

LANXESS increases dividend after successful fiscal year

- **Proposed dividend of EUR 0.70 – 17 percent higher than in the prior year**
- **Good business development reflects success of realignment program**
- **LANXESS back on a path of growth**
- **Record earnings targeted in 2017 after a good start to the year**

Cologne – At this year’s Annual Stockholders’ Meeting, specialty chemicals company LANXESS was able to look back at a year of strong figures and groundbreaking changes. “LANXESS today is a realigned enterprise that is profitable, stable and fast-growing,” stressed Matthias Zachert, Chairman of the Board of Management at LANXESS, in his presentation before the stockholders at the LANXESS arena in Cologne.

In view of the encouraging business results, the Board of Management and the Supervisory Board proposed to the Annual Stockholders’ Meeting that a dividend of EUR 0.70 be paid out – an increase of 17 percent against the previous year. This would result in a total dividend payout of around EUR 64 million. “We are thus achieving our goal of paying an increasing but at least stable dividend,” said Zachert.

EBITDA pre exceptionals of LANXESS rose by 12.4 percent to EUR 995 million in 2016, compared with EUR 885 million a year earlier. The main drivers of this positive development were higher volumes in all segments, the associated increase in capacity utilization and cost savings resulting from the improved competitiveness of the company’s plants and processes. The Group’s EBITDA margin pre exceptionals improved from 11.2 percent to 12.9 percent. Net income rose by a substantial 16.4 percent to

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EUR 192 million from EUR 165 million. Sales declined slightly, from EUR 7.9 billion in 2015 to EUR 7.7 billion, primarily due to the adjustment in selling prices to reflect lower raw material costs. At the end of the past fiscal year, net financial liabilities fell very substantially from EUR 1.2 billion to EUR 269 million. This was mainly due to the proceeds from the joint venture for synthetic rubber with Saudi Aramco. In 2016, capital expenditures amounted to EUR 439 million, which was more or less level with the prior-year figure of EUR 434 million.

2016: progress with reorganization, growth course set

For LANXESS, 2016 was a year of realignment. With the establishment on April 1, 2016, of ARLANXEO, a joint venture for synthetic rubber with Saudi Aramco, the Cologne-based company improved the future prospects of its rubber business, considerably lowered its debt and improved its options for further growth. The acquisition of the fast-growing, high-margin Clean and Disinfect business of Chemours on August 31, 2016, underscored the new strategy of becoming a leading player in profitable, medium-sized markets. LANXESS reached a milestone on this path with the announcement on September 26, 2016, that it had acquired the U.S. chemical company Chemtura – the biggest acquisition in the company's history with a transaction volume of EUR 2.4 billion.

2017: ensuring rapid integration

Zachert stressed that the transformation of LANXESS is not yet complete: "We are focused on organic growth here, but we are also prepared to help actively shape the consolidation process in the chemical industry." Zachert said the focus will initially be on the rapid integration of the former Chemtura businesses with specialty additives for lubricants and flame retardants, urethanes and organometallics. Since the acquisition successfully closed on April 21, 2017, the integration has been proceeding at full steam. With effect from June 1, 2017, former Chemtura Executive Vice President

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Stephen C. Forsyth will join the leadership team of LANXESS as Chief Integration Officer and will be responsible for integrating the new businesses and employees. The company is also driving forward organic growth and plans, for example, to invest some EUR 100 million through 2020 in its network of production facilities for chemical intermediates, particularly at its German sites.

Record earnings targeted

LANXESS started 2017 with a very good first quarter. Global sales of the specialty chemicals company increased by a substantial 25 percent to EUR 2.4 billion, up from EUR 1.9 billion a year earlier. EBITDA pre exceptionals also improved by 25 percent to EUR 328 million, compared with EUR 262 million in the first quarter of 2016. Net income rose by a substantial 47 percent to EUR 78 million, against EUR 53 million in the year-earlier quarter.

In view of the positive operational development and the successfully completed acquisition of Chemtura, the company expects to post EBITDA pre exceptionals of between EUR 1,225 million and EUR 1,300 million for the full year 2017. This forecast takes account of the earnings contribution from the newly acquired Chemtura businesses. 2017 could therefore be the most successful fiscal year in the company's history.

Free trade guarantees increased prosperity

According to Zachert, the right political framework conditions are also crucial for the company's future success. He referred to raising protectionist tendencies in different European countries and voiced his support for an open Europe and global free trade. "Even if loud voices try to convince us otherwise: protectionism has never led to increased prosperity in the long term. On the contrary, nations and economies always decline as a result. We therefore do not need isolationism in our markets, tariffs or other obstacles to trade. We need cooperation and concerted action. We need free trade."

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LANXESS is a leading specialty chemicals company with sales of EUR 7.7 billion in 2016 and about 19,200 employees in 25 countries. The company is currently represented at 75 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of chemical intermediates, additives, specialty chemicals and plastics. Through ARLANXEO, the joint venture with Saudi Aramco, LANXESS is also a leading supplier of synthetic rubber. LANXESS is listed in the leading sustainability indices Dow Jones Sustainability Index (DJSI World) and FTSE4Good.

Cologne, May 26, 2017
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Forward-Looking Statements

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You can find further information concerning LANXESS chemistry in our WebMagazine at <http://webmagazine.lanxess.com>.

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