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Press release

More than a year until the end of the German coal-mining industry, RAG-Stiftung posts best-ever result

- More than one year before the German coal-mining industry ceases operation, the financing of the perpetual obligations has been placed on a sound footing for the long-term future
- Dr Werner Müller on 10 years of the RAG-Stiftung: "The idea of the foundation has proved a great success!"
- Best result since RAG-Stiftung was founded: the provision for perpetual obligations was increased in 2016 by a further €393 million to a total of €4.8 billion
- Around €30 million in grants has been disbursed to the coal-mining regions since the launch of the foundation

Essen, May 30, 2017. The RAG-Stiftung has proceeded with its successful work in 2016 and is continuing to systematically prepare for the end of German coal mining in 2018. At today's annual press conference in Essen, the Board of Executives reviewed the achievements of the first 10 years of the RAG-Stiftung and made clear that the ground has been prepared for a successful future.

On the tenth anniversary of its establishment, the RAG-Stiftung can look back on very positive results. At its creation, the foundation had a net worth of €6 billion. This amount had risen to €11 billion at the beginning of the current Board of Executives' term of office in late 2012, and is now at almost €17 billion. The foundation's net worth has therefore risen by around 9 percent annually since the end of 2012. This is especially encouraging in view of the continued low interest rates, said Werner Müller, Chairman of the Board of Executives of the RAG-Stiftung.

The profit generated for the year 2016 was substantially higher than expected. A total of €393 million was set aside as provision for perpetual obligations (also known as inherited liabilities with unlimited duration). With the exception of the years 2008 and 2013, in which significant holdings of Evonik stock were sold, this is the highest annual profit recorded since the foundation was set up. The total provision for perpetual obligations now amounts to €4.84 billion (previous year: €4.45 billion).

As of the year 2019, when the RAG-Stiftung will begin financing the perpetual obligations arising from past German coal-mining operations, the foundation anticipates annual outgoings of around €220 million for this purpose. On the other side of the balance sheet, these will be offset in future by annual income from diversified capital investments that is twice as high as these outgoings.

“It is still possible to earn good money in a low-interest environment!” emphasized Chief Financial Officer Dr Helmut Linssen. “We’ve been able to do this by adopting a global investment strategy and spreading our investments among different categories of assets. In addition, we’re profiting from investments in illiquid assets with higher returns.”

The diversified portfolio of capital assets of the RAG-Stiftung has grown to well over double the volume since the current Board of Executives took office in 2012. On average, more than €700 million have been invested each year.

“With around a year to go before the German coal-mining industry is wound up, the RAG-Stiftung remains very much on track to be able to fulfil, as of 2019, the purpose for which its was set up,” Müller emphasized.

Head of Human Resources Bärbel Bergerhoff-Wodopia also delivered a positive assessment of the funding and sponsorship activities of the RAG-Stiftung: “Since the foundation started work, we have disbursed a total of €30 million to support projects in the fields of education, science, and culture in the coal-mining regions. It is worth remembering that in 2012 the RAG-Stiftung had around €1.5 million at its disposal for project funding. It is therefore evident what progress we have made in recent years in this field.” The total budget for project funding in 2017 is €13.5 million. “By funding such projects, with a focus on supporting education, we are assuming our part of the social responsibility for the former coal-mining regions in the Ruhr region, Saarland and Ibbenbüren,” said Bergerhoff-Wodopia.

The initiative “Glückauf Zukunft!” (a miners’ greeting to the future), which was launched in 2016 to mark the end of German coal mining, has already grown into a rich and varied program. The initiative was set up by the RAG-Stiftung with RAG and Evonik and in cooperation with the IG BCE trade union. The purpose of the “Glückauf Zukunft!” initiative is to provide a fitting send-off for the coal-mining industry and also to generate fresh impetus for the future of the former coal-mining regions. A project calendar for the initiative is to be presented in autumn 2017.

About the RAG-Stiftung

The RAG-Stiftung is a private foundation that was established in 2007. The mission of the RAG-Stiftung is to accumulate sufficient assets by the end of 2018 to enable the permanent financing starting in 2019 of the inherited liabilities with unlimited duration related to German coal mining operations in the Ruhr and Saar region.

Further information on the RAG-Stiftung is available at: www.rag-stiftung.de

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