Q3 2015 Roadshow

A quarter marked by substantial progress

Matthias Zachert, CEO
Michael Pontzen, CFO

LANXESS
Energizing Chemistry

Safe harbor statement

The information included in this presentation is being provided for informational purposes only and does not constitute an offer to sell, or a solicitation of an offer to purchase, securities of LANXESS AG. No public market exists for the securities of LANXESS AG in the United States.

This presentation contains certain forward-looking statements, including assumptions, opinions and views of the company or cited from third party sources. Various known and unknown risks, uncertainties and other factors could cause the actual results, financial position, development or performance of LANXESS AG to differ materially from the estimations expressed or implied herein. LANXESS AG does not guarantee that the assumptions underlying such forward-looking statements are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this presentation or the actual occurrence of the forecast developments. No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, any information, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and accordingly, no representative of LANXESS AG or any of its affiliated companies or any of such person's officers, directors or employees accept any liability whatsoever arising directly or indirectly from the use of this document.

Agenda

- **Strategy summary**
- Executive summary and outlook Q3 2015
- Financial details Q3/9M 2015
- Backup

LANXESS

The “New LANXESS”

Clear strategic focus	▪ Growing our businesses in mid-sized markets with focus on resilience and cash generation ▪ Focus on businesses that are less dependent on raw materials
Strong foundation	▪ Leading market positions ▪ High technical standards and unique expertise ▪ A dynamic team with a performance culture driving entrepreneurship
Delivering quality	▪ A high level of quality: products, processes, businesses and employees

Targeting reduced volatility of 2-3% pts of EBITDA margin (peak to trough)

LANXESS

Visible improvement of financial metrics

EBITDA

All segments contributed to positive development

Net income

Business performance and completion of realignment reflected in improvement

Net financial debt

Capex reduction, working capital management and debt reduction in evidence

Reference to EBITDA is pre exceptional items
* Based on an exchange rate of 1.10 USD/EUR and on the absence of raw material driven inventory devaluations

LANXESS

Successful progress in realignment program

1 Business & administration structure competitiveness

- Restructuring of R&D and SG&A
- ~1,000 headcount reduction

~€150 m savings by end of 2015

2 Operations competitiveness

- Site-by-site analysis of production and supply chain to identify and leverage synergies

~€150 m additional efficiency gains by end 2019

3 Portfolio competitiveness and alliances

- Strategic alliances to address lack of backward integration
- Saudi Aramco and LANXESS enter a strategic joint venture for synthetic rubber

JV for synthetic rubber business resulting in cash in of €1.2 bn

LANXESS

~€150 m savings from Phase II – through process efficiencies and asset network reconfiguration

* €20 m savings from the EPDM and Nd-PBR reconfiguration already communicated in March 2015
** OTCs include ~€55 m already communicated and booked (Marl / Nd-PBR reconfiguration) / *** Cost base 2014 without depreciation and amortization

Saudi Aramco and LANXESS form a highly competitive 50:50 joint venture

Combination of two powerful partners

aramco

- World's largest integrated energy enterprise
- Backward integration into feedstock for synthetic rubber
- Strategic commitment to further develop value chain downstream

#1 in feedstock

LANXESS

- Leading market and technology positions in synthetic rubber
- Well invested asset base
- Broadest product portfolio with leading brands and quality

#1 in synthetic rubber

LANXESS

LANXESS back on track – delivering on realignment ahead of plan

Efficiency	Excellence	Growth
2014	2015 / 2016	beyond
Costs ✓	Processes & alliances ✓	Return to growth ahead of plan

LANXESS

Our businesses: resilient, cash generating and well positioned in growing markets

Strong businesses	Advanced Intermediates	Performance Chemicals	High Performance Materials
Resilience (EBITDA margin)	▪ Proven level of 15-18% ▪ Margin volatility of ~2-3% pts	▪ Sustainable at 13-16% ▪ Margin volatility of ~2-3% pts	▪ Target margin >10%, resilience moving forward with transformation of business
Cash generation	▪ Attractive cash generation through technology leadership and efficient business set-up	▪ Considerable cash generation based on good mix of solution focused businesses	▪ Cash generation will improve with a more balanced value chain and shift to higher-margin businesses
Growth	▪ Growth slightly above GDP	▪ Growth with GDP	▪ Growth above GDP

Valuable businesses with resilience, cash generation and growth opportunities

LANXESS

Capex spent with strong cash conversion potential

Planned growth capex until 2020	Advanced Intermediates	Performance Chemicals	High Performance Materials
	~€100–150 m	~€100–150 m	~€50–100 m

Strong cash conversion

LANXESS

Saltigo – First investment in LANXESS' transformation process

Saltigo

Custom manufacturing, in particular agro, nicely growing

- General agro market growth expected at ~3% p.a. in next 10 years
- Saltigo growing above market

- Existing production assets well utilized
- Projects currently in evaluation phase would fill additional capacity fast

Further capacities required to support growth of world-scale customers

Investing in highly competitive multi-purpose production facilities

- Brownfield investment in two new production lines within existing asset park in Leverkusen (GER)
- Capex: ~€60 m
- Start-up planned by end of 2017

Investment with attractive return and EBITDA contribution

LANXESS

Financial principles: Creating value by managing costs, focusing on cash generation and rigorously managing debt

Cost optimization

Debt management

Cash control

Foster growth with clear investment principles

Improve cash flow

Maintain investment grade rating

Strong team as foundation for success

LANXESS

Agenda

- Strategy summary
- **Executive summary and outlook Q3 2015**
- Financial details Q3/9M 2015
- Backup

LANXESS

Executive summary: A quarter of substantial progress

Improved results

- EBITDA increases by 12% mainly due to savings contributions and positive currency effects
- Performance Polymers and Performance Chemicals drive EBITDA increase
- Good profitability with 12% EBITDA margin

Joint venture with Saudi Aramco

- Successful completion of phase III of realignment program to address the lack of backward integration
- Saudi Aramco and LANXESS to form a 50/50 JV for synthetic rubber
- Standard & Poor's* raised credit rating outlook to "positive"

aramco LANXESS

* S&P: BBB- (positive outlook), Moody's: Baa3 (stable outlook)

LANXESS

Q3 2015: All segments showing improved earnings

Sales development Q3 2015

Sales variances yoy **€1,953 m (€2,040 m)**

-10%	-1%	7%	0%	-4%
Price	Volume	FX	Portfolio	**Total**

- Lower prices in Performance Polymers and Advanced Intermediates due to lower raw material prices
- Slightly lower volumes compared to a strong base
- Strong support from favorable currency effect (US dollar)

Business development Q3 2015

Sales [€ m]

EBITDA pre [€ m]

LANXESS

Q3 2015 financial overview: Solid business performance – realignment program delivers results

[€ m]	Q3 2014	Q3 2015	yoy in %
Sales	**2,040**	**1,953**	**-4.3%**
EBITDA pre except.	**210**	**235**	**11.9%**
margin	10.3%	12.0%	
EPS	**0.38**	**0.45**	**17.1%**
EPS pre[1]	0.59	0.68	15.3%
Capex	**112**	**100**	**-10.7%**
Free Cash Flow[2]	**89**	**90**	**1.1%**
[€ m]	**31.12.2014**	**30.09.2015**	**Δ %**
Net financial debt	**1,336**	**1,323**	**-1.0%**
Net working capital	**1,600**	**1,757**	**9.8%**
ROCE	**7.9%**	**8.8%**	
Employees	**16,584**	**16,318**	**-1.6%**

- Sales decrease, reflecting lower raw material prices
- EBITDA increases with almost stable volumes but savings contribution and positive FX effect
- Capex below prior-year level; in line with expectations
- Net financial debt stable despite increase in net working capital

[1] Net of exceptionals, using the local tax rate applicable where the expenses were incurred
[2] Operating cash flow minus capex

LANXESS

Q3 2015: All segments contribute to positive EBITDA development

Performance Polymers

Price	Volume	Currency	Portfolio	Total
-16%	+1%	+8%	0%	**-7%**

- Lower prices in all BUs reflect lower raw material prices; market price pressure persists
- Volume increase in BUs TSR and HPM
- In general, good utilization due to preparation of maintenance, however, idle costs from new plants in Asia
- Savings and positive currency effect due to strong US dollar

[€ m]	Q3'14	Q3'15
Sales	1,045	976
EBITDA pre	93	126
Margin	9%	13%

Advanced Intermediates

Price	Volume	Currency	Portfolio	Total
-10%	-3%	+5%	0%	**-8%**

- BU AII subject to lower prices in line with lower raw material prices
- Stable volumes in BU AII despite unplanned production stoppage (maleic anhydride), but lower volumes in BU SGO (driven by project timing)
- Savings from realignment and strict cost discipline as well as favorable currency development support

[€ m]	Q3'14	Q3'15
Sales	476	440
EBITDA pre	75	76
Margin	16%	17%

Performance Chemicals

Price	Volume	Currency	Portfolio	Total
0%	-5%	+7%	0%	**+3%**

- Stable prices with slightly lower input costs
- Lower volumes (China) compared to a high base in prior year at most BUs, but higher volume development at BU LPT (water purification)
- Realignment program shows results and currencies support

[€ m]	Q3'14	Q3'15
Sales	509	524
EBITDA pre	75	86
Margin	15%	16%

Restatement of 2014 due to reorganization that shifted accelerators and antioxidants businesses from Performance Chemicals to Advanced Intermediates

LANXESS

Outlook: LANXESS again raises FY guidance, given early realization of savings – macro environment remains muted

Customer industries and macroeconomic expectations for 2015	
Tire production	~2.0% growth: more positive momentum in North America; reduced growth rates in Asia/Pacific
Automotive	~0.5% growth: North America and Europe strong, while Latin America recedes and Asia stagnates
Agro Chemicals	~0.5% growth: Strong growth in EMEA partly offset by receding markets in the Americas
Construction	~2.0% growth: All regions developing well with the exception of Latin America
LANXESS FY guidance 2015 again raised	
EBITDA pre FY 2015	Now expected between €860-900 m* with savings brought forward from phases I and II

* Based on an exchange rate of 1.10 USD/EUR and on the absence of raw material driven inventory devaluations

LANXESS

Agenda

- Strategy summary
- Executive summary and outlook Q3 2015
- **Financial details Q3/9M 2015**
- Backup

LANXESS

9M 2015 financial overview: Improved earnings and profitability

[€ m]	9M 2014	9M 2015	yoy in %
Sales	**6,102**	**6,096**	**-0.1%**
EBITDA pre except.	**654**	**734**	**12.2%**
margin	10.7%	12.0%	
EPS	**1.31**	**1.64**	**25.2%**
EPS pre[1]	1.91	1.97	3.1%
Capex	**374**	**229**	**-38.8%**
Free Cash Flow[2]	**14**	**113**	**>100%**
[€ m]	**31.12.2014**	**30.09.2015**	**Δ %**
Net financial debt	**1,336**	**1,323**	**-1.0%**
Net working capital	**1,600**	**1,757**	**9.8%**
ROCE	**7.9%**	**8.8%**	
Employees	**16,584**	**16,318**	**-1.6%**

- Stable sales with positive currency effect and higher volumes offsetting lower prices
- EBITDA improved due to higher volumes, savings and successful management of raw material prices
- Capex lower after completion of intensive investment cycle
- Net financial debt stable while net working capital grew

[1] Net of exceptionals, using the local tax rate applicable where the expenses were incurred
[2] Operating cash flow minus capex

LANXESS

Q3 2015: Raw material volatility managed well – savings and currency support earnings

Q3 yoy sales variances	Price	Volume	Currency	Portf.	Total
Perf. Polymers	-16%	1%	8%	0%	-7%
Adv. Intermediates	-10%	-3%	5%	0%	-8%
Perf. Chemicals	0%	-5%	7%	0%	3%
LANXESS	-10%	-1%	7%	0%	-4%

- Sales decline driven by lower prices in Performance Polymers and Advanced Intermediates (pass-through of raw material prices)
- Overall volumes slightly down from high base
- Support from currency effect

Q3 yoy EBITDA pre bridge [€ m]

- Lower volumes slightly weigh on EBITDA
- Lower prices match lower input costs
- “Other” reflects the positive impact from savings and currency effect

LANXESS

9M 2015: Solid operational performance

9M yoy sales variances	Price	Volume	Currency	Portf.	Total
Perf. Polymers	-15%	3%	10%	0%	-3%
Adv. Intermediates	-8%	2%	5%	0%	-1%
Perf. Chemicals	0%	-3%	9%	0%	6%
LANXESS	-10%	1%	9%	0%	0%

- Total sales stable, as lower selling prices were offset by positive currency effects and good volumes
- Lower selling prices mainly resulted from a pass-through of lower raw material prices

9M yoy EBITDA pre bridge [€ m]

- EBITDA increase driven by successful management of selling prices and input costs as well as higher volumes
- “Other” includes savings and positive currency effect, which were mitigated by ramp-up and idle costs

LANXESS

Q3 2015: All regions impacted by raw material-driven lower selling prices – Asia with visibly lower volumes

Q3 2015 sales by region
[%]

Regional development of sales
[€ million]

* Currency and portfolio adjusted

LANXESS

9M 2015: All regions affected by lower selling prices

9M 2015 sales by region
[%]

Regional development of sales
[€ million]

	9M 2014		9M 2015	Operational development*
	6,102		6,096	
Asia/Pacific	1,544	0%	1,550	-14%
LatAm	647	-2%	635	-14%
North America	1,017	+4%	1,055	-14%
EMEA (excl. Germany)	1,789	0%	1,794	-1%
Germany	1,105	-4%	1,062	-4%

* Currency and portfolio adjusted

LANXESS

Q3 2015: Positive results in a muted business environment

[€ m]	Q3 2014		Q3 2015		yoy in %
Sales	2,040	(100%)	1,953	(100%)	-4%
Cost of sales	-1,639	(80%)	-1,498	(77%)	9%
Selling	-186	(9%)	-190	(10%)	-2%
G&A	-62	(3%)	-70	(4%)	-13%
R&D	-39	(2%)	-32	(2%)	18%
EBIT	**83**	**(4%)**	**104**	**(5%)**	**25%**
Net Income	**35**	**(2%)**	**41**	**(2%)**	**17%**
EPS	**0.38**		**0.45**		**17%**
EPS pre[1]	0.59		0.68		15%
EBITDA	183	(9%)	218	(11%)	19%
thereof exceptionals	-27	(1%)	-17	(1%)	-37%
EBITDA pre exceptionals	**210**	**(10.3%)**	**235**	**(12.0%)**	**11.9%**

- Sales decrease on lower prices and slightly lower volumes, partly mitigated by positive FX effect
- Cost of sales decrease disproportionately to sales mainly due to lower raw material prices; negative effect of strong US dollar partially offset by weakening emerging markets currencies
- SG&A costs are negatively impacted by FX and higher stock holding costs, overweighing savings

EBITDA increases nicely – good profitability level

[1] Net of exceptional items, using the local tax rate applicable where the expenses were incurred

LANXESS

9M 2015: Stable sales but higher earnings

[€ m]	9M 2014		9M 2015		yoy in %
Sales	6,102	(100%)	6,096	(100%)	0%
Cost of sales	-4,844	(79%)	-4,713	(77%)	3%
Selling	-560	(9%)	-573	(9%)	-2%
G&A	-207	(3%)	-202	(3%)	2%
R&D	-124	(2%)	-98	(2%)	21%
EBIT	**280**	**(5%)**	**344**	**(6%)**	**23%**
Net Income	**115**	**(2%)**	**150**	**(2%)**	**30%**
EPS	**1.31**		**1.64**		**25%**
EPS pre[1]	1.91		1.97		3%
EBITDA	582	(10%)	692	(11%)	19%
thereof exceptionals	-72	(1%)	-42	(1%)	-42%
EBITDA pre exceptionals	**654**	**(10.7%)**	**734**	**(12.0%)**	**12.2%**

- Stable sales due to positive currency effect and higher volumes offsetting lower prices
- Savings in all overhead costs; but selling costs impacted by higher freight costs due to higher sales volumes and currency effect
- EBIT and net income supported by lower exceptional items
- EBITDA increased mainly due to higher volumes, savings and successful pass-through of raw material prices

[1] Net of exceptional items, using the local tax rate applicable where the expenses were incurred

LANXESS

Q3 2015: Raw material-driven decline top line, but all segments showing improved earnings

Performance Polymers | Advanced Intermediates | Performance Chemicals

Total group sales and EBITDA pre figures include reconciliation
Restatement of 2014 due to reorganization that shifted accelerators and antioxidants businesses from Performance Chemicals to Advanced Intermediates

LANXESS

9M 2015: Stable sales and visible increase in EBITDA

Total group sales and EBITDA pre figures include reconciliation
Restatement of 2014 due to reorganization that shifted accelerators and antioxidants businesses from Performance Chemicals to Advanced Intermediates

LANXESS

Performance Polymers: Positive development in persistently challenging market environment

[€ m]	Q3 2014	Q3 2015	Δ	9M 2014	9M 2015	Δ
Sales	**1,045**	**976**	**-6.6%**	**3,144**	**3,063**	**-2.6%**
EBIT	36	61	69.4%	156	206*	32.1%
Depr. / Amort.	52	63	21.2%	159	197	23.9%
EBITDA pre exceptionals	**93**	**126**	**35.5%**	**332**	**397**	**19.6%**
Margin	8.9%	12.9%		10.6%	13.0%	
Capex	**83**	**42**	**-49.4%**	**271**	**96**	**-64.6%**

Q3 sales bridge yoy [€ m]

Q3 yoy EBITDA pre effects

- Volume increase at BUs TSR and HPM
- Supportive currency effect from strong US dollar
- Savings from realignment program

- Market price erosion due to competitive pressure
- Idle costs from new plants in Asia

- Lower prices at all BUs reflect lower raw material prices
- D&A higher & capex lower with plants in Asia completed

* Includes sale of assets (BU TSR) and spare infrastructure (BU HPM); ~€40 m

LANXESS

Advanced Intermediates: Nice margin improvement

[€ m]	Q3 2014	Q3 2015	Δ	9M 2014	9M 2015	Δ
Sales	**476**	**440**	**-7.6%**	**1,403**	**1,386**	**-1.2%**
EBIT	51	52	2.0%	150	173	15.3%
Depr. / Amort.	23	24	4.3%	69	74	7.2%
EBITDA pre exceptionals	**75**	**76**	**1.3%**	**225**	**248**	**10.2%**
Margin	15.8%	17.3%		16.0%	17.9%	
Capex	**14**	**22**	**57.1%**	**54**	**50**	**-7.4%**

Q3 sales bridge yoy [€ m]

Q3 yoy EBITDA pre effects

- Stable volumes at BU AII despite unplanned stoppage (maleic anhydride plant in the US)
- Supportive currency effects
- Savings from realignment and strict cost discipline
- Lower volumes at BU SGO (due to project timing)
- Lower prices at BU AII in line with lower raw material prices (e.g. benzene, toluene)
- Capex level 9M 2015 comparable to prior-year figure

Restatement of 2014 due to reorganization that shifted accelerators and antioxidants businesses from Performance Chemicals to Advanced Intermediates

Performance Chemicals: Again a very good quarter – positive development throughout the year

[€ m]	Q3 2014	Q3 2015	Δ	9M 2014	9M 2015	Δ
Sales	**509**	**524**	**2.9%**	**1,523**	**1,610**	**5.7%**
EBIT	52	63	21.2%	150	210	40.0%
Depr. / Amort.	20	23	15.0%	61	65	6.6%
EBITDA pre exceptionals	**75**	**86**	**14.7%**	**224**	**283**	**26.3%**
Margin	14.7%	16.4%		14.7%	17.6%	
Capex	**9**	**33**	**>100%**	**36**	**74**	**>100%**

Q3 sales bridge yoy [€ m]

Q3 yoy EBITDA pre effects

+
- Stable prices with slightly lower input costs
- Positive volume development at BU LPT (water purification)
- Supportive currency effect
- Realignment program delivers results

–
- Lower volumes at most BUs (China)

0
- Capex in Q3 up from unusually low prior-year figure and includes investments in China (BU IPG)

Restatement of 2014 due to reorganization that shifted accelerators and antioxidants businesses from Performance Chemicals to Advanced Intermediates

LANXESS

Q3 2015: Good cash conversion

[€ m]	Q3 2014	Q3 2015
Profit before tax	**55**	**68**
Depreciation & amortization	100	114
Gain from sale of assets	0	0
Result from investments (using equity method)	-1	0
Financial (gains) losses	15	17
Cash tax payments/refunds	-36	-47
Changes in other assets and liabilities	79	76
Operating cash flow before changes in WC	**212**	**228**
Changes in working capital	-11	-38
Operating cash flow	**201**	**190**
Investing cash flow	**-81**	**46**
thereof capex	-112	-100
Financing cash flow	**-147**	**-75**

- D&A higher with increased asset base (new plants in Asia)
- Changes in other assets reflect among others provision building for variable compensation
- Operating cash flow comparable to previous year with some increase in working capital (higher inventories and lower payables due to cut-off date)
- Investing cash flow includes cash in from sale of money market funds

Generating free cash flow

LANXESS

9M 2015: Positive free cash flow despite realignment cash-outs

[€ m]	9M 2014	9M 2015
Profit before tax	**187**	**246**
Depreciation & amortization	302	348
Gain from sale of assets	0	-42
Result from investments (using equity method)	-6	0
Financial (gains) losses	53	49
Cash tax payments/refunds	-17	-70
Changes in other assets and liabilities	130	-28
Operating cash flow before changes in WC	**649**	**503**
Changes in working capital	-261	-161
Operating cash flow	**388**	**342**
Investing cash flow	**-496**	**-166**
thereof capex	-374	-229
Financing cash flow	**-47**	**-232**

- D&A higher, reflecting increased asset base (new plants in Asia)
- Changes in other assets and liabilities include e.g.* effects from realignment
- Lower capex level and lower build-up in working capital contribute visibly to free cash flow
- Financing cash flow in 9M'14 comprises bond repayment and funds from capital increase

* Amongst others net effect form provision building and cash-out for realignment and effects from hedging of intercompany financing

LANXESS

Balance sheet remains solid and stable

[€ m]	Dec 2014	Sep 2015
Total assets	7,250	7,217
Equity	2,161	2,188
Equity ratio	**30%**	**30%**
Net financial debt	**1,336**	**1,323**
Near cash, cash & cash equivalents	518	431
Pension provisions	1,290	1,301
ROCE[1]	**7.9%**	**8.8%**
Net working capital	1,600	1,757
Net working capital/sales[1]	20%	22%
DIO (in days)[2]	79	85
DSO (in days)[3]	48	49

- Total assets decrease marginally, among others driven by emerging markets currency effects
- Equity ratio remains stable
- Net financial debt solid despite a increase in working capital
- Net working capital increase driven by inventories (preparation for maintenance in Q4) and lower payables (unfavorable cut-off date)

[1] Based on last twelve months for EBIT pre or sales
[2] Days of inventory outstanding calculated from quarterly COGS
[3] Days of sales outstanding calculated from quarterly sales

LANXESS

Balance sheet remains solid

[€ m]	Dec'14	Jun'15	Sep'15		Dec'14	Jun'15	Sep'15
Non-current assets	**4,101**	**4,109**	**4,016**	**Stockholders' equity**	**2,161**	**2,288**	**2,188**
Intangible assets	320	313	289	**Non-current liabilities**	**3,447**	**3,503**	**3,450**
Property, plant & equipment	3,333	3,359	3,275	Pension & post empl. provis.	1,290	1,292	1,301
Equity investments	0	0	0	Other provisions	275	297	291
Other investments	13	13	12	Other financial liabilities	1,698	1,719	1,671
Other financial assets	11	6	6	Tax liabilities	25	26	19
Deferred taxes	380	381	401	Other liabilities	138	131	128
Other non-current assets	44	37	33	Deferred taxes	21	38	40
Current assets	**3,149**	**3,313**	**3,201**	**Current liabilities**	**1,642**	**1,631**	**1,579**
Inventories	1,384	1,411	1,415	Other provisions	350	382	440
Trade accounts receivable	1,015	1,183	1,061	Other financial liabilities	182	111	107
Other financial & current assets	232	287	294	Trade accounts payable	799	829	719
Near cash assets	100	228	81	Tax liabilities	44	53	67
Cash and cash equivalents	418	204	350	Other liabilities	267	256	246
Total assets	**7,250**	**7,422**	**7,217**	**Total equity & liabilities**	**7,250**	**7,422**	**7,217**

- Total assets decrease marginally, driven among others by emerging markets currency effect vs year-end
- Pension provisions at 2014 year-end level with again equal discount rates in Germany
- Lower payables due to cut-off date

LANXESS

Appendix

Housekeeping items

Additional financial expectations

▪ Capex 2015:	~€430 m
▪ Capex 2016:	~€450 m
▪ Operational D&A 2015:	~€420-440 m
▪ Exceptional items 2015:	~€95 m including realignment expenses and other exceptional items
▪ Reconciliation 2015:	underlying expenses of ~-€160m EBITDA, but additional hedging expenses of ~€125 m in 2015*
▪ Annual tax rate:	- 2015 >30% - mid-term ~30% - potential of ~22-25% based on earnings recovery in rubber business

Total exceptional items in 2015:

~€40 m Phase I

~€60 m Phase II

~€15 m Phase III (out of €20 m in total)

~€20 m other

-~€40 m income (asset sale Q2'15)

* Based on an exchange rate of 1.10 USD/EUR

LANXESS

LANXESS has a broad customer portfolio

LANXESS sales distribution by industry, 2014

Phase I savings realized faster than anticipated

Faster execution of realignment program Phase I

updated		2014	2015	2016	Total
	Headcount reduction	~425	~475	~100	~1,000
[€ m]	Cash out	~20	~110	~20	~150
[€ m]	P&L expense (OTC)	~110	~40	~0	~150
[€ m]	Cost reduction	~20	~100	~30	~150

Already realized by end of 2015

LANXESS

Financial details on Phase II

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**

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

LANXESS

Measures to strengthen competitiveness in synthetic rubber

Adjusting Nd-PBR and EPDM production	▪ Reorganization of Nd-PBR production network with core production sites for each region ▪ Intended closure of EPDM plant in Germany by end of Q1 2016	**~€20 m savings by beginning of 2017** ✓
Capacity adjustments in Latin America	▪ Among others, capacity reduction from 190kt to 80kt in Caxias (ESBR); cutting ~1/3 of LANXESS' ESBR capacity in Latin America – Closure of two reaction and four drying lines – ~30kt volume transfer to Triunfo	**Up to ~€20 m savings by 2018/2019**
Capacity adjustments in France	▪ Efficiency measure for NBR in La Wantzenau ▪ Capacity reduction from 100kt to 80kt	**~€10 m savings by end of 2019 onwards**

LANXESS

Significant additional savings from efficiency measures

Efficiency measures in rubber plants

- ~50 plants in project scope
- Scope: plants with manufacturing cash costs >€25 m
- Included plants represent ~80% of total manufacturing cash costs
- Process improvements identified for main cost drivers:

Energy	**~€20 m**	
Raw material	**~€25 m**	
Waste & logistics	**~€10 m**	**Σ ~€100 m**
Maintenance	**~€30 m**	
Personnel	**~€15 m**	

~€40 m
savings by end of 2019 onwards

Efficiency measures in non-rubber plants

~€60 m
savings by end of 2019 onwards

LANXESS

New strategic focus: Building a more balanced and resilient company

Advanced Intermediates

- Leading market positions and process technologies
- Efficient and strong production platform
- Highly diversified end markets

Delivering chemical intermediates

Performance Chemicals

- Strong positioning in a broad range of niche markets
- Low importance of raw materials
- Acting as solution provider

Adding functionality, color or processability to products

High Performance Materials

- A leading producer of engineering plastics
- Balanced value chain with limited exposure to volatile markets

High-tech plastics for a wide range of end markets

LANXESS

New business arrangements enable more efficient and effective market approach

Performance Polymers

- Butyl Rubber
- Performance Butadiene Rubbers
- Keltan Elastomers
- High Performance Elastomers
- High Performance Materials

Advanced Intermediates

- Advanced Industrial Intermediates
- Saltigo

Performance Chemicals

- Material Protection Products
- Inorganic Pigments
- Functional Chemicals
- Leather
- Rhein Chemie
- Rubber Chemicals
- Liquid Purification Technologies

Performance Polymers

- Tire & Specialty Rubbers
- High Performance Elastomers
- High Performance Materials

Advanced Intermediates

- Advanced Industrial Intermediates
- Saltigo

Performance Chemicals

- Rhein Chemie Additives
- Inorganic Pigments
- Leather
- Material Protection Products
- Liquid Purification Technologies

Reporting structure as of January 1, 2015

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

LANXESS

Striking rationale: Broadest synthetic rubber platform to partner with biggest raw material supplier

Backward integration	▪ Competitive access to feedstock ▪ JV will solve lack of backward integration	
Reduction of volatility	▪ Reduction of volatility in cash flows will be achieved in the future	
Attractive valuation	▪ EV of stand-alone LANXESS' rubber business: €2.75 bn ▪ Financial obligations (e.g. debt, pensions) will be deducted from EV, resulting in cash proceeds of ~€1.2 bn for 50% share ▪ EV/EBITDA* multiple of ~8.6x	
Growth upside	▪ JV partners agreed to use the platform for future organic investments (esp. in Saudi Arabia) and for further transaction opportunities (e.g. M&A)	

* Based on FY 2014 results

LANXESS

The JV with Saudi Aramco generally offers several ways of value creation

Near-term strategic initiatives	Mid-term initiatives
Horizontal consolidation	
R&D and technology-related investments	**Integration of value chains:** ▪ **Building C4 extraction units** ▪ **Terminals for physical butadiene** ▪ **Tolling agreements** ➢ Supply of naphtha to existing suppliers ▪ **Swap agreements** ➢ Logistics and supply chains already in place ➢ No transportation costs due to direct procurement
Investments in Saudi Arabia	
After closing: 1 to 5 years	**Time horizon 5 to 10 years**

LANXESS

A well-managed and conservative maturity profile

Long term financing secured

- Diversified financing sources
  - Bonds
  - Private placements
  - Syndicated credit facility
  - Bank facilities
- Average interest rate of financial liabilities: <3.5%
- All group financing executed without financial covenants

Liquidity and maturity profile as per September 2015

EIB = European Investment Bank

[1] Final maturity of EIB facility in case of utilization earliest in 2020; EIB facility currently undrawn

LANXESS

High volatility in raw material prices

- Sharp decline in raw material prices in Q4 2014/ Q1 2015 driven by a steep decline in the price of oil
- Slight recovery of raw material prices in the course of 2015, but forecasted to trend downwards again at year-end

* Source: LANXESS, average 2013 = 100%

LANXESS

Overview exceptional items Q3 and YTD

[€ m]	Q3 2014		Q3 2015		9M 2014		9M 2015	
	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A
Performance Polymers	5	0	2	0	18	1	5	11
Advanced Intermediates	1	0	0	0	6	0	1	0
Performance Chemicals	3	0	0	0	13	0	8	0
Reconciliation	18	0	15	0	36	0	39	0
Total	**27**	**0**	**17**	**0**	**73**	**1**	**53**	**11**

LANXESS

Abbreviations

Performance Polymers

- TSR — Tire & Specialty Rubbers
- HPE — High Performance Elastomers
- HPM — High Performance Materials

Performance Chemicals

- ADD — Rhein Chemie Additives
- IPG — Inorganic Pigments
- LEA — Leather
- MPP — Material Protection Products
- LPT — Liquid Purification Technologies

Advanced Intermediates

- AII — Advanced Industrial Intermediates
- SGO — Saltigo

LANXESS

Upcoming events 2015 / 2016

Proactive capital market communication

Q3 results 2015	**November 5**	
Capital Markets Day	**November 5/6**	**Cologne**
Morgan Stanley Global Chemicals Conference	November 10	Boston
Bank of America Merrill Lynch German Corporate Days 2015	November 17	Singapore
Morgan Stanley Asia Pacific Summit	November 18	Singapore
Deutsche Bank dbAccess European Large Caps	November 24/25	Tokyo
HSBC Austria Day Vienna	December 3	Vienna
Bank of America Merrill Lynch European Chemicals Conference	December 1/2	London
Oddo Midcap Forum	January 7/8	Lyon
Commerzbank German Investment Seminar	January 12/13	New York
Commerzbank Conference Warsaw	January 20	Warsaw
KeplerCheuvreux/Unicredit 15th German Corporate Conference	January 19/20	Frankfurt
HSBC Sustainability Conference 2016	February 2	Frankfurt
Bankhaus Lampe 3rd Equity Forum	February 4	London
FY results 2015	**March 17**	
Q1 results 2016	**May 11**	
Annual General Meeting	**May 20**	**Cologne**
Q2 results 2016	**August 10**	
Q3 results 2016	**November 10**	

LANXESS

Contact details Investor Relations

Oliver Stratmann

Head of Treasury & Investor Relations

Tel. : +49-221 8885 9611
Fax. : +49-221 8885 5400
Mobile : +49-175 30 49611
Email : Oliver.Stratmann@lanxess.com

Janna Günther

Assistant to Oliver Stratmann

Tel. : +49-221 8885 9834
Fax. : +49-221 8885 4944
Mobile : +49-151 74612615
Email : Janna.Guenther@lanxess.com

LANXESS IR website

Ulrike Rockel
Head of Investor Relations
Institutional Investors / Analysts
Tel. : +49-221 8885 5458
Mobile : +49-175 30 50458
Email : Ulrike.Rockel@lanxess.com

Tanja Satzer

Private Investors / AGM
Tel. : +49-221 8885 3801
Mobile : +49-175 30 43801
Email : Tanja.Satzer@lanxess.com

Matthias Arnold

Institutional Investors / Analysts
Tel. : +49-221 8885 1287
Mobile : +49-151 74612343
Email : Matthias.Arnold@lanxess.com

Dirk Winkels

Institutional Investors / Analysts
Tel. : +49-221 8885 8007
Mobile : +49-175 30 58007
Email : Dirk.Winkels@lanxess.com