Q3 2017 Roadshow
Another strong quarter!

Matthias Zachert, CEO

LANXESS
Energizing Chemistry

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Agenda

- **Expanding our strengths**
- Business and financial details Q3 2017
- Backup

A rapidly changing world –
Our answer: Energizing chemistry!

What it takes to be successful in a changing environment

Mindset
- Agility
- Courage & team spirit

Balance
- Markets
- Industries

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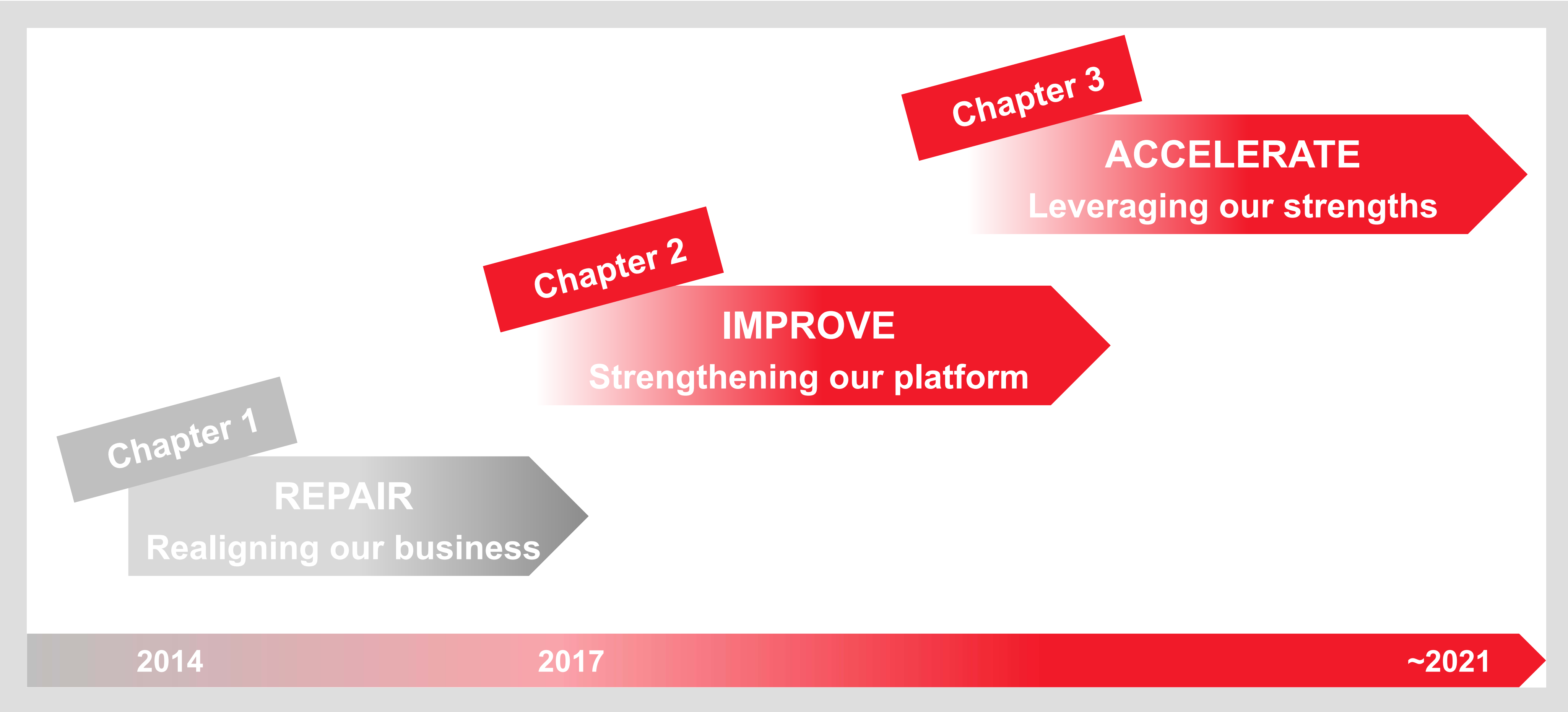
Speed
- Lean structures
- Entrepreneurial organization

Leadership
- Markets
- Technology & innovation

A strong team and corporate culture make the difference

Our journey: Shaping New LANXESS – a story in three chapters



Recap Chapter 1: Rebuilding a competitive platform

Chapter 1
Repair

Chapter 2

Chapter 3

Business and administration structure competitiveness

- Consolidate BUs and GFs with similar business models
- Improve customer and market focus and leverage synergies
- Develop leaner administrative structures by restructuring and adjusting business models

Leaner organization, ~€150 m savings ✓

Operations competitiveness

- Manufacturing excellence:
  - Analyze and adjust asset base
  - Evaluate mothballings and site closures
  - Implementation of operational best practices
- Commercial & supply chain excellence

Transfer of best practices, ~€150 m savings ✓

Portfolio competitiveness and alliances

- Evaluate portfolio options to better balance the company set-up
- Consider alliances to improve competitive access to raw material e.g., for rubber businesses
- Improve market acce through marketing all

Foundation of ARLANXEO Acquisition of Chemtura ✓

&

Corporate culture: Shift to team performance

Chapter 1 prepared the ground for the New LANXESS platform

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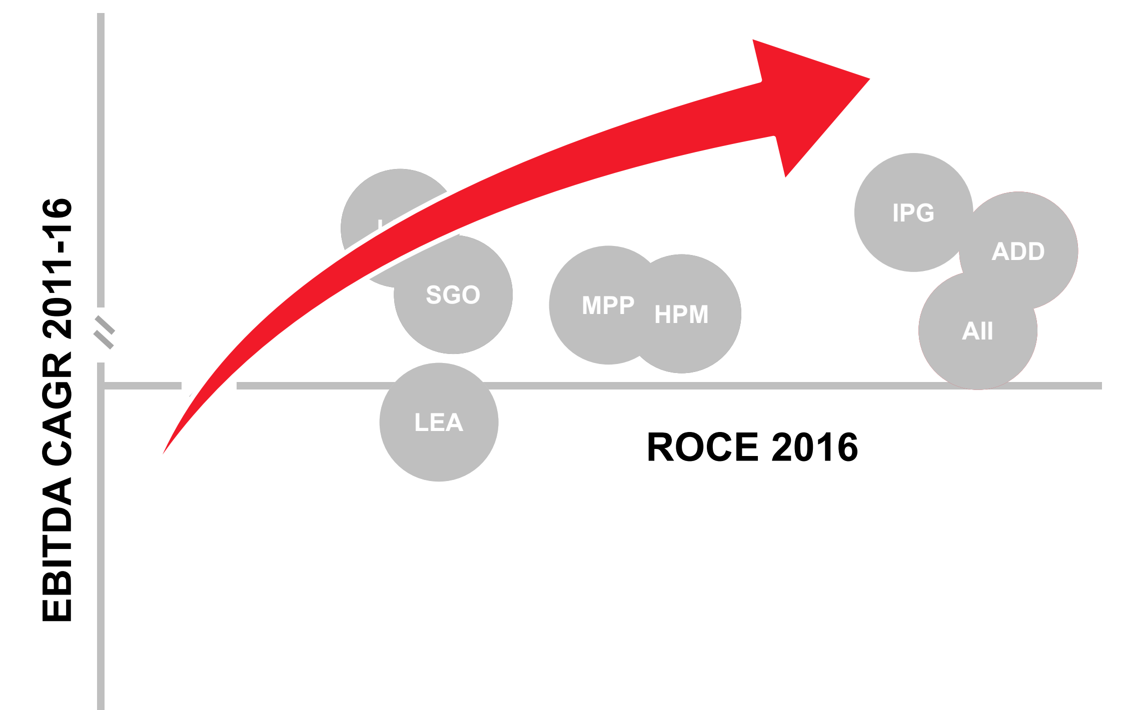
Restructuring and change of strategy yields first positive results

Chapter 1
Repair

Chapter 2

Chapter 3

LANXESS transformation starts to become visible



Substantial room for improvement left

Key 2016 points

- Phase 1 & 2 cost improvements become visible
- All BUs with improved organic return profile
- Growth is picking up

But it takes more time to change a company fundamentally

Chapter 1
Repair

Chapter 2

Chapter 3

- Industry balance and market set-up need further improvement
- Leadership positions in many business units achieved but substantial catch-up still to be done
- Margin and profitability level has visibly improved but still lagging behind industry standards

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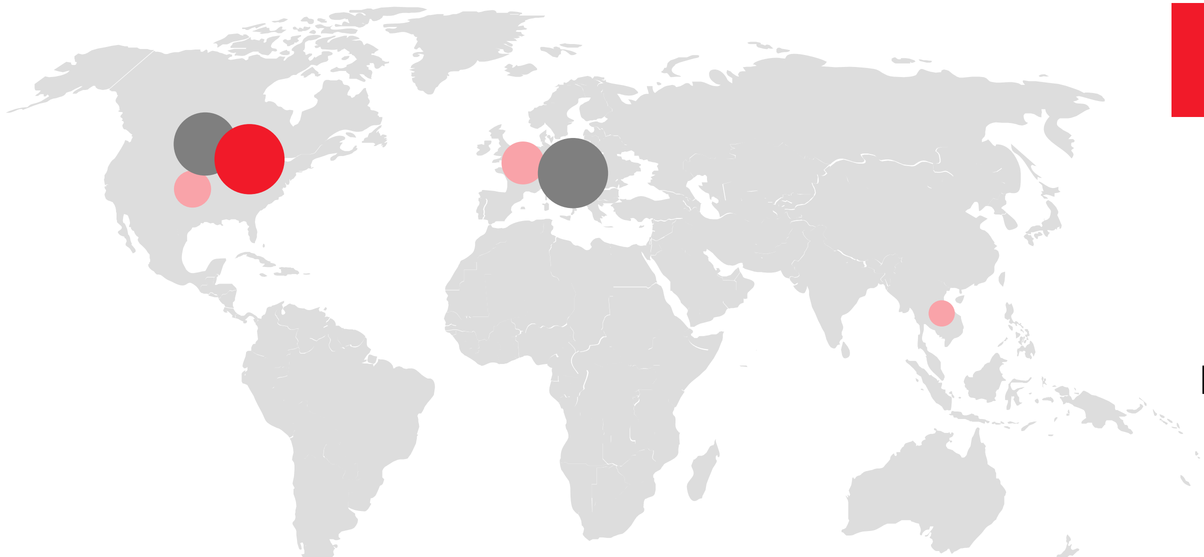
Chemtura integration: €100 m of synergies by 2020

Cost management | Organic investments | Portfolio management

Chapter 1

Chapter 2
Improve

Chapter 3



- Organizational streamlining
- Leveraging new regional strengths

€100 m synergy breakdown:

Corporate / country costs
~€30 m

Marketing and sales
~€20 m

Production and procurement set-up
~€50 m

Topline synergies provide additional comfort

Organic investments will improve company ROCE

Cost management | **Organic investments** | Portfolio management

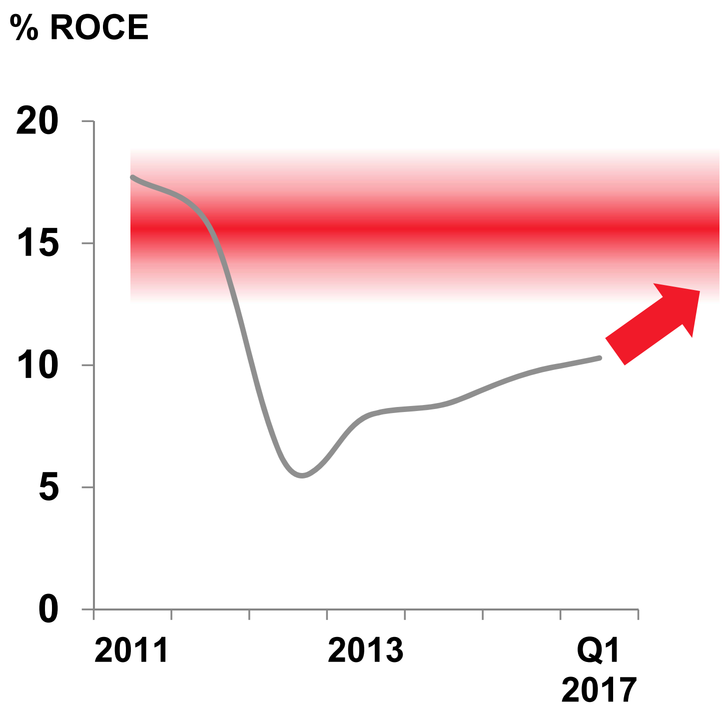
Chapter 1

Chapter 2
Improve

Chapter 3

- €100 m — Debottleneckings, BU AII
- €60 m — Debottleneckings, BU SGO, custom manufacturing
- €60 m — Greenfield, BU IPG
- €50-100 m — Debottleneckings, BU HPM, global compounding hubs
- €50 m — Debottleneckings in remaining BUs in Performance Chemicals
- €50-100 m — Investments in Specialty Additives

~€400 m capex until 2020 at ROCE of ~20%



Target: Increase ROCE to former levels

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Portfolio optimizing with clear criteria

Cost management | Organic investments | **Portfolio management**

Chapter 1

Chapter 2
Improve

Chapter 3

Profitability

Resilience

Acquisition / divestment

Market and technology leadership

Value creation

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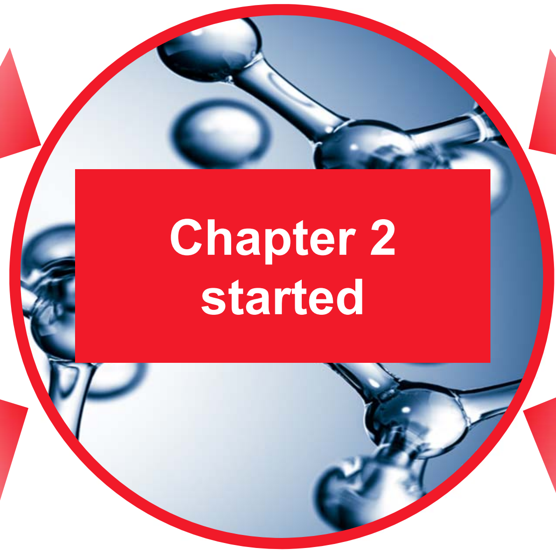
Chapter 2 proceeds with visible measures

Restructuring of chrome chemicals activities (BU LEA)

Consolidation of global lubricant precursors production (BU ADD)



Divestiture of non-core chlorine dioxide business (BU MPP)

Acquisition of Solvay's U.S. phosphorus additives business (BU ADD)

Focused execution ongoing

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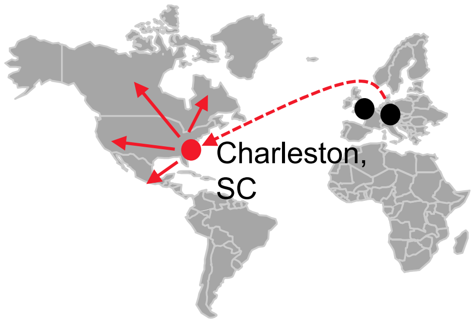
Acquisition of Solvay's U.S. phosphorous additives business: Entering into the US market through a local asset base

Strategic rationale

- Strengthen US phosphorus-derivatives footprint
- Building on additives market position
- High strategic fit with existing additives business



Financial rationale

- Immediate growth at very reasonable price instead of organic investment in the U.S. or EU
- Future synergies by applying LANXESS' technology for high value additives to acquired U.S. platform

Key figures

- Sales: ~€65 m
- Employees: ~90

Closing expected H1 2018
Asset deal, environmental risks remain with seller

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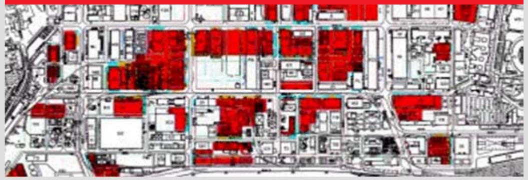
Chapter 3: More balanced and stronger platform along three key dimensions

Chapter 1

Chapter 2

Chapter 3
Accelerate

Regional platform	Industrial platform	Market positions
		

Balancing the ground for further growth

- Regionally balanced platform with no pronounced dependencies
- Diversified industrial platform mitigates impact from any individual industry's volatility
- Market positions in every business at least among leading players to keep or improve profitability level

Solid growth → **Chapter 3 will establish an even stronger platform**

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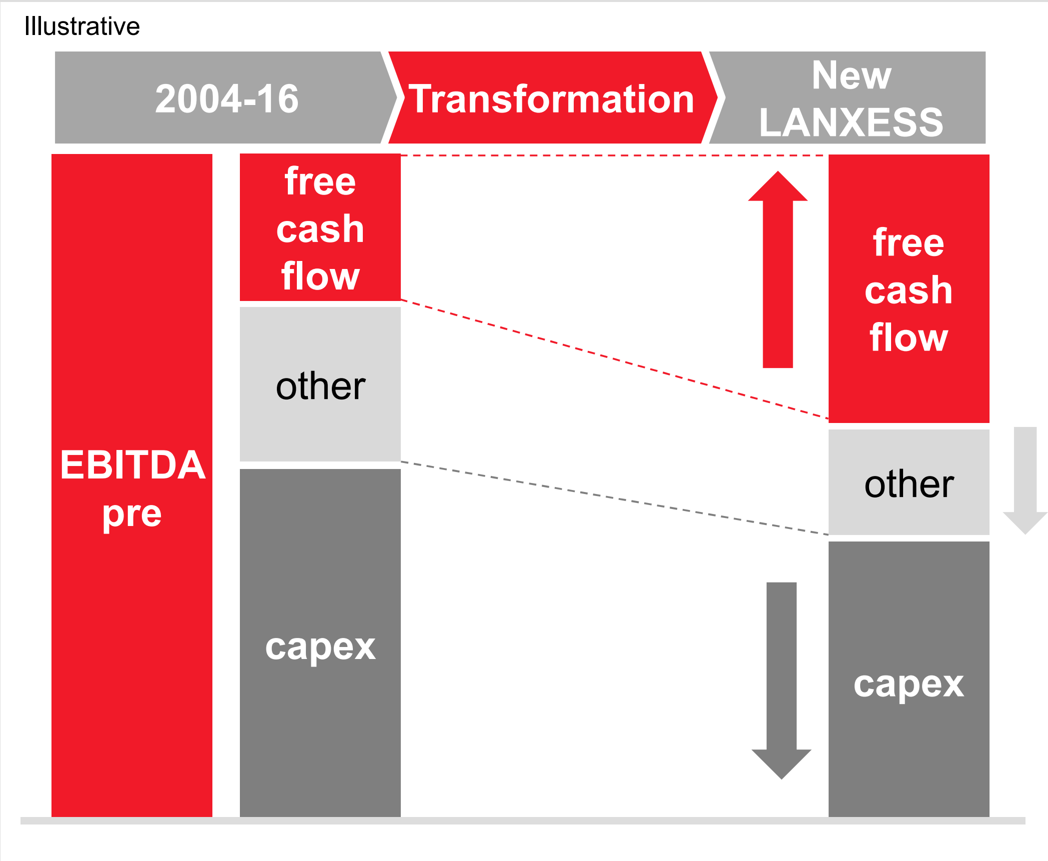
LANXESS free cash flow and cash conversion rate to improve

Chapter 1

Chapter 2

Chapter 3
Accelerate



- **EBITDA:** Structural improvement
- **Capex:** Lower because of asset light strategy and ARLANXEO deconsolidation
- **Other:**
  - Exceptionals to decline after Chemtura integration
  - Working capital: lower volatility
  - Tax rate to decline to 30-35%

Cash conversion* >60%

* Calculated as (EBITDA pre – capex) / EBITDA pre

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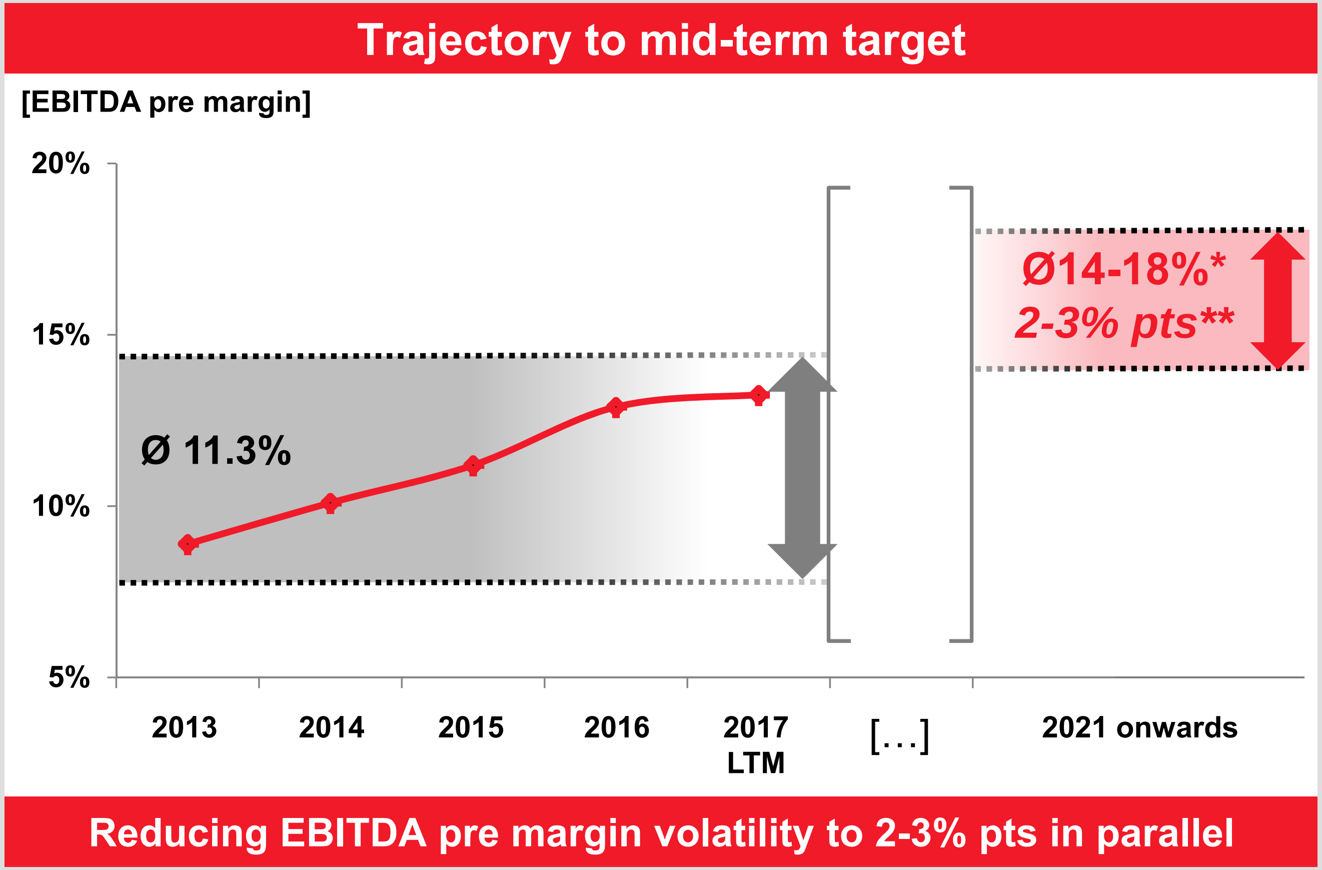
Continuously improving the quality of earnings



* Group EBITDA pre margin through the cycle
** Margin volatility

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Chapter 3: Ambitious financial goals – substantially higher margins with significantly lower volatility

	How we started again	What we have achieved	What we aim for (~2021)
EBITDA pre margin (group, Ø through the cycle)	8-10%	10-14%	**14-18%**
Cash conversion	15% (2013)	56% (2016)	**>60%**
EBITDA margin volatility	HIGH	MEDIUM	LOW **2-3%pts**

Underlying growth: Sustainable >GDP growth targeted

Cash conversion: (EBITDA pre – capex) / EBITDA pre

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The destination of our journey: A company with convincing characteristics

Business platform

- Nicely balanced: Regionally and industrially, thus less cyclical
- Leading market and technology positions

Financial profile

- Resilient cash conversion
- Investment grade rating

Cultural profile

- Enthusiasm for what we do
- Performance team culture as basis for the next steps after 2021

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Agenda

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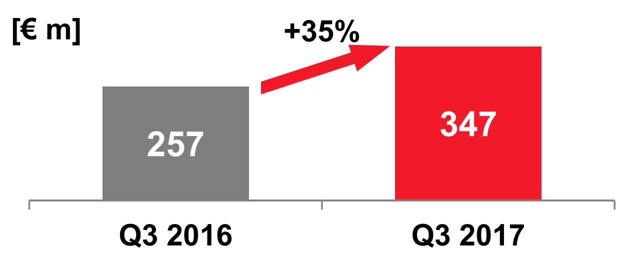
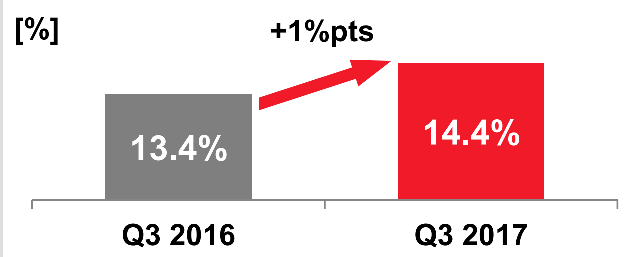
Q3 financials: Solid performance – deleveraging ahead of plan

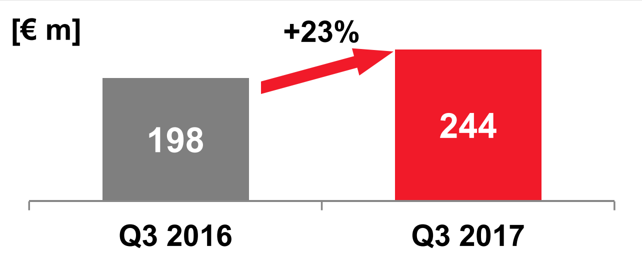
EBITDA pre



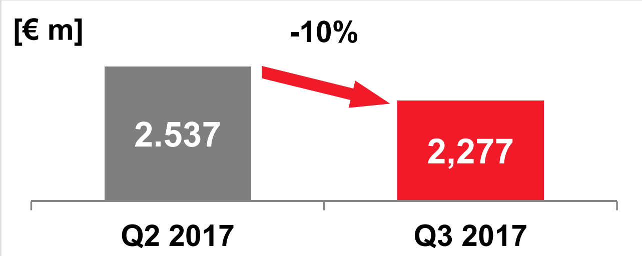
EBITDA pre margin



Free cash flow



Net financial debt



Strong financial performance in all aspects

Free cash flow = operating cash flow minus capex

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FY 2017 on track – lower bound of EBITDA guidance raised

Macro economics

- Persisting macroeconomic, geopolitical risks
- Agro chemicals demand modestly weaker than expected; while all other industries remain stable
- Asia Pacific continues to be the most attractively growing region

FY 2017

- Business dynamics solid, while growth expectations for H2 are softer due to the high comparable base in H2 2016
- **FY EBITDA pre between €1,25 m – €1,300 m**

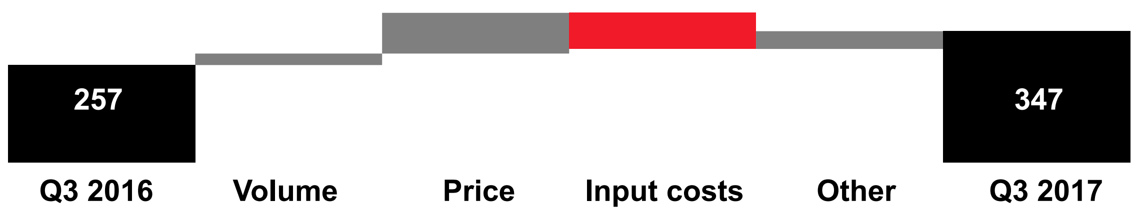
FY 2017 EBITDA pre guidance includes contribution from the Chemtura acquisition as of April 21, 2017.
Inventory effects from PPA are treated as exceptional items
At USD/EUR 1.17 for Q4 2017

Q3 2017: Acquisition contribution and continued organic growth

Q3 yoy sales variances	Price	Volume	FX	Portfolio	Total
Advanced Intermediates	+5%	-1%	-2%	+9%	+10%
Specialty Additives	+2%	+1%	-2%	+123%	+124%
Performance Chemicals	+4%	+6%	-4%	+6%	+11%
Engineering Materials	+9%	+7%	-2%	+23%	+37%
ARLANXEO	+7%	+3%	-4%	+0%	+6%
LANXESS	+6%	+3%	-3%	+20%	+25%

- Sales rise in all segments due to portfolio effect and raw material-driven price increases
- Volumes increases in almost all segments on top of a high prior-year base
- Weaker U.S. dollar weighs on all segments

Q3 yoy EBITDA pre bridge [€ m]



- Higher volumes contribute to EBITDA pre increase
- Successful price pass-through of higher input costs
- “Other” includes the portfolio effect mitigated by negative FX

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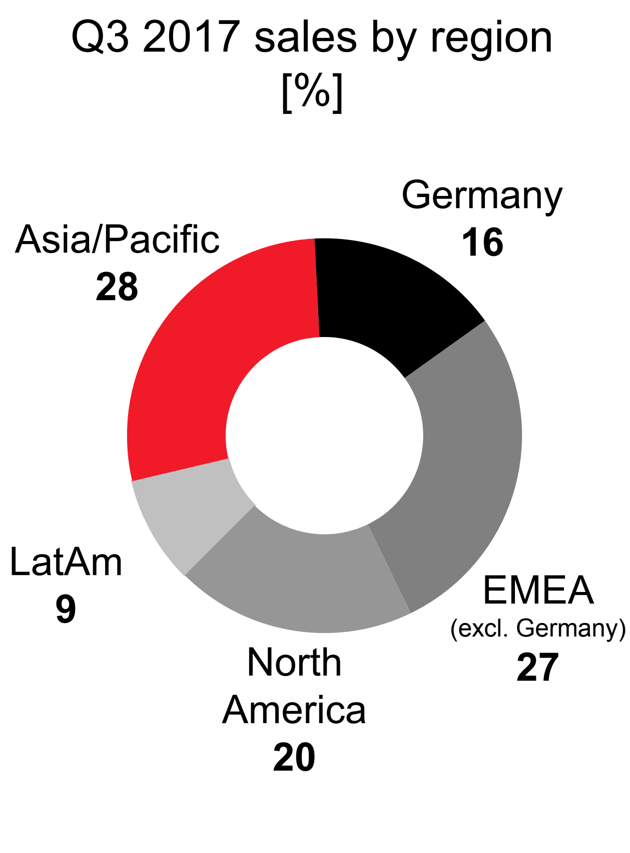
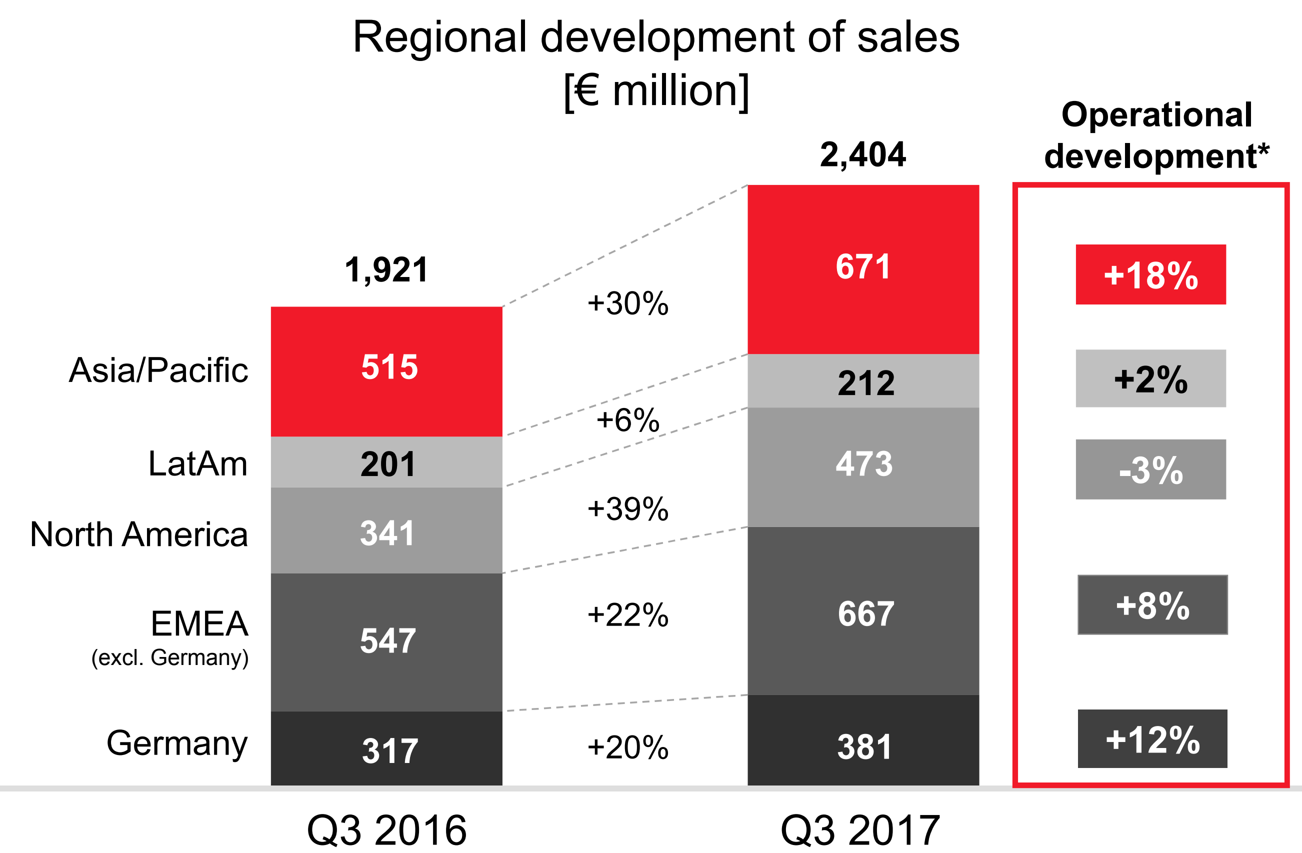
Q3 2017: Strong increase in most regions due to Chemtura acquisition





* Currency and portfolio adjusted

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Q3 2017: Line item deviations largely driven by Chemtura acquisition

[€ m]	Q3 2016		Q3 2017		yoy in %
Sales	1,921	(100%)	2,404	(100%)	25%
Cost of sales	-1,475	(-77%)	-1,853	(-77%)	-26%
Selling	-192	(-10%)	-241	(-10%)	-26%
G&A	-67	(-3%)	-92	(-4%)	-37%
R&D	-34	(-2%)	-40	(-2%)	-18%
EBIT	**122**	**(6%)**	**131**	**(5%)**	**7%**
Non-controlling interests	-2	(0%)	1	(0%)	<-100%
Net Income	**62**	**(3%)**	**55**	**(2%)**	**-11%**
EPS pre*	**0.84**		**1.15**		**37%**
EBITDA	241	(13%)	315	(13%)	31%
thereof exceptionals	-16	(-1%)	-32	(-1%)	100%
EBITDA pre exceptionals	**257**	**(13.4%)**	**347**	**(14.4%)**	**35%**

- Cost of sales development proportional to sales, with gross profit up in total driven by portfolio effect and higher volumes
- SG&A cost increase largely due to portfolio effect; selling expenses further burdened by higher freight costs
- Exceptionals driven by Chemtura integration and consolidation of production platform

A good quarter with improved profitability

* net of exceptionals and amortization of intangible assets as well as attributable tax effects

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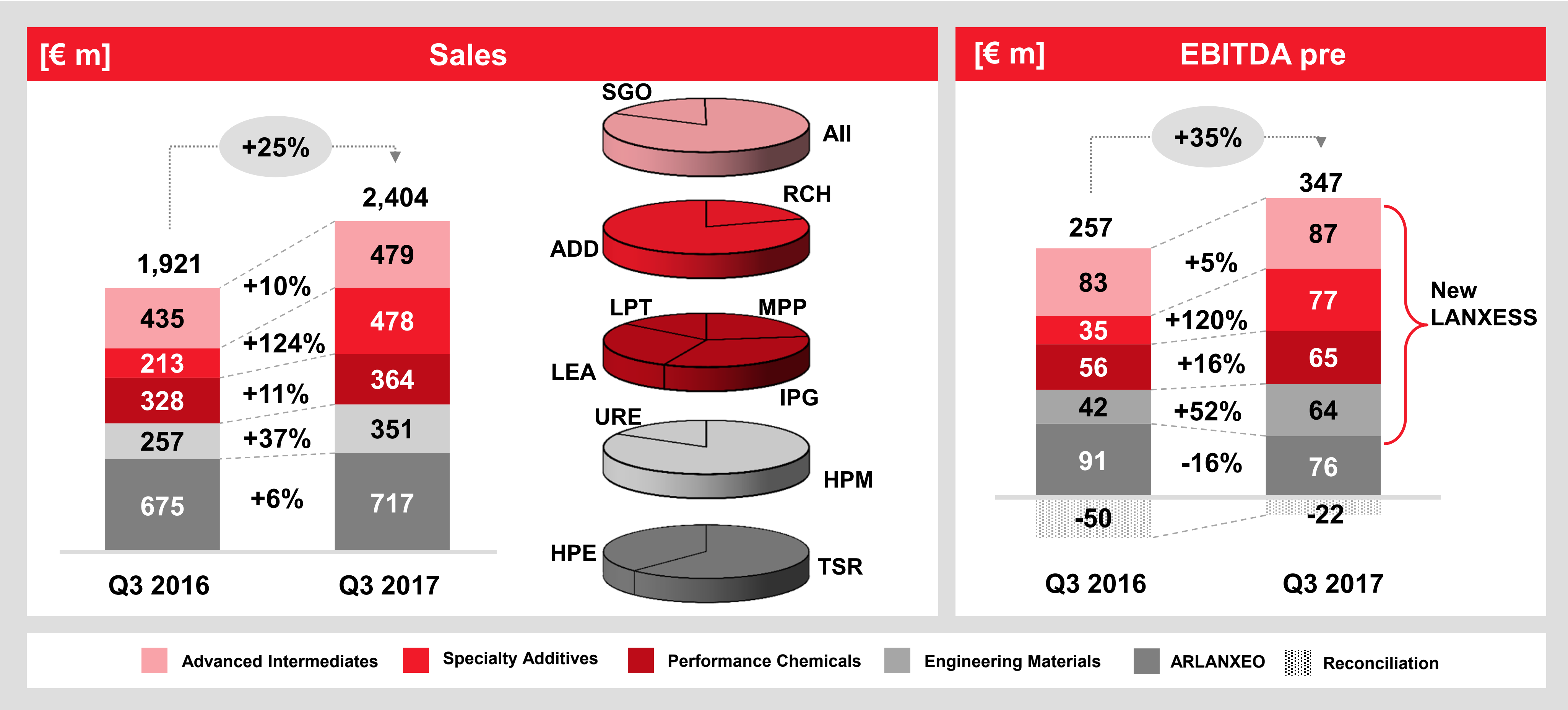
Q3 2017: New LANXESS segments with EBITDA pre expansion

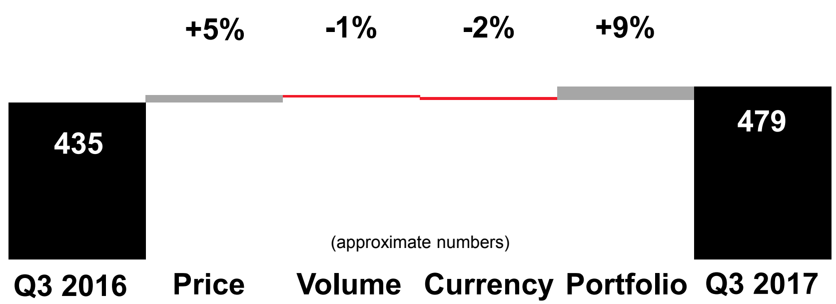


Total group sales including reconciliation

Advanced Intermediates: Reliable contributor due to strong end market diversification

[€ m]	Q3 2016	Q3 2017	Δ	9M 2016	9M 2017	Δ
Sales	**435**	**479**	**10%**	**1,341**	**1,502**	**12%**
EBIT	57	56	-2%	184	186	1%
Depr./Amort.	26	31	19%	76	86	13%
EBITDA pre exceptionals	**83**	**87**	**5%**	**260**	**275**	**6%**
Margin	19.1%	18.2%		19.4%	18.3%	
Capex	30	35	17%	61	84	38%

Q3 sales bridge yoy [€ m]



Q3 yoy effects

- Higher prices driven by BU AII, passing-on higher input costs
- Good demand in BU AII's broad product portfolio is offset by agro-driven volume decline in BU SGO
- Portfolio effect comprises organometallics business with dilutive EBITDA pre contribution

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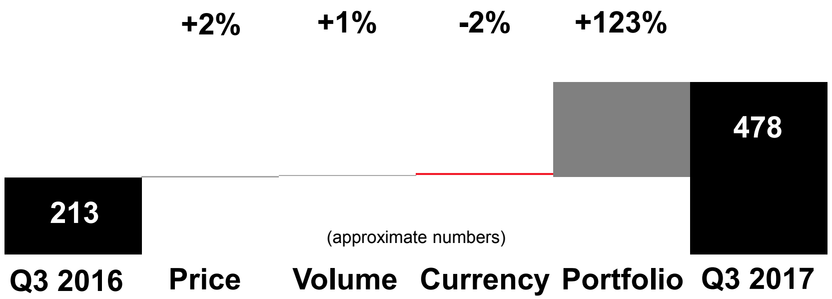
Specialty Additives: Larger business platform due to acquisition of additives business – integration progressing well

[€ m]	Q3 2016	Q3 2017	Δ	9M 2016	9M 2017	Δ
Sales	**213**	**478**	**>100%**	**647**	**1,157**	**79%**
EBIT	29	1	-97%	101	30	-70%
Depr./Amort.	6	59	>100%	21	98	>100%
EBITDA pre exceptionals	**35**	**77**	**>100%**	**122**	**196**	**61%**
Margin	16.4%	16.1%		18.9%	16.9%	
Capex	12	20	67%	25	43	72%

Q3 sales bridge yoy [€ m]



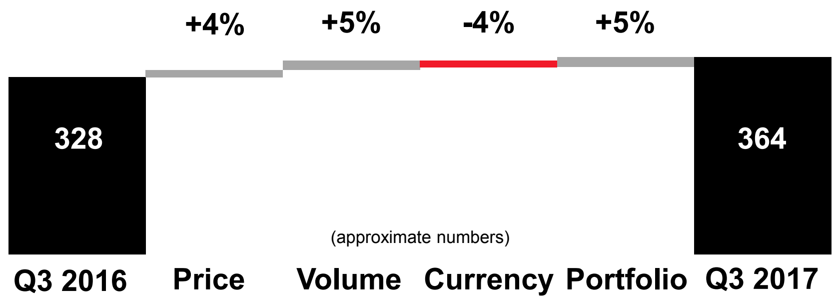
Q3 yoy effects

- Slightly higher prices in BU ADD
- Volume increase mainly in BU RCH (regulatory, China)
- EBIT burdened by one-time charges for consolidation of production platform (Ankerweg, NL)
- Higher EBITDA pre due to acquisition of Chemtura
- EBITDA pre margin reflects pass-through of higher raw material costs in lubricants
- U.S. dollar weighs on EBITDA pre and margin

Performance Chemicals: Continued good performance across all businesses

[€ m]	Q3 2016	Q3 2017	Δ	9M 2016	9M 2017	Δ
Sales	**328**	**364**	**11%**	**970**	**1,099**	**13%**
EBIT	39	46	18%	134	77	-43%
Depr./Amort.	17	19	12%	47	63	34%
EBITDA pre exceptionals	**56**	**65**	**16%**	**181**	**204**	**13%**
Margin	17.1%	17.9%		18.7%	18.6%	
Capex	20	15	-25%	45	41	-9%

Q3 sales bridge yoy [€ m]



Q3 yoy effects

- Higher prices driven by BUs IPG and LEA
- Volume increase in all BUs; BU LPT delivers a strong quarter of volume expansion
- Especially BU MPP shows its structural upgrade after the successful Chemours integration
- On track to changing the performance of the division

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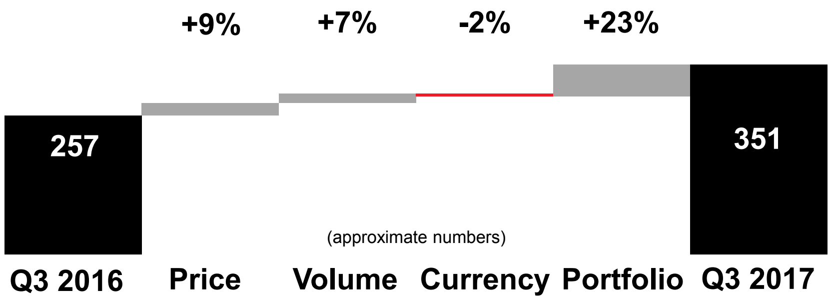
Engineering Materials: Strong results with lightweight materials

[€ m]	Q3 2016	Q3 2017	Δ	9M 2016	9M 2017	Δ
Sales	**257**	**351**	**37%**	**805**	**1,027**	**28%**
EBIT	31	50	61%	92	132	43%
Depr./Amort.	11	14	27%	33	40	21%
EBITDA pre exceptionals	**42**	**64**	**52%**	**125**	**184**	**47%**
Margin	16.3%	18.2%		15.5%	17.9%	
Capex	6	11	83%	15	26	73%

Q3 sales bridge yoy [€ m]



Q3 yoy effects

- BU HPM successfully passed on higher raw material prices
- Strategic shift to higher value-add compounds with visible contribution and strong backward integration yielding results
- Acquired high margin urethane systems with good contribution

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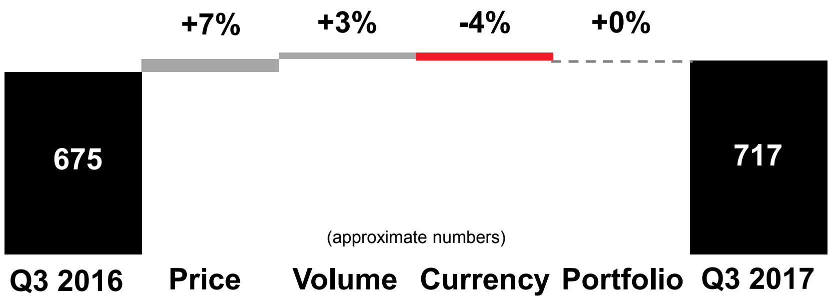
ARLANXEO: Challenging raw material volatilities

[€ m]	Q3 2016	Q3 2017	Δ	9M 2016	9M 2017	Δ
Sales	**675**	**717**	**6%**	**1,985**	**2,500**	**26%**
EBIT	36	21	-42%	134	144	7%
Depr./Amort.	55	55	0%	165	169	2%
EBITDA pre exceptionals	**91**	**76**	**-16%**	**299**	**312**	**4%**
Margin	13.5%	10.6%		15.1%	12.5%	
Capex	32	39	22%	72	84	17%

Q3 sales bridge yoy [€ m]



Q3 yoy effects

- Successful management of raw material cost pass-through; challenging market environment persists
- Higher volumes mainly driven by BU TSR despite a high comparable base
- EBITDA pre burdened by weak U.S. dollar, unplanned shutdown (hurricanes, U.S.) and substantial raw material volatility (butadiene)

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Q3 2017: Good cash flow generation

[€ m]	Q3 2016	Q3 2017
Profit before tax	**100**	**91**
Depreciation & amortization	119	184
Financial (gain) losses	9	20
Income taxes paid	-37	-59
Changes in other assets and liabilities	91	118
Operating cash flow before changes in WC	**282**	**354**
Changes in working capital	22	15
Operating cash flow	**304**	**369**
Investing cash flow	**-170**	**-119**
Thereof capex	-106	-125
Financing cash flow	**-264**	**-484**

- Profit before tax burdened by exceptional items for realignment
- D&A higher due to portfolio effects and exceptional D&A
- Changes in other assets and liabilities driven by provision building for realignment and variable compensation
- Financing cash flow reflects early redemption of Chemtura bond (US$450 m, coupon of 5.75%)

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Balance sheet mirrors Chemtura acquisition

[€ m]	Dec 2016	Sep 2017
Total assets	**9,877**	**10,365**
Equity (incl. non-controlling interest)	3,728	3,496
Equity ratio	**38%**	**34%**
Net financial debt (after deduction of current financial assets)	**269**	**2,277**
Near cash, cash & cash equivalents	395	536
Pension provisions	**1,249**	**1,506**
ROCE[1]	**6.9%**	**9.9%**
Net working capital	**1,628**	**2,136**
DSI (in days)[2]	67	63
DSO (in days)[3]	51	50

- Increase in total assets driven by Chemtura acquisition in April 2017
- Equity decreased due to FX translation effects
- Net financial debt increase due to Chemtura acquisition worth €2.4 bn mitigated by positive free cash flow YTD
- Deleveraging ahead of plan
- ROCE improvement on the back of realignment efforts
- Net working capital acquisition-driven up

[1] Based on last twelve months for EBIT pre, 2017 calculated incl. Chemtura EBIT pre pro forma based on 2016 earnings
[2] Days sales of inventory calculated from quarterly sales
[3] Days of sales outstanding calculated from quarterly sales

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Balance sheet details

[€ m]	Dec 2016	Sep 2017
Non-current assets	**4,519**	**6,398**
Intangible assets	494	1,760
Property, plant & equipment	3,519	4,001
Equity investments	0	0
Other investments	12	8
Other financial assets	19	19
Deferred taxes	442	457
Other non-current assets	33	153
Current assets	**5,358**	**3,967**
Inventories	1,429	1,692
Trade account receivables	1,088	1,345
Other current financial assets	2,130	3
Other current assets	316	391
Near cash assets	40	0
Cash and cash equivalents	355	536
Total assets	**9,877**	**10,365**

	Dec 2016	Sep 2017
Stockholders' equity	**3,728**	**3,496**
attrib. to non-contr. interests	1,176	1,145
Non-current liabilities	**4,516**	**4,559**
Pension & post empl. provis.	1,249	1,506
Other provisions	319	494
Other financial liabilities	2,734	2,231
Tax liabilities	31	102
Other liabilities	93	97
Deferred taxes	83	128
Current liabilities	**1,633**	**2,310**
Other provisions	406	514
Other financial liabilities	78	618
Trade accounts payable	889	901
Tax liabilities	44	70
Other liabilities	216	207
Total equity & liabilities	**9,877**	**10,365**

- Acquisition of Chemtura in April 2017 main driver of changes in most balance sheet items
- €500 m bond due in May 2018 reclassified from non-current to current financial liabilities

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Agenda

- Expanding our strengths
- Business and financial details Q3 2017
- **Backup**

Backup - Group

Housekeeping items

Additional financial expectations

▪ Capex 2017:	~€550-600 m (thereof ~€150 m ARLANXEO)
▪ Operational D&A 2017:	~€580-590 m (thereof ~€220 m ARLANXEO)
▪ Reconciliation 2017:	~-€170 m EBITDA pre incl. hedging
▪ Tax rate:	Mid-term: 30-35% (for New LANXESS)
▪ FX sensitivity:	Including Chemtura, excl. ARLANXEO: 1 cent change of USD/EUR ~€7 m EBITDA pre impact before hedging

Please note:

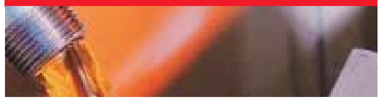
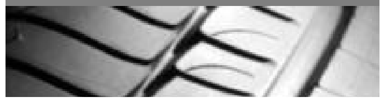
- From Q2 2018 onwards, ARLANXEO will be shown as “discontinued operations” with a restatement of FY 2017 and FY 2018 end of June 2018
- From Q2 2019 onwards, ARLANXEO will be accounted for “at equity”
- IFRS 16 will be applied from January 1st 2019 onwards

At USD/EUR ~1.16 for Q4 2017

LANXESS has formed five strong segments

Reporting structure after Chemtura acquisition

Newly formed

Advanced Intermediates	Specialty Additives	Performance Chemicals	Engineering Materials	ARLANXEO
				
Advanced Industrial Intermediates; Organometallics	Additives; Petr. Additives & Great Lakes Solut.	Inorganic Pigments	High Performance Materials	Tire & Specialty Rubbers
Saltigo	Rhein Chemie	Leather Chemicals	Urethane Systems	High Performance Elastomers
		Material Protection Products		
		Liquid Purification Technologies		

LANXESS Business Units

Former Chemtura Business Units

LANXESS

Phase II: progressing faster – ~€20 m savings pulled forward from 2017 to 2016

Detailed table to summarize financial impact of restructuring Phase II

		2015	2016	2017	2018	2019	Total
[€ m]	**P&L expense (OTC)**	~60	~30	~10			**~100**
[€ m]	**Cash-out (OTC)**	~5	~50	~20	~15		**~90**
[€ m]	**Capital Invest**	by 2019					**~140**
[€ m]	**Cost reduction**	~10	~20	~40	~40	~40	**~150**

~€20 m

Thereof ~€20 m already realized in 2016

Includes €20 m savings from the EPDM and Nd-PBR reconfiguration already communicated in March 2015 / OTCs include ~€55 m already communicated and booked in 2015 (Marl / Nd-PBR reconfiguration) / OTC = one-time-costs booked as exceptionals

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Bottom-up analysis confirm former synergy targets

Implementation of synergies on track

[€ m]	2017	2018	2019	2020	Total
Synergies	~25	~25	~35	~15	~100 ✓
Expense (one-time costs)*	~50	~50	~20	~20	~140 ✓
Cash out*	~30	~40	~40	~30	~140
Capex	~30	~10	~10		~50 ✓

Previous assumptions

- **Synergies confirmed**
  - €100 m of “hard” costs
  - Top line synergies not included
- ~€50 m capex for asset improvements
- ~€140 m one time costs
- ~€80 m transaction related cash outs, mostly in 2017

* excluding ~€80 m transaction related charges

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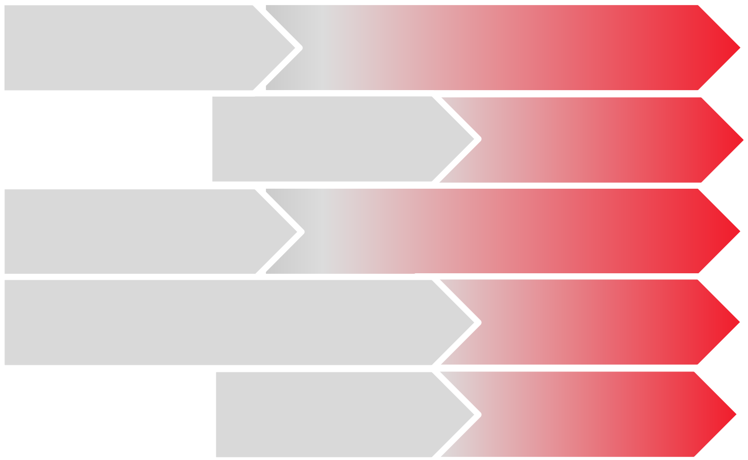
BU AII: Brownfield expansion of existing manufacturing platform with highly attractive returns

Sensible debottleneckings to serve market growth

[€ m]	2017	2018	2019	2020	2021
Capex	**~25**	**~20**	**~35**	**~20**	**…**

- Aromatic Network 1
- Aromatic Network 2
- Benzyl Prod. & Inorganic Acids
- Antioxidants & Accelerators
- Polyols & Oxidation Products



Total capex ~€100 m with Ø ROCE ~20%

Value investments

- Focus on brownfield investments
- Focus on continued technology upgrades and debottlenecking
- Further dilution of fixed costs
- Further improving excellent cost position

Support volume growth

Construction | Ramp-up / production

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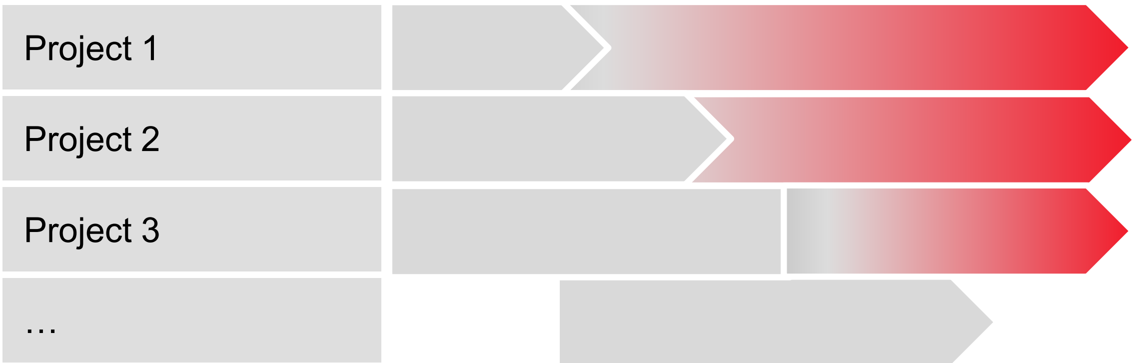
BU HPM: Low capex intensity of downstream investments will further support the “balanced capacity model”

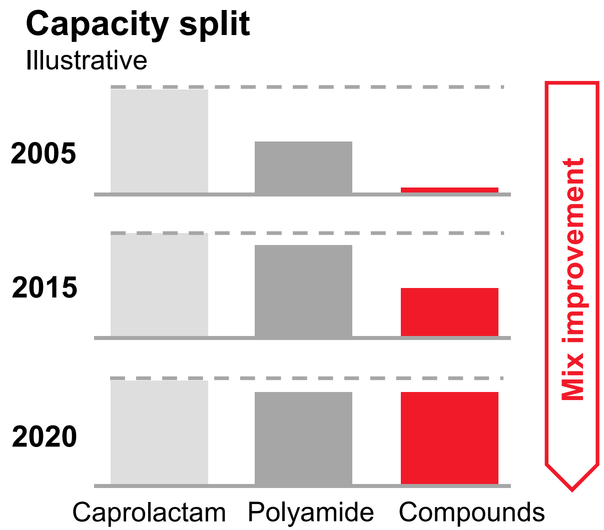
Expanding global compounding network inline with demand

[€ m]	2017	2018	2019	2020	2021
Capex	~10	~25	~25	~5	…



Total capex €50 – 100 m with Ø ROCE ~20%

Value investments



More stable and attractive returns

Construction Ramp-up / production

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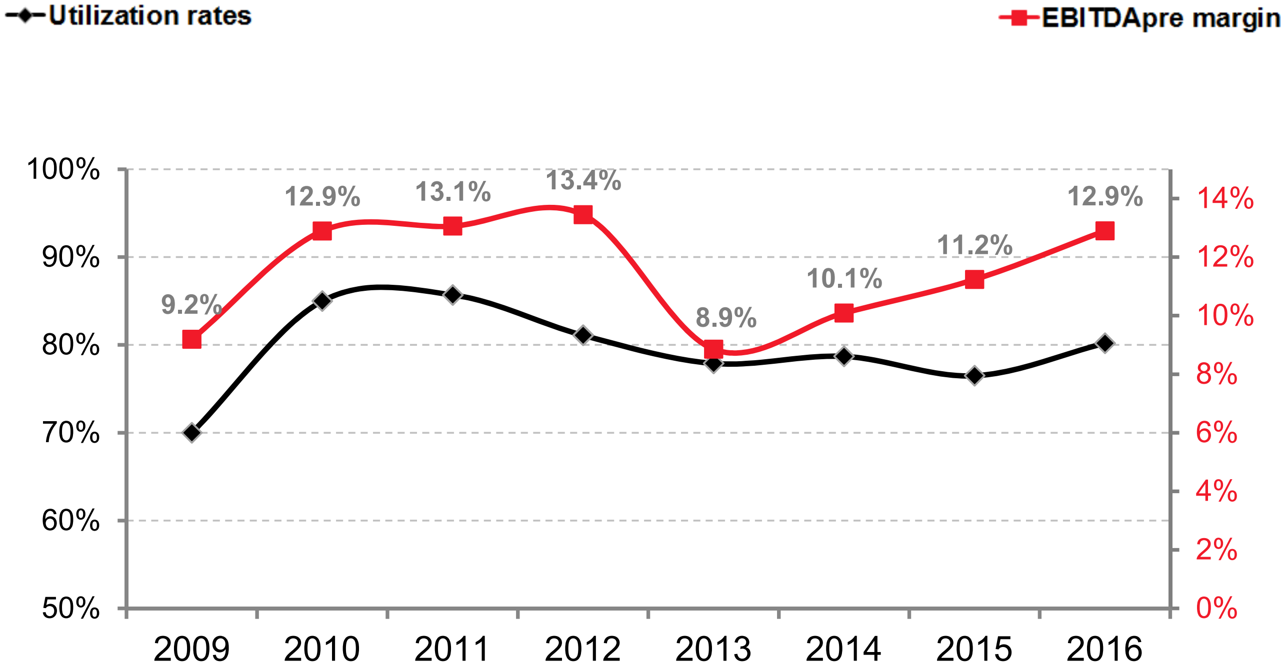
Actual utilization rates offer additional headroom

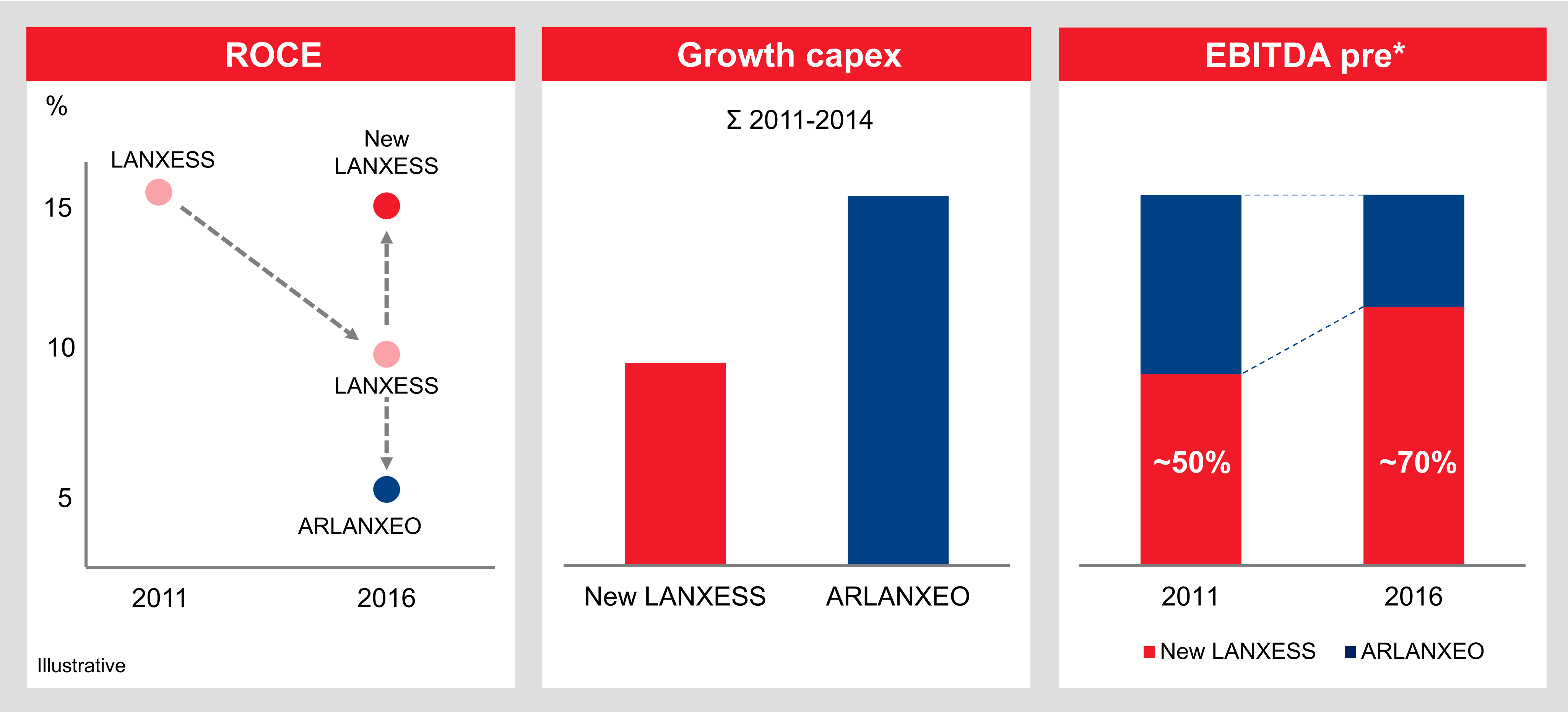
Increased profitability at stable utilization rates



- Rising share of EBITDA pre from New LANXESS businesses fueled margin improvement
- No indication of peak utilization rates
- Capex of the past allows to serve expected volume growth
- Growth capex adds to margin improvement

Potential for further increase in utilization rates and upside in financial performance

Growth capex in New LANXESS were value enhancing



* Sum of business units

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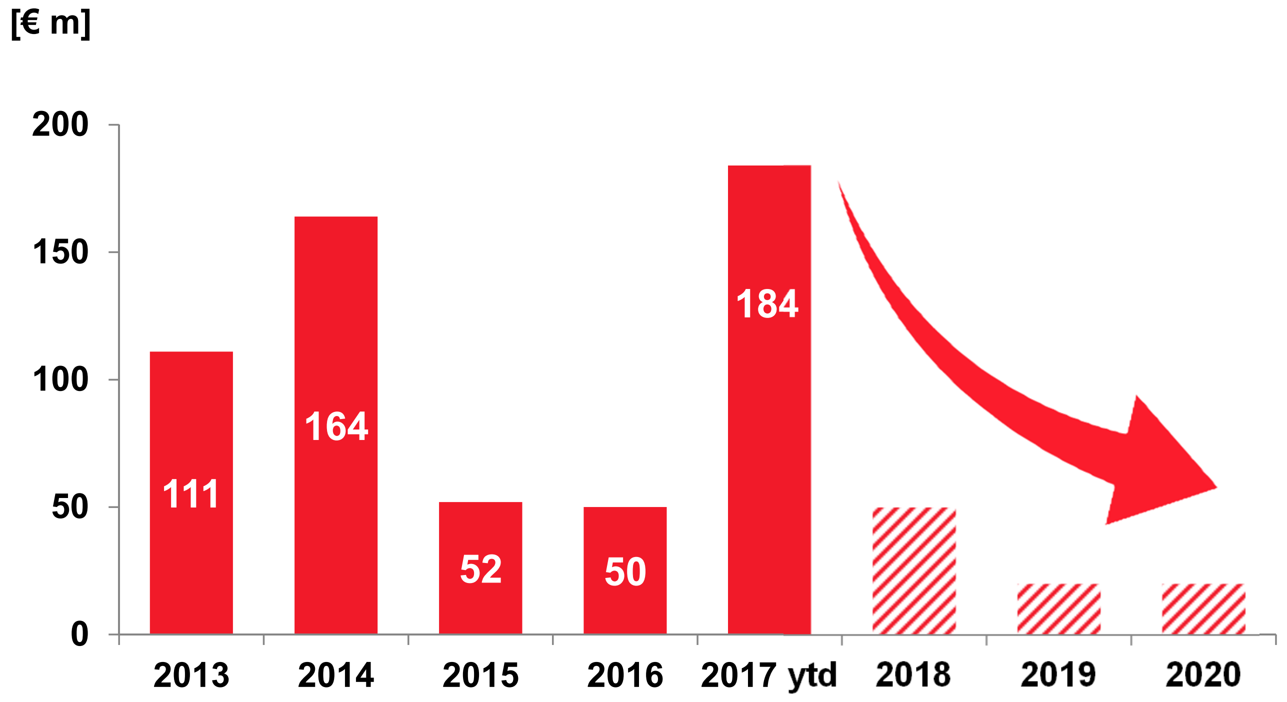
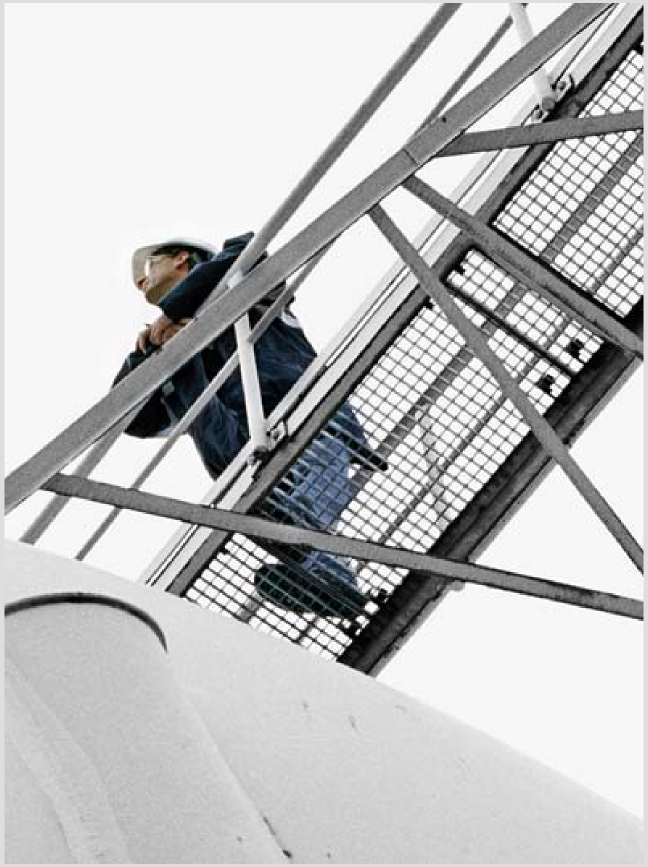
Majority of exceptionals for realignment and Chemtura integration already digested

Exceptionals will come down in the future





EBITDA relevant exceptionals

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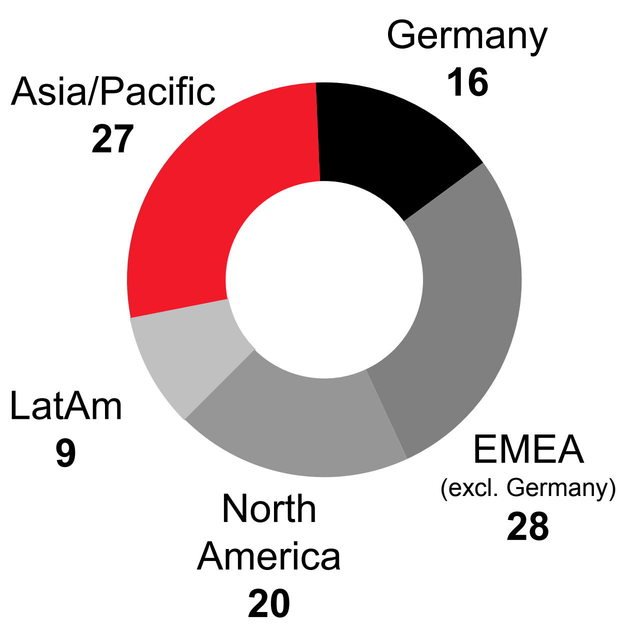
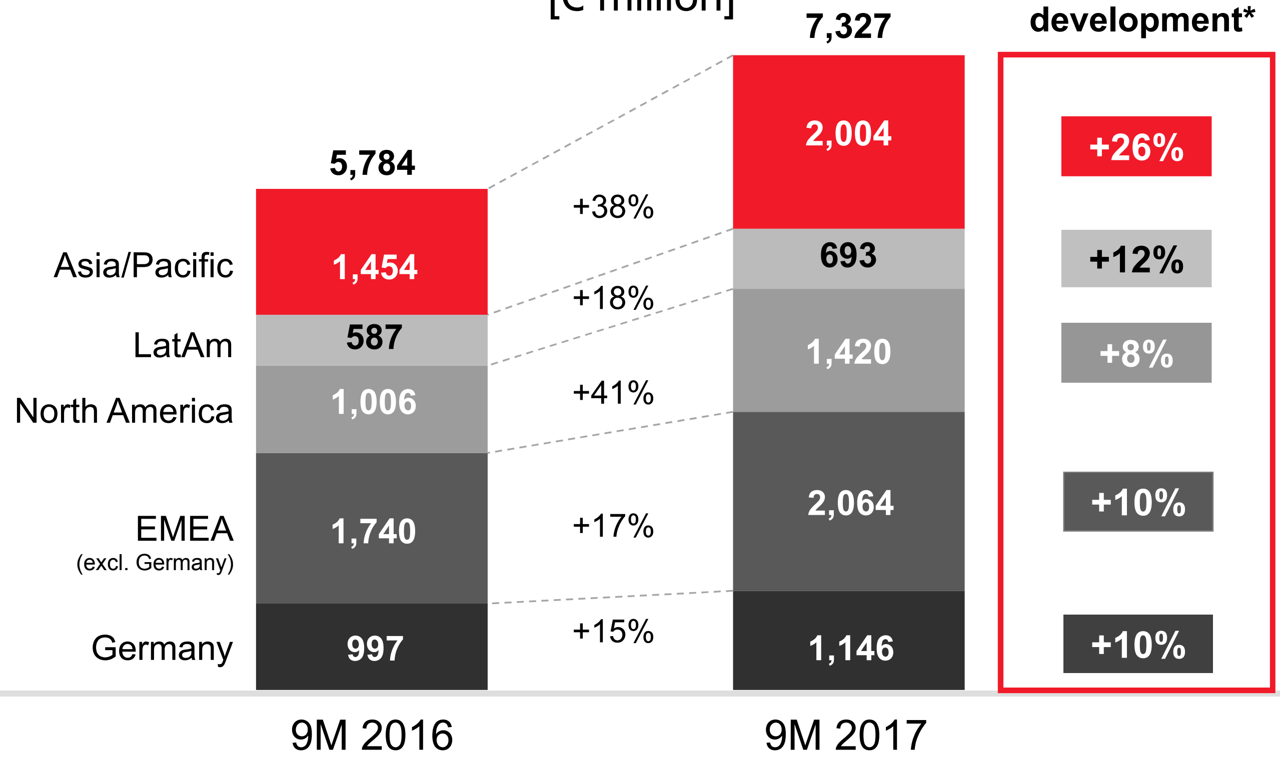
9M 2017: Chemtura acquisition spurs growth in North America – underlying growth in all regions

9M 2017 sales by region [%]

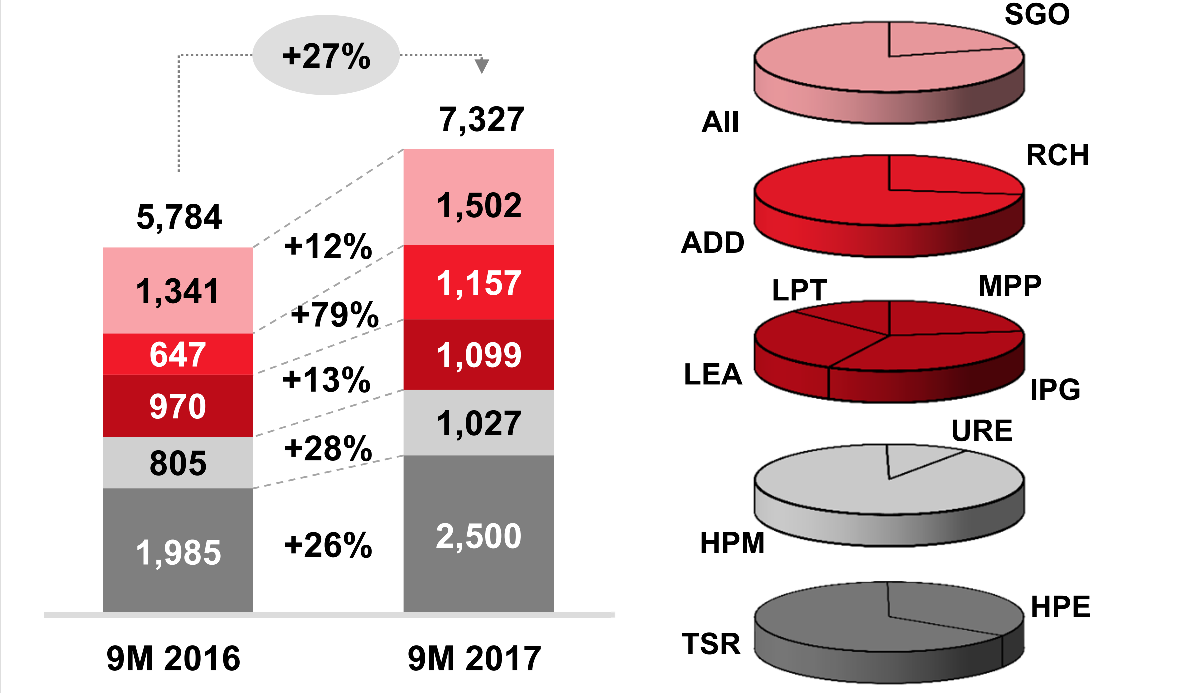


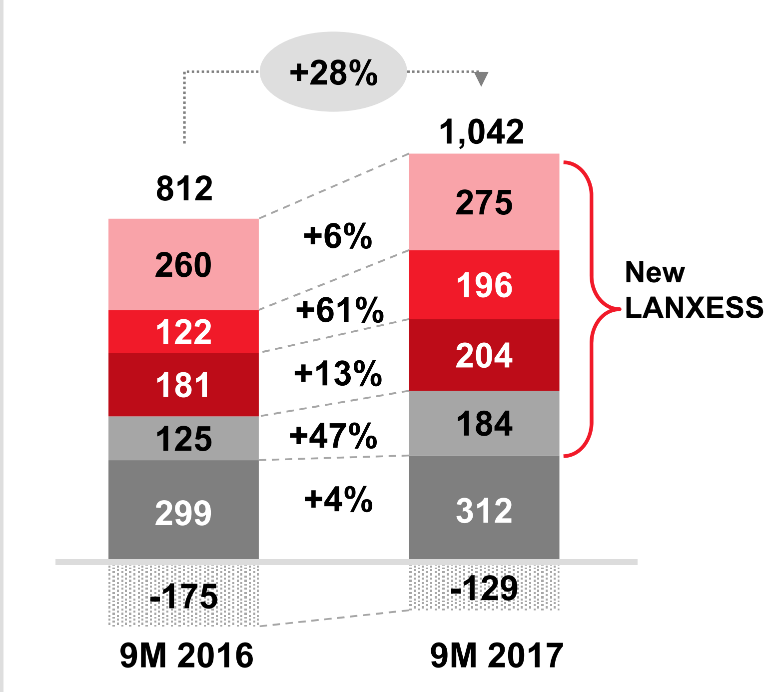
Regional development of sales [€ million]



* Currency and portfolio adjusted

9M 2017: Increasing top and bottom line





Advanced Intermediates | Specialty Additives | Performance Chemicals | Engineering Materials | ARLANXEO | Reconciliation

Total group sales including reconciliation

9M 2017: Chemtura acquisition and strong operating performance drive all line items

[€ m]	9M 2016		9M 2017		yoy in %
Sales	5,784	(100%)	7,327	(100%)	27%
Cost of sales	-4,400	(-76%)	-5,664	(-77%)	-29%
Selling	-577	(-10%)	-697	(-10%)	-21%
G&A	-212	(-4%)	-259	(-4%)	-22%
R&D	-96	(-2%)	-112	(-2%)	-17%
EBIT	**429**	**(7%)**	**385**	**(5%)**	**-10%**
Non-controlling interests	6	(0%)	37	(1%)	>100%
Net Income	**190**	**(3%)**	**136**	**(2%)**	**-28%**
EPS pre*	**2.45**		**3.70**		**51%**
EBITDA	783	(14%)	858	(12%)	10%
thereof exceptionals	-29	(-1%)	-184	(-3%)	>100%
EBITDA pre exceptionals	**812**	**(14%)**	**1,042**	**(14.2%)**	**28%**

- Strong sales increase due to Chemtura acquisition and higher volumes
- Cost of sales driven by higher raw material and energy costs
- Non-controlling interests reflect ARLANXEO result
- EBIT and net income impacted by Chemtura integration and realignment expenses

On track to record FY results

* net of exceptionals and amortization of intangible assets as well as attributable tax effects

LANXESS

9M 2017: Stable operating cash flow

[€ m]	9M 2016	9M 2017
Profit before tax	**341**	**314**
Depreciation & amortization	354	473
Financial (gain) losses	42	18
Cash tax payments/refunds	-98	-152
Changes in other assets and liabilities	96	118
Operating cash flow before changes in WC	**735**	**771**
Changes in working capital	-203	-236
Operating cash flow	**532**	**535**
Investing cash flow	**-1.095**	**155**
Thereof capex	-228	-287
Thereof M&A	-198	-1.782
Thereof cash inflows from/cash outlows for financial assets	-481	2.166
Thereof CTA funding & Chemours C&D acquisition	-200	0
Financing cash flow	**714**	**-501**

- Profit before tax burdened by exceptional items
- D&A higher due to risen asset base (Chemtura acquisition)
- Changes in other assets and liabilities mirror provision building for variable compensation and realignment
- Investing cash flow reflects the acquisition of Chemtura
- Financing cash flow in 2016 includes cash-in from Saudi Aramco (50% stake in ARLANXEO; 2017 reflects early redemption of Chemtura bond

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New LANXESS with strong ROCE

FY 2016	New LANXESS			ARLANXEO	Group
					LANXESS
EBITDA pre* *margin*	**€326 m** *19%*	**€374 m** *17%*	**€159m** *15%*	**€373 m** *14%*	**€995 m** *13%*
ROCE	**~15%**			**~5%**	**9.6%****

A solid EBITDA contribution from all segments

EBITDA pre and margin for HPM and ARLANXEO are unaudited figures; ROCE split is an approximation
* For segments: Operational EBITDA pre without allocation of hedging expenses
** Adjusted for current financial assets

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Further potential for portfolio optimization

Segment	Business unit	Sales
Advanced Intermediates	Advanced Industrial Intermediates	> €500 m
	Saltigo	€200 m – 500 m
Specialty Additives*	Additives ✓	> €500 m
	Rhein Chemie ✓	€200 m – 500 m
Engineering Materials	High Performance Materials	> €500 m
	Urethane Systems*	€200 m – 500 m
Performance Chemicals	Inorganic Pigments	€200 m – 500 m
	Leather	€200 m – 500 m
	Material Protection Products ✓	€200 m – 500 m
	Liquid Purification Technologies	< €200 m
ARLANXEO**	Tire & Specialty Rubbers	> €500 m
	High Performance Elastomers	> €500 m

- First steps of portfolio optimization have been initiated in parts of LANXESS' portfolio
- Strategic directive for further portfolio optimization is already set

Ongoing implementation

* Reporting segment after acquisition of Chemtura
** ARLANXEO fully consolidated by LANXESS for the first three years (as of April 1, 2016)

Sales: > €500 m Sales: €200 m – 500 m Sales: < €200 m

LANXESS

Corporate Responsibility well integrated - achieving goals sustainably

Climate / Environmental goals

- Reduction of specific CO_2 emission by 25%[1] until 2025
- Reduction of specific energy consumptions by 25%[1] until 2025
- Reduction of volatile organic compounds (NMVOC[3]) emissions by 25%[1] until 2025

Procurement initiatives

- 'Supplier Code of Conduct' for supplier selection and rating
- 'Together for Sustainability' initiative[2] for higher transparency in the supply chain (implementation of a global auditing program)

Safety goals

- Xact: Global safety program to improve occupational, process and plant safety (since 2011)
- Global management system for optimization of transportation of (dangerous) goods

Social initiatives and goals

- Global board initiative 'Diversity & Inclusion': raising the proportion of women in management to 20% by 2020
- Leverage water know-how: support of AMREF2[4]
- Education initiatives with local and global commitment

[1] Base year: 2015; for CO_2: Scope 1 and Scope 2 emissions
[2] Members: BASF, Bayer, Evonik, Henkel, LANXESS, Akzo Nobel, Solvay
[3] Non methane volatile organic compounds; [4] African Medical and Research Foundation

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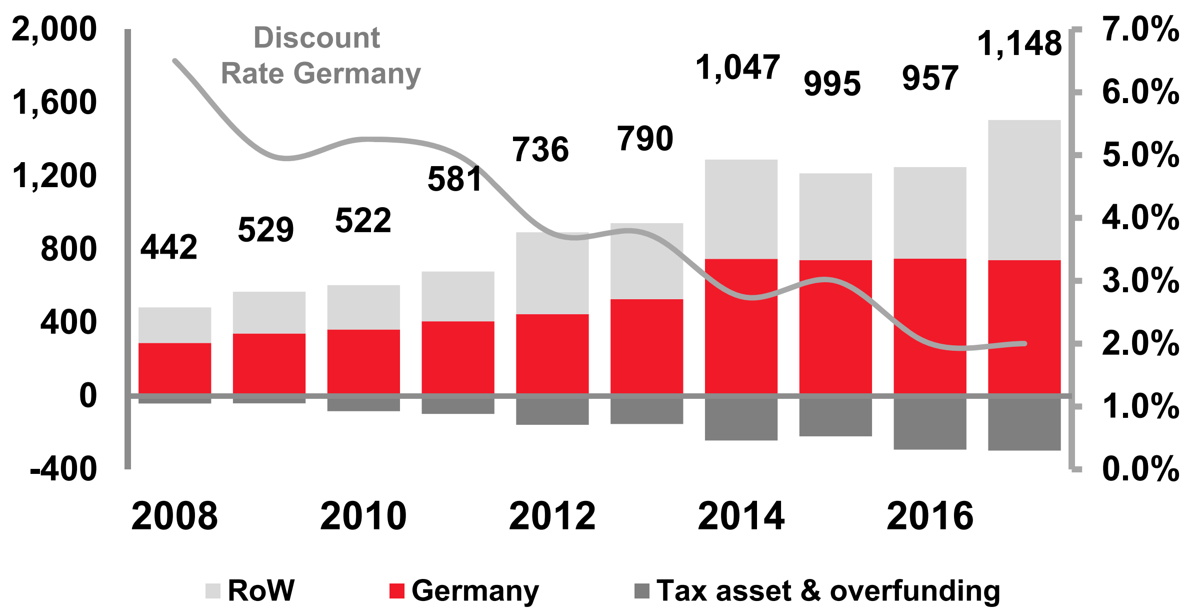
A word on pensions: Mind the assets

Pension provision less deferred tax asset [€m]



At 4% discount rate gross pension provision declines to €1.0bn

Pension Provision €1,506 m + **applicable tax rate**

Tax asset of €298 m and plan asset of €60 m*

~€3.90 / share

Pension provision net of tax and plan assets €1,148 m

*as per 30 September 2017

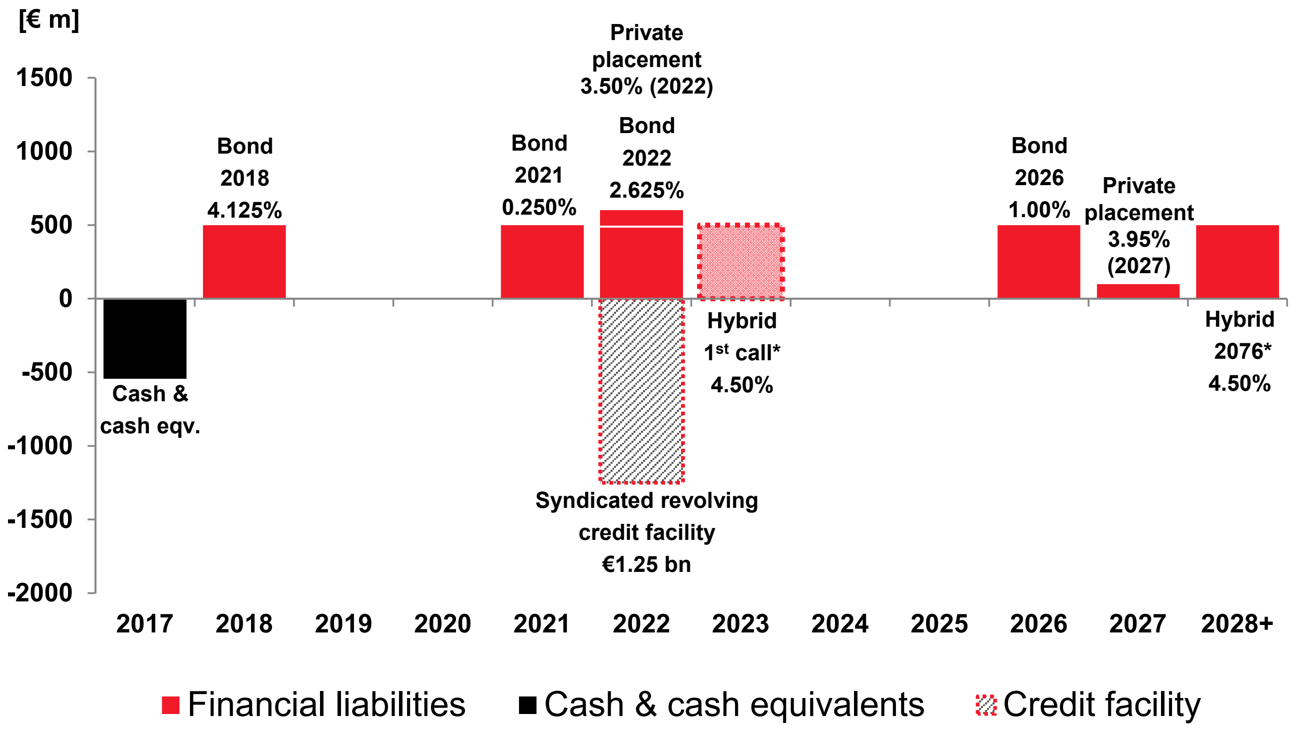
LANXESS

Maturity profile actively managed and well balanced

Long-term financing secured

- Diversified financing sources
  - Bonds & private placements
  - Syndicated credit facility
- Chemtura bond redeemed on 15th July, 2017
- Average interest rate of financial liabilities <3%
- All group financing executed without financial covenants

Liquidity and maturity profile as per September 2017



* Hybrid bond with contractual maturity date in 2076 has a first optional call date in 2023.

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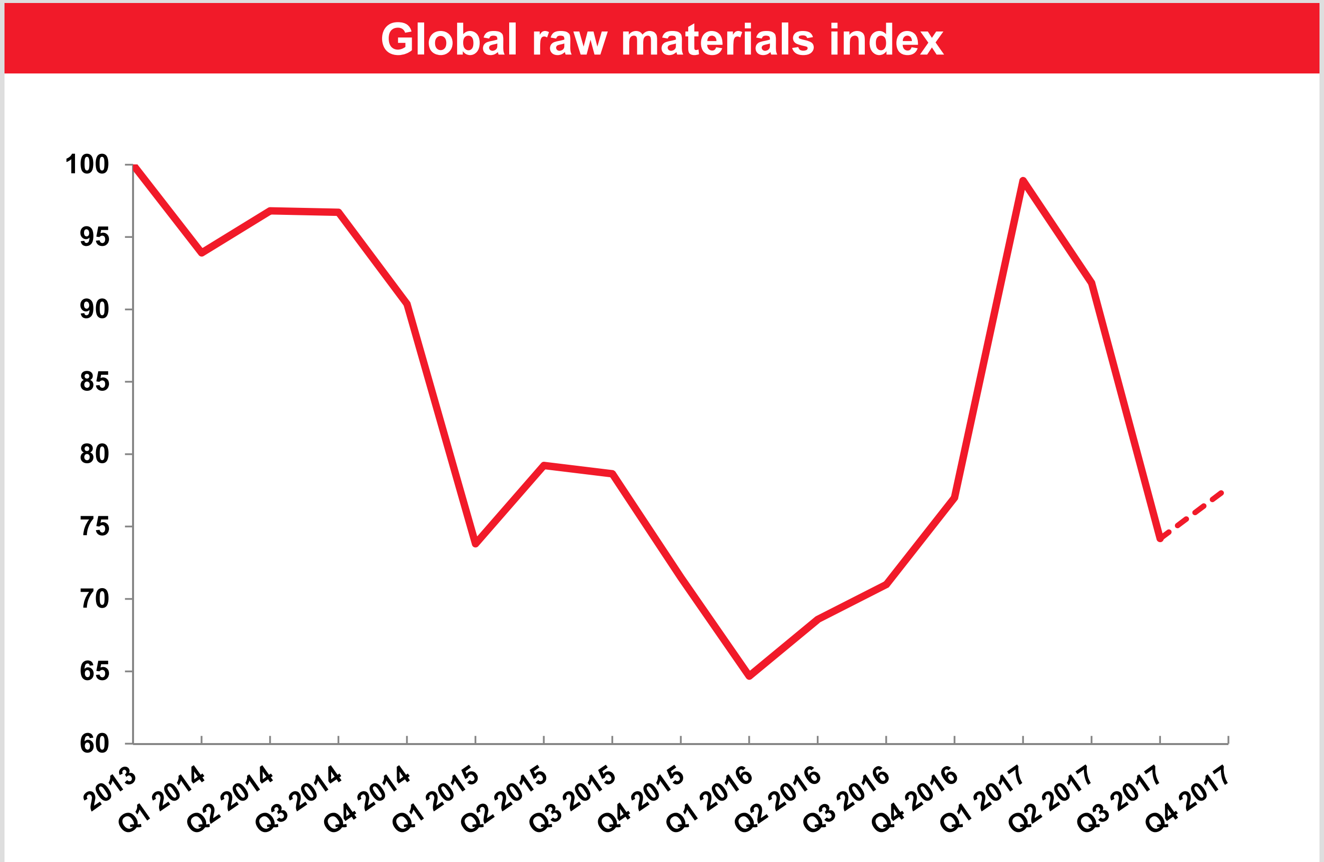
High volatility in raw material prices



- 2016 with an upward trend that accelerated during Q4
- 2017 started with a spike in raw material prices which reversed in Q2 and Q3
- For Q4 2017 we expect a slight upward trend again

LANXESS excluding Chemtura businesses, average 2013 = 100%,

LANXESS

Overview exceptional items Q3 and 9M 2017

[€ m]	Q3 2016		Q3 2017		9M 2016		9M 2017	
	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A
Advanced Intermediates	0	0	0	0	0	0	3	0
Specialty Additives	0	0	46	29	0	0	103	35
Performance Chemicals	0	0	0	0	0	0	70	6
Engineering Materials	0	0	0	0	0	0	13	1
ARLANXEO	0	0	0	0	0	0	-1	0
Reconciliation	16	0	15	0	29	0	38	0
Total	**16**	**0**	**61**	**29**	**29**	**0**	**226**	**42**

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Abbreviations

Advanced Intermediates

- AII Advanced Industrial Intermediates
- SGO Saltigo

Performance Chemicals

- IPG Inorganic Pigments
- LEA Leather
- MPP Material Protection Products
- LPT Liquid Purification Technologies

Specialty Additives

- ADD Additives*
- RCH Rhein Chemie

Engineering Materials

- HPM High Performance Materials
- URE Urethane Systems

ARLANXEO*

- TSR Tire & Specialty Rubbers
- HPE High Performance Elastomers

* ARLANXEO to be fully consolidated for the first three years (as of April 1, 2016)

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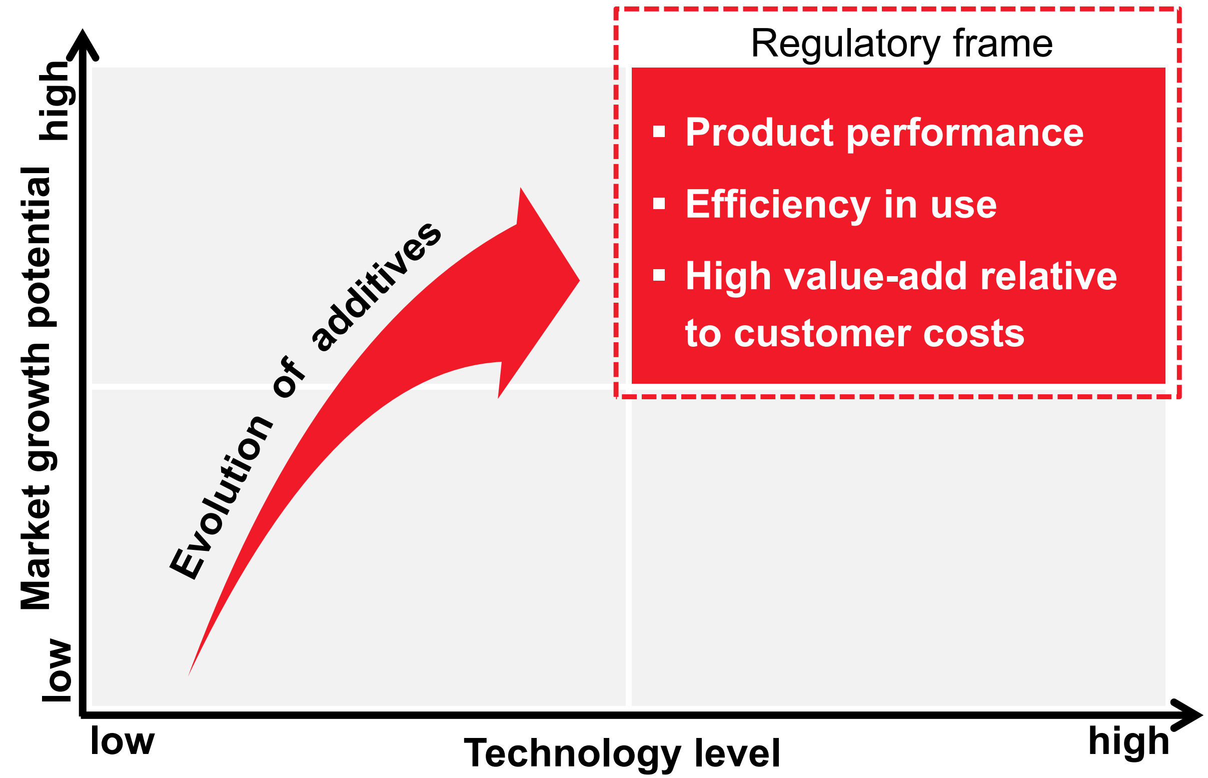
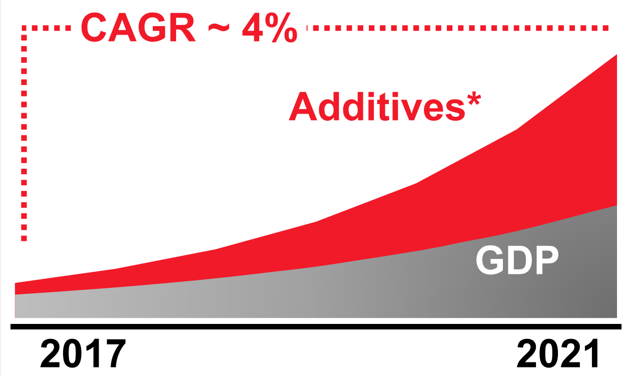
Backup – Specialty Additives / Chemtura

Specialty Additives benefits from attractive growth dynamics driven by customer needs

Customers require more specialized and efficient solutions



Solid growth perspective



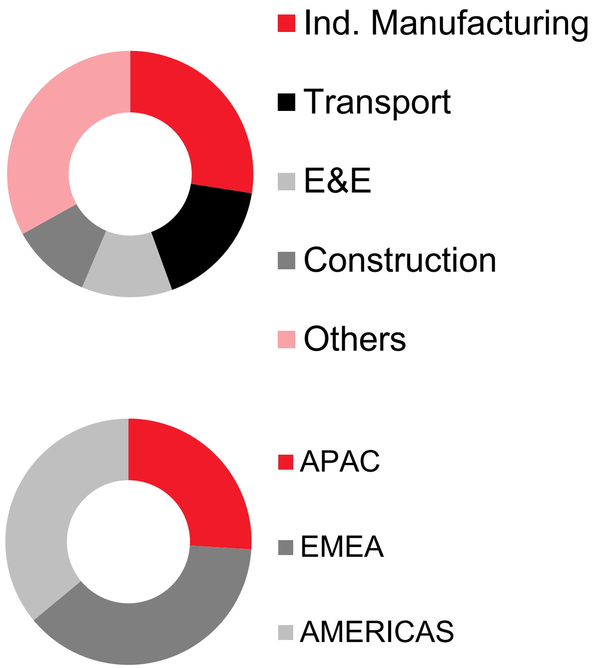
- Megatrends Urbanization and Mobility
- Increasing demand for plastics and polymers
- Solid growth in core markets

* LANXESS Segment Specialty Additives core applications (E&E, Transportation, Construction, General Industries) / Source: World Industry Service & LANXESS Research

Segment Specialty Additives: A leading player based on a unique business set-up

Resilient by nature

Sales FY 2016 pro forma



Strongly positioned

- Comprehensive product portfolio and global network
- Fully fledged asset platform with high technical standard
- Strong value chain integration
- Market dynamics and synergies leverage stable growth

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BU Additives leading market player with strong backward integration

Among the top global players

Market shares*:

Brominated flame retardants:
 # 1/2 in in Europe
 # 2 globally

Phosphorous flame retardants:
 # 2 in Europe
 # 3/4 globally

Strong value chains

Illustrative

Fully integrated bromine value chain:

Unique lubricants value chain:

Stronghold characteristics

- Leading market positions
- Global sales and distribution network
- Multiple strong value chains
- Solution provider driving innovations

* Source: European Commission, IHS Specialty Chemicals Update Program – Flame Retardants 2014

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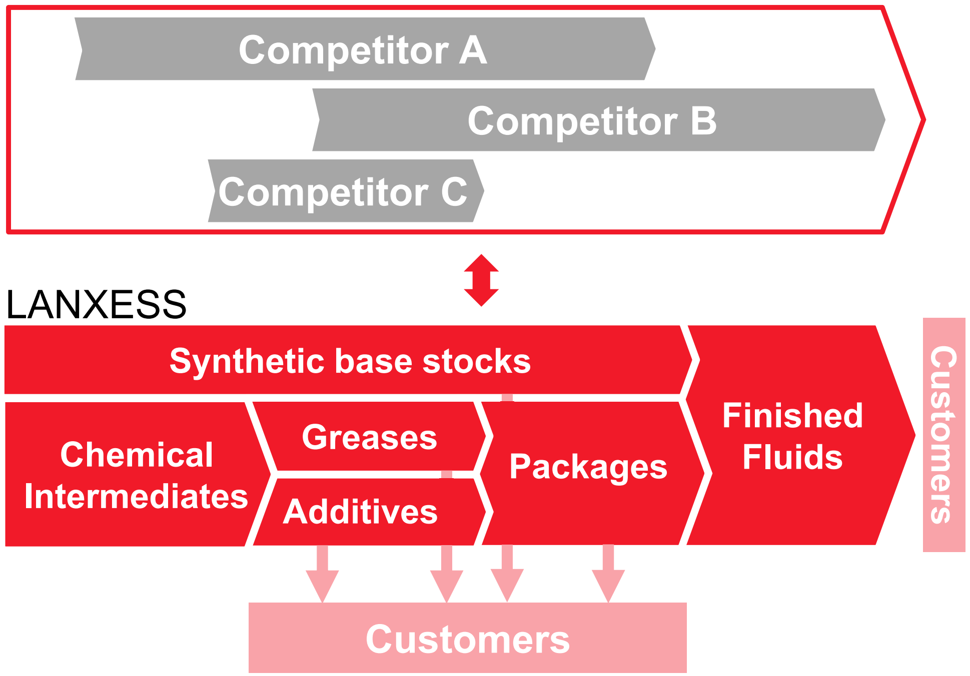
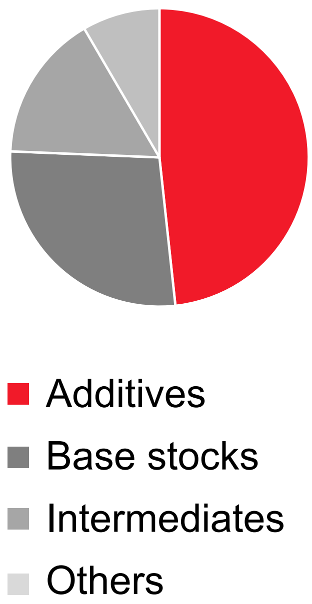
Lubricant Additives benefits from fully integrated value chain

Most attractive value chain for customers

Illustrative



Lubricant Additives sales split:



Synergies leverage growth

- Unique integrated value chain offers attractive cross selling opportunities
- Broad product portfolio with high technical expertise
- Growth above GDP driven by advancing technical applications

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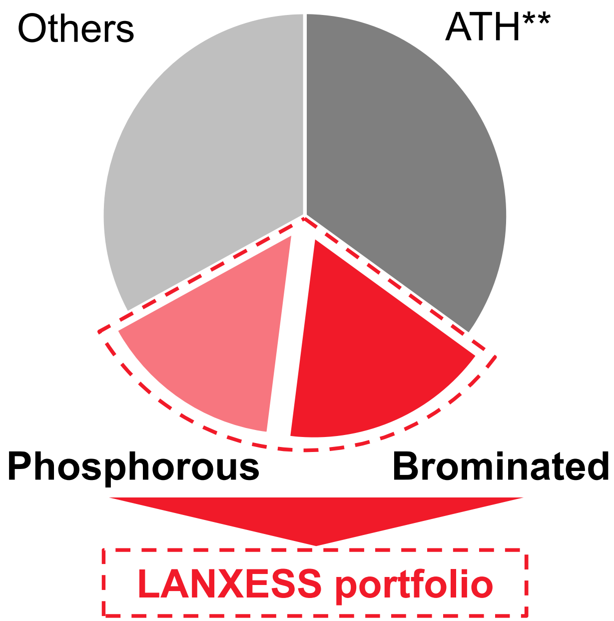
Flame retardants with complementary and most attractive business set-up

Clear strategic focus	Emphasis on growth markets	Promising growth drivers

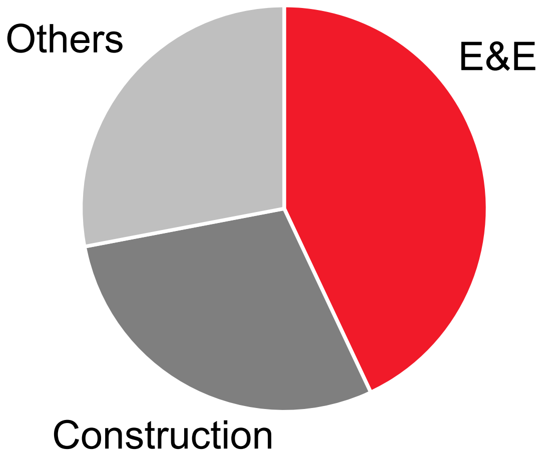
Clear strategic focus

Global consumption of flame retardants by type*



Emphasis on growth markets

LANXESS‘ end markets for phosphorous and brominated flame retardants



Sales FY 2016 pro forma

Promising growth drivers

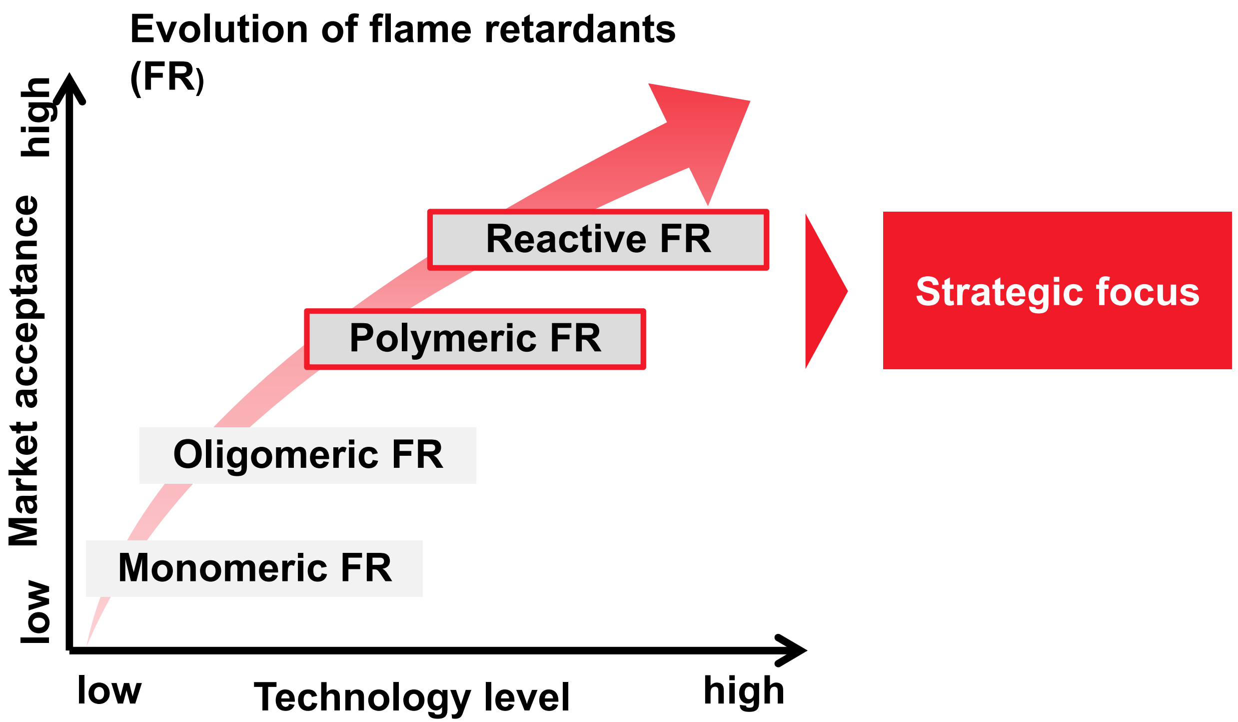
- Highest potential for product specialization and differentiation
- Rising demand for PU, TPU, PS and PVC*** within end markets
- Increasing CO_2 efficiency requirements
- Tightened regulatory and safety standards

* Source: IHS Specialty Chemicals Update Program – Flame Retardants 2014, SCI Study Flame Retardants China 2016, LANXESS Research

** ATH = Aluminium-tri-hydrochloride; *** Polyurethane, thermoplastic polyurethanes, polystyrene and polyvinyl chloride

Flame retardants benefit from trend towards more sophisticated solutions for fire protection

LANXESS drives innovation & technology



Striking characteristics

- Broad and advanced product portfolio based on high technical expertise
- The only bromine player with strategic focus on bromine solutions
- Strategic focus on product development to meet market expectations

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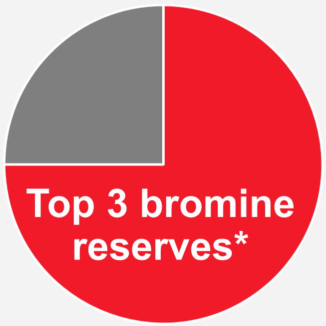
Bromine Excursus: An integrated leading bromine player with a strong and diverse bromine portfolio

Strong backward integration

Bromine reserves | **Elemental bromine** | **Bromine derivatives**



Bromine

Brine fluids

Elemental bromine production

Merchant sales

- **Flame retardants**
- **Clear brines**
- **Fumigants**
- **Others**

LANXESS bromine production is located in El Dorado, Arkansas, USA

Among top three players

- Natural oligopolistic market structure with 75% dominated by three players
- Cost competitive bromine extraction
- Leading transportation fleet for elemental bromine
- Bromine reserves last more than 75 years

* ICL, Albemarle and LANXESS

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BU Additives will leverage its position as global additives player

Integrate	▪ Business integration and implementation of synergies ▪ Leverage improved regional footprint using enlarged sales and distribution network
Enhance	▪ Realize cross-selling opportunities and increase competitiveness ▪ Extend business focus on Asia Pacific
Develop	▪ Strategic focus on product development ▪ Specialize and innovate our product portfolio

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Chemtura impact: Financial indications

Chemtura 2016 – US GAAP based

▪ Sales:	$1,654 m	[~€1,504 m]
▪ EBITDA adj.*	$282 m	[~€256 m]
▪ Capex 2016:	$88 m	[~€80 m]
▪ D&A 2016:	$85 m	[~€77 m]
▪ Net financial debt	$256 m	[~€233 m]

2017

- EBITDA contribution for 2/3 of the year
- Detailed financial information for 2017 to follow with Q2 2017 reporting

➔ Detailed bottom-up analysis has started

First indicative considerations after closing

- Inventory step-up: ~-€60 m, mainly in Q2 2017 (treated as exceptional)
- Additional impact on D&A due to purchase price allocation:
  - 2017: ~€40 m
  - 2018ff p.a.: ~€60 m

All Euro figures translated at USD/EUR 1.10

* Excluding Chemtura's agro business

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Acquisition of Chemtura: Establishing a major global additives player

A global, specialty chemical company operating in the attractive field of additives

Lubricant additives

Flame retardants

- Sales ~€1.5 bn
- EBITDA adj. ~€245 m
- ~2,500 employees
- 20 sites in 11 countries

Rationale of acquisition:

- Complementary additive businesses with significant synergies (~€100 m)
- Strengthening global presence and end market diversification
- Strengthening business risk profile

- Equity value ~€1.9 bn ($33.50 per share)
- Net financial debt and pensions ~€500 m
  - ➔ Enterprise value of ~€2.4 bn

EV/EBITDA ~7x including synergies

- Closing April 2017

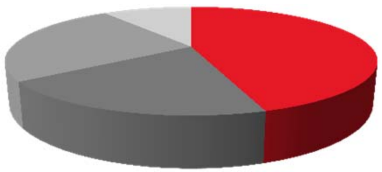
Sales and EBITDA are based on Q2 2016 LTM, USD/EUR 1.10

Chemtura has a growing and profitable additives business with a strong US footprint

the future through chemistry

A global, specialty chemical company*

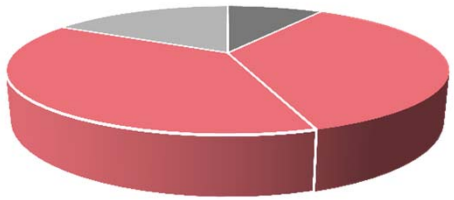
- Sales ~€1.5 bn
- EBITDA pre ~€245 m
- ~2,500 employees
- 20 sites in 11 countries



Well established in lubricant additives and flame retardants

Sales split

Lubricant additives



Flame retardants

Key customer bases growing**

Building & construction	Electrical & Electronics	Energy	Transportation
			
~3.0%	**~5.5%**	**~2.0%**	**~3.5%**

Sales and EBITDA are based on Q2 2016 LTM, USD/EUR 1.10
* Listed at NYSE, Headquarters: Philadelphia, PA (US)
**CAGR: 2016-2020 (based on IHS)

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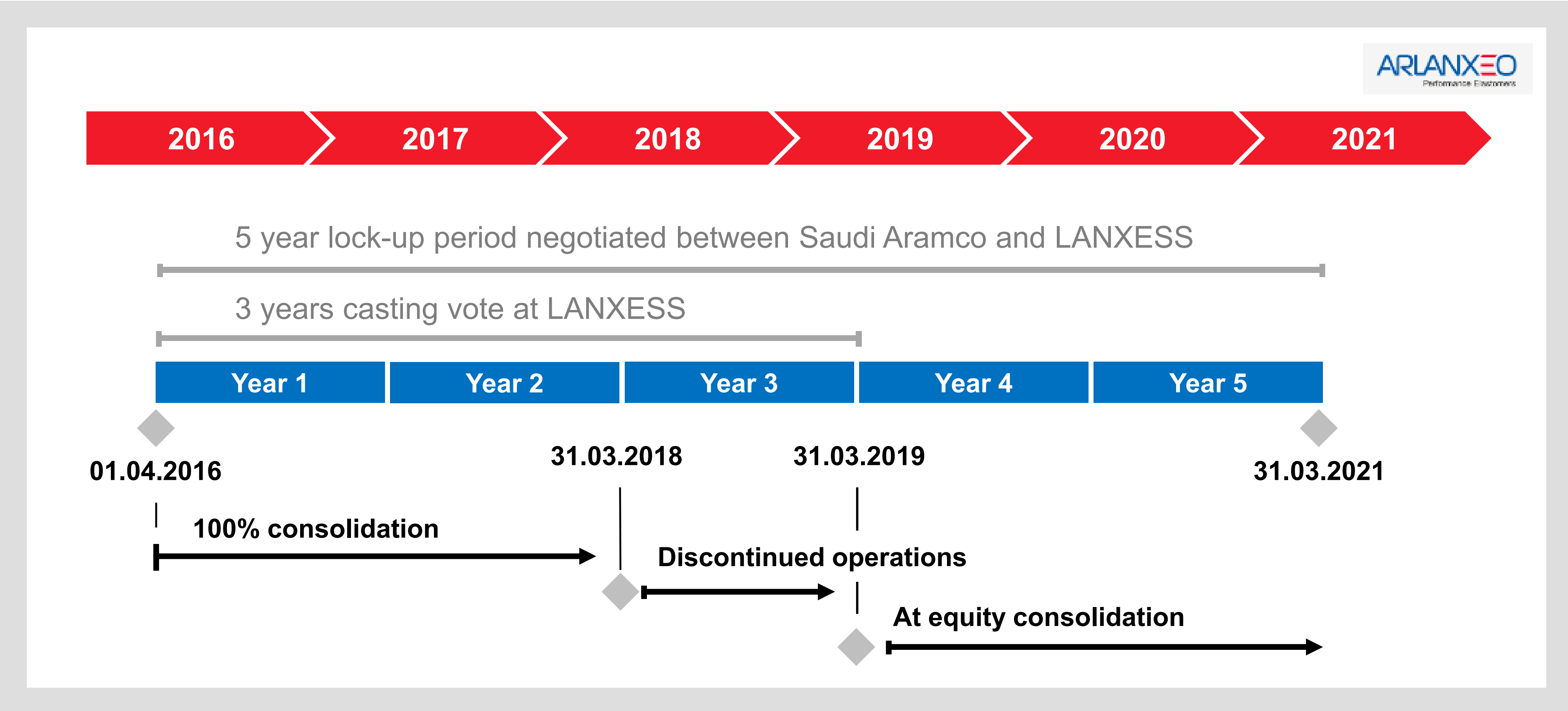
Backup - ARLANXEO

Reporting treatment of ARLANXEO with significant impact on LANXESS' financial shape



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Details on accounting for discontinued operations of ARL

Q1 2018	Q2 2018 – Q1 2019	Q2 2019 onwards
100% consolidation	Discontinued operations	@ equity

Restatement to dis. operations

Q1 2018: reported as usual

Q2 2018: ARLANXEO will switch to discontinued operation

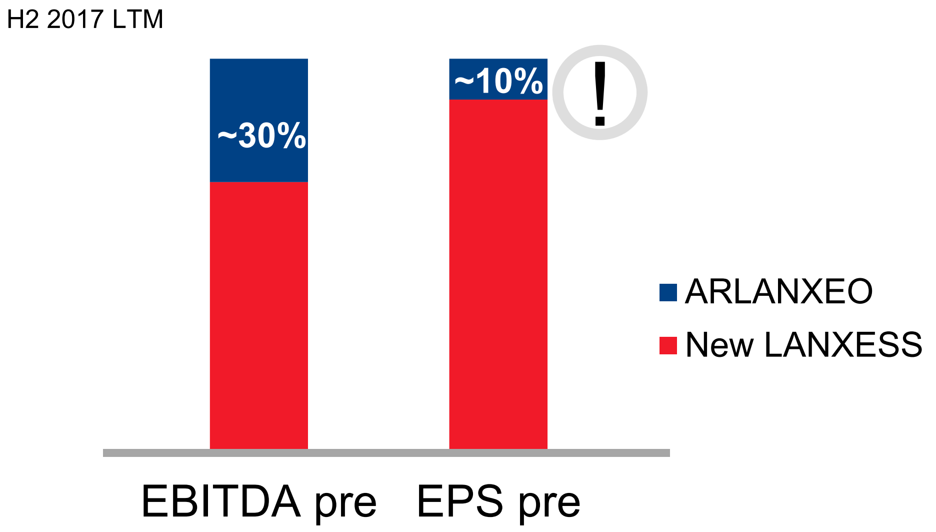
- Net income will be the only ARLANXEO line item in P&L
- ARLANXEO assets will not be depreciated but accounted for lower of carrying amount and fair value
- ARLANXEO assets & liabilities will be reflected in balance sheet in one line item each

! **Discontinued operations accounting to also be retroactively applied to YTD 2018 as of Q2**

LANXESS

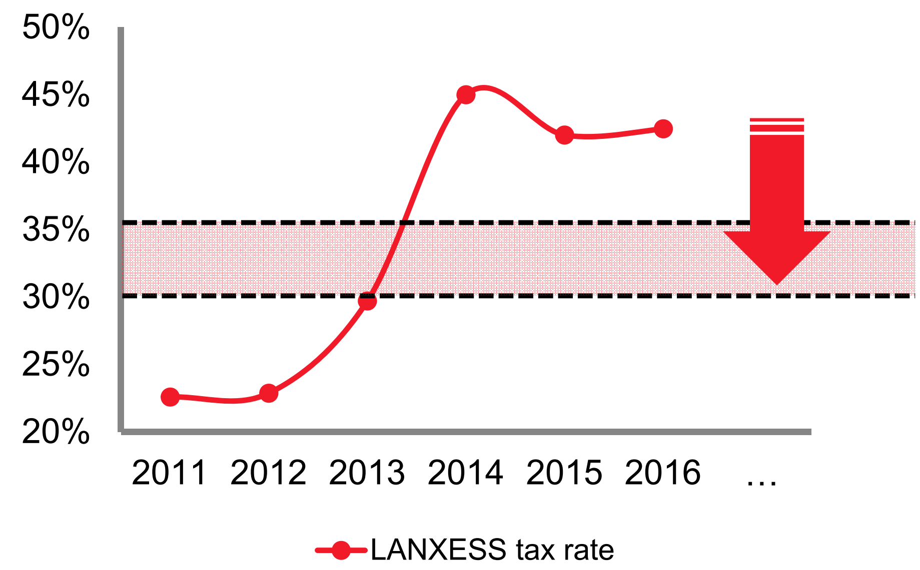
ARLANXEO with marginal contribution to EPS – New LANXESS tax rate reduced after deconsolidation

Minor ARLANXEO contribution to EPS



High ARLANXEO D&A after heavy investment cycle

Tax rate of New LANXESS will be at 30-35%

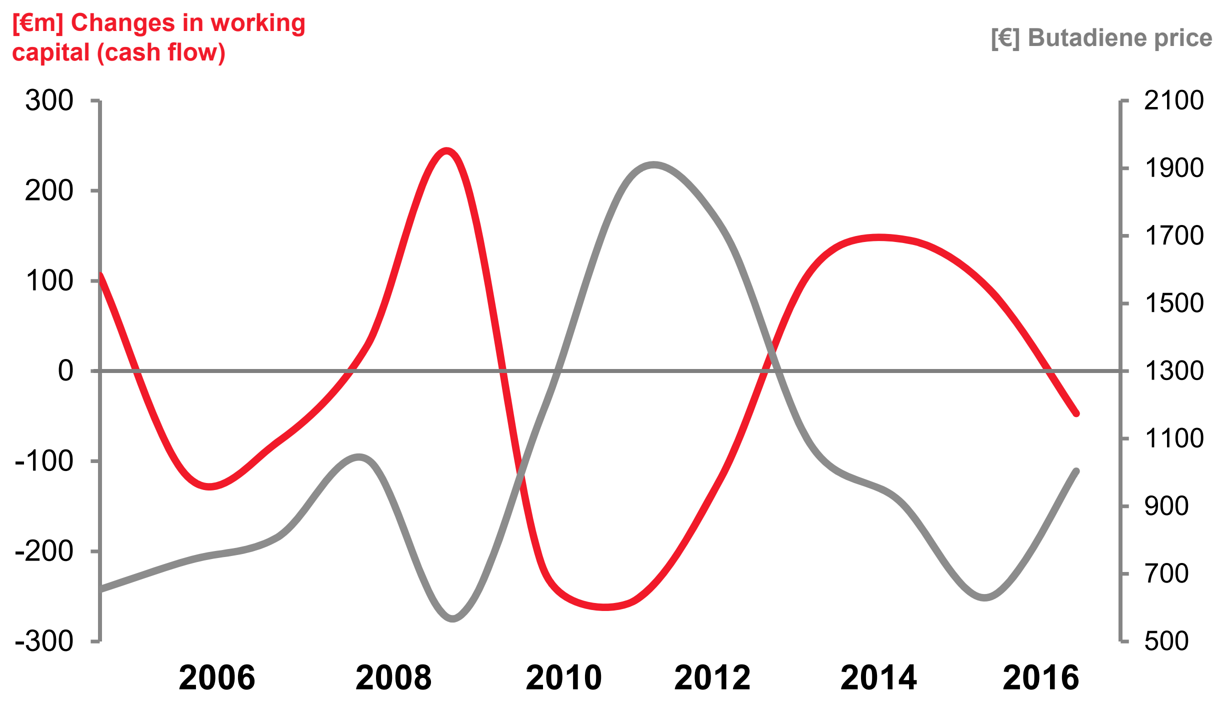


High ARLANXEO tax rate due to unfavorable regional distribution of earnings

LANXESS

Volatility of working capital will be significantly reduced after deconsolidation of ARLANXEO

ARLANXEO significantly impacted free cash flow in the past



- Butadiene, one of the main raw materials for ARLANXEO, with strong volatility
- Butadiene volatility main driver for working capital changes in the past

Volatility of working capital will be significantly reduced

LANXESS

Upcoming events 2017/2018

Proactive capital market communication

Deutsches Eigenkapitalforum 2017	November 28	Frankfurt
HSBC Vienna Day	November 30	Vienna
Berenberg European Corporate Conference	December 4	Pennyhill
Commerzbank German Investment Seminar	January 9/10	New York
Oddo Forum 2018	January 11/12	Lyon
KeplerCheuvreux / UniCredit German Corporate Conference	January 15/16	Frankfurt
HSBC SRI Sustainability Conference	February 6	Frankfurt
FY 2017 results	**March 15**	
Q1 2018 results	**May 9**	
Annual General Meeting 2018	**May 15**	**Cologne**
Q2 2018 results	**August 1**	
Q3 2018 results	**November 8**	

LANXESS

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