Press Release

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Commitment to MDI market:

Covestro continues production at Tarragona site

- **Investment of around EUR 200 million**
- **Debottlenecking to increase MDI capacity to 220,000 metric tons**
- **Own chlorine production to be established**

Materials manufacturer Covestro announced today that it will continue production in Tarragona (Spain) beyond 2020. The company will invest around EUR 200 million to increase the cost competitiveness at the site by implementing various measures. As a first step, it intends to build its own chlorine supply, thus ensuring a highly efficient, sustainable and independent supply of the crucial raw material.

Covestro will also debottleneck its local MDI plant, increasing production capacity by 50,000 metric tons to around 220,000 metric tons per year. MDI is a precursor for rigid foam – an excellent insulation material used, for example, in buildings and refrigerators.

"We are fully committed to the MDI market and our site in Tarragona. By debottlenecking and establishing our own chlorine supply, this site will become an even more efficient and competitive plant within our network," said CEO Patrick Thomas.

Debottlenecking will be carried out through 2022 while the start of chlorine production is planned for the end of 2020. External sources will supply the operation until 2020. For the new chlorine production, Covestro intends to use state-of-the-art energy efficient technology, thus making the production of key raw materials and subsequently overall production more efficient.

"This investment is another step within our already announced long-term investment strategy following our smart capex approach to extend our capacities. It is a cornerstone of our global growth strategy," said Chief Commercial Officer (CCO) Dr. Markus Steilemann". We anticipate demand for MDI will continue to outgrow supply. This investment therefore enables us to meet the additional growth of our customers and also supports our own organic growth."

This investment will further leverage the company's existing global production network and strengthen its existing commitment to MDI. Covestro is already doubling its capacity at the German site of Brunsbuettel (Germany) in order to produce up to 400,000 metric tons of MDI anually by the end of 2018.

About Covestro:

With 2016 sales of EUR 11.9 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, construction, wood processing and furniture, and electrical and electronics industries. Other sectors include sports and leisure, cosmetics, health and the chemical industry itself. Covestro has 30 production sites worldwide and employs approximately 15,600 people (calculated as full-time equivalents) at the end of 2016.

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