



LANXESS Capital Markets Day 2012

A strategy for continued growth

Axel C. Heitmann, CEO

New York, September 20, 2012

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Energizing Chemistry

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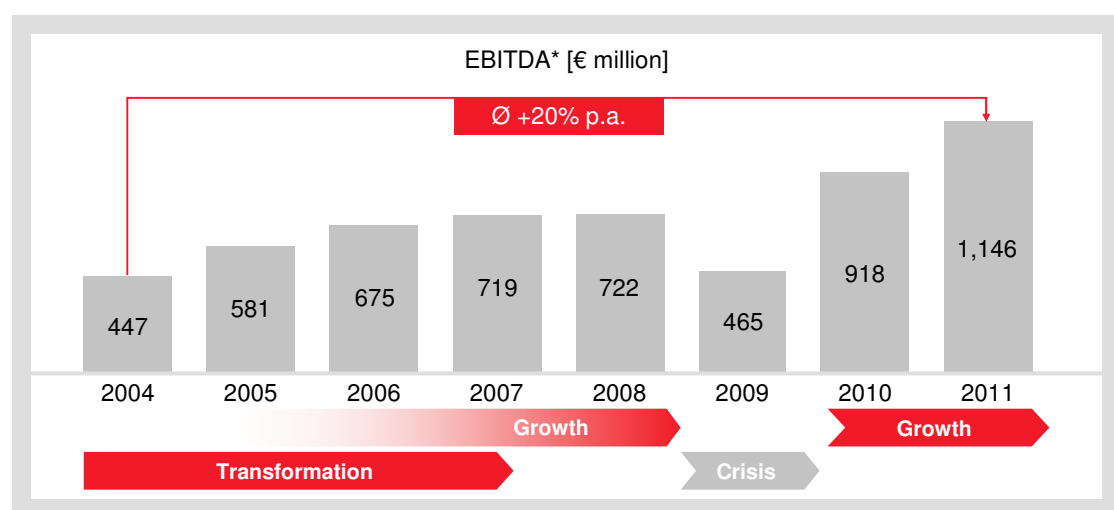
Agenda

- **Performance review**
 - Platform for growth
 - Investment strategy
 - Goals

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LANXESS – A successful growth story

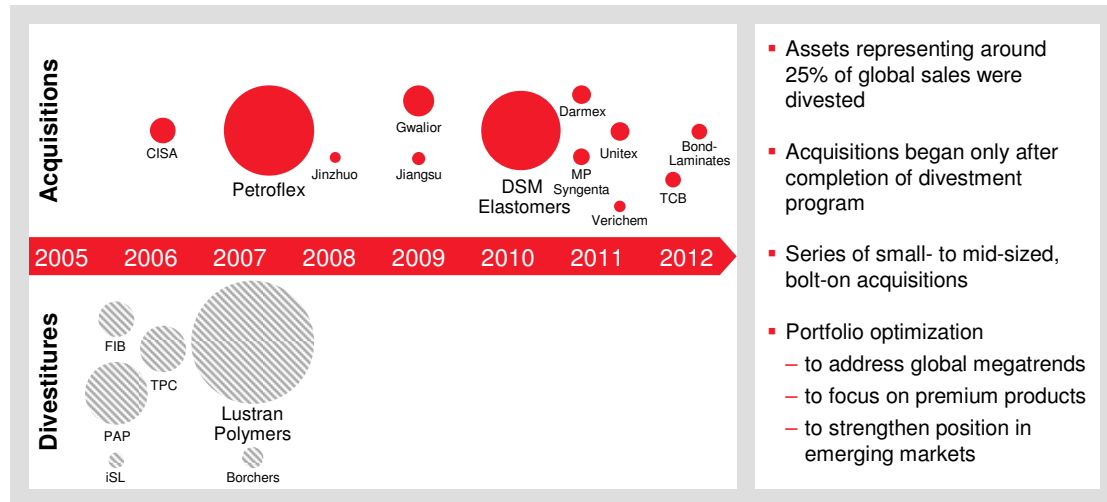


* Pre exceptionals

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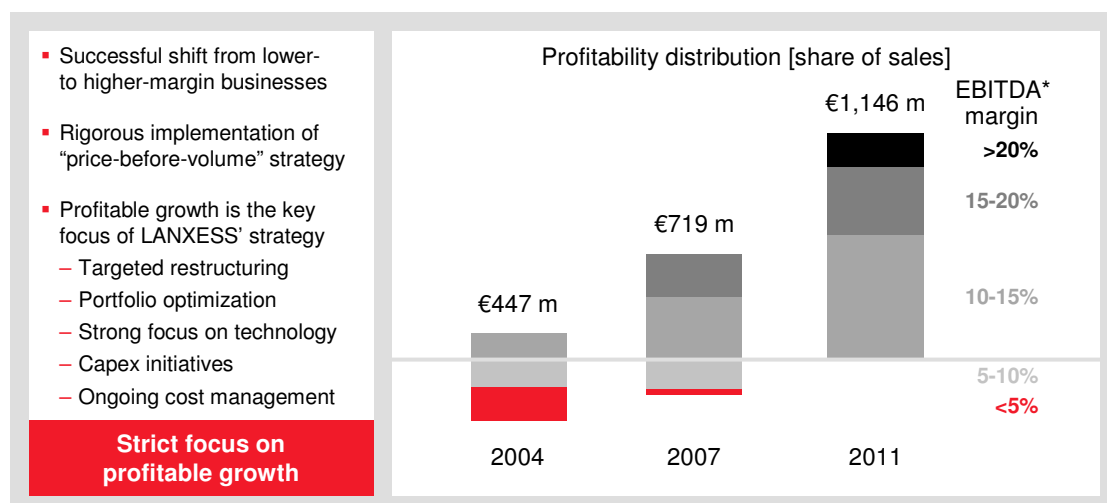
Active portfolio transformation



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Transformation resulting in a better product mix

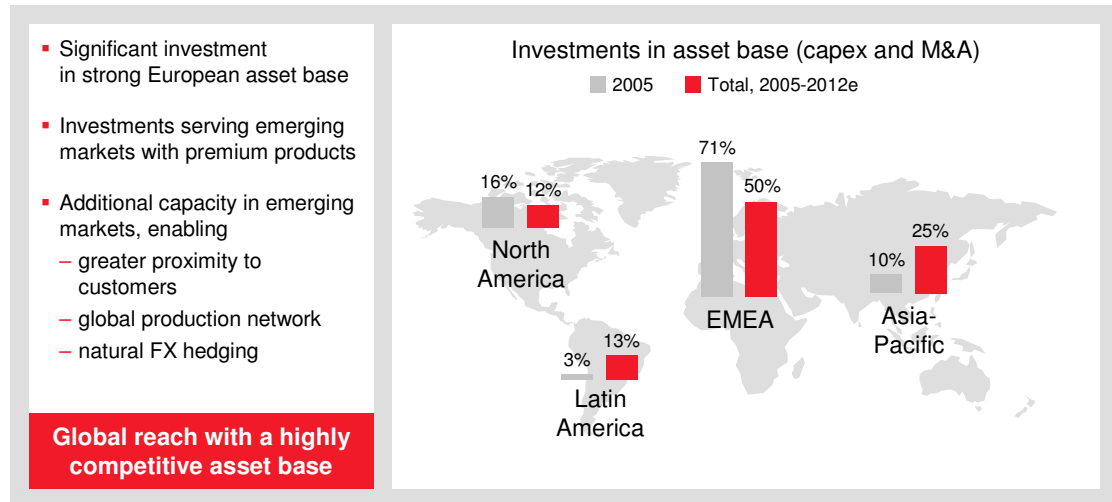


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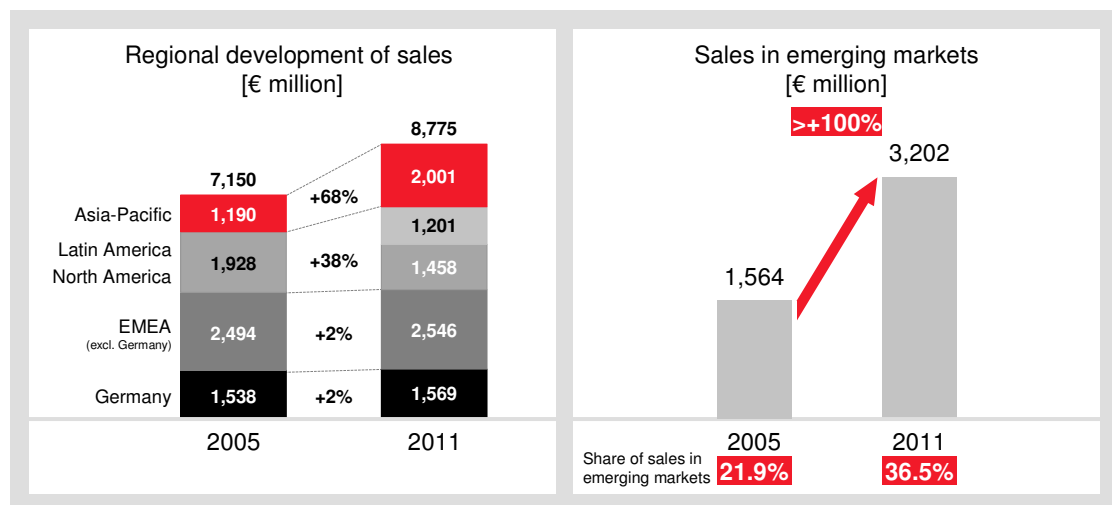
Competitive asset base in mature markets – increasing footprint in emerging markets



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Focus on emerging markets pays off



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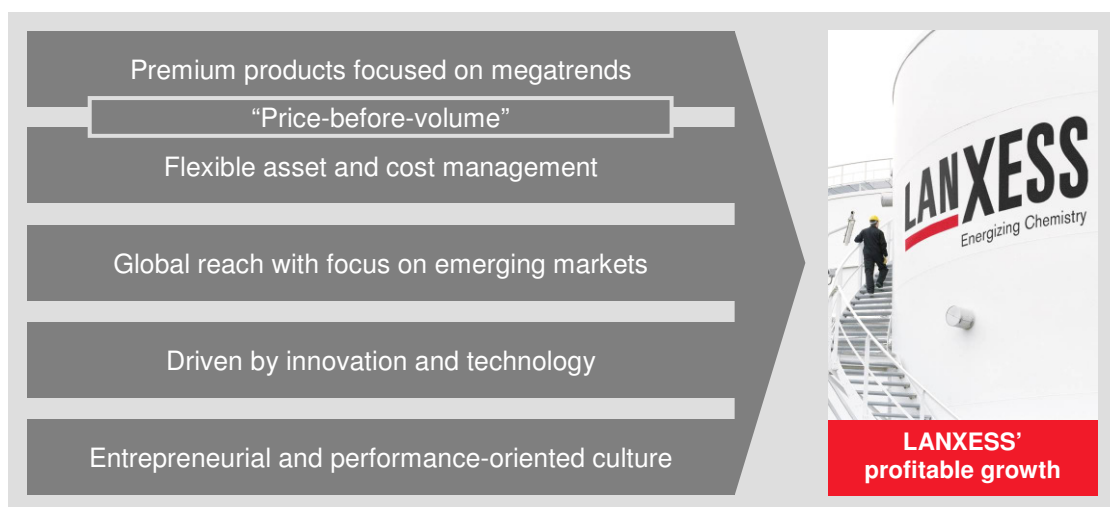
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The five elements of LANXESS' successful strategy



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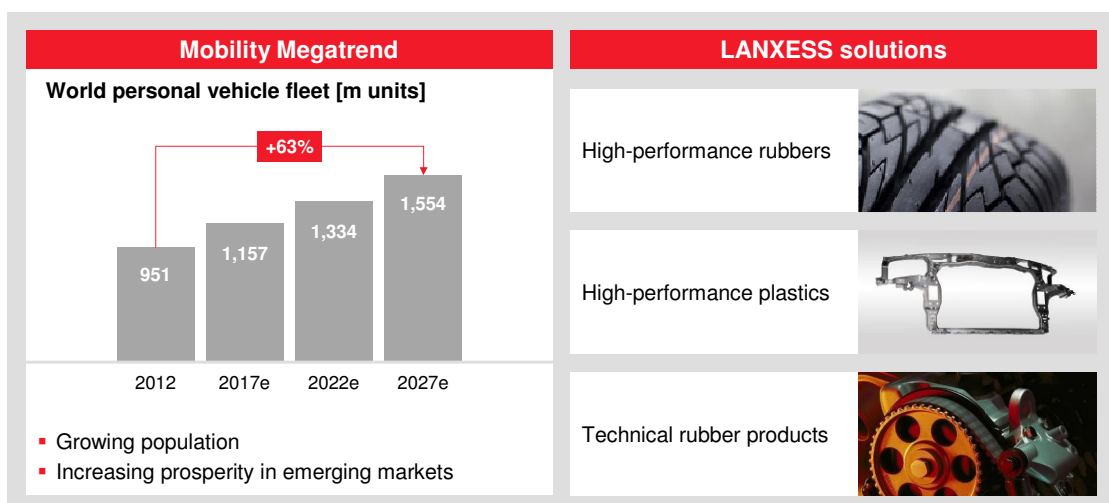
Premium products focused on megatrends



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LANXESS serves growing automotive market

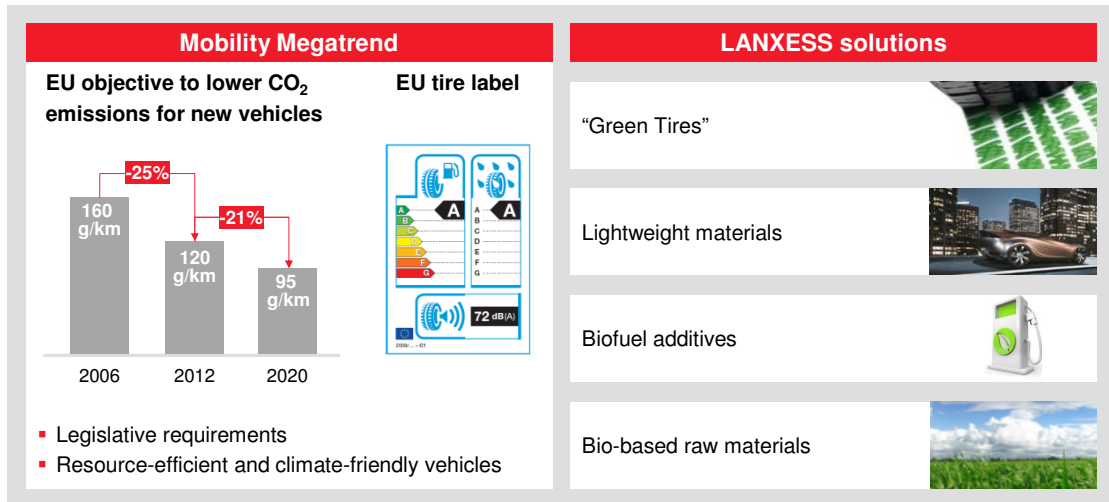


Source: LMC Automotive

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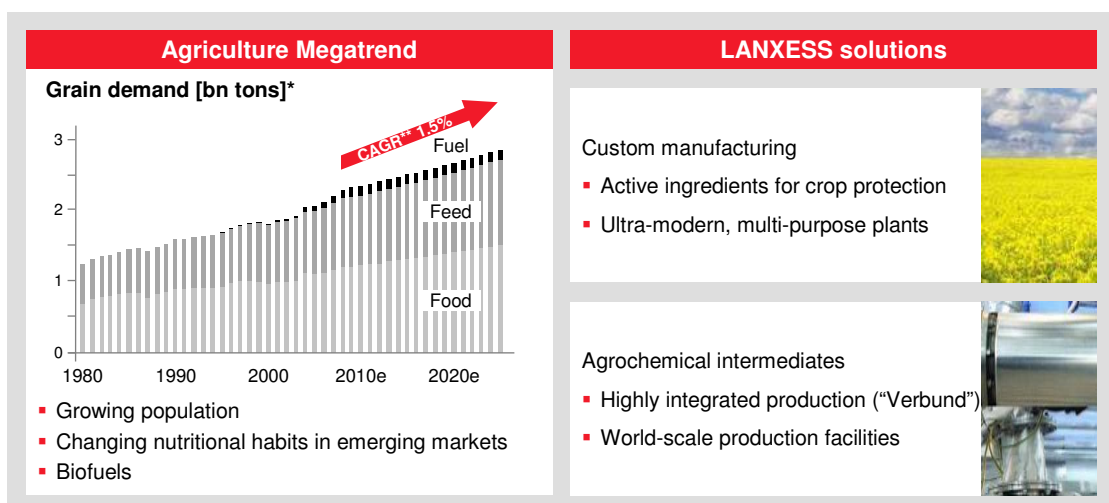
High-tech products and solutions for “Green Mobility”



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Innovative solutions serve growing agricultural demand

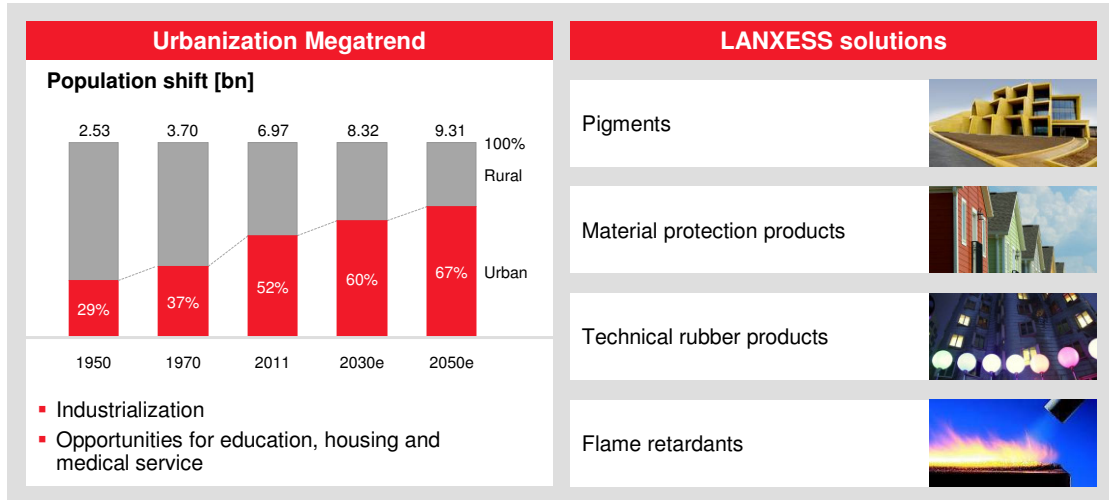


Source: USDA, Syngenta, LANXESS estimates; * Grain = Corn, soya, wheat and rice; ** CAGR = Compound annual growth rate (2008-2025)

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Sustainable and efficient products for urban development

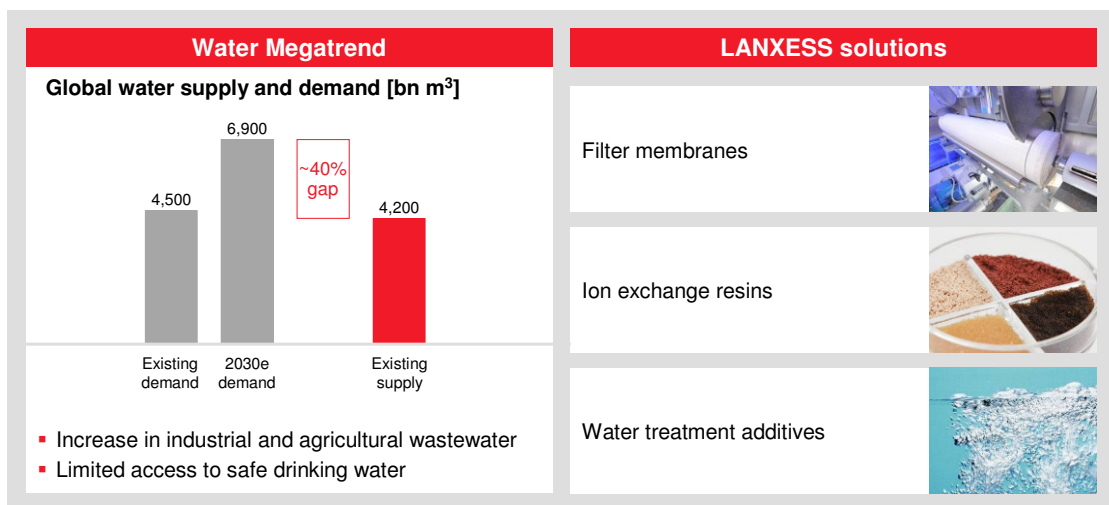


Source: United Nations – World Urbanization Prospects: The 2011 Revision

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Water treatment solutions to meet the rising demand for water




Source: 2030 Water Resources Group – Charting Our Water Future

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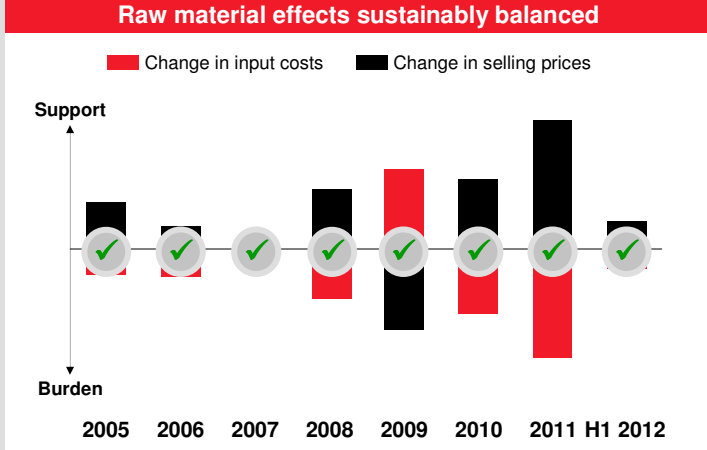
Flexible asset and cost management

Technology	<ul style="list-style-type: none"> ▪ Technical ability to operate plants at highly variable utilization rates ▪ Leveraging global production networks 	
Business processes	<ul style="list-style-type: none"> ▪ Maintenance management ▪ Outsourcing (e.g. maintenance, administration) ▪ Raw materials and energy management 	
Workforce	<ul style="list-style-type: none"> ▪ Highly educated, motivated and skilled personnel ▪ Flexible systems for short- and long-term hiring practices 	

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“Price-before-volume” – Successful pricing strategy for more than seven years

Raw material effects sustainably balanced		<ul style="list-style-type: none"> ▪ Premium high-tech products ▪ Flexible asset and cost management ▪ Focused and experienced team ▪ More than seven-year track record of managing volatile input costs ▪ Determined to pass on increasing input costs in the future
<p>■ Change in input costs ■ Change in selling prices</p> 		
<p>Support</p> <p>Burden</p> <p>2005 2006 2007 2008 2009 2010 2011 H1 2012</p>		
Effective pricing management		

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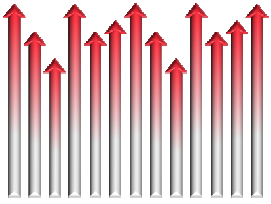

Culture of innovation drives LANXESS growth

Product innovations	<ul style="list-style-type: none"> ▪ R&D conducted in each business unit for maximum proximity to markets and customers ▪ Corporate innovation focusing on new applications 	Worldwide innovation centers 
Process innovations	<ul style="list-style-type: none"> ▪ Process improvements to maintain competitive position ▪ New process design for core products, defining a best-in-class asset base 	
Thinking outside the box	<ul style="list-style-type: none"> ▪ Bio-based alternatives to petrochemical raw materials ▪ Global innovation network with universities, research institutes and suppliers/customers 	

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LANXESS driven by entrepreneurial and performance culture








	Entrepreneurial culture <ul style="list-style-type: none"> ▪ Clear business unit design <ul style="list-style-type: none"> – High transparency, no overlap – Clear roles and responsibilities – Global accountability ▪ Fully accountable, entrepreneurial managers ▪ Internal competition for resources (capital, etc.)
	Performance culture <ul style="list-style-type: none"> ▪ Focus on business unit profitability ▪ Each business unit with individual targets: <ul style="list-style-type: none"> – EBITDA* – Working capital – Capex ▪ Aligned with short-term incentive program

* Pre exceptionals

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Clear business unit design: Split of BU TRP into two independent businesses

New business unit design in Performance Polymers segment	
Technical Rubber Products	
Keltan Elastomers	High Performance Elastomers
<p>>€500 m sales 600 employees* Global market leader for EPDM rubber</p> 	<p>>€500 m sales 800 employees* Focus on specialties and high-performance rubbers</p> <p>       </p>

- With acquisition of Keltan® business from DSM, TRP became second largest business unit within LANXESS
- Constant increase of EPDM capacities
- Few overlap in customer segments
- Split of TRP to push growth in both businesses based on individual markets' needs

New organization effective from January 1, 2013

* 100 employees from TRP will move to group function Innovation & Technology

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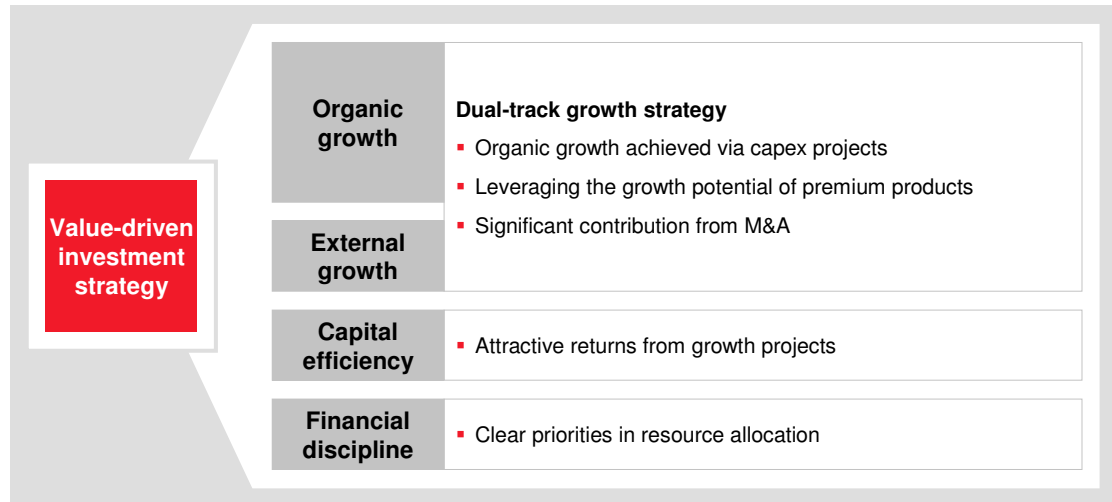
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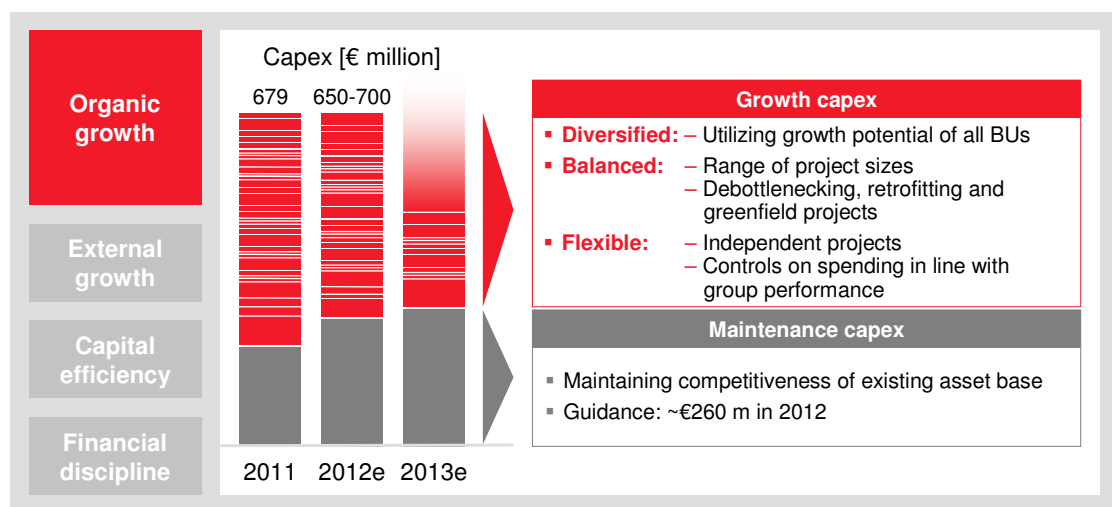
LANXESS has a disciplined dual-track growth strategy



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Capex invested in maintenance and growth projects



Illustration

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Significant investments in attractive markets

<p>Organic growth</p> <p>External growth</p> <p>Capital efficiency</p> <p>Financial discipline</p>	<p>Nd-PBR Singapore</p> 	<p>EPDM China</p>  <p>朗盛(常州)有限公司 奠基典礼 Groundbreaking Ceremony LANXESS (Changzhou) Company Ltd.</p>
	<p>HPM globally</p>  <p>High Performance Materials Compounding Plant Gastonia, NC, September 17, 2012</p>	<p>Performance Chemicals</p> 

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Strategic criteria successfully applied

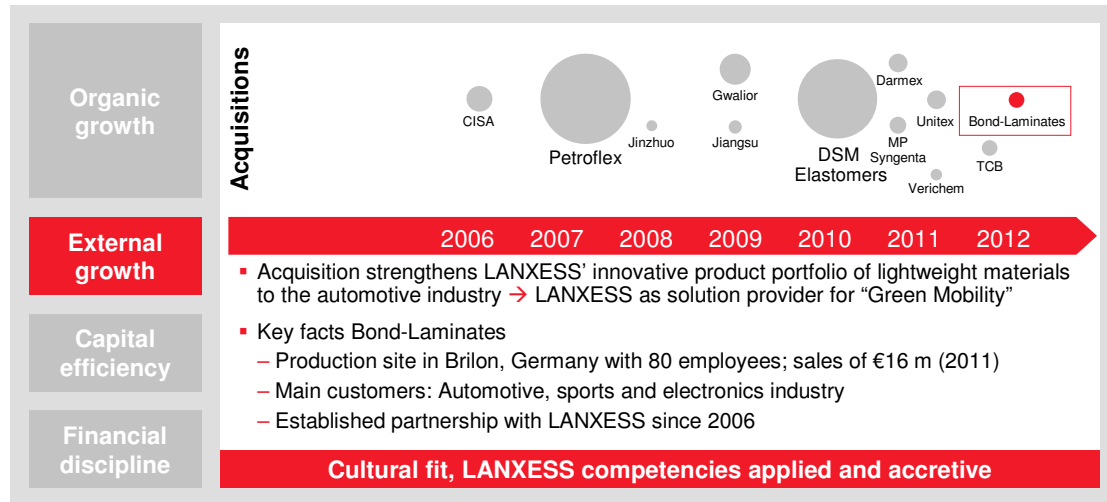
<p>Organic growth</p> <p>External growth</p> <p>Capital efficiency</p> <p>Financial discipline</p>	<p>Acquisitions</p> 																																								
	<table border="1"> <thead> <tr> <th></th> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> <th>2010</th> <th>2011</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>Emerging markets</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Complement portfolio</td> <td></td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td>Strengthen portfolio</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> </tr> <tr> <td>Technology</td> <td></td> <td></td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> </tbody> </table>		2006	2007	2008	2009	2010	2011	2012	Emerging markets	✓	✓		✓				Complement portfolio				✓			✓	Strengthen portfolio	✓	✓		✓	✓	✓		Technology					✓	✓	✓
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Strengthen portfolio	✓	✓		✓	✓	✓																																			
Technology					✓	✓	✓																																		
<p>Cultural fit, LANXESS competencies applied and accretive</p>																																									

Size of bubbles represents relative sales volume; illustration

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Acquisition of Bond-Laminates strengthens LANXESS' technology position

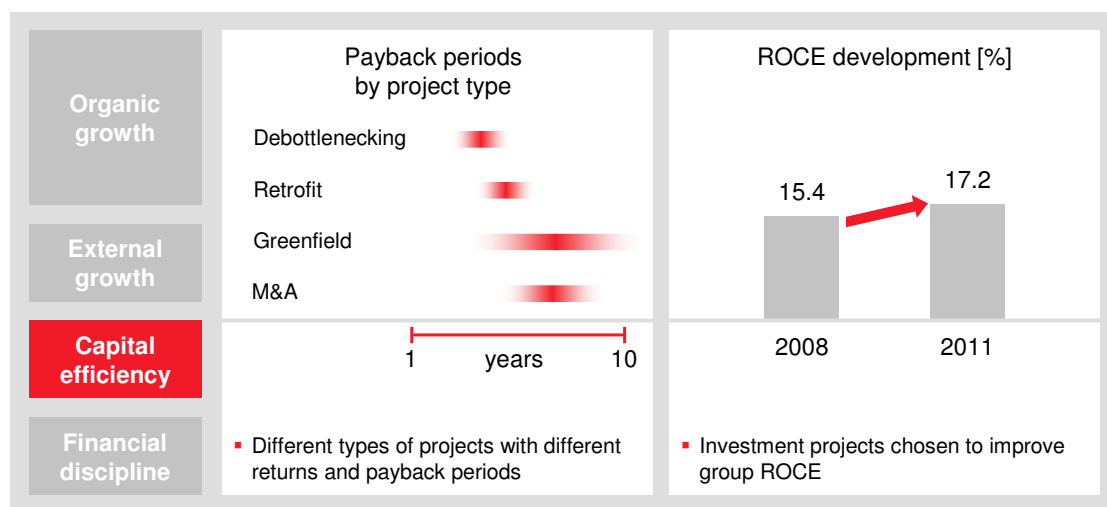


Size of bubbles represents relative sales volume; illustration

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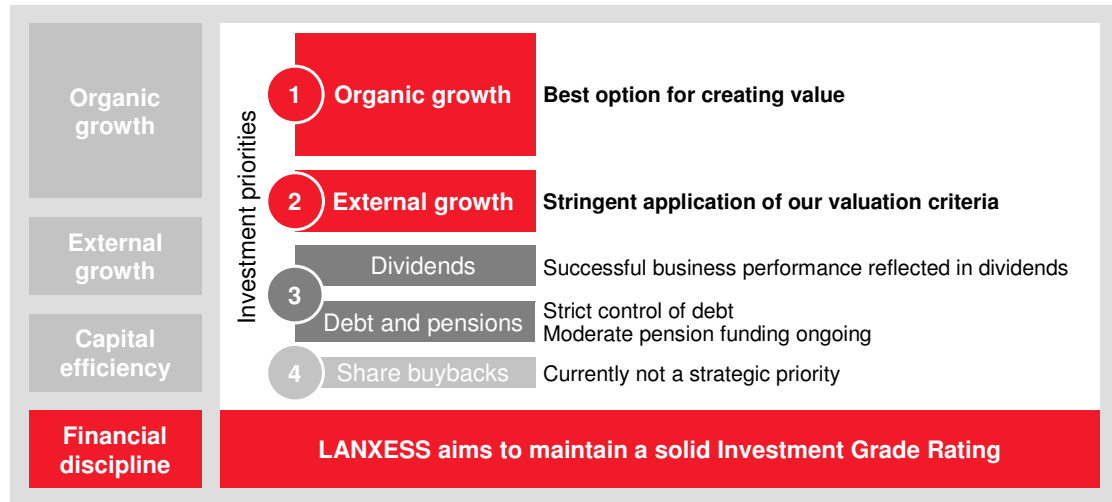
Attractive returns from investment pipeline



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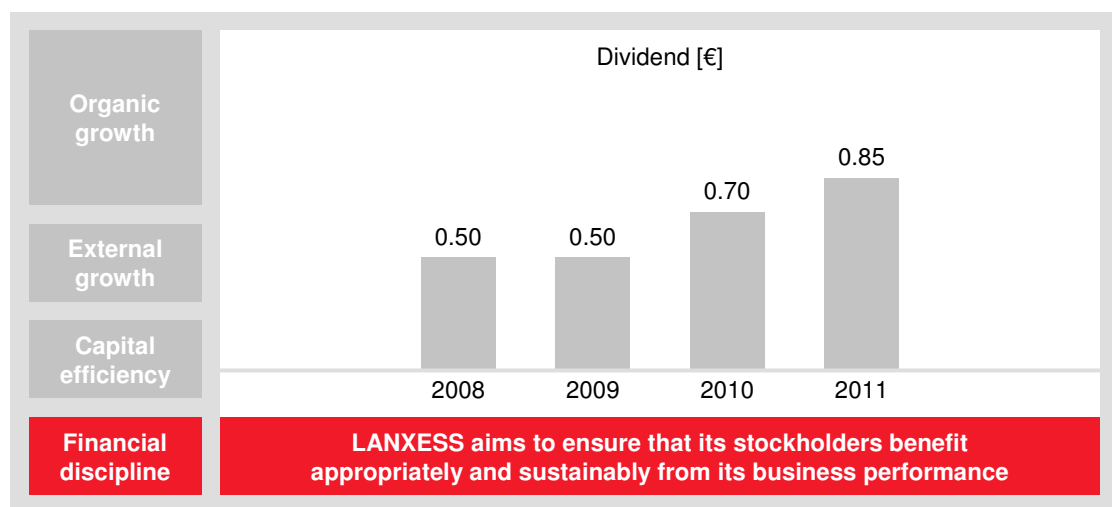
Capital allocation priorities that ensure further growth



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Successful business performance reflected in dividends



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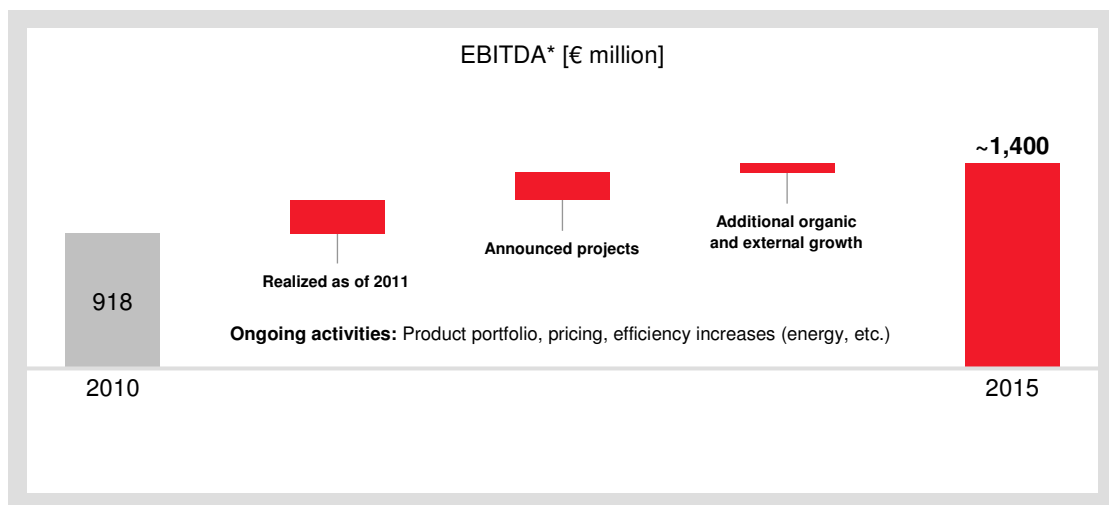
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LANXESS well on track to €1.4 bn EBITDA

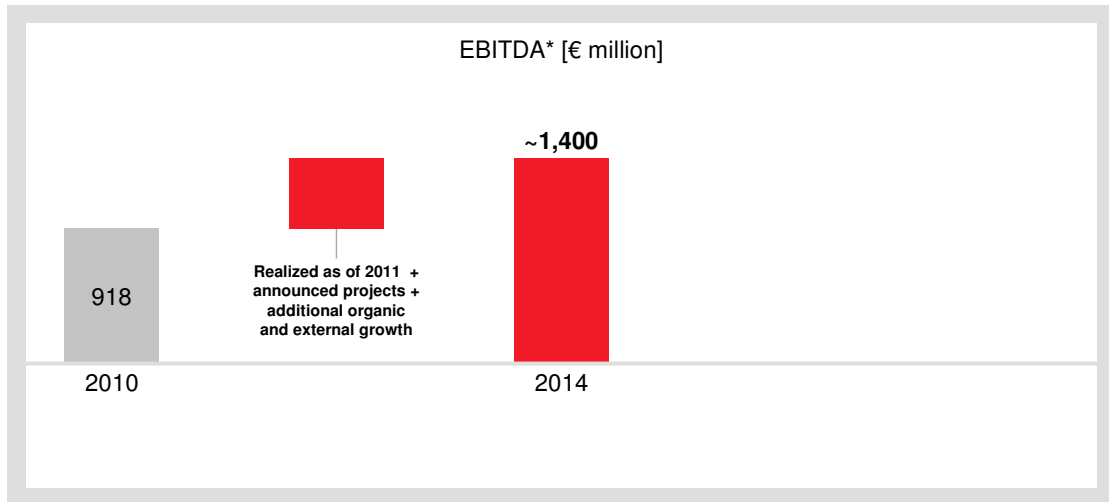


* Pre exceptionals

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LANXESS' €1.4 bn EBITDA goal will be achieved in 2014, ahead of schedule

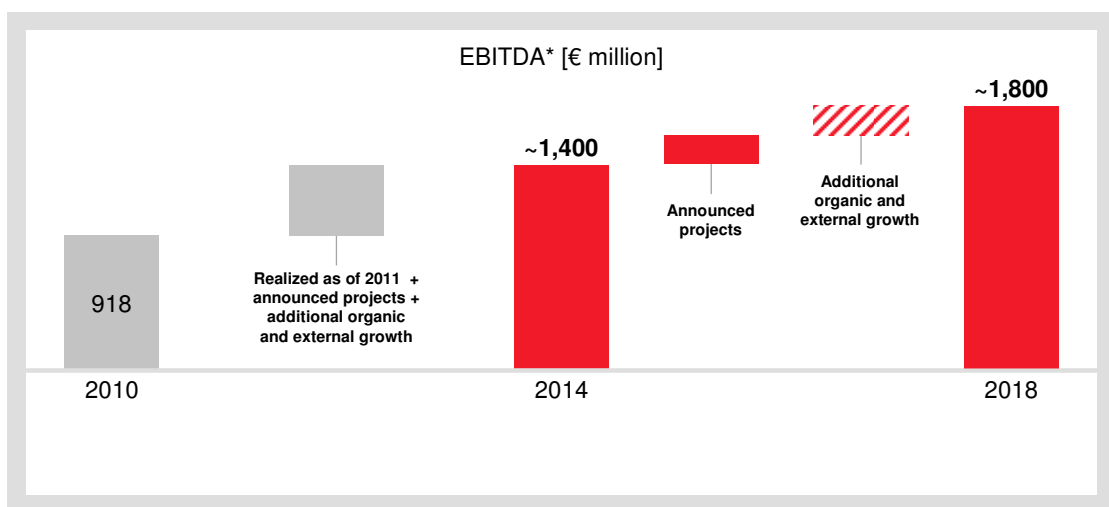


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LANXESS sets ambitious goals for growth

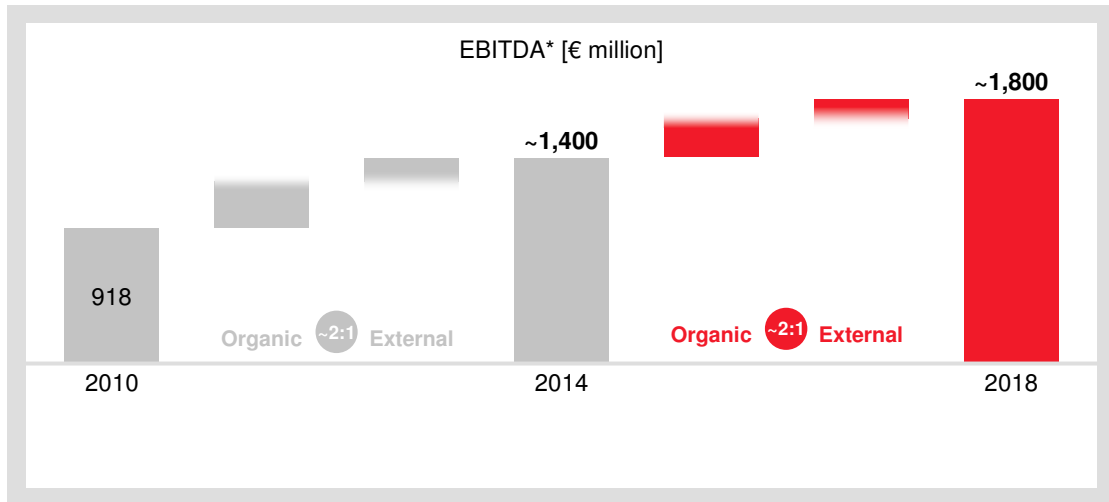


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LANXESS will pursue its successful, established strategy

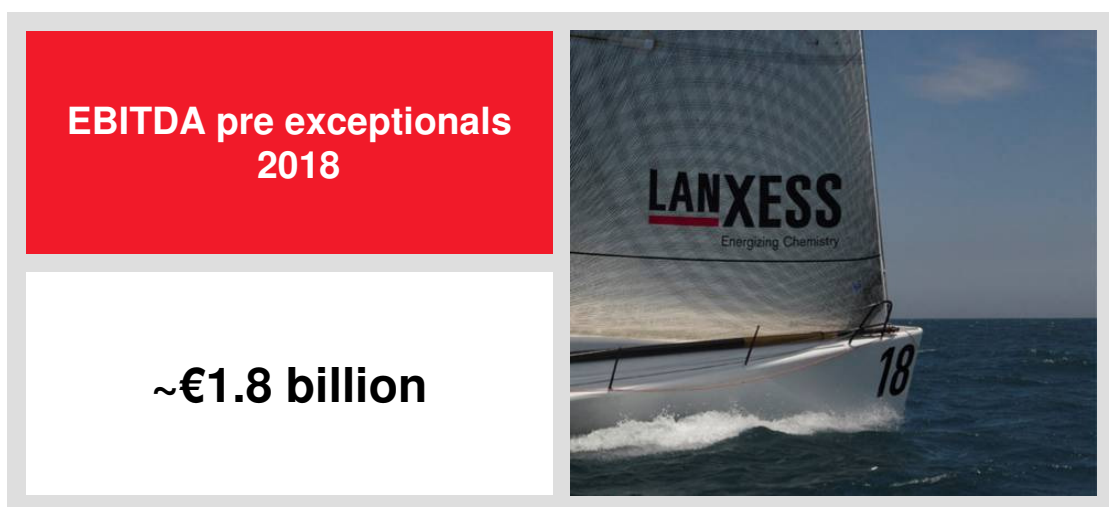


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GOFOR €1.8 bn – Ambitious goal for 2018



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