Press release

Key Financial Data January 1 – December 31, 2008

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A sound performance in 2008 thanks to a diversified portfolio

- Fiscal 2008: sales up 10 percent, EBITDA down 3 percent
- Premium earned on cost of capital: Return on capital employed again above the cost of capital
- Extensive cost-cutting program introduced to reduce costs by €500 million
- Research and development drives profitable growth
- Outlook for 2009: lower sales and EBITDA

Essen. "Evonik did well in difficult business conditions in fiscal 2008. In the present economic situation, our broadly diversified portfolio comprising the Chemicals, Energy and Real Estate Business Areas positions us at an advantage to emerge stronger from the crisis," said Dr. Klaus Engel, Chairman of the Executive Board of Evonik Industries AG at the Group's financial press conference today. Operationally, the first ten months of 2008 were very successful for the company and brought a substantial improvement in earnings. However, a sharp downturn in major end-markets for the chemicals operations brought a massive headwind from November 2008. Nevertheless, Engel is looking ahead with confidence: "We are well-positioned to master this unprecedented recession."

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Further increase in sales – earnings growth canceled out by economic downturn

The Evonik Group grew **sales** 10 percent to €15.873 billion in fiscal 2008 (2007: €14.444 billion). More than 60 percent of sales were generated outside Germany. Europe (excluding Germany) accounted for 24 percent, Asia for 17 percent, North America for 14 percent, Latin America for 4 percent and other countries for 1 percent.

EBITDA before the non-operating result declined 3 percent in 2008 to €2.171 billion (2007: €2.236 billion). The earnings increase achieved in the first ten months of the year was more than eliminated by a sharp drop in volumes in the chemicals business in November and December.

As a consequence of the difficult global economic situation, the **non-operating result** for fiscal 2008 included high one-off charges amounting to €406 million (2007: €370 million). These include, in particular, impairment losses on assets in the Chemicals Business Area and expenses for the restructuring of the Group, the planned shutdown of some smaller chemicals locations outside Germany and expenses to strengthen the Evonik brand.

Income before income taxes from the discontinued operations dropped significantly to €134 million in 2008 (2007: €630 million). The figure for fiscal 2008 chiefly comprises the proceeds from the divestment of the tar refining and initiators business while the prior-year figure contained high gains from the divestment of the mining technology company DBT and SaarFerngas.

In view of the massive downside effects resulting from the economic crisis in 2008 and the high gains from the sale of business operations in the previous year, **net income** dropped 67 percent to €285 million (2007: €876 million).

Return on capital employed above the cost of capital

In fiscal 2008 Evonik once again earned a premium on its cost of capital. Economic value added was €153 million. The return on capital employed (ROCE) was 9.1 percent (2007: 9.7 percent) and exceeded the cost of

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capital – currently 8 percent for the Group – for the third consecutive year.

Cash flow from operating activities was €388 million and thus below the year-back level of €1.215 billion. Alongside higher income tax payments, this was principally due to far higher working capital. 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 gains from the divestment of non-core operations were lower. As a result, **net financial debt** increased €659 million year-on-year to €4.583 billion as of December 31, 2008.

Extensive program introduced to cut costs by €500 million

Evonik has introduced an extensive cost-cutting program to weatherproof the Group in the face of the crisis and achieve its mid-term goal of creating value. The aim is to cut costs worldwide by €500 million p.a. by 2012. That includes optimizing the infrastructure at over 100 sites worldwide and a sustained improvement in production efficiency.

Evonik responded promptly to global slump in demand for chemicals in key end-markets such as the plastics, automotive, coatings and colorants and construction sectors by scaling back production and taking some facilities out of service. The company currently has around 3,000 employees working short-time in Germany. The aim of this measure is to avoid dismissals due to business conditions.

In view of the economic crisis, securing cash flow is especially important. Evonik has therefore cut its investment plans for 2009. The total budget has been reduced to just under €1 billion. The biggest individual project is the erection of a 750 MW hard-coal power plant in Duisburg-Walsum (Germany), which is scheduled to start operating in 2010. Evonik is a pioneer in advanced technologies for power generation from hard coal that achieve high efficiency and save natural resources. The new power plant will have net efficiency of over 45 percent – around five percentage points above the current best performance in Germany and outstanding compared with international standards for power plants operating under comparable conditions. Construction of an integrated production

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complex for PMMA specialty polymers in Shanghai (China) is also well advanced.

Unaltered high R&D spending as a basis for profitable growth

Evonik is driving forward R&D at an unchanged level. "Research and development are important drivers of profitable future growth," said Dr. Engel. The Group spends over €300 million on R&D each year. In fall 2008 Evonik established its third Science-to-Business (S2B) Center, Eco^2, which is dedicated to raising energy efficiency and brings together projects for all three business areas for the first time. The Group expects its three S2B Centers alone to generate additional annual sales of around €1 billion by 2015. Evonik has developed today's leading-edge lithium-ion technology from the strategic research phase to market maturity, and established an alliance in this field with Daimler AG in December 2008. "These innovations embody our idea of the future, with which we are steadily moving into new markets."

RAG-Stiftung and CVC provide a stable shareholder base

Key strategic steps for the future of Evonik were taken during fiscal 2008: In June its former sole owner RAG-Stiftung sold 25.01 percent of its shares in Evonik to the British financial investor CVC Capital Partners. The declared objective of both shareholders is to place at total of 74.9 percent of Evonik on the stock market in the medium term. Dr. Engel: "We will be using the interim period to increase our competitiveness and sharpen our profile on the capital markets. A stable shareholder base and a common long-term understanding of the development of the company provide support for that."

All three business units generated economic value added in 2008

The **Chemicals Business Area** lifted sales 9 percent to €11.512 billion in 2008 (2007: €10.571 billion). This was mainly attributable to higher prices (+10 percentage points), partly due to price rises to recoup the massive hike in the cost of raw materials. By contrast, volume sales declined slightly (-1 percentage point) as a result of the drop in demand in the last two months of the year. Changes in the scope of consolidation and exchange rate movements canceled each other out as they were +2

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percentage points and -2 percentage points respectively. EBITDA was €1.600 billion in the Chemicals Business Area, only marginally below the prior-year figure of €1.610 billion. The earnings improvement of around €100 million after the first ten months was more than negated by the weak economic situation in November and December. The massive hike in raw material and energy costs throughout 2008 put downward pressure on earnings, which also suffered from the strength of the euro, especially against the US dollar. That was more than offset by strong volume growth, high capacity utilization and successful cost savings in the first ten months of the year. ROCE was 9.9 percent in the Chemicals Business Area (2007: 10.1 percent) versus a cost of capital of 9.0 percent.

In the **Energy Business Area sales** increased 21 percent to €3.649 billion (2007: €3.024 billion) as a result of far higher coal prices and the corresponding increase in the price of power. In the Energy Business Area EBITDA was €545 million, below the year-back level of €581 million which included the gain on the divestment of a 34 percent stake in the Mindanao power plant in the Philippines and the EBITDA of SOTEC, which was divested at the start of 2008. ROCE was 13.1 percent (2007: 15.3 percent) versus a cost of capital of 7.5 percent.

Sales were €375 million in the **Real Estate Business Area,** below the prior-year level of €423 million due to lower property sales. EBITDA advanced 15 percent to €217 million. The improvement from €188 million in 2007 was due to the first-time consolidation of THS, which is recognized at equity. ROCE was 9.2 percent (2007: 8.3 percent) versus a cost of capital of 5.3 percent.

Outlook for 2009

The outlook for 2009 is extremely uncertain. Consequently, it is not possible to give a reliable forecast of individual sales and earnings indicators.

The Chemicals Business Area was hit by the massive economic downturn in the final months of 2008 and Evonik does not expect the economy to pick up rapidly in 2009. Lower procurement prices for key raw materials and extensive action to cut costs will merely cushion the downward

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trend. The Energy Business Area is only expected to suffer a slight downturn because its business focuses principally on long-term supply and offtake agreements with key customers. In the Real Estate Business Area, which focuses on letting residential units to private households, the economic crisis is not expected to have a major impact.

Since the Chemicals Business Area has a dominant position within the Group's operations, Evonik anticipates that overall 2009 will bring considerably lower sales, which will have a negative impact on EBITDA.

Evonik Group: Excerpt from the income statement

(in € million)	2008	2007	Change in %
Sales	15,873	14,444	10
EBITDA	2,171	2,236	-3
EBIT	1,304	1,363	-4
Non-operating result, continuing operations	-406	-370	
= Operating income	**898**	**993**	**-10**
Net interest expense	-530	-466	
= Income before income taxes, continuing operations	**368**	**527**	**-30**
Income before income taxes, discontinued operations	134	630	
= Income before income taxes (total)	**502**	**1,157**	**-57**
Income taxes, continuing operations	-130	-158	
Income taxes, discontinued operations	-17	-28	
= Income after taxes	**355**	**971**	**-63**
Minority interests	-70	-95	
= Net income	**285**	**876**	**-67**

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Performance of the business areas

Fiscal 2008	Sales 2008 € million	Sales 2007 € million	Sales Change in %	EBITDA 2008 € million	EBITDA 2007 € million	EBITDA Change in %
Chemicals	11,512	10,571	9	1,600	1,610	-1
Energy	3,649	3,024	21	545	581	-6
Real Estate	375	423	-11	217	188	15
Others	337	426	-21	-191	-143	-34
Total	**15,873**	**14,444**	**10**	**2,171**	**2,236**	**-3**

Evonik Group: Employees by business area

	Dec 31, 2008	Dec 31, 2007
Chemicals	31,728	32,285
Energy	4,702	4,629
Real Estate	443	457
Others	3,894	4,179
Continuing operations	**40,767**	**41,550**
Discontinued operations	0	1,507
Evonik Group	**40,767**	**43,057**

About Evonik
Evonik Industries is the creative industrial group from Germany which operates in three business areas: Chemicals, Energy and Real Estate. Evonik is a global leader in specialty chemicals, an expert in power generation from hard coal and renewable energies, and one of the largest private residential real estate companies in Germany. Our strengths are creativity, specialization, continuous self-renewal, and reliability. Evonik is active in over 100 countries around the world. In its fiscal year 2008 about 41,000 employees generated sales of about €15.9 billion and an operating profit (EBITDA) of about €2.2 billion.

Disclaimer
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