

Evonik Well Positioned with Plastics

- Envisaged annual growth in sales of 5 percent on plastics market
- Investments in markets of the future
- Innovation through global cooperation arrangements and optimum customer relations

Düsseldorf – Evonik Industries AG, via its Chemicals Business Area, is presenting itself at the K 2007 plastics trade show with a whole range of innovative products for the attractive plastics market. "We intend to achieve an annual growth in sales of around five percent on the plastics market up to 2010, and to some extent much more in the case of special high performance plastics," says Dr. Manfred Spindler, member of the Management Board of Evonik Degussa GmbH. Evonik posted plastics sales of €1.9 billion in fiscal 2006, and intends to boost this figure to around €2.3 billion by 2010. "The business is one of Evonik's large-margin growth areas," says Spindler.

In the past three years, Evonik has invested some €420 million in its plastics activities, for example, when it took over a 50-percent share in the joint venture CYRO, or when it founded a joint venture to manufacture the high-performance polymer PEEK (polyether ether ketone). The investment volume is to be increased to €550 million between 2007 and 2009. China, with its booming economy, will make a major contribution to the intended growth in sales. With this in mind, Evonik is investing around €250 million in the MATCH Project (Methacrylates to China) to establish methyl methacrylate production facilities in Shanghai.

China is experiencing further strong growth rates. There is a gap between supply and demand on the plastics market at present – especially for methyl methacrylate, an important starting product for manufacturing performance monomers and PLEXIGLAS®," Spindler explains. Evonik has adjusted to the market at an early stage with the MATCH Project. MATCH is the second-largest individual investment ever made in the Chemicals Business Area. The integrated methacrylates

October 24, 2007

Alexandra Boy

Corporate Press

Phone +49 201 177-3167

Fax +49 201 177-3030

alexandra.boy@evonik.com

Reinhard Scheiler

Corporate Press

Phone +49 201 177-4299

Fax +49 201 177-3030

reinhard.scheiler@evonik.com

Rolf Hartmann

Evonik Services GmbH

Phone +49 69 218-2897

Fax +49 69 218-62897

rolf.hartmann@evonik.com

Evonik Industries AG

Rellinghauser Strasse 1-11

45128 Essen

Germany

www.evonik.com

Chairman of the Supervisory Board

Dr. Wulf H. Bernotat,

Management Board

Dr. Werner Müller, Chairman

Dr. Klaus Engel, Dr. Alfred Oberholz,

Dr. Peter Schörner, Dr. Alfred Tacke,

Heinz-Joachim Wagner, Ulrich Weber

production facility has an annual capacity of 100,000 metric tons and is set to produce building blocks for LCD monitors, scratch-resistant coatings, high-quality adhesives, and modern automotive interior trim from 2009.

One of Evonik's focal points in the plastics market is high-yield high performance polymers and their markets, which are driven by strong growth and technology. Evonik thus offers custom products based on PEEK VESTAKEEP® to the aircraft and automobile industries for lightweight constructions. In such applications, ROHACELL® advanced foam cores have been used for years. They are the ideal material for the modern composites industry. In October this year, Evonik commenced construction of a new production facility for ROHACELL® polymethacrylimide rigid foam in Mobile, Alabama, USA. The facility, built to contend with international competition (the first of its kind outside Germany), is set to go on stream in mid-2008.

Knowledge pool as a hotbed of innovation

Evonik generates innovations for the plastics market through the systematic interplay of competencies in the entire group. The Chemicals Business Area has recently defined five "areas of competence" for that purpose. "Our areas of competence are platforms on which we pool and network our knowledge, experience and technologies," Dr. Spindler explains. "These enable us to focus on the resources available within the group—equipment, knowledge, experience, technologies, processes and organization—and place them at the disposal of all our business units. That creates substantial synergy effects."

Evonik also strengthens its competencies in the plastics market via the project houses that are designed to run for three years in each case. The Functional Films & Surfaces Project House is based on findings from the successfully concluded project house named Functional Polymers@Interfaces and Surfaces. It develops Evonik's competencies in manufacturing and modifying functional films, with research that concentrates on value-added functionalities of single-layer or multilayer films. By improving scratch resistance, electrical conductivity, dynamic optical effects, and special barrier properties, the project house enables closer alignment with the requirements of the end customer market.

Evonik Industries AG
Rellinghauser Strasse 1-11
45128 Essen
Germany
www.evonik.com

Chairman of the Supervisory Board
Dr. Wulf H. Bernotat,
Management Board
Dr. Werner Müller, Chairman
Dr. Klaus Engel, Dr. Alfred Oberholz,
Dr. Peter Schörner, Dr. Alfred Tacke,
Heinz-Joachim Wagner, Ulrich Weber

Keeping an eye on the bigger picture

Stepping up internal cooperation and pooling inside knowledge is only one aspect of an innovative response to the market. Another is intensive cooperation with external partners —taking a look at the bigger picture. Evonik maintains about 50 international cooperation arrangements with universities or scientific institutes in the field of polymer research. One of the current focal points is the biotechnological production of polymers based on renewable raw materials, or of biodegradable polymers. This may save petroleum resources in the future. "We don't expect these environmentally friendly technologies to provide useful results before 2010", Spindler underlines

Another important factor when developing new products is direct cooperation with customers and business partners. A topical example is the CoverForm process jointly developed by Evonik with machine manufacturer Krauss Maffei. In this process, parts that are injection-compression molded from PLEXIGLAS® molding compound (e.g. cell phone displays) are coated with an acrylate-based liquid reactive system inside the mold. This makes them scratch-resistant in just one operation. That simplifies the production process and reduces costs at the same time. This process will be demonstrated to the public for the first time at the K 2007.

Visitors to the trade show can convince themselves of the performance and expertise offered by Evonik. The company is showing a series of innovative products and services both for plastics processors and manufacturers. To make it easier for the different target groups to locate areas of interest at the tradeshow booth, it is divided into two sections. The "plastics side" covers the six major markets for plastics manufacturers: Construction, Mobility, Lifestyle, Design, Communication and Optics. The "for plastics side" is split into the process steps Polymerization, Compounding and Converting.

You can receive information

on individual products directly at the Evonik tradeshow booth and in electronic form at www.evonik.com/press and www.degussa4plastics.com

Evonik Industries AG

Rellinghauser Strasse 1-11
45128 Essen
Germany
www.evonik.com

Chairman of the Supervisory Board

Dr. Wulf H. Bernotat,

Management Board

Dr. Werner Müller, Chairman
Dr. Klaus Engel, Dr. Alfred Oberholz,
Dr. Peter Schörner, Dr. Alfred Tacke,
Heinz-Joachim Wagner, Ulrich Weber

Company information

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 2006 more than 43,000 employees generated sales of about Euro 14.8 billion and an operating profit (EBIT) of over Euro 1.2 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.

Evonik Industries AG

Rellinghauser Strasse 1-11
45128 Essen
Germany
www.evonik.com

Chairman of the Supervisory Board

Dr. Wulf H. Bernotat,

Management Board

Dr. Werner Müller, Chairman
Dr. Klaus Engel, Dr. Alfred Oberholz,
Dr. Peter Schörner, Dr. Alfred Tacke,
Heinz-Joachim Wagner, Ulrich Weber