

**Evonik announces the key financial data in the Greater China region in fiscal year 2009**

May 14, 2010

**- Stable growth in 2009 and good start in 2010**

- Fiscal 2009: Despite of the impact of the economic crisis, Evonik achieved stable growth in sales by 4% to €856 million in the Greater China region.
- The sales of Q1 2010 increased significantly over the same period of last year. The total sales of 2010 are expected to exceed €1 billion.
- "Growth Path" initiative: comprehensive measures to stimulate organic growth in the region
- The aim is to increase our business in Greater China to around €2 billion in the medium term.

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Despite of the impact of the macro economy situation, Evonik managed to maintain stable growth in 2009 in the Greater China region. The sales increased by around 4% year-on-year to €856 million. What's more, Evonik also embraced a good start in Q1 2010 in China with the sales increased significantly over the year-back figures.

**Stable growth in 2009, good start in Q1 2010**

In fiscal year 2009, Evonik generated sales of €856 million in the Greater China region, an increase of around 4% year-on-year. Though the downturn of sales registered in the end of 2008 continued in the beginning of 2009, the business performance picked up significantly since the second quarter, alongside the rebound of the Chinese economy. Demands for products for the pharmaceuticals and animal feeds sectors were particularly stable. Benefited from China's economic stimulus package, the demand for products in the industries such as automotive and construction also achieved substantial growth.

The solid performance was also contributed by the increasing local production bases. The Integrated Methacrylate production facility with an investment of €250 million started up by the end of 2009. Products manufactured there are already supplying the Asian market. The investment not only contributed to the business growth for Evonik in Greater China in 2009, but also will exert great potential in business

development in the coming few years, showing the strategic significance of the investment.

In 2010, Evonik also achieved a good start in the first quarter in the region. The sales increased substantially over last year. "Despite of the uncertainty of the current economic situation, the good start in Q1 and substantial improvement in demand strengthens our confidence in achieving over € 1 billion sales target in 2010," said Dr. Yu Dahai, President of Evonik Greater China region.

### **Growth Path initiative: stepping up for the sales target of 2 billion euros**

In recent years, the chemicals markets in Asia are growing rapidly. It is estimated that the size of the global specialty chemicals market will reach € 530 billion by 2013, in which China will account for about 14%. Evonik is committed to join this high growth market and aims to realize the sales target of €2 billion in the medium term. In order to do so, Evonik launched the "Greater China Growth Path" initiative in the fall of 2008, a strategic development plan with comprehensive measures for regional business development. The initiative works on measures from different aspects, e.g. new market accesses, operational performance, product localization, investment, in order to stimulate the organic growth in the Greater China region.

Based on this initiative, Evonik has launched a number of the cross-unit projects for some key industries such as automotive, construction, electronics and lighting etc. Oriented to the industrial and customer needs, these projects are carried out with cross-business-unit approach, which integrates our in technology leadership in different products into a one-stop solution for customers. Among all the projects, the automotive industry project team has successfully exchanged the insights with some local car OEMs. Further business cooperation has been carried out based on the feedback of the customer.

In order to achieve the growth target, Evonik will continue to increase the investment in the Greater China region as well. "In the past few years, Evonik has been investing around €100 million annually in China. Our investment will reach a new level in the coming years, not only in production facilities, but also on local R&D and human resources," said Dr. Yu Dahai. Recently, Evonik has already started to expand the PMMA

molding compounds production facility in Shanghai and Taichung. Evonik Forhouse Optical Polymers Corporation in Taichung produces some 40,000 metric tons of PLEXIGLAS® molding compounds a year for flat-screen monitors. The expanded Taichung plant, with capacities to produce another 20,000 metric tons a year, is scheduled to become operational in the second quarter of 2011. The Shanghai PMMA plant had been producing some 18,000 metric tons a year. The products are supplied as a comprehensive line of PLEXIGLAS® molding compounds to various industries, including the automotive, lighting, and electronics industries. The expanded production capacities will double and become operational in the second half of 2011. On top of that, Evonik has expanded its production capacity of methacrylic acid in Shanghai to 25,000 metric tons. Production at the expanded capacity should begin this May.

As an important part of the "growth path" initiative, Evonik has formulated its human resource strategy with more systematic and strategic HR planning. A series of HR programs have been put in place, e.g. succession planning, talent assessment, management development program and a variety of trainings, to ensure the human power needed for the company development.

"With such initiative, we are very confident to achieve the €2 billion sales target in the Greater China region in 4 to 5 years and become a leading multinational specialty chemicals company in China," said Dr. Yu Dahai.

### **About Evonik**

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 2009 about 41,000 employees generated sales of about €13 billion and an operating profit (EBITDA) of about €2 billion.

Evonik Industries has been producing specialty chemical products in China since the early 1990's; with wide-ranging trading relations already in place prior to this. The Group now has a total of 20 companies and 16 production sites in the region. Evonik regards China as one of the driving forces of the global economy, and we consequently intend to increase our business in Greater China to around €2 billion in the medium term.

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