



# LANXESS – Energizing Chemistry

**Business profile 2009**

Investor Relations

# LANXESS – A leading specialty chemicals company based on three powerful segments

## LANXESS – Energizing Chemistry

### Performance Polymers



#### Globally No. 1-3

- Global technology leader in synthetic rubber and polyamide
- Supporting trends:
  - Mobility, growing population in Asia
  - High Performance Tires
  - Vehicle weight reduction
  - Tire-labeling, replacement pick-up

### Advanced Intermediates



#### Europe No. 1-2

- Leading suppliers of custom synthesis and basic chemicals (agrochem-related)
- Supporting trends:
  - Increasing crop demand based on growing world population
  - Need of farmers to raise yields
  - Industry consolidation

### Performance Chemicals



#### No. 1-4 in niches

- Application-orientated specialty chemicals
- Strong brands and technology leader
- Supporting trends:
  - Scarcity of purified water
  - Rising middle class in APAC
  - Ongoing market consolidation

### Competitiveness across the portfolio

\* Pre exceptionals

# LANXESS was built as a new company – based on polymers and chemicals

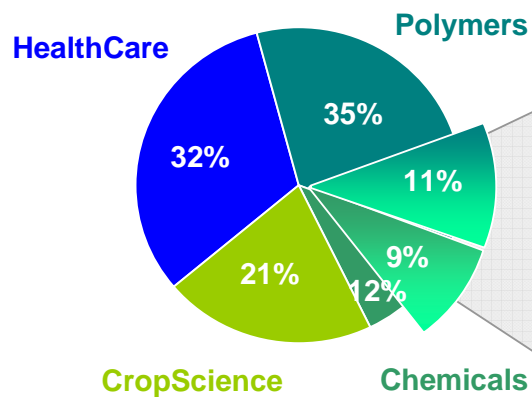
Group level

Performance Polymers

Advanced Intermediates

Performance Chemicals

Bayer 2004



Spin-off January 2005: Creation of a new company

## LANXESS

### Performance Polymers



- Butyl Rubber
- Performance Butadiene Rubbers
- Technical Rubber Products
- Semi-Crystalline Products

### Performance Chemicals



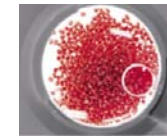
- Material Protection Products
- Inorganic Pigments
- Functional Chemicals
- Leather
- Rhein Chemie
- Rubber Chemicals
- Ion Exchange Resins
- Paper\*
- Textile Processing Chemicals\*

### Advanced Intermediates



- Basic Chemicals
- Saltigo

### Engineering Plastics

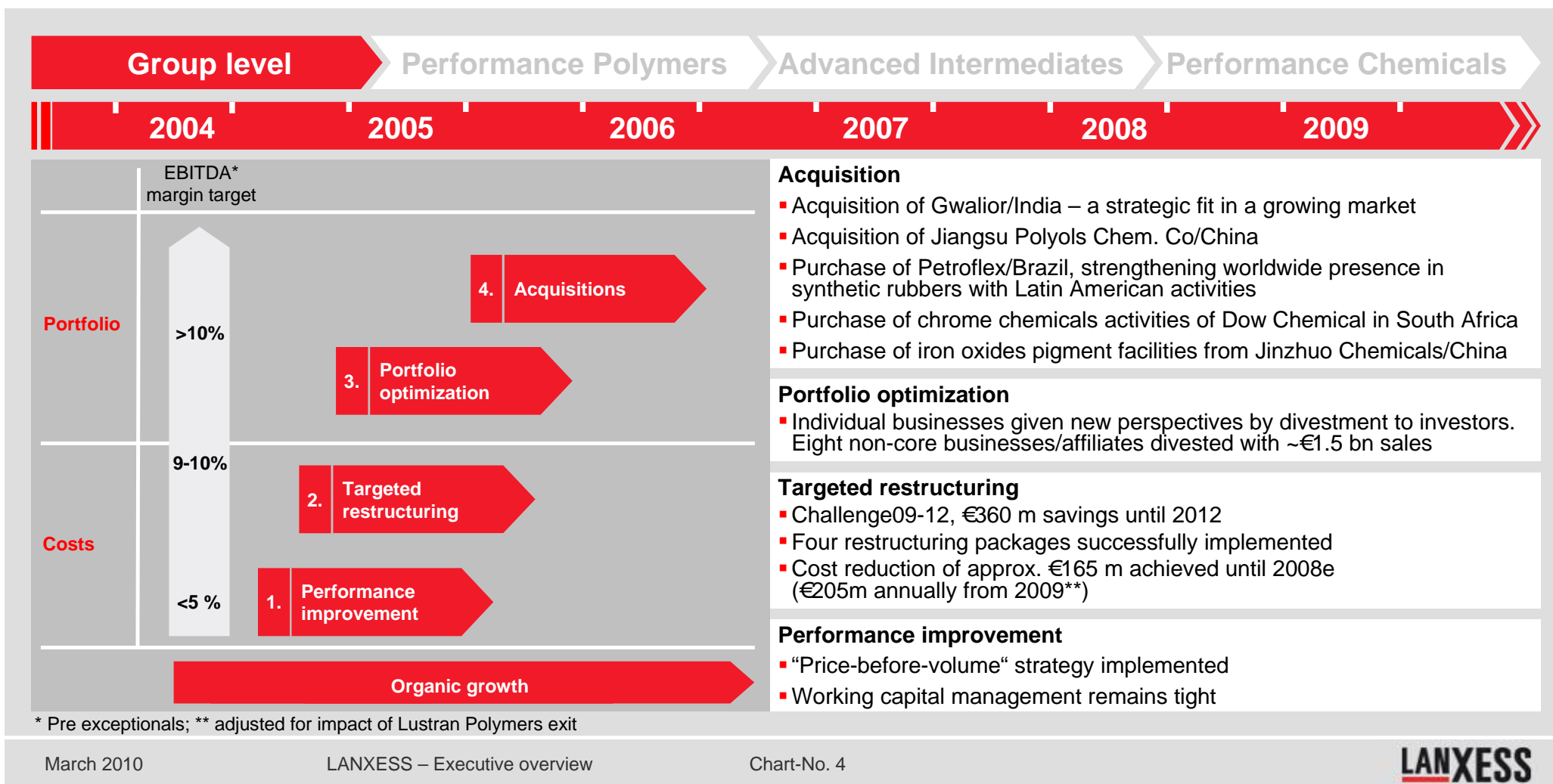


- Dorlastan Fibers\*
- Lustran Polymers\*

Independence. Restructuring. Portfolio Management.

\* Divested

# LANXESS delivers consistently year over year on it's four-phase strategy

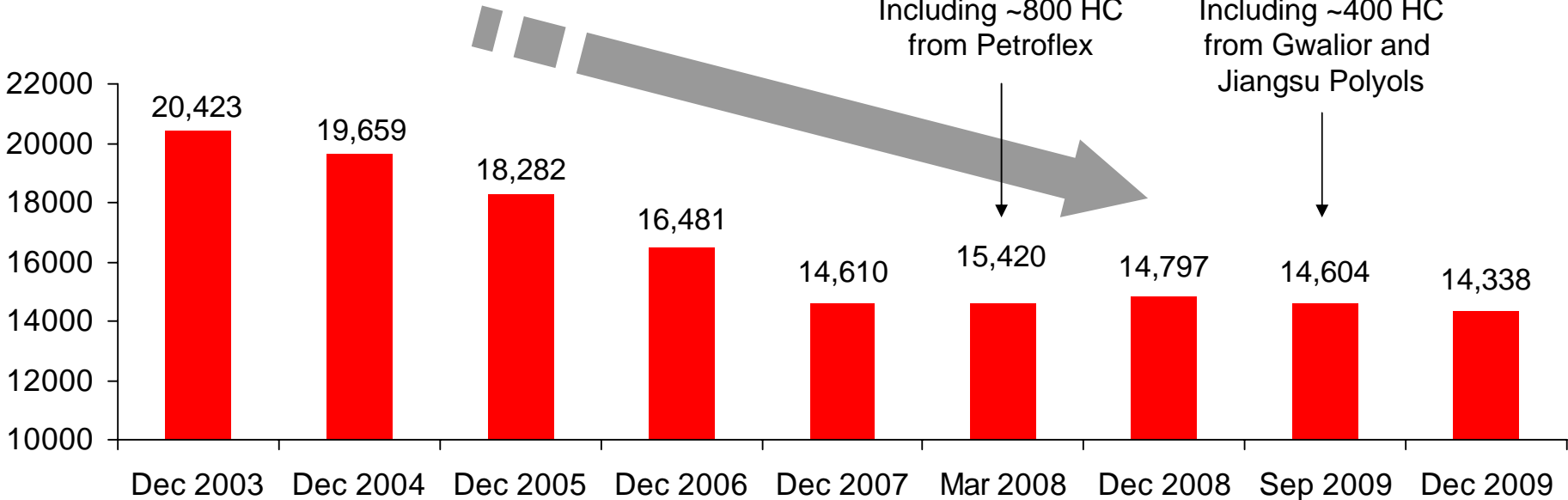


# Excluding acquisitions, headcount reduced by ~1000 employees versus FY 2008

Group level > Performance Polymers > Advanced Intermediates > Performance Chemicals

## Headcount development since 2003

LANXESS  
Headcount



# LANXESS has been improving its financials since day one

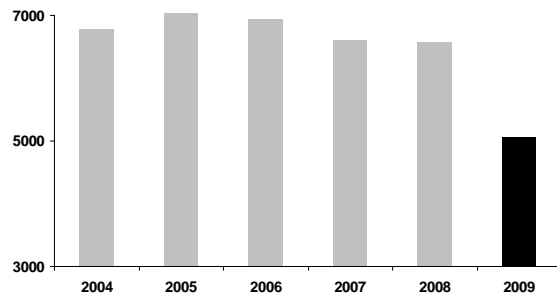
## Group level

Performance Polymers

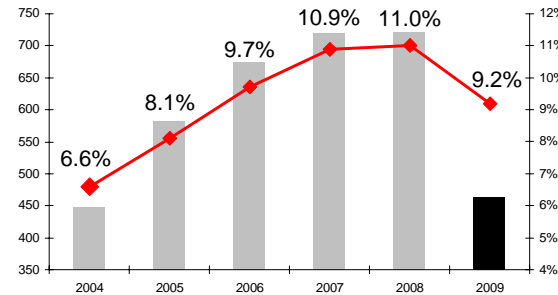
Advanced Intermediates

Performance Chemicals

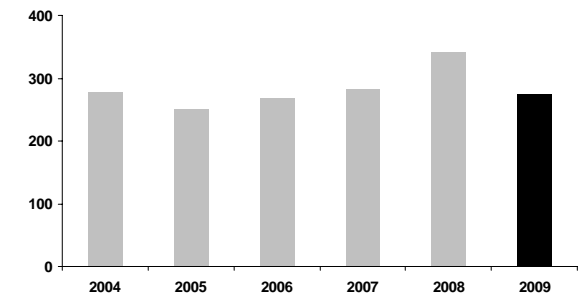
### Sales 2004 - 2009



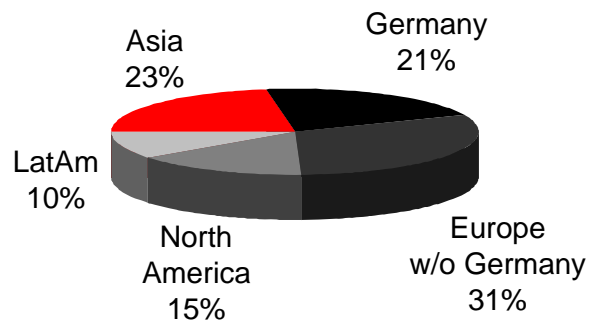
### EBITDA\* 2004 - 2009



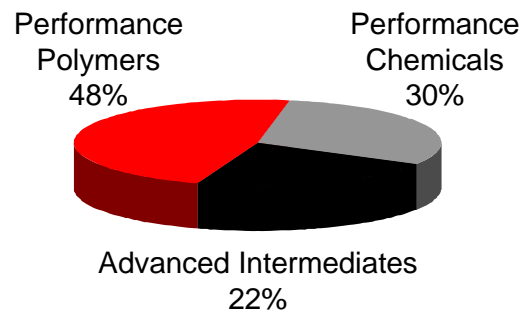
### CAPEX\*\*\* 2004 - 2009



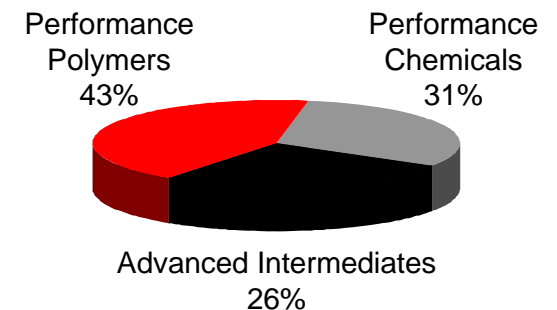
### Sales by Region 2009



### Sales by Segment\*\* 2009



### EBITDA\* by Segment\*\* 2009



\* Pre exceptionals; \*\* based on contribution of operating segments; \*\*\* net of projects financed by customers and finance lease

# LANXESS – Improvement trend of financials, based on strategy implementation

Group level	Performance Polymers		Advanced Intermediates		Performance Chemicals	
	2004	2005	2006	2007	2008	2009
In € m						
Net financial debt	1,135	680	511	460	864	794
Net fin. debt / EBITDA*	2.5x	1.2x	0.8x	0.6x	1.2x	1.7x
Gearing	101%	54%	36%	30%	65%	55%
CAPEX / Depreciation	0.85	0.8	1.02	0.95	1.23	1.01
Underlying EPS**	0.65	1.19	2.69	3.36	3.44	1.31
EV / EBITDA* Multiple	not listed	~ 5x	~ 6x	~ 4,5x	~ 2,8x	~ 6,5x
EBITDA* / Interest result	9.7	14.2	29.4	36.0	20.1	6.4
ROCE	5.4%	12.9%	15.9%	17.7%	15.4%	5.9%
Rating	no rating	S&P: BBB- Moody's: Baa3	S&P: BBB- Moody's: Baa3	S&P: BBB Moody's: Baa2	S&P: BBB Moody's: Baa2	S&P: BBB Moody's: Baa2

**Financial metrics continuously improved**

\* Pre exceptionals; \*\* EPS pre exceptionals, based on actual tax rate

# Performance Polymers - Globally either player number one, two or three

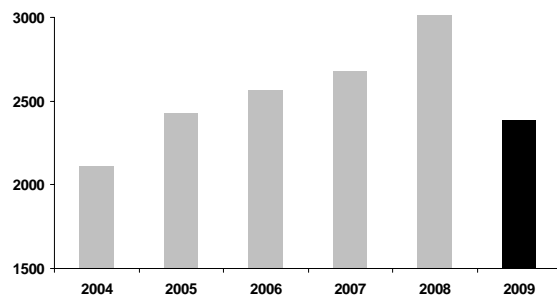
Group level

**Performance Polymers**

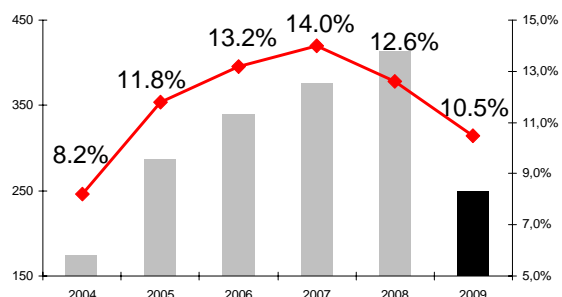
Advanced Intermediates

Performance Chemicals

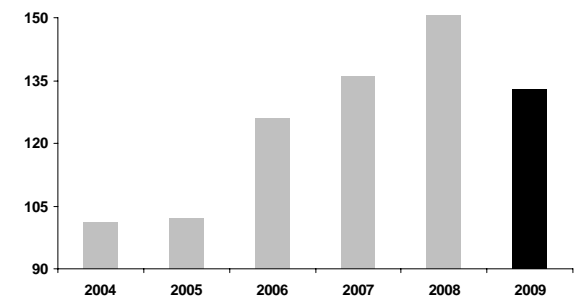
**Sales 2004 - 2009**



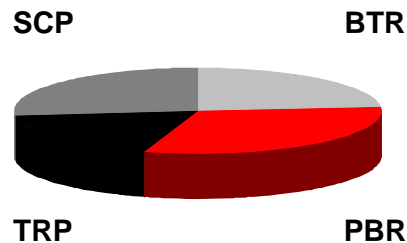
**EBITDA\* 2004 - 2009**



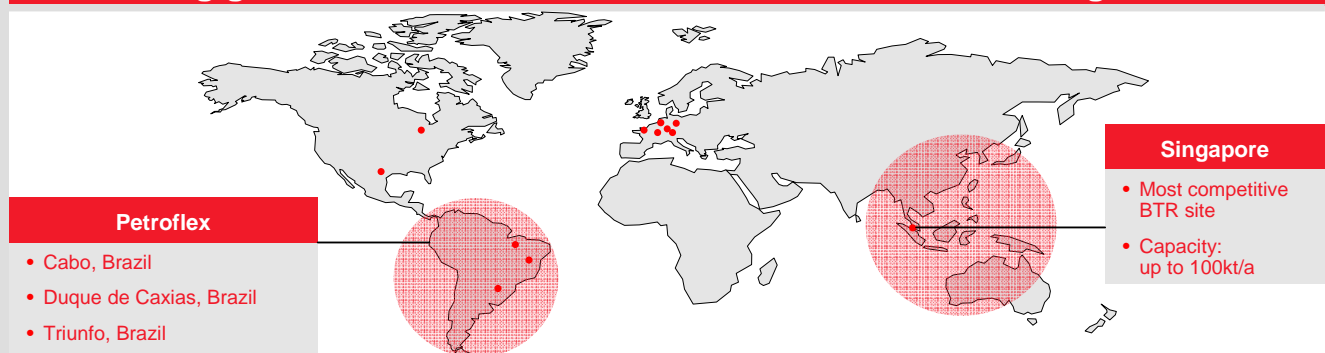
**Capex\*\* 2004 - 2009**



**Sales by BU 2009**



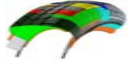



**Serving global markets with world-wide rubber manufacturing network**






\* Pre exceptionals; \*\* net of finance lease



# Performance Polymers – producing high performance products to serve the world’s mobility needs

Group level	Performance Polymers	Advanced Intermediates	Performance Chemicals
<b>Performance Polymers</b> EBITDA <sup>1</sup> margin FY'09: 10.5%		<b>Position LANXESS</b> World-wide top market positions	
<b>BUTYL RUBBER</b> <b>X Bromobutyl</b> Integral part of tubeless tyres		<b>Growth and Stability</b> participation in major growth trends	
		International mobilization	
<b>PERFORMANCE BUTADIENE RUBBERS</b> <b>X Buna CB™</b> Tyre body and tread		<b>Products and end-uses</b>	
		<ul style="list-style-type: none"> <li>Provides butyl rubber, which is a specialty rubber impermeable to air</li> <li>Has wide applications both in tyre and other industries such as protective clothing</li> </ul>	
<b>TECHNICAL RUBBER PRODUCTS</b> <b>X Therban</b> Specialty applications		A leading position Competition <sup>2</sup> : Sinopec, Michelin, Goodyear	
		High performance tyres	
<b>SEMI-CRYSTALLINE-PRODUCTS</b> <b>X Durethan</b> Thermoplastics for modern applications, e.g. in cars		Strong Competition <sup>2</sup> : DSM	
		New applications	
1 Pre exceptionals 2 Selected competitors		High-tech plastics replacing metal	
<ul style="list-style-type: none"> <li>Provides a broad range of specialty elastomers for the rubber processing industry</li> <li>Used in automotive, engineering, construction, electronics, oil exploration &amp; aviation industries</li> </ul>		<ul style="list-style-type: none"> <li>Provides a range of PA and PBT resins and compounds</li> <li>Blends principally to the automotive and electrical industries</li> </ul>	

# Advanced Intermediates – Basic Chemicals and Saltigo, strong and reliable partners for the segment

Group level	Performance Polymers	<b>Advanced Intermediates</b>	Performance Chemicals
<b>Advanced Intermediates</b> EBITDA <sup>1</sup> margin FY'09: 13.9%		<b>Position LANXESS</b> World-wide top market positions	<b>Growth and Stability</b>
<b>BASIC CHEMICALS</b> <b>2-Methyl-6-Ethyl-Aniline</b> Intermediate for agrochemicals 		Leading positions in all business lines  <small>Competition<sup>2</sup>: BASF, Perstorp</small>	<b>Products and end-uses</b> <ul style="list-style-type: none"> <li>Supplier of aromatic compounds such as e.g. chlorobenzenes, chlorotoluenes and nitrotoluenes</li> <li>Supplier of amines, polyols, monoisocyanates, thio products, inorganic acids</li> </ul>
<b>SALTIGO</b>  The user-friendly, effective repellent 		Among the top global players in custom manufacturing  <small>Competition<sup>2</sup>: DSM, Lonza</small>	Important player in fine chemicals focused on: <ul style="list-style-type: none"> <li>Agrochemicals custom manufacturing</li> <li>Pharmaceutical custom manufacturing</li> <li>Specialty Fine Chemicals</li> </ul>

<sup>1</sup> Pre exceptionals <sup>2</sup> Selected competitors

# Advanced Intermediates - In Europe either number one or number two

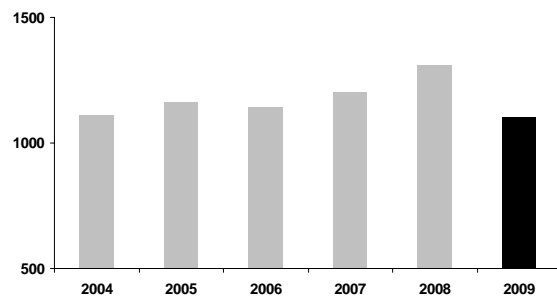
Group level

Performance Polymers

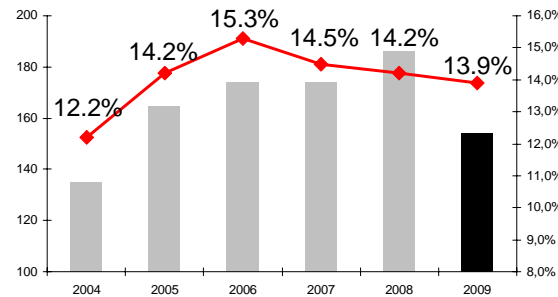
**Advanced Intermediates**

Performance Chemicals

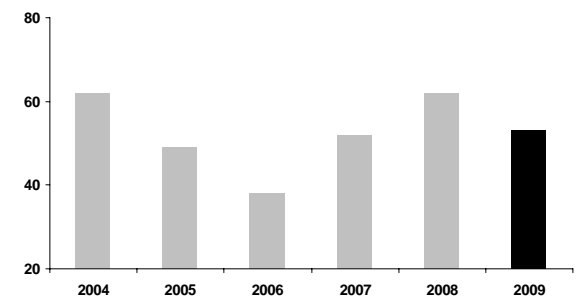
**Sales 2004 - 2009**



**EBITDA\* 2004 - 2009**



**Capex\*\* 2004 - 2009**



**Sales by BU 2009**

SGO





BAC

**Intermediate products and custom manufactured fine chemicals**

- Advanced Intermediates relies on a manufacturing base with main focus in Europe
- Unique, integrated manufacturing process ("Aromatenverbund") provides clear competitive advantage
- Intermediates and active ingredients serving the pharma & agrochemical markets
  - End-uses BAC: 25% agrochemicals
  - End-uses SGO: 50% agrochemicals & 25% pharma





\* Pre exceptionals; \*\* net of projects financed by customers

# Performance Chemicals – Producing service- and application-driven products for a wide range of industries

Group level	Performance Polymers	Advanced Intermediates	Performance Chemicals
<b>Performance Chemicals</b> EBITDA <sup>1</sup> margin FY'09: 11.9%	<b>Position LANXESS</b> World-wide top market positions	<b>Growth and Stability</b> Partly strong growth in specialty niches	<b>Products and end-uses</b>
<b>MATERIAL PROTECTION PRODUCTS</b>  Preservatives / Biocides	Leading positions in attractive market segments Competition <sup>2</sup> : Dow, Lonza	Trend towards increasing regulatory requirements Growth above GDP	<ul style="list-style-type: none"> <li>Comprehensive range of biocidal active ingredients and specialties for: Wood preservatives / antifouling products, Beverage sterilization, Disinfectants / personal care products</li> </ul>
<b>INORGANIC PIGMENTS</b>  Pigments for construction materials	A leading global supplier Competition <sup>2</sup> : Rockwood	Growth mainly in Asia and Eastern Europe Economies of scale	<ul style="list-style-type: none"> <li>A leading global supplier of inorganic pigments with a broad, innovative product range</li> </ul>
<b>FUNCTIONAL CHEMICALS</b> <b>MESAMOLL®</b> Specialty plasticizers for processing polymers	Supplier to a broad range of markets with complex product portfolio Competition <sup>2</sup> : BASF, Ciba, Clariant	Trend towards ecological products (plasticizers, flame retardants)	<ul style="list-style-type: none"> <li>Manufactures products such as: Plastic additives, Flame retardants, Water chemicals, Specialty dyes &amp; Colorants</li> </ul>
<b>LEATHER</b> <b>AQUADERM™</b> Finishing of Leather	A leading global supplier Competition <sup>2</sup> : BASF, Clariant, Stahl, TFL	Sustainable but moderate market growth. Ongoing market consolidation	<ul style="list-style-type: none"> <li>Broad range of specialty products for the leather industry including: Tanning agents, Preservatives, Finishing auxiliaries, Dye products</li> </ul>

<sup>1</sup> Pre exceptionals <sup>2</sup> Selected competitors

# Performance Chemicals – Producing service- and application-driven products for a wide range of industries

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<b>RHEINCHEMIE</b> <b>RHENOGRAN®</b> Polymer-bound Rubber Additive 	A leading position in additive formulations Competition <sup>2</sup> : DOG, Lubrizol, Evonik	Benefits from global production set-up and strong regional marketing network	<ul style="list-style-type: none"> <li>▪ Providing technical services and additives for the rubber, polyurethane, plastics and lubricant oil industries; as well as colour pastes for the polyurethane industry</li> </ul>
<b>RUBBER CHEMICALS</b> <b>VULKAZIT®</b> Accelerator 	A leading market position in a challenging market environment Competition <sup>2</sup> : Flexsys, Chemtura	International mobilization trends Ongoing market consolidation	<ul style="list-style-type: none"> <li>▪ A Full portfolio of rubber chemicals for the tyre and technical rubber industry including: Antioxidants, Accelerators and Specialties</li> </ul>
<b>ION EXCHANGE RESINS</b>  Purification of drinking water 	Leading producer of technologically advanced monodisperse ion exchange resins Competition <sup>2</sup> : DOW, Mitsubishi, Purolite	Mega trend “clean water” ensures long-term growth for ION	<ul style="list-style-type: none"> <li>▪ Resins used for the processing of:                             <ul style="list-style-type: none"> <li>▪ Water</li> <li>▪ Foodstuff</li> <li>▪ Chemicals</li> </ul> </li> </ul>

<sup>1</sup> Pre exceptionals <sup>2</sup> Selected competitors

# Performance Chemicals - Number one to number four in niche positions

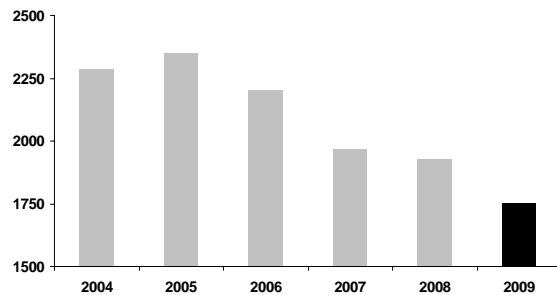
Group level

Performance Polymers

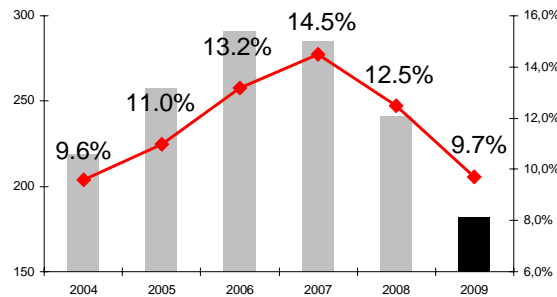
Advanced Intermediates

**Performance Chemicals**

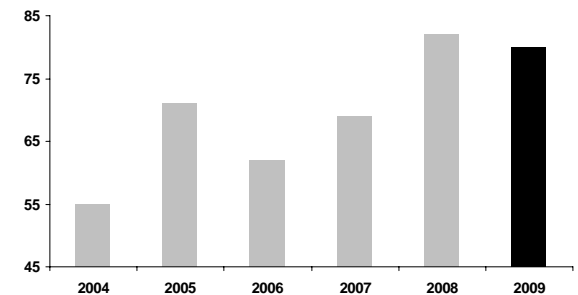
**Sales 2004 - 2009**



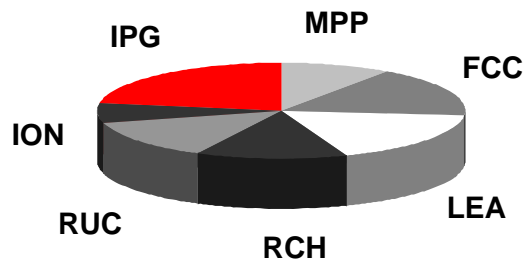
**EBITDA\* 2004 - 2009**



**Capex 2004 - 2009**



**Sales by BU 2009**



**Success through growth and diversification**

Application-oriented

Profitable growth opportunities

Outstanding market capabilities

- Activities in the field of process and functional chemicals e.g. state-of-the art technology in chromium chemicals
- Attractive growth opportunities, e.g. water purification business
- Outstanding product quality, e.g. golden standard in high quality red pigments

\* Pre exceptionals

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# Abbreviations

## Performance Polymers

BTR	Butyl Rubber
PBR	Performance Butadiene Rubbers
TRP	Technical Rubber Products
SCP	Semi-Crystalline Products

## Advanced Intermediates

BAC	Basic Chemicals
SGO	Saltigo

## Performance Chemicals

MPP	Material Protection Products
IPG	Inorganic Pigments
FCC	Functional Chemicals
LEA	Leather
RCH	Rhein Chemie
RUC	Rubber Chemicals
ION	Ion Exchange Resins



# Safe harbour statement

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