

Evonik Blazes a €250 Million Trail in Shanghai

November 24, 2009

- With the investment in China, one of the largest in the history of the Group, Evonik becomes the biggest supplier of key products for specialty plastics and coating systems in this region
- Integrated production facility, now fully onstream, supplies intermediates for modern flat screens and fuel-saving automotive parts
- Dr. Klaus Engel, Chairman of the Executive Board: “Even in difficult times Evonik has the power to create.”
- Expected global market growth of 5 percent p.a.

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With one of the largest chemicals projects in its history, Evonik Industries is blazing a trail for new international growth. In Shanghai the Group has now completed work on a large complex for polymers, plastics intermediates, and coating systems and has brought the quarter billion euro facility fully onstream. “Even in difficult times, Evonik has the power to create,” said Dr. Klaus Engel, Chairman of the Executive Board of Evonik Industries AG, at the formal opening of the new chemical complex in China.

From the Shanghai site, extending over several square kilometers, Evonik's new facility supplies intermediates that are in great demand. These are used in the production of, for example, PLEXIGLAS® for modern LED flat screens, environmentally friendly coatings, and lightweight—and therefore fuel saving—plastic parts for vehicles.

The base for these and other materials is the key product methyl methacrylate (MMA). Says Engel: “The global market for MMA is growing by 5 percent per year, and the growth rate in China is significantly higher even than that. It’s in this boom region that we’re starting up our new facility.”

The world-scale facility has an annual capacity of about 100,000 metric tons of MMA, and also includes plants for production of methacrylic acid, butyl methacrylate, hydroxy esters, specialty monomers, polymethyl methacrylate (PMMA) molding compounds,

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and thermoplastic methacrylate resins. “Ours is the only company in the region that can offer virtually all specialty products in this category,” emphasized Engel.

Following a completely accident-free construction period of just two years, Evonik has now started up the production facility for MMA in the Shanghai Chemical Industry Park SCIP, thus completing work on the entire complex. “With the startup of integrated production and the setting up of the research and development center in Shanghai, Evonik has developed into the largest supplier of methacrylate specialties in China,” said Patrik Wohlhauser, Chairman of the Management Board of Evonik Degussa GmbH, highlighting the significance of this major project. The 25,000 sq m research center houses state-of-the-art laboratories for research, development, application, and technical service, and a pilot plant for polymer technology. Evonik employs about 300 people at the SCIP site in Shanghai.

“With this project we have implemented a unique integrated production concept; with the decision to build a C4 plant for MMA production, we have also considerably expanded our technology platform,” says Gregor Hetzke, head of Evonik's Performance Polymers Business Unit.

Evonik now has integrated MMA production sites in the U.S., Europe, and China. “This allows our customers to procure the products from a single source in each of these regions—now also in China,” adds Hetzke. Moreover, Evonik can from now on offer much shorter delivery times in Asia. “In this we're following our most important global customers who are investing in China, and whom we can now supply here with locally produced materials.”

In addition to using other C4 raw material sources at SCIP, Evonik procures isobutene by pipeline from the Shanghai SECCO Petrochemical Co. Ltd. The collaboration between the two companies is yet another successful example of optimal and also highly eco-friendly management of raw-material flows at the SCIP.

Over the next few years, Evonik expects steady growth for methacrylates and PMMA molding compounds. Among the most important drivers here is the energy efficiency megatrend. “With

our products we offer a number of solutions, such as for the solar industry and for weight reduction in the automotive industry. Our materials are also increasingly finding application in construction and architecture, and in noise control,” said Hetzke.

With its PLEXIGLAS® molding compounds, Evonik is also making a key contribution to the booming electronics industry in the new generation of LED flat screens. In the area of paints and coatings, the company has developed in its VISIOMER® monomers important products for waterborne formulations that are environmentally friendly—an important future consideration in China.

About Evonik

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 2008 about 41,000 employees generated sales of about €15.9 billion and an operating profit (EBITDA) of about €2.2 billion.

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