



LANXESS
Energizing Chemistry

LANXESS – HSBC 15th ESG Conference

Time to prove our strenghts

Investor Relations
Frankfurt, February 5th, 2020

Safe harbor statement

The information included in this presentation is being provided for informational purposes only and does not constitute an offer to sell, or a solicitation of an offer to purchase, securities of LANXESS AG. No public market exists for the securities of LANXESS AG in the United States.

This presentation contains certain forward-looking statements, including assumptions, opinions, expectations and views of the company or cited from third party sources. Various known and unknown risks, uncertainties and other factors could cause the actual results, financial position, development or performance of LANXESS AG to differ materially from the estimations expressed or implied herein. LANXESS AG does not guarantee that the assumptions underlying such forward-looking statements are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this presentation or the actual occurrence of the forecast developments. No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, any information, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and accordingly, no representative of LANXESS AG or any of its affiliated companies or any of such person's officers, directors or employees accept any liability whatsoever arising directly or indirectly from the use of this document.

LANXESS is a globally operating chemical player with attractive growth in specialties

Leading and balanced business setup

- Leading positions in attractive mid-sized markets
- Higher stability and resilience by a balanced product portfolio and industry exposure
- Competitive technology and cost structure



Attractive platform for growth

- Strong balance sheet as basis for further growth
- Focus on organic and external growth in niche and prospering future markets

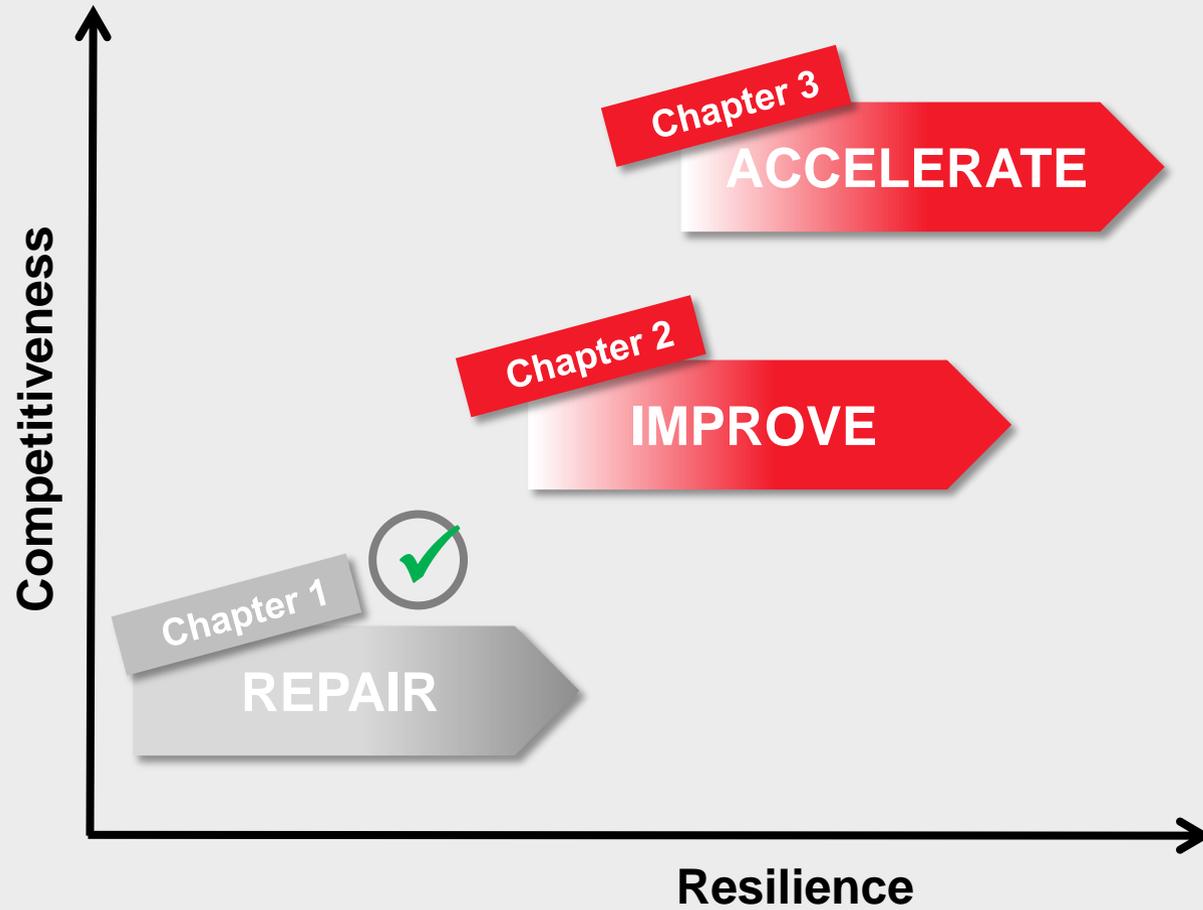


Creating value

- Rigorous strategic and operational resource allocation
- Generating cash and acting sustainably for a better future
- Differentiating by a performance driven corporate culture



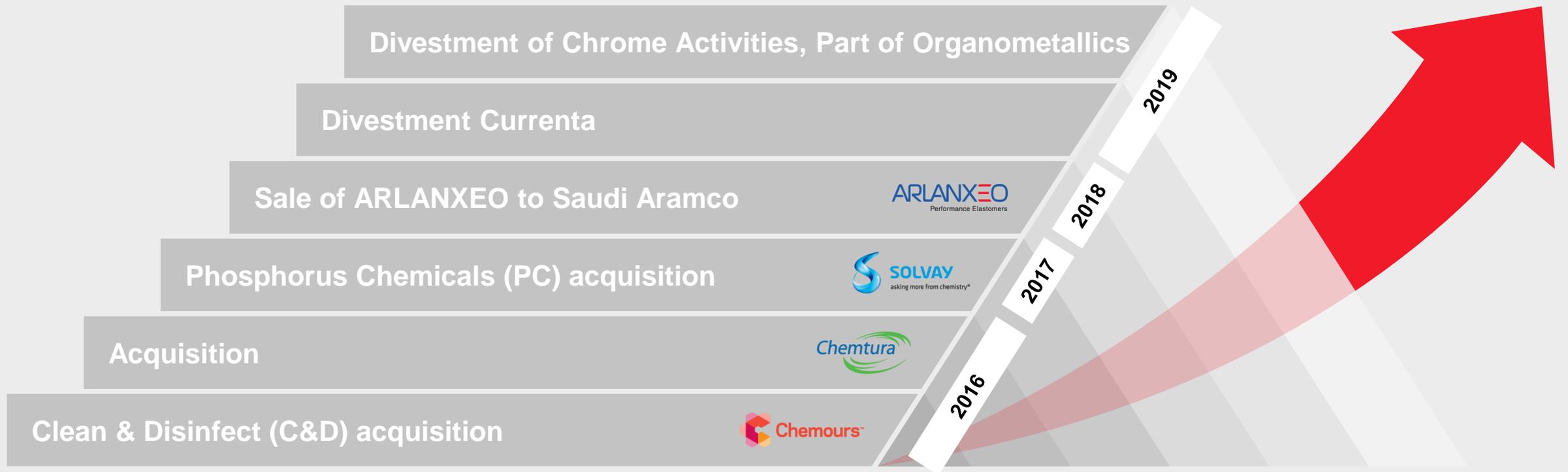
Our journey so far – delivered on promises



- ✓ **Leaner and more powerful organization**
- ✓ **Early exit of synthetic rubber**
 - financials immediately strengthened again
 - reduced dependency on volatile raw materials
 - lowered auto-exposure to ~20%
- ✓ **Re-investment of funds in attractive acquisitions**
 - Higher margin and more resilient businesses
 - Faster generation of synergies
- ✓ **Divestment of non-core businesses**
- ✓ **Focus on high yield growth CAPEX projects**

The face of LANXESS has substantially changed

Milestones of transformation

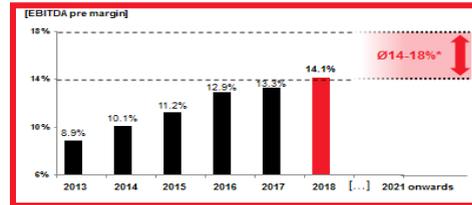


Make LANXESS more competitive, more profitable and more resilient

Despite a challenging environment we are well on track to achieve our goals

EBITDA pre margin
(group, Ø through the cycle)

14-18%



on track

EBITDA margin volatility

2-3%pts

YTD stable vs. previous year

on track

Cash conversion

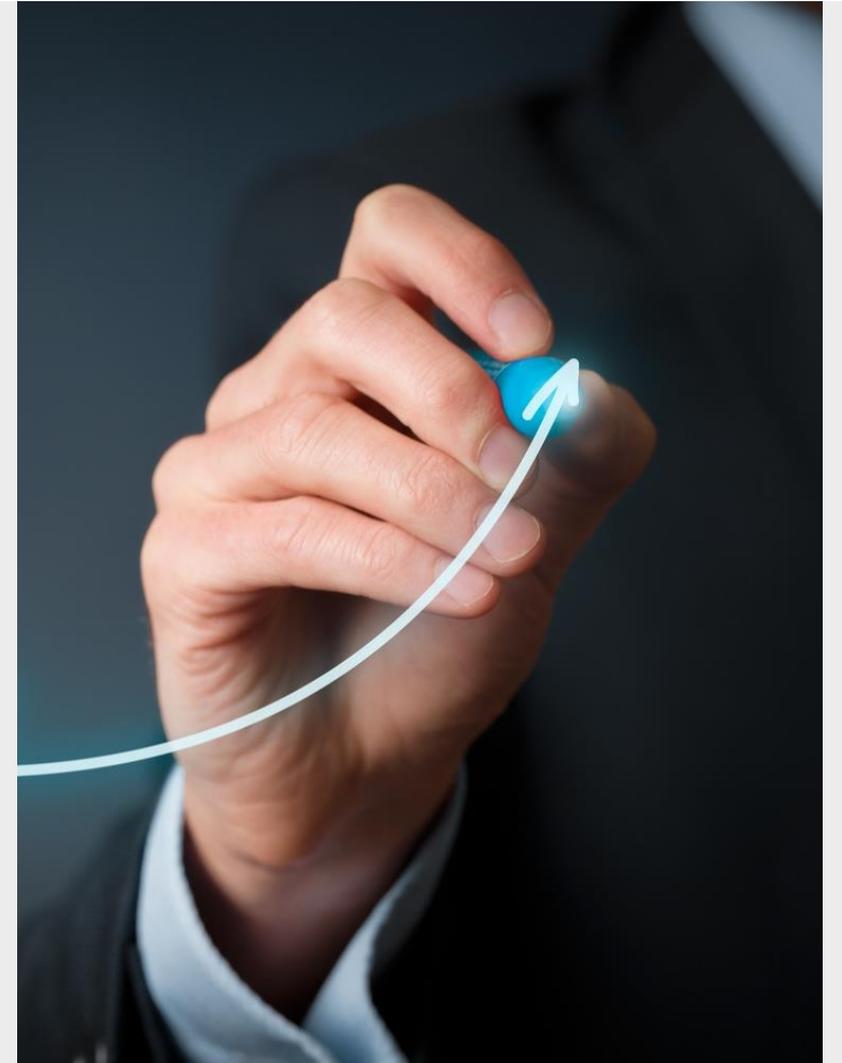
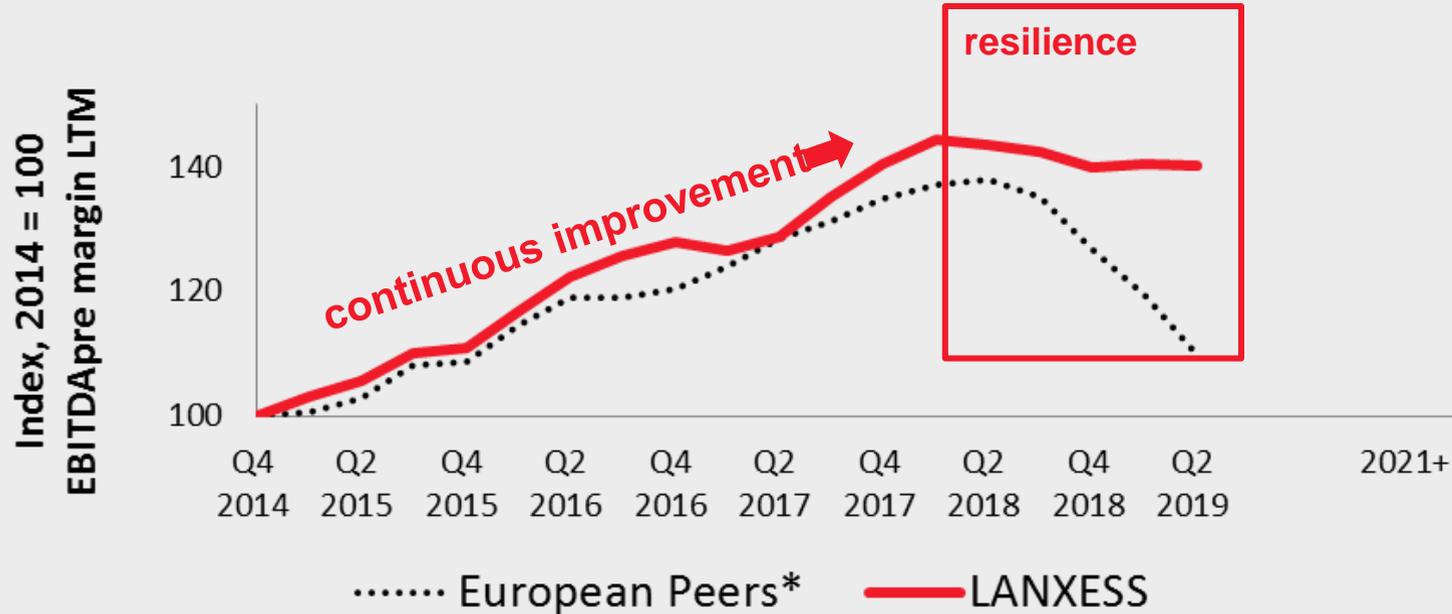
>60%

in progress

- Ongoing transformation of business portfolio into **Specialty Chemicals**
- Strengthen and develop **leadership positions** in attractive markets
- Increasing footprint in **growing regions** (N. America and Asia)
- Further **improving margin level**
- Sound **cash generation**
- Stable or increasing **dividend**

LANXESS margin improvement and resilience proven

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



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

LANXESS' instruments to achieve our targets

A horizontal bar with a red top section and a white bottom section. Below the red section, four icons are arranged horizontally: a shield with a dollar sign and a checkmark, a red wrench, a lit lightbulb, and a red leaf. Below each icon is a corresponding text label in red.

Continuous portfolio management

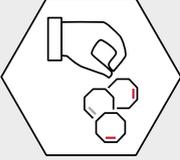
Fix underperforming businesses

Innovation

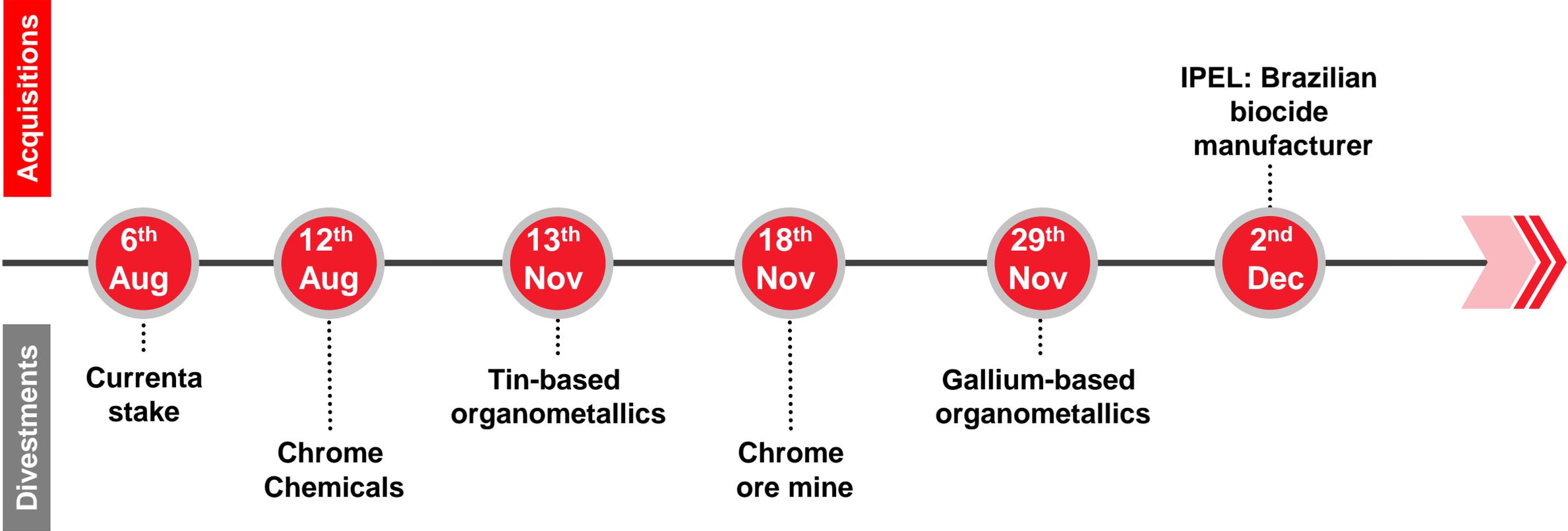
Sustainability

Portfolio additions most likely in Specialty Additives and along with transformation of Performance Chemicals



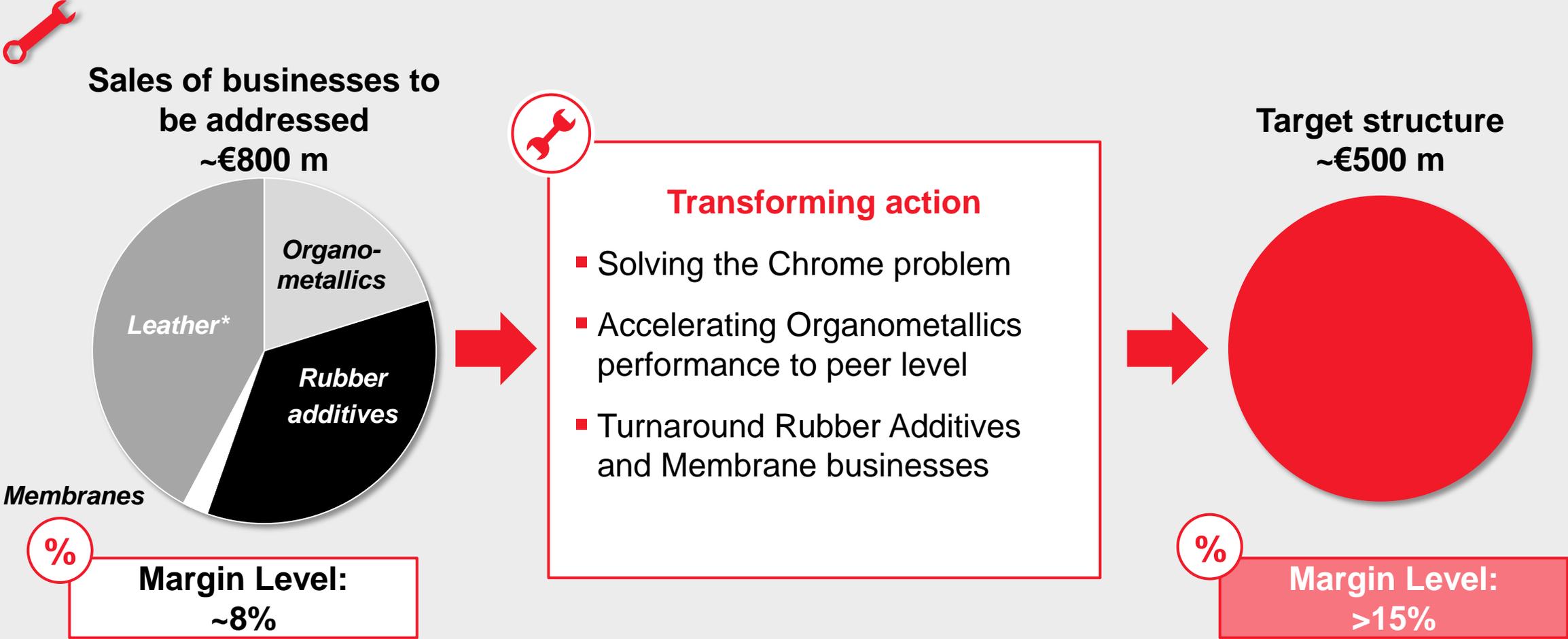
	Organic growth / Capex	Likelihood for M&A	Characteristics for M&A
 Advanced Intermediates			
 Specialty Additives			Synergies in related businesses
 Performance Chemicals			Attractive secular growth High entry barriers due to increasing regulation
 Engineering Materials			

LANXESS continuously improves its portfolio - six M&A transactions executed in last 6 months



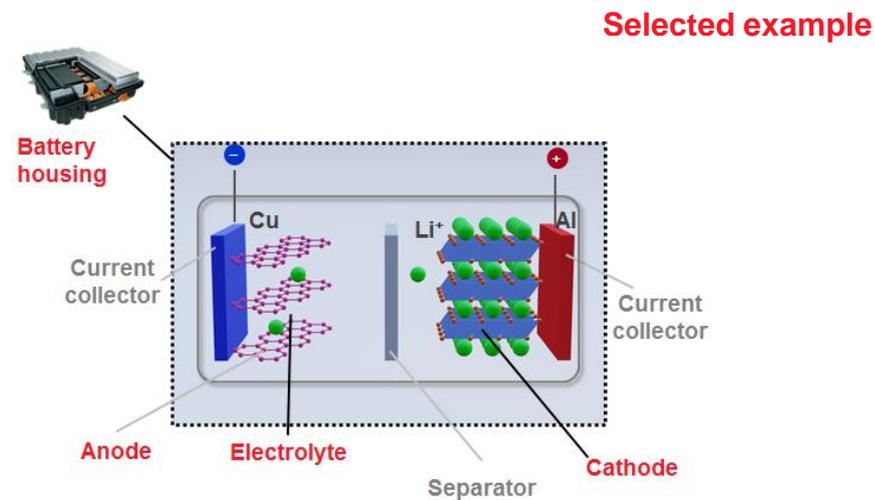
Supported by operational self-help measures (cost management, growth capex, innovations)

Rigorously addressing under-performing businesses across our portfolio



Strategic realignment is supported by product, process and technology innovation

Key Chemicals for Li-Ion batteries



- **Standard Lithium Cooperation**
Pilot project to extract battery grade lithium from bromine wells in El Dorado
- **Electrolyte salt** (LiPF_6), Chems for Anode & Cathode
- **Battery Housing** (PA / PBT components)

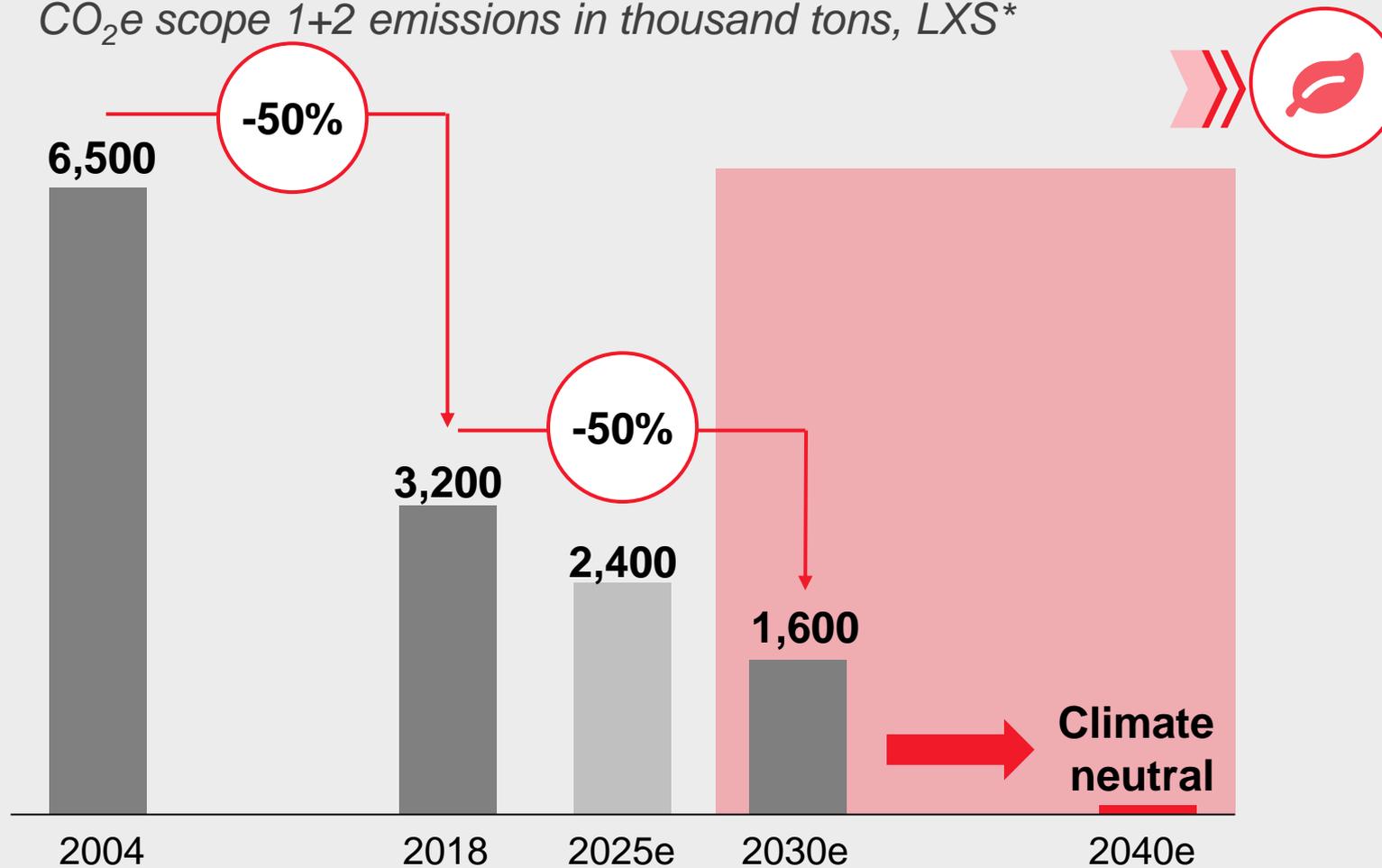
Natural beverage preservatives



- Key market: USA; FDA approval received in 2018, further market approvals in preparation
- First meaningful sales in 2020
- Full potential to be reached 2025-2030
(accessible initial market (USA): €200 m – €250 m)

LANXESS goes climate neutral by 2040 – New long-term commitment

CO₂e scope 1+2 emissions in thousand tons, LXS*



- Clearly defined measures to reduce today's emissions
- Compensate growth effects with efficiency
- Majority of projects with reasonable investment costs
- Sustainable management is seen as a competitive advantage
- **Good for LANXESS, good for our customers, good for our planet!**

LANXESS pursuing sustainability as strategic goal in all dimensions

... sustainable operations...



...environmental performance...



...our products...



We consider sustainability as competitive advantage and license to operate

Powerful societal drivers are changing the face of the chemical industry



Climate

EU/World committed to keeping worldwide temperature increase “well below 2 degrees” in the Paris Agreement

Circular Economy

Develop new resource neutral production pathways, reduce resource consumption and achieve climate targets

Sustainable Finance

Financial investments to be directed towards low carbon projects and circular economy (e.g. EU Sustainable Finance Action Plan)

Sustainable Development Goals (SDG):
Most comprehensive global sustainability framework

Ability to successfully connect to societal drivers and yield positive impact is key

LANXESS' Corporate Responsibility creates alignment with societal drivers for greater sustainability



U.N. Sustainable Development Goals



Corporate Responsibility

Climate protection and energy efficiency	Safe and sustainable sites	Resilient sourcing	Sustainable product portfolio	Valuing customer relations	Business-driven innovation	Motivated employees and performing teams

Good Corporate Governance

LANXESS is a leading, resilient, sustainable, and profitable company

We defined ambitious non-financial targets and are dedicated to a consequent execution

Alignment with SDG



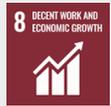
Healthy living and well-being as key issues in manufacture and use of LANXESS products (e.g. „X-health“ initiative)



LANXESS fosters qualification and training of employees and engages in the education initiatives at its sites globally



LANXESS produces products and technologies for water purification and regular water analyses and assessments



High and uniform standards > Xact initiative aims to decrease the LTIFR* by >50% until 2025 vs. 2015)



LANXESS supports pathways towards a more resource- and energy-efficient production and sustainable products



LANXESS is serious about climate protection
> **LANXESS will be climate neutral until 2040**

Non-financial targets



-25% Energy consumption and emissions until 2025**
> **Climate neutral until 2040**



Continuous reduction of incidents relating to facility & process safety



Permanently increase the proportion of evaluated suppliers



100% of our portfolio analyzed from a sustainability perspective



Maintaining a high level of customer loyalty



Innovative products based on customers' needs & expectations

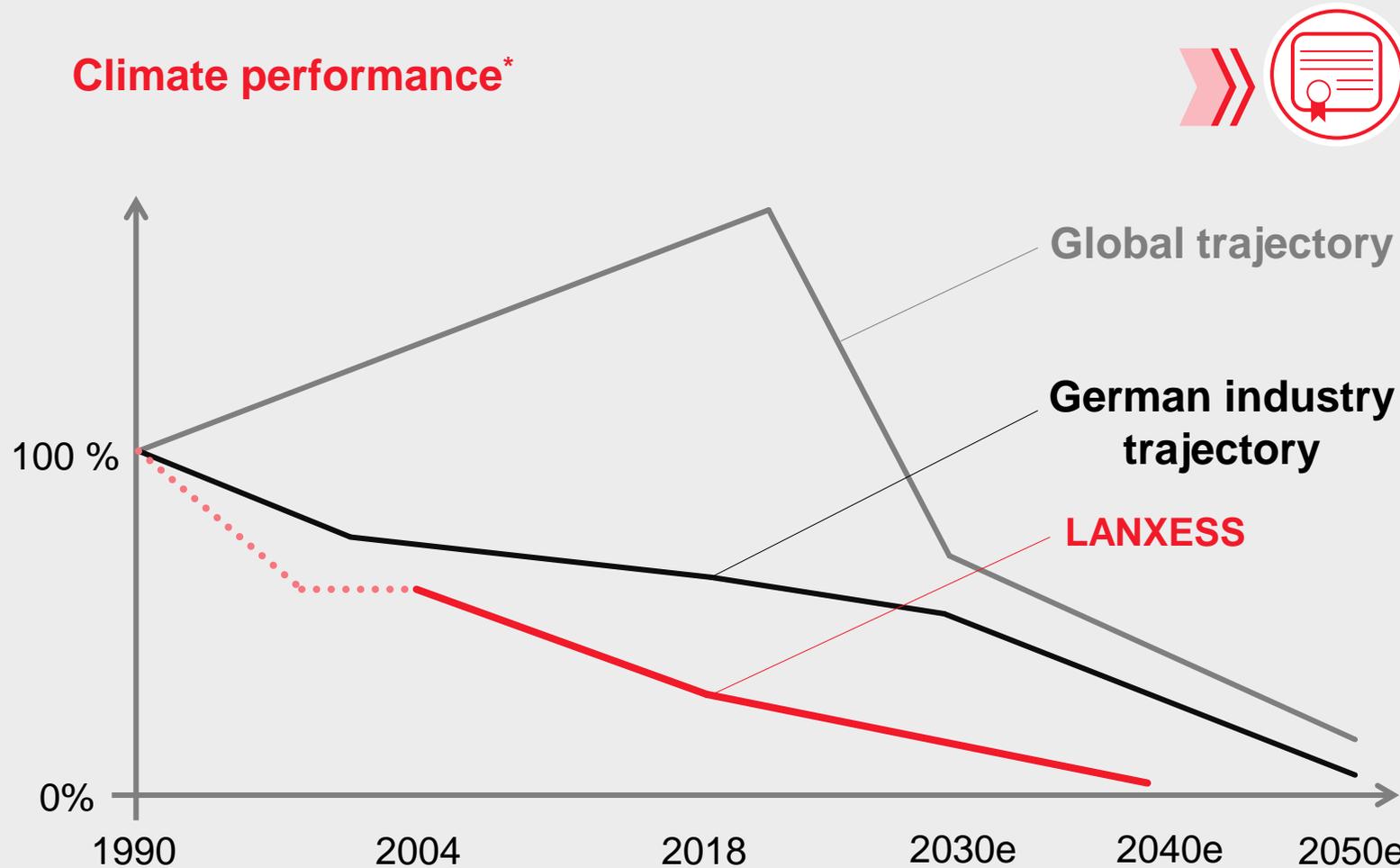


At least one female member of the Board of Management by 2022

* LTIFR: Lost time injury frequency rate ** Specific emissions, base year 2015

LANXESS ahead of regulation and far sighted in management of ETS certificates

Climate performance*



- LANXESS actively reduced CO₂e emissions in line with Emission Trading Scheme (ETS) reduction targets
- Cost effect from ETS is currently neutral
- We will continue to reduce CO₂e emissions and remain ahead of ETS reduction targets

We pursue an integrated approach for sustainable production, sourcing and product portfolio

Safe and sustainable sites



Continuous reduction of incidents relating to facility & process safety

- Centrally organized management system and regular audit-based reviews
- Actions based on international standards ISO 9001 and ISO 14001 for quality and environmental management

Resilient sourcing



Continuously increase the proportion of evaluated suppliers

- Together for Sustainability: Joint initiative of international chemical companies for sustainable supply chains
- LANXESS Xcore – new “radar screen” for strategic buying processes in cooperation with Ecovadis as assessment partner

Sustainable product portfolio



100% of our portfolio analyzed from a sustainability perspective

- Systematically evaluating the sustainability of our entire portfolio applying sustainability criteria in the development of products and applications
- Commitment to “Plastics 2030” and “Operation Clean Sweep” initiatives to prevent leakage of plastics into the environment

LANXESS' Performance Culture creates value for our customers and drives our ideas forward

Valuing customer relations



Business-driven innovation



Motivated employees and performing teams



Maintaining a high level of customer loyalty

- Close customer relationships advance product- and application-oriented innovation
- Retention index (RI or also customer loyalty index)* as central KPI to measure the intensity of the customer loyalty
- Each business unit conducts an anonymous online survey every two years



Innovative products based on customers' needs & expectations

- Electric vehicles: Thermoplastic with high mechanical strength and insulation properties for technical applications e.g. high-voltage batteries in electric vehicles
- Organic preservatives: Unique natural preservative for beverage protection
- Custom manufacturing: Development of customized ingredients for individual customers



At least one female member of the Board of Management by 2022

- LANXESS' success is driven by the personal commitment of each employee against the backdrop of a corporate culture and a clear compass of values
- Initiatives on health, safety, well-being, diversity, flexibility, and appropriate working models
- Comprehensive concepts for employee qualification and training

* Evaluation of different performance criteria, standardized on a scale of 1-100

Corporate Governance embodied in appropriate values, guidelines and organizational structures



LANXESS' Supervisory Board is independent, skilled, and balanced regarding its competences

Independence

All members of the Supervisory Board are independent

Diversity

>30% of the members of the Supervisory Board are women

Competence Profile

Defined competence profile ensures in-depth specialist knowledge and experience in 13 fields:

chemical industry, international management, corporate governance/compliance, strategy, M&A, production, marketing & sale of chemical products, procurement of raw materials, energy & services, HR/codetermination, investor relations, corporate financing, accounting and auditing, risk management and IT/digitalization

The Supervisory Board fulfills currently these goals and completes the competence profile

Attendance

**Individual disclosure of attendance at meetings every year
No member of the Supervisory Board attended fewer than 80% in 2018**

Tenure

No more than three full terms of office (maximum of 15 years)

Age Limit

Supervisory Board members shall not continue to serve after the end of the Stockholders' Meeting following their 80th birthday



With regard to upcoming changes in law, LANXESS will consider and, if necessary, adjust aspects accordingly

LANXESS incentivizes the Board of Management appropriately and with long-term orientation

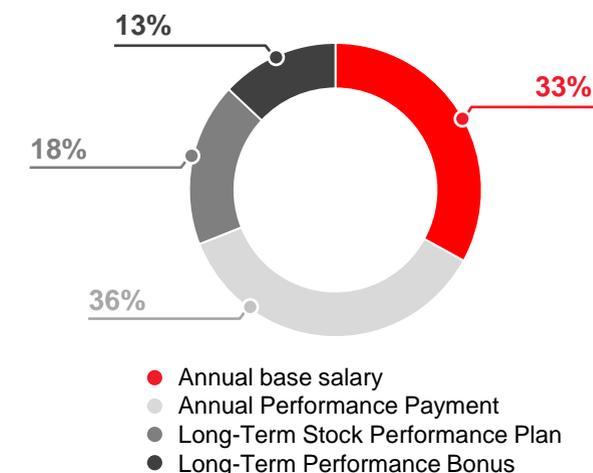
Fix	Annual base salary	Fixed annual base salary Compensation in kind (mainly tax value of perquisites)
------------	---------------------------	--

Variable	Annual Performance Payment (APP)	Based on: Target for EBITDA pre exceptionals Cap: 200% of individual budget Deduction in case of serious safety and/or environmental problems
-----------------	---	---

Long-Term orientation

Variable	Long-Term Performance Bonus (LTPB)¹	Based on: Individual APP target for 3 successive fiscal years Set-up: 45% of fixed annual compensation (Ø APP target attainment of 100%)
-----------------	---	---

Variable	Long-Term Stock Performance Plan (LTSP)²	Based on: LANXESS stock performance vs. MSCI World Chemicals Index ² Set-up: 30% of individual target income (target attainment of 100%) Vesting period: 4 years Until 2017: Personal investment in LXS shares (5% of annual base salary)
		Since 2018: Share performance rights plus Share Ownership Guidelines (investment in LXS shares: CEO 1.5x and board members 1x of base salary)



Further characteristics:

- > Total compensation is **capped**
- > **“Claw-back”** – Right to withhold or reclaim granted variable compensation

¹ Sustainability targets will be incorporated into top management remuneration; Further consideration: LTPB to be altered to assess target attainment in 4 consecutive fiscal years

² LTSP 2014–2017; Dow Jones STOXX 600 ChemicalsSM serves as a reference index for the LTSP 2010–2013

Awards in ratings and indices reflect LANXESS' commitment and its high standards



Our commitment, our effort:



Awards in ratings and indices:



**Member
DJSI World & Europe**



Climascore A



Index member



**EcoVadis
„Gold Recognition Level“**

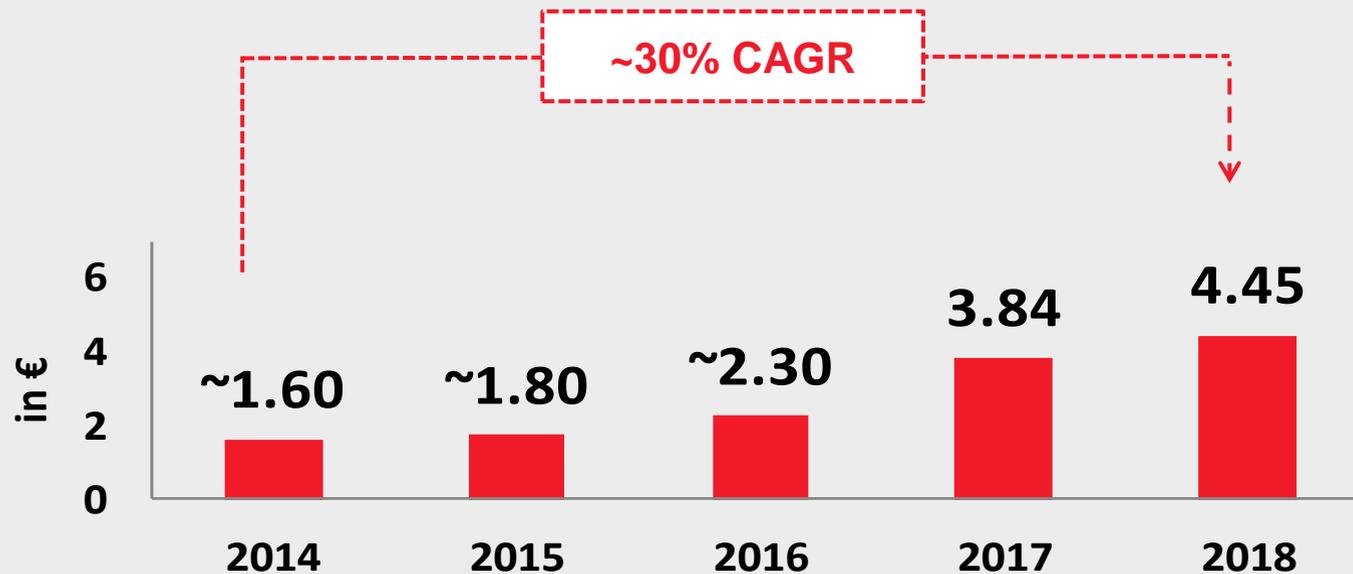


Sustainability targets...

- ...have been incorporated into our **strategic KPIs**
- ...will be incorporated into **top management remuneration**

Successful transformation pays off

Strong EPSpre* growth



Active EPS management:

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

Well positioned - independently from economic environment

On track to deliver 2021 financial targets



Best platform for any economic environment



Growing profitability and sustainable resilience



LANXESS

Energizing Chemistry

Housekeeping items

Capex 2019	~€500 m
Operational D&A 2019	~€450 m
Reconciliation 2019	~€150 m - €160 m including remnant costs
Tax rate	2019: ~30% 2020: ~28%
Exceptionals 2019	Up to €100 m including announced portfolio measures
FX sensitivity	One cent change of USD/EUR resulting in ~€7 m EBITDA pre impact before hedging
Remnant costs	ARLANXEO: ~€8 m in 2019 ~€10 m in 2020 Organometallics: ~€3 m until 2022

Key Figures: Delivering as promised

Q1

Q2

Q3

Q4

Q1

H1

9M

FY



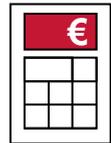
€1,781 m
Sales

0%



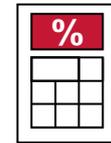
€255 m
Operating Cash
Flow

+15%



€267 m
EBITDA pre

-3.6%

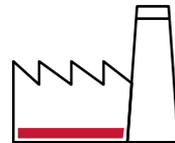


15.0%
EBITDA pre
Margin



1.21
EPS pre

-1.6%



€121 m
CAPEX



€5,413 m
Sales

0%



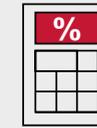
€369 m
Operating Cash
Flow

+29%



€828 m
EBITDA pre

-1%

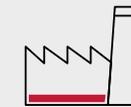


15.3%
EBITDA pre
Margin



4.01
EPS pre

+4%



€305 m
CAPEX

9M 2019: Stable on strong previous year level

[€ m]	9M 2018*		9M 2019		yoy in %
Sales	5,431	(100%)	5,413	(100%)	0%
Cost of sales	-3,982	(-73%)	-3,979	(-74%)	0%
Selling	-613	(-11%)	-658	(-12%)	-7%
G&A	-218	(-4%)	-203	(-4%)	7%
R&D	-88	(-2%)	-90	(-2%)	-2%
EBIT	459	(8%)	399	(7%)	-13%
Net Income	258	(5%)	253	(5%)	-2%
EPS pre**	3.84		4.01		4%
EBITDA	769	(14%)	755	(14%)	-2%
thereof except.	-68	(-1%)	-73	(-1%)	7%
EBITDA pre except.	837	(15.4%)	828	(15.3%)	-1%

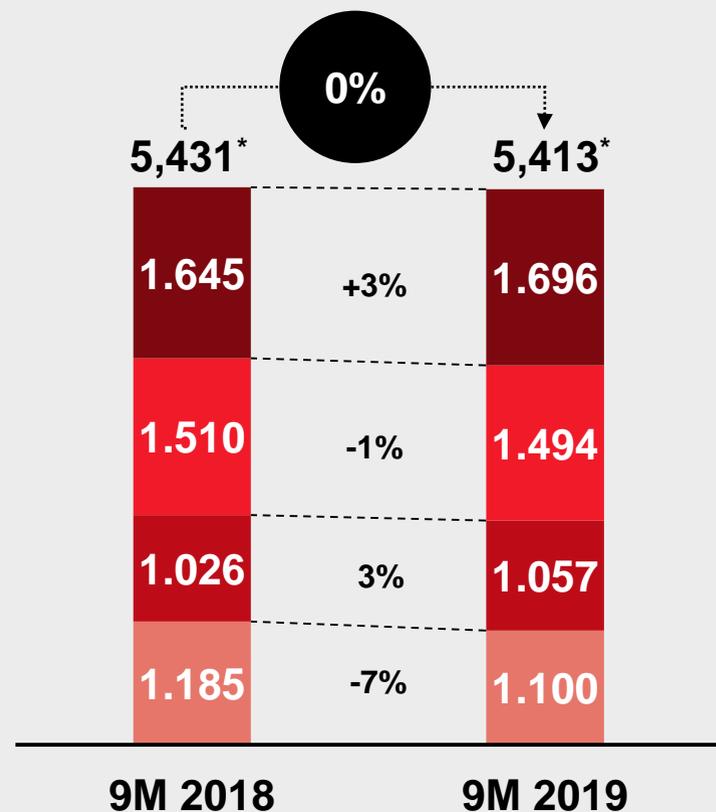
- Increase in selling expenses driven by higher freight costs and FX
- Result declines on lower utilization, mitigated by better financial result
- EPS pre increase supported by share buyback

* 2018 applies to continuing operations

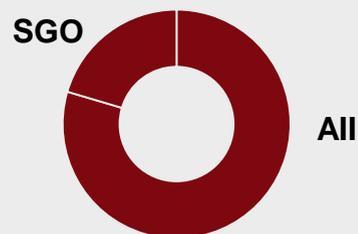
** Net of exceptionals and amortization of intangible assets as well as attributable tax effects

9M 2019: Balanced portfolio compensates for lower demand from auto industry

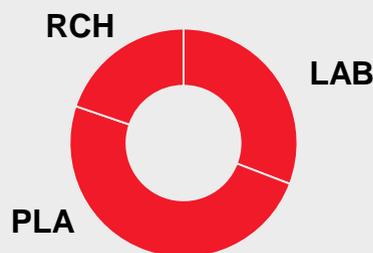
Sales [€ m]



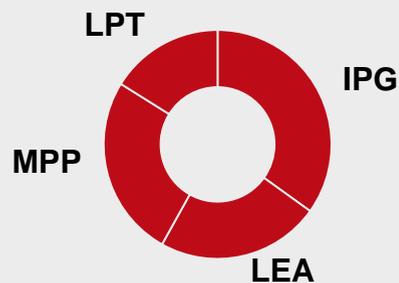
Advanced Intermediates



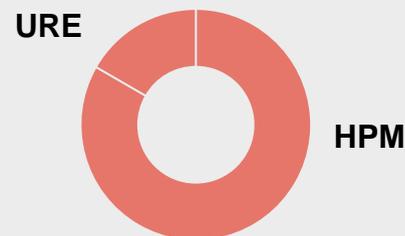
Specialty Additives



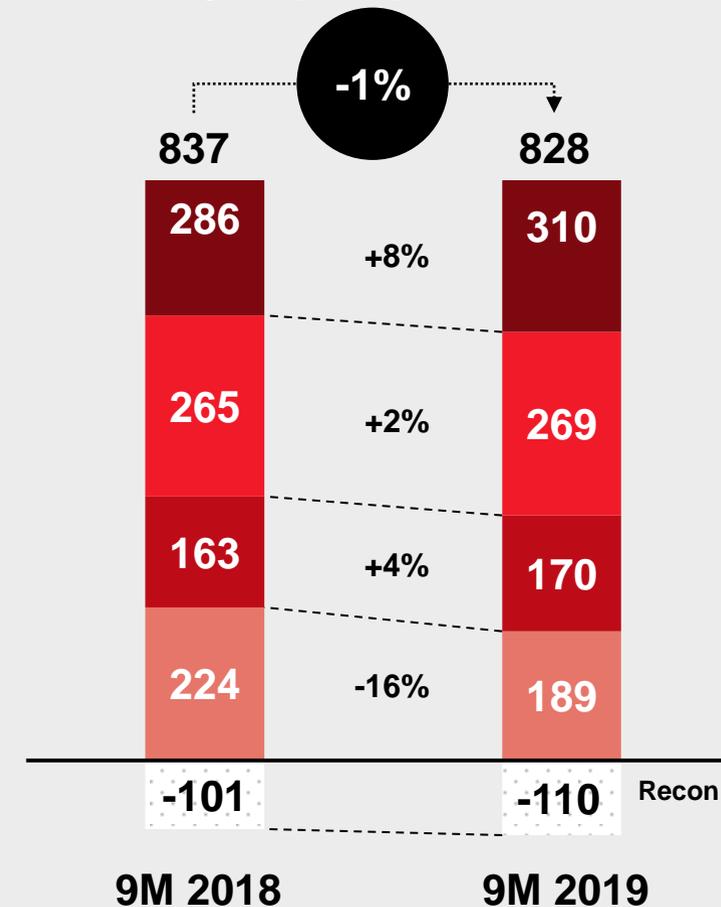
Performance Chemicals



Engineering Materials



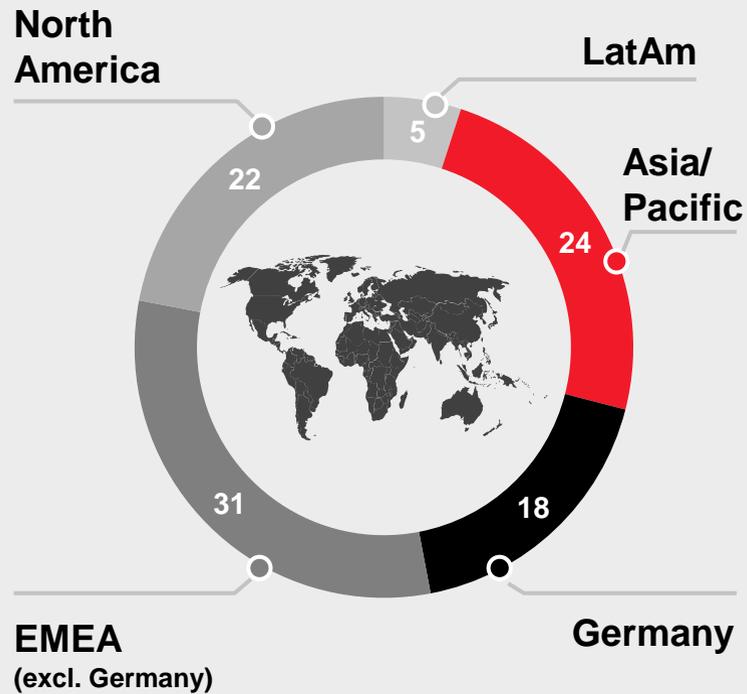
EBITDA pre [€ m]



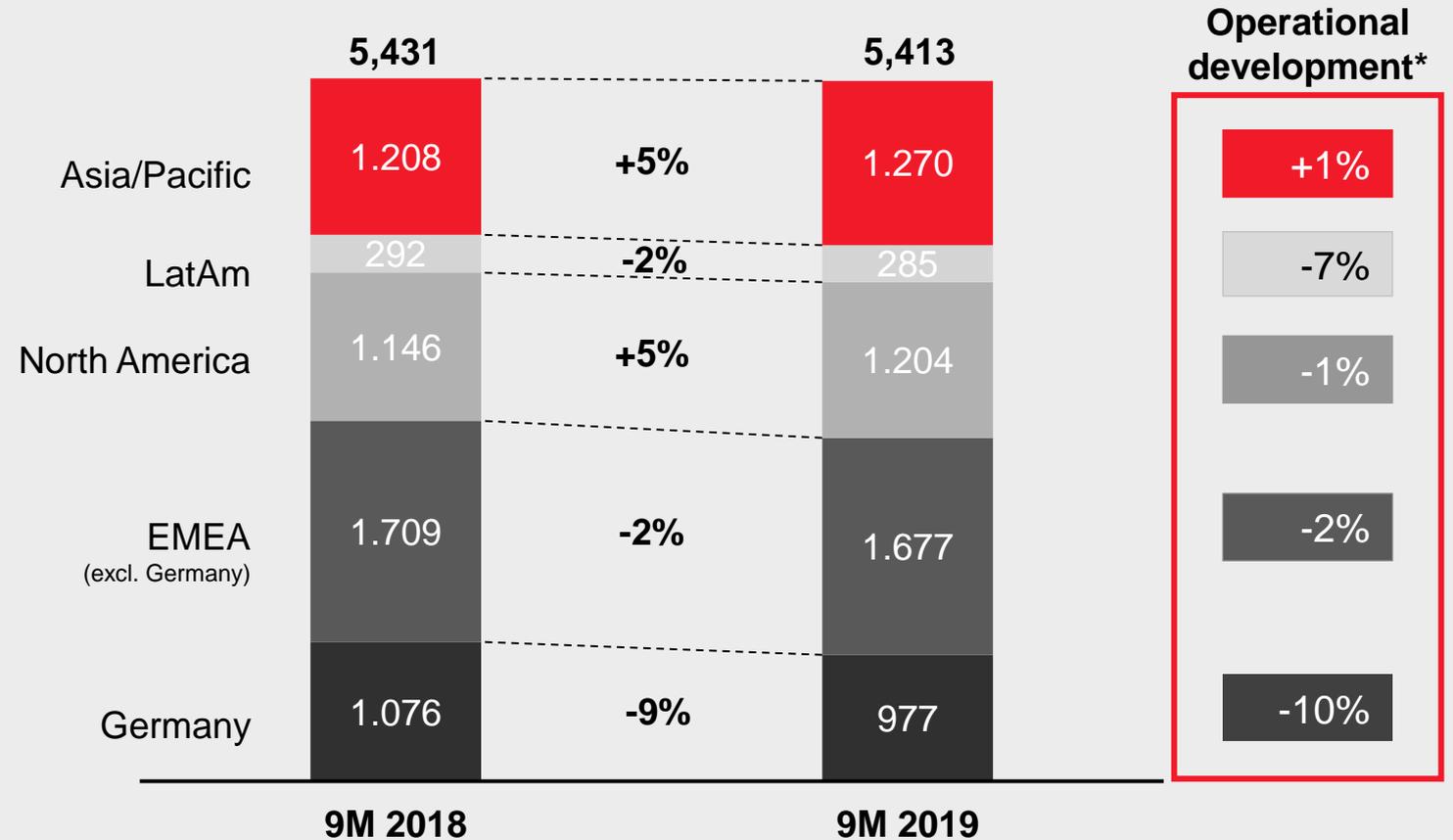
* Total group sales including reconciliation

9M 2019: Solid growth in Asia and North America supported by FX tailwind

9M 2019 sales by region [%]



Regional development of sales [€ m]



* Currency and portfolio adjusted

Cash flow 9M 2019: Higher operating cash flow due to improved working capital

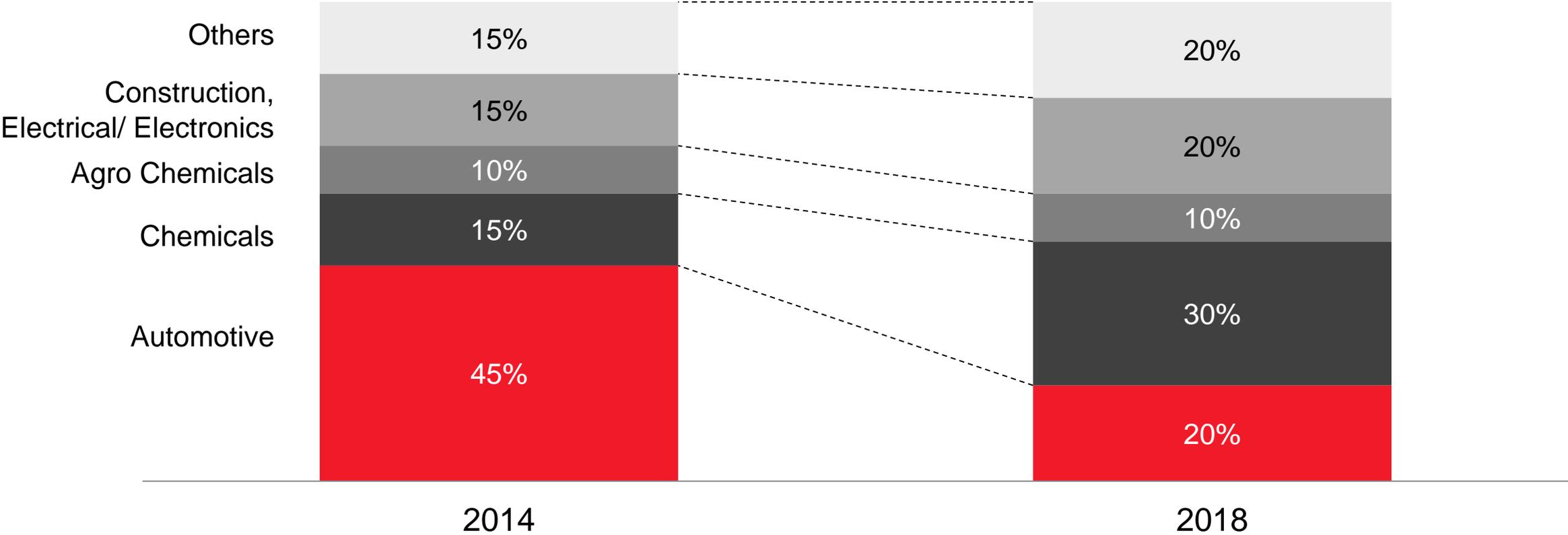
[€ m]	9M 2018*	9M 2019	Δ
Operating cash flow	287	369	82
Changes in working capital	-282	-154	128
Investing cash flow	-308	-435	-127
thereof capex	-257	-305	-48

- Increase in operating cash flow driven by:
 - Improvement in changes in working capital, reflecting lower increase in inventories and reduced receivables
- Capex increase driven by attractive debottlenecking investments

* 2018 applies to continuing operations

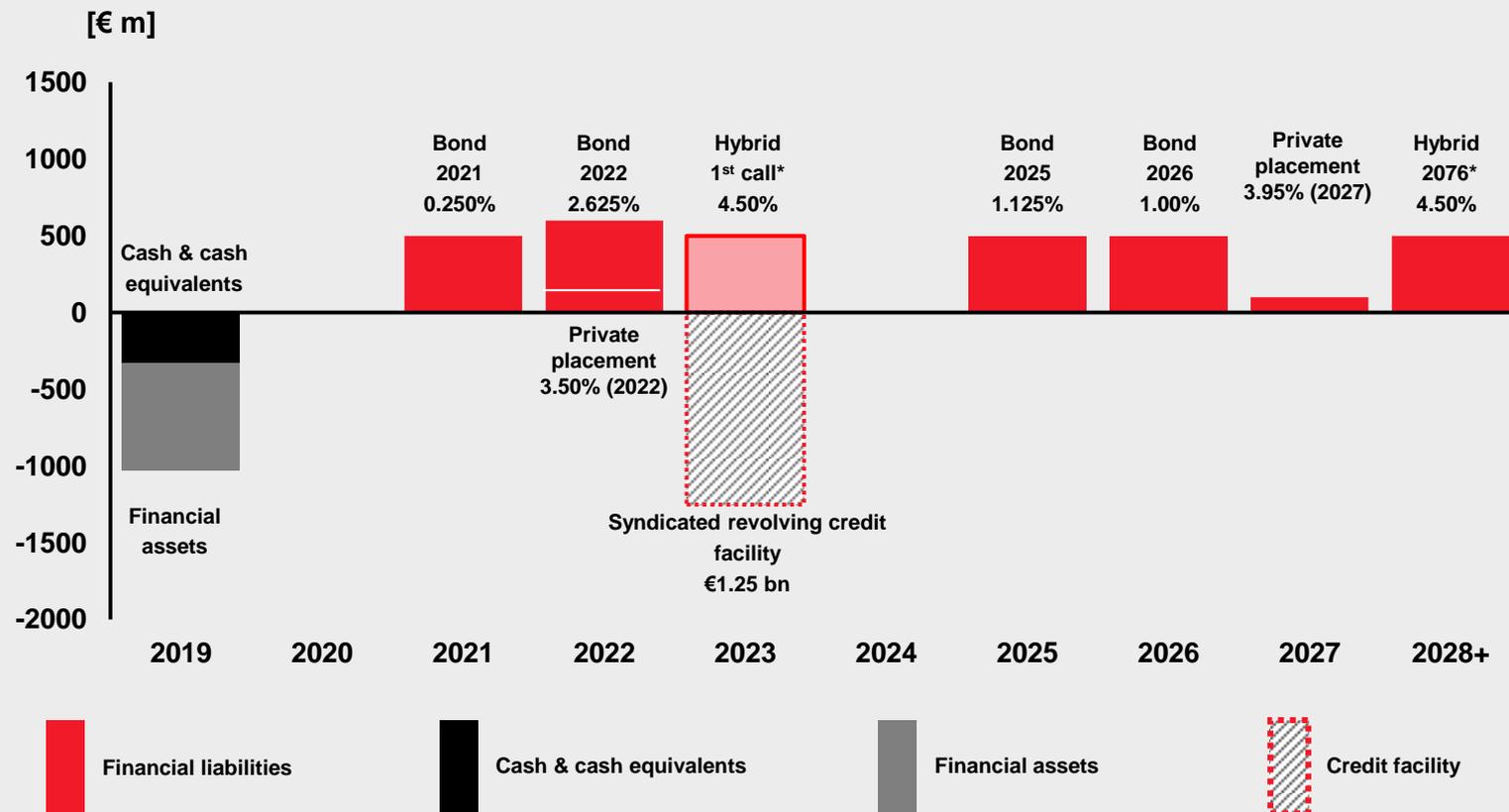
More diversified and resilient end market exposure

End market split by sales



Maturity profile actively managed and well balanced

Liquidity and maturity profile as per September 2019

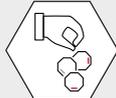


Long-term financing secured

- Diversified financing sources
 - Bonds & private placements
 - Syndicated credit facility
- Average interest rate of financial liabilities ~2%
- Next bond maturity in 2021
- All group financing executed without financial covenants

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

Increase in exceptional items (on EBIT) due to higher project and realignment costs

[€ m]	Q3 2018		Q3 2019		9M 2018		9M 2019	
	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A
 Advanced Intermediates	0	0	0	0	0	0	0	0
 Specialty Additives	7	-1	5	0	9	-1	11	2
 Performance Chemicals	0	0	1	0	1	0	6	0
 Engineering Materials	0	0	0	0	1	1	0	0
Reconciliation	18	0	23	0	57	0	59	1
Total	25	-1	29	0	68	0	76	3

Contact details Investor Relations



Oliver Stratmann
Head of Treasury & Investor Relations

Tel.: +49-221 8885 9611
Fax.: +49-221 8885 5400
Mobile: +49-175 30 49611
Email: Oliver.Stratmann@lanxess.com



Katharina Forster
Institutional Investors / Analysts / AGM

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



André Simon
Head of Investor Relations

Tel.: +49-221 8885 3494
Mobile: +49-175 30 23494
Email: Andre.Simon@lanxess.com



Eva Frerker
Institutional Investors / Analysts

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



Laura Stankowski
Investor Relations Assistant

Tel.: +49-221 8885 3262
Fax.: +49-221 8885 4944
Email: Laura.Stankowski@lanxess.com



Jens Ussler
Institutional Investors / Analysts

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

Visit the IR
website



Abbreviations



Advanced Intermediates

AI	Advanced Industrial Intermediates
SGO	Saltigo



Performance Chemicals

IPG	Inorganic Pigments
LEA	Leather
MPP	Material Protection Products
LPT	Liquid Purification Technologies



Specialty Additives

LAB	Lubricant Additives Business
PLA	Polymer Additives
RCH	Rhein Chemie



Engineering Materials

HPM	High Performance Materials
URE	Urethane Systems