

LANXESS breaks ground for most modern rubber plant in Asia

- **Production to start in Singapore in first quarter of 2013**
- **At least 10% of total investment going towards environmental protection**
- **Ceremony on Jurong Island**

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Leverkusen/Singapore/Shanghai – LANXESS, the world's biggest manufacturer of synthetic rubber, is breaking ground for the construction of a new, state-of-the-art butyl rubber plant in Singapore. The facility on Jurong Island is designed for a capacity of 100,000 metric tons per year and will require an investment of up to EUR 400 million (USD 575 million). Between 10 and 15 percent of the total investment for the plant, the most modern of its kind in Asia, will go into environmental protection projects.

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"In terms of volume, this investment is the largest in our five-year history," said LANXESS CEO Axel C. Heitmann. "It underlines our commitment to synthetic rubber as well as to our customers and to the future growth markets in Asia."

"I also welcome LANXESS' decision to relocate its Butyl Rubber Global Headquarters and its top management to Singapore. It affirms Singapore's value as a strategic vantage point in the region for global companies." said Mr Lim Hng Kiang, Minister for Trade and Industry.

Other participants in the ceremony included His Excellency Joerg Ranau, Ambassador to Singapore, Federal Republic of Germany, LANXESS Board Member Werner Breuers, and the Global Head of LANXESS' Butyl Rubber business unit, Ron Commander.

By the time production is launched in the first quarter of 2013, some 3,500 metric tons of steel, 350 kilometers of cabling and 80 kilometers of piping will have been installed at the new facility.

The new rubber plant is being built on an area of 200,000 square meters. The property is leased from JTC Corporation, an authorized agent of the

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Singapore Ministry of Trade and Industry. The neighboring Shell cracker will ensure a long-term supply of isobutene, the main raw material for the production of butyl rubber. Through its new plant, LANXESS will create up to 200 new, highly skilled jobs and fill the majority of them with local employees. At the height of the construction phase, some 1,500 workers will be employed at the site.

The new plant also sets standards for the region and the world in terms of environmental protection. Between 10 and 15 percent of the total sum is to be invested in modern technologies engineered to protect the environment. With the help of pioneering technology, the manufacturing process will require significantly less steam, thus lowering the plant's overall energy consumption. The process is not only evidence of LANXESS' many years of experience in rubber manufacturing, but also raises the bar in the whole industry. State-of-the-art waste air incinerators filter chemical compounds formed during the production process, thereby greatly reducing pollutant emissions. Thanks to a modern wastewater treatment plant and closed circuits, significantly less wastewater will be produced in the future in comparison to existing technology.

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Booming Asian market

LANXESS will be able to meet the rising demand for butyl rubber in tires, driven by the mobility trend, which is developing particularly among the growing middle classes in China and India. In addition, on account of its unique properties, butyl rubber is also a key product for use in the pharmaceutical industry, primarily in Asia.

The butyl rubber market is expected to see average growth rates of over three percent again in coming years. At present, the two LANXESS rubber plants in Zwijndrecht (Belgium) and Sarnia (Canada) are producing at full capacity.

Butyl rubber is a synthetic rubber characterized by high impermeability to air due to the properties of its raw materials: isobutene and isoprene. The largest field of application is the manufacture of innerliners – the innermost layer of a tire that prevents air from escaping – and innertubes. The tire industry uses halobutyl to make innerliners for car, truck, bus and aircraft tires. Butyl rubber is used in tire innertubes for

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cars, trucks, bikes and for balls used in various sports. Special applications include seals and closures for the pharmaceutical industry. The use of butyl rubber in making chewing gum is an interesting secondary line of business.

The Butyl Rubber business unit is part of the Performance Polymers segment, which achieved total sales in 2009 of EUR 2,388 million.

LANXESS is a leading specialty chemicals company with sales of EUR 5.06 billion in 2009 and currently around 14,300 employees in 23 countries. The company is represented at 42 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals.

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