



**LANXESS –Markets demand more Rubber**

**Debottlenecking PBR capacities**

**March 09, 2010**

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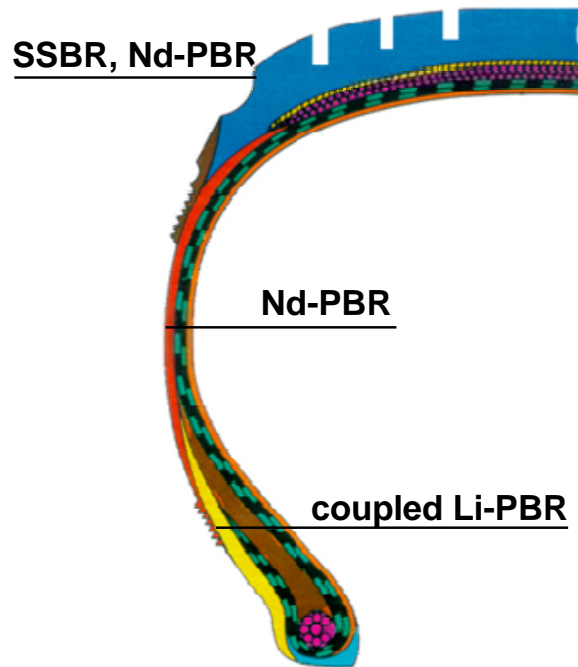
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# Agenda

- EU tire labeling supports demand for high performance tires
- Markets demand additional Nd-PBR capacities
- LANXESS expands global capacities for PBR

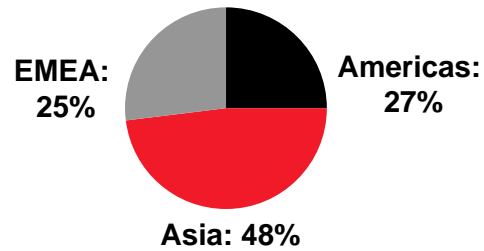
# The Business Unit Performance Butadiene Rubbers: Part of the LANXESS Performance Polymers segment

## Main application

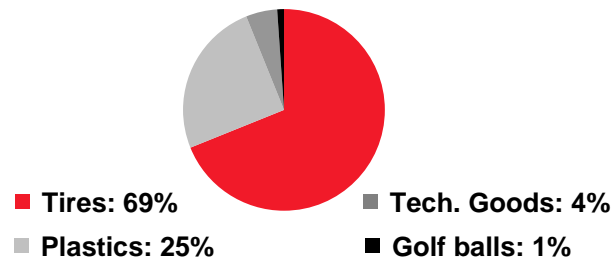


## Facts and Figures

### Global demand\*:



### 2008 end uses:



- BU sales > €500 m
- Global production network with sites in Germany, France, U.S. and Brazil
- Selling in 45 countries
- Two product groups:
  - Polybutadiene Rubbers
  - Styrene-Butadiene Rubbers
- Nd-PBR is a key factor to improve properties of high performance tires

**BU PBR is a leading player in the merchant rubber market**

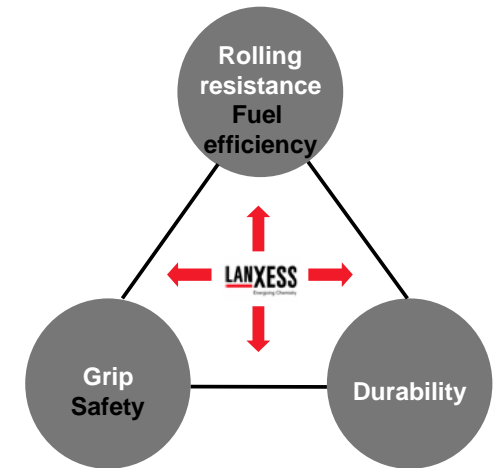
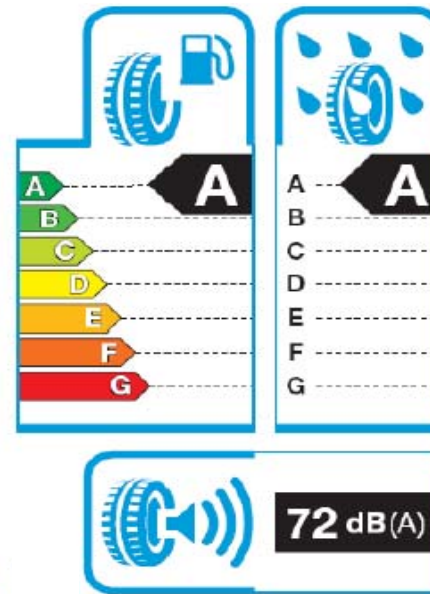
\* Source: LANXESS estimates

# New EU tire legislation will increase transparency of tire performance and thus reinforce high performance tire trend

## Labeling regulations

- EU: as of November 2012, new tires will be labeled for
  - fuel efficiency
  - wet grip
  - noise performance
- Tires produced after July 1, 2012 must either have a sticker or be accompanied by the label
- Labeling classes from “A” to “G” will influence consumer behavior
- Japan: leading tire producers with voluntary commitment for labeling
- U.S.: legislative initiatives

## Tire producers preparing for new requirements



Nd-PBR gaining importance in PBR sales

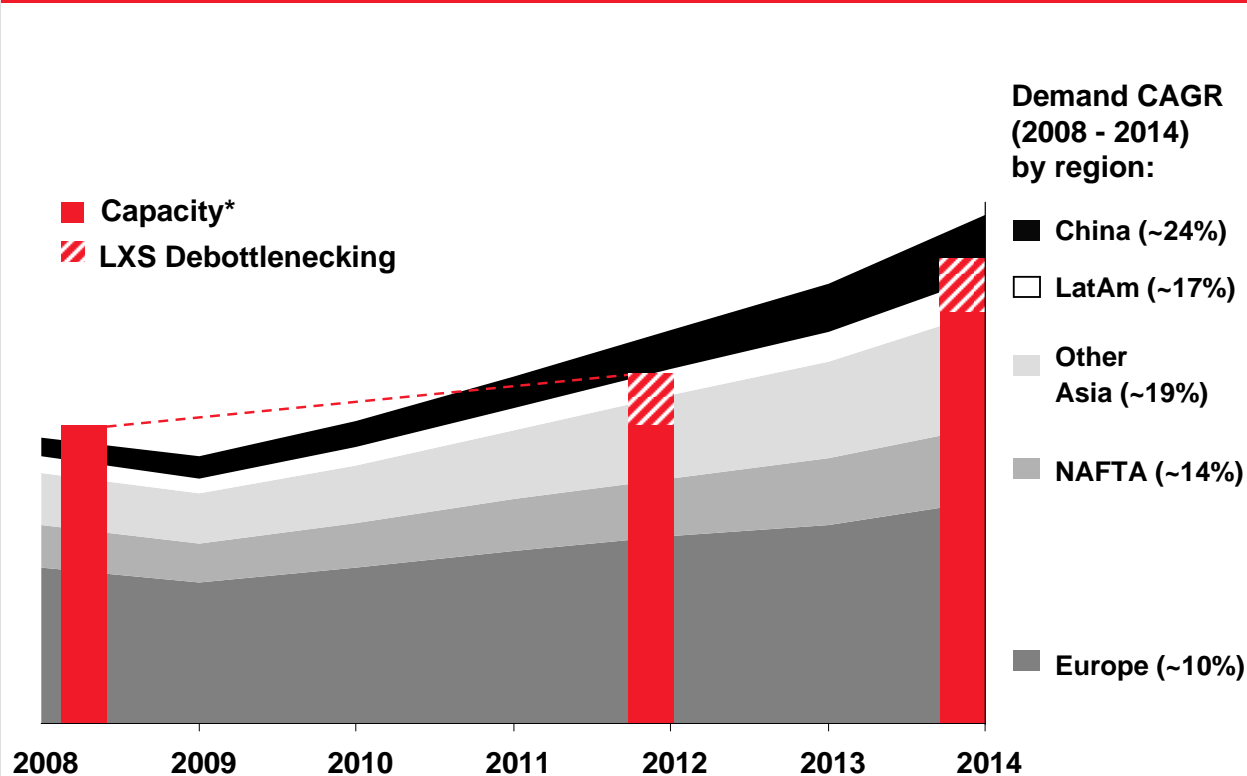
Source: Press release European Parliament

Chart 5

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# Projected demand for Nd-PBR to exceed supply by 2014

## Nd-PBR demand grows beyond available capacity levels



- Global growth for Nd-PBR is expected at ~10% annually driven by:
  - Global mobility trend
  - Focus on high performance tires
  - Substitution of other PBR types
- High versatility of Nd-PBR:
  - Tires
  - High Impact Polystyrene
  - Sporting Goods
  - Conveyor Belts

**Customers seek long term cooperation, because capacities are expected to be short**

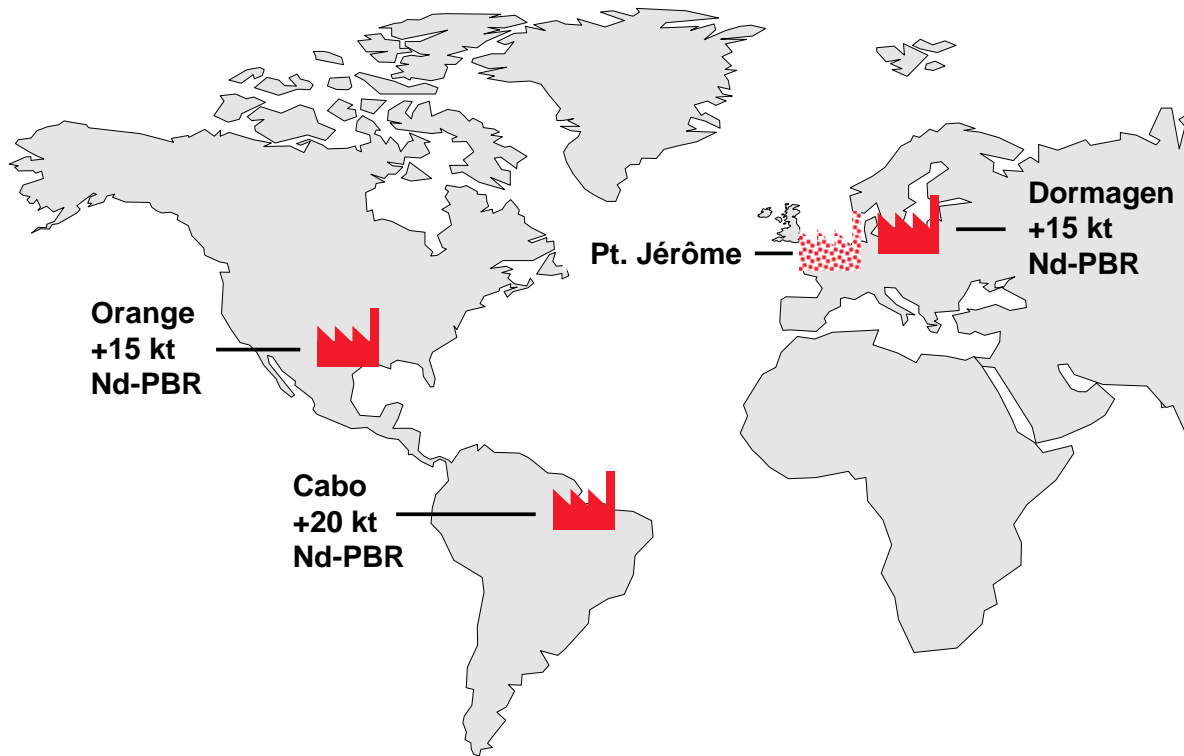
Source: LANXESS estimates; \* Real capacity = nameplate capacity with 85% utilization

Chart 6

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# Optimization of PBR's world production network

## LANXESS to expand global capacities of Nd-PBR



- Debottlenecking of ~50 kt Nd-PBR in Cabo, Dormagen and Orange
- LANXESS flexible production set up in Pt. Jérôme enables a possible increase of SSBR
- Upgrade to LANXESS technology in Cabo

- Capacities to come on stream between Q1 2011 and Q1 2012
- Project capex: ~€20 m only
- Attractive payback time of investment < 5 years

# Capacity expansions will stabilize the market and strengthen LANXESS' leading position

Markets demand more Nd-Butadiene Rubber ✓

Nd-PBR expected to become THE global standard for tires ✓

Excellent investment return by smart debottlenecking ✓

Underpins LANXESS' leading position in merchant rubber market ✓





# Abbreviations

## Performance Butadiene Rubbers

- PBR Polybutadiene Rubber
- Nd-PBR Neodymium-Polybutadien Rubber
- Li-PBR Lithium-Polybutadien Rubber
  
- SSBR Solution-Styrene Butadiene Rubber
- ESBR Emulsions-Styrene Butadien Rubber

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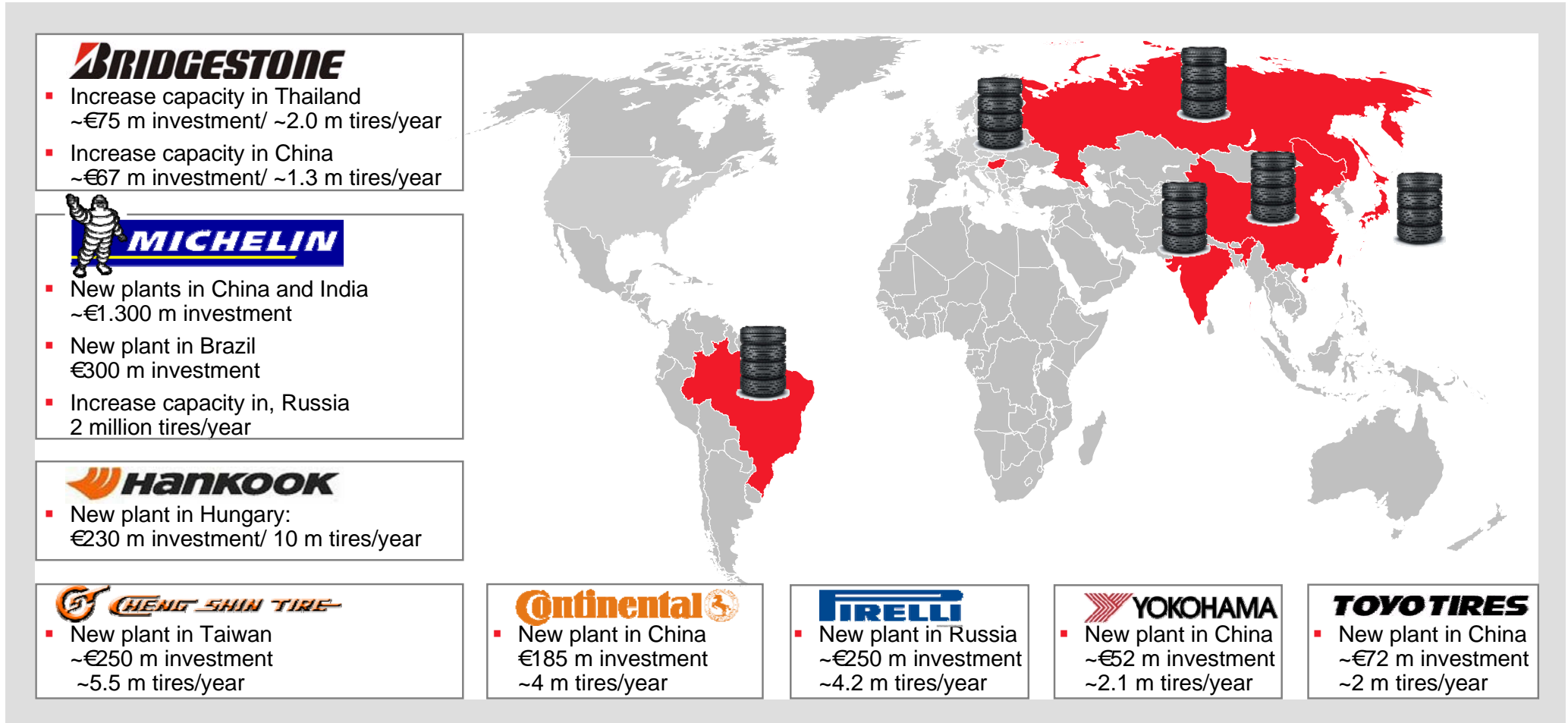
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Energizing Chemistry

# Planned capacity expansions of selected tire producers- companies focus on BRIC markets



Source: Companies website, licensing to others

Chart 12

# 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	<b>BTR</b>	none	none	none	none	none	none
major	<b>PBR<sup>1</sup></b>	little <sup>2</sup>	none	capable	none	none	none
minor	<b>S-SBR</b>	capable	capable	capable	none	none	none
major	<b>E-SBR</b>	little	capable	capable	none	none	none
major	<b>NBR</b>	none	none	none	none	none	none

**LANXESS is not a swing producer**

<sup>1</sup> Nd-PBR <sup>2</sup> Know how present, licensing to others