LANXESS – Energizing Chemistry

Business Profile 2018

Investor Relations, March 2018
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A rapidly changing world –
Our answer: Energizing chemistry!

What it takes to be successful in a changing environment

- Agility
- Courage & team spirit
- Lean structures
- Entrepreneurial organization

Mindset
Balance
Speed
Leadership

A strong team and corporate culture make the difference

Group
New LANXESS Segments

Markets
Industries
Technology & innovation
Our journey: Shaping New LANXESS – a story in three chapters

<table>
<thead>
<tr>
<th>Group</th>
<th>New LANXESS Segments</th>
</tr>
</thead>
</table>
| Chapter 1 | REPAIR  
Realigning our business |
| Chapter 2 | IMPROVE  
Strengthening our platform |
| Chapter 3 | ACCELERATE  
Leveraging our strengths |

2014  2017  ~2021
Restructuring and change of strategy yields first positive results

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

LANXESS transformation starts to become visible

Substantial room for improvement left

Key 2016 points
- Phase 1 & 2 cost improvements become visible
- All BUs with improved organic return profile
- Growth is picking up
Chemtura integration: €100 m of synergies by 2020

- Corporate / country costs: ~€30 m
- Marketing and sales: ~€20 m
- Production and procurement set-up: ~€50 m

- Organizational streamlining
- Leveraging new regional strengths

Topline synergies provide additional comfort
Organic investments will improve company ROCE

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

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

Target: Increase ROCE to former levels
Chapter 2 proceeds with visible measures

Group | New LANXESS Segments
--- | ---
Restructuring of chrome chemicals activities (BU LEA) | Consolidation of global lubricant precursors production (BU ADD)
Divestiture of non-core chlorine dioxide business (BU MPP) | Acquisition of Solvay’s U.S. phosphorus additives business (BU ADD)

Focused execution ongoing
LANXESS Value Drivers: Working towards our 2021 targets

**Advanced Intermediates**
- Growth capex: €100 m BU All / €60 m Saltigo
- Agro bounce back
- New Saltigo Products in 2019
- Improvement of Organometallics performance

**Specialty Additives**
- Chemtura integration and realization of €100 m synergies
- Lubricant additive price adjustment & optimizing production set-up
- Confirmation of 20% EBITDA margin target

**Performance Chemicals**
- Portfolio & mix improvements:
  - Chemours integration / Chlorine Dioxide divestment
  - Leather chemicals restructuring
  - BU IPG capacity expansion

**Engineering Materials**
- BU HPM: Balanced capacity model with all polyamide 6 used in compounds by 2020
- Expansion of Urethane Systems business in Europe
Chapter 3: More balanced and stronger platform along three key dimensions

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

Balancing the ground for further growth

Chapter 3 will establish an even stronger platform
LANXESS’ target 2021 – Leading, balanced and strongly cash generative

<table>
<thead>
<tr>
<th>Strategic and financial goals</th>
<th>EBITDA pre margin (group, Ø through the cycle)</th>
<th>14-18%</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Stable specialty chemical company with sound cash generation and balanced portfolio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Increased footprint in growing regions (North America and Asia)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Leading positions in core and attractive mid-sized markets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Low dependency on individual markets, thus less cyclical</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Solid investment grade rating and significantly reduced net financial debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash conversion</td>
<td></td>
<td>&gt;60%</td>
</tr>
<tr>
<td>EBITDA margin volatility</td>
<td></td>
<td>LOW</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2-3%pts</td>
</tr>
</tbody>
</table>

Underlying growth: Sustainable >GDP growth targeted

Cash conversion: (EBITDA pre – capex) / EBITDA pre
### New LANXESS - A better end market exposure

#### LANXESS in 2015

End market split by sales

#### New LANXESS Segments

<table>
<thead>
<tr>
<th>Group</th>
<th>New LANXESS ~2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>End market split by sales excl. ARLANXEO</td>
</tr>
</tbody>
</table>

- Automotive
- Chemicals
- Construction
- Consumer
- Agro chemicals
- E&E
- Other*

### More diversified and resilient

* Including General Industry, Pharma, Leisure
Progressing very focused with clear priorities regarding capital allocation

Until 2018
- Priorities
  - Integration (Chemtura)
  - Deleveraging
  - Organic growth (brown fields)
  - Dividend
  - Portfolio management

thereafter
- Priorities
  - Degree of specialization (driven by technology and service)
  - Organic growth (brown fields)
  - Dividend
  - Deleveraging

Integration & deleveraging

Focused organic and external growth

- New LANXESS Segments
  - Priorities
    - Deleveraging
    - Integration (Chemtura)
    - Organic growth (brown fields)
    - Dividend
    - Portfolio management

- Degree of specialization (driven by technology and service)
  - New LANXESS in the future
  - LANXESS in 2014
  - New LANXESS in 2017

- Market size
  - bulk, commodity
  - mid-sized
  - niches
**LANXESS – Energizing Chemistry**

<table>
<thead>
<tr>
<th>Group</th>
<th>New LANXESS Segments and ARLANXEO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>New LANXESS – a well diversified portfolio</strong>*</td>
</tr>
<tr>
<td></td>
<td>Advanced Intermediates</td>
</tr>
<tr>
<td>Market Position</td>
<td>Europe No. 1-2</td>
</tr>
<tr>
<td>Building a global and resilient intermediates player</td>
<td>Creating a major global additives business</td>
</tr>
</tbody>
</table>

* Reporting structure since closing of Chemtura acquisition on 21 April 2017; ** ARLANXEO to be reported as discontinued operations from 1 April 2018 (with a restatement of 2017 and 2018 YTD figures) and reported as associate using the equity method from 1 April 2019*
FY 2017: LANXESS delivers

**Group**

**New LANXESS Segments and ARLANXEO**

**Sales 2008-2017**

- Sales by Region 2017:
  - Asia: 28%
  - Germany: 15%
  - Latin America: 9%
  - North America: 19%
  - Europe w/o Germany: 28%

**EBITDA (margin) 2008-2017**

- EBITDA by Segment 2017:
  - ARLANXEO
  - Advanced Intermediates
  - Specialty Additives
  - Engineering Materials
  - Performance Chemicals

**CAPEX 2008-2017**

- CAPEX 2008-2017

All references to EBITDA are pre exceptionals; ¹ Net of capitalized borrowing cost, projects financed by customers and finance lease.
LANXESS – successful transformation and profitable growth

All references to EBITDA are pre exceptionals; 2012 restated due to IAS 19 (revised)
FY 2017: Strong operational development in all regions in addition to portfolio effect of Chemtura acquisition

* Currency and portfolio adjusted
KPIs are improving again

<table>
<thead>
<tr>
<th>Group</th>
<th>New LANXESS Segments and ARLANXEO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In € m</td>
</tr>
<tr>
<td>EBITDA(^1)</td>
<td>447</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>1,135</td>
</tr>
<tr>
<td>Net fin. debt / EBITDA(^1)</td>
<td>2.5x</td>
</tr>
<tr>
<td>Gearing</td>
<td>101%</td>
</tr>
<tr>
<td>EPS pre [in €](^2)</td>
<td>…</td>
</tr>
</tbody>
</table>

1 Pre exceptionals; 2 Net of exceptional charges and income, amortization of intangible assets and attributable tax effects as well as non-recurring earnings effects of the U.S. tax reform
The Advanced Intermediates segment comprises our businesses in intermediates and fine chemicals

- One of the world’s leading manufacturers of high-quality industrial intermediates such as benzene- and toluene-derivatives, amines, polyols, and inorganics
- Competitiveness through an integrated production network with resilient businesses in the agro and chemical industries

- A leading supplier in the custom synthesis market, providing state of the art technologies and services to the agrochemicals and specialty chemicals industries
- Growth driven by strong foothold in agrochemical industry
Advanced Intermediates – Intermediates form a very cost efficient production platform

### Sales 2008-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (€ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,000</td>
</tr>
<tr>
<td>2009</td>
<td>1,100</td>
</tr>
<tr>
<td>2010</td>
<td>1,200</td>
</tr>
<tr>
<td>2011</td>
<td>1,300</td>
</tr>
<tr>
<td>2012</td>
<td>1,400</td>
</tr>
<tr>
<td>2013</td>
<td>1,500</td>
</tr>
<tr>
<td>2014</td>
<td>1,600</td>
</tr>
<tr>
<td>2015</td>
<td>1,700</td>
</tr>
<tr>
<td>2016</td>
<td>1,800</td>
</tr>
<tr>
<td>2017</td>
<td>1,900</td>
</tr>
</tbody>
</table>

### EBITDA (margin) 2008-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA (€ m)</th>
<th>Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>200</td>
<td>11,3%</td>
</tr>
<tr>
<td>2009</td>
<td>220</td>
<td>16,6%</td>
</tr>
<tr>
<td>2010</td>
<td>240</td>
<td>16,2%</td>
</tr>
<tr>
<td>2011</td>
<td>250</td>
<td>16,7%</td>
</tr>
<tr>
<td>2012</td>
<td>260</td>
<td>18%</td>
</tr>
<tr>
<td>2013</td>
<td>275</td>
<td>18,7%</td>
</tr>
<tr>
<td>2014</td>
<td>270</td>
<td>18%</td>
</tr>
<tr>
<td>2015</td>
<td>265</td>
<td>17,0%</td>
</tr>
<tr>
<td>2016</td>
<td>255</td>
<td>16%</td>
</tr>
<tr>
<td>2017</td>
<td>245</td>
<td>13%</td>
</tr>
</tbody>
</table>

### Capex 2008-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Capex (€ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>200</td>
</tr>
<tr>
<td>2009</td>
<td>220</td>
</tr>
<tr>
<td>2010</td>
<td>240</td>
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<td>2011</td>
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<td>2013</td>
<td>275</td>
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<td>2014</td>
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<td>2015</td>
<td>265</td>
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<tr>
<td>2016</td>
<td>255</td>
</tr>
<tr>
<td>2017</td>
<td>245</td>
</tr>
</tbody>
</table>

### Sales by BU 2017

- **SGO**
- **All**

### Characteristics

- Leading market positions and process technologies
- Efficient and strong production platform
- Highly diversified end markets
- Attractive cash generation through technology leadership and efficient business set-up
- Growth slightly above GDP

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All references to EBITDA are pre exceptionals; ¹ Operating segments; pro forma restatements with new BU structure as of Jan 1st 2016; ² Net of capitalized borrowing cost, projects financed by customers and finance lease.
Specialty Additives: World class player in several highly attractive additives niches

- The additives business unit comprises a broad portfolio of:
  - phosphorus and brominated flame retardants
  - lubricant products
  - plastisizers and bromine performance products

- The portfolio of Rhein Chemie consists of:
  - customized active ingredient compounds
  - processing aids for the rubber, plastics and colorants industries
  - specialty chemicals
Specialty Additives offers a higher than average profitability

Sales 2008-2017

EBITDA (margin) 2008-2017

Capex 2008-2017

Sales by BU 2017

Characteristics

- Leading market positions and backward integrated bromine chain
- Knowledge and technical service intensive products
- Tailor-made, high value added solutions for highly diversified customer base
- Global production footprint and sales platform
- Growth above GDP

All references to EBITDA are pre exceptionals as of 21 April 2017 Chemtura’s additives business was consolidated; ¹ Operating segments; pro forma restatements with new BU structure as of Jan 1st 2016; ² Net of capitalized borrowing cost, projects financed by customers and finance lease
### Performance Chemicals: Production of application-focused chemicals for a wide range of industries

<table>
<thead>
<tr>
<th>Group</th>
<th>Advanced Intermediates</th>
<th>Specialty Additives</th>
<th>Performance Chemicals</th>
<th>Engineering Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inorganic Pigments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leather</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Material Protection Prod.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquid Purification Technol.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- A leading global supplier of inorganic pigments for the coloring of construction materials, coatings, plastics and for technical applications
- Supplier with a complete range of products for leather processing (tanning agents, preservatives, finishing auxiliaries, dye products)
- Wide range of microbial control products for construction and paints, beverages, industrial use and wood protection
- One of the leading global producers of ion exchange resins, adsorbers, functional polymers and reverse osmosis membranes for the treatment and purification of water and other liquids
Performance Chemicals – Solution and service provider adding functionality, color or processability to products

- Strong position in respective niche markets
- Low importance of raw materials
- Acting as solution provider
- Considerable cash generation based on good mix of solution focused businesses
- Growth roughly in line with GDP

All references to EBITDA are pre exceptionals;

1 Operating segments; pro forma restatements with new BU structure as of Jan 1st 2016
2 Net of capitalized borrowing cost, projects financed by customers and finance lease
Engineering Materials: Innovative plastic solutions for challenging industrial and automotive applications

<table>
<thead>
<tr>
<th>Group</th>
<th>Advanced Intermediates</th>
<th>Specialty Additives</th>
<th>Performance Chemicals</th>
<th>Engineering Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Performance Materials</td>
<td></td>
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</tr>
<tr>
<td>One of the leading providers of a wide range of engineering plastic compounds for the automotive, electrical &amp; electronic and other industries, benefiting from the trend of replacing metal in structural automotive parts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urethane Systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Globally market and technology leading position for cast elastomer systems. Products are highly customer specific offering abrasion resistance with various degrees of hardness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*LANXESS*
High Performance Materials: Leading supplier of light-weight solutions with integrated engineering capability

- Customer and market proximity; backward integrated into strategic raw materials
- Global production network
- Among leading providers of engineering plastics
- Focus on high-tech compounds to meet global trend in lightweight constructions
- Growth for engineering plastics in automotive applications²

All references to EBITDA are pre exceptional; ¹ Net of capitalized borrowing cost, projects financed by customers and finance lease; ² Source: AMI Plastics, IHS Chemicals, LMC Automotive, PCI Nylon, Plastics Europe, LANXESS volume estimates / demand growth through substitution (from metal to plastics in cars)
• A leading manufacturer of high quality synthetic rubbers which are primarily used in inner liners, treads and sidewalls of modern, fuel-efficient tires as well as non-tire applications

• A leading global supplier of synthetic rubbers for a wide range of technical applications (e.g. seals, hoses, profiles, cable sheathing, special films and adhesives)
ARLANXEO: Newly formed joint venture for synthetic rubber between Saudi Aramco and LANXESS

Sales 2015-2017

EBITDA (margin) 2015-2017

Capex1 2015-2017

Sales by BU 2017

Characteristics

- Leading market positions with strong and diversified portfolio
- Global production network
- Broadest synthetic rubber platform with competitive advantage for future development
- Growth slightly above GDP

All references to EBITDA are pre exceptionals; 1 Net of capitalized borrowing cost, projects financed by customers and finance lease; As of Q2 2016 the BUs TSR and HPE formed ARLANXEO; They were reported in the Performance Polymer segment before
Corporate Responsibility well integrated - achieving goals sustainably

<table>
<thead>
<tr>
<th>Climate / Environmental goals</th>
<th>Procurement initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of specific CO2 emission by 25%&lt;sup&gt;1&lt;/sup&gt; until 2025</td>
<td>‘Supplier Code of Conduct’ for supplier selection and rating</td>
</tr>
<tr>
<td>Reduction of specific energy consumptions by 25%&lt;sup&gt;1&lt;/sup&gt; until 2025</td>
<td>‘Together for Sustainability’ initiative&lt;sup&gt;2&lt;/sup&gt; for higher transparency in the supply chain (implementation of a global auditing program)</td>
</tr>
<tr>
<td>Reduction of volatile organic compounds (NMVOC&lt;sup&gt;3&lt;/sup&gt;) emissions by 25%&lt;sup&gt;1&lt;/sup&gt; until 2025</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Safety goals</th>
<th>Social initiatives and goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Xact: Global safety program to improve occupational, process and plant safety (since 2011)</td>
<td>▪ Global board initiative ‘Diversity &amp; Inclusion’: raising the proportion of women in management to 20% by 2020</td>
</tr>
<tr>
<td>▪ Global management system for optimization of transportation of (dangerous) goods</td>
<td>▪ Leverage water know-how: support of AMREF&lt;sup&gt;4&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>▪ Education initiatives with local and global commitment</td>
</tr>
</tbody>
</table>

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1 Base year: 2015; for CO₂: Scope 1 and Scope 2 emissions
2 Members: BASF, Bayer, Evonik, Henkel, LANXESS, Akzo Nobel, Solvay
3 Non methane volatile organic compounds; 4 African Medical and Research Foundation
### Abbreviations

#### Advanced Intermediates
- AII  Advanced Industrial Intermediates
- SGO  Saltigo

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

#### Specialty Additives
- ADD  Additives
- RCH  Rhein Chemie

#### Engineering Materials
- HPM  High Performance Materials
- URE  Urethane Systems

#### ARLANXEO*
- TSR  Tire & Specialty Rubbers
- HPE  High Performance Elastomers

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* ARLANXEO will be accounted for as discontinued operations from April 1, 2018 onwards
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