



Media Day 2013 Differentiation and efficiency

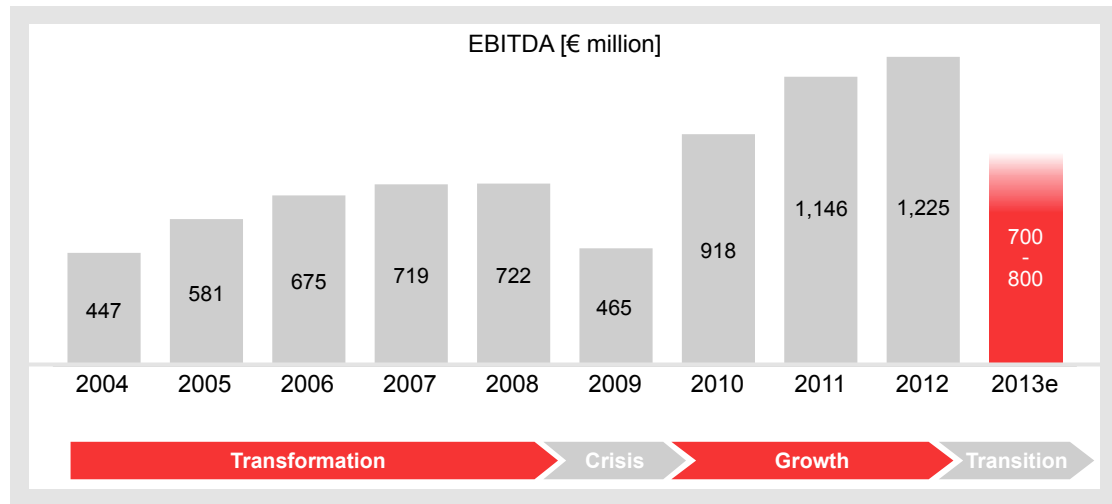
Axel C. Heitmann
Cologne, September 2013

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Energizing Chemistry

Agenda

- **Strategy review**
- Current challenges
- The way forward
- Goal

LANXESS – successful transformation and profitable growth

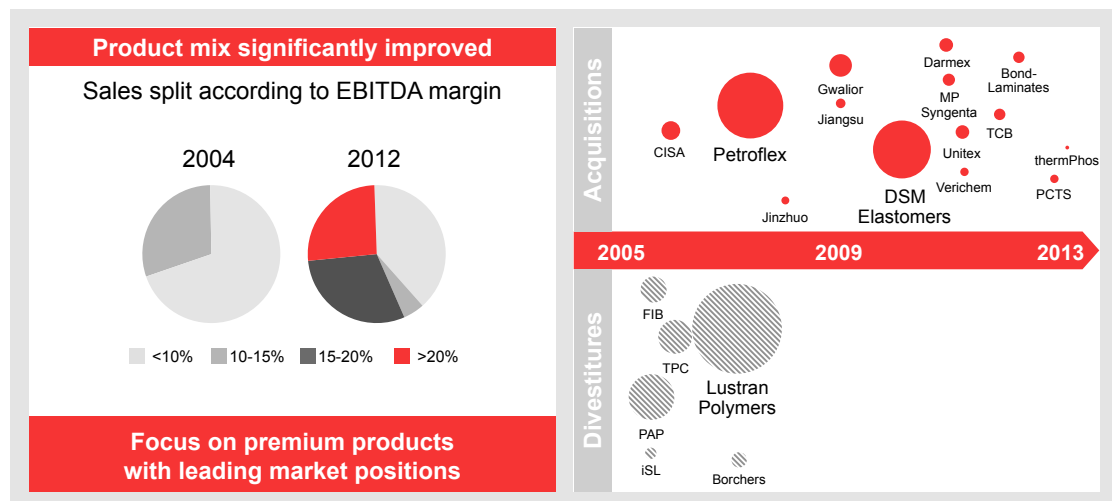


All references to EBITDA are pre exceptionals

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Continuing business portfolio transformation

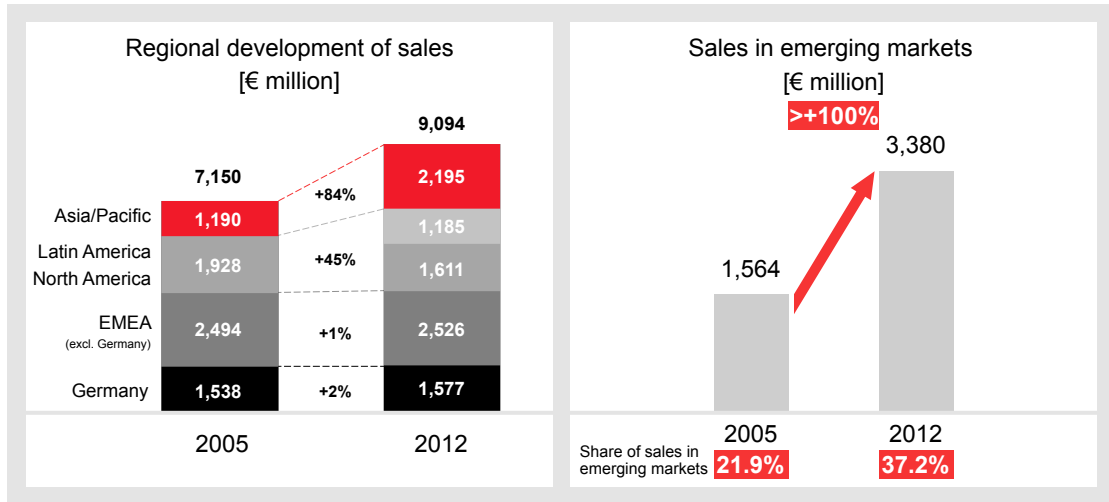


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Increasing presence in emerging markets



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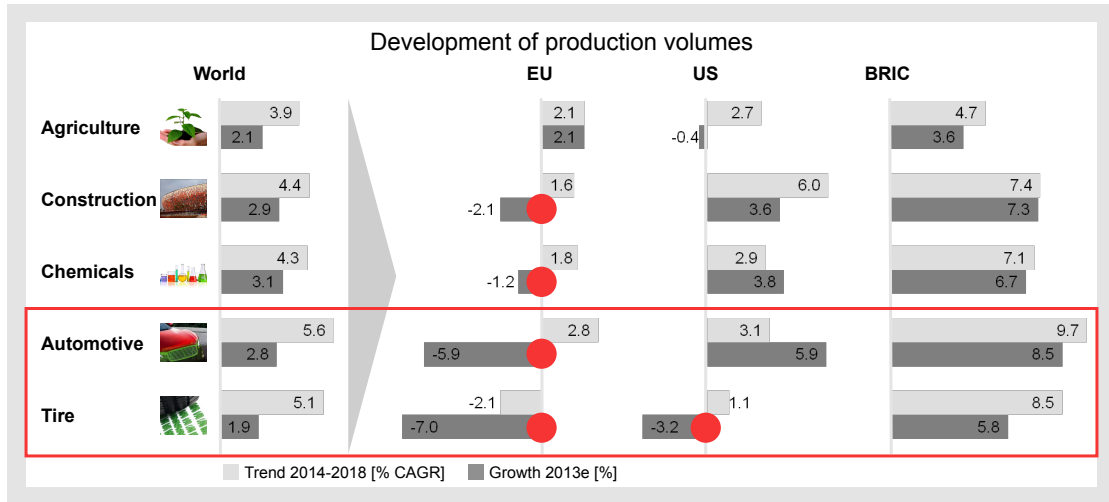
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In 2013 key industries below growth trend

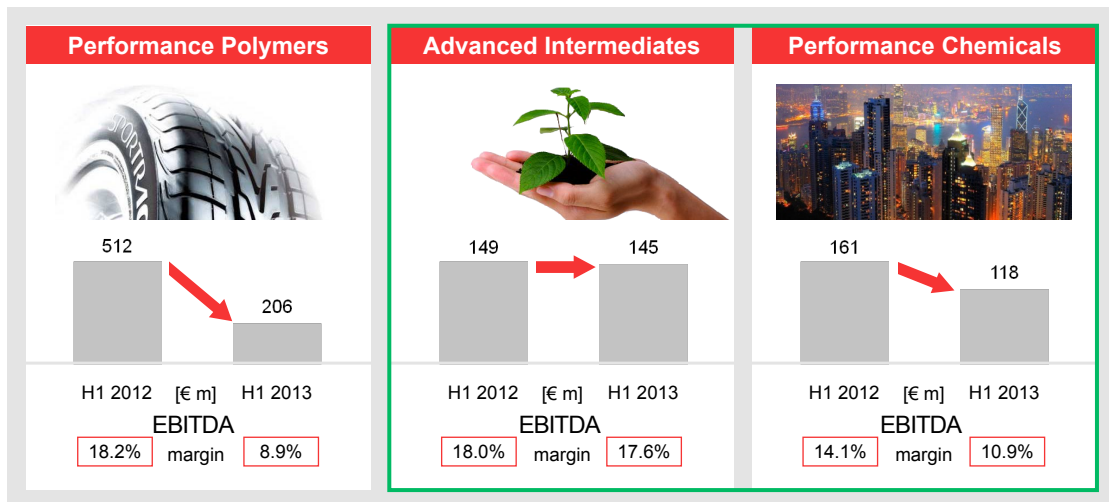


Source: IHS World Industry Service

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Intermediates and Chemicals diversify group portfolio

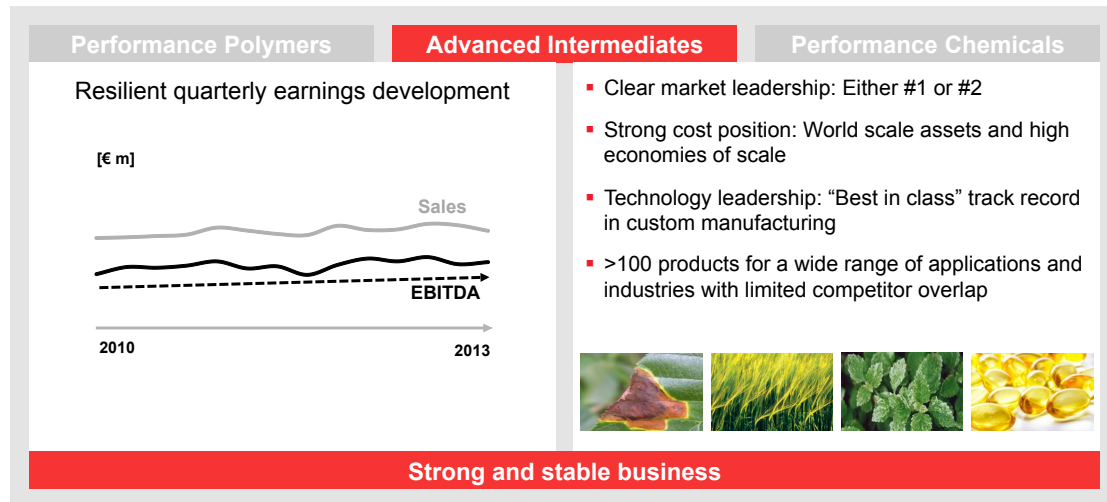


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Intermediates with good margins in a steadily growing market

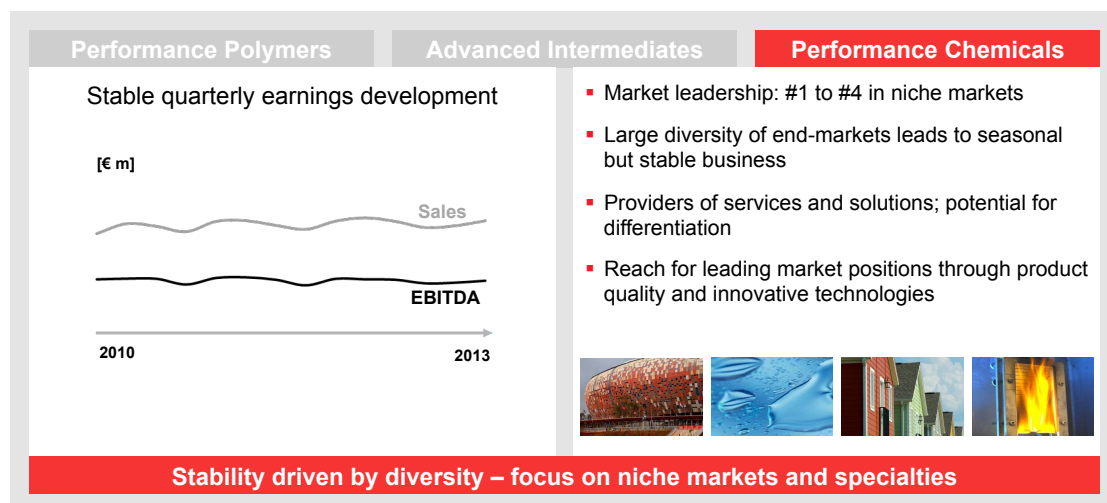


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Chemical businesses with stable margins in various niches

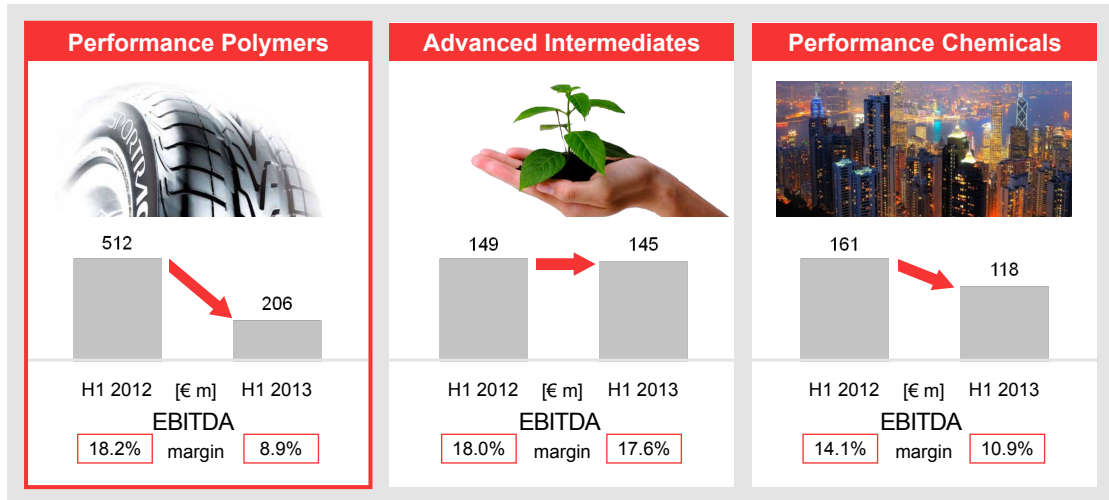


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Polymers affected by temporary decline in demand

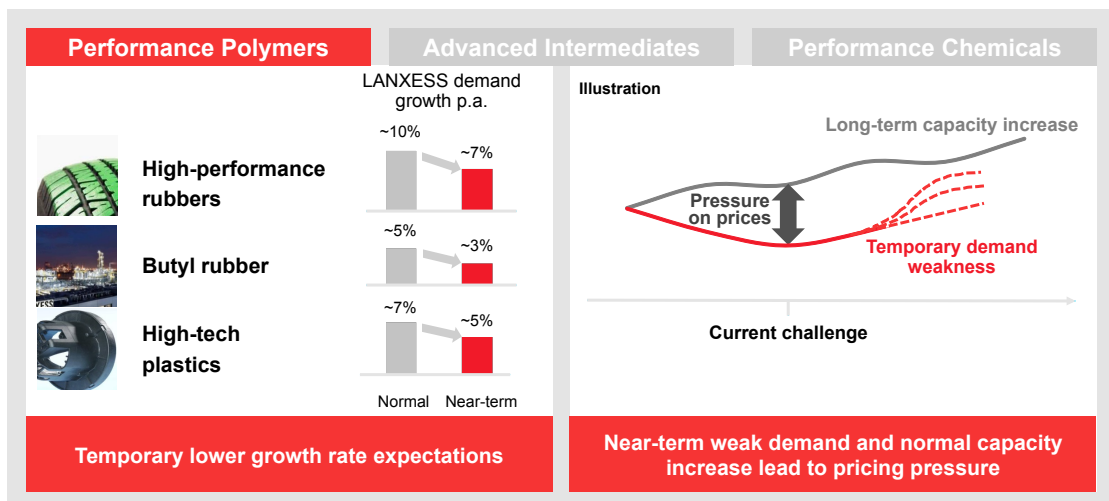


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Temporary weak demand causes pricing pressure



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LANXESS focuses on differentiated high-performance rubbers

High-performance market (Nd-PBR / SSBR)		LANXESS strategy
Supply / demand	<ul style="list-style-type: none"> Market size of around 2 m t “The problem of perception”: nameplate > available > in use <ul style="list-style-type: none"> – Supply of around 2 m t capacity in use – Supply / demand more or less in balance in normal macro-economic environment 	<ul style="list-style-type: none"> Core segment in which LANXESS grows overproportionately Truly global footprint with new asset in Singapore Product differentiation (differentiated Nd grades and functionalized SSBR grades) 
Market growth	<ul style="list-style-type: none"> Robust global demand growth around 8% CAGR until 2018 Growth of capacity of 8-9% CAGR until 2018 	

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Butyl rubber market recalibrating and remains attractive

Butyl rubber market (BTR)		LANXESS strategy
Supply / demand	<ul style="list-style-type: none"> Market size of above 1 m t, split into halo (2/3) and regular (1/3) butyl Coming from extreme tightness for years to some overcapacity (caused by debottlenecking, green field projects and new entrants) 	<ul style="list-style-type: none"> Differentiation by <ul style="list-style-type: none"> – strong geographical footprint – product offering (quality, reliability and proximity to customers) – production processes and – new applications (tire and non-tire) 
Market growth	<ul style="list-style-type: none"> Global demand growth at 3-4% – mostly driven by tire segment Expansions in regular and halo butyl ongoing Potential additional new entrants, but without visible activities until now 	

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Differentiation is key for LANXESS

Products

- Quality
- Based on technology

Offering

- Technical service
- Reliability
- Proximity to customers

Assets

- Grade-flexibility
- Global presence

Markets

- Diversify in new applications

LANXESS keeps its focus on differentiation to outperform competitors by value and thus maintain our price premium

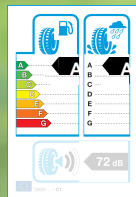


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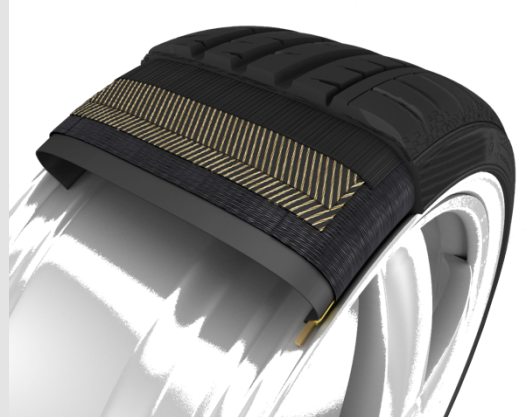
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Innovations made by LANXESS enable differentiation

AA-rated concept tire



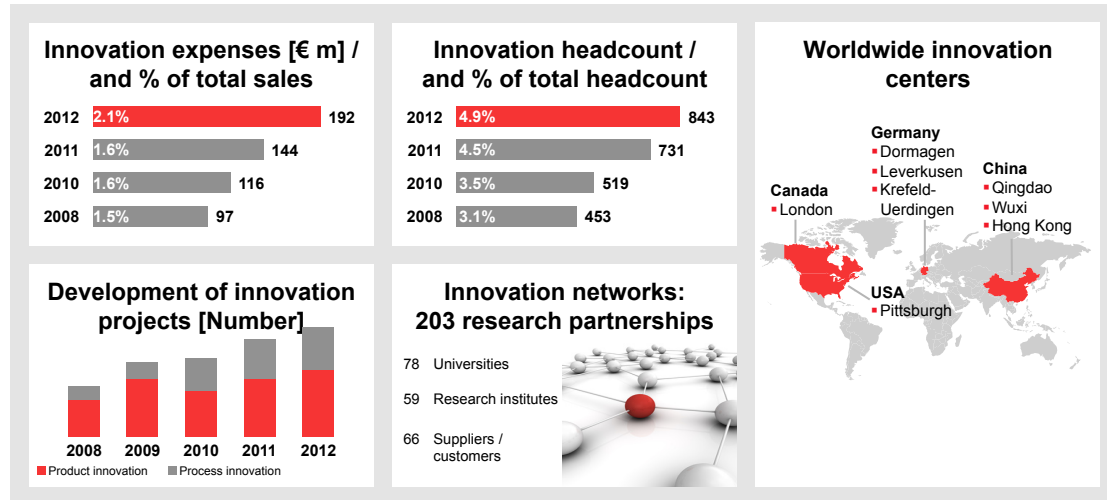
Butyl in treads



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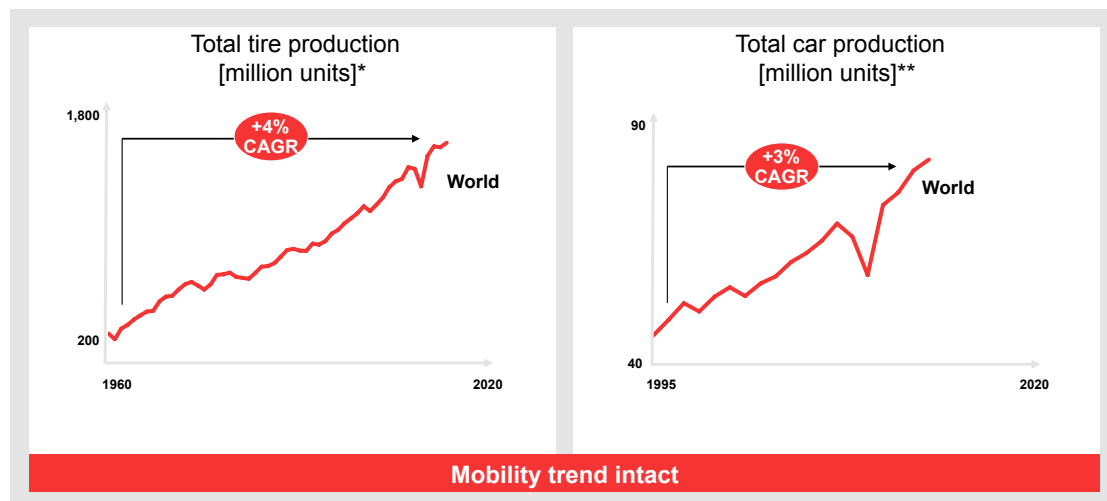
LANXESS constantly fuels innovation pipeline



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LANXESS remains positive on the mobility trend



* Source: IRSG, LMC; ** Source: LMC Automotive

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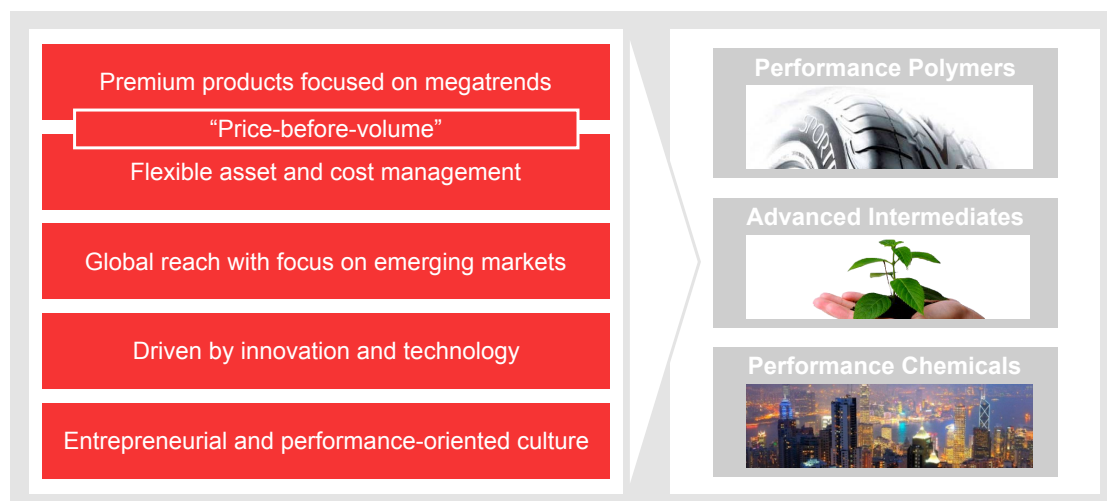
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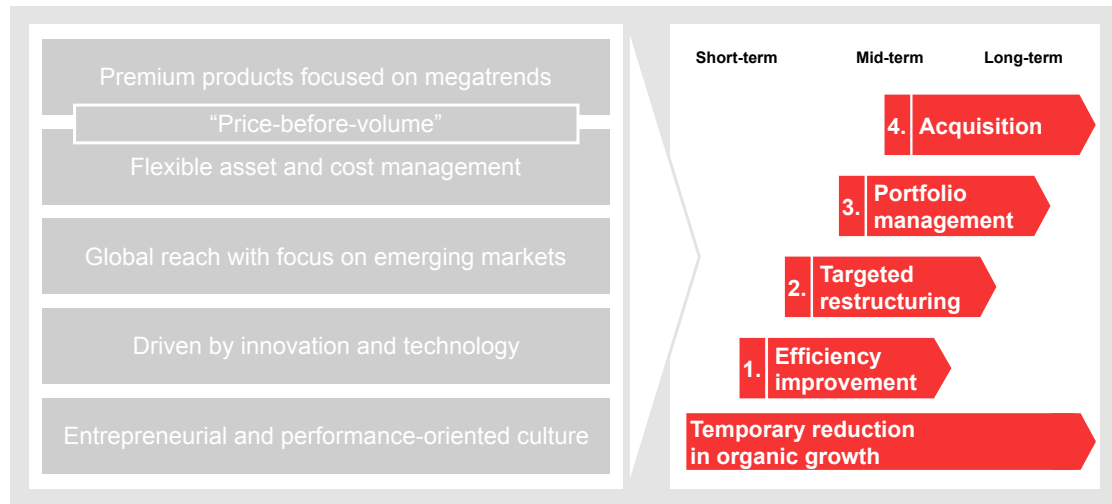
The core elements of LANXESS' strategy remain unchanged



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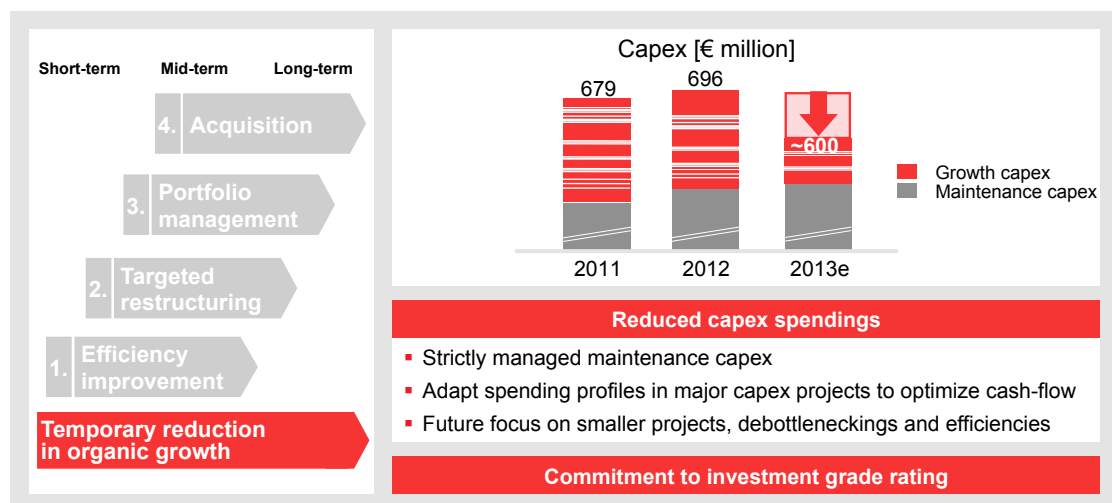
Taking action



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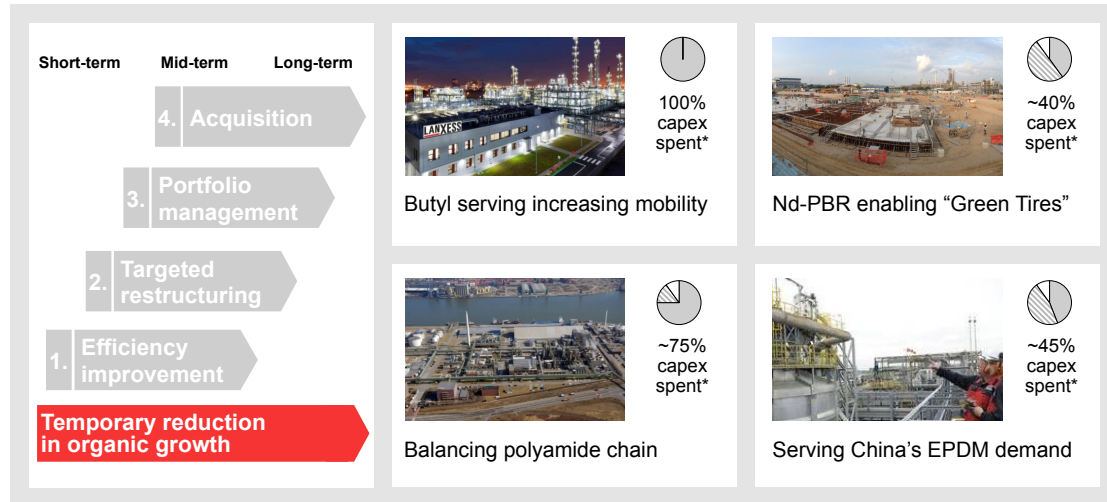
Significant capex reduction



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All strategic growth projects well on track

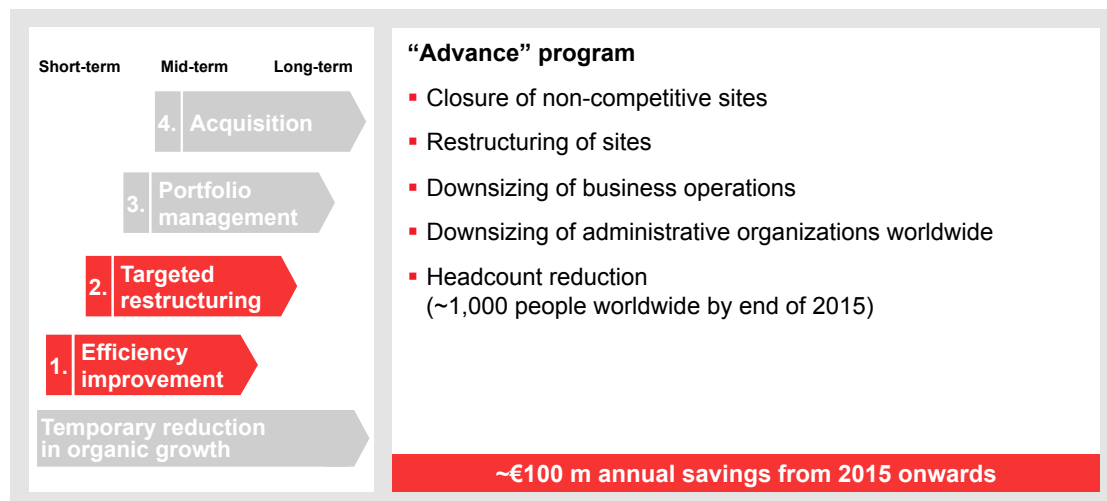


* Expected share of realized capex by year-end 2013 in relation to total capex ■ spent ▨ committed

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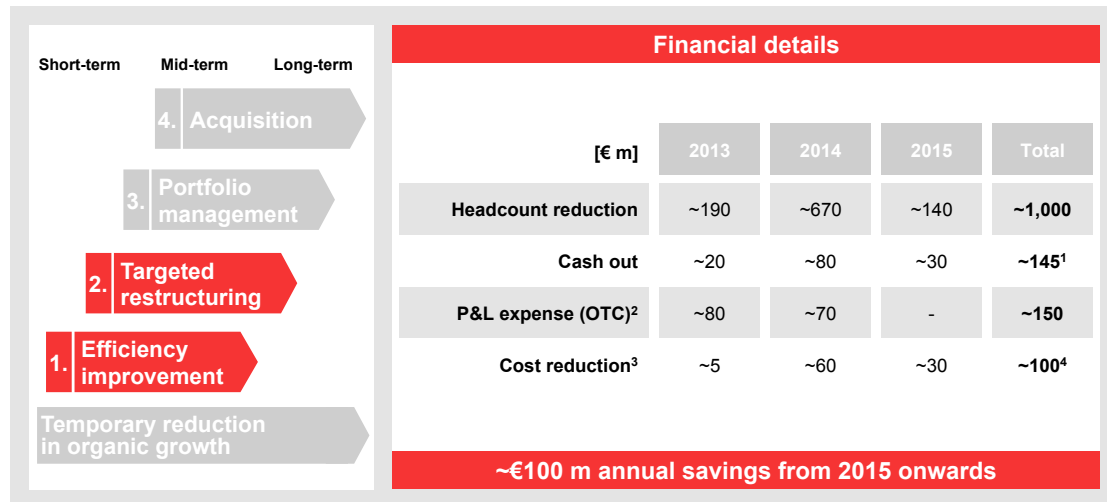
Structural realignments to increase efficiency



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Providing additional details on efficiency measures

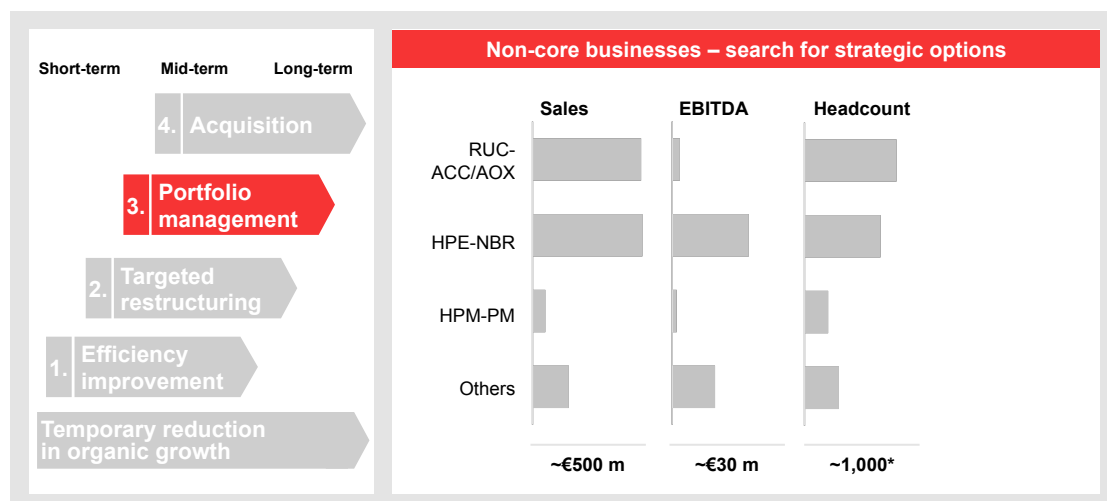


¹ Incl. ~€15 million for the years 2016-2019; ² P&L expense (OTC) booked as extraordinary; ³ Versus previous year; ⁴ Incl. €5 million for the years 2016-2019

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Strategic options for non-core businesses

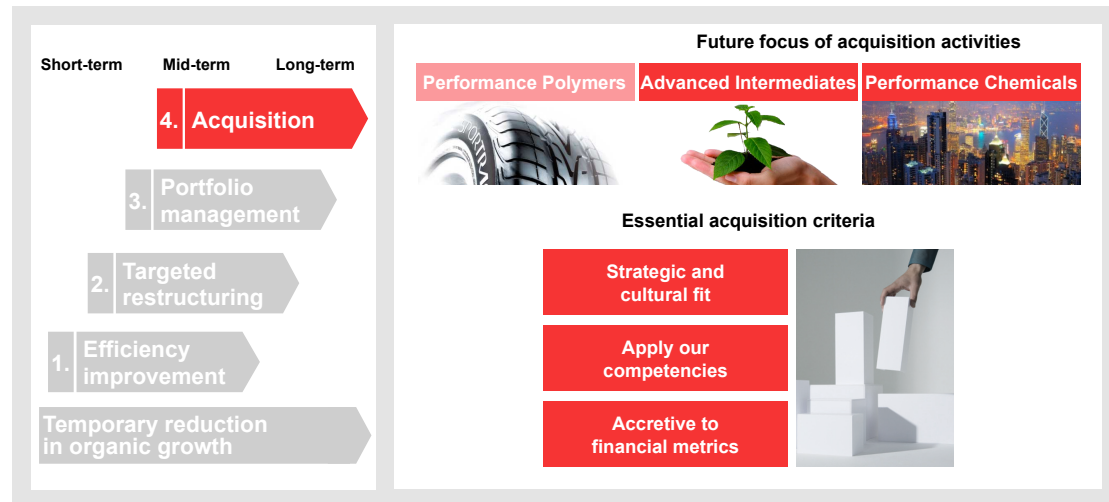


All references to EBITDA are pre exceptionals; ACC = Accelerators, AOX = Anti-Oxidants, NBR = Nitril-Butadien-Rubber, PM = Perlon Monofil;
* Headcount before restructuring

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Acquisitions remain an important driver for growth



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LANXESS takes action to remain on growth path

Differentiation	Diversification	"Advance" program	
<ul style="list-style-type: none">▪ Products▪ Assets▪ Geographical	<ul style="list-style-type: none">▪ Performance Polymers▪ Advanced Intermediates▪ Performance Chemicals	<ul style="list-style-type: none">▪ Cost savings▪ Capex reduction▪ Restructuring	
Striving for €1.8 bn EBITDA in 2018			

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