

Press Release

ALTANA Chemie AG

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ALTANA Chemie Opens Fourth Production Site in China

Wesel/Zhuhai, November 1, 2004 – ALTANA Electrical Insulation, a business unit of ALTANA Chemie AG, Wesel, has commenced operation of a super modern production plant in Zhuhai after a year and a half of construction. The site of the new plant is located in the Harbor Industrial Zone, Zhuhai, in the province of Guangdong near Hong-Kong – the booming Southeast of China. On an area covering 70,000 m² ALTANA Electrical Insulation Zhuhai produces specialty chemicals such as wire enamels, impregnating resins and compounds at an annual capacity of 25,000 metric tons. In addition, the production site also houses application labs. During the start-up phase, 40 employees will be based in Zhuhai. It is expected that sales will reach the double-digit million euro level already in 2005.

The aim of the new site is to further consolidate the Asian presence, with the emphasis on China, and to take account of the tremendous market potential in Asia, and China especially. “The greatest market growth in the major target markets of ALTANA Chemie is, without a doubt, to be found in China. The ability to act quickly, efficiently and with the aid of local managers and staff in these markets is therefore critical for the success. The formation, building and successful start-up of ALTANA Electrical Insulation Zhuhai underlines once more the amazing competency of our company in this respect,” Dr. Matthias L. Wolfgruber, Member of the Management Board of ALTANA AG and President & CEO of ALTANA Chemie, declared at the official opening.

“We would like to be able to offer in China and the Asiatic countries close to our customers innovative products of the highest quality and involving the best possible service. To this end, ALTANA Electrical Insulation Zhuhai will have access to all the existing and new technologies of our business unit that are being developed in our globally based laboratories,” explained Dr. Christoph Schlünken, Managing Director and Business Unit Manager of ALTANA Electrical Insulation.

ALTANA Chemie in China

China is one of the most important growth markets for ALTANA Chemie. Following the production site in Shunde and two other sites in Tongling, Zhuhai represents the company’s fourth production site. In addition, the three business units of ALTANA Chemie maintain further sales offices and application labs. In 2004, ALTANA is expected to achieve sales of around €80 million in China with 250 employees, an increase of more than 20% on last year. Within the past five years ALTANA Chemie has therefore doubled its sales in China. Taken as a whole, the Chinese market has a 9% share of the total sales of ALTANA Chemie.

ALTANA Chemie has been represented in Asia since 1980 and is expected to achieve regional sales of around €190million for 2004 with more than 500 employees, which corresponds to a share of over 20% of the total sales. Since 1995 some €50million has been invested in new sites alone.

Chemical market China

The chemical industry in China is a significant economic factor with its 10% share of the gross domestic product. While globally a growth in the chemical market of 2.7% p.a. is forecast until 2015, the Chinese market is set to rise by 5.4% p.a. China is already today the second largest consumer of chemical products,

with a share of 15%. By 2015 the size of the population consuming chemical products is expected to have increased tenfold from 70 to 700 million people.

ALTANA Electrical Insulation

The business unit ALTANA Electrical Insulation develops, produces and markets wire enamels, impregnating resins (varnishes), compounds and casting resins, which are used in electric motors, transformers, generators, condensers, circuit boards, sensors and electrical domestic appliances. In 2003 the business unit achieved sales of €225million, while ALTANA Chemie as a whole achieved sales of €775million.

This press release contains forward-looking statements, i.e., current estimates or expectations of future results of ALTANA Chemie for the year 2004 and estimates of the general sales development with chemical products in local markets. These statements are based on assumptions of ALTANA Chemie's management and information currently available. Many factors that ALTANA Chemie is unable to predict with accuracy could cause the actual results, performance or achievements to be materially different from those that may be expressed or implied by such forward-looking statements.

Forward-looking statements speak only as of the date they are made. ALTANA does not intend, and does not assume any obligation, to update forward-looking statements to reflect facts, circumstances or events that have occurred or changed after such statements have been made.

ALTANA Chemie develops and produces high-quality, innovative products in the specialty chemicals business. The specialty chemicals activities of the ALTANA Group as a globally active group of companies are consolidated in ALTANA Chemie AG. ALTANA Chemie AG with its headquarters in Wesel, Germany, is the holding company for the three business units of Additives & Instruments, Coatings & Sealants and Electrical Insulation. ALTANA Chemie provides innovative and environmentally compatible solutions, along with the appropriate special products, for coatings manufacturers, paint and plastics processors, and the electronics industry. The range of products includes additives, special coatings, sealants, compounds, impregnating agents, and testing and measuring equipment. In its target markets the company occupies a leading position in terms of quality, product solutions, innovation and service. In 2003 ALTANA Chemie, with over 2,600 employees, achieved sales of €775m. Sectorally, therefore, ALTANA Chemie is among the most innovative, fast-developing and profitable chemical corporations in the world.

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