

## Evonik Initiating Million-Euro Investments in Brazil

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- Expansion of the hydrogen peroxide (H<sub>2</sub>O<sub>2</sub>) business
- Demand increasing as a result of high growth in Brazil's cellulose market
- Dr. Werner Müller, chairman of Evonik's Executive Board:  
"Our €45 million investment is strengthening our excellent global leadership position"

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Evonik Industries plans to build a new facility for producing the environmentally friendly bleaching and oxidation agent hydrogen peroxide (H<sub>2</sub>O<sub>2</sub>), which is used primarily in the production of cellulose and paper, at the Triunfo petrochemical complex near Porto Alegre, in southern Brazil. An investment volume of some €45 million has been budgeted for the new facility. Construction is scheduled to begin in mid-2009; the facility, with an annual capacity of 40,000 metric tons, is to become operational in early 2011. With an annual capacity of over 600,000 metric tons a year, Evonik is already today the world's second-largest producer of hydrogen peroxide. The global demand for applications in paper and cellulose bleaching is over 3 million metric tons a year. Evonik's supervisory board still has to approve the investment plan for the facility.

The Triunfo site is part of a chemical park and is strategically located right in the heart of continuously developing buyer industries. "The new facility in Porto Alegre will allow us to participate in Brazil's dynamic market growth and to expand our excellent world-leading position," said Dr. Werner Müller, chairman of Evonik's Executive Board, in Brazil today. The new plant will create some 25 full-time jobs.

Dynamic developments in the cellulose market have prompted the investment plans—by way of new projects and the expansion of existing capacities. Growth rates exceeding 10 percent a year are projected for South America and Asia in this market until 2012. According to experts,

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the Brazilian cellulose market is expected nearly to double in the time until 2013, increasing from some 6 to 13 million metric tons annually. The reforestation projects needed for this purpose require an advance time of approximately 7 years and have been announced for the south of Brazil.

Evonik has been producing hydrogen peroxide in Brazil since 1997. At the Barra do Riacho site, in the state of Espirito Santo, capacity was increased to some 70,000 metric tons in 2007. The currently planned increase by another 40,000 metric tons means that Evonik will produce one out of six metric tons of its total capacity of hydrogen peroxide in Brazil. Hydrogen peroxide is one of the strongest growing and most innovative business activities that Evonik is pursuing. Through successful innovations, Evonik has opened up new applications and thus attractive future markets. In addition to applications in paper and cellulose bleaching, hydrogen peroxide is also applied in the synthesis of propylene oxide. Propylene oxide is mainly used in the production of polyurethane precursors. The resulting polyurethanes are then turned into cushions for car seats or furniture. To serve the world market for hydrogen peroxide in the best way possible, Evonik produces this chemical at 11 sites: in Germany, Belgium, Italy, Austria, USA, Canada, Brazil, Korea, New Zealand, and South Africa.

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### **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 2007 about 43,000 employees generated sales of about €14.4 billion and an operating profit (EBITDA) of more than €2.2 billion.

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