Press release

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<u>Key Financial Data January 1 – June 30, 2009</u>

Positive start to the "On Track" efficiency program improves position for the period after the crisis

- **Business performance affected by the economic crisis: sales declined 21 percent, EBITDA contracted by 34 percent**
- **Considerable improvement in cash flow, sharp reduction in net financial debt**
- **Outlook for 2009: not yet any sign of a fundamental upturn**

Essen. "Although a slight improvement has been seen in recent months, there is not yet any sign of a fundamental upturn," commented Dr. Klaus Engel, Chairman of the Executive Board of Evonik Industries AG, today when the Group published its key figures for the first six months of this year. "There has been a slight recovery in some areas of our chemicals business in the past few months compared with the extremely weak first quarter but it is still at a very low level."

To surmount the challenges resulting from the economic crisis in the short term and improve its competitive position further in the longer term, Evonik is rapidly driving forward its "On Track" efficiency improvement program. The three main elements of this program are systematic reorganization of administrative structures, active portfolio management and tough cost cutting. Evonik is planning to make savings of €300 million in 2009 alone. "That was the target we set at the start of the year. Now we are confident that we can actually do better than that," says Engel. The Group is also making good progress towards its goal of leveraging sustained savings of around €500 million p.a. worldwide by 2012.

Overall, Evonik believes it is well placed to emerge stronger at the end of the crisis. "We are making good headway in strengthening liquidity and reducing debt," reports Engel. The Group has substantially reduced working capital and investment has been focused on key strategic projects. The strong improvement in cash flow has been used to finance capital expenditures and substantially reduce debt.

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Sharp drop in demand is putting pressure on sales and earnings

In the first six months of this year, the Evonik Group's **sales** contracted by 21 percent to €6,281 million (H1 2008: €7,933 million).
Overall, demand picked up slightly in the Chemicals Business Area in the second quarter, following a weak start to the year. A perceptible upturn in demand was registered in some industries and regions. In all, though, volumes were still down substantially year-on-year. As a consequence, sales slipped 22 percent to €4,560 million in the first six months of 2009 (H1 2008: €5,873 million). In the Energy Business Area sales fell 15 percent to €1,452 million (H1 2008: €1,713 million) due to lower coal prices and reduced trading volumes. The Real Estate Business Area grew sales 4 percent to €184 million, a slight improvement on the year-back figure of €177 million.

The Group's **EBITDA** (earnings before interest, taxes, depreciation and amortization) dropped 34 percent to €839 million (H1 2008: €1,279 million) as a result of one-off operating expenses, especially impairment losses on inventories in the Chemicals and Energy Business Areas.
In the Chemicals Business Area EBITDA receded by 33 percent to €628 million (H1 2008: €932 million). The main downside factors were a substantial reduction in volumes caused by plummeting demand, which also resulted in sharply lower capacity utilization. Positive impetus came from the overall decline in raw material costs and successful efforts to cut costs. The Energy Business Area's EBITDA was €199 million in the first six months of this year (H1 2008: €349 million). The principal factors behind this downward trend were one-off operating effects caused by a significant fall in coal prices and a decrease in the volume of coal traded due to the cyclically induced drop in power generation. The Real Estate Business Area reported EBITDA of €84 million. The high year-back figure of €115 million was boosted by gains from real estate sales in connection with withdrawal from the commercial property business.

Net income was positive at €43 million but a weak business performance in the wake of the economic downturn meant that it was substantially below the €520 million reported by the Group in the first six months of 2008. Engel: "Our half-year results are clearly marked by our exposure to the global economic crisis. At the same time, our numbers show that counteraction taken throughout the Group is already having an effect.

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That helps our current position and strengthens our business for the future."

Positive cash flow trend used to scale back debt

Action to safeguard liquidity and earnings has proven very successful. The cash flow from operating activities rose substantially to €809 million in the first six months of 2009, up from €183 million in the first half of 2008. This improvement was principally attributable to systematic action to reduce working capital. The cash flow from operating activities was sufficient to reduce net financial debt to €3,959 million, a drop of €624 million compared with year-end 2008.

At the same time, the Group achieved a roughly 29 percent reduction in capital expenditures to €310 million in the first six months, compared with €437 in the comparable period of last year. Funding for strategic projects was not affected by the more restrictive investment plans in the wake of the economic crisis. The most important investments are Walsum 10—Europe's most advanced power plant fueled by hard coal—and the construction of an integrated production facility for methacrylates and their derivatives in Shanghai (China).

Outlook for 2009

The outlook for 2009 remains very uncertain. Consequently, it is not possible to give a reliable quantitative forecast for sales and earnings.

Evonik still anticipates that sales and earnings will be considerably lower in 2009 than in 2008 as a result of the ongoing economic crisis and the associated reduction in volumes.

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Evonik Group: Excerpt from the income statement

in € million	H1/2009	H1/2008	Change in %
Sales	6,281	7,933	-21
EBITDA	839	1,279	-34
EBIT	443	873	-49
Non-operating result, continuing operations	-41	2	
= Operating income	**402**	**875**	**-54**
Net interest expense	-247	-271	
= Income before income taxes, continuing operations	**155**	**604**	**-74**
= Income before income taxes, discontinued operations	-5	166	
= Income before income taxes (total)	**150**	**770**	**-81**
Income taxes	-78	-206	
= Income after taxes	**72**	**564**	**-87**
Minority interests	-29	-44	
= Group net income	**43**	**520**	**-92**

Performance of the business areas

January – June	Sales			EBITDA		
	2009 € million	2008 € million	Change in %	2009 € million	2008 € million	Change in %
Chemicals	4,560	5,873	-22	628	932	-33
Energy	1,452	1,713	-15	199	349	-43
Real Estate	184	177	4	84	115	-27
Other	85	170	-50	-72	-117	38
Evonik Group	**6,281**	**7,933**	**-21**	**839**	**1,279**	**-34**

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EVONIK INDUSTRIES

Employees by business area

	June 30, 2009	Dec. 31, 2008
Chemicals	30,856	31,728
Energy	4,705	4,702
Real Estate	424	443
Other	3,857	3,894
Evonik Group	**39,842**	**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.

Disclaimer

In so far as forecasts or expectations are expressed in this press release or where our statements concern the future, these forecasts, expectations or statements may involve known or unknown risks and uncertainties. Actual results or developments may vary, depending on changes in the operating environment. Neither Evonik Industries AG nor its group companies assume an obligation to update the forecasts, expectations or statements contained in this release.

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