

Rhein Chemie Rheinau GmbH

Duesseldorfer Straße 23–27
68219 Mannheim, Germany

Corporate Communications

Martina Bitterlich
Tel. +49 (0) 621-8907-455
Fax +49 (0) 621-8907-8455
martina.bitterlich@rheinchemie.com
www.rheinchemie.com

Rhein Chemie sets the course for further growth

- **New production site planned in Brazil for Rhenoshape curing bladders and Rhenogran rubber additives**

Mannheim, October 11, 2011 – Rhein Chemie is investing roughly EUR 10 million in a new production facility in Porto Feliz, Brazil, to manufacture Rhenoshape high-performance curing bladders and Rhenogran predispersed, polymer-bound chemicals. Production is scheduled to be up and running by the fourth quarter of 2012.

After Burzaco, Argentina, and Colonia del Sacramento, Uruguay, Porto Feliz will be Rhein Chemie's third site to produce Rhenoshape bladders. Production capacity in Porto Feliz will be 170,000 bladders annually. Rhein Chemie entered the bladder business by acquiring the Argentinian company Darmex S.A. in January of this year. In Burzaco, Argentina, production capacity for bladders currently is being expanded by 40 percent.

Rhein Chemie is very successfully implementing its rigorous growth strategy. In 2010 Rhein Chemie's global sales were EUR 283 million, corresponding to a sales rise of 40 percent compared to the previous year.

Rhein Chemie is continuing to pursue this successful strategy in 2011 with further strong growth. Global sales in the first half of 2011 climbed by 19 percent compared to the previous year to around EUR 172 million. Sales in the EMEA Region were up 22 percent, while business in Asia grew by 8 percent. Significant growth was also recorded in South America. "This is primarily due to the acquisition of the Argentinian curing bladder and tire release agent manufacturer Darmex in January of this year," said Dr. Anno Borkowsky, CEO of Rhein Chemie. Further acquisitions are also aimed at achieving profitable growth. In

April, Rhein Chemie took over two product lines from Flexsys, United States. And in July, Rhein Chemie acquired the tire release agent business of Wacker AG, Germany. "Rhein Chemie is constantly on the look-out for further opportunities to accelerate its growth," added Dr. Borkowsky.

Acquisition of the Argentinian release agent and bladder specialist Darmex in January 2011 was an important step strategically, as it strengthens Rhein Chemie's position as a supplier to the tire industry, one of the world's key growth markets.

Having access to bladder technology optimally rounds out Rhein Chemie's solutions for the tire industry. "Rhein Chemie is the first supplier in the world to offer release agents and high-performance bladders from a single source. This is a big advantage for tire manufacturers because it ensures optimal coordination", said Frank Lueckgen, Executive Vice President of Rhein Chemie's Rubber Division

Experts estimate the volume of the global bladder production to be in the range of EUR 300 million. An increasing number of tire manufacturers are outsourcing bladder production. Around 40 percent of bladders already are produced by independent bladder manufacturers, and the trend towards outsourcing continues unabated.

The reason is that it leads to improved productivity for tire manufacturers, and the quality of bladders made by specialists like Rhein Chemie is higher. Because curing bladders are part of Rhein Chemie's core business, the focus is on manufacturing and on the continued development of bladder technology.

The improved thermal conductivity of the bladder compound, plus a number of other factors, increases the quality of a tire, resulting in greater safety and lower rolling resistance. That means lower fuel consumption.

In acquiring the release agent business of Wacker Chemie AG in July 2011, Rhein Chemie has taken another step to strengthen its position as one of the world's leading tire release agent manufacturers. The market for these products will grow

worldwide by roughly five percent per year in the medium term. The acquisition also opens up new business opportunities for Rhein Chemie, especially in the United States. The majority of the acquired products are aqueous, solvent-free dispersions based on silicone. They are to be marketed by Rhein Chemie under the name Rhenodiv.

Rhein Chemie can now supply tire manufacturers with an even more diverse range of solutions. What's more, the company also gains access to the corresponding raw material. Rhein Chemie has outstanding expertise and many years of experience in aqueous, solvent-free – i.e. eco-friendly – tire release agents.

International tire manufacturers benefit greatly from Rhein Chemie's global orientation, with production facilities, sales offices and technical service in all the key regions. "Rhein Chemie already offers release agents from local production sites in Europe, the United States, Argentina, Uruguay, India, China and Japan," said Frank Lueckgen and Dr. Anno Borkowsky continued "We already produce Rhenoshape bladders in Argentina and Uruguay, and will start producing them in Brazil in late 2012. I believe we have secured a good starting position for further growth in coming years."

Rhein Chemie, a wholly-owned subsidiary of the specialty chemicals company LANXESS, supplies the rubber industry with a broad range of predispersed polymer-bound chemicals, processing promoters, vulcanization and filler activators, anti-sun check waxes, release agents, tire marking inks and high-performance bladders.

About Rhein Chemie:

Rhein Chemie develops, produces and sells additives, specialty chemicals and service products for the rubber, lubricant and plastics industries. In fiscal 2010 Rhein Chemie achieved sales of EUR 283 million and has approximately 1,000 employees worldwide. The company is headquartered in Mannheim, Germany and has production facilities in Europe, Asia and North and South America. Rhein Chemie is a wholly owned subsidiary of the specialty chemicals group LANXESS, Leverkusen, Germany.

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Forward-Looking Statements

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