2014	**39**	**103**	**142**
Joint operations			
As of December 31, 2013	**–**	**–**	**–**
Changes due to first-time application of IFRS 11	2	2	4
As of June 30, 2014	**2**	**2**	**4**
Investments recognized at equity			
As of December 31, 2013	**7**	**10**	**17**
Changes due to first-time application of IFRS 11	–1	–	–1
Other companies deconsolidated	–	–1	–1
As of June 30, 2014	**6**	**9**	**15**
	47	**114**	**161**

4.2 Acquisitions and divestments

This section provides a more detailed overview of the changes in the scope of consolidation in the reporting period, divided into acquisitions and divestments.

Acquisitions

On February 28, 2014 Evonik acquired all shares in Silbond Corporation, Weston (Michigan, USA) from Silbond Holdings LLC, Bloomfield Hills (Delaware, USA). Silbond Corporation is a leading supplier of silicic acid esters, a special group of functional silanes used in a wide variety of future-oriented applications, for example, in the electronics industry and in chemical applications. The business has been integrated into the Resource Efficiency segment.

The impact of Silbond Corporation on the balance sheet as of the date of initial consolidation was as follows:

Impact of the acquisition of Silbond Corporation on the balance sheet

in € million	Fair value
Non-current assets	35
Current assets	9
thereof receivables	6
thereof cash and cash equivalents	1
Non-current liabilities	–16
Current liabilities	–1
Net assets	**27**
Goodwill	11
Cost of acquisition (purchase price)	**38**

When the purchase price allocation was finalized, the main change was that a larger portion of the purchase price was allocated to non-current assets than in the first quarter of 2014. At the same time, goodwill was reduced by €7 million. The purchase price was settled out of cash and cash equivalents. Transaction costs of less than €1 million relating to this acquisition are included in other operating expenses. The goodwill is not tax-deductible and mainly comprises the expected future benefits of assets that were not individually identifiable or for which recognition is not permitted, for example, anticipated synergies or the workforce.

Due to the short period for which it has been part of the Group and the size of the business, the contributions made by Silbond Corporation to sales and earnings were not material relative to the Resource Efficiency segment as a whole, either in the reporting period or on a pro forma basis in the period since January 1, 2014.

Divestments

Under an agreement dated March 31, 2014, Evonik divested its 50.1 percent stake in Li-Tec Battery GmbH (Li-Tec Battery), Kamenz (Germany), and its 10 percent stake in Deutsche Accumotive GmbH & Co. KG (Deutsche Accumotive), Kirchheim unter Teck (Germany), which were part of its lithium-ion business, to Daimler AG, Stuttgart (Germany). It was agreed not to divulge the purchase prices. The transaction was closed on April 29, 2014. Until then, the shares were included in the segment report in other operations. The wholly owned subsidiary Evonik Litarion GmbH (Evonik Litarion), Kamenz (Germany) did not form part of this transaction and is still reported in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, see Note 4.3.

On March 19, 2014 Evonik and Deb Holdings Ltd, Denby (UK) signed an agreement on the sale of the operating assets of the STOKO® Skin Care business (asset deal). It was agreed not to disclose the purchase price. The assets were transferred on June 2, 2014. Until then this business was part of the Consumer, Health & Nutrition segment.

4.3 Assets held for sale and discontinued operations

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations sets out the accounting principles to be used for assets held for sale 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 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 shares in Li-Tec Battery and Deutsche Accumotive assigned to the lithium-ion business were classified as discontinued operations until closure of the sale on April 29, 2014. In addition, the 100 percent stake in Evonik Litarion is still classified as a discontinued operation as Evonik still intends to divest this business.

The following table shows the main impact of the discontinued operations on the income statement.

Operating income, discontinued operations

	2nd quarter		1st half	
in € million	**2014**	2013	**2014**	2013
Income	**12**	**101**	**72**	**177**
Lithium-ion business	12	15	72	27
Former Real Estate segment	–	86	–	150
Expenses	**–11**	**–66**	**–42**	**–134**
Lithium-ion business	–11	–35	–42	–61
Former Real Estate segment	–	–31	–	–73
Operating income before income taxes, discontinued operations	**1**	**35**	**30**	**43**
Lithium-ion business	1	–20	30	–34
Former Real Estate segment	–	55	–	77
Income taxes	**–**	**–6**	**–8**	**–7**
Lithium-ion business	–	1	–8	1
Former Real Estate segment	–	–7	–	–8
Operating income after taxes, discontinued operations	**1**	**29**	**22**	**36**
Lithium-ion business	1	–19	22	–33
Former Real Estate segment	–	48	–	69

The operating income before income taxes from the lithium-ion business totaling €30 million mainly resulted from the impact reported in the first quarter of 2014 of the revaluation of the assets that have now been sold, one-off income from the adjustment of agreements, and a provision established in the previous year.

Further, in the reporting period a divestment loss of €1 million was recorded in connection with the divestment of parts of the lithium-ion business (2013: gain of €6 million from other discontinued operations).

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

Assets held for sale and the associated liabilities

in € million	**June 30, 2014**	Dec. 31, 2013
Intangible assets	–	5
Property, plant and equipment	4	9
Deferred tax assets	4	3
Inventories	20	46
Trade accounts receivable	21	34
Other receivables	2	2
Cash and cash equivalents	1	45
Assets held for sale	**52**	**144**
Provisions for pensions and other post-employment benefits	1	8
Other provisions	2	38
Deferred tax liabilities	1	2
Financial liabilities	8	36
Trade accounts payable	5	16
Other payables	1	3
Liabilities associated with assets held for sale	**18**	**103**

A non-recurring fair value remeasurement of assets held for sale and the associated liabilities totaling €34 million (net) was undertaken. This value was derived from the loss-free valuation of these assets and liabilities and is allocated to Level 2 of the fair value hierarchy set out in IFRS 13 Fair Value Measurement. The main input factor for the valuation was the expected proceeds from sale less the costs to sell.

5. Notes to the income statement

Other operating income

Other operating income

in € million	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013
Income from the measurement of derivatives (excluding interest rate derivatives)	34	30	102	127
Income from currency translation of monetary assets and liabilities	40	10	82	96
Other income	43	161	106	267
	117	**201**	**290**	**490**
thereof adjustments	8	76	24	79

In the first half of 2014, the other income of €106 million included income from the guaranteed dividend on the remaining 49 percent of shares in STEAG GmbH (STEAG), Essen (Germany), which is included in the adjustments, and income from non-core businesses and insurance refunds. The decline in other income was principally due to the fact that the prior-year figure contained reversals of provisions, higher insurance refunds, and income in connection with the termination of contracts.

Other operating expenses

Other operating expenses

in € million	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013
Losses on the measurement of derivatives (excluding interest rate derivatives)	45	35	108	168
Losses on currency translation of monetary assets and liabilities	30	24	89	94
Impairment losses	14	37	35	40
Other expense	109	160	183	229
	198	**256**	**415**	**531**
thereof adjustments	59	139	103	172

The impairment losses of €35 million in the first half of 2014 mainly relate to capitalized expenses for construction in progress for a project in the Specialty Materials segment that was terminated following a routine review of investment projects, and the valuation of the remaining 49 percent stake in STEAG. Both are included in the adjustments. The other expense of €183 million in the first half of 2014 relates, among other things, to outsourcing, projects for the acquisition and divestment of companies and business operations, non-core businesses, commission expenses, and legal and consultancy fees.

6. Notes to the balance sheet

Equity and employee share program

For the Share.2014 employee share program launched in March 2014, the Executive Board utilized the resolution adopted by the Annual Shareholders' Meeting of Evonik Industries AG on March 11, 2013 authorizing it to buy back shares in the company in accordance with Section 71 Paragraph 1 No. 8 of the German Stock Corporation Act (AktG). The Supervisory Board approved this share buy-back program.

Overall, Evonik Industries AG purchased 466,731 ordinary shares on the capital market at an average price of €27.53 per share. At the end of April 2014, 420,727 of these ordinary shares (including 112,544 bonus shares) were transferred to participating employees on the basis of the share price and the exchange rate for the US dollar prevailing on April 29, 2014. The remaining 46,004 ordinary shares were sold to third parties by May 9, 2014.

As of June 30, 2014, Evonik therefore no longer held any treasury shares.

Provisions for pensions and other post-employment benefits

Compared with December 31, 2013, provisions for pensions and other post-employment benefits increased by a total of €546 million to €3,877 million as of June 30, 2014, and include €547 million recognized in equity with no impact on income after taxes. This increase was mainly attributable to the reduction in the discount rate used for Germany and the euro-zone countries from 3.75 percent to 3.25 percent. The discount rate for Germany and the euro-zone countries is determined from market data for AA-rated euro-denominated corporate bonds, whose market yields had declined as of June 30, 2014. By contrast, the market value of the plan assets developed better than expected. The change in provisions for pensions and other post-employment benefits and the related deferred tax assets is reflected in a reduction of €383 million in other comprehensive income from the remeasurement of the net defined benefit liability for defined benefit pension plans, which is recognized in equity under accumulated income.

Capital measures

The Annual Shareholders' Meeting on May 20, 2014 resolved to withdraw the Executive Board's existing authorization to create authorized capital and to replace with a new authorization. Pursuant to Section 4 Paragraph 6 of the Articles of Incorporation, the Executive Board is authorized until May 1, 2019 to increase the company's capital stock, subject to the approval of the Supervisory Board, by up to €116,500,000 by issuing new registered no-par shares (Authorized Capital 2014).

The Annual Shareholders' Meeting on May 20, 2014 also created conditional capital linked to the authorization to issue option and warrant bonds in order to extend the business financing options available to Evonik Industries AG. Pursuant to Section 4 Paragraph 7 of the Articles of Incorporation, the capital stock can be conditionally increased by up to €37,280,000, divided into up to 37,280,000 registered no-par shares (Conditional Capital 2014).

Details, especially of eligibility and the ability to exclude subscription rights, are set out in the corresponding provisions of the Articles of Incorporation.

7. Notes on the segment report

The Executive Board of Evonik Industries AG decides on the allocation of resources and evaluates the profitability of the Group's operations on the basis of the operating segments (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).

Until the end of 2013, adjusted EBIT was the main earnings parameter that could be influenced by the segment management. As from 2014, the main parameter used to measure operating performance is adjusted EBITDA.

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

Reconciliation from adjusted EBITDA of the reporting segments to income before income taxes, continuing operations

	2nd quarter		1st half	
in € million	**2014**	2013	**2014**	2013
Adjusted EBITDA, reporting segments	**545**	**582**	**1,085**	**1,271**
Adjusted EBITDA, other operations	–13	–23	–26	–65
Adjusted EBITDA, Corporate	–58	–63	–123	–114
Consolidation	–2	–2	–3	–2
Less discontinued operations	1	15	3	25
Adjusted EBITDA, Corporate, other operations, consolidation	**–72**	**–73**	**–149**	**–156**
Adjusted EBITDA	**473**	**509**	**936**	**1,115**
Depreciation, amortization, impairment losses/reversal of impairment losses	–163	–180	–329	–324
Depreciation, amortization, impairment losses/reversal of impairment losses included in adjustments	12	36	31	37
Adjusted EBIT	**322**	**364**	**638**	**828**
Adjustments	–51	–63	–79	–93
Net interest expense	–59	–68	–135	–134
Income before income taxes, continuing operations	**212**	**233**	**424**	**601**

Prior-year figures restated.

The following table shows a breakdown of the column Corporate, other operations, consolidation in the segment report by operating segments:

Breakdown of Corporate, other operations, consolidation

	Other operations (including discontinued operations)		Corporate, consolidation, less discontinued operations		Corporate, other operations, consolidation	
	2nd quarter		2nd quarter		2nd quarter	
in € million	2014	2013	2014	2013	2014	2013
External sales	29	35	–9	–15	20	20
Internal sales	24	29	–545	–578	–521	–549
Total sales	53	64	–554	–593	–501	–529
Adjusted EBITDA	–13	–23	–59	–50	–72	–73
Adjusted EBIT	–16	–32	–71	–59	–87	–91
Capital expenditures	5	12	–	–6	5	6
Financial investments	2	154	–1	–	1	154

Breakdown of Corporate, other operations, consolidation

	Other operations (including discontinued operations)		Corporate, consolidation, less discontinued operations		Corporate, other operations, consolidation	
	1st half		1st half		1st half	
in € million	2014	2013	2014	2013	2014	2013
External sales	54	64	–21	–27	33	37
Internal sales	50	55	–1,096	–1,120	–1,046	–1,065
Total sales	104	119	–1,117	–1,147	–1,013	–1,028
Adjusted EBITDA	–26	–65	–123	–91	–149	–156
Adjusted EBIT	–33	–79	–147	–112	–180	–191
Capital expenditures	11	24	–1	–9	10	15
Financial investments	3	154	–	–	3	154

Effective April 1, 2014, Evonik transferred the energy trading activities and analytical services for internal and external customers from other operations to the Services segment. The prior-year figures have been restated accordingly.

The column headed other operations includes the interests in Vivawest GmbH, Essen (Germany), and STEAG, which are recognized at equity, and the lithium-ion business, parts of which have now been divested, see Note 4.2. In the column Corporate, consolidation less discontinued operations, an adjustment is made for the lithium-ion business. This business is not included in the column Corporate, other operations, consolidation because only continuing operations are reported here.

8. Other disclosures

8.1 Financial instruments

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

Carrying amounts and fair value of financial assets

	June 30, 2014	
in € million	Carrying amount	Fair value
Financial assets	**868**	**868**
Other investments	8	8
Loans	33	33
Securities and similar claims	648	648
Receivables from derivatives	161	161
Other financial assets	18	18
Trade accounts receivable	**1,816**	**1,816**
Cash and cash equivalents	**881**	**881**

Carrying amounts and fair value of financial liabilities

	June 30, 2014	
in € million	Carrying amount	Fair value
Financial liabilities	**1,744**	**1,794**
Bonds	1,245	1,279
Liabilities to banks	377	393
Loans from non-banks	40	40
Liabilities from finance leases	2	2
Liabilities from derivatives	58	58
Other financial liabilities	22	22
Trade accounts payable	**1,071**	**1,071**

The fair value determination is based on the three-level hierarchy stipulated by IFRS 13 Fair Value Measurement:

- Level 1: Quoted price for the financial instrument 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:

Fair value measurement of financial instruments

in € million	Fair value based on Level 1	Level 2	Level 3	June 30, 2014
Assets recognized at fair value	**648**	**45**	**116**	**809**
Securities and similar claims	648	–	–	648
Receivables from derivatives	–	45	116	161
Liabilities recognized at fair value	**–**	**−22**	**−36**	**−58**
Liabilities from derivatives	–	−22	−36	−58

Level 2 derivatives comprise 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, observed commodity prices, and observed credit default premiums. The discount effect on these derivatives is negligible.

The fair value resulting from the measurement of the put option and the call option for the remaining 49 percent shareholding in STEAG is allocated to Level 3. Recognized mathematical finance methods are used to model the changes in the value of the underlying that are not based on observable market data.

Level 3 fair value: Reconciliation from the opening to the closing balances

in € million	Receivables from derivatives	Liabilities from derivatives	**Total**
As of January 1, 2014	**113**	**−32**	**81**
Additions	–	–	–
Gains or losses in the reporting period	3	−4	−1
Other operating income	3	–	3
Other operating expenses	–	−4	−4
As of June 30, 2014	**116**	**−36**	**80**

As of June 30, 2014, the net value of the put option and the call option for the remaining 49 percent of the shares in STEAG was €80 million. The central factors influencing the valuation were the formula-based option strike price and an estimate of the fair value of the shares in STEAG. If the fair value of these shares had been 10 percent lower on June 30, 2014, the net value of the options would have been €45 million higher and would have resulted in an additional gain of the same amount. A 10 percent increase in the fair value of the shares would have reduced the net value of the options by €47 million, resulting in a corresponding additional loss.

Fair value measurement of financial instruments that are not included in the balance sheet at fair value was based on the following method:

The fair value of bonds is their directly observable stock market price on the reporting date. For loans, other financial assets, liabilities to banks, loans from non-banks, liabilities from finance leases, and other financial liabilities, the fair value is determined as the present value of the expected future cash inflows or outflows and is therefore allocated to Level 2. Discounting is based on the interest rate for the respective maturity on the reporting date, taking the creditworthiness of the counterparties into account. Since the majority of loans, other financial receivables and liabilities, liabilities from finance leases and trade accounts receivable and payable are current, their fair value—like the fair value of cash and cash equivalents—corresponds to their carrying amounts.

There were no reclassifications to other levels in the reporting period.

8.2 Contingent assets and liabilities

There has not been any material change in contingent assets and liabilities since the consolidated financial statements as of December 31, 2013.

8.3 Related parties

The dividend for fiscal 2013 was paid in the second quarter of 2014, after the resolution of the Annual Shareholders' Meeting on May 20, 2014. RAG-Stiftung, Essen (Germany) received €316 million, Gabriel Acquisitions GmbH, Gadebusch (Germany) received €64 million, and The Gabriel Finance Limited Partnership, St. Helier (Jersey) received €20 million.

There have not been any other material changes in related party transactions since December 31, 2013.

8.4 Events after the reporting date

In July 2014 Evonik invested €27 million in shares in Borussia Dortmund GmbH & Co. KGaA, Dortmund (Germany), giving it a shareholding of 9.06 percent of the capital stock. In addition, the sponsorship agreement with Borussia Dortmund was extended to June 30, 2025.

On July 14, 2014 Evonik received notification from KSBG Kommunale Beteiligungsgesellschaft GmbH & Co. KG (KSBG), Essen (Germany) that it plans to exercise its call option for the remaining 49 percent of shares in STEAG. KSBG thus intends to exercise the call option within the contractually agreed timeframe. In view of this letter of notification, it can be assumed that the sale of the 49 percent stake, which is recognized at equity, will take place in the near term. The stake in STEAG will therefore be classified as a discontinued operation from the third quarter of 2014 and measured in accordance with IFRS 5.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim 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 24, 2014

Evonik Industries AG
The Executive Board

Dr. Engel Kullmann Wessel

Wohlhauser Wolf

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, 2014 to June 30, 2014, 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 25, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

Financial calendar

Financial calendar 2014/2015

Event	Date
Interim Report Q3 2014	October 30, 2014
Full Year Results/Q4 2014	March 3, 2015
Interim Report Q1 2015	May 6, 2015
Annual Shareholders' Meeting 2015	May 19, 2015

Credits

Published by
Evonik Industries AG
Rellinghauser Straße 1–11
45128 Essen
Germany
www.evonik.com

Contact
Communications/Board Office
PHONE +49 201 177-3388
FAX +49 201 177-3181
info@evonik.com

Investor Relations
PHONE +49 201 177-3146
FAX +49 201 177-3148
investor-relations@evonik.com

Concept, design, and realization
BISSINGER[+] GmbH
HGB Hamburger Geschäftsberichte GmbH & Co. KG

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Evonik Industries AG
Rellinghauser Straße 1–11
45128 Essen
Germany
www.evonik.com

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