



# Saudi Aramco and LANXESS to form a global synthetic rubber powerhouse

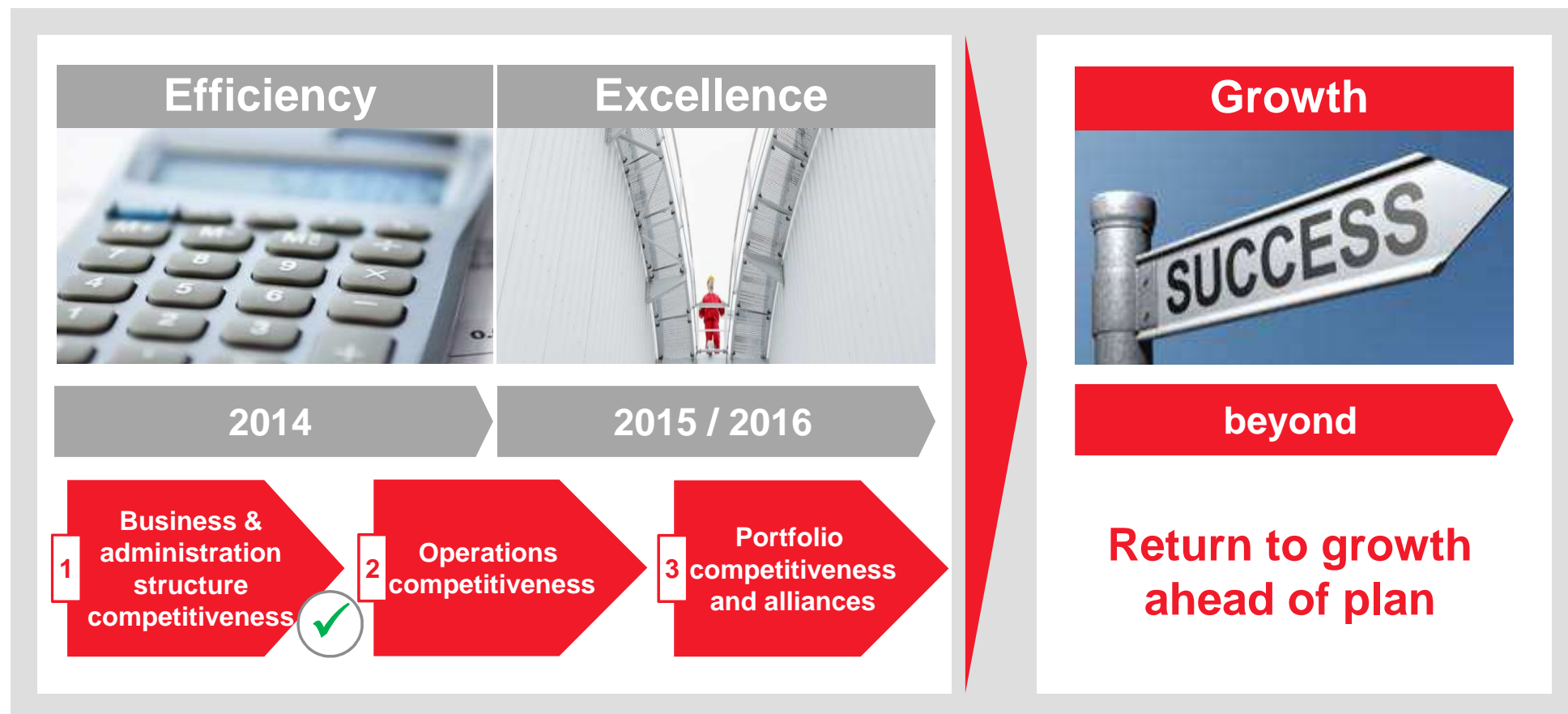


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# LANXESS back on track – delivering on three-phase realignment ahead of plan



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

Combination of two powerful partners

aramco



- World's largest integrated energy enterprise
- Backward integration into feedstock for synthetic rubber
- Strategic commitment to further develop value chain downstream

#1 in feedstock



**LANXESS**

- Leading market and technology positions in synthetic rubber
- Well invested asset base
- Broadest product portfolio in the rubber industry with leading brands and quality

#1 in synthetic rubber

# Striking rationale: Broadest synthetic rubber platform to partner with biggest raw material supplier

## Backward integration

- Competitive access to feedstock
- JV will solve lack of backward integration



## Attractive valuation

- EV of stand-alone LANXESS' rubber business: €2.75 bn
- Financial obligations (e.g. debt, pensions) will be deducted from EV
- This results in cash proceeds to LANXESS of ~€1.2 bn for 50% share



## Growth upside

- JV partners agreed to use the platform for future organic investments (esp. in Saudi Arabia) and for further transaction opportunities (e.g. M&A)



# A powerful partner: Saudi Aramco – the world's largest energy player extends its business downstream

## Company

- Headquarters: Dhahran, Kingdom of Saudi Arabia
- Employees: ~62,000 globally
- State-owned company
- Represented in all major global energy markets

aramco



## Business

- World's largest integrated energy enterprise
- World's largest oil production capacity
- World scale integrated chemical complexes
- A world leading producer of natural gas



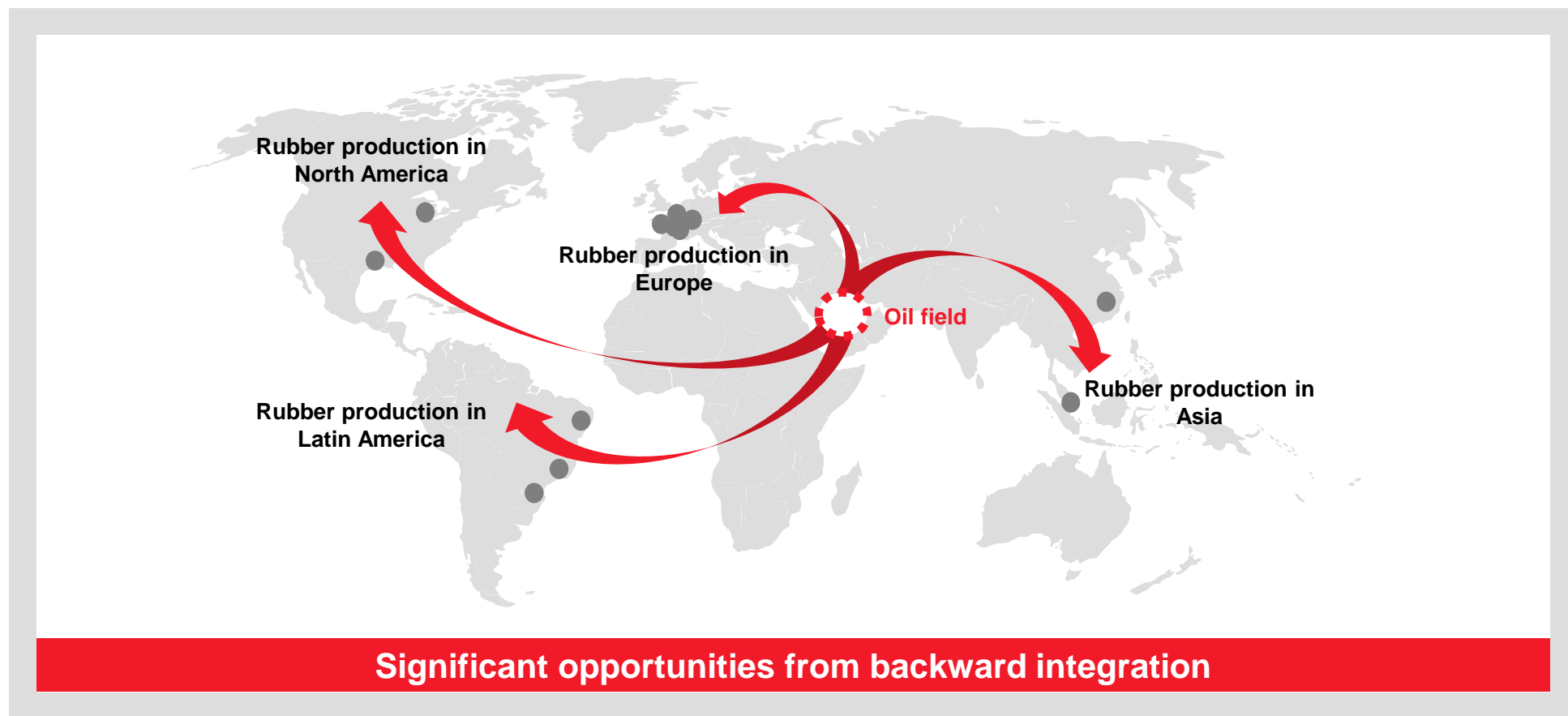
## Downstream commitment

- Powerful partnerships to extend downstream business, e.g.:
  - SATORP (JV with Total)
  - Sadara (JV with Dow): Naphtha based chemicals value chain
  - further global projects



**Saudi Aramco targets to be the world's leading integrated energy and chemicals company by 2020**

# Value chains will be optimized together over the next 5-10 years



# BUs Tire & Specialty Rubbers and High Performance Elastomers to be carved out into joint venture

## Scope of Joint Venture

**LANXESS**

Performance Polymers

Tire & Specialty Rubbers



High Performance Elastomers

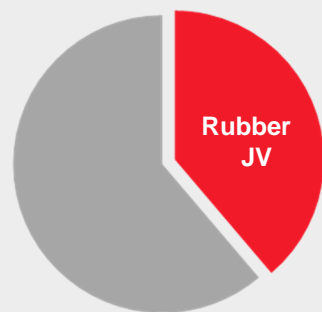


High Performance Materials

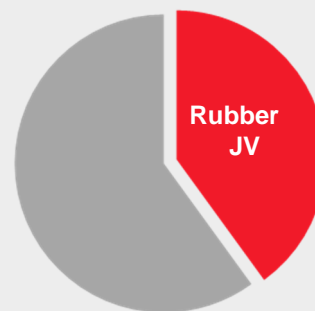
Advanced Intermediates

Performance Chemicals

Sales €3.1 bn\*



EBITDA pre ~€320 m\*



20 plants, 9 countries



Employees ~3,700\*\*



■ BUs TSR & HPE

■ LANXESS without synthetic rubber business

\* FY 2014 for Business Units TSR & HPE including respective service functions; \*\* employees of Business Units TSR & HPE; concept for central services to TSR and HPE yet to be defined



# A leading global supplier of synthetic rubbers for a wide range of applications

## Tire & Specialty Rubbers (TSR)



Primarily used in inner liners, treads and sidewalls of modern, fuel-efficient tires as well as non-tire applications

**Butyl rubbers** ~400kt

**PBRs/SBRs** >1,000kt

## High Performance Elastomers (HPE)



For a wide range of technical applications (e.g. seals, hoses, profiles, cable sheathing, special films and adhesives)

**EPDM** ~450kt

**CR** >60kt

**(H)/NBR** >130kt

**EVM** ~15kt

\* PBR/SBR= Polybutadiene rubber / Styrene butadiene rubber, EPDM = Ethylene Propylene Diene Monomer, (H)/NBR= (Hydrated) Nitrile butadiene rubber, CR= Chloroprene rubber, EVM= Ethylene vinyl acetate rubber

**LANXESS**

# Transaction details of Saudi Aramco's and LANXESS' joint venture

## Transaction details

### Set-up

- LANXESS contributes rubber business\* into JV
- Saudi Aramco will become supplier of strategic raw materials to the JV mid-term
- Headquarters in the Netherlands
- CEO represented by LANXESS and CFO represented by Saudi Aramco

### Accounting

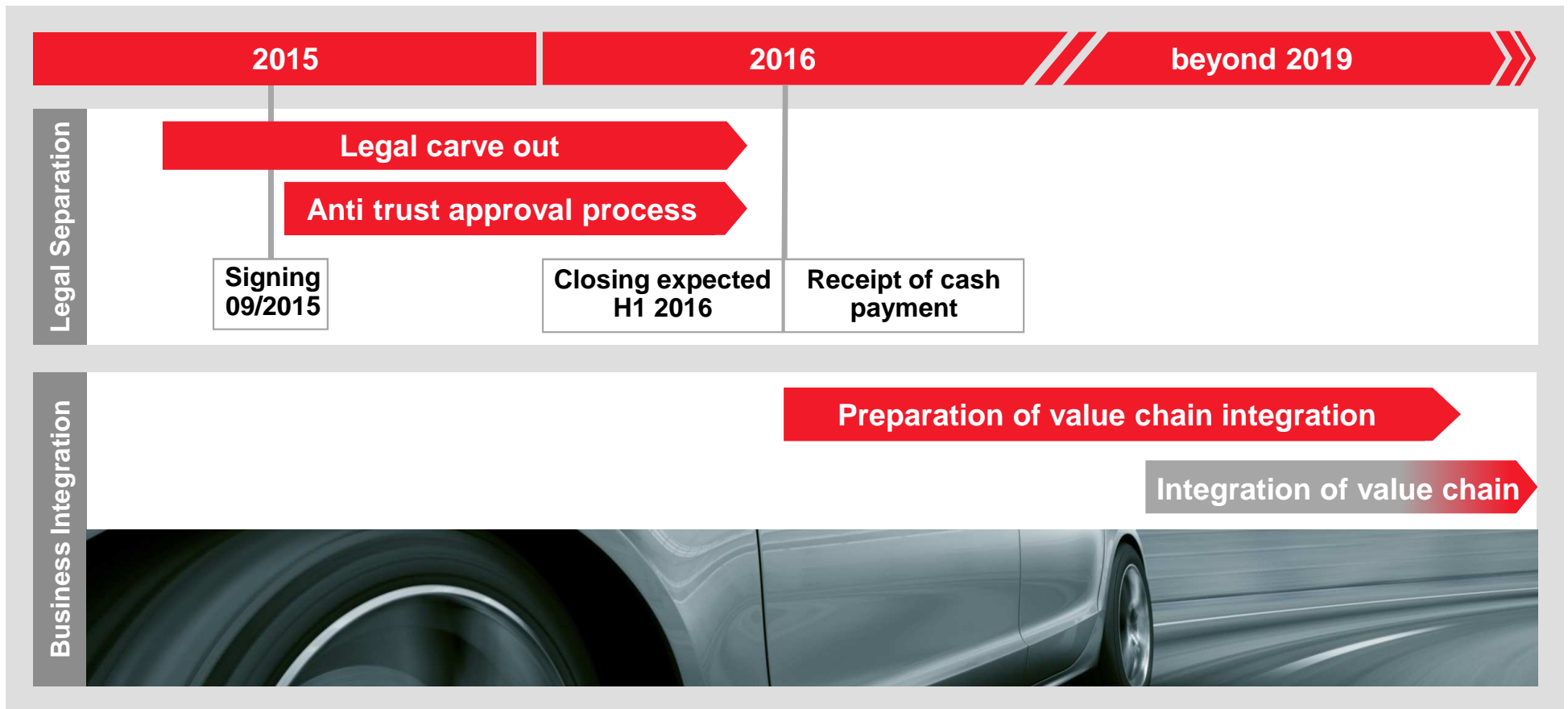
- LANXESS to fully consolidate for the first 3 years

### Closing

- Subject to antitrust approval
- Closing expected in H1 2016

\* BUs TSR and HPE and certain corporate functions

# Swift and decisive execution for sustainable competitiveness



# Proceeds allow growth and strengthening of balance sheet

Use of proceeds will be allocated to three pillars after receipt of cash

## Growth

- Investment in future growth
- Focus on segments  
Advanced Intermediates  
and Performance  
Chemicals



~€400m

## Debt reduction

- Payback of maturing bond  
in 2016 (~€200 m; coupon  
5.5%) and other financial  
obligations



~€400m

## Share buy-back

- Buy-back program to be  
initiated



~€200m

# Acceleration of LANXESS' realignment

**Rubber JV:  
Strengthened  
platform with strong  
partner**



**Stronger set-up to  
weather the next 2-3  
years**

**LANXESS:  
Acceleration of  
transformation**

- **more resilient**
- **less capital intensive**
- **more cash generative**
- **back to financial strength**

**Back to growth**



**End of presentation**