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

**3rd quarter 2014: Successful in a difficult environment**

- Further volume growth; overall prices now only slightly lower than in the previous year
- Adjusted EBITDA far better than in previous quarters and now only down slightly year-on-year
- Adjusted earnings per share already higher than in previous year
- Outlook for 2014 confirmed

# Key data for the Evonik Group

## Key data for the Evonik Group

| in € million | 3rd quarter | | 1st nine months | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| Sales | 3,243 | 3,198 | 9,691 | 9,619 |
| Adjusted EBITDA [a] | 501 | 517 | 1,425 | 1,620 |
| Adjusted EBITDA margin in % | 15.4 | 16.2 | 14.7 | 16.8 |
| Adjusted EBIT [b] | 350 | 372 | 977 | 1,188 |
| EBIT | 296 | 114 | 833 | 864 |
| Income before financial result and income taxes, continuing operations | 291 | 113 | 820 | 850 |
| Net income | 111 | 1,473 | 416 | 1,959 |
| Earnings per share in € | 0.24 | 3.16 | 0.89 | 4.20 |
| Adjusted earnings per share in € | 0.46 | 0.44 | 1.20 | 1.49 |
| Cash flow from operating activities, continuing operations | 312 | 667 | 591 | 835 |
| Capital expenditures | 275 | 306 | 753 | 725 |
| Net financial assets as on the balance sheet as of September 30 | – | – | 416 | 592 |
| Employees as of September 30 | – | – | 33,472 | 33,612 |

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.

# Contents

# Evonik in focus Q3 2014

### Further details of the new Group structure
Plans for the new Group structure are making good progress. The Executive Board will concentrate on Evonik's strategic development within a management holding structure. The three chemical segments will be given greater entrepreneurial freedom to allow differentiated management of their businesses.

They will operate on the market as separate legal entities with the following names: Evonik Nutrition & Care GmbH (formerly Consumer, Health & Nutrition), Evonik Resource Efficiency GmbH (formerly Resource Efficiency), Evonik Performance Materials GmbH (formerly Specialty Materials). The new companies will start operating on July 1, 2015. To prepare for this, the new management boards will start work on January 1, 2015. Site Services will be part of Evonik Technology & Infrastructure GmbH and the strategic innovation unit Creavis will operate as Evonik Creavis GmbH in the future.

Evonik expects the new management model to provide a far better structural basis for profitable growth of the various business operations.

### Expansion of specialty silica capacity
Evonik is increasing its production capacity for specialty silicas at DSL Japan Co., Ltd. in Ako (Japan), a joint venture in which Evonik holds a 51 percent stake. The remaining 49 percent is held by Shionogi & Co., Ltd. Investment will be in the single-digit million euro range and the new capacity is scheduled to become operational in 2015.

The Inorganic Materials Business Unit's SIPERNAT® brand of high-quality specialty silicas is used in the food, cosmetics and pharmaceutical sectors, for example in the production of tablets. Evonik aims to step up its supply to these attractive markets.

### STEAG divested fully
Evonik divested its entire remaining stake in the energy company STEAG GmbH to the Rhine-Ruhr consortium of municipal utilities on September 5, 2014. The 49 percent stake was sold for €569 million, nearly four years after divestment of the first tranche of 51 percent. The transaction comprised the exercise by the consortium of a purchase option for the 49 percent stake agreed when the first tranche was sold. A binding purchase price mechanism for the second tranche was also agreed at that time.

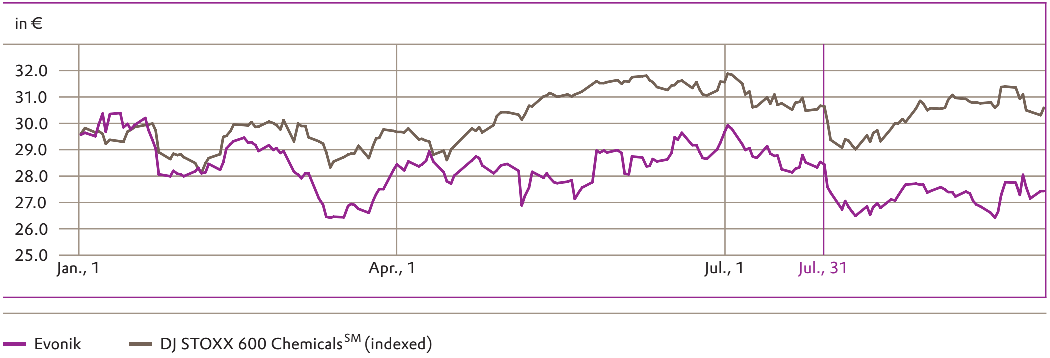
### Evonik invests in methionine for dairy cows
Evonik has begun construction of a new plant to produce Mepron® in Mobile (Alabama, USA). Mepron® is a formulation of the amino acid methionine developed by Evonik specifically for dairy cow nutrition. A special coating protects the amino acid from undesired degradation in the rumen. The plant, which will be operated by the Health & Nutrition Business Unit, is scheduled to come on stream in the second half of 2015. Investment will be in the lower double-digit million euro range. In this way, Evonik is continuing its strategy of offering amino acids for further high-growth applications alongside MetAMINO®, which is mainly used in poultry and pig feed.

# Evonik on the capital markets

## Share price performance

Evonik's share price developed positively at the start of the third quarter, rising from €29.05 at the end of the previous quarter to €29.98 on July 3, the highest price between July and September. With market sentiment dominated by uncertainty and geopolitical crises, the price then dropped in parallel with the MDAX and DJ STOXX 600 Chemicals[SM] to a low of €26.50 in mid-August. This period included the publication of our second quarter results on July 31. The market had expected both the earnings trend for the quarter and specification of the outlook for the full year.

### Performance of Evonik shares Jan. 1 – Sept. 30, 2014




In the remainder of the quarter, sentiment on the capital markets was held back by international conflicts, compounded by growing skepticism about the future development of the global economy and the euro zone in particular. Following a slight recovery up to the end of August, Evonik's share price dropped to €26.42 on September 16, the lowest point in the quarter, with trading volumes well below average. This was followed by a clear rebound, supported by expectations of a continued solid business performance and positive analyst ratings.

As a result, the share ended the quarter at €27.44, about 4 percent up from its lowest point and around 5.5 percent lower than at the end of the previous quarter. The MDAX dropped around 4.9 percent in the same period, while the DJ STOXX 600 Chemicals[SM] slipped 2.1 percent. Average daily trading volume was around 155,000 Evonik shares (€4.3 million) in the third quarter.

### Key data

| | Jul. 1 – Sept. 30, 2014 |
|---|---|
| Highest share price [a] in € | 29.98 |
| Lowest share price [a] in € | 26.42 |
| Average price [a] in € | 27.76 |
| Closing price [a] on September 30, 2014 in € | 27.44 |
| No. of shares | 466,000,000 |
| Market capitalization [a] on September 30, 2014 in € billion | 12.79 |
| Average daily trading volume [a] No. of shares | 155,446 |

### 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 |
| Indices | MDAX, DJ STOXX Europe 600, FTSE4Good Global |

[a] Xetra trading.

## Second Capital Markets Day was a success

We continued our intensive dialogue with the capital markets in the third quarter. Overall, we registered more than 100 contacts to investors during roadshows, conferences and field trips.

The Capital Markets Day at the start of October was a highlight of our investor relations work. More than 30 analysts and investors attended the event at Evonik's site in Hanau (Germany). Dr. Klaus Engel, Chairman of the Executive Board, and CFO Ute Wolf presented the latest corporate and financial strategy and talked about the new Group structure. Their main message was that Evonik is positioning itself to step up the pace of growth. The company will be continuing its strict financial discipline. The aspiration level for the mid-term goals—sales of around €18 billion and adjusted EBITDA of over €3 billion by 2018—was confirmed. The second focus of the Capital Markets Day was the Resource Efficiency segment. Examples of its environment-friendly and energy-efficient system solutions were highlighted through presentations by the Silica, Oil Additives and Coating Additives Business Lines.

## Further increase in coverage of Evonik stock

A further analyst initiated coverage of Evonik in the third quarter. The share is now covered by 21 analysts. Eleven of them rated Evonik shares as a buy, two as a sell, and eight issued neutral recommendations. Their price targets ranged from €23 to €34. The median at the end of the quarter was still €31.

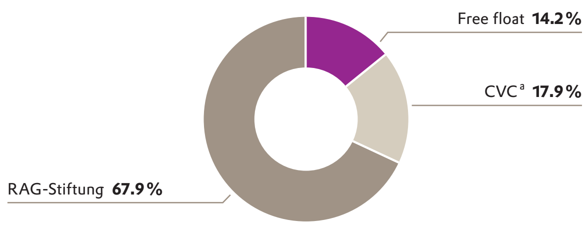
## Evonik now included in the FTSE4Good

In September 2014 Evonik was included in the FTSE4Good and FTSE4Good Global responsibility-oriented investment indices. In recent months Evonik has also successfully positioned itself with leading sustainability rating agencies such as Oekom and Sustainalytics. Since the stock exchange listing, an increasing number of financial investors and analysts who base investment decisions on the sustainability performance of companies as well as their financial performance have had Evonik on their radar screens. In the third quarter, we therefore extended the information for this target group on our investor relations website.

## Shareholder structure unchanged

Our largest shareholders in the reporting period 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.

### Shareholder structure




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

### 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

This segment produces specialty chemicals, principally for use in consumer goods for daily needs, and in animal nutrition and healthcare products. It comprises the Consumer Specialties and Health & Nutrition Business Units.

## Resource Efficiency

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

## Specialty Materials

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

## Services

This segment principally comprises site services and business services. It mainly provides services for Evonik’s specialty chemicals segments and Corporate Center, but also serves third parties.

# QUARTERLY FINANCIAL REPORT 3RD QUARTER 2014

# Interim management report as of September 30, 2014

## 1. Business conditions and performance

### 1.1 Economic background

Overall, the **global economic development** was weaker than expected in the first nine months of 2014. Following a reduction in momentum in the second quarter, global growth remained subdued in the third quarter. The positive underlying trend was increasingly overshadowed by uncertainty about the pace of growth in the emerging markets, and a large number of geopolitical, military and humanitarian crises. Important indicators of global economic sentiment have deteriorated and point to possible stagnation until the end of the year.

A perceptible recovery in developed economies had originally been expected to be the main driver of the anticipated global upswing. However, the economic upturn has stalled in some parts of Europe. Following a good start to 2014, economic output in Germany has so far increased faster than last year, but the development in the other European countries has been inhomogeneous. The latest trends suggest that growth will continue to slow. The only slight economic upturn in Italy and France has already lost momentum. In North America the economy has recovered from the extremely hard winter at the start of the year and the underlying trend is still positive. In the emerging markets, especially China, growth continued at the lower level of the first six months.

Although Evonik's **end-customer industries** remained robust overall, the more dynamic trend seen in the first six months gave way to slightly slower growth in the third quarter. The typical seasonal dip in August was particularly pronounced in Germany, and the normal counter-reaction in September failed to materialize. Following a strong start to 2014, the automotive and tire industries reported somewhat lower growth in the third quarter, especially in Asian markets. The construction industry lost some momentum, mainly in Europe and Asia, but the trend within the sector varied: While residential construction remained depressed in many regions, the infrastructure market was still very strong. Demand for consumer and care products was still robust as expected, but mounting competitive pressure was observed. The food and feed sectors continued to develop positively in the third quarter, with amino acids for animal nutrition in particular benefiting from strong demand, which was boosted by exceptional circumstances on the supply side.

The pressure on producer prices at the beginning of the year declined slightly during the year. Since overall economic inflationary pressure remains low and the cost of crude oil has recently dropped considerably, many prices remained at the low level seen in the second half of 2013.

Evonik's average **raw material prices** increased slightly in the third quarter of 2014 compared with the first half of the year. However, having risen to a high for the year in August, prices dropped back again as the oil price fell. Overall, in the first nine months of 2014 raw material costs were slightly above the prior-year level.

## 1.2 Business performance

### Significant events

We have further sharpened our profile as a pure specialty chemicals company. At the end of April 2014 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. 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 €20 million.

We divested the remaining stake in the energy company **STEAG** GmbH, Essen (Germany) to KSBG Kommunale Beteiligungsgesellschaft GmbH & Co. KG, Essen (Germany) for €569 million at the start of September. We sold the first tranche comprising 51 percent of shares in STEAG to KSBG in 2011 and also concluded an agreement which now enabled KSBG to exercise its option to acquire the remaining 49 percent stake. A binding purchase price mechanism for the second tranche was also agreed at that time. The stake in STEAG was reclassified to discontinued operations in mid-July 2014 when we received notification that KSBG intended to exercise the call option. Deconsolidation resulted in negative earnings effects in connection with, among other things, the valuation and deconsolidation of the options, and the adjustment of a provision. Offsetting this against income, principally from the guaranteed dividend, resulted in an after-tax loss of €30 million in the first nine months.

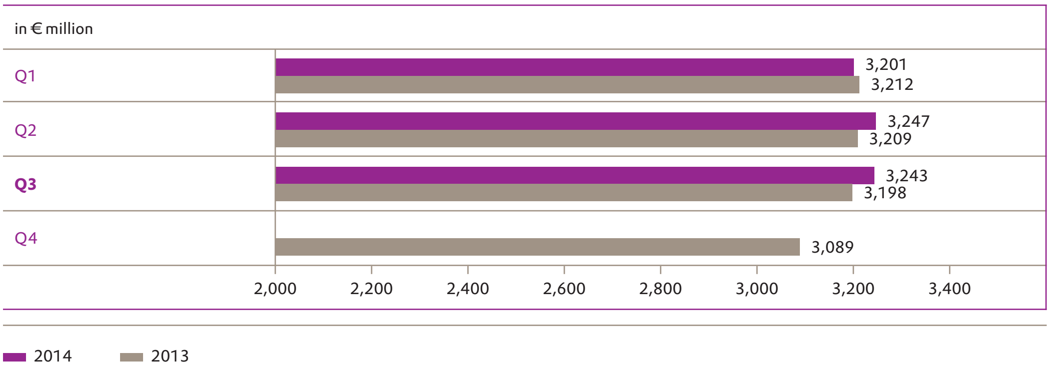
The reorganization of the **management and portfolio structure** planned for 2015 is designed to create a better basis for differentiated management of Evonik's various businesses with closer market alignment. The Executive Board will concentrate on Evonik's strategic development within a management holding structure. The three chemical segments will be given greater entrepreneurial freedom in the management of their businesses and will operate on the market as separate legal entities. The new management model is intended to provide a far better structural basis for profitable growth of their respective business operations.

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 Q3 2014

Our business developed well despite the more difficult economic environment: Buoyant demand for our products worldwide led to a further rise in volume sales. The clear downward price trend for some important products in previous quarters slowed. Adjusted EBITDA improved perceptibly compared with previous quarters and is now only slightly below the prior-year level. In particular, the Consumer, Health & Nutrition and Specialty Materials segments reported higher earnings than in previous quarters.

## Sales by quarters



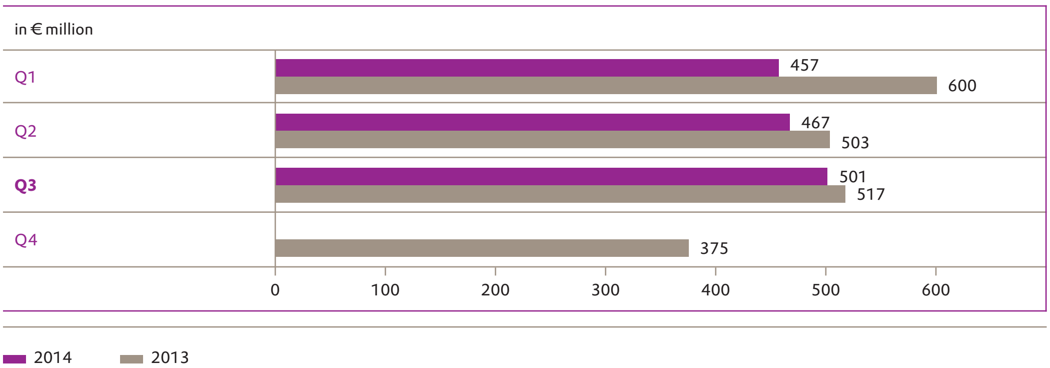

Prior-year figures restated.

The Evonik Group grew **sales** by 1 percent to €3,243 million. We posted organic sales growth of 1 percent, driven by higher volumes (2 percentage points), with only slight erosion of selling prices (–1 percentage point).

## Year-on-year change in sales

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

## Adjusted EBITDA by quarters




Prior-year figures restated.

**Adjusted EBITDA** was €501 million, down 3 percent year-on-year. The adjusted EBITDA margin slipped from 16.2 percent to 15.4 percent. Adjusted EBIT dropped 6 percent to €350 million.

## Statement of income

| | 3rd quarter | | | 1st nine months | | |
|---|---|---|---|---|---|---|
| in € million | **2014** | 2013 | Change in % | **2014** | 2013 | Change in % |
| **Sales** | **3,243** | **3,198** | **1** | **9,691** | **9,619** | **1** |
| **Adjusted EBITDA** | **501** | **517** | **–3** | **1,425** | **1,620** | **–12** |
| Depreciation and amortization | –151 | –145 | | –448 | –432 | |
| **Adjusted EBIT** | **350** | **372** | **–6** | **977** | **1,188** | **–18** |
| Adjustments | –54 | –258 | | –144 | –324 | |
| thereof attributable to | | | | | | |
| *Restructuring* | *–32* | *–164* | | *–57* | *–196* | |
| *Impairment losses/reversals of impairment losses* | *–13* | *–18* | | *–36* | *–18* | |
| *Acquisition/divestment of shareholdings* | *2* | *–27* | | *2* | *–37* | |
| *Other* | *–11* | *–49* | | *–53* | *–73* | |
| Net interest expense | –64 | –67 | | –200 | –201 | |
| **Income before income taxes, continuing operations** | **232** | **47** | **394** | **633** | **663** | **–5** |
| Income taxes | –64 | –17 | | –196 | –182 | |
| **Income after taxes, continuing operations** | **168** | **30** | **460** | **437** | **481** | **–9** |
| Income after taxes, discontinued operations | –54 | 1,351 | | –11 | 1,377 | |
| **Income after taxes** | **114** | **1,381** | **–92** | **426** | **1,858** | **–77** |
| thereof attributable to non-controlling interests | 3 | –92 | | 10 | –101 | |
| **Net income** | **111** | **1,473** | **–92** | **416** | **1,959** | **–79** |
| **Earnings per share** in € | **0.24** | **3.16** | **–** | **0.89** | **4.20** | **–** |

Prior-year figures restated.

The **adjustments** of minus €54 million include minus €32 million relating to restructuring, especially the optimization of administrative structures and shutdown of a production site in the UK. Impairment losses/reversals of impairment losses totaling minus €13 million chiefly 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. Other adjustments relate, among other things, to expenses for an increase in provisions for the phased early retirement program to comply with IAS 19 (2011). The prior-year figure of minus €258 million mainly comprised restructuring expenses and the establishment of provisions for environmental protection measures and legal disputes.

**Net interest expense** improved slightly to €64 million. This was principally due to the repayment of the Evonik Degussa bond in December 2013. **Income before income taxes, continuing operations** was €232 million, well above the prior-year figure, which was impacted by high restructuring expenses. The income tax rate was 27 percent and thus below the expected Group tax rate of 30 percent, partly due to tax-free income.

The **income after taxes, discontinued operations** of minus €54 million was mainly attributable to the deconsolidation of the 49 percent stake in STEAG, which was divested in September 2014. The prior-year figure of €1,351 million principally comprised the proceeds from the divestment of the real estate activities in July 2013. The **net income** of €111 million was therefore considerably lower than in the previous year.

**Adjusted net income,** which reflects the operating performance of the continuing operations, rose 3 percent to €213 million in the third quarter of 2014. **Adjusted earnings per share** increased from €0.44 to €0.46.

## Reconciliation to adjusted net income

| | 3rd quarter | | | 1st nine months | | |
|---|---|---|---|---|---|---|
| in € million | 2014 | 2013 | Change in % | 2014 | 2013 | Change in % |
| **Income before financial result and income taxes** [a] | **291** | **113** | **158** | **820** | **850** | **–4** |
| Result from investments recognized at equity | 5 | 1 | | 13 | 3 | |
| Other financial income | – | – | | – | 11 | |
| **EBIT** | **296** | **114** | **160** | **833** | **864** | **–4** |
| Adjustments | 54 | 258 | | 144 | 324 | |
| **Adjusted EBIT** | **350** | **372** | **–6** | **977** | **1,188** | **–18** |
| Adjusted net interest | –63 | –67 | | –175 | –201 | |
| **Adjusted income before income taxes** [a] | **287** | **305** | **–6** | **802** | **987** | **–19** |
| Adjusted income taxes | –74 | –96 | | –234 | –284 | |
| **Adjusted income after taxes** [a] | **213** | **209** | **2** | **568** | **703** | **–19** |
| thereof adjusted income attributable to non-controlling interests | – | 3 | | 7 | 9 | |
| **Adjusted net income** [a] | **213** | **206** | **3** | **561** | **694** | **–19** |
| **Adjusted earnings per share** [a] in € | **0.46** | **0.44** | **–** | **1.20** | **1.49** | **–** |

Prior-year figures restated.

[a] Continuing operations.

## Business performance in the first nine months of 2014

**Sales** increased 1 percent to €9,691 million. We posted organic sales growth of 2 percent, driven by higher volumes (4 percentage points), which was countered by lower selling prices (– 2 percentage points). Currency effects clipped sales by 1 percentage point.

**Adjusted EBITDA** was €1,425 million, 12 percent below the year-back figure, mainly due to lower selling prices. The adjusted EBITDA margin declined from 16.8 percent to 14.7 percent. Adjusted EBIT dropped 18 percent to €977 million.

The **adjustments** of minus €144 million include minus €57 million relating to restructuring, especially the optimization of administrative structures and shutdown of a production site in the UK. Impairment losses/reversals of impairment losses totaling minus €36 million mainly relate to capitalized expenses for construction in progress for two projects in the Specialty Materials segment that were terminated following a routine review of investment projects. Other adjustments relate, among other things, to expenses in connection with incidents incurred by business partners, and expenses for an increase in provisions relating to the phased early retirement programs to comply with IAS 19 (2011). The prior-year figure of minus €324 million principally comprised restructuring expenses and the establishment of provisions for environmental protection measures and legal disputes.

**Net interest expense** was €200 million and contains one-off factors amounting to minus €25 million in connection with the establishment of provisions. If this is 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 5 percent lower at €633 million. The income tax ratio was 31 percent, and thus basically in line with the expected Group tax rate.

**Income after taxes, discontinued operations**[1] totaling minus €11 million mainly comprises operating income from the investment in STEAG, which was divested in September, and the lithium-ion business. The prior-year figure of €1,377 million mainly comprised the proceeds from the divestment of the real estate activities in July 2013. The **net income** of €416 million was therefore well below the very high prior-year level.

**Adjusted net income** dropped 19 percent to €561 million, while **adjusted earnings per share** declined from €1.49 to €1.20.

## 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 more than €360 million out of the target of €500 million set for year-end 2016 are already 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. Following initial organizational changes in 2013, details of further optimization have now been worked out and most measures have now been passed to the line management for implementation. The first measures have already been undertaken and the majority will be implemented in 2015 and 2016.

[1] See Note 4.3.

## 1.3 Segment performance

### Consumer, Health & Nutrition segment

- 3rd quarter: higher volumes, perceptible pickup in some selling prices
- 3rd quarter: adjusted EBITDA almost on a par with the prior-year period
- 1st nine months: adjusted EBITDA margin at a good level of 19.4 percent

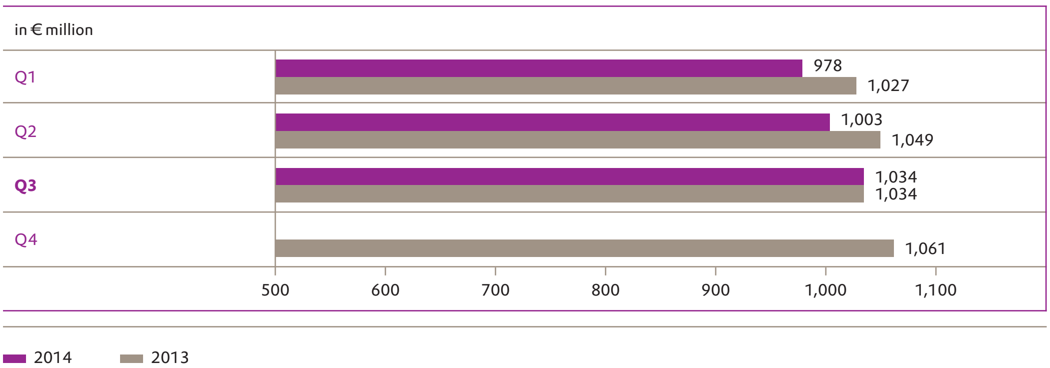
**Key data for the Consumer, Health & Nutrition segment**

| | 3rd quarter | | | 1st nine months | | |
|---|---|---|---|---|---|---|
| in € million | 2014 | 2013 | Change in % | 2014 | 2013 | Change in % |
| External sales | 1,034 | 1,034 | 0 | 3,015 | 3,110 | –3 |
| Consumer Specialties Business Unit | 529 | 536 | –1 | 1,576 | 1,633 | –3 |
| Health & Nutrition Business Unit | 505 | 498 | 1 | 1,439 | 1,477 | –3 |
| Adjusted EBITDA | 209 | 215 | –3 | 585 | 723 | –19 |
| Adjusted EBITDA margin in % | 20.2 | 20.8 | – | 19.4 | 23.2 | – |
| Adjusted EBIT | 171 | 178 | –4 | 471 | 614 | –23 |
| Capital expenditures | 124 | 116 | 7 | 331 | 261 | 27 |
| Employees as of September 30 | – | – | | 7,081 | 7,116 | 0 |

Prior-year figures restated.

The business trend in the Consumer, Health & Nutrition segment was good in the **third quarter.** Sales were on a par with the prior-year quarter at €1,034 million. The only slight overall decline in selling prices was offset by higher volumes and positive currency effects. Adjusted EBITDA was better than in the previous quarters and was only down 3 percent year-on-year at €209 million. The adjusted EBITDA margin slipped slightly from 20.8 percent to 20.2 percent.

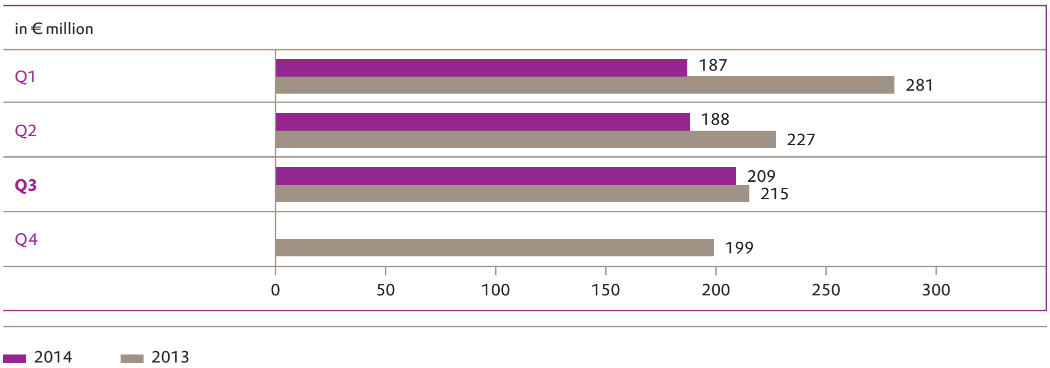
**Sales for the Consumer, Health & Nutrition segment**




Prior-year figures restated.

In the **first nine months of 2014** this segment's sales dropped by 3 percent to €3,015 million. The pleasing volume growth was more than canceled out by lower selling prices and a negative exchange rate effect. Adjusted EBITDA dropped 19 percent to €585 million as a result of lower selling prices and start-up expenses for new production capacity. The adjusted EBITDA margin was good at 19.4 percent.

**Adjusted EBITDA for the Consumer, Health & Nutrition segment**




Prior-year figures restated.

## Consumer Specialties

This business unit's sales slipped 1 percent to €529 million in the third quarter of 2014. Although demand developed well overall, volume sales of superabsorbents fell short of the very high prior-year figure. The drop in adjusted EBITDA was caused by lower volumes and by higher fixed costs and start-up expenses in connection with growth investments in China and Brazil.

## Health & Nutrition

Sales in the Health & Nutrition Business Unit increased 1 percent to €505 million in the third quarter. In particular, volume sales of amino acids for animal nutrition rose further in response to high demand. The significant downward price trend that started in summer 2012 has weakened considerably and in some cases selling prices have picked up perceptibly. Thanks to increased volumes and high capacity utilization, the Health & Nutrition Business Unit reported an improvement in adjusted EBITDA.

# Resource Efficiency segment

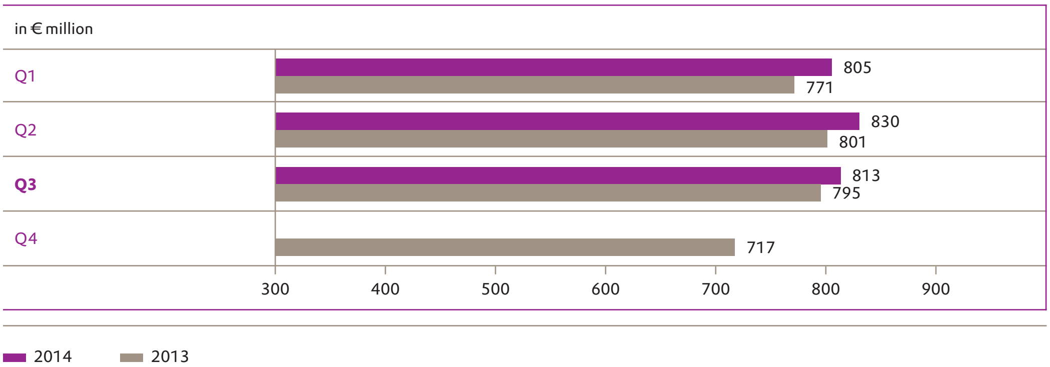
- 3rd quarter: far higher demand and stable selling prices
- 3rd quarter: another year-on-year rise in adjusted EBITDA
- 1st nine months: adjusted EBITDA margin rose to an excellent 22.6 percent

### Key data for the Resource Efficiency segment

| | 3rd quarter | | | 1st nine months | | |
|---|---|---|---|---|---|---|
| in € million | **2014** | 2013 | Change in % | **2014** | 2013 | Change in % |
| External sales | 813 | 795 | 2 | 2,448 | 2,367 | 3 |
| Inorganic Materials Business Unit | 374 | 367 | 2 | 1,118 | 1,098 | 2 |
| Coatings & Additives Business Unit | 439 | 428 | 3 | 1,330 | 1,269 | 5 |
| Adjusted EBITDA | 173 | 169 | 2 | 553 | 515 | 7 |
| Adjusted EBITDA margin in % | 21.3 | 21.3 | – | 22.6 | 21.8 | – |
| Adjusted EBIT | 139 | 141 | –1 | 458 | 429 | 7 |
| Capital expenditures | 44 | 68 | –35 | 142 | 155 | –8 |
| Employees as of September 30 | – | – | | 5,875 | 5,873 | 0 |

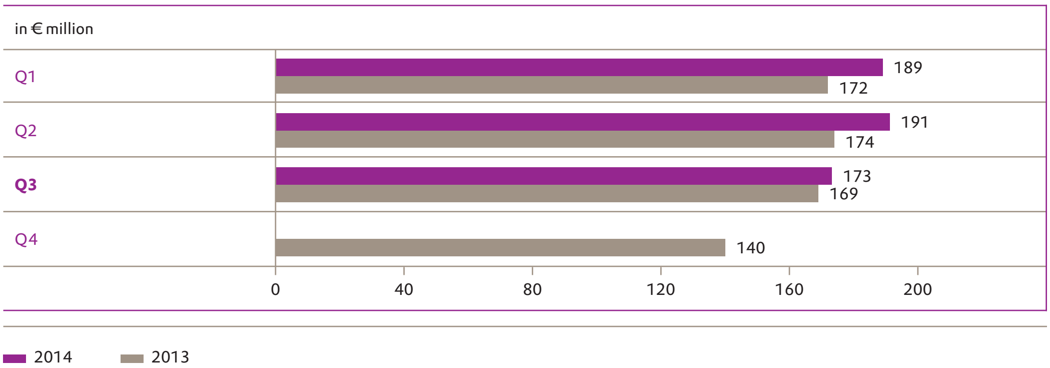
The Resource Efficiency segment continued its successful business performance in the **third quarter.** Sales advanced 2 percent to €813 million due to a further rise in volumes and unchanged prices. Adjusted EBITDA also rose by 2 percent to €173 million. The adjusted EBITDA margin was unchanged at 21.3 percent.

### Sales for the Resource Efficiency segment




Sales grew 3 percent to €2,448 million in the **first nine months.** This segment achieved clear organic sales growth, almost entirely as a result of perceptible increases in volumes. This was countered by negative currency effects. Adjusted EBITDA increased 7 percent to €553 million, mainly because of the rise in volumes and high capacity utilization. The adjusted EBITDA margin increased from 21.8 percent to 22.6 percent.

**Adjusted EBITDA for the Resource Efficiency segment**




## Inorganic Materials

The Inorganic Materials Business Unit grew sales 2 percent to €374 million in the third quarter. The principal factors behind this were higher volumes and the acquisition of Silbond Corporation in the first half of the year. The silicas and silanes business was very successful. Adjusted EBITDA improved, driven mainly by the increase in volume sales and high capacity utilization.

## Coatings & Additives

The normal summer dip affected the Coatings & Additives Business Unit in the third quarter. Nevertheless, sales increased 3 percent to €439 million. Business with high-quality crosslinkers was particularly good, along with the performance of additives and specialty binders. These products benefited primarily from continued good demand, especially from the automotive and construction sectors. Despite this, adjusted EBITDA was below the good prior-year figure due to scheduled plant maintenance.

## Specialty Materials segment

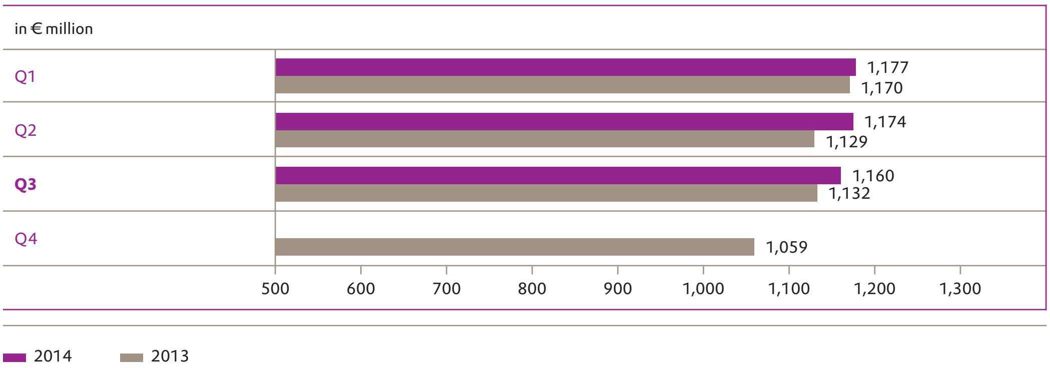
- 3rd quarter: volumes up-year-on-year with almost stable selling prices
- 3rd quarter: adjusted EBITDA higher than in previous quarters
- 1st nine months: adjusted EBITDA margin slipped to a weak 10.0 percent

### Key data for the Specialty Materials segment

| in € million | 3rd quarter 2014 | 3rd quarter 2013 | Change in % | 1st nine months 2014 | 1st nine months 2013 | Change in % |
|---|---|---|---|---|---|---|
| External sales | 1,160 | 1,132 | 2 | 3,510 | 3,431 | 2 |
| Performance Polymers Business Unit | 458 | 469 | −2 | 1,395 | 1,371 | 2 |
| Advanced Intermediates Business Unit | 702 | 663 | 6 | 2,115 | 2,060 | 3 |
| Adjusted EBITDA | 128 | 147 | −13 | 352 | 457 | −23 |
| Adjusted EBITDA margin in % | 11.0 | 13.0 | – | 10.0 | 13.3 | – |
| Adjusted EBIT | 83 | 107 | −22 | 225 | 342 | −34 |
| Capital expenditures | 69 | 81 | −15 | 184 | 206 | −11 |
| Employees as of September 30 | – | – | | 6,278 | 6,305 | 0 |

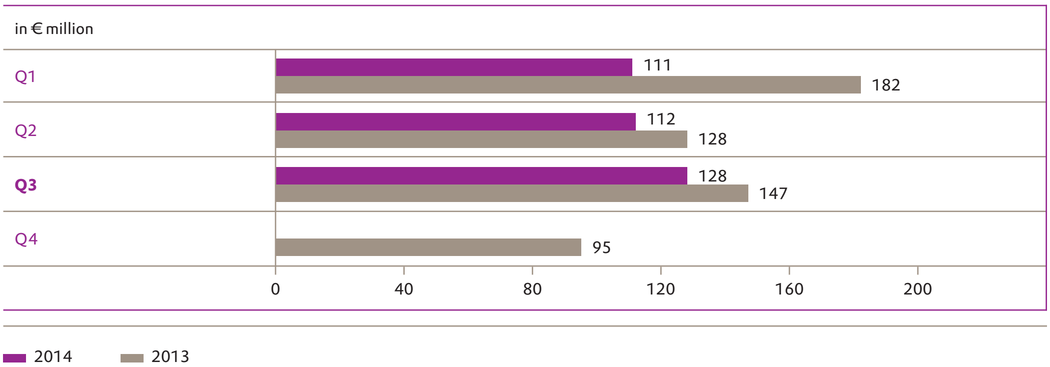
The Specialty Materials segment's sales rose 2 percent to €1,160 million in the **third quarter.** Since selling prices were almost stable, this was due to a further rise in volumes. Adjusted EBITDA was €128 million, above the level registered in the previous quarters but down 13 percent year-on-year. The adjusted EBITDA margin dropped to 11.0 percent, down from 13.0 percent in the third quarter of 2013.

### Sales for the Specialty Materials segment



The Specialty Materials segment grew sales 2 percent to €3,510 million in the **first nine months,** driven by far higher volume sales, while lower selling prices held back sales growth. Adjusted EBITDA dropped 23 percent to €352 million, mainly because of the lower selling prices. The adjusted EBITDA margin fell to 10.0 percent, compared with 13.3 percent in the first nine months of 2013.

**Adjusted EBITDA for the Specialty Materials segment**




## Performance Polymers

The business trend in the Performance Polymers Business Unit in the third quarter was impaired by a comparatively strong seasonal dip. Sales fell 2 percent to €458 million, mainly for volume reasons. The brunt of the downward trend was borne by methacrylates, while demand for polyamide 12 products remained stable. Adjusted EBITDA was below the prior-year level.

## Advanced Intermediates

The Advanced Intermediates Business Unit grew sales 6 percent to €702 million in the third quarter. The continued significant volume growth was pleasing. This was mainly attributable to the new production facilities for hydrogen peroxide in China and catalysts for the manufacture of biodiesel in South America. Overall, selling prices were only slightly lower than in the prior-year period. Adjusted EBITDA did not quite match the year-back level.

## Services segment

### Key data for the Services segment

| in € million | 3rd quarter 2014 | 3rd quarter 2013 | 3rd quarter Change in % | 1st nine months 2014 | 1st nine months 2013 | 1st nine months Change in % |
|---|---|---|---|---|---|---|
| External sales | 214 | 219 | −2 | 663 | 656 | 1 |
| Adjusted EBITDA | 54 | 50 | 8 | 158 | 157 | 1 |
| Adjusted EBITDA margin in % | 25.2 | 22.8 | – | 23.8 | 23.9 | – |
| Adjusted EBIT | 29 | 27 | 7 | 85 | 87 | −2 |
| Capital expenditures | 33 | 28 | 18 | 80 | 75 | 7 |
| Employees as of September 30 | – | – | | 12,654 | 12,330 | 3 |

Prior-year figures restated.

Sales shrank 2 percent to €214 million in the **third quarter,** mainly due to the lower price of electricity. Thanks to higher earnings contributions from Utilities and Waste Management, adjusted EBITDA rose 8 percent to €54 million.

Sales increased 1 percent to €663 million in the **first nine months.** Adjusted EBITDA was €158 million, slightly above the prior-year level.

# 2. Earnings, financial and asset position

## 2.1 Earnings position

In the first nine months of 2014, **sales** rose 1 percent to €9,691 million. An increase in volumes was partly canceled out by lower selling prices and adverse currency effects. As a result of the higher sales volumes, the cost of sales increased 2 percent to €6,971 million. The **gross profit on sales** decreased by 3 percent to €2,720 million. Selling and administrative expenses also declined by 3 percent to €1,406 million thanks to successful cost savings. To strengthen our innovative capability still further, we raised spending on research and development by 6 percent to €304 million.

Other operating income totaling €493 million mainly includes income from the measurement of derivatives (€191 million) and from currency translation of monetary assets and liabilities (€166 million). The €217 million year-on-year decline in other operating income was principally attributable to the fact that the prior-year figure included insurance refunds, and income from the termination of contracts and the reversal of provisions. The other operating expenses of €683 million comprised €212 million relating to the measurement of derivatives, €160 million relating to currency translation of monetary assets and liabilities, €58 million for restructuring, and €43 million relating to impairment losses. The decline of €244 million compared with the prior period was mainly due to lower restructuring expenses. **Income before financial result and income taxes, continuing operations** declined by 4 percent to €820 million.

The **financial result** was minus €187 million, as in the prior-year period. This figure includes interest expense of €25 million relating to one-off factors in connection with the establishment of provisions. Income before income taxes, continuing operations declined 5 percent to €633 million. The income tax ratio was 31 percent, and thus basically in line with the expected Group tax rate. Income after taxes, continuing operations was €437 million, 9 percent lower than in the prior-year period.

**Income after taxes, discontinued operations**[1] was minus €11 million and mainly relates to operating income from the investment in STEAG, which was divested in September 2014, and the lithium-ion business. The prior-year figure of €1,377 million mainly comprised the proceeds from the divestment of the real estate activities in July 2013. The Evonik Group's **net income** of €416 million was therefore well below the very high prior-year figure (€1,959 million).

## 2.2 Financial and asset position

Financial debt increased to €1,718 million, a rise of €112 million compared with December 31, 2013 due to project-related investment financing. Financial assets were considerably higher than on June 30, 2014 as a result of the receipt of the purchase price for the STEAG shares. At €2,134 million, financial assets were almost at the level reported at year-end 2013. **Net financial assets** as stated on the balance sheet amounted to €416 million on September 30, 2014, €155 million less than on December 31, 2013.

### Net financial assets

| in € million | Sept. 30, 2014 | Dec. 31, 2013 |
|---|---|---|
| Non-current financial liabilities | −665 | −627 |
| Current financial liabilities | −1,053 | −979 |
| **Financial debt** [a] | **−1,718** | **−1,606** |
| Cash and cash equivalents | 1,495 | 1,527 |
| Current securities | 630 | 635 |
| Other financial assets | 9 | 15 |
| **Financial assets** [a] | **2,134** | **2,177** |
| **Net financial assets as stated on the balance sheet** | **416** | **571** |
| Net financial assets, discontinued operations | – | 18 |
| **Net financial assets (total)** | **416** | **589** |

Prior-year figures restated.

[a] Excluding derivatives.

[1] See Note 4.3.

### Cash flow statement (excerpt)

| in € million | 1st nine months 2014 | 2013 |
|---|---|---|
| Cash flow from operating activities, continuing operations | 591 | 835 |
| Cash flow from operating activities, discontinued operations | 31 | 31 |
| **Cash flow from operating activities** | **622** | **866** |
| Cash flow from investing activities, continuing operations | –293 | 280 |
| Cash flow from investing activities, discontinued operations | –1 | 59 |
| **Cash flow from investing activities** | **–294** | **339** |
| Cash flow from financing activities, continuing operations | –421 | 57 |
| Cash flow from financing activities, discontinued operations | – | 385 |
| **Cash flow from financing activities** | **–421** | **442** |
| **Change in cash and cash equivalents** | **–93** | **1,647** |

Prior-year figures restated.

In line with operating earnings, the **cash flow from operating activities, continuing operations** decreased by €244 million to €591 million in the first nine months of 2014. The cash flow, discontinued operations was €31 million, as in the previous year. Overall, the cash flow from operating activities declined by €244 million to €622 million.

Investing activities by the continuing operations led to a cash outflow of €293 million, with outflows for investment in property, plant and equipment and the acquisition of shares in companies offset to some extent by inflows from the divestment of shareholdings, especially the stake in STEAG. In the previous year, cash inflows, mainly from the divestment of the real estate business, exceeded outflows for property, plant and equipment, giving a net cash inflow of €280 million. Together with the corresponding cash flow from the discontinued operations, there was a cash outflow of €294 million for investing activities, compared with an inflow of €339 million in the first nine months of 2013.

The cash flow for financing activities, continuing operations comprised an outflow of €421 million, principally due to the dividend payment for 2013 (€466 million). In the prior-year period, the issue of a new corporate bond resulted in a cash inflow of €57 million in the continuing operations.

**Capital expenditures** increased 4 percent to €753 million. 44 percent of capital expenditures were allocated to the Consumer, Health & Nutrition segment, 24 percent to the Specialty Materials segment, and 19 percent to the Resource Efficiency segment. To extend our leading market positions, we started up new production capacity. 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 service life of, for example, heavy-duty surfaces, and also facilitate environment-friendly coating technologies. The Resource Efficiency segment also started production at extended facilities for precipitated silicas in Rayong (Thailand) and Chester (Pennsylvania, USA). The main growth drivers are tires that reduce fuel consumption and life-science applications. The Specialty Materials segment has taken a new hydrogen peroxide plant with production capacity of 230,000 metric tons p.a. into service in Jilin (China). The hydrogen peroxide produced there 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 Industrial Solutions.

Investment in **financial assets** amounted to €111 million and mainly comprises the purchase of a 14.8 percent stake in Borussia Dortmund GmbH & Co. KGaA, Dortmund (Germany), and the acquisition of Silbond Corporation, Weston (Michigan, USA), a specialized supplier of silicic acid esters.

**Total assets** were €16.5 billion as of September 30, 2014, €0.7 billion higher than at year-end 2013. Non-current assets increased by €0.4 billion to €10.2 billion, with divestment of the stake in STEAG offset, among other things, by additions to property, plant and equipment resulting from investing activities. Current assets increased by €0.3 billion to €6.4 billion. Equity declined by €0.6 billion to €6.2 billion, mainly because of the reduction in the discount rate for pension provisions[1]. The equity ratio declined from 43.0 percent to 37.4 percent.

# 3. Research & development

In the first nine months of 2014, research and development (R&D) expenses amounted to €304 million, 6 percent more than in the prior-year period. Significant projects related to composites for lightweight automotive and aviation engineering, specialty medical technology applications, and innovative ingredients for the cosmetics sector.

In July 2014 Evonik acquired a stake in the start-up company **Biosynthetic Technologies,** LLC, Irvine, (California, USA). Biosynthetic Technologies has developed and manufactures a new class of additives (estolides) from renewable raw materials for use in motor oils for automobiles and in industrial lubricants. These biodegradable additives have the ability to combat soot buildup in engines, which helps keep fuel consumption low. This is an attractive growth market for the Coatings & Additives Business Unit's oil additives business.

The Coatings & Additives Business Unit has inaugurated a new **Application Technology Center for Electronic Solutions** in Hsinchu (Taiwan), in the direct vicinity of our Light & Electronics Project House. It focuses on customer-specific formulations and applications for the innovative iXsenic® product line that is currently being launched. iXsenic® comprises semiconductors, dielectrics, etch-stoppers and passivation materials for the manufacture of high-resolution displays. They can be applied like a coating and therefore make more efficient use of resources than conventional materials, which have to be applied by vacuum deposition.

Market introduction of CAPLUS® is a milestone for the Advanced Intermediates Business Unit. This new product is a **high-performance absorber** for the efficient removal of unwanted gases such as carbon dioxide and hydrogen sulfide from natural gas, synthesis gas, biogas and flue gas. The product has now been used successfully for the first time in a large natural gas plant in Indonesia, where it immediately increased the purity of the natural gas. At the same time, absorbent losses are lower than with conventional solutions.

Regular interchange with leading international researchers is important to Evonik. At the **Evonik meets Science** forum in Fulda (Germany) in September 2014, our experts discussed new materials with professors from leading German universities. At the start of the forum, Evonik launched the **Friedrich-Berguis Lecture,** which was awarded to Professor Markus Antonietti, Director of the Max-Planck Institute of Colloids and Interfaces in Potsdam (Germany) in 2014.

[1] See Note 6.

# 4. Employees

As of September 30, 2014 the Evonik Group had 33,472 employees. 33,296 of them were employed in the continuing operations, an increase of 301 compared with year-end 2013. The decline of 479 people in the discontinued operations was due to the divestment of Li-Tec Battery GmbH.

**Employees by segment**

| | Sept. 30, 2014 | Dec. 31, 2013 |
|---|---|---|
| Consumer, Health & Nutrition | 7,081 | 7,150 |
| Resource Efficiency | 5,875 | 5,854 |
| Specialty Materials | 6,278 | 6,268 |
| Services | 12,654 | 12,192 |
| Other operations | 1,408 | 1,531 |
| **Continuing operations** | **33,296** | **32,995** |
| Discontinued operations | 176 | 655 |
| **Evonik** | **33,472** | **33,650** |

Prior-year figures restated.

# 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. In the light of present market developments, at the end of the first three quarters we see fewer opportunities for the remaining months than in our assessment at the start of 2014, while the risk situation is unchanged. In the Specialty Materials segment in particular, we are of the opinion that there are fewer opportunities as a result of current price trends, while the risks have increased. This is compensated at Group level by lower risks in the Consumer, Health & Nutrition and Resource Efficiency segments. 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.

# 6. Events after the reporting date

No material events have occurred since the reporting date.

# 7. Expected development

Given the weaker economic development observed to date, in the present **global economic conditions** we also assume lower global growth in 2014 as a whole. The stepwise recovery in the global economy is increasingly stalling. Structural challenges in the emerging markets and the uncertainty stemming from ongoing political disputes and military conflicts are increasingly holding back growth expectations. The decline in producer prices observed since 2013 will presumably slow further in the final quarter of the year. Renewed price risks could, however, arise from the present trend in the price of crude oil and the resulting purchasing restraint, combined with a reduction in inventories. Following the expected cyclical recovery at the start of the year, growth is already slowing perceptibly, especially in Germany and the other European countries. In the emerging markets, too, the pace of growth has stabilized at a lower level, and this will hold back a broadly based recovery in the global economy. By contrast, the underlying positive trend in North America is still intact.

Consequently, we have slightly revised the forecast we made at the start of this year for global economic conditions in 2014 and now assume lower global economic growth. Unlike our previous assessment, we now only expect a small change in raw material costs. Our forecast is therefore based on the following assumptions for the year as a whole:

- Global growth: 2.9 percent (originally planned: 3.3 percent)
- Euro/US dollar exchange rate: US$1.33 (originally planned: US$1.35)
- Price of Brent crude: US$103 (originally planned: US$100)

Despite lower overall economic growth, we are confirming our **outlook** for the full year. We anticipate that sales will rise slightly (2013: €12.7 billion[1]) and expect that adjusted EBITDA will be in the lower rather than the upper part of the €1.8 billion to €2.1 billion range (2013: €2.0 billion).

So far, the positive business performance in the first half of the year has continued in the second half. Volumes should continue to grow in the remainder of the year, supported by the completion of our first growth investments. On the price front, we expect the stabilization that has been evident so far to continue. Clearly positive price trends are visible in some businesses. However, this does not apply to the Specialty Materials segment, where price trends have remained below our original expectations.

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 and negative currency effects.

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 September 30, 2014

## Income statement

### Income statement for the Evonik Group

| | 3rd quarter | | 1st nine months | |
|---|---|---|---|---|
| in € million | **2014** | 2013 | **2014** | 2013 |
| Sales | 3,243 | 3,198 | 9,691 | 9,619 |
| Cost of sales | –2,322 | –2,304 | –6,971 | –6,816 |
| **Gross profit on sales** | **921** | **894** | **2,720** | **2,803** |
| Selling expenses | –324 | –322 | –957 | –971 |
| Research and development expenses | –102 | –100 | –304 | –287 |
| General administrative expenses | –149 | –156 | –449 | –478 |
| Other operating income | 221 | 220 | 493 | 710 |
| Other operating expenses | –276 | –423 | –683 | –927 |
| **Income before financial result and income taxes, continuing operations** | **291** | **113** | **820** | **850** |
| Interest income | 3 | 7 | 14 | 22 |
| Interest expense | –67 | –74 | –214 | –223 |
| Result from investments recognized at equity | 5 | 1 | 13 | 3 |
| Other financial income | – | – | – | 11 |
| **Financial result** | **–59** | **–66** | **–187** | **–187** |
| **Income before income taxes, continuing operations** | **232** | **47** | **633** | **663** |
| Income taxes | –64 | –17 | –196 | –182 |
| **Income after taxes, continuing operations** | **168** | **30** | **437** | **481** |
| Income after taxes, discontinued operations | –54 | 1,351 | –11 | 1,377 |
| **Income after taxes** | **114** | **1,381** | **426** | **1,858** |
| thereof attributable to | | | | |
| Non-controlling interests | 3 | –92 | 10 | –101 |
| Shareholders of Evonik Industries AG (net income) | 111 | 1,473 | 416 | 1,959 |
| **Earnings per share in € (basic and diluted)** | **0.24** | **3.16** | **0.89** | **4.20** |

Prior-year figures restated.

# Statement of comprehensive income

## Statement of comprehensive income for the Evonik Group

| | 3rd quarter | | 1st nine months | |
|---|---|---|---|---|
| in € million | 2014 | 2013 | 2014 | 2013 |
| **Income after taxes** | **114** | **1,381** | **426** | **1,858** |
| **Comprehensive income that will be reclassified subsequently to profit or loss** | **147** | **–72** | **164** | **–130** |
| Unrealized gains/losses on available-for-sale securities | –4 | 1 | –2 | –13 |
| Gains/losses on hedging instruments | –73 | 14 | –110 | 12 |
| Currency translation adjustment | 201 | –82 | 243 | –126 |
| Deferred taxes | 23 | –5 | 33 | –3 |
| **Comprehensive income that will not be reclassified subsequently to profit or loss** | **–382** | **16** | **–765** | **–22** |
| Remeasurement of the net defined benefit liability for defined benefit pension plans | –548 | 25 | –1,095 | –25 |
| Deferred taxes | 166 | –9 | 330 | 3 |
| **Other comprehensive income after taxes** | **–235** | **–56** | **–601** | **–152** |
| | | | | |
| **Total comprehensive income** | **–121** | **1,325** | **–175** | **1,706** |
| thereof attributable to | | | | |
| Non-controlling interests | 8 | –94 | 16 | –105 |
| Shareholders of Evonik Industries AG | –129 | 1,419 | –191 | 1,811 |
| **Total comprehensive income attributable to shareholders of Evonik Industries AG** | **–129** | **1,419** | **–191** | **1,811** |
| thereof attributable to | | | | |
| Continuing operations | –75 | –20 | –178 | 331 |
| Discontinued operations | –54 | 1,439 | –13 | 1,480 |

Prior-year figures restated.

# Balance sheet

## Balance sheet for the Evonik Group

| in € million | Sept. 30, 2014 | Dec. 31, 2013 |
|---|---|---|
| Intangible assets | 3,089 | 3,038 |
| Property, plant and equipment | 5,295 | 4,822 |
| Investment property | 10 | 10 |
| Investments recognized at equity | 392 | 878 |
| Financial assets | 90 | 150 |
| Deferred tax assets | 1,240 | 837 |
| Other income tax assets | 13 | 13 |
| Other receivables | 43 | 30 |
| **Non-current assets** | **10,172** | **9,778** |
| | | |
| Inventories | 1,765 | 1,594 |
| Other income tax assets | 205 | 188 |
| Trade accounts receivable | 1,816 | 1,626 |
| Other receivables | 346 | 278 |
| Financial assets | 687 | 748 |
| Cash and cash equivalents | 1,495 | 1,527 |
| | **6,314** | **5,961** |
| Assets held for sale | 54 | 144 |
| **Current assets** | **6,368** | **6,105** |
| **Total assets** | **16,540** | **15,883** |

Prior-year figures restated.

| in € million | Sept. 30, 2014 | Dec. 31, 2013 |
|---|---|---|
| Issued capital | 466 | 466 |
| Capital reserve | 1,165 | 1,165 |
| Accumulated income | 4,729 | 5,547 |
| Accumulated other comprehensive income | −264 | −420 |
| **Equity attributable to shareholders of Evonik Industries AG** | **6,096** | **6,758** |
| Equity attributable to non-controlling interests | 92 | 78 |
| **Equity** | **6,188** | **6,836** |
| | | |
| Provisions for pensions and other post-employment benefits | 4,416 | 3,331 |
| Other provisions | 936 | 800 |
| Deferred tax liabilities | 417 | 412 |
| Other income tax liabilities | 183 | 148 |
| Financial liabilities | 683 | 627 |
| Other payables | 70 | 81 |
| **Non-current liabilities** | **6,705** | **5,399** |
| | | |
| Other provisions | 853 | 979 |
| Other income tax liabilities | 207 | 158 |
| Financial liabilities | 1,197 | 1,037 |
| Trade accounts payable | 1,016 | 1,089 |
| Other payables | 354 | 282 |
| | **3,627** | **3,545** |
| Liabilities associated with assets held for sale | 20 | 103 |
| **Current liabilities** | **3,647** | **3,648** |
| | | |
| **Total equity and liabilities** | **16,540** | **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 | – | – | – |
| Purchase of treasury shares | – | – | – |
| Share-based payment | – | – | – |
| Sale of treasury shares | – | – | – |
| Dividend distribution | – | – | –429 |
| Changes in ownership interests in subsidiaries without loss of control | – | – | – |
| Income after taxes | – | – | 1,959 |
| Other comprehensive income after taxes | – | – | –22 |
| Total comprehensive income | – | – | 1,937 |
| Other changes | – | – | 2 |
| **As of September 30, 2013** | **466** | **1,165** | **5,451** |
| | | | |
| **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 | – | – | 416 |
| Other comprehensive income after taxes | – | – | –765 |
| Total comprehensive income | – | – | –349 |
| Other changes | – | – | –3 |
| **As of September 30, 2014** | **466** | **1,165** | **4,729** |

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** |
| – | – | – | 18 | 18 |
| – | – | – | – | – |
| – | – | – | – | – |
| – | – | – | – | – |
| – | – | –429 | –6 | –435 |
| – | – | – | –2 | –2 |
| – | – | 1,959 | –101 | 1,858 |
| – | –126 | –148 | –4 | –152 |
| – | –126 | 1,811 | –105 | 1,706 |
| – | –2 | – | –3 | –3 |
| **–** | **–351** | **6,731** | **13** | **6,744** |
| | | | | |
| **–** | **–420** | **6,758** | **78** | **6,836** |
| – | – | – | – | – |
| –13 | – | –13 | – | –13 |
| – | – | 3 | – | 3 |
| 13 | – | 10 | – | 10 |
| – | – | –466 | –5 | –471 |
| – | – | – | – | – |
| – | – | 416 | 10 | 426 |
| – | 158 | –607 | 6 | –601 |
| – | 158 | –191 | 16 | –175 |
| – | –2 | –5 | 3 | –2 |
| **–** | **–264** | **6,096** | **92** | **6,188** |

# Cash flow statement

## Cash flow statement for the Evonik Group

| | 3rd quarter | | 1st nine months | |
|---|---|---|---|---|
| in € million | **2014** | 2013 | **2014** | 2013 |
| Income before financial result and income taxes, continuing operations | 291 | 113 | 820 | 850 |
| Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets | 164 | 161 | 484 | 483 |
| Gains/losses on the disposal of non-current assets | −7 | −2 | – | – |
| Change in inventories | −62 | −15 | −108 | −107 |
| Change in trade accounts receivable | 36 | 62 | −132 | −96 |
| Change in trade accounts payable and current advance payments received from customers | −100 | 42 | −51 | −56 |
| Change in provisions for pensions and other post-employment benefits | −55 | −44 | −122 | −103 |
| Change in other provisions | 75 | 247 | −111 | −7 |
| Change in miscellaneous assets/liabilities | 37 | 139 | 3 | 136 |
| Cash outflows for interest | −12 | −13 | −41 | −49 |
| Cash inflows from interest | 2 | 2 | 10 | 8 |
| Cash inflows from dividends | – | 1 | 16 | 3 |
| Cash inflows/outflows for income taxes | −57 | −26 | −177 | −227 |
| **Cash flow from operating activities, continuing operations** | **312** | **667** | **591** | **835** |
| Cash flow from operating activities, discontinued operations | 2 | −10 | 31 | 31 |
| **Cash flow from operating activities** | **314** | **657** | **622** | **866** |
| Cash outflows for investments in intangible assets, property, plant and equipment, investment property | −243 | −303 | −764 | −754 |
| Cash outflows for investments in shareholdings | −65 | −4 | −107 | −8 |
| Cash inflows from divestments of intangible assets, property, plant and equipment, investment property | – | 3 | 2 | 33 |
| Cash inflows/outflows from divestment of shareholdings | 581 | 1,071 | 559 | 1,047 |
| Cash inflows/outflows relating to securities, deposits and loans | 19 | −302 | 17 | −38 |
| **Cash flow from investing activities, continuing operations** | **292** | **465** | **−293** | **280** |
| Cash flow from investing activities, discontinued operations | – | 75 | −1 | 59 |
| **Cash flow from investing activities** | **292** | **540** | **−294** | **339** |

| in € million | 3rd quarter 2014 | 3rd quarter 2013 | 1st nine months 2014 | 1st nine months 2013 |
|---|---|---|---|---|
| Cash outflows for dividends to shareholders of Evonik Industries AG | – | – | –466 | –429 |
| Cash outflows for dividends to non-controlling interests | – | –3 | –3 | –6 |
| Cash inflows/outflows from changes in ownership interests in subsidiaries without loss of control | – | – | – | –2 |
| Cash outflows for the purchase of treasury shares | – | – | –13 | – |
| Cash inflows from the sale of treasury shares | – | – | 13 | – |
| Cash inflows from the addition of financial liabilities | 9 | 156 | 148 | 751 |
| Cash outflows for repayment of financial liabilities | –13 | –89 | –100 | –257 |
| **Cash flow from financing activities, continuing operations** | **–4** | **64** | **–421** | **57** |
| Cash flow from financing activities, discontinued operations | – | 272 | – | 385 |
| **Cash flow from financing activities** | **–4** | **336** | **–421** | **442** |
| **Change in cash and cash equivalents** | **602** | **1,533** | **–93** | **1,647** |
| | | | | |
| **Cash and cash equivalents as of July 1/January 1** | **881** | **903** | **1,572** | **793** |
| Change in cash and cash equivalents | 602 | 1,533 | –93 | 1,647 |
| Changes in exchange rates and other changes in cash and cash equivalents | 12 | –7 | 16 | –11 |
| **Cash and cash equivalents as of September 30** | **1,495** | **2,429** | **1,495** | **2,429** |
| Cash and cash equivalents included in assets held for sale | – | – | – | – |
| **Cash and cash equivalents as on the balance sheet as of September 30** | **1,495** | **2,429** | **1,495** | **2,429** |

Prior-year figures restated.

# Notes

## 1. Segment report

### Segment report by operating segments—3rd quarter

| | Operating segments | | | | | |
|---|---|---|---|---|---|---|
| | Consumer, Health & Nutrition | | Resource Efficiency | | Specialty Materials | |
| in € million | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| External sales | 1,034 | 1,034 | 813 | 795 | 1,160 | 1,132 |
| Internal sales | 17 | 18 | 20 | 20 | 23 | 33 |
| Total sales | 1,051 | 1,052 | 833 | 815 | 1,183 | 1,165 |
| Adjusted EBITDA | 209 | 215 | 173 | 169 | 128 | 147 |
| Adjusted EBITDA margin in % | 20.2 | 20.8 | 21.3 | 21.3 | 11.0 | 13.0 |
| Adjusted EBIT | 171 | 178 | 139 | 141 | 83 | 107 |
| Capital expenditures | 124 | 116 | 44 | 68 | 69 | 81 |
| Financial investments | – | 4 | 1 | – | – | – |

Prior-year figures restated.

### Segment report by regions—3rd quarter

| | Germany | | Other European countries | | North America | |
|---|---|---|---|---|---|---|
| in € million | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| External sales | 699 | 757 | 1,051 | 1,007 | 579 | 604 |
| Capital expenditures | 99 | 90 | 33 | 21 | 33 | 32 |

Prior-year figures restated.

| | Services | | Total reporting segments | | Corporate, other operations, consolidation | | Total Group (continuing operations) | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | 214 | 219 | 3,221 | 3,180 | 22 | 18 | 3,243 | 3,198 |
| | 459 | 495 | 519 | 566 | –519 | –566 | – | – |
| | 673 | 714 | 3,740 | 3,746 | –497 | –548 | 3,243 | 3,198 |
| | 54 | 50 | 564 | 581 | –63 | –64 | 501 | 517 |
| | 25.2 | 22.8 | 17.5 | 18.3 | – | – | 15.4 | 16.2 |
| | 29 | 27 | 422 | 453 | –72 | –81 | 350 | 372 |
| | 33 | 28 | 270 | 293 | 5 | 13 | 275 | 306 |
| | – | – | 1 | 4 | 65 | – | 66 | 4 |

| | Central and South America | | Asia-Pacific | | Middle East, Africa | | Total Group (continuing operations) | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | 203 | 202 | 621 | 558 | 90 | 70 | 3,243 | 3,198 |
| | 25 | 14 | 85 | 148 | – | 1 | 275 | 306 |

## Segment report by operating segments—1st nine months

| | Operating segments | | | | | |
|---|---|---|---|---|---|---|
| | Consumer, Health & Nutrition | | Resource Efficiency | | Specialty Materials | |
| in € million | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| External sales | 3,015 | 3,110 | 2,448 | 2,367 | 3,510 | 3,431 |
| Internal sales | 51 | 53 | 60 | 68 | 85 | 103 |
| Total sales | 3,066 | 3,163 | 2,508 | 2,435 | 3,595 | 3,534 |
| Adjusted EBITDA | 585 | 723 | 553 | 515 | 352 | 457 |
| Adjusted EBITDA margin in % | 19.4 | 23.2 | 22.6 | 21.8 | 10.0 | 13.3 |
| Adjusted EBIT | 471 | 614 | 458 | 429 | 225 | 342 |
| Capital expenditures | 331 | 261 | 142 | 155 | 184 | 206 |
| Financial investments | 2 | 7 | 41 | – | – | 2 |
| Employees as of September 30 | 7,081 | 7,116 | 5,875 | 5,873 | 6,278 | 6,305 |

Prior-year figures restated.

## Segment report by regions—1st nine months

| | Germany | | Other European countries | | North America | |
|---|---|---|---|---|---|---|
| in € million | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| External sales | 2,168 | 2,176 | 3,235 | 3,082 | 1,690 | 1,791 |
| Goodwill as of September 30[a] | 1,541 | 1,542 | 544 | 541 | 319 | 288 |
| Other intangible assets, property, plant and equipment, investment property as of September 30[a] | 2,748 | 2,664 | 499 | 466 | 799 | 683 |
| Capital expenditures | 262 | 228 | 80 | 55 | 84 | 83 |
| Employees as of September 30 | 21,483 | 21,190 | 2,749 | 2,814 | 3,683 | 3,801 |

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 |
| 663 | 656 | 9,636 | 9,564 | 55 | 55 | 9,691 | 9,619 |
| 1,369 | 1,407 | 1,565 | 1,631 | −1,565 | −1,631 | – | – |
| 2,032 | 2,063 | 11,201 | 11,195 | −1,510 | −1,576 | 9,691 | 9,619 |
| 158 | 157 | 1,648 | 1,852 | −223 | −232 | 1,425 | 1,620 |
| 23.8 | 23.9 | 17.1 | 19.4 | – | – | 14.7 | 16.8 |
| 85 | 87 | 1,239 | 1,472 | −262 | −284 | 977 | 1,188 |
| 80 | 75 | 737 | 697 | 16 | 28 | 753 | 725 |
| – | – | 43 | 9 | 68 | 154 | 111 | 163 |
| 12,654 | 12,330 | 31,888 | 31,624 | 1,408 | 1,324 | 33,296 | 32,948 |

| Central and South America | | Asia-Pacific | | Middle East, Africa | | Total Group (continuing operations) | |
|---|---|---|---|---|---|---|---|
| 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| 565 | 617 | 1,784 | 1,717 | 249 | 236 | 9,691 | 9,619 |
| 28 | 26 | 251 | 248 | 1 | 1 | 2,684 | 2,646 |
| 151 | 61 | 1,503 | 1,074 | 10 | 10 | 5,710 | 4,958 |
| 79 | 36 | 247 | 321 | 1 | 2 | 753 | 725 |
| 601 | 505 | 4,655 | 4,514 | 125 | 124 | 33,296 | 32,948 |

## 2. General information

Evonik Industries AG is an international specialty chemicals company headquartered in Germany. It also has an investment in the residential real estate sector. The remaining shares in the former investment in the energy company STEAG GmbH (STEAG), Essen (Germany) were divested to KSBG Kommunale Beteiligungsgesellschaft GmbH & Co. KG (KSBG), Essen (Germany), in the reporting period, see Note 4.2.

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 September 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 September 30, 2014 are presented in euros. The reporting period is January 1 to September 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 and 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)

| | 3rd quarter 2013 | 1st nine months 2013 |
|---|---|---|
| in € million | Impact of change | Impact of change |
| Sales | –41 | –120 |
| Cost of sales | 49 | 148 |
| Result from investments recognized at equity | –5 | –17 |
| Income taxes | –1 | –3 |
| **Income after taxes** | **2** | **8** |

### 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)

| | 3rd quarter 2013 | 1st nine months 2013 |
|---|---|---|
| in € million | Impact of change | Impact of change |
| Cash flow from operating activities | –19 | –32 |
| Cash flow from investing activities | –6 | –16 |
| 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 | –2 |
| Intragroup mergers | –5 | –2 | –7 |
| Other companies deconsolidated | –1 | –1 | –2 |
| **As of September 30, 2014** | **38** | **101** | **139** |
| **Joint operations** | | | |
| **As of December 31, 2013** | **–** | **–** | **–** |
| Changes due to first-time application of IFRS 11 | 2 | 2 | 4 |
| **As of September 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 |
| Divestments | –1 | – | –1 |
| Other companies deconsolidated | – | –1 | –1 |
| **As of September 30, 2014** | **5** | **9** | **14** |
| | **45** | **112** | **157** |

## 4.2 Acquisitions and divestments

This section provides a more detailed overview of the principal 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.

On July 14, 2014 Evonik received notification from KSBG that it intended to exercise the call option for the remaining 49 percent of shares in STEAG. On August 29, 2014, KSBG and Evonik concluded the agreement on the transfer of the shares for a consideration of €569 million. The transaction was closed on September 5, 2014. In the segment report, these shares were previously included in other operations. KSBG had acquired 51 percent of the shares in STEAG in fiscal 2011.

## 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. The 100 percent stake in Evonik Litarion is still classified as a discontinued operation as Evonik still intends to divest this business.

In connection with the divestment of the former Energy Business Area, on July 14, 2014 Evonik was notified by KSBG that it intended to exercise the call option for the remaining 49 percent of shares in STEAG, so they were reclassified to discontinued operations. The sale of these shares to KSBG was closed on September 5, 2014.

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

**Impact of discontinued operations on the income statement in the third quarter**

| | Operating income after taxes | | Divestment gains/losses after taxes | | Income after taxes, discontinued operations | |
|---|---|---|---|---|---|---|
| | 3rd quarter | | 3rd quarter | | 3rd quarter | |
| in € million | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| Lithium-ion business | –1 | –239 | – | – | –1 | –239 |
| Former Energy Business Area | –52 | 30 | – | – | –52 | 30 |
| Former Real Estate segment | – | 41 | – | 1,519 | – | 1,560 |
| Other discontinued operations | – | – | –1 | – | –1 | – |
| | **–53** | **–168** | **–1** | **1,519** | **–54** | **1,351** |

## Impact of the discontinued operations on the income statement in the first nine months

| in € million | Operating income after taxes | | Divestment gains/losses after taxes | | Income after taxes, discontinued operations | |
|---|---|---|---|---|---|---|
| | 1st nine months | | 1st nine months | | 1st nine months | |
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| Lithium-ion business | 21 | –272 | –1 | – | 20 | –272 |
| Former Energy Business Area | –30 | 14 | – | – | –30 | 14 |
| Former Real Estate segment | – | 110 | – | 1,519 | – | 1,629 |
| Other discontinued operations | – | – | –1 | 6 | –1 | 6 |
| | **–9** | **–148** | **–2** | **1,525** | **–11** | **1,377** |

Breakdown of operating income from the discontinued operations:

## Operating income, discontinued operations

| in € million | 3rd quarter | | 1st nine months | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| **Income** | **124** | **78** | **226** | **267** |
| Lithium-ion business | 9 | 20 | 81 | 47 |
| Former Energy Business Area | 115 | 6 | 145 | 18 |
| Former Real Estate segment | – | 52 | – | 202 |
| **Expenses** | **–177** | **–267** | **–227** | **–429** |
| Lithium-ion business | –10 | –281 | –52 | –343 |
| Former Energy Business Area | –167 | 24 | –175 | –4 |
| Former Real Estate segment | – | –10 | – | –82 |
| **Operating income before income taxes, discontinued operations** | **–53** | **–189** | **–1** | **–162** |
| Lithium-ion business | –1 | –261 | 29 | –296 |
| Former Energy Business Area | –52 | 30 | –30 | 14 |
| Former Real Estate segment | – | 42 | – | 120 |
| **Income taxes** | **–** | **21** | **–8** | **14** |
| Lithium-ion business | – | 22 | –8 | 24 |
| Former Energy Business Area | – | – | – | – |
| Former Real Estate segment | – | –1 | – | –10 |
| **Operating income after taxes, discontinued operations** | **–53** | **–168** | **–9** | **–148** |
| Lithium-ion business | –1 | –239 | 21 | –272 |
| Former Energy Business Area | –52 | 30 | –30 | 14 |
| Former Real Estate segment | – | 41 | – | 110 |

The operating income before income taxes from the lithium-ion business totaling €29 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.

The operating loss of €30 million before income taxes relating to the former Energy Business Area comprised income from the at-equity valuation of the investment and income from guaranteed dividends on the 49 percent of shares in STEAG now divested, plus effects arising from the valuation and deconsolidation of the associated options. In addition, earnings were impacted by the increase in a restructuring provision in connection with the divestment of the former Energy Business Area. The revaluation of the shares in STEAG as prescribed by IFRS 5 resulted in an impairment loss of €13 million, which was charged to operating income before income taxes.

No divestment gains were registered from the former Energy Business Area in the reporting period as the assets divested were carried at fair value. The remaining divestment gains and losses for discontinued operations comprise the following:

## Divestment gains and losses, discontinued operations

| | 3rd quarter | | 1st nine months | |
|---|---|---|---|---|
| in € million | **2014** | 2013 | **2014** | 2013 |
| **Income before income taxes from the divestment of discontinued operations** | **–1** | **1,538** | **–2** | **1,544** |
| Lithium-ion business | – | – | –1 | – |
| Former Real Estate segment | – | 1,538 | – | 1,538 |
| Other discontinued operations | –1 | – | –1 | 6 |
| **Income taxes** | **–** | **–19** | **–** | **–19** |
| Lithium-ion business | – | – | – | – |
| Former Real Estate segment | – | –19 | – | –19 |
| Other discontinued operations | – | – | – | – |
| **Income after taxes from the divestment of discontinued operations** | **–1** | **1,519** | **–2** | **1,525** |
| Lithium-ion business | – | – | –1 | – |
| Former Real Estate segment | – | 1,519 | – | 1,519 |
| Other discontinued operations | –1 | – | –1 | 6 |

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

### Assets held for sale and associated liabilities

| in € million | Sept. 30, 2014 | Dec. 31, 2013 |
|---|---|---|
| Intangible assets | – | 5 |
| Property, plant and equipment | 5 | 9 |
| Deferred tax assets | 4 | 3 |
| Inventories | 18 | 46 |
| Trade accounts receivable | 25 | 34 |
| Other receivables | 2 | 2 |
| Cash and cash equivalents | – | 45 |
| **Assets held for sale** | **54** | **144** |
| Provisions for pensions and other post-employment benefits | 1 | 8 |
| Other provisions | 4 | 38 |
| Deferred tax liabilities | 1 | 2 |
| Financial liabilities | 8 | 36 |
| Trade accounts payable | 6 | 16 |
| Other payables | – | 3 |
| **Liabilities associated with assets held for sale** | **20** | **103** |

The net value of €34 million for the assets held for sale and associated liabilities is the result of a loss-free valuation. It 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 expected proceeds from sale less the costs to sell.

# 5. Notes to the income statement

## Other operating income

### Other operating income

| in € million | 3rd quarter 2014 | 3rd quarter 2013 | 1st nine months 2014 | 1st nine months 2013 |
|---|---|---|---|---|
| Income from the measurement of derivatives (excluding interest rate derivatives) | 89 | 97 | 191 | 224 |
| Income from currency translation of monetary assets and liabilities | 84 | 14 | 166 | 110 |
| Income from restructuring measures | 1 | 9 | 1 | 45 |
| Other income | 47 | 100 | 135 | 331 |
| | **221** | **220** | **493** | **710** |
| thereof adjustments | 4 | 15 | 10 | 95 |

To enhance transparency, as of September 30, 2014 restructuring measures are stated separately for the first time in other operating income and other operating expenses. The prior-year figures have been restated accordingly.

In the first nine months of 2014, the other income of €135 million included income from non-core businesses, the disposal of assets, and insurance refunds. The decline in other income was principally due to the fact that the prior-year figure contained higher insurance refunds, income in connection with the termination of contracts, and reversals of provisions.

## Other operating expenses

### Other operating expenses

| in € million | 3rd quarter 2014 | 3rd quarter 2013 | 1st nine months 2014 | 1st nine months 2013 |
|---|---|---|---|---|
| Losses on the measurement of derivatives (excluding interest rate derivatives) | 104 | 83 | 212 | 222 |
| Losses on currency translation of monetary assets and liabilities | 71 | 36 | 160 | 130 |
| Expenses for restructuring measures | 33 | 173 | 58 | 241 |
| Impairment losses | 15 | 20 | 43 | 25 |
| Other expense | 53 | 111 | 210 | 309 |
| | **276** | **423** | **683** | **927** |
| thereof adjustments | 58 | 273 | 154 | 419 |

The expenses for restructuring measures totaling €58 million in the first nine months of 2014 (1st nine months 2013: €241 million) include impairment losses on property, plant and equipment of €2 million (1st nine months 2013: €36 million).

The impairment losses of €43 million in the first nine months of 2014 mainly relate to capitalized expenses for construction in progress for projects in the Specialty Materials segment that were terminated following a routine review of investment projects. This is included in the adjustments. The other expense of €210 million in the first nine months 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 September 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 €1,085 million to €4,416 million as of September 30, 2014. The increase includes €1,095 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 2.75 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 September 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 €765 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 it 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 convertible 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 non-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 to 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**

| | 3rd quarter | | 1st nine months | |
|---|---|---|---|---|
| in € million | **2014** | 2013 | **2014** | 2013 |
| **Adjusted EBITDA, reporting segments** | **564** | **581** | **1,648** | **1,852** |
| Adjusted EBITDA, other operations | −12 | −14 | −38 | −79 |
| Adjusted EBITDA, Corporate | −47 | −55 | −170 | −169 |
| Consolidation | −3 | 4 | −6 | 2 |
| Less discontinued operations | −1 | 1 | −9 | 14 |
| **Adjusted EBITDA, Corporate, other operations, consolidation** | **−63** | **−64** | **−223** | **−232** |
| **Adjusted EBITDA** | **501** | **517** | **1,425** | **1,620** |
| Depreciation, amortization, impairment losses/ reversal of impairment losses | −168 | −164 | −489 | −488 |
| Depreciation, amortization, impairment losses/ reversal of impairment losses included in adjustments | 17 | 19 | 41 | 56 |
| **Adjusted EBIT** | **350** | **372** | **977** | **1,188** |
| Adjustments | −54 | −258 | −144 | −324 |
| Net interest expense | −64 | −67 | −200 | −201 |
| **Income before income taxes, continuing operations** | **232** | **47** | **633** | **663** |

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

| in € million | Other operations (including discontinued operations) 3rd quarter 2014 | Other operations (including discontinued operations) 3rd quarter 2013 | Corporate, consolidation, less discontinued operations 3rd quarter 2014 | Corporate, consolidation, less discontinued operations 3rd quarter 2013 | Corporate, other operations, consolidation 3rd quarter 2014 | Corporate, other operations, consolidation 3rd quarter 2013 |
|---|---|---|---|---|---|---|
| External sales | 31 | 38 | –9 | –20 | 22 | 18 |
| Internal sales | 29 | 31 | –548 | –597 | –519 | –566 |
| Total sales | 60 | 69 | –557 | –617 | –497 | –548 |
| Adjusted EBITDA | –12 | –14 | –51 | –50 | –63 | –64 |
| Adjusted EBIT | –17 | –20 | –55 | –61 | –72 | –81 |
| Capital expenditures | 3 | 17 | 2 | –4 | 5 | 13 |
| Financial investments | 65 | – | – | – | 65 | – |

## Breakdown of Corporate, other operations, consolidation

| in € million | Other operations (including discontinued operations) 1st nine months 2014 | Other operations (including discontinued operations) 1st nine months 2013 | Corporate, consolidation, less discontinued operations 1st nine months 2014 | Corporate, consolidation, less discontinued operations 1st nine months 2013 | Corporate, other operations, consolidation 1st nine months 2014 | Corporate, other operations, consolidation 1st nine months 2013 |
|---|---|---|---|---|---|---|
| External sales | 85 | 102 | –30 | –47 | 55 | 55 |
| Internal sales | 79 | 86 | –1,644 | –1,717 | –1,565 | –1,631 |
| Total sales | 164 | 188 | –1,674 | –1,764 | –1,510 | –1,576 |
| Adjusted EBITDA | –38 | –79 | –185 | –153 | –223 | –232 |
| Adjusted EBIT | –50 | –99 | –212 | –185 | –262 | –284 |
| Capital expenditures | 14 | 41 | 2 | –13 | 16 | 28 |
| Financial investments | 68 | 1 | – | 153 | 68 | 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 interest in Vivawest GmbH, Essen (Germany), which is recognized at equity, the lithium-ion business, parts of which have now been divested, and the investment in STEAG, which was recognized at equity and has now been divested, see Note 4.2. In the column Corporate, consolidation less discontinued operations, an adjustment is made for the lithium-ion business and STEAG. They are not included in the column Corporate, other operations, consolidation because only continuing operations are reported here. The financial investments undertaken in the previous year in connection with the divestment of the Real Estate segment have been recognized under Corporate since the third quarter of 2013.

# 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 values of financial assets

| | Sept. 30, 2014 | |
|---|---|---|
| in € million | Carrying amount | Fair value |
| **Financial assets** | **777** | **777** |
| Other investments | 71 | 71 |
| Loans | 12 | 12 |
| Securities and similar claims | 636 | 636 |
| Receivables from finance leases | – | – |
| Receivables from derivatives | 41 | 41 |
| Other financial assets | 17 | 17 |
| **Trade accounts receivable** | **1,816** | **1,816** |
| **Cash and cash equivalents** | **1,495** | **1,495** |

### Carrying amounts and fair values of financial liabilities

| | Sept. 30, 2014 | |
|---|---|---|
| in € million | Carrying amount | Fair value |
| **Financial liabilities** | **1,880** | **1,920** |
| Bonds | 1,246 | 1,275 |
| Liabilities to banks | 393 | 404 |
| Loans from non-banks | 55 | 55 |
| Liabilities from finance leases | 2 | 2 |
| Liabilities from derivatives | 162 | 162 |
| Other financial liabilities | 22 | 22 |
| **Trade accounts payable** | **1,016** | **1,016** |

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 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

| in € million | Fair value based on Level 1 | Level 2 | Level 3 | Sept. 30, 2014 |
|---|---|---|---|---|
| **Assets recognized at fair value** | **695** | **41** | **–** | **736** |
| Other investments | 59 | – | – | 59 |
| Securities and similar claims | 636 | – | – | 636 |
| Receivables from derivatives | – | 41 | – | 41 |
| **Liabilities recognized at fair value** | **–** | **–162** | **–** | **–162** |
| Liabilities from derivatives | – | –162 | – | –162 |

The financial instruments allocated to Level 1 are recognized at their present stock market price. They comprise all securities and the investment in Borussia Dortmund GmbH & Co. KGaA, Dortmund (Germany).

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 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 options for the remaining 49 percent of shares in STEAG allocated to Level 3 have been derecognized as KSBG exercised its call option in September.

## Level 3 fair values: 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 | –113 | 32 | –81 |
| Other operating income | – | 32 | 32 |
| Other operating expenses | –113 | – | –113 |
| **As of September 30, 2014** | **–** | **–** | **–** |

There were no transfers between the levels of the fair value hierarchy in the reporting period.

Fair value measurement of financial instruments that are **recognized on the balance sheet at amortized cost rather than at fair value** is 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 values—like the fair value of cash and cash equivalents—correspond to their carrying amounts.

The other investments recognized 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 this case, the fair value is assumed to be equal to the amortized cost. There is no intention of selling these investments.

## 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 material changes in related party transactions since December 31, 2013.

## 8.4 Events after the reporting date

No material events have occurred since the reporting date.

Essen, October 23, 2014

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

Dr. Engel Kullmann Wessel

Wohlhauser Wolf

# Financial calendar

**Financial calendar 2015**

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

# Credits

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