LANXESS – Q2 2018 Conference Presentation

Building our future

Investor Relations

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Agenda

Our journey: Shaping LANXESS

- Clear strategy accelerates transformation
- Faster leverage of synergies
- Focus on high yield growth CAPEX projects
- Early exit of synthetic rubber*:
  - Financials immediately strengthened again
  - Improved business and financial risk profile

* Closing for transfer of the remaining 50% of ARLANXEO expected end of 2018

A lot has happened since last year! (1/2)

Organic growth

- **BU AII:** - DCB* capacity increase, Leverkusen
  - MEA* capacity increase, Brunsbüttel
  - Menthol capacity increase, Uerdingen
- **BU HPM:** - Compounding facility, Changzhou
  - Compounding facility, Uerdingen
- **BU RCH**: - Production line zinc oxide, Uerdingen
- **BU ADD:** - New line lubricant additives, Mannheim

Portfolio management

- **2017**
  - Divesture of chlorine dioxide business (BU MPP)
  - Acquisition of biotech startup IMD Natural Solutions GmbH (BU MPP)
- **2018**
  - Acquisition of Solvay’s U.S. phosphorous additives
  - Announcement to divest remaining 50% in ARLANXEO

* DCB = Dichlorobenzene, MEA = 2-Methyl-6-ethylaniline

A lot has happened since last year! (2/2)

Restructuring

- Site Closures
  - Zárate / Argentina (BU LEA)
  - Rio Claro / Brazil (BU URE)
  - Ankerweg / Netherlands (BU ADD)
  - Reynosa / Mexico (BU ADD)

Synergies

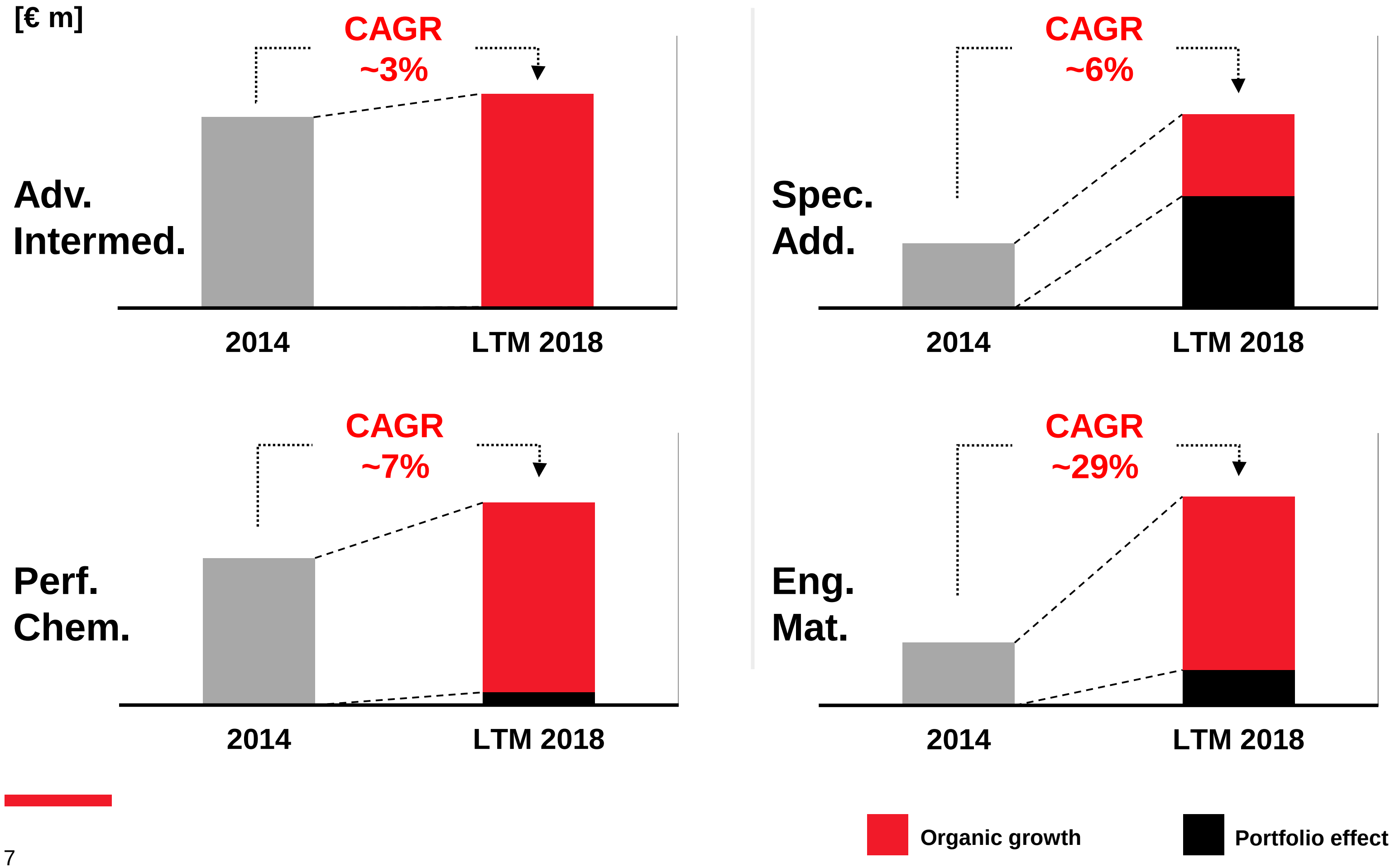
- Realization of Chemtura synergies ahead of plan
  - In 2017: ~€30 m mostly administrative synergies
  - Outlook for 2018: ~€30 m with operational impact

Solid foundation for the LANXESS platform

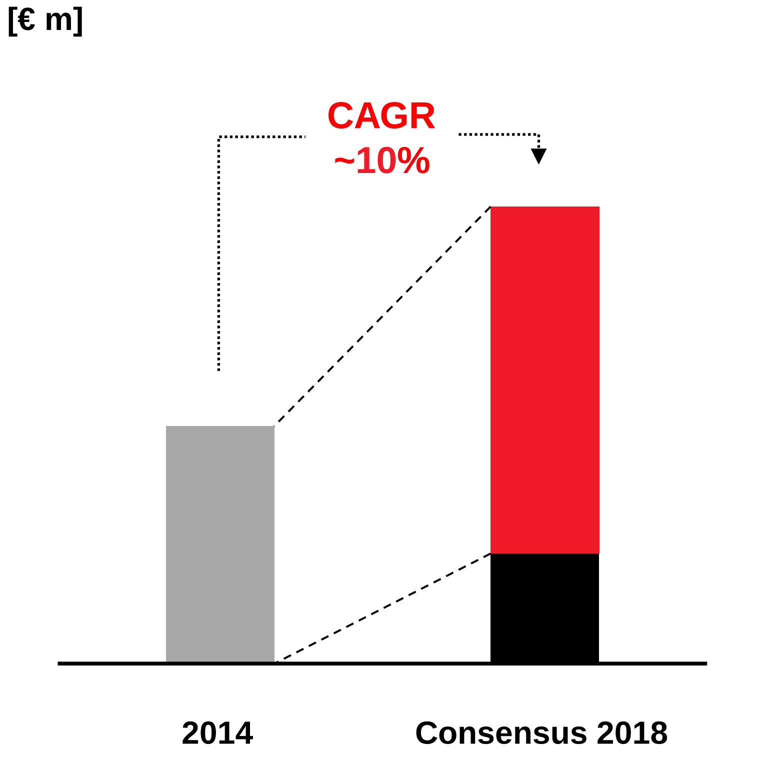
New LANXESS with track record of organic growth

LANXESS Energizing Chemistry

Visible organic EBITDA pre growth in all segments



New LANXESS EBITDA pre



Capital allocation priorities: Focus on deleveraging and building a superior growth platform

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Capital allocation after receipt of cash

Attractive growth	Deleveraging	Share buy-back
▪ M&A following our communicated financial matrix ▪ Investments into announced and new brownfield & debottlenecking projects (until ~2021)	▪ Funding of pension liabilities ▪ Gross debt reduction	To be considered unless external growth materializes
€400 – €X m	~€400 – €500 m	

Use of proceeds in line with investment grade commitment

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

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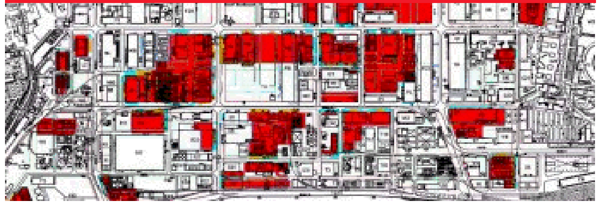
Chapter 1

Chapter 2
Improve

Chapter 3

Regional platform	Industrial platform	Market positions
		

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

Solid growth → **Chapter 3 will establish an even stronger platform**

LANXESS’ target 2021:
Leading, balanced and strongly cash generative

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Strategic and financial goals

- Stable specialty chemical company with sound cash generation and balanced portfolio
- Increased footprint in growing regions (North America and Asia)
- Leading positions in core and attractive mid-sized markets
- Low dependency on individual markets, thus less cyclical
- Solid investment grade rating and significantly reduced net financial debt

EBITDA pre margin (group, Ø through the cycle)	**14-18%**
Cash con-version	**>60%**
EBITDA margin volatility	**2-3%pts**

Underlying growth: Sustainable >GDP growth targeted

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

The journey continues - exciting times ahead

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Solid platform

- Business units leading in growing markets
- Robust regional set-up

Targeted growth

- Leveraging our efficient value chains with focus on higher value-add products
- Strong organic growth pipeline balanced over all segments - capital allocation with high reward but low risk

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- Team with proven race experience
- Keen on execution
- Building a more profitable and resilient LANXESS engine

Agenda

Q2 2018 financial overview: Solid operational performance

[€ m]	Q2 2017	Q2 2018	yoy in %
Sales	**1,712**	**1,829**	**7%**
EBITDA pre	**280**	**290**	**4%**
margin	16.4%	15.9%	
EPS (group)**	0.04	1.38	>100%
EPS pre* (group)**	1.54	1.77	15%
Capex	77	83	8%

[€ m]	31.12.2017***	30.06.2018	Δ %
Net financial debt	2,252	2,633	17%
Net working capital	1,948	1,535	-21%

- Sales and EBITDA pre increase due to strong pricing and synergies, mitigated by FX
- EPS includes contribution of ARLANXEO
- Capex increase reflects investments in debottlenecking
- Net working capital reflects absence of ARLANXEO portion
- Seasonally higher net financial debt due to dividend, interest and bonus payments

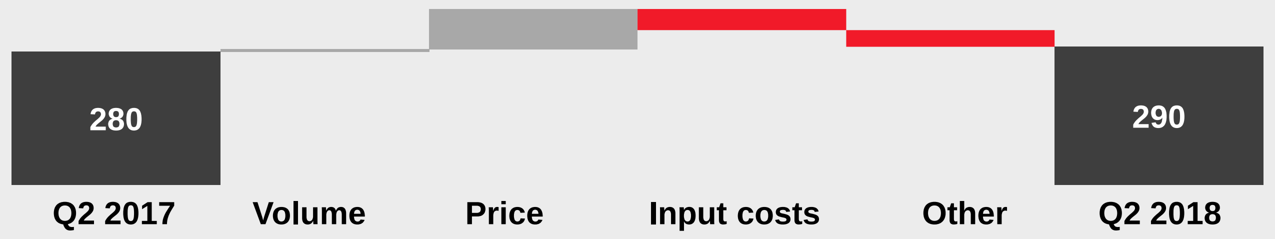
* Net of exceptionals and amortization of intangible assets as well as attributable tax effects
** Including 50% ARLANXEO
*** Balance sheet items at 31.12.2017 include 100% ARLANXEO

Q2 2018: Strong pricing and portfolio drive topline while FX headwind continues

Q2 yoy sales variances	Price	Volume	FX	Portfolio	Total
Advanced Intermediates	+9%	+0%	-3%	+2%	+8%
Specialty Additives	+2%	-0%	-5%	+18%	+15%
Performance Chemicals	+1%	+3%	-4%	-3%	-3%
Engineering Materials	+5%	+4%	-3%	+4%	+10%
New LANXESS	+5%	+1%	-4%	+6%	+7%

- Strong sales growth due to successful raw material price pass-through (esp. BUs AII, ADD and HPM) and portfolio effect
- Overall slightly increased volumes

Q2 yoy New LANXESS EBITDA pre bridge [€ m]



- EBITDA pre increase driven by successful price pass-through and synergies
- "Other" includes the positive portfolio effect, overcompensated by FX

Q2 2018: Strong earnings growth and declining exceptionals

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[€ m]	Q2 2017		Q2 2018		yoy in %
Sales	1,712	(100%)	1,829	(100%)	7%
Cost of sales	-1,233	(-72%)	-1,332	(-73%)	-8%
Selling	-196	(-11%)	-212	(-12%)	-8%
G&A	-83	(-5%)	-69	(-4%)	17%
R&D	-29	(-2%)	-28	(-2%)	3%
EBIT	**29**	**(2%)**	**159**	**(9%)**	**>100%**
Profit from continuing operations	3	(0%)	97	(5%)	>100%
Profit from discontinued operations	11	(1%)	59	(3%)	>100%
Minorities	11	(1%)	30	(2%)	>100%
Net Income	**3**	**(0%)**	**126**	**(7%)**	**>100%**
EPS pre*	**1.54**		**1.77**		**15%**
EBITDA	137	(8%)	263	(14%)	92%
thereof exceptionals	-143	(-8%)	-27	(-1%)	-81%
EBITDA pre exceptionals	**280**	**(16.4%)**	**290**	**(15.9%)**	**4%**

- Sales driven by price increase and acquired businesses, FX burdens
- Selling costs increase due to portfolio effect and higher freight costs
- Improved G&A costs reflect reclassification effect from discontinued operations
- Significant EBIT boost due to good performance and lower exceptionals
- Nice increase in EPS

Q2 result underlines New LANXESS' operational improvement

* Net of exceptionals and amortization of intangible assets as well as attributable tax effects, including 50% ARL, according to discontinued operations reporting, no ordinary depreciation of ARLANXEO included

Q2 2018: Strong sales and EBITDA pre growth in most New LANXESS segments

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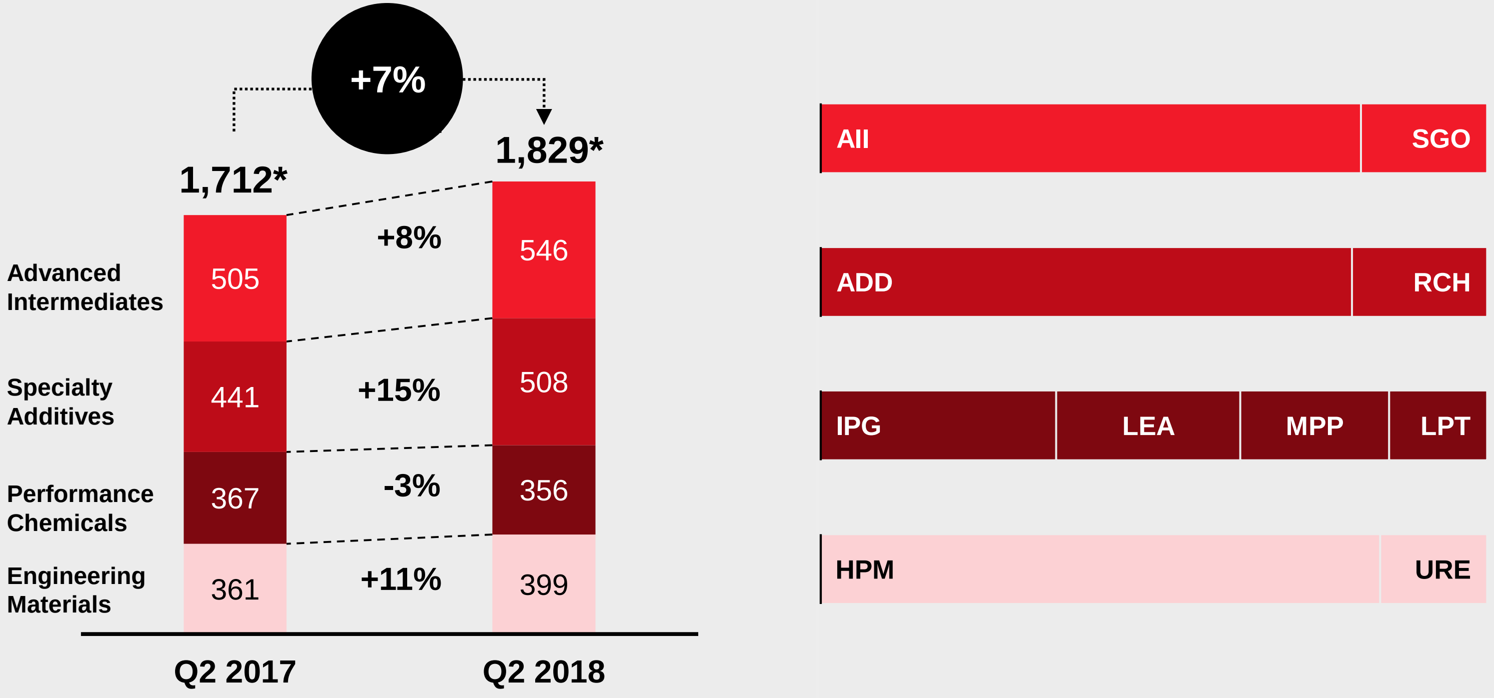
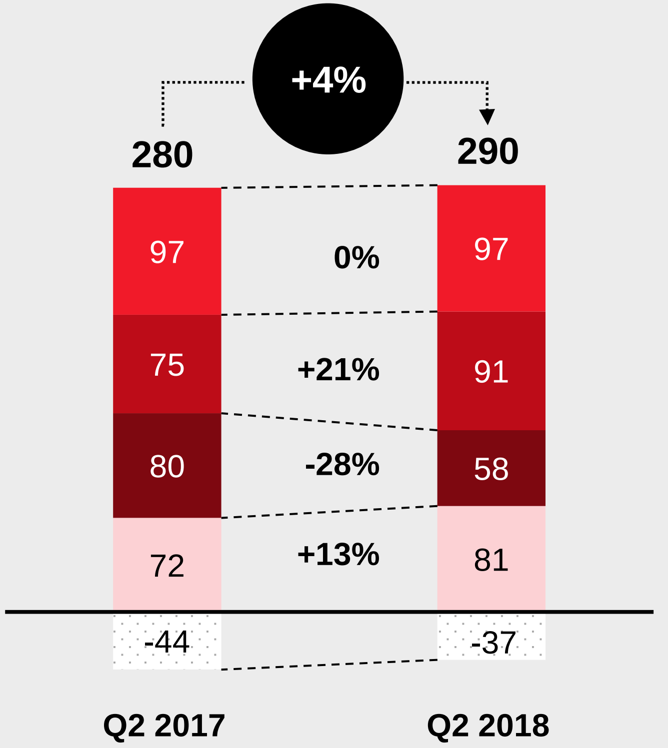
[€ m] Sales



[€ m] EBITDA pre

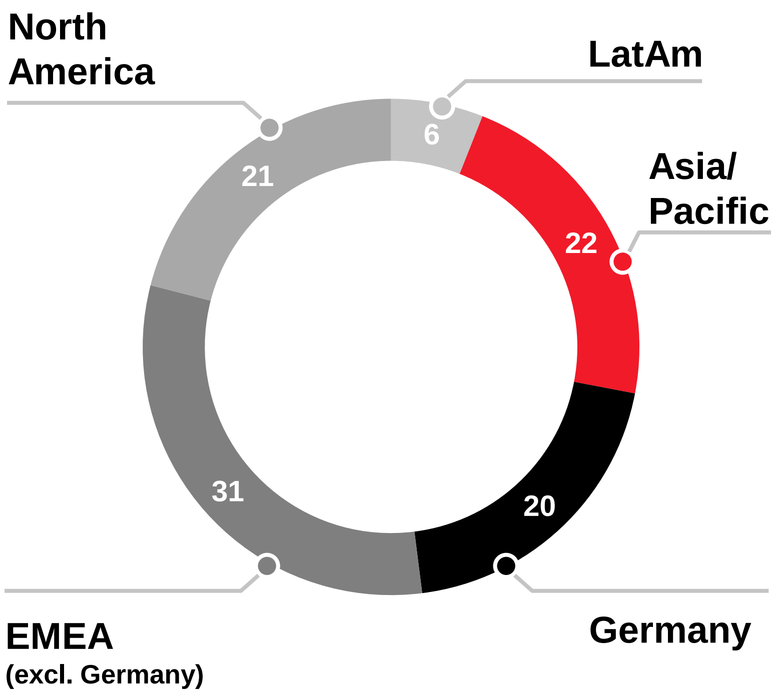


Advanced Intermediates | Specialty Additives | Performance Chemicals | Engineering Materials | Reconciliation

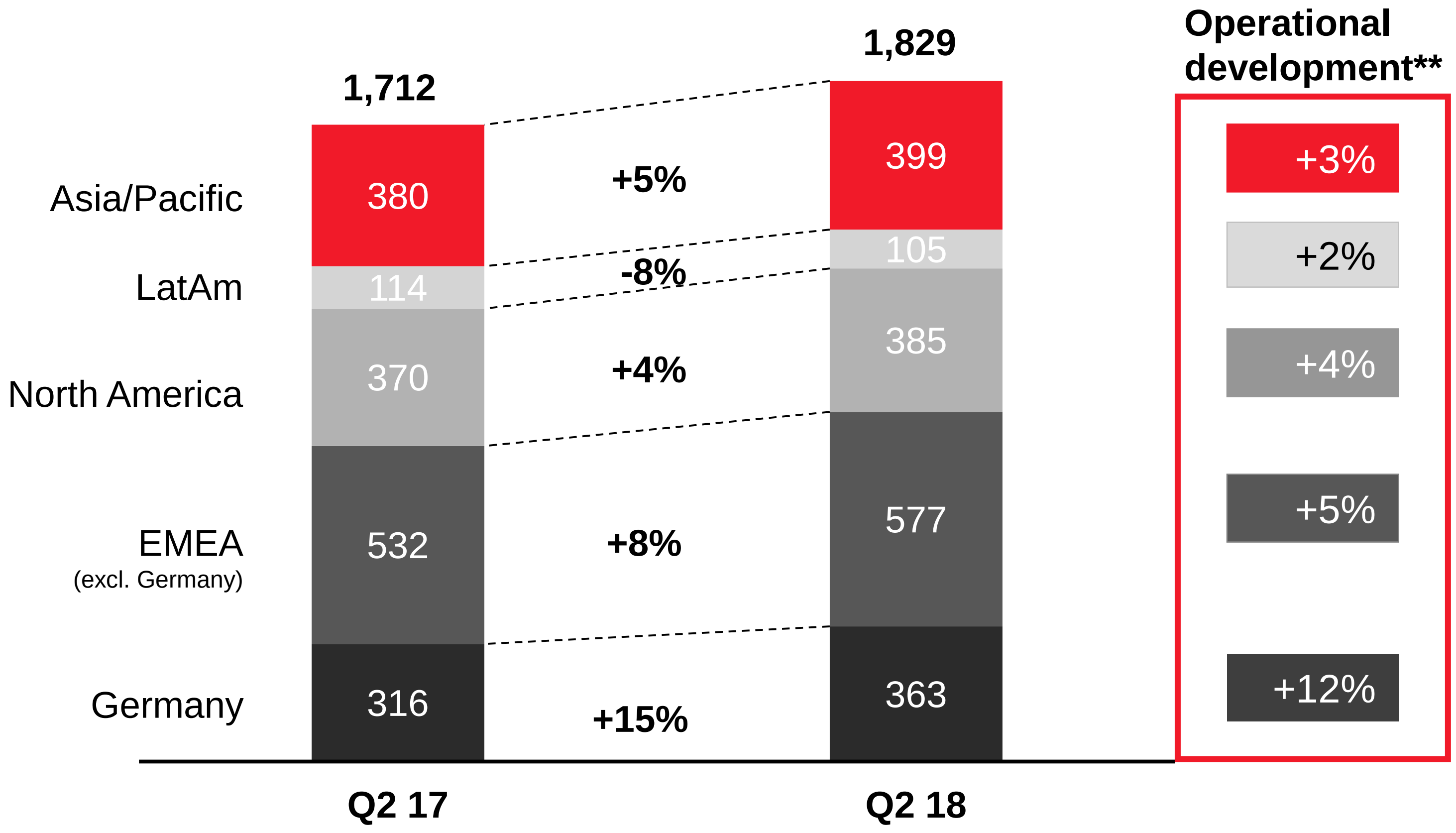
* Total group sales including reconciliation

Q2 2018: Increasing sales in most regions, FX limits growth especially in North and Latin America

Q2 2018 sales by region* [%]



Regional development of sales* [€ m]



* All figures are indicative only
** Currency and portfolio adjusted

Advanced Intermediates: Stable on high level

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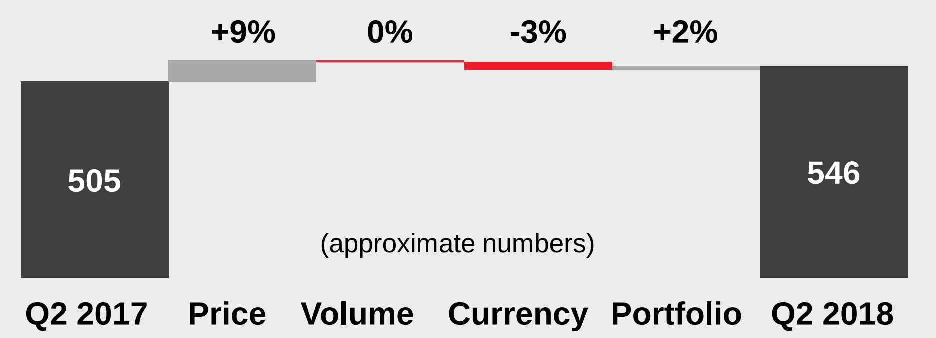
[€m]	Q2 2017	Q2 2018	Δ	H1 2017	H1 2018	Δ
Sales	**505**	**546**	**8%**	**1,024**	**1,111**	**8%**
EBIT	65	65	0%	130	136	5%
Depr./Amort.	29	32	10%	55	63	15%
EBITDA pre exceptionals	**97**	**97**	**0%**	**188**	**199**	**6%**
Margin	19.2%	17.8%		18.4%	17.9%	
Capex	33	30	-9%	49	53	8%

Q2 sales bridge yoy [€ m]



Q2 yoy effects

- Strong price development in both BUs
- BU AII with successful raw material price pass-through
- Still declining volumes in BU Saltigo
- Segment stable on high level, despite agro weakness and ongoing FX headwind

Specialty Additives: Synergies start to materialize

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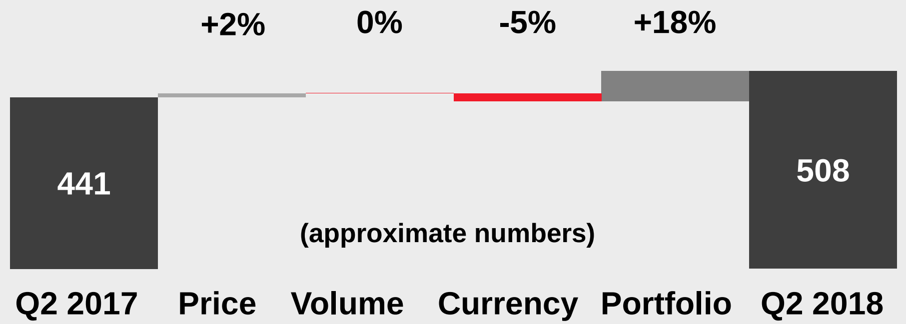
[€m]	Q2 2017	Q2 2018	Δ	H1 2017	H1 2018	Δ
Sales	**441**	**508**	**15%**	**680**	**1,008**	**48%**
EBIT	-7	55	>100%	30	105	>100%
Depr./Amort.	31	34	10%	38	65	71%
EBITDA pre exceptionals	**75**	**91**	**21%**	**119**	**172**	**45%**
Margin	17.0%	17.9%		17.5%	17.1%	
Capex	16	28	75%	23	44	91%

Q2 sales bridge yoy [€ m]



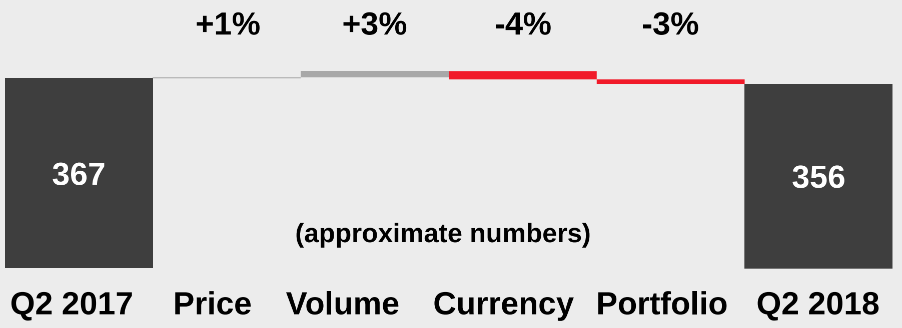
Q2 yoy effects

- Price increases due to successful raw material price pass-through
- Volumes on previous year’s high level
- Improved EBITDA and margin due to pricing, portfolio effect and synergies, mitigated by FX development

Performance Chemicals: Good performance at BUs MPP and LPT, LEA weaker than expected

[€m]	Q2 2017	Q2 2018	Δ	H1 2017	H1 2018	Δ
Sales	**367**	**356**	**-3%**	**735**	**692**	**-6%**
EBIT	-9	39	>100%	31	71	>100%
Depr./Amort.	25	19	-24%	44	38	-14%
EBITDA pre exceptionals	**80**	**58**	**-28%**	**139**	**110**	**-21%**
Margin	21.8%	16.3%		18.9%	15.9%	
Capex	15	16	7%	26	27	4%

Q2 sales bridge yoy [€ m]



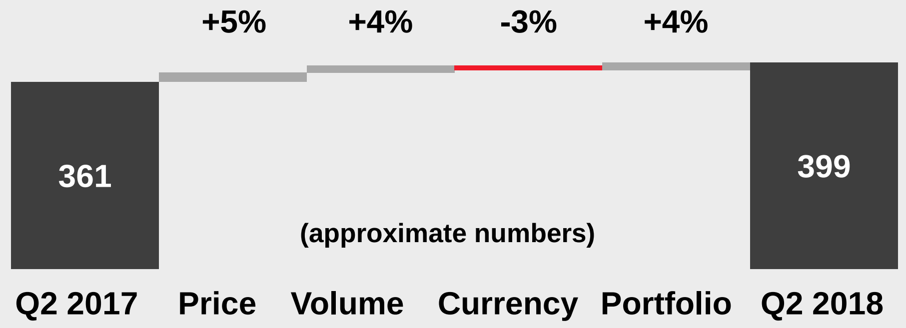
Q2 yoy effects

- Stable prices in all Bus, not fully reflecting raws price developm.
- Higher volumes in BU LPT and BU MPP, BU LEA (Zárate closure) declines
- Portfolio reflects disposal of chlorine dioxide business
- EBITDA, margins below except. high Q2’17 on ongoing low chrome price, raw material price pressure and FX

Engineering Materials: Strong price increase, but currency burdens

[€m]	Q2 2017	Q2 2018	Δ	H1 2017	H1 2018	Δ
Sales	**361**	**399**	**10%**	**676**	**791**	**17%**
EBIT	45	66	47%	82	124	51%
Depr./Amort.	15	15	0%	26	30	15%
EBITDA pre exceptionals	**72**	**81**	**13%**	**120**	**154**	**28%**
Margin	19.9%	20.3%		17.8%	19.5%	
Capex	10	9	-10%	15	15	0%

Q2 sales bridge yoy [€ m]



Q2 yoy effects

- Strong price increase in both BUs offsetting raws price changes
- Higher volumes due to ongoing strong lightweight compound demand
- EBITDA and margin improvement driven by strong operational performance, good utilization, better mix
- FX and tight raw materials (TDI, MDI) burden BU URE. Whilst tightness worsens in Q3, relief expected in Q4

Cash flow Q2 2018 driven by good operational performance mitigated by higher working capital

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[€m]	Q2 2017	Q2 2018
Profit before tax	**36**	**138**
Depreciation & amortization	108	104
Financial (gain) losses	-22	8
Income taxes paid	-23	-30
Changes in other assets and liabilities	-28	-116
Operating cash flow before changes in WC	**71**	**104**
Changes in working capital	5	-67
Operating cash flow (continuing operations)	**76**	**37**
Investing cash flow (continuing operations)	**315**	**-81**
Thereof capex	-77	-83
Financing cash flow (continuing operations)	**-43**	**-47**

- Operating cash flow driven by good performance, mitigated by seasonally higher working capital
- Changes in other assets and liabilities driven by less exceptional items and variable compensation
- Investing cash flow:
  - 2017 reflects effects from Chemtura acquisition
  - Capex increases due to growth capex in debottlenecking
  - Mainly acquisition costs for Solvay's phosphorus additive business

Balance sheet mirrors seasonal effects in Q2

[€m]	31.12.2017*	30.06.2018
Total assets*	**10,411**	**10,540**
Equity (incl. non-controlling interest)*	3,413	3,429
Equity ratio*	**33%**	**33%**
Net financial debt (after deduction of current financial assets)	**2,252**	**2,633**
Near cash, cash & cash equivalents	588	180
Pension provisions	**1,490**	**1,329**
Net working capital	**1,948**	**1,535**
DSI (in days)**	65	63
DSO (in days)***	51	47

- Stable total assets as ARLANXEO remains consolidated
- Net financial debt increases due to seasonally higher working capital, dividends and bonus payments
- Pension provisions decline despite lower German discount rate (from 2.0% to 1.75%) due to discontinued operations of ARLANXEO pensions
- Seasonally and raw material cost induced higher net working capital was compensated by ARLANXEO discontinued operations

* LANXESS Group including ARLANXEO ** Days sales of inventory calculated from quarterly sales *** Days of sales outstanding calculated from quarterly sales

Line items reflect effects from accounting ARLANXEO as discontinued operations

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[€m]	Dec 2017	Jun 2018		Dec 2017	Jun 2018
Non-current assets	**6,454**	**4,688**	**Stockholders' equity**	**3,413**	**3,429**
Intangible assets	1,784	1,737	attrib. to non-contr. interests	1,126	1,094
Property, plant & equipment	4,059	2,436	**Non-current liabilities**	**4,540**	**4,726**
Equity investments	0	0	Pension & post empl. provis.	1,490	1,329
Other investments	9	1	Other provisions	460	366
Other financial assets	20	25	Other financial liabilities	2,242	2,683
Tax receivables	20	11	Tax liabilities	134	105
Other non-current assets	562	478	Other liabilities	101	93
Current assets	**3,957**	**5,852**	Deferred taxes	113	150
Inventories	1,680	1,285	**Current liabilities**	**2,458**	**2,385**
Trade account receivables	1,316	948	Other provisions	525	391
Other current financial assets	7	60	Other financial liabilities	633	147
Other current assets	366	252	Trade accounts payable	1,048	698
Near cash assets	50	50	Tax liabilities	61	42
Cash and cash equivalents	538	130	Other liabilities	191	186
Assets from disc. operations	0	3,127	Liabilities from disc. operations	0	921
Total assets	**10,411**	**10,540**	**Total equity & liabilities**	**10,411**	**10,540**

ARLANXEO's assets & liabilities grouped in discontinued operations

Despite rising political risks, 5 - 10% EBITDA pre growth now expected at upper end

Macro economic trends

- Ongoing growth expected in all regions, but growth rate might soften
- Agro recovery expected in 2019
- Increasing political risks (trade disputes) might impact global growth

New LANXESS FY 2018

- **FY 2018 EBITDA pre expected to increase 5 - 10% yoy (FY 2017: ~€925 m)**
- **Based on Q2, upper end of guidance expected**

Agenda

Backup - Group

Advanced Intermediates: Solid backbone with focus on organic growth

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	AII	SGO
Market positions[1]	**TOP 3**	**# 1**
Expected growth	**~3-4%**	**Recovery in 2019**
Development focus	Rather organic	Organic & External
Growth drivers	▪ Invest €100 m into debottleneckings ▪ Ramp up profitability of Organometallics to peer level (around 15%)	▪ Best prepared for agro recovery ▪ Expand fine chemicals business

1) Position in global market (LANXESS internal market analysis)
Growth assumption on existing asset base

Specialty Additives: Leading additives platform with broad expansion opportunities

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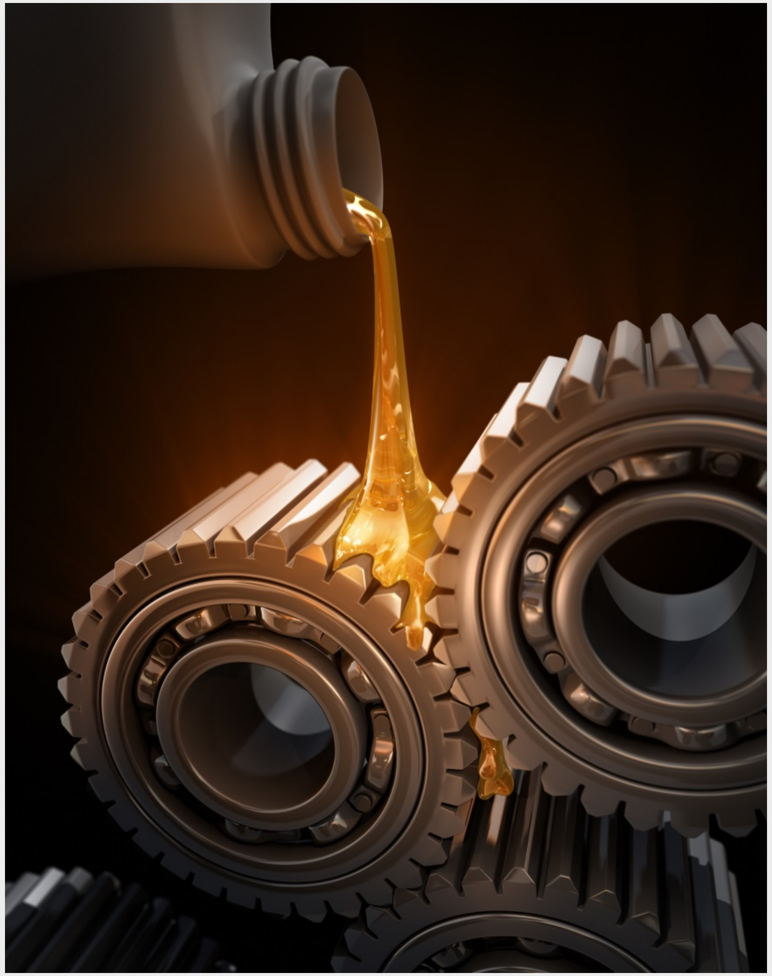
	ADD	RCH
Market positions[1]	**TOP 3**	**# 1**
Expected growth	**~4%**	**~3%**
Development focus	Organic & External	Organic & External
Growth drivers	▪ Generate synergies until 2020 ▪ Leverage position in dynamic markets ▪ Push product innovations (next generation FR) and synthetic base lubricants	▪ Use unique global scale to penetrate market ▪ Leverage innovations ▪ Streamline product portfolio



1) Position in global market (LANXESS internal market analysis)
Growth assumption on existing asset base

Performance Chemicals: Expect structural changes!

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	IPG	LEA	MPP	LPT
Market positions[1]	**# 1**	**TOP 2**	**TOP 3**	**TOP 3**
Expected growth	**~ 2%**	**1 - 2%**	**3%**	**4 - 10%**
Development focus	Organic	Restructuring	Organic & external	Organic & External
Growth drivers	▪ Benefit from industry consolidation ▪ Further penetrate and develop North American market	▪ Trimmed chrome value chain ▪ Potential partnerships	▪ Expand and enrich regulatory organization to penetrate global markets ▪ Benefit from disinfection trends	▪ Option to build-up production footprint (new assets) in North America or China ▪ Further develop high-value market applications

1) Position in global market (LANXESS internal market analysis)
Growth assumption on existing asset base

Engineering Materials: Leading players with clear strategy for market independent growth

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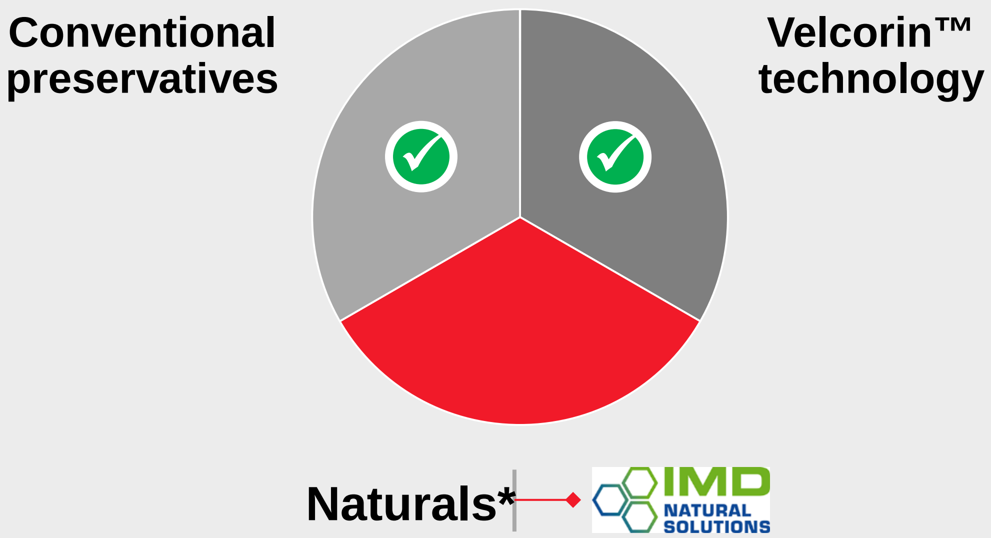
	HPM	URE
Market positions[1]	# 2 Europe	# 1
Expected growth	~5%	~3%
Development focus	Organic	Organic & external
Growth drivers	▪ Lightweight trend and e-mobility ▪ Capital light compounding investments ▪ Continuous consumer product innovation in E&E	▪ Expand market share in Europe and Asia ▪ Leverage further product innovations (esp. on low-free isocyanate products) ▪ Benefit from automation trends

1) Position in global market (LANXESS internal market analysis)
Growth assumption on existing asset base

BU MPP: Complete supplier for beverage preservation technologies

Acquisition of IMD: strategic portfolio fit

illustrative



Trusted partner for a growing industry

- Beverage manufacturers face trend towards natural ingredients: Natural and clean label become top attributes
- Natural options for flavors and sweeteners already exist, but there is a lack in natural preservatives
- LANXESS offers a well balanced portfolio with a natural preservation solution to meet various industry needs out of one hand
- Beverages with steadily growing end markets significantly above GDP

* Acquisition of IMD Natural Solutions GmbH at 18th of December, 2017

Business Unit Additives with strong focus on high value-add industrial lubricant solutions

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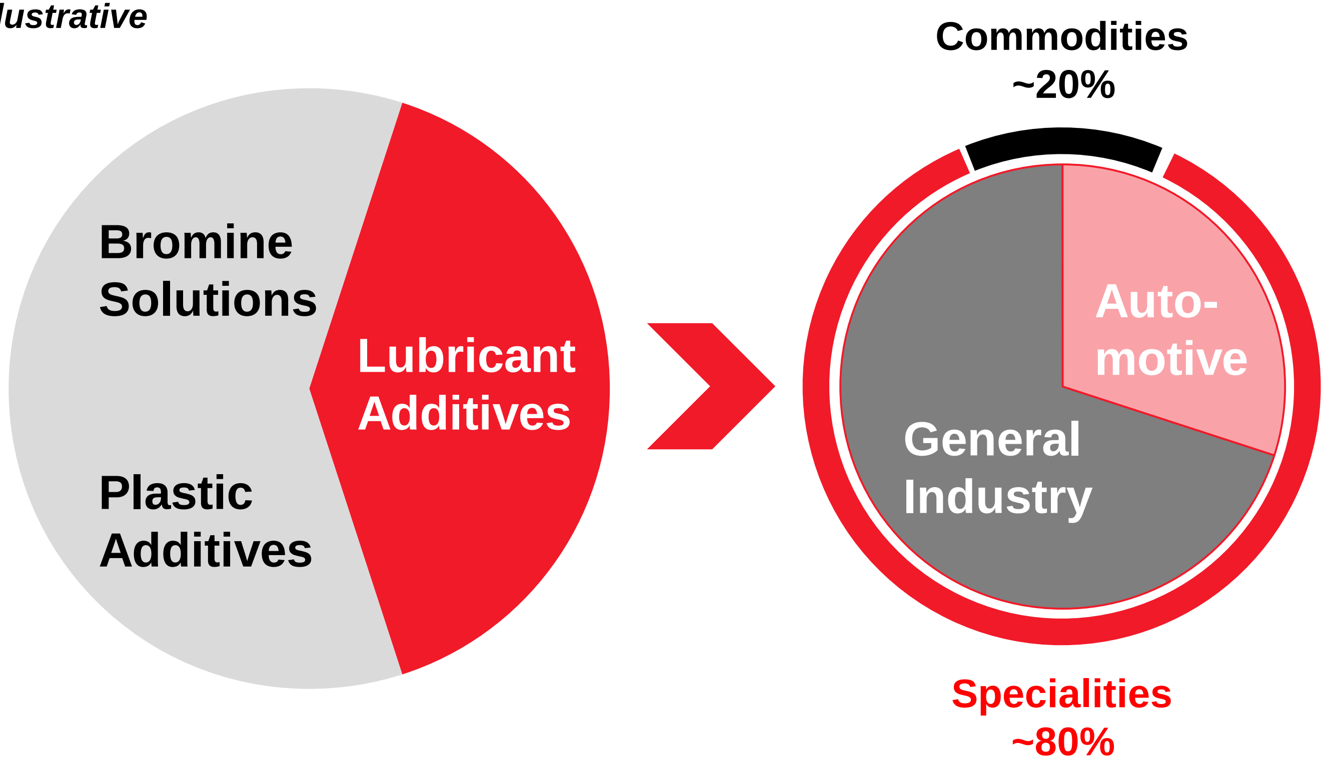
Well diversified and specialized lubricants portfolio

Sales of Business Unit Additives -
illustrative



A leading specialties player

- Highly diversified end-market split with focus on industrial lubricants
- Strong expertise in high value-add specialty lubricants
- Leading positions in mid-sized and niche markets
- Automotive exposure well balanced with additives and base stocks only for high grade specialty engine oils (highest category 4 & 5)

Housekeeping items – New LANXESS

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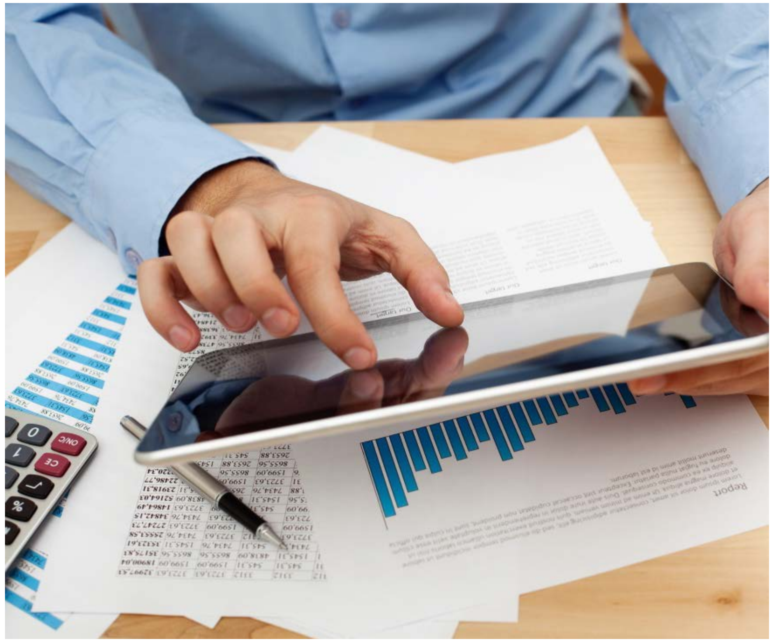
New LANXESS financial expectations

- **Capex 2018:** €450 m-€500 m
- **Operational D&A 2018:** ~€400 m
- **Reconciliation 2018:** around previous year's level (~€150 m)
- **Tax rate:** lower end of 30%-35%
- **FX sensitivity:** one cent change of USD/EUR resulting in ~€7 m EBITDA pre impact before hedging



- **IFRS 15** has been applied since January 1, 2018; no material impact on result

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Backup – H1 figures

H1 2018: Increasing sales in most regions driven by portfolio and operational performance

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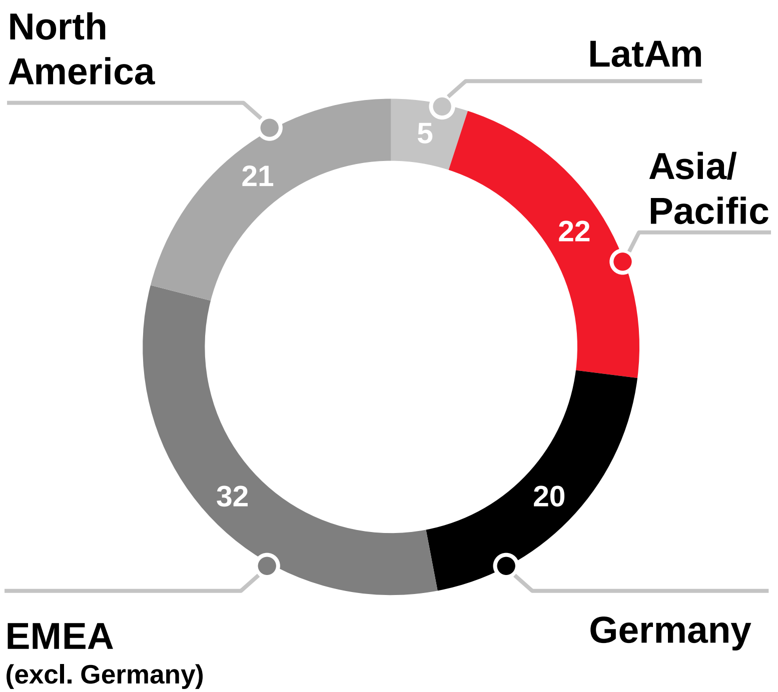
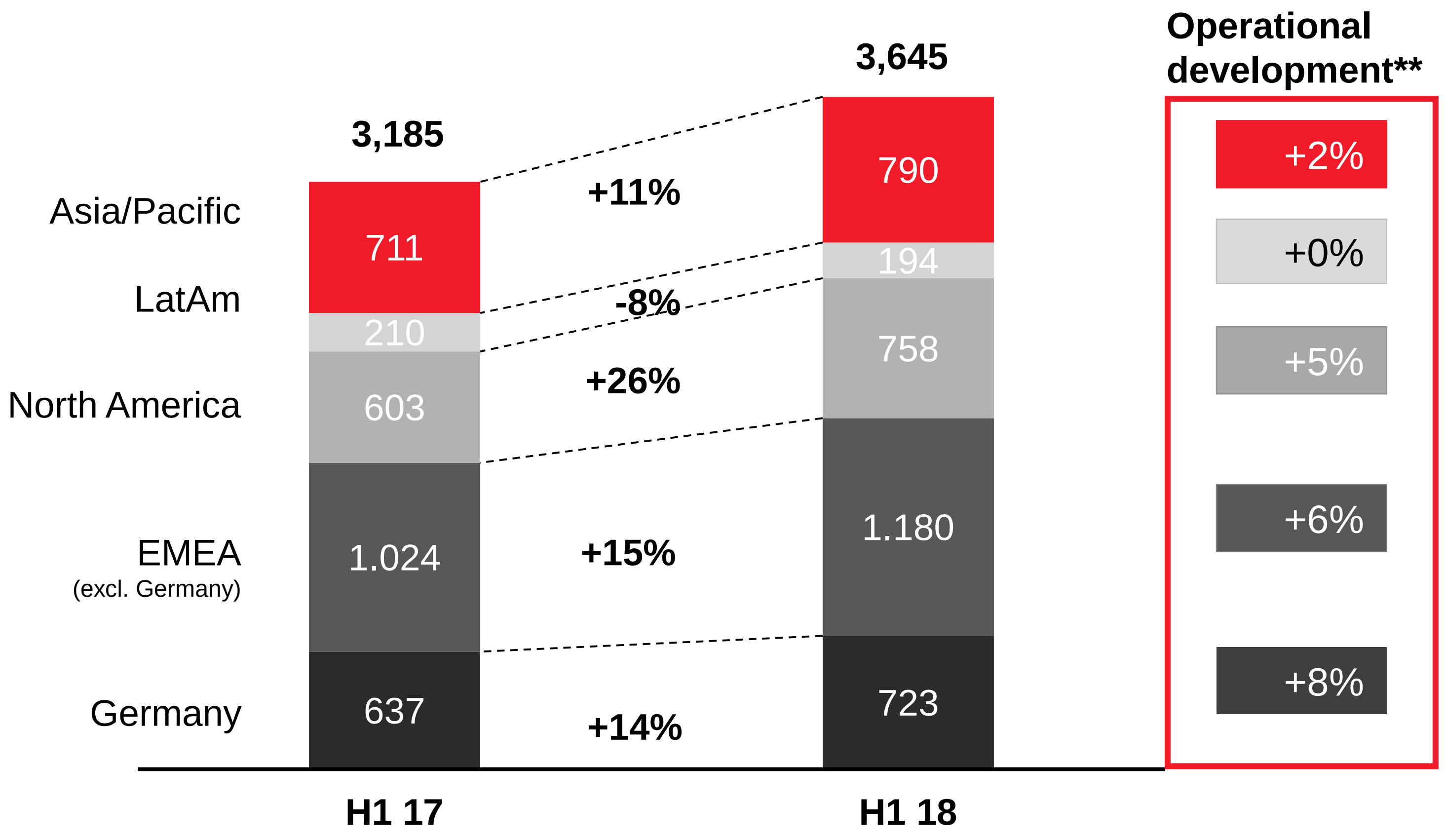
H1 2018 sales by region* [%]

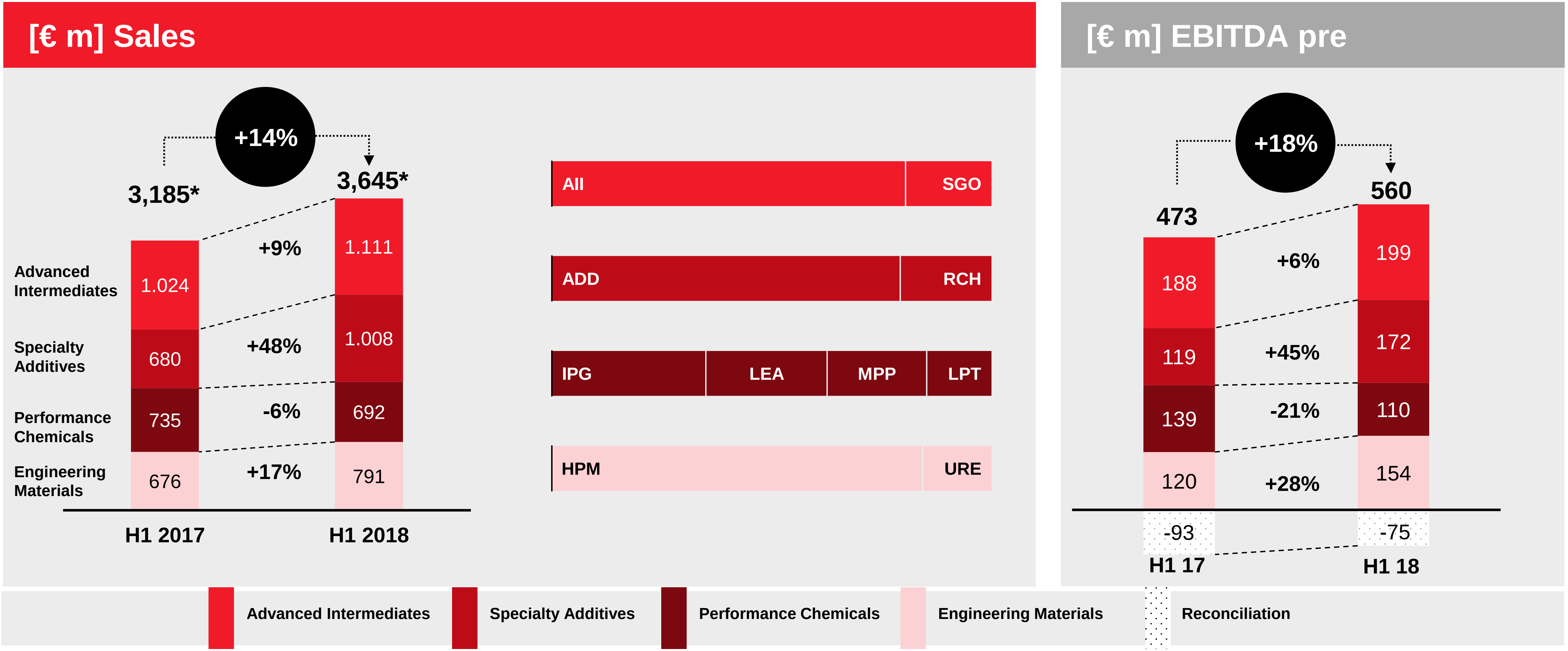


Regional development of sales* [€ m]



* All figures are indicative only
** Currency and portfolio adjusted

H1 2018: Strong sales and EBITDA pre development in most New LANXESS segments



* Total sales including reconciliation

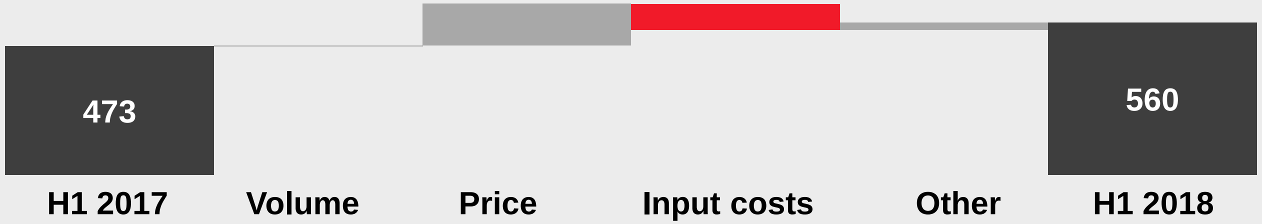
H1 2018: Strong pricing and portfolio effect while volumes are stable versus a strong prior year base

LANXESS
Energizing Chemistry

H1 yoy sales variances	Price	Volume	FX	Portfolio	Total
Advanced Intermediates	+9%	-1%	-4%	+4%	+9%
Specialty Additives	+2%	+1%	-5%	+50%	+48%
Performance Chemicals	+0%	+2%	-6%	-2%	-6%
Engineering Materials	+6%	+3%	-4%	+11%	+17%
LANXESS	+5%	+0%	-5%	+14%	+14%

- Strong sales growth due to successful raw material price pass-through (esp. BUs AII, ADD and HPM) and portfolio effect
- Overall stable volumes

H1 yoy New LANXESS EBITDA pre bridge [€ m]*



- EBITDA pre increase driven by successful price pass-through and portfolio
- “Other” includes the positive portfolio effect, overcompensated by FX

* Indicative / unaudited

H1 2018: Strong earnings growth and declining exceptionals

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Energizing Chemistry

[€m]	H1 2017		H1 2018		yoy in %
Sales	3,185	(100%)	3,645	(100%)	14%
Cost of sales	-2,317	(-73%)	-2,674	(-73%)	-15%
Selling	-360	(-11%)	-411	(-11%)	-14%
G&A	-141	(-4%)	-146	(-4%)	-4%
R&D	-52	(-2%)	-58	(-2%)	-12%
EBIT	**146**	**(5%)**	**313**	**(9%)**	**>100%**
Profit from continuing operations	55	(2%)	177	(5%)	>100%
Profit from discontinued operations	62	(2%)	88	(2%)	42%
Non-controlling interests	36	(1%)	43	(1%)	19%
Net Income	**81**	**(3%)**	**222**	**(6%)**	**>100%**
EPS pre*	**2.55**		**3.10**		**22%**
EBITDA	321	(10%)	518	(14%)	61%
thereof exceptionals	-152	(-5%)	-42	(-1%)	-72%
EBITDA pre exceptionals	**473**	**(14.9%)**	**560**	**(15.4%)**	**18%**

- Sales driven by price increase and acquired businesses, FX burdens
- Significant EBIT boost due to good performance and lower exceptionals
- Nice increase in EPS

H1 result reflects New LANXESS' good performance

* Net of exceptionals and amortization of intangible assets as well as attributable tax effects; according to discontinued operations reporting, no ordinary depreciation of ARLANXEO included

Operating cash flow in H1 2018 improved

LANXESS
Energizing Chemistry

[€m]	H1 2017	H1 2018
Profit before tax	**129**	**258**
Depreciation & amortization	175	205
Financial (gain) losses	-3	25
Cash tax payments/refunds	-70	-61
Changes in other assets and liabilities	-10	-89
Operating cash flow before changes in WC	**221**	**338**
Changes in working capital	-155	-273
Operating cash flow (continuing operations)	**66**	**65**
Investing cash flow (continuing operations)	**316**	**-194**
Thereof capex	-117	-143
Thereof M&A	-1,782	-65
Thereof cash inflows from/cash outlows for fin. assets	2,276	1
Financing cash flow (continuing operations)	**-35**	**-36**

- Operating cash flow driven by good performance, mitigated by seasonally higher working capital
- Changes in other assets and liabilities driven by less exceptional items and variable compensation
- Investing cash flow:
  - 2017 reflects effects from Chemtura acquisition
  - Capex increases due to growth capex in debottlenecking
  - Mainly acquisition costs for Solvay's phosphorus additive business

Significantly reduced exceptional items in 2018

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Energizing Chemistry

[€ m]	Q2 2017		Q2 2018		H1 2017		H1 2018	
	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A
Advanced Intermediates	3	0	0	0	3	0	0	0
Specialty Additives	57	6	2	0	57	6	2	0
Performance Chemicals	70	6	0	0	70	6	1	0
Engineering Materials	13	1	1	1	13	1	1	1
Reconciliation	14	1	25	0	23	1	39	0
Total	**157**	**14**	**28**	**1**	**166**	**14**	**43**	**1**

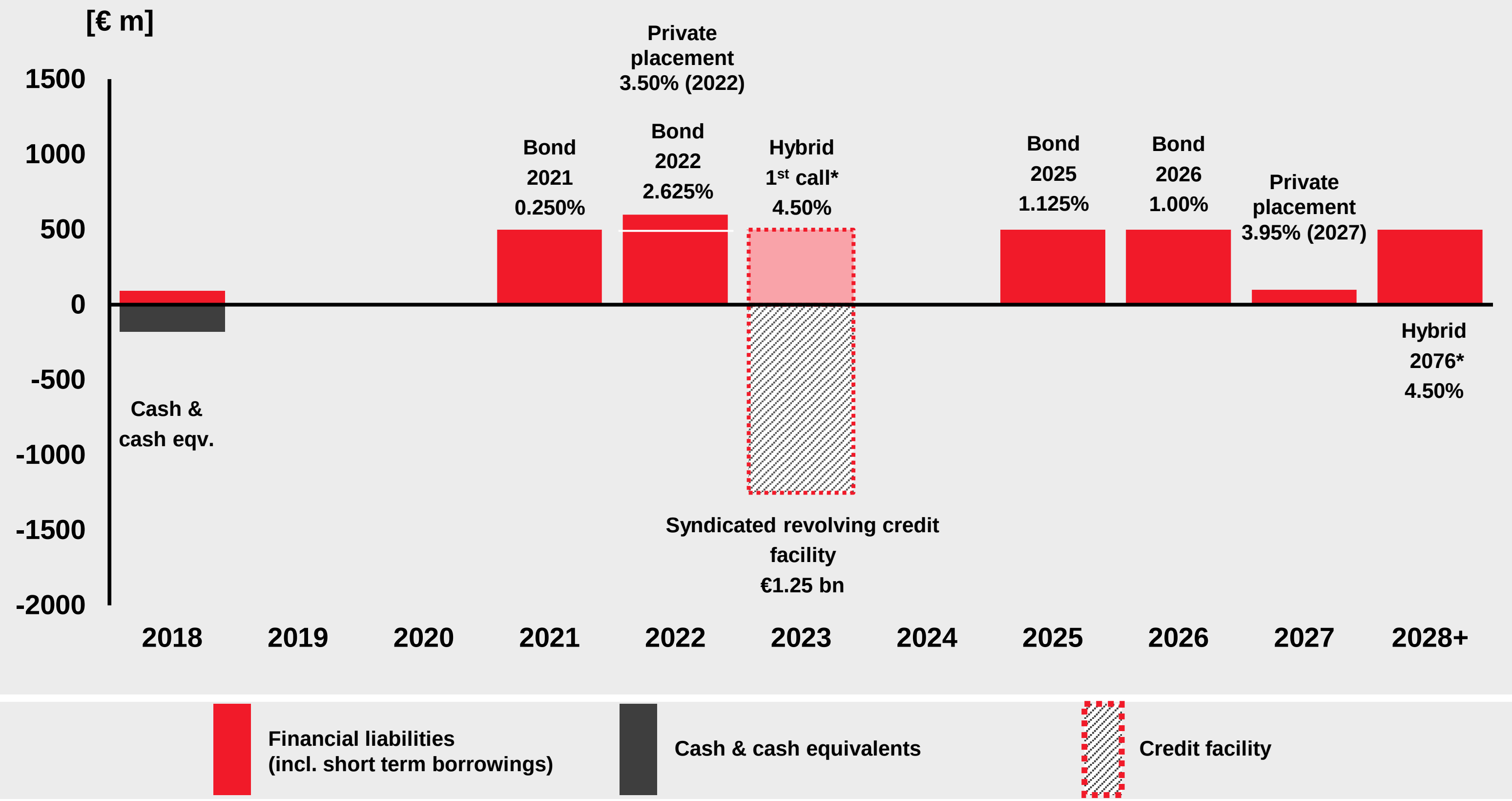
Maturity profile actively managed and well balanced

LANXESS Energizing Chemistry

Long-term financing secured

- Diversified financing sources
  - Bonds & private placements
  - Syndicated credit facility
- Average interest rate of financial liabilities <3%
- Maturing €500 m bond refinanced in May 2018 with new bond maturing in 2025
  - €15 m saving p.a. in interest result
- All group financing executed without financial covenants

Liquidity and maturity profile as per June 2018



* Hybrid bond with contractual maturity date in 2076 has a first optional call date in 2023

Good for LANXESS: Earlier de-risking and intensified strengthening of LANXESS' platform

LANXESS Energizing Chemistry

LANXESS' strategic rationale

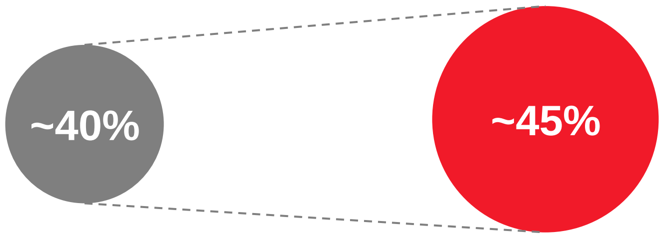
Improved business risk profile	▪ Reduced dependency on volatile markets and oil price fluctuations ▪ Focus on niche and mid-sized markets ▪ Foster industry diversification	✓
Strengthened business platform	▪ Building solid base for future growth ➢ Organic growth ➢ Active portfolio management	✓
Attractive valuation	▪ Premium on original valuation in 2016 ▪ Good timing ▪ Financial deleverage	✓

LANXESS is more resilient without rubber business

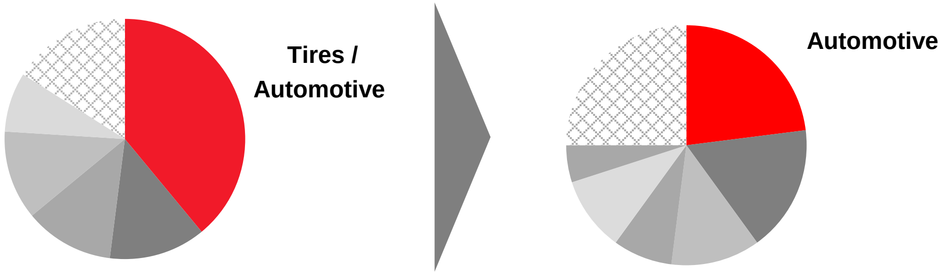
LANXESS
Energizing Chemistry

Less volatile EBITDA pre margin

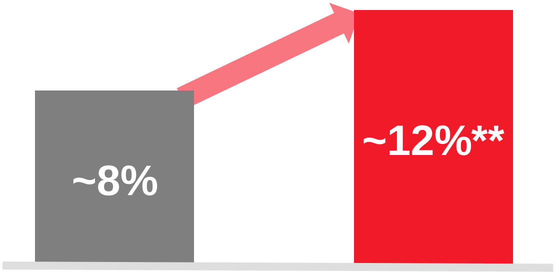
Better cash Conversion*



Higher end market diversification



Improved ROCE*



Strengthening LANXESS' financial basis

Ø 2013 -2017 LANXESS with ARLANXEO

Ø 2013 -2017 LANXESS without ARLANXEO

* All figures are indicative only

** Excluding goodwill. Including goodwill ~10%

Attractive valuation

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	Valuation at set-up of JV (2016)	Current transaction (2018)
Enterprise value (100%)	€2.75 bn	€3.0 bn
Cash Proceeds (50% LXS)	€1.2 bn	€1.4 bn

Timeline

- **2016** – Closing first 50%, founding ARLANXEO
- **2018** – Signing remaining 50% rubber stake (August)
- **2018** – Estimated closing around year end 2018

ARLANXEO delivers a solid result while IFRS accounting additionally boosts LANXESS’ EPS

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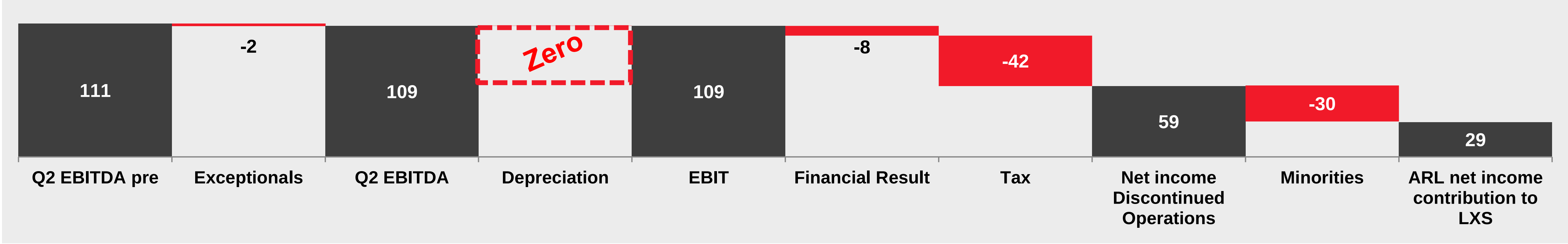
Q2 ARLANXEO EBITDA pre to net income bridge* [€m]



[€ m]	Q2 2018*	Q2 2017	change yoy
Sales	**776**	**811**	**-4%**
EBITDA pre margin	**111** 14.3%	**87** 10.7%	**28%**
Depreciation	0	57	
EBIT	109	33	
Net debt incl pensions	~250		
Capex	33	28	18%

All figures are indicative only
* According to discontinued operations reporting, no ordinary depreciation of ARLANXEO

Details on accounting for discontinued operations of ARLANXEO and for New LANXESS (starting Q2 2018)

Income statement

- A discontinued operation is reported as income separate from continued operations
- EPS from discontinued, continuing & total to be reported
- Restatement of previous years' figures

Balance sheet

- Line items "assets and liabilities held for sale and discontinued operations" will be shown under "current assets" and "current liabilities" respectively
- No restatement of previous years' figures

Cash flow Statement

- Presentation of cash flows from discontinuing operations in one line item
- Restatement of previous years' figures

ROCE

- ROCE definition will be adjusted for "continuing operations"

Chemtura integration: €100 m of synergies by 2020

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Energizing Chemistry

Cost management | Organic investments | Portfolio management

Chapter 1

Chapter 2
Improve

Chapter 3

Realization of Chemtura synergies ahead of plan

[€ m]	2017	2018	2019	2020	Total
Synergies	~30	~30	~30	~10	**~100**
Expense (one-time costs)*	~80	~30	~20	~10	**~140**
Cash out	~40	~50	~40	~10	**~140**
Capex	~20	~20	~10		**~50**

- **Synergies confirmed**
  - €100 m of "hard" costs
  - Top line synergies not included
- **Target areas:**
  - € 30 m corporate costs
  - € 20 m marketing & sales
  - € 50 m production & procurement set-up

Topline synergies provide additional comfort

* Does not include ~€65 m PPA charges from inventory step-up in opening balance sheet. Transaction related charges were recognized in opening balance sheet

LANXESS delivers on organic growth

LANXESS
Energizing Chemistry

Cost management | **Organic investments** | Portfolio management

Chapter 1

Chapter 2
Improve

Chapter 3

Organic investment program well on track

Advanced Intermediates	**Specialty Additives**	**Performance Chemicals**	**Engineering Materials**
			
~€150 m	**€50 – 100 m**	**€50 – 100 m**	**€50 – 100 m**
Brownfield investments to strengthen “Verbund” platform and reinforce cost advantage	Technology and process upgrades and product development	Investment in application technology and customer solutions	Expansion of capital light downstream assets to further improve product mix

Total capex of ~€400 m 2016 - 2020 with expected Ø ROCE ~20%

LANXESS delivers on organic growth

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Energizing Chemistry

Cost management

Organic investments

Portfolio management

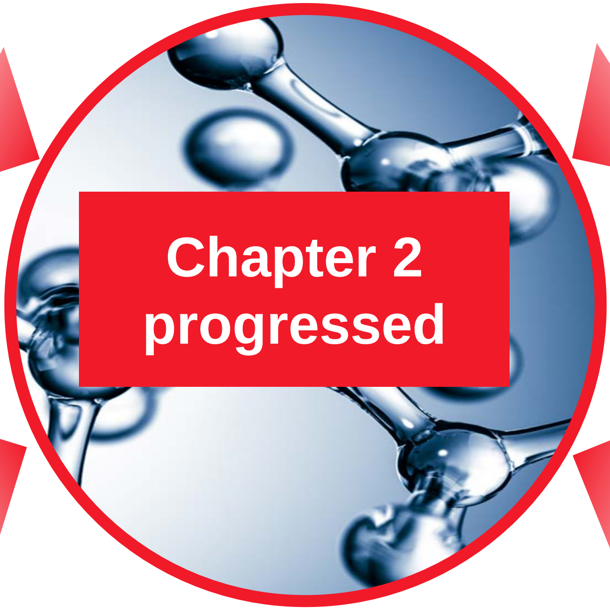
Chapter 1

Chapter 2
Improve

Chapter 3

Restructuring of chrome chemicals activities (BU LEA)

Early divestiture of synthetic rubber business announced (ARLANXEO)



Ongoing consolidation of global production set-up (BU ADD, BU URE)

Acquisition of Solvay's U.S. phosphorus additives business (BU ADD)

Focused execution ongoing

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