

Evonik Group

in € million	Q2 2017	Q2 2018	yoy Δ%	Q1 2018	Q2 2018	qoq Δ%	Q2 2018
							Consensus*
External sales	3,618	3,869	7%	3,678	3,869	5%	3,813
Adjusted EBITDA	640	742	16%	679	742	9%	691
Adjusted EBITDA Margin (%)	17.7%	19.2%	1.5 pp	18.5%	19.2%	0.7 pp	18.3%
Adjusted net income	293	354	21%	333	354	6%	326
Adjusted earnings per share in €	0.63	0.76	21%	0.71	0.76	6%	0.70

* Vara Consensus 13 July 2018

Q2 preliminary earnings clearly above prior year and market expectations – Outlook raised

- Q2 adj. EBITDA with €742 m well above last year (+16%) and consensus (€691 m; +7%)
- Broad-based earnings growth: All three chemical segments above prior year and consensus
- Further margin expansion to 19.2% (Q2 2017: 17.7%) mainly driven by both growth segments (RE, N&C)
- Continued execution of efficiency programs, effects becoming more and more visible
- Further progress on FCF: H1 positive compared to negative prior year H1 (-€135 m)
- FY 2018 outlook raised:
 - Adj. EBITDA between €2.60 and €2.65 bn expected (previously: €2.4 – 2.6 bn)
 - FCF expected to be notably higher compared to prior year (previously: slightly higher)

Group business development Q2 2018

- Sales growth of 7% to €3,869 m (Q2 2017: €3,618 m)
 - Higher volumes and prices contributing in equal parts; negative FX and positive “Others” compensating each other
- Adj. EBITDA of €742 m; +16% yoy (Q2 2017: €640 m)
 - Strong earnings development with yoy growth in all three chemicals segments (N&C: +10%, RE: +15%, PM: +17%)
 - Ongoing strong operating performance
 - Further benefits from initiated cost savings in SG&A and operational businesses as well as contribution from synergies
- Adj. EBITDA margin on group level at 19.2% (Q2 2017: 17.7%), mainly driven by both growth segments (RE, N&C)
- Adj. EPS came in 21% higher at €0.76 (Q2 2017: €0.63; consensus: €0.70)

Outlook raised for FY 2018:

- Basis for our forecast:
 - Global growth of 3.2 percent (previously: 3.3 percent)
 - Euro/US Dollar exchange rate: US\$1.20 (previously: US\$1.26; 2017: US\$1.13)
 - Internal raw material cost index slightly higher than in prior year
- After the strong development of the first half, Evonik raises the outlook for the full year 2018:
 - **Slightly higher sales** (unchanged; 2017: €14.4 bn)
 - **Adj. EBITDA between €2.60 and €2.65 bn expected** (previously: between €2.4 and 2.6 bn; 2017: €2.36 bn)
 - **FCF expected to be notably higher compared to 2017** (previously: slightly above the level of 2017; 2017: €511 m)
- Expected development by segment:
 - Nutrition & Care: higher earnings yoy (previously: slightly higher)
 - Resource Efficiency: perceptibly higher earnings yoy
 - Performance Materials: higher earnings yoy (previously: not achieve prior-year level)

All figures provided are preliminary and unaudited, final results for Q2 2018 will be published on August 2, 2018.

Nutrition & Care (N&C)

in € million	Q2 2017	Q2 2018	yoy Δ%	Q1 2018	Q2 2018	qoq Δ%	Q2 2018
							Consensus*
External sales	1,163	1,189	2%	1,119	1,189	6%	1,163
Adjusted EBITDA	201	222	10%	209	222	6%	213
Adjusted EBITDA Margin (%)	17.3%	18.7%	1.4 pp	18.7%	18.7%	0.0 pp	18.3%

* Vara Consensus 13 July 2018

- **Sales** at €1,189 m (Q2 2017: €1,163 m)
- **Adj. EBITDA** increased by 10% yoy to €222 m (Q2 2017: €201 m; consensus: €213 m)
 - Good operational performance continuing, margin up +1.4pp to 18.7%, supported by a consistent focus on higher-margin products, successful management of raw material prices and strict cost optimization (especially Animal Nutrition and Baby Care)
 - Methionine with robust demand trend, yoy higher volumes and stable prices in local currency
 - Personal Care with higher volumes and further improved product mix (driven by strong Dr. Straetmans business)
 - Health Care and Comfort & Insulation with continued good performance

Resource Efficiency (RE)

in € million	Q2 2017	Q2 2018	yoy Δ%	Q1 2018	Q2 2018	qoq Δ%	Q2 2018
							Consensus*
External sales	1,367	1,479	8%	1,398	1,479	6%	1,468
Adjusted EBITDA	318	366	15%	325	366	13%	342
Adjusted EBITDA Margin (%)	23.3%	24.7%	1.4 pp	23.2%	24.7%	1.5 pp	23.2%

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- **Sales** up by 8% to €1,479 m (Q2 2017: €1,367 m)
- **Adj. EBITDA** rose by 15% to €366 m (Q2 2017: €318 m; consensus: €342 m)
 - Solid performance across the segment continuing in Q2
 - Further margin expansion due to high capacity utilization and positive effects from initiated cost saving measures
 - Strong demand at high utilization rates for Silica, High Performance Polymers and for water-based, environmentally friendly paints and coatings from the Coating Additives Business Line

Performance Materials (PM)

in € million	Q2 2017	Q2 2018	yoy Δ%	Q1 2018	Q2 2018	qoq Δ%	Q2 2018
							Consensus*
External sales	910	1,025	13%	995	1,025	3%	976
Adjusted EBITDA	168	196	17%	179	196	9%	181
Adjusted EBITDA Margin (%)	18.5%	19.1%	0.6 pp	18.0%	19.1%	1.1 pp	18.4%

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- **Sales** increased by 13% to €1,025 m (Q2 2017: €910 m)
- **Adj. EBITDA** came in 17% above prior year at €196 m (Q2 2017: €168 m; consensus: €181 m)
 - MMA/PMMA market on continued high levels in Q2
 - C4 business with improving market environment vs. Q1 2018

Services

in € million	Q2 2017	Q2 2018	yoy Δ%	Q1 2018	Q2 2018	qoq Δ%	Q2 2018
							Consensus*
External sales	174	172	-1%	163	172	6%	176
Adjusted EBITDA	38	35	-8%	49	35	-29%	39
Adjusted EBITDA Margin (%)	21.8%	20.3%	-1.5 pp	30.1%	20.3%	-9.8 pp	21.6%

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Corporate / Others

in € million	Q2 2017	Q2 2018	yoy Δ%	Q1 2018	Q2 2018	qoq Δ%	Q2 2018
							Consensus*
External sales	4	4		3	4		4
Adjusted EBITDA	-85	-77	9%	-83	-77	7%	-83

* Vara Consensus 13 July 2018

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