

# QUARTERLY STATEMENT

1st quarter 2020

## Solid first quarter—Forecast revised

- **Sales** down slightly year-on-year as a result of volumes and prices
- Solid development in the **Nutrition & Care** and **Resource Efficiency** segments
- **Adjusted EBITDA** fell 5 percent to €513 million
- **Adjusted net income** of €181 million, 27 percent below the prior-year figure, which benefited from one-time tax effects
- **Free cash flow** of €113 million
- Sufficient **liquidity** and firmly committed credit facilities
- **Outlook for 2020:** adjusted EBITDA now expected to be between €1.7 billion and €2.1 billion

## Key figures for the Evonik Group

in € million	1st quarter	
	2019 <sup>a</sup>	2020
Sales	3,287	3,243
Adjusted EBITDA <sup>b</sup>	539	513
Adjusted EBITDA margin in %	16.4	15.8
Adjusted EBIT <sup>c</sup>	315	273
Income before financial result and income taxes, continuing operations (EBIT)	296	247
Net income	239	130
Adjusted net income	249	181
Earnings per share in €	0.51	0.28
Adjusted earnings per share in €	0.53	0.39
Cash flow from operating activities, continuing operations	334	297
Cash outflows for investments in intangible assets, property, plant and equipment <sup>d</sup>	-175	-184
Free cash flow <sup>e</sup>	159	113
Net financial debt as of March 31	-3,419	-2,778
No. of employees (continuing operations) as of March 31	32,623	32,770

Prior-year figures restated.

<sup>a</sup> The methacrylates business was presented as a discontinued operation until its divestment on July 31, 2019.

<sup>b</sup> Earnings before financing result, taxes, depreciation, and amortization, after adjustments, continuing operations.

<sup>c</sup> Earnings before financial result and taxes, after adjustments, continuing operations.

<sup>d</sup> Investments in intangible assets, property, plant and equipment, continuing operations.

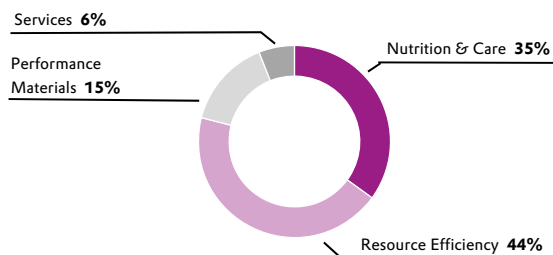
<sup>e</sup> Cash flow from operating activities, continuing operations, less cash outflows for investments in intangible assets, property, plant and equipment.

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

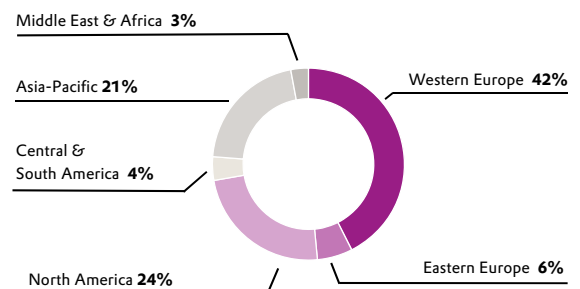
# CONTENTS

<b>Business conditions and performance</b>	<b>2</b>
Business performance	2
Segment performance	5
<b>Financial condition</b>	<b>10</b>
<b>Expected development</b>	<b>11</b>
<b>Income statement</b>	<b>13</b>
<b>Balance sheet</b>	<b>14</b>
<b>Cash flow statement</b>	<b>15</b>
<b>Segment report</b>	<b>16</b>
<b>Appendix</b>	<b>18</b>
<b>Financial calendar</b>	<b>22</b>
<b>Credits</b>	<b>22</b>

## Sales by segment—1st quarter



## Sales by region<sup>a</sup>—1st quarter



<sup>a</sup> By location of customer.

# Business conditions and performance

## 1 Business performance

### Major events

The **coronavirus** epidemic, which initially only occurred in China, spread throughout the world in the first quarter of 2020 and was declared a pandemic by the WHO on March 11, 2020.

Evonik took all necessary precautions to protect its employees at an early stage in order to prevent the virus from spreading within the company, while continuing to operate as best possible. The situation is analyzed daily at all sites worldwide by the site steering groups, and any necessary action is taken. The Evonik steering committee receives regular information, which it uses as a basis for decisions for the entire group, and issues globally valid instructions on how to deal with specific issues.

Our business performance in the first quarter was hampered by the effects of the coronavirus pandemic. We registered a slight drop in demand, especially from Asia and some customer industries, for example, the automotive, fuel, and coatings industries. Restrictions resulting from state-imposed shutdowns only affected our facilities at some smaller sites. Our supply chains are intact, and we have sufficient liquidity, as well as firmly committed credit lines that have not yet been drawn.

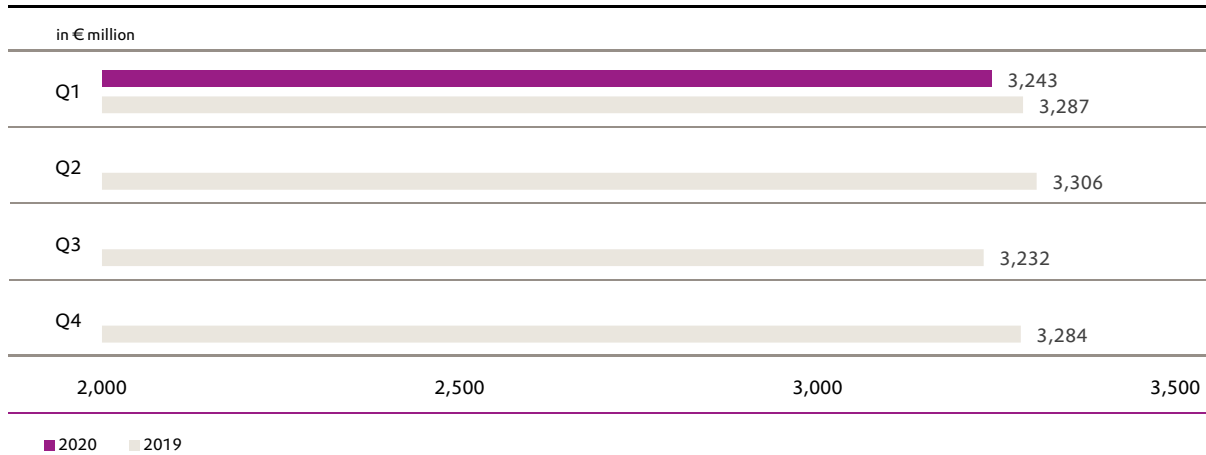
We postponed our Annual Shareholders' Meeting to August 31, 2020 due to the present situation.

In November 2018, Evonik signed an agreement to acquire **PeroxyChem**, Philadelphia (Pennsylvania, USA) from One Equity Partners, Chicago (Illinois, USA). PeroxyChem is a manufacturer of hydrogen peroxide and peracetic acid. The acquisition was initially delayed because the Federal Trade Commission (FTC) in the USA filed a lawsuit to block the transaction. The lawsuit was dismissed in January 2020, and the acquisition was then closed on February 3, 2020.

### Business performance in Q1 2020

Our business developed very solidly, especially in the Resource Efficiency and Nutrition & Care growth segments. The economic slowdown, especially in Asia, which was caused by the coronavirus pandemic, had a perceptible impact on some of our businesses. However, the vast majority were only slightly affected by the coronavirus pandemic in the first quarter of 2020.

## Sales by quarter

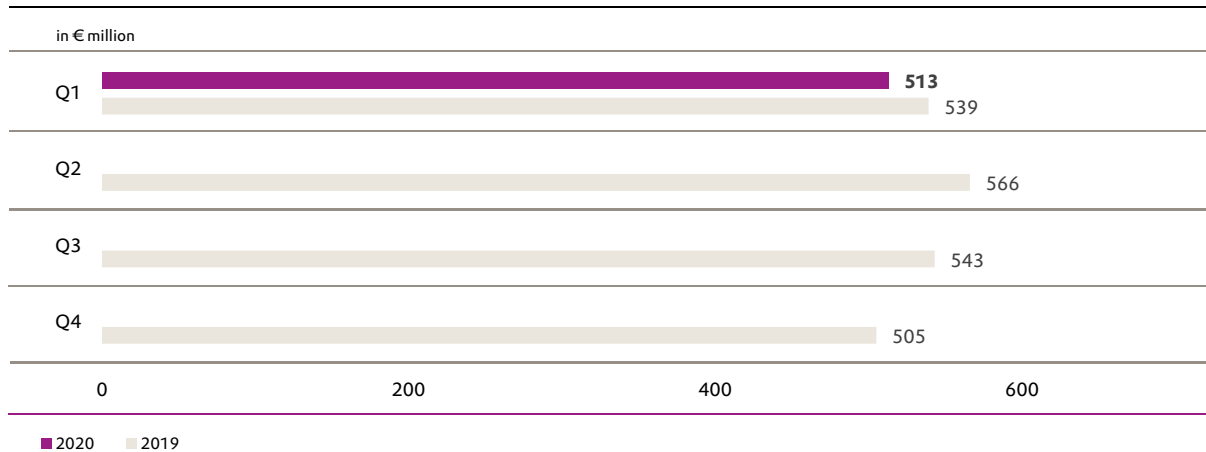


The Evonik Group's **sales** declined by 1 percent to €3,243 million. This was due to a reduction in both volumes and selling prices. By contrast, the first-time consolidation of PeroxyChem in February 2020 had a positive effect.

## Year-on-year change in sales

	1st quarter 2020
in %	
Volumes	-1
Prices	-2
<b>Organic sales growth</b>	<b>-3</b>
Exchange rates	-
Change in the scope of consolidation/other effects	2
<b>Total</b>	<b>-1</b>

## Adjusted EBITDA by quarter



**Adjusted EBITDA** contracted by 5 percent to €513 million, mainly due to lower prices. By contrast, positive effects came from successful cost savings and the first-time consolidation of PeroxyChem.

The adjusted EBITDA margin was 15.8 percent, down from 16.4 percent in the prior-year period. Adjusted EBIT dropped 13 percent to €273 million.

## Statement of income

in € million	1st quarter		
	2019	2020	Change in %
<b>Sales</b>	<b>3,287</b>	<b>3,243</b>	<b>-1</b>
<b>Adjusted EBITDA</b>	<b>539</b>	<b>513</b>	<b>-5</b>
Adjusted depreciation, amortization, and impairment losses	-224	-240	
<b>Adjusted EBIT</b>	<b>315</b>	<b>273</b>	<b>-13</b>
Adjustments	-19	-26	
thereof attributable to			
<i>Restructuring</i>	-4	-1	
<i>Impairment losses/reversals of impairment losses</i>	-13	-	
<i>Acquisition/divestment of shareholdings</i>	-4	-22	
<i>Other</i>	2	-3	
<b>Income before financial result and income taxes, continuing operations (EBIT)</b>	<b>296</b>	<b>247</b>	<b>-17</b>
Financial result	-54	-50	
<b>Income before income taxes, continuing operations</b>	<b>242</b>	<b>197</b>	<b>-19</b>
Income taxes	-27	-57	
<b>Income after taxes, continuing operations</b>	<b>215</b>	<b>140</b>	<b>-35</b>
Income after taxes, discontinued operations	29	-6	
<b>Income after taxes</b>	<b>244</b>	<b>134</b>	<b>-45</b>
thereof attributable to non-controlling interests	5	4	
<b>Net income</b>	<b>239</b>	<b>130</b>	<b>-46</b>
<b>Earnings per share in €</b>	<b>0.51</b>	<b>0.28</b>	

Prior-year figures restated.

The **adjustments** of -€26 million included -€22 million in connection with the acquisition/divestment of shareholdings. These mainly related to the purchase of PeroxyChem and comprised the sale of a Canadian investment of PeroxyChem to meet antitrust requirements as well as acquisition and integration costs.<sup>1</sup> The restructuring expenses mainly related to the SG&A 2020 program to reduce selling and administrative expenses. The **financial result** improved to -€50 million. **Income before income taxes, continuing operations**, declined by 19 percent to €197 million. The income tax rate on the continuing operations was 29 percent, and the adjusted income tax rate was 27 percent. The corresponding figures for the first quarter of 2019 were 11 percent and 14 percent, principally due to one-time effects from the remeasurement of deferred taxes. Income after taxes, discontinued operations, amounted to -€6 million and comprised post-divestment expenses for the methacrylates business, which was sold in July 2019.

Overall, **net income** fell by 46 percent to €130 million.

**Adjusted net income** dropped 27 percent to €181 million. **Adjusted earnings per share** decreased from €0.53 to €0.39.

<sup>1</sup> See changes in the Evonik Group in the appendix.

## Reconciliation to adjusted net income

in € million	1st quarter		
	2019	2020	Change in %
<b>Adjusted EBITDA</b>	<b>539</b>	<b>513</b>	<b>-5</b>
Adjusted depreciation, amortization, and impairment losses	-224	-240	
<b>Adjusted EBIT</b>	<b>315</b>	<b>273</b>	<b>-13</b>
Adjusted financial result	-53	-51	
Amortization and impairment losses on intangible assets	32	33	
<b>Adjusted income before income taxes<sup>a</sup></b>	<b>294</b>	<b>255</b>	<b>-13</b>
Adjusted income taxes	-40	-70	
<b>Adjusted income after taxes<sup>a</sup></b>	<b>254</b>	<b>185</b>	<b>-27</b>
thereof adjusted income attributable to non-controlling interests	5	4	
<b>Adjusted net income<sup>a</sup></b>	<b>249</b>	<b>181</b>	<b>-27</b>
<b>Adjusted earnings per share in €<sup>a</sup></b>	<b>0.53</b>	<b>0.39</b>	

<sup>a</sup> Continuing operations.

## 2 Segment performance

### Nutrition & Care segment

#### Key figures

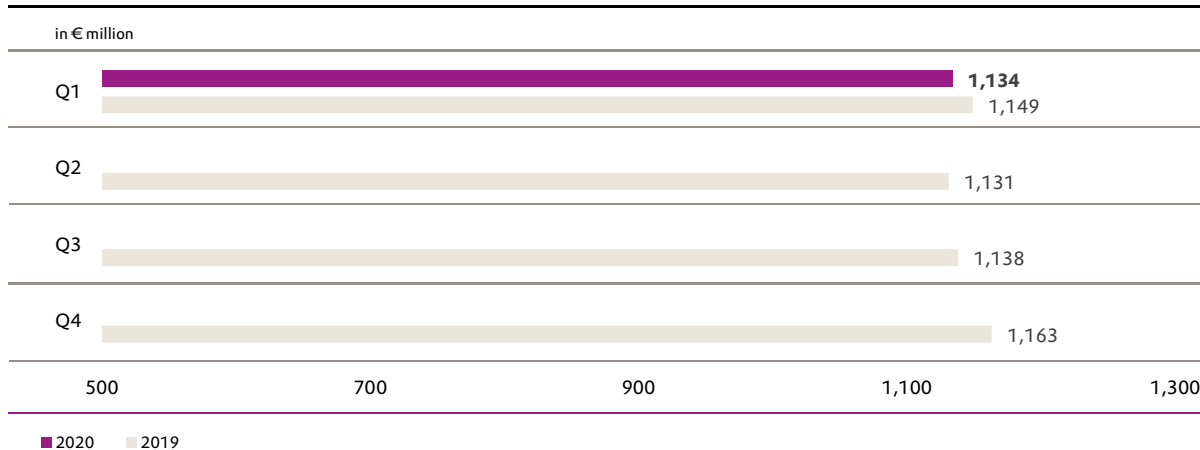
in € million	1st quarter		
	2019	2020	Change in %
External sales	1,149	1,134	-1
Adjusted EBITDA	180	174	-3
Adjusted EBITDA margin in %	15.7	15.3	-
Adjusted EBIT	103	89	-14
Capital expenditures <sup>a</sup>	43	23	-47
No. of employees as of March 31	8,166	8,017	-2

<sup>a</sup> Capital expenditures for intangible assets, property, plant and equipment.

The Nutrition & Care segment reported a 1 percent drop in sales to €1,134 million in the **first quarter of 2020**. This slight reduction was caused by declining selling prices, while higher volumes and currency effects proved positive.

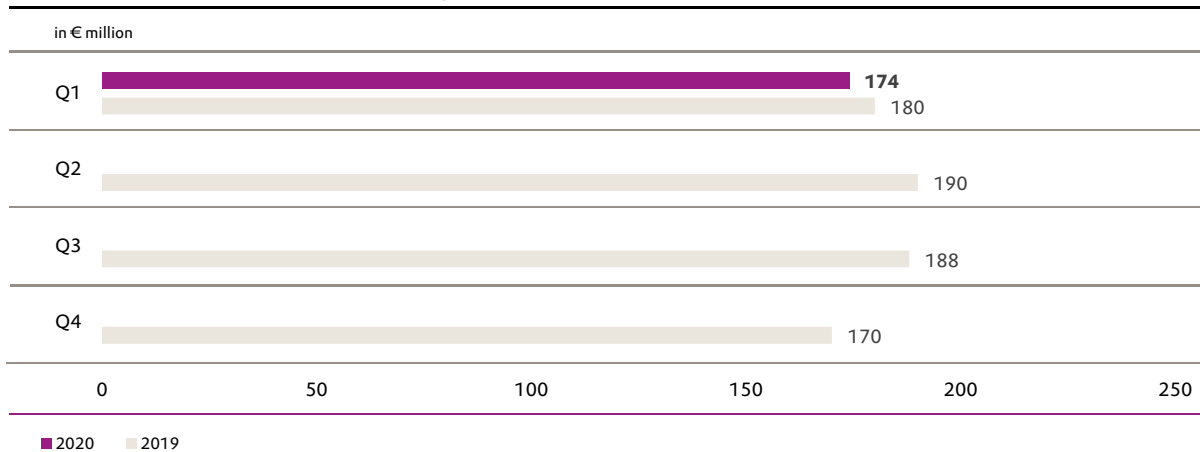
There was a significant rise in demand for essential amino acids for animal nutrition, especially methionine, resulting in a perceptible rise in sales, while selling prices were almost stable. Additives for polyurethane foam also benefited from higher sales volumes, partly because customers increased inventories, resulting in a considerable increase in sales. The healthcare business registered a very pleasing development in pharmaceuticals and food ingredients, and sales were higher. By contrast, there was a significant drop in sales in the baby care business as the persistently tough competitive situation on the superabsorbents market had a negative effect.

### Sales Nutrition & Care segment



Adjusted EBITDA fell by 3 percent to €174 million, mainly due to lower selling prices. The adjusted EBITDA margin was 15.3 percent, which was below the prior-period margin of 15.7 percent.

### Adjusted EBITDA Nutrition & Care segment



Evonik acquired the US company Wilshire Technologies, Inc., Princeton (New Jersey) on January 16, 2020. Wilshire has developed a technology that can be used to obtain products from renewable, non-animal sources for use as cosmetic active ingredients. This acquisition extends Evonik's portfolio of sustainable active ingredients for cosmetics and strengthens the Health & Care growth engine.



## Resource Efficiency segment

### Key figures

in € million	1st quarter		Change in %
	2019	2020	
External sales	1,438	1,437	–
Adjusted EBITDA	330	344	4
Adjusted EBITDA margin in %	22.9	23.9	–
Adjusted EBIT	253	258	2
Capital expenditures <sup>a</sup>	46	91	98
No. of employees as of March 31	10,262	10,597	3

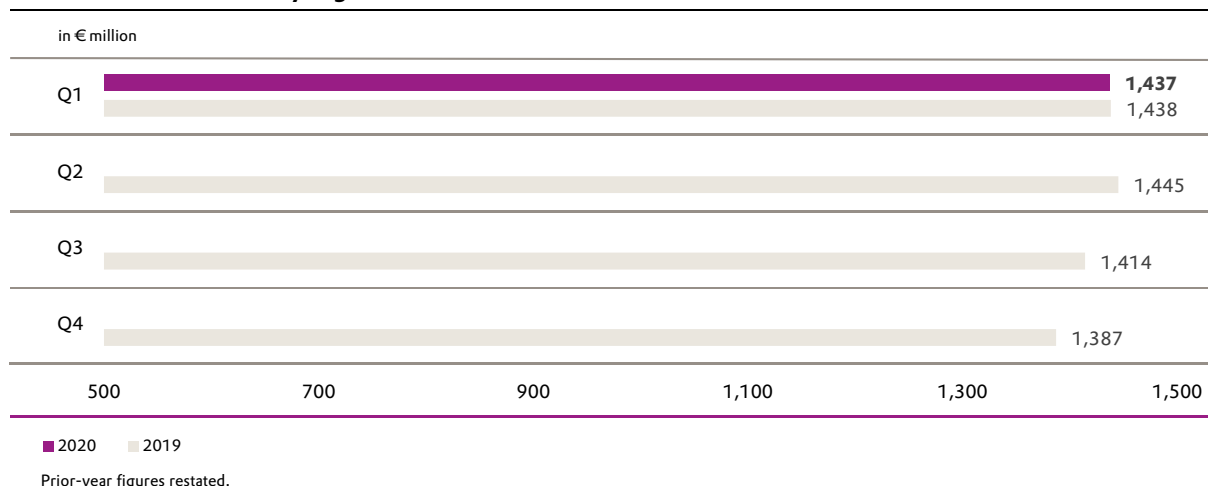
Prior-year figures restated.

<sup>a</sup> Capital expenditures for intangible assets, property, plant and equipment.

In the Resource Efficiency segment, sales were €1,437 million in the **first quarter of 2020**, the same level as in the prior-year period. Lower volumes and a slight drop in selling prices were offset by the first-time consolidation of PeroxyChem and positive currency effects.

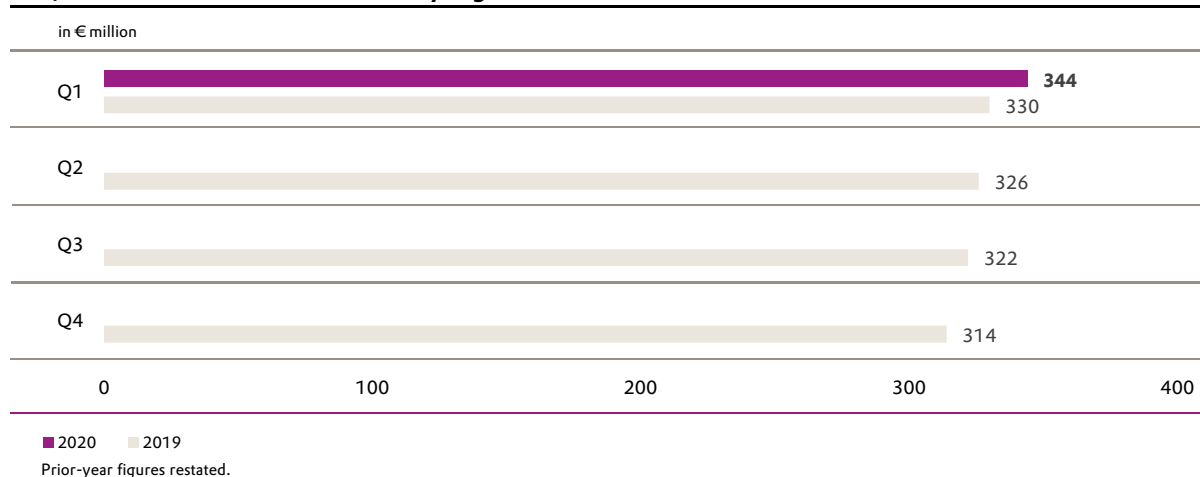
The good business development at the start of the year was held back by the impact of the coronavirus pandemic, especially the economic slowdown in Asia, and declining demand in the wake of production restrictions and shutdowns by customers in the automotive and coatings sectors, as well as other industries. Businesses affected included, in particular, coating additives, silica for the tire industry, and high-performance polymers, where sales were slightly lower. Crosslinkers posted a positive trend in products for the wind energy market. Sales of active oxygen products increased due to the first-time consolidation of PeroxyChem and a good performance in both conventional applications and specialties, for example, for disinfectants.

### Sales Resource Efficiency segment



Adjusted EBITDA improved by 4 percent to €344 million thanks to successful cost savings and the first-time consolidation of PeroxyChem. The adjusted EBITDA margin increased from 22.9 percent in the prior-year period to 23.9 percent.

### Adjusted EBITDA Resource Efficiency segment



### Performance Materials segment

#### Key figures

in € million	1st quarter		Change in %
	2019	2020	
External sales	520	472	-9
Adjusted EBITDA	53	23	-57
Adjusted EBITDA margin in %	10.2	4.9	-
Adjusted EBIT	29	-1	-103
Capital expenditures <sup>a</sup>	10	10	-
No. of employees as of March 31	1,610	1,612	-

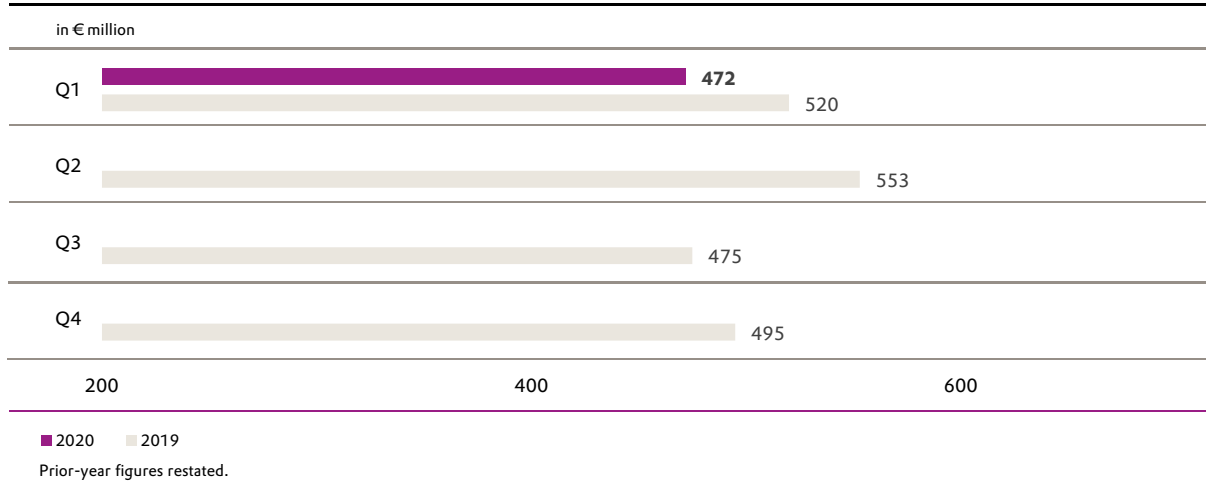
Prior-year figures restated.

<sup>a</sup> Capital expenditures for intangible assets, property, plant and equipment.

In the Performance Materials segment, sales were 9 percent lower at €472 million in the **first quarter of 2020** due to considerably lower prices and volumes.

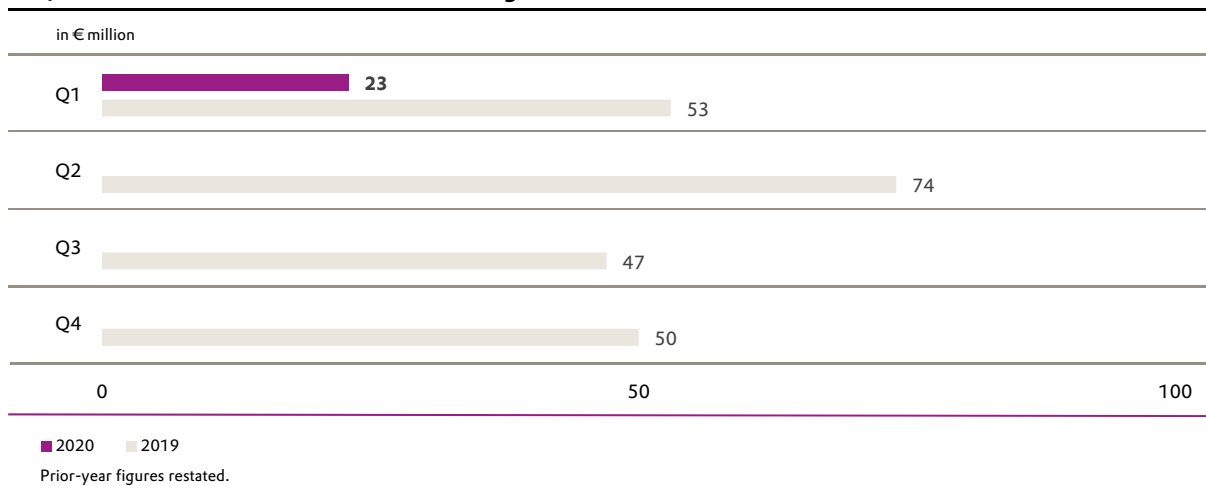
Sales of performance intermediates declined as a result of lower demand, especially from the automotive and fuel sectors. Another downside factor was the massive drop in the oil price. Within the Functional Solutions unit, alkoxides posted a very pleasing performance, with sales around the prior-year level.

### Sales Performance Materials segment



Adjusted EBITDA fell by 57 percent to €23 million as a result of lower selling prices and volumes, and a reduction in the value of inventories caused by the sharp drop in the oil price. The adjusted EBITDA margin was 4.9 percent, down from 10.2 percent in the prior-year period.

### Adjusted EBITDA Performance Materials segment



## Services segment

### Key figures

in € million	1st quarter		
	2019	2020	Change in %
External sales	174	191	10
Adjusted EBITDA	31	29	-6
Adjusted EBITDA margin in %	17.8	15.2	-
Adjusted EBIT	-7	-10	-43
Capital expenditures <sup>a</sup>	22	73	232
No. of employees as of March 31	12,071	12,060	-

<sup>a</sup> Capital expenditures for intangible assets, property, plant and equipment.

Sales rose 10 percent to €191 million in the **first quarter of 2020**. The main reason for this was the divestment of the methacrylates business in July 2019. This business now uses Evonik's site services as an external customer. Adjusted EBITDA was €29 million in the first quarter, which was below the prior-year level.

## Financial condition

The cash flow from operating activities, continuing operations, decreased by €37 million to €297 million, principally because of the lower operating result and higher tax payments. Together with higher cash outflows for property, plant and equipment, this reduced the **free cash flow** by €46 million to €113 million.

### Cash flow statement (excerpt)

in € million	1st quarter	
	2019	2020
Cash flow from operating activities, continuing operations	334	297
Cash outflows for investments in intangible assets, property, plant and equipment	-175	-184
<b>Free cash flow</b>	<b>159</b>	<b>113</b>
Cash flow from other investing activities, continuing operations	-10	-105
Cash flow from financing activities, continuing operations	-71	-164
Cash flow from discontinued operations	13	-
Change in cash and cash equivalents	91	-156

The cash outflow of €105 million for other investing activities, continuing operations, contains the cash outflow of €282 million for the acquisition of PeroxyChem, while the sale of current securities had a counter-effect. The cash outflow of €164 million for financing activities related to a loan repayment of €298 million in connection with the acquisition of PeroxyChem. This was countered by short-term borrowing. The cash flow from discontinued operations in the prior-year period related to the methacrylates business.

**Net financial debt** was €2,778 million, an increase of €637 million compared with December 31, 2019. This was principally attributable to the acquisition of PeroxyChem, which resulted in a cash outflow of €576 million, taking into account repayment of an acquired loan, currency hedging, and the acquired cash and cash equivalents.

### Net financial debt

in € million	Dec. 31, 2019	Mar. 31, 2020
Non-current financial liabilities <sup>a</sup>	-3,712	-3,169
Current financial liabilities <sup>a</sup>	-806	-1,661
<b>Financial debt</b>	<b>-4,518</b>	<b>-4,830</b>
Cash and cash equivalents	1,165	999
Current securities	1,203	1,031
Other financial investments	9	22
<b>Financial assets</b>	<b>2,377</b>	<b>2,052</b>
<b>Net financial debt</b>	<b>-2,141</b>	<b>-2,778</b>

<sup>a</sup> Excluding derivatives and excluding the refund liability for rebate and bonus agreements.

In the first quarter of 2020, **capital expenditures for property, plant and equipment** increased to €198 million (Q1 2019: €124 million). In principle, there is a slight timing difference in outflows for property, plant and equipment. One major reason for the increase is the start of construction of a production complex for the specialty polymer polyamide 12 in 2019. Work is on schedule and the facility is expected to come into service in early 2021.

## Expected development

The worldwide coronavirus crisis is having a far stronger impact on the **global economy** than either we or the economic research institutes had expected at the start of the year. The measures to combat the global spread of the virus are causing a simultaneous supply and demand shock in almost all countries. It is foreseeable that this will result in a massive global recession affecting all regions. We have therefore reduced our forecast for global growth in 2020 significantly from 2.5 percent to -3.0 percent (2019: 2.6 percent).

Our forecast is based on the following assumptions:

- Economic development -3.0 percent (previously: 2.5 percent)
- Euro/US dollar exchange rate: US\$1.12 (2019: US\$1.12)
- Internal raw material index significantly lower than the prior year (previously: slightly below the prior year)

### Sales and earnings<sup>2</sup>

Due to the global spread of coronavirus and the related impact on the global economy, we have revised the forecast for 2020 published in the 2019 financial report:

<sup>2</sup> Including PeroxyChem, which was acquired in February 2020.

At present, we anticipate that **sales** will be between €11.5 billion and €13.0 billion (previously: stable; 2019: €13.1 billion), and expect **adjusted EBITDA** to be between €1.7 billion and €2.1 billion (previously: between €2.0 billion and €2.3 billion; 2019: €2.153 billion).

In the Nutrition & Care segment, we expect business in the consumer goods, nutrition, and healthcare units to be stable with relatively low cyclical exposure. The recent positive volume and price trends for essential acids for animal nutrition should continue.

Business in the Resource Efficiency segment will be influenced primarily by lower demand from the automotive and coatings end-markets as a consequence of the coronavirus. By contrast, other businesses such as hydrogen peroxide, catalysts, and crosslinkers should develop well.

The drastic drop in the oil price will have a clearly negative impact on the Performance Materials segment.

We will continue the systematic implementation of our efficiency enhancement programs. At the same time, in the present tense global economic situation, we are focusing particularly on maintaining our strong liquidity position. That includes continued high capital expenditure discipline and consistent management of net working capital. We will align **cash outflows for capital expenditures**<sup>3</sup> flexibly to the present volatile conditions. From the present standpoint, we expect the cash outflows for capital expenditures to remain low at around last year's level (2019: €880 million).

Looking at the **free cash flow** (2019: €717 million<sup>4</sup>), we anticipate that the cash conversion ratio (defined as free cash flow/adjusted EBITDA) will be stable year-on-year at around 30 percent (2019: 33.3 percent).

The return on capital employed (**ROCE**) ultimately depends on the level of earnings that can be achieved, but it will be below the prior-year level in 2020 (2019: 8.6 percent).

## Forecast for 2020

Forecast performance indicators	2019	Forecast for 2020 <sup>a</sup>	Revised forecast for 2020
Group sales	€13.1 billion	Stable	Between €11.5 billion and €13.0 billion
Adjusted EBITDA	€2.15 billion	Between €2.0 billion and €2.3 billion	Between €1.7 billion and €2.1 billion
ROCE	8.6%	At the prior-year level	Below the prior-year level
Cash outflows for investments in intangible assets, property, plant and equipment	€880 million	At the prior-year level	At the prior-year level
Free cash flow	€717 million <sup>b</sup>	Slightly higher	Below the prior-year level

<sup>a</sup> As in the financial report 2019.

<sup>b</sup> Before tax payments relating to the carve-out of the methacrylates business.

<sup>3</sup> In view of our sharper focus on free cash flow—partly due to the coronavirus pandemic—we are giving greater priority to the cash outflows for capital expenditures for intangible assets, property, plant and equipment, instead of the previous indicator capital expenditures. We have adjusted our forecast accordingly.

<sup>4</sup> Before tax payments relating to the carve-out of the methacrylates business.

# Income statement

in € million	1st quarter	
	2019	2020
Sales	3,287	3,243
Cost of sales	-2,312	-2,324
<b>Gross profit on sales</b>	<b>975</b>	<b>919</b>
Selling expenses	-380	-394
Research and development expenses	-107	-109
General administrative expenses	-148	-125
Other operating income	55	45
Other operating expense	-89	-94
Result from investments recognized at equity	-10	5
<b>Income before financial result and income taxes, continuing operations</b>	<b>296</b>	<b>247</b>
Interest income	6	7
Interest expense	-55	-47
Other financial income/expense	-5	-10
<b>Financial result</b>	<b>-54</b>	<b>-50</b>
<b>Income before income taxes, continuing operations</b>	<b>242</b>	<b>197</b>
Income taxes	-27	-57
<b>Income after taxes, continuing operations</b>	<b>215</b>	<b>140</b>
Income after taxes, discontinued operations	29	-6
<b>Income after taxes</b>	<b>244</b>	<b>134</b>
thereof attributable to		
Non-controlling interests	5	4
Shareholders of Evonik Industries AG (net income)	239	130
<b>Earnings per share in € (basic and diluted)</b>	<b>0.51</b>	<b>0.28</b>
thereof attributable to		
Continuing operations	0.45	0.29
Discontinued operations	0.06	-0.01

Prior-year figures restated.

## Balance sheet

in € million	Dec. 31, 2019	Mar. 31, 2020
Intangible assets	5,858	6,241
Property, plant and equipment	6,435	6,589
Right-of-use assets	640	691
Investments recognized at equity	45	55
Other financial assets	625	516
Deferred taxes	1,718	1,694
Other income tax assets	12	12
Other assets	82	82
<b>Non-current assets</b>	<b>15,415</b>	<b>15,880</b>
Inventories	1,884	1,983
Trade accounts receivable	1,569	1,678
Other financial assets	1,278	1,141
Other income tax assets	325	334
Other assets	387	437
Cash and cash equivalents	1,165	999
<b>Current assets</b>	<b>6,608</b>	<b>6,572</b>
<b>Total assets</b>	<b>22,023</b>	<b>22,452</b>
Issued capital	466	466
Capital reserve	1,167	1,171
Retained earnings including distributable profit	7,341	7,642
Treasury shares	-	-15
Other equity components	-4	-123
<b>Equity attributable to shareholders of Evonik Industries AG</b>	<b>8,970</b>	<b>9,141</b>
Equity attributable to non-controlling interests	90	89
<b>Equity</b>	<b>9,060</b>	<b>9,230</b>
Provisions for pensions and other post-employment benefits	3,967	3,787
Other provisions	779	773
Other financial liabilities	3,713	3,171
Deferred taxes	537	555
Other income tax liabilities	320	298
Other payables	93	111
<b>Non-current liabilities</b>	<b>9,409</b>	<b>8,695</b>
Other provisions	778	824
Trade accounts payable	1,324	1,294
Other financial liabilities	918	1,785
Other income tax liabilities	59	55
Other payables	475	569
<b>Current liabilities</b>	<b>3,554</b>	<b>4,527</b>
<b>Total equity and liabilities</b>	<b>22,023</b>	<b>22,452</b>



# Cash flow statement

in € million	1st quarter	
	2019	2020
Income before financial result and income taxes, continuing operations	296	247
Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets	221	240
Result from investments recognized at equity	10	-5
Gains/losses on the disposal of non-current assets	-5	15
Change in inventories	-65	-90
Change in trade accounts receivable	-166	-94
Change in trade accounts payable	27	-18
Change in provisions for pensions and other post-employment benefits	-23	18
Change in other provisions	24	23
Change in miscellaneous assets/liabilities	80	54
Cash inflows from dividends	2	13
Cash inflows/outflows for income taxes	-67	-106
<b>Cash flow from operating activities, continuing operations</b>	<b>334</b>	<b>297</b>
Cash flow from operating activities, discontinued operations	25	-
<b>Cash flow from operating activities</b>	<b>359</b>	<b>297</b>
Cash outflows for investments in intangible assets, property, plant and equipment	-175	-184
Cash outflows to obtain control of businesses	-	-294
Cash outflows for investments in other shareholdings	-10	-9
Cash inflows from divestments of intangible assets, property, plant and equipment	9	6
Cash inflows/outflows from divestment of other shareholdings	-	40
Cash inflows/outflows relating to securities, deposits, and loans	-13	146
Cash inflows from interest	4	6
<b>Cash flow from investing activities, continuing operations</b>	<b>-185</b>	<b>-289</b>
Cash flow from investing activities, discontinued operations	-10	-
<b>Cash flow from investing activities</b>	<b>-195</b>	<b>-289</b>
Cash inflows/outflows relating to capital contributions	-	3
Cash outflows for dividends to non-controlling interests	-5	-6
Cash outflows for the purchase of treasury shares	-11	-15
Cash inflows from the addition of financial liabilities	45	228
Cash outflows for repayment of financial liabilities	-81	-351
Cash inflows/outflows in connection with financial transactions	-1	-8
Cash outflows for interest	-18	-15
<b>Cash flow from financing activities, continuing operations</b>	<b>-71</b>	<b>-164</b>
Cash flow from financing activities, discontinued operations	-2	-
<b>Cash flow from financing activities</b>	<b>-73</b>	<b>-164</b>
<b>Change in cash and cash equivalents</b>	<b>91</b>	<b>-156</b>
<b>Cash and cash equivalents as of January 1</b>	<b>988</b>	<b>1,165</b>
Change in cash and cash equivalents	91	-156
Changes in exchange rates and other changes in cash and cash equivalents	6	-10
<b>Cash and cash equivalents as of March 31</b>	<b>1,085</b>	<b>999</b>
Cash and cash equivalents included in assets held for sale	-6	-
<b>Cash and cash equivalents as on the balance sheet as of March 31</b>	<b>1,079</b>	<b>999</b>

## Segment report

### Segment report by operating segments—1st quarter

in € million	Nutrition & Care		Resource Efficiency		Performance Materials	
	2019	2020	2019	2020	2019	2020
External sales	1,149	1,134	1,438	1,437	520	472
Internal sales	9	5	14	17	27	24
Total sales	1,158	1,139	1,452	1,454	547	496
Adjusted EBITDA	180	174	330	344	53	23
Adjusted EBITDA margin in %	15.7	15.3	22.9	23.9	10.2	4.9
Adjusted EBIT	103	89	253	258	29	-1
Capital expenditures <sup>a</sup>	43	23	46	91	10	10
Financial investments	13	20	8	291	-	-
No. of employees as of March 31	8,166	8,017	10,262	10,597	1,610	1,612

Prior-year figures restated.

<sup>a</sup> For intangible assets, property, plant and equipment.

### Segment report by regions—1st quarter

in € million	Western Europe		Eastern Europe		North America	
	2019	2020	2019	2020	2019	2020
External sales <sup>a</sup>	1,438	1,364	202	202	733	775
Goodwill as of March 31 <sup>b</sup>	2,282	2,289	50	50	1,932	2,317
Other intangible assets, property, plant and equipment, and right-of-use assets as of March 31 <sup>b</sup>	4,302	4,461	32	40	1,954	2,201
Capital expenditures	82	125	3	2	22	61
No. of employees as of March 31	21,857	21,831	524	491	4,326	4,658

Prior-year figures restated.

<sup>a</sup> External sales Western Europe: thereof Germany €592 million (Q1 2019: €579 million).

<sup>b</sup> Non-current assets according to IFRS 8.33 b.

Services		Other operations		Corporate, consolidation		Total Group (continuing operations)	
2019	2020	2019	2020	2019	2020	2019	2020
174	191	6	9	-	-	3,287	3,243
488	443	9	10	-547	-499	-	-
662	634	15	19	-547	-499	3,287	3,243
31	29	-12	-16	-43	-41	539	513
17.8	15.2	-	-	-	-	16.4	15.8
-7	-10	-18	-21	-45	-42	315	273
22	73	3	1	-	-	124	198
2	2	-	-	-	-	23	313
12,071	12,060	235	227	279	257	32,623	32,770

Central & South America		Asia-Pacific		Middle East & Africa		Total Group (continuing operations)	
2019	2020	2019	2020	2019	2020	2019	2020
146	139	656	679	112	84	3,287	3,243
32	35	257	255	19	20	4,572	4,966
158	116	1,800	1,730	7	6	8,253	8,554
1	1	16	9	-	-	124	198
667	652	5,096	4,997	153	141	32,623	32,770

# Appendix

## 1 Restatement of prior-year figures

### Restatement in the income statement

The operating income from the methacrylates business in the first quarter of 2019 has changed compared with the amount reported in the quarterly statement as of March 31, 2019, because the calculation of the data has been adjusted to the point in time when the criteria for recognition as a discontinued operation were first met. As a result, the operating income of the methacrylates business before taxes is €13 million lower, and the operating income after taxes is €10 million lower.

### Restatement in the segment report

In connection with the divestment of the methacrylates business, the application monomers business was integrated into the Resource Efficiency segment (previously it was allocated to the Performance Materials segment). The impact of the change of segment on consolidation in the first quarter of 2019 was immaterial. The following table shows the impact of this retrospective adjustment on the key figures as a result of this reclassification.

#### Retrospective reclassification of the application monomers business—1st quarter 2019

in € million	Resource Efficiency	Performance Materials
External sales	39	-39
Internal sales	2	-2
Total sales	37	-37
Adjusted EBITDA	6	-6
Adjusted EBIT	5	-5
Capital expenditures	1	-1

The Asia-Pacific North and Asia-Pacific South regions were combined on January 1, 2020, so they can operate successfully as one region in the future and respond to future challenges. The prior-year figures have been restated.

## 2 Changes in the Evonik Group

### **Acquisition of Wilshire Technologies, Inc.**

Evonik acquired all shares in Wilshire Technologies, Inc. (Wilshire Technologies), Princeton (New Jersey, USA) on January 16, 2020. This company has developed a technology that can be used to obtain products from renewable, non-animal sources for use in cosmetic active ingredients. The acquisition extends Evonik's portfolio of sustainable active ingredients for cosmetics. Wilshire Technologies has been integrated into the Nutrition & Care segment.

The provisional purchase price pursuant to IFRS 3 is €19 million. €12 million of this amount was settled in cash and cash equivalents. A further €7 million comprises purchase price components that are expected to result in payments in the next two years. The purchase price was agreed in US dollars.

A report on the purchase price allocation is not yet available. Changes in the purchase price could result from the finalization of the agreed purchase price adjustments and the final assessment of the purchase price components mentioned above.

### **Acquisition of PeroxyChem**

On November 7, 2018, Evonik signed an agreement to acquire PeroxyChem, Philadelphia (Pennsylvania, USA) from One Equity Partners, Chicago (Illinois, USA). PeroxyChem is a manufacturer of hydrogen peroxide and peracetic acid. The acquisition was initially delayed because the Federal Trade Commission (FTC) in the USA filed a lawsuit to block the transaction. The lawsuit was dismissed in January 2020, and the acquisition was then closed on February 3, 2020.

The acquisition comprised the purchase of 100 percent of the shares in 16 companies, a 50 percent share deal, and a 20 percent share deal. To meet antitrust requirements, the 100 percent stake in a Canadian PeroxyChem company had to be sold immediately. This is presented in other current financial assets in the balance sheet for first-time consolidation.

PeroxyChem has been integrated into the Resource Efficiency segment. This acquisition extends Evonik's portfolio of environment-friendly, high-growth specialty applications. The business has above-average growth rates, low capital intensity, and low cyclical exposure.

### Provisional purchase price allocation for PeroxyChem as of the date of acquisition

in € million	Carrying amount
Intangible assets	6
Property, plant and equipment	175
Right-of-use assets	24
Investments recognized at equity	8
Other financial assets	6
Other assets	14
<b>Non-current assets</b>	<b>233</b>
Inventories	27
Trade accounts receivable	45
Other financial assets	19
Cash and cash equivalents	6
<b>Current assets</b>	<b>97</b>
<b>Total assets</b>	<b>330</b>
Provisions for pensions and other post-employment benefits	3
Other provisions	2
Other financial liabilities	39
<b>Non-current liabilities</b>	<b>44</b>
Other provisions	9
Trade accounts payable	23
Other financial liabilities	303
Other payables	7
<b>Current liabilities</b>	<b>342</b>
<b>Total liabilities</b>	<b>386</b>
<b>Provisional net assets</b>	<b>-56</b>
Provisional goodwill	344
<b>Provisional purchase price pursuant to IFRS 3</b>	<b>288</b>

A report on the purchase price allocation is not yet available. The difference between the purchase price and the acquired net assets was initially allocated entirely to goodwill. Initial, provisional analyses by external valuation experts indicate that the hidden reserves to be disclosed in connection with the purchase price allocation mainly relate to intangible assets such as customer relationships and technology, and to property, plant and equipment, and inventories.

The acquired other financial liabilities contain a loan of €298 million, which has been taken into account as a purchase price adjustment. The loan has been completely repaid. The repayment is presented in the cash flow statement in the cash flow from financing activities.

### Provisional purchase price for the acquisition of PeroxyChem

in € million	
<b>Purchase price before purchase price adjustments and currency hedging effects</b>	<b>565</b>
Provisional purchase price adjustments	-274
Currency hedging effects transferred to the acquired assets	-3
<b>Provisional purchase price pursuant to IFRS 3</b>	<b>288</b>
Acquired cash and cash equivalents	-6
<b>Cash outflow as per cash flow statement</b>	<b>282</b>

The purchase price was agreed in US dollars and was settled out of cash and cash equivalents. Changes in the purchase price could result from the finalization of the agreed purchase price adjustments, which relate, among other things, to net working capital, cash and cash equivalents, and liabilities as of the acquisition date.

The costs presented in other operating expense in connection with the acquisition are contained in the adjustments. Their breakdown is as follows:

### Costs relating to the acquisition of PeroxyChem

in € million	Fiscal 2018	Fiscal 2019	1st quarter 2020
Acquisition costs	8	22	3
Integration costs	-	-	2
	<b>8</b>	<b>22</b>	<b>5</b>

Since the date of acquisition, PeroxyChem's sales have amounted to €47 million and income after taxes was -€13 million. Income after taxes contains a loss of €15 million resulting from the sale of a stake in a Canadian PeroxyChem company, which was necessary to meet antitrust requirements. This amount is recognized in other operating expense and contained in the adjustments.

# Financial calendar

## Financial calendar 2020

Event	Date
Interim report Q2 2020	August 4, 2020
Annual Shareholders' Meeting 2020	August 31, 2020
Interim report Q3 2020	November 3, 2020

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### Published by

Evonik Industries AG  
Rellinghauser Strasse 1-11  
45128 Essen, Germany  
[www.evonik.com](http://www.evonik.com)

### Contact

Communications  
Phone +49 201 177-3315  
[presse@evonik.com](mailto:presse@evonik.com)

Investor Relations  
Phone +49 201 177-3146  
[investor-relations@evonik.com](mailto:investor-relations@evonik.com)