QUARTERLY STATEMENT

1st Quarter 2019

EVONIK
POWER TO CREATE

Solid first quarter of 2019

- Agreement to divest the **methacrylates business** signed
- Slight **organic sales growth** (+1 percent)
- **Adjusted EBITDA** of €539 million held back by start-up expenses for new production facilities (-3 percent)
- **Adjusted EBITDA margin** 16.4 percent
- **Adjusted net income** slipped slightly to €249 million (-5 percent)
- **Free cash flow** improved significantly to €159 million
- **Outlook for 2019 revised:** sales and adjusted EBITDA for the continuing operations at least stable

Key data for the Evonik Group

Key data for the Evonik Group[a]

	1st quarter	
in € million	2019	2018
Sales	3,287	3,247
Adjusted EBITDA[b]	539	554
Adjusted EBITDA margin in %	16.4	17.1
Adjusted EBIT[c]	315	376
Income before financial result and income taxes, continuing operations (EBIT)	296	354
Net income	249	291
Adjusted net income	249	261
Earnings per share in €	0.53	0.62
Adjusted earnings per share in €	0.53	0.56
Cash flow from operating activities, continuing operations	334	224
Cash outflows for investments in intangible assets, property, plant and equipment[d]	-175	-174
Free cash flow[e]	159	50
Net financial debt as of March 31	-3,419	-2,984
No. of employees as of March 31[f]	35,947	36,343

Prior-year figures restated.

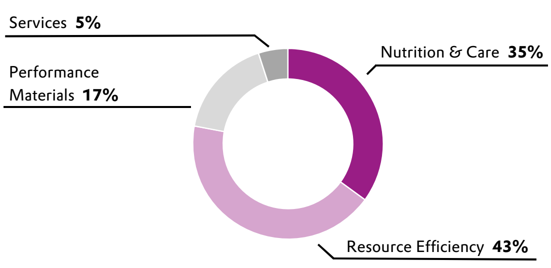
[a] The methacrylates business has been reclassified to discontinued operations.
[b] Earnings before financial result, taxes, depreciation and amortization, after adjustments, continuing operations.
[c] Earnings before financial result and taxes, after adjustments, continuing operations.
[d] Investment in intangible assets, property, plant and equipment, continuing operations.
[e] Cash flow from operating activities less cash outflows for investment in intangible assets, property, plant and equipment.
[f] Including discontinued operations.

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

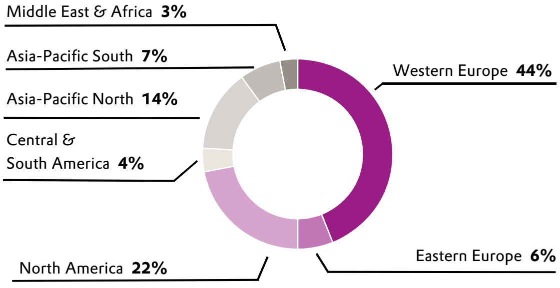
QUARTERLY STATEMENT

1ST QUARTER

Sales by segment—1st quarter



Sales by region[a]—1st quarter



[a] By location of customer.

Business conditions and performance

1. Business performance

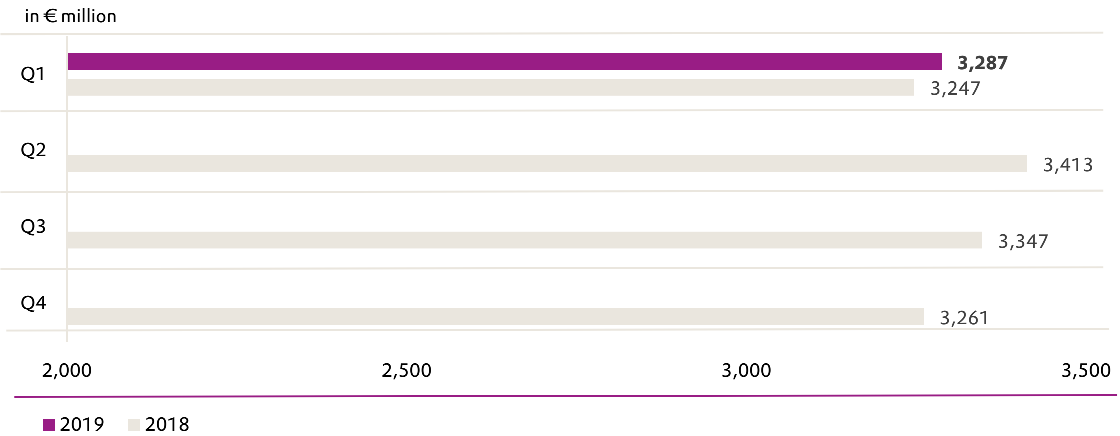
Major events

As part of the consistent implementation of our corporate strategy, on March 4, 2019 we signed an agreement to sell the methacrylates business to Advent International Corporation, Boston (Massachusetts, USA) for €3 billion.[1] The methacrylates business comprises large-volume monomers such as methylmethacrylate (MMA), various specialty monomers, and the PLEXIGLAS® brand of PMMA molding compounds and semi-finished products. The transaction is subject to the approval of the authorities in several countries and is expected to be closed in the third quarter of 2019. The methacrylates business has been reclassified to discontinued operations. The prior-year figures in the income statement and cash flow statement, and the key performance indicators used for management purposes have been restated accordingly. Most of the methacrylates business was allocated to the Performance Materials segment, and a small part was allocated to the Resource Efficiency segment.

Business performance in Q1 2019

Evonik made a solid start to the new year. Global demand remained good and selling prices were slightly higher overall. That had a positive effect on sales and adjusted EBITDA. The ongoing program to raise efficiency made further progress and supported earnings. However, performance was held back by start-up expenses for new production facilities that are being built to strengthen our global market position.

Sales by quarter



Prior-year figures restated.

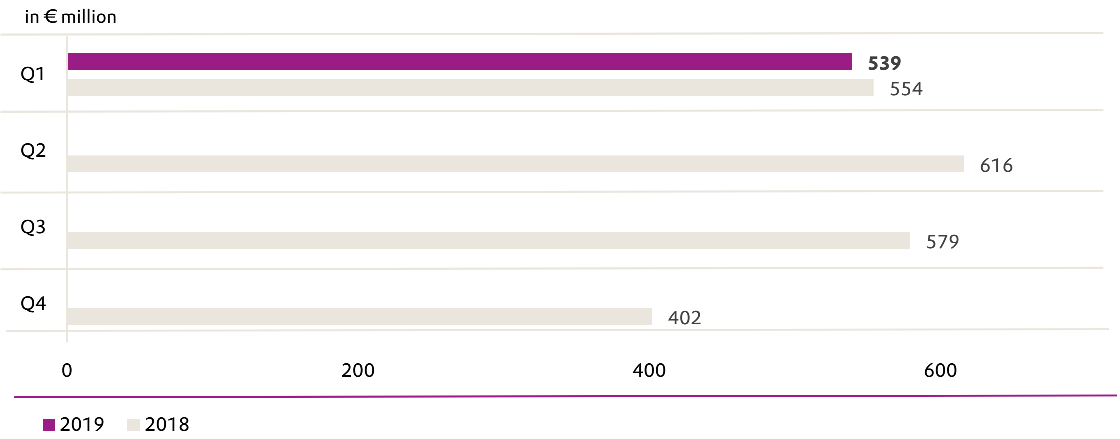
The Evonik Group increased **sales** 1 percent to €3,287 million. The organic sales growth of 1 percent came from higher selling prices.

[1] See Changes in the Evonik Group in the appendix.

Year-on-year change in sales

in %	1st quarter 2019
Volumes	–
Prices	1
Organic sales growth	**1**
Exchange rates	–
Change in the scope of consolidation/other effects	–
Total	**1**

Adjusted EBITDA by quarter



Prior-year figures restated.

Adjusted EBITDA declined 3 percent to €539 million. The adjusted EBITDA margin slipped from 17.1 percent in the prior-year quarter to 16.4 percent. As a result of initial application of IFRS 16 Leases[2], with effect from January 1, 2019, depreciation includes depreciation of right-of-use assets. Adjusted EBIT dropped 16 percent to €315 million.

[2] See Initial application of IFRS 16 in the appendix.

Statement of income

	1st quarter		
in € million	2019	2018	Change in %
Sales	**3,287**	**3,247**	**1**
Adjusted EBITDA	**539**	**554**	**-3**
Adjusted depreciation, amortization, and impairment losses	-224	-178	
Adjusted EBIT	**315**	**376**	**-16**
Adjustments	-19	-22	
thereof attributable to			
Restructuring	*-4*	*-18*	
Impairment losses/reversals of impairment losses	*-13*	*7*	
Acquisition/divestment of shareholdings	*-4*	*-5*	
Other	*2*	*-6*	
Income before financial result and income taxes, continuing operations (EBIT)	**296**	**354**	**-16**
Financial result	-54	-47	
Income before income taxes, continuing operations	**242**	**307**	**-21**
Income taxes	-27	-81	
Income after taxes, continuing operations	**215**	**226**	**-5**
Income after taxes, discontinued operations	39	68	
Income after taxes	**254**	**294**	**-14**
thereof attributable to non-controlling interests	5	3	
Net income	**249**	**291**	**-14**
Earnings per share in €	**0.53**	**0.62**	**–**

Prior-year figures restated.

The **adjustments** of -€19 million mainly relate to impairment losses on an investment in the Nutrition & Care segment. The restructuring expenses were incurred for the SG&A 2020 program to reduce selling and administrative expenses and the Oleo 2020 project to raise the efficiency of oleochemicals in the Nutrition & Care segment. Further adjustments of -€4 million mainly comprise project expenses for the planned acquisition of the US company PeroxyChem, Philadelphia (Pennsylvania, USA). The prior-year adjustments principally related to restructuring expenses in connection with the closure of a production site in Hungary. The **financial result** was -€54 million, which was below the prior-year level due to higher interest expense for derivatives and initial application of IFRS 16. The adjusted financial result declined by €6 million to -€53 million. **Income before income taxes, continuing operations,** was 21 percent lower at €242 million. As a result of the remeasurement of deferred tax assets, the income tax rate on the continuing operations was 11 percent and the adjusted income tax rate was 14 percent. Income after taxes, discontinued operations, contains the methacrylates business and declined from €68 million to €39 million.

Overall, the **net income** of the Evonik Group decreased by 14 percent to €249 million.

Adjusted net income dropped 5 percent to €249 million in the first quarter of 2019. **Adjusted earnings per share** declined from €0.56 to €0.53.

Reconciliation to adjusted net income

in € million	1st quarter 2019	2018	Change in %
Adjusted EBITDA	**539**	**554**	**-3**
Adjusted depreciation, amortization, and impairment losses	-224	-178	
Adjusted EBIT	**315**	**376**	**-16**
Adjusted financial result	-53	-47	
Amortization and impairment losses on intangible assets	32	32	
Adjusted income before income taxes[a]	**294**	**361**	**-19**
Adjusted income taxes	-40	-97	
Adjusted income after taxes[a]	**254**	**264**	**-4**
thereof adjusted income attributable to non-controlling interests	5	3	
Adjusted net income[a]	**249**	**261**	**-5**
Adjusted earnings per share[a] in €	**0.53**	**0.56**	**–**

Prior-year figures restated.
[a] Continuing operations.

2. Segment performance

Nutrition & Care segment

Key data for the Nutrition & Care segment

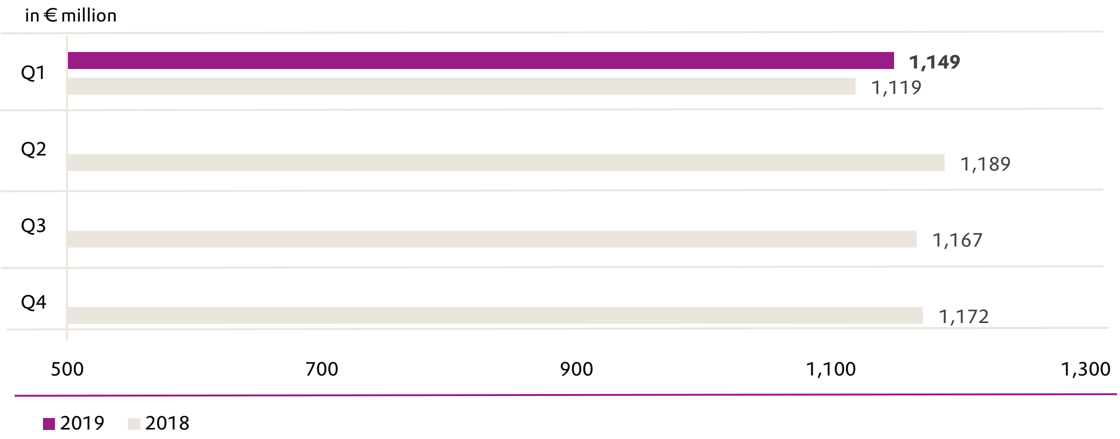
in € million	1st quarter 2019	2018	Change in %
External sales	1,149	1,119	3
Adjusted EBITDA	180	209	-14
Adjusted EBITDA margin in %	15.7	18.7	–
Adjusted EBIT	103	148	-30
Capital expenditures[a]	43	127	-66
No. of employees as of March 31	8,166	8,285	-1

Prior-year figures restated.
[a] Capital expenditures for intangible assets, property, plant and equipment.

The Nutrition & Care segment grew sales 3 percent to €1,149 million in the **first quarter of 2019**. This was due to higher volumes, while selling prices declined.

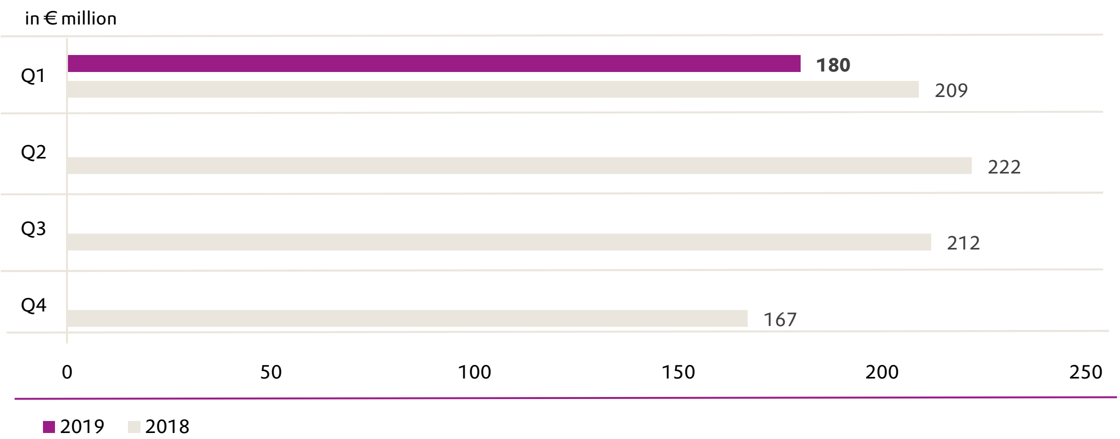
Sales of essential amino acids for animal nutrition slipped slightly. This was caused by lower selling prices and negative currency effects, while volumes increased significantly. The business with specialties for industrial markets registered higher sales as a result of increased demand. The care solutions business also posted a pleasing development, benefiting from higher demand for specialty applications.

Sales Nutrition & Care segment



Adjusted EBITDA was €180 million, 14 percent lower than in the prior-year period, partly due to expenses in connection with the planned start-up of the new methionine facility in Singapore in mid-2019. The adjusted EBITDA margin fell significantly from 18.7 percent in the prior-year quarter to 15.7 percent.

Adjusted EBITDA Nutrition & Care segment



Resource Efficiency segment

Key data for the Resource Efficiency segment

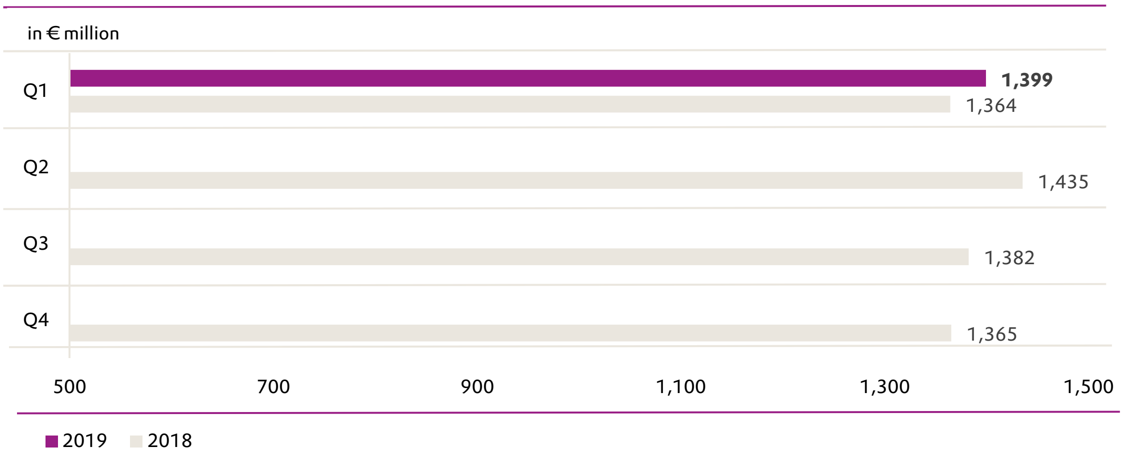
	1st quarter		
in € million	**2019**	2018	Change in %
External sales	1,399	1,364	3
Adjusted EBITDA	324	319	2
Adjusted EBITDA margin in %	23.2	23.4	–
Adjusted EBIT	248	251	-1
Capital expenditures[a]	45	41	10
No. of employees as of March 31	10,059	10,095	–

Prior-year figures restated.
[a] Capital expenditures for intangible assets, property, plant and equipment.

The Resource Efficiency segment continued to develop successfully in the **first quarter of 2019**. Sales rose 3 percent to €1,399 million. Growth was driven principally by higher selling prices, whereas volumes were slightly lower than in the prior-year period.

Sales of high-performance polymers increased significantly. Since there was strong demand for polyamide 12 products and membranes, higher prices had a positive effect. Business with hydrogen peroxide benefited from a pleasing trend for conventional hydrogen peroxide applications and contributed higher sales. Sales of crosslinkers also increased due to high demand, especially for composite applications for the wind energy market, and for silica, which benefited from a pleasing trend in rubber and tire applications.

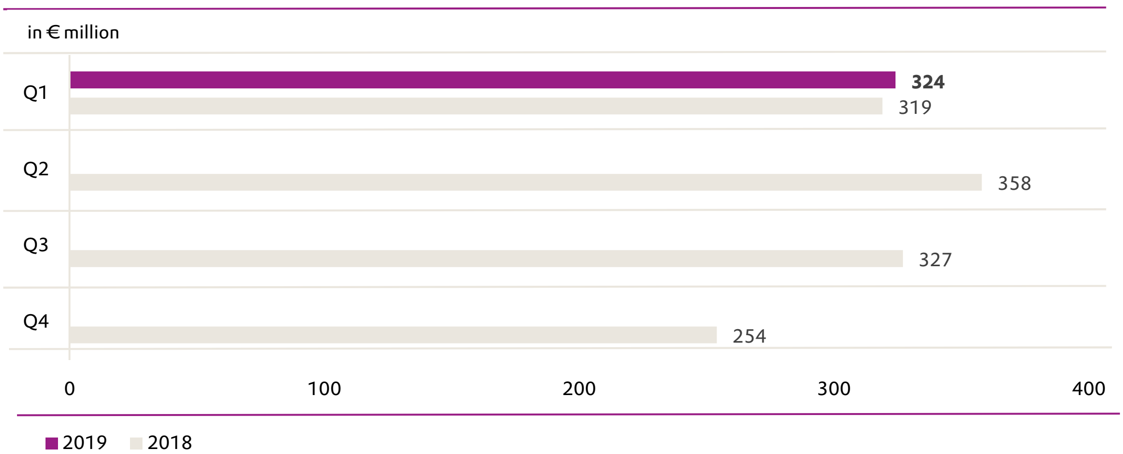
Sales Resource Efficiency segment



Prior-year figures restated.

Despite start-up costs for the new silica plant in the USA, adjusted EBITDA improved 2 percent to €324 million. The adjusted EBITDA margin was a very good 23.2 percent (Q1 2018: 23.4 percent).

Adjusted EBITDA Resource Efficiency segment



Prior-year figures restated.

Performance Materials segment

Key data for the Performance Materials segment

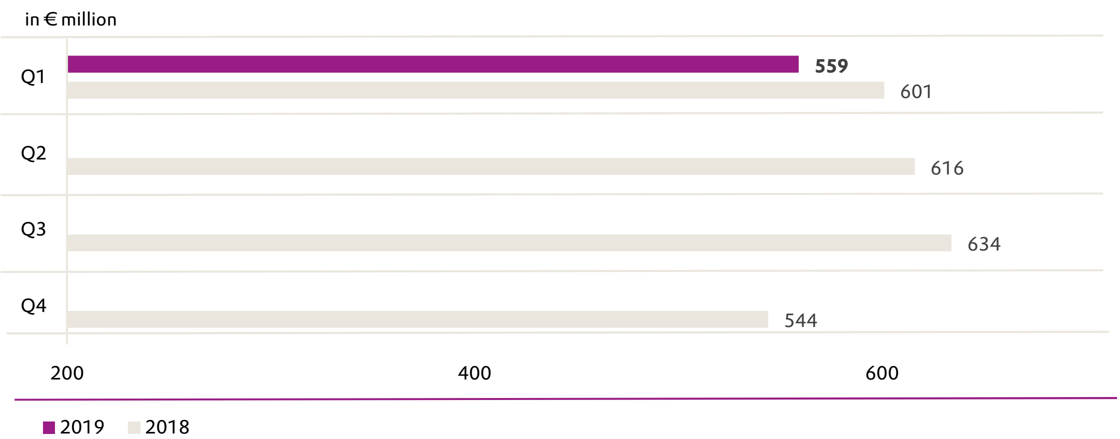
	1st quarter		
in € million	2019	2018	Change in %
External sales	559	601	-7
Adjusted EBITDA	59	65	-9
Adjusted EBITDA margin in %	10.6	10.8	–
Adjusted EBIT	34	50	-32
Capital expenditures[a]	11	9	22
No. of employees as of March 31	1,712	1,852	-8

Prior-year figures restated.
[a] Capital expenditures for intangible assets, property, plant and equipment.

In the **first quarter of 2019**, sales fell 7 percent to €559 million in the Performance Materials segment, due to lower volumes, declining prices, and negative currency effects.

The development of performance intermediates was adversely affected by restricted supply of raw materials caused by a supplier's technical problems and the lower price of naphtha. Sales decreased significantly. By contrast, functional solutions posted higher sales, driven by increased demand, especially for alkoxides.

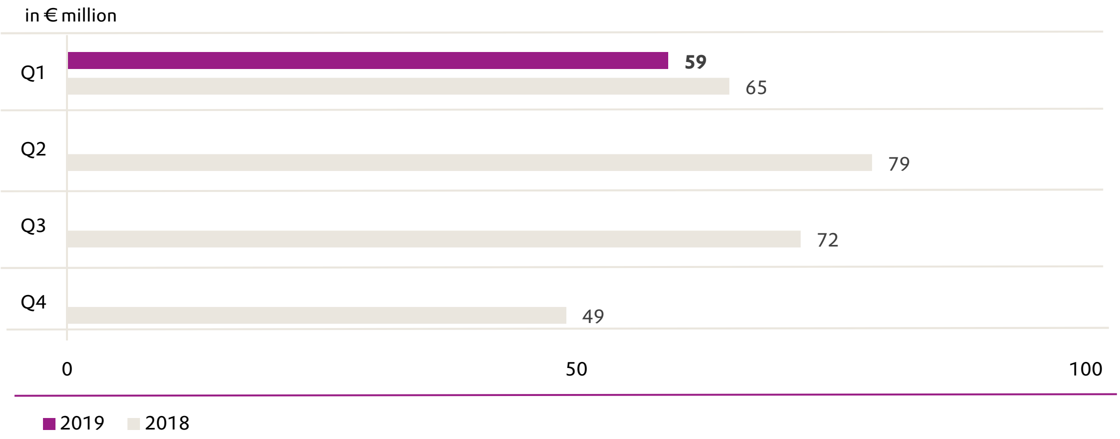
Sales Performance Materials segment



Prior-year figures restated.

Adjusted EBITDA declined 9 percent to €59 million. The adjusted EBITDA margin fell slightly to 10.6 percent, down from 10.8 percent in the prior-year quarter.

Adjusted EBITDA Performance Materials segment



Prior-year figures restated.

Services segment

Key data for the Services segment

in € million	1st quarter 2019	1st quarter 2018	Change in %
External sales	174	160	9
Adjusted EBITDA	31	35	-11
Adjusted EBITDA margin in %	17.8	21.9	–
Adjusted EBIT	-7	9	-178
Capital expenditures[a]	22	16	38
No. of employees as of March 31	12,071	12,138	-1

Prior-year figures restated.
[a] Capital expenditures for intangible assets, property, plant and equipment.

In the **first quarter of 2019**, sales increased 9 percent to €174 million. This was mainly due to higher revenues from utility and waste management services for external customers at our sites. Adjusted EBITDA was 11 percent lower at €31 million.

Financial position

Due to the improvement in the cash flow from operating activities, continuing operations, the **free cash flow** improved by €109 million to €159 million.

Cash flow statement (excerpt)

	1st quarter	
in € million	**2019**	2018
Cash flow from operating activities, continuing operations	334	224
Cash outflows for investments in intangible assets, property, plant and equipment	-175	-174
Free cash flow	**159**	**50**
Cash flow from other investing activities, continuing operations	-10	-18
Cash flow from financing activities, continuing operations	-71	50
Cash flow from discontinued operations	13	48
Change in cash and cash equivalents	91	130

Prior-year figures restated; for information on changes in the structure of the cash flow statement, please refer to the appendix.

The **cash flow from operating activities, continuing operations,** increased by €110 million to €334 million. This was due to a lower rise in net working capital, reimbursement of pension payments by the CTA[3], and initial application of IFRS 16.

The cash flow from other investing activities, continuing operations, comprised an outflow of €10 million. The cash outflow for financing activities, continuing operations, decreased to €71 million, mainly due to lower borrowing. The cash flows from discontinued operations related to the methacrylates business and amounted to €13 million.

Net financial debt was reduced by €154 million compared with January 1, 2019 to €3,419 million thanks to the good free cash flow.

Net financial debt

in € million	**Mar. 31, 2019**	Jan. 1, 2019[a]	Dec. 31, 2018
Non-current financial liabilities[b]	-4,180	-4,228	-3,683
Current financial liabilities[b]	-343	-351	-230
Financial debt	**-4,523**	**-4,579**	**-3,913**
Cash and cash equivalents	1,079	988	988
Current securities	8	8	8
Other financial investments	17	10	10
Financial assets	**1,104**	**1,006**	**1,006**
Net financial debt	**-3,419**	**-3,573**	**-2,907**
Net financial debt, discontinued operations	-18	–	–
Net financial debt including discontinued operations	**-3,437**	**-3,573**	**-2,907**

[a] Adjustment due to initial application of IFRS 16 as of January 1, 2019: addition of lease liabilities totaling €666 million.
[b] Excluding derivatives, excluding the refund liability for rebate and bonus agreements, and excluding liabilities from exchange-type transactions with competitors.

[3] Contractual trust arrangement.

In the first three months of 2019, **capital expenditures** were €124 million, significantly below the prior-year level of €195 million.[4] It should be noted here that the prior-year figure contained high investment for the methionine facility in Singapore and that no notable capital expenditures have yet been incurred for the next major project, the construction of a polyamide 12 plant in Marl (Germany).

Expected development

We still expect **global economic conditions** in 2019 to be weaker than in 2018. As a result of the industrial recession in China, the euro zone and Japan, the increasing slowdown in growth in Europe, and the continued dampening effect of the protectionist measures taken by the US government, we have reduced our expectation for global growth from 2.9 percent to 2.7 percent compared with 2018 (3.2 percent).

Our forecast is based on the following assumptions:

- Global growth of 2.7 percent (previously: 2.9 percent)
- Euro/US dollar exchange rate: US$1.15 (2018: US$1.18)
- Internal raw material cost index slightly lower than in the prior year

Sales and earnings

Following signature on March 4, 2019 of the agreement to sell the methacrylates business, we have adjusted our outlook compared with the start of this year. The outlook now refers to Evonik's continuing operations and no longer includes the methacrylates business, which has been reclassified to discontinued operations. The earnings from the planned acquisition of the US company PeroxyChem are not yet included.

Although the economic situation remains challenging, we anticipate that **sales** will be at least stable in 2019 (2018[5]: €13.3 billion). We also expect **adjusted EBITDA** to be at least stable (2018[5]: €2.150 billion).

We assume a continuation of the volume growth and positive earnings trend in the majority of businesses in the Nutrition & Care segment. With new production capacities coming on stream, we expect the annual average prices for essential amino acids for animal nutrition to be lower than in the previous year. To offset the impact on our earnings, in 2018 we embarked on a program to raise the efficiency of our animal nutrition business. In addition, earnings will be adversely affected by expenses for the start-up of our new methionine facility in Singapore, which is planned for mid-2019. Overall, earnings in the Nutrition & Care segment are expected to be slightly lower than in the previous year (2018: €810 million).

In 2019, the Resource Efficiency segment will continue to benefit from its good positioning in the respective markets and from the trend to resource-efficient solutions. Although growth is expected to slow in some end-markets and regions, we expect earnings to be slightly higher than in the previous year (2018[5]: €1,258 million).

In the Performance Materials segment (without the methacrylates business), we assume that earnings will be fairly stable (2018[5]: €265 million). Operationally, we anticipate a slight downward trend in the C_4 chain, but we do not expect a recurrence of the downside impact of the low water level in the river Rhine.

[4] In principle, there is a slight timing difference in outflows for property, plant and equipment.
[5] Continuing operations.

The earnings impact of the anticipated slight reduction in raw material prices may affect the various businesses differently, but should balance out across the portfolio as a whole.

In 2019, the return on capital employed (**ROCE**) should remain above the cost of capital (10.0 percent before taxes). However, it will be held back by an increase in capital employed as a result of the initial application of IFRS 16.

Financing and investments

We expect **capital expenditures** to be below the prior-year level at about €950 million in 2019 (2018[6]: €969 million). The budget for maintenance and growth investments is around €800 million. As a temporary effect, there will be additional cash expenditure for the construction of a fully backwardly integrated polyamide 12 plant in Marl (Germany).

We expect the **free cash flow** to improve significantly year-on-year in 2019 (2018[6]: €526 million). Positive effects will come from the first reimbursement of pension payments by the CTA, which will bring a substantial and lasting improvement in the free cash flow, and from lower cash outflows from net working capital than in 2018. Negative factors will be a normalization of tax payments, cash outflows for the SG&A 2020 efficiency enhancement program, and higher bonus payments as a result of the successful business performance in 2018.

Forecast for 2019

	Previous forecast incl. methacrylates business		New forecast excl. methacrylates business	
Forecast performance indicators	2018[a]	Forecast for 2019[a]	2018 continuing operations	Forecast for 2019 continuing operations
Group sales	€15.0 billion	Slightly lower to stable	€13.3 billion	At least stable
Adjusted EBITDA	€2.60 billion	Slightly lower to stable	€2.15 billion	At least stable
ROCE	12.1%	Above the cost of capital, slightly lower than in the prior year	10.2%	Above the cost of capital, around the prior-year level
Capital expenditures	€1.05 billion	Around €1.0 billion	€969 million	Around €950 million
Free cash flow	€672 million	Significantly higher than the prior year	€526 million	Significantly higher than in the prior year

[a] As reported in the financial report 2018.

[6] Continuing operations.

Income statement

Income statement for the Evonik Group

	1st quarter	
in € million	**2019**	2018
Sales	3,287	3,247
Cost of sales	-2,312	-2,232
Gross profit on sales	**975**	**1,015**
Selling expenses	-380	-374
Research and development expenses	-107	-101
General administrative expenses	-148	-153
Other operating income	55	60
Other operating expense	-89	-95
Result from investments recognized at equity	-10	2
Income before financial result and income taxes, continuing operations	**296**	**354**
Interest income	6	5
Interest expense	-55	-52
Other financial income/expense	-5	–
Financial result	**-54**	**-47**
Income before income taxes, continuing operations	**242**	**307**
Income taxes	-27	-81
Income after taxes, continuing operations	**215**	**226**
Income after taxes, discontinued operations	39	68
Income after taxes	**254**	**294**
thereof attributable to		
Non-controlling interests	5	3
Shareholders of Evonik Industries AG (net income)	249	291
Earnings per share in € (basic and diluted)	**0.53**	**0.62**

Prior-year figures restated.

Balance sheet

Balance sheet for the Evonik Group

in € million	Mar. 31, 2019	Dec. 31, 2018
Intangible assets	5,909	6,134
Property, plant and equipment	6,309	6,785
Right-of-use assets	608	–
Investments recognized at equity	37	46
Other financial assets	225	233
Deferred taxes	1,340	1,419
Other income tax assets	15	16
Other assets	49	56
Non-current assets	**14,492**	**14,689**
Inventories	2,096	2,304
Trade accounts receivable	1,716	1,686
Other financial assets	114	140
Other income tax assets	182	180
Other assets	290	295
Cash and cash equivalents	1,079	988
	5,477	**5,593**
Assets held for sale	1,554	–
Current assets	**7,031**	**5,593**
Total assets	**21,523**	**20,282**

Issued capital	466	466
Capital reserve	1,171	1,167
Retained earnings including distributable profit	6,286	6,237
Treasury shares	-11	–
Other equity components	-19	-141
Equity attributable to shareholders of Evonik Industries AG	**7,893**	**7,729**
Equity attributable to non-controlling interests	97	96
Equity	**7,990**	**7,825**
Provisions for pensions and other post-employment benefits	3,447	3,732
Other provisions	815	855
Other financial liabilities	4,187	3,689
Deferred taxes	494	557
Other income tax liabilities	246	223
Other payables	73	47
Non-current liabilities	**9,262**	**9,103**
Other provisions	1,042	1,047
Trade accounts payable	1,336	1,493
Other financial liabilities	525	395
Other income tax liabilities	62	64
Other payables	382	355
	3,347	**3,354**
Liabilities associated with assets held for sale	924	–
Current liabilities	**4,271**	**3,354**
Total equity and liabilities	**21,523**	**20,282**

Cash flow statement

Cash flow statement for the Evonik Group

	1st quarter	
in € million	2019	2018
Income before financial result and income taxes, continuing operations	296	354
Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets	221	181
Result from investments recognized at equity	10	-2
Gains/losses on the disposal of non-current assets	-5	-2
Change in inventories	-65	-118
Change in trade accounts receivable	-166	-67
Change in trade accounts payable	27	-66
Change in provisions for pensions and other post-employment benefits	-23	-68
Change in other provisions	24	26
Change in miscellaneous assets/liabilities	80	37
Cash inflows from dividends	2	2
Cash inflows/outflows for income taxes	-67	-53
Cash flow from operating activities, continuing operations	**334**	**224**
Cash flow from operating activities, discontinued operations	25	69
Cash flow from operating activities	**359**	**293**
Cash outflows for investments in intangible assets, property, plant and equipment	-175	-174
Cash outflows for investments in subsidiaries	–	-6
Cash outflows for investments in other shareholdings	-10	-11
Cash inflows from divestments of intangible assets, property, plant and equipment	9	3
Cash inflows/outflows relating to securities, deposits, and loans	-13	-7
Cash inflows from interest	4	3
Cash flow from investing activities, continuing operations	**-185**	**-192**
Cash flow from investing activities, discontinued operations	-10	-20
Cash flow from investing activities	**-195**	**-212**
Cash outflows for dividends to non-controlling interests	-5	-4
Cash outflows for the purchase of treasury shares	-11	-13
Cash inflows from the addition of financial liabilities	45	142
Cash outflows for repayment of financial liabilities	-81	-47
Cash inflows/outflows in connection with financial transactions	-1	-9
Cash outflows for interest	-18	-19
Cash flow from financing activities, continuing operations	**-71**	**50**
Cash flow from financing activities, discontinued operations	-2	-1
Cash flow from financing activities	**-73**	**49**
Change in cash and cash equivalents	**91**	**130**
Cash and cash equivalents as of January 1	**988**	**1,004**
Change in cash and cash equivalents	91	130
Changes in exchange rates and other changes in cash and cash equivalents	6	-1
Cash and cash equivalents as of March 31	1,085	1,133
Cash and cash equivalents included in assets held for sale	-6	–
Cash and cash equivalents as on the balance sheet as of March 31	**1,079**	**1,133**

Prior-year figures restated.

Segment report

Segment report by operating segments—1st quarter

	Nutrition & Care		Resource Efficiency		Performance Materials	
in € million	**2019**	2018	**2019**	2018	**2019**	2018
External sales	1,149	1,119	1,399	1,364	559	601
Internal sales	9	9	16	11	25	29
Total sales	1,158	1,128	1,415	1,375	584	630
Adjusted EBITDA	180	209	324	319	59	65
Adjusted EBITDA margin in %	15.7	18.7	23.2	23.4	10.6	10.8
Adjusted EBIT	103	148	248	251	34	50
Capital expenditures[a]	43	127	45	41	11	9
Financial investments	13	6	8	–	–	–
No. of employees as of March 31	8,166	8,285	10,059	10,095	1,712	1,852

Prior-year figures restated.
[a] Intangible assets, property, plant and equipment.

Segment report by regions—1st quarter

	Western Europe		Eastern Europe		North America	
in € million	**2019**	2018	**2019**	2018	**2019**	2018
External sales[a]	1,438	1,452	202	191	733	678
Goodwill as of March 31[b]	2,282	2,268	50	50	1,932	1,758
Other intangible assets, property, plant and equipment, and right-of-use assets as of March 31[b]	4,302	3,865	32	25	1,954	1,748
Capital expenditures	82	61	3	1	22	32
No. of employees as of March 31	21,756	21,896	524	598	4,326	4,522

Prior-year figures restated.
[a] External sales Western Europe: thereof Germany €579 million (Q1 2018: €586 million).
[b] Non-current assets according to IFRS 8.33 b.

Services		Other operations		Corporate, consolidation		Total Group (continuing operations)	
2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
174	160	6	3	–	–	3,287	3,247
488	499	9	7	-547	-555	–	–
662	659	15	10	-547	-555	3,287	3,247
31	35	-12	-25	-43	-49	539	554
17.8	21.9	–	–	–	–	16.4	17.1
-7	9	-18	-30	-45	-52	315	376
22	16	3	2	–	–	124	195
2	4	–	–	–	–	23	10
12,071	12,138	235	260	279	347	32,522	32,977

Central & South America		Asia-Pacific North		Asia-Pacific South		Middle East & Africa		Total Group (continuing operations)	
2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
146	141	442	478	214	204	112	103	3,287	3,247
32	29	157	150	100	94	19	18	4,572	4,367
158	169	635	657	1,165	908	7	7	8,253	7,379
1	2	5	2	11	97	–	–	124	195
667	682	3,237	3,338	1,859	1,772	153	169	32,522	32,977

Appendix

1. Initial application of IFRS 16

The accounting policies applied in this quarterly statement are the same as those applied in the consolidated financial statements as of December 31, 2018, with the exception of the initial application of IFRS 16 Leases.

Evonik applied IFRS 16 for the first time as of January 1, 2019. The modified retrospective method was used for initial application, so the prior-year figures have not been restated.

IFRS 16 specifies that lessees recognize all leases on the balance sheet at present value in the form of a right-of-use asset and a lease liability. The right-of-use asset is normally depreciated over the term of the lease and the lease liability is increased to reflect interest on the lease using the effective interest method and reduced to reflect lease payments. Consequently, lease expense is no longer recognized in the income statement. The right-of-use asset is subject to an impairment test pursuant to IAS 36 Impairment of Assets.

As of the date of initial application of IFRS 16, right-of-use assets totaling €662 million and a lease liability totaling €666 million were recognized. The following practical expedients were used. Leases formerly classified as operating leases in accordance with IAS 17 Leases were not reassessed to see whether they also meet the definition of a lease in IFRS 16. When determining the term of the lease, extension and termination options were reassessed. Initial direct costs were not included in the measurement of the right-of-use asset. Where the incremental borrowing rate was applied, uniform discount rates were used, taking into account the lease term and economic circumstances of the lease.

In addition, Evonik uses further practical expedients:

- Short-term leases and leases for low-value assets are not recognized on the balance sheet in accordance with IFRS 16; instead, lease expense is still recognized in the income statement (IFRS 16.5).
- For the following classes of assets, lease and non-lease components are combined (IFRS 16.15): power plants, ships, storage tanks.

The reconciliation from the off-balance-sheet lease obligation pursuant to IAS 17 as of December 31, 2018 and the lease liability recognized on the balance sheet pursuant to IFRS 16 as of January 1, 2019 is as follows:

Reconciliation of lease liabilities

in € million	Jan. 1, 2019
Lessee's lease obligation from operating leases as of December 31, 2018	747
Reassessment of lease terms and payments	-9
Application of the practical expedient to capitalize non-lease components	13
Other	2
Nominal value of lease liability as of January 1, 2019	**753**
Discounting	-87
Additional lease liability due to initial application of IFRS 16 as of January 1, 2019	**666**
Weighted average incremental borrowing rate due to initial application of IFRS 16 as of January 1, 2019 in %	2.4

As of the date of initial application and the reporting date, Evonik recognized the following right-of-use assets in a separate item on the balance sheet:

Right-of-use assets

in € million	Mar. 31, 2019	Jan. 1, 2019
Land, land rights, and buildings	167	176
Plant and machinery	320	338
Other plant, office furniture, and equipment	121	148
	608	**662**

The right-of-use assets for plant and machinery mainly relate to power plants and storage tanks. The right-of-use assets for other plant, office furniture, and equipment mainly relate to rail wagons and transport containers, ships, and motor vehicles.

The lease liabilities are recognized in other financial liabilities.

2. Restatement of prior-year figures

Changes to the presentation of the cash flow statement

To improve comparability within the sector, the structure of the cash flow statement has been altered with effect from January 1, 2019.

In future, cash outflows for interest will be presented in the cash flow from financing activities and cash inflows from interest will be included in the cash flow from investing activities. So far, both have been presented in the cash flow from operating activities. Cash outflows for interest amounted to €19 million in the first quarter of 2018 and €121 million for 2018 as a whole. Cash inflows from interest amounted to €3 million in the first quarter of 2018 and €43 million in 2018 as a whole.

In addition, future payments in connection with the contractual trust arrangement (CTA) will be shown in the cash flow from operating activities. In the past, they were presented in the cash flow from investing activities. No restatement was necessary for the first quarter of 2018. For 2018 as a whole, cash outflows totaling €26 million have been reclassified.

Restatement in the segment report

Administrative functions have been reorganized as part of the global efficiency enhancement program. In the segment report, functions previously included in “Corporate” have been shifted to the Services segment. Retrospective restatement reduced the adjusted EBITDA and adjusted EBIT of the Services segment by €7 million in the first quarter of 2018 and by €31 million in 2018 as a whole.

Since the methacrylates business has been classified as a discontinued operation, see Changes in the Evonik Group, the executive board of Evonik Industries AG only evaluates the earnings power and decides on the allocation of resources for these operations as discontinued operations. Separate management of the methacrylates business is no longer undertaken. Consequently, only the continuing operations (without the methacrylates business) are included in the segment report. The key figures have been restated retrospectively. This affects the Performance Materials, Resource Efficiency, and Services segments.

3. Changes in the Evonik Group

Assets held for sale and discontinued operations

In order to sharpen Evonik's focus on less cyclical specialty chemicals, on March 4, 2019 Evonik signed an agreement to sell the methacrylates business to Advent International Corporation, Boston (Massachusetts, USA). The methacrylates business, which comprises large-volume monomers such as methylmethacrylate (MMA), various specialty monomers, and PMMA molding compounds and semi-finished products marketed under the PLEXIGLAS® brand, constitutes a major line of business and has therefore been classified as a discontinued operation.

On the balance sheet as of March 31, 2019, the assets and liabilities of the disposal group are presented as held for sale without restatement of the prior-year figures. The discontinued operation is also stated separately in the income statement and cash flow statement, and the prior-year figures have been restated in each case.

Since the agreement is subject to approval by the authorities in several countries, the divestment of the methacrylates business is expected to take effect in the third quarter of 2019. The transaction will mainly comprise share deals.

The income of €39 million (Q1 2018: €68 million) from discontinued operations comprises the operating income of the methacrylates business. A breakdown is shown in the table:

Operating income of the methacrylates business in the first quarter

in € million	2019	2018
Income	417	437
Expenses	-359	-339
Operating income before income taxes, methacrylates business	**58**	**98**
Income taxes	-19	-30
Operating income after taxes, methacrylates business	**39**	**68**

Financial calendar

Financial calendar 2019

Event	Date
Annual Shareholders' Meeting 2019	May 28, 2019
Report on Q2 2019	August 1, 2019
Report on Q3 2019	November 5, 2019

Credits

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