

## Profile of Evonik

Evonik is a modern industrial group based in Germany with operations throughout the world. Our Chemicals, Energy and Real Estate Business Areas are positioned at the forefront of the markets in which they operate and we gain a foothold in future markets by providing key answers to economic megatrends. In particular, we see opportunities in the areas of energy efficiency, health & wellness and globalization & demographic change. That enables us to offer our owners—RAG-Stiftung (74.99 percent) and CVC Capital Partners (25.01 percent)—a high degree of stability and good prospects.

Our operations are grouped in eight business units, which act as entrepreneurs within the enterprise. The Corporate Center supports the Executive Board in the strategic management of the Evonik Group, while a Shared Service Center efficiently bundles internal services for our sites.

Evonik is managed in accordance with the clear principles of state-of-the-art value management, focusing on profitable growth and sustained value creation. In the present economic crisis, measures to secure the company's liquidity and earnings have priority. Active portfolio management, accompanied by efficient capital allocation, has high priority for the Evonik Group: We only invest in businesses with sustained and profitable growth prospects. Businesses that no longer fit our strategy or fail to meet our profitability requirements are divested.

For many years, the Chemicals Business Area has ranked among the global leaders at the heart of the specialty chemicals sector. Our size gives us the critical mass and global presence required to leverage synergies in research, production and distribution and to gain access to new growth markets—without jeopardizing the stability and prospects of established business activities. More than 80 percent of sales come from activities where we are among the market leaders and we are systematically improving our position. The spectrum of our operations is very balanced: none of our end-markets accounts for more than 20 percent of sales and the five largest customers together only account for 10 percent. The Chemicals Business Area already generates more than 40 percent of its sales outside Europe.

The strength of our specialty chemicals comprises unique process and applications technology platforms. Moreover, integrated structures allow excellent management of material flows, giving us an advantageous cost position. Close collaboration with customers is another key strategic factor. To improve still further, we are focusing on operational excellence, increasing our presence in attractive growth regions and the impetus provided by our innovations. In the Chemicals Business Area, market-focused research and development (R&D) is a key driver of profitable growth for the future. Our innovative strength is illustrated impressively at 35 sites around the world, where we have approximately 2,300 R&D employees. R&D spending was again over €300 million in 2008. Products, processes and applications developed in the past five years account for over 20 percent of sales.

The core competencies of the Energy Business Area are planning, financing, building and operating highly efficient fossil-fueled power plants. As a grid-independent power generator, we operate coal-fired power plants at nine locations and refinery power plants at two locations in Germany. Evonik's international successes comprise large coal-fired power plants in Colombia, Turkey and the Philippines. In all of these countries we work closely with local partners. Installed capacity is roughly 10,000 Megawatts (MW) worldwide, including around 8,000 MW in Germany. Long-term supply and offtake agreements with key customers ensure a sustained return on investment and essentially stable revenues. As the first company in Germany, we are currently building a 750 MW power station fueled by hard coal, which will have net efficiency of over 45 percent—about 5 percentage points above the best performance currently achieved in Germany and at the forefront of international efficiency on a comparable basis. Providing Clean Competitive Energy from Coal (CCEC), this power station in Duisburg-Walsum (Germany) will use 15 percent less fuel and emit 15 percent less carbon dioxide than the average coal-fired power station in Germany. Evonik also ranks at the forefront of the German market in the disposal and reprocessing of power plant residues. We are well-positioned in the fast-growing market for renewable energies and one of the German market leaders in mine gas, biomass and geothermal energy. Our global engineering services also deepen our country-specific market know-how, enabling us to develop new business ideas for power plant projects.

The Real Estate Business Area manages a portfolio of around 60,000 company-owned residential units concentrated in the federal state of North Rhine-Westphalia (NRW) in Germany. In addition, it has a 50 percent stake in THS, which owns around 75,000 residential units. These are also located predominantly in the federal state of NRW. Evonik is thus one of the leading privately owned residential real estate companies in Germany. Business focuses on letting homes to private households, which essentially generates regular and stable cash flows. We place great store by sustained development of our housing stock. Smart concepts are used to address the entire lifecycle of our properties, including modernization to create low-energy homes. Together with carefully planned, cost-saving management of running costs this minimizes the utility charges paid by tenants. Our business model is rounded out by selected property development activities on company-owned land to upgrade our portfolio.

In 2008, the Evonik Group had around 41,000 employees and sales of €15.9 billion. More than 60 percent of sales were generated outside Germany. The operating profit (EBITDA) was €2.2 billion. Our return on capital employed (ROCE) was 9.1 percent and thus above the cost of capital (currently 8 percent) for the third consecutive year.

We accord special importance to transparent reporting including business-area-specific indicators and detailed financial data. As well as achieving a good financial performance, we aim to demonstrate our ecological and social responsibility and we therefore report extensively on these aspects as well.

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