

## Evonik to build hydrogen peroxide plant in China

- Investment totaling more than one hundred million Euro
- Current annual production capacity for hydrogen peroxide will rise by nearly 40 percent
- Use of hydrogen peroxide as an environmentally friendly oxidant increasingly popular in chemicals industry
- Evonik wants to tap new sales markets based on excellent technology standing

Essen, Germany-based Evonik Industries will build a new production plant for hydrogen peroxide (H<sub>2</sub>O<sub>2</sub>) in Jilin Province in northeastern China. An investment of more than one hundred million Euro in the project sees Evonik moving another step forward in its endeavor to access new sales markets for this environmentally friendly oxidant. Scheduled to be completed by the end of 2013, the plant will boast an annual production capacity of 230,000 metric tons, thus increasing Evonik's current overall annual capacity of around 600.000 tons for H<sub>2</sub>O<sub>2</sub> production by nearly 40 percent. The Group believes it is the world's second-largest manufacturer of hydrogen peroxide.

Evonik will supply its H<sub>2</sub>O<sub>2</sub> from Jilin directly to the adjacent propylene oxide plant run by Jishen Chemical Industry Co., Ltd. via a pipeline that will link the two facilities. A long-term supply agreement has already been concluded between the companies. Jishen will use innovative technology—the so-called HPPO process—to make propylene oxide from the hydrogen peroxide. Evonik and ThyssenKrupp Uhde GmbH, a Dortmund/Germany-based engineering firm, this summer entered a licensing agreement with Jishen Chemical Industry Co. Ltd. for its use of the HPPO process. Propylene oxide is mainly used in manufacturing polyurethane intermediates. The polyurethanes then go into making things like upholstery for car seats or furniture. The HPPO process was developed by Evonik in collaboration with Uhde.

“Our investment in Jilin”, explains Dr. Dahai Yu, member of the Evonik Executive Board, “is an excellent example of how we're developing innovative technology in order to enable us to access new sales markets for hydrogen peroxide. This move is also part of

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our growth strategy that sees us making targeted investments in Asia and that will help us to achieve growth in that region.”

In the past, hydrogen peroxide was used mostly as a bleaching agent in the textile and pulp industry. The innovative HPPO process now makes it possible for this environmentally friendly oxidant to be used in the chemical direct synthesis of propylene oxide, too. The advantages of the HPPO process are that it requires significantly less investment and allows a high degree of production efficiency. It is also an extremely eco-friendly process.

The HPPO plant in China to use the Evonik-Uhde process will be the second of its kind. The first-ever, large-scale HPPO operation anywhere in the world was jointly established by Evonik, Uhde, and a Korean chemicals company (the licensee) in Ulsan, Korea, in 2008.

“The global demand for HPPO technology is enormous”, says Jan Van den Bergh, head of Evonik’s Advanced Intermediates Business Unit, adding that, “more and more chemicals manufacturers are using hydrogen peroxide as an environmentally friendly oxidant. We’re holding talks all over the world in an effort to further drive forward our growth strategy for hydrogen peroxide by promoting the use of this new technology”. Market forecasts anticipate continual growth of the worldwide market for propylene oxide. Evonik is investing in Jilin with the aim of participating in that growth.

#### **Company information**

Evonik, the creative industrial group from Germany, is one of the world leaders in specialty chemicals. Its activities focus on the key megatrends health, nutrition, resource efficiency and globalization. In 2010 about 80 percent of the Group’s chemicals sales came from activities where it ranks among the market leaders. Evonik benefits specifically from its innovative prowess and integrated technology platforms.

Evonik is active in over 100 countries around the world. In fiscal 2010 more than 34,000 employees generated sales of around €13.3 billion and an operating profit (EBITDA) of about €2.4 billion.

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