Press release

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Third good quarter in a row — Outlook confirmed

- Volume growth continued in the third quarter
- Adjusted EBITDA margin at a very good level of 18.1 percent in the first nine months
- Financing of the planned acquisition of Air Products' specialty and coating additives business secured at an average interest rate of 0.35 percent
- Outlook for FY 2016 confirmed

Essen. "In the third quarter of 2016 Evonik continued the volume growth seen in the first six months, despite the weak global economic conditions," reported Klaus Engel, Chairman of the Executive Board of Evonik Industries. "Based on this, we are confirming our outlook for the full year."

In the first nine months of this year, **Group sales** declined 8 percent year-on-year to €9,527 million. This was mainly due to lower selling prices. At the same time, volume sales rose by 2 percent. **Adjusted EBITDA** was 12 percent below the very high prior-year level at €1,728 million. The **adjusted EBITDA margin** was very good at 18.1 percent.

Adjusted EBIT shrank by 18 percent to €1,191 million. **Adjusted net income** declined 19 percent to €501 million. **Net income** was €628 million, down 27 percent from the high prior-year level, which contained the proceeds from the divestment of the stake in Vivawest.

Evonik generated a clearly positive **free cash flow** of €488 million in the first nine months of 2016. This was partly due to a reduction in net working capital, while **capital expenditures** for property, plant and equipment were around the prior-year level at €589 million.

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Outlook
Evonik still expects sales for the full year to be slightly below the €13.5 billion reported in the previous year. Thanks to its strong market positions, balanced portfolio and concentration on high-growth businesses, the company assumes there will be continued high demand for its products and appreciable volume growth despite the difficult macro-economic conditions. The new production capacities taken into service in recent years and further intensification of sales activities are contributing to this. Selling prices are declining considerably, especially in the Nutrition & Care and Performance Materials segments, leading to the forecast slight reduction in sales.

Evonik is confirming the outlook for adjusted EBITDA specified at the end of the first six months: The company is confident that it can realize adjusted EBITDA in the upper half of the anticipated range of €2.0 billion to €2.2 billion.

Performance in Q3
The positive volume trend continued in the third quarter of 2016, with good demand for Evonik's products worldwide. Selling prices declined further, partly because lower raw material prices were passed on to customers. The Group posted a drop of 6 percent in **sales** to €3,164 million. **Adjusted EBITDA** was €578 million, 11 percent lower than in the exceptionally strong prior-year quarter. The **adjusted EBITDA margin** was very good at 18.3 percent. **Adjusted EBIT** declined 16 percent to €396 million. **Adjusted net income** declined 17 percent to €247 million. **Net income** increased 19 percent to €223 million as a result of the reduced impact of one-off factors.

Acquisition of Air Products' Performance Materials Division
In September 2016 Evonik successfully placed bonds with a nominal value of €1.9 billion and an average interest rate of 0.35 percent on the capital market via its subsidiary Evonik Finance B.V. The proceeds will be used to finance the planned acquisition of Air Products' specialty and coating additives business. The responsible antitrust authorities in the USA, Germany and most European countries have already approved the transaction, which is expected to be closed by the end of the year.

Details of segment performance
In the **Nutrition & Care** segment sales declined 14 percent to €1,066 million in the **third quarter** of 2016. Since volumes were stable compared with the strong prior-year period, this was mainly attributable to lower selling prices. Adjusted EBITDA was €239 million, which was below the very high prior-year level of €382 million, mainly on price grounds. The adjusted EBITDA margin dropped to 22.4 percent. In the **first nine months of 2016** sales in the Nutrition & Care segment fell by 13 percent to €3,223 million. Since volumes were virtually unchanged, the decline was attributable to considerably lower selling prices. Adjusted EBITDA was 29 percent below the very strong prior-year level at €796 million. The adjusted EBITDA margin remains very good at 24.7 percent.

The **Resource Efficiency** segment continued its successful business performance in the **third quarter of 2016**. Sales rose 7 percent to €1,117 million, driven principally by clear volume growth. Selling prices slipped slightly, mainly because lower raw material costs were passed on to customers. Adjusted EBITDA improved 21 percent to €262 million, mainly as a consequence of higher volumes and favorable raw material costs. The adjusted EBITDA margin improved to a very good 23.5 percent. In the **first nine months** of the year, sales in the Resource Efficiency segment increased 3 percent to €3,392 million. This was mainly due to higher volumes, while the reduction in selling prices driven by raw material prices had a counter-effect. **Adjusted EBITDA** rose by 10 percent to €788 million. The adjusted EBITDA margin improved from 21.8 percent to a very good level of 23.2 percent.

In the **Performance Materials** segment, sales dropped 7 percent to €797 million in the **third quarter of 2016**. The main reason was the reduction in selling prices as lower raw material costs were passed on to customers. By contrast, volumes rose considerably thanks to good demand. Adjusted EBITDA grew 11 percent to €104 million. This was primarily due to a rise in volumes, high capacity utilization at production facilities, and the initial effects of cost-cutting measures. The adjusted EBITDA margin was 13.0 percent, up from 11.0 percent in the third quarter of 2015. In the **first nine months** of the year, sales in the Performance Materials segment shrank 9 percent to €2,399 million. With volumes up, the decline was caused by the oil-driven drop in selling prices. Adjusted EBITDA improved 11 percent to €273 million and the adjusted EBITDA margin rose to 11.4 percent.

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 2015 more than 33,500 employees generated sales of around €13.5 billion and an operating profit (adjusted EBITDA) of about €2.47 billion.

Evonik Industries has been producing specialty chemical products in the Greater China region (Mainland China, Hong Kong and Taiwan) since the late 1970's; with wide-ranging trading relations already in place prior to this in the region. Evonik regards Greater China as one of the driving forces of the global economy and we consequently endeavor to grow our business in the region. The company now has around 3,000 employees in the Greater China region, the regional sales reached over €1.3 billion in 2015.

Disclaimer

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