

## Key Financial Data: January 1 to March 31, 2014 Q1 2014: A slow start to the year

- Operating performance in Q1 2014:
  - Slight organic sales growth to €3.2 billion
  - Adjusted EBITDA at a solid level but well below the very good prior-year figure
  - Adjusted EBITDA margin 14.5 percent
- R&D expenses rose 7 percent
- Outlook for 2014 reiterated: Sales expected to rise slightly (2013: €12.7 billion<sup>1)</sup>; adjusted EBITDA expected to be between €1.8 billion and €2.1 billion (2013: €2.0 billion).

Essen. "Evonik made a slow start to 2014 compared with the first quarter of 2013, which was by far the best quarter of the year," said Klaus Engel, Chairman of the Executive Board of Evonik Industries AG today, when the Group published its key financial figures for the first quarter of 2014. "The renewed strong growth in demand was pleasing, but selling prices for some important products were well below the year-back level due to the challenging market conditions. However, they were slightly better than at year-end 2013," reported Engel. While sales were virtually unchanged, Evonik achieved solid adjusted EBITDA, although it was considerably lower than in the strong prior-year period.

The Group is confirming its outlook for 2014 as a whole and still expects to report slightly higher sales and adjusted EBITDA of between €1.8 billion and €2.1 billion.

### Business performance in Q1 2014

The Evonik Group achieved slight organic sales growth of 1 percent year-on-year as higher volumes (5 percentage points) countered the drop in selling prices (-4 percentage points). Adverse currency effects clipped sales by 1 percentage point.

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<sup>1)</sup> Prior-year figure restated due to first-time application of IFRS 11

Overall, sales were €3,201 million, close to the prior-period level of €3,212 million.

Adjusted EBITDA fell short of the very good prior-period level in the first quarter of 2014, mainly due to lower selling prices for some important products. It slipped 24 percent year-on-year to €463 million (Q1 2013: €606 million). The adjusted EBITDA margin therefore declined from 18.9 percent to 14.5 percent.

New production facilities for isophorone and isophorone diamine are being completed in Shanghai (China). Investment in these plants amounts to more than €100 million. Isophorone chemicals increase the lifecycle of, for example, heavy-duty surfaces, and also facilitate environment-friendly coating technologies.

Evonik has been raising global capacity for precipitated silicas since 2010 and opened an extended production facility in Rayong (Thailand) in March 2014. Growth in South-East Asia is driven principally by fuel-saving tires and life-science applications.

#### **Efficiency enhancements driven forward**

Systematic implementation of the On Track 2.0 efficiency enhancement program introduced in 2012 is proceeding well. Measures with annual savings potential of around €300 million out of the target of €500 million set for year-end 2016 are already being implemented. The Administration Excellence program launched in fall 2013 to optimize the quality of Group-wide administration processes is also on schedule. This program should leverage savings of up to €250 million a year by the end of 2016. Initial organizational changes were made in 2013 and further optimization is currently being worked out in detail. Implementation of these measures will start in the second half of 2014, and the majority will be implemented in 2015 and 2016.

### **Research and development stepped up further**

The company continued its intensive research and development endeavors in the first quarter of 2014, and R&D expenses increased 7 percent to €98 million. Examples of the most recent highlights are CYROLITE® Protect 2, the second product in the range of PMMA molding compounds with antimicrobial properties to be placed on the market. Products from the CYROLITE® Protect product line are used in medical devices. For example, they can prevent hospital-acquired infections.

### **Outlook for 2014 confirmed**

Looking at the global economic background, Evonik still expects global growth to be slightly higher in 2014 than in 2013. Alongside the stepwise recovery in Europe, there are some challenges, especially in the emerging markets, and increasing risk comes from geopolitical tension, above all in the Ukraine.

Evonik is sticking to the forecast made at the start of this year with regard to global economic conditions in 2014 as a whole and is confirming its guidance: The company anticipates that sales will rise slightly year-on-year in 2014 (2013: €12.7 billion<sup>1</sup>), and still expects adjusted EBITDA to be between €1.8 billion and €2.1 billion (2013: €2.0 billion).

### **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.

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 endeavour to grow our business in the region. The company now has around 3,200 employees in the Greater China region, the regional sales reached over €1 billion in 2013.

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