Rubber Day New Delhi
The Imperial Hotel
Friday, December 3, 2010

“Driving Growth and Delivering Safety”

Opening Speech

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LANXESS AG

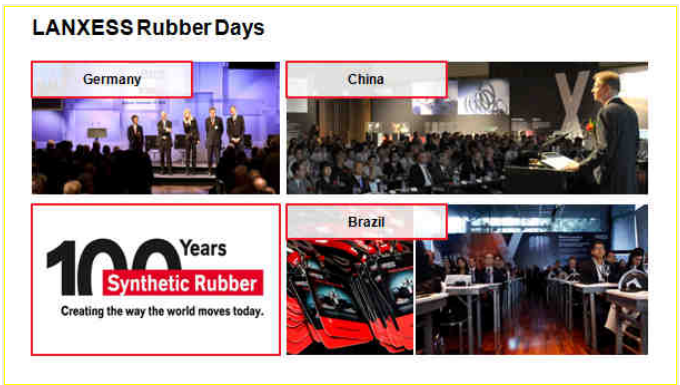
Slide 1: Title

Ladies and gentlemen,

We are delighted that you have joined us for LANXESS Rubber Day New Delhi.

Your presence is a welcome expression of the importance of rubber, and its contributions to greater safety on the roads of India, and to sustainable growth for the industries of India.

Slide 2: LANXESS Rubber Days



The origin of this event began more than 12 months ago, with our simple wish to celebrate the one hundredth anniversary of the discovery of synthetic rubber – which was invented in the labs of our predecessor company.

We held that event in Germany.

It was such an overwhelming success that we realized that Rubber Day was the event our industry and our customers had been waiting for.

We felt it was essential to bring Rubber Days to our key markets.

This year, we held Rubber Days in China and Brazil.

And now – here we are in India.

Today we will explore the future of rubber – and of the rubber industry – and I believe that future looks as bright as the promising future of India.

Slide 3: Amazing India

One of my favorite magazines is the Economist, and I was delighted that the magazine recently featured India's economic resurgence as its cover story.

I took exception, however, to one word I saw in the headline inside: "India's surprising economic miracle."

Surprising?

Not to me.

As a longtime admirer of India, and as the head of a young company that has the good fortune to participate in India's growth, I find nothing "surprising" about India's economic miracle.

As I have traveled here over the years, I have seen this miracle taking shape in countless ways.

And as the head of a company that is totally committed to growing with India, I know that there is nothing surprising about the success this country is now achieving.

The real miracle of today's India is based on:

- the emergence of a strong and rapidly growing middle class
- this nation's phenomenal achievements in software and technology
- its giant pool of skilled engineers and technicians
- intelligent policies that encourage business investment
- and above all, the entrepreneurial spirit of the Indian people.

These are the real and very solid reasons why India now has one of the fastest-growing economies in the world and – according to that article in the Economist – is expected to lead the world in economic growth by 2013.

I have seen what this amazing country can accomplish.

And if I had been writing that headline for the Economist, it would have read, "India's inevitable economic miracle."

The rubber industry of India – and of Asia – will play a vital role in this miracle.

And LANXESS will help drive this success through premium-quality products, innovation, world-class technical expertise and our famous German ingenuity.

Slide 4: LANXESS – The world's leader in synthetic rubber

Rubber is our heritage at LANXESS. As I mentioned earlier, synthetic rubber was invented in the labs of our predecessor company 101 years ago.

Today we are the world leader in synthetic rubber. This means leading in high-performance rubber, rubber chemicals and technical rubber products that make possible safer, energy-saving green tires and the countless innovative rubber products that keep the industries of the world moving forward.

We continue to develop new applications and markets for this versatile, flexible and innovative material. Our goal is to deliver true value for our customers well into the future.

And that future does, indeed, look very bright here in India.

Slide 5: The mobility megatrend is driving the future

For that future is built on the solid foundation of several unstoppable megatrends – including a rapid increase in mobility and ever-rising urbanization.

Rubber will play a major role in both of these megatrends.

The prospects for the tire industry in India are truly phenomenal.

This is one of the fastest-growing automotive markets in the world. Car sales have risen by 30 percent this year.

And it has become increasingly obvious that Indian drivers will not only need more tires, they must now move to better-performing, safer tires.

India's vehicle accident rate has reached alarming proportions. India now has the highest number of road fatalities in the world – and everyone in India agrees that this is totally unacceptable.

There are many reasons for road fatalities, but technology can help.

One of the obvious solutions is a safer tire that grips the road better and allows cars to stop faster.

High-performance synthetic rubber, rubber chemicals and technical rubber products from LANXESS make safer and more efficient radial tires possible.

Later today, you will hear of a study that we commissioned because we wanted to learn what the impact of safer tires could be. One of the key findings shows that quality tires can reduce braking distance by 50 percent and that 5 percent of all accidents could have been avoided with better tires.

Thus, high-performance tires could address a major safety issue here in India and across the world.

The Indian government has already recognized this and has established tire speed ratings. As of this October, it has made labeling of these ratings compulsory after testing.

High-performance neodymium polybutadiene rubber and solution styrene-butadiene rubber, which fall within our Buna product line, offer the performance characteristics needed to produce safer, more energy-efficient tires.

New types of rubber, new rubber technology and innovations in rubber involving nanogels and silica fillers have created enormous advances in tire design.

These advances translate to tires that grip the road better…

that reduce braking distance…

that decrease the likelihood of skidding…

that last longer…

and deliver better fuel efficiency.

These advances have also led to the development of “green” tires that reduce carbon dioxide emissions and meet the growing demand in India for products that are good for the environment.

LANXESS takes environmental issues seriously, and I am pleased to inform you that LANXESS India has just been chosen to receive the Frost & Sullivan Green Excellence Company of the Year Award.

There is no better example of our dedication to the environment than another key innovation of ours – the use of neodymium as a catalyst in polybutadiene rubber. Nd-PBR, which was invented by LANXESS, has become an important part of green tires. We are now in the process of greatly expanding our Nd-PBR production.

We believe India is on the threshold of a transformational shift to these high-performance tires.

For instance, safer, more fuel-efficient radial tires and advanced rubber technologies could be ideal for the smaller cars that are now sweeping the Indian car market. They make practical business sense for owners of trucks, buses and commercial vehicles. And it seems certain that India's demand for new radial tires will increase in step with India's ambitious plans to expand and improve the national highway system.

Without advanced rubber technology – and without the rubber chemicals and additives that we produce here in India – it will be difficult for manufacturers to meet the growing demand for better tires.

Slide 6: New butyl production facility in Singapore as of 2013

To meet the growing demand for better-performing synthetic rubber, we are now building – in Singapore – the largest butyl rubber production facility in Asia. When it is completed in 2013, one of its primary missions will be to serve the Indian market.

This is important, because it means that, just when demand for better tires reaches new heights, the Indian market will have access to one of the world's biggest butyl rubber plants.
Our goal on this front is simple: It is to continually provide manufacturers with all the essential ingredients for producing high-performance tires.

Slide 7: State-of-the-art Rubber Chemicals plant in Jhagadia

Our state-of-the-art Rubber Chemicals plant in our Jhagadia production site in Gujarat is another example of LANXESS' commitment to better serve the rapidly growing rubber industry here. And our Rubber Technical Center in Mumbai is dedicated to helping our rubber customers find the best ways to meet their specific rubber needs.

We are also working with HASETRI, the independent tire research center based in Rajasthan. We expect HASETRI's acknowledged expertise to help us accelerate the development of the high-performance tire business in India's rapidly growing market.

We will continue to do whatever it takes to meet the growing demand for the rubber technology that can produce safer, more energy-efficient tires for India.

Slide 8: The urbanization megatrend is driving the future

You have only to look around Delhi to see the other major reason for my confidence in the future of rubber in India.

India's urbanization megatrend will call for a truly stunning expansion in construction and infrastructure projects.

The consulting firm McKinsey has confidently predicted that 590 million people will be living in cities here in India by 2030. That is nearly twice the total population of the United States today.

McKinsey further predicts that 68 Indian cities will have a population of more than one million by 2030 – up from 42 today. In Europe, only 39 cities have a population of more than one million.

Most importantly, McKinsey estimates that almost 55 lakh crore rupees in capital expenditures will be necessary to meet the demands of India's urbanization.

This level of urbanization is the equivalent of building a new city the size of the German capital of Berlin each year for the next 20 years.

Rubber products will be playing an indispensable role in nearly every phase of the urbanization of India.

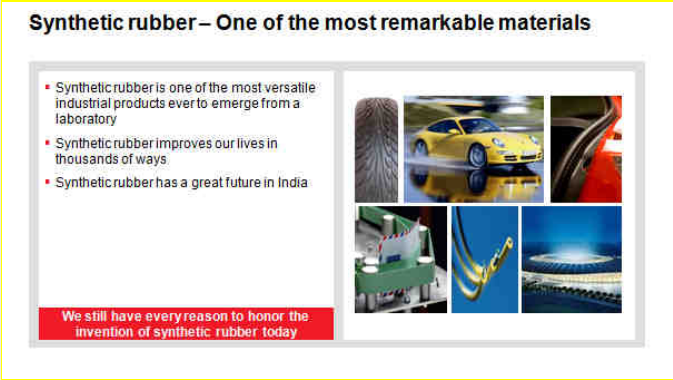
Think of all the apartments, stores, office buildings, factories, transit systems, water systems, sewage systems, utilities, parks and stadiums that will be built.

Rubber products will be sealing all those pipes and fittings, coating all those wires, lining all those roofs and doors and windows. Our rubber chemicals will be helping to make the many miles of hoses, conveyor belts and electrical power cables that will be needed. Our technical rubber products will be used in the fire-resistant cables and in the flooring surfaces for countless buses and shopping malls and stadiums.

Yes – all of us in the rubber industry are going to be very busy here in India.

Ladies and gentlemen – synthetic rubber has a great future here in India.

Slide 9: Synthetic rubber – One of the most remarkable materials



And I can say that because today rubber is everywhere.

When the brilliant scientist Fritz Hofmann invented synthetic rubber in 1909, he was honored for creating a better way to make tires.

But in fact, what he created has turned out to be one of the most versatile industrial products ever to emerge from a lab.

His invention has improved our lives in thousands of ways that he never dreamed possible.

It makes cars and airplanes quieter, it makes golf balls fly farther, it makes medicines safer, and it makes wind turbines more practical.

If I started to list all the ways that synthetic rubber has helped make our lives better, I would be speaking right through lunch.

So let me simply close by saying that we are all about to experience a full and rich day of discussion and insights into one of the most useful and remarkable substances the world has ever known.

I am greatly looking forward to it – and I hope you are too.

Thank you very much.

Slide 10: Logo