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Thomas Wessel, Ute Wolf

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Register Court Essen Local Court

Commercial Registry B 19474

Preliminary results for second quarter exceed expectations – outlook raised for full year 2018

* Sales up by 7 percent to €3.9 billion
* Adjusted EBITDA rises 16 percent to €742 million
* Outlook raised for FY 2018: adjusted EBITDA between €2.60 and €2.65 billion expected

**Essen.** Evonik has increased adjusted EBITDA to €742 million in the second quarter of 2018 (prior-year: €640 million). All three chemical segments contributed with excellent operational business development: All three segments were able to increase their adjusted EBITDA as well as EBITDA margin compared to the same quarter of the previous year.

Sales increased to €3.9 billion in the second quarter (prior-year: €3.6 billion), largely due to higher sales volumes and higher selling prices. Adjusted net income was €354 million, which corresponds to adjusted earnings per share of €0.76. The adjusted EBITDA margin rose to 19.2 percent, 1.5 percentage points higher than in the same period of the previous year.

The adjusted EBITDA and adjusted earnings per share are significantly above current market expectations (analyst consensus: €691 million, €0.70 per share). Evonik is therefore obligated to publish preliminary numbers. The group present its final results on August 2, 2018.

“We are continuing to consistently execute our strategy,” says Christian Kullmann, Chairman of the Executive Board. “This is more and more reflected in our operational business development as well. In addition to the continuing strong demand in our growth engines, our strong quarterly results are showing the first signs of success from our efficiency program in administration and sales."

In the first half of the year, Evonik generated sales of €7.5 billion and an adjusted EBITDA of €1.4 billion. Compared to the first
half of 2017, sales rose by 4 percent, and adjusted EBITDA by
15 percent. The adjusted EBITDA margin rose from 17.0 to 18.8 percent.

Evonik is well on track in terms of free cash flow development: In contrast to the previous year (H1 2017: -€135 million), free cash flow was positive in the first half of 2018.

**Outlook increased**

Based on its excellent performance in the first half of the year, Evonik has increased its outlook for the fiscal year 2018 and is now expecting an adjusted EBITDA between €2.60 and €2.65 billion. The company had previously projected an adjusted EBITDA between €2.4 and €2.6 billion.

The outlook for free cash flow has also been increased. Evonik projects a notably higher free cash flow for the fiscal year 2018 compared to prior year. The company had so far forecasted a free cash flow slightly above the level of 2017.

**Development in the segments**

The **Resource Efficiency** segment continued its extremely stable and profitable development in the second quarter. Sales increased by 8 percent to €1.5 billion (prior-year: €1.4 billion), while adjusted earnings were 15 percent above the same quarter of the previous year at €366 million. The adjusted EBITDA margin in the segment increased by 1.4 percentage points to an outstanding 24.7 percent. Overall, the segment benefited from high capacity utilization and continuing high demand for silica, high-performance polymers, including for lightweight design, and for water-based, environmentally friendly paints and coatings from the Coating Additives business line.
Sales in the **Nutrition & Care** segment at €1.2 billion were slightly above prior-year (prior-year: €1.2 billion). Adjusted earnings rose by 10 percent to €222 million (prior-year: €201 million). The segment was able to significantly increase its adjusted EBITDA margin to 18.7 percent (same quarter of prior-year: 17.3 percent). This was achieved with a consistent focus on higher-margin products, successfully passing on increased raw material costs, and strict cost reductions, especially in Animal Nutrition and Baby Care. In the amino acids business for animal nutrition, the market environment remained robust over the course of the reporting quarter. Sales volumes developed positively and were above those of the same quarter in the previous year. Sales prices continued the stabilization trend that had already been evident at the beginning of the year. Significant sales increases were also reported in Personal Care, which benefited from significantly higher volumes at an improved product mix. The Health Care and Polyurethane Foam Additives businesses continued their positive business development.

Sales in the **Performance Materials** segment reached €1.0 billion in the second quarter, 13 percent above the previous year. This was due to persistently high selling prices in the methacrylate business and an improved market environment for Performance Intermediates. The adjusted EBITDA improved to €196 million (prior-year: €168 million). The Performance Materials segment increased its adjusted EBITDA margin to 19.1 percent (prior-year: 18.5 percent).

**Company information**

Evonik is one of the world leaders in specialty chemicals. The focus on more specialty businesses, customer-orientated 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 2017, the enterprise generated sales of €14.4 billion and an operating profit (adjusted EBITDA) of €2.36 billion.

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