Investor News

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Green light for production repurposing

Covestro expanding capacity at German site

Existing plant will be converted for foam component MDI

Materials manufacturer Covestro is moving forward with a repurposing of its production operations in Brunsbüttel, Germany. The Board of Management has now officially approved an expansion of production capacity for the foam component MDI at the site. An existing, idled plant for the precursor TDI will be converted for production of MDI. The plans call for roughly doubling production capacity at the site to a total of approximately 400,000 metric tons of MDI per year. Commissioning of the new plant complex is scheduled for late 2018. Preliminary plans call for a total investment volume (in euros) in the low hundreds of millions, which is already included in Covestro's medium-term capital expenditure budget.

MDI (diphenylmethane diisocyanate) is the basis to produce rigid polyurethane foam, which is used primarily for the efficient insulation of buildings and throughout the cool chain. The resultant energy savings help to substantially reduce CO_2 emissions. TDI (toluene diisocyanate), on the other hand, is a key component of flexible polyurethane foam, which is found in products including mattresses, upholstered furniture and automobile seats. The Dormagen site is Covestro's European center for production of this precursor.

"The planned MDI plant complex is a milestone in terms of energy efficiency, environmental compatibility and productivity, in addition to meeting the highest safety standards," said Dr. Steffen Kühling, site and production manager in Brunsbüttel. He added that the project also represents a clear commitment to the Brunsbüttel site and will help to secure jobs at the plant and in the region.

The Covestro Brunsbüttel Industrial Park is particularly well-suited for the MDI expansion because raw materials and other precursors are available there, and the site also offers the infrastructure required. Furthermore, the site's employees also have extensive expertise and experience.

The public authorities granted Covestro the permit for converting the plant in March 2014. This allows annual capacity to be expanded by as much as 220,000 metric tons of MDI. During the conversion, some 300 employees of participating service providers will be working at the site.

About Covestro:
With 2015 sales of EUR 12.1 billion, Covestro is among the world's largest polymer companies. Business activities are focused on the manufacture of high-tech polymer materials and the development of innovative solutions for products used in many areas of daily life. The main segments served are the automotive, electrical and electronics, construction and the sports and leisure industries. Covestro, formerly Bayer MaterialScience, has 30 production sites around the globe and as of the end of the first quarter 2016 employed approximately 15,700 people (full-time equivalents).

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