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Good morning, ladies and gentlemen,

Together with my colleagues from the Executive Board, I would like to welcome you most warmly to the Financial Press Conference of Evonik Industries AG.

A year ago, the word “crisis” figured prominently when corporations like Evonik presented their annual figures. And although there is now a little more optimism, accompanied by signs of stabilization, the global economy has still not recovered from the severe repercussions of a crisis that was triggered by folly and lack of responsibility. Greece has recently shown us that the financial crisis has hit entire economies.

Speculation destroys value. Companies have to create value to protect their innovative ability and safeguard employment. The shock waves from the banking sector are affecting everyone—companies and citizens alike. Even rock-solid corporations are having to make an enormous effort to counter the impact of the crisis as effectively as possible.

Strength alone is not sufficient to hold a ship on course in stormy seas. A sound foothold is equally important to prevent the helmsman slipping. And it is precisely there that I see another, extremely serious problem, ladies and gentlemen: Industrial production and innovation are fundamental to our prosperity. Germany is the most important economy in the EU. Yet we allow ourselves the luxury of firing off rounds of skepticism and criticism every time a new infrastructure scheme or industrial project is mooted. We allow ourselves the dubious luxury of railing against low-paid jobs in the service sector, yet oppose the establishment of new industrial locations offering well-paid employment. In the long run, that is bound to end in grief.

The banking crisis is costing us billions; antipathy to industry will cost us our future.

During the early years of the Federal Republic of Germany, there was a consensus that industry played a vital role in society. That consensus is increasingly being undermined. However, a high standard of living cannot be ordered via the internet at a simple, risk-free mouse click. It has to be earned in the real economy, in industrial facilities, which means constantly weighing up the risks and benefits. A new, objective dialogue is urgently needed to restore that insight.

There are many areas where industry also has a responsibility to society. Conversely, society must accept its responsibility for securing its own industrial base. That is precisely why a debate about overall responsibility is so important. Priority needs to be given to an intensive debate on this issue in the coming months and years.

Taking responsibility for the environment, being a reliable partner for our business associates and treating our employees fairly are basic principles of good corporate management at Evonik. At present, they are helping us master the crisis better than some of our competitors. Ultimately, the global economic crisis has made it evident that companies which embrace the

spirit of the social market economy have the power to shape the future, even in periods of crisis.

Very successful efficiency enhancement program in 2009

At the start of 2009 we took resolute action to counter the crisis by introducing measures to raise efficiency and cut costs. Our motto was “cut costs—raise efficiency” in a bid to improve liquidity and earnings in the short term. That was essential in the face of the dramatic slump in sales—as much as 30 percent in some businesses—and negative net income in the first three months of the year. We acted fast and responsibly, together with our employees and their representatives. As a result, in 2009 we managed to cut costs by more than €500 million rather than our target of €300 million. And around a quarter of those savings are sustainable. From June onwards, that basically helped us make up for the earnings shortfall registered in the first half of the year and especially the first three months.

As in a 400-meter race, we got our second wind as we rounded the first bend, enabling us to nearly close the gap in all major financial indicators.

As we approached the year-end finishing line, we remained successful. Although the Group's fourth-quarter sales dropped about 8 percent year-on-year to €3.49 billion, EBITDA increased from €351 million to €557 million in the last three months of the year. That was an impressive rise of about 60 percent. The main driving forces—apart from an upturn in demand—were our successful programs to cut costs and raise efficiency. Lifting EBITDA so significantly despite falling sales indicates one thing very clearly: our efficiency is fine. My colleague Dr. Colberg will give you further details of our fourth quarter performance a little later.

And now, I would like to look at the figures for 2009 as a whole.

Key figures for 2009

- Although Group sales declined by 18 percent to €13.1 billion in 2009, EBITDA (earnings before interest, taxes, depreciation, amortization and the non-operating result) decreased by only 6 percent to around €2.0 billion.
- By comparison, at the end of the first six months, EBITDA was down 34 percent. The Chemicals Business Area made up a good deal of ground in the second half of the year.
- Overall, the Group's EBITDA margin climbed to 15.5 percent, well above the previous year's level. Net income was €240 million in 2009, compared with €281 million in 2008. However, the 2008 figure was boosted by proceeds from divestments. In the

midst of the crisis, we therefore continued to earn a good operating return and kept the business impact of the crisis in check.

- ROCE (return on capital employed) was 8.4 percent, well above the Group's overall cost of capital of 8 percent, but below the year-back figure of 9.0 percent. One important factor is that all three business areas achieved a return on capital employed in excess of their cost of capital.
- At the same time, the cash flow from operating activities improved substantially from €0.4 billion to €2.1 billion. In other words, we greatly reduced net working capital, that is, the short-term capital tied up in our operations.
- Even after the dividend for 2008, which was paid to our shareholders in 2009, the cash flow was sufficient to reduce our net financial debt by 25 percent or €1.2 billion to €3.4 billion.
- Despite the crisis, all strategically important investments were undertaken in 2009. These capital expenditures amounted to €849 million, yet the Group utilized the scope provided by our flexible strategic investment planning to scale back investment by more than €300 million compared with the previous year.

Labor relations are a key success factor

Overall, we can be satisfied with our achievements in 2009. The entire Evonik team posted a tremendous performance last year. Thanks to the steadfastness and determination of our workforce we are able to present financial figures that seemed unattainable in the first six months of 2009.

That is the result of a concerted effort by management and employees, based on our system of constructive collaboration between management and representatives of the workforce. After all, it was not simply a matter of operating our production facilities more efficiently, scaling back outsourcing or reducing travel expenses. All employees throughout the Group were directly affected in some way by the measures we introduced, including short-time working, bonus cuts, pay freezes and the mandatory reduction of time credits on overtime and vacation accounts. Nevertheless, we were able to drive forward this difficult process without conflict, in a spirit of solidarity. That is because we actively support the German industrial relations model that makes close collaboration with labor unions and the Works Councils a key success factor. A key outcome of our most recent discussions is an agreement that we will refrain from dismissing employees in Germany for operational reasons up to December 31, 2012. And because our earnings were better than originally expected despite the crisis, the original plan to halve performance-related bonuses for 2009 has been converted into a cut of just 25 percent. That is one way of thanking our employees for their efforts.

Ladies and gentlemen,

Our ability to remain on course despite the adverse operating conditions was also due to our strategic focus: Our attractive, future-oriented products offer enormous benefits for our customers and are aimed at markets with above-average growth potential. Although volumes only picked up slightly during the year, on average we were able to hold prices stable, and actually raised the price of some products. We also renegotiated contracts with customers and extended them on improved terms. That highlights the good reputation of our products and the quality of our customer relationships, which are based on trust and durability. It also shows that we were able to achieve our goal of offering customers tailor-made solutions, even in the crisis, thus reinforcing customer loyalty.

Savings target remains ambitious: €500 million p.a. from 2012

We cannot, nor do we wish to, rest on our short-term success. The temporary improvement in earnings and liquidity is not sufficient. Our objective is a lasting improvement in Evonik's competitive position. That is why we have set ourselves the goal of sustained savings of €500 million a year from 2012. And we are confident that we can achieve this ambitious target. We have already secured over a quarter of target savings and have defined action covering about 70 percent of the total amount. That gives increases our leeway, so we can achieve our growth targets faster, greatly improve our financial profile and further strengthen the Evonik brand on the financial markets.

New strategy to speed up growth

Cutting costs was a common theme in the corporate sector last year. And Evonik was no exception. However, we were not satisfied with cutting costs alone. At the same time—in the midst of the crisis—we developed and adopted a new strategy. Our aim is for Evonik to focus on specialty chemicals and to run the Energy and Real Estate Business Areas as strong but largely independent entities. The overall goal is to speed up Evonik's growth

- to gain competitive advantages
- and increase our market share.

We therefore aim to reinforce the market standing of Evonik and of our products and services. Since many of our competitors are concentrating their resources entirely on overcoming the crisis, there are currently tremendous opportunities for companies that act with determination and foresight. In short: companies that have a strategy for the future.

Profitable growth and sustained value creation are our guiding principles.

We have a responsibility to

- create value for our owners
- in order to pave the way to protect and create skilled industrial jobs
- and enable RAG-Stiftung to fulfill its public duty to cover the perpetual costs resulting from the future closure of German mines. That will reduce the burden on the public sector and thus on taxpayers.

The new strategy includes stepping up the focus of our chemicals portfolio on the most important global megatrends. We have identified

- resource efficiency
- health and nutrition, and
- globalization of technologies

as the key growth areas for Evonik. Today, more than 80 percent of our sales are generated in fields where we rank among the market leaders and have a technological edge. We are backing businesses where annual growth rates are expected to be in the single or even double-digit percentage range in the long term.

Growth via megatrends and innovation

One example is our lithium-ion technology. About two-and-a-half years ago, Li-Tec Battery, and Litarion, our subsidiaries in Kamenz, near Dresden (Germany), started to build up production of battery cells. Just over a year ago we entered into a strategic alliance with Daimler. And about three months ago, we decided to extend the Kamenz site massively and ramp up capacity for battery cells from around 300,000 to about 3 million units a year from 2013. Daimler's E-Smart, which is scheduled for market launch in 2012, will be the first serially produced car with "Evonik inside". This highlights the claim made by our subsidiary Li-Tec to market leadership in Europe. The first company to start serial production of electric vehicles will be the pace-setter in this market. Issuing frequent statements may bring a constant stream of headlines, but not a single cent from the market. Our aim is to earn money in this market.

At the same time, we want to use our technology to open up new markets, for example, by developing stationary energy storage systems. Experts estimate that this technology could have a market volume of over €10 billion by 2020. We are not the only company working in this field. However, we are convinced that our technology, which is bundled in the CERIO® brand, offers "state-of-the-art" performance and safety, just as it does for the automotive sector. Evonik will help separate energy generation from energy consumption. In the future, we will be able to store wind power and solar energy.

Resource efficiency is a central issue for Evonik. We are already doing good business here and have set our sights on further growth. Together with partners we are investing about €200 million in new production facilities for chlorosilanes and monosilanes in Merano (Italy) and Yokkaichi (Japan). These substances are key building blocks for the photovoltaic and electronics industries and we are anticipating growth rates in excess of 20 percent in some segments. Our facility in Merano will come on stream in the first half of this year, while the Yokkaichi plant is scheduled for start-up in the first half of 2011.

We are also addressing the needs of the growing world population. Demand for adequate and, above all, high-quality food is rising steadily. That is why we are greatly expanding our business with methionine, an amino acid for healthy animal feeds. Capacity at three of our sites—in Antwerp (Belgium), Wesseling (Germany) and Mobile (Alabama, USA)—is being raised stepwise to 430,000 metric tons by 2013. Moreover, plans for an additional world-scale plant are well advanced. This will extend our position as the world leader in the long term.

Rising life expectancy in the western world is increasing demand for health-care products. That also offers tremendous opportunities for our chemicals business. At the start of this year, we acquired the production of pharmaceutical intermediates at the Tippecanoe site in Indiana (USA) from Eli Lilly, thereby opening up additional growth potential for Evonik in this attractive market segment.

Business opportunities are also being generated by the emergence of new economic hubs, chiefly in newly industrializing regions: Asia, especially China, Latin America, Eastern Europe and, increasingly, the Middle East. Our key technologies support the economic development of these regions. In 2009, we started up the new production complex at our Shanghai site. The €250 million MATCH project was the second biggest investment program ever undertaken by our Chemicals Business Area and this new complex places us in an excellent position to supply high-quality plastics and coating systems from facilities close to our customers in the fast-growing Asian markets.

All these examples showcase our idea of the future, which we are developing either through in-house research or on the basis of established business operations. That's why our commitment to research and development has remained consistently high despite the crisis. We spend about €300 million a year on R&D. More than 40 percent of this is earmarked for the development of new products and 20 percent for new technology platforms.

Strategic research, which is bundled at Creavis Technologies & Innovation in Marl (Germany), receives 15 percent of our R&D budget. Here we develop high-tech solutions for the future, opening up considerable sales and earnings potential for the Evonik Group. High-tech solutions made by Evonik already have a good reputation around the world.

Above-average vocational training

Evonik's attitude to R&D also applies unreservedly to vocational training. Despite the challenging economic situation, we have maintained the number of trainees at around 9 percent of the German workforce. That is above the industry average of 6.5 percent and also in excess of our own needs. Our annual investment in vocational training of young people is €57 million, which is also above the industry average. We will be continuing this policy of sustainable human resources planning because we are convinced that the quality of our employees is decisive for our market prospects and competitive position.

Ladies and gentlemen,

At the end of last year, we embarked on a new direction. That represents a watershed in the history of our company. We are leaving past political maneuvering behind us and concentrating on our business objectives with a clear strategy designed to allow all three business areas to grow. The first step is to create the structural basis by operating the Energy and Real Estate Business Areas as largely independent entities.

Seeking a partner for the energy business

Global demand for energy will continue to rise, not least due to the industrialization of more and more emerging markets. Many factors indicate that coal will dominate the global energy mix in the coming decades. At the same time, there is growing global awareness of the need to generate energy as efficiently as possible, thus reducing pressure on resources.

That greatly improves the prospects for our energy operations, especially on the international market. The next few years will show who can gain market share in the planning, construction and operation of foreign power plants. Our reputation gives us a clear advantage:

- because we have more than seventy years experience and expertise in the construction of power plants
- because in the past we moved faster than German competitors to initiate the construction of attractive coal-fired power plants in foreign markets
- and because we have an experienced team of engineers with the ability to organize and carry out a number of power plant projects simultaneously in Germany and abroad.

That is already paying off. Our reference plants in Colombia, on the Philippines and in Iskenderun in Turkey are the best calling card our engineers could have in the competition to secure lucrative new projects. We want to build on that success. The plans for a new 625

Megawatt hard-coal power plant in Turkey, which has been given the project name “Ayas”, is another opportunity for us to demonstrate our value as a business partner.

Building and operating international power plants is a rewarding business. But building power plants is also capital-intensive. To enable our Energy Business Area to fully utilize its potential to grow and create value, we want to take one or more partners on board. They could invest in Evonik Steag GmbH's overall business or in individual growth projects. Evonik intends to maintain a majority stake in the energy business.

Attractive prospects for the real estate business

We also see attractive prospects for the development of our Real Estate Business Area. As a first step, together with the IG BCE labor union, we aim to combine Evonik Immobilien GmbH and THS GmbH to form a new company. Evonik and the IG BCE union each hold 50 percent of the shares in THS. The new entity would be Germany's third largest residential real estate company with more than 130,000 housing units and annual sales of around €800 million.

Formal negotiations with IG BCE have now started and are making good progress. Our central objective is to develop stable solutions rather than to bring this process to the swiftest possible conclusion.

Ensuring that rents, prices and corporate development are aligned to market and social requirements is important to us. Our tenants will not experience any reduction in service or living conditions.

That's why we want to work with IG BCE to draft an agreement that takes account of the legitimate rights of everyone involved. Overall, THS and our real estate activities are a good fit:

- Both are focused on properties in Ruhr district, in the heart of the federal state of North Rhine-Westphalia.
- Both are traditional companies with strong roots in the region and represent a significant economic force here.
- Both companies have a reputation for the upkeep and development of their properties and for dealing fairly and reasonably with employees, tenants and municipal authorities.

That gives us an obligation for the future. The amalgamation of the companies should take place within the next two years and will forge a strong new real estate company with attractive employment opportunities, right here in North Rhine-Westphalia. In the mid term, we want to develop perspectives for the new company as a capital market player. How and when

that happens will be discussed with IG BCE when the time comes and a joint decision will be taken.

Report on the business areas: Strong spurt by Chemicals at year end

Now I would like to turn to the operating performance of our business areas.

The Chemicals Business Area bundles Evonik's global specialty chemicals activities. We are one of the world's largest and most significant players in this sector, with a well-balanced portfolio: None of our end-markets accounts for more than 20 percent of total sales, and our five biggest customers together account for no more than 10 percent of sales.

2009 was characterized by both light and shadow in the Chemicals Business Area. Despite initial signs of an upturn, businesses focused on the automotive, construction and plastics industries were particularly badly affected by the crisis. By contrast, demand for products for the consumer goods, pharmaceuticals and animal feeds sectors was positive despite the crisis.

Sales slipped 15 percent to €9.98 billion in the Chemicals Business Area (2008: €11.76 billion). The global economic crisis led to plummeting volumes in almost all business units especially in the early months of the year.

Our rapid and highly disciplined action to safeguard earnings and liquidity proved very effective. This was one of the main reasons why we were able to offset most of the 33 percent drop in EBITDA reported mid-way through the year. At year end, EBITDA was €1.60 billion, only one percent below the previous year's level of €1.63 billion and thus virtually unchanged. The EBITDA margin increased significantly to 16.1 percent (2008: 13.8 percent) and there was a slight improvement in ROCE to 10.3 percent (2008: 9.9 percent). In comparison with its competitors, the Chemicals Business Area was thus one of the leading lights in terms of overcoming the crisis. Capital expenditures declined 31 percent to around €502 million (2008: €727 million).

Energy Business Area is looking ahead to the start-up of Walsum 10

Our power and heat generation business and related services are grouped in the Energy Business Area. Its core competencies include planning, financing, building and operating highly efficient fossil-fueled power plants.

This business area's sales fell 25 percent to €2.56 billion (2008: €3.40 billion), mainly because of a substantial drop in the price of hard coal. Having peaked at around US\$220 billion per metric ton in 2008, the price of hard coal fluctuated between US\$62 and US\$81 in 2009. Coal trading and demand for electricity also decreased. Thanks to successful cost savings,

EBITDA only slipped 19 percent to €418 million (2008: €517 million) and the EBITDA margin advanced to 16.3 percent (2008: 15.2 percent).

Earnings were held back by considerable one-off impairment losses on coal inventories as a result of the sharp drop in prices in the first half of the year. ROCE slipped from 13.2 percent to 9.7 percent and capital expenditures declined 15 percent to €280 million (2008: €328 million).

The start-up of the Walsum 10 power plant in Duisburg (Germany) is expected to boost the Energy Business Area's performance this year. Following the successful pressure test, we will be bringing Europe's most advanced hard-coal power plant into service this year. That will be within our ambitious time and cost schedule. Capital expenditure for this 790 megawatt power plant with over 45 percent efficiency is still expected to be within budget at around €820 million. This new plant will reduce coal consumption because at peak-load operation it will require 20 percent less fuel and thus release 20 percent less CO₂ than present hard-coal power plants with the same rated power. We are already planning the next international growth steps for our Energy Business Area. The first permits required for the "Ayas" project have been obtained and work has started on preparation of the site.

Real estate business was stable

The Real Estate Business Area's portfolio of high-quality residential units meets market requirements: with a demand-driven vacancy rate of 2.4 percent our letting situation is very healthy compared with our competitors.

The business area's sales were virtually unchanged year-on-year at €378 million (2008: €375 million). EBITDA slipped to €183 million, a drop of 16 percent from the year-back figure of €217 million, which was boosted by one-off income from the divestment of commercial real estate. ROCE slipped from 9.2 percent to 7.3 percent. After adjustment for the one-off income, the percentage drop was in the low single-digit range. In other words, our real estate operations are maintaining a stable course. Since we acquired fewer properties in 2009, capital expenditures declined by 34 percent to €57 million (2008: €87 million).

Evonik aims to make its mark on capital markets

The capital markets are increasingly acknowledging the good progress we have made in key financial indicators and the promising outlook for the Evonik Group. In a financial environment that was still grappling with the after-effects of a severe crisis, our debut bond issue proved very successful. This €750 million five-year bond was seven times oversubscribed, demonstrating that Evonik is not simply an interesting company, but that investors are increasingly keen to invest in us.

The bond has placed our corporate financing on an even firmer footing and further improved the maturity profile of our liabilities. We will be continuing along this track as it secures the financial headroom we need for growth.

With our sights set on a stock market listing, we intend to strengthen and broaden our success story. That includes further improving our financial profile. Ultimately, the same yardstick must apply on the capital markets as for our products and technologies: the Evonik brand must stand for quality, attractiveness and reliability. Our mid-term goal is therefore an investment-grade rating. We will be embarking on the necessary steps in just over two weeks. However, the pace at which we reduce our debt must not be allowed to cloud our growth prospects.

Despite the extremely difficult business conditions, we kept our word in 2009 and paid out a total dividend of €280 million to our shareholders. And in times when even some DAX companies are cutting their dividends, or failing to pay a dividend at all, we will be distributing the expected €320 million for fiscal 2009. This highlights the fact that we also maintain a view towards reliable dividends. Moreover, the dividend will not weaken our intrinsic value. The net income of Evonik Industries AG, which is the decisive factor for the distribution of a dividend, amounts to a good €700 million—well above the dividend level. Additionally, our successful action to secure liquidity last year enabled us to generate a high cash flow.

As you can see, ladies and gentlemen, we have done our homework. We significantly exceeded our original guidance for 2009 and have got off to a good start in 2010. The figures for the first two months were well ahead of last year, even though neither volumes nor sales were back at the 2008 level. That good start has strengthened our confidence about 2010. Although the economic outlook is still uncertain and a number of question marks remain, since volumes are picking up we expect to report higher sales this year. Overall, we assume that in 2010 EBITDA will be at least on a par with 2009. Personally, I believe that we have the potential for positive surprises.

We have promising projects in the pipeline and many plans. Our annual report “A Land of Ideas”, which is published today, provides examples of what could drive our growth. It takes you on a voyage of discovery to explore tomorrow’s solutions.

Thank you for your attention.