

## LANXESS Q1

### New LXS shows visible organic earnings growth

#### Financial Summary for Investors and Analysts

#### Q1 2018 Overview of LANXESS Group

|                           | Δ                |   | Q1 2018                     | Q1 2017                     | Comments   |
|---------------------------|------------------|---|-----------------------------|-----------------------------|--|
| <b>Sales</b>              | +7%              | ↑ | €2,565 m                    | €2,401 m                    | Driven by Chemtura acquisition and successful raw material price pass through (esp. BUs All and HPM) |
| <b>EBITDA pre margin</b>  | +14%<br>+0.9 pp. | ↑ | €375 m<br>14.6%             | €328 m<br>13.7%             | Price and portfolio effect   |
| <b>Net Income</b>         | +23%             | ↑ | €96 m                       | €78 m                       | Net income benefits from a more favorable tax rate and lower deductions for minorities (ARLANXEO)    |
| <b>EPS pre</b>            | +32%             | ↑ | €1.33                       | €1.01                       |  |
| <b>Net financial debt</b> | +5%              | ↑ | <b>Mar 2018</b><br>€2,375 m | <b>Dec 2017</b><br>€2,252 m | Due to seasonal working capital build-up and cash out for Solvay acquisition                         |

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#### Overview Financials

##### Q1 2018 Financial overview LANXESS Group (as reported)

###### Strong operating performance, but currencies burden

- Sales deviation yoy: Total +7%  
Price -0%, Volume -1%, Currency -7%, Portfolio +15%  
(approximate numbers)
- Exceptionals of €17 m (Q1 2017: €12 m) mainly driven by restructuring and Chemtura synergies

##### Q1 2018 Financial overview New LANXESS (indicative only)

- Sales deviation yoy: Total +24%  
Price +5%, Volume +1%, Currency -5%, Portfolio +24%  
(approximate numbers)
- Sales increase by 24% to €1,804 m (Q1 2017: €1,449m)
- Substantial EBITDA pre improvement of 40% to €270 m (Q1 2017: €193 m) driven by higher volumes, Chemtura acquisition and synergies
- Despite strong volume base (Q1 2017 pre-buying) New LANXESS on par with previous year

## Q1 2018 Business Overview

### Advanced Intermediates

- Sales deviation yoy: Total +9%  
Price +8%, Volume -2%, Currency -4%, Portfolio +7%  
(approximate numbers)
- Strong price development in both BUs
- Volume growth in BU All is overcompensated by BU Saltigo
- Portfolio reflects Organometallics businesses
- Despite FX headwind and agro weakness strong operational performance
- EBITDA pre of €102 m (Q1 2017: €91 m)
- EBITDA pre margin up to 18.1% (Q1 2017: 17.6%)

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### Specialty Additives

- Sales deviation yoy: Total +108%  
Price +2%, Volume 0%, Currency -5%, Portfolio +111%  
(approximate numbers)
- Portfolio effect (Chemtura and Solvay's phosphorus additives) drives sales
- Positive price development in both BUs
- Volumes on previous year's high level
- EBITDA pre increased to €81 m driven by portfolio effect and synergies, whilst FX burdens (Q1 2017: €44 m)
- EBITDA pre margin of 16.3% (Q1 2017: 18.4%)

### Performance Chemicals

- Sales deviation yoy: Total -9%
- Price -1%, Volume +1%, Currency -8%, Portfolio -2%  
(approximate numbers)
- Price mainly reflects chrome price decline (BU LEA)
- Further volume growth driven by BU LPT and MPP offset by BU IPG (weather) and BU LEA (Zarate closure)
- Portfolio reflects disposal of chlorine dioxide business (BU MPP)
- EBITDA and margin mainly impacted by negative FX effects and chrome ore price decline
- EBITDA pre down to €52 m (Q1 2017: €59 m)
- EBITDA pre margin of 15.5% (Q1 2017: 16.0%)

### Engineering Materials

- Sales deviation yoy: Total +25%  
Price +8%, Volume +2%, Currency -5%, Portfolio +20%  
(approximate numbers)
- Successful pass-on of raw material price increases
- Stable volumes reflect mix-effect of strong compound demand
- Portfolio contribution from acquired urethane systems
- Improved EBITDA and margin due to acquisition of BU URE, good utilization and strong lightweight compound demand, partly offset by negative currency effects
- EBITDA pre of €73 m (Q1 2017: €48 m)
- EBITDA pre margin increased to 18.6% (Q1 2017: 15.2%)

### ARLANXEO

- Sales deviation yoy: Total -20%  
Price -8%, Volume -4%, Currency -9%, Portfolio 0%  
(approximate numbers)
- Comparison to unusually strong Q1 2017 base

- Ongoing EPDM margin pressure
- Substantial adverse FX effect
- Scheduled maintenance shutdown in Singapore
- EBITDA pre of €111 m (Q1 2017: €144 m)
- EBITDA pre margin of 14.7% (Q1 2017: 15.2%)

**Outlook 2018: Ongoing positive macro trends expected, however with intense U.S. dollar headwind**

**MACRO ECONOMIC TRENDS 2018**

- Ongoing growth in all regions expected
- After soft first half of 2018 agro business is expected to improve gradually
- Risk from trade tariffs might impact global growth

**New LANXESS FY 2018**

- Raw material price trend expected to continue upward
- Ongoing FX headwind
- Higher volumes expected even comparing to strong prior year base
- **FY 2018 EBITDA pre expected to increase 5 – 10% yoy (FY 2017: ~€925 m)**

**Housekeeping items for consideration  
Additional financial information**

- Capex 2018: ~€450-500 m
- Operational D&A 2018: ~€400 m
- Reconciliation segment 2018: Around previous year level (~€150 m)
- Tax rate: Lower end of 30-35%
- FX sensitivity: 1 cent change of USD/EUR ~€7 m EBITDA pre impact before hedging

Please note:

- As of Q2 2018: ARLANXEO as “discontinued operations” with a restatement of 2017 and 2018 YTD figures (P&L)  
As of Q2 2019: ARLANXEO accounted for “at equity”  
IFRS 15 has been applied since January 1st 2018, no material impact on result

Cologne, May 4<sup>th</sup>, 2018

**Forward-Looking Statements**

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## Financial Overview Q1 2018

| in € million             | LANXESS      |              |           | Advanced Intermed. |            |           | Specialty Additives |            |           | Performance Chem. |            |           | Engineering Materials |            |           | ARLANXEO   |            |           | Others/ Cons. |            |            |      |
|--------------------------|--------------|--------------|-----------|--------------------|------------|-----------|---------------------|------------|-----------|-------------------|------------|-----------|-----------------------|------------|-----------|------------|------------|-----------|---------------|------------|------------|------|
|                          | Q1/2017      | Q1/2018      | Chg. in % | Q1/2017            | Q1/2018    | Chg. in % | Q1/2017             | Q1/2018    | Chg. in % | Q1/2017           | Q1/2018    | Chg. in % | Q1/2017               | Q1/2018    | Chg. in % | Q1/2017    | Q1/2018    | Chg. in % | Q1/2017       | Q1/2018    | Chg. in %  |      |
| <b>Sales</b>             | <b>2.401</b> | <b>2.565</b> | 7%        | <b>518</b>         | <b>563</b> | 9%        | <b>239</b>          | <b>496</b> | >100%     | <b>368</b>        | <b>336</b> | -9%       | <b>315</b>            | <b>393</b> | 25%       | <b>948</b> | <b>757</b> | -20%      | <b>13</b>     | <b>20</b>  | 54%        |      |
| Price*                   |              |              | -0,1%     |                    |            | 7,7%      |                     |            | 2,1%      |                   |            | -0,5%     |                       |            | 8,3%      |            |            | -7,6%     |               |            | 0,0%       |      |
| Volume*                  |              |              | -1,2%     |                    |            | -1,5%     |                     |            | 0,0%      |                   |            | 1,3%      |                       |            | 1,6%      |            |            | -4,0%     |               |            | 53,8%      |      |
| Currency*                |              |              | -6,6%     |                    |            | -4,1%     |                     |            | -5,4%     |                   |            | -7,6%     |                       |            | -4,8%     |            |            | -8,5%     |               |            | 0,0%       |      |
| Portfolio*               |              |              | 14,7%     |                    |            | 6,6%      |                     |            | 110,8%    |                   |            | -1,9%     |                       |            | 19,7%     |            |            | 0,0%      |               |            | 0,0%       |      |
| <b>EBIT</b>              | <b>192</b>   | <b>204</b>   | 6%        | <b>65</b>          | <b>71</b>  | 9%        | <b>37</b>           | <b>50</b>  | 35%       | <b>40</b>         | <b>32</b>  | -20%      | <b>37</b>             | <b>58</b>  | 57%       | <b>85</b>  | <b>58</b>  | -32%      |               | <b>-72</b> | <b>-65</b> | 10%  |
| Deprec. & amortizat.     | 124          | 154          | 24%       | 26                 | 31         | 19%       | 7                   | 31         | >100%     | 19                | 19         | 0%        | 11                    | 15         | 36%       | 57         | 53         | -7%       |               | 4          | 5          | 25%  |
| <b>EBITDA</b>            | <b>316</b>   | <b>358</b>   | 13%       | <b>91</b>          | <b>102</b> | 12%       | <b>44</b>           | <b>81</b>  | 84%       | <b>59</b>         | <b>51</b>  | -14%      | <b>48</b>             | <b>73</b>  | 52%       | <b>142</b> | <b>111</b> | -22%      |               | <b>-68</b> | <b>-60</b> | 12%  |
| exceptionals in EBITDA   | 12           | 17           | 42%       | 0                  | 0          | 0%        | 0                   | 0          | n.m.      | 0                 | 1          | >100%     | 0                     | 0          | n.m.      | 2          | 0          | -100%     |               | 10         | 16         | 60%  |
| <b>EBITDA pre excep.</b> | <b>328</b>   | <b>375</b>   | 14%       | <b>91</b>          | <b>102</b> | 12%       | <b>44</b>           | <b>81</b>  | 84%       | <b>59</b>         | <b>52</b>  | -12%      | <b>48</b>             | <b>73</b>  | 52%       | <b>144</b> | <b>111</b> | -23%      |               | <b>-58</b> | <b>-44</b> | 24%  |
| normalized D&A           | 124          | 154          | 24%       | 26                 | 31         | 19%       | 7                   | 31         | >100%     | 19                | 19         | 0%        | 11                    | 15         | 36%       | 57         | 53         | -7%       |               | 4          | 5          | 25%  |
| EBIT pre excep.          | 204          | 221          | 8%        | 65                 | 71         | 9%        | 37                  | 50         | 35%       | 40                | 33         | -18%      | 37                    | 58         | 57%       | 87         | 58         | -33%      |               | -62        | -49        | 21%  |
| exceptionals in EBIT     | 12           | 17           | 42%       | 0                  | 0          | 0%        | 0                   | 0          | n.m.      | 0                 | 1          | >100%     | 0                     | 0          | n.m.      | 2          | 0          | -100%     |               | 10         | 16         | 60%  |
| <b>Capex</b>             | <b>57</b>    | <b>81</b>    | 42%       | <b>16</b>          | <b>23</b>  | 44%       | <b>7</b>            | <b>16</b>  | >100%     | <b>11</b>         | <b>11</b>  | 0%        | <b>4</b>              | <b>6</b>   | 50%       | <b>17</b>  | <b>21</b>  | 24%       |               | <b>2</b>   | <b>4</b>   | 100% |
| Net financial debt**     | 2.252        | 2.375        | 5%        |                    |            |           |                     |            |           |                   |            |           |                       |            |           |            |            |           |               |            |            |      |

\* approximate numbers

\*\*previous year value as per Dec. 31

## Income Statement Q1 2018

| in € million  | Q1/2017     | Q1/2018     | Chg. in %   |
|---|-------------|-------------|-------------|
| Sales   | 2.401       | 2.565       | 7%          |
| Cost of sales   | -1.855      | -1.966      | -6%         |
| Gross profit  | 546         | 599         | 10%         |
| Selling expenses  | -218        | -248        | -14%        |
| Research and development expenses   | -34         | -39         | -15%        |
| General administration expenses   | -72         | -98         | -36%        |
| Other operating income  | 29          | 21          | -28%        |
| Other operating expenses  | -59         | -31         | 47%         |
| <b>Operating result (EBIT)</b>  | <b>192</b>  | <b>204</b>  | 6%          |
| Income from investments accounted for using the equity method                               | 0           | 0           | <i>n.m.</i> |
| Interest income   | 1           | 2           | 100%        |
| Interest expense  | -21         | -21         | 0%          |
| Other financial income and expense  | -10         | -22         | <-100%      |
| <b>Financial result</b>   | <b>-30</b>  | <b>-41</b>  | -37%        |
| <b>Income before income taxes</b>   | <b>162</b>  | <b>163</b>  | 1%          |
| Income taxes  | -59         | -54         | 8%          |
| Income after income taxes   | 103         | 109         | 6%          |
| of which attributable to non-controlling interests  | 25          | 13          | -48%        |
| <b>Net income (attributable to LANXESS AG stockholders)</b>                                 | <b>78</b>   | <b>96</b>   | 23%         |
| <b>EPS (in €)</b>   | <b>0,85</b> | <b>1,05</b> | 24%         |
| Earnings per share adjusted for exceptional items and amortization of intangible assets (€) | 1,01        | 1,33        | 32%         |

## Cash Flow Statement Q1 2018

| € million   | Q1 2017    | Q1 2018     | Comments   |
|---|------------|-------------|--|
| <b>Income before income taxes</b>   | <b>162</b> | <b>163</b>  |  |
| Amortization, depreciation, write-downs and reversals of impairment charges of intangible assets, property, plant and equipment | 124        | 154         | D&A higher due to Chemtura acquisition                             |
| Gains on disposals of intangible assets and property, plant and equipment   | 0          | 0           |  |
| Income from investments accounted for using the equity method   | 0          | 0           |  |
| Financial losses  | 20         | 19          |  |
| Income taxes paid   | -65        | -37         | Payment of income taxes influenced by timing effects               |
| Changes in inventories  | -64        | -50         |  |
| Changes in trade receivables  | -248       | -188        | Higher seasonal working capital build-up                           |
| Changes in trade payables   | 39         | -80         |  |
| Changes in other assets and liabilities   | 42         | 41          |  |
| <b>Net cash provided by operating activities</b>  | <b>10</b>  | <b>22</b>   |  |
| Cash outflows for purchases of intangible assets and property, plant and equipment  | -57        | -81         | Due to Chemtura acquisition and additional growth capex            |
| Cash outflows for financial assets  | -110       | -           |  |
| Cash inflows from financial assets  | 150        | -           |  |
| Cash inflows from sales of intangible assets and property, plant and equipment  | -          | 1           |  |
| Interest and dividends received   | 2          | 2           |  |
| <b>Net cash provided by (used in) investing activities</b>  | <b>-15</b> | <b>-133</b> | Contains the acquisition of Solvay's phosphorus additives business |
| Cash inflows from non-controlling interests   | 18         | -           |  |
| Proceeds from borrowings  | 44         | 23          |  |
| Repayments of borrowings  | -6         | -6          |  |
| Interest paid and other financial disbursements   | -4         | -4          |  |
| <b>Net cash (used in) provided by financing activities</b>  | <b>52</b>  | <b>13</b>   |  |
| <b>Change in cash and cash equivalents from business activities</b>   | <b>47</b>  | <b>-98</b>  |  |
| Cash and cash equivalents at beginning of period  | 355        | 538         |  |
| Exchange differences and other changes in cash and cash equivalents   | 2          | -2          |  |
| <b>Cash and cash equivalents at end of period</b>   | <b>404</b> | <b>438</b>  |  |

**Abbreviations:**

|            |  |
|------------|--|
| <b>ADD</b> | <b>Additives</b>                         |
| <b>All</b> | <b>Advanced Industrial Intermediates</b> |
| <b>HPE</b> | <b>High Performance Elastomers</b>       |
| <b>HPM</b> | <b>High-Performance Materials</b>        |
| <b>IPG</b> | <b>Inorganic Pigments</b>                |
| <b>LEA</b> | <b>Leather</b>                           |
| <b>LPT</b> | <b>Liquid Purification Technologies</b>  |
| <b>MPP</b> | <b>Material Protection Products</b>      |
| <b>RCH</b> | <b>Rhein Chemie</b>                      |
| <b>SGO</b> | <b>Saltigo</b>                           |
| <b>TSR</b> | <b>Tire &amp; Specialty Rubbers</b>      |
| <b>URE</b> | <b>Urethane Systems</b>                  |

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