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Synthetic Rubber
Creating the way the world moves today.

LANXESS – Q1 2009 Roadshow

Taking action in a tough environment

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Agenda

- Highlights Q1 2009
- Business and financial review Q1 2009
- Outlook/Guidance

Highlights Q1 2009

Q1 2009

Price before volume strategy remains intact

Challenge09: further flexibilization of fixed cost structure effective

EBITDA* impacted by inventory devaluation and destocking

Strong cash flow management leads to net debt reduction vs. year end of €120 m

Successful placement of €500 m benchmark bond

* Pre exceptionals

First quarter substantially impacted by lower demand and accelerated by customers destocking

Q1 Sales variances	Price	Volume	Currency	Portfolio
Performance Polymers	-7%	-40%	+4%	+8%
Advanced Intermediates	0%	-24%	+2%	0%
Performance Chemicals	+4%	-38%	+3%	0%
LANXESS	-2%	-36%	+3%	+4%

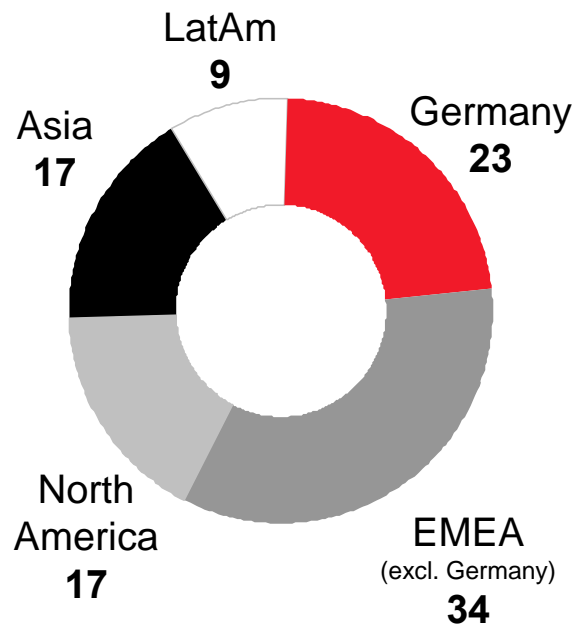


Sales

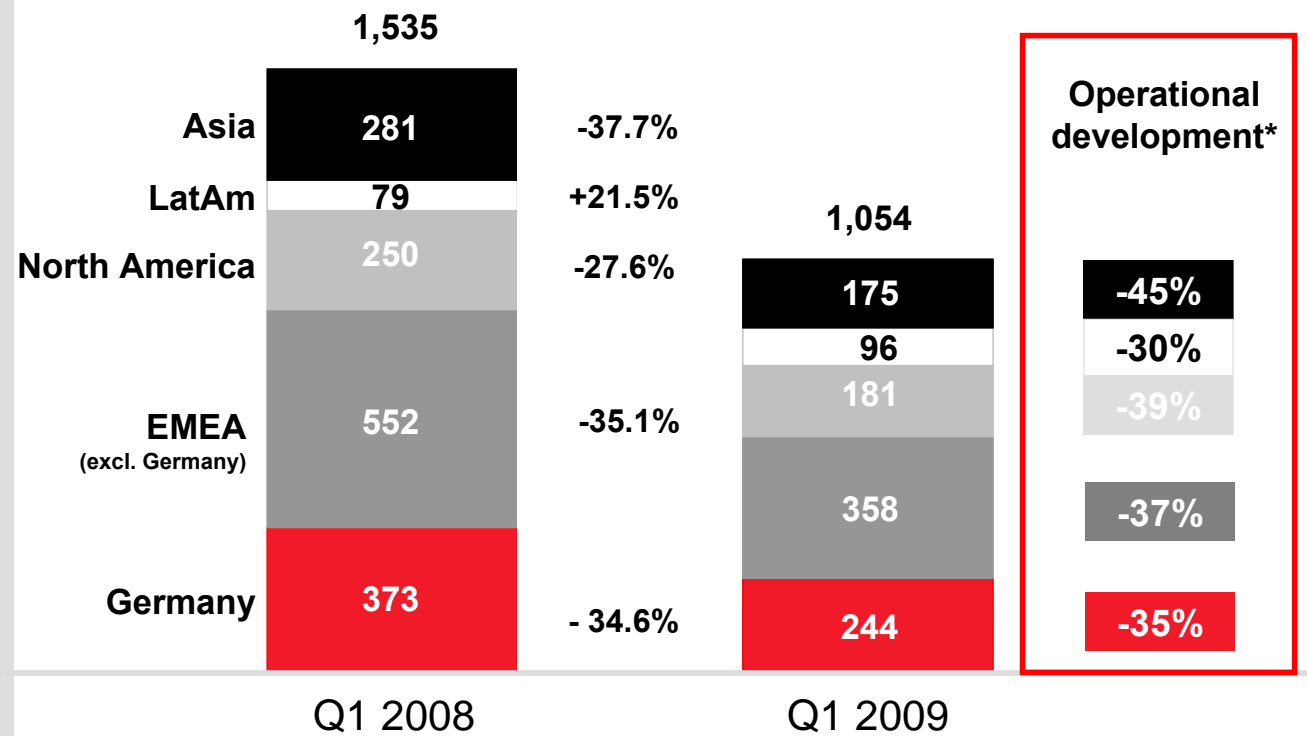
- Sales decreased 31%, with currency and portfolio effects slightly mitigating drastic volume impact
- Prices stable in Advanced Intermediates, increased in Performance Chemicals

Drastic sales decline in all regions, Petroflex supports LatAm

Sales by Region (in %)



Regional development of sales (€ m)



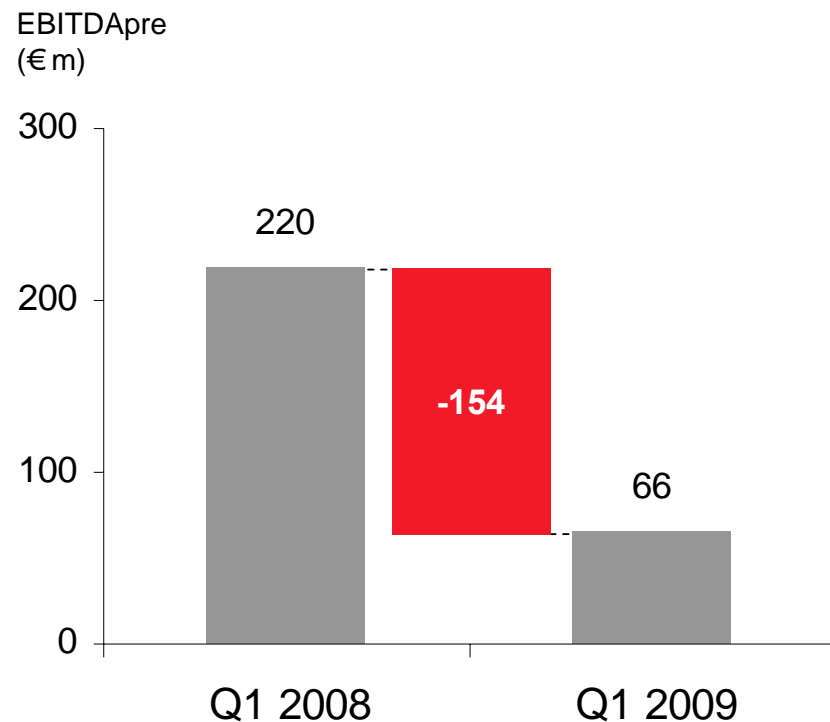
* Portfolio- and currency adjusted

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Three major burdens impact chemical industry in Q1

LANXESS EBITDA* Q1 2009 severely affected



- Inventory write-offs
 - Ongoing high raw material prices
 - Customers destocking, awaiting lower raw material prices
-
- Continuing macroeconomic recession with significantly lower levels of demand

Chemical industry as well as LANXESS overproportionally impacted in Q1 2009

* Pre exceptionals

Q1 2009 financial overview: business tightly managed in a recessionary environment

(€ m)	Q1 2008	Q1 2009	Δ in %	
Sales	1,535	1,054	-31.3%	<ul style="list-style-type: none"> Sales decreased 31%, with currency and portfolio effects mitigating price and volume impact EBITDA* impacted by ~€40 m inventory devaluation, destocking and a very low underlying level of demand Capex increased due to hurricane IKE and Petroflex consolidation Net working capital and net debt reduction show commitment to conserving cash Headcount reduced, efficiency measures start to yield results
EBITDA pre except. margin	220 14.3%	66 6.3%	-70.0%	
Net Income	104	-14	n.a.	
Capex	34	52	52.9%	
(€ m)	31.12.2008	31.03.2009	Δ in %	
Net Financial Debt	864	744	-13.9%	
Net Working Capital	1,289	1,193	-7.4%	
Employees	14,797	14,612	-1.3%	

Very strict and prompt management of cost base, working capital and debt

* Pre exceptionals

P&L reflects strict cost management in a tough environment

(€ m)	Q1 2008	Q1 2009	Δ in %	
Sales	1,535	1,054	-31%	<ul style="list-style-type: none"> Price decreases of only 2% while raw material prices declined more; favorable portfolio (+4%) and currency effects (+3%) slightly alleviate severe volume impact (-36%) Despite consolidation of LANXESS Elastômeros do Brasil SG&A reduced, also proving effects of cost cutting measures EBITDA¹ at much lower level, impacted by inventory devaluation (~€40 m), destocking and a very low underlying level of demand
Cost of sales	-1,158	-857	-26%	
SG&A	-213	-174	-18%	
R&D	-23	-24	4%	
Other op. income / expense	4	0	-100%	
thereof exceptionals	-14	-4	-71%	
EBIT	145	-1	n.a.	
Net Income²	104	-14	n.a.	
EPS²	1.25	-0.17	n.a.	
EBITDA	209	62	-70%	
thereof exceptionals	-11	-4	-64%	
EBITDA pre exceptionals	220	66	-70%	

¹ Pre exceptionals ² '08 restated for change in pension accounting

Cost management an upside but sales decline clearly impacting result

Challenge09 – fast and effective response to demand crisis

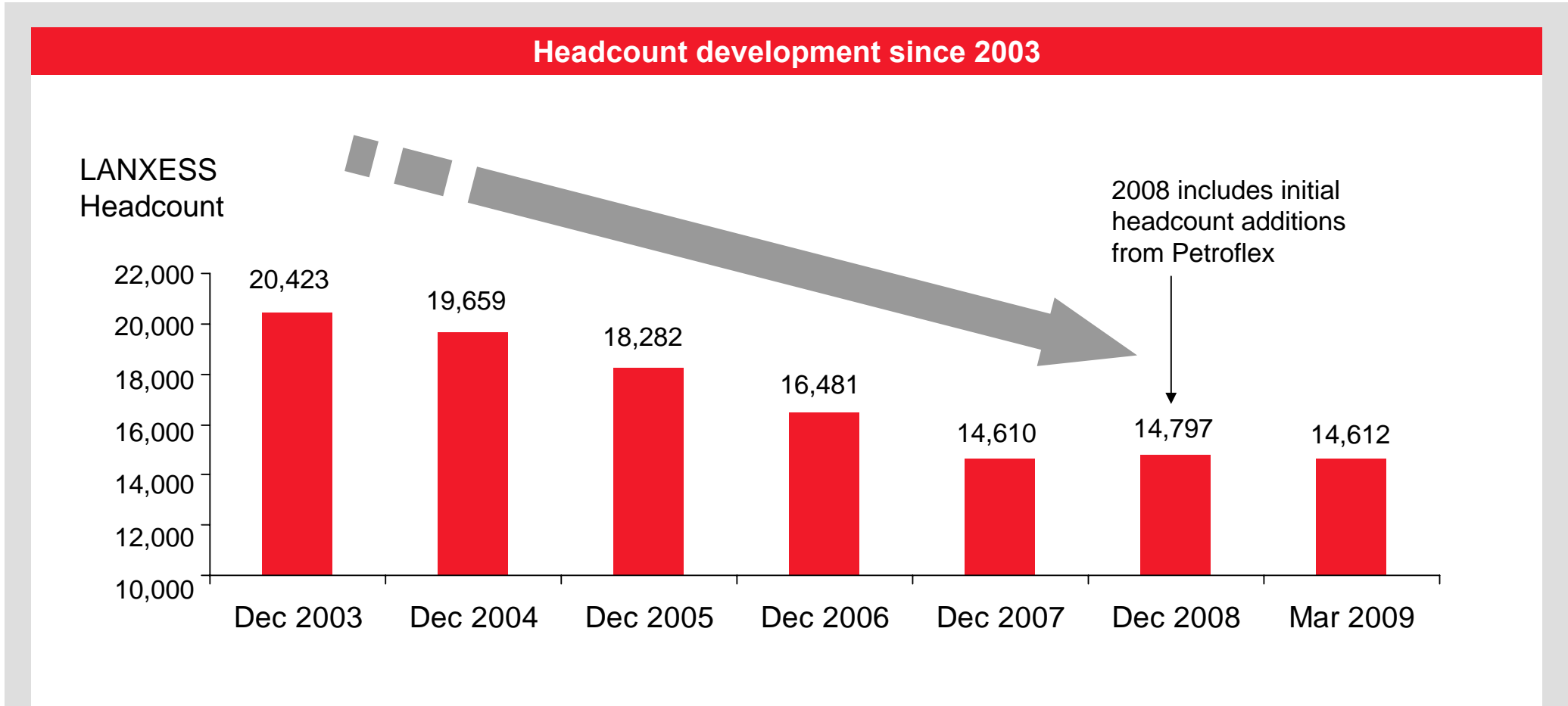
Status update

- Reduction of remuneration now in effect since March 1 2009
- Structural cost saving projects in BTR, TRP and realignment of FCC proceed well
- Streamlining of Petroflex is continuing
- Consolidation of U.S. and Canadian admin organizations progressing well
- In past three months, headcount reduced by ~200
- SG&A costs reduced by 18% versus previous year

Significant cost reduction with flexible asset management



Ongoing productivity increase



LANXESS Break-Even* now at around 10% points lower capacity utilization

Fixed and variable cost management lower Break-Even

Variable cost aspects

- Renegotiation of raw material contracts
- Seek new sources for variable energy
- Renegotiate service contracts, insourcing of services

Fixed cost - structural aspects

- TRP closure in Sarnia, Canada
- ION closing Birmingham, USA
- BTR restructuring Sarnia, Canada and Zwijndrecht
- Petroflex restructuring

Fixed costs - temporary aspects

- Introduction of fixed salary cut
- Introduction of short time work, "Kurzarbeit"
- Renegotiation of service contracts

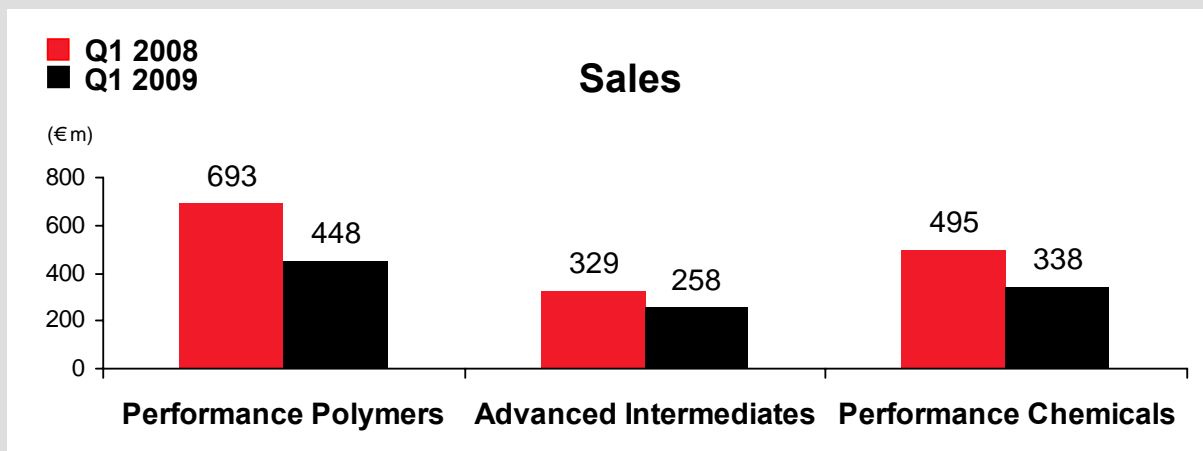
Capacity
Utilization



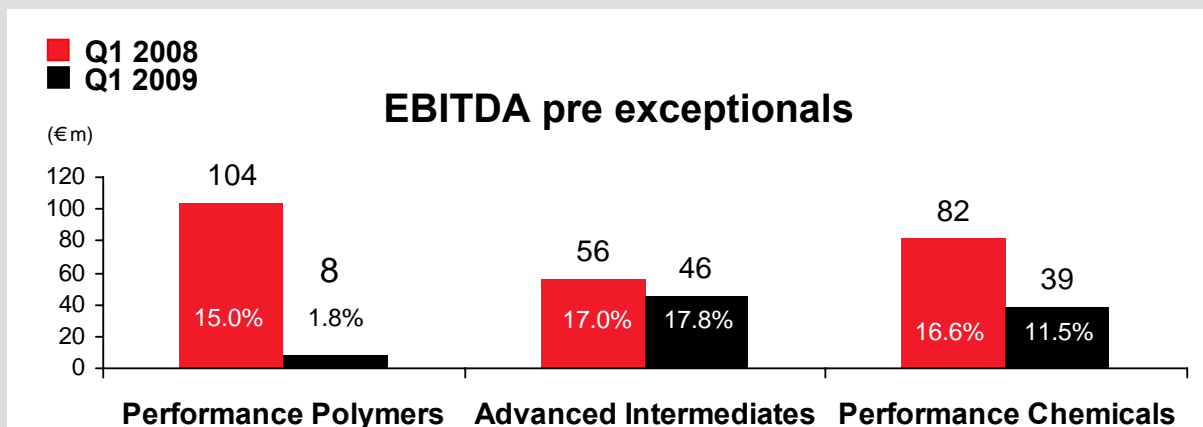
Break-Even* pre measures
Break-Even* post measures

* Break-Even of EBITDA pre = 0

Advanced Intermediates relatively resilient while other segments were severely impacted



- Performance Polymers and Performance Chemicals deteriorated severely compared to last year's level due to substantial volume declines driven by customer destocking, exposure to automobile OEMs and low underlying demand
- Sales in Advanced Intermediates comparably stable due to agrochemical resilience



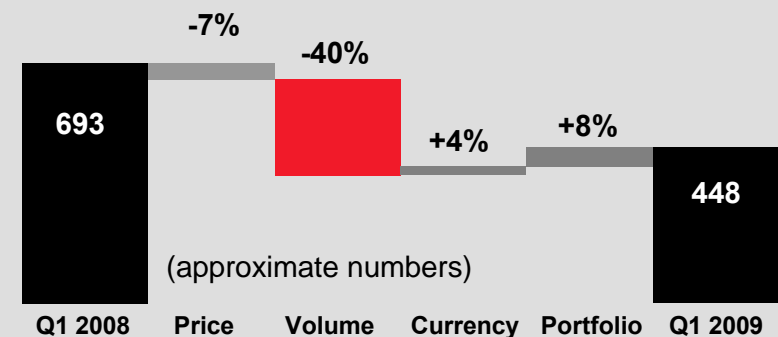
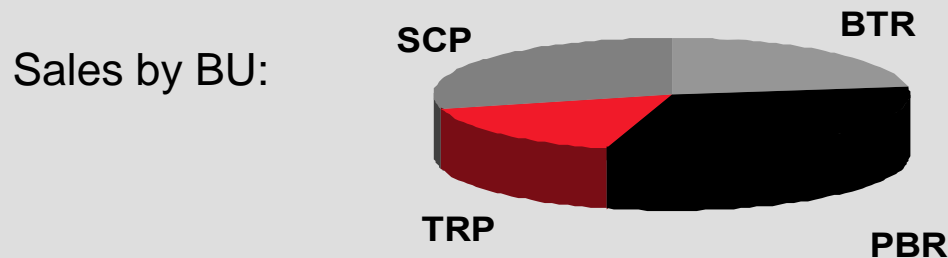
- EBITDA* overall below last year's level due to continued destocking, inventory write offs and substantial decline in demand
- Advanced Intermediates demonstrates its resilience with an increased margin due to strong agrochemical exposure

* Pre exceptionals

Performance Polymers: slump of volumes, destocking, idle costs and inventory devaluation weigh on performance

(€ m)	Q1 2008	Q1 2009
Sales	693	448
EBIT	73	-24
Depr. / Amort.	29	32
EBITDA	102	8
EBITDA pre except.	104	8
Margin	15.0%	1.8%
Capex	15	28

- Sales decreased, supporting currencies & portfolio only mitigated lower pricing and severe volume reduction
- BTR, TRP with continued high pricing at previous year's level, benefiting from lower raw material prices; PBR price decline in line with raw materials but SCP impacted
- Significant volume declines in all BUs, especially TRP
- Inventory write-downs, high idle costs, ongoing destocking and underlying volume decline impact performance
- ~€35 m inventory devaluation mainly in PBR, TRP (Butadiene)
- Capex increase mainly due to hurricane IKE

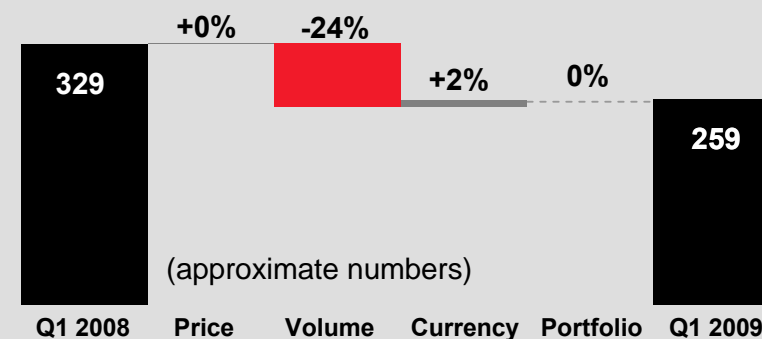


Advanced Intermediates: relative stability remains in most markets

(€ m)	Q1 2008	Q1 2009
Sales	329	258
EBIT	45	35
Depr. / Amort.	11	11
EBITDA	56	46
EBITDA pre except.	56	46
Margin	17.0%	17.8%
Capex*	5	9

- Lower sales as stable pricing and positive currency effects only mitigated volume decline
- BAC indexed selling prices lag raw material downward trend. Still stable volumes from agro but softening in markets for construction and paints
- SGO with slightly lower volumes in pharma and specialties but solid pricing fueled by continuous demand from agro
- Advanced Intermediates benefited from raw material deflation

Sales by BU:



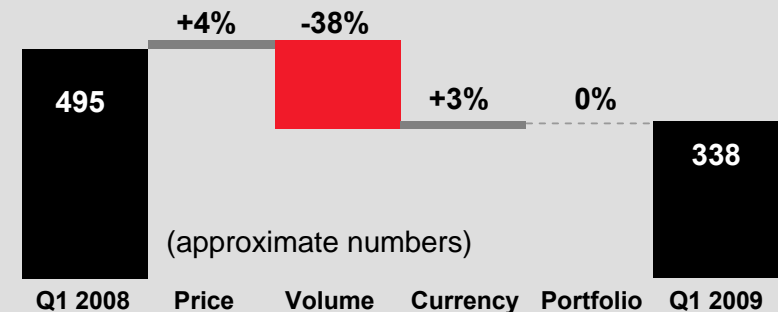
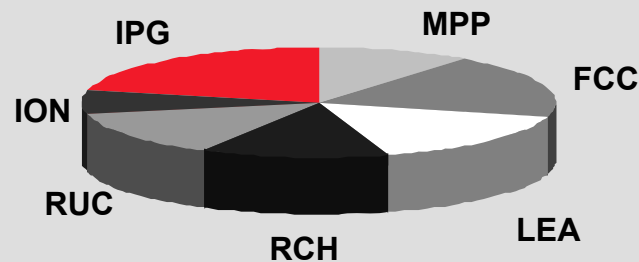
* 2008 restated, excluding projects financed by customers

Performance Chemicals: price and cost management

(€ m)	Q1 2008	Q1 2009
Sales	495	338
EBIT	60	21
Depr. / Amort.	19	17
EBITDA	79	38
EBITDA pre except.	82	39
Margin	16.6%	11.5%
Capex	11	13

- Sales reduced, with price increases and positive currencies only mitigating severe volume decline
- Business units LEA, IPG and FCC benefiting from pricing
- RUC, RCH volume-wise impacted most due to huge exposure to automotive OEM business
- EBITDA* down on substantial volume decline and ~€5 m inventory write-off
- EBITDA* margin nevertheless still double digit

Sales by BU:



* Pre exceptionals

Balance Sheet: working capital tightly managed, net financial debt reduced

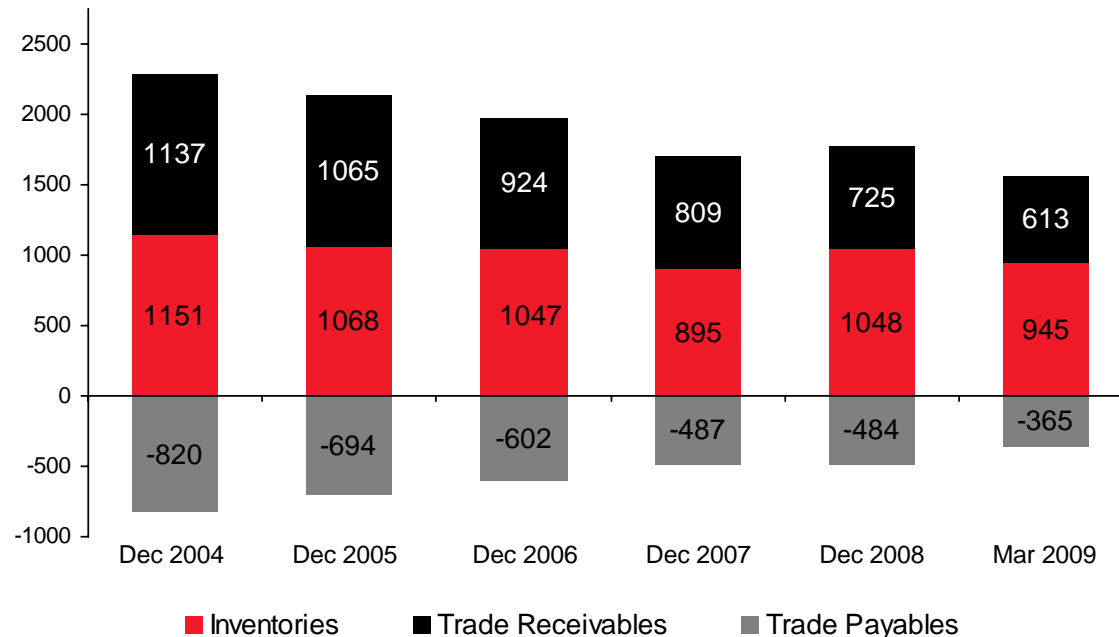
(€ m)	Dec 31, 2008	Mar 31, 2009	Dec 31, 2008	Mar 31, 2009	
Non-current Assets	2,169	2,184	Stockholders' Equity*	1,339	1,314
Intangible assets	145	150	thereof minority interest	16	16
Property, plant & equipment	1,646	1,659	Non-current Liabilities	1,953	1,976
Equity investments*	42	44	Pension & post empl. provis.*	498	510
Other investments	2	1	Other provisions	261	264
Other financial assets	72	69	Other financial liabilities	986	983
Deferred taxes*	154	176	Tax liabilities	91	93
Other non-current assets*	108	85	Other liabilities	76	82
			Deferred taxes*	41	44
Current Assets	2,423	2,182	Current Liabilities	1,300	1,076
Inventories	1,048	945	Other provisions	395	381
Trade accounts receivable	725	613	Other financial liabilities	168	87
Other financial assets	155	145	Trade accounts payable	484	365
Other current assets	246	196	Tax liabilities	12	8
Liquid assets	249	283	Other liabilities	241	235
Total Assets	4,592	4,366	Total Equity & Liabilities	4,592	4,366

Strong financial backbone in turbulent markets

* 2008 restated

Special focus on working capital management

% of sales**:	21.7%	20.1%	20.2%	20.3%	19.6%	19.6%
Total WC* in € m:	€1,468	€1,439	€1,369	€1,217	€1,289	€1,193



- **Inventory:** Sequential decrease in past three quarters due to LANXESS de-stocking, devaluation and lower raw material prices
- **Receivables:** Very tight management and receivable collection, no major customer defaults
- **Strict cash flow management** remains in focus

Tight Working Capital management in place

* Working Capital: inventory plus trade accounts receivable less trade accounts payable; ** As % of sales on the basis of last 4 quarters' sales; '06 and '07 adjusted for portfolio changes

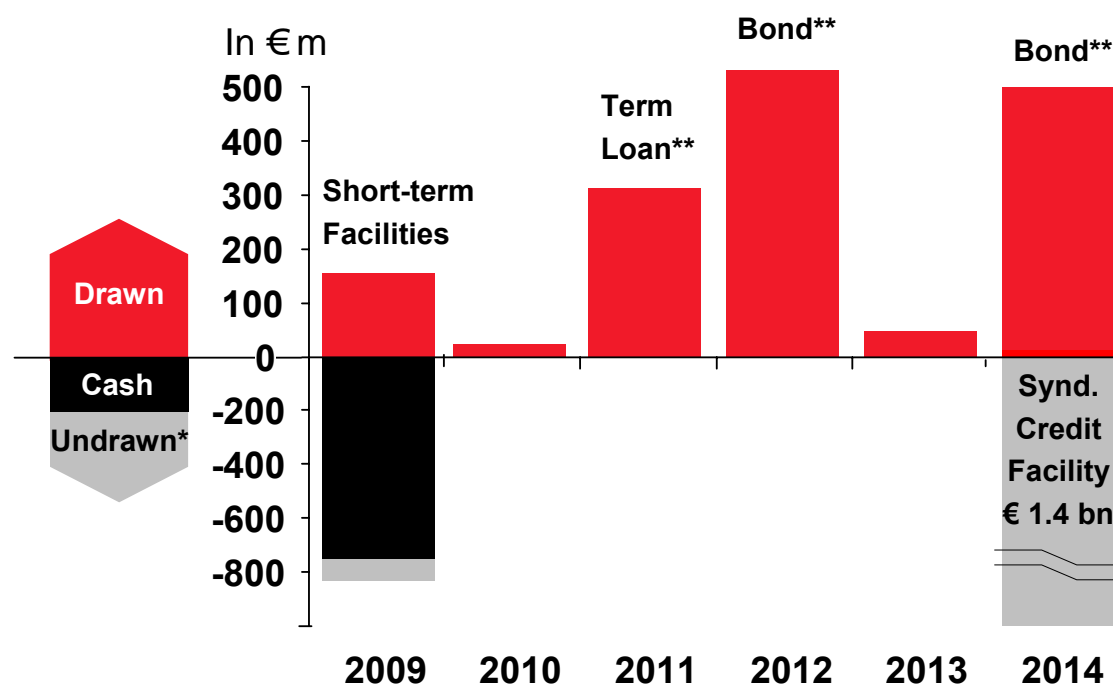
New bond further improves solid financing and balanced maturity profile

New EUR Bond – Quick facts

Rationale: A window of opportunity was seized to lock-in liquidity, further diversify the maturity profile and reduce dependency on banks

- Volume: €500 m
- Maturity: April 2014
- Covenant: No financial covenant; Change of Control clause
- Coupon: 7.75%

Liquidity and maturity profile



In times of crisis, access to unconditioned liquidity is a valuable asset in its own right

* committed credit lines, **major instrument

Strong operating cash flow

(€ m)	Q1 2008	Q1 2009
Profit before Tax	142	-21
Depreciation & amortization	64	63
Gain from sale of assets	-4	-7
Result from investment in associate	-7	-2
Financial (gains) losses	4	9
Cash tax payments / refunds	-20	24
Changes in other assets and liabilities	-3	-57
Operating Cash Flow before changes in WC	176	9
Changes in Working Capital	-131	113
Operating Cash Flow	45	122
Investing Cash Flow	-50	5
thereof Capex	-34	-52
Financing Cash Flow	126	-96

- Q1 2009 profit before tax mainly burdened by volume decline and inventory devaluation
- Cash inflow from working capital due to destocking and receivables management
- Changes in other assets and liabilities contain cash outs relating to restructuring and non cash effect from hedging / derivatives

Strong working capital management

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Business trading outlook 2009

Performance Polymers

- Destocking expected to further decline in Q2
- Restocking probable from Q3 onwards
- Only minor inventory devaluation expected in Q2

Advanced Intermediates

- Resilience of agrochemicals expected to persist
- Other customer industries exposed to cyclical downturn, LANXESS however manages to compensate through leading market positions
- Start-up of selected pharma projects delayed in 2009

Performance Chemicals

- No inventory devaluation expected in Q2
- Going forward positive end market development for leather and pigments
- In Q2, no improvement from automotives: Idle costs, digital approach
- Normal seasonal nature partly apparent

Demand in Q2 expected to gradually improve from low Q1 level

Unfavourable effects are expected to level off

- Positive developments:
 - Only minor additional inventory write-offs in Q2 (~€10 m)
 - Gradual demand recovery mainly from Asia
 - Reduced customer destocking
 - Challenge09 yielding results
- Negative developments:
 - Idle capacity costs burdening (mitigated by digital approach)
 - Selling price reductions (indexed contracts) with time lag

- Foreign currency: U.S. dollar at 1.30-1.35 USD / EUR
- Hedging: ~50% at 1.30-1.40 USD / EUR



Q2 guidance provides some comfort

Guidance: Q2 EBITDA considerably better than Q1

Based on previously mentioned assumptions, LANXESS expects Q2 EBITDA pre exceptionals to be between €100 and €120 million

Additional financial expectations for 2009

- Capex*: reduced to ~€300 m
- D&A: ~€270 – 280 m
- Taxrate: reduced to ~25%
- Working Capital: moderate cash inflow in the course of 2009

* Without projects financed by customers



LANXESS

Energizing Chemistry



Appendix

Exceptional items incurred in Q1 2008 and Q1 2009

(€ m)	Q1 2008		Q1 2009	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	5	3	0	0
Advanced Intermediates	0	0	0	0
Performance Chemicals	3	0	1	0
Reconciliation	6	0	3	0
Total	14	3	4	0

Change of pension accounting of Defined Benefit Plans as of 2009 (switch from Corridor to SoRIE method)

Corridor method

- The portion of unrecognized gains and losses which exceeds 10% of the higher amount of DBO or plan assets is amortized through the P&L (over average remaining period of service) as provision on balance sheet
- Therefore deferred recognition of actuarial gains and losses exceeding the corridor
- No adjustment of shareholders' equity due to change in assumptions or asset performance
- Funded status only disclosed in annual notes

SoRIE

- SoRIE = Statement of Recognized Income & Expense
- Allocation of actuarial gains and losses to other comprehensive income in shareholder's equity
- Adjustment of shareholders' equity due to change in assumptions or asset performance
- Funded status is equal to net of pension provision and pension asset

Effects of switch to SoRIE on Balance Sheet...

(€ m)	Dec 31, 2008	Dec 31, 2008 restated	Mar 31, 2009	Dec 31, 2008	Dec 31, 2008 restated	Mar 31, 2009
Non-current Assets	2,228	2,169	2,184	Stockholders' Equity	1,407	1,314
Intangible assets	145	145	150	thereof minority interest	16	16
Property, plant & equipment	1,646	1,646	1,659	Non-current Liabilities	1,944	1,976
Equity investments	49	-7	42	Pension & post empl. provis.	483	498
Other investments	2	2	1	Other provisions	261	261
Other financial assets	72	72	69	Other financial liabilities	986	986
Deferred taxes	137	17	154	Tax liabilities	91	91
Other non-current assets	177	-69	108	Other liabilities	76	76
				Deferred taxes	47	41
Current Assets	2,423	2,423	2,182	Current Liabilities	1,300	1,076
Inventories	1,048	1,048	945	Other provisions	395	381
Trade accounts receivable	725	725	613	Other financial liabilities	168	87
Other financial assets	155	155	145	Trade accounts payable	484	365
Other current assets	246	246	196	Tax liabilities	12	8
Liquid assets	249	249	283	Other liabilities	241	235
Total Assets	4,651	-59	4,592	Total Equity & Liabilities	4,651	-59
						4,592
						4,366

Strong financial backbone in turbulent markets

...as well as on P&L and on Cash Flow

Q1 08 restatement

Estimated effects for '09

P&L

- EBIT unchanged
- Impact on Net Income: € 1 m
- EPS improvement by 0,02 € to 1,25 € per share

- Expenses avoidance:
Impact on EBIT: ~ € 1,5m
Impact on financial result: ~ € 7m

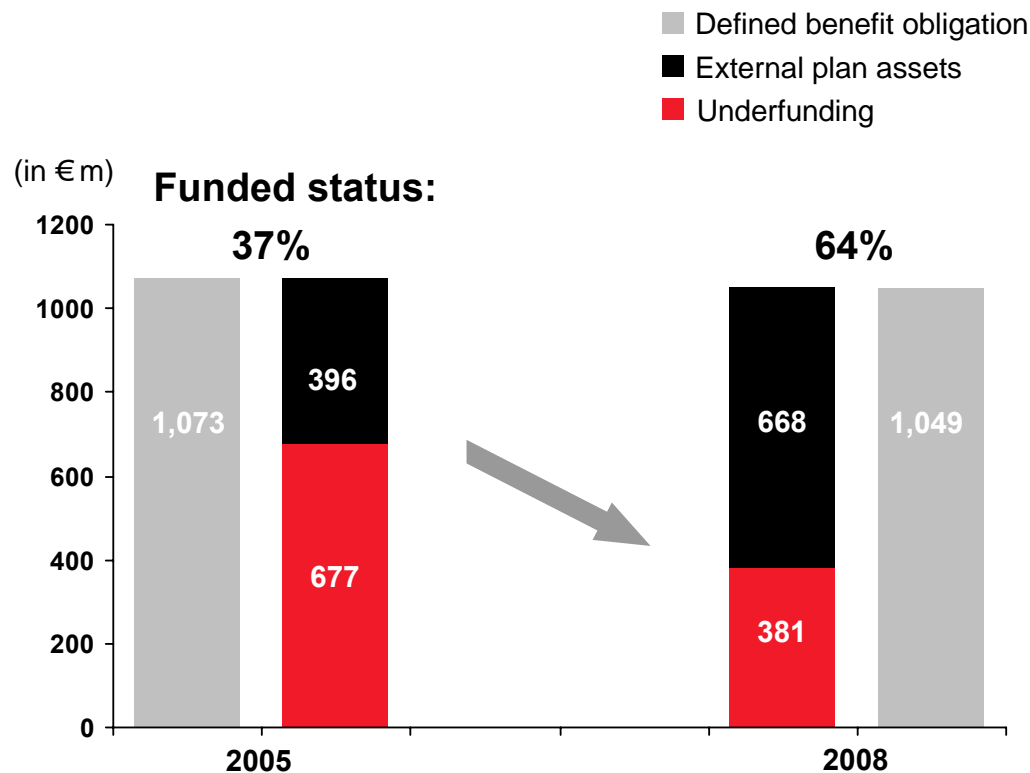
Cash Flow

- Operating, financing and investing cash flow remain unchanged

- No impact on cash flow

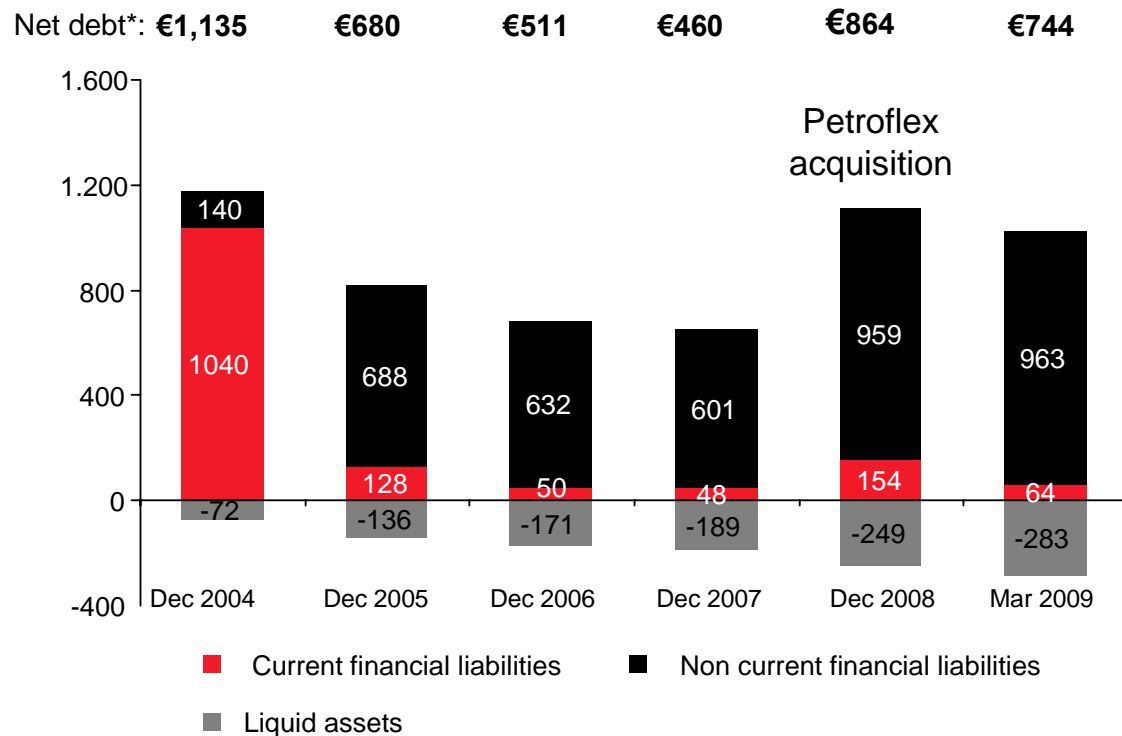
Pension underfunding – minor issue for LANXESS

Clear improvement of funded status



- Significant improvements of funded status by ~ € 300 m since 2005 to only € 381 m (funding ratio of ~ 65% achieved)
 - Start up of CTA in 2007
 - Well managed pension schemes
- Allocation of plan assets as of December 2008:
 - Only ~25% remain in equities, more than 66% in fixed-income securities
 - Shift of equity to fixed income finalized in Q2 2008

Cash is king: tight working capital management strengthens cash flow, reduces net debt



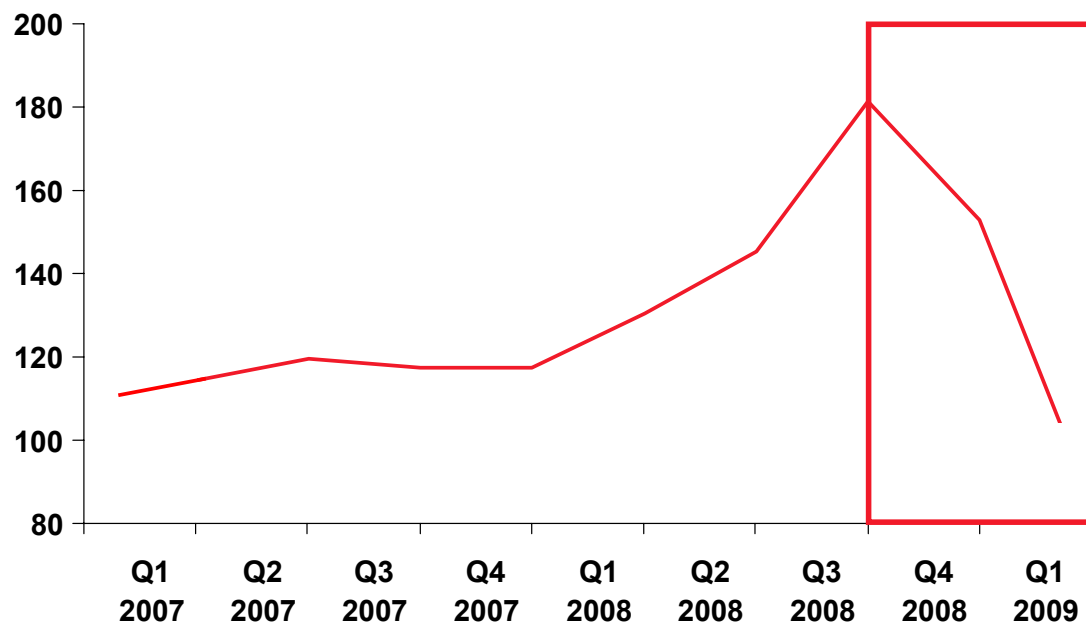
- Cash flow strengthened by inflows from working capital and spending discipline
- Conservative increase of cash position

Cash conservation reduces net financial debt

* Adjusted for liabilities for accrued interest and after deduction of respective amounts in specific exchange hedging of financial liabilities

Substantial further decline of raw material prices in Q1 2009 likely to trigger additional inventory adjustments

Global raw materials index* [%]



* average 2005 = 100%

- Inventory devaluation in Q4 2008 according to year end prices amounted to ~35 million EUR
- Further decline in prices likely leads to additional adjustment need in Q1 2009
- Main burden on PBR, TRP due to Butadiene exposure

Inventory devaluation in the magnitude of ~50 million EUR for Q1 2009

LANXESS focus on “self-help” measures

Visibility of demand development remains low

Governmental demand stimuli
Gradual consumer spending recovery
End of customer destocking



- Timing
- Magnitude of impact

Substantial LANXESS “self-help” measures coming into effect

LANXESS “Challenge09”

Lower raw material costs in P&L

LANXESS Elastomeros restructuring

Q1 2009

Q2 2009

Q3 2009

Q4 2009

2010

Challenge09: specific measures in response to the crisis

Flexible asset management (plant, site and global)

- 1 Adherence to price-before-volume strategy**
- 2 Temporary targeted cost reductions in specific areas based on**
 - reduction of energy, infrastructure services and logistics
 - adjustment of plant management and processes
 - reduction of service level throughout the group
 - global reduction of remuneration (+ flexible workforce deployment)

➔ **More than 100 specific projects initiated**

- 3 Major projects postponed (investments)**

**Savings volume:
€ 250 million in 2 years**

**Cash postponement:
€ 100 million in 2009**

Global personnel measures implemented

Performance Polymers

Advanced Intermediates

Performance Chemicals

Group Level

HR measures

Tariff employees in Germany

- 35-hour week introduced in March 2009 with corresponding pay reduction
- No variable compensation components for 2009

Managerial staff

- Compensation review postponed by at least 6 months
- Significant reduction in variable compensation

Board of Management

- Compensation review postponed
- Significant reduction in variable compensation

Global

- Specific arrangements in each country

Savings of € 65 million in 2009



Challenge09: substantial savings effective already 2009

In € m	2008	2009	2010	Σ 2009 2010
Cost savings mitigating volume decline	45	130	120	250
P&L Expenses/ one time costs*	-139	-40	-10	-50
Estimated cash out	-80	-80	-20	-100
Cost savings mitigating volume decline				

Break down of cost savings 2009

- Reduction of remuneration ~€65 m
- Reduction of G&A costs ~€20 m
- Additional projects ~€45 m
 - Restructuring BUs BTR, TRP
 - Realignment of BU FCC
 - Streamlining of Petroflex
 - Consolidation of U.S. and Canadian admin organizations

*Restructuring/M&A

Cash discipline to address weak business environment

In € m	2009	2010
Reduction in planned cash outs	~280	~30
Thereof Capex	~100	

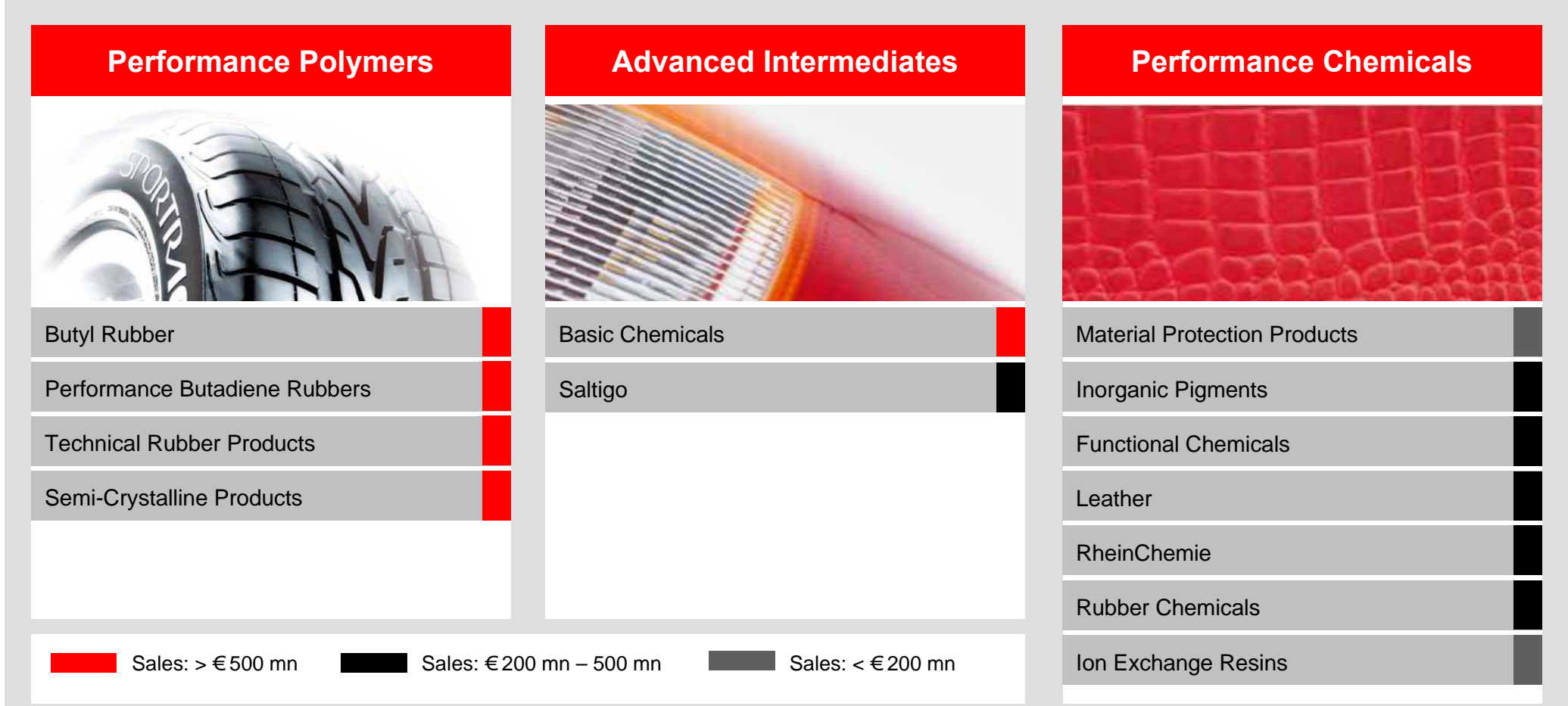
Cash protection measures 2009 include

- Delay of investments such as for BTR, SCP and headquarters move
- Cost savings measures
- Reduced spending for maintenance
- HR remuneration measures

Strict cash out avoidance amounts to ~€280 m in 2009

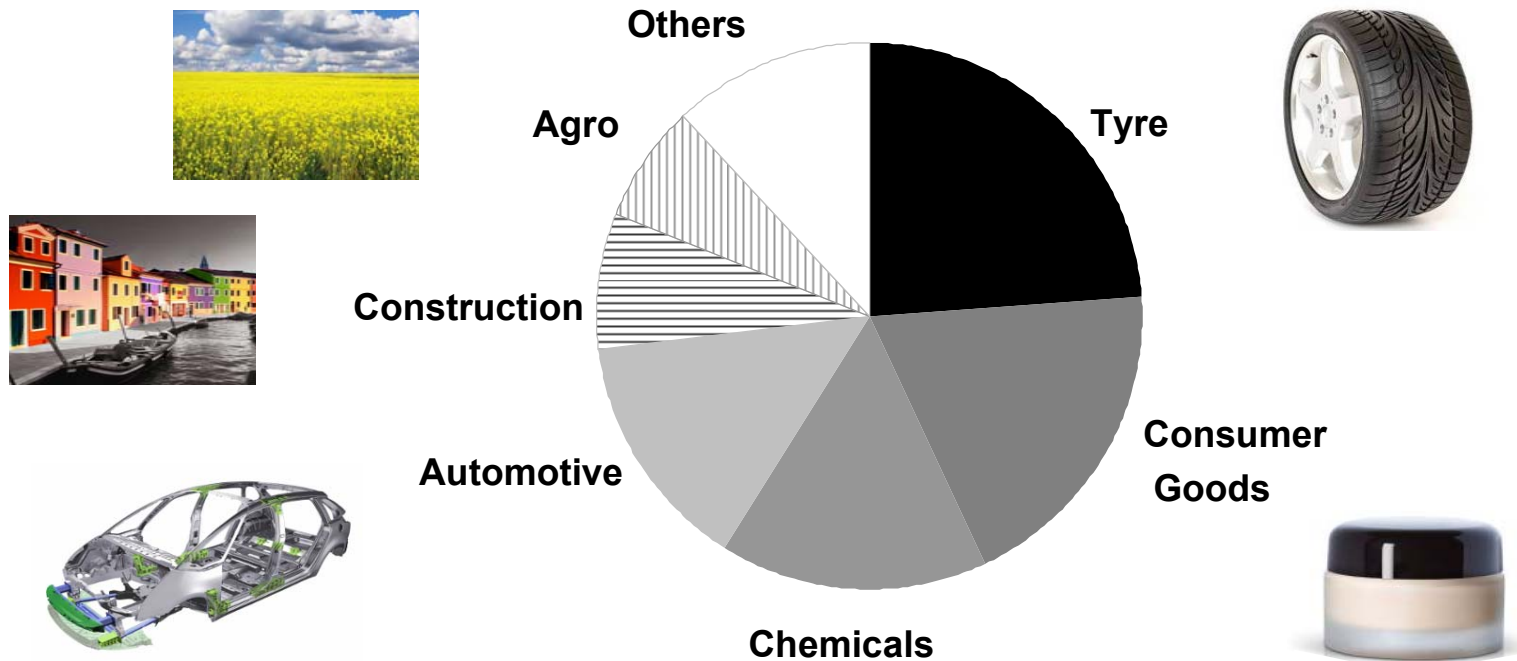


Portfolio management allows for regrouping of LANXESS businesses along chemical segmentation

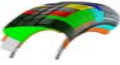





LANXESS has a broad customer portfolio with varying demand patterns

LANXESS sales distribution by industry, 2008



Performance Polymers – producing high performance products to serve the world’s mobility needs

Performance Polymers EBITDA ¹ margin FY'07: 14.0%	Position LANXESS World-wide top market positions	Growth and Stability participation in major growth trends	Products and end-uses
BUTYL RUBBER X Bromobutyl Integral part of tubeless tyres 	A leading position Competition ² : Exxon	International mobilization	<ul style="list-style-type: none"> Provides butyl rubber, which is a specialty rubber impermeable to air Has wide applications both in tyre and other industries such as protective clothing
PERFORMANCE BUTADIENE RUBBERS X Buna CB™ Tyre body and tread 	A leading position Competition ² : Sinopec, Michelin, Goodyear	High performance tyres	<ul style="list-style-type: none"> One of the world's leading manufacturers of specialty rubbers polybutadiene- and solutionstyrene-polybutadiene-rubber Used principally in tyre compounds
TECHNICAL RUBBER PRODUCTS X Therban Specialty applications 	Strong Competition ² : DSM	New applications	<ul style="list-style-type: none"> Provides a broad range of specialty elastomers for the rubber processing industry Used in automotive, engineering, construction, electronics, oil exploration & aviation industries
SEMI-CRYSTALLINE-PRODUCTS X Durethan Thermoplastics for modern applications, e.g. in cars ¹ Pre exceptionals ² Selected competitors 	Strong Competition ² : BASF, DSM, DuPont	High-tech plastics replacing metal	<ul style="list-style-type: none"> Provides a range of PA and PBT resins and compounds Blends principally to the automotive and electrical industries

Advanced Intermediates – Basic Chemicals and Saltigo, strong and reliable partners for the segment

Advanced Intermediates

EBITDA¹ margin FY'07: 14.5%

BASIC CHEMICALS

2-Methyl-6-Ethyl-Aniline

Intermediate for agrochemicals



Position LANXESS

World-wide top market positions

Leading positions in all business lines

Competition²: BASF, Perstorp

Growth and Stability

Industry shake-out process

Advantage due to world scale production network

Products and end-uses

- Supplier of aromatic compounds such as e.g. chlorobenzenes, chlorotoluenes and nitrotoluenes
- Supplier of amines, polyols, monoisocyanates, thio products, inorganic acids

SALTIGO

Saltidin®

The user-friendly, effective repellent



Among the top global players in custom manufacturing

Competition²: DSM, Lonza

Stability due to exposure to pharma and agro custom manufacturing

- Important player in fine chemicals focused on:
 - Agrochemicals custom manufacturing
 - Pharmaceutical custom manufacturing
 - Specialty Fine Chemicals

¹ Pre exceptionals ² Selected competitors

Performance Chemicals – Producing service- and application-driven products for a wide range of industries

Performance Chemicals

EBITDA¹ margin FY'07: 14.5%

MATERIAL PROTECTION PRODUCTS



Preservatives / Biocides

Position LANXESS

World-wide top market positions

Leading positions in attractive market segments

Competition²: Dow, Lonza

Growth and Stability

Partly strong growth in specialty niches

Trend towards increasing regulatory requirements
Growth above GDP

Products and end-uses

- Comprehensive range of biocidal active ingredients and specialties for: Wood preservatives / antifouling products, Beverage sterilization, Disinfectants / personal care products

INORGANIC PIGMENTS



Pigments for construction materials

A leading global supplier

Competition²: Rockwood

Growth mainly in Asia and Eastern Europe
Economies of scale

- A leading global supplier of inorganic pigments with a broad, innovative product range

FUNCTIONAL CHEMICALS

MESAMOLL®



Specialty plasticizers for processing polymers

Supplier to a broad range of markets with complex product portfolio

Competition²: BASF, Ciba, Clariant

Trend towards ecological products (plasticizers, flame retardants)

- Manufactures products such as: Plastic additives, Flame retardants, Water chemicals, Specialty dyes & Colorants

LEATHER

AQUADERM™



Finishing of Leather

A leading global supplier

Competition²: BASF, Clariant, Stahl, TFL

Sustainable but moderate market growth. Ongoing market consolidation

- Broad range of specialty products for the leather industry including: Tanning agents, Preservatives, Finishing auxiliaries, Dye products

¹ Pre exceptionals ² Selected competitors

Performance Chemicals – Producing service- and application-driven products for a wide range of industries

Performance Chemicals

EBITDA¹ margin FY'07: 14.5%

RHEINCHEMIE

RHENOGRAN®

Polymer-bound Rubber Additive



Position LANXESS

World-wide top market positions

A leading position in additive formulations

Competition²: DOG, Lubrizol, Evonik

Growth and Stability

Partly strong growth in specialty niches

Benefits from global production set-up and strong regional marketing network

Products and end-uses

- Providing technical services and additives for the rubber, polyurethane, plastics and lubricant oil industries; as well as colour pastes for the polyurethane industry

RUBBER CHEMICALS

VULKAZIT®

Accelerator



A leading market position in a challenging market environment

Competition²: Flexsys, Chemtura

International mobilization trends

Ongoing market consolidation

- A Full portfolio of rubber chemicals for the tyre and technical rubber industry including: Antioxidants, Accelerators and Specialties

ION EXCHANGE RESINS



Purification of drinking water



Leading producer of technologically advanced monodisperse ion exchange resins

Competition²: DOW, Mitsubishi, Purolite

Mega trend “clean water” ensures long-term growth for ION

- Resins used for the processing of:
 - Water
 - Foodstuff
 - Chemicals

¹ Pre exceptionals ² Selected competitors

Serving global markets with world-wide rubber manufacturing network

Butyl Rubber

- Zwijndrecht, Belgium
- Sarnia, Canada
- Singapore (planned)

Performance Butadiene Rubbers

- Port Jerome, France
- Dormagen, Germany
- Orange TX, USA

Technical Rubber Products

- La Wantzenau, France
- Dormagen, Leverkusen and Marl, Germany
- Orange TX, USA

Petroflex

- Cabo, Brazil
- Duque de Caxias, Brazil
- Triunfo, Brazil



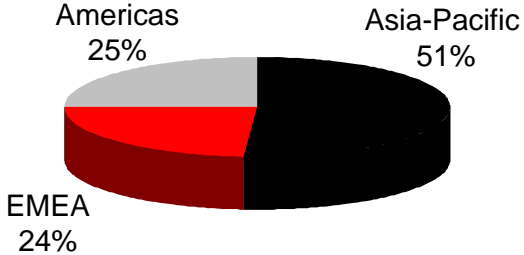
Cabo, Brazil
Duque de Caxias, Brazil
Triunfo, Brazil

- Production site
- R&D centre

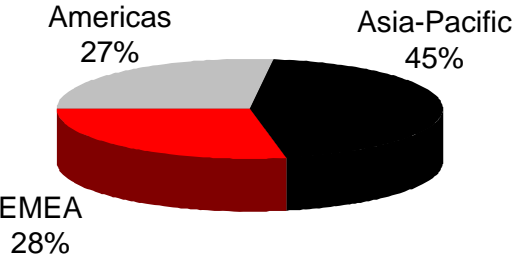
Asian growth dynamics are a major driver for LANXESS

Example: Asian rubber demand

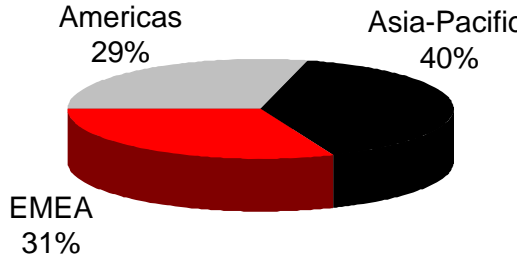
BTR



PBR



TRP



End Uses

- 86% automotive/ tyres
- 14% various other applications, such as window sealants, chewing gum

- 69% automotive/ tyres
- 25% plastics
- 6% other applications such as golf balls

- 46% automotive
- 15% footwear
- 15% mechanical engineering
- 24% other uses such as electro/ electronics and construction

Source: IRSG, LMC, SRI, LANXESS estimates

Is LANXESS a swing producer?

Tyre manufacturers produce insufficient synthetic rubber for their captive use

Rubber producing capabilities of selected tyre manufacturers:

Importance in LANXESS portfolio		Michelin	Goodyear	Bridgestone	Continental	Pirelli	Hankook
major	BTR	none	none	none	none	none	none
major	PBR¹	little ²	none	capable	none	none	none
minor	S-SBR	capable	capable	capable	none	none	none
major	E-SBR	little	capable	capable	none	none	none
major	NBR	none	none	none	none	none	none

¹ Nd-PBR ² Know how present, licensing to others

LANXESS is not a swing producer

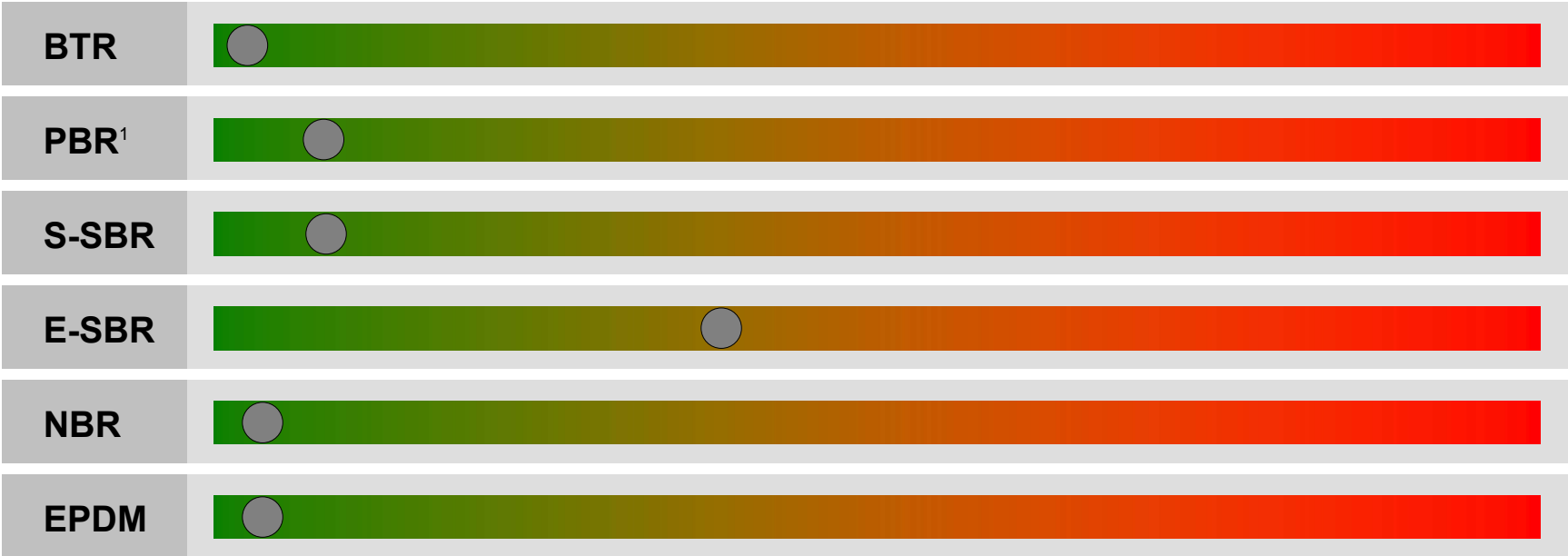
Does natural rubber cannibalize synthetic rubber?

Risk of substitution

Low substitution risk



High substitution risk



¹ Nd-PBR

Overall, very limited substitution possibility

Abbreviations

Performance Polymers

BTR	Butyl Rubber
PBR	Performance Butadiene Rubbers
TRP	Technical Rubber Products
SCP	Semi-Crystalline Products

Advanced Intermediates

BAC	Basic Chemicals
SGO	Saltigo

Performance Chemicals

MPP	Material Protection Products
IPG	Inorganic Pigments
FCC	Functional Chemicals
LEA	Leather
RCH	Rhein Chemie
RUC	Rubber Chemicals
ION	Ion Exchange Resins

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