

LANXESS – Q3 2018 results

Delivering despite challenging environment

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Agenda

- 1 Executive summary Q3 2018**
- 2 Business and financial details Q3 2018
- 3 Back-up



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Q3 2018: Divestment of ARLANXEO increases strategic flexibility, strong performance in Specialty Additives

Business highlights

Agreed divestment of remaining 50% in ARLANXEO



Strong operational performance and self-help drive Specialty Additives result



Several innovations announced:

- PA6 grades replacing PA66 (tensile strength at higher temp)
- Broad range of halogen-free flame-retardants for EV



LANXESS included in Dow Jones Sustainability Indices again



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Q3 2018: Solid earnings despite challenging environment

Financial highlights

- Sales growth of 4.4% to €1,786 m
- EBITDA pre improved to €277 m
- Nice EPS pre development by 7% to €1.23
- Sequentially lower net financial debt
- Successful management of higher raw material costs



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LANXESS and Canadian Standard Lithium start cooperation

Parties agreed first stages for potential JV

Content

- Feasibility study for extraction of battery grade lithium from tail brine generated in LXS' US bromine production site
- Terms of JV subject to completion of due diligence and result of feasibility study

Status

- Parties signed term sheet
- Start-up level – evaluation of proof of concept just triggered



Technical feasibility and economic viability to be confirmed

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Solid performance due to balanced and more resilient portfolio opposing weakness in Performance Chems/agro

Despite various market challenges ...

| | |
|-------------------------------|--|
| Advanced Intermediates | <ul style="list-style-type: none"> Stable performance and organic growth despite ongoing agro weakness Balanced market exposures and market position safeguard the business |
| Specialty Additives | <ul style="list-style-type: none"> Despite market concerns, higher raw material costs and some end market weakness, the business has performed strongly |
| Engineering Materials | <ul style="list-style-type: none"> Better balance in the entire value chain and positive light weight and EV trend have improved the business model of BU HPM substantially |
| Group | <ul style="list-style-type: none"> Limited auto exposure to ~20% after ARLANXEO divestment and implementation of self-help measures Ongoing market challenges for the leather business and softer demand in construction |

... LANXESS is on track!

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Q3 2018: Overview on improved financials

| [€ m] | Q3 2017 | Q3 2018 | yoy in % |
|-----------------------|---------|---------|----------|
| Sales | 1,710 | 1,786 | 4% |
| EBITDA pre | 273 | 277 | 1% |
| margin | 16.0% | 15.5% | |
| EPS pre* (group)** | 1.15 | 1.59 | 38% |
| EPS pre* (continuing) | 1.15 | 1.23 | 7% |
| Capex | 86 | 114 | 33% |

- Sales increase driven by strong pricing and slightly higher volumes
- EBITDA pre up due to management of higher raw material prices, synergies and acquired phosphorus business
- EPS improvement on better operating performance and financial result
- Investments in debottleneckings lead to higher capex
- Sequentially reduced net financial debt in Q3 due to solid operating performance and better financial result

| [€ m] | 31.12.2017*** | 30.06.2018 | 30.09.2018 | Δ seq% |
|---------------------|---------------|------------|------------|--------|
| Net financial debt | 2,252 | 2,633 | 2,514 | -5% |
| Net working capital | 1,948 | 1,535 | 1,535 | 0% |

* Net of exceptionals and amortization of intangible assets as well as attributable tax effects
 ** Including 50% of ARLANXEO
 *** Balance sheet items at 31.12.2017 include 100% ARLANXEO

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Q3 2018: Specialty Additives shaped into strongest segment

Advanced Intermediates

| Price | Volume | FX | Portfolio |
|-------|--------|----|-------------|
| +5% | +6% | 0% | 0% |
| Total | | | +11% |

- Strong price increase mainly driven by successful raw material price pass-through in BU All
- Sound volume growth in BU All; BU SGO flat on low level due to ongoing weak agro market
- Strong BU All performance compensating for ongoing shortfall of BU SGO

| [€ m] | Q3'17 | Q3'18 |
|------------|-------|-------|
| Sales | 481 | 534 |
| EBITDA pre | 87 | 87 |
| Margin | 18.1% | 16.3% |

Specialty Additives

| Price | Volume | FX | Portfolio |
|-------|--------|-----|------------|
| +3% | -1% | -0% | +3% |
| Total | | | +5% |

- Increased sales due to successful raw material price pass-through in both BUs, partly offset by slight volume decrease (esp. driven by plant closures)
- Portfolio reflects acquisition of Solvay's U.S. phosphorus additives business
- Improved EBITDA pre and margin, reflecting synergies and portfolio effect

| [€ m] | Q3'17 | Q3'18 |
|------------|-------|-------|
| Sales | 480 | 502 |
| EBITDA pre | 77 | 93 |
| Margin | 16.0% | 18.5% |

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Q3 2018: Engineering Materials strong on high level, Performance Chemicals remains weak

Performance Chemicals

| Price | Volume | FX | Portfolio |
|-------|--------|-----|------------|
| +2% | -8% | +0% | -3% |
| Total | | | -9% |

- Price increases in almost all BUs
- Volume decline compares to strong PY, mainly driven by site closure, strike in South Africa (both LEA) and softer construction market (IPG)
- Disposal of chlorine dioxide business shown in portfolio
- EBITDA pre and margin burdened by lower volumes, partly offset by positive FX effects in emerging markets

| [€ m] | Q3'17 | Q3'18 |
|------------|-------|-------|
| Sales | 365 | 334 |
| EBITDA pre | 65 | 53 |
| Margin | 17.8% | 15.9% |

Engineering Materials

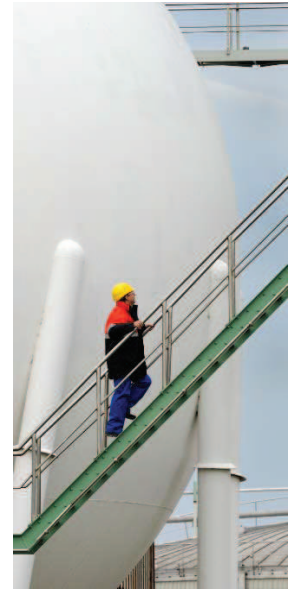
| Price | Volume | FX | Portfolio |
|-------|--------|-----|-------------|
| +6% | +7% | +0% | 0% |
| Total | | | +13% |

- Strong price increase in both BUs offsetting higher raw material prices
- Volumes increase in BU HPM, slightly reduced by BU URE (raw material shortage of monomeric MDI in the U.S.)
- EBITDA pre driven by strong operational performance
- Margin dilutive growth due to pass-through of higher raw material prices

| [€ m] | Q3'17 | Q3'18 |
|------------|-------|-------|
| Sales | 350 | 394 |
| EBITDA pre | 64 | 70 |
| Margin | 18.3% | 17.8% |

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LANXESS confirms FY 2018 guidance despite rising economic challenges



Market update

- Industry trends generally intact, but rising geopolitical risks begin to weigh on demand on high level
 - Increasingly visible tougher environment in automotive
 - Slightly more moderate construction demand
- Record low water level of the Rhine river tightly monitored

LANXESS FY 2018

- **FY 2018 EBITDA pre at upper end of 5 - 10% yoy (FY 2017: ~€925 m)**

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- 1 Executive summary Q3 2018
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Q3 2018: Topline driven by good operational development

| Q3 yoy sales variances | Price | Volume | FX | Portfolio | Total |
|------------------------|------------|------------|------------|------------|------------|
| Advanced Intermediates | +5% | +6% | 0% | 0% | +11% |
| Specialty Additives | +3% | -1% | -0% | +3% | +5% |
| Performance Chemicals | +2% | -8% | +0% | -3% | -9% |
| Engineering Materials | +6% | +7% | +0% | 0% | +13% |
| New LANXESS | +4% | +1% | +0% | +0% | +4% |

- Solid sales growth due to successful raw material price pass-through (esp. BUs All, ADD and HPM)
- Overall slightly increased volumes
- Effect from Solvay's phosphorus additives acquisition compensated by divestiture of chlorine dioxide business

Q3 yoy New LANXESS EBITDA pre bridge [€ m]



- EBITDA pre increase driven by successful price pass-through and synergies
- "Other" includes higher freight and stock-keeping costs over compensated by positive portfolio and FX effects

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Q3 2018: Good quarter on solid level

| [€ m] | Q3 2017 | | Q3 2018 | | yoy in % |
|-------------------------------------|-------------|--------------|-------------|----------------|-------------|
| Sales | 1,710 | (100%) | 1,786 | (100%) | 4% |
| Cost of sales | -1,239 | (-72%) | -1,308 | (-73%) | -6% |
| Selling | -194 | (-11%) | -202 | (-11%) | -4% |
| G&A | -81 | (-5%) | -72 | (-4%) | 11% |
| R&D | -29 | (-2%) | -30 | (-2%) | -3% |
| EBIT | 113 | (7%) | 146 | (8%) | 29% |
| Profit from continuing operations | 53 | (3%) | 80 | (4%) | 51% |
| Profit from discontinued operations | 3 | (0%) | 52 | (3%) | >100% |
| Minorities | 1 | (0%) | 22 | (1%) | >100% |
| Net Income | 55 | (3%) | 110 | (6%) | 100% |
| EPS pre* (continuing) | 1.15 | | 1.23 | | 7% |
| EBITDA | 241 | (14%) | 251 | (14%) | 4% |
| thereof exceptionals | -32 | (-2%) | -26 | (-1%) | -19% |
| EBITDA pre exceptionals | 273 | (16%) | 277 | (15.5%) | 1% |

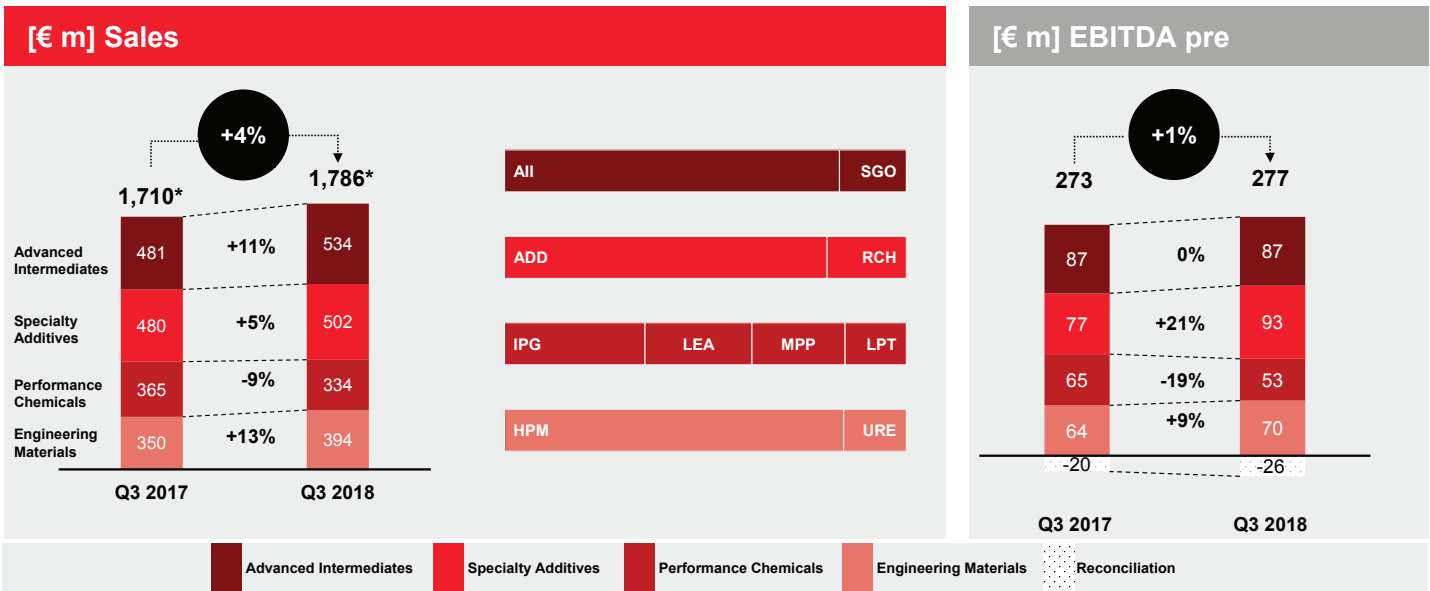
- Sales increase due to improved prices and slightly higher volumes
- Improved G&A costs reflect reclassification effect from discontinued operations
- EBITDA pre slightly ahead of previous year on strong performance level
- Rising EPS pre due to operational performance and better financial result

Stable margins on attractive level

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* Net of exceptionals and amortization of intangible assets as well as attributable tax effects

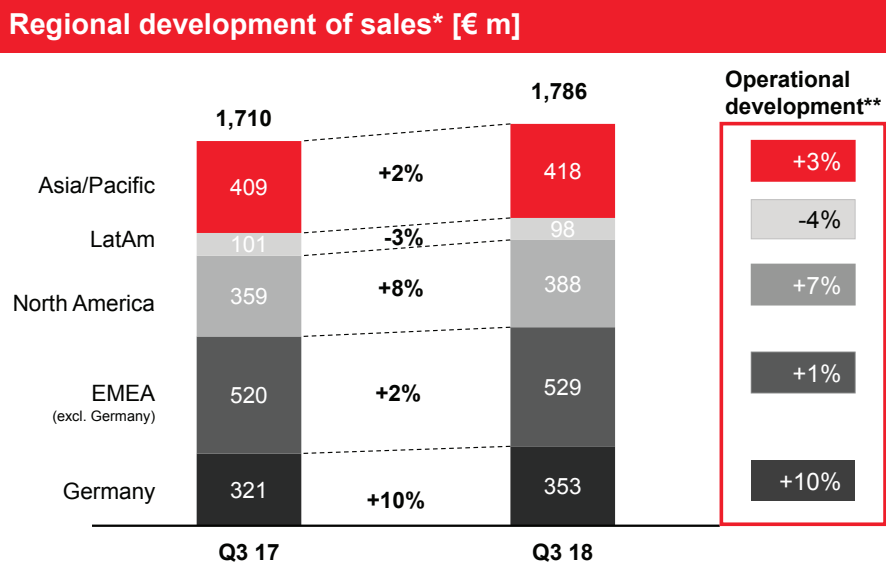
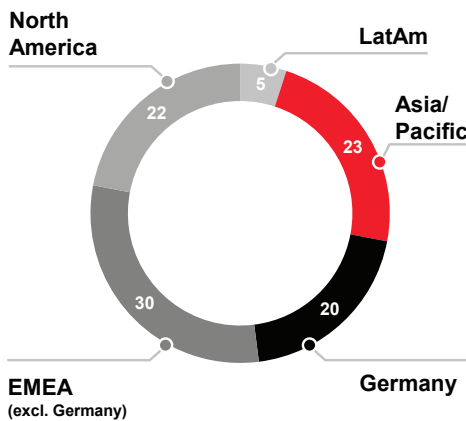
Q3 2018: Most segments with strong sales and EBITDA pre growth



* Total group sales including reconciliation

Q3 2018: Sales increase in most regions - softer demand in Latin America

Q3 2018 sales by region* [%] Regional development of sales* [€ m]



* All figures are indicative only
** Currency and portfolio adjusted

Cash flow in Q3 2018 driven by solid operational performance

| [€ m] | Q3 2017 | Q3 2018 |
|--|-------------|-------------|
| Profit before tax | 80 | 118 |
| Depreciation & amortization | 128 | 105 |
| Financial (gain) losses | 19 | 15 |
| Income taxes paid | -51 | -32 |
| Changes in other assets and liabilities | 86 | 26 |
| Operating cash flow before changes in WC | 262 | 231 |
| Changes in working capital | -35 | -9 |
| Operating cash flow (continuing operations) | 227 | 222 |
| Investing cash flow (continuing operations) | -83 | -114 |
| Thereof capex | -86 | -114 |
| Financing cash flow (continuing operations) | -491 | -113 |

- Operating cash flow on previous year level
- Changes in other assets and liabilities driven by fewer exceptional items
- Capex increase driven by debottlenecking investments
- Significantly improved financing cash flow reflecting early redemption of Chemtura's \$ 450 m bond in previous year quarter

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Balance Sheet Q3: Sequentially only minor changes

| [€ m] | 31.12.2017* | 30.06.2018 | 30.09.2018 |
|--|---------------|---------------|---------------|
| Total assets* | 10,411 | 10,540 | 10,545 |
| Equity (incl. non-controlling interest)* | 3,413 | 3,429 | 3,626 |
| Equity ratio* | 33% | 33% | 34% |
| Net financial debt (after deduction of current financial assets) | 2,252 | 2,633 | 2,514 |
| Near cash, cash & cash equivalents | 588 | 180 | 181 |
| Pension provisions | 1,490 | 1,329 | 1,247 |
| Net working capital | 1,948 | 1,535 | 1,535 |
| DSI (in days)** | 65 | 63 | 68 |
| DSO (in days)*** | 51 | 47 | 46 |

- Stable total assets as ARLANXEO remains consolidated
- Sequentially reduced net financial debt in Q3 due to solid operating performance and better financial result
- Lower pension provisions due to increased German discount rate (from 1.75% to 2.00%)
- Sequentially stable net working capital

Line items reflect effects from reporting ARLANXEO as discontinued operations

| [€ m] | Dec 2017 | Sep 2018 | | Dec 2017 | Sep 2018 |
|--------------------------------|---------------|---------------|---------------------------------------|---------------|---------------|
| Non-current assets | 6,454 | 4,651 | Stockholders' equity | 3,413 | 3,626 |
| Intangible assets | 1,784 | 1,737 | attrib. to non-contr. interests | 1,126 | 1,120 |
| Property, plant & equipment | 4,059 | 2,448 | Non-current liabilities | 4,540 | 4,601 |
| Equity investments | 0 | 0 | Pension & post empl. provis. | 1,490 | 1,247 |
| Other investments | 9 | 1 | Other provisions | 460 | 367 |
| Other financial assets | 20 | 25 | Other financial liabilities | 2,242 | 2,684 |
| Tax receivables | 20 | 14 | Tax liabilities | 134 | 102 |
| Other non-current assets | 562 | 426 | Other liabilities | 101 | 87 |
| Current assets | 3,957 | 5,894 | Deferred taxes | 113 | 114 |
| Inventories | 1,680 | 1,348 | Current liabilities | 2,458 | 2,318 |
| Trade account receivables | 1,316 | 920 | Other provisions | 525 | 421 |
| Other current financial assets | 7 | 50 | Other financial liabilities | 633 | 42 |
| Other current assets | 366 | 237 | Trade accounts payable | 1,048 | 733 |
| Near cash assets | 50 | 50 | Tax liabilities | 61 | 51 |
| Cash and cash equivalents | 538 | 131 | Other liabilities | 191 | 168 |
| Assets from disc. operations | 0 | 3,158 | Liabilities from disc. operations | 0 | 903 |
| Total assets | 10,411 | 10,545 | Total equity & liabilities | 10,411 | 10,545 |

ARLANXEO's assets & liabilities grouped in discontinued operations

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Housekeeping items – New LANXESS

New LANXESS financial expectations

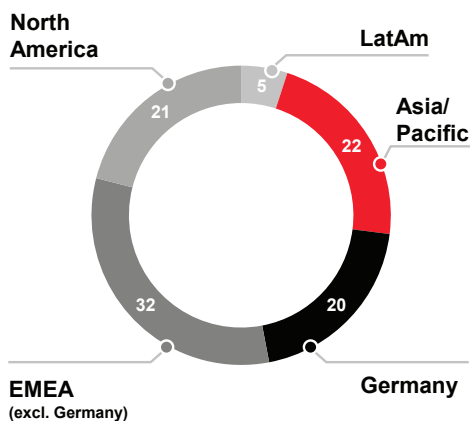
- **Capex 2018:** €450 m-€500 m
- **Operational D&A 2018:** ~€400 m
- **Reconciliation 2018:** around previous year's level (~€150 m)
- **Tax rate:** lower end of 30-35%
- **Exceptionals Q4 2018:** ~ €50 m
- **FX sensitivity:** one cent change of USD/EUR resulting in ~€7 m EBITDA pre impact before hedging



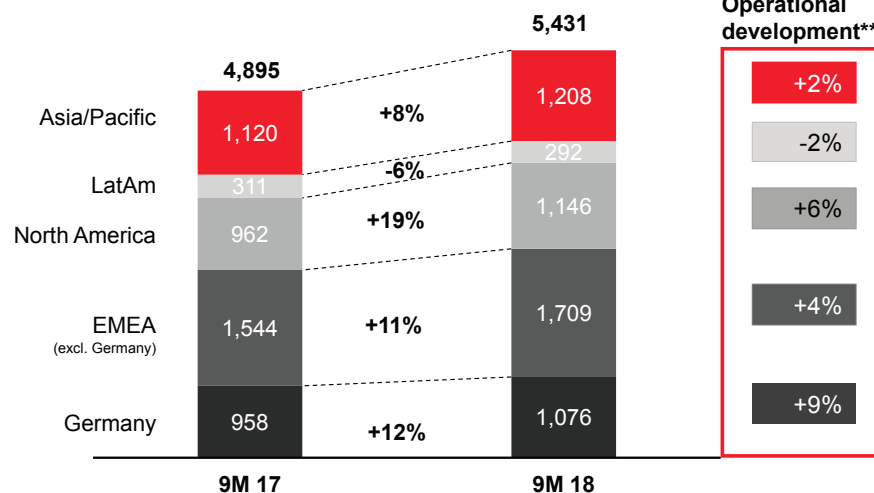
- Net capital gain from ARLANXEO divestment expected to be €80 m - €100 m (including tax payment), reported in discontinued operations

9M 2018: Solid underlying sales development

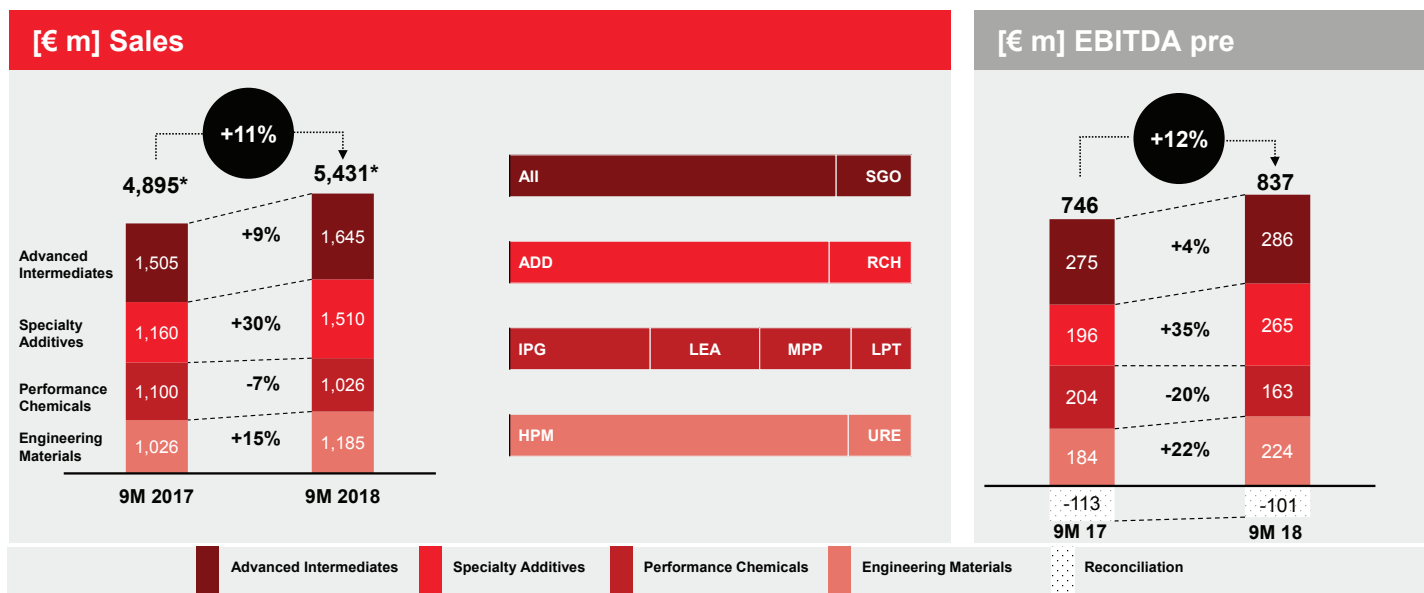
9M 2018 sales by region* [%]



Regional development of sales* [€ m]



9M 2018: Most segments with strong sales and EBITDA pre growth

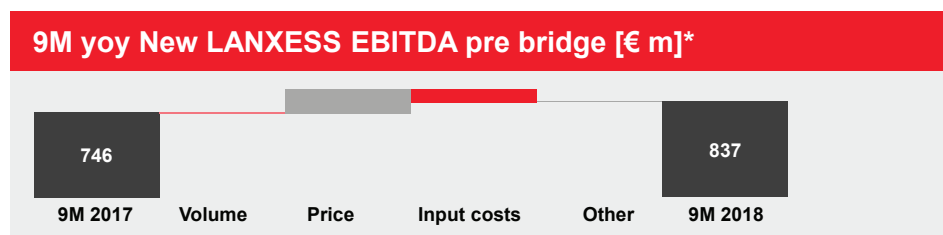


* Total sales including reconciliation

9M 2018: Strong operating development and portfolio effect drive financials

| 9M yoy sales variances | Price | Volume | FX | Portfolio | Total |
|------------------------|------------|------------|------------|------------|-------------|
| Advanced Intermediates | +8% | +1% | -3% | +3% | +9% |
| Specialty Additives | +2% | +0% | -3% | +31% | +30% |
| Performance Chemicals | +1% | -1% | -4% | -2% | -7% |
| Engineering Materials | +6% | +4% | -2% | +8% | +16% |
| LANXESS | +4% | +0% | -3% | +9% | +11% |

- Strong sales growth due to successful raw material price pass-through (esp. BUs All, ADD and HPM) and portfolio effect
- Overall stable volumes
- Negative FX effect results from H1



- EBITDA pre increase driven by successful price pass-through and portfolio
- "Other" includes freight costs and negative FX effect, over compensated by the positive portfolio effect

9M 2018: Strong operational performance and portfolio effect drive financials

| [€ m] | 9M 2017 | | 9M 2018 | | yoy in % |
|-------------------------------------|-------------|----------------|-------------|----------------|-----------------|
| Sales | 4,895 | (100%) | 5,431 | (100%) | 11% |
| Cost of sales | -3,556 | (-73%) | -3,982 | (-73%) | -12% |
| Selling | -554 | (-11%) | -613 | (-11%) | -11% |
| G&A | -222 | (-5%) | -218 | (-4%) | 2% |
| R&D | -81 | (-2%) | -88 | (-2%) | -9% |
| EBIT | 259 | (5%) | 459 | (8%) | 77% |
| Profit from continuing operations | 108 | (2%) | 257 | (5%) | >100% |
| Profit from discontinued operations | 65 | (1%) | 140 | (3%) | >100% |
| Non-controlling interests | 37 | (1%) | 65 | (1%) | 76% |
| Net Income | 136 | (3%) | 332 | (6%) | >100% |
| EPS pre* (continuing) | 3.41 | | 3.84 | | 13% |
| EBITDA | 562 | (11%) | 769 | (14%) | 37% |
| thereof exceptionals | -184 | (-4%) | -68 | (-1%) | -63% |
| EBITDA pre exceptionals | 746 | (15.2%) | 837 | (15.4%) | 12% |

- Sales driven by price increase and acquired businesses, FX burdens
- Improved G&A costs reflect reclassification effect from discontinued operations
- Significant EBIT boost due to good performance and lower exceptionals
- Increase in EPS pre due to operational performance and better financial result

On track to record LANXESS results

25 * Net of exceptionals and amortization of intangible assets as well as attributable tax effects

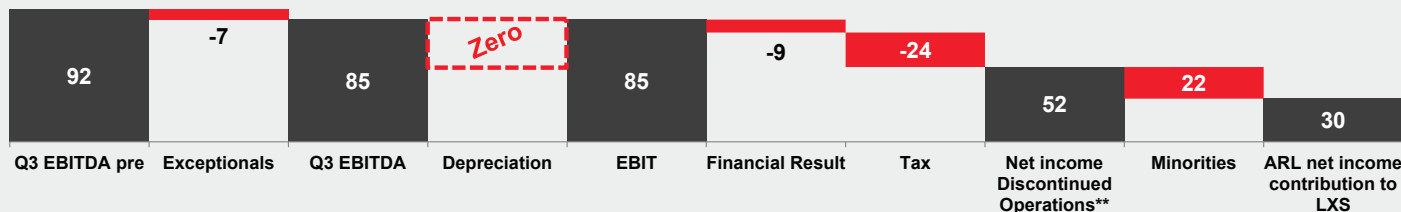
9M 2018: Solid operating cash flow

| [€ m] | 9M 2017 | 9M 2018 |
|---|-------------|-------------|
| Profit before tax | 209 | 376 |
| Depreciation & amortization | 303 | 310 |
| Financial (gain) losses | 16 | 40 |
| Cash tax payments/refunds | -121 | -93 |
| Changes in other assets and liabilities | 76 | -63 |
| Operating cash flow before changes in WC | 483 | 569 |
| Changes in working capital | -190 | -282 |
| Operating cash flow (continuing operations) | 293 | 287 |
| Investing cash flow (continuing operations) | 233 | -308 |
| Thereof capex | -203 | -257 |
| Thereof M&A | -1,782 | -66 |
| Thereof cash inflows from/cash outflows for fin. assets | 2,276 | 0 |
| Financing cash flow (continuing operations) | -526 | -149 |

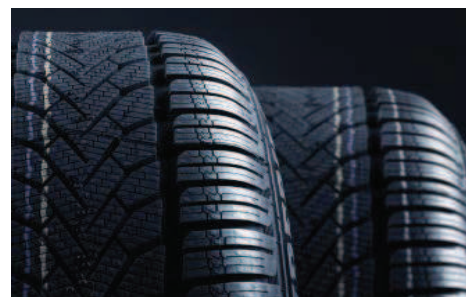
- Operating cash flow on previous year level
- Changes in other assets and liabilities driven by fewer exceptional items and variable compensation
- Investing cash flow:
 - 2017 reflects effects from Chemtura acquisition
 - Capex increases due to growth capex in debottlenecking
 - Mainly acquisition costs for Solvay's phosphorus additive business

ARLANXEO delivers a solid result while IFRS accounting (D&A) additionally boosts LANXESS' EPS

Q3 ARLANXEO EBITDA pre to net income bridge* [€ m]



| [€ m] | Q3 2017 | Q3 2018* | change yoy |
|------------------------|-------------|-------------|------------|
| Sales | 693 | 851 | 23% |
| EBITDA pre margin | 73 10.5% | 92 10.8% | 26% |
| Depreciation | 55 | 0 | |
| EBIT | 17 | 85 | |
| Net debt incl pensions | | ~250 | |
| Capex | 39 | 36 | -8% |



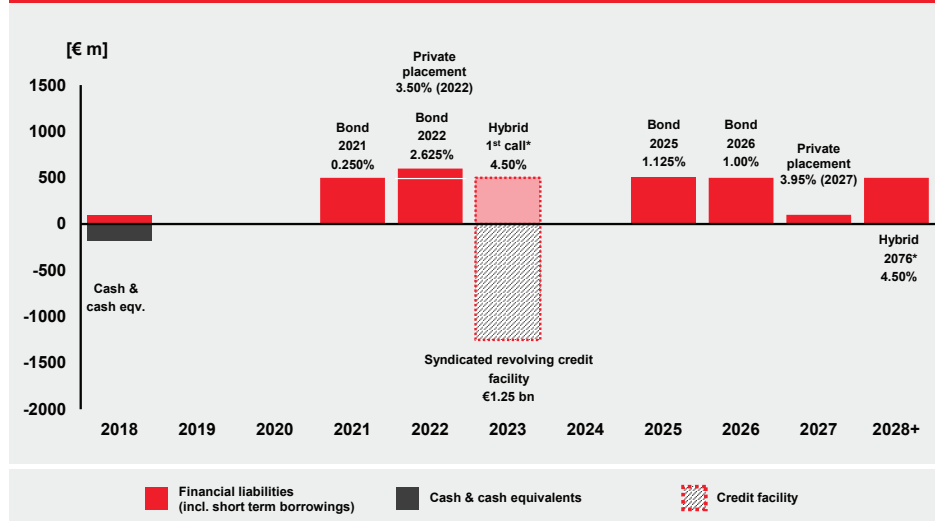
All figures are indicative only
 * According to discontinued operations reporting, no ordinary depreciation of ARLANXEO.
 ** Contains net income only attributable to LANXESS, leading to lower minorities.

Maturity profile actively managed and well balanced

Long-term financing secured

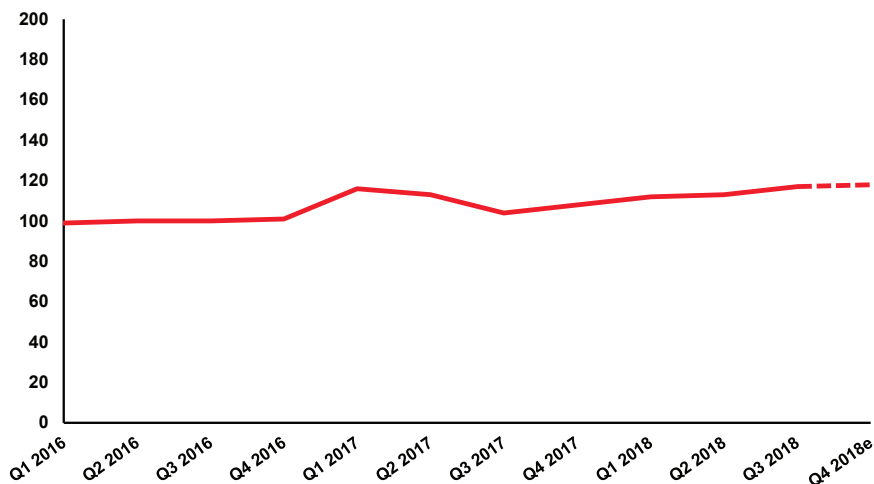
- Diversified financing sources
 - Bonds & private placements
 - Syndicated credit facility
- Average interest rate of financial liabilities <3%
- Maturing €500 m bond refinanced in May 2018 with new bond maturing in 2025
 - €15 m saving p.a. in interest result
- All group financing executed without financial covenants

Liquidity and maturity profile as per September 2018



Raw material prices still slightly increasing, but substantially lower volatility

LANXESS global raw materials index*



New LXS raw material input

Cyclohexane, Toluene, Ammonia, Chlorine, Cyclohexanon, Benzene, 4-Aminodiphenylamin

- Gradual increase in raw material costs since Q3 2017
- We expect the slight upward trend to continue during Q4 2018

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* LANXESS excluding Chemtura businesses, average 2013 = 100%

Significantly reduced exceptional items (on EBIT) in 2018

| [€ m] | Q3 2017 | | Q3 2018 | | 9M 2017 | | 9M 2018 | |
|------------------------|-----------|-------------|-----------|-------------|------------|-------------|-----------|-------------|
| | Excep. | Thereof D&A | Excep. | Thereof D&A | Excep. | Thereof D&A | Excep. | Thereof D&A |
| Advanced Intermediates | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 |
| Specialty Additives | 46 | 29 | 7 | -1 | 103 | 35 | 9 | -1 |
| Performance Chemicals | 0 | 0 | 0 | 0 | 70 | 6 | 1 | 0 |
| Engineering Materials | 0 | 0 | 0 | 0 | 13 | 1 | 1 | 1 |
| Reconciliation | 15 | 0 | 18 | 0 | 38 | 1 | 57 | 0 |
| Total | 61 | 29 | 25 | -1 | 227 | 43 | 68 | 0 |

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Upcoming events 2018 / 2019

Proactive capital market communication

2018

| | | |
|---|--------------------|-----------|
| ▪ Q3 2018 results | November 12 | |
| ▪ Deutsches Eigenkapitalforum 2018 | November 26 | Frankfurt |
| ▪ Berenberg European Conference 2018 | December 3 | London |
| ▪ Credit Suisse Specialty Chemicals Year End Conference | December 4 | London |

2019

| | | |
|--|-----------------|-----------|
| ▪ Oddo BHF Forum 2019 | January 10/11 | Lyon |
| ▪ Commerzbank German Investment Seminar 2019 | January 14-16 | New York |
| ▪ KeplerCheuvreux German Corporate Conference 2019 | January 21/22 | Frankfurt |
| ▪ HSBC 14 th ESG Conference | February 6 | Frankfurt |
| ▪ FY 2018 results | March 14 | |

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Abbreviations

Advanced Intermediates

- **AI** 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

Engineering Materials

- **HPM** High Performance Materials
- **URE** Urethane Systems