

Evonik in South Africa

South Africa is one of Africa's economic powerhouses and the gateway to the continent for many investors and trading partners. It has a rapidly growing middle class and rich mineral resources, including large deposits of gold, diamonds, coal, platinum, chromium and iron ore. South Africa also has a highly developed financial system and the Johannesburg Stock Exchange is regarded as the largest in Africa. A wide range of consumer and capital goods are manufactured in South Africa and the automotive industry is particularly important. However, like exports of mineral resources, this sector is feeling the effects of the global recession, South Africa's gross domestic product is the highest in Africa: it was around US\$300 billion in 2008, but contracted for the first time in a decade in the fourth quarter. Hosting the FIFA World Cup soccer championship in 2010 is expected to inject new impetus into the economy.

Evonik has had chemical operations in South Africa since 1976. Algorax (Pty) Ltd. in Port Elizabeth, in which Evonik has an 80 percent stake, is the only local producer of a wide range of high-quality carbon blacks for the rubber and tire industry. This facility is located in the country's fifth largest city and is logistically well-positioned close to the airport and the Indian Ocean. As the world's second largest producer of carbon blacks, Evonik has production facilities on five continents, ensuring optimal supply to the global market. Other products marketed in South Africa are specialty polymers, high-quality coatings and colorants and essential amino acids for healthy nutrition of livestock, especially poultry. Marketing activities are bundled at Evonik Degussa Africa (Pty) Ltd. in Midrand/Johannesburg. Our hydrogen peroxide business has also had a presence on the South African market for over thirty years and we have been producing this environment-friendly bleaching agent in Umbogintwini/Durban for the past nine years. To strengthen our market leadership and respond to rising demand from the South African paper and pulp industry, production capacity will be raised by 50 percent to 15,000 metric tons p.a. in the course of 2009. We rank second in the world in hydrogen peroxide with total capacity of around 600,000 metric tons p.a.

South Africa is a major supplier of coal for power plants. Our Energy Business Area has therefore had close trading links with South African coal suppliers for many years. Our subsidiary Evonik Energy Services in Johannesburg serves as a springboard to broaden our energy services business. For example, since 2006 we have supported the South African firm Eskom, one of the world's largest electric utilities, in its ambitious plans to build new power plants. This is part of our global strategy of improving our local market insight through engineering services in order to generate new business ideas for power plant projects.

Evonik had around 150 employees in South Africa in 2008 and generated sales of more than €110 million.