

Annual Stockholders' Meeting
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From the presentation by

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Good morning, Ladies and Gentlemen,

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I too am delighted to welcome you most warmly to the 2019 Annual Stockholders' Meeting. Let me make one thing clear from the start: we have kept the promises we made at this point last year. We have delivered. 2018 was a successful year, strategically, operationally and with regard to the future viability of LANXESS!

The figures for 2018 are evidence of a successful fiscal year – despite emerging economic headwinds. However, they also provide evidence of the fact that we also made further progress in 2018. Today, LANXESS is more profitable, more stable and more competitive than ever.

With this company, we are well prepared to address current and future challenges and changes in a courageous and innovative manner. During the past year, all of us here at LANXESS have demonstrated the greatest commitment in working together to ensure our company has a great future and have laid the crucial groundwork for this purpose.

Strategy

Let me start with the strategic changes that have taken place in the last year. Obviously, our most important step in this respect was the sale of our remaining share in ARLANXEO, our joint venture with the Saudi group Saudi Aramco. We made our decision public in August and implemented it on schedule at the end of the year. In doing so, we have reached another milestone in our strategic realignment far sooner than originally planned.

As a result, we are now even better placed to concentrate on our position as a leading provider in the mid-sized specialty chemicals markets. A position that we intend to expand still further. We have successfully put an end to the times of being excessively dependent on specific customer industries or raw materials.

We have substantially expanded our entrepreneurial freedom with the proceeds. From a financial perspective, we can therefore maintain our growth course even if the economy deteriorates. We are prepared to develop LANXESS further both organically and through acquisitions.

Operating business

However, 2018 was a very good year for LANXESS not just strategically but also operationally.

Our Group sales increased by roughly 10 percent year-on-year from 6.53 billion euros to 7.197 billion euros. Our EBITDA pre exceptionals rose by roughly 10 percent to 1.016 billion euros in 2018. The trend in our operating margin was also gratifying. It has improved significantly and reached the record figure of 14.1 percent last year. However, we have not yet reached our target here. We aim to achieve further structural improvements by the end of 2021 and achieve an average level of 14 to 18 percent.

LANXESS's net income of EUR 431 million was also well up on the prior-year figure of 87 million euros, although this pleasing figure also includes the one-time gain from the ARLANXEO divestiture. You can see from all these key figures that things have gone "round the clock" at LANXESS.

The reasons for this gratifying figure certainly included the impact of the sale of ARLANXEO. However, I am particularly pleased that, operationally speaking, things ran smoothly in many areas of the Group.

Of the proceeds from the sale of our share in ARLANXEO, let me say briefly at this point, we used 200 million euros to fund our pension liabilities. Up to 200 million euros are also earmarked for a share buyback, which is to be completed by the end of the current fiscal

year. To date, shares have already been acquired for just under 186 million euros. This corresponds to 3.76 million shares.

Ladies and Gentlemen, LANXESS wishes to grow further. To do so will require investment in our sites as well as astute acquisitions. Here, too, our balance sheet for the past year is impressive.

We have invested approximately 150 million euros in growth projects. The vast majority of these funds were invested in German sites.

In Leverkusen, for example, we extended a factory for intermediates and expanded our production for ion exchangers. At our Krefeld-Uerdingen site, we are currently extending our global production network for high-performance plastics with the construction of an additional compounding facility. Also in Krefeld-Uerdingen, we have increased the capacity of our special yellow pigments for the technology industry.

However, during all this investment in our domestic market we have not forgotten our foreign sites. Our Chinese site in Changzhou is an example of this. We have constructed a new plant for high-performance plastics there. The new facility is designed to produce up to 25,000 metric tons of high-tech plastics per year for the automotive sector and the electrical and electronics industry from the third quarter of 2019.

However, as you know, acquisitions to enhance our portfolio are another intrinsic part of the LANXESS growth strategy.

The takeover of the phosphorus additives business of the Belgian chemicals group Solvay at the beginning of 2018 was an excellent acquisition in that it added flame retardant additives and intermediates to our business. At the same time, we systematically followed up on our strategic focus on mid-sized markets and the North American region with this step. We should of course also mention the fact that the business, which achieved sales of

52 million euros in 2018, has already contributed to our outstanding earnings.

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Innovation

Ladies and Gentlemen, investment in the portfolio and equipment – as I have just described – is an important component of long-term corporate success.

However, in order to be successful and strongly positioned in the long term, we also need the courage to innovate. And I may say with a certain pride that we demonstrated this with no less than two exciting projects last year.

I would like to present to you an innovation with the resounding name of Nagardo as the first of these projects. It is one of the first preservatives for beverages in the world that is manufactured on an entirely natural basis. The active ingredient is obtained through fermentation from a fungus.

This year, we started the market launch in the U.S., where the product has already been licensed for use in beverages by the relevant authorities. Given a successful start, we will then have the product licensed in further countries over the next few years.

The second project also has the potential to open up fascinating new opportunities for us – particularly in the field of electric mobility, which is becoming increasingly important: our cooperation with Standard Lithium in El Dorado in the state of Arkansas in the U.S.

We operate three plants manufacturing bromine products there. We obtain the bromine from the brine extracted there – and this also contains lithium. Our Canadian partner Standard Lithium has developed a method for the extraction of high-purity battery-ready lithium directly from brine. It will now construct a pilot plant on our

premises there. The test phase is scheduled to start in the second half of this year.

Dear stockholders, both projects are innovation projects with which we want to shape the future. And as with any investment in the future, both naturally involve a certain amount of risk. But you also have to have the courage to take entrepreneurial risks.

We are also innovative when it comes to the major topic of the future, digitalization. You will perhaps remember from the 2018 Annual Stockholders' Meeting that we have created a separate organization, Digital LANXESS – abbreviated to dLX – which is intended to lead us into the digital future. Today, it is present throughout the company and is driving our digitalization forward.

Our production will, for example, have much more digital support in the future and will contribute to our achieving increased capacity while reducing our energy use. We will therefore be more environmentally friendly, use improved processes and, at the same time, increase our occupational safety.

However, the development of new business models is also one of the key components of our digitalization. And this is where we took a very good step last year.

When we first looked for new, digitally-driven distribution channels almost two years ago, we could not find anything adequate in the market. And this is why, Ladies and Gentlemen, we, as a Group, decided without further ado to develop such a sales platform for the chemical industry.

After months of preliminary work in the past fiscal year, we launched a digital marketplace at the end of January with the start-up we established, CheMondis, which is specifically focused on the concerns of our industry and our customers. CheMondis is an independent company with its own systems and a separate market

presence. And the first few months are encouraging. To date, more than 2,000 products have been registered by different companies and more than 500 companies have already registered on the platform.

We are confident that we have created a new sales channel for the chemical industry with CheMondis. And I invite you, our stockholders, to have a look at the chemical marketplace at chemondis.com yourselves.

Ladies and Gentlemen, you can see that 2018 was a busy year for us in which we enhanced the Group in many areas. I am particularly grateful to our employees globally, who again worked tirelessly for LANXESS and played a significant role in shaping our company's positive development in 2018. It is their creativity, their commitment and team spirit that make LANXESS successful.

I would, however, also like to express our special thanks to you, our stockholders, for your confidence in our work. We are looking back on a very successful fiscal year in 2018 and we would, of course, like you to participate in our success with another increase in the dividend. We shall therefore propose raising the dividend per share to 90 cents to the Annual Stockholders' Meeting. This equates to an increase of approximately 12.5 percent and a dividend payment of approximately 80 million euros.

Outlook

Ladies and Gentlemen, fiscal year 2018 was very gratifying for LANXESS. We can also be satisfied with the start of the current fiscal year. Notwithstanding the weaker trading environment, we have made a good start to the new fiscal year. Our results again show that our position is far more stable than it was a few years ago: we have been able to more than offset falling demand from the automotive sector and increase our profitability once more compared with the strong prior-year quarter

In the first quarter of 2019, our EBITDA pre exceptionals increased by roughly 2 percent to 275 million euros. Our EBITDA margin pre exceptionals improved from 14.9 percent to 15.1 percent. At 1.822 billion euros, our Group sales in the first quarter of 2019 matched the previous year's level. Net income increased by 3.7 percent to 84 million euros.

I am definitely proud of these figures. Many of our competitors had to put up with falls in earnings, which were significant in some cases, and adjust their expectations. In contrast, we are confident that our performance will remain stable. This is because we have taken the right steps in the past to make LANXESS weatherproof. This is now paying off.

If you will allow me to comment in passing on the share price performance in this connection, I believe that general uncertainty in the chemical industry has certainly been a factor in the fact that our share has not yet performed as well as we could have expected in the light of our performance. Perhaps we have been punished here to some extent for the figures that other players in our industry reported. We are, however, working at convincing the markets of the path we have taken.

Let's return to the outlook for 2019. I think that the mood in terms of the economy and of economic policy will not pick up fundamentally for the moment. Think about the conflict between China and the U.S., think about Iran, think about Brexit – it is obvious that there is a whole range of factors causing uncertainty.

Nevertheless, we believe that the economy will grow modestly worldwide, albeit momentum will flag compared with previous years. The Chinese chemical market, in particular, is likely to perform less well than in previous years. And the Chinese chemical market just happens to be the world's largest.

For 2019 as a whole, we expect EBITDA pre exceptionals to be between 1.00 billion euros and 1.05 billion euros. In other words, roughly on a par with the prior-year level. And I say it again: in these uncertain times, in which so much is called into question, a stable performance is definitely a considerable achievement.

European elections

Dear Stockholders, I would not like to conclude my speech at today's Annual Stockholders' Meeting without addressing an event of major significance for us all and therefore also for LANXESS. I refer to the European elections this coming Sunday.

What once, as the European Coal and Steel Community, served, with the help of economic cooperation, to keep the peace between the six founding states, is now the world's largest internal market. A union of – still – 28 states. An economic community but also a community of values, which faces the challenges of a globalized, complex and rapidly challenging world together.

LANXESS operates in this world, too. We manufacture and supply customers on all the world's continents. But even as a genuinely globalized company, LANXESS remains a European group at heart. We come from Germany and Europe is our domestic market.

We find many of our most important customers here in Europe, whom we supply with products successfully via our 34 EU sites.

We employ most of our highly qualified employees here in Europe. More than 9,000 people in the EU work for LANXESS. We generated sales of approximately 3.1 billion euros in the EU in 2018.

This is due not least to the fact that we can rely on fair, reliable conditions for our transactions here in Europe – which is unfortunately far from being a matter of course nowadays.

It is clear that a stable, strong EU that is capable of acting is very much in our own interest.

But Europe is increasingly in jeopardy. Resurgent nationalistic and populist parties in many countries on our continent are misusing the EU as a bogeyman for their propaganda.

And we can currently see where sustained disinformation and excessive populism lead in Great Britain. Brexit is, without doubt, a project without any winners. The damage is already immense – and that is without the British even having left.

It is true that the EU needs reform. Europe must speed up to remain viable. The digital internal market is well behind schedule. When it comes to regulating industry and innovation, the EU occasionally overshoots the mark and forgets that we need to keep pace with international competition.

But all this can only be done better if the EU remains strong and functioning. And this is why I very much hope that we here in Germany will affirm our commitment to the idea of Europe in the European elections on Sunday.

Ladies and Gentlemen, thank you for your attention! In recent years, LANXESS has kept its promises – and we will continue to work on doing so in the future. I would be delighted if you would continue to stay faithful to us in the future.

Many thanks!

Forward-Looking Statements

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