



LANXESS –

**New world scale butyl rubber production facility in
Singapore**

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Leverkusen, February 2008

Strengthening our global butyl rubber business by adding a world scale production facility in Asia

Summary

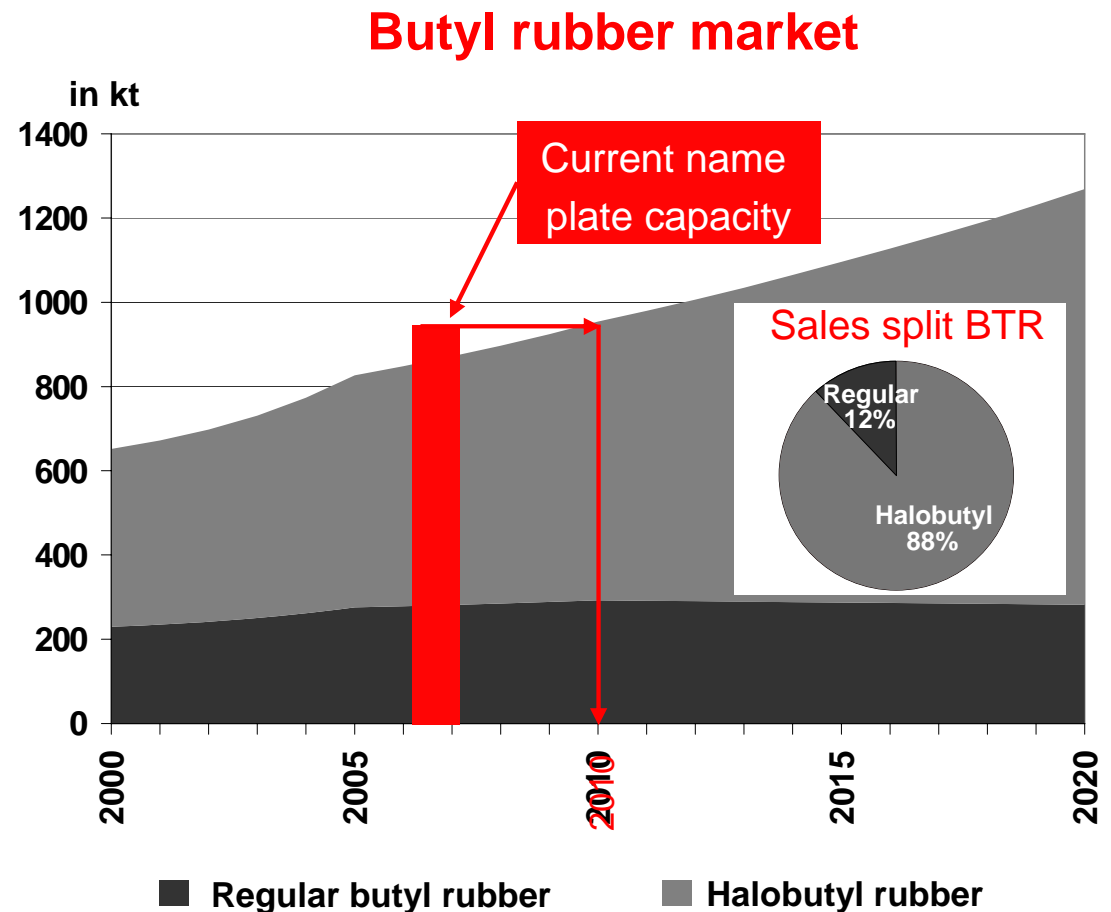
- Location: Singapore, chemical park on Jurong Island
- Most competitive BTR site
- Capacity: up to 100 kt/a
- Start of production: mid 2011
- Capex: up to € 400 million
- ~200 employees
- Plant is located close to the major Asian markets and close to raw material supply
- New butyl capacities are needed to serve the growing demand
- Assures LANXESS position as a leading butyl rubber producer



New butyl capacities are needed to serve the growing demand, particularly from 2010 onwards

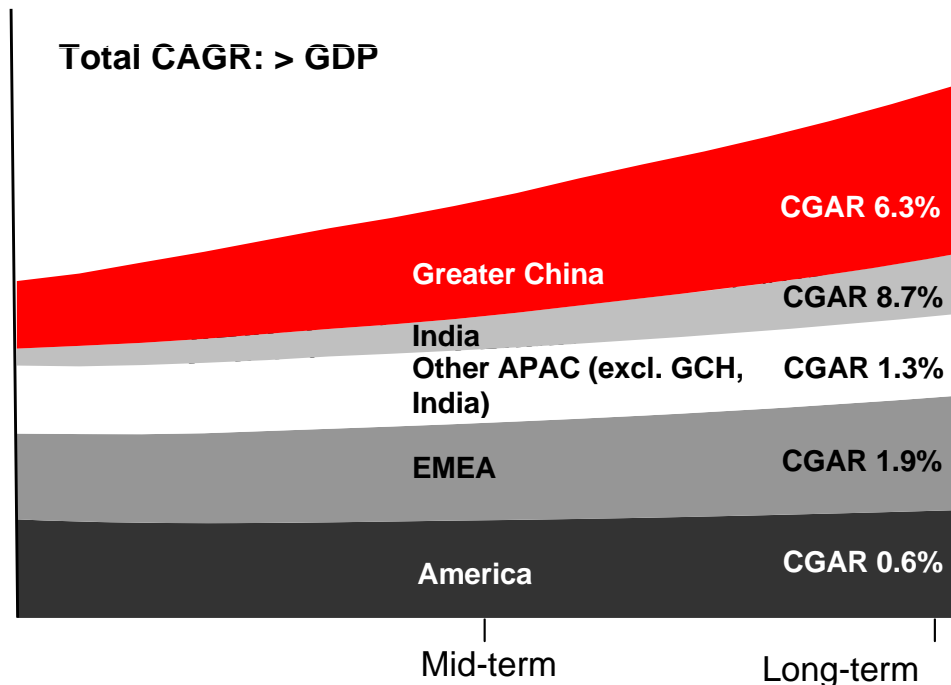
To fulfill market demand a world scale plant is needed approx. every 3 years

- Stable demand growth for butyl rubber expected for the coming years (CMAI forecast 3.6% p.a.)
- Growth is particularly driven by strong demand for halobutyl rubber
- Current market size ~850 kt; annual increase of 25-30 kt
- Already today market demand can hardly be fulfilled with existing name plate capacities
- Supply/demand gap after 2010
- LANXESS' new production facility will come onstream 2011

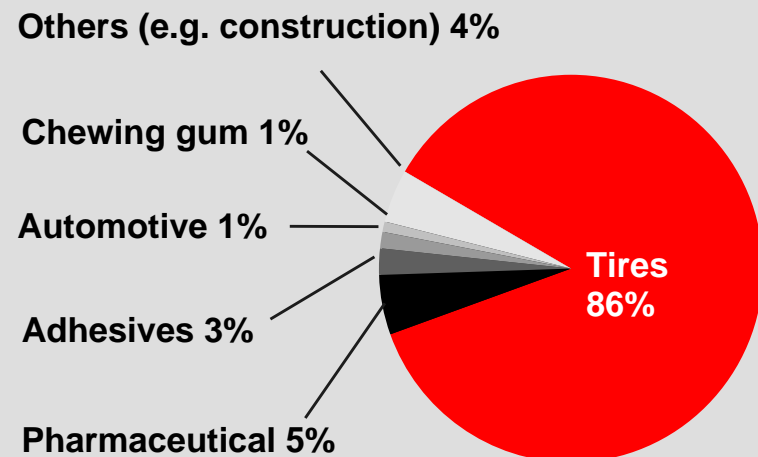


Asia is the most important growth region for butyl rubber, driven by increasing tire production

Butyl rubber market by region



Butyl rubber consumption



- Strong tire growth in emerging economies
- Increasing tire sizes (improved tire design)
- Continuous radialization particularly in China and India drives demand for halobutyl rubber

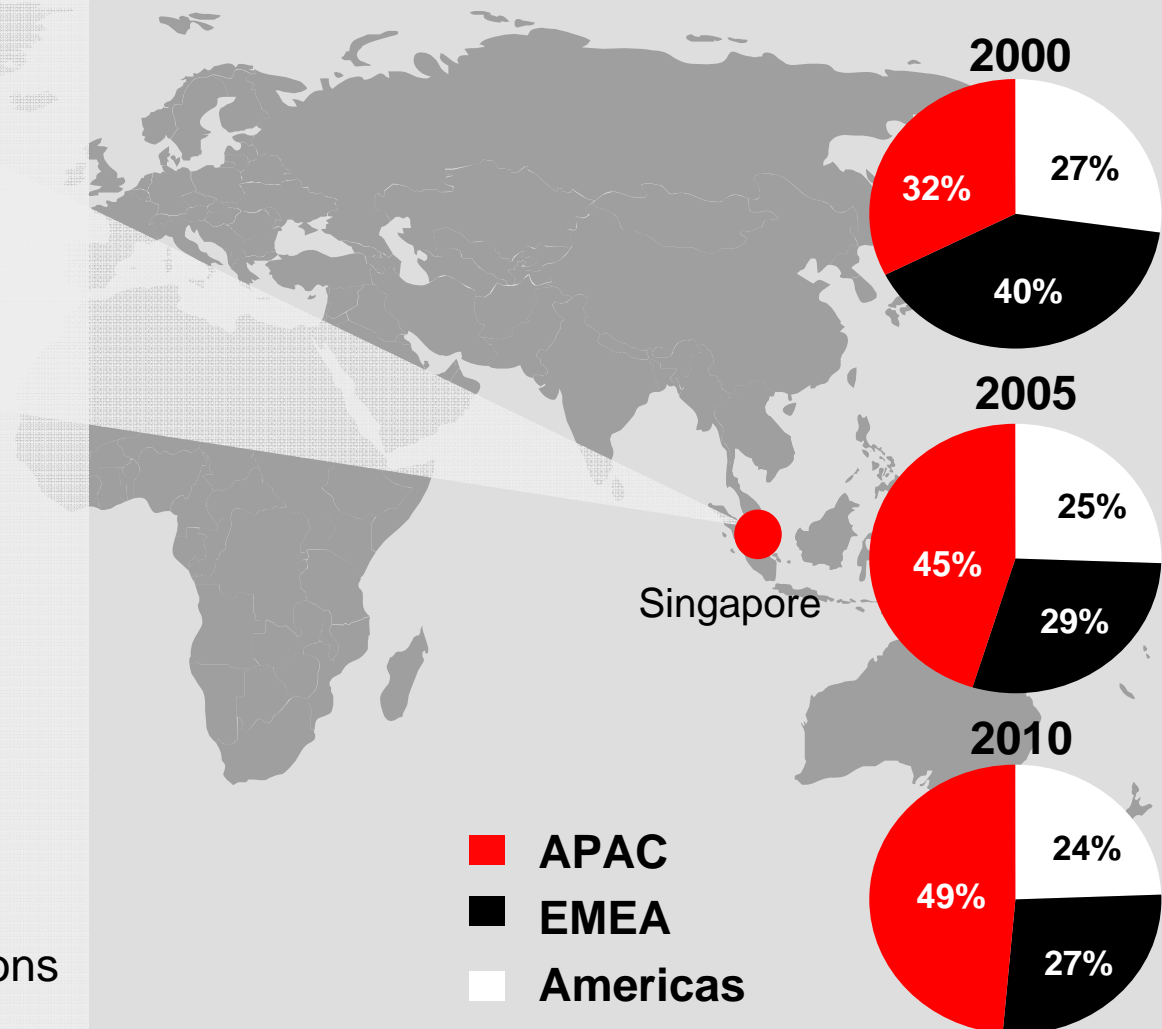
Quelle: LANXESS Butyl-Marktforschungsstudie

With our new cost efficient production site we follow the market shift towards Asia

Reasons for Singapore:

- State-of-the-art technology
- Raw material supply secured
- Favourable/highly competitive operating costs
- Most competitive BTR site
- Attractive tax regime
- Excellent logistics
- Ideal infrastructure
- Highly skilled workforce
- Site close to fastest growing market
- Enhancing BTR's natural hedge against foreign currency fluctuations

Butylmarket by region

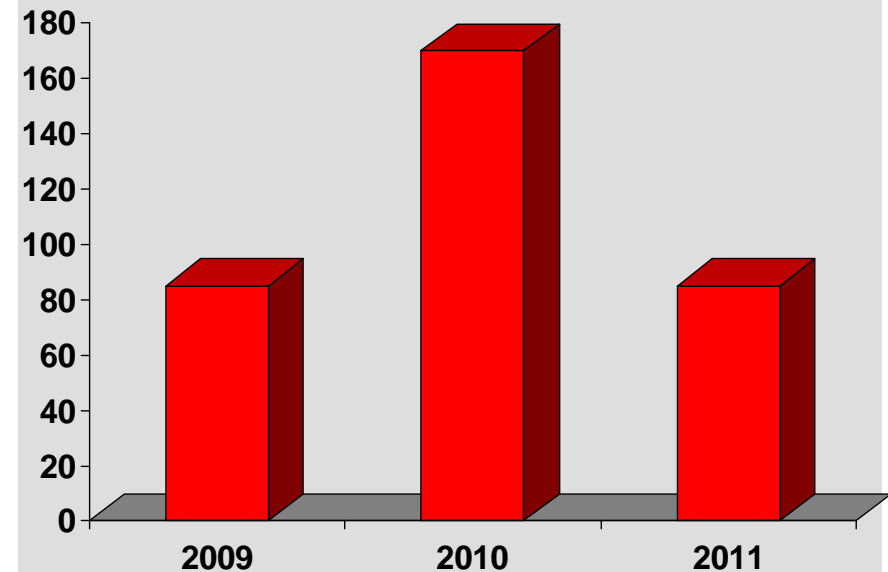


Value creative investment in a premium segment of the portfolio

Investment cornerstones

- Capex: up to € 400 million
- Major cash outflows in 2010
- Start of construction: 2009
- Start of commercialization mid 2011
- Annual capacity up to 100 kt
- Starting capacity of 70 kt; gradual increase of total capacities to avoid market imbalances
- NPV calculation applying company WACC plus risk premium (discount rate 9.2%) is positive, excluding a terminal value of ~€150 million
- Financing through operating cash flows and already existing credit facilities

Distribution of cash outflows





Q&A – LANXESS Conference Call

February 26, 2008