

Evonik successfully completes acquisition of Air Products specialty additives business

January 4, 2017

- Transaction approved by antitrust authorities
- Integration process underway
- Synergies of US\$80 million and tax benefits with net present value exceeding US\$500 million over the coming years
- Expected to increase adjusted earnings per share in the 2017 business year

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Evonik Industries AG has completed the activities to acquire the specialty additives business (Performance Materials Division) of the US company Air Products, Inc. for US\$3.8 billion (approx. €3.5 billion) by the end of the year as planned. The closing is scheduled for January 03, 2017. All relevant antitrust authorities have approved the transaction and the integration of the acquired business is underway. The transaction financing was completed successfully in September and will consist of the company's own funds in the amount €1.6 billion, with the other half to be financed by bonds with a nominal value of €1.9 billion.

“The successful completion of the acquisition paves the way for swiftly merging the activities of Evonik and the acquired units of the Air Products Performance Materials business,” said Klaus Engel, Chairman of the Executive Board of Evonik Industries AG. “It puts Evonik in an excellent position for further profitable growth in the attractive specialty additives market.”

“We are well prepared to ensure a smooth business transition and a successful integration. To this end, we have worked intensively with Air Products over the past few months to develop integration plans,” confirmed Ralph Sven Kaufmann, Chief Operating Officer and Executive Board member responsible for the integration.

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Positive EPS in the 2017 business year

Supervisory Board
Dr. Werner Müller, Chairman

The annual synergy effects in the amount of US\$80 million can be confirmed at this time and should be fully realized by 2020 at the latest. Evonik expects to leverage synergies in the amount of €10 to 20 million in the year 2017.

Executive Board
Dr. Klaus Engel, Chairman
Christian Kullmann, Deputy Chairman
Dr. Ralph Sven Kaufmann
Thomas Wessel
Ute Wolf

The acquisition is expected to increase the adjusted earnings per share (EPS) of Evonik in the 2017 business year.

Since the transaction is partly structured as an asset deal, it will lead to tax benefits as a consequence of write-offs which are typical for transactions of this nature. These benefits amount to a net present value of more than US\$500 million, which can be used on a prorated basis in the 2017 business year.

Additional information on the Air Products Specialty & Coating Additives business

The Specialty & Coating Additives business of Air Products is the Performance Materials Division within the Materials Technologies Segment of Air Products and Chemicals, Inc. It has around 1,100 employees at 11 production and development locations and offers local customer support in all key global regions.

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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