Quarterly Statement as of

March 31, 2017

QUALITY WORKS.

2017

LANXESS
Energizing Chemistry

LANXESS Group Key Data

€ million	Q1 2016	Q1 2017	Change %
Sales	1,920	2,401	25.1
Gross profit	461	546	18.4
Gross profit margin	24.0%	22.7%	
EBITDA pre exceptionals[1]	262	328	25.2
EBITDA margin pre exceptionals[1]	13.6%	13.7%	
EBITDA[1]	251	316	25.9
Operating result (EBIT) pre exceptionals[1]	142	204	43.7
EBIT[1]	131	192	46.6
EBIT margin[1]	6.8%	8.0%	
Net income	53	78	47.2
Earnings per share (€)	0.58	0.85	47.2
Earnings per share adjusted for exceptional items and amortization of intangible assets (€)[2]	0.73	1.01	38.4
Cash flow from operating activities	48	10	(79.2)
Depreciation and amortization	120	124[7]	3.3
Cash outflows for capital expenditures	49	57	16.3
Total assets	9,877[6]	10,202	3.3
Equity (including non-controlling interests)	3,728[6]	3,816	2.4
Equity ratio[3]	37.7%[6]	37.4%	
Net financial liabilities[4]	2,394[6]	2,333	(2.5)
Net financial liabilities after deduction of time deposits and securities available for sale[5]	269[6]	298	10.8
Employees (as of March 31)	16,721[6]	16,765	0.3

1) EBIT: earnings before interest and taxes
EBIT pre exceptionals: EBIT disregarding exceptional charges and income
EBIT margin: EBIT in relation to sales
EBITDA: EBIT before depreciation of property, plant and equipment and amortization of intangible assets, less reversals of impairment charges on property, plant, equipment and intangible assets.
EBITDA pre exceptionals: EBITDA disregarding exceptional charges and income
EBITDA margin pre exceptionals: EBITDA pre exceptionals in relation to sales
See "Notes on EBIT and EBITDA (pre exceptionals)" for details.
2) Earnings per share adjusted for exceptional items and amortization of intangible assets: earnings per share disregarding exceptional charges and income, amortization of intangible assets and attributable tax effects
See "Net income/earnings per share/earnings per share adjusted for exceptional items and amortization of intangible assets" for details.
3) Equity ratio: equity in relation to total assets
4) Net financial liabilities: total of current and non-current financial liabilities (adjusted for liabilities for accrued interest), less cash, cash equivalents and near-cash assets; see "Statement of financial position and financial condition" for details.
5) See "Statement of financial position and financial condition" for details of the financial assets deducted.
6) Previous year as of December 31, 2016
7) Figure includes reversals of impairment charges of €1 million.

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KEY ISSUES IN THE REPORTING PERIOD

Chemtura acquisition successfully closed

On April 21, 2017, LANXESS successfully closed the acquisition of the U.S. company Chemtura, one of the major global providers of high-quality flame retardant and lubricant additives. The acquisition was completed sooner than expected. The transaction has been approved by all relevant government agencies.

Chemtura stockholders had already approved the acquisition by LANXESS in February 2017 at a special meeting in Philadelphia, United States. 99.88 percent of the votes cast were in favor of the merger, representing 81.77 percent of Chemtura's outstanding common stock. Under the terms of the agreement between the two companies, Chemtura stockholders received U.S. $33.50 per share in cash for each outstanding share on the day the transaction was closed.

The acquisition represents a significant milestone on LANXESS's growth path. Our focus will now be on the swift and smooth integration of the new businesses and employees, as well as on providing new and existing customers with optimal support.

Chemtura
the future through chemistry

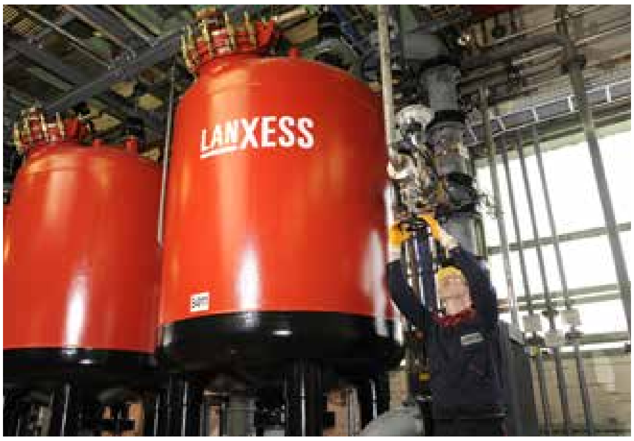
Successful year in 2016

On March 15, 2017, LANXESS presented its stockholders with gratifying results for fiscal 2016: The Group raised its EBITDA pre exceptionals by 12.4% to €995 million, compared with €885 million in 2015. The EBITDA margin pre exceptionals rose from 11.2% to 12.9%. Net income advanced considerably by 16.4% from €165 million to €192 million.

The company's good business performance in 2016 is once again to be reflected in a higher dividend. The Board of Management and the Supervisory Board will be proposing to the Annual Stockholders' Meeting on May 26, 2017, that the dividend be increased by 17% compared with the prior year to €0.70 per share.

LANXESS to invest €100 million in its facilities, with a focus on Germany

LANXESS continues to focus on growth: Over the next three years, the Advanced Industrial Intermediates business unit will invest around €100 million in expanding its production facilities for chemical intermediates. The sites in Leverkusen and Krefeld-Uerdingen, Germany, will each see approximately €40 million in investment. The remaining funds will be invested in expanding facilities at the sites in Brunsbüttel, Germany, and in Antwerp, Belgium. The expansion projects are scheduled to be completed by 2020.



QUARTERLY STATEMENT

as of March 31, 2017

- LANXESS successfully closes the acquisition of the U.S. company Chemtura in April 2017
- Strong start to fiscal 2017
- Significant sales growth of 25.1%
- Substantial year-on-year increase in volumes across all segments
- EBITDA pre exceptionals increased by 25.2% to €328 million in the first quarter
- EBITDA margin pre exceptionals slightly above the prior-year level at 13.7%
- Net income and earnings per share improve to €78 million and €0.85, respectively, against €53 million and €0.58 in prior-year quarter
- Earnings per share adjusted for exceptional items and amortization of intangible assets increase from €0.73 to €1.01
- Guidance for 2017 raised: EBITDA pre exceptionals between €1,225 million and €1,300 million, taking account of earnings contribution from acquired Chemtura business

STRATEGY

LANXESS successfully closed the acquisition of the U.S. company Chemtura on April 21, 2017. The acquisition, which is the largest in LANXESS's history, is a further step in the Group's realignment program. LANXESS is significantly expanding its own additives portfolio and will become one of the world's major actors in this growing market. In addition to additives, Chemtura's businesses with urethanes and organometallics will also be integrated into the business units. LANXESS will take over some 2,500 employees at 20 sites in 11 countries. According to the figures published by Chemtura, the company achieved sales of approximately €1.5 billion in 2016, with North America accounting for 43% of this total. Chemtura reported EBITDA pre exceptionals of about €255 million. The enterprise value (including net financial liabilities and pension obligations) is around €2.4 billion. LANXESS paid the purchase price of around €1.9 billion in April 2017 using funds from corporate bonds it had successfully placed in 2016 as well as existing liquidity.

BUSINESS PERFORMANCE

Sales

Sales of the LANXESS Group in the first quarter of 2017 increased year on year by a substantial €481 million, or 25.1%, to €2,401 million. The sales trend was mainly driven by selling price adjustments necessitated by higher procurement prices for raw materials and an increase in sales volumes. Higher selling prices led to an 11% sales increase and higher volumes to a 10.6% sales increase. Exchange rate developments and the contribution of the Clean and Disinfect specialties business acquired in 2016 also boosted sales by 2.1% and 1.4%, respectively.

Effects on Sales

%	Q1 2017
Price	11.0
Volume	10.6
Currency	2.1
Portfolio	1.4
	25.1

EBITDA and operating result (EBIT)

EBITDA Pre Exceptionals by Segment

€ million	Q1 2016	Q1 2017	Change %
Advanced Intermediates	89	91	2.2
Performance Chemicals	98	103	5.1
High Performance Materials	38	48	26.3
ARLANXEO	113	144	27.4
Reconciliation	(76)	(58)	23.7
	262	**328**	**25.2**

The positive earnings performance at Group level in the first quarter of 2017 was particularly the result of higher volumes. The increase in procurement prices for raw materials and energy, which in some cases was considerable, led to higher selling prices. Prices rose for almost all strategic raw materials, including butadiene, cyclohexane, isobutylene, benzene and toluene and were, in some cases, significantly higher than the prior-year level. Earnings were also buoyed by favorable exchange rate effects and the contribution of the Clean and Disinfect specialties business acquired in 2016. Selling expenses rose by 12.4% to €218 million, due especially to portfolio effects, a volume-driven increase in freight costs and higher freight rates. Research and development expenses were €34 million, compared with €30 million in the prior-year period. General administration expenses were level with the prior-year period at €72 million. The Group's EBITDA margin pre exceptionals improved slightly from 13.6% to 13.7%.

Depreciation and amortization came to €125 million, which, as a result of exchange rate effects and portfolio effects, was €5 million, or 4.2%, above the figure for the prior-year quarter. Of this total, write-downs accounted for €1 million. Depreciation and amortization were offset by reversals of impairment charges of €1 million. The negative exceptional items of €12 million reported in other operating income and expenses, which fully impacted EBITDA, mainly related to expenses associated with the strategic realignment of the LANXESS Group. In the prior-year quarter, negative exceptional items amounted to €11 million, which fully impacted EBITDA.

Reconciliation of EBITDA Pre Exceptionals to Operating Result (EBIT)

€ million	Q1 2016	Q1 2017	Change %
EBITDA pre exceptionals	**262**	**328**	**25.2**
Depreciation and amortization/reversals of impairment charges	(120)	(124)	(3.3)
Exceptional items in EBITDA	(11)	(12)	(9.1)
Operating result (EBIT)	**131**	**192**	**46.6**

Financial result

The financial result for the first quarter of 2017 was minus €30 million, compared with minus €37 million for the prior-year period. Our net interest position, at minus €20 million, deteriorated by €3 million compared with the prior-year quarter. This was due to higher interest expense owing to an increase in financial liabilities in connection with the Chemtura acquisition. As in the year-earlier period, companies accounted for using the equity method did not generate an earnings contribution. The improvement in other financial income and expense items to minus €10 million, after minus €20 million in the prior-year quarter, resulted mainly from the reduced exchange loss.

Income before income taxes

First-quarter income before income taxes came to €162 million, against €94 million for the prior-year period. The effective tax rate was 36.4%, compared with 43.6% for the prior-year quarter.

Net income/earnings per share/earnings per share adjusted for exceptional items and amortization of intangible assets

Net income for the reporting period came to €78 million, compared with €53 million a year ago. In the first quarter of 2017, earnings attributable to non-controlling interests amounted to €25 million and resulted almost exclusively from Saudi Aramco's interest in ARLANXEO.

Earnings per share were €0.85 in the first quarter, which was significantly higher than the prior-year figure of €0.58.

We also calculate earnings per share adjusted for exceptional items and amortization of intangible assets, an indicator which is not defined by International Financial Reporting Standards. This value was calculated from the earnings per share adjusted for exceptional items, amortization of intangible assets as well as attributable tax effects.

Earnings per share adjusted for exceptional items and amortization of intangible assets were €1.01 in the first quarter of 2017, compared with €0.73 for the prior-year period.

Reconciliation to Earnings per Share Adjusted for Exceptional Items and Amortization of Intangible Assets

€ million	Q1 2016	Q1 2017
Net income	**53**	**78**
Exceptional items[1]	11	11
Amortization of intangible assets/reversal of impairment charges[1]	8	9
Attributable tax effects[1]	(5)	(6)
Net income adjusted for exceptional items and amortization of intangible assets	**67**	**92**
Number of shares outstanding	91,522,936	91,522,936
Earnings per share adjusted for exceptional items and amortization of intangible assets	**0.73**	**1.01**

1) Excluding exceptional items and amortization of intangible assets attributable to non-controlling interests

BUSINESS DEVELOPMENT BY REGION

Sales by Market

	Q1 2016		Q1 2017		Change
	€ million	%	€ million	%	%
EMEA (excluding Germany)	603	31.4	677	28.2	12.3
Germany	348	18.1	385	16.0	10.6
North America	341	17.8	424	17.7	24.3
Latin America	180	9.4	231	9.6	28.3
Asia-Pacific	448	23.3	684	28.5	52.7
	1,920	**100.0**	**2,401**	**100.0**	**25.1**

Sales of the LANXESS Group in the first quarter of 2017, at €2,401 million, increased by €481 million, or 25.1%, compared with the prior-year level of €1,920 million. This figure includes a portfolio effect from the Clean and Disinfect specialties business acquired in the previous year, which primarily impacted the North America and Asia-Pacific regions.

Sales in the **EMEA** region (excluding Germany) rose by €74 million, or 12.3%, to €677 million in the first quarter of 2017. All segments, but particularly ARLANXEO, saw sales grow.

Sales in **Germany** in the first quarter of 2017 were up €37 million, or 10.6%, year on year, at €385 million. All segments, especially Advanced Intermediates and High Performance Materials, reported higher sales.

Sales in the **North America** region climbed by €83 million, or 24.3%, to €424 million in the first quarter of 2017. Adjusted for the portfolio effect from the Clean and Disinfect specialties business acquired in the previous year, there was a 16.4% increase in sales, which was mainly driven by the development in the ARLANXEO and High Performance Materials segments.

Sales in the **Latin America** region increased by €51 million, or 28.3%, to €231 million in the first quarter of 2017. Adjusted for the aforementioned portfolio effect, sales increased 22.6%, with growth particularly strong in the ARLANXEO segment.

Sales in the **Asia-Pacific** region rose by 52.7% in the first quarter of 2017, to €684 million. Adjusted for the aforementioned portfolio effect, sales grew 46.9%. This was particularly attributable to strong sales growth in the ARLANXEO segment.

SEGMENT INFORMATION

Advanced Intermediates

	Q1 2016		Q1 2017		Change
	€ million	Margin %	€ million	Margin %	%
Sales	463		518		11.9
EBITDA pre exceptionals	89	19.2	91	17.6	2.2
EBITDA	89	19.2	91	17.6	2.2
Operating result (EBIT) pre exceptionals	64	13.8	65	12.5	1.6
Operating result (EBIT)	64	13.8	65	12.5	1.6
Cash outflows for capital expenditures	9		16		77.8
Depreciation and amortization	25		26[1]		4.0
Employees as of March 31 (previous year: as of Dec. 31)	3,335		3,357		0.7

1) Figure includes reversals of impairment charges of €1 million.

Our **Advanced Intermediates** segment recorded sales of €518 million in the first quarter of 2017, which was €55 million, or 11.9%, above the level of the prior-year quarter. Sales volumes increased in both business units on account of strong demand in almost all end markets and were 8.9% higher than in the prior-year quarter. The main driver at the Saltigo business unit was the timing of projects. Higher selling prices due to an increase in procurement prices for raw materials and positive exchange rate effects increased sales by 1.7% and 1.3%, respectively. The segment posted higher sales in the EMEA (excluding Germany), Germany, Latin America and Asia-Pacific regions. Only in the North America region were sales slightly below the prior-year level.

EBITDA pre exceptionals in the Advanced Intermediates segment amounted to €91 million, €2 million, or 2.2%, above the prior-year level. In particular, higher demand and the associated expansion in volumes had a positive impact on earnings, while capacity utilization was also further improved. Slightly favorable exchange rate effects also contributed to the improvement in earnings. Earnings growth was held back to a certain extent by a delay, which was in part contractually agreed, in passing on the increase in procurement prices for raw materials and energy. The EBITDA margin pre exceptionals fell from 19.2% to 17.6%.

Performance Chemicals

	Q1 2016		Q1 2017		Change
	€ million	Margin %	€ million	Margin %	%
Sales	533		607		13.9
EBITDA pre exceptionals	98	18.4	103	17.0	5.1
EBITDA	98	18.4	103	17.0	5.1
Operating result (EBIT) pre exceptionals	76	14.3	77	12.7	1.3
Operating result (EBIT)	76	14.3	77	12.7	1.3
Cash outflows for capital expenditures	16		18		12.5
Depreciation and amortization	22		26		18.2
Employees as of March 31 (previous year: as of Dec. 31)	5,581		5,568		(0.2)

Sales in our **Performance Chemicals** segment rose by 13.9% in the first quarter of 2017, to €607 million. The higher sales volumes, which boosted sales by 5.4% overall, were above the prior-year level in most business units. Integration of the Clean and Disinfect specialties business acquired in 2016 into the Material Protection Products business unit had a positive effect of 5.1% on sales. Selling prices in almost all business units were level with or above the prior-year quarter and had an overall positive impact of 1.7%. A positive currency effect also raised sales by 1.7%. Sales in all regions were above the prior-year level.

EBITDA pre exceptionals in the Performance Chemicals segment advanced by €5 million, or 5.1%, to €103 million, compared with the prior-year level of €98 million. Earnings were improved particularly by higher volumes and the contribution of the Clean and Disinfect specialties business acquired in 2016. Higher procurement prices for raw materials stood against selling price adjustments. The impact of unfavorable exchange rate effects on our cost of goods sold as well as higher energy costs held back earnings. The EBITDA margin pre exceptionals decreased from 18.4% to 17.0%.

High Performance Materials

	Q1 2016		Q1 2017		Change
	€ million	Margin %	€ million	Margin %	%
Sales	273		315		15.4
EBITDA pre exceptionals	38	13.9	48	15.2	26.3
EBITDA	38	13.9	48	15.2	26.3
Operating result (EBIT) pre exceptionals	27	9.9	37	11.7	37.0
Operating result (EBIT)	27	9.9	37	11.7	37.0
Cash outflows for capital expenditures	5		4		(20.0)
Depreciation and amortization	11		11		0.0
Employees as of March 31 (previous year: as of Dec. 31)	1,583		1,592		0.6

Sales in our **High Performance Materials** segment increased by 15.4% year on year in the first quarter of 2017, to €315 million. Higher volumes raised sales by 9.2%. A positive price effect of 5.1% was attributable to higher procurement prices for raw materials being passed on to customers. Currency effects also had a 1.1% favorable impact on sales. The segment reported higher sales across all regions.

EBITDA pre exceptionals in the High Performance Materials segment rose by a significant €10 million, or 26.3%, to €48 million. In particular, higher volumes and very high capacity utilization resulted in positive earnings performance. Higher procurement prices for raw materials stood against selling price adjustments. Favorable currency effects slightly improved earnings. The EBITDA margin pre exceptionals was 15.2%, up from 13.9% in the prior-year quarter.

ARLANXEO

	Q1 2016		Q1 2017		Change
	€ million	Margin %	€ million	Margin %	%
Sales	640		948		48.1
EBITDA pre exceptionals	113	17.7	144	15.2	27.4
EBITDA	113	17.7	142	15.0	25.7
Operating result (EBIT) pre exceptionals	57	8.9	87	9.2	52.6
Operating result (EBIT)	57	8.9	85	9.0	49.1
Cash outflows for capital expenditures	16		17		6.3
Depreciation and amortization	56		57		1.8
Employees as of March 31 (previous year: as of Dec. 31)	3,463		3,454		(0.3)

Sales in our **ARLANXEO** segment rose by 48.1% year on year, to €948 million. This development was primarily influenced by selling price adjustments in the Tire & Specialty Rubbers business unit, a development that was driven by higher procurement prices for raw materials. This resulted in a positive price effect of 28.0%. Volumes increased considerably in both business units and added 16.5% to sales. A positive currency effect of 3.6% also contributed to sales growth. Sales in all regions were, in some cases significantly, higher than prior-year levels.

EBITDA pre exceptionals in the ARLANXEO segment increased considerably from €113 million in the prior-year quarter to €144 million. Higher volumes, in particular, had a positive impact on earnings. The increase in procurement prices for raw materials and energy was fully passed on to the market. There was also a positive currency effect. The EBITDA margin pre exceptionals came in at 15.2% for the first quarter, against 17.7% a year ago.

The segment recorded negative exceptional items of €2 million in the reporting period, which fully impacted EBITDA. These pertained mainly to the realignment of ARLANXEO. There were no exceptional items reported in the prior-year quarter. Please see “Notes on EBIT and EBITDA (pre exceptionals)” for details.

Reconciliation

€ million	Q1 2016	Q1 2017	Change %
Sales	11	13	18.2
EBITDA pre exceptionals	(76)	(58)	23.7
EBITDA	(87)	(68)	21.8
Operating result (EBIT) pre exceptionals	(82)	(62)	24.4
Operating result (EBIT)	(93)	(72)	22.6
Cash outflows for capital expenditures	3	2	(33.3)
Depreciation and amortization	6	4	(33.3)
Employees as of March 31 (previous year: as of Dec. 31)	2,759	2,794	1.3

EBITDA pre exceptionals for the **Reconciliation** came to minus €58 million, compared with minus €76 million in the prior-year quarter. This change was mainly due to lower currency hedging losses. The negative exceptional items of €10 million reported in the Reconciliation, which fully impacted EBITDA, resulted primarily from expenditures in connection with the strategic realignment of the LANXESS Group. Negative exceptional items in the prior-year period amounted to €11 million and fully impacted EBITDA. Please see "Notes on EBIT and EBITDA (pre exceptionals)" for details.

NOTES ON EBIT AND EBITDA (PRE EXCEPTIONALS)

In order to better assess our operational business and to steer earning power at Group level and for the individual segments, we additionally calculate the earnings indicators EBITDA, and EBITDA and EBIT pre exceptionals, none of which are defined by International Financial Reporting Standards. These indicators are viewed as supplementary to the data prepared according to IFRS; they are not a substitute.

€ million	EBIT Q1 2016	EBIT Q1 2017	EBITDA Q1 2016	EBITDA Q1 2017
EBIT/EBITDA pre exceptionals	**142**	**204**	**262**	**328**
Advanced Intermediates	**0**	**0**	**0**	**0**
Performance Chemicals	**0**	**0**	**0**	**0**
High Performance Materials	**0**	**0**	**0**	**0**
ARLANXEO	**0**	**(2)**	**0**	**(2)**
Strategic realignment	0	(2)	0	(2)
Reconciliation	**(11)**	**(10)**	**(11)**	**(10)**
Strategic realignment/ "Let's LANXESS again"	(10)	(8)	(10)	(8)
Other	(1)	(2)	(1)	(2)
Total exceptional items	**(11)**	**(12)**	**(11)**	**(12)**
EBIT/EBITDA	**131**	**192**	**251**	**316**

EBITDA is calculated from earnings before interest and income taxes (EBIT) by adding back depreciation and impairments of property, plant and equipment as well as amortization and impairments of intangible assets and subtracting reversals of impairment charges on property, plant, equipment and intangible assets.

EBIT pre exceptionals and **EBITDA pre exceptionals** are EBIT and EBITDA before exceptional items. The latter are effects which, because of their nature or scope, may have a particular impact on earnings but which it would seem inappropriate to include in the assessment of business performance over several reporting periods. Exceptional items may include write-downs, reversals of impairment charges or the proceeds from the sale of assets, certain IT costs, restructuring expenses and income from the reversal of provisions established in this connection, and reductions in earnings resulting from portfolio adjustments or purchase price allocations. Grants and subsidies from third parties for the acquisition and construction of property, plant and equipment are accounted for as deferred income using the gross method. In this respect, no adjustments other than for gross depreciation and amortization are made when calculating EBITDA pre exceptionals.

Every operational decision or achievement is judged in the short and long term by its sustainable impact on EBITDA pre exceptionals. As part of the annual budget and planning process, targets are set for this benchmark of our company's success, which are then taken into account in determining employees' variable income components.

The **earnings margins** are calculated from the ratios of the respective earnings indicators to sales. For example, the EBITDA margin (pre exceptionals) is calculated as the ratio of EBITDA (pre exceptionals) to sales and serves as an indicator of relative earning power at Group level and for the individual segments.

STATEMENT OF FINANCIAL POSITION AND FINANCIAL CONDITION

Structure of the statement of financial position

As of March 31, 2017, the LANXESS Group had total assets of €10,202 million, up €325 million, or 3.3%, from €9,877 million on December 31, 2016. The growth in total assets resulted especially from an increase in trade receivables, which advanced as a result of the positive sales development. The equity ratio fell slightly in the first quarter to 37.4%, after 37.7% on December 31, 2016.

Financial Condition

Changes in the statement of cash flows

In the first three months of 2017, there was a net cash inflow of €10 million from operating activities, against €48 million in the prior-year period. Based on income before income taxes of €162 million, an increase in net working capital compared to December 31, 2016, resulted in a cash outflow of €273 million. This increase was driven in particular by higher procurement prices for raw materials and increased volumes. In the prior-year period, income before income taxes was €94 million and the cash outflow from the increase in net working capital was €218 million.

There was a €15 million net cash outflow from investing activities in the first three months of 2017, compared with a €56 million net cash inflow in the same period a year ago. The cash outflow in the reporting period resulted in particular from payments for financial assets of €110 million and payments of €57 million for intangible assets and property, plant and equipment, compared with €49 million in the prior-year period.

Net cash provided by financing activities came to €52 million in the reporting period, compared with net cash of €137 million used in financing activities in the first three months of 2016. In the reporting period, the repayment of financial liabilities led to a cash outflow of €6 million, after €151 million in the first quarter of 2016. The cash outflow in the prior-year period was primarily due to the early repayment of a development bank loan.

Financing and liquidity

Net financial liabilities totaled €2,333 million as of March 31, 2017, compared with €2,394 million as of December 31, 2016. Of the purchase price paid in cash by Saudi Aramco for its interest in ARLANXEO and the inflows from the issue of new corporate bonds, €1,800 million is invested in time deposits and €235 million in securities available for sale. As a result, as of March 31, 2017, net financial liabilities amounted to €298 million after deduction of time deposits and securities available for sale.

Net Financial Liabilities

€ million	Dec. 31, 2016	March 31, 2017
Non-current financial liabilities	2,734	2,733
Current financial liabilities	78	135
Less:		
Liabilities for accrued interest	(23)	(41)
Cash and cash equivalents	(355)	(404)
Near-cash assets	(40)	(90)
Net financial liabilities	**2,394**	**2,333**
Time deposits and securities available for sale	(2,125)	(2,035)
Net financial liabilities after deduction of time deposits and securities available for sale	**269**	**298**

Provisions for pensions totaled €1,300 million as of March 31, 2017, compared with €1,249 million as of December 31, 2016. This increase was primarily due to a decline in discount rates, particularly in Canada and Brazil.

Significant capital expenditure projects

The Saltigo business unit in the Advanced Intermediates segment is expanding its production network at the site in Leverkusen, Germany. As part of its realignment project, LANXESS is investing about €60 million at its largest agrochemicals site. Synthesis capacities for custom manufacturing are being expanded by the addition of two multipurpose production lines, several reactor modules and a new container storage area. Work on this expansion began in June 2016. Production is due to start at the end of 2017.

OUTLOOK

The political and economic risks have not changed substantially compared with our original forecast for 2017 published in the Annual Report 2016. A deterioration in the crisis situation in North Korea could pose an additional risk.

Expectations for the development of the global economy remain in line with the original estimate. Growth in EMEA and the Americas remains unchanged at a stable to slightly positive level. Asia-Pacific will develop somewhat better than most recently anticipated, especially in the first six months of the year.

Expectations for the development of the chemical industry remain in line with the original estimate. We expect the tire industry to grow slightly more strongly and the agrochemicals slightly more slowly than forecast at the beginning of the year.

We are raising our guidance for EBITDA pre exceptionals for 2017 to between €1,225 million and €1,300 million. The forecast takes account of the earnings contribution from the newly acquired Chemtura business as well as the planned major maintenance turnarounds in our High Performance Materials and ARLANXEO segments.

FINANCIAL DATA

as of March 31, 2017

STATEMENT OF FINANCIAL POSITION
LANXESS GROUP

€ million	Dec. 31, 2016	March 31, 2017
ASSETS		
Intangible assets	494	490
Property, plant and equipment	3,519	3,456
Investments accounted for using the equity method	0	0
Investments in other affiliated companies	12	11
Non-current derivative assets	1	0
Other non-current financial assets	19	19
Non-current income tax receivables	7	10
Deferred taxes	442	478
Other non-current assets	25	23
Non-current assets	**4,519**	**4,487**
Inventories	1,429	1,494
Trade receivables	1,088	1,338
Cash and cash equivalents	355	404
Near-cash assets	40	90
Current derivative assets	65	57
Other current financial assets	2,130	2,039
Current income tax receivables	67	68
Other current assets	184	225
Current assets	**5,358**	**5,715**
Total assets	**9,877**	**10,202**
EQUITY AND LIABILITIES		
Capital stock and capital reserves	1,317	1,317
Other reserves	1,257	1,430
Net income	192	78
Other equity components	(214)	(212)
Equity attributable to non-controlling interests	1,176	1,203
Equity	**3,728**	**3,816**
Provisions for pensions and other post-employment benefits	1,249	1,300
Other non-current provisions	319	336
Non-current derivative liabilities	7	7
Other non-current financial liabilities	2,734	2,733
Non-current income tax liabilities	31	31
Other non-current liabilities	93	90
Deferred taxes	83	89
Non-current liabilities	**4,516**	**4,586**
Other current provisions	406	487
Trade payables	889	927
Current derivative liabilities	42	27
Other current financial liabilities	78	135
Current income tax liabilities	44	57
Other current liabilities	174	167
Current liabilities	**1,633**	**1,800**
Total equity and liabilities	**9,877**	**10,202**

INCOME STATEMENT
LANXESS GROUP

€ million	Q1 2016	Q1 2017
Sales	**1,920**	**2,401**
Cost of sales	(1,459)	(1,855)
Gross profit	**461**	**546**
Selling expenses	(194)	(218)
Research and development expenses	(30)	(34)
General administration expenses	(72)	(72)
Other operating income	44	29
Other operating expenses	(78)	(59)
Operating result (EBIT)	**131**	**192**
Income from investments accounted for using the equity method	0	0
Interest income	1	1
Interest expense	(18)	(21)
Other financial income and expense	(20)	(10)
Financial result	**(37)**	**(30)**
Income before income taxes	**94**	**162**
Income taxes	(41)	(59)
Income after income taxes	**53**	**103**
of which attributable to non-controlling interests	0	25
of which attributable to LANXESS AG stockholders [net income]	53	78
Earnings per share (undiluted/diluted) (€)	**0.58**	**0.85**

STATEMENT OF COMPREHENSIVE INCOME
LANXESS GROUP

€ million	Q1 2016	Q1 2017
Income after income taxes	**53**	**103**
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of the net defined benefit liability for post-employment benefit plans	(153)	(52)
Income taxes	49	17
	(104)	**(35)**
Items that may be reclassified subsequently to profit or loss if specific conditions are met		
Exchange differences on translation of operations outside the eurozone	(29)	(1)
Financial instruments	72	4
Income taxes	(21)	(1)
	22	**2**
Other comprehensive income, net of income tax	**(82)**	**(33)**
Total comprehensive income	**(29)**	**70**
of which attributable to non-controlling interests	(1)	9
of which attributable to LANXESS AG stockholders	(28)	61

STATEMENT OF CHANGES IN EQUITY
LANXESS GROUP

€ million	Capital stock	Capital reserves	Other reserves	Net income (loss)	Other equity components: Currency translation adjustment	Other equity components: Financial instruments	Equity attributable to LANXESS AG stockholders	Equity attributable to noncontrolling interests	Equity
Dec. 31, 2015	**91**	**1,226**	**1,313**	**165**	**(422)**	**(63)**	**2,310**	**13**	**2,323**
Allocations to retained earnings			165	(165)			0		0
Transactions with owners							–	–	–
Total comprehensive income			(104)	53	(28)	51	(28)	(1)	(29)
Income after income taxes				*53*			*53*	*0*	*53*
Other comprehensive income, net of income tax			*(104)*		*(28)*	*51*	*(81)*	*(1)*	*(82)*
March 31, 2016	**91**	**1,226**	**1,374**	**53**	**(450)**	**(12)**	**2,282**	**12**	**2,294**
Dec. 31, 2016	**91**	**1,226**	**1,257**	**192**	**(199)**	**(15)**	**2,552**	**1,176**	**3,728**
Allocations to retained earnings			192	(192)			0		0
Transactions with owners							–	18	18
Total comprehensive income			(19)	78	(1)	3	61	9	70
Income after income taxes				*78*			*78*	*25*	*103*
Other comprehensive income, net of income tax			*(19)*		*(1)*	*3*	*(17)*	*(16)*	*(33)*
March 31, 2017	**91**	**1,226**	**1,430**	**78**	**(200)**	**(12)**	**2,613**	**1,203**	**3,816**

STATEMENT OF CASH FLOWS
LANXESS GROUP

€ million	Q1 2016	Q1 2017
Income before income taxes	**94**	**162**
Amortization, depreciation, write-downs and reversals of impairment charges of intangible assets, property, plant and equipment	120	124
Gains on disposals of intangible assets and property, plant and equipment	–	0
Income from investments accounted for using the equity method	0	0
Financial losses	17	20
Income taxes paid	(42)	(65)
Changes in inventories	(10)	(64)
Changes in trade receivables	(138)	(248)
Changes in trade payables	(70)	39
Changes in other assets and liabilities	77	42
Net cash provided by operating activities	**48**	**10**
Cash outflows for purchases of intangible assets and property, plant and equipment	(49)	(57)
Cash outflows for financial assets	–	(110)
Cash inflows from financial assets	100	150
Cash inflows from sales of intangible assets and property, plant and equipment	4	0
Interest and dividends received	1	2
Net cash provided by (used in) investing activities	**56**	**(15)**
Cash inflows from non-controlling interests	0	18
Proceeds from borrowings	20	44
Repayments of borrowings	(151)	(6)
Interest paid and other financial disbursements	(6)	(4)
Net cash (used in) provided by financing activities	**(137)**	**52**
Change in cash and cash equivalents from business activities	**(33)**	**47**
Cash and cash equivalents at beginning of period	366	355
Exchange differences and other changes in cash and cash equivalents	–	2
Cash and cash equivalents at end of period	**333**	**404**

BUSINESS UNIT KEY DATA

€ million	Advanced Intermediates Q1 2016	Advanced Intermediates Q1 2017	Performance Chemicals Q1 2016	Performance Chemicals Q1 2017	High Performance Materials Q1 2016	High Performance Materials Q1 2017	ARLANXEO Q1 2016	ARLANXEO Q1 2017	Reconciliation Q1 2016	Reconciliation Q1 2017	LANXESS Q1 2016	LANXESS Q1 2017
External sales	463	518	533	607	273	315	640	948	11	13	1,920	2,401
Inter-segment sales	14	13	3	3	1	0	0	0	(18)	(16)	0	0
Segment/Group sales	477	531	536	610	274	315	640	948	(7)	(3)	1,920	2,401
Segment result/ EBITDA pre exceptionals	89	91	98	103	38	48	113	144	(76)	(58)	262	328
EBITDA margin pre exceptionals (%)	19.2	17.6	18.4	17.0	13.9	15.2	17.7	15.2			13.6	13.7
EBITDA	89	91	98	103	38	48	113	142	(87)	(68)	251	316
EBIT pre exceptionals	64	65	76	77	27	37	57	87	(82)	(62)	142	204
EBIT	64	65	76	77	27	37	57	85	(93)	(72)	131	192
Segment capital expenditures	18	21	16	18	5	5	16	17	3	2	58	63
Depreciation and amortization/ reversals of impairment charges	25	26	22	26	11	11	56	57	6	4	120	124

FINANCIAL CALENDAR

May 26
Annual Stockholders' Meeting, Cologne

August 10
Interim Report H1 2017

November 9
Quarterly Statement
as of September 30, 2017

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