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**Oliver Luckenbach**  
Head of Investor Relations  
Phone +49 201 177-3145  
Fax +49 201 177-3148  
oliver.luckenbach@evonik.com

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### Record results achieved – Growth projects driven forward

- **Klaus Engel, Chairman of the Executive Board: "2011 was a record year for us. Evonik is now better positioned than ever."**
- **Very good operating performance in 2011:**
  - Group sales grew 9 percent to €14.5 billion
  - EBITDA increased 17 percent to €2.8 billion
  - EBIT improved 28 percent to €2.1 billion
- **Net income climbed 38 percent to over €1 billion**
- **Net financial debt halved to €0.8 billion**
- **Capital expenditures increased considerably – research stepped up**
- **On Track efficiency enhancement program: Target savings of €500 million p.a. achieved ahead of schedule at year-end 2011 – substantial improvement in competitiveness**
- **Outlook: Despite the global economic uncertainty, a further successful business performance is expected in 2012**

Essen. "Evonik posted a record operating performance in 2011 and greatly improved its financial profile and competitiveness," said Klaus Engel, Chairman of the Executive Board of Evonik Industries AG, at today's Financial Press Conference. "Evonik is now better positioned than ever," he said. Good progress has also been made in repositioning Evonik as a pure specialty chemicals corporation by divesting the 51 percent stake in STEAG GmbH and the carbon black business: "In the field of specialty chemicals we are systematically focusing on high-margin business with attractive growth and earnings potential," said Engel. In particular, the Group wants to benefit from the global megatrends health, nutrition, resource efficiency and globalization. Accordingly, Evonik has aligned its

**Evonik Industries AG**  
Rellinghauser Straße 1-11  
45128 Essen  
Germany  
Phone +49 201 177-01  
Fax +49 201 177-3475  
www.evonik.com

**Supervisory Board**  
Wilhelm Bonse-Geuking, Chairman  
**Executive Board**  
Dr. Klaus Engel, Chairman  
Dr. Wolfgang Colberg,  
Dr. Thomas Haerberle,  
Thomas Wessel,  
Patrik Wohlhauser, Dr. Dahai Yu

Registered office Essen  
Register Court  
Essen local court  
Commercial registry B 19474  
VAT ID no. DE 811160003

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specialty chemicals business activities to these megatrends so it can operate even closer to the market.

### **Key growth projects driven forward**

Evonik intends to systematically drive forward its ambitious growth strategy and therefore initiated key investment projects in 2011. To expand its specialty chemicals business the company has earmarked total investment of more than €6 billion for the period 2012–2016. Significant projects include building a new production complex for the amino acid DL–methionine in Singapore, which is scheduled to come into service in 2014. In China, Evonik intends to erect a new production complex for isophorone and isophorone derivatives and a production facility for hydrogen peroxide by the end of 2013. In addition, in Argentina it is building a production plant for alcoholates, which are used as catalysts for the production of biodiesel. This facility is scheduled to come on stream in late 2012. Engel: "In this way, we aim to participate in the dynamic growth in Asia and South America."

### **Group sales and operating earnings considerably higher than in the previous year**

The successful business trend seen in 2010 continued with increased momentum, especially in the first half of 2011, but a slowdown in demand became perceptible in some areas of business towards the end of the year. When assessing the Group's earnings position, it should be noted that the carbon black business was only consolidated for seven months in 2011 compared with twelve months in 2010 as the divestment of this business was closed at the end of July 2011. Overall, **Group sales** grew 9 percent to €14,540 million. **Organic sales growth** was 12 percent, with 2 percentage points coming from increased volumes and 10 percentage points from higher selling prices. Strong demand, the associated high capacity utilization and improved margins lifted earnings before interest, taxes, depreciation, amortization and the non–operating result (**EBITDA**) 17 percent to a new record of €2,768 million. Thanks to the hike in earnings, the Group's **EBITDA margin** improved from 17.8 percent to 19.0 percent. Earnings before interest, taxes and the non–operating result (**EBIT**) surged 28 percent to €2,099 million. All segments played a part in the earnings increase.

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The **non-operating loss** of €175 million in the **continuing operations** mainly comprised impairment losses on property, plant and equipment and expenses relating to divestments and restructuring. **Income before income taxes from the continuing operations** rose substantially to €1,543 million, a hike of 58 percent. **Net income** advanced 38 percent to €1,011 million (2010: €734 million).

### **Further improvement in profitability—net financial debt reduced considerably**

The return on capital employed (**ROCE**) increased from 15.0 percent to 18.7 percent thanks to the substantial rise in earnings. That was well above the cost of capital of 9.5 percent before taxes.

The **cash flow from operating activities in the continuing operations** was €1,435 million, another good level thanks to the successful operating performance. Due to higher income tax payments and the rise in net working capital resulting from the strong increase in business, this was slightly below the previous year's level (€1,571 million). Including the cash flow from discontinued operations, the **cash flow from operating activities** was €1,309 million. There was a significant rise of 27 percent in **capital expenditures** to €830 million. **Net financial debt** was reduced considerably. Compared with the position at December 31, 2010 it virtually halved to €843 million (2010: €1,677 million). Alongside the good operating performance, this was mainly due to the proceeds from the divestment of the 51 percent stake in STEAG GmbH and of the carbon black business. In addition, Evonik continued to transfer pension obligations to the contractual trust arrangement (CTA) established for this purpose: A further €400 million was allocated to the CTA in 2011.

### **On Track efficiency enhancement program completed ahead of schedule – New future-oriented program "Evonik 2016" in preparation**

The On Track cost-cutting and efficiency enhancement drive initiated during the economic crisis in 2009 has been successfully completed. Thanks to rapid implementation of this program, Evonik achieved the goal of annual savings of €500 million for the first time at year-end 2011, one year earlier than planned. "This success was made possible by constructive collaboration with representatives of our workforce, which ensured broadly based acceptance by employees," stressed Engel.

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"Going forward, we are concentrating on three key factors: a further increase in efficiency, growth and our values, especially trustful collaboration with one another. In our view, efficiency, growth and values belong together," explained Engel. On the basis of these three factors, the Group is currently preparing a new future-oriented program "Evonik 2016". The aim is to continue to raise competitiveness in the future, and to further improve the basis for planned growth. The plan to invest more than €6 billion in the specialty chemicals business up to 2016 is one element of this program. A second element is On Track 2.0, which aims to achieve further sustained annual cost savings of around €500 million by the end of 2016. Engel stressed: "Like its predecessor, On Track 2.0 will not simply be a savings program. It should help bring a perceptible improvement in the efficiency of Evonik's structures and workflows without being detrimental to our employees: There will not be any dismissals for operational reasons under On Track 2.0." Evonik will be preparing all measures relating to On Track 2.0 in close collaboration with representatives of its employees.

Engel: "Keeping costs in check is only one aspect. Our common values are equally important. They form the third element in our future-oriented program, especially given the increasing internationalization of our specialty chemicals business. Our global focus makes completely new demands on management, management tools and our performance culture. Ultimately, efficiency and values are both necessary if we are to successfully achieve our growth targets. In this way, we also aim to offer viable long-term jobs in the future."

### **Research and development driven forward**

To strengthen its innovative capability still further, Evonik raised research and development spending by 8 percent to €365 million in 2011. Innovative strength combined with closeness to customers is a key success factor for profitable growth at Evonik. The Group's latest R&D highlights include products for displays, high-performance polymers for photovoltaic applications, and components to enhance the fuel economy of automobiles. To complement the present innovation structures and processes, in the medium term Evonik intends to invest up to €100 million in promising start-ups through its Corporate Venturing unit, either directly or indirectly through specialist venture capital funds.

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### Performance of the segments in 2011

#### Consumer, Health & Nutrition

The **Consumer, Health & Nutrition** segment produces specialty chemicals, principally for applications in the consumer goods, animal nutrition and pharmaceutical sectors. This segment comprises the Consumer Specialties and Health & Nutrition Business Units.

#### Strong demand – excellent results

The very good business trend in the Consumer, Health & Nutrition segment continued in 2011. **Sales** advanced 11 percent to €4,081 million, driven by strong demand in all regions and higher selling prices, principally due to the ability to pass on higher raw material costs. **EBITDA** increased by 6 percent to €1,049 million and **EBIT** by 7 percent to €917 million. The main factors here were higher volumes and the resulting high capacity utilization. The **EBITDA margin** was an excellent 25.7 percent.

#### Resource Efficiency

The **Resource Efficiency** segment provides solutions for environment-friendly and energy-efficient products. It comprises the Inorganic Materials and Coatings & Additives Business Units.

#### Adjusted sales above previous year's level – higher operating earnings

The Resource Efficiency segment's **sales** totaled €4,045 million, slightly lower than in 2010 as a result of the divestment of the carbon black business, which was completed at the end of July. After adjustment for carbon black sales in both years, sales grew by 8 percent. This was mainly due to higher selling prices, principally to recoup the higher cost of raw materials. Operating earnings improved even though the carbon black business made no earnings contribution from August 2011. **EBITDA** grew 3 percent to €765 million, while **EBIT** increased 7 percent to €611 million. The **EBITDA margin** increased from 17.8 percent to 18.9 percent.

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### Specialty Materials

The heart of the **Specialty Materials** segment is the production of polymer materials and their preproducts, and additives. This segment comprises the Performance Polymers and Advanced Intermediates Business Units.

#### **Strong rise in business—considerably higher earnings**

The good business trend in the Specialty Materials segment gained momentum in 2011. **Sales** grew 19 percent to €4,880 million. Operating earnings increased significantly thanks to the strong rise in business, better capacity utilization and higher selling prices. **EBITDA** grew 45 percent to €907 million, while **EBIT** increased 59 percent to €748 million. The **EBITDA margin** rose from 15.2 percent to 18.6 percent as a result of the strong rise in earnings.

### Services

The **Services** segment mainly provides central services for the chemicals segments and the Corporate Center. This segment principally generates internal sales with the chemicals business, but also provides services for third parties to a small extent.

In 2011 the Services segment reported **total sales** of €2,423 million. Internal sales accounted for €1,471 million of the total. External sales increased by 19 percent to €952 million, mainly as a result of higher demand for services and because it was able to pass on higher raw material prices in its procurement activities. **EBITDA** grew 32 percent to around €139 million, while **EBIT** doubled to €56 million.

### Real Estate

The Real Estate segment, which Evonik plans to exit entirely in the medium term, focuses on letting homes to private households in the federal state of North Rhine–Westphalia. Alongside Evonik's portfolio of residential real estate, it comprises a 50 percent stake in THS.

This segment's **sales** increased by 2 percent to €412 million. **EBITDA** climbed 16 percent to €219 million, and the **EBITDA margin** improved from 47.3 percent to 53.2 percent. **EBIT** rose 21 percent to €171 million

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thanks to a good operating performance and a one-time effect on the at-equity earnings from THS resulting from the revaluation of deferred tax assets.

### **Evonik Group: Year-on-year increase in EBITDA and EBIT in Q4 2011**

The Group's operating performance weakened slightly in the fourth quarter of 2011 due to a deterioration in the economic situation and seasonal effects. Group **sales** slipped 2 percent to €3,330 million in the fourth quarter of 2011. After adjustment for the carbon black business, which was included in the prior-year figures, sales were up 8 percent in the fourth quarter of 2011, mainly as a result of higher selling prices. **EBITDA** rose 9 percent year-on-year to €522 million and the **EBITDA margin** increased from 14.1 percent to 15.7 percent. **EBIT** was 26 percent higher at €347 million. **Net income** was €148 million, a rise of €204 million compared with Q4 2011, when it was held back by one-off expenses in connection with the divestment of the majority stake in STEAG GmbH.

### **Outlook: 2012 is expected to be a successful year despite the economic uncertainty**

There are significant uncertainties surrounding the global economic development in 2012, making it difficult to predict. Moreover, it is not clear how the European sovereign debt crisis will develop and to what extent it could have far-reaching implications for global growth. These economic uncertainties also affect the outlook for Evonik.

When assessing the outlook for 2012 it should be noted that in 2011 the figures for the carbon black business were included in Evonik's financial results until its divestment at the end of July. To improve comparability, Evonik's outlook is based on figures after stripping out the carbon black business.

Despite the global economic uncertainty, Evonik expects to report another successful business performance. It is expecting continued high demand for its specialty chemicals products, although the expected economic slowdown in Europe and some industries, especially in the first half of 2012, could have an impact on business. Pressure on selling prices

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is likely to increase as a result of the more challenging economic environment. Overall, Evonik assumes that in 2012 sales will be around the high level of 2011. The operating results will probably be slightly below the excellent level reported for 2011.

If the economic slowdown in Europe and the drop in demand in specific industries proves less pronounced than assumed, Evonik expects its operating results to be in line with or even slightly above the excellent 2011 level.

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### Evonik Group: Excerpt from the income statement

(in € million)	Q4 2011 <sup>1)</sup>	Q4 2010	Change in %	2011 <sup>2)</sup>	2010	Change in %
Sales	3,330	3,390	-2	14,540	13,300	9
EBITDA	522	478	9	2,768	2,365	17
<b>EBIT</b>	<b>347</b>	<b>276</b>	<b>26</b>	<b>2,099</b>	<b>1,639</b>	<b>28</b>
Non-operating result, continuing operations	-55	-78	-	-175	-236	
Net interest expense	-94	-102	-	-381	-428	
<b>= Income before income taxes, continuing operations</b>	<b>198</b>	<b>96</b>	<b>107</b>	<b>1,543</b>	<b>975</b>	<b>58</b>
Income before income taxes, discontinued operations	2	-164		-42	73	
<b>= Income before income taxes (total)</b>	<b>200</b>	<b>-68</b>	<b>-</b>	<b>1,501</b>	<b>1,048</b>	<b>43</b>
Income taxes	-67	25		-487	-255	
<b>= Income after taxes</b>	<b>133</b>	<b>-43</b>	<b>-</b>	<b>1,014</b>	<b>793</b>	<b>28</b>
Non-controlling interests	15	-13		-3	-59	
<b>= Net income</b>	<b>148</b>	<b>-56</b>	<b>-</b>	<b>1,011</b>	<b>734</b>	<b>38</b>

<sup>1)</sup> without carbon black

<sup>2)</sup> without carbon black since August 2011

### Performance of the business segments

	Sales			EBITDA		
	Q4 2011 € million <sup>1)</sup>	Q4 2010 € million	Change in %	Q4 2011 € million <sup>1)</sup>	Q4 2010 € million	Change in %
Consumer, Health & Nutrition	1,060	974	9	241	236	1
Resource Efficiency	741	1,046	-29	116	141	-18
Specialty Materials	1,125	1,022	10	168	123	36
Services	241	209	16	15	15	0
Real Estate	103	107	-4	54	51	7
Other operations	60	32	88	-72	-88	-
<b>Evonik Group</b>	<b>3,330</b>	<b>3,390</b>	<b>-2</b>	<b>522</b>	<b>478</b>	<b>9</b>
	Sales			EBITDA		
	2011 € million <sup>2)</sup>	2010 € million	Change in %	2011 € million <sup>2)</sup>	2010 € million	Change in %
Consumer, Health & Nutrition	4,081	3,677	11	1,049	985	6
Resource Efficiency	4,045	4,195	-4	765	746	3
Specialty Materials	4,880	4,117	19	907	626	45
Services	952	801	19	139	106	32
Real Estate	412	402	2	219	190	16
Other operations	170	108	56	-311	-288	-
<b>Evonik Group</b>	<b>14,540</b>	<b>13,300</b>	<b>9</b>	<b>2,768</b>	<b>2,365</b>	<b>17</b>

<sup>1)</sup> without carbon black

<sup>2)</sup> without carbon black since August 2011

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### Evonik Group: Employees by segment

	Dec. 31, 2011	Dec. 31, 2010
Consumer, Health & Nutrition	6,384	6,326
Resource Efficiency	6,381	7,874
Specialty Materials	6,846	6,789
Services	10,946	10,616
Real Estate	1,135	1,098
Other operations	1,864	1,704
Continuing operations	33,556	34,407

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### **Company information**

Evonik, the creative industrial group from Germany, is one of the world leaders in specialty chemicals. Its activities focus on the key megatrends health, nutrition, resource efficiency and globalization. Profitable growth and a sustained increase in the value of the company form the heart of Evonik's corporate strategy. Evonik benefits specifically from its innovative prowess and integrated technology platforms.

Evonik is active in over 100 countries around the world. In fiscal 2011 more than 33,000 employees generated sales of around €14.5 billion and an operating profit (EBITDA) of about €2.8 billion.