# Goldman Sachs Basic Materials Conference 2012


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lyondellbasell

# Cautionary Statement

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- This presentation contains time sensitive information that is accurate only as of the date hereof. Information contained in this presentation is unaudited and is subject to change. We undertake no obligation to update the information presented herein except as required by law.

# Information Related to Financial Measures

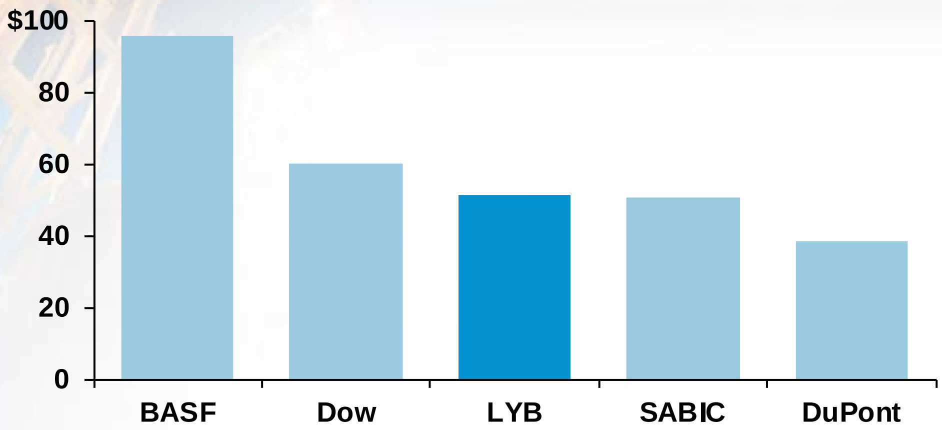
- We have included EBITDA and adjusted EBITDA in this presentation, which are non-GAAP measures. However, EBITDA, as presented herein, may not be comparable to a similarly titled measure reported by other companies due to differences in the way the measure is calculated. For purposes of this presentation, EBITDA for predecessor periods (prior to May 1, 2010) means earnings before interest, taxes, depreciation, amortization and restructuring costs, as adjusted for other items management does not believe are indicative of the Company's underlying results of operations such as impairment charges, reorganization items, the effect of mark-to-market accounting on our warrants and current cost inventory adjustments. EBITDA for successor periods (on or after May 1, 2010) means earnings before interest, taxes, depreciation and amortization, as adjusted for the same items, to the extent applicable in the successor periods. EBITDA also includes dividends from joint ventures. EBITDA should not be considered an alternative to profit or operating profit for any period as an indicator of our performance, or as an alternative to operating cash flows as a measure of our liquidity. See slides at the end of this presentation for reconciliations of EBITDA to net income.

- In our predecessor period, we utilized a combination of First In-First Out and Last In-First Out inventory methods for financial reporting. For purposes of evaluating segment results, management reviewed operating results using current cost, which approximates LIFO. As supplementary information, and for our segment reporting, we also provide EBITDA information on a current cost basis for predecessor periods. In our successor periods, we have utilized the LIFO inventory methodology and EBITDA information for periods after our emergence is on a LIFO basis.

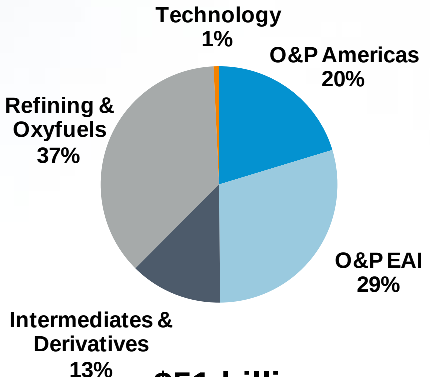
# World-Class Scale With Leading Market Positions

## 2011 Revenues

*($ in billions)*

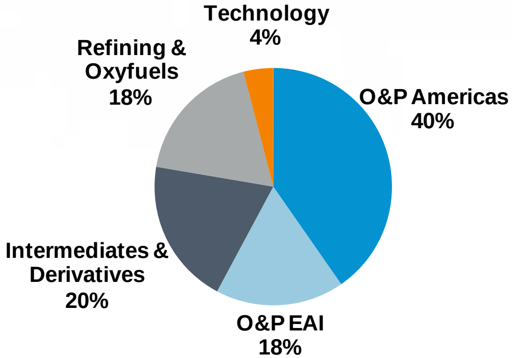



## 2011 Sales




**$51 billion**

## 2011 EBITDA



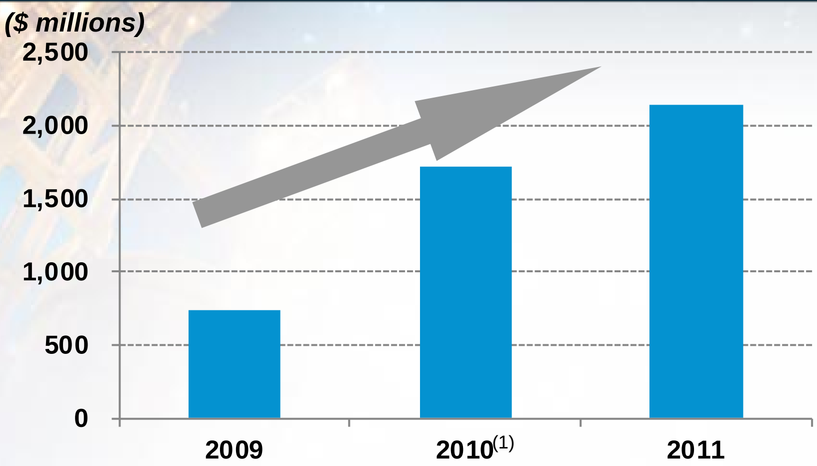

**$5.3 billion**

**Channelview, Texas**

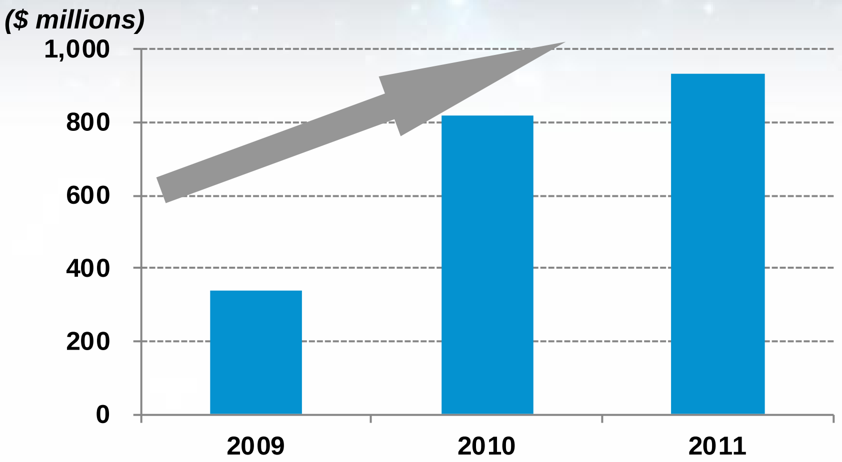
Notes: Sales segment distribution excludes Other and Intersegment sales.
Source: Capital IQ and LYB.

# Our Key Segments Have All Performed Well

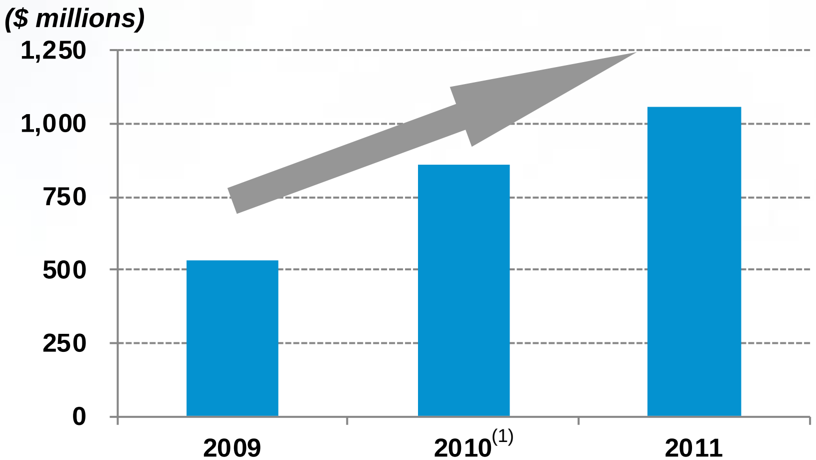
## O&P – Americas EBITDA



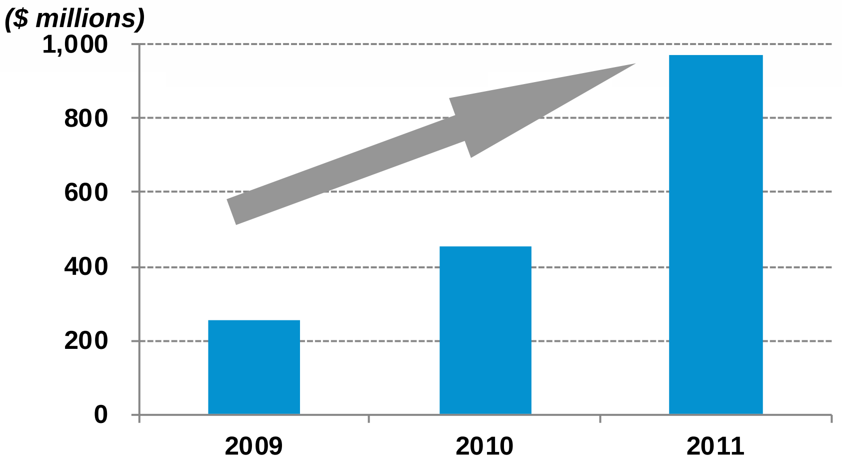

## O&P – EAI EBITDA




## I&D EBITDA



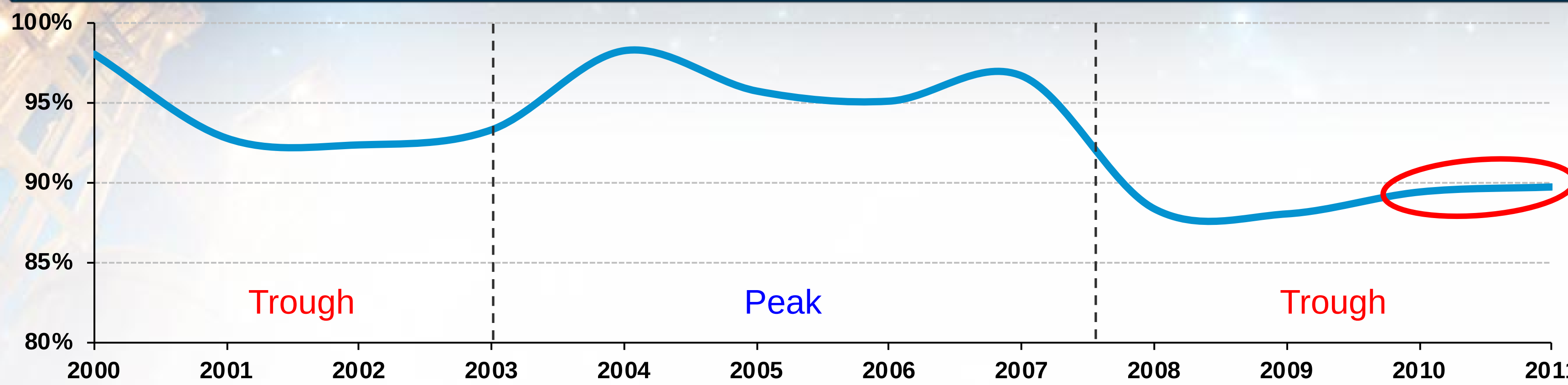

## Refining & Oxyfuels EBITDA



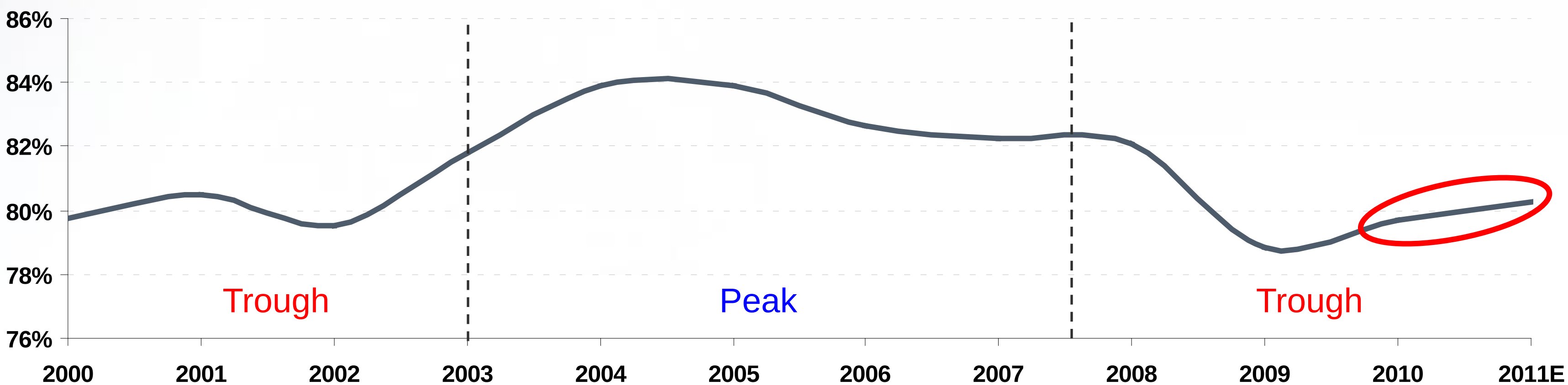

(1) 2010 EBITDA excludes lower of cost or market (LCM) inventory adjustments of ($34) million and ($8) million for O&P Americas and I&D, respectively.

# Strong LYB Results in Global Trough

## Global Ethylene Effective Operating Rates




## Global Refining Operating Rates




**Performance is driven by actions and assets, not cycle**

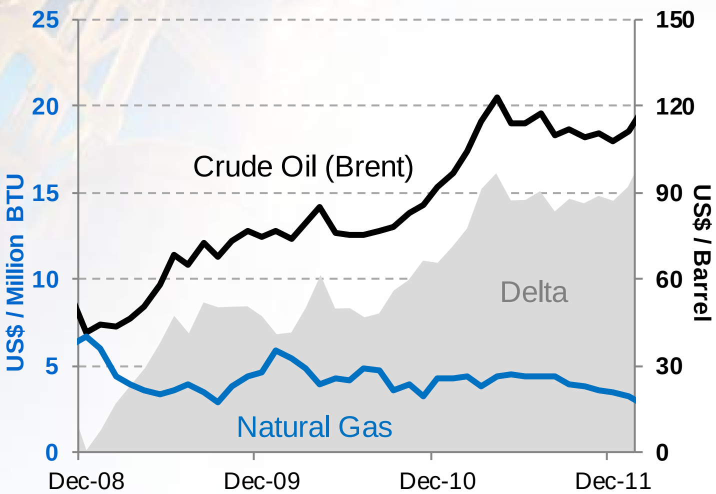
Sources: CMAI as of 2/22/12; Purvin & Gertz.

# Key Drivers Of Business Segment Performance

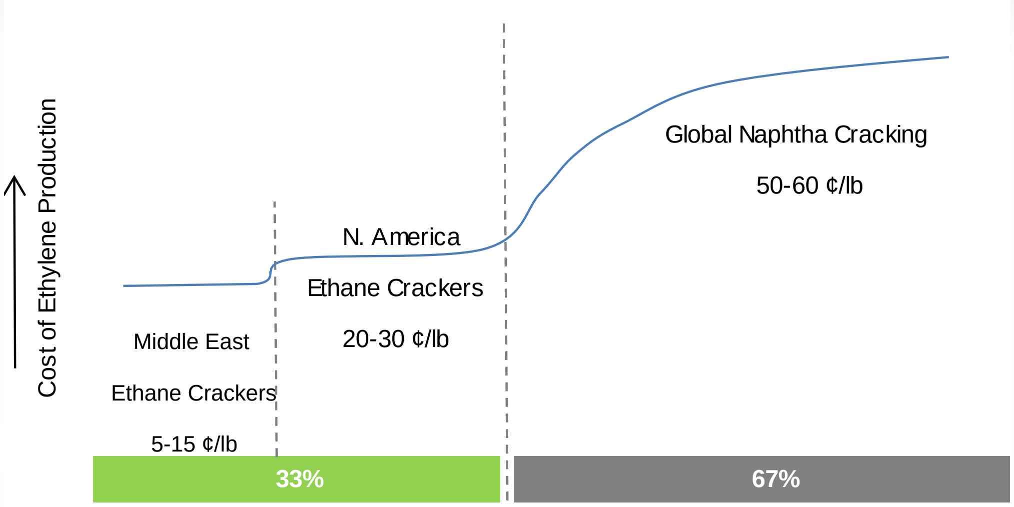
| | |
|---|---|
| • Olefins & Polyolefins - Americas | U.S. natural gas / "Ethane Advantage"<br>Cyclical upside |
| • Olefins & Polyolefins – EAI | Differentiated products and JV's<br>Restructuring<br>Cyclical upside |
| • Intermediates & Derivatives | Proprietary technology<br>Global durable goods demand<br>U.S. natural gas pricing |
| • Refining & Oxyfuels | Maya 2-1-1 spread<br>Cost improvements<br>Gasoline price vs. natural gas cost |
| • Technology | Strong catalyst sales<br>Excellent licensing position |

# O&P Americas: Natural Gas vs. Crude is Currently the Dominant Factor

## Crude Oil vs. Natural Gas Price




## Global Capacity Cost Curve

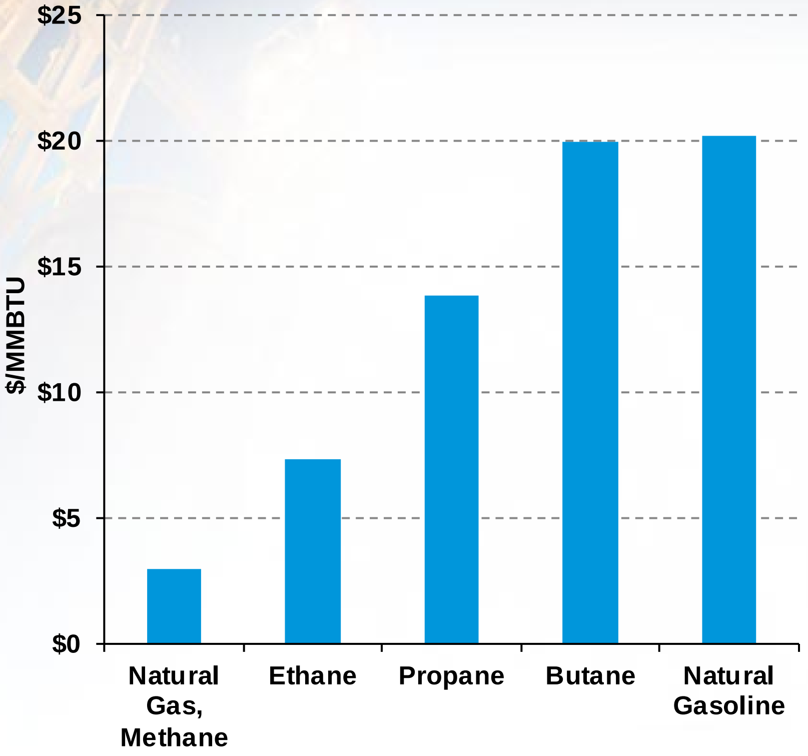



- Crude oil price increases have been as much a factor as have US natural gas price declines
- Raw material factors define regional competitiveness

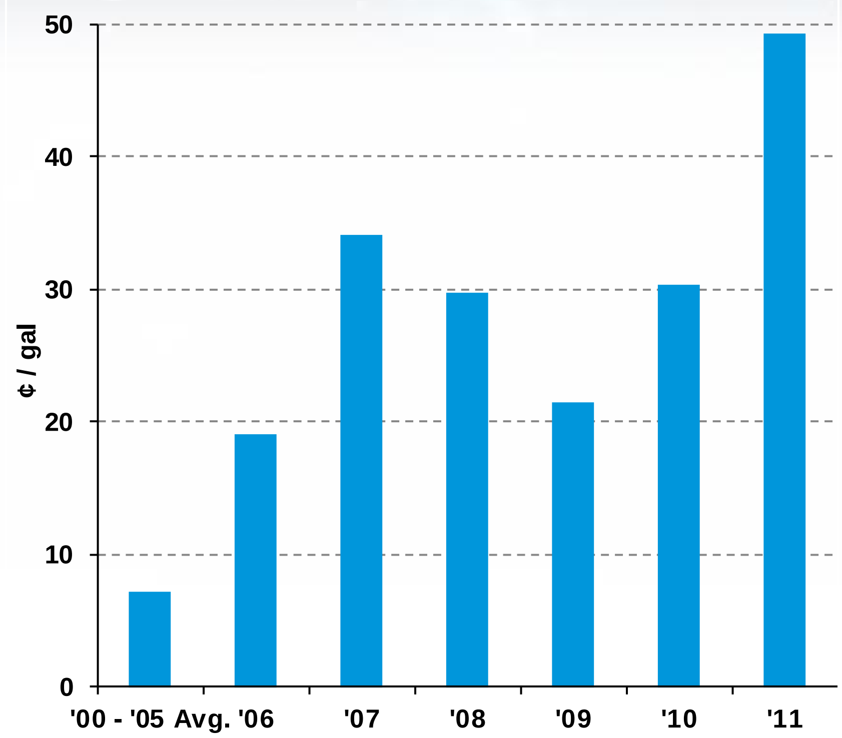
Source: CMAI as of February 2012.

# NGL's Are A Key Contributor To Natural Gas Production Economics

## NGL Component Values vs. Natural Gas



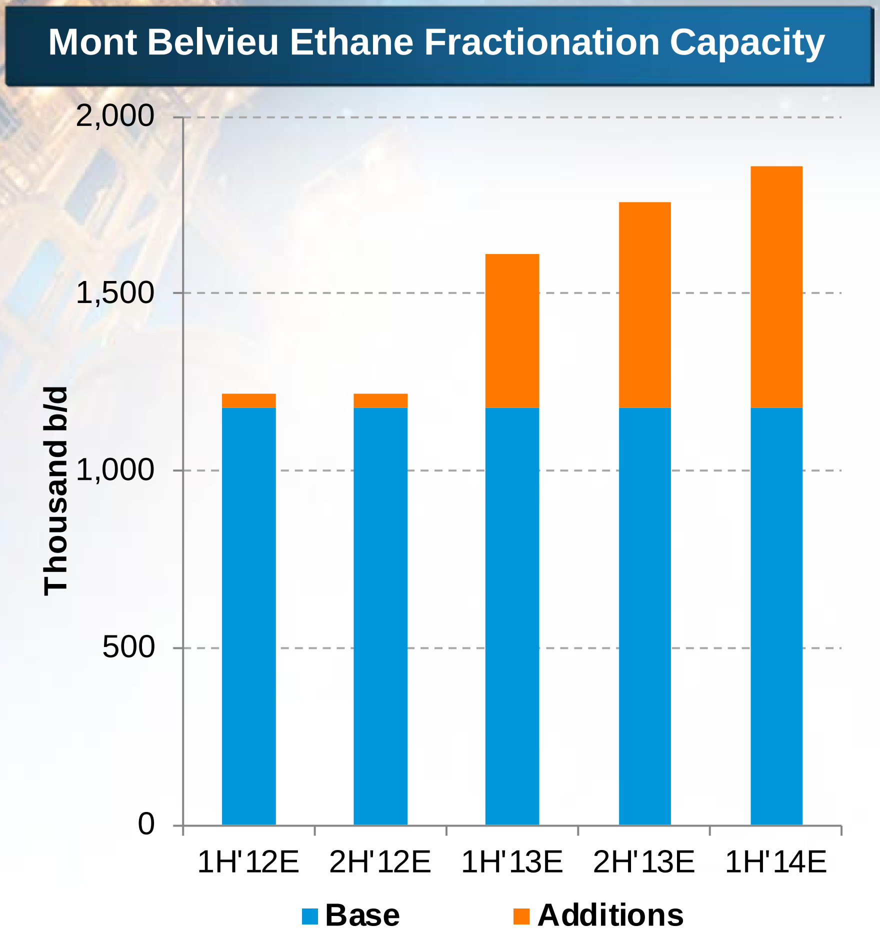

## Ethane Premium to Fuel Value ("Frac Spread")

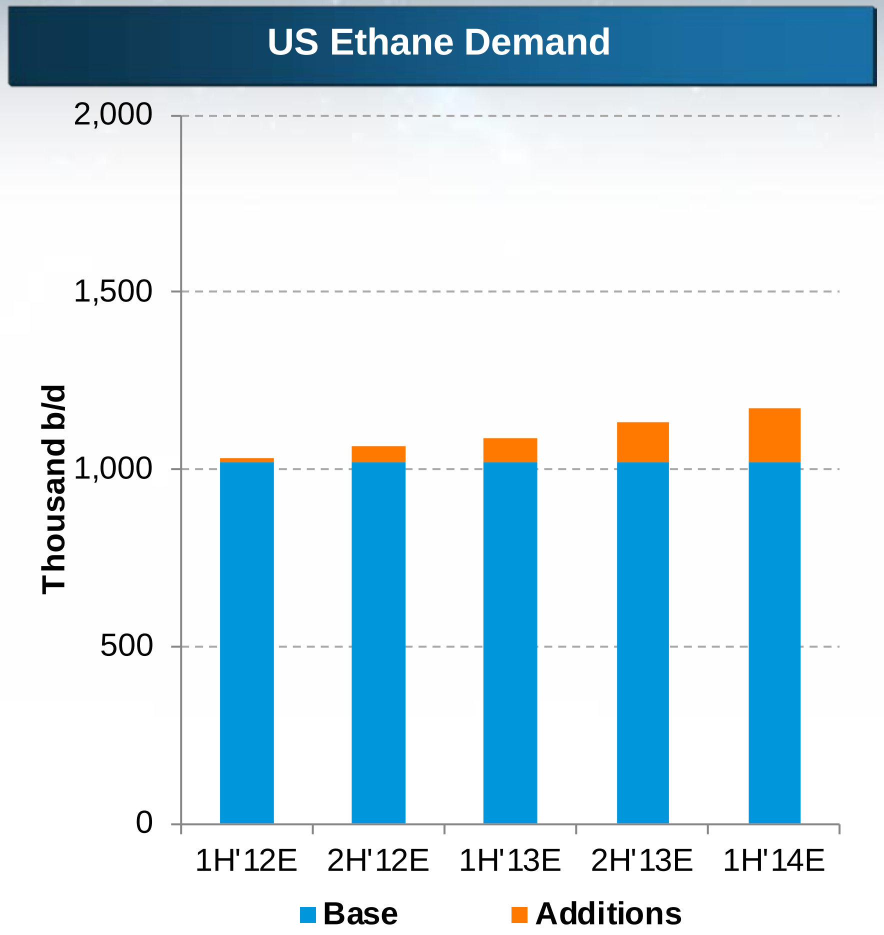



NGL's have sold at a premium to natural gas

Source: CMAI, LYB

# Ethane Fractionation Capacity Additions Are Forecast To Outpace Consumption Capabilities



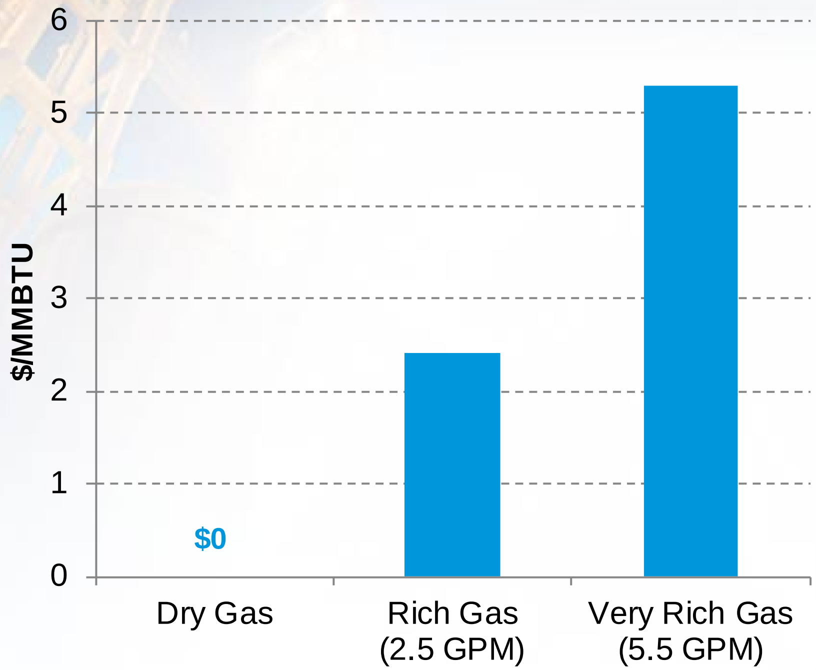




Infrastructure projects should bring NGLs to the Gulf Coast and help ensure supply security for petrochemical growth projects

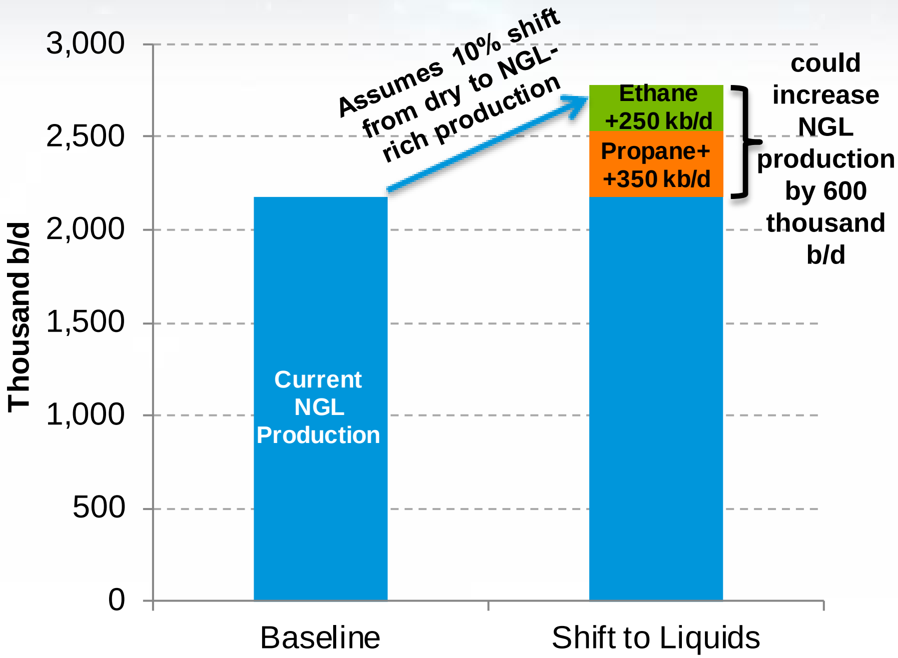
Source: EAI, Goldman Sachs, company announcements, LYB estimates.

# The Value of NGLs Drives Production Even at Low Natural Gas Prices

## Dry vs. Rich Gas: NGL Uplift (Margin Over Fuel Value)




## NGL Production Increases as Drilling Shifts to NGL Rich Fields

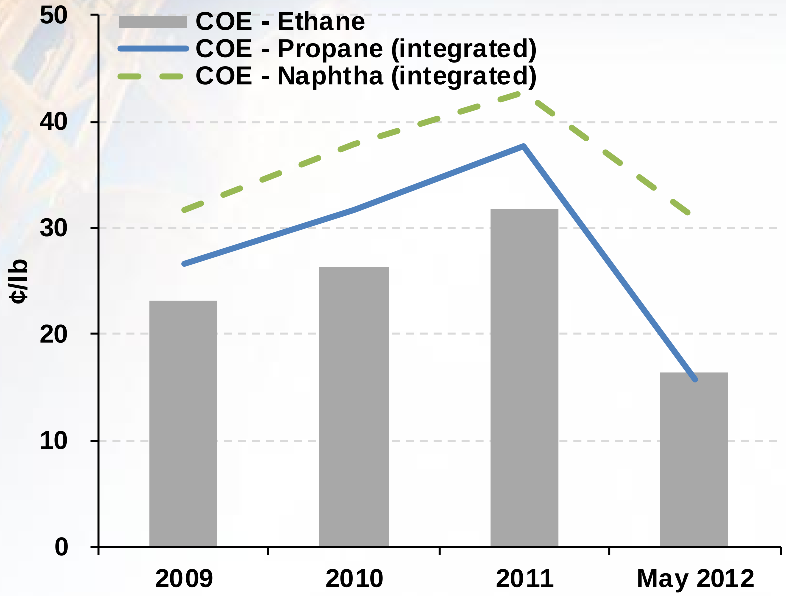



- As drilling emphasis shifts, ethane and propane production is not being sacrificed, in fact, it can be increased

Source: CMAI, LYB.

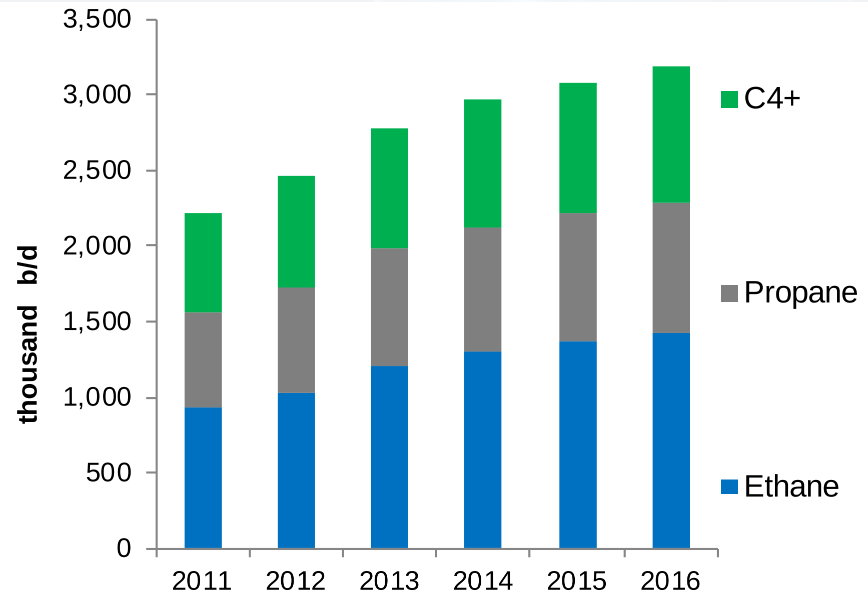
# Ethane is Not the Only Important NGL in the US Market

## US Cost of Ethylene (COE) Production




Source: CMAI.

## US NGL Supply Growth



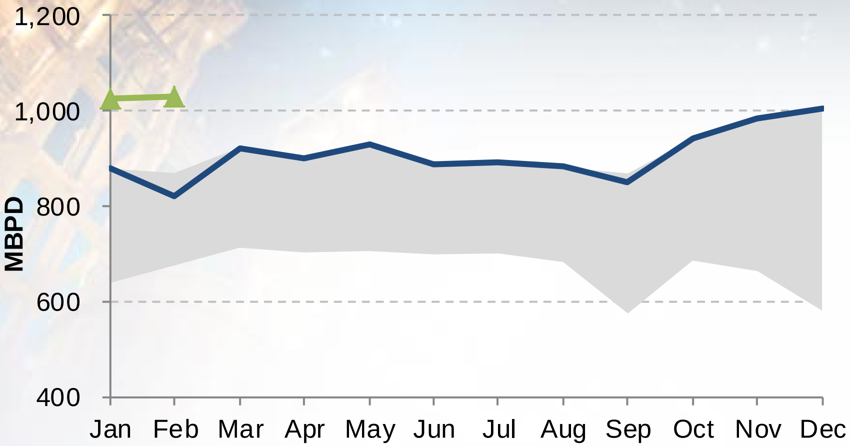

Source: Bentek.

Propane:

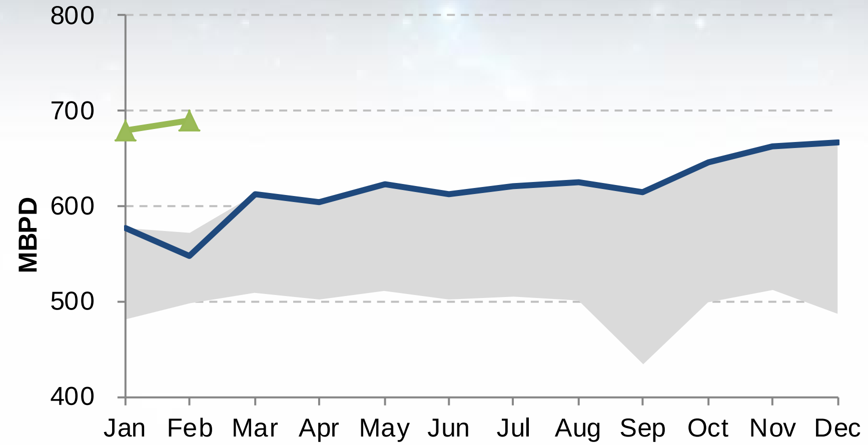
- Can limit ethane pricing
- Greatly expands the cracking pool

# Ethane and Propane Production and Inventories at Historic Highs

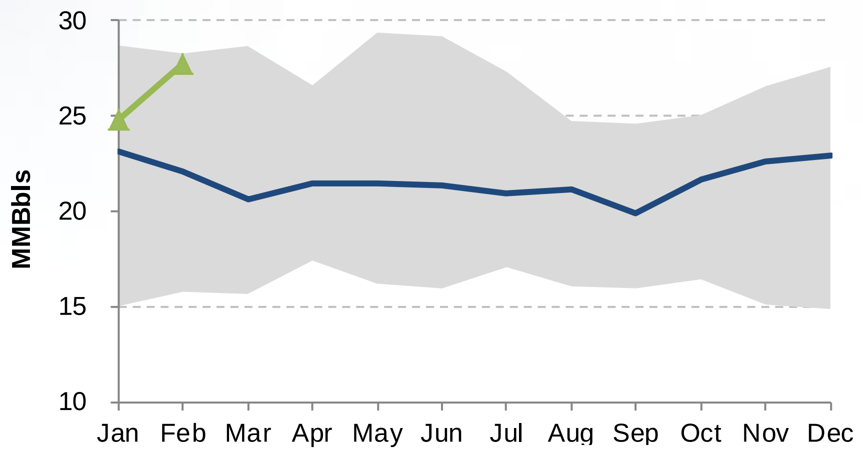
## U.S. Ethane Production



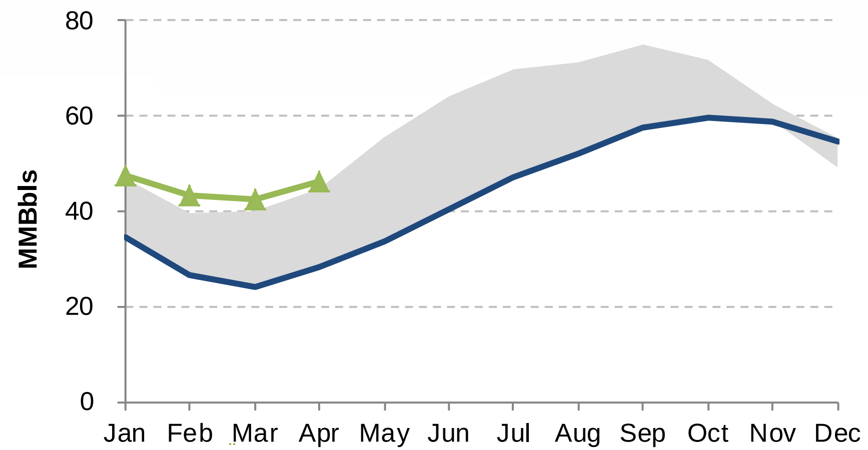

## U.S. Propane Production




## U.S. Ethane Inventory



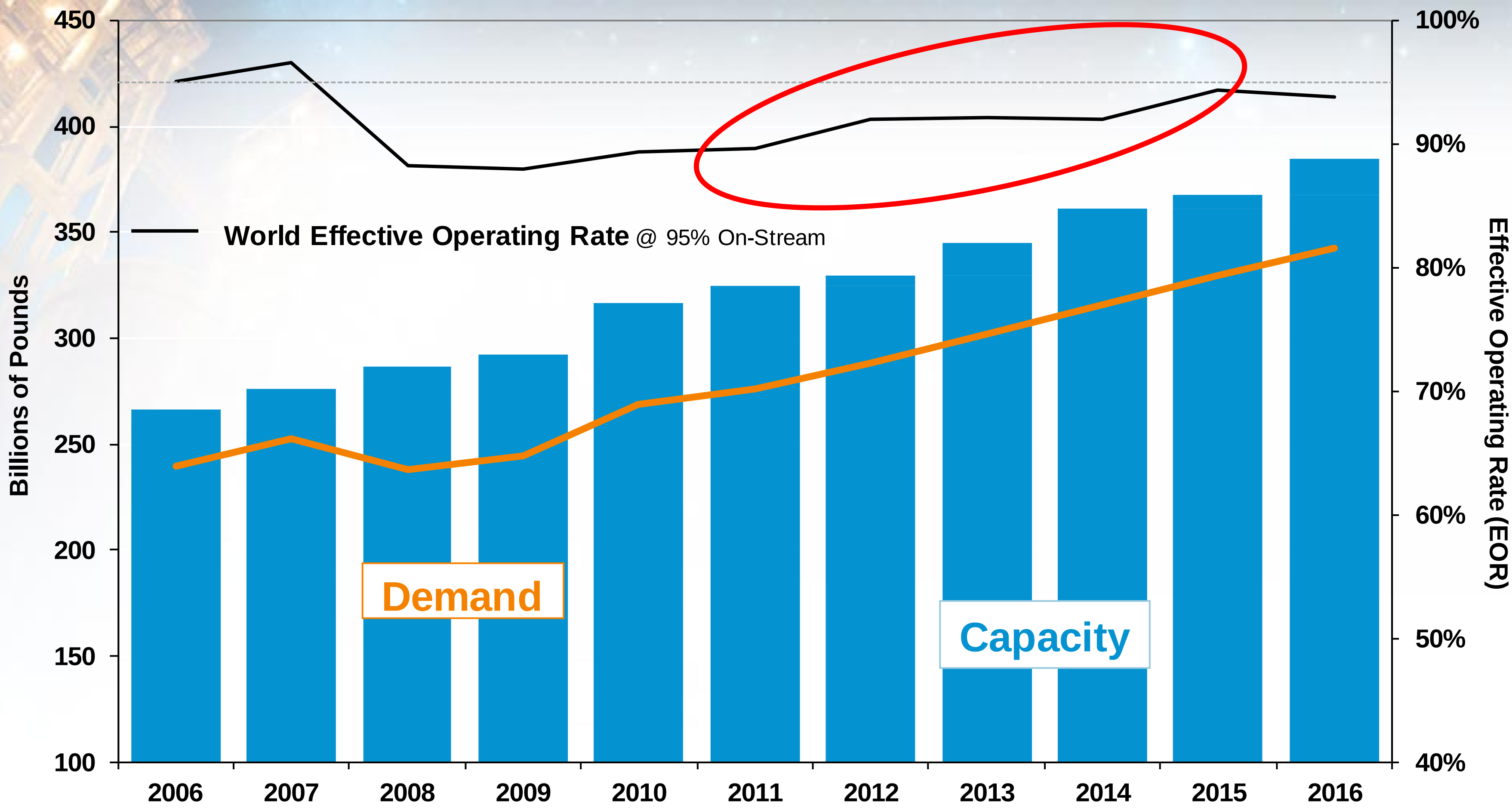

## U.S. Propane Inventory




2007 - 2011 Range 2011 2012

Source: EIA.

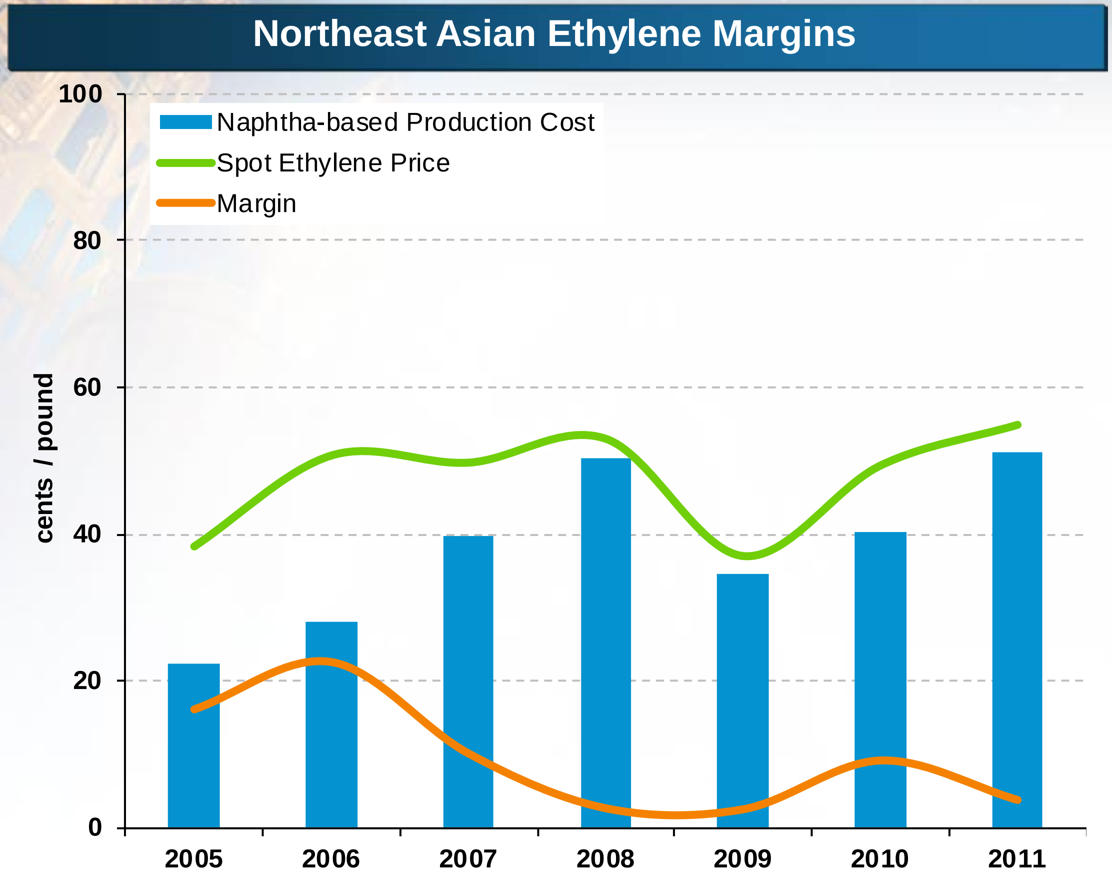
# Cyclical Upside is Also a Positive Story

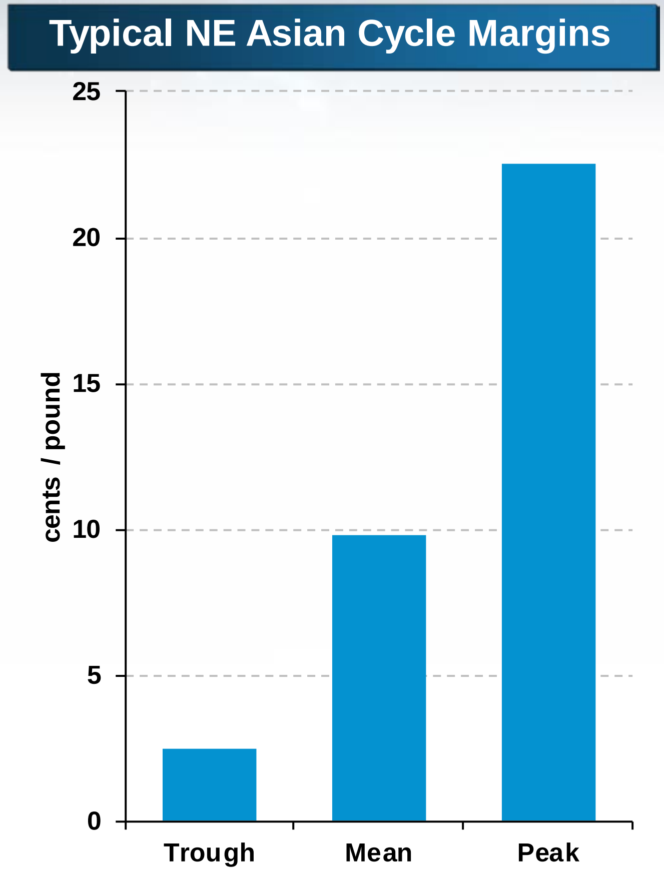



Balance begins to shift in favor of producers in 2012 / 2013

Source: LYB,CMAI 2/22/12.

# At 2010 / 2011 Operating Rates Global Naphtha Margins Have Been Near Trough Levels




- Asian margins have been weak, Asian prices set the global price
- Significant cyclical upside

Source: CMAI

# U.S. Ethylene Producers Well Positioned

- **View from a US ethylene producer perspective**
  - Geography, geology, technology are positively aligned
  - Economics of crude oil and natural gas support U.S. producers
  - Infrastructure investments are bringing NGLs to the market
  - Supply / demand positioned for a cyclical upside
  - New U.S. plants are not forecast to start-up until 2016+

# O&P EAI: Earnings Drivers

**EU Olefins**
- High cost on global basis

**EU Polyethylene**
**EU Polypropylene**
- Large consuming market
- Cyclical profit

**EU Butadiene**
- Light cracking in US
- Europe, net exporter of C4's

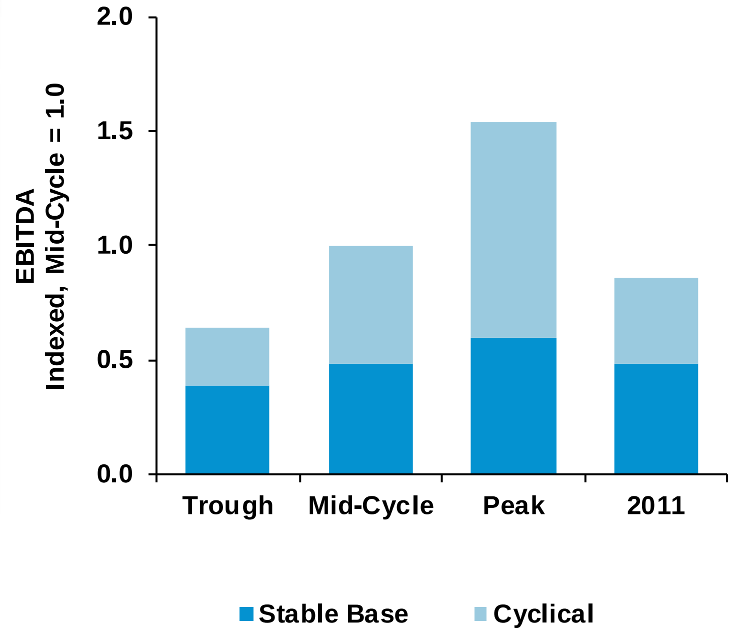
**Joint Ventures**
- Feedstock advantage
- LYB technology deployment

**PP Compounding**
- Automotive demand
- Technical competency critical

***Catalloy* & PB-1**
- Specialty polyolefins
- High value in use

Cyclical Upside
Base Value Streams

## O&P EAI EBITDA Scenarios




- Differentiated businesses provide stable profitability
- Commodities provide cyclical upside

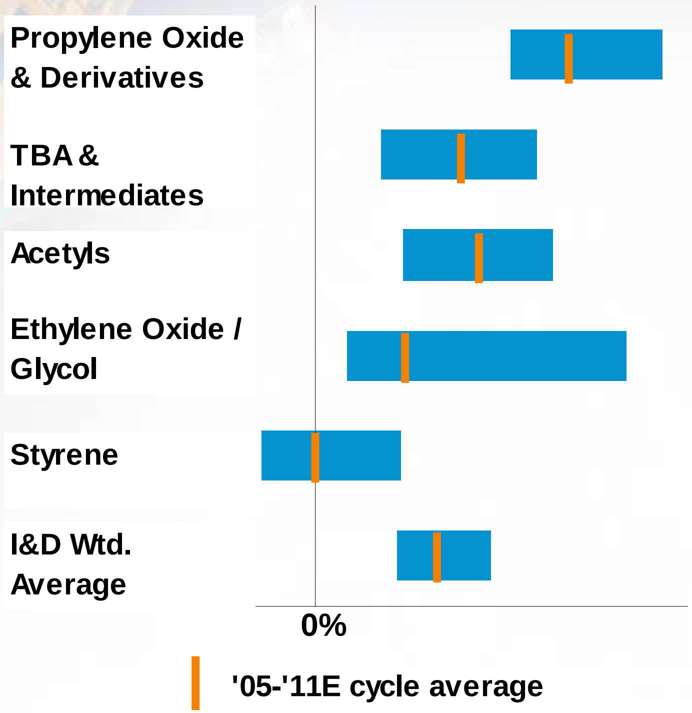
# EAI Restructuring – Increasing Earnings

| | |
|---|---|
| **Focus business management processes** | • Increase efficiency by moving many functions to The Netherlands<br>• Maximize value from existing assets |
| **Segment markets and customers** | • Differentiate service between specialty and commodity segments<br>• Optimize cost-to-serve |
| **Create one sales organization** | • Reduce channels to market<br>• Optimize customer coverage |
| **Simplify supply chain processes** | • Simplify processes<br>• Re-balance customer service teams |

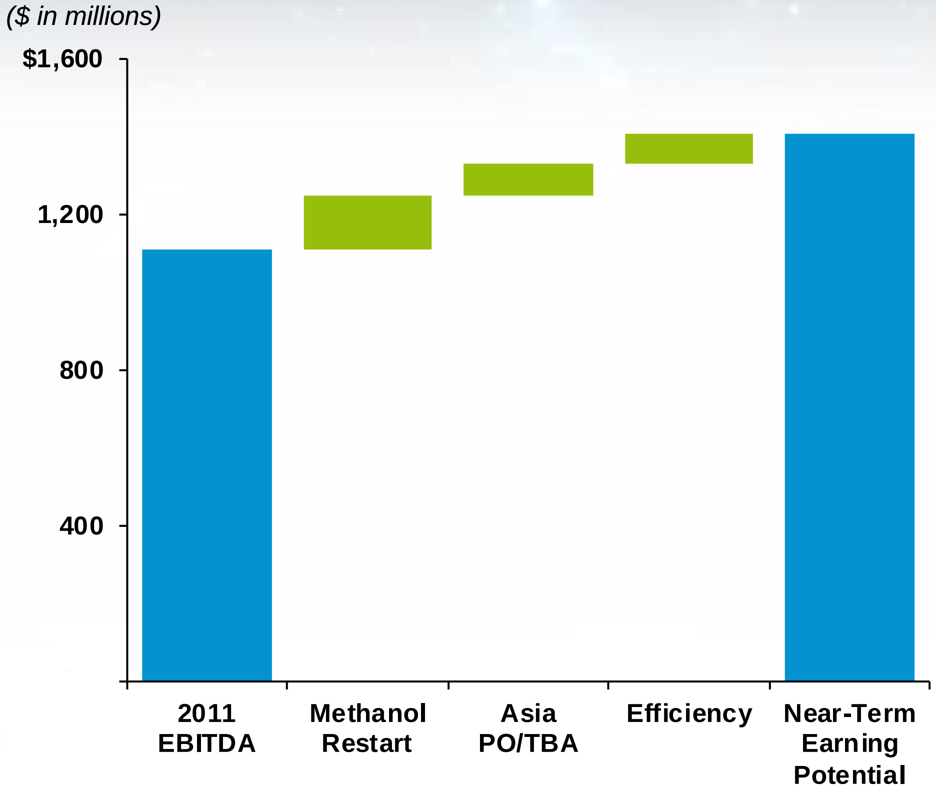
Potential exists for ~$200 million in cost savings and efficiencies

# Intermediates and Derivatives: Highly Profitable Balanced Portfolio

## Relative EBITDA Margin Range




## High Return Growth and Earnings Potential

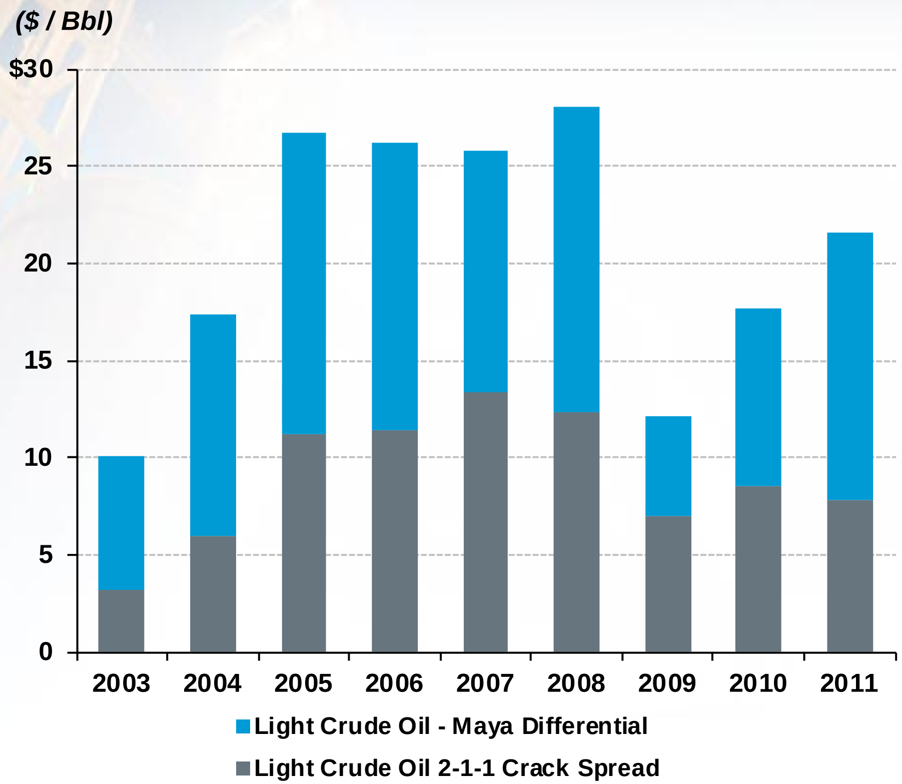



- Diverse product mix with average EBITDA profit margin of ~14%
- Propylene Oxide is a consistent segment leader in profitability
- Future benefit of \$270 - \$330 million from growth / efficiency

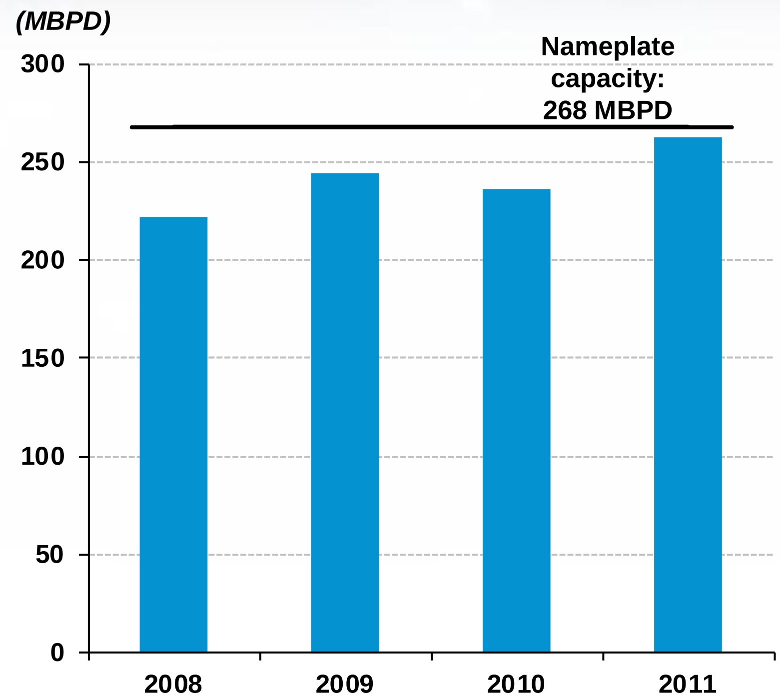
Source: Based on company estimates of propylene and propylene oxide prices. Methanol pricing based on CMAI spread between oil and gas.

# Houston Refinery Benefits from Excellent Configuration

## Maya 2-1-1 Crack Spread




## Houston Crude Oil Processing Rates

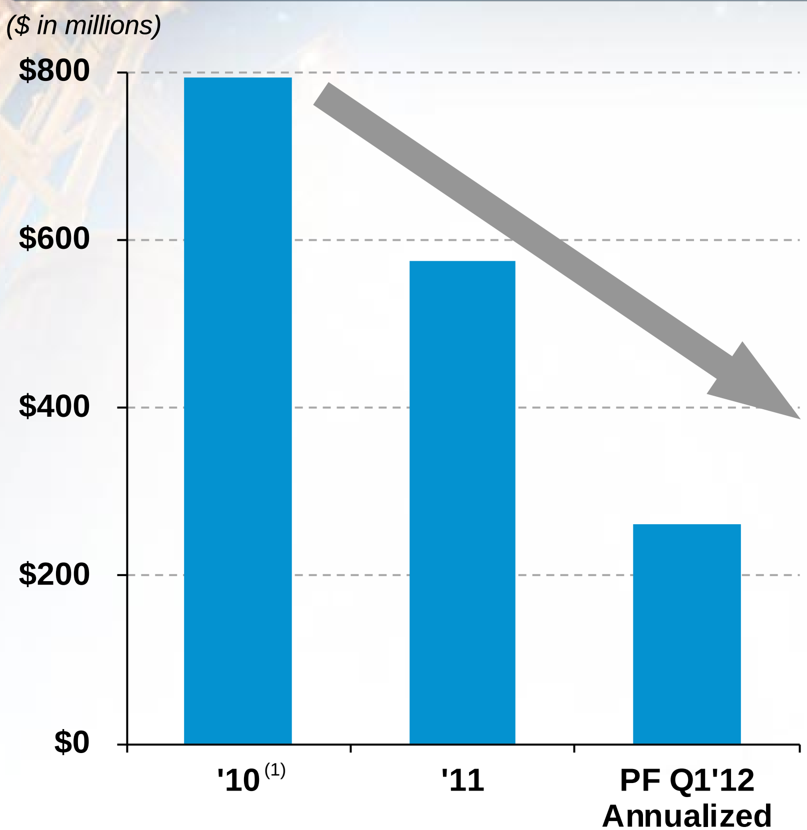



**30 MBPD rate improvement worth ~ $125 million annually[(1)]**

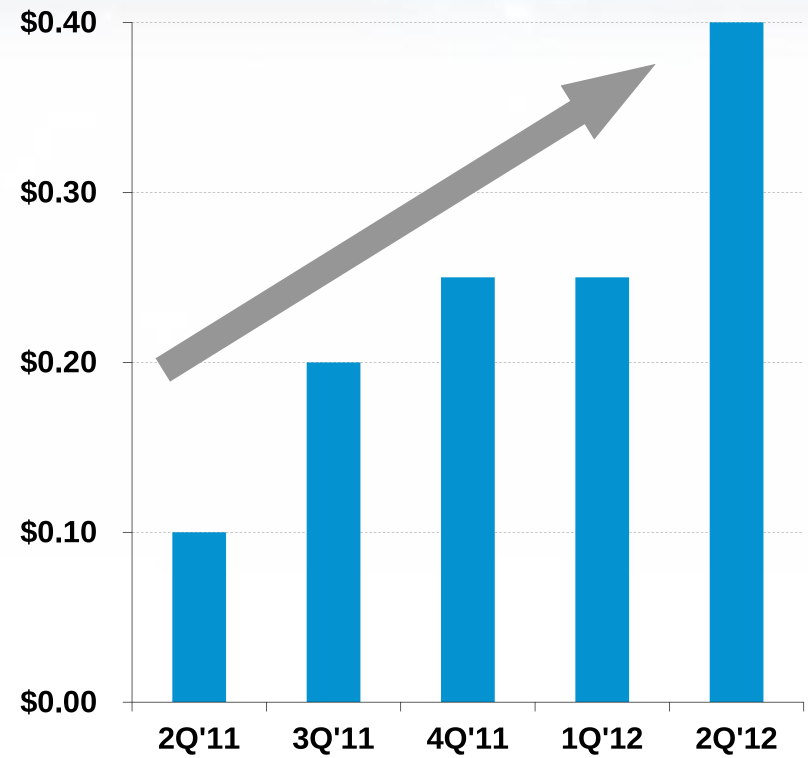
Sources: Platts – January 2012.
Notes: Prior to 2011, WTI is the referenced light crude oil benchmark. Beginning in 2011, LLS is the referenced light crude oil benchmark.
(1) Based on average 2011 Maya 2-1-1 crack spread and company estimates on incremental gross margin.

# Returning Cash to Shareholders Through Dividends

## Net Interest Expense Excluding Refinancing Premiums




## LYB Regular Dividend History




- Regular dividend provides a ~4% yield

Source: LyondellBasell estimates.
(1) 2010 interest is for successor period (5/1 – 12/31/2010) on an annualized basis.

# Operational and Financial Improvements

| | | |
|---|---|---|
| Houston Refinery Yield & Throughput | Primarily Complete | **Potential Pre-Tax Earnings** $700 - $900 million per year by 2013(1) |
| Discontinue Berre Refinery Operations | Complete Q1 | |
| O&P - EAI Reorganization & Improvements | Implementing | |
| Improve Capital Structure | Q4 '11 / Q2 '12 Refinancing | |

Minimal investment for high return

(1) Company estimate based on historic industry margins and costs.

# Significant High-Return Growth Opportunities

- Olefins Feedstock Flexibility
- Olefins Debottlenecks
- Co-Product Flexibility
- Propylene Oxide JV
- PP Compounding Growth
- Methanol Restart
- Other Quick-Return Projects

**Projected Spending**

$1,300 - $1,500 million

**Potential Pre-Tax Earnings**

$800 - $1,000 million per year by 2016(1)

Average payback period less than 2 years

(1) Company estimate based on historic industry margins and costs.

# Industry Trends Provide Further Upside

Olefins Cycle

Ethane Supply / Demand

Refining Industry Rationalization & Feedstock Flexibility

**Potential Additional Pre-Tax Earnings Through the Cycle**

~$2 - $3 billion / year

# 2009 Reconciliation of EBITDA to Net Income

**Reconciliation of EBITDA to Net Income**

| (Millions of U.S. dollars) | Predecessor 2009 Q1 | Q2 | Q3 | Q4 | YTD |
|---|---|---|---|---|---|
| **Segment EBITDA:** [(a)] | | | | | |
| Olefins and Polyolefins - Americas | $ 20 | $ 207 | $ 272 | $ 244 | $ 743 |
| Olefins and Polyolefins - Europe, Asia, International | (5) | 109 | 186 | 51 | 341 |
| Intermediates and Derivatives | 148 | 110 | 143 | 134 | 535 |
| Refining and Oxyfuels | 93 | 62 | 107 | (7) | 255 |
| Technology | 66 | 101 | 66 | 76 | 309 |
| Other | 68 | (52) | 9 | 28 | 53 |
| Total EBITDA | 390 | 537 | 783 | 526 | 2,236 |
| 2010 LCM inventory valuation adjustments | - | - | - | - | - |
| Total EBITDA excluding 2010 LCM inventory valuation adjustments | 390 | 537 | 783 | 526 | 2,236 |
| Add: | | | | | |
| Income (loss) from equity investment | (20) | 22 | (168) | (15) | (181) |
| Unrealized foreign exchange (loss) gain | 15 | 98 | 141 | (61) | 193 |
| Gain on sale of Flavors and Fragrances business | - | - | - | - | - |
| Deduct: | | | | | |
| 2010 LCM inventory valuation adjustments | - | - | - | - | - |
| Depreciation and amortization | (416) | (479) | (443) | (436) | (1,774) |
| Impairment charge | - | (5) | - | (12) | (17) |
| Reorganization items | (948) | (124) | (928) | (961) | (2,961) |
| Interest expense, net | (425) | (498) | (441) | (413) | (1,777) |
| Joint venture dividends received | (2) | (7) | (12) | (5) | (26) |
| (Provision for) benefit from income taxes | 432 | 87 | 332 | 560 | 1,411 |
| Fair value change in warrants | - | - | - | - | - |
| Current cost adjustment to inventory | (41) | 18 | 88 | (36) | 29 |
| Other | (2) | (2) | (3) | 3 | (4) |
| **Net loss** | (1,017) | (353) | (651) | (850) | (2,871) |
| Less: Net loss attributable to non-controlling interests | 1 | 2 | 1 | 2 | 6 |
| Net loss attributable to the Company | $ (1,016) | $ (351) | $ (650) | $ (848) | $ (2,865) |

(a) Predecessor segment operating income and EBITDA were determined on a current cost basis.

# 2010 Reconciliation of EBITDA to Net Income

**Reconciliation of EBITDA to Net Income**

| | Predecessor | | Successor | Combined | Successor | | Predecessor | Successor | Combined |
|---|---|---|---|---|---|---|---|---|---|
| | 2010 | | | | | | | | |
| **(Millions of U.S. dollars)** | **Q1** | **April 1 - April 30** | **May 1 - June 30** | **Q2** | **Q3** | **Q4** | **January 1 - April 30** | **May 1 - December 31** | **YTD** |
| **Segment EBITDA:** [(a)] | | | | | | | | | |
| Olefins & Polyolefins - Americas | $ 274 | $ 216 | $ 198 | $ 414 | $ 492 | $ 505 | $ 490 | $ 1,195 | $ 1,685 |
| Olefins & Polyolefins - Europe, Asia, International | 152 | 78 | 174 | 252 | 289 | 125 | 230 | 588 | 818 |
| Intermediates & Derivatives | 196 | 56 | 128 | 184 | 243 | 228 | 252 | 599 | 851 |
| Refining & Oxyfuels | 3 | 76 | 21 | 97 | 140 | 212 | 79 | 373 | 452 |
| Technology | 47 | 14 | 29 | 43 | 78 | 44 | 61 | 151 | 212 |
| Other | (32) | 8 | 72 | 80 | (44) | (29) | (24) | (1) | (25) |
| Total EBITDA | 640 | 448 | 622 | 1,070 | 1,198 | 1,085 | 1,088 | 2,905 | 3,993 |
| LCM inventory valuation adjustments | - - | - - | 333 | 333 | 32 | (323) | - - | 42 | 42 |
| Total EBITDA excluding LCM inventory valuation adjustments | 640 | 448 | 955 | 1,403 | 1,230 | 762 | 1,088 | 2,947 | 4,035 |
| Add: | | | | | | | | | |
| Income from equity investments | 55 | 29 | 27 | 56 | 29 | 30 | 84 | 86 | 170 |
| Unrealized foreign exchange loss | (202) | (62) | (14) | (76) | (7) | (1) | (264) | (22) | (286) |
| Gain on sale of Flavors and Fragrance business | - - | - - | - - | - - | - - | 64 | - - | 64 | 64 |
| Deduct: | | | | | | | | | |
| LCM inventory valuation adjustments | - - | - - | (333) | (333) | (32) | 323 | - - | (42) | (42) |
| Depreciation and amortization | (424) | (141) | (129) | (270) | (222) | (207) | (565) | (558) | (1,123) |
| Impairment charges | (3) | (6) | - - | (6) | - - | (28) | (9) | (28) | (37) |
| Reorganization items | 207 | 7,181 | (8) | 7,173 | (13) | (2) | 7,388 | (23) | 7,365 |
| Interest expense, net | (409) | (299) | (120) | (419) | (186) | (222) | (708) | (528) | (1,236) |
| Joint venture dividends received | (13) | (5) | (28) | (33) | - | (6) | (18) | (34) | (52) |
| (Provision for) benefit from income taxes | (12) | 1,327 | (28) | 1,299 | (254) | 112 | 1,315 | (170) | 1,145 |
| Fair value change in warrants | - - | - - | 17 | 17 | (76) | (55) | - - | (114) | (114) |
| Current cost adjustment to inventory | 184 | 15 | - - | 15 | - - | - - | 199 | - - | 199 |
| Other | (15) | 9 | 8 | 17 | (2) | (4) | (6) | 2 | (4) |
| **Net income** | 8 | 8,496 | 347 | 8,843 | 467 | 766 | 8,504 | 1,580 | 10,084 |
| Less: Net (income) loss attributable to non-controlling interests | 2 | 58 | (5) | 53 | 7 | 5 | 60 | 7 | 67 |
| **Net income attributable to the Company** | $ 10 | $ 8,554 | $ 342 | $ 8,896 | $ 474 | $ 771 | $ 8,564 | $ 1,587 | $ 10,151 |

(a) For periods prior to May 1, 2010, Predecessor segment operating income and EBITDA were determined on a current cost basis. For periods following May 1, 2010, Successor operating income and EBITDA were determined using the LIFO method of inventory accounting.

# 2011 Reconciliation of EBITDA to Net Income

**Reconciliation of EBITDA to Net Income**

| (Millions of U.S. dollars) | Successor 2011 Q1 | Q2 | Q3 | Q4 | YTD |
|---|---|---|---|---|---|
| **Segment EBITDA:** | | | | | |
| Olefins & Polyolefins - Americas | $ 484 | $ 578 | $ 673 | $ 407 | $ 2,142 |
| Olefins & Polyolefins - Europe, Asia, International | 333 | 275 | 261 | 62 | 931 |
| Intermediates & Derivatives | 270 | 314 | 297 | 173 | 1,054 |
| Refining & Oxyfuels | 210 | 353 | 519 | (110) | 972 |
| Technology | 91 | 42 | 45 | 36 | 214 |
| Other | 14 | (9) | (7) | (32) | (34) |
| Total EBITDA | 1,402 | 1,553 | 1,788 | 536 | 5,279 |
| Adjustments to EBITDA: | | | | | |
| Berre refinery closure costs | - | - | - | 136 | 136 |
| Sale of precious metals | - | (41) | - | - | (41) |
| Corporate restructurings | - | 61 | 14 | 18 | 93 |
| Environmental accruals | - | 16 | - | - | 16 |
| Settlement related to Houston refinery crane incident | - | - | - | (15) | (15) |
| Insurance settlement | (34) | - | - | - | (34) |
| Total Adjusted EBITDA | 1,368 | 1,589 | 1,802 | 675 | 5,434 |
| Add: | | | | | |
| Income from equity investments | 58 | 73 | 52 | 33 | 216 |
| Unrealized foreign exchange (loss) gain | (3) | 4 | (17) | (11) | (27) |
| Deduct: | | | | | |
| Adjustments to EBITDA | 34 | (36) | (14) | (139) | (155) |
| Depreciation and amortization | (215) | (224) | (237) | (255) | (931) |
| Impairment charges | (5) | (13) | (26) | (8) | (52) |
| Reorganization items | (2) | (28) | - | (15) | (45) |
| Interest expense, net | (155) | (164) | (145) | (542) | (1,006) |
| Joint venture dividends received | (96) | (11) | (55) | (44) | (206) |
| Provision for income taxes | (263) | (388) | (489) | 92 | (1,048) |
| Fair value change in warrants | (59) | 6 | 22 | (6) | (37) |
| Other | (2) | (5) | 2 | 2 | (3) |
| **Net income (loss)** | 660 | 803 | 895 | (218) | 2,140 |
| Adjustments to EBITDA | (34) | 36 | 14 | 139 | 155 |
| Premiums and charges on early repayment of debt | - | 12 | - | 431 | 443 |
| Reorganization items | 2 | 28 | - | 15 | 45 |
| Asset retirement obligation | - | - | 10 | - | 10 |
| Fair value change in warrants | 59 | (6) | (22) | 6 | 37 |
| Impairment charges | 5 | 13 | 26 | 8 | 52 |
| Tax impact of net income (loss) adjustments | 11 | (21) | (14) | (151) | (175) |
| Adjusted Net Income | $ 703 | $ 865 | $ 909 | $ 230 | $ 2,707 |
| Earnings (loss) per share: | | | | | |
| Diluted earnings per share | $ 1.15 | $ 1.38 | $ 1.51 | $ (0.38) | $ 3.74 |
| Adjustments to net income (loss) | 0.08 | 0.11 | 0.03 | 0.79 | 0.97 |
| Adjusted diluted earnings per share | $ 1.23 | $ 1.49 | $ 1.54 | $ 0.41 | $ 4.71 |