

# QUARTERLY STATEMENT

JANUARY TO MARCH 2016

# A SOLID FIRST QUARTER— OUTLOOK FOR 2016 CONFIRMED

- Volume trend stable overall despite challenging business conditions
- Decline in selling prices mainly due to far lower raw material costs
- Sales fell 9 percent to €3.1 billion
- Adjusted EBITDA was €565 million, 13 percent below the exceptionally strong prior-year period
- Adjusted EBITDA margin at a very good level of 18.2 percent
- Adjusted net income was €254 million
- Outlook for FY 2016 confirmed

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## Key data for the Evonik Group

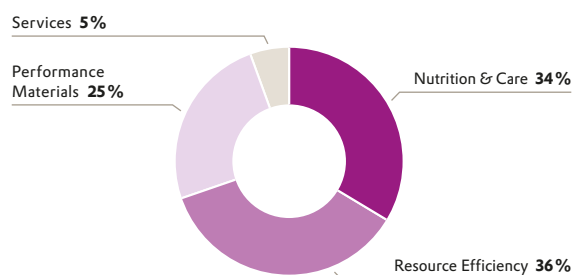
in € million	1st quarter	
	2016	2015
Sales	3,106	3,425
Adjusted EBITDA <sup>a</sup>	565	650
Adjusted EBITDA margin in %	18.2	19.0
Adjusted EBIT <sup>b</sup>	389	485
Income before financial result and income taxes, continuing operations (EBIT)	376	448
Net income	240	256
Adjusted net income	254	320
Earnings per share in €	0.52	0.55
Adjusted earnings per share in €	0.55	0.69
Cash flow from operating activities, continuing operations	347	445
Capital expenditures	160	189
Net financial assets as on the balance sheet as of March 31	1,177	548
No. of employees as of March 31	33,600	33,242

<sup>a</sup> Earnings before financial result, taxes, depreciation and amortization, after adjustments.

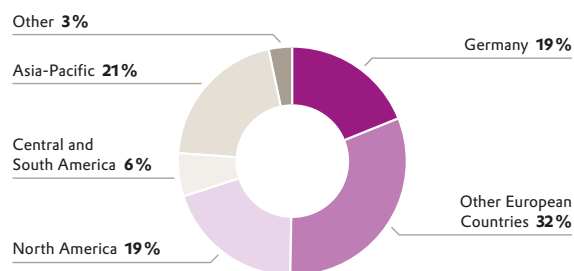
<sup>b</sup> Earnings before financial result and taxes, after adjustments.

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

### Sales by segment



### Sales by region<sup>a</sup>



<sup>a</sup> By location of customer.

From the start of 2016 Evonik has altered its reporting on the first and third quarters. Instead of publishing quarterly financial reports as in the past, it now prepares shorter quarterly statements with focused information on business performance and the Group's business condition aimed specifically at the target group. Further information can be found in the "News & Reports" section of the Investor Relations website at [www.evonik.com/investor-relations](http://www.evonik.com/investor-relations).

# Business conditions and performance

## Business performance

Despite the more difficult overall economic environment, our business developed in line with expectations in the first quarter of 2016. The Resource Efficiency segment posted a pleasing development: While sales were steady it was able to raise earnings. In the Nutrition & Care segment, lower volumes and declining selling prices resulted in a drop in both sales and earnings. Lower selling prices, mainly as a result of a reduction in raw material costs, also held back the development of the Performance Materials segment.

Overall, the Evonik Group's sales contracted by 9 percent to €3,106 million. This was principally attributable to lower selling prices (-7 percentage points), while volumes were stable overall. Currency and other effects each contributed 1 percentage point to the decline.

## Year-on-year change in sales

in %	1st quarter 2016
Volumes	-
Prices	-7
<b>Organic sales growth</b>	<b>-7</b>
Exchange rates	-1
Other effects	-1
<b>Total</b>	<b>-9</b>

**Adjusted EBITDA** was €565 million, 13 percent lower than in the exceptionally strong prior-year period. The adjusted EBITDA margin was very good at 18.2 percent. Adjusted EBIT fell 20 percent to €389 million.

## Statement of income

in € million	1st quarter		Change in %
	2016	2015	
<b>Sales</b>	<b>3,106</b>	<b>3,425</b>	<b>-9</b>
<b>Adjusted EBITDA</b>	<b>565</b>	<b>650</b>	<b>-13</b>
Depreciation and amortization	-176	-165	
<b>Adjusted EBIT</b>	<b>389</b>	<b>485</b>	<b>-20</b>
Adjustments	-13	-37	
thereof attributable to			
<i>Restructuring</i>	-6	-8	
<i>Impairment losses/reversals of impairment losses</i>	-	-24	
<i>Acquisition/divestment of shareholdings</i>	-	-	
<i>Other</i>	-7	-5	
Financial result	-34	-63	
<b>Income before income taxes, continuing operations</b>	<b>342</b>	<b>385</b>	<b>-11</b>
Income taxes	-98	-115	
<b>Income after taxes, continuing operations</b>	<b>244</b>	<b>270</b>	<b>-10</b>
Income after taxes, discontinued operations	-	-11	
<b>Income after taxes</b>	<b>244</b>	<b>259</b>	<b>-6</b>
thereof attributable to non-controlling interests	4	3	
<b>Net income</b>	<b>240</b>	<b>256</b>	<b>-6</b>
<b>Earnings per share</b> in €	<b>0.52</b>	<b>0.55</b>	<b>-</b>

The **adjustments** of –€13 million include restructuring expenses of €6 million, mainly in connection with the optimization of administrative structures. Other relates, among other things, to expenses for an increase in provisions for the partial retirement program to comply with IAS 19.

The **financial result** improved very significantly to –€34 million. Alongside lower interest expense, positive factors included interest income in connection with tax refunds. **Income before income taxes, continuing operations**

was 11 percent lower at €342 million. The income tax rate was 29 percent, and thus roughly in line with the expected Group tax rate.

Overall, the Evonik Group's **net income** slipped 6 percent to €240 million.

**Adjusted net income**, which reflects the operating performance of the continuing operations, was 21 percent lower at €254 million in the first quarter of 2016. **Adjusted earnings per share** decreased from €0.69 to €0.55.

### Reconciliation to adjusted net income

in € million	1st quarter		Change in %
	2016	2015	
<b>Adjusted EBITDA</b>	<b>565</b>	<b>650</b>	<b>-13</b>
Depreciation and amortization	-176	-165	
<b>Adjusted EBIT</b>	<b>389</b>	<b>485</b>	<b>-20</b>
Adjusted financial result	-32	-49	
Amortization and impairment losses on intangible assets	10	9	
<b>Adjusted income before income taxes</b>	<b>367</b>	<b>445</b>	<b>-18</b>
Adjusted income taxes	-109	-122	
<b>Adjusted income after taxes</b>	<b>258</b>	<b>323</b>	<b>-20</b>
thereof adjusted income attributable to non-controlling interests	4	3	
<b>Adjusted net income</b>	<b>254</b>	<b>320</b>	<b>-21</b>
<b>Adjusted earnings per share</b> in €	<b>0.55</b>	<b>0.69</b>	<b>-</b>

## Segment performance

### Nutrition & Care segment

#### Key data for the Nutrition & Care segment

in € million	1st quarter		Change in %
	2016	2015	
External sales	1,047	1,229	-15
Adjusted EBITDA	293	353	-17
Adjusted EBITDA margin in %	28.0	28.7	-
Adjusted EBIT	240	302	-21
Capital expenditures	41	54	-24
No. of employees as of March 31	7,347	6,927	6

In the **first quarter of 2016**, the Nutrition & Care segment's sales fell 15 percent to €1,047 million. Alongside lower volumes, the main reason for this was the decline in selling prices.

As expected, within essential amino acids for animal nutrition the price of methionine normalized compared with the record level of summer 2015. Selling prices of the other amino acids also receded year-on-year. Overall, sales of amino acids were considerably lower than in the prior-year period as a result of weaker demand and lower selling prices. There was also a substantial reduction in sales in the baby care business, where business performance was hampered by overcapacity as well as the reduction in selling prices to pass on the drop in raw material costs. By contrast, business with personal care products and silicone chemicals was very good, with particularly high demand in Europe.

Adjusted EBITDA was €293 million, which was below the very high prior-year level of €353 million. The adjusted EBITDA margin remains at an excellent level of 28.0 percent.

In March 2016, Evonik acquired MedPalett AS, Sandnes (Norway). This company specializes in food ingredients containing anthocyanins, which are known for their natural antioxidant properties. This acquisition strengthens the **health care** portfolio in the area of advanced food ingredients.

On April 6, 2016, Evonik also signed a purchase agreement for the start-up Alkion Biopharma SAS, Evry (France), which specializes in biotechnological production of plant-based active ingredients for the cosmetics industry. This acquisition extends the active ingredients portfolio of the **personal care** business.

## Resource Efficiency segment

### Key data for the Resource Efficiency segment

in € million	1st quarter		Change in %
	2016	2015	
External sales	1,120	1,124	–
Adjusted EBITDA	256	244	5
Adjusted EBITDA margin in %	22.9	21.7	–
Adjusted EBIT	200	192	4
Capital expenditures	49	46	7
No. of employees as of March 31	8,652	7,908	9

Driven by good global demand, the Resource Efficiency segment registered pleasing volume growth, but selling prices declined slightly overall. Sales were virtually unchanged year-on-year at €1,120 million.

Business with crosslinkers did very well, benefiting once again from strong demand, especially from North and South America and Western Europe. The catalysts business was supported by the first-time consolidation of the Indian catalyst producer Monarch Catalyst Pvt. Ltd, which was acquired in June 2015. Hydrogen peroxide products registered

high demand for conventional applications, especially in the paper and textile industries, and volume growth was also driven by the production facilities in the Netherlands acquired in October 2015. Volume sales of high-performance polymers were slightly above the good level in the prior-year period.

Adjusted EBITDA improved 5 percent to €256 million. The adjusted EBITDA margin increased from 21.7 percent to a very good level of 22.9 percent.

## Performance Materials segment

### Key data for the Performance Materials segment

in € million	1st quarter		Change in %
	2016	2015	
External sales	772	851	–9
Adjusted EBITDA	64	72	–11
Adjusted EBITDA margin in %	8.3	8.5	–
Adjusted EBIT	30	42	–29
Capital expenditures	24	47	–49
No. of employees as of March 31	4,384	4,346	1

Sales declined 9 percent to €772 million in the Performance Materials segment. The reason for this was a further drop in selling prices, which were affected by falling raw material prices. By contrast, volumes increased substantially.

In particular, volumes of performance intermediates increased considerably as a result of good demand and the new production capacities in Marl (Germany) and Antwerp (Belgium). However, selling prices declined further as a result

of the drop in the price of oil, leading to a perceptible reduction in sales. The methacrylates business registered high demand from the automotive industry, especially for polymethylmethacrylates (PMMA), but sales decreased on price grounds.

Adjusted EBITDA was 11 percent lower at €64 million. The adjusted EBITDA margin was 8.3 percent, down from 8.5 percent in the first quarter of 2015.

## Services segment

### Key data for the Services segment

in € million	1st quarter		Change in %
	2016	2015	
External sales	166	207	-20
Adjusted EBITDA	35	46	-24
Adjusted EBITDA margin in %	21.1	22.2	-
Adjusted EBIT	7	20	-65
Capital expenditures	43	39	10
No. of employees as of March 31	12,710	12,971	-2

Sales fell 20 percent to €166 million. This was mainly due to an energy- and raw material-driven drop in revenues from procurement and energy supply for external customers at our

sites. As a result of lower earnings contributions from Utilities and Waste Management, adjusted EBITDA decreased by 24 percent to €35 million.

## Financial condition

**Net financial assets** increased to €1,177 million, a rise of €79 million compared with December 31, 2015. Thanks to the good cash flow, financial assets rose by €82 million to €2,735 million while financial debt was virtually unchanged at €1,558 million.

Capital expenditures for property, plant and equipment were €160 million in the first quarter of 2016, 15 percent below the prior-year level of €189 million. For example, a new

production facility for ROHACELL® structural foam was completed in Shanghai (China). Applications for this product include aircraft and automotive engineering. 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 €186 million (Q1 2015: €266 million).

### Net financial assets

in € million	March 31, 2016	Dec. 31, 2015
Non-current financial liabilities <sup>a</sup>	-1,345	-1,361
Current financial liabilities <sup>a</sup>	-213	-194
<b>Financial debt</b>	<b>-1,558</b>	<b>-1,555</b>
Cash and cash equivalents	2,466	2,368
Current securities	261	262
Other financial investments	8	23
<b>Financial assets</b>	<b>2,735</b>	<b>2,653</b>
<b>Net financial assets as stated on the balance sheet</b>	<b>1,177</b>	<b>1,098</b>

<sup>a</sup> Excluding derivatives.



**Cash flow statement (excerpt)**

in € million	1st quarter	
	2016	2015
Cash flow from operating activities, continuing operations	347	445
Cash flow from operating activities, discontinued operations	-	1
<b>Cash flow from operating activities</b>	<b>347</b>	<b>446</b>
<b>Cash flow from investing activities</b>	<b>-236</b>	<b>-505</b>
<b>Cash flow from financing activities</b>	<b>-6</b>	<b>733</b>
<b>Change in cash and cash equivalents</b>	<b>105</b>	<b>674</b>

Evonik's **cash flow from operating activities** was €347 million. The reduction of €99 million compared with the good figure for the prior-year period was mainly attributable to operating activities.

Investing activities led to a total cash outflow of €236 million, mainly for property, plant and equipment and the acquisition of shareholdings, especially in the Norwegian company MedPalett. The cash outflow of €505 million in the prior-year period was principally for property, plant and equipment

and the purchase of current securities as part of our investment strategy.

The cash flow from financing activities comprised an outflow of €6 million. In the prior-year period, there was an inflow of €733 million from the issuance of the bond.

In the first quarter of 2016, the **free cash flow**<sup>1</sup> was €161 million, compared with €179 million in the prior-year period.

## Expected development

Our expectations for **global economic conditions** are unchanged: Overall we anticipate slightly lower momentum in the global economy, with a year-on-year growth rate of 2.5 percent in 2016.

In these conditions, we are confirming our **outlook** for the full year: Following a very successful year in 2015, we expect to report slightly lower sales in 2016 (2015: €13.5 billion) and adjusted EBITDA of between €2.0 billion and €2.2 billion (2015: €2.47 billion).

<sup>1</sup> Cash flow from operating activities, continuing operations, less outflows for capital expenditures for intangible assets, property, plant and equipment.

# Income statement

## Income statement for the Evonik Group

in € million	1st quarter	
	2016	2015
Sales	3,106	3,425
Cost of sales	-2,048	-2,317
<b>Gross profit on sales</b>	<b>1,058</b>	<b>1,108</b>
Selling expenses	-356	-341
Research and development expenses	-103	-101
General administrative expenses	-155	-160
Other operating income	59	115
Other operating expenses	-124	-174
Result from investments recognized at equity	-3	1
<b>Income before financial result and income taxes, continuing operations</b>	<b>376</b>	<b>448</b>
Interest income	24	4
Interest expense	-55	-60
Other financial income/expense	-3	-7
<b>Financial result</b>	<b>-34</b>	<b>-63</b>
<b>Income before income taxes, continuing operations</b>	<b>342</b>	<b>385</b>
Income taxes	-98	-115
<b>Income after taxes, continuing operations</b>	<b>244</b>	<b>270</b>
Income after taxes, discontinued operations	-	-11
<b>Income after taxes</b>	<b>244</b>	<b>259</b>
thereof attributable to		
Non-controlling interests	4	3
Shareholders of Evonik Industries AG (net income)	240	256
<b>Earnings per share in € (basic and diluted)</b>	<b>0.52</b>	<b>0.55</b>

## Balance sheet

### Balance sheet for the Evonik Group

in € million	March 31, 2016	Dec. 31, 2015
Intangible assets	3,199	3,168
Property, plant and equipment	5,727	5,808
Investments recognized at equity	55	53
Financial assets	134	116
Deferred taxes	1,150	1,110
Current income tax assets	11	11
Other receivables	58	54
<b>Non-current assets</b>	<b>10,334</b>	<b>10,320</b>
Inventories	1,750	1,763
Current income tax assets	76	111
Trade accounts receivable	1,817	1,813
Other receivables	314	265
Financial assets	363	365
Cash and cash equivalents	2,466	2,368
<b>Current assets</b>	<b>6,786</b>	<b>6,685</b>
<b>Total assets</b>	<b>17,120</b>	<b>17,005</b>
Issued capital	466	466
Capital reserve	1,169	1,166
Accumulated income	5,923	5,821
Treasury shares	-7	-
Accumulated other comprehensive income	-3	40
<b>Equity attributable to shareholders of Evonik Industries AG</b>	<b>7,548</b>	<b>7,493</b>
Equity attributable to non-controlling interests	80	83
<b>Equity</b>	<b>7,628</b>	<b>7,576</b>
Provisions for pensions and other post-employment benefits	3,528	3,349
Other provisions	869	854
Deferred taxes	450	479
Other income tax liabilities	157	150
Financial liabilities	1,383	1,415
Other payables	106	106
<b>Non-current liabilities</b>	<b>6,493</b>	<b>6,353</b>
Other provisions	1,213	1,177
Other income tax liabilities	227	209
Financial liabilities	260	291
Trade accounts payable	900	1,090
Other payables	399	309
<b>Current liabilities</b>	<b>2,999</b>	<b>3,076</b>
<b>Total equity and liabilities</b>	<b>17,120</b>	<b>17,005</b>

## Statement of changes in equity

### Statement of changes in equity for the Evonik Group

in € million	Issued capital	Capital reserve	Accumulated income	Treasury shares	Accumulated other comprehensive income	Attributable to shareholders of Evonik Industries AG	Attributable to non-controlling interests	Total equity
<b>As of January 1, 2015</b>	<b>466</b>	<b>1,165</b>	<b>5,040</b>	<b>-</b>	<b>-244</b>	<b>6,427</b>	<b>95</b>	<b>6,522</b>
Capital increases/decreases	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-10	-10
Purchase of treasury shares	-	-	-	-7	-	-7	-	-7
Share-based payment	-	3	-	-	-	3	-	3
Sale of treasury shares	-	-	-	-	-	-	-	-
Income after taxes	-	-	256	-	-	256	3	259
Other comprehensive income after taxes	-	-	-629	-	277	-352	11	-341
Total comprehensive income	-	-	-373	-	277	-96	14	-82
Other changes	-	-	-	-	-	-	-	-
<b>As of March 31, 2015</b>	<b>466</b>	<b>1,168</b>	<b>4,667</b>	<b>-7</b>	<b>33</b>	<b>6,327</b>	<b>99</b>	<b>6,426</b>
<b>As of January 1, 2016</b>	<b>466</b>	<b>1,166</b>	<b>5,821</b>	<b>-</b>	<b>40</b>	<b>7,493</b>	<b>83</b>	<b>7,576</b>
Capital increases/decreases	-	-	-	-	-	-	2	2
Dividend distribution	-	-	-	-	-	-	-8	-8
Purchase of treasury shares	-	-	-	-7	-	-7	-	-7
Share-based payment	-	3	-	-	-	3	-	3
Sale of treasury shares	-	-	-	-	-	-	-	-
Income after taxes	-	-	240	-	-	240	4	244
Other comprehensive income after taxes	-	-	-139	-	-42	-181	-1	-182
Total comprehensive income	-	-	101	-	-42	59	3	62
Other changes	-	-	1	-	-1	-	-	-
<b>As of March 31, 2016</b>	<b>466</b>	<b>1,169</b>	<b>5,923</b>	<b>-7</b>	<b>-3</b>	<b>7,548</b>	<b>80</b>	<b>7,628</b>

# Cash flow statement

## Cash flow statement for the Evonik Group

in € million	1st quarter	
	2016	2015
Income before financial result and income taxes, continuing operations	376	448
Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets	176	191
Result from investments recognized at equity	3	-1
Gains/losses on the disposal of non-current assets	-	1
Change in inventories	-5	55
Change in trade accounts receivable	-25	-244
Change in trade accounts payable and current advance payments received from customers	-154	-53
Change in provisions for pensions and other post-employment benefits	-37	-36
Change in other provisions	50	51
Change in miscellaneous assets/liabilities	35	86
Cash outflows for interest	-18	-12
Cash inflows from interest	17	2
Cash inflows from dividends	1	2
Cash inflows/outflows for income taxes	-72	-45
<b>Cash flow from operating activities, continuing operations</b>	<b>347</b>	<b>445</b>
Cash flow from operating activities, discontinued operations	-	1
<b>Cash flow from operating activities</b>	<b>347</b>	<b>446</b>
Cash outflows for investments in intangible assets, property, plant and equipment	-186	-266
Cash outflows for investments in shareholdings	-58	-3
Cash inflows from divestments of intangible assets, property, plant and equipment	3	3
Cash inflows/outflows from divestment of shareholdings	-	3
Cash inflows/outflows relating to securities, deposits and loans	5	-242
<b>Cash flow from investing activities</b>	<b>-236</b>	<b>-505</b>
Cash inflows/outflows relating to capital contributions	2	-
Cash outflows for dividends to non-controlling interests	-8	-7
Cash outflows for the purchase of treasury shares	-7	-7
Cash inflows from the addition of financial liabilities	29	795
Cash outflows for repayment of financial liabilities	-22	-48
<b>Cash flow from financing activities</b>	<b>-6</b>	<b>733</b>
<b>Change in cash and cash equivalents</b>	<b>105</b>	<b>674</b>
<b>Cash and cash equivalents as of January 1</b>	<b>2,368</b>	<b>921</b>
Change in cash and cash equivalents	105	674
Changes in exchange rates and other changes in cash and cash equivalents	-7	19
<b>Cash and cash equivalents as on the balance sheet as of March 31</b>	<b>2,466</b>	<b>1,614</b>

## Segment report

### Segment report by operating segments—1st quarter

in € million	Nutrition & Care		Resource Efficiency		Performance Materials	
	2016	2015	2016	2015	2016	2015
External sales	1,047	1,229	1,120	1,124	772	851
Internal sales	8	6	9	15	27	34
Total sales	1,055	1,235	1,129	1,139	799	885
Adjusted EBITDA	293	353	256	244	64	72
Adjusted EBITDA margin in %	28.0	28.7	22.9	21.7	8.3	8.5
Adjusted EBIT	240	302	200	192	30	42
Capital expenditures	41	54	49	46	24	47
Financial investments	53	–	13	–	4	–
Employees as of March 31	7,347	6,927	8,652	7,908	4,384	4,346

### Segment report by regions—1st quarter

in € million	Germany		Other European countries		North America	
	2016	2015	2016	2015	2016	2015
External sales	589	667	980	1,042	605	642
Goodwill as of March 31 <sup>a</sup>	1,542	1,542	579	546	354	371
Other intangible assets, property, plant and equipment as of March 31 <sup>a</sup>	2,828	2,769	567	540	1,030	975
Capital expenditures	78	91	12	23	47	31

Prior-year figures restated.

<sup>a</sup> Non-current assets according to IFRS 8.33 b.

	Services		Other operations		Corporate, consolidation		Total Group (continuing operations)	
	2016	2015	2016	2015	2016	2015	2016	2015
	166	207	1	23	–	–9	3,106	3,425
	462	452	9	21	–515	–528	–	–
	628	659	10	44	–515	–537	3,106	3,425
	35	46	–28	2	–55	–67	565	650
	21.1	22.2	–	–	–	–	18.2	19.0
	7	20	–31	–2	–57	–69	389	485
	43	39	3	3	–	–	160	189
	1	2	2	2	–	–	73	4
	12,710	12,971	192	758	315	165	33,600	33,075

	Central and South America		Asia-Pacific		Middle East, Africa		Total Group (continuing operations)	
	2016	2015	2016	2015	2016	2015	2016	2015
	192	234	638	733	102	107	3,106	3,425
	31	33	271	277	–	1	2,777	2,770
	186	178	1,530	1,722	8	11	6,149	6,195
	6	19	17	25	–	–	160	189

# Financial calendar

## Financial calendar 2016

Event	Date
Annual Shareholders' Meeting 2016	May 18, 2016
Interim report Q2 2016	August 5, 2016
Quarterly statement Q3 2016	November 4, 2016

## Credits

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