



# Q1 2017 Roadshow

Despite challenges, 2017 should be the strongest year ever

Matthias Zachert, CEO

**LANXESS**  
Energizing Chemistry

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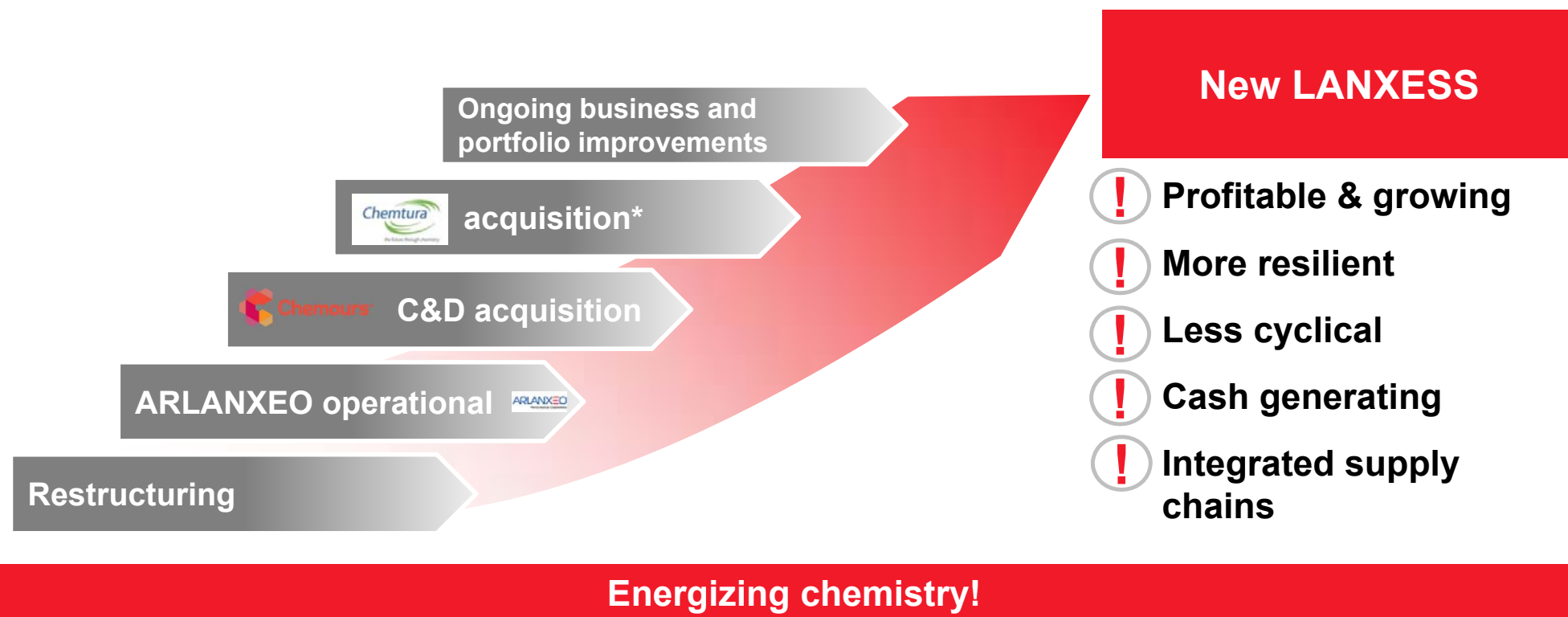
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# Agenda

- **Building a more resilient New LANXESS**
- Q1 2017 and guidance – Transformation on track
- Backup

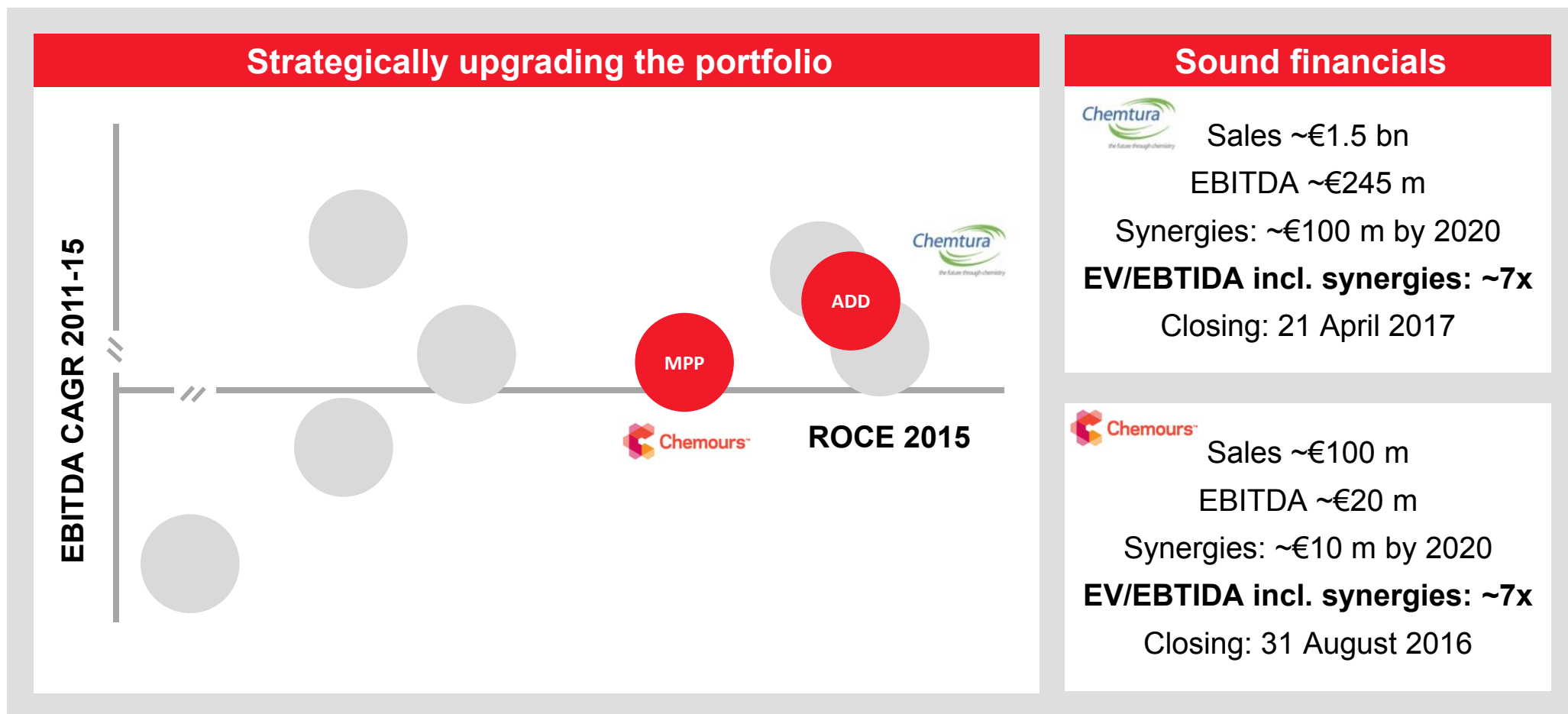
# On track to change the company into the New LANXESS

## Our path towards the New LANXESS




\* Closing on April 21, 2017

# 2 out of 8 business units have already been upgraded through strategic portfolio management



**Sound financials**





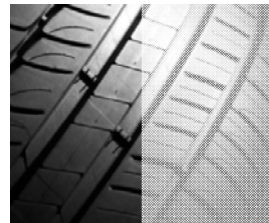
 Sales ~€1.5 bn  
 EBITDA ~€245 m  
 Synergies: ~€100 m by 2020  
**EV/EBTIDA incl. synergies: ~7x**  
 Closing: 21 April 2017

 Sales ~€100 m  
 EBITDA ~€20 m  
 Synergies: ~€10 m by 2020  
**EV/EBTIDA incl. synergies: ~7x**  
 Closing: 31 August 2016

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

# A more diversified and balanced portfolio

## Well balanced business set-up

<b>Sales [€]</b>	~2.0 bn	~2.0 bn	~1.5 bn	~1.5 bn	~3 bn
	<b>Advanced Intermediates</b>	<b>Specialty Additives**</b>	<b>Engineering Materials</b>	<b>Performance Chemicals</b>	<b>ARLANXEO*</b> joint venture for synthetic rubber
					
<b>Key strategic rationale</b>	Building a global and resilient intermediates player	Creating a major global additives business	Building an integrated engineering plastics player	Building a specialty division	Market leading in production and marketing of synthetic rubber

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

\*\* Reporting structure after closing of Chemtura acquisition

# A better end market exposure

## LANXESS in 2015

End market split by sales



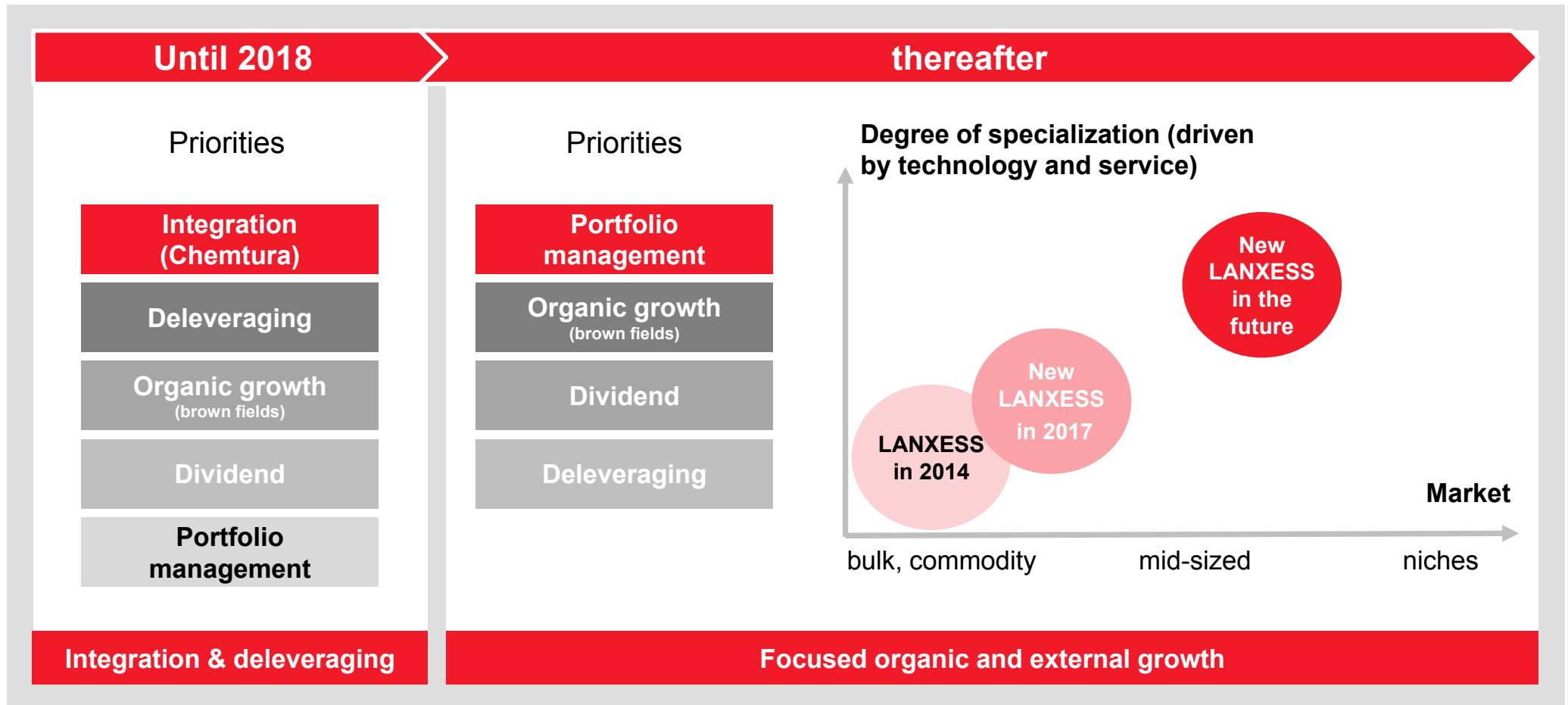
## New LANXESS ~2017

End market split by sales excl. ARLANXEO and incl. Chemtura



More diversified and resilient

# Progressing very focused





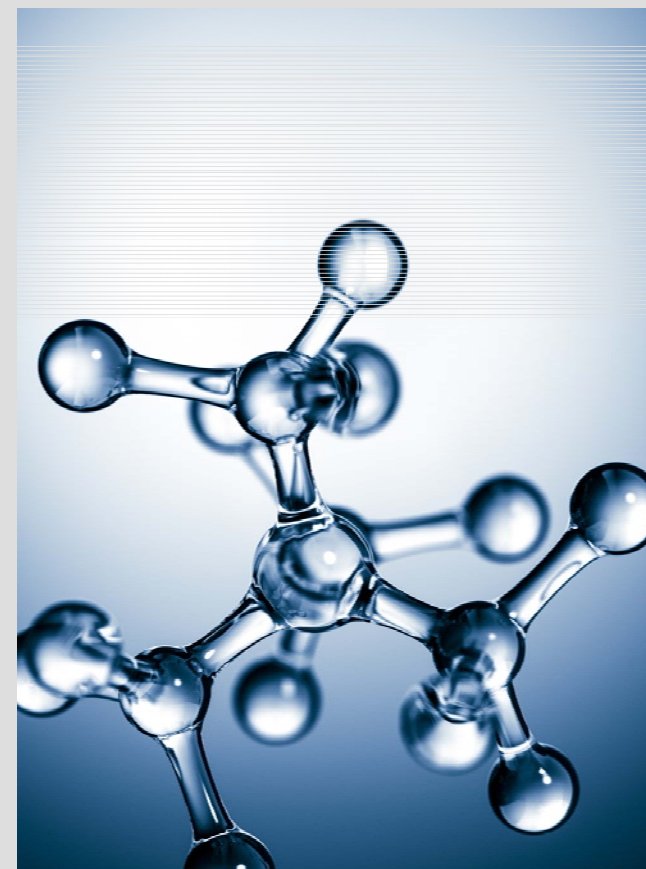
# Building on our core strength

**New LANXESS with strong foundation**

**Clear and prudent criteria for growth**

**Attractive organic and inorganic growth opportunities**





**Building a more resilient and cash generating company**



# Agenda

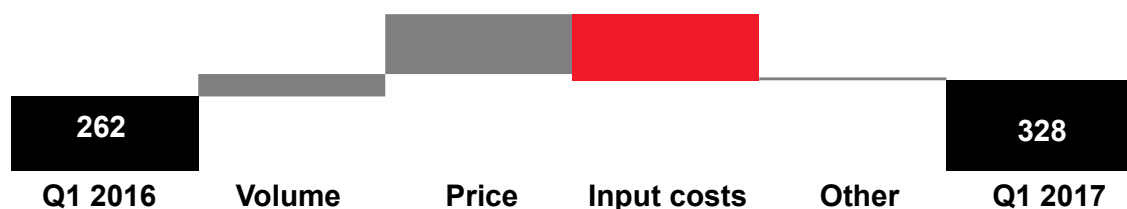
- Building a more resilient New LANXESS
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# Q1 2017: Strong volumes and successful management of raw material price increases

Q1 yoy sales variances		Price	Volume	FX	Portfolio	Total
	Adv. Intermediates	+2%	+9%	+1%	+0%	+12%
	Perf. Chemicals	+2%	+5%	+2%	+5%	+14%
	High Perf. Materials	+5%	+9%	+1%	+0%	+15%
	ARLANXEO	+28%	+17%	+4%	+0%	+48%
<b>LANXESS</b>		<b>+11%</b>	<b>+11%</b>	<b>+2%</b>	<b>+1%</b>	<b>+25%</b>

- Sales increase reflects strong Asian demand and successful raw material price pass-through
- Pre-buying effects visible
- Performance Chemicals benefits from Chemours acquisition

## Q1 yoy EBITDA pre bridge [€ m]



- Volume growth in all segments drives EBITDA pre
- Successful raw material price pass-through protects EBITDA pre development
- “Other” reflects mainly improved utilization and positive currency effects

## Q1 2017 financial overview: A successful start to the year

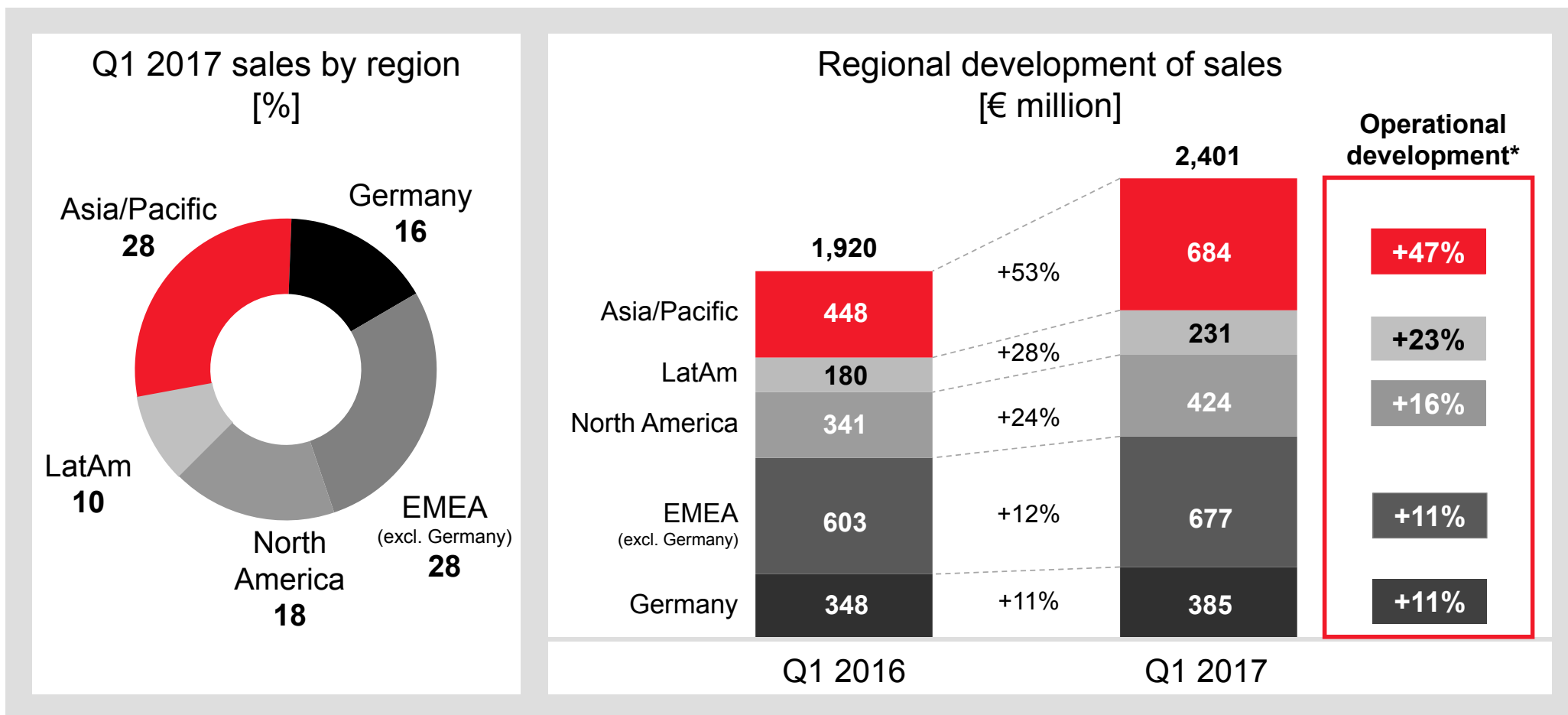
[€ m]	Q1 2016	Q1 2017	yoy in %
Sales	1,920	2,401	25%
EBITDA pre	262	328	25%
margin	13.6%	13.7%	
EPS	0.58	0.85	47%
EPS pre*	0.73	1.01	38%
Capex	49	57	16%
[€ m]	31.12.2016	31.03.2017	Δ %
Net financial debt**	269	298	11%
Net working capital	1,628	1,905	17%
ROCE**	9.6%	10.3%	

- Substantial increase in sales driven by higher prices (raw material price pass-through) and volumes
- EBITDA pre rises on strong volume growth; relatively weak comparable base
- Low net financial debt does not yet reflect payment for Chemtura acquisition
- Net working capital increases mainly on higher receivables
- ROCE improves steadily due to business evolution

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

\*\* after deduction of current financial assets

# Q1 2017: Higher prices and volumes in all regions



\* Currency and portfolio adjusted

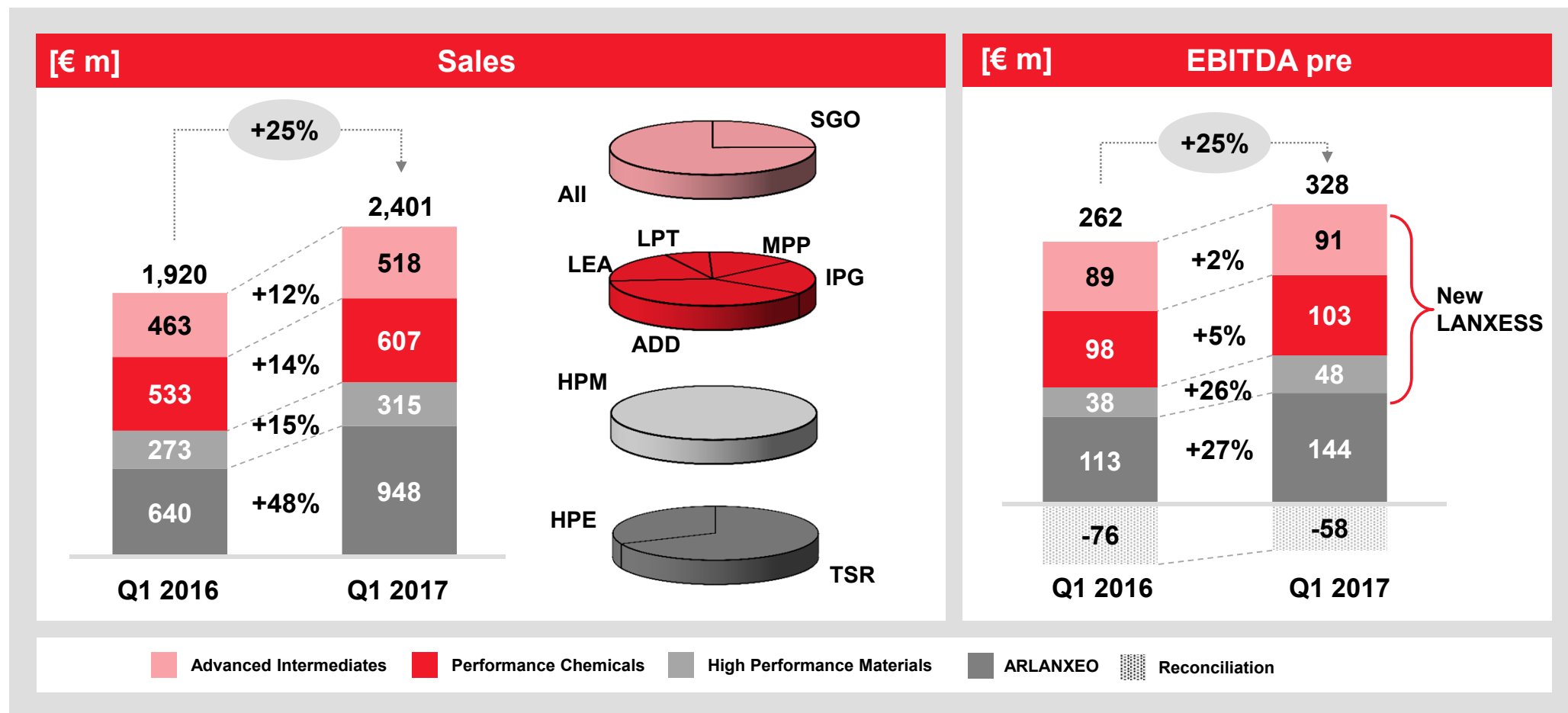
## Q1 2017: Visible increase in top and bottom line

[€ m]	Q1 2016		Q1 2017		yoy in %	
Sales	1,920	(100%)	2,401	(100%)	25%	<ul style="list-style-type: none"> <li>▪ Sales increase with strong volumes and higher prices (raw material price pass-through)</li> <li>▪ Cost of sales driven by higher input prices and volumes; the latter also drives selling expenses</li> <li>▪ Strong operational performance reflected in all earnings figures</li> <li>▪ EBITDA pre margin slightly above prior-year level despite inflation in top line</li> </ul>
Cost of sales	-1,459	(-76%)	-1,855	(-77%)	-27%	
Selling	-194	(-10%)	-218	(-9%)	-12%	
G&A	-72	(-4%)	-72	(-3%)	0%	
R&D	-30	(-2%)	-34	(-1%)	-13%	
<b>EBIT</b>	<b>131</b>	<b>(7%)</b>	<b>192</b>	<b>(8%)</b>	<b>47%</b>	
Non-controlling interests	0	(0%)	25	(1%)	>100%	
<b>Net Income</b>	<b>53</b>	<b>(3%)</b>	<b>78</b>	<b>(3%)</b>	<b>47%</b>	
<b>EPS pre*</b>	<b>0.73</b>		<b>1.01</b>		<b>38%</b>	
EBITDA	251	(13%)	316	(13%)	26%	
thereof exceptionals	-11	(-1%)	-12	(0%)	-9%	
<b>EBITDA pre exceptionals</b>	<b>262</b>	<b>(14%)</b>	<b>328</b>	<b>(14%)</b>	<b>25%</b>	

**Strong volume growth and raw material price volatility under control**

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

# Q1 2017: Strong increases in sales and EBITDA pre



Total group sales including reconciliation

# Q1 2017: Strong volumes fuel EBITDA growth in all segments

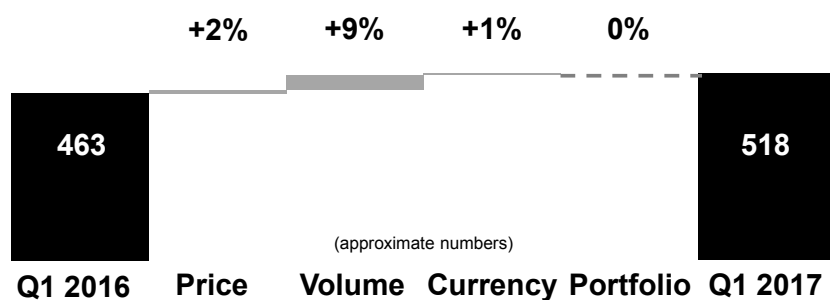
Advanced Intermediates				Performance Chemicals				High Performance Materials				ARLANXEO			
Price	Volume	FX	Portfolio	Price	Volume	FX	Portfolio	Price	Volume	FX	Portfolio	Price	Volume	FX	Portfolio
+2%	+9%	+1%	-	+2%	+5%	+2%	+5%	+5%	+9%	+1%	-	+28%	+17%	+4%	-
			<b>Total</b>				<b>Total</b>				<b>Total</b>				<b>Total</b>
<ul style="list-style-type: none"> <li>Strong volumes in both BUs</li> <li>EBITDA pre increase held back by lagging raw material price pass-through and higher energy costs</li> </ul>				<ul style="list-style-type: none"> <li>Volume increases: BUs ADD (additives), MPP (biocides) and LEA (organic leather chemicals &amp; chro. chemicals)</li> <li>EBITDA pre benefits from volumes and M&amp;A, while mitigated by cost increase due to currencies and energy prices</li> </ul>				<ul style="list-style-type: none"> <li>Successfully passed-on higher raw material prices</li> <li>Visible increase in high-tech compounds</li> <li>EBITDA pre improvement on better product mix and higher utilization rates</li> </ul>				<ul style="list-style-type: none"> <li>Pass-through of significantly higher raw material prices</li> <li>Substantially higher volumes due to strong demand from Asia; also due to pre-buying</li> <li>EBITDA pre rises on higher volumes, efficient use of global production network and some FX support</li> </ul>			
[€ m]		Q1'16	Q1'17	[€ m]		Q1'16	Q1'17	[€ m]		Q1'16	Q1'17	[€ m]		Q1'16	Q1'17
Sales		463	518	Sales		533	607	Sales		273	315	Sales		640	948
EBITDA pre		89	91	EBITDA pre		98	103	EBITDA pre		38	48	EBITDA pre		113	144
Margin		19%	18%	Margin		18%	17%	Margin		14%	15%	Margin		18%	15%



# Advanced Intermediates: Reliable, stable earnings generator

[€ m]	Q1 2016	Q1 2017	Δ
<b>Sales</b>	<b>463</b>	<b>518</b>	<b>12%</b>
EBIT	64	65	2%
Depr./Amort.	25	26	4%
<b>EBITDA pre exceptionals</b>	<b>89</b>	<b>91</b>	<b>2%</b>
Margin	19.2%	17.6%	
Capex	9	16	78%

## Q1 sales bridge yoy [€ m]



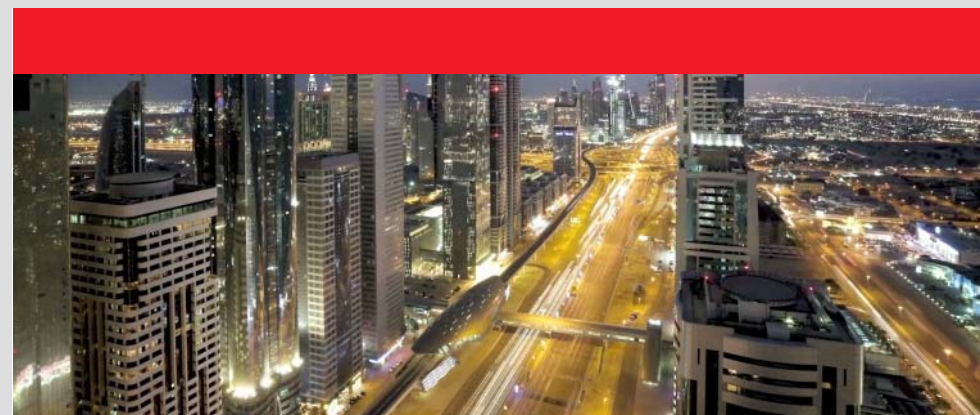
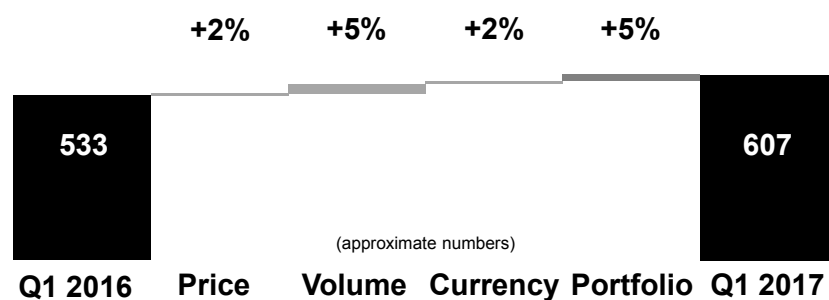
## Q1 yoy effects

- BU All sales with raw material-driven price increases (e.g. benzene)
- Strong volumes in both BUs: BU All with strong demand across all end markets and BU SGO due to different timing patterns yoy in custom manufacturing
- EBITDA pre increase held back by lagging raw material price pass-through and higher energy prices
- Higher capex due to investments in BU SGO

# Performance Chemicals: Continued improvement

[€ m]	Q1 2016	Q1 2017	Δ
<b>Sales</b>	<b>533</b>	<b>607</b>	<b>14%</b>
EBIT	76	77	1%
Depr./Amort.	22	26	18%
<b>EBITDA pre exceptionals</b>	<b>98</b>	<b>103</b>	<b>5%</b>
Margin	18.4%	17.0%	
Capex	16	18	13%

## Q1 sales bridge yoy [€ m]



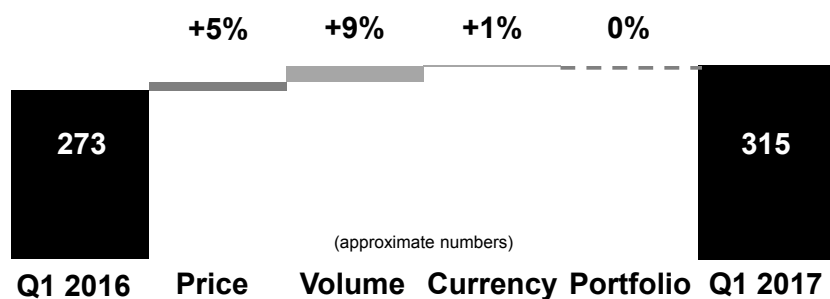
## Q1 yoy effects

- Higher or stable prices in all business units
- Volume increase due to strong demand in BUs ADD (additives), MPP (biocides) and LEA (organic leather chemicals and chrome chemicals)
- EBITDA pre benefits from higher volumes and contribution from acquisition of Clean&Disinfect business
- Cost increase due to currencies and energy prices

# High Performance Materials: Engineering compounds drive volumes

[€ m]	Q1 2016	Q1 2017	Δ
<b>Sales</b>	<b>273</b>	<b>315</b>	<b>15%</b>
EBIT	27	37	37%
Depr./Amort.	11	11	0%
<b>EBITDA pre exceptionals</b>	<b>38</b>	<b>48</b>	<b>26%</b>
Margin	13.9%	15.2%	
Capex	5	4	-20%

## Q1 sales bridge yoy [€ m]



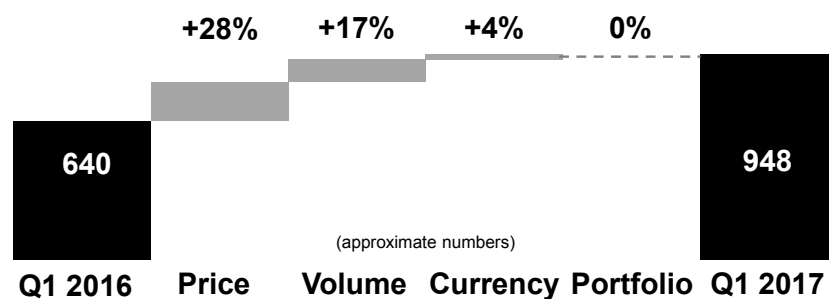
## Q1 yoy effects

- Successfully passed-on higher raw material prices (cyclohexane)
- Strong volume increase across all product groups and regions; visible increase in high-tech compounds
- EBITDA pre improvement on better product mix and very good utilization rates

# ARLANXEO: Temporary strong demand with record sales in March

[€ m]	Q1 2016	Q1 2017	Δ
<b>Sales</b>	<b>640</b>	<b>948</b>	<b>48%</b>
EBIT	57	85	49%
Depr./Amort.	56	57	2%
<b>EBITDA pre exceptionals</b>	<b>113</b>	<b>144</b>	<b>27%</b>
Margin	17.7%	15.2%	
Capex	16	17	6%

## Q1 sales bridge yoy [€ m]



## Q1 yoy effects

- Significant price increase driven by BU TSR: successful pass-through of higher raw materials prices (butadiene)
- Substantially higher volumes in both BUs with strong demand from Asia; also due to pre-buying
- EBITDA pre increases visibly due to higher volumes, efficient use of global production network and some currency support
- Competitive pressure in EPDM persists

## Q1 2017: Cash flow mitigated by inflated working capital

[€ m]	Q1 2016	Q1 2017	
<b>Profit before tax</b>	<b>94</b>	<b>162</b>	<ul style="list-style-type: none"> <li>▪ Profit before tax higher on strong business performance</li> <li>▪ Higher cash taxes due to improved results and some timing effects</li> <li>▪ Changes in other assets and liabilities mainly reflect personnel-related provision building</li> <li>▪ Working capital: normal seasonal pattern; however significantly higher raw material prices vs. year end and higher receivables due to strong volumes sold</li> </ul>
Depreciation & amortization	120	124	
Financial (gain) losses	17	20	
Income taxes paid	-42	-65	
Changes in other assets and liabilities	77	42	
<b>Operating cash flow before changes in WC</b>	<b>266</b>	<b>283</b>	
Changes in working capital	-218	-273	
<b>Operating cash flow</b>	<b>48</b>	<b>10</b>	
<b>Investing cash flow</b>	<b>56</b>	<b>-15</b>	
Thereof capex	-49	-57	
<b>Financing cash flow</b>	<b>-137</b>	<b>52</b>	

# Strong balance sheet

[€ m]	Dec 2016	Mar 2017
<b>Total assets</b>	<b>9,877</b>	<b>10,202</b>
Equity (incl. Non-controlling interest)	3,728	3,816
<b>Equity ratio</b>	<b>38%</b>	<b>37%</b>
<b>Net financial debt</b> (after deduction of current financial assets)	<b>269</b>	<b>298</b>
Near cash, cash & cash equivalents	395	494
<b>Pension provisions</b>	<b>1,249</b>	<b>1,300</b>
<b>ROCE<sup>1</sup></b>	<b>9.6%</b>	<b>10.3%</b>
<b>Net working capital</b>	<b>1,628</b>	<b>1,905</b>
DSI (in days) <sup>2</sup>	67	56
DSO (in days) <sup>3</sup>	51	50

- Total assets increase mainly due to higher receivables from strong business momentum
- Equity ratio remains strong
- Net financial debt at low level; LANXESS well prepared for Chemtura acquisition
- Net working capital increases due to significant increase of raw material prices; a reduction of inventory volume mitigates

<sup>1</sup> Based on last twelve months for EBIT pre after deduction of current financial assets

<sup>2</sup> Days sales of inventory calculated from quarterly sales

<sup>3</sup> Days of sales outstanding calculated from quarterly sales

# Total assets extended mainly due to an increase in receivables

[€ m]	Dec 2016	Mar 2017		Dec 2016	Mar 2017
<b>Non-current assets</b>	<b>4,519</b>	<b>4,487</b>	<b>Stockholders' equity</b>	<b>3,728</b>	<b>3,816</b>
Intangible assets	494	490	attrib. to non-contr. interests	1,176	1,203
Property, plant & equipment	3,519	3,456	<b>Non-current liabilities</b>	<b>4,516</b>	<b>4,586</b>
Equity investments	0	0	Pension & post empl. provis.	1,249	1,300
Other investments	12	11	Other provisions	319	336
Other financial assets	19	19	Other financial liabilities	2,734	2,733
Deferred taxes	442	478	Tax liabilities	31	31
Other non-current assets	33	33	Other liabilities	100	97
			Deferred taxes	83	89
<b>Current assets</b>	<b>5,358</b>	<b>5,715</b>	<b>Current liabilities</b>	<b>1,633</b>	<b>1,800</b>
Inventories	1,429	1,494	Other provisions	406	487
Trade account receivables	1,088	1,338	Other financial liabilities	78	135
Other current financial assets	2,130	2,039	Trade accounts payable	889	927
Other current assets	316	350	Tax liabilities	44	57
Near cash assets	40	90	Other liabilities	216	194
Cash and cash equivalents	355	404			
<b>Total assets</b>	<b>9,877</b>	<b>10,202</b>	<b>Total equity &amp; liabilities</b>	<b>9,877</b>	<b>10,202</b>

- Financial liabilities include three bonds totaling €1.5 bn that were issued to finance the Chemtura acquisition
- Other current financial assets include the proceeds of these bonds plus part of the €1.2 bn cash received from Saudi Aramco for 50% in ARLANXEO

# 2017 should be the strongest year ever, despite several challenges that still need to be tackled

## Macro economics

- Europe and North America should grow similar to prior year
- Asia/Pacific with improved growth rates against 2016: Very strong at the beginning of the year, but fading towards H2 2017
- Latin America should turn positive in 2017 (driven by Brazil)

## FY 2017

- Major maintenance shutdowns in Q2 (ARLANXEO) and Q4 (BU HPM)
- Strong start to the year, however with some pre-buying in Asia
- Despite raw material price volatility, business dynamics remain healthy in Q2
- Growth rates expected to soften in H2 (seasonality and high comparables)
- **FY 2017 EBITDA pre expected between €1,225 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 1.10



# Agenda

- Building a more resilient New LANXESS
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**Backup**

# Housekeeping items excluding Chemtura

## Additional financial expectations excluding Chemtura

- Capex 2017: ~€450-500 m (thereof ~€150 m ARLANXEO)
- Operational D&A 2017: ~€480 m (thereof ~€220 m ARLANXEO)
- Reconciliation 2017: ~-€170 m EBITDA pre incl. hedging
- Tax rate: Mid-term: 30-35% (for New LANXESS)
- Dividend policy: Aiming for a rising or at least stable dividend



### Please note:

- From Q2 2018 onwards, ARLANXEO will be shown as “discontinued operations”
- From Q2 2019 onwards, ARLANXEO will be accounted for “at equity”

All data excludes the contribution from the Chemtura acquisition as of April 21, 2017  
At USD/EUR 1.10

# 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

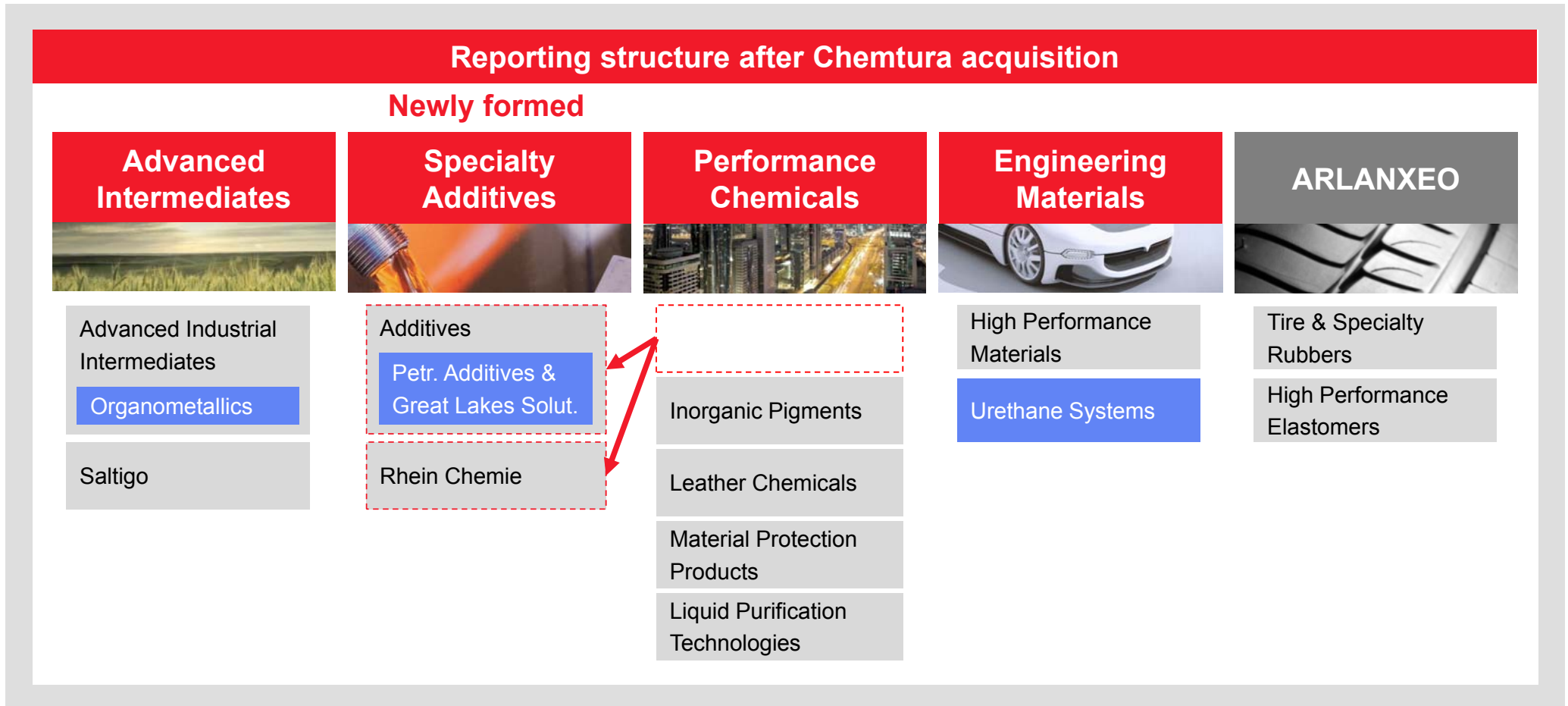
## First indicative considerations after closing

- 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

# LANXESS has formed five strong segments



LANXESS Business Units

Former Chemtura Business Units



## 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

# Details on synergies and one-time costs of Chemtura acquisition

## Preliminary implementation schedule of Chemtura acquisition

	2016	2017	2018	2019	2020	Total
[€ m] Expense (one-time costs)*		~70	~30	~20	~20	~140
[€ m] Capex		~30	~10	~10		~50
[€ m] Synergies		~25	~25	~35	~15	~100

\* Excluding ~€80 m transaction related cash-outs

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



5 year lock-up period negotiated between Saudi Aramco and LANXESS

3 years casting vote at LANXESS



01.04.2016

31.03.2018

31.03.2019

31.03.2021

100% consolidation

Discontinued operations

At equity consolidation



# ARLANXEO effects on LANXESS' income statement, P&L and cash flow

## Discontinued operations from Q2 2018

### P&L:

- P&L down to after tax income will stop reflecting ARLANXEO
- 100% of ARLANXEO net income\* will be shown as "income from discontinued operations"
- 50% of ARLANXEO net income is then attributable to "non-controlling interest"

### Balance sheet:

- ARLANXEO assets will be bundled in one position "assets -" and "liabilities from discontinued operations"

### Cash Flow:

- Operating / investing / financing cash flow will each be split in "continuing" and "discontinued" portion either in the statement or in the notes

## At equity consolidation from Q2 2019

### P&L:


- LANXESS will account for its 50% ARLANXEO stake at equity

### Balance sheet:






- ARLANXEO's assets & liabilities and Aramco's equity share leave LANXESS' balance sheet
- 50% of ARLANXEO stake will be reflected in "investments accounted for using the equity method"

### Cash Flow:

- In case dividends are paid from ARLANXEO to both parents, this will be shown in investing cash flow

 \* IFRS 5: Non-current assets shall not be depreciated/amortized when shown as discontinued operations

# New LANXESS with strong ROCE

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

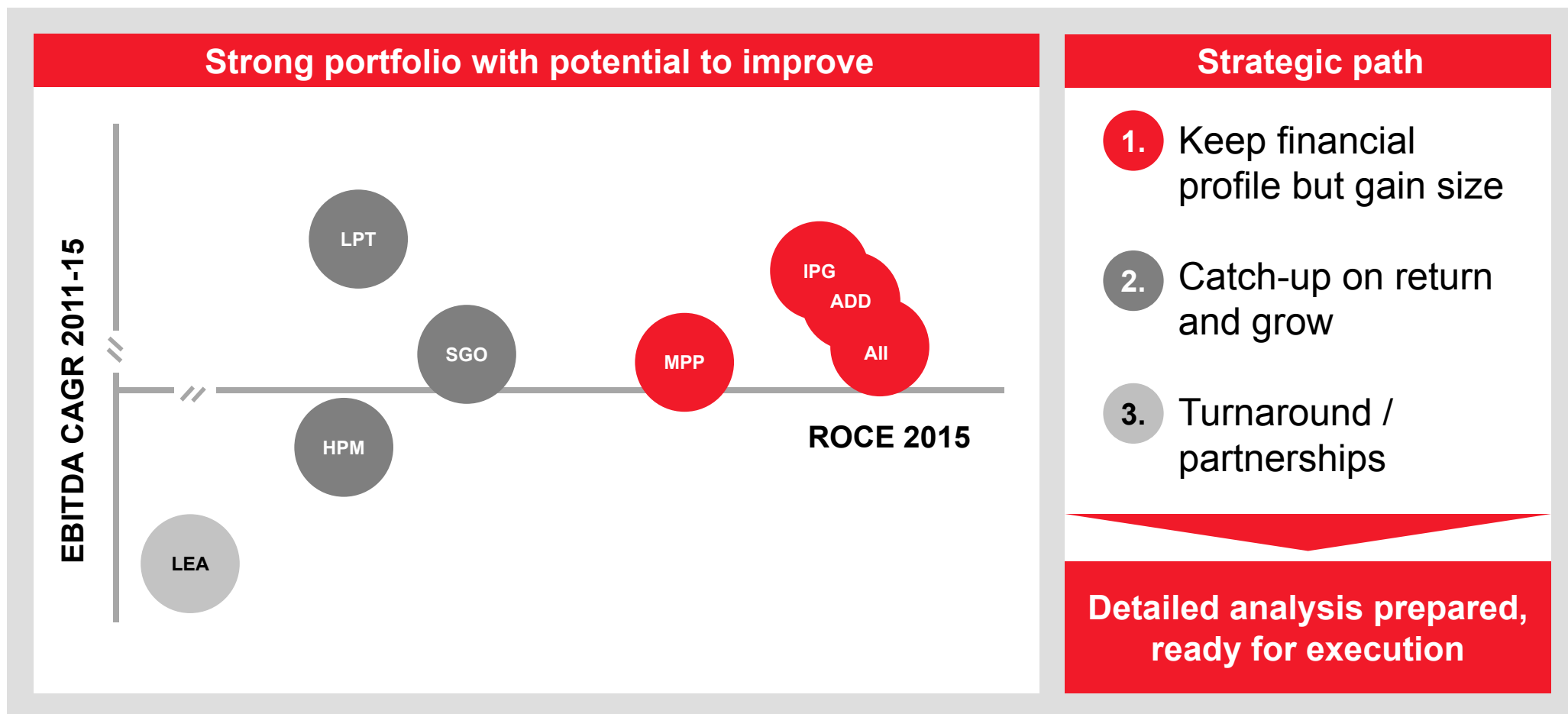
**A solid EBITDA contribution from all segments**

EBITDA pre and margin for HPM and ARLANXEO are unaudited figures; ROCE split is an approximation

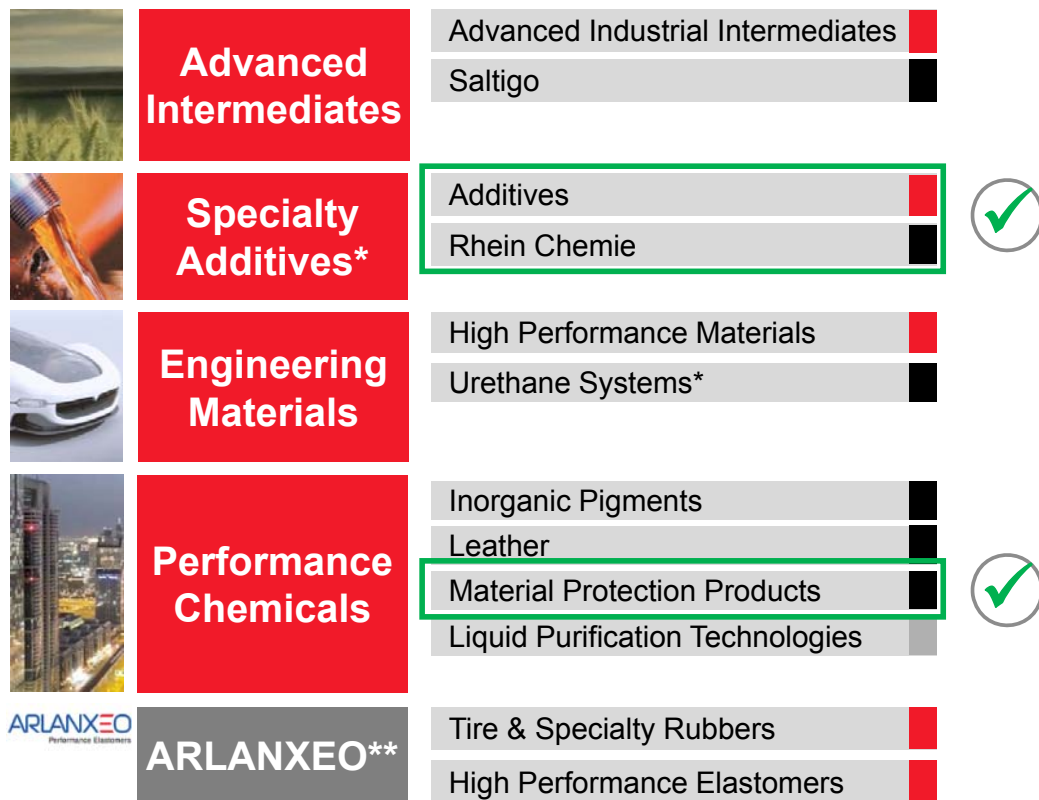
\* For segments: Operational EBITDA pre without allocation of hedging expenses

\*\* Adjusted for current financial assets

# Dedicated value maximizing strategy for each business unit



# Further potential for portfolio optimization



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

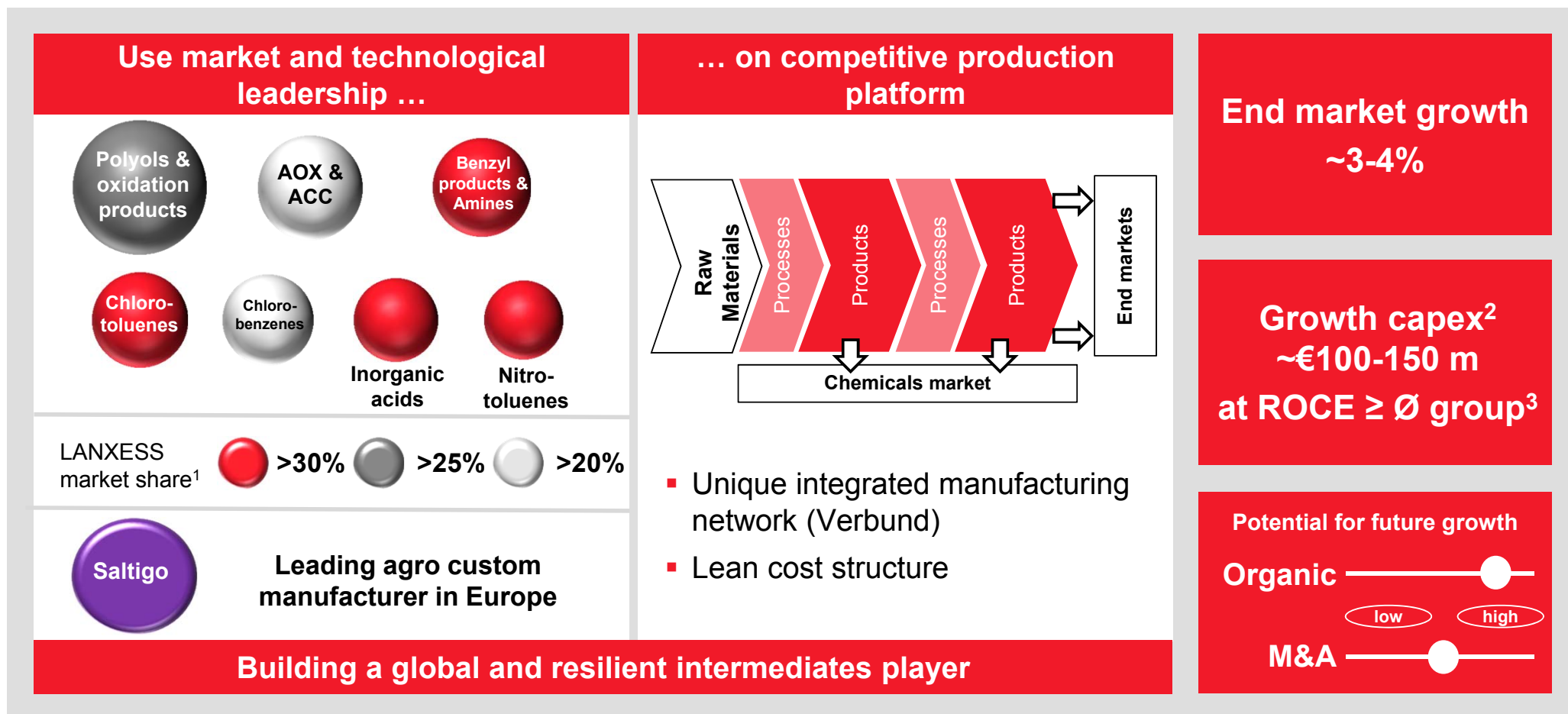
**Ongoing implementation**

\* 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

# Advanced Intermediates: Efficient, resilient, expandable

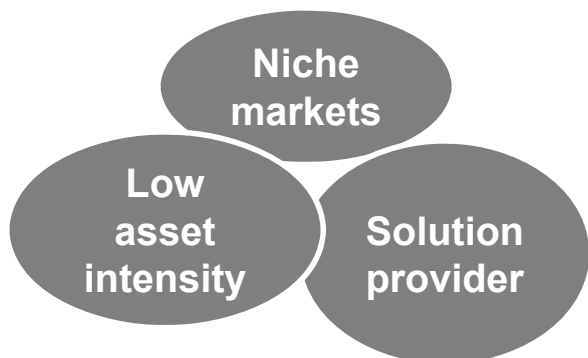


Bubble sizes represents sales

<sup>1</sup> By capacity; <sup>2</sup> Growth capex for the years 2016-2020; <sup>3</sup> Refers to New LANXESS

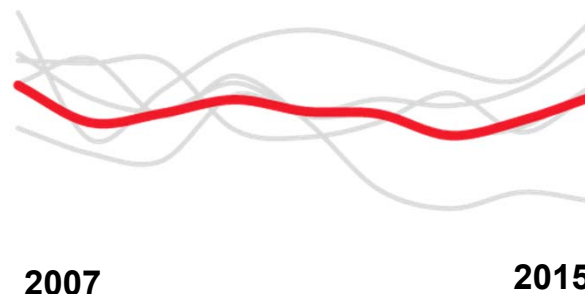
# Performance Chemicals: Making them shine

Leverage technology positions...



... and upgrade product mix further

Segment & BUs EBITDA margin



End market growth  
~3%

Growth capex\*  
~€100-150 m  
at ROCE  $\geq$   $\emptyset$  group\*\*

Additives



Pigments



Biocides



Leather



Water



Building a specialty division through organic and external growth

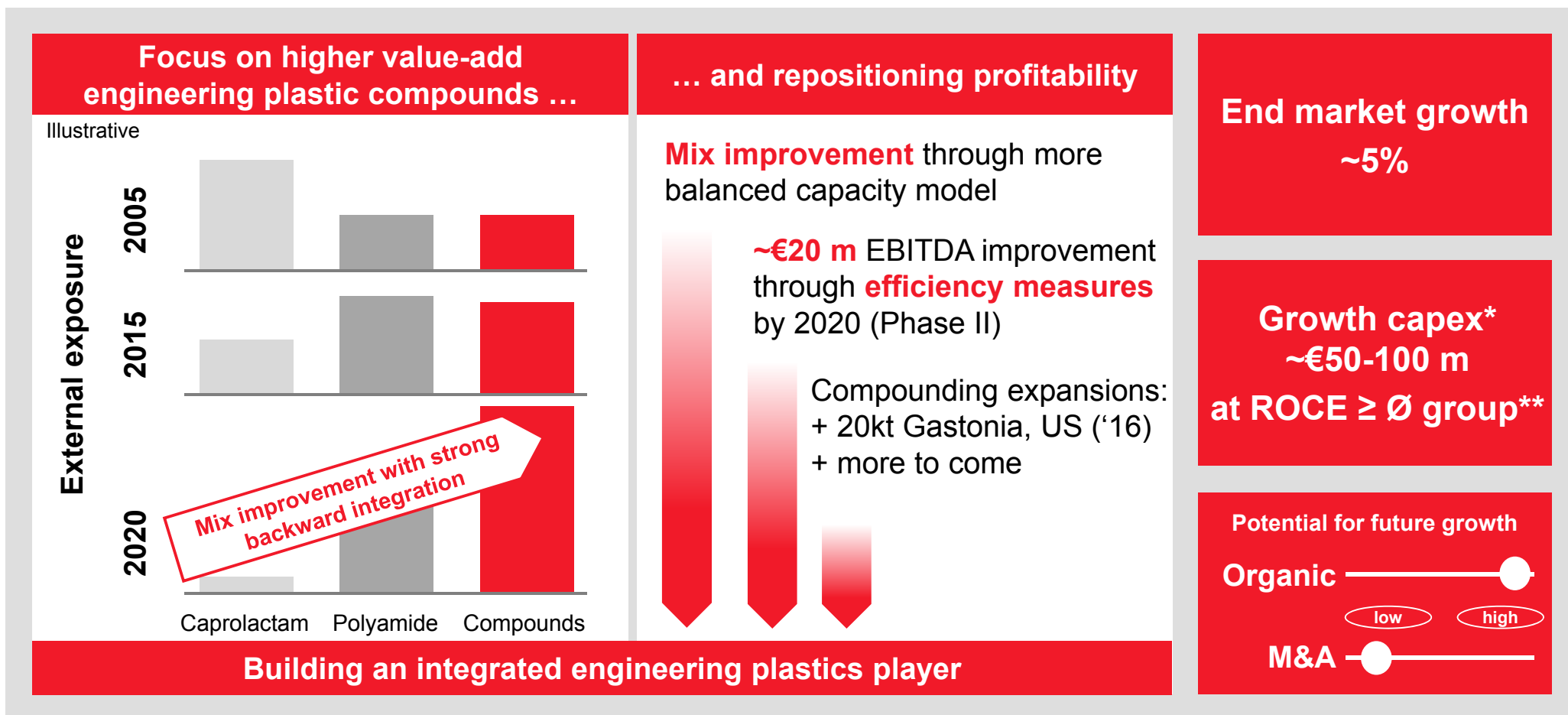
Potential for future growth



\* Growth capex for the years 2016-2020

\*\* Refers to New LANXESS

# High Performance Materials: It's growth and mix



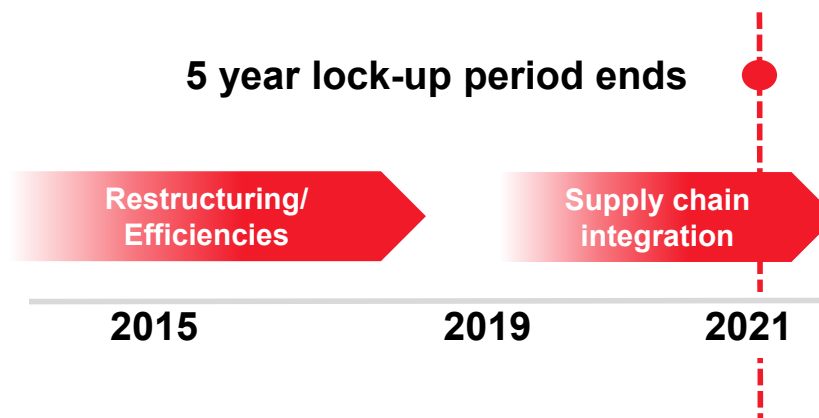
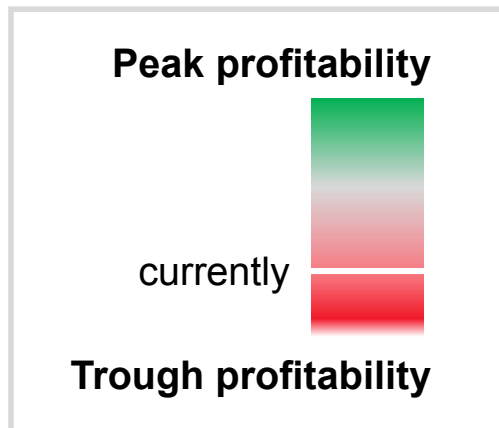
\* Growth capex for the years 2016-2020

\*\* Refers to New LANXESS

# And finally a few thoughts on ARLANXEO

## Excellent position through the strength of both partners

- Leadership position in most rubber types with global reach
- Leadership in quality and technology
- Improvement of production costs (restructuring and implementation of efficiency measures)
- Improvement of raw material access by building and integrating supply chains



End market growth  
~3-4%

Well invested asset  
base

Potential for future growth

Organic

M&A

low high



# 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 anticipated mid-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



## A global, specialty chemical company\*

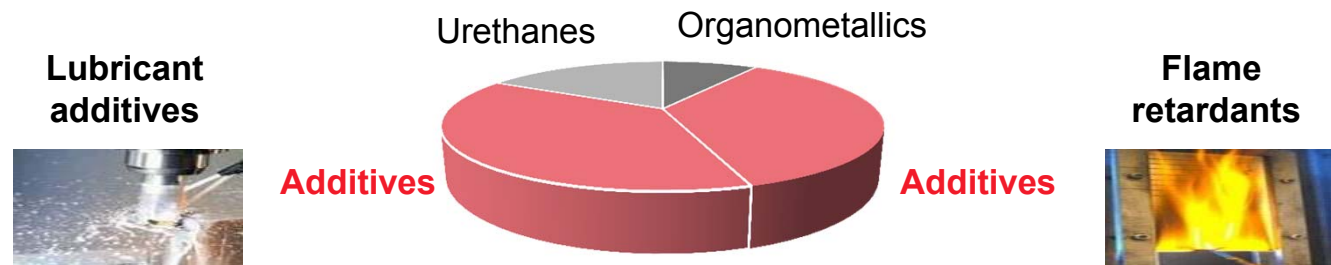
- Sales ~€1.5 bn
- EBITDA pre ~€245 m
- ~2,500 employees
- 20 sites in 11 countries



■ North America    ■ Europe  
■ Asia                    ■ Latin America

## Well established in lubricant additives and flame retardants

Sales split



## Key customer bases growing\*\*

Building & construction



~3.0%

Electrical & Electronics



~5.5%

Energy



~2.0%

Transportation



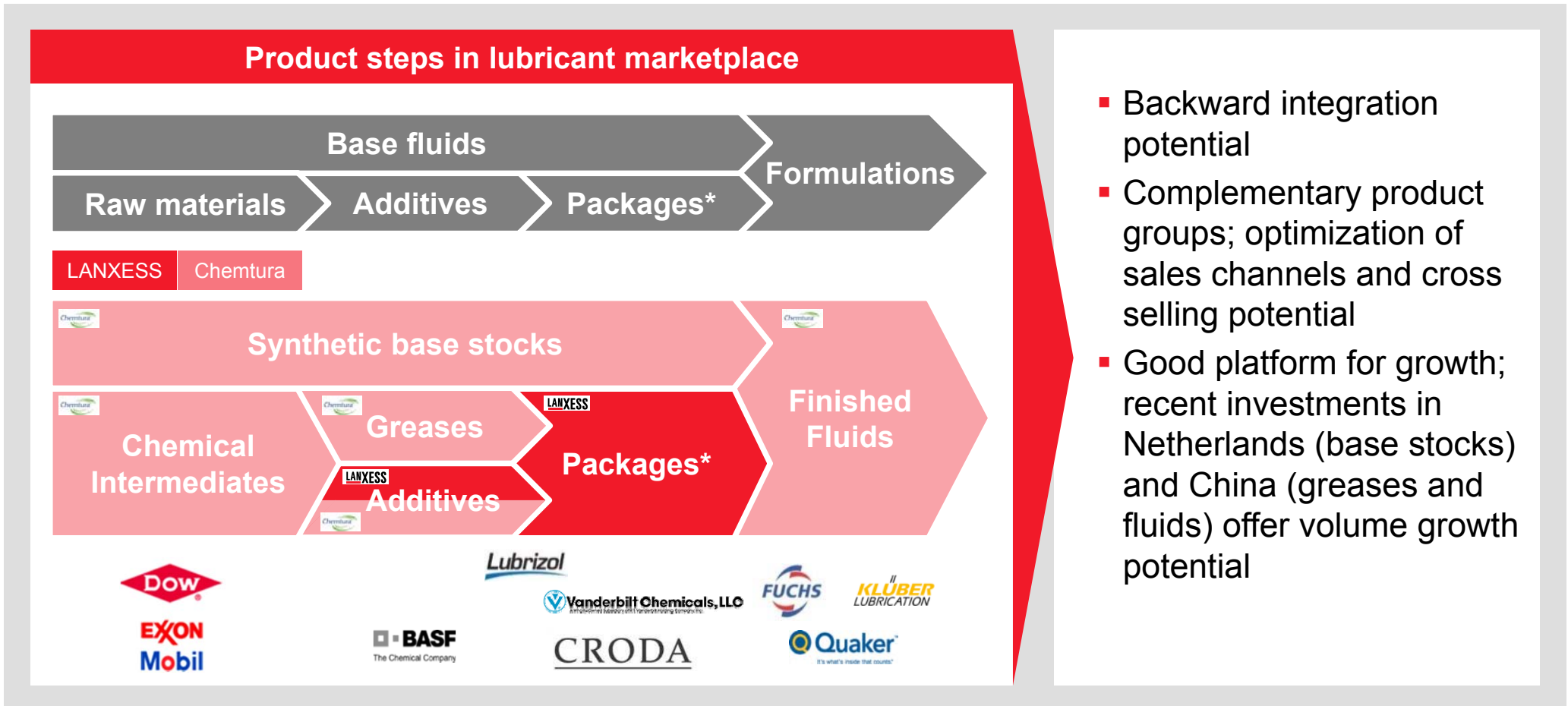
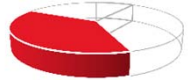
~3.5%

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)

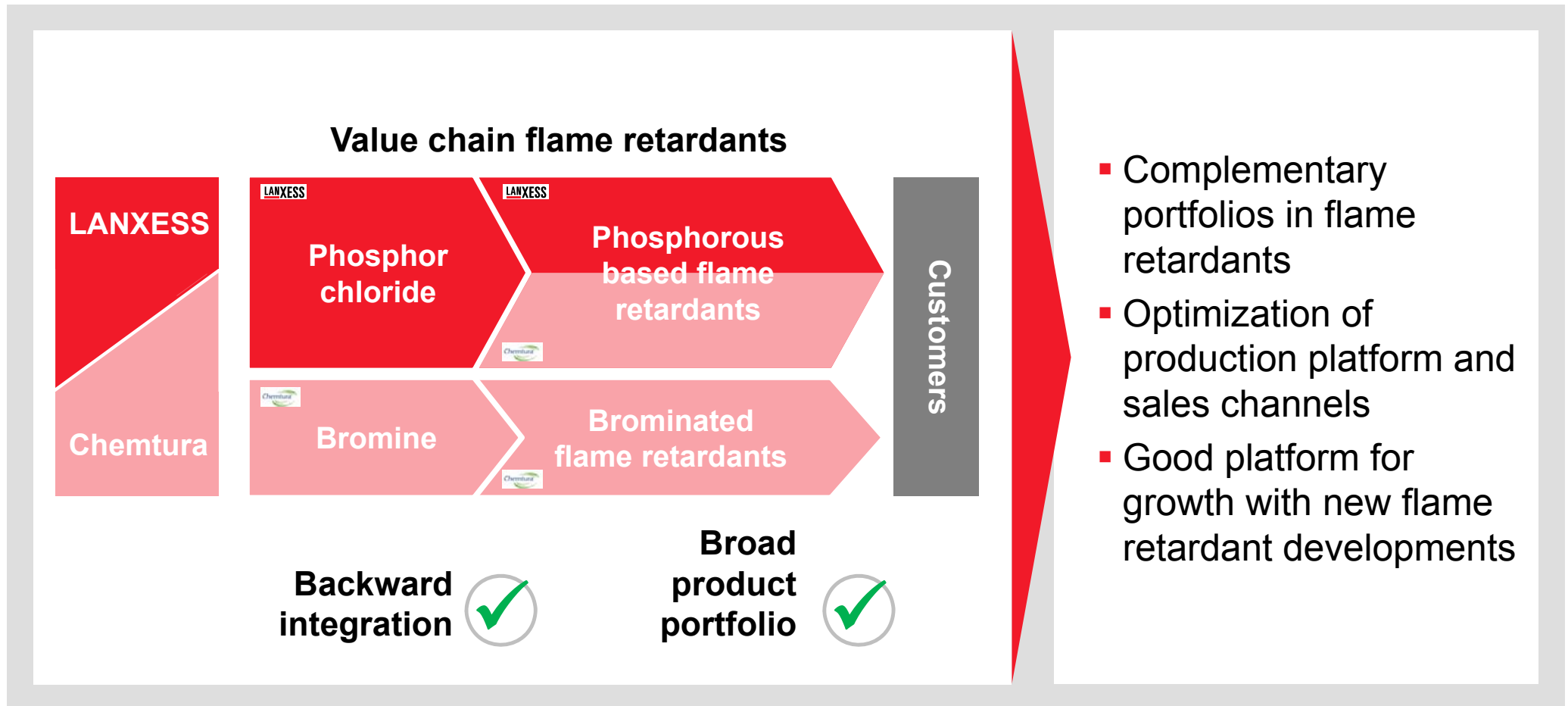
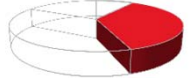
# Strengthened integrated value chain in lubricants and lubricant additives



- Backward integration potential
- Complementary product groups; optimization of sales channels and cross selling potential
- Good platform for growth; recent investments in Netherlands (base stocks) and China (greases and fluids) offer volume growth potential

\* Packages: technical term for formulations / mixtures of different additive components

# A strong platform and value proposition in the flame retardants business will be created



# Corporate Responsibility well integrated - achieving goals sustainably

## Climate / Environmental goals

- Reduction of specific CO<sub>2</sub> emission by 25%<sup>1</sup> until 2025
- Reduction of specific energy consumptions by 25%<sup>1</sup> until 2025
- Reduction of volatile organic compounds (NMVOC<sup>3</sup>) emissions by 25%<sup>1</sup> until 2025

## Procurement initiatives

- 'Supplier Code of Conduct' for supplier selection and rating
- 'Together for Sustainability' initiative<sup>2</sup> 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 AMREF<sup>4</sup>
- Education initiatives with local and global commitment



<sup>1</sup> Base year: 2015; for CO<sub>2</sub>: Scope 1 and Scope 2 emissions

<sup>2</sup> Members: BASF, Bayer, Evonik, Henkel, LANXESS, Akzo Nobel, Solvay

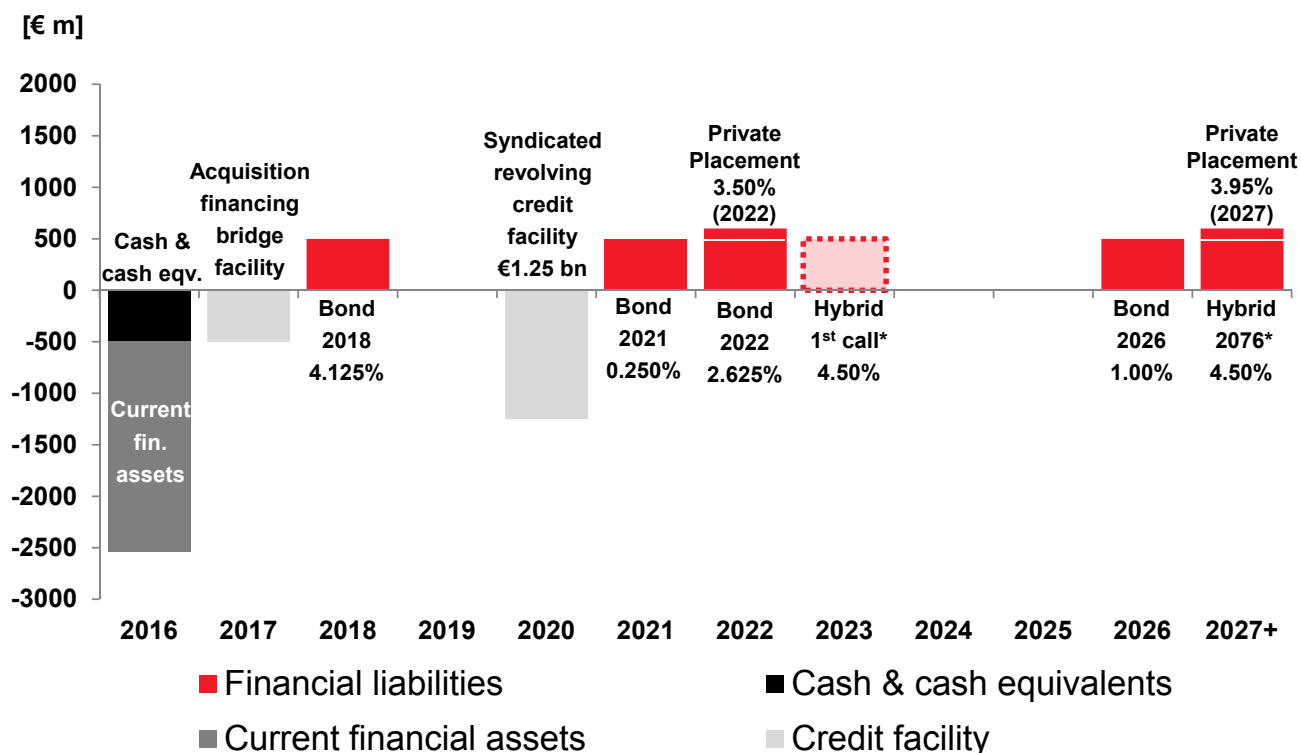
<sup>3</sup> Non methane volatile organic compounds; <sup>4</sup> African Medical and Research Foundation

# Maturity profile actively managed and well balanced

## Long-term financing secured

- Liquidity position reduced with closing of Chemtura acquisition on April 21, 2017
- Undrawn bridge facility was cancelled on closing date
- Diversified financing sources
  - Bonds & private placements
  - Syndicated credit facility
- Average interest rate of financial liabilities <3%
- All group financing executed without financial covenants

## Liquidity and maturity profile as per March 2017



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

# High volatility in raw material prices

Global raw materials index\*



- Sharp decline in raw material prices in Q4 2014/ Q1 2015 driven by a steep drop in the price of oil
- 2015: Volatile raw material prices trended downwards through year end
- 2016 with an upward trend that accelerated during Q4
- 2017 started with a spike in raw material prices which we expect to partially reverse in Q2

\* Source: LANXESS, average 2013 = 100%

# Overview exceptional items Q1 2017

[€ m]	Q1 2016		Q1 2017	
	Excep.	Thereof D&A	Excep.	Thereof D&A
Advanced Intermediates	0	0	0	0
Performance Chemicals	0	0	0	0
High Performance Materials	0	0	0	0
ARLANXEO	0	0	2	0
Reconciliation	11	0	10	0
<b>Total</b>	<b>11</b>	<b>0</b>	<b>12</b>	<b>0</b>





# Abbreviations

## Advanced Intermediates

- All 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

## High Performance Materials (in future: Engineering Materials)

- HPM High Performance Materials
- URE Urethane Systems\*

## ARLANXEO\*\*

- TSR Tire & Specialty Rubbers
- HPE High Performance Elastomers

\* Future reporting structure after closing of Chemtura acquisition on April 21, 2017

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

# Upcoming events 2017

## Proactive capital market communication

▪ Citi's Inaugural Chemicals Conference	May 16	London
▪ <b>Annual General Meeting</b>	<b>May 26</b>	<b>Cologne</b>
▪ Société Générale Nice Conference 2017	June 1/2	Nice
▪ Deutsche Bank dbAccess Berlin Conference	June 22/23	Berlin
▪ Morgan Stanley Cannon Ball Run	June 27	Cologne
▪ Exane BNP 19 <sup>th</sup> European CEO Conference	June 13	Paris
▪ mBank Chemicals Day 2017	June 20	Warsaw
▪ Credit Suisse Global Chemicals and Agriculture Conference	June 20	London
▪ <b>Q2 results 2017</b>	<b>August 10</b>	
▪ <b>Meeting the Management 2017</b>	<b>September 6</b>	<b>Cologne</b>
▪ SdK Börsentag Hannover	September 13	Hanover
▪ 6 <sup>th</sup> Annual Goldman Sachs & Berenberg German Corp. Conference	September 18/19	Munich
▪ Baader Investment Conference 2017	September 18-20	Munich
▪ <b>Q3 results 2017</b>	<b>November 9</b>	
▪ Berenberg European Corporate Conference	December 4	Pennyhill

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