



## **Business Unit Advanced Industrial Intermediates**

### **A strong and stable player in chemical intermediates**

Dr. Hubert Fink, Member of the board and Head of BU All  
Capital Markets Day 2015, Cologne November 6<sup>th</sup> 2015

**LANXESS**  
Energizing Chemistry

### **Safe harbor statement**

The information included in this presentation is being provided for informational purposes only and does not constitute an offer to sell, or a solicitation of an offer to purchase, securities of LANXESS AG. No public market exists for the securities of LANXESS AG in the United States.

This presentation contains certain forward-looking statements, including assumptions, opinions and views of the company or cited from third party sources. Various known and unknown risks, uncertainties and other factors could cause the actual results, financial position, development or performance of LANXESS AG to differ materially from the estimations expressed or implied herein. LANXESS AG does not guarantee that the assumptions underlying such forward-looking statements are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this presentation or the actual occurrence of the forecast developments. No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, any information, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and accordingly, no representative of LANXESS AG or any of its affiliated companies or any of such person's officers, directors or employees accept any liability whatsoever arising directly or indirectly from the use of this document.

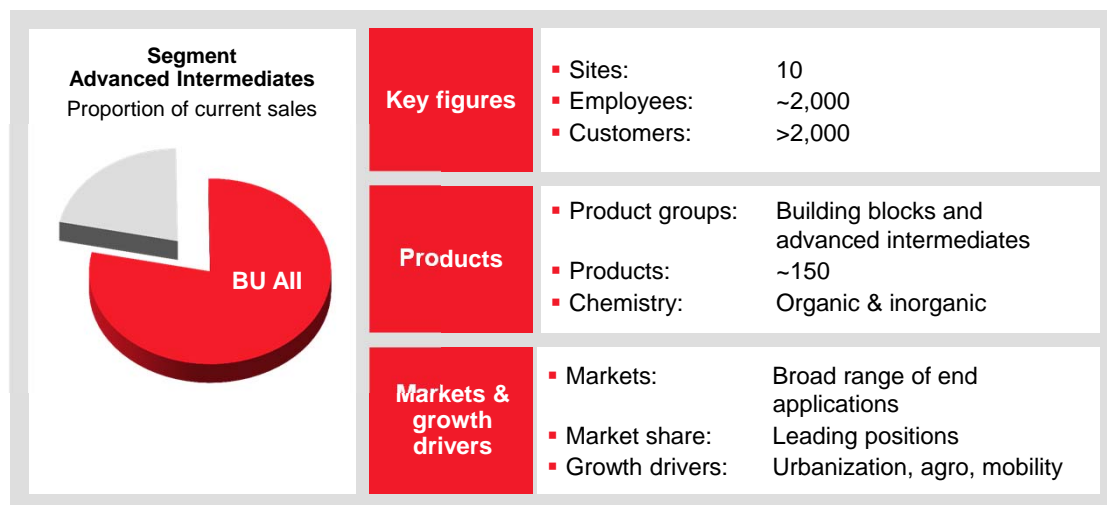
## Agenda

- **Business Unit Advanced Industrial Intermediates (BU All) one of the world's most important suppliers of high-quality industrial chemical intermediates**
- A strong and stable player in chemical intermediates contributing to LANXESS' future

3

**LANXESS**





## Advanced Industrial Intermediates: A leading supplier of chemical intermediates



4

**LANXESS**

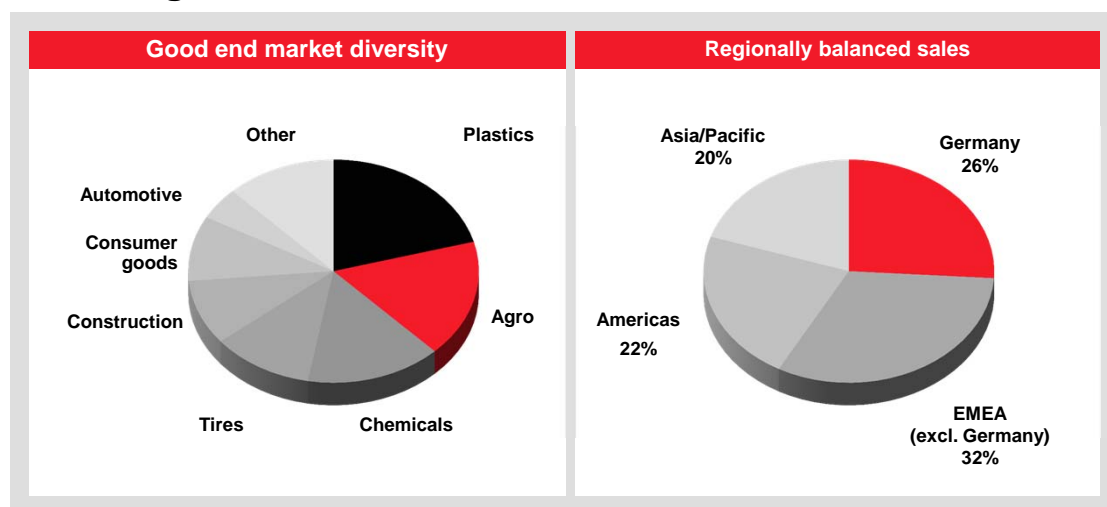
## Providing chemical intermediates for a wide range of applications

	Aromatic Network	Benzyl Products and Inorganic Acids	Polyols and Oxidation Products	Antioxidants and Accelerators
<b>% of sales</b>	~35%	~25%	~25%	~15%
<b>Competitive environment</b>	<ul style="list-style-type: none"> <li>High level of consolidation in the West</li> <li>Mid-sized Chinese and Indian companies with some product overlap</li> </ul>	<ul style="list-style-type: none"> <li>High level of consolidation in the West</li> <li>Mid-sized Chinese and Indian companies with some product overlap</li> </ul>	<ul style="list-style-type: none"> <li>Solvay</li> <li>Perstorp</li> <li>Radici</li> <li>BASF</li> </ul>	<ul style="list-style-type: none"> <li>Eastman</li> <li>Sinorgchem</li> <li>General Quimica</li> <li>Emerald</li> <li>Nocil</li> </ul>
<b>Main applications</b>	<ul style="list-style-type: none"> <li>Agrochemicals</li> <li>Automotive</li> <li>Flavors &amp; fragrances</li> <li>High-tech plastics</li> </ul>	<ul style="list-style-type: none"> <li>Agrochemicals</li> <li>Coatings</li> <li>Solvents</li> <li>Flavors &amp; fragrances</li> </ul>	<ul style="list-style-type: none"> <li>Polyester resins</li> <li>Coatings</li> <li>Plasticizers</li> <li>Construction</li> </ul>	<ul style="list-style-type: none"> <li>Tires</li> <li>Technical rubber &amp; consumer goods</li> <li>Fuel additives</li> </ul>
				

5

**LANXESS**

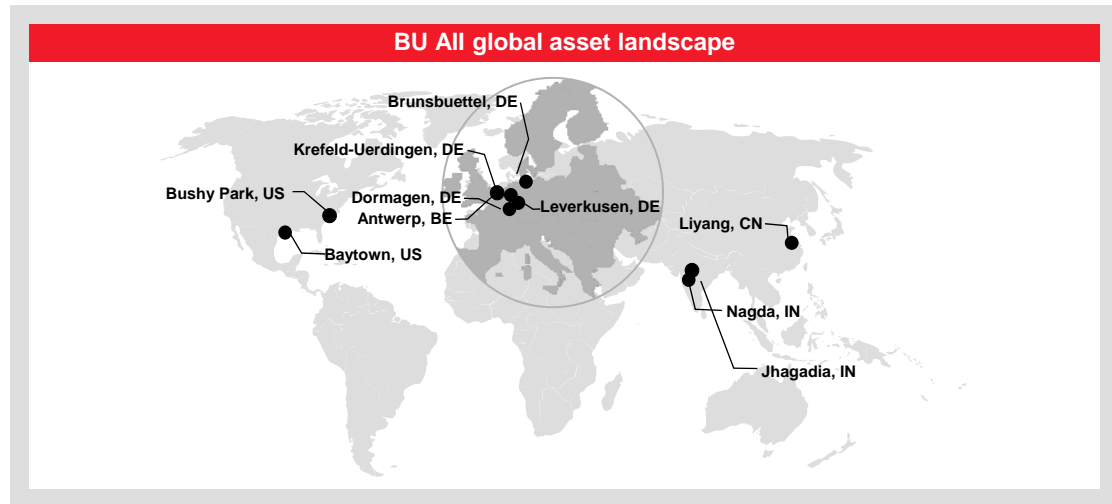
## Key factors for stability include diverse end markets and stable regions



6

**LANXESS**

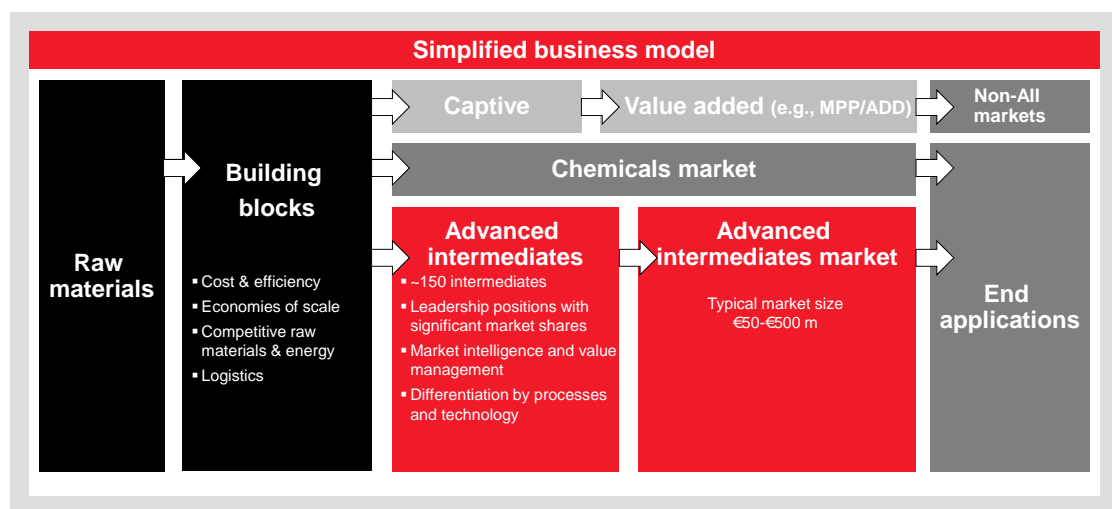
## Competitiveness based on a global and strong asset base



7

**LANXESS**

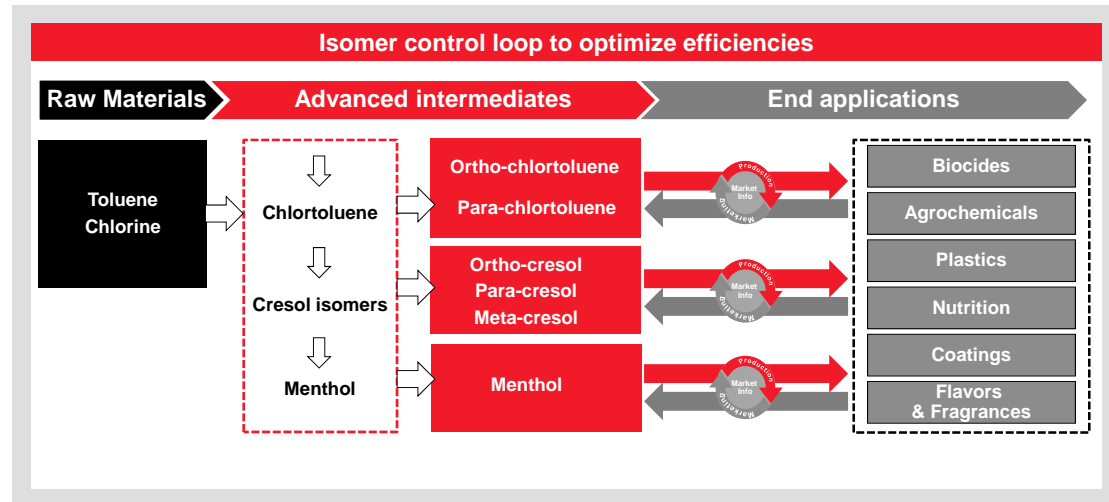
## Effective value chain management presents diverse opportunities to optimize the business



8

**LANXESS**

## Example: Close coordination between production and marketing is essential



9

**LANXESS**

## Agenda

- Advanced Industrial Intermediates (BU All) one of the world's most important suppliers of high-quality industrial chemical intermediates
- **A strong and stable player in chemical intermediates contributing to LANXESS' future**

10

**LANXESS**

## BU All's contribution to a balanced and resilient LANXESS portfolio



11

**LANXESS**

## EBITDA volatility limited to a narrow band over the past five years, with a positive trend



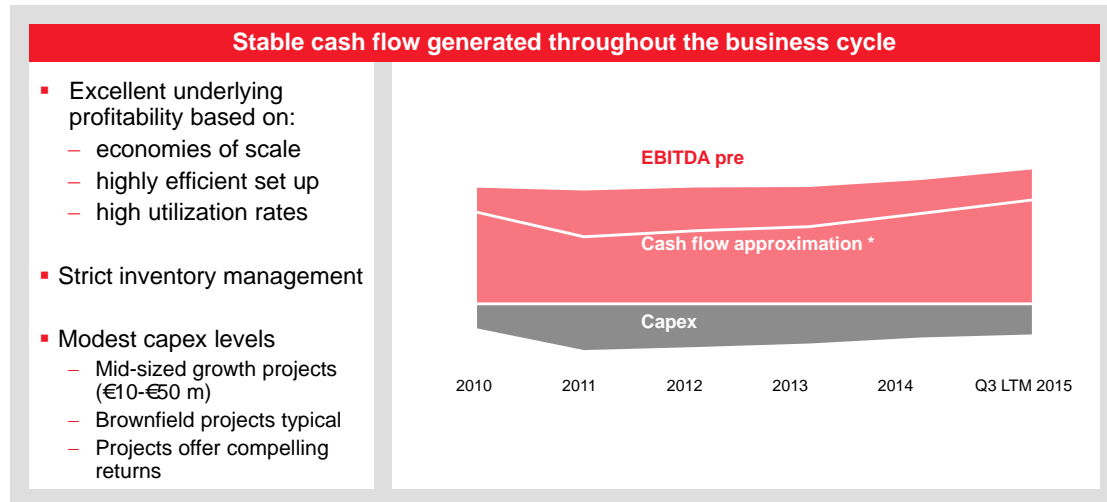
Volatility range of +/- 2%pts	Broad portfolio
<p>EBITDA pre exceptionals margin</p> <ul style="list-style-type: none"> <li>High asset utilization supports profitability</li> <li>Flexible management of product streams across the value chain provides resilience</li> <li>Competitiveness stems from a strong asset base and proprietary technologies</li> <li>A process of continuous improvement safeguards cost positions</li> </ul>	<ul style="list-style-type: none"> <li>Markets for advanced intermediates typically range in size from €50-€500 m                             <ul style="list-style-type: none"> <li>BU All has leading market positions</li> <li>A variety of applications and industries utilize its 150 products</li> </ul> </li> <li>Markets typically involve few players                             <ul style="list-style-type: none"> <li>Top 4 producers &gt;80% market share</li> <li>The market has seen significant consolidation in the past decade. This continues especially in the West</li> </ul> </li> <li>Organic and inorganic chemistry</li> </ul>

12

**LANXESS**

## The business generates consistently high cash flow

Resilience  
Cash generation  
Growth



\* Before changes in working capital and M&A

13

**LANXESS**

## Organic growth will be driven through debottlenecking and improvements in efficiency

Resilience  
Cash generation  
Growth

Debottlenecking	Improving efficiency
<ul style="list-style-type: none"> <li>▪ Eliminating bottlenecks at existing sites to serve market growth</li> <li>▪ Modest capex to generate attractive growth</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increasing efficiency by making smart investments in process optimization</li> <li>▪ Benefits achieved from integrated production</li> </ul>
<b>Strengthening our production platform</b>	

14

**LANXESS**

## External growth in advanced intermediates could be achieved in two ways

Resilience  
Cash generation  
Growth

### Within our current portfolio

Acquire players active in the same types of organic and inorganic chemistry (e.g., Chinese and Indian companies)



### Looking outside of our portfolio

Add to our existing portfolio by considering operations with similar business models (e.g., target market size, value chain, technology)

**LANXESS**

15

## Key rationale for investments in BU All

### Resilience



- Diverse end-user markets
- Top customer accounts
- Flexible management of product streams

### Cash generation



- Excellent profitability
- Strong cash contribution
- Compelling returns

### Growth



- Strengthening our platform with organic growth
- External growth will be part of our strategy

**LANXESS**

16





**End of presentation**