Press release

Key Financial Data
Q3 2009 / January 1—September 30, 2009

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Significant improvement in Group earnings in Q3

- EBITDA rose 18 percent year-on-year in the third quarter but sales contracted by 20 percent
- "On Track" efficiency improvement program is a success
- Nine-month sales and EBITDA down considerably year-on-year due to the economic crisis
- Operating cash flow almost quadrupled in the first nine months—substantial reduction in net financial debt
- Outlook for full year remains cautious despite upturn in business

Essen. "Our efforts to lower costs and raise efficiency are having an effect. We are on course despite rough seas," commented Dr. Klaus Engel, Chairman of the Executive Board of Evonik Industries AG, today when the Group published its key figures for the third quarter and first nine months of 2009. Evonik's operating business remained adversely affected by the global economic crisis in the third quarter. However, the Chemicals Business Area reported a perceptible upturn in demand compared with the first half of 2009, although volumes were still below last year's level.

The Evonik Group generated sales of €3,309 million in the third quarter of 2009. That was around 20 percent less than in the same period of last year (Q3 2008: €4,138 million) but roughly 8 percent higher than in Q2 2009.

Prompt action to raise efficiency and cut costs played a key role in safeguarding earnings. Group EBITDA (earnings before interest, taxes, depreciation and amortization) increased 18 percent to €629 million in Q3 2009 (Q3 2008: €535 million), which was the first year-on-year improvement in operating earnings this year. All three business areas contributed to the 23 percent improvement compared with the second quarter of 2009. The EBITDA margin climbed to 19 percent in Q3 2009 (Q3 2008: 12.9 percent). Net income rose significantly in Q3 2009 to €168 million (€72 million).

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Engel is satisfied with the progress of the "On Track" efficiency improvement program, which aims to achieve a substantial and sustained improvement in Evonik's competitiveness. The three main elements of this program are systematic reorganization of administrative structures, active portfolio management and tough cost cutting. Engel commented: "We will exceed our goal of saving €300 million this year alone." The Group is also moving ahead rapidly with its goal of leveraging sustained savings of around €500 million p.a. by 2012.

A good performance by all three business areas

The upturn in demand registered in some parts of the Chemicals Business Area in the second quarter strengthened in the third quarter and spread to further industries. Evonik reported a recovery in demand, especially in Asia and Europe, but business was more sluggish in North America. Despite the upturn in demand, volume sales fell 7 percent year-on-year in the third quarter. Selling prices also declined, partly because lower raw material prices were passed through to customers. Overall, the Chemicals Business Area reported a 16 percent drop in sales year-on-year to €2,591 million in Q3 2009 (Q3 2008: €3,082 million). Thanks to successful cost-cutting, EBITDA improved 16 percent year-on-year to €505 million (Q3 2008: €434 million).

Sales declined 35 percent year-on-year to €562 million in the Energy Business Area (Q3 2008: €870 million) as a result of lower volume sales and coal prices. EBITDA was almost unchanged year-on-year at €100 million (Q3 2008: €102 million).

The Real Estate Business Area reported a slight increase in sales to €95 million in the third quarter (Q3 2008: €94 million). EBITDA advanced by €3 million to €49 million (Q3 2008: €46 million).

Group performance held back by economic and financial crisis in the first nine months

The consolidated figures for the first nine months of this year remain clearly marked by the economic and financial crisis. Group sales shrank by 21 percent to €9,590 million (9M 2008: €12,071 million), principally due to far lower demand and declining market prices. The Group's EBITDA slipped roughly 19 percent year-on-year to €1,468 million (9M 2008: €1,814 million). Here, volume-driven declines were largely offset by successful cost-savings. Net income was €211 million and thus below the year-back level of €592 million, which was boosted by high gains from the divestment of non-core activities.

Cash flow almost quadrupled in the first nine months—substantial reduction in net financial debt

Action to safeguard Evonik's liquidity is having a clear effect. The cash flow from operating activities virtually quadrupled to €1,259 million in the first nine months, up from €333 million in the first nine months of 2008. The key driver here was a substantial drop in net working capital.

Evonik was able to finance capital expenditures of €522 million in the first nine months out of its cash flow. Regionally, capital spending focused on Germany, which accounted for 67 percent of the total. The largest single project here is the erection of Europe's most advanced 750 MW coal-fired power plant in Duisburg-Walsum. A further 18 percent of capital expenditures were allocated to Asia. The principal project in this region is the construction of an integrated production complex for Plexiglas and Plexiglas pre-products in Shanghai (China). In addition, Evonik used its high cash flow to pay the dividend of €280 million for fiscal 2008 and scaled back net financial debt to €4,085 million, a reduction of €498 million compared with year-end 2008. "We have demonstrated our ability to act during this crisis and thus gained trust," commented Engel. The successful placement of Evonik's €750 million debut bond issue with a maturity of five years at the start of October is evidence of this. "That has increased our financial headroom in this crisis."

Outlook for 2009

Evonik's guidance for the coming months remains cautious: The Group expects a slight upturn in some chemicals business lines but does not yet anticipate a sound and broadly-based recovery.

Overall, Evonik expects to report a substantial drop in full-year sales in 2009 as a result of the significant reduction in chemicals volumes caused by the economic situation. The decline in EBITDA is expected to be in the low double-digit percentage range, with relief coming from short-term cost-savings, which will exceed the planned level of €300 million. Net income will be well below the prior-year figure, which contained high gains from the divestment of non-core activities.

Evonik Group: Excerpt from the income statement

in € million	Q3 2009	Q3 2008	Change in %	9M 2009	9M 2008	Change in %
Sales	3,309	4,138	-20	9,590	12,071	-21
EBITDA	629	535	18	1,468	1,814	-19
EBIT	430	327	31	873	1,200	-27
Non-operating result, continuing operations	-97	-80		-138	-78	
= Operating income	**333**	**247**	**35**	**735**	**1,122**	**-34**
Net interest expense	-115	-126		-362	-397	
= Income before income taxes, continuing operations	**218**	**121**	**80**	**373**	**725**	**-49**
= Income before income taxes, discontinued operations	0	4		-5	170	
= Income before income taxes (total)	**218**	**125**	**74**	**368**	**895**	**-59**
Income taxes	-29	-30		-107	-236	
= Income after taxes	**189**	**95**	**99**	**261**	**659**	**-60**
Minority interests	-21	-23		-50	-67	
= Group net income	**168**	**72**	**133**	**211**	**592**	**-64**

Performance of the business areas

July to September	Sales			EBITDA		
	Q3/2009 € million	Q3/2008 € million	Change in %	Q3/2009 € million	Q3/2008 € million	Change. in %
Chemicals	2,591	3,082	-16	505	434	16
Energy	562	870	-35	100	102	-2
Real Estate	95	94	1	49	46	7
Other	61	92	-34	-25	-47	47
Evonik Group	**3,309**	**4,138**	**-20**	**629**	**535**	**18**

January to September	Sales			EBITDA		
	9M 2009 € million	9M 2008 € million	Change in %	9M 2009 € million	9M 2008 € million	Change in %
Chemicals	7,151	8,955	-20	1,133	1.366	-17
Energy	2,014	2,583	-22	299	451	-34
Real Estate	279	271	3	133	161	-17
Other	146	262	-44	-97	-164	41
Evonik Group	**9,590**	**12,071**	**-21**	**1,468**	**1,814**	**-19**

Employees by business area

	Sept 30, 2009	Dec 31, 2008
Chemicals	31,039	31,728
Energy	4,779	4,702
Real Estate	427	443
Others	3,820	3,894
Evonik Group	**40,065**	**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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