

'Green Tires' Fact Book

Corporate Communications

Agenda

1. LANXESS – committed to global megatrends

- 2. The need for CO_2 emission reduction EU leading the way
- 3. The ecological benefits of 'Green Tires'
- 4. 'Green Tires' meeting consumer expectations
- 5. A global market for 'Green Tires' is emerging
- 6. LANXESS a key enabler of 'Green Tires'



LANXESS – a global player in the specialty chemical industry





Specialty chemical company

- Spun-off from Bayer in 2004
- Focuses on: Plastics, Rubber, Specialty chemicals, Intermediates





Global success story

- Around 15,800 employees in 30 countries
- 46 production sites worldwide
- 2010 sales of EUR 7.1 billion

Strategy of targeted innovation

- Vital role in LANXESS' growth
- Focus on process and product innovation



LANXESS is Energizing Chemistry

Premium quality

- Premium specialty chemicals company
- More than 5,000 products for a diverse range of applications
- High quality solutions enabling our customers to successfully meet current and future challenges

Technical expertise

- State-of-the-art materials, services and solutions that meet the most exacting demands
- Creating significant value for our customers' businesses, the environment and our company, all at the same time

LANXESS – global mission

- Highly committed to sustainable development
- Creation of green solutions for the challenges of global megatrends
- Development of environmentally-friendly technologies, resource-efficient processes and next-generation products

Sustainability

- Targeted innovation efforts to meet specific and concrete customer needs
- Pragmatic corporate culture drives product, process and outside-the-box innovations
- Highly effective innovation network, combining global reach with local expertise

Innovation



LANXESS capitalizing on global megatrends





Urbanization







Future challenges drive the need for sustainable mobility



Growing mobility

 Especially among the growing middle class in emerging countries



Urbanization

- Over half the world's population will live in cities by 2030
- Greater traffic density leads to increased noise emission



Politics

- More stringent legislation
 - to protect the environment
 - to reduce emissions and fossil fuel dependency







- Trend toward a sustainable lifestyle
- Societal demand for environmental stewardship

LANXESS solutions help people and goods travel quickly, cleanly and safely

Lightweight construction

 LANXESS high-tech plastics make vehicles lighter, safer and more comfortable

 LANXESS synthetic rubber blends and additives are key ingredients that allow modern tires to improve performance, save fuel, enhance safety and last longer

Bio-based raw materials

'Green Tires'

 Investment into Gevo, a leading renewable chemicals and advanced biofuels company, supports the development of bio-based alternatives to petrochemical-based materials





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Tackling the global climate challenge





Worldwide initiatives for CO₂ emission reduction



Source: United Nations Framework Convention on Climate Change (UNFCCC)



* Provided that the awaited law on climate control comes into effect as scheduled

EU – a clear commitment to increase energy efficiency

EU Energy Efficiency Plan

- Increasing energy efficiency to boost sustainable growth and competitiveness
- EU strategy focusing on
 - enforcement of existing legislation
 - development of innovative solutions

Key objectives for 2020 (compared to 1990)

- Cutting energy consumption by 20%
- Reduce annual greenhouse gas emissions by 740 million tons
- Cutting energy costs by EUR 100 billion per year







Road traffic forms a substantial part of the EU Efficiency Plan

Key Facts

- 18% of global CO₂ emissions are related to road traffic
- In the EU, transport is the only economic sector whose CO₂ emissions are constantly increasing, especially in those segments involved in road transportation

EU Objective by 2012 (compared to 2006)

- Lowering average CO₂ emissions for newlyregistered road vehicles from 160 g/km to 120 g/km until 2012 and to 95 g/km until 2020
- Of that, 10 g/km is to be achieved through measures which are not directly linked to fuel combustion (e.g. tires)



EU objective to lower CO_2 emissions for new road vehicles



Source: Regulation (EC) No 443/2009 of the European Parliament and of the Council of 23 April 2009 setting emission performance standards for new passenger cars, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:140:0001:0015:EN:PDF



Modern tires improve energy efficiency in road traffic

Key Facts

- 20% to 30% of a vehicle's fuel consumption is related to tires
- 24% of road vehicle's CO₂ emissions are related to tires

New EU regulations aim to

- improve energy efficiency and safety standards of future tires
- enable consumers to make informed buying decisions







EU type approval – improving standards for future tires

1) Regulation 661/2009/EG

- Establishes uniform requirements for the type approval of new tires (categories C1 – C3*) across the EU with regard to
 - safety (wet grip)
 - rolling resistance
 - rolling noise

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- Introduction of new limit values for typeapproval of tires in November 2012
- As of November 2014 all new vehicles must be equipped with type-approved tires and only type-approved tires can be sold on the replacement market

Limit values for the safety aspect of wet grip

Usage category	Limit value (G)
M+S tires with a maximum permissible speed of 160 km/h	0.9
M+S tires with a permissible speed above 160 km/h	1.0
Regular road tires	1.1

Limit values for rolling resistance

	Phase 1 (as of 2012)	Phase 2 (as of 2016)
Tire category	Limit value (kg/t)	Limit value (kg/t)
C1	12	10.5
C2	10.5	9.0
C3	8.0	6.5

C3 - tires according to ECE R 54 (heavy duty vehicles)



EU tire labeling – enabling consumers to make informed buying decisions

2) Regulation 1222/2009/EG

- Tire labeling aims to increase the safety as well as the ecological and economical efficiency of road traffic
- The label informs consumers about key tire performance parameters
 - impact on fuel efficiency associated with rolling resistance
 - impact on safety associated with wet grip
 - external noise level

* passenger car, light truck and heavy duty vehicle tires

 Tire labeling becomes mandatory from November 2012, meaning that all tires* produced as of July 2012 must have the label

Indicating three key parameters of tires



Noise performance



Worldwide adoption of tire regulations and implementation of tire labeling is emerging





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Tires have the highest environmental impact when they are in use on the road

- The biggest share of environmental pollution related to tires is created during usage on the road, in total 86%
 - tire wear/ particulate matter from abrasion accounts for around 10%
 - 76% of the adverse environmental effects caused by tires can be traced back to fuel consumption (respectively associated emissions) during usage





Ecological interaction of tires





Impact of rolling resistance on engine performance

Fuel consumption

CO_2 emission

- During travel, the tire deforms to absorb road surface irregularities – it is because it can change shape that it provides grip and comfort
- As the rubber compounds are being deformed, they heat up and dissipate part of the energy transmitted by the engine – a phenomenon known as rolling resistance
- On average, 20% to 30% of fuel consumption is used to overcome rolling resistance, while the rest of the fuel consumed serves to counter air resistance, inertia and inner friction (e.g. in the engine or transmission)

'Green Tires' with lower rolling resistance help to reduce fuel consumption

Noise emission







The interrelationship of CO₂ emissions and tires



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Road traffic and noise pollution

Fuel consumption

CO₂ emission

- Traffic noise is by far the biggest source of noise pollution
- Overall increase in traffic has offset continuous reduction achievements in noise pollution by the entire road transport sector
- Road traffic noise components consist primarily of propulsion noise (engine, exhaust systems etc.) and rolling noise (tire-road interaction)
- The vast array of preventive and remedial measures includes tire and engine technologies, road surfacing and traffic management strategies

'Green Tires' with innovative tread patterns and optimized rubber composites help to reduce rolling noise emission

Noise emission







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'Green Tires' meet multifaceted consumer demands





'Green Tires' – improving safety standards





'Green Tires' – providing better environmental protection

Safety

Sustainability

Growing societal demand for environmental stewardship

- High consumer demand for sustainable mobility driven by
 - increasing traffic volume
 - soaring prices of fossil fuels
 - raising ecological awareness
- 'Green Tires' allow every road user to make a personal contribution to improving the energy efficiency of automobiles and to better environmental protection
- Fitting all vehicles worldwide with 'Green Tires' could result in annual savings of around 20 billion liters of fuel and some 50 million metric tons of CO₂ emissions

Durability





'Green Tires' – increasing mileage and service life

Safety	Sustainability	Dura	bility
Enhancing ride quality and mil	eage		
 Raising consumer demand for durability due to increasing personal mobility longer travel distances and hi growing cost sensitivity 	driving comfort and tire		
 'Green Tires' provide enhanced life, resulting in better price-performance rationeration saving environmental resource reduced particulate matter from less tire waste 	d mileage and longer service		



'Green Tires' – a worthwhile investment

'Green Tires' offer savings potential



- Consumers will benefit in the long run from better fuel economy, translating into savings at the gas pump
- Example: A car owner traveling 12,500 km per year could easily save up to €100 of fuel per year. The additional investment of €20 to €50 per tire amortizes within two years





Significant improvements in overall tire performance

- Due to the continuous development of innovative technologies and materials, modern high-quality tires offer exceptional performance in all parameters
- Since 1975, tire producers have managed to optimize all key tire parameters by at least 25%, e.g.
 - rolling resistance
 - handling
 - dry traction
 - wet traction
 - aquaplaning
 - durability





'Green Tires' that effectively combine efficiency and safety are already a reality

Pirelli	Bridgestone	Continental	Goodyear	Michelin	Hankook
Cinturato P1	Ecopia EP 150	Ecocontact 5	EfficientGrip	Energy Saver	Kinergy Eco
 Reduced rolling resistance 25%* 	 Reduced rolling resistance 15%* 	 Reduced rolling resistance 20%* 	 Reduced rolling resistance 15%*** 	 Reduced rolling resistance 20%* 	 Reduced rolling resistance 12%*
 Reduced wet braking distance 3%* 	 Reduced wet braking distance 5%* 	 Reduced wet braking distance 10%* 	 Reduced wet braking distance 3%*** 	 Shorter wet braking distance 3m (from 80 to 10 km/h)* 	 Reduced wet braking distance 8%*
 Improvement of mileage 30%** 	 Improvement of mileage 15%* 	 Improvement of mileage 12%* 	 Improvement of mileage 3%*** 	 Improvement of mileage 40%*** 	 Improvement of mileage no data

30 Sources: www.pirelli.com; www.bridgetstone.eu; www.conti-online.com; www.goodyear.eu; www.michelin.de; www.hankooktire-eu.com

* Compared to their predecessors

** Compared to ordinary tires



*** Compared to the average performance of leading competitors' tires

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Increasing worldwide demand for mobility

- Rising worldwide prosperity, particularly in China and India
- Enables an increasing number of new middle-class families to achieve personal mobility
- Millions of trade-ups to be realized soon
 - bicycles for mopeds
 - mopeds for cars
- Leading to increased car ownership, especially in Asia

Future mobility demand driven by emerging Asian middle class

Sources: Goldman Sachs Global Economics Group. "Is this the BRICs decade?", 2010 Michelin estimates



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* Population with income >\$6,000 and <\$30,000/capita in BRIC countries

New tire regulations will lead to a polarized tire market



Growing demand for high-performance premium brands

Source: Exane BNP Paribas estimates





Increasing demand for tires

Demand for high-performance tires is growing

- By 2015, the high-performance tire segment will have increased by 77%
- Rolling-resistance-optimized tires are expected to replace regular tires and become the standard in Europe
- The implementation of new EU regulations will challenge the global rubber, tire and automotive industries to adapt their products and processes to the CO₂ emission requirements

LANXESS offers the right products for 'Green Tires'

Increasing tire demand Global tire production [bn units] 2,5 2.0 1.5 ~+259 1.0 0.5 0.0 2005 2010 2015e Standard tires (High) performance tires



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Expertise and innovation as key elements for sustainable development

Driving sustainable mobility...

- LANXESS has more than 100 years of experience in the development and production of synthetic rubber and rubber chemicals
- LANXESS sets the pace in the field of performance rubbers by constantly developing new innovative products
- Half of LANXESS' sales to the rubber industry are to tire manufacturers
- LANXESS has a clear focus on products for 'Green Tires'

...through continuous development





LANXESS is committed to products for tires

R&D	 Focusing on product innovations that enable our customers to create safe, durable, and fuel-saving tires that meet challenges of growing mobility in worldwide markets 	
Production facilities	 Expanding rubber production capacities to serve growing demand Construction of world's largest Nd-PBR plant in Singapore until 2015 	
Technical support	 Technical experts in the rubber business units support our most exacting customers with state-of- the-art services and solutions that add significant value to their business 	



LANXESS' sites worldwide providing products for the tire industry





LANXESS offers the broadest portfolio of synthetic rubbers and additives in the industry (1/2)

Suppliar	Tire		Technical Rubber Products										
Supplier	SBR	BR	IIR	EPDM	CR	NBR	HNBR	AEM	ACM	EVM	CSM	FKM	ECO
LANXESS	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark			\checkmark		\checkmark	
	\checkmark	\checkmark		\checkmark		\checkmark							
QU POND.					\checkmark			\checkmark				\checkmark	
Dow	\checkmark	\checkmark		\checkmark									
Exon			\checkmark	\checkmark									
JSR	\checkmark	\checkmark	\checkmark	\checkmark		\checkmark							
ZECH CHEMEALS	\checkmark	\checkmark				\checkmark	\checkmark		\checkmark				\checkmark



LANXESS offers the broadest portfolio of synthetic rubbers and additives in the industry (2/2)

Quantiar		Ac	celerat	ors			Antidegradants				Special Chemicals			
Supplier	CBS	TBBS	DCBS	MBS	MBT	6PPD	IPPD	77PD	DTPD	TMQ	DBD	BDTCH	BCI-MX	
LANXESS	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark							
FLEXSYS						\checkmark		\checkmark						
5 SINORGCHEM						\checkmark	\checkmark							
China Suntine Chamical Holdings Ltd.	\checkmark	\checkmark	\checkmark		\checkmark					\checkmark				
Kemai	\checkmark	\checkmark	\checkmark							\checkmark				
KUMHO PETROCHEMICAL						\checkmark								
	\checkmark	\checkmark			\checkmark					\checkmark				
	\checkmark	\checkmark				\checkmark	\checkmark							
WHHRN JINGHE											\checkmark		\checkmark	



'Green Tires' energized by LANXESS

Tread	Influences grip, fuel economy and noise
Undertread	→ Joins the tread to steel belt and carcass
Upper steel belt	Influences driving features and shape
Sidewall	→ Protects carcass from damage
Lower steel belt	→ Influences the driving features and shape
Carcass	→ Gives support and shape
Innerliner	→ Replaces the tube
Steel wires	→ Keeps the tire safely attached to wheel rim
Energized I	by LANXESS rubber and/or additives



Need to meet different requirements of tire compounds to increase overall performance – examples

Tread	 Needs to be soft to provide grip and comfort and at the same time robust to minimize tire abrasion Low heat build-up required 	A passenger car tire is made up of more than 200 components
Undertread	 Must ensure good adhesion between the tread compound and the cap ply 	28%
Sidewall	 Must be able to easily change shape High resistance to flex cracking and fatigue as well as low heat build-up required 	5% 13% 14%
Carcass	 Needs to stick particularly well to polyamide and steel reinforcements 	 Natural & synthetic rubber Chemicals Steel reinforcements
Innerliner	 Must be particularly impermeable to air 	 Fabric reinforcements Reinforcing fillers



High-end rubbers needed to improve tire efficiency







Synthetic rubbers – more than just more efficiency



Characteristics of 'Green Tires': LANXESS products





LANXESS premium products for 'Green Tires' – Solution-styrene-polybutadiene rubber (S-SBR)

Characteristics	 High density of anchor points that stick particularly well to the hard filler particles → excellent bonding to silica Covering of the silica particles with a thick, friction-reducing rubber skin → reduction of the internal friction of the reinforcing silica particles 	Tread
Benefits	 Optimized rolling resistance → increase in fuel efficiency and reduction of CO₂ emissions Outstanding road grip → enhanced safety Very long service life → improved mileage 	
Main brand	X Buna [*] VSL	



LANXESS premium products for 'Green Tires' – Neodymium polybutadiene rubber (Nd-PBR)

Characteristics	 Highest stereoregularity, narrowest molecular weight distribution and least branching within group of high cis-BRs → manufacture of tires with outstanding physical data Very linear and unique macrostructure → lower heat build-up and higher flexibility than other tire elastomers Strain-induced crystallization → greater resistance 	Trea Sidewa Carcas
Benefits	 Optimized rolling resistance → increased fuel efficiency and reduction of CO₂ emissions Excellent resistance to abrasion, flex cracking and fatigue → improved safety and durability 	
Main brand	X Buna [*] CB	



LANXESS premium products for 'Green Tires' – Regular butyl and halobutyl rubber





LANXESS premium products for 'Green Tires' – Nanoprene

Characteristics	 Consists of particles of only around 50 nanometers made from polymerized styrene and butadiene – i.e. "traditional" tire rubber raw materials →minimal size Nanoparticles with a swell-resistant, highly cross-linked core have special "anchor points" on their surface → Nanoprene particles can be perfectly linked with silica and silanes 	Tread
Benefits	 Enhanced road grip → greater safety Significant improvement in abrasion resistance → increased tire lifespan/mileage and reduced rubber particle emissions 	
Main brand	X Nanoprene [®]	



LANXESS premium products for 'Green Tires' – Sulfenamides for sulfur cross-linking





LANXESS premium products for 'Green Tires' – Phenylendiamines and quinoline as antidegradants

Characteristics	 Protection of rubber goods against oxygen, ozone, fatigue cracking and rubber poison → manufacture of tires with good aging resistance Technologically and economically superior antidegradants for rubber particles → improved service life of tires 	Tread Undertread Sidewall Carcass Innerliner
Benefits	 Protection against fatigue and ozone, prevention of aging and improved service life of tires 	
Main brand	Vulkanox [®] 4020 / 4010 NA / 4030 / 3100 / HS	



LANXESS premium products for 'Green Tires' – Peptizer for mastication of natural rubber





LANXESS premium products for 'Green Tires' – Antireversion agents

Characteristics	 Improved stability of network maintaining physical tire characteristics Introduction of hybrid cross-links during vulcanization or repairing network during service life improved service life of tires
Benefits	 Slower reversion of tread compound -> more constant tire performance over the entire life of the tire Lower rolling resistance and DPG replacement possible -> reduced fuel consumption and almost no aniline (carcinogenic) emission
Main brands	X Vulcuren [*] X Perkalink [*] 900



LANXESS premium products for 'Green Tires' – Processing agents

Characteristics	 Customized processing promoters available for all kinds of tire related compounds, e.g. processing agents specifically developed for use in silica treads 	Tread Sidewall Carcass Innerliner
Benefits	 Improvement in processing properties → higher productivity, less energy consumption No adverse effects on the tire's physical properties → no compromise between savings in production and tire performance necessary 	
Main brands	Aflux [®] Aktiplast [®]	



LANXESS premium products for 'Green Tires' – Release agents

Characteristics	 Typically adapted to the customer's specific setup → tackle all release problems of a production process in a tire plant Powder release agents for all grades of rubber, including soft and oily synthetic rubber compounds 	Innerliner
Benefits	 Aqueous paints for the inside of tires and bladder coatings → problem-free vulcanization and lower scrap rates Semi-permanent bladder coating → longer service life Powder release agents → easy interim storage of rubber sheets and further processing after relevant mixing stages 	
Main brand	Rhenodiv®	



LANXESS premium products for 'Green Tires' – Specialty accelerators

Characteristics	 Improve reversion properties in all kinds of rubber grades When combined with benzothiazole sulfenamides or benzothiazoles → enhance solubility of these accelerators 	Tread Undertread Sidewall Carcass
Benefits	 Improved availability of other accelerators (when combined) → higher crosslinking efficiency DPG replacement in silica formulations → no aniline (carcinogenic) emissions Exceptionally useful in difficult formulations based on mercaptosilanes → further optimized rolling resistance 	
Main brand	Rhenocure®	



LANXESS premium products for 'Green Tires' – Bonding agents





LANXESS premium products for 'Green Tires' – Zinc oxide and crosslinking resin





LANXESS premium products for 'Green Tires' – Rhenoshape[®] Curing Bladders

Characteristics	 Ensure a smooth and efficient tire curing process 	
Benefits	 Increased productivity → longer bladder life and shorter cure cycles with high conductive compound Better tire finish appearance → innovative bladder venting design and surface finish reduce tire scrap 	
Main brand	Rhenoshape®	



LANXESS premium products for 'Green Tires' – Overview





LANXESS – for a sustainable future of mobility

Performance rubbers key to solving demanding tire requirements

LANXESS as the leading supplier of high performance rubbers and additives

LANXESS S-SBR and Nd-PBR for maximum performance

Vast expertise on how next tire generations can help achieve sustainable mobility goals







Energizing Chemistry

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