



**LANXESS**  
Energizing Chemistry

# Sell-side Analyst Roundtable 2018

Building our future

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# Our journey: Shaping LANXESS



# A lot has happened since last year! (1/2)

## Organic growth

- **BU All:** - DCB\* capacity increase, Leverkusen  
- MEA\* capacity increase, Brunsbüttel  
- Menthol capacity increase, Uerdingen
- **BU HPM:** - Compounding facility, Changzhou  
- Compounding facility, Uerdingen
- **BU RCH:** - Production line zinc oxide, Uerdingen
- **BU ADD:** - New line lubricant additives, Mannheim



## Portfolio management

- **2017**
  - Divestiture of chlorine dioxide business (BU MPP)
  - Acquisition of biotech startup IMD Natural Solutions GmbH (BU MPP)
- **2018**
  - Acquisition of Solvay's U.S. phosphorous additives
  - Announcement to divest remaining 50% in ARLANXEO





# A lot has happened since last year! (2/2)

## Restructuring

- Site Closures
  - Zárate / Argentina (BU LEA)
  - Rio Claro / Brazil (BU URE)
  - Ankerweg / Netherlands (BU ADD)
  - Reynosa / Mexico (BU ADD)



## Synergies

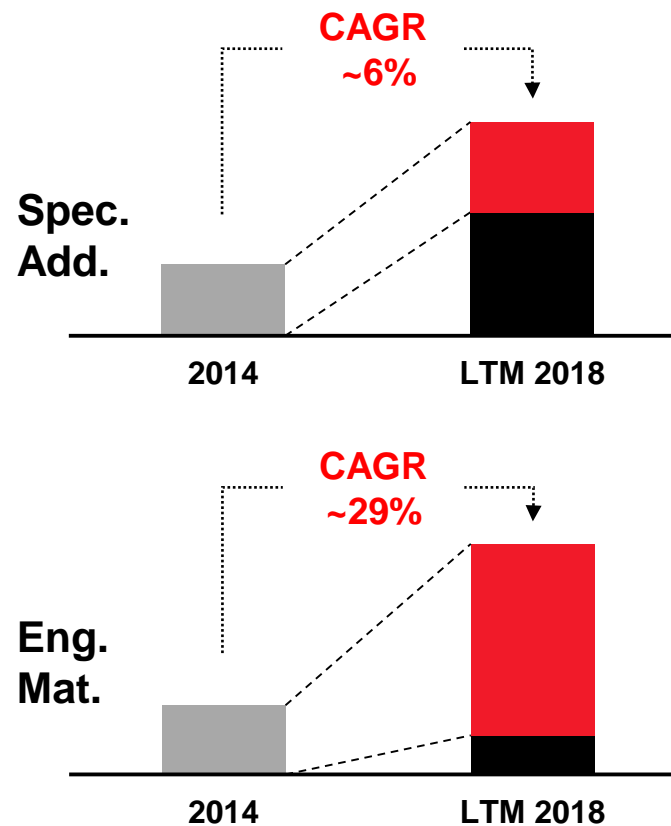
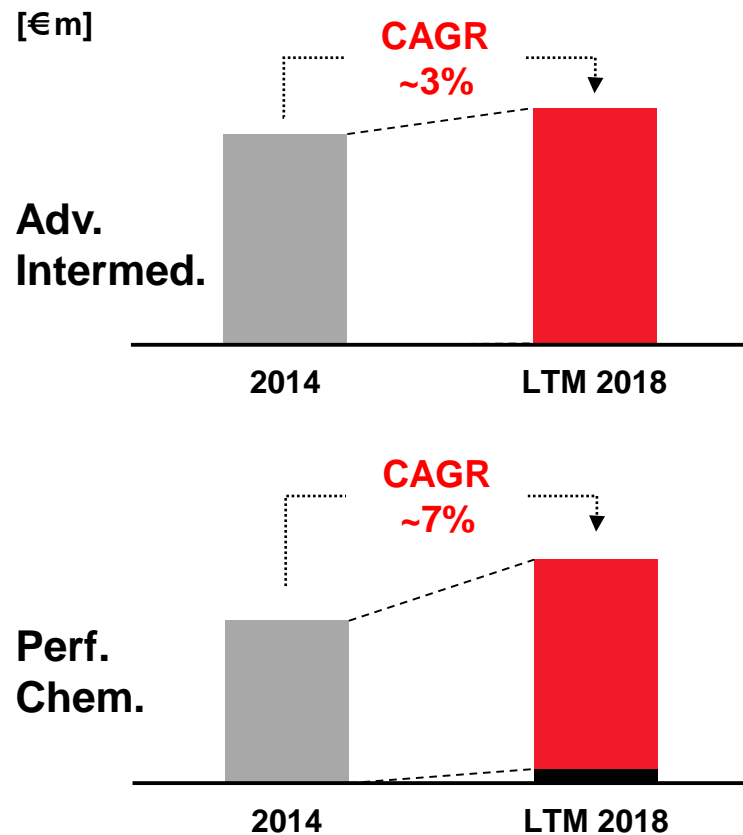
- Realization of Chemtura synergies ahead of plan
  - In 2017: ~€30 m mostly administrative synergies
  - Outlook for 2018: ~€30 m with operational impact



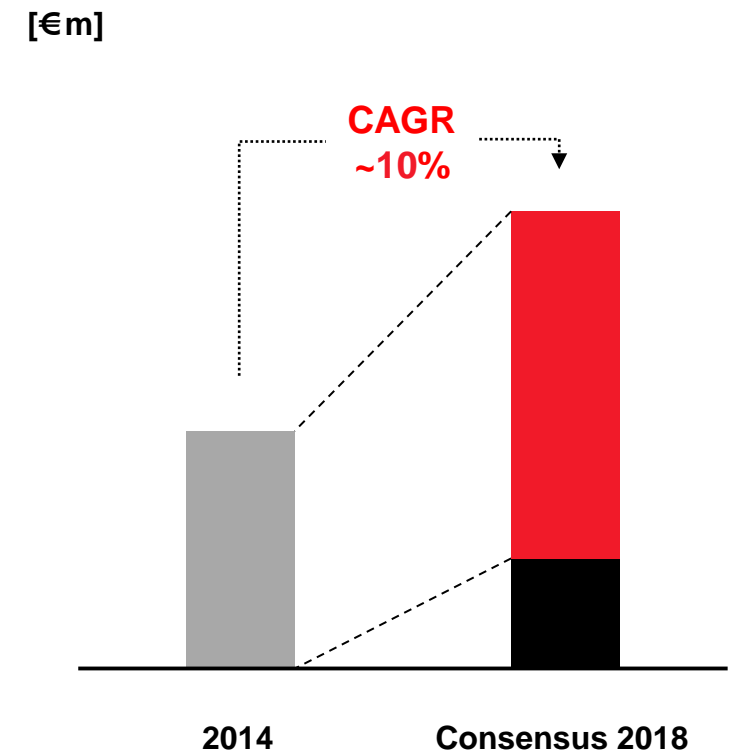
**Solid foundation for the LANXESS platform**

# New LANXESS with track record of organic growth

## Visible organic EBITDA pre growth in all segments



## New LANXESS EBITDA pre



■ Organic growth      ■ Portfolio effect

# Capital allocation priorities: Focus on deleveraging and building a superior growth platform

## Capital allocation after receipt of cash

### Attractive growth

- M&A following our communicated financial matrix
- Investments into announced and new brownfield & debottlenecking projects (until ~2021)

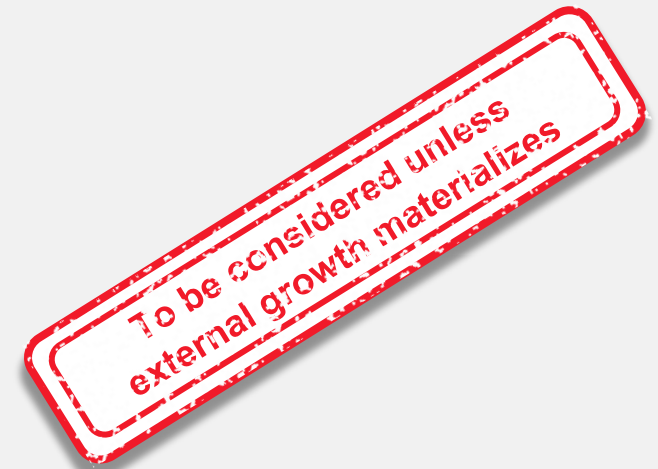
€400 – €X m

### Deleveraging

- Funding of pension liabilities
- Gross debt reduction

~€400 – €500 m

### Share buy-back



Use of proceeds in line with investment grade commitment

# The journey continues - exciting times ahead

## Solid platform

- Business units leading in growing markets
- Robust regional set-up



## Targeted growth

- Leveraging our efficient value chains with focus on higher value-add products
- Strong organic growth pipeline balanced over all segments - capital allocation with high reward but low risk



## Energizing Chemistry

- Team with proven race experience
- Keen on execution
- Building a more profitable and resilient LANXESS engine





**LANXESS**

Energizing Chemistry

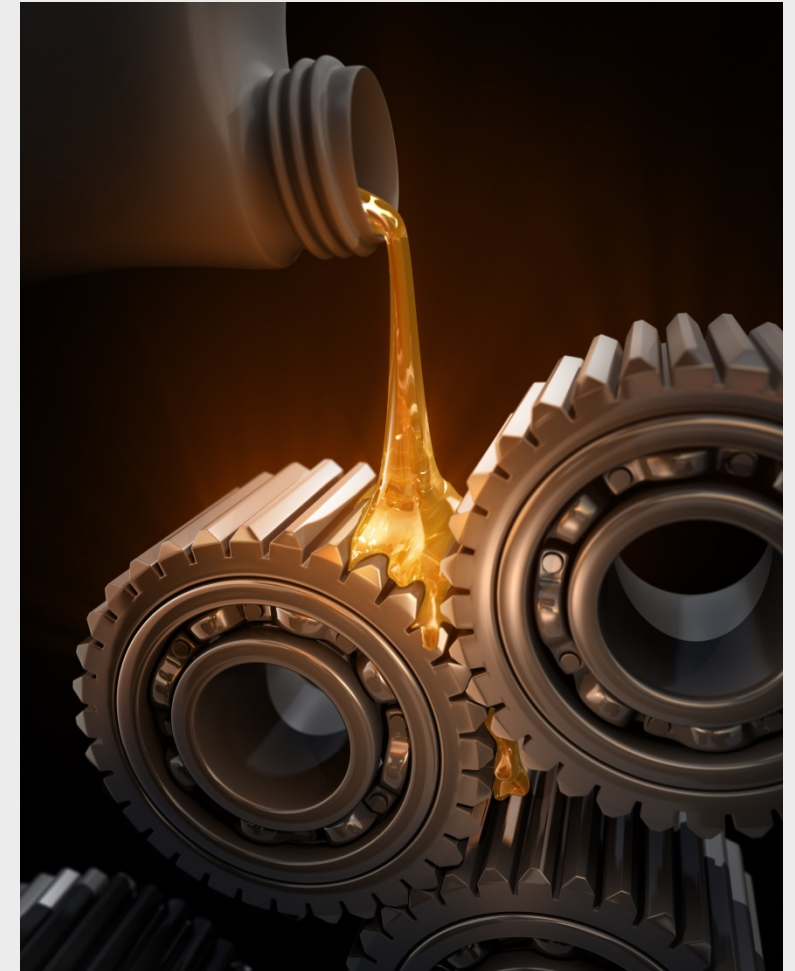
# Advanced Intermediates: Solid backbone with focus on organic growth

	All	SGO
Market positions <sup>1</sup>	TOP 3	# 1
Expected growth	~3-4%	Recovery in 2019
Development focus	Rather organic	Organic & External
Growth drivers	<ul style="list-style-type: none"> <li>Invest €100 m into debottleneckings</li> <li>Ramp up profitability of Organometallics to peer level (around 15%)</li> </ul>	<ul style="list-style-type: none"> <li>Best prepared for agro recovery</li> <li>Expand fine chemicals business</li> </ul>



# Specialty Additives: Leading additives platform with broad expansion opportunities

	ADD	RCH
Market positions <sup>1</sup>	TOP 3	# 1
Expected growth	~4%	~3%
Development focus	Organic & External	Organic & External
Growth drivers	<ul style="list-style-type: none"> <li>▪ Generate synergies until 2020</li> <li>▪ Leverage position in dynamic markets</li> <li>▪ Push product innovations (next generation FR) and synthetic base lubricants</li> </ul>	<ul style="list-style-type: none"> <li>▪ Use unique global scale to penetrate market</li> <li>▪ Leverage innovations</li> <li>▪ Streamline product portfolio</li> </ul>



# Performance Chemicals: Expect structural changes!

	IPG	LEA	MPP	LPT
Market positions <sup>1</sup>	# 1	TOP 2	TOP 3	TOP 3
Expected growth	~ 2%	1 - 2%	3%	4 - 10%
Development focus	Organic	Restructuring	Organic & external	Organic & External
Growth drivers	<ul style="list-style-type: none"> <li>Benefit from industry consolidation</li> <li>Further penetrate and develop North American market</li> </ul>	<ul style="list-style-type: none"> <li>Trimmed chrome value chain</li> <li>Potential partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Expand and enrich regulatory organization to penetrate global markets</li> <li>Benefit from disinfection trends</li> </ul>	<ul style="list-style-type: none"> <li>Option to build-up production footprint (new assets) in North America or China</li> <li>Further develop high-value market applications</li> </ul>

# Engineering Materials: Leading players with clear strategy for market independent growth

	HPM	URE
Market positions <sup>1</sup>	# 2 Europe	# 1
Expected growth	~5%	~3%
Development focus	Organic	Organic & external
Growth drivers	<ul style="list-style-type: none"> <li>▪ Lightweight trend and e-mobility</li> <li>▪ Capital light compounding investments</li> <li>▪ Continuous consumer product innovation in E&amp;E</li> </ul>	<ul style="list-style-type: none"> <li>▪ Expand market share in Europe and Asia</li> <li>▪ Leverage further product innovations (esp. on low-free isocyanate products)</li> <li>▪ Benefit from automation trends</li> </ul>





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