QUALITY WORKS

LANXESS – Conference Presentation FY / 2016

Transformation gains traction

Investor Relations

LANXESS

Energizing Chemistry

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Agenda

- **Building a more resilient New LANXESS**
- Q4 2016 and guidance – Transformation gains traction
- Backup

LANXESS

On track to change the company into the New LANXESS

Our path towards the New LANXESS

- Ongoing business and portfolio improvements
- Chemtura acquisition*
- Chemours C&D acquisition
- ARLANXEO operational
- Restructuring

New LANXESS

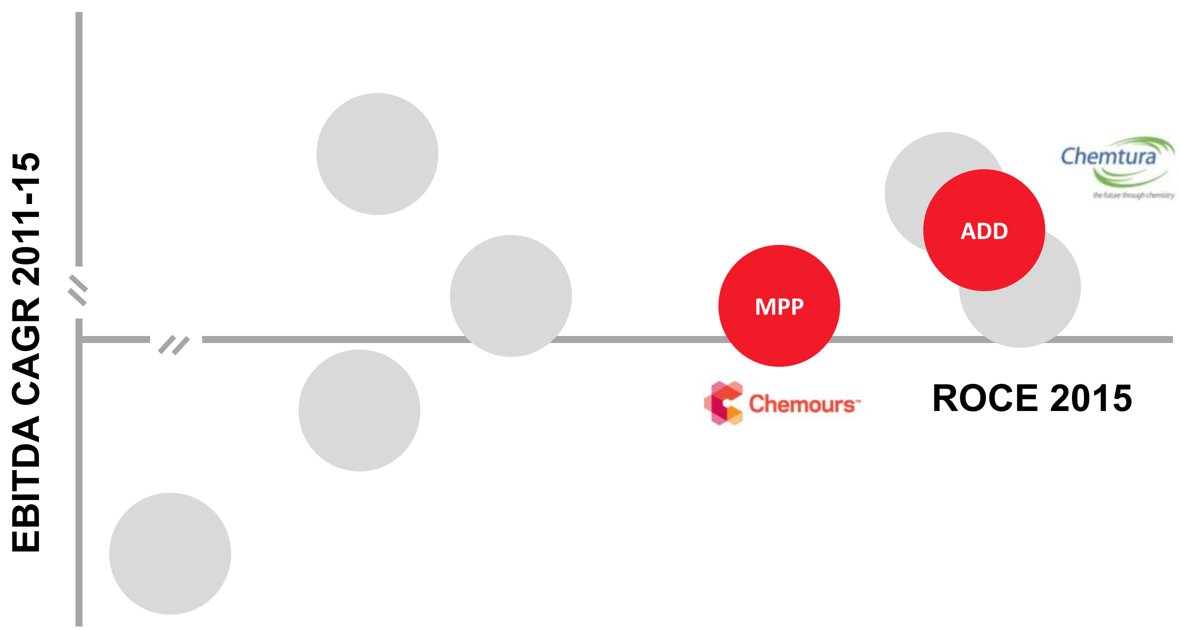
- ! Profitable & growing
- ! More resilient
- ! Less cyclical
- ! Cash generating
- ! Integrated supply chains

Energizing chemistry!

* Closing expected mid-2017

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

Strategically upgrading the portfolio



Sound financials

Chemtura

Sales ~€1.5 bn

EBITDA ~€245 m

Synergies: ~€100 m by 2020

EV/EBTIDA incl. synergies: ~7x

Closing: Anticipated mid-2017

Chemours

Sales ~€100 m

EBITDA ~€20 m

Synergies: ~€10 m by 2020

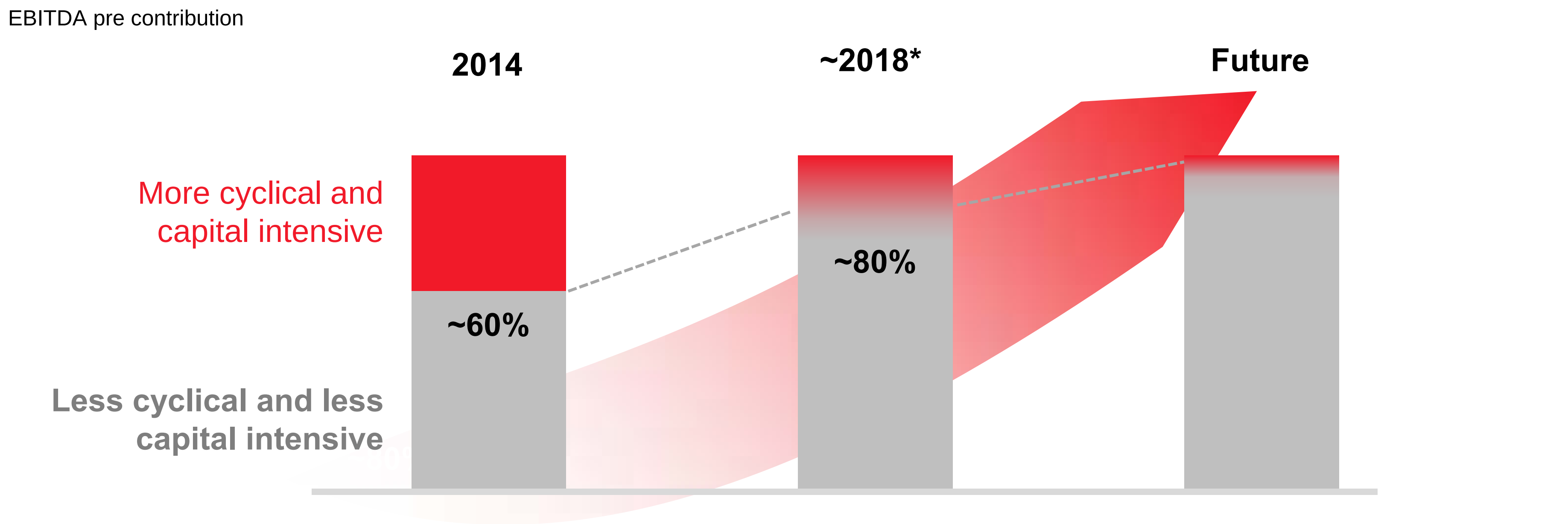
EV/EBTIDA incl. synergies: ~7x

Closing: 31 August, 2016

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

Progressing strategic shift to lower cyclicality paired with higher cash generation

Significant improvement of portfolio set-up



LANXESS turns into a more stable and less cyclical company

* Indicative, including Chemtura - Closing of Chemtura transaction anticipated mid-2017

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A more diversified and balanced portfolio

Well balanced business set-up

Sales [€]	~2.0 bn	~2.0 bn	~1.5 bn	~1.5 bn	~3 bn
	Advanced Intermediates	**Specialty Additives****	**Engineering Materials**	**Performance Chemicals**	**ARLANXEO*** joint venture for synthetic rubber
					
Key strategic rationale	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)
** Future reporting structure after closing of Chemtura acquisition

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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

Until 2018 | **thereafter**

Until 2018

Priorities

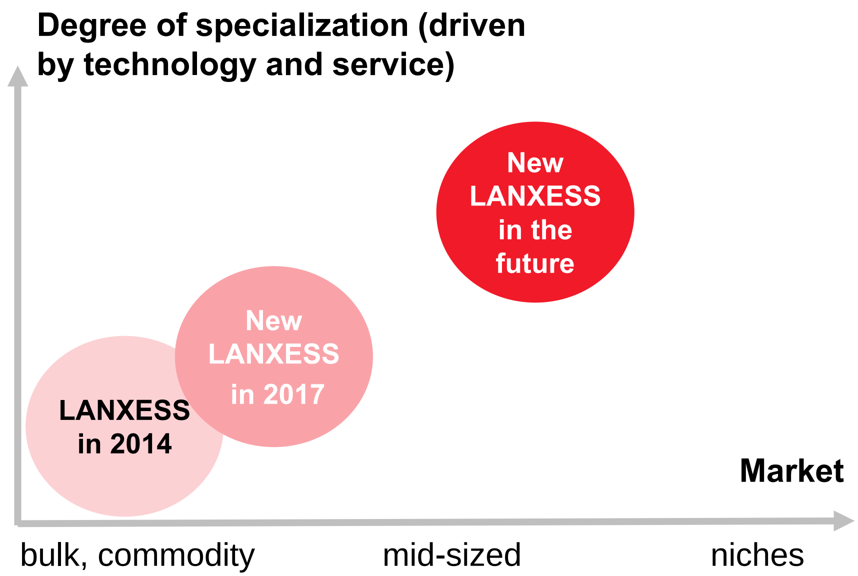
- Integration (Chemtura)
- Deleveraging
- Organic growth (brown fields)
- Dividend
- Portfolio management

Integration & deleveraging

thereafter

Priorities

- Portfolio management
- Organic growth (brown fields)
- Dividend
- Deleveraging



Focused organic and external growth

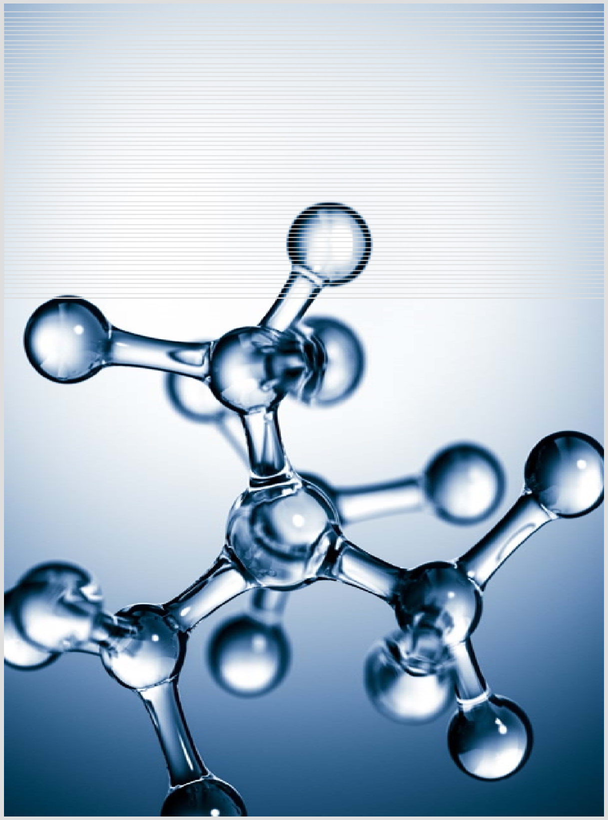
Building on our core strength

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

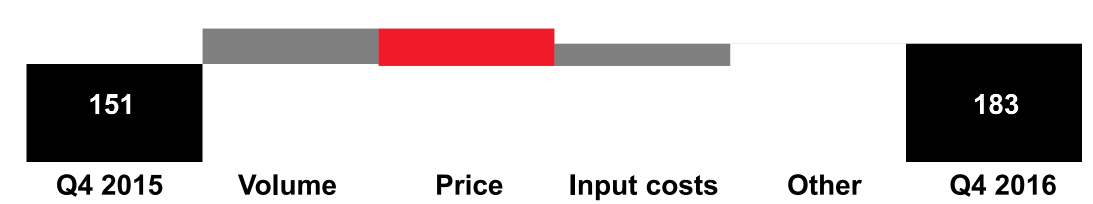
- Building a more resilient New LANXESS
- **Q4 2016 and guidance – Transformation gains traction**
- Backup

Q4 2016: Volume driven earnings growth

Q4 yoy sales variances	Price	Volume	Currency	Portfolio	Total
Adv. Intermediates	-3%	-6%	0%	-	-9%
Perf. Chemicals	-1%	+7%	1%	+4%	+11%
High Perf. Materials	-8%	+13%	0%	-	+5%
ARLANXEO	-3%	+15%	1%	-	+13%
LANXESS	**-3%**	**+8%**	**+1%**	**+1%**	**+6%**

- Lower prices reflect mainly raw material cost pass-through
- Higher volumes due to unforeseen strong demand in Asia; weak agro markets impact Adv. Intermediates
- Positive portfolio effect from Chemours C&D acquisition

Q4 yoy EBITDA pre bridge [€ m]



- Significant volume contribution
- Price/cost squeeze predominantly in some rubber grades in ARLANXEO
- “Other”: positive FX effects partly offset by ARLANXEO dissynergies and long-term variable compensation

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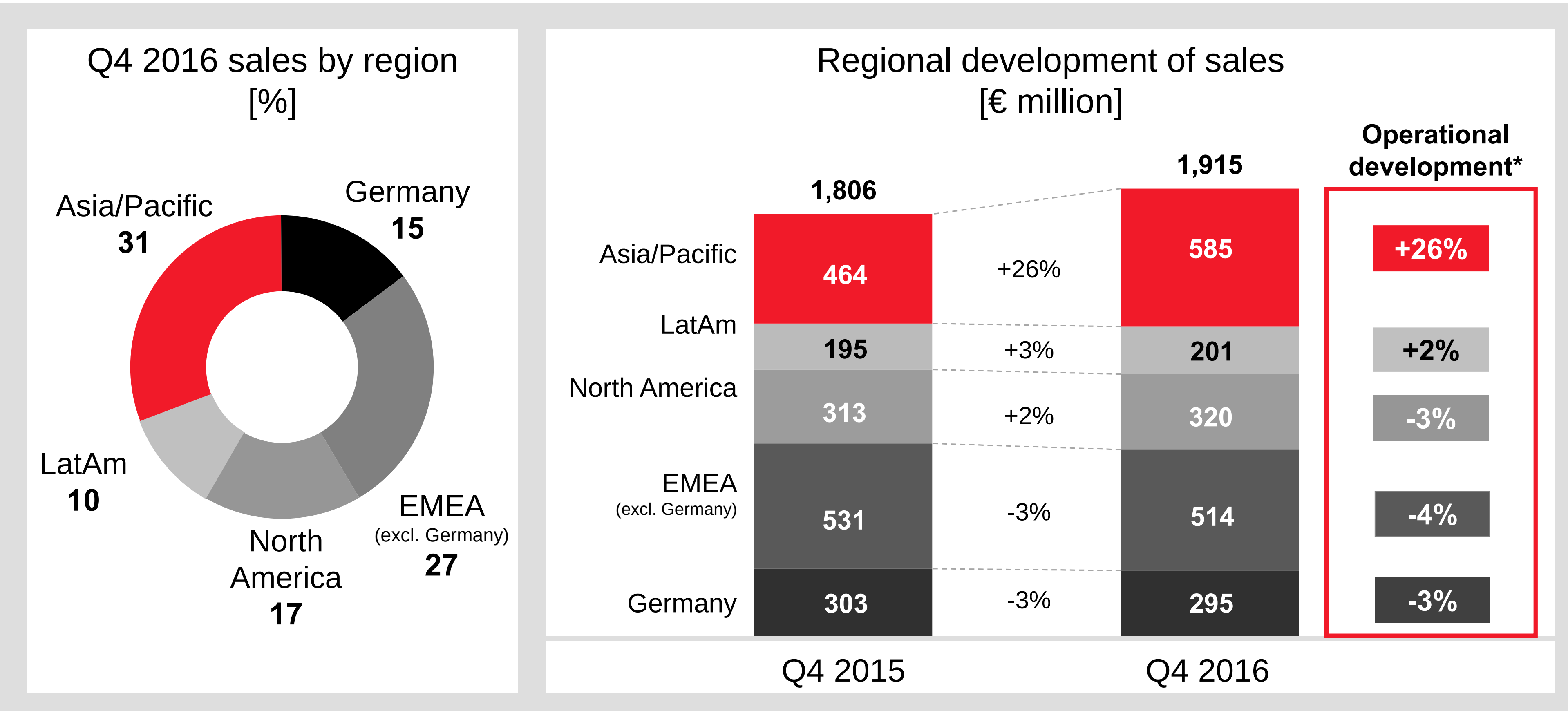
Q4 2016: Region Asia/Pacific with very strong sales increase



* Currency and portfolio adjusted

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Q4 2016: Solid operating performance

[€ m]	Q4 2015		Q4 2016		yoy in %
Sales	1,806	(100%)	1,915	(100%)	6%
Cost of sales	-1,441	(80%)	-1,545	(81%)	-7%
Selling	-186	(10%)	-204	(11%)	-10%
G&A	-82	(5%)	-91	(5%)	-11%
R&D	-32	(2%)	-35	(2%)	-9%
EBIT	**71**	**(4%)**	**35**	**(2%)**	**-51%**
Non-controlling interests	3		-3	(0%)	<-100%
Net Income	**15**	**(1%)**	**2**	**(0%)**	**-87%**
EPS pre*	**-0.11**		**0.24**		**>100 %**
EBITDA	141	(8%)	162	(8%)	15%
thereof exceptionals	-10	(1%)	-21	(1%)	>100%
EBITDA pre exceptionals	**151**	**(8.4%)**	**183**	**(9.6%)**	**21%**

- Sales increase mainly on strong volumes
- Cost of sales increase; however stable gross margin with higher capacity utilization and savings compensating for price pressure in some rubber types
- Selling expenses rise with volume increase; overhead line items impacted among others** by portfolio effects
- EBIT declined due to absence of positive one-offs (€56 m write-backs in Q4`15)

Volume increase drives EBITDA

* net of exceptionals and amortization of intangible assets as well as attributable tax effects
** ARLANXEO dissynergies and long-term compensation

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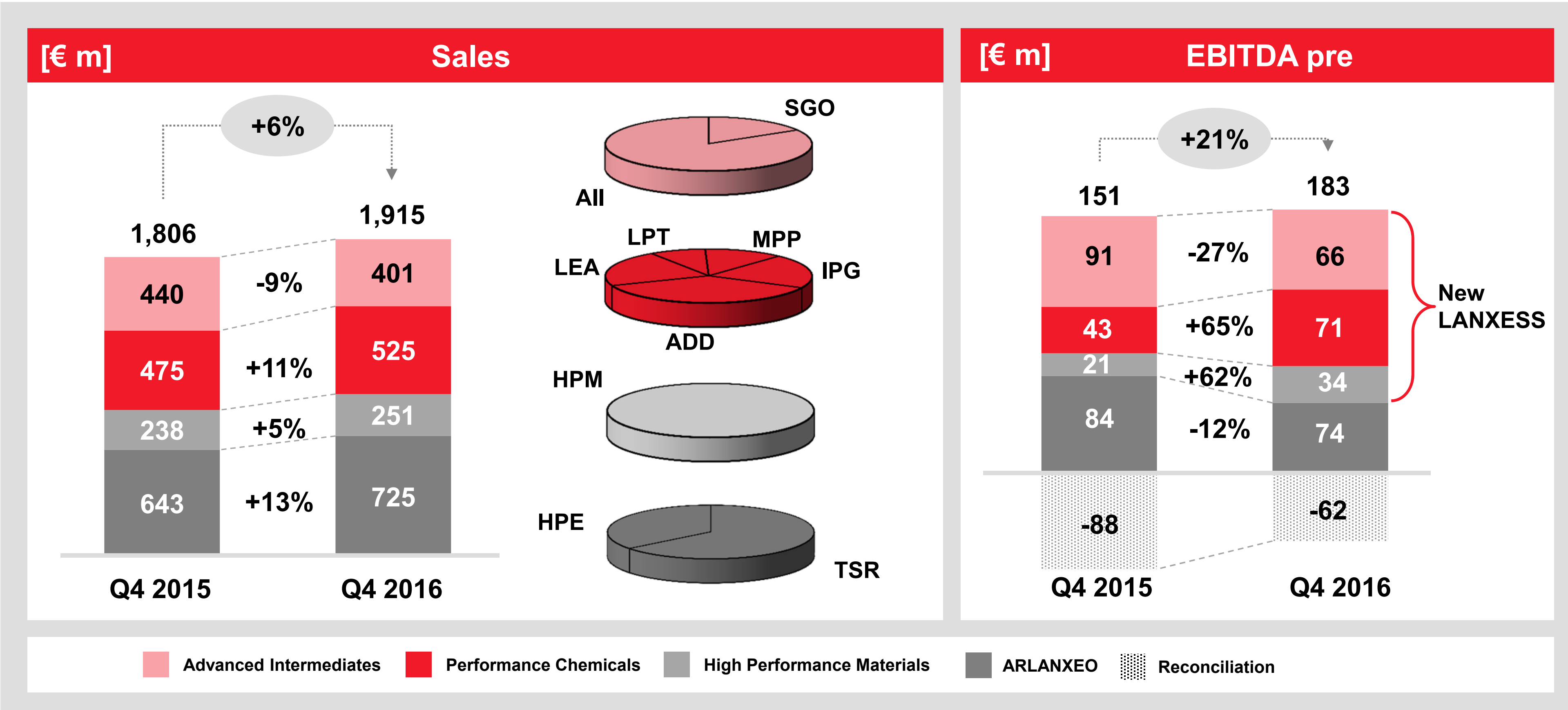
Q4 2016: A mixed picture

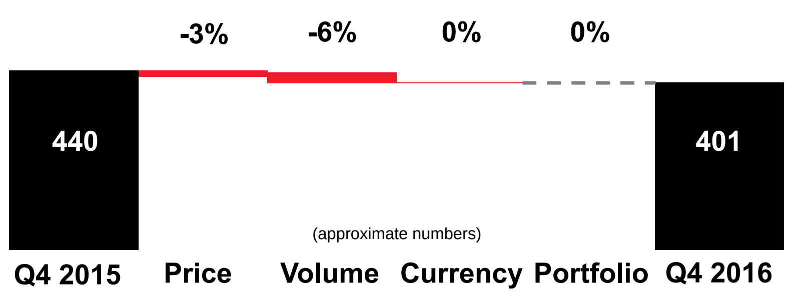


Total group sales including reconciliation

Advanced Intermediates: Agro weakness impacted Q4 as expected

[€ m]	Q4 2015	Q4 2016	Δ	FY 2015	FY 2016	Δ
Sales	**440**	**401**	**-8.9%**	**1,826**	**1,742**	**-4.6%**
EBIT	85	39	-54.1%	258	223	-13.6%
Depr. / Amort.	6	29	>100%	80	105	31.3%
EBITDA pre exceptionals	**91**	**66**	**-27.5%**	**339**	**326**	**-3.8%**
Margin	20.7%	16.5%		18.6%	18.7%	
Capex	**37**	**62**	**67.6%**	**87**	**123**	**41.4%**

Q4 sales bridge yoy [€ m]



Q4 yoy effects

- Pricing reflects raw material costs pass-through
- Volumes significantly lower mainly due to high prior-year base; BU SGO with weak demand from agro customers
- EBITDA pre impacted by lower volumes; unusually high prior-year base
- Capex increased due to growth investment in BU Saltigo
- Depreciation back at normal level (Q4 2015 incl. €19 m write-back)

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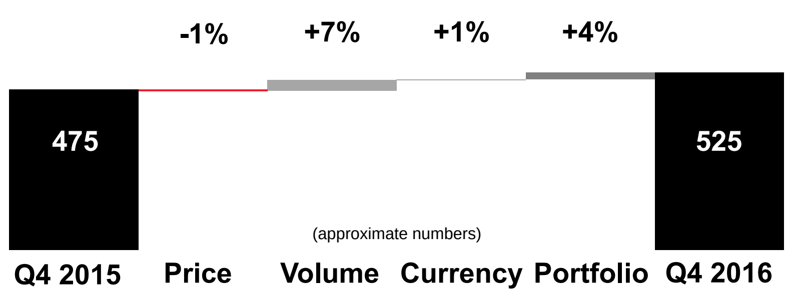
Performance Chemicals: Strong volume growth in Q4

[€ m]	Q4 2015	Q4 2016	Δ	FY 2015	FY 2016	Δ
Sales	**475**	**525**	**10.5%**	**2,085**	**2,142**	**2.7%**
EBIT	15	42	>100%	225	277	23.1%
Depr. / Amort.	23	26	13.0%	88	94	6.8%
EBITDA pre exceptionals	**43**	**71**	**65.1%**	**326**	**374**	**14.7%**
Margin	9.1%	13.5%		15.6%	17.5%	
Capex	**65**	**48**	**-26.2%**	**139**	**118**	**-15.1%**

Q4 sales bridge yoy [€ m]



Q4 yoy effects

- Minor price effects across all BUs
- Strong volume growth in nearly all BUs supported by less pronounced seasonality
- EBITDA pre and margin benefitted from volume growth, lower idle costs and better product mix
- Capex reduced from 2015 level (BU IPG China greenfield investment completed)

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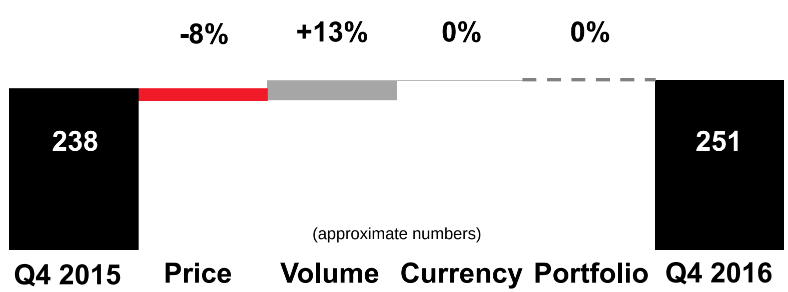
High Performance Materials: Higher volumes and improved product mix drive earnings

[€ m]	Q4 2015	Q4 2016	Δ	FY 2015	FY 2016	Δ
Sales	**238**	**251**	**5.5%**	**1,085**	**1,056**	**-2.7%**
EBIT	9	22	>100%	85	114	34.1%
Depr. / Amort.	12	12	0.0%	46	45	-2.2%
EBITDA pre exceptionals	**21**	**34**	**61.9%**	**111**	**159**	**43.2%**
Margin	8.8%	13.5%		10.2%	15.1%	
Capex	**24**	**31**	**29.2%**	**39**	**46**	**17.9%**

Q4 sales bridge yoy [€ m]



Q4 yoy effects

- Lower selling prices reflect raw material cost changes
- Strong volume growth in engineering plastics due to high automotive demand mainly in Asia
- EBITDA pre benefits from strong volume increase (ramp up of new compounding facility in Gastonia, US) and positive product mix effect
- Capex increase reflects investments in efficiency enhancing measures

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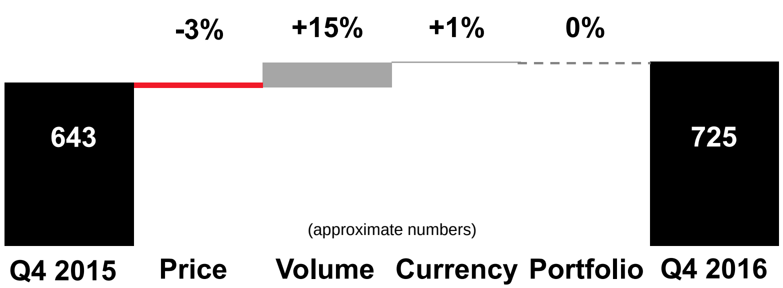
ARLANXEO: Substantial volume growth but continuing margin pressure

[€ m]	Q4 2015	Q4 2016	Δ	FY 2015	FY 2016	Δ
Sales	**643**	**725**	**12.8%**	**2,859**	**2,710**	**-5.2%**
EBIT	65	21	-67.7%	195	155	-20.5%
Depr. / Amort.	18	55	>100%	181	220	21.5%
EBITDA pre exceptionals	**84**	**74**	**-11.9%**	**391**	**373**	**-4.6%**
Margin	13.1%	10.2%		13.7%	13.8%	
Capex	**64**	**66**	**+3.1%**	**145**	**138**	**-4.8%**

Q4 sales bridge yoy [€ m]



Q4 yoy effects

- Lower selling prices due to persistent competitive price pressure in EPDM and butyl
- Substantial volume growth in both BUs on the back of strong demand in Asia
- EBITDA pre declines as price/cost squeeze over compensates positive volume effect
- Depreciation back at normal level (Q4 2015 incl. €37 m write-back)

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Q4 2016: Strong business activity offset by one-time effects

[€ m]	Q4 2015	Q4 2016
Profit before tax	**42**	**-2**
Depreciation & amortization	70	127
Financial (gains) losses	17	14
Cash tax payments/refunds	-28	-86
Changes in other assets and liabilities	-5	-52
Operating cash flow before changes in WC	**96**	**1**
Changes in working capital	254	156
Operating cash flow	**350**	**157**
Investing cash flow	**-234**	**-1,784**
Thereof capex	-205	-211
Financing cash flow	**-101**	**1,459**

- Depreciation back at normal level (Q4 ‘15 contained €56 m write-backs)
- Higher cash taxes due to timing pattern
- Changes in other assets and liabilities mainly due to hedging of intercompany financing
- Working capital release driven by higher payables following risen raw material prices
- Investing and financing cash flow mainly reflect issuance of new bonds (€1.5 bn in preparation of Chemtura acquisition)

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Balance sheet – Substantially improved and prepared for Chemtura acquisition

[€ m]	Dec 2015	Dec 2016
Total assets	7,219	9,877
Equity (incl. non-controlling interest)	2,323	3,728
Equity ratio	**32%**	**38%**
Net financial debt (after deduction of current financial assets)	**1,211**	**269**
Near cash, cash & cash equivalents	466	395
Pension provisions	1,215	1,249
ROCE[1]	**8.4%**	**9.6%**[4]
Net working capital	1,526	1,628
DSI (in days)[2]	67	67
DSO (in days)[3]	48	51

- Total assets higher with ARLANXEO-related increase in equity for non-controlling interest[5] and financing in preparation of Chemtura acquisition
- Stable pension provisions despite lower discount rate (2.0% from 3.0% year end '15) due to €200 m funding in Q2 '16
- Rock solid balance sheet with very low net financial debt
- ROCE increased to ~9.6%[4]
- DSO increase reflects strong Q4 volume growth

[1] Based on last twelve months for EBIT pre
[2] Days sales of inventory calculated from quarterly sales
[3] Days of sales outstanding calculated from quarterly sales

[4] Adjusted for current financial assets
[5] On April 1, 2016, LANXESS placed 50% of its rubber business in a joint venture with Saudi Aramco, receiving in return ~€1.2 bn in cash

Strong start to the year: Q1 2017 EBITDA pre expected ~20% above prior year

Macro economics 2017	Similar trading pattern expected as in 2016 ▪ U.S. and Europe with moderate growth ▪ Asia (especially China) expected to grow as strong as in 2016 ▪ Latin America sees improvement against prior year
LANXESS FY 2017	▪ EBITDA pre expected slightly above previous year – Chemtura comes on top
LANXESS Q1 2017	▪ Q1 ‘17 EBITDA pre seen in a bandwidth of ~€300-320 m

All data excludes the contribution from the Chemtura acquisition; acquisition is subject to approval of relevant authorities
At USD/EUR 1.10

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Agenda

- Building a more resilient New LANXESS
- Q4 2016 and guidance – Transformation gains traction
- **Backup**

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Backup

Housekeeping items

Additional financial expectations	
▪ Capex 2017:	~€450-500 m (thereof ~€150 m ARLANXEO)
▪ Operational D&A 2017:	~€480 m (thereof ~€220 m ARLANXEO)
▪ Reconciliation 2017:	underlying exp. of ~-€160 m EBITDA pre additionally hedging exp. expected ~-€10 m
▪ Tax rate:	mid-term: 30-35% (for New LANXESS)
▪ Dividend policy:	Aiming for a rising or at least stable dividend

All data excludes the contribution from the Chemtura acquisition
At USD/EUR 1.10

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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

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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 costs (including cost of planned refinancing of target debt), which are considered in purchase price

New LANXESS well diversified

LANXESS group - sales by industry 2016

New LANXESS sales by industry 2016

ARLANXEO sales by industry 2016

* Amongst other consumer, chemicals, construction

New LANXESS with strong ROCE

FY 2016	New LANXESS			ARLANXEO	Group
					LANXESS
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

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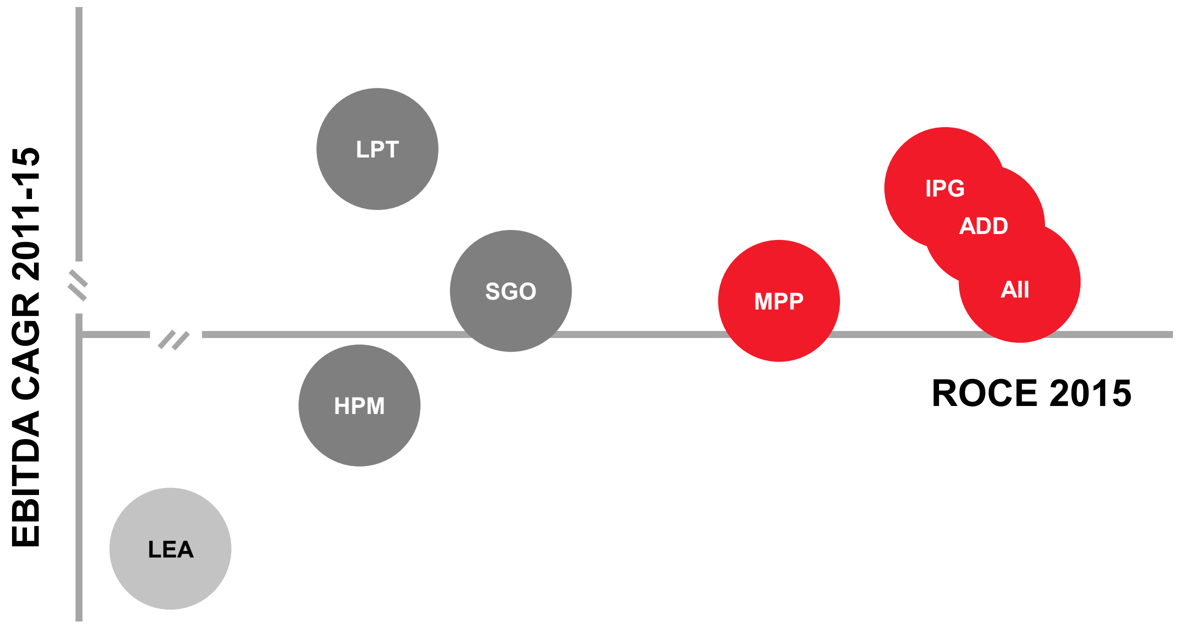
Dedicated value maximizing strategy for each business unit

Strong portfolio with potential to improve



Strategic path

1. Keep financial profile but gain size
2. Catch-up on return and grow
3. Turnaround / partnerships

Detailed analysis prepared, ready for execution

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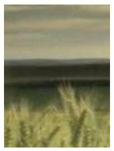
Further potential for portfolio optimization



Advanced Intermediates
- Advanced Industrial Intermediates
- Saltigo

Specialty Additives*
- Additives ✓
- Rhein Chemie ✓

Engineering Materials
- High Performance Materials
- Urethane Systems*

Performance Chemicals
- Inorganic Pigments
- Leather
- Material Protection Products ✓
- Liquid Purification Technologies

ARLANXEO**
- Tire & Specialty Rubbers
- High Performance Elastomers

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

Ongoing implementation

Sales: > €500 m | Sales: €200 m – 500 m | Sales: < €200 m

* Future reporting segment after planned acquisition of Chemtura
** ARLANXEO fully consolidated by LANXESS for the first three years (as of April 1, 2016)

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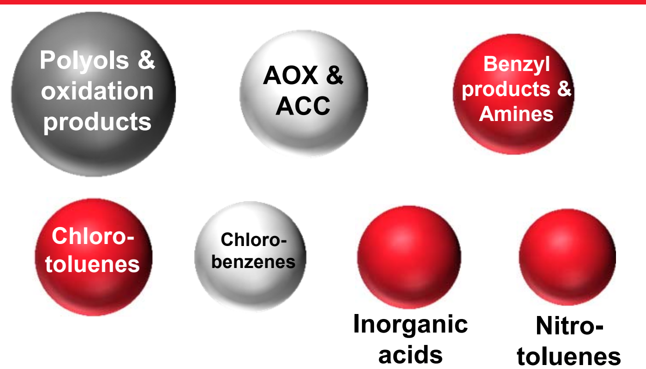
Advanced Intermediates: Efficient, resilient, expandable

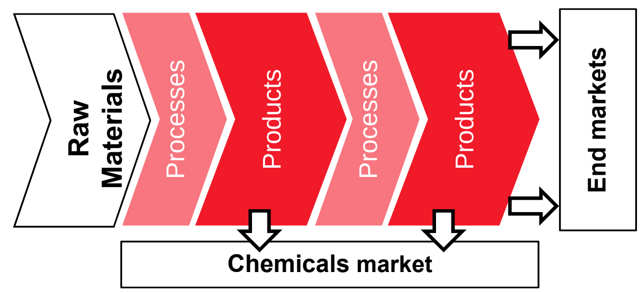
Use market and technological leadership …



LANXESS market share[1] >30% >25% >20%

Saltigo — **Leading agro custom manufacturer in Europe**

… on competitive production platform



- Unique integrated manufacturing network (Verbund)
- Lean cost structure

Building a global and resilient intermediates player

End market growth ~3-4%

Growth capex[2] ~€100-150 m at ROCE ≥ Ø group[3]

Potential for future growth

Organic (low – high)

M&A

Bubble sizes represents sales

[1] By capacity; [2] Growth capex for the years 2016-2020; [3] Refers to New LANXESS

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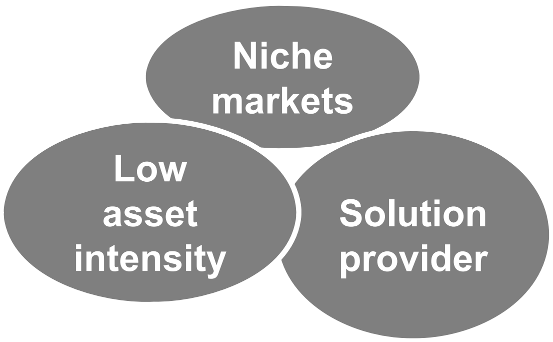
Performance Chemicals: Making them shine

Leverage technology positions…



… and upgrade product mix further

End market growth ~3%

Growth capex* ~€100-150 m at ROCE ≥ Ø group**

Potential for future growth

Organic

low high

M&A

Additives

Pigments

Biocides

Leather

Water

Building a specialty division through organic and external growth

* Growth capex for the years 2016-2020

** Refers to New LANXESS

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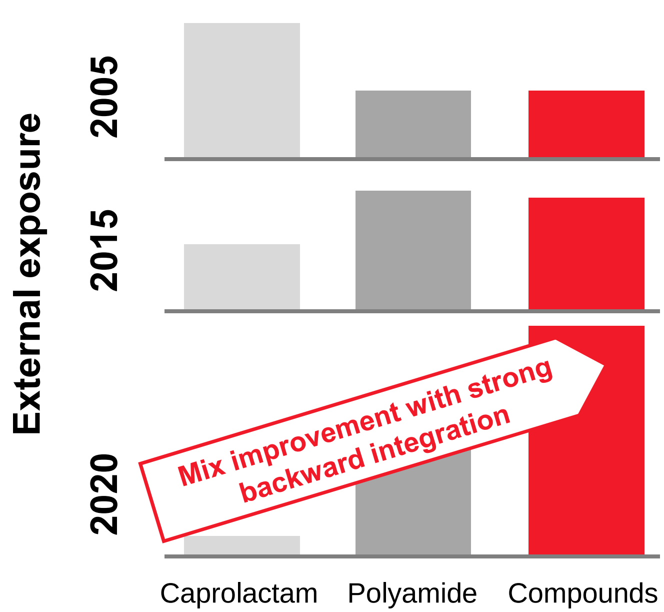
High Performance Materials: It’s growth and mix

Focus on higher value-add engineering plastic compounds …

Illustrative



… and repositioning profitability

Mix improvement through more balanced capacity model

~€20 m EBITDA improvement through **efficiency measures** by 2020 (Phase II)

Compounding expansions:
+ 20kt Gastonia, US (‘16)
+ more to come

Building an integrated engineering plastics player

End market growth ~5%

Growth capex* ~€50-100 m at ROCE ≥ Ø group**

Potential for future growth

Organic

low high

M&A

* Growth capex for the years 2016-2020
** Refers to New LANXESS

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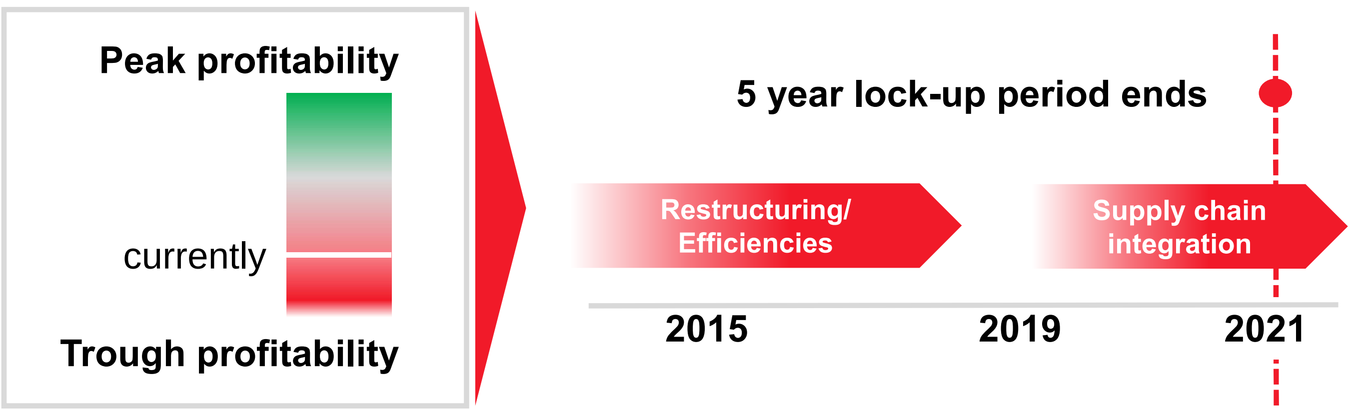
And finally a few thoughts on ARLANXEO

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

low

high

M&A

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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

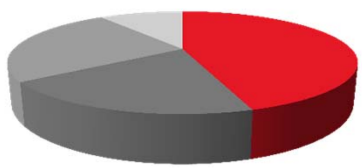
- Closing anticipated mid-2017

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*

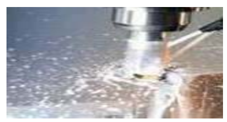
- Sales ~€1.5 bn
- EBITDA pre ~€245 m
- ~2,500 employees
- 20 sites in 11 countries

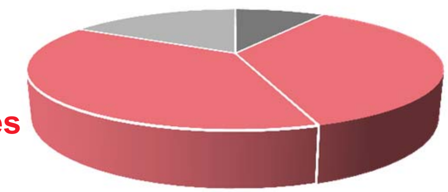


Well established in lubricant additives and flame retardants

Sales split

Lubricant additives





Flame retardants

Key customer bases growing**

Building & construction	Electrical & Electronics	Energy	Transportation
			
~3.0%	~5.5%	~2.0%	~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)

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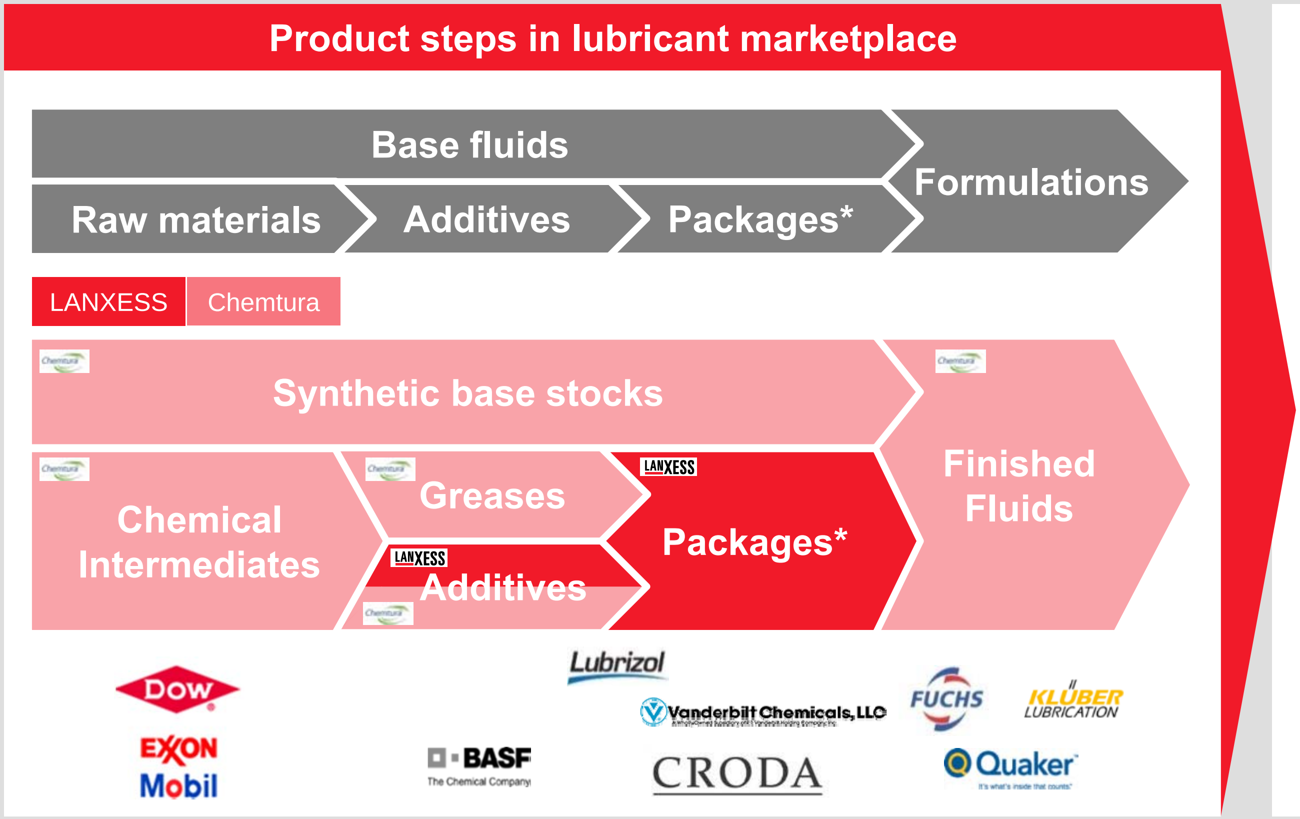
Strengthened integrated value chain in lubricants and lubricant additives

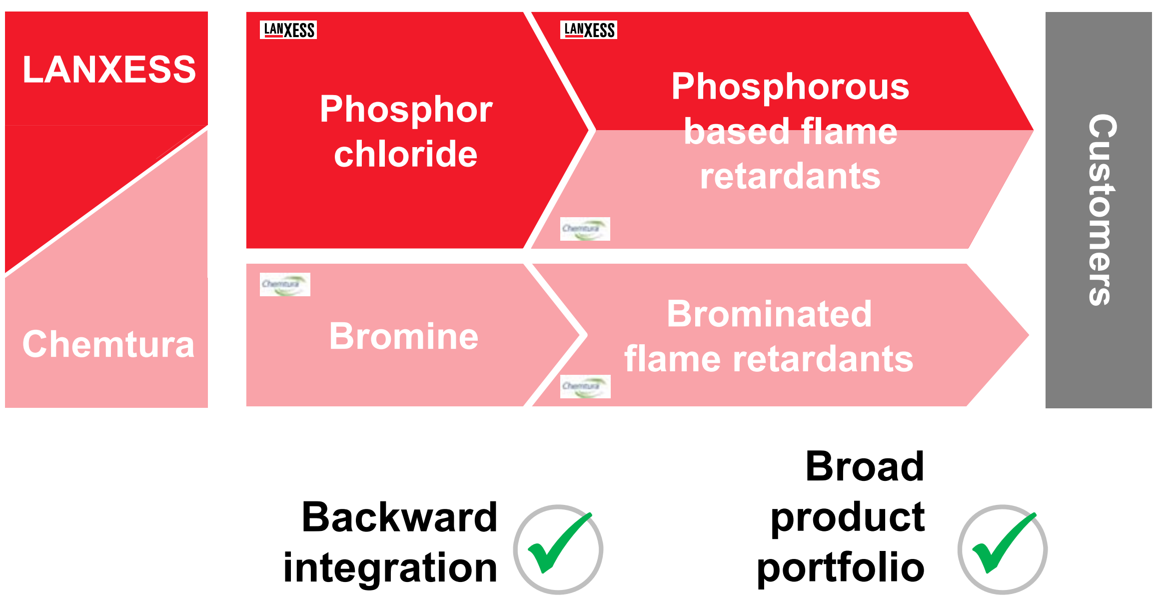


- Backward integration potential
- Complementary product groups; optimization of sales channels and cross selling potential
- Good platform for growth; recent investments in Netherlands (base stocks) and China (greases and fluids) offer volume growth potential

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

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

Value chain flame retardants



- Complementary portfolios in flame retardants
- Optimization of production platform and sales channels
- Good platform for growth with new flame retardant developments

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Acquisition of highly attractive biocide and customer solution business – perfect fit for our BU Material Protection Products

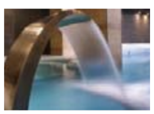
Chemours' Clean & Disinfect business

Virkon™
- Globally #1 powder veterinary disinfectant
- Target market ~€500 m

Oxone™
- Globally #1 in monopersulfate
- Key ingredient for Virkon™ and sales in adjacent industries (e.g. pool & spa)

Chlorine Dioxide business for industrial water treatment


Animal health


Pool & spa


Human health


Electronics

Sales	EBITDA	Employees	Production
~€100 m*	**~€20 m***	**~170**	**3 sites**

Significant expansion of high margin biocide business with attractive growth rates (3-6%)

Market access into attractive niche veterinary disinfection market with potential of top-line synergies

Chemours' (formerly DuPont) business is the only backward integrated player

* Financials FY 2015 pro forma pre exceptionals; FX: 1.10 USD/EUR

Swift action on growth strategy has already been taken in our Performance Chemicals segment

BU MPP and Chemours with complementing positions along the value chain

Active Ingredients | Registration | Formulation | Distribution

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Phenolics

Other markets

LANXESS **Preventol®**

Chemours
Veterinary disinfection distribution

Chemours
Oxone™ - #1 market position

Chemours **Virkon™ – #1 in powder disinfectants**

Other markets

EV/EBITDA including synergies ~7.0x	EPS accretive in year 1

Sales	EBITDA	Employees	Production
~€100 m*	**~€20 m***	**~170**	**3 sites**

* Financials FY 2015 pro forma pre exceptionals; FX: 1.10 USD/EUR

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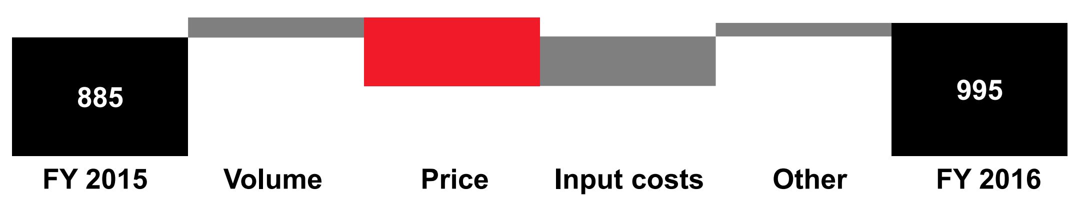
FY 2016: Strong volume contribution in top and bottom line

FY yoy sales variances	Price	Volume	Currency	Portfolio	Total
Adv. Intermediates	-6%	+2%	0%	-	-5%
Perf. Chemicals	-2%	+4%	0%	+1%	+3%
High Perf. Materials	-8%	+6%	0%	-	-3%
ARLANXEO	-9%	+4%	0%	-	-5%
LANXESS	-6%	+4%	0%	0%	-3%

- Lower selling prices in all segments reflect a lower raw material price level
- All segments record good volume growth
- Minor portfolio effect from Chemours C&D acquisition (August 2016)

FY yoy EBITDA pre bridge [€ m]



- Volume increase contributed substantially to EBITDA growth
- Price/cost squeeze largely due to market price pressure at ARLANXEO
- FX* benefits, lower idle costs and savings reflected in “Other”

* Mainly lower hedging expenses

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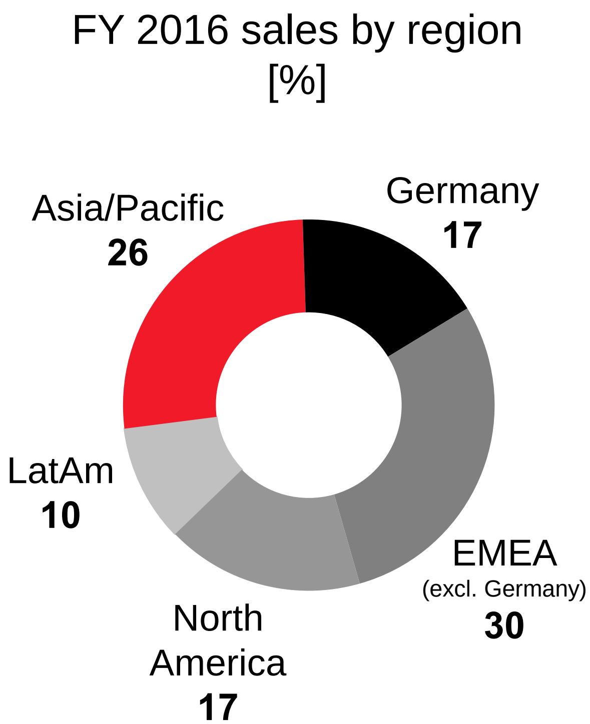
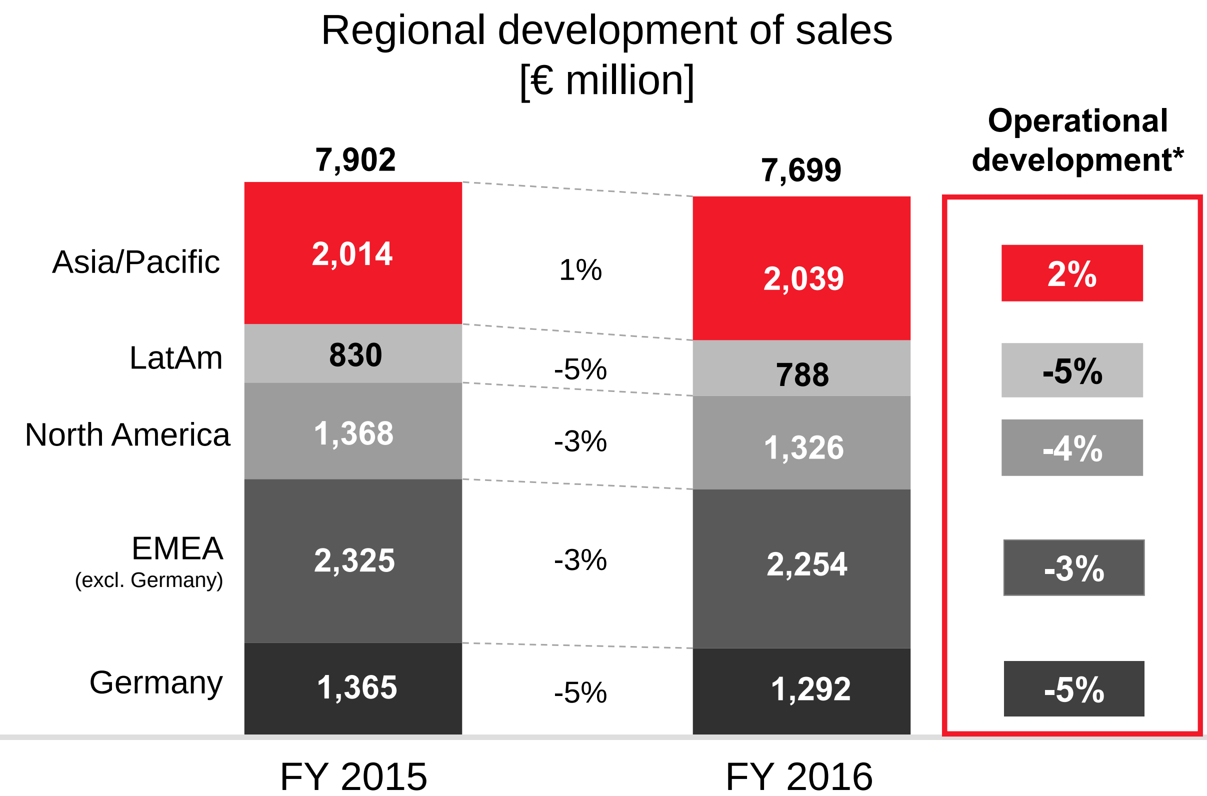
FY 2016: Volume growth in all regions but Latin America – lower prices in all regions (raw material price pass-through)





* Currency and portfolio adjusted

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FY 2016: Strong earnings improvement

[€ m]	FY 2015		FY 2016		yoy in %
Sales	7,902	(100%)	7,699	(100%)	-3%
Cost of sales	-6,154	(78%)	-5,945	(77%)	3%
Selling	-759	(10%)	-781	(10%)	-3%
G&A	-284	(4%)	-303	(4%)	-7%
R&D	-130	(2%)	-131	(2%)	-1%
EBIT	**415**	**(5%)**	**464**	**(6%)**	**12%**
Non-controlling interests	2	(0)	3	(0%)	50%
Net Income	**165**	**(2%)**	**192**	**(2%)**	**16%**
EPS pre*	**2.03**		**2.69**		**33%**
EBITDA	833	(11%)	945	(12%)	13%
thereof exceptionals	-52	(1%)	-50	(1%)	-4%
EBITDA pre exceptionals	**885**	**(11.2%)**	**995**	**(12.9%)**	**12%**

- Lower sales as lower selling prices more than offset higher volumes
- Cost of sales reflect lower raw material price level, lower idle costs and cost savings
- G&A influenced by dissynergies from ARLANXEO
- Net income increases in line with improved operations, despite the absence of positive one-off items enjoyed in 2015

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

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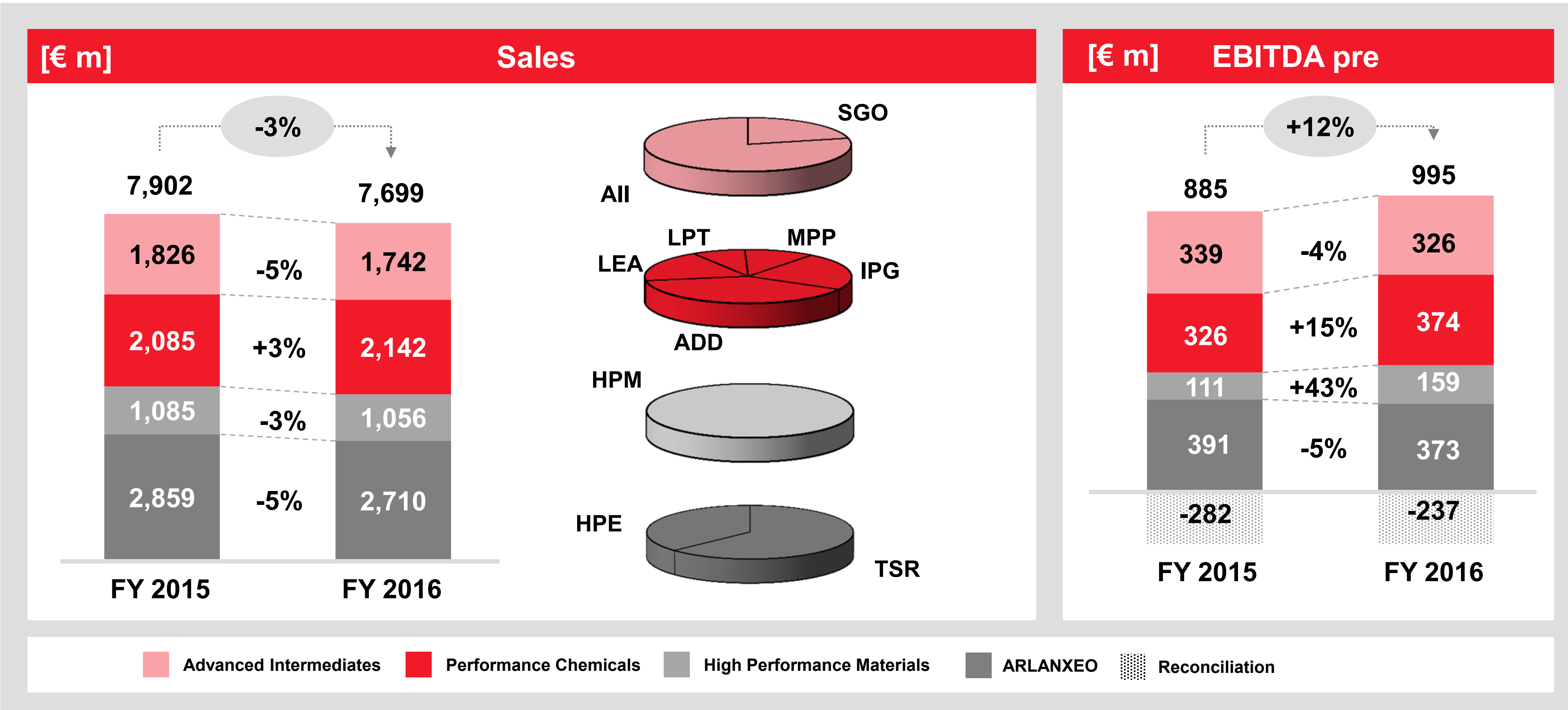
FY 2016: New LANXESS businesses drive earnings growth



Total group sales include reconciliation

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FY 2016: Stable operating and free cash flow

[€ m]	FY 2015	FY 2016
Profit before tax	**288**	**339**
Depreciation & amortization	418	481
Gain from sale of assets	-42	0
Financial (gains) losses	66	56
Cash tax payments/refunds	-98	-184
Changes in other assets and liabilities	-33	44
Operating cash flow before changes in WC	**599**	**736**
Changes in working capital	93	-47
Operating cash flow	**692**	**689**
Investing cash flow	**-400**	**-2,879**
Thereof capex	-434	-439
Thereof cash inflows from/cash outflows for financial assets	-11	-2,125
Thereof CTA* funding & Chemours C&D acquisitition	0	-398
Financing cash flow	**-333**	**2,173**

- Depreciation back at normal level versus low 2015 level (contained €56 m write-backs)
- Higher working capital as strong volumes at year end pushed up receivables and inventories
- Investing cash flow marked by re-investment of ARLANXEO cash-in** and bond proceeds (€1.5 bn for Chemtura acquisition) into financial assets
- Financing cash flow also reflects ARLANXEO cash-in and bond issuance

* CTA: Contractual Trust Arrangement
** Closing of ARLANXEO on April 1, 2016, leading to cash-in of ~€1.2 bn

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Balance sheet extended due to ARLANXEO and preparation of Chemtura financing

[€ m]	Dec'15	Dec'16
Non-current assets	**4,180**	**4,519**
Intangible assets	300	494
Property, plant & equipment	3,447	3,519
Equity investments	0	0
Other investments	12	12
Other financial assets	21	19
Deferred taxes	361	442
Other non-current assets	39	33
Current assets	**3,039**	**5,358**
Inventories	1,349	1,429
Trade accounts receivable	956	1,088
Other current financial assets	4	2,130
Other current assets	264	316
Near cash assets	100	40
Cash and cash equivalents	366	355
Total assets	**7,219**	**9,877**

	Dec'15	Dec'16
Stockholders' equity	**2,323**	**3,728**
attrib. to non-contr. interests	13	1,176
Non-current liabilities	**2,936**	**4,516**
Pension & post empl. provis.	1,215	1,249
Other provisions	271	319
Other financial liabilities	1,258	2,734
Tax liabilities	19	31
Other liabilities	127	100
Deferred taxes	46	83
Current liabilities	**1,960**	**1,633**
Other provisions	411	406
Other financial liabilities	443	78
Trade accounts payable	779	889
Tax liabilities	85	44
Other liabilities	242	216
Total equity & liabilities	**7,219**	**9,877**

- Other current financial assets include the proceeds of new bonds and part of the €1.2 bn cash received from Saudi Aramco for 50% in ARLANXEO JV; 50% share of Saudi Aramco in ARLANXEO reflected in non-controlling interests
- Increase in financial liabilities due to €1.5bn of new bonds (financing of the planned Chemtura acquisition)

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Corporate Responsibility well integrated - achieving goals sustainably

Climate / Environmental goals

- Reduction of specific CO2 emission by 25%[1] until 2025
- Reduction of specific energy consumptions by 25%[1] until 2025
- Reduction of volatile organic compounds (NMVOC[3]) emissions by 25%[1] until 2025

Procurement initiatives

- ‘Supplier Code of Conduct’ for supplier selection and rating
- ‘Together for Sustainability’ initiative[2] 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 AMREF2[4]
- Education initiatives with local and global commitment

THE GLOBAL COMPACT WE SUPPORT
CDP A LIST 2016 CLIMATE
MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM
oekom research Rating Category: C+
FTSE4Good

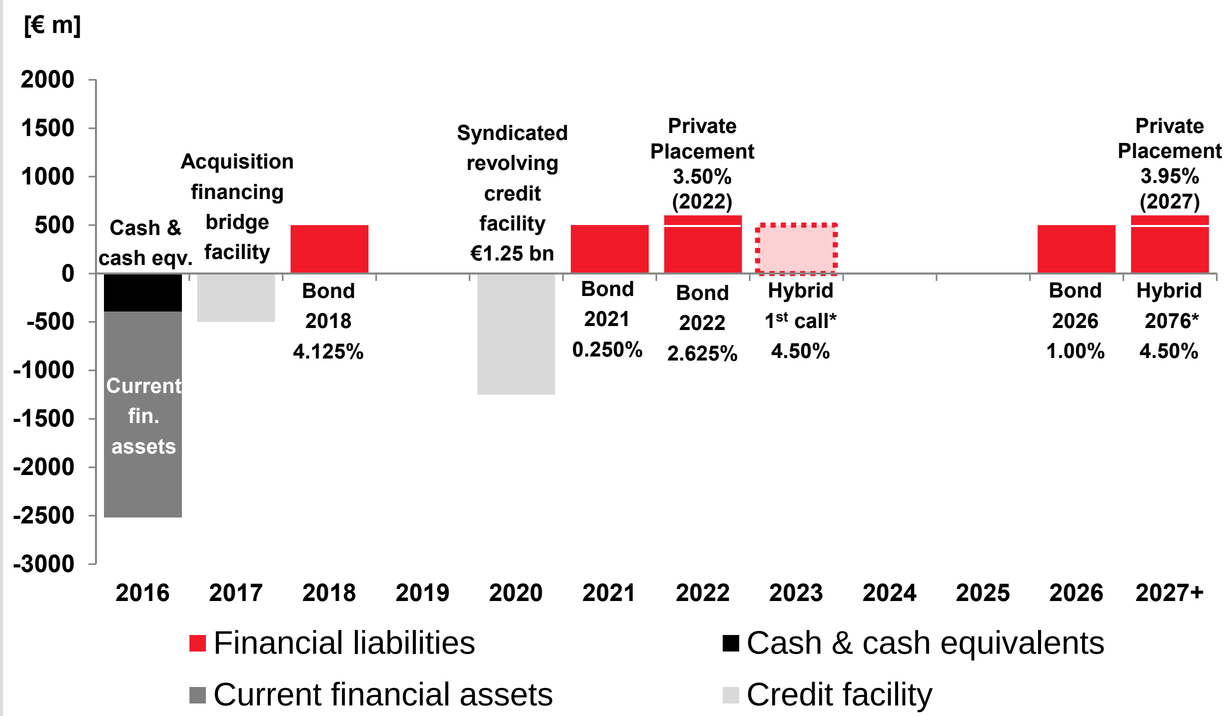
[1] Base year: 2015; for CO_2: Scope 1 and Scope 2 emissions
[2] Members: BASF, Bayer, Evonik, Henkel, LANXESS, Akzo Nobel, Solvay
[3] Non methane volatile organic compounds; [4] African Medical and Research Foundation

Maturity profile actively managed and well balanced through recent capital market transactions

Long-term financing secured

- Financing of Chemtura acquisition secured by recent €1.5 bn bond issuance
- Cash and financial assets of €2.5 bn and undrawn credit lines secure liquidity for Chemtura transaction
- Diversified financing sources
  - Bonds & private placements
  - Syndicated credit facility
- Average interest rate of financial liabilities <3%
- All group financing executed without financial covenants

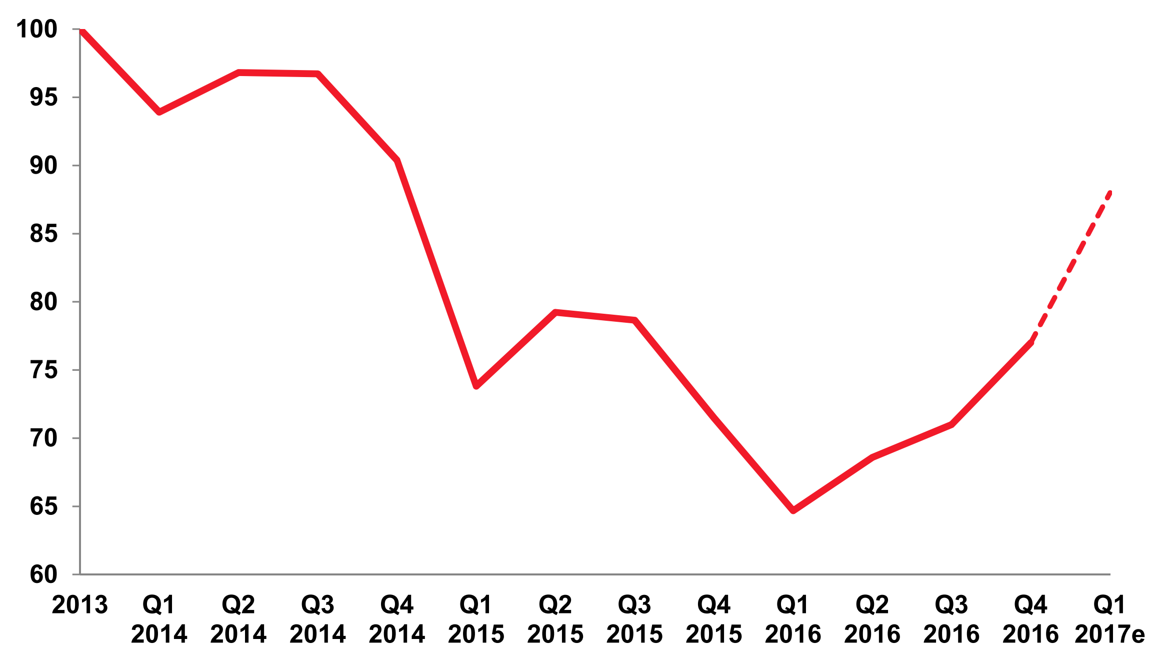
Liquidity and maturity profile as per December 2016



* 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
- Raw material prices remained volatile, trending downwards through year end 2015
- 2016 with an upward trend that accelerated during Q4
- 2017 to start with an acceleration in raw material prices

* Source: LANXESS, average 2013 = 100%

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Overview exceptional items Q4 and FY

[€ m]	Q4 2015		Q4 2016		FY 2015		FY 2016	
	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A
Advanced Intermediates	-19	-19	-2	0	-18	-19	-2	0
Performance Chemicals	5	0	3	0	13	0	3	0
High Performance Materials	0	0	0	0	-19	1	0	0
ARLANXEO	-36	-37	-2	0	-12	-27	-2	0
Reconciliation	4	0	22	0	43	0	51	0
Total	**-46**	**-56**	**21**	**0**	**7**	**-45**	**50**	**0**

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Abbreviations

ARLANXEO

- TSR Tire & Specialty Rubbers
- HPE High Performance Elastomers

Performance Chemicals

- ADD Rhein Chemie Additives
- IPG Inorganic Pigments
- LEA Leather
- MPP Material Protection Products
- LPT Liquid Purification Technologies

Advanced Intermediates

- AII Advanced Industrial Intermediates
- SGO Saltigo

High Performance Materials

- HPM High Performance Materials

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Upcoming events 2017

Proactive capital market communication		
UBS Chemicals Field Trip	March 22	Cologne
MainFirst Corporate Conference Copenhagen	March 30	Copenhagen
Raymond James Chemical Leaders Conference 2017	March 30	London
Q1 results 2017	**May 11**	
Citi's Inaugural Chemicals Conference	May 16	London
Annual General Meeting	**May 26**	**Cologne**
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 19th European CEO Conference	June 13/14	Paris
mBank Chemicals Day 2017	June 20	Warsaw
Meeting the Management 2017	**September 6**	**Cologne**
Q2 results 2017	**August 10**	
Q3 results 2017	**November 9**	

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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

Annika Klaus
Assistant to Oliver Stratmann

Tel. : +49-221 8885 9834
Fax. : +49-221 8885 4944
Mobile : +49-151 74613059
Email : Annika.Klaus@lanxess.com

LANXESS IR website

Ulrike Rockel
Head of Investor Relations

Tel. : +49-221 8885 5458
Mobile : +49-175 30 50458
Email : Ulrike.Rockel@lanxess.com

Katharina Forster
Institutional Investors / Analysts / AGM

Tel. : +49-221 8885 1035
Mobile : +49-151 7461 2789
Email : Katharina.Forster@lanxess.com

Jens Ussler
Institutional Investors / Analysts

Tel. : +49-221 8885 7344
Mobile : +49-151 7461 2913
Email : Jens.Ussler@lanxess.com

Thorsten Zimmermann
Institutional Investors / Analysts

Tel. : +49-221 8885 5249
Mobile : +49-151 7461 2969
Email : Thorsten.Zimmermann@lanxess.com