

Press Release



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Covestro breaks ground on two new production facilities in Shanghai

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- New lines for polyurethane dispersions and elastomers to meet rising demand
- Total investment of a mid-double-digit million euro amount
- New plants increase the scale of the largest production site of Covestro

Materials manufacturer [Covestro](#) today broke ground on two new plants in Shanghai to meet the rising demand for polyurethane dispersions (PUDs) and elastomers. These new facilities, which represent a combined investment of a mid double-digit million euro amount, will be located within the Covestro Integrated Site Shanghai.

"These projects will contribute to the high-quality and sustainable development in China and beyond," said Holly Lei, President of Covestro China. "They will also add to the scale and strength of our Shanghai site, which will be playing a key role in the quest of Covestro to becoming operational climate neutral by 2035."

A leading supplier for sustainable solutions

The new plant for PUDs, as well as a further line for polyester resins, from which PUDs are produced, are due to be completed in 2024. PUDs are used in more environmentally compatible coatings and adhesives for a wide range of applications, including automotive, construction, furniture, footwear and packaging. For instance, Covestro's Bayhydro[®] and Bayhytherm[®] raw materials are used in basecoats for automotive OEM and refinish coatings, as well as in wood and furniture coatings and robust floor coatings, while adhesives formulated with Dispercoll[®] U are used in furniture and shoe manufacturing as well as in the automotive industry. Independent of the investment of Covestro in Shanghai, its large portfolio of waterborne polyurethane coating raw materials



based on PUDs for various applications also includes products of the Baybond[®], Impranil[®], NeoPac[®] and NeoRez[®] series.

"With the new investment, we will be even better positioned to address the rising demand for more environmentally compatible coatings and adhesives across the globe," said Zhong Xiaobin, Senior Vice President of the Coatings and Adhesives segment of Covestro in the Asia Pacific region. "As one of the global leaders in this segment, we will continue to tap the trend where our customers turn to more sustainable waterborne systems with equally good properties to replace solvent-based products."

High performance elastomers to drive sustainable growth

The new facility for polyurethane elastomers, which are widely used in industries ranging from offshore wind to solar energy as well as material handling, is expected to become operational already in 2023. The market for these flexible and durable materials in China and the Asia-Pacific region is growing faster than both gross domestic product and downstream industries.

"The new facility for polyurethane elastomers will ensure that we have a strong capacity to meet the needs of our customers," said Simon Chen, Head of Covestro's Elastomers segment in Asia Pacific. "Our Desmodur[®] based polyurethane elastomers will serve a wider range of applications as they boast excellent performance, particularly in the field of sustainable energy."

Since 2001, Covestro has invested EUR 3.6 billion into building the Shanghai integrated site, which comprises 11 plants and is the company's largest site in the world. In the past year, the Shanghai site obtained the ISCC PLUS mass balance certification, meaning it can supply customers with larger product volumes from renewably attributed raw materials.

About Covestro:

Covestro is one of the world's leading manufacturers of high-quality polymer materials and their components. With its innovative products, processes and methods, the company helps enhance sustainability and the quality of life in many areas. Covestro supplies customers around the world in key industries such as mobility, building and living, as well as the electrical and electronics sector. In addition, polymers from Covestro are also used in sectors such as sports and leisure, cosmetics and health, as well as in the chemical industry itself.

The company is committed to becoming fully circular and aims to become climate neutral by 2035 (scope 1 and 2). Covestro generated sales of around EUR 15.9 billion in fiscal 2021. At the end of 2021, the company had 50



production sites worldwide and employed approximately 17,900 people (calculated as full-time equivalents).

Forward-looking statements

This news release may contain forward-looking statements based on current assumptions and forecasts made by Covestro AG. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Covestro's public reports which are available at www.covestro.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.