

## Evonik Group

in € million	Q4 2014			Q4 2014 Consensus*	2014			2014 Consensus*
	Q4 2013	Q4 2014	yoy Δ%		2013	2014	yoy Δ%	
External sales	3,089	3,226	4%	3,206	12,708	12,917	2%	12,897
Volume (%)			-1%	3%			3%	4%
Price (%)			3%	0%			-1%	-2%
Exchange Rates (%)			2%	0%			0%	-1%
Other effects (%)			0%	0%			0%	0%
Adjusted EBITDA	375	442	18%	432	1,995	1,867	-6%	1,857
Adjusted EBITDA Margin (%)	12.1%	13.7%	+1,6 pp	13.2%	15.7%	14.5%	-1,2 pp	14.3%
Adjusted EBIT	215	261	21%	263	1,404	1,238	-12%	1,240
Adjustments	-16	-34			-340	-178		
EBIT	199	227	14%		1,064	1,060	0%	
Adjusted net income	113	179	58%	175	806	740	-8%	736
Adjusted earnings per share in €	0.24	0.38	58%	0.38	1.73	1.59	-8%	1.59
Capital expenditures	415	370	-11%		1,140	1,123	-1%	
Net financial position (as of Dec 31)					+571	+400		
Cash flow from operating activities, cont. ops.	199	444			1,034	1,035		

\* Vara Consensus

## Highlights

- Outlook achieved: FY 2014 adj. EBITDA of €1,867 m
- Q4 with turning point in earnings: adj. EBITDA of €442 m clearly above prior year - despite ~€30 m negative effect from inventory revaluations
- Optimistic outlook for 2015: slightly higher sales and adj. EBITDA expected, additional upside potential from FX
- Strong start into FY 2015: Q1 should substantially exceed last year's level, driven by strong performance in Nutrition & Care and Resource Efficiency

## Group business development Q4 2014

- Sales increased in Q4 by 4% to €3,226 m (Q4 2013: €3,089 m)
  - Organic sales growth of +2%; Volumes -1%; Prices 3%; FX +2%; Other (incl. M&A) +/-0%
  - Pricing positive for the first time since three years, led by – amongst others - Amino Acids, Oil Additives or MMA/PMMA
  - Volumes slightly down (vs. strong Q4 2013: +8%); decline mainly attributable to Baby Care (tough comparables) and lower volumes in C4 chain due to destocking; most other businesses with good demand and already supported by new capacities (e.g. Silica, Crosslinkers, Active Oxygens)
- Adj. EBITDA increased yoy for the first time since 2011 to €442 m (Q4 2013: €375 m), despite negative effect from inventory revaluations (~30 million €; thereof 2/3 in Specialty Materials and 1/3 in Resource Efficiency)
- Adj. EBITDA margin of 13.7% (Q4 2013: 12.1%)
- Adj. EPS above prior year at €0.38 (Q4 2013: €0.24)
  - Adj. D&A increased to €181 m (Q4 2013: €160 m) due to new plants going on stream and one-time effects of ~€10 m
  - Adj. net interest expense of -€17 m strongly improved yoy (Q4 2013: -€53 m) due to lower interest expenses after bond repayments, higher interest income from CTA and positive one-time effects of ~€30 m
  - Adj. tax rate of 25% in line to meet targeted level for FY 2014 (28%)
- Stable dividend of €1.00€ per share for 2014 proposed (2013: 1.00 €)

## Highlights from balance sheet & cash flow statement

- Strong cash flow from operating activities of €444 m clearly above prior-year level of €199 m, mainly due to NWC management (decreasing accounts receivables and increasing accounts payables)
- Net cash position (€400 m) nearly stable during Q4 2014 (Q3 2014: €416 m); strong operation cash flow almost compensated for CTA funding (€209 m) and investments
- Slightly reduced pension discount rate in Q4 (from 2.75% in Q3 to now 2.50% in Germany); however, pension provisions decreased to €4.0 bn (Q3 2014: € 4.4 bn) as negative effect was more than offset by higher valuation of plan assets and year-end adjustment of actuarial assumptions to current environment

## Outlook FY 2015

- Global economic growth in 2015 to pick up moderately compared with 2014
- Positive trend experienced in H2 2014 expected to continue through 2015
- **Sales: slightly higher** than in previous year (2014: €12,917 m)
- **Adj. EBITDA: slightly higher** than in previous year (2014: €1,867 m)
- **Volume** growth should continue, supported by continued positive market trends, pleasing demand for our products and new production facilities
- **Price** trend expected to develop solidly across most of our product portfolio. Lower raw material prices could continue to put pressure on selling prices in certain businesses in the Performance Materials segment
- **Efficiency enhancement programs** will make a perceptible contribution to the earnings increase
- Contrary effects from ramp-up expenses and higher fixed-cost base resulting from growth investments
- Impact of lower raw material prices vary in individual businesses, but should largely balance out across the portfolio
  
- If the average euro/US dollar **exchange rate** remains at the level registered at the start of this year, there will be **additional upside potential** for sales and adjusted EBITDA over the full year 2015 (sensitivity see below).
  
- Basis for our forecast
  - Global growth: 3.0%
  - Euro/US dollar exchange rate: around US\$1.30
  - Internal raw material cost index lower than prior year

## Additional indications for FY 2015

- **EUR/USD sensitivity:** +/-1 USD cent = +/- ~€5 m adj. EBITDA (FY basis; including transaction effects (after hedging) and translation effects; before secondary/market effects)
- **Adj. EBITDA Services:** Below prior year (2014: €180 m) due to positive one-off effects in 2014 and pension service cost effect
- **Adj. EBITDA Corporate/Other:** On prior year level (2014: -€317 m) due to strict cost control compensating for factor cost increases
- **Adj. D&A:** ~€700 m (2014: €629 m)
- **Adj. net interest result:** Stable in 2015 (2014: -€192 m); 2014 benefitted from positive one-off effects in Q4 (~€30 m), positive trend from new bonds and CTA contribution to continue
- **Adj. tax rate:** ~29% (2014: 28.2%)
- **Capex:** Up to €1.1 bn in 2015 (2014: €1.1 bn)
- **Net financial position:** Net debt position end of 2015 (2014: €400 m net cash)

Please note that the already announced new structure is effective from Q1 2015 onwards. Restated financials will be provided in advance of Q1 reporting

**Consumer, Health & Nutrition (CHN)**

in € million	Q4 2014			Q4 2014 Consensus*	2014			2014 Consensus*
	Q4 2013	Q4 2014	yoy Δ%		2013	2014	yoy Δ%	
External sales	1,061	1,137	7%	1,125	4,171	4,152	0%	4,140
Volume (%)			-2%				1%	
Price (%)			8%				0%	
Exchange Rates (%)			2%				0%	
Other effects (%)			-1%				-1%	
Consumer Specialties sales	525	510	-3%		2,157	2,085	-3%	
Health & Nutrition sales	537	627	17%		2,014	2,067	3%	
Adjusted EBITDA	199	272	37%	236	922	857	-7%	821
Adjusted EBITDA Margin (%)	18.8%	23.9%	+5,1 pp	21.0%	22.1%	20.6%	-1,5 pp	19.8%
Adjusted EBIT	156	223	43%	195	770	694	-10%	666
Adjustments	0	-17			-1	-30		
EBIT	156	206	32%		769	664	-14%	
Capital expenditures	198	129	-35%		459	460	0%	

\* Vara Consensus

**Development Q4:**

- Strong quarter driven by positive environment for amino acids; Health Care also showed an accelerating performance
- Sales above prior year level at €1,137 m with strong pricing (+8%) offsetting slightly lower volumes (-2%), mainly attributable to Baby Care and against high comparables in Q4 2013 of +8%
- Adj. EBITDA up sharply yoy (37%) and qoq (30%) to €272 m (Q4 2013: €199 m, Q3 2014: €209 m)
- Adj. EBITDA margin at 23.9%, clearly above prior year level of 18.8%
- Consumer Specialties lower yoy due to normalized trading environment in Baby Care (lower volumes) and ramp-up costs for new oleochemicals plants
- Health & Nutrition both yoy and qoq with increased earnings
  - Methionine with strong performance: tight supply and healthy demand leading to steadily increasing prices
  - Improving supply/demand and steady price recovery in lysine
  - Good visibility for amino acids based on already contracted volumes for next months; strong start into the year expected with positive volume and price trend continuing
  - Health Care: Pharma Polymer business with continuing strong performance throughout the year; contract manufacturing business accelerating towards year-end
- Please note: In the context of the reorganization of the Group structure, the segment “Consumer, Health & Nutrition” will be renamed into “Nutrition & Care” (effective with Q1 2015 reporting)

## Resource Efficiency (RE)

in € million	Q4 2014			2014 Consensus*	2013			2014 Consensus*
	Q4 2013	Q4 2014	yoy Δ%		2013	2014	yoy Δ%	
External sales	717	774	8%	738	3,084	3,222	4%	3,186
Volume (%)			4%				5%	
Price (%)			0%				0%	
Exchange Rates (%)			2%				-1%	
Other effects (%)			2%				1%	
Inorganic Materials sales	338	368	9%		1,436	1,485	3%	
Coatings & Additives sales	379	406	7%		1,648	1,737	5%	
Adjusted EBITDA	140	150	7%	152	655	703	7%	705
Adjusted EBITDA Margin (%)	19.5%	19.4%	-0,1 pp	20.6%	21.2%	21.8%	+0,6 pp	22.1%
Adjusted EBIT	110	111	1%	124	539	569	6%	582
Adjustments	-4	2			5	-21		
EBIT	106	113	7%		544	548	1%	
Capital expenditures	75	56	-25%		230	199	-13%	

\* Vara Consensus

## Development Q4:

- Despite usual seasonality and minor inventory revaluations (~€10 m), Resource Efficiency recorded another strong quarter
- Sales rose by 8% yoy to €774 m (Q4 2013: €717 m) with strong volume development (+4%) and stable pricing
- Adj. EBITDA up 7% to €150 m (from €140 m) at stable margin level (19.4%)
- Silica supported by new capacities and ongoing strong performance across most applications, e.g. green tires and personal care
- Crosslinkers driven by high volumes in key industries (e.g. automotive coatings, PU dispersion, composites and construction)
- Oil Additives with continued strong performance, improved pricing compensating for slightly higher raw material costs

## Specialty Materials (SM)

in € million	Q4 2014			Q4 2014 Consensus*	2014			2014 Consensus*
	Q4 2013	Q4 2014	yoy Δ%		2013	2014	yoy Δ%	
External sales	1,059	1,059	0%	1,067	4,490	4,569	2%	4,577
Volume (%)			-3%				4%	
Price (%)			1%				-2%	
Exchange Rates (%)			2%				0%	
Other effects (%)			0%				0%	
Performance Polymers sales	439	442	1%		1,810	1,837	1%	
Advanced Intermediates sales	620	617	0%		2,680	2,732	2%	
Adjusted EBITDA	95	92	-3%	99	552	444	-20%	451
Adjusted EBITDA Margin (%)	9.0%	8.7%	-0.3 pp	9.3%	12.3%	9.7%	-2.6 pp	9.9%
Adjusted EBIT	53	36	-32%	61	395	261	-34%	286
Adjustments	1	-6			-54	-50		
EBIT	54	30	-44%		341	211	-38%	
Capital expenditures	84	106	26%		290	290	0%	

\* Vara Consensus

## Development Q4:

- Specialty Materials operationally with good development in Q4, mitigated by inventory revaluations of ~€20 m
- Stable sales at €1,059 m with slightly higher prices and lower volumes (-3%) due to more cautious customer behavior following sharp decrease in oil price
- Despite inventory revaluations, adj. EBITDA only slightly down at €92 m (Q4 2013: €95 m), resulting in a margin of 8.7% (Q4 2013: 9.0%)
- Usual seasonality in methacrylates, but overall supportive end-market environment in Europe and US; slight price increases in PMMA successful but overcapacities in Asia persist
- Performance Intermediates: operationally solid performance with product spreads (vs. Naphtha) holding-up well, lower prices for C4 products leading to inventory revaluations
- Positive earnings contribution from new H<sub>2</sub>O<sub>2</sub> for HPPO plant in Jilin, China
- Please note: In the context of the reorganization of the Group structure, the segment “Specialty Materials” will be renamed into “Performance Materials” (effective with Q1 2015 reporting)

## Services

in € million	Q4 2013	Q4 2014	yoy Δ%	Q4 2014	2013	2014	yoy Δ%	2014
				Consensus*				Consensus*
External sales	229	232	1%	226	883	895	1%	889
Adjusted EBITDA	26	22	-15%	31	183	180	-2%	189
Adjusted EBITDA Margin (%)	11.4%	9.5%	-1.9 pp	15.2%	20.7%	20.1%	-0.6 pp	21.8%
Adjusted EBIT	-1	-5		11	86	80	-7%	96
Adjustments	6	-3			-4	-14		
EBIT	5	-8			82	66	-20%	
Capital expenditures	48	68	42%		123	148	20%	

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## Corporate / Others

in € million	Q4 2013	Q4 2014	yoy Δ%	Q4 2014	2013	2014	yoy Δ%	2014
				Consensus*				Consensus*
External sales	23	25	9%	26	80	79	-1%	80
Adjusted EBITDA	-85	-94	-11%	-92	-317	-317	0%	-311
Adjusted EBIT	-103	-104	-1%	-115	-386	-366	5%	-376
Adjustments	-19	-9			-286	-63		
EBIT	-122	-113	7%		-672	-428	36%	
Capital expenditures	10	11	10%		38	26	-32%	

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