

Newcastle Production Site
Newcastle, KwaZulu-Natal, South Africa
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LANXESS AG

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Speech by

Dr. Rainier van Roessel

Member of the Board of Management
LANXESS AG

(Please check against delivery)

Dear guests, ladies and gentlemen,

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Good morning, everyone ... and welcome to this important occasion ... the inauguration of LANXESS' new carbon dioxide concentration unit here at our Newcastle site.

We have been looking forward to this day for some time at LANXESS.

We strongly believe that this new addition represents good news with an impact that goes well beyond our specialty chemicals company.

It is good news for South Africa ... good news for the global leather industry ... and good news for the environment.

By making an investment of roughly 400 million South African rand here in Newcastle, we have enhanced what is already the world's most modern plant for the production of sodium dichromate ... which we use as the basis for the chrome tanning materials that we provide to the global leather industry.

Our Leather business unit is an important part of LANXESS' business strategy ... as is our deep commitment to South Africa.

As a leading specialty chemicals company with 17,500 employees, operating 52 production sites around the world, we have focused much of our growth on the BRICS countries ... Brazil, Russia, India, China and South Africa.

So we continue to strengthen our presence and to extend the value chain we operate here. In South Africa, we have a major chrome ore mine in Rustenburg ... this chrome chemical facility in Newcastle, where the chrome is processed ... and a plant in Merebank, Durban, where high-grade tanning salts are made for the leather industry.

Our unique chrome production and processing chain keeps more of the value associated with this important natural resource here ... within South Africa ... and has made this country the backbone of our global leather business.

Our leather portfolio covers the full range of leather chemicals – including the chrome tanning salts we produce in South Africa and in Argentina, as well as the finishing products we produce in Germany, Italy, India and China.

These products are vital to many of the leather products – wallets, pocketbooks, shoes, belts and furniture coverings – used in our daily lives. Our products make leather functional, and comfortable, and desirable to people throughout the world.

And it is here, in South Africa, where the complex world of leather processing begins – with Newcastle functioning as a major hub.

But the sodium dichromate produced at this site has applications that go beyond chrome tanning salts.

It is also used as an important green pigment, which is incorporated into paints, concrete mixtures and a number of other products.

Here we also convert dichromate into chromic acid, which is used for timber protection and in the metal finishing industry for chrome plating.

And today, with this new concentration unit, this plant has been furnished with a reliable, in-house supply of concentrated carbon dioxide, which is needed to convert sodium monochromate into sodium dichromate.

The new CO₂ conversion unit means that we produce one of our key raw materials on our own.

So we have increased our self-sufficiency while enabling future expansion here in Newcastle ... a future that depends on stable access to highly concentrated CO₂.

Specifically, the new unit captures and filters exhaust air from the site's steam production process, concentrating the CO₂ and channeling it into the production process for sodium dichromate.

At the same time, we have substantially reduced the site's emissions of greenhouse gases. That is good news for the environment.

By using our own exhaust air to meet the need for CO₂, we have cut down on the CO₂ emissions of this site by about 25 percent.

And the good news for Newcastle includes the addition of 10 full-time workers employed by LANXESS at this site.

And during construction of the new plant up to 650 people have been temporarily employed here.

This investment will also safeguard the existing 120 jobs at this site, as well as the roughly one thousand jobs in the Newcastle area that are indirectly connected to the production that takes place here.

That includes employment generated by our many service providers and suppliers.

I am confident that our investment here lays the foundation for a bright future for this plant ... and for LANXESS' global leather business ... as well as for Newcastle and South Africa.

Before concluding, I wish to extend my warmest congratulations to the entire project team under the leadership of Chris Labuschagne... and to our plant manager, Carsten Gerdes, who all helped make it possible to complete the new unit on time.

I would also like to thank the local and regional authorities, whose help and cooperation has been essential in making today a reality.

We are also indebted to the support we received from Process Plant Technology, which provided support on many aspects of this project.

And I wish to thank everyone here today for attending this great event ... at a site that is very important to all of us at LANXESS.

Thank you.

Forward-Looking Statements.

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