

Embargoed until May 5, 2017, 7 a.m. CEST

May 5, 2017

Key Financial Data:
January 1 to March 31, 2017 / Q1 2017

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A Good Start to Fiscal 2017

- Sales grow considerably by 19 percent to €3.68 billion
- Adjusted EBITDA increases 8 percent to €612 million
- Air Products specialty additives business is being successfully integrated
- Outlook for the full year confirmed

Essen. Evonik increased sales considerably by 19 percent to €3.68 billion in the first three months of 2017. The main growth drivers were higher demand, which boosted sales volumes, and the first-time inclusion of the Air Products specialty additives business.

“The successful start to the year shows that we are on the right track with our growth strategy,” said Klaus Engel, Chairman of the Executive Board. “The combination of organic growth and strategic acquisitions has strengthened the company. We are on the road to becoming less vulnerable to economic cycles and having a more balanced portfolio. Demand for our specialty chemicals such as silica, coating additives and pharmaceutical ingredients boosted quarterly earnings.”

Adjusted EBITDA rose 8 percent to €612 million in the first quarter driven by improved results in the Resource Efficiency and Performance Materials segments. Earnings at Nutrition & Care were significantly below the prior year period mainly because of lower prices for animal nutrition products.

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The company's adjusted net income at €260 million remained at about the same level as the first quarter last year with adjusted earnings per share at €0.56. Net income was €160 million, about €80 million less than last year. The decline was primarily due to one-time effects tied to the acquisition of the Air Products specialty additives business.

The specialty additives business acquired from Air Products at the beginning of the year is being integrated successfully and smoothly. The company is still on track to achieve its planned synergies of about €70 million by 2020. The acquisition of the silica business of U.S. company J. M. Huber is progressing well and Evonik aims to close the purchase in the second half of the year.

The company's net financial debt amounted to €2.3 billion at the end of the first quarter after payment for the Air Products specialty additives business. "Evonik still has a solid financial position after the biggest acquisition in the company's history," said Chief Financial Officer Ute Wolf. "We are within the framework of a solid investment-grade rating."

Outlook Confirmed

Evonik is confident of achieving its forecast to grow sales and operating earnings in 2017 and expects adjusted EBITDA to increase to between €2.2 billion and €2.4 billion (previous year: €2.165 billion). The growth segments Nutrition & Care and Resource Efficiency will benefit from the integration of the Air Products specialty additives business.

Segment Performance

Resource Efficiency: Sales rose 24 percent to €1.39 billion with adjusted EBITDA gaining 21 percent to €310 million. High demand for silica from the tire industry, high performance polymers used for example in 3D printing as well as coating additives in the automotive sector boosted sales volumes.

Nutrition & Care: Sales increased 7 percent to €1.12 billion. Results were boosted by the inclusion of the business acquired from Air Products as well as a considerable increase in sales volumes. Countering those were selling prices, which were significantly below the prior year. Adjusted EBITDA fell 35 percent to €189 million at the segment.

Performance Materials: Sales gained 26 percent to €972 million with adjusted EBITDA more than doubling to €159 million. Healthy demand from industries such as automotive and construction as well as a tight supply situation in the market, especially for butadiene and MMA (methyl methacrylate), drove up prices and volumes.

Evonik Group: Excerpt from Income Statement

| (in € million) | Q1 2017 | Q1 2016 | Change |
|---|------------|------------|--------|
| Sales | 3,683 | 3,106 | 19% |
| Adjusted EBITDA | 612 | 565 | 8% |
| Adjusted EBIT | 405 | 389 | 4% |
| Adjustments | -113 | -13 | |
| Financial result | -56 | -34 | 65% |
| Income before income taxes, continuing operations | 236 | 342 | -31% |
| Income taxes | -72 | -98 | -27% |
| Income after taxes | 164 | 244 | -33% |
| thereof attributable to non-controlling interests | 4 | 4 | |
| Net Income | 160 | 240 | -33% |
| Adjusted net income | 260 | 254 | 2% |

Segment Performance

| | Sales | | | Adjusted EBITDA | | |
|-----------------------|----------------------|----------------------|------------|----------------------|----------------------|-----------|
| | Q1 2017 € million | Q1 2016 € million | Change | Q1 2017 € million | Q1 2016 € million | Change |
| Resource Efficiency | 1,391 | 1,120 | 24% | 310 | 256 | 21% |
| Nutrition & Care | 1,124 | 1,047 | 7% | 189 | 293 | -35% |
| Performance Materials | 972 | 772 | 26% | 159 | 64 | 148% |
| Services | 193 | 166 | 16% | 41 | 35 | 17% |
| Other operations | 3 | 1 | | -87 | -83 | |
| Group | 3,683 | 3,106 | 19% | 612 | 565 | 8% |

Employees by Segment

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

Company information

Evonik, the creative industrial group from Germany, is one of the world leaders in specialty chemicals. Profitable growth and a sustained increase in the value of the company form the heart of Evonik's corporate strategy. Its activities focus on the key megatrends health, nutrition, resource efficiency and globalization. Evonik benefits specifically from its innovative prowess and integrated technology platforms.

Evonik is active in over 100 countries around the world with more than 35,000 employees. In fiscal 2016 the enterprise generated sales of around €12.7 billion and an operating profit (adjusted EBITDA) of about €2.165 billion.

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