

LANXESS to build world's largest EPDM plant in China

- **EUR 235 million investment**
- **Capacity of 160,000 metric tons per year**
- **Start-up 2015**
- **Largest LANXESS investment in China to date**
- **Up to 200 new jobs created**
- **Production based on sustainable Keltan ACE technology**
- **LANXESS hosts first-ever "Mobility Day" in Shanghai**

Shanghai/Leverkusen – LANXESS is building the world's largest plant for EPDM synthetic rubber in China. The German specialty chemicals company is investing EUR 235 million in the plant in Changzhou (Jiangsu Province). This is the largest investment the company has made in China to date.

The plant will have a capacity of 160,000 metric tons per year and the investment will create up to 200 new jobs. The plant is expected to start up 2015. All necessary permits have been obtained from the local authorities.

LANXESS is the world's leading supplier of EPDM (ethylene propylene diene monomer) following the successful acquisition and integration of DSM Elastomers in 2011. It markets its products under the brand name Keltan. Global demand for EPDM is expected to increase by more than four percent per annum in the coming years, while demand in China is expected to grow by around eight percent, driven above all by automotive and construction industries. China will also continue to be the largest net importer of EPDM in the coming years.

"We are strengthening our global EPDM asset base with a world-scale plant in China to serve our local customers even quicker with premium products," said LANXESS CEO Axel C. Heitmann at today's groundbreaking ceremony.

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“This plant also represents our company’s third major rubber investment in Asia and strengthens our credentials as the world’s leading provider of synthetic rubber,” added Heitmann.

LANXESS will start up a world-scale butyl rubber plant on Singapore’s Jurong Island in the first quarter of 2013 and will break ground for a neighboring neodymium-based performance butadiene rubber plant on September 11 this year.

The new EPDM plant will be located at the well-established Changzhou Yangtze Riverside Industrial Park, with access to excellent storage and ship uploading facilities. LANXESS will be supplied the key raw materials ethylene and propylene from a methanol-to-olefins (MTO) plant currently under construction at the site. The MTO process is a new way to produce these key raw materials, which are conventionally produced from refineries. During the construction phase, up to 2,000 people will be working on the site.

LANXESS is already active at the Changzhou site, with the construction of a leather chemicals plant. The facility of up to 50,000 metric tons capacity per year represents an investment of EUR 30 million and is planned to go on stream by the first half of 2013. It will produce premium LANXESS leather chemicals for the local Chinese market used in various applications like leather tanning, dyeing and finishing. Some 100 jobs are being created.

Sustainable Keltan ACE technology

LANXESS will use Keltan ACE technology to enable sustainable production at its new plant. In comparison to conventional technology, the Keltan ACE catalyst technology reduces energy requirements for production and it does not require catalyst extraction as a result of high catalyst efficiency. Furthermore, the process enables the manufacture of new EPDM rubber grades, such as oil-extended EPDM and special high molecular weight EPDM. The new

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plant will produce in total ten premium grades of EPDM tailored to Chinese customer needs.

LANXESS already operates EPDM production sites in Geleen, the Netherlands, Marl, Germany, Orange, USA and Triunfo, Brazil, with a combined capacity of 320,000 metric tons per annum. LANXESS plans to convert 50 percent of its total production capacity at the Geleen site to Keltan ACE technology in 2013.

EPDM is used above all in the automotive industry as door sealants or windscreen wipers. According to LANXESS estimates, approximately seven kilograms of EPDM is used in every car. The product is also used in the plastics modification, cable and wire, construction and oil additives industries. Its properties include very low density, good resistance to heat, oxidation, chemicals and weathering as well as good electrical insulation properties.

Since the end of last year, LANXESS has been commercially producing EPDM from bio-based ethylene and marketing it under the brand Keltan Eco. LANXESS is using ethylene supplied by Braskem S.A. In comparison to petroleum-based ethylene, Braskem's ethylene is produced by dehydrating ethanol from sugar cane.

China strategically important to LANXESS

China is a cornerstone of LANXESS' global growth strategy. The company is targeting sales of more than one billion EUR in Greater China (mainland China, Hong Kong, Taiwan and Macao) in 2012. All of LANXESS' 13 business units are represented at 10 sites in Greater China, with roughly 1,000 employees in total.

LANXESS will be holding its first-ever "Mobility Day" in Shanghai on September 6. Under the motto "Sustainable Technologies for China's Future", the company will be showcasing its latest products geared towards "Green Mobility".

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Around 400 participants from industry, academia and associations will exchange ideas and discuss topics such as "Green Tires", lightweight plastics, sustainable leather management, technical rubbers and battery technology.

LANXESS achieved sales of some EUR 1.5 billion – around 17 percent of total sales – with products and technologies for "Green Mobility" in 2011. And the company expects this figure to rise by 80 percent to about EUR 2.7 billion in 2015.

LANXESS is a leading specialty chemicals company with sales of EUR 8.8 billion in 2011 and currently around 16,900 employees in 31 countries. The company is currently represented at 48 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals. LANXESS is a member of the leading sustainable indices Dow Jones Sustainability Index (DJSI) World and FTSE4Good.

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Forward-Looking Statements.

This news release may contain forward-looking statements based on current assumptions and forecasts made by LANXESS AG management. 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. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Information for editors:

The latest news from LANXESS direct to your mobile phone: mobile.lanxess.com

All LANXESS news releases and their accompanying photos can be found at <http://press.lanxess.com>. Recent photos of the Board of Management and other LANXESS image material are available at <http://photos.lanxess.com>. The latest TV footage, audiofiles and podcasts can be found at <http://multimedia.lanxess.com>.

You can find further information concerning LANXESS chemistry in our WebMagazine at <http://webmagazine.lanxess.com>.

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