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Statement

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Ladies and gentlemen,

May I, too, welcome you to this year's Financial Press Conference. I would like to give you some additional information on Evonik's performance in 2008, our financial situation and the outlook for 2009.

Since Dr. Engel has already outlined the sales and EBITDA of our business areas in some detail, I shall focus on the other important earnings parameters. I shall also draw attention to some key factors that impacted our performance in 2007 which are important for a comparison with 2008.

EBITDA was €2,171 million in 2008. From this we deduct depreciation and amortization, which amounted to €867 million in 2008, compared with €873 million in 2007. The next item is the **non-operating loss** of €406 million. This is the net result of non-operating income and expense items which are by nature one-off or rare. Non-operating expenses of €544 million comprised impairment losses in the Chemicals Business Area and expenses for the restructuring of the Group, strengthening the Evonik brand, the planned shutdown of some smaller foreign chemicals locations and the planned relocation of our administrative activities in Frankfurt. Non-operating income of €138 million principally relates to the divestment of non-core activities, including a majority stake in SOTEC, a minority stake in ThyssenKrupp Röhm Kunststoffe and our North American mining chemicals business. The previous year's non-operating loss of €370 million was primarily impacted by impairment write-downs for the Degussa brand following the introduction of the new Evonik brand and expenses for the restructuring of the Group.

Net interest expense increased by €64 million to €530 million. This was mainly due to interest on pension provisions and long-term provisions. Interest expense for financial debt actually declined by €10 million.

Income before income taxes from the continuing operations slipped 30 percent from €527 million in 2007 to €368 million in 2008.

Income before income taxes from the discontinued operations was €134 million, which was well below the prior-year figure of €630 million. The figure for 2008 contains proceeds of €92 million from the divestment of our two discontinued operations—tar refining (Rütgers Chemicals) and initiators—and income of €42 million from the operating activities of these two businesses. The 2007 figure of €630 million contained €502 million from the divestment of the mining technology activities (DBT) and the gas distribution business (SaarFerngas) and €128 million in operating income from the four discontinued operations: tar refining, initiators, mining technology and gas distribution.

The **income tax expense** of €147 million gives an income tax rate of 29 percent, which corresponds almost exactly to the projected Group tax rate of 30 percent. In 2007, the tax rate was reduced significantly by considerable tax-free gains on divestments and tax income from the reversal of deferred tax liabilities following the reform of the German corporation tax system.

Net income dropped 67 percent to €285 million. That was below the high prior-year figure of €876 million, which was boosted by the proceeds from the divestment of the mining technology and gas distribution businesses. In 2008 net income was also held back considerably by one-off expenses caused by the economic crisis.

We will be proposing to the Annual Shareholders' Meeting that €280 million of net income should be distributed to our shareholders as a **dividend**. That corresponds to a dividend payment of around 60 eurocents per share and is in line with the minimum dividend payment for 2008 agreed between our shareholders RAG-Stiftung and CVC when the 25.01 stake in the company was sold. The dividend will be paid out of the net profit shown in the separate financial statement for Evonik Industries AG for fiscal 2008, which is prepared in line with German GAAP. The net income calculated by German GAAP is €308 million, of which €28 million has been allocated to profit reserves.

Cash flow from operating activities of the continuing operations was €381 million in 2008 and thus below the year-back level of €1,098 million. Alongside higher income tax payments, this was principally due to a considerable rise in working capital resulting from the hike in raw material prices, increased inventories in the wake of the sharp drop in demand from November and higher trade accounts receivable. Cash outflows for investing activities increased to €555 million, up from €329 million in the previous year. Outflows for investment were higher than in 2007, while proceeds from the divestment of non-core operations were lower.

Capital expenditures rose 12 percent to €1,160 million. 61 percent of this amount was allocated to the Chemicals Business Area and 30 percent was invested in the Energy Business Area. Regionally, the focus was on Germany, which accounted for 66 percent of the total. Additions to financial assets were €149 million, and mainly comprised the acquisition of the remaining 49 percent of shares in our previous joint venture Degussa Lynchem, which is based in Dalian (China), and the increase in our stake in Li-Tec in Kamenz, near Dresden (Germany) to 50.1 percent.

Net financial debt increased by €659 million from year-end 2007 to €4,583 million at year-end 2008, mainly because of a considerable rise in current assets and high outflows for capital expenditures. Financial assets amounted to €819 million and gross financial debt was €5,402 million.

Since financing has been a focus of attention since last fall I would like to give a brief overview of the situation at Evonik. Our financing centers on four main components:

1) A €1.25 billion corporate bond issued by the former Degussa in 2003 which has a coupon of 5.125 percent and matures in December 2013.

2) Long-term project financing for the activities of the Energy Business Area, around €1.1 billion of which was drawn at year-end 2008. Project financing for this business area includes a credit facility of €615 million for the Walsum 10 power plant which is currently under construction in Germany.
3) The Real Estate Business Area has long-term financing of around €0.8 billion which is secured by land rights. Since the average interest rate of 2.8 percent is very low relative to current market rates, only about €0.5 billion is reflected on the balance sheet in financial debt; the remaining €0.3 million is included in deferred income.
4) The fourth component is a €2.929 billion syndicated credit facility concluded with a consortium of international banks in 2006, which runs until 2011. This is divided into a term loan of €679 million, which is fully utilized, and a €2.25 million revolving credit facility. The revolving credit facility is the central liquidity management tool for the Group. A total of €800 million was utilized on December 31, 2008.

We also have further bilateral credit agreements with international banks.

For historical reasons, so far only our subsidiary Evonik Degussa GmbH has a public **credit rating**. Standard & Poor's long-term credit rating for Evonik Degussa GmbH is BB with a stable outlook, while Moody's rating is Baa3, also with a stable outlook.

Evonik earned a return in excess of its **cost of capital** in 2008 for the third consecutive year. The cost of capital is a fundamental yardstick used for corporate management, especially for the allocation of financial resources—for example, for capital expenditures and acquisitions. It is particularly important in diversified enterprises as it provides a basis for setting risk-adjusted return targets for very different business activities within a group of companies and thus supports structured decision-making processes.

The cost of capital for the Group is currently 8 percent, but the cost of capital for the various business areas varies considerably, in line with their risk profile. It is 9.0 percent for the Chemicals Business Area, 7.5 percent for the Energy Business Area and 5.3 percent for our Real Estate Business Area.

In 2008 the Evonik Group achieved a return on capital employed of 9.1 percent, which was 1.1 percentage points above the overall cost of capital. Economic value added was therefore €153 million. Dr. Engel has already given a breakdown of ROCE of our three business areas.

Finally, I would like to provide some information on Evonik's financial and capital structure:

- As of December 31, 2008 total assets of the Evonik Group were €20.1 billion.
- Equity increased €0.1 billion year-on-year to €5.2 billion, giving an equity ratio of nearly 26 percent.
- Moreover, 52 percent of equity and liabilities comprised non-current liabilities.
- Non-current assets amount to 68 percent and thus the lion's share of total assets.

Overall, Evonik therefore has a stable financial and capital structure as a basis for its future development.

Ladies and gentlemen,
Although the economic downturn negated the sound increase in EBITDA earned in the first ten months of 2008, we are satisfied with our overall performance in 2008.

However, 2009 is a real challenge. We assume that sales will drop considerably this year, and that this will also have a negative impact on EBITDA and EBIT. Lower procurement prices for key raw materials and the action we have taken to cut costs will merely dampen this effect.

Ladies and gentlemen, you can be sure that we will do everything in our power to achieve respectable results for 2009.