

# Annual financial statements of Evonik Industries AG

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**FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2018**  
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# Balance sheet

## Balance sheet for Evonik Industries AG

in € million

	Note	Dec. 31, 2018	Dec. 31, 2017
Intangible assets		23	16
Property, plant and equipment		46	52
Financial assets		8,998	9,430
<b>Non-current assets</b>	<b>2.1</b>	<b>9,067</b>	<b>9,498</b>
<b>Inventories</b>	<b>2.2</b>	<b>6</b>	<b>6</b>
Trade accounts receivable		7	9
Receivables from affiliated companies		3,694	3,221
Other assets		183	97
<b>Receivables and other assets</b>	<b>2.3</b>	<b>3,884</b>	<b>3,327</b>
<b>Cash and cash equivalents</b>	<b>2.4</b>	<b>604</b>	<b>637</b>
<b>Current assets</b>		<b>4,494</b>	<b>3,970</b>
<b>Prepaid expenses and deferred charges</b>	<b>2.5</b>	<b>15</b>	<b>16</b>
<b>Total assets</b>		<b>13,576</b>	<b>13,484</b>
<b>Issued capital</b>		<b>466</b>	<b>466</b>
<b>Capital reserve</b>		<b>721</b>	<b>721</b>
<b>Retained earnings</b>		<b>4,246</b>	<b>4,611</b>
- statutory reserve		47	47
- other retained earnings		4,199	4,564
<b>Distributable profit</b>		<b>536</b>	<b>770</b>
<b>Equity</b>	<b>2.6</b>	<b>5,969</b>	<b>6,568</b>
Provisions for pensions and similar obligations		161	54
Provisions for taxes		196	198
Other provisions		420	358
<b>Provisions</b>	<b>2.7</b>	<b>777</b>	<b>610</b>
Bonds		1,750	1,750
Liabilities to banks		77	80
Trade accounts payable		74	82
Liabilities to affiliated companies		4,900	4,336
Other payables		29	57
<b>Liabilities</b>	<b>2.8</b>	<b>6,830</b>	<b>6,305</b>
<b>Deferred income</b>		-	1
<b>Total equity and liabilities</b>		<b>13,576</b>	<b>13,484</b>

# Income statement

## Income statement for Evonik Industries AG

in € million	Note	2018	2017
Sales	3.1	705	667
Change in finished goods and work in progress		-	-5
Other own work capitalized		2	5
Other operating income	3.2	484	971
Cost of materials	3.3	-263	-246
Personnel expense	3.4	-415	-366
Depreciation and amortization of intangible assets, property, plant and equipment		-24	-20
Other operating expense	3.5	-855	-1,356
<b>Operating result</b>		<b>-366</b>	<b>-350</b>
Income from profit-and-loss transfer agreements		563	832
Income from investments		1	2
<b>Income from investments</b>	<b>3.6</b>	<b>564</b>	<b>834</b>
Write-downs of financial assets and current securities	3.7	-15	-49
Write-ups of financial assets and current securities	3.8	11	149
Net interest expense	3.9	-136	-43
<b>Income before income taxes</b>		<b>58</b>	<b>541</b>
Income taxes	3.11	-121	-166
<b>Income after taxes</b>		<b>-63</b>	<b>375</b>
<b>Net income</b>		<b>-63</b>	<b>375</b>
Profit carried forward from the previous year		234	400
Withdrawals from (+)/additions to (-) other retained earnings		365	-5
<b>Distributable profit</b>		<b>536</b>	<b>770</b>

# Notes to the financial statements for 2018

## 1 Basis of preparation of the financial statements

### 1.1 General information

The annual financial statements for Evonik Industries AG, Essen (Germany) (referred to as Evonik Industries AG or the company) have been prepared in accordance with the accounting standards set out in the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

To enhance clarity, some items have been combined in the balance sheet and income statement. These are stated separately in the notes.

The income statement has been drawn up using the total cost format.

Evonik Industries AG is a large stock company within the meaning of section 267 paragraph 3 of the German Commercial Code (HGB). The company's registered office is in Essen (Germany), and it is entered in the commercial register B at Essen District Court under the number 19474.

There is a domination agreement and a profit-and-loss transfer agreement between Evonik Industries AG and Evonik Degussa GmbH. Both agreements were last amended in 2013. Further, there is a domination and profit-and-loss transfer agreement between Evonik Industries AG and Evonik Risk and Insurance Services GmbH, Essen (Germany), which was last amended in 2013.

### 1.2 Accounting and valuation principles

#### 1.2.1 Intangible assets, property, plant and equipment

Purchased intangible assets are recognized at the cost of acquisition, including ancillary acquisition costs, and amortized on a straight-line basis over their estimated useful lives. Their useful life is between one and five years. Self-generated intangible assets are not capitalized.

Property, plant and equipment are valued at the cost of acquisition, including ancillary acquisition costs. Additions to depreciable property, plant and equipment made before January 1, 2008 and in fiscal 2009 are depreciated—insofar as this is permitted for tax purposes—using the declining balance method, with a subsequent switch to the straight-line method. The straight-line depreciation method has been used for all additions since fiscal 2010. Depreciation is calculated on the basis of the following customary useful lives for the various types of assets.

### Useful lives of property, plant and equipment

in years

Other premises	15
Operating equipment	20
Distribution systems	15
Machinery and other equipment	10
Vehicles	5
IT equipment	3-7
Factory and office equipment	5-10

Movable assets acquired in the reporting period are depreciated on a pro rata temporis basis from the month of acquisition using the straight-line method. Assets purchased for more than € 250 but no more than € 1,000 are grouped in a collective item for the year. The overall cost of this collective item is depreciated in five equal installments in the year in which it is established and the following four years.

Write-downs are made for any decline in the value of assets that is expected to be lasting and goes beyond normal wear and tear.

### 1.2.2 Financial assets

Financial assets are recognized at cost of acquisition or, in the event of a decline in value that is expected to be lasting, at the lower fair value. Investments in companies that are listed on the stock market are written down to the lower stock market price on the reporting date if the decline in value is expected to be permanent. If and insofar as the reasons for a write-down no longer apply, financial assets are written up to their fair value or higher stock market price on the reporting date, but only up to their amortized cost. In accordance with section 271 paragraph 1 sentence 1 of the German Commercial Code (HGB), the investments included in financial assets are equity interests in other companies which serve the company's own operations by establishing a lasting relationship.

### 1.2.3 Inventories

Inventories are measured at cost of acquisition or production, taking into account the lowest value principle. The cost of acquisition is calculated using the average cost method, plus ancillary costs. The cost of production comprises direct production costs, plus an appropriate portion of material and manufacturing overheads and depreciation of non-current assets. Interest on debt is not capitalized. Write-downs are recognized for inventory risks resulting from diminished usability, slow-moving items, etc.

### 1.2.4 Receivables, other assets, and cash and cash equivalents

Receivables, other assets, and cash and cash equivalents are recognized at nominal value. Specific risks relating to receivables are recognized through individual write-downs. The general credit risk on receivables is taken into account through a global valuation allowance.

## 1.2.5 Issued capital

The issued capital (capital stock) is measured at nominal value.

## 1.2.6 Provisions

In accordance with section 253 paragraphs 1 and 2 of the German Commercial Code (HGB), provisions for pensions and similar obligations are valued using the projected unit credit method. This method takes account of expected future salary and pension increases as well as pension obligations and accrued entitlements as of the reporting date. The valuation is based on the revised biometric data in the 2018 G mortality tables published by Klaus Heubeck.

Actuarial methods are used to value provisions for pensions and other non-current personnel-related provisions for phased retirement programs, early retirement, continued payment of salaries after death, annual bonuses and the granting of annual vacation entitlements in the event of illness, anniversaries, and some elements of employees' long-term accounts.

In accordance with section 253 paragraph 2 sentence 1 of the German Commercial Code (HGB), provisions due in more than one year are discounted using the average market interest rate corresponding to their term. For provisions for pension obligations, this is derived from the past ten fiscal years, while for other provisions it is derived from the past seven fiscal years. In accordance with section 253 paragraph 6 sentence 2 of the German Commercial Code (HGB), the difference between pension provisions using the ten-year average for the interest rate as of the reporting date and the seven-year average, less deferred taxes recognized on this amount, may not be distributed.

In application of the option provided for by section 253 paragraph 2 sentences 2 and 3 of the German Commercial Code (HGB), these provisions are discounted over an assumed term of 15 years. For the valuation as of December 31, 2018, the interest rate as of this date was projected from interest rate data published as of November 30, 2018. The average rate for the past seven fiscal years was 2.32 percent (2017: 2.80 percent), while for the past ten fiscal years it was 3.21 percent (2017: 3.68 percent). These rates are identical with the rates published by the Bundesbank as of December 31, 2018.

The table shows the assumptions used for the actuarial valuation of the obligations:

### Actuarial assumptions

in %	2018
Future salary increases	2.50
Employee turnover	2.82
Future pension increases	1.50

Obligations relating to pension commitments are for company pensions.

In the previous years, the company transferred assets ("funded assets") to the pension trust Evonik Pensionstreuhand e.V., Essen (Germany) to insure some of the pension obligations to employees against insolvency.

In accordance with section 246 paragraph 2 sentence 2 of the German Commercial Code (HGB), these assets were offset against the provisions of €902 million (2017: €820 million) for settlement of these obligations. The fair value of the netted funded assets is €741 million (2017: €766 million).

The historical cost of acquisition of the assets was €600 million (2017: €594 million). The market values were taken as their fair values and correspond to the fair values derived from the master fund as of December 28, 2018.

Section 268 paragraph 8 of the German Commercial Code (HGB) imposes a ban on the distribution of any fair value in excess of the cost of acquisition of pension assets, less the related deferred tax liabilities recognized in the balance sheet. This does not apply to the company as it has sufficient reserves.

The company has established provisions for the full amount of top-up and termination benefits for employees on the German phased retirement plan or who have signed agreements to embark on this plan, plus pro rata provisions for their salary payments in the period in which they are not working.

To support the adjustment of headcount without causing undue hardship, provisions for termination benefits were established in the reporting period and prior years and adjusted accordingly in the reporting period. Provisions of €52 million were established in 2018 for the SG&A 2020 program to reduce selling, general and administrative expenses.

Commitments relating to long-term accounts comprise two components. The first is an obligation to grant collectively agreed one-time payments and vacation during the period in which employees do not work, plus final company-financed benefits. This obligation is recognized in the financial statements through a provision. Entitlements to final company-financed benefits for which there is not yet a firm agreement are weighted by the probability of use. The second component comprises current amounts credited by employees to their personal long-term accounts, which are insured against insolvency through a contractual trust arrangement. This component is a securities-based commitment as defined by section 253 paragraph 1 sentence 3 German Commercial Code (HGB).

The obligations correspond to the fair value of the assets allocated, totaling €45 million (2017: €36 million). Pursuant to section 246 paragraph 2 sentence 2 of the German Commercial Code (HGB), the assets that are designated as insolvency insurance for commitments on employee accounts are offset against these commitments. The historical cost of acquisition of the assets was €43 million (2017: €33 million). Where market values are available for assets, they are used as the fair value. These assets are held in a segregated equity and bond fund. The asset valuations correspond to the fair values of this segregated fund as of December 28, 2018. The fund is managed by Allianz.

The other provisions and tax provisions take adequate account of all identifiable risks and uncertain liabilities. The amounts allocated to provisions reflect the anticipated utilization of the provisions based on a prudent assessment of the settlement amount. In accordance with section 253 paragraph 2 sentence 1 of the German Commercial Code (HGB), provisions due in more than one year are discounted over their remaining term using the average market interest rate for the past seven years.

### 1.2.7 Liabilities

Bonds and liabilities are recognized at nominal value or at the settlement amount if this is higher.

Foreign currency assets and liabilities are recognized at the historical rates at the time of their initial recognition. Items with a remaining term of more than one year are subsequently valued using the impairment principle at the average spot rates on the reporting date. As a result, positive values are not recognized. Items with a remaining term of less than one year are valued at the average spot rate on the reporting date so positive values are also included.

The valuation of receivables and liabilities from the cash pool, overnight funds, trade accounts receivable and payable, cash and cash equivalents, and liabilities to banks are valued at the average spot rate (ECB rate fixed daily).

Valuation units are formed in accordance with section 254 of the German Commercial Code (HGB) by comparing the fair value of overnight funds with the fair value of the related hedging transaction. If the difference is negative, a provision for impending losses is recognized. All valuation units are presented on the balance sheet as net hedges.

### 1.2.8 Deferred tax liabilities

In accordance with section 274 paragraph 1 of the German Commercial Code (HGB), deferred taxes are recognized for differences between the valuation of assets, liabilities, and deferred items for the commercial accounts and their tax valuations; these differences are expected to be reduced in future fiscal years. Tax loss carryforwards and interest carried forward are included in the calculation of deferred tax assets at the level at which they are expected to be offset in the next five years.

The tax rates used to calculate deferred taxes are those valid under current legislation as of the date when the temporary differences will probably be settled. Such discrepancies between balance sheet valuations are valued using a company-specific tax rate of 32.2 percent (2017: 32.2 percent). This comprises 15 percent German corporation tax, a 5.5 percent solidarity surcharge on the corporation tax, and 16.4 percent trade tax.

If a company forms part of a tax entity, deferred taxes are assigned to the controlling company (formal viewpoint).

If deferred tax assets exceed deferred tax liabilities, the option of recognizing the net deferred tax asset in accordance with section 274 paragraph 1 sentence 2 of the German Commercial Code (HGB) is not utilized. If the net result is a tax liability, this is recognized on the balance sheet as a deferred tax liability. On the income statement, the change in deferred taxes is then shown separately in income taxes.

### 1.2.9 Sales

Sales are recognized after sales deductions and deduction of value-added tax and all other taxes directly related to sales. Sales comprise revenue from the sale, rental or leasing of products and the provision of services.

Products comprise goods covered by the company's normal product portfolio. In addition, assets are deemed to be products and are recognized as such if they are normally sold as part of the reporting company's business activities. Revenues from the provision of services are recognized as sales where they are based on an exchange of services.

## 2 Notes to the balance sheet

(in € million, except where stated otherwise)

### 2.1 Non-current assets

#### Development of intangible assets

in € million	Acquired licenses, trademarks and similar rights	Advance payments made	<b>Total</b>
<b>Cost of acquisition/production</b>			
<b>As of January 1, 2017</b>	<b>34</b>	-	<b>34</b>
Additions	5	-	5
Disposal	-	-	-
Reclassification	6	-	6
<b>As of December 31, 2017</b>	<b>45</b>	-	<b>45</b>
Additions	7	-	7
Disposal	-	-	-
Reclassification	8	-	8
<b>As of December 31, 2018</b>	<b>60</b>	-	<b>60</b>
<b>Amortization and write-downs</b>			
<b>As of January 1, 2017</b>	<b>23</b>	-	<b>23</b>
Amortization	6	-	6
Write-ups	-	-	-
Disposal	-	-	-
Reclassification	-	-	-
<b>As of December 31, 2017</b>	<b>29</b>	-	<b>29</b>
Amortization in fiscal year	8	-	8
Write-ups in fiscal year	-	-	-
Disposal	-	-	-
Reclassification	-	-	-
<b>As of December 31, 2018</b>	<b>37</b>	-	<b>37</b>
<b>Carrying amounts as of December 31, 2017</b>	<b>16</b>	-	<b>16</b>
<b>Carrying amounts as of December 31, 2018</b>	<b>23</b>	-	<b>23</b>

**Development of property, plant and equipment**

	Land, land rights, and buildings, including buildings on leased land	Plant and machinery	Other plants, office furniture, and equipment	Advance payments and construction in progress	Total
<b>Cost of acquisition/production</b>					
<b>As of January 1, 2017</b>	<b>1</b>	<b>3</b>	<b>70</b>	<b>11</b>	<b>85</b>
Additions	1	-	18	9	28
Disposal	-	-	-2	-	-2
Reclassification	-	-	3	-9	-6
<b>As of December 31, 2017</b>	<b>2</b>	<b>3</b>	<b>89</b>	<b>11</b>	<b>105</b>
Additions	-	-	6	11	17
Disposal	-	-	-1	-	-1
Reclassification	-	-	5	-13	-8
<b>As of December 31, 2018</b>	<b>2</b>	<b>3</b>	<b>99</b>	<b>9</b>	<b>113</b>
<b>Depreciation and write-downs</b>					
<b>As of January 1, 2017</b>	<b>-</b>	<b>2</b>	<b>39</b>	<b>-</b>	<b>41</b>
Depreciation	1	-	13	-	14
Write-ups	-	-	-	-	-
Disposal	-	-	-2	-	-2
Reclassification	-	-	-	-	-
<b>As of December 31, 2017</b>	<b>1</b>	<b>2</b>	<b>50</b>	<b>-</b>	<b>53</b>
Depreciation in fiscal year	-	-	16	-	16
Write-ups in fiscal year	-	-	-	-	-
Disposal	-	-	-2	-	-2
Reclassification	-	-	-	-	-
<b>As of December 31, 2018</b>	<b>1</b>	<b>2</b>	<b>64</b>	<b>-</b>	<b>67</b>
<b>Carrying amounts as of December 31, 2017</b>	<b>1</b>	<b>1</b>	<b>39</b>	<b>11</b>	<b>52</b>
<b>Carrying amounts as of December 31, 2018</b>	<b>1</b>	<b>1</b>	<b>35</b>	<b>9</b>	<b>46</b>

**Development of financial assets**

in € million	Shares in affiliated companies	Loans to affiliated companies	Investments	Total
<b>Cost of acquisition/production</b>				
<b>As of January 1, 2017</b>	<b>9,086</b>	<b>485</b>	<b>65</b>	<b>9,636</b>
Additions	117	381	-	498
Disposal	-	-155	-	-155
Reclassification	-	-24	-	-24
<b>As of December 31, 2017</b>	<b>9,203</b>	<b>687</b>	<b>65</b>	<b>9,955</b>
Additions	19	3	1	23
Disposal	-	-	-	-
Reclassification	-	-500	-	-500
<b>As of December 31, 2018</b>	<b>9,222</b>	<b>190</b>	<b>66</b>	<b>9,478</b>
<b>Write-downs</b>				
<b>As of January 1, 2017</b>	<b>625</b>	-	-	<b>625</b>
Write-downs	-	49	-	49
Write-ups	-149	-	-	-149
Disposal	-	-	-	-
Reclassification	-	-	-	-
<b>As of December 31, 2017</b>	<b>476</b>	<b>49</b>	-	<b>525</b>
Write-downs in fiscal year	15	-	-	15
Write-ups in fiscal year	-11	-	-	-11
Disposal	-	-	-	-
Reclassification	-	-49	-	-49
<b>As of December 31, 2018</b>	<b>480</b>	-	-	<b>480</b>
<b>Carrying amounts as of December 31, 2017</b>	<b>8,727</b>	<b>638</b>	<b>65</b>	<b>9,430</b>
<b>Carrying amounts as of December 31, 2018</b>	<b>8,742</b>	<b>190</b>	<b>66</b>	<b>8,998</b>

Additions of shares in affiliated companies result from total payments of €19 million into the capital reserves of one company.

For information on the list of shareholdings of Evonik Industries AG, please refer to note 4.12.

## 2.2 Inventories

### Inventories

in € million	Dec. 31, 2018	Dec. 31, 2017
Merchandise	6	6

## 2.3 Receivables and other assets

### Receivables and other assets

	Dec. 31, 2018		Dec. 31, 2017	
	Remaining term			
in € million	up to 1 year	more than 1 year	Total	
Trade accounts receivable	7	-	7	9
Receivables from affiliated companies	3,694	-	3,694	3,221
Receivables from companies held as other investments	-	-	-	-
Other assets	169	14	183	97
	<b>3,870</b>	<b>14</b>	<b>3,884</b>	<b>3,327</b>

The following table shows the breakdown of receivables from affiliated companies:

### Receivables from affiliated companies

in € million	Dec. 31, 2018	Dec. 31, 2017
Financial receivables	3,570	3,039
Other receivables	12	40
Trade accounts receivable	112	142
	<b>3,694</b>	<b>3,221</b>

The receivables from affiliated companies contain, among other things, claims relating to profit-and-loss transfer agreements and cash pooling, mainly with Evonik Degussa GmbH. Other assets mainly comprise claims for reimbursement under business management agreements, income tax receivables, and value-added tax credits.

## 2.4 Cash and cash equivalents

Cash and cash equivalents comprise credit balances held with banks.

## 2.5 Prepaid expenses and deferred charges

The prepaid expenses and deferred charges include an accrual of €2 million for issuance discounts and bank charges relating to bond issues.

## 2.6 Equity

### (a) Issued capital

As in the previous year, the company's issued capital (capital stock) was €466,000,000 on the reporting date. It is divided into 466,000,000 no-par registered shares. The arithmetic value of each share is €1.

### (b) Authorized capital

A resolution on authorized capital was adopted at the annual shareholders' meeting on May 23, 2018. This authorizes the executive board until May 22, 2023 to increase the company's capital stock, subject to the approval of the supervisory board, by up to €116,500,000 by issuing new registered no-par shares (authorized capital 2018).

This authorization may be exercised through one or more issuances.

The new shares may be issued against cash and/or contributions in kind. The executive board is authorized, subject to the approval of the supervisory board, to exclude shareholders' statutory subscription rights when issuing new shares in the following cases:

- for capital increases against contributions in kind
- if the capital increase is against cash and the proportionate share of the capital stock attributable to the new shares does not exceed 10 percent of the capital stock, and the issue price of the new shares is not significantly below the stock market price of shares already listed on the stock exchange
- to exclude fractional amounts arising from the subscription ratio
- insofar as is necessary to grant holders and/or creditors of warrants or conversion rights or obligors of warrant and/or conversion obligations subscription rights to new shares to the extent that they would be entitled to them after exercise of their warrants and/or conversion rights or fulfillment of their warrant or conversion obligations
- to grant shares to employees (employee stock), provided that the new shares for which subscription rights are excluded do not in aggregate account for a proportionate share of the capital stock in excess of 1 percent
- for the execution of a scrip dividend.

The proportionate amount of the capital stock attributable to the shares for which subscription rights are excluded, together with the proportionate amount of the capital stock attributable to treasury stock or to conversion and/or warrant rights or obligations arising from debt instruments, which are sold or issued after May 23, 2018 under exclusion of subscription rights, may not exceed 20 percent of the capital stock. If the sale or issue takes place in application—analogously or mutatis mutandis—of section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (AktG), this shall also be deemed to constitute exclusion of subscription rights.

The executive board is authorized, subject to the approval of the supervisory board, to define further details of capital increases out of the authorized capital 2018.

The authorized capital has not yet been utilized.

### (c) Conditional capital

Under a further resolution adopted by the annual shareholders' meeting of May 23, 2018, the capital stock is conditionally increased by up to €37,280,000, divided into up to 37,280,000 registered shares with no par value (conditional capital 2018). This conditional capital increase relates to a resolution of the above shareholders' meeting granting authorization to issue convertible and/or warrant bonds.

The conditional capital increase will only be conducted insofar as holders or creditors of warrant or conversion rights or obligors of warrant or conversion obligations arising from warrant bonds and/or convertible bonds issued or guaranteed on the basis of the authorization resolved at the annual shareholders' meeting of May 23, 2018, exercise their warrants or conversion rights or, insofar as they have an obligation to exercise the warrants or conversion obligations, meet the obligation to exercise the warrant or conversion obligations, and other forms of settlement are not used. In principle, the shareholders have a statutory right to subscription rights to the convertible and/or warrant bonds; the authorization sets out specific cases where the executive board may exclude subscription rights to convertible and/or warrant bonds, subject to the approval of the supervisory board. The new shares shall be issued at the warrant or conversion price set in accordance with the above provisions of the resolution.

The new shares are entitled to a dividend from the start of the fiscal year in which they are issued.

The executive board is authorized, subject to the approval of the supervisory board, to define further details of capital increases out of the conditional capital.

The conditional capital has not yet been utilized.

#### **(d) Treasury shares**

On March 6, 2018, Evonik Industries AG announced that it would be utilizing the authorization granted by the annual shareholders' meeting on May 18, 2016 to purchase shares in the company totaling up to €139.5 million by April 6, 2018 at the latest. The purpose of purchasing the shares was to grant shares under an employee share program to employees of Evonik Industries AG, employees of subordinated group companies, and members of the management of subordinated affiliated companies of Evonik Industries AG.

Through this share buyback program, by April 4, 2018 Evonik Industries AG purchased a total of 594,663 shares in the company (corresponding to 0.1 percent or €594,663 of the capital stock). A total of €16.9 million was spent on the shares, corresponding to an average price of €28.44 per share. The purchases were made from March 8, 2018 at an average daily volume of around 33,000 shares on each Xetra trading day through a bank acting on the instructions of Evonik Industries AG. The maximum purchase price of each share repurchased (excluding ancillary costs) could not exceed or fall short of the opening price as set in the opening auction for the trading day for shares in Evonik Industries AG in Xetra trading on the Frankfurt stock exchange by more than 5 percent. In April and May 2018, 566,447 ordinary shares (including 146,131 bonus shares) were transferred to participating employees on the basis of the share price and the exchange rate for the US dollar, Singapore dollar, and Chinese yuan prevailing on April 5, 2018. The remaining 28,216 ordinary shares were sold to third parties via the stock exchange by April 11, 2018. As of December 31, 2018, Evonik Industries AG therefore no longer held any treasury shares.

#### **(e) Capital reserve**

The capital reserve of €721 million results primarily from additions pursuant to section 272 paragraph 2 No. 4 of the German Commercial Code (HGB). In fiscal 2018, €101 thousand resulting from the purchase and issue of shares for the employee share program was withdrawn from the capital reserve.

#### **(f) Retained earnings**

This balance sheet item contains the statutory reserve totaling €47 million. The other retained earnings amounted to €4,199 million as of December 31, 2018 (2017: €4,564 million).

The change in other retained earnings results from a withdrawal of €365,064,677.09 from other retained earnings.

#### **(g) Distributable profit**

The distributable profit contains profit of €234 million carried forward from the previous year in accordance with the resolution on the distribution of the profit taken by the annual shareholders' meeting on May 23, 2018.

#### **(h) Amounts subject to the ban on distribution**

The increased in unrealized assets from the fair value measurement of assets offset against pension obligations, which amounted to €141 million, and the difference of €132 million resulting from the change in the discount rate for pensions from a seven-year average to a ten-year average resulted in a total amount of €273 million, which is subject to the ban on distribution. Profits may only be distributed if, after the distribution, this amount is available as freely available reserves plus any profit carried forward and less any loss carried forward. As of December 31, 2018, Evonik Industries AG had sufficient freely available reserves.

## 2.7 Provisions

### Provisions

in € million	Dec. 31, 2018	Dec. 31, 2017
Provisions for pensions and similar obligations	161	54
Provisions for taxes	196	198
Other provisions	420	358
thereof attributable to		
- personnel-related provisions	152	170
- miscellaneous provisions	268	188
	<b>777</b>	<b>610</b>

Valuation of pension provisions using the average market interest rate for the past seven years gives a pension obligation of €1,034 million as of December 31, 2018. Valuation of pension provisions using the average market interest rate for the past ten years gives a pension obligation of €902 million as of December 31, 2018. The difference is €132 million.

Provisions for taxes contain appropriate amounts for fiscal years for which tax assessments have not yet been finalized.

Further, the other provisions include, among other things, provisions for restructuring, outstanding invoices, provisions for impending liabilities from pending transactions, and a provision for ongoing appraisal proceedings. Provisions of €52 million were established in 2018 for the SG&A 2020 program to reduce selling and administrative expenses.

Out of the total provisions, €495 million (2017: €359 million) have a remaining term of more than one year.

## 2.8 Liabilities

### Liabilities

in € million	Dec. 31, 2018				Total	
	Remaining term					
	up to 1 year	more than 1 year	more than 5 years			
Bonds	-	1,750	-	-	1,750	
Liabilities to banks	77	-	-	-	77	
Trade accounts payable	74	-	-	-	74	
Liabilities to affiliated companies	4,866	34	25	4,900		
Other payables	29	-	-	-	29	
of which for taxes	6	-	-	-	6	
of which for social security	1	-	-	-	1	
	<b>5,046</b>	<b>1,784</b>	<b>25</b>	<b>6,830</b>		

## Liabilities

	Dec. 31, 2017			
	Remaining term			
in € million	up to 1 year	more than 1 year	thereof more than 5 years	Total
Bonds	-	1,750	750	1,750
Liabilities to banks	80	-	-	80
Trade accounts payable	82	-	-	82
Liabilities to affiliated companies	4,049	287	28	4,336
Other payables	54	3	-	57
of which for taxes	6	-	-	6
of which for social security	1	-	-	1
	<b>4,265</b>	<b>2,040</b>	<b>778</b>	<b>6,305</b>

The following table shows the breakdown of liabilities to affiliated companies:

## Liabilities to affiliated companies

in € million	Dec. 31, 2018	Dec. 31, 2017
Financial liabilities	4,795	4,225
Trade accounts payable	17	17
Other payables	88	94
	<b>4,900</b>	<b>4,336</b>

The financial liabilities to affiliated companies include loans from Evonik Peroxide Holding B.V., Amsterdam (Netherlands), Evonik Dutch Holding B.V., Amsterdam (Netherlands), RCIV Vermögensverwaltungs-GmbH, Essen (Germany), and Evonik Industries de Mexico S.A. de C.V., Mexico City (Mexico), and liabilities relating to cash pooling with, among others, Evonik Corporation, Parsippany (New Jersey, USA), RBV Verwaltungs-GmbH, Essen (Germany), RÜTTERS GmbH, Essen (Germany), Evonik Technology & Infrastructure GmbH, Essen (Germany), Evonik Röhm GmbH, Darmstadt (Germany), Evonik Resource Efficiency GmbH, Essen (Germany), Evonik International Holding B.V., Amsterdam (Netherlands), Evonik Antwerpen N.V., Antwerpen (Belgium), Evonik Performance Materials GmbH, Essen (Germany), Evonik Speciality Organics Ltd., Milton Keynes (UK), RÜTTERS Dienstleistungs-GmbH, Essen (Germany), and Evonik Oil Additives GmbH, Darmstadt (Germany).

Further, liabilities to affiliated companies include value-added tax invoiced for the tax entity, imputable taxes, and liabilities for the reimbursement of expenses.

The other payables totaling €29 million contain liabilities for interest on bonds (€16 million), liabilities for the payment of wage tax (€5 million), and special contributions to the pension fund (€3 million).

### 3 Notes to the income statement

(in € million, except where stated otherwise)

#### 3.1 Sales

The sales split between the reporting units was as follows in 2018:

##### Sales

in € million	2018	2017
Procurement	297	279
IT services	207	183
HR Germany	84	86
Legal, IPM & Compliance	38	29
Financial services	24	27
Other	55	63
	<b>705</b>	<b>667</b>

The regional breakdown of sales in 2018 was as follows:

##### Regional breakdown of sales

in € million	2018	2017
Western Europe	648	609
thereof Germany	612	569
North America	33	34
Asia-Pacific North	11	11
Asia-Pacific South	8	8
Central & South America	3	3
Eastern Europe	1	1
Middle East & Africa	1	1
	<b>705</b>	<b>667</b>

#### 3.2 Other operating income

##### Other operating income

in € million	2018	2017
Currency translation gains	420	910
Income from invoicing of project and consultancy costs	24	20
Miscellaneous costs passed through to Group companies	21	27
Miscellaneous other operating income	2	7
<b>Income relating to other periods</b>		
Income from the reversal of provisions	14	6
Other income relating to other periods	3	1
	<b>484</b>	<b>971</b>

The currency translation gains of €420 million are stated gross in compliance with the ban on netting imposed by section 246 paragraph 2 of the German Commercial Code (HGB). Currency translation losses amounted to €419 million. Economically, these two items comprise a single unit. In a net view, the overall result would have been net gain of €1 million.

### 3.3 Cost of materials

#### Cost of materials

in € million	2018	2017
Expenses for raw materials and supplies	253	228
Expenses for purchased services	10	18
	<b>263</b>	<b>246</b>

### 3.4 Personnel expense

#### Personnel expense

in € million	2018	2017
Wages and salaries	346	304
Social security contributions and expenses for pensions and similar obligations	69	62
of which for pensions	34	28
	<b>415</b>	<b>366</b>

### 3.5 Other operating expense

#### Other operating expense

in € million	2018	2017
Currency translation losses	419	914
IT expense	136	134
Corporate services	72	103
Legal and consulting expenses	51	35
Expenses for additions to provisions	34	2
Rental costs	19	25
Patent expenses	3	7
Other taxes	2	3
Miscellaneous other operating expense	117	133
<b>Expenses relating to other periods</b>		
Miscellaneous other operating expense	2	-
	<b>855</b>	<b>1,356</b>

The currency translation losses of €419 million are stated gross in compliance with the ban on netting imposed by section 246 paragraph 2 of the German Commercial Code (HGB). Currency translation gains amounted to €420 million. Economically, these two items comprise a single unit. In a net view, the overall result would have been net gain of €1 million.

### 3.6 Income from investments

#### Income from investments

in € million	2018	2017
Income from profit-and-loss transfer agreements	563	832
Income from investments	1	2
of which from affiliated companies	-	1
	<b>564</b>	<b>834</b>

The year-on-year reduction in income from profit-and-loss transfer agreements mainly results from a lower profit transfer from Evonik Degussa GmbH.

### 3.7 Write-downs of financial assets and current securities

Write-downs of financial assets totaled €15 million (2017: €49 million). This amount resulted from the write-down of an affiliated company to its fair value of €15 million.

### 3.8 Write-ups of financial assets and current securities

Write-up of financial assets totaled €11 million (2017: €149 million) and resulted from the write-up of an affiliated company.

### 3.9 Net interest expense

#### Net interest expense

in € million	2018	2017
Other interest and similar income	99	116
of which from affiliated companies	80	79
Interest and similar expenses	-235	-159
of which for interest on provisions	-124	-35
of which due to affiliated companies	-19	-12
	<b>-136</b>	<b>-43</b>

The €60 million change in interest relating to pensions and personnel-related commitments is included in interest and similar expenses. The expenses for pension fund assets of €31 million resulting from the general market situation in the fiscal year are also included in interest and similar expense.

### 3.10 Deferred taxes

If a company forms part of a tax entity, deferred taxes are assigned to the controlling company (formal viewpoint).

Deferred taxes were recognized for temporary differences between the valuation of assets, liabilities, and deferred items for the commercial accounts and their tax valuations; these differences are expected to be reduced in future fiscal years. The resulting tax relief resulted in the establishment of deferred tax assets (especially for differences relating to loans and other receivables). Deferred tax liabilities resulted from future tax expense (especially for differences relating to provisions for

pensions and to other provisions). Deferred tax assets and liabilities have been netted. In accordance with section 274 paragraph 1 sentence 2 of the German Commercial Code (HGB), net deferred tax assets relating to temporary differences were not capitalized.

### 3.11 Income taxes

The income taxes totaling €121 million comprise tax expense of €109 million for current taxes and tax expense of €12 million relating to previous years. The current tax expense comprises corporation tax of €52 million, including the solidarity surcharge, and trade tax of €57 million.

## 4 Other disclosures

### 4.1 Further information on the reporting period

#### Average number of employees during the year

No. of employees	2018	2017
Exempt employees	1,211	1,201
Other employees	1,409	1,460
<b>2,620</b>	<b>2,661</b>	

#### Auditor's fees

The auditor for the annual financial statements of Evonik Industries AG was PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Düsseldorf (Germany).

Audit fees were incurred for Evonik Industries AG and the companies it controls, in particular for the statutory audit of the separate and consolidated financial statements of Evonik Industries AG, reviews of interim financial statements, audit-related support in connection with the implementation of new financial reporting standards, and the audit of information systems and processes. Further, other audit-related services were provided, especially services in connection with regulatory and statutory requirements, and other services, principally project-related consultancy services in connection with the optimization and management of business processes.

As permitted by section 285 no. 17 of the German Commercial Code (HGB), no information is given on the auditor's fees as these are included in the consolidated financial statements of Evonik Industries AG, Essen (Germany).

## 4.2 Contingent liabilities

### Contingent liabilities

in € million	Dec. 31, 2018	Dec. 31, 2017
Guarantee obligations	80	79
of which liabilities relating to retirement pensions	-	-
of which for the benefit of affiliated companies	80	79
of which for the benefit of associates	-	-
Obligations under indemnity guarantees	2,441	2,573
of which liabilities relating to retirement pensions	126	169
of which for the benefit of affiliated companies	2,441	2,573
of which for the benefit of associates	-	-
	<b>2,521</b>	<b>2,652</b>

As part of its financing activities for the Evonik Group, Evonik Industries AG provides banks with guarantees and indemnities in respect of companies in the Evonik Group. Further, Evonik Industries AG has provided guarantees and indemnities for possible obligations of Group companies towards third parties.

All guarantees and indemnities are continuously monitored by the Accounting and Corporate Finance departments. They are provided almost exclusively to assure the activities of companies in the Evonik Group so utilization is not likely.

Credit insurance guarantees totaled €2,137 million and are examined as part of the monthly financial reporting and liquidity planning process. The liquidity of the subsidiaries in the Evonik Group is ensured through a uniform corporate financing strategy, so utilization is not likely.

Contract fulfillment guarantees amounted to €170 million. Group companies are required to meet the contractual obligations they have entered into. Controlling of contracts at individual companies ensures ongoing monitoring so utilization of these guarantees is not probable.

As well as the guarantee obligations and indemnity guarantees of Evonik Industries AG, contract fulfillment guarantees include guarantees in respect of credit balances for the phased early retirement plan under statutory insolvency requirements. These credit balances are covered by guarantees that are renewed every six months and cover the maximum balance in the relevant period. The level of these guarantees is based on the companies included in the guarantees and the forecast data on the number of employees to be covered by the guarantees. The trustee for this guarantee model for the phased early retirement plan is Deutsche Treuinvest-Stiftung, Frankfurt am Main (Germany). As of December 31, 2018, the guarantees totaled €126 million.

There are also other guarantees amounting to €214 million. Since these are managed by the responsible specialist departments, especially the Legal Division, it is assumed that they will not be utilized.

Evonik has issued letters of comfort for affiliated companies in which it undertakes to provide liquid assets for these companies insofar as is necessary to enable them to settle obligations in existence as of December 31, 2018 and those that arise in 2019 and that are due in not less than twelve months from December 31, 2018. The liquidity of the subsidiaries in the Evonik Group is ensured through a uniform corporate financing strategy, so utilization is not likely.

### 4.3 Information pursuant to section 285 no. 3 and no. 3a of the German Commercial Code (HGB)

#### Information pursuant to Section 285 no. 3 and no. 3a of the German Commercial Code (HGB)

in € million	Dec. 31, 2018
Commitments arising from rental and leasing contracts	
due in 2019	11
due in 2020	11
due in 2021	11
due in 2022	11
due in 2023	10
due after 2023	26
<b>Total</b>	<b>80</b>
of which for the benefit of affiliated companies	-
of which for the benefit of associates	-
of which relating to retirement pensions	-
Order commitments relating to investments	6
Commitments under long-term offtake agreements and other legal commitments	
due in 2019	76
due in 2020	67
due in 2021	18
due in 2022	5
due in 2023	-
due after 2023	-
<b>Total</b>	<b>166</b>
of which for the benefit of affiliated companies	-
of which for the benefit of associates	-
of which relating to retirement pensions	-

### 4.4 Financial derivatives

In the course of its business, Evonik Industries AG is exposed to currency and interest rate risks. Financial derivatives are used to reduce or eliminate these risks. Foreign currency receivables and liabilities are hedged. Moreover, Evonik Industries AG concludes financial derivatives contracts on behalf of subsidiaries. Financial derivatives contracts are only concluded with banks and trading institutions with first-class credit standing within fixed limits. Only common instruments found on the market with sufficient liquidity are used. Therefore Evonik assumes that there are no material credit risks.

Forward exchange rate agreements, currency options, and cross-currency interest rate swaps were concluded in fiscal 2018 to hedge currency risks.

The fair values of the currency and interest rate derivatives were determined using discounted cash flow methods based on the exchange rates at the European Central Bank and observed interest rate structure curves.

Fair values are recognized using the impairment principle: Negative fair values are recognized as provisions for impending losses unless they are included in a valuation portfolio or form a valuation unit with corresponding underlying transactions. Under its currency hedging policy, Evonik Industries AG has passed on some forward exchange rate agreements concluded with subsidiaries to banks on a back-to-back basis and grouped some to form a currency portfolio. The amount remaining after internal netting is hedged with banks. Forward exchange rate agreements concluded with banks on a back-to-back basis and the corresponding counter-transactions with subsidiaries are combined in valuation units through macro hedges. These are

presented as net hedges so the valuation result is low. The critical terms match method is applied to determine the effectiveness of the hedging relationship and the average term of the derivatives is less than one year. In addition, Evonik Industries AG establishes currency portfolios for those transactions that are not passed on through other transactions. As of December 31, 2018, provisions for impending losses totaling €9 million were established for negative balances on these currency portfolios and the negative fair values of forward exchange agreements for which no counter-transaction was recognized on the balance sheet. The amounts relating to the establishment of these provisions are shown in other operating expense.

The following hedged items are included in valuation units with forward exchange rate agreements at the nominal amounts given below:

#### Items hedged by forward exchange rate agreements

in € million	Dec. 31, 2018
Assets	1,742
Liabilities	723
	<b>2,465</b>

In addition, Evonik Industries AG has hedged intragroup foreign currency loans in Chinese renminbi yuan (CNY) and US dollars (USD) through cross-currency swaps with expiration dates up to 2023. By entering into these swaps, Evonik Industries AG has hedged both the currency risks arising from the currency loans and the interest rates in the foreign currencies. Evonik Industries AG has established micro-hedges. These are accounted for as net hedges and the effectiveness of the hedging relationship is demonstrated using the dollar offset method. It was not necessary to recognize any provisions for impending losses as of December 31, 2018. In connection with the cross-currency interest rate swaps, valuation units with corresponding underlying transactions amounting to €521 million were formed. To achieve the desired hedging structure for the foreign currency loans through cross-currency interest rate swaps, in some cases several hedging contracts were concluded for each valuation unit.

To hedge the planned acquisition of PeroxyChem, Evonik Industries AG concluded a US dollar currency option with a bank, which expires in August 2019, and passed this on to its Dutch subsidiary on a back-to-back basis. These two transactions have been combined in a valuation unit.

As of the reporting date, Evonik Industries AG had the following derivative financial instruments to hedge currency risks:

#### Financial derivatives used to hedge interest rate and currency risks

in € million	Notional value		Notional value		Fair value	
	< 1 year		> 1 year		Dec. 31, 2018	
	External	Intragroup	External	Intragroup	Positive	Negative
Forward exchange rate agreements and currency options	4,326	1,678	274	274	69	91
Cross-currency interest rate swaps	1,017	564	651	579	107	114

Further, as of December 31, 2018 the portfolio contained an external, long-term interest rate swap with a notional value of €650 million and a positive fair value of €1 million. This was passed on to a subsidiary on identical terms. As a result, the internal interest rate has a notional value of €650 million and a negative fair value of €1 million.

The notional values are stated as absolute values; the fair values include accrued interest.

All commodity swaps were closed out in 2018 before expiration. This resulted in a gain of €4 million.

## 4.5 Performance-related remuneration

Evonik's remuneration system comprises a basic salary, annual short-term incentive payments and, as a long-term component, the long-term incentive (LTI) plans for members of the executive board and other executives. Following the stock exchange listing, the performance of Evonik shares became the central element in the LTI plan for the first time in 2013. The redesigned LTI plan was introduced for both executive board members and other executives.

The LIT plans comprise share-based payments with cash settlement. The plans are valued on the reporting date using a Monte Carlo simulation, which models exercise patterns. The LTI plans result in personnel expense which is distributed over the term of each tranche.

### Evonik LTI plan for executive board members and other executives—Tranches 2013 through 2018

Performance is measured by the absolute performance of Evonik's share price and its performance relative to the MSCI World Chemicals Index<sup>SM</sup>.

Based on the contractually agreed target amount, which is defined in euros, a number of virtual shares is calculated using the share price at the start of the performance period. This is based on the price in the last 60 trading days before the start of performance period. The performance period starts on January 1 of the grant year and runs for four years. Since there was no share price at the start of the performance period, as an exception, the virtual shares for the 2013 tranche were calculated from the share price in the first 60 trading days following admission to the stock exchange (April 25, 2013). At the end of the performance period, the starting price of Evonik shares is viewed against the share price at the end of the performance period. This is compared with the performance of the benchmark index (total shareholder return).

If the relative performance is below 70 percentage points, the relative performance factor is deemed to be zero. If the relative performance is above 130 percentage points, the relative performance factor is set at 130.

The payment is calculated by multiplying the relative performance by the number of virtual shares allocated and the average price of Evonik shares at the end of the performance period.

At the end of the performance period, there is an option to extend it once for a further year. Partial exercise at the end of the original performance period is not permitted. The upper limit for these payments is set at 300 percent of the individual target amount.

Since the previous performance periods for the LTI plan for executives, including the 2012 tranche, were three years, the 2013 tranche for executives was set to allow the first half of the 2013 tranche to be exercised after three years and the second half after four years. As a further incentive for the transition, the payments for this tranche were multiplied by 1.2. From the 2014 tranche, a four-year performance period is also applied for executives. As of December 31, 2018, there was a provision of €27.2 million (2017: €38.9 million) for the LTI plans for 2013, 2014, 2015, 2016, 2017, and 2018.

As of December 31, 2018, total provisions for share-based payment amounted to €27.2 million (2017: €38.9 million). In 2018, total expense for share-based payment was €2.8 million (2017: €14.8 million).

## 4.6 Related parties

The presentation includes all material transactions with related parties. Under the German Commercial Code (HGB), the provisions of IAS 24 are used to define related parties.

### Transactions with related parties in 2018

Type of transaction	Type of related party	
	Affiliated companies	Public sector companies
Contingent liabilities	2,521	-
Currency translation gains	177	-
Currency translation losses	219	-
Services provided	649	-
Reimbursement of costs and other expenses	104	1
Interest income	80	-
Income from costs that were passed through	44	-
Interest expense	19	-
Rental income	4	-
Other financial obligations	-	1
Rental expenses	15	-

For information on income and expenses relating to profit-and-loss transfer agreements with subsidiaries, please see note 3.6. The dividend for fiscal 2017 was paid in the second quarter of 2018, following the adoption of the resolution by the annual shareholders' meeting on May 23, 2018. RAG-Stiftung, Essen (Germany) received €363 million.

Related parties also include members of the management who are directly or indirectly responsible for corporate planning, management, and oversight of the Evonik Group, and members of their families. At Evonik, these parties comprise the executive board and supervisory board of Evonik Industries AG, and the executive board and board of trustees of RAG-Stiftung.

For details of the remuneration paid to the members of the executive board and supervisory board, please see the information pursuant to Section 285 no. 9 of the German Commercial Code (HGB) (and note 4.8).

## 4.7 Members of the executive board and supervisory board

### Members of the executive board

#### **Christian Kullmann, Hamminkeln**

Chairman of the Executive Board

- a) Borussia Dortmund GmbH & Co. KGaA

#### **Dr. Harald Schwager, Speyer**

Deputy Chairman of the Executive Board

- a) Evonik Nutrition & Care GmbH (Chair)  
Evonik Resource Efficiency GmbH (Chair)  
Evonik Performance Materials GmbH (Chair)
- b) KSB Management SE

#### **Thomas Wessel, Recklinghausen**

Chief Human Resources Officer/Industrial Relations Director

- a) Evonik Nutrition & Care GmbH  
Evonik Resource Efficiency GmbH  
Evonik Performance Materials GmbH  
Evonik Technology & Infrastructure GmbH (Chair)  
Pensionskasse Degussa VVaG (Chair)  
Vivawest GmbH  
Vivawest Wohnen GmbH
- b) Gesellschaft zur Sicherung von Bergmannswohnungen mbH

#### **Ute Wolf, Düsseldorf**

Chief Financial Officer

- a) Deutsche Asset Management Investment GmbH (until March 21, 2018)  
DWS Group GmbH & Co. KGaA (since March 22, 2018)  
Evonik Nutrition & Care GmbH  
Evonik Resource Efficiency GmbH  
Evonik Performance Materials GmbH  
Klöckner & Co. SE  
Pensionskasse Degussa VVaG
- b) Borussia Dortmund Geschäftsführungs-GmbH (since November 25, 2018)

#### Key:

- a) Membership of statutory supervisory boards.
- b) Membership of comparable German and foreign supervisory bodies of business enterprises pursuant to section 125 paragraph 1 sentence 5 of the German Stock Corporation Act (AktG).

### **Members of the supervisory board**

#### **Bernd Tönjes, Marl**

- Chairman of the Supervisory Board (since May 23, 2018)  
Chairman of the Executive Board of RAG-Stiftung (since May 24, 2018)
- a) RAG Aktiengesellschaft (Chair since May 24, 2018)  
RAG Deutsche Steinkohle AG (Chair since May 24, 2018)
  - b) DEKRA e.V.

#### **Edeltraud GläNZer, Hanover**

- Deputy Chairwoman of the Supervisory Board  
Deputy Chairwoman of the Mining, Chemical and Energy Industrial Union (IG BCE)
- a) B. Braun Melsungen AG  
Merck KGaA

#### **Martin Albers, Dorsten**

- Chairman of the Group Works Council of Evonik Industries AG  
Chairman of the Works Council of the jointly operated Essen campus
- a) Pensionskasse Degussa VVaG (until July 6, 2018)
  - b) PEAG Holding GmbH (until June 20, 2018)

#### **Prof. Barbara Albert, Darmstadt**

- Professor of Solid State Chemistry at the Eduard-Zintl Institute of Inorganic and Physical Chemistry of the Technical University of Darmstadt
- a) Schunk GmbH

#### **Jens Barnhusen, Bottrop**

- (since May 23, 2018)  
Chairman of the Works Council for Evonik's Goldschmidtstrasse facilities
- a) Pensionskasse Degussa VVaG (until July 6, 2018)

#### **Prof. Aldo Belloni, Munich**

- Chairman of the Executive Board of Linde Aktiengesellschaft
- b) TÜV Süd e. V.

#### **Karin Erhard, Hanover**

- Legal advisor of the Mining, Chemical and Energy Industrial Union (IG BCE)
- a) INEOS Deutschland GmbH (until December 5, 2018)  
INEOS Köln GmbH (until September 10, 2018)

#### **Carmen Fuchs, Alzenau**

- Deputy Chairwoman of the General Works Council  
Chairwoman of the Works Council of the jointly operated Hanau site
- a) Pensionskasse Degussa VVaG (until July 6, 2018)

**Prof. Barbara Grunewald, Bonn**

Professor and Chair for Civil Law and Commercial Law  
at the University of Cologne

**Michael Hofmann, Griesheim**

(since May 23, 2018)  
Member of the Works Council for the Darmstadt/Weiterstadt/Wörth facilities  
(Chairman until December 31, 2018)

**Martin Kubessa, Velbert**

(since May 23, 2018)  
Member of the Works Council for Evonik's Marl facilities  
a) Evonik Technology & Infrastructure GmbH

**Frank Löllgen, Cologne**

Regional Director North Rhine of the Mining, Chemical, and Energy  
Industrial Union (IG BCE)  
a) Bayer AG

**Dr. Siegfried Luther, Gütersloh**

Former CFO of Bertelsmann AG (now Bertelsmann SE & Co. KGaA)  
a) Schaeffler AG  
Sparkasse Gütersloh-Rietberg

**Michael Rüdiger, Utting am Ammersee**

Chairman of the Executive Board of DekaBank Deutsche Girozentrale  
a) Deka Immobilien GmbH  
Deka Investment GmbH (Chair)  
Deka Vermögensmanagement GmbH (Chair since January 15, 2018)  
(formerly: Landesbank Berlin Investment GmbH)  
Liquiditäts-Konsortialbank GmbH in liquidation (Chair) (until July 23, 2018)

**Dr. Thomas Sauer, Bad Homburg**

(since May 23, 2018)  
Chairman of the Executive Staff Council of the Evonik Group

**Peter Spuhler, Weiningen (Switzerland)**

(since May 23, 2018)  
Chairman of the Board of Directors of Stadler Rail AG, Bussnang (Switzerland) and of  
PCS Holding AG, Frauenfeld (Switzerland)  
b) Aebi Schmidt Holding AG, Frauenfeld (Switzerland) (Chair)  
AngelStar S.r.l., Mola di Bari (Italy)  
Allreal Holding AG, Zug (Switzerland)  
Autoneum Holding AG, Winterthur (Switzerland)  
Chesa Sül Spelm AG, Frauenfeld (Switzerland)  
DSH Holding AG, Warth-Weiningen (Switzerland)

Estonia Train Finance AG, Frauenfeld (Switzerland) (Chair)  
European Loc Pool AG, Frauenfeld (Switzerland) (since June 25, 2018)  
Gleisag Gleis- und Tiefbau AG, Goldach (Switzerland) (Chair)  
Nordic Train Finance AG, Frauenfeld (Switzerland) (Chair)  
Rana Aps AG, Warth-Weiningen (Switzerland) (Chair)  
Rana Aps Iberica S.L., Warth-Weiningen (Switzerland) (Chair)  
Rieter Holding AG, Winterthur (Switzerland)  
Stadler CIS AG, Bussnang (Switzerland) (Chair)  
Stadler Minsk CJSC, Minsk (Belarus) (Chair)  
Stadler Pankow GmbH, Berlin (Chair)  
Stadler Trains Magyarország Kft., Budapest (Hungary)  
Stadler US Inc., Westfield (USA)  
Walo Bertschinger AG, Zurich (Switzerland)  
Wohnpark Promenade AG, Frauenfeld (Switzerland)  
ZLE Betriebs AG, Zurich (Switzerland)

until September 19, 2018:

Stadler Altenrhein AG, Altenrhein (Switzerland) (Chair)  
Stadler Bussnang AG, Bussnang (Switzerland) (Chair)  
Stadler Stahlguss AG, Biel (Switzerland)  
Stadler Winterthur AG, Winterthur (Switzerland) (Chair)

### **Anke Strüber-Hummelt, Marl**

Deputy Chairwoman of the General Works Council of Evonik Industries AG  
Chairwoman of the Works Council for Evonik's Marl facilities

### **Angela Titzrath, Hamburg**

Chairwoman of the Executive Board of Hamburger Hafen und Logistik Aktiengesellschaft  
a) AXA Konzern Aktiengesellschaft (until April 30, 2018)  
Talanx AG (since May 8, 2018)

### **Dr. Volker Trautz, Munich**

Former Chairman of the Executive Board of LyondellBasell Industries  
a) Citigroup Global Markets Deutschland AG  
b) CERONA Companhia de Energia Renovável, São Paulo (Brazil)

### **Ulrich Weber, Krefeld**

Former member of the Executive Board, Human Resources & Law, of Deutsche Bahn AG  
a) HDI Global SE  
ias Aktiengesellschaft

until May 30, 2018:

DEVK Deutsche Eisenbahn Versicherung-Lebensversicherungsverein AG  
Betriebliche Sozialeinrichtung der Deutschen Bahn  
DEVK Deutsche Eisenbahn Versicherung-Lebensversicherungsverein AG  
Sach- und HUK-Versicherungsverein AG

**The following members left the supervisory board of Evonik Industries AG in 2018:**

**Dr. Werner Müller, Mülheim an der Ruhr**

Chairman of the Supervisory Board (until May 23, 2018)

Chairman of the Executive Board of RAG-Stiftung (until May 23, 2018)

a) Borussia Dortmund GmbH & Co. KGaA

RAG Aktiengesellschaft (Chair)

RAG Deutsche Steinkohle AG (Chair)

b) Contilia GmbH

Stadler Rail AG, Bussnang (Switzerland)

**Ralf Hermann, Herten**

(until May 23, 2018)

Member of the Works Council for Evonik's Marl facilities (until April 23, 2018)

a) Pensionskasse Degussa VVaG

b) RAG-Stiftung

**Prof. Wolfgang A. Herrmann, Freising**

(until May 23, 2018)

President of Munich Technical University

b) Bayerische Forschungsallianz GmbH (Chair)

**Norbert Pohlmann, Essen**

(until March 31, 2018)

Member of the Works Council for Evonik's Goldschmitstrasse facilities (until March 31, 2018)

a) BKK Novitas

**Dr. Wilfried Robers, Gescher**

(until May 23, 2018)

Chairman of the Executive Staff Council of the Evonik Group (until April 25, 2018)

**Ulrich Terbrack, Reinheim**

(until May 23, 2018)

Member of the Works Council for Evonik's Darmstadt site (until March 22, 2018)

Key:

a) Membership of statutory supervisory boards.

b) Membership of comparable German and foreign supervisory bodies of business enterprises pursuant to section 125 paragraph 1 sentence 5 of the German Stock Corporation Act (AktG).

## 4.8 Total remuneration of the executive board and supervisory board

The total remuneration paid to the members of the executive board for their work in 2018 was €11,969 thousand (2017: €11,296 thousand, including two members who stepped down from the executive board during the fiscal year). Provisions for bonus payments to executive board members for 2017 amounting to €100 thousand were reversed in 2018. The total remuneration also contains the fair value of the LTI plan 2018 as of the legally binding commitment or grant date. As of the grant date, this comprised €3,054 thousand over the four-year performance period. There are a total of 119,846 virtual shares that will be used as the calculation basis to determine possible future payments. This is performance-related remuneration.

Current expenses for pension provisions for the executive board totaled €1,860 thousand (2017: €1,311 thousand). The settlement amount of the pension obligations was €13,662 thousand on December 31, 2018 (2017: €10,191 thousand).

Total remuneration of former members of the executive board and their surviving dependents was €1,546 thousand in 2018 (2017: €11,176 thousand, including two members who stepped down from the executive board during the fiscal year).

As of the reporting date €61,985 thousand (2017: €57,714 thousand) was allocated to provisions for pension obligations to former members of the executive board and their surviving dependents.

The remuneration of the supervisory board for 2018 totaled €3,469 thousand (2017: €3,170 thousand).

Details of the remuneration system for the executive board members, together with an individual breakdown of the amounts paid to executive board and supervisory board members, can be found in the remuneration report in the combined management report for Evonik Industries AG for 2018.

## 4.9 Declaration of conformity with the German Corporate Governance Code

The executive board and supervisory board have issued a declaration of conformity in accordance with section 161 of the German Stock Corporate Act (AktG). This has been published on the company's website at [www.evonik.com/responsibility](http://www.evonik.com/responsibility) and as part of the declaration on corporate governance in accordance with section 289f of the German Commercial Code (HGB).

## 4.10 Information pursuant to section 160 paragraph 1 no. 8 of the German Stock Corporation Act (AktG)

### Notifications pursuant to section 40 paragraph 1 of the German Securities Trading Act (WpHG)<sup>1</sup>

As of the date of finalization of the financial statements we had received the following notifications of shareholdings in Evonik Industries AG pursuant to section 33 paragraph 1 or paragraph 2 of the German Securities Trading Act (WpHG<sup>1</sup>). Under this Act, notification must be submitted not only of directly acquired voting rights in the company (section 33 WpHG<sup>1</sup>), but also of those voting rights attributable to the notifier through a subsidiary or a third party with which the notifier has a contractual agreement governed by the law of obligations (section 34 paragraph 1 WpHG<sup>1</sup>). Further, voting rights may be attributable to shareholders on the basis of shareholder agreements (section 34 paragraph 2 WpHG<sup>1</sup>). The total voting rights disclosed therefore comprise both directly acquired voting rights and those determined indirectly on the basis of attribution.

Note that in each case these notifications relate to the date stated in the notification. Consequently, the notifier's shareholding could have changed as of the date of preparation of this list, without the notifier being required to submit a new notification in accordance with section 33 WpHG<sup>1</sup>, if no relevant threshold was involved.

### Notifications pursuant to section 33 paragraph 1 of the German Securities Trading Act (WpHG)<sup>1</sup>

Notifier	Voting rights					Attributable voting rights <sup>a)</sup>
	Date of change	Threshold	in %	absolute		
Government of Singapore, represented by the Finance Minister, Singapore (Republic of Singapore)	Oct. 6, 2016	3%	0.39%	1,806,000	0.39% attributable pursuant to section 22 WpHG	
CVC Nominees Limited, St. Helier (Jersey)	May 31, 2016	3%	1.33%	6,185,556	1.33% attributable pursuant to section 22 WpHG	
BlackRock, Inc., Wilmington (Delaware, USA)	Feb. 7, 2017	3%	2.97%	13,848,139	2.97% attributable pursuant to section 22 WpHG	
RAG-Stiftung, Essen (Germany)	Jul. 16, 2015	75%	74.04%	345,005,998	6.13% attributable pursuant to section 22 paragraph 2 WpHG; the voting rights of The Gabriel Finance Limited Partnership exceed 3%	

a) The sections cited here relate to the version of the law in force at the time of the respective voting rights notifications.

## 4.11 Inclusion in the consolidated financial statements of RAG-Stiftung

RAG-Stiftung, Essen (Germany) is the parent company of Evonik Industries AG, and prepares the consolidated financial statements for largest and smallest groups of companies. The consolidated financial statements are published in the Federal Gazette.

The consolidated financial statements for Evonik Industries AG are also published in the Federal Gazette.

<sup>1</sup> In the version valid from January 3, 2018.

## 4.12 List of shareholdings

### List of shareholdings

Name	Registered office	Shareholding in %	Fiscal year	Foot-note	Equity in €million	Net income/loss before P/L transfer
<b>Consolidated subsidiaries: Germany</b>						
1 BK-Wolfgang-Wärme GmbH	Hanau	100.00	2018		2	1
2 CPM Netz GmbH	Essen	100.00	2018	1	-	-
3 CyPlus GmbH	Hanau	100.00	2018	1	8	12
4 Evonik Animal Nutrition GmbH	Essen	100.00	2018		8	-3
5 Evonik Beteiligungs-GmbH	Frankfurt am Main	100.00	2018	1	1	-
6 Evonik Catering Services GmbH	Marl	100.00	2018	1	-	3
7 Evonik Creavis GmbH	Essen	100.00	2018	1	5	-
8 Evonik Dahlenburg GmbH	Dahlenburg	100.00	2018	1	2	2
9 Evonik Degussa GmbH	Essen	100.00	2018	1	4,907	561
10 Evonik Digital GmbH	Essen	100.00	2018	1	3	-5
11 Evonik Dr. Straetmans GmbH	Hamburg	100.00	2018	1	16	-
12 Evonik Functional Solutions GmbH	Essen	100.00	2018	1	20	5
13 Evonik Goldschmidt Rewo GmbH	Essen	100.00	2018		37	-18
14 Evonik Gorapur GmbH	Wittenburg	100.00	2018	1	1	4
15 Evonik Gorapur Verwaltungs-GmbH	Wittenburg	100.00	2018		25	4
16 Evonik IP GmbH	Gründau	100.00	2018	1	63	114
17 Evonik Logistics Services GmbH	Marl	100.00	2018	1	1	10
18 Evonik Materials GmbH	Marl	100.00	2018	1	14	-
19 Evonik Nutrition & Care GmbH	Essen	100.00	2018	1	234	11
20 Evonik Oil Additives GmbH	Essen	100.00	2018	1	31	179
21 Evonik Performance Materials GmbH	Essen	100.00	2018	1	244	17
22 Evonik Peroxygens Holding GmbH	Essen	100.00	2018		62	-
23 Evonik Projekt-Beteiligung Verwaltungs-GmbH	Essen	100.00	2018		-	-
24 Evonik Projekt-Beteiligungs-GmbH & Co. KG	Essen	99.00	2018		343	-
25 Evonik Real Estate GmbH & Co. KG	Marl	100.00	2018	1	205	21
26 Evonik Real Estate Verwaltungs-GmbH	Marl	100.00	2018		-	-
27 Evonik Resource Efficiency GmbH	Essen	100.00	2018	1	285	33
28 Evonik Risk and Insurance Services GmbH	Essen	100.00	2018	1	1	2
29 Evonik Röhm GmbH	Essen	100.00	2018	1	170	374
30 Evonik Schlüchtern GmbH	Schlüchtern	100.00	2018	1	19	-
31 Evonik Technochemie GmbH	Essen	100.00	2018	1	58	-30
32 Evonik Technology & Infrastructure GmbH	Essen	100.00	2018	1	303	-
33 Evonik Venture Capital GmbH	Hanau	100.00	2018	1	9	-2
34 HD Ceracat GmbH	Frankfurt am Main	100.00	2018		86	5
35 KMV Vermögensverwaltungs-GmbH	Marl	100.00	2018		10	-
36 Mönch-Kunststofftechnik GmbH	Bad König	100.00	2018	1	1	3
37 RBV Verwaltungs-GmbH	Essen	100.00	2018		890	12
38 RCIV Vermögensverwaltungs-GmbH	Essen	100.00	2018	1	26	-1
39 RÜTGERS Dienstleistungs-GmbH	Essen	100.00	2018	1	6	-17
40 RÜTGERS GmbH	Essen	100.00	2018		309	-4
41 Stockhausen Unterstützungsseinrichtung GmbH	Krefeld	100.00	2018		-	-

**List of shareholdings**

	Name	Registered office	Shareholding in %	Fiscal year	Foot-note	Net income / loss before P/L transfer	
						Equity in €million	P/L transfer
42	Westgas GmbH	Marl	100.00	2018	1	8	9
<b>Consolidated subsidiaries: other countries</b>							
43	Degussa International, Inc.	Wilmington (Delaware, USA)	100.00	2018		1,318	24
44	DSL Japan Co., Ltd.	Tokyo (Japan)	51.00	2018		13	3
45	Egesil Kimya Sanayi ve Ticaret A.S.	Istanbul (Turkey)	51.00	2018		14	13
46	Evonik (Philippines) Inc.	Taguig City (Philippines)	99.99	2018		-	-
47	Evonik (SEA) Pte. Ltd.	Singapore (Singapore)	100.00	2018		386	16
48	Evonik (Shanghai) Investment Management Co., Ltd.	Shanghai (China)	100.00	2018		3	-
49	Evonik (Thailand) Ltd.	Bangkok (Thailand)	100.00	2018		8	2
50	Evonik Acrylics Africa (Pty) Ltd.	Johannesburg (South Africa)	100.00	2018		2	-
51	Evonik Advanced Botanicals S.A.S.	Parcay Meslay (France)	100.00	2018		-1	-
52	Evonik Aerosil France S.A.R.L.	Salaise-sur-Sanne (France)	100.00	2018		3	-
53	Evonik Africa (Pty) Ltd.	Midrand (South Africa)	100.00	2018		14	2
54	Evonik Agroferm Zrt.	Kaba (Hungary)	100.00	2018		22	2
55	Evonik Amalgamation Ltd.	Milton Keynes (UK)	100.00	2018		-	-
56	Evonik Antwerpen NV	Antwerp (Belgium)	100.00	2018		423	19
57	Evonik Argentina S.A.	Buenos Aires (Argentina)	100.00	2018		13	3
58	Evonik Australia Pty Ltd.	Mount Waverley (Australia)	100.00	2018		4	1
59	Evonik Brasil Ltda.	São Paulo (Brazil)	100.00	2018		190	7
60	Evonik Canada Inc.	Calgary (Canada)	100.00	2018		42	12
61	Evonik Catalysts India Pvt. Ltd.	Dombivli (India)	100.00	2018		20	3
62	Evonik Chemicals Ltd.	Milton Keynes (UK)	100.00	2018		106	4
63	Evonik Chile SpA	Santiago (Chile)	100.00	2018		-	-
64	Evonik Colombia S.A.S.	Medellín (Colombia)	100.00	2018		-	-
65	Evonik Corporation	Parsippany (New Jersey, USA)	100.00	2018		2,962	-2
66	Evonik Cyro Canada Inc.	Burlington (Canada)	100.00	2018		11	-
67	Evonik Cyro LLC	Wilmington (Delaware, USA)	100.00	2018		195	60
68	Evonik Degussa Africa (Pty) Ltd.	Midrand (South Africa)	100.00	2018		10	-
69	Evonik Degussa (China) Co., Ltd.	Beijing (China)	100.00	2017		89	69
70	Evonik Dutch Holding B.V.	Amsterdam (Netherlands)	100.00	2018		42	-
71	Evonik España y Portugal, S.A.U.	Granollers (Spain)	100.00	2018		28	2
72	Evonik Fermas s.r.o.	Slovenská L'upča (Slovakia)	100.00	2018		22	3
73	Evonik Fibres GmbH	Schörfling (Austria)	100.00	2018		14	2
74	Evonik Finance B.V.	Amsterdam (Netherlands)	100.00	2018		249	3
75	Evonik Foams Inc.	Wilmington (Delaware, USA)	100.00	2018		56	5
76	Evonik Forhouse Optical Polymers Corporation	Taichung (Taiwan)	51.00	2018		13	-
77	Evonik France S.A.S.	Ham (France)	100.00	2018		52	-
78	Evonik Goldschmidt UK Ltd.	Milton Keynes (UK)	100.00	2018		24	2
79	Evonik Gulf FZE	Dubai (United Arab Emirates)	100.00	2018		1	-
80	Evonik Hong Kong Ltd.	Hong Kong (Hong Kong)	100.00	2018		12	2
81	Evonik India Pvt. Ltd.	Mumbai (India)	100.00	2018		19	4
82	Evonik Industries de Mexico, S.A. de C.V.	Mexico City (Mexico)	100.00	2018		63	6
83	Evonik International AG	Zurich (Switzerland)	100.00	2018		3	-
84	Evonik International Costa Rica, S.A.	Santa Ana (Costa Rica)	100.00	2018		2	1
85	Evonik International Holding B.V.	Amsterdam (Netherlands)	100.00	2018		4,958	189

**List of shareholdings**

	Name	Registered office	Shareholding in %	Fiscal year	Foot-note	Net income / loss before P/L transfer	
						Equity in €million	P/L transfer
86	Evonik International Trading (Shanghai) Co., Ltd.	Shanghai (China)	100.00	2018		1	-
87	Evonik Iran AG	Teheran (Iran)	100.00	2018		1	-
88	Evonik Italia S.r.l.	Pandino (Italy)	100.00	2018		11	1
89	Evonik Japan Co., Ltd.	Tokyo (Japan)	100.00	2018		116	23
90	Evonik Korea Ltd.	Seoul (South Korea)	100.00	2018		25	7
91	Evonik LIL Limited	Milton Keynes (UK)	100.00	2018		3	-
92	Evonik Limited Egypt	Cairo (Egypt)	100.00	2018		-	-
93	Evonik Malaysia Sdn. Bhd.	Kuala Lumpur (Malaysia)	100.00	2018		2	1
94	Evonik Materials Corporation	Wilmington (Delaware, USA)	100.00	2018		134	-17
95	Evonik Materials Netherlands B.V.	Utrecht (Netherlands)	100.00	2018		4	-
96	Evonik Membrane Extraction Technology Limited	Milton Keynes (UK)	100.00	2018		-6	-
97	Evonik Methionine SEA Pte. Ltd.	Singapore (Singapore)	100.00	2018		429	-21
98	Evonik Metilatos S.A.	Rosario (Argentina)	100.00	2018		13	9
99	Evonik Mexico, S.A. de C.V.	Mexico City (Mexico)	100.00	2018		11	2
100	Evonik Oil Additives Asia Pacific Pte. Ltd.	Singapore (Singapore)	100.00	2018		78	42
101	Evonik Oil Additives Canada Inc.	Morrisburg (Canada)	100.00	2018		7	5
102	Evonik Oil Additives S.A.S.	Lauterbourg (France)	100.00	2018		17	4
103	Evonik Oil Additives USA, Inc.	Horsham (Pennsylvania, USA)	100.00	2018		42	17
104	Evonik Oxeno Antwerpen NV	Antwerp (Belgium)	100.00	2018		82	-7
105	Evonik Para-Chemie GmbH in liquidation	Gramatneusiedl (Austria)	99.00	2018		in liquidation	
106	Evonik Pension Scheme Trustee Limited	Milton Keynes (UK)	100.00	2018		-	-
107	Evonik Peroxid GmbH	Weissenstein (Austria)	100.00	2018		11	2
108	Evonik Peroxide Africa (Pty) Ltd.	Umbogintwini (South Africa)	100.00	2018		6	-1
109	Evonik Peroxide Holding B.V.	Amsterdam (Netherlands)	100.00	2018		194	-
110	Evonik Peroxide Ltd.	Morrinsville (New Zealand)	100.00	2018		19	2
111	Evonik Peroxide Netherlands B.V.	Amsterdam (Netherlands)	100.00	2018		15	1
112	Evonik Perú S.A.C.	Lima (Peru)	100.00	2018		3	-
113	Evonik Porphyrio NV	Herent (Belgium)	100.00	2018		-1	-
114	Evonik Re S.A.	Luxembourg (Luxembourg)	100.00	2018		50	45
115	Evonik Rexim (Nanning) Pharmaceutical Co., Ltd.	Nanning (China)	100.00	2018		19	3
116	Evonik Rexim S.A.S.	Ham (France)	100.00	2018		7	-2
117	Evonik Servicios, S.A. de C.V.	Mexico City (Mexico)	100.00	2018		-	1
118	Evonik Silica Belgium BVBA	Ostend (Belgium)	100.00	2018		10	1
119	Evonik Silica Finland Oy	Hamina (Finland)	100.00	2018		16	1
120	Evonik Silquimica, S.A.U.	Zubillaga-Lantaron (Spain)	100.00	2018		12	1
121	Evonik Singapore Specialty Chemicals Pte. Ltd.	Singapore (Singapore)	100.00	2018		1	-
122	Evonik Speciality Organics Ltd.	Milton Keynes (UK)	100.00	2018		249	-
123	Evonik Specialty Chemicals (Jilin) Co., Ltd.	Jilin (China)	100.00	2018		-99	-3
124	Evonik Specialty Chemicals (Nanjing) Co., Ltd.	Nanjing (China)	100.00	2018		78	5
125	Evonik Specialty Chemicals (Shanghai) Co., Ltd.	Shanghai (China)	100.00	2018		259	70
126	Evonik Specialty Silica India Pvt. Ltd.	Mumbai (India)	100.00	2018		21	-

**List of shareholdings**

		Registered office	Shareholding in %	Fiscal year	Foot-note	Equity in €million	Net income/loss before P/L transfer
127	Evonik Taiwan Ltd.	Taipei (Taiwan)	100.00	2018		6	4
128	Evonik Tasnee Marketing LLC	Riyadh (Saudi Arabia)	75.00	2018		9	-
129	Evonik Thai Aerosil Co., Ltd.	Bangkok (Thailand)	100.00	2018		20	4
130	Evonik Tianda (Liaoyang) Chemical Additive Co., Ltd.	Liaoyang (China)	97.04	2018		33	4
131	Evonik Ticaret Ltd. Sirketi	Tuzla/Istanbul (Turkey)	100.00	2018		8	3
132	Evonik Trustee Limited	Milton Keynes (UK)	100.00	2018		-	-
133	Evonik UK Holdings Ltd.	Milton Keynes (UK)	100.00	2018		687	-4
134	Evonik United Silica Industrial Ltd.	Taoyuan Hsien (Taiwan)	100.00	2018		33	7
135	Evonik United Silica (Siam) Ltd.	Rayong (Thailand)	70.00	2018		19	4
136	Evonik Vietnam Limited Liability Company	Ho-Chi-Minh City (Vietnam)	100.00	2018		3	1
137	Evonik Wellink Silica (Nanping) Co., Ltd.	Nanping (China)	60.00	2018		35	9
138	Evonik Wynca (Zhenjiang) Silicon Material Co., Ltd.	Zhenjiang (China)	60.00	2018		5	-
139	Insilco Ltd.	Gajraula (India)	73.11	2018		11	-
140	JIDA Evonik High Performance Polymers (Changchun) Co., Ltd.	Changchun (China)	84.04	2018		11	1
141	Laporte Nederland (Holding) B.V.	Amsterdam (Netherlands)	100.00	2018		37	6
142	MedPalett AS	Sandnes (Norway)	100.00	2018		3	2
143	Nilok Chemicals Inc. (in liquidation)	Parsippany (New Jersey, USA)	100.00	2018			in liquidation
144	Nippon Aerosil Co., Ltd.	Tokyo (Japan)	80.00	2018		68	17
145	OOO DESTEK	Podolsk (Russian Federation)	65.25	2018		5	5
146	OOO Evonik Chimia	Moscow (Russian Federation)	100.00	2018		17	5
147	PT. Evonik Indonesia	Cikarang Bekasi (Indonesia)	99.98	2018		5	-2
148	PT. Evonik Sumi Asih	Bekasi Timur (Indonesia)	75.00	2018		11	-
149	Qingdao Evonik Silica Materials Co., Ltd.	Qingdao (China)	100.00	2018		36	2
150	Roha B.V.	Tilburg (Netherlands)	100.00	2018		2	-
151	Rutgers Organics LLC	State College (Pennsylvania, USA)	100.00	2018		3	-3
152	SKC Evonik Peroxide Korea Co., Ltd.	Ulsan (South Korea)	55.00	2018		32	7
153	Silbond Corporation	Weston (Michigan, USA)	100.00	2018		56	5
154	Stockhausen Nederland B.V.	Amsterdam (Netherlands)	100.00	2018		-	-
<b>Companies recognized as joint operations: Germany</b>							
155	Neolyse Ibbenbüren GmbH	Ibbenbüren	50.00	2018		18	1
<b>Companies recognized as joint operations: other countries</b>							
156	Veramaris (USA) LLC	Blair (Nebraska, USA)	50.00	2018		47	2
157	Veramaris V.O.F.	Delft (Netherlands)	50.00	2018		6	-3
<b>Non-consolidated subsidiaries: Germany</b>							
158	PKU Pulverkautschuk Union GmbH	Marl	100.00	2017		2	1
159	Studiengesellschaft Kohle mbH	Mülheim	84.18	2017		-	-
<b>Non-consolidated subsidiaries: other countries</b>							
160	EGL Ltd.	Milton Keynes (UK)	100.00	2017		-	-
161	Evonik Bangladesh Ltd.	Dhaka (Bangladesh)	100.00	2018		-	-
162	Evonik East Africa Limited	Nairobi (Kenya)	100.00	2017		-	-
163	Evonik Ecuador S.A.	Quito (Ecuador)	100.00	2018		1	-
164	Evonik Guatemala, S.A.	Guatemala City (Guatemala)	100.00	2018		1	-
165	Evonik LCL Limited	Milton Keynes (UK)	100.00	2017		-	-

**List of shareholdings**

	Name	Registered office	Shareholding in %	Fiscal year	Foot-note	Net income / loss before P/L transfer	
						Equity in €million	P/L transfer
166	Evonik Pakistan (Private) Limited	Karachi (Pakistan)	100.00	2018		-	-
167	LLC "Evonik Ukraine"	Kiev (Ukraine)	100.00	2017		17	5
168	Roehm Hong Kong Co., Limited	Hong Kong (Hong Kong)	100.00	2018		-	-
<b>Joint ventures (at equity): other countries</b>							
169	CyPlus Idesa, S.A.P.I. de C.V.	Mexico City (Mexico)	50.00	2018		21	-5
170	Daicel-Evonik Ltd.	Tokyo (Japan)	50.00	2018		18	4
171	Evonik Headwaters LLP	Milton Keynes (UK)	50.00	2018		-	-
172	Evonik Lanxing (Rizhao) Chemical Industrial Co., Ltd.	Rizhao (China)	50.00	2018		5	-
173	Evonik Treibacher GmbH	Treibach/Althofen (Austria)	50.00	2018		11	1
174	LiteCon GmbH	Hönigsberg/Mürzzuschlag (Austria)	49.00	2017		2	1
175	Rusferm Limited	Nicosia (Cyprus)	49.00	2017		-	-
176	San-Apro Ltd.	Kyoto (Japan)	50.00	2018		9	3
177	Saudi Acrylic Polymers Company, Ltd.	Jubail (Saudi Arabia)	25.00	2017		18	-79
<b>Joint ventures (not recognized at equity): Germany</b>							
178	dev.log GmbH	Niederkassel	50.00	2018		1	-
179	StoHaas Management GmbH in liquidation	Marl	50.00	2018		in liquidation	
<b>Joint ventures (not recognized at equity): other countries</b>							
180	Idevo Servicios, S.A. de C.V.	Mexico City (Mexico)	50.00	2018		-	-
181	RSC Evonik Sweeteners Co., Ltd.	Bangkok (Thailand)	50.00	2017		2	-
<b>Associates (recognized at equity): Germany</b>							
182	ARG mbH & Co. KG	Duisburg	19.93	2018		8	27
183	TÜV NORD InfraChem GmbH & Co. KG	Marl	49.00	2017		2	-
184	TÜV NORD InfraChem Verwaltungsgesellschaft mbH	Marl	49.00	2017		-	-
185	Vestaro GmbH	Munich	49.00	2017		1	-
<b>Associates (recognized at equity): other countries</b>							
186	ABCR Laboratorios, S.L.	Forcarei (Spain)	50.00	2017		8	1
<b>Associates (not recognized at equity): Germany</b>							
187	ARG Verwaltungs GmbH	Duisburg	20.00	2018		-	1
188	Umschlag Terminal Marl GmbH & Co. KG	Marl	50.00	2018		-	-
189	Umschlag Terminal Marl Verwaltungs-GmbH	Marl	50.00	2017		-	-
190	Vivawest GmbH	Essen	25.00	2018		1,393	308

### List of shareholdings

Name	Registered office	Shareholding in %	Fiscal year	Foot-note	Equity in € million	Net income/loss before P/L transfer
<b>Associates (not recognized at equity): other countries</b>						
191 HPNow ApS	Copenhagen (Denmark)	21.19	2017		-	-
192 OPTIFARM Ltd.	Great Chesterford (UK)	40.00	2018		-	-

<sup>1</sup> There are domination and/or profit-and-loss transfer agreements with these companies.

Evonik holds more than 5 percent of the voting rights in the following company, which is defined as a large stock corporation in accordance with section 267 paragraph 3 of the German Commercial Code (HGB) (disclosure pursuant to section 285 No. 11b German Commercial Code (HGB)):

Borussia Dortmund GmbH & Co. KGaA, Dortmund (Germany) (shareholding: 14.78 percent; fiscal year 2017/2018: income after taxes: €26.7 million; equity: €369 million).

### 4.13 Events after the reporting date

No reportable events have occurred since the reporting date.

#### 4.14 Proposal for the distribution of the profit

Since January 1, 2017, shareholders are entitled to their dividend on the third working day following the annual shareholders' meeting unless a later payment date is set in the articles of association or the resolution of the annual shareholders' meeting on the distribution of the profit (section 58 paragraph 4, sentences 2 and 3 of the German Stock Corporation Act (AktG)). An earlier payment date is not provided for. The distributable profit for fiscal 2018 should be used to pay a dividend of €1.15 per share entitled to the dividend.

The executive board proposes that the distributable profit of Evonik Industries AG for fiscal 2018 amounting to €535,900,000.00 should be utilized as follows:

##### Allocation of the distributable profit

- Payment of a dividend of €1.15 per no-par share entitled to the dividend	= €535,900,000.00
- Allocation to other retained earnings	= €0.00
- Profit carried forward	= €0.00
<b>Distributable profit</b>	<b>= €535,900,000.00</b>

The dividend will be paid on June 3, 2019.

This proposal for the allocation of the profit is based on the capital stock of €466,000,000.00—divided into 466,000,000 no-par shares—entitled to a dividend on February 18, 2019 (date of finalization of the annual financial statements). The number of shares entitled to the dividend and thus the total dividend could decrease by the date of adoption of the resolution on the distribution of the profit. In this case, the executive board and supervisory board will submit an amended proposal for the distribution of the profit, which will, however, propose an unchanged dividend of €1.15 per no-par share entitled to the dividend, but increase the amount to be carried forward.

## Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company in accordance with German accepted accounting principles, and the management report for the company, which is combined with the management report for the Evonik Group, includes a fair view of the development and performance of the business and the position of the company, together with a description of the material opportunities and risks associated with the expected development of the company.

Essen, February 18, 2019

**Evonik Industries AG**  
**The Executive Board**

Kullmann

Dr. Schwager

Wessel

Wolf

## INDEPENDENT AUDITOR'S REPORT

To Evonik Industries AG, Essen

### ***REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT***

#### *Audit Opinions*

We have audited the annual financial statements of Evonik Industries AG, Essen, which comprise the balance sheet as at 31 December 2018, and the statement of profit and loss for the financial year from 1 January to 31 December 2018, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Evonik Industries AG, which is combined with the group management report, for the financial year from 1 January to 31 December 2018. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2018 and of its financial performance for the financial year from 1 January to 31 December 2018 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

#### *Basis for the Audit Opinions*

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our

other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

#### *Key Audit Matters in the Audit of the Annual Financial Statements*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2018. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

- ① Pension provisions
- ② Accounting treatment of hedging relationships
- ③ Restructuring provision

Our presentation of these key audit matters has been structured in each case as follows:

- ① Matter and issue
- ② Audit approach and findings
- ③ Reference to further information

Hereinafter we present the key audit matters:

- ① **Pension provisions**
  - ① In the annual financial statements of Evonik Industries AG, pension provisions amounting to EUR 161 million are reported, comprising the settlement amount in accordance with commercial law of the direct obligations under the Company's pension plans amounting to EUR 902 million, less the fair value of the plan assets of EUR 741 million. The pension plan obligations resulting from direct commitments are measured using the projected unit credit method. This requires assumptions to be made in particular about long-term salary and pension increases, staff turnover and average life expectancy. The Company's plan assets are measured at fair value, which in turn involves making estimates that are subject to uncertainties. In our view, these matters were of particular significance in the context of our audit because the recognition and measurement of this significant item are based to a large extent on estimates and assumptions made by the Company's executive directors.
  - ② Our audit included an evaluation of the actuarial expert report and the technical competence of the actuarial expert, among other things. Given the special features of the actuarial calculations, we received support from our internal pension specialists for this purpose. With their assistance, we assessed the appropriateness of the valuation methods on which the valuations were based as well as the valuation parameters used. In addition, we analyzed the development of the obligations and

the effects of changes in the valuation parameters and the numerical data on the basis of the actuarial expert report, and assessed their plausibility. Finally, we reconciled the accounting entries for the provisions and the disclosures in the notes to the annual financial statements based on the actuarial expert report. We obtained bank confirmations for the fair values of the quoted securities held directly, fund units and bank balances included in the plan assets. In the case of quoted securities for which the bank confirmations did not include fair values, unquoted bonds and structured products held directly as well as other fund units, we assessed the methods on which the respective valuation was based and the valuation parameters used with the assistance of our internal specialists. Based on our audit procedures, we were able to satisfy ourselves that the estimates applied and assumptions made by the executive directors were justified and sufficiently documented.

- ③ The Company's disclosures relating to pension provisions are contained in sections 1.2.6 "Provisions" and 2.7 "Provisions" of the notes to the financial statements.

## ② Accounting treatment of hedging relationships

- ① Evonik Industries AG enters into a large number of transactions for different derivative financial instruments – in particular forward exchange transactions and options, cross-currency interest rate swaps and interest rate swaps – for the purpose of hedging against currency and interest rate risks. The executive directors' hedging policy is documented in corresponding internal guidelines and serves as the basis for these transactions. In the context of Evonik Industries AG's currency hedging activities, some forward exchange transactions and cross-currency interest rate swaps concluded with subsidiaries were traded through to banks in matching onward transactions, while others were combined into a currency portfolio and, after internal offsetting, the net position was hedged with banks. The Company also enters into external cross-currency interest rate swaps in order to hedge the currency risk arising from the cash flows for redemption and interest payments on foreign currency borrowings within the Group and from cross-currency interest rate swaps within the Group. As of the balance sheet date, Evonik Industries AG had outstanding forward exchange transactions and options amounting to EUR 6,552 million (notional amount), cross-currency interest rate swaps amounting to EUR 2,811 million (notional amount) and interest rate swaps amounting to EUR 1,300 million (notional amount). The positive fair values of all of the derivative financial instruments used for hedging purposes amount to EUR 177 billion as at the balance sheet date; the negative fair values amount to EUR 206 billion. As far as possible, the derivative financial instruments are combined with the respective hedged transactions into valuation units for accounting purposes under German commercial law. For currency hedging purposes in particular, portfolio hedges are also recognized in addition to micro-hedges. This leads to the consequence that, due to the application of the net hedge presentation method, changes in the values or cash flows of the derivative financial instruments over the term of the hedging relationship are not reflected in the annual financial statements, as far as the hedging relationship is effective. Insofar as the hedging relationship is ineffective and results in a net loss, a provision for onerous contracts is recognized.

In our view, these matters were of particular significance for our audit due to the high degree of complexity and the quantity of hedging instruments as well as the extensive accounting and reporting requirements.

- ② As part of our audit and together with the assistance of our internal specialists, among other things we assessed the contractual and financial bases of the hedging relationship between the hedged transactions and the derivative financial instruments as hedging instruments and the accounting treatment adopted. We assessed the recognition of valuation units and their accounting treatment, including the ineffective amounts. We also assessed the Company's risk management system with regard to derivative financial instruments, including the internal activities to monitor compliance

with the hedging policy. We evaluated the Company's internal guidelines on hedging against currency risks and interest rate risks, in particular with respect to a risk management strategy documented in writing and the assignment of responsibilities by the executive directors, and assessed their appropriateness and effectiveness. Furthermore, for the purpose of evaluating the measurement of the derivative financial instruments at fair value, we also assessed the calculation methods using market data. With respect to the expected cash flows and the assessment of the effectiveness of the hedging relationships, we mainly carried out a retrospective assessment of past hedge effectiveness. In addition, we verified the accounting treatment of the hedges and in particular their presentation in the balance sheet and statement on profit and loss, and assessed compliance with the applicable accounting requirements. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

- ③ The Company's disclosures pertaining to hedging relationships are contained in section 4.4 "Derivative financial instruments" of the notes to the financial statements.

### ③ **Restructuring provision**

- ① Evonik Industries AG has resolved to implement a strategic program to reduce overhead cost. That strategic program is designed to permanently reduce administration and sales expenses. In this context, among others, the number of employees is going to be reduced. In financial year 2018, the Company reached agreement with the employee representative committees on a program of severance offers as well as on a reconciliation of interests and a social plan. These binding agreements form the basis for the targeted headcount reduction at the Company. In accordance with § 249 Abs. 1 Satz 1 HGB, provisions must be recognized for uncertain liabilities. There must in particular be an external obligation for this which arose legally or was caused economically during the financial year, and a serious claim must be expected. Therefore, the Company has recognized a restructuring provision as an expense after agreeing with the employee representative committees on the strategic program and announcing that program in 2018. In our view, this matter was of particular significance for our audit, as the recognition of restructuring provisions is to a large extent based on estimates and assumptions made by the executive directors.
- ② In the context of our audit, we assessed whether the individual recognition criteria were met and whether the measurement of the restructuring provision was appropriate. To that end, we obtained and evaluated relevant evidence from the executive directors of the Company. We were able to satisfy ourselves that the matter and the estimates and assumptions made by the executive directors in connection with the recognition and measurement of a restructuring provision were sufficiently documented and substantiated. The measurement occurred within ranges considered by us to be reasonable.
- ③ The Company's disclosures relating to restructuring provisions are contained in sections 1.2.6 "Provisions" and 2.7 "Provisions" of the notes to the financial statements.

### *Other Information*

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Corporate governance report and declaration on corporate governance" of the management report
- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code

- the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

*Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report*

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

*Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report*

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

#### ***OTHER LEGAL AND REGULATORY REQUIREMENTS***

##### ***Further Information pursuant to Article 10 of the EU Audit Regulation***

We were elected as auditor by the annual general meeting on 23 May 2018. We were engaged by the supervisory board on 11 September 2018. We have been the auditor of Evonik Industries AG, Essen, without interruption since the Company first met the requirements as a public-interest entity within the meaning of § 319a Abs. 1 Satz 1 HGB in the financial year 2013.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

***GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT***

The German Public Auditor responsible for the engagement is Antje Schlotter.

Düsseldorf, 19 February 2019

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Eckhard Sprinkmeier  
Wirtschaftsprüfer  
(German Public Auditor)

Antje Schlotter  
Wirtschaftsprüferin  
(German Public Auditor)

**EVONIK INDUSTRIES AG**  
Rellinghauser Straße 1–11  
45128 Essen  
Germany  
[www.evonik.com](http://www.evonik.com)

