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Bayer MaterialScience intends to expand annual capacity of TDI production facility in Shanghai to 300,000 tons

Innovative production technology means much lower costs

Leverkusen / February 6, 2007 – Bayer MaterialScience AG intends to boost the annual capacity of the planned plant for producing toluene diisocyanate (TDI) in Shanghai from 160,000 to 300,000 tons. This Bayer subgroup is harnessing an innovative process technology in the construction that, among other things, enables investment and energy costs to be dramatically reduced. "This expansion reinforces our commitment to one of the world's most important growth regions," explained Chairman of the Bayer Board of Management, Werner Wenning. Bayer MaterialScience is planning to invest a total of around US$ 1.8 billion at the Shanghai site by 2009.

The integrated Shanghai site is intended to become a central base in Bayer MaterialScience's production network in the Asia-Pacific region. The approval procedures for expanding capacity have already been initiated. "Our new world-scale plant is designed to supply customers in the region's growth markets in the long term and is scheduled to be ready in 2009 as planned," said Patrick Thomas, Chairman of the Board of Management of Bayer MaterialScience AG. The company intends to use part of its production capacity to supply the fast-growing markets in Eastern Europe and the Middle East until new capacities are in place.

Bayer MaterialScience expects its newly developed TDI process technology to cut investment costs by some 20 percent compared with conventional processes. The process – known as gas phase phosgenation – has already been successfully trialed in a company pilot plant with an annual capacity of 30,000 tons.

“This new technology sets new standards in safety and contributes to a significant reduction in the use of solvents,” explained Peter Vanacker, head of the Polyurethanes Business Unit. “Compared with optimized conventional processes, in operational terms this results in volume-related energy savings of around 40 percent and a corresponding reduction in costs and environmental impact. Our goal is to use this enlarged capacity to provide sustainable support for our customers’ growth. We intend to build on our leading position in the world market for polyurethanes with top-quality products, world-scale facilities and optimized cost structures,” added Vanacker.

The TDI plant in Shanghai forms part of Bayer MaterialScience’s long-term investment planning aimed at efficient expansion of its international production network to cover rising demand. The company expects consumption of TDI to grow by around 4 percent a year, driven mainly by continued strong demand for upholstered furniture, mattresses and car seats.

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