LANXESS 2011 Analyst Roundtable

Frequently discussed topics and strategy update

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- Additional EBITDA will be the result of:
  - announced CAPEX projects
  - additional organic and external growth over next four years

References to EBITDA are pre exceptionals; projects are exemplary

* expected

Well on track to reach new profit level
Successful pricing strategy for more than six years

**Raw material effects sustainably balanced**
- Change in input costs
- Change in selling prices

**Effective pricing management**
- Premium high-tech products
- Price-before-volume strategy
- Customer-orientation
- Focused and experienced team
- Six year track record of managing volatile input costs
- Determined to pass on increasing input costs in the future

LANXESS is well positioned with its global and diversified sourcing strategy

**World largest buyer with negotiation power**
- Global procurement network
- Best in class contracts

**Butadiene sourcing**
- LANXESS is well positioned in value-added product pyramid
- Reliable sourcing has highest priority
- Butadiene availability secured through comprehensive set of proactive measures
- Targeted activities to gain new suppliers and anticipate trends

**LANXESS manages raw material supply reliably**
- Extraction in Sarnia for captive use (PBR / Orange)
- Multiple suppliers
Financial hedging approach improves planning reliability and reduces volatility

- Top three currencies account for ~80% of exposure
- USD dominating with BRL, CAD following
- Total exposure: USD 1.5-2.0 bn
- 2011 USD hedging ratio ~40% at 1.30 – 1.40 USD / EUR

FX sensitivity rule update
- Rule of thumb updated on changing sales setup due to:
  - Regional focus in growth regions
  - Acquisitions in USD-denominated regions

Foreign exchange exposure
- Booked exposure: net of trade receivables and payables is 100% hedged
- Planned exposure: rolling hedging concept with targeted hedge ratios
- Instruments: mainly forwards

FX sensitivity: ~€9 m impact on operating result per 1 cent change in USD / € FX rate, before hedging

Sustainable synergies of acquired EPDM business
- Total synergies of ~€20 m in 2013
- Thereof ~€10 m already in 2012

Integration expenses
- Integration costs of ~€30 m, thereof exceptionals of ~€25 m
- Cash outs broadly in line with expenses
LANXESS’ acquisition strategy: clear set of strategic and financial criteria

- **Strategic criteria**
  - Size*
  - Attractive price
  - ROCE improvement
  - Cultural fit
  - Strategic fit
  - EPS accretion (latest in year 3)

- **Financial criteria**
  - Adequate WACC
  - Apply our competencies

* Sales up to €1bn - equal to existing business unit size

Chart 7