

A solid first quarter—Outlook for 2016 confirmed

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- Adjusted net income €254 million
- Adjusted EBITDA €565 million
- Adjusted EBITDA margin at a very good level of 18.2 percent
- Sales €3.1 billion

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Evonik did well in the first quarter in challenging business conditions. “Following an exceptionally strong performance in 2015, our earnings are now back in line with the good level of the preceding years. Our business is still doing well and our products are in demand in the market,” said Klaus Engel, Chairman of the Executive Board of Evonik Industries.

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 world market 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 (Q1 2015: €3,425 million). While demand for Evonik products was stable overall, selling prices declined by 7 percentage points.

Adjusted EBITDA was €565 million, 13 percent lower than in the exceptionally strong prior-year period (Q1 2015: €650 million). The adjusted EBITDA margin remained very good at 18.2 percent, compared with 19.0 percent in the prior-year period. Adjusted EBIT fell 20 percent to €389 million. Adjusted net income was €254 million in the first quarter, down 21 percent from €320 million in the first quarter of 2015. Net income declined 6 percent to €240 million (Q1 2015: €256 million).

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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. In the first quarter of 2016, the free cash flow was €161 million, compared with €179 million in the prior-year period.

Outlook confirmed

Evonik's expectations for global economic conditions are unchanged: Overall the company anticipates slightly lower momentum in the global economy, with a year-on-year growth rate of 2.5 percent in 2016.

In these conditions, Evonik is confirming its outlook for the full year: Following a very successful year in 2015, the company expects to report slightly lower sales in 2016 and adjusted EBITDA of between €2.0 billion and €2.2 billion.

Segment performance

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 world market prices. 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.

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. 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.

Sales declined 9 percent to €772 million in the Performance Materials segment. This was due to the continued decline in raw

material prices, which led to a further reduction in selling prices. By contrast, volumes increased substantially. Adjusted EBITDA was 11 percent lower at €64 million. The adjusted EBITDA margin was 8.3 percent, down slightly from 8.5 percent in the first quarter of 2015.

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.

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