

LANXESS completes capacity expansion for high-performance plastics in the USA

- **Second production line taken into operation in Gastonia, North Carolina, plant, doubling production capacity**
- **Investment of around USD 15 million**
- **Demand growth for high-performance plastics due to trend towards more fuel-efficient automobiles**

Cologne/Pittsburgh – Specialty chemicals company LANXESS has started up a second production line for high-performance plastics compounding at its facility in Gastonia, North Carolina, as planned. The new line represents an investment of about USD 15 million and doubles the site's production capacity from 20,000 to 40,000 metric tons annually.

In the plant, the basic polymers polyamide (PA) and polybutylene terephthalate (PBT) are mixed and refined with special additives and glass fiber, according to client requirements, to make the high-performance plastic product lines Durethan and Pocan. They are used primarily in the automotive industry to manufacture lighter-weight plastic components that can replace metal parts in vehicles, contributing to greater fuel efficiency and reduced emissions.

“This investment shows our strengthened focus on high-performance compounds and underlines our strategy to shift this business towards higher-value-added markets,” said Hubert Fink, Member of the Board of Management of LANXESS AG. “The capacity expansion in Gastonia also shows our commitment to North America, which we see as major growth region.”

In the coming years, LANXESS plans to further invest EUR 50 to 100 million for organic growth in its high-performance plastics business. “With the investments, we will be further balancing the capacities in our polyamide value chain and driving the globalization of our

LANXESS AG
Corporate Communications
50569 Cologne
Germany

Daniela Eltrop
Spokesperson Financial and
Business Media
Phone: +49 221 8885-4010
daniela.eltrop@lanxess.com

Michael Fahrig
Spokesperson Trade & Technical
Press
Phone: +49 221 8885-5041
michael.fahrig@lanxess.com

engineering plastics business,” said Michael Zobel, head of LANXESS’ business unit High Performance Materials.

Lightweight automotive construction as key driver for high-performance plastics

LANXESS expects global demand for engineering plastics in automotive applications to grow by 7 percent annually (CAGR 2015-2020). This is being driven by rising car production and the trend towards more fuel-efficient automobiles. E.g., in the U.S., automakers must meet government-mandated Corporate Average Fuel Economy (CAFE) regulations which indicate the average distance that has to be covered per one gallon of fuel. By 2025, an average fleet-wide fuel efficiency of 54.5 miles per gallon will be required compared to 34.1 miles per gallon in 2016.

“The U.S. automotive sector remains strong, and the demand for engineering plastics in cars is growing,” said Antonis Papadourakis, LANXESS Corporation President and CEO. “With our expanded capacity, we are in a position to support this growth and remain a reliable supplier to our North American customers.”

LANXESS is a global leader in plastic-metal hybrid and composites technologies that enable engineers to cost-efficiently reduce part weight in automobiles. Depending on the component, a part designed with high-performance plastics can weigh 10 to 50 percent less than a metal version. LANXESS plastics are used, for example, in engine applications, door structures, front ends, pedals, and interior components. Another field of application is the electrical and electronics industry.

LANXESS’ global production network for high-performance plastics

The business unit High Performance Materials is highly backward integrated in the value chain. It produces the precursors for its high-

LANXESS AG

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Daniela Eltrop
Spokesperson Financial and Business
Media
Phone: +49 221 8885-4010
daniela.eltrop@lanxess.com

Michael Fahrig
Spokesperson Trade & Technical
Press
Phone: +49 221 8885-5041
michael.fahrig@lanxess.com

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performance plastics, like glass fibers for the PA and PBT compounds and the polyamide 6 monomer caprolactam, all in its own plants.

The business unit, with roughly 1,500 employees worldwide, operates production facilities in Belgium (Antwerp), Germany (Krefeld-Uerdingen, Hamm-Uentrop, Brilon), China (Wuxi), India (Jhagadia), United States (Gastonia) and Brazil (Porto Feliz). It is part of the Performance Polymers segment, which generated around EUR 4.1 billion in total sales in fiscal year 2014.

LANXESS is a leading specialty chemicals company with sales of EUR 8.0 billion in 2014 and about 16,300 employees in 29 countries. The company is currently represented at 52 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 sustainability 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>. TV footage can be found at <http://globe360.net/broadcast.lanxess/>.

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

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michael.fahrig@lanxess.com