



Q3 2017 Roadshow

Another strong quarter!

Investor Relations

LANXESS
Energizing Chemistry

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Agenda

- **Expanding our strengths**
- Business and financial details Q3 2017
- Backup

A rapidly changing world – Our answer: Energizing chemistry!

What it takes to be successful in a changing environment

Agility

Courage & team spirit

Mindset

Balance

Markets

Industries

LANXESS

Lean structures

Entrepreneurial organization

Speed

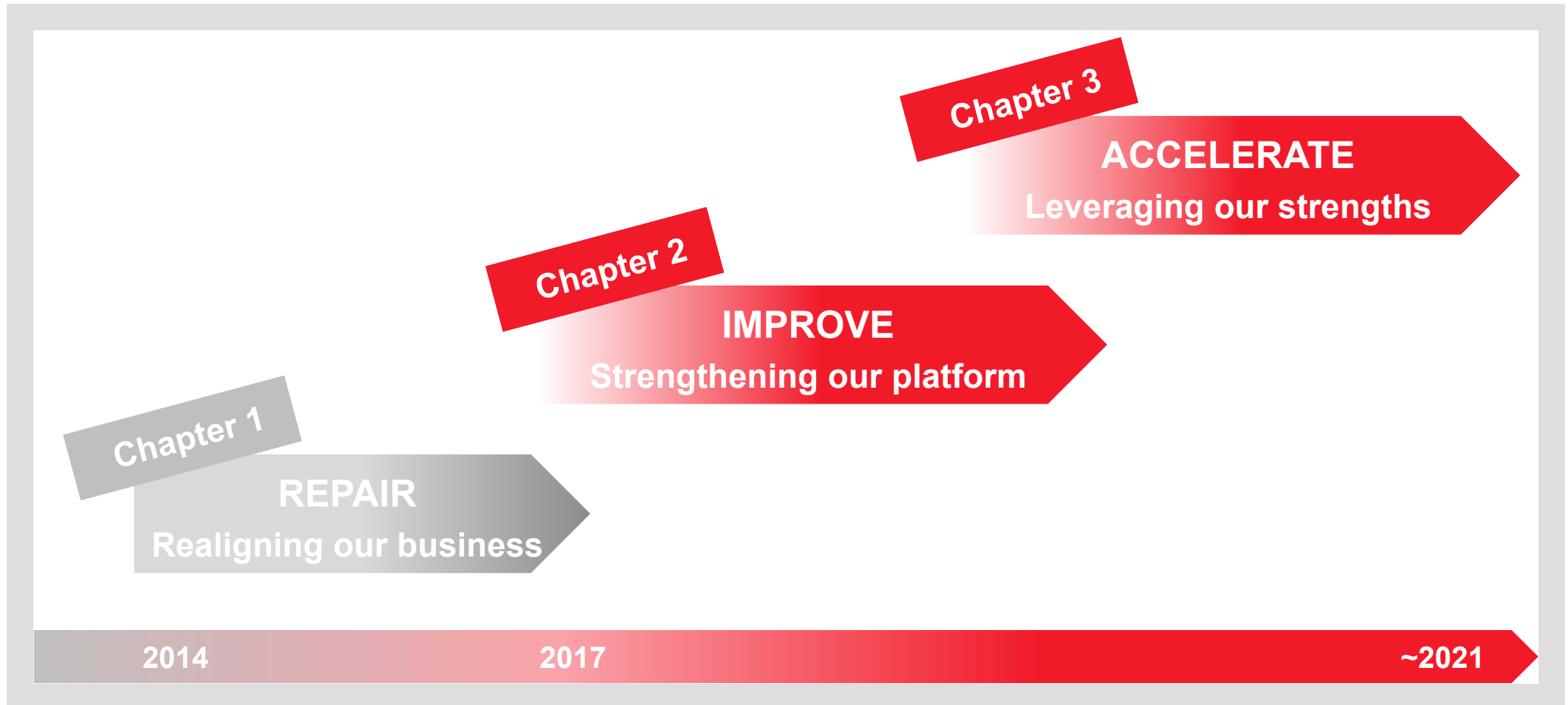
Leadership

Markets

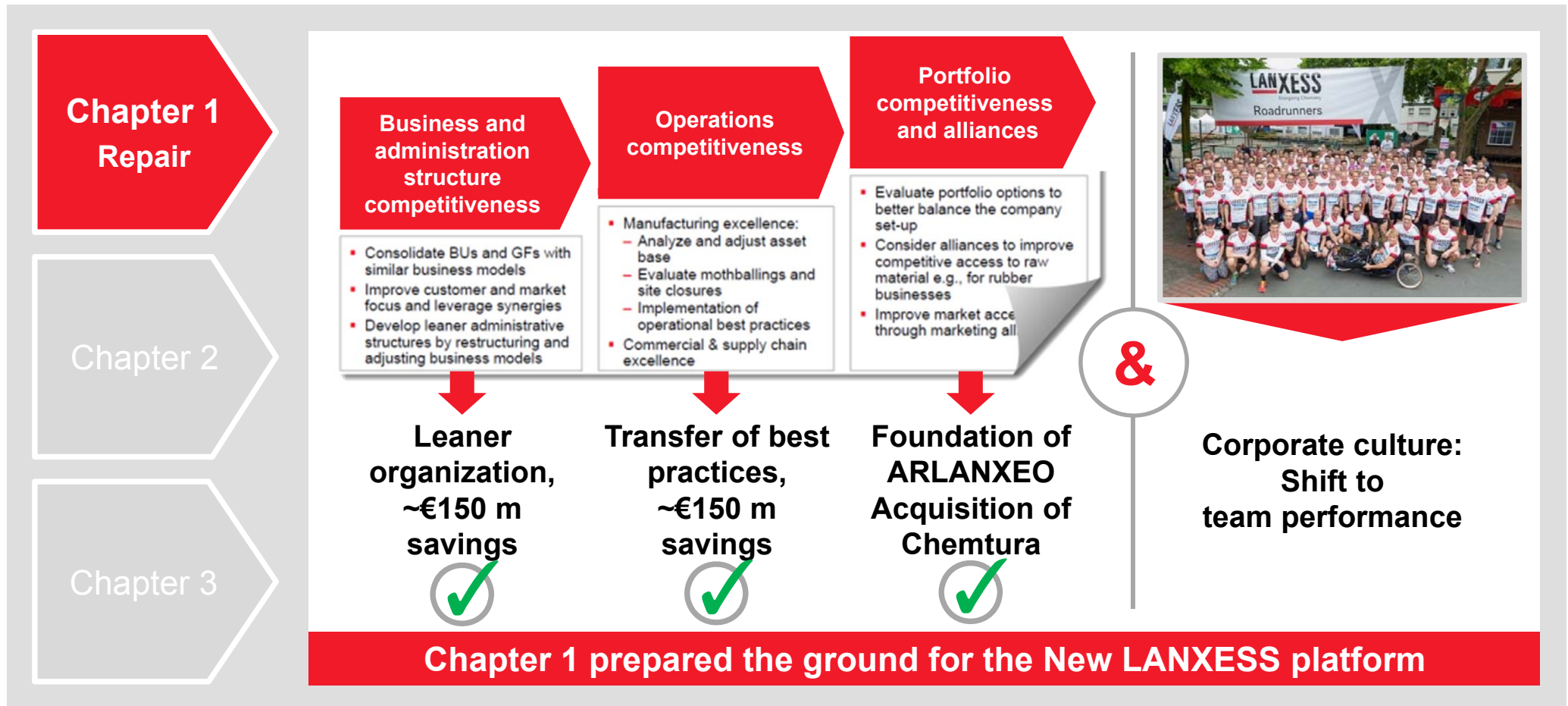
Technology & innovation

A strong team and corporate culture make the difference

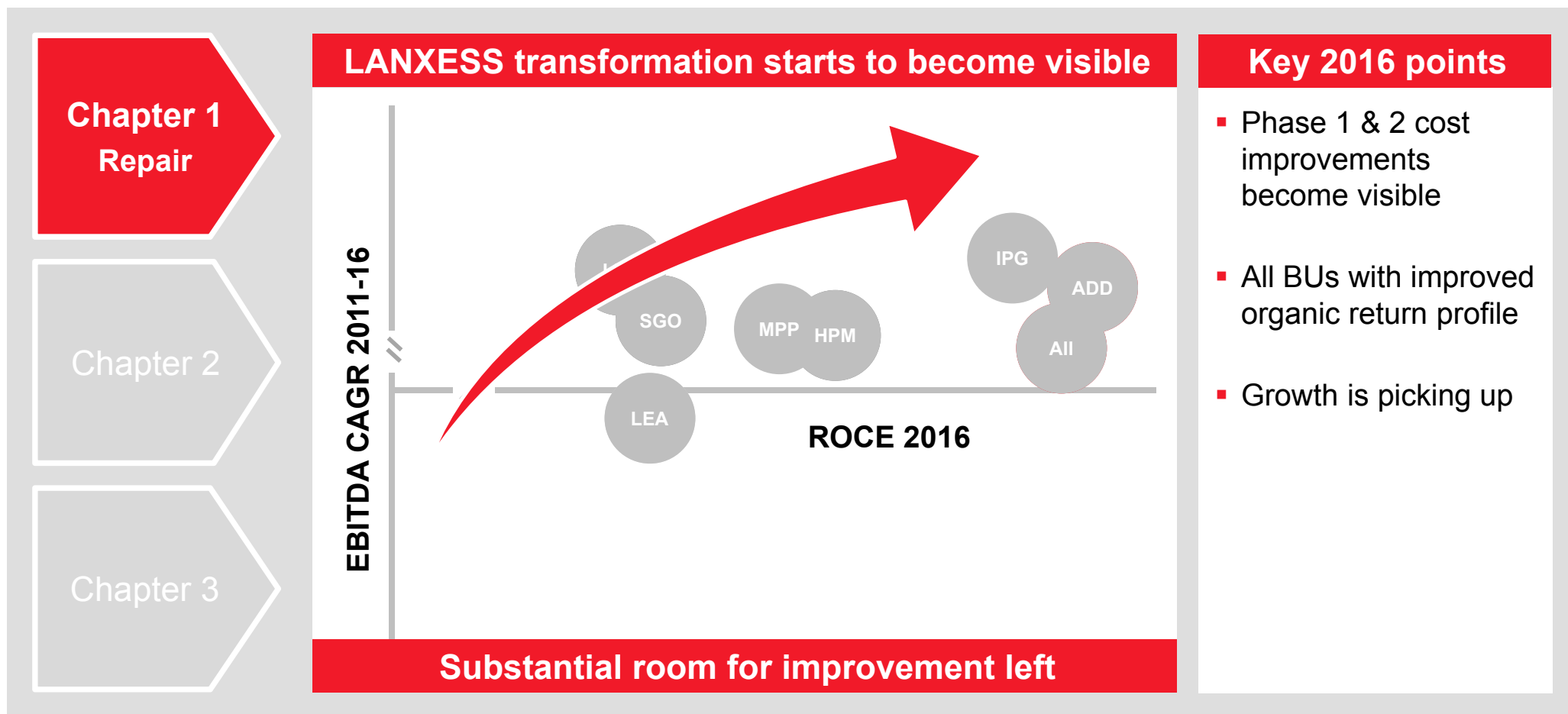
Our journey: Shaping New LANXESS – a story in three chapters



Recap Chapter 1: Rebuilding a competitive platform



Restructuring and change of strategy yields first positive results



But it takes more time to change a company fundamentally

Chapter 1 Repair

Chapter 2

Chapter 3

- Industry balance and market set-up need further improvement
- Leadership positions in many business units achieved but substantial catch-up still to be done
- Margin and profitability level has visibly improved but still lagging behind industry standards



Chemtura integration: €100 m of synergies by 2020

Cost management

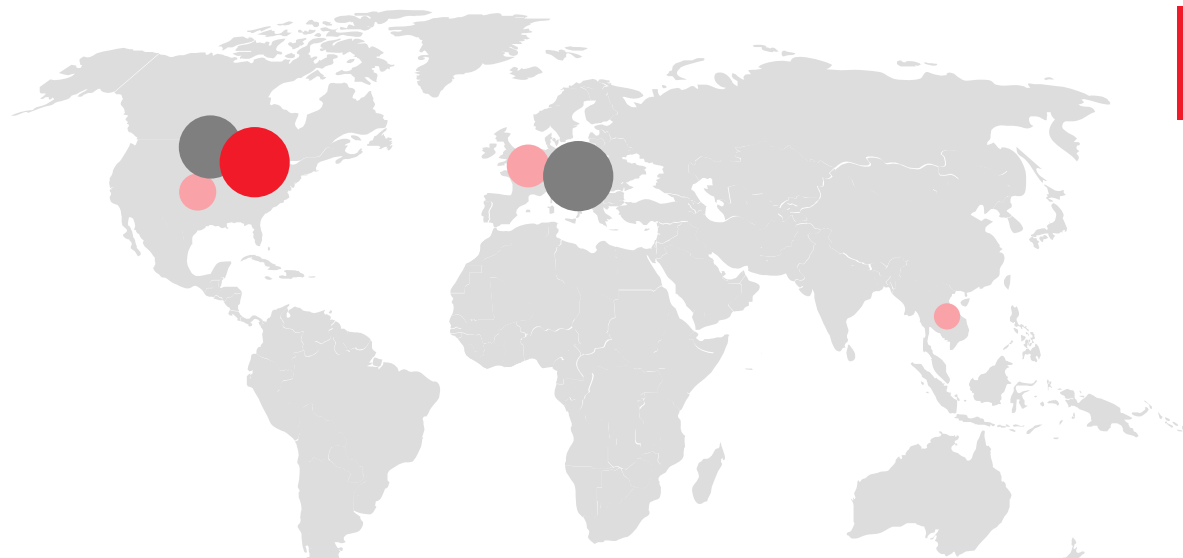
Organic investments

Portfolio management

Chapter 1

Chapter 2
Improve

Chapter 3



- Organizational streamlining
- Leveraging new regional strengths

**€100 m synergy
breakdown:**

Corporate /
country costs

~€30 m

Marketing and sales

~€20 m

Production and
procurement set-up

~€50 m

Topline synergies provide additional comfort

LANXESS

Organic investments will improve company ROCE

Cost management

Organic investments

Portfolio management

Chapter 1

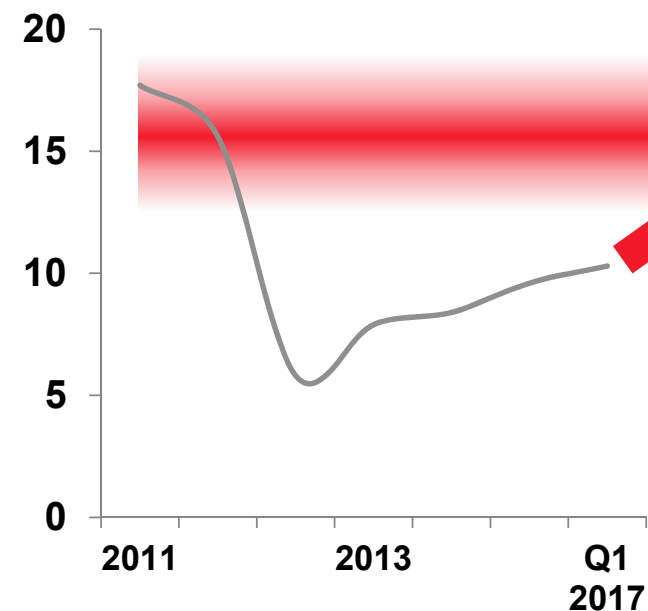
Chapter 2
Improve

Chapter 3

- €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

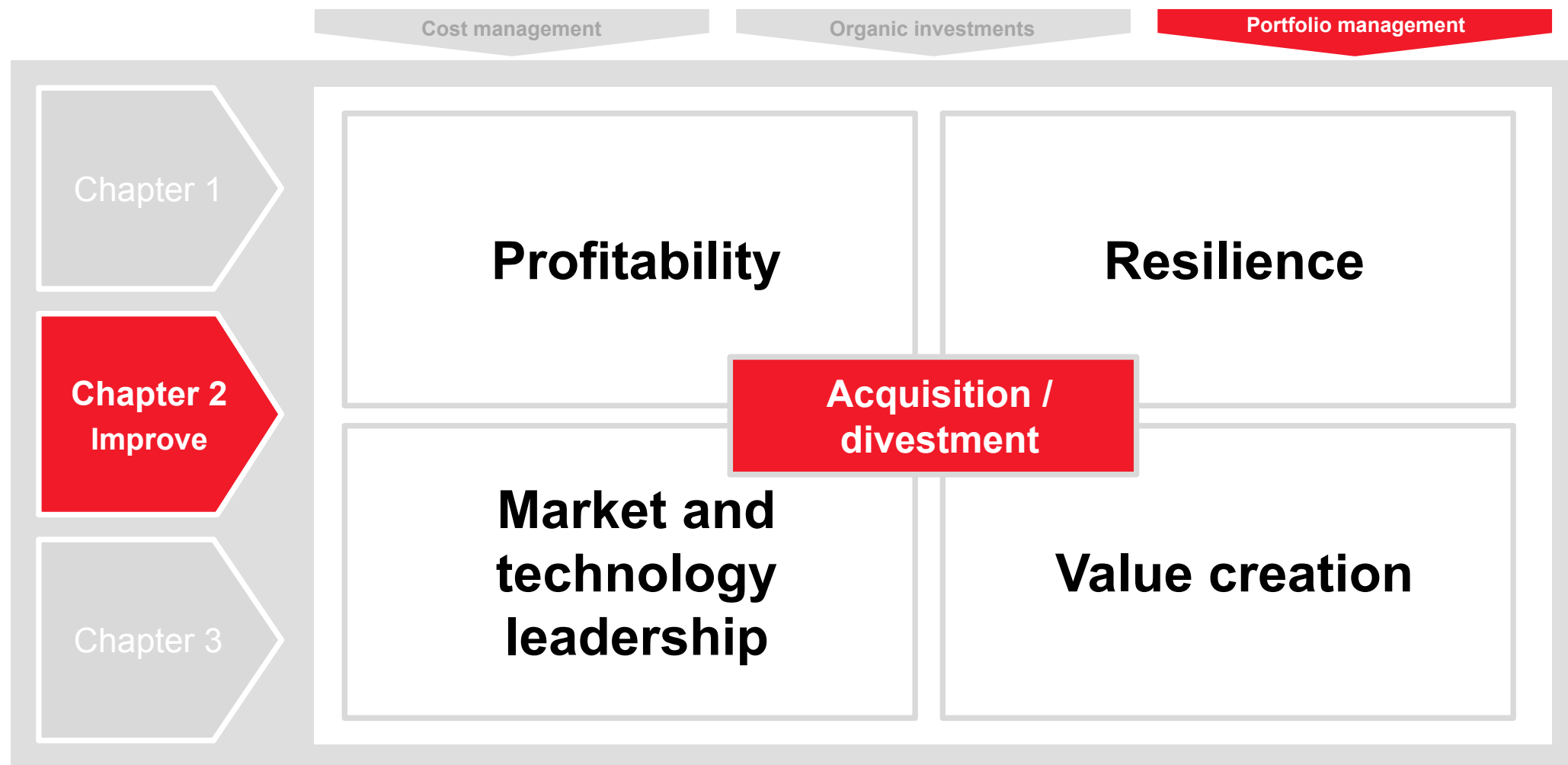
**~€400 m capex until 2020 at
ROCE of ~20%**

% ROCE

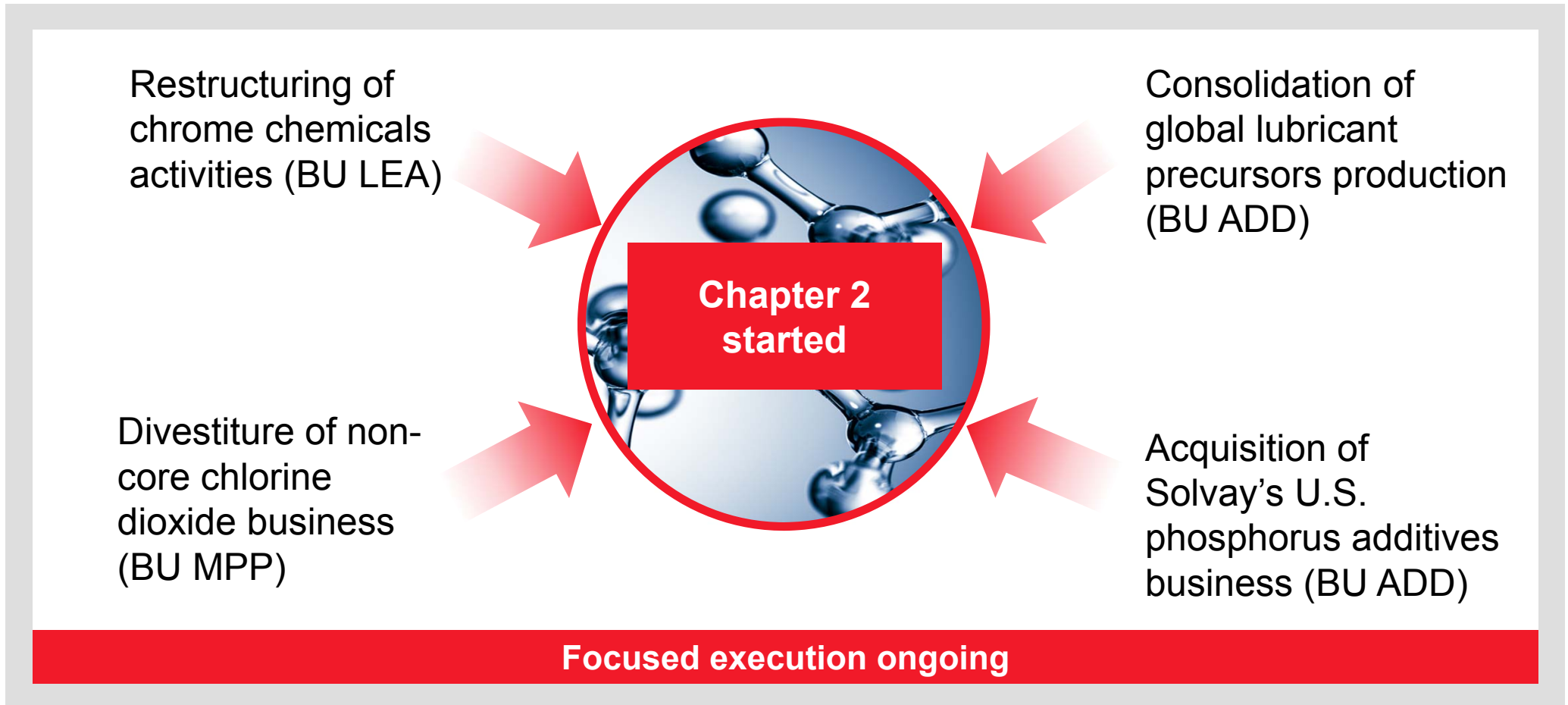


Target: Increase ROCE to former levels

Portfolio optimizing with clear criteria



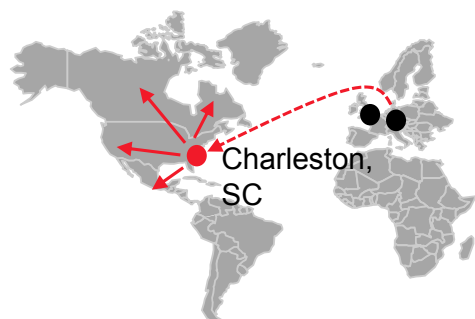
Chapter 2 proceeds with visible measures



Acquisition of Solvay's U.S. phosphorous additives business: Entering into the US market through a local asset base

Strategic rationale

- Strengthen US phosphorus-derivatives footprint
- Building on additives market position
- High strategic fit with existing additives business



Financial rationale

- Immediate growth at very reasonable price instead of organic investment in the U.S. or EU
- Future synergies by applying LANXESS' technology for high value additives to acquired U.S. platform

Key figures

- Sales: ~€65 m
- Employees: ~90



Closing expected H1 2018

Asset deal, environmental risks remain with seller

Chapter 3: More balanced and stronger platform along three key dimensions

Chapter 1

Regional platform



Industrial platform



Market positions



Chapter 2

Balancing the ground for further growth

- 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

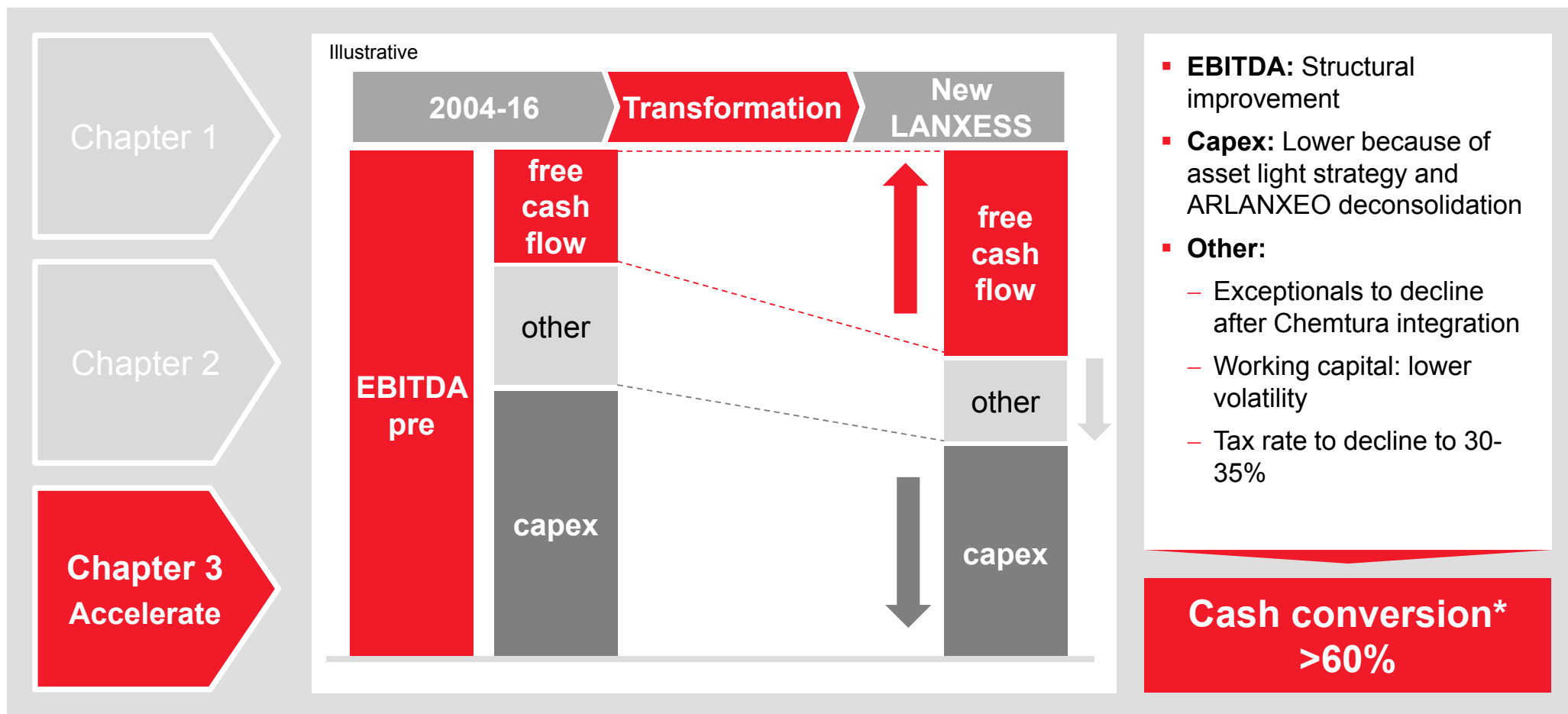


Chapter 3
Accelerate

Solid growth

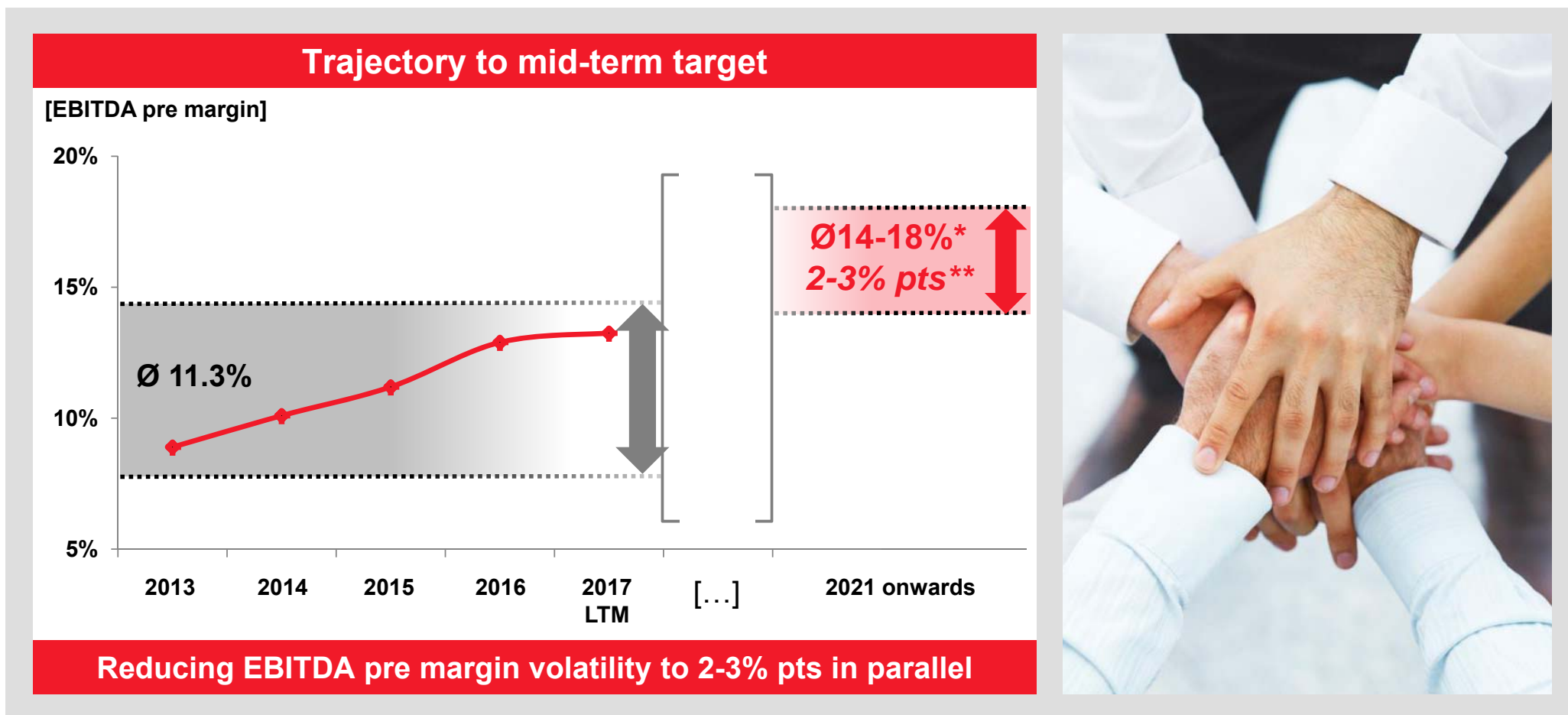
Chapter 3 will establish an even stronger platform

LANXESS free cash flow and cash conversion rate to improve



* Calculated as (EBITDA pre – capex) / EBITDA pre

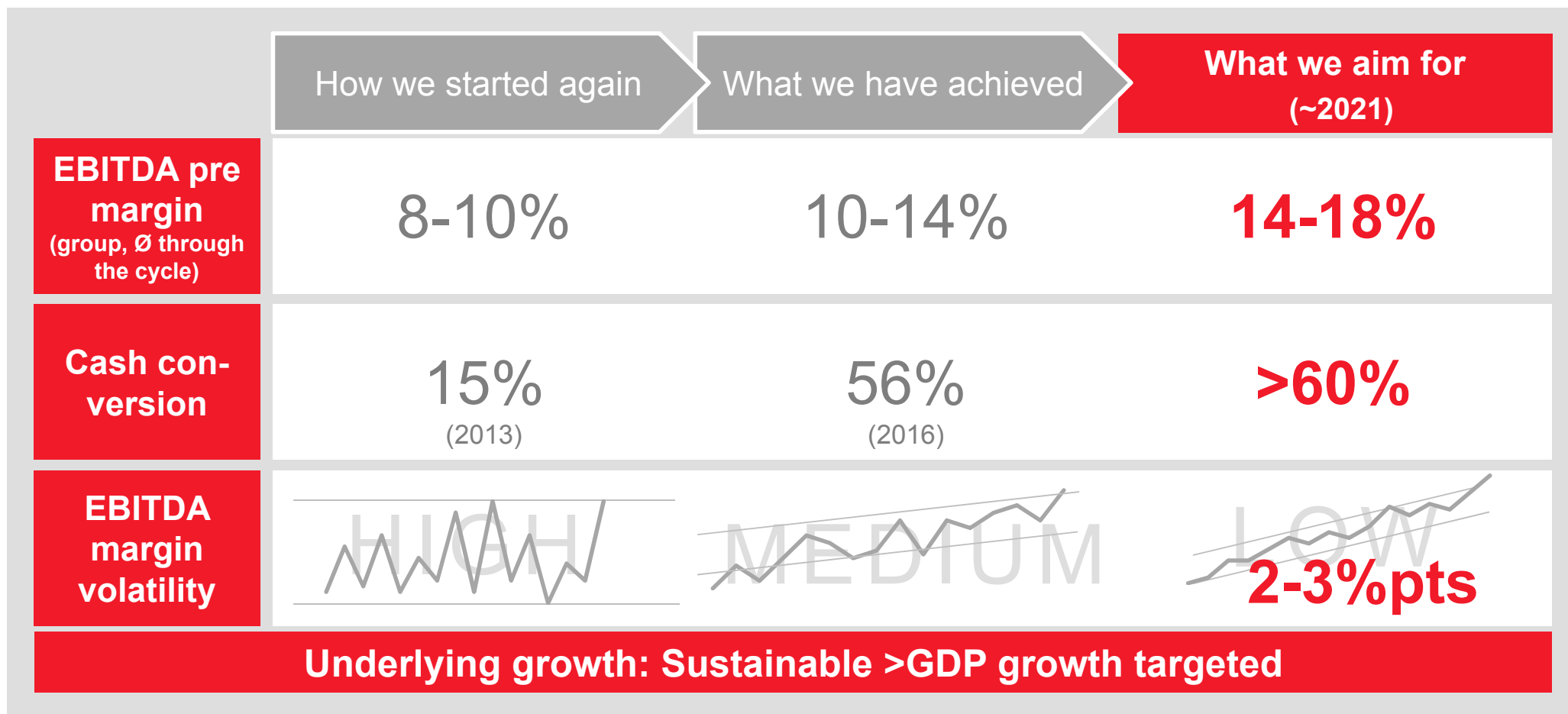
Continuously improving the quality of earnings



* Group EBITDA pre margin through the cycle

** Margin volatility

Chapter 3: Ambitious financial goals – substantially higher margins with significantly lower volatility



Cash conversion: (EBITDA pre – capex) / EBITDA pre

The destination of our journey: A company with convincing characteristics

Business platform

- Nicely balanced: Regionally and industrially, thus less cyclical
- Leading market and technology positions

Financial profile

- Resilient cash conversion
- Investment grade rating

Cultural profile

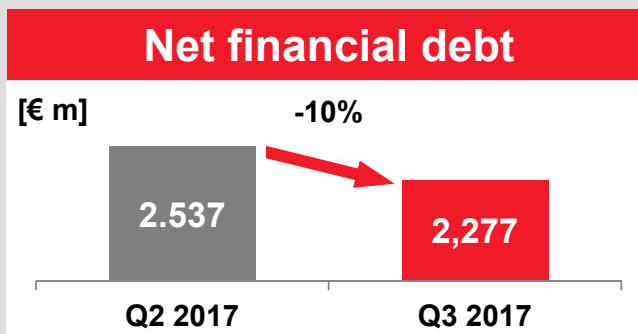
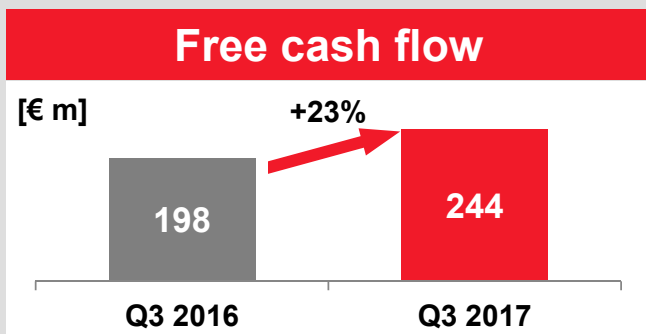
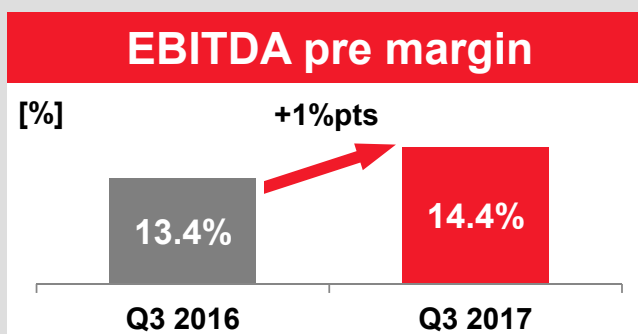
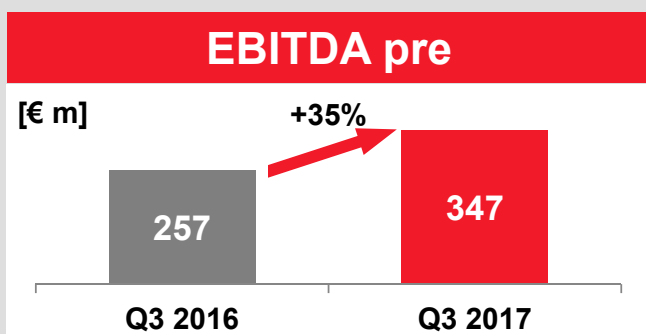
- Enthusiasm for what we do
- Performance team culture as basis for the next steps after 2021



Agenda

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- **Business and financial details Q3 2017**
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Q3 financials: Solid performance – deleveraging ahead of plan



Strong financial performance in all aspects

Free cash flow = operating cash flow minus capex

FY 2017 on track – lower bound of EBITDA guidance raised

Macro economics

- Persisting macroeconomic, geopolitical risks
- Agro chemicals demand modestly weaker than expected; while all other industries remain stable
- Asia Pacific continues to be the most attractively growing region

FY 2017

- Business dynamics solid, while growth expectations for H2 are softer due to the high comparable base in H2 2016
- **FY EBITDA pre between €1,25 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 1.17 for Q4 2017

Q3 2017: Acquisition contribution and continued organic growth

Q3 yoy sales variances	Price	Volume	FX	Portfolio	Total
Advanced Intermediates	+5%	-1%	-2%	+9%	+10%
Specialty Additives	+2%	+1%	-2%	+123%	+124%
Performance Chemicals	+4%	+6%	-4%	+6%	+11%
Engineering Materials	+9%	+7%	-2%	+23%	+37%
ARLANXEO	+7%	+3%	-4%	+0%	+6%
LANXESS	+6%	+3%	-3%	+20%	+25%

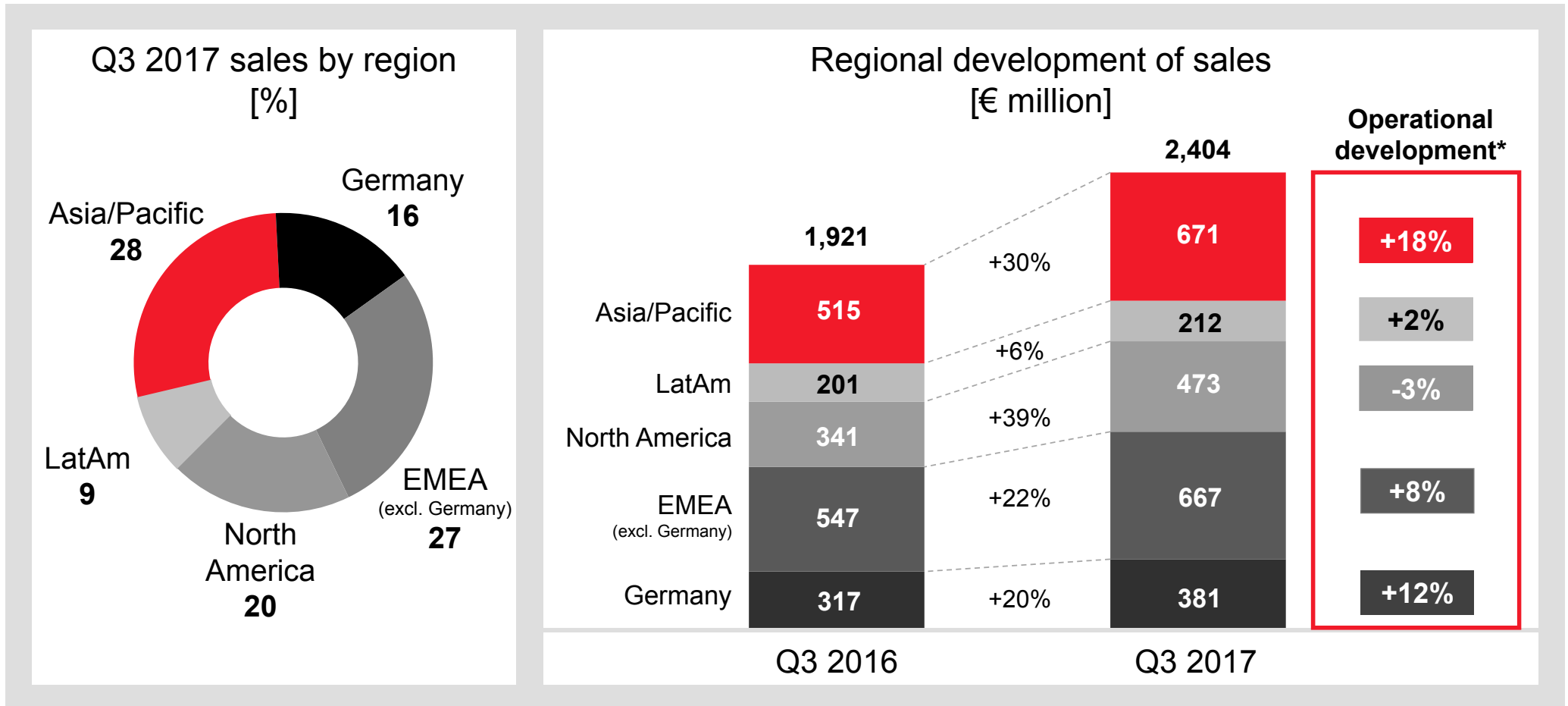
- Sales rise in all segments due to portfolio effect and raw material-driven price increases
- Volumes increases in almost all segments on top of a high prior-year base
- Weaker U.S. dollar weighs on all segments

Q3 yoy EBITDA pre bridge [€ m]



- Higher volumes contribute to EBITDA pre increase
- Successful price pass-through of higher input costs
- “Other” includes the portfolio effect mitigated by negative FX

Q3 2017: Strong increase in most regions due to Chemtura acquisition



* Currency and portfolio adjusted

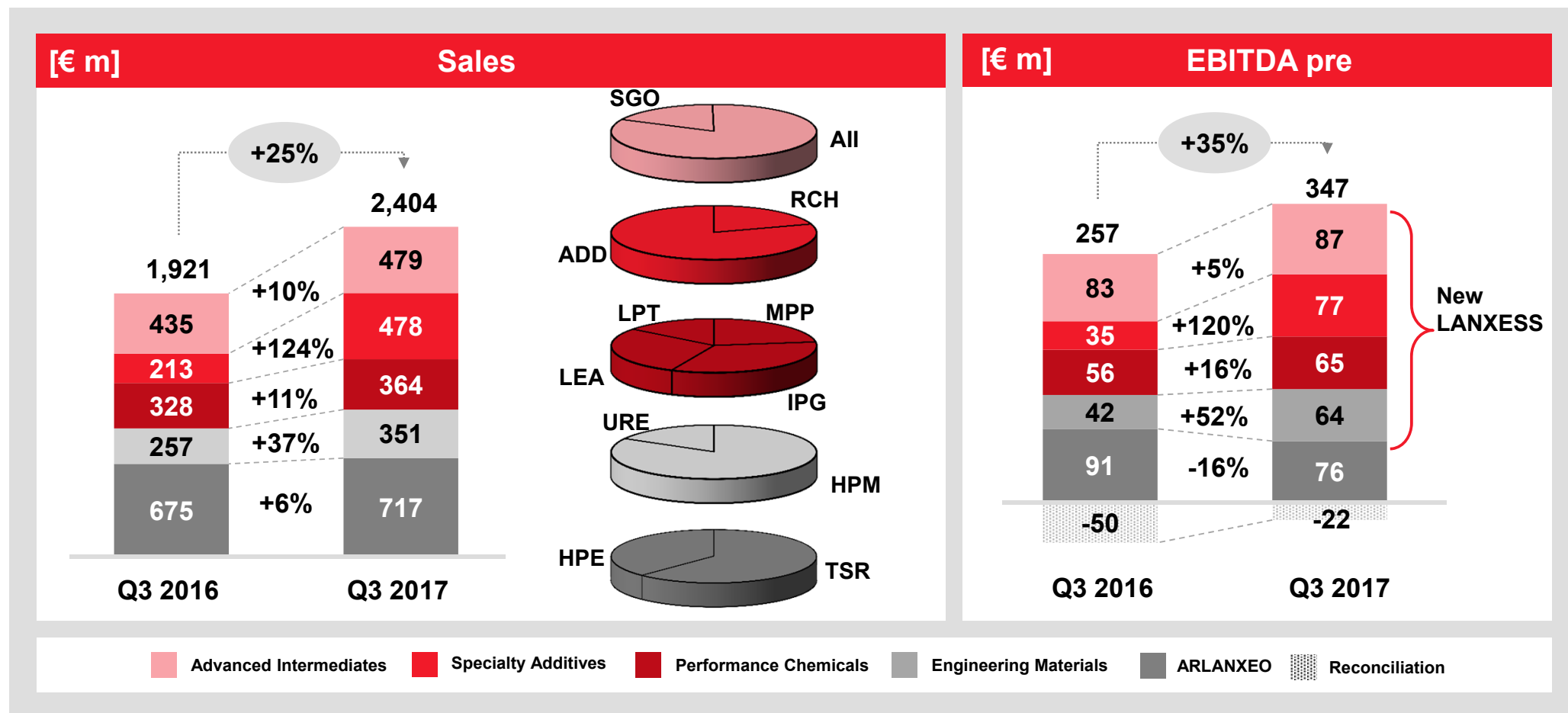
Q3 2017: Line item deviations largely driven by Chemtura acquisition

[€ m]	Q3 2016	Q3 2017	yoy in %	
Sales	1,921 (100%)	2,404 (100%)	25%	<ul style="list-style-type: none"> Cost of sales development proportional to sales, with gross profit up in total driven by portfolio effect and higher volumes SG&A cost increase largely due to portfolio effect; selling expenses further burdened by higher freight costs Exceptionals driven by Chemtura integration and consolidation of production platform
Cost of sales	-1,475 (-77%)	-1,853 (-77%)	-26%	
Selling	-192 (-10%)	-241 (-10%)	-26%	
G&A	-67 (-3%)	-92 (-4%)	-37%	
R&D	-34 (-2%)	-40 (-2%)	-18%	
EBIT	122 (6%)	131 (5%)	7%	
Non-controlling interests	-2 (0%)	1 (0%)	<-100%	
Net Income	62 (3%)	55 (2%)	-11%	
EPS pre*	0.84	1.15	37%	
EBITDA	241 (13%)	315 (13%)	31%	
thereof exceptionals	-16 (-1%)	-32 (-1%)	100%	
EBITDA pre exceptionals	257 (13.4%)	347 (14.4%)	35%	

A good quarter with improved profitability

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

Q3 2017: New LANXESS segments with EBITDA pre expansion



Total group sales including reconciliation

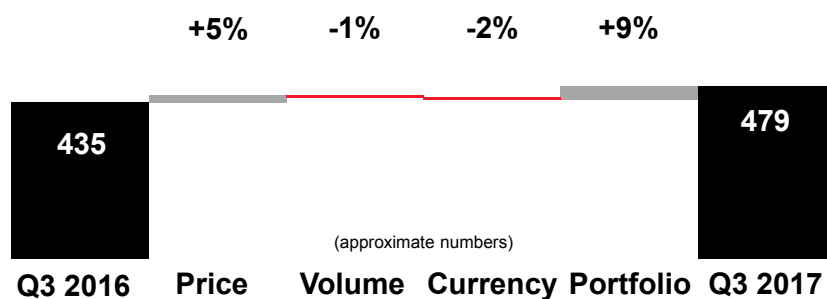
Advanced Intermediates: Reliable contributor due to strong end market diversification

[€ m]	Q3 2016	Q3 2017	Δ
Sales	435	479	10%
EBIT	57	56	-2%
Depr./Amort.	26	31	19%
EBITDA pre exceptionals	83	87	5%
Margin	19.1%	18.2%	
Capex	30	35	17%

	9M 2016	9M 2017	Δ
	1,341	1,502	12%
	184	186	1%
	76	86	13%
	260	275	6%
	19.4%	18.3%	
	61	84	38%



Q3 sales bridge yoy [€ m]




Q3 yoy effects

- Higher prices driven by BU All, passing-on higher input costs
- Good demand in BU All's broad product portfolio is offset by agro-driven volume decline in BU SGO
- Portfolio effect comprises organometallics business with dilutive EBITDA pre contribution

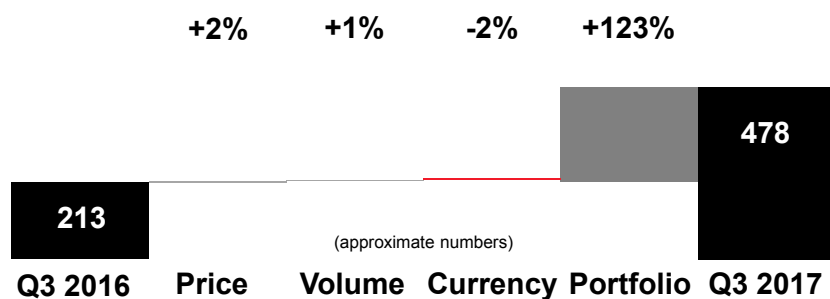
Specialty Additives: Larger business platform due to acquisition of additives business – integration progressing well

[€ m]	Q3 2016	Q3 2017	Δ
Sales	213	478	>100%
EBIT	29	1	-97%
Depr./Amort.	6	59	>100%
EBITDA pre exceptionals	35	77	>100%
Margin	16.4%	16.1%	
Capex	12	20	67%

	9M 2016	9M 2017	Δ
	647	1,157	79%
	101	30	-70%
	21	98	>100%
	122	196	61%
	18.9%	16.9%	
	25	43	72%



Q3 sales bridge yoy [€ m]



Q3 yoy effects

- Slightly higher prices in BU ADD
- Volume increase mainly in BU RCH (regulatory, China)
- EBIT burdened by one-time charges for consolidation of production platform (Ankerweg, NL)
- Higher EBITDA pre due to acquisition of Chemtura
- EBITDA pre margin reflects pass-through of higher raw material costs in lubricants
- U.S. dollar weighs on EBITDA pre and margin

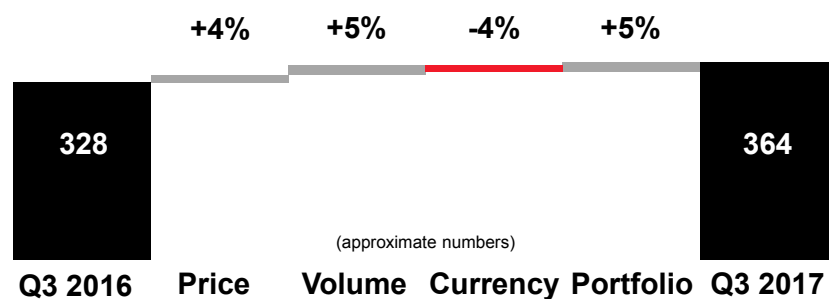
Performance Chemicals: Continued good performance across all businesses

[€ m]	Q3 2016	Q3 2017	Δ
Sales	328	364	11%
EBIT	39	46	18%
Depr./Amort.	17	19	12%
EBITDA pre exceptionals	56	65	16%
Margin	17.1%	17.9%	
Capex	20	15	-25%

	9M 2016	9M 2017	Δ
Sales	970	1,099	13%
EBIT	134	77	-43%
Depr./Amort.	47	63	34%
EBITDA pre exceptionals	181	204	13%
Margin	18.7%	18.6%	
Capex	45	41	-9%



Q3 sales bridge yoy [€ m]



Q3 yoy effects

- Higher prices driven by BUs IPG and LEA
- Volume increase in all BUs; BU LPT delivers a strong quarter of volume expansion
- Especially BU MPP shows its structural upgrade after the successful Chemours integration
- On track to changing the performance of the division

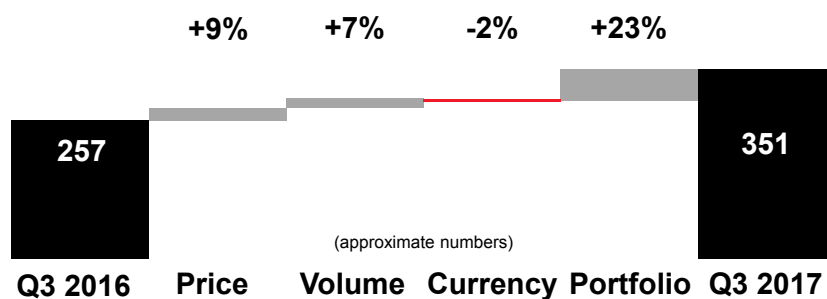
Engineering Materials: Strong results with lightweight materials

[€ m]	Q3 2016	Q3 2017	Δ
Sales	257	351	37%
EBIT	31	50	61%
Depr./Amort.	11	14	27%
EBITDA pre exceptionals	42	64	52%
Margin	16.3%	18.2%	
Capex	6	11	83%

9M 2016	9M 2017	Δ
805	1,027	28%
92	132	43%
33	40	21%
125	184	47%
15.5%	17.9%	
15	26	73%



Q3 sales bridge yoy [€ m]



Q3 yoy effects

- BU HPM successfully passed on higher raw material prices
- Strategic shift to higher value-add compounds with visible contribution and strong backward integration yielding results
- Acquired high margin urethane systems with good contribution

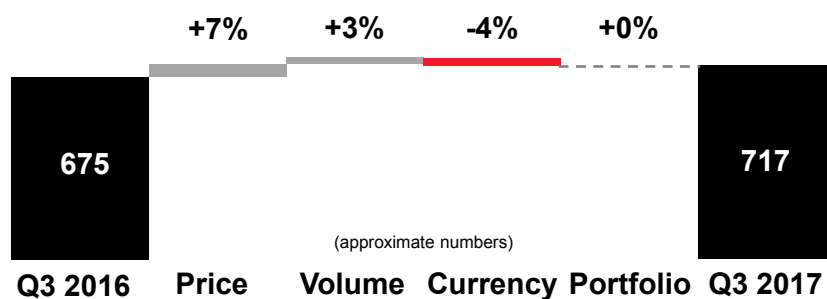
ARLANXEO: Challenging raw material volatilities

[€ m]	Q3 2016	Q3 2017	Δ
Sales	675	717	6%
EBIT	36	21	-42%
Depr./Amort.	55	55	0%
EBITDA pre exceptionals	91	76	-16%
Margin	13.5%	10.6%	
Capex	32	39	22%

	9M 2016	9M 2017	Δ
	1,985	2,500	26%
	134	144	7%
	165	169	2%
	299	312	4%
	15.1%	12.5%	
	72	84	17%



Q3 sales bridge yoy [€ m]



Q3 yoy effects

- Successful management of raw material cost pass-through; challenging market environment persists
- Higher volumes mainly driven by BU TSR despite a high comparable base
- EBITDA pre burdened by weak U.S. dollar, unplanned shutdown (hurricanes, U.S.) and substantial raw material volatility (butadiene)

Q3 2017: Good cash flow generation

[€ m]	Q3 2016	Q3 2017
Profit before tax	100	91
Depreciation & amortization	119	184
Financial (gain) losses	9	20
Income taxes paid	-37	-59
Changes in other assets and liabilities	91	118
Operating cash flow before changes in WC	282	354
Changes in working capital	22	15
Operating cash flow	304	369
Investing cash flow	-170	-119
Thereof capex	-106	-125
Financing cash flow	-264	-484

- Profit before tax burdened by exceptional items for realignment
- D&A higher due to portfolio effects and exceptional D&A
- Changes in other assets and liabilities driven by provision building for realignment and variable compensation
- Financing cash flow reflects early redemption of Chemtura bond (US\$450 m, coupon of 5.75%)

Balance sheet mirrors Chemtura acquisition

[€ m]	Dec 2016	Sep 2017
Total assets	9,877	10,365
Equity (incl. non-controlling interest)	3,728	3,496
Equity ratio	38%	34%
Net financial debt (after deduction of current financial assets)	269	2,277
Near cash, cash & cash equivalents	395	536
Pension provisions	1,249	1,506
ROCE¹	6.9%	9.9%
Net working capital	1,628	2,136
DSI (in days) ²	67	63
DSO (in days) ³	51	50

- Increase in total assets driven by Chemtura acquisition in April 2017
- Equity decreased due to FX translation effects
- Net financial debt increase due to Chemtura acquisition worth €2.4 bn mitigated by positive free cash flow YTD
- Deleveraging ahead of plan
- ROCE improvement on the back of realignment efforts
- Net working capital acquisition-driven up

¹ Based on last twelve months for EBIT pre, 2017 calculated incl. Chemtura EBIT pre pro forma based on 2016 earnings

² Days sales of inventory calculated from quarterly sales

³ Days of sales outstanding calculated from quarterly sales

Balance sheet details

[€ m]	Dec 2016	Sep 2017		Dec 2016	Sep 2017
Non-current assets	4,519	6,398	Stockholders' equity	3,728	3,496
Intangible assets	494	1,760	attrib. to non-contr. interests	1,176	1,145
Property, plant & equipment	3,519	4,001	Non-current liabilities	4,516	4,559
Equity investments	0	0	Pension & post empl. provis.	1,249	1,506
Other investments	12	8	Other provisions	319	494
Other financial assets	19	19	Other financial liabilities	2,734	2,231
Deferred taxes	442	457	Tax liabilities	31	102
Other non-current assets	33	153	Other liabilities	93	97
			Deferred taxes	83	128
Current assets	5,358	3,967	Current liabilities	1,633	2,310
Inventories	1,429	1,692	Other provisions	406	514
Trade account receivables	1,088	1,345	Other financial liabilities	78	618
Other current financial assets	2,130	3	Trade accounts payable	889	901
Other current assets	316	391	Tax liabilities	44	70
Near cash assets	40	0	Other liabilities	216	207
Cash and cash equivalents	355	536			
Total assets	9,877	10,365	Total equity & liabilities	9,877	10,365

- Acquisition of Chemtura in April 2017 main driver of changes in most balance sheet items
- €500 m bond due in May 2018 reclassified from non-current to current financial liabilities

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- **Backup**



Backup - Group

Housekeeping items

Additional financial expectations

- Capex 2017: ~€550-600 m (thereof ~€150 m ARLANXEO)
- Operational D&A 2017: ~€580-590 m (thereof ~€220 m ARLANXEO)
- Reconciliation 2017: ~-€170 m EBITDA pre incl. hedging
- Tax rate: Mid-term: 30-35% (for New LANXESS)
- FX sensitivity: Including Chemtura, excl. ARLANXEO:
1 cent change of USD/EUR ~€7 m EBITDA
pre impact before hedging

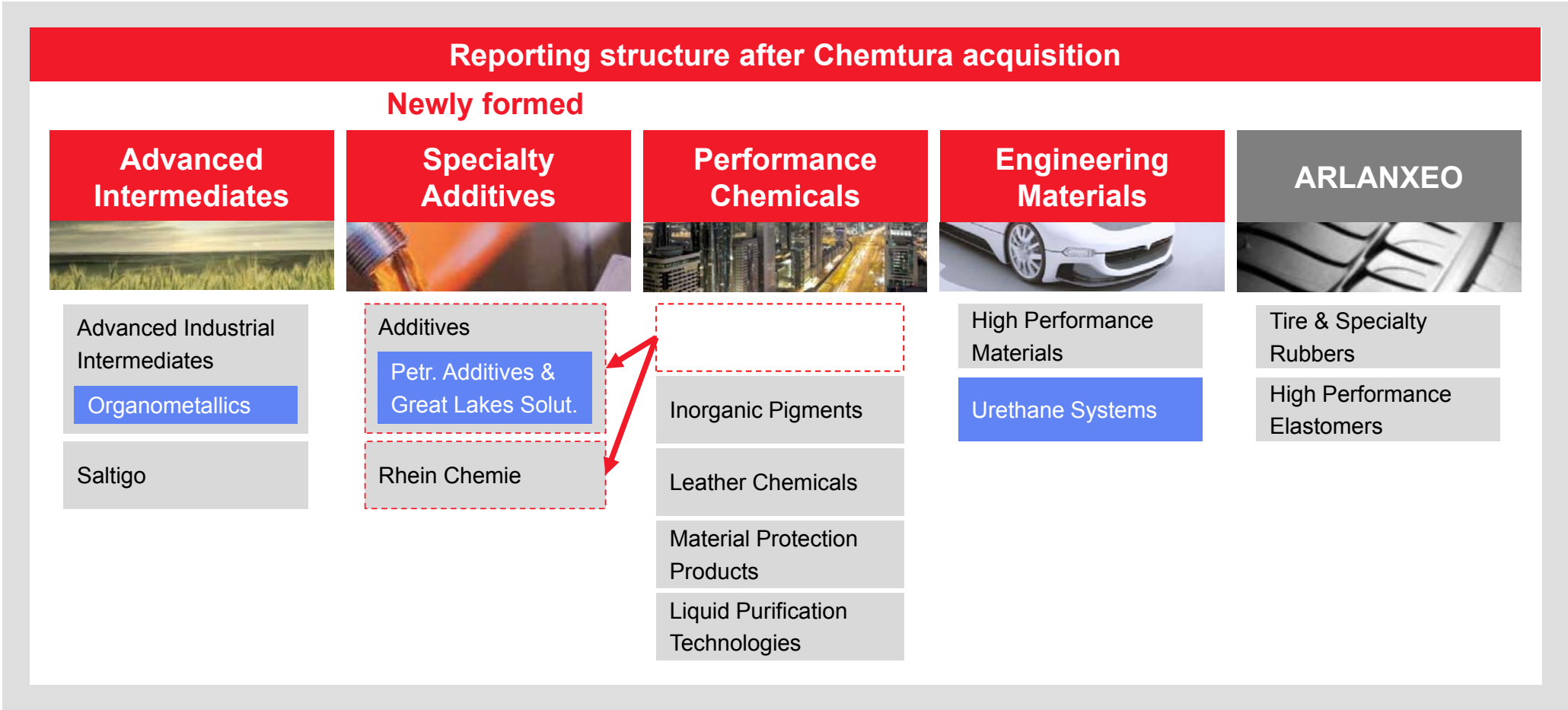


Please note:

- From Q2 2018 onwards, ARLANXEO will be shown as “discontinued operations” with a restatement of FY 2017 and FY 2018 end of June 2018
- From Q2 2019 onwards, ARLANXEO will be accounted for “at equity”
- IFRS 16 will be applied from January 1st 2019 onwards

At USD/EUR ~1.16 for Q4 2017

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

Bottom-up analysis confirm former synergy targets

Implementation of synergies on track

[€ m]	2017	2018	2019	2020	Total	
Synergies	~25	~25	~35	~15	~100	
Expense (one-time costs)*	~50	~50	~20	~20	~140	
Cash out*	~30	~40	~40	~30	~140	
Capex	~30	~10	~10		~50	

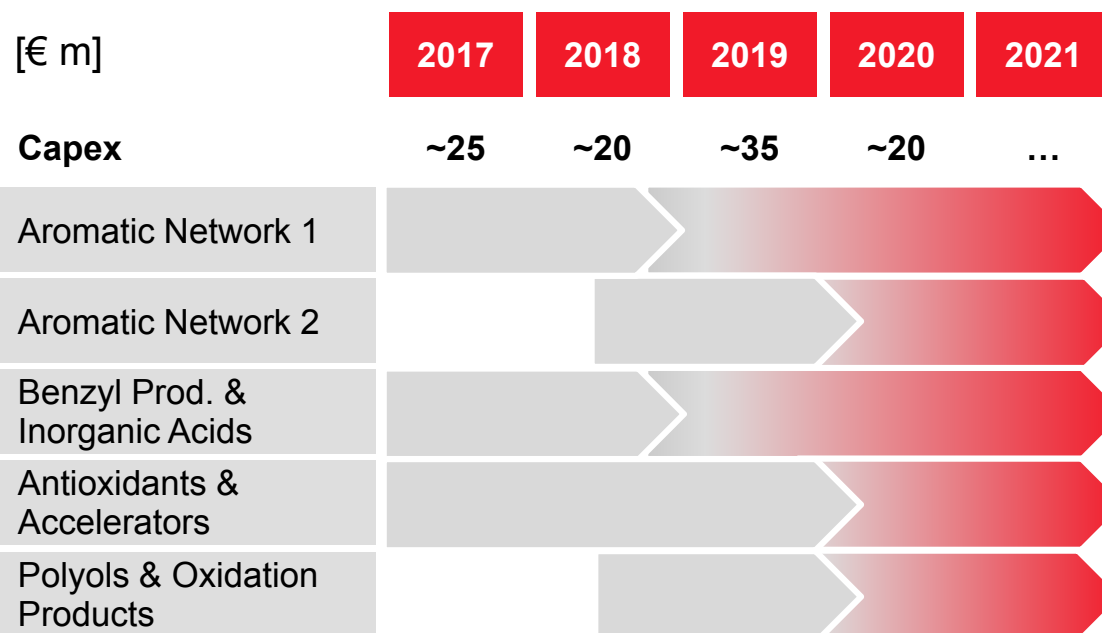
Previous assumptions

- **Synergies confirmed**
 - €100 m of “hard” costs
 - Top line synergies not included
- ~€50 m capex for asset improvements
- ~€140 m one time costs
- ~€80 m transaction related cash outs, mostly in 2017

* excluding ~€80 m transaction related charges

BU All: Brownfield expansion of existing manufacturing platform with highly attractive returns

Sensible debottleneckings to serve market growth



Total capex ~€100 m with Ø ROCE ~20%

Construction Ramp-up / production

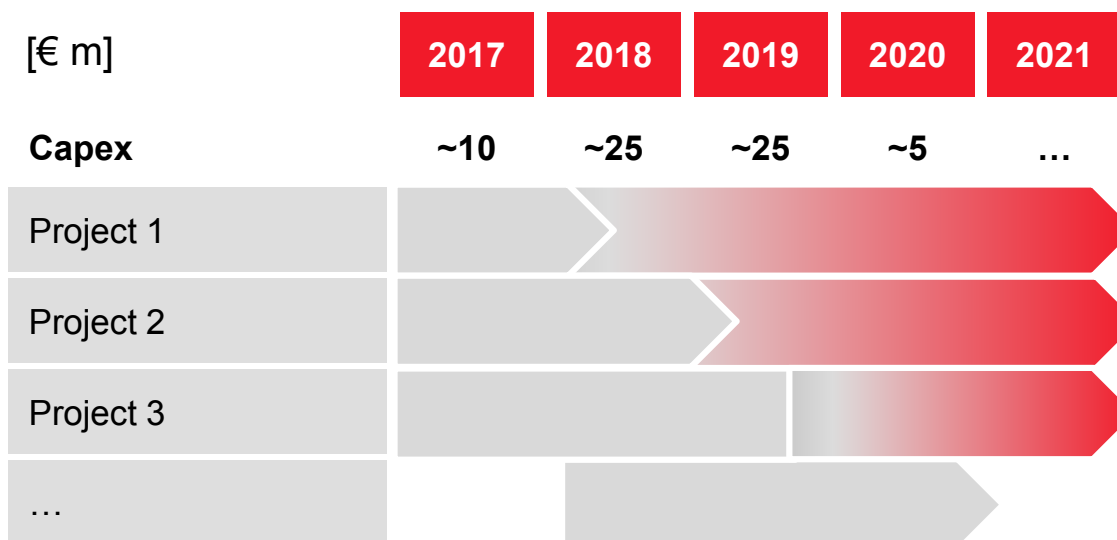
Value investments

- Focus on brownfield investments
- Focus on continued technology upgrades and debottlenecking
- Further dilution of fixed costs
- Further improving excellent cost position

Support volume growth

BU HPM: Low capex intensity of downstream investments will further support the “balanced capacity model”

Expanding global compounding network inline with demand



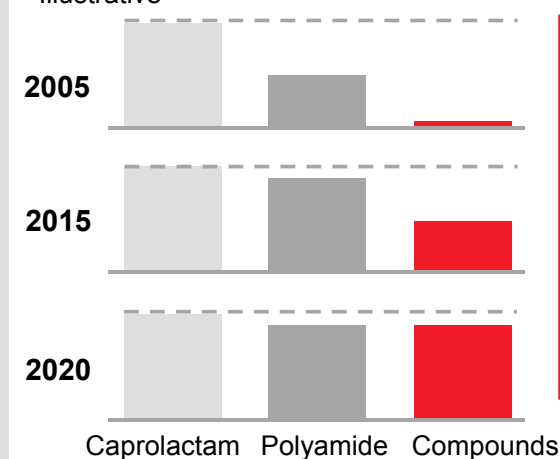
Total capex €50 – 100 m with Ø ROCE ~20%

Construction Ramp-up / production

Value investments

Capacity split

Illustrative

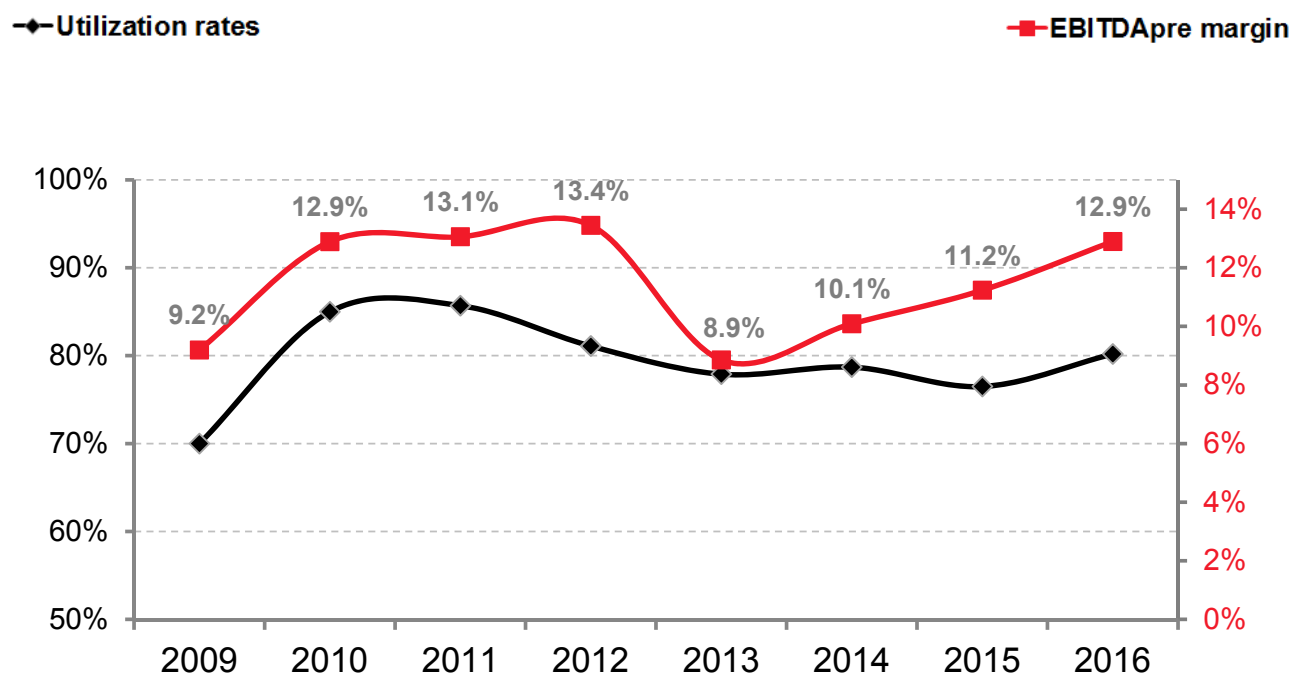


Mix improvement

More stable and attractive returns

Actual utilization rates offer additional headroom

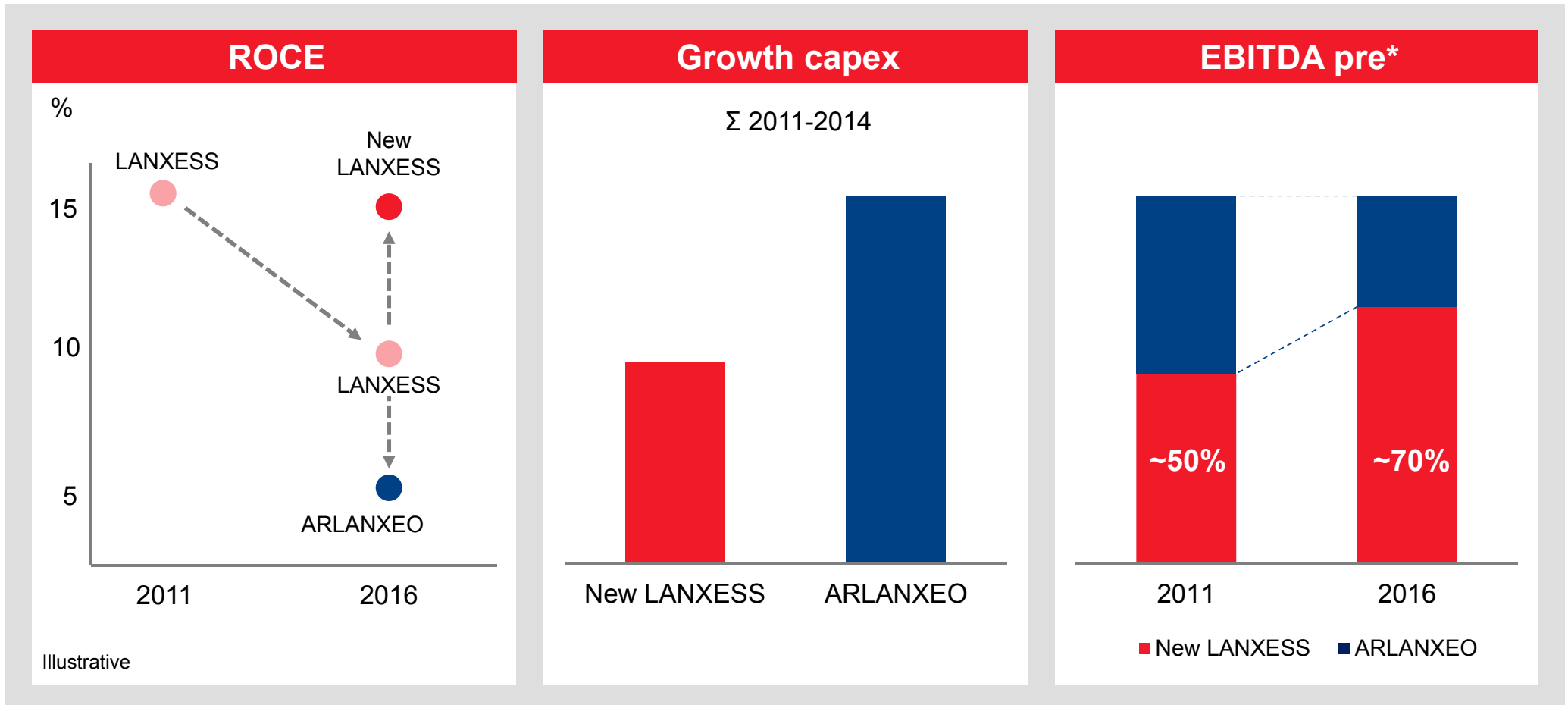
Increased profitability at stable utilization rates



- Rising share of EBITDA pre from New LANXESS businesses fueled margin improvement
- No indication of peak utilization rates
- Capex of the past allows to serve expected volume growth
- Growth capex adds to margin improvement

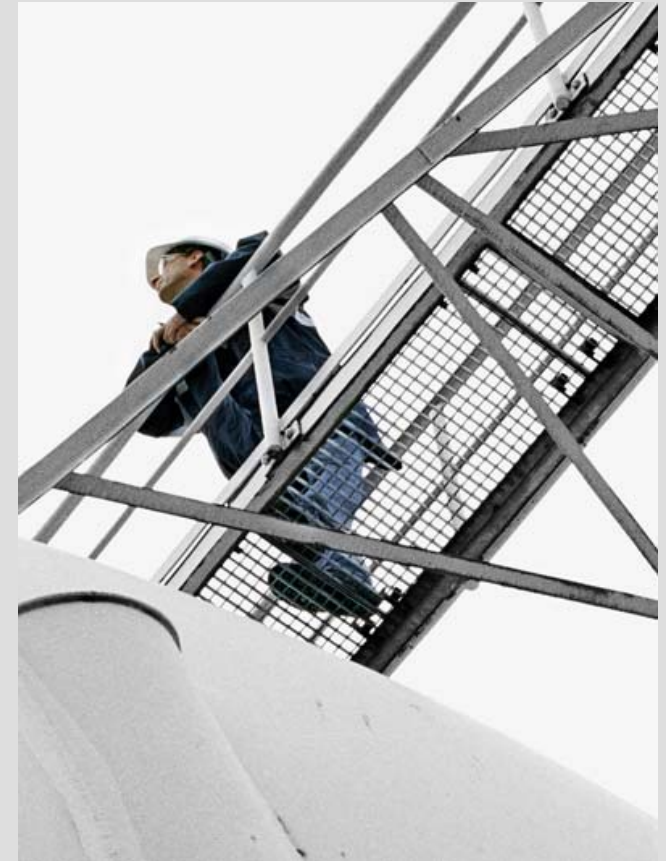
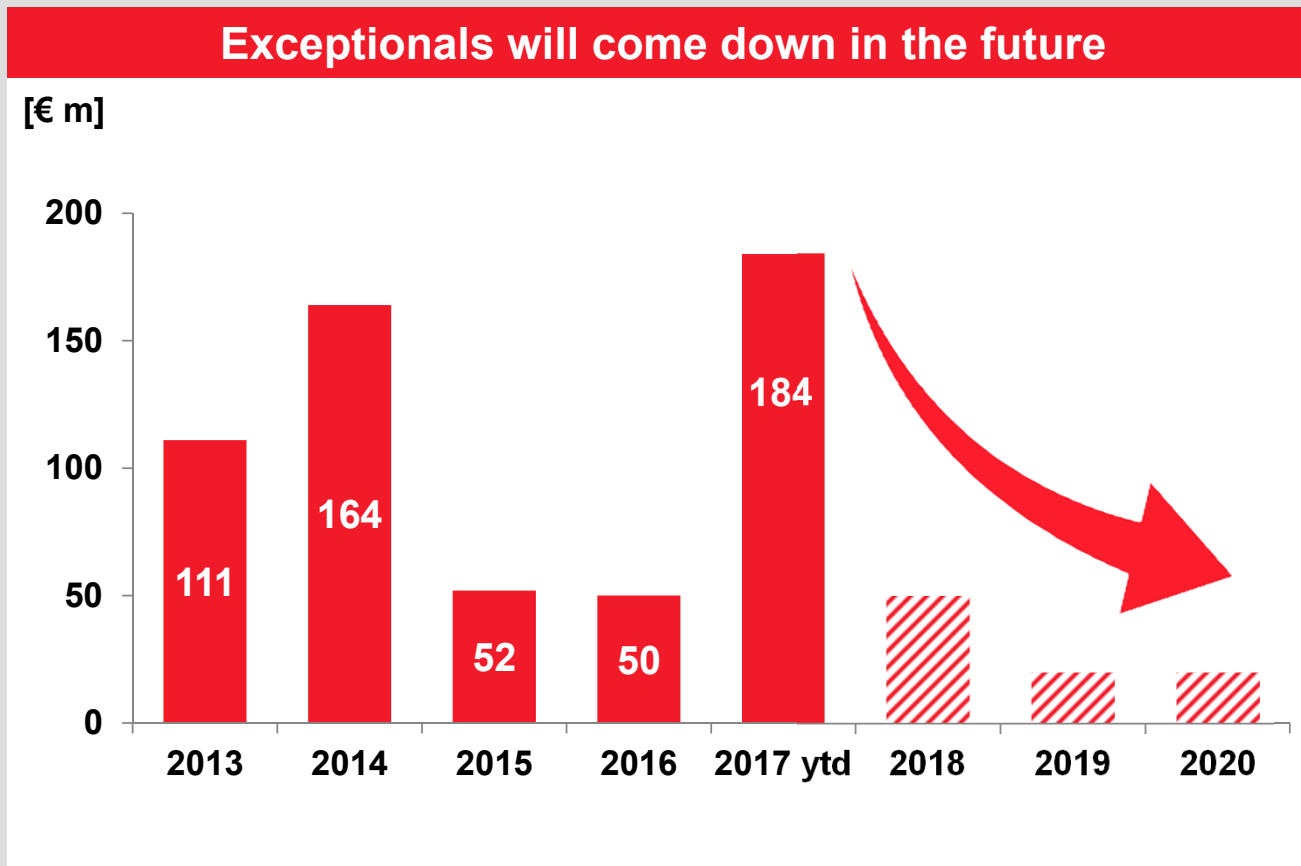
Potential for further increase in utilization rates and upside in financial performance

Growth capex in New LANXESS were value enhancing



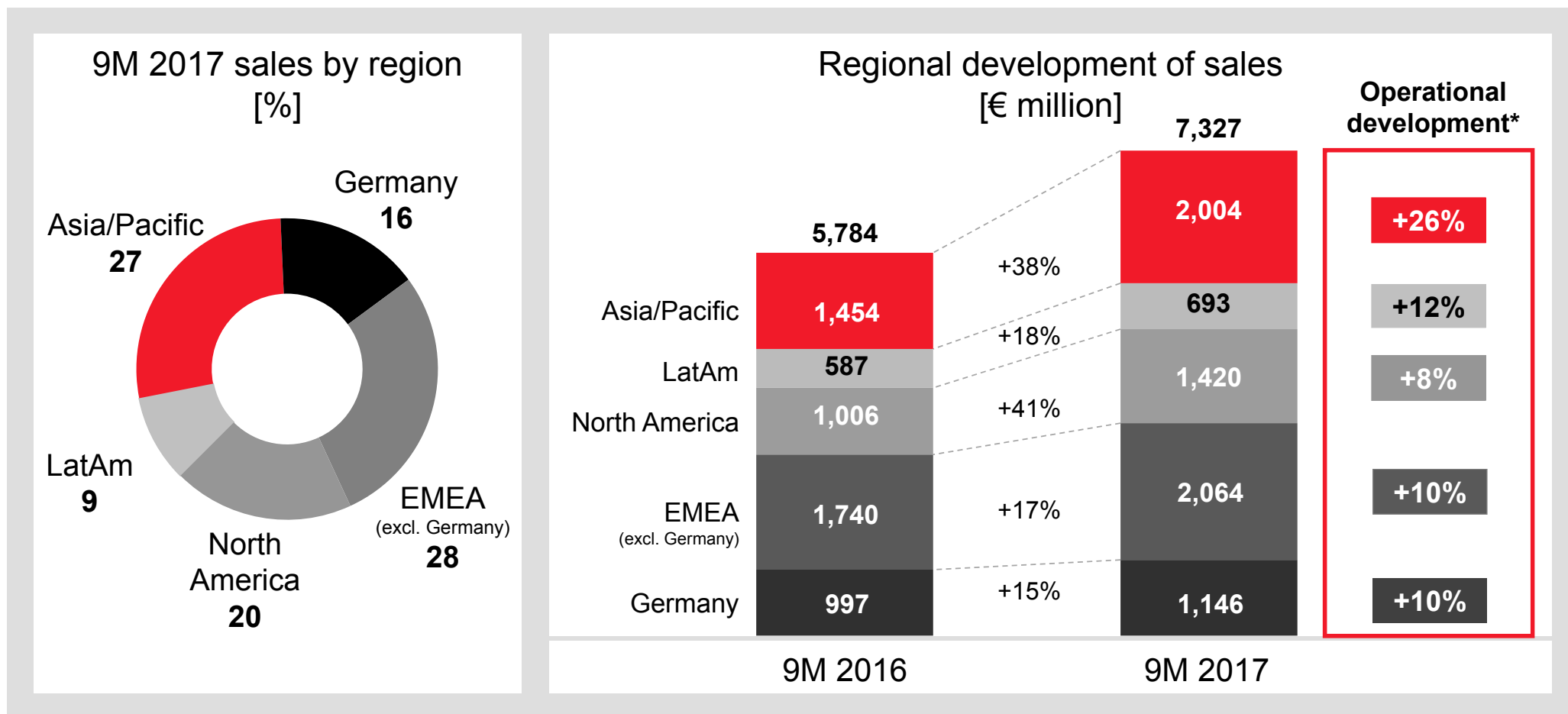
* Sum of business units

Majority of exceptionals for realignment and Chemtura integration already digested



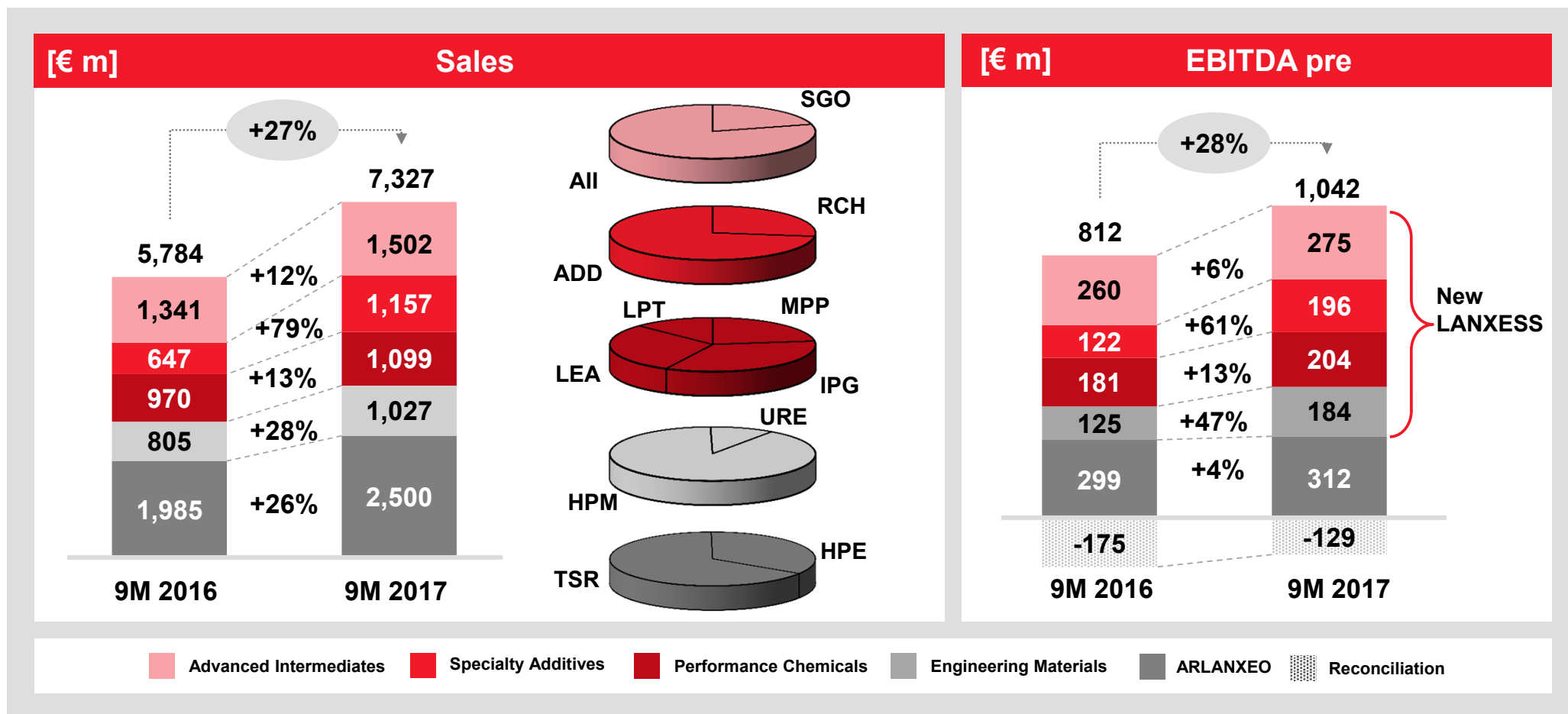
EBITDA relevant exceptionals

9M 2017: Chemtura acquisition spurs growth in North America – underlying growth in all regions



* Currency and portfolio adjusted

9M 2017: Increasing top and bottom line



Total group sales including reconciliation

9M 2017: Chemtura acquisition and strong operating performance drive all line items

[€ m]	9M 2016		9M 2017		yoy in %
Sales	5,784	(100%)	7,327	(100%)	27%
Cost of sales	-4,400	(-76%)	-5,664	(-77%)	-29%
Selling	-577	(-10%)	-697	(-10%)	-21%
G&A	-212	(-4%)	-259	(-4%)	-22%
R&D	-96	(-2%)	-112	(-2%)	-17%
EBIT	429	(7%)	385	(5%)	-10%
Non-controlling interests	6	(0%)	37	(1%)	>100%
Net Income	190	(3%)	136	(2%)	-28%
EPS pre*	2.45		3.70		51%
EBITDA	783	(14%)	858	(12%)	10%
thereof exceptionals	-29	(-1%)	-184	(-3%)	>100%
EBITDA pre exceptionals	812	(14%)	1,042	(14.2%)	28%

- Strong sales increase due to Chemtura acquisition and higher volumes
- Cost of sales driven by higher raw material and energy costs
- Non-controlling interests reflect ARLANXEO result
- EBIT and net income impacted by Chemtura integration and realignment expenses

On track to record FY results






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

9M 2017: Stable operating cash flow

[€ m]	9M 2016	9M 2017
Profit before tax	341	314
Depreciation & amortization	354	473
Financial (gain) losses	42	18
Cash tax payments/refunds	-98	-152
Changes in other assets and liabilities	96	118
Operating cash flow before changes in WC	735	771
Changes in working capital	-203	-236
Operating cash flow	532	535
Investing cash flow	-1.095	155
Thereof capex	-228	-287
Thereof M&A	-198	-1.782
Thereof cash inflows from/cash outflows for financial assets	-481	2.166
Thereof CTA funding & Chemours C&D acquisition	-200	0
Financing cash flow	714	-501

- Profit before tax burdened by exceptional items
- D&A higher due to risen asset base (Chemtura acquisition)
- Changes in other assets and liabilities mirror provision building for variable compensation and realignment
- Investing cash flow reflects the acquisition of Chemtura
- Financing cash flow in 2016 includes cash-in from Saudi Aramco (50% stake in ARLANXEO; 2017 reflects early redemption of Chemtura bond)

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%**

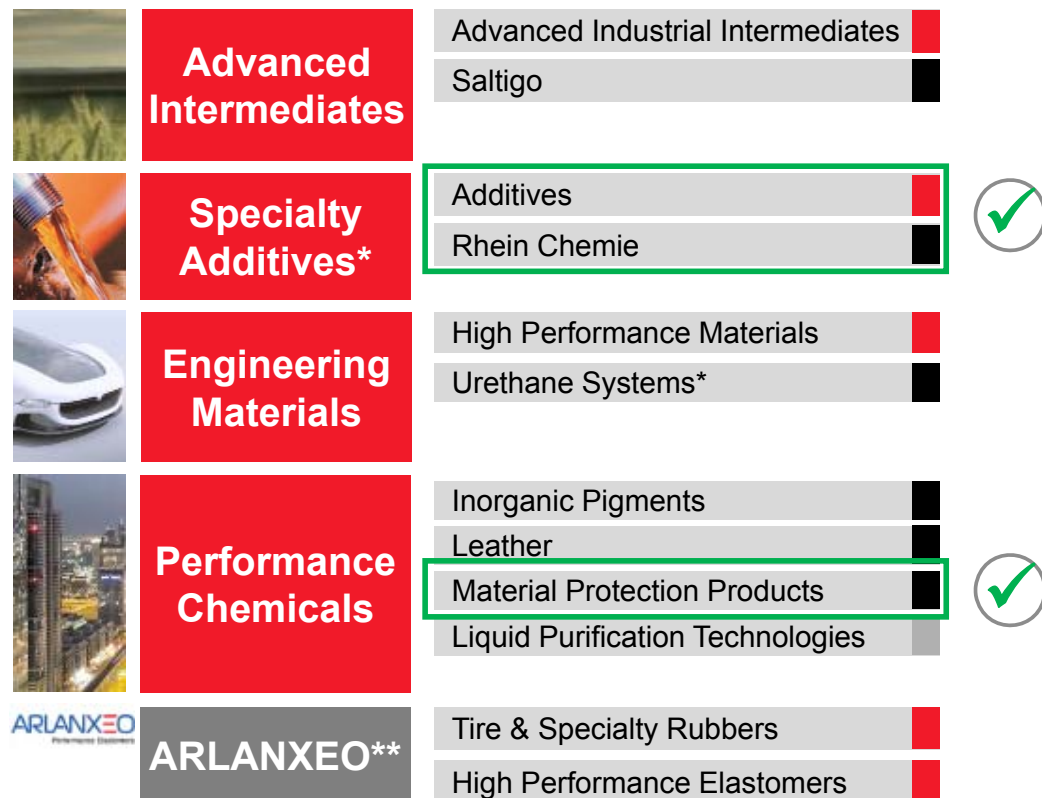
A solid EBITDA contribution from all segments

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

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

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 (NMVOC³) emissions by 25%¹ until 2025

Procurement initiatives

- 'Supplier Code of Conduct' for supplier selection and rating
- 'Together for Sustainability' initiative² 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 AMREF⁴
- Education initiatives with local and global commitment



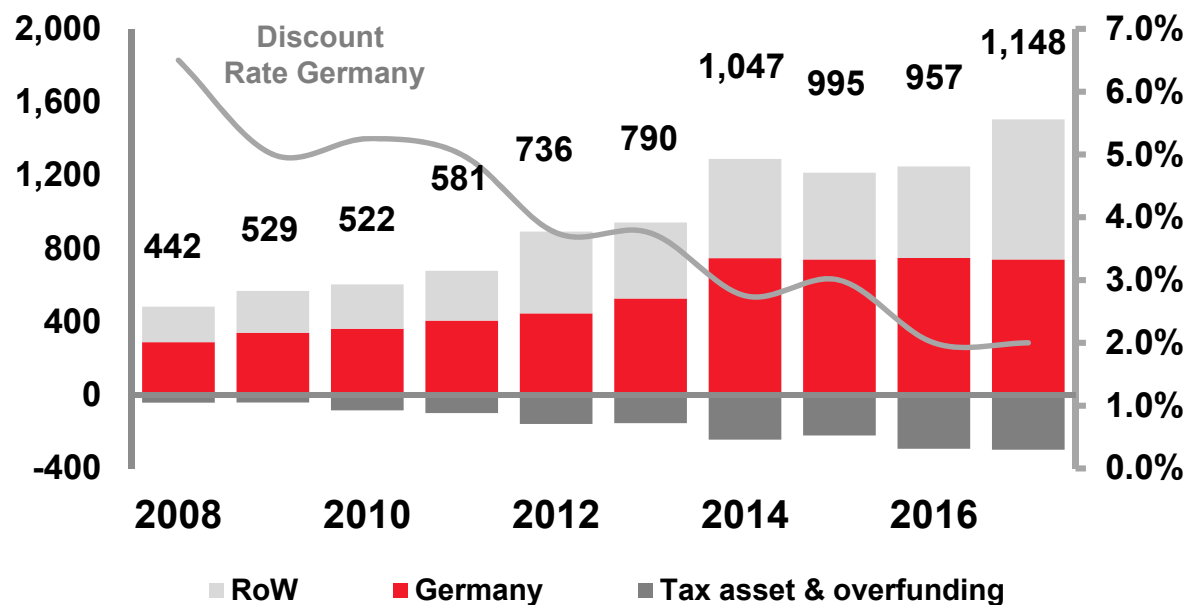
¹ Base year: 2015; for CO₂: Scope 1 and Scope 2 emissions

² Members: BASF, Bayer, Evonik, Henkel, LANXESS, Akzo Nobel, Solvay

³ Non methane volatile organic compounds; ⁴ African Medical and Research Foundation

A word on pensions: Mind the assets

Pension provision less deferred tax asset [€m]



At 4% discount rate gross pension provision declines to €1.0bn

Pension Provision  **applicable tax rate**
€1,506 m

Tax asset of €298 m and plan asset of €60 m*
~€3.90 / share

Pension provision net of tax and plan assets
€1,148 m

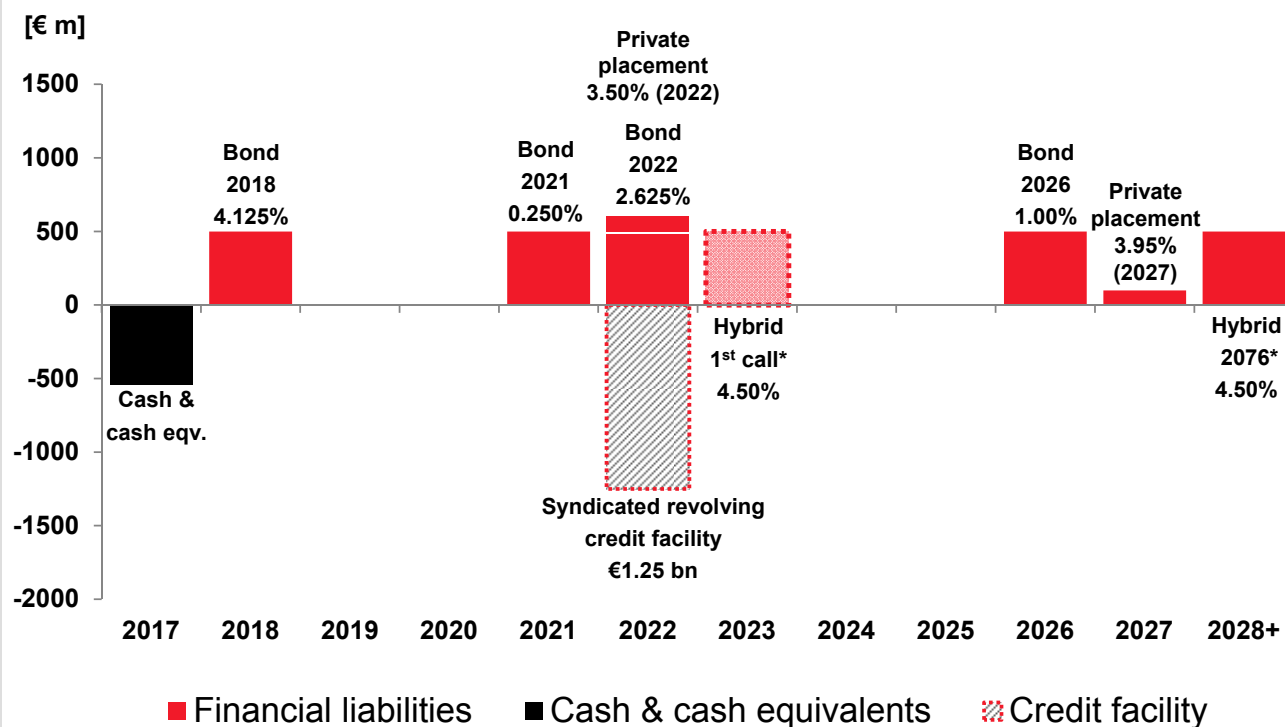
*as per 30 September 2017

Maturity profile actively managed and well balanced

Long-term financing secured

- Diversified financing sources
 - Bonds & private placements
 - Syndicated credit facility
- Chemtura bond redeemed on 15th July, 2017
- Average interest rate of financial liabilities <3%
- All group financing executed without financial covenants

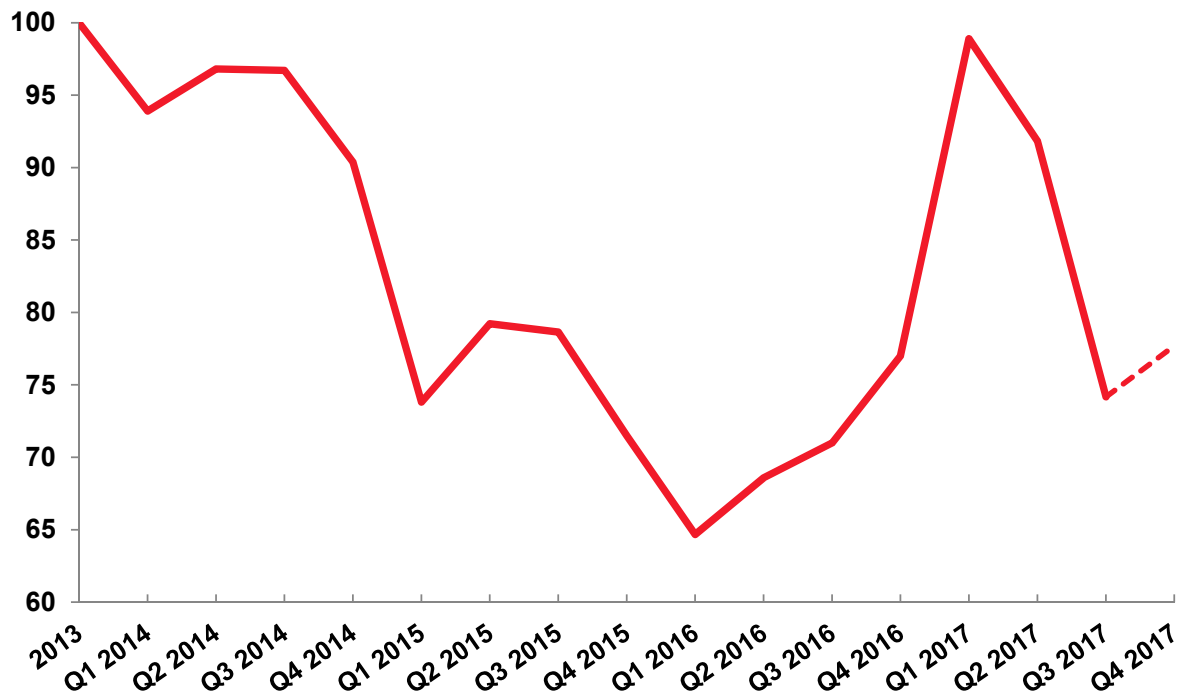
Liquidity and maturity profile as per September 2017



* 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



- 2016 with an upward trend that accelerated during Q4
- 2017 started with a spike in raw material prices which reversed in Q2 and Q3
- For Q4 2017 we expect a slight upward trend again

LANXESS excluding Chemtura businesses, average 2013 = 100%,

Overview exceptional items Q3 and 9M 2017

[€ m]	Q3 2016		Q3 2017		9M 2016		9M 2017	
	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A
Advanced Intermediates	0	0	0	0	0	0	3	0
Specialty Additives	0	0	46	29	0	0	103	35
Performance Chemicals	0	0	0	0	0	0	70	6
Engineering Materials	0	0	0	0	0	0	13	1
ARLANXEO	0	0	0	0	0	0	-1	0
Reconciliation	16	0	15	0	29	0	38	0
Total	16	0	61	29	29	0	226	42

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

Engineering Materials

- HPM High Performance Materials
- URE Urethane Systems

ARLANXEO*

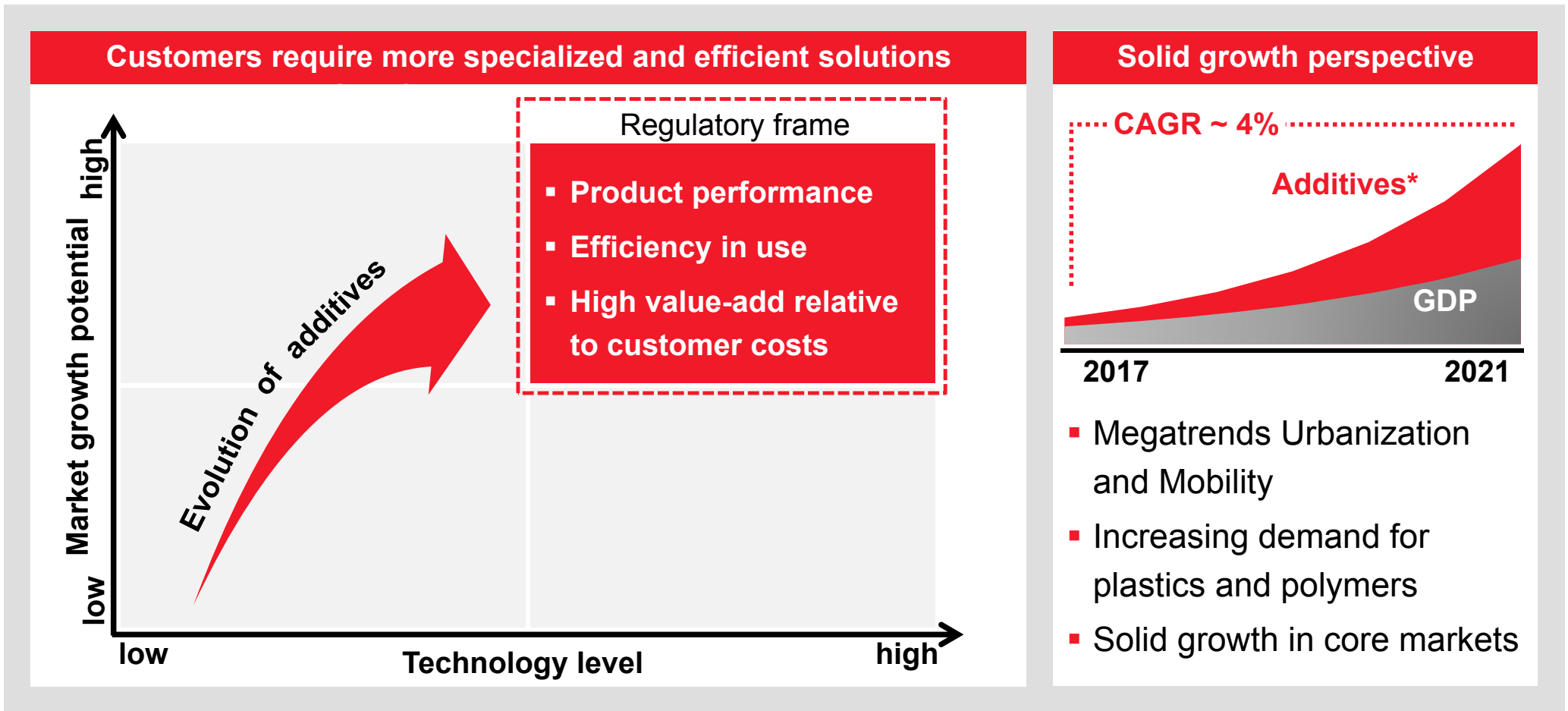
- TSR Tire & Specialty Rubbers
- HPE High Performance Elastomers

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



Backup – Specialty Additives / Chemtura

Specialty Additives benefits from attractive growth dynamics driven by customer needs



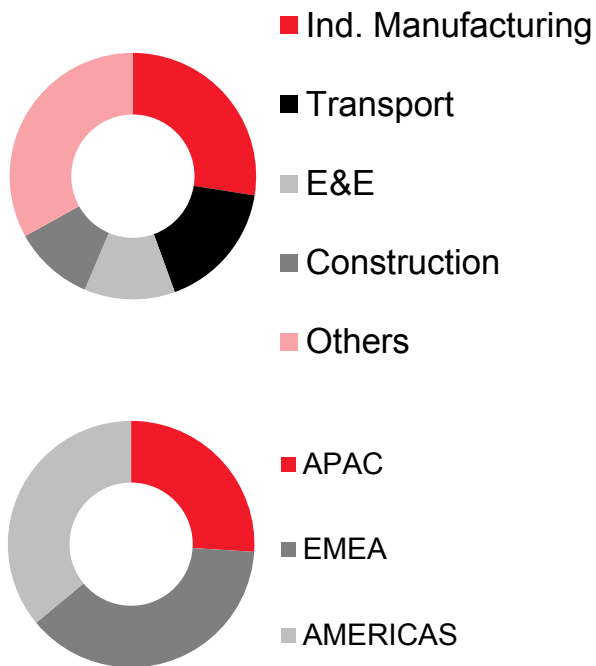
* LANXESS Segment Specialty Additives core applications (E&E, Transportation, Construction, General Industries) / Source: World Industry Service & LANXESS Research

Segment Specialty Additives: A leading player based on a unique business set-up



Resilient by nature

Sales FY 2016 pro forma



Strongly positioned

- Comprehensive product portfolio and global network
- Fully fledged asset platform with high technical standard
- Strong value chain integration
- Market dynamics and synergies leverage stable growth



BU Additives leading market player with strong backward integration



Among the top global players

Market shares*:

Brominated flame retardants:
1/2 in Europe
2 globally



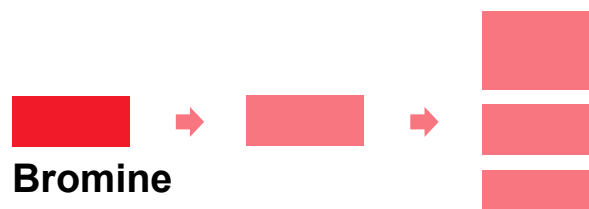
Phosphorous flame retardants:
2 in Europe
3/4 globally



Strong value chains

Illustrative

Fully integrated bromine value chain:



Unique lubricants value chain:



Stronghold characteristics

- Leading market positions
- Global sales and distribution network
- Multiple strong value chains
- Solution provider driving innovations

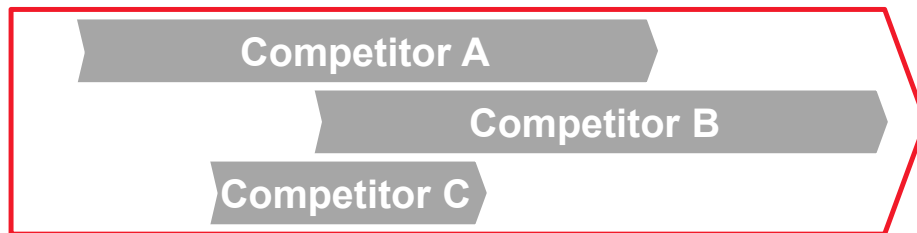
* Source: European Commission, IHS Specialty Chemicals Update Program – Flame Retardants 2014

Lubricant Additives benefits from fully integrated value chain

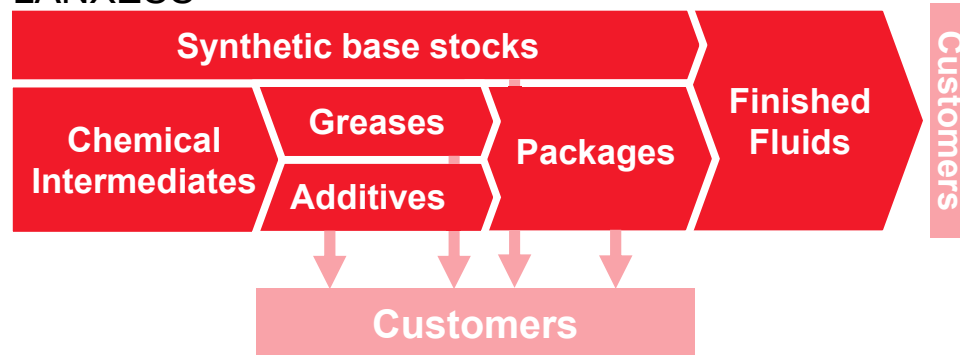


Most attractive value chain for customers

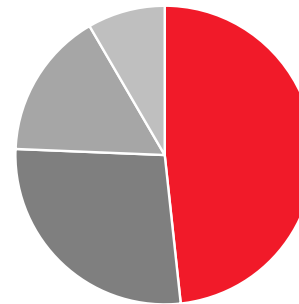
Illustrative



LANXESS



Lubricant Additives sales split:



- Additives
- Base stocks
- Intermediates
- Others

Synergies leverage growth

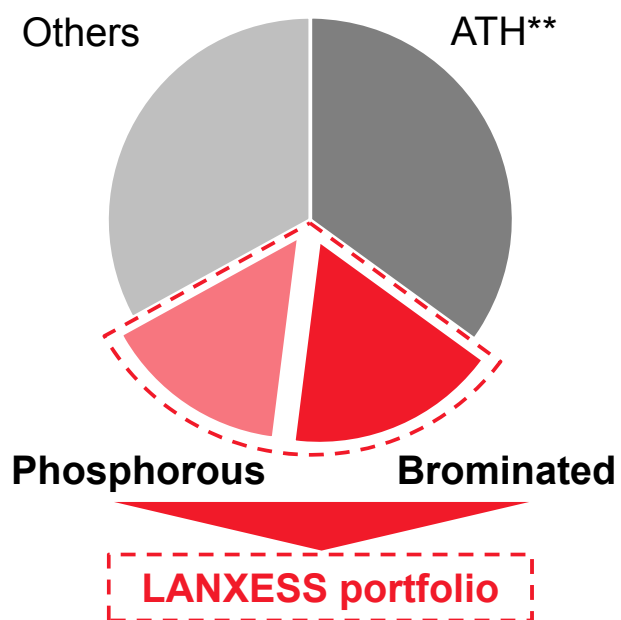
- Unique integrated value chain offers attractive cross selling opportunities
- Broad product portfolio with high technical expertise
- Growth above GDP driven by advancing technical applications

Flame retardants with complementary and most attractive business set-up



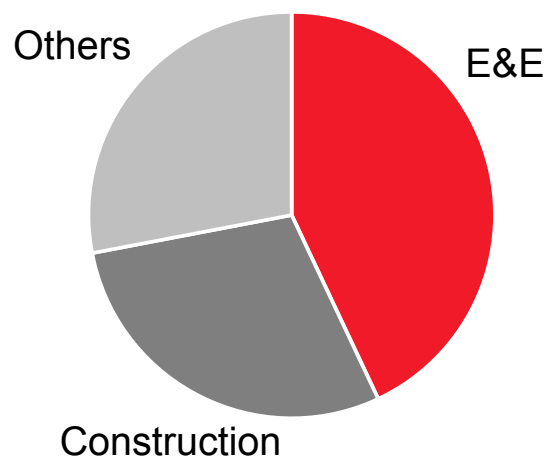
Clear strategic focus

Global consumption of flame retardants by type*



Emphasis on growth markets

LANXESS' end markets for phosphorous and brominated flame retardants



Sales FY 2016 pro forma

Promising growth drivers

- Highest potential for product specialization and differentiation
- Rising demand for PU, TPU, PS and PVC*** within end markets
- Increasing CO₂ efficiency requirements
- Tightened regulatory and safety standards

* Source: IHS Specialty Chemicals Update Program – Flame Retardants 2014, SCI Study Flame Retardants China 2016, LANXESS Research

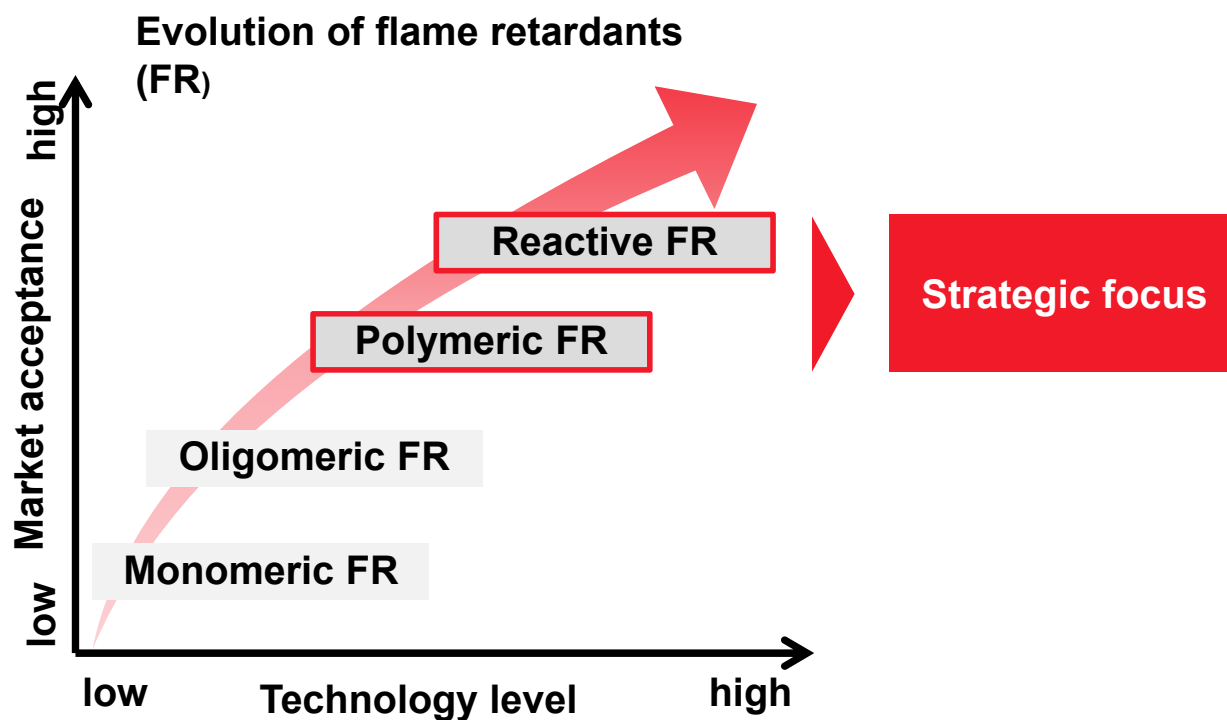
** ATH = Aluminium-tri-hydrochloride; *** Polyurethane, thermoplastic polyurethanes, polystyrene and polyvinyl chloride

Flame retardants benefit from trend towards more sophisticated solutions for fire protection



LANXESS drives innovation & technology

Striking characteristics

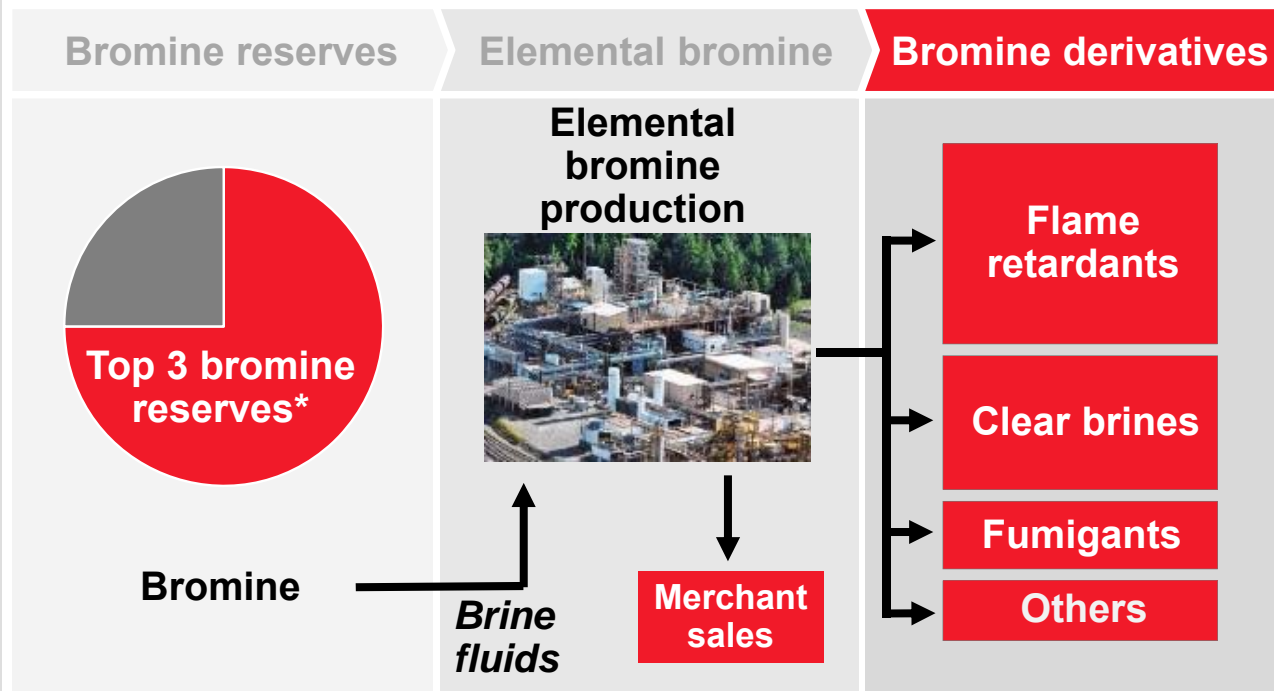


- Broad and advanced product portfolio based on high technical expertise
- The only bromine player with strategic focus on bromine solutions
- Strategic focus on product development to meet market expectations

Bromine Excursus: An integrated leading bromine player with a strong and diverse bromine portfolio



Strong backward integration



Among top three players

- Natural oligopolistic market structure with 75% dominated by three players
- Cost competitive bromine extraction
- Leading transportation fleet for elemental bromine
- Bromine reserves last more than 75 years

LANXESS bromine production is located in El Dorado, Arkansas, USA

* ICL, Albemarle and LANXESS

BU Additives will leverage its position as global additives player



Integrate

- Business integration and implementation of synergies
- Leverage improved regional footprint using enlarged sales and distribution network

Enhance

- Realize cross-selling opportunities and increase competitiveness
- Extend business focus on Asia Pacific

Develop

- Strategic focus on product development
- Specialize and innovate our product portfolio



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

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 April 2017

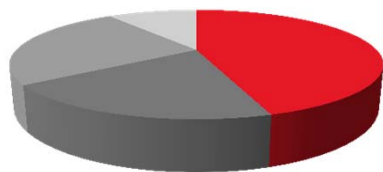
Sales and EBITDA are based on Q2 2016 LTM, USD/EUR 1.10

Chemtura has a growing and profitable additives business with a strong US footprint



A global, specialty chemical company*

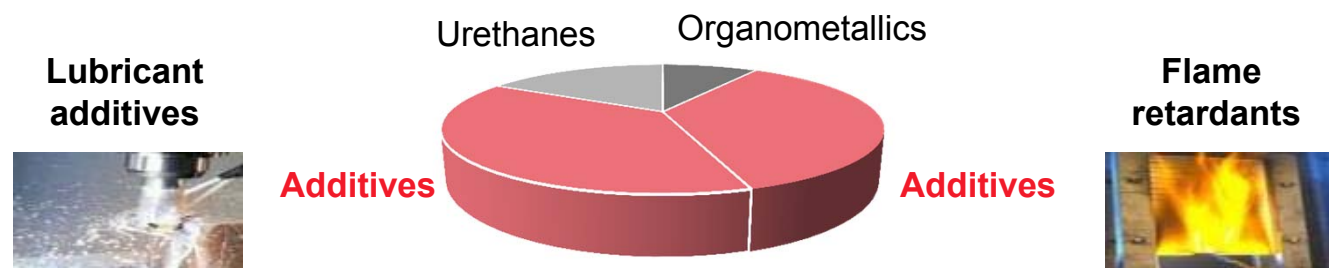
- Sales ~€1.5 bn
- EBITDA pre ~€245 m
- ~2,500 employees
- 20 sites in 11 countries



■ 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

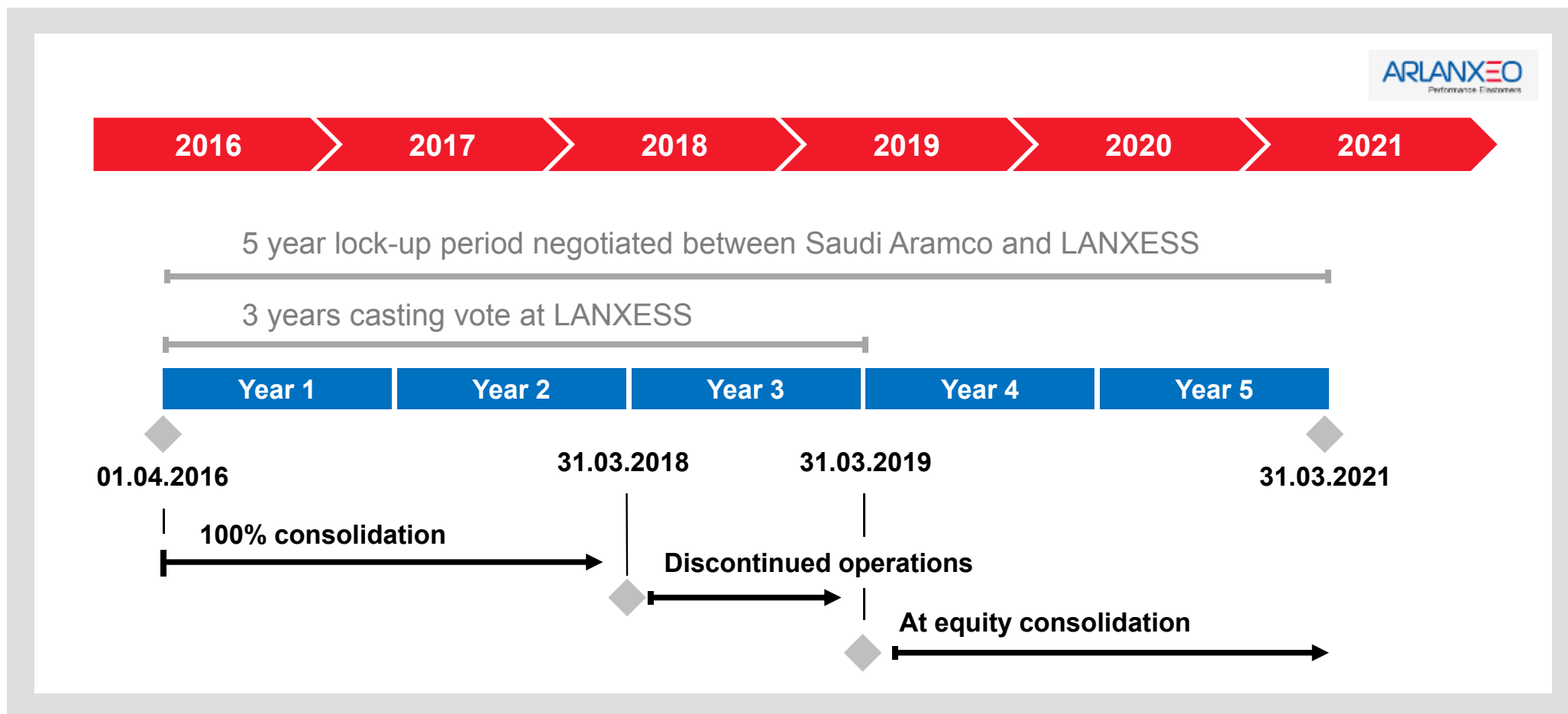
* Listed at NYSE, Headquarters: Philadelphia, PA (US)

**CAGR: 2016-2020 (based on IHS)

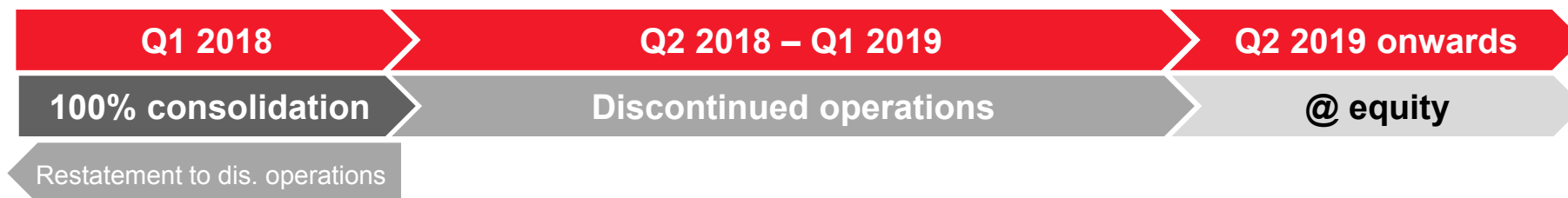


Backup - ARLANXEO

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



Details on accounting for discontinued operations of ARL



Q1 2018: reported as usual

Q2 2018: ARLANXEO will switch to discontinued operation

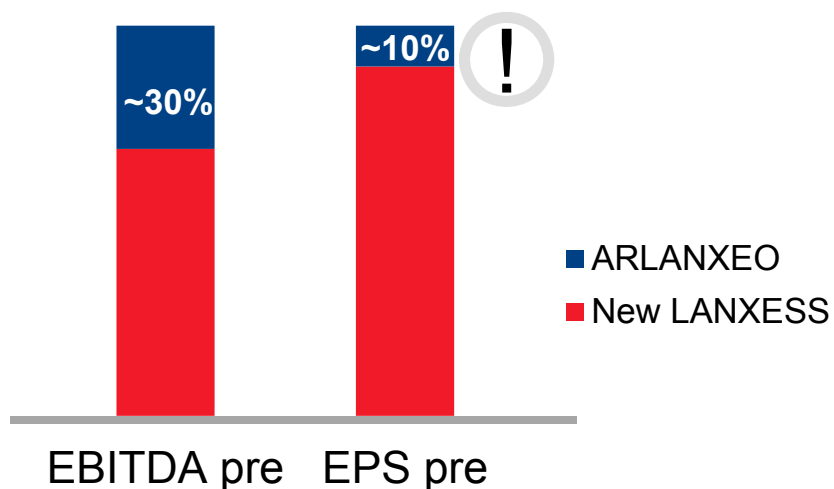
- Net income will be the only ARLANXEO line item in P&L
- ARLANXEO assets will not be depreciated but accounted for lower of carrying amount and fair value
- ARLANXEO assets & liabilities will be reflected in balance sheet in one line item each

! Discontinued operations accounting to also be retroactively applied to YTD 2018 as of Q2

ARLANXEO with marginal contribution to EPS – New LANXESS tax rate reduced after deconsolidation

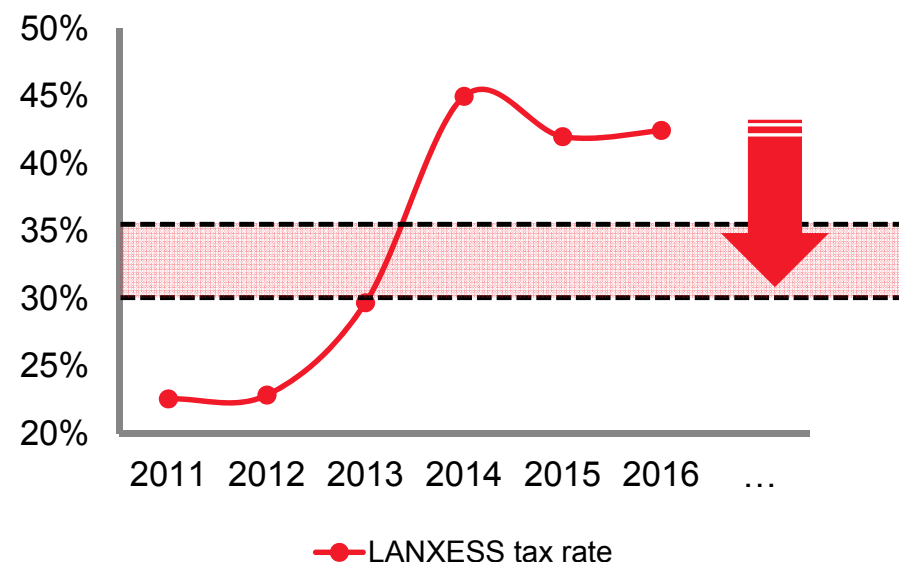
Minor ARLANXEO contribution to EPS

H2 2017 LTM



High ARLANXEO D&A after heavy investment cycle

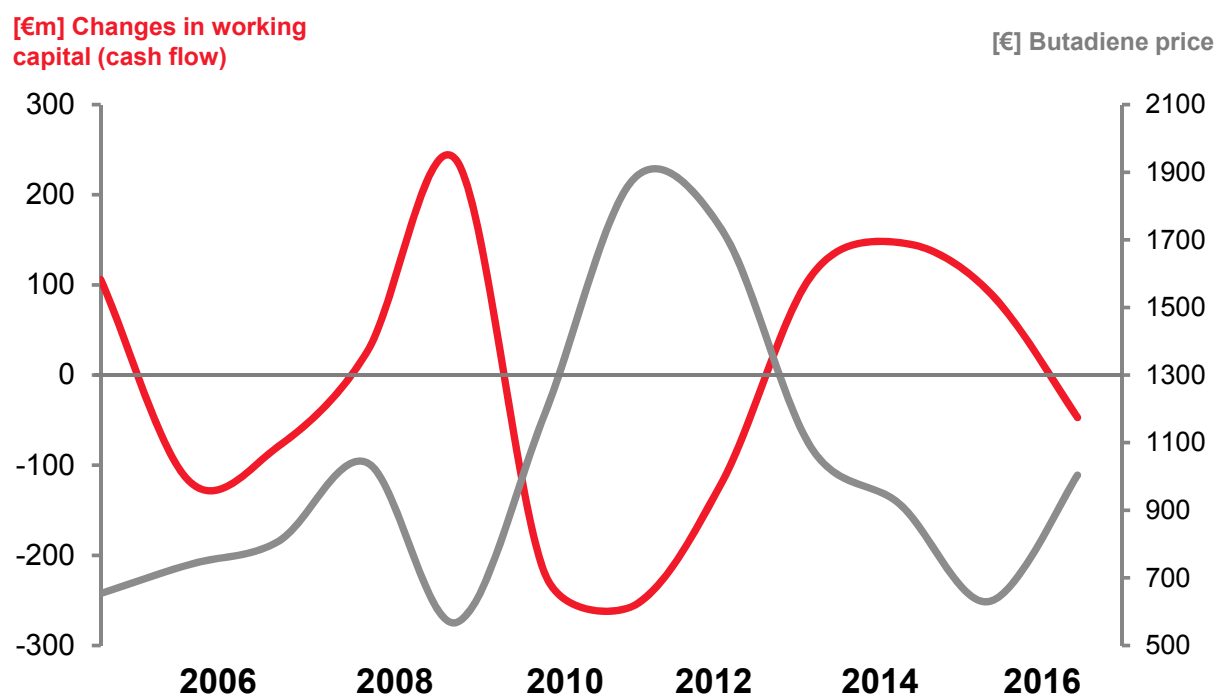
Tax rate of New LANXESS will be at 30-35%



High ARLANXEO tax rate due to unfavorable regional distribution of earnings

Volatility of working capital will be significantly reduced after deconsolidation of ARLANXEO

ARLANXEO significantly impacted free cash flow in the past



- Butadiene, one of the main raw materials for ARLANXEO, with strong volatility
- Butadiene volatility main driver for working capital changes in the past

Volatility of working capital will be significantly reduced

Upcoming events 2017/2018

Proactive capital market communication

▪ Deutsches Eigenkapitalforum 2017	November 28	Frankfurt
▪ HSBC Vienna Day	November 30	Vienna
▪ Berenberg European Corporate Conference	December 4	Pennyhill
▪ Commerzbank German Investment Seminar	January 9/10	New York
▪ Oddo Forum 2018	January 11/12	Lyon
▪ KeplerCheuvreux / UniCredit German Corporate Conference	January 15/16	Frankfurt
▪ HSBC SRI Sustainability Conference	February 6	Frankfurt
▪ FY 2017 results	March 15	
▪ Q1 2018 results	May 9	
▪ Annual General Meeting 2018	May 15	Cologne
▪ Q2 2018 results	August 1	
▪ Q3 2018 results	November 8	

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