



*Individual tube testing*



*DIABON tube bundle*

# SGL:

## Carving The Way

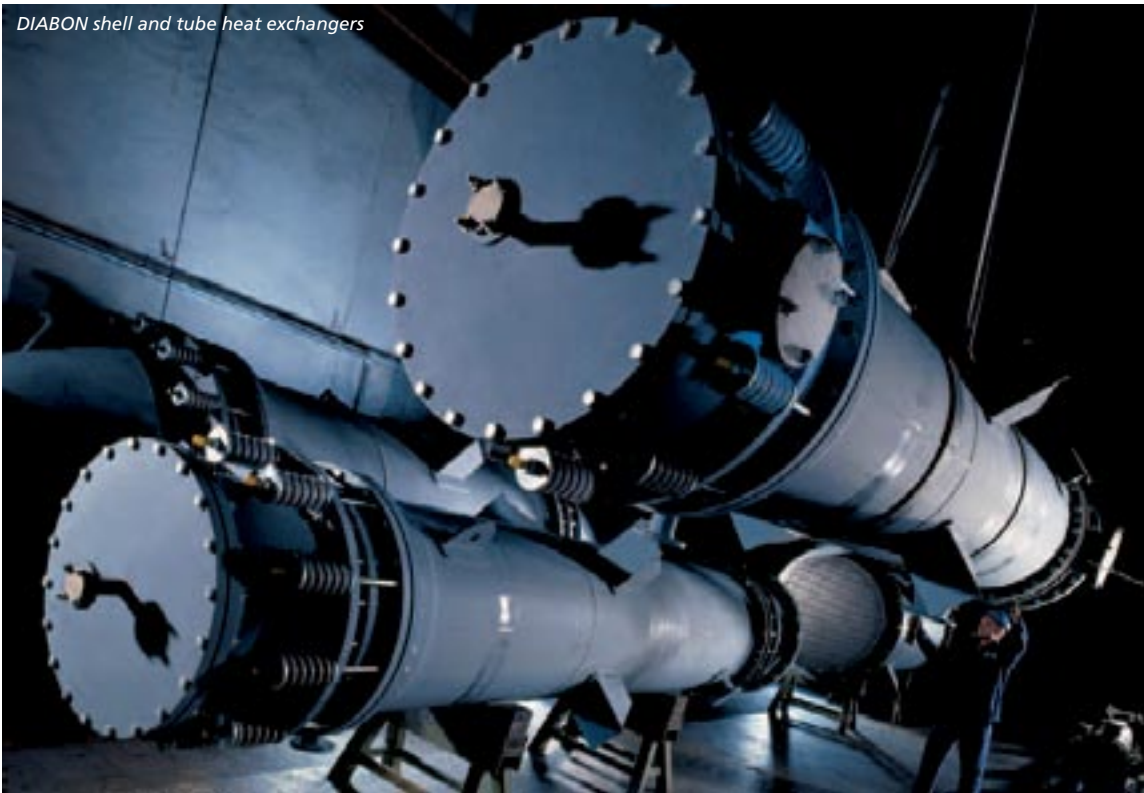
Germany's SGL Carbon Group, the world's biggest maker of carbon and graphite products plans to fixate Selangors Klang Valley 2 as its production hub.

Any investor looking to plant a firm footing in Malaysia would have taken into consideration a number of factors. These factors when weighed need to not merely support the business but be able to accommodate and encourage its future plans, namely physical and internal growth.

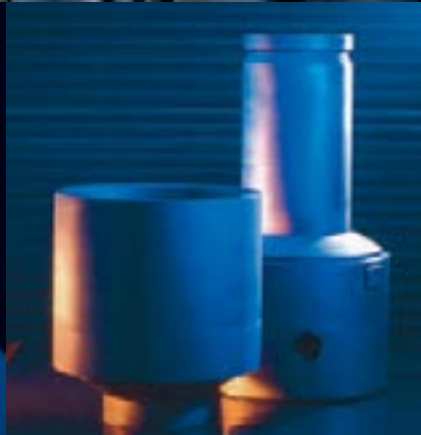
One multi-national organisation that has walked well into the common factors considered when investing overseas is the SGL Carbon Group, a German company.

In August 2006, Mr. Robert Koehler, CEO and Chairman of the Board of Management, SGL Carbon AG officially announced the company's plans to invest in an Asian carbon and graphite hub in Malaysia. The announcement was made in conjunction with The German Delegation meeting with the Malaysian Minister for International Trade and Industry, which was led by Michael Glos, German Minister for Economics & Technology.

DIABON shell and tube heat exchangers



Visual inspection of a burner tube



Sections of a DIABON



Visual inspection of a DIABON tube sheet

This release instantaneously received wide press coverage from both local and foreign media with internet lines clogging up on updates with the proceedings of this multi-faceted project.

During a press luncheon briefing followed by a Q&A session that was held in November 2006 at the Mandarin Oriental Hotel Kuala Lumpur, SGL further elaborated on their commitment to invest in Malaysia.

Present at the event were leading

journalists and news media such as Bloomberg, Reuters and leading local newspapers like The Star and Business Times as well as leading local television stations. Guests from government authorities and agencies were also invited to this briefing.

### **Integrated Carbon Graphite Asia Regional Hub**

SGL will initiate the construction of a carbon and graphite hub in Malaysia. A total investment of US\$200 million

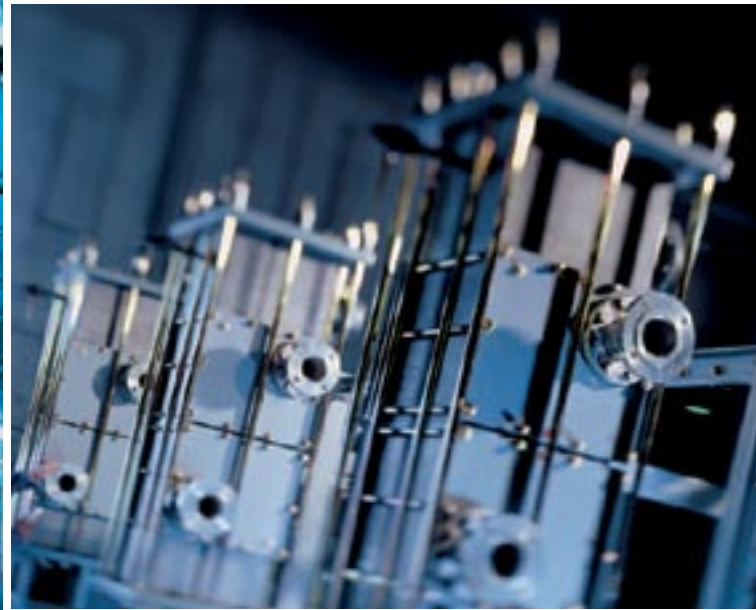
over several years is anticipated. The first step will be a graphite electrodes plant for which the initial phase will involve a US\$60 million investment.

These manufactured graphite electrodes are used to conduct electrical current to melt scrap steel in electric arc furnaces.

“The plant, which will supply graphite electrodes used in electric furnaces, will be the region’s first such facility and is expected to strengthen SGL’s position as market leader,” said



HCL synthesis unit



DIABON block heat exchangers

Robert Koehler. “In the initial stage, a facility with the capacity to produce 30,000 tons of graphite electrodes a year is expected to be completed by late 2008.”

SGL will then further develop the Malaysian hub to manufacture other carbon and graphite products to cater to other industries such as aerospace, military defence and energy.

### Choice Land

Koehler said the company was on the lookout for a comparable base in Asia, and Klang Valley 2 in Selangor immediately stood out, fitting its needs.

SGL Carbon decided on the Malaysian location due to the growing demand by the steel industry in Asia for UHP graphite electrodes, as well as its position as market leader in the ASEAN region.

SGL is thereby optimizing its

global production infrastructure for carbon and graphite products and thus continuing to expand its position as a global cost leader.

The company is thereby optimizing its global production infrastructure for carbon and graphite products and thus continuing to expand its position as a global cost leader. SGL Carbon is committed to its main objective of margin improvement whilst continuing to maintain its high market share in the region.

“We have large, growing, and loyal customers in the region. We want to move closer to them and grow with them. This will result in benefits in logistics and current assets on both sides,” said Koehler.

The graphite electrode capacity in Malaysia can be expanded up to 60,000 tons as required by the market. As part of the overall investment, SGL Carbon is in the planning stage to develop

the Malaysian hub to manufacture its carbon and graphite product portfolio.

“This is not an investment directed only towards the Malaysian market requirements, but as a strategic part of our global manufacturing situation, a decision where to go from North America and Europe was a critical one for the company,” Koehler said at a media briefing in Kuala Lumpur recently.

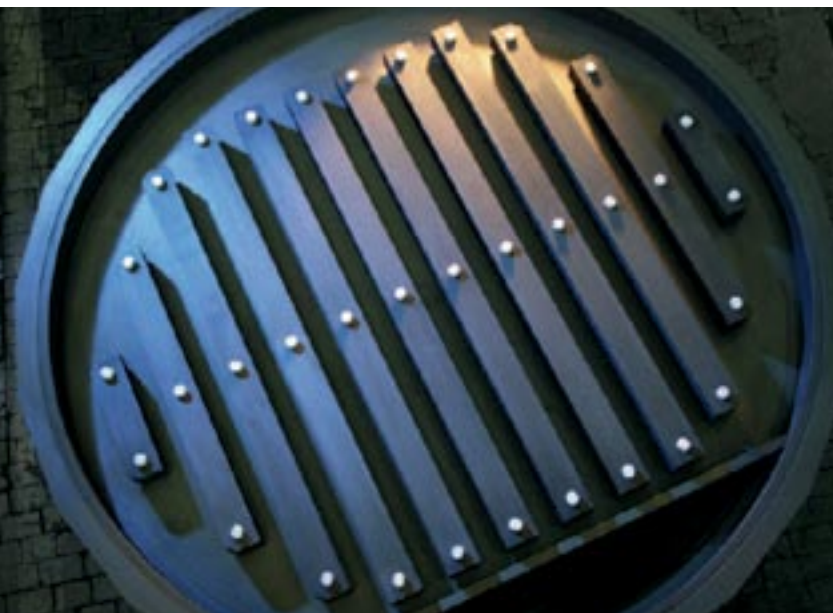
“It is an important region for us. We have large, growing and loyal customers here. We want to move closer to them and grow with them,” he told reporters.

Koehler said SGL, which currently has 11 plants in Europe and North America including a joint venture in China, is confident its 20 percent market share in Asia would continue growing.

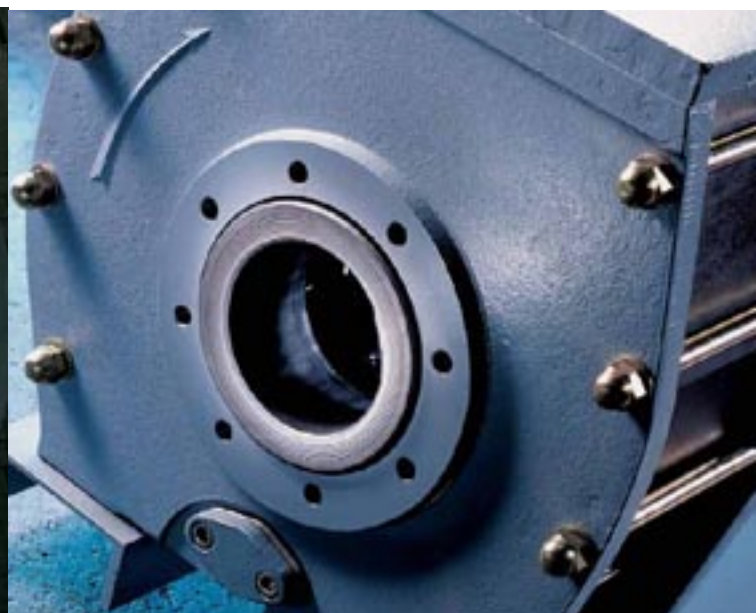
### Early Start

The project site is located in the district of Kuala Langat close to Banting town. This falls under the Klang Valley 2 area, the current up and coming focal point of the state.

Earthworks, site clearance and



*DIABON tunnel cap tray, DN 1800*



*Standard chemical pump in graphite*

ground treatment work began on the land in November 2006. Piling commenced in January 2007 and tenders for the building construction work which commenced in April 2007 rolled in immediately.

Early 2007, a symbolic “Groundbreaking” ceremony was officiated by the The Right Honorable Dato’ Seri Dr. Mohamad Khir bin Toyo, H.E. Herbert D. Jess, German Ambassador to Malaysia witnessed this auspicious event together with Exco members from Selangor as well as esteemed guests from SSIC, MIDA, TNB, other government authorities, customers and business associates.

### **First of Its Kind**

The commissioning of the new plant, starting with the machining of graphite electrodes is targeted for mid-2008. This is the first new construction of a graphite new green field graphite electrode production plant in the last 25 years by SGL, one of the industry’s leading manufacturers.

The new production plant in Kuala Langat is going to be the most cost-

efficient graphite electrode production plant in the world with the highest state-of-the-art technology in the industry based on SGL Carbon’s best practices worldwide. This will also be the first graphite electrode plant in the ASEAN region and Selangor has the honour to host this project.

SGL is committed to build and operate the Kuala Langat plant on schedule in order to strengthen its high market share in the region by serving its customers more competitively.

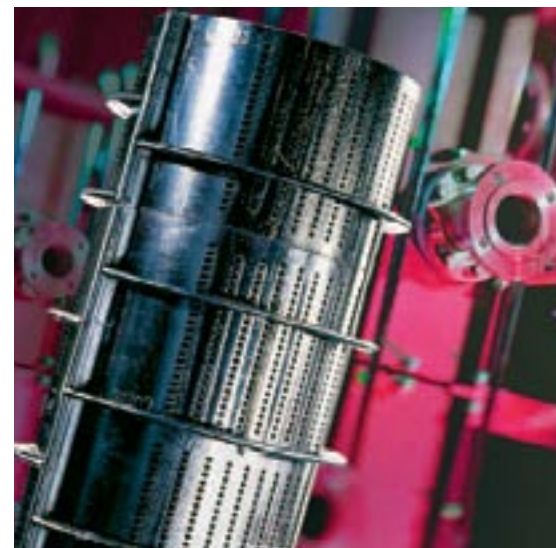
With the setting up of the graphite electrodes plant, the Kuala Langat site is earmarked to be the carbon and graphite hub in the Asia region for SGL, with the addition of other product lines in the company’s portfolio going forward.

### **For The Future**

The company now hopes to rapidly boost its production plans in exclusive high-technology areas ranging from nuclear power applications to semiconductors, high-energy batteries such as lithium, and alternative energy sources such as solar and wind power.

The Kuala Langat plant, which will boost total group production capacity by 13 per cent, has the potential to generate US\$120 million to US\$150 million (RM439 million to RM549 million) revenue, based on the current US\$5,000 (RM18,300) per tonne market price.

About two-thirds of the production will be exported to South- East Asia - mainly Thailand and Indonesia - and India, Taiwan and South Korea. The rest will meet the demands of locally-based Lion Corp.



*Cylindrical block column with baffle cage*