

# Business Unit MPP



**A fast growing pearl**


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LANXESS Capital Markets Day

September 18, 2007

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## What makes the Business Unit MPP a pearl?

- Premium niche business ✓
  - High and sustainable profitability ✓
  - Growth well above GDP ✓
  - Market with high entry barriers ✓
  - Small asset base, leading technology and strong development capabilities ✓
-  MPP is a pearl in LANXESS' business portfolio ✓

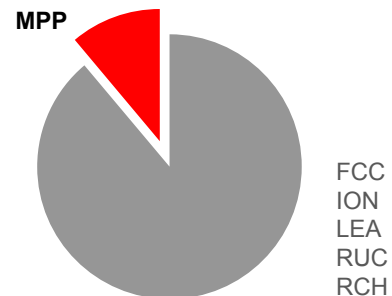
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## Material Protection Products is a highly profitable niche business...

- Sales: < €200 million
- Employees: ~ 270
- Customers: > 1300
- Products: ~ 150
- Main Brand: 

MPP within Performance Chemicals



MPP share of Performance Chemicals segment sales (2006)

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## ... offering biocides and preservatives, dedicated to ensuring a better quality of life and saving resources

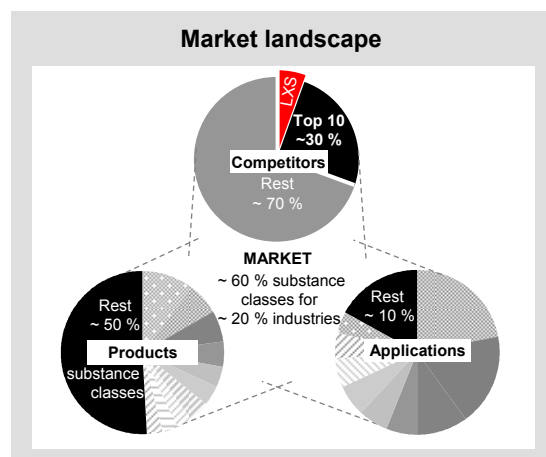


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## MPP operates in a very fragmented market with strong growth opportunities

- Global relevant market size approx. 3 bn €
- Seasonal, mostly non-cyclical market with growth above GDP
  - Search for higher quality of life and safety (e.g. beverage technologies)
  - Substitution trend towards next generation products (e.g. copper replacement)
- Top 10 players account for 30 % of the global market (e.g. Arch, Dow, LANXESS, Lonza, Rohm and Haas, Thor)
- Evolution of biocidal regulations leads to product substitutions and market consolidation
- Size not a crucial success factor

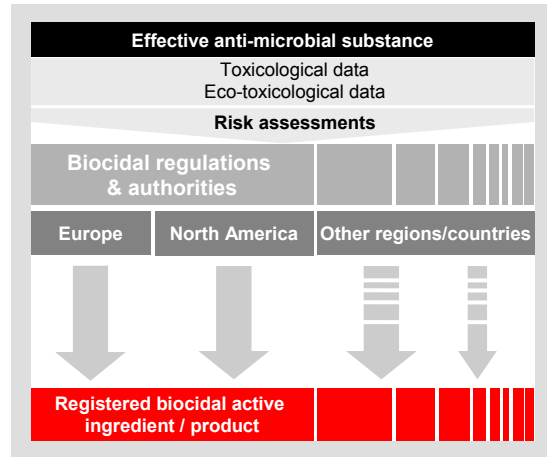


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## Registrations constitute high entry barriers to markets

- Registrations work like a “sales license” and govern access of suppliers to markets
- MPP combines excellent regulatory expertise with effective marketing
- Regulations drive market developments and consolidation trends
- MPP holds and develops a comprehensive portfolio of registrations
- With a strong regulatory group MPP is able to effectively support its business and customers

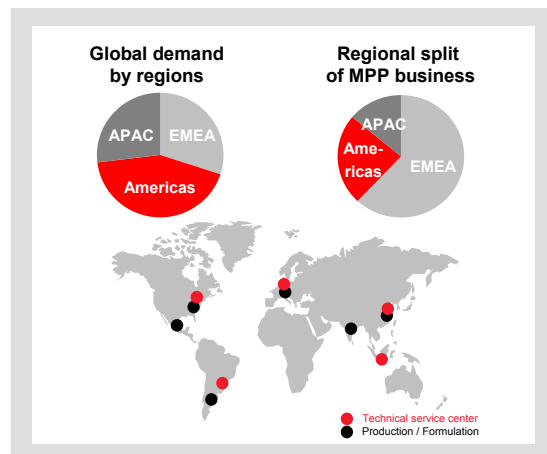


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## Internationalization is driving MPP's future above market growth

- Implementation of the European Biocidal Products Directive allows MPP increased market penetration in Europe
- North America, as largest biocide market, still offers excellent growth opportunities for MPP
- Asia-Pacific offers long-term growth potential depending on application and regulatory standards
- MPP present in all key regional markets – with regional technical centers, formulation plants and sales organization



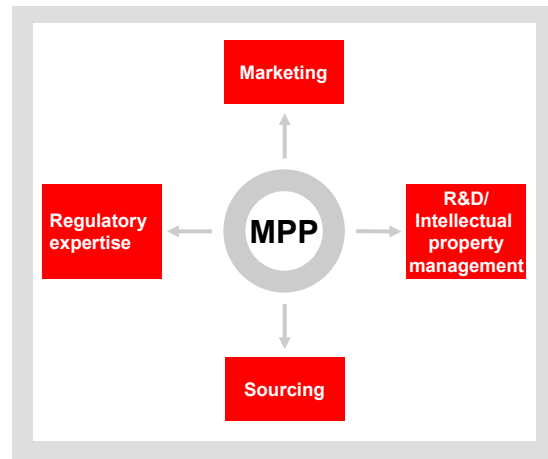
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## MPP: Building a global leadership business based on true core competencies

### MPP business drivers:

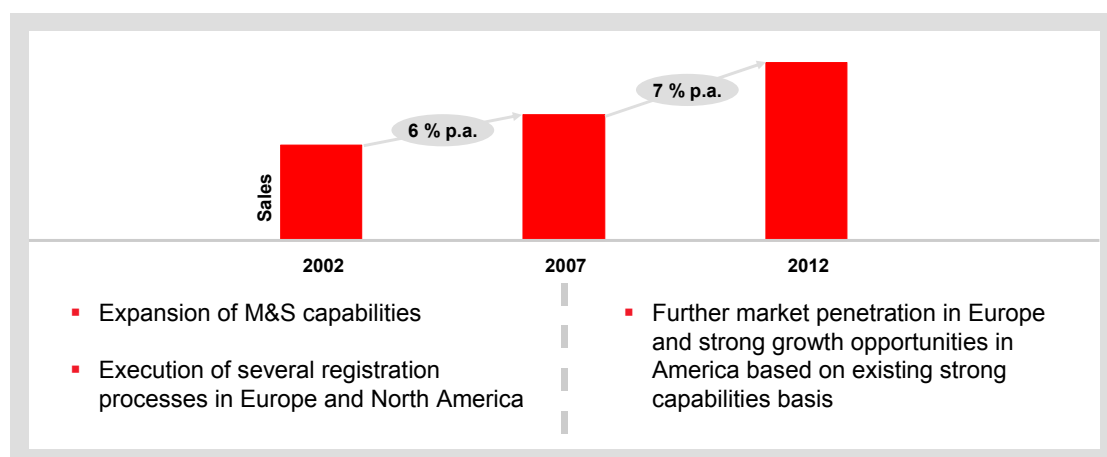
- Broad portfolio of active ingredients
- Acknowledged and appreciated know-how
- Customer relationship management and intellectual property management
- Management of partnership network for the sourcing of active ingredients
- Limited heavy production assets



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## All levers are in place for MPP to outperform an already attractive and growing market



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## MPP: A successful business with many profitable growth opportunities!

<b>Market Position</b>	Leading positions in attractive market segments	
<b>Profitable Growth</b>	Increased global sales coverage and market penetration are ensuring profitable growth	
<b>Expertise</b>	Comprehensive portfolio of products, formulations and services sustain successful business development	
<b>Registrations</b>	Regulatory expertise and portfolio of registrations ensure strong position in a market with high entry barriers	

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