



LANXESS – Energizing Chemistry

Business Profile 2017

Investor Relations, March 2017


LANXESS
Energizing Chemistry

Safe harbor statement

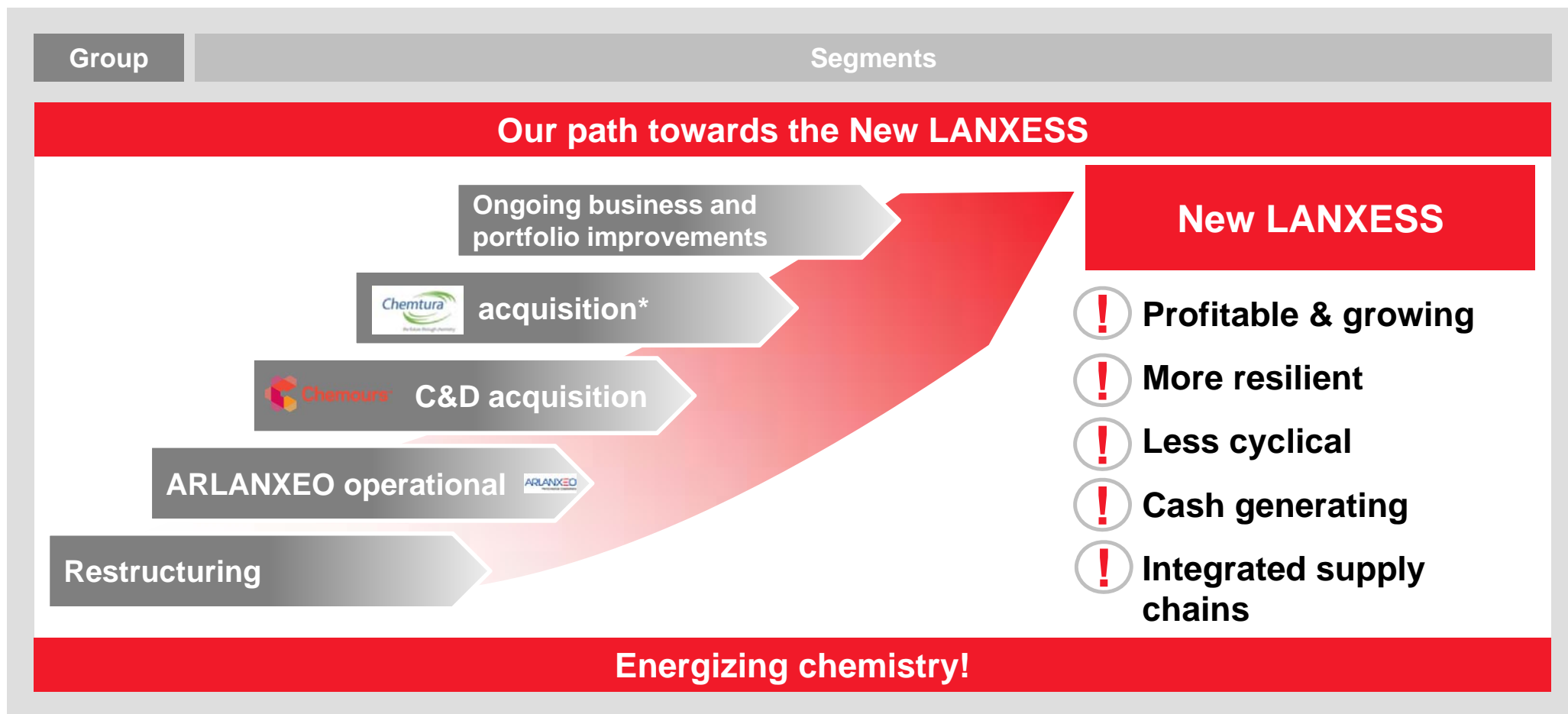
The information included in this presentation is being provided for informational purposes only and does not constitute an offer to sell, or a solicitation of an offer to purchase, securities of LANXESS AG. No public market exists for the securities of LANXESS AG in the United States.

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.

The “New LANXESS” – an attractive investment

Group	Segments	
Clear strategic focus	<ul style="list-style-type: none">▪ Growing our businesses in mid-sized markets with focus on resilience and cash generation▪ Focus on businesses that are less dependent on raw materials	
Strong foundation	<ul style="list-style-type: none">▪ Leading market positions▪ High technical standards and unique expertise▪ A dynamic team with a performance culture driving entrepreneurship	
Delivering quality	<ul style="list-style-type: none">▪ A high level of quality: products, processes, businesses and employees	
Targeting reduced volatility of 2-3% pts of EBITDA margin (peak to trough)		

On track to change the company into the New LANXESS







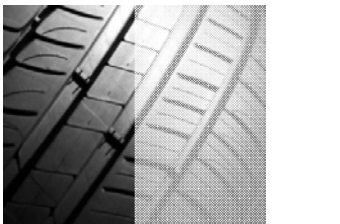
* Closing expected mid-2017

LANXESS to acquire Chemtura – building a major, global additives player

Group	Segments
Acquisition	<p>Agreed acquisition of Chemtura, a US-based specialty chemical company and a major player in the field of additives</p> <p>All cash consideration of USD 33.50 per share</p>
Rationale	<p>Establishing a major global additives player, improving business risk profile</p> <ul style="list-style-type: none"> ▪ Complementary additive businesses with significant synergies (~€100 m) ▪ Stronger global presence and end-market diversification
Financial valuation	<p>Enterprise value: ~€2.4 bn*</p> <p>EV/EBITDA including synergies: ~7x</p> <p>Financing: €1.5 bn of hybrid and senior bonds placed with avg. coupon of 1.9%</p> <p>Fast deleveraging expected after closing through strong free cash flow</p>
Timing & milestones	<p>Approval of Chemtura shareholders on February 1, 2017</p> <p>Closing anticipated mid 2017; Subject to regulatory clearances</p>

* FX: 1.10 USD/EUR






Future reporting structure: A more diversified and balanced portfolio post Chemtura integration

Group	Segments				
Well balanced business set-up					
Sales [€]	~2.0 bn Advanced Intermediates 	~2.0 bn Specialty Additives** 	~1.5 bn Engineering Materials** 	~1.5 bn Performance Chemicals 	~3 bn ARLANXEO* joint venture for synthetic rubber 
Key strategic rationale	Building a global and resilient intermediates player	Creating a major, global additives business	Building an integrated engineering plastics player	Building a specialty division	Market leading in production and marketing of synthetic rubber

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

** Future reporting structure after closing of Chemtura acquisition; Engineering Materials is currently reported as High Performance Materials

Strong portfolio and transformation has just started

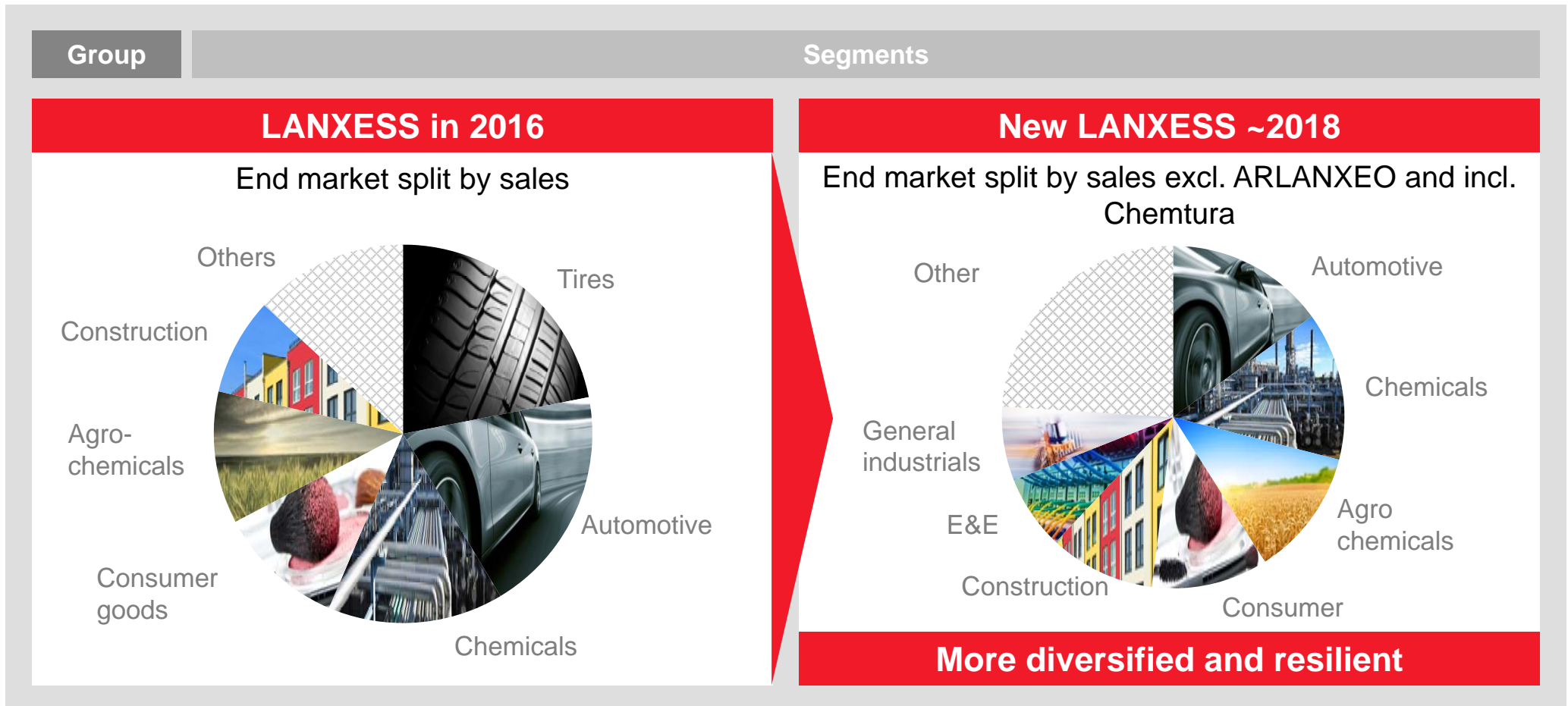
Group	Segments	
	Advanced Intermediates	Advanced Industrial Intermediates Saltigo
	Specialty Additives*	Additives Rhein Chemie
	Engineering Materials*	High Performance Materials Urethane Systems*
	Performance Chemicals	Inorganic Pigments Leather Material Protection Products Liquid Purification Technologies
	ARLANXEO**	Tire & Specialty Rubbers High Performance Elastomers

- First steps to optimize portfolio have been initiated in several of LANXESS' business units
- Strategic direction for further portfolio optimization has been clearly defined and communicated

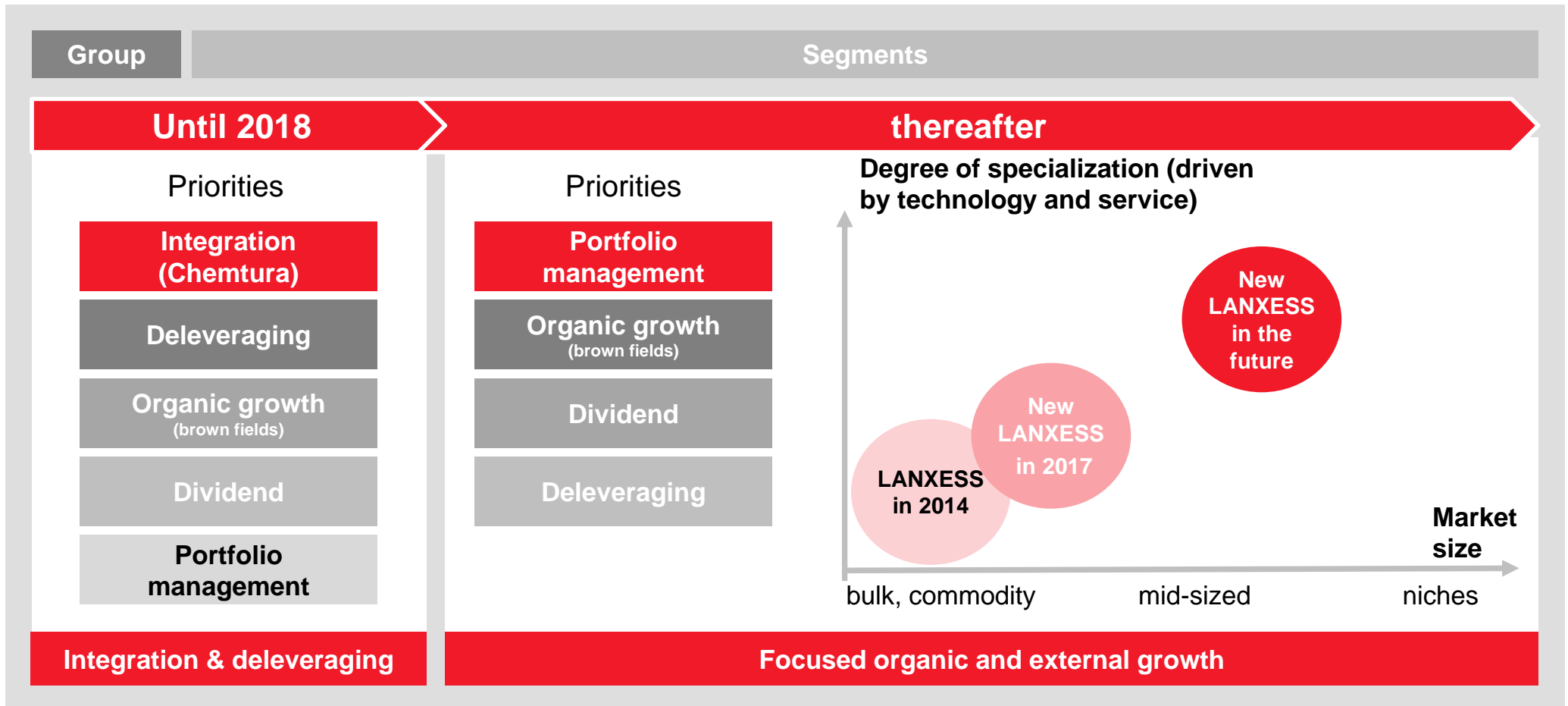
Ongoing implementation

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

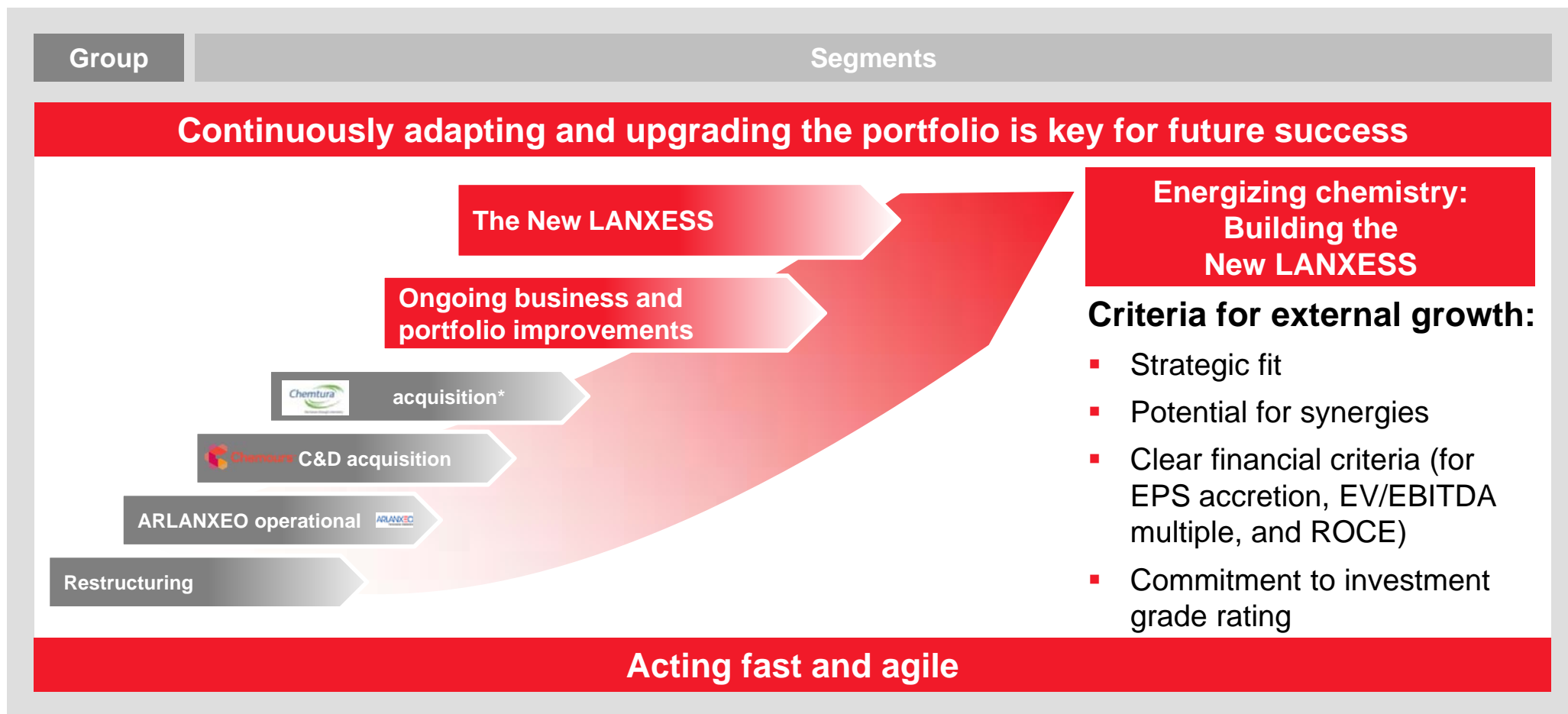
New LANXESS: well diversified



Progressing very focused with clear priorities regarding capital allocation

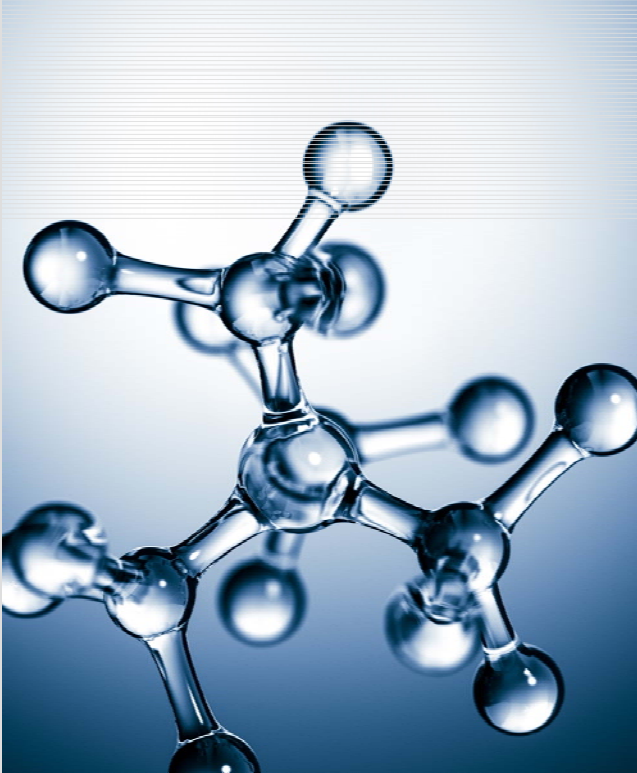


The LANXESS journey will continue








* Closing expected mid 2017

Building on our core strength

Group	Segments
New LANXESS with strong foundation	
Clear and prudent criteria for growth	
Attractive organic and inorganic growth opportunities	
Building a more resilient and cash generating company	

Corporate Responsibility well integrated - achieving goals sustainably

Group	Segments			
Climate/Environmental goals	Procurement initiatives			
<ul style="list-style-type: none"> Reduction of specific CO₂ emission by 25%¹ until 2025 Reduction of specific energy consumptions by 25%¹ until 2025 Reduction of volatile organic compounds (NMVOC³) emissions by 25%¹ until 2025 	<ul style="list-style-type: none"> 'Supplier Code of Conduct' for supplier selection and rating 'Together for Sustainability' initiative** for higher transparency in the supply chain (implementation of a global auditing program) 			
Safety goals	Society initiatives			
<ul style="list-style-type: none"> Xact: Global safety program to improve occupational, process and plant safety (since 2011) Global management system for optimization of transportation of (dangerous) goods 	<ul style="list-style-type: none"> Global board initiative 'Diversity & Inclusion': raising the proportion of women in management to 20% by 2020 Leverage water know-how: support of AMREF⁴ Education initiatives with local and global commitment 			
				

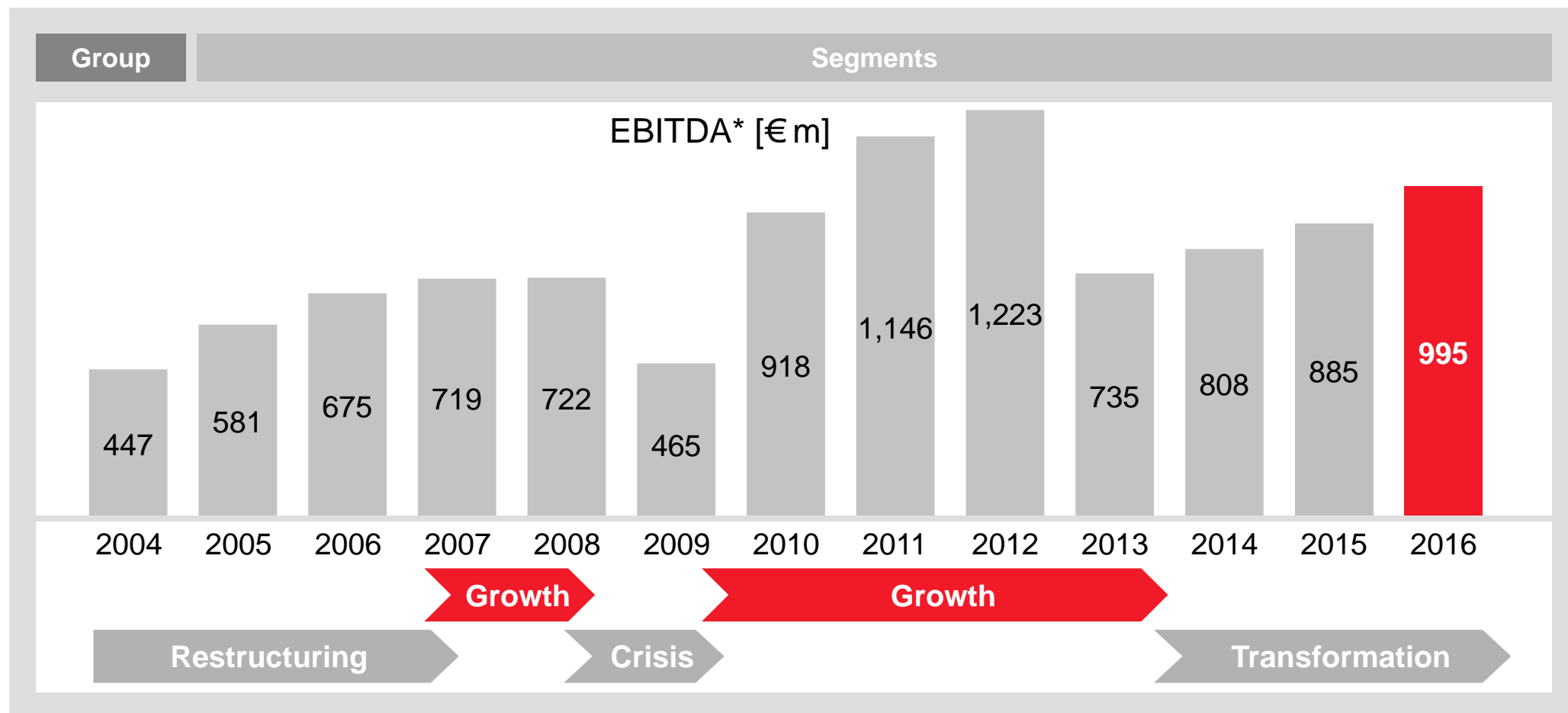


¹ Base year: 2015; for CO₂: Scope 1 and Scope 2 emissions

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

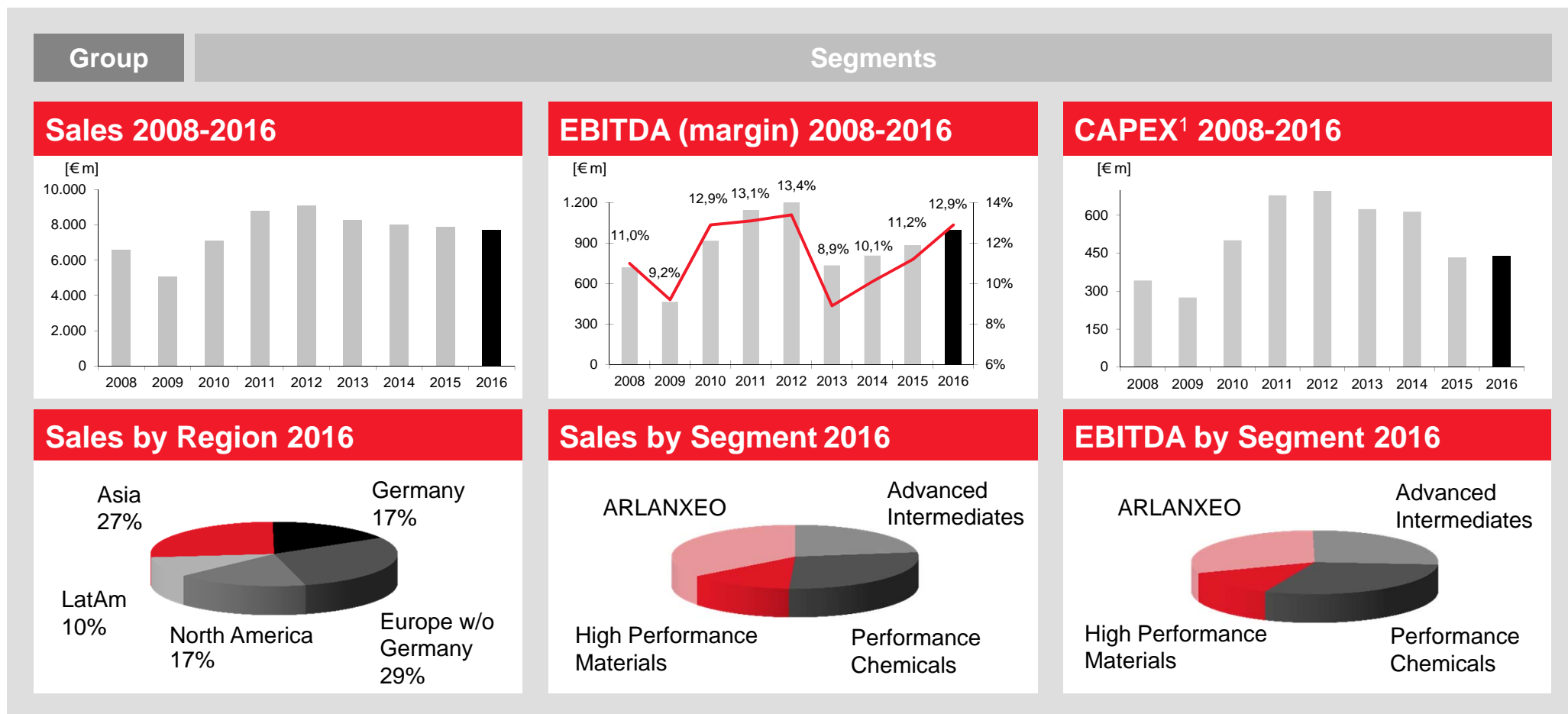
³ Non methane volatile organic compounds; ⁴ African Medical and Research Foundation

LANXESS – successful transformation and profitable growth



* Pre exceptionals
2012 restated due to IAS 19 (revised)

FY 2016: A successful year – transformation gains traction



All references to EBITDA are pre exceptional;

¹ Net of capitalized borrowing cost, projects financed by customers and finance lease

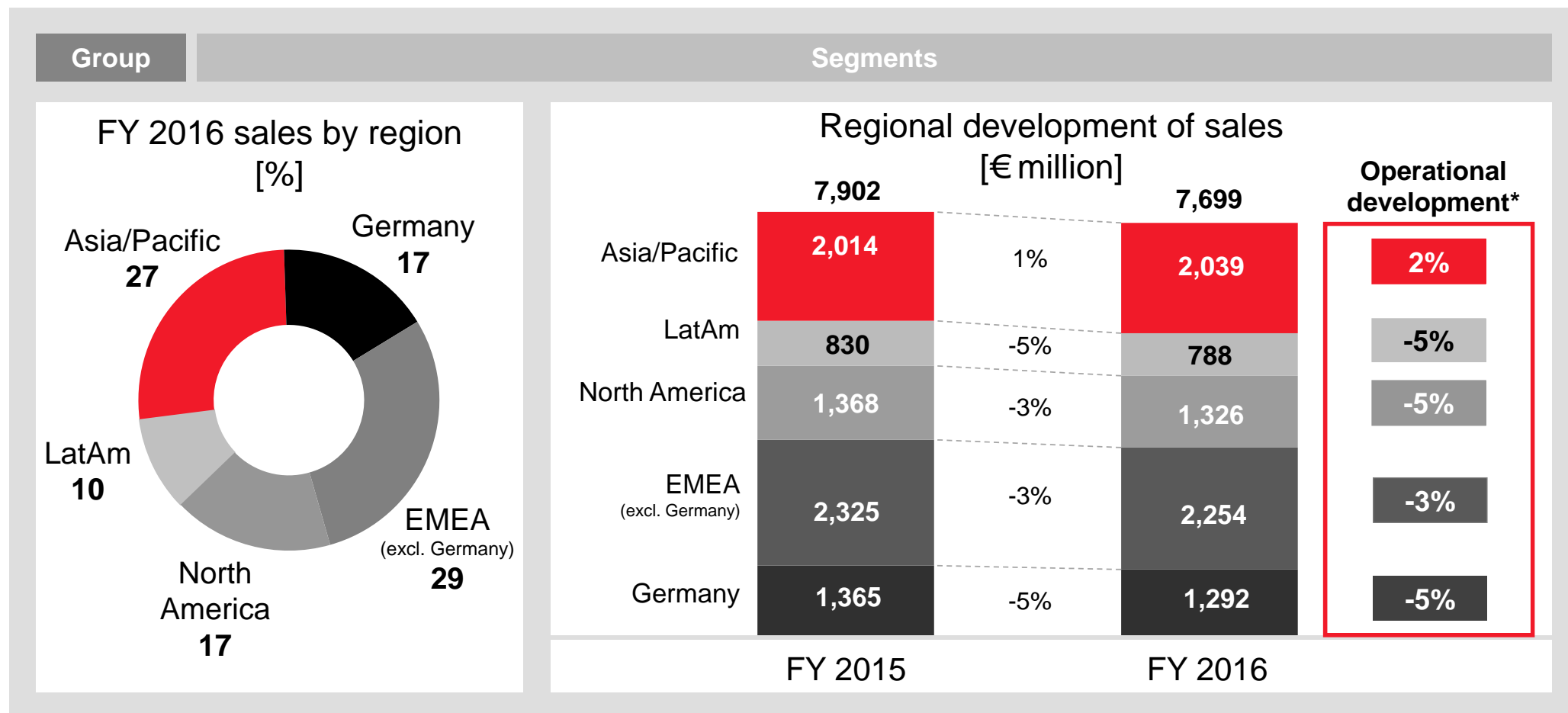
KPIs are improving again

Group	Segments									
In €m	2004	...	2009	2010	2011	2012	2013	2014	2015	2016
EBITDA ¹	447	...	465	918	1,146	1,223	735	808	885	995
Net financial debt	1,135	...	794	913	1,515	1,483	1,731	1,336	1,211	269
Net fin. debt / EBITDA ¹	2.5x	...	1.7x	1.0x	1.3x	1.2x	2.4x	1.7x	1.4x	0.3x
Gearing	101%	...	55%	52%	73%	64%	91%	62%	52%	7%
EPS pre [in €] ²		...				6.44	1.73	2.22	2.03	2.69

¹ Pre exceptionals

² net of exceptionals and amortization of intangible assets as well as attributable tax effects

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



* Currency and portfolio adjusted

The Advanced Intermediates segment comprises our businesses of intermediates and fine chemicals

Group

Advanced Intermediates

Performance Chemicals

High Perf. Materials

ARLANXEO

Advanced Industrial Intermediates



- One of the world's leading manufacturers of high-quality industrial intermediates such as benzene- and toluene-derivatives, amines, polyols, and inorganics
- Competitiveness through an integrated production network; resilient business through broad diversification across markets and industries
- Competitors*: BASF, Ineos, Perstorp

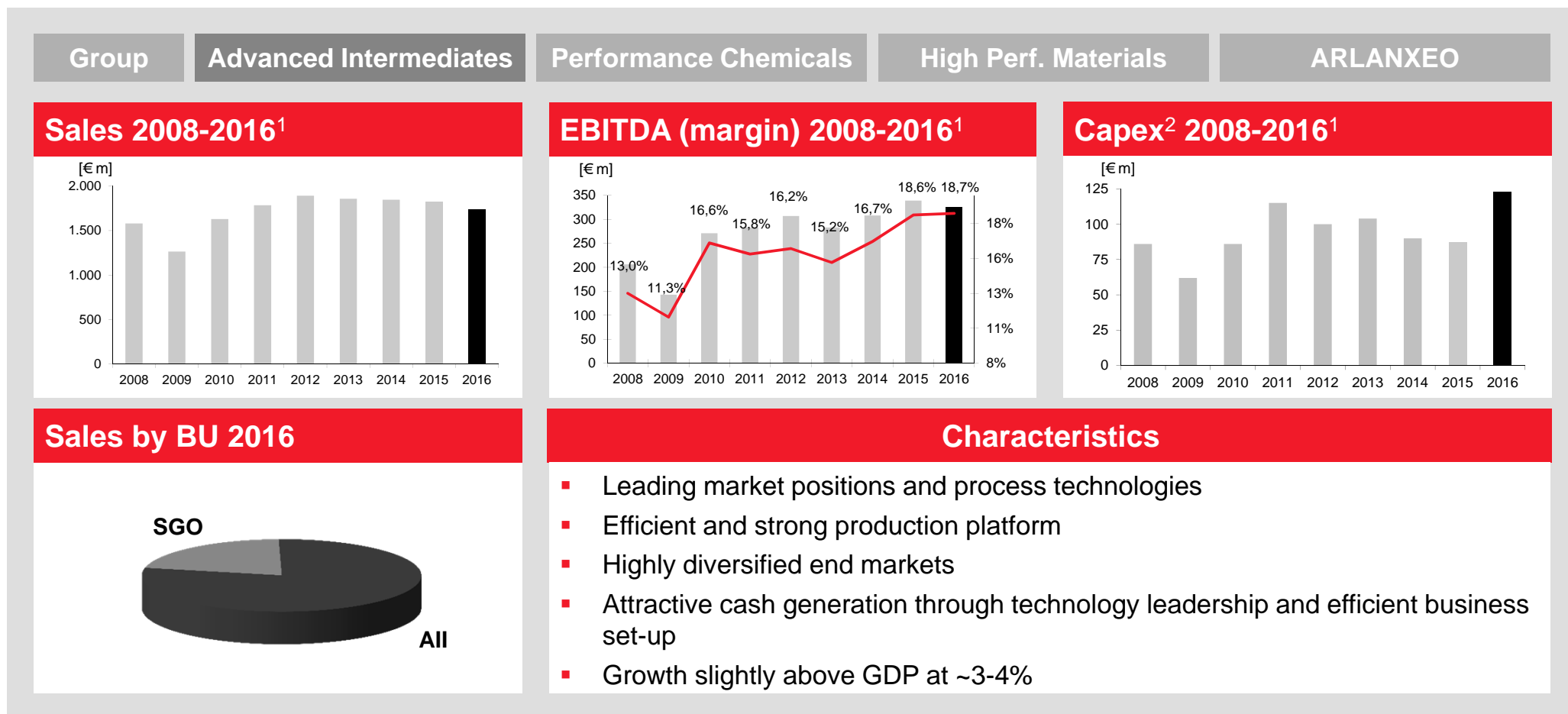
Saltigo



- A leading supplier in the custom synthesis market, providing state of the art technologies and services to the agrochemicals and specialty chemicals industries
- Growth driven by strong foothold in agrochemical industry
- Competitors*: DSM, Lonza

* Selected competitors

Advanced Intermediates – Intermediates form a very cost efficient production platform



All references to EBITDA are pre exceptionals

¹ Operating segments; pro forma restatements with new BU structure as of Jan 1st 2016

² Net of capitalized borrowing cost, projects financed by customers and finance lease

Performance Chemicals: Production of application-focused chemicals for a wide range of industries (1/2)

Group

Advanced Intermediates

Performance Chemicals

High Perf. Materials

ARLANXEO

Rhein Chemie Additives



- Solution provider for additives in rubber, plastics, construction, colorants and lubricant applications
- Competitors*: BASF, Clariant, DOG, Evonik, Lubrizol




Inorganic Pigments



- A leading global supplier of inorganic pigments for the coloring of construction materials, coatings, plastics and for technical applications
- Competitors*: Huntsman

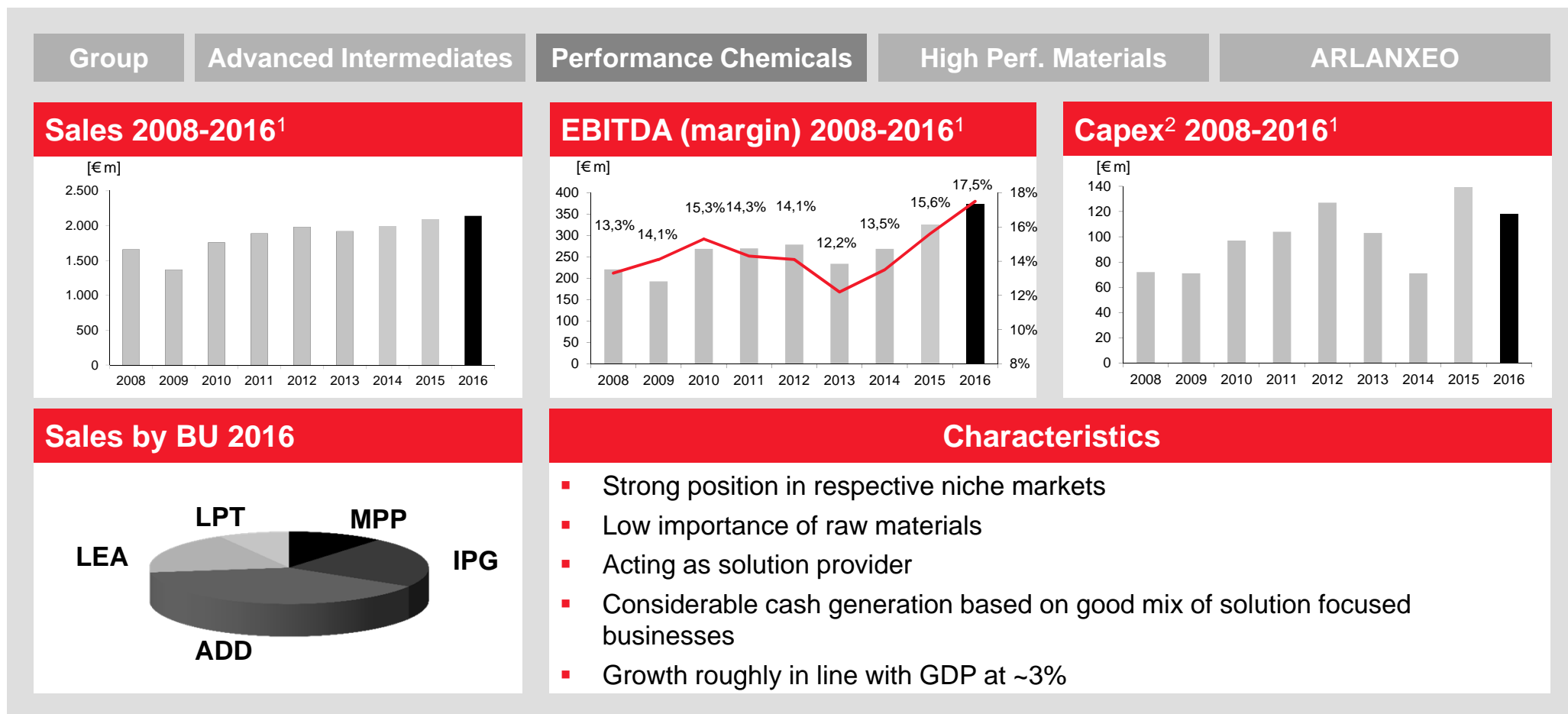
* Selected competitors

Performance Chemicals: Production of application-focused chemicals for a wide range of industries (2/2)

Group	Advanced Intermediates	Performance Chemicals	High Perf. Materials	ARLANXEO
Material Protection Products		Leather		Liquid Purification Technologies
				
<ul style="list-style-type: none">▪ Wide range of microbial control products for construction and paints, beverages, industrial use and wood protection▪ Competitors*: Dow, Lonza		<ul style="list-style-type: none">▪ Supplier with a complete range of products for leather processing (tanning agents, preservatives, finishing auxiliaries, dye products)▪ Competitors*: BASF, Stahl		<ul style="list-style-type: none">▪ One of the leading global producers of ion exchange resins, adsorbers, functional polymers and reverse osmosis membranes for the treatment and purification of water and other liquids▪ Competitors*: DOW, Mitsubishi

* Selected competitors

Performance Chemicals – Solution and service provider adding functionality, color or processability to products



All references to EBITDA are pre exceptionals;

¹ Operating segments; pro forma restatements with new BU structure as of Jan 1st 2016

² Net of capitalized borrowing cost, projects financed by customers and finance lease

High Performance Materials: Leading supplier of high-tech plastics with global production network

Group

Advanced Intermediates

Performance Chemicals

High Perf. Materials

ARLANXEO

High Performance Materials



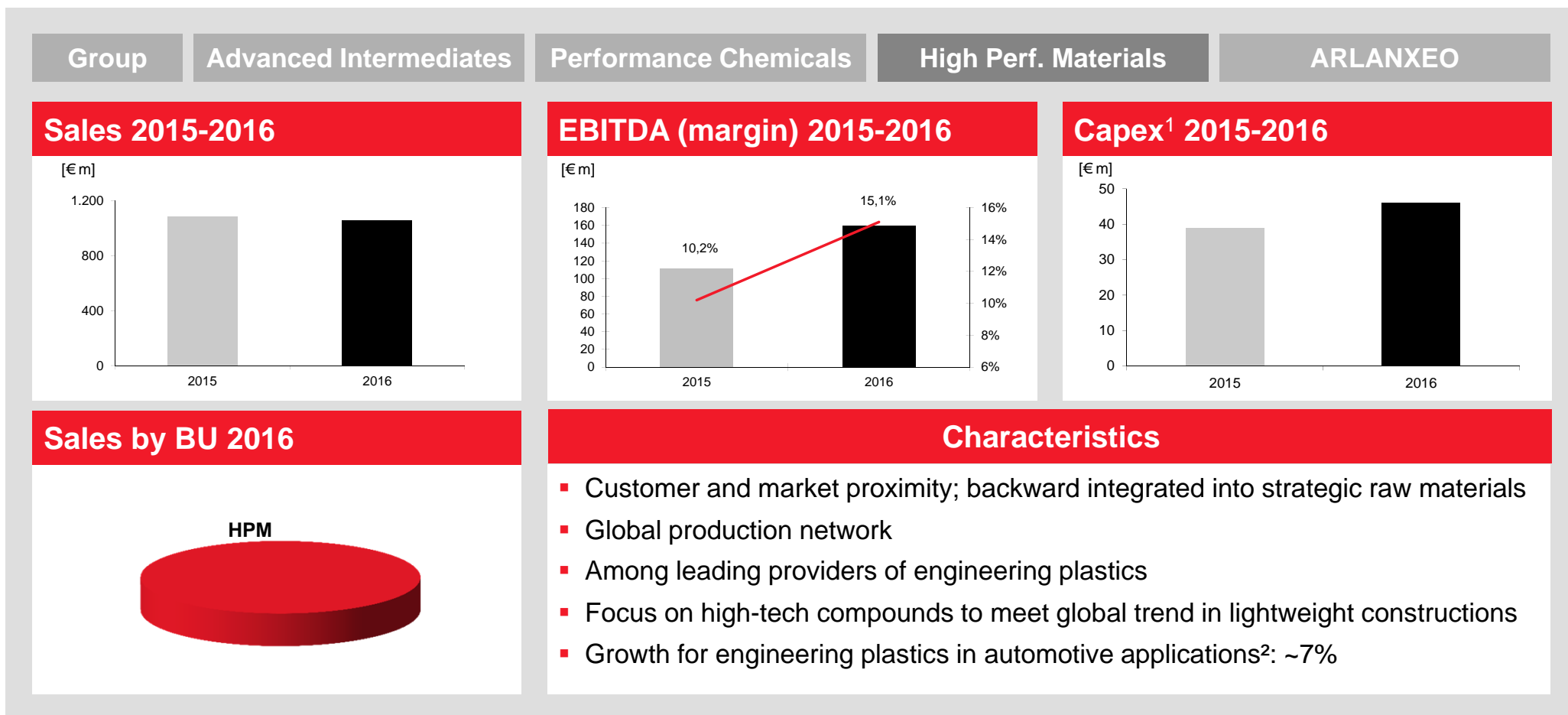
- One of the leading providers of a wide range of engineering plastic compounds for the automotive, electrical & electronic and other industries,
- Strongly benefitting from the trend of replacing metal in structural automotive parts
- Competitors*: BASF, DSM, DuPont



* Selected competitors

High Performance Materials will in future be renamed to Engineering Materials; HPM has been reported as a separate segment since Q2 2016 and was reported within the Performance Polymer segment before

High Performance Materials: Leading supplier of light-weight solutions with integrated engineering capability



All references to EBITDA are pre exceptionals;

¹ Net of capitalized borrowing cost, projects financed by customers and finance lease

² Source: AMI Plastics, IHS Chemicals, LMC Automotive, PCI Nylon, Plastics Europe, LANXESS volume estimates / demand growth through substitution (from metal to plastics in cars)

LANXESS

ARLANXEO: Global and leading producer of high quality synthetic rubbers

Group

Advanced Intermediates

Performance Chemicals

High Perf. Materials

ARLANXEO

Tire & Specialty Rubbers



High Performance Elastomers



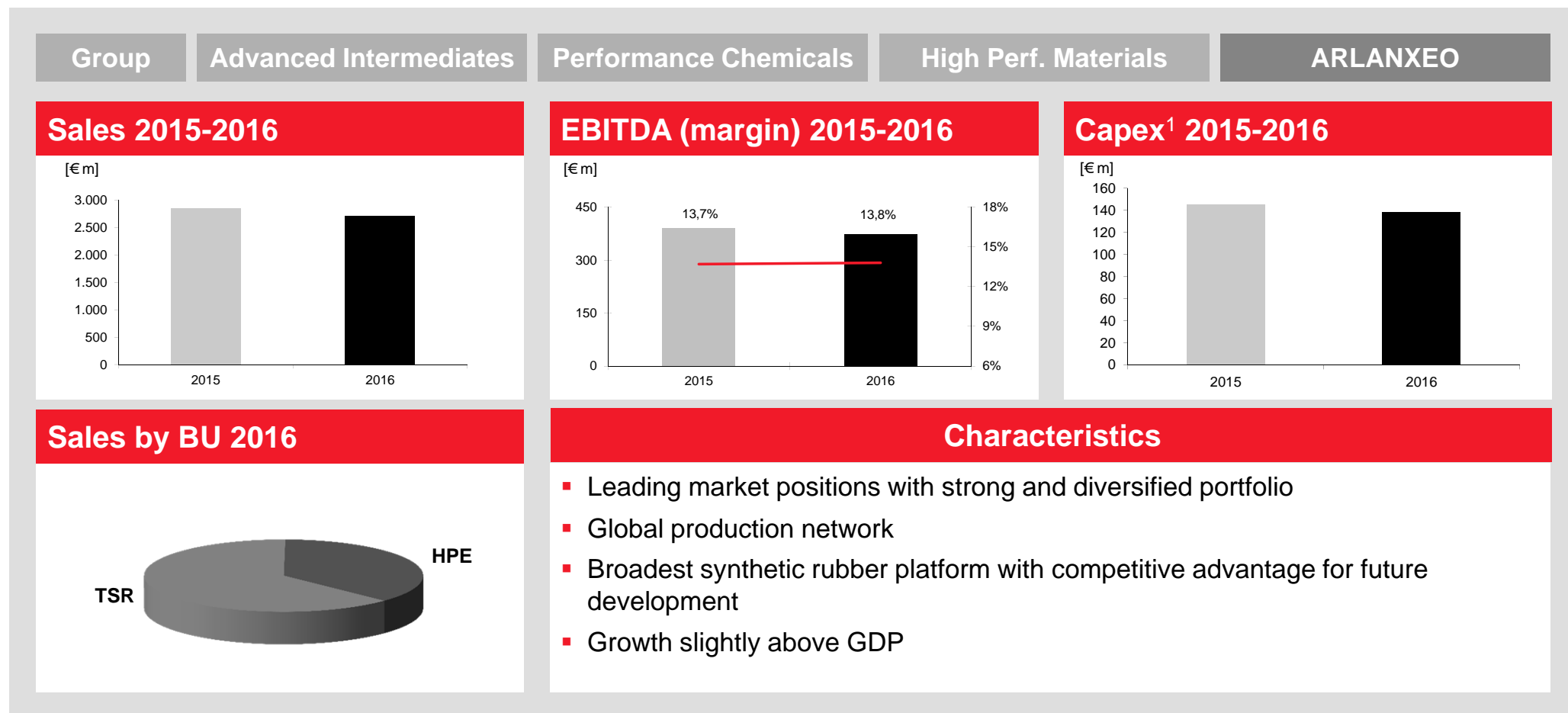
- A leading manufacturer of high quality synthetic rubbers which are primarily used in inner liners, treads and sidewalls of modern, fuel-efficient tires as well as non-tire applications
- Competitors*: Exxon, JSR, NKNK, Sibur, Synthos

- A leading global supplier of synthetic rubbers for a wide range of technical applications (e.g. seals, hoses, profiles, cable sheathing, special films and adhesives)
- Competitors*: Denki, Dow, Exxon, Kumho, Versalis

* Selected competitors

As of Q2 2016 the BUs TSR and HPE formed ARLANXEO; They were reported in the Performance Polymer segment before

ARLANXEO: Newly formed joint venture for synthetic rubber between Saudi Aramco and LANXESS



All references to EBITDA are pre exceptionals;

¹ Net of capitalized borrowing cost, projects financed by customers and finance lease

25 As of Q2 2016 the BUs TSR and HPE formed ARLANXEO; They were reported in the Performance Polymer segment before

LANXESS

Abbreviations

Advanced Intermediates

- All Advanced Industrial Intermediates
- SGO Saltigo

Performance Chemicals

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

Specialty Additives*

- ADD Additives*
- RCH Rhein Chemie

High Performance Materials (in future: Engineering Materials)

- HPM High Performance Materials
- URE Urethane Systems*

ARLANXEO**

- TSR Tire & Specialty Rubbers
- HPE High Performance Elastomers

* Future reporting structure after closing of Chemtura acquisition; acquisition is subject to approval of relevant authorities

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

Contact details Investor Relations

Oliver Stratmann

Head of Treasury & Investor Relations

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



Annika Klaus

Assistant to Oliver Stratmann

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



LANXESS IR website



Ulrike Rockel

Head of Investor Relations

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



Katharina Forster

Institutional Investors / Analysts / AGM

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



Jens Ussler

Institutional Investors / Analysts

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



Thorsten Zimmermann

Institutional Investors / Analysts

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

