Deutsche Bank Investor Visit
LANXESS Growth in China

Ming C. Chien, President APAC Region
Shanghai, March 16, 2020
- China macroeconomics from LANXESS perspective
- LANXESS growth initiatives in China amid COVID-19
- Responsible stakeholder engagement
- Q&A
China vision to target climate neutrality by 2060

China CO₂ emission forecast

- Net CO₂ emission
- Electricity generation
- Industrial activities
- Agriculture
- Others
- Forestry
- Carbon capture

- Emission peak
- ~ 25% non-fossil energy as primary energy source
- Initiation of carbon neutral road map
- Carbon neutrality

Data source: BP energy 2020 / Petro China Economics & Technology Research Institute, Dec. 2020
China achieved 2.3% of GDP growth in 2020, 7.9% forecast for 2021 by both IMF and World Bank

Tangible and steady recovery since COVID-19 under control in China

Investment growth (YoY)

Retail sales of consumer goods growth (YoY)

Industry added value growth (YoY)

Trade (Imp & Exp) growth (YoY)

GDP growth

Contribution to GDP growth

China remains good opportunity for foreign firms over next years

Reform continues to sustain growth with 14th five-year plan to be launched in “two sessions”

Optimistic five-year business outlook: EIU survey

Regional partnership
Financial opening
Free trade zone
Consumption upgrade
Technical innovation
Integrated market

“Dual Circulation” to bolster growth by strengthening exports and consumer demand

* Data source: Wind, IMA, Economist Intelligence Unit - Asia Business Outlook Survey (ABOS) 2021
EU China Investment Agreement – CAI

Key facts

- Agreement to replace 26 individual treaties with a single EU agreement
- Ratification expected within 12 to 18 months
- Focus on aspects concerning market access, level playing field, sustainable development and enforcement

Impact to LANXESS

- Elimination of JV requirement in automotive industry marks progress toward a level playing field in important customer industry
- Progress in standard setting will benefit overall business environment in China
- Progress in IP protection will increase commitment of domestic and foreign investors and strengthen innovative capability of Chinese economy
- LANXESS believes in the strong need for sustainability and welcomes commitment to implement the Paris Climate Agreement
China will continue to outgrow the global chemicals industry and become an even more important market.

China will account for half of the global chemicals industry in 2030.

**Global chemical sales by region [EUR bn]**

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>41%</td>
<td>48%</td>
</tr>
<tr>
<td>Rest of APAC</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>Americas</td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td>Europe</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>Rest of world</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

**EUR 4,955 bn**

**CAGR**

- China: 4.1%
- Rest of APAC: 11%
- Americas: 3.4%
- Europe: 3.0%
- Rest of world: 1.9%
- APAC: 1.6%

**Growth contribution**

- China: 62%
- Rest of world: 9%
- Rest of APAC: 13%
- Americas: 11%
- Europe: 4%
- APAC: 4%

Source: IHS 2017
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Greater China sales maintained at historical high level in 2020

China only market with strong demand in APAC in COVID year

Contribution of GC sales

- Americas 25%
- EMEA 50%
- Rest APAC 11%
- Andere 25%
- GC 14%

GC sales in m EUR

CAGR: +6%

-1%

2016 2019 2020

- Automotive sector strongly sustained LXS performance in China in 2020
- Consumer protection segment enjoyed growth of more than 20%
LANXESS expects steady growth from the megatrends of China in the next years

<table>
<thead>
<tr>
<th>Green Development</th>
<th>Better Life</th>
<th>New Energy Vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td>green roofing</td>
<td>clean water</td>
<td>auto light-weight</td>
</tr>
<tr>
<td>environment friendly coating</td>
<td>bio-security</td>
<td>battery technology</td>
</tr>
<tr>
<td>energy saving building</td>
<td>beverage safety</td>
<td></td>
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</tbody>
</table>
Optimized organization strengthens operational efficiency and business development

APAC regional organization

- **Regional concept** established August 1, 2018
  - APAC, EMEA, Americas, India

- **LANXESS APAC Region**
  - Headed by APAC President Ming Cheng Chien
  - Shanghai appointed APAC regional headquarters by LANXESS Board of Management
  - Includes Greater China, Japan, Korea, ASEAN, Australia and New Zealand

- **Tasks**
  - Develop new business opportunities
  - Active participation in industry consolidation

**Strong platform for growth**
“…we believe huge growth potential and endeavor to strengthen our footprint here to grow further…”

Grow in most sustainable chemical park

- 20 hectares of land reserved in SCIP with MoU signed
- Investment budget up to EUR 250 million allocated to APAC for 2018-2023
  - Focus on China as largest market

SCIP ranked No. 1 Chempark by CPCIF in 2020

Most sustainable chemical park in China
LANXESS establishes APAC Development Center to develop local solutions for local market

Setup on track without delay with building handed over on December 15, 2020

Announcement AADC in SHH

Groundbreaking

Operation launch

LANXESS

Seamless milestone after authorization as APAC headquarters
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Responsible stakeholder engagement

Corporate Responsibility

- “Clean Water for Better Life” University Students Water Research Competition
  - From 2015 to 2020, in total 949 students from 62 universities in 24 provinces participated

Public Advocacy

- China Petroleum and Chemical Industry Federation (CPCIF)
- Association of International Chemical Manufacturers (AICM)
- European Chamber of Commerce (EUCCC) and German Chamber of Commerce (AHK)

Recent Awards

- Top Employer China 2021 / certified for 4th consecutive year
- Golden Key Award 2021 / China Sustainability Tribune
- Innovation and Sustainability 2020 Excellence Award / Shanghai Daily
China is the world’s largest chemical market

We continue to drive our growth in China

We have many plans!
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LANXESS –
A globally operating specialty chemicals company

- Spin-off from Bayer in 2004
- Specialty chemicals portfolio: chemical intermediates, additives, specialty chemicals and plastics

- Approximately 14,300 employees in 33 countries
- Global sales of EUR 6.1 billion in 2020

- Strengthening of leading position in medium-sized markets
- Consolidation in Europe, expansion in USA and Asia
LANXESS goes climate neutral

**CO$_2$ emissions (kt)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Emissions (kt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>6,500</td>
</tr>
<tr>
<td>2018</td>
<td>3,200</td>
</tr>
<tr>
<td>2025</td>
<td>2,400</td>
</tr>
<tr>
<td>2030</td>
<td>1,600</td>
</tr>
<tr>
<td>2040</td>
<td>Neutral*</td>
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**Three-pillar strategy until 2040**

- **Major impact projects**
  - Promote coal phase-out in chemical parks
  - Nitrous oxide reduction plant in Antwerp
  - Switch to renewable energies in India

- **Decouple emissions and growth**
  - Climate targets for each business unit
  - CO$_2$ footprint as a criterion for organic growth and acquisitions

- **Technical innovations**
  - Increase energy efficiency in Verbund structure
  - Focus research on climate-neutral process and technology innovation
  - Climate-neutral production technologies in the global asset park