

**Rhein Chemie Rheinau GmbH**

Duesseldorfer Strasse 23–27  
68219 Mannheim

Corporate Communications

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

## **LANXESS to expand bladder production in Argentina**

- **Subsidiary Rhein Chemie invests single-digit million amount in newly-acquired Burzaco site**
- **Production capacity for bladders to increase by 40 % in H2, 2011**
- **20 new jobs to be created**

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**Leverkusen, Mannheim, Buenos Aires** – LANXESS continues to expand its activities in the growing Latin America region. The specialty chemicals company's wholly-owned subsidiary Rhein Chemie will invest a single-digit million USD amount in its newly-acquired production site in Burzaco, Argentina.

Rhein Chemie plans to expand bladder production by 40 percent at the site located in the province of Buenos Aires. The new capacities will come on stream in the second half of 2011. The expansion will create 20 new positions locally.

“This investment underlines our commitment to supply our customers in the Brazilian, European and American tire industries with highly reliable bladders,” said José Sganga, General Manager of Rhein Chemie Argentina. “Beyond this investment, we are considering new facilities to manufacture bladders and polymer-bound chemicals in Brazil.”

Last month, Rhein Chemie acquired Darmex S.A. and its production sites in Argentina (Burzaco and Merlo) and Uruguay (Colonia). The acquisition means

Rhein Chemie is the only producer worldwide of both bladders and release agents, representing a one-stop solution for tire manufacturers.

Bladders are used in the tires manufacturing process. A green or non-vulcanized tire is placed in a press. Once the press is shut, the internal pressure forces the green tire against the internal wall of the tire mold. This is done using a butyl rubber bladder that is then inflated under high pressure and at high temperatures to give the tire its final shape. Rhein Chemie bladders, to be sold under the brand name Rhenoshape®, have a longer life cycle thus increasing the number of tires produced about 20 percent.

Release agents are required to prevent the tire from sticking to either the bladder or the mold. For tire manufacturers, these chemicals are essential for ensuring a smooth, cost-effective production process.

The demand for release agents and bladders is expected to expand in parallel to global tire production, which is expected to grow on average by approximately five percent per year in the next ten years. The mega-trend of mobility is underpinning this growth, driven by a growing middle-class in countries such as Brazil, China and India.

In addition, an increasing number of tire companies are outsourcing their bladder production in order to optimize productivity and take advantage of the higher quality offered by bladder specialists. The size of the global bladder market is estimated at more than EUR 300 million.

Rhein Chemie develops, produces and sells additives, specialty chemicals and service products for the rubber, lubricant and plastics industries. In fiscal 2009 Rhein Chemie achieved sales of EUR 226 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.

