



# **LANXESS strengthens BU BAC by external growth in BRIC countries**

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# Agenda

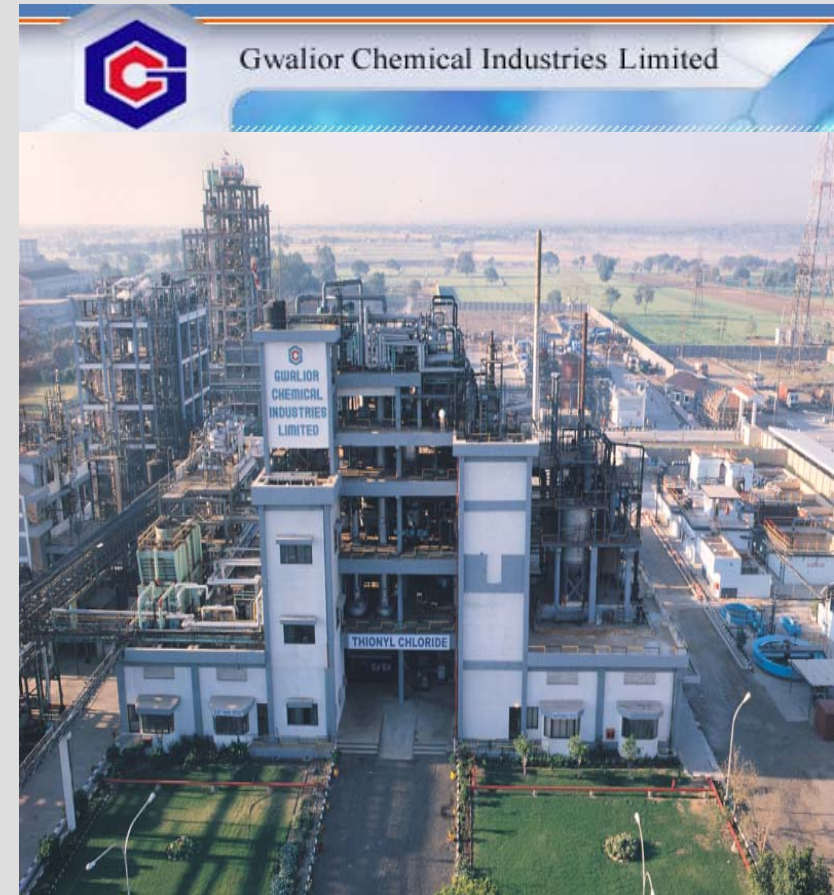
- 1. Transaction rationale and highlights**
- 2. Introduction of Gwalior Chemical Industries Ltd.**
- 3. Transaction financials**



# Acquisition of Gwalior Chemical fits perfectly into LANXESS strategy and strengthens footprint in BRIC

## Strategic rationale

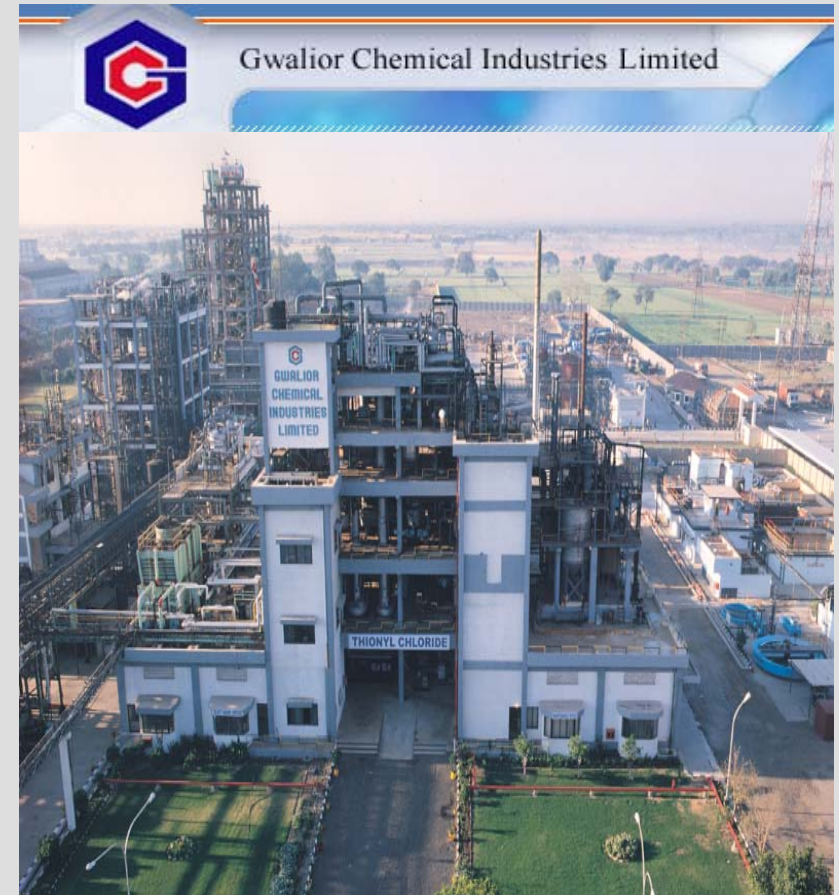
- LANXESS strengthens its position in BRIC countries
- Enforcement of position in
  - Sulphur Chlorides and
  - Benzyl Products
- Amplifying customer base in agchem and pharma
- Strengthening and complementing the global manufacturing network of BU BAC



# Asset deal accelerates transaction process

## Transaction highlights

- Acquisition of Gwalior Chemical Industries Ltd. based in Nagda, India
- Transaction to be structured as an asset deal:
  - Purchase of assets as well as transfer of contracts and liabilities to LANXESS
- Financing out of existing liquidity
- Closing estimated for end Q3 2009



# LANXESS amplifies and broadens its product portfolio

## Gwalior Chemical Industries Ltd.

- Stock-listed basic and specialty chemicals company; founded in 1978
- Permanent employees: approx. 400
- Gwalior Chemical Industries produces building blocks for the agro- and pharma industry, esp.
  - Sulphur Chlorides and
  - Benzyl products
- Integration into LANXESS India Private Ltd.

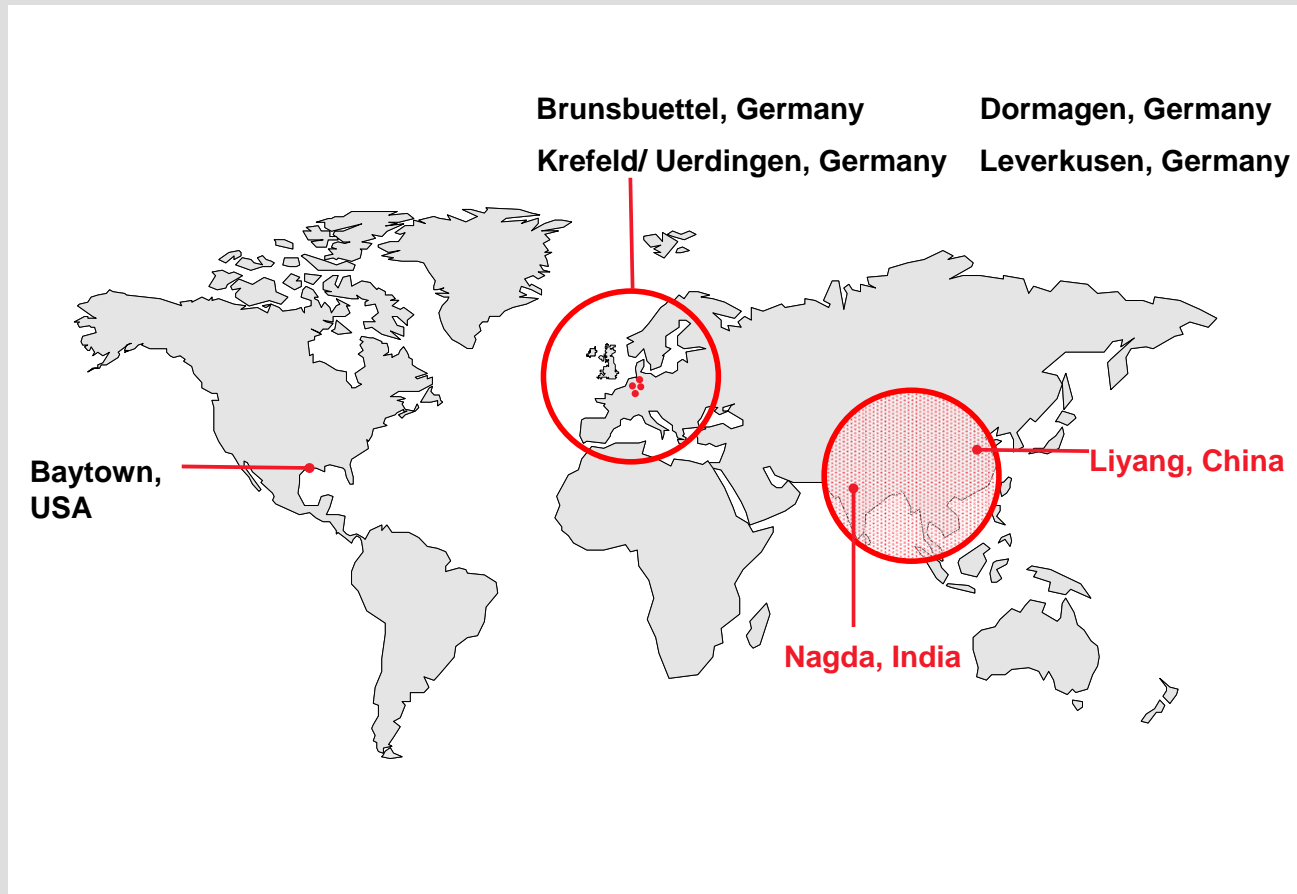


**LANXESS**

Thionyl Chloride	█	█	Sulphur Chlorides
Sulphuryl Chloride	█	█	
Sulphur dichloride	█		Benzyl Products
Benzyl alcohol	█	█	
Benzyl chloride	█	█	
Benzaldehyde	█		
Benzyl acetate	█		
Benzyl benzoate	█		
Cinnamic aldehyde	█		Others
...		█	
...		█	
...		█	
...		█	

**Strengthening and complementing the product and customer portfolio for BU BAC**

# In addition LANXESS strengthens its position in China via another selective acquisition



## Jiangsu Polyols Chem. Co

- Acquisition of production assets in the polyols business (TMP\*)
- Young company, founded in 2006
- Products mainly for lubricants, paints and coatings

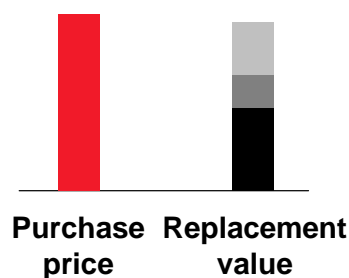
\* Trimethylolpropane

# Attractive financial terms

## Gwalior Chemical Industries

- Purchase price of €82 m
- EBITDA pre\* multiple: ~7.5 x
- EPS accretive as of 2010

- Replacement value: ~€81 m
- Assets ~€40 m
- Working Capital at closing ~€16 m
- Current capacity expansion and others ~€25 m



- CAGR FY 05\*\* – FY 08\*\*
  - Sales: 24 %
  - EBITDA: 26 %
  - EBIT: 26 %
- Main growth drivers:
  - Indian market
  - agro, pharma, flavour & fragrance industries

## Jiangsu Polyols Chem. Co

- Strengthening our already strong global position in TMP by a small acquisition in China
- Sales 2008: ~€10 m
- Employees: ~170

Acquisition financials

Attractive price

Business financials

\* based on EBITDA pre estimates FY 09 \*\* Accounting period ends March 31st, e.g. financial year 2008 ends March 31st, 2008

# Gwalior is a successful Indian player in the Advanced Intermediates business

## Company profile

- Founded: 1978
- Listed on the Indian stock exchange
- Main shareholders: ~60 % of the shares owned by the Kothari & Shyamsukha families
- Permanent Employees: ~400
- Production site: Nagda (~20 ha)
- Break up of sales:
  - > 50% for agro, pharma and flavour & fragrance (almost equally distributed)

## Solid financials of Gwalior

[EUR]	FY 05*	FY 06*	FY 07*	FY 08*	9M 09*
Sales	23.7	26.3	31.6	45.4	45.7
% growth		11%	20%	44%	
EBITDA	4.3	5.5	6.0	8.5	8.4
% margin	18%	21%	19%	19%	18%
EBIT	3.6	4.6	4.9	7.1	7.2
% margin	15%	18%	16%	16%	16%

- Profitability above Advanced Intermediates segment level is supported by sustainable sales growth in recent years

\* Accounting period ends March 31st, e.g. financial year 2008 ends March 31st, 2008

# Acquisition of Gwalior fits perfectly into our strategy

## Premium

- Strengthening existing product portfolio
- Technical upgrades provided by LANXESS
- Excellent cost structure



## Stability

- Enhancing profile as major specialty producer
- Strengthening global manufacturing network



## Growth

- Broadening of product portfolio
- Participating in growing markets opportunities
- Strengthening BRIC presence



**LANXESS**

Energizing Chemistry

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