QUARTERLY STATEMENT

JANUARY TO MARCH 2018

EVONIK
POWER TO CREATE

A good first quarter

- Organic sales growth (5 percent) thanks to higher volumes (1 percent) and prices (4 percent)
- Overall, sales grew by 1 percent to €3.7 billion due to currency effects
- Very good adjusted EBITDA of €679 million (+14 percent)
- Adjusted EBITDA margin rose to 18.5 percent
- Adjusted net income improved 34 percent to €333 million
- Free cash flow increased to €84 million
- Outlook for 2018 confirmed: sales slightly higher, adjusted EBITDA expected to be between €2.4 billion and €2.6 billion

Key data for the Evonik Group

Key data

	1st quarter	
in € million	**2018**	2017
Sales	3,678	3,636
Adjusted EBITDA[a]	679	595
Adjusted EBITDA margin in %	18.5	16.4
Adjusted EBIT[b]	480	388
Income before financial result and income taxes, continuing operations (EBIT)	455	275
Net income	291	148
Adjusted net income	333	248
Earnings per share in €	0.62	0.32
Adjusted earnings per share in €	0.71	0.53
Cash flow from operating activities	277	277
Cash outflow for investments in intangible assets, property, plant and equipment	−193	−220
Free cash flow[c]	84	57
Net financial debt as on the balance sheet as of March 31	−2,984	−2,288
No. of employees as of March 31	36,343	35,417

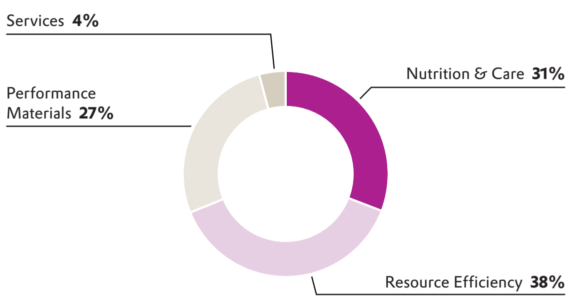
Prior-year figures restated.

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

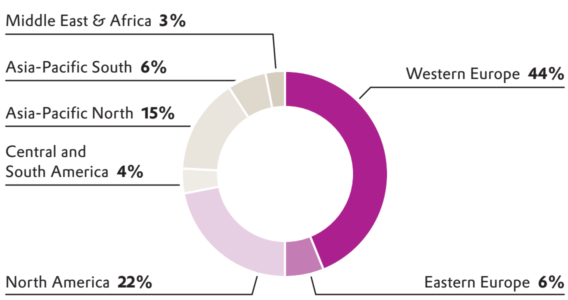
Due to rounding, some figures in this report may not add up exactly to the totals stated.

QUARTERLY STATEMENT
JANUARY TO MARCH 2018

Sales by segment



Sales by region[a]



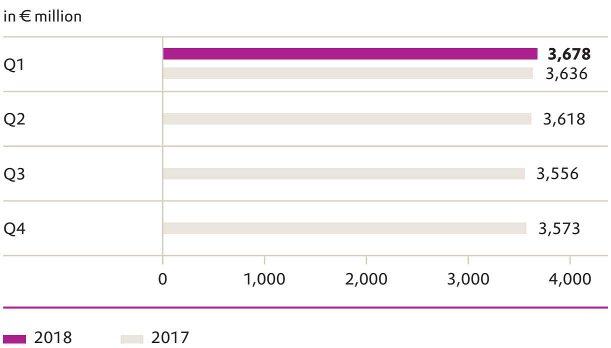
[a] By location of customer.

Business conditions and performance

1. Business performance

We posted a successful performance in the first quarter of 2018 in a positive macroeconomic climate. Demand remained high and we achieved pleasing organic sales growth and a very good operating result. All segments contributed to the perceptible improvement in earnings.

Sales by quarter



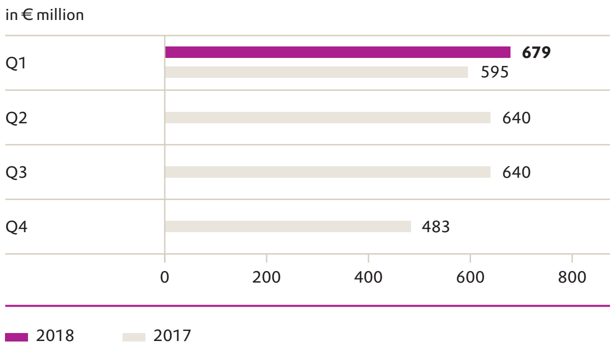
Prior-year figures restated.

The Evonik Group grew **sales** 1 percent to €3,678 million. We posted organic sales growth of 5 percent, driven by a slight rise in volumes and perceptibly higher prices. 2 percent came from the initial consolidation of the silica business acquired from J. M. Huber Corporation, Atlanta (Georgia, USA) in September 2017. Negative exchange rate movements had a countereffect.

Year-on-year change in sales

in %	Q1 2018
Volumes	1
Prices	4
Organic sales growth	**5**
Exchange rates	–5
Change in the scope of consolidation/other effects	1
Total	**1**

Adjusted EBITDA by quarter



Prior-year figures restated.

Adjusted EBITDA rose 14 percent to €679 million. The adjusted EBITDA margin improved to 18.5 percent, up from 16.4 percent in the first quarter of 2017. Adjusted EBIT increased 24 percent to €480 million.

The **adjustments** of –€25 million mainly comprise restructuring expenses of €19 million, primarily for the planned shutdown of a production site in Hungary. The prior-year figure principally comprised costs in connection with the acquisition of the specialty additives business from Air Products and Chemicals, Inc., Allentown (Pennsylvania, USA).

The **financial result** improved to –€50 million. **Income before income taxes, continuing operations** rose 85 percent to €405 million. The income tax rate was 27 percent, which was below the expected Group tax rate, partly due to tax-free income and taxes relating to other periods.

Overall, **net income** almost doubled to €291 million.

The calculation of **adjusted net income** (after adjustment for special items) improves comparability of the earnings power of the continuing operations, especially on a long-term view, and thus facilitates the forecasting of future development. In the first quarter of 2018 it rose 34 percent to €333 million. **Adjusted earnings per share** increased from €0.53 to €0.71.

Statement of income

in € million	1st quarter 2018	2017	Change in %
Sales	**3,678**	**3,636**	**1**
Adjusted EBITDA	**679**	**595**	**14**
Adjusted depreciation, amortization and impairment losses	−199	−207	
Adjusted EBIT	**480**	**388**	**24**
Adjustments	−25	−113	
thereof attributable to			
Restructuring	*−19*	*−8*	
Impairment losses/reversals of impairment losses	*7*	*–*	
Acquisition/divestment of shareholdings	*−5*	*−90*	
Other	*−8*	*−15*	
Financial result	−50	−56	
Income before income taxes, continuing operations	**405**	**219**	**85**
Income taxes	−111	−67	
Income after taxes	**294**	**152**	**93**
thereof attributable to non-controlling interests	3	4	
Net income	**291**	**148**	**97**
Earnings per share in €	**0.62**	**0.32**	**–**

Prior-year figures restated.

Reconciliation to adjusted net income

in € million	1st quarter 2018	2017	Change in %
Adjusted EBITDA	**679**	**595**	**14**
Adjusted depreciation, amortization and impairment losses	−199	−207	
Adjusted EBIT	**480**	**388**	**24**
Adjusted financial result	−50	−53	
Amortization and impairment losses on intangible assets	33	30	
Adjusted income before income taxes[a]	**463**	**365**	**27**
Adjusted income taxes	−127	−113	
Adjusted income after taxes[a]	**336**	**252**	**33**
thereof adjusted income attributable to non-controlling interests	3	4	
Adjusted net income[a]	**333**	**248**	**34**
Adjusted earnings per share[a] in €	**0.71**	**0.53**	**–**

Prior-year figures restated.

[a] Continuing operations.

2. Segment performance

Nutrition & Care Segment

Key data for the Nutrition & Care Segment

	1st quarter		
in € million	2018	2017	Change in %
External sales	1,119	1,120	–
Adjusted EBITDA	209	187	12
Adjusted EBITDA margin in %	18.7	16.7	–
Adjusted EBIT	148	120	23
Capital expenditures[a]	127	69	84
No. of employees as of March 31	8,291	8,219	1

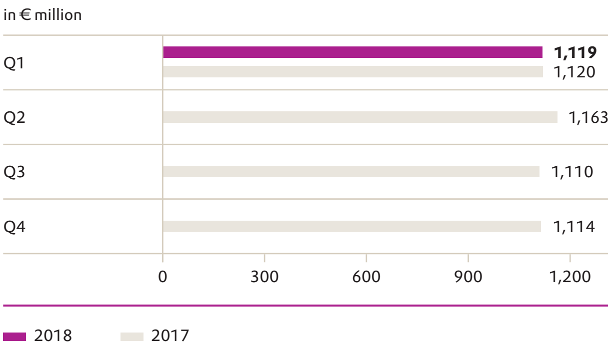
Prior-year figures restated.

[a] Capital expenditures for intangible assets, property, plant and equipment.

In the **first quarter of 2018,** the Nutrition & Care Segment's sales were around the prior-year level at €1,119 million. The perceptible rise in volumes and slightly higher selling prices were offset by negative currency effects.

Market conditions for essential amino acids for animal nutrition, especially methionine, were robust in the first quarter. While sales volumes were slightly higher, overall selling prices were stable compared with the prior-year period. A substantial increase in sales was registered by the personal care products business, which benefited from a perceptible rise in volumes and an improvement in prices. The other businesses, such as health care and polyurethane foams, continued to develop well, driven by good demand.

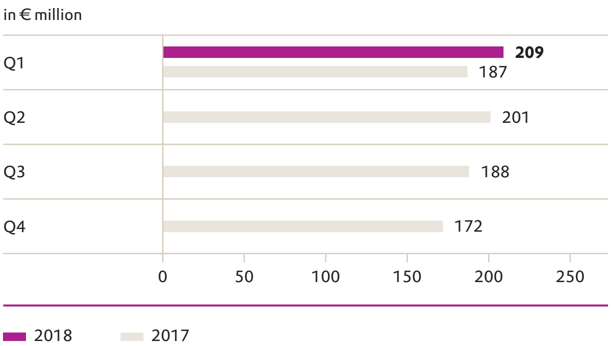
Sales Nutrition & Care Segment



Prior-year figures restated.

Adjusted EBITDA rose 12 percent to €209 million. In addition to higher volumes and prices, this was due to initial cost savings. The adjusted EBITDA margin improved significantly from 16.7 percent in the prior-year period to 18.7 percent.

Adjusted EBITDA Nutrition & Care Segment



Prior-year figures restated.

Resource Efficiency Segment

Key data for the Resource Efficiency Segment

	1st quarter		
in € million	2018	2017	Change in %
External sales	1,398	1,360	3
Adjusted EBITDA	325	297	9
Adjusted EBITDA margin in %	23.2	21.8	–
Adjusted EBIT	255	229	11
Capital expenditures[a]	42	67	−37
No. of employees as of March 31	10,276	9,472	8

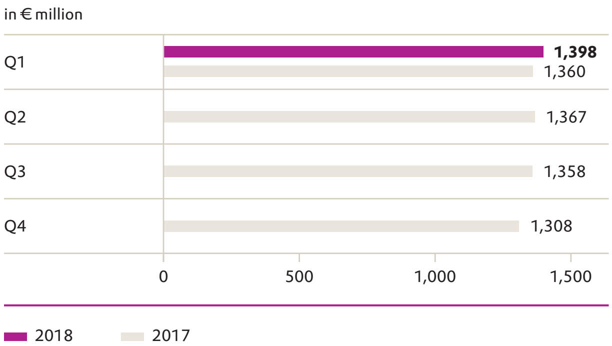
Prior-year figures restated.

[a] Capital expenditures for intangible assets, property, plant and equipment.

Sales in the Resource Efficiency Segment grew 3 percent to €1,398 million. This was attributable to the initial consolidation of the Huber silica business and higher selling prices, while the sales growth was held back by negative currency effects. Volumes remained slightly below the prior-year figure due to the shutdown of production plants for active oxygens and adhesive resins.

The silica business benefited from the consolidation of the acquired silica business and higher selling prices, resulting in substantial sales growth. Strong demand for coating additives, especially in the Asia-Pacific region, led to pleasing sales growth. Demand for crosslinkers was very good, especially in Europe.

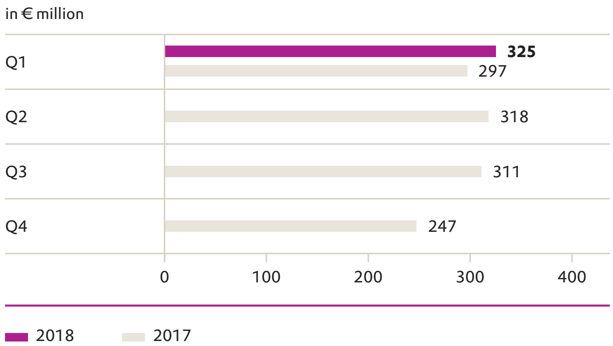
Sales Resource Efficiency Segment



Prior-year figures restated.

Adjusted EBITDA improved 9 percent to €325 million. The adjusted EBITDA margin rose significantly, from 21.8 percent to a very good level of 23.2 percent.

Adjusted EBITDA Resource Efficiency Segment



Prior-year figures restated.

Performance Materials Segment

Key data for the Performance Materials Segment

in € million	1st quarter 2018	2017	Change in %
External sales	995	959	4
Adjusted EBITDA	179	157	14
Adjusted EBITDA margin in %	18.0	16.4	–
Adjusted EBIT	145	121	20
Capital expenditures[a]	21	29	−28
No. of employees as of March 31	4,236	4,406	−4

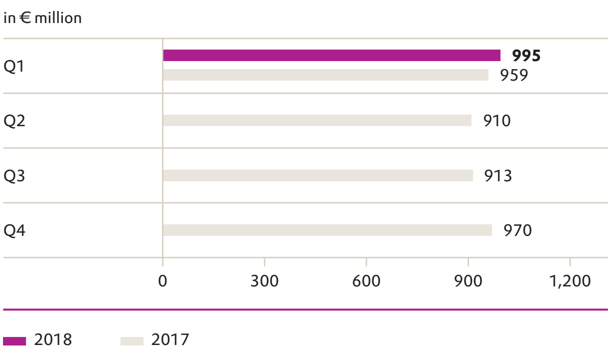
Prior-year figures restated.

[a] Capital expenditures for intangible assets, property, plant and equipment.

Sales rose 4 percent to €995 million in the Performance Materials Segment. This was due to higher selling prices with stable margins, while negative currency effects had a counter-effect.

The methacrylates business continued to perform well and reported a considerable rise in sales. Demand remained pleasing, especially from the coatings and automotive sectors, while supply on the market was still tight. Performance intermediates generated higher sales, driven by higher volumes.

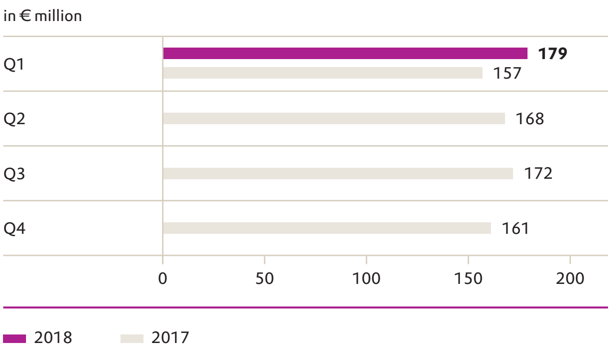
Sales Performance Materials Segment



Prior-year figures restated.

Adjusted EBITDA rose 14 percent to €179 million. The adjusted EBITDA margin was 18.0 percent, up from 16.4 percent in the first quarter of 2017.

Adjusted EBITDA Performance Materials Segment



Prior-year figures restated.

Services Segment

Key data for the Services Segment

in € million	1st quarter 2018	2017	Change in %
External sales	163	193	–16
Adjusted EBITDA	49	43	14
Adjusted EBITDA margin in %	30.1	22.3	–
Adjusted EBIT	20	13	54
Capital expenditures[a]	17	27	–37
No. of employees as of March 31	12,932	12,698	2

Prior-year figures restated.

[a] Capital expenditures for intangible assets, property, plant and equipment.

Sales declined by 16 percent to €163 million. This was mainly due to lower revenues from procurement for external customers at our sites. Adjusted EBITDA increased 14 percent to €49 million, mainly as a result of higher earnings contributions from Utilities and Waste Management.

Financial condition

Net financial debt decreased slightly, by €39 million, compared to December 31, 2017, to €2,984 million.

Net financial debt

in € million	Mar. 31, 2018	Dec. 31, 2017
Non-current financial liabilities[a]	–3,689	–3,694
Current financial liabilities[a]	–450	–351
Financial debt	**–4,139**	**–4,045**
Cash and cash equivalents	1,133	1,004
Current securities	8	9
Other financial investments	14	9
Financial assets	**1,155**	**1,022**
Net financial debt as stated on the balance sheet	**–2,984**	**–3,023**

[a] Excluding derivatives and liabilities for reimbursement relating to rebate and bonus agreements.

In the first quarter of 2018, capital expenditures for property, plant and equipment were €209 million (Q1 2017: €197 million). For example, a new production line for specialty polyamide 12 powder (PA 12) came on stream in Marl (Germany). This new plant mainly produces high-performance powder for 3D printing. In principle, there is a slight timing difference in outflows for property, plant and equipment due to payment terms. In the reporting period, cash outflows for property, plant and equipment totaled €193 million (Q1 2017: €220 million).

Cash flow statement (excerpt)

in € million	1st quarter 2018	2017
Cash flow from operating activities	277	277
Cash outflows for investments in intangible assets, property, plant and equipment	–193	–220
Free cash flow	**84**	**57**
Cash flow from other investing activities	–22	–3,515
Cash flow from financing activities	68	107
Change in cash and cash equivalents	130	–3,351

As in the prior-year period, Evonik's cash flow from operating activities was €277 million. The increase in the operating result was reduced principally by an increase in net working capital, partly because of a rise in inventories ahead of scheduled plant shutdowns. The **free cash flow**[1] increased to €84 million as a result of lower outflows for capital expenditures.

The cash flow from other investing activities comprised an outflow of €22 million. The high prior-year figure mainly comprised outflows for the acquisition of the Air Products specialty additives business.

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

Expected development

Our expectations for **global economic conditions** are unchanged: Overall we anticipate slightly stronger global momentum, with a growth rate of 3.3 percent in 2018, compared with 3.2 percent in 2017[1]. For our forecast at the start of the year, we used an exchange rate for the euro versus the US dollar of US$1.20 (2017: US$1.13). In view of the present development, we currently assume an exchange rate of US$1.26.

Although the negative currency effect has been higher than expected, we are confirming our **outlook** for the full year and still aim to grow sales and earnings.

Forecast

Forecast performance indicators	2017	Forecast for 2018
Group sales	€14.4 billion	Slight increase
Adjusted EBITDA	€2.357 billion	Between €2.4 billion and €2.6 billion
ROCE[a]	11.2 percent	Above the cost of capital, about level with the prior year
Capital expenditures[b]	€1.1 billion	Around €1.0 billion
Free cash flow	€0.5 billion	Slightly above the prior year

Prior-year figures restated.

[a] Return on capital employed.
[b] Capital expenditures for intangible assets, property, plant and equipment.

[1] In 2017, the global economy grew 3.2 percent year-on-year, whereas at the start of the year we had expected growth of 3.0 percent.

Income statement

Income statement for the Evonik Group

	1st quarter	
in € million	2018	2017
Sales	3,678	3,636
Cost of sales	–2,495	–2,533
Gross profit on sales	**1,183**	**1,103**
Selling expenses	–419	–403
Research and development expenses	–106	–110
General administrative expenses	–167	–180
Other operating income	67	30
Other operating expense	–104	–166
Result from investments recognized at equity	1	1
Income before financial result and income taxes, continuing operations	**455**	**275**
Interest income	5	10
Interest expense	–55	–59
Other financial income/expense	–	–7
Financial result	**–50**	**–56**
Income before income taxes, continuing operations	**405**	**219**
Income taxes	–111	–67
Income after taxes	**294**	**152**
thereof attributable to		
Non-controlling interests	3	4
Shareholders of Evonik Industries AG (net income)	291	148
Earnings per share in € (basic and diluted)	**0.62**	**0.32**

Prior-year figures restated.

Balance sheet

Balance sheet for the Evonik Group

in € million	Mar. 31, 2018	Dec. 31, 2017
Intangible assets	6,029	6,105
Property, plant and equipment	6,480	6,495
Investments recognized at equity	47	47
Financial assets	314	327
Deferred taxes	1,410	1,226
Other income tax assets	14	14
Other assets	265	296
Non-current assets	**14,559**	**14,510**
Inventories	2,138	2,038
Other income tax assets	155	154
Trade accounts receivable	1,839	1,755
Financial assets	167	166
Other assets	365	313
Cash and cash equivalents	1,133	1,004
Current assets	**5,797**	**5,430**
Total assets	**20,356**	**19,940**
Issued capital	466	466
Capital reserve	1,171	1,167
Accumulated income	5,949	6,012
Treasury shares	−13	–
Accumulated other comprehensive income	−338	−214
Equity attributable to shareholders of Evonik Industries AG	**7,235**	**7,431**
Equity attributable to non-controlling interests	84	88
Equity	**7,319**	**7,519**
Provisions for pensions and other post-employment benefits	4,287	3,817
Other provisions	770	788
Deferred taxes	541	541
Other income tax liabilities	233	225
Financial liabilities	3,702	3,706
Other payables	52	57
Non-current liabilities	**9,585**	**9,134**
Other provisions	1,009	968
Other income tax liabilities	89	50
Financial liabilities	525	438
Trade accounts payable	1,372	1,449
Other payables	457	382
Current liabilities	**3,452**	**3,287**
Total equity and liabilities	**20,356**	**19,940**

Prior-year figures restated.

Cash flow statement

Cash flow statement for the Evonik Group

in € million	1st quarter	
	2018	2017
Income before financial result and income taxes, continuing operations	455	275
Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets	201	206
Result from investments recognized at equity	–1	–1
Gains/losses on the disposal of non-current assets	–2	1
Change in inventories	–113	–11
Change in trade accounts receivable	–90	–148
Change in trade accounts payable	–84	36
Change in provisions for pensions and other post-employment benefits	–70	–66
Change in other provisions	28	109
Change in miscellaneous assets/liabilities	34	10
Cash outflows for interest	–19	–21
Cash inflows from interest	3	4
Cash inflows from dividends	2	1
Cash inflows/outflows for income taxes	–67	–118
Cash flow from operating activities	**277**	**277**
Cash outflows for investments in intangible assets, property, plant and equipment	–193	–220
Cash outflows for investments in subsidiaries	–6	–3,521
Cash outflows for investments in other shareholdings	–11	–2
Cash inflows from divestments of intangible assets, property, plant and equipment	3	–
Cash inflows/outflows from divestment of shareholdings	–	–12
Cash inflows/outflows relating to securities, deposits and loans	–8	20
Cash flow from investing activities	**–215**	**–3,735**
Cash outflows for dividends to non-controlling interests	–4	–5
Cash outflows for the purchase of treasury shares	–13	–16
Cash inflows from the addition of financial liabilities	145	125
Cash outflows for repayment of financial liabilities	–51	–78
Cash inflows/outflows in connection with financial transactions	–9	81
Cash flow from financing activities	**68**	**107**
Change in cash and cash equivalents	**130**	**–3,351**
Cash and cash equivalents as of January 1	**1,004**	**4,623**
Change in cash and cash equivalents	130	–3,351
Changes in exchange rates and other changes in cash and cash equivalents	–1	3
Cash and cash equivalents as on the balance sheet as of March 31	**1,133**	**1,275**

Prior-year figures restated.

Segment report

Segment report by operating segments—1st quarter

	Nutrition & Care		Resource Efficiency		Performance Materials	
in € million	**2018**	2017	**2018**	2017	**2018**	2017
External sales	1,119	1,120	1,398	1,360	995	959
Internal sales	9	8	12	12	42	46
Total sales	1,128	1,128	1,410	1,372	1,037	1,005
Adjusted EBITDA	209	187	325	297	179	157
Adjusted EBITDA margin in %	18.7	16.7	23.2	21.8	18.0	16.4
Adjusted EBIT	148	120	255	229	145	121
Capital expenditures[a]	127	69	42	67	21	29
Financial investments	6	1,723	–	1,793	–	1
No. of employees as of March 31	8,291	8,219	10,276	9,472	4,236	4,406

Prior-year figures restated.

[a] Intangible assets, property, plant and equipment.

Segment report by regions—1st quarter

	Western Europe		Eastern Europe		North America	
in € million	**2018**	2017	**2018**	2017	**2018**	2017
External sales[a]	1,630	1,601	234	200	785	839
Goodwill as of March 31[b]	2,408	2,293	54	54	1,798	2,130
Other intangible assets, property, plant and equipment as of March 31[b]	4,208	3,891	26	51	1,822	1,744
Capital expenditures	71	106	1	2	34	49
No. of employees as of March 31	24,335	23,931	640	642	4,976	4,676

Prior-year figures restated.

[a] External sales Western Europe: thereof Germany €672 million (Q1 2017: €674 million).
[b] Non-current assets according to IFRS 8.33 b.

	Services		Other operations		Corporate, consolidation		**Total Group (continuing operations)**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	163	193	3	4	–	–	3,678	3,636
	543	505	6	6	−612	−577	–	–
	706	698	9	10	−612	−577	3,678	3,636
	49	43	−26	−24	−57	−65	679	595
	30.1	22.3	–	–	–	–	18.5	16.4
	20	13	−29	−27	−59	−68	480	388
	17	27	2	4	–	1	209	197
	–	1	–	–	4	1	10	3,519
	12,932	12,698	260	279	348	343	36,343	35,417

	Central and South America		Asia-Pacific North		Asia-Pacific South		Middle East & Africa		**Total Group (continuing operations)**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	144	127	549	544	224	226	112	99	3,678	3,636
	29	34	197	165	94	80	18	20	4,598	4,776
	170	219	769	922	908	789	8	9	7,911	7,625
	2	2	4	10	97	28	–	–	209	197
	689	651	3,732	3,730	1,779	1,595	192	192	36,343	35,417

Appendix—Restatement of prior-year figures

The accounting policies applied in this quarterly statement are the same as those applied in the consolidated financial statements as of December 31, 2017, with the exception of the following changes.

1. First-time application of IFRS 15

Evonik applied IFRS 15 Revenue from Contracts with Customers for the first time retrospectively as of January 1, 2018. The following tables show the impact of retrospective application on the prior-year figures for the income statement and balance sheet.

Impact of IFRS 15 on the consolidated income statement of the Evonik Group

	Q1 2017
in € million	Impact of change
Sales	−47
Cost of sales	+30
Gross profit on sales	**−17**
Other operating income	−1
Other operating expense	+1
Income before financial result and income taxes, continuing operations	**−17**
Financial result	–
Income before income taxes, continuing operations	**−17**
Income taxes	5
Income after taxes	**−12**
thereof attributable to	
Non-controlling interests	–
Shareholders of Evonik Industries AG (net income)	−12
Earnings per share in € (basic and diluted)	**−0.02**

Retrospective application of this standard decreased both adjusted EBITDA and adjusted EBIT by €17 million in the first quarter of 2017. As a result of positive effects in the following quarters, the reduction in both parameters was €4 million in fiscal 2017 as a whole.

Impact of IFRS 15 on the consolidated balance sheet of the Evonik Group

	Dec. 31, 2017
in € million	Impact of change
Deferred taxes	3
Non-current assets	**3**
Inventories	13
Trade accounts receivable	−21
Financial assets	7
Other assets	−1
Current assets	**−2**
Total assets	**1**
Equity	**−8**
Non-current liabilities	**–**
Other provisions	−67
Financial liabilities	67
Other payables	9
Current liabilities	**9**
Total equity and liabilities	**1**

Under IFRS 15, the rebate and bonus agreements previously recognized as other provisions are included in financial liabilities as a liability for reimbursements. As of December 31, 2017, the adjustment for this was €67 million.

2. First-time application of IFRS 9

Evonik has applied the new accounting standard IFRS 9 Financial Instruments for the first time for the fiscal year starting on January 1, 2018. In accordance with the transitional provisions of IFRS 9, the comparative data have not been restated, with the exception of certain aspects of hedge accounting. This exception relates to options transactions concluded in fiscal 2017 that expired during the year. Their purpose was to hedge the purchase price of the specialty additives business acquired from Air Products and Chemicals, Inc., Allentown (Pennsylvania, USA) and the silica business acquired from J. M. Huber Corporation, Atlanta (Georgia, USA). The changes in fair value recognized through profit or loss were still immaterial in the first quarter of 2017 and were therefore not reclassified retrospectively to the reserve for hedging expenses.

3. Further restatements

The role of the Corporate Innovation unit is to manage and direct innovations. From January 1, 2018, the costs incurred for this unit are included in research and development expenses instead of in general administrative expenses as in the past. This results in an adjustment of €4 million for the first quarter of 2017. The effect for 2017 as a whole is €18 million.

Financial calendar

Financial calendar 2018

Event	Date
Annual Shareholders' Meeting 2018	May 23, 2018
Interim report Q2 2018	August 2, 2018
Interim report Q3 2018	November 6, 2018

Credits

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