Press release

August 11, 2010

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Key Financial Data
First half / second quarter 2010

Strong improvement in operating business – Outlook for 2010 raised again

- Record EBITDA and EBIT
- Considerable improvement in net income
- Further rise in cash flow
- Outlook for 2010: significant rise in sales, EBITDA and EBIT expected

Essen. "Following a strong start to the year, there has been a further clear improvement in our operating business," commented Klaus Engel, Chairman of the Executive Board of Evonik Industries AG, today, when the company published its key financial data for the first half and second quarter of 2010. The Group's operating results were above the level reported in 2008, before the economic crisis. "That is an impressive hike in earnings in the wake of the crisis. We are on course for growth," said Engel. "For example, the MATCH production complex for high-performance plastics, which came on stream in Shanghai at the end of last year, is operating at full capacity," he reported. The successful start-up of additional capacity is enabling Evonik to benefit from global growth. Although a slight slowdown in the economic upswing is anticipated in the second half of this year, Engel is upbeat: "In view of the good business trend we are far more optimistic about the outlook for the year as a whole than we were at the start of the year and have raised our forecast again."

The Evonik Group grew **sales** 24 percent to €7,799 million in the first six months of 2010 (H1 2009: €6,281 million), principally due to a sharp rise in demand. **EBITDA** (earnings before interest, taxes, depreciation and amortization) surged 83 percent to €1,532 million in the first half of 2010 (H1 2009: €839 million) and the EBITDA margin was 19.6 percent, well above the prior year level of 13.4 percent. **EBIT** (earnings before interest and taxes) increased by 159 percent to €1,148 million (H1 2009: €443 million), driven mainly by the pleasing development of the Chemicals and Energy Business Areas.

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The **non-operating loss** of €143 million mainly comprises expenses for pensions in the UK and for the On Track efficiency enhancement program. **Income before income taxes from the continuing operations** was €756 million, an increase of €601 million (388 percent) compared with the first half of 2009. Overall, the Evonik Group's **net income** was €530 million, considerably higher than at the end of the first six months of 2009 (€43 million).

Thanks to the clear increase in the operating result, the Group was able to raise the **cash flow** from operating activities by €101 million to €910 million in the first half of 2010, despite a rise in net working capital resulting from the perceptible upturn in business. Capital expenditures amounted to €288 million. In Nanning (China) Evonik started up a new production facility for pharmaceutical active ingredients. At the facility in Shanghai (China), production capacity for methacrylic acid was increased to 25,000 metric tons p.a. in response to high demand from the coatings and colorants sector. In addition, a new production facility for precious metal powder catalysts for pharmaceuticals, fine and industrial chemicals came into service. Evonik was able to finance both capital expenditures and the €320 million dividend payment for fiscal 2009 out of the cash flow. Despite this, **net financial debt** was €3,495 million, virtually unchanged from year-end 2009 (€3,431 million). It has been reduced by €1,088 million since year end 2008.

Considerable improvement in the Group's Q2 results

The Evonik Group benefited from high demand and rising prices in the second quarter of 2010, enabling it to achieve a further improvement in both sales and the operating result compared with the first quarter. The results were also well above the prior year figures, which were severely impacted by the economic crisis.

Group **sales** increased to €4,030 million, a rise of 31 percent year-on-year (Q2 2009: €3,076 million). **EBITDA** climbed 55 percent to €788 million (Q2 2009: €510 million). Thanks to the good business trend, **EBIT** increased 87 percent in the second quarter to €594 million (Q2 2009: €317 million). Overall, **net income** rose 170 percent to €240 million (Q2 2009: €89 million).

Positive development in all three business areas

All three business areas reported a very successful operating performance in the first six months of 2010.

The **Chemicals** Business Area registered substantial volume growth in Asia, while demand picked up perceptibly in Europe and slightly in North America. Overall, **sales** advanced 34 percent to €6,275 million in the first half of 2010 (H1 2009: €4,673 million), driven by increased volumes (25 percentage points) and higher selling prices (7 percentage points). Currency effects and changes in the scope of consolidation each contributed 1 percentage point to the rise. **EBITDA** climbed 91 percent to €1,236 million (H1 2009: €648 million). **EBIT** improved 180 percent to €925 million (H1 2009: €330 million), principally due to a strong rise in demand and the related improvement in capacity utilization. So far, the clear rise in raw material costs has been offset largely by raising selling prices.

In the **Energy** Business Area **sales** were almost unchanged year-on-year at €1,323 million (H1 2009: €1,339 million). **EBITDA** rose 57 percent to €281 million (H1 2009: €179 million), while **EBIT** was 80 percent higher at €240 million (H1 2009: €133 million). This was mainly due to coal trading, which had been held back by one-off factors in the first half of 2009. Moreover, power plants in Germany registered higher demand for electricity in the wake of the economic recovery.

Sales contracted by 3 percent to €178 million in the **Real Estate** Business Area in the first half of 2010 (H1 2009: €184 million). **EBITDA** climbed 8 percent to €91 million (H1 2009: €84 million). **EBIT** was €67 million, €4 million above the year-back level, mainly because of the good performance by property management.

On Track efficiency program remains important

Good progress is still being made with the On Track efficiency enhancement program, which bundles all activities geared to achieving a sustained improvement in Evonik's competitiveness. This program includes reviewing of all major cost positions in the Group and analyzing structures and processes. The aim is to achieve sustained cost-savings of €500 million p.a. from 2012. "We will continue to drive this program forward systematically to secure a good competitive position for the future," stressed Engel.

Outlook for 2010 raised again

The economy developed well in the first half of 2010. However, the economic upswing is expected to slow somewhat in the second half of the year. Nevertheless, slight growth in the global economy is expected over the year as a whole.

Following its successful performance in the first six months, Evonik is far more optimistic about the outlook for the year as a whole than it was at the start of the year, although the improvement could be dampened by the continued significant rise in raw material costs. Thanks to far higher demand, the Group now anticipates that sales growth will be in the double-digit percentage range this year. Overall, both EBITDA and EBIT are expected to be far higher than last year.

Evonik Group: Excerpt from the income statement

(in € million)	Q2 2010	Q2 2009	Change in %	H1 2010	H1 2009	Change in %
Sales	4,030	3,076	31	7,799	6,281	24
EBITDA	788	510	55	1,532	839	83
EBIT	594	317	87	1,148	443	159
Non-operating result, continuing operations	-139	-34		-143	-41	
= Operating income	**455**	**283**	**61**	**1,005**	**402**	**150**
Net interest expense	-127	-116		-249	-247	
= Income before income taxes, continuing operations	**328**	**167**	**96**	**756**	**155**	**388**
Income before income taxes, discontinued operations	-6	-1		-4	-5	
= Income before income taxes (total)	**322**	**166**	**94**	**752**	**150**	**401**
Income taxes	-67	-51		-189	-78	
= Income after taxes	**255**	**115**	**122**	**563**	**72**	**682**
Non-controlling interests	-15	-26		-33	-29	
= Net income	**240**	**89**	**170**	**530**	**43**	**1,133**

Performance of the business areas

	Sales			EBITDA		
	Q2 2010 € million	Q2 2009 € million	Change in %	Q2 2010 € million	Q2 2009 € million	Change in %
Chemicals	3,286	2,402	37	657	407	61
Energy	634	525	21	132	90	47
Real Estate	96	103	-7	48	44	9
Other	14	46	-70	-49	-31	-58
Evonik Group	4,030	3,076	31	788	510	55
	Sales			EBITDA		
	H1 2010 € million	H1 2009 € million	Change in %	H1 2010 € million	H1 2009 € million	Change in %
Chemicals	6,275	4,673	34	1,236	648	91
Energy	1,323	1,339	-1	281	179	57
Real Estate	178	184	-3	91	84	8
Other	23	85	-73	-76	-72	-6
Evonik Group	7,799	6,281	24	1,532	839	83

Employees by business area

	June 30, 2010	Dec. 31, 2009
Chemicals	30,567	29,723
Energy	4,883	4,820
Real Estate	465	479
Other	2,903	3,659
Evonik Group	38,818	38,681

About Evonik
Evonik Industries is the creative industrial group from Germany. In our core business of specialty chemicals, we are a global leader. In addition, Evonik is an expert in power generation from hard coal and renewable energies, and one of the largest private residential real estate companies in Germany. Our company's performance is shaped by creativity, specialization, continuous self-renewal, and reliability.

Evonik is active in over 100 countries around the world. In its fiscal year 2009 about 39,000 employees generated sales of about €13.1 billion and an operating profit (EBITDA) of about €2.0 billion.

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