

Business Unit MPP



A fast growing pearl


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What makes the Business Unit MPP a pearl?

- Premium niche business ✓
 - High and sustainable profitability ✓
 - Growth well above GDP ✓
 - Market with high entry barriers ✓
 - Small asset base, leading technology and strong development capabilities ✓
-  MPP is a pearl in LANXESS' business portfolio ✓

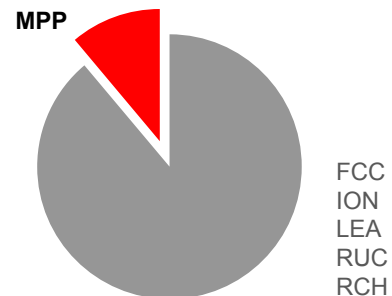
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Material Protection Products is a highly profitable niche business...

- Sales: < €200 million
- Employees: ~ 270
- Customers: > 1300
- Products: ~ 150
- Main Brand: 

MPP within Performance Chemicals



MPP share of Performance Chemicals segment sales (2006)

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... offering biocides and preservatives, dedicated to ensuring a better quality of life and saving resources

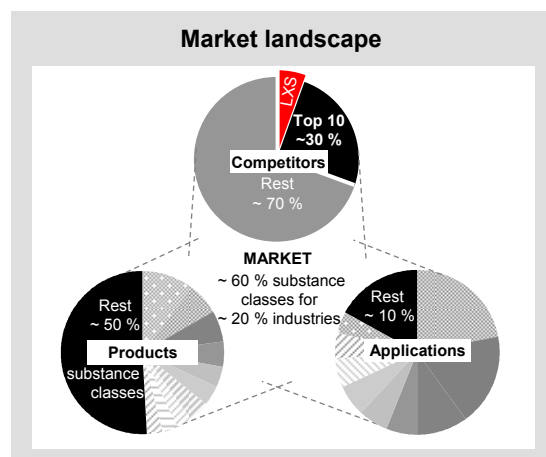


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MPP operates in a very fragmented market with strong growth opportunities

- Global relevant market size approx. 3 bn €
- Seasonal, mostly non-cyclical market with growth above GDP
 - Search for higher quality of life and safety (e.g. beverage technologies)
 - Substitution trend towards next generation products (e.g. copper replacement)
- Top 10 players account for 30 % of the global market (e.g. Arch, Dow, LANXESS, Lonza, Rohm and Haas, Thor)
- Evolution of biocidal regulations leads to product substitutions and market consolidation
- Size not a crucial success factor

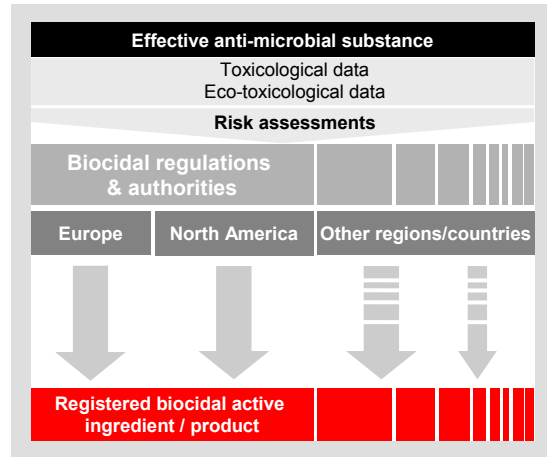


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Registrations constitute high entry barriers to markets

- Registrations work like a “sales license” and govern access of suppliers to markets
- MPP combines excellent regulatory expertise with effective marketing
- Regulations drive market developments and consolidation trends
- MPP holds and develops a comprehensive portfolio of registrations
- With a strong regulatory group MPP is able to effectively support its business and customers

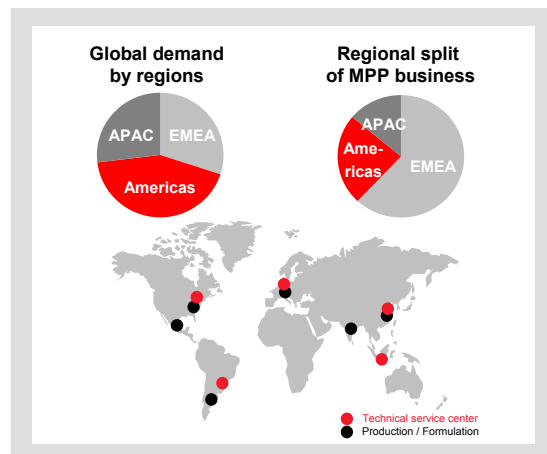


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Internationalization is driving MPP's future above market growth

- Implementation of the European Biocidal Products Directive allows MPP increased market penetration in Europe
- North America, as largest biocide market, still offers excellent growth opportunities for MPP
- Asia-Pacific offers long-term growth potential depending on application and regulatory standards
- MPP present in all key regional markets – with regional technical centers, formulation plants and sales organization



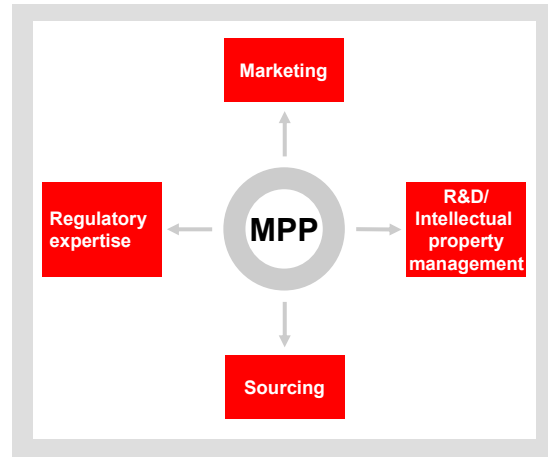
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MPP: Building a global leadership business based on true core competencies

MPP business drivers:

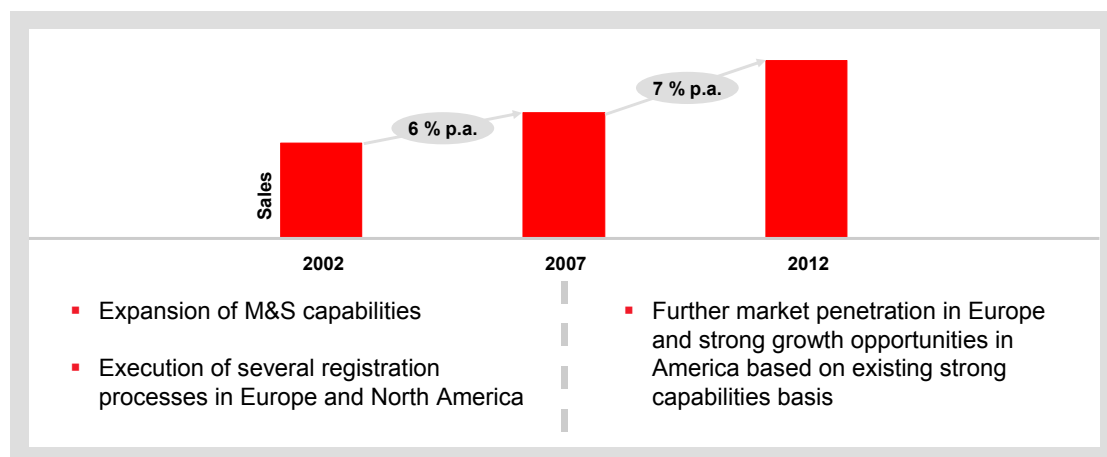
- Broad portfolio of active ingredients
- Acknowledged and appreciated know-how
- Customer relationship management and intellectual property management
- Management of partnership network for the sourcing of active ingredients
- Limited heavy production assets



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All levers are in place for MPP to outperform an already attractive and growing market



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MPP: A successful business with many profitable growth opportunities!

Market Position	Leading positions in attractive market segments	
Profitable Growth	Increased global sales coverage and market penetration are ensuring profitable growth	
Expertise	Comprehensive portfolio of products, formulations and services sustain successful business development	
Registrations	Regulatory expertise and portfolio of registrations ensure strong position in a market with high entry barriers	

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