



# LANXESS acquires Chemtura – creating a new champion for additives

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**LANXESS**  
Energizing Chemistry

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This communication may be deemed to be solicitation material in respect of the proposed acquisition of Chemtura Corp. by LANXESS AG. The proposed acquisition will be submitted to the stockholders of Chemtura Corp. for their consideration. In connection therewith, Chemtura Corp. intends to file a proxy statement with the U.S. Securities and Exchange Commission ("SEC") and mail such proxy statement to its stockholders of record. BEFORE MAKING ANY VOTING OR ANY INVESTMENT DECISION, INVESTORS AND STOCKHOLDERS ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT REGARDING THE PROPOSED TRANSACTION AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and stockholders will be able to obtain free copies of the proxy statement, any amendments or supplements thereto and other documents containing important information about Chemtura Corp., once such documents are filed with the SEC, through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Copies of the documents filed with the SEC by Chemtura Corp. will be available free of charge on Chemtura Corp.'s website at <http://investor.chemtura.com> under the heading "Financials & Filings". Stockholders of Chemtura Corp. may also obtain a free copy of the definitive proxy statement by contacting Chemtura Corp.'s Investor Relations Department at (203) 573-2153.

# LANXESS to become a global champion for additives

## Acquisition

Chemtura – one of the major global suppliers of high-quality additives with headquarters in the US

## Strategic fit

- LANXESS and Chemtura with complementing portfolios in attractive additives markets
- Very competitive positions in profitable mid-sized markets
- Improving global footprint, especially in North America

## Financial valuation

- Enterprise value: ~€2.4 bn\*
- EV/EBITDA including synergies: ~7x

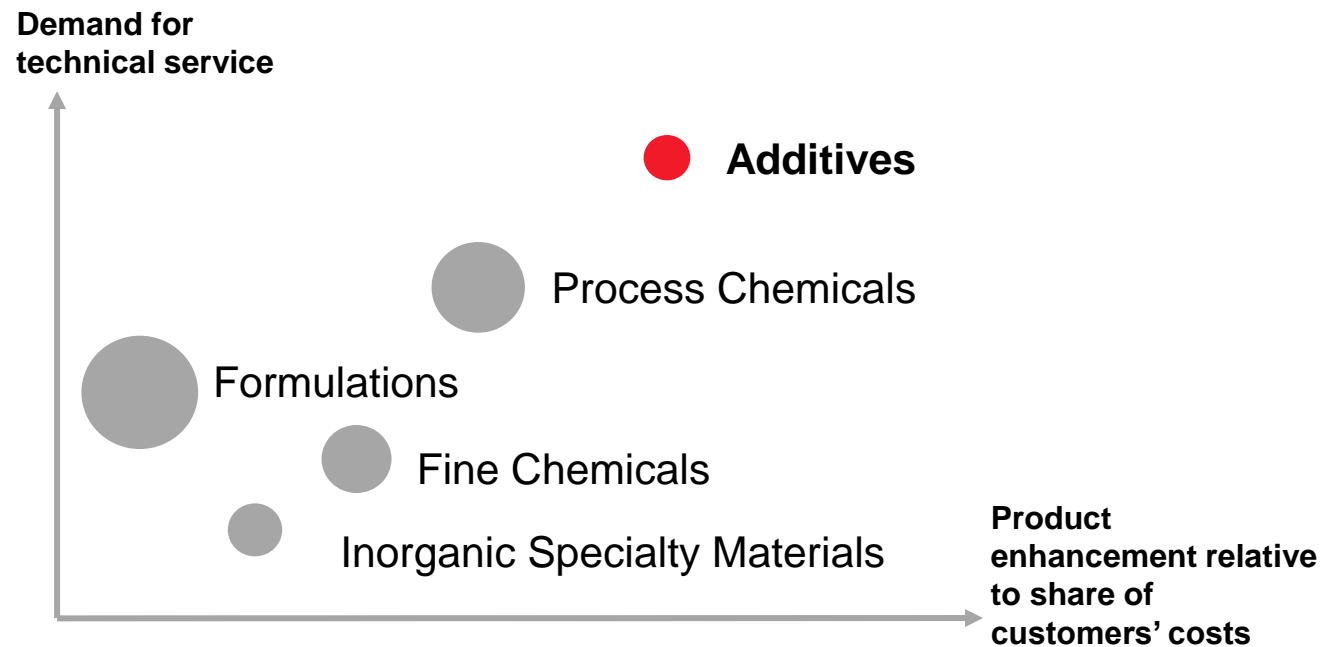
## Timing

- Subject to approval from Chemtura shareholders and antitrust authorities
- Closing expected around mid-2017

\* FX: 1.10 USD/EUR

# Additives – a highly attractive business segment

## Additives among the most attractive products in the specialty chemical industry



## Characteristics of additives

- Customer advantage: Low cost share, but crucial benefit in the end product
- Success factors: Know-how and technical service
- Production possible with low capital intensity
- Market with attractive growth rates: 3-4% p.a.

# 2014: LANXESS built a strong additives platform



## Business Unit ADD

- Sales: €850 m
- Employees: 1,600
- 20 production sites worldwide



■ North America ■ Europe  
■ Asia ■ Latin America

## Steady expansion of the additives portfolio

### Business Unit Rhein Chemie Additives (ADD)

#### Bundling forces (2014):

#### All additives in one business unit

Flame retardant /  
Plastic additives



Unitex (2011)

Thermphos site (2013)

Lubricant additives



Rubber additives



Tire Curing Bladders (2012)

Colorants



Darmex (2011)

Sales are based on Q2 2016 LTM

# Chemtura – a major additives player with strong US footprint

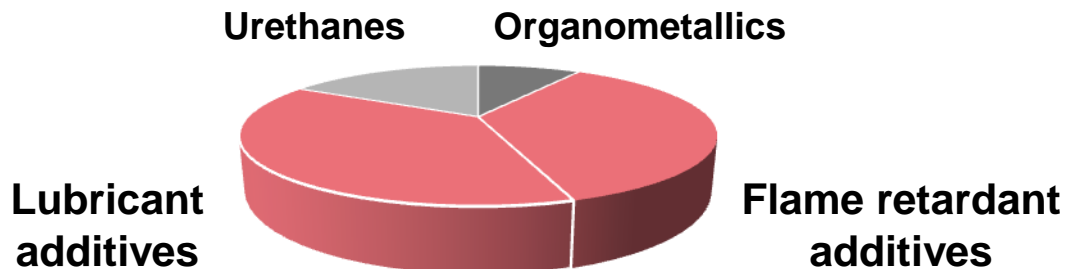


- Sales: €1.5 bn
- EBITDA pre: €245 m
- Employees: 2,500
- 20 sites in 11 countries



■ North America   ■ Europe  
■ Asia   ■ Latin America

Well positioned in lubricant additives and flame retardant additives



Sales and EBITDA are based on Q2 2016 LTM, USD/EUR 1.10  
All EBITDA figures are pre exceptional

# Flame retardants – Chemtura strong supplier of bromine products

Fully backward integrated

## Key products

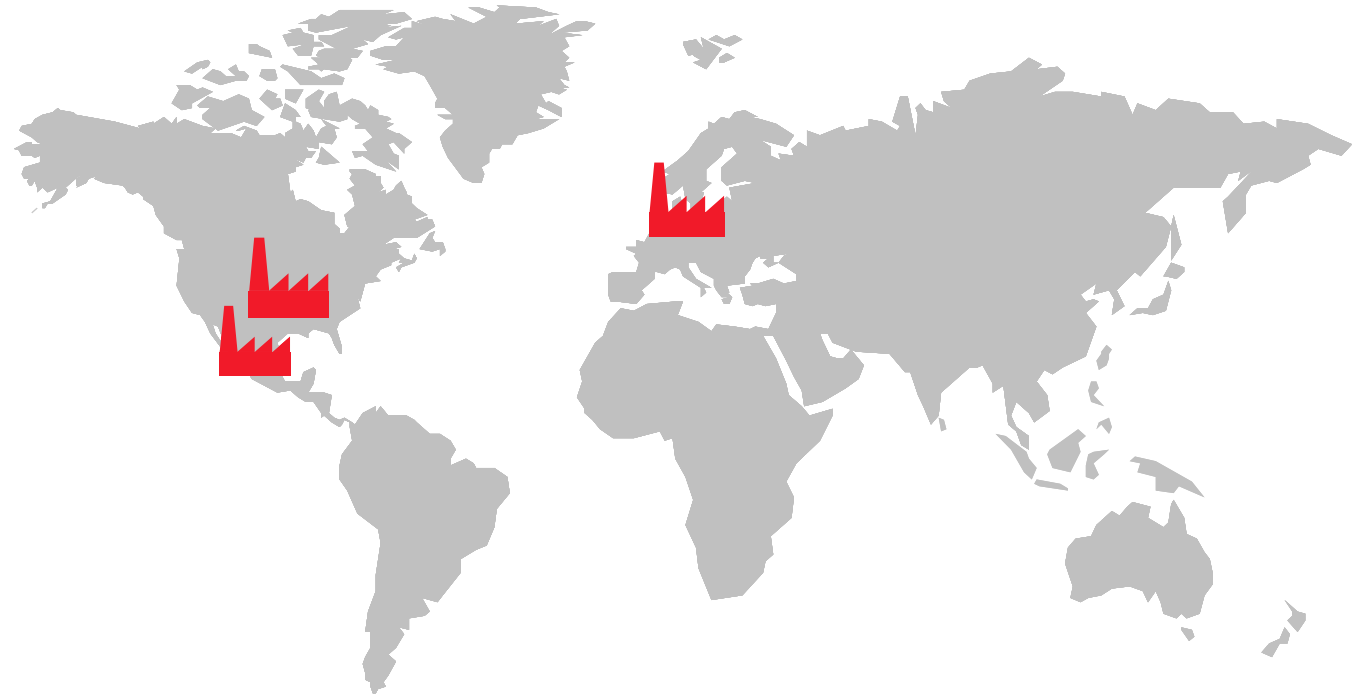
- Flame retardants
- Elemental bromine
- Clear brine fluids
- Bromine derivatives

## Market position

- Among top players

## Set-up

- Globally operating with three sites
- Bromine reserves in the US



# Flame retardants – together creating one large actor

- Flame retardants reduce or eliminate flammability of many end products
- Main applications:
  - Construction
  - Electronic goods
  - Transport
- Demand growth 3-4% p.a. driven by
  - Increasing regulations
  - Increasing fire protection standards

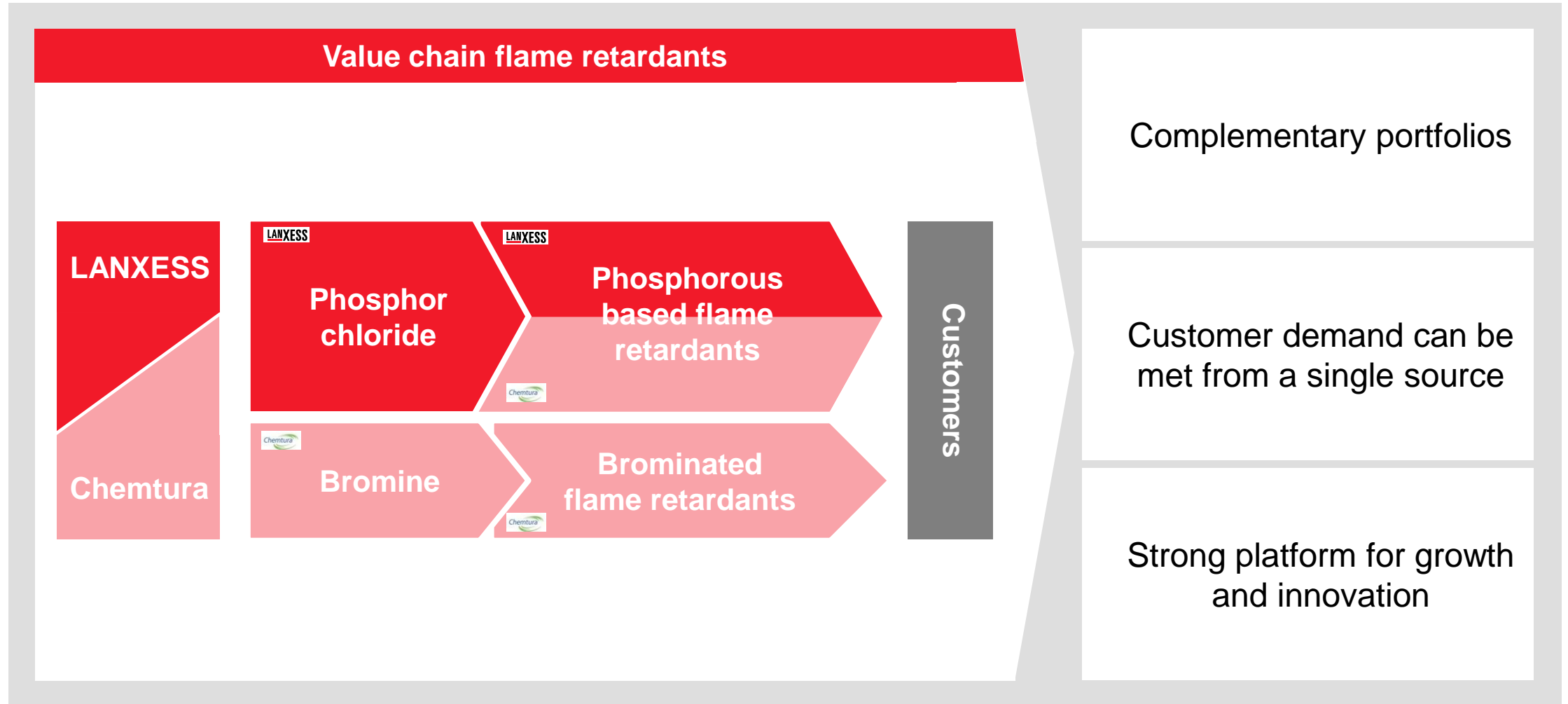
**Flame retardants with 3-4% annual volume growth**



**One of the largest global actors in flame retardants after the acquisition**



# Flame retardants – Chemtura perfect match for LANXESS



# Lubricant additives – global set-up with backward integration

## Production network in growth regions

### Key products

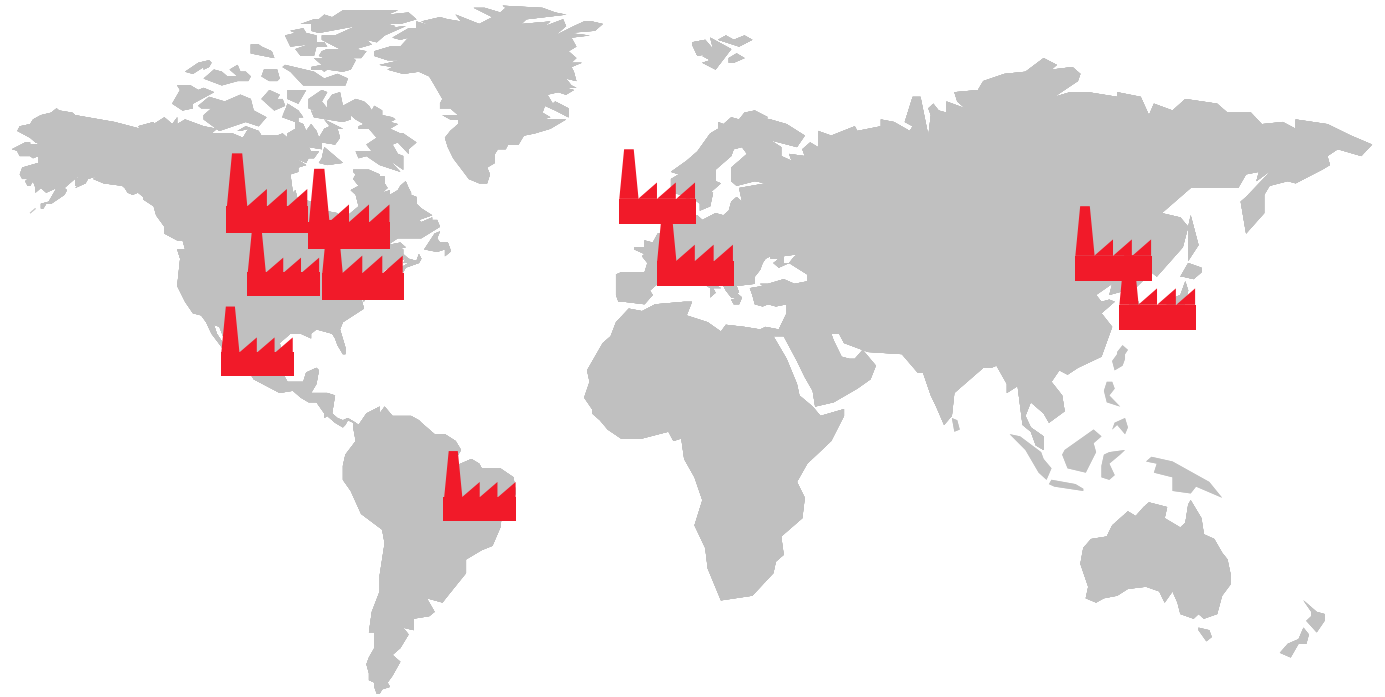
- Synthetic materials
- Lubricant additives
- Synthetic lubricants

### Applications

- Industrial oils and greases
- Engine and gear oils
- Energy, aviation and marine lubricants

### Set-up

- Globally operating in 10 sites
- New capacity in China

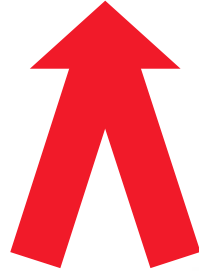


# Industrial lubricant additives – LANXESS to become a new large provider with strong products...

Combined: one of the largest suppliers worldwide

**Lubrizol**

**LANXESS**  
Energizing Chemistry



LANXESS

Chemtura  
Be sure through chemistry

CRODA

Vanderbilt Chemicals, LLC  
A wholly owned subsidiary of E. I. du Pont de Nemours and Company

BASF

Focus on industrial lubricants

**Industrial Lubricants**

(Wachstum 3-4% p.a.)

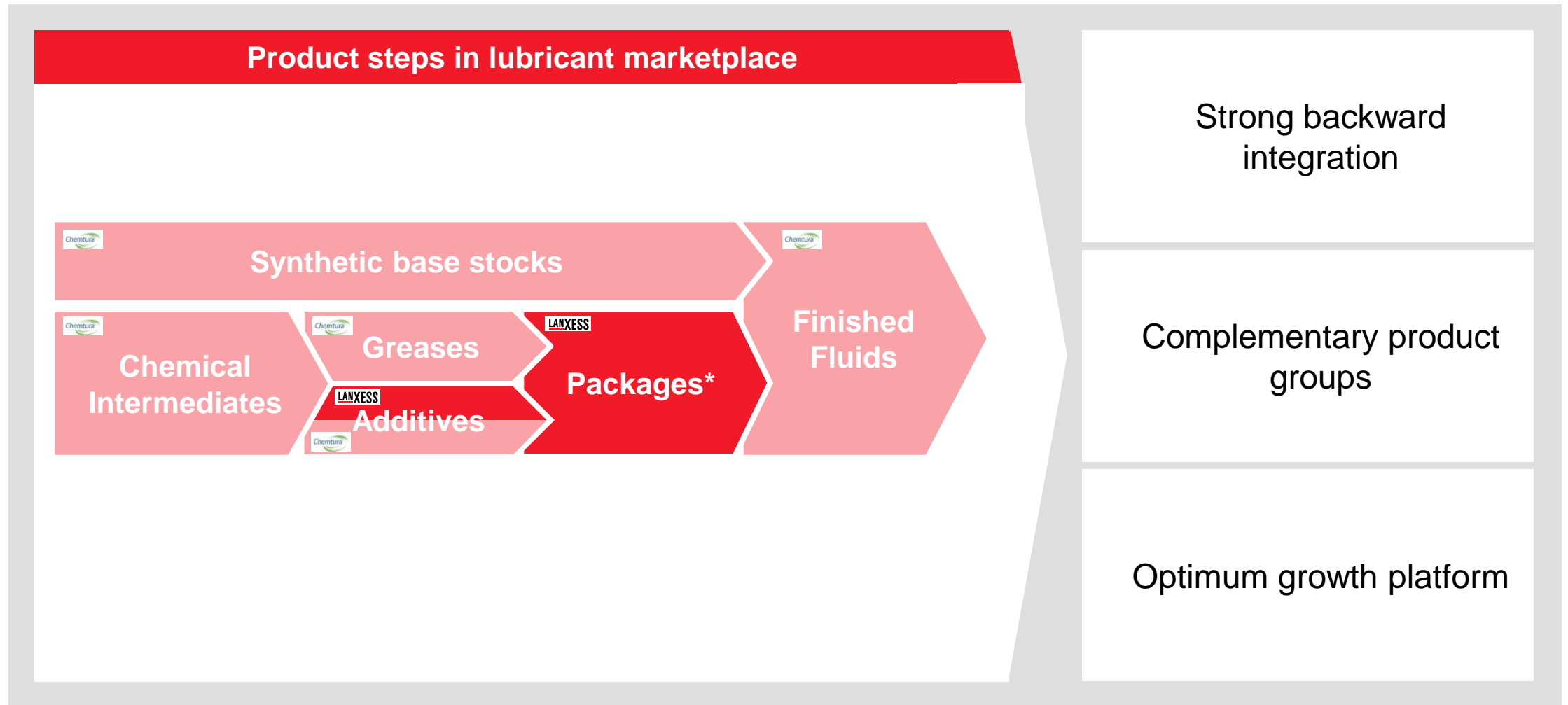
Automotive Lubricants

Performance requirements

**Growth drivers industrial lubricants:**

- Increasing demands on performance
- Rising labor protection standards
- Higher demands on environmental performance

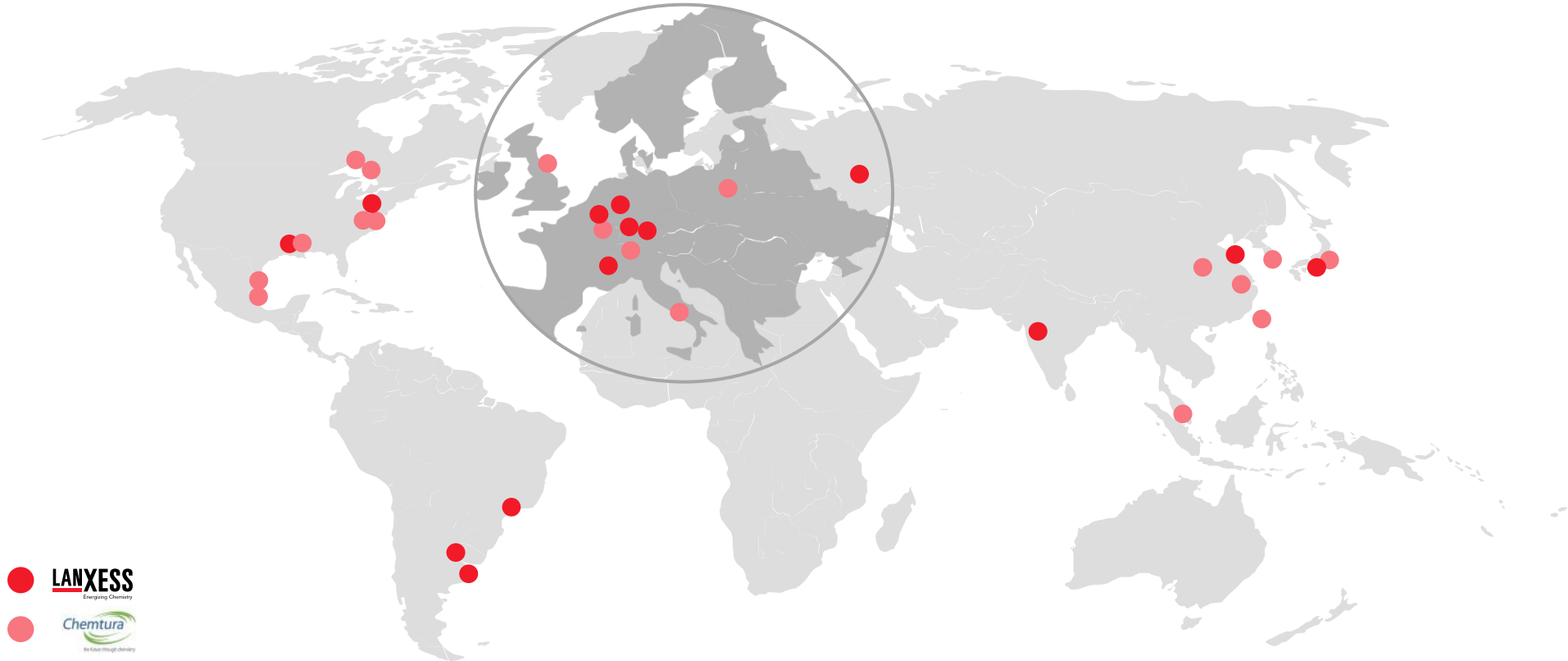
# ...and a strengthened integrated value chain



\* Packages: technical term for formulations / mixtures of different additive components

# LANXESS' new additives business: an even more global set-up

Strong asset base in all growth regions



# LANXESS' new additives business – a real champion

## Strong pillar in the group

EUR 2 bn sales

## High Profitability

Approx. 20% EBITDA-margin

## New segment\*: “Performance Additives”



- LANXESS Additives business
- Chemtura Additives business

## Competitive positioning

One of the major players

## Strong growth

3-4% p.a.

## Global sales distribution



■ North America ■ Europe  
■ Asia ■ Latin America

\* After completion of the transaction  
All EBITDA-figures are pre exceptionals

# Urethanes & Organometallics – broadening LANXESS’ portfolio

## Strengthening segment High Performance Materials

High Performance  
Materials

Urethanes



- Urethanes: High-tech materials e.g. for mining, oil production, leisure products
- Low asset intensity
- Good positioning in hot cast pre-polymers
- New capacities in place to serve future growth in Asia (Nantong, China)

## Integration into BU Advanced Industrial Intermediates

Aromatic Network

Benzyl Products and  
Inorganic Acids

Polyols and Oxidation  
Products

Antioxidants &  
Accelerators

Organometallics



- Used for example as catalysts in polymer production or for synthesis of fine chemicals
- Organometallics form smaller business area in the BU All (< €200 m sales)
- Established presence in Europe
- Excellent production know-how

# Transaction with fair valuation

## Key facts of acquisition

### Business

- ~€1.5 bn of sales
- ~€245 m EBITDA (16% margin)
- Expected annual synergies of ~€100 m by 2020

### Transaction

- Enterprise value ~€2.4 bn
  - Equity value ~€1.9 bn (USD 33.50 per share)
  - Net financial debt and pension ~€500 m
- Closing expected in mid-2017

**EV/EBITDA ~7x  
including synergies**

**~10x  
excluding synergies**

**Attractive EPS accretion\* from year 1**



FX: 1.10 USD/EUR, all EBITDA figures are pre exceptionals

Sales and EBITDA pre exceptionals based on Q2 2016 LTM; 62.94 million share of common stock outstanding

\* EPS before one-time costs and amortization from PPA



# Balanced financing and quick deleveraging

## Balanced capital market financing

- Hybrid loan of €500–750 m
- Senior bond of €1.0 –1.25 bn
- Remainder from existing liquidity

Strong cash flow allows rapid deleveraging

Clear focus on investment grade rating in financing approach



# A milestone for the “new” LANXESS

A global player in the attractive additives market emerges

Strengthening of positions in mid-sized markets

Expanding its presence in the growth market of North America

Fair and balanced funding validation with clear focus on investment grade rating

LANXESS – a more resilient and profitable company

**LANXESS**  
Energizing Chemistry



# Transformation into 'new' LANXESS in just 24 months



Leaner cost structure and improved business set-up implemented faster than expected



Continuous strengthening of balance sheet and improving results



Rubber-Joint Venture ARLANXEO



First acquisition after realignment closed  
("Clean & Disinfect"-Business from Chemours)



Acquisition of Chemtura announced



This is how we are ... "ENERGIZING CHEMISTRY"



**LANXESS**

Energizing Chemistry