

Business Unit Basic Chemicals



A Global Supplier Based in Germany

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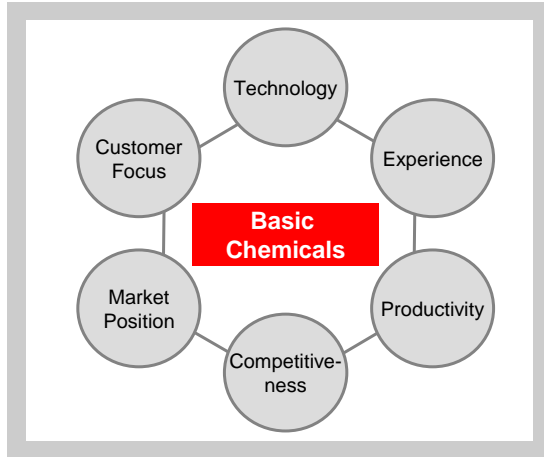
1st LANXESS Investor Conference

September 15, 2006



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Energizing Chemistry

Managing its tasks and skills by an experienced team ...



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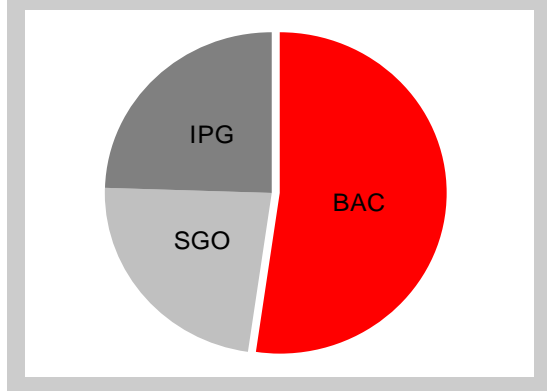
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... as an integral part of the Chemical Intermediates segment, ...

Basic Chemicals:

- Sales: > €500 m
- Employees: 1,100
- Products: 165
- Metric tons shipped: 1.3 million
- Main competitors: BASF, Dow Chemical, Jiangsu Yangnong, Kureha, Merisol, Tessenderlo, Perstorp

LANXESS Chemical Intermediates: Sales by BU in 2005



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... delivering chemicals with leading market positions from a German based "Verbund" structure ...

- "Aromatenverbund"
 - Chlorobenzenes & Derivatives
 - Chlorotoluenes & Derivatives
 - Nitrotoluenes & Derivatives
- Polyols & Oxidation Products
- Inorganic Acids
- Benzyl Products & Amines

14 production units in Germany
1 production unit in the USA

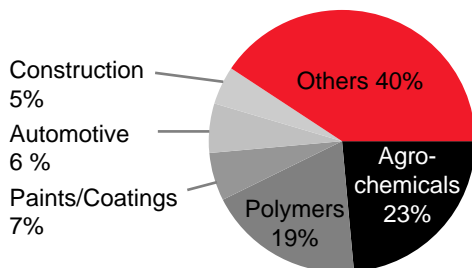


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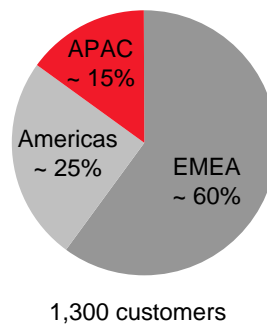
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... into diversified markets

Markets based on sales 2005



Regional distribution of sales 2005



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Realignment through restructuring and consolidation ...

Restructuring

- Sale of business
- Closure of non-core plants or production lines
- Portfolio revision
- Reorganization of plants

Industry consolidation

- More than 20 competitors have given up over the last five years



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... combined with continuous improvement of productivity ...

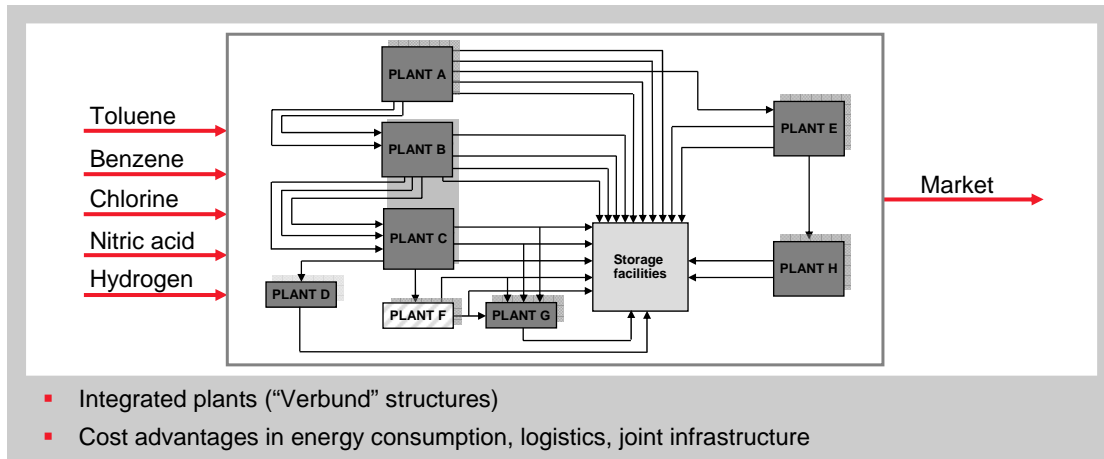
- Highly automated world-scale plants
- Excellent processes & high utilization rates
- Low cost capacity increases
- Integrated manufacturing infrastructure and logistic structures ("Verbund")
- Raw materials by pipeline or barges
- Utilities generated on site & integrated waste management
- Headcount reduction



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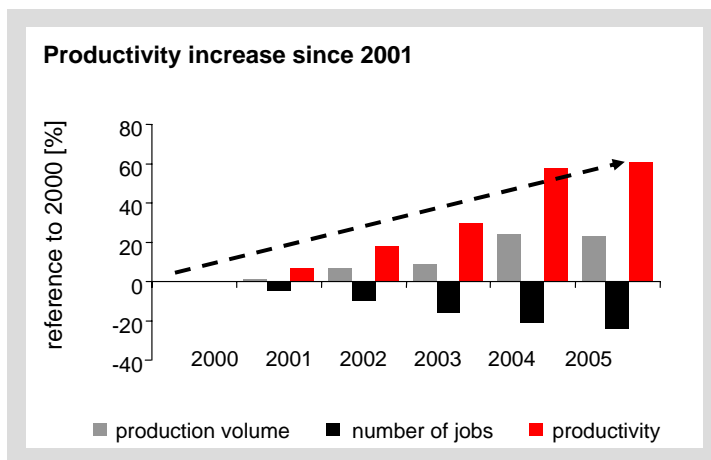
... and efficient management of complexity such as the important "Aromatenverbund" in Leverkusen ...



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... led to a competitive German based global player



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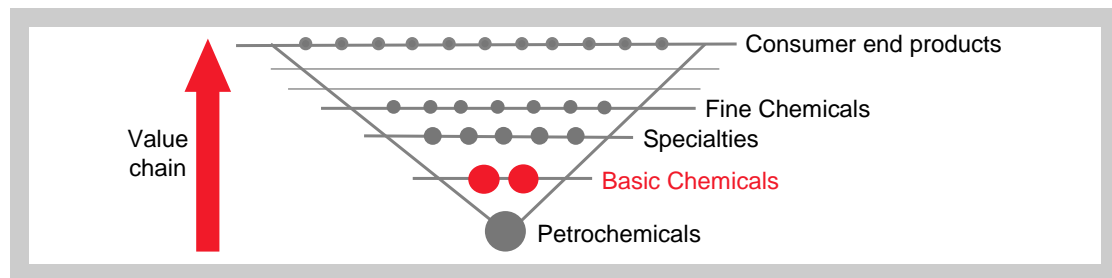
Basic Chemicals is prepared to manage cyclicity ...

Basic Chemicals manufactures Building Blocks

- In early stage of value chains (commodities)
- Ending in a high variety of end products in many different market segments



Moderate cyclicity

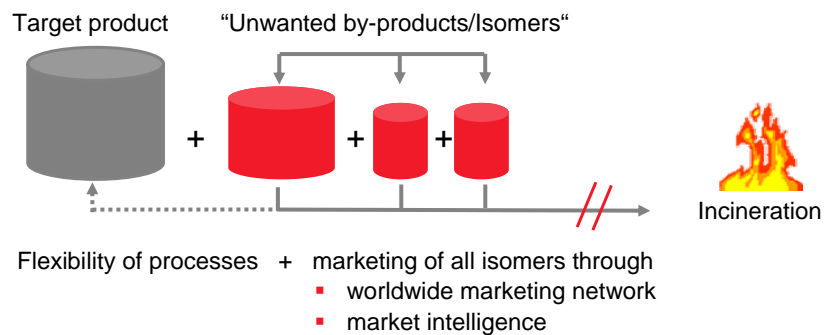


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... based on leading technology and experience ...

Managing isomer (by-product) formation in the "Aromatenverbund"

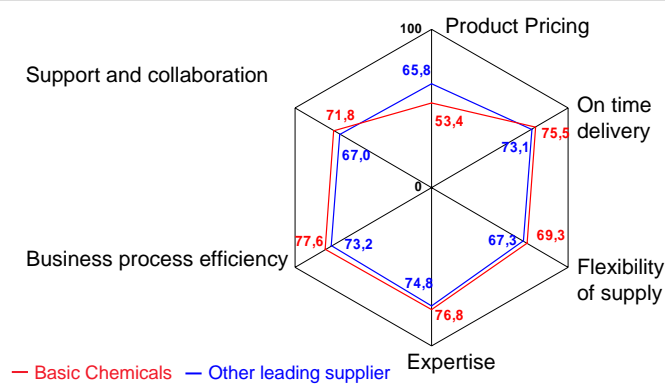


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... and stays globally competitive

Customer satisfaction survey 2005



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Basic Chemicals – successful cost and technology leadership from a competitive German platform

Market Position	Leading market positions in all business lines supplying diversified markets	✓
Asset Base	World-scale “Verbund” plants with proprietary process technology	✓
Discipline	Continuous improvement of productivity - We know how to manage chemical plants efficiently	✓
Growth	Further debottlenecking to strengthen platform and to participate in Asian market growth	✓

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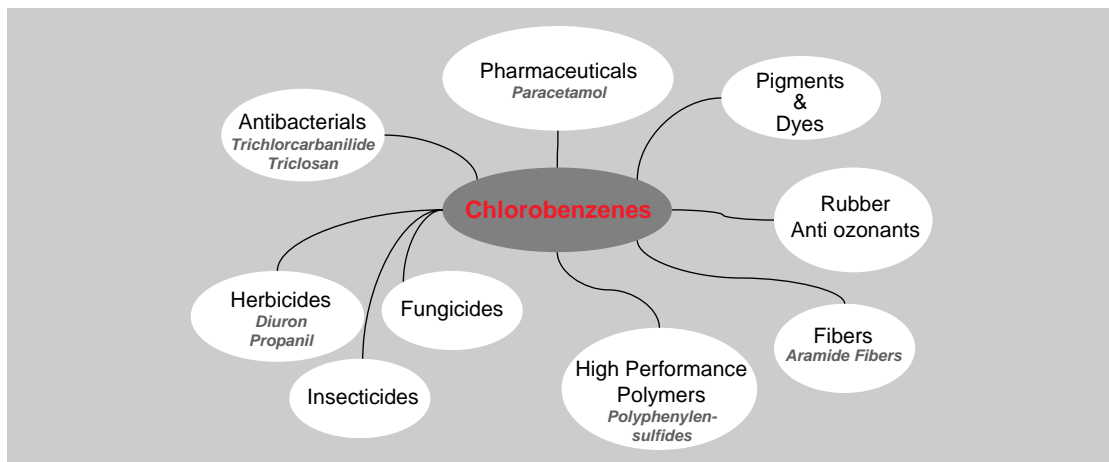
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Appendix



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Energizing Chemistry

Basic Chemicals Product line: Chlorobenzenes & derivatives

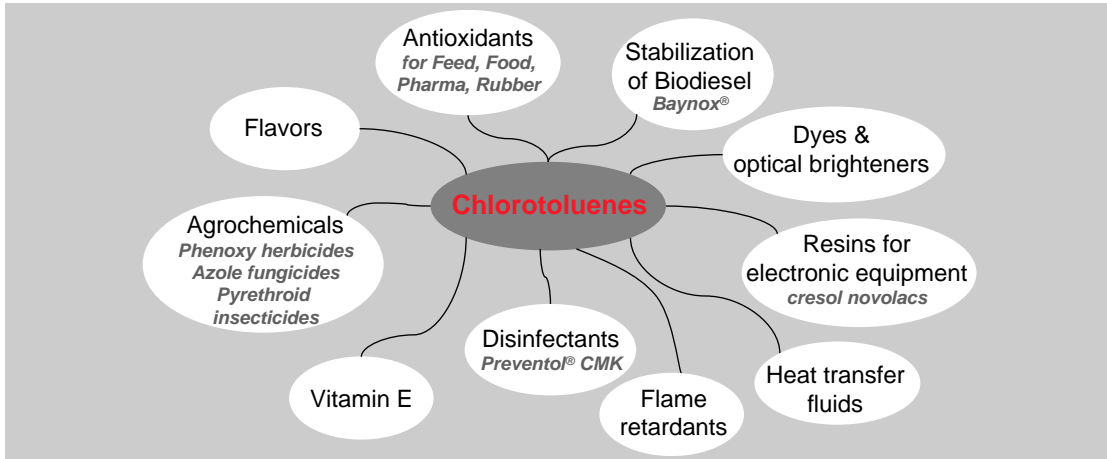


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Product line: Chlorotoluenes & derivatives

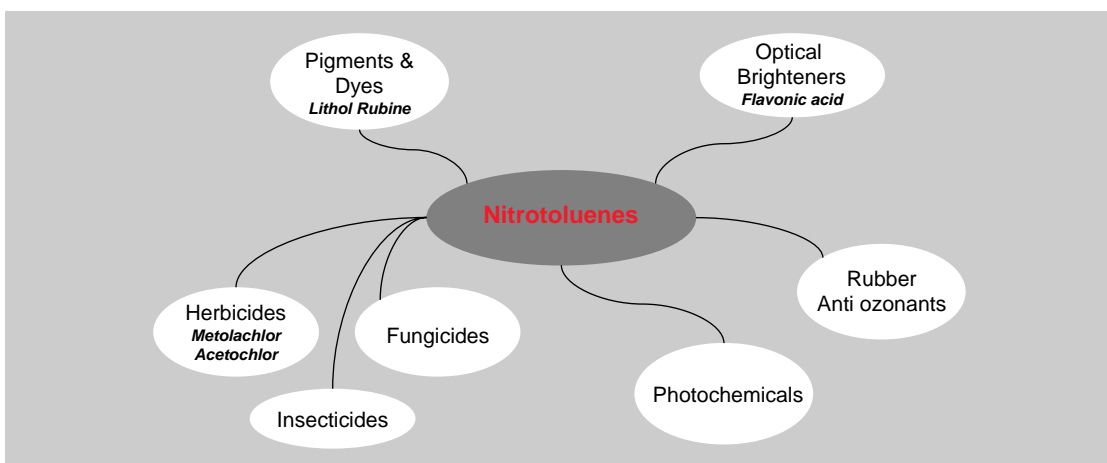


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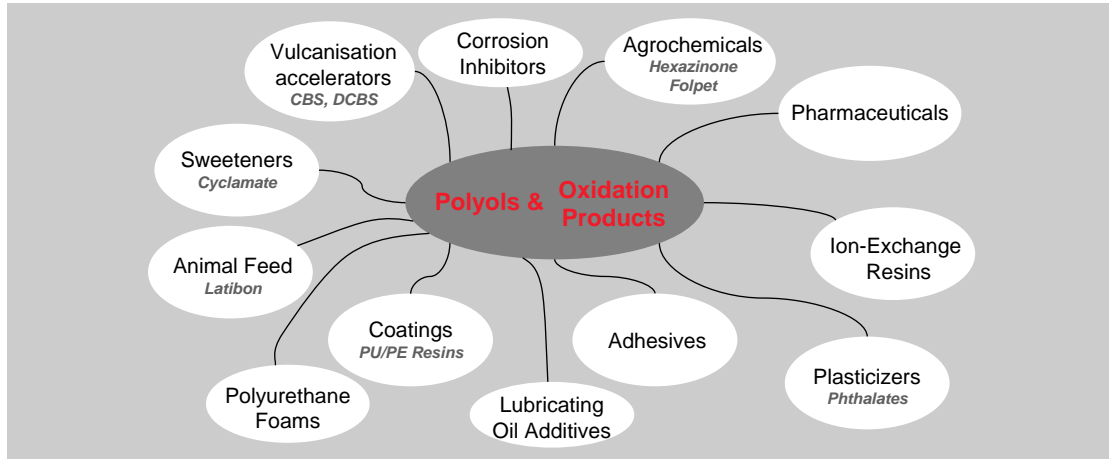
Product line: Nitrotoluenes & derivatives



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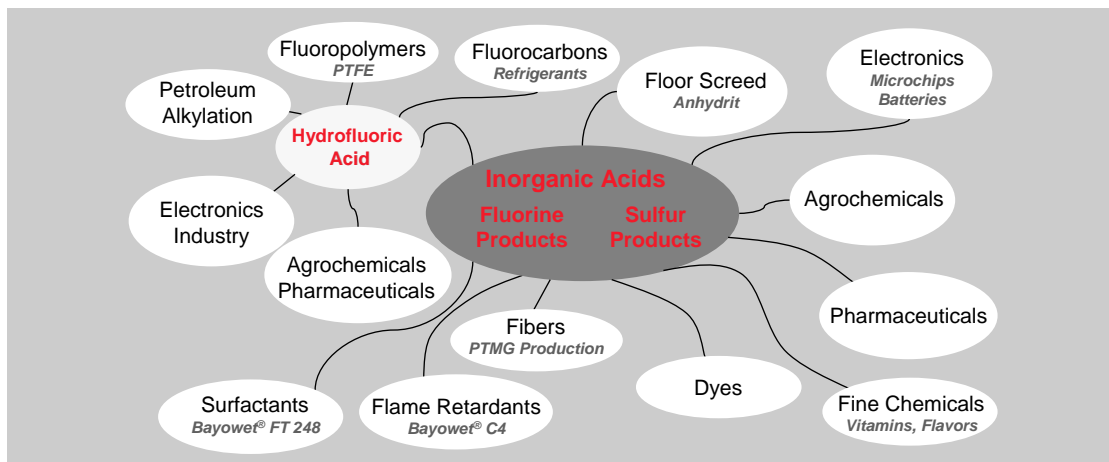
Basic Chemicals Product line: Polyols & Oxidation Products



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Basic Chemicals Product line: Inorganic Acids

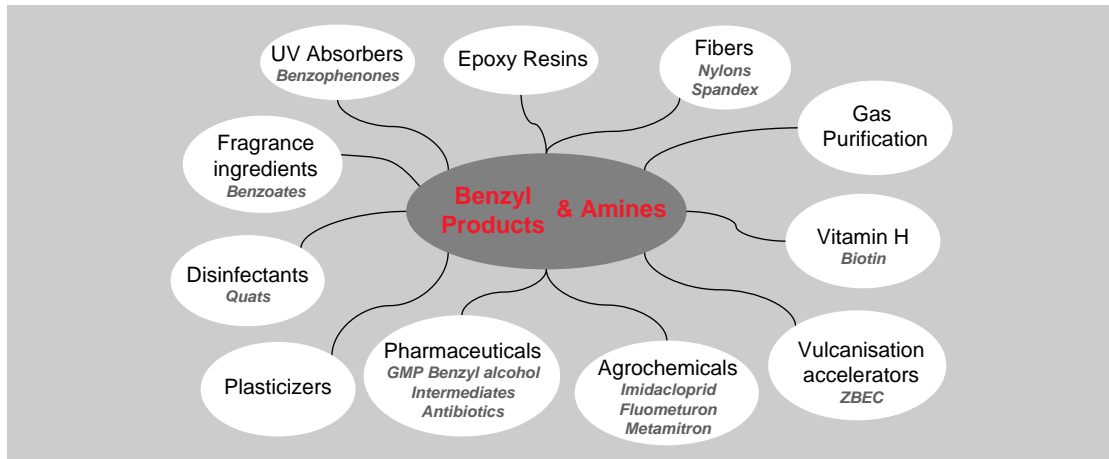


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Product line: Benzyl Products & Amines



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