

LANXESS selects Singapore as site for world's largest Nd-PBR plant

- **EUR 200 million (S\$350 million) investment**
- **New 140,000 metric tons per year plant**
- **Construction of butyl rubber plant on track**
- **Strong demand for 'green tires'**

Singapore, Leverkusen – LANXESS has selected Singapore as the site for its new neodymium polybutadiene rubber (Nd-PBR) plant. The German specialty chemicals company plans to invest roughly EUR 200 million (S\$350 million) in a 140,000 metric tons per annum facility on Jurong Island Chemical Park. The facility will be the largest of its kind in the world. About 100 jobs will be created. The plant is expected to start up in the first half of 2015.

A corresponding memorandum of understanding (MoU) will be signed tomorrow, 2 June 2011, between LANXESS CEO Axel C. Heitmann and Leo Yip, Chairman of the Singapore Economic Development Board (EDB). The signing is in connection with the first-ever official visit of German Chancellor Angela Merkel to Singapore.

“It is only one year since we broke ground for our butyl plant in Singapore. Now we are ready to move forward with the second largest investment project in our history here,” said LANXESS CEO Axel C. Heitmann. “The dynamic Asia region is a key cornerstone of our mid-term growth strategy.”

LANXESS conducted a feasibility study to evaluate potential locations for the plant in Asia. Singapore won due to a very good raw materials supply.

LANXESS and the Petrochemical Corporation of Singapore (Private) Limited (PCS) have signed a MoU on the long-term supply, via pipeline, of butadiene from PCS to LANXESS and raffinate II from LANXESS to PCS. Butadiene is the raw material LANXESS needs to

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produce Nd-PBR and raffinate II will be a product stream from LANXESS' future butyl rubber plant in Singapore.

"We are delighted to have reached this MoU with LANXESS to supply the key feedstock for its state-of-the-art synthetic rubber plant and to purchase raffinate II from them," said PCS Managing Director, Akira Yonemura.

Other arguments in favor of Singapore were its excellent infrastructure, pool of highly-skilled workforce, large sea port and close proximity to growth markets.

"We are delighted with LANXESS' intention to build its new Nd-PBR plant in Singapore," said Leo Yip, Chairman of the Singapore Economic Development Board. "LANXESS' expansion plan is a testament to Singapore's value as a strategic location for high value manufacturing activities."

"We are delighted with LANXESS' strong interest for Singapore to be the location for its new facility. This new LANXESS facility will be the company's second investment on Jurong Island, and will be a key downstream plant that will further strengthen the value proposition that Jurong Island offers to the chemical industry. This project is a clear testimony of LANXESS' trust and confidence in Singapore and JTC." said Mr Manohar Khiatani, CEO of JTC.

LANXESS' new Nd-PBR plant will be located on Jurong Island next to the company's EUR 400 million butyl rubber plant, which is currently under construction and will come on stream in the first quarter of 2013.

Construction of the butyl rubber plant is progressing according to schedule. Engineering and soil preparation have been completed and the installation of infrastructure and steel is underway. In addition, LANXESS reached one million man hours without loss time incident this month on the building site, at which 750 employees are currently active.

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New plant to meet strong demand for 'green tires'

LANXESS is the leader in synthetic rubber for high-performance 'green tires' - the fastest growing sector in the tire industry, with an annual global growth rate of about nine percent. Growth is even more pronounced in Asia at 14 percent per year. The world's leading tire manufacturers, who are supplied by LANXESS, are responding to this demand by expanding production in Asia.

Demand is being driven by the megatrend mobility as well as motorists calling for higher environmental and safety standards in performance tires. In addition, demand is being accelerated by European Union legislation. As of 2012, all new tires sold in Europe have to be labeled for fuel efficiency, wet grip and external rolling noise. Japanese tire manufacturers voluntarily introduced tire labeling at the start of 2010 and the topic is under discussion in South Korea.

"The far-sighted approach by the EU to introduce tire labeling, with the support of the German government, is a positive example of how environmental policies can benefit consumers and spur economic success," said Heitmann. "The initiative will ultimately lead to more innovation within the German chemical and tire industries, while at the same time creating jobs."

Nd-PBR is part of a tire's compound and reduces energy consumption more efficiently than many other tire rubbers. It also reduces tire abrasion thus playing a significant role in making cars safer as well as more ecological and economical.

Nd-PBR was invented by LANXESS in Germany - the heart of company's research and development activities. The largest R&D centers are in Leverkusen, Krefeld-Uerdingen and Dormagen, Germany. LANXESS increased its R&D expenditures by 15 percent in 2010 and plans to increase it by another 15 percent to roughly EUR 130 million in the current year. Some 80 percent of this amount will focus solely on Germany. Currently, over 400 employees are active for LANXESS in R&D in Germany.

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“Our domestic sites form the basis of our innovative capability, the basis of our technological expertise and therefore the basis of our competitiveness. Germany holds the key to making our products more efficient and even better in the future,” said Heitmann.

Nd-PBR belongs to LANXESS' Performance Butadiene Rubbers (PBR) business unit, headed by Joachim Grub. The highly innovative rubber is currently produced in Dormagen, Germany, Cabo, Brazil, Port Jérôme, France, and Orange, Texas, USA. Apart from tires, performance butadiene rubbers are used for the modification of plastics in the manufacture of High-Impact Polystyrene (HIPS) for injection molding applications. Other areas of application include golf balls, running shoes and conveyor belts. PBR is part of LANXESS' Performance Polymers segment, which achieved total sales of EUR 3.8 billion in 2010.

LANXESS is a leading specialty chemicals company with sales of EUR 7.1 billion in 2010 and currently around 15,500 employees in 30 countries. The company is at present represented at 46 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals.

Singapore, 1 June 2011

Forward-Looking Statements

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Information for editors:

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

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