

Key Financial Data: January 1 to December 31, 2018

March 5, 2019

Evonik more robust as strategy takes effect

- Promised and delivered: adjusted EBITDA climbs to €2.6 billion
- Sales rise 4 percent to €15 billion
- Outlook for 2019: adjusted EBITDA to decline slightly or to remain stable, free cash flow to rise significantly

Tim Lange
Head of Investor Relations
Phone +49 201 177-3150
tim.lange@evonik.com

Essen, Germany. Evonik grew again strongly in 2018. Adjusted EBITDA increased 10 percent to €2.6 billion, compared with the previous year. All three chemical segments contributed to profit growth. The earnings forecast, that Evonik had raised after the first half of the year, was achieved despite external adversities in the second half of the year.

Sales rose 4 percent to €15 billion. The adjusted EBITDA margin climbed to 17.3 percent, about 1 percentage point higher than in 2017, taking Evonik a significant step towards its mid-term goal of earning a margin between 18 percent and 20 percent.

“Despite substantial external burdens, we delivered on our forecast for 2018,” said Christian Kullmann, chairman of the executive board of Evonik. “The consistent implementation of our strategy has shown Evonik to be more robust, even in times of a weaker global economy and unusual weather patterns.”

At the annual shareholders’ meeting on May 28, the executive board and supervisory board will be proposing a dividend of €1.15 per share. Based on the closing share price at year-end 2018 that gives a dividend yield of 5.3 percent, positioning Evonik among the top chemical companies.

Adjusted net income for the year rose 29 percent to €1.29 billion, reaching a record level. Evonik generated free cash flow of €672 million.

Evonik Industries AG
Rellinghauser Straße 1-11
45128 Essen
Germany
Phone +49 201 177-01
Fax +49 201 177-3475
www.evonik.com

Supervisory Board
Bernd Tönjes, Chairman
Dr. Werner Müller, Honorary Chairman
Executive Board
Christian Kullmann, Chairman
Dr. Harald Schwager, Deputy Chairman
Thomas Wessel
Ute Wolf

Registered Office is Essen
Register Court Essen Local Court
Commercial Registry B 19474

“We promised a considerably higher free cash flow for 2018 and we have delivered,” Chief Financial Officer Ute Wolf said. “This year we will continue to work on steadily improving our free cash flow.”

As announced in fall 2017, Evonik is optimizing its administrative and sales processes to permanently reduce costs by €200 million a year by the end of 2020. Savings of €50 million are already reflected in 2018 earnings and measures to achieve the remaining €150 million were identified during the course of last year.

With a new sustainability strategy 2020+, Evonik has set itself the goal of reducing its greenhouse gas emissions by 50 percent by 2025, using 2008 as a reference year. An internal price for CO₂ will be taken into account for important investment decisions. At the same time, Evonik is expanding activities that will increase the share of products and solutions that have particular sustainability benefits. The company already generates about half of its sales from applications that have a proven contribution to improve resource efficiency for the customer.

Despite political uncertainties and weaker economic growth Evonik expects adjusted EBITDA in 2019 to be at about the level of 2018 or slightly lower.

“With the active honing of our portfolio and the sharpening of our cost awareness, Evonik is now in better shape to continue to drive transformation this year,” said Kullmann. “It’s not going to be an easy year but we are prepared to meet the challenges and will continue to build a best-in-class specialty chemicals company.”

Segment performance

Resource Efficiency: Sales at the segment rose 6 percent to €5.71 billion in 2018. The main driver was higher selling prices, partly due to the passing on of higher raw-materials costs, and the inclusion of the silica business of J.M. Huber, acquired in September 2017. Demand for coating additives as well as for polyamide 12 from the auto and 3D-printing industries boosted

sales at the segment. Adjusted EBITDA at Resource Efficiency increased 10 percent to €1.29 billion.

Nutrition & Care: Annual sales at the segment rose 3 percent to €4.65 billion as rising demand worldwide led to higher volumes and selling prices. Polymers for smart drug delivery systems in pharmaceutical applications were very successful at the healthcare business as were ingredients for personal care products. Although prices for essential amino acids for feed additives were below the previous year, sales remained stable because of higher volumes sold. The segment's adjusted EBITDA rose 8 percent to €810 million.

Performance Materials: Sales for the year rose 6 percent to €3.98 billion at Performance Materials, mainly because of significantly higher selling prices. The methacrylates business developed very well on continuing good demand, especially from the coatings and auto industries, as well as tight market supply. In the second half of the year low water levels in the Rhine River limited the transport of raw materials and goods and led to higher logistics costs. Adjusted EBITDA at the segment increased 2 percent to €670 million.

Evonik Group: Excerpt from the income statement

(in € million)	Q4 2018	Q4 2017	Change in %	2018	2017	Change in %
Sales	3,681	3,573	3%	15,024	14,383	4%
Adjusted EBITDA	487	483	1%	2,601	2,357	10%
Adjusted EBIT	261	242	8%	1,724	1,486	16%
Adjustments	-293	-64		-357	-261	
Financial result	-24	-49	-51%	-165	-203	-19%
Income before income taxes, continuing operations	-56	129		1,202	1,022	
Income taxes	69	-15		-250	-292	
Income after taxes, continuing operations	13	114	-89%	952	,730	30%
Income after taxes, discontinued operations	-1	-4		2	-	
Income after taxes	12	110	-89%	954	,730	31%
thereof attributable to non-controlling interests	8	3		22	17	
Net Income	4	107	-96%	932	713	31%
Adjusted net income	237	191	24%	1294	1,007	29%

Prior-year figures restated

Segment performance

	Sales			Adjusted EBITDA		
	Q4 2018 € million	Q4 2017 € million	Change in %	Q4 2018 € million	Q4 2017 € million	Change in %
Nutrition & Care	1,172	1,114	5%	167	172	-3%
Resource Efficiency	1,404	1,308	7%	259	247	5%
Performance Materials	922	970	-5%	124	161	-23%
Services	178	178	-	13	3	333%
Other operations	5	3	67%	-76	-100	-24%
Group	3,681	3,573	3%	487	483	1%
	Sales			Adjusted EBITDA		
	2018 € million	2017 € million	Change in %	2018 € million	2017 € million	Change in %
Nutrition & Care	4,646	4,507	3%	810	747	8%
Resource Efficiency	5,709	5,393	6%	1,288	1,173	10%
Performance Materials	3,976	3,751	6%	670	658	2%
Services	677	717	-6%	146	133	10%
Other operations	16	15	7%	-313	-354	-12%
Group	15,024	14,383	4%	2,601	2,357	10%

Prior-year figures restated

Employees by segment

	31.12.2018	31.12.2017
Nutrition & Care	8,224	8,257
Resource Efficiency	10,268	10,260
Performance Materials	4,132	4,364
Services	12,913	13,021
Other operations	506	621
Evonik	36,043	36,523

About Evonik

Evonik is one of the world leaders in specialty chemicals. The focus on more specialty businesses, innovative prowess and a trustful and performance-oriented corporate culture form the heart of Evonik's corporate strategy. They are the lever for profitable growth and a sustained increase in the value of the company. Evonik benefits specifically from its customer proximity and leading market positions. Evonik is active in over 100 countries around the world with more than 36,000 employees. In fiscal 2018, the enterprise generated sales of €15 billion and an operating profit (adjusted EBITDA) of €2.6 billion.

Disclaimer

In so far as forecasts or expectations are expressed in this Investor Relations News or where our statements concern the future, these forecasts, expectations or statements may involve known or unknown risks and uncertainties. Actual results or developments may vary, depending on changes in the operating environment. Neither Evonik Industries AG nor its group companies assume an obligation to update the forecasts, expectations or statements contained in this release.