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<td>96 Quarterly overview</td>
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<td></td>
<td>100 Excursion</td>
<td></td>
</tr>
</tbody>
</table>
Dear Investors and Analysts,  

The LANXESS Board of Management is pleased to offer you this publication, which represents a part of our ongoing effort to maintain a high level of transparency and to provide you with all the data and information you may need.

Today, LANXESS is a growth company. Following a period of restructuring, we have shifted gears and begun to grow our business, having announced our first growth target in 2010. Since then, we have initiated and, in some cases, fully implemented a number of highly profitable organic growth projects. We have also started to deliver results through the other component of our growth strategy, acquisitions.

Our company’s roots are tied to some of the most dynamic and rapidly expanding sectors of the modern chemical industry. Our Performance Polymers segment continues to benefit significantly from the global increase in vehicle ownership and the growing demand for lightweight materials. Our Advanced Intermediates and Performance Chemicals segments are similarly well-positioned with respect to megatrends involving agriculture, urbanization and water resources. All 13 of our business units are targeting growth, and in this brochure, we have outlined their ongoing growth plans in some detail.

We continue to seek out new opportunities for growth – both organic and external – and are working steadily toward raising the group’s EBITDA to new levels. These activities build on our performance since our formation more than seven years ago, which generated an EBITDA increase of about 175 percent, despite the global financial crisis.

In our continuing quest for sustainable growth, we believe in the value of listening to our investors, and we consistently look to the capital markets for feedback. 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 are confident that this collaboration will continue to stand us in good stead in 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

### ORGANISATIONAL STRENGTH
LANXESS’ lean and efficient global structure enables fast decision-making that permits the company to sustain a competitive edge

### 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 oriented 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 an ambitious new target: EBITDA of ~€1.8 bn in 2018

### SUSTAINABLE DIVIDEND STRATEGY
LANXESS first initiated dividend payments in 2006 and is committed to the sustainable profit participation of its shareholders
LANXESS – A leading specialty chemicals group

LANXESS – Energizing Chemistry

Performance Polymers
- Globally No. 1-3
- Leading supplier of custom synthesis and basic chemicals (agrochem-related)
- Application-orientated specialty chemicals
- Strong brands, technology leadership
- Supporting trends
- Scarcity of pure water
- Rising middle class in emerging markets
- Ongoing market consolidation

Advanced Intermediates
- Europe No. 1-2
- Supporting trends
- Increasing crop demand based on growing world population
- Need of farmers to raise yields
- Industry consolidation

Performance Chemicals
- No. 1-4 in niches
- Supporting trends
- “Green Mobility”
- Growing middle class
- High-performance tires
- Vehicle weight reduction
- Tire-labeling, replacement tires

Technology leadership across the portfolio
Business portfolio based on three strong pillars

**Performance Polymers**
- Butyl Rubber
- Performance Butadiene Rubbers
- Technical Rubber Products
- High Performance Materials

**Advanced Intermediates**
- Advanced Industrial Intermediates
- Saltigo

**Performance Chemicals**
- Material Protection Products
- Inorganic Pigments
- Functional Chemicals
- Leather
- Rhein Chemie
- Rubber Chemicals
- Ion Exchange Resins

LANXESS Board of Management: Directly connected to all Group Functions and Business Units

**Axel C. Heitmann**
(Chairman of the Board)
- Corporate Communications
- Corporate Development
- Executive Human Resources
- Internal Auditing

**Werner Breuers**
(Member of the Board)
- Aliseca
- Global Procurement & Logistics
- Industrial & Environmental Affairs
- Innovation & Technology
- Business Units: FCC, ION, IPG, LEA, MPP, RCH, RUC

**Rainier van Roessel**
(Labour Relations Director)
- Human Resources
- Information Technology
- Business Units: All, BTR, HPM, PBR, SGO, TRP

**Bernhard Duettmann**
(Chief Financial Officer)
- Accounting
- Corporate Controlling
- Investor Relations
- Law & Intellectual Property
- Mergers & Acquisitions
- Tax
- Treasury
2003-2005: Immediate focus on transformation of LANXESS in context of 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 Stockholders’ Meeting of Bayer AG – acceptance of spin-off by Bayer’s shareholders
- **2005-06-03** Announcement of first phase of restructuring
- **2005-06-20** Admission to MDAX

2004-2005:
- **2004-03-18** Announcement of the name LANXESS, from a combination of the words “lancer” (to launch) and “success”
- **2004-11-17** Extraordinary Stockholders’ Meeting of Bayer AG – acceptance of spin-off by Bayer’s shareholders
- **2005-01-31** Initial listing on the Frankfurt Stock Exchange
- **2005-06-03** Announcement of first phase of restructuring
- **2005-06-06** Buyback of Mandatory Convertible
- **2005-06-16** 1st Annual Stockholders’ Meeting
- **2005-06-20** Admission to MDAX
- **2005-08-25** Announcement of second phase of restructuring
- **2004-11-17** Extraordinary Stockholders’ Meeting of Bayer AG – acceptance of spin-off by Bayer’s shareholders
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- **2005-06-06** Buyback of Mandatory Convertible
- **2005-06-16** 1st Annual Stockholders’ Meeting
- **2005-06-20** Admission to MDAX
- **2005-08-25** Announcement of second phase of restructuring

2006-2007: Ratings upgrade to BBB reflects accomplishments of ongoing successful transformation

- **2006-03-01** Carve-out of the BU FCH to form Saltigo
- **2006-04-04** Announcement of third phase of restructuring
- **2006-09-15** 1st Capital Markets Day (CMD)
- **2006-12-14** Announcement: Acquisition of CISA, South Africa
- **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 fourth phase of restructuring
- **2006-12-29** Lustran Polymers JV with INEOS announced
- **2006-12-31** Divestment of TPC concluded
- **2007-06-13** Announcement: Acquisition of Petroflex, Brazil
2008-2010: Resuming growth after successful crisis management, looking forward even in rough times

2009-08-12 Announcement: "Challenge09-12"
2009-09-12 Anniversary: "100 Years of Synthetic Rubber"
2010-01-31 Listing anniversary "5 years of LANXESS"
2010-05-17 Groundbreaking ceremony butyl rubber plant Singapore
2010-09-12 Anniversary: "100 Years of Synthetic Rubber"
2009-06-08 Announcement: Acquisition of Gwalior, India and Jiangsu Polyols, China
2010-08-06 "Challenge09-1 2" partly put on hold
2010-05-07 Partnership in China: JV with and Taiwan’s TSRC
2010-12-14 Announcement: Acquisition of DSM Elastomers, Netherlands
2010-01-30 Announcement: "Challenge09"
2008-06-26 Announcement: Acquisition of Jinzhuo, China
2010-05-18 Announcement: Relocation of headquarters to Cologne in 2013
2011-05-18 Announcement: Acquisition of material protection business of Syngenta, Switzerland
2011-09-16 Inauguration of new chemical plant for water technology in Bitterfeld, Germany
2011-09-19 LANXESS added to Dow Jones Sustainability Index
2012-02-22 Investment of $10 m in US-based BioAmber
2011-05-19 Successful placement of a €500 m bond in European capital markets
2012-09-05 Announcement: New EPDM production site in Changzhou, China
2011-11-10 Acquisition of US-based Verichem
2011-11-10 Acquisition of US-based UNITEX
2012-03-14 Acquisition of US-based TCB
2011-01-11 Acquisition of Darmex, Argentina
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2012-03-14 Acquisition of US-based TCB
2012-Sept. Announcement: Admission to DAX

2011-2012: Setting clear goals on a path of strong growth

2011-05-18 Announcement: Acquisition of material protection business of Syngenta, Switzerland
2011-09-16 Inauguration of new chemical plant for water technology in Bitterfeld, Germany
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2011-09-16 Inauguration of new chemical plant for water technology in Bitterfeld, Germany
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2012-02-22 Investment of $10 m in US-based BioAmber
2012-09-05 Announcement: New EPDM production site in Changzhou, China

*As of September 2012
Innovative and consistent HR practice is key advantage for good positioning, cost effectiveness and sustainable growth

- Global leadership concept emphasizes on behavioral change
- Extensive investment in qualification, special focus on global sales force
- Comprehensive demography programs to enhance productivity
- Workforce planning aligned with demographic data and succession plan
- Staff attrition rate in volatile BRIC countries below sector average
- Reliable and stable labor relations in countries with strong union traditions
- Merit-based and flexible compensation schemes
- Employee stock plan in Germany with over 70% participation over years

Simplicity, speed and a company culture based on trust

Worldwide presence serving a broad range of customers

LANXESS' key financials by region 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>Capex* (€m)</th>
<th>Sales (€m)</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>16%</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td>Germany</td>
<td>31%</td>
<td>16%</td>
<td>24%</td>
</tr>
<tr>
<td>EMEA w/o Germany</td>
<td>29%</td>
<td>20%</td>
<td>31%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>13%</td>
<td>13%</td>
<td>31%</td>
</tr>
<tr>
<td>Latin America</td>
<td>11%</td>
<td>10%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Sales by industry 2011

<table>
<thead>
<tr>
<th>Industry</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tires</td>
<td></td>
</tr>
<tr>
<td>Agro</td>
<td></td>
</tr>
<tr>
<td>Chemicals</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td></td>
</tr>
<tr>
<td>Consumer goods</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
</tr>
</tbody>
</table>

* Net of financial lease and net of projects financed by customers
LANXESS: Clear trend of steadily improving financials, based on strategic implementation

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>H1'12</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA* [€ m]</td>
<td>447</td>
<td>581</td>
<td>675</td>
<td>719</td>
<td>722</td>
<td>465</td>
<td>918</td>
<td>1,146</td>
<td>731</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>1,515</td>
<td>1,738</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>1.3x</td>
<td>1.4x</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>73</td>
<td>77</td>
</tr>
<tr>
<td>Underlying EPS (YTD) [€]**</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>
<td>6.55</td>
<td>4.66</td>
</tr>
</tbody>
</table>

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

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

LANXESS – A successful growth story

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA [€ million]</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>447</td>
</tr>
<tr>
<td>2005</td>
<td>581</td>
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<td>2008</td>
<td>722</td>
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<td>2009</td>
<td>465</td>
</tr>
<tr>
<td>2010</td>
<td>918</td>
</tr>
<tr>
<td>2011</td>
<td>1,146</td>
</tr>
</tbody>
</table>

* pre-exceptionals

LANXESS Fact Book – Strategy

LANXESS – Energizing Chemistry
The five elements of LANXESS’ strategy

- Premium products focused on megatrends
- "Price-before-volume"
- Flexible asset and cost management
- Global reach with focus on emerging markets
- Driven by innovation and technology
- Entrepreneurial and performance culture

LANXESS with a disciplined dual track growth strategy

<table>
<thead>
<tr>
<th>Value-driven investment strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth</td>
</tr>
<tr>
<td>Dual-track growth strategy</td>
</tr>
<tr>
<td>• Organic growth pushed via implemented capex projects</td>
</tr>
<tr>
<td>• Leveraging growth potential from premium products</td>
</tr>
<tr>
<td>• Significant contribution from M&amp;A</td>
</tr>
<tr>
<td>External growth</td>
</tr>
<tr>
<td>Capital efficiency</td>
</tr>
<tr>
<td>• Attractive returns from growth projects</td>
</tr>
<tr>
<td>Financial discipline</td>
</tr>
<tr>
<td>• Clear priorities in resource allocation</td>
</tr>
</tbody>
</table>
Capital allocation priorities that ensure further growth

LANXESS will pursue its successful growth strategy

LANXESS aims to maintain a solid Investment Grade Rating

Investment priorities

1. Organic growth
   Best option for creating value

2. External growth
   Stringent application of our valuation criteria

3. Dividends
   Successful business performance reflected in dividends

4. Debt and pensions
   Strict control of debt
   Moderate pension funding ongoing

5. Share buybacks
   Currently not a strategic priority

LANXESS will pursue its successful growth strategy

Polymers:
- Butyl Singapore (BTR)
- Compounds globally (HPM)

Intermediates:
- Menthol Germany (AII)
- Cresol Germany (AII)
- Leather chemicals China (LEA)
- CO₂ South Africa (LEA)

Chemicals:
- Leather chemicals China (LEA)
- CO₂ South Africa (LEA)

- N6-PBR Singapore (PBR)
- EPDM China (TRP)
- Polyamide Belgium (HPM)

Additional organic and external growth
2:1 organic/external growth

~1,800

~1,400

918

Realized as of FY 2011

Growth

LANXESS Fact Book – Strategy
GOFOR €1.8 bn – Ambitious growth target for 2018

EBITDA pre exceptionals 2018

~€1.8 billion
Agenda

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Innovations and technologies for the next generation of premium products

- Strengthening leading technology position through continuous process improvements
- Assuring long-term success by developing future growth areas
Well-defined focus areas for the development of innovative products and solutions – based on four megatrends

- **Advanced polymer based materials**
  - Polymers and polymer blends for new applications (e.g. new reinforcements of polyamide)

- **Water management solutions**
  - New materials and products for the increase in water demand (e.g. next generation membranes)

- **Bio-renewable feedstocks**
  - Next generation renewable resources for key chemical value chains (e.g. chemicals based on biotechnology processes / white biotechnology)

---

A culture of innovation that provides the ideal platform to generate outstanding ideas

**LANXESS’ innovation culture is based on**
- Extensive, global innovation network
- Close cooperation between interdisciplinary teams
- Strong senior management commitment
- Organized innovation processes and proactive project management

**Market-oriented R&D stands for**
- Focusing on megatrends to develop innovative products and solutions
- Interacting closely with customers
- Maximizing added value while minimizing cost and time to market

---

> „Our innovative culture, based on trust and entrepreneurial freedom, helps us go the extra mile for product, process and outside the box innovations.”

Werner Breuer, Member of the Board of Management, responsible for Innovation & Technology at LANXESS
Steadily increasing budget and headcount for innovation

### Innovation expenses [€ m] / and % of total sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenses</th>
<th>% of Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>~200</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>144</td>
<td>1.6%</td>
</tr>
<tr>
<td>2010</td>
<td>116</td>
<td>1.6%</td>
</tr>
<tr>
<td>2008</td>
<td>97</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

### Innovation headcount / and % of total headcount

<table>
<thead>
<tr>
<th>Year</th>
<th>Headcount</th>
<th>% of Total Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>812</td>
<td>4.8%</td>
</tr>
<tr>
<td>2011</td>
<td>731</td>
<td>4.5%</td>
</tr>
<tr>
<td>2010</td>
<td>519</td>
<td>3.5%</td>
</tr>
<tr>
<td>2008</td>
<td>453</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

### Worldwide innovation centers

- Germany
  - Dormagen
  - Leverkusen
  - Krefeld-Uerdingen
- China
  - Qingdao
  - Wuxi
- USA
  - Pittsburgh
- Canada
  - London

### Development of innovation projects

<table>
<thead>
<tr>
<th>Year</th>
<th>Product Innovation</th>
<th>Process Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>2009</td>
<td>180</td>
<td>120</td>
</tr>
<tr>
<td>2010</td>
<td>160</td>
<td>140</td>
</tr>
<tr>
<td>2011</td>
<td>140</td>
<td>160</td>
</tr>
</tbody>
</table>

*As of June 2012
Agenda

1. LANXESS – Energizing Chemistry
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Guiding principle of LANXESS’ corporate responsibility strategy: “Good for business” & “good for society”

<table>
<thead>
<tr>
<th>Good for business</th>
<th>Good for society</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Achieving sustainable growth</td>
<td>• Contributing to solving global challenges through LANXESS’ products and expertise</td>
</tr>
<tr>
<td>• Increasing awareness among customers and the public</td>
<td>• Protecting climate / environment</td>
</tr>
<tr>
<td>• Improving image</td>
<td>• Enhancing safety and security</td>
</tr>
<tr>
<td>• Strengthening reputation</td>
<td>• Providing training and education</td>
</tr>
<tr>
<td>• Establishing transparency, trust and good partnerships with stakeholder groups</td>
<td>• Fostering culture</td>
</tr>
<tr>
<td>• Satisfying employees and stakeholders</td>
<td>• Enhancing social responsibility</td>
</tr>
<tr>
<td></td>
<td>• Creating good neighborhood relationships</td>
</tr>
</tbody>
</table>

Corporate Responsibility activities of LANXESS with benefits for business and society
LANXESS’ corporate responsibility strategy includes all dimensions of sustainable management

### Corporate Responsibility

**Corporate Governance**
- Compliance with applicable laws and regulations
- Transparency, integrity, and accountability of business
- Adherence to ethical standards
- Safeguarding interests of shareholders
- Risk management

**Sustainability**
- Economic responsibility, e.g.
  - Sustainable growth
  - Long-term value for all stakeholders
  - Sustainable investments for shareholders in balance with good business results
- Social responsibility, e.g.
  - Health & safety
  - Good employment conditions
  - Diversity viewed as an opportunity
  - Work-life balance
- Environmental responsibility, e.g.
  - Natural resources’ conservation
  - Innovative technologies and expertise to meet global challenges
  - Sustainable procurement
  - Product stewardship

**Corporate Citizenship**
- Culture and education
- Strong relationships and open dialogue with stakeholders
- Social volunteerism and engagement
- Community joint-ventures
- Community support in crises

### Ensuring the sustainable production of sustainable products through a sustainable business approach

### Targeted approach to corporate responsibility goals enables further sustainable growth

#### Clear Corporate Responsibility goals defined (selection)

<table>
<thead>
<tr>
<th>Corporate Governance</th>
<th>Sustainable growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining LANXESS’ compliance with applicable laws and regulations</td>
<td></td>
</tr>
<tr>
<td>Maintaining adherence to ethical standards</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Economic Responsibility</th>
<th>Sustainable growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA* of ~€1.4 bn in 2015</td>
<td></td>
</tr>
<tr>
<td>Increase sales of products for “Green Mobility” by about 80% to €2.7 bn by 2015**</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social Responsibility</th>
<th>Sustainable growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement of occupational and plant safety</td>
<td></td>
</tr>
<tr>
<td>Optimization of employees’ development and wellbeing</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental Responsibility</th>
<th>Sustainable growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of specific CO2 emissions and energy consumption by 10% in each business segment by 2015***</td>
<td></td>
</tr>
<tr>
<td>Reduction of volatile organic compounds (VOC) emissions by 30% by 2015***</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporate Citizenship</th>
<th>Sustainable growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of science education</td>
<td></td>
</tr>
<tr>
<td>Development and maintenance of strong relationships and open dialogue with stakeholders</td>
<td></td>
</tr>
</tbody>
</table>

* pre exceptionals; ** Base year: 2011; *** Base year: 2010
Holistic integration of corporate responsibility into LANXESS’ business approach ensures the achievement of goals

Integration of Corporate Responsibility in LANXESS’ overall business approach

- Integration in internal activities, e.g.
  - Employee initiatives "diversity X inclusion" and "XCare", safety program "Xact"

- Integration along the whole value chain
  - Raw materials
  - Resources
  - Production and efficient processes
  - Disposal
  - Sustainable products
  - Transportation
  - Product applications
  - Product stewardship

- Integration to external activities
  - LANXESS’ education initiative, cultural involvement, regular stakeholder dialogues

LANXESS participates in important external initiatives – relevant indices confirm successful integration of CR

- Organization that works with shareholders and corporations to disclose the greenhouse gas emissions of major corporations
  - Involvement of LANXESS in Carbon Disclosure Project since 2006

- One of the leading environmental rating agencies
  - LANXESS awarded a "C+" rating at the beginning of 2011

- Criteria for decisions about sustainable investments created by the Financial Times and the London Stock Exchange
  - LANXESS qualified for inclusion in the FTSE4Good Index in April 2011

- UN initiative for companies that commit to aligning their business processes and strategies with recognized principles in the areas of human rights, labor, the environment and anti-corruption
  - In July 2011, LANXESS submitted its acceptance of terms

- Most prominent of all sustainability indices based a best-in-class approach
  - LANXESS was included in the DJS Index for the first time in September 2011; was named the "SAM Sector Mover*" for the chemicals sector in June 2012

*LANXESS achieved the largest year-on-year sustainability performance improvement of all companies ranked in the top 15% of the chemicals sector

LANXESS Fact Book – Corporate Responsibility
Business Segments
– Performance Polymers
Agenda

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

Performance Polymers: Leading market positions with strong and diversified portfolio

<table>
<thead>
<tr>
<th>Performance Polymers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butyl Rubber</td>
</tr>
<tr>
<td>Performance Butadiene Rubbers</td>
</tr>
<tr>
<td>Technical Rubber Products</td>
</tr>
<tr>
<td>High Performance Materials</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 the tire and rubber industry

One of the leading manufacturers of synthetic rubber (PBR and SBR) which are used in 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 (e.g. seals, hoses, profiles, cable sheathing, special films and adhesives)

Provides high-tech plastics for a broad range of customer industries (e.g. automotive, electronics) and is committed to the development of new products and applications
Performance Polymers: A pillar of LANXESS’ overall business

~60% of Group sales*

Performance Polymers

~60% of Group EBITDA pre*

Performance Polymers

Serving global markets with a world-class manufacturing base

* Under construction
Agenda

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

LANXESS – A leader in butyl rubber

Key facts
- Provides butyl rubber, a high-quality rubber impermeable to air, gas and moisture with high chemical resistance and excellent mechanical properties
- Broad range of applications in tire and non-tire markets (e.g. high-tech pharmaceutical closures, chewing gum)

Production sites
- Zwijndrecht, Belgium
- Sarnia, Canada
- Singapore*

* Under construction (start-up in Q1 2013)

LANXESS estimates based on IHS Chemicals 2012

Sales by end use 2011
- Tire ~75%
- Pharma ~10%
- Gum ~5%
- Others ~10%

Global demand 2012e
- Asia Pacific 57%
- EMEA 19%
- North America 19%
- Latin America 5%
LANXESS provides regular and halogenated butyl rubber

### Products & brands

<table>
<thead>
<tr>
<th>Products</th>
<th>Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular butyl rubber (Butyl)</td>
<td>influences grip, fuel economy and noise</td>
</tr>
<tr>
<td>Halobutyl rubber (Chlorobutyl, Bromobutyl)</td>
<td>joins the tread to steel belt and carcass</td>
</tr>
</tbody>
</table>

**Butyl**

**Chlorobutyl**

**Bromobutyl**

The use of halobutyl rubber in inner liners made modern tires possible

**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 characteristics

**Carcass** → gives support and shape

**Innerliner** → replaces the tube

**Steel wires** → keeps the tire safely attached to wheel rim

Made of halobutyl rubber
2005 - 2014: LANXESS has invested over €500 m, adding ~200kt butyl capacity

LANXESS is fully committed to butyl customers’ growth

Construction of world-scale production facility in Singapore is fully on track

Facts
- Greenfield BTR plant, Singapore
- Capex ~€400 m
- Capacity: 100 kt/a

Update on financials
- Expected sales: ~€300 m
- Preparation costs: ~€30 m, mainly Q4 2012
- Depreciation period: 10 years
- Additional annual depreciation: ~€40 m
- Ramp-up 2013: capacity to come on stream in phases in 2013
  - Q1 cold/ hot commissioning
  - Q2 testing and customer approbation
  - Q3 expected start of commercial sales
New plant in Singapore offers best-in-class technology – ongoing drive to implement advanced processes

- Favorable technology due to implementation of streamlined processes
- Lower energy consumption enabled by optimized equipment and state-of-the-art exhaust gas treatment systems

Protecting and improving leadership position

Development of next-generation butyl technology targeting entirely new production processes and achieving even higher resource utilization efficiency

Butyl Rubber: Growing markets generate huge demand, especially in the Asia Pacific region

Market development
- Capacity*: ~1,200kt
- Announced investments in butyl rubber

Market environment
- Supporting growth trends
  - Mobility, growing middle class in emerging markets
  - Increasing global trend toward radial, tubeless truck and bus tires in emerging countries
  - Growing need for high-quality medical packaging

Butyl rubber producers
- Cenway (Zhejiang)
- ExxonMobil Chemicals
- Formosa**
- Nizhnekamskneftekhim (Nizhnekmansk)
- Panjin**
- Sibur (Togliatti)
- Sinopec (Yanshan)

Demand growth (CAGR 2012-2017)
- Global: ~5%
  - Asia Pacific: ~6%
  - EMEA: ~2%
  - North America: ~2%
  - Latin America: ~6%
Leading market and technology position combined with strong customer relationships

**Strengths / opportunities**
- Leading technology in halobutyl rubber
- Leading producer of regular butyl rubber with focus on specialty grades
- Continuous investment in new technology
- Cost-efficient world-scale plants
- Investment in renewable raw material sources
- Strong customer relationships based on strategic collaboration and reliable supply

**Weaknesses / challenges**
- Increasing Asian and Russian competition
- Potential long-term changes in air-retention-technology for tires
- Strong dependence on tire / transportation industry
Agenda

1. LANXESS – Energizing Chemistry
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   - Performance Polymers
     Butyl Rubber
   - Performance Butadiene Rubbers
     Technical Rubber Products
     High Performance Materials
   - Advanced Intermediates
   - Performance Chemicals
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Performance Butadiene Rubbers – Leading market position

Overview

Key facts
- World’s leading manufacturer of high-performance rubber
  - Polybutadiene rubber (PBR)
  - Styrene-butadiene rubber (solution and emulsion: S-SBR and E-SBR)

Production sites
- Cabo, Brazil
- Duque de Caxias, Brazil
- Triunfo, Brazil
- Dormagen, Germany
- Port Jérôme, France
- Orange, USA
- Singapore*

Sales by end use 2011
- Tire & Retreads 72%
- Plastics 11%
- Industrial goods 10%
- Lifestyle & leisure 7%

Global demand 2012e
- Asia Pacific 54%
- EMEA 22%
- North America 18%
- Latin America 6%

* Under construction

LANXESS estimates based on IHS Chemicals 2012

LANXESS Fact Book – Performance Polymers: Performance Butadiene Rubbers
Performance Butadiene Rubbers offers top products that meet the requirements of today and tomorrow

**Products & brands**
- PBR: Polybutadiene rubber (Buna™ CB)
  - Nd-PBR
  - Li-PBR
  - Co-PBR
- S-SBR: Solution styrene-butadiene rubber (Buna™ VSL)
- E-SBR: Emulsion styrene-butadiene rubber (Buna™ SE)

**Applications**

A primer to rubber production

**Production of synthetic rubber**

1. **Extraction from raw material feedstocks**
   - In a refinery, monomers* are extracted from oil
   - Liquid monomers are generally made from ethyl benzene
   - Gas monomers are usually obtained by using heat to break up the molecules in the presence of a catalyst

2. **Polymerization**
   - Monomer molecules are brought together through a chemical reaction to form polymer chains

3. **Separation**
   - The polymer is isolated from the solution medium in the form of crumbs

4. **Compression**
   - Crumbs are washed, dried and pressed into bales

**Monomers**
- Gas
- Liquid

**Polymers**
- Synthetic rubber

**Synthetic rubber bales**
- The raw rubber is wrapped in plastic for shipping to tire manufacturers

Source: International Rubber Study Group (IRSG)

* a molecule that forms the basic unit for polymers
BU Performance Butadiene Rubbers – enabling green mobility

Tread → influences grip, fuel economy and noise
Undertread → provides stiffness, affects fuel economy
Upper steel belt → influences driving features and shape
Sidewall → offers ride comfort and protects carcass
Lower steel belt → influences the driving features and shape
Carcass → gives support and carries the load of the tire
Innerliner → replaces the tube and maintains air pressure
Steel wires → keeps the tire safely attached to wheel rim

Made with BU PBR rubber

Offering a complete range of polybutadiene and styrene-butadiene rubbers, focusing on high-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

Butadiene & styrene (key raw material)
Emulsion polymerization
Emulsion styrene butadiene rubber (E-SBR)
Buna SE
Expanding production footprint for high-performance rubbers: Singapore site

Announced – Nd-PBR in Singapore

- A new 140kt/a polybutadiene rubber (Nd-PBR) plant to meet strong demand for “Green Tires”
- “Green Tires” is the fastest-growing sector in the tire industry, especially in Asia
- World’s largest Nd-PBR plant
- €200 m investment
- Facility expected to come on stream in the first half of 2015
- Groundbreaking: September 2012
- Engineering work well advanced
- Contracts signed with key suppliers
- Location: Jurong Island Chemical Park

BU PBR has a proven track record of supporting the growth of its customers

Production expansion in all regions

- Dormagen: +15kt Nd-PBR Expansion
- Cabo: +20kt Nd-PBR Expansion
- Orange: +10kt Nd-PBR/ +20kt Nd-PBR/ S-SBR Expansion
- Singapore: +140kt Nd-PBR Expansion

2010 Debottlenecking Greenfield 2015
Growing markets generating huge demand, especially in the Asia Pacific region

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**Market development**

<table>
<thead>
<tr>
<th>Capacity*</th>
<th>ESBR: ~5,200kt</th>
<th>*<em>Capacity</em></th>
<th>PBR/ SSBR: ~5,400kt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td></td>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global nameplate capacity</td>
<td>Production @ 90%</td>
<td>Demand utilization</td>
<td>Demand</td>
</tr>
</tbody>
</table>

**Demand growth BR / S-SBR (CAGR 2012-2017)**

- **Global**: ~5%
- **Asia Pacific**: ~7%
- **EMEA**: ~2%
- **North America**: ~2%
- **Latin America**: ~6%

**Global demand growth Nd-PBR / S-SBR (CAGR 2012-2017)**: ~10%

---

**Market environment**

**Supporting growth trends**

- Mobility
  - Tire labeling
  - Growth in retreading
  - Energy-efficient tires, e-mobility
- Population growth

**Main competitors**

- HP Rubbers
- Asahi Kasei
- JSR
- NKNK
- Synthos
- Sibur
- Versalis**

---

**Weaknesses / challenges**

- Meeting the growing global demand for LANXESS’ performance products will continue to pose a challenge
- Management of raw material price volatility, especially for butadiene, will continue to require focus

---

**Strengths / opportunities**

- Broad and innovative product portfolio offered to tire manufacturers and other industries that require synthetic rubber
- Strategic focus on high-performance products such as Nd-PBR and S-SBR
- Reputation with top customers for reliable performance and delivery
- World-scale plants in EMEA, LATAM and NAFTA with modern, cost-efficient production
- World’s biggest Nd-PBR plant being built in Asia Pacific to meet the growing needs for performance products
- Strategic raw material (butadiene) supply is locked in, and raw material prices are consistently passed through

---

* Source: IHS Chemicals 2012; ** Versalis formerly Polimeri ESBR

LANXESS Fact Book – Performance Polymers: Performance Butadiene Rubbers
Technical Rubber Products offers a broad range of specialty elastomers

Overview

**Key facts**
- Broad range of specialty elastomers for the rubber processing industry
- Used in automotive, engineering, construction, electronics, oil exploration and aviation industries

**Production sites**
- Ethylene propylene diene monomer rubber (EPDM) – Brazil, Germany, Netherlands, USA
- Nitrile butadiene rubber (NBR) – France, China
- Hydrogenated nitrile butadiene rubber (HNBR) – Germany, USA
- Chloroprene rubber (CR) – Germany
- Ethylene vinyl acetate rubber (EVM) – Germany

**Sales by end use 2011**

- Automotive 41%
- Mech. engineering 12%
- Construction 9%
- Plastics 8%
- Electronics 6%
- Adhesives 5%
- Others 19%

**Global demand 2012e**

- Asia Pacific 49%
- EMEA 30%
- North America 18%
- Latin America 3%

LANXESS estimates based on IHS Chemicals 2012
Extensive portfolio of synthetic rubber for various applications

Products & brands

Products
- EPDM: Ethylene propylene diene monomer rubber (Keltan®)
- NBR: Nitrile butadiene rubber (Krynac®, Baymod® N, Perbunan®)
- HNBR: Hydrogenated nitrile butadiene rubber (Therban®)
- CR: Chloroprene rubber (Baypren®)
- EVM: Ethylene vinyl acetate rubber (Levapren®, Levamelt®)

Applications

Business supported by state-of-the-art production processes

Production process

- Butadiene & acrylonitrile
- Polymerization
- Nitrile-butadiene rubber (NBR)
- Hydrogenation
- Hydrogenated nitrile-butadiene rubber (HNBR)
- Butadiene & chlorine
- Chlorination
- Chloroprene monomer
- Polymerization
- (Poly-) Chloroprene rubber (CR)
- Ethylene, propylene & diene monomers
- Polymerization
- Ethylene-propylene diene rubber (EPDM)
- Ethylene vinyl acetate rubber (EVM)
- Ethylene & vinyl acetate
- Polymerization
- Raw materials
- Process
- Product

LANXESS Fact Book – Performance Polymers: Technical Rubber Products
LANXESS Keltan® Eco: High-tech rubber derived from ethanol from sugar cane

**LANXESS – World's first producer of EPDM rubber based on renewable raw materials**

**Keltan® Eco**
- Contains up to 70% ethylene from sugarcane
- Reduces overall carbon footprint
- Improves overall energy balance
- One more step towards independency from oil

![Diagram showing the process from sugarcane to EPDM](image)

**Building a very competitive EPDM plant**

**Facts**
- Location: Changzhou, China (next to BU LEA plant)
- Site: highly competitive with best-in-class technology
- Infrastructure: synergies with BU LEA (admin, HSEQ, energy)
- Start of production: 2015
- Capacity: 160kt/a

**Market perspective**
- Market growth stronger than GDP growth
- Supply / demand tightly balanced

**Rationale**
- Local production for an undersupplied Chinese market
- Strengthening market position among leaders
- Ideal infrastructure / raw material supply

**EPDM plant in China**

![Map showing the EPDM plant in China](image)
End user markets of Technical Rubber Products are driven by megatrends mobility and urbanization

![Market development](image)

**Market environment**

**Supporting growth trends**
- Premium technical rubber products offer solutions for modern and sustainable mobility
- Ongoing increases in urban populations will continue to fuel building activities and demand for technical rubber solutions for the construction industry

**Main competitors**
- Dow
- Denki
- Exxon Mobil
- Kumho
- Lion Copolymer
- Mitsui
- Versalis
- Zeon

**Weaknesses / challenges**
- New market entrants in China
- Scattered supplier landscape in Asia Pacific
- Substitution risk through alternative technologies in end applications
- Complex procedures for REACH* implementation

**Strengths / opportunities**
- New EPDM plant in China (as of 2015)
- Combination of Ziegler Natta and ACE catalyst expertise has generated a versatile and cost-efficient EPDM product portfolio
- State-of-the-art CR world-scale plant in Dormagen, Germany
- Globally single biggest NBR plant in La Wantzenau, France
- Advanced technology HNBR
- Only global EVM supplier to offer VA contents greater than 50%

* Registration, Evaluation, Authorization of Chemicals
High Performance Materials: High-tech plastics with upstream-integration into strategic intermediates

Key facts
- HPM provides a wide range of high-tech plastics (compounds) to core industries across the world (e.g. automotive, electronics, construction and consumer goods sectors)
- This is supported by a global production and R&D network together with a cost leadership position built on upstream-integration in strategic raw materials like caprolactam and glass fibers in addition to world-scale production assets

Production sites
- Antwerp, Belgium
- Porto Feliz, Brazil**
- Wuxi, China
- Dormagen, Germany
- Hamm-Uentrop, Germany
- Krefeld-Uerdingen, Germany
- Jhagadia, India
- Gastonia, USA*

*production starts 2012 **under construction

Overview

Sales by end use 2011
- Automotive: 35%
- Electro/Electronics: 14%
- Textile: 9%
- Construction: 8%
- Packaging: 7%
- Sports & Leisure: 4%
- Others: 23%

Global demand 2012e*
- Asia Pacific: 41%
- Germany: 14%
- EMEA (w/o Germany): 21%
- North America: 21%
- Latin America: 3%

* LANXESS estimates: High-tech plastics by volume

1. LANXESS – Energizing Chemistry
2. Business Segments
- Performance Polymers
  - Butyl Rubber
  - Performance Butadiene Rubbers
  - Technical Rubber Products
  - High Performance Materials
- Advanced Intermediates
- Performance Chemicals
3. Financials
**Broad portfolio and strong brands to service core industries**

### Products & brands

**Products**
- Durethan® A – Based on polyamide 6.6 (PA6.6)
- Durethan® B – Based on polyamide 6 (PA6)
- Pocan® – Based on polybutylene terephthalate (PBT)
- All three products available in 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 intermediate caprolactam
- Polyamide-based monofilament products

**Services**
- High-end development service package

### Applications

- Gas tank carriers
- Airbag housings
- Module carriers
- Battery housing carriers
- Battery cell holders
- Pedals / pedal brackets
- Cross car beams
- Frontends
- Gas tank carriers
- Roof frames
- Brackets
- Steering rods
- Pedals / pedal brackets
- Brackets

---

**An integrated polyamide value chain, combined with engineering expertise in component development**

### LANXESS value chain

**Raw materials**
- Cyclohexane
- Sulphur
- Ammonia

**HPM Intermediates**
- Cyclohexanone
- KA-Oil
- Oleum
- Sulfur dioxide
- Hydroxylamine
- Caprolactam
- Glass fibers

**High-tech plastics**
- Durethan®
- Pocan®
- HiAnt®

**Engineering expertise**
- Expertise for all stages of advanced component development

**Customers benefit from consistent upstream-integration**
Strong production and development center designed to serve markets worldwide

- Centralized upstream-integration into key intermediates enables leading cost position and security of supply
- Global decentralized compounding network close to key customers is under development to ensure market proximity
- Global product and application development to drive innovation – tailored activities and services

New polymerization plant in Antwerp further strengthens value chain and creates a leading world-scale “Verbund”

- New world-scale PA6 polymerization plant in Antwerp to serve internal demand for high-tech plastic production in growth regions
  - Investment of €75 m
  - Capacity: 90kt
  - Start-up Q1/2014
- New caprolactam/PA6 “Verbund” as combined asset on one site creating new economies of scale
Growth largely driven by the increasing demand for lightweight solutions

**Market development**

- Demand growth for high-tech plastics (e.g. for the production of light vehicles)
  - Light vehicle production [units]: ~116 mio in 2017 (vs. ~78 mio in 2010)
  - High-tech plastics [kg/unit]: ~22 kg/unit in 2017 (vs. ~14 kg/unit in 2010)

- General demand growth (CAGR 2012-2017)
  - Global: ~5%
    - Asia Pacific: ~7%
    - Germany: ~5%
    - EMEA (w/o Germany): ~4%
  - North America: ~4%
  - Latin America: ~5%

**Market environment**

- Supporting growth trends
  - Vehicle weight reduction to reduce fuel consumption and CO₂ emissions, “Green Mobility”
  - Growing car demand, especially in BRICS and other developing areas
  - Growth of electrics & electronics industry driven by innovation and increased availability to consumers

- Main competitors
  - BASF
  - DSM
  - DuPont
  - Solvay

**Source:** J. D. Powers, IHS Chemicals, PCI Nylon, AMI Plastics, LANXESS estimates

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High Performance Materials: A solid base for expanding a successful business model worldwide

**Strengths / opportunities**

- High-tech plastics
  - Leading position in EMEA and further business growth in all relevant global markets
  - Strong brands of Durethan® and Pocan®
  - Broad product portfolio with excellent price-performance ratio
  - Cutting-edge global product and application development organization with excellent customer relationships
  - Our highly valued service package has recently been trademarked as HiAnt®
  - Strong production network to serve markets worldwide

- Intermediates
  - World-scale upstream integration into caprolactam and glass fibers
  - Cost leadership thanks to world-scale assets with excellent economies of scale and optimized logistics

**Weaknesses / challenges**

- High-tech plastics
  - Repositioning of high-tech plastics business in Americas
  - Short-term volatility in demand, raw material prices, energy costs and exchange rates can lead to shifts in the global balance of supply and demand and in the short-term to pricing and margin imbalances
  - Availability of some specialty chemicals for high-tech plastics formulas

- Intermediates
  - Managing global supply and demand in line with trade barriers and subsidies

**Source:** LANXESS estimates
Business Segments
– Advanced Intermediates
Agenda

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The Advanced Intermediates segment comprises our businesses in intermediates and fine chemicals

Advanced Intermediates

- Advanced Industrial Intermediates
- Saltigo

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

A major supplier in 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 lifecycles of their products.
Advanced Intermediates: Financials demonstrate business’ resilience

~20% of Group sales*

LXS others

Advanced Intermediates

~20% of Group EBITDA pre*

LXS others

Advanced Intermediates

Sales 2004-2011

EBITDA** (margin) 2004-2011

Sales by BU 2011

Capex*** 2004-2011

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

Advanced Intermediates relies primarily on its European manufacturing base

Baytown, US

Liyang, CN

Nagda, IN

Brunsbuettel, DE

Krefeld-Uerdingen, DE

Dormagen, DE

Leverkusen, DE

Advanced Industrial Intermediates

Saltigo

LANXESS Fact Book – Advanced Intermediates
Agenda

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

Advanced Industrial Intermediates: Global reach with sites in China, Germany, India and the USA

**Key facts**
- Offers a broad range of high-quality intermediates with applications in agrochemicals, resins & coatings, high-tech plastics, flavors & fragrances, plasticizers, solvents and other industries
- Organized in three Business Lines
  - Aromatic Network
  - Benzyl Products and Inorganic Acids
  - Polyls and Oxidation Products

**Production sites**
- Liyang, China
- Brunsbuettel, Germany
- Dormagen, Germany
- Krefeld-Uerdingen, Germany
- Leverkusen, Germany
- Nagda, India
- Baytown, USA

**Sales by end use 2011**
- Agro 26%
- Chemicals 25%
- Automotive 23%
- Construction 12%
- Others 14%

**Global demand 2012e**
- Asia Pacific 42%
- EMEA 38%
- Americas 20%
The three business lines provide high-quality intermediates for a wide range of applications

Advanced Industrial Intermediates: Leading positions in high-quality intermediates

Segmentation of the chemical industry

Advanced Industrial Intermediates*

*A underlined products: LANXESS holds a leading position
Process example Aromatic Network: Competitive advantage based on integrated manufacturing processes

Capacity expansions and upstream integration improve positioning of Advanced Industrial Intermediates

**Capacity expansions**

Expansion of cresol production in Leverkusen
- Cresols are widely used in the manufacture of vitamin E, resins, flame retardants and in the agrochemicals sector
- Completion scheduled for mid 2013

Doubling of menthol plant capacity to meet increasing demand
- Customer (Symrise AG) turns these products into scents and flavorings for the world market
- Completed in Q2 2012

**Upstream-integration**

Construction of a new formalin plant to gain independence from suppliers
- Formalin needed to make trimethylolpropane
- Improvement of energy efficiency through process optimization measures
- Completed in December 2011

Investments of ~€60 m to increase market share
Megatrends creating more end uses for LANXESS’ high-quality intermediates

**Market demand**

<table>
<thead>
<tr>
<th>Demand growth* (CAGR 2012-2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall: ~3.5%</td>
</tr>
<tr>
<td>Asia Pacific: ~6%</td>
</tr>
<tr>
<td>EMEA: ~3%</td>
</tr>
<tr>
<td>North America: ~3%</td>
</tr>
<tr>
<td>South America: ~4%</td>
</tr>
</tbody>
</table>

**Main competitors**

- Aarti
- BASF
- DDF
- Emerald
- Hualhe
- Ihara
- Ineos
- Jiangsu Yangnong
- Mitsui
- Perstorp

**Market environment**

**Supporting growth trends**

- Agriculture megatrend: Intermediates from the Aromatic Network, together with benzyl products, are key raw materials for agrochemicals produced by LANXESS’ customers
- Mobility and urbanization megatrends: Intermediates from all three business lines are key raw materials for high-tech plastics and coatings & resins
- Strong growth in Asia Pacific, especially in China and India
- Stable demand in consolidated European and American markets

**Stable business driven by high diversity of end uses**

**Advanced Industrial Intermediates**

Advanced Industrial Intermediates is well positioned to generate value in the global marketplace

**Strengths / opportunities**

- Maintains strong market positions with many high-quality intermediates
- Competitive technologies and world-scale production facilities
- Competitive asset base e.g. the unique manufacturing process of the Aromatics Network, which enables optimized capacity utilization, cost-efficient production and steering of product mix
- Established customer relationships and many years of experience in global market place

**Weaknesses / challenges**

- In some segments upcoming new facilities in Asia will soon pose increased competitive pressure
- Migration of certain customer industries to Asia (e.g., textile chemicals, dyestuffs, fluorochemicals, pigments, etc.)
- Margin pressures from increasing input costs for raw materials and energy
- Potential higher trade barriers
- REACH* and other regulations will lead to further cost increases and complexity

* *Registration, Evaluation, Authorization of Chemicals*
Agenda

1. LANXESS – Energizing Chemistry

2. Business Segments
   - Performance Polymers
   - Advanced Intermediates
     Advanced Industrial Intermediates
     Saltigo
   - Performance Chemicals

3. Financials

Saltigo: A leading producer for the agro and fine chemical markets

**Overview**

**Key facts**
- Important global player in fine chemicals focusing on
  - custom manufacturing for agrochemicals and pharmaceuticals
  - multi-customer intermediates for all chemical client industries

**Production sites**
- Dormagen, Germany
- Leverkusen, Germany

**Sales by end use 2011**
- Agro 70%
- Pharma 20%
- Fine Chemicals 10%

**Global demand 2012e**
- Asia Pacific 30%
- Germany 10%
- EMEA (w/o Germany) 30%
- North America 20%
- Latin America 10%

*Estimated consumption by end user market
Saltigo provides custom manufactured active ingredients and multi-customer fine chemicals

Products & Services
- Custom manufactured active ingredients and intermediates for agrochemicals, pharmaceuticals and other industries
- Active ingredient for insect repellent

Saltidin®
- Broad portfolio of high-quality multi-customer fine chemicals
- Full service provider for route selection, lab scale development, pilot production, manufacturing and analytical services based on efficient, best-in-class project management

Applications

Unique technology base and outstanding track record to support customer needs along the complete project lifecycle

Technology base and production expertise are key assets
Challenging chemistries and technologies in process development and manufacturing at one site

**Challenging reagents**
- Phosgene
- Cyanide / HCN
- Hydrazine
- Ethylene oxide
- Complex hydrides
- Fluorinations with HF* and halex**-reactions

**Basic technologies**
- Hydrogenation
- Friedel-Crafts reactions
- Organometallic / low-temperature chemistry
- Oxidation
- Chlorination, bromination

**Cutting-edge technologies**
- Cross-coupling technologies
- Buchwald CN coupling
- Asymmetric catalytic hydrogenation
- Transfer hydrogenation
- Carbonylations
- SMB (simulated moving bed chromatography)

*Hydrofluoric acid; **Halogen exchange

Saltigo benefits from stable growth in agrochemicals – supported by the agriculture megatrend

### Market development

**Agrochemical market development until 2017**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>100%</td>
<td>105%</td>
<td>107%</td>
<td>109%</td>
<td>112%</td>
<td>115%</td>
<td>118%</td>
<td>121%</td>
<td>124%</td>
<td>127%</td>
<td>130%</td>
<td>133%</td>
<td>136%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>95%</td>
<td>100%</td>
<td>103%</td>
<td>106%</td>
<td>109%</td>
<td>112%</td>
<td>115%</td>
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<td>121%</td>
<td>124%</td>
<td>127%</td>
<td>130%</td>
<td>133%</td>
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<tr>
<td>EMEA w/o Germany</td>
<td>95%</td>
<td>100%</td>
<td>103%</td>
<td>106%</td>
<td>109%</td>
<td>112%</td>
<td>115%</td>
<td>118%</td>
<td>121%</td>
<td>124%</td>
<td>127%</td>
<td>130%</td>
<td>133%</td>
</tr>
<tr>
<td>Germany</td>
<td>100%</td>
<td>105%</td>
<td>107%</td>
<td>109%</td>
<td>112%</td>
<td>115%</td>
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<td>124%</td>
<td>127%</td>
<td>130%</td>
<td>133%</td>
<td>136%</td>
</tr>
<tr>
<td>North America</td>
<td>100%</td>
<td>105%</td>
<td>107%</td>
<td>109%</td>
<td>112%</td>
<td>115%</td>
<td>118%</td>
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<td>124%</td>
<td>127%</td>
<td>130%</td>
<td>133%</td>
<td>136%</td>
</tr>
<tr>
<td>Latin America</td>
<td>100%</td>
<td>105%</td>
<td>107%</td>
<td>109%</td>
<td>112%</td>
<td>115%</td>
<td>118%</td>
<td>121%</td>
<td>124%</td>
<td>127%</td>
<td>130%</td>
<td>133%</td>
<td>136%</td>
</tr>
</tbody>
</table>

**Agrochemical demand growth (CAGR 2012-2017)**
- Global: ~3%
  - Asia Pacific: ~4%
  - Germany: ~2%
  - EMEA w/o Germany: ~2%
- North America: ~2%
- Latin America: ~4%
Saltigo is leveraging its expertise in managing complex processes and challenging chemistry

**Strengths / opportunities**
- Leading global player in the custom manufacture of agrochemicals
- State-of-the-art technology and services for the pharmaceutical, agrochemical and fine chemical industries
- Efficient project management
- Technology leadership in high-end chemistry
- Leverages LANXESS’ business platform
- Integrated production facilities in Germany
- Well-established brand and focused market approach
- Strong customer relationships combined with regulatory expertise

**Weaknesses / challenges**
- Ongoing market consolidation
- Increasing competition and cost pressure from Asia and other emerging markets
- Increased demand for a global production network
Business Segments
– Performance Chemicals
Performance Chemicals has a global manufacturing base
Performance Chemicals: Production of application-focused chemicals for a wide range of industries (1/2)

Performance Chemicals

<table>
<thead>
<tr>
<th>Material Protection Products</th>
<th>Inorganic Pigments</th>
<th>Functional Chemicals</th>
<th>Leather</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wide range of biocide active ingredients and preservatives for beverage stabilization, wood protection / antifouling products, industrial applications and disinfection</td>
<td>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</td>
<td>Offers plastics additives, phosphorous and specialty chemicals, organic and inorganic colorants to meet the needs of customers in a wide range of industrial sectors</td>
<td>One of the few suppliers to the leather industry to offer a complete suit of products for leather processing including tanning agents, preservatives, finishing auxiliaries and dye products</td>
</tr>
</tbody>
</table>

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

Performance Chemicals

<table>
<thead>
<tr>
<th>Rhein Chemie</th>
<th>Rubber Chemicals</th>
<th>Ion Exchange Resins</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global supplier of additives, specialty chemicals and technical services for the rubber, lubricant and plastics industries</td>
<td>Full portfolio of rubber chemicals for the tire and technical rubber industries including antidegradants, accelerators and specialties</td>
<td>One of the leading producers of ion exchange resins, adsorbers and functional polymers for the treatment and purification of water and other liquids</td>
</tr>
</tbody>
</table>
Performance Chemicals: Specialty chemicals for niche markets

~20% of Group sales*

- LXS others

Performance Chemicals

~20% of Group EBITDA*

- LXS others

Performance Chemicals

Sales 2004-2011

EBITDA** (margin) 2004-2011

Sales by BU 2011

Capex 2004-2011

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

LANXESS Fact Book – Performance Chemicals

62 LANXESS Fact Book
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

Material Protection Products: Customized solutions to preserve materials

Overview

Key facts
- Material Protection Products offers a wide portfolio of active ingredients with a broad range of applications for anti-microbial and insecticide products, disinfectants, beverage sterilization, industrial preservation, wood protection, paints & coatings, construction, health and personal care
- Global customer service organization provides top-notch technical and regulatory support

Production sites
- Wuxi, China
- Dormagen, Germany
- Krefeld-Uerdingen, Germany
- Jhagadia, India
- Pittsburgh, USA

Sales by end use 2011

- Beverages 24%
- Construction 24%
- Paints & coatings 23%
- Industrial & others 19%
- Disinfection 10%

Global demand 2012e

- Asia Pacific 33%
- Germany 10%
- EMEA (w/o Germany) 20%
- North America 31%
- Latin America 6%
Material Protection Products offers products and problem solutions for a broad array of applications

### Products & brands

- **Preventol**
- **Sporgard**
- **Velcorin**
- **Natural Choice**
- **Tektamer**
- **Biochek**

### Applications

- Beverages
- Wood protection
- Paints & coatings
- Disinfection

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

#### Biocide value chain

- **General biocide value chain**
  - Purchase of registered active ingredients
  - In-house manufacturing
  - Registration
  - Solution or dispersion ready for customer use
- **OPP-specific value chain**
  - **Chemicals**
    - o-phenylphenol (OPP)
  - **Regulatory & data package** = “active ingredients”
  - **Preventol® O extra (OPP)**
- **Biocidal formulations**
  - Preventol®
Recent activity of Material Protection Products:
A combination of organic and external growth

Material Protection Products: Benefiting from increasing demand and positive trends

Market development

<table>
<thead>
<tr>
<th>Total global demand, 2012e</th>
<th>€1.9 bn</th>
<th>€2.3 bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disinfection &amp; personal care</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biocides</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Demand growth (CAGR, 2012-2017)

- Global: ~3%
  - Asia Pacific: ~4%
  - Germany: ~2%
  - EMEA (w/o Germany): ~2%
- North America: ~3%
- Latin America: ~4%

Market environment

Supporting growth trends

- Urbanization in emerging countries drives growth in construction sector
- Organic and functional beverages trend fosters growth of Velcorg®
- Increased meat consumption highlights importance of veterinary hygiene

Main competitors

- Ashland
- BASF
- DOW
- Lonza
- Thor
- Troy

Source: Global Biocide Report BIS, SRI Market Report

LANXESS Fact Book – Performance Chemicals: Material Protection Products
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
- Industry-leading expertise in regulatory affairs, with a broad basis of biocidal registrations
- Leading production footprint with formulation sites close to key markets
- Global sales and service network
- Leading beverage technology solution
- Opportunity to participate in ongoing market consolidation
- Opportunity to participate in growing demand for personal hygiene products

**Weaknesses / challenges**
- Low-cost Chinese / Indian competition in commodity-type biocidal ingredients
- Managing the commoditization of active ingredients for wood
- Improving upstream integration for selected active ingredients
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

Inorganic Pigments: A global player in the high-quality iron oxide and chromium oxide pigments sectors

Overview

Key facts
- High-quality iron oxide and chromium oxide pigments for coloring (e.g. in construction, coatings, plastics and paper applications)
- Iron oxides and chromium oxides also produced for specific technical applications

Production sites
- Sydney, Australia
- Porto Feliz, Brazil
- Shanghai-Jinshan, China
- Shanghai-Taopu, China
- Krefeld-Uerdingen, Germany
- Vilassar de Mar, Spain
- Branstion, UK
- Burgettstown, USA

Sales by end use 2011
- Construction 51%
- Coatings 26%
- Plastics 8%
- Paper 5%
- Others 10%

Global demand 2012e
- Asia Pacific 42%
- Germany 7%
- EMEA (w/o Germany) 27%
- North America 19%
- Latin America 5%

* Estimated demand split for iron oxide pigments

LANXESS Fact Book – Performance Chemicals: Inorganic Pigments
Inorganic pigments are used for coloring and various technical applications

**Products & brands**
- Iron oxide (red, yellow, black, brown)
- Chromium oxides (green)

**Coloring applications**

**Technical applications**

Inorganic Pigments covers the full value chain for the production of iron oxide pigments production

**Synthesis**
- Laux process
- Precipitation process
- Penniman process

**Sieving and washing**
- Thickening and washing

**Drying / calcination**
- Drying and / or calcination

**Blending / milling**
- Color adjustment and milling

**Packaging**

Integrated synthesis and blending sites

Blending only sites

LANXESS Fact Book – Performance Chemicals: Inorganic Pigments
Inorganic Pigments’ manufacturing initiatives to increase sustainability and production efficiency

**Sustainability as growth driver**
- LANXESS is driver for continuous HSEQ improvements in the global iron oxide industry
- Global sustainability approach leads to more environmentally friendly processes and products
- LANXESS’ products are highly efficient, sustainable and do no harm to health or the environment
- Focus on sustainability in all production steps brings a competitive advantage

**Waste water treatment in Krefeld-Uerdingen, Germany**
- Innovative wastewater recycling process leads to higher manufacturing effectiveness and efficiency
- Processed water meets the highest environmental standards and does not require further purification

**Waste water treatment in Jinshan, China**
- Improved energy utilization and water management processes serve to reduce emissions
- New black pigment plant recycles byproducts from yellow pigment production lines

**Cogeneration in Porto Feliz, Brazil**
- CO₂-neutral production of energy with biomass
- CO₂ emissions reduced by 44kt per year

Iron oxide and chromium oxide products have a sustainable effect on our daily lives

- **Arsenic adsorber**
  - Bayoxide® E33 removes arsenic from contaminated drinking-water (special project was set up in Bangladesh)
- **Li-ion batteries**
  - Iron oxide is a raw material for iron phosphate, an intermediate for the production of lithium-iron-phosphate cathodes used in batteries
- **FDA compliant pigments**
  - Bayferrox® and Colortherm® pigments are used to color food packaging and other articles with food-contact applications
- **Desulfurization of biogas**
  - Iron oxides to remove hydrogen sulfide from methane during the fermentation of biological waste
- **Desulfurization of natural gas**
  - Iron oxides are catalysts for the removal of hydrogen sulfide from natural gas
- **Safe operation of airbags**
  - Specially developed iron oxide ensures the controlled unfolding of automotive airbags
Megatrend urbanization and increased awareness of higher sustainability drive demand for LANXESS’ inorganic pigments

**Market development**

<table>
<thead>
<tr>
<th>Demand 2012-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="chart.png" alt="Bar chart showing demand growth from 2012 to 2017" /></td>
</tr>
</tbody>
</table>

**Market environment**

**Supporting growth trends**
- Urbanization and increasing demand for pigments in emerging markets (e.g., Asia Pacific and Latin America)
- Consolidation among Chinese iron oxide producers
- Sustainability and innovation as a competitive edge
- General global trend towards higher-quality products in all application fields

**Main competitors**
- Chinese iron oxide producers and traders (e.g. Cathay Pigments, Deqing Huayuan, Yixing Yuxing)
- Rockwood

**Competitive advantage with world-scale production capacity, outstanding product quality and sustainable business model**

**Strengths / opportunities**
- Global technology leader with state-of-the-art world-scale production capacity
- A top-quality product covering broad range of colors, supply forms and applications
- Strong and well-established brand name (Bayferrox® synonymous with iron oxides in general in many markets)
- Exceptionally sophisticated technical support
- Global adherence to high environmental standards and principles of sustainability
- Global distribution network includes own local blending units and best-in-class distribution partners

**Weaknesses / challenges**
- Volatile raw material costs
- Increasing energy costs
- Volatile currency situation could develop into a disadvantage as the majority of production is based in the euro zone
Agenda

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     - Inorganic Pigments
     - Functional Chemicals
     - Leather
     - Rhein Chemie
     - Rubber Chemicals
     - Ion Exchange Resins
3. Financials

Functional Chemicals provides high-value-added products that meet strict environmental and regulatory requirements

Overview

Key facts
- A leading global manufacturer of organic phosphorous chemicals (e.g., flame retardants), polymer additives (e.g., phthalate-free plasticizers), organic colorants and water treatment chemicals
- Marketing high-value-added specialty chemicals

Production sites
- Krefeld-Uerdingen, Germany
- Leverkusen, Germany
- Greensboro, USA

Sales by end use 2011

- Construction 21%
- Chemicals 14%
- E&E 11%
- Food & packaging 10%
- Automotive 7%
- Others* 37%

Global demand 2012e

- Asia Pacific 32%
- Germany 9%
- EMEA (w/o Germany) 24%
- North America 31%
- Latin America 4%

* Others incl. toys, agro, water, tobacco, etc.

* Relevant markets only
FunctionChemicals offerings products for diversified applications in plastics and chemistry

**Products & brands**

- Flame retardants (Disflamoll®, Levagard®)
- Phthalate-free plasticizers (Mesamoll®, Adimoll®, Ultramoll®)
- Organic dyes (Macrolex®, Bayplast®)
- Synthesis chemicals: phosphor intermediates, phosphor chlorides
- Water treatment chemicals (Bayhibit®, Baypure®)

**Applications**

- Flame retardants
- Phosphorus specialties
- Water treatment agents

**Production chain for phosphorus chemicals**

- Phosphor
- Oxygen
- Chlorine
- Phosphorus trichloride
- Phosphorus oxychloride

**Application examples**

- P-Chlorides for agrochemicals
- Phosphonates – Scale inhibitors for industrial cleaners
- Aryl phosphates – Flame retardants for PVC
- Alkyl phosphates – Flame retardants for polyurethanes

LANXESS Fact Book – Performance Chemicals: Functional Chemicals

Functional Chemicals operates one of the largest integrated production units for phosphorus chemicals in the world
External growth: UNITEX acquisition broadens Functional Chemicals’ product portfolio

Phthalate-free plasticizers: Increasing demand due to stricter health and safety regulations
Functional Chemicals is a competitive regulatory driven business

**Strengths / opportunities**
- One of the largest and most competitive integrated production facilities for phosphorus chemicals
- Flexible multi-purpose assets in Germany and USA
- Established solution provider especially for products that must meet regulatory requirements
- Strong market position in phosphorus-based flame retardants, bonding agents and other ecologically friendly (e.g., specialty plasticizers and solvent dyes for plastics)
- Strong customer relationship established in key markets across the world
- Reliable safety performance
- Environmental awards and appropriate patent protection

**Weaknesses / challenges**
- Permanent increase in competitiveness offsetting price pressures in commodity segments, especially from Asian competitors
- Need for efficient management of the high volatility of raw material prices
- Changes to the competitive environment due to further consolidation
Agenda

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     - Rhein Chemie
     - Rubber Chemicals
     - Ion Exchange Resins
3. Financials

BU Leather: Strong international position in chrome specialties and leather chemicals

Overview

Key facts
- Two business areas: Global supplier for the leather industry and chrome specialties
- Chrome chemicals for various industrial applications, including production of inorganic tanning agents
- Only backward-integrated tanning agents manufacturer operating its own chrome mine
- High-quality products and services for all stages of the leather production process

Production sites
- Zaraté, Argentina
- Wuxi, China
- Changzhou, China
- Leverkusen, Germany
- Filago, Italy
- Merebank, South Africa
- Newcastle, South Africa
- Rustenburg, South Africa

Sales by end use 2011

Global demand 2012e

* Leather chemicals demand only, excludes other applications such as metal and chemicals
BU Leather offers the full-range product portfolio for leather processing and selected chrome specialties

Products & brands
- Leather chemicals
  - Beamhouse chemicals
  - Binders
  - Chrome-free tanning products
  - Chrome tanning salts
  - Colorants
  - Fatliquors
  - Finishing auxiliaries
  - Patent leather chemicals
  - Preservatives
  - Retanning chemicals
- Chrome specialties
  - Chrome ore
  - Sodium dichromate
  - Chromic acid
  - Chrome sulphate
  - Chrome oxide

Applications
- Non-leather applications
  - Foundry sand
  - Plating
  - Construction
  - Others
- Leather industry (tanning)

Upstream integration into chrome ore for use in leather and other industries

LANXESS’ chrome ore value chain
- Chrome ore
- Sodium dichromate (SDC)
- Chromic acid
- Chrome tanning salts
- Chrome oxide pigments

LANXESS Fact Book – Performance Chemicals: Leather
Well-balanced portfolio of leather chemicals for one-stop shopping

Process steps with demand for leather chemicals

Targeted investments in key markets (e.g., China), development of new leather product technologies

- Construction of new leather chemicals plant located in Changzhou, China
- Facility is scheduled to go on stream by the first half of 2013

- Further strengthening of LANXESS’ value creation chain at three sites in South Africa: new CO₂ concentration unit supports growth of sodium dichromate production

- LANXESS awarded as “Supplier of the Year” at the All China Leather Exhibition (ACLE), Shanghai 2011

- Successful introduction of X-Tan® technology
- New organic tanning process combines first-class leather quality with economic and ecological benefits
Key leather markets growing in line with increasing industrialization, especially in the BRICS

**Market development**

Beef consumption determines raw hide availability, thus triggering demand for leather chemicals

<table>
<thead>
<tr>
<th>Year</th>
<th>Beef consumption [m t]</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>~66</td>
</tr>
<tr>
<td>2015</td>
<td>~68</td>
</tr>
<tr>
<td>2017</td>
<td>~70</td>
</tr>
</tbody>
</table>

Beef consumption growth (CAGR, 2012-2017)
- Global: ~1.2%
  - Asia Pacific: ~1.8%
  - Europe: ~0.1%
  - North America: ~0.5%
  - Latin America: ~1.2%
  - Others: ~2.5%

**Market environment**

Supporting growth trends
- Industrialization leading to higher wealth
  - Increasing meat and luxury goods consumption (e.g., leather shoes, leather furniture)
  - Higher demand for steel, building materials and platings materials

Main competitors
- Leather chemicals
  - BASF
  - Clariant
- Chrome specialties
  - Aktyubinsk
  - Anxian Yinhe Mianyang Sichuan

Source: OECD-FAO

**Market environment**

Stahl
- TFL
- Elementis
- Novotroitsk
- Sisecam

**Strengths / opportunities**

- Broad product portfolio covering full range of offerings along leather processing value chain
- Innovations in eco-friendly products and processes
- Market position in inorganic tanning agents supported by upstream integration into chrome ore
- Presence in faster-growing Asian and BRICS markets
- Strong and well-established customer relationships
- Well trained and experienced technical support staff with excellent market acceptance
- Diversified production network and secure supply of raw materials (chrome ore)

**Weaknesses / challenges**

- Increasing competitive pressure due to ongoing overcapacity in retanning and finishing chemicals sector
- Operations in politically volatile countries

Strong position due to capacity for innovation and portfolio’s diversity in products and geographies
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

Rhein Chemie offers customized solutions for the rubber, lubricant and plastics industries

**Overview**

**Key facts**
- Providing technical solutions, services and products for rubber, polyurethane, plastics and lubricant industries

**Production sites**
- Burzaco, Argentina
- Merlo, Argentina
- Antwerp, Belgium
- Porto Feliz, Brazil
- Qingdao, China
- Mannheim, Germany
- Jhagadia, India
- Toyohashi, Japan
- Lipetsk, Russia*
- Chardon, USA
- Little Rock, USA

* Under construction
Rhein Chemie’s product portfolio is tailored to the needs of its customers

**Products & brands**
- **Products for the rubber industry**
  - Polymer-bound chemicals (Rhenogran®)
  - High-performance bladders (Rhenoshape®)
  - Release agents (Rhenodiv®)
  - Tire marking inks (Rhenomark®)
  - Processing promoters (Aktiplast®, Aflux®)
  - Vulcanization activators (Rhenofit®)
- **Additives for polyurethane and plastics**
  - Hydrolysis protection (Stabaxol®)
  - Cross-linkers for various plastic systems (Addolin®)
- **Additives for the lubricants industry (all Additin®)**
  - Oil- and water-based solutions for metalworking fluids
  - Sulfur carriers and anti-wear agents
  - Additive packages for hydraulics / gears / turbines
  - Corrosion inhibitors

**Applications**

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**Successful pursuit of rigorous growth strategy**

**Acquisitions strengthening global position**
- March 2012
  - Acquisition of Tire Curing Bladders LLC (TCB), Little Rock, USA: Leading independent US manufacturer of bladders
- July 2011
  - Acquisition of tire release agent business from Wacker Chemie AG, Germany
- January 2011
  - Acquisition of Darmex S.A., Burzaco / Buenos Aires, Argentina: Bladder technology leader complemented by release agents business; production sites in Argentina and Uruguay

**Organic growth – Main focus on BRICS**
- New production site for rubber additives, release agents (by first half of 2013) and bladders (by 2016) in Lipetsk, Russia
- New production facility for curing bladders (end of 2012) and expansion of rubber additives in Porto Feliz, Brazil (2013)
- Targeted investments for lubricant oil additives:
  - Qingdao, China: new reaction vessel for water-miscible metal-working fluids in 2011
  - Jhagadia, India: new chemical plant (dithiophosphates / packages) in 2012-2014
  - Mannheim, Germany: expansion of sulfur carrier capacity in 2012/2013
- Installation of Denison Pump Bench** in Mannheim for testing of hydraulic oil performance

* Award received at the Tire Technology Expo, Cologne; ** one of only 12 such testing benches worldwide

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LANXESS Fact Book – Performance Chemicals: Rhein Chemie

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LANXESS Fact Book – Performance Chemicals: Rhein Chemie
Release agents and bladders play key role in tire production

**Release agents**
- Preventing the tire from sticking to the mold or bladder during the curing process
- Enable smooth and cost-efficient tire-production process

**Bladders**
- Used in the manufacture of tires
- Main raw material: butyl rubber
- High-performance curing bladders can significantly increase the productivity of a tire plant
- Trend towards outsourcing of bladder production by major tire companies supports Rhein Chemie’s growth prospects
- Global bladder market ~€300 m, with healthy growth rates in line with tire demand

Rhein Chemie is the only global player for release agents and bladders for tire manufacturing out of one hand

BioAdimide™ in bioplastics: Expanding performance of bio-polyesters

**Rhein Chemie wins “Global New Product Innovation Award” in bioplastics additives market**

Frost & Sullivan honored Rhein Chemie with the “Global New Product Innovation Award 2011” in the bioplastic additives market for its new product BioAdimide™

- The “New Product Innovation Award” is presented to companies demonstrating excellence in line with set criteria:
  - Innovative product characteristics
  - Product leverages leading-edge technologies
  - Value-added features / benefits
  - Increasing customer ROI
  - Customer acquisition / penetration potential

BioAdimide™ is a line of additive solutions especially suited to improving the hydrolysis resistance of bio-based polyester and to expanding its range of applications

- The product line enables the production of renewable, bio-based polymers for durable applications with lower environmental impact
- It also allows for a greater range of process variables in terms of:
  - Providing melt stability during processing
  - Using higher levels of re-grind material
  - Enabling blending with higher melting plastics by stabilizing the bio-based polyester component

Rhein Chemie wins “Global New Product Innovation Award” in bioplastics additives market
Rhein Chemie has a leading market position in its main business segments

<table>
<thead>
<tr>
<th>Market development</th>
<th>Market environment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total global demand (2012e)</strong></td>
<td><strong>Supporting growth trends</strong></td>
</tr>
<tr>
<td>• €2.5 bn</td>
<td>• Rhein Chemie’s growth projects in tires and automotive applications are driven by the mobility megatrend</td>
</tr>
<tr>
<td><strong>Market development (CAGR 2012-2017)</strong></td>
<td>• Growing demand for green solutions reflected in multiple Rhein Chemie initiatives:</td>
</tr>
<tr>
<td>• Global: ~3%</td>
<td>- BioAdimide™ as additive for renewable bioplastics</td>
</tr>
<tr>
<td>- Asia Pacific: ~5%</td>
<td>- Several Additin® products with European eco-label as biodegradable lubricants</td>
</tr>
<tr>
<td>- EMEA: ~2%</td>
<td>- OSPAR* -approved Additin® products for offshore applications</td>
</tr>
<tr>
<td>- North America: ~2%</td>
<td><strong>Main competitors</strong></td>
</tr>
<tr>
<td>- Latin America: ~4%</td>
<td>• Afton</td>
</tr>
<tr>
<td></td>
<td>• Chemtrend</td>
</tr>
<tr>
<td></td>
<td>• Lubrizol</td>
</tr>
<tr>
<td></td>
<td>• MLPC / Arkema Group</td>
</tr>
</tbody>
</table>

*Rhein Chemie provides strong service and application expertise in every region across the globe*

**Strengths / opportunities**
- Leading position in additive formulations
- Only global player offering release agents and curing bladders from one source with strong local presence
- Well recognized image and strong brands
- Global sales and technical service network
- Supplier of customized technical solutions thus fostering close customer relationships
- Rapid responsiveness to market trends
- Excellent technical expertise

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

*Convention for the Protection of the Marine Environment of the North-East Atlantic ("OSPAR Convention")*
Agenda

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   - Performance Chemicals
     - Material Protection Products
     - Inorganic Pigments
     - Functional Chemicals
     - Leather
     - Rhein Chemie
     - Rubber Chemicals
     - Ion Exchange Resins
3. Financials

Rubber Chemicals: A leading supplier of chemicals and additive solutions to a variety of industries

Overview

Key facts
- Providing a comprehensive portfolio of premium products and technical services to the tire and technical rubber industries
- Performance solutions for other industry segments such as personal care, agro, mining and fuels

Production sites
- Antwerp, Belgium
- Brunsbüttel, Germany
- Krefeld-Uerdingen, Germany
- Leverkusen, Germany
- Jhagadia, India
- Deventer, Netherlands
- Isithebe, South Africa
- Bushy Park, USA

Sales by end use 2011
- Tire 62%
- Rubber / latex 22%
- Automotive 9%
- Personal care 4%
- Others 3%

Global demand 2012e
- Asia Pacific 61%
- EMEA 21%
- North America 13%
- Latin America 5%

* Global rubber chemicals demand; data according to NOTCH market research consultants.
Rubber Chemicals offers a comprehensive portfolio of additives

**Products & brands**

- **Accelerators:** Thiazoles, sulfenamides
  - *Vulkacit*<sup>®</sup>

- **Antidegradants:** Phenylendiamines, quinolines
  - *Vulkanox*<sup>®</sup>

- **Specialties:**
  - Used as bonding agents, anti-reversion agents, fillers, latex chemicals, peptizing agents, zinc oxides, etc.
  - *Cohedur*<sup>®</sup>, *Vulcren*<sup>®</sup>, *Renacit*<sup>®</sup>, *Perkalink*<sup>®</sup>

**Applications**

- *Vulkacit*<sup>®</sup>
- *Vulkanox*<sup>®</sup>
- *Zinkoxyd aktiv*<sup>®</sup>

**Leadership position in technology with a focus on process enhancement**

**Production processes**

- Aniline & carbon disulfide
  - Condensation → Intermediate
  - Condensation + Amines → Intermediate

- Aniline & p-nitrochlorobenzene
  - Condensation → Intermediate
  - Hydrogenation + Ketone / hydrogen → Intermediate

- Zinc sulphate
  - Precipitation → Intermediate
  - Roasting → Intermediate

- Aniline & acetone
  - Condensation → Antidegradant

*Vulkanox*<sup>®</sup> HS

Driving innovation and growth

Organic growth through innovation

- One of the few remaining producers actively developing new products for the rubber industry
- Addressing the main challenge posed by the upcoming implementation of tire-labeling regulations: reducing the rolling resistance of tires
- Contributing to innovative “Green Tires” formulations by offering solutions for
  - processing of silica recipes
  - improved polymer-silica interaction
- Three new products for “Green Tires” were introduced to the market over the past several years

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

Market development

<table>
<thead>
<tr>
<th>Demand growth (CAGR 2012-2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global: ~4%</td>
</tr>
<tr>
<td>- Asia Pacific: ~5%</td>
</tr>
<tr>
<td>- EMEA: ~2%</td>
</tr>
</tbody>
</table>

Market environment

Supporting growth trends

- Global mobility trends
- Fuel-efficient tires, “Green Tires” technology (driven by tire labeling regulations)

Main competitors

- China Sunsine Chemical
- Kemai (Tianjin) Chemical
- Kumho Petrochemical
- Sinorgchem
- Solutia

Source: Global rubber chemicals demand; data according to NOTCH market research consultants
Rubber Chemicals is well positioned as a supplier of performance additives to the rubber and other industries

<table>
<thead>
<tr>
<th>Strengths / opportunities</th>
<th>Weaknesses / challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Global production footprint</td>
<td>• Oversupply principally in Asia / China</td>
</tr>
<tr>
<td>• World-scale capacity for anti-degradants and accelerators</td>
<td>• Increasing competitive pressure is fuelling further market consolidation</td>
</tr>
<tr>
<td>• Reputation as reliable provider of a broad range of high-quality products and services</td>
<td></td>
</tr>
<tr>
<td>• Coverage of all relevant global markets through established market position</td>
<td></td>
</tr>
<tr>
<td>• Solutions for “Green Tires” technology</td>
<td></td>
</tr>
<tr>
<td>• Continued penetration of new market segments outside rubber</td>
<td></td>
</tr>
<tr>
<td>• Leading position for zinc oxide produced by wet process technology</td>
<td></td>
</tr>
</tbody>
</table>
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

Ion Exchange Resins: A leading global supplier for various industries and applications

Overview

Key facts
- One of the world’s leading producers of ion exchange resins for treating liquids
- More than 70 years of experience in ion exchange resins and leadership in monodisperse technology
- New business field of reverse osmosis membrane technology
- Excellent technical marketing expertise and reputation as a service-solution provider

Production sites
- Bitterfeld, Germany
- Leverkusen, Germany
- Jhagadia, India

Sales by end use 2011
- Water treatment* 46%
- Food & beverages 35%
- Chemicals 15%
- Others 4%

Global demand 2012e
- Asia Pacific 37%
- Germany 6%
- EMEA (w/o Germany) 30%
- North America 21%
- Latin America 6%

* Ground- and waste water remediation, process water
Comprehensive product portfolio provides advanced solutions for treatment of liquids

**Products & brands**
- Ion exchange resins
- Adsorbers
- Functional polymers
- Reverse osmosis membranes

**Applications**

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

**Production process for ion exchange resins is conducive to a variety of applications**

**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**
- High technical and application know-how needed to produce premium products
- Ion exchange resins can be cleaned and regenerated for many applications

**Different functional groups for different applications**

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

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

- **Softening**
  - $\text{CO}_2 \text{H}$
State-of-the-art production process ensures premium-quality reverse osmosis membranes

**Production process for reverse osmosis element**

- Polysulfone polymer is uniformly coated on a non-woven sheet
- Formation of a thin polyamide barrier layer by interfacial polymerization
- Winding of reverse osmosis (RO) membrane leaves to form a spiral wound element
- Each reverse osmosis element is checked based on industrial standards in an element tester

Recently established business field for reverse osmosis membranes and built a new ion exchange production site

**New plant in Bitterfeld, Germany**

- Development and production of reverse osmosis membrane filtration technology
- First reverse osmosis membrane elements available since March 2012
- Second LANXESS facility in Bitterfeld, Germany

**New plant in Jhagadia, India**

- Most modern plant of its kind in Asia
- First mover in India; no western ion exchange company with production sites in APAC to date
- German standards regarding sustainability, safety and product quality
Ion exchange resins and membrane technology enjoying momentum from global trends

**Membrane market development**

- Supporting growth trends
  - Rising demand for potable water in a rapidly urbanizing world due to population growth and increased pollution
  - Increasing demand for processed food especially in emerging countries

**Market environment**

- Main competitors
  - Dow Water & Process Solutions
  - Mitsubishi Chemicals
  - Hydranautics
  - Toray

**Ion exchange resins market development**

- Regional CAGR
  - Asia Pacific: ~5%
  - EMEA: ~2%
  - Americas: ~3%

-by entering the membrane business, LANXESS now provides customers with one-stop shopping

- Strengths / opportunities
  - One-stop shopping for customers with reverse osmosis membrane and ion exchange resins technology
  - High technical and marketing expertise and reputation as a service solution provider
  - Global market presence and distribution network
  - A leading role in monodisperse ion exchange technology
  - Premium-quality supplier with Lewatit® - positioned as well-known brand
  - Wide technological portfolio
  - Service and quality ranked among the best in industry
  - Supplying customer industries that benefit from strong global trends

- Weaknesses / challenges
  - Dependence on raw material and energy costs
  - Cyclical nature of ion exchange resins business in some sub-segments
  - Relatively long time to market for new products due to registration and certification issues
  - Currently limited membrane portfolio

Source: LANXESS estimate based on McIlvaine and SRI data

LANXESS Fact Book – Performance Chemicals: Ion Exchange Resins
Financials
Agenda

1. LANXESS – Energizing Chemistry
2. Business Segments
3. Financials
   - 8 years overview
   - Quarterly overview
   - Financing
   - Excursion
### Balance Sheet overview – LANXESS (€m)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>358</td>
<td>373</td>
<td>226</td>
<td>196</td>
<td>145</td>
<td>33</td>
<td>41</td>
<td>53</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>2,762</td>
<td>2,679</td>
<td>2,131</td>
<td>1,809</td>
<td>1,646</td>
<td>1,459</td>
<td>1,465</td>
<td>1,526</td>
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<tr>
<td>Investments accounted at equity</td>
<td>16</td>
<td>12</td>
<td>13</td>
<td>26</td>
<td>49</td>
<td>33</td>
<td>5</td>
<td>22</td>
</tr>
<tr>
<td>Investments in other affiliated companies</td>
<td>25</td>
<td>19</td>
<td>8</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>4</td>
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<tr>
<td>Non-current derivative financial assets</td>
<td>11</td>
<td>8</td>
<td>3</td>
<td>16</td>
<td>43</td>
<td></td>
<td></td>
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<tr>
<td>Other non-current financial assets</td>
<td>9</td>
<td>82</td>
<td>74</td>
<td>79</td>
<td>72</td>
<td>85</td>
<td>37</td>
<td>48</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>241</td>
<td>196</td>
<td>170</td>
<td>163</td>
<td>137</td>
<td>93</td>
<td>84</td>
<td>103</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>117</td>
<td>120</td>
<td>113</td>
<td>92</td>
<td>134</td>
<td>102</td>
<td>94</td>
<td>79</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>3,528</td>
<td>3,489</td>
<td>2,738</td>
<td>2,382</td>
<td>2,228</td>
<td>1,806</td>
<td>1,730</td>
<td>1,835</td>
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<tr>
<td>Inventories</td>
<td>1,588</td>
<td>1,386</td>
<td>1,094</td>
<td>849</td>
<td>1,048</td>
<td>895</td>
<td>1,047</td>
<td>1,068</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>1,330</td>
<td>1,146</td>
<td>942</td>
<td>733</td>
<td>725</td>
<td>809</td>
<td>924</td>
<td>1,065</td>
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<tr>
<td>Near cash assets</td>
<td>0</td>
<td>350</td>
<td>364</td>
<td>402</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>234</td>
<td>178</td>
<td>160</td>
<td>313</td>
<td>249</td>
<td>189</td>
<td>171</td>
<td>136</td>
</tr>
<tr>
<td>Current derivative financial assets</td>
<td>9</td>
<td>8</td>
<td>19</td>
<td>29</td>
<td>34</td>
<td></td>
<td></td>
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<tr>
<td>Other current financial assets</td>
<td>8</td>
<td>27</td>
<td>58</td>
<td>146</td>
<td>155</td>
<td>202</td>
<td>113</td>
<td>37</td>
</tr>
<tr>
<td>Other current assets</td>
<td>318</td>
<td>294</td>
<td>291</td>
<td>214</td>
<td>212</td>
<td>150</td>
<td>220</td>
<td>220</td>
</tr>
<tr>
<td>Current assets</td>
<td>3,487</td>
<td>3,389</td>
<td>2,928</td>
<td>2,666</td>
<td>2,433</td>
<td>2,243</td>
<td>2,475</td>
<td>2,506</td>
</tr>
<tr>
<td>Total assets</td>
<td>7,016</td>
<td>6,878</td>
<td>5,666</td>
<td>5,088</td>
<td>4,651</td>
<td>4,049</td>
<td>4,205</td>
<td>4,341</td>
</tr>
<tr>
<td>Capital stock and capital reserves</td>
<td>889</td>
<td>889</td>
<td>889</td>
<td>889</td>
<td>889</td>
<td>889</td>
<td>889</td>
<td>889</td>
</tr>
<tr>
<td>Other reserves</td>
<td>1,296</td>
<td>943</td>
<td>696</td>
<td>818</td>
<td>840</td>
<td>811</td>
<td>685</td>
<td>748</td>
</tr>
<tr>
<td>Net income</td>
<td>369</td>
<td>506</td>
<td>379</td>
<td>40</td>
<td>171</td>
<td>112</td>
<td>197</td>
<td>63</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>-311</td>
<td>-280</td>
<td>-221</td>
<td>-315</td>
<td>-509</td>
<td>-304</td>
<td>-368</td>
<td>-335</td>
</tr>
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## P&L Statement (€ m)

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LANXESS Fact Book – Financials: Eight years overview
## 8 years overview – Segment Data

### Performance Polymers

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LANXESS Fact Book – Financials: Eight years overview
## Development of key financial figures over the last quarters

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<td>174</td>
<td>16,070</td>
</tr>
<tr>
<td>Q2 11</td>
<td>2,336</td>
<td>223</td>
<td>63</td>
<td>306</td>
<td>5</td>
<td>5</td>
<td>311</td>
<td>15,820</td>
</tr>
<tr>
<td>Q1 11</td>
<td>2,243</td>
<td>255</td>
<td>79</td>
<td>334</td>
<td>5</td>
<td>5</td>
<td>339</td>
<td>15,115</td>
</tr>
<tr>
<td>2010</td>
<td>7,243</td>
<td>255</td>
<td>79</td>
<td>317</td>
<td>5</td>
<td>5</td>
<td>332</td>
<td>14,648</td>
</tr>
<tr>
<td>Q4 10</td>
<td>2,073</td>
<td>246</td>
<td>79</td>
<td>28</td>
<td>4</td>
<td>4</td>
<td>157</td>
<td>14,539</td>
</tr>
<tr>
<td>Q3 10</td>
<td>7,120</td>
<td>607</td>
<td>69</td>
<td>28</td>
<td>6</td>
<td>4</td>
<td>78</td>
<td>14,419</td>
</tr>
<tr>
<td>Q2 10</td>
<td>2,123</td>
<td>607</td>
<td>69</td>
<td>28</td>
<td>6</td>
<td>4</td>
<td>78</td>
<td>14,419</td>
</tr>
<tr>
<td>Q1 10</td>
<td>1,832</td>
<td>607</td>
<td>69</td>
<td>28</td>
<td>6</td>
<td>4</td>
<td>78</td>
<td>14,419</td>
</tr>
</tbody>
</table>

### Performance Polymers Key Figures (€ m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales</th>
<th>EBIT</th>
<th>Depreciation &amp; Amortization</th>
<th>EBITDA</th>
<th>Exceptionals</th>
<th>D&amp;A in exceptions</th>
<th>EBITDA pre exceptions</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 12</td>
<td>1,427</td>
<td>206</td>
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<td>256</td>
<td>1</td>
<td>0</td>
<td>257</td>
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</tr>
<tr>
<td>Q1 12</td>
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<td>48</td>
<td>254</td>
<td>0</td>
<td>0</td>
<td>255</td>
<td>5,096</td>
</tr>
<tr>
<td>2011</td>
<td>5,059</td>
<td>598</td>
<td>46</td>
<td>759</td>
<td>9</td>
<td>7</td>
<td>768</td>
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<td>76</td>
<td>45</td>
<td>120</td>
<td>7</td>
<td>2</td>
<td>127</td>
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<td>2</td>
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<td>213</td>
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<tr>
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<td>191</td>
<td>34</td>
<td>229</td>
<td>2</td>
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<td>2010</td>
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<td>549</td>
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<td>133</td>
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<tr>
<td>Q4 10</td>
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<td>97</td>
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<tr>
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<td>806</td>
<td>96</td>
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<td>123</td>
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<td>1</td>
<td>133</td>
<td>4,403</td>
</tr>
<tr>
<td>Q2 10</td>
<td>517</td>
<td>96</td>
<td>34</td>
<td>123</td>
<td>1</td>
<td>1</td>
<td>133</td>
<td>4,321</td>
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### Advanced Intermediates Key Figures (€ m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales</th>
<th>EBIT</th>
<th>Depreciation &amp; Amortization</th>
<th>EBITDA</th>
<th>Exceptionals</th>
<th>D&amp;A in exceptions</th>
<th>EBITDA pre exceptions</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
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<td>79</td>
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<tr>
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<td>54</td>
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<td>70</td>
<td>0</td>
<td>0</td>
<td>70</td>
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<tr>
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<td>16</td>
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<td>70</td>
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<td>0</td>
<td>68</td>
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<tr>
<td>Q1 11</td>
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<td>59</td>
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<td>65</td>
<td>0</td>
<td>0</td>
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<tr>
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<td>0</td>
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<tr>
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<td>14</td>
<td>67</td>
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### Performance Chemicals Key Figures (€ m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales</th>
<th>EBIT</th>
<th>Depreciation &amp; Amortization</th>
<th>EBITDA</th>
<th>Exceptionals</th>
<th>D&amp;A in exceptions</th>
<th>EBITDA pre exceptions</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
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<td>78</td>
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<tr>
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<td>83</td>
<td>0</td>
<td>0</td>
<td>83</td>
<td>5,999</td>
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<tr>
<td>2011</td>
<td>558</td>
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<td>21</td>
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<td>0</td>
<td>0</td>
<td>83</td>
<td>5,999</td>
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<td>67</td>
<td>95</td>
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<td>0</td>
<td>95</td>
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<td>Q4 10</td>
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<td>67</td>
<td>90</td>
<td>0</td>
<td>0</td>
<td>90</td>
<td>5,309</td>
</tr>
<tr>
<td>Q3 10</td>
<td>515</td>
<td>62</td>
<td>67</td>
<td>90</td>
<td>0</td>
<td>0</td>
<td>90</td>
<td>5,309</td>
</tr>
<tr>
<td>Q2 10</td>
<td>537</td>
<td>16</td>
<td>16</td>
<td>84</td>
<td>0</td>
<td>0</td>
<td>84</td>
<td>5,309</td>
</tr>
<tr>
<td>Q1 10</td>
<td>455</td>
<td>16</td>
<td>16</td>
<td>84</td>
<td>0</td>
<td>0</td>
<td>84</td>
<td>5,309</td>
</tr>
</tbody>
</table>
Conservative financial policy and centralized risk management

- Centralized management of all relevant risks
  - Liquidity & refinancing
  - Foreign exchange, interest rates and commodity risk
  - Counterparty risk
  - Customer credit risk
- Support operative business by managing non-operative risks (i.e. insurance)
- Pension risk management

Our active risk management aims at the reduction of financial and operational volatilities

A well-managed and conservative maturity profile

<table>
<thead>
<tr>
<th>Long term financing secured</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Well balanced maturity profile</td>
</tr>
<tr>
<td>- Diversified financing sources</td>
</tr>
<tr>
<td>- Bonds</td>
</tr>
<tr>
<td>- Private placements</td>
</tr>
<tr>
<td>- Syndicated credit facility</td>
</tr>
<tr>
<td>- Development banks</td>
</tr>
<tr>
<td>- Bilateral bank facilities</td>
</tr>
<tr>
<td>- €1.4 bn RCF and €200 m credit facility with EIB(^1) undrawn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liquidity and maturity profile of June 2012</th>
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<tr>
<td>-----------------</td>
</tr>
<tr>
<td>Financial liabilities</td>
</tr>
<tr>
<td>750</td>
</tr>
<tr>
<td>Bond 2014 7.75%</td>
</tr>
<tr>
<td>Synd. Credit Facility €1.4 bn</td>
</tr>
<tr>
<td>RCF</td>
</tr>
</tbody>
</table>

\(^1\) European Investment Bank; final maturity of EIB financing in case of utilization in 2017 or later; EIB facility currently undrawn

LANXESS Fact Book – Financials: Financing
LANXESS is committed to a prudent financial profile and an investment grade rating

Development of financial leverage since 2004

<table>
<thead>
<tr>
<th>Year</th>
<th>Net financial debt (€ m)</th>
<th>EBITDA* (€ m)</th>
<th>Net financial debt / EBITDA*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>1,135</td>
<td></td>
<td>2.5x</td>
</tr>
<tr>
<td>2005</td>
<td>447</td>
<td></td>
<td>1.2x</td>
</tr>
<tr>
<td>2006</td>
<td>880</td>
<td>680</td>
<td>1.13</td>
</tr>
<tr>
<td>2007</td>
<td>719</td>
<td>675</td>
<td>0.8x</td>
</tr>
<tr>
<td>2008</td>
<td>722</td>
<td>675</td>
<td>0.8x</td>
</tr>
<tr>
<td>2009</td>
<td>794</td>
<td>675</td>
<td>1.2x</td>
</tr>
<tr>
<td>2010</td>
<td>913</td>
<td>818</td>
<td>1.3x</td>
</tr>
<tr>
<td>2011</td>
<td>1,146</td>
<td>1,129</td>
<td>1.3x</td>
</tr>
</tbody>
</table>

Leverage is constantly under strict control

* pre exceptionals

Positive rating development since 2004 in line with LANXESS investment grade rating target

Strong credit rating history

Ratings by all three major agencies since 2005:

<table>
<thead>
<tr>
<th>Agency</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
</table>

BBB stable has already been confirmed by S&P and Fitch in 2012
Rating agencies confirm BBB rating and highlight sound financial profile and strong market positions

- Prudent financial policies, including moderate debt levels and strong liquidity
- Strong market positions and strategically well positioned
- Expectation of continued strong profitability and further degree of financial flexibility

The Baa2 rating is underpinned by the significant size and scale of the business, as well as the benefits of the product and market conditions and to support its ongoing strategic expansion

The company’s financial profile remains strong

Lanxess maintains a considerable level of flexibility in its capital structure and liquidity

Lanxess’ credit profile offers sufficient financial flexibility and headroom to withstand weakening market conditions and to support its ongoing strategic expansion

Lanxess’ pricing power demonstrated in all three main segments

Strong liquidity

Source: Rating Agencies
LANXESS’ pension obligations under tight control

<table>
<thead>
<tr>
<th>Clear improvement of funded status</th>
</tr>
</thead>
<tbody>
<tr>
<td>[€ m]</td>
</tr>
<tr>
<td>Funding: ~37%</td>
</tr>
<tr>
<td>2005</td>
</tr>
<tr>
<td>Defined – benefit obligation</td>
</tr>
<tr>
<td>External plan assets</td>
</tr>
<tr>
<td>Underfunding</td>
</tr>
<tr>
<td>1,073</td>
</tr>
<tr>
<td>677</td>
</tr>
<tr>
<td>396</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>Funding: ~70%</td>
</tr>
<tr>
<td>1,160</td>
</tr>
<tr>
<td>500</td>
</tr>
<tr>
<td>1,660</td>
</tr>
</tbody>
</table>

- Significant improvement in funding ratio: ~70% achieved
- German CTA implemented in 2007 – latest funding in 2011 with €30 m
- Conservatively managed pension assets: equity investments ~25%
- Ongoing monitoring and optimization of pension structure

LANXESS runs a global sourcing strategy in order to ensure availability of raw materials at best prices

Top 15 raw materials make up >70% of total bill
- Butadiene
- Isobutylene
- Cyclohexane
- Toluene
- Ethylene
- Ammonia
- Propylene
- Styrene monomer
- Caustic Soda
- Acrylonitrile
- Chlorine
- Ethylene
- Benzene
- Sulphur
- Aniline

Total raw material expenses in 2011: ~€3.9 bn (2010: ~€2.6 bn)

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

LANXESS Fact Book – Financials: Excursion
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