



LANXESS
Energizing Chemistry

Solid foundation and ambitious goals

Q3 2019 Press conference

13 November, 2019

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Stable business development also in Q3

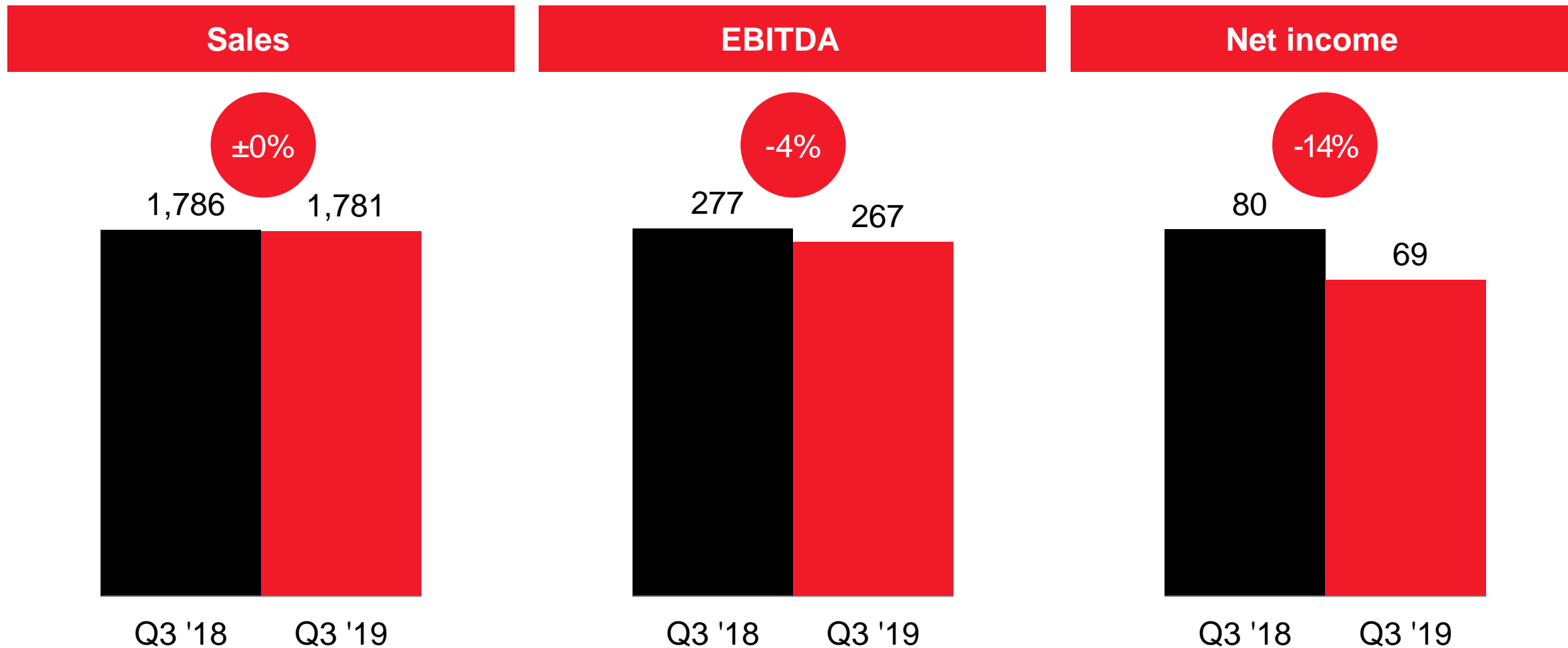
Improved earnings in three out of four segments

Guidance for full year 2019 confirmed

Portfolio optimization strengthens core business

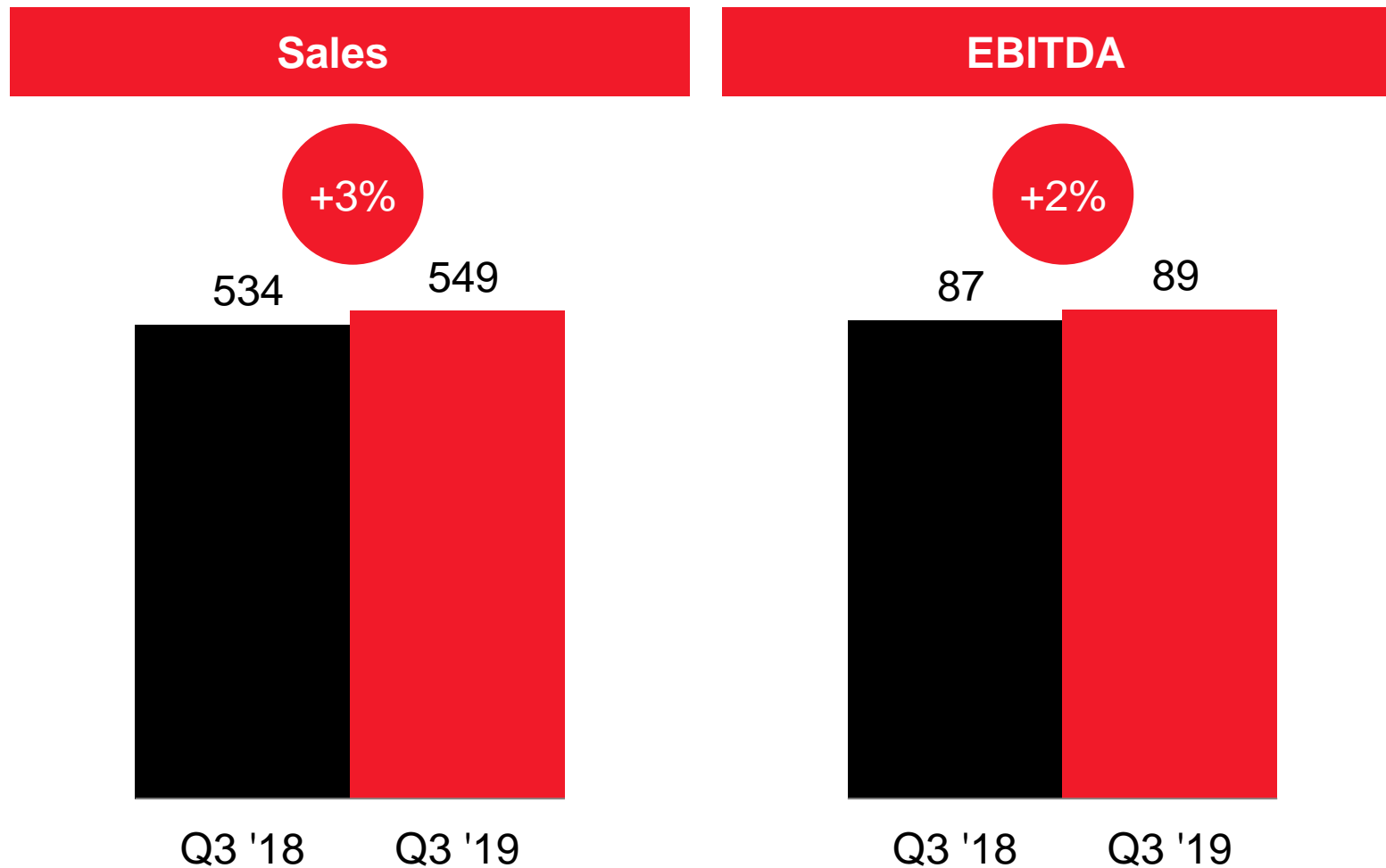
New target: LANXESS to become climate neutral

Stability in uncertain times

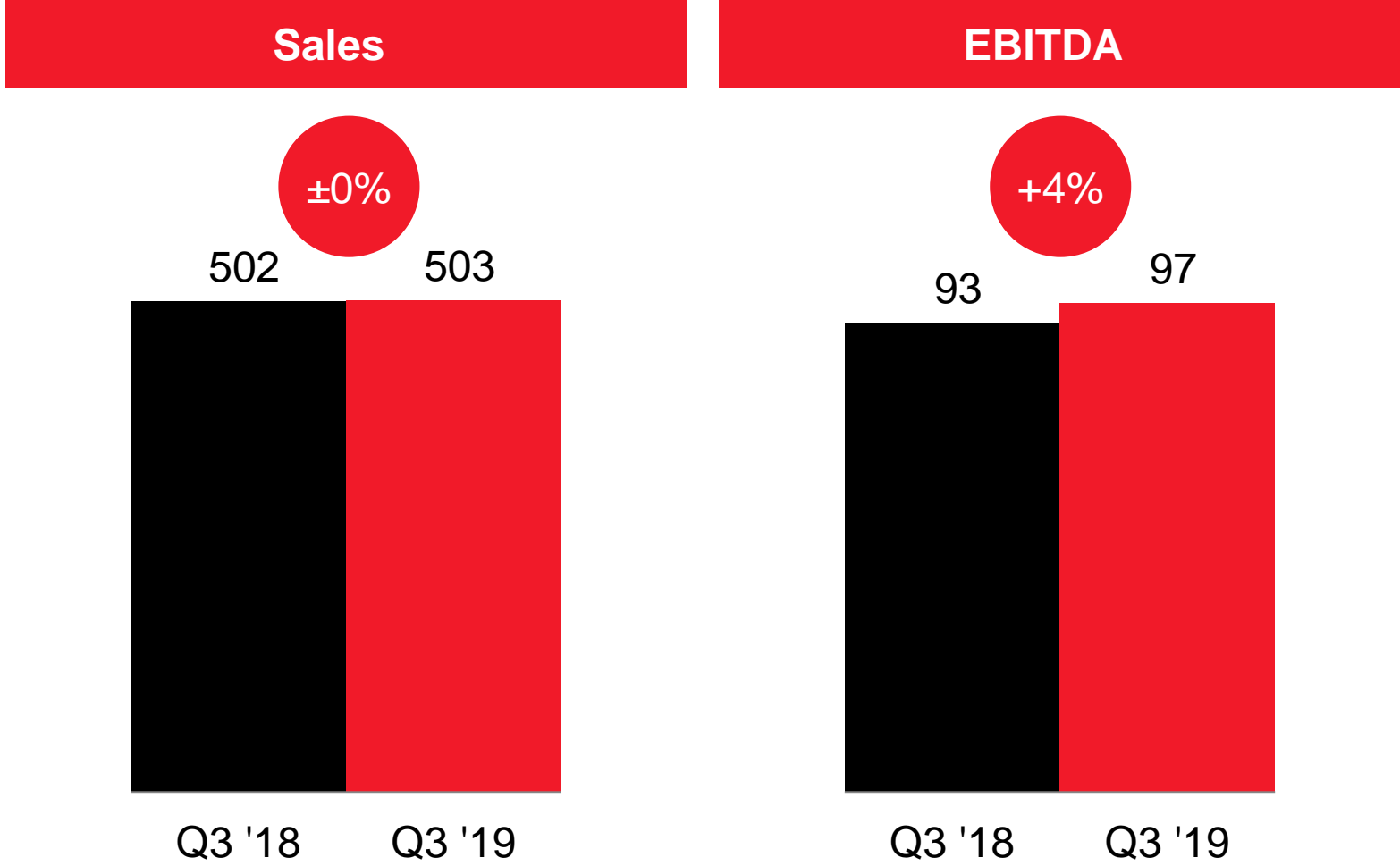


All figures in € million
All EBITDA figures are pre exceptional
2018 net income from continuing operations

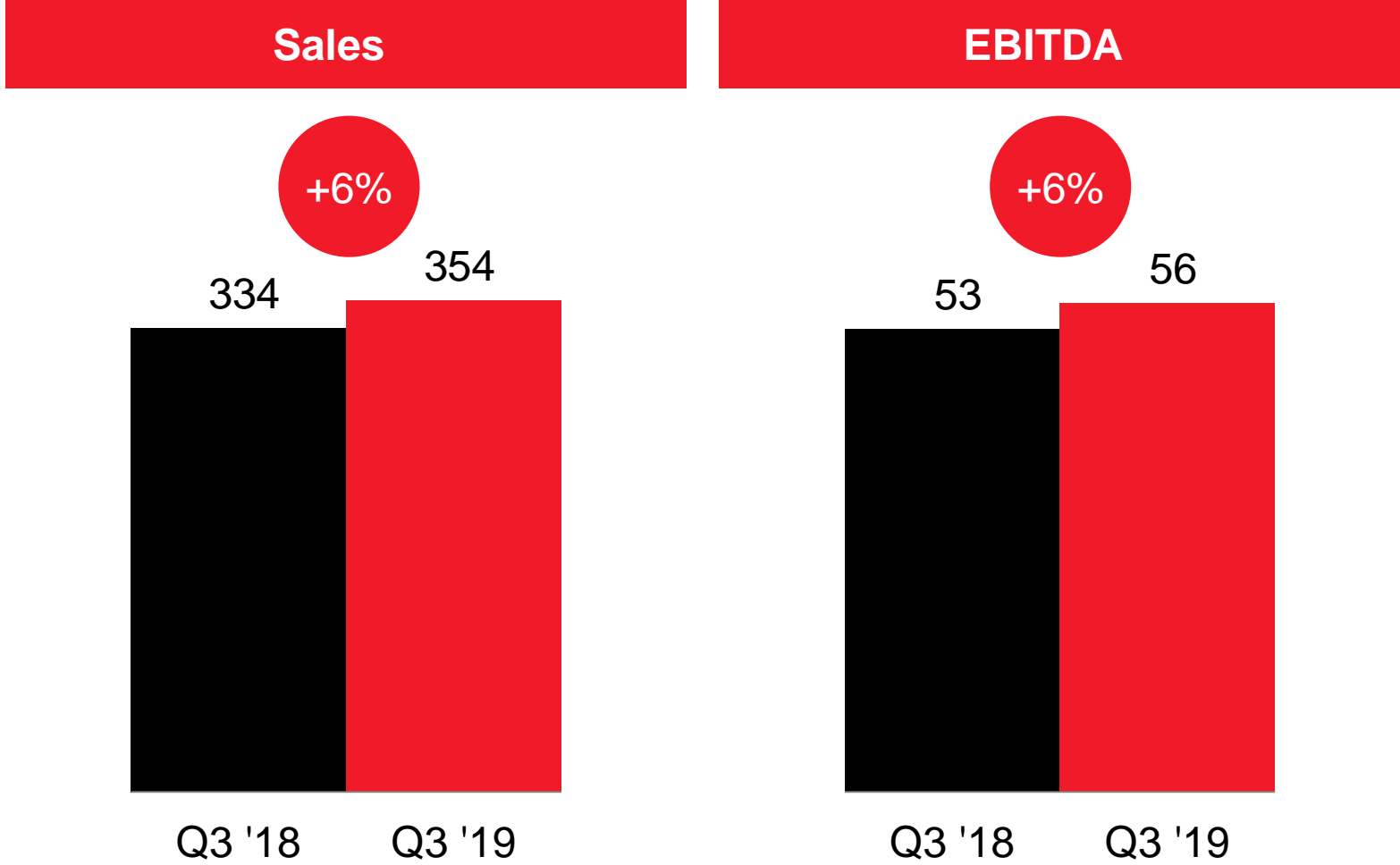
Advanced Intermediates: Tailwind for Saltigo's Custom Manufacturing



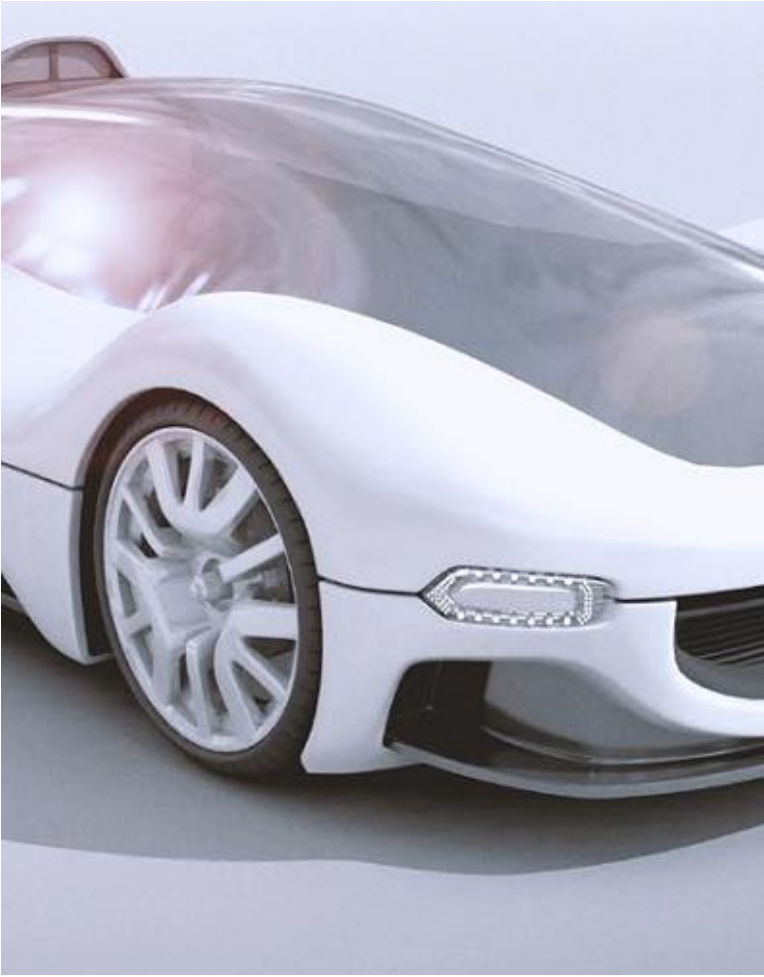
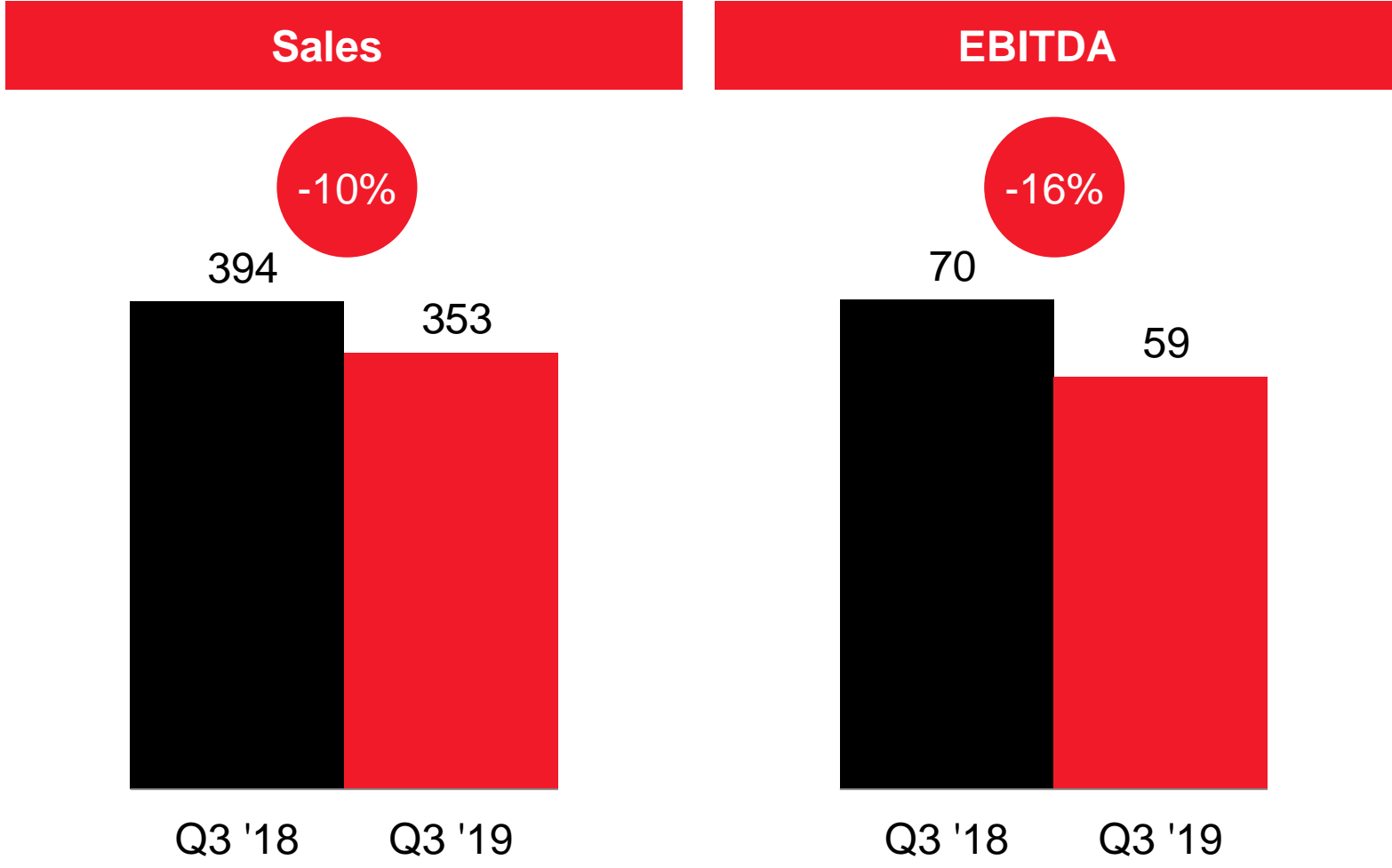
Specialty Additives: Flame retardants protect – also against declining automotive sector



Performance Chemicals: Strong performance thanks to material protection and water purification



Engineering Materials: Weak automotive sector weighs on earnings



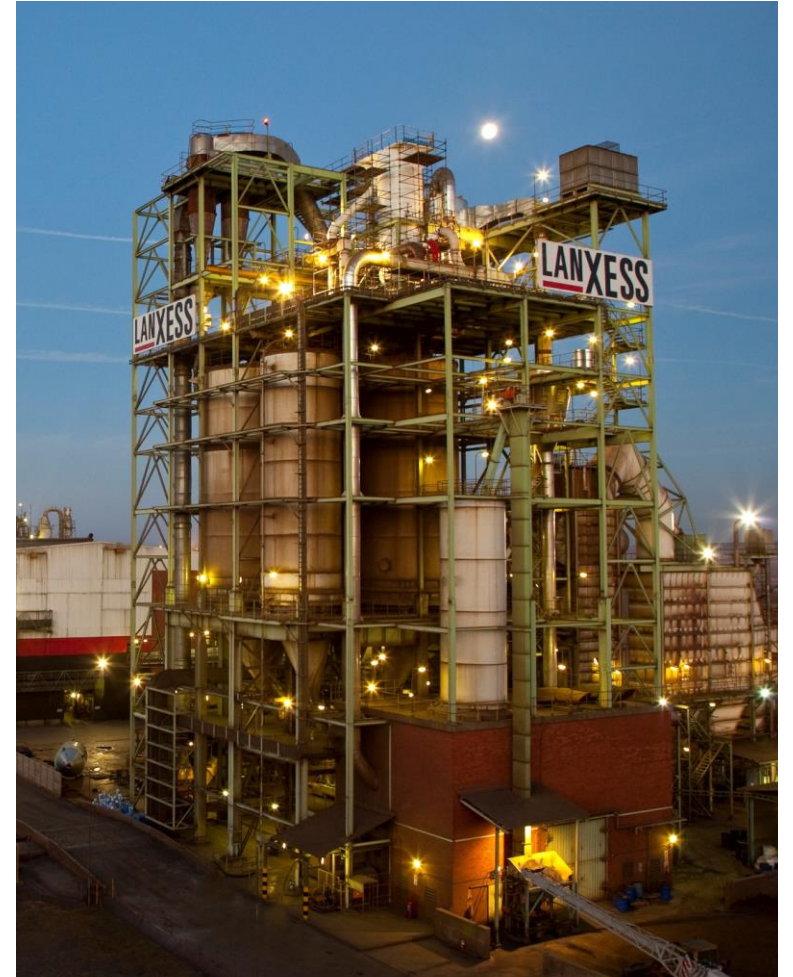
Sale of chrome chemicals business

Clear rationale

- Business no longer fits in strategic orientation
- Better growth and development possible under leadership of Brother Enterprises

Details

- Part of the Leather business unit
- Sales: EUR 100 million
- Closing: expected end of 2019



Organometallics business realigned

Focus on attractive, high-margin growth markets

Measures for future set-up

- Aluminium-based organometallics:
Expansion of production
- Tin-based organometallics:
Sale of business to PMC Group



Goal: Raise margin to industry level (15-20%)

Outlook: Full year guidance confirmed – transformation is paying off

Market development

- Political and economic environment deteriorating further
- No recovery ahead in the automotive sector

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- Guidance for full year 2019: EBITDA between EUR 1,000 million and EUR 1,050 million



LANXESS to become climate neutral



Our climate strategy

Climate neutral by 2040

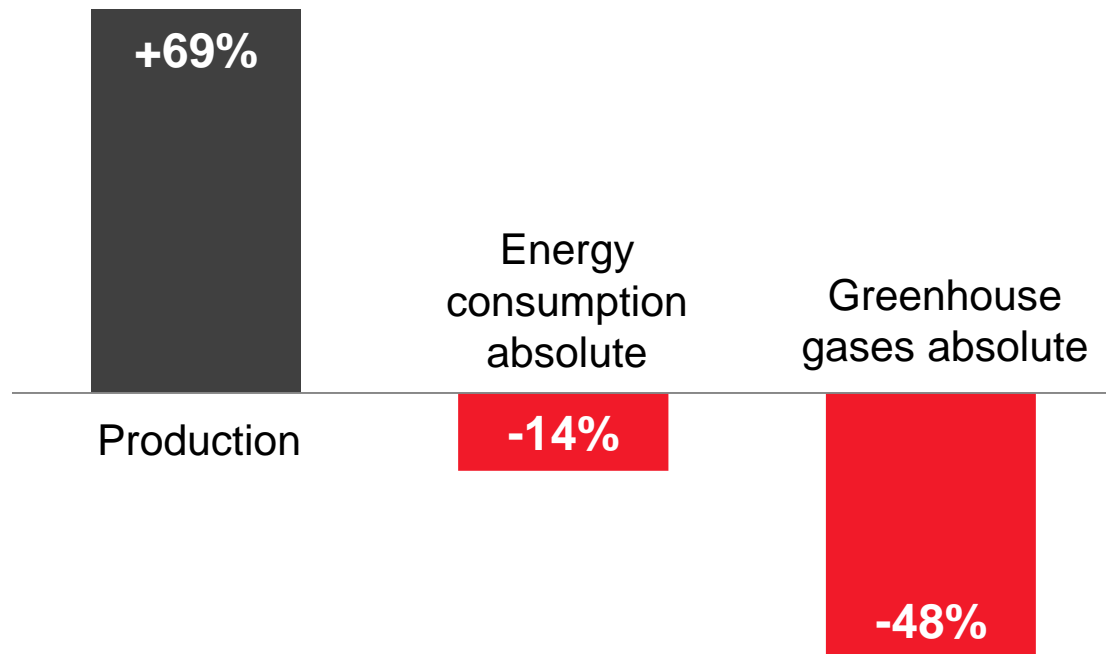
50 percent less CO₂ emissions by 2030

Responsibility meets economic rationality



Climate – chemical industry is part of the solution

Efficiency gains of German chemical industry



Chemical products reduce CO₂ emissions

Vehicle construction

- High-performance plastics for lightweight solutions
- Chemicals for battery technology

Thermal insulation

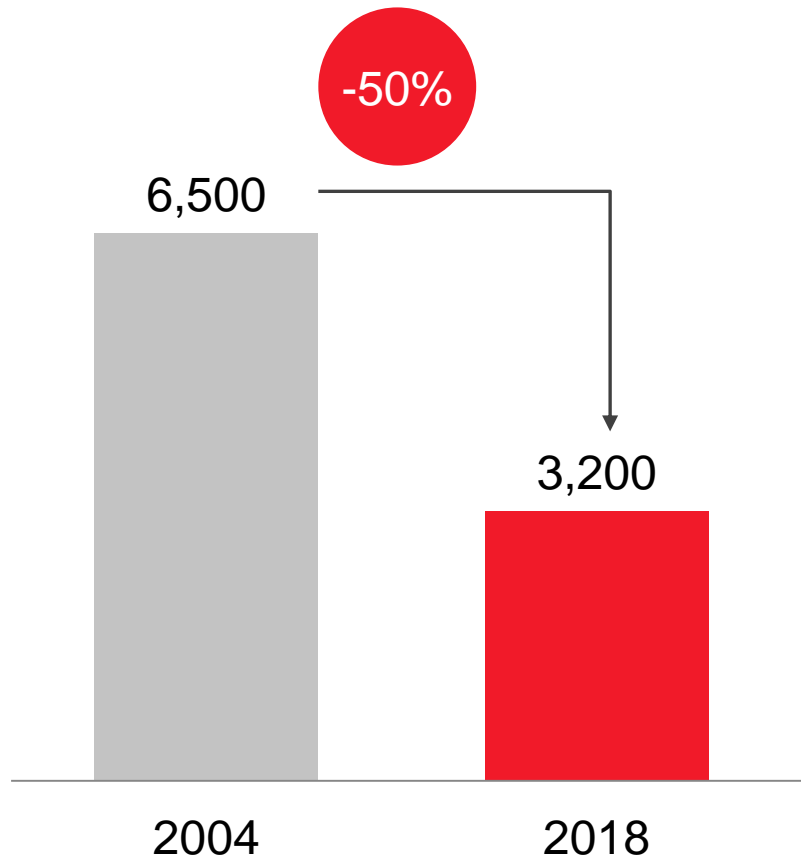
- Insulation materials, e.g. polystyrene
- Flame retardants for these insulation materials

Renewable energies

- Resins, coatings or carbon fibers for wind turbines
- Polysilicon for photovoltaics

LANXESS – major achievements in climate protection

CO₂e emissions (kt)



Nitrous oxide reduction plant in Krefeld-Uerdingen, Germany

- Reduction by 1,500 kt CO₂e/year
- Awarded several times

Co-generation plant in Porto Feliz, Brazil

- Degree of efficiency of 90 percent
- Powered by biomass, thus CO₂-neutral

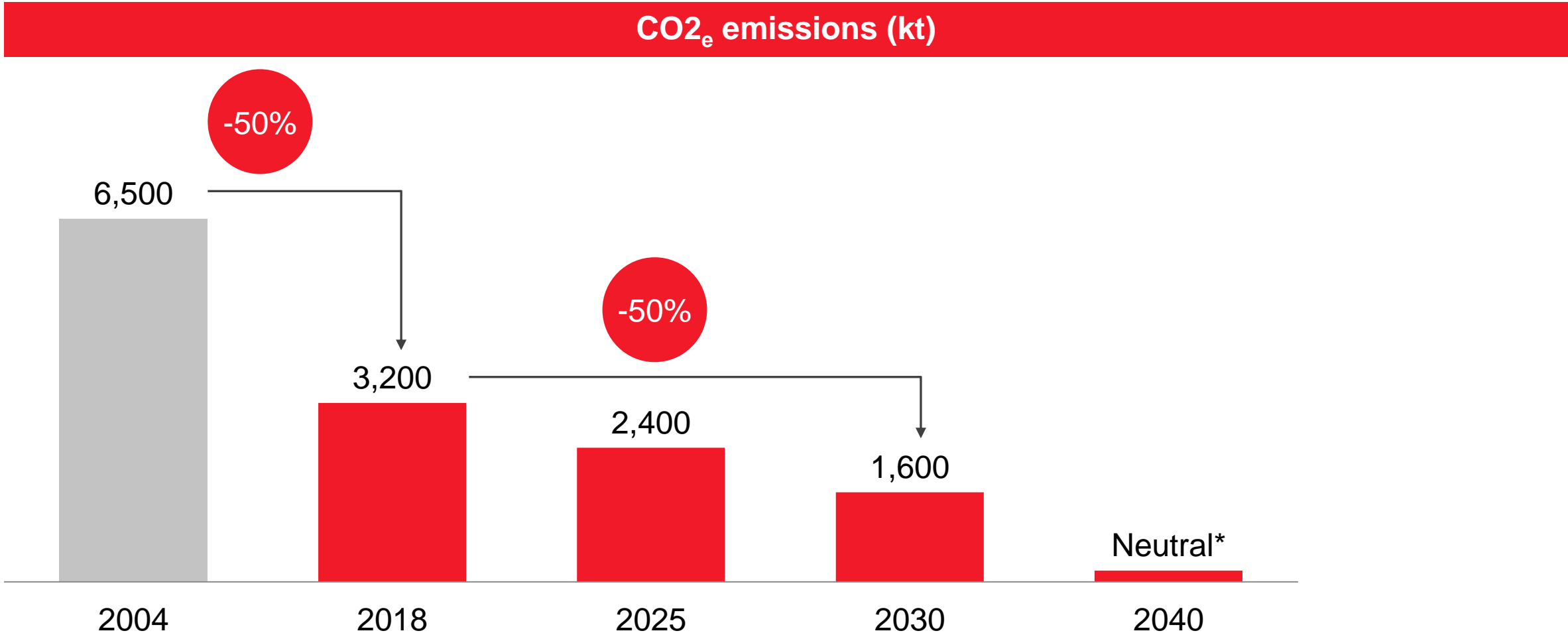
Steam network in Antwerp, Belgium

- Highly efficient due to joint energy use by numerous partners in the port of Antwerp

Portfolio optimization

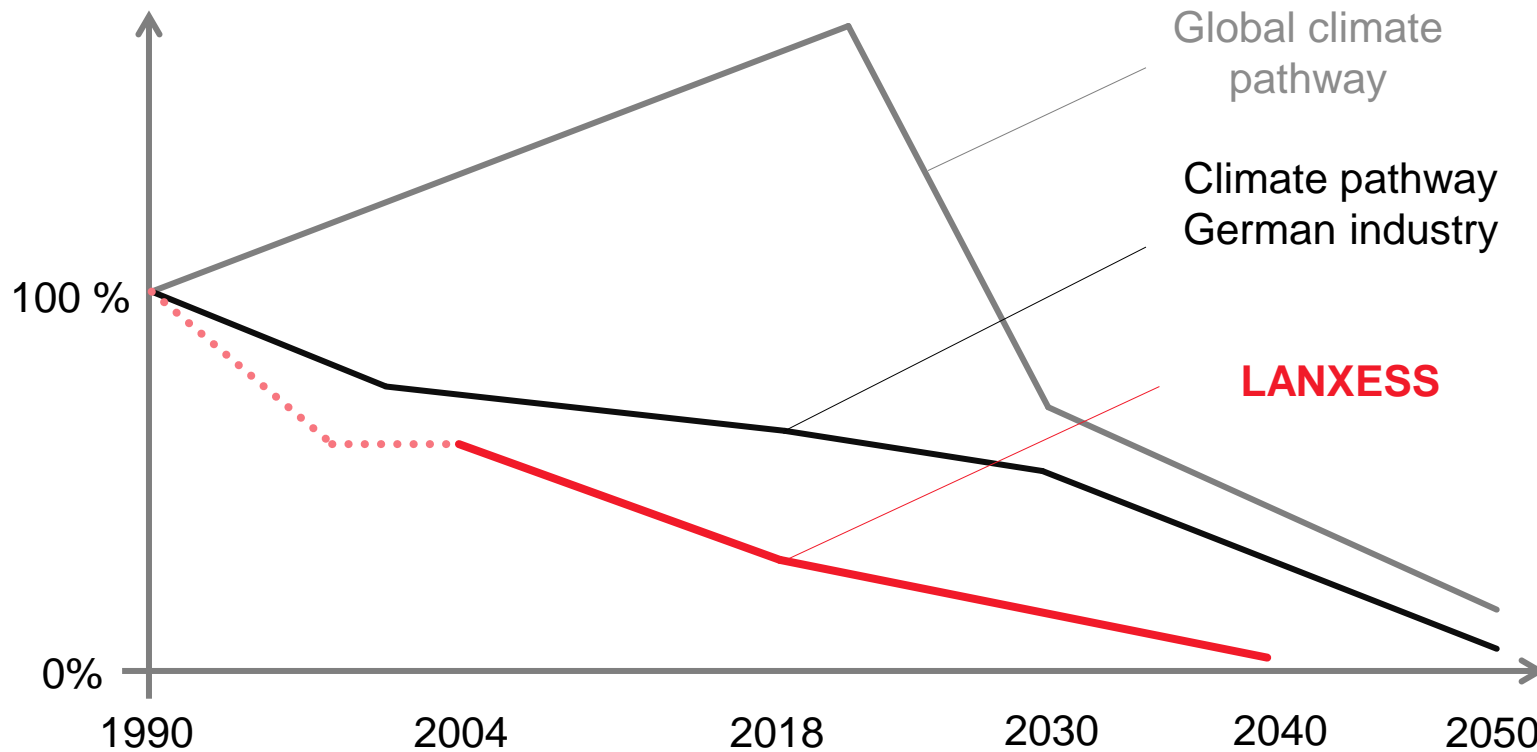
- Focus on low-emission specialty chemicals

Our goal: Climate neutral by 2040



Our commitment pays off

Development of greenhouse gas emissions



Sustainable commitment

- Less greenhouse gas emissions reduce costs of EU ETS emissions allowances
- Most reduction projects have an acceptable business case
- Commitment to sustainability makes LANXESS the preferred partner for customers
- LANXESS is ahead of stricter regulation

Three-pillar strategy until 2040

Major impact projects

- Promote coal phase-out in chemical parks
- Nitrous oxide reduction plant in Antwerp
- Switch to renewable energies in India

Decouple emissions and growth

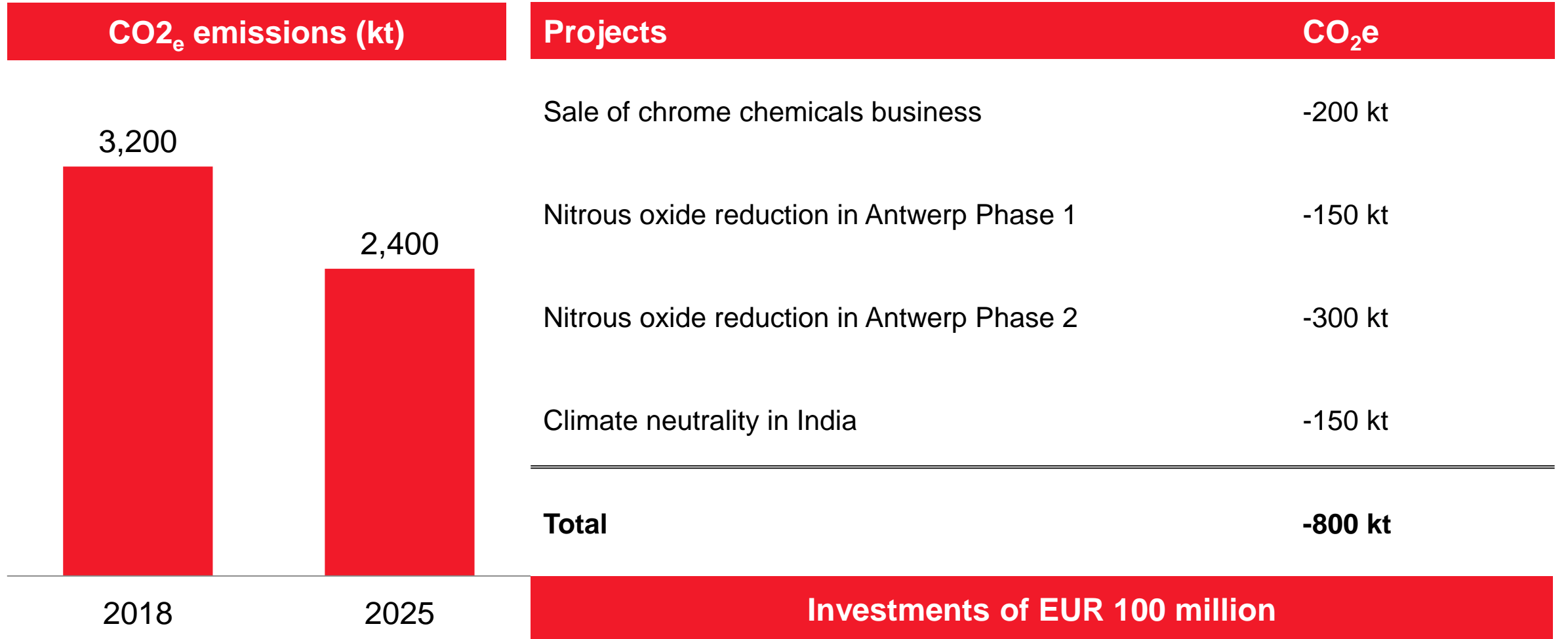
- Climate targets for each business unit
- CO₂ footprint as a criterion for organic growth and acquisitions

Technical innovations

- Increase energy efficiency in Verbund structure
- Focus research on climate-neutral process and technology innovation
- Climate-neutral production technologies in the global asset park

CO₂e reduction as KPI for variable compensation

Specific projects until 2025



Nitrous oxide reduction in Antwerp



- Production of caprolactam
- Intermediate for high-performance plastics used as lightweight solutions in the automotive sector
- Caprolactam production emits nitrous oxide (impacts climate 300 times more than CO₂)
- New nitrous oxide reduction plant coming on stream in 2020
- Second expansion stage in 2023

Reduction: 450 kt CO₂e/year

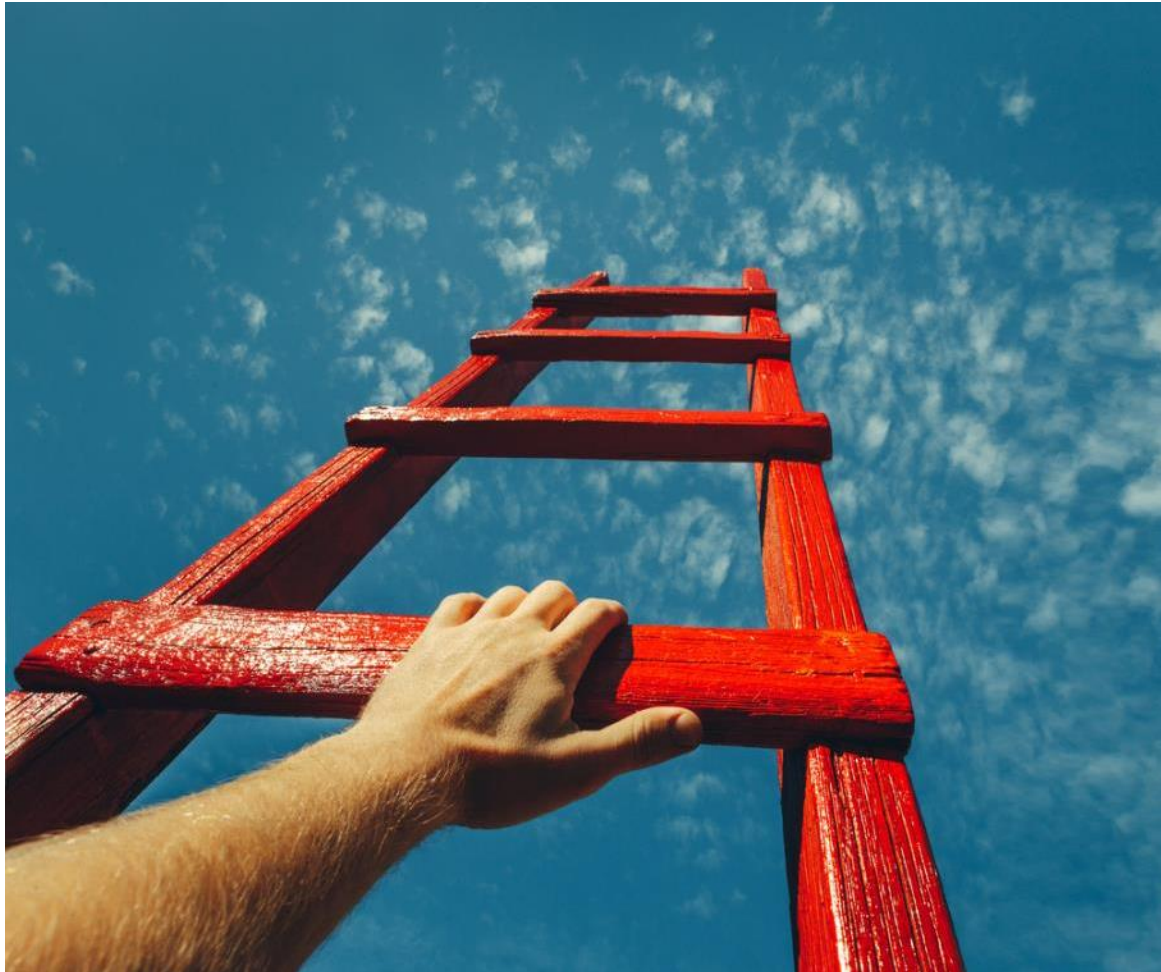
Switch to renewable energies in India



- Change of energy supply at the two Indian locations Jhagadia and Nagda
- Phase-out of coal-based energy supply
- Substitution of natural gas
- Complete conversion to biomass and solar energy until 2023

Reduction: 150 kt CO₂e/year

CO₂ footprint as a criterion for acquisitions



- Stronger emphasis on CO₂ footprint in acquisitions
- Focus on specialty chemicals → potential takeover candidates with relatively low emissions
- Offset CO₂ footprint of acquisitions through improved technologies and processes

Climate neutrality in 2040 as overarching goal

Political framework conditions have to be right

Working European Emissions Trading System

Renewable energies at competitive prices

Simplified and accelerated approval procedures

Improve financial and tax structure for future investments





Good for business – good for society

Sustainable partner for our customers

CO₂ reduction is a business case

Our contribution to the Paris Agreement



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