



# LANXESS – Energizing Chemistry

## Business Profile 2016

Investor Relations, March 2016


**LANXESS**  
Energizing Chemistry

# Safe harbor statement





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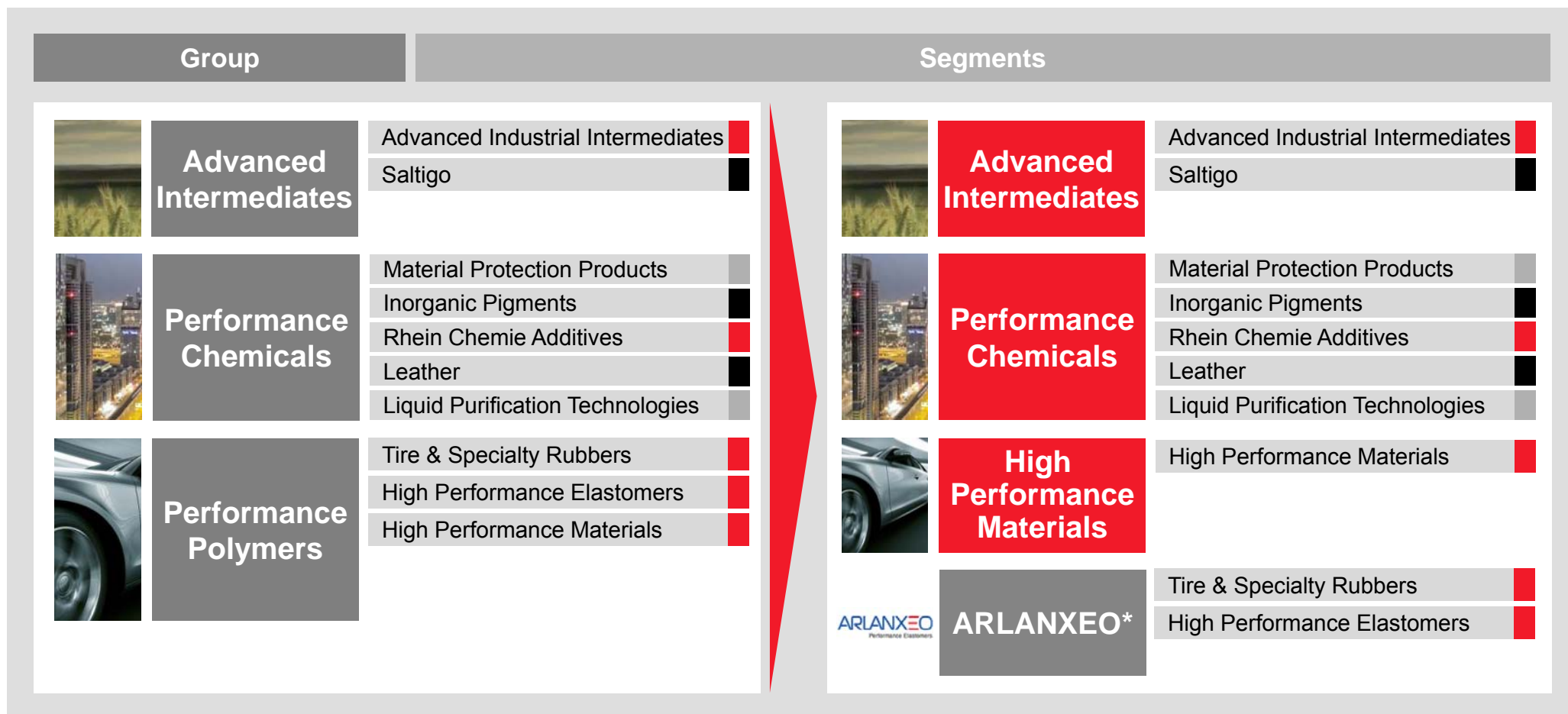
# The “New LANXESS” – an attractive investment

Group	Segments		
<b>Clear strategic focus</b>	<ul style="list-style-type: none"><li>▪ Growing our businesses in mid-sized markets with focus on resilience and cash generation</li><li>▪ Focus on businesses that are less dependent on raw materials</li></ul>		
<b>Strong foundation</b>	<ul style="list-style-type: none"><li>▪ Leading market positions</li><li>▪ High technical standards and unique expertise</li><li>▪ A dynamic team with a performance culture driving entrepreneurship</li></ul>		
<b>Delivering quality</b>	<ul style="list-style-type: none"><li>▪ A high level of quality: products, processes, businesses and employees</li></ul>		
<b>Targeting reduced volatility of 2-3% pts of EBITDA margin (peak to trough)</b>			

# LANXESS with new strategic focus: Building a more balanced and resilient company

Group	Segments		
<p data-bbox="170 507 573 539"><b>Advanced Intermediates</b></p>  <ul data-bbox="152 719 573 1038" style="list-style-type: none"> <li>▪ Leading market positions and process technologies</li> <li>▪ Efficient and strong production platform</li> <li>▪ Highly diversified end markets</li> </ul>	<p data-bbox="674 507 1068 539"><b>Performance Chemicals</b></p>  <ul data-bbox="651 719 1081 1038" style="list-style-type: none"> <li>▪ Strong positioning in a broad range of niche markets</li> <li>▪ Low importance of raw materials</li> <li>▪ Acting as solution provider</li> </ul>	<p data-bbox="1144 507 1599 539"><b>High Performance Materials</b></p>  <ul data-bbox="1144 719 1559 943" style="list-style-type: none"> <li>▪ A leading producer of engineering plastics</li> <li>▪ Balanced value chain with limited exposure to volatile markets</li> </ul>	<p data-bbox="1749 496 1984 552"><b>ARLANXEO</b> Performance Elastomers</p>  <ul data-bbox="1644 719 2085 1054" style="list-style-type: none"> <li>▪ Leading market positions with strong and diversified portfolio</li> <li>▪ Broadest synthetic rubber platform with competitive advantage for future development</li> </ul>
<p data-bbox="185 1142 562 1225"><b>Delivering chemical intermediates</b></p>	<p data-bbox="658 1118 1084 1251"><b>Adding functionality, color or processability to products</b></p>	<p data-bbox="1151 1118 1590 1251"><b>High-tech plastics for a wide range of end markets</b></p>	<p data-bbox="1659 1118 2074 1251"><b>Highly competitive JV and global #1 for synthetic rubber</b></p>

# Business portfolio in a new lean set-up



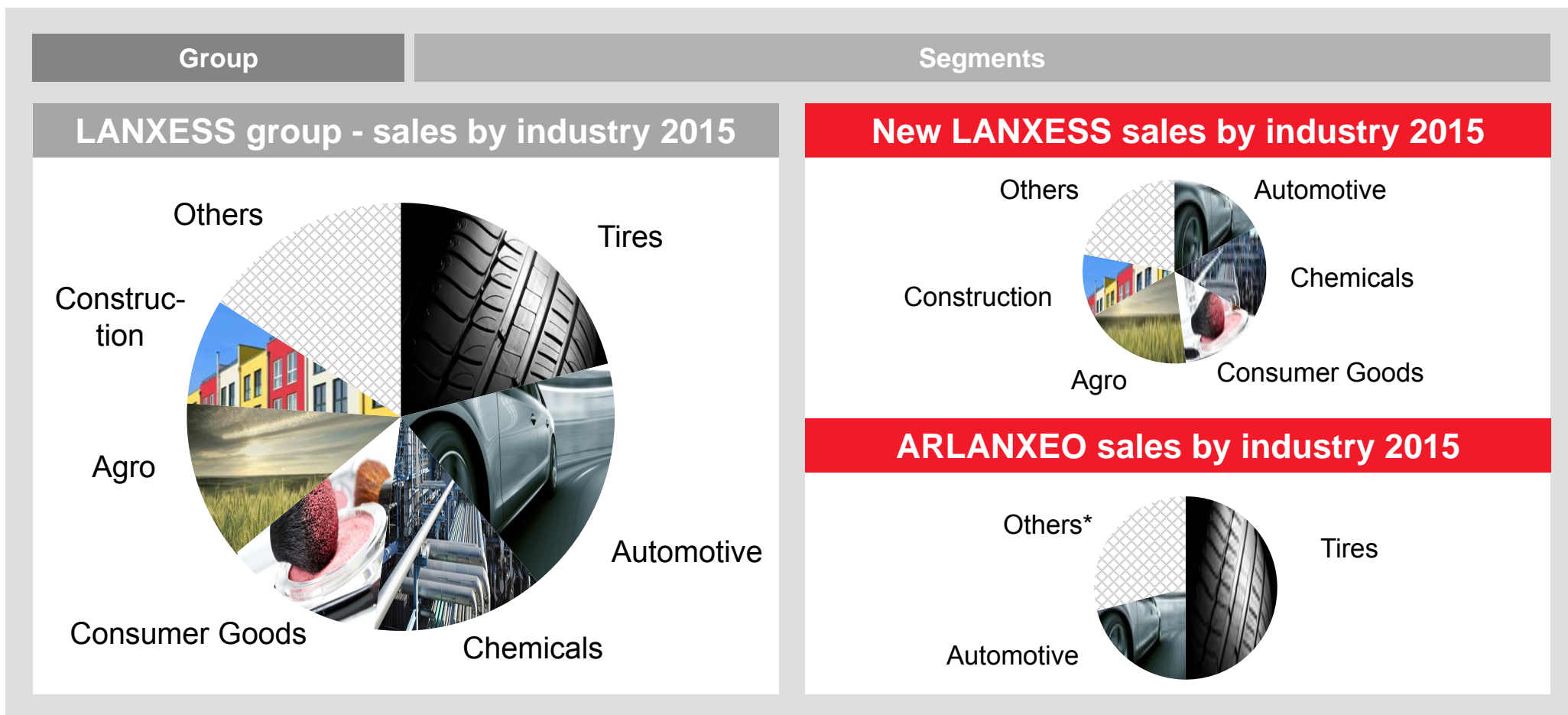
 Sales: > €500 m  
  Sales: €200 m – 500 m  
  Sales: < €200 m

\* Fully consolidated for the first three years;

Four reporting segments as of Q2 2016 onwards: Advanced Intermediates, Performance Chemicals, High Performance Materials and ARLANXEO

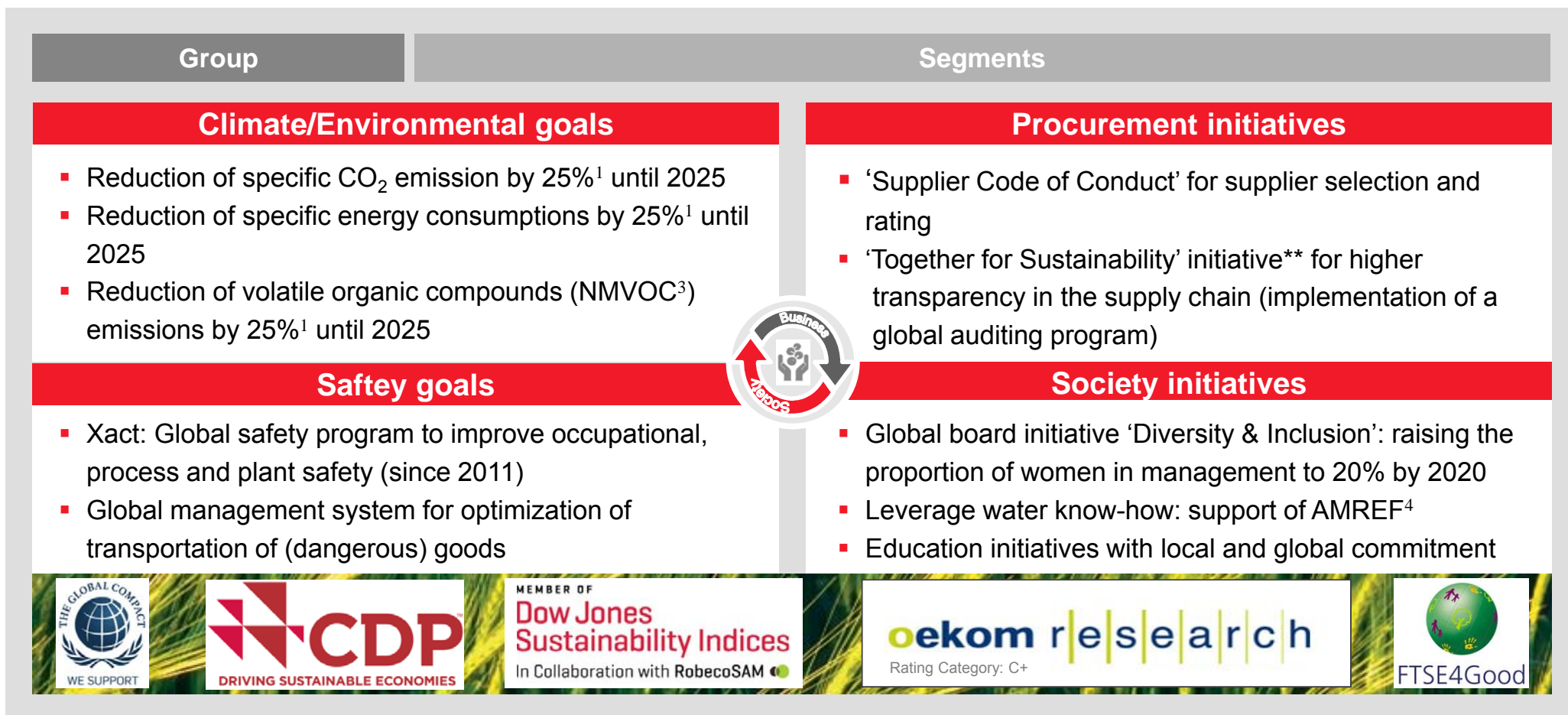
**LANXESS**

# New LANXESS with well diversified application portfolio



\* Amongst other consumer, chemicals, construction

# Corporate Responsibility well integrated - achieving goals sustainably

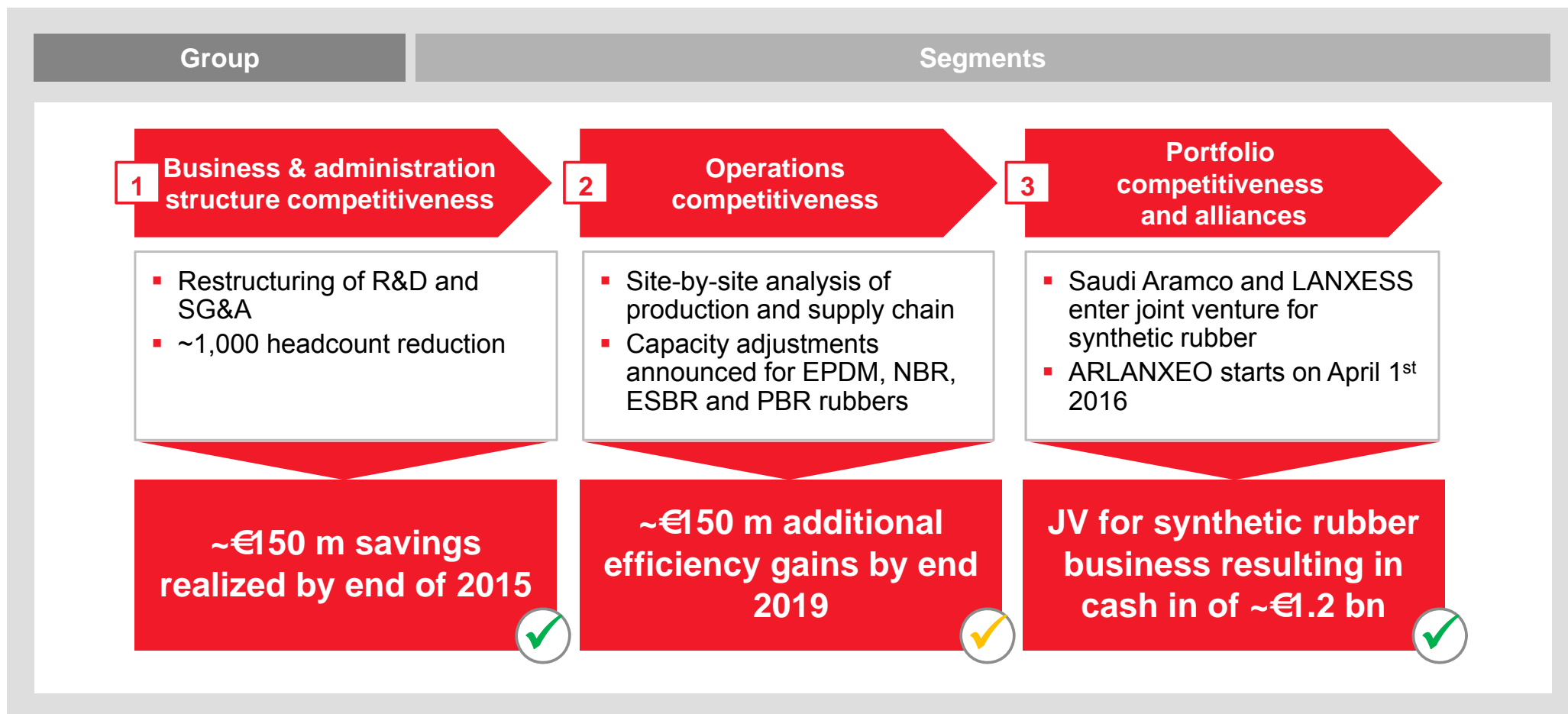


<sup>1</sup> Base year: 2015; for CO<sub>2</sub>: Scope 1 and Scope 2 emissions

<sup>2</sup> Members: BASF, Bayer, Evonik, Henkel, LANXESS, Akzo Nobel, Solvay

<sup>3</sup> Non methane volatile organic compounds; <sup>4</sup> African Medical and Research Foundation

# Successful progress in realignment program

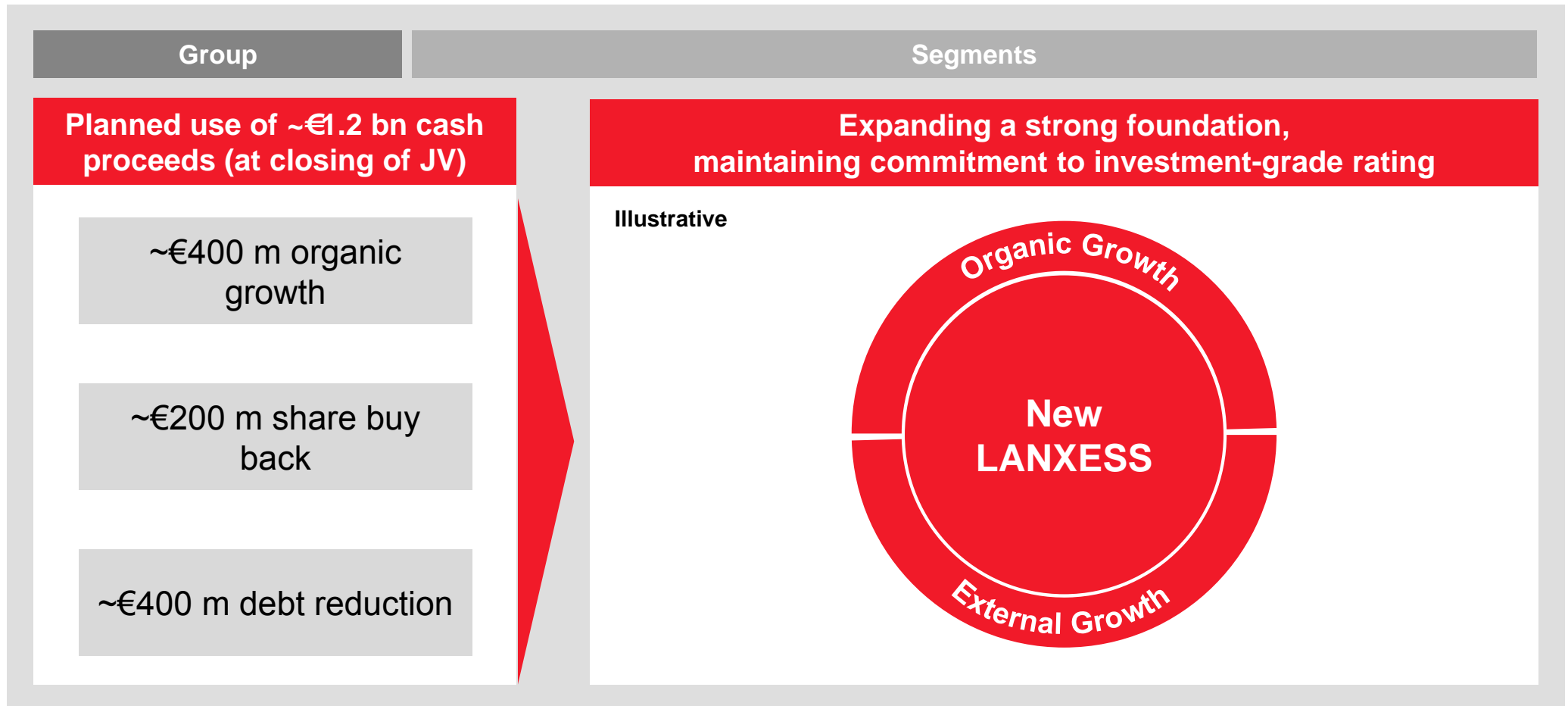




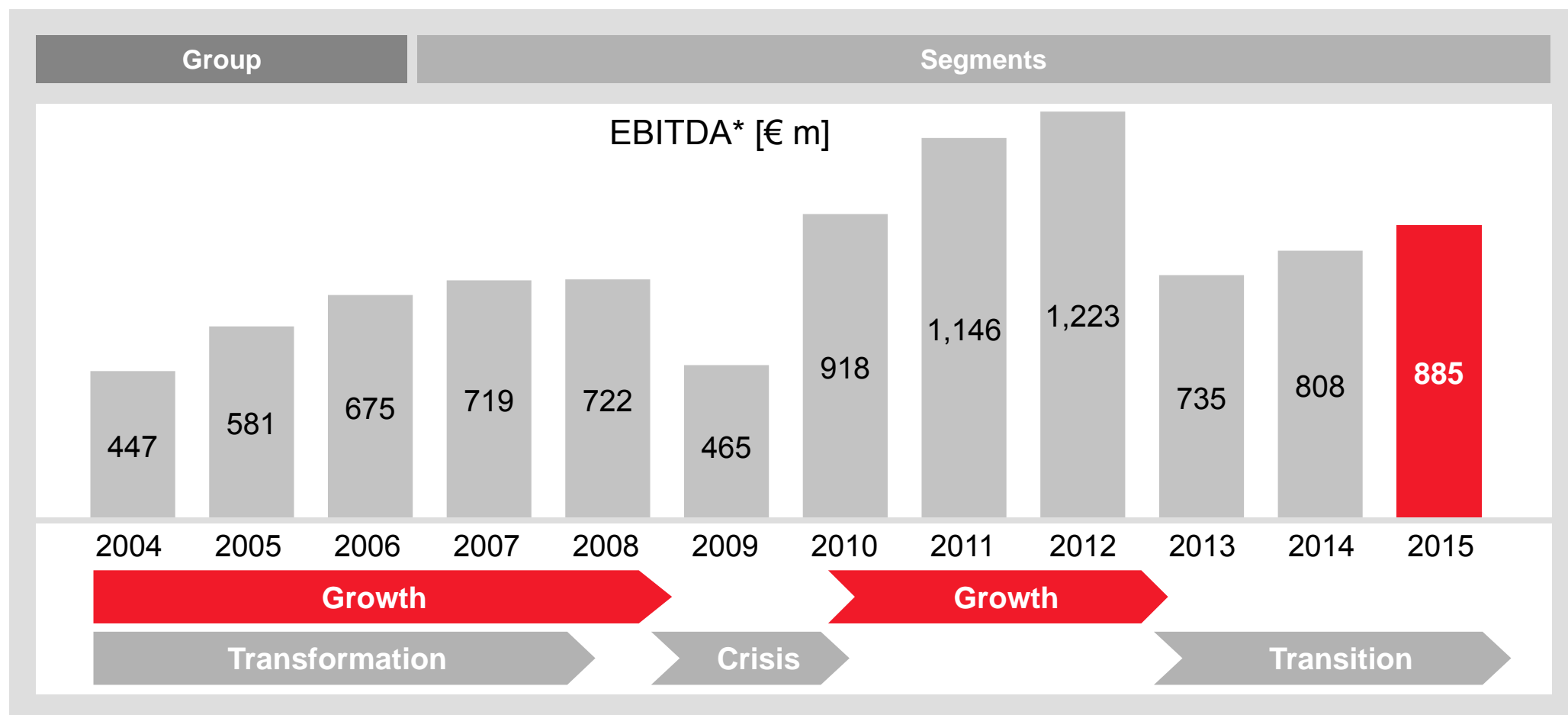
# Saudi Aramco and LANXESS form a highly competitive 50:50 joint venture



# 2016 and beyond: Growth backed by solid financials

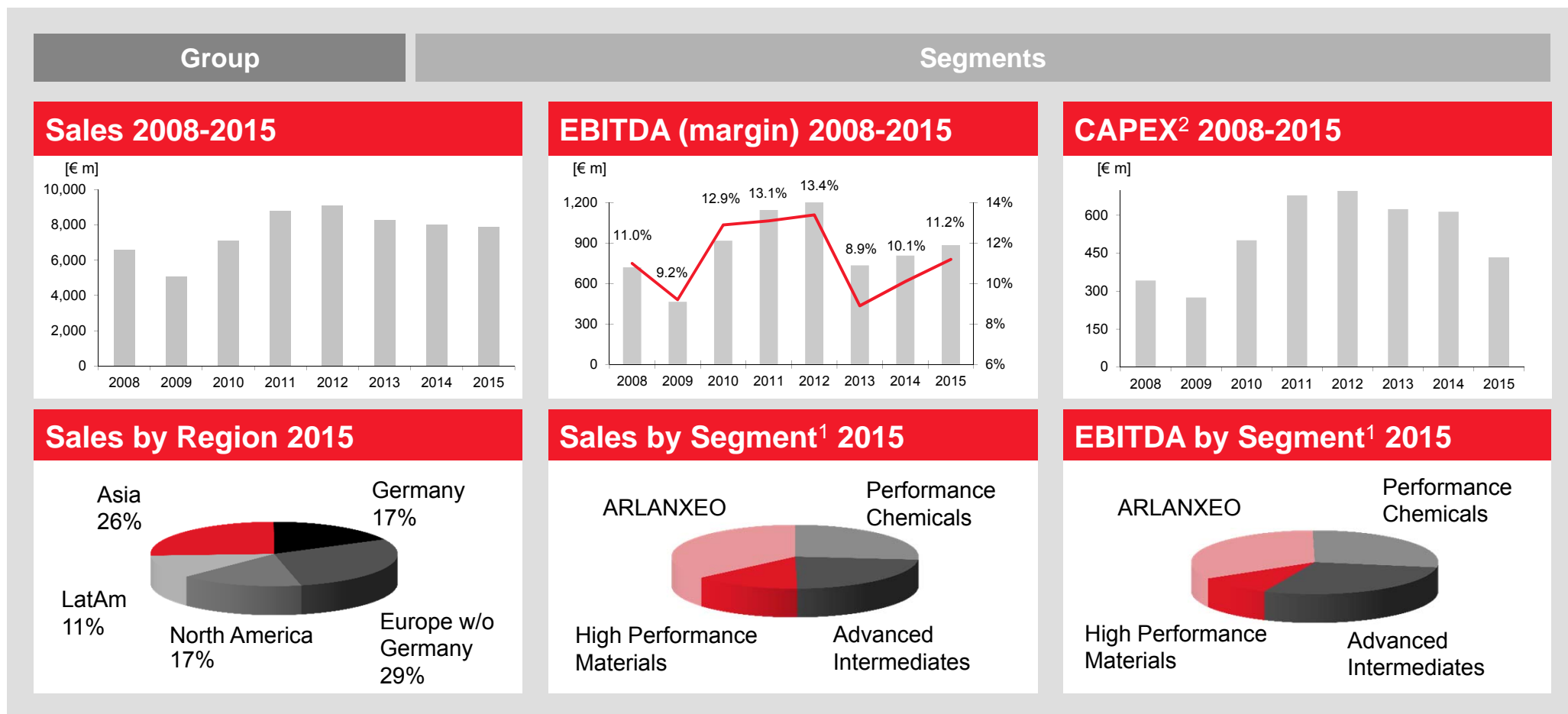


# LANXESS – successful transformation and profitable growth



\* Pre exceptionals  
2012 restated due to IAS 19 (revised)

# FY 2015: A successful year in many respects



All references to EBITDA are pre exceptionals;

<sup>1</sup> Based on contribution of operating segments; ARLANXEO / HPM split unaudited

<sup>2</sup> Net of capitalized borrowing cost, projects financed by customers and finance lease

# Development of key financials

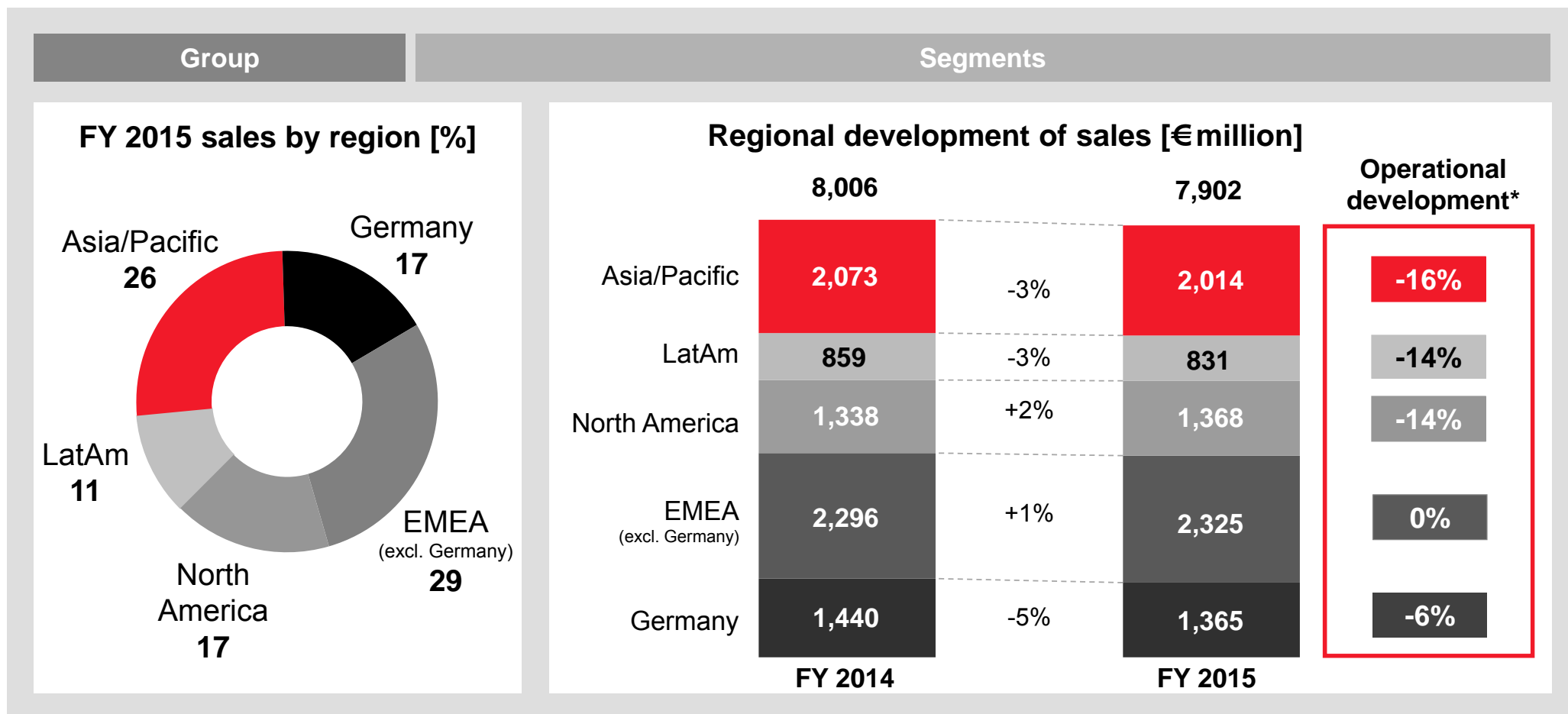
Group	Segments									
	2004	...	2008	2009	2010	2011	2012	2013	2014	2015
In € m	2004	...	2008	2009	2010	2011	2012	2013	2014	2015
EBITDA <sup>1</sup>	447	...	722	465	918	1,146	1,223	735	808	885
Net financial debt	1,135	...	864	794	913	1,515	1,483	1,731	1,336	1,211
Net fin. debt / EBITDA <sup>1</sup>	2.5x	...	1.2x	1.7x	1.0x	1.3x	1.2x	2.4x	1.7x	1.4x
Gearing	101%	...	65%	55%	52%	73%	64%	91%	62%	52%
Underlying EPS <sup>2</sup>	0.65	...	3.44	1.31	4.81	6.55	6.44	1.37	1.98	1.80

<sup>1</sup> Pre exceptionals

<sup>2</sup> EPS pre exceptionals, adjusted for respective tax rate

2008/2012 data adjusted for change in pension accounting

# FY 2015: Sales in all regions impacted by lower prices, driven by raw materials



\* Currency and portfolio adjusted

# The Advanced Intermediates segment comprises our businesses in intermediates and fine chemicals

Group

Advanced Intermediates

Performance Chemicals

Performance Polymers

## Advanced Industrial Intermediates



- One of the world's leading manufacturers of high-quality industrial intermediates such as benzene- and toluene-derivatives, amines, polyols, and inorganics
- Competitiveness through an integrated production network with resilient business in the agro and chemical industries
- Competitors\*: BASF, Ineos, Perstorp

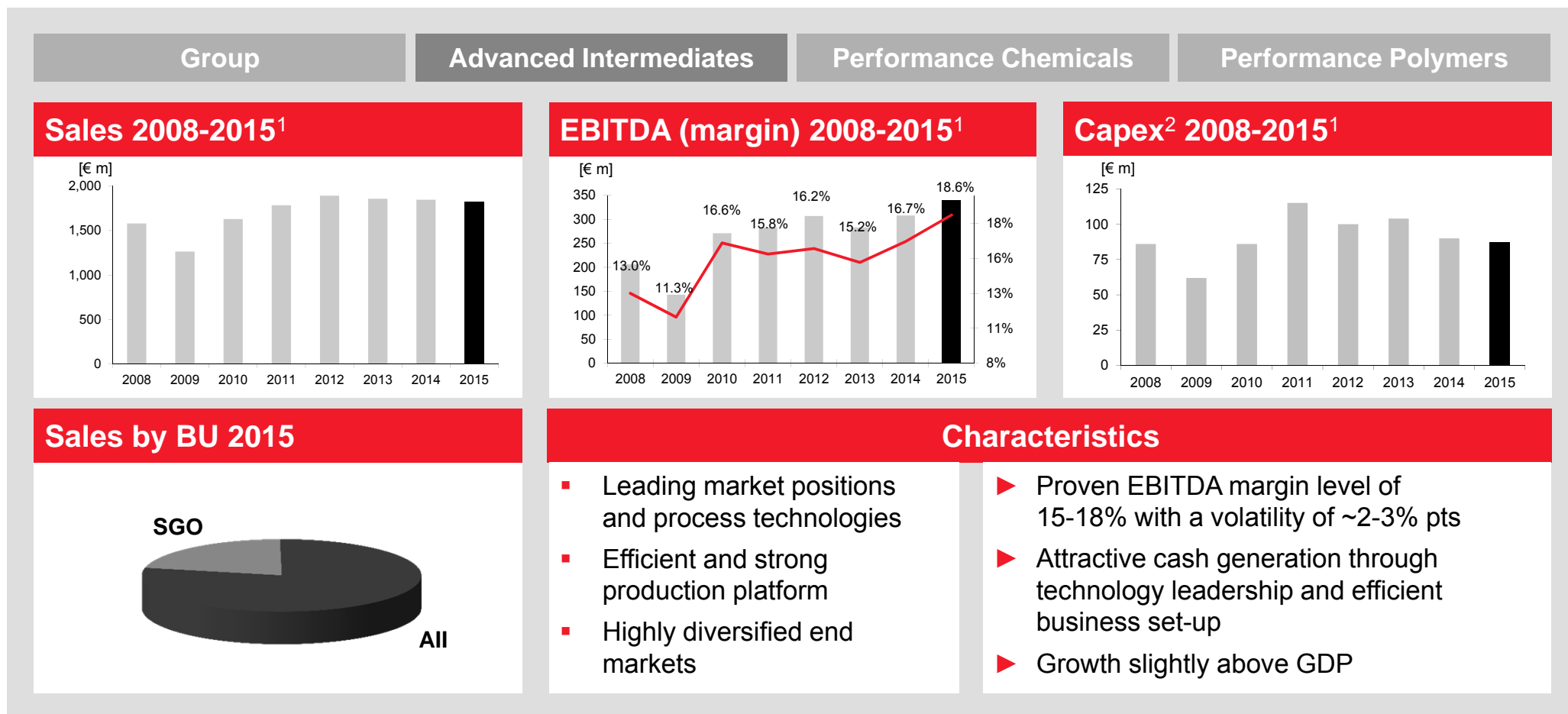
## Saltigo



- A leading supplier in the custom synthesis market, providing state of the art technologies and services to the agrochemicals and specialty chemicals industries
- Growth driven by strong foothold in agrochemical industry
- Competitors\*: DSM, Lonza

\* Selected competitors

# Advanced Intermediates – Intermediates from a highly cost efficient production platform



All references to EBITDA are pre exceptionals

<sup>1</sup> Operating segments; pro forma restatements with new BU structure as of Jan 1<sup>st</sup> 2015

<sup>2</sup> Net of capitalized borrowing cost, projects financed by customers and finance lease



# Performance Chemicals: Production of application-focused chemicals for a wide range of industries (1/2)

Group

Advanced Intermediates

Performance Chemicals

Performance Polymers

Rhein Chemie Additives



- Solution provider for additives in rubber, plastics, construction, colorants and lubricant applications
- Competitors\*: BASF, Clariant, DOG, Evonik, Lubrizol




Inorganic Pigments



- A leading global supplier of inorganic pigments for the coloring of construction materials, coatings, plastics and for technical applications
- Competitors\*: Huntsman

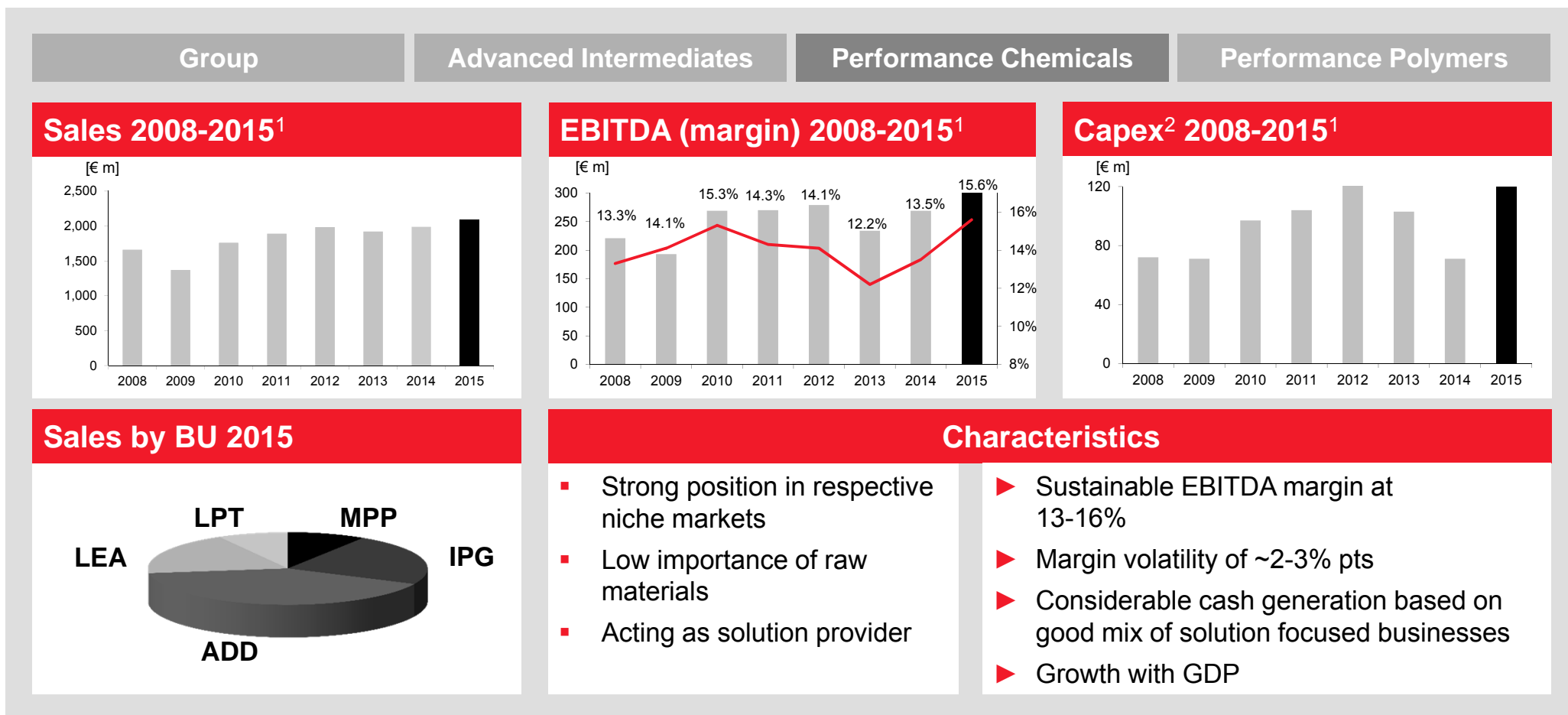
\* Selected competitors

# Performance Chemicals: Production of application-focused chemicals for a wide range of industries (2/2)

Group	Advanced Intermediates	Performance Chemicals	Performance Polymers
<p data-bbox="232 507 663 539">Material Protection Products</p> 	<p data-bbox="1061 507 1178 539">Leather</p> 	<p data-bbox="1554 507 2029 539">Liquid Purification Technologies</p> 	
<ul data-bbox="152 954 743 1184" style="list-style-type: none"><li>▪ Wide range of microbial control products for construction and paints, beverages, industrial use and wood protection</li><li>▪ Competitors*: Dow, Lonza</li></ul>	<ul data-bbox="824 954 1415 1184" style="list-style-type: none"><li>▪ Supplier with a complete range of products for leather processing (tanning agents, preservatives, finishing auxiliaries, dye products)</li><li>▪ Competitors*: BASF, Stahl</li></ul>	<ul data-bbox="1496 935 2087 1254" style="list-style-type: none"><li>▪ One of the leading global producers of ion exchange resins, adsorbers, functional polymers and reverse osmosis membranes for the treatment and purification of water and other liquids</li><li>▪ Competitors*: DOW, Mitsubishi</li></ul>	

\* Selected competitors

# Performance Chemicals – Solution and service provider adding functionality, color or processability to products






All references to EBITDA are pre exceptionals;

<sup>1</sup> Operating segments; pro forma restatements with new BU structure as of Jan 1<sup>st</sup> 2015

<sup>2</sup> Net of capitalized borrowing cost, projects financed by customers and finance lease

# Performance Polymers: Global and diversified producer of high quality synthetic rubbers and engineering plastics

Group	Advanced Intermediates	Performance Chemicals	Performance Polymers
<p data-bbox="232 547 663 579">High Performance Materials</p>  <ul data-bbox="152 887 728 1249" style="list-style-type: none"><li>▪ One of the leading providers of a wide range of engineering plastic compounds for the automotive, electrical &amp; electronic and other industries, benefiting from the trend of replacing metal in structural automotive parts</li><li>▪ Competitors*: BASF, DSM, DuPont</li></ul>	<p data-bbox="1312 504 1594 571">ARLANXEO Performance Elastomers</p> <p data-bbox="931 587 1312 619">Tire &amp; Specialty Rubbers</p>  <ul data-bbox="824 887 1400 1249" style="list-style-type: none"><li>▪ A leading manufacturer of high quality synthetic rubbers which are primarily used in inner liners, treads and sidewalls of modern, fuel-efficient tires as well as non-tire applications</li><li>▪ Competitors*: Exxon, JSR, NKNK, Sibur, Synthos</li></ul>	<p data-bbox="1559 587 2024 619">High Performance Elastomers</p>  <ul data-bbox="1496 906 2072 1225" style="list-style-type: none"><li>▪ A leading global supplier of synthetic rubbers for a wide range of technical applications (e.g. seals, hoses, profiles, cable sheathing, special films and adhesives)</li><li>▪ Competitors*: Denki, Dow, Exxon, Kumho, Versalis</li></ul>	

\* Selected competitors

# Performance Polymers: Global and diversified producer of high quality synthetic rubbers and engineering plastics

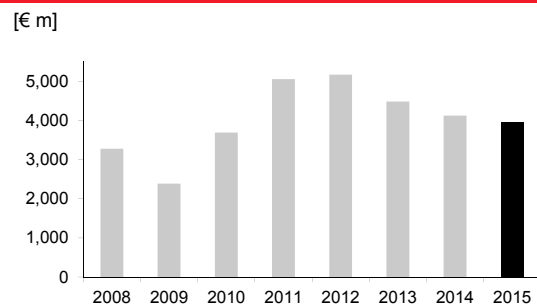
Group

Advanced Intermediates

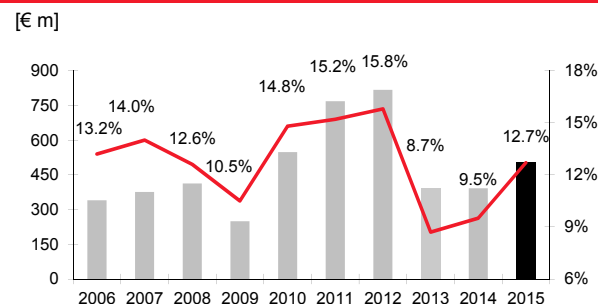
Performance Chemicals

Performance Polymers

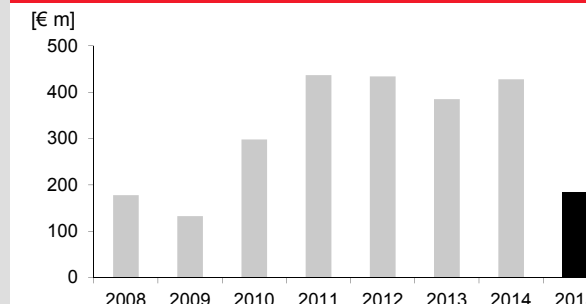
## Sales 2008-2015



## EBITDA (margin) 2008-2015



## Capex<sup>1</sup> 2008-2015



## Sales by BU 2015



## High Performance Materials

- Leading market positions and process technologies
- Efficient and strong production platform
- Highly diversified end markets

## ARLANXEO<sup>2</sup>

- Leading market positions with strong and diversified portfolio
- Broadest synthetic rubber platform with competitive advantage for future development

All references to EBITDA are pre exceptionals;

<sup>1</sup> Net of capitalized borrowing cost, projects financed by customers and finance lease

<sup>2</sup> As of Q2 2016 TSR and HPE will form ARLANXEO; HPM and ARLANXEO will be reported as separate segments starting in Q2 2016

# Abbreviations

## Performance Polymers

- TSR Tire & Specialty Rubbers
- HPE High Performance Elastomers
- HPM High Performance Materials

## Performance Chemicals

- ADD Rhein Chemie Additives
- IPG Inorganic Pigments
- LEA Leather
- MPP Material Protection Products
- LPT Liquid Purification Technologies

## Advanced Intermediates

- All Advanced Industrial Intermediates
- SGO Saltigo

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