QUARTERLY FINANCIAL REPORT

1ST QUARTER 2017

POWER TO CREATE

A good start to fiscal 2017

- Integration of the Air Products specialty additives business is proceeding rapidly
- Sales grew 19 percent to €3.7 billion
- Considerable increase in volumes (8 percent), especially in the growth segments; overall, selling prices were around the prior-year level
- Adjusted EBITDA rose 8 percent to €612 million
- Adjusted net income increased slightly year-on-year to €260 million
- Outlook for 2017 confirmed: Adjusted EBITDA expected to be between €2.2 billion and €2.4 billion (including the Air Products specialty additives business)

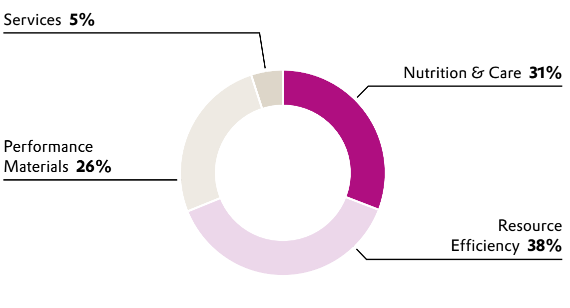
Key data for the Evonik Group

	1st quarter	
in € million	2017	2016
Sales	3,683	3,106
Adjusted EBITDA [a]	612	565
Adjusted EBITDA margin in %	16.6	18.2
Adjusted EBIT [b]	405	389
Income before financial result and income taxes, continuing operations (EBIT)	292	376
Net income	160	240
Adjusted net income	260	254
Earnings per share in €	0.34	0.52
Adjusted earnings per share in €	0.56	0.55
Cash flow from operating activities	277	338
Free cash flow [c]	57	152
Capital expenditures	197	160
Net financial debt/assets as on the balance sheet as of March 31	−2,288	1,177
No. of employees as of March 31	35,424	33,600

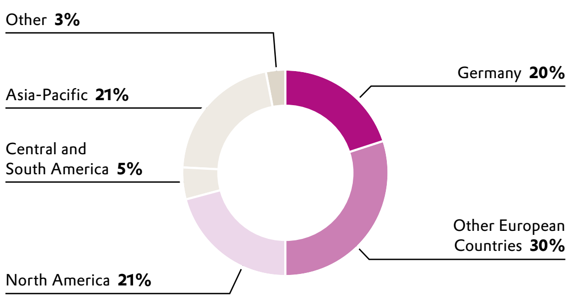
[a] Earnings before financial result, taxes, depreciation and amortization, after adjustments.
[b] Earnings before financial result and taxes, after adjustments.
[c] Cash flow from operating activities less cash outflows for investment in intangible assets, property, plant and equipment.

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

Sales by segment



Sales by region



QUARTERLY FINANCIAL REPORT 1ST QUARTER 2017

Interim management report as of March 31, 2017

1. Business conditions and performance

1.1 Economic background

Global economic conditions were slightly better than expected in the first quarter of 2017. In the emerging markets, China in particular again posted slightly higher growth. The Russian and Brazilian economies could stabilize thanks to the rise in raw material prices.

In the advanced economies, the slight acceleration of the upswing continued. The increase in economic output in the USA should be higher than last year, supported by domestic consumption and higher investment by the corporate sector.

The economic prospects for the euro zone remained slightly positive thanks to the continuation of the expansionary monetary policy and the good labor market situation. In Germany, the economy was mainly supported by consumer spending, the trade surplus and the good labor market situation. The economic trend in Japan has stabilized and economic output should increase moderately.

Worldwide, the development of Evonik's **end-customer industries** differed by sector and region in the first quarter of 2017. In Europe and North America, demand in the automotive and mechanical engineering industries slowed somewhat compared with the previous year. By contrast, in Asia demand for food and animal feed increased further year-on-year. In Europe and Latin America, growth momentum in the construction industry increased, mainly because capital expenditures were higher than in 2016. In Europe, the general industrial trend only showed marginal growth in output in Europe, while there was a slight improvement in North America and Asia.

1.2 Business performance

Significant events

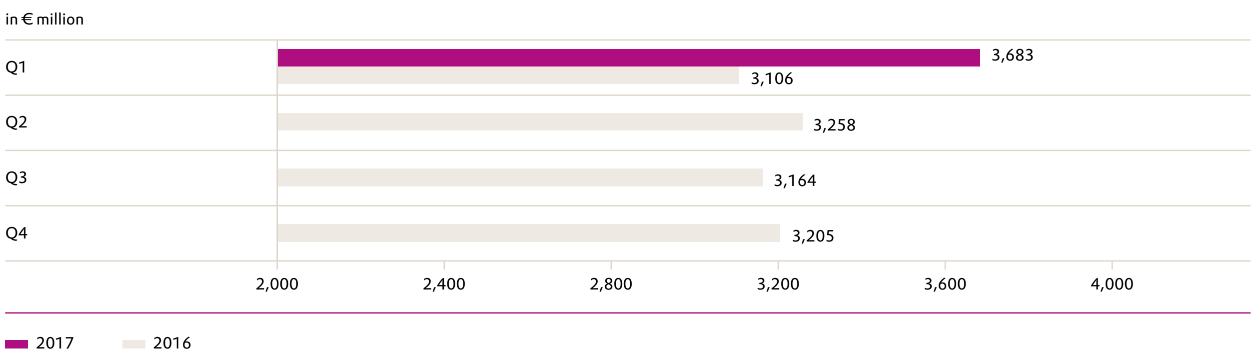
At its meeting on March 1, 2017, the Supervisory Board of Evonik Industries AG resolved on the following changes on the company's **Executive Board**: After the Annual Shareholders' Meeting on May 23, 2017, Dr. Klaus Engel will hand over his role as Chairman of the Executive Board of Evonik Industries AG to his designated successor Christian Kullmann and will leave the company as of the end of the Annual Shareholders' Meeting. Dr. Harald Schwager will join Evonik on September 1, 2017 as the new Deputy Chairman of the Executive Board, with responsibility for chemicals and innovation. Dr. Schwager is a chemist and a member of the Board of Executive Directors of BASF, which he will be leaving in May. Dr. Ralph Sven Kaufmann will leave Evonik by mutual and amicable agreement on June 30, 2017, before the scheduled end of his term of office.

Business performance in Q1 2017

Evonik made a good start to fiscal 2017. We registered high demand for our products worldwide and were able to raise volume sales significantly. Selling prices developed differently in the segments; overall they were around the prior-year level.

Good progress is being made with the integration of the specialty additives business, which we acquired from Air Products and Chemicals, Inc., Allentown (Pennsylvania, USA) on January 3, 2017. This business was integrated into the Nutrition & Care and Resource Efficiency segments at the beginning of this year. The planned acquisition of the silica business of J. M. Huber Corporation, Atlanta (Georgia, USA) will probably be closed in the second half of 2017. All preparations for this are on schedule.

Sales by quarter

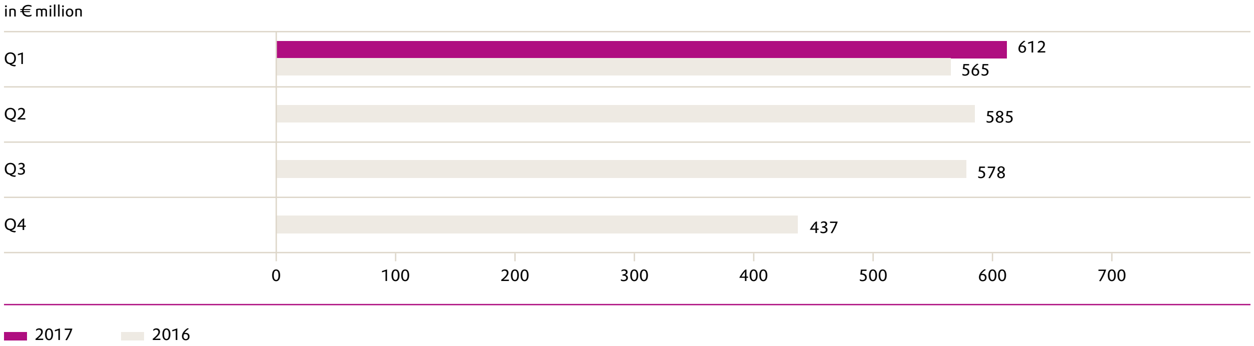


The Evonik Group grew **sales** by 19 percent to €3,683 million. 8 percentage points of this increase came from the initial consolidation of the specialty additives business acquired from Air Products. Higher volumes contributed 8 percentage points, and positive currency effects 2 percentage points. The positive and negative effects of selling prices almost canceled each other out.

Year-on-year change in sales

in %	Q1 2017
Volumes	8
Prices	–1
Organic sales growth	**7**
Exchange rates	2
Change in the scope of consolidation/other effects	10
Total	**19**

Adjusted EBITDA by quarter



Adjusted EBITDA rose 8 percent to €612 million, driven by perceptible volume growth and the first-time consolidation of the acquired specialty additives business. By contrast, lower selling prices in the Nutrition & Care segment had a negative effect. The adjusted EBITDA margin was 16.6 percent (Q1 2016: 18.2 percent). Adjusted EBIT increased 4 percent to €405 million.

Statement of income

	1st quarter		
in € million	2017	2016	Change in %
Sales	**3,683**	**3,106**	**19**
Adjusted EBITDA	**612**	**565**	**8**
Depreciation and amortization	–207	–176	
Adjusted EBIT	**405**	**389**	**4**
Adjustments	–113	–13	
thereof attributable to			
Restructuring	–8	–6	
Impairment losses/reversals of impairment losses	–	–	
Acquisition/divestment of shareholdings	–90	–	
Other	–15	–7	
Financial result	–56	–34	
Income before income taxes, continuing operations	**236**	**342**	**–31**
Income taxes	–72	–98	
Income after taxes	**164**	**244**	**–33**
thereof attributable to non-controlling interests	4	4	
Net income	**160**	**240**	**–33**
Earnings per share in €	**0.34**	**0.52**	**–**

The **adjustments** totaling –€133 million included expenses of €90 million for the purchase of shareholdings in companies, principally the acquisition of the Air Products specialty additives business. This amount includes costs relating to the acquisition[1], especially for the integration of the business and transaction taxes. Further, the adjustments include additional expenses resulting from the fact that the inventories acquired by Evonik and used in the reporting period have been subject to a fair value step-up in the course of the purchase price allocation.

The **financial result** was –€56 million. The prior-year figure of –€34 million contained high interest income in connection with tax refunds. **Income before income taxes, continuing operations** was 31 percent lower at €236 million. The income tax rate was 31 percent, and thus roughly in line with the expected Group tax rate. Overall, **net income** fell 33 percent to €160 million, mainly as a result of the higher expenses included in adjustments.

The calculation of **adjusted net income** (after adjustment for special items) improves comparability of the earnings power of the continuing operations, especially on a long-term view, and thus facilitates the forecasting of future development. Adjusted net income increased 2 percent to €260 million in the first quarter of 2017. **Adjusted earnings per share** increased to €0.56.

Reconciliation to adjusted net income

	1st quarter		
in € million	2017	2016	Change in %
Adjusted EBITDA	**612**	**565**	**8**
Depreciation and amortization	–207	–176	
Adjusted EBIT	**405**	**389**	**4**
Adjusted financial result	–53	–32	
Amortization and impairment losses on intangible assets	30	10	
Adjusted income before income taxes [a]	**382**	**367**	**4**
Adjusted income taxes	–118	–109	
Adjusted income after taxes [a]	**264**	**258**	**2**
thereof adjusted income attributable to non-controlling interests	4	4	
Adjusted net income [a]	**260**	**254**	**2**
Adjusted earnings per share [a] in €	**0.56**	**0.55**	**–**

[a] Continuing operations.

1.3 Segment performance

Nutrition & Care segment

Key data for the Nutrition & Care segment

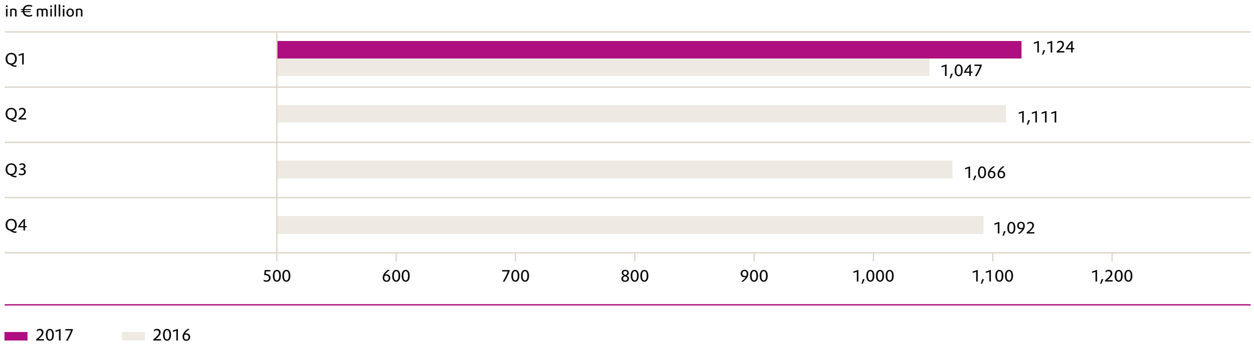
	1st quarter		
in € million	2017	2016	Change in %
External sales	1,124	1,047	7
Adjusted EBITDA	189	293	–35
Adjusted EBITDA margin in %	16.8	28.0	–
Adjusted EBIT	122	240	–49
Capital expenditures	68	41	66
No. of employees as of March 31	8,549	7,347	16

[1] See Note 4.2.

In the **first quarter of 2017**, the Nutrition & Care segment's sales rose 7 percent to €1,124 million. This was attributable to the initial consolidation of the business acquired from Air Products (11 percentage points), perceptible volume growth, and positive currency effects. A countertrend came from the fact that selling prices were again down substantially year-on-year.

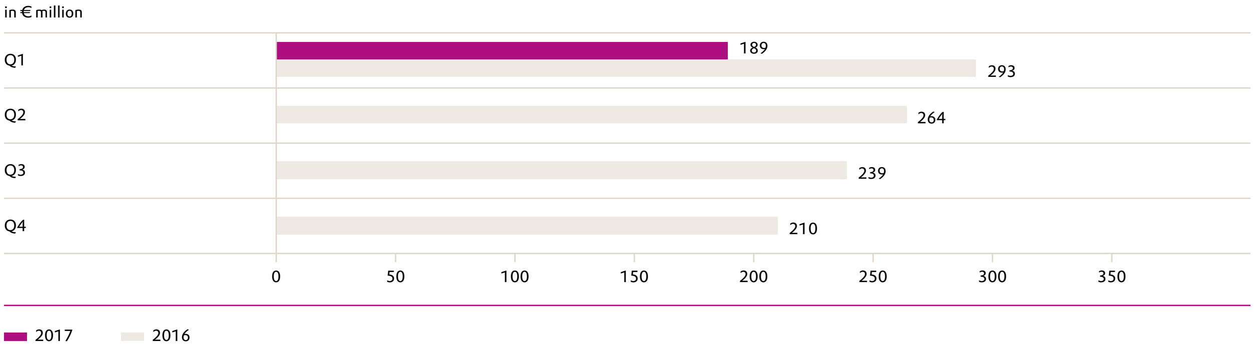
Demand for essential amino acids for animal nutrition increased significantly year-on-year, but selling prices for methionine declined further compared with the previous quarter and were significantly lower than in the prior-year period. The development of the baby care business was still impaired by overcapacity. Sales declined as a result of lower volumes and price erosion. By contrast, the health care business reported a significant rise in sales, with all product lines posting a very satisfactory development. The business with additives for polyurethane foam and household care products registered good demand worldwide. Thanks to consolidation of the activities acquired from Air Products, sales from these businesses were above the prior-year level.

Sales Nutrition & Care segment



Adjusted EBITDA dropped 35 percent to €189 million, principally because selling prices were significantly lower than in the prior-year period. The adjusted EBITDA margin fell from 28.0 percent to 16.8 percent.

Adjusted EBITDA Nutrition & Care segment



As part of the growth strategy for the Nutrition & Care segment, on February 28, 2017 we signed an agreement to acquire **Dr. Straetmans GmbH**, Hamburg (Germany). This company specializes in developing and marketing alternative preservatives for the cosmetics industry. This acquisition will complement our portfolio of specialties for cosmetics and further consolidate our position as a leading global partner for the cosmetics industry. The transaction is still contingent upon the approval of the relevant antitrust authorities and is expected to be closed in the second quarter of 2017.

Resource Efficiency segment

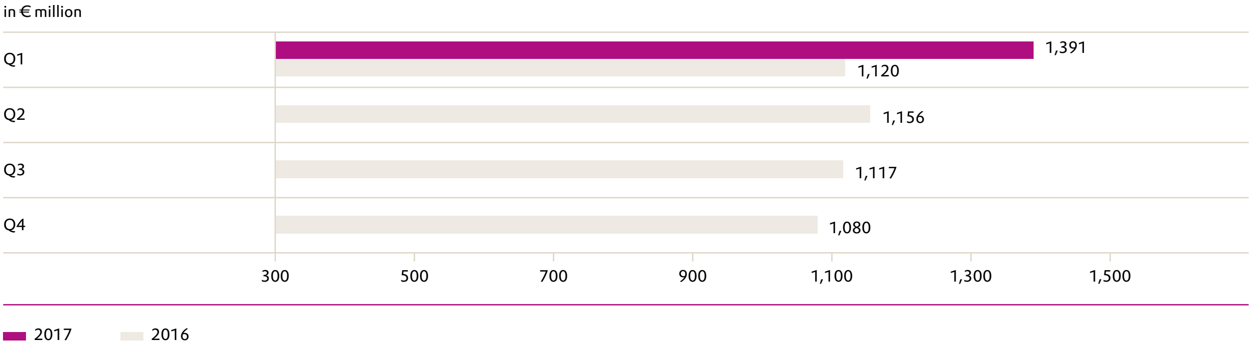
Key data for the Resource Efficiency segment

	1st quarter		
in € million	2017	2016	Change in %
External sales	1,391	1,120	24
Adjusted EBITDA	310	256	21
Adjusted EBITDA margin in %	22.3	22.9	–
Adjusted EBIT	242	200	21
Capital expenditures	68	49	39
No. of employees as of March 31	9,142	8,652	6

The Resource Efficiency segment posted another very successful business performance. Sales rose 24 percent to €1,391 million, with 12 percentage points of this growth coming from the initial consolidation of the business acquired from Air Products. There was a further substantial hike in volume sales thanks to higher demand, and currency effects were also positive. Selling prices were around the prior-year level.

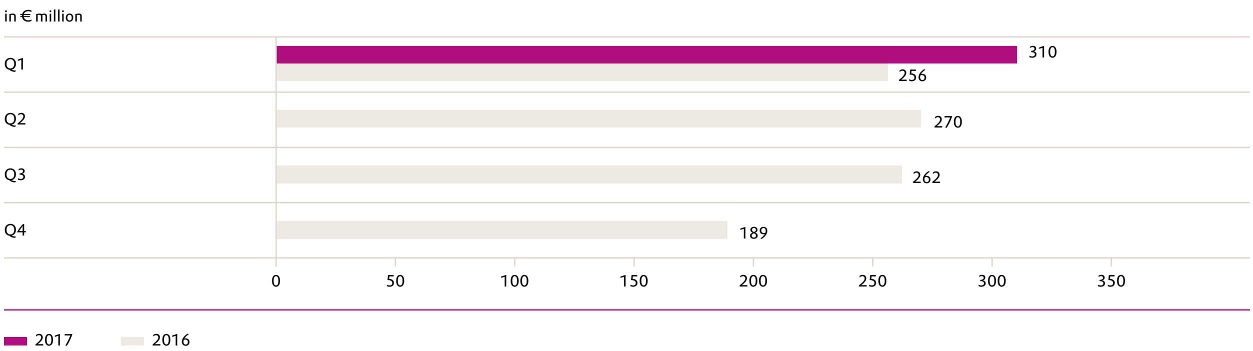
Sales of silica increased year-on-year thanks to higher demand, especially from the tire industry. Business with high-performance polymers also benefited from very pleasing volume growth, which generated significantly higher sales. Demand for oil additives for the automotive, construction and transportation industries was high, especially in North America, resulting in higher sales. The coating additives business also posted a strong trend worldwide. Sales here were also increased by the first-time consolidation of the activities acquired from Air Products. Sales of crosslinkers were up year-on-year too, as a consequence of consolidation of the newly acquired activities. Higher sales were reported for active oxygen products, driven by strong demand, especially from the paper and textile industries.

Sales Resource Efficiency segment



Adjusted EBITDA improved 21 percent to €310 million thanks to volume growth and the additional earnings contributions from the activities acquired from Air Products. The adjusted EBITDA margin was 22.3 percent, a very good level and on a par with the prior-year period.

Adjusted EBITDA Resource Efficiency segment



Performance Materials segment

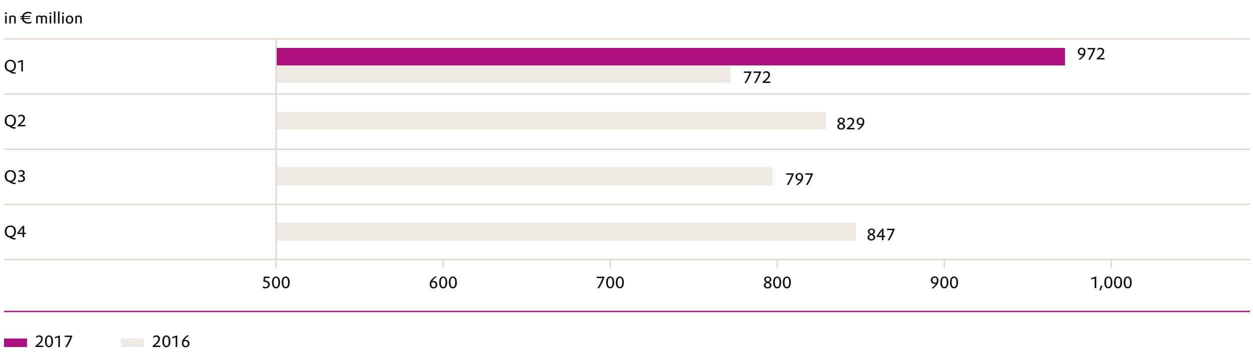
Key data for the Performance Materials segment

in € million	1st quarter 2017	2016	Change in %
External sales	972	772	26
Adjusted EBITDA	159	64	148
Adjusted EBITDA margin in %	16.4	8.3	–
Adjusted EBIT	123	30	310
Capital expenditures	29	24	21
No. of employees as of March 31	4,406	4,384	1

Business in the Performance Materials segment improved significantly in the **first quarter of 2017** compared with the weak prior-year period. Sales grew 26 percent to €972 million. The main drivers were substantially higher selling prices, higher volumes, and positive currency effects.

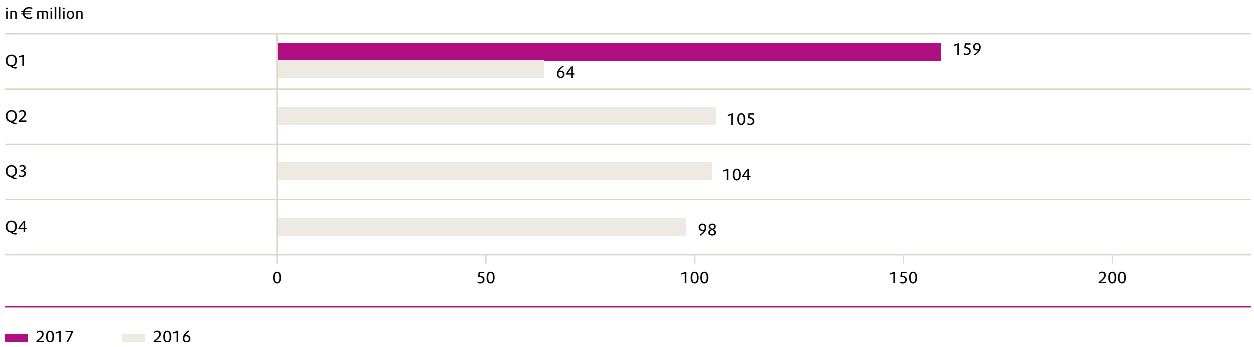
Selling prices of performance intermediates picked up significantly due to the rise in the oil price and higher global demand, especially for the C_4 derivative butadiene. Sales rose substantially year-on-year. Methacrylates also registered a significant improvement in sales as a result of a further upturn in demand, especially from the coatings and automotive industries, and higher selling prices, partly because the increase in raw material costs was passed on to customers.

Sales Performance Materials segment



Adjusted EBITDA improved from €64 million to €159 million. This was mainly due to the rise in selling prices and higher volumes. The adjusted EBITDA margin increased from 8.3 percent in the prior-year period to 16.4 percent.

Adjusted EBITDA Performance Materials segment



Services segment

Key data for the Services segment

in € million	1st quarter 2017	2016	Change in %
External sales	193	166	16
Adjusted EBITDA	41	35	17
Adjusted EBITDA margin in %	21.2	21.1	–
Adjusted EBIT	11	7	57
Capital expenditures	27	43	−37
No. of employees as of March 31	12,705	12,710	–

Sales increased 16 percent to €193 million in the **first quarter of 2017**. This was mainly attributable to higher revenues from utilities and waste management for external customers at our sites. Adjusted EBITDA improved 17 percent to €41 million.

2. Earnings, financial and asset position

2.1 Earnings position

Sales rose 19 percent to €3,683 million in the first three months of 2017. 8 percentage points of the rise came from the initial consolidation of the specialty additives business acquired from Air Products. Further factors were perceptibly higher volume sales and positive currency effects. The cost of sales increased by 25 percent to €2,563 million. The principal reasons for this were consolidation of the new business, higher volumes, and the rise in raw material costs. The **gross profit on sales** improved 6 percent to €1,120 million. Selling expenses increased by 13 percent to €403 million, mainly due to the expansion of our business. Research and development expenses were up slightly year-on-year at €106 million. General administrative expenses increased 19 percent to €184 million as a result of the first-time consolidation of the Air Products business and higher personnel expenses for variable share-based payments.

Other operating income was €31 million, which was €16 million lower than in the prior-year period. The €55 million rise in other operating expense to €167 million was principally due to expenses in connection with the acquisition of the Air Products specialty additives business. **Income before financial result and income taxes, continuing operations** dropped 22 percent to €292 million.

The **financial result** was –€56 million. The prior-year figure of –€34 million contained high interest income in connection with tax refunds. **Income before income taxes, continuing operations** was 31 percent lower at €236 million. The income tax rate was 31 percent, and thus roughly in line with the expected Group tax rate. **Net income** was €160 million, significantly below the prior-year figure of €240 million.

2.2 Financial and asset position

As of March 31, 2017, financial debt was €3,592 million, a slight rise of €45 million compared with year-end 2016. Financial assets fell by €3,354 million to €1,304 million, mainly as a result of the purchase price payment for the specialty additives business. Therefore, as of end-March 2017 we had **net financial debt** of €2,288 million, compared with net financial assets of €1,111 million at year-end 2016.

Net financial debt/assets

in € million	Mar. 31, 2017	Dec. 31, 2016
Non-current financial liabilities[a]	–3,221	–3,240
Current financial liabilities[a]	–371	–307
Financial debt	**–3,592**	**–3,547**
Cash and cash equivalents	1,275	4,623
Current securities	11	11
Other financial investments	18	24
Financial assets	**1,304**	**4,658**
Net financial debt/assets as stated on the balance sheet	**–2,288**	**1,111**

[a] Excluding derivatives.

In the first three months of 2017, **capital expenditures for property, plant and equipment** increased 23 percent to €197 million (Q1 2016: €160 million). In principle, there is a slight timing difference in outflows for property, plant and equipment due to payment terms. In the reporting period, cash outflows for property, plant and equipment totaled €220 million (Q1 2016: €186 million).

The **financial investments** of €3,519 million mainly related to the acquisition of the specialty additives business.

Cash flow statement (excerpt)

	1st quarter	
in € million	2017	2016
Cash flow from operating activities	**277**	**338**
Cash flow from investing activities	**–3,735**	**–236**
Cash flow from financing activities	**107**	**3**
Change in cash and cash equivalents	**–3,351**	**105**

Prior-year figures restated.

The **cash flow from operating activities** declined to €277 million in the first quarter of 2017. That was €61 million below the figure for the comparable prior-year period, and resulted principally from lower earnings before financial result and income taxes (EBIT) and higher income tax payments. The slower increase in net working capital had a countereffect.

The cash outflow of €3,735 million for investing activities was mainly attributable to outflows for the acquisition of the specialty additives business and for capital expenditures.

The cash inflow of €107 million from financing activities was partly due to currency hedging in connection with this acquisition.

The **free cash flow**[1] was €57 million in the first quarter of 2017, compared with €152 million in the prior-year period.

Total assets increased slightly to €19.9 billion as of March 31, 2017, a rise of €0.2 billion compared with year-end 2016. The increase of €3.1 billion in non-current assets to €13.9 billion was mainly attributable to the addition of assets from the operations acquired from Air Products. Current assets decreased by €2.9 billion to €5.9 billion, primarily because of the substantial reduction in cash and cash equivalents resulting from payment of the purchase price.

Equity was virtually unchanged at €7.8 billion. The equity ratio decreased from 39.5 percent to 39.2 percent.

[1] Cash flow from operating activities, less outflows for capital expenditures for intangible assets, property, plant and equipment.

3. Employees

As of March 31, 2017, the Evonik Group had 35,424 employees. The increase of 1,073 compared with year-end 2016 was mainly attributable to the acquisition of the Air Products specialty additives business.

Employees by segment

	Mar. 31, 2017	Dec. 31, 2016
Nutrition & Care	8,549	7,594
Resource Efficiency	9,142	8,928
Performance Materials	4,406	4,393
Services	12,705	12,892
Other operations	622	544
Evonik	**35,424**	**34,351**

4. 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 were described in detail in the opportunity and risk report, which forms part of the management report for 2016.

In view of the continued volatility of the operating environment, we regularly and systematically monitor and analyze the markets, sectors and growth prospects of relevance for our segments.

Based on current market trends in our Nutrition & Care, Resource Efficiency and Performance materials segments, we see slightly better opportunities and somewhat less risk potential for this year than in our assessment at the end of 2016. While Evonik therefore still considers that it is exposed to more risks than opportunities, the opportunities and risks are far more balanced. There are still no risks that could jeopardize the continued existence of the Evonik Group or major individual companies.

5. Events after the reporting date

No material events have occurred since the reporting date.

6. Expected development

Our expectations for **global economic conditions in 2017** are unchanged compared with the start of the year: Overall we still anticipate slightly stronger global economic momentum, with a year-on-year growth rate of 2.6 percent in 2017. The emerging markets will benefit particularly from the recovery of raw material prices. Russia and Brazil should therefore move back into the growth zone. We predict that in China growth will be high, but that the slight slowdown will continue. The economic upturn in some advanced economies will probably be dampened by the heightened uncertainty resulting from the UK's decision to leave the European Union and the United States' future economic policy.

The basis for our forecast has not changed:

- Global growth of 2.6 percent
- Euro/US dollar exchange rate at same level as in the prior year (US$1.10)
- Internal raw material cost index perceptibly higher than in the prior year

Sales and earnings

Following the acquisition of the Air Products specialty additives business on January 3, 2017, our forecast is for the Evonik Group including these business activities. Since the acquisition of Huber's silica business, which was announced in December 2016, will probably only be closed in the second half of 2017, these operations are not included in this forecast.

We are confirming our outlook for 2017 and still anticipate higher **sales** (2016: €12.7 billion). Thanks to our strong market positions, balanced portfolio and concentration on high-growth businesses, we assume continued high demand for our products and perceptible volume growth. Average selling prices are expected to decline slightly across our entire product portfolio.

Overall, we aim to grow our operating earnings year-on-year and still expect **adjusted EBITDA** to be between €2.2 billion and €2.4 billion (2016: €2.165 billion).

This is based on the assumption that the Air Products specialty additives business will contribute sales of around €1.0 billion and adjusted EBITDA of around €250 million in fiscal 2017, including initial positive synergies of €10–20 million. The operations acquired have been integrated into the Nutrition & Care and Resource Efficiency segments. Based on sales and adjusted EBITDA, they have been allocated roughly equally between these two segments.

In the majority of businesses in the Nutrition & Care segment the earnings trend will be stable or slightly positive compared with the previous year. Moreover, the Air Products activities allocated to this segment should make a positive contribution to earnings. We anticipate lower average annual selling prices for essential amino acids for animal nutrition following their previously high level, especially at the start of 2016. Overall, we therefore assume that earnings in the Nutrition & Care segment will be lower than in the previous year.

We expect a considerable rise in earnings in the Resource Efficiency segment in 2017 after a very successful business performance in 2016. The Air Products activities allocated to this segment should contribute to this, and a good business performance is also expected in most of the other businesses.

We expect the Performance Materials segment to report considerably higher earnings, driven by a year-on-year improvement in the supply/demand situation for key products and steps taken to raise efficiency. We assume that the favorable supply/demand situation seen at the beginning of the year will normalize during the year.

The earnings impact of higher raw material prices on individual businesses will vary, but should largely balance out across the portfolio as a whole.

In 2017, the return on capital employed **(ROCE)** should again be above the cost of capital (10.0 percent before taxes). Nevertheless, it will be perceptibly lower than in 2016 (14.0 percent) as a consequence of the substantial acquisition-driven rise in capital employed.

Financing and investments

We expect **capital expenditures** to be around €1.0 billion. That would be around the 2016 level (€0.96 billion), even though it includes the capital expenditures for the Air Products specialty additives business, and pro rata expenditures for construction of the world-scale facility for feed additives in Singapore.

The **free cash flow** is expected to be clearly positive again, but will fall considerably short of the high level reported for 2016 (€810 million), which benefited, in particular, from high inflows from the optimization of net working capital.

Interim financial statements as of March 31, 2017

Income statement

Income statement for the Evonik Group

in € million	1st quarter 2017	1st quarter 2016
Sales	3,683	3,106
Cost of sales	−2,563	−2,048
Gross profit on sales	**1,120**	**1,058**
Selling expenses	−403	−356
Research and development expenses	−106	−103
General administrative expenses	−184	−155
Other operating income	31	47
Other operating expense	−167	−112
Result from investments recognized at equity	1	−3
Income before financial result and income taxes, continuing operations	**292**	**376**
Interest income	10	24
Interest expense	−59	−55
Other financial income/expense	−7	−3
Financial result	**−56**	**−34**
Income before income taxes, continuing operations	**236**	**342**
Income taxes	−72	−98
Income after taxes	**164**	**244**
thereof attributable to		
Non-controlling interests	4	4
Shareholders of Evonik Industries AG (net income)	160	240
Earnings per share in € (basic and diluted)	**0.34**	**0.52**

Prior-year figures restated.

Statement of comprehensive income

Statement of comprehensive income for the Evonik Group

	1st quarter	
in € million	2017	2016
Income after taxes	**164**	**244**
Gains/losses on available-for-sale securities	6	–
Gains/losses on hedging instruments	−100	101
Currency translation adjustment	−26	−119
Deferred taxes	13	−25
Comprehensive income that will be reclassified subsequently to profit or loss	**−107**	**−43**
Remeasurement of the net defined benefit liability for defined benefit pension plans	−10	−204
Deferred taxes	8	65
Comprehensive income that will not be reclassified subsequently to profit or loss	**−2**	**−139**
Other comprehensive income after taxes	**−109**	**−182**
Total comprehensive income	**55**	**62**
thereof attributable to		
Non-controlling interests	6	3
Shareholders of Evonik Industries AG	49	59
Total comprehensive income attributable to shareholders of Evonik Industries AG	**49**	**59**

Balance sheet

Balance sheet for the Evonik Group

in € million	Mar. 31, 2017	Dec. 31, 2016
Intangible assets	5,934	3,312
Property, plant and equipment	6,466	6,041
Investments recognized at equity	47	43
Financial assets	213	213
Deferred taxes	1,207	1,162
Other income tax assets	9	8
Other receivables	67	58
Non-current assets	**13,943**	**10,837**
Inventories	2,005	1,679
Other income tax assets	214	228
Trade accounts receivable	1,999	1,661
Other receivables	360	300
Financial assets	89	317
Cash and cash equivalents	1,275	4,623
Current assets	**5,942**	**8,808**
Total assets	**19,885**	**19,645**

in € million	Mar. 31, 2017	Dec. 31, 2016
Issued capital	466	466
Capital reserve	1,171	1,166
Accumulated income	5,875	5,716
Treasury shares	–16	–
Accumulated other comprehensive income	200	310
Equity attributable to shareholders of Evonik Industries AG	**7,696**	**7,658**
Equity attributable to non-controlling interests	90	92
Equity	**7,786**	**7,750**
Provisions for pensions and other post-employment benefits	3,823	3,852
Other provisions	836	817
Deferred taxes	499	453
Other income tax liabilities	177	173
Financial liabilities	3,262	3,334
Other payables	73	71
Non-current liabilities	**8,670**	**8,700**
Other provisions	1,104	1,035
Other income tax liabilities	90	83
Financial liabilities	445	401
Trade accounts payable	1,272	1,212
Other payables	518	464
Current liabilities	**3,429**	**3,195**
Total equity and liabilities	**19,885**	**19,645**

Statement of changes in equity

Statement of changes in equity for the Evonik Group

in € million	Issued capital	Capital reserve	Accumulated income	Treasury shares	Accumulated other comprehensive income	Attributable to shareholders of Evonik Industries AG	Attributable to non-controlling interests	Total equity
As of January 1, 2016	**466**	**1,166**	**5,821**	**–**	**40**	**7,493**	**83**	**7,576**
Capital increases/decreases	–	–	–	–	–	–	2	2
Dividend distribution	–	–	–	–	–	–	−8	−8
Purchase of treasury shares	–	–	–	−7	–	−7	–	−7
Share-based payment	–	3	–	–	–	3	–	3
Income after taxes	–	–	240	–	–	240	4	244
Other comprehensive income after taxes	–	–	−139	–	−42	−181	−1	−182
Total comprehensive income	–	–	101	–	−42	59	3	62
Other changes	–	–	1	–	−1	–	–	–
As of March 31, 2016	**466**	**1,169**	**5,923**	**−7**	**−3**	**7,548**	**80**	**7,628**
As of January 1, 2017	**466**	**1,166**	**5,716**	**–**	**310**	**7,658**	**92**	**7,750**
Dividend distribution	–	–	–	–	–	–	−7	−7
Purchase of treasury shares	–	–	–	−16	–	−16	–	−16
Share-based payment	–	5	–	–	–	5	–	5
Income after taxes	–	–	160	–	–	160	4	164
Other comprehensive income after taxes	–	–	−2	–	−109	−111	2	−109
Total comprehensive income	–	–	158	–	−109	49	6	55
Other changes	–	–	1	–	−1	–	−1	−1
As of March 31, 2017	**466**	**1,171**	**5,875**	**−16**	**200**	**7,696**	**90**	**7,786**

Cash flow statement

Cash flow statement for the Evonik Group

in € million	1st quarter 2017	1st quarter 2016
Income before financial result and income taxes, continuing operations	292	376
Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets	206	176
Result from investments recognized at equity	−1	3
Gains/losses on the disposal of non-current assets	1	–
Change in inventories	13	−5
Change in trade accounts receivable	−189	−25
Change in trade accounts payable and current advance payments received from customers	37	−154
Change in provisions for pensions and other post-employment benefits	−66	−37
Change in other provisions	94	50
Change in miscellaneous assets/liabilities	24	26
Cash outflows for interest	−21	−18
Cash inflows from interest	4	17
Cash inflows from dividends	1	1
Cash inflows/outflows for income taxes	−118	−72
Cash flow from operating activities	**277**	**338**
Cash outflows for investments in intangible assets, property, plant and equipment	−220	−186
Cash outflows for investments in subsidiaries	−3,521	−52
Cash outflows for investments in other shareholdings	−2	−6
Cash inflows from divestments of intangible assets, property, plant and equipment	–	3
Cash inflows/outflows from divestment of shareholdings	−12	–
Cash inflows/outflows relating to securities, deposits and loans	20	5
Cash flow from investing activities	**−3,735**	**−236**
Cash inflows/outflows relating to capital contributions	–	2
Cash outflows for dividends to non-controlling interests	−5	−8
Cash outflows for the purchase of treasury shares	−16	−7
Cash inflows from the addition of financial liabilities	125	29
Cash outflows for repayment of financial liabilities	−78	−22
Cash inflows/outflows in connection with financial transactions	81	9
Cash flow from financing activities	**107**	**3**
Change in cash and cash equivalents	**−3,351**	**105**
Cash and cash equivalents as of January 1	**4,623**	**2,368**
Change in cash and cash equivalents	−3,351	105
Changes in exchange rates and other changes in cash and cash equivalents	3	−7
Cash and cash equivalents as on the balance sheet as of March 31	**1,275**	**2,466**

Prior-year figures restated.

Notes

1. Segment report

Segment report by operating segments—1st quarter

	Nutrition & Care		Resource Efficiency		Performance Materials	
in € million	**2017**	2016	**2017**	2016	**2017**	2016
External sales	1,124	1,047	1,391	1,120	972	772
Internal sales	7	8	11	9	46	27
Total sales	1,131	1,055	1,402	1,129	1,018	799
Adjusted EBITDA	189	293	310	256	159	64
Adjusted EBITDA margin in %	16.8	28.0	22.3	22.9	16.4	8.3
Adjusted EBIT	122	240	242	200	123	30
Capital expenditures	68	41	68	49	29	24
Financial investments	1,758	53	1,758	13	1	4
Employees as of March 31	8,549	7,347	9,142	8,652	4,406	4,384

Segment report by regions—1st quarter

	Germany		Other European Countries		North America	
in € million	**2017**	2016	**2017**	2016	**2017**	2016
External sales	725	589	1,118	980	790	605
Goodwill as of March 31[a]	1,582	1,542	757	579	2,130	354
Other intangible assets, property, plant and equipment as of March 31[a]	3,280	2,828	661	567	1,740	1,030
Capital expenditures	95	78	13	12	49	47
Employees as of March 31	21,728	21,446	2,846	2,687	4,555	3,823

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

	Services		Other operations		Corporate, consolidation		**Total Group (continuing operations)**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	193	166	3	1	–	–	**3,683**	3,106
	505	462	7	9	−576	−515	**–**	–
	698	628	10	10	−576	−515	**3,683**	3,106
	41	35	−24	−28	−63	−55	**612**	565
	21.2	21.1	–	–	–	–	**16.6**	18.2
	11	7	−27	−31	−66	−57	**405**	389
	27	43	4	3	1	–	**197**	160
	1	1	–	2	1	–	**3,519**	73
	12,705	12,710	279	192	343	315	**35,424**	33,600

	Central and South America		Asia-Pacific		Middle East, Africa		**Total Group (continuing operations)**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	177	192	771	638	102	102	**3,683**	3,106
	34	31	278	271	−5	–	**4,776**	2,777
	224	186	1,711	1,530	9	8	**7,625**	6,149
	2	6	38	17	–	–	**197**	160
	778	693	5,325	4,783	192	168	**35,424**	33,600

2. General information

Evonik Industries AG is an international specialty chemicals company headquartered in Germany.

The present condensed and consolidated interim financial statements (consolidated interim financial statements) of Evonik Industries AG and its subsidiaries (referred to jointly as Evonik or the Evonik Group) as of March 31, 2017, 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 March 31, 2017 are presented in euros. The reporting period is January 1 to March 31, 2017. 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, 2016, which should be referred to for further information.

3. Accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements as of December 31, 2016, with the exception of the following two changes:

In the cash flow statement, all effects from currency hedging transactions were previously included in the cash flow from operating activities, with the exception of the effects of currency hedging in connection with acquisition projects. The effects of these transactions were included in the cash flow from investing activities if they related to currency hedging of the purchase price to be paid, and in the cash flow from financing activities if they related to hedging of acquisition-related intragroup financing. From fiscal 2017, all financing-related cash flow effects from currency hedging—including those unrelated to acquisitions—are included in the cash flow from financing activities. This change leads to consistent treatment of the financing-related cash flow effects of currency hedging. Moreover, it is in keeping with the differentiated allocation of income and expenses from currency translation and currency hedging introduced in 2015. Since then, these have been recognized in income before financial result and income taxes (which is the starting point for the indirect method of calculating the cash flow from operating activities) if they relate to the operating business, and in the financial result if they relate to financing-related processes. The comparative figures for the first quarter of 2016 have been restated accordingly.

The joint operation StoHaas Monomer GmbH & Co. KG, Marl (Germany), together with its wholly owned subsidiaries, was previously recognized on the basis of the target output quota for the partners, which Evonik estimated to be constant. The assumption of a constant output quota can no longer be upheld. However, amounts above or below this quota are still offset between the partners via a fixed compensation mechanism, so switching to the method of recognizing Evonik's share of the assets, liabilities, income and expenses of this joint operation on the basis of its share of the ownership interest in this company, which is also permitted, gives more reliable and more relevant information. Switching from recognition on the basis of the output quota to the share of the ownership interest in this joint operation is a change of accounting policy as defined in IAS 8 and therefore has to be applied retrospectively. Since Evonik used an output quota of 50 percent as the basis for recognition of this joint operation in the previous year, and this corresponds to its share of the ownership interest, the change of accounting policy does not have any material impact on the prior-year figures. Consequently, the prior-year figures have not been restated.

4. Changes in the Group

4.1 Scope of consolidation

Changes in the scope of consolidation

No. of companies	Germany	Other European Countries	Total
Evonik Industries AG and consolidated subsidiaries			
As of December 31, 2016	**38**	**99**	**137**
Acquisitions	2	4	6
Other companies consolidated for the first time	1	–	1
As of March 31, 2017	**41**	**103**	**144**
Joint operations			
As of December 31, 2016	**3**	**2**	**5**
As of March 31, 2017	**3**	**2**	**5**
Investments recognized at equity			
As of December 31, 2016	**4**	**9**	**13**
Acquisitions	–	1	1
As of March 31, 2017	**4**	**10**	**14**
	48	**115**	**163**

4.2 Acquisitions and divestments

On January 3, 2017, Evonik acquired the specialty additives business (Performance Materials Division) of Air Products and Chemicals, Inc. (Air Products), Allentown (Pennsylvania, USA). The acquisition comprised asset deals, and the acquisition of all shares in six companies and 50 percent of the shares in one further company (share deals). The specialty additives business, which has around 1,100 employees at eleven production and development locations, has been integrated into the Nutrition & Care and Resource Efficiency segments.

The business acquired and Evonik's existing specialty additives business are a good fit, both regionally and in terms of their product ranges. In the core markets for coating and adhesive additives, high-quality additives for polyurethane foam, and specialty surfactants for industrial cleaners they target the same customers, but with different and complementary products. The regional focus of the business acquired from Air Products is North America and Asia, while Evonik is mainly active on the European market. The acquisition mainly strengthens Evonik's position on the North American market, improving its ability to serve the increasingly global operations of its customers in the future.

Provisional purchase price allocation for the specialty additives business as of the acquisition date

in € million	Fair value recognized
Intangible assets	709
Property, plant and equipment	419
Investments recognized at equity	5
Non-current assets	**1,133**
Inventories	343
Trade accounts receivable	157
Other receivables	5
Cash and cash equivalents	11
Current assets	**516**
Total assets	**1,649**
Provisions for pensions and other post-employment benefits	11
Deferred taxes	54
Non-current liabilities	**65**
Other provisions	3
Other income tax liabilities	5
Trade accounts payable	56
Other payables	3
Current liabilities	**67**
Total liabilities	**132**
Provisional net assets	**1,517**
Provisional goodwill	1,999
Provisional purchase price pursuant to IFRS 3	**3,516**

The purchase price allocation for the specialty additives business has not yet been completed. Consequently, there will be changes to the allocation of the purchase price among the assets and liabilities acquired. Further, changes in the purchase price could result from finalization of the agreed purchase price adjustments, which mainly relate to net working capital, cash and cash equivalents, and liabilities as of the acquisition date. Compared with the disclosures made in the consolidated annual financial statements as of December 31, 2016, new information relating to land, buildings and plant have led to changes in the fair value of the property, plant and equipment acquired. Intangible assets include acquired customer relationships, technologies, patents, licenses and know-how.

Provisional purchase price for the acquisition of the specialty additives business

in € million	
Purchase price before purchase price adjustments and currency hedging effects	**3,647**
Provisional purchase price adjustments	−16
Currency hedging effects that can be transferred to the assets acquired	−115
Provisional purchase price pursuant to IFRS 3	**3,516**
Financial assets from provisional purchase price adjustments not yet received	16
Cash and cash equivalents acquired	−11
Cash outflow as per cash flow statement	**3,521**

The purchase price, which was agreed in US dollars, was paid out of cash and cash equivalents, including the proceeds of the bond issue in September 2016.

Change in goodwill for the acquired specialty additives business

in € million	
Goodwill as of January 3, 2017	**1,999**
Currency translation	−52
Goodwill as of March 31, 2017	**1,947**

The provisional calculation of goodwill mainly comprises the expected future benefits of assets that were not individually identifiable or for which recognition is not permitted. These include cost synergies resulting from optimization of procurement, production, logistics, marketing, sales and administration, and sales synergies due to joint innovation, extension of the customer base and product portfolios, and improved access to new markets. In addition, positive tax effects will result from the customary write-downs in connection with the asset deals.

The breakdown of the costs relating to the acquisition of the specialty additives business included in adjustments is as follows:

Costs relating to the acquisition of the specialty additives business

in € million	1st quarter 2017	2016
Acquisition costs (other operating expense)	3	27
Cost of integration/preparing integration (other operating expense)	8	11
Transaction taxes (other operating expense)	13	–
Financing costs (interest expense)	–	5
Currency hedging and financing costs (other financial income/expense)	–	24
	24	**67**

Bank charges of €4 million were accrued in fiscal 2016 in connection with the issuance of bonds. These are included in interest expense on a pro rata basis by applying the effective interest method over the tenor of each of the bonds.

Sales from the specialty additives business since the acquisition date totaled €249 million. Income also reflects additional expenses of €64 million resulting from the fact that the inventories acquired by Evonik and used in the reporting period have been subject to a fair value step-up in the course of the purchase price allocation. Further income includes depreciation and amortization of assets newly recognized or revalued in the purchase price allocation. Overall, income after taxes was –€25 million.

Evonik and Air Products concluded further agreements alongside the acquisition of the specialty additives business. These include a service agreement for a defined period. During this time Air Products will provide services such as IT, finance, accounting and taxes, which will be billed monthly. Supply and leasing agreements, and a rental agreement have also been concluded.

Further disclosures cannot be made as of the present status of the purchase price allocation; the details will be published when the necessary information is available (IFRS 3.B67(a)). As well as finalizing the revaluation of intangible assets, property, plant and equipment, inventories and the associated deferred taxes, this also refers to information on the tax deductibility of goodwill.

There were no divestments in the reporting period.

5. Notes to the income statement

5.1 Other operating income

Other operating income

in € million	1st quarter 2017	1st quarter 2016
Income from the reversal of provisions	1	6
Net income from operational currency hedging	–	8
Income from the disposal of assets	–	1
Income from the reversal of impairment losses	–	1
Other income	30	31
	31	**47**
thereof adjustments	–	5

Prior-year figures restated.

The gross income and expense from currency translation of operating monetary assets and liabilities are netted in the same way as the gross income and expenses from the corresponding currency hedging. The corresponding net results are recognized in other operating income or other operating expense as appropriate.

The other income of €30 million (Q1 2016: €31 million) comprises, among other things, income from non-core operations and insurance premiums.

5.2 Other operating expense

Other operating expense

in € million	1st quarter 2017	1st quarter 2016
Net expenses for operational currency hedging	10	–
Expenses for restructuring measures	8	6
Net expenses for currency translation of operating monetary assets and liabilities	8	20
Impairment losses	2	3
Expenses relating to the REACH Regulation	2	2
Losses on the disposal of assets	1	1
Other expense	136	80
	167	**112**
thereof adjustments	113	18

Prior-year figures restated.

The restructuring expenses of €8 million (Q1 2016: €6 million) mainly relate to optimization of the administrative structure. This item also includes expenses that would by nature otherwise be included in other categories of other operating expense.

The other expense of €136 million (Q1 2016: €80 million) comprises costs of €24 million in connection with the acquisition of the specialty additives business and additional expenses of €64 million resulting from the fact that the inventories acquired by Evonik and used in the reporting period have been subject to a fair value step-up in the course of the purchase price allocation. Further, other expense contains expenses for outsourcing, environmental protection and non-core operations.

5.3 Financial result

In the prior-year period, interest income included €21 million in connection with tax refunds.

Other financial income/expense

in € million	1st quarter 2017	1st quarter 2016
Net income/expense from currency translation of financing-related monetary assets and liabilities	−7	36
Net income/expense from financing-related currency hedging	–	−39
	−7	**−3**

Gross income and expense from the currency translation of financing-related risk positions are netted. They mainly result from the exchange rate risk of intragroup financing transactions denominated in foreign currencies and from cash and cash equivalents in foreign currencies. The effects of the corresponding currency hedging are recognized in the line item net income/expense from financing-related currency hedging. In the current reporting period, this line also includes expenses of €2 million for currency hedging in connection with the planned acquisition of the silica business of J. M. Huber Corporation (Huber), Atlanta (Georgia, USA).

6. Notes to the balance sheet

Equity and employee share program

In 2016, the Executive Board of Evonik Industries AG decided to purchase shares in the company, utilizing the resolution adopted by the Annual Shareholders' Meeting on May 18, 2016 authorizing it to buy back shares in the company. The Supervisory Board has approved this share buy-back program, which relates to the share-based employee participation program (employee share program) Share.2017 launched by Evonik Industries AG in March 2017. The period during which eligible employees could acquire shares ended on March 24, 2017. The lock-up period for Evonik shares purchased or granted through the Share.2017 program ends on December 31, 2019.

By March 31, 2017 Evonik Industries AG had purchased 529,241 ordinary shares on the capital market at an average price of €29.91 per share.

7. Notes to the segment report

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

	1st quarter	
in € million	**2017**	2016
Adjusted EBITDA, reporting segments	699	648
Adjusted EBITDA, other operations	−24	−28
Adjusted EBITDA, Corporate	−61	−55
Consolidation	−2	–
Less discontinued operations	–	–
Adjusted EBITDA, Corporate, consolidation	**−63**	**−55**
Adjusted EBITDA	**612**	**565**
Depreciation and amortization	−205	−174
Impairment losses/reversals of impairment losses	−3	−3
Depreciation, amortization, impairment losses/reversal of impairment losses included in adjustments	1	1
Depreciation and amortization	**−207**	**−176**
Adjusted EBIT	**405**	**389**
Adjustments	−113	−13
Financial result	−56	−34
Income before income taxes, continuing operations	**236**	**342**

8. Other disclosures

8.1 Financial instruments

The following overview shows the carrying amounts and fair values of all financial assets and liabilities. That part of derivative financial instruments for which hedge accounting is applied is not allocated to any of the categories.

Carrying amounts and fair values of financial assets as of March 31, 2017

	Carrying amounts by valuation category				Mar. 31, 2017	
in € million	Available-for-sale	Loans and receivables	Held for trading	Not allocated to any category	Carrying amount	Fair value
Financial assets	**129**	**114**	**10**	**49**	**302**	**262**
Other investments[a]	118	–	–	–	118	78
Loans	–	72	–	–	72	72
Securities and similar claims	11	–	–	–	11	11
Receivables from derivatives	–	–	10	44	54	54
Other financial assets	–	42	–	5	47	47
Trade accounts receivable	**–**	**1,999**	**–**	**–**	**1,999**	**1,999**
Cash and cash equivalents	**–**	**1,275**	**–**	**–**	**1,275**	**1,275**
	129	**3,388**	**10**	**49**	**3,576**	**3,536**

[a] The difference between the carrying amount and fair value results from equity investments recognized at cost of acquisition as the fair value cannot be determined reliably (€40 million).

Carrying amounts and fair values of financial assets as of December 31, 2016

	Carrying amounts by valuation category				Dec. 31, 2016	
in € million	Available-for-sale	Loans and receivables	Held for trading	Not allocated to any category	Carrying amount	Fair value
Financial assets	**122**	**104**	**14**	**290**	**530**	**492**
Other investments[a]	110	–	–	–	110	72
Loans	–	72	–	–	72	72
Securities and similar claims	12	–	–	–	12	12
Receivables from derivatives	–	–	14	285	299	299
Other financial assets	–	32	–	5	37	37
Trade accounts receivable	**–**	**1,661**	**–**	**–**	**1,661**	**1,661**
Cash and cash equivalents	**–**	**4,623**	**–**	**–**	**4,623**	**4,623**
	122	**6,388**	**14**	**290**	**6,814**	**6,776**

[a] The difference between the carrying amount and fair value results from equity investments recognized at cost of acquisition as the fair value cannot be determined reliably (€38 million).

Carrying amounts and fair values of financial liabilities as of March 31, 2017

	Carrying amount by valuation category			Mar. 31, 2017	
in € million	Liabilities held for trading	Liabilities at amortized cost	Not allocated to any category	Carrying amount	Fair value
Financial liabilities	**8**	**3,592**	**107**	**3,707**	**3,696**
Bonds	–	3,126	–	3,126	3,111
Liabilities to banks	–	415	–	415	419
Loans from non-banks	–	14	–	14	14
Liabilities from derivatives	8	–	107	115	115
Other financial liabilities	–	37	–	37	37
Trade accounts payable	**–**	**1,272**	**–**	**1,272**	**1,272**
	8	**4,864**	**107**	**4,979**	**4,968**

Carrying amounts and fair values of financial liabilities as of December 31, 2016

	Carrying amount by valuation category			Dec. 31, 2016	
in € million	Liabilities held for trading	Liabilities at amortized cost	Not allocated to any category	Carrying amount	Fair value
Financial liabilities	**14**	**3,546**	**175**	**3,735**	**3,737**
Bonds	–	3,127	–	3,127	3,126
Liabilities to banks	–	375	–	375	378
Loans from non-banks	–	16	–	16	16
Liabilities from derivatives	14	–	174	188	188
Other financial liabilities	–	28	1	29	29
Trade accounts payable	**–**	**1,212**	**–**	**1,212**	**1,212**
	14	**4,758**	**175**	**4,947**	**4,949**

In accordance with IFRS 13, fair value measurement is based on a three-level hierarchy. Where available, the fair value is determined from the quoted prices for identical assets or liabilities in an active market without adjustment (Level 1). If such data are not available, measurement based on directly or indirectly observable inputs is used (Level 2). In all other cases, valuation methods that are not based on observable market data are used (Level 3). Where input factors from different levels are used, the level applicable for the lowest material input factor is determined and the overall fair value is assigned to this level.

The following table shows the financial instruments that are measured at fair value on a recurring basis after initial recognition on the balance sheet:

Financial instruments recognized at fair value as of March 31, 2017

in € million	Fair value based on			Mar. 31, 2017
	Publicly quoted market prices (Level 1)	Directly observable market-related prices (Level 2)	Individual valuation parameters (Level 3)	
Other investments	78	–	–	78
Securities and similar claims	11	–	–	11
Receivables from derivatives	–	54	–	54
Liabilities from derivatives	–	–115	–	–115

Financial instruments recognized at fair value as of December 31, 2016

in € million	Fair value based on			Dec. 31, 2016
	Publicly quoted market prices (Level 1)	Directly observable market-related prices (Level 2)	Individual valuation parameters (Level 3)	
Other investments	72	–	–	72
Securities and similar claims	12	–	–	12
Receivables from derivatives	–	299	–	299
Liabilities from derivatives	–	–188	–	–188

The financial instruments allocated to Level 1 are recognized at their present stock market price. They comprise all securities and one equity investment. As of the present reporting date, all derivatives are allocated to Level 2. They comprise currency, interest rate and commodity derivatives whose fair value was determined with the aid of a discounted cash flow method or option pricing models on the basis of the exchange rates at the European Central Bank, observed interest rate structure curves, FX volatilities, observed commodity prices, and observed credit default premiums. There were no transfers between the levels of the fair value hierarchy in the reporting period.

The fair value of financial instruments recognized at amortized cost is calculated as follows:

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, 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 other financial receivables and liabilities and trade accounts receivable and payable are current, their fair values—like the fair value of cash and cash equivalents—correspond to their carrying amounts.

The other investments that are recognized on the balance sheet at amortized cost comprise investments in equity instruments for which there is no quoted price in an active market and whose fair values cannot be determined reliably in accordance with one of the three levels of the fair value hierarchy. There is no intention of selling these investments.

8.2 Related parties

There has not been any material change in related party transactions since December 31, 2016.

8.3 Contingent receivables and liabilities

There has not been any material change in contingent receivables and liabilities since the consolidated financial statements as of December 31, 2016.

8.4 Events after the reporting date

No material events have occurred since the reporting date.

Essen, April 27, 2017

Evonik Industries AG
The Executive Board

Dr. Engel Kullmann Dr. Kaufmann

Wessel 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, 2017 to March 31, 2017, which are part of the quarterly 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, May 4, 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Lutz Granderath	Antje Schlotter
German Public Auditor	German Public Auditor

Financial calendar

Financial calendar 2017

Event	Date
Annual Shareholders' Meeting 2017	May 23, 2017
Interim report Q2 2017	August 3, 2017
Interim report Q3 2017	November 3, 2017

Credits

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