



QUALITY WORKS.

Meeting the Management 2017

The new LANXESS segment Specialty Additives

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LANXESS
Energizing Chemistry

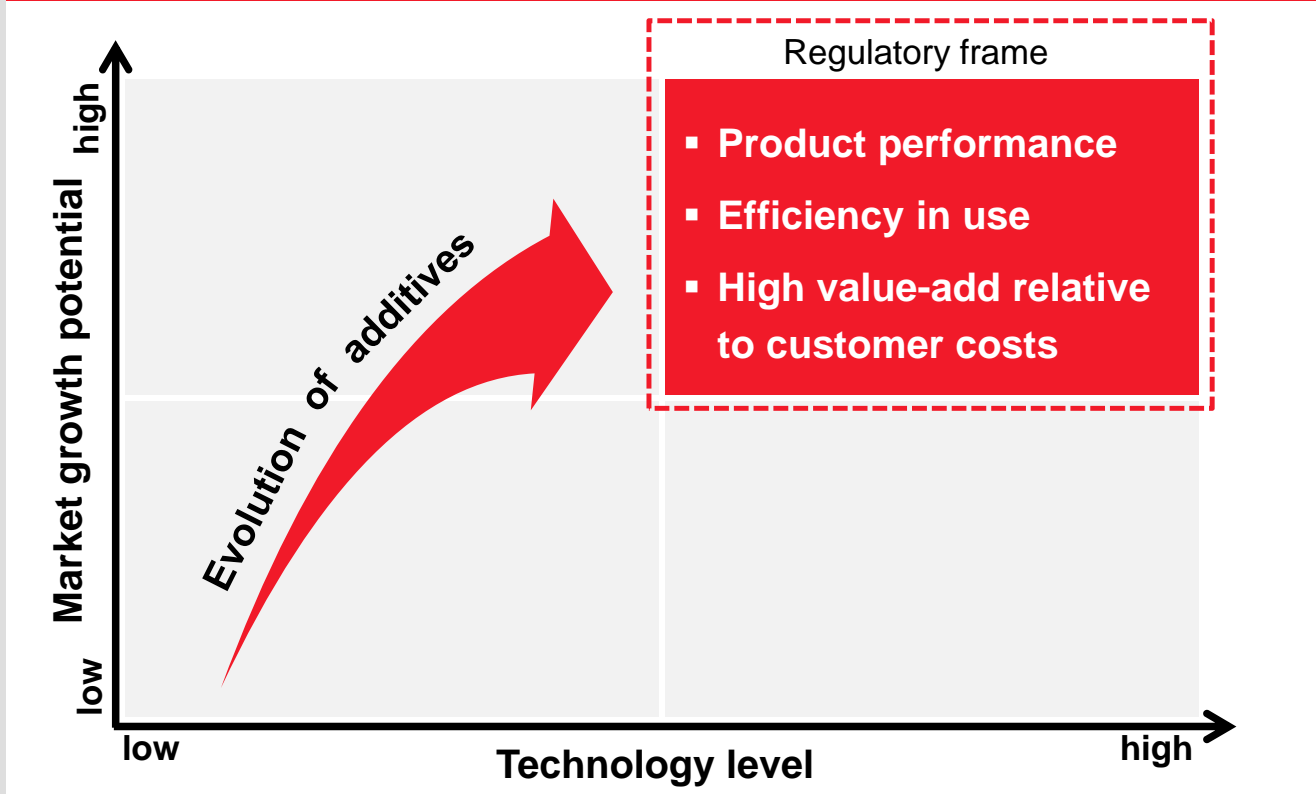
Agenda

- **New LANXESS segment Specialty Additives**
- Business Unit Additives – Sparking but not flammable
 - Lubricants Additives
 - Flame Retardants
- Business Unit Rhein Chemie – Smart solutions

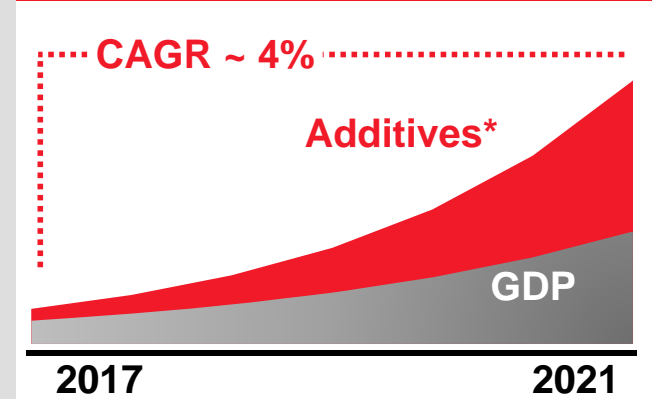
Specialty Additives benefits from attractive growth dynamics driven by customer needs



Customers require more specialized and efficient solutions



Solid growth perspective



- Megatrends Urbanization and Mobility
- Increasing demand for plastics and polymers
- Solid growth in core markets

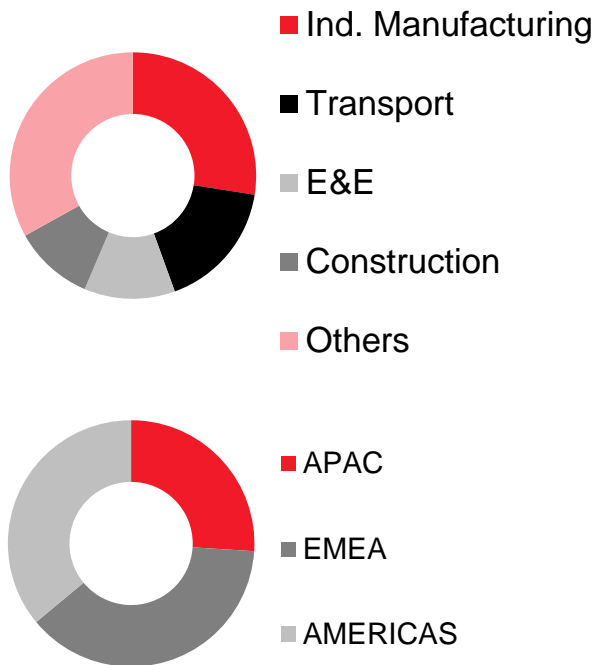
* LANXESS Segment Specialty Additives core applications (E&E, Transportation, Construction, General Industries) / Source: World Industry Service & LANXESS Research

Segment Specialty Additives: A leading player based on a unique business set-up



Resilient by nature

Sales FY 2016 pro forma



Strongly positioned

- Comprehensive product portfolio and global network
- Fully fledged asset platform with high technical standard
- Strong value chain integration
- Market dynamics and synergies leverage stable growth



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 - **Lubricants Additives**
 - **Flame Retardants**
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BU Additives leading market player with strong backward integration



Among the top global players

Market shares*:

Brominated flame retardants:
1/2 in Europe
2 globally



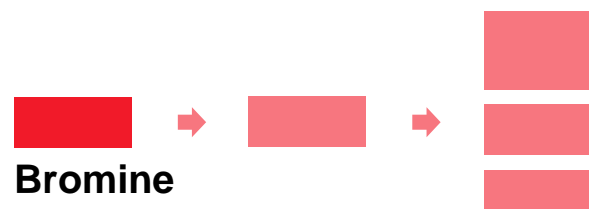
Phosphorous flame retardants:
2 in Europe
3/4 globally



Strong value chains

Illustrative

Fully integrated bromine value chain:



Unique lubricants value chain:



Stronghold characteristics

- Leading market positions
- Global sales and distribution network
- Multiple strong value chains
- Solution provider driving innovations

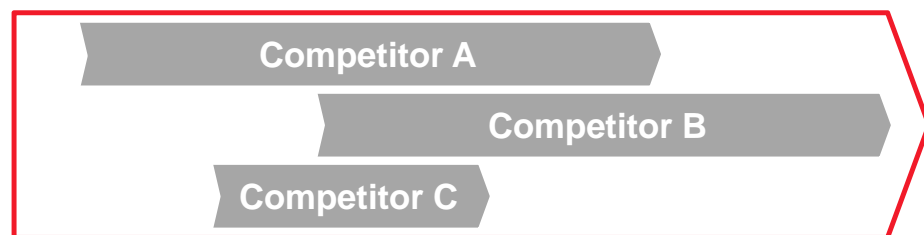
* Source: European Commission, IHS Specialty Chemicals Update Program – Flame Retardants 2014

Lubricant Additives benefits from fully integrated value chain

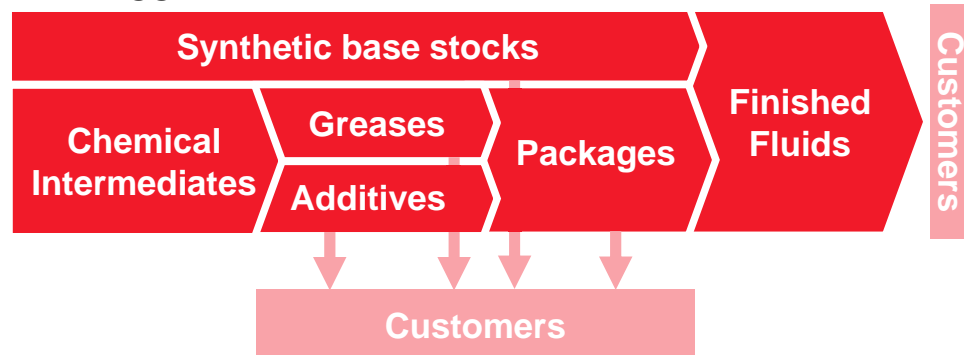


Most attractive value chain for customers

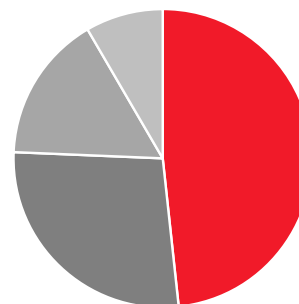
Illustrative



LANXESS



Lubricant Additives sales split:



- Additives
- Base stocks
- Intermediates
- Others

Synergies leverage growth

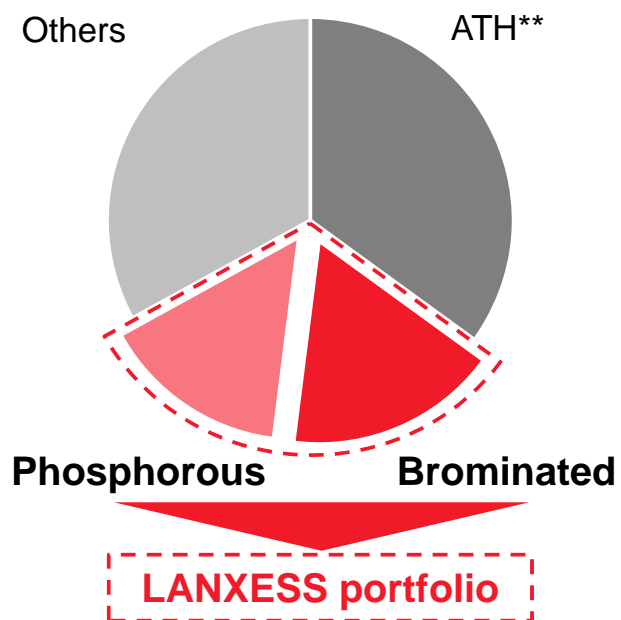
- Unique integrated value chain offers attractive cross selling opportunities
- Broad product portfolio with high technical expertise
- Growth above GDP driven by advancing technical applications

Flame retardants with complementary and most attractive business set-up



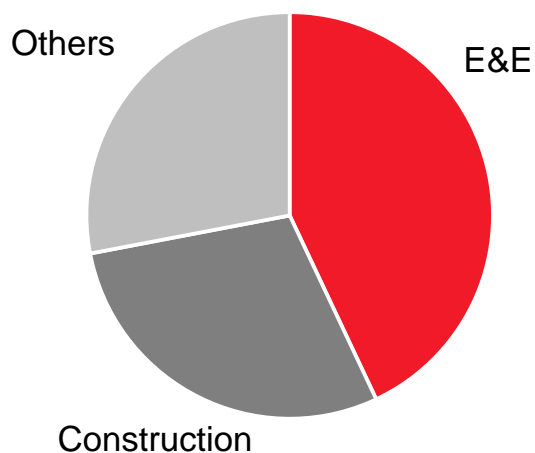
Clear strategic focus

Global consumption of flame retardants by type*



Emphasis on growth markets

LANXESS' end markets for phosphorous and brominated flame retardants



Sales FY 2016 pro forma

Promising growth drivers

- Highest potential for product specialization and differentiation
- Rising demand for PU, TPU, PS and PVC*** within end markets
- Increasing CO₂ efficiency requirements
- Tightened regulatory and safety standards

* Source: IHS Specialty Chemicals Update Program – Flame Retardants 2014, SCI Study Flame Retardants China 2016, LANXESS Research

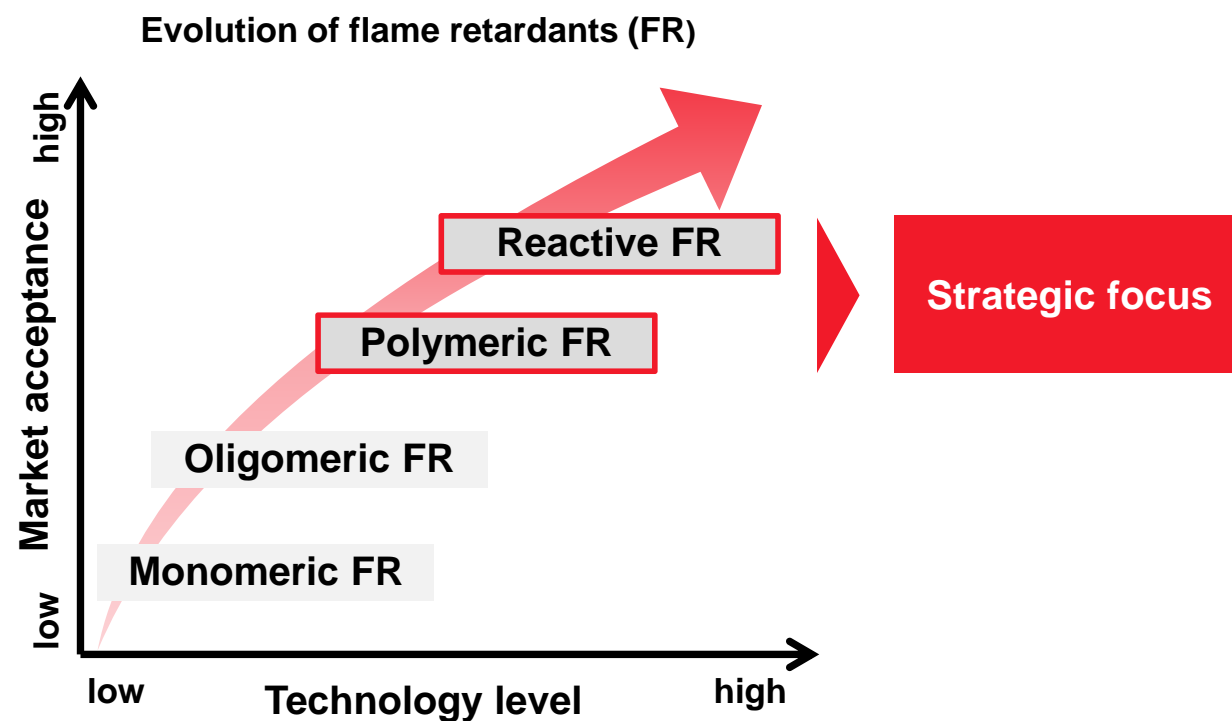
** ATH = Aluminium-tri-hydrochloride; *** Polyurethane, thermoplastic polyurethanes, polystyrene and polyvinyl chloride

Flame retardants benefit from trend towards more sophisticated solutions for fire protection



LANXESS drives innovation & technology

Striking characteristics

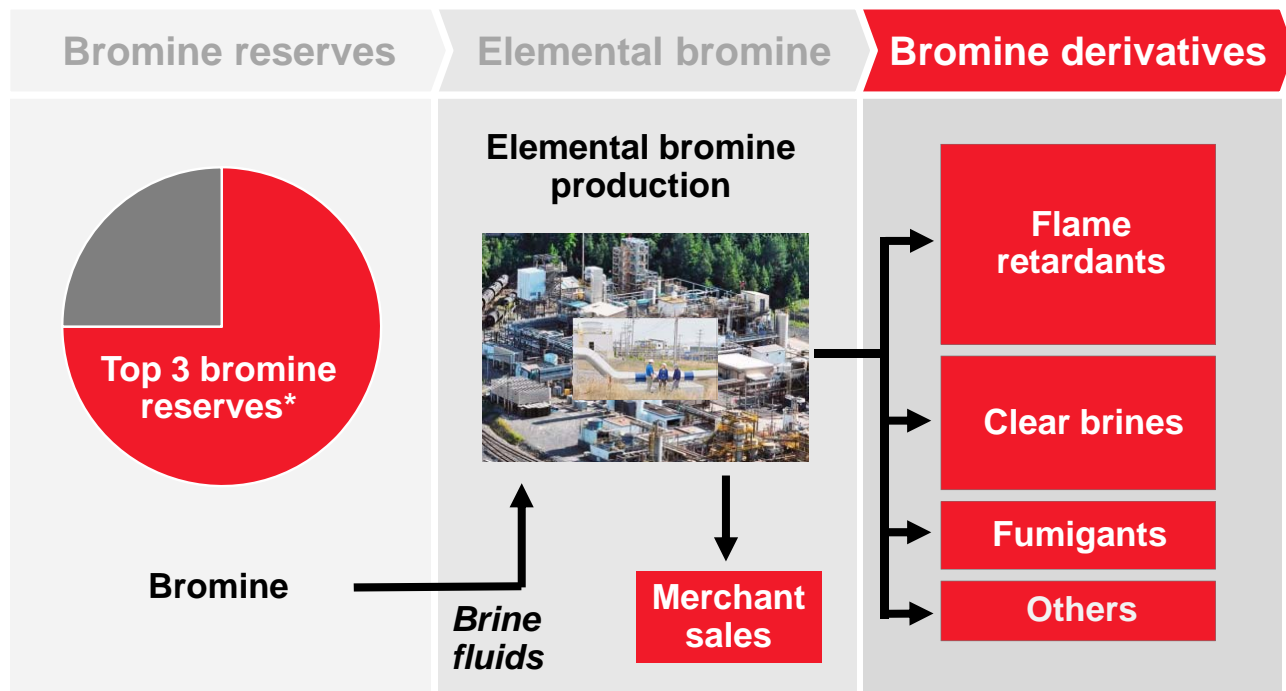


- Broad and advanced product portfolio based on high technical expertise
- The only bromine player with strategic focus on bromine solutions
- Strategic focus on product development to meet market expectations

Bromine Excursus: An integrated leading bromine player with a strong and diverse bromine portfolio



Strong backward integration



Among top three players

- Natural oligopolistic market structure with 75% dominated by three players
- Cost competitive bromine extraction
- Leading transportation fleet for elemental bromine
- Bromine reserves last more than 75 years

LANXESS bromine production is located in El Dorado, Arkansas, USA

* ICL, Albemarle and LANXESS

BU Additives will leverage its position as global additives player



Integrate

- Business integration and implementation of synergies
- Leverage improved regional footprint using enlarged sales and distribution network

Enhance

- Realize cross-selling opportunities and increase competitiveness
- Extend business focus on Asia Pacific

Develop

- Strategic focus on product development
- Specialize and innovate our product portfolio



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End of Presentation