



**Fitch Ratings Basic Materials Roadshow
2-5 February 2010**

Liquidity and Refinancing Trends for Western European Chemicals

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Agenda

Working Capital and Capex Trends

Cash Conservation Measures

Debt Issuance and Refinancing

Liquidity Study

Conclusions and Outlook

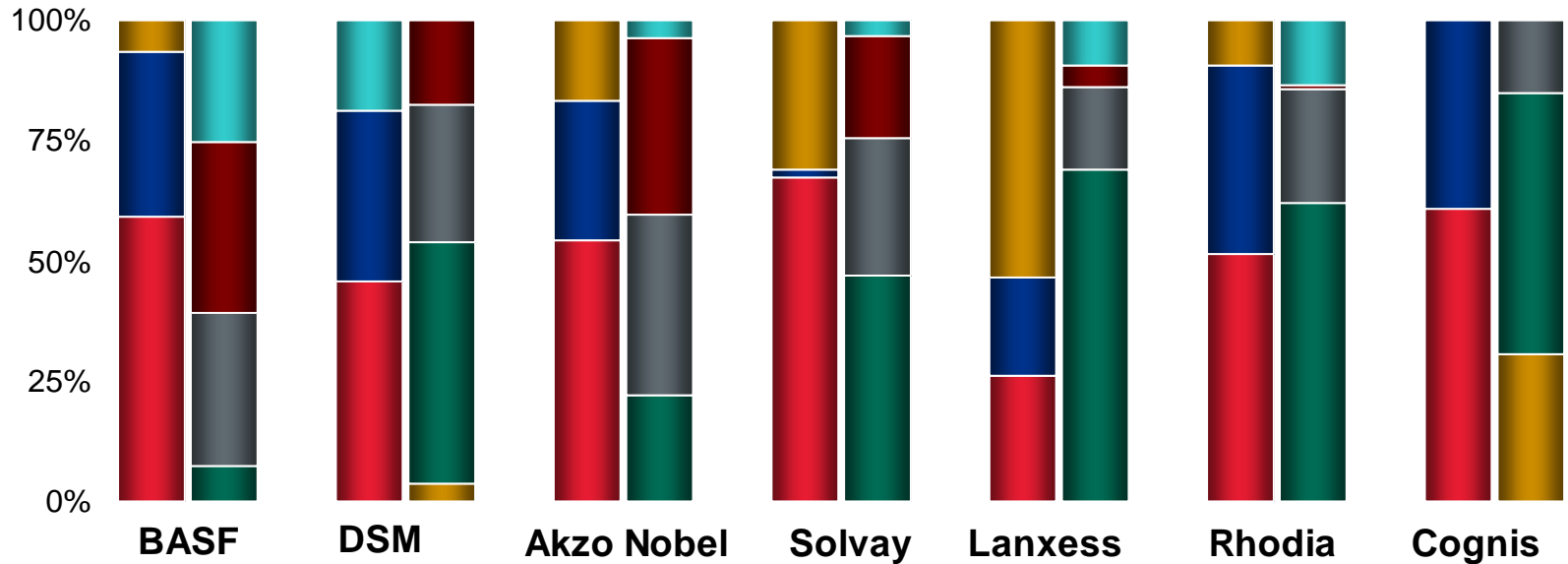


Working Capital Inflows Aid Liquidity

Cash Flow Comparative Study: LTM 2009

LH Column – Sources of Cash
RH Column – Uses of Cash

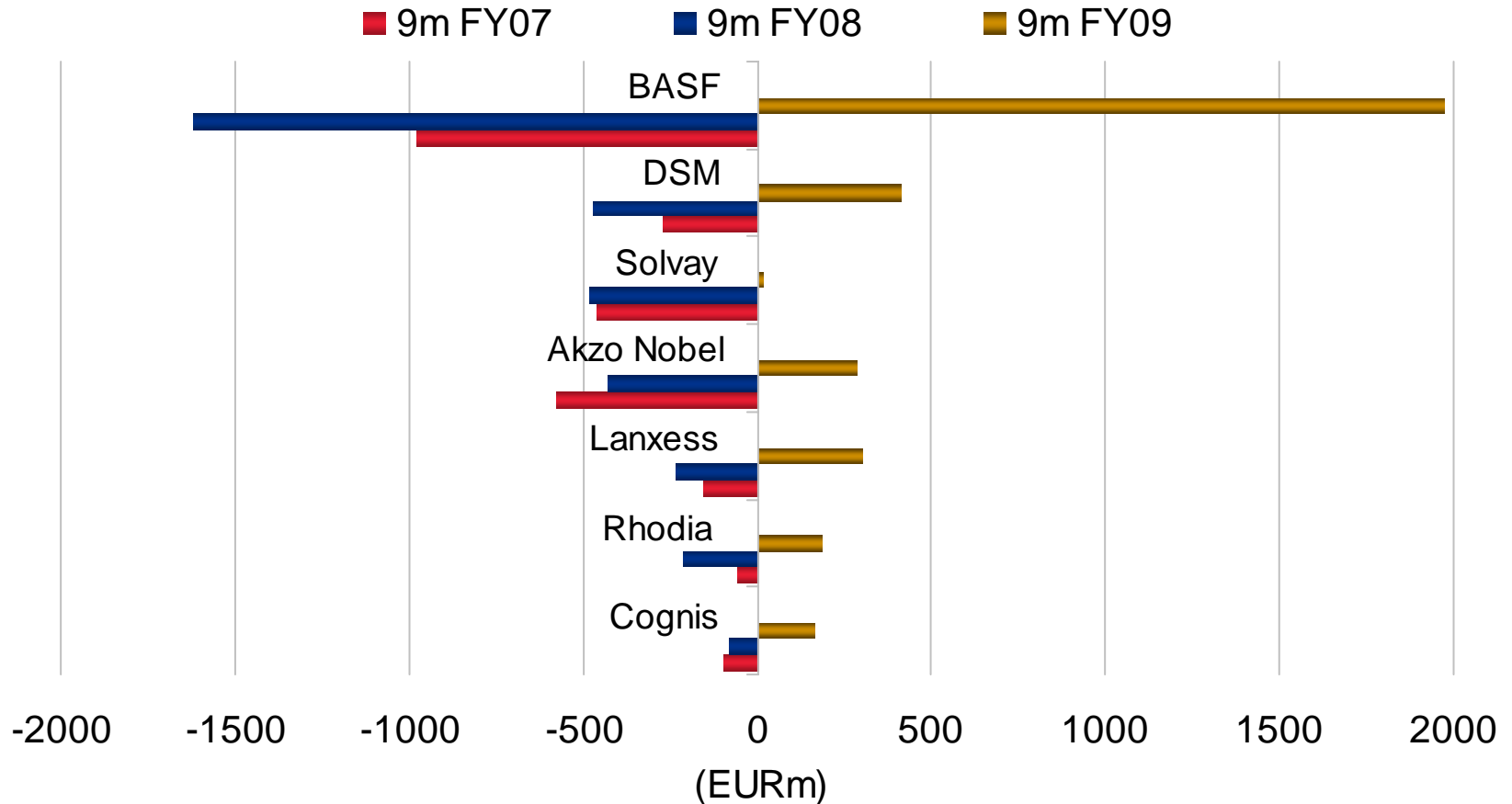
- Funds from Operations
- New Debt/Debt paydown
- Capex
- Acquisitions *
- W/C Movement
- Cash/Other items
- Dividends



* Acquisitions are net of disposals
Source: Company Reports, Fitch



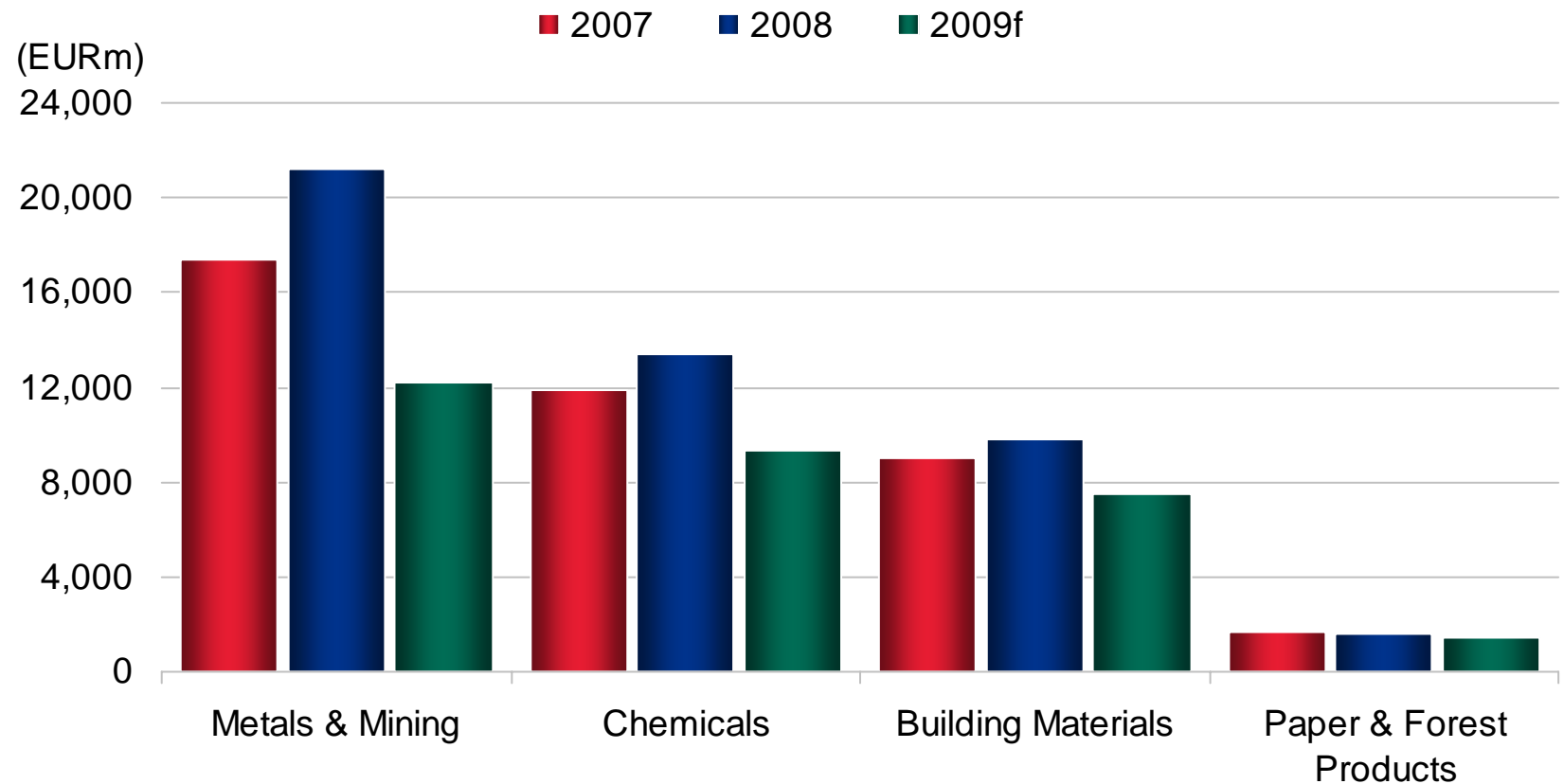
Liquidity Benefited from Strong Working Capital Inflows in First 9 Months of 2009



Source: Company Reports



Total Capital Expenditure – Cyclical Sectors (2007-2009f)

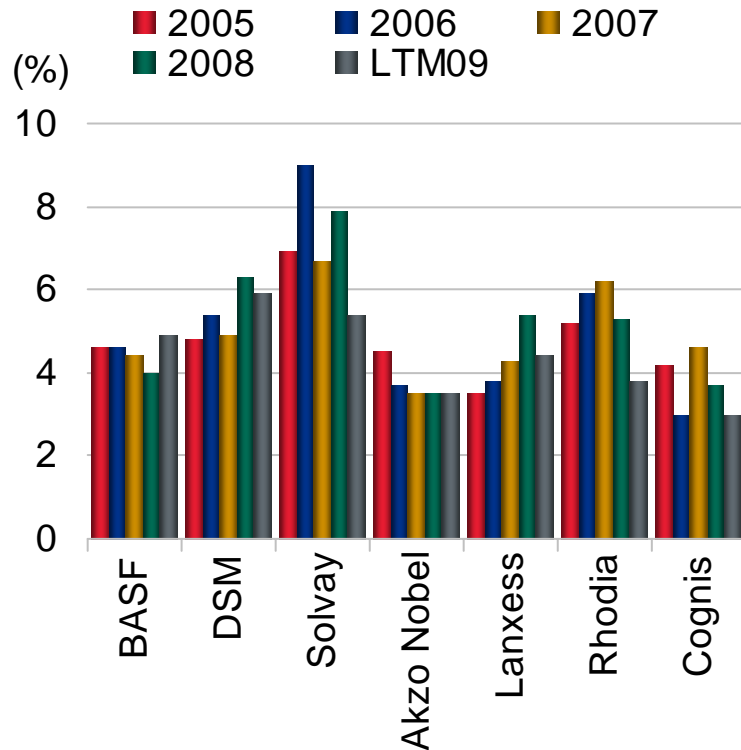


Source: Fitch Rated Issuers



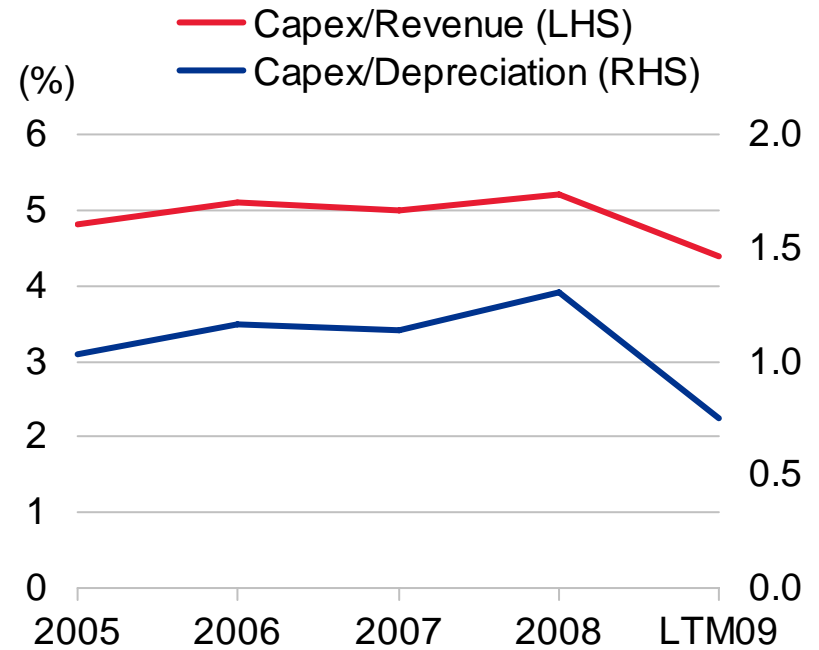
Capex Adjusted to the Downturn

Capex/Revenue



Source: Companies' annual reports; Fitch

Rated Issuers Avg. Capex/Revenue & Capex/Depreciation



Source: Fitch



Cash Conservation Measures since End-2008

	Capex reduction	Dividends cut/ suspended	Share buybacks cut/suspended
BASF	X		X
DSM	X		X
Solvay	X		
Akzo Nobel			X
Lanxess	X	X	
Rhodia	X	X	
Cognis		n.a.	n.a.

Source: Fitch



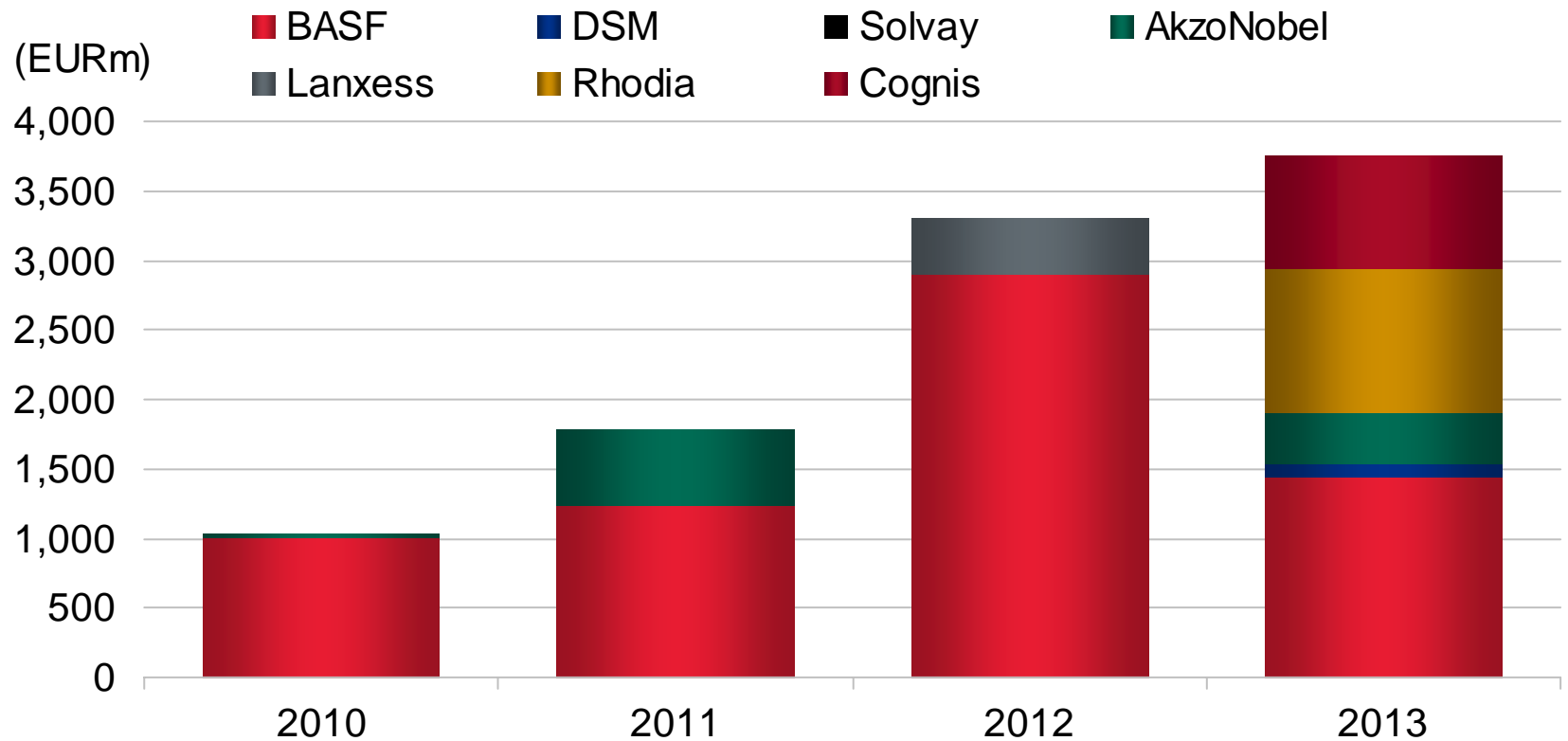
Debt Issuance and Refinancing 2009

(EURm)	Bond Maturities		Bond Issuance
	2009	2010	2009
BASF	844	1,003	4,440
DSM	189	0	500
Solvay	0	0	500
Akzo Nobel	1,000	30	1,245
Lanxess	0	0	700
Rhodia	0	0	0
Cognis	0	0	0

Source: Company reports



Debt Maturity Profiles Skewed to the Long-Term

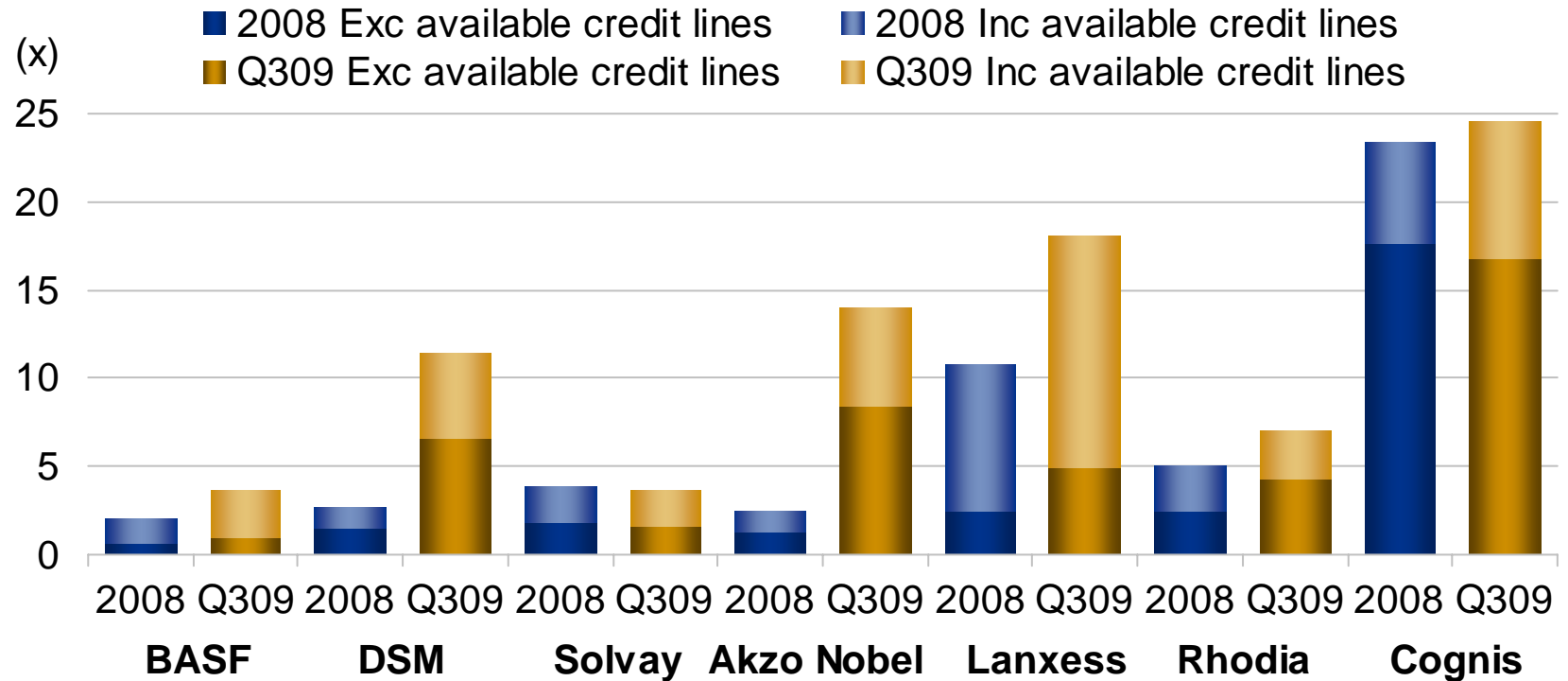


Source: Company reports



Chemicals Issuers WC-inflow and Refinancing Efforts Boosted Liquidity Scores During FY09

Liquidity Score*



* (Available cash + expected next 12 month FCF)/ST maturities

Source: Companies' quarterly/annual reports, Fitch



Sound Liquidity Profiles at Western European Chemicals

	Positive Free Cash Flow (FY 2010e) Green/Red = Yes/No	Liquidity Score < 1.0 = Red 1-2x = Amber 2x+ = Green	Available Committed Credit Lines Green = Good Amber = Some Red = No	Large Debt Maturities Req. Refinance (next 12 mths) Green/Red = Yes/No
BASF (A+)	●	●	●	●
DSM (A-)	●	●	●	●
Solvay (A-)	●	●	●	●
AkzoNobel (BBB+)	●	●	●	●
Lanxess (BBB)	●	●	●	●
Rhodia (BB-)	●	●	●	●
Cognis (B-)	●	●	●	●

Source: Fitch



Conclusions and Outlook 2010

- > FCF expected lower in 2010 than 2009
- > Working capital inflow not expected to be repeated
- > Issuers to remain cautious on capex spending
- > However, capex could be adjusted to improved business conditions - but should remain below historical averages
- > No short-term refinancing risks
- > Debt issuance expected to decline given the liquidity situation
- > Will high liquidity and available distressed assets form a new wave of M&A?
- > Could a pick-up in business and sound liquidity trigger a return to shareholder-friendly action (share buybacks, dividends)?



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