

Evonik. Power to create.

Q3 2015 Earnings Conference Call

Klaus Engel, Chief Executive Officer
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4 November, 2015



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2	Financial performance Q3 2015
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Highlights Q3 2015

Evonik delivers third strong quarter in a row



Strong operational performance

Strong business performance continued into H2

Adj. EBITDA of €653 m clearly above prior year (+31%), year-on-year earnings growth in all three chemical segments

Outlook confirmed: adj. EBITDA of around €2.4 bn expected for FY 2015

Consistent execution of strategy

New **world-scale methionine complex in Singapore** planned for 2019 to meet strong demand for sustainable animal nutrition



Acquisition of hydrogen peroxide plant in the Netherlands to complement our European asset footprint



Research & development

Increasing efforts to leverage innovation capabilities



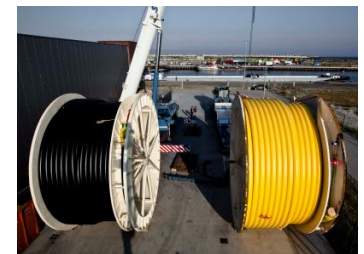
Joint development agreement for algae-based omega-3 fatty acid products for animal nutrition with DSM



Further globalization of R&D for the cosmetic industry:
New innovation centers in South Africa and Singapore as well as new hair care laboratory in Brazil



Venture capital investment in Dutch company Airborne Oil & Gas:
Unique technology for production of thermoplastic composite pipes for offshore oil & gas applications



Innovation highlight

iXsenic® technology for extremely high resolution flat panel displays



Idea launched by Creavis

Advanced to market readiness
by Resource Efficiency

Today

Next steps

- Inorganic metal-oxide semiconductors replacing traditional amorphous silicon
- Enabling higher image resolution of ultra-HD televisions
- Significant production process simplification



- Successful customer trials
- Partner demonstration at “Touch Taiwan”: Chunghwa Picture Tubes (CPT) showed LCD displays based on iXsenic® technology from Evonik



- First display maker plans to use iXsenic® technology in a new large-scale flat panel display plant in China
- Strategic partnership with market leading coating equipment manufacturer to jointly offer system solutions to customers

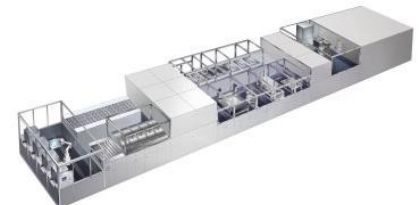


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Financial highlights Q3 2015

Adj. EBITDA margin climbing to 19.4%



Sales increased by 4% to €3,365 m supported by positive price development, volumes impacted by planned maintenance shutdowns

Adj. EBITDA of €653 m in line with the previous quarters' high levels

Adj. EBITDA margin of 19.4% stands out within the chemicals sector

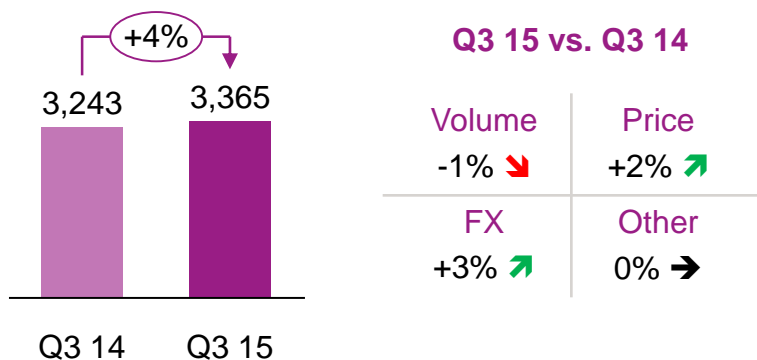
Strong **operating cash flow** generation of €717 m (prior year: €312 m); net cash position increased to €963 m

Financial highlights Q3 2015

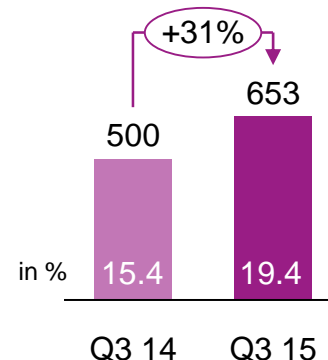
Positive price development; volumes impacted by planned maintenance shutdowns



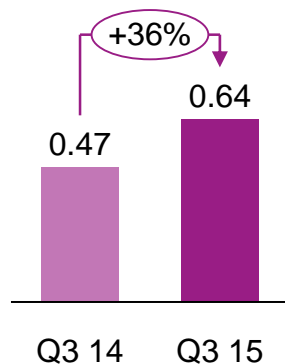
Sales (in € m)



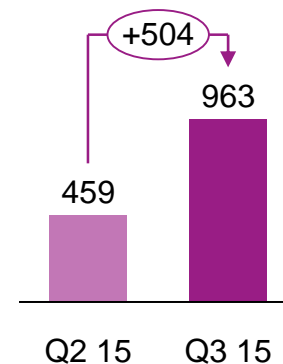
Adj. EBITDA (in € m) / margin



Adj. EPS (in €)



Net financial position (in € m)







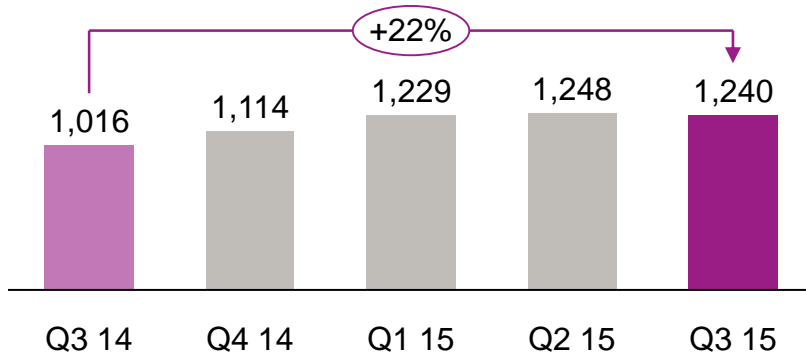
Nutrition & Care

Another excellent quarter for Animal Nutrition

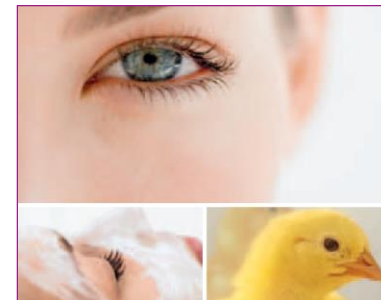
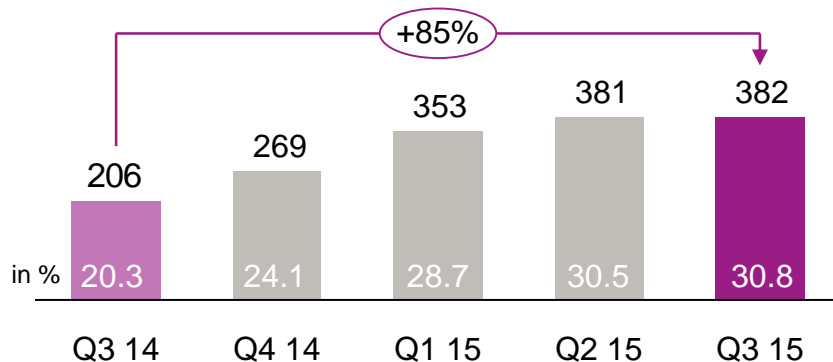
Sales (in € m)

Q3 15 vs. Q3 14

Volume	Price
+1% 	+16% 
FX	Other
+5% 	0% 



Adj. EBITDA (in € m) / margin (in %)



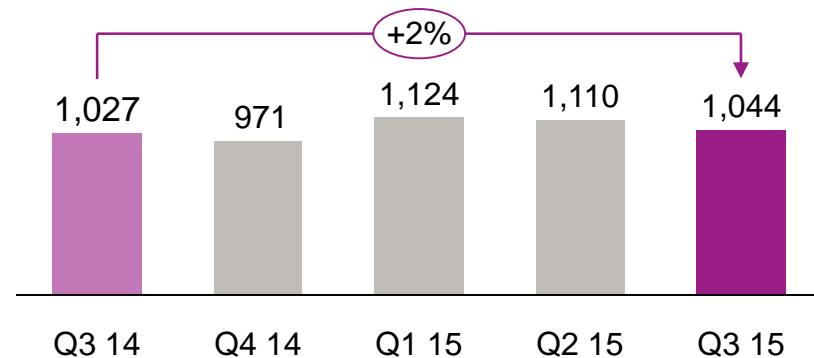
Resource Efficiency

Sales and earnings up yoy despite maintenance

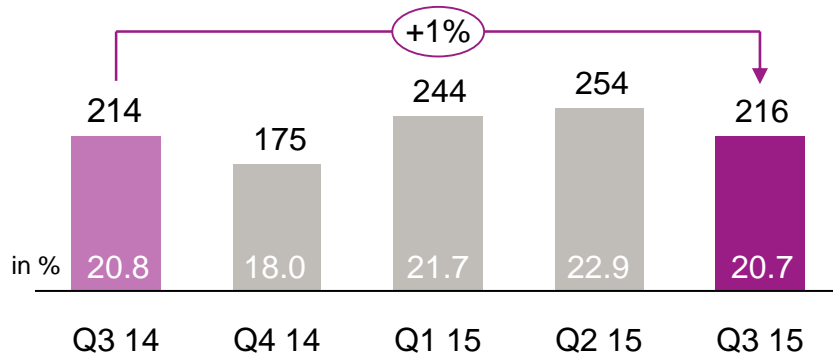
Sales (in € m)

Q3 15 vs. Q3 14

Volume	Price
-3% ↓	+1% ↑
FX	Other
+3% ↑	+1% ↑



Adj. EBITDA (in € m) / margin (in %)



Performance Materials

Temporary margin improvement in C4 business

Sales (in € m)

Q3 15 vs. Q3 14

Volume

-2% ↓

Price

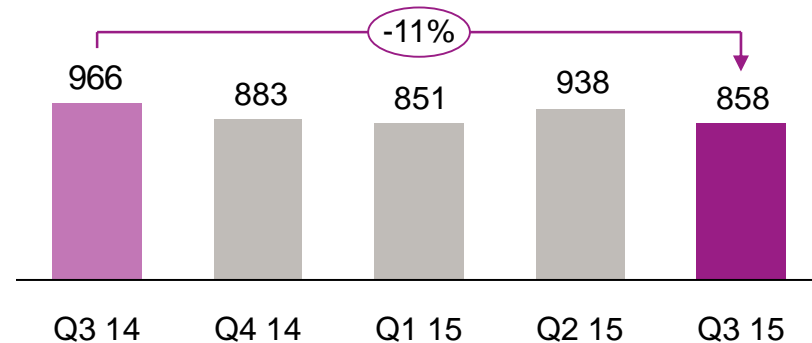
-11% ↓

FX

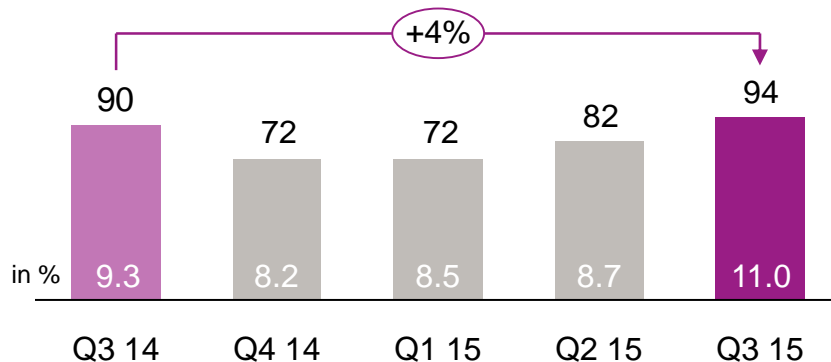
+2% ↑

Other

0% →



Adj. EBITDA (in € m) / margin (in %)

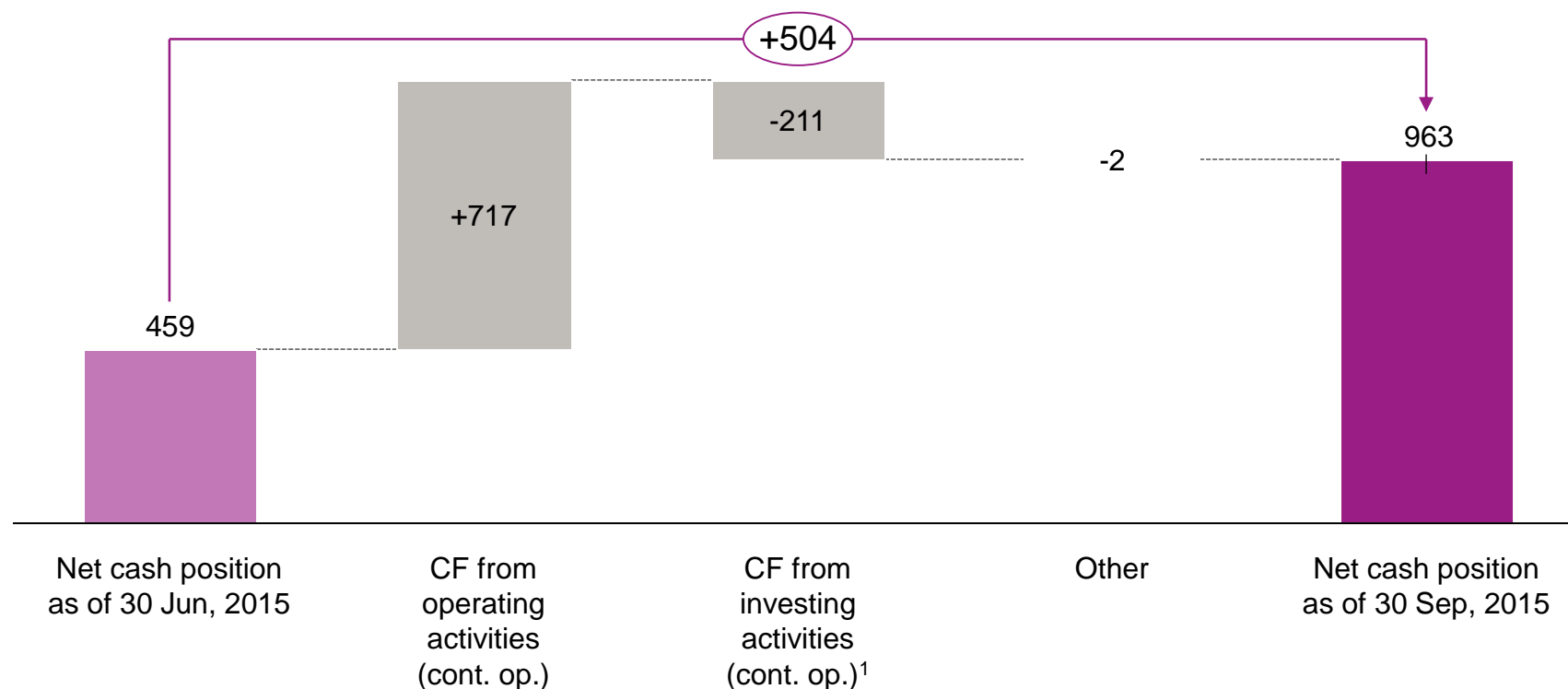


Cash flow development

Strong operating cash flow generation



Development of net financial position (in € m)



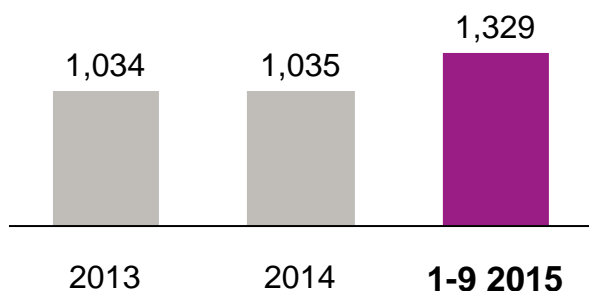
¹ Cash outflow for investment in intangible assets, PP&E and shareholdings, not including cash in- and outflows related to divestments and securities

Cash flow development

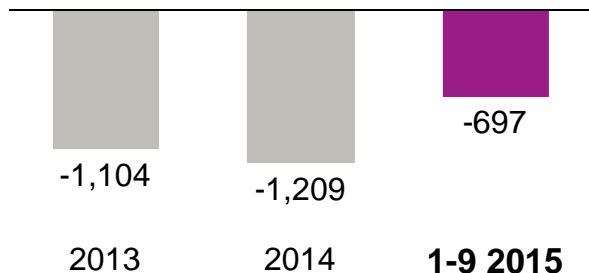
OCF significantly above prior year already after nine months; FCF turning positive



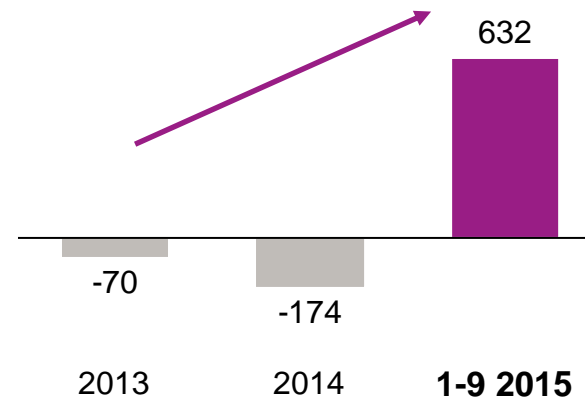
Operating Cash Flow (cont. op. in € m)



Investing Cash Flow (cont. op. in € m)¹



Free Cash Flow (cont. op. in € m) (before dividends and divestments)



¹ Cash outflow for investment in intangible assets, PP&E and shareholdings, not including cash in- and outflows related to divestments and securities

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Outlook for 2015 confirmed

Adj. EBITDA of around €2.4 bn expected



Outlook FY 2015:

Sales: ~ €13.5 bn

Adj. EBITDA: around €2.4 bn

Growth investments

Efficiency measures

Operational performance

FY 2014:

Sales: €12.9 bn

Adj. EBITDA: €1.9 bn

Positive FX impact on sales and adj. EBITDA included in outlook (assumption: US\$1.13)

Effects from lower raw material prices should largely balance out on Group level

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Additional indications for 2015

- EUR/USD sensitivity¹ +/-1 USD cent = -/+ ~€5 m adj. EBITDA (FY basis)
- Adj. EBITDA Services **Slightly below 2014** (*unchanged*; 2014: €151 m)
- Adj. EBITDA Corporate/Other **More negative than -€300 m** (*unchanged*; 2014: -€277 m)
- Adj. D&A ~ **-€700 m** (*unchanged*; 2014: -€626 m)
- Adj. net financial result² **Slight improvement** (*unchanged*; 2014: -€209 m)
- Adj. tax rate ~**29%** (*unchanged*; 2014: 28.3%)
- Capex **Up to €1.1 bn** in 2015 (*unchanged*; 2014: €1.1 bn)
- Net financial position **Net cash position of more than €800 m**, including €200 m contribution to CTA in Q4 (*previously: “net cash position of more than €500 m”; 2014: €400 m net cash*)

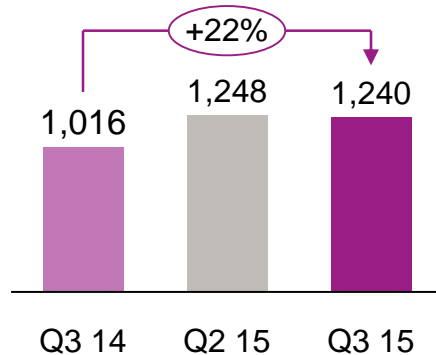
¹ Including transaction effects (after hedging) and translation effects; before secondary / market effects

² Guidance for “Adj. net financial result” (incl. “Adj. interest income/expense” and “Other financial income/expense”)

Nutrition & Care

Q3 2015 Business Line comments

Sales (in € m)



Personal Care with good sales growth in North America and Asia, supported by increasing contributions from new oleochemical plants.



Comfort & Insulation: strong demand in EU core markets; lower demand for durable consumer applications (e.g. furniture, appliances) in China.



Baby Care with solid performance in a market still absorbing new production capacities coming on-stream.

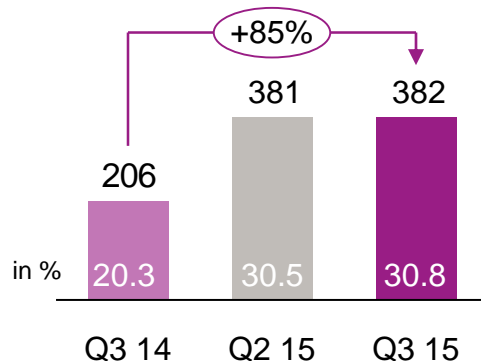


Health Care showing continued strong performance in drug delivery systems; positive trend in API business due to increasing number of new customer projects.



Animal Nutrition: favorable situation in methionine market continued into Q3; additional volumes becoming available are well absorbed by strong demand growth.

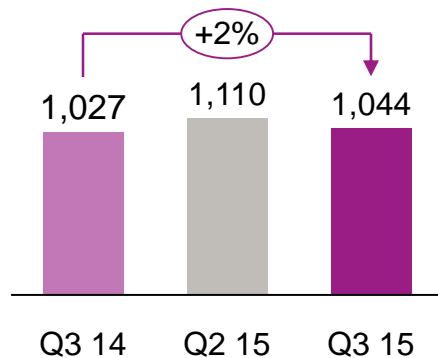
Adj. EBITDA (in € m) / margin



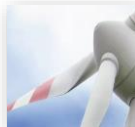
Resource Efficiency

Q3 2015 Business Line comments

Sales (in € m)

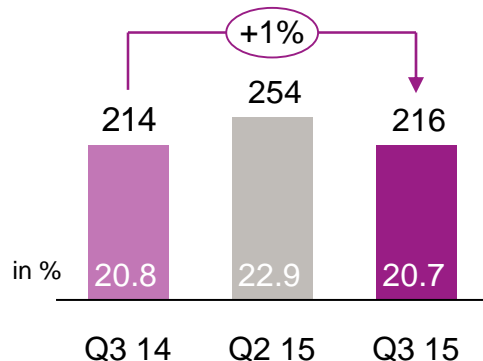


Silica with solid quarter; good fumed silica business; regionally mixed picture in rubber silica (Europe and North America strong, Asia slightly weaker).



Crosslinkers: strong demand across the whole chain and key industries; wind energy markets in China benefitting from currently higher subsidy level; planned maintenance in Germany affecting volumes.

Adj. EBITDA (in € m) / margin



High Performance Polymers with negative impact from planned maintenance shutdown in Marl (Germany); additionally weaker business in China from automotive and consumer goods industries (appliances, sports).

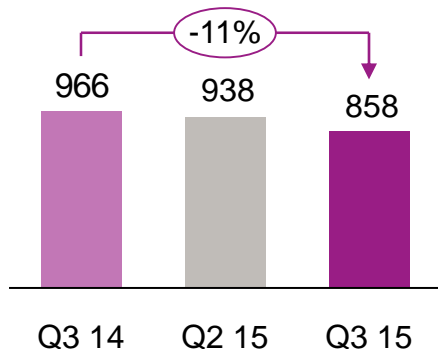


Oil Additives with another strong quarter thanks to good demand environment and attractive product mix.

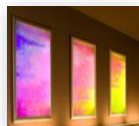
Performance Materials

Q3 2015 Business Line comments

Sales (in € m)

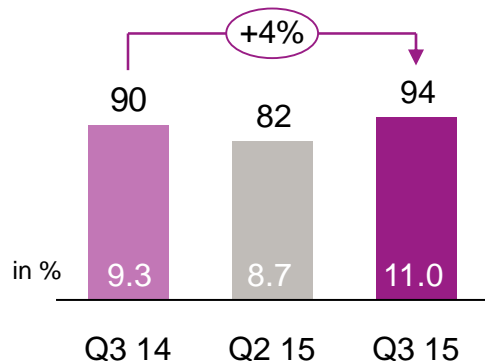


MMA business facing a more balanced supply/demand situation in Europe; this combined with continued low raw material prices leading to lower price environment. Planned maintenance shutdown impacting volumes.



PMMA with strong demand from EU and US automotive markets; weakening demand in China from electronics customers.

Adj. EBITDA (in € m) / margin



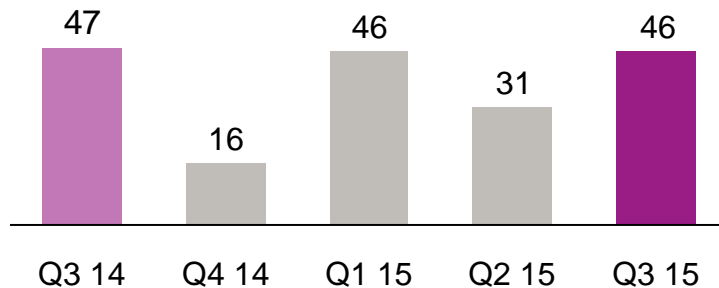
Performance Intermediates with good start into the quarter driven by widening price spreads over naphtha; spreads tightening again in September. Planned maintenance shutdown in plasticizer plants in Marl. Continued strong MTBE demand.

Services and Corporate / Others

Q3 2015 segment comments

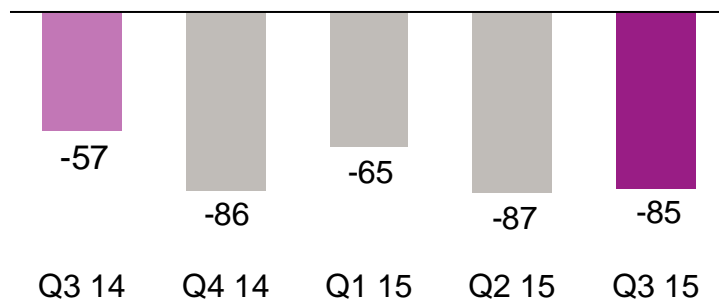


Services: adj. EBITDA (in € m)



- Return to normalized earnings levels after exceptionally weak Q2 (variable remuneration)

Corporate / Others: adj. EBITDA (in € m)



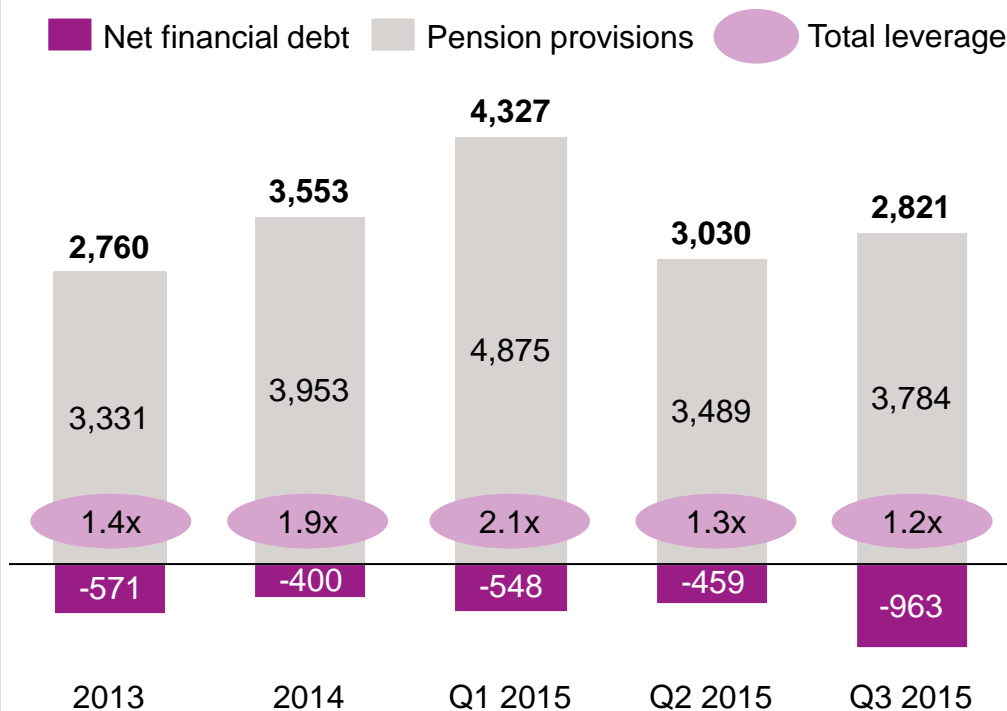
- Last year exceptionally good quarter due to one-time FX effects and lower provisions for variable remuneration

Net debt development

Increase in pension obligations in Q3 due to slightly lower discount rate



Net debt development (in € m)



- Majority of debt consists of long-dated pension obligations; average life of DBO exceeds 15 years
- Increase of unfunded pension obligations in Q3 by about €300 m due to slightly lower discount rate (from 2.75% to 2.50% in Germany)

2013	2014	Q1 2015	Q2 2015	Q3 2015	Evonik Group global discount rate ² Evonik discount rate for Germany
3.84	2.65				
3.75	2.50	1.75	2.75	2.50	

¹ Total leverage defined as (net financial debt + pension provisions) / adj. EBITDA LTM

² Calculated annually

Adj. income statement Q3 2015

in € million	Q3 2014	Q3 2015	Δ in %
Sales	3,243	3,365	+4
Adj. EBITDA	500	653	+31
Depreciation & amortization	-151	-180	
Adj. EBIT	349	473	+36
Adj. net financial result	-62	-58	
D&A on intangible assets	10	10	
Adj. income before income taxes	297	425	+43
Adj. income tax	-77	-126	
Adj. income after taxes	220	299	+36
Adj. non-controlling interests	-3	-3	
Adj. net income	217	296	+36
Adj. earnings per share	0.47	0.64	
Adjustments	-54	-91	

D&A

- Increase due to new production facilities coming on stream

Adj. net financial result

- Improvement due to favorable bond refinancing

Adj. tax rate

- Q3 adj. tax rate of 29.6%
- Adj. tax rate for first nine month of 29.3%, in line with full year indication

Adjustments

- Restructuring: -€20 m
- Impairments: -€24 m
- Others: -€47 m

Cash flow statement Q3 2015

in € million (continuing operations)	Q3 2014	Q3 2015
Income before financial result and income taxes	295	382
Depreciation and amortization	164	188
Δ Net working capital	-126	10
Change in other provisions	75	147
Change in miscellaneous assets/liabilities	38	47
Outflows for income taxes	-57	-8
Others	-77	-49
Cash flow from operating activities	312	717
Cash flow from investing activities, thereof:	292	-145
Cash outflows for investment in intangible assets, pp&e and shareholdings	-308	-211
Cash inflows/outflows relating to securities, deposits and loans	19	72
Cash inflows/outflows from divestment of shareholdings	581	-3
Cash flow from financing activities	-4	5

CF from operating activities

- Improvement in NWC, esp. in Performance Materials

CF from investing activities

- Capex clearly below prior year level as large projects were finished in 2014
- Last year: cash inflow from divestment of remaining stake in energy business STEAG

Segment overview by quarter

Sales (in € m)	Q3/14	Q4/14	FY 2014	Q1/15	Q2/15	Q3/15
Nutrition & Care	1,016	1,114	4,075	1,229	1,248	1,240
Resource Efficiency	1,027	971	4,040	1,124	1,110	1,044
Performance Materials	966	883	3,827	851	938	858
Services	217	235	906	207	211	207
Corporate / Others	17	23	69	14	12	16
Evonik Group	3,243	3,226	12,917	3,425	3,519	3,365

Adj. EBITDA (in € m)	Q3/14	Q4/14	FY 2014	Q1/15	Q2/15	Q3/15
Nutrition & Care	206	269	847	353	381	382
Resource Efficiency	214	175	836	244	254	216
Performance Materials	90	72	325	72	82	94
Services	47	16	151	46	31	46
Corporate / Others	-57	-86	-277	-65	-87	-85
Evonik Group	500	446	1,882	650	661	653

Specialty Chemicals segments

Segments	Nutrition & Care 		Resource Efficiency 		Performance Materials 	
	KPI's		KPI's		KPI's	
	Sales: €4,075 m Adj. EBITDA: €847 m Adj. EBITDA margin: 20.8%		Sales: €4,040 m Adj. EBITDA: €836 m Adj. EBITDA margin: 20.7%		Sales: €3,827 m Adj. EBITDA: €325 m Adj. EBITDA margin: 8.5%	
Business Lines	Animal Nutrition (~35%)	Health Care (~10%)	Silica (~25%)	Coating & Adhesive Resins (~10%)	Performance Intermediates (~45%)	Agrochemicals (~5%)
	Baby Care (~25%)	Comfort & Insulation (~5%)	Oil Additives (~15%)	Silanes (~10%)	Acrylic Monomers (~20%)	Functional Solutions (~5%)
	Personal Care (~10%)	Interface & Performance (~5%)	Crosslinkers (~10%)	Coating Additives (~5%)	Acrylic Polymers (~20%)	CyPlus Technologies (~5%)
	Household Care (~10%)		Active Oxygens (~10%)	Catalysts (~5%)		
			High Performance Polymers (~10%)			

Upcoming IR events

Roadshows

- 5 November, 2015: Frankfurt / Main
- 6 November, 2015: London
- 18 November, 2015: Duesseldorf & Cologne
- 3 December, 2015: Edinburgh
- 4 December, 2015: Dublin
- 18 December, 2015: London

Conference participations

- 9 & 10 November, 2015: Morgan Stanley Global Chemicals Conference, Boston
- 11 November, 2015: Baird's Industrial Conference, Chicago
- 24 November, 2015: Exane Consumer Ingredients Conference, London
- 26 November, 2015: HSBC Zurich Investors Conference, Zurich
- 2 December, 2015: BoAML European Chemicals Conference, London

Next reporting dates

- 3 March, 2016: Q4 / FY 2015 reporting



**Please find an updated schedule
on our IR website
("Events & Presentations")**

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