

POWER TO CREATE

INTERIM REPORT

JANUARY 1 TO MARCH 31, 2015

Strong start to 2015—Outlook raised

- Positive business performance from the second half of 2014 is continuing
- Dynamic growth in the Nutrition & Care and Resource Efficiency segments
- Considerable improvement in adjusted EBITDA
- Adjusted EBITDA margin at a high level
- Outlook for 2015 raised



EVONIK
INDUSTRIES

Key data for the Evonik Group

Key data for the Evonik Group

in € million	1st quarter	
	2015	2014
Sales	3,425	3,201
Adjusted EBITDA ^a	650	465
Adjusted EBITDA margin in %	19.0	14.5
Adjusted EBIT ^b	485	318
Income before financial result and income taxes, continuing operations (EBIT)	448	299
Net income	256	166
Earnings per share in €	0.55	0.36
Adjusted earnings per share in €	0.69	0.42
Cash flow from operating activities, continuing operations	445	298
Capital expenditures	189	209
Net financial assets as on the balance sheet as of March 31	548	583
Employees as of March 31	33,242	33,651

Prior-year figures restated.

^a Earnings before financial result, taxes, depreciation, and amortization, after adjustments.

^b Earnings before financial result and taxes, after adjustments.

Due to rounding, some figures in this report may not add up exactly to the totals stated.

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Evonik in focus: Q1 2015

Evonik intends to strengthen its global catalysts business

On March 11, 2015, Evonik signed an agreement to acquire the Indian catalyst producer Monarch Catalyst Pvt. Ltd., Dombivli. Evonik is a leading supplier of catalysts and sees Monarch as an excellent strategic fit. The transaction will strengthen the Resource Efficiency segment's market leadership in activated base and precious metal catalysts, and extend its portfolio into the oil and fat hydrogenation catalysts business. Monarch has around 300 employees and annual sales in the low double-digit million euro range. The transaction is expected to be closed in the first half of 2015 when the necessary approvals have been received.



Expansion of the silicone platform

With a global investment initiative Evonik is strengthening its integrated technology platform for specialty silicone, which is an important backbone of the Nutrition & Care and Resource Efficiency segments. Overall, Evonik plans to invest a triple-digit million euro amount in the coming years. The first enlarged production facility is currently being brought into service in Essen (Germany). In the coming years, the plants at this site are to be expanded further, and a new integrated silicone platform is to be built in Shanghai (China). The growth drivers for specialty silicones are the trends to resource efficiency and sustainability. For example, they are regarded as an ideal insulating material for buildings and maximize the energy efficiency of refrigerators.

Production of plasticizer alcohols optimized

Thanks to a successful process innovation in the Performance Materials segment, Evonik will be able to produce the plasticizer alcohol 2-propyl heptanol (2-PH) much more efficiently at its Marl site. The new ligand OxoPhos 64i allows the world-scale plant to be operated for longer with less maintenance. Ligands are important components of catalysts and are vital for many industrial-scale processes. This innovation strengthens Evonik's technology position in the attractive growth market for plasticizer alcohols, which are mainly used in the plastics industry and in the automotive and construction sectors.



Intelligent production with real-time optimization

Evonik is one of the first chemical companies to use process control systems with real-time optimization in selected production plants. The aim is to realize savings of €50 million by 2025 by increasing the use of these systems. Real-time optimization allows optimal technical and economic control of chemical plants. Alongside technical data from the plant, real-time optimization incorporates data such as raw material and energy prices and current market demand. Using all of this data, the system permanently calculates the optimal operating condition of the plant and sends this information to the process control system, which controls production.

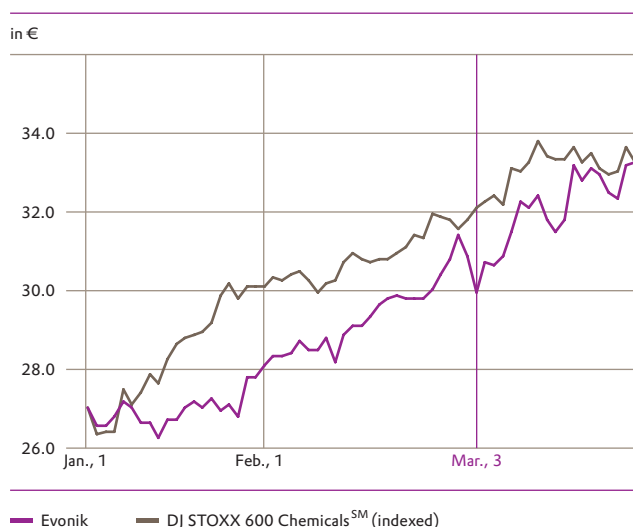
Evonik on the capital markets

Clear upward trend for shares in Evonik

Evonik shares rose substantially in the first three months of 2015, driven by the central banks' continued expansionary monetary policy and, above all, the turnaround in our operating performance observed since the second half of 2014. Other positive factors—in addition to the pleasing development of the majority of our business activities—were rising earnings contributions from our growth-driven investments and

efficiency enhancement programs. In the light of this, we have noticed that analysts and investors are becoming more interested in our specialty chemicals company. As a result of all these factors, Evonik shares ended the first quarter of 2015 at an all-time high of €33.20. The share price rose by a good 20 percent over the quarter and moved in line with the MDAX and DJ STOXX 600 ChemicalsSM in this period.

Performance of Evonik shares Jan. 1 – Mar. 31, 2015



Free float increased to 18 percent

The pleasing upward trend in our shares was supported by an increase in the free float. On March 4, 2015, funds advised by CVC Capital Partners (CVC) sold a stake of around 3.9 percent of the shares in Evonik held through Gabriel Acquisitions GmbH via the capital market. Since then, CVC has held 14.1 percent of shares in Evonik. RAG-Stiftung's stake is unchanged at 67.9 percent. The free float has increased from 14.2 percent to 18.0 percent. The related increase in our weighting in well-known indices will raise awareness of Evonik on the inter-

national financial markets. The average daily trading volume in our shares also increased considerably and was around 417,000 shares (€12.3 million) in the first quarter of 2015, compared with around 185,000 (€5.1 million) in the whole of 2014.

RAG-Stiftung placed a further exchangeable bond on the market on February 11, 2015. The issue volume was €500 million. If the entire issue were to be exchanged for Evonik shares when it matures in 2021, the free float would increase by just over 2 percentage points.

Key data

Jan. 1 – Mar. 31, 2015	
Highest share price ^a in €	33.20
Lowest share price ^a in €	26.30
Average price ^a in €	29.43
Closing price ^a on March 31, 2015 in €	33.20
No. of shares	466,000,000
Market capitalization ^a on March 31, 2015 in € billion	15.47
Average daily trading volume ^a No. of shares	approx. 417,000

^a Xetra trading.

Basic data on Evonik stock

WKN	EVNK01
ISIN	DE000EVNK013
Ticker symbol	EVK
Reuters (Xetra trading)	EVKn.DE
Bloomberg (Xetra trading)	EVK GY
First trading day	April 25, 2013
Trading segments	Regulated market (Prime Standard), Frankfurt am Main
Indices	MDAX, DJ STOXX® Europe 600, FTSE4Good Global, STOXX® Global ESG Leaders

Fourth quarter figures well received

Evonik reported on the fourth quarter of 2014 and the full fiscal year on March 3, 2015. Analysts and investors were positive about the turnaround in adjusted EBITDA in the fourth quarter and the fact that the company achieved its forecast for the full year. Dr. Klaus Engel, Chairman of the Executive Board, and Ute Wolf, Chief Financial Officer, outlined their expectation that the pleasing earnings trend would continue in the early part of 2015. The reporting was well-received by the capital markets: Evonik's share price rose around 2 percent on the following day and outperformed the DAX, the DJ STOXX 600 ChemicalsSM and shares in other major chemical companies. Some analysts revised their forecast for the share upwards.

Dividend yield among the highest in the chemical industry

We have a long-term dividend policy aligned to continuity and reliability. At the Annual Shareholders' Meeting, the Executive Board and Supervisory Board will therefore be proposing payment of an unchanged dividend of €1.00 per share for fiscal 2014. With a dividend yield of 3.7 percent based on the share price on December 30, 2014, Evonik ranks among the leaders in the chemical industry.

Analysts raise price targets for Evonik shares

At the end of the first quarter of 2015 Evonik was covered by 22 national and international analysts. Eleven of them rated Evonik shares as a buy, two as a sell, and nine issued neutral recommendations. The median price target improved from €30 to €33, with a price range of €27 to €38.

Start of 2015 employee share program

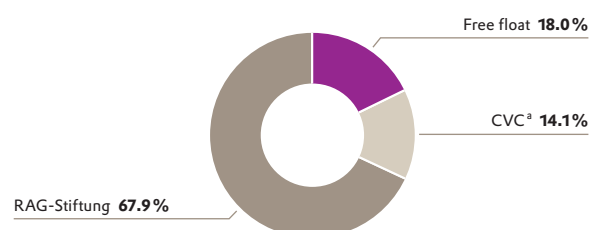
To enable our employees to share in the success of our company and strengthen their capital market focus, we offered another employee share program in March 2015. We reported regularly on our Investor Relations website on the repurchase of shares for the Share.2015 program.

Successful placement of new bond issue

In January 2015 Evonik issued a new €750 million bond with a tenor of eight years. The annual coupon of 1.0 percent is the lowest ever on a bond issued by Evonik.

At the end of March 2015, Moody's rating agency confirmed its credit rating of Baa2 with a positive outlook. It acknowledged our growth aspirations, improved operational business performance, and the planned increase in the free cash flow.

Shareholder structure



^a The shares in Evonik are held (directly and indirectly) by Gabriel Acquisitions GmbH, an indirect subsidiary of funds advised by CVC Capital Partners.

Investor Relations

For further information on our investor relations activities, visit our website at www.evonik.com/investor-relations. The financial calendar on our website provides a convenient overview of important dates. The website also contains key facts and figures, especially financial and segment data and details of the company's structure and organization.

This is supplemented by information on Evonik shares, the terms of bond issues and an overview of our credit ratings. Current presentations, analysts' estimates and reports on our business performance are also available.

Profile of Evonik

Evonik is one of the world's leading specialty chemicals companies. The central elements of our strategy for sustained value creation are profitable growth, efficiency and values. Around 80 percent of sales come from market-leading positions, which we are systematically expanding. We concentrate on high-growth megatrends, especially health, nutrition, resource efficiency and globalization. As part of our ambitious growth strategy, we are also stepping up our presence in emerging markets, especially in Asia. Important competitive advantages come from our integrated technology platforms, which we continuously refine.

Nutrition & Care

This segment produces specialty chemicals, principally for use in consumer goods for daily needs, and in animal nutrition and healthcare products.



Resource Efficiency

This segment provides environment-friendly and energy-efficient system solutions, mainly for the automotive sector and for the paints, coatings and construction industries.



Performance Materials

The heart of the Performance Materials segment is the production of polymer materials and intermediates, mainly for the rubber and plastics industries.



Services

This segment principally comprises site services, process technology and administrative services. It mainly provides services for Evonik's specialty chemicals segments and the management holding company, but also serves third parties.



QUARTERLY FINANCIAL REPORT 1ST QUARTER 2015

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Interim management report as of March 31, 2015

1. Business conditions and performance

1.1 Economic background

The **global economy** was dominated by differing regional growth trends in the first quarter of 2015, as expected. Although economic growth in the USA lost momentum as a result of lower investment spending, the appreciation of the dollar and an especially cold winter, it remained at a good level. In Europe, by contrast, the economy continued to firm in the first quarter, driven by the depreciation of the euro and the drop in the oil price. In Germany, consumer spending increased because of the good employment situation and lower oil price, but industry only posted modest increases.

The pace of growth slowed in the major emerging markets, apart from India. The situation remained recessionary in Brazil and Russia. In China, the economic data were affected by the traditional new year festival in February, but pointed to a continuation of the slightly weaker growth trend.

Worldwide, the development of Evonik's **end-customer industries** differed by region and by sector in the first quarter of 2015. Demand for consumer and care products and entertainment electronics was up year-on-year, primarily in Asia and North America, but also in some parts of Europe. Production of food and feed increased further year-on-year. In Europe, the general industrial trend remained weak, with only a slight rise in output in the first quarter, while in North America it was constant.

The price of Brent crude oil stabilized and increased slightly at the end of the first quarter, although overall it was lower than in the previous quarter and the first quarter of 2014. The trend in Evonik's average raw material prices mirrored the oil price. The euro depreciated further and remained lower than in the previous quarter and the first quarter of 2014.

1.2 Business performance

Significant events

To further improve our scope for profitable growth, we reorganized our **management and portfolio structure** effective January 1, 2015. The Executive Board now concentrates on Evonik's strategic development within a management holding structure. The three chemical segments are run by separate legal entities and have greater entrepreneurial freedom.

- The Consumer, Health & Nutrition segment has been renamed Nutrition & Care and is managed by Evonik Nutrition & Care GmbH.
- The Resource Efficiency segment is run by Evonik Resource Efficiency GmbH.
- The Specialty Materials segment has been renamed Performance Materials and is run by Evonik Performance Materials GmbH.

The business unit level has been eliminated.

Corporate structure as of January 1, 2015

Evonik				
Segments	Nutrition & Care	Resource Efficiency	Performance Materials	Services

In connection with this, we have made some slight changes in the allocation of the operating business to the segments¹, modified the presentation of the income statement², and slightly modified our definition of adjusted EBITDA³. The prior-year figures have been restated where applicable.

Business performance in Q1 2015

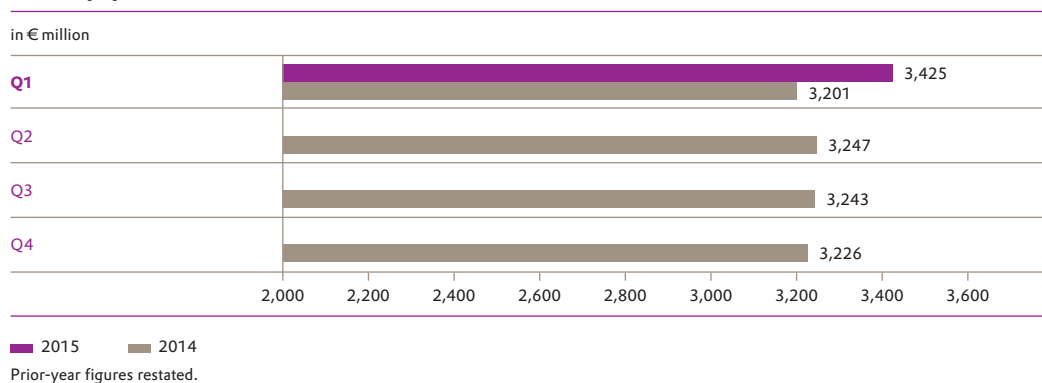
The positive business trend observed in the second half of 2014 continued in the first quarter of 2015. In particular, the Nutrition & Care and Resource Efficiency segments registered dynamic growth and were able to raise volumes year-on-year as a result of buoyant global demand, aided by the production facilities that came on stream last year. This was accompanied by a considerable rise in selling prices in the Nutrition & Care segment, whereas prices in the Performance Materials segment slipped further, mainly because of the drop in the oil price. Adjusted EBITDA improved considerably compared with both the previous quarters and the prior-year period, driven mainly by the Nutrition & Care and Resource Efficiency segments.

¹ See Note 7.

² See Note 3.

³ See Note 7.

Sales by quarters

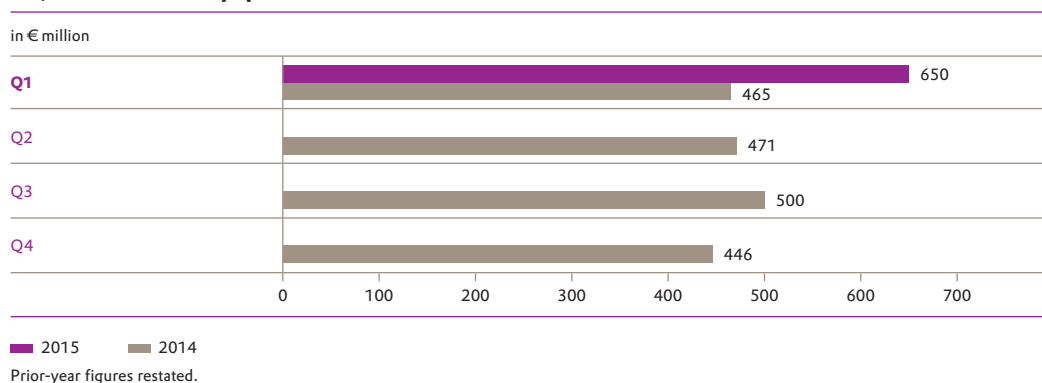


The Evonik Group grew **sales** 7 percent to €3,425 million. Thanks to higher volumes, organic growth was 2 percent. The price effects in the segments balanced each other out overall, so the Group's selling prices were stable. The exchange rate effect was mainly attributable to the depreciation of the euro versus the US dollar and the Chinese renminbi yuan. It contributed 6 percentage points of the overall rise. The other effects amounting to minus 1 percentage point included the skin care business, which was divested in June 2014.

Year-on-year change in sales

		1st quarter 2015
in %		
Volumes		2
Prices		–
Organic sales growth		2
Exchange rates		6
Other effects		–1
Total		7

Adjusted EBITDA by quarters



Adjusted EBITDA rose by 40 percent to €650 million. The adjusted EBITDA margin improved from 14.5 percent to a high level of 19.0 percent. Adjusted EBIT increased 53 percent to €485 million.

Statement of income

in € million	1st quarter		Change in %
	2015	2014	
Sales	3,425	3,201	7
Adjusted EBITDA	650	465	40
Depreciation and amortization	-165	-147	
Adjusted EBIT	485	318	53
Adjustments	-37	-19	
thereof attributable to			
Restructuring	-8	-5	
Impairment losses/reversals of impairment losses	-24	-	
Acquisition/divestment of shareholdings	-	-	
Other	-5	-14	
Financial result	-63	-83	
Income before income taxes, continuing operations	385	216	78
Income taxes	-115	-63	
Income after taxes, continuing operations	270	153	76
Income after taxes, discontinued operations	-11	17	
Income after taxes	259	170	52
thereof attributable to non-controlling interests	3	4	
Net income	256	166	54
Earnings per share in €	0.55	0.36	-

Prior-year figures restated.

The **adjustments** of minus €37 million include restructuring expenses of €8 million, mainly in connection with the shutdown of a production plant in the Performance Materials segment. The impairment losses of €24 million chiefly relate to capitalized expenses for a project in the Resource Efficiency and Performance Materials segments that was terminated following a routine review of investment projects. The prior-period figure of minus €19 million mainly comprised restructuring expenses and an increase in provisions for the phased early retirement plan to comply with IAS 19 (2011).

The **financial result** improved by €20 million to minus €63 million. This includes one-off factors amounting to minus €14 million comprising impairment losses on an equity investment and, in the previous year, interest expense of €24 million in connection with the establishment of provisions. Without taking these one-off factors into account, the financial result also improved considerably, mainly due to far more favorable refinancing. **Income before income taxes, continuing operations** rose 78 percent to €385 million. The income tax rate was 30 percent, and thus in line with the expected Group tax rate.

Income after taxes, discontinued operations was minus €11 million as a result of the remaining lithium-ion activities and expenses relating to activities divested in previous years. The prior-period figure of €17 million mainly comprised the lithium-ion business. Overall, the Evonik Group's **net income** advanced 54 percent to €256 million.

Adjusted net income should reflect the operating performance of the continuing operations. To improve comparability with other companies, we altered our calculation at the start of this year: An adjustment is now made for amortization and impairment losses on intangible assets. Adjusted net income increased 63 percent to €320 million in the first quarter of 2015. **Adjusted earnings per share** rose from €0.42 to €0.69.

Reconciliation to adjusted net income

in € million	1st quarter		Change in %
	2015	2014	
Income before financial result and income taxes (EBIT)^a	448	299	50
Adjustments	37	19	
Adjusted EBIT	485	318	53
Adjusted financial result	-49	-59	
Amortization and impairment losses on intangible assets	9	20	
Adjusted income before income taxes^a	445	279	59
Adjusted income taxes	-122	-80	
Adjusted income after taxes^a	323	199	62
thereof adjusted income attributable to non-controlling interests	3	3	
Adjusted net income^a	320	196	63
Adjusted earnings per share^a in €	0.69	0.42	-

Prior-year figures restated.

^a Continuing operations.

1.3 Segment performance

Nutrition & Care segment

- Higher volumes, further perceptible rise in selling prices
- Substantial increase in adjusted EBITDA
- Adjusted EBITDA margin at an excellent level of 28.7 percent

Key data for the Nutrition & Care segment

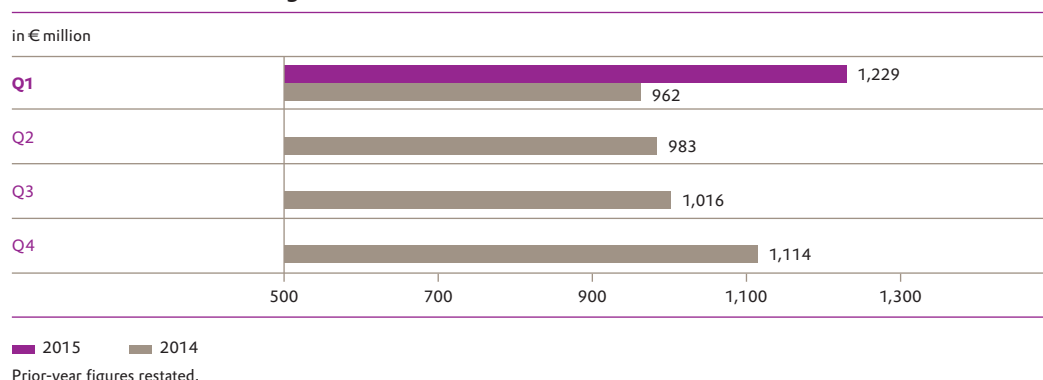
in € million	1st quarter		Change in %
	2015	2014	
External sales	1,229	962	28
Adjusted EBITDA	353	186	90
Adjusted EBITDA margin in %	28.7	19.3	–
Adjusted EBIT	302	149	103
Capital expenditures	54	81	–33
Employees as of March 31	6,927	6,992	–1

Prior-year figures restated.

Business developed extremely well in the **Nutrition & Care** segment, with sales up 28 percent at €1,229 million. This was due to higher volumes, a considerable improvement in selling prices and positive currency effects, while the divestment of the skin care business in June 2014 had a negative impact.

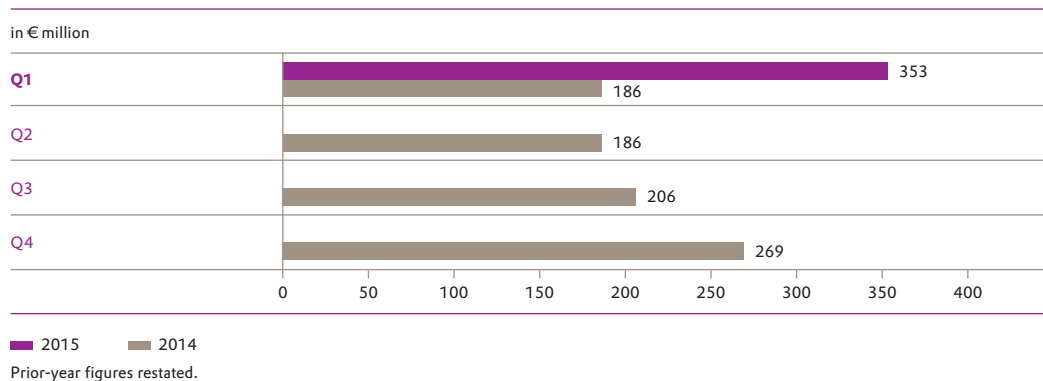
The trend in essential amino acids for animal nutrition was especially pleasing. Boosted by continued high demand for methionine, volumes increased appreciably, partly due to the new production complex in Singapore, which was successfully brought into service in the fourth quarter of 2014. The clearly positive price trend observed in the fourth quarter of 2014 continued in the first quarter of 2015. Business with healthcare products, especially pharmaceutical polymers for smart drug delivery systems, also got off to a good start. In addition, there was strong global demand for personal care products and stabilizers for polyurethane foam.

Sales Nutrition & Care segment



Adjusted EBITDA increased 90 percent to €353 million, mainly because of higher prices and lower raw material costs. The adjusted EBITDA margin improved significantly from 19.3 percent in the prior-year period to 28.7 percent.

Adjusted EBITDA Nutrition & Care segment



Resource Efficiency segment

- Higher demand and stable selling prices
- Further increase in adjusted EBITDA
- Adjusted EBITDA margin very good at 21.7 percent

Key data for the Resource Efficiency segment

in € million	1st quarter		
	2015	2014	Change in %
External sales	1,124	999	13
Adjusted EBITDA	244	221	10
Adjusted EBITDA margin in %	21.7	22.1	–
Adjusted EBIT	192	180	7
Capital expenditures	46	60	–23
Employees as of March 31	7,908	8,010	–1

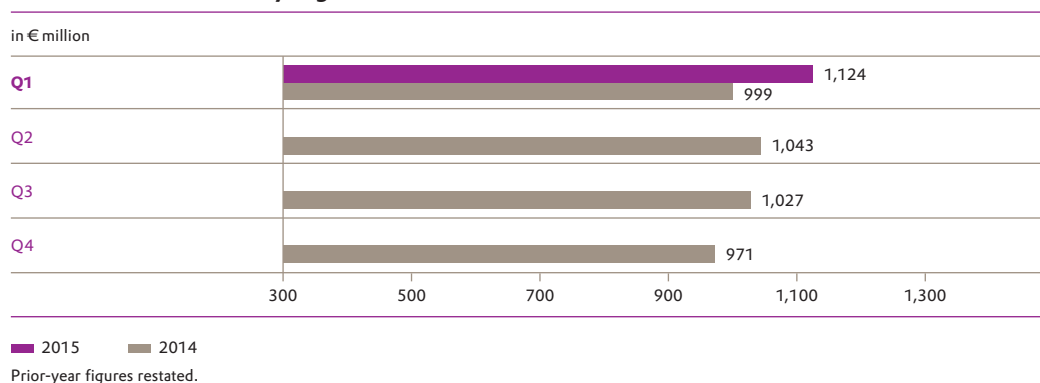
Prior-year figures restated.

Sales in the **Resource Efficiency** segment grew 13 percent to €1,124 million. Since selling prices were stable, the sales growth was due to higher volumes and positive currency effects.

Business conditions and performance
Segment performance

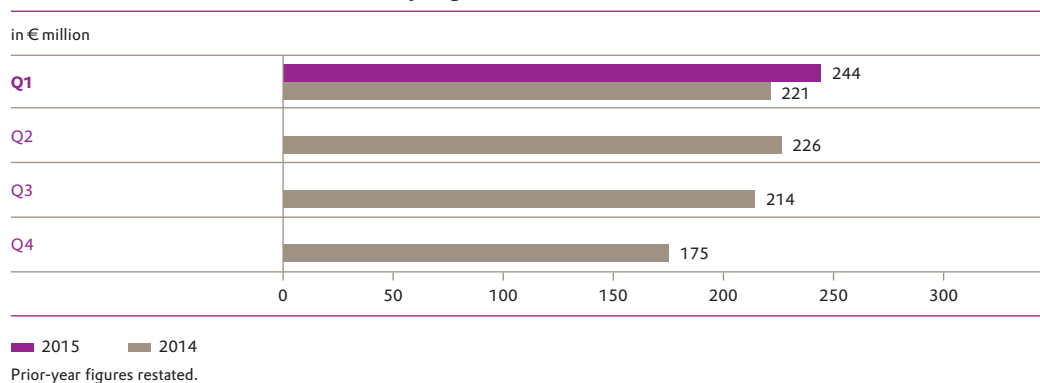
Almost all business activities contributed to the successful performance. The hydrogen peroxide business registered rising demand worldwide, especially from the paper and textile industries, and was able to raise volumes appreciably, not least as a result of the ramp-up of new capacity. There was strong demand for crosslinkers, principally from the automotive, coatings and construction industries, and increasingly for applications in the composites market. High-performance polymers benefited from an upturn in demand for polyamides, especially for gas and offshore oil pipelines. ROHACELL® structural foam, high-temperature polymers and membranes also posted robust growth. Oil additives to improve the performance of engines and gears had another strong quarter, while silicas benefited from continued high demand, for example from the tire and coatings industries, and from the additional capacity that came into service last year.

Sales Resource Efficiency segment



Adjusted EBITDA increased 10 percent to €244 million, mainly because of the rise in volumes. The adjusted EBITDA margin was 21.7 percent, slightly below the prior-period level of 22.1 percent.

Adjusted EBITDA Resource Efficiency segment



On March 11, 2015, Evonik signed an agreement to acquire the Indian catalyst producer Monarch Catalyst Pvt. Ltd., Dombivli. Evonik is a leading supplier of catalysts and sees Monarch as an excellent strategic fit. In this way, the Resource Efficiency segment will strengthen its market position in activated base and precious metal catalysts and extend its business into oil and fat hydrogenation catalysts. Monarch has around 300 employees and annual sales in the low double-digit million euro range. The transaction is expected to be closed in the first half of 2015, once the necessary approvals have been obtained.

Performance Materials segment

- Lower volumes and declining selling prices
- Adjusted EBITDA down year-on-year
- Adjusted EBITDA margin increases slightly to 8.5 percent

Key data for the Performance Materials segment

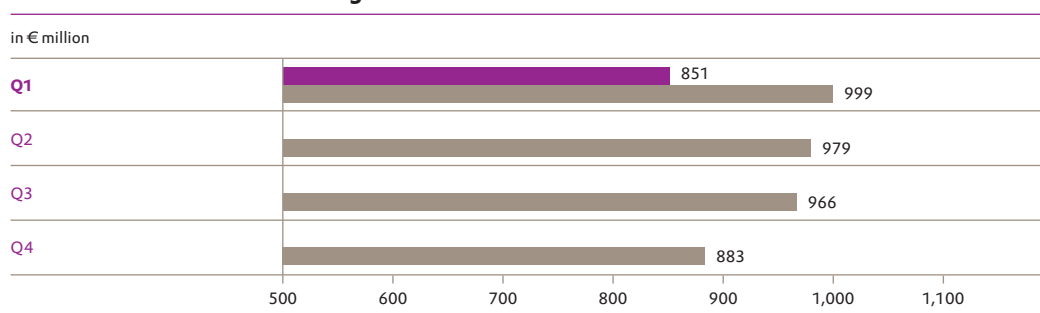
in € million	1st quarter		Change in %
	2015	2014	
External sales	851	999	-15
Adjusted EBITDA	72	80	-10
Adjusted EBITDA margin in %	8.5	8.0	-
Adjusted EBIT	42	53	-21
Capital expenditures	47	41	15
Employees as of March 31	4,346	4,395	-1

Prior-year figures restated.

In the **Performance Materials** segment, sales were €851 million, 15 percent lower than in the prior-year period. This was due to lower volume sales and a further substantial drop in selling prices. By contrast, currency effects were positive.

The development of the performance intermediates business, in particular, was held back by sluggish demand and a drop in selling prices caused mainly by the reduction in the oil price. The methacrylates business made a good start to the year, benefiting above all from strong demand from the automotive industry in Europe and the United States.

Sales Performance Materials segment

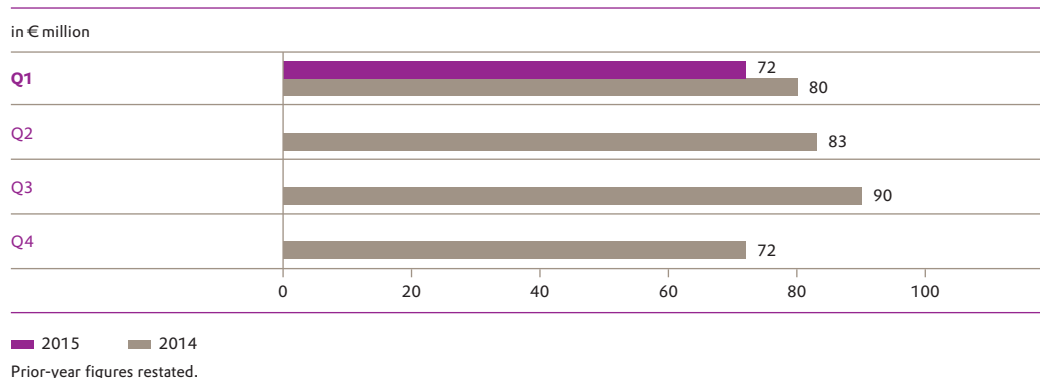


■ 2015 ■ 2014

Prior-year figures restated.

Adjusted EBITDA dropped 10 percent to €72 million as a consequence of the lower overall volumes and declining selling prices. The adjusted EBITDA margin was 8.5 percent, up from 8.0 percent in the first quarter of 2014.

Adjusted EBITDA Performance Materials segment



Services segment

Key data for the Services segment

in € million	1st quarter		
	2015	2014	Change in %
External sales	207	231	-10
Adjusted EBITDA	46	43	7
Adjusted EBITDA margin in %	22.2	18.6	-
Adjusted EBIT	20	18	11
Capital expenditures	39	23	70
Employees as of March 31	12,971	12,675	2

Prior-year figures restated.

Sales declined 10 percent to €207 million in the **Services** segment. This was mainly attributable to the reduction in energy prices, which the segment charges to external customers at its sites. Adjusted EBITDA increased slightly to €46 million, with higher earnings from Site Services contributing to this.

2. Earnings, financial and asset position

2.1 Earnings position

Sales grew 7 percent to €3,425 million, driven principally by higher volumes and positive exchange rate influences. The cost of sales was €2,317 million, almost at the same level as the prior-year period despite the increase in volumes and positive currency effects. The **gross profit on sales** improved 25 percent to €1,108 million. The 8 percent rise in selling expenses to €341 million was attributable to the increase in business resulting from new production facilities as well as to currency effects. To strengthen our innovative capability still further, we raised spending on research and development by 3 percent to €101 million. General administrative expenses rose 6 percent to €160 million, partly due to currency effects.

The increase in other operating income and other operating expenses was mainly caused by the depreciation of the euro. From the start of this year, we present the effect of currency translation of operational monetary assets and liabilities and the associated hedging instruments as net amounts.¹ The €65 million increase in other operating income to €115 million is mainly attributable to the net income from the translation of operational monetary assets and liabilities. The €97 million rise in other operating expenses to €174 million comes principally from the net expense for operational currency hedging and higher impairment losses. **Income before financial result and income taxes, continuing operations** increased by 50 percent to €448 million.

The **financial result** improved to minus €63 million. This includes one-off factors amounting to minus €14 million comprising impairment losses on an equity investment and, in the previous year, interest expense of €24 million in connection with the establishment of provisions. Without taking these one-off factors into account, the financial result also improved considerably, mainly due to far more favorable refinancing. **Income before income taxes, continuing operations** was 78 percent higher at €385 million. The income tax rate was 30 percent, and thus in line with the expected Group tax rate. Income after taxes, continuing operations improved by 76 percent to €270 million.

Income after taxes, discontinued operations² was minus €11 million as a result of the remaining lithium-ion activities and expenses relating to activities divested in previous periods. **Net income** rose 54 percent to €256 million.

¹ See Notes 3 and 5.

² See Note 4.2.

2.2 Financial and asset position

In January 2015, Evonik issued a **new bond** with a nominal value of €750 million. It has a tenor of eight years and the interest coupon is 1.0 percent. Financial debt increased by €788 million to €1,717 million, mainly because of this bond issue. Cash and cash equivalents increased by a corresponding amount. Since further inflows came from operating activities, **net financial assets** were €548 million, a rise of €148 million compared with December 31, 2014.

Net financial assets

in € million	Mar. 31, 2015	Dec. 31, 2014
Non-current financial liabilities	-1,397	-639
Current financial liabilities	-320	-290
Financial debt^a	-1,717	-929
Cash and cash equivalents	1,614	921
Current securities	640	387
Other financial assets	11	21
Financial assets^a	2,265	1,329
Net financial assets as stated on the balance sheet	548	400

^a Excluding derivatives.

Cash flow statement (excerpt)

in € million	1st quarter	
	2015	2014
Cash flow from operating activities, continuing operations	445	298
Cash flow from operating activities, discontinued operations	1	17
Cash flow from operating activities	446	315
Cash flow from investing activities, continuing operations	-505	-283
Cash flow from investing activities, discontinued operations	-	-1
Cash flow from investing activities	-505	-284
Cash flow from financing activities, continuing operations	733	16
Cash flow from financing activities, discontinued operations	-	-
Cash flow from financing activities	733	16
Change in cash and cash equivalents	674	47

Prior-year figures restated.

The **cash flow from operating activities, continuing operations** improved by €147 million to €445 million. The good operating performance was the main reason for this. Downside factors included a slightly higher rise in net working capital, mainly in connection with the considerable expansion of business in our Nutrition & Care and Resource Efficiency segments. The cash flow from discontinued operations was €1 million, down from €17 million in the first quarter of 2014. Overall, the cash flow from operating activities increased by €131 million to €446 million.

The cash outflow for investing activities, continuing operations was €505 million, mainly for capital expenditures on property, plant and equipment and for investments in current securities as part of the investment strategy. In the prior-year period, the cash outflow of €283 million was mainly attributable to capital expenditures for property, plant and equipment and outflows for investments. Together with the corresponding cash flow from the discontinued operations, there was a cash outflow of €505 million for investing activities in the first quarter of 2015, compared with an outflow of €284 million in the prior-year period.

The cash flow from financing activities, continuing operations comprised an inflow of €733 million, principally due to the issue of a new capital market bond. In the prior-year period, the cash inflow from financing activities, continuing operations was €16 million.

Capital expenditures for property, plant and equipment slipped 10 percent year-on-year to €189 million (Q1 2014: €209 million). 28 percent of capital expenditures were allocated to the Nutrition & Care segment, while the Resource Efficiency and Performance Materials segments each received 24 percent. New production capacity was taken into service to strengthen our leading market positions: In Antwerp we completed the fourth expansion phase of a plant that produces an exclusive intermediate for the agricultural industry.

Investment in **financial assets** amounted to €4 million (Q1 2014: €42 million).

Total assets were €17.7 billion as of March 31, 2015, €2.0 billion higher than at year-end 2014. Non-current assets increased by €0.6 billion to €10.9 billion. Current assets rose by €1.4 billion to €6.8 billion. Contributory factors were trade accounts receivable, securities, and an increase in cash and cash equivalents, mainly from the bond issued in January 2015. Equity was slightly lower, down €0.1 billion at €6.4 billion. The equity ratio declined from 41.6 percent to 36.2 percent.

3. Research & development

Research and development (R&D) expenses increased 3 percent to €101 million in the first quarter of 2015. Key projects were composites for lightweight automotive and aviation engineering, and pharmaceutical active ingredient formulations.

A recent evaluation by the European Patent Office (EPO) shows that Evonik successfully translates the results of its R&D into **patents**: Evonik is the tenth most prolific patent applicant in Germany. In 2014 it improved its ranking one notch compared with 2013. Worldwide, Evonik has more than 25,000 patents and pending patents. Last year, it filed initial patent applications for around 250 discoveries.

In spring 2015, the US Patent and Trademark Office issued Evonik a process patent for the preparation of injectable extended-release pharmaceuticals based on FormEZE™ technology. This innovative **micro-encapsulation process** developed by the Nutrition & Care segment facilitates industrial production of drug-eluting particles for long-acting injectables which can be administered quickly and painlessly with very small needles. FormEZE™ technology enables the production of such microparticles with high yields and controlled particle sizes.

Our Composites Project House aims to make the production of **composites for lightweight engineering** simpler and cheaper through a new material concept comprising hybrid polymer systems. This project house has achieved an important milestone: Since the end of 2014, pilot facilities in Marl (Germany) have been demonstrating the effectiveness of this material system for the production of hybrids. First potential customers have received samples for testing. Composites comprise extremely strong fibers embedded in a polymer (plastic), which primarily determines how the composite is processed. These hybrid polymer systems combine the good processability of thermoplastic polymers with the good mechanical properties of thermosetting plastics.

Evonik has been named by US President Barack Obama as a **key partner for the Institute for Advanced Composites Manufacturing Innovation (IACMI)**. IACMI is a public-private partnership comprising technology leaders from academia and the corporate sector as well as federal and state government in the USA. It seeks to advance the commercialization of novel material sciences and composite solutions for automobiles, wind turbines, and compressed natural gas tanks.

4. Employees

As of March 31, 2015, the Evonik Group had 33,242 employees. 33,075 of them were employed in the continuing operations, a decrease of 166 compared with year-end 2014. The figure for the discontinued operations relates to the headcount at Evonik Litarion GmbH.

Employees by segment

	March 31, 2015	Dec. 31, 2014
Nutrition & Care	6,927	6,943
Resource Efficiency	7,908	7,835
Performance Materials	4,346	4,353
Services	12,971	13,173
Other operations	923	937
Continuing operations	33,075	33,241
Discontinued operations	167	171
Evonik	33,242	33,412

Prior-year figures restated.

5. Opportunity and risk report

As an international Group with a diversified portfolio of specialty chemicals, Evonik is exposed to a wide range of **opportunities** and **risks**. The risk categories and principal individual opportunities and risks relating to our earnings, financial and asset position, and the structure of our risk management system are described in detail in the opportunity and risk report, which forms part of the Management Report for 2014.

In view of the continued volatility of the operating environment, we regularly and systematically monitor and analyze the markets, sectors and growth prospects of relevance for our segments. Based on current market trends in our Nutrition & Care and Resource Efficiency segments, we see slightly better opportunities and somewhat less risk potential for this year than in our assessment at the end of 2014. That gives the Group a balanced relationship between opportunities and risks. There are still no risks that could jeopardize the continued existence of the Evonik Group or major individual companies.

6. Events after the reporting date

No material events have occurred since the reporting date.

7. Expected development

We still expect **global economic conditions** in 2015 as a whole to be dominated by differing regional growth trends: The upturn in the developed economies, especially the USA, is likely to be countered by a slowdown in the emerging markets.

The projection for the global economy is still marked by considerable uncertainty. It could develop differently from our expectations, especially as a result of central bank action and geopolitical conflicts. Nevertheless, the forecast we made at year-end 2014 remains unchanged: We assume a moderate rise in global growth to 3.0 percent compared with 2014.

The sluggish cyclical momentum and current increase in supply should continue to have an impact on the raw material markets. In fiscal 2015 our internal raw material cost index should therefore remain below the average for 2014.

Overall, our forecast is based on the following **assumptions**:

- Global growth: 3.0 percent (unchanged)
- Euro/US dollar exchange rate: US\$1.13¹ (previously: around US\$1.30)
- Internal raw material cost index lower than in prior year (unchanged)

¹ Average exchange rate in the first quarter of 2015.

The positive trend observed in the second half of 2014 strengthened further at the beginning of fiscal 2015. In view of this, we are raising our **outlook** for fiscal 2015:

We still anticipate that sales will rise slightly (2014: €12.9 billion). Our forecast for adjusted EBITDA is now at least €2.2 billion (2014: €1,882 million), whereas at the start of the year we assumed a slight rise.

The positive market trend for our Nutrition & Care and Resource Efficiency segments and the pleasing demand for their products should continue, leading to further volume growth. The new production facilities that came on stream last year will also contribute to the increase in volume growth. We expect selling prices to develop solidly across most of our product portfolio. We assume that in the Nutrition & Care segment average prices for amino acids for animal nutrition will be well above last year's levels. In the Performance Materials segment, selling prices in some businesses could remain under pressure due to lower raw material prices.

Alongside the continued high profitability of our operating businesses, the On Track 2.0 and Administration Excellence efficiency enhancement programs will make a perceptible contribution to the earnings increase in 2015. The earnings impact of lower raw material prices on individual businesses will vary, but should largely balance out across the portfolio as a whole.

Compared with the outlook given at the start of the year, the expected sales and earnings development now includes positive exchange rate effects.

Consolidated interim financial statements as of March 31, 2015

Income statement

Income statement for the Evonik Group

in € million	1st quarter	
	2015	2014
Sales	3,425	3,201
Cost of sales	-2,317	-2,314
Gross profit on sales	1,108	887
Selling expenses	-341	-315
Research and development expenses	-101	-98
General administrative expenses	-160	-151
Other operating income	115	50
Other operating expenses	-174	-77
Result from investments recognized at equity	1	3
Income before financial result and income taxes, continuing operations	448	299
Interest income	4	6
Interest expense	-60	-82
Other financial income/expense	-7	-7
Financial result	-63	-83
Income before income taxes, continuing operations	385	216
Income taxes	-115	-63
Income after taxes, continuing operations	270	153
Income after taxes, discontinued operations	-11	17
Income after taxes	259	170
thereof attributable to		
Non-controlling interests	3	4
Shareholders of Evonik Industries AG (net income)	256	166
Earnings per share in € (basic and diluted)	0.55	0.36

Prior-year figures restated.

Statement of comprehensive income

Statement of comprehensive income for the Evonik Group

in € million	1st quarter	
	2015	2014
Income after taxes	259	170
Gains/losses on available-for-sale securities	10	1
Gains/losses on hedging instruments	-109	-17
Currency translation adjustment	356	-1
Attributable to the equity method (after income taxes)	3	-
Deferred taxes	28	5
Comprehensive income that will be reclassified subsequently to profit or loss	288	-12
Remeasurement of the net defined benefit liability for defined benefit pension plans	-900	-641
Deferred taxes	271	193
Comprehensive income that will not be reclassified subsequently to profit or loss	-629	-448
Other comprehensive income after taxes	-341	-460
Total comprehensive income	-82	-290
thereof attributable to		
Non-controlling interests	14	3
Shareholders of Evonik Industries AG	-96	-293
Total comprehensive income attributable to shareholders of Evonik Industries AG	-96	-293
thereof attributable to		
Continuing operations	-85	-310
Discontinued operations	-11	17

Prior-year figures restated.

Balance sheet

Balance sheet for the Evonik Group

in € million	Mar. 31, 2015	Dec. 31, 2014
Intangible assets	3,182	3,100
Property, plant and equipment	5,784	5,515
Investments recognized at equity	359	357
Financial assets	94	83
Deferred taxes	1,448	1,127
Other income tax assets	13	11
Other receivables	57	58
Non-current assets	10,937	10,251
Inventories	1,813	1,778
Other income tax assets	169	211
Trade accounts receivable	2,051	1,720
Other receivables	336	303
Financial assets	769	449
Cash and cash equivalents	1,614	921
	6,752	5,382
Assets held for sale	41	52
Current assets	6,793	5,434
Total assets	17,730	15,685

Prior-year figures restated.

in € million	Mar. 31, 2015	Dec. 31, 2014
Issued capital	466	466
Capital reserve	1,168	1,165
Accumulated income	4,667	5,040
Treasury shares	-7	-
Accumulated other comprehensive income	33	-244
Equity attributable to shareholders of Evonik Industries AG	6,327	6,427
Equity attributable to non-controlling interests	99	95
Equity	6,426	6,522
Provisions for pensions and other post-employment benefits	4,875	3,953
Other provisions	916	903
Deferred taxes	450	449
Other income tax liabilities	207	199
Financial liabilities	1,453	666
Other payables	106	71
Non-current liabilities	8,007	6,241
Other provisions	1,042	957
Other income tax liabilities	149	105
Financial liabilities	696	469
Trade accounts payable	1,046	1,126
Other payables	350	247
	3,283	2,904
Liabilities associated with assets held for sale	14	18
Current liabilities	3,297	2,922
Total equity and liabilities	17,730	15,685

Prior-year figures restated.

Statement of changes in equity

Statement of changes in equity for the Evonik Group

in € million	Issued capital	Capital reserve	Accumulated income	
As of January 1, 2014	466	1,165	5,547	
Capital increases/decreases	–	–	–	
Purchase of treasury shares	–	–	–	
Share-based payment	–	3	–	
Sale of treasury shares	–	–	–	
Dividend distribution	–	–	–	
Changes in ownership interests in subsidiaries without loss of control	–	–	–	
Income after taxes	–	–	166	
Other comprehensive income after taxes	–	–	–448	
Total comprehensive income	–	–	–282	
Other changes	–	–	–10	
As of March 31, 2014	466	1,168	5,255	
As of January 1, 2015	466	1,165	5,040	
Capital increases/decreases	–	–	–	
Purchase of treasury shares	–	–	–	
Share-based payment	–	3	–	
Sale of treasury shares	–	–	–	
Dividend distribution	–	–	–	
Changes in ownership interests in subsidiaries without loss of control	–	–	–	
Income after taxes	–	–	256	
Other comprehensive income after taxes	–	–	–629	
Total comprehensive income	–	–	–373	
Other changes	–	–	–	
As of March 31, 2015	466	1,168	4,667	

Statement of changes in equity

	Treasury shares	Accumulated other comprehensive income	Attributable to shareholders of Evonik Industries AG	Attributable to non-controlling interests	Total equity
	-	-420	6,758	78	6,836
	-	-	-	-	-
	-9	-	-9	-	-9
	-	-	3	-	3
	-	-	-	-	-
	-	-	-	-5	-5
	-	-	-	-	-
	-	-	166	4	170
	-	-11	-459	-1	-460
	-	-11	-293	3	-290
	-	-	-10	-	-10
	-9	-431	6,449	76	6,525
	-	-	-	-	-
	-	-244	6,427	95	6,522
	-	-	-	-	-
	-7	-	-7	-	-7
	-	-	3	-	3
	-	-	-	-	-
	-	-	-	-10	-10
	-	-	-	-	-
	-	-	256	3	259
	-	277	-352	11	-341
	-	277	-96	14	-82
	-	-	-	-	-
	-7	33	6,327	99	6,426

Cash flow statement

Cash flow statement for the Evonik Group

in € million	1st quarter	
	2015	2014
Income before financial result and income taxes, continuing operations	448	299
Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets	191	147
Result from investments recognized at equity	-1	-3
Gains/losses on the disposal of non-current assets	1	-
Change in inventories	55	-19
Change in trade accounts receivable	-244	-131
Change in trade accounts payable and current advance payments received from customers	-53	36
Change in provisions for pensions and other post-employment benefits	-36	-32
Change in other provisions	51	36
Change in miscellaneous assets/liabilities	86	-3
Cash outflows for interest	-12	-10
Cash inflows from interest	2	5
Cash inflows from dividends	2	-
Cash inflows/outflows for income taxes	-45	-27
Cash flow from operating activities, continuing operations	445	298
Cash flow from operating activities, discontinued operations	1	17
Cash flow from operating activities	446	315
Cash outflows for investments in intangible assets, property, plant and equipment	-266	-258
Cash outflows for investments in shareholdings	-3	-39
Cash inflows from divestments of intangible assets, property, plant and equipment	3	2
Cash inflows/outflows from divestment of shareholdings	3	16
Cash inflows/outflows relating to securities, deposits and loans	-242	-4
Cash flow from investing activities, continuing operations	-505	-283
Cash flow from investing activities, discontinued operations	-	-1
Cash flow from investing activities	-505	-284

in € million	1st quarter	
	2015	2014
Cash outflows for dividends to non-controlling interests	-7	-3
Cash outflows for the purchase of treasury shares	-7	-6
Cash inflows from the addition of financial liabilities	795	112
Cash outflows for repayment of financial liabilities	-48	-87
Cash flow from financing activities, continuing operations	733	16
Cash flow from financing activities, discontinued operations	-	-
Cash flow from financing activities	733	16
Change in cash and cash equivalents	674	47
Cash and cash equivalents as of January 1	921	1,572
Change in cash and cash equivalents	674	47
Changes in exchange rates and other changes in cash and cash equivalents	19	-1
Cash and cash equivalents as of March 31	1,614	1,618
Cash and cash equivalents included in assets held for sale	-	-43
Cash and cash equivalents as on the balance sheet as of March 31	1,614	1,575

Prior-year figures restated.

Notes

1. Segment report

Segment report by operating segments—1st quarter

in € million	Operating segments					
	Nutrition & Care		Resource Efficiency		Performance Materials	
	2015	2014	2015	2014	2015	2014
External sales	1,229	962	1,124	999	851	999
Internal sales	6	7	15	24	34	43
Total sales	1,235	969	1,139	1,023	885	1,042
Adjusted EBITDA	353	186	244	221	72	80
Adjusted EBITDA margin in %	28.7	19.3	21.7	22.1	8.5	8.0
Adjusted EBIT	302	149	192	180	42	53
Capital expenditures	54	81	46	60	47	41
Financial investments	–	1	–	40	–	–
Employees as of March 31	6,927	6,992	7,908	8,010	4,346	4,395

Prior-year figures restated.

Segment report by region—1st quarter

in € million	Germany		Other European countries		North America	
	2015	2014	2015	2014	2015	2014
External sales	626	754	1,047	1,097	651	541
Goodwill as of March 31 ^a	1,542	1,542	546	541	371	300
Other intangible assets, property, plant and equipment, investment property as of March 31 ^a	2,769	2,749	540	477	975	716
Capital expenditures	91	77	23	18	31	24
Employees as of March 31	21,301	21,256	2,708	2,800	3,741	3,772

Prior-year figures restated.

^a Non-current assets according to IFRS 8.33 b.

	Services		Other operations		Corporate, consolidation		Total Group (continuing operations)	
	2015	2014	2015	2014	2015	2014	2015	2014
	207	231	23	23	-9	-13	3,425	3,201
	452	461	21	18	-528	-553	-	-
	659	692	44	41	-537	-566	3,425	3,201
	46	43	2	-7	-67	-58	650	465
	22.2	18.6	-	-	-	-	19.0	14.5
	20	18	-2	-10	-69	-72	485	318
	39	23	3	5	-	-1	189	209
	2	-	2	1	-	-	4	42
	12,971	12,675	758	1,245	165	-258	33,075	33,059

	Central and South America		Asia-Pacific		Middle East, Africa		Total Group (continuing operations)	
	2015	2014	2015	2014	2015	2014	2015	2014
	241	185	750	547	110	77	3,425	3,201
	33	26	277	237	1	-	2,770	2,646
	178	93	1,722	1,255	11	10	6,195	5,300
	19	20	25	70	-	-	189	209
	617	527	4,561	4,562	147	142	33,075	33,059

2. General information

Evonik Industries AG is an international specialty chemicals company headquartered in Germany.

The present condensed and consolidated interim financial statements (consolidated interim financial statements) of Evonik Industries AG and its subsidiaries (referred to jointly as Evonik or the Evonik Group) as of March 31, 2015, have been prepared in accordance with the provisions of IAS 34 Interim Financial Reporting, and in application of Section 315a Paragraph 1 of the German Commercial Code (HGB) using the International Financial Reporting Standards (IFRS) and comply with these standards. The IFRS comprise the standards (IFRS, IAS) issued by the International Accounting Standards Board (IASB), London (UK) and the interpretations (IFRIC, SIC) of the IFRS Interpretations Committee (IFRS IC), as adopted by the European Union.

The consolidated interim financial statements as of March 31, 2015 are presented in euros. The reporting period is January 1 to March 31, 2015. All amounts are stated in millions of euros (€ million) except where otherwise indicated. The basis for the consolidated interim financial statements comprises the consolidated financial statements for the Evonik Group as of December 31, 2014, which should be referred to for further information.

3. Presentation and structure, accounting principles

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements as of December 31, 2014, with the exception of the following change:

Effective January 1, 2015, the Executive Board of Evonik Industries AG altered the management and portfolio structure to further improve the opportunities for profitable growth. This has greatly increased the entrepreneurial independence of the specialty chemicals segments. To reflect this, changes have been made to the presentation of the income statement to ensure greater separation of operational and financing-related income and expenses to allow better allocation in line with responsibilities. Further, this improves comparability with competitors. The following changes have been made:

- the result from investments recognized at equity is now allocated to income before financial result and income taxes, continuing operations
- greater differentiation in the allocation of income and expenses from currency translation and currency hedging; these are recognized in income before financial result and income taxes, continuing operations where they relate to the operating business, and in the financial result where they relate to financing
- more transparent presentation of the economic significance of the results of currency translation and currency hedging by switching from a gross to a net view.

Notes

Presentation and structure,
accounting principles

The following prior-period items have been restated:

Impact of changes in the presentation of the consolidated income statement of the Evonik Group (excerpt)

in € million	1st quarter 2014
	Impact of change
Other operating income	-111
Other operating expenses	118
Result from investments recognized at equity	3
Income before financial result and income taxes, continuing operations	10
Result from investments recognized at equity	-3
Other financial income/expense	-7
Financial result	-10
Income before income taxes, continuing operations	-

There was no impact on basic or diluted earnings per share.

For reasons of materiality, investment property amounting to €11 million (Q1 2014: €10 million), which was previously shown as a separate line item on the balance sheet, is now included in property, plant and equipment.

With effect from January 1, 2015, the determination of the discount rate used to value newly acquired pension entitlements (service cost) in the euro zone has been adjusted. While the discount rate for service cost was previously derived from total cash flows relating to pension entitlements (present employees, vested rights of former employees, retirees), it is now based on cash flows relating to current employees, since only they acquire new entitlements.

Before this change, the discount rate as of January 1, 2015 would have been 2.50 percent. The new discount rate for newly acquired entitlements is 2.75 percent. The service cost was therefore €4 million lower as of March 31, 2015. As a change in estimation, this adjustment is entirely prospective.

4. Changes in the Group

4.1 Scope of consolidation, acquisitions and divestments

There were no material changes to the scope of consolidation in the first quarter of 2015.

4.2 Assets held for sale and discontinued operations

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations sets out the accounting principles to be used for assets held for sale and their presentation in the consolidated financial statements.

Assets held for sale and the associated liabilities have to be stated separately from other assets and liabilities on the balance sheet. The amounts recognized for these assets and liabilities in the previous year do not have to be restated.

Businesses whose assets and liabilities have been classified as held for sale may also meet the criteria for classification as discontinued operations, especially if a separate, significant business area is to be disposed of. The income and expenses of such discontinued operations have to be stated separately from those of continuing operations in the income statement. The cash flows also have to be stated separately. The prior-period figures have to be restated in the income statement and the cash flow statement.

The 100 percent stake in Evonik Litarion GmbH, Kamenz (Germany), which comprises the remaining lithium-ion business, is classified as a discontinued operation as in the previous year, as the intention is still to divest it.

The following table shows the main impact of the discontinued operations on the income statement, broken down into operating income and the gain or loss on divestment:

Impact of the discontinued operations on the income statement

	Operating income after taxes		Divestment gains/losses after taxes		Income after taxes, discontinued operations	
	1st quarter		1st quarter		1st quarter	
	2015	2014	2015	2014	2015	2014
in € million						
Lithium-ion business	-8	21	-	-	-8	21
Former Energy Business Area	-	-4	-2	-	-2	-4
Other discontinued operations	-	-	-1	-	-1	-
Total	-8	17	-3	-	-11	17

Breakdown of operating income from the discontinued operations:

Operating income, discontinued operations

in € million	1st quarter	
	2015	2014
Lithium-ion business	8	60
Former Energy Business Area	–	18
Income	8	78
Lithium-ion business	–16	–31
Former Energy Business Area	–	–22
Expenses	–16	–53
Lithium-ion business	–8	29
Former Energy Business Area	–	–4
Operating income before income taxes, discontinued operations	–8	25
Lithium-ion business	–	–8
Former Energy Business Area	–	–
Income taxes	–	–8
Lithium-ion business	–8	21
Former Energy Business Area	–	–4
Operating income after taxes, discontinued operations	–8	17

In the reporting period, the operating income before income taxes from the lithium-ion business included impairment losses of €7 million.

The following table shows the assets held for sale and the associated liabilities after all consolidation steps:

Assets held for sale and associated liabilities

in € million	Mar. 31, 2015	Dec. 31, 2014
Property, plant and equipment	1	5
Deferred taxes	4	3
Inventories	8	17
Trade accounts receivable	27	26
Other receivables	1	1
Assets held for sale	41	52
Provisions for pensions and other post-employment benefits	1	1
Other provisions	4	4
Deferred taxes	2	2
Other income tax liabilities	–	1
Financial liabilities	4	7
Trade accounts payable	3	3
Liabilities associated with assets held for sale	14	18

The net value of the assets held for sale and associated liabilities amounting to €27 million is the result of a loss-free valuation. It is allocated to Level 2 of the fair value hierarchy set out in IFRS 13 Fair Value Measurement. The main input factor for the valuation was expected proceeds from sale less the costs to sell.

5. Notes to the income statement

5.1 Other operating income

Other operating income

in € million	1st quarter	
	2015	2014
Net income from currency translation of operating monetary assets and liabilities	63	–
Net income from operational currency hedging	–	1
Income from the reversal of provisions	10	5
Income from restructuring measures	3	–
Other income	39	44
Other operating income	115	50
thereof adjustments	10	4

The currency translation and operational currency hedging results are recognized in other operating income or other operating expenses as appropriate. Currency management and the presentation of the earnings effects derived from this is outlined in Note 8.1.

Alongside income from the reversal of provisions totaling €10 million (Q1 2014: €5 million), further reversals of provisions amounting to €3 million (Q1 2014: none) are recognized in income from restructuring measures.

The other income of €39 million comprises, among other things, income from non-core operations, income from the disposal of assets, and rental income from leases.

5.2 Other operating expenses

Other operating expenses

in € million	1st quarter	
	2015	2014
Net expenses for currency translation of operating monetary assets and liabilities	–	1
Net expenses for operational currency hedging	66	–
Impairment losses	26	2
Expenses for restructuring measures	11	5
Other expense	71	69
Other operating expenses	174	77
thereof adjustments	47	23

The impairment losses totaling €26 million chiefly relate to capitalized expenses for a project in the Resource Efficiency and Performance Materials segments that was terminated following a routine review of investment projects.

The expenses for restructuring measures amounting to €11 million mainly comprise expenses in connection with the shutdown of a production plant in the Performance Materials segment.

The other expense of €71 million includes expenses for outsourcing, non-core businesses, and legal and consultancy fees.

5.3 Financial result

Financial result

in € million	1st quarter	
	2015	2014
Interest income	4	6
Interest expense	-60	-82
Other financial income/expense	-7	-7
Financial result	-63	-83

Interest expense declined €22 million year-on-year to €60 million, mainly because of a substantial drop in refinancing costs and a one-off effect in the prior-year period relating to the establishment of provisions. The change in capitalized borrowing costs for work in progress had a negative impact.

The other financial income/expense comprises the following items:

Other financial income/expense

in € million	1st quarter	
	2015	2014
Net expense for currency translation of financing-related monetary assets and liabilities	-19	-15
Net income from financing-related currency hedging	26	8
Miscellaneous financial expense	-14	-
Other financial income/expense	-7	-7

The miscellaneous financial expense comprises impairment losses on an equity investment.

6. Notes to the balance sheet

6.1 Equity and employee share program

In 2014, the Executive Board of Evonik Industries AG decided to purchase shares in the company, utilizing the resolution adopted by the Annual Shareholders' Meeting of Evonik Industries AG on March 11, 2013, authorizing it to buy back shares in the company. The Supervisory Board has approved this share buy-back program, which relates to the share-based employee participation program (employee share program) Share.2015 launched by Evonik Industries AG in March 2015. The period during which eligible employees could acquire shares through Share.2015 ended on March 27, 2015; the lock-up period for Evonik shares purchased or granted through the Share.2015 program ends on December 31, 2017.

By March 31, 2015, Evonik Industries AG had purchased 223,871 ordinary shares on the capital market at an average price of €32.138 per share. That is 0.05 percent of the capital stock. The ordinary shares purchased by the company are included in the calculation of earnings per share. The employee share program resulted in personnel expense of €3 million, which was recognized in full in the reporting period as the entitlements are vested.

6.2 Provisions for pensions and other post-employment benefits

Compared with December 31, 2014, provisions for pensions and other post-employment benefits increased by a total of €922 million to €4,875 million as of March 31, 2015, and include €900 recognized in equity with no impact on income after taxes. This increase was mainly attributable to the change in the discount rate used for Germany and the euro-zone countries from 2.50 percent to 1.75 percent. The discount rate for Germany and the euro-zone countries is determined from market data for AA-rated euro-denominated corporate bonds, whose market yields had declined as of March 31, 2015. By contrast, the market value of the plan assets developed better than expected. The €900 million change in provisions for pensions and other post-employment benefits and the change of €271 million in the related deferred tax assets are reflected in a reduction of €629 million in other comprehensive income from the remeasurement of the net defined benefit liability for defined benefit pension plans, which is recognized in equity under accumulated income.

6.3 Non-current financial liabilities

Non-current financial liabilities increased by €787 million to €1,453 million, principally as a result of the issue of a €750 million bond by Evonik Industries AG. The bond matures in 2023 and has a coupon of 1.0 percent. The issue price was 99.337 percent.

7. Notes on the segment report

The Executive Board of Evonik Industries AG decides on the allocation of resources and evaluates the profitability of the Group's operations on the basis of the following operating segments, which form the core business:

- Nutrition & Care (2014: Consumer, Health & Nutrition)
- Resource Efficiency
- Performance Materials (2014: Specialty Materials)
- Services.

The reporting based on segments reflects the Group's internal organizational and internal management of the Group (management approach).

In connection with the new management and portfolio structure, see Note 3, with effect from January 1, 2015, some segments were renamed, some activities were reallocated among the segments, and the definition of the main management parameter adjusted EBITDA was modified.

To ensure that the main management parameter—adjusted EBITDA—better reflects responsibilities, income and expenses relating to financing and liquidity management have been transferred from adjusted EBITDA to the financial result. These mainly comprise the results from currency translation of loans and the related hedging. This change also affects adjusted EBIT.

Further, the following activities have been reallocated among the segments:

- The Active Oxygens and High Performance Polymers activities are now part of the Resource Efficiency segment (2014: part of the Specialty Materials segment)
- CyPlus Technologies is now part of the Performance Materials segment (2014: part of the Consumer, Health & Nutrition segment)
- Some service functions have been transferred from Corporate to the Services segment.

The prior-year figures have been restated where applicable.

In the segment report, the remaining lithium-ion activities, which are classified as discontinued operations, see Note 4.2, are shown in the column “Other operations”. Since the column “Total Group” no longer contains any discontinued operations, an adjustment is made for these activities in the column “Corporate, consolidation”.

The following table shows a reconciliation from adjusted EBITDA for the reporting segments to income before income taxes for the Group’s continuing operations.

Reconciliation from adjusted EBITDA of the reporting segments to income before income taxes, continuing operations

in € million	1st quarter	
	2015	2014
Adjusted EBITDA, reporting segments	715	530
Adjusted EBITDA, other operations	2	–7
Adjusted EBITDA, Corporate	–60	–54
Consolidation	1	–
Less discontinued operations	–8	–4
Adjusted EBITDA, Corporate, other operations, consolidation	–65	–65
Adjusted EBITDA	650	465
Depreciation, amortization, impairment losses/reversal of impairment losses	–189	–148
Depreciation, amortization, impairment losses/reversal of impairment losses included in adjustments	24	1
Adjusted EBIT	485	318
Adjustments	–37	–19
Financial result	–63	–83
Income before income taxes, continuing operations	385	216

8. Other disclosures

8.1 Financial instruments

The following overview shows the carrying amounts and fair values of all financial assets and liabilities:

Carrying amounts and fair values of financial assets

in € million	Mar. 31, 2015	
	Carrying amount	Fair value
Financial assets	863	863
Other investments	65	65
Loans	17	17
Securities and similar claims	643	643
Receivables from derivatives	88	88
Other financial assets	50	50
Trade accounts receivable	2,051	2,051
Cash and cash equivalents	1,614	1,614

Carrying amounts and fair values of financial assets

in € million	Dec. 31, 2014	
	Carrying amount	Fair value
Financial assets	532	532
Other investments	64	64
Loans	12	12
Securities and similar claims	392	392
Receivables from derivatives	35	35
Other financial assets	29	29
Trade accounts receivable	1,720	1,720
Cash and cash equivalents	921	921

In the following overview, loans from non-banks and liabilities from finance leases, which were previously presented separately, have been reclassified to other financial liabilities on the grounds of materiality.

Carrying amounts and fair values of financial liabilities

in € million	Mar. 31, 2015	
	Carrying amount	Fair value
Financial liabilities	2,149	2,180
Bonds	1,239	1,270
Liabilities to banks	445	445
Liabilities from derivatives	433	433
Other financial liabilities	32	32
Trade accounts payable	1,046	1,046

Carrying amounts and fair values of financial liabilities

in € million	Dec. 31, 2014	
	Carrying amount	Fair value
Financial liabilities	1,135	1,171
Bonds	496	529
Liabilities to banks	406	409
Liabilities from derivatives	206	206
Other financial liabilities	27	27
Trade accounts payable	1,126	1,126

The fair value determination is based on the three-level hierarchy stipulated by IFRS 13 Fair Value Measurement:

- Level 1: Quoted price for the financial instrument in an active market
- Level 2: Quoted price in an active market for similar financial instruments or valuation methods based on observable market data
- Level 3: Valuation methods not based on observable market data

The following table shows the financial instruments that are **measured at fair value** on a recurring basis after initial recognition on the balance sheet:

Financial instruments recognized at fair value

in € million	Fair value based on			Mar. 31, 2015
	Level 1	Level 2	Level 3	
Financial assets	691	88	–	779
Other investments	48	–	–	48
Securities and similar claims	643	–	–	643
Receivables from derivatives	–	88	–	88
Financial liabilities	–	–433	–	–433
Liabilities from derivatives	–	–433	–	–433

Financial instruments recognized at fair value

in € million	Fair value based on			Dec. 31, 2014
	Level 1	Level 2	Level 3	
Financial assets	445	35	–	480
Other investments	53	–	–	53
Securities and similar claims	392	–	–	392
Receivables from derivatives	–	35	–	35
Financial liabilities	–	–206	–	–206
Liabilities from derivatives	–	–206	–	–206

The financial instruments allocated to Level 1 are recognized at their present stock market price. They comprise all securities and one equity investment. As of the present reporting date, all derivatives are allocated to Level 2. They comprise currency, interest rate and commodity derivatives whose fair value was determined on the basis of the exchange rates at the European Central Bank, observed interest rate structure curves, observed commodity prices, and observed credit default premiums. There were no transfers between the levels of the fair value hierarchy in the reporting period.

The fair value of financial instruments **recognized at amortized cost** is calculated as follows:

The fair value of bonds is their directly observable stock market price on the reporting date. For loans, other financial assets, liabilities to banks, and other financial liabilities, the fair value is determined as the present value of the expected future cash inflows or outflows and is therefore allocated to Level 2. Discounting is based on the interest rate for the respective maturity on the reporting date, taking the creditworthiness of the counterparties into account. Since the majority of loans, other financial receivables and liabilities, and trade accounts receivable and payable are current, their fair values—like the fair value of cash and cash equivalents—correspond to their carrying amounts.

The other investments recognized at amortized cost comprise investments in equity instruments for which there is no quoted price in an active market and whose fair values cannot be determined reliably. In this case, the fair value is assumed to be equal to the amortized cost. There is no intention of selling these investments.

Management of currency risk

The derivative financial instruments held by Evonik are mainly used to reduce currency risk. The risk positions resulting from foreign currency receivables and liabilities are generally netted and bundled via intragroup hedging; the resulting net positions are then hedged via market derivatives. Currency management is carried out separately for operational risk exposure (mainly trade accounts receivable and payable denominated in foreign currencies) and risk positions arising from financing activities. Currency translation and hedging results are disclosed in the income statement in line with this distinction. The net presentation of the respective results reflects both their economic substance and the management of the risk positions at Evonik.

Net currency result

in € million	1st quarter	
	2015	2014
From operating currency exposure and associated hedging instruments		
Gross income from currency translation	103	27
Gross expenses for currency translation	-40	-28
Net result from currency translation of operating monetary assets and liabilities	63	-1
Gross income from currency hedging	214	52
Gross expenses for currency hedging	-280	-51
Net result from operational currency hedging	-66	1
From financing-related currency exposure and associated hedging instruments		
Gross income from currency translation	145	15
Gross expenses for currency translation	-164	-30
Net result from currency translation of financing-related monetary assets and liabilities	-19	-15
Gross income from currency hedging	109	17
Gross expenses for currency hedging	-83	-9
Net result from financing-related currency hedging	26	8
Net currency result	4	-7

Since individual hedging is only undertaken in exceptional circumstances for foreign currency items recognized on the balance sheet (e.g. financing-related currency hedging of non-current loans through cross-currency interest rate swaps) and foreign currency hedges for planned or firmly agreed cash flows in foreign currencies (e.g. hedging of planned sales revenues), the use of valuation units (cash flow hedge accounting) in such cases means that only any ineffective portion or any forward components that are not designated as hedge accounting are recognized in the net currency result. By contrast, the effective results of these hedges are recognized in equity through accumulated other comprehensive income until they are transferred to the income statement to offset the counter-effect of the hedged item.

8.2 Related parties

The contingent liabilities of €33 million relating to a joint venture reported as of December 31, 2014, resulted from a guarantee granted to secure a loan for the joint venture Saudi Acrylic Polymers Company, Ltd., Jubail (Saudi Arabia). The altered exchange rate as of March 31, 2015 increased this liability to €37 million.

In addition, in the first quarter of 2015 a further guarantee of €5 million was provided as collateral for a facility for hedging transactions at the joint venture CyPlus Idesa S.A.P.I. de C.V., Mexico City (Mexico).

8.3 Contingent receivables and liabilities

As of March 31, 2015, guarantee obligations had increased by €9 million, see Note 8.2.

8.4 Events after the reporting date

No material events have occurred since the reporting date.

Essen, April 28, 2015

Evonik Industries AG
The Executive Board

Dr. Engel

Kullmann

Wessel

Wohlhauser

Wolf

Financial calendar

Financial calendar 2015

Event	Date
Annual Shareholders' Meeting 2015	May 19, 2015
Interim Report Q2 2015	August 4, 2015
Interim Report Q3 2015	November 4, 2015

Credits

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