

LANXESS brings forward new rubber facility project in Singapore

- **LANXESS investment largest in company's history**
- **Production to start in Q1, 2013**
- **100,000 tpa plant to use best in class manufacturing process**
- **Growing demand for tires driven by mobility megatrend**
- **Asian pharma industry requiring high-quality butyl rubber**

Leverkusen/Singapore – The world's leading synthetic rubber company LANXESS has brought forward its plans to build a new butyl rubber facility in Singapore. The company will hold a groundbreaking ceremony in May, 2010, and production is expected to start in the first quarter of 2013. The 100,000 tons per annum plant on Jurong Island will require an investment of up to EUR 400 million (575 million USD).

The plant will help serve the rising demand for tires that is being driven by the trend towards greater mobility, in particular among the growing middle-class in countries such as China and India. In addition, the distinct properties of butyl rubber make it an important product of choice for the pharmaceutical industry, in particular in Asia.

"We are excited to be restarting this project, which will create the world's most modern butyl rubber plant," said LANXESS Board of Management Chairman Axel C. Heitmann. "This investment – the largest in our five-year history – underlines our commitment to synthetic rubber, our customers and the future growth markets in Asia."

"We are delighted that LANXESS has brought forward its plan to build Asia's largest butyl rubber manufacturing plant in Singapore," said Leo Yip, Chairman of the Singapore Economic Development Board. "This decision, together with the relocation of its Butyl Rubber

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global headquarters, are manifest of Singapore's value as a home for global companies to manage their global and pan-Asian businesses.”

In June 2009, LANXESS postponed the production start of the plant until 2014 due to the effects of the global economic crisis. This led to a period of de-stocking and high volatility of customer ordering. However, demand has stabilized in the last six months and the global butyl rubber market is expected to grow again annually by an average of more than three percent in the coming years. LANXESS' two existing butyl rubber production facilities in Zwijndrecht, Belgium, and Sarnia, Canada, are currently running at high capacity rates.

Global tire sales are expected to return to pre-crisis levels in 2011 as the tire replacement market and new vehicle production levels gradually recover. In order to meet this growing demand, LANXESS' customers - the world's leading tire manufacturers - are planning capacity expansions in the BRIC markets. They are also relying on LANXESS' expertise to provide innovative solutions to meet higher environmental and safety standards in tires.

Heitmann added that LANXESS is proud to be building the plant in Singapore, which is the hub of the company's Southeast Asian activities. The city state has excellent infrastructure, a highly-skilled workforce and very good raw materials supply.

LANXESS will lease about 200,000 square meters of land from the JTC Corporation, an authorized agent of the Singapore Ministry for Trade and Industry, to build the plant. The neighboring petrochemical refinery belonging to Shell will supply the feedstock for the key raw material isobutene to LANXESS' rubber plant as part of a long-term agreement. In addition, the company will create about 200 highly-skilled jobs for the new facility and plans to fill the majority of positions locally. At peak construction times, around 1,500 workers will be employed at the construction site.

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A complete evaluation of the existing process to manufacture butyl was carried out for the new Singapore facility and a radical redesign will be implemented. The process, which draws on LANXESS' long history of rubber expertise, will be best in class. As a result, the butyl plant will be more energy and resource efficient as well as environmentally friendly.

Additionally during 2010, LANXESS will relocate the global headquarters of its Butyl Rubber business unit to Singapore from Fribourg, Switzerland, in order to better serve the rising demand in Asia. The headquarters, including all global management functions such as marketing, controlling and supply chain, will have about 35 employees initially. More than half of the company's butyl rubber sales are currently generated in the Asia region, with especially China, India and South Korea showing strong growth rates.

"We will be focusing our attention especially on Asia this year, which has already emerged strongly from the economic crisis," said LANXESS' Heitmann.

Butyl rubber is a synthetic rubber with high air impermeability based on the raw materials isobutene and isoprene. The largest application is in the manufacturing of tire innerliners and tire innertubes. The tire industry uses halobutyl as an innerliner for car, truck, bus and airplane tires. Regular butyl is used in innertubes for cars, trucks and bicycles or sports balls. Special applications include protective clothing and pharmaceutical closures. The use of butyl in chewing gum production represents one particularly interesting niche market.

The Butyl Rubber business unit has annual sales of over EUR 500 million and is part of the Performance Polymers segment. The segment recorded sales of EUR 1,663 million in the first nine months of 2009.

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LANXESS is a leading specialty chemicals company with sales of EUR 6.58 billion in 2008 and currently about 14,600 employees in 23 countries. The company is represented at 46 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals.

Leverkusen, January 18, 2010
das (2010-00003e)

Forward-Looking Statements

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Information for editors:

All LANXESS news releases and their accompanying photos can be found at <http://corporate.lanxess.de/en/media/press-releases/>. Recent photos of the Board of Management and other LANXESS image material are available at http://fotos.lanxess.de/index_en.html. The latest TV footage, audiofiles and podcasts can be found at <http://corporate.lanxess.com/en/media/audio-video/>.

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

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