Press release

Evonik revises outlook for 2013 in far more challenging market conditions

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- Klaus Engel, Chairman of the Executive Board: "We are stepping up cost discipline but sticking to our growth plans"
- Operating performance in H1 2013 below very good prior-period result:
  - Group sales of €6.5 billion reflect slight organic decline on price grounds despite continued good volume trend
  - Operating results well below very high levels of H1 2012
  - Adjusted EBITDA margin slipped to 16.5 percent
- Action to raise efficiency and cut costs stepped up
- Outlook for 2013 revised: sales around the previous year's level; operating results below the very good year-back level

Essen. "In a challenging global economic environment, Evonik's business performance in the second quarter was weaker than expected. While volumes increased slightly, earnings were lower, mainly due to declining prices," explained Klaus Engel, Chairman of the Executive Board of Evonik Industries AG, today, when the company published its key financial data on the first half and second quarter of 2013. "We are sticking to our growth plans despite the present development. In the short term, growth will be supported by increased cost discipline and continued systematic implementation of the On Track 2.0 efficiency program." Looking ahead to the second half of the year, the company assumes that prices will stabilize at the present level, while sales volumes should be slightly higher than in the prior-year period. Overall, Evonik expects sales in 2013 to be around the same level as in 2012 at about €13 billion, and to report adjusted EBITDA of around €2.0 billion (2012: €2.4 billion).

Business performance in H1 2013

In the first half of 2013 there was an organic decline of 3 percent in Group sales due to lower selling prices (-4 percent), while volumes increased slightly (+1 percent). Overall, Group sales decreased 5 percent to €6,526 million (H1 2012: €6,835 million) due to the divestment of two small businesses in 2012.

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In the first half of 2013 the operating results were below the very high prior-year figures, principally as a result of lower selling prices for some key products and the scheduled shutdown of integrated production facilities in the Specialty Materials segment for maintenance work. Overall, adjusted EBITDA declined by 16 percent to €1,079 million (H1 2012: €1,289 million) and adjusted EBIT fell 21 percent to €787 million (H1 2012: €995 million). The adjusted EBITDA margin slipped from 18.9 percent to 16.5 percent.

Successful divestment of the real estate business

Evonik has made considerable progress with its focus on specialty chemicals, and has successfully divested the activities bundled in its Real Estate segment. Having combined the management of the residential real estate of Vivawest GmbH and THS GmbH effective January 1, 2012, Vivawest and THS have now been combined with a stable new ownership structure. Following completion of all transactions at the start of July 2013, RAG-Stiftung now holds 30.0 percent of Vivawest, IG BCE 26.8 percent, Evonik Pensionstreuhand e.V. 25.0 percent, and RAG Aktiengesellschaft 7.3 percent. Evonik plans to divest its remaining 10.9 percent stake to long-term investors in the intermediate term.

Further improvement in efficiency; cost discipline stepped up

Good progress is being made with the efficiency enhancement program On Track 2.0. In the first half of 2013 Evonik achieved further savings of a good €50 million. Together with the cost reductions made in 2012, just 18 months after the launch of this program the company has already leveraged nearly €200 million of the planned annual savings of €500 million.

Evonik is driving forward the measures to raise efficiency introduced as part of On Track 2.0. In view of present global economic conditions, which are set to remain challenging in the second half of 2013, Evonik has also set up a cost management project to identify potential short-term savings that can be realized immediately. This is focusing on non-operating units.

Outlook for 2013 revised

Evonik now expects the improvement in the global economy predicted for the second half of the year to be less pronounced than had been assumed at the start of the year, principally because of the sovereign debt crisis and its impact on Europe, and far lower economic growth in China. Accordingly, the company now assumes that the global economic conditions for 2013 as a whole will be worse than previously forecast. Since the first half was weaker than expected and economic growth forecasts for the second half of the year have been reduced, Evonik is altering its outlook for the full year.

In view of the reclassification of the Real Estate segment to discontinued operations in March 2013 and the upcoming deconsolidation of these operations in the third quarter of 2013, the following comments only refer to the continuing operations. The corresponding figures for 2012 have been restated.

Evonik anticipates a slight year-on-year improvement in volumes in the second half of 2013 and assumes that selling prices will stabilize at the present level. Overall the Group now expects sales in 2013 to be around the same level as in the previous year at around €13 billion, and the operating results to be below the very good 2012 levels. Evonik assumes that adjusted EBITDA will be around €2.0 billion (2012: €2.4 billion).

As part of its growth strategy, Evonik is continuing its investment program of over €6 billion between 2012 and 2016. Flexibility in the realization of this program enables it to scale back the budget for capital expenditures this year from €1.5 billion to €1.2 billion and to spread it over an extended time period. In principle, in view of changes in market conditions for the coming years, projects that have not yet commenced will be reviewed and their starting dates may possibly be postponed.

About Evonik

Evonik, the creative industrial group from Germany, is one of the world leaders in specialty chemicals. Profitable growth and a sustained increase in the value of the company form the heart of Evonik's corporate strategy. Its activities focus on the key megatrends health, nutrition, resource efficiency and globalization. Evonik benefits specifically from its innovative prowess and integrated technology platforms. Evonik is active in over 100 countries around the world. In fiscal 2012 more than 33,000 employees generated sales of around €13.6 billion and an operating profit (adjusted EBITDA) of about €2.6 billion.

Evonik Industries has been producing specialty chemical products in the Greater China region (Mainland China, Hong Kong and Taiwan) since the late1970's; with wide-ranging trading relations already in place prior to this in the region. Evonik regards Greater China as one of the driving forces of the global economy and we consequently endeavour to grow our business in the region. The company now has around 3,500 employees in the Greater China region, the regional sales reached over 1 billion in 2012.

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