

## Evonik opens new plant for specialty silicones in Shanghai

September 5, 2017

- Investment supports the Group's strategy of expanding businesses with a clear orientation toward specialty chemicals
- Technology and market leadership in organically modified specialty silicones consolidated
- Customers and the environment benefit from shorter supply chains and state-of-the-art plant technology

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Essen/Shanghai. Evonik has started up a new plant in Shanghai, China, for production of a wide range of organically modified specialty silicones. The products, which are manufactured in batch processes, are used in, for example, polyurethane, paints, and coatings applications as well as in a variety of industrial applications.

Christian Kullmann, Chairman of the Executive Board of Evonik, formally inaugurated the plant on September 5, in the presence of about 300 guests from the worlds of politics and business. On this occasion he said: "The plant is yet another important cornerstone in Evonik's growth strategy. We're focusing on businesses with a clear orientation toward specialty chemicals and on powerful innovations to significantly increase the value of the company."

Organically modified specialty silicones form part of specialty additives. This is one of four growth engines in which the Essen-based industrial group sees above-average potential for growth and margins. Kullmann says: "Demand for specialty silicones has grown strongly over the past few years. China and its neighboring countries are key markets for many applications. Thanks to the new plant, we will now be able to support our customers in the Asia region with even more speed and flexibility. At the same time we'll be consolidating our position as the global market and technology leader for organically modified specialty silicones."

Evonik has been successfully operating in China for more than decades. With the takeover of the specialty additives business of Air Products at the beginning of 2017 and the opening of new

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plants in Nanjing, Evonik has once again significantly extended its activities in Asia.

“We’re strengthening our presence in some of the world’s most dynamic markets with high growth rates. This gives us the opportunity to spot regional trends earlier and to develop innovative solutions in collaboration with our customers,” says Hans-Josef Ritzert, Managing Director of Evonik’s Nutrition & Care Segment.

The specialty chemicals group invested a high two-digit million euro sum in the construction of the new production facilities. Construction took only about a year. In 1.3 million working hours, employees numbering more than 700 in peak periods installed a large number of devices and laid about 23 kilometers of piping and 430 kilometers of wiring harnesses over an area of 30,000 square meters—on schedule, within budget, and without a single recordable occupational accident.

The new plant has simplified Evonik’s supply chain. “Because we now produce many specialty silicones locally, we no longer need to ship them from Europe or North America to Asia. This enables us to react faster to requests and increases our flexibility,” says Claus Rettig, Chairman of the Management Board of the Resource Efficiency Segment.

The new plant is part of a global integrated production system that is the backbone for the manufacture of about 3,000 different products. Organically modified specialty silicones are used in many applications, serving for example as plastic additives for comfortable upholstered furniture, car seats, and ergonomic mattresses. They also play an important role in the formulation of insulation material for buildings and ensure energy efficiency in cooling devices. Yet another application area is antifoams, used in the building, textile, and plastics industries. Specialty silicones are also essential ingredients of many paints and coatings other special fields of application.

**Company information**

Evonik is one of the world leaders in specialty chemicals. The focus on more specialty businesses, customer-orientated innovative prowess and a trustful and performance-oriented corporate culture form the heart of Evonik's corporate strategy. They are the lever for profitable growth and a sustained increase in the value of the company. Evonik benefits specifically from its customer proximity and leading market positions. Evonik is active in over 100 countries around the world with more than 35,000 employees. In fiscal 2016, the enterprise generated sales of around €12.7 billion and an operating profit (adjusted EBITDA) of about €2.165 billion.

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