

## Evonik in China

Evonik Industries has been producing specialty chemical products in China since the early nineties, with wide-ranging trading relations already in place prior to this. The Group now owns 18 companies in China, with production sites in more than ten cities.

Our broad product portfolio, which comprises precipitated silica, carbon black, rubber silanes, amino acids, polyurethane foam additives, coating polyesters, pigment pastes, color tinting systems, high-performance polymers, and initiators for polymer production, caters for customers in China and throughout the whole of Asia. In fiscal 2007, 4,200 employees generated sales of 754 million euros in the Greater China Region, which is an increase of 28 percent from 460 million euros in 2006. Evonik regards China as one of the driving forces of the global economy, and we are aiming to achieve sales in the area of 1 billion euros in the Greater China Region by 2009.

Evonik Degussa (China) Co., Ltd. in Beijing is the parent company of the Chinese activities of our Group. It provides an expert service platform to support our business units, with the emphasis on implementing new investment projects and stepping up customer relationships.

For a creative industry group such as Evonik, linking innovation and market proximity is a crucial success factor. Evonik therefore opened a research & development centre in Shanghai in 2004, which has been expanded by mid-2007. The investment sum totals more than 20 million euros. The centre provides the opportunity to develop specific products locally and to quickly introduce them to potential customers. This approach enables our business units to cater much more effectively for the requirements of the Chinese market.

With a polyester and a colorants plant, Evonik brought the first production facilities into operation at its multi-user site (MUSC) at the Shanghai Chemical Industry Park in 2006. MUSC is a site where Evonik locates and establishes new operations of several business units. In September 2007, a new MMA (methyl methacrylate) "Verbund" facility broke ground. The investment volume for the entire plant including all preliminary stages is approx. 250 million euros, which makes it the second largest single item investment of our Chemicals business area. The world-scale plant is to go into operation in the course of 2009, after a construction period of two years, with an annual capacity of some 100,000 metric tons. It will supply raw materials for downstream monomer and polymer specialties for applications in optoelectronics, the adhesives and coatings industries and automotive construction.

Our ambitious growth targets for China call for a broad range of qualified employees. With this objective in mind we cooperate with the Shanghai Petrochemical Academy and the Jilin University in Changchun. To strengthen the development of young management talents, we are also supporting the China Europe International Business School in Shanghai.