



**LANXESS**  
Energizing Chemistry

# Deutsche Bank Investor Visit

LANXESS Growth in China

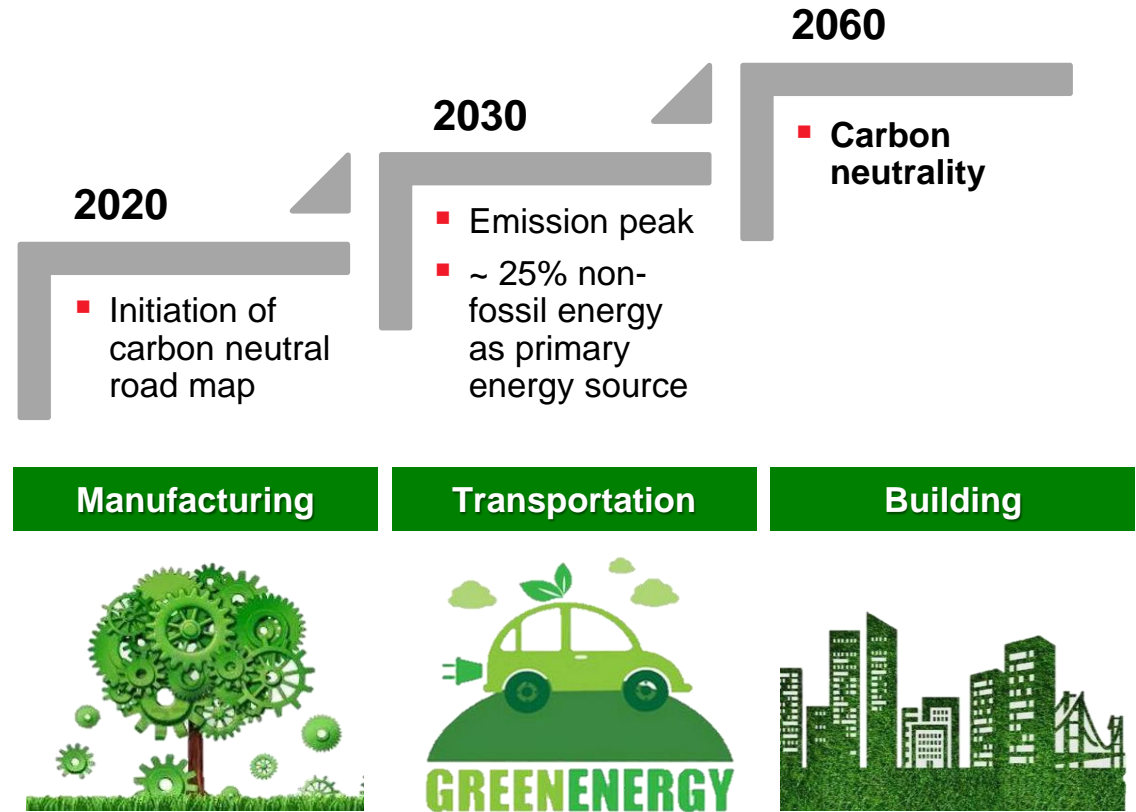
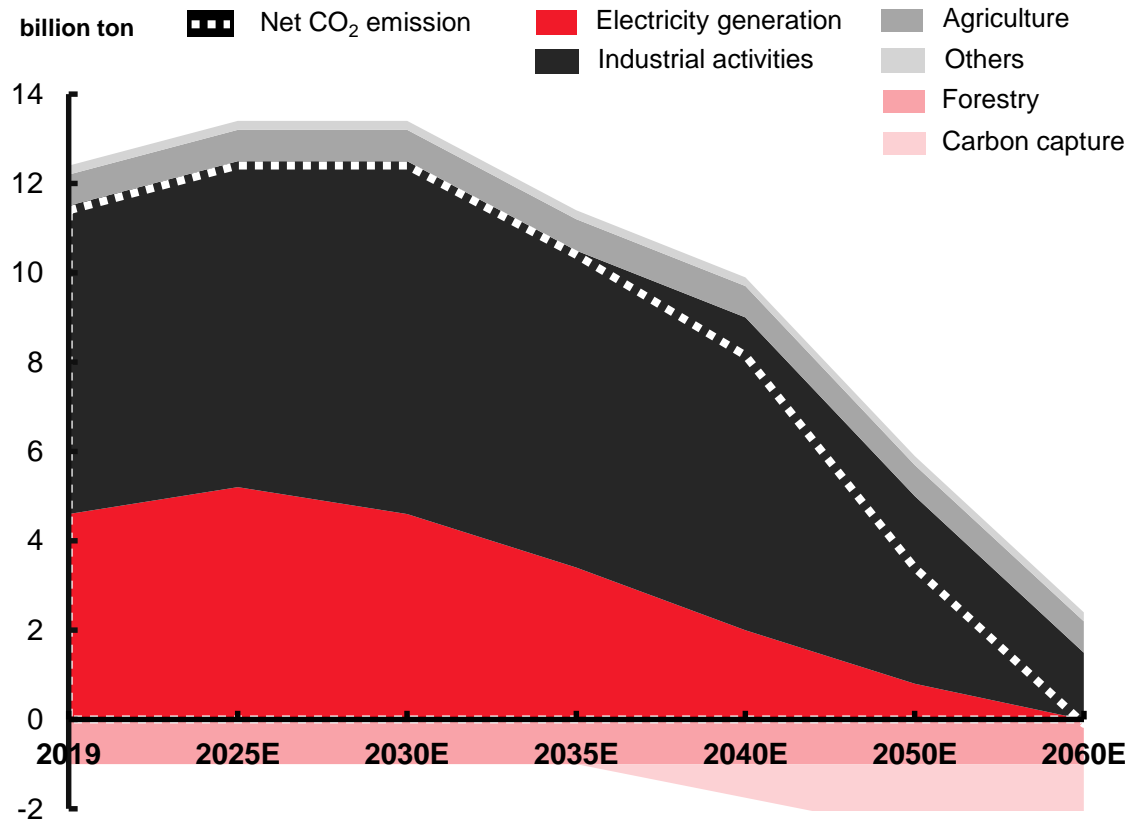
Ming C. Chien, President APAC Region

Shanghai, March 16, 2020

- **China macroeconomics from LANXESS perspective**
- LANXESS growth initiatives in China amid COVID-19
- Responsible stakeholder engagement
- Q&A

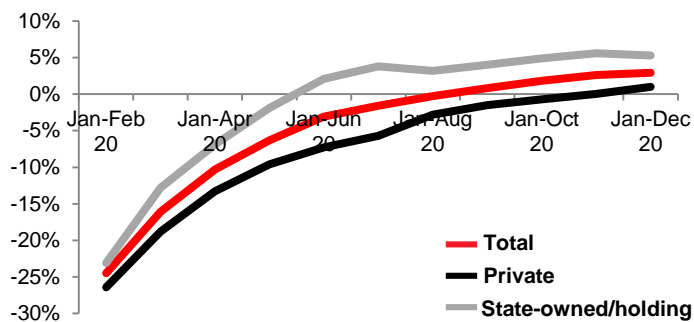
# China vision to target climate neutrality by 2060

 **China CO<sub>2</sub> emission forecast**

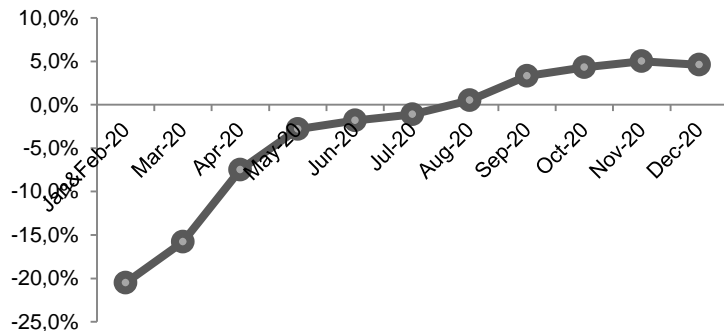


# China achieved 2.3% of GDP growth in 2020, 7.9% forecast for 2021 by both IMF and World Bank

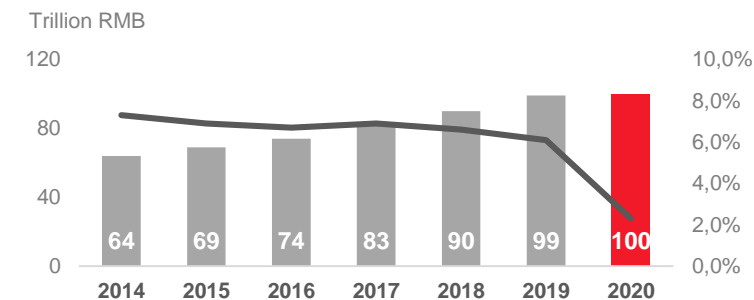
## Tangible and steady recovery since COVID-19 under control in China



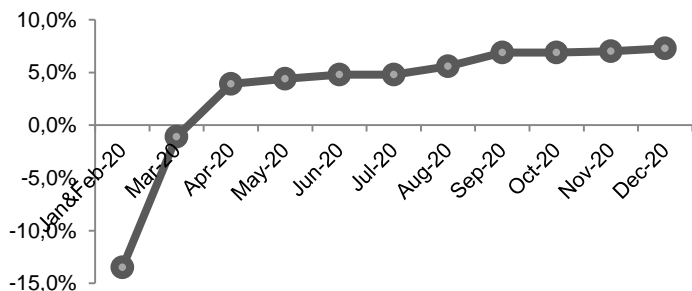
Investment growth (YoY)



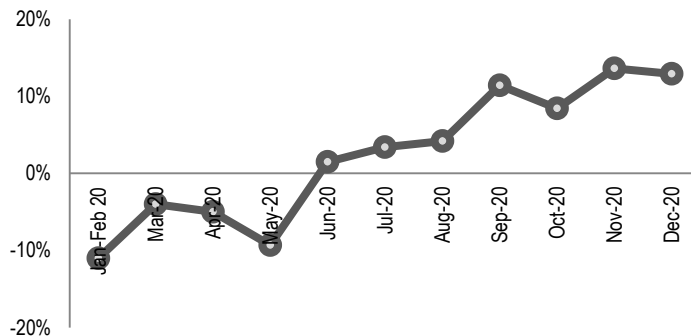
Retail sales of consumer goods growth (YoY)



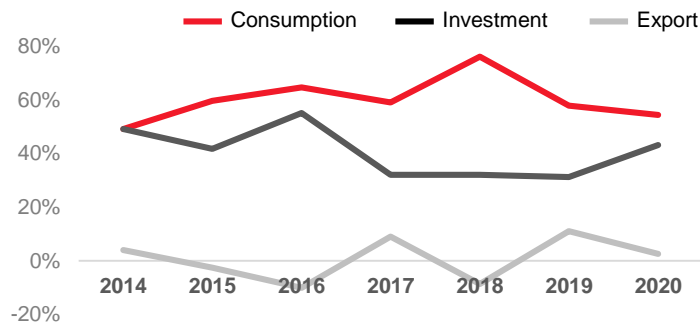
GDP growth



Industry added value growth (YoY)



Trade (Imp & Exp) growth (YoY)

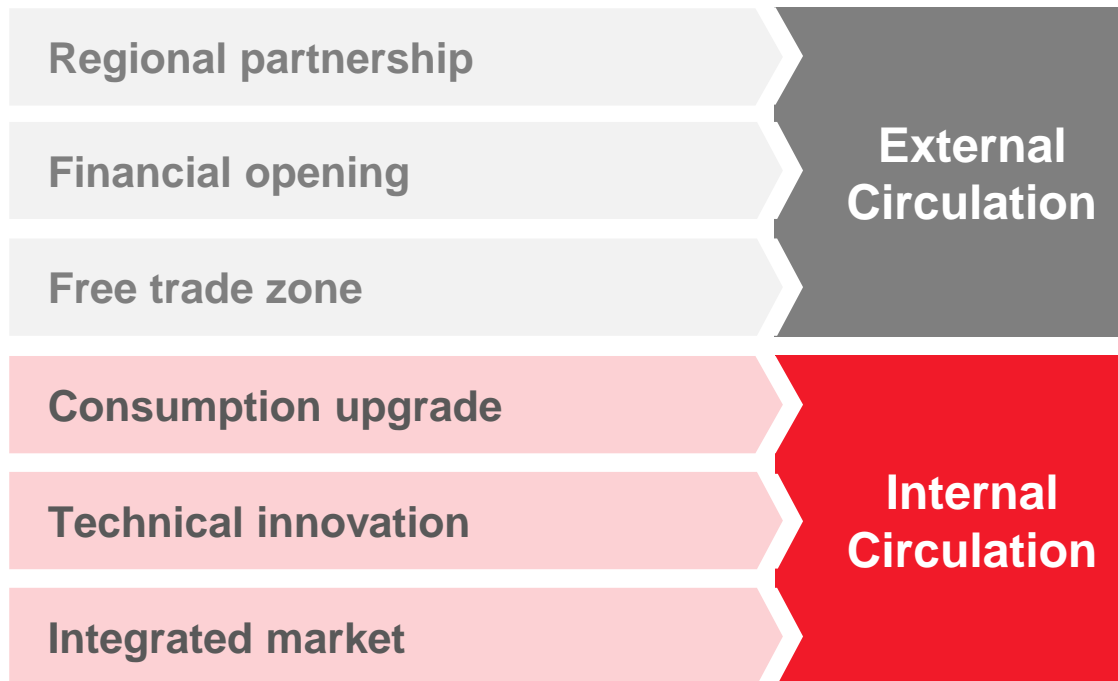
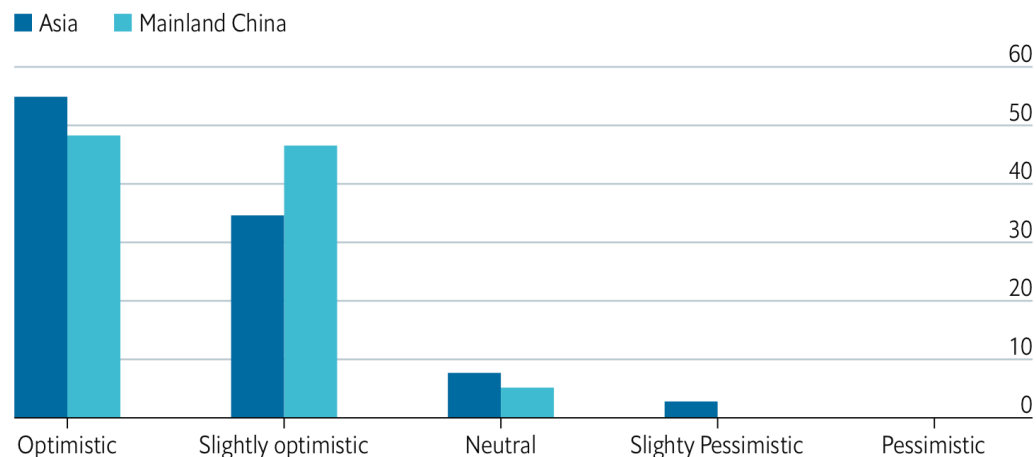


Contribution to GDP growth

# China remains good opportunity for foreign firms over next years

Reform continues to sustain growth with 14<sup>th</sup> five-year plan to be launched in “two sessions”

Optimistic five-year business outlook: EIU survey



“Dual Circulation” to bolster growth by strengthening exports and consumer demand

# EU China Investment Agreement – CAI

## Key facts

- Agreement to replace 26 individual treaties with a single EU agreement
- Ratification expected within 12 to 18 months
- Focus on aspects concerning market access, level playing field, sustainable development and enforcement

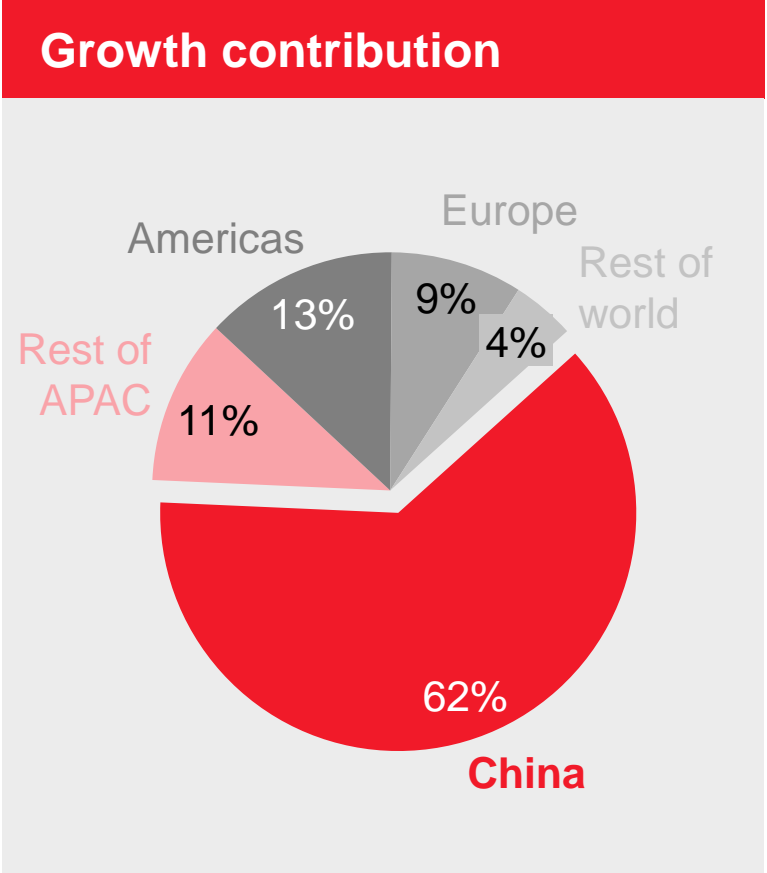
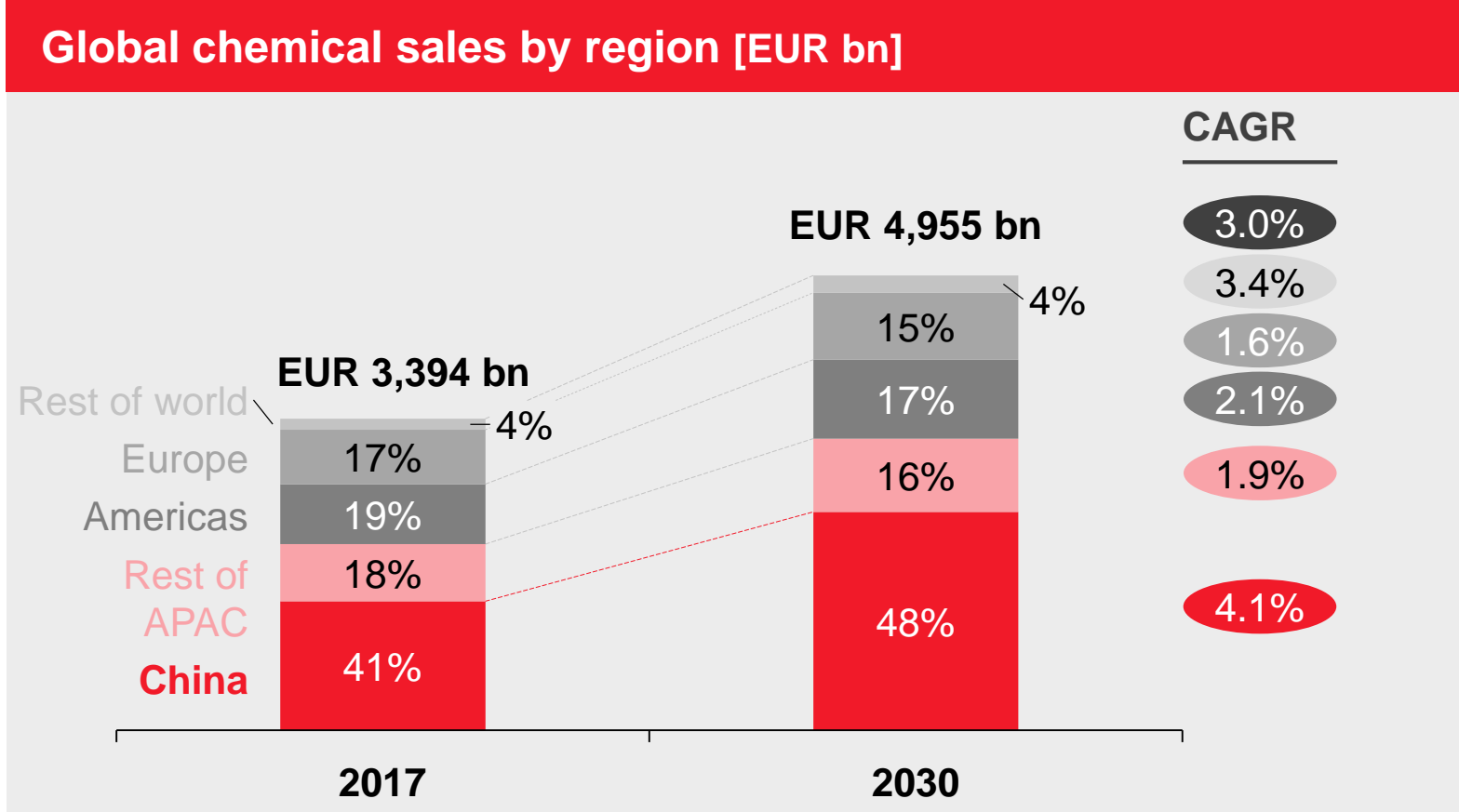
## Impact to LANXESS

- Elimination of JV requirement in automotive industry marks progress toward a level playing field in important customer industry
- Progress in standard setting will benefit overall business environment in China
- Progress in IP protection will increase commitment of domestic and foreign investors and strengthen innovative capability of Chinese economy
- LANXESS believes in the strong need for sustainability and welcomes commitment to implement the Paris Climate Agreement





# China will continue to outgrow the global chemicals industry and become an even more important market



**China will account for half of the global chemicals industry in 2030**

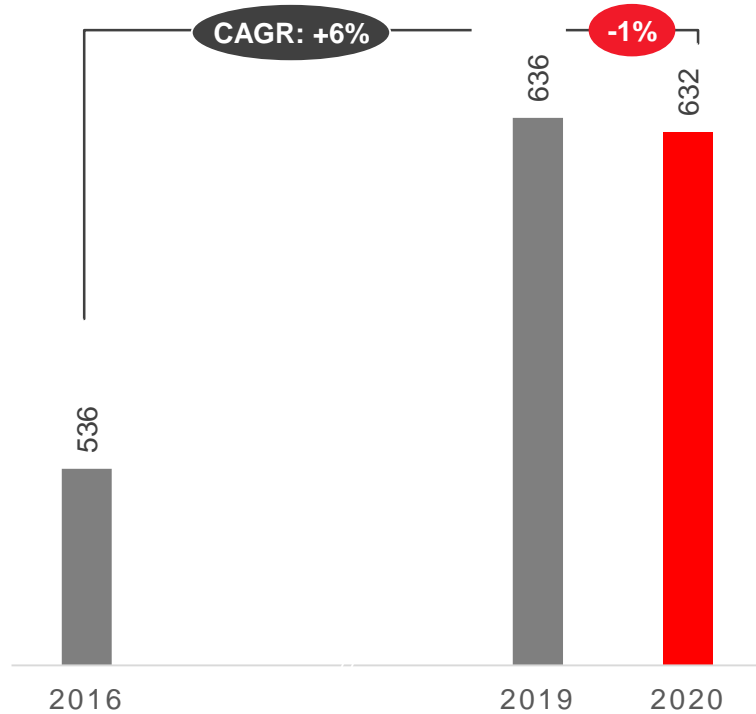
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- **LANXESS growth initiatives in China amid COVID-19**
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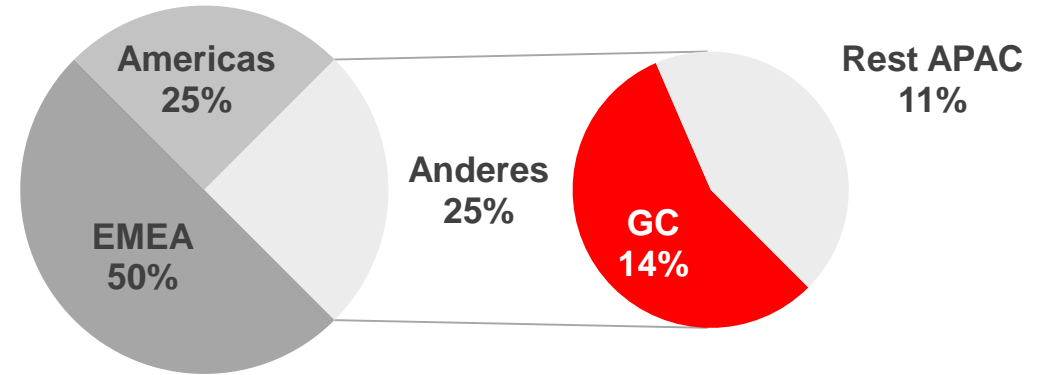
# Greater China sales maintained at historical high level in 2020

China only market with strong demand in APAC in COVID year

GC sales in m EUR



Contribution of GC sales



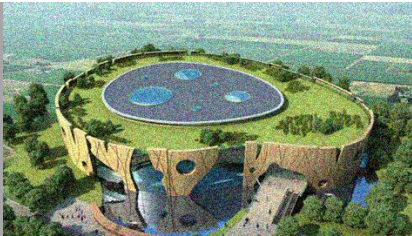
Automotive sector strongly sustained LXS performance in China in 2020

Consumer protection segment enjoyed growth of more than 20%

# LANXESS expects steady growth from the megatrends of China in the next years

## Green Development

green roofing



environment friendly coating



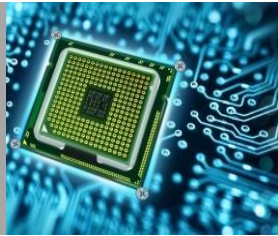
energy saving building



## Better Life



clean water



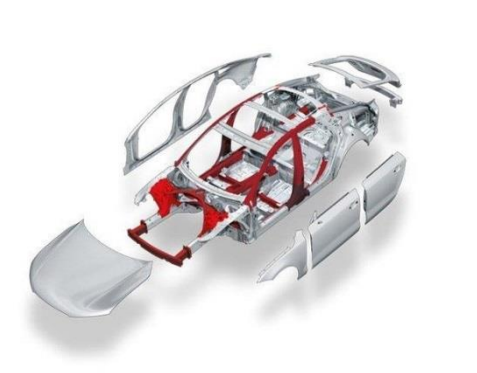
bio-security



beverage safety



## New Energy Vehicle



auto light-weight

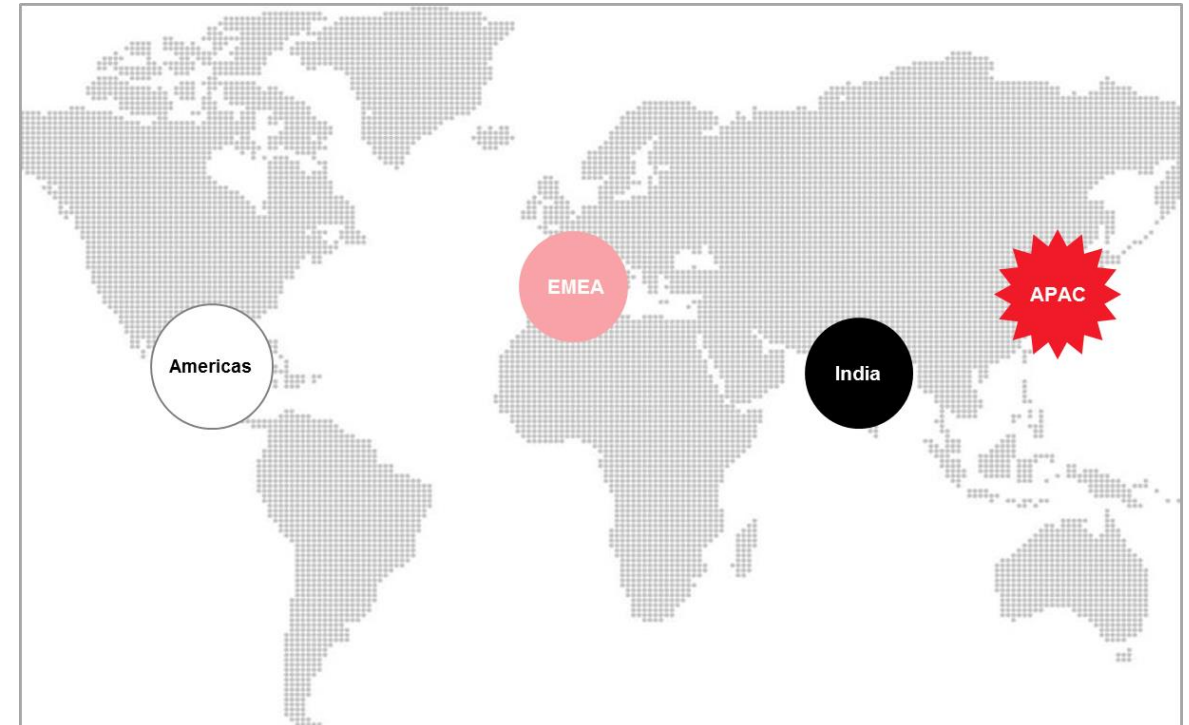


battery technology

# Optimized organization strengthens operational efficiency and business development

## APAC regional organization

- **Regional concept** established August 1, 2018
  - APAC, EMEA, Americas, India
- **LANXESS APAC Region**
  - Headed by APAC President Ming Cheng Chien
  - Shanghai appointed APAC regional headquarters by LANXESS Board of Management
  - Includes Greater China, Japan, Korea, ASEAN, Australia and New Zealand
- **Tasks**
  - Develop new business opportunities
  - Active participation in industry consolidation



**Strong platform for growth**

“...we believe huge growth potential and endeavor to strengthen our footprint here to grow further...”

## Grow in most sustainable chemical park

- 20 hectares of land reserved in SCIP with MoU signed
- Investment budget up to EUR 250 million allocated to APAC for 2018-2023
  - Focus on China as largest market



## SCIP ranked No. 1 Chempark by CPCIF in 2020



### Shanghai Chemical Industrial Park (SCIP)



Most sustainable chemical park in China



# LANXESS establishes APAC Development Center to develop local solutions for local market

Setup on track without delay with building handed over on December 15, 2020



**LANXESS**



Seamless milestone after authorization as APAC headquarters

- China macroeconomics from LANXESS perspective
- LANXESS growth initiatives in China amid COVID-19
- **Responsible stakeholder engagement**
- Q&A

# Responsible stakeholder engagement

## Corporate Responsibility

- “Clean Water for Better Life“ University Students Water Research Competition
  - From 2015 to 2020, in total **949** students from **62** universities in **24** provinces participated



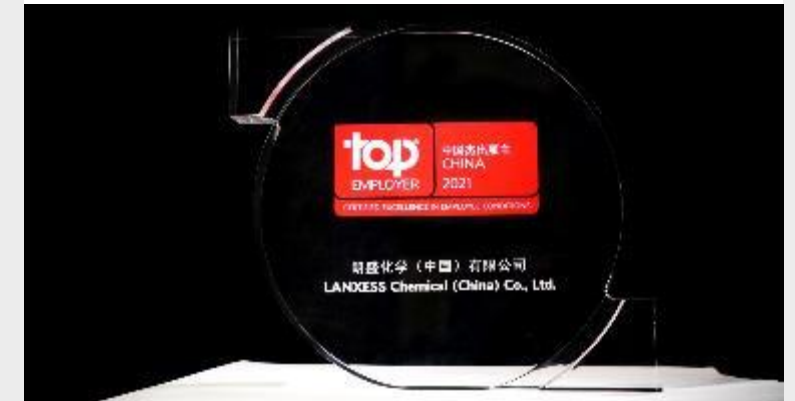
## Public Advocacy

- China Petroleum and Chemical Industry Federation (CPCIF)
- Association of International Chemical Manufacturers (AICM)
- European Chamber of Commerce (EUCCC) and German Chamber of Commerce (AHK)



## Recent Awards

- Top Employer China 2021 / certified for 4th consecutive year
- Golden Key Award 2021 / China Sustainability Tribune
- Innovation and Sustainability 2020 Excellence Award / Shanghai Daily





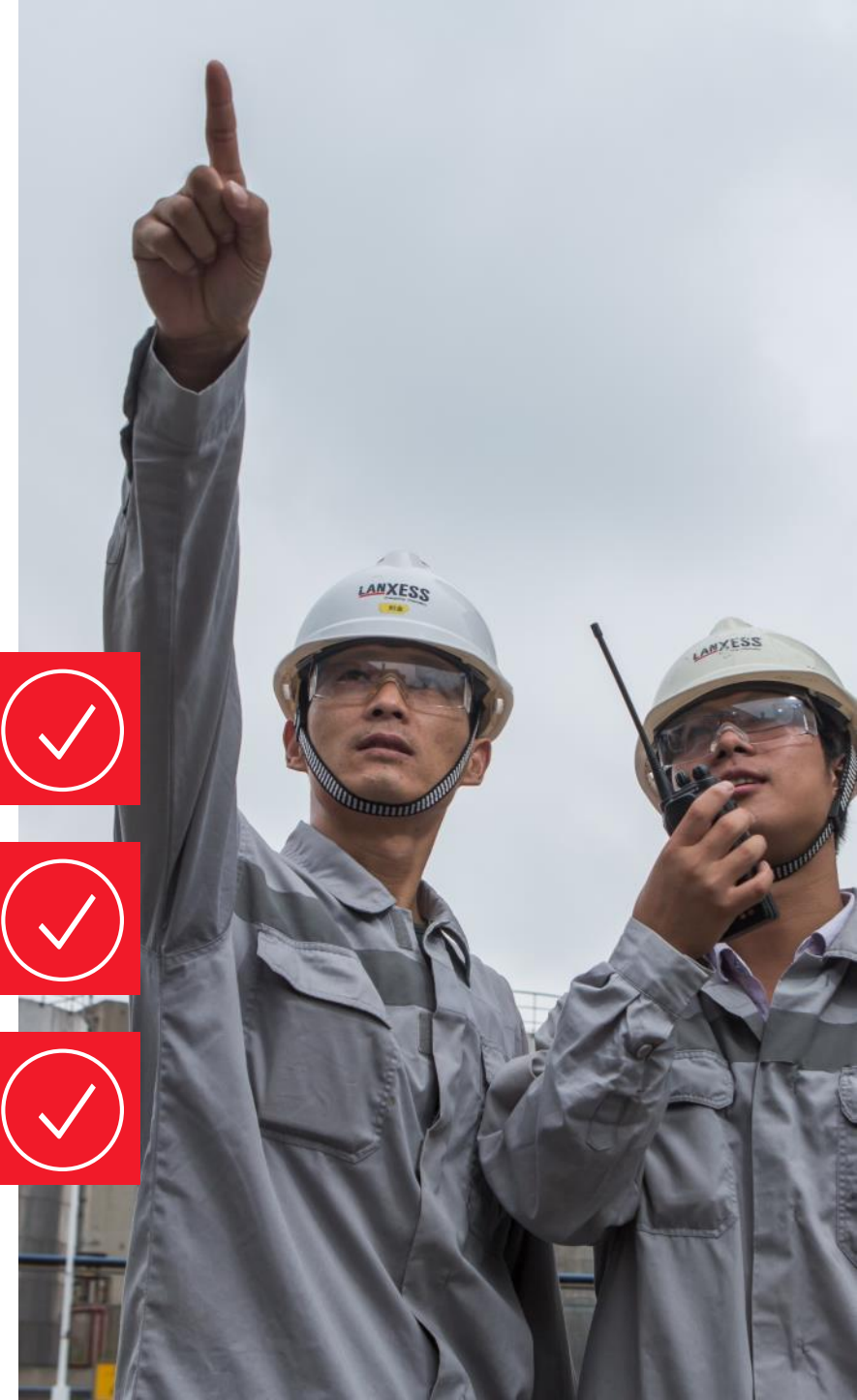
China is the world's largest chemical market



We continue to drive our growth in China



We have many plans!



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**LANXESS** 朗盛  
Energizing Chemistry

# LANXESS – A globally operating specialty chemicals company



**Specialty  
chemicals  
company**



- Spin-off from Bayer in 2004
- Specialty chemicals portfolio: chemical intermediates, additives, specialty chemicals and plastics

**Global  
success  
story**



- Approximately 14,300 employees in 33 countries
- Global sales of EUR 6.1 billion in 2020

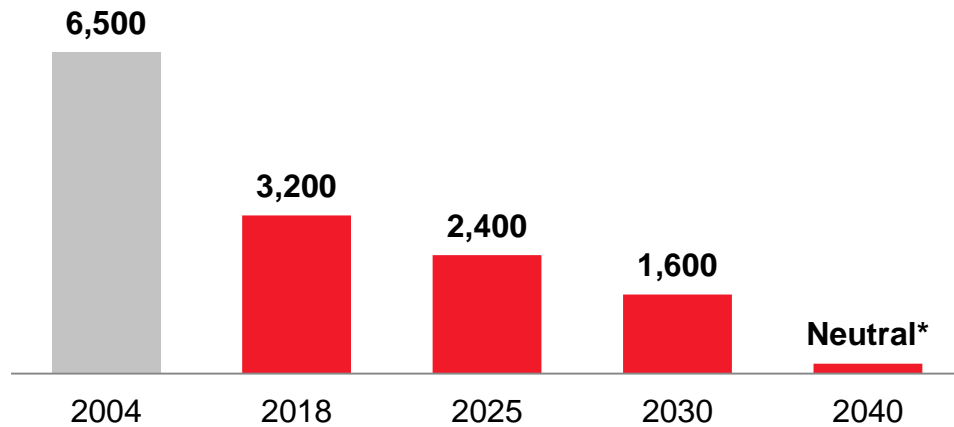
**Strategy of  
profitability  
and resilience**



- Strengthening of leading position in medium-sized markets
- Consolidation in Europe, expansion in USA and Asia

# LANXESS goes climate neutral

## CO<sub>2</sub>e emissions (kt)



## Three-pillar strategy until 2040

- **Major impact projects**
  - Promote **coal phase-out** in chemical parks
  - Nitrous oxide reduction plant in Antwerp
  - Switch **to renewable energies** in India
- **Decouple emissions and growth**
  - Climate targets for each business unit
  - CO<sub>2</sub> footprint as a criterion for organic growth and acquisitions
- **Technical innovations**
  - Increase **energy efficiency** in Verbund structure
  - Focus research on climate-neutral **process and technology innovation**
  - Climate-neutral production technologies in the global asset park

Emissions based on Scope 1 + Scope 2

\*+<300kt CO<sub>2</sub>e emissions per year, reduced by compensation measures