



# Meeting the Management 2016

## LANXESS in transformation

Matthias Zachert, CEO

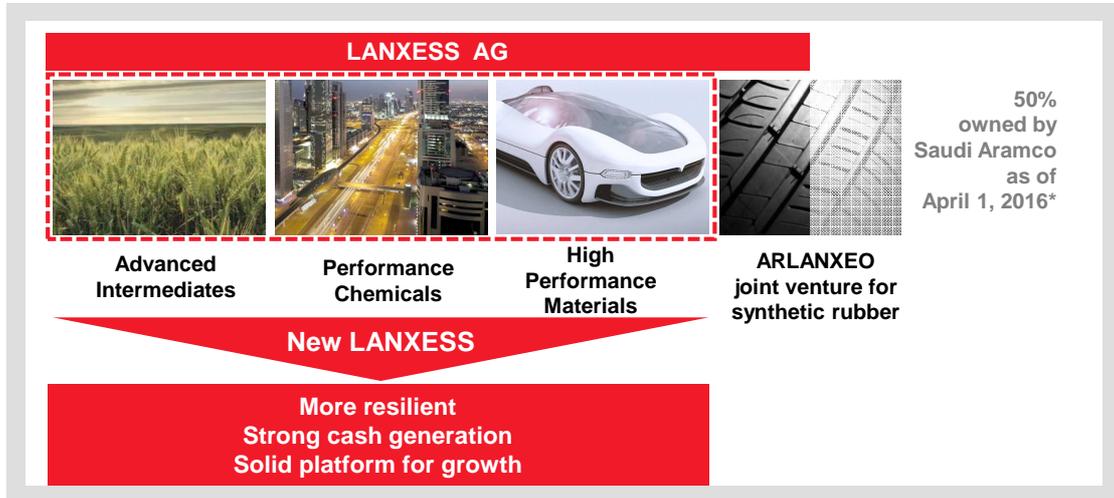


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## Let's talk about the New LANXESS

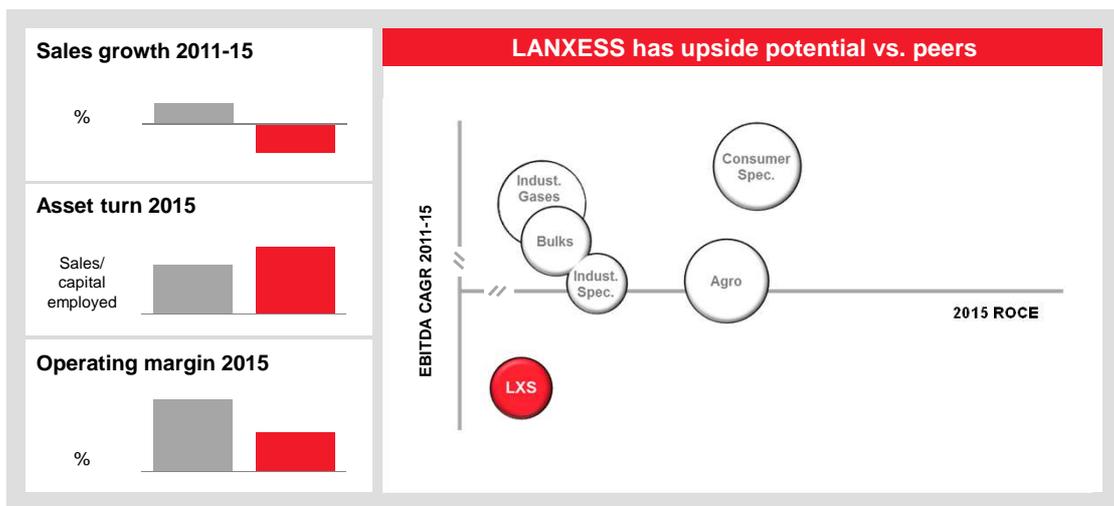


\* ARLANXEO to be fully consolidated for the first three years

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## LANXESS as it stood until today, lagged the industry



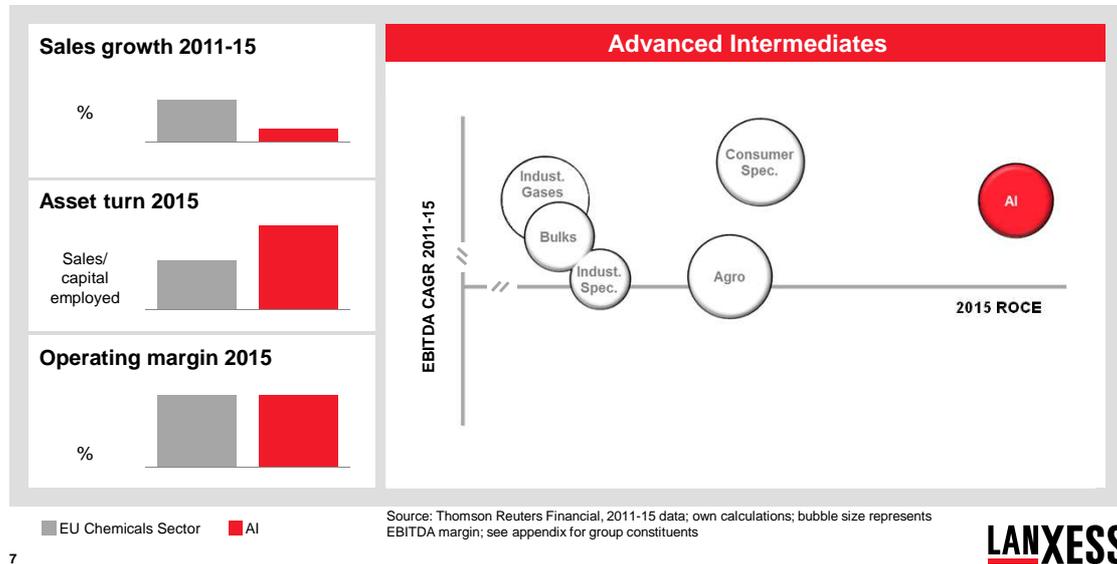
■ EU Chemicals Sector ■ LANXESS

Source: Thomson Reuters Financial, 2011-15 data; own calculations; bubble size represents EBITDA margin; see appendix for group constituents

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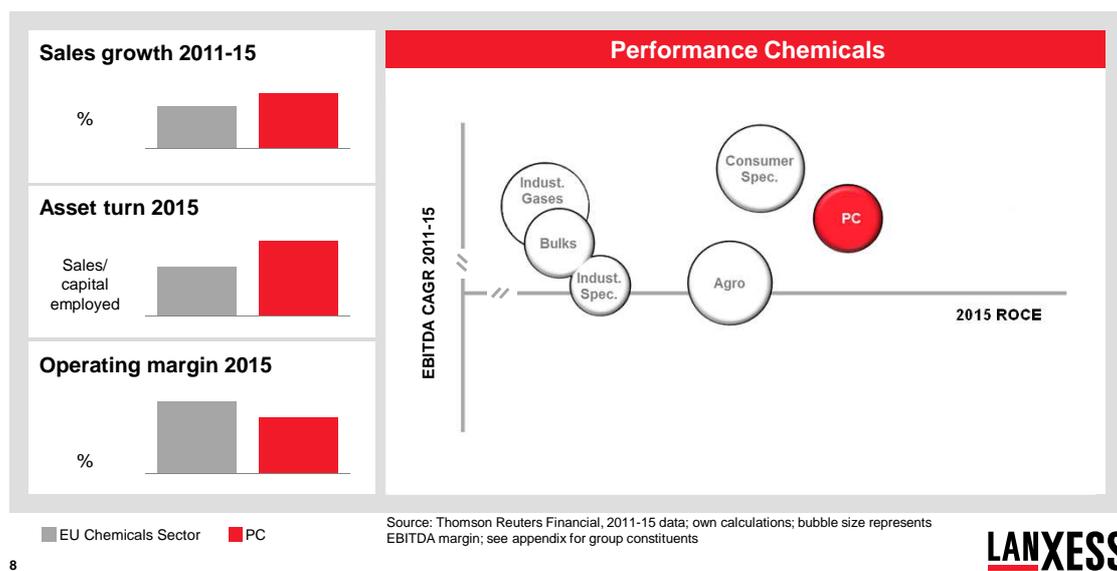
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## Advanced Intermediates outperforms the industry



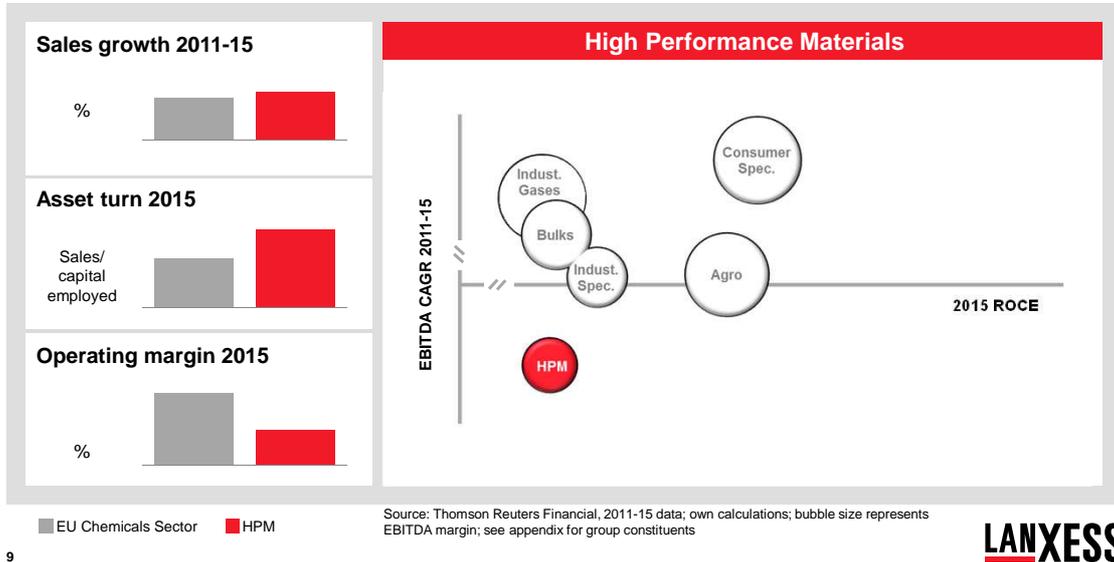
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## Performance Chemicals also ahead of industry



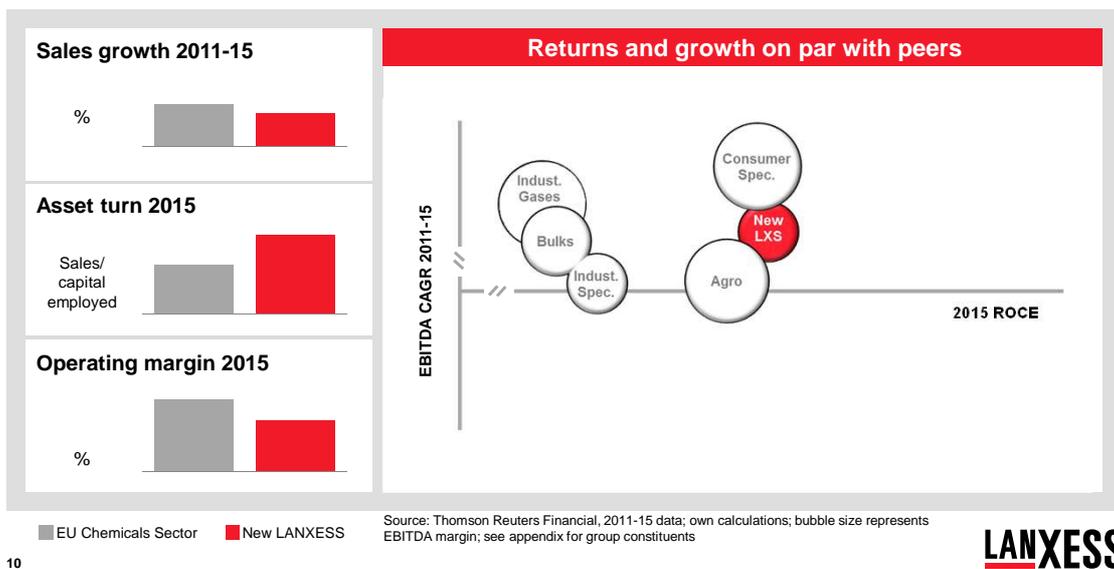
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## High Performance Materials will improve visibly



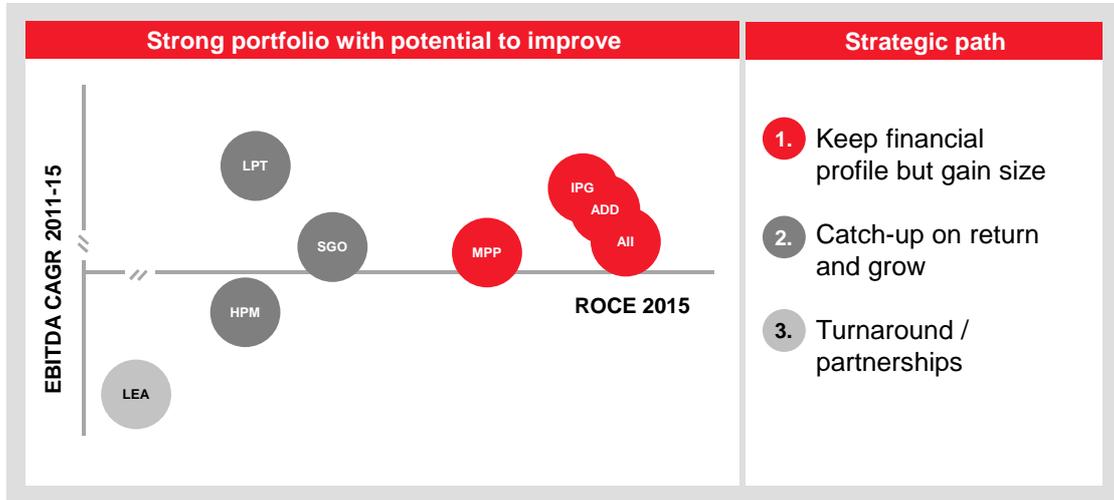
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## At second glance New LANXESS shows real strength



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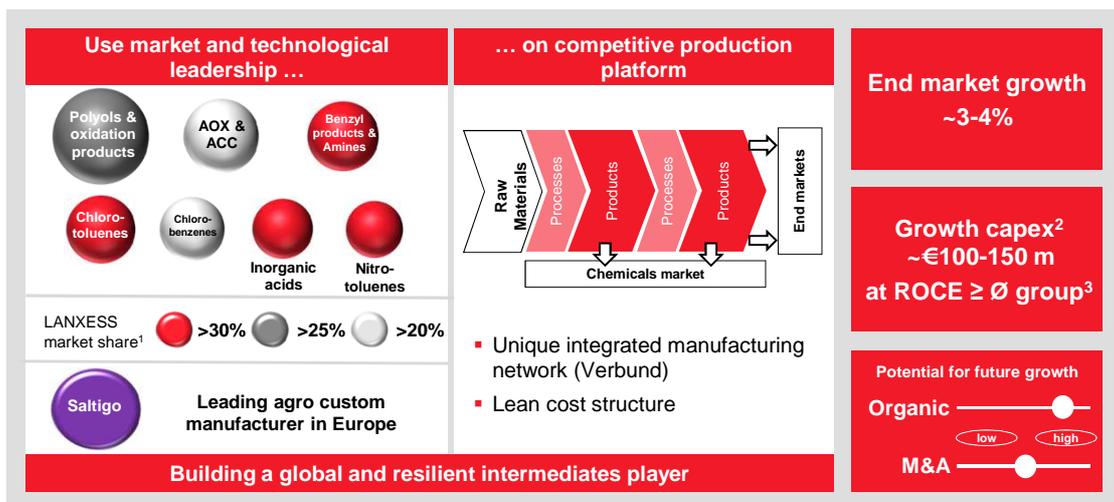
## Dedicated value maximizing strategy for each business unit



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## Advanced Intermediates: Efficient, resilient, expandable



Bubble sizes represents sales

<sup>1</sup> By capacity

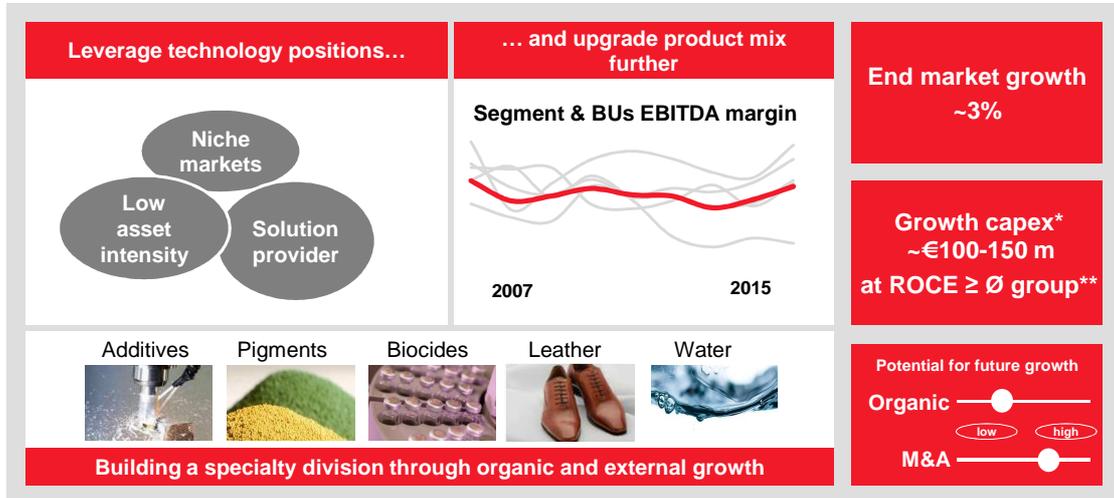
<sup>2</sup> Growth capex for the years 2016-2020

<sup>3</sup> Refers to New LANXESS

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## Performance Chemicals: Making them shine

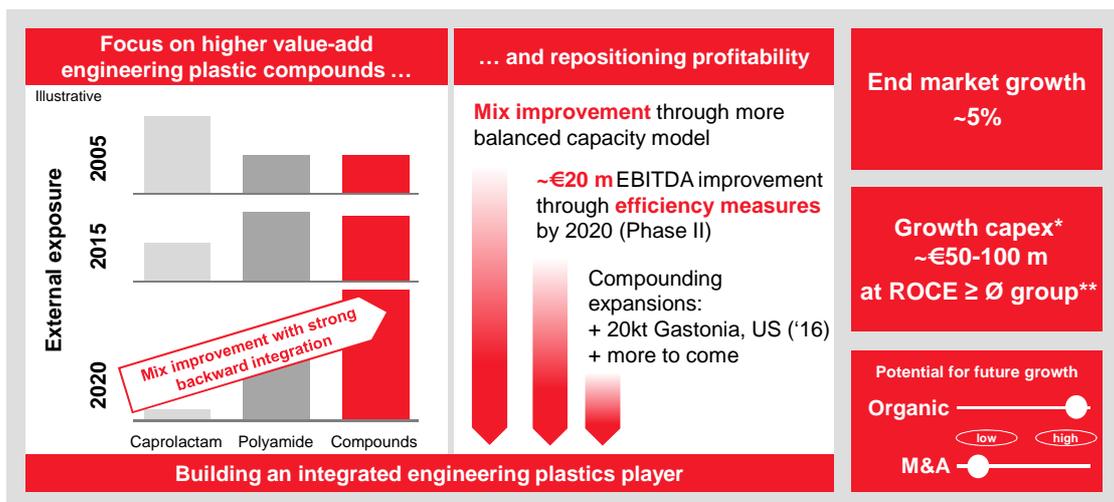


\* Growth capex for the years 2016-2020  
\*\* Refers to New LANXESS

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## High Performance Materials: It's growth and mix



\* Growth capex for the years 2016-2020  
\*\* Refers to New LANXESS

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## Clear and sound financial criteria will be used

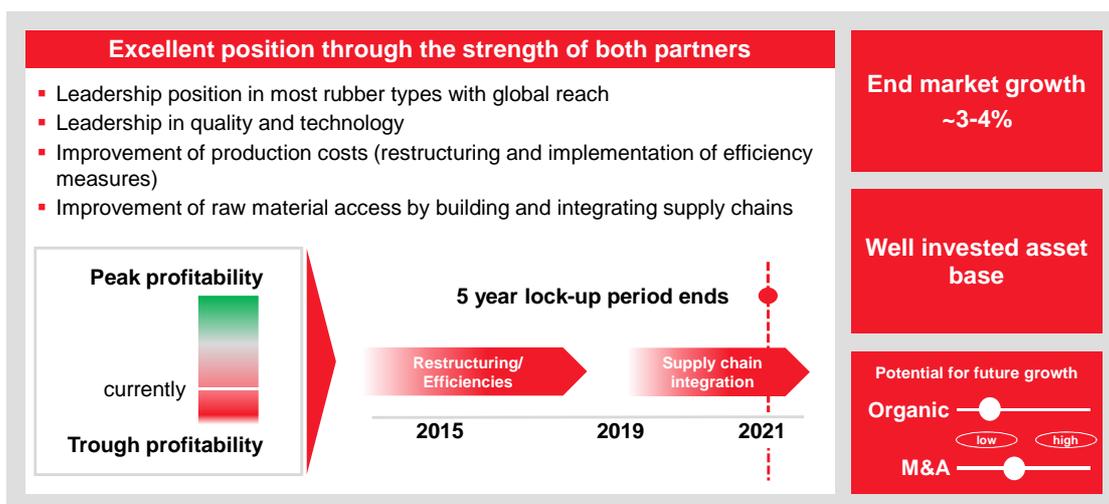
	Organic growth	External growth
<b>EPS accretion</b>	Immediately after ramp-up	Year 1-3 (in current environment double-digit % within year 1)
<b>Valuation</b>	<ul style="list-style-type: none"> <li>▪ Increasing business margin</li> <li>▪ Payback time:               <ul style="list-style-type: none"> <li>➢ Brownfield 1-3 years</li> <li>➢ Greenfield 4-8 years</li> </ul> </li> </ul>	Reported EV/EBITDA multiple for sizable acquisitions: <ul style="list-style-type: none"> <li>➢ 7-9x if no synergies exist</li> <li>➢ Up to 11x if synergies exist</li> </ul>
<b>Financial scope</b>	~€400 m until 2020	Leverage in line with investment grade criteria

**Growth driven by an experienced and capital market minded management team**

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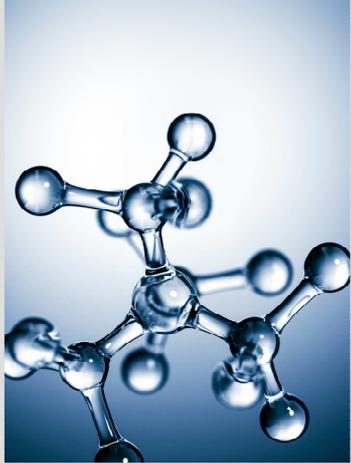
## And finally a few thoughts on ARLANXEO



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## Building on our core strength

New LANXESS with strong foundation	
Clear and prudent criteria for growth	
Attractive organic and inorganic growth opportunities	
Building a more resilient and cash generating company	

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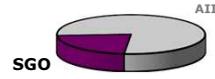
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End of presentation 'LANXESS in transformation'

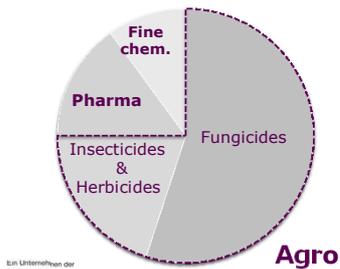
followed by business unit presentations of

- Saltigo
- Rhein Chemie Additives
- High Performance Materials

# Saltigo – we realize ideas for the market



## Custom manufacturing is our business



LANXESS Gruppe

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Phillips/McDoughall and internal market assessment

## Agro is our focus

- Megatrend Agro unbroken
- Molecules' complexity increases
- Relevant active ingredients market ~€16 bn\*
- Market growth ~3% p.a.\*
- Share of custom manufacturing ~20%\*

## Key strengths

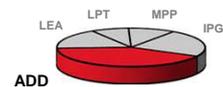
- Inter-connected 10 plant network with broad range of technologies

Technologies	SGO	Competitors		
		A	B	C
I	✓	✓	✓	✓
II	✓	✓	✓	✓
III	✓	✓	✓	✓
IV	✓	✓	✓	✓
V	✓	✓	✓	✓

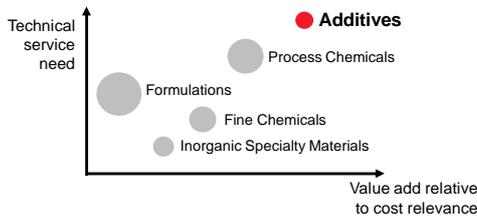
- Broad customer portfolio with well established relations
- Fast track project implementation
- €60 m investment is already filled with business (>80%)

**saltigo**  
customized competence

# Rhein Chemie Additives: A strong player in the attractive additives field



## Operating in an attractive and growing market ...



- Additives account for low share of costs, yet deliver a high performance impact – value driven pricing
- Growth driven by increasing requirements of product performance and higher regulatory standards
- Business is more knowledge- and less capital-intensive
- Robust growth above GDP

## ... with global presence and strong customer ties

### Global presence...



... with local proximity

### Broad portfolio...



... and benchmark quality

### Tailor-made solution provider

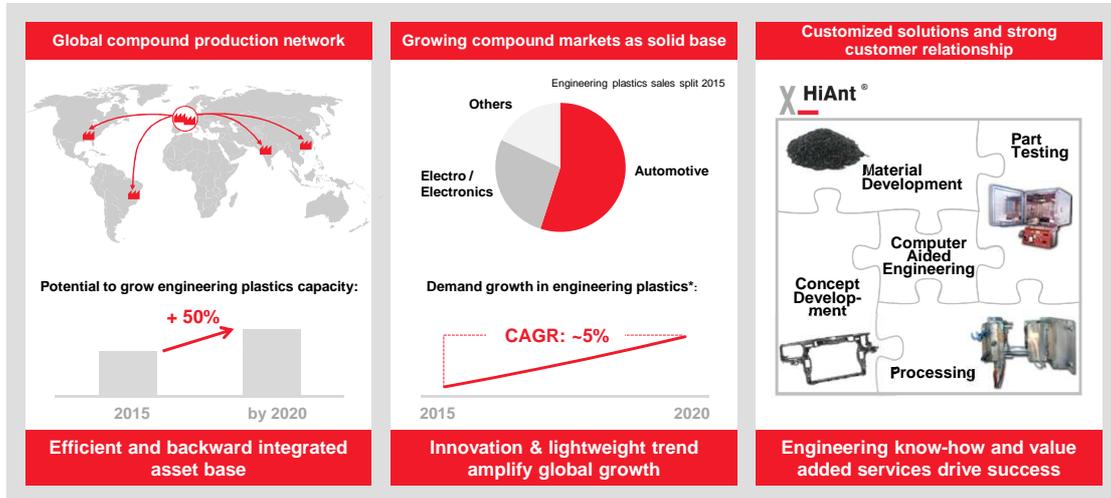
- Well-known player with strong brands and leading market positions
- Global presence to meet all customer specifications
- Our technical service and integrated solution systems lead to high customer loyalty

**A strong platform for growth**

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# High Performance Materials: Transformation to a global player in engineering plastics



\*Source: AMI Plastics, IHS Chemicals, LMC Automotive, PCI Nylon, Plastics Europe, LANXESS volume estimates



## Appendix: Industry groups

### Industrial Specialties

- Akzo
- Clariant
- DSM
- Evonik
- JMAT
- Umicore
- Victrex
- Wacker

### Bulk

- Arkema
- BASF
- Covestro
- Solvay
- Synthomer

### Industrial Gases

- Air Liquide
- Linde

### Consumer Specialties

- Croda
- Givaudan
- Symrise

### Agro

- K&S
- Syngenta
- Yara