

# Joint News Release

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## KOLON BASF innoPOM starts commercial production of polyoxymethylene (POM) in Korea

- **KRW 260 billion (approximately USD 220 million) investment serves global engineering plastic market**
- **Capacity of 70,000 metric tons per year, together with existing KOLON plant, creates world's largest POM production facility**
- **BASF quality control and KOLON's highly efficient process ensure excellent product quality; shared facility with separate production strengthens competitiveness**

KOLON BASF innoPOM Inc., the 50:50 joint venture between KOLON PLASTICS and BASF established in 2016, today started operations at its new polyoxymethylene (POM) production plant in Gimcheon, Korea.

The new production with a capacity of 70,000 metric tons per year, combined with KOLON PLASTICS' existing annual POM production capacity of 80,000 metric tons, creates the world's largest POM production facility, with a total annual capacity of 150,000 metric tons. Construction of the KRW 260 billion (approximately USD 220 million) plant, which began in April 2016, lasted for 27 months without any safety or environmental incidents.

The plant combines BASF's stringent quality control system and its energy-saving technology with KOLON PLASTICS' highly efficient and stable production capabilities, built over more than 20 years, to produce best-in-class POM products. KOLON BASF innoPOM will be able to provide a stable supply of POM to KOLON PLASTICS and BASF, each with their own sales network, enabling the two companies to cater to increasing market demand.

The shared facility, with separate production systems customized to serve each company's customers, will enable a highly competitive form of cooperation. Kocetal<sup>®</sup> from KOLON PLASTICS and Ultraform<sup>®</sup> from BASF will be produced at the new plant using technologies from the two companies. BASF will be applying its global property and quality control standards throughout the process to ensure the same high quality as volumes produced in Germany.

POM production requires a complex, high-end technology and KOLON PLASTICS' simplified production process has been recognized by BASF for its efficiency.

"The new plant we have built together with KOLON PLASTICS sets an industry benchmark for the production of POM. It employs innovative environmental management standards that improve production efficiency, resulting in less energy use. With BASF's first POM production in Asia, we will be able to provide a stable supply of high-quality POM to the Asia Pacific region, as well as to the rest of the world," said Raimar Jahn, President, Performance Materials, BASF.

"The joint venture leverages the strengths of each company and is a great example of how partners can work together to generate significant synergies and strengthen our global market position. We hope to continue this partnership in other areas of business as well," said Yeong-Bom Kim, joint-representative of KOLON BASF innoPOM and Representative Director of KOLON PLASTICS.

KOLON BASF innoPOM will contribute to vitalizing the local economy, and create additional value in related industries such as maintenance and logistics.

Polyoxymethylene resins are engineering plastics used in complex and highly durable components. Their high strength and resilience, friction performance and chemical resistance enable a broad range of applications in automotive manufacturing as well as in electric and electronic goods. 42% of the world's demand is used for manufacturing key vehicle components such as fuel pumps and safety belts. Global chemical companies are focusing on developing lighter and stronger high-quality engineering plastics, supporting the growing trend towards lightweight vehicle materials for greater fuel efficiency.

#### **About KOLON PLASTICS**

KOLON PLASTICS is a global manufacturer of engineering plastics and high-end materials headquartered in Korea. We provide world-class quality base engineering plastics products and custom-made optimized compounded engineering plastics products. With sales networks in over 90 countries around the globe including Asia, Europe, North America and advanced technical, R&D capability, we support our customers' needs fast and adequate. KOLON PLASTICS common stock is traded on the Korea stock exchange (KOSPI). For more information, go to [www.kolonplastics.com](http://www.kolonplastics.com).

#### **About BASF**

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The more than 115,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is organized into five segments: Chemicals, Performance Products, Functional Materials & Solutions, Agricultural Solutions and Oil & Gas. BASF generated sales of €64.5 billion in 2017. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (BAS). Further information at [www.basf.com](http://www.basf.com).