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### Financials

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Dear Investors and Analysts,

October 2011

The LANXESS Board of Management always welcomes an opportunity to acknowledge the support and engagement of our investors. This publication represents just part of our ongoing effort to maintain a high level of transparency and to provide you with all the data and information you need.

LANXESS is a young company. We have been “energizing chemistry” as an independent entity only since 2005. But we have deep roots in some of today’s most dynamic and rapidly expanding sectors of the chemical industry. Our Performance Polymers segment continues to benefit greatly from the trend toward increased mobility in the developing world. Our Advanced Intermediates and Performance Chemicals segments are similarly well-positioned with respect to megatrends involving agriculture, urbanization and the global water supply. All 13 of our business units are targeted for growth, particularly in the BRIC countries that have been driving the global economy.

We continue to seek out new opportunities for growth – both organic and external – and are working steadily toward increasing the group’s EBITDA to new levels. This comes on top of our performance in the past five years, which resulted in an EBITDA increase of 40 percent, in spite of the global financial crisis.

In our continuing quest for sustainable growth, we fully understand the importance of listening to our investors and looking to the capital markets for feedback and guidance. Analysts and investors represent a primary resource that cannot responsibly be ignored in shaping the future of any serious enterprise. At LANXESS, we believe in providing you with all the information we can, so that your energies and insights can be joined with ours as we lead our company forward. We expect that this collaboration will continue to stand us in good stead through the coming years.

Sincerely,

Axel C. Heitmann
Chairman of the Board of Management

Bernhard Düttmann
Chief Financial Officer
LANXESS is one of the world's leading chemical companies, with a focus on specialty products.

Organizational strength: LANXESS’ lean and efficient global structure enables fast decision-making that permits the company to sustain a competitive edge. A proactive and flexible approach served LANXESS well during the financial and economic crises, which struck global markets in 2008.

Competitiveness: LANXESS has established powerful market positions on a global scale with premium products and strong brands in the fields of synthetic rubber, high-tech plastics, intermediates, fine chemicals and application orientated activities in the field of performance chemicals.

Growth: The Company serves the key global megatrends associated with mobility, urbanization, agriculture and water. LANXESS is in the process of accelerating its organic and external growth and has set ambitious new targets, including an increase in EBITDA to €1.4 bn in 2015.

LANXESS relies on these strategic cornerstones for accelerated growth:
- Capitalize on megatrends
- Ongoing efficiency improvements
- Premium products
- Global cost competitiveness
- Active portfolio management
- Price before volume strategy
- Product and process innovation
- Focus on BRIC
- Disciplined organic and external growth
- Sound financial discipline

Sustainable dividend strategy: LANXESS first initiated dividend payments in 2006 and is committed to the sustainable profit participation of its shareholders.
Agenda

1. LANXESS – Energizing Chemistry
   - Overview
   - Strategy
   - Innovation
   - Corporate Responsibility
2. Business Segments
3. Financials

LANXESS – A leading specialty chemicals group

LANXESS – Energizing Chemistry

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<th>Business Segments</th>
<th>Financials</th>
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<tr>
<td>Performance Polymers</td>
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<tr>
<td>Advanced Intermediates</td>
<td></td>
</tr>
<tr>
<td>Performance Chemicals</td>
<td></td>
</tr>
</tbody>
</table>

- Performance Polymers
  - Globally No. 1-3
  - Leading suppliers of custom synthesis and basic chemicals (agrochem-related)
  - Supporting trends:
    - increasing crop demand based on growing world population
    - need of farmers to raise yields
    - industry consolidation

- Advanced Intermediates
  - Europe No. 1-2
  - Global technology leader in synthetic rubber and polyamide
  - Supporting trends:
    - mobility, growing population in Asia
    - high-performance tires
    - vehicle weight reduction
    - tire labeling

- Performance Chemicals
  - No. 1-4 in niches
  - Application-orientated specialty chemicals
  - Strong brands and technology leader
  - Supporting trends:
    - scarcity of purified water
    - rising middle class in APAC
    - ongoing market consolidation
Portfolio management allows for regrouping of LANXESS businesses along chemical segmentation

LANXESS Board of Management: directly connected to the Group Functions and Business Units

LANXESS Fact Book – Overview
2003-2005: immediate focus on transformation of LANXESS since the spin-off

| 2003-11-07 | Decision made on the strategic reorganization of the Bayer Group |
| 2004-09-22 | Signing of the spin-off agreement |
| 2004-11-17 | Extraordinary Meeting of Bayer AG – acceptance of spin-off by Bayer’s shareholders |
| 2005-06-03 | Announcement of 1st phase of restructuring |
| 2005-06-06 | Buyback of Mandatory Convertible |
| 2005-06-20 | Admission into MDAX |

2004-2005

- **2003-03-18**: Announcement of the name LANXESS created from a combination of the words "lancer" (to launch) and "success"
- **2004-11-25/26**: First press and analyst conference
- **2005-01-31**: Initial quotation at the Frankfurt Stock Exchange
- **2005-06-03**: Announcement of 1st phase of restructuring
- **2005-06-06**: Buyback of Mandatory Convertible
- **2005-06-20**: Admission into MDAX

2006-2007: first upgraded ratings show achievements of ongoing transformations

| 2006-03-01 | Carve-out of the BU FCH to form Saltigo |
| 2006-04-04 | Announcement of 3rd phase of restructuring |
| 2006-09-15 | 1st Capital Markets Day (CMD) |
| 2006-12-14 | Announcement: acquisition of CISA |
| 2007-07-18/31 | Ratings upgraded by Moody’s to Baa2 and S&P to BBB |
| 2007-11-13 | LANXESS signs new seven-year €1.4 bn credit facility |

2006-2007

- **2006-03-01**: Divestment of BU PAP and BU FIB concluded
- **2006-07-24**: Announcement of 4th phase of restructuring
- **2007-06-29**: Lustran Polymers JV with INEOS announced
- **2007-12-13**: Announcement: acquisition of Petroflex
2008-2010: resuming growth after responsible crisis management and future orientation in rough times

2008-2010
Announcement: acquisition of Jinzhuo Chemicals Company Ltd. (China)
Announcement of “Challenge09-12”
Anniversary: “100 Years of Synthetic Rubber”
Listing anniversary “5 years of LANXESS”
Groundbreaking ceremony butyl rubber plant Singapore
“Challenge 09-12” partly put on hold

2009-01-30
Announcement of “Challenge09”

2009-06-08
Acquisition of Gwalior Chemical Industries Ltd. (India) and Jiangsu Polyols Chemicals Co. Ltd. (China)

2009-08-12
Announcement of “Challenge09-12”

2009-09-12
Anniversary: “100 Years of Synthetic Rubber”

2010-01-31
Listing anniversary “5 years of LANXESS”

2010-05-07
Partnership in China: signing LANXESS and Taiwan’s TSRC Corporation

2010-05-17
Groundbreaking ceremony butyl rubber plant Singapore

2010-09-15/16
CMD: LANXESS announces new ambitious growth targets

2010-08-06
“Challenge 09-12” partly put on hold

2008-2010: resuming growth after responsible crisis management and future orientation in rough times

Portfolio transformation towards higher earnings growth

<table>
<thead>
<tr>
<th>Divested</th>
<th>Year</th>
<th>Leadership Position</th>
<th>Cyclicality</th>
<th>Profitability Expectation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fibers</td>
<td>2005</td>
<td>Weak</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Paper</td>
<td>2005</td>
<td>Moderate</td>
<td>Moderate</td>
<td>Medium</td>
</tr>
<tr>
<td>Textile Processing Chem.</td>
<td>2006</td>
<td>Weak</td>
<td>Moderate</td>
<td>Medium</td>
</tr>
<tr>
<td>Lustran Polymers</td>
<td>2007</td>
<td>Good</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>CISA (LEA)</td>
<td>2006</td>
<td>Good</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Petroflex (PBR)</td>
<td>2007</td>
<td>Good</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Jinzhuo Chemicals (IPG)</td>
<td>2008</td>
<td>Good</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>Gwalior Chemicals (BAC)</td>
<td>2009</td>
<td>Good</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Jiangsu Polyols (BAC)</td>
<td>2009</td>
<td>Good</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Darmex (RCH)</td>
<td>2011</td>
<td>Good</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Syngenta Mat. Prot. (MPP)</td>
<td>2011</td>
<td>Good</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>DSM EPDM (TRP)</td>
<td>2011</td>
<td>Good</td>
<td>Moderate</td>
<td>High</td>
</tr>
</tbody>
</table>
Worldwide present serving a broad customer range with varying demand patterns

LANXESS performance by region 2010

Sales distribution by industry 2010

LANXESS – Improvement trend of financials, based on strategy implementation

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA* [€ m]</td>
<td>311</td>
<td>447</td>
<td>581</td>
<td>675</td>
<td>719</td>
<td>722</td>
<td>465</td>
<td>918</td>
</tr>
<tr>
<td>Net financial debt [€ m]</td>
<td>1,135</td>
<td>680</td>
<td>511</td>
<td>460</td>
<td>864</td>
<td>794</td>
<td>913</td>
<td></td>
</tr>
<tr>
<td>Net financial debt / EBITDA*</td>
<td>2.5x</td>
<td>1.2x</td>
<td>0.8x</td>
<td>0.6x</td>
<td>1.2x</td>
<td>1.7x</td>
<td>1.0x</td>
<td></td>
</tr>
<tr>
<td>Gearing [%]</td>
<td>101</td>
<td>54</td>
<td>36</td>
<td>30</td>
<td>65</td>
<td>55</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>Underlying EPS**</td>
<td>(2.23)</td>
<td>0.65</td>
<td>1.19</td>
<td>2.69</td>
<td>3.36</td>
<td>3.44</td>
<td>1.31</td>
<td>4.81</td>
</tr>
<tr>
<td>Dividend [€]</td>
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<td>0.25</td>
<td>1.00</td>
<td>0.50</td>
<td>0.50</td>
<td>0.70</td>
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</tr>
</tbody>
</table>

Ongoing performance improvement

*pre exceptionals; **EPS pre exceptionals, based on actual tax rate, 2008 data adjusted for change in pension accounting

LANXESS Fact Book – Overview
Agenda

1. LANXESS – Energizing Chemistry
   - Overview
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2004-2010 transformation and growth: + >100% EBITDA*

*pre exceptionals
Sustainable success based on LANXESS DNA

- Technology-driven specialty chemical portfolio
- Focus on “Green Chemistry”
- Global footprint
- Targeted investment in growth markets
- Best-in-class asset base
- Globally competitive product portfolio
- Effective management of complexity
- Entrepreneurial performance-driven culture

LANXESS capitalizing on global megatrends

- Mobility
- Agriculture
- Urbanization
- Water
Dual track growth strategy

- Targeted investments in profitable existing business lines
- Product innovation
- Efficiency programs
- Pricing power

- Targeted accretive investments to complement and strengthen our portfolio

~€1.4 bn EBITDA* through disciplined and targeted growth by 2015

EBITDA* [€ million]

2004
2010
2015

Restructuring
Organic
External

447
2:1
~800

Organic
External
~1,400

Minimum EBITDA* growth for each business: 5% CAGR

*pre exceptionals

+ ~80%
Ambitious growth target for 2015

EBITDA pre exceptionals 2015

~€1.4 billion
Agenda

1. LANXESS – Energizing Chemistry
   - Overview
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Innovation as key element in the LANXESS success story

- Innovation budget [€ m] / % of total sales
  - 2009: 2.0% / 101
  - 2008: 1.5% / 97
  - 2007: 1.3% / 88
  - 2006: 1.3% / 87

- Innovation headcount / % of total headcount
  - 2009: 3.5% / 505
  - 2008: 3.0% / 441
  - 2007: 2.8% / 408
  - 2006: 2.4% / 390

- Innovation projects
  - 2009: 160
  - 2008: 110
  - 2007: 110
  - 2006: 120

- Worldwide innovation center

LANXESS Fact Book – Innovation
Innovation culture drives LANXESS success

**R&D setup at LANXESS**
- R&D conducted in each business unit for maximum customer and market proximity
- Central coordination department boosting interaction and knowledge sharing between business units
- First-class support departments ensure optimal implementation of projects
- Integration of existing development networks
- Focus on quick time-to-market
- Optimized project management for maximum added value with minimum workload
- In 2009 LANXESS had a total of 84 major research partnerships (universities: 37, suppliers or customers: 38, research institutes: 9)

80% of R&D projects are market-ready within two years

**Maximum market-orientation fosters turnover potential of nearly €600 m till 2013**

**Turnover potential by business segments**

<table>
<thead>
<tr>
<th>Year</th>
<th>Performance Polymers</th>
<th>Advanced Intermediates</th>
<th>Performance Chemicals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>~€100 m</td>
<td>~€200 m</td>
<td>~€600 m</td>
</tr>
<tr>
<td>2010</td>
<td>~100 m</td>
<td>~200 m</td>
<td>~600 m</td>
</tr>
<tr>
<td>2011</td>
<td>~150 m</td>
<td>~250 m</td>
<td>~600 m</td>
</tr>
<tr>
<td>2012</td>
<td>~200 m</td>
<td>~300 m</td>
<td>~600 m</td>
</tr>
<tr>
<td>2013</td>
<td>~250 m</td>
<td>~350 m</td>
<td>~600 m</td>
</tr>
</tbody>
</table>
Agenda

1. LANXESS – Energizing Chemistry
   - Overview
   - Strategy
   - Innovation
   - Corporate Responsibility
2. Business Segments
3. Financials

Corporate Responsibility at LANXESS – Valuable for business and for society

Corporate Responsibility at LANXESS

Good for business
- Sustainable growth
- Increasing awareness among customers
- Increasing awareness among public
- Strengthening reputation

Good for society
- Protection of climate and environment
- Social responsibility
- Education and advancement
- Safety and security

Direct link to business / LANXESS know-how

Water
Climate Protection
Education
Water – LANXESS with a key role in resolving the world’s water issues

Importance to LANXESS

- Over a billion people without access to clean drinking water thus water will globally become one of the most important and failed resources over long term
- With its know-how and innovative water treatment products, LANXESS plays an important role in solving global water problems

LANXESS contribution

- **Innovative products**: LANXESS products used to conserve, transport, clean and save water globally, e.g. LANXESS ion exchange resins
- **Stewardship**: efficient use of water due to highly modern facilities and optimized processes, e.g. around 50% water savings in Porto Feliz/Brazil
- **Responsibility programs**: e.g. by support of AMREF* LANXESS establishes water supply for nearly 10,000 students in Tanzania

*AMREF = African Medical & Research Foundation

Climate Protection – LANXESS with important contribution to this long-term challenge

Importance to LANXESS

- Climate protection is at the top of world political agenda: curtailing consequences of greenhouse effect as top priority of industry and society today
- Climate protection is a long-term challenge and helps to assure the future of the company
- LANXESS firmly committed to meeting its climate protection responsibilities, invests in sustainable solutions

LANXESS contribution

- **Innovative Products**: LANXESS offers innovative products and solutions to reduce CO₂ emissions, e.g. rubber innovations for high-performance tires
- **Climate-friendly production**: reduction of own direct emissions as well as conserving natural resources and use of renewable energy sources where possible
- **Climate protection target for Germany**: emission reduction of 80% by 2012 compared to 2007 already achieved in 2009
Education – LANXESS invests in the future and promotes young talents around the world

**Education – Our most important resource**

**Importance to LANXESS**
- Demand for highly trained skilled workers increasing in contrast to decreasing proportion of young people in population. Even today there is a lack of skilled workers, particularly in the field of natural sciences.
- Qualified young employees as basic prerequisite for the sustained success of a company anywhere in the world.
- LANXESS acknowledges its responsibility with local education initiatives at its operating locations.

**LANXESS contribution**
- LANXESS wants young people to recognize the fascination of natural sciences and technology at an early age.
- LANXESS invests in education in expertise on national and international level, e.g. Education Initiative Germany, sponsoring of various education initiatives in Argentina.
Business Segments
– Performance Polymers
Agenda

1. LANXESS – Energizing Chemistry
2. Business Segments
   - Performance Polymers
   - Advanced Intermediates
   - Performance Chemicals
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Performance Polymers: leading market positions with strong and diversified portfolio

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<thead>
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<tbody>
<tr>
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<td>Technical Rubber Products</td>
</tr>
<tr>
<td>Semi-Crystalline Products</td>
</tr>
</tbody>
</table>

- One of the world’s leading manufacturers of high-quality butyl and halobutyl rubbers which are impermeable to gas and moisture for tire and rubber industries
- One of the leading manufacturers of synthetic rubbers (PBR, E-SBR and S-SBR) which are used for manufacturing modern, fuel-efficient tires and many other products (e.g. footwear)
- Offers five types of high-performance technical rubber products for a wide range of applications: seals, hoses, profiles, cable sheathing, special films and adhesives
- Provides high-tech plastics for a broad variety of customer industries (automotive, electronics, etc.) and is committed to the development of products and new applications
Performance Polymers: one strong pillar of LANXESS businesses

~55% of Group sales*

~55% of Group EBITDA pre*

Sales 2004 – 2010

EBITDA** (margin) 2004 – 2010

Sales by BU 2010

Capex*** 2004 – 2010

* operating segments; ** pre exceptionals; *** net of finance lease

Serving global markets with world-class manufacturing base

* in construction

LANXESS Fact Book – Performance Polymers
## Performance Polymers: globally No. 1-3 in synthetic rubber and polyamide

<table>
<thead>
<tr>
<th>Megatrends: mobility and urbanization</th>
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<tbody>
<tr>
<td>Mobility, growing population in Asia</td>
<td>High-performance tires, tire labeling</td>
</tr>
<tr>
<td>Vehicle weight reduction</td>
<td>Growing requirements for high-quality medical packaging</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Globally competitive position</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Global technology leader in synthetic rubber and polyamide</td>
<td>Strong global production footprint</td>
</tr>
<tr>
<td>Excellent track record of price pass-through</td>
<td></td>
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<table>
<thead>
<tr>
<th>Market orientation</th>
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<tbody>
<tr>
<td>Premium-quality products across entire portfolio</td>
<td>Customer proximity: moving with customers to Asia</td>
</tr>
<tr>
<td>Major end uses: tire and automotive industries</td>
<td></td>
</tr>
</tbody>
</table>

**Megatrends:**
- mobility and urbanization

**Globally competitive position**
- Global technology leader in synthetic rubber and polyamide
- Strong global production footprint
- Excellent track record of price pass-through

**Market orientation**
- Premium-quality products across entire portfolio
- Customer proximity: moving with customers to Asia
- Major end uses: tire and automotive industries
Butyl Rubber: a market leader in synthetic rubber

Overview
- Provides butyl rubber which is a high-quality rubber impermeable to gas and moisture with high chemical resistance and excellent mechanical properties
- Wide applications in tire and non-tire markets (high-tech pharmaceutical sealants, chewing gum)

Supporting growth trends
- Mobility, growing middle-class in emerging countries
- Increasing global trend for radial truck and bus tires in emerging countries
- Growing requirements for high-quality medical packaging

End uses
- 84% Tire
- 5% Pharma
- 4% Gum
- 7% Others

Global demand 2010e
- EMEA 22%
- Americas 21%
- Asia-Pacific 57%

LANXESS estimates
LANXESS provides regular and halogenated butyl rubber

**Products**
- Regular butyl rubber (Butyl)
- Halobutyl rubber (Chlorobutyl, Bromobutyl)

**Applications**
- Tread → influences grip, fuel economy and noise
- Undertread → joins the tread to steel belt and carcass
- Upper steel belt → influences driving features and shape
- Sidewall → protects carcass from damage
- Lower steel belt → influences the driving features and shape
- Carcass → gives support and shape
- Innerliner → replaces the tube
- Steel wires → keeps the tire safely attached to wheel rim

The use of halobutyl rubber in innerliners made modern tires possible

Made of BU BTR rubber
New plant with best-in-class technology

- Favorable technology due to implementation of streamlined processes
- Lowering the plant's overall energy consumption utilizing optimized equipment and state-of-the-art exhaust gas treatment systems

Protect and improve leadership position

- Developing the next generation of butyl technology
- Breakthrough resulting in an entirely new production process with highly efficient resource utilization

Develop breakthrough

Continuous investments to profit from growing demand

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>Expansion of Antwerp site by 10% completed</td>
</tr>
<tr>
<td>2007</td>
<td>Expansion of Sarnia site by 40% completed</td>
</tr>
<tr>
<td>2008</td>
<td>Further expansion of Sarnia site by 10% completed</td>
</tr>
<tr>
<td>2009</td>
<td>Debottlenecking Antwerp by 10% will be completed</td>
</tr>
<tr>
<td>2010</td>
<td>Start up of new world-scale production in Singapore</td>
</tr>
</tbody>
</table>

Timeline new plant in Singapore

- Engineering
- Groundbreaking
- Construction
- Soil preparation
- Infrastructure
- Steel construction
- Beginning of pipeline installation
- Pipeline installation
- Technology installation
- Testing
- Start of production
Butyl Rubber: growing markets with huge demand, especially in Asia-Pacific

Market environment
- **Total global demand (2010e)**
  - ~€2.2 bn
- **Market development (2011-2015)**
  - Overall CAGR: 3-4%
  - Asia-Pacific: ~5%
  - EMEA: ~2%
  - Americas: ~2.5%
- **Main competitors**
  - ExxonMobil Chemicals
  - Nizhnekamskneftekhim
  - Sibur (Togliattikauchuk)
  - Sinopec (Yanhua)

Supply / demand for butyl rubber
- Tight market 2010-2013

LANXESS capacities
- ~400kt/y (including all announced investments)

LANXESS production sites
- Zwijndrecht, Belgium
- Sarnia, Canada
- Singapore (2013)

Butyl Rubber: a leading market and technology position as well as strong customer relationships

**Strengths / opportunities**
- Leading producer of butyl rubber
- Leading technology in halogenated butyl rubber
- Cost efficiency due to world-scale plants
- Continuously investing in the future, e.g. Antwerp expansion, Singapore plant
- Strong customer relationship based on strategic collaborations with top manufacturers to meet specific customer needs
- Leverage a leading market position in overall market for butyl rubber
- Investing in renewable raw material sources

**Weaknesses / challenges**
- Change of air-retention-technology is a potential threat
- Increasing Asian and Russian competition
- Dependency on tire business / transportation activities
Agenda

1. LANXESS – Energizing Chemistry
2. Business Segments
   - Performance Polymers
     Butyl Rubber
     Performance Butadiene Rubbers
     Technical Rubber Products
     Semi-Crystalline Products
   - Advanced Intermediates
   - Performance Chemicals
3. Financials

Performance Butadiene Rubbers: leading market position

Overview
- The world’s leading manufacturer of performance polymers
  - polybutadiene rubber (PBR)
  - styrene-butadiene-rubber (solution and emulsion, S-SBR and E-SBR)

Supporting growth trends
- Mobility
  - tire labeling
  - growth in retreading
  - energy efficient tires, e-mobility
- Population growth, urbanization

*E.g. industrial and mining

Overview
- The world’s leading manufacturer of performance polymers
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  - styrene-butadiene-rubber (solution and emulsion, S-SBR and E-SBR)

Supporting growth trends
- Mobility
  - tire labeling
  - growth in retreading
  - energy efficient tires, e-mobility
- Population growth, urbanization

*E.g. industrial and mining
Performance Butadiene Rubbers offers top products meeting today's and tomorrow's requirements

**Products**

- PBR: polybutadiene rubber (Buna™ CB)
- S-SBR: solution styrene-butadiene rubber (Buna™ VSL, Buna™ BL)
- E-SBR: emulsion styrene-butadiene rubber (Buna™ SE)

**Applications**

Performance Butadiene Rubbers shapes performance tires

- **Tread** → influences grip, fuel economy and noise
- **Undertread** → joins the tread to steel belt and carcass
- **Upper steel belt** → influences driving features and shape
- **Sidewall** → protects carcass from damage
- **Lower steel belt** → influences the driving features and shape
- **Carcass** → gives support and shape
- **Innerliner** → replaces the tube
- **Steel wires** → keeps the tire safely attached to wheel rim

Made of BU PBR rubber
Offers a complete range of polybutadiene and styrene butadiene rubbers, focusing on performance grades

**Production process**

- Butadiene (key raw material)
  - Solution polymerization
  - Polybutadiene rubber
    - Buna® CB
- Butadiene & styrene (key raw material)
  - Solution polymerization
  - Solution styrene butadiene rubber (S-SBR)
    - Buna® VSL + BL
- Butadiene & styrene (key raw material)
  - Emulsion polymerization
  - Emulsion styrene butadiene rubber (E-SBR)
    - Buna® SE

**Market environment**

*Total global demand (2010e)*
- ~€11 bn

*Market development (2011-2015)*
- Performance applications*: ~10%
- Overall CAGR: 3-4%
  - Asia-Pacific: ~5%
  - EMEA: ~2%
  - Americas: ~2%

*Main competitors**
- Goodyear
- KKPC
- NKNK
- Polimero
- Sibur
- Styron
- Sinopec

**Supply / demand for PBR**

*LANXESS capacities*
- >800kt/y

*LANXESS production sites*
- Cabo, Brazil
- Caxias, Brazil
- Triunfo, Brazil
- Port Jérôme, France
- Dormagen, Germany
- Orange, USA

*Source: LANXESS estimates based on CMAI, SRI, LMC*
PBR: broad and innovative product portfolio combined with excellent reputation and prospects

**Strengths / opportunities**

- Broad and innovative product portfolio offered to both tire manufacturers and rubber consuming industries
- Strategic focus on high-performance products such as Nd-PBR and S-SBR
- Product portfolio ideally suited to satisfy the growing needs for performance products in APAC
- Reputation with top customers for reliable performance and delivery
- World-scale plants in EMEA, LATAM and NAFTA with modern, cost efficient production
- Strategic raw material (butadiene) is secured structurally and track record in price pass-through

**Weaknesses / challenges**

- Dependency on tire business / transportation activities
- Continuously meeting growing global demand for our performance products
- Currently no manufacturing facility in APAC
- Manage raw material price volatility for butadiene
Agenda

1. LANXESS – Energizing Chemistry

2. Business Segments
   - Performance Polymers
     - Butyl Rubber
     - Performance Butadiene Rubbers
   - Technical Rubber Products
     - Semi-Crystalline Products
   - Advanced Intermediates
   - Performance Chemicals

3. Financials

Technical Rubber Products: broad spectrum of products and applications

Technical Rubber Products – facts

Overview
- Offers a broad range of specialty elastomers for the rubber processing industry
- Used in automotive, engineering, construction, electronics, oil exploration and aviation industries

Supporting growth trends
- Mobility
- Urbanization
- Growing population in emerging countries

End uses
- Automotive 38%
- Others 17%

Global demand 2010e
- Americas 28%
- Asia-Pacific 40%
- EMEA 32%
- Construction 4%
- Plastics 5%
- Electronics 6%
- Footwear 13%
- Mechanical engineering 17%

LANXESS estimates

LANXESS Fact Book – Performance Polymers: Technical Rubber Products
Technical Rubber Products: extensive portfolio of synthetic rubbers

**Products**

- **NBR**: nitrile-butadiene rubber (Krynac®, Perbunan®)
- **EPDM**: ethylene-propylene diene rubber (Buna™ EP)
- **CR**: chloroprene rubber (Baypren®)
- **HNBR**: hydrogenated nitrile-butadiene rubber (Therban®)
- **EVM**: ethylene-vinyl acetate rubber (Levapren®, Levamelt®)

**Applications**

- The use of Nanoprene® improves the material properties of elastomer and thermoplastic materials
- Different Nanoprene® grades can be used to satisfy different requirements for various tire components (side wall, carcass, tread, etc.)
- Nanoprene® consists of spherical particles with a diameter in the range of 50nm
- Based on the monomers styrene and butadiene

**Nanoprene® – New product for several industrial applications**

- **Think big – Add nano**
  - The use of Nanoprene® improves the material properties of elastomer and thermoplastic materials
  - Different Nanoprene® grades can be used to satisfy different requirements for various tire components (side wall, carcass, tread, etc.)
  - Nanoprene® consists of spherical particles with a diameter in the range of 50nm
  - Based on the monomers styrene and butadiene

**Nanoprene®**

- Diameter: ~50nm
A leading supplier of specialty elastomers for the rubber industry

Production process

- Butadiene & acrylonitrile: Polymerization to Nitrile-butadiene rubber (NBR), followed by Hydrogenation to Hydrogenated nitrile-butadiene rubber (HNBR)
- Butadiene & chlorine: Polymerization to Chloroprene monomer, followed by Chlorination to (Poly-) Chloroprene rubber (CR)
- Ethylene & propylene & diene monomer: Polymerization to Ethylene-propylene diene rubber (EPDM)
- Ethylene & vinylacetate: Polymerization to Ethylene-vinyl acetate rubber (EVM)

Market environment

- Total global demand (2010e): €4.0 bn
- Market development (2011-2015): Overall CAGR: 3-4%
  - Asia-Pacific: ~5%
  - EMEA: ~2%
  - Americas: ~2.5%

Main competitors
- Denka
- DSM
- DuPont
- Exxon Mobil
- JSR
- Kumho
- Polimeri
- Zeon

Technical Rubber Products: leading market positions, state-of-the-art technology and world-scale plants

Supply / demand for NBR rubber in China

- Domestic capacity
- LXS/TRSC capacity
- NBR demand in China

Source: LANXESS estimates; *nameplate

LANXESS capacities
- >300kt/y

LANXESS production sites
- Nantong, China (JV with TSRC)
- La Wantzenau, France
- Dormagen, Germany
- Leverkusen, Germany
- Marl, Germany
- Orange, USA
Technical Rubber Products: strong innovation capabilities combined with world-scale plants to enable future growth

**Strengths / opportunities**
- World-scale plants with state-of-the-art production facilities and processes (→ attractive cost position)
- Broad and deep product portfolio with strong brand marketing and strong innovation capability
- Strong position and high innovation potential in premium products EVM and HNBR
- EPDM-market fundamentals improving
- NBR: broadest product portfolio incl. taylor-made grades
- Broad customer basis

**Weaknesses / challenges**
- Consistent pass-through of raw material price increases
- Accompany market consolidation and migration to Asia
- Substitution by alternative technologies in end applications (gear belt vs. linkage)
Agenda

1. LANXESS – Energizing Chemistry
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     Semi-Crystalline Products
   - Advanced Intermediates
   - Performance Chemicals
3. Financials

Semi-Crystalline Products: high-value added product portfolio and upstream-integration in strategic raw materials

**Semi-Crystalline Products – facts**

**Overview**
- SCP provides
  - a wide range of PA* and PBT** based high-tech plastics
  - a global production and R&D network for high-tech plastics
  - a cost leadership position in strategic raw materials caprolactam, glass fibers and adipic acid due to world-scale production assets in Europe

**Supporting growth trends**
- Fuel efficiency and vehicle weight reduction: current content of high-tech plastics per cars ~14kg – growth of high-tech plastics replacing metal estimated at 4% p.a. between 2010 and 2020
- Mobility, growing car demand, especially in BRIC leading to annual car assembly growth of >3%

*L*polyamide; **polybutylene terephthalate

**End uses**

**Total SCP**
- Automotive 32%
- E&E 13%
- Sport/leisure 7%
- Construction 9%
- Textile 9%
- Packaging 6%
- Others 29%

**High-tech plastics**
- Automotive 51%
- E&E 22%
- Construction 6%
- Sport/leisure 5%
- Others 8%
- Chemistry 4%
- Packaging 10%

**Global demand 2010e**
- EMEA 35%
- Americas 25%
- Asia-Pacific 40%

LANXESS estimates: PA and PBT high-tech plastics by volume
Strong brands in high-tech plastics: Durethan® and Pocan®

Products
- Durethan® A – based on polyamide 6.6
- Durethan® B – based on polyamide 6
- POCAN® – based on polybutylene terephthalate (PBT)
- Available types for all three: non-reinforced, glass fiber reinforced, glass-bead and mineral-filled, glass fiber reinforced / mineral-filled, flame retardant, and polymer and elastomer-modified grades
- Glass fibers
- Plastics intermediates caprolactam and adipic acid
- Polyamide-based monofilament products

Applications

Semi-Crystalline products’ main focus on polyamide chain

Manufacturing chain
Upstream-integration into intermediates for high-tech plastics with focus on captive consumption
Strength in design of structural components makes SCP a premium development partner to the automotive industry

New generation of hybrid technology

- Hybrid technology with combination of injection molded Durethan and polyamide composite inserts
  - Low weight: weight reduction >10% over aluminum
  - Higher stiffness
  - Better impact performance
  - Possibility of complex designs
  - No corrosion and easier recycling

- **Application leader**: e.g. hoses and tubes for turbo charged engines, body components, oil pans, weight reduction of highest importance for e-mobility

- **Material leader**: e.g. flame retardant products in electrical engines, ECO grades for sustainable material solution

PA composite inserts

Semi-Crystalline Products – Strong European market position with leverage effects in Asia

**Market environment high-tech plastics**

- **Total global demand (2010e)**
  - ~€7 bn
  - (PA + PBT high-tech plastics)

- **Market development** (2011 - 2015)
  - Overall CAGR: ~6%
    - Americas: ~5%
    - EMEA: ~3%
    - APAC: ~9%

- **Main established global competitors**
  - BASF
  - DSM
  - DuPont
  - Rhodia

**LANXESS production sites**

- Antwerp, Belgium
- Wuxi, China
- Krefeld-Uerdingen, Germany
- Dormagen, Germany
- Hamm-Uentrop (JV), Germany
- Jhagadia, India (under construction)

*source: JD Powers 08/2010, LANXESS own estimates*
Semi-Crystalline Products: upstream-integration and focused investments enable attractive profitability and growth

**Strengths / opportunities**

- High-tech plastics
  - Leading position in EMEA and further business strengthening in Asia
  - Durethan® and Pocan® as strong brands in high-tech plastics
  - Broad product portfolio with ideal price performance ratio
  - Expertise and successful track record in application development and customized engineering to support long-term customer relationships
  - Customized product development and expertise in compounding technology allow to maximize customer benefit
  - Lean asset investments with regional focus

- Intermediates
  - World-scale upstream-integration into caprolactam, adipic acid and glass fibers
  - Cost leadership within world-scale assets due to economies of scale and logistical advantages

**Weaknesses / challenges**

- High-tech plastics
  - Repositioning of high-tech plastics business in Americas
  - Short-term volatilities in demand, raw material prices, energy costs and exchange rates lead to major shifts in global supply and demand balances and short-term of balances pricing / margins
  - Availability of special chemicals within high-tech plastics recipes

- Intermediates
  - Manage global supply and demand in line with trade barriers and subsidies
Business Segments
– Advanced Intermediates
Agenda

1. LANXESS – Energizing Chemistry
2. Business Segments
   - Performance Polymers
   - Advanced Intermediates
   - Performance Chemicals
3. Financials

Advanced Intermediates: Basic Chemicals and Saltigo, strong and reliable partners for our customers

One of the world’s leading suppliers of high-quality industrial chemicals (aromatics) which are extremely important for the manufacturing of a large number of chemical products, such as agrochemicals, dyestuffs and coatings

A major supplier on the custom synthesis market, providing state-of-the-art services to the agrochemicals, pharmaceuticals, and specialty chemicals industries. Saltigo is committed to support customers throughout the entire lifecycle of their products
Advanced Intermediates: financials demonstrate business’ resilience

- ~20% of Group sales*
- ~20% of Group EBITDA pre*

Sales 2004 – 2010
Sales by BU 2010
Capex*** 2004 – 2010

*operating segments; **pre exceptionals; ***net of projects financed by customers

Advanced Intermediates relies on manufacturing base with main focus in Europe

LANXESS Fact Book – Advanced Intermediates
Advanced Intermediates: in Europe number one to two in custom synthesis and basic chemicals

Megatrends: population growth & urbanization
- Increasing grain demand and land scarcity
- Need of farmers to raise yields
- Food and feed demand growth by ~50% by 2030*

Globally competitive position
- Unique, integrated manufacturing process provides BU AII clear competitive advantage
- Technology leadership and strong customer relationships based on established track record

Process orientation
- Internal engineering for rapid capacity expansions
- Integrated production facilities combined with competence in challenging chemistries

*Source: Monsanto, July 2010
Agenda

1. LANXESS – Energizing Chemistry
2. Business Segments
   - Performance Polymers
   - Advanced Intermediates
     Advanced Industrial Intermediates
     Saltigo
   - Performance Chemicals
3. Financials

Advanced Industrial Intermediates: leading global positions in diversified end user applications

All – facts

Overview
- Offers a broad range of mostly aromatic compounds which are important for large number of chemical products, such as agrochemicals, dyestuffs and coatings

Supporting growth trends
- Stable market due to high diversity of end uses
- World demand growth inline with GDP
- Strong growth in Asia-Pacific, especially in China and India
- Stable demand in consolidated European and American markets

End uses
- Others incl. polymers 43%
- Agro 25%
- Automotive 11%
- Paints & coatings 15%

Global demand 2010e
- Americas 23%
- Asia-Pacific 39%
- EMEA 38%
- Construction 7%
- Based on BU sales 2009

LANXESS estimates
Strengthening our business portfolio at an early stage of the value chain

Segmentation of the chemical industry

Business line products*

- Chlorobenzenes & derivatives
- Chlorotoluenes & cresols
- Nitrotoluenes
- Benzyl products & amines
- Polyol/oxidation products
- Inorganic acids

LANXESS market share

- >30%
- >25%
- >20%

*Diameter represents relative market size

Advanced Industrial Intermediates offers a broad product range for use in numerous end user industries

Products (selection)

- Chlorobenzenes and derivatives
- Chlorotoluenes and derivatives
- Nitrotoluenes and derivatives
- Polyols / oxidation products
- Inorganic acids
- Benzyl products / amines

LANXESS Fact Book – Advanced Intermediates: Advanced Industrial Intermediates
Unique, integrated manufacturing processes provides clear competitive advantage

Advanced Industrial Intermediates: market growing along with that of GDP

Market environment
- Total global demand (2010e)
  - €3.3 bn
  - Overall* CAGR: ~3%
    - Asia-Pacific: ~5%
    - EMEA: ~2%
    - Americas: ~3%
- Main competitors
  - Aarti
  - BASF
  - DDF
  - DSM
  - Huaihe
  - Ihara
  - Jiangsu Yangnong
  - Merisol
  - Perstorp
  - Tessenderlo

Market share**
- Benzyl products: >30%
- Inorganic acids: >30%
- Nitrotoluenes: >30%
- Polyols: >25%
- Chlorobenzenes, -toluenes: >20%

LANXESS production sites
- Liyang, China
- Brunsbüttel, Dormagen, Krefeld-Uerdingen, Leverkusen, Germany
- Nagda, India
- Baytown, USA

source: LANXESS estimates; *weighted average; **relevant market

LANXESS Fact Book – Advanced Intermediates: Advanced Industrial Intermediates
All will take advantage of strong European base to further generate value globally

**Strengths / opportunities**
- The BU maintains strong positions in all its product lines
- The unique “Aromatenverbund” system enables optimization of capacity utilization, cost of production and product mix ensuring a solid market position
- Competitive technologies and world-scale production facilities provide cost advantage
- High capacity utilization with well balanced isomer management

**Weaknesses / challenges**
- In some segments newly built facilities in Asia lead to overcapacity resulting in increasing competitive pressure
- Migration of upstream industries to Asia (textiles, dyestuffs, fluoro chemicals, pigments, etc.)
- Fragmentation in Asian customer markets creates complexity
- Limited production assets in Asia
- REACH and other regulations will lead to cost increases for European producers
Agenda

1. LANXESS – Energizing Chemistry
2. Business Segments
   - Performance Polymers
   - Advanced Intermediates
     - Advanced Industrial Intermediates
     - Saltigo
   - Performance Chemicals
3. Financials

Saltigo is serving the market with high-end custom manufacturing of fine chemicals

<table>
<thead>
<tr>
<th>Saltigo – facts</th>
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<tbody>
<tr>
<td><strong>Overview</strong></td>
</tr>
<tr>
<td>▪ Important player in fine chemicals focused on</td>
</tr>
<tr>
<td>- agrochemicals custom manufacturing</td>
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<tr>
<td>- pharmaceutical custom manufacturing</td>
</tr>
<tr>
<td><strong>Supporting growth trends</strong></td>
</tr>
<tr>
<td>▪ Increasing crop demand based on growing world population</td>
</tr>
<tr>
<td>▪ Need of farmers to raise yields</td>
</tr>
<tr>
<td>▪ Increasing outsourcing trends especially in the life science industry</td>
</tr>
</tbody>
</table>

**End uses**
- Agro 65%
- Pharma 25%
- Specialties 10%

**Global demand 2010e**
- Americas 14%
- Asia-Pacific 5%
- EMEA 81%

Based on BU sales 2009

LANXESS estimates
Saltigo offers intermediates and active ingredients mainly for agrochemicals and pharmaceuticals

**Products**
- Custom manufactured active ingredients and intermediates for agrochemicals and pharmaceuticals
- Active ingredient for insect repellent
- Saltidin™
- Broad portfolio of high-quality multi-customer fine chemicals
- Full service provider for route selection, lab scale development, pilotation, manufacturing analytical services and registrations

**Applications**

Saltigo: focused on custom manufacturing of fine chemicals

![Custom manufacturing diagram](image-url)
Saltigo is one of the leading players in an interesting growing market mainly in agrochemicals.

**Market environment**

**Total global demand (2010e)**
- Agro outsourcing €2.5 bn
- Pharma outsourcing €14.5 bn

**Market development (2011-2015)**
- Overall CAGR: ~5%

**Main competitors**
- Albemarle
- DSM
- Evonik
- Lonza
- WeylChem

---

Saltigo is taking advantage of its expertise in complex processes and challenging chemistry.

**Strengths / opportunities**
- Saltigo is among the top global players in custom manufacturing
- State-of-the-art technology and services to the pharmaceuticals, agrochemicals and specialty chemicals industries
- Technology leadership in high-end chemistry
- Expertise in the field of complex chemistry and fast “ramp-up” capabilities
- Integrated production facilities combined with competence in challenging chemistries
- Successfully established brand and focused market approach
- Strong customer relationships based on established track record

**Weaknesses / challenges**
- Ongoing market consolidation
- Cost pressure has to be compensated by continuous improvement measures
- Competition from Asia, especially for early intermediates
- Increased demand for a global production network
Agenda

1. LANXESS – Energizing Chemistry
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3. Financials

Performance Chemicals: production of application-focused chemicals for a wide range of industries (1/2)

<table>
<thead>
<tr>
<th>Performance Chemicals</th>
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<tbody>
<tr>
<td>Material Protection Products</td>
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<tr>
<td>Inorganic Pigments</td>
</tr>
<tr>
<td>Functional Chemicals</td>
</tr>
<tr>
<td>Leather</td>
</tr>
</tbody>
</table>

- Wide range of biocide active ingredients and preservatives for beverage stabilization, wood protection/antifouling products, industrial preservation and disinfection
- A leading global supplier of inorganic pigments for products such as concrete, roof tiles, paints and dyes and special pigments for toners and other applications
- Offers plastics additives, phosphorus and specialty chemicals, organic and inorganic colorants
- Meets the needs of customers in a wide range of industrial sectors
- One of the few suppliers to the leather industry to offer all products needed for leather processing including tanning agents, preservatives, finishing auxiliaries and dye products

LANXESS Fact Book – Performance Chemicals
Performance Chemicals: production of application-focused chemicals for a wide range of industries (2/2)

Performance Chemicals

Rhein Chemie
- Provides as a global supplier technical services and additives for various sectors of the rubber, lubricant and plastics industry

Rubber Chemicals
- Full portfolio of rubber chemicals for the tire and technical rubber industry including antidegradants, accelerators and specialties

Ion Exchange Resins
- One of the leading producers of ion exchange resins and technical applications for the treatment of liquids. Products are becoming increasingly important, e.g. in the treatment of drinking water

Performance Chemicals: specialty chemicals for niche markets

- ~25% of Group Sales*
  - Performance Chemicals: LXS others
  - Sales 2004 – 2010
  - EBITDA** (margin) 2004 – 2010

- ~25% of Group EBITDA pre*
  - Performance Chemicals: LXS others
  - Sales by BU 2010
  - Capex 2004 – 2010

*operating segments; **pre exceptionals
Performance Chemicals has a world-wide manufacturing base

Performance Chemicals: number one to number four in niche positions

**Megatrends: water and urbanization**
- Scarcity of purified water
- Growing middle class in APAC
- Increasing demand for coloring in emerging countries

**Globally competitive position**
- Global leadership positions in specialties / niches
- Outstanding product quality, high-innovative capability
- Global sales and service network

**Application-oriented**
- Activities in the field of process and functional chemicals
- Diversified end uses like water treatment, leather, construction industries and beverages
Material Protection Products: customized solutions to preserve materials

Overview
- Offers a wide portfolio of anti-microbial products for disinfectants, food and beverages, industrial preservation, wood protection, paints and coatings, construction, health and personal care
- Supported by excellent global technical and regulatory service

Supporting growth trends
- Increase health awareness
- Biocides trend regulation: innovative formulation technologies

End uses
- Construction 15%
- Industrial & others 15%
- Disinfection 15%
- Beverages 25%
- Paints & coatings 30%

Global demand 2010e
- Americas 38%
- EMEA 28%
- Asia-Pacific 34%

Based on BU sales 2009
Material Protection Products offers products and problem solutions for a wide area of applications

- Components for preserve compounds, disinfectants and wood protection products
  - PREVENTOL
- Technology for non-alcoholic soft drinks and wine
  - VELCORIN
- Components for preserve compounds
  - TEKTAMER
  - BIOCHEK

Material Protection Products: a leading producer of active ingredients and biocidal formulations

Value chain

- Chemicals
  - o-phenylphenol (OPP)
- Regulatory & data package = “Active ingredients”
  - Preventol® O extra (OPP)
- Biocidal formulations
- Purchase of registered actives
- Own manufacturing
- Sourcing
- Registration
- Solution or dispersion ready to use for customer

LANXESS Fact Book – Performance Chemicals: Material Protection Products
Material Protection Products: benefiting from increasing demand and positive trends

**Market environment**

**Total global demand 2010e**
- Disinfection & Personal care: €1.3 bn
- Biocides: €2.3 bn

**Market development (2011-2015)**
- Overall CAGR: ~3%
  - disinfection: ~6%
  - biocides: ~2%
  - beverage technology: ~3%

**Main competitors**
- Arch
- Dow
- Thor

**LANXESS production sites**
- Wuxi, China
- Dormagen, Germany
- Krefeld-Uerdingen, Germany
- Madurai, India

**Material Protection Products’ strength driven by product portfolio and expertise**

**Strengths / opportunities**
- Broad and innovative portfolio with unique properties and leading positions in attractive market segments
- Leading expertise in regulatory affairs and broad basis of biocidal registrations
- Global sales and service network
- Good cost structure
- Leading beverage technology solution
- Opportunity to participate in ongoing market consolidation
- Opportunity to participate in growing demand for hygiene products

**Weaknesses / challenges**
- Low cost Chinese / Indian competition in commodity-type biocidal actives
- Challenge to manage commoditizing wood actives
- Challenge to improve upstream-integration for selected actives
Agenda

1. LANXESS – Energizing Chemistry
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   - Performance Chemicals
     - Material Protection Products
     - Inorganic Pigments
     - Functional Chemicals
     - Leather
     - Rhein Chemie
     - Rubber Chemicals
     - Ion Exchange Resins
3. Financials

Inorganic Pigments: market leader with double-digit market share

Inorganic Pigments – facts

Overview
- BU Inorganic Pigments offers
  - high-quality iron oxide and chromium oxide pigments (e.g. for construction, coatings, plastics)
  - iron oxides and chromium oxides for technical applications

Supporting growth trends
- Increasing demand for coloring in emerging countries (e.g. in Asia-Pacific and LATAM)
- Sustainability as a competitive edge
- Consolidation among Chinese iron oxide producers
- General global trend towards higher quality products in all application fields

End uses
- Others 16%
- Plastics 6%
- Coatings 24%

Global demand 2010e
- EMEA 35%
- Americas 30%
- Asia-Pacific 35%

LANXESS estimates based on SRI

LANXESS Fact Book – Performance Chemicals: Inorganic Pigments
Growing awareness for sustainability worldwide will trigger implementation of environmental standards

**Sustainability in manufacturing**

**Jinshan, China**
- State-of-the-art wastewater treatment plant
- 15% reduced emissions in 2009 by better energy utilization and water management

**Porto Feliz, Brazil**
- CO₂ neutral production of energy by using bagasse, a residual of the sugar industry (Co-Generation plant)
- Reduction of CO₂ emissions by 44kt annually

**Krefeld-Uerdingen, Germany**
- Innovative process enables complete waste water recycling to produce iron oxide pigments
- Processed water of recovery unit needs no further cleaning, it is directly piped into the Rhine

**Sustainability as growth driver for IPG**

- IPG as the first global mover in setting and implementing highest HSEQ standards in production processes for iron and chrome oxides
- Further global HSEQ production process developments are driven by IPG
- Implementation of HSEQ standards in emerging countries are driven by IPG
- LANXESS production sites in China and Brazil with “German” standards
- IPG’s focus on HSEQ proving successful during ongoing consolidation of competitive environment
- Focus on sustainability further increases competitiveness

Pigments for colorings and technical applications

**Products**
- Broad range of iron oxide and chromium oxide pigments:
  - Bayferrox®, COLORHERM®, Bayoxide®, BayScape®
- “Golden Standard” for iron oxide pigments

**Applications**
Production process – Various technologies are applied to produce a full range of colors

Synthesis Sieving and washing Drying/calcination Blending/milling Packaging

Laux process

Precipitation process Thickening and washing Drying and/or calcination Color adjustment and milling Packaging

Penniman process

LANXESS Fact Book – Performance Chemicals: Inorganic Pigments

IPG is well prepared to accommodate future market developments

Market environment

Total global demand (2010e)

- ~$800m

Market development (2011-2015)

- Overall CAGR: ~4%
  - Asia-Pacific: 5-6%
  - EMEA: ~3%
  - Americas: ~3%

Main competitors

- Rockwood
- Chinese Companies (e.g. Cathay Pigments, Yipin Pigments)

LANXESS production sites

- Sydney, Australia
- Porto Feliz, Brazil
- Shanghai, China
- Krefeld-Uerdingen, Germany
- Vilassar de Mar, Spain
- Branston, United Kingdom
- Burgettstown, USA

source: LANXESS estimates based on Cologne Strategy Group
World-scale production capacities, global market access and technical support are key competitive advantages of IPG

**Strengths / opportunities**

- State-of-the-art world-scale production capacities and superior product quality
- Broad product portfolio (in terms of color, supply forms and application coverage)
- Strong and well established brand name (Bayferrox® synonymous for iron oxides in general in many markets)
- Worldwide distribution network and local blending units
- High sophisticated technical support
- Global adherence to high environmental standards

**Weaknesses / challenges**

- Increasing raw material and energy costs
- High share of total costs denominated in EUR (most iron oxide producers have a USD dominated cost structure)
Functional Chemicals: high-value added products meeting strict environmental and regulatory requirements

### Functional Chemicals – facts

**Overview**
- Major global manufacturer of organic phosphorous chemicals (flame retardants), polymer additives (plasticizers), organic colorants and water treatment chemicals
- Providing specialty products with high value added

**Supporting growth trends**
- Regulatory trend towards halogen-free flame retardants and phthalate-free plasticizers
- Increasing demand for polymer processing, office communication, water treatment and conditioning

**End uses**
- Construction 30%
- Packaging and toys 20%
- Electro/electronics 12%
- Paints/coatings 5%
- Automotive 7%
- Water 11%
- Agro 11%

**LANXESS production sites**
- Leverkusen, Germany
- Krefeld-Uerdingen, Germany

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**Agenda**

1. LANXESS – Energizing Chemistry
2. Business Segments
   - Performance Polymers
   - Advanced Intermediates
   - Performance Chemicals
     - Material Protection Products
     - Inorganic Pigments
     - Functional Chemicals
       - Leather
       - Rhein Chemie
       - Rubber Chemicals
       - Ion Exchange Resins
3. Financials
Functional Chemicals offers products for a variety of applications in plastics and chemistry

- Flame retardants (DISFLAMOLL®, BAYFOMOX®, LEVAGARD®)
- Plasticizers (MESAMOLL®, ADIMOLL®, ULTRAMOLL®, UNIMOLL®, Triacetin)
- Blowing agents (GENITRON™)
- Organic colorants (BAYSCRIPT®, MACROLEX®, BAYPLAST®, SOLFORT®, LEVANYL®, LEVANOX®, BAYFAST®)
- Synthesis chemicals: phosphor intermediates, phosphor chlorides
- Water treatment chemicals (BAYHIBIT®, BAYPURE®)

Functional Chemicals operates one of the largest integrated production units for phosphorus chemicals

Production chain for phosphorus chemicals

Phosphor Oxygen Chlorine

Phosphorus trichloride

Phosphorus oxychloride

Flame retardants

Phosphorus specialties

Water treatment agents

Application examples

P-Chlorides for agrochemicals
Phosphonates - scale inhibitors for industrial cleaners
Alkyl phosphates - flame retardants for polyurethanes
Aryl phosphates - flame retardants for PVC
Functional Chemicals offers products responding to growing environmental and regulatory requirements

**Trends for plastic additives and flame retardants**

**Trend to phthalate-free plasticizers and FDA approved products**
- Growing demand for phthalate-free plasticizers for a wide range of polymers
- Food:
  - Food and Drug Administration (FDA) approval for Mesamoll® II
  - positive rating from EFSA (European Food Safety Authority) was granted for food contact applications
  - (Official EU approval for use in food packaging expected for fall 2010)
  - Macrolex® dyes satisfy high purity and safety regulations for food packaging and food contact applications
  - including FDA approval

**Trend to phosphorus-based flame retardants**
- Ongoing EU and NORAM environmental regulations, increasing OEM and consumer preference ban several brominated and favor mainly phosphorus-based flame retardants
- LANXESS is dedicated to environmentally friendly safer phosphorus-based flame retardants

**Trend to energy efficient buildings**
- Levagard DMPP satisfies new EU fire protection standards for composite isolation elements made of rigid polyurethane foam

**The phosphorus-based flame retardants market is growing faster than GDP**

**Market environment flame retardants**

<table>
<thead>
<tr>
<th>Total global demand (2010e)</th>
<th>$750 m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market development (2011-2015)</strong></td>
<td>Overall CAGR: ~5%</td>
</tr>
<tr>
<td></td>
<td>- Asia-Pacific: ~5%</td>
</tr>
<tr>
<td></td>
<td>- Europe: ~3%</td>
</tr>
<tr>
<td></td>
<td>- North America: ~4%</td>
</tr>
</tbody>
</table>

**Main competitors**
- Albemarle
- Chemtura
- Daihachi
- ICL
- Wansheng
- Yoke

**P-based flame retardants market, 2010-2015e**

<p>| Source: SRI |</p>
<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>Europe</td>
<td>APAC</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Global demand 2010e**

- EMEA 39%
- Americas 36%
- Asia-Pacific 25%
Functional Chemicals is a competitive regulatory driven business

Strengths / opportunities

- One of the largest and most competitive integrated production facilities for phosphorus chemicals
- Strong market position in phosphorus based flame retardants, bonding agents and other ecologically friendly products such as specialty plasticizers and solvent dyes for plastics
- Established solution provider especially for products meeting new regulatory requirements
- Global strong existing customer relationships in key markets
- Environmental awards and extensive patent protection

Weaknesses / challenges

- Enhancement of competitiveness to face increasing price pressure in commodity segments especially from Asian competitors
- Efficiently managed high volatility of raw material prices
- Change in the competitive environment due to further consolidation
Agenda

1. LANXESS – Energizing Chemistry
2. Business Segments
   - Performance Polymers
   - Advanced Intermediates
   - Performance Chemicals
     - Material Protection Products
     - Inorganic Pigments
     - Functional Chemicals
     - Leather
     - Rhein Chemie
     - Rubber Chemicals
     - Ion Exchange Resins
3. Financials

Leather benefits from a broad product portfolio and upstream-integration into chrome ore

**Leather – facts**

**Overview**
- Broad portfolio of specialty products ranging for the entire leather manufacturing process
- Upstream-integration into chrome ore for leather chemicals and metal production
- Global strategic alliance with Dow to complete LANXESS product range

**Supporting growth trends**
- Decreasing hide quality and shift to higher environmental standards increases demand for innovative leather chemicals
- Steadily growing meat consumption
- Ongoing market consolidation

**End uses**
- Shoe 52%
- Automotive 9%
- Others 10%
- Furniture 14%
- Garment 15%

Based on BU sales 2009

**Global demand 2010e**
- Asia-Pacific 50%
- Americas 20%
- EMEA 30%

LANXESS estimates
LANXESS offers a full product portfolio for the leather industry

**Products**
- Beamhouse chemicals
- Binders
- Chrome tanning salts
- Colorants for wet end and finishing
- Fatliquor
- Finishing auxiliaries
- Patent leather chemicals
- Preservatives
- Retanning chemicals

**Applications**

**Upstream-integration into chrome ore for usage in the leather and other industries**

**LANXESS chrome ore value chain**

- **Chrome ore**
- **Sodium dichromate (SDC)**
- **Chrome oxide pigments**
- **Chromic acid**
- **Chrome tanning salts**

**Non-leather applications**
- Plating
- Construction
- Others

**Leather industry (Tanning)**

LANXESS Fact Book – Performance Chemicals: Leather
BU Leather offers a well balanced portfolio of leather chemicals in an one-stop-shop

LANXESS leather chemicals process steps

**Tanning**
- from raw hide
- ...through wet blue...
- LXS-LEA activities
- 1. Soaking
- 2. Liming
- 3. Deliming
- 4. Pickling
- 5. Chrome tanning
- 6. Preservation

**Retanning**
- ...and crust...
- 7. Neutralisation
- 8. Retanning
- 9. Dyeing
- 10. Softening

**Finishing**
- ...to finished leather
- 11. Finishing

Leather markets grow slowly but steadily in line with meat consumption

**Market environment**
- Total global leather chemicals demand (2010e)
  - €2.2 bn
- Beef consumption growth (2011-2015)
  - Overall CAGR: ~1%
    - Asia-Pacific: ~2%
    - EMEA: ~0.5%
    - North America: ~1%
    - South America: ~2%
- Main competitors
  - BASF
  - Clariant

**Meat consumption [m t]**

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<thead>
<tr>
<th></th>
<th>2005</th>
<th>2010e</th>
<th>2015e</th>
<th>2018e</th>
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<th>EMEA</th>
<th>APAC</th>
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<td></td>
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<td>LatAm</td>
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<td></td>
</tr>
<tr>
<td>North America</td>
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<tr>
<td>APAC</td>
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</tr>
</tbody>
</table>

**LANXESS production sites**
- Zárate, Argentina
- Wuxi, China
- Leverkusen, Germany
- Madurai, India
- Filago, Italy
- Merebank, South Africa
- Newcastle, South Africa
- Rustenburg, South Africa

source: OECD-FAO
Excellent positioning in a challenging market environment

**Market environment**
- Broad product portfolio offering full range of leather chemicals to the customer
- Strong market position in chrome tanning salts driven by upstream-integration into chrome ore
- Strong market position in faster growing Asian markets
- Strong and established customer relationships
- Well trained and experienced technical support with excellent market acceptance
- Market geared towards consolidation

**Weaknesses / challenges**
- Increasing competitive pressure due to ongoing overcapacities in retanning and finishing chemicals
- Country risk due to production in geopolitically volatile countries
- Innovation need due to prospective increase in eco trends
1. LANXESS – Energizing Chemistry
2. Business Segments
   - Performance Polymers
   - Advanced Intermediates
   - Performance Chemicals
      Material Protection Products
      Inorganic Pigments
      Functional Chemicals
      Leather
      Rhein Chemie
      Rubber Chemicals
      Ion Exchange Resins
3. Financials

Rhein Chemie has a strong service and application expertise

Overview
- Providing technical solutions, services and additives for the rubber, polyurethane, plastics and lubricant oil industries

Supporting growth trends
- Global mobility trends
  - high-performance tires
  - bio-plastics

End uses
- Automotive/transportation 39%
- Others 22%

Global demand 2010e
- Americas 33%
- Asia-Pacific 40%
- EMEA 27%
Rhein Chemie offers a diverse product portfolio

**Business Lines**

**Additives for the rubber industry**
- Polymer-bound chemicals (RHENOGRAN®, POLYDISPERSION)
- Processing promoters (AKTIPLAST®, AFLUX®)
- Release agents (RHENODIV®)
- Vulcanization activators (RHENOFIT®)
- Tire marking paint (RHENOMARK®)

**Additives for polyurethane and plastics**
- Hydrolysis protection (STABAXOL®)
- Crosslinkers for various plastic systems (ADDOLINK®)

**Lubricant oil additives**
- Corrosion inhibitors (ADDITIN®)
- Sulfur carriers and anti-wear agents (ADDITIN®)
- Oil- and water-based metalworking fluids (ADDITIN®)

**Products**

- Oil additives 20%
- Additive for rubber 60%
- Additive for polyurethane & plastics 20%

**High-performance packages for industrial oils are the most important products of the lubricant oil additive business**

**Application driven chemistry**

**Development and marketing of high-performance additives combining deep chemical knowledge and long-term field experience**

**Chemistry**
- Sulfur Carriers
- ZnDTP
- P-Ester
- Sulfonates
- Esters
- Polymers
- Anti-Oxidants

**Applications**
- Hydraulics
- Turbines
- Gears
- Metal working
- Transportation
- Bearings
- Rust protection
Rhein Chemie has a leading market position in its main business segment

**Market environment**

**Total global demand (2010e)**
- €2.3 bn

**Market development (2011-2015)**
- Overall CAGR: ~3%
  - Asia-Pacific: ~5%
  - EMEA: ~2%
  - Americas: ~2%

**Main competitors**
- Afton
- Lubrizol
- MLPC / Arkema Group
- Struktol

**New production facility in Nizhny Novgorod, Russia**
- Industrial park Dzerzhinsk will gain additional production capacity for Rhein Chemie’s main product group polymer-bound chemicals and release agents in 2011

**LANXESS capacities**
- ~100kt/y

**LANXESS production sites**
- Antwerp, Belgium
- Porto Feliz, Brazil
- Qingdao, China
- Mannheim, Germany
- Madurai, India
- Toyohashi, Japan
- Nizhny Novgorod, RUS
- Chardon, USA

Rhein Chemie has a strong service and application expertise

**Strengths / opportunities**
- Leading position in additive formulations
- Well recognized image and strong brands
- Global sales and service network
- Supplier of customized solutions and close customer relationships
- Rapid responsiveness to market trends
- Excellent technical know-how
- Leading capabilities to developed technical solutions and services

**Weaknesses / challenges**
- Consolidation in rubber and automotive industry
- Raw material price volatility and availability
- Cost pressure of the automotive industry
- Exposure to mature markets
- Regional low cost competitors
Agenda

1. LANXESS – Energizing Chemistry
2. Business Segments
   - Performance Polymers
   - Advanced Intermediates
   - Performance Chemicals
     - Material Protection Products
     - Inorganic Pigments
     - Functional Chemicals
     - Leather
     - Rhein Chemie
     - Rubber Chemicals
     - Ion Exchange Resins
3. Financials

BU RUC is a leading supplier of rubber chemicals to the rubber industry

**Rubber Chemicals – facts**

*Overview*
- A full portfolio of rubber chemicals for tire and technical rubber industry
- Providing technical service and premium products

*Supporting growth trends*
- International mobilization trends
- Energy efficient tires
- Ongoing market consolidation

**End uses**
- Tire 53%
- Other rubber products 26%
- Personal care 5%
- Distributors 13%
- Others 3%

Based on BU sales 2009

**Global demand 2010e**
- Asia-Pacific 58%
- Americas 18%
- EMEA 24%

LANXESS estimates
Rubber Chemicals offers a broad portfolio of premium products to enhance rubber properties

**Products (selection)**

- **Accelerators (~28%)**: thiazoles, sulfenamides (VULKACIT®)
- **Antidegradants (~50%)**: phenyldiamines, quinolines (VULKANOX®)
- **Specialties (~22%)**: used as bonding agents (COHEDUR®), cross linkers (VULCUREN®), fillers (VULKASIL®), latex chemicals, peptizing agents (RENACIT®), etc.

**Applications**

Leading technology position with a continuous focus on process improvements
BU RUC is a global player with production sites in every region

**Market environment**

**Total global demand (2010e)**
- ~€2.5 bn

**Market development (2011-2015)**
- Overall CAGR: 4-5%
  - Asia-Pacific: >5%
  - EMEA: ~3%
  - Americas: ~2%

**Main competitors**
- Flexsys
- KKPC
- Sinorgchem
- Sunsine

**Global demand rubber chemicals, 2010-2015e [USD]**

**LANXESS production sites**
- Antwerp, Belgium
- Brunsbüttel, Krefeld-Uerdingen, Leverkusen, Germany
- Jhagadia, India
- Bushy Park, USA
- Isithebe, South Africa

Rubber Chemicals has leading market and technology positions in a challenging environment

**Strengths / opportunities**
- Global production footprint with plants in every region
- World-scale plant for antidegradants (AOX) and accelerators (ACC)
- Reputation as provider of a broad range of high-quality products and services
- Coverage of all relevant global markets through a well established market position
- Leading position for zinc oxide produced by wet process technology

**Weaknesses / challenges**
- Oversupply mainly in Asia / China with still growing capacities
- Increasing competitive pressure is fuelling further market consolidation
- Enhance the product portfolio of specialties with profitable products
Agenda

1. LANXESS – Energizing Chemistry
2. Business Segments
   - Performance Polymers
   - Advanced Intermediates
   - Performance Chemicals
     Material Protection Products
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     Functional Chemicals
     Leather
     Rhein Chemie
     Rubber Chemicals
     Ion Exchange Resins
3. Financials

Ion Exchange Resins – Advanced solutions for liquid treatment

<table>
<thead>
<tr>
<th>Business profile</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overview</strong></td>
</tr>
<tr>
<td>▪ One of the world’s leading producer of ion exchange resins for liquid treatment</td>
</tr>
<tr>
<td>▪ Providing premium products for more than 500 applications</td>
</tr>
<tr>
<td>▪ More than 70 years know-how in all technical application fields</td>
</tr>
<tr>
<td>▪ New business field of membrane filtration technology</td>
</tr>
<tr>
<td><strong>Supporting growth trends</strong></td>
</tr>
<tr>
<td>▪ Increased water demand for growing population in a more urban world</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>End uses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer 20%</td>
</tr>
<tr>
<td>Water &amp; energy 49%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Global demand 2010e</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA 35%</td>
</tr>
<tr>
<td>Americas 30%</td>
</tr>
<tr>
<td>Asia-Pacific 35%</td>
</tr>
</tbody>
</table>

LANXESS estimates based on Freedonia/SRI

LANXESS Fact Book – Performance Chemicals: Ion Exchange Resins
Ion Exchange Resins: a solution provider, manufacturing custom designed products

<table>
<thead>
<tr>
<th>Products</th>
<th>Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ion exchange resins</td>
<td></td>
</tr>
<tr>
<td>Adsorbers</td>
<td></td>
</tr>
<tr>
<td>Functional polymers</td>
<td></td>
</tr>
<tr>
<td>Membranes (end of 2011)</td>
<td></td>
</tr>
</tbody>
</table>

Main usage
- Water softening
- High-purified water
- Groundwater treatment
- Hydrometallurgy
- Food and beverage industries

ION production process for application variety

Production process
- Suspension of monomer droplets
- Polymerization: from droplets to small polymer beads which are made up of a network of polymer chains
- Functional groups are applied to the beads

Product properties
- Ability to exchange ions
- Absorption of molecules on polymer surfaces
- Acceleration of reactions by catalysis

Different functional groups for different applications

- **Purification**
  - $\text{CH}_2\cdot\text{N}$
  - $\text{CH}_2\cdot\text{CO}_2\cdot\text{Na}$

- **Catalysis**
  - $\text{SO}_3\cdot\text{H}$

- **Softening**
  - $\text{CO}_2\cdot\text{H}$
Membrane technology for high-quality water treatment fits perfectly in ION portfolio

ION – “one stop shop” with membrane technology
Membranes: acting as a barrier for substances dissolved in the water

Technology properties
- Membrane technology for additional high-quality water treatment
- Global market size for membrane technology ~€1 bn, expected to grow ~10% p.a.
- Membrane technology is complementary to ion exchange resins filtration processes:
  - membranes offer additional filtration, e.g. nitrates, heavy metals, pesticides, herbicides, viruses, bacteria
  - membrane filtration is physical vs. ion exchange resins is chemical based

BU Ion Exchange Resins serves the global water trend

Market environment
Total global demand (2010e)
- Ion exchange resins: ~€800 m
- Membranes: ~€1 bn

Market development (2011-2015)
- Overall CAGR Ion exchange resins: ~4%
  - Asia-Pacific: ~5%
  - EMEA: ~3%
  - Americas: ~3%
- Overall CAGR Membrane: ~10%

Main competitors
- Dow / Rohm & Haas (merger in 2009)
- Mitsubishi Chemicals

Global water supply and demand [bn m³]
- Gap 2,700 = 25% of 2010 clean water supply

LANXESS production sites
- Bitterfeld, Germany
- Leverkusen, Germany
- Jhagadia, India (Q4 2010)
Ion Exchange Resins: strong technical and process expertise support ION’s reputation as a premium-quality supplier

Strengths / opportunities

- High technical marketing know-how and service-solution-provider
- Global market presence and distribution network
- Leadership in monodisperse ion exchange technology
- Premium-quality supplier with Lewatit® as well-known brand
- Wide technological portfolio
- Service and quality ranked among the best in industry
- Growing pharma, biotech and food industry

Weaknesses / challenges

- Currently no complementary technology for water treatment
- Dependency on raw material and energy costs
- Cyclical nature of ion exchange resins business in some sub segments
- Further consolidation of customers in some segments
- Relatively long time-to-market for new products due to registration and certification issues
Financials
Agenda

1. LANXESS – Energizing Chemistry
2. Business Segments
3. Financials
   - Five years overview
   - Quarterly overview
   - Financing
   - Excursion
## 5 years summary – Balance Sheet

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Intangible assets</td>
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<td>196</td>
<td>145</td>
<td>33</td>
<td>41</td>
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<td>Property, plant and equipment</td>
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<td>1,459</td>
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<tr>
<td>Other non-current liabilities</td>
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<td>92</td>
<td>134</td>
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<tr>
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Note: Additional financial information available at:
## 5 years summary – P&L

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Note: Additional financial information available at:
LANXESS Fact Book – Financials: Five years overview
## 5 years summary – Segment Data

### Performance Polymers – Key Figures [€ m]

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### Reconciliation – Key Figures [€ m]

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LANXESS: ongoing efficiency increase

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<td>EBIT pre</td>
<td>260</td>
<td>251</td>
<td>635</td>
<td>93</td>
<td>175</td>
<td>200</td>
<td>167</td>
<td>204</td>
<td>74</td>
<td>77</td>
<td>50</td>
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<tr>
<td>EBIT</td>
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<td>246</td>
<td>607</td>
<td>78</td>
<td>169</td>
<td>196</td>
<td>164</td>
<td>149</td>
<td>43</td>
<td>64</td>
<td>43</td>
<td>3</td>
</tr>
<tr>
<td>Capex**</td>
<td>109</td>
<td>68</td>
<td>501</td>
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<td>107</td>
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<td>39</td>
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<td>114</td>
<td>52</td>
<td>57</td>
<td>52</td>
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<td>Dept. / Amort.</td>
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<td>71</td>
<td>283</td>
<td>79</td>
<td>69</td>
<td>69</td>
<td>66</td>
<td>273</td>
<td>79</td>
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<td>65</td>
<td>63</td>
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<td>14,604</td>
<td>14,335</td>
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</tbody>
</table>

*pre exceptionals; **net of finance lease

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Performance Polymers: turning strength into value

### Key Financials [€ m]

<table>
<thead>
<tr>
<th></th>
<th>Q2 11</th>
<th>Q1 11</th>
<th>2010</th>
<th>Q4 10</th>
<th>Q3 10</th>
<th>Q2 10</th>
<th>Q1 10</th>
<th>2009</th>
<th>Q4 09</th>
<th>Q3 09</th>
<th>Q2 09</th>
<th>Q1 09</th>
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<tbody>
<tr>
<td>Sales</td>
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<td>3,782</td>
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<td>935</td>
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<td>144</td>
<td>164</td>
<td>131</td>
<td>250</td>
<td>114</td>
<td>76</td>
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<td>8</td>
</tr>
<tr>
<td>EBITDA*margin %</td>
<td>17.9</td>
<td>18.4</td>
<td>15.5</td>
<td>12.5</td>
<td>14.6</td>
<td>17.5</td>
<td>16.3</td>
<td>10.5</td>
<td>15.7</td>
<td>11.6</td>
<td>9.3</td>
<td>1.8</td>
</tr>
<tr>
<td>EBITDA</td>
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<td>199</td>
<td>586</td>
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<td>EBIT pre</td>
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<td>165</td>
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<td>127</td>
<td>97</td>
<td>114</td>
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</tr>
<tr>
<td>EBIT</td>
<td>191</td>
<td>165</td>
<td>443</td>
<td>95</td>
<td>107</td>
<td>126</td>
<td>96</td>
<td>105</td>
<td>79</td>
<td>32</td>
<td>18</td>
<td>(24)</td>
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<tr>
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<td>40</td>
<td>302</td>
<td>196</td>
<td>54</td>
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<td>133</td>
<td>52</td>
<td>25</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Depr. / Amort.</td>
<td>38</td>
<td>34</td>
<td>143</td>
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</table>

*pre exceptionals; **net of finance lease
**Advanced Intermediates: two business units demonstrate reliable resilience**

### Key Financials [€ m]

<table>
<thead>
<tr>
<th>Q2 11</th>
<th>Q1 11</th>
<th>2010</th>
<th>Q4 10</th>
<th>Q3 10</th>
<th>Q2 10</th>
<th>Q1 10</th>
<th>2009</th>
<th>Q4 09</th>
<th>Q3 09</th>
<th>Q2 09</th>
<th>Q1 09</th>
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<tbody>
<tr>
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<td>416</td>
<td>1,321</td>
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<td>336</td>
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<td>1,104</td>
<td>377</td>
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<td>285</td>
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<td>222</td>
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<td>55</td>
<td>67</td>
<td>57</td>
<td>154</td>
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<td>40</td>
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<tr>
<td>EBITDA*margin %</td>
<td>16.5</td>
<td>18.0</td>
<td>16.8</td>
<td>18.5</td>
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<td>13.9</td>
<td>10.8</td>
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<td>13.3</td>
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<tr>
<td>EBITDA</td>
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<td>75</td>
<td>222</td>
<td>63</td>
<td>55</td>
<td>67</td>
<td>57</td>
<td>143</td>
<td>24</td>
<td>35</td>
<td>38</td>
</tr>
<tr>
<td>EBIT pre</td>
<td>47</td>
<td>59</td>
<td>166</td>
<td>48</td>
<td>41</td>
<td>53</td>
<td>43</td>
<td>106</td>
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<td>27</td>
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</tr>
<tr>
<td>EBIT</td>
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<td>48</td>
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<td>95</td>
<td>11</td>
<td>22</td>
<td>27</td>
</tr>
<tr>
<td>Capex**</td>
<td>20</td>
<td>13</td>
<td>69</td>
<td>34</td>
<td>24</td>
<td>7</td>
<td>5</td>
<td>53</td>
<td>30</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Dept. / Amort.</td>
<td>18</td>
<td>16</td>
<td>56</td>
<td>15</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>48</td>
<td>13</td>
<td>13</td>
<td>11</td>
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<tr>
<td>Employees</td>
<td>2,882</td>
<td>2,886</td>
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<td>2,805</td>
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<td>2,918</td>
<td>2,517</td>
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*pre exceptionals; **net of projects financed by customers

**Performance Chemicals: profitable growth in various niche markets**

### Key Financials [€ m]

<table>
<thead>
<tr>
<th>Q2 11</th>
<th>Q1 11</th>
<th>2010</th>
<th>Q4 10</th>
<th>Q3 10</th>
<th>Q2 10</th>
<th>Q1 10</th>
<th>2009</th>
<th>Q4 09</th>
<th>Q3 09</th>
<th>Q2 09</th>
<th>Q1 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>561</td>
<td>556</td>
<td>1,978</td>
<td>471</td>
<td>515</td>
<td>537</td>
<td>455</td>
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<td>EBITDA pre</td>
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<tr>
<td>EBITDA*margin %</td>
<td>16.9</td>
<td>16.2</td>
<td>14.2</td>
<td>7.6</td>
<td>16.1</td>
<td>15.6</td>
<td>17.1</td>
<td>11.9</td>
<td>8.4</td>
<td>15.8</td>
<td>11.4</td>
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<td>EBITDA</td>
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<td>90</td>
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<td>84</td>
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<td>171</td>
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<tr>
<td>EBIT pre</td>
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<td>67</td>
<td>62</td>
<td>117</td>
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<td>51</td>
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</tr>
<tr>
<td>EBIT</td>
<td>76</td>
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<td>67</td>
<td>62</td>
<td>100</td>
<td>4</td>
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<tr>
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<td>14</td>
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<td>25</td>
<td>18</td>
<td>14</td>
<td>80</td>
<td>29</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Dept. / Amort.</td>
<td>19</td>
<td>18</td>
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<td>17</td>
<td>16</td>
<td>71</td>
<td>22</td>
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<td>16</td>
</tr>
<tr>
<td>Employees</td>
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<td>4,757</td>
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<td>4,675</td>
<td>4,865</td>
<td>4,865</td>
<td>4,997</td>
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</tr>
</tbody>
</table>

*pre exceptionals
Rating agencies confirm LANXESS’ achievements – resilience during crisis and supporting business fundamentals in 2010

- Prudent financial policies and strong liquidity
- Adequate resilience in 2009 downturn
- Good geographic diversification with increasing presence in emerging markets

LANXESS Baa2 rating is supported by (i) conservative financial policies and balance sheet structure and (ii) sound liquidity profile...

... adequately positioned in its rating category with a stable outlook as credit metrics are supported by supportive business fundamentals in 2010

- Improved business risk, cost position and capital structure
- Product portfolio has moved up the value scale over the past four years
- Fitch takes comfort in LANXESS strong liquidity

Source: rating agencies

A well managed and conservative maturity profile

<table>
<thead>
<tr>
<th>Long term financing secured</th>
<th>Liquidity and maturity profile as per June 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Well balanced maturity profile</td>
<td>Bond 2012 4.125 %</td>
</tr>
<tr>
<td>• Diversified financing sources</td>
<td>Bond 2014 7.75 %</td>
</tr>
<tr>
<td>• Bonds &amp; bilateral credit lines</td>
<td>Bond 2016 5.5 %</td>
</tr>
<tr>
<td>• Syndicated Revolving Credit Facility</td>
<td>Bond 2018 4.125 %</td>
</tr>
<tr>
<td>• Development banks</td>
<td>EIB Facility**</td>
</tr>
<tr>
<td>• New financing source: €200 m long-term credit facility for up to seven years for R&amp;D financing from EIB*</td>
<td></td>
</tr>
</tbody>
</table>

Source: rating agencies

*European Investment Bank; **Final maturity of EIB financing in case of utilization in 2016 or later; EIB facility currently undrawn.
LANXESS runs a global sourcing strategy in order to ensure availability of raw materials at best prices

**Top 12 raw materials make up >50% of total bill**
- 1,3-Butadiene
- Cyclohexane
- Isobutylene
- Toluene
- Caustic Soda
- Ammonia
- Styrene monomer
- Chlorine
- Crude Raffinate II
- Cyclohexanon
- Ethylene
- Benzene

Total raw material expenses in 2009: ~€1.7 bn
(2008: ~€2.6 bn)

**Centrally managed global procurement**
- Ensures reliable supply of materials and services
- >60% of orders handled through e-procurement
- Petrochemical raw materials with top priority
- Supplied by all major petrochemical companies

LANXESS pension obligations under tight control

- Significant improvement of funding ratio: ~72% achieved
- German CTA implemented in 2007 – latest funding in 2010 with €75 m
- Conservatively managed pension assets: equity investments <25%
- Ongoing monitoring and optimization of pension structure

![chart](chart.png)

LANXESS Fact Book – Financials: Excursion
LANXESS is globally the largest butadiene buyer – purchasing power secures supply

**LANXESS represents high single digit % of global butadiene demand**

<table>
<thead>
<tr>
<th>Demand for butadiene</th>
<th>Capacity to extract butadiene</th>
<th>LANXESS consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>~7% of demand</td>
<td>~10% of demand</td>
<td>~50% of demand</td>
</tr>
<tr>
<td>~14,000</td>
<td>~12,000</td>
<td>~7% of demand</td>
</tr>
</tbody>
</table>

**Reliable sourcing**

- Butadiene as a raw material is generally tight in supply
- LANXESS global sourcing and purchasing power ensures reliable supply
- Multi-supplier strategy gives additional comfort

source: ICIS Cracker Report with McKinsey LXS Model

LANXESS Fact Book – Financials: Excursion
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