

Evonik and Chinese company Wynca agree to form joint venture to produce fumed silica

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- New fumed silica production facility planned in Zhenjiang, China
- Investment amount in the mid double-digit million Euro range
- New capacities to meet demand for silicones, adhesives & sealants and paints & coatings

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Evonik Industries and the Chinese company Wynca have agreed to form a joint venture. The new company, in which Evonik will hold 60 percent, will produce fumed silica marketed under the name AEROSIL®. The product is used in transparent silicones, coatings and paints, modern adhesives as well as non-combustible high-performance insulation materials. The joint venture, Evonik Wynca (Zhenjiang) Silicon Material Co., Ltd., plans to build a fumed silica production facility in the Zhenjiang New Material Industry Park (Jiangsu Province, China), investing an amount in the mid double-digit million Euro range. The facility, with a projected annual output of 8,000 metric tons is scheduled to become operational in 2021. The overall project still requires the approval of the relevant corporate bodies and the competent authorities.

The global market for fumed silica is growing at around 5%, showing stronger growth than the global economy. Key drivers for the fumed silica market in China include the silicone industry for adhesives and sealants in buildings and cars as well as gel batteries such as those used in electric bikes. The joint venture will supplement Evonik's global network of AEROSIL® production facilities, while Wynca plans to further expand its business with silicon-based products, using the benefits of a shared approach.

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“With the joint venture, we are consistently continuing to strengthen our Resource Efficiency segment. Following the acquisition of the Huber silica business and the associated expansion of our precipitated silica capacities as well as the growth of our fumed silica capacities in Antwerp, we are now

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taking the next step with the first fumed silica plant in the attractive Chinese market. Wynca is a strong partner to do this and we look forward to the future cooperation,” said Harald Schwager, Deputy Chairman of the Executive Board of Evonik Industries.

Precipitated and fumed silica are among the company’s “Smart Materials,” one of four strategic growth engines identified by Evonik for above-average market growth and margin potential.

Based on synthesized organic silicon monomers, Wynca has formed a complete organic silicon industry chain from smelting cores, ganister sand processing, monomer synthesis to the final products, generating the four large product series of silicone rubber, silicone oil, silicone resin and silane coupling agent, and becoming an organic silicon company covering the full industry value chain.

“The cooperation with Evonik is a good opportunity for Wynca to realize its strategy of moving towards end products and its mission of creating better living with green chemistry. We are committed to serve the society and mankind by developing the company with circular economy, and in a resource-efficient and environmentally friendly manner,” said Jianhua Wu, Chairman of the Wynca Group.

Wynca is expanding its capacity for organochloro-silanes which is a raw material used in the production of AEROSIL®, to 300kt per annum. A small part of this capacity expansion will supply the joint venture. Mr. Tao Wei, Vice President of Wynca Group, said: “The joint venture plant will further improve the integrated production structure of Wynca Zhengjiang Site. Evonik's leading fumed silica technology will be introduced into the joint venture. All the intermediate products, like monomethyltrichlorosilane, chlorosilane from Wynca and by-product of hydrochloric acid from JV, will be fully utilized, achieving perfect resource recycling of Wynca Zhenjiang Site and synergies from organic silicon monomer, chlorosilane and fumed silica production.”

“The production site for silica in China will enable us to supply our high-quality products to the growing Asian market with significantly shorter transport routes,” said Johannes Ohmer, member of the Board of Management of Evonik Resource Efficiency GmbH.

“Asia, especially China is a key growth region for Evonik. The new joint venture proves that Evonik is committed to grow our business in China by continuous investment and cooperation with local partners,” added Claas Klasen, President of Evonik’s Asia Pacific North region.

Evonik is a leading global manufacturer of silica. In addition to the fumed silica AEROSIL® and the precipitated silica ULTRASIL®, SIPERNAT®, ZEODENT® and SPHERILEX®, Evonik also produces silica based matting agents under the brand name ACEMATT® and other fumed metal oxides under the brand AEROXIDE®. Overall, Evonik has a global production capacity for all silica based products of about 1 million metric tons/year.

About Wynca

Located in Hangzhou, China, the Wynca group was founded in 1965 and listed in the Shanghai Stock Exchange in Sep. 2011. As one of the top 500 Chinese chemicals company and one of the top 20 global enterprises in agricultural chemistry, Wynca’s main businesses are crop protection products and organic silicon materials. Wynca is selected as the Most Valuable Listed Companies in China for many years continuously.

With the advanced recycling technology for chlorine, phosphorus and silicon, Wynca is a pioneer of circular economy in the industry. The company covers the whole value chain in the organic silicon industry and focuses on developing downstream segments. The products of Wynca are widely applied in agriculture, biotechnology, aeronautics & astronautics, health care, building materials, electronic & electric industry, as well as new energy industry. Wynca has subsidiaries in North America, South America and Africa and markets its products in many countries in the world.

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 36,000 employees. In fiscal 2017, the enterprise generated sales of €14.4 billion and an operating profit (adjusted EBITDA) of €2.36 billion.

Evonik's international activities are organized into six regions. The Asia Pacific North region is headquartered in Shanghai. Sales in Asia Pacific North reached 2,158 million euros in 2017. Evonik regards China as one of the driving forces of the global economy and we consequently endeavor to grow our business here. The company now employs about 3,000 employees and has in total of 10 production sites in China.

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