

LANXESS to streamline the chrome value chain of its leather business

- **Argentinean chrome chemicals production to be discontinued**
- **Chrome value chain to be centralized in South Africa**
- **Stronger focus on innovative, service-intensive specialties for leather production**

Cologne – As one of the world’s leading suppliers of leather chemicals and chrome specialties, specialty chemicals company LANXESS is to further strengthen the competitiveness of its leather chemicals business. The core element is a shift from the international chrome value chain to centralization in South Africa, where chrome ore is processed into the intermediate sodium dichromate and ultimately to chrome specialties, predominantly chrome tanning salts for use in tanneries worldwide. In this context the company will discontinue production at the Zárate site in Argentina in the fourth quarter of 2017. LANXESS currently operates production facilities for sodium dichromate and chrome tanning salts in both countries: in Argentina at its site in Zárate, and in South Africa at its sites in Newcastle and Merebank.

"This strategic measure enables us to further strengthen our competitiveness in the chrome chemicals business. Moreover, it allows us to focus even more on our business with organic leather chemicals and thus bolster our leading position as a provider of innovative, service-intensive specialties for the leather production," says Luis López-Remón, head of the LANXESS leather business unit. LANXESS expects the streamlining of its chrome value chain to generate a positive EBITDA effect of around EUR 10 million annually, which will be realized by the end of 2018, as well as approximately EUR 60 million in one-time-costs in 2017.

The site closure in Zárate, Argentina, will affect 170 employees. "It is our intention to enter into talks with employee representatives without

LANXESS AG

Corporate Communications
50569 Cologne
Germany

Ingo Drechsler
Phone +49 221 8885-3790
ingo.drechsler@lanxess.com

Rudolf Eickeler
Phone +49 221 8885-4483
rudolf.eickeler@lanxess.com

Alexander Böhm
Phone +49 221 8885-4746
alexander.boehm@lanxess.com

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delay in order to find responsible solutions for all affected employees,” explains López-Remón.

LANXESS will continue its other operations in Argentina at its production sites in Burzaco and Merlo (Province of San Luis), from where the company offers comprehensive solutions for the rubber industry. LANXESS currently has some 400 employees in Argentina.

The LANXESS leather business

The LANXESS leather business unit is one of the world’s leading suppliers of leather chemicals and chrome specialties. LANXESS is the only supplier of leather chemicals that is active in both: organic leather chemicals and chrome tanning salts. In chrome tanning salts the company has a unique position through its strategic backwards integration in chrome ore. The leather business unit employs currently 1,500 employees worldwide and has currently production sites in Leverkusen, Germany; Filago, Italy; Rustenburg, Newcastle, Merebank, South Africa; Changzhou, China and till end of 2017 Zárate, Argentina.

LANXESS is a leading specialty chemicals company with sales of EUR 7.7 billion in 2016 and about 19,200 employees in 25 countries. The company is currently represented at 75 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of chemical intermediates, additives, specialty chemicals and plastics. Through ARLANXEO, the joint venture with Saudi Aramco, LANXESS is also a leading supplier of synthetic rubber. LANXESS is listed in the leading sustainability indices Dow Jones Sustainability Index (DJSI World) and FTSE4Good.

Cologne, June 21, 2017
idr (2017-00058e)

Forward-Looking Statements

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LANXESS AG

Corporate Communications
50569 Cologne
Germany

Ingo Drechsler
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ingo.drechsler@lanxess.com

Rudolf Eickeler
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rudolf.eickeler@lanxess.com

Alexander Böhm
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alexander.boehm@lanxess.com

News Release

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50569 Cologne
Germany

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alexander.boehm@lanxess.com

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