

Key Financial Data:

January 1 to September 30, 2013 / Third quarter of 2013

A solid business performance in persistently difficult market conditions

- Operating performance in the first nine months of 2013:
 - Slight organic decline in Group sales to €9.7 billion on price grounds despite upturn in demand
 - Operating results below the very good prior-year level
 - Adjusted EBITDA margin 16.7 percent
- Net income more than doubled to nearly €2 billion in the first nine months thanks to income from the divestment of the Real Estate business
- Capital expenditures rose 22 percent to €723 million due to investment in growth
- Outlook for 2013 confirmed

Essen. "Evonik did well, even though the global economic situation was still difficult," commented Klaus Engel, Chairman of the Executive Board of Evonik Industries AG today, when the Group published its key financial data for the third quarter and first nine months of 2013. "Between July and September our operating results improved slightly compared with the second quarter of 2013. The perceptible year-on-year increase in volumes was pleasing, but selling prices for some key products remained below the high prior-period levels." Overall, the operating performance in the first nine months fell short of the very good prior-year period.

Evonik anticipates that in the fourth quarter the global economic trend in the relevant markets will remain at the same level as in the first nine months. "We are confirming our outlook for 2013 as a whole although the global economic conditions remain challenging," said Engel. Evonik still expects sales in 2013 to be around the same level as in the previous year at around €13 billion, with adjusted EBITDA coming in at around €2.0 billion.

October 31, 2013

Tim Lange

Head of Investor Relations
Phone +49 201 177-3150
tim.lange@evonik.com

Evonik Industries AG

Rellinghauser Straße 1-11
45128 Essen
Germany
Phone +49 201 177-01
Telefax +49 201 177-3475
www.evonik.de

Supervisory Board

Dr. Werner Müller, Chairman

Executive Board

Dr. Klaus Engel, Chairman
Dr. Thomas Haeberle,
Thomas Wessel, Patrik Wohlhauser,
Ute Wolf, Dr. Dahai Yu

Registered office Essen
Registered court
Essen local court
Commercial registry B 19474
VAT ID no. DE 811160003

Business performance in the first nine months of 2013

There was a slight organic decline of 2 percent in **Group sales** in the first nine months of 2013. While selling prices were lower (-4 percentage points), volumes rose slightly (+2 percentage points). Currency effects (-1 percentage point) and the divestment of two smaller business operations (-1 percentage point) in the previous year pushed sales down 4 percent overall to €9,739 million (9M 2012: €10,186 million).

In the first nine months of this year the operating results fell short of the very high prior-year results, mainly because of the drop in selling prices for some key products. Overall, adjusted **EBITDA** fell by 19 percent to €1,622 million (9M 2012: €2,014 million), while adjusted **EBIT** decreased by 24 percent to €1,196 million (9M 2012: €1,577 million). The adjusted **EBITDA margin** declined to 16.7 percent (9M 2012: 19.8 percent).

The **adjustments** of minus €328 million in the first nine months of 2013 comprise restructuring expenses, mainly in connection with the planned optimization of administrative and service structures and workflows, impairment losses and expenses in connection with the shutdown of production facilities in the Resource Efficiency and Specialty Materials segments, and expenses relating to the sale of former non-core operations.

Income before income taxes, continuing operations dropped 42 percent to €487 million (9M 2012: €834 million) due to the weaker operating performance and higher one-off adjustment expense. **Income after taxes, discontinued operations** totaling €1,363 million mainly contains the proceeds from the divestment of the majority stake in the real estate operations, which was closed in July 2013. **Net income** therefore grew 120 percent to €1,951 million (9M 2012: €888 million). As a consequence, **earnings per share** increased from €1.91 to €4.19. **Adjusted net income**, which does not contain either the impact of adjustments or the discontinued operations, and thus does not include the proceeds from the divestment of the real estate business, decreased 23 percent to €704 million (9M 2012: €917 million), reflecting the operating performance. **Adjusted earnings per share** decreased from €1.97 to €1.51.

In the first nine months of 2013, the **cash flow from operating activities, continuing operations** was €891 million, slightly lower than in the prior-year period (€975 million). Including the cash flow from discontinued operations, the **cash flow from operating activities** declined by €96 million to €898 million.

Capital expenditures rose 22 percent to €723 million (9M 2012: €595 million). 36 percent of capital expenditures were allocated to the Consumer, Health & Nutrition segment, 28 percent to the Specialty Materials segment and 21 percent to the Resource Efficiency segment.

Evonik is making good headway with its investment program, which is designed to reinforce its leading market positions, especially in attractive growth markets. In October 2013, a new production plant for catalysts for the production of biodiesel came into service in Argentina. Following mechanical completion of the first production plant for superabsorbents in the Middle East, built by Evonik in collaboration with partners in Al Jubail (Saudi Arabia), commercial operation will start in the fourth quarter of 2013. The increase in production capacity for precipitated silica in Thailand will be completed in the first quarter of 2014. This is part of the global expansion of production capacity for precipitated silica.

Evonik has greatly improved its financial profile. As of September 30, 2013, it had **net financial assets** of €592 million, compared with net financial debt of €1,163 million at year-end 2012. This was due to the deconsolidation of the Real Estate segment and income from the sale of the shares in Vivawest.

A solid business performance in the Q3 2013—Pleasing volume growth but a perceptible decline in selling prices

Although global economic conditions remained difficult in the third quarter of 2013, Evonik's overall operating performance was solid. Volume sales increased perceptibly, even though there was only a slight upturn in key end-customer industries. In view of the challenging market conditions, selling prices for some key products—especially butadiene and amino acids for animal nutrition—were considerably lower than in Q3 2012. Overall, the Evonik Group's sales and the operating results were below the previous year's very good figures. Nevertheless, in the

third quarter of 2013 the operating results improved slightly compared with the second quarter of 2013.

Group sales decreased 4 percent to €3,239 million in the third quarter of 2013 (Q3 2012: €3,359 million). The organic sales decline was 1 percent. A perceptible rise in volumes (+5 percentage points) largely offset the drop in prices (-6 percentage points). Exchange rates clipped sales by 1 percentage point. The other effects totaling minus 2 percentage points mainly related to the cyanuric chloride business in China, which was sold in December 2012.

The operating results fell short of the very high prior-year results in the third quarter of 2013, mainly because of lower selling prices for some key products. Overall, adjusted **EBITDA** fell by 26 percent to €518 million (Q3 2012: €701 million) and adjusted **EBIT** shrank by 32 percent to €375 million (Q3 2012: €553 million). The adjusted **EBITDA margin** was 16.0 percent, below the previous year's exceptionally good level of 20.9 percent. **Net income** improved from €355 million in the third quarter of 2012 to €1,470 million in the third quarter of 2013 thanks to the income from divestment of the real estate activities. **Adjusted net income**, which does not contain either the impact of adjustments or the discontinued operations, declined by 38 percent to €210 million in the third quarter of 2013 (Q3 2012: €336 million).

Performance of the segments in the first nine months of 2013

Consumer, Health & Nutrition

- Higher volumes, lower selling prices
- Operating results below the very good prior-year figures
- Adjusted EBITDA margin was once again very good at 22.5 percent

The Consumer, Health & Nutrition segment produces specialty chemicals, principally for applications in the consumer goods, animal nutrition and healthcare sectors. It comprises the Consumer Specialties and Health & Nutrition Business Units.

In the first nine months of 2013, this segment's **sales** were €3,135 million, a slight decline from €3,165 million in the prior-year period. The reduction in selling prices was largely offset by volume growth. Volume sales of amino acids for animal nutrition increased. The superabsorbents

business was particularly pleasing as it benefited from higher volumes. Products for industrial applications and personal care products also posted a successful development.

Operating earnings were below the previous year's high levels, mainly for price reasons and because of increased raw material costs. Adjusted **EBITDA** declined by 15 percent to €706 million (9M 2012: €826 million) and adjusted **EBIT** fell 18 percent to €604 million (9M 2012: €733 million). The adjusted **EBITDA margin** remained very good at 22.5 percent (9M 2012: 26.1 percent).

Resource Efficiency

- Stable operating performance
- Demand picking up on key end-markets
- Adjusted EBITDA margin very good at 21.8 percent

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

In the first nine months of 2013, **sales** shrank 3 percent to €2,367 million (9M 2012: €2,440 million). This was due to negative currency effects and the colorants business, which was still included in the prior-year figures until April 2012. At the same time, higher volumes and stable selling prices led to organic sales growth. There was strong demand from the coatings sector and the automotive sector, especially for oil additives. Demand from the construction sector also picked up somewhat. The silicas business remains stable as it serves a wide range of end-markets.

The operating results did not quite reach the previous year's good figures, which benefited from one-off income in connection with restructuring of the photovoltaic business. Adjusted **EBITDA** decreased 5 percent to €516 million (9M 2012: €546 million), while adjusted **EBIT** declined 2 percent to €430 million (9M 2012: €438 million). The adjusted **EBITDA margin** remained very good at 21.8 percent (9M 2012: 22.4 percent).

Specialty Materials

- Impacted by sharp drop in selling prices
- Operating results below the very good prior-year period
- Adjusted EBITDA margin declined from 18.3 percent to 13.3 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 were €3,430 million in the first nine months of 2013, a drop of 8 percent compared with the prior-period level of €3,720 million. Alongside the withdrawal from the cyanuric chloride business in China in December 2012, this was mainly due to far lower selling prices, especially for butadiene. However, volume sales increased slightly. The hydrogen peroxide business posted a pleasing trend, benefiting from higher demand, especially for applications that use the HPPO process developed by Evonik and ThyssenKrupp Uhde.

The operating results were held back principally by the decline in selling prices and scheduled maintenance work at a production complex. Adjusted **EBITDA** fell 33 percent to €457 million (9M 2012: €679 million), while adjusted **EBIT** dropped 39 percent to €342 million (9M 2012: €565 million). The adjusted **EBITDA margin** was 13.3 percent, compared with 18.3 percent in the prior-year period.

Services

This segment principally comprises Site Services and Evonik Business Services. It mainly provides services for the specialty chemicals segments and the Corporate Center, but also serves third parties.

Total sales were €1,962 million in the first nine months of 2013. Internal sales accounted for €1,284 million of the total. External sales declined by 7 percent to €678 million for demand reasons, primarily because a customer shut down a production facility at the Marl site. The increase in the operating results was mainly driven by improved cost structures at Site Services. Adjusted **EBITDA** increased 3 percent to €157 million, while adjusted **EBIT** grew 7 percent to €88 million.

Group-wide efficiency enhancements driven forward

Good progress is being made with the On Track 2.0 efficiency enhancement program, which is geared principally to further optimization of global production and related workflows. After just 21 months, measures are already under way to achieve around €230 million of the planned total annual savings of €500 million scheduled for year-end 2016. The cost management project introduced in mid-year to realize short-term savings potential of around €40 million by the end of 2013, mainly in non-operating units, is also progressing well.

Following its repositioning from an integrated conglomerate to a listed specialty chemicals company, Evonik now aims to streamline management and administrative processes Group-wide to raise their efficiency and align them to its new focus. The goal is to create a global administrative organization with a common stamp—without duplication of responsibilities or cost-intensive interfaces. This should leverage savings of up to €250 million a year by the end of 2016.

Outlook for 2013 confirmed

Global economic conditions will remain challenging in the coming months. So far, the global economic recovery that was expected for the second half of the year has been more subdued than had been assumed at the start of 2013. Although Evonik expects the slight upward trend to continue in the fourth quarter, it is not anticipating any perceptible impetus for its business, partly for seasonal reasons. In Europe and China, which are important markets for the company, Evonik expects growth to be lower than had been anticipated at the start of the year. Consequently, it is sticking to the mid-year forecast for global economic conditions in 2013 as a whole and expects that in the fourth quarter the markets of relevance to the company will continue to develop at the same level as in the first nine months.

The following guidance refers to the continuing operations only. Accordingly, the Real Estate segment, which was deconsolidated in July 2013, and the lithium-ion business, which is to be sold, are not included.

Evonik confirms the outlook for 2013 as a whole given in its interim financial report on the first six months: Overall the Group expects sales in 2013 to be around the same level as in the previous year at around €13 billion, and the operating results to be below the very good 2012 levels. Evonik still assumes that adjusted EBITDA will be around €2.0 billion.

Evonik Group: Excerpt from the income statement

(in € million)	Q3 2013	Q3 2012	Change in %	9M 2013	9M 2012	Change in %
Sales	3,239	3,359	-4	9,739	10,186	-4
Adjusted EBITDA	518	701	-26	1,622	2,014	-19
Adjusted EBIT	375	553	-32	1,196	1,577	-24
Adjustments	-235	46		-328	-47	
Net interest expense	-67	-80		-201	-239	
Income before income taxes, continuing operations	73	519	-86	667	1,291	-48
Income taxes	-16	-180		-180	-457	
Income after taxes, continuing operations	57	339	-83	487	834	-42
Income after taxes, discontinued operations	1,321	14		1,363	43	
Income after taxes	1,378	353	290	1,850	877	111
Attributable to non-controlling interests	92	2		101	11	
= Net income	1,470	355	314	1,951	888	120
Adjusted net income	210	336	-38	704	917	-23

Prior-year figures restated

Segment performance

	Sales			Adjusted EBITDA		
	Q3 2013 € million	Q3 2012 € million	Change in %	Q3 2013 € million	Q3 2012 € million	Change in %
Consumer, Health & Nutrition	1,042	1,079	-3	210	280	-25
Resource Efficiency	795	788	1	169	202	-16
Specialty Materials	1,132	1,217	-7	147	222	-34
Services	226	228	-1	50	49	2
Other operations	44	47	-6	-58	-52	
Group	3,239	3,359	-4	518	701	-26
	Sales			Adjusted EBITDA		
	9M 2013 € million	9M 2012 € million	Change in %	9M 2013 € million	9M 2012 € million	Change in %
Consumer, Health & Nutrition	3,135	3,165	-1	706	826	-15
Resource Efficiency	2,367	2,440	-3	516	546	-5
Specialty Materials	3,430	3,720	-8	457	679	-33
Services	678	729	-7	157	152	3
Other operations	129	132	-2	-214	-189	
Group	9,739	10,186	-4	1,622	2,014	-19

Continuing operations; prior-year figures restated

Employees by segment

	Sept. 30, 2013	Dec. 31, 2012
Consumer, Health & Nutrition	7,116	6,821
Resource Efficiency	5,873	5,755
Specialty Materials	6,305	6,134
Services	12,108	11,900
Other operations	1,546	1,424
Continuing operations	32,948	32,034
Discontinued operations	664	1,264
Evonik	33,612	33,298

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 2012 more than 33,000 employees generated sales of around €13.4 billion and an operating profit (adjusted EBITDA) of about €2.4 billion (excluding Real Estate in both cases).

Disclaimer

In so far as forecasts or expectations are expressed in this Investor Relations News or where our statements concern the future, these forecasts, expectations or statements may involve known or unknown risks and uncertainties. Actual results or developments may vary, depending on changes in the operating environment. Neither Evonik Industries AG nor its group companies assume an obligation to update the forecasts, expectations or statements contained in this release.