Press release

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Key Financial Data January 1 – March 31, 2009

"On Track" efficiency program steers Evonik through the economic crisis

- Sales down 19 percent, EBITDA contracted by 49 percent, EBITDA margin still in double-digit range at 10.3 percent
- Significant rise in cash flow; reduction in net financial debt
- Cost-saving program is moving ahead rapidly
- Outlook for 2009: still no sign of a broadly based upturn in the Chemicals Business Area

Essen. "The global economic crisis once again left a deep mark on our operating business in the first quarter, especially in chemicals," commented Dr. Klaus Engel, Chairman of the Executive Board of Evonik Industries AG today, when the Group published its key financial data for the first three months of this year. Evonik has introduced the "On Track" efficiency enhancement program to address the challenges imposed by the crisis. "All activities being undertaken by the Evonik Group to improve efficiency still further are bundled in the "On Track" program," announced Engel. "Tough cutbacks, for example in our cost structures, are necessary to strengthen the Group and place it on a sound footing for the future. We are on schedule with all of these measures."

"On Track" is designed to make the Evonik Group even more competitive so it will be emerge stronger at the end of the crisis. The three main elements of the program are active portfolio management, systematic reorganization of administrative structures and leveraging both short-term and sustainable earnings potential. "In this way, we are improving the basis for meeting our mid-term value creation goals with a view, among other things, to meeting future capital market requirements," said Dr. Engel. Evonik introduced an extensive cost-saving program at the start of this year: the aim is to make sustained savings of around €500 million p.a. worldwide by 2012. This year the Group intends to reduce costs by €300 million, although some of these savings will be one-off and thus temporary.

Impressive progress has already been made: on the basis of the achievements to date, Evonik is very confident that it will be able to meet its goal of making savings of €300 million in 2009. Two-thirds of the

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savings are expected to come from scaling back outsourcing and reducing travel and other operating expenses. A further third will come from employees, who are making an important contribution through a 50 percent cut in bonus and similar variable payments this year. A further contribution to this component comes from the decision not to raise the basic pay of managerial staff this year. In parallel with this, Evonik is working hard to achieve its goal of cutting costs by €500 million. Measures defined in the initial phase already secure savings amounting to around 25 percent of the target.

Substantial drop in sales and earnings due to economic conditions

In the first three months of this year, the Evonik Group's sales contracted by 19 percent to €3,205 million (Q1 2008: €3,939 million). In the Chemicals Business Area sales receded by 24 percent to €2,212 million (Q1 2008: €2,906 million). This was attributable to a sharp drop in volumes (minus 27 percentage points) and changes in the scope of consolidation (minus 1 percentage point). Positive factors were higher prices (1 percentage point) and exchange rate movements (3 percentage points). The Energy Business Area increased sales by 1 percent to €873 million (Q1 2008: €862 million). Sales slipped 2 percent to €81 million in the Real Estate Business Area, down from €83 million in the first three months of the previous year.

The Group's EBITDA (earnings before interest, taxes, depreciation and amortization) dropped 49 percent to €331 million (Q1 2008: €651 million) as a result of one-off operating expenses, especially impairment losses on inventories in the Chemicals and Energy Business Areas following a further drop in raw material prices. The Chemicals Business Area reported EBITDA of €233 million in the first quarter of 2009 (Q1 2008: €461 million). Another major downward factor on earnings in this business area was the sharp drop in demand, which led to far lower capacity utilization. The Energy Business Area's EBITDA was €100 million in the first three months of this year (Q1 2008: €193 million). The downtrend here was mainly due to one-off operating effects resulting from far lower coal prices, which had a negative impact on coal trading. The Real Estate Business Area posted a good operational performance, with EBITDA of €39 million. The high year-back figure of €69 million was

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Wilhelm Bonse-Geuking
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Dr. Klaus Engel, Chairman
Dr. Wolfgang Colberg
Ulrich Weber

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boosted by gains from real estate sales in connection with withdrawal from the commercial property business.

Owing to the poor business trend resulting from the economic situation, **net income** was minus €46 million in Q1 2009 compared with a profit of €284 million in Q1 2008.

Action to protect liquidity is bearing fruit

In view of the present economic crisis, Evonik is giving priority to protecting liquidity and earnings. The Group therefore reduced investment in property, plant and equipment by 30 percent to €159 million in the first quarter of 2009, compared with €226 million in the first quarter of 2008. It also cut net working capital considerably. This improved the cash flow from operating activities significantly to €441 million (Q1 2008: €265 million) in spite of a poorer operating performance in the first quarter of 2009. This was sufficient to finance investment and reduce **net financial debt** to €4,374 million, a drop of €209 million compared with year-end 2008.

Outlook for 2009

The outlook for 2009 remains very uncertain. Consequently, a reliable quantitative forecast is not possible. The Chemicals Business Area, which accounts for around 75 percent of Evonik, is still facing very difficult economic conditions. Engel: “Although we registered a slight recovery in some areas of our chemicals business in March, there is still no sign of a broadly based upturn.”

In view of the Chemical Business Area's dominant position within the Group's operations, Evonik still anticipates that sales and earnings will be considerably lower in 2009.

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Evonik Group: Excerpt from the income statement

(in € million)	Q1/2009	Q1/2008	Change in %
Sales	3,205	3,939	-19
EBITDA	331	651	-49
EBIT	126	449	-72
Non-operating result, continuing operations	-7	51	
= Operating income	**119**	**500**	**-76**
Net interest expense	-131	-123	
= Income before income taxes, continuing operations	**-12**	**377**	**-103**
Income before income taxes, discontinued operations	-4	27	
= Income before income taxes (total)	**-16**	**404**	**-104**
Income taxes	-27	-105	
= Income after taxes	**-43**	**299**	**-114**
Minority interests	-3	-15	
= Net income	**-46**	**284**	**-116**

Performance of the business areas

January – March	Sales			EBITDA		
	Q1/2009 € million	Q1/2008 € million	Change in %	Q1/2009 € million	Q1/2008 € million	Change in %
Chemicals	2,212	2,906	-24	233	461	-49
Energy	873	862	1	100	193	-48
Real Estate	81	83	-2	39	69	-43
Others	39	88	-56	-41	-72	43
Total	**3,205**	**3,939**	**-19**	**331**	**651**	**-49**

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Employees by business area

	Mar 31, 2009	Dec 31, 2008
Chemicals	31,365	31,728
Energy	4,755	4,702
Real Estate	433	443
Others	3,859	3,894
Evonik Group	40,412	40,767

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.

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