

Press Release



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Further strengthening of global TPU business

Covestro becomes majority stakeholder in DIC Covestro Polymer joint venture in Japan

- **Covestro raises stake from 50% to 80%**
- **Partnership with DIC Corporation continues**
- **Acquisition as part of Covestro's global growth strategy**

Covestro accelerates the expansion of its Thermoplastic Polyurethanes business (TPU) by raising its stake in the Joint Venture DIC Covestro Polymer Ltd. (DCP) from 50 to 80%. DCP, established as a 50/50 joint venture in the year 2000, is a leading company in the Japanese TPU industry. The investment is part of Covestro's expansion of its global TPU business. The total investment sums up to a low double digit million EUR. Both parties agreed to not disclose any further financial details of the transaction. Closing of the deal is planned for early second quarter 2019, subject to the approval from the relevant authority.

"The strong and long-term partnership of both companies, as well as our thorough understanding of the future growth potential make this acquisition a fitting step in Covestro's growth strategy focusing on sustainability driven innovation", said Dr. Markus Steilemann, CEO of Covestro.

Covestro is a leading supplier of high-performance resins and globally a top 3 producer of TPU. The TPU business is part of the Coatings, Adhesives, Specialties (CAS) segment and accounted for approximately 10% of the segment sales in FY 2017. The global TPU industry is estimated to grow at a long-term average of 6% p.a., while Covestro outgrew the industry with double-digit core volume growth per year in the past three years.



Continued partnership, unique product and R&D capabilities

DIC Corporation (DIC) will continue to support the success of DCP with its industry network, strong brand name, and as a reliable local partner. Production and R&D by DCP will continue at Sakai plant located in the DIC facility in Sakai, Osaka Prefecture, getting support from DIC such as supplying feedstocks and providing services on site. DIC is also an important partner for Covestro in other Coatings, Adhesives and Specialties business. The acquisition complements Covestro's recent organic global capacity expansions of TPU sites in New Martinsville (USA) and Changhua (Taiwan), which raises the respective annual TPU production capacities by approximately 25% each.

"DCP's unique local capabilities together with Covestro's global network will form a powerful combination going forward. The differentiated product portfolio fits well into our pursuit to grow in more resilient, profitable businesses," says Kimiyasu Yonemaru, President of Covestro Japan. "It shows a clear commitment from Covestro to the Japanese market."

About DIC Covestro Polymer Ltd. (DCP):

DCP was established in June 2000, as a joint venture between Dainippon Ink & Chemicals Inc. (today DIC) and Bayer Ltd. (the shares in DCP were later transferred to Bayer MaterialScience Ltd., today Covestro Japan Ltd.). DCP is a leading TPU supplier in Japan offering a unique and wide range of TPU specialty products and TPU brands such as PANDEX[®], Desmopan[®] and Texin[®]. With its variety and outstanding versatility, TPU is preferred in a wide range of applications such as automotive, electric appliance, IT, health care and sports.

About Covestro:

With 2017 sales of EUR 14.1 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, 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 16,200 people (calculated as full-time equivalents) at the end of 2017.

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