On track to deliver 2021 financial targets
Meeting the Management

Michael Pontzen, CFO
In 2017 we set our 2021 financial targets in a favorable market environment

Despite rising political risks, global economy was robust

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
<th>What we aim for (~2021)</th>
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<tbody>
<tr>
<td>GDP</td>
<td>10-14%</td>
<td>14-18%</td>
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<td>Asia and USA with strong growth, Brasil recovery expected</td>
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<td>Additional US growth forseeable due to pending tax reform</td>
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<td>Main customer industries expected to continue a growth path</td>
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- EBITDA pre margin (group, Ø through the cycle)
- EBITDA margin volatility
- Cash Conversion*

* Cash Conversion = EBITDA pre – CAPEX / EBITDA pre
In 2019 the world is much more challenging, but we are well on track to achieve our goals

The political uncertainty with full negative impact on global economy

- Asian economies with visible slowdown, Brasil recovery pending, LATAM uncertain
- Serious trade conflicts / BREXIT
- Main customer industries weak, auto in crisis mode, capital goods and agro sluggish

We stick to our targets (~2021)

- Specialty level
- Resilience
- Strong cash generation
LANXESS self-help measures are the foundation on our way to achieve our financial targets

- Active portfolio management
- Significantly reduced auto exposure
- More balanced regional exposure
- Profitable organic growth
- Leveraging of synergies
- Streamlining asset network
- Additional organic growth with ROCE ~20%
- Further M&A and restructuring
LANXESS margin improvement and resilience proven

Stable margin growth in cyclical environment
Margin resilience proven in recent quarters!

* European Peers: Arkema, DSM, Covestro, BASF, Clariant, Evonik, Solvay

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Cash Conversion target also on track – but at what price does it come?

We could deliver on our Cash Conversion target already in 2019, but give priority to profitable growth

2019 estimate in € m

~1,000 – 1,050

EBITDA pre - CAPEX = Cash Conversion*

Growth: ~100 – 150
Restr.: ~0 – 50
Maint.: ~300 – 350

~500

Conscious decisions backed by sound financials

illustrative

Growth CAPEX

~ €100 m

~20% ROCE

~ €30 m** additional EBITDA pre
~ €0.16** additional Earnings per Share

* Cash Conversion = EBITDA pre – CAPEX / EBITDA pre; ** ROCE: ~20%, considering ~€10 m D&A & ~30% tax
We decided to invest ~€400 m in financially attractive debottleneckings and brownfield investments.

Targeted growth CAPEX until 2020, in € m:
- Advanced Intermediates: ~150
- Specialty Additives: ~50 - 100
- Performance Chemicals: ~50 - 100
- Engineering Materials: ~50 - 100
Organic investments fuel improvement of ROCE*

Adjusted ROCE* shows improved operational return profile of LANXESS

Transformation pays off:
- Divestment of ARLANXEO
- Acquisition of Chemtura
- Streamlining asset network
- Organic growth investments

* Adjusted ROCE = EBIT pre adjusted for amortization of Chemtura PPA related intangibles & assumed ARL ROCE
Strong management attention also on EPS\textsuperscript{*}

Strong EPS\textsuperscript{*} growth

Active EPS management:

- Operational improvement
- Lower interest expenses
- Funding of pension debt
- Tax management (tax rate from \~45\% to \~30\% in 2019)
- Share buyback in 2019

* Earnings per Share: net of exceptionals and amortization of intangible assets as well as attributable tax effects / figures for 2014 until 2016 exclude ARLANXEO (non audited figures)
Capital allocation follows shareholder interests

Shareholder return is the driver for capital allocation

Illustrative (€ m)

- EBITDA_{pre} ~1000
- Tax Maintenance CAPEX ~300 - 350
- Free Cash Flow ~550

Organic growth
Restructuring
Mergers & Acquisitions
Share buyback
Dividend
Deleveraging
Interest expenses
Our project pipeline allows us to continue our organic growth path

We keep our internal benchmark for organic growth projects: 20% ROCE

Future invest approach:

- Attractive ROCE around 20%
- Focus on debottlenecking and brownfield investments
- Strategic fit to future growth markets
- Strengthen regional presence or balance growth regions

Growth CAPEX from 2021, examples

- **Advanced Industrial Intermediates**
  - Aromatics ~€100 m

- **Performance Chemicals**
  - Biocides, Resins ~€50 m

- **High Performance Materials**
  - TEPEX, Resins ~€50 - 100 m

- **Polymer Additives**
  - Lithium ~€100 – 400 m

2021
Tepex: Leveraging strong demand for continuous fiber reinforced thermoplastics

Thermoplastic composite sheets serve as powerful and cost effective substitute for traditional components

~€40 m
Investment

1H 2022
Planned operation start

Illustrative: Tepex addressable global market volume*

+24% CAGR
LANXESS strengthens its All aromatic „Verbund“ with additional synthetic menthol capacity

Clear long-term investment approach based on synergetic customer relationship

~€40 m
Investment

Early 2021
Planned operation start

Investment rationale:

- Significant increase in demand for synthetic menthol
- Strong customer relation based on long-term contracts
- Downstream development of the aromatic „Verbund“
Venture investment into Lithium with low risk and potentially high return

Opportunity in cooperation with Standard Lithium

Investment rationale:

- Potential lucrative yield of battery grade lithium from LANXESS' „waste material“ tail brine
- Strong growth of Lithium use based on rising demand for batteries

~€100 – 400 m Investments

Early 2021 Planned start of construction
The journey will continue …

* European Peers: Arkema, DSM, Covestro (formerly BMS), BASF, Clariant, Evonik, Solvay
Looking ahead … energized!

**Profitability**
- Moving our way towards even more stable and attractive margin levels

**Resilience**
- Further balanced exposure to end markets and regions in the future

**Financials**
- Maintaining strong financials and balanced debt

**Rating**
- Commitment to stay solid investment grade