Press release

Pleasing operating performance—still optimistic about fiscal 2012

Aug 17, 2012

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- Klaus Engel, Chairman of the Executive Board: "We are on course in waters that are getting rougher."
- Pleasing operating performance in H1 2012:
  - Organic sales remained stable at €6.9 billion – down 8 percent year-on-year due to divestment of the carbon black business
  - Adjusted EBITDA and adjusted EBIT were again high at €1,366 million and €1,049 million respectively
  - Adjusted EBITDA margin still very good at 19.7 percent
- Capital expenditures increased 31 percent—growth projects driven forward
- Outlook for fiscal 2012 confirmed: Sales expected to be slightly higher, while the operating results should be in line with or slightly above the excellent 2011 level

Essen. "Our operating business is still doing well. We are on course in waters that are getting rougher," said Klaus Engel, Chairman of the Executive Board of Evonik Industries, today, when the company published its key financial data for the second quarter and first half of 2012. After adjustment for the impact of the carbon black business, which was divested in July 2011, the operating results almost reached the records posted in the first half of 2011, and sales were slightly above the year-back record. "Although business conditions are getting tougher and the risks are increasing, we are still optimistic about our specialty chemicals business. However, we do not need a further economic downtick," said Engel. "We will continue to systematically implement the measures initiated in spring 2012 as part of the On Track 2.0 efficiency enhancement program, and pursue our cost management and our growth targets," he stressed.

Business performance in H1 2012

The operating performance was once again pleasing in H1 2012,

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although a slight deterioration in demand was registered in some areas of business towards the end of the second quarter, especially in Europe.

Organic sales were stable in the first half of 2012, with **Group sales** coming in at €6,935 million: the 2 percentage point drop in volumes was offset by higher selling prices (+2 percentage points). As a result of other effects totaling minus 10 percentage points—principally due to the deconsolidation of the carbon black business—and positive currency effects (2 percentage points), overall sales declined by 8 percent year-on-year (H1 2011: €7,577 million).

Adjusted **EBITDA** came to €1,366 million. The 9 percent decrease compared with H1 2011 (€1,497 million) was attributable to the fact that earnings from the carbon black business were no longer included and to a slight dip in demand. The adjusted **EBITDA margin** was 19.7 percent, in line with the very good level reported for the first half of 2011 (19.8 percent). Adjusted EBIT dropped 10 percent to €1,049 million (H1 2011: €1,164 million).

Growth projects driven forward

Evonik drove forward key growth projects in the first half of 2012. The groundbreaking ceremony for a production plant for isophorone and isophorone diamine was held in Shanghai (China). Evonik will be investing over €100 million in this facility in the period to 2014. Isophorone and isophorone diamine are key components in the production of industrial flooring and rotor blades for wind turbines. Also in China, Evonik laid the foundation stone for a hydrogen peroxide plant in Jilin. The company's total investment in this plant will also be more than €100 million. Completion of this facility is planned for the turn of 2013/2014. At the beginning of August Evonik held a symbolic groundbreaking ceremony to mark the start of construction work on a new methionine complex in Singapore. The first world-scale facility for this feed additive in the growing Asian market, costing more than €500 million, is the biggest single investment in specialty chemicals to date.

The company also plans to build new facilities for biotechnological production of the feed additive Biolys® in South America and Eastern Europe. In addition, the extension to the facility in Blair (USA) is scheduled for completion before the end of 2012. Total investment in Biolys® will be around €350 million. Further, Evonik has established a production and a marketing joint venture for superabsorbents in the fast-growing Middle East market.

Outlook for fiscal 2012

To improve comparability, Evonik's outlook is based on figures after stripping out the carbon black business.

The political and general economic uncertainty has increased: Evonik’s assessment is that the risks relating to the European sovereign debt crisis are now higher. First signs of a drop in demand are already evident in Europe. In addition, growth prospects have deteriorated in Europe and some emerging markets.

Despite this, Evonik remains optimistic about its specialty chemicals business. In view of the more demanding business conditions, the Group will continue to systematically implement the measures initiated under the On Track 2.0 efficiency enhancement program and pursue its cost management and growth targets. Overall, Evonik expects to report slightly higher sales for fiscal 2012. The operating results will probably be in line with or slightly above the excellent 2011 level.

About Evonik
Evonik, the creative industrial group from Germany, is one of the world leaders in specialty chemicals. Its activities focus on the key megatrends health, nutrition, resource efficiency and globalization. Profitable growth and a sustained increase in the value of the company form the heart of Evonik’s corporate strategy. Evonik benefits specifically from its innovative prowess and integrated technology platforms. Evonik is active in over 100 countries around the world. In fiscal 2011 more than 33,000 employees generated sales of around €14.5 billion and an operating profit (EBITDA) of about €2.8 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 1.2 billion in 2011.

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