On track to deliver 2021 financial targets

Meeting the Management

Michael Pontzen, CFO

In 2017 we set our 2021 financial targets in a favorable market environment

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Despite rising political risks, global economy was robust

2017

- GDP: Asia and USA with strong growth, Brasil recovery expected
- Additional US growth forseeable due to pending tax reform
- Main customer industries expected to continue a growth path

	2016	What we aim for (~2021)
EBITDA pre margin (group, Ø through the cycle)	10-14%	14-18%
EBITDA margin volatility	MEDIUM	LOW 2-3%pts
Cash Conversion*	56%	>60%

* Cash Conversion = EBITDA pre – CAPEX / EBITDA pre

In 2019 the world is much more challenging, but we are well on track to achieve our goals

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The political uncertainty with full negative impact on global economy

2019

- Asian economies with visible slowdown, Brasil recovery pending, LATAM uncertain
- Serious trade conflicts / BREXIT
- Main customer industries weak, auto in crisis mode, capital goods and agro sluggish

We stick to our targets (~2021)

EBITDA pre margin (group, Ø through the cycle)	Specialty level ✓
EBITDA margin volatility	Resilience ✓
Cash Conversion	Strong cash generation ✓

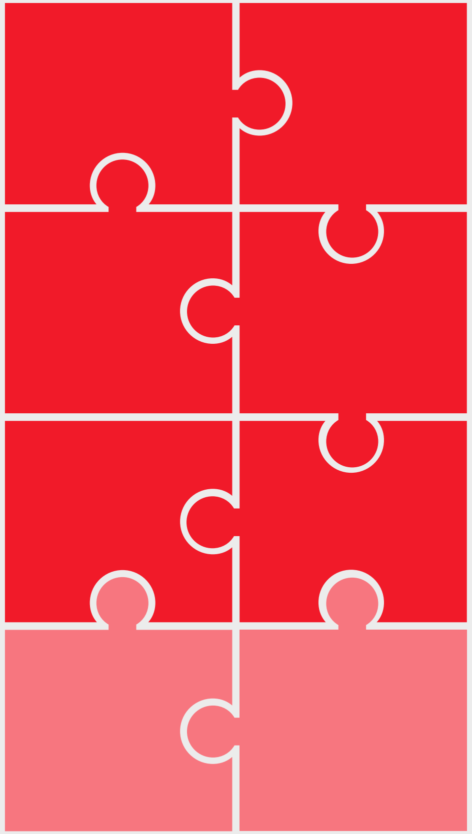
LANXESS self-help measures are the foundation on our way to achieve our financial targets

Active portfolio management

Significantly reduced auto exposure

More balanced regional exposure

Profitable organic growth



Leveraging of synergies

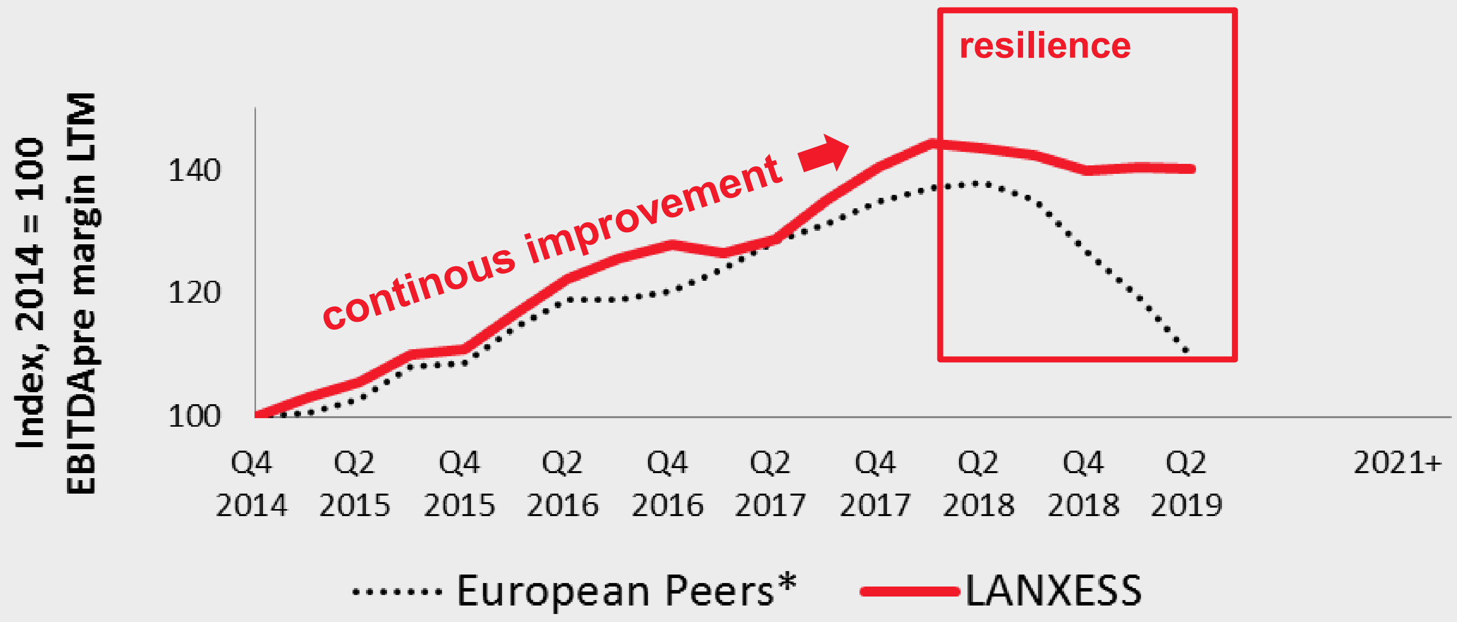
Streamlining asset networt

Additional organic growth with ROCE ~20%

Further M&A and restructuring

LANXESS margin improvement and resilience proven

Stable margin growth in cyclical environment
Margin resilience proven in recent quarters!



* European Peers: Arkema, DSM, Covestro, BASF, Clariant, Evonik, Solvay

Cash Conversion target also on track – but at what price does it come?

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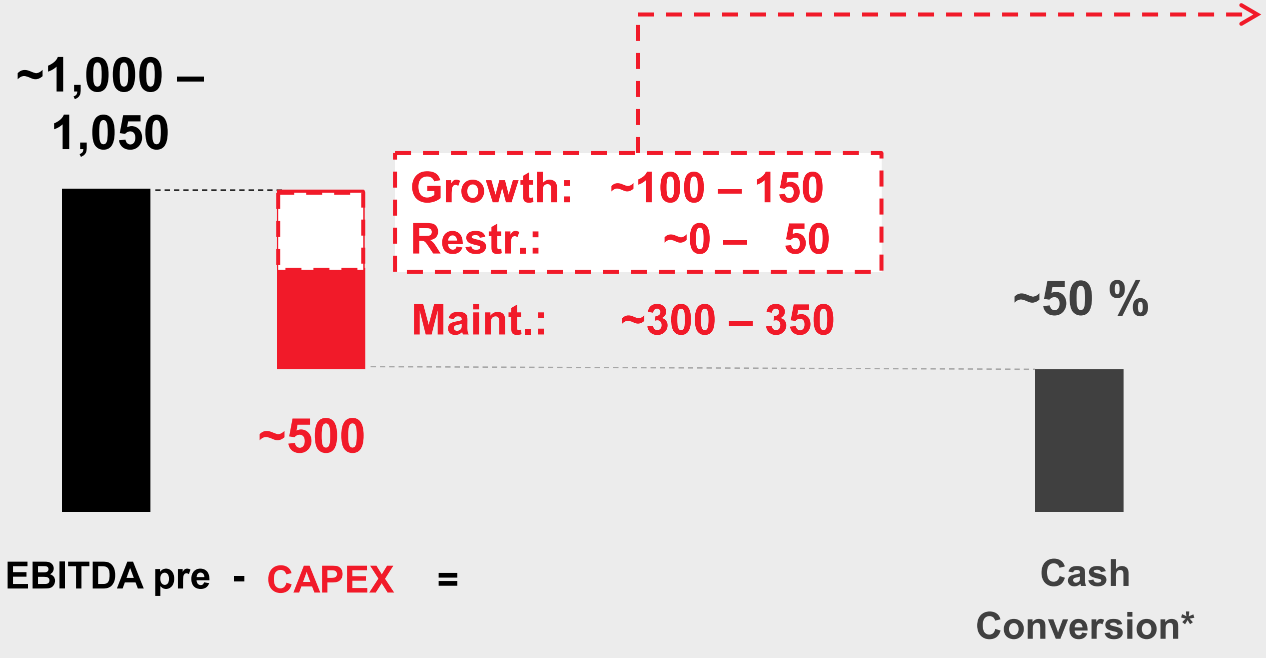
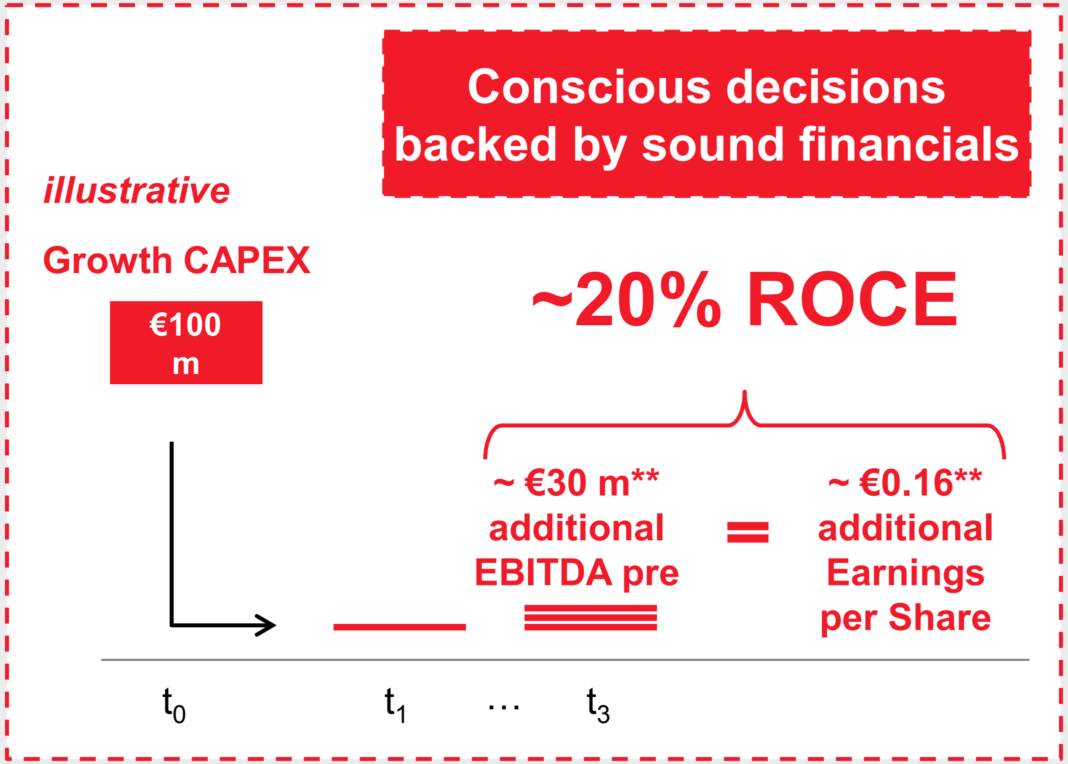
We could deliver on our Cash Conversion target already in 2019, but give priority to profitable growth

2019 estimate in € m





* Cash Conversion = EBITDA pre – CAPEX / EBITDA pre; ** ROCE: ~ 20%, considering ~€10 m D&A & ~30% tax

We decided to invest ~€400 m in financially attractive debottleneckings and brownfield investments

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Advanced Intermediates

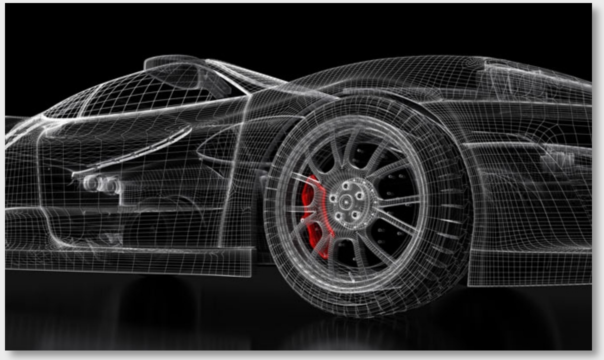
Specialty Additives

Performance Chemicals

Engineering Materials

Targeted growth CAPEX until 2020, in € m

Advanced Intermediates	Specialty Additives	Performance Chemicals	Engineering Materials
~150	~50 - 100	~50 - 100	~50 - 100



Organic investments fuel improvement of ROCE*

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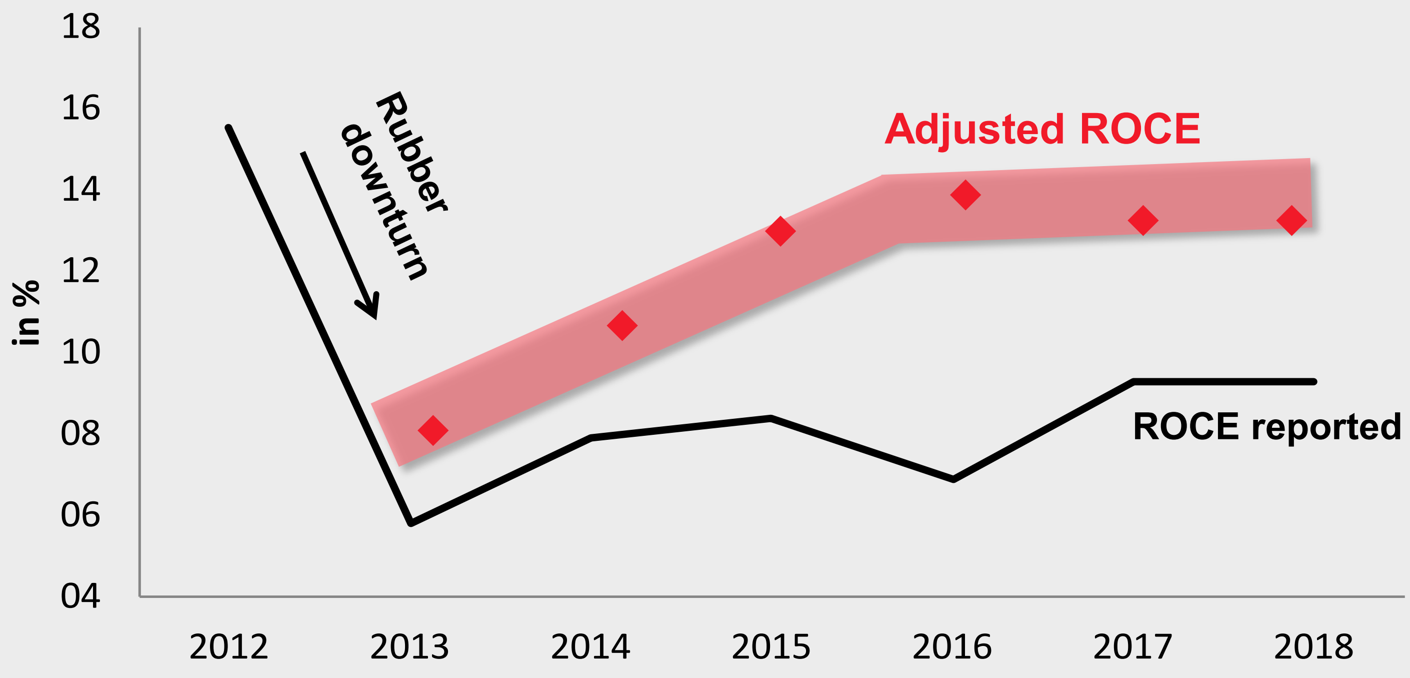
Adjusted ROCE* shows improved operational return profile of LANXESS



Transformation pays off:

- Divestment of ARLANXEO
- Acquisition of Chemtura
- Streamlining asset network
- Organic growth investments

* Adjusted ROCE = EBIT pre adjusted for amortization of Chemtura PPA related intangibles & assumed ARL ROCE

Strong management attention also on EPSpre*

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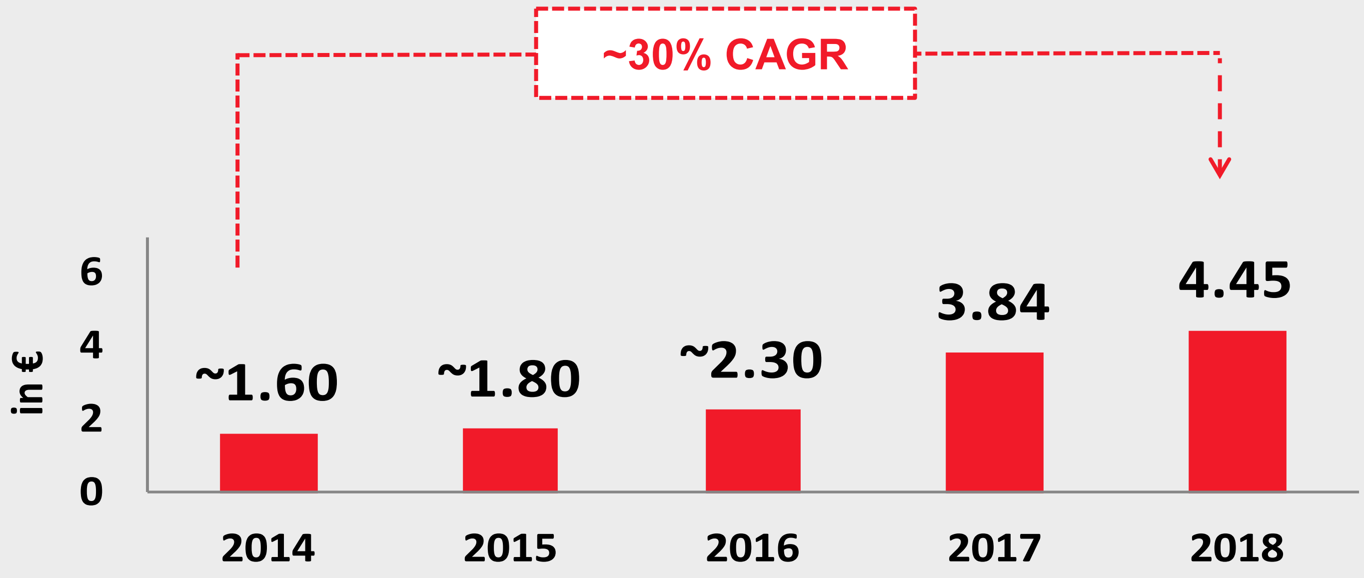
Strong EPSpre* growth



Active EPS management:

- Operational improvement
- Lower interest expenses
- Funding of pension debt
- Tax management (tax rate from ~45% to ~30% in 2019)
- Share buyback in 2019

* Earnings per Share: net of exceptionals and amortization of intangible assets as well as attributable tax effects / figures for 2014 until 2016 exclude ARLANXEO (non audited figures)

Capital allocation follows shareholder interests

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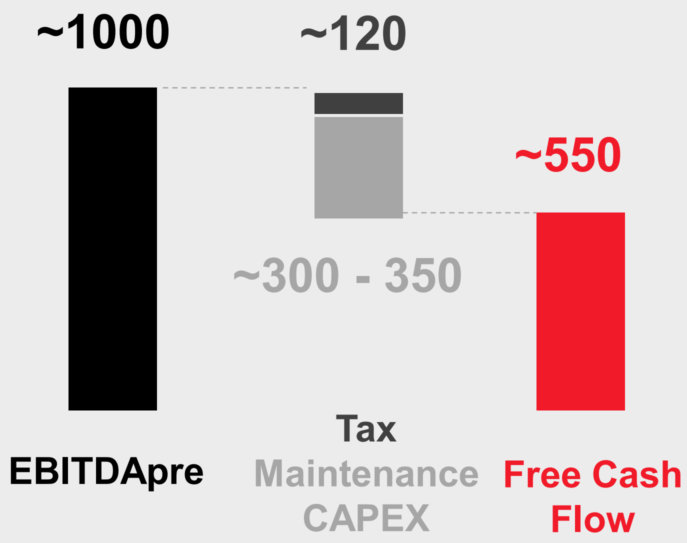
Shareholder return is the driver for capital allocation

illustrative
(€ m)



- Organic growth
- Restructuring
- Mergers & Acquisitions
- Share buyback
- Dividend
- Deleveraging
- Interest expenses

Our project pipeline allows us to continue our organic growth path

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We keep our internal benchmark for organic growth projects: 20% ROCE

Growth CAPEX from 2021, examples

Advanced Industrial Intermediates
Aromatics ~€100 m

Performance Chemicals
Biocides, Resins ~€50 m

High Performance Materials
TEPEX, Resins
~€50 -100 m

Polymer Additives
Lithium ~€100 – 400 m

2021

Future invest approach:

- Attractive ROCE around 20%
- Focus on debottlenecking and brownfield investments
- Strategic fit to future growth markets
- Strenghten regional presence or balance growth regions

Brownfield investments

Debottleneckings

Tepex: Leveraging strong demand for continuous fiber reinforced thermoplastics

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Thermoplastic composite sheets serve as powerful and cost effective substitute for traditional components

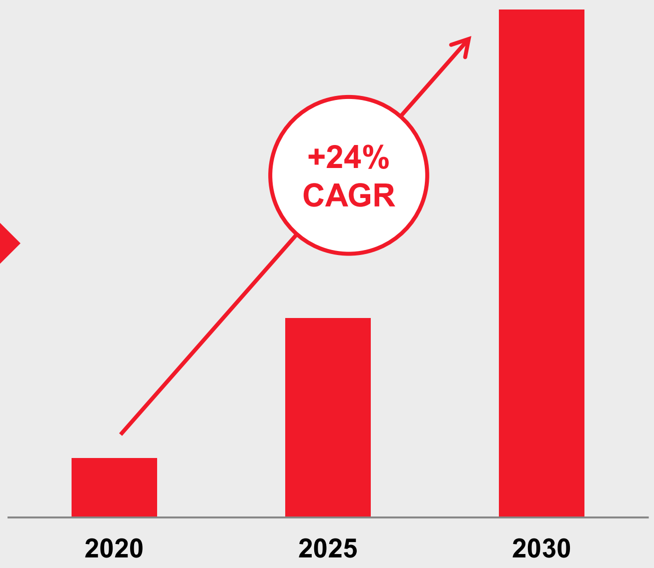
~€40 m

Investment

1H 2022

Planned operation start

Illustrative: Tepex adressable global market volume*



LANXESS strengthens its All aromatic „Verbund“ with additional synthetic menthol capacity

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Clear long-term investment approach based on synergetic customer relationship

~€40 m

Investment

Early 2021

Planned operation start

Investment rationale:

- Significant increase in demand for synthetic menthol
- Strong customer relation based on long-term contracts
- Downstream development of the aromatic „Verbund“

Venture investment into Lithium with low risk and potentially high return

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Opportunity in cooperation with Standard Lithium

~€100 – 400 m

Investments

Early 2021

Planned start of construction

Investment rationale:

- Potential lucrative yield of battery grade lithium from LANXESS‘ „waste material“ tail brine
- Strong growth of Lithium use based on rising demand for batteries

The journey will continue …

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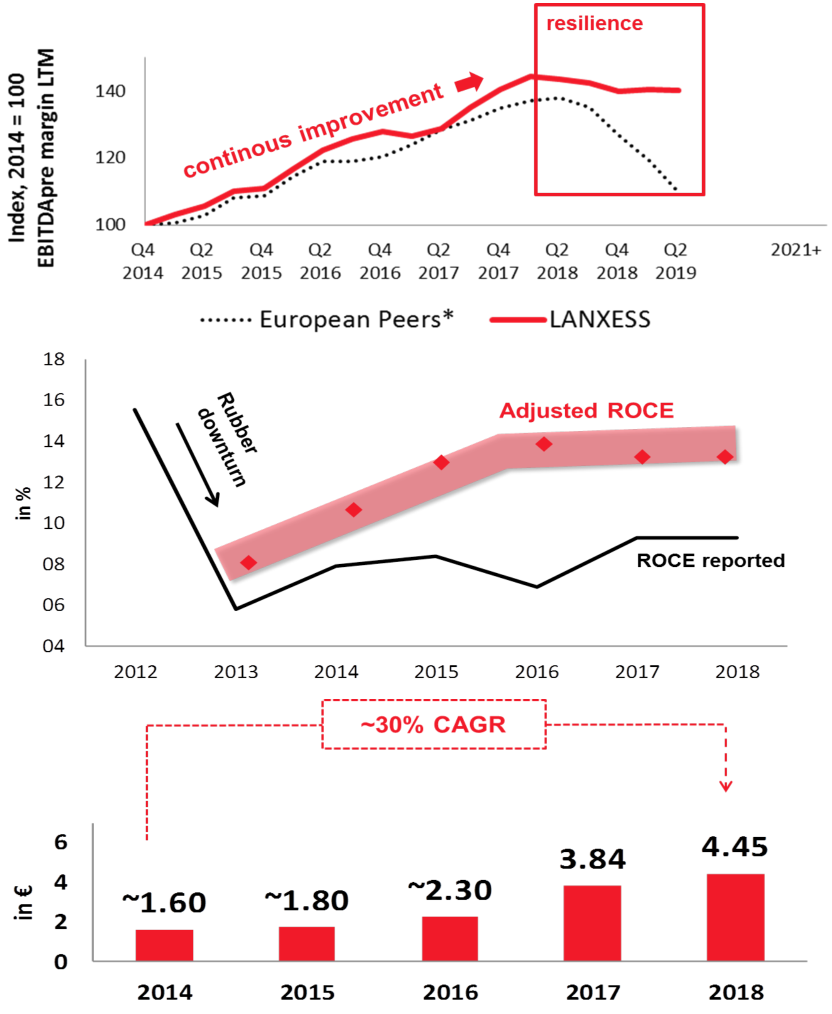

* European Peers: Arkema, DSM, Covestro (formerly BMS), BASF, Clariant, Evonik, Solvay

Looking ahead … energized!

Profitability	Moving our way towards even more stable and attractive margin levels
Resilience	Further balanced exposure to end markets and regions in the future
Financials	Maintaining strong financials and balanced debt
Rating	Commitment to stay solid investment grade