

## **Head: What Are You Sitting On?**

Make yourself comfortable. The chair you're sitting on maintains its cushion thanks to polyols manufactured by one of Lyondell's historically loyal customers. PCC Rokita uses Lyondell's propylene oxide to produce and transport polyether polyols to furniture and automotive companies all over Europe. The polyether polyols are one of two components making up elastic foam, which is predominantly the end product.

Although once a competitor of Lyondell, PCC Rokita has been purchasing propylene oxide from Lyondell since 1991. During the 1990s, both PCC Rokita and Lyondell produced polyols using Lyondell's propylene oxide. When Lyondell stopped producing polyols, the relationship with Rokita continued to move forward for the developing polyols market. After 60 years as a leading Polish chemical company, PCC Rokita, which evolved from semi-private to public, was acquired two years ago by PCC (Prior to the acquisition, the company was known simply as Rokita). A new and continuously growing company was born. PCC Rokita is part of one of the three divisions of PCC, and significant growth for this Lyondell client translates to more opportunities for Lyondell.

PCC (Petro Carbo Chem) is a rapidly developing and diverse company headquartered in Duisburg, Germany, with consistently growing sales. They are a €1 billion company, after little more than 10 years in business, with three divisions including Trading, Logistical, and Chemical. Coal and electricity are among the energies of the trading division. Their fleet of 3,600 railcars and 116 locomotives in make up the Logistical

division in Poland. PCC Rokita, one of the companies under the PCC Chemical umbrella, is currently tripling its polyols production capacity since 2005 from 35 kilotons to 100 kilotons next year. They are considering other investments, in Poland as well as other countries, to continue their growth.

The cost of labor in Central and Eastern Europe is low, making foam production and exporting furniture cost-effective. Eight of the countries currently using PCC Rokita's polyols for foam production are in the EU. 16 of the 18 countries in which PCC has locations are in Eastern-Central Europe, and the vast number of furniture companies in this area make it a profitable market for this product.

Transportation and logistics are key components for large-volume chemical transport, and Lyondell currently ships only by rail. Single RTCs (rail traincars) take 4-5 days to transport propylene oxide from Lyondell in Rotterdam, The Netherlands to PCC Rokita in Brzeg Dolny, Poland. Block trains, slated for next year, will utilize 20 RTCs together and will reduce shipment times to 2-3 days. This logistics improvement is one example of Lyondell's continuous effort to meet and exceed the customer's needs.

### **From the ground up**

Waldemar Preussner started PCC in 1993 and took it public in 1994. The company has since experienced phenomenal growth, from €9 million in 1994 to €74 million in 2006. PCC has about 3,200 employees worldwide, while the PCC Rokita division has about

700. Of the 18 countries in which PCC has locations, 16 are in Europe. Most recently, they added the United States to the growing list, with the 2006 acquisition of Chemax. A good company is often the product of a good owner. Marcin Zachariasiewicz, Lyondell's Business Development Manager in Central Eastern Europe, says Preussner is a "very good business man. Very friendly, very modest guy. He is empowering his staff and looks always for new business opportunities. Despite a considerable wealth, he continues to drive his small car. His competitors enjoy flying their own planes."

The model of change between Lyondell and PCC Rokita appears to be moving upwards right now. The long, solid relationship between the two companies is an indication that PCC Rokita views Lyondell as a trusted business partner. As PCC Rokita strives to enhance its presence in new markets, Lyondell works toward further aligning with its client's needs, and with PCC Rokita following the same direction as its parent company, up is a growing trend.