

Semi-Crystalline Products – A premium supplier of high-tech plastics

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Agenda

- **SCP – Business overview**
- Growth drivers
- Investments
- Outlook

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SCP – A premium supplier of high-tech plastics

Performance Polymers	Applications Semi-Crystalline Products	
	<p data-bbox="767 1480 895 1509">Automotive</p> 	<p data-bbox="1118 1480 1294 1509">Other industries</p> 
Butyl Rubber		
Performance Butadiene Rubbers		
Technical Rubber Products		
Semi-Crystalline Products		

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SCP – Business overview

Facts	<ul style="list-style-type: none"> ▪ Sales: >€500 m ▪ Employees: ~1,500 ▪ Customers: ~600
Products and brands	<ul style="list-style-type: none"> ▪ Intermediates: Caprolactam, adipic acid, glass fibers ▪ High-tech plastics: Durethan® based on polyamide (PA); Pocan® based on polybutylenterephthalate (PBT)
Markets and competition	<ul style="list-style-type: none"> ▪ Global market position: amongst top 5 within a >€7 bn market ▪ Competitors: BASF (Plastics), DuPont (Performance Materials), DSM (Polymer Intermediates, Performance Materials), Rhodia (Polyamide)

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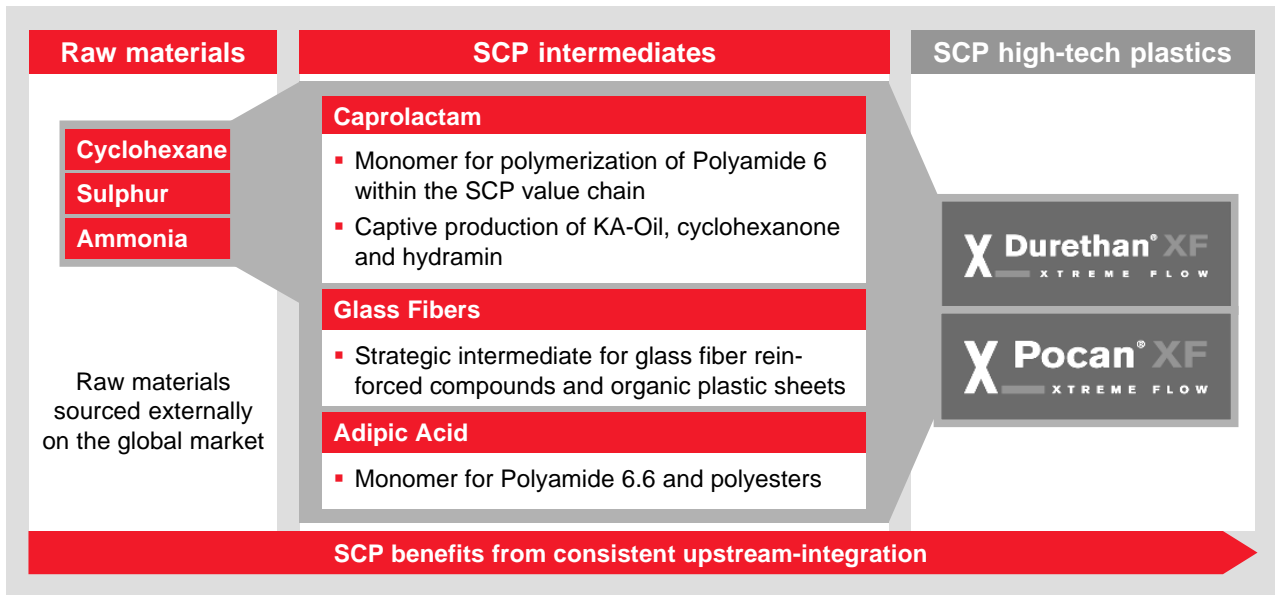
SCP is a premium supplier of high-tech plastics for a broad variety of customer industries

Product split by external sales	Industry by application for SCP products
<ul style="list-style-type: none"> ▪ Two-thirds of intermediates output consumed captively ▪ Innovations drive growth of high-tech plastics 	<ul style="list-style-type: none"> ▪ Broad diversity of industries served by SCP ▪ Main industries of high-tech plastics are automotive (>50%) and electro/electronics (>20%)

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SCP – Leading position in polyamide value chain



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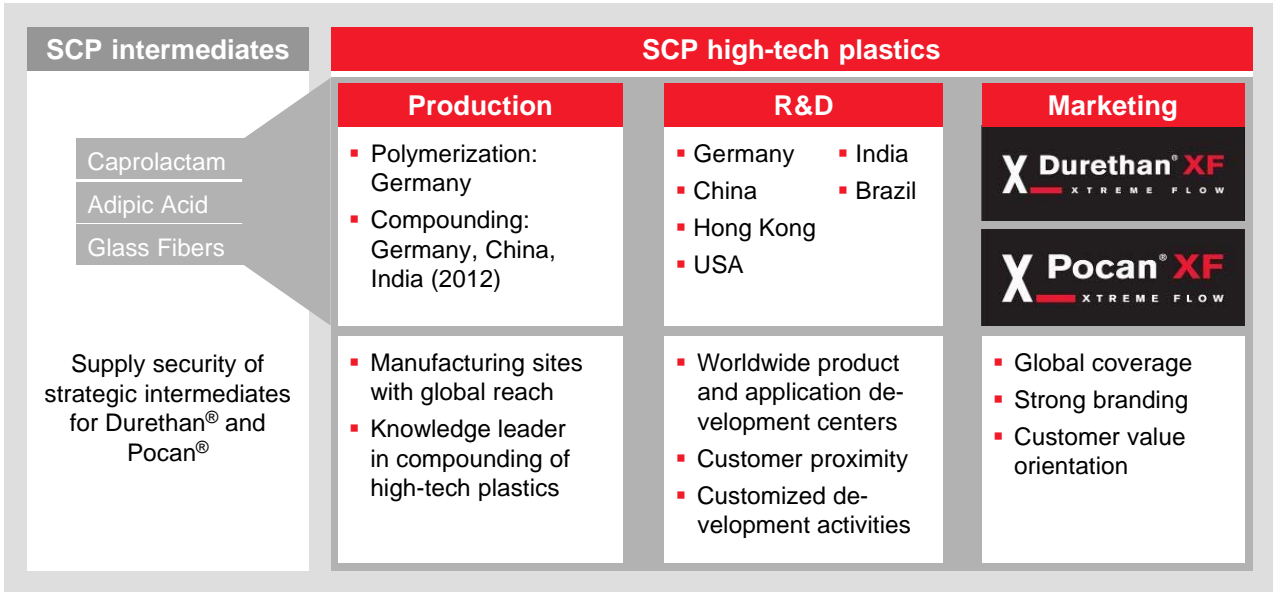
SCP with cost leadership in its key intermediate Caprolactam

Cost leadership in Caprolactam	
<ul style="list-style-type: none"> World scale Caprolactam capacity ~200kt in Antwerp, BE Strong logistic position with direct access for deep sea barges Lean organization Ongoing programs for further cost and capacity improvements Debottlenecking investment to ~220kt of €35 m on track and fully completed by 2011 	

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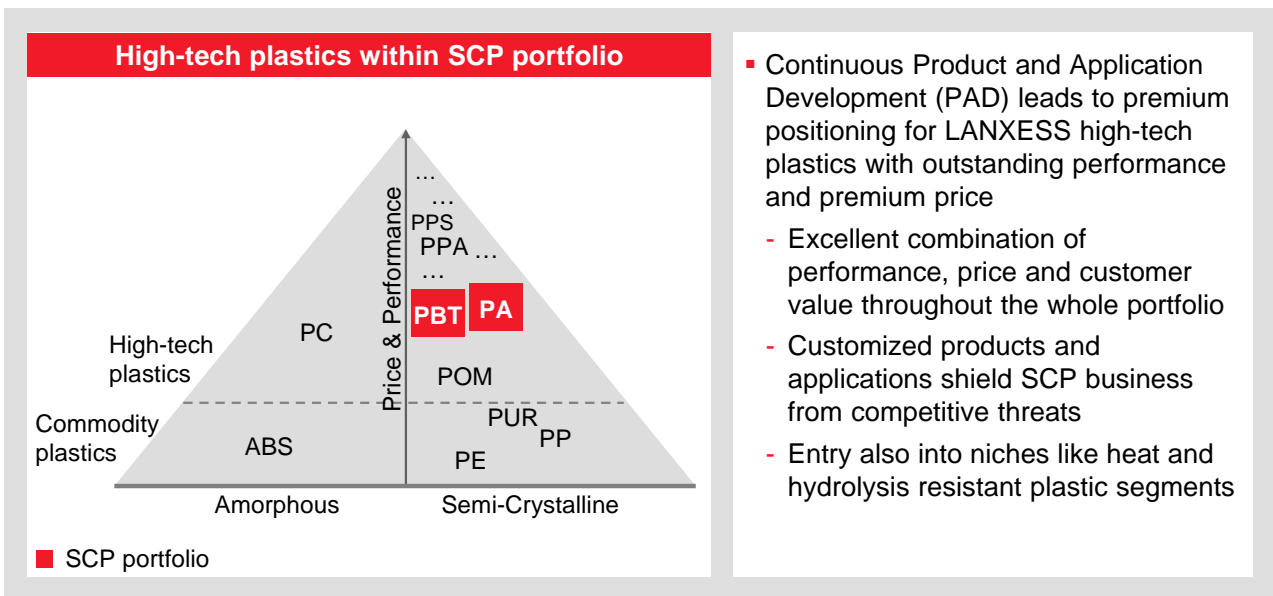
SCP – Success of high-tech plastics based on market proximity, innovation and customer service



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SCP high-tech plastics well positioned within price and performance driven markets



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SCP – Global megatrends as main growth drivers

LANXESS capitalizing on global megatrends

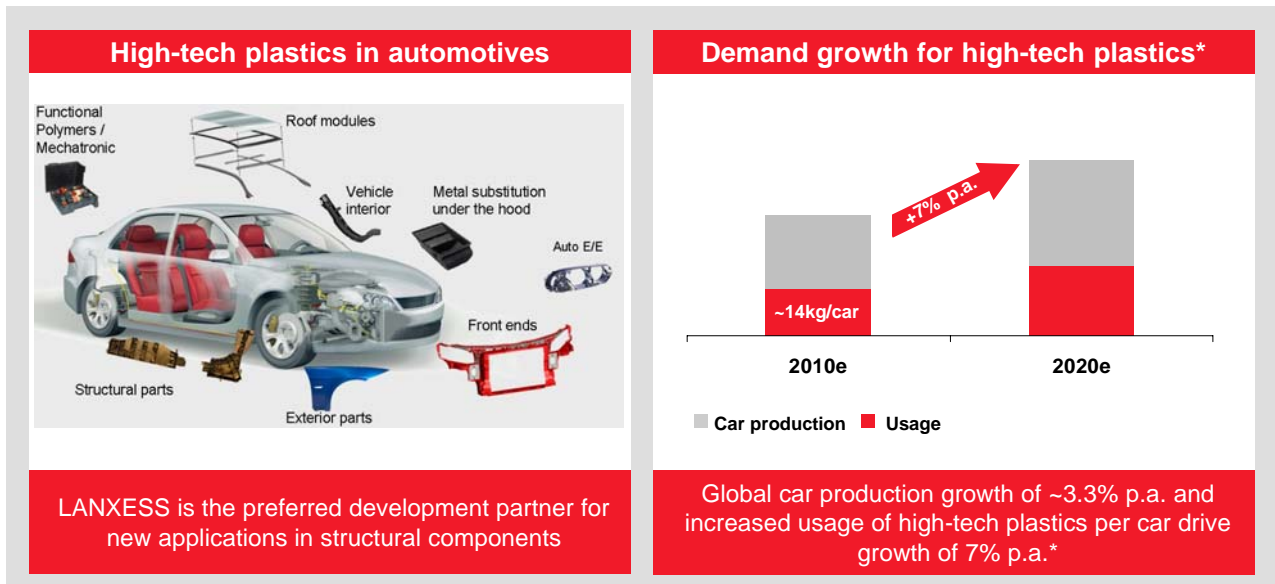
<p>Mobility</p>  <p>Agro</p> 	<p>Performance Polymers</p> <p>Megatrend mobility</p> <ul style="list-style-type: none">▪ Globalization pushes trade worldwide▪ Rapid growth rates for mobility related products in emerging markets▪ Individualization drives consumer demand
<p>Urbanization</p>  <p>Water</p> 	



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Growing car production and trend of weight reduction increase demand for high-tech plastics

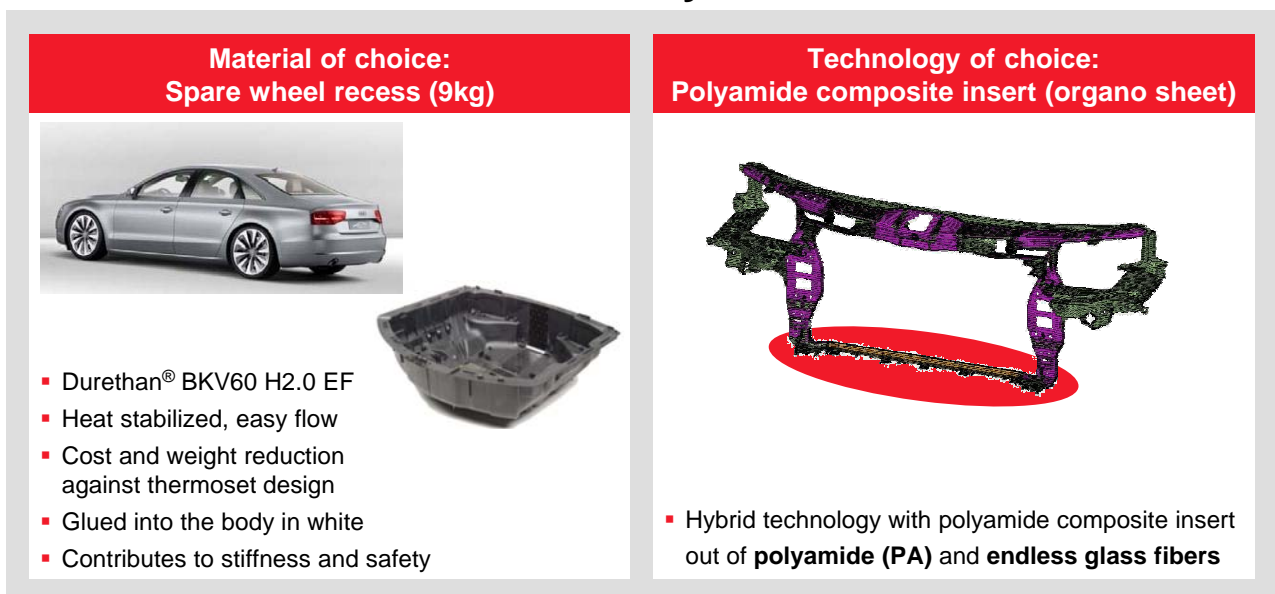


* Source: JD Powers 08/2010, LXS own estimates

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LANXESS preferred provider of material and technology of choice for the automotive industry



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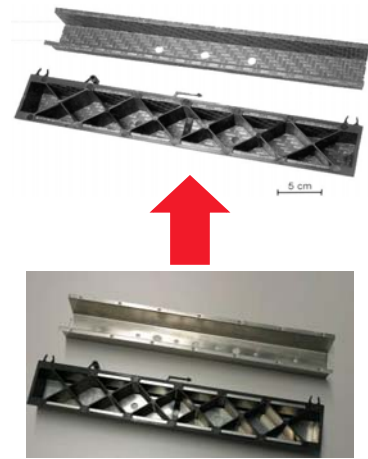
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Strength in design of structural components makes SCP a premium development partner to the automotive industry

New generation of hybrid technology

- **Hybrid technology with combination of injection molded Durethan® and polyamide composite inserts**
 - Low weight: weight reduction >10% over aluminum
 - Higher stiffness
 - Better impact performance
 - Possibility of complex designs
 - No corrosion and easier recycling
- **Application leader:** e.g. hoses and tubes for turbo charged engines, body components, oil pans, weight reduction of highest importance for e-mobility
- **Material leader:** e.g. flame-retardant products in electrical engines, ECO grades for sustainable material solution

PA composite inserts

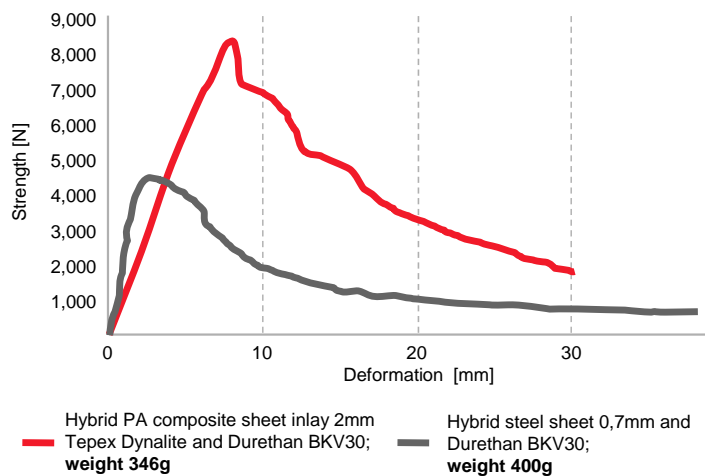


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Polyamide Composite Inserts provide higher dimensional stability combined with lower weight

Polyamide (PA) Composite Inserts testing



PA Composite Inserts deformation




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Electro / electronics industry of increasing importance for high-tech plastics

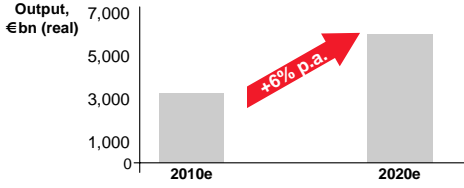
SCP application electro / electronics industry



Meat mincer (Braun AG), Durethan BKV60 H2.0 EF

Milk foamer (Nespresso), Pocan DP7244

Electro / electronic market growth



Year	Output (€bn real)
2010e	~3,000
2020e	~5,500

- SCP is amongst the market leaders developing halogen-free flame-retardant high-tech plastics
- Ongoing trend of metal replacement
- Replacement of thermoset materials in the electrical industry to gain cost and integration potentials

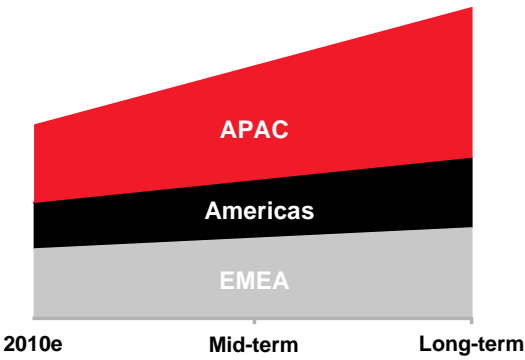
Source: Global Insight 2010

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LANXESS high-tech plastics to outperform market growth

Relevant market growth expected >6% p.a.



Region	2010e	Mid-term	Long-term
APAC	Low	Medium	High
Americas	Low	Medium	High
EMEA	Low	Medium	High

SCP expects to outperform the market

- Focus on megatrend mobility
- LANXESS as driver for increased use of high-tech plastics in new automotive generations (e.g. e-mobility, turbo charged engines)
- Leader in innovation of products and applications
- First mover in polyamide composite inserts with promising business opportunities
- Investments in BRIC countries

LANXESS estimates based on PCI, SRI, TopRight

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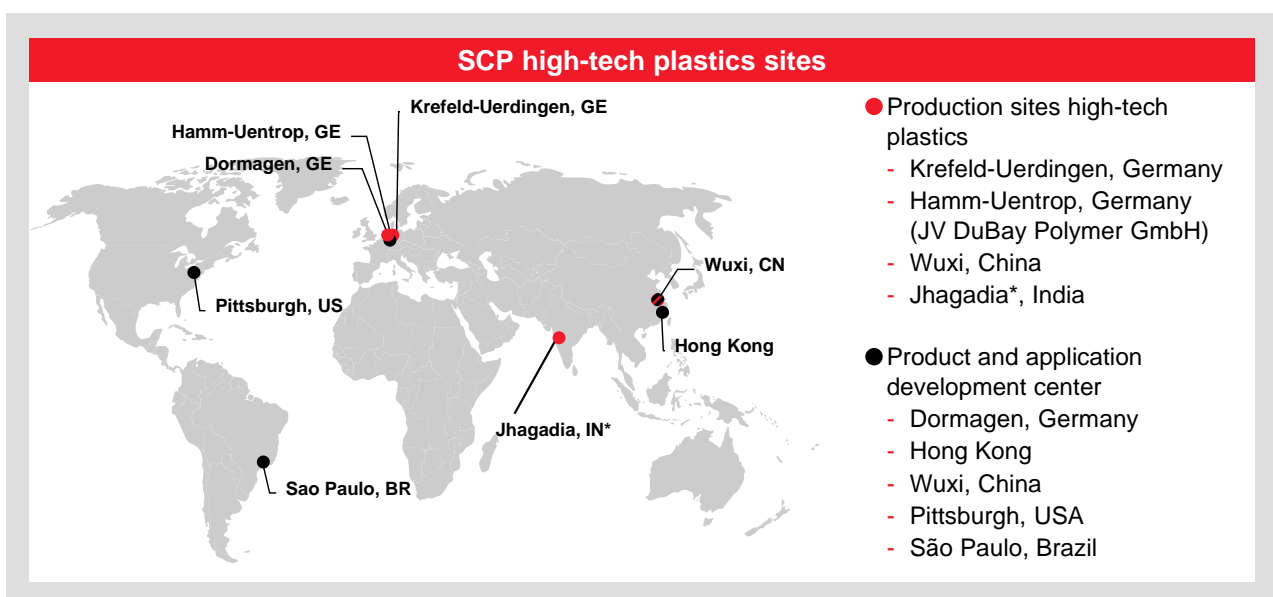
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SCP high-tech plastics – Strong set up to serve the global demand



* Production starts 2012

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Track record of sustainable organic growth at Wuxi site

China: SCP high-tech plastics production

China, Wuxi

- 2005 Start up of SCP manufacturing China with annual capacity 20kt
 - 2007 Expansion to annual capacity 40kt
 - **2011 Expansion to annual capacity 60kt on track**
-
- 2007 Start up of research and development testing center



SCP high-tech plastics site and PAD center



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Investment for new high-tech plastics site in India is on track

India: SCP high-tech plastics production

- Jhagadia (state Gujarat)
 - Leading chemical region in India
 - Proximity to automotive industry
 - Connections to overseas ports
 - Access to highly trained workers
- New plant for Durethan® and Pocan®
 - Construction on the same pattern as Wuxi
 - Construction works start in 2010
 - Production start-up: 2012
 - Initial capacity: 20 kt p.a.
 - Investment: >€10 m



SCP high-tech plastics site



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SCP – A premium supplier of high-tech plastics

Growth perspectives	<ul style="list-style-type: none">▪ Megatrend mobility and rising middle class drive demand for high-tech plastics▪ Investments in emerging countries further establish global market position▪ Customer proximity strengthens SCP growth
Markets	<ul style="list-style-type: none">▪ Application areas for LANXESS high-tech plastics will further increase▪ SCP know-how leadership strengthens existing customer relations and provides access to further premium customers worldwide
Products / technology	<ul style="list-style-type: none">▪ Long-term competitive advantage based on upstream-integration into strategic intermediates with cost leadership in Caprolactam▪ Excellence in R&D and cutting edge product properties for high-tech plastics' components ensure premium and "first mover" market approach▪ First mover in the market for Polyamide Composite Inserts

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Complete new construction of a front end with Durethan BKV 60 EF leads to weight and cost reduction

