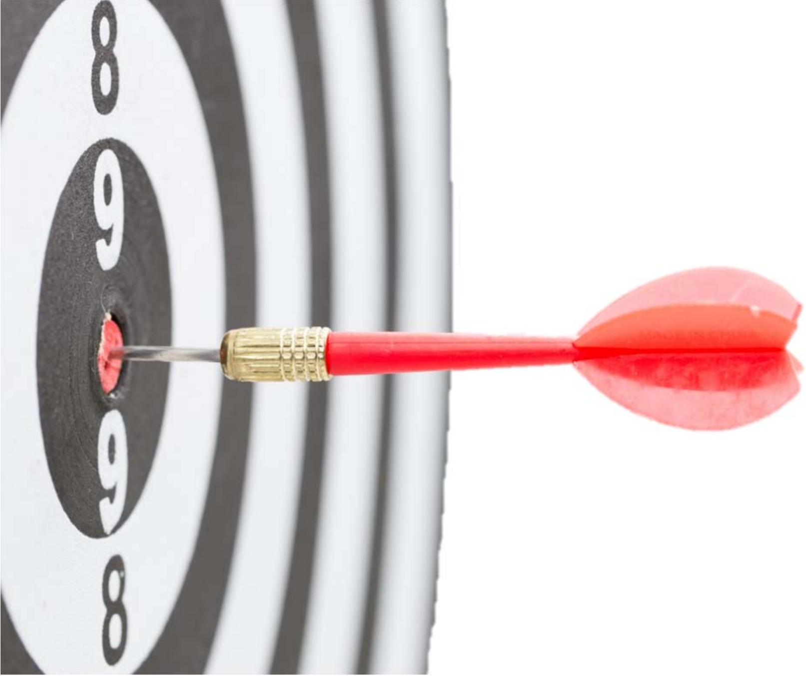

LANXESS – Conference Presentation
Solid ending to a strong year

Investor Relations

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Agenda

- **Executive summary FY 2017 and Q4 2017**
- Business and financial details Q4 2017
- Back-up

FY 2017: LANXESS delivers

Strategic progress

- Chemtura: Closing of largest acquisition in LXS' history; operational integration completed, synergies on track
- "Improvement" phase started (Chapter 2)
  - Brownfield investments and debottleneckings initiated
  - Ongoing restructuring measures
  - Active portfolio management

Substantial strategic transformation

Financial highlights

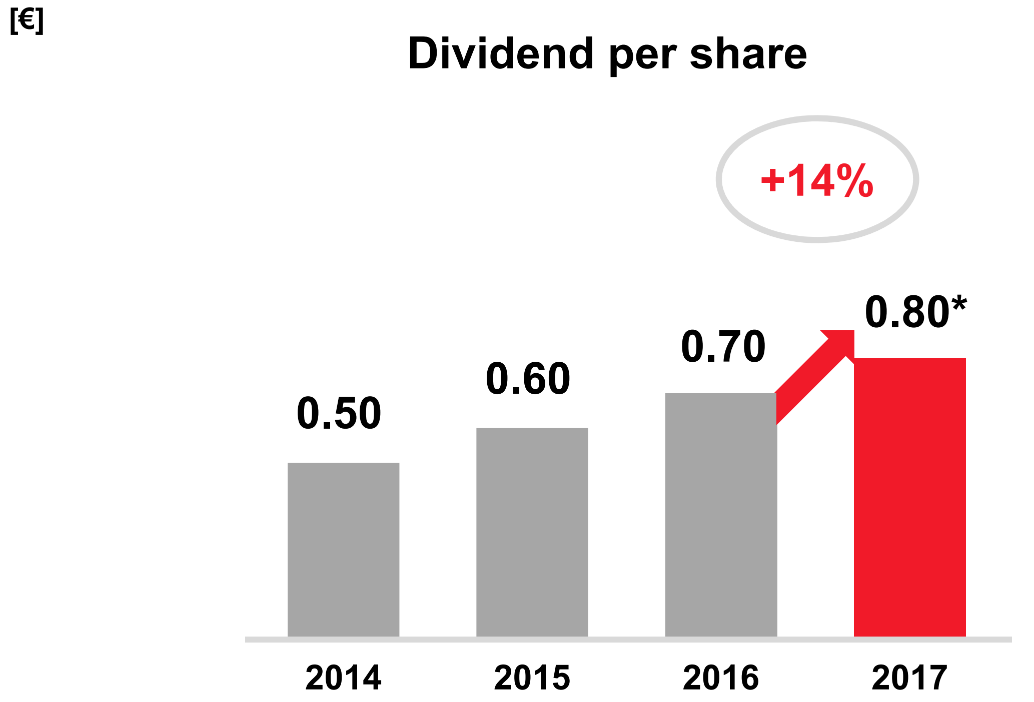
- EBITDA pre: 30% increase to €1,290 m
- EBITDA pre margin: increase to 13.3% (+0.4 percentage points)
- EPS pre*: increase of 54% to €4.14
- Net financial debt: increase to €2,252 m due to Chemtura acquisition; deleveraging ahead of plan

Record financials despite agro/rubber trough

* Net of exceptionals and amortization of intangible assets as well as attributable tax effects as well as non-recurring earnings effects of the U.S. tax reform

Shareholders participate in successful transformation

A reliable income stream for investors



Dividend policy

LANXESS aims for a rising or at least stable dividend

* To be proposed to the Annual General Meeting on May 15, 2018

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Q4 2017 highlights: A solid finish of a successful year – robust start to 2018

Strong business performance

- ➕ Strong volume growth of 6% despite high base
- ➕ Substantial EBITDA pre improvement of 36%
- ➕ Synergies from Chemtura acquisition on track
- ➖ Weak agro market conditions in BU Saltigo
- ➖ One-time tax expense caused by U.S. tax reform

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Q4 2017 financial overview: Operational strength and progressing integration of Chemtura drive results

[€ m]	Q4 2016	Q4 2017	yoy in %
Sales	**1,915**	**2,337**	**22%**
EBITDA pre	**183**	**248**	**36%**
margin	9.6%	10.6%	
EPS	0.02	-0.54	n.m.
EPS pre*	0.24	0.44	83%
Capex	211	260	23%
[€ m]	**31.12.2016**	**31.12.2017**	**Δ %**
Net financial debt**	269	2,252	>100%
Net working capital	1,628	1,948	20%
ROCE***	6.9%	9.3%	

- Substantial sales increase driven by acquisition and strong volume growth
- EBITDA pre and margin increase driven by higher volumes, Chemtura acquisition and synergies
- EPS burdened by one-time effect from U.S. tax reform
- Net working capital and net financial debt increase vs PY due to Chemtura acquisition in Q2, but deleveraging ahead of plan

* Net of exceptionals and amortization of intangible assets as well as attributable tax effects as well as non-recurring earnings effects of the U.S. tax reform
** After deduction of current financial assets in 2016
*** 2017 incl. Chemtura EBIT pre since Closing on 21. April 2017

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Q4 2017 segment performance (1): Positive volume development in all segments, partly offset by currency

Advanced Intermediates

Price	Volume	FX	Portfolio
+7%	+5%	-3%	+9%
		Total	+17%

- Solid volume development in BU AII
- Ongoing weak demand from agro customers
- Organometallics with dilutive effect and multiple unplanned outages weigh on EBITDA pre and margin
- Negative FX impact on sales and EBITDA pre

[€ m]	Q4'16	Q4'17
Sales	401	468
EBITDA pre	66	60
Margin	16%	13%

Specialty Additives

Price	Volume	FX	Portfolio
-1%	+12%	-5%	+124%
		Total	+130%

- Earnings increase driven by acquired additives business
- Strong volumes in both BUs
- Margin improvement driven by BU ADD despite only partial pass-through of higher raws in lubricants
- Sales and EBITDA pre burdened by negative FX effects

[€ m]	Q4'16	Q4'17
Sales	194	447
EBITDA pre	29	71
Margin	15%	16%

Performance Chemicals

Price	Volume	FX	Portfolio
+2%	+7%	-5%	-2%
		Total	+2%

- Volume increase in all BUs; strongest growth in BUs MPP and LPT
- Divestiture of chlorine dioxide business shown in portfolio effect
- EBITDA pre and margin driven by strong volume and higher utilization, partly offset by currency effects

[€ m]	Q4'16	Q4'17
Sales	331	339
EBITDA pre	42	48
Margin	13%	14%

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Q4 2017 segment performance (2): Ongoing strong demand in Engineering Materials – ARLANXEO impacted by currency

Engineering Materials

Price	Volume	FX	Portfolio
+10%	+5%	-3%	+23%
		Total	**+35%**

- Good volume growth; price adjust-ments due to higher raw materials
- Portfolio effect driven by acquired urethanes business
- Burden on BU URE due to MDI / TDI shortage
- EBITDA margin burdened by major capro turnaround in Antwerp (BU HPM) and weak U.S. dollar

[€ m]	Q4'16	Q4'17
Sales	251	339
EBITDA pre	34	35
Margin	14%	10%

ARLANXEO

Price	Volume	FX	Portfolio
+3%	+4%	-7%	-
		Total	**+1%**

- Successful management of raw material cost pass-through and higher volumes in BU TSR
- Pressure on EPDM margins (BU HPE) remains
- Stable earnings despite weak U.S dollar

[€ m]	Q4'16	Q4'17
Sales	725	730
EBITDA pre	74	73
Margin	10%	10%

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Ongoing positive macro trends expected, however with intense U.S. dollar headwind

Macro economic trends 2018	▪ North America with continued growth ▪ Europe further improving ▪ Asia continues solid growth momentum ▪ Growth in Latin America expected to improve
LANXESS FY 2018	▪ ARLANXEO to be shown as discontinued operations ▪ New LANXESS EBITDA pre FY 2018 expected slightly above previous year (~€925 m), including substantial FX burden around current EUR / USD levels
LANXESS Q1 2018	▪ First Q1 contribution of Chemtura ▪ Good start in Q1

Agenda

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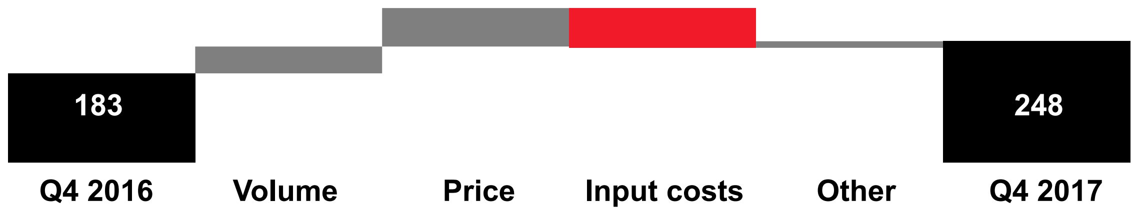
- Back-up

Q4 2017: Strong volume growth on top of portfolio effect

Q4 yoy sales variances	Price	Volume	FX	Portfolio	Total
Advanced Intermediates	+7%	+5%	-3%	+9%	+17%
Specialty Additives	-1%	+12%	-5%	+124%	+130%
Performance Chemicals	+2%	+7%	-5%	-2%	+2%
Engineering Materials	+10%	+5%	-3%	+23%	+35%
ARLANXEO	+3%	+4%	-7%	+0%	+1%
LANXESS	+4%	+6%	-5%	+17%	+22%

- Sales rise in all segments:
  - Chemtura acquisition
  - Continued volume increases
  - Raw material-driven price increases
- Euro strength negatively impacts all segments

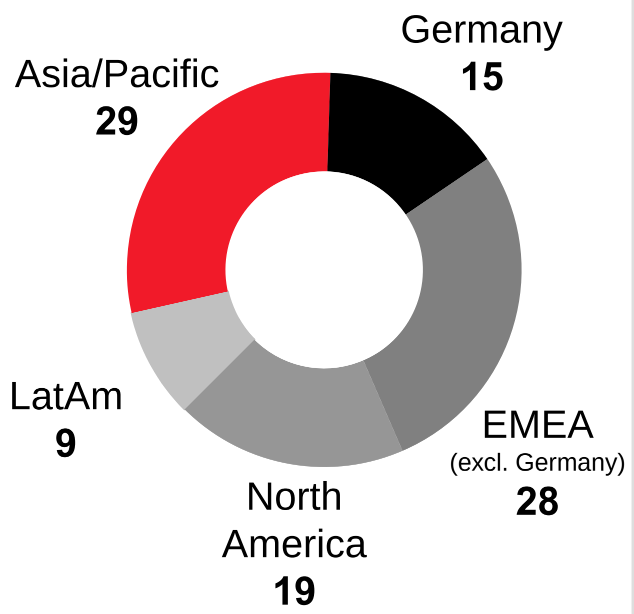
Q4 yoy EBITDA pre bridge [€ m]



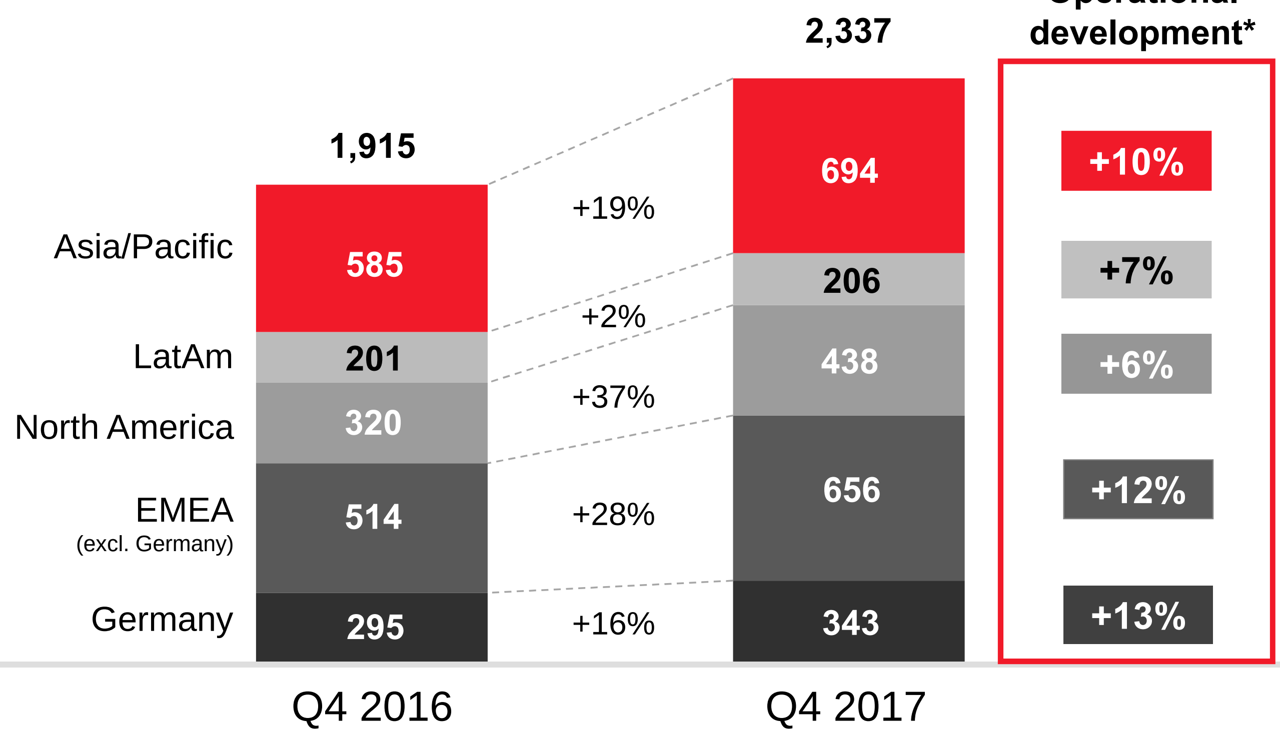
- Higher volumes drive EBITDA pre increase
- Successful price pass-through of higher input costs
- “Other” includes the portfolio effect mitigated by negative FX

Q4 2017: All regions with strong operational development plus portfolio effect especially in North America and EMEA

Q4 2017 sales by region
[%]



Regional development of sales
[€ million]



* Currency and portfolio adjusted

Q4 2017: Improved earnings due to Chemtura acquisition and successful price pass-through

[€ m]	Q4 2016		Q4 2017		yoy in %
Sales	1,915	(100%)	2,337	(100%)	22%
Cost of sales	-1,545	(-81%)	-1,855	(-79%)	-20%
Selling	-204	(-11%)	-256	(-11%)	-25%
G&A	-91	(-5%)	-123	(-5%)	-35%
R&D	-35	(-2%)	-33	(-1%)	6%
EBIT	**35**	**(2%)**	**49**	**(2%)**	**40%**
Non-controlling interests	-3	(0%)	0	(0%)	-100%
Net Income	**2**	**(0%)**	**-49**	**(-2%)**	**n.m.**
EPS pre*	**0.24**		**0.44**		**83%**
EBITDA	162	(8%)	214	(9%)	32%
thereof exceptionals	-21	(-1%)	-34	(-1%)	62%
EBITDA pre exceptionals	**183**	**(9.6%)**	**248**	**(10.6%)**	**36%**

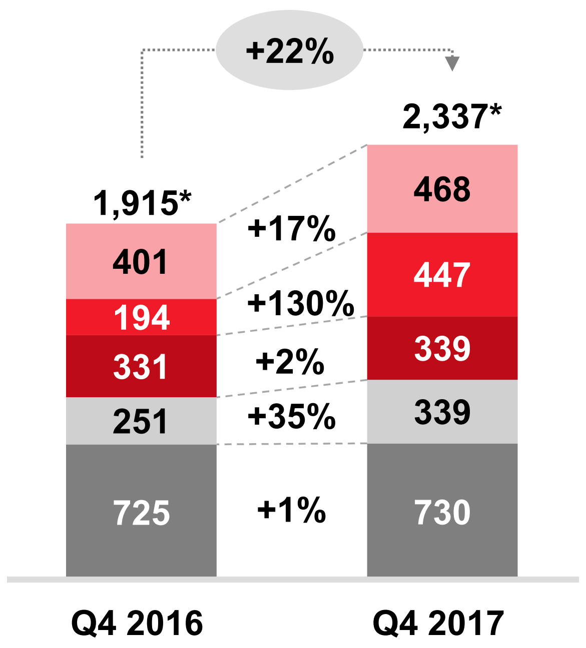
- Sales benefit from joint price and volume increase
- Cost of sales increase disproportionately less than sales due to portfolio effect and higher utilization
- SG&A stable relative to sales, absolute increase due to portfolio effect
- Net income impacted by one-time effect from U.S. tax reform
- Exceptionals mainly driven by restructuring as well as Chemtura integration

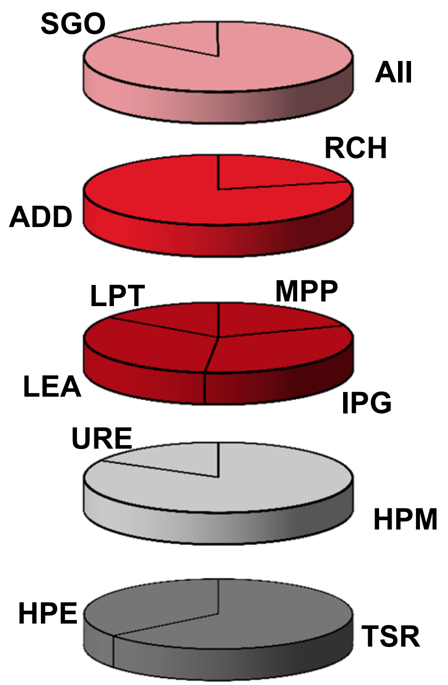
A further good quarter with improved profitability

* Net of exceptionals and amortization of intangible assets as well as attributable tax effects as well as non-recurring earnings effects of the U.S. tax reform

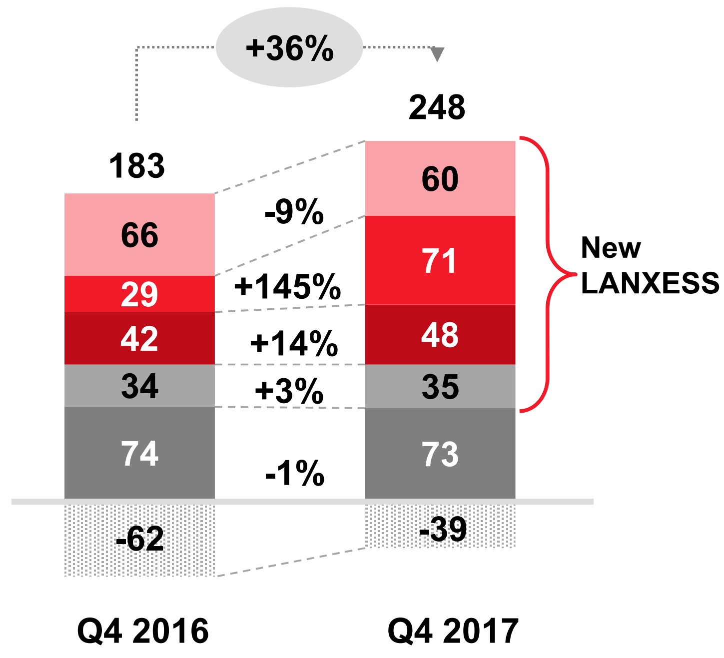
Q4 2017: EBITDA pre increase driven by NEW LANXESS segments

[€ m] Sales





[€ m] EBITDA pre



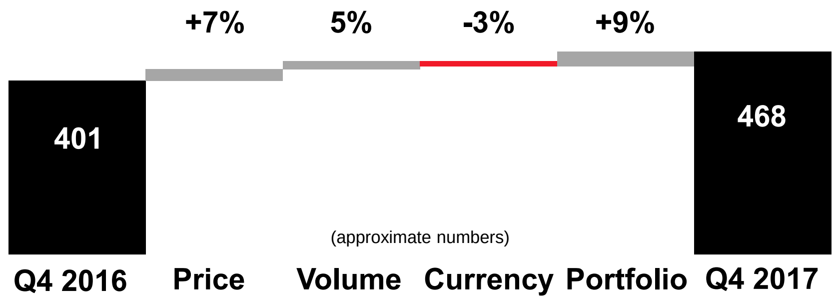
Advanced Intermediates | Specialty Additives | Performance Chemicals | Engineering Materials | ARLANXEO | Reconciliation

* Total group sales including reconciliation

Advanced Intermediates: Solid volume growth, however burdened by one-time effects

[€ m]	Q4 2016	Q4 2017	Δ	FY 2016	FY 2017	Δ
Sales	**401**	**468**	**17%**	**1,742**	**1,970**	**13%**
EBIT	39	25	-36%	223	211	-5%
Depr./Amort.	29	31	7%	105	117	11%
EBITDA pre exceptionals	**66**	**60**	**-9%**	**326**	**335**	**3%**
Margin	16.5%	12.8%		18.7%	17.0%	
Capex	62	62	0%	123	146	19%

Q4 sales bridge yoy [€ m]

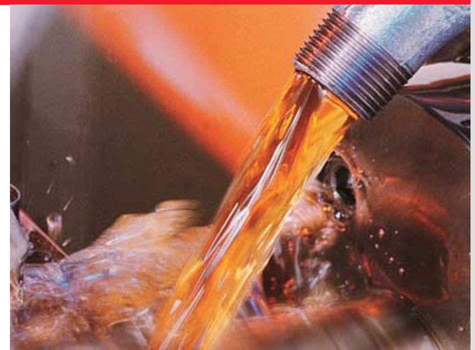


Q4 yoy effects

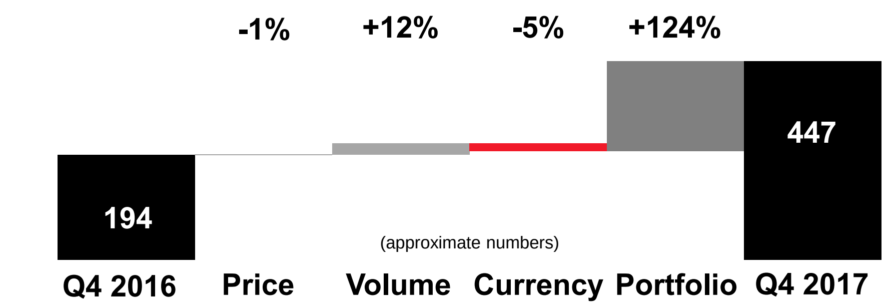
- Solid volume development in BU AII
- Further weak demand from agro customers
- Organometallics with dilutive effect and multiple unplanned outages weigh on EBITDA pre and margin
- Negative FX impact on sales and EBITDA pre

Specialty Additives: Operational integration of Chemtura business completed

[€ m]	Q4 2016	Q4 2017	Δ	FY 2016	FY 2017	Δ
Sales	**194**	**447**	**>100%**	**841**	**1,604**	**91%**
EBIT	22	26	18%	123	56	-54%
Depr./Amort.	7	38	>100%	28	136	>100%
EBITDA pre exceptionals	**29**	**71**	**>100%**	**151**	**267**	**77%**
Margin	14.9%	15.9%		18.0%	16.6%	
Capex	17	40	>100%	42	83	98%



Q4 sales bridge yoy [€ m]



Q4 yoy effects

- Sales and EBITDA pre increase mainly driven by acquired additives business
- Strong underlying volumes in BU ADD and BU RCH
- Margin improvement in Q4 driven by former Chemtura business (portfolio effect) despite only partial price pass-through of higher raw material costs in lubricants
- FX negatively impacts sales and EBITDA

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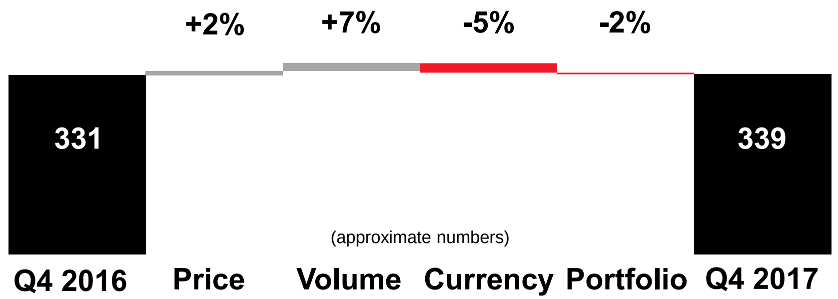
Performance Chemicals: Positioning of all business units further improved

[€ m]	Q4 2016	Q4 2017	Δ	FY 2016	FY 2017	Δ
Sales	**331**	**339**	**2%**	**1,301**	**1,438**	**11%**
EBIT	20	31	55%	154	108	-30%
Depr./Amort.	19	19	0%	66	82	24%
EBITDA pre exceptionals	**42**	**48**	**14%**	**223**	**252**	**13%**
Margin	12.7%	14.2%		17.1%	17.5%	
Capex	31	33	6%	76	74	-3%

Q4 sales bridge yoy [€ m]



Q4 yoy effects

- Volume increase in all BUs; strongest growth in BUs MPP and LPT
- Divesture of chlorine dioxide business shown in portfolio effect
- EBITDA and margin driven by strong volume and higher utilization, partly offset by currency effects

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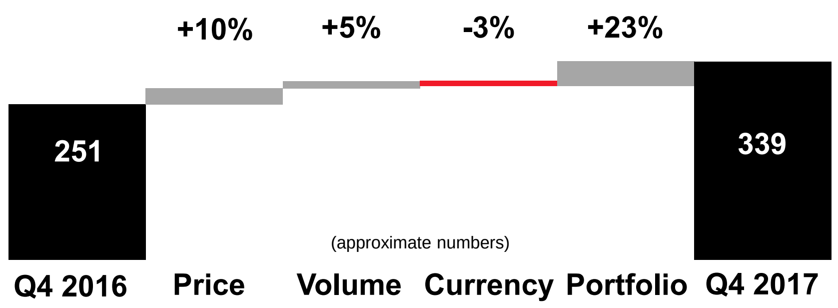
Engineering Materials: Stable results despite major turnaround

[€ m]	Q4 2016	Q4 2017	Δ	FY 2016	FY 2017	Δ
Sales	**251**	**339**	**35%**	**1,056**	**1,366**	**29%**
EBIT	22	19	-14%	114	151	32%
Depr./Amort.	12	16	33%	45	56	24%
EBITDA pre exceptionals	**34**	**35**	**3%**	**159**	**219**	**38%**
Margin	13.5%	10.3%		15.1%	16.0%	
Capex	31	42	35%	46	68	48%

Q4 sales bridge yoy [€ m]



- Good volume growth; price adjustments due to higher raw material prices
- Portfolio effect driven by acquired urethane business
- Urethane business negatively impacted by high raw material prices (MDI / TDI shortage)
- EBITDA pre at BU HPM burdened by major capro turnaround in Antwerp
- Weak U.S. dollar negatively impacts EBITDA pre

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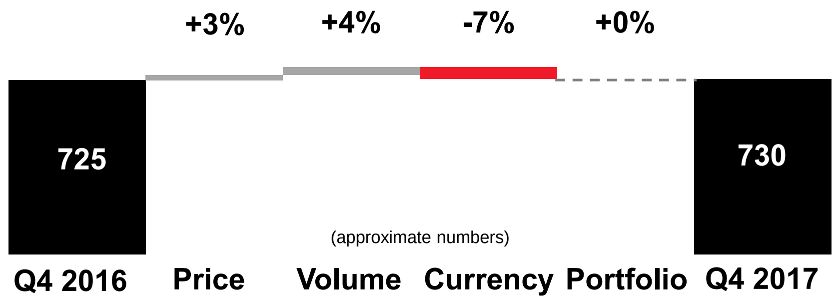
ARLANXEO: Good quarter despite ongoing raw material volatilities and negative FX effects

[€ m]	Q4 2016	Q4 2017	Δ	FY 2016	FY 2017	Δ
Sales	**725**	**730**	**1%**	**2,710**	**3,230**	**19%**
EBIT	21	15	-29%	155	159	3%
Depr./Amort.	55	58	5%	220	227	3%
EBITDA pre exceptionals	**74**	**73**	**-1%**	**373**	**385**	**3%**
Margin	10.2%	10.0%		13.8%	11.9%	
Capex	66	65	-2%	138	149	8%

Q4 sales bridge yoy [€ m]



Q4 yoy effects

- Successful management of raw material cost pass-through
- Volume growth driven by BU TSR in Latin America, Europe and China
- Pressure on EPDM margins (BU HPE) remains
- Stable earnings despite weak U.S. dollar

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Q4 2017: Strong operating cash flow

[€ m]	Q4 2016	Q4 2017
Profit before tax	**-2**	**11**
Depreciation & amortization	127	165
Financial (gain) losses	14	21
Income taxes paid	-86	-31
Changes in other assets and liabilities	-52	2
Operating cash flow before changes in WC	**1**	**169**
Changes in working capital	156	164
Operating cash flow	**157**	**333**
Investing cash flow	**-1,784**	**-322**
Thereof capex	-211	-260
Financing cash flow	**1,459**	**-7**

- D&A higher due to portfolio effects
- Changes in other assets and liabilities driven by provision for variable compensation and restructuring
- Change in working capital driven by higher payables and seasonally lower stocks
- Change in financing and investing cash flow reflects acquisition finance in 2016

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Balance sheet mirrors Chemtura acquisition

[€ m]	Dec 2016	Dec 2017
Total assets	**9,877**	**10,396**
Equity (incl. non-controlling interest)	3,728	3,413
Equity ratio	**38%**	**33%**
Net financial debt (after deduction of current financial assets)	**269**	**2,252**
Near cash, cash & cash equivalents	395	588
Pension provisions	**1,249**	**1,490**
ROCE[1]	**6.9%**	**9.3%**
Net working capital	**1,628**	**1,948**
DSI (in days)[2]	67	65
DSO (in days)[3]	51	51

- 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, mitigated by good free cash flow
- Deleveraging ahead of plan
- ROCE improvement due to investment of cash for acquisition
- Net working capital rises due to acquisition

[1] 2017 calculated incl. pro rata Chemtura EBIT pre
[2] Days sales of inventory calculated from quarterly sales
[3] Days of sales outstanding calculated from quarterly sales

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Acquisition of Chemtura in April 2017 main driver of changes in most balance sheet items

[€ m]	Dec 2016	Dec 2017		Dec 2016	Dec 2017
Non-current assets	**4,519**	**6,439**	**Stockholders' equity**	**3,728**	**3,413**
Intangible assets	494	1,769	attrib. to non-contr. interests	1,176	1,126
Property, plant & equipment	3,519	4,059	**Non-current liabilities**	**4,516**	**4,525**
Equity investments	0	0	Pension & post empl. provis.	1,249	1,490
Other investments	12	9	Other provisions	319	460
Other financial assets	19	20	Other financial liabilities	2,734	2,242
Deferred taxes	442	442	Tax liabilities	31	119
Other non-current assets	33	140	Other liabilities	93	99
			Deferred taxes	83	113
Current assets	**5,358**	**3,957**			
Inventories	1,429	1,680	**Current liabilities**	**1,633**	**2,458**
Trade account receivables	1,088	1,316	Other provisions	406	525
Other current financial assets	2,130	7	Other financial liabilities	78	633
Other current assets	316	366	Trade accounts payable	889	1,048
Near cash assets	40	50	Tax liabilities	44	61
Cash and cash equivalents	355	538	Other liabilities	216	191
Total assets	**9,877**	**10,396**	**Total equity & liabilities**	**9,877**	**10,396**

- Other current financial assets reflect payment for Chemtura acquisition

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Appendix - Group

A rapidly changing world –
Our answer: Energizing chemistry!

What it takes to be successful in a changing environment

Mindset
- Agility
- Courage & team spirit

Balance
- Markets
- Industries

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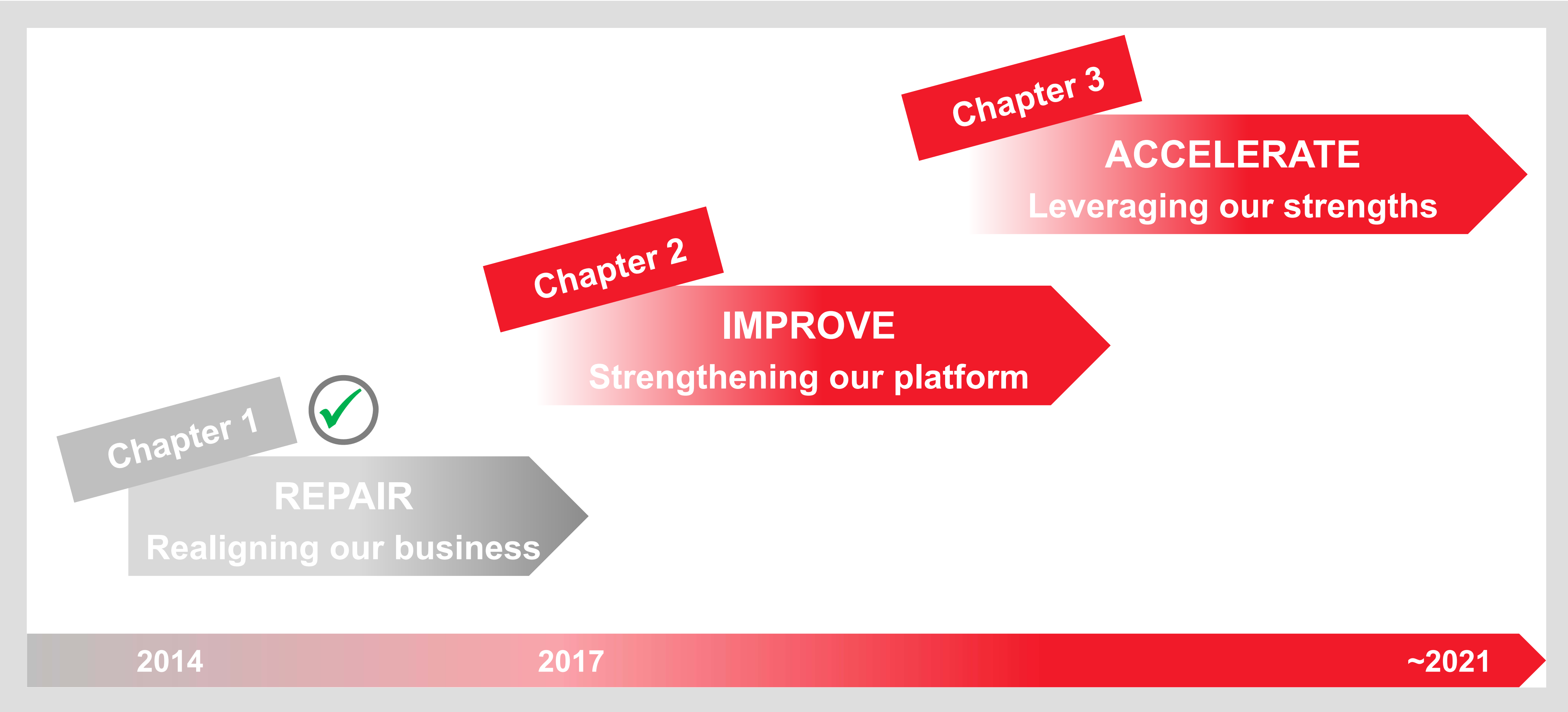
Speed
- Lean structures
- Entrepreneurial organization

Leadership
- Markets
- Technology & innovation

A strong team and corporate culture make the difference

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



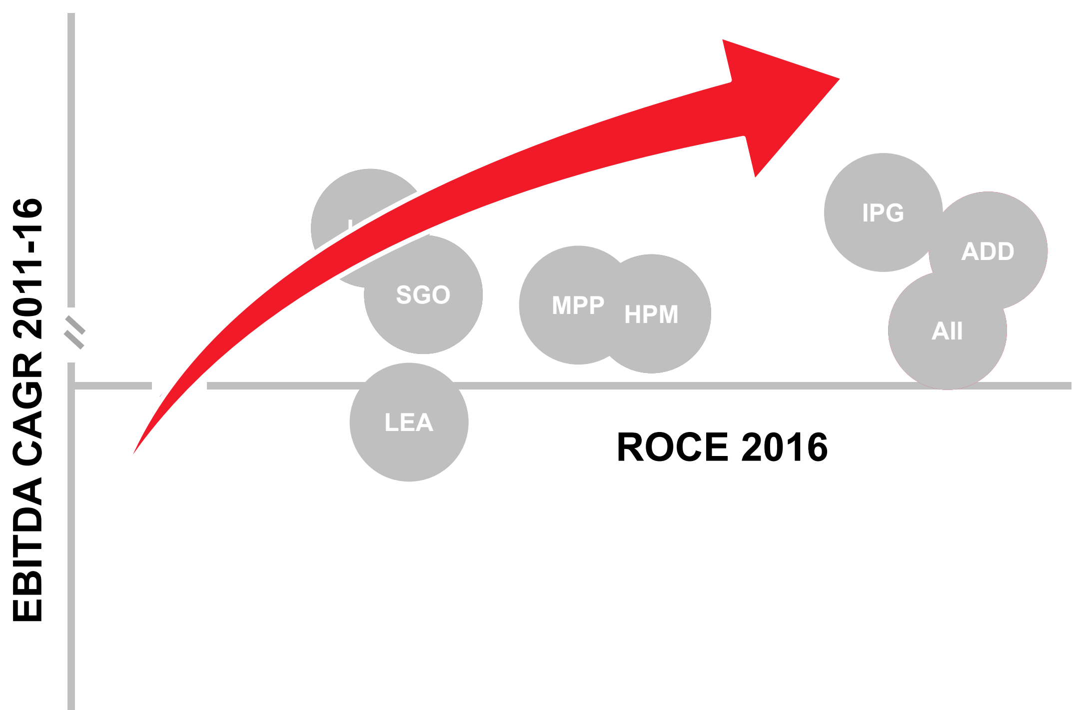
Restructuring and change of strategy yields first positive results

Chapter 1
Repair

Chapter 2

Chapter 3

LANXESS transformation starts to become visible



Substantial room for improvement left

Key 2016 points

- Phase 1 & 2 cost improvements become visible
- All BUs with improved organic return profile
- Growth is picking up

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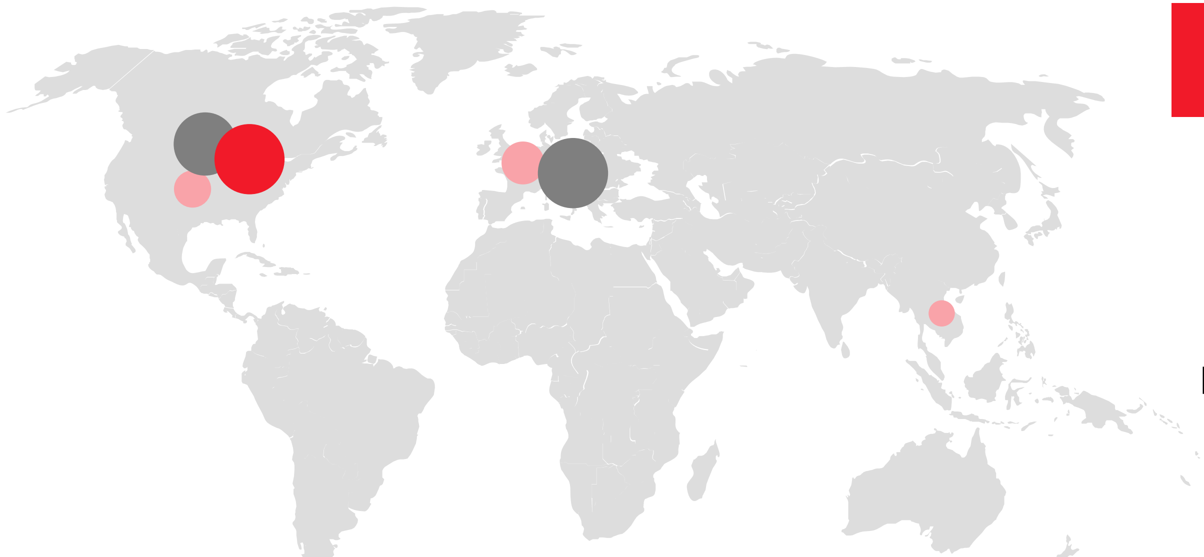
Chemtura integration: €100 m of synergies by 2020

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

Organic investments will improve company ROCE

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

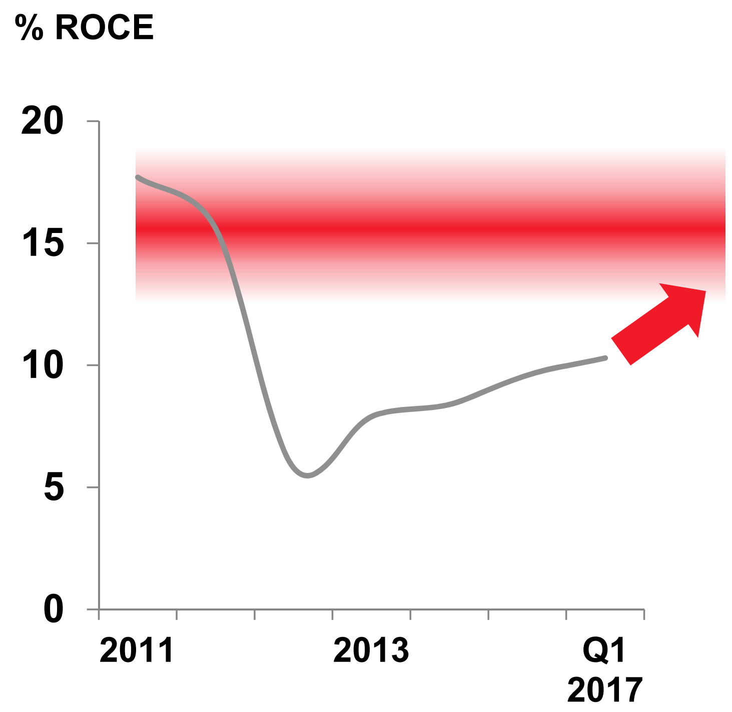
Chapter 1

Chapter 2
Improve

Chapter 3

- €100 m — Debottleneckings, BU AII
- €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%



Target: Increase ROCE to former levels

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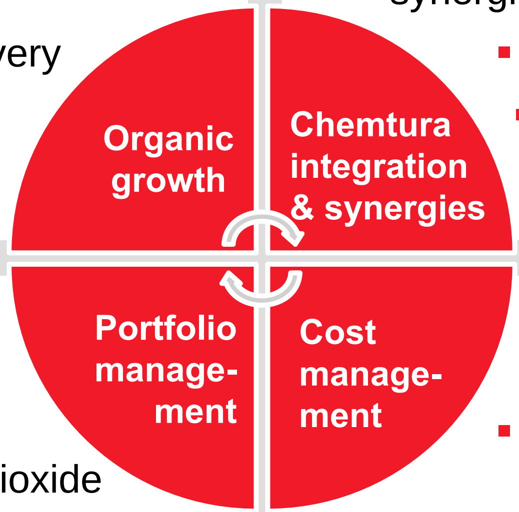
Further short- to mid-term measures to strengthen platform and increase value

Advanced Intermediates

- €100 m growth capex for debottleneckings; ROCE of ~20%
- Positive impetus from expected recovery in agro chemicals in 2019
- Improvement of organometallics performance

Specialty Additives

- Chemtura integration and realization of synergies
  - Optimization of production platform
  - Confirmation of EBITDA pre margin of up to 20%



- Portfolio & mix improvements:
  - Fruitful contribution of Chemours acquisition in biocides
  - Divestiture of non-core chlorine dioxide business
  - Restructuring in BU Leather Chemicals

Performance Chemicals

- Balanced capacity model with focus on high-tech plastics (compounds)
- Expansion of urethane systems business into Europe and Asia

Engineering Materials

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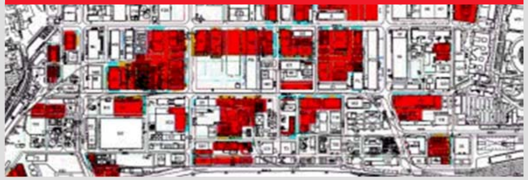
Chapter 3: More balanced and stronger platform along three key dimensions

Chapter 1

Chapter 2

Chapter 3
Accelerate

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**

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LANXESS' target 2021 – leading positions, more stable and with a stronger cash flow

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 conversion	**>60%**
EBITDA margin volatility	 **2-3%pts**

Underlying growth: Sustainable >GDP growth targeted

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

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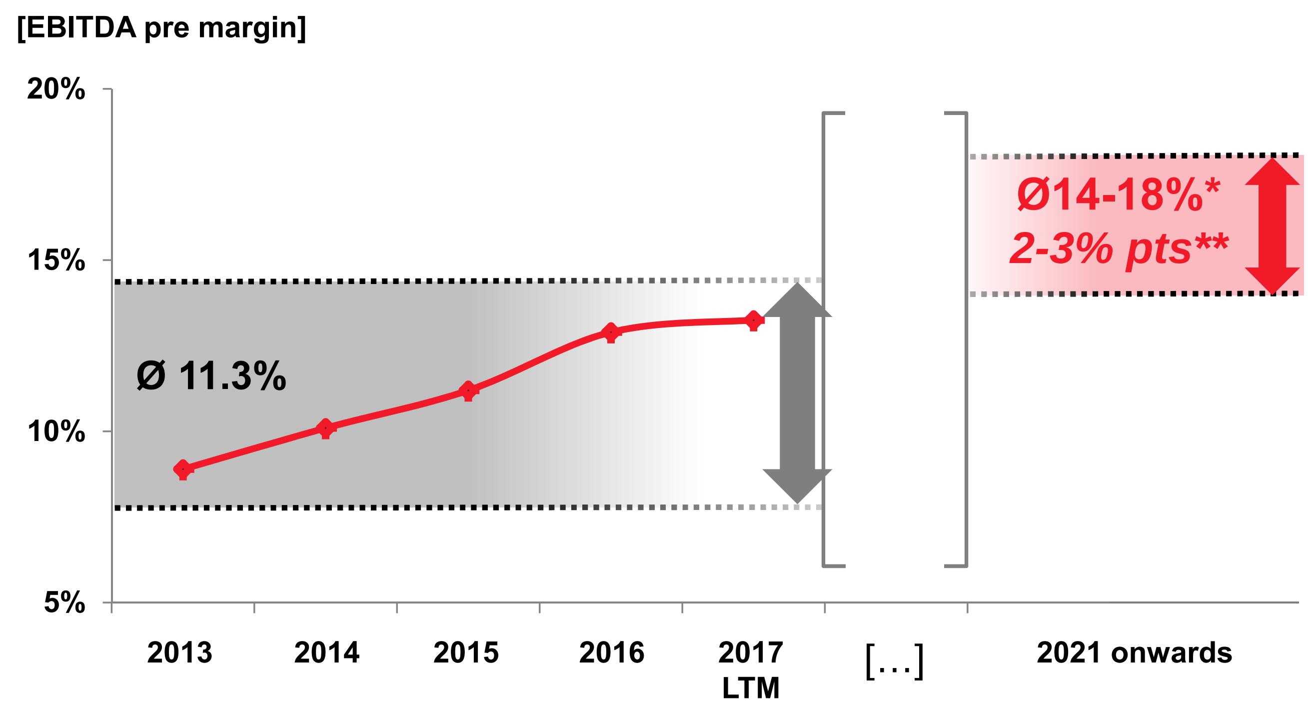
Continuously improving the quality of earnings

Trajectory to mid-term target



Reducing EBITDA pre margin volatility to 2-3% pts in parallel

* Group EBITDA pre margin through the cycle
** Margin volatility

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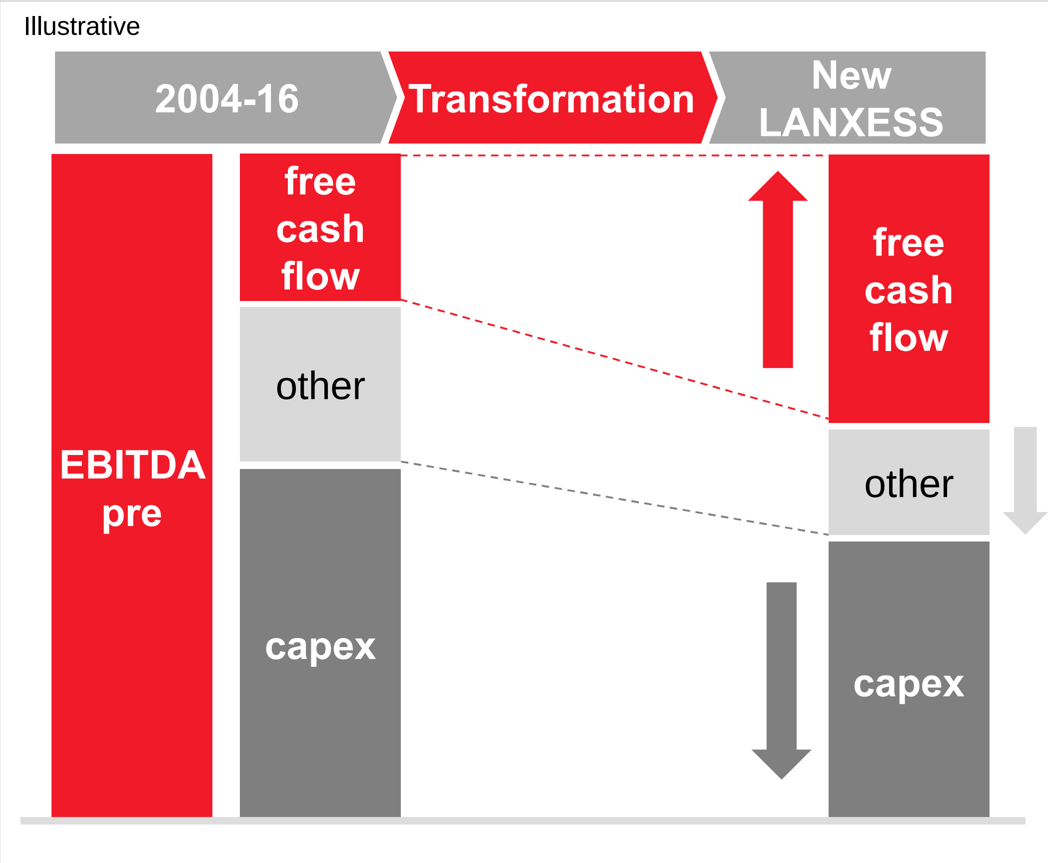
LANXESS free cash flow and cash conversion rate to improve

Chapter 1

Chapter 2

Chapter 3
Accelerate



- **EBITDA:** Structural improvement
- **Capex:** Lower because of asset light strategy and ARLANXEO deconsolidation
- **Other:**
  - Exceptionals to decline after Chemtura integration
  - Working capital: lower volatility
  - Tax rate to decline to 30-35%

Cash conversion* >60%

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

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Expected effects of the U.S. tax reform

Tax change in the U.S.	Corporate income tax	Mandatory repatriation tax
Characteristics and effects of tax measure on LANXESS	▪ Decrease of corporate income tax rate from 35% to 21% ▪ Positive P&L and cash effect for every future year	▪ 8% / 15.5% tax rate on accumulated post-1986 foreign earnings ▪ Exceptional tax expense of ~€50 m on reported net income / EPS in Q4 2017*, cash-out in next 8 years ▪ No impact on EPS pre ▪ No impact on cash in 2017

Results for LANXESS

- Net positive cash effect of mandatory repatriation and lower corporate income tax
- Tax guidance: Adjustment of expectation to the lower end of the mid-term 30-35% tax rate for New LANXESS

* Based on current knowledge and interpretation

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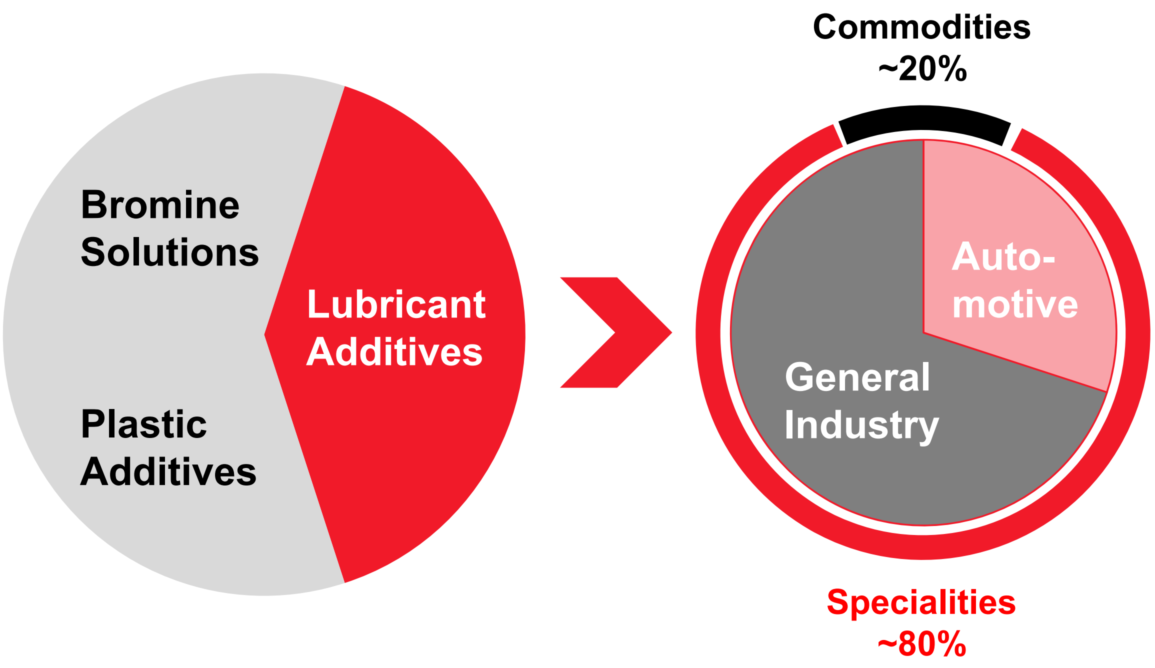
Business Unit Additives with strong focus on high value-add industrial lubricant solutions

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)

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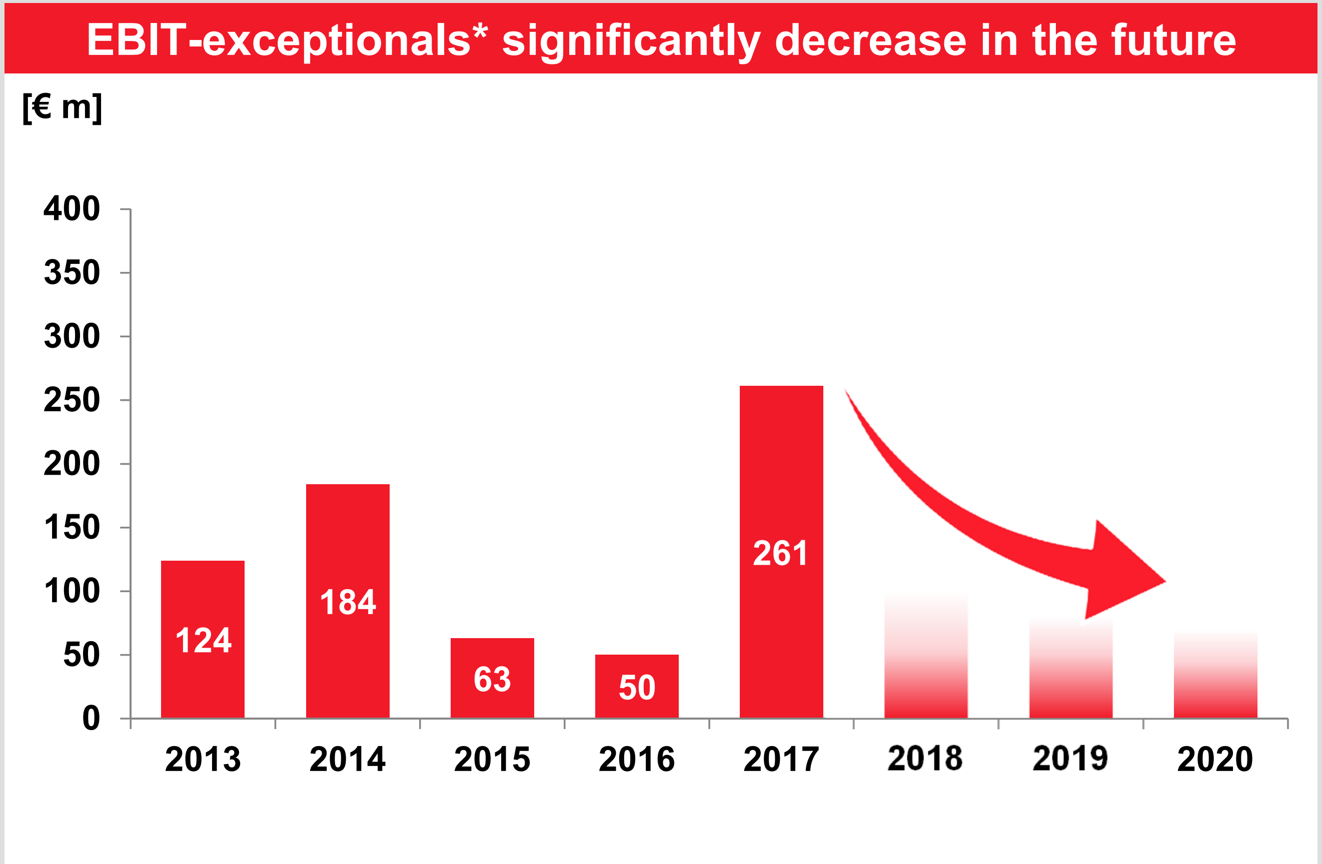
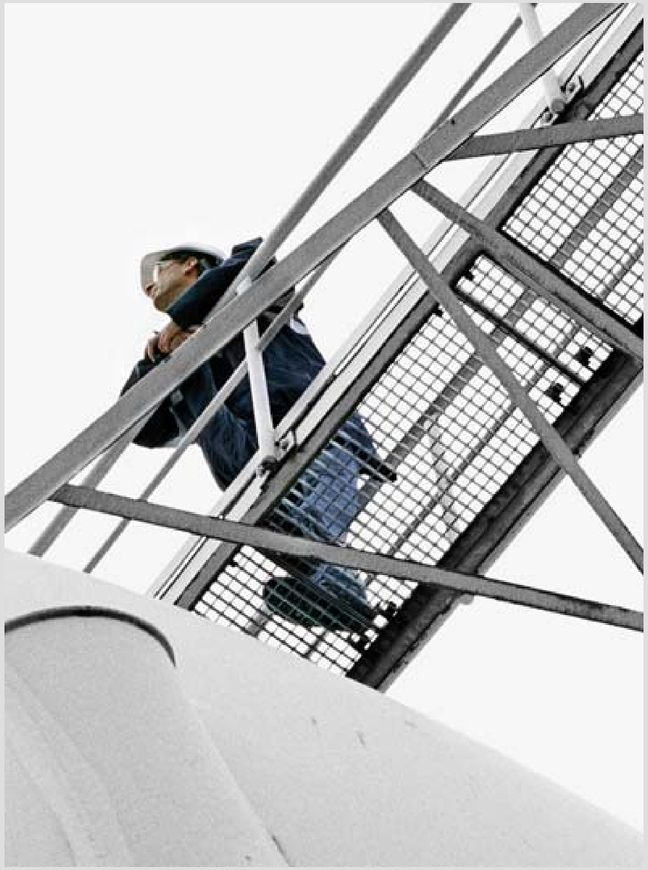
Majority of exceptionals for realignment and Chemtura integration already digested





* excluding impairment charges/reversals

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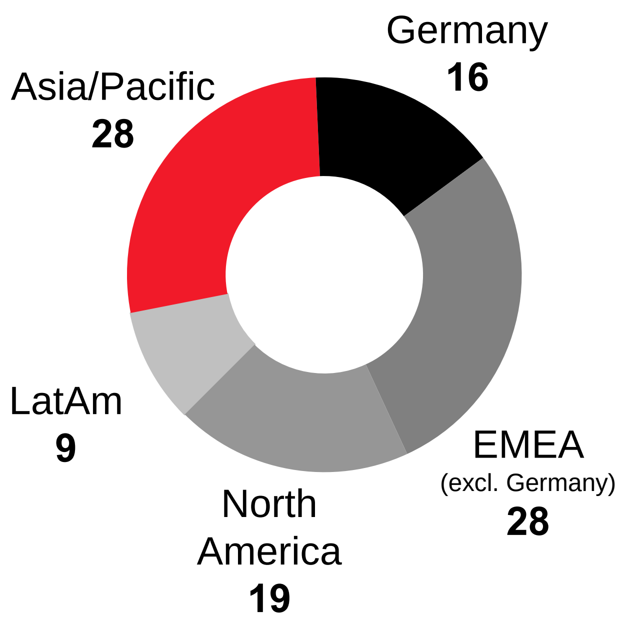
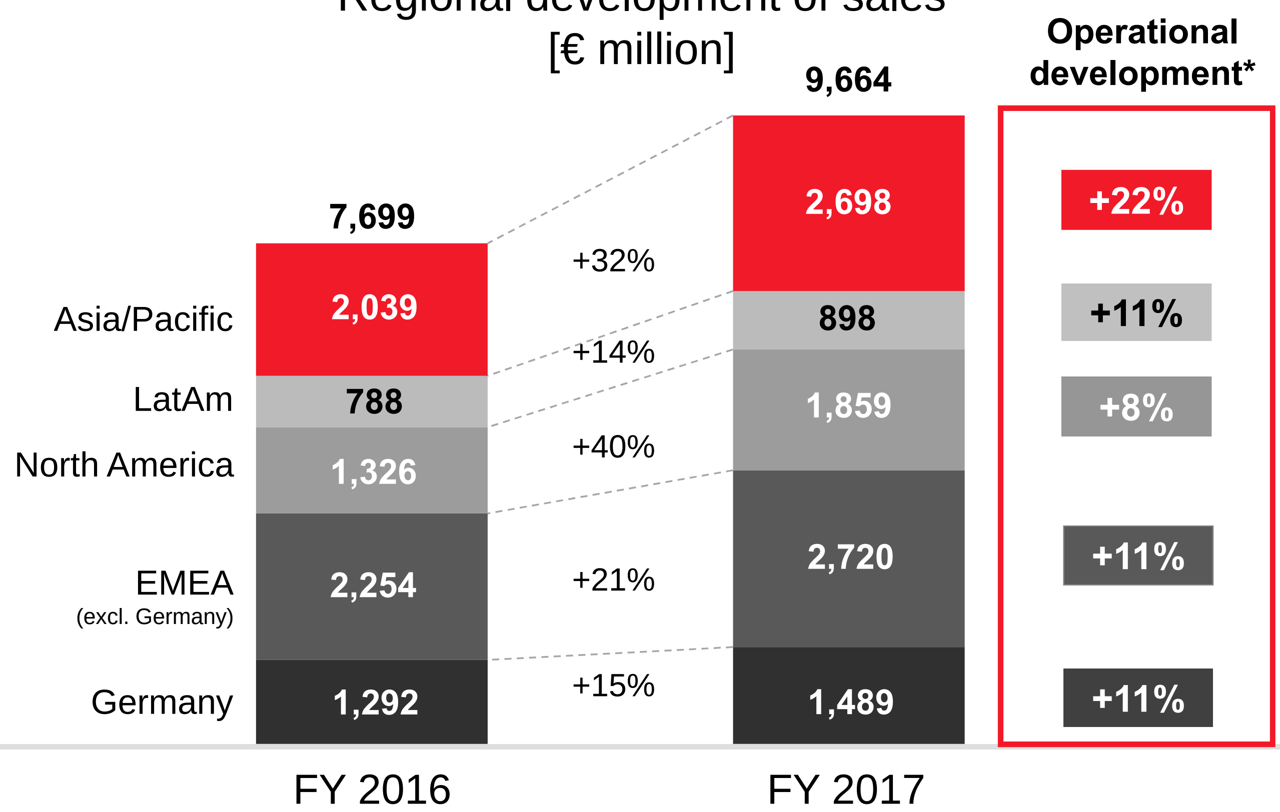
Backup – FY 2017 details

FY 2017: Strong operational development in all regions in addition to portfolio effect of Chemtura acquisition

FY 2017 sales by region
[%]

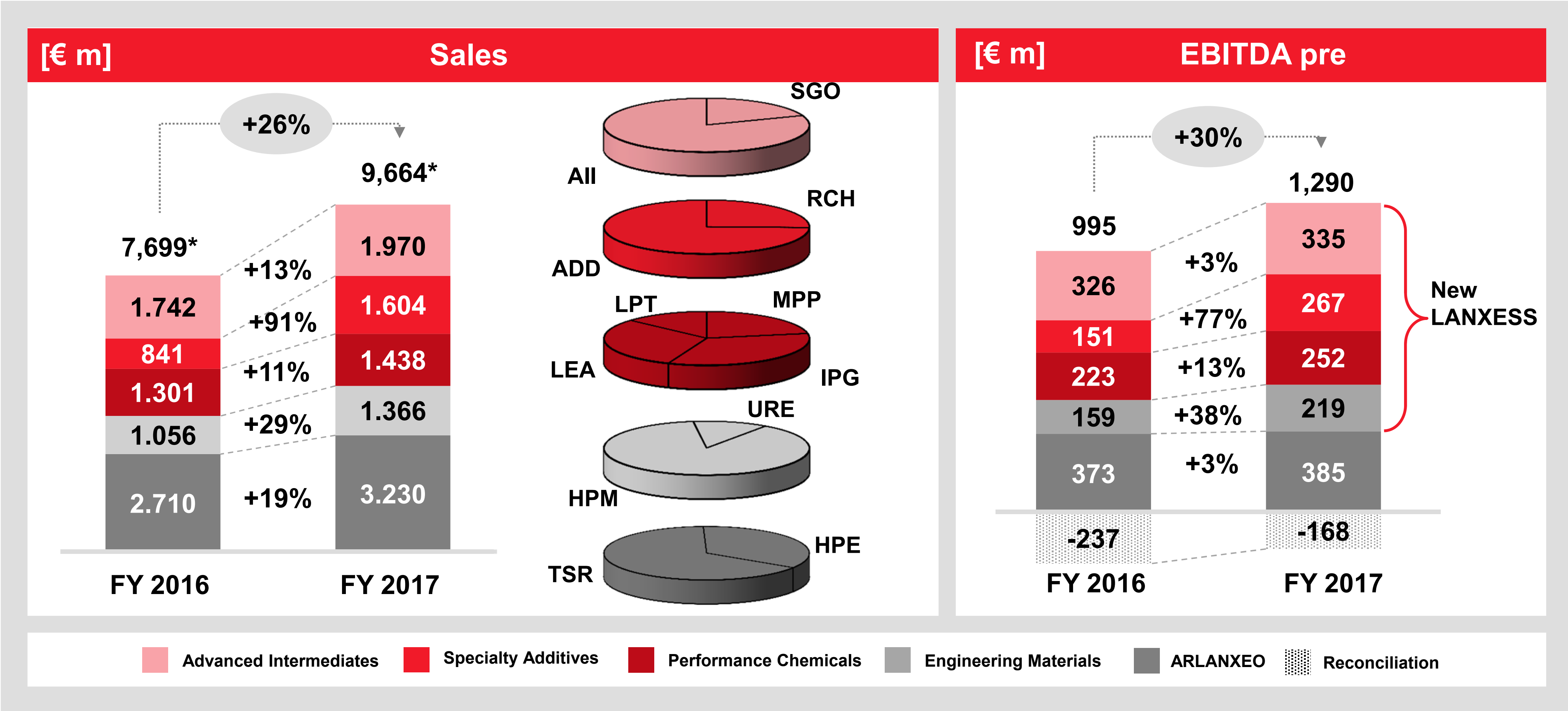


Regional development of sales
[€ million]



* Currency and portfolio adjusted

FY 2017: Increasing top line and profitability



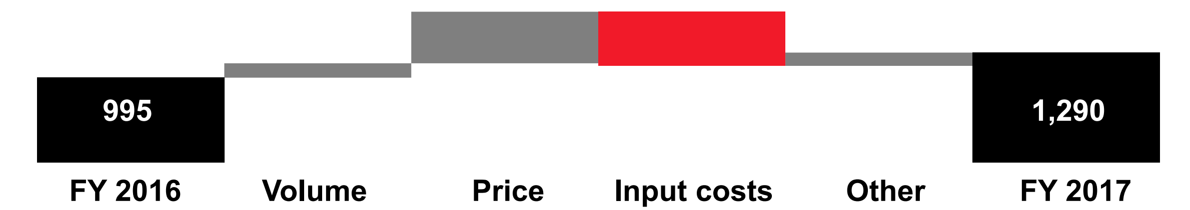
* Total group sales including reconciliation

FY 2017: A year of organic and external growth

FY yoy sales variances	Price	Volume	FX	Portfolio	Total
Advanced Intermediates	+5%	+3%	-1%	+6%	+13%
Specialty Additives	+0%	+6%	-1%	+86%	+91%
Performance Chemicals	+3%	+4%	-2%	+5%	+11%
Engineering Materials	+8%	+7%	-1%	+16%	+29%
ARLANXEO	+15%	+6%	-1%	+0%	+19%
LANXESS	+8%	+5%	-1%	+14%	+26%

- Sales increase driven by the acquisition of Chemtura in April 2017
- Higher selling prices reflect higher level of input costs
- Strong volume momentum especially in H1 in all segments

FY yoy EBITDA pre bridge [€ m]



- Price/input costs balanced
- Volume increase and portfolio effect drive EBITDA growth
- “Other” includes portfolio, partly offset by negative currency effect

FY 2017 financial overview: KPIs reflect sound business performance and Chemtura acquisition

	FY 2016	FY 2017	yoy in %
Sales	**7,699**	**9,664**	**26%**
EBITDA pre	**995**	**1,290**	**30%**
margin	12.9%	13.3%	
EPS	2.10	0.95	-55%
EPS pre*	2.69	4.14	54%
Capex	439	547	25%
[€ m]	**31.12.2016**	**31.12.2017**	**Δ %**
Net financial debt**	269	2,252	>100%
Net working capital	1,628	1,948	20%
ROCE***	6.9%	9.3%	

- Chemtura acquisition, higher volumes and better utilization drive significant sales and EBITDA growth
- Profitability improved despite inflationary raw material environment
- EPS impacted by exceptionals (integration costs, U.S. tax reform)
- Net financial debt increase due to Chemtura acquisition, mitigated by good free cash flow
- ROCE improvement due to investment of cash for acquisition

* Net of exceptionals and amortization of intangible assets as well as attributable tax effects as well as non-recurring earnings effects of the U.S. tax reform
** After deduction of current financial assets
*** 2017 incl. Chemtura EBITpre since Closing on 21. April 2017

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

[€ m]	FY 2016		FY 2017		yoy in %
Sales	7,699	(100%)	9,664	(100%)	26%
Cost of sales	-5,945	(-77%)	-7,519	(-78%)	-26%
Selling	-781	(-10%)	-953	(-10%)	-22%
G&A	-303	(-4%)	-382	(-4%)	-26%
R&D	-131	(-2%)	-145	(-2%)	-11%
EBIT	**464**	**(6%)**	**434**	**(4%)**	**-6%**
Non-controlling interests	3	(0%)	37	(0%)	>100%
Net Income	**192**	**(2%)**	**87**	**(1%)**	**-55%**
EPS pre*	**2.69**		**4.14**		**54%**
EBITDA	945	(12%)	1,072	(11%)	13%
thereof exceptionals	50	(1%)	218	(2%)	>100%
EBITDA pre exceptionals	**995**	**(12.9%)**	**1,290**	**(13.3%)**	**30%**

- Strong sales increase due to Chemtura acquisition and higher volumes
- Cost of sales driven by portfolio effects, raws and energy costs
- Non-controlling interests reflect ARLANXEO result
- EBIT and net income impacted by Chemtura integration and realignment expenses
- Peak exceptionals due to Chemtura integration, realization of synergies and restructuring (BU LEA, BU ADD)

Successful year 2017

* Net of exceptionals and amortization of intangible assets as well as attributable tax effects as well as non-recurring earnings effects of the U.S. tax reform

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FY 2017: Strong operating cash flow

[€ m]	FY 2016	FY 2017
Profit before tax	**339**	**325**
Depreciation & amortization	481	638
Financial (gain) losses	56	39
Cash tax payments/refunds	-184	-183
Changes in other assets and liabilities	44	121
Operating cash flow before changes in WC	**736**	**940**
Changes in working capital	-47	-72
Operating cash flow	**689**	**868**
Investing cash flow	**-2,879**	**-167**
Thereof capex	-439	-547
Thereof M&A	-198	-1,803
Thereof cash inflows from/cash outlows for financial assets	-2,059	2,116
Thereof CTA funding & Chemours C&D acquisition	-200	0
Financing cash flow	**2,173**	**-508**

- Profit before tax burdened by exceptional items
- D&A higher due to risen asset base (Chemtura acquisition)
- Changes in other assets and liabilities driven by provision for variable compensation and restructuring
- Investing cash flow contains effects from Chemtura acquist.
- Financing cash flow in 2016 includes cash-in from Aramco and Chemtura acquisition financing; 2017 reflects early redemption of Chemtura bond

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Chemtura synergies confirmed. Phasing of synergies, OTCs and cash outs brought forward

Implementation of synergies on track

[€ 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**

Key Messages

- **Synergies confirmed**
  - €100 m of “hard” costs
  - Earlier realization
  - Top line synergies not included
- OTCs and Cash Outs confirmed, but incur earlier than scheduled
- Capex confirmed, mainly related to Manufacturing Excellence

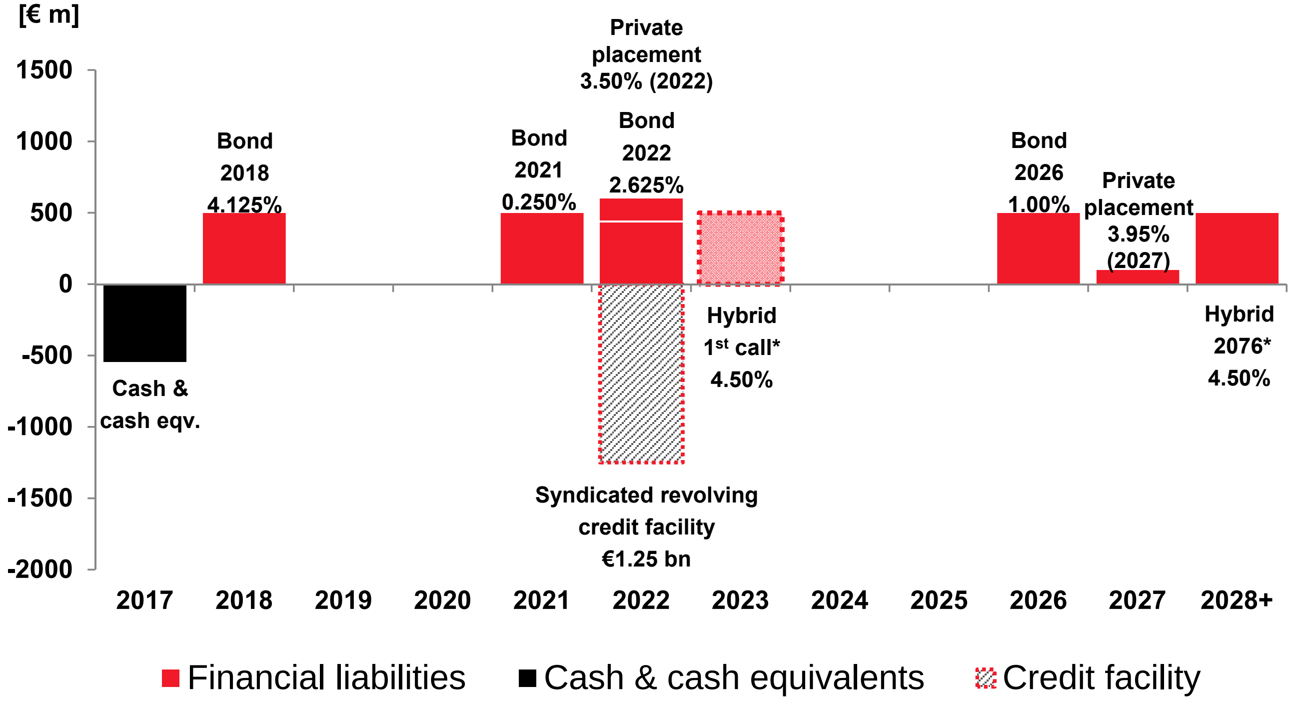
* Does not include ~€65 m PPA charges from inventory step-up in opening balance sheet. Transaction related charges were recognized in opening balance sheet

Maturity profile actively managed and well balanced

Long-term financing secured

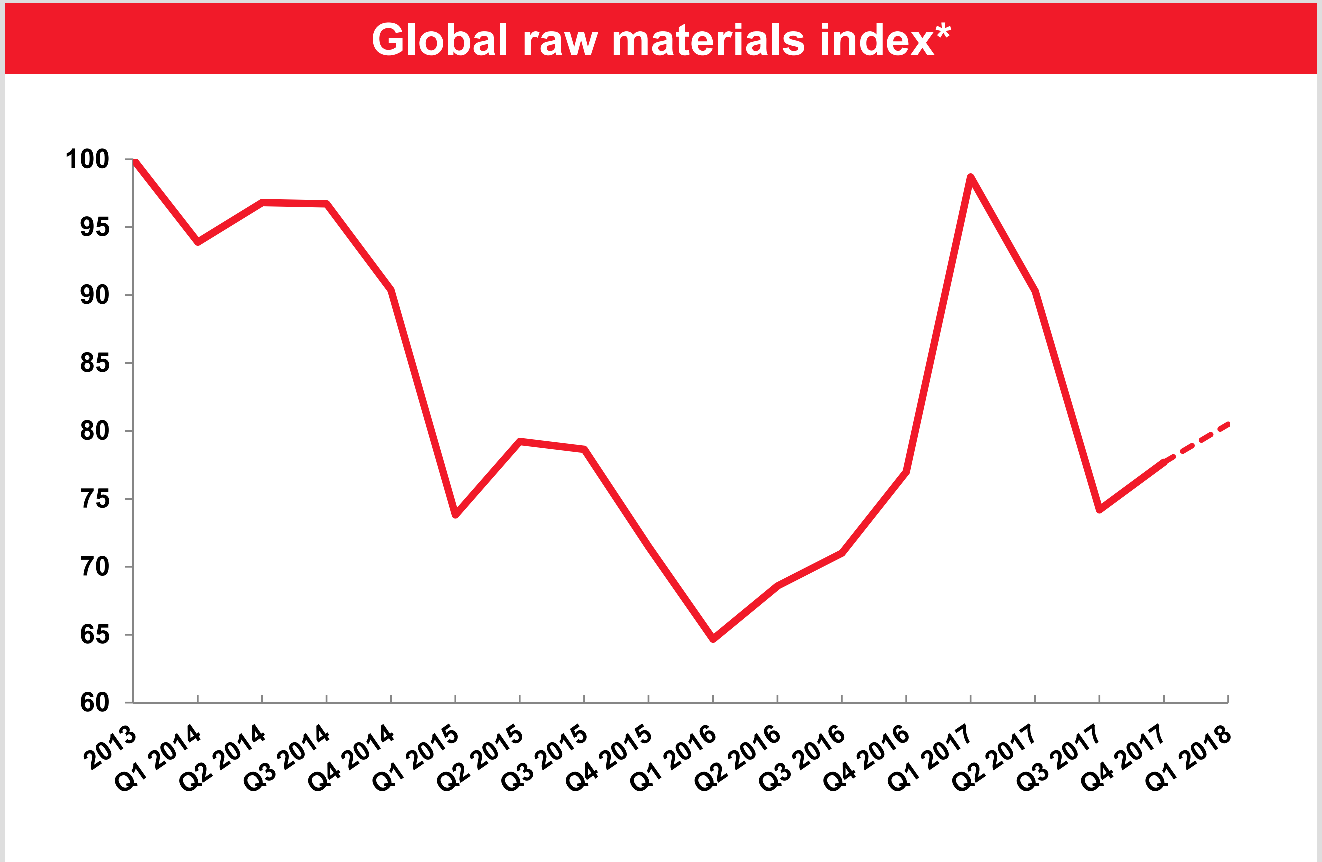
- Diversified financing sources
  - Bonds & private placements
  - Syndicated credit facility
- Chemtura bond redeemed on 15 July 2017
- Average interest rate of financial liabilities <3%
- All group financing executed without financial covenants

Liquidity and maturity profile as per December 2017



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

High volatility in raw material prices



- 2016 with an upward trend that accelerated during Q4
- 2017 started with a spike in raw material prices which reversed in Q2 and Q3
- Raw Material costs moved gradually higher in Q4 2017 on the back of a rising oil price
- We expect the slight upward trend to continue during Q1 2018

* LANXESS excluding Chemtura businesses, average 2013 = 100%,

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Overview exceptional items Q4 and FY 2017

[€ m]	Q4 2016		Q4 2017		FY 2016		FY 2017	
	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A
Advanced Intermediates	-2	0	4	0	-2	0	7	0
Specialty Additives	0	0	8	1	0	0	111	36
Performance Chemicals	3	0	-2	0	3	0	68	6
Engineering Materials	0	0	0	0	0	0	13	1
ARLANXEO	-2	0	0	0	-2	0	-1	0
Reconciliation	22	0	25	0	51	0	63	0
Total	**21**	**0**	**35**	**1**	**50**	**0**	**261**	**43**

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Housekeeping items – New LANXESS (excluding ARLANXEO)

New LANXESS financial expectations

▪ Capex 2018:	€430 m - €470 m
▪ Operational D&A 2018:	~€400 m
▪ Reconciliation 2018:	around previous year level (~€150 m)
▪ Tax rate:	lower end of 30% - 35%
▪ FX sensitivity:	one cent change of USD/EUR ~€7 m EBITDA pre impact before hedging
▪ LLA -Phase II savings:	around €20 m in 2018 and 2019 each

- As of Q2 2018: ARLANXEO as “discontinued operations” with a restatement of 2017 and 2018 YTD figures
- As of Q2 2019: ARLANXEO accounted for “at equity”
- IFRS 15 will be applied from January 1st 2018 onwards, no material impact on results expected

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Backup – ARLANXEO discontinued operations

Details on accounting for discontinued operations of ARL

Q1 2018	Q2 2018 – Q1 2019	Q2 2019 onwards
100% consolidation	Discontinued operations	@ equity
Restatement to dis. operations		

Q1 2018: legally reported as usual

- Further indication about key financial figures of the New LANXESS will be distributed*

Q2 2018: ARLANXEO will switch to discontinued operations

- Net income from discontinued operations 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
- Discontinued operations accounting also to be retroactively applied to YTD 2018 as of Q2
- ARLANXEO assets & liabilities will be reflected in balance sheet in one line item each
- ARLANXEO income statement as well as cash flow will be shown in the notes in annual report 2018

Q2 2019: ARLANXEO will be accounted for as at equity and shown within the financial result

* The final value will only be available for Q2 2018 reporting

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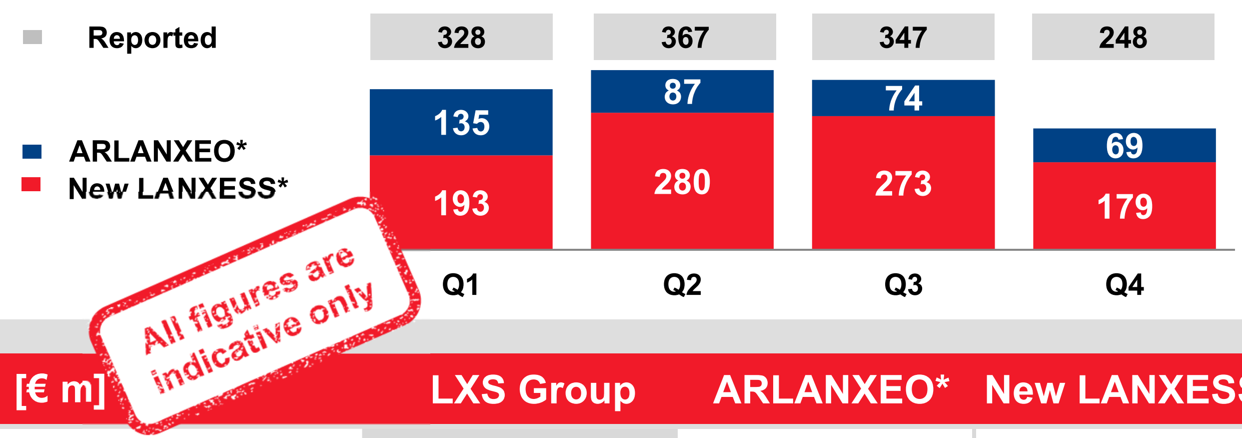
Stripping out ARLANXEO improves FY 2017 core performance data

[€ m] 2017 EBITDA pre



[€ m]	LXS Group	ARLANXEO*	New LANXESS*
Sales	**9,664**	**3,244**	**6,420**
EBITDA pre	**1,290**	**365**	**925**
margin	13.3%	11.3%	14.4%
Capex	547	149	398
ROCE**	9.3%	~5%	~11%

- ARLANXEO discontinued operations has a substantial positive effect on financial key indicators:
  - New LANXESS has higher margin
  - Lower asset intensity:
    - ➢ ARLANXEO historically accounted for majority of capex
    - ➢ Substantial higher ROCE

* Indicative / unaudited. Reporting of discontinued operations may lead to different disclosure

** Based on Chemtura EBIT contribution since 21 April 2017

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Details on accounting for discontinued operations of ARLANXEO and on 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 only from continuing operations
- Breakdown between the three categories (operating, investing and financing) of discontinuing operations only shown in the notes
- Restatement of previous years' figures

ROCE

- ROCE definition will be adjusted for "continuing operations"

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Upcoming events 2018

Proactive capital market communication

Goldman Sachs 7th Annual European Chemicals Conference	March 16	London
MainFirst Corporate Conference	March 22	Copenhagen
Q1 2018 results	**May 4**	
Annual General Meeting 2018	**May 15**	**Cologne**
Commerzbank Northern European Conference	May 17	Boston
mBank Chemicals Day 2018	June 5	Warsaw
dbAccess Berlin Conference	June 6/7	Berlin
Morgan Stanley Cannon Ball Run	June 26	Cologne
Q2 2018 results	**August 2**	
Analyst Roundtable	**September 20**	
Q3 2018 results	**November 12**	

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Abbreviations

Advanced Intermediates

- AII 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 will be accounted for as discontinued operations from April 1, 2018 onwards

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