



LANXESS builds world scale EPDM rubber plant in China

EPDM for the fastest growing region

LANXESS AG

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Business Unit Technical Rubber Products – a leading supplier of specialty elastomers

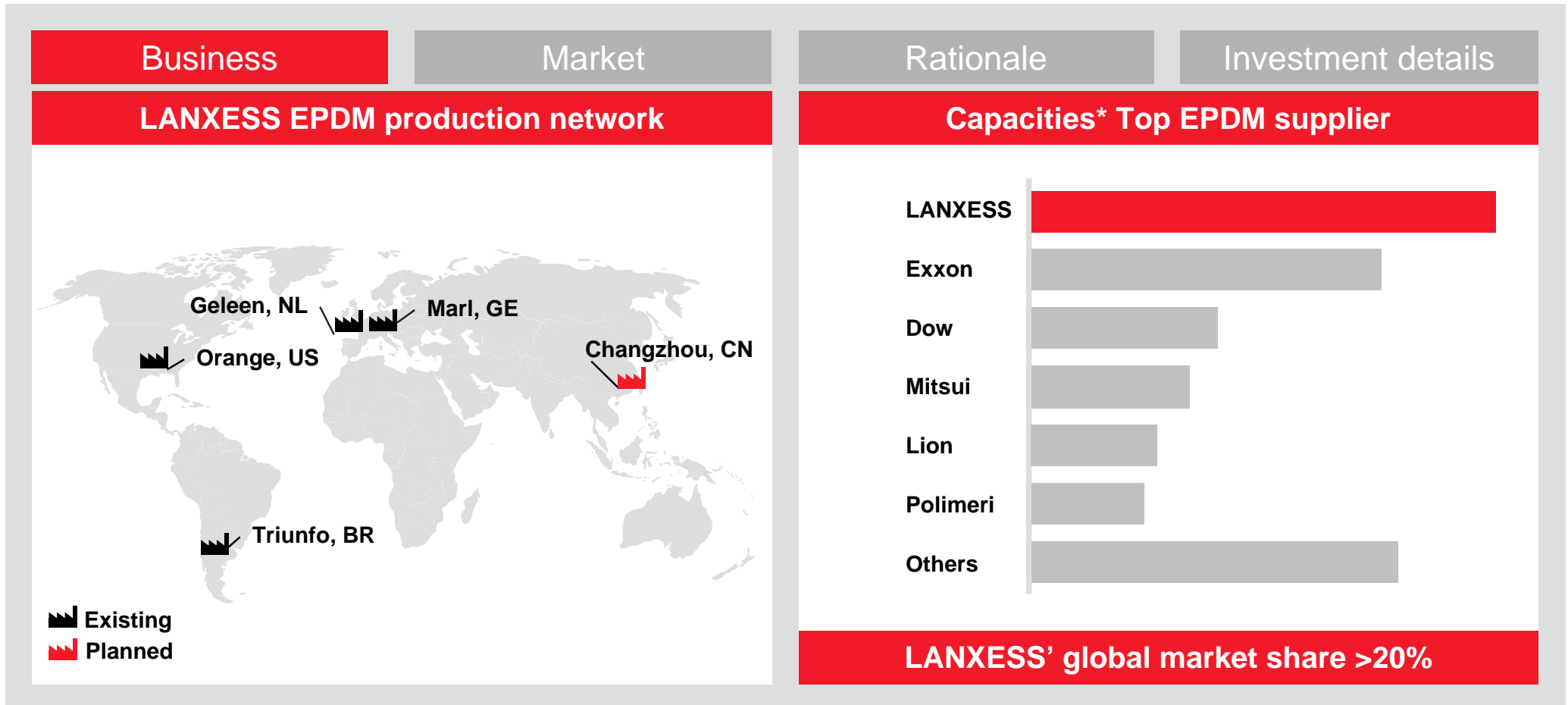
Business	Market	Rationale	Investment details																										
<h3>Facts</h3> <ul style="list-style-type: none"> ▪ BU TRP belongs to the Performance Polymers segment ▪ LANXESS annual sales category: > €500 m ▪ Production sites: Netherlands, Germany, France, U.S., Brazil ▪ Customers: > 600 ▪ 5 product groups with strong brands in a global market: <table border="0"> <tr> <td>EPDM</td> <td></td> <td>CR</td> <td></td> </tr> <tr> <td>NBR</td> <td></td> <td>HNBR</td> <td></td> </tr> <tr> <td></td> <td></td> <td>EVM</td> <td></td> </tr> </table>		EPDM		CR		NBR		HNBR				EVM		<h3>EPDM end uses*</h3> <table border="1"> <caption>EPDM end uses*</caption> <thead> <tr> <th>End Use</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Automobile</td> <td>39%</td> </tr> <tr> <td>Others</td> <td>18%</td> </tr> <tr> <td>Rubber Products</td> <td>13%</td> </tr> <tr> <td>Polymer Modifier</td> <td>12%</td> </tr> <tr> <td>Construction</td> <td>11%</td> </tr> <tr> <td>Oil additives</td> <td>7%</td> </tr> </tbody> </table> <h3>EPDM applications</h3> <ul style="list-style-type: none"> ▪ Hoses ▪ Seals ▪ Belts ▪ Polymer modifications 		End Use	Percentage	Automobile	39%	Others	18%	Rubber Products	13%	Polymer Modifier	12%	Construction	11%	Oil additives	7%
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EPDM: Ethylen-Propylen-Dien-Monomer

* LANXESS estimates

Chart 3

LANXESS expands global EPDM production network



* Source: IHS Chemicals 2012 and LANXESS market intelligence

Chart 4

China with need for local source of EPDM production

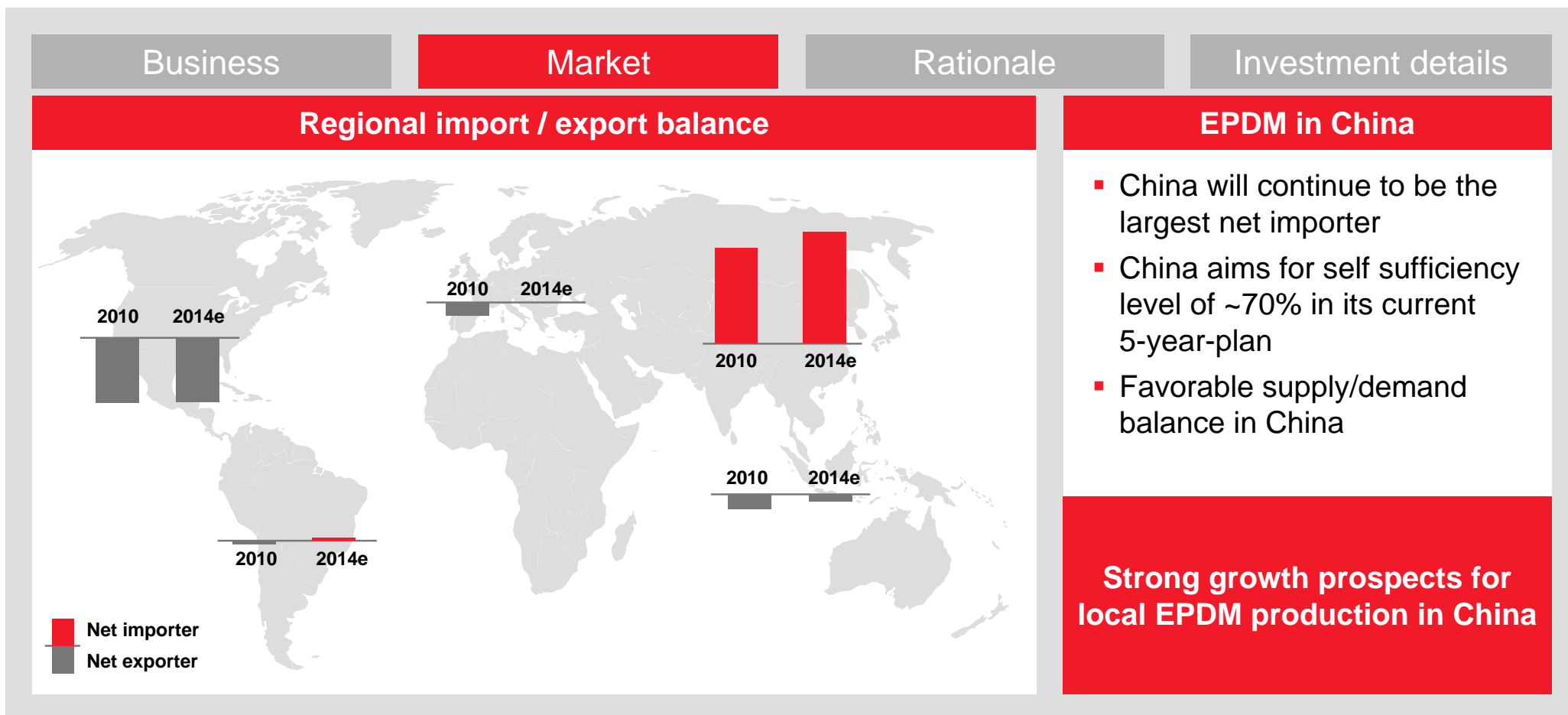



Chart 5

Perfect conditions for a domestic EPDM player

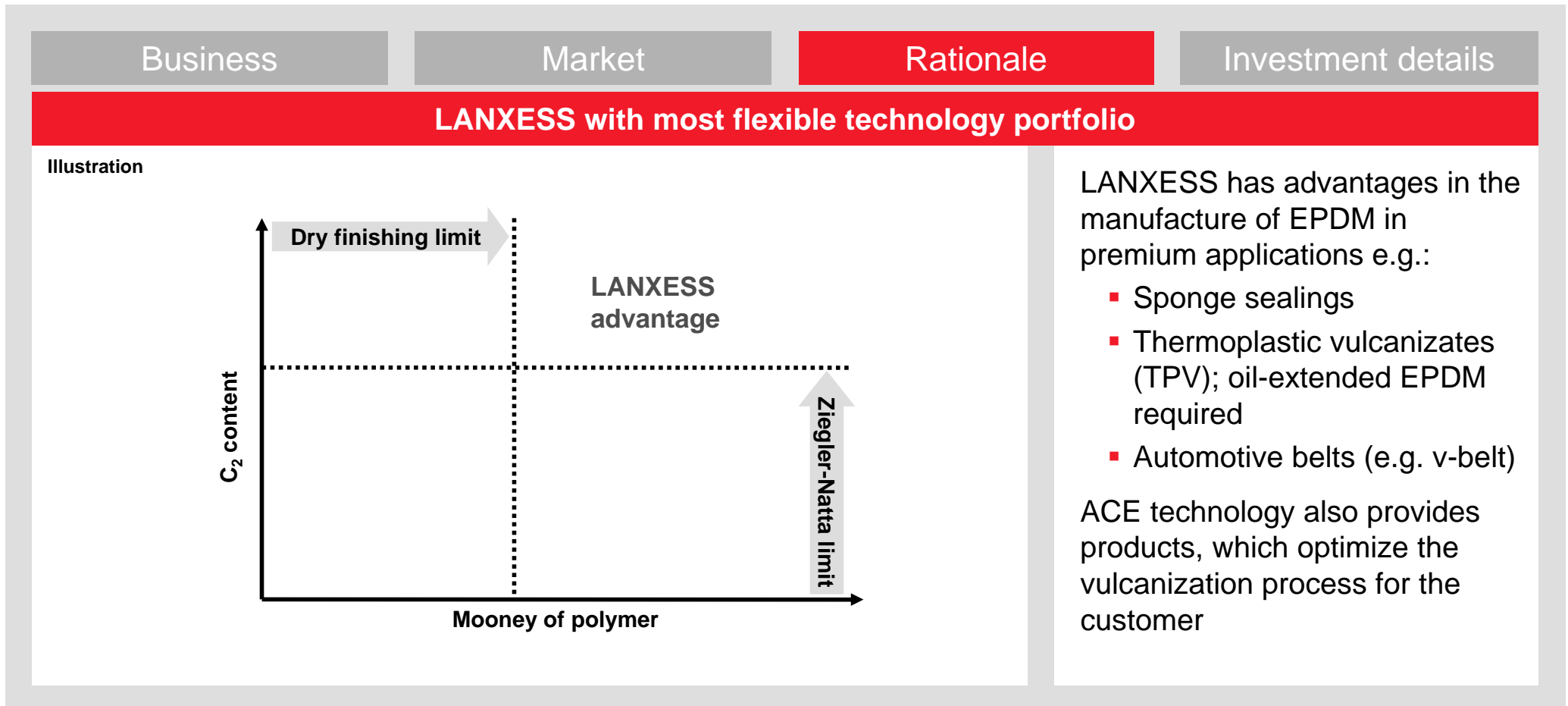
Business	Market	Rationale	Investment details
LANXESS' competitive advantage		Rationale for EPDM in China	
<ul style="list-style-type: none">▪ Differentiated product portfolio for high end applications in globally growing markets:<ul style="list-style-type: none">- Automotive sponge sealing; CAGR² ~4.5%- Mechanical rubber goods (high exposure to mechanical stress); CAGR² ~3.0%- Plastic modification (higher heat resistance and lower deformation); CAGR² ~2.0%▪ Strong selling proposition▪ Competitive production costs due to technology leadership		<ul style="list-style-type: none">▪ Chinese S/D balance projects a midterm structural undersupply▪ Demand with CAGR (2012-20) of ~8%¹▪ Advantage of local production in case of market access restrictions for imports▪ Local and secure access to critical raw materials▪ Reduction of distribution costs due to local presence▪ 60% of potential customers within close vicinity▪ Increasing natural hedge³	
Multi-level IP protection			
<ul style="list-style-type: none">▪ 100% LANXESS entity, no local joint venture▪ Sourcing and production of catalyst from EU▪ ACE technology and production of catalyst patented			

¹ LANXESS estimates based on IHS Chemicals

² Projected 8 year global CAGR; LANXESS estimates

³ Improved FX balance for procurement and sales

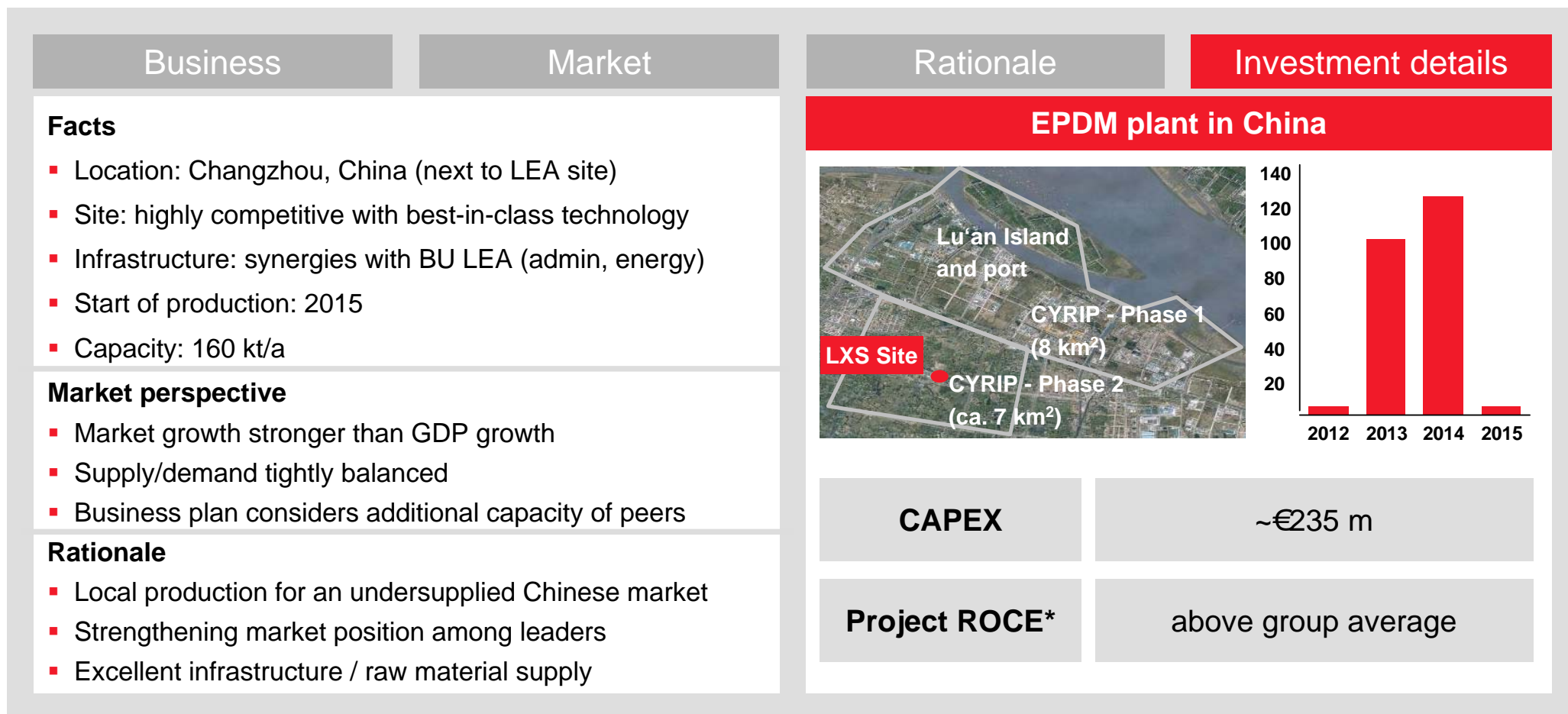
LANXESS' unique technology set-up allows for differentiation



C₂ content: Content of ethylene: the higher the C₂ content the more crystalline the product (e.g. higher tensile strength, improved extrudability)
Mooney: Indicator of viscosity; important for further processing

Chart 7

CAPEX financed from existing liquidity



* ROCE in average profitability year
CYRIP: Changzhou Yangtze Riverside Industrial Park

Chart 8

Building the most competitive plant to serve China

Globally largest and most efficient EPDM plant serving the fast growing Chinese market



Broadening EPDM portfolio with ACE technology



Further catering to global mobility trend



Strengthening Performance Polymers' and LANXESS' profitability



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