

### **LANXESS to break ground in Singapore for world's largest Nd-PBR plant in September**

- **EUR 200 million investment in new 140,000 metric tons per year plant**
- **Engineering work well advanced**
- **Contracts signed with key suppliers**
- **Strong demand for "Green Tires" supported by tire labeling**
- **LANXESS world's leading supplier of Nd-PBR**
- **Construction of neighboring butyl rubber plant on track**

**Singapore, Leverkusen** – LANXESS will break ground for its new neodymium polybutadiene rubber (Nd-PBR) plant in Singapore on September 11 this year. The German specialty chemicals company plans to invest roughly EUR 200 million (about SGD 340 million) in a 140,000 metric tons per annum facility in Jurong Island Chemical Park. The facility will be the largest of its kind in the world and serve the growing market for "Green Tires", especially in Asia. About 100 jobs will be created. The plant is expected to start up in the first half of 2015.

Engineering work has advanced considerably since June 2011, when the company announced it had selected Singapore as the site for the new plant.

"I am delighted to announce that it is now full steam ahead for the second largest investment project in our company's history," said LANXESS' Chairman of the Board of Management, Axel C. Heitmann, at an event in Singapore to sign contracts with key suppliers.

#### **Key supply contracts**

At today's event, Heitmann announced that LANXESS has signed contracts with key suppliers to its Nd-PBR plant. With these suppliers

#### **LANXESS AG**

Contact:  
Daniel Smith  
Corporate Communications  
Financial and Business Media  
Relations  
51369 Leverkusen  
Germany

Phone +49 214 30-75179  
Fax +49 214 30-50691  
daniel-alexander.smith@  
lanxess.com

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in place, the project execution phase can now start to set up the infrastructure for the construction of the plant.

Petrochemical Corporation of Singapore (Private) Limited (PCS) has agreed on a long-term supply of butadiene to LANXESS. Butadiene is the raw material LANXESS needs to produce Nd-PBR. PCS is building a new butadiene extraction unit and associated infrastructure necessary to supply the raw material. Both companies had signed a Memorandum of Understanding already in June last year regarding the supply.

“We are also very pleased to announce our decision to go ahead with our new butadiene plant, which is made possible through the close collaboration with LANXESS,” said Akira Yonemura, PCS Managing Director. “This new investment will further strengthen PCS’s competitive position and we look forward to working with LANXESS for the successful completion and start-up of both our new plants.”

In addition, Singapore’s TP Utilities Pte Ltd (a wholly-owned unit of Tuas Power Ltd) will provide steam to the Nd-PBR plant. TP Utilities is adding 650 tons per hour of steam capacity to its existing biomass-clean coal cogeneration plant on Jurong Island, which currently has 500 tons per hour of steam capacity and 100 Megawatt of electricity generation capacity.

“We thank LANXESS for continuing to show strong confidence in our services by selecting TP Utilities again as a key supplier to its latest milestone project,” said Lim Kong Puay, President and Chief Executive Officer of Tuas Power Ltd, and Director of TP Utilities Pte Ltd. “We will be supplying steam to LANXESS’ new Nd-PBR plant, when it begins operation, for a contract period of ten years, with an option to extend the service.”

LANXESS had conducted a feasibility study to evaluate potential locations for the plant in Asia. Singapore won due to a very good raw materials supply, its excellent infrastructure, highly-skilled workforce,

**LANXESS AG**

Contact:  
Daniel Smith  
Corporate Communications  
Financial and Business Media  
Relations  
51369 Leverkusen  
Germany

Phone +49 214 30-75179  
Fax +49 214 30-50691  
daniel-alexander.smith@  
lanxess.com

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large sea port and close proximity to key customers in the booming Asia region.

### **New plant to meet strong demand for “Green Tires”**

LANXESS is the market leader for Nd-PBR used in “Green Tires” - the fastest growing sector in the tire industry, with an annual global growth rate of about 10 percent. Growth is even more pronounced in Asia at 14 percent per year.

Demand is being driven by the megatrend mobility, above all in the regions of Asia and Latin America, as the middle class there becomes more affluent. In addition, demand will be accelerated by tire labeling being introduced around the world. November 2012 will see the launch of mandatory tire labeling in the European Union. Tires will be graded from A to G according to their fuel efficiency and wet grip. Rolling noise is also measured. Therefore, the new legislation provides more transparency for consumers by highlighting the added value of “Green Tires”.

Japan and South Korea were the first countries in the world to introduce a label system. After a voluntary tire label was introduced in Japan in January 2010, South Korea launched its voluntary labeling in November 2011 and will introduce a mandatory label at the end of 2012. Other countries like Brazil, the USA and China are expected to follow in the coming years.

“It is more than fitting that today’s Nd-PBR announcement falls in our company’s Year of ‘Green Mobility’,” added Heitmann. “It is our company’s focus on innovation and technology that makes it possible to reduce rolling resistance in tires and thus fuel consumption. This is good news for the consumer and the environment.”

Last year, LANXESS commissioned a study with Frost & Sullivan consultants to examine the environmental awareness of drivers in Singapore in relation to their automobiles. The study revealed that

#### **LANXESS AG**

Contact:  
Daniel Smith  
Corporate Communications  
Financial and Business Media  
Relations  
51369 Leverkusen  
Germany

Phone +49 214 30-75179  
Fax +49 214 30-50691  
daniel-alexander.smith@  
lanxess.com

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motorists were concerned about the environment and were already undertaking measures at home to reduce pollution. However, their environmental concerns did not fully extend to their car and tires, due to lack of information available about the positive impact through tire labeling.

According to the study, the use of "Green Tires" could result in a saving of more than 352,600 tons of CO<sub>2</sub> as well as a saving of more than 140 million liters of fuel annually in Singapore.

### **High-performance rubber**

Nd-PBR is used in the treads and sidewalls of "Green Tires". It helps reduce the rolling resistance and increase the fuel efficiency of a tire. Nd-PBR is highly resistant to abrasion and plays a significant role in making tires more durable and safer.

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 applications 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 (about SGD 6.4 billion) in 2010.

### **BTR plant on track**

LANXESS' new Nd-PBR plant will be located on Jurong Island next to the company's butyl rubber plant, which represents the company's single-largest investment at EUR 400 million (about SGD 675 million). It is currently under construction and will come on stream in the first quarter of 2013.

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Contact:  
Daniel Smith  
Corporate Communications  
Financial and Business Media  
Relations  
51369 Leverkusen  
Germany

Phone +49 214 30-75179  
Fax +49 214 30-50691  
daniel-alexander.smith@  
lanxess.com

Construction of the butyl rubber plant is progressing according to schedule. The installation of infrastructure and steel has been successfully completed. Most of the equipment is on site and installed. More than 2,000 workers are currently employed on the construction site.

LANXESS is a leading specialty chemicals company with sales of EUR 7.1 billion in 2010 and currently around 16,100 employees in 30 countries. The company is at present represented at 47 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:**

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://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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Financial and Business Media  
Relations  
51369 Leverkusen  
Germany

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[daniel-alexander.smith@lanxess.com](mailto:daniel-alexander.smith@lanxess.com)  
[lanxess.com](http://lanxess.com)

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