

Evonik Industries Builds New Production Plant for Methacrylates in Shanghai

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- Groundbreaking for € 250 million investment in the Shanghai Chemical Industrial Park

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Essen. On September 15, 2007, Evonik Industries will hold the groundbreaking ceremony for the new integrated production plant for the manufacture of methyl methacrylates (MMA) and methacrylate specialties in the Shanghai Chemical Industry Park (SCIP). € 250 million will be invested in the plant.

The groundbreaking will be a milestone for Evonik Industries – whose Chemicals Business Area was formerly known as Degussa – in more than one respect. “For us, this project symbolizes an important element of our global growth strategy”, emphasized Dr. Klaus Engel, member of the Management Board of Evonik Industries with responsibility for the Chemicals Business Area, during a press conference on September 13, 2007 in Shanghai. “With this production plant, we are laying the groundwork for participation in a highly attractive growth market for us. This investment will also consolidate our position as a worldwide leading manufacturer of methacrylates.” With a volume of €250 million, the integrated production plant is the second largest single investment ever made by the Chemicals Business Area of Evonik. The world-scale facility is scheduled to come on stream in mid-2009 after completion of the roughly two-year construction phase. The integrated MMA production includes, in addition to an annual capacity of about 100,000 metric tons of MMA, plants for the production of methacrylic acid, butyl methacrylate, and PMMA molding compounds. This provides for an optimized network, unique in the world, for supplying customers in optoelectronics, the paint and adhesives industry, and in automobile manufacture.

The integrated production complex will be built on Evonik’s multi-user site SCIP, where the Group has operated a polyester plant and a colorants plant since June 2006, and where a polycondensation for special

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polymers and a compounding plant will go on stream next year. Engel stressed: "China plays a central role for our growth strategy in Asia. Here we must be present on site with our production plants. Therefore, we will continue expanding out multi-user site in China."

The new production plant for thermoplastic methacrylate resins is scheduled to commence operation in the second half of 2009. "With this plant we are significantly increasing our worldwide capacities for thermoplastic methacrylate resins," said Dr. Manfred Spindler, member of the Managing Board of Evonik Degussa GmbH. He also stated that, in thermoplastic methacrylate resins, the Chinese market has the greatest growth potential worldwide. "And our new plant will put us right in the middle of this market."

With the new production plant, Evonik is continuing its string of extensive investments in China. The Group has been producing specialty chemicals products there since the 1990s, and a variety of trade ties have existed even longer. The Group now has nearly 20 companies in China, with production sites in ten cities. The product range includes precipitated silicas, carbon black, rubber silanes, amino acids, polyurethane foam additives, coating polyesters, pigment pastes, colorants, high performance plastics and initiators used in the production of plastics. In fiscal 2006, some 4,000 employees earned company sales of € 460 million – compared to € 288 in 2005 – an increase of 60 percent.

Evonik established a joint venture for the production of performance silica with the Chinese company Wellink at the beginning of 2006, which further extended its worldwide leading position in this area. Additional activities include the joint venture established in June 2006 with the Chinese company Lynchem, which expanded the production basis of both companies in the exclusive synthesis of fine chemicals, and the partnership with Enax for the production of anodes and cathodes for lithium-ion-batteries.

Evonik has also continuously widened the scope of its research and development work in China, and now operates in Shanghai one of the largest R&D centres of any multi-national company in Shanghai. Covering a total of 25,000 square meters, the centre houses state-of-the-art laboratories for research, development, application engineering,

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and technical customer services, as well as a pilot plant for polymer technology. The center is the service platform for customers in China and the entire Asia–Pacific region.

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 2006 more than 43,000 employees generated sales of about Euro 14.8 billion and an operating profit (EBIT) of over Euro 1.2 billion.

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