

Evonik establishes joint venture in Russia to produce feed amino acid L-lysine

- Joint venture with partner RusBiotech International in Russia
- Plant with ecologically beneficial lysine technology developed by Evonik slated to go on stream in 2014
- Joint venture invests in total around €150 million
- Growing demand for biotechnology-manufactured L-lysine in Russia

Essen. Evonik Industries and Russian company RusBiotech International have established the joint venture Russkie Biotechnologii for manufacturing L-lysine in Russia by means of a biotechnological process. Vassily Golubev, governor of the Rostov-on-Don region, and Vadim Varshavsky, a deputy of the State Duma of the Russian Federation, supported the formation of the joint venture. The purpose of this joint venture, in which Evonik holds a minority shareholding with an option to increase its share significantly, is to produce the feed amino acid L-lysine in Russia.

L-lysine is an amino acid for animal feed that Evonik markets under the brand name Biolys®. The partner companies are planning to build a plant for Biolys® production using the wheat grown in the Rostov region. The total investment of the joint venture will come to around €150 million. The joint venture has already begun with the engineering. The plant is slated to go on line in 2014 and convert approximately 300,000 metric tons of wheat into Biolys® each year.

The joint venture will be based in Volgodonsk in Russia's Rostov region and concentrate on the Russian market. In March 2011, the partners signed a letter of intent to this effect. Evonik and RusBiotech International are also in talks with state-owned Rusnano on Rusnano's possible acquisition of a stake in the joint venture.

"Russia is an important market for us, a country in which demand for biotechnology-manufactured amino acids is growing," said Patrik Wohlhauser, the Evonik Executive Board member responsible

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for the Consumer, Health & Nutrition segment. “Getting involved locally with a production facility will allow us to strengthen and expand our market position for L-lysine.” A major success factor in this project is the combination of a partner with experience in implementing projects at local level with the international Evonik Group, which contributes the leading production technology plus decades of experience to the marketing.

One of the factors in favor of Russia as a location is the secure supply of the raw material wheat, which the joint venture itself will process for Biolys® production. “In this way, we’re integrating backwards and getting deeper into the value chain,” explained Dr. Walter Pfefferle, head of the Bioproducts Business Line with responsibility for Evonik’s L-lysine business.

The new facility will be operated using the fermentation technology developed by Evonik, which the company has continuously optimized in recent years in terms of efficiency as well as raw material and energy consumption. Biolys® manufactured using this technology is an extremely effective lysine source for animal feed. Like the other amino acids produced by Evonik DL-methionine (MetAMINO®), L-threonine (ThreAMINO®), and L-tryptophan (TrypAMINO®) it is used in animal nutrition for optimized feed conversion.

“Evonik is one of the leading producers worldwide in the market of amino acids for animal feed. The new plant will help to meet the growing demand for meat, milk, and eggs and will thus allow us to contribute to a sustainable protein supply for feeding the world’s population,” Wohlhauser stressed.

Evonik is the only company in the world to produce and market all four essential amino acids that are used in advanced animal nutrition: Biolys® (L-lysine), MetAMINO® (DL-methionine), ThreAMINO® (L-threonine), and TrypAMINO® (L-tryptophan). The Group provides innovative services and products in over 100 countries and is currently doubling its Biolys® production capacity in Blair, Nebraska, U.S.A.

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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