



LANXESS – Q3 2015 results

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

- **Executive summary**
- Business and financial details Q3 2015
- Backup

3

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"

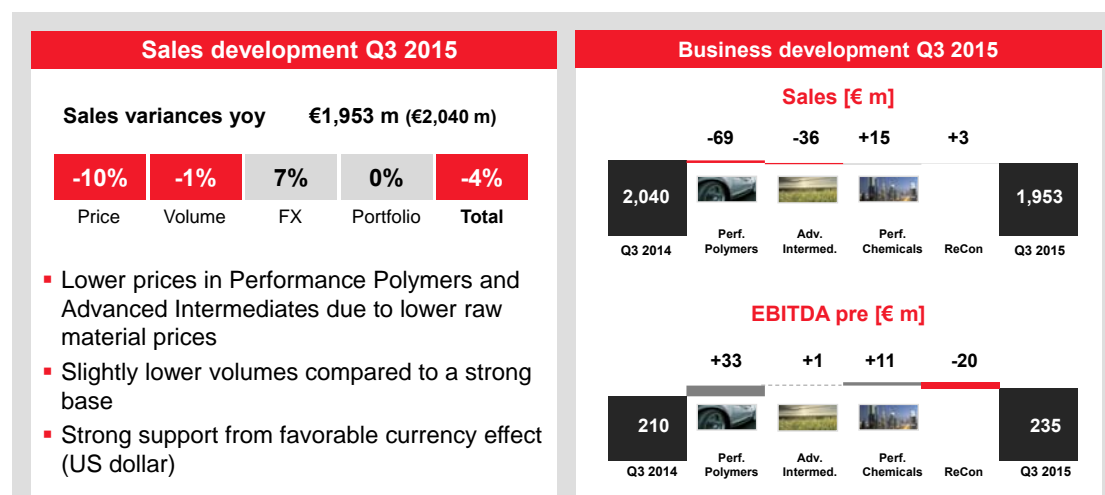
aramco  **LANXESS**

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

4

LANXESS

Q3 2015: All segments showing improved earnings



LANXESS

5

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. margin	210 10.3%	235 12.0%	11.9%
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

6

Q3 2015: All segments contribute to positive EBITDA development

Performance Polymers					Advanced Intermediates					Performance Chemicals				
Price	Volume	Currency	Portfolio	Total	Price	Volume	Currency	Portfolio	Total	Price	Volume	Currency	Portfolio	Total
-16%	+1%	+8%	0%	-7%	-10%	-3%	+5%	0%	-8%	0%	-5%	+7%	0%	+3%
<ul style="list-style-type: none"> 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 					<ul style="list-style-type: none"> BU All subject to lower prices in line with lower raw material prices Stable volumes in BU All 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 					<ul style="list-style-type: none"> 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		[€ m]		Q3'14	Q3'15		[€ m]		Q3'14	Q3'15	
↑	Sales	1,045	976		↑	Sales	476	440		↑	Sales	509	524	
	EBITDA pre	93	126			EBITDA pre	75	76			EBITDA pre	75	86	
	Margin	9%	13%			Margin	16%	17%			Margin	15%	16%	


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

LANXESS

7

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

8




Agenda

- Executive summary
- **Business and financial details Q3 2015**
- Backup

LANXESS

9

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%	0%	-7%
 Adv. Intermediates	-10%	-3%	5%	0%	0%	-8%
 Perf. Chemicals	0%	-5%	7%	0%	0%	3%
LANXESS	-10%	-1%	7%	0%	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]

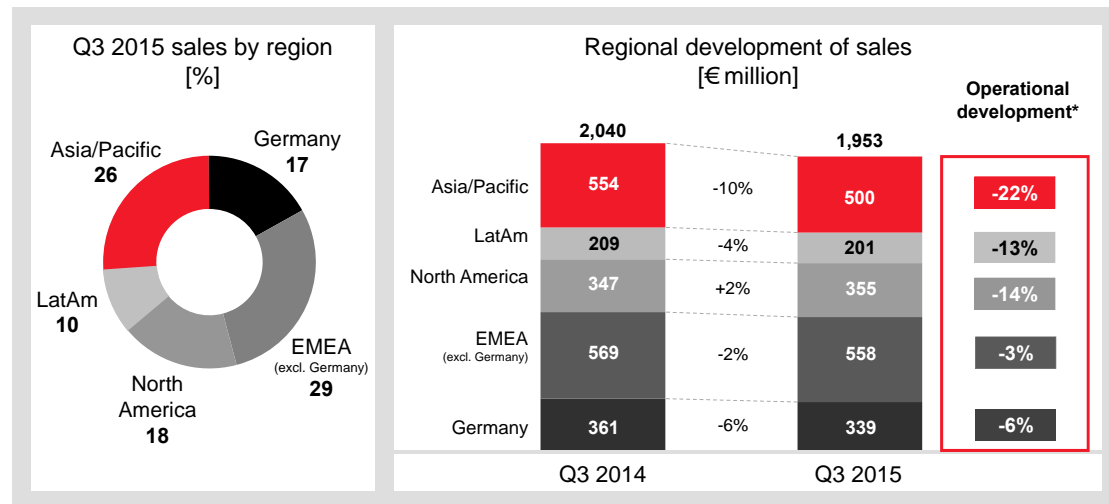


- Lower volumes slightly weigh on EBITDA
- Lower prices match lower input costs
- "Other" reflects the positive impact from savings and currency effect

LANXESS

10

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



11

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%	<ul style="list-style-type: none"> 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
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%	

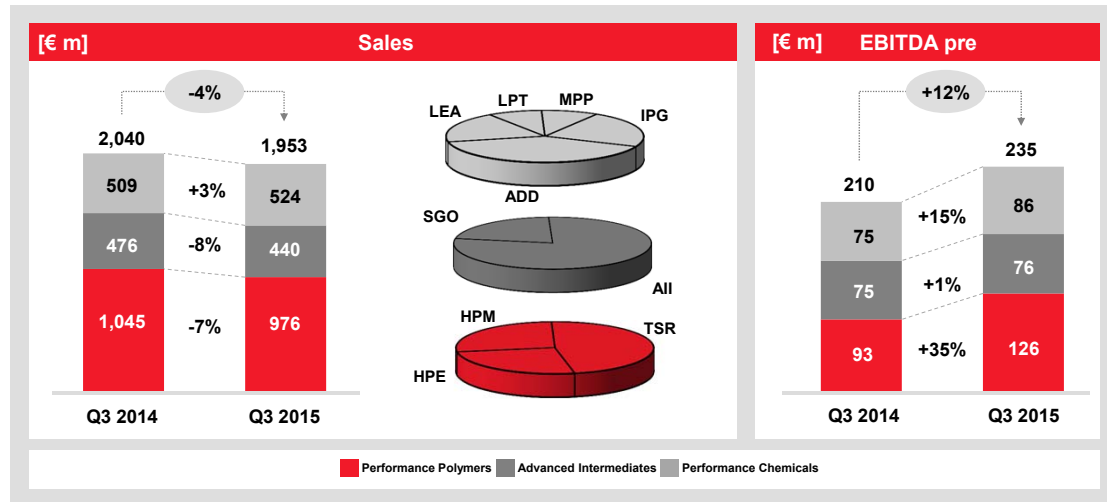
EBITDA increases nicely – good profitability level

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

12

LANXESS

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

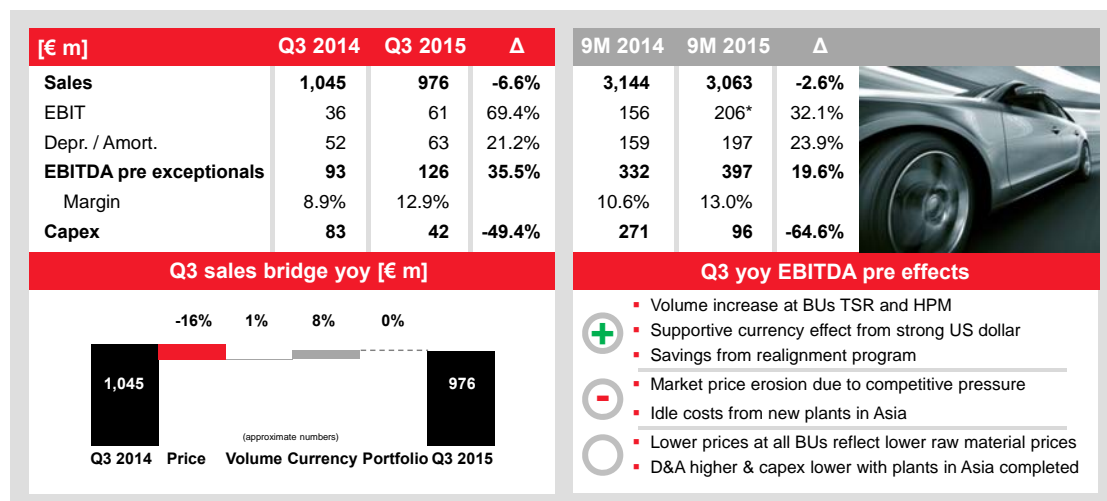


Total group sales and EBITDA pre figures include reconciliation
 Restatement of 2014 due to reorganization that shifted accelerators and antioxidants businesses from Performance Chemicals to Advanced Intermediates

13

LANXESS

Performance Polymers: Positive development in persistently challenging market environment



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

14

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			
Q3 2014	Price	Volume	Currency	Portfolio	Q3 2015		
476	-10%	-3%	5%	0%	440		
(approximate numbers)							

Q3 sales bridge yoy [€ m]				Q3 yoy EBITDA pre effects			
<ul style="list-style-type: none"> Stable volumes at BU All 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 All 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

LANXESS

15

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			
Q3 2014	Price	Volume	Currency	Portfolio	Q3 2015		
509	0%	-5%	7%	0%	524		
(approximate numbers)							

Q3 sales bridge yoy [€ m]				Q3 yoy EBITDA pre effects			
<ul style="list-style-type: none"> 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) 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

16

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
Generating free cash flow		

- 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

LANXESS

17

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
ROCE¹	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

18

LANXESS

Agenda

- Executive summary
- Business and financial details Q3 2015
- **Backup**

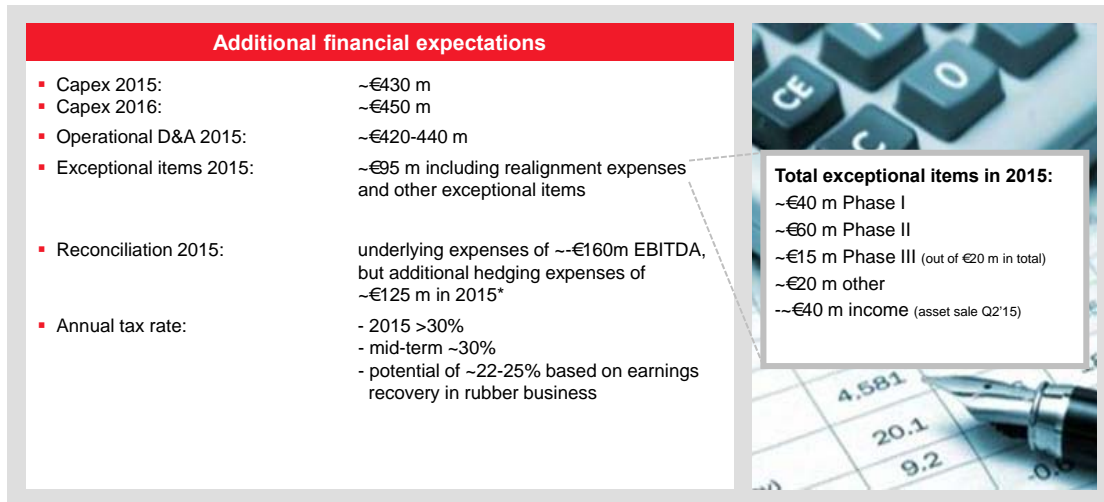
19

LANXESS



Appendix

Housekeeping items



* Based on an exchange rate of 1.10 USD/EUR

21

LANXESS

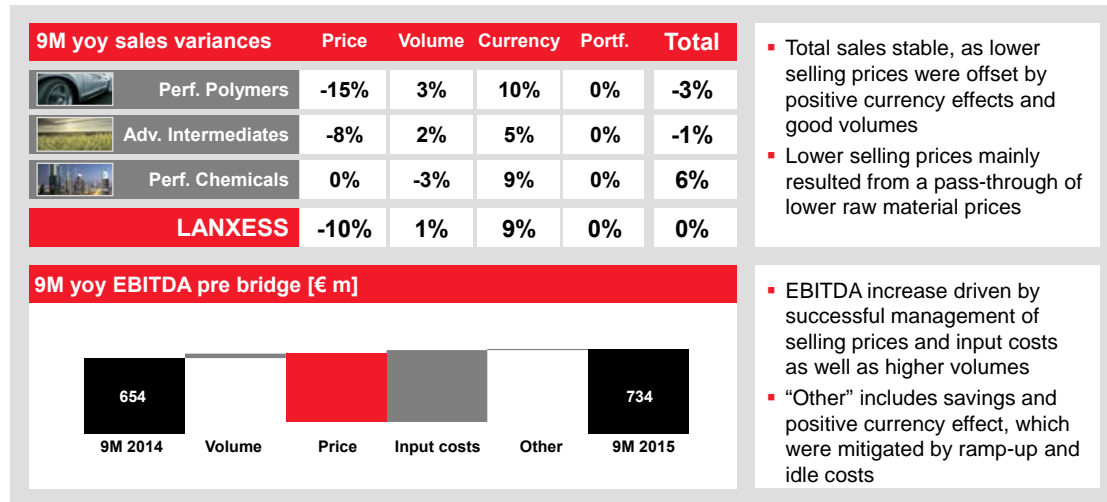
LANXESS has a broad customer portfolio



22

LANXESS

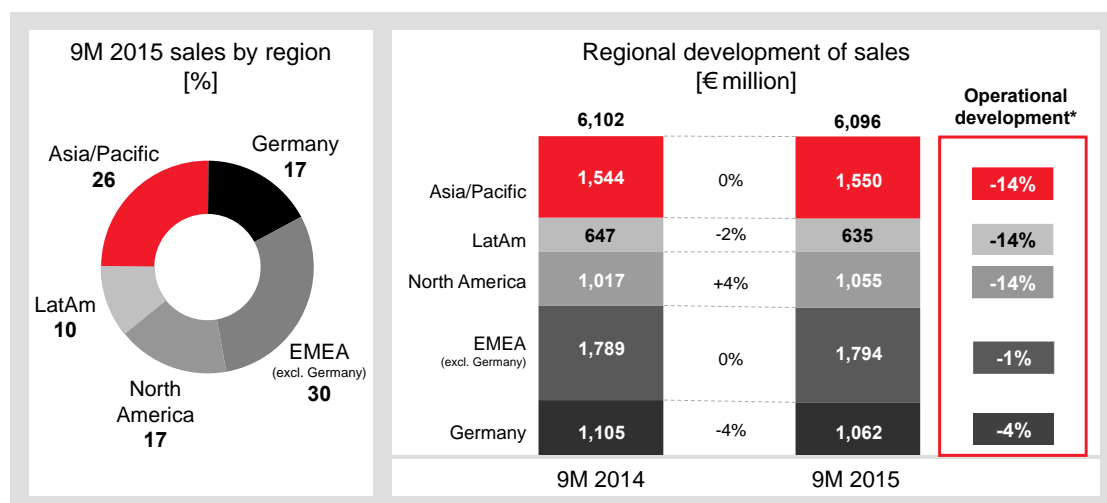
9M 2015: Solid operational performance



23

LANXESS

9M 2015: All regions affected by lower selling prices

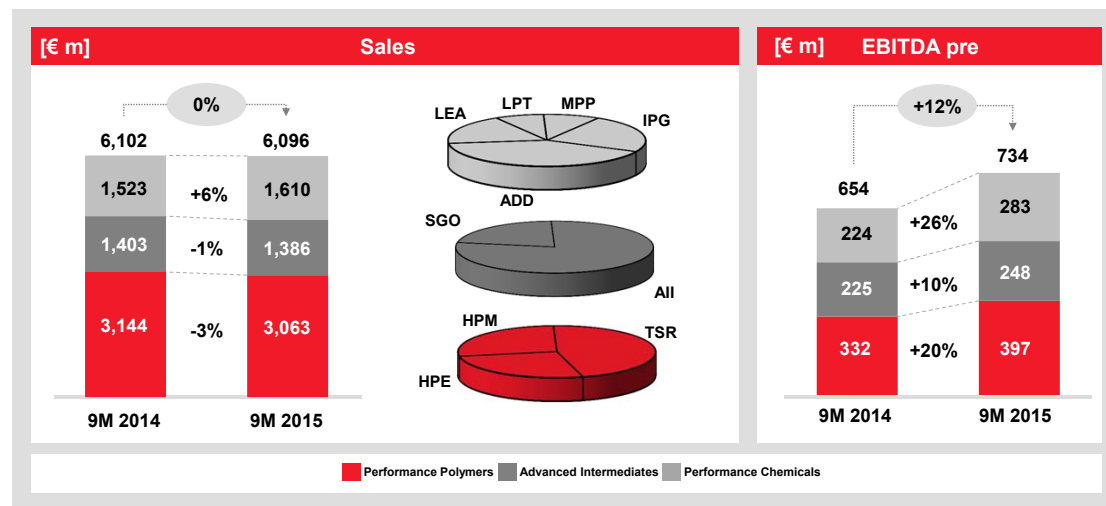


* Currency and portfolio adjusted

24

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

25

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. margin	654 10.7%	734 12.0%	12.2%
EPS	1.31	1.64	25.2%
EPS pre ¹	1.91	1.97	3.1%
Capex	374	229	-38.8%
Free Cash Flow²	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

26

LANXESS

9M 2015: Stable sales but higher earnings

[€ m]	9M 2014	9M 2015	yoy in %	
Sales	6,102 (100%)	6,096 (100%)	0%	<ul style="list-style-type: none"> 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
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%	

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

27

LANXESS

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

[€ m]	9M 2014	9M 2015	
Profit before tax	187	246	<ul style="list-style-type: none"> 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
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	

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

28

LANXESS

Balance sheet remains solid

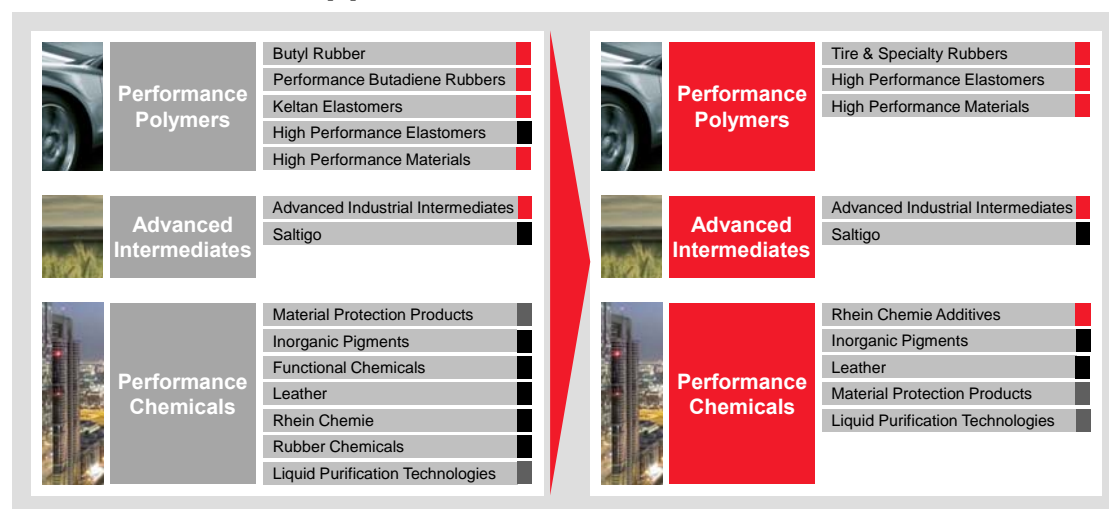
[€ m]	Dec'14	Jun'15	Sep'15		Dec'14	Jun'15	Sep'15
Non-current assets	4,101	4,109	4,016	Stockholders' equity	2,161	2,288	2,188
Intangible assets	320	313	289	Non-current liabilities	3,447	3,503	3,450
Property, plant & equipment	3,333	3,359	3,275	Pension & post empl. provis.	1,290	1,292	1,301
Equity investments	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

29

LANXESS


New business arrangements enable more efficient and effective market approach



30

LANXESS

Major projects completed

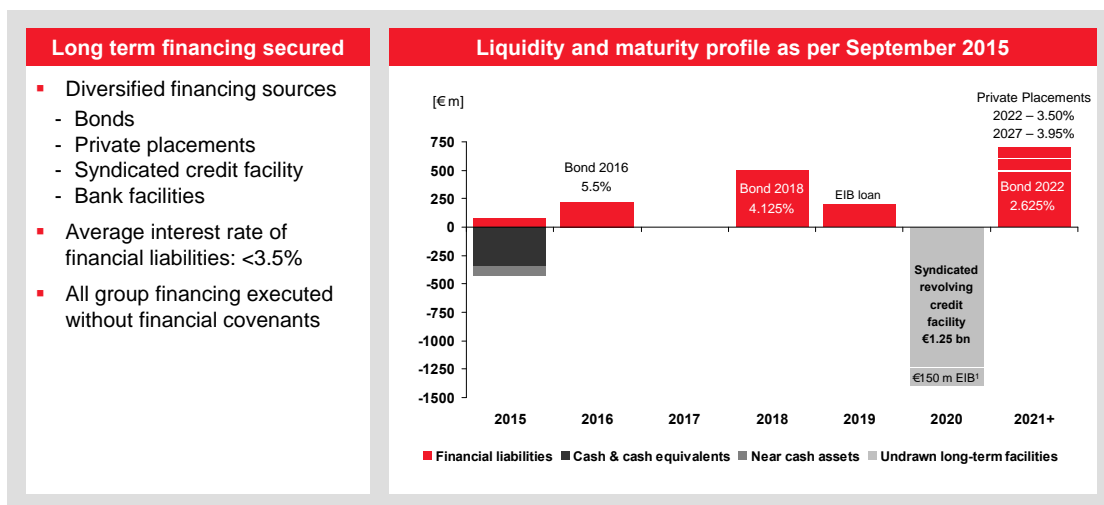
2013 (completed)	<p>BU TSR Butyl (SGP), Q1 2013, new plant 100kt</p> <p>BU HPE Chloroprene rubber (GER), H2 2013, debottlenecking +10%</p> <p>BU AII Dichlorobenzene (GER), Q1 2013, debottlenecking +15%</p> <p>BU AII Cresols (GER), end of 2013, debottlenecking +20%</p> <p>BU LEA Leather chemicals (CHN), H1 2013, up to 50kt</p> <p>BU LEA CO₂ plant (ZA), Q4 2013, new plant</p>	
2014 (completed)	<p>BU HPM Polyamide (Belgium), Q3 2014, new plant 90kt</p> <p>BU HPM Compounding (BRA), Q2 2014, new plant 20kt</p> <p>BU LPT Ion exchange resins (GER), mid 2014, debottlenecking +33%</p>	
2015 (completed)	<p>BU HPE EPDM (CHN), 2015, new plant 160kt</p> <p>BU TSR Nd-PBR (SGP), H1 2015, new plant 140kt</p>	
2015 +	<p>BU IPG Iron oxide red (CHN), Q1 2016, new plant 25kt</p> <p>BU IPG Mixing & milling (CHN), Q1 2016, new plant 70kt</p> <p>BU HPM Compounding (US), early 2016, debottlenecking +20kt</p> <p>BU TSR SSBR (BRA) conversion from ESR (110kt)*</p>	

* Expected for the tire label introduction in Brazil (2016); to be further evaluated

LANXESS

31

A well-managed and conservative maturity profile



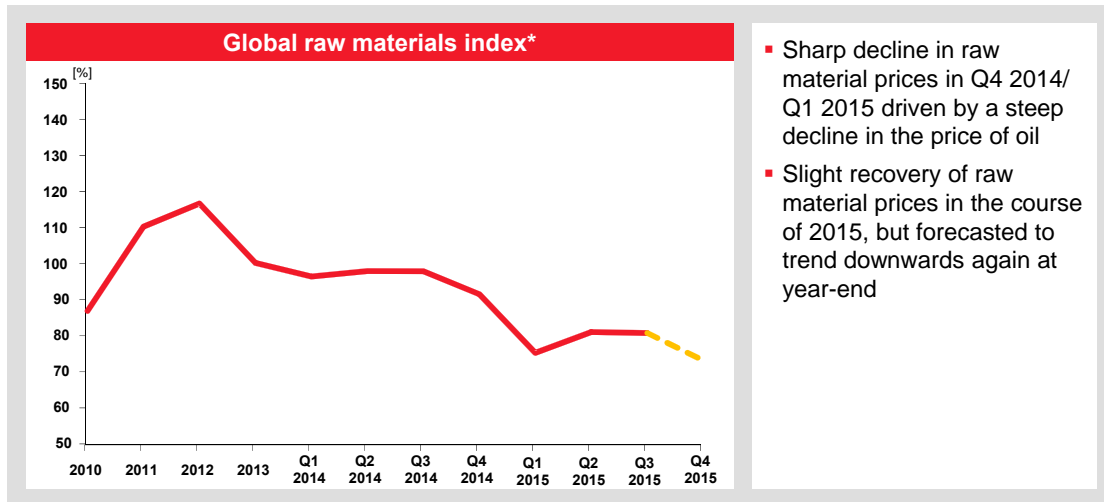
EIB = European Investment Bank

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

LANXESS

32

High volatility in raw material prices



* Source: LANXESS, average 2013 = 100%

33

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

34

LANXESS

Abbreviations

Performance Polymers		Performance Chemicals	
▪ TSR	Tire & Specialty Rubbers	▪ ADD	Rhein Chemie Additives
▪ HPE	High Performance Elastomers	▪ IPG	Inorganic Pigments
▪ HPM	High Performance Materials	▪ LEA	Leather
		▪ MPP	Material Protection Products
		▪ LPT	Liquid Purification Technologies
Advanced Intermediates			
▪ All	Advanced Industrial Intermediates		
▪ SGO	Saltigo		

35

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 15 th German Corporate Conference	January 19/20	Frankfurt
▪ HSBC Sustainability Conference 2016	February 2	Frankfurt
▪ Bankhaus Lampe 3 rd 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	

36

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

