

Evonik plans new silica plant in Brazil

- Completion of the plant is scheduled for the end of 2015
- Investment level in the middle double-digit million-euro range
- Demand in South America is driven by the trend for fuel-saving tires and life-science applications
- Global silica capacity to expand by 30 percent between 2010 and 2014

Evonik Industries has started basic engineering for a production plant for precipitated silica in Brazil. Subject to the approval of the responsible bodies, Evonik aims to complete the plant in the year 2015 to market precipitated silica in the South America region from local production. The planned facility in Americana, with an investment level in the middle double-digit million-euro range, would be Evonik's first silica production in South America. The silica marketed under the ULTRASIL® brand name is particularly used in energy-saving tires with low rolling resistance while the silica sold as SIPERNAT® is applied in the feed and food industry as well as the paints and coatings industry.

In South America, and in Brazil in particular, demand for precipitated silica is rising strongly. Two reasons for this are the significant growth of the local automotive industry, on the one hand, and a rising demand in the area of life-science and in agriculture, on the other, for example as a dosing aid for animal feed. "In our expansion course, we aim to accompany the growth of our global key customers, particularly in the tire industry," says Dr. Thomas Haeberle, member of the Evonik Executive Board and responsible for the company's Resource Efficiency Segment. Evonik expects additional demand due to a planned labeling obligation for fuel-saving tires in Brazil.

According to expert estimates, the market for tires with low rolling resistance will grow globally by a good 18 percent annually in the next five years. Evonik therefore wants to significantly expand its global silica capacities: By 2014 alone, capacities are planned to increase by around 30 percent compared to 2010.

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Tim Lange

Head of Investor Relations
Phone +49 201 177-3150
tim.lange@evonik.com

Evonik Industries AG

Rellinghauser Straße 1-11
45128 Essen
Germany
Phone +49 201 177-01
Telefax +49 201 177-3475
www.evonik.de

Supervisory Board

Dr. Werner Müller, Chairman

Executive Board

Dr. Klaus Engel, Chairman
Dr. Wolfgang Colberg,
Dr. Thomas Haeberle,
Thomas Wessel, Patrik Wohlhauser,
Dr. Dahai Yu

Registered office Essen
Registered court
Essen local court
Commercial registry B 19474
VAT ID no. DE 811160003

In line with this, at the end of 2012, the specialty chemicals company announced plans to expand its annual capacity for precipitated silica at the US-American Chester site by around 20,000 metric tons. The plant in the U.S., with an investment in the lower double-digit million-euro range, is planned to come on stream in 2014. The expansion planned in North and South America follows expansion projects in Asia and Europe.

The use of silicas in combination with silanes allows for the production of tires with a significantly reduced rolling resistance that save up to eight percent of fuel (compared to conventional passenger car tires). Dr. Johannes Ohmer, Head of Evonik's Inorganic Materials Business Unit, explains: "We're the only provider offering both components and are therefore a competent partner for high-performance tire compounds for our customers from the tire and rubber industry."

Evonik is one of the leading manufacturers of silica. Apart from precipitated silica, the Group also produces AEROSIL® fumed silica and silica-based matting agents under the ACEMATT® brand. They are not only used in tires with low rolling resistance but also in the paints and coatings industry, as flow additives and carriers in food, cosmetics and drug production, or in manufacturing silicon applications, among others. Overall, Evonik has a global capacity of around 500,000 metric tons per annum for precipitated and fumed silica as well as matting agents.

Company information

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.

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