

LANXESS: Creation of a leading global Polyamide Player!

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Agenda

1 Tailor-made deal structure and striking rationale

2 JV geared for additional upside via synergies

3 Delivering on multiple goals at once



Compelling strategic rationale, immediate cash proceeds and substantial future upside through synergies



**Establish Joint Venture:
Creating an Engineering
Materials Powerhouse**

**LANXESS receives
immediate cash-in of at
least €1.1 bn and up to 40%
participation in JV with
substantial value upside
via synergies**

**LANXESS will focus on
three segments and thus
reduce complexity**

Immediate Cash, Value Upside, Portfolio Simplicity!

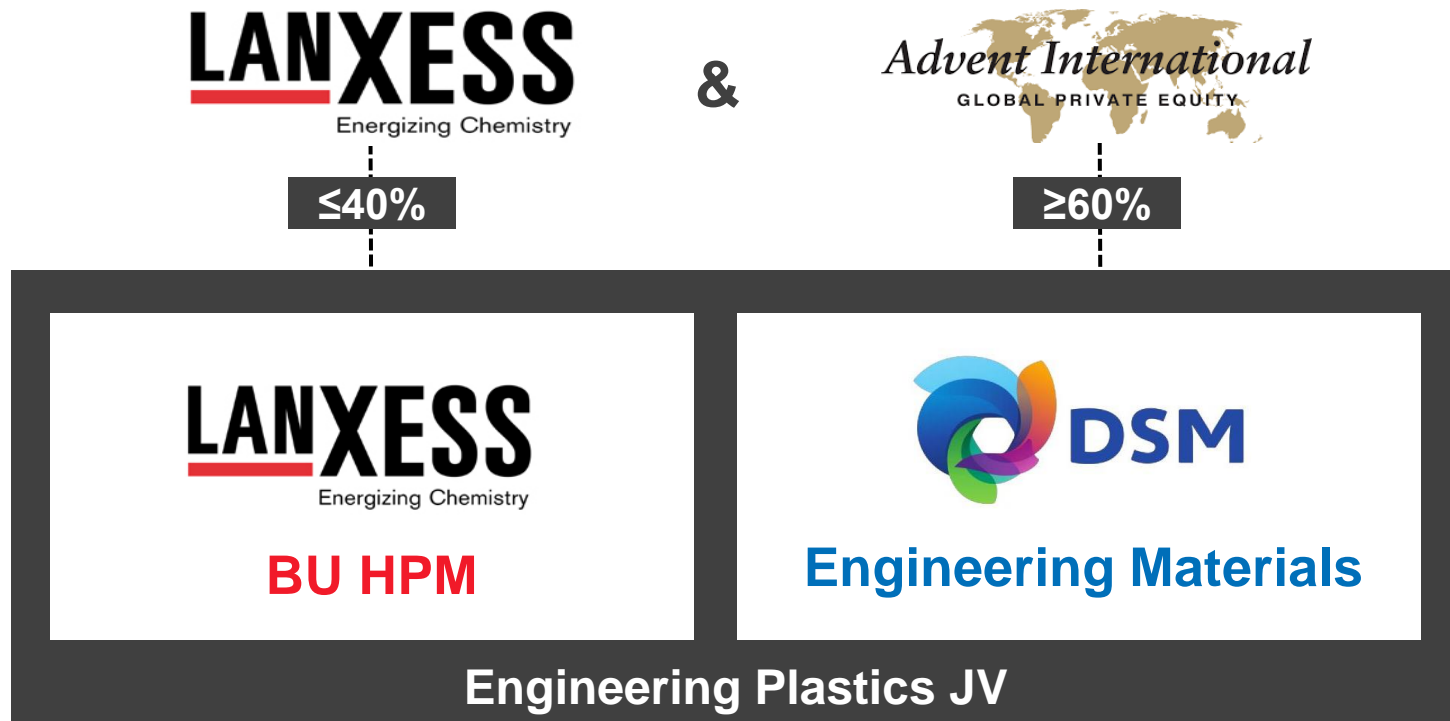
Monetization of BU HPM stake with attractive financials and additional upside at final exit

BU HPM Sales EBITDA pre	Multiple	Enterprise value	Compensation
<p>~€1.5 bn*</p> <p>~€210 m*</p>	<p>12x</p>	<p>~€2.5 bn</p>	<p>≥€1.1 bn cash proceeds</p>
			<p>≤40% JV stake and exit possibility**</p>

* FY 2021

** LXS will continue to own ≤40% in JV and will have the opportunity to divest earliest after 3 years

Formation of a powerful plastics JV - immediate cash-in and clear exit determined



- Immediate cash-in of at least €1.1 bn
- LANXESS has exit possibility:
 - Earliest exit possibility after 3 years
 - Fixed multiple for complete exit offers upside due to synergies
- Closing & deconsolidation of BU HPM expected H1 2023*

LANXESS retains exit option for $\leq 40\%$ ownership in JV

Straight forward rationale: Win-win situation

Improving the portfolio

- Deconsolidation of BU High Performance Materials (HPM) pushes portfolio transformation forward
- Exit from cyclical business makes LANXESS more resilient, more specialty and more sustainable
- Automotive exposure reduced to below 10%

Strengthened competitiveness

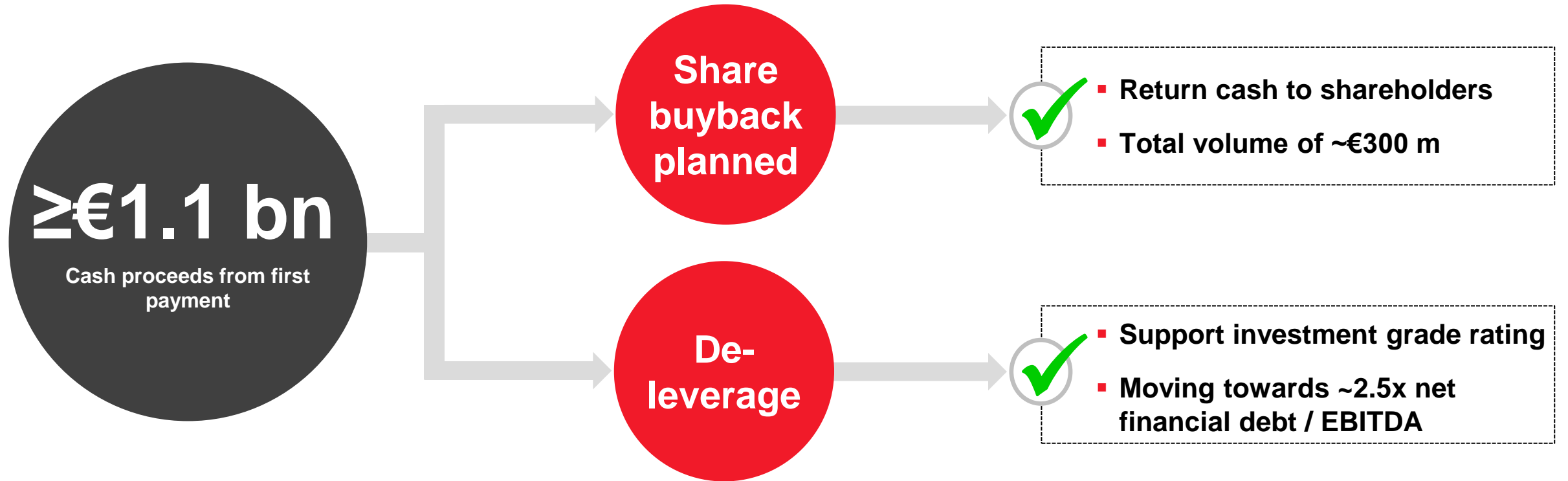
- Engineering Plastics JV strengthens competitiveness of both BU HPM and DSM Engineering Materials (DEM)
- Strong synergy potential offers additional upside

Accelerated deleveraging

- Cash-in from transaction decreases leverage towards level of ~2.5x net financial debt / EBITDA



Use of proceeds in line with capital markets' interests



Transaction strengthens balance sheet and creates options for shareholder return

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HPM & DEM: Bringing together two strong global Engineering materials players

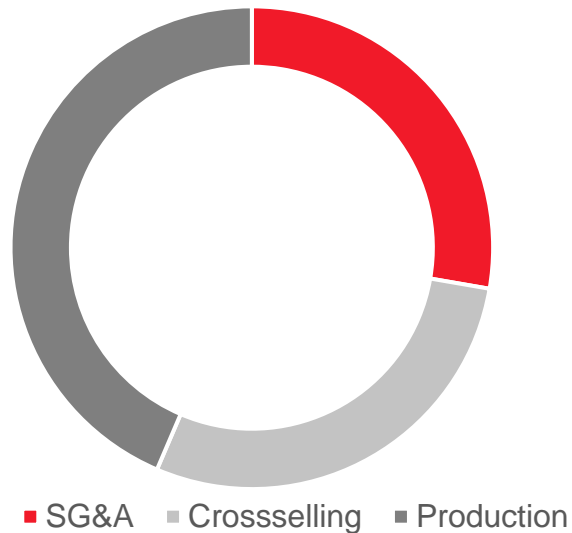


	 High Performance Materials	 Engineering Materials	Combined KPI in JV
Sales	~€1.5 bn	~€1.5 bn	~€3.0 bn
EBITDA pre	~€210 m	~€300 m	€ ~510 m plus synergies
Production sites	10	8	18
R&D centers	7	7	14
Employees	~1,900	~2,100	~4,000

LANXESS to own ≤40% in Joint Venture with combined EBITDA: ~€510 m plus synergies

Combining HPM & DEM offers massive synergy potential

Synergies based on highly complementary businesses

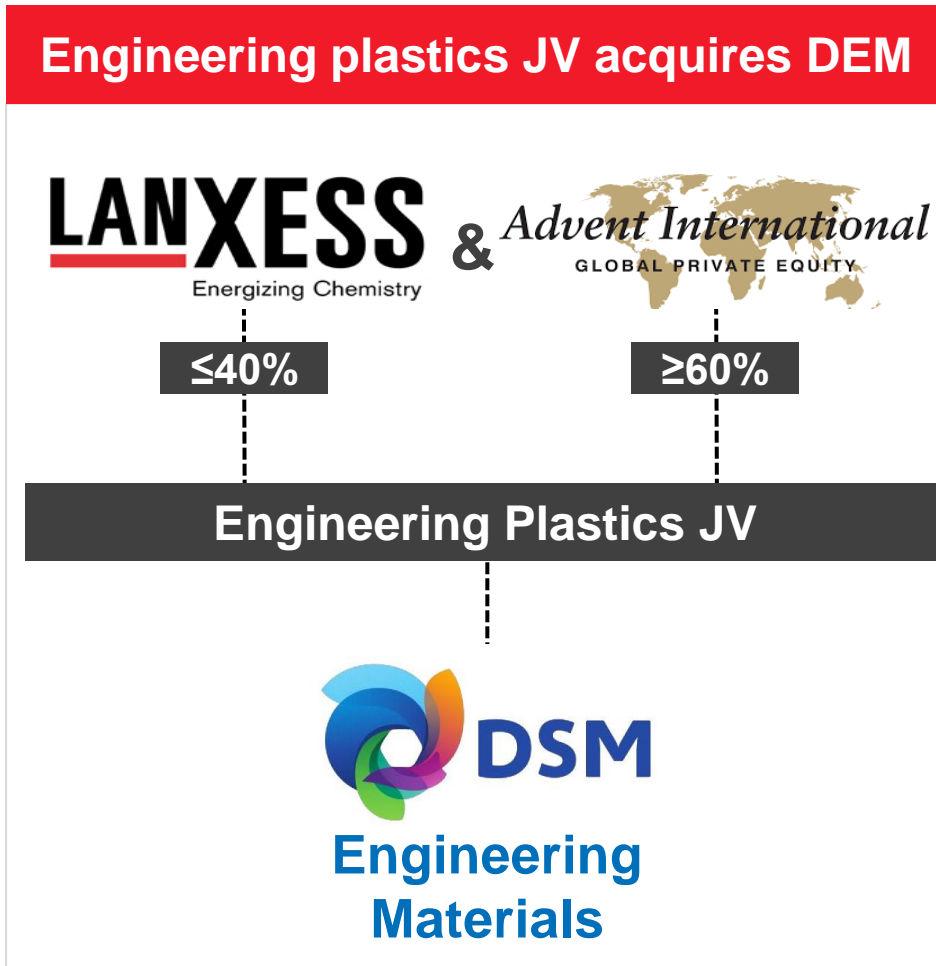


- Portfolio combinations
- Overlap of HPM with DEM Specialty business (Procurement, compounding)
- Cross-Selling
- Optimization of PA6 Polymerization in EMEA

LANXESS
Energizing Chemistry
High Performance Materials

+  **DSM**
Engineering Materials

Partnering at comparable company valuations



Transaction fully financed by Advent

	<u>DEM</u>	<u>HPM</u>
EBITDA*	~€300 m	~€210 m
EV	~€3.7 bn	~€2.5 bn
Multiple	~12.5x	~12x

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LANXESS profile improves: more resilient, less complex, lower leverage, better ESG footprint



Higher resilience

Auto exposure

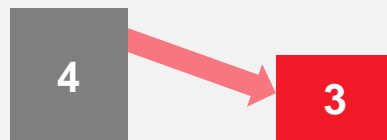


- Exposure to volatile auto industry significantly reduced
- Specialty character increased



Lower complexity

Number of Segments

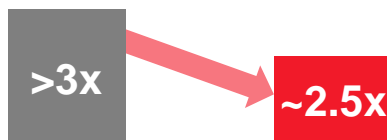


- Clear focus on Specialty Additives and Consumer protection
- Reduced asset base in Europe leads to more balanced global production footprint



Improved financial profile

Leverage* incl. IFF MC

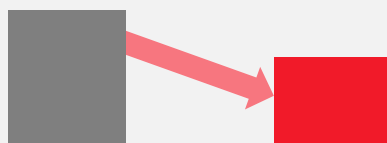


- Proceeds used for leverage reduction
- Moving towards 2.5x net financial debt / EBITDA



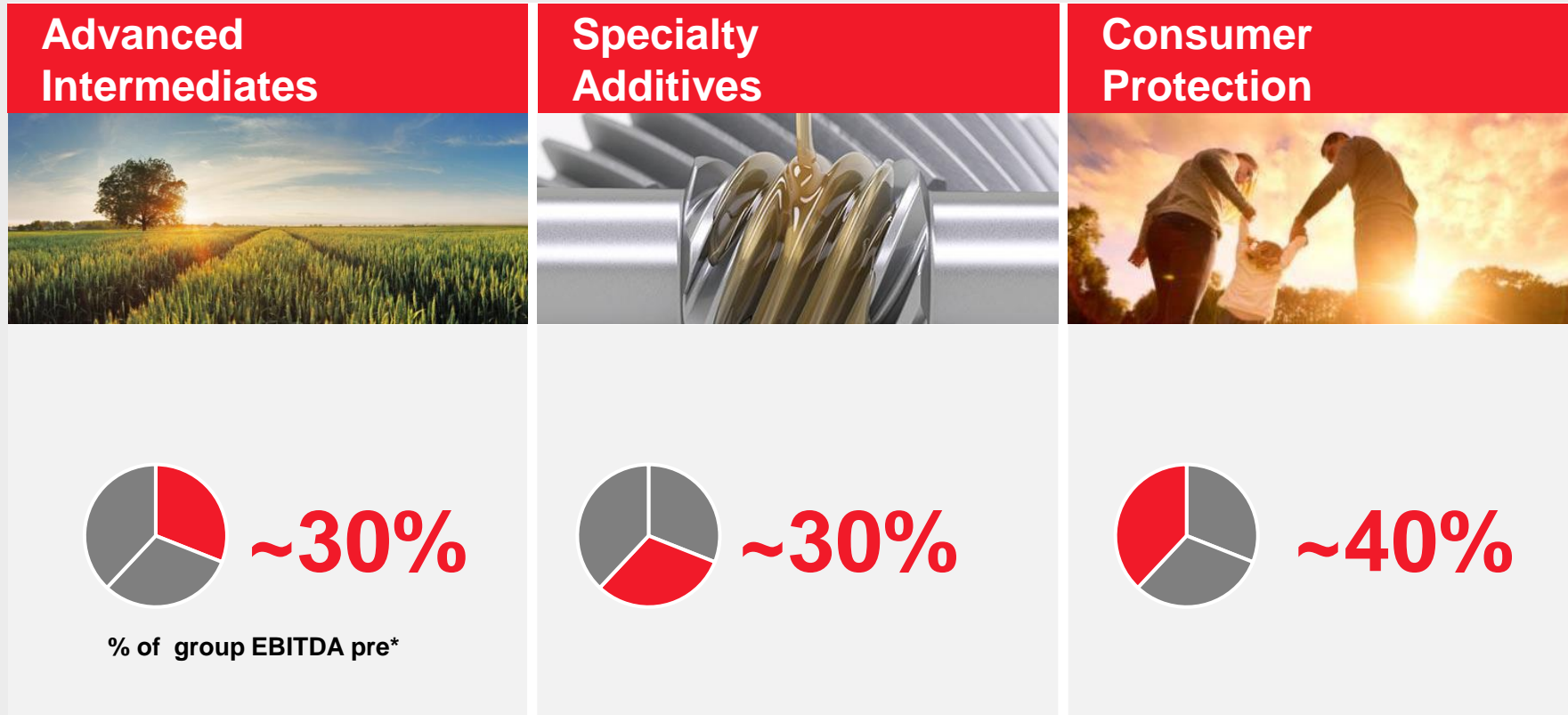
Improved sustainability

CO₂ emissions



- Engineering materials production is energy and CO₂ intensive (esp. nitrous oxide)
- Transfer of business reduces CO₂ footprint significantly

LANXESS way forward: Reduced complexity, higher specialty nature



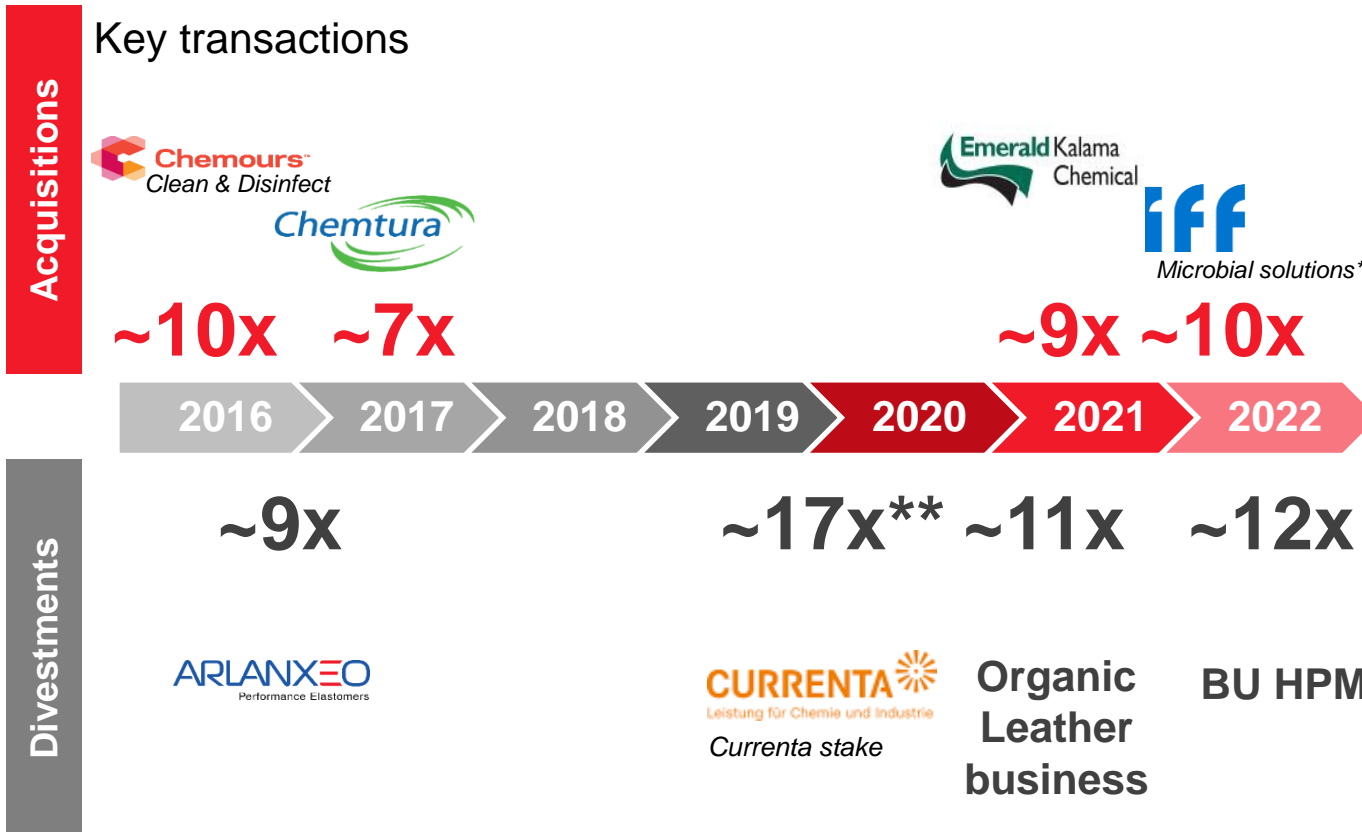
LANXESS multiple not yet reflecting track record of successful M&A transactions

LANXESS continuously upgrades portfolio

LXS

~6x

Current EV/EBITDA valuation



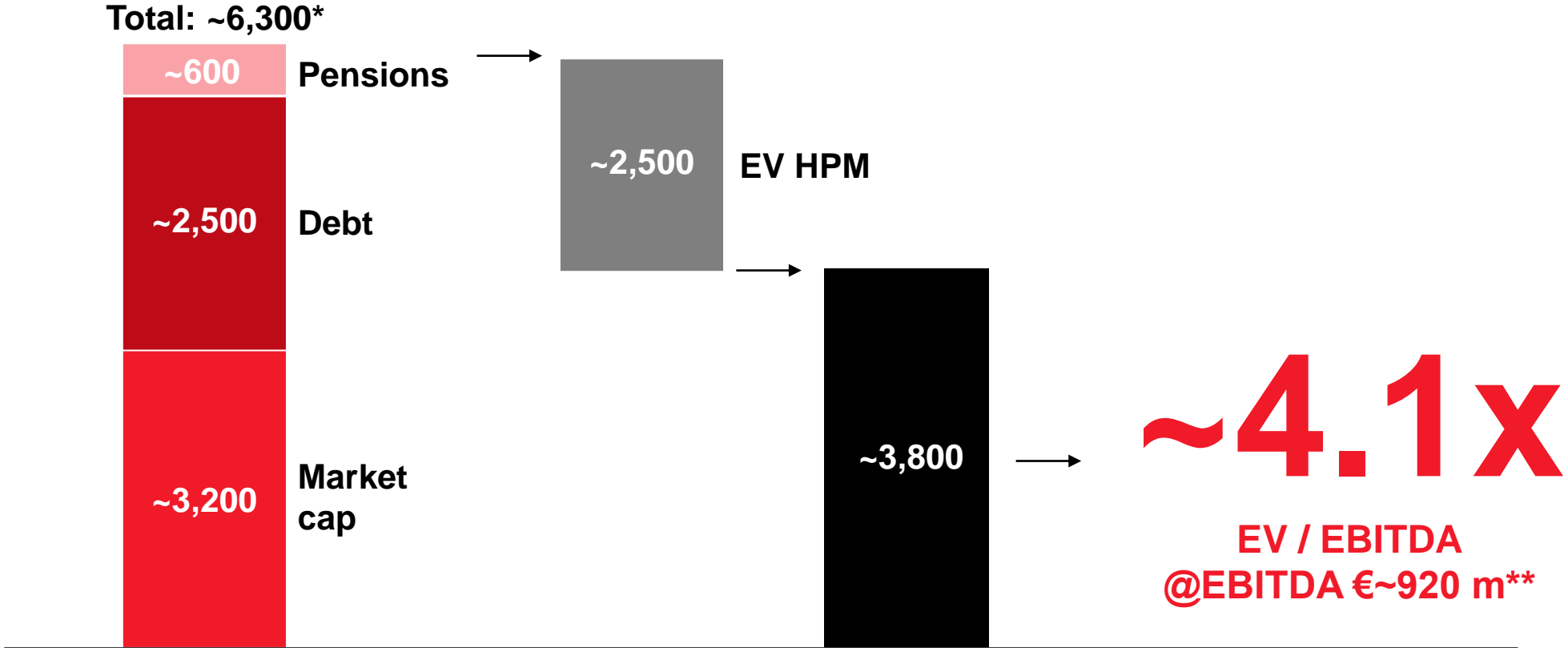
Multiple refers to EV/EBITDA incl. synergies unless otherwise stated

*Closing expected in Q3 2022

** including special dividend

Comparing valuation pre and post deal points to underappreciated transformation

in € m,
illustrative



Multiple decreases to only 4.1x EV/ EBITDA after exit from HPM showcases valuation gap

* Excl. IFF MC, pensions netted with deferred tax assets
 ** Referring to consensus of €1,165m excl. BU HPM and IFF MC

Achieving all goals at once

Deleveraging

- \geq €1.1 bn cash in from contribution of BU HPM stake in plastics JV
- Supports deleveraging

Improving LANXESS portfolio

- Lower volatility due to reduced auto exposure
- Complexity reduced
- CO₂ emissions reduced

Create additional value

- Benefitting from synergy realization in JV
- Upside for valuation of future exit

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