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| October 30, 2014 |
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Key Financial Data:  
January 1 to September 30, 2014 / Q3 2014

**3rd quarter 2014: Successful in a difficult environment—   
Perceptible improvement in operating earnings compared with previous quarters**

**Key data on Q3 2014:**

* **1 percent organic sales growth to €3.2 billion—further volume growth with only slightly lower selling prices**
* **Adjusted EBITDA far better than in previous quarters at €501 million and now only down slightly year-on-year**
* **Adjusted earnings increased 3 percent year-on-year to €213 million**

**Key data on the 1st nine months of 2014:**

* **2 percent organic sales growth to around €9.7 billion**
* **Adjusted EBITDA at a solid level of about €1.4 billion but below the good prior-period level due to prices**
* **Adjusted EBITDA margin 14.7 percent**
* **Adjusted net income dropped 19 percent to €561 million**
* **Outlook for 2014 confirmed**

Essen. "Evonik did well in an increasingly difficult economic environment. There has been a clear upward trend in operating earnings this year and in the third quarter they were only slightly below the prior-period level. Demand for our products was good despite slower global growth,” commented Klaus Engel, Chairman of the Executive Board of Evonik Industries AG, today, when the Group published its key financial figures for the third quarter and first nine months of 2014.

Overall, the Group achieved organic sales growth in the first nine months of 2014. Operating earnings improved from quarter to quarter but were below the good prior-year level in the first nine months as selling prices for some important products were lower.

Despite weaker economic growth overall, Evonik is confirming its outlook for the full year. Volumes should continue to grow in the remainder of the year, supported by the completion of the first growth investments. On the price front, Evonik expects 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 the original expectations. Overall, Evonik anticipates that **sales** will rise slightly (2013: €12.7 billion) and expects 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).

**Business performance in the first nine months**

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.

In the first nine months of 2014, **Group sales** posted organic growth of 2 percent. This was driven by higher volumes (4 percentage points), while selling prices were lower (-2 percentage points). Taking into account currency effects (-1 percentage point), sales increased 1 percent to €9,691 million (9M 2013: €9,619 million).

Adjusted **EBITDA** was €1,425 million, 12 percent below the year-back figure of €1,620 million, mainly due to lower selling prices for some important products. The adjusted **EBITDA margin** therefore declined from 16.8 percent to 14.7 percent.

The **adjustments** of minus €144 million relate, among other things, to restructuring expenses, impairment losses, mainly in connection with two projects in the Specialty Materials segment that were terminated following a routine review of investment projects, and expenses for an increase in provisions for the phased early retirement program to comply with IAS 19 (2011). The prior-year figure of minus €324 million principally comprised restructuring expenses and the establishment of provisions.

**Income before income taxes, continuing operations** declined by 5 percent to €633 million (9M 2013: €663 million). **Income after taxes, discontinued operation**s was minus €11 million and mainly related to operating income from the remaining 49 percent stake 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. As a result, **net income** was €416 million in the first nine months, well below the very high prior-year figure of €1,959 million.

**Adjusted net income**, which reflects the operating performance of the continuing operations, declined by 19 percent to €561 million (9M 2013: €694 million). **Adjusted earnings per share** declined from €1.49 to €1.20.

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. Including the cash flow from discontinued operations, the **cash flow from operating activities** declined by €244 million to €622 million.

**Capital expenditures** increased 4 percent to €753 million (9M 2013: €725 million). To extend its leading market positions, Evonik has started up new production capacity. More than €100 million has been invested in an integrated production complex for isophorone and isophorone diamine in Shanghai (China). Isophorone chemicals increase the service life of, for example, heavy-duty surfaces, and also facilitate environment-friendly coating technologies. In Rayong (Thailand) and Chester (USA), extended production capacities for precipitated silica were brought into service. The main growth drivers are fuel-saving tires and life-science applications. A new hydrogen peroxide plant with production capacity of 230,000 metric tons p.a. has been taken into service in Jilin (China) to supply a neighboring Chinese partner, which will use the hydrogen peroxide to produce propylene oxide at a newly erected plant based on an innovative process developed by Evonik and ThyssenKrupp Industrial Solutions.

Having reported net financial debt of €150 million as of June 30, 2014, at the end of September 2014 Evonik had **net financial assets** of €416 million, principally due to the receipt of the purchase price for the shares in STEAG, which were divested in the third quarter.

**Business performance in Q3 2014**

Despite the more difficult economic environment, Evonik registered buoyant demand for its products worldwide in the third quarter of 2014, leading to a further rise in volume sales. The clear downward trend for some important products in the previous quarters slowed. Adjusted EBITDA improved perceptibly compared with first two quarters of 2014 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.

**Group sales** grew by 1 percent to €3,243 million in the third quarter of 2014 (Q3 2013: €3,198 million). Evonik posted organic sales growth of 1 percent, driven by higher volumes (2 percentage points), with only slight erosion of selling prices (-1 percentage point).

Adjusted **EBITDA** decreased 3 percent year-on-year to €501 million (Q3 2013: €517 million). The adjusted **EBITDA margin** slipped from 16.2 percent to 15.4 percent.

**Adjusted net income** (continuing operations) rose 3 percent to €213 million (Q3 2013: €206 million). **Adjusted earnings per share** increased from €0.44 to €0.46.

**Remaining shares in STEAG divested**

Evonik has further sharpened its profile as a pure specialty chemicals company. At the start of September it sold the remaining 49 percent stake in STEAG GmbH to the Rhine-Ruhr consortium of municipal utilities for around €570 million. The stake in STEAG was reclassified to discontinued operations in mid-July 2014 when the company 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 put and call options.

**Performance of the segments in the first nine months**

**Consumer, Health & Nutrition**

* 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 marginat a good level of 19.4 percent

The **Consumer, Health & Nutrition** 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.

In the first nine months of 2014, **sales** dropped 3 percent to €3,015 million (9M 2013: €3,110 million). The pleasing volume growth was more than canceled out by lower selling prices and a negative exchange rate effect. 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. Volume sales of superabsorbents were below the very high prior-period level. This segment's adjusted **EBITDA** dropped 19 percent to €585 million (9M 2013: €723 million) as a result of lower selling prices and start-up expenses for new production capacities. The adjusted **EBITDA margin** was good at 19.4 percent (9M 2013: 23.2 percent).

**Resource Efficiency**

* 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

The **Resource Efficiency** segment provides environment-friendly and energy-efficient system solutions. It comprises the Inorganic Materials and Coatings & Additives Business Units.

**Sales** grew 3 percent to €2,448 million in the first nine months of 2014 (9M 2013: €2,376 million). This segment achieved clear organic sales growth, almost entirely as a result of perceptible increases in volumes. This was countered by negative currency effects. The silicas and silanes business remained very successful thanks to high demand from the tire industry. Business with high-quality crosslinkers was also very pleasing, along with the performance of additives and specialty binders. These products benefited primarily from continued good demand, especially from the automotive and construction sectors. Overall, this segment's adjusted **EBITDA** increased 7 percent to €553 million (9M 2013: €515 million), mainly because of the rise in volumes and high capacity utilization. The adjusted **EBITDA margin** rose from 21.8 percent to 22.6 percent.

**Specialty Materials**

* 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

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

**Sales** grew 2 percent to €3,510 million in the first nine months of 2014 (9M 2013: €3,431), driven by far higher volume sales, while sales growth was held back by lower selling prices, especially for butadiene. The brunt of the reduction in volumes was borne by methacrylates, while demand for polyamide 12 products remained stable. The continued significant volume growth in the Advanced Intermediates Business Unit was pleasing. This was mainly attributable to the new production facilities for hydrogen peroxide in China and catalysts for the manufacture of biodiesel in Argentina. This segment's adjusted **EBITDA** dropped 23 percent to €352 million (9M 2013: €457 million), mainly because of the lower selling prices. The adjusted **EBITDA margin** fell from 13.3 percent to 10.0 percent.

**Services**

The **Services** segment mainly provides services for the specialty chemicals segments and the Corporate Center, but also serves third parties.

In the first nine months of 2014, **sales** increased 1 percent to €663 million (9M 2013: €656 million). Adjusted **EBITDA** was €158 million, 1 percent above the prior-year level of €157 million.

**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 become 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.

**Outlook for 2014**

Given the weaker economic development observed to date, in the present global economic conditions Evonik also assumes 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 2014.

Despite lower overall economic growth, Evonik is confirming its **outlook** for the full year. The Group anticipates that **sales** will rise slightly (2013: €12.7 billion) and expects 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 the first growth investments. On the price front, Evonik expects 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 the company's original expectations.

Further relief on the cost front should come from the On Track 2.0 efficiency enhancement program. In addition, Evonik expects 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.

**Evonik Group: Excerpt from the income statement**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **(in € million)** | | **Q3 2014** | **Q3 2013** | **Change  in %** | **9M**  **2014** | **9M**  **2013** | **Change  in %** |
| Sales | | 3,243 | 3,198 | 1 | 9,691 | 9,619 | 1 |
| Adjusted EBITDA | | 501 | 517 | -3 | 1,425 | 1,620 | -12 |
| Adjusted EBIT | | 350 | 372 | -6 | 977 | 1,188 | -18 |
| Adjustments | | -54 | -258 |  | -144 | -324 |  |
| 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 |
| **Adjusted net income** (continuing operations) | **213** | **206** | **3** | **561** | **694** | **-19** |

Prior-year figures restated

**Segment performance**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Sales Q3** | | | **Adjusted EBITDA Q3** | | | |
|  | **Q3 2014** | **Q3 2013** | **Change** | **Q3 2014** | **Q3 2013** | | **Change** |
|  | **€ million** | **€ million** | **in %** | **€ million** | **€ million** | | **in %** |
| Consumer, Health & Nutrition | 1,034 | 1,034 | 0 | 209 | 215 | | -3 |
| Resource Efficiency | 813 | 795 | 2 | 173 | 169 | | 2 |
| Specialty Materials | 1,160 | 1,132 | 2 | 128 | 147 | | -13 |
| Services | 214 | 219 | -2 | 54 | 50 | | 8 |
| Other operations | 22 | 18 | 22 | -63 | -64 | |  |
| **Group** | 3,243 | 3,198 | 1 | 501 | 517 | | -3 |
|  | **Sales 9M** | | | **Adjusted EBITDA 9M** | | | |
|  | **9M 2014** | **9M 2013** | **Change** | **9M 2014** | **9M 2013** | **Change** | |
|  | **€ million** | **€ million** | **in %** | **€ million** | **€ million** | **in %** | |
| Consumer, Health & Nutrition | 3,015 | 3,110 | -3 | 585 | 723 | -19 | |
| Resource Efficiency | 2,448 | 2,367 | 3 | 553 | 515 | 7 | |
| Specialty Materials | 3,510 | 3,431 | 2 | 352 | 457 | -23 | |
| Services | 663 | 656 | 1 | 158 | 157 | 1 | |
| Other operations | 55 | 55 | 0 | -223 | -232 |  | |
| **Group** | 9,691 | 9,619 | 1 | 1,425 | 1,620 | -12 | |

Prior-year figures restated

**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 |
| **Group** | **33,472** | **33,650** |

**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. In fiscal 2013 more than 33,500 employees generated sales of around €12.7 billion and an operating profit (adjusted EBITDA) of about €2.0 billion.

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