FUTURE ENERGIZED BY

LANXESS Fact Book – 5th Edition
SAFE HARBOR STATEMENT

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Dear Investors and Analysts,

At LANXESS, we believe in the critical importance of providing the financial community with all the information needed to make a proper assessment of our group’s activities. This publication was developed in keeping with this belief, and we feel it portrays a company taking all appropriate measures to capitalize on its existing strengths and reinvigorate its financial standing.

We are currently engaged in a three-phase program of change in response to significant shifts that have affected several key markets – most notably, relating to our synthetic rubber business. Phase one entails addressing the cost structure of LANXESS’ administrative, marketing and sales functions, as well as research and development. This process has begun with the consolidation of several business units and administrative functions, and it is expected to produce a range of efficiency gains, amounting to annual savings of roughly €150 million that will be phased in from 2015 through 2016.

Changes to our management team have enabled us to rapidly and effectively adapt to our sector’s evolving landscape, and avenues for new growth are being explored even as we redesign our business structure and fiscal strategy. In phases two and three of our realignment, we will respond to imbalances in supply and demand by addressing capacity-related challenges; we will assess potential new alliances; and we will take steps to reduce production costs by pursuing new process efficiencies.

Once the first phase of our transition has been completed, we expect that LANXESS will once again generate free cash flow and return to the vigorous fiscal health of which we know it is capable. Our company retains a solid position in the chemical industry, and we continue to enjoy growth through a diversified portfolio of technologically sophisticated products. Still more importantly, we are taking decisive action to improve our cash flow profile.

What will not change is LANXESS’ clear focus on offering technology-driven products in such vital segments as polymers, intermediates and performance chemicals. We will continue to produce and sell a broad portfolio of important industrial compounds in major markets across the globe. And we will continue to work closely with our investors and the financial markets at large to ensure that LANXESS remains a leading player in the specialty chemicals sector.

Cooperation with the financial community is central to the mission and long-term success of our company. We are fully committed to maintaining this dynamic relationship.

Sincerely,

Matthias Zachert
Chairman of the Board of Management
INVESTMENT HIGHLIGHTS

LANXESS is one of the world’s leading chemical companies, marked by its strong focus on cash generation.

STRONG FOUNDATIONS

With its global presence, its leading positions in synthetic rubber businesses, its diversified portfolio of technology-driven products, and its engagement in markets that benefit from sustainable growth trends, LANXESS remains a strong competitor in the chemical sector with significant upside potential.

STREAMLINED ORGANIZATIONS

The company’s ambitious realignment and efficiency program will enable a leaner LANXESS to restore its competitive cost structure and better leverage its excellent market positions and products.

FOCUS ON CASH GENERATION

When the company’s heavy capex investment cycle draws to a close after 2015, its ability to generate free cash flow and, as a result, to seek fresh opportunities for enhancing shareholder value, will be significantly strengthened.

DIVIDEND STRATEGY

After the realignment program is fully implemented and cash generation improves, LANXESS projects that increased dividend payments will be made in step with increased earnings.
LANXESS – A leading specialty chemicals company based on three powerful segments

**LANXESS – Energizing Chemistry**

**Performance Polymers**
- Globally No. 1-3
- A leading technology leader in synthetic rubber and polyamide
- Supporting trends:
  - Mobility, growing population in Asia
  - High performance tires
  - Vehicle weight reduction
  - Tire labeling, replacement potential

**Advanced Intermediates**
- Europe No. 1-2
- A leading supplier of custom synthesis and basic chemicals (agrochem-related)
- Supporting trends:
  - Increasing crop demand based on growing world population
  - Need of farmers to raise yields
  - Industry consolidation

**Performance Chemicals**
- No. 1-4 in niches
- Application-oriented specialties
- Strong brands and a technology leader
- Supporting trends:
  - Urbanization
  - Rising middle class in APAC
  - Scarcity of purified water
  - Ongoing market consolidation

Increasing competitiveness across the portfolio
**Business structure competitiveness: New business set-up creates more efficient and effective market approach**

<table>
<thead>
<tr>
<th>Performance Polymers</th>
<th>Advanced Intermediates</th>
<th>Performance Chemicals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tire &amp; Specialty Rubbers</td>
<td>Advanced Industrial Intermediates</td>
<td>Material Protection Products</td>
</tr>
<tr>
<td>High Performance Elastomers</td>
<td>Salligo</td>
<td>Inorganic Pigments</td>
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<tr>
<td>High Performance Materials</td>
<td></td>
<td>Rhein Chemie Additives</td>
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<td></td>
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<td>Leather</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Liquid Purification Technologies</td>
</tr>
</tbody>
</table>

Sales: > €500 m  | Sales: €200 m – 500 m  | Sales: < €200 m

Reporting and management structure as of January 1, 2015

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

**Matthias Zachert**  
(Chairman of the Board)

- Corporate Communications
- Corporate Development
- Executive Human Resources
- Investor Relations
- Legal & Compliance
- Global Procurement & Logistics*
- Business Units*:  
  TSR, HPE, HPM, All, SGO

**Bernhard Duettmann**  
(Chief Financial Officer)

- Accounting
- Corporate Controlling
- Information Technology
- Mergers & Acquisitions
- Tax & Trade Compliance
- Treasury

**Rainier van Roessel**  
(Labor Relations Director)

- Human Resources
- Production, Technology, Safety & Environment
- Business Units:  
  MPP, IPG, ADD, LEA, LPT

* Interim

Reporting and management structure as of January 1, 2015
2003-2007: Spin-off, restructuring and portfolio transformation

Spin-off and listing
- Decision to realign the Bayer Group in 2003 leads to spin-off of LANXESS in January 2005
- Initial listing on the Frankfurt Stock Exchange on 2005-01-31
- Admission to MDAX in June 2005
- Ratings upgraded by Moody’s to Baa2 and S&P to BBB in 2007
- LANXESS signs seven year 1.4bn credit facility in November 2007

Restructuring and portfolio transformation
- Divestment of Paper, Fibers and Textile Business Units in 2006
- Carve-out of custom manufacturing business to form Saltigo in March 2006
- Acquisition of CISA, South Africa, in December 2006
- Lustran Polymers JV with INEOS announced in June 2007
- Acquisition of Petroflex, Brazil, in December 2007

2008-2012: Focus on growth after crisis management

Successful crisis management
- Challenge 09 / Challenge 09-12 crisis management programs initiated and successfully concluded

Investments in global production network
- Groundbreaking ceremony of butyl rubber plant in Singapore in May 2010
- Inauguration of new chemical plant for water technology in Bitterfeld, Germany, in September 2011

External growth
- Acquisition of: Jinzhuo, China (June 2008), Gwalior, India, and Jiangsu Polysul, China (2009), DSM Elastomers, Netherlands (December 2010), Darmex, Argentina, and Syngenta’s material protection business, Switzerland (2011), US-based Verichem and UNITEX (2011), TCB, USA, and Bond Laminate, Germany (2012)
- Rubber joint venture with Taiwan’s TSRC in May 2010

Success rewarded
- LANXESS added to Dow Jones Sustainability Index in September 2011
- Admission to DAX in September 2012
2013-2015: Taking action with LANXESS realignment after challenging year 2013

Challenging year 2013
- Results held back by lower earnings due to weaker demand and increasing competition, especially in the synthetic rubber business

Realignment of LANXESS
- Matthias Zachert takes over as new CEO on 2014-04-01
- Three-phase program “Let’s LANXESS again” initiated
- Immediate actions taken: Number of business units reduced from 14 to 10, administrative functions consolidated

2013 – 2015

Growth projects concluded
- Acquisition of Asian biocide specialist PCTS (April 2013)
- Announcement of iron oxide facility in Ningbo, China (July 2013)
- Inauguration of new bladders facility in Porto Feliz, Brazil, and butyl rubber plant in Singapore (2013), new plastics plants in Porto Feliz, Brazil, and Antwerp, Belgium (2014)

- Phase 1: Business & administration structure competitiveness; restructuring to regain cost competitiveness
- Phase 2: (details 2015) Operations competitiveness; addressing capacity challenges
- Phase 3: (details 2015) Portfolio competitiveness and evaluation of alliances

Innovative and consistent HR practice is key advantage for good positioning, cost effectiveness and sustainable growth

**Leadership & qualification**
- Global leadership concept emphasizes on behavioral change
- Extensive investment in qualification, special focus on global sales force

**Demographic management**
- Comprehensive demography programs to enhance productivity
- Workforce planning aligned with demographic data and succession plan

**Employee / labor relation**
- Staff attrition rate in volatile BRIC countries below sector average
- Reliable and stable labor relations in countries with strong union traditions

**Compensation**
- 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
Innovation at LANXESS: Group function PTSE is supporting all production-related services with a lean and effective set-up

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

<table>
<thead>
<tr>
<th>Year</th>
<th>€ m</th>
<th>% of total sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>186</td>
<td>2.2%</td>
</tr>
<tr>
<td>2012</td>
<td>192</td>
<td>2.1%</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>2009</td>
<td>101</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

### Efficient innovation and technology set-up

- Technology and production focused business services are bundled in new Group Function Production, Technology, Safety and Environment as market oriented knowledge and support group
- Research and development focus:
  - Adapt to innovation needs of current business environment
  - Focus innovation on core businesses and competencies with lean centralized product innovation set-up under one roof
- Adapting engineering functions to new capex level with focus on lead engineering and core competencies
- Adaption of HSEQ service level to business needs and focus on regulatory requirements
- Gain efficiency by optimizing central maintenance and decentralizing reactive maintenance

### Innovation headcount / % of total headcount

<table>
<thead>
<tr>
<th>Year</th>
<th>% of total headcount</th>
<th>Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>5.4%</td>
<td>931</td>
</tr>
<tr>
<td>2012</td>
<td>4.9%</td>
<td>843</td>
</tr>
<tr>
<td>2011</td>
<td>4.5%</td>
<td>731</td>
</tr>
<tr>
<td>2010</td>
<td>3.5%</td>
<td>519</td>
</tr>
<tr>
<td>2009</td>
<td>3.4%</td>
<td>489</td>
</tr>
</tbody>
</table>

Worldwide presence serving a broad range of customers

### LANXESS' key figures by region 2013

- Employees: 17,343
- Sales: €8,300 m
- Capex*: €624 m

*Net of financial lease, projects financed by customers and capitalized borrowing costs
Evolving financials since 2005

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA pre</td>
<td>581</td>
<td>675</td>
<td>719</td>
<td>722</td>
<td>465</td>
<td>918</td>
<td>1,146</td>
<td>1,223**</td>
<td>735</td>
<td>444</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>680</td>
<td>511</td>
<td>460</td>
<td>864</td>
<td>794</td>
<td>913</td>
<td>1,515</td>
<td>1,483</td>
<td>1,731</td>
<td>1,495</td>
</tr>
<tr>
<td>Net financial debt / EBITDA pre</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>1.2x</td>
<td>2.4x</td>
<td>1.9x</td>
</tr>
<tr>
<td>Gearing [%]</td>
<td>54</td>
<td>36</td>
<td>30</td>
<td>65</td>
<td>55</td>
<td>52</td>
<td>73</td>
<td>64</td>
<td>91</td>
<td>64</td>
</tr>
<tr>
<td>Underlying EPS*</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>6.44</td>
<td>1.37</td>
<td>1.32</td>
</tr>
<tr>
<td>Dividend [€]</td>
<td>0.25</td>
<td>1.00</td>
<td>0.50</td>
<td>0.50</td>
<td>0.70</td>
<td>0.85</td>
<td>1.00</td>
<td>0.50</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* EPS pre exceptionals, based on actual tax rate; ** 2012 restated due to IAS 19 (revised); all references to net financial debt = current and non-current financial liabilities, less cash, cash equivalents and near-cash assets. Note: Additional financial information available at: http://lanxess.com/en/corporate/investor-relations/financials/
LANXESS – a strong and successful history

From a “NewCo” to a chemical brand
- Transformation from an “unwanted child” into an established chemical player
- Successful development rewarded and reflected externally (first share price @ 15.75€)

Increasing global footprint
Sales
- Asia/Pacific
- Americas
- EMEA

Assets
- Asia/Pacific
- Americas
- EMEA

2005
2013

Strong business leaderships
- Quality, technology and process leadership in many products across the company
- Strong market positions (#1-4 in most business units)

Good financial strength for most of the years
- Investment grade rating since spin-off
- Strong maturity profile with long-term financing
~60% of LANXESS portfolio well positioned
~40% in challenging situation – action needed

Sales split H1 2014

Good portfolio set-up

Challenging situation

Well positioned
Solid, but operational improvements targeted
Strategic focus to address weaknesses

Size & market positions

Asset base & end market diversification

Cost structure & processes

Supply / demand

Backward integration not needed

Absolute priority for solutions to cost position and critical supply in synthetic rubbers

Determining factors to sustainable profitability in synthetic rubber business

Demand
- Underlying trend of mobility intact
- Replacement demand for tires
- Trend towards fuel-efficiency (labeling)
- Mileage driven up in US since Q2 ’13

Supply and backward integration
- Additional capacities will worsen the apparent oversupply (especially in EPDM and Butyl)
- Around 20% overcapacity overall in all rubber grades already today
- No consolidation visible yet

Growth rates*

<table>
<thead>
<tr>
<th>Growth rates</th>
<th>Nd-PBR, SSBR</th>
<th>Butyl, EPDM, Other PBRs</th>
<th>ESBR</th>
</tr>
</thead>
<tbody>
<tr>
<td>8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0%</td>
<td></td>
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</tr>
</tbody>
</table>

LANXESS’ synthetic rubber profitability

Cost position & processes
- Uncompetitive cost base
- Standardizes & harmonizes processes in manufacturing

* CAGR 2014-2019; LANXESS estimates based on IHS Chemicals 2014

Addressed with realignment program

Addressed with Phase I – II of realignment program

LANXESS Fact Book – Strategy
“Let’s LANXESS again” – A 3-phase realignment program has been defined

The strategic path: Targeting selective growth after the realignment process

Phase I:
- New organizational set-up
- Restructuring program implemented
- Financial platform improved

Phase II:
- Implementation manufacturing and commercial & supply chain excellence
- Execution of potential changes in production platform

Phase III:
- Realization of opted alliances
- Balance the company portfolio

2014 2015 2016 beyond

Support EBITDA
- Cost reduction of ~€150 m
- Headcount reduction of ~1,000
- Improving supply situation (mothballing, plant closures, alliances)
- Improving raw material supply
Time to harvest former investments in Performance Polymers

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Polymers</td>
<td>Advanced Intermediates</td>
<td>Performance Chemicals</td>
<td></td>
</tr>
<tr>
<td><strong>Foundation</strong></td>
<td><strong>Future growth</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Strong market positions</td>
<td>• Re-position rubber business structurally</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Benefit from global asset base</td>
<td>• Efficiency improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Positive demand development</td>
<td>• Maintenance investments; only selective organic growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Good technologies</td>
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</tr>
</tbody>
</table>

Strong position on rubber markets – benefit from growing demand

Future focus on growth of attractive Advanced Intermediates’ markets

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<th>2016</th>
<th>beyond</th>
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</thead>
<tbody>
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<td>Performance Polymers</td>
<td>Advanced Intermediates</td>
<td>Performance Chemicals</td>
<td></td>
</tr>
<tr>
<td><strong>Foundation</strong></td>
<td><strong>Future growth</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Consolidated markets, strong market positions and limited competitor overlap</td>
<td>• Debottleneckings, efficiency improvements and brown field investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Custom-manufacturer with excellent track record</td>
<td>• Consider adding further intermediate building blocks should M&amp;A opportunities occur</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Barriers of entry</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Diversified portfolio coupled with an efficient production base; high economies of scale</td>
<td></td>
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</table>

Strong division – expand further in line with GDP growth
Future focus on growth also in diversified Performance Chemicals’ markets

<table>
<thead>
<tr>
<th>2014</th>
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<th>beyond</th>
</tr>
</thead>
<tbody>
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<td>Performance Polymers</td>
<td>Advanced Intermediates</td>
<td>Performance Chemicals</td>
<td></td>
</tr>
</tbody>
</table>

**Foundation**
- Well positioned in diversified and steadily growing markets, partly in niche markets
- Collection of attractive niche businesses, defensive (barriers of entry), competitive in quality

**Future growth**
- Consolidate businesses with similar customer industry
- Expand asset base in Asia further to elevate local standards
- Room for organic and M&A-driven growth worldwide

Reasonable growth – enlarge global footprint – profitability improvement potential

Clear targets for efficiency and excellence

**Efficiency**

**Excellence**

**Principles**
- Strive for selective growth with reasonable investments
- Investment grade focus
- Strengthen the company in less cyclical markets

**Targets 2016**

- Total net debt / EBITDA ~2.0 - 2.5
- ~€150 m cost reduction
- Establish platform for growth from 2016 onwards

*Definition total net debt: financial debt – cash + pensions + operating leases*
Shifting gears towards growth beyond 2016 – New capital allocation priorities

<table>
<thead>
<tr>
<th>Until 2016</th>
<th>Beyond 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Debt repayment</td>
<td>1. Portfolio management</td>
</tr>
<tr>
<td>2. Restructuring</td>
<td>2. Dividends</td>
</tr>
<tr>
<td>4. Dividends</td>
<td>4. Debt repayment</td>
</tr>
<tr>
<td>5. Share buyback</td>
<td></td>
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</tbody>
</table>

Dividends remain an important element

Value generation in focus again

- Delivery on restructuring; savings of ~€150 m by end of 2016
- Cash generation to re-start in 2016
- Repositioning of synthetic rubbers in 2016 onwards
- Selective growth beyond 2016

Applying our competencies: Dynamic, entrepreneurial and flexible
Corporate Responsibility at LANXESS
LANXESS’ Corporate Responsibility activities – good for business, good for society

**Good for business**
- Improving image
- Sustainable growth
- Transparency, trust and good partnership with stakeholder groups
- Satisfied employees' stakeholders
- Increasing awareness among customers & public

**Good for society**
- Protection of climate and energy saving
- Social responsibility
- Training & education
- Culture
- Safety and security
- Neighborhood

Corporate Responsibility activities of LANXESS with benefits for business and society

Clear commitment to Corporate Responsibility for sustainable growth

Integration of Corporate Responsibility in LANXESS’ overall business approach

Integration along the whole value chain
- Raw materials
- Resources
- Production and efficient processes
- Disposal
- Sustainable products
- Transportation
- Product applications
- Product stewardship
- Renewable raw materials
- Conservation of natural resources
- Environmentally friendly production processes
- Recycling and reuse of resources
- Environmentally friendly products
- Environmentally friendly logistics
- Sustainable solutions for global megatrends
- Responsibility for products through entire lifecycle
Corporate Responsibility well integrated - achieving goals sustainably

**Climate / Environmental goals**
- Reduction of specific CO2 emission by 10%* until 2015
- Reduction of specific energy consumptions by 10%* until 2015
- Reduction of volatile organic compounds (VOC) emissions by 30%* until 2015

**Procurement initiatives**
- ‘Supplier Code of Conduct’ for supplier selection and rating
- ‘Together for Sustainability’ initiative for higher transparency in the supply chain (implementation of a global auditing program)

**Safety goals**
- Xact: Global safety program to improve occupational, process and plant safety (since 2011)
- Global management system for optimization of transportation of (dangerous) goods

**Social initiatives and goals**
- Global board initiative ‘Diversity & Inclusion’: raising the proportion of women in management to 20% by 2020
- Leverage water know-how: support of AMREF
- Education initiatives with local and global commitment

* Base year: 2010

Supply chain sustainability: LANXESS is founding member of the ‘Together for Sustainability’ initiative (TfS)

Together for Sustainability: “An audit for one is an audit for all”
- Together for Sustainability founded by multinational chemical companies* in 2012
  - Monitoring compliance with ‘Supplier Code of Conduct’
  - Enhance supply chain transparency
  - Minimize procurement risks
  - Support principles UN Global Compact and Responsible Care
- TfS aims at developing and implementing a global supplier engagement program that assesses and improves sustainability sourcing practices within the supply chains of the chemical industry
- TfS focus on human rights, child labor, working standards, occupational safety, environmental protection and business integrity
- Until end of 2014 more than 2000 sustainability assessments and 350 audits carried out by the growing initiative

**TfS initiative – using resources more efficiently**

* Members: BASF, Bayer, Clariant, Evonik, Henkel, LANXESS, Akzo Nobel and Solvay

More sustainability...

... in the chemical supply chain
“Green Mobility”: LANXESS applications enable green solutions in important product areas
Business Segments
– Performance Polymers
Agenda

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

Performance Polymers: Global and diversified producer of high quality synthetic rubbers and engineering plastics

- Tire & Specialty Rubbers
  - A leading manufacturer of high quality synthetic rubbers which are primarily used in inner liners, treads and sidewalls of modern, fuel-efficient tires as well as non-tire applications

- High Performance Elastomers
  - A leading global supplier of synthetic rubbers for a wide range of technical applications (e.g. seals, hoses, profiles, cable sheathing, special films and adhesives)

- High Performance Materials
  - One of the leading providers of a wide range of engineering plastic compounds for the automotive, electrical & electronic and other industries, benefiting from the trend of replacing metal in structural automotive parts
Performance Polymers: Global and diversified producer of high quality synthetic rubbers and engineering plastics

Sales 2005-2013

Capex** 2005-2013

~54% of Group sales 2013*

~43% of Group EBITDA 2013*

Sales by BU 2013*

LANXESS Fact Book – Performance Polymers

Serving international markets with a truly global manufacturing base

* New EPDM plant to come on stream in 2015; ** New Nd-PBR plant to come on stream in H1 2015

LANXESS Fact Book – Performance Polymers
BU Tire & Specialty Rubbers combines related units into a leading supplier of synthetic rubbers for tires and non-tires

**Market approach**
- A leading manufacturer of high quality rubbers for tire and non-tire applications
- One face to the customer with a strong presence in all regions
- Full rubber know-how for all TSR applications: R&D and application technology integrated under one roof

**Combined strength**
- Scale of combined businesses supports tackling supply-demand driven challenges in rubber business (e.g. SG&A efficiency)
- High customer overlap in established regions offers synergy potential
- Complementary regional strengths offer growth platform for developing markets

**Changes to Performance Polymers Segment reported as of January 1, 2015**

Sales split based on FY 2013

BU High Performance Elastomers combines full technical rubber portfolio

**Market approach**
- One face to the customer with combined sales organization
- Product and development focus through business lines set-up in production and marketing
- Stronger market position as one of the leading manufacturers of technical rubbers for automotive and other technical applications

**Combined strength**
- Scale of combined businesses supports tackling supply-demand driven challenges in rubber businesses (e.g. SG&A efficiency)
- Combined sales and logistics set-up efficiently serves common customer base and delivers synergies

**Changes to Performance Polymers Segment reported as of January 1, 2015**

Sales split based on FY 2013
BU Tire & Specialty Rubbers – a leading supplier of high quality synthetic rubber for tire and non-tire applications

**Overview**

**Key facts**
- A leading manufacturer of high performance rubbers, with broad portfolio of high quality rubbers for tire and specialty applications:
  - Butyl rubber (halogenated and regular)
  - Polybutadiene rubber (Nd- / Co- / Li-PBR)
  - Styrene butadiene rubber (SSBR / ESBR)

**Production sites**
- Belgium: Zwijndrecht
- Brazil: Cabo, Duque de Caxias, Triunfo
- Canada: Samia
- France: Port Jérôme
- Germany: Dormagen
- Singapore
- USA: Orange, TX

**Sales by end use 2013**
- Tire 76%
- Consumer & Pharma 6%
- Plastics 5%
- Others* 13%

* Others includes other industrial goods applications

**Market demand 2014e**
- Asia-Pacific 54%
- EMEA 26%
- North America 14%
- Latin America 6%

Source: LANXESS volume estimates based on IHS Chemicals 2014
BU Tire & Specialty Rubbers with strong synthetic rubbers brands for tire and non-tire applications

**Products & brands**
- BTR: X_Butyl
  - Halogenated butyl rubber (chloro and bromo)
  - Regular butyl rubber
  - Specialties (including pharma grades)
- PBR: Polybutadiene rubber (Buna™ CB / Nd EZ)
  - Nd-PBR
  - Li-PBR
  - Co-PBR
- S-SBR: Solution styrene butadiene rubber (Buna™ VSL)
- E-SBR: Emulsion styrene butadiene rubber (Buna™ SE)

**Applications**

Tire & Specialty Rubbers – enabling 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** → keeps the air in the tire; ensures safety, fuel efficiency and improved handling
- **Steel wires** → keeps the tire safely attached to wheel rim

Made with BU TSR rubber
Production of synthetic rubber from crude oil to rubber bale

State of the art production processes for butyl, polybutadiene and styrene butadiene rubbers
Tire & Specialty Rubbers: Broad and innovative portfolio, excellent reputation and a truly global footprint

- Broad and innovative product portfolio for tire producers and non-tire applications
- Truly global set-up with world-scale plants in Asia, Europe and Americas featuring state of the art production capabilities
- Halo butyl plant in Singapore up and running since Q1 2013
- ~140 kt p.a. Nd-PBR plant in Singapore expected to come on stream in the course of H1 2015 and ramp-up over time

Expanding production footprint for high-performance rubbers: Singapore site

- New ~140 kt p.a. polybutadiene rubber (Nd-PBR) plant to meet demand for “Green Tires”
- World’s largest Nd-PBR plant
- Location: Jurong Island Chemical Park
- ~€200 m investment
- Contracts signed with key raw material suppliers
- Facility to come on stream first half 2015 and ramp-up over time
Mobility trend and growth through tire labeling intact, however supply-demand imbalance burdens

Market development

Tire demand

Market environment

Butyl rubber
- Green field projects of existing players and new entrants will add to existing overcapacities in the coming years
- Market capacity**: >1 mt
- Selected competitors: halo-butyl: Exxon, NKNK*, Cenway

Nd-PBR, SSBR
- Industry reacts to attractive demand with investment activity; capacities will need to be absorbed over time
- Market capacity**: ~2 mt
- Selected competitors: Asahi Kasei, JSR, NKNK***, Synthos, Trinseo (former Styron), Versalis

Other PBRs
- Substantial overcapacities
- Market capacity**: ~3 mt

ESBR
- Global overcapacities
- Market capacity**: >5 mt

Global demand growth** (CAGR 2014-2019)

Source: * LMC and LANXESS volume estimates / ** LANXESS volume estimates based on IHS Chemicals 2014, *** Nizhnekamskneftekhim

Good market and technology position faces supply-demand imbalances

Strengths / opportunities
- State-of-the-art technologies
- Only synthetic rubber producer with truly global manufacturing footprint, simultaneously delivering technical service on a regional basis to ensure speed and customer responsiveness
- Innovation and technology driving new products and applications for tire and non-tire markets
- Strong customer proximity based on strategic collaboration and reliable supply with an emphasis on establishing long term and personal relations
- Strategic focus on high-performance and quality products such as halo butyl, Nd-PBR and SSBR

Weaknesses / challenges
- Supply-demand imbalance with additional capacities coming on stream
- Increasing Asian and Russian competition
- Challenging management of raw material price volatility
- Cyclicality through high exposure to tire and automobile industry
Agenda

1. LANXESS – Energizing Chemistry
2. Business Segments
   - Performance Polymers
     - Tire & Specialty Rubbers
     - High Performance Elastomers
     - High Performance Materials
   - Advanced Intermediates
   - Performance Chemicals
3. Financials
Broad portfolio of synthetic rubber for various applications

Products & brands

- **Products**
  - EPDM: Ethylene Propylene Diene Rubber
  - NBR: Nitrile Butadiene Rubber
  - HNBR: Hydrogenated Nitrile Butadiene Rubber
  - CR: Chloroprene Rubber
  - EVM: Ethylene Vinylacetate Rubber

Applications

- **Butadiene and acrylonitrile**
  - Polymerization
  - Nitrile butadiene rubber (NBR)
  - Hydrogenation
  - Hydrogenated nitrile butadiene rubber (HNBR)
- **Butadiene and chlorine**
  - Chlorination
  - Chloroprene monomer
  - Polymerization
  - (Poly) Chloroprene rubber (CR)
- **Ethylene, propylene and diene monomers**
  - Polymerization
  - Ethylene propylene diene rubber (EPDM)
- **Ethylene and vinylacetate**
  - Polymerization
  - Ethylene vinyl acetate rubber (EVM)

Business based on state of the art production processes

LANXESS Fact Book – Performance Polymers: High Performance Elastomers
Tapping the fastest growing EPDM market: LANXESS invests in plant in Changzhou, China

**EPDM plant in Changzhou, China**

- Investment in China to support strong regional growth
- Investment of ~€235 m, largest LANXESS investment in China to date
- World’s largest EPDM plant – a competitive site with proprietary Keltan ACE™ technology
- Nameplate capacity of ~160 kt/a
- Start-up expected in 2015

High Performance Elastomers: Global player with unique asset base in all major regions

- Diversified technical rubber portfolio, covering large volume products (EPDM, NBR, CR) as well as specialties (HNBR, EVM)
- Economies of scale through world scale assets for CR, NBR and EPDM
- World’s largest EPDM plant currently build in Changzhou, China

* Nameplate capacities, includes EPDM Changzhou with 160 kt; to come on stream in the course of 2015
Expansion of alternative finishing capacity to more than 60 kt solid Polychloroprene, (inaugurated in June 2013) offers:
- Reduced consumption of water and natural gas; eliminates the use of ammonia
- Unique and improved products
- Unique positioning: LANXESS is the only CR producer with dry finishing technology

Efficient and environmental friendly production technologies strengthen position of High Performance Elastomers

- Keltan Advanced Catalyst Elastomer (ACE™) technology in our production sites in Geleen & Changzhou (as of 2015) features:
  - Reduced energy consumption resulting in lower production cost
  - Improved quality
  - Full grade slate with further potential for product diversification
  - Lower investment compared to similar Ziegler-Natta plant

End user markets of High Performance Elastomers are driven by megatrends mobility and urbanization

**Market development**

<table>
<thead>
<tr>
<th>Automotive market</th>
<th></th>
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<tbody>
<tr>
<td>APAC</td>
<td>EMEA</td>
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</table>

**Demand growth (CAGR 2014-2019)**
- Global: ~4%
- Asia-Pacific: ~5% - North America: ~3%
- EMEA: ~4% - Latin America: ~5%

**HPE products demand growth:** average of ~4% driven by automotive industry; some specialties with higher growth rates

**Market environment**

**EPDM:**
- Significant capacities build globally; US producers benefitting from lower cost shale gas based feedstock
- Market capacity >1.3 mt
- Selected competitors: Dow, Exxon, Kumho, Mitsui

**Other technical rubbers (CR, (H)NBR, EVM):**
- Scale and impact of overcapacities depend on specialty grade of rubber, i.e. NBR with overcapacities and scattered supplier landscape
- Market capacities: >1.0 mt
- Selected competitors: Denki Kagaku Kogyo (Denka), JSR, Kumho, Petrochina, Zeon

Source: Volume estimates based on LANXESS market intelligence / IHS Chemicals
### Broad product portfolio and strong asset base

<table>
<thead>
<tr>
<th>Strengths / opportunities</th>
<th>Weaknesses / challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Diversified technical rubber portfolio, covering volume</td>
<td>- Slow recovery of automotive industry after economic downturn in the Western hemisphere</td>
</tr>
<tr>
<td>products (EPDM, NBR, CR) as well as specialties (HNBR, EVM)</td>
<td>- Announced capacities likely to outpace EPDM demand growth</td>
</tr>
<tr>
<td>- Global player with unique asset base in all major regions</td>
<td>- North American EPDM producers to take advantage of lower feedstock and energy prices</td>
</tr>
<tr>
<td>(Asia, Europe, Americas)</td>
<td>- Backward integrated competition</td>
</tr>
<tr>
<td>- Economies of scale through world scale assets for CR,</td>
<td>- Scattered global NBR supplier landscape with overcapacities</td>
</tr>
<tr>
<td>NBR, EPDM</td>
<td></td>
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<tr>
<td>- Robust performance products meeting increasing product</td>
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<tr>
<td>requirements</td>
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- Registration, Evaluation, Authorization of Chemicals

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LANXESS Fact Book – Performance Polymers: High Performance Elastomers
High Performance Materials: Engineering plastics with upstream-integration into strategic intermediates

Key facts
- HPM provides a wide range of engineering plastics (compounds) to core industries across the world
- Supported by a global production and R&D network with cost leadership position based on world-scale production assets
- Upstream-integration in strategic raw materials like caprolactam and glass fibers

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

Sales by end use 2013
- Automotive 41%
- Electro/Electronics 16%
- Construction 9%
- Packaging 8%
- Textile, Sports & Leisure 7%
- Others 19%

Market demand 2014e
- Asia Pacific 52%
- Germany 10%
- EMEA (w/o Germany) 18%
- North America 17%
- Latin America 3%

* LANXESS estimates: Engineering plastics by volume
Broad portfolio and strong brands to service core industries

- **Durethan**
  - Polyamide 6 (PA6) and polyamide 6.6 (PA6.6) based plastics
  - Automotive (e.g. front ends, connectors, intake manifolds, door handles)
  - Electrical / electronics, construction
- **Pocan**
  - Polybutylene terephthalate (PBT) based plastics
  - Automotive engineering (e.g. bumper, electromotor housings)
  - Electrical / electronics (e.g. switches, electrical housing)
- **Tepex**
  - Continuous fiber-reinforced thermoplastic composite sheets
  - Automotive (bumper beams, crash cones and structural components)
  - Sports (e.g. footwear, helmets) and consumer electronics

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

- **Raw materials**
  - Cyclohexane
  - Sulfur
  - Ammonia
- **HPM intermediates**
  - Cyclohexanone
  - KA-Oil
  - Oleum
  - Sulfur dioxide
  - Hydroxylamine
- **Process**
  - Caprolactam
  - Glass fibers
- **Engineering plastics/composites**
  - Durethan
  - Pocan
  - Tepex
- **Engineering know-how**
  - HiAnt

- **Sourcing of raw materials on the global market**
- **Captive use for caprolactam production**
- **~90% captive use of caprolactam**, majority captive use of glass fibers

Integrated product value chain

* After ramp up of polyamide site in Antwerp, Belgium
Globalization of engineering plastics as core element of strategy to enable growth

- Competitive cost position with world-scale polyamide 6 polymerization plants in Europe and upstream integration into caprolactam
- Globalization of compound business with focus on customer proximity

Growth largely driven by the increasing demand for lightweight solutions

- Limited caprolactam merchant market exposure; caprolactam capacity of ~220 kt*
- New ~90 kt* polymerization site in Antwerp, Belgium, on stream since Q3 2014 to balance polyamide value chain
- Further growth potential for global compounding network

Source: AMI Plastics, IHS Chemicals, LMC Automotive, PCI Nylon, Plastics Europe, LANXESS volume estimates; * Demand for PA6, PA66, PBT engineering plastics; ** Demand growth through substitution (from metal to plastics in cars) and unit growth

Main competitors
- BASF
- DSM
- DuPont
- Solvay
A solid base for expanding a successful business model worldwide

Strengths / opportunities

Engineering plastics
- Leading position in EMEA and further business growth in all relevant global markets
- Strong brands and broad product portfolio
- Cutting-edge global product and application development organization with excellent customer relationships
- Strong production network to serve markets worldwide
- Thermoplastic composites (Tepex®) technology entrenches LANXESS position as leading innovator

Intermediates
- World-scale upstream integration into caprolactam and glass fibers
- Cost leadership based on world-scale assets with excellent economies of scale and optimized logistics
- Balanced caprolactam / PA capacity model reduces exposure to oversupplied caprolactam merchant market

Weaknesses / challenges

Engineering plastics
- Challenge of delivering above market growth for engineering 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

Intermediates
- Managing global supply and demand in line with trade barriers and subsidies
- Overcapacities of caprolactam for the next years put merchant market margins under pressure, however LANXESS with limited exposure
Business Segments
– Advanced Intermediates
The Advanced Intermediates segment comprises our businesses in intermediates and fine chemicals

- One of the world’s leading manufacturers of high-quality industrial intermediates such as benzene- and toluene-derivatives, amines, polyols, and inorganics
- Competitiveness through an integrated production network with resilient business in the agro and chemical industries

- A leading supplier in the custom synthesis market, providing state of the art technologies and services to the agrochemicals and specialty chemicals industries
- Growth driven by strong foothold in agrochemical industry
Advanced Intermediates: Financials demonstrate business’ resilience

~22% of Group sales 2013*

Sales by BU 2013*

~31% of Group EBITDA 2013*

Sales 2005-2013*

Capex** 2005-2013*

EBITDA (margin) 2005-2013*

Advanced Intermediates with a primarily European manufacturing base

All references to EBITDA are pre exceptionals; * Operating segments; pro forma restatements with new BU structure ** Net of capitalized borrowing cost, projects financed by customers and finance lease; *** As of January 1, 2015 the accelerators and antioxidant product lines of BU RUC will be integrated into BU AII

LANXESS Fact Book – Advanced Intermediates

LANXESS Fact Book – Advanced Intermediates
Integration of asset-intensive rubber chemicals into lean intermediates business management structure of All

**Business approach**
- Combine two asset-driven businesses leveraging asset management know-how and capabilities
- Benefit from the merger of All’s lean marketing success story and RUC’s rubber market know-how to globally market rubber chemicals and intermediates

**Combined strength**
- Economies of scale in asset management
- Combined sales and logistics set-up further streamlines the lean intermediates business management approach

**Changes to Advanced Intermediates and Performance Chemicals Segment as of January 1, 2015**

Sales split based on FY 2013  * AOC = Antioxidants Business Line, ACC = Accelerators Business Line

LANXESS Fact Book – Advanced Intermediates
Advanced Industrial Intermediates: Global reach with a well established asset base

Overview

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

Production sites
- China: Liyang
- Germany: Brunsbuettel, Dormagen, Krefeld-Uerdingen, Leverkusen
- India: Nagda, Jhagadia
- USA: Baytown, Bushy Park
- Belgium: Antwerp

Source: LANXESS estimates

LANXESS Fact Book – Advanced Intermediates: Advanced Industrial Intermediates
Four Business Lines provide high-quality intermediates for a wide range of applications

### Aromatic Network
- **Main intermediates**
  - Chlorobenzenes
  - Chlorotoluenes
  - Cresols, d / l-Menthol
  - Nitrotoluenes
  - Toluidines
  - Monoisocyanates
- **Main applications**
  - Agrochemicals
  - Flavors & fragrances
  - High-tech plastics
  - Chemicals

### Benzyl Products and Inorganic Acids
- **Main intermediates**
  - Amines
  - Benzylchlorides
  - Benzylalcohol
  - Benzaldehyde
  - Hydrofluoric acid
  - Hydrazine hydrate
- **Main applications**
  - Agrochemicals
  - Advanced polymers
  - Solvents
  - Flavors & fragrances

### Polyols and Oxidation Products
- **Main intermediates**
  - Hexanedio
  - Trimethylolpropane
  - Adipic acid
  - Maleic anhydride
  - Phthalic anhydride
  - Calcium formate
- **Main applications**
  - Polyester resins
  - Coatings
  - Plasticizers
  - Building material additives

### Antioxidants and Accelerators
- **Main intermediates**
  - Phenylendiamines
  - Quinolines
  - Thiazoles
  - Sulfenamides
  - Mercaptoimidazoles
  - Peptizer
- **Main applications**
  - Tires
  - Technical rubber goods
  - Consumer goods
  - Fuel additives

---

**Advanced Industrial Intermediates: Leading positions in high-quality intermediates**

**Segmentation of the chemical industry**

Advanced Industrial Intermediates

- Aromatic Network
- Benzyl Products and Inorganic Acids
- Polyols and Oxidation Products
- Antioxidants and Accelerators
Process example Aromatic Network: Competitive advantage based on integrated manufacturing processes

**Unique manufacturing process**

- **Raw materials**
- **Process**
- **Product**

- **Benzene**
  - Chlorination
  - Nitration
  - Chloro-benzene
  - Dichloro-benzenes
  - Chloro-toluene
  - Hydrogenation
  - Nitration
  - Cresols
  - Nitro-toluene
  - Hydrogenation
  - Hydrogenation
  - Thymol
  - Toluidine
  - Toluene
  - Chloro-toluene
  - Dichloro-aniline
  - Chloro-aniline
  - Dichloro-aniline
  - Chloro-aniline
  - Chloro-aniline
  - Monochloro-phenyl-isocyanate
  - Dichloro-phenyl-isocyanate

- **Toluene**
  - Chlorination
  - Nitration
  - Chloro-benzene
  - Dichloro-benzenes
  - Chloro-toluene
  - Hydrogenation
  - Chloro-toluene
  - Dichloro-aniline
  - Chloro-aniline
  - Dichloro-aniline
  - Chloro-aniline
  - Chloro-aniline
  - Monochloro-phenyl-isocyanate
  - Dichloro-phenyl-isocyanate

- **Products are sold on the open market or retained for captive use**
- **Individual products can be custom-tailored to meet specific market needs**

Increased focus on environmental topics in China supports LANXESS’ strategic position especially for accelerators

**Enforcement of environmental regulations in China**

- Environmental pollution of growing public and governmental concern in China
- Government likely to further tighten the legislation and enforcement of environmental rules and laws
- More stringent enforcement of regulations, in particular, regarding waste water, starts to affect Chinese supply situation
- As LANXESS produces in compliance with consistent globally equally high HSEQ standards, current developments in China support LANXESS’ strategic position at key customers
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 four business lines are key raw materials for high-tech plastics, rubber manufacturing and coatings & resins.
- Strong growth in Asia-Pacific, especially in China and India.
- Stable demand in consolidated European and American markets.

Weaknesses / challenges

- In some markets upcoming new facilities in Asia will pose increased competitive pressure.
- Continued migration of certain customer industries to Asia (e.g. textile chemicals, dyestuffs, fluorochemicals, pigments, etc.).
- Challenge of passing on increasing input costs for raw materials and energy.
- Potential higher trade barriers.
- REACH* and other regulations will lead to further cost increases and complexity.
- Oversupply of antioxidant and accelerator businesses in Asia, i.e. China.

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

- Strong market positions with many high-quality intermediates.
- Competitive technologies and world-scale production facilities.
- Competitive asset base, i.e. with unique Aromatic Network, enabling cost-efficient production, optimized capacity utilization and product mix.
- Established customer relationships and many years of experience in global market place.
- Growing environmental concerns in China offer further business opportunities for accelerators due to increasing regulatory pressure on local producers.

Market development

<table>
<thead>
<tr>
<th>Demand growth* (CAGR 2014-2019)</th>
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<tbody>
<tr>
<td>Overall: ~3-4%</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>

Market environment

- Supporting growth trends
- Strong business driven by high diversity of end uses

Main competitors

- Aarti
- BASF
- SunSine
- DDF
- Eastman
- Huaihe
- Ihara
- Ineos
- Jiangsu Yangnong
- Kumho PC
- Mitsui
- Perstorp

* Source: Global Insight and LMC automotive; BU All specific end use

* Registration, Evaluation, Authorization and Restriction 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 custom manufacturer for the agro and fine chemical markets**

**Overview**

**Key facts**
- A leading supplier in the custom synthesis market focusing on:
  - custom manufacturing for agrochemicals, fine chemicals and pharmaceuticals
  - multi-customer intermediates for all chemical client industries

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

---

**Sales by end use 2013**

- Agro: 75%
- Pharma: 15%
- Fine Chemicals: 10%

**Market demand 2014*”**

- Asia-Pacific: 40%
- EMEA: 28%
- North America: 12%
- Latin America: 20%

---

*Estimated consumption by agrochemical end user market, source: IHS Global Insight 2014
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
- Broad portfolio of high-quality multi-customer catalogue products for different industries
- Full service provider for route selection, lab scale development, pilot production, manufacturing and analytical services based on efficient, best-in-class project management
- Proprietary active ingredients: insect repellent Saltidin®

**Applications**

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

- **Raw material**
- **Advanced intermediate**
- **Active ingredient**
- **Formulation**
- **Customer**

**Raw material**
- Fully equipped technical laboratories for tailor-made synthesis of fine chemicals and custom processing

**Advanced intermediate**
- More than 70 years of experience in process development and scaling-up
- Proven track record
- Innovative, cost-efficient solutions
- Broad portfolio of established technologies

**Active ingredient**
- Extensive experience in advanced technologies for complex synthesis
- Pilotations from small to large scale accommodate Saltigo’s customers’ needs

**Formulation**
- Multi-step syntheses combining a broad range of technological capacities
- Complex of molecules in excess of 1,000 tons per annum
- Multi-purpose facilities and specialized plants located at one site
- Proactive innovation, process optimization and continuous improvements

**Customer**

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

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

**Cutting-edge technologies**
- Phosgenation
- Carbonylations
- Buchwald CN coupling
- Transfer hydrogenation
- Cross-coupling technologies
- Large scale Grignard reactions
- Asymmetric catalytic hydrogenation
- Organometallic / low-temperature chemistry

**Basic technologies**
- High pressure hydrogenation
- Friedel-Crafts reactions
- Chlorination, bromination
- Oxidation

* Hydrofluoric acid; ** Halogen exchange

LANXESS Fact Book – Advanced Intermediates: Saltigo

Saltigo benefits from stable growth in agrochemicals

<table>
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<th>Market development</th>
<th>Market environment</th>
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<tbody>
<tr>
<td><strong>Agrochemical market development</strong></td>
<td><strong>Supporting growth trends</strong></td>
</tr>
<tr>
<td>Index (output 2007=100%)</td>
<td>Agrochemicals increase agricultural production efficiency</td>
</tr>
<tr>
<td>75% 100% 125% 150% 175%</td>
<td>Food: Growing population</td>
</tr>
<tr>
<td><strong>Agrochemical demand growth (CAGR 2014-2019)</strong></td>
<td><strong>Main competitors</strong></td>
</tr>
<tr>
<td>Global:</td>
<td>CABB</td>
</tr>
<tr>
<td>- Asia-Pacific:</td>
<td>~3%</td>
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<tr>
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<tr>
<td>- North America:</td>
<td>~2-3%</td>
</tr>
<tr>
<td>- Latin America:</td>
<td>~3%</td>
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</table>

Source: LANXESS estimates based on Global Insight

LANXESS Fact Book – Advanced Intermediates: Saltigo

LANXESS – Energizing Chemistry
Business Segments
– Performance Polymers
Business Segments
– Advanced Intermediates
49 Advanced Industrial Intermediates
53 Saltigo
Business Segments
– Performance Chemicals
Business Segments
– Advanced Intermediates

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– Performance Chemicals
Business Segments
– Advanced Intermediates
Saltigo is leveraging its expertise in managing complex processes and challenging chemistry

<table>
<thead>
<tr>
<th>Strengths / opportunities</th>
<th>Weaknesses / challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Leading global position in the custom manufacturing of agrochemicals</td>
<td>- Increasing competition and cost pressure from Asia and other emerging markets</td>
</tr>
<tr>
<td>- State-of-the-art technology and service offering for the agrochemical, pharmaceutical and fine chemical industries</td>
<td>- Increasing R&amp;D cost / decrease in the number of new active ingredients in the pipeline of major agro players</td>
</tr>
<tr>
<td>- Well established brand and focused market approach results in strong customer relationships</td>
<td>- Tougher political and regulatory environment of pesticide use</td>
</tr>
<tr>
<td>- Efficient project management</td>
<td>- Trend to shorter “time to market” comes with more challenging timelines</td>
</tr>
<tr>
<td>- Technology leadership in high-end chemistry</td>
<td></td>
</tr>
<tr>
<td>- Integrated production facilities in Germany</td>
<td></td>
</tr>
<tr>
<td>- Well positioned to benefit from ongoing outsourcing trend in the fine chemicals industry</td>
<td></td>
</tr>
</tbody>
</table>
Business Segments
– Performance Chemicals
Agenda

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

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

- Material Protection Products
  - Wide range of microbial control products for construction and paints, beverages, industrial use and wood protection

- Inorganic Pigments
  - A leading global supplier of inorganic pigments for the coloring of construction materials, coatings, plastics and for technical applications

- Rhein Chemie Additives
  - Solution provider for additives in rubber, plastics, construction, colorants and lubricant applications
Performance Chemicals: Production of application-focused chemicals for a wide range of industries (2/2)

- Supplier with a complete range of products for leather processing (tanning agents, preservatives, finishing auxiliaries, dye products)
- One of the leading global producers of ion exchange resins, adsorbers, functional polymers and reverse osmosis membranes for the treatment and purification of water and other liquids

Performance Chemicals: Specialty chemicals for niche markets

~23% of Group sales 2013*
LXS others
Sales by BU 2013*
LEA LPT MPP IPG ADD***
~26% of Group EBITDA 2013*
LXS others
Sales 2005-2013*
Capex** 2005-2013*
EBITDA (margin) 2005-2013*

* Operating segments; pro forma restatements with new BU structure; ** Net of capitalized borrowing cost, projects financed by customers and finance lease *** As of January 1, 2015 BU FCC, BU RCH and the specialties product line of BU RUC will be combined to form BU ADD

All references to EBITDA are pre exceptional; * Operating segments; pro forma restatements with new BU structure; ** Net of capitalized borrowing cost, projects financed by customers and finance lease *** As of January 1, 2015 BU FCC, BU RCH and the specialties product line of BU RUC will be combined to form BU ADD

LANXESS Fact Book – Performance Chemicals
Performance Chemicals has a global manufacturing base

Rhein Chemie Additives builds stronger additives business under one roof

Market approach
- One face to the customer in a service-oriented market approach with broader combined portfolio
- New business lines Plastic Additives and Rubber Additives combine complimentary portfolio of BUs FCC, RCH and the product group RUC specialties
- Colorants and Lubricants businesses will continue to operate as separate business lines

Combined strength
- Stronger market position in additives businesses as one combined player
- Clear market focus through combined global sales and marketing set-up strengthens service-oriented market approach
- Synergies in administration and support functions

Changes to Performance Chemicals Segment as of January 1, 2015

Sales split based on FY 2013

* New iron oxide plant under construction, planned start-up expected for Q1 2016
Agenda

1. LANXESS – Energizing Chemistry
2. Business Segments
   - Performance Polymers
   - Advanced Intermediates
   - Performance Chemicals
     Material Protection Products
     Inorganic Pigments
     Rhein Chemie Additives
     Leather
     Liquid Purification Technologies
3. Financials

Material Protection Products: Customized solutions to preserve a variety of materials

Overview

Key facts
- Material Protection Products offers a wide range of products for microbial control for disinfectants, beverage sterilization, industrial preservation, wood protection, paints and coatings, construction, health and personal care
- Global customer service organization provides leading technical and regulatory support

Production sites
- China: Changzhou
- Germany: Dormagen, Krefeld-Uerdingen
- India: Jhagadia
- Singapore
- USA: Pittsburgh

Sales by end use 2013
- Beverages 25%
- Construction 24%
- Paints & Coatings 25%
- Industrial & Others 16%
- Disinfection 10%

Market demand 2014e
- Asia-Pacific 35%
- Germany 9%
- EMEA (w/o Germany) 19%
- North America 30%
- Latin America 7%

Material Protection Products offers products and solutions for a broad range of applications

<table>
<thead>
<tr>
<th>Products &amp; brands</th>
<th>Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products</td>
<td></td>
</tr>
<tr>
<td>• Components for preservative compounds, disinfectants and wood protection products</td>
<td></td>
</tr>
<tr>
<td>X Preventol®</td>
<td>Beverages</td>
</tr>
<tr>
<td>X Sporgard®</td>
<td>Wood protection</td>
</tr>
<tr>
<td>• Technology to sterilize non-alcoholic soft drinks and wine</td>
<td></td>
</tr>
<tr>
<td>X Velcorin®</td>
<td>Paints &amp; coatings</td>
</tr>
<tr>
<td>X Natural Choice®</td>
<td>Disinfection</td>
</tr>
<tr>
<td>• Components to preserve compounds</td>
<td></td>
</tr>
<tr>
<td>X Tektamer®</td>
<td></td>
</tr>
<tr>
<td>X Biochek®</td>
<td></td>
</tr>
</tbody>
</table>

Material Protection Products: A leading producer of active ingredients and formulations for the protection of materials

Material protection value chain

- General material protection value chain
- Purchase of registered active ingredients
- In-house manufacturing
- Sourcing
- Registration
- Solution or dispersion ready for customer use

Example: OPP-specific value chain
- Chemicals
- o-phenylphenol (OPP)
- Regulatory & data package = “active ingredients”
- Preventol® O extra (OPP)
- Active ingredient for sale
- Formulations
- Formulated product for sale
Continued focus on growth at Material Protection Products: A combination of organic and external growth

Material Protection Products: Benefiting from increasing demand and positive market trends

### Market development

- **Total global demand, 2014**: ~€2.0 bn
  - Disinfection & Personal Care
  - Microbial Control: ~€2.4 bn

- **Demand growth (CAGR 2014-2019)**
  - Global: ~3%
    - Asia-Pacific: ~4%
    - Germany: ~2%
    - EMEA (w/o Germany): ~2%
    - North America: ~2%
    - Latin America: ~4%

### Market environment

#### Supporting growth trends

- Urbanization in emerging countries drives growth in construction sector
- Trend towards healthier and functional beverages fosters growth of Velcorin®
- Increased meat consumption highlights importance of veterinary hygiene

#### Main competitors

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

Material Protection Products’ strength driven by broad and innovative product portfolio and expertise

**Strengths / opportunities**
- Broad and innovative portfolio with unique product properties and leading positions in attractive market segments
- Industry-leading expertise in regulatory affairs, with a broad basis of biocidal registrations
- Leading global production footprint with formulation sites close to all key markets
- Global sales and technical service network
- Leading beverage technology solution
- Continuous driver in ongoing market consolidation
- Strong track record in inorganic growth leveraging technical and regulatory know-how

**Weaknesses / challenges**
- Low-cost Chinese / Indian competition in commodity-type biocidal ingredients
- Managing the commoditization of active ingredients
- 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
   - Rhein Chemie Additives
   - Leather
   - Liquid Purification Technologies
3. Financials

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

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

Synthesis and blending sites
- Brazil: Porto Feliz
- China: Ningbo*
- China: Shanghai
- Germany: Krefeld-Uerdingen

Blending sites
- Australia: Sydney
- Spain: Vilassar de Mar
- UK: Branston
- USA: Burgettstown

Sites by end use 2013
- Construction: 48%
- Coatings: 26%
- Plastics: 5%
- Paper: 3%
- Others: 18%

Market demand 2014e*
- Asia-Pacific: 43%
- Germany: 6%
- EMEA (w/o Germany): 26%
- North America: 19%
- Latin America: 5%

* Under construction, planned start-up expected for Q1 2016; ** Estimated demand split for iron oxide pigments
Inorganic pigments are used for coloring and various technical applications

**Products & brands**
- Iron oxide (red, yellow, black, brown)
- Chromium oxide (green)
- Main brands: BAYFEROX®, COLORHERM®, Bayoxide®

**Coloring applications**

**Technical applications**

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

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

**Sieving & 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**
Sustainability: Setting new sustainability standards in iron and chromium oxide production as competitive advantage

- LANXESS is driver for continuous HSEQ improvements within the iron oxide industry globally
- Global sustainability approach leads to more environmentally friendly processes and products
- LANXESS’ products are highly efficient, sustainable and do not pose harm to our health or to nature (SCS certificate for recycled content)
- Focus on sustainability in all production steps brings a competitive advantage

<table>
<thead>
<tr>
<th>Sustainability</th>
</tr>
</thead>
</table>
| Krefeld-Uerdingen, Germany | Innovative waste water recycling process  
Processed water of recovery unit does not require further cleaning |
| Porto Feliz, Brazil | CO₂ neutral production of energy by using biomass (Co-Generation plant)  
Reduction of CO₂ emissions by 44 kt annually |
| Jinshan, China | State-of-the-art waste water treatment plant  
Reduced emissions by improved energy utilization and water management  
Black plant recycling by-product of yellow production |
| Ningbo, China* | Penniman process with optimized waste water treatment and off-gas cleaning  
Characterized by its particularly high energy efficiency, the plant will meet and exceed latest environmental standards |

* Under construction, planned start-up expected for Q1 2016

New iron oxide production facility in Ningbo, China: Another role model for the iron oxide industry

- New state-of-the-art iron oxide production facility
- A new 25 kt ton p.a. production facility* is being built in Ningbo, China. This new facility will:
  - Set the benchmark for sustainable iron oxide red production
  - Be the first Penniman red plant which uses innovative energy conservation as well as waste water and off-gas treatment processes to minimize all unwanted emissions
  - Increase LANXESS’ iron oxide production capacity to meet the growing demand for high quality red iron oxides
  - Extend the broad Bayferrox® product portfolio by enabling LANXESS to produce unique bright, yellow shade reds
  - Consolidate and expand IPG’ mixing & milling activities by establishing China’s biggest iron oxide pigments processing facility with 70 kt capacity p.a.

* Under construction, planned start-up expected for Q1 2016
Beyond construction, other application areas for inorganic pigments are developed

**Arsenic adsorber**
Bayoxide® E33 removes arsenic contaminations from drinking water

**FDA compliant pigments**
Bayferrox® and Colortherm® pigments for coloring food packaging and other articles for food contact applications

**Li-Ion Batteries for E-mobility**
Iron oxide used as raw material for the manufacture of FePO4 as intermediate for the production of LiFePO4 cathodes used in batteries

**Colors for cosmetics**
Bayferrox® and Colortherm® Z-Grades with high purity fulfill all legal requirements of the cosmetics industry

**Desulfurization of different gases**
Iron oxides to remove hydrogen sulfide from various gases (e.g. methane in biogas plants or natural gas)

**New Red pigments**
Extend the broad Bayferrox® product portfolio with unique bright, yellow-shade Red Bayferrox® pigments

* Ningbo plant under construction, planned start-up expected for Q1 2016

Megatrend urbanization and increased awareness of higher sustainability drive demand for LANXESS Inorganic Pigments

**Market development**

<table>
<thead>
<tr>
<th>Demand 2014-2019 [kt]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia-Pacific</td>
</tr>
<tr>
<td>EMEA</td>
</tr>
<tr>
<td>Americas</td>
</tr>
<tr>
<td>Global</td>
</tr>
</tbody>
</table>

**Demand growth (CAGR 2014-2019)**
- Global: ~3%
  - Asia-Pacific: ~4%
  - EMEA: ~2%
  - Americas: ~3%

**Market environment**

**Supporting growth trends**
- Urbanization and increasing demand for pigments in emerging markets (e.g. Asia-Pacific and Latin America)
- Rebound of construction activities in North America and Europe
- Sustainability and innovation as a competitive edge
- Consolidation among Chinese iron oxide producers due to stricter enforcement of environmental laws
- General global trend towards higher-quality products in all application fields

**Main competitors**
- Huntsman (pigment business acquired from Rockwood in 2014)
- Selected Chinese players: Deqing, Cathay, Yixing

Source: LANXESS volume estimates based on Global Insight growth indices for application markets, 2014
Competitive advantage with world-scale production capacity, outstanding product quality and sustainable business model

- A 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 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

- 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
Rhein Chemie Additives offers customized solutions for the rubber, plastic and lubricant industries

**Overview**

**Key facts**
- Solution provider for additives in rubber, plastics, construction, colorants and lubricant applications

**Production sites**
- Argentina: Burzaco, Merlo
- Belgium: Antwerp
- Brazil: Porto Feliz
- China: Qingdao
- France: Epierre
- Germany: Leverkusen, Krefeld-Uerdingen, Mannheim
- India: Jhagadia
- Japan: Toyohashi
- Russia: Lipetsk
- USA: Chardon, Little Rock, Greensboro

**Sales by end use 2013**
- Automotive: 16%
- Plastics: 16%
- Tires: 15%
- Lubricants: 11%
- Construction: 10%
- Others: 32%

**Market demand 2014d**
- Asia-Pacific: 40%
- EMEA: 30%
- North America: 26%
- Latin America: 4%

Source: LANXESS estimates
Four Business Lines with clear focus on relevant additive markets

**Rubber Additives**
- Polymer-bound additives (Rhenogran®)
- High-performance bladders (Rhenoshape®)
- Release agents (Rhenodiv®)
- Processing promoters (Aktiplast®, Aflux®)
- Vulcanization activators (Rhenofit®)
- Zinc oxide

**Plastic Additives**
- Phthalate-free plasticizers (Mesamoll®, Adimoll®, Ultramoll®)
- Flame retardants (Disflamoll®, Levagard®)
- Hydrolysis protection (Stabaxol®)
- Cross-linkers for various plastic systems (Addolink®)
- Water treatment chemicals (Bayhibit®, Baypure®)

**Lubricants**
- Oil- and water-based solutions for metalworking fluids
- Sulfur carriers and anti-wear agents
- Additive packages for hydraulics / gears / turbines
- Corrosion inhibitors

**Colorants**
- Organic dyes (Macrolex®, Bayplast®)
- Organic pigment (Pigment Yellow 150)

**Successful pursuit of growth strategy**

**Rubber Additives**
- New production site for rubber additives, release agents (2013) in Lipetsk, Russia
- Expansion of the production capacity for Rhenogran® in Qingdao, China (2013)
- New production facility for Rhenoshape® curing bladders (2013) and expansion of Rhenogran® rubber additives in Porto Feliz, Brazil (2014)

**Plastic Additives**
- Acquisition of US-based Unitex business with access to additional phthalate-free production capacity and complementary additives portfolio (2011)
- Acquisition of Thermphos France, Epierre, a globally leading phosphorus products manufacturer with complementary portfolio (2013)

**Lubricants**
- Extension of the chemical multipurpose plant in Mannheim, Germany (2013)
- Denison pump testing installation* for the development of hydraulic additive packages (2013)
- Opening of the Technical Competence Center for lubricants in Pittsburgh, USA (2012)

* One of only 12 such testing installations worldwide
Portfolio for tire manufacturer further extended: permanent bladder coatings in addition to bladders and release agents

<table>
<thead>
<tr>
<th>Release agents</th>
<th>Bladders</th>
<th>Permanent bladder coatings</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Preventing the tire from sticking to the mold or bladder during the curing process</td>
<td>• Used in the manufacture of tires</td>
<td>• Improve the efficiency and quality of tire vulcanization</td>
</tr>
<tr>
<td>• Enable smooth and cost-efficient tire production process</td>
<td>• Main raw material: butyl rubber</td>
<td>• Enable tires to be vulcanized without the need for tire spray solutions containing silicones</td>
</tr>
<tr>
<td></td>
<td>• High-performance curing bladders can significantly increase the productivity of a tire plant</td>
<td>• In particular used for tires with run-flat, self-sealing and noise-reducing properties</td>
</tr>
<tr>
<td></td>
<td>• Trend towards outsourcing of bladder production by major tire companies supports Rhein Chemie Additives' growth prospects</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Global bladder market ~€300 m, with healthy growth rates in line with tire demand</td>
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</tr>
</tbody>
</table>

Rhein Chemie Additives is the only global player for release agents and bladders with permanent bladder coating for tire manufacturing out of one hand.

Rhein Chemie Additives has a leading market position in its main business segments

**Market development**

Total global demand (2014e)
- ~€5 bn

Market development (CAGR 2014-2019)
- Global: ~4%
  - Asia-Pacific: ~6%
  - EMEA: ~2%
  - North America: ~2%
  - Latin America: ~4%

**Market environment**

**Supporting growth trends**
- Rhein Chemie Additives’ growth projects in tires and automotive applications are driven by the megatrend mobility
- Urbanization megatrend supports construction driven applications in plasticizers and flame retardants
- Growing demand for green solutions reflected in multiple Rhein Chemie Additives’ initiatives such as BioAdimide® as additive for renewable bioplastics

**Main competitors**
- Chemtrend
- Eastman
- ICL
- Lubrizol
- MLPC / Arkema Group

Source: LANXESS estimates
Rhein Chemie Additives provides innovative products, strong service and application expertise in all regions

Strengths / opportunities

- Leading position in rubber additives, phosphorus-based flame retardants, ecologically friendly specialty plasticizers, solvent dyes for plastics and bonding agents
- Global sales and technical service network as solution provider, including products that must meet regulatory requirements
- Only global player offering release agents and curing bladders from one source with strong local presence
- One of the largest and most competitive integrated production facilities for phosphorus chemicals
- Well recognized image and strong brands

Weaknesses / challenges

- Changes to the competitive environment due to further consolidation in the industry and end markets, i.e. cost pressure from the automotive industry
- Need for efficient management of high price volatility and availability of raw material
- Exposure to mature markets
- Permanent increase in competitiveness necessary to address price pressure in commodity segments, especially from Asian competitors
Business Unit 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
- Argentina: Zarate
- China: Changzhou
- Germany: Leverkusen
- Italy: Filago
- South Africa: Merebank, Newcastle, Rustenburg

Sales by end use 2013

- Shoe leather: 37%
- Automotive leather: 20%
- Steel: 13%
- Furniture leather: 10%
- Chemicals: 8%
- Leather garment & goods: 7%
- Metal finishing: 5%

Market demand 2014*

- Asia Pacific: 39%
- EMEA: 32%
- North America: 9%
- Latin America: 20%

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

<table>
<thead>
<tr>
<th>Leather chemicals</th>
<th>Chrome specialties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beamhouse chemicals</td>
<td>Chrome ore</td>
</tr>
<tr>
<td>Binders</td>
<td>Sodium dichromate</td>
</tr>
<tr>
<td>Chrome-free tanning products</td>
<td>Chromic acid</td>
</tr>
<tr>
<td>Chrome tanning salts</td>
<td>Chrome sulphate</td>
</tr>
<tr>
<td>Colorants</td>
<td>Chrome oxide</td>
</tr>
<tr>
<td>Fatliquors</td>
<td></td>
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<tr>
<td>Finishing auxiliaries</td>
<td></td>
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<tr>
<td>Patent leather chemicals</td>
<td></td>
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<tr>
<td>Preservatives</td>
<td></td>
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<tr>
<td>Retanning chemicals</td>
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</tr>
</tbody>
</table>

Applications

Upstream integration into chrome ore for use in leather and non-leather applications

LANXESS’ chrome ore value chain

Non-leather applications
- Foundry sand
- Plating
- Construction
- Others

Leather industry (tanning)

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

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

- Construction of leather chemicals plant located in Changzhou, China
- Facility successfully went on stream in Q2 2013

- Strengthening of LANXESS’ value chain at three sites in South Africa:
  CO₂ concentration unit supports growth of sodium dichromate production since Q4 2013

- Launch of the new PELTEC® product range covering all beamhouse processing steps
- Best in class product portfolio and comprehensive service approach including two
  beamhouse competence centers and global on-site support staff
- Successful introduction of the enzymatic X-Zyme® technology for improved pelt quality and
  increased process sustainability
- Common development by LANXESS and Novozymes, the world market-leader for
  enzymes
**Supporting growth trends**
- Industrialization leading to higher wealth
  - Increasing meat and luxury goods consumption (e.g. leather shoes, leather furniture)
  - Steel production, construction and metal finishing (especially in growth markets)

**Main competitors**
- Leather chemicals
  - BASF, TFL, Stahl\(^1\)
- Chrome specialties
  - ACCP\(^2\), Elementis, NPCC\(^3\), Sisecam

1) Including acquired Clariant leather chemicals business
2) ACCP: Aktyubinsk Chrome Chemicals Plant (Kazakhstan)
3) NPCC: Novotroitsk Plant of Chromium Compounds (Russia)

**Beef consumption growth (CAGR, 2014-2019)**
- Global: <2%
- Asia-Pacific: <2%
- Europe: 1%
- North America: ~1%
- Latin America: <2%
- Others: ~3%

<table>
<thead>
<tr>
<th>Year</th>
<th>Europe</th>
<th>North America</th>
<th>Latin America</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>~68</td>
<td>~71</td>
<td>~71</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Market environment**

**Weaknesses / challenges**
- Increasing competitive pressure due to ongoing overcapacity in retanning and finishing chemicals sector
- Operations in politically volatile countries
- Increasing raw hide prices result in margin pressure for leather producers

**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 teams with excellent market acceptance
- Diversified production network and secure supply of raw materials (chrome ore, CO\(_2\))

Source: OECD-FAO 2014

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**Key leather markets growing in line with increasing industrialization, especially in BRICS countries**
Liquid Purification Technologies: A leading global supplier for various industries and applications

Key facts
- One of the world’s leading producers of ion exchange resins, with more than 75 years of experience
- Leadership in monodisperse and chelating technologies
- State-of-the-art reverse osmosis membrane technology
- Excellent technical marketing expertise and reputation as a service-solution provider

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

Source: LANXESS estimates, 2014
Comprehensive product portfolio provides advanced solutions for treatment of liquids

### Products & brands

**Products**
- Ion exchange resins, adsorbers and functional polymers
- Reverse osmosis membrane elements
- Supported by engineering design software for both ion exchange and reverse osmosis equipment dimensioning

**Main usage**
- Water softening and demineralization
- High-purity water
- Ground-, waste and drinking water treatment
- Hydrometallurgy, mining
- Food and beverage industries
- Desalination of seawater

### 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

**Production process**
- 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 (example)

<table>
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<tr>
<th>Bead</th>
<th>Purification functional group</th>
<th>Bead</th>
<th>Catalysis functional group</th>
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**LANXESS Fact Book – Performance Chemicals: Liquid Purification Technologies**
Reverse osmosis membranes: State-of-the-art production process ensures premium quality

### Lewabrane® reverse osmosis element production process

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

**Lewabrane® reverse osmosis produced with German technology**

- Re-engineered production process (chemistry and equipment)
- German technical and production standards

Growth markets captured through product and service innovation, new applications and additional investments

<table>
<thead>
<tr>
<th>Key market growth drivers</th>
<th>Investments and product innovation</th>
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<tr>
<td><strong>Water</strong></td>
<td><strong>Additional weak acidic cation exchange resins production capacity for drinking water (Leverkusen)</strong></td>
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<tr>
<td>Drinking, high-purity, ground, waste and process water demands growing</td>
<td><strong>New state-of-the-art facility for food-grade filling and packaging (Leverkusen)</strong></td>
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<tr>
<td>Increasing demand for processed food, sugar and sweeteners as population grows</td>
<td><strong>Sea water reverse osmosis, spiral-wound elements introduced (Bitterfeld)</strong></td>
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<td>Chelating resins and adsorbers for removing contaminants</td>
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Ion exchange resins and membrane technology benefiting from momentum of global trends

Supporting growth trends

- Rising demand for drinking water treatment in a rapidly urbanizing world due to population growth and increased pollution
- Increasing demand for processed food especially in emerging countries
- Demand for more efficient (cost and environment) industrial, mining and chemical processes

Main competitors

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

Market environment

By entering the membrane business, LANXESS now provides customers with a one-stop shop

Strengths / opportunities

- Premium-quality supplier; positioned with well-known brands
- One-stop shop for customers with reverse osmosis membrane Lewabrane® and ion exchange resins Lewatit®
- High technical and marketing expertise and reputation as a service solution provider with LewaPlus®
- Global market presence and distribution network
- Leader in monodisperse ion exchange technology
- Supplying customer industries that benefit from strong global trends

Weaknesses / challenges

- Significant share of business project-dependent: thus not re-occurring and with timing uncertainty
- Relatively long time to market for new products due to industrial-scale reference requirements
- New entrant into membrane business
- Impact of increasing energy costs

Source: LANXESS estimate based on McIlvaine and SRI data

LANXESS Fact Book – Performance Chemicals: Liquid Purification Technologies
Agenda

1. LANXESS – Energizing Chemistry
2. Business Segments
   - Performance Polymers
   - Advanced Intermediates
   - Performance Chemicals
3. Financials
   - History
   - Quarterly overview
   - Financing
   - Procurement
## Balance Sheet – 10 years overview

<table>
<thead>
<tr>
<th>Intangible assets</th>
<th>Property, plant and equipment</th>
<th>Investment in associate</th>
<th>Investments in other affiliated companies</th>
<th>Non-current derivative financial assets</th>
<th>Other non-current financial assets</th>
<th>Deferred taxes</th>
<th>Other non-current assets</th>
<th>Non-current assets</th>
<th>Inventories</th>
<th>Trade receivables</th>
<th>Net income</th>
<th>Accumulated other comprehensive loss</th>
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* Restated as per IAS 19 revised
## P&L – 9 years overview

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### Segment Data – 9 years overview

#### Performance Polymers Key Figures (€ m)*

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#### Advanced Intermediates Key Figures (€ m)*

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#### Reconciliation Key Figures (€ m)

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* Unaudited pro forma restatement of segments AI & PC reflecting integration of BU RUC Antioxidant and Accelerator businesses into BU AII
### Development of key financial figures over the last quarters

#### Performance Polymers

<table>
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#### Performance Chemicals

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#### Reconciliation

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* Unaudited pro forma restatement of segments AI & PC reflecting integration of BU RUC Antioxidant and Accelerator businesses into BU All
Conservative financial policy and centralized risk management

- Centralized management of all relevant risks
  - Liquidity & refinancing
  - Foreign exchange and interest rates
  - 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>
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<td>Diversified financing sources</td>
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<td>- Bonds</td>
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<tr>
<td>- Private placements</td>
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<tr>
<td>- Syndicated credit facility</td>
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<tr>
<td>- Development banks</td>
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<td>- Bilateral bank facilities</td>
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<tr>
<td>€500 m bond maturity in April 2014 was funded by cash and €200 m EIB facility</td>
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<tr>
<td>Average €-funding interest rate below 4%</td>
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<tr>
<td>All group financings without financial covenants</td>
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</table>

Liquidity and maturity profile as per June 2014

- Diversified financing sources
  - Bonds
  - Private placements
  - Syndicated credit facility
- Development banks
- Bilateral bank facilities
- €500 m bond maturity in April 2014 was funded by cash and €200 m EIB facility
- Average €-funding interest rate below 4%
- All group financings without financial covenants

EIB = European Investment Bank
LANXESS is committed to return to track-record of prudent financial leverage in line with rating targets

![Graph showing Total Net Debt*/EBITDA with values for each year from 2008 to Q2/2014.](image)

All references to EBITDA are pre exceptional; *All references to total net debt = financial debt – cash + pensions + operating leases. Pensions are provisions on balance sheet, operating leases are included with amount of minimum future payments (as per FY 2013).

LANXESS Fact Book – Financials: Financing

Capex cycle ends – changed cash profile should enable future growth

![Graph showing Capex cycle ending and changed cash profile with values for each year from 2008 to 2016e.](image)

*Before exceptional items

LANXESS Fact Book – Financials: Financing
Investment grade rating target fulfilled since 2004

<table>
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<td>2011: BBB stable 23.08.2011</td>
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<td>2014: BBB-/stable 19.05.2014</td>
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<td><strong>Moody's Investors Service</strong></td>
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<td>2013: BBB/ negative 15.08.2013</td>
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<td>2014: BBB-/stable 18.08.2014</td>
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</table>

Conservative financial management is essential for LANXESS investment grade rating and well acknowledged by agencies

- Strong position in synthetic rubber and diversity from intermediate and specialty chemicals
- Persistent difficult operating environment in synthetic rubber and polymers...
- Recently announced cost-saving measures and the completed €430 million capital increase will improve key credit metrics...
- We continue to categorize LANXESS' liquidity as "strong"

Source: Rating Agencies
LANXESS’ pension obligations are managed closely as part of the group financing structure

- Improvement in funding ratio to 55%
- Underfunding burdened by low interest rates, particularly in Germany
- Voluntary pension funding in Germany via CTA since 2007
- On-going funding of several non-German pension plans
- Conservatively managed pension asset allocation and asset-liability considerations
- Ongoing monitoring and optimization of pension structure

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

- Total raw material expenses in 2013: ~€4.2 bn
- Top 15 raw materials make up >50% of total raw material expenses
- Volatility of raw materials driven by butadiene

LANXESS sources ~3,000 different raw materials

Source: LANXESS, price index, average 2010 = 100%
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LANXESS IR website

**MASTHEAD**

As of November 2014

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