

Evonik: The creative industrial group

Evonik is a modern industrial group based in Germany with operations throughout the world. Our Chemicals, Energy and Real Estate Business Areas are positioned at the forefront of the markets in which they operate and we gain a foothold in future markets by providing key answers to economic megatrends. In particular, we see opportunities in the areas of energy efficiency, health & wellness and globalization & demographic change. That enables us to offer our owners—RAG-Stiftung (74.99 percent) and CVC Capital Partners (25.01 percent)—a high degree of stability and good prospects.

Corporate structure

Our operations are grouped in eight business units which report directly to the Executive Board. The Corporate Center in Essen (Germany) is responsible for strategic management of the Group. The business units and Corporate Center are supported by a Shared Service Center, which provides Group-wide services.

In 2008, the Evonik Group had around 41,000 employees and sales of €15.9 billion, 60 percent of which was generated outside Germany. The operating result (EBIT) was €1.3 billion.

Leading in specialty chemicals

The Chemicals Business Area operates in attractive areas of specialty chemicals, a field in which it ranks among the top global players. More than 80 percent of sales already come from activities where we are among the market leaders and we are systematically increasing this position. To achieve that, we concentrate on steadily improving our market and customer focus as well as our operational excellence, establishing an even stronger presence in attractive growth regions and focusing on the impetus generated by our innovations. Market-oriented research and development and work on future technologies are essential for profitable growth.

In 2008 Evonik grew consolidated sales in North America by around 10 percent to over €2.3 billion (\$3.4 billion). That was 14 percent of Group sales. We have around 3,700 employees in this region, roughly 3,500 of whom work in the USA. The Chemicals Business Area accounts for most of our business in this region and we are a key player in this sector.

North America is one of the “home bases” for our Chemicals Business Area and all major activities have been firmly established in this region for many years. Examples include hydrogen peroxide, silicas, carbon blacks, interfacial chemistry, superabsorbents, feed additives, isophorone and high-performance polymers. Our North American subsidiary Evonik Degussa Corporation is headquartered in Parsippany (New Jersey).

Our first production facilities were established in North America in the early 1970s. Today, Mobile (Alabama) is Evonik's largest site in North America. Here, around 700 employees manufacture a range of products including hydrogen peroxide, fumed silicas, silanes and DL-methionine. The majority of in-house services for the whole region are also located at this site.

Our Consumer Specialties Business Unit produces superabsorbents and ingredients for the cosmetics industry at facilities in Greensboro (North Carolina), Mapleton (Illinois) and Hopewell (Virginia). Superabsorbents are crosslinked polymers produced from acrylic acid which form a gel that can absorb up to 300 times their weight in liquid and retain it even under pressure. They are used in diapers, incontinence products and feminine hygiene products.

Evonik has gradually increased its position in North America in recent years. In 1998 we established Midwest Lysine as a 50:50 joint venture with Cargill to produce the essential amino acid L-lysine. In 2003 we acquired Cargill's shares in this joint venture as a key step in strengthening our feed additives business. We produce L-lysine in Blair (Nebraska) on a site adjacent to Cargill's production facility, which supplies one of the key starting products: starch sugar. Evonik is the world's only single-source supplier of all four important amino acids used in animal feeds: DL-methionine, L-lysine, L-threonine and L-tryptophan.

In 2005 we acquired the 50 percent stake in CYRO Industries previously held by our joint venture partner Cytec and thus strengthened our position as the world's leading supplier of methylmethacrylates (MMA) and specialty monomers and polymers. CYRO has production facilities in Wallingford (Connecticut), Fortier (Louisiana), Osceola (Arkansas) and Sanford (Maine). Following acquisition of the shares, we rapidly increased MMA production capacity in Fortier. MMA and specialty monomers are building blocks for a wide range of applications such as non-scratch coatings, high-quality adhesives and modern automotive trims. Evonik sells its polymethacrylate products under the ACRYLITE® trademark in North America. In other regions they are marketed as PLEXIGLAS®.

Another milestone in the expansion of our presence in North America was the acquisition of the remaining 50 percent stake in Degussa Engineered Carbons (DEC) from our former joint venture partner ECI in 2007. This Parsippany-based joint venture, which was established in 2002, combined both partners' carbon black activities in North America. Integrating DEC strengthens our business with furnace carbon blacks for the rubber and pigment industries in North America and our position in thermal carbon blacks. Carbon blacks are one of Evonik's strategic growth areas. We rank second in the global market in this field.

Our first ROHACELL® rigid polymethacrylimide foam production facility in the USA came on stream in summer 2008 in Mobile (Alabama). The plant cost around US\$10 million and was completed in a record time of less than nine months. The global market for ROHACELL® has attractive growth prospects. The excellent mechanical and thermal properties of this material make it ideal for lightweight components for the aviation, aerospace and automotive industries. Uses include components for the new

Airbus A 380 and helicopter rotor blades. In the past ROHACELL® was manufactured exclusively at our site in Darmstadt (Germany).

A new production plant for alcoholates came into service in Mobile at the end of April 2009 to expand production of this key catalyst for biodiesel. Investment in this 60,000 metric ton facility was in the low double-digit US dollar range and was driven by the expected growth in demand for biodiesel since alternative energies produced from renewable raw materials are becoming more popular in North America. Evonik is the world's leading producer of this special sodium methylate-based catalyst, which it also produces in Lülldorf, near Cologne (Germany). Evonik's catalyst offers customers consistently high biodiesel yields and especially high purity of the crude glycerol obtained as a by-product, which can be sold to the pharmaceutical, cosmetics and food industries.

To ensure profitable growth, Evonik is focusing on strengthening sales and marketing and driving forward innovations in North America as in other regions. We have more than 20 alliances with universities in the region, including a cooperation in the field of polymers with Carnegie Mellon University in Pittsburgh (Pennsylvania). Evonik has a technical center in Piscataway (New Jersey) and further centers in Hopewell (Virginia), Greensboro (North Carolina), Horsham (Pennsylvania) and Akron (Ohio). The Group has approximately 190 R&D employees in North America.

“Evonik Meets Science” is a regular forum organized by the company as a platform for discussion between its in-house experts and leading research scientists.

Further improvements in market and customer focus were on the agenda at the American Sales Conference organized by Evonik in Newark (New Jersey) in summer 2008 for more than 300 sales and marketing specialists from the Chemicals Business Area.

The Energy Business Area has had a presence in the USA since 1992. Its engineering services offer a broad range of specialized solutions to the large market for fossil-fuel power plants in the USA. These have to meet increasingly stringent statutory requirements, opening up new opportunities for our subsidiary Evonik Energy Services LLC, Kings Mountain (North Carolina) in the field of environmental technology. Its business activities include SCR technology to reduce nitrogen oxide emissions and retrofitting of flue gas desulfurization units and fly ash separators. The world's largest and most advanced regeneration unit for power plant catalysts came into operation at Kings Mountain in 2007. Power plants use large-scale catalysts to reduce nitrogen oxide emissions. However, these are exposed to a number of problems including clogging, paralyzers and catalytic poisons. In the mid-1990s Evonik developed an innovative technology to regenerate catalysts instead of simply replacing them. This technology was refined in the USA for use on the world market. Evonik now accounts for 25 percent of the US market for engineering services for coal-fired power stations. In view of the enormous market potential in this country, the outlook for these operations is extremely promising.



North America will remain one of the world's most important economic regions for Evonik in the future. We will continue to strengthen businesses in this region in which we rank among the market leaders and where we see prospects for profitable long-term growth.