

Evonik and Sibur Review Options for Cooperation in the Russian Federation

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Feasibility study underway regarding the construction of chemical plants for propylene oxide and hydrogen peroxide

Essen, Germany-based Evonik Industries AG and the Russian JSC Sibur Holding, based in Moscow, have agreed to start an exclusive feasibility study regarding the possible construction of a facility to produce propylene oxide (PO), together with hydrogen peroxide, for use in the Russian Federation. The study is to be completed in the coming months and will determine possible locations and capacities.

Sibur is considering the construction of a PO plant that uses the new HPPO process, which produces propylene oxide from hydrogen peroxide (H₂O₂) and propylene in a low-cost and ecologically sound manner. Evonik and the engineering company Uhde, Dortmund, Germany, jointly developed this HPPO process and are now licensing it to other chemical companies.

Dmitry Konov, President of Sibur, commented: "Possible partnership with Evonik will allow to serve the quickly expanding market for propylene oxide in Russia with this innovative process." Propylene oxide is a precursor material for polyurethane, which is used, for example, in cushioning and instrument panels for cars. Dr. Klaus Engel, Member of Evonik's Executive Board and responsible for the Chemicals Business Area, explained: "We want to expand our presence with hydrogen peroxide in the region of Eastern Europe. With Sibur, we are co-operating with a reliable and experienced partner who is intimately familiar with this high-growth region."

Evonik is the only company that can provide the process technology for the HPPO process to produce propylene oxide, the necessary special catalyst, and the raw material, hydrogen peroxide, from a single source. If it receives approval Evonik and Sibur will review the establishment of a joint venture for the production of hydrogen peroxide with Evonik's own technology to supply a potential HPPO plant with the hydrogen peroxide. The H₂O₂ plant, to be constructed at the same location as the HPPO plant in the Russian Federation, would supply the planned PO production of Sibur with hydrogen peroxide. Furthermore, the estimated capacity is to

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be sufficiently large that the joint venture would supply the growing market in the Russian Federation and the Commonwealth of Independent States (CIS) with H₂O₂ for conventional applications, primarily in paper and pulp bleaching processes.

In mid-January, Evonik had started the operation of a significantly expanded hydrogen peroxide facility in Ulsan, Korea, in conjunction with its American joint venture partner, Headwaters of South Jordan, Utah. This facility will supply the Korean H₂O₂ market, while providing the Korean company SKC in Seoul with hydrogen peroxide, directly “over the fence” from the Ulsan site. In the coming months, SKC will begin operating one of the first global facilities for producing propylene oxide to use the new HPPO process under license from Evonik and Uhde.

Information on Sibur

SIBUR is the largest vertically-integrated petrochemical group in Russia. It incorporates 34 enterprises processing most of Russia’s hydrocarbon feedstock in an integrated production chain, from primary processing to manufacture of consumer products. The sole executive powers are exercised by management company SIBUR LLC. In 2006 earnings of the company comprised 121.9 billion roubles and a net profit was 21.4 billion roubles.

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 (EBIT) of more than €1.3 billion (preliminary figures).

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