

News Release

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BASF to build engineering plastics and thermoplastic polyurethanes plants at new Verbund site in Zhanjiang, China

- **First plants at integrated Verbund site will contribute to global capacity for engineering plastics and TPU**
- **BASF's US\$10 billion investment project in Zhanjiang is moving forward swiftly**
- **Advanced performance materials help electronics, consumer products and automotive manufacturers reduce weight, improve safety and efficiency**

BASF plans to build an engineering plastics compounding plant and a thermoplastic polyurethane (TPU) plant at the company's proposed integrated chemical production ("Verbund") site in Zhanjiang, China. These will be the first production plants to come onstream at the site.

By 2022, the new engineering plastics compounding plant will supply an additional capacity of 60,000 metric tons per year of BASF engineering plastics compounds in China. This will bring the total BASF capacity of these products in Asia Pacific to 290,000 metric tons per year. As part of the company's plan to implement a comprehensive smart manufacturing concept at the Verbund site based on cutting-edge technologies, the new plants will utilize automated packaging, high-tech control systems, and automated guided vehicles.

"Less than a year after we signed the first MoU, we are delighted to announce the first plants to be established at our smart Verbund site in Zhanjiang," said Dr. Stephan Kothrade, President Functions Asia Pacific, President and Chairman Greater China, BASF. "The project is moving forward swiftly and customers in southern China will soon benefit from these innovative products to meet their immediate needs."

General facilities for the Zhanjiang Verbund site will also be built along with the two new plants. BASF Integrated Site (Guangdong) Co. Ltd (BIG), BASF's new wholly-owned subsidiary, has been officially founded. This entity will oversee the operations of the new Verbund site, underlining BASF's commitment to the southern China market.

"We want to improve our support for customers in the southern China market and around the world. We will do this by establishing the new plants close to growing customer industries, and through improvements in efficiency realized from our smart manufacturing approach. This will increase our speed of innovation and the efficiency of our services," said Raimar Jahn, President of BASF's Performance Materials division. "In particular, electric and electronics companies and automotive manufacturers are turning to BASF to help them address trends such as the electrification of cars and miniaturization of electronic devices."

The growth of the TPU market, in particular for high-end applications, is driven by several factors including increasing regulatory requirements and growing customer expectations for enhanced sustainability performance in such areas as e-mobility, lightweight and automation. BASF solutions support this growth with safety-enhanced cables and wires for automation and automotive, as well as lightweight materials for consumer goods. With customer needs evolving rapidly across the world, BASF is ramping up its investment in emerging markets to address local requirements while continuing to invest in developed economies.

BASF signed the first Memorandum of Understanding for the Verbund site with the Guangdong Provincial Government in Berlin in July 2018, and in January 2019 the company signed a Framework Agreement setting out further details of the plan. The Verbund site in Guangdong would be BASF's largest investment, estimated up to US\$10 billion upon completion, and would be operated under the sole responsibility of BASF. The integrated value chain will connect upstream and downstream plants from basic chemicals to more consumer-oriented products and solutions, serving growth sectors like consumer goods or transportation. The site would ultimately be the third-largest BASF site worldwide, following Ludwigshafen, Germany, and Antwerp, Belgium.

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About BASF

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