News Release

LANXESS strengthens high-tech plastics production in USA

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- **USD 15 million investment in Gastonia, NC**
- **Second production line expected to start up early 2016**
- **Growing demand for lightweight plastics in U.S. auto market**
- **Investment to further improve balance of polyamide value chain**

Cologne/Gastonia – Specialty chemicals company LANXESS is expanding its Gastonia, North Carolina, compounding facility for high-tech plastics by adding a second production line. The expansion represents an investment volume of about USD 15 million and will double the existing capacity from 20,000 to 40,000 metric tons annually. Construction for the second line is expected to commence in the second half of 2014 with production scheduled to begin in early 2016.

The LANXESS Gastonia facility produces the high-tech plastics Durethan (polyamide) and Pocan (polybutylene terephthalate), which allow automotive engineers to design lighter-weight plastic components to replace metal parts in cars, contributing to fuel efficiency and reduced emissions.

“The United States is the leading market for high-tech plastics, with the automotive industry at the forefront,” said LANXESS Corporation President and CEO Flemming B. Bjoernslev. “Automotive industry sales are at their highest level in almost ten years and by adding the second line in Gastonia, we are underlining our ongoing commitment to our customers.”

Lightweight automotive construction driving demand for high-tech plastics

LANXESS is a global leader in plastic-metal hybrid and composites technologies that enable engineers to cost efficiently reduce part

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weight in automobiles by replacing metal ones with high-tech plastic parts. A lightweight design can reduce weight by 10 to 50 percent, depending on the component. The growing demand for high-tech plastic applications is being driven by rising car production above all and the trend towards more fuel efficient automobiles. In the United States, the demand for high-tech plastics is expected to increase by roughly 7 percent per year through 2020.

Automotive manufacturers are working to meet CAFE standards that will require an average fleet-wide fuel efficiency of 54.5 miles per gallon be reached by 2025, an increase of approximately 5 percent every year for cars.

“Our lightweight high-tech materials are essential to helping manufacturers reduce vehicle weight and achieve higher fuel economy standards,” said Jens Fischer, General Manager of LANXESS’ business unit High Performance Materials (HPM). “This investment will allow us to increase our competitiveness as a premium supplier and cater to the growing market demands.”

Plastic-metal hybrid front ends can be found today in more than 80 car models and in millions of vehicles around the world. Durethan and Pocan compounds are also being used in a wide variety of automotive parts such as body parts, oil pans, coolant pipes, battery housings, steering rods, pedals and pedal brackets.

LANXESS expanding global production for high-tech plastics

The investment in North Carolina not only strengthens LANXESS’ global high-tech plastics network but also further improves the balance of the company’s overall polyamide value chain through using more caprolactam for captive use.

In July 2014, a high-tech polymerization plant in Antwerp, Belgium, started up. The world-scale facility is designed for an annual capacity of around 90,000 metric tons and represents an investment volume of

roughly USD 100 million. In addition, LANXESS recently opened a 20,000 metric ton per year high-tech plastics plant in Porto Feliz, Brazil. Other compounding plants are in operation in Dormagen, Germany, Wuxi, China, and Jhagadia, India.

All plastics manufactured by LANXESS at Antwerp are processed within its global network of compounding facilities into Durethan- and Pocan-brand products. In addition, the new plant for the polymerization of high-tech plastics has been built in the direct vicinity of the caprolactam facility operated by the Group in Antwerp. Caprolactam is the key intermediate for plastics manufacturing.

The HPM business unit is part of the Performance Polymers segment, which generated EUR 4.5 billion in total sales in fiscal year 2013. HPM has roughly 1,500 employees worldwide and operates production facilities in Belgium (Antwerp), Germany (Krefeld-Uerdingen, Hamm-Uentrop, Brilon), China (Wuxi), India (Jhagadia), United States (Gastonia) and Brazil (Porto Feliz).

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LANXESS is a leading specialty chemicals company with sales of EUR 8.3 billion in 2013 and about 16,900 employees in 31 countries. The company is currently represented at 52 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 sustainability indices Dow Jones Sustainability Index (DJSI World and DJSI Europe) and FTSE4Good as well as CDP's Climate Disclosure Leadership Index (CDLI).

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Forward-Looking Statements.
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