UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of: May 2018

Commission File Number: 001-36563

Orion Engineered Carbons S.A.
(Translation of registrant's name into English)

6, Route de Trèves
L-2633 Senningerberg (Municipality of Niederanven)
Grand Duchy of Luxembourg
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

As previously announced, effective January 1, 2018, the reporting currency of Orion Engineered Carbons S.A. (the “Company”) is the U.S. Dollar. In connection with the Company’s expected release of its first quarter 2018 results on May 17, 2018, the Company is providing illustrative selected historical financial information in U.S. Dollar for each of the three fiscal years ended December 31, 2015, 2016 and 2017 as well as illustrative selected historical financial information for the three months ended March 31, 2017, attached as Exhibits 99.1, 99.2 and 99.3 hereto. Such U.S. Dollar illustrative historical financial information is unaudited, and does not replace or supersede the actual consolidated financial statements of the Company prepared in Euro in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Orion Engineered Carbons S.A.

By: /s/ Charles Herlinger

Name:	Charles Herlinger
Title:	Chief Financial Officer

Date: May 7, 2018

EXHIBIT INDEX

Exhibit No.	Description
99.1	Summary of Selected Unaudited Consolidated Financial Information of Orion Engineered Carbons S.A.
99.2	Additional Selected Unaudited Consolidated Financial Information of Orion Engineered Carbons S.A.
99.3	Selected Operating and Financial Review and Prospect Information of Orion Engineered Carbons S.A.

Selected Illustrative Financial Information

unaudited

in USD m	Q1 2017	FY 2017	FY 2016	FY 2015	'17 vs '16	'16 vs '15
Revenue	324.1	1,328.3	1,139.3	1,234.5	189.0	(95.2)
Volume (in kmt)	275.1	1,087.4	1,127.9	1,035.2	(40.5)	92.7
Contribution Margin	**129.9**	**524.5**	**519.3**	**486.6**	**5.2**	**32.7**
CM per ton (in USD)	**472.2**	**482.4**	**460.5**	**470.1**	**21.9**	**(9.6)**
Adj. EBITDA	**62.6**	**257.0**	**246.7**	**231.6**	**10.3**	**15.1**
Specialties	*34.2*	*145.5*	*151.5*	*127.5*	*(6.0)*	*24.0*
Rubber	*28.4*	*111.5*	*95.2*	*104.1*	*16.3*	*(8.9)*
Net Income	**16.8**	**75.3**	**49.2**	**48.1**	**26.1**	**1.1**
EPS (in USD)	0.28	1.27	0.83	0.81	0.44	0.02
Adj. EPS (in USD)	0.38	1.62	1.50	1.32	**0.12**	**0.18**

	FY 2017	FY 2016	FY 2015	'17 vs '16	'16 vs '15
NWC	**224.0**	**191.7**	**199.2**	**32.3**	**(7.5)**

	Q1 2017	FY 2017	FY 2016	FY 2015	'17 vs '16	'16 vs '15
Operating Cash Flow	18.6	173.3	219.3	237.2	(46.0)	(17.9)
Investing Cash Flow	(18.3)	(90.3)	(68.5)	(83.0)	(21.8)	14.5
Financing Cash Flow	(32.1)	(94.4)	(143.6)	(157.1)	49.2	13.5

	FY 2017	FY 2016	FY 2015	'17 vs '16	'16 vs '15
Cash	**72.3**	**77.9**	**71.1**	**(5.6)**	**6.8**
local borrowings	(12.5)			(12.5)	
Net Cash	59.8	77.9	71.1	(18.1)	6.8

	Q1 2017	FY 2017	FY 2016	FY 2015	'17 vs '16	'16 vs '15
Total Adjustment Items	**3.2**	**20.2**	**32.3**	**14.3**	**(12.1)**	**18.0**
Restructuring expenses	*0.4*	*5.2*	*19.8*	—	*(14.6)*	*19.8*
Consulting fees	*0.2*	*2.8*	*2.8*	*1.6*	—	*1.2*
Long Term Incentive Plan	*1.6*	*8.8*	*4.0*	*1.0*	*4.8*	*3.0*
Other adjustments	*1.0*	*3.4*	*5.7*	*11.7*	*(2.3)*	*(6.0)*

	Q1 2017	FY 2017	FY 2016	FY 2015	'17 vs '16	'16 vs '15
EBIT	**37.0**	**139.2**	**115.6**	**135.8**	**23.6**	**(20.2)**
NRI	3.2	20.2	32.3	14.3	(12.1)	18
Depreciation	22.2	97.1	98.4	80.9	(1.3)	17.5
DGW	*0.1*	*0.5*	*0.5*	0.5	—	—
Rounding	*0.1*	—	*(0.1)*	*0.1*	*0.1*	*(0.2)*
Adjusted EBITDA	***62.6***	***257.0***	***246.7***	***231.6***	***10.3***	***15.1***

Consolidated income statements of Orion Engineered Carbons S.A.
for the first quarter 2017 and three years ended December 31, 2017 - unaudited

	First Quarter	Fiscal Year			Change FY 2017 vs FY 2016		Change FY 2016 vs FY 2015	
in USD k	2017	2017	2016	2015	total	in %	total	in %
Revenue	**324,065**	**1,328,297**	**1,139,291**	**1,234,472**	**189,006**	**16.6**	**(95,181)**	**(7.7)**
Cost of sales	**228,527**	**950,701**	**764,856**	**879,401**	**185,845**	**24.3**	**(114,545)**	**(13.0)**
Gross profit	**95,538**	**377,596**	**374,435**	**355,071**	**3,161**	**0.8**	**19,364**	**5.5**
Selling expenses	30,745	129,959	126,667	119,921	3,292	2.6	6,746	5.6
Research and development costs	4,188	18,159	16,069	14,837	2,090	13.0	1,232	8.3
General and administrative expenses	20,137	77,534	75,790	68,836	1,744	2.3	6,954	10.1
Other operating income	147	5,000	6,289	8,257	(1,289)	(20.5)	(1,968)	(23.8)
Other operating expenses	3,193	12,581	15,336	23,923	(2,755)	(18.0)	(8,587)	(35.9)
other oper. inc.&exp. net	***3,046***	***7,581***	***9,047***	***15,666***	***(1,466)***	**(16.2)**	***(6,619)***	**(42.3)**
Segment Restructuring	403	5,210	31,304	—	(26,094)	(83.4)	31,304	>100
Operating result (EBIT)	**37,019**	**139,153**	**115,558**	**135,811**	**23,595**	**20.4**	**(20,253)**	**(14.9)**
Finance result, net	10,370	41,368	41,334	62,099	(34.0)	0.1	20,765	(33.4)
Share of profit of JV	129	547	462	547	85	18.4	(85)	(15.5)
Financial result	**10,241**	**40,821**	**40,872**	**61,552**	**(51)**	**(0.1)**	**(20,680)**	**(33.6)**
Profit before taxes	**26,778**	**98,332**	**74,686**	**74,259**	**23,646**	**31.7**	**427**	**0.6**
Income taxes	9,963	23,070	25,453	26,204	(2,383)	(9.4)	(751)	(2.9)
Profit for the period	**16,815**	**75,262**	**49,233**	**48,055**	**26,029**	**52.9**	**1,178**	**2.5**
EPS in USD	0.28	1.27	0.83	0.81	0.44	53.0	0.02	2.9

Consolidated statements of financial position of Orion Engineered Carbons S.A.
as at December 31, 2017, 2016 and 2015 - unaudited

	December 31, 2017	December 31, 2016	December 31, 2015
ASSETS	In USD k	In USD k	In USD k
Non-current assets			
Goodwill	58,180	51,136	52,815
Other intangible assets	70,722	82,203	103,212
Property, plant and equipment	462,129	408,703	420,081
Investment in joint ventures	5,585	4,909	5,071
Other financial assets	3,564	2,296	3,320
Other assets	3,883	3,013	4,025
Deferred tax assets	43,546	64,252	60,155
	647,609	616,512	648,679
Current assets			
Inventories	159,334	120,537	114,434
Trade receivables	234,273	200,809	187,390
Other financial assets	3,890	5,549	3,403
Other assets	35,038	23,174	22,124
Income tax receivables	16,377	8,121	9,526
Cash and cash equivalents	72,284	77,906	71,050
	521,196	436,096	407,927
	1,168,805	**1,052,608**	**1,056,606**

	December 31, 2017	December 31, 2016	December 31, 2015
EQUITY AND LIABILITIES	In USD k	In USD k	In USD k
Equity			
Subscribed capital	83,770	83,770	83,770
Treasury shares	(3,773)	(3,773)	—
Reserves	(55,403)	(73,487)	(77,732)
Profit for the period	75,262	49,233	48,055
	99,856	55,743	54,093
Non-current liabilities			
Pension provisions	65,390	57,697	48,985
Other provisions	13,344	14,490	16,827
Financial liabilities	680,699	646,858	708,506
Other liabilities	6	448	150
Deferred tax liabilities	25,121	46,968	43,605
	784,560	766,461	818,073
Current liabilities			
Other provisions	59,471	63,305	41,433
Trade payables	169,624	129,563	102,569
Other financial liabilities	7,013	5,760	5,172
Income tax liabilities	15,539	17,666	17,902
Other liabilities	32,742	14,110	17,364
	284,389	230,404	184,440
	1,168,805	**1,052,608**	**1,056,606**

Consolidated statements of cash flows of Orion Engineered Carbons S.A.
for the first quarter 2017 and three years ended December 31, 2017 - unaudited

	Q1-2017	2017	2016	2015
	In USD k	In USD k	In USD k	In USD k
Profit for the period	**16,815**	**75,262**	**49,233**	**48,055**
Income taxes	**9,963**	**23,070**	**25,453**	**26,204**
Profit before income taxes	**26,778**	**98,332**	**74,686**	**74,259**
Depreciation and impairment of property, plant and equipment and amortization of intangible assets	22,242	97,074	98,401	80,868
Other non-cash expenses	2,019	10,589	3,267	178
(Increase)/decrease in trade receivables	(16,472)	(15,885)	(15,811)	51,583
(Increase)/decrease in inventories	(12,659)	(25,632)	(9,328)	30,007
Increase/(decrease) in trade payables	4,510	17,545	32,464	(33,160)
Increase/(decrease) in provisions	(19,897)	(14,376)	18,490	(9,482)
Increase/(decrease) in other assets and liabilities that cannot be allocated to investing or financing activities	5,164	3,823	(4,552)	(7,826)
Finance income	(8,340)	(44,287)	(27,833)	(19,768)
Finance costs	18,710	85,655	69,167	81,867
Cash paid for income taxes	(3,483)	(39,549)	(19,652)	(11,292)
Cash flows from operating activities	**18,572**	**173,289**	**219,299**	**237,234**
Cash paid for the acquisition of intangible assets and property, plant and equipment	(18,298)	(90,282)	(70,864)	(57,190)
Cash flows to acquire entities less cash acquired	—	—	2,360	(25,809)
Cash flows from investing activities	**(18,298)**	**(90,282)**	**(68,504)**	**(82,999)**
Share buyback	—	—	(3,773)	—
Proceeds from borrowings, net of transaction costs	—	11,890	—	—
Repayments of non-current financial liabilities	(22,674)	(28,866)	(51,821)	(62,295)
Cash inflows related to current financial liabilities	6,135	11,652	—	(5,727)
Cash outflows related to current financial liabilities	—	(12,141)	—	—
Interest and similar expenses paid	(6,515)	(42,601)	(47,179)	(45,739)
Interest and similar income received	1,750	11,369	3,294	958
Dividends paid to shareholders	(10,786)	(45,705)	(44,131)	(44,291)
Cash flows from financing activities	**(32,090)**	**(94,402)**	**(143,610)**	**(157,094)**
Change in cash	**(31,816)**	**(11,395)**	**7,185**	**(2,859)**
Change in cash resulting from exchange rate differences	2,416	5,773	(329)	(11,738)
Cash and cash equivalents at the beginning of the period	77,906	77,906	71,050	85,647
Cash and cash equivalents at the end of the period	**48,506**	**72,284**	**77,906**	**71,050**

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Consolidated income statements of Orion Engineered Carbons S.A.
for the three years ended December 31, 2017 - unaudited

	Note	2017	2016	2015
		In USD k	In USD k	In USD k
Revenue	(6.1)	**1,328,297**	**1,139,291**	**1,234,472**
Cost of sales		**(950,701)**	**(764,856)**	**(879,401)**
Gross profit		**377,596**	**374,435**	**355,071**
Selling expenses		(129,959)	(126,667)	(119,921)
Research and development costs		(18,159)	(16,069)	(14,837)
General and administrative expenses		(77,534)	(75,790)	(68,836)
Other operating income	(6.2)	5,000	6,289	8,257
Other operating expenses	(6.3)	(12,581)	(15,336)	(23,923)
Restructuring expenses	(6.4)	(5,210)	(31,304)	—
Operating result (EBIT)		**139,153**	**115,558**	**135,811**
Finance income	(6.5)	44,287	27,833	19,768
Finance costs	(6.5)	(85,655)	(69,167)	(81,867)
Share of profit or loss of joint ventures		547	462	547
Financial result		**(40,821)**	**(40,872)**	**(61,552)**
Profit before income taxes		**98,332**	**74,686**	**74,259**
Income taxes	(6.6)	(23,070)	(25,453)	(26,204)
Profit for the period		**75,262**	**49,233**	**48,055**
Earnings per share (USD per share), basic	(6.9)	1.27	0.83	0.81
Weighted average shares, basic (in thousand of shares)		59,320	59,353	59,635
Earnings per share (USD per share), diluted		1.24	0.82	0.80
Weighted average shares, diluted (in thousand of shares)		60,674	60,154	59,830

Consolidated statement of comprehensive income of Orion Engineered Carbons S.A.
for the three years ended December 31, 2017 - unaudited

	Note	2017	2016	2015
		In USD k	In USD k	In USD k
Profit for the period		**75,262**	**49,233**	**48,055**
Exchange differences on translation of foreign operations				
Change in unrealized gains/(losses)		(4,477)	4,448	(8,229)
Income tax effects		(1,072)	1,692	(382)
		(5,549)	6,140	(8,611)
Unrealized net gains/(losses) on hedges of a net investment in a foreign operation				
Change in unrealized gains/(losses)		21,527	(5,130)	(18,591)
Income tax effects		(6,958)	1,489	6,177
		14,569	(3,641)	(12,414)
Unrealized net gains/(losses) on cash flow hedges				
Change in unrealized gains/(losses)		(2,068)	1,017	—
Income tax effects		961	(224)	—
		(1,107)	793	—
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		**7,913**	**3,292**	**(21,025)**
Actuarial gains/(losses) on defined benefit plans				
Change in unrealized gains/(losses)	(7.8)	(3,581)	(10,489)	4,755
Income tax effects		1,389	3,560	(1,498)
		(2,192)	(6,929)	3,257
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods		**(2,192)**	**(6,929)**	**3,257**
Other comprehensive income (loss), net of tax		**5,721**	**(3,637)**	**(17,768)**
Total comprehensive income, net of tax all attributable to equity holders of the parent		**80,983**	**45,596**	**30,287**

Consolidated statements of financial position of Orion Engineered Carbons S.A.
as at December 31, 2017 and 2016 - unaudited

ASSETS	Note	December 31, 2017	December 31, 2016
		In USD k	In USD k
Non-current assets			
Goodwill	(7.1)	58,180	51,136
Other intangible assets	(7.1)	70,722	82,203
Property, plant and equipment	(7.2)	462,129	408,703
Investment in joint ventures		5,585	4,909
Other financial assets	(7.3)	3,564	2,296
Other assets	(7.5)	3,883	3,013
Deferred tax assets	(7.11)	43,546	64,252
		647,609	616,512
Current assets			
Inventories	(7.4)	159,334	120,537
Trade receivables	(7.3)	234,273	200,809
Other financial assets	(7.3)	3,890	5,549
Other assets	(7.5)	35,038	23,174
Income tax receivables	(7.11)	16,377	8,121
Cash and cash equivalents	(7.6)	72,284	77,906
		521,196	436,096
		1,168,805	**1,052,608**

EQUITY AND LIABILITIES	Note	December 31, 2017	December 31, 2016
		In USD k	In USD k
Equity			
Subscribed capital	(7.7)	83,770	83,770
Treasury shares	(7.7)	(3,773)	(3,773)
Reserves	(7.7)	(55,403)	(73,487)
Profit for the period	(7.7)	75,262	49,233
		99,856	55,743
Non-current liabilities			
Pension provisions	(7.8)	65,390	57,697
Other provisions	(7.9)	13,344	14,490
Financial liabilities	(7.10)	680,699	646,858
Other liabilities		6	448
Deferred tax liabilities	(7.11)	25,121	46,968
		784,560	766,461
Current liabilities			
Other provisions	(7.9)	59,471	63,305
Trade payables	(7.10)	169,624	129,563
Other financial liabilities	(7.10)	7,013	5,760
Income tax liabilities	(7.11)	15,539	17,666
Other liabilities		32,742	14,110
		284,389	230,404
		1,168,805	**1,052,608**

Consolidated statements of cash flows of Orion Engineered Carbons S.A.
for the three years ended December 31, 2017 - unaudited

	Note	2017 In USD k	2016 In USD k	2015 In USD k
Profit for the period		**75,262**	**49,233**	**48,055**
Income taxes	(6.6)	**23,070**	**25,453**	**26,204**
Profit before income taxes		**98,332**	**74,686**	**74,259**
Depreciation and impairment of property, plant and equipment and amortization of intangible assets	(7.1) (7.2)	97,074	98,401	80,868
Other non-cash expenses		10,589	3,267	178
(Increase)/decrease in trade receivables		(15,885)	(15,811)	51,583
(Increase)/decrease in inventories		(25,632)	(9,328)	30,007
Increase/(decrease) in trade payables		17,545	32,464	(33,160)
Increase/(decrease) in provisions		(14,376)	18,490	(9,482)
Increase/(decrease) in other assets and liabilities that cannot be allocated to investing or financing activities		3,823	(4,552)	(7,826)
Finance income	(6.5)	(44,287)	(27,833)	(19,768)
Finance costs	(6.5)	85,655	69,167	81,867
Cash paid for income taxes		(39,549)	(19,652)	(11,292)
Cash flows from operating activities		**173,289**	**219,299**	**237,234**
Cash paid for the acquisition of intangible assets and property, plant and equipment		(90,282)	(70,864)	(57,190)
Cash flows to acquire entities less cash acquired	(3)	—	2,360	(25,809)
Cash flows from investing activities		**(90,282)**	**(68,504)**	**(82,999)**
Share buyback		—	(3,773)	—
Proceeds from borrowings, net of transaction costs		11,890	—	—
Repayments of non-current financial liabilities		(28,866)	(51,821)	(62,295)
Cash inflows related to current financial liabilities		11,652	—	(5,727)
Cash outflows related to current financial liabilities		(12,141)	—	—
Interest and similar expenses paid		(42,601)	(47,179)	(45,739)
Interest and similar income received		11,369	3,294	958
Dividends paid to shareholders		(45,705)	(44,131)	(44,291)
Cash flows from financing activities		**(94,402)**	**(143,610)**	**(157,094)**
Change in cash		**(11,395)**	**7,185**	**(2,859)**
Change in cash resulting from exchange rate differences		5,773	(329)	(11,738)
Cash and cash equivalents at the beginning of the period		77,906	71,050	85,647
Cash and cash equivalents at the end of the period		**72,284**	**77,906**	**71,050**

Consolidated statements of changes in equity of Orion Engineered Carbons S.A.
for the three years ended December 31, 2017 - unaudited

In USD k		Subscribed capital: Number of common shares	Subscribed capital: Amount	Treasury Shares	Capital reserves	Translation reserve	Cash flow hedge reserve	Reserve for hedges of a net investment in foreign operation	Reserve for actuarial gains (losses) on defined benefit plans	Retained earnings	Total equity
Note			(7.7)	(7.7)	(7.7)				(7.8)		
	As at January 1, 2015	**59,635,126**	**83,770**	**—**	**222,863**	**6,708**	**—**	**—**	**(17,334)**	**(228,910)**	**67,097**
	Profit for the period	—	—	—	—	—	—	—	—	48,055	48,055
	Other comprehensive income, net of tax	—	—	—	—	(8,611)	—	(12,414)	3,257	—	(17,768)
	Total comprehensive income, net of tax	—	—	—	—	(8,611)	—	(12,414)	3,257	48,055	30,287
	Dividends paid	—	—	—	(44,291)	—	—	—	—	—	(44,291)
	Share based payments	—	—	—	1,000	—	—	—	—	—	1,000
2015	**As at December 31, 2015**	**59,635,126**	**83,770**	**—**	**179,572**	**(1,903)**	**—**	**(12,414)**	**(14,077)**	**(180,855)**	**54,093**
	As at January 1, 2016	**59,635,126**	**83,770**	**—**	**179,572**	**(1,903)**	**—**	**(12,414)**	**(14,077)**	**(180,855)**	**54,093**
	Profit for the period	—	—	—	—	—	—	—	—	49,233	49,233
	Other comprehensive income, net of tax	—	—	—	—	6,140	793	(3,641)	(6,929)	—	(3,637)
	Total comprehensive income, net of tax	—	—	—	—	6,140	793	(3,641)	(6,929)	49,233	45,596
	Dividends paid	—	—	—	(44,131)	—	—	—	—	—	(44,131)
	Share Buyback	(314,912)	—	(3,773)	—	—	—	—	—	—	(3,773)
	Share based payments	—	—	—	3,958	—	—	—	—	—	3,958
2016	**As at December 31, 2016**	**59,320,214**	**83,770**	**(3,773)**	**139,399**	**4,237**	**793**	**(16,055)**	**(21,006)**	**(131,622)**	**55,743**
	As at January 1, 2017	**59,320,214**	**83,770**	**(3,773)**	**139,399**	**4,237**	**793**	**(16,055)**	**(21,006)**	**(131,622)**	**55,743**
	Profit for the period	—	—		—	—	—	—	—	75,262	75,262
	Other comprehensive income, net of tax	—	—		—	(5,549)	(1,107)	14,569	(2,192)	—	5,721
	Total comprehensive income, net of tax	—	—		—	(5,549)	(1,107)	14,569	(2,192)	75,262	80,983
	Dividends paid				(45,705)	—	—	—	—	—	(45,705)
	Share based payments	—	—	—	8,835	—	—	—	—	—	8,835
2017	**As at December 31, 2017**	**59,320,214**	**83,770**	**(3,773)**	**102,529**	**(1,312)**	**(314)**	**(1,486)**	**(23,198)**	**(56,360)**	**99,856**

Notes to the unaudited consolidated financial information of Orion Engineered Carbons S.A. as at December 31, 2017 and 2016 and for the three years ended December 31, 2017

(1) Organization and principal activities

Orion Engineered Carbons S.A. (“Orion”) is entered in the commercial register of Luxembourg under no. B160558; the Company’s registered office is in Luxembourg; its business address is 6, Route de Trèves, L-2633 Senningerberg (Municipality of Niederanven), Grand Duchy of Luxembourg. Orion was incorporated on April 13, 2011.

Orion’s unaudited consolidated financial information comprise Orion and its subsidiaries (the “Orion Group”, or the “Group” or the “Company”). The parent’s fiscal year is the same as that of the Orion Group, comprising the period from January 1 to December 31, 2017.

Orion Group is a leading global manufacturer of carbon black products and is based in Luxembourg. Carbon black is a powdered form of carbon that is used to create the desired physical, electrical and optical qualities of various materials. Carbon black products are primarily used as consumables and additives for the production of polymers, printing inks and coatings (“Specialty Carbon Black” or “Specialties”) and in the reinforcement of rubber polymers (“Rubber Carbon Black” or “Rubber”).

Specialty Carbon Black are high-tech materials which are mainly used for polymers, printing systems and coatings applications. The various production processes result in a wide range of different Specialty Carbon Black pigment grades with respect to their primary particle size, structure and surface area/surface chemistry. These parameters affect jetness, tinting strength, undertone, dispersibility, oil absorption, electrical conductivity and other characteristics.

The types of Rubber Carbon Black used in the rubber industry are manufactured according to strict specifications and quality standards. Structure and specific surface area are the key factors in optimizing reinforcement properties in rubber polymers.

As at December 31, 2017, the Orion Group operates 13 wholly owned production facilities in Europe, North and South America, Asia and South Africa and three sales companies. Another ten holding companies and two service companies, as well as two former operating entities in Portugal and France (currently in dissolution), are consolidated in the Orion Group. Additionally, the Group operates a joint venture with one production facility in Germany.

The Group’s global presence enables it to supply Specialty Carbon Black customers as well as international customers in the tire and rubber industry with the full range of carbon black grades and particle sizes. Sales activities are supported by sales and representative offices all around the globe. Integrated sales activities with key account managers and customer services are carried out in the United States, Brazil, South Korea and Germany and China.

Due to the change in the Group's reporting currency effective as of January 1, 2018 these unaudited consolidated financial information are prepared in US-Dollars, the new presentation currency of the Group. Except where stated otherwise, all figures are presented in thousands of US-Dollars (USD k). This unaudited consolidated financial information is derived from extracts from our previously reported audited consolidated financial statements which were prepared in Euro and were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). This US-Dollar financial information has been prepared for illustrative purposes only, and is intended to provide additional information with respect to historical financial information as if it had been reported in US-Dollars as of the respective dates, or for the respective periods, indicated herein. The information included in this US-Dollar financial information is current as of the date as if it had been included in the Group's Annual Report on form 20-F for the year ended December 31, 2017, filed with the SEC on February 22, 2018. Due to rounding, numbers presented throughout the tables and these notes may not add up precisely to the totals presented and percentages may not precisely reflect the absolute figures.

(2) Basis of preparation of the financial information

The purpose of this historical financial information is solely for illustrative purposes. This financial information was not prepared in US-Dollar originally. Therefore the amounts quoted herein should not be construed to replace or supersede the actual historic consolidated financial statements which were prepared in Euro and were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and filed with the SEC on February 22, 2018 on Form 20-F which remain effective in its entirety. For further information regarding the basis of preparation, new accounting standards, basis of consolidation and significant accounting policies of our historic audited consolidated financial statements in Euro and in accordance with IFRS, reference is made to the notes to the consolidated financial statements as included in the Group's 2017 Annual Report on Form 20-F. The historical financial information included in this document should not be read in isolation and no undue reliance should be placed on this illustrative unaudited financial information.

(2.1) Basis of consolidation

All subsidiaries indirectly or directly controlled by Orion are consolidated. Entities are consolidated from the date the Orion Group obtains control, which generally is the acquisition date, and are deconsolidated when control is lost.

Control is achieved when the Orion Group is exposed, or has the right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Orion Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control.

The Orion Group consolidated financial statements are prepared in accordance with uniform accounting policies. Income and expenses, intercompany profits and losses, and receivables and liabilities between consolidated subsidiaries are eliminated.

Changes in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. See note (4) List of shareholdings for the list of subsidiaries consolidated as part of the Orion Group.

(2.2) Currency translation

Foreign currency transactions are measured at the exchange rate at the date of initial recognition. Any gains or losses resulting from the valuation of foreign currency monetary assets and liabilities using the currency exchange rates as at the reporting date are recognized in other operating income or other operating expenses. Currency exchange differences relating to financing activities are part of the financial result.

The functional currency method is used to translate the financial statements of foreign entities. The assets and liabilities of foreign operations with functional currencies different from the presentation currency US-Dollar are translated using closing rates as at the reporting date. Income and expense items are translated at average exchange rates for the respective period. The translation of equity is performed using historical exchange rates. The overall foreign currency impact from translating the statement of financial position and income statement of all the foreign entities is recognized in other comprehensive income.

The following table shows the annual average and closing exchange rates for the Group's presentation currency US Dollar against the principal functional currencies used within the Group:

USD 1 equivalent to	Annual average exchange rate			Closing rate as at Dec 31,	
	2017	2016	2015	2017	2016
Euro (EUR)	0.8852	0.9034	0.8985	0.8338	0.9487
Pound Sterling (GBP)	0.7760	0.7403	0.6545	0.7398	0.8122
Japanese Yen (JPY)	112.1654	108.5882	120.8690	112.5740	117.0667
Swedish Krona (SEK)	8.5290	8.5544	8.3932	8.2080	9.0622
Singapore Dollar (SGD)	1.3799	1.3800	1.3736	1.3361	1.4452
South African Rand (ZAR)	13.3215	14.6937	12.8140	12.3450	13.7150
Polish Zloty (PLN)	3.7683	3.9418	3.7655	3.4829	4.1839
Brazilian Real (BRL)	3.1915	3.4837	3.3266	3.3127	3.2544
South Korean Won (KRW)	1,130.1756	1,160.1568	1,131.8163	1,066.9641	1,204.2121
Chinese Renminbi (CNY)	6.7532	6.6422	6.2827	6.5075	6.9445

(3) Assumptions, the use of judgment and accounting estimates

The preparation of this illustrative financial information is based on management estimates and assumptions about the future and is current as of the date as if it had been included in the Group's Annual Report on form 20-F for the year ended December 31, 2017, filed with the SEC on February 22, 2018, where more information can be found and to which reference is made.

(4) List of shareholdings

The following entities are included in the Group consolidated financial statements as subsidiaries or joint ventures at December 31, 2017.

	As at December 31, 2017
	Shareholding in %
Orion Engineered Carbons S.A., Luxembourg	
Controlled entities	
Orion Engineered Carbons Holdings GmbH, Frankfurt am Main, Germany	100
Orion Engineered Carbons Bondco GmbH, Frankfurt am Main, Germany	100
Orion Engineered Carbons International GmbH, Frankfurt am Main, Germany	100
Kinove Italian Bidco S.r. l., Ravenna, Italy	100
Orion Engineered Carbons France Holdco SAS, Paris, France	100
Blackstar Engineered Carbons Portugal Holdco, Unipessoal, Lda., Sines, Portugal*	100
Orion Engineered Carbons USA Holdco, LLC, Kingwood, USA	100
Orion Engineered Carbons Korea Co. Ltd., Bupyeong-gu, South Korea	100
Norcarb Engineered Carbons Sweden HoldCo AB, Malmö, Sweden	100
Orion Engineered Carbons S.r.l. Italy, Ravenna, Italy	100
Orion Engineered Carbons S.A.S. France, Ambès, France	100
Carbogal Engineered Carbons S.A. Portugal, Sines, Portugal*	100
Orion Engineered Carbons LLC USA, Kingwood, USA	100
Orion Engineered Carbons Co. Ltd., Bupyeong-gu, South Korea	100
Orion Engineered Carbons sp. z o.o. Poland, Jaslo, Poland	100
Norcarb Engineered Carbons AB Sweden, Malmö, Sweden	100
Orion Engineered Carbons Ltda. Brazil, São Paulo, Brazil	100
Orion Engineered Carbons Proprietary Limited South Africa, Port Elizabeth, South Africa	100
Orion Engineered Carbons GmbH, Frankfurt am Main, Germany	100
Orion Engineered Carbons KK Japan, Tokyo, Japan	100
Orion Engineered Carbons Pte. Ltd., Singapore, Singapore	100
Orion Engineered Carbons Trading Co. Ltd., Shanghai, China	100
Orion Engineered Carbons Material Technology (Shanghai) Co., Ltd., Shanghai, China	100
Orion Engineered Carbons Qingdao Co., Ltd., China	100
CB International Services Company GmbH, Frankfurt am Main, Germany	100
Carbon Black OpCo GmbH, Frankfurt am Main, Germany*	100
Joint ventures	
Kommanditgesellschaft Deutsche Gasrusswerke GmbH & Co., Dortmund, Germany	54
Deutsche Gasrusswerke Gesellschaft mit beschränkter Haftung, Dortmund, Germany	50

* in liquidation

Although Orion holds 54% of shares as at December 31, 2017 and 2016 in Kommanditgesellschaft Deutsche Gasrusswerke GmbH & Co., Dortmund, Germany (“DGW KG”), the terms and conditions of DGW KG’s articles of association and other bylaws impede Orion from controlling DGW KG. Therefore DGW KG is recognized as a joint venture applying the equity method.

(5) Operating segments

The Group's business is organized by product for corporate management purposes and has the following two reportable operating segments for all periods presented: "Rubber" and "Specialties".

The executive management committee, which is composed of the CEO, CFO and certain other senior management members is the chief operating decision maker in accordance with IFRS 8.7. The executive management committee monitors the operating segments' results separately in order to facilitate decisions regarding the allocation of resources and determine the segments' performance. "Adjusted EBITDA" is the management's measure of the segment result.The executive management committee does not review reportable segment asset or liability information for purposes of assessing performance or allocating resources.

Adjustment items are not allocated to the individual segments as they are managed on a group basis.

Segment reconciliation for the years ended December 31, 2017, 2016 and 2015:

	In USD k			In USD k			In USD k		
	2017			2016			2015		
	Rubber	Specialties	Total segments	Rubber	Specialties	Total segments	Rubber	Specialties	Total segments
Revenue	849,410	478,887	1,328,297	712,271	427,020	1,139,291	811,083	423,389	1,234,472
Cost of sales	(661,246)	(289,455)	(950,701)	(534,430)	(230,426)	(764,856)	(627,405)	(251,996)	(879,401)
Gross profit	188,164	189,432	377,596	177,841	196,594	374,435	183,678	171,393	355,071
Adjusted EBITDA	111,490	145,488	256,978	95,228	151,494	246,722	104,071	127,502	231,573
Adjusted EBITDA Margin	13.1%	30.4%	19.3%	13.4%	35.5%	21.7%	12.8%	30.1%	18.8%
Depreciation amortization and impairment of intangible assets and property, plant and equipment	(59,121)	(37,953)	(97,074)	(66,189)	(32,212)	(98,401)	(49,663)	(31,205)	(80,868)
Share of profit of joint venture	(547)	—	(547)	(462)	—	(462)	(547)	—	(547)
Adjustment items			(20,204)			(32,301)			(14,347)
EBIT			**139,153**			**115,558**			**135,811**

Definition of "adjusted EBITDA"

"EBIT" (operating result) is defined as profit or loss for the period before income taxes and finance income and finance costs. "EBITDA" is defined as EBIT before depreciation, amortization and impairment losses. For management reporting purposes and as defined in the credit agreement governing our term loans "Adjusted EBITDA" is defined as EBITDA adjusted for acquisition related expenses, restructuring expenses, consulting fees related to Group strategy, share of profit or loss of joint venture and certain other adjustments. The Company believes that each of these items have less bearing on its performance of the underlying core business.

Adjusted EBITDA is reconciled to profit or (loss) as follows:

Reconciliation of profit or (loss)	In USD k		
	2017	2016	2015
Profit for the period	**75,262**	**49,233**	**48,055**
Income taxes	23,070	25,453	26,204
Profit before income taxes	**98,332**	**74,686**	**74,259**
Add back finance costs	85,655	69,167	81,867
Deduction share of profit of joint ventures	(547)	(462)	(547)
Deduction other finance income	(44,287)	(27,833)	(19,768)
Earnings before taxes and finance income/costs (operating result (EBIT))	**139,153**	**115,558**	**135,811**
Add back depreciation, amortization and impairment of intangible assets and property, plant and equipment (4)	97,074	98,401	80,868
EBITDA	**236,227**	**213,959**	**216,679**
Share of profit of joint venture	547	462	547
Restructuring expenses (1)	5,210	19,758	—
Consulting fees related to Group strategy (2)	2,807	2,837	1,622
Long Term Incentive Plan	8,835	3,958	1,000
Other adjustments (3)	3,352	5,748	11,725
Adjusted EBITDA	**256,978**	**246,722**	**231,573**

(1) Restructuring expenses for the period ended December 31, 2017 are related to further actions undertaken to realign our worldwide Rubber footprint in particular in Korea and to a lesser extent in the USA. Restructuring expenses for the period ended December 31, 2016 relate to the strategic realignment of the worldwide Rubber footprint, resulting in a decision to cease production by December 31, 2016 of the plant in Ambès, France. These expenses comprise personnel related costs of USD 6.8 million and demolishing, site remediation and securing as well as accrued other expenses for the cessation of USD 12.9 million.

(2) Consulting fees related to the Group strategy for the period ended December 31, 2017 include external consulting fees relating to the restructuring of our rubber footprint and associated activities of USD 1.4 million, external consulting fees relating to the Acquisition of USD 0.6 million and other external consulting fees for establishing and implementing our operating, tax and organizational strategies including merger and acquisition strategies.

(3) Other adjustments (from items with less bearing on the underlying performance of the Company's core business) in the period ended December 31, 2017 primarily relate to costs associated with our EPA enforcement action of USD 2.4 million, costs to remediate damages incurred by hurricane Harvey of USD 1.4 million and costs associate with the secondary offering of our shares, offset by USD 1.4 million of reimbursements of reassessed real estate transfer taxes. Other adjustments for the period ended December 31, 2016 primarily relate to cost of USD 4.6 million associated with our EPA enforcement action (including accrued expenses for penalties and mitigation projects). Other adjustments in 2015 mainly include USD 5.6 million costs related to address the EPA enforcement action, in particular to evaluate emission-removal technologies and legal advice, USD 2.0 million Sarbanes-Oxley first time implementation costs, USD 2.0 million OECQ post acquisition-related costs and USD 1.7 million reassessed real estate transfer tax related to the 2011 acquisition.

(4) Includes USD 11.6 million impairment of fixed assets at our Ambès, France plant for the period ended December 31, 2016 following the decision to cease production by December 31, 2016.

Geographic information

Revenues	In USD k		
	2017	2016	2015
Germany	524,065	440,988	462,124
United States	330,424	302,103	365,932
South Korea	246,551	220,753	260,323
Brazil	80,143	60,994	57,560
China	64,645	45,318	9,095
South Africa	46,844	36,853	48,529
Other	23,129	23,540	22,347
Rest of Europe*	12,496	8,742	8,562
Total	**1,328,297**	**1,139,291**	**1,234,472**

* Only a holding company is located in Luxembourg, accordingly no revenue is generated in the country of domicile.

Revenue generated for the year ended December 31, 2017 from the largest customer in the “Rubber”segment amounted to USD 144,380k. Revenue from the largest customer in the “Rubber” segment for the year ended December 31, 2016 was USD 113,681k and for the year ended December 31, 2015 revenue from the largest two customers in the “Rubber” segment were USD 134,234k and USD 112,861k, respectively. There are no other customers with more than 10% of revenue in the three periods presented.

Goodwill, intangible assets, property, plant and equipment	In USD k	
	As at Dec 31,	
	2017	2016
Germany	145,837	139,115
Sweden	80,974	71,080
Italy	72,980	64,762
Poland	49,933	42,500
Rest of Europe	4,443	3,500
Subtotal Europe	**354,167**	**320,957**
United States	70,530	89,728
South Korea	109,905	75,463
South Africa	32,007	29,182
Brazil	13,661	17,750
China	10,733	8,926
Other	28	36
Total	**591,031**	**542,042**

(6) Notes to income statement

(6.1) Revenue

Revenue is generated almost entirely from the sales of goods.

(6.2) Other operating income

	In USD k		
	2017	2016	2015
Income from the currency translation of monetary items	75	1	11
Income from the valuation of derivatives	—	18	2,443
Income from the reversal of provisions	1,531	1,259	532
Miscellaneous income	3,394	5,011	5,271
Total	**5,000**	**6,289**	**8,257**

Miscellaneous income for the period ended December 31, 2017 includes USD 1,432k reimbursement of property tax paid.

Miscellaneous income for the period ended December 31, 2016 includes, in particular, proceeds from OECQ-related receivables, which were impaired in 2015 post acquisition, releases of allowances and reimbursements from insurance claims in connection with the Orange (Texas) flooding.

(6.3) Other operating expenses

	In USD k		
	2017	2016	2015
Consulting fees related to Group strategy	2,807	2,837	1,622
Expenses from the currency translation of monetary items	16	893	2,044
Expenses from the valuation of derivatives	—	32	3,428
Impairment loss on trade receivables	1	11	1,745
Loss on Disposal of Assets	305	1,070	—
Miscellaneous expenses	9,452	10,493	15,084
Total	**12,581**	**15,336**	**23,923**

Expenses from the currency translation relate to trade receivables and payables only. Expenses from currency translation on financing items is shown in finance result and are explained in note (6.5) Finance income and costs.

For the year ended December 31, 2017, miscellaneous expenses include costs associated with our EPA enforcement action of USD 2.4 million, costs to remediate damages incurred by hurricane Harvey of USD1.4 million as well as costs associated with our secondary filing of shares.

For the year ended December 31, 2016, miscellaneous expenses mainly include USD 4.6 million costs associated to the EPA enforcement action. For the year ended December 31, 2015, miscellaneous expenses mainly include USD 5.6 million costs related to addressing the EPA enforcement action, USD 2.0 million Sarbanes-Oxley first time implementation costs, and USD 1.7 million reassessed real estate transfer tax related to the 2011 acquisition.

(6.4) Restructuring expenses

As part of a strategic repositioning of the global Rubber footprint in 2016 a shift of production and capacities from lower margin standard grades towards higher specialized technical rubber products providing higher margins commenced. This strategic realignment of the Rubber segment is an essential transition which requires complementary actions. As a first step the Company's German operating subsidiary terminated with effect as of December 31, 2016, the Contract Manufacturing Agreement then in place between the Company's German operating subsidiary and the Company's French subsidiary, Orion Engineered Carbons SAS ("OEC SAS"), which has a plant in Ambès with a maximum capacity of mostly standard rubber grades of 50 kmt per year. Consequently, the management of OEC SAS concluded consultations with the local Works Council at this facility to implement a restructuring and down staffing with a cessation of production at the site by the end of 2016. Expenses relating to this restructuring activity of USD 31.3 million were recognized in 2016, of which cash relevant costs amounted to USD 17.7 million and non-cash items totaled USD13.6 million. Cash relevant costs primarily composed of personnel related expenses of USD 6.8 million, USD 5.2 million demolition and removal related costs and USD 4.0 million ground remediation costs. The non-cash items mainly composed of impairments of fixed assets of USD 11.5 million. Impairment charges related to the property, plant and equipment of OEC SAS were calculated based on an estimated recoverable amount of zero and are fully charged to the Rubber Carbon Black segment. The recoverable amount was determined based on the expectation that any potential sale would result in minimal proceeds. In 2017 further actions were taken with respect to the repositioning of the global Rubber footprint. In particular the consolidation of the two Korean plants and the overall transfer of production to the Yeosu facility commenced and evaluated certain initiatives in the USA.

(6.5) Finance income and costs

	In USD k		
	2017	2016	2015
Income from exchange differences	43,007	27,092	17,622
Other interest income	824	740	2,146
Income from commodity hedging activities	456	1	—
Finance income	**44,287**	**27,833**	**19,768**
Interest expenses from loans	(22,813)	(32,971)	(40,349)
Amortisation of transaction costs	(4,122)	(4,175)	(5,298)
Expenses from exchange differences	(49,241)	(25,533)	(30,442)
Other interest expenses	(4,298)	(3,261)	(3,699)
Net interest cost from pensions	(1,723)	(1,706)	(1,653)
Interest expenses from the unwinding of discounts on other provisions	(242)	(112)	(100)
Expenses from commodity hedging activities	(438)	—	—
Other finance expenses	(2,778)	(1,409)	(326)
Finance costs	**(85,655)**	**(69,167)**	**(81,867)**
Financial result without share of profit or loss from joint ventures	**(41,368)**	**(41,334)**	**(62,099)**

Expenses for loans include:

	In USD k		
	2017	2016	2015
Interest on term loans	(22,813)	(32,971)	(40,349)
Commitment fee for the revolving facility	(1,434)	(1,369)	(1,653)
Total expenses from loans	**(24,247)**	**(34,340)**	**(42,002)**

(6.6) Income taxes

Income tax expense is as follows:

	In USD k		
	2017	2016	2015
Current income taxes	(27,181)	(20,717)	(23,845)
(thereof income taxes attributable to the prior year)	1,962	805	7,318
Deferred taxes	4,111	(4,736)	(2,359)
(thereof on temporary differences)	1,361	(3,674)	8,793
Total net tax expenses from continuing activities	**(23,070)**	**(25,453)**	**(26,204)**
Tax expense recognized directly in equity	**(5,680)**	**6,517**	**4,297**

A corporate income tax rate of 15% was used to calculate the current and deferred taxes for the German entities. A solidarity surcharge of 0.825% (calculated as 5.5% on the corporate income tax rate) and a trade tax rate of 16.18%, for the years ended December 31, 2017, 2016 and 2015 respectively were also taken into account in the calculation. As a result, the overall tax rate for the German entities was 32.00%, for the years ended December 31, 2017, 2016 and 2015 respectively. The current and deferred taxes for the non-German entities were calculated using their respective country-specific tax rates.

The following tax reconciliation shows the difference between the expected income taxes using the German overall tax rate of 32.00% and the effective income taxes in the income statement, for the years ended December 31, 2017, 2016 and 2015, respectively.

	In USD k		
	2017	2016	2015
Profit or (loss) before income taxes	**98,332**	**74,686**	**74,259**
Expected income tax expense/(benefit) thereon	31,466	23,899	23,763
Tax rate differential	(2,249)	(5,201)	(4,662)
Change in valuation allowance on deferred tax assets and for movement in tax loss carryforwards without recognition of deferred taxes	(3,689)	1,740	9,775
Change in the tax rate and tax laws	(9,543)	(75)	29
Income taxes for prior years	561	32	501
Tax on non-deductible interest expenses	1,522	1,711	2,287
Taxes on other non-deductible expenses, and non-deductible taxes	6,216	5,144	6,961
Effects of changes in permanent differences	(879)	151	38
Tax effect on tax-free income	(1,033)	(1,263)	(2,846)
Tax effect on profit or loss from investments accounted for using the equity method	–	—	(177)
Other tax effects	698	(685)	(9,464)
Effective income taxes as reported in the income statement expense	**23,070**	**25,453**	**26,204**
Effective tax rate in %	23.46%	34.08%	35.29%

Change in the tax rate and tax laws in an amount of USD 8,820k are related to the effect of the U.S. tax reform reducing the corporate income tax rate from 35% to 21% in the USA. In addition USD 504k were recorded directly through other comprehensive income applying the backward tracing provisions of IAS 12. As a result the net deferred tax liabilities for the US entities are now based on the new tax rate of 21%.

Other tax effects for the year ended December 31, 2015 include a benefit of USD (5,192k) for reversal of accrued interest and currency effects related to an internal debt/equity swap in Brazil that took place in July 2015, but with an effective date for

IFRS as of Jan 1, 2015. Also included is an additional benefit of USD (6,555k) related to the restructuring of Orion Engineered Carbons Ltda., Brazil and subsequent Check-the-Box election to be treated as a disregarded entity for U.S. tax purposes.

(6.7) Additional income statement information

Personnel expenses were recognized as follows:

	In USD k		
	2017	2016	2015
Wages and salaries	128,085	123,561	118,924
Social security costs	12,770	12,750	12,301
Pension expenses	6,374	5,202	6,211
Other personnel expenses	23,690	17,802	13,792
Total	**170,919**	**159,315**	**151,228**

(6.8) Share-based payments

On July 31, 2015 the Company initiated the first LTIP providing for the grant of PSUs to employees and officers selected by the Compensation Committee of the Board of Directors (the "Compensation Committee"). PSU awards will be earned based on achievement against one or more performance metrics established by the Compensation Committee in respect of a specified performance period. Earned PSUs will range from zero to a specified maximum percentage of a participant's target award based on the performance of applicable performance metrics, and will also be subject to vesting terms based on continued employment. The first performance period will run from January 1, 2015 through December 31, 2017, with PSUs earned to be based on achievement of EBITDA metrics established by the Compensation Committee and total shareholder return relative to a peer group. Once earned and vested, PSUs will be settled in one share of Company common stock per vested PSU (or, at the Company's election, cash equal to the fair market value thereof). The first vesting period will run through March 31, 2018 (the "2015 Plan"). All PSUs are granted under, and are subject to the terms and conditions of, the Company's 2014 Omnibus Incentive Compensation Plan, and do not increase the number of shares previously reserved for issuance under that plan. On August 2, 2016 the Compensation Committee established a consecutive LTIP (the"2016 Plan") having consistent terms as compared to the 2015 Plan. On July 31, 2017 the Compensation Committee established a consecutive LTIP (the "2017 Plan") having consistent terms as compared to the 2015 and 2016 Plan.

The following table provides detail as to expenses recorded within the profit and loss with respect to the LTIP.

	USD k		
	2017	2016	2015
Expense arising from equity-settled share based payment transactions (2015 Plan)	2,736	2,370	1,000
Expense arising from equity-settled share based payment transactions (2016 Plan)	4,053	1,588	—
Expense arising from equity-settled share based payment transactions (2017 Plan)	2,046	—	—
Total expenses	**8,835**	**3,958**	**1,000**

The following table illustrates the number of, and movements in, PSUs during the year.

	Number of PSUs		
	2017	2016	2015
	Total	Total	Total
Outstanding at January 1,	1,145,238	463,830	—
Granted during the period	474,660	690,279	491,835
Forfeited during the period	(9,004)	(8,871)	(28,005)
Settled during the period	—	—	—
Outstanding at December 31,	**1,610,894**	**1,145,238**	**463,830**

The following table lists the inputs to the model used for calculating the grant date fair value under the 2015 and 2016 Plan:

	2015 Plan	2016 Plan	2017 Plan
Dividend Yield (%)	2.14%	2.23%	1.88%
Expected Volatility OEC (%)	25.16%	32.07%	33.77%
Expected Volatility Peer Group (%)	13.90%	18.12%	17.30%
Correlation	0.5234	0.4952	0.4574
Risk-free interest rate (%)	0.90%	0.76%	1.45%
Model used	Monte Carlo	Monte Carlo	Monte Carlo
Weighted average fair value of PSUs granted in USD	17.41	17.21	24.89

(6.9) Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares arising from exercising all dilutive ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	2017	2016	2015
Profit for the period - attributable to ordinary equity holders of the parent (in USD k)	75,262	49,233	48,055
Weighted average number of ordinary shares (in thousands of shares)	59,320	59,353	59,635
Basic EPS (in USD per share)	**1.27**	**0.83**	**0.81**
dilutive effect of share based payments (in thousands of shares)	1,354	801	195
Weighted average number of diluted ordinary shares (in thousands of shares)	60,674	60,154	59,830
Diluted EPS (in USD per share)	**1.24**	**0.82**	**0.80**

The weighted average number of shares for 2017 and 2015 were constant over the year. For 2016 the weighted average number of shares was determined by the weighted average number of shares taking into account the weighted average effect of the repurchase of treasury shares. The dilutive effect of the share-based payment transaction is the weighted number of shares considering the grant date and forfeitures during the respective fiscal years.

(7) Notes to the statement of financial position

(7.1) Goodwill and other intangible assets

Intangible assets developed as follows:

	In USD k					
Cost	Goodwill	Developed Technology and Patents	Customer Relationships	Trademarks	Other intangible assets	Total
As at January 1, 2016	**52,815**	**60,858**	**70,298**	**18,726**	**43,969**	**246,666**
Currency translation	(1,679)	(1,933)	(1,989)	(595)	(445)	(6,641)
Additions	—	—	—	—	2,958	2,958
Disposals	—	—	—	—	(12)	(12)
As at December 31, 2016	**51,136**	**58,925**	**68,309**	**18,131**	**46,470**	**242,971**
As at January 1, 2017	**51,136**	**58,925**	**68,309**	**18,131**	**46,470**	**242,971**
Currency translation	7,044	8,143	8,892	2,497	1,753	28,329
Additions	—	441	—	—	714	1,155
Disposals	—	—	—	—	(75)	(75)
As at December 31, 2017	**58,180**	**67,509**	**77,201**	**20,628**	**48,862**	**272,380**

	In USD k					
Amortization	Goodwill	Developed Technology and Patents	Customer Relationships	Trademarks	Other intangible assets	Total
As at January 1, 2016	**—**	**17,921**	**37,840**	**5,515**	**29,363**	**90,639**
Currency translation	—	(766)	(1,554)	(236)	(373)	(2,929)
Amortization Expense	—	4,125	8,043	1,270	8,502	21,940
Impairment Segment Restructruing	—	—	—	—	(7)	(7)
Disposals	—	—	—	—	(12)	(12)
As at December 31, 2016	**—**	**21,280**	**44,329**	**6,549**	**37,473**	**109,631**
As at January 1, 2017	**—**	**21,280**	**44,329**	**6,549**	**37,473**	**109,631**
Currency translation	—	3,191	6,562	982	1,819	12,554
Amortization Expense	—	4,210	7,890	1,296	7,972	21,368
Disposals	—	—	—	—	(75)	(75)
As at December 31, 2017	**—**	**28,681**	**58,781**	**8,827**	**47,189**	**143,478**

	In USD k					
Net carrying value	Goodwill	Developed Technology and Patents	Customer Relationships	Trademarks	Other intangible assets	Total
As at December 31, 2016	**51,136**	**37,645**	**23,981**	**11,582**	**8,997**	**133,340**
As at December 31, 2017	**58,180**	**38,828**	**18,420**	**11,801**	**1,673**	**128,902**

Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill acquired through business combinations has been allocated to the two groups of CGUs below for all periods presented, which are also operating and reportable segments for impairment testing:

- Rubber
- Specialties

Carrying amount of goodwill allocated to each of the groups of CGUs

Rubber USD 33,037k as at December 31, 2017 (2016: USD 29,037k)

Specialties USD 25,143k as at December 31, 2017 (2016: USD 22,089k)

The Group performs its annual impairment test in the fourth quarter based on September 30 actual results.

A comparison of each group of cash-generating units' carrying amount with their recoverable amount did not result in impairment.

- Rubber

The recoverable amount of the Rubber group of CGUs has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The post-tax discount rate applied to post-tax cash flow projections is 8.29% (2016: 8.4%) and cash flows beyond the five-year period are extrapolated using a 1.1% growth rate (2016: 1.15%). As a result of this analysis, there was no impairment charged against goodwill in 2017, 2016 or 2015.

- Specialties

The recoverable amount of the Specialties group of CGUs has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The post-tax discount rate applied to the post-tax cash flow projections is 10.17% (2016: 8.47%). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 1.1% (2016: 1.15%). As a result of this analysis, there was no impairment charged against goodwill in 2017, 2016 or 2015.

Key assumptions used in value in use calculations

The calculation of value in use for both Rubber and Specialties is most sensitive to the following assumptions:

- EBITDA
- Discount rates

EBITDA - the EBITDA applied are based on the projections from financial budgets approved by senior management covering a five-year period.

Discount rates - Discount rates represent the current market assessment of the risks specific to each group of CGUs, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity and other factors derived from a peer group. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

With regard to the assessment of the value in use of the groups of CGUs to which goodwill is allocated, management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the groups of CGUs to materially exceed their recoverable amounts.

Technology and patents (including capitalized development costs), customer relationships, trademarks and other intangible assets mainly include assets with a remaining useful lifetime of 2.5 years (customer relationships with historical cost totaling USD 77,201k) and 9.5 years (know-how, production technologies and patents with historical cost totaling USD 67,509k and trademarks with historical cost totaling USD 20,628k).

(7.2) Property, plant and equipment

Property, plant and equipment developed as follows:

	In USD k					
Cost	Land	Land rights and buildings	Plant and machinery	Other equipment, furniture and fixtures	Prepayments and constructions in progress	Total
As at January 1, 2016	**45,808**	**88,021**	**467,843**	**20,229**	**35,864**	**657,765**
Currency translation	(637)	1,474	(2,795)	(412)	159	(2,211)
Additions	244	1,083	36,544	2,701	23,369	63,941
Disposals	—	(254)	(2,668)	(248)	(609)	(3,779)
Reclassifications	299	(530)	24,480	773	(25,022)	—
As at December 31, 2016	**45,714**	**89,794**	**523,404**	**23,043**	**33,761**	**715,716**
As at January 1, 2017	**45,714**	**89,794**	**523,404**	**23,043**	**33,761**	**715,716**
Currency translation	4,726	7,004	43,901	2,562	3,659	61,852
Additions	7	2,448	64,608	1,881	29,414	98,358
Disposals	(117)	(815)	(9,678)	(2,266)	(202)	(13,078)
Reclassifications	168	695	17,821	1,436	(20,120)	—
As at December 31, 2017	**50,498**	**99,126**	**640,056**	**26,656**	**46,512**	**862,848**

	In USD k					
Depreciation	Land	Land rights and buildings	Plant and machinery	Other equipment, furniture and fixtures	Prepayments and constructions in progress	Total
As at January 1, 2016	**—**	**23,979**	**200,765**	**12,939**	**—**	**237,683**
Currency translation	(30)	269	(3,990)	(330)	—	(4,081)
Depreciation expense	—	5,166	56,985	2,779	—	64,930
Impairment Segment Restructuring	500	1,241	9,582	192	23	11,538
Disposals	—	(343)	(2,463)	(250)	—	(3,056)
As at December 31, 2016	**470**	**30,312**	**260,879**	**15,330**	**23**	**307,014**
As at January 1, 2017	**470**	**30,312**	**260,879**	**15,330**	**23**	**307,014**
Currency translation	65	3,016	24,282	1,698	—	29,061
Depreciation expense	—	6,573	66,890	3,394	—	76,857
Reversal of Impairment Segment Restructuring	—	—	(1,151)	—	—	(1,151)
Disposals	—	(399)	(8,409)	(2,255)	—	(11,063)
Reclassifications	—	(3)	23	(20)	—	—
As at December 31, 2017	**535**	**39,499**	**342,514**	**18,147**	**23**	**400,718**

	In USD k					
Carrying amount	Land	Land rights and buildings	Plant and machinery	Other equipment, furniture and fixtures	Prepayments and constructions in progress	Total
As at December 31, 2016	**45,244**	**59,482**	**262,525**	**7,713**	**33,739**	**408,703**
As at December 31, 2017	**49,963**	**59,627**	**297,542**	**8,509**	**46,489**	**462,129**

The expected remaining depreciation per useful life range of the existing assets as at December 31, 2017 is as follows:

	In USD k				
Depreciation per useful life range	0-5 years	6-10 years	11-20 years	21 years and beyond	Total
Land rights and buildings	24,354	15,507	13,080	6,686	59,627
Plant and machinery	203,742	75,387	18,413	—	297,542
Other equipment, furniture and fixtures	7,265	1,141	103	—	8,509

(7.3) Trade receivables, other financial assets

	In USD k					
	As at Dec 31,					
	2017			2016		
	Total	Thereof current	Thereof non-current	Total	Thereof current	Thereof non-current
Trade receivables	**234,273**	**234,273**	—	**200,809**	**200,809**	—
Receivables from hedges/ derivatives	3,554	907	2,647	2,979	1,686	1,293
Loans	689	—	689	1,430	625	805
Miscellaneous financial assets	3,211	2,983	228	3,436	3,238	198
Other financial assets	**7,454**	**3,890**	**3,564**	**7,845**	**5,549**	**2,296**
Total	**241,727**	**238,163**	**3,564**	**208,654**	**206,358**	**2,296**

Cash and cash equivalents which are also financial assets are presented under note (7.6) Cash and cash equivalents.

(a) Trade receivables

The aging of trade receivables is as follows:

	In USD k	
	As at Dec 31,	
	2017	2016
Impaired receivables, net	**5,221**	**2,632**
Gross amount (before impairment losses and allowances)	10,441	10,302
Impairment provision (including allowances)	5,220	7,670
Unimpaired receivables	**229,052**	**198,177**
Not due	214,732	183,120
Past due by		
Up to 3 months	13,763	14,639
3 to 6 months	473	158
6 to 9 months	44	74
9 to 12 months	5	56
More than 1 year	35	130
Total	**234,273**	**200,809**

See below for the movements in the provision for impairment of receivables:

	In USD k	
	2017	2016
As at January 1,	**7,670**	**6,330**
Addition	4,270	5,075
Utilization	(768)	(31)
Unused amounts reversed	(6,480)	(3,430)
Currency translation	528	(274)
As at December 31,	**5,220**	**7,670**

(b) Receivables from derivatives/hedges

On August 28, 2014, September 2, 2014 and November 10, 2017 the Group acquired interest rate caps to hedge interest rate risk on current term loan financing. These interest rate caps were measured at fair value as at December 31, 2017 of USD

2,647k (prior year: USD 1,077k). In 2017 the Group has entered into commodity derivative agreements to hedge the impact of raw material price fluctuations on cost of sales for specific sales. As of December 31, 2017 commodity derivatives accounted for receivables from derivatives of USD 237k (prior year: USD 1,400k). USD 670k of receivables from derivatives relates to the fair value of current foreign currency derivatives (prior year: USD 286k) and fair value of combined interest rate and foreign currency derivatives. The amounts of USD 670k and USD 237k reflect the current portion, USD 2,647k are non-current.

(c) Loans

The loans are neither due nor impaired.

(7.4) Inventories

	In USD k	
	As at Dec 31,	
	2017	2016
Raw materials, consumables and supplies	64,147	57,653
Work in process	11	36
Finished goods and merchandise	95,176	62,848
Total	**159,334**	**120,537**

In the periods ending December 31, 2017, 2016 and 2015 USD 2,714k, USD 4,382k and USD 1,801k, respectively, were recognized as an expense for damaged, obsolete and lost inventories.

In fiscal years 2017 and 2016, impairment losses were recognized on raw materials, consumables and supplies, merchandise and on finished goods. Impairment allowance on inventories as of December 31, 2017 and December 31, 2016 amounted to USD 1,717k and USD 4,436k, respectively, and developed as following:

	In USD k	
	2017	2016
As at January 1,	4,436	3,700
currency translation	417	(160)
Addition	1,618	4,621
Utilization	(3,986)	(3,634)
Release	(768)	(92)
As at December 31,	**1,717**	**4,436**

(7.5) Other assets

	In USD k			In USD k		
	As at Dec 31,			As at Dec 31,		
	2017			2016		
	Total	Thereof current	There of non-current	Total	Thereof current	There of non-current
Miscellaneous other receivables	**33,876**	33,632	244	**23,058**	22,052	1,006
Prepaid expenses	**5,045**	1,406	3,639	**3,129**	1,122	2,007
Total	**38,921**	35,038	3,883	**26,187**	23,174	3,013

Miscellaneous other receivables in the financial year are mainly related to VAT (USD 17,710k and USD 8,789k as at December 31, 2017 and 2016, respectively), advance payments (USD 5,457k and USD 7,370k as at December 31, 2017 and 2016, respectively) and guarantee deposits (USD 1,661k and USD 1,747k as at December 31, 2017 and 2016, respectively).

Prepaid expenses mainly include other unamortized transaction costs of USD 3,299k and USD 1,499k as at December 31, 2017 and 2016, respectively (of which USD 2,639k and USD 919k, respectively, is non-current) incurred in connection with the revolving credit facility that has not been utilized by the respective reporting dates (see note (7.10)(b) Revolving credit facility for further information on transaction costs in connection with the refinancing on July 25, 2014).

(7.6) Cash and cash equivalents

The cash and cash equivalents as of December 31, 2017 and 2016 of USD 72,284k and USD 77,906k, respectively, include bank balances and cash on hand of USD 71,536k and USD 77,893k and checks of USD 748k and USD 13k.

(7.7) Equity

(a) Subscribed capital

The Company's fully paid-in subscribed capital, which is denominated in Euro, as at December 31, 2017 amounted to EUR 59,635k, represented by 59,320,214 shares held in total by public shareholders, except for 314,912 shares held in treasury by Orion Engineered Carbons S.A. The subscribed capital is presented in US-Dollar and amounted to USD 83,770k for each period and is based on historical EUR/USD conversion rates.

Since July 28, 2014, the Company's authorized unissued share capital is Euro 29,818k consisting of 29,817,500 common shares with no par value. During a period of five years the Board of Directors is authorized to issue common shares, to grant options to subscribe for common shares (see also (6.8) Share-based payments) and to issue any other instruments convertible into common shares within the limit of authorized capital.

(b) Treasury Shares

On January 15, 2016, the Company adopted a share repurchase plan. The board of directors of the Company authorized the repurchase of up to US-Dollar 20 million worth of shares of Orion's issued and outstanding common shares.

The following table sets forth the numbers and average prices of the shares repurchased during the year ended December 31, 2016:

Period	Total Number of Shares Purchased	Average Price Paid per Share in US-Dollar	Maximum approximate Dollar Value of shares that may yet be purchased under the Program as of December 31, 2016
January 1, 2016 - January 31, 2016	104,438	$11.1647	$18,833,978
February 1, 2016 - February 29, 2016	199,874	$12.3170	$16,372,123
March 1, 2016 - March 31, 2016	10,600	$12.9293	$16,235,072
April 1, 2016 - December, 2016	0	$0.0000	$16,235,072
Total	**314,912**	**$11.9555**	**$16,235,072**

The US-Dollar-equivalent of shares repurchased during the year 2016 is USD 3,415k.

(c) Reserves

The capital reserves include the effects from the contribution in kind of EUR 196,357k (USD 264,532) in conjunction with the IPO. Furthermore, the equity-settled share-based payments at a total accumulated amount of USD 13,793k, USD 4,958k and USD 1,000k are recognised in the capital reserve as of December 31, 2017, 2016 and 2015. Refer to note (6.8) Share based payments for further details of the plan.

In the year ended December 31, 2015, the Group paid interim cash dividends of USD 0.74 per common share, equivalent to a total distribution of USD 44,291k in quarterly installments of USD 10,830k, USD 11,279k, USD11,312k, and USD 10,870k respectively , subsequently ratified in the annual general meeting in 2016.

In the year ended December 31, 2016, the Group paid interim cash dividends of USD 0.74 per common share, equivalent to a total distribution of USD 44,131k in quarterly installments of USD 11,273k USD 11,174k, USD11,238k, and USD 10,446k respectively, subsequently ratified in the annual general meeting in 2017.

In the year ended December 31, 2017, the Group paid interim cash dividends of USD 0.77 per common share, equivalent to a total distribution of USD 45,705k in quarterly installments of USD 10,786k USD 11,169k, USD11,905k, and USD 11,845k respectively.

The accumulated other reserves include gains and losses that are recognized directly in equity rather than in profit or loss. The reserve for hedges of a net investment in foreign operation includes net gains and losses from the change in the fair value of the effective portion of the hedge in investment in foreign operation. The foreign currency translation reserve includes accumulated translation differences from consolidation of financial statements of our subsidiaries that have a foreign functional currency.

(7.8) Pension provisions and post-retirement benefits

Provisions for pensions are established to cover benefit plans for retirement, disability and surviving dependents' pensions. The benefit obligations vary depending on the legal, tax and economic circumstances in the various countries in which the Group companies operate. Generally, the level of benefit depends on the length of service and the remuneration.

In 2017, Germany accounted for approximately 89% (89% in 2016) of provisions for defined benefit pension obligations. There are also defined contribution pension plans in Germany and the United States for which our Group companies make regular contributions to off-balance sheet pension funds managed by third party insurance companies.

In South Korea, the company's pension plan provides, at the option of employees for either defined benefit or defined contribution benefits. Plan assets relating to this plan reduce pension provision disclosed.

In 2017 and 2016, pension provisions developed as follows:

	In USD k	
	2017	2016
At the beginning of the period	**57,697**	**48,985**
Actuarial gain through other comprehensive income	3,581	10,489
Less currency translation effect on actuarial reserve	(4,251)	1,215
Net pension expense	2,460	256
Net (contribution)/return into/from plan assets	509	(974)
Net benefits paid	(2,414)	(915)
Exchange difference	7,808	(1,359)
Pension provisions at the end of the period	**65,390**	**57,697**

The weighted averages in the table below were used in the actuarial valuation of the assumptions underlying the obligations:

Assumptions	As at Dec 31,	
	2017	2016
Discount rate	1.90%	1.90%
Mortality	Heubeck Richttafeln 2005G	Heubeck Richttafeln 2005G
Future pension increase	1.5%	1.5%

A quantitative sensitivity analysis for the significant assumptions as at December 31, 2017 is shown below:

	In USD k				
	As at Dec 31,				
	2017				
	Discount Rate		Pension Trend		Mortality
Sensitivity level	1.40%	2.40%	1.00%	2.00%	+ 2 Years
Impact on defined benefit obligation	(6,614)	5,698	8,610	(9,512)	(4,130)

A quantitative sensitivity analysis for the significant assumptions as at December 31, 2016 is shown below:

	In USD k				
	As at Dec 31,				
	2016				
	Discount Rate		Pension Trend		Mortality
Sensitivity level	1.40%	2.40%	1.00%	2.00%	+ 2 Years
Impact on defined benefit obligation	(6,017)	5,161	7,330	(8,132)	(3,621)

The present value of the defined benefit obligation developed as follows:

	In USD k	
	2017	2016
Present value of defined benefit obligation at the beginning of the period	**64,700**	**54,909**
Actuarial (gain)/ loss	(747)	11,671
Current service cost	772	788
Interest cost	1,723	1,706
Benefits paid	(2,414)	(915)
Other adjustments	145	(2,087)
Currency translation	8,685	(1,372)
Present value of defined benefit obligation at the end of the period	**72,864**	**64,700**

Based on the weighted Macaulay method the defined benefit obligation has maturity respectively duration of 21.2 (prior year: 21.9 years).

The fair value of plan assets developed as follows:

	In USD k	
	2017	2016
Fair value of plan assets at the beginning of the period	**7,003**	**5,924**
Expected return on plan assets	180	151
Employer contributions	1,003	1,114
Employee contributions	—	55
Actuarial gain/(loss)	(77)	(33)
Benefits paid	(1,512)	(195)
Currency translation	877	(13)
Fair value of plan assets	**7,474**	**7,003**

The plan assets are held by Orion Engineered Carbons Co. Ltd. Korea, Bupyeong-gu, South Korea, and relate to qualifying insurance policies. These insurance policies do not have a quoted market price. The actual return on plan assets amounted to USD 103k and USD 118k for the years ended December 31, 2017 and 2016, respectively.

Financing as at December 31, 2017 and 2016 was as follows:

	In USD k	
	As at Dec 31,	
	2017	2016
Defined benefit obligation	72,864	64,700
Fair value of plan assets	(7,474)	(7,003)
Pension provision	**65,390**	**57,697**

The total pension expense for continuing operations breaks down as follows:

	In USD k		
	2017	2016	2015
Current service cost	772	788	848
Interest expense	1,723	1,706	1,653
Return on plan assets	(180)	(151)	(178)
Past service cost/(income) and other adjustments	145	(2,087)	(1,388)
Net pension expense/(income)	**2,460**	**256**	**935**

Effective at the end of 2013, all defined benefit plans in Germany were modified to close access to new participants and freeze benefits accrued under these plans at December 31, 2013 levels. Interest expense on the frozen obligation relating to these plans will continue to accrue. Due to minor contractual amendments (either individually or collectively) OEC benefited in terms of past service costs. In addition one program during the year ended December 31, 2016 ceased due to the closure of our Ambès (France) plant.

The interest cost and return on plan assets is shown in the finance result, see note (6.5) Finance income and costs. The other amounts are recorded as personnel expenses (pension expenses) in the functional areas. The expected pension contributions for 2018 amount to USD 1,999k. The weighted average term of the pension obligation is 21.2 years (prior year: 21.9 years).

The Group paid USD 12,803k, USD 12,754k and USD 12,344k for the years ended December 31, 2017, 2016 and 2015 for state defined contribution pension schemes (statutory pension insurance) in Germany and other countries. This amount is also recognized as personnel expenses (social security costs).

(7.9) Other provisions

	In USD k					
	As at Dec 31,					
	2017			2016		
	Total	Thereof current	Thereof non-current	Total	Thereof current	Thereof non-current
Personnel provisions	**38,143**	28,549	9,594	**36,044**	25,960	10,084
Provisions for sales and procurement	**3,384**	3,384	—	**2,898**	2,898	—
Provisions for environmental protection measures	**1,967**	517	1,450	**1,777**	534	1,243
Provisions for restoration	**2,300**	— —	2,300	**3,163**	—	3,163
Restructuring provision related to Rubber footprint	**8,717**	8,717	—	**16,675**	16,675	—
Other provisions	**18,304**	18,304	—	**17,238**	17,238	—
Total	**72,815**	**59,471**	**13,344**	**77,795**	**63,305**	**14,490**

Personnel provisions are recognized for a number of different contingencies. These include management bonuses and variable compensation, statutory phased retirement arrangements and other company early retirement agreements, accrued vacation and other outstanding overtime obligations. The majority of the provisions will be utilized within five years.

Provisions for sales and procurement mainly relate to guarantee obligations, outstanding sales commissions, price reductions such as discounts and bonuses, purchased goods and services not yet invoiced. All the provisions will be utilized within the subsequent year.

Provisions for restoration and environmental protection measures are mandatory due to agreements, laws and requirements imposed by authorities. They include soil treatment, water protection, landfill restoration and soil decontamination obligations. The majority of these provisions will be utilized on a long-term basis after more than five years.

Provisions related to Rubber footprint restructuring include severances, demolition, site remediation and securing expenses, as further described in notes (6.4) Restructuring expenses .

The provision for other obligations relates to product liability and patent, tax, anti-trust, legal and advisory services and similar accrued obligations.

The Company does not anticipate any reimbursements related to the provisions recorded.

Other provisions as at December 31, 2017 and 2016 developed as follows:

	In USD k						
	Personnel provisions	Provisions for sales and procure-ment	Provisions for environ-mental protection measures	Provisions for restoration	Restructuring provision related to Rubber footprint	Other provisions	Total
As at Dec 31, 2016	**36,044**	**2,898**	**1,777**	**3,163**	**16,675**	**17,238**	**77,795**
Currency translation	3,583	261	248	(84)	1,594	1,460	7,062
Additions	24,006	3,162	138	—	2,368	8,603	38,277
Utilization	(25,311)	(2,934)	(288)	(825)	(11,919)	(7,792)	(49,069)
Reversals	(280)	(5)	(1)	—	—	(1,204)	(1,490)
Unwinding of the discount/change in interest rate	102	—	94	45	—	—	241
As at Dec 31, 2017	**38,143**	**3,384**	**1,967**	**2,300**	**8,717**	**18,304**	**72,815**

	In USD k						
	Personnel provisions	Provisions for sales and procure-ment	Provisions for environ-mental protection measures	Provisions for restoration	Restructuring provision related to Rubber footprint	Other provisions	Total
As at Dec 31, 2015	**38,734**	**2,907**	**1,841**	**3,343**	**—**	**11,435**	**58,260**
Currency translation	(887)	8	(62)	8	(1,063)	305	(1,691)
Additions	24,014	3,103	108	176	17,894	13,810	59,105
Utilization	(25,823)	(3,056)	(111)	(364)	(156)	(7,735)	(37,245)
Reversals	(147)	(63)	—	—	—	(577)	(787)
Unwinding of the discount/change in interest rate	153	—	—	—	—	—	153
As at Dec 31, 2016	**36,044**	**2,898**	**1,777**	**3,163**	**16,675**	**17,238**	**77,795**

(7.10) Trade payables, other financial liabilities

	In USD k					
	As at Dec 31,					
	2017			2016		
	Total	Thereof current	Thereof non-current	Total	Thereof current	Thereof non-current
Term Loan	**669,891**	6,004	663,887	**651,496**	4,771	646,725
Local bank loans	**12,512**	18	12,494	—	—	—
Liabilities from derivatives	**5,193**	929	4,264	**910**	910	—
Other financial liabilities	**116**	62	54	**212**	79	133
Total financial liabilities	**687,712**	**7,013**	**680,699**	**652,618**	**5,760**	**646,858**
Trade payables	169,624	169,624	—	**129,563**	129,563	—
Total	**857,336**	**176,637**	**680,699**	**782,181**	**135,323**	**646,858**

(a) Term Loans

On July 25, 2014, Orion entered into a refinancing of its indebtedness. Orion entered into its current USD-equivalent 895m credit facility term loan (term loan liability denominated in USD: 358m, term loan liability denominated in EUR: 399m) with an original maturity date of July 25, 2021 (the “Term Loans”). Interest is calculated based on 3-M-EURIBOR (for EUR denominated loan), or 3-M-USD-LIBOR (for USD denominated loan) plus a 3.75%-4.00% margin (depending on leverage ratio). For both EURIBOR and USD-LIBOR a floor of 1.0% applied. At least 1% of the principal amount is required to be repaid per annum; Orion may make additional voluntary repayments. On December 30, 2015, a voluntary repayment of EUR 25.0 million and USD 27.0 million was made. Further debt repayments of EUR 20.0 million and USD 22.0 million were made on January 29, 2016 and July 15, 2016 as well as EUR 11.0 million and USD 9.0 million were made on January 23, 2017.

On September 30, 2016 the Company signed an amendment to the credit agreement, dated as of July 25, to reprice its EUR- and USD- denominated outstanding term loans. The repricing resulted in a 100 basis point reduction to interest, from the previous annual interest rate of 4.75% (3.75% margin plus floor of 1.00%) to an annual interest rate of 3.75% (3.00% margin plus floor of 0.75%), and it reduced Orion’s annual cost of debt by approximately USD 6.9 million. Other provisions of this credit agreement remained unchanged.

On May 5, 2017, the Company signed another amendment to the credit agreement, dated as of July 25, 2014 to reprice its EUR- and USD- denominated outstanding term loans. The repricing resulted in a 100 basis point reduction to interest for the EUR denominated loan, from the previous annual interest rate of currently 3.75% (3.00% margin plus 3-M-EURIBOR (minimum floor of 0.75%) to an annual interest rate of currently 2.75% (2.75% margin plus 3-M-EURIBOR (minimum floor of 0.00%)), and in a 50 basis points reduction to interest for the USD denominated loan, from the previous annual interest rate of 3.00% margin plus 3-M-USD-LIBOR (minimum floor of 0.75%)) to an annual interest rate of 2.50% margin plus 3-M-USD-LIBOR (minimum floor of 0.00%). It reduced Orion’s annual cost of debt by approximately USD 5.3 million. Other provisions of this credit agreement remained unchanged.

On November 7, 2017, the company signed an additional amendment to the credit agreement, dated as of July 25, 2014 to reprice its EUR denominated outstanding term loan, and to extend the term of the Term Loans. The repricing resulted in a 25 basis points reduction to interest for the EUR denominated loan, from the previous annual interest rate of currently 2.75% margin plus 3-M-EURIBOR (minimum floor of 0.00%) to an annual interest rate of currently 2.50% margin plus 3-M-EURIBOR (minimum floor of 0.00%). It reduced Orion’s annual cost of debt by approximately USD 1.0 million. The term extension resulted in a new maturity date of July 25, 2024 (previously July 25, 2021). Other provisions of this credit agreement remained unchanged.

Transaction costs incurred directly in connection with the incurrence of the Euro and U.S. Dollar denominated term loans, thereby reducing their carrying amount, are amortized as finance costs over the term of the loans. The transaction costs incurred upon issuance of the Term Loans in 2014 amount to USD 23,404k equivalent. In connection with the repricing described above further transaction costs of USD 3,455k equivalent in 2017 and USD 2,096k equivalent in 2016 were incurred and capitalized. In 2017, an amount of USD 3,931k equivalent related to capitalized transaction costs was amortized and recognized as finance costs in this regard (prior year: USD 3,566k equivalent). In addition an amount of USD 414k was amortized as finance costs due to the voluntary redemption in the first quarter of 2017 (prior year: USD 795k).

The carrying value as at December 31, 2017 includes the nominal amount of the Term Loans plus accrued unpaid interest less deferred transaction costs of USD 14,343k (December 31, 2016: USD 13,200k).

(b) Revolving credit facility

To generally safeguard the Company's liquidity, the Company has entered into revolving credit facilities ("RCF").

As part of the refinancing, on July 25, 2014 the then-existing revolving facility was replaced by a EUR 115m multicurrency revolving credit facility with an original maturity date July 25, 2019. Interest is calculated based on EURIBOR (for EUR drawings), and USD-LIBOR (for USD drawings) plus 2.5%-3.0% margin (depending on leverage ratio). The RCF has not been drawn. Transaction costs in the amount of USD 3,341k originally incurred in connection with the RCF are also recorded as deferred expenses and are amortized as finance costs on a straight-line basis over the term of the facility (until July 25, 2019).

The amendment to the Credit Agreement entered into on May 5, 2017 (i) reduces the commitment fee paid on the unused commitments from 40% of the Applicable Rate (as defined in the Credit Agreement) to 35% of the Applicable Rate, (ii) extends the maturity date for the revolving credit facility to April 25, 2021 and (iii) increases the aggregate amount of revolving credit commitments to €175 million. All other terms of the Credit Agreement remained unchanged.

Additional Transaction costs in conjunction with the RCF in the amount of USD 2,313k incurred in connection with the Amendment to the Credit Agreement are also recorded as deferred expenses and are amortized as finance costs on a straight-line basis over the term of the facility (until April 25, 2021).

During 2017, transaction costs of USD 705k were amortized (prior year: USD 609k). Unamortized transaction costs that were incurred in conjunction with the RCF in July 2014 and the Amendment on May 30, 2017, amount to USD 3,298k as at December 31, 2017 and USD 1,499k as at December 31, 2016.

(c) Liabilities from derivatives/hedges

O n November 14, 2017 the Group acquired floored forward interest rate swaps to hedge interest rate risk on current term loan financing.

(d) Local bank loans

On August 10, 2017, OEC Co. Ltd. in Korea has closed a term loan facility with Hana Bank with an amount of KRW 24 billion and a term of three years to finance the consolidation of our two plants in Korea. The loan is collateralized by real estate and machinery of our plant in Bupyong. As of December 31, 2017 the loan is drawn with an amount of USD 12,512k.

(7.11) Deferred and current taxes

Deferred tax assets	In USD k	
	As at Dec 31,	
	2017	2016
Assets		
Intangible assets	1,204	1,120
Property, plant and equipment	2,312	2,771
Financial assets	7,308	19,787
Inventories	2,121	2,710
Receivables, other assets	2,782	2,092
Liabilities		
Provisions	19,843	19,526
Liabilities	26,579	41,320
Other		
Loss carryforwards	18,957	21,707
Total deferred tax assets	**81,106**	**111,033**
Netting with deferred tax liabilities	(37,560)	(46,781)
Deferred tax assets (net)	**43,546**	**64,252**

Deferred tax liability	In USD k	
	As at Dec 31,	
	2017	2016
Assets		
Intangible assets	820	1,263
Property, plant and equipment	32,784	48,120
Financial assets	6,629	21,397
Receivables, other assets	13,578	15,665
Liabilities		
Provisions	6,808	5,406
Liabilities	2,062	1,898
Total deferred tax liabilities	**62,681**	**93,749**
Netting with deferred tax assets	(37,560)	(46,781)
Deferred tax liabilities (net)	**25,121**	**46,968**
Net deferred tax	**(18,425)**	**(17,284)**

Management assesses the recoverability of deferred tax assets. The assessment depends on future taxable profits being generated during the periods in which tax measurement differences reverse and tax loss carryforwards can be claimed. Orion expects that sufficient taxable income will be available to recover deferred tax assets due to the tax group in place.

As of December 31, 2017 and 2016, certain loss carryforwards were subject to restrictions with respect to the offsetting of losses. No deferred tax assets were recorded on these loss carryforwards if it is not likely that they will be used by future taxable income.

The following tax loss and interest carryforwards were recognized as at December 31, 2017 and 2016 (gross amounts):

	In USD k	
	As at Dec 31,	
	2017	2016
Corporate income tax loss carryforwards	114,551	91,058
Trade tax loss carryforwards	—	42,554
Total	**114,551**	**133,612**

No deferred tax assets were recognized for the following items (gross amounts):

	In USD k	
	As at Dec 31,	
	2017	2016
Deductible temporary differences	34,019	31,744
Corporate income tax loss carryforwards	125,198	162,341
Trade tax loss carryforwards	256	2,481
Interest carryforwards for tax purposes	24,628	18,732
Total	**184,101**	**215,298**

The tax loss carryforwards for which no deferred tax assets were recorded and which do not expire amount to USD 110,601k (prior year: USD 157,931k). USD 4,215k (prior year: USD 6,196k) expires within 1 to 5 years.

USD 10,638k (prior year: USD 694k) expires later than 5 years.

No deferred taxes were recognized on a taxable temporary difference of USD 17,837k (prior year: USD 22,413k) in connection with subsidiaries (IAS 12.39).

Deferred tax liabilities in the USA were reduced by USD 8,820k, deferred tax assets were reduced by USD 429k and taxes within other comprehensive income were reduced by USD 504k mainly reflecting the changes following the U.S. tax reform and the future corporate tax rate of 21%.

(8) Notes to the statement of cash flows

Significant non-cash expenses for the year ended December 31, 2017 mainly consist of unrealized foreign currency gains on our USD Term Loan amounting to USD 14,346k (net of offsetting effects due to the hedge of an net investment in a foreign operation) due to the U.S. Dollar depreciating against the EUR from 0.9487 EUR/USD as at December 31, 2016 to 0.8338 EUR/USD as at December 31, 2017 and amortization of capitalized transaction costs of USD 5,050k . Additions to property, plant and equipment unpaid as at December 31 are reflected in trade payables.

For the year ended December 31, 2016 the unrealized foreign exchange rate losses on the Term Loan amounted to USD 3,475k (net of offsetting effects due to the hedge of an net investment in a foreign operation) due to a increase of EUR foreign exchange rate from 0.9185 EUR/USD as at December 31, 2015 to 0.9487 as at December 31, 2016 . Additionally, amortized capitalized transaction expenses for term loans amounted to USD 4,175k . Additions to property, plant and equipment unpaid as at December 31 are reflected in trade payables.

For the year ended December 31, 2015 the unrealized foreign exchange rate loss on the Term Loan amounted to USD 18,835k (net of offsetting effects due to the hedge of an net investment in a foreign operation) due to a increase of USD foreign exchange rate from 0.8237 EUR/USD as at December 31, 2014 to 0.9185 as at December 31, 2015. Additionally, amortized capitalized transaction expenses for term loans amounted to USD 5,298k . Additions to property, plant and equipment unpaid as at December 31 are reflected in trade payables.

Selected Illustrative Operating and Financial Review and Prospects Information

The following discussion and analysis summarizes the significant factors affecting our results of operations and financial condition during the years ended December 31, 2017, 2016 and 2015, reported, for illustrative purposes, in US-Dollars. The following discussion and analysis should be read in conjunction with the information included under *Item 4. Information on the Company* and *Item 18. Financial Statements* in the Group's Annual Report on form 20-F for the year ended December 31, 2017, filed with the SEC on February 22, 2018. The financial information presented in the following discussion and analysis is unaudited, and does not replace or supersede the actual financial statements of Orion Engineered Carbons, S.A. prepared in Euro and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and filed with the SEC as mentioned above.

Overview

In 2017 , we generated revenue of $ 1,328.3 million on a volume of 1,087.4 kmt, a profit for the period of $ 75.3 million, and Adjusted EBITDA of $ 257.0 million. Adjusted EBITDA for our Specialty Carbon Black segment was $ 145.5 million, and the Segment Adjusted EBITDA Margin was 30.4% . This segment accounted for 36.1% of our total revenue, 56.6% of total Adjusted EBITDA and 24.0% of our volume in kmt in 2017 . Adjusted EBITDA for our Rubber Carbon Black segment was $ 111.5 million, and Segment Adjusted EBITDA Margin was 13.1% . This segment accounted for 63.9% of our total revenue, 43.4% of total Adjusted EBITDA and 76.0% of our total volume in kmt in 2017 .

Key Factors Affecting Our Results of Operations

We believe that certain factors have had, and will continue to have, a material effect on our results of operations and financial condition. As many of these factors are beyond our control and certain of these factors have historically been volatile, past performance will not necessarily be indicative of future performance and it is difficult to predict future performance with any degree of certainty. In addition, important factors that could cause our actual results of operations or financial conditions to differ materially from those expressed or implied below, include, but are not limited to, factors indicated in our Annual Reported report on Form 20-F under " *Item 3. Key Information –D. Risk Factors* ", " *Note Regarding Forward-Looking Statements* " and " *Item 5. Operating and Financial Review and Prospects-Key Factors Affecting Our Results of Operations* " as filed with the SEC on February 22, 2018.

Foreign Currency Exchange Rate Fluctuations

Our results of operations and Net Working Capital are affected by foreign currency exchange rate fluctuations. Our exposure to foreign currencies comes from three main sources: (i) currency translation, when we translate results of our subsidiaries denominated in local functional currencies into U.S. Dollar, (ii) commercial transactions, such as when we contract purchases of our feedstock, which are mostly in U.S. Dollars, at non-U.S.-Dollar entities and (iii) financing transactions, as a large portion of our financial obligations are denominated in U.S. Dollars, some of which are hedged. In 2017 , 40%, 25% and 19% of our revenues were generated by our subsidiaries whose functional currency is the Euro, the U.S. Dollar and the Korean Won respectively, with the remainder in other currencies. Fluctuations in currency exchange rates could require us to reduce our prices to remain competitive in foreign regions. In each case, the relevant income or expense is reported in the respective local currency and translated into U.S. Dollar at the applicable currency exchange rate for inclusion in our consolidated financial information. Therefore, our financial results in any given period are materially affected by fluctuations in the value of the U.S. Dollar relative to other currencies, in particular the Euro and the Korean Won. Our foreign currency transaction exposure is partially offset by costs and expenses incurred by our subsidiaries in their local functional currencies.

The pricing of carbon black oil, our main raw material, is linked to the price of heavy fuel oil and is generally benchmarked against Platts indices of three regions: the U.S. Gulf Coast, Rotterdam and Singapore. Most of our carbon black oil purchase contracts are denominated in U.S. Dollars. Generally, an appreciation of the U.S. Dollar has a negative impact on our results of operations and Net Working Capital, because our raw material purchases in U.S. Dollars may not be fully offset by our ability to pass-through changes in raw material costs to customers and by the translation effect of our results of operations outside the United States.

We manage our foreign currency exchange exposure through the use of derivative instruments to economically hedge on balance sheet foreign currency denominated receivables and payables. Effective as of January 2015, we consider the U.S. Dollar-denominated portion of our indebtedness under the Term Loan economically hedged our investment in our U.S. operations as the Term Loan is entered into by our German entity. As a result, as of the beginning of 2015, we do not use derivative instruments to hedge the U.S. Dollar-denominated portion of our Term Loan. We use customary products to manage other foreign exchange risk, including forward exchange contracts and currency options. We do not generally use foreign exchange hedging for expected exposure, as our expected exposure from sales is largely offset by our expected exposure from purchases.

U.S. Dollar Reporting

We will begin reporting our results in U.S. dollars rather than euros effective with the first quarter of 2018. U.S. dollar reporting could introduce greater volatility into our reported Adjusted EBITDA, net income and EPS, because substantial portions of our revenues and costs are denominated in non-dollar currencies.

Reconciliation of Non-IFRS Financial Measures

We focus on Contribution Margin and Adjusted EBITDA as measures of our operating performance. Contribution Margin and Adjusted EBITDA presented in this Management Discussion and Analysis have not been prepared in accordance with IFRS or the accounting standards of any other jurisdiction. Other companies may use similar non-IFRS financial measures that are calculated differently from the way we calculate these measures. Accordingly, our Contribution Margin and Adjusted EBITDA may not be comparable to similar measures used by other companies and should not be considered in isolation, or construed as substitutes for, revenue, consolidated profit or loss for the period, operating result (EBIT), gross profit and other IFRS measures as indicators of our results of operations in accordance with IFRS.

Contribution Margin and Contribution Margin per Metric Ton (Non-IFRS Financial Measures)

We calculate Contribution Margin by subtracting variable costs (such as raw materials, packaging, utilities and distribution costs) from our revenue. We believe that Contribution Margin is useful because we see this measure as indicating the portion of revenue that is not consumed by such variable costs and therefore contributes to the coverage of all other costs and profits. The following table reconciles Contribution Margin and Contribution Margin per Metric Ton to revenue:

	Year Ended December 31,		
	2017	**2016**	**2015**
	unaudited (in $ million, unless otherwise indicated)		
Revenue [(1)]	1,328.3	1,139.3	1,234.5
Variable costs [(2)]	(803.8)	(620.0)	(747.9)
Contribution Margin	**524.5**	**519.3**	**486.6**
Volume (in kmt)	1,087.4	1,127.9	1,035.2
Contribution Margin per Metric Ton (in $)	**482.4**	**460.5**	**470.1**

(1) Separate line item in IFRS Financial Statements.
(2) Includes costs such as raw materials, packaging, utilities and distribution.

Adjusted EBITDA (Non-IFRS Financial Measure)

We define Adjusted EBITDA as operating result (EBIT) before depreciation and amortization, adjusted for acquisition related expenses, restructuring expenses, consulting fees related to Group strategy, share of profit or loss of joint venture and certain other items. Adjusted EBITDA is defined similarly in our Credit Agreements. Adjusted EBITDA is used by our management to evaluate our operating performance and make decisions regarding allocation of capital because it excludes the effects of items that have less bearing on the performance of our underlying core business.

Our use of Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our financial results as reported under IFRS. Some of these limitations are: (a) although Adjusted EBITDA excludes the impact of depreciation and amortization, the assets being depreciated and amortized may have to be replaced in the future and thus the cost of replacing assets or acquiring new assets, which will affect our operating results over time, is not reflected; (b) Adjusted EBITDA does not reflect interest or certain other costs that we will continue to incur over time and will adversely affect our profit or loss, which is the ultimate measure of our
financial performance and (c) other companies, including companies in our industry, may calculate Adjusted EBITDA or similarly titled measures differently. Because of these and other limitations, Adjusted EBITDA should be considered alongside our other IFRS-based financial performance measures, such as consolidated profit or loss for the period. The following table presents a reconciliation of Adjusted EBITDA to consolidated profit for each of the periods indicated:

	Year Ended December 31,		
	2017	2016	2015
	(in $ million)		
Profit for the period	**75.3**	**49.2**	**48.1**
Income taxes	23.1	25.5	26.2
Profit before income taxes	**98.3**	**74.7**	**74.3**
Add back finance costs, net [4]	41.4	41.3	62.1
Deduction share of profit of joint ventures	(0.5)	(0.5)	(0.5)
Earnings before taxes and finance income/costs (operating result (EBIT))	**139.2**	**115.6**	**135.8**
Add back depreciation, amortization and impairment of intangible assets and property, plant and equipment	97.1	98.4	80.9
EBITDA	**236.2**	**214.0**	**216.7**
Share of profit of joint venture	0.5	0.5	0.5
Restructuring expenses [1]	5.2	19.8	—
Consulting fees related to Group strategy [2]	2.8	2.8	1.6
Long Term Incentive Plan	8.8	4.0	1.0
Other adjustments [3]	3.4	5.7	11.7
Adjusted EBITDA	**257.0**	**246.7**	**231.6**
Thereof Adjusted EBITDA Specialty Carbon Black	*145.5*	*151.5*	*127.5*
Thereof Adjusted EBITDA Rubber Carbon Black	*111.5*	*95.2*	*104.1*

(1) Restructuring expenses for the period ended December 31, 2017 are related to further actions undertaken to realign our worldwide Rubber footprint in particular in Korea and to a lesser extent in the USA. Restructuring expenses for the period ended December 31, 2016 relate to the strategic realignment of the worldwide Rubber footprint, resulting in a decision to cease production by December 31, 2016 of the plant in Ambès, France. These expenses comprise personnel related costs of $ 6.8 million and demolishing, site remediation and securing as well as accrued other expenses for the cessation of $ 12.9 million .

(2) Consulting fees related to the Group strategy include external consulting fees relating to the restructuring of our rubber footprint and associated activities of USD 1.4 million, external consulting fees relating to the Acquisition of USD 0.6 million and other external consulting fees for establishing and implementing our operating, tax and organizational strategies including merger and acquisition strategies.

(3) Other adjustments (from items with less bearing on the underlying performance of the Company's core business) in the period ended December 31, 2017 primarily relate to costs associated with our EPA enforcement action of $2.4 million , costs to remediate damages incurred by hurricane Harvey of $1.4 million and costs associate with the secondary offering of our shares, offset by $1.4 million of reimbursements of reassessed real estate transfer taxes. Other adjustments for the period ended December 31, 2016 primarily relate to cost of $ 4.6 million associated with our EPA enforcement action (including accrued expenses for penalties and mitigation projects). Other adjustments in 2015 mainly include $ 5.6 million costs related to address the EPA enforcement action, in particular to evaluate emission-removal technologies and legal advice, $ 2.0 million Sarbanes-Oxley first time implementation costs, $ 2.0 million OECQ post acquisition-related costs and $ 1.7 million reassessed real estate transfer tax related to the 2011 acquisition.

(4) Finance costs, net consists of finance income and finance costs.

A. Operating Results

2017 Compared to 2016

The table below presents our historical results derived from our consolidated financial statements for the periods indicated.

Income Statement Data	Year Ended December 31,	
	2017	2016
	(in $ million)	
Revenue	1,328.3	1,139.3
Cost of sales	(950.7)	(764.9)
Gross profit	**377.6**	**374.4**
Selling expenses	(130.0)	(126.7)
Research and development costs	(18.2)	(16.1)
General and administrative expenses	(77.5)	(75.8)
Other operating income	5.0	6.3
Other operating expenses	(12.6)	(15.3)
Restructuring expenses	(5.2)	(31.3)
Operating result (EBIT)	**139.2**	**115.6**
Finance costs, net (1)	(41.4)	(41.3)
Share of profit or loss of joint ventures	0.5	0.5
Financial result	**(40.8)**	**(40.9)**
Profit before income taxes	98.3	74.7
Income taxes	(23.1)	(25.5)
Profit for the period	**75.3**	**49.2**

(1) Finance costs, net consists of finance income and finance expenses

Revenue

Revenue increased overall by $ 189 million, or 16.6% , from $ 1,139.3 million ($ 427.0 million in our Specialty Carbon Black segment and $ 712.3 million in our Rubber Carbon Black segment) in 2016 to $ 1,328.3 million ($ 478.9 million in our Specialty Carbon Black segment and $ 849.4 million in our Rubber Carbon Black segment) in 2017 .

This revenue increase was primarily due to contractually indexed sales price increases in our Rubber Carbon Black segment resulting from the pass through of higher feedstock costs to customers with agreements that link price to the cost of feedstock and certain base price increases, offset partly by impacts resulting from a different product mix, by lower volumes and foreign exchange rate translation impacts.

Volume decreased by 40.5 kmt, or 3.6% , from 1,127.9 kmt (241.8 kmt in our Specialty Carbon Black segment and 886.1 kmt in our Rubber Carbon Black segment) in 2016 to 1,087.4 kmt (261.4 kmt in our Specialty Carbon Black segment and 826.0 kmt in our Rubber Carbon Black segment) in 2017 . This decrease is mainly a result of a decrease in volumes sold of rubber carbon black products in all regions except South America and China and as a result of the closure of our Rubber standard grade production capacity in France and the U.S. and the ongoing conversion of capacity in South Korea. The decrease in our rubber carbon black products was partly offset by increased volumes for specialty carbon black products increased in all regions. The decrease in volume contributed a decrease of revenue of 1.1%, or $12.2 million (Volume in our Specialty Carbon Black segment increased and contributed an increase in revenue of 8.2%, or $34.8 million, while decreased volumes in our Rubber Carbon Black segment decreased revenue by 6.6%, or $47.0 million) in 2017 compared to 2016 . The volume related decrease of revenue as well as negative impacts from our product mix of $13.5 million were offset mainly by positive impacts on revenue in 2017 compared to 2016 resulting from oil price changes of 14.9%, or $169.3 million, and increases of certain base prices of 2.0%, or $23.1 million. Foreign exchange translation effects had a positive impact of $22.3 million on our revenues.

Cost of Sales and Gross Profit

Cost of sales increased by $ 185.8 million, or 24.3% , from $ 764.9 million ($ 230.4 million in our Specialty Carbon Black segment and $ 534.4 million in our Rubber Carbon Black segment) in 2016 to $ 950.7 million ($ 289.5 million in our Specialty Carbon Black segment and $ 661.2 million in our Rubber Carbon Black segment) in 2017 . The 3.6% decrease in volume in 2017 compared to 2016 resulted in a decrease of cost of sales of 2.6%, or $15.9 million (8.2%, or $13.6 million, increase in our Specialty Carbon Black segment and 6.5%, or $29.6 million, decrease in our Rubber Carbon Black segment) in 2017 compared to 2016 . This volume-related decrease of cost of sales as well as a decrease associated with a change in our product mix was offset by higher oil prices of 30.2%, or $187.0 million and unfavorable foreign exchange translation effects of $11.5 million, with other impacts on cost of sales almost netting out each other.

Revenues of our Specialty Carbon Black segment increased by 12.2% in 2017 compared to 2016 . The cost of sales in this segment increased by 25.6% . This increase in cost of sales reflects the timing impact of price increases for non-indexed customers during rising carbon black oil prices as well higher depreciation charges. The percentage increase in cost of sales of our Rubber Carbon Black segment (23.7%) was higher than the percentage increase in revenue (19.3%) of that segment. This increase in cost of sales reflects the effects of the increase in carbon black oil prices and timing impacts associated with higher oil prices, higher regional feedstock mix costs as well as higher depreciation charges in part due to hurricane Harvey impairments and accelerated depreciation at our Bupyeong, South Korea plant. These negative impacts were partly offset by lower cost of sales due to lower volumes in the Rubber segment.

Higher overall revenue as a result of the above mentioned impacts was sufficient to offset the increased cost of sales. Gross profit increased by $ 3.2 million, or 0.8% , from $ 374.4 million ($ 196.6 million in our Specialty Carbon Black segment and $ 177.8 million in our Rubber Carbon Black segment) in 2016 to $ 377.6 million ($ 189.4 million in our Specialty Carbon Black segment and $ 188.2 million in our Rubber Carbon Black segment) in 2017 for reasons described above.

Selling Expenses

Selling expenses increased slightly by $ 3.3 million, or 2.6% , from $ 126.7 million in 2016 to $ 130.0 million in 2017 , despite a decrease in volume from 1,127.9 kmt in 2016 to 1,087.4 kmt in 2017 in part due to salary increases.

Research and Development Costs

R&D expenses increased by $ 2.1 million, from $ 16.1 million in 2016 to $ 18.2 million in 2017 . This increase is primarily related to the timing of expenditures for individual development of programs as well as extended research to meet EPA related requirements resulting in our recent settlement with the EPA.

General Administrative Expenses

General administrative expenses increased slightly by $ 1.7 million, or 2.3% , from $ 75.8 million in 2016 to $ 77.5 million in 2017 , increases in annual salary costs were compensated by foreign exchange translation effects.

Other Operating Income and Expenses

In 2017 , other operating income amounted to $ 5.0 million and included, among other things, $ 1.5 million of income from the reversal of provisions and $ 1.4 million of reimbursement of real estate transfer taxes. Other operating expenses in 2017 amounted to $ 12.6 million, comprising primarily $ 2.8 million consulting fees related to group strategy, $ 2.4 million expenses related to the EPA enforcement action, $ 1.4 million costs to remediate damages incurred by hurricane Harvey as well as cost associated with our secondary public offerings.

In 2016, other operating income amounted to $ 6.3 million and included, among other things, $ 1.3 million of income from the reversal of provisions. Other operating expenses in 2016 amounted to $ 15.3 million , comprising primarily $ 4.6 million of expenses related to the EPA enforcement action (including accrued expenses for penalties and mitigation projects), $ 2.8 million related to group strategy consulting fees, 1.1 million related to loss on disposal of assets and 0.9 million of currency translation effects.

For additional details on other operating income and expenses see notes (6.2) and (6.3) to the audited consolidated financial statements.

Restructuring Expenses

As part of the strategic repositioning of the Rubber business footprint, we concluded consultations with local works council at our Ambès (France) plant to implement a restructuring and down staffing with a cessation of production at the site at the end of 2016. Expenses relating to this restructuring activity totaled $ 31.3 million in 2016 comprising cash costs of $ 17.7 million and non-cash items of $ 13.6 million (of which $ 11.5 million relate to impairments of fixed assets). Further activities in repositioning the Rubber footprint resulted in expenses of $ 5.2 million in 2017 mainly due to our efforts to consolidate our two Korean production sites.

Operating Result (EBIT)

Operating result increased by $ 23.6 million, or 20.4% , from $ 115.6 million in 2016 to $ 139.2 million in 2017 , mainly driven by the one time effect incurred in 2016 relating to our restructuring expenses of repositioning of our Rubber business footprint and the effects described above.

Finance Costs, Net

Finance cost, net amounted to $ 41.4 million in 2017 compared to $ 41.3 million in 2016 . Finance cost, net in 2017 includes, among others, $ 22.8 million of regular interest expenses, $ 4.1 million of amortization of capitalized transaction costs and $ 6.3 million net expenses of foreign currency revaluation effects.

Finance cost, net in 2016 includes, among others, $ 33.0 million of regular interest expenses, $ 4.2 million of amortization of capitalized transaction costs, interest expenses related to pension obligations of $ 1.7 million million and a net income of foreign currency exchange rate revaluation effects of $ 1.6 million .

Share of Profit of Associates

Share of profit of associates represents the equity income from our German JV, which was comparable in 2017 and 2016 .

Financial Result

Financial result comprises finance income, finance expenses and share of profit or loss of associates and improved by $ 0.1 million, or 0.1% , from $ 40.9 million finance expenses in 2016 to $ 40.8 million finance expenses in 2017 .

Profit or Loss for the Period before Income Taxes

Our profit before taxes in 2017 was $ 98.3 million, reflecting an improvement of $ 23.6 million from a profit before taxes of $ 74.7 million in 2016 , mainly due to the effects of expenses related to the strategic repositioning of the Rubber business footprint affecting 2016.

Income Taxes

Income taxes amounted to $ 23.1 million in 2017 compared to $ 25.5 million in 2016 . While the profit before taxes increased significantly our income taxes were reduced by a one-time effect of $ 8.8 million from the re–measurement of our net deferred tax liabilities in the United States following the Tax Cuts and Jobs Act reform enacted as of December 22, 2017.

In 2017 , the effective tax rate of 23.5% deviated from the expected group rate of 32% in particular due to the one-time effect associated with the U.S. tax reform. For details regarding this deviation see note (6.6) to the audited consolidated financial statements.

In 2016 , the effective tax rate of 34.2% deviated from the expected group rate of 32%. For details regarding this deviation see note (6.6) to the audited consolidated financial statements.

Profit or Loss for the Period

Our profit for the period in 2017 amounted to $ 75.3 million, an improvement of $ 26.1 million, reflecting all the factors described above.

Contribution Margin and Contribution Margin per Metric Ton (Non-IFRS Financial Measures)

Contribution Margin decreased by $ 5.2 million, or 1.0% , from $ 519.3 million in 2016 to $ 524.5 million in 2017 , primarily due to changes in our product mix and negative impacts from feedstock mix. However, Contribution Margin per Metric Ton increased by 4.8 %, from $ 460.5 per Metric Ton in 2016 to $ 482.4 per Metric Ton in 2017 , reflecting higher proportional Specialty Carbon Black volumes in 2017 compared to 2016.

Adjusted EBITDA (Non-IFRS Financial Measure)

Adjusted EBITDA increased by $ 10.3 million, or 4.2% , from $ 246.7 million in 2016 to $ 257.0 million in 2017 .

2016 Compared to 2015

The table below presents our historical results derived from our consolidated financial statements for the periods indicated.

Income Statement Data	**Year Ended December 31,**	
	2016	**2015**
	(in $ million)	
Revenue	1,139.3	1,234.5
Cost of sales	(764.9)	(879.4)
Gross profit	**374.4**	**355.1**
Selling expenses	(126.7)	(119.9)
Research and development costs	(16.1)	(14.8)
General and administrative expenses	(75.8)	(68.8)
Other operating income	6.3	8.3
Other operating expenses	(15.3)	(23.9)
Restructuring expenses	(31.3)	—
Operating result (EBIT)	**115.6**	**135.8**
Finance costs, net (1)	(41.3)	(62.1)
Share of profit or loss of joint ventures	0.5	0.5
Financial result	**(40.9)**	**(61.6)**
Profit or (loss) before income taxes	74.7	74.3
Income taxes	(25.5)	(26.2)
Profit or (loss) for the period	**49.2**	**48.1**

(1) Finance costs, net consists of finance income and finance expenses

Revenue

Revenue decreased overall by $ 95.2 million, or 7.7% , from $ 1,234.5 million ($ 423.4 million in our Specialty Carbon Black segment and $ 811.1 million in our Rubber Carbon Black segment) in 2015 to $ 1,139.3 million ($ 427.0 million in our Specialty Carbon Black segment and $ 712.3 million in our Rubber Carbon Black segment) in 2016 .

This revenue decrease was primarily due to contractually indexed sales price declines in our Rubber Carbon Black segment resulting from the pass through of lower feedstock costs and, to a much lesser extent, product mix and foreign exchange translation effects. This decrease was offset by positive impacts from increased volumes and additional revenues of $36.2 million contributed by OECQ.

Volume increased by 92.7 kmt, or 9.0%, from 1,035.2 kmt (215.6 kmt in our Specialty Carbon Black segment and 819.6 kmt in our Rubber Carbon Black segment) in 2015 to 1,127.9 kmt (241.8 kmt in our Specialty Carbon Black segment and 886.1 kmt in our Rubber Carbon Black segment) in 2016. This increase is mainly a result of an increase in volumes sold of specialty carbon black products in all regions and an increase in demand for rubber carbon black products in Europe, South America and Korea. OECQ contributed 61.2 kmt (in the two months in 2015 following its acquisition at the end of October 2015 OECQ contributed 11.4 kmt). Demand for rubber carbon black declined in North America and South Africa. The increase in volume contributed an increase of revenue of 5.1%, or $62.7 million (11.0%, or $46.5 million, in our Specialty Carbon Black segment and 2.0%, or $16.2 million, in our Rubber Carbon Black segment) in 2016 compared to 2015. The volume related increase of revenue was offset mainly by negative impacts on revenue in 2016 compared to 2015 resulting from oil price changes of 13.6%, or $167.5 million, and changes in product mix of 1.1%, or $13.3 million. Foreign exchange translation effects had a negative impact of $14.5 million on our revenues due to a weaker Euro.

Cost of Sales and Gross Profit

Cost of sales decreased by $ 114.5 million, or 13.0% , from $ 879.4 million ($ 252.0 million in our Specialty Carbon Black segment and $ 627.4 million in our Rubber Carbon Black segment) in 2015 to $ 764.9 million ($ 230.4 million in our Specialty Carbon Black segment and $ 534.4 million in our Rubber Carbon Black segment) in 2016 . The 9.0% increase in volume in 2016 compared to 2015 resulted in an increase of cost of sales of cost of sales of 4.2%, or $31.5 million (10.9%, or $20.5 million, in our Specialty Carbon Black segment and 2.0%, or $11.0 million, in our Rubber Carbon Black segment) in 2016 compared to 2015. This volume-related increase of cost of sales was offset mainly by changes in oil prices of 21.1%, or $157.7 million, reduction in price differentials of 3.2%, or $23.9 million, and a change in product mix of

1.3%, or $9.5 million.

Although revenues of our Specialty Carbon Black segment increased by 1.0 %, cost of sales in this segment decreased by 9.0 %. This decrease in cost of sales reflects the decline in price differentials incurred in last year and the decline in carbon black oil price and timing impacts associated with lower oil prices. The percentage decrease in cost of sales of our Rubber Carbon Black segment (14.8 %) was distinctly higher than the percentage decrease in revenue (12.2 %) of that segment. This decrease in cost of sales reflects the effects of the decrease in carbon black oil prices and timing impacts associated with lower oil prices, changes in product mix and foreign currency related decreases on the cost of sales of that segment.

Lower overall revenue as a result of the above mentioned impacts was more than offset by the reduced cost of sales. Gross profit increased by $ 19.3 million, or 5.5% , from $ 355.1 million ($ 171.4 million in our Specialty Carbon Black segment and $ 183.7 million in our Rubber Carbon Black segment) in 2015 to $ 374.4 million ($ 196.6 million in our Specialty Carbon Black segment and $ 177.8 million in our Rubber Carbon Black segment) in 2016 for reasons described above. The 9.0% increase in volume in 2016 compared to 2015 contributed an increase of gross profit of 8.8%, or $31.2 million (15.2%, or $26.0 million, in our Specialty Carbon Black segment and 2.8%, or $5.2 million, in our Rubber Carbon Black segment) in 2016 compared to 2015. The volume related increase of gross profit was accompanied by positive impacts to gross profit mainly resulting from a combination of reduced price differentials and base price improvements.

Selling Expenses

Selling expenses increased by $ 6.8 million, or 5.6% , from $ 119.9 million in 2015 to $ 126.7 million in 2016 , mainly due to the increase in volume from 1,035.2 kmt in 2015 to 1,127.9 kmt in 2016 .

Research and Development Costs

R&D expenses increased by $ 1.3 million, from $ 14.8 million in 2015 to $ 16.1 million in 2016 . This increase is primarily related to the timing of expenditures for individual development of programs.

General Administrative Expenses

General administrative expenses increased by $ 7.0 million, or 10.1% , from $ 68.8 million in 2015 to $ 75.8 million in 2016 , due in part to annual salary cost increases and foreign exchange translation effects.

Other Operating Income and Expenses

In 2016, other operating income amounted to $ 6.3 million and included, among other things, $ 1.3 million of income from the reversal of provisions. Other operating expenses in 2016 amounted to $ 15.3 million , comprising primarily $ 4.6 million of expenses related to the EPA enforcement action (including accrued expenses for penalties and mitigation projects), $ 2.8 million related to group strategy consulting fees, 1.1 million related to loss on disposal of assets and 0.9 million of currency translation effects.

In 2015, other operating income amounted to $ 8.3 million and included, among other things, $ 2.4 million of income from valuation of derivatives. Other operating expenses in 2015 amounted to $ 23.9 million , comprising primarily $ 5.6 million of expenses related to the EPA enforcement action (in particular in connection with the evaluation of emission-removal technologies and legal advice), $ 3.4 million of valuation effects from derivatives, $ 2.0 million of costs related to implementation of Section 404 compliance, $2.0 million of OECQ related post-acquisition costs, $ 2.0 million of currency translation effects and $ 1.6 million related to group strategy consulting fees.

For additional details on other operating income and expenses see notes (6.2) and (6.3) to the audited consolidated financial statements.

Restructuring Expenses

As part of the strategic repositioning of the Rubber business footprint, we concluded consultations with local works council at our Ambès (France) plant to implement a restructuring and down staffing with a cessation of production at the site at the end of 2016. Expenses relating to this restructuring activity totaled $ 31.3 million in 2016 comprising cash costs of $ 17.7 million and non-cash items of $ 13.6 million (of which $ 11.5 million relate to impairments of fixed assets).

Operating Result (EBIT)

Operating result decreased by $ 20.2 million, or 14.9% , from $ 135.8 million in 2015 to $ 115.6 million in 2016 , mainly driven by our restructuring expenses relating to the strategic repositioning of the Rubber business footprint.

Finance Costs, Net

Finance cost, net amounted to $ 41.3 million in 2016 compared to $ 62.1 million in 2015 . Finance cost, net in 2016 includes, $ 33.0 million of regular interest expenses, $ 4.2 million of amortization of capitalized transaction costs, interest expenses related to pension obligations of $ 1.7 million million and a net income of foreign currency exchange rate revaluation effects of $ 1.6 million . Finance cost, net in 2015 includes, among others, $ 40.3 million regular interest expenses, $12.8 million net impact of foreign currency exchange rate revaluation effects and $ 5.3 million of amortization of capitalized transaction costs associated with the refinancing.

Share of Profit of Associates

Share of profit of associates represents the equity income from our German JV, which was comparable in 2016 and 2015.

Financial Result

Financial result comprises finance income, finance expenses and share of profit or loss of associates and improved by $ 20.7 million, or 33.6% , from $ 61.6 million finance expenses in 2015 to $ 40.9 million finance expenses in 2016 , mainly as a result of a swing from foreign currency exchange rate revaluation losses in 2015 into foreign currency exchange rate revaluation gains in 2016, reduced interest expenses following our voluntary debt repayments in 2015 and 2016 and the re-pricing of debt as of September 30, 2016.

Profit or Loss for the Period before Income Taxes

Our profit before taxes in 2016 was $ 74.7 million, reflecting an improvement of $ 0.4 million from a profit before taxes of $ 74.3 million in 2015 , despite the effects of expenses related to the strategic repositioning of the Rubber business footprint.

Income Taxes

Income taxes amounted to $ 25.5 million in 2016 compared to $ 26.2 million in 2015 , reflecting the mix of profit or loss of our subsidiaries across multiple jurisdictions in these periods.

In 2016 , the effective tax rate of 34.2% deviated from the expected group rate of 32%. For details regarding this deviation see note (6.6) to the audited consolidated financial statements.

In 2015, the effective tax rate of 35.3% deviated from the expected group rate of 32%.

Profit or Loss for the Period

Our profit for the period in 2016 amounted to $ 49.2 million, an improvement of $ 1.1 million, reflecting all the factors described above. reflecting all the factors described above.

Contribution Margin and Contribution Margin per Metric Ton (Non-IFRS Financial Measures)

Contribution Margin increased by $ 32.7 million, or 6.7% , from $ 486.6 million in 2015 to $ 519.3 million in 2016 , primarily due to increased volumes, some benefit from sales price changes and the effect of the consolidation of OECQ. As a result, Contribution Margin per Metric Ton decreased by 2.0 %, from $ 470.1 per Metric Ton in 2015 to $ 460.5 per Metric Ton in 2016 ,

Adjusted EBITDA (Non-IFRS Financial Measure)

Adjusted EBITDA increased by $ 15.1 million, or 6.5% , from $ 231.6 million in 2015 to $ 246.7 million in 2016 .

Segment Discussion

Our business operations are divided into two operating segments: the Specialty Carbon Black segment and the Rubber Carbon Black segment. We use segment revenue, segment gross profit, segment volume, Segment Adjusted EBITDA and Segment Adjusted EBITDA Margin as measures of segment performance and profitability.

The table below presents our segment results derived from our audited consolidated financial statements for 2017 , 2016 and 2015 .

	Year Ended December 31,		
	2017	**2016**	**2015**
	(in $ million, unless otherwise indicated)		
Specialty Carbon Black			
Revenue	478.9	427.0	423.4
Cost of sales	(289.5)	(230.4)	(252.0)
Gross profit	**189.4**	**196.6**	**171.4**
Volume (kmt) (1)	261.4	241.8	215.6
Adjusted EBITDA	145.5	151.5	127.5
Adjusted EBITDA Margin (%)	30.4	35.5	30.1
Rubber Carbon Black			
Revenue	849.4	712.3	811.1
Cost of sales	(661.2)	(534.4)	(627.4)
Gross profit	**188.2**	**177.8**	**183.7**
Volume (kmt)	826.0	886.1	819.6
Adjusted EBITDA	111.5	95.2	104.1
Adjusted EBITDA Margin (%) (1)	13.1	13.4	12.8

(1) Defined as Adjusted EBITDA divided by revenue.

Specialty Carbon Black

2017 Compared to 2016

Revenue of the Specialty Carbon Black segment increased by $ 51.9 million, or 12.2% , from $ 427.0 million in 2016 to $ 478.9 million in 2017 , primarily due to increased volumes, pass through of higher feedstock costs and base price increases, offset by impacts from changes in our product mix.

Volume of the Specialty Carbon Black segment increased by 19.5 kmt, or 8.1% , from 241.8 kmt in 2016 to 261.4 kmt in 2017 , as a result of increased volumes in all regions, in particular from our European and North American facilities.

Gross profit of the Specialty Carbon Black segment decreased by $ 7.2 million, or 3.6% , from $ 196.6 million in 2016 to $ 189.4 million in 2017 , mainly due to a lag in recovering higher feedstock costs as well as higher depreciation charges more than offsetting the increase in revenue from increased volumes.

Adjusted EBITDA of the Specialty Carbon Black segment decreased by $ 6.0 million, or 4.0% , from $ 151.5 million in 2016 to $ 145.5 million in 2017 , as a result of decrease in gross profit (excluding the impact of increased depreciation on gross profit).

2016 Compared to 2015

Revenue of the Specialty Carbon Black segment increased by $ 3.6 million, or 0.9% , from $ 423.4 million in 2015 to $ 427.0 million in 2016 , primarily due to a increased volumes offset by sales price declines resulting from pass through of lower feedstock costs.

Volume of the Specialty Carbon Black segment increased by 26.2 kmt, or 12.1%, from 215.6 kmt in 2015 to 241.8 kmt in 2016, mainly as a result of increased volumes in all regions, in particular from our North American and the European facilities.

Gross profit of the Specialty Carbon Black segment increased by $ 25.2 million, or 14.7% , from $ 171.4 million in 2015 to $ 196.6 million in 2016 , mainly due to higher volumes.

Adjusted EBITDA of the Specialty Carbon Black segment increased by $ 24.0 million, or 18.8% , from $ 127.5 million in 2015 to $ 151.5

million in 2016 , in line with gross profit development.

Rubber Carbon Black

2017 Compared to 2016

Revenue of the Rubber Carbon Black segment increased by $ 137.1 million, or 19.3% , from $ 712.3 million in 2016 to $ 849.4 million in 2017 , primarily due to an increase in contractually indexed sales prices resulting from the pass through of lower feedstock costs and certain base price increases in the 2017 agreements, offset primarily by impacts associated with decreased volumes.

Volume of the Rubber Carbon Black segment decreased by 60.1 kmt, or 6.8% , from 886.1 kmt in 2016 to 826.0 kmt in 2017 mainly due to weaker demand in in all regions except for South America and China and as a result of the closure of our Rubber standard grade capacity in France and the U.S. and the ongoing conversion of capacity in South Korea.

Gross profit of the Rubber Carbon Black segment increased by $ 10.4 million, or 5.8% , from $ 177.8 million in 2016 to $ 188.2 million in 2017 , with favorable effects resulting from cost reductions mainly related to the closure of our Ambès, France, plant by end of 2016 as well as the impact of base price increases on our revenues.

Adjusted EBITDA of the Rubber Carbon Black segment increased by $ 16.3 million, or 17.1% , from $ 95.2 million in 2016 to $ 111.5 million in 2017 , due to development of gross profit and the impact of cost savings from effects related to our Rubber footprint restructuring efforts initiated in 2016 on sales, marketing and general administrative expenses.

2016 Compared to 2015

Revenue of the Rubber Carbon Black segment decreased by $ 98.8 million, or 12.2% , from $ 811.1 million in 2015 to $ 712.3 million in 2016 , primarily due to a decrease in contractually indexed sales prices resulting from the pass through of lower feedstock costs. A change in product mix and negative foreign exchange effects were offset by additional revenue from OECQ and base price increases.

Volume of the Rubber Carbon Black segment increased by 66.5 kmt, or 8.1%, from 819.6 kmt in 2015 to 886.1 kmt in 2016 mainly due to higher demand in Europe, South America and Korea. OECQ contributed an additional 49.8 kmt in China.

Gross profit of the Rubber Carbon Black segment decreased by $ 5.9 million, or 3.2% , from $ 183.7 million in 2015 to $ 177.8 million in 2016 , with unfavorable feedstock effects, declines in production efficiency and negative foreign exchange effects offsetting the positive impact of OECQ.

Adjusted EBITDA of the Rubber Carbon Black segment decreased by $ 8.9 million, or 8.5% , from $ 104.1 million in 2015 to $ 95.2 million in 2016 , due to development of gross profit and the impact on below gross profit costs associated with OECQ.

B. Liquidity and Capital Resources

Historical Cash Flows

The tables below present our historical cash flows derived from our audited consolidated financial statements for 2017 , 2016 and 2015 .

	Year Ended December 31,		
	2017	**2016**	**2015**
		(in $ million)	
Cash flows from operating activities	173.3	219.3	237.2
Cash flows from (used in) investing activities	(90.3)	(68.5)	(83.0)
Cash flows used in financing activities	(94.4)	(143.6)	(157.1)
Cash and cash equivalents at the end of the period	**72.3**	**77.9**	**71.1**

2017

Cash inflows from operating activities in 2017 amounted to $ 173.3 million and consisted of a consolidated profit for the period of $ 75.3 million , adjustments primarily for depreciation of $ 97.1 million and income taxes of $ 23.1 million , cash outflows from Net Working Capital of $ 24.0 million, cash outflows from decreases in provision of $ 14.4 million, cash taxes paid of $ 39.5 million and the exclusion of net financing costs of $ 41.4 million.

Cash outflows from investing activities in 2017 amounted to $ 90.3 million for capital expenditure projects mainly related to preservation and overhaul projects as well as expenditures associated with our efforts to consolidate our to productions plants in South Korea.

Cash outflows from financing activities in 2017 amounted to $ 94.4 million. $ 28.9 million were used for repayments of borrowing, of which $20.7 million were paid as voluntary redemption of our Term Loan. $ million, net, were used for regular interest payments and other financing activities such as settlements of hedging transactions. In addition $ 45.7 million were used for dividend payments. Cash inflow of $ 11.9 million are related to a local bank loan facility.

2016

Cash inflows from operating activities in 2016 amounted to $ 219.3 million and consisted of a consolidated profit for the period of $ 49.2 million , adjustments primarily for depreciation of $ 98.4 million and income taxes of $ 25.5 million , cash outflows from Net Working Capital of $ 7.3 million, cash outflows from decreases in provision of $ 18.5 million, cash taxes paid of $ 19.7 million and the exclusion of net financing costs of $ 41.3 million.

Cash outflows from investing activities in 2016 amounted to $ 68.5 million for capital expenditure projects mainly related to preservation and overhaul projects offset by the receipt of cash indemnifications of $2.4 million in connection with the acquisition of OECQ (cash outflows related to OECQ in 2015 were $ 31.0 million of cash paid less acquired cash of $ 5.2 million).

Cash outflows from financing activities in 2016 amounted to $ 143.6 million. $ 51.8 million were used for repayments of borrowing, of which $43.8 million were paid as voluntary redemption of our Term Loan. $ were used for regular interest payments and other finance costs and $ 44.1 million for dividend payments.

2015

Cash inflows from operating activities in 2015 amounted to $ 235.0 million and consisted of a consolidated profit for the period of $ 48.1 million , adjustments primarily for depreciation of $ 80.9 million and income taxes of $ 26.2 million , cash outflows from Net Working Capital of $ 48.4 million, cash outflows from decreases in provision of $ 9.5 million, cash taxes paid of $ 11.3 million and the exclusion of net financing costs of $ 62.1 million.

Cash outflows from investing activities in 2015 amounted to $ 80.7 million, of which $ 25.8 million million were used for the acquisition of OECQ (cash paid $ 31.0 million less acquired cash of $ 5.2 million) and $ 57.2 million were capital expenditure projects mainly related to preservation and overhaul projects.

Cash outflows from financing activities in 2015 amounted to € 157.1 million. € 62.3 million were used for repayments of borrowing, of which $54.3 million were paid as voluntary redemption of our Term Loan. $ were used for regular interest payments and other finance costs and $ 44.3 million for dividend payments.

Sources of Liquidity

Our principal sources of liquidity are the net cash generated from our operating activities, as well as available cash balances, amounts available under our multicurrency, senior secured Revolving Credit Facility providing a line of credit of up to €175 million (USD equivalent: 209.9 million) and to a certain extent our subsidiaries facilities with local financial institutions. We cannot guarantee that our cash position and cash generated from operations will be adequate to support the further growth of our business. Our ability to generate cash from operations depends on our future operating performance, which in turn is dependent on general economic, financial, competitive, market, regulatory and other conditions and factors, many of which are beyond our control. See " *Item 3. Key Information –D. Risk Factors.* " In addition, there are some statutory restrictions on the ability of our subsidiaries to transfer funds to us (e.g., legislation on permitted dividend payments or currency transfers), although we believe that we have structured our treasury operations to minimize the impact of such statutory restrictions on our operations. We intend to use cash from operating activities, as well as cash balances, to finance our capital needs. Based on our current operating performance and liquidity, we believe that cash provided by our operating activities and available cash balances will be sufficient to cover our Net Working Capital requirements, Capital Expenditures, interest payments and scheduled debt repayments in the next year.

Net Working Capital (Non-IFRS Financial Measure)

We define Net Working Capital as the total of inventories and current trade receivables, less trade payables. Net Working Capital is a non-IFRS financial measure, and other companies may use a similarly titled financial measure that is calculated differently from the way we calculate Net Working Capital. The following tables set forth the principal components of our Net Working Capital as of the dates indicated.

	As of December 31,		
	2017	**2016**	**2015**
Inventories	159.3	120.5	114.4
Trade receivables	234.3	200.8	187.4
Trade payables	(169.6)	(129.6)	(102.6)
Net Working Capital	**224.0**	**191.8**	**199.3**

Our Net Working Capital position can vary significantly from month to month, mainly due to fluctuations in oil prices and receipts of carbon black oil shipments. In general, increases in the cost of raw materials lead to an increase in our Net Working Capital requirements, as our inventories and trade receivables increase as a result of higher carbon black oil prices and related sales levels. These increases are partially offset by related increases in trade payables. Due to the quantity of carbon black oil that we typically keep in stock, such increases in Net Working Capital occur gradually over a period of two to three months. Conversely, decreases in the cost of raw materials lead to a decrease in our Net Working Capital requirements over the same period of time. Based on 2017 Net Working Capital requirements, we estimate that a $10 per barrel movement in the Brent crude oil price correlates to a movement in our Net Working Capital of approximately $23 to $25 million within about a two to three month period. In times of relatively stable oil prices, the effects on our Net Working Capital levels are less significant and Net Working Capital swings increase in an environment of high price volatility.

Our Net Working Capital gradually increased from $ 191.8 million as of December 31, 2016 to $ 224.0 million as of December 31, 2017 primarily due to the impact from higher feedstock cost. If oil-prices recover to 2014 levels we may need considerable amounts to serve our Net Working Capital requirements.

Capital Expenditures (Non-IFRS Financial Measure)

We define Capital Expenditures as cash paid for the acquisition of intangible assets and property, plant and equipment as shown in the consolidated financial statements.

Our Capital Expenditures amounted to $ 57.2 million in 2015 , $ 70.9 million in 2016 and $ 90.3 million in 2017 . We plan to finance our Capital Expenditures with cash generated by our operating activities.

While, prior to the Acquisition, Capital Expenditures mainly consisted of expenditures incurred in connection with the maintenance of our assets, we have increased our investment in expansion and rationalization projects to increase the efficiency of our production facilities for both the Specialty Carbon Black and Rubber Carbon Black segments. The main capital expansion project initiated following the Acquisition was the addition of a new rubber carbon black production line in South Korea driven by growing customer demand. This production line commenced operations in the summer of 2013. We also completed a number of debottlenecking and production expansion projects globally, in both the Specialty and Rubber segments. We estimate that our maintenance Capital Expenditure requirements will be approximately $25 million to $30 million per year. With the exception of required expenditures in association with our recent settlement with the EPA we currently do not have any material commitments to make Capital Expenditures, and do not plan to make Capital Expenditures, outside the ordinary course of our business.

Capital Expenditures in 2017 amounted to $ 90.3 million and were mainly composed of preservation and overhaul projects as well as expenditures associated with our efforts to consolidate our to productions plants in South Korea.

Capital Expenditures in 2016 amounted to $ 70.9 million and were mainly composed of mainly of preservation and overhaul projects.

Capital Expenditures in 2015 amounted to $ 57.2 million and were mainly composed of mainly of preservation and overhaul projects.

C. Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2017 .

	less than 1 year	1-3 years	4-5 years	more than 5 years	total
Long-term debt obligations [(1)]	54.0	70.0	671.3	—	795.3
Revolving Credit Facility [(2)]	—	—	—	—	—
Term Loan [(3)]	28.4	15.6	620.7	—	664.7
Interest expense on long-term debt [(4)]	25.6	54.4	50.6	—	130.6
Purchase commitments [(5)]	155.9	151.1	88.3	40.5	435.7
Operating leases	4.3	5.9	5.0	6.5	21.7
Total contractual obligations [(6)]	**214.1**	**227.0**	**764.6**	**47.0**	**1,252.7**

(1) Sets forth obligations to repay principal and interest under our long-term debt obligations.

(2) Represents the obligation under the Revolving Credit Facility. As of December 31, 2017, there were no cash amounts drawn under our Revolving Credit Facility of €175.0 million (USD equivalent: 209.9 million).

(3) Represents the Term Loans and includes the outstanding principal amount of €330.3 million which has been translated at an assumed exchange rate at the maturity date of € 0.8338 per $1.00. The borrowing costs on the principal of the U.S. Dollar-denominated Term Loan have been translated applying the same exchange rate. The amounts presented include a voluntary repayment of $20.7 million made in January 2017.

(4) Represents interest expenses related to indebtedness from our Term Loans, assuming future interest based on a forward rate assumption.

(5) Represents purchase commitments under long-term supply agreements for the supply of raw materials, mainly oil and gas.

(6) This amount does not reflect the Company’s obligations under its existing pension arrangements, which as of December 31, 2017 amounted to $ 65.4 million . See note 7.8 Pension provisions and post-retirement benefits to the audited financial statements included elsewhere herein.

The level of performance bonds, guarantees and letters of credit required for carbon black oil purchasing could increase as a result of increasing oil prices or other factors (such as our ownership structure). As at December 31, 2017 Orion Engineered Carbons GmbH has four guarantees issued by Euler Hermes S.A. with a total volume of $19,869k (in prior year three guarantees by Euler Hermes S.A. of $16,158); one guarantee insurance issued by Deutsche Bank AG with a volume of $2,259k (in prior year one guarantee issued by HSBC AG with a volume of $2,213k). In addition there is cash collateral provided by Norcarb Engineered Carbons AB of €34k. None of these guarantees reduce the possible utilization limit of the current RCF.