

# Restructured and with a New Look

*Lanxess Has Undergone Reinvention and Is Presenting itself for the First Time with the Joint Venture, Arlanxeo.*

Once known for rubbers, Lanxess has switched its focus in the last two years to engineering plastics, chemical intermediates and specialty chemicals. This transformation led to the founding of the joint venture, Arlanxeo, that will be celebrating its premiere at the K. The technical achievements are concentrated at present on the automotive industry and on electrical and electronics applications.

The soluble pigment, Macrolex Gran, for coloring of amorphous and semi-crystalline plastics is marketed by the new business unit, Rhein Chemie Additives © Lanxess



formance polymers (polybutylene terephthalate (PBT), continuous fiber-reinforced thermoplastic composites). The product and application development HiAnt also belongs here. In the meantime this segment accounts for roughly one eighth of the company's turnover; the figures for the second quarter were not available at the time of going to press. The most important branches for this segment are the automotive industry and the electrical and electronics industry. The most significant sales regions are seen as Europe, Middle East and Africa ahead of the Asian-Pacific countries and America. Lanxess wishes to offer an integrated and competitive value-added chain for cost and performance-optimized applications through cross-sector expertise and close cooperations.

At the beginning of 2015, all the former additives business lines were also re-grouped under the umbrella of Rhein Chemie Additives. The business unit develops, produces and markets plastic, rubber and lubricant additives as well as dyestuffs and pigments (**Title figure**). In 2015 the business area generated around 40% of the turnover in the Performance Chemicals segment.

## *Shaping the Future from Within*

The measures taken already had an effect in 2015. The company's EBITDA pre exceptionals of EUR 885 million showed a plus of 9.5%. In addition to the savings generated by the reorganization, the strong US dollar and the positive development in

This time the K is completely different, at least for Lanxess AG, Cologne, Germany. While in 2013 the emphasis was still on "green" tires and high-performance rubbers, this year the company's exhibits center around engineering plastics, chemical intermediates and specialty chemicals. But not only the technological presence was shifted slightly; the management also completely revised the strategic positioning within just 24 months (we reported already in **Kunststoffe** international 1/2015). After the problematical Rubbers division had been identified, the company underwent a two-year restructuring phase and presented itself in its new look this year. A quintessence of that is the joint venture

for synthetic rubbers with the Saudi Arabian national oil company, Saudi Aramco. The high-performance rubbers division has now been on the market as an independent company, Arlanxeo Deutschland GmbH, since 1 April.

## *Plastics Division without Rubbers*

The heart of the "new Lanxess" as the management continuously calls it is a global specialty chemicals group. EUR 130 million were invested in research in this direction in 2015. The former Performance Polymers division has now been split between Arlanxeo and the new High Performance Materials segment (**Fig. 1**) for polyamides (PA) and high-per-



volumes contributed to this result. Sales remained at the level of the previous year with EUR 7.9 billion. Lanxess is concentrating on attractive medium-sized markets and the growth regions North America, China and South-East Asia.

The current year started for the company with a slight drop in turnover (-6% to EUR 1.9 billion), but with a doubled group profit (EUR 53 million) compared with the previous year and a rise in EBITDA pre exceptionals (14% to EUR 262 million) in the first quarter. As a result, the group can start to grow again one year earlier than planned, says CEO Matthias Zachert. "Today Lanxess is strong enough again to be able to shape its future from within," he added.

### The New Joint Venture

"We call it a new company, but really we've got a long history," said Jan Paul de Vries (Fig. 2), former Head of High Performance Elastomers at Lanxess and new CEO of Arlanxeo, in the opening words of his presentation. Arlanxeo was founded as a 50:50 joint venture between Saudi Aramco and Lanxess for Elastomers. That is also manifested in the linguistic masterpiece of the company name. The group has its headquarters in Maastricht, Netherlands, and operates 20 production facilities in nine countries with around 3800 employees. On completion of the transaction, 50% of the joint venture were transferred to the Dutch Saudi Aramco subsidiary, Aramco Overseas Holdings Coöperatief U.A. In return, Lanxess received proceeds of around EUR 1.2 billion. Of this sum, around EUR 400 million are to be invested in organic growth, a further

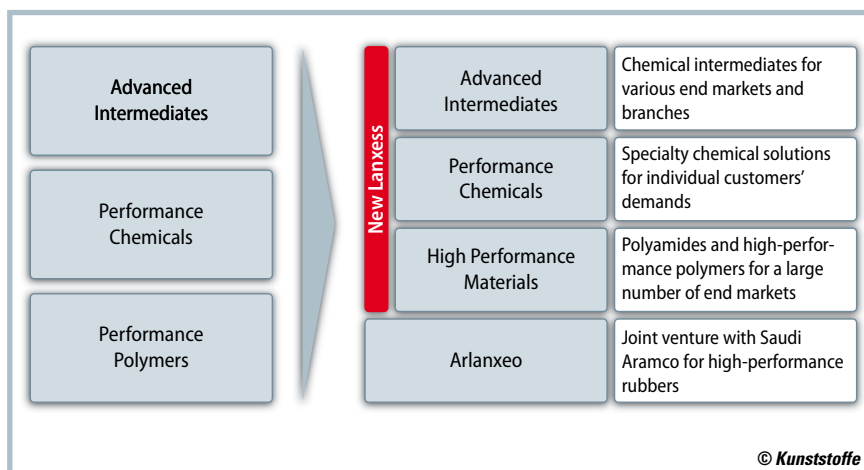


Fig. 1. The Lanxess group structure as effective since the beginning of April (source: Lanxess)

EUR 400 million on debt repayment and around EUR 200 million for a share buy-back program in the coming years. The company aims to profit from the backward integration and offers tire and specialty rubbers together with high-performance elastomers.

### Applications from Automotive and E&E at the K

The new rubber company will be represented with its own booth at the K trade fair. The product presentations concentrate on rubbers with resistance over wider temperature ranges and improved processing properties. Lanxess is presenting itself with materials and parts for the automotive and the electrical and electronics industries. In motor vehicles, plastics can help to save fuel, weight, costs and production time and have to offer greater safety, design possibilities and performance. In view of the high de-

mand reported by the manufacturer for the Tepex continuous fiber-reinforced thermoplastic composite intermediates, a project group oriented to the needs of the global automotive industry has been set up. Its goal is to support users at all levels of the development of a part with the material through to the start of series production. Furthermore, a brochure on the processing of the material will be available at the K trade fair. In the electrical and electronics industry, halogen-free, recyclable and renewable raw materials are in demand that follow the trend towards miniaturization through smaller component size and higher packing density. Furthermore, safety and reliability must be assured through new fire protection standards.

Under the motto "Quality works", the "new Lanxess" is presenting itself as a well-structured and economically sound company again. The plastics producer will be showing itself in Düsseldorf, Germany, with sophisticated high-performance polymers, global orientation and technical expertise, both in the material development and in part design. ■

Franziska Gründel, editor



Fig. 2. Jan Paul de Vries as new CEO of Arlanxeo is responsible for the rubber business

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