

Essen, 24 May 2007

## Key Data January 1 – March 31, 2007

### **A good start for the RAG Beteiligungs-Group**

- **EBIT up 21 percent**
- **Net profit more than doubled**
- **“Sirius” project is starting to have an impact**
- **Outlook for fiscal 2007 confirmed**

**Essen.** “RAG Beteiligungs-AG, which we are planning to list on the stock market in spring 2008, has made an excellent start to 2007. We continued the positive performance reported for 2006, providing a sound operational basis for the IPO,” said Dr. Werner Müller, Chairman of the management boards of RAG Aktiengesellschaft and RAG Beteiligungs-AG, commenting on the key figures for the RAG Beteiligungs-Group for the first quarter of 2007. This strong start to the year is particularly impressive given that the full cost of the Corporate Center has been included since January 1, 2007. The good performance was aided by systematic implementation of the “Sirius” project, which is beginning to have an impact.

Boosted by favorable global economic conditions, the operating businesses performed well overall. Sales were up 1 percent at €3.746 billion in the first quarter (Q1 2006: €3.707 billion). The slowdown in North America was more than offset by higher growth in Asia and Europe. Sales advanced 1 percent in the Chemicals business area, with higher volumes accounting for 5 percentage points of this rise and increased selling prices contributing a further 2 percentage points. Conversely, the weakness of the US dollar reduced sales in this business area by 2 percentage points and changes in the scope of consolidation trimmed a further 4 percentage points. The Energy business area lifted sales by 8 percent, thanks principally to the commissioning of the new power plant in Mindanao, Philippines. By contrast, sales slipped 5 percent in the Real Estate business area.

EBIT (earnings before interest and taxes) rose 21 percent to €425 million (Q1 2006: €352 million). The Energy business area reported a slight improvement in earnings year-on-year while the Chemicals business area reported a strong rise compared

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with the first quarter of 2006, mainly due to higher demand, which led to better capacity utilization and price rises, accompanied by an only marginal increase in raw material costs. In the Real Estate business area earnings fell short of the year-back figure as a result of temporary factors.

The Group's net income more than doubled year-on-year from €119 million to €246 million.

Since RAG Beteiligungs-AG started operating on January 1, 2007, further administrative expenses (Corporate Center) have been allocated to it since this date. The corresponding expenses for fiscal 2006 would have been around €110 million, in other words, over €25 million per quarter. Until the end of 2006, these expenses were reported by RAG Aktiengesellschaft.

The first benefits of the "Sirius" project to optimize corporate administration and service processes are becoming visible. The aim of this project is to reduce administrative expenses by over €220 million p.a. on a sustained basis.

Analogously to operating performance, the cash flow from operating activities improved to €265 million (2006: €263 million). This enabled RAG Beteiligungs-AG to reduce net financial debt by more than €200 million to €5.2 billion.

## **Outlook for fiscal 2007: a continued good operating performance**

RAG Beteiligungs-AG expects the global upswing to continue, with strong growth impetus coming from the emerging Chinese, Indian and Russian markets. The company is also projecting clear growth in Europe but expects the uptrend in the USA to flatten further.

Dr. Müller: "We will not be able to maintain growth rates at the Q1 level over the full year. However, we are predicting a continuation of the good sales and EBIT trends in fiscal 2007."

### **Note to editors**

*Detailed information on Q1 can be found on the following pages:*

- *Table: Earnings overview*
- *Segment overview*

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## RAG Beteiligungs-Group: Earnings overview

(in € million)	Q1/2007	Q1/2006	Change
Sales	3,746	3,707	1%
EBITDA	637	627	2%
EBIT	425	352	21%
Non-operating result (continuing operations)	-1	-39	
Interest result	-121	-103	
<b>= Profit before taxes (continuing operations)</b>	<b>303</b>	<b>210</b>	<b>44%</b>
Profit before taxes (discontinued operations)	48	82	
<b>= Profit before taxes (Group)</b>	<b>351</b>	<b>292</b>	<b>20%</b>
Income taxes (continuing operations)	-59	-108	
Income taxes (discontinued operations)	-13	-22	
<b>= Profit after taxes</b>	<b>279</b>	<b>162</b>	<b>72%</b>
Minority interests	-33	-43	
<b>= Net income (Group)</b>	<b>246</b>	<b>119</b>	<b>107%</b>

## Segment overview

January to March	Sales			EBIT		
	2007 €million	2006 €million	Change in %	2007 €million	2006 €million	Change in %
Technology Specialties	1,347	1,338	1	142	97	47
Consumer Solutions	599	624	-4	47	50	-8
Specialty Materials	754	712	6	86	58	48
Energy	700	649	8	145	144	0
Real Estate	61	64	-5	16	33	-53
<b>Segments</b>	<b>3,461</b>	<b>3,387</b>	<b>2</b>	<b>436</b>	<b>382</b>	<b>14</b>
Others	285	320	13	-11	-30	63
<b>Total</b>	<b>3,746</b>	<b>3,707</b>	<b>1</b>	<b>425</b>	<b>352</b>	<b>21</b>

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## Technology Specialties

The Technology Specialties segment lifted sales 1 percent to €1,347 million in the first quarter of 2007. Against the background of high global demand, all five business units were able to raise prices further to counter the sharp rise in raw material costs over the past couple of years. However, sales growth was held back by exchange rate movements and the deconsolidation of non-core activities following their divestment. The Technology Specialties segment raised EBIT 47 percent to €142 million. The Advanced Fillers & Pigments Business Unit reported far higher earnings, principally due to a further improvement in selling prices. An appreciable improvement in earnings was also registered by the Building Blocks, Exclusive Synthesis & Catalysts and Aerosil & Silanes Business Units, while EBIT was in line with the previous year's good level in the C<sub>4</sub>-Chemistry Business Unit.

## Consumer Solutions

In the Consumer Solutions segment sales were 4 percent lower at €599 million due to the divestment of the Water Chemicals and Industrial Chemicals operations. However, all three business units reported pleasing sales growth. EBIT was 8 percent lower at €47 million as a result of the divestments. Higher volume sales and cost reductions pushed up earnings in the Care & Surface Specialties and Feed Additives Business Units, but high competitive pressure meant earnings were below the previous year's level in the Superabsorber Business Unit.

## Specialty Materials

The Specialty Materials segment grew sales 6 percent to €754 million. The upward trend was supported by all four business units thanks to a hike in volumes and successful adjustment of selling prices, although the weakness of the US dollar had an adverse effect. This segment's EBIT surged 48 percent to €86 million. The Coatings & Colorants, High Performance Polymers, Specialty Acrylics and Methacrylates Business Units all lifted earnings substantially year-on-year. The main driving forces here were higher demand, especially in Europe and Asia, and perceptible cost savings. The improvement in selling prices was reduced by a rise in raw material costs.

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## Energy

Sales in the Energy segment increased 8 percent to €700 million, driven principally by higher foreign sales, especially from the commissioning of the Mindanao power plant in the Philippines. By contrast, the mild winter in Germany cut volume sales. EBIT was slightly above the good year-back level at €145 million. The Renewable Energy and Trading Business Lines increased earnings but in the Power Business Line the higher earnings from the Mindanao power plant did not fully offset the impact of price erosion. The Heat Business Line reported a considerable reduction in sales year-on-year as a result of the mild winter temperatures.

## Real Estate

Sales declined by 5 percent to €61 million in the Real Estate segment and EBIT slipped significantly year-on-year to €16 million. This chief factor here was a time lag between income and expenses, which should even out during the year. The year-on-year shortfall was essentially due to a combination of lower sales of investment property and maintenance expenses brought forward.

***The RAG Beteiligungs-Group is a modern industrial corporation which operates in three business areas: Energy, Chemicals and Real Estate. The Group has around 43,000 employees and generated sales of €14.8 billion and EBIT of over €1.2 billion in fiscal 2006. It is planned to list the RAG Beteiligungs-Group on the stock market under a new name in spring 2008.***

***Disclaimer:***

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