S&P Global Ratings

Research

LANXESS AG

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LANXESS AG

Business Risk: SATISFACTORY

Vulnerable — Excellent

Financial Risk: INTERMEDIATE

Highly leveraged — Minimal

Anchor	Modifiers	Group/Gov't
bbb	bbb	bbb

Issuer Credit Rating
BBB/Stable/A-2

Credit Highlights

Overview

Key Strengths	Key Risks
Portfolio realignment expected to result in higher and less volatile margins.	Debt-funded acquisitions related to the business portfolio realignment strategy.
Solid market position among the top-three players in the niche and midsize specialty chemicals business.	Exposure to some cyclical end markets, such as the auto industry, and to volatile raw material prices.
Well-diversified exposure by geography, with six key end markets accounting for 75% of revenue.	Operating margins are improving, but still lag the 17% average for investment-grade, specialty chemical peers.
Improved leverage metrics following 2018 disposal of 50% stake in ARLANXEO for €1.4 billion.	Credit metrics are exposed to currency movements.
Public commitment to maintaining a solid investment-grade rating.	

S&P Global Ratings believes LANXESS' management is committed to preserving its leverage metrics after the ARLANXEO disposal. The company has made a public commitment to maintaining a solid investment-grade rating. Furthermore, the current management team has a track record of financial discipline and balance-sheet protection. For example, in 2016 LANXESS issued a €500 million hybrid bond and suspended share buybacks to lessen the effect on debt from the €2.4 billion acquisition of Chemtura.

The company's portfolio realignment will bring higher and more stable margins. LANXESS acquired Chemours' clean-and-disinfect business in 2016 and lubricant additives producer Chemtura in 2017, and exited the volatile and lower-margin synthetic rubber market following the ARLANXEO disposal in 2018. Furthermore, LANXESS' is focusing on certain organic growth projects and manufacturing-excellence initiatives. We believe these factors should enable LANXESS to gradually build a track record of higher and less-volatile profitability over the next few years. However, we believe adjusted EBITDA margin improvement will be limited in the short term, reaching about 14% in 2020 from 13% in 2017-2018, reflecting softness in some key end markets.

We expect the company's credit metrics to temporarily weaken in 2019 and strengthen in 2020. We expect our key credit metric, funds from operations (FFO) to debt, to decline to 31%-33% in 2019 before recovering in 2020 to 2018 levels of about 36%. This is largely due to a €200 million share buyback completed in first-half 2019 and higher capital expenditure (capex) resulting from further investments in reducing bottlenecks. The persistent weakness in the auto and agricultural sectors is a key downside risk in our base case.

Outlook: Stable

The stable outlook reflects our expectation that LANXESS will keep FFO to debt comfortably above 30%, which we consider commensurate with a 'BBB' rating.

We do not envisage much rating headroom in the short term. However, the company's August 2019 announcement that it will sell its 40% stake in chemical site service provider Currenta could potentially support debt reduction and restore rating headroom. The company expects to receive cash proceeds of €780 million (gross of taxes) in April 2020, however, we understand that it has not decided how it will use the proceeds. In our base-case scenario we also assume an improvement in adjusted EBITDA margin to about 14% in 2020, up from 13% in 2017-2018.

Downside scenario

We might lower the rating if the ratio of FFO to debt fell below 30% without the short-term prospect of a quick recovery. In our view, this may happen if LANXESS pursued a large debt-financed acquisition, which we see as the main risk to the rating. However, we believe that, in such a scenario, the group would likely protect its credit metrics in light of its commitment to maintain an investment-grade rating.

Prolonged operating pressure associated with a significant reduction of our adjusted EBITDA margin to below 13% could also lead to a downgrade.

Upside scenario

We could consider an upgrade if LANXESS improved its credit metrics, specifically with FFO to debt comfortably exceeding 45% and free operating cash flow (FOCF) to debt above 25% on a sustained basis. However, we view such a scenario as unlikely, since we believe that the company would most likely use any financial flexibility it gains to increase capex, acquisitions, or shareholder returns.

Our Base-Case Scenario

Assumptions

- GDP growth in the EU of 1.5% in 2019 and 1.6% in 2020, in Germany of 0.6% in 2019 and 1.1% in 2020, in North America of 2.4% in 2019 and 1.7% in 2020, and in Asia-Pacific of 5.2% in 2019 and 2020.
- A modest revenue decline in local-currency terms, reflecting persistent weakness in the auto and agricultural sectors and the termination of margin-dilutive tolling agreements (particularly in Specialty Additives). We acknowledge the group's resilient performance in Advanced Intermediates in first-half 2019. However, we believe that the increasingly difficult operating environment may make it difficult for the company to increase prices. Currency movements could also weigh on reported revenue in both 2019 and 2020.
- Reported EBITDA of about €900 million in 2019, modestly improving in 2020.
- Limited or neutral working capital cash absorption.
- Capex of about €500 million in 2019 and 2020, mainly for the implementation of debottlenecking projects.
- About €780 million of proceeds from the sale of the Currenta stake, gross of taxes.
- Dividends of €80 million-€90 million in 2020 and 2021.
- No acquisitions, but we acknowledge that LANXESS may pursue external growth in some business segments.
- Our base-case projections for 2020 do not incorporate the potential benefits related to the disposal of Currenta. This is because we understand that the company has not yet decided how it will use the proceeds.

Key Metrics

	2018A	2019E	2020E	2021E
FFO to debt (%)	36.3	31-33	35-37	35-37
Debt to EBITDA (x)	2.1	2.4-2.6	2.2-2.0	2.2-2.0
FOCF to debt (%)	(2.1)	0-2	8-10	8-12

A--Actual. E--Estimate. FFO--Funds from operations. FOCF--Free operating cash flow.

Base-case projections

We expect EBITDA margin growth to be limited but less volatile in 2019-2020. The current difficult operating environment in some key end markets should partially offset the benefit of lower restructuring and implementation costs, synergies from the integration of Chemtura, the effects of various ongoing debottlenecking and manufacturing efficiency projects, and termination of margin-dilutive tolling agreements. Therefore, we believe that margin improvement over 2019-2020 will be limited. Positively, we believe that LANXESS' exit from the volatile and lower-margin synthetic rubber business should reduce the volatility of future profitability.

Company Description

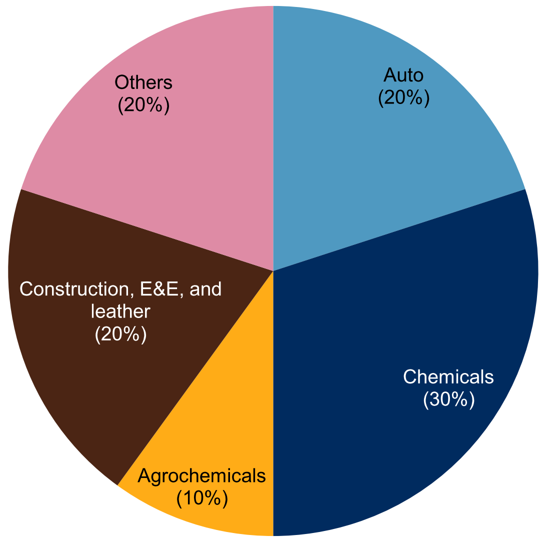
LANXESS is a German specialty chemicals company that develops and manufactures chemical intermediates, additives, specialty chemicals, and plastics. At year-end 2018 it reported €7.2 billion of revenue and had about 15,400 employees in 33 countries. Last year, LANXESS sold its 50% stake in ARLANXEO to Saudi Aramco, thus exiting the synthetic rubber business. In August 2019, the company also announced the disposal of its 40% stake in chemical park service provider Currenta to increase the company's financial headroom for capital allocation over 2020.

The company operates through four business segments:

- Advanced Intermediates (32% of group revenue as of June 30, 2019), which comprises activities in basic and fine chemicals, in which the organometallic (chemical compounds bonding an organic molecule and metal) business was integrated following the Chemtura acquisition.
- Specialty Additives (27%), including the additives manufacturing business.
- Performance Chemicals (20%), the group's application-oriented activities in process and functional chemicals.
- Engineering Materials (21%), which offers a range of engineering plastic compounds and hot-cast prepolymers, specialty aqueous urethane dispersions, and polyester polyols.

Chart 1

LANXESS' 2018 Group Revenue By End Market



E&E--Electrical and electronics. Source: S&P Global Ratings.

Business Risk: Satisfactory

In our view, LANXESS benefits from its continued transformation into a midsize, well-diversified (by geography and end markets) specialty chemical company, with market positions among the top-three players in most of its core businesses. LANXESS' exit from the volatile and lower-margin commodity synthetic rubber business, through the disposal of the remaining 50% of ARLANXEO, is a key milestone in its transformation journey (see charts 1 and 2). This divestment should enable the company to gradually build a track record of higher margins and less-volatile profitability, two important pillars in our assessment of chemical companies' competitive position and business risk.

The 2016 acquisition of Chemours' clean-and-disinfect business, and 2017 acquisition of lubricant additives and flame retardants producer Chemtura are two key steps in LANXESS' transformation. Management has expressed high confidence in its guidance of achieving over €100 million of cost synergies related to the Chemtura transaction over 2017-2020. In 2017, LANXESS also restructured and downsized its leather business unit, which has shown higher-than-average margin volatility in the past. Furthermore, LANXESS is investing in debottlenecking and terminating some margin-dilutive toll agreements, with the aim of improving margins and accelerating cash generation.

We believe that these factors should enable the company to gradually build a track record of higher and less volatile profitability over the next few years. However, we forecast limited improvement in our adjusted EBITDA margin in the short term, to about 14% in 2020 compared with 13% in 2017-2018, reflecting softness in some key end markets. As result, LANXESS' profitability gap with investment-grade specialty chemical peers is reducing, but not fully bridged (see peer comparison below).

Like most specialty chemical companies, LANXESS has exposure to some cyclical end markets, such as the auto and construction industries. However, it is no longer exposed to the volatile tire business after the ARLANXEO disposal. In our view, first-half 2019 performance clearly shows that the company's strategic transformation is paying off, while leading positions in attractive niche markets are almost balancing the softness in the auto sector.

LANXESS is also exposed to volatile raw-material prices, such as oil-derived products and ammonia, which may result in margin volatility through the cycle. However, this is partly mitigated by the company's good track record of passing through input costs to product prices.

We understand the company may pursue midsize acquisitions to strengthen its business position. We see this as the main risk to our ratings if the acquisitions were sizable and the company funded them through debt.

We do not expect a material disruption to the group should the U.K. leave the EU without a deal, due to its limited U.K. operations.

Peer comparison

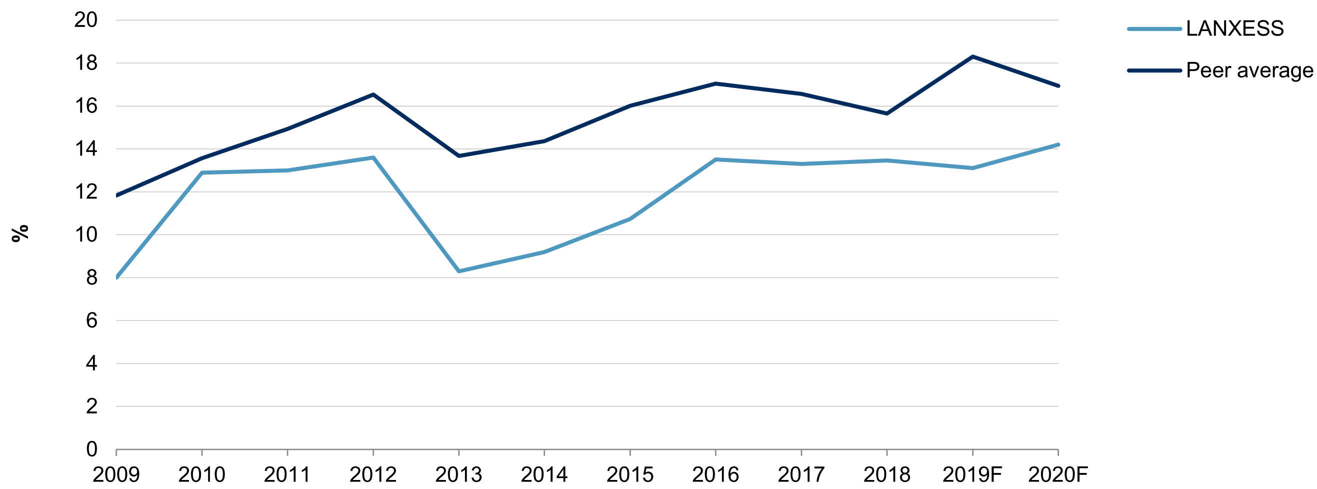
LANXESS' peers include Arkema S.A., Clariant AG, Evonik Industries, and Solvay S.A. Arkema and Clariant are more comparable with LANXESS than Solvay and Evonik, which are larger and have more diverse end markets.

In our view, LANXESS has a better market position than Clariant, which displays better geographic diversity. LANXESS has a track record of weaker profitability than both Clariant and Arkema, due to lower margins in the synthetic rubber business and significant restructuring costs. Positively, we expect LANXESS' EBITDA margin to progressively improve in 2019-2020, but remain below the peer average (see chart 3).

We expect LANXESS' FFO to debt will stand comfortably above 30% in the foreseeable future, which is better than Clariant's and explains the one-notch rating difference between the two companies. Similarly, Arkema's credit metrics are better than LANXESS', explaining the one-notch difference between the two.

Chart 2

LANXESS' EBITDA Margin Versus Peers'



F--Forecast. Source: S&P Global Ratings.

Table 1

LANXESS AG--Peer Comparison				
Industry sector: Chemical companies				
	LANXESS AG	**Clariant AG**	**Evonik Industries**	**Solvay S.A.**
Rating as of Sept. 5, 2019	BBB/Stable/A-2	BBB-/Stable-A-3	BBB+/Stable/A-2	BBB/Stable/A-2
(Mil. €)	**--Fiscal year ended Dec. 31, 2018--**			
Revenue	7,197.0	5,878.9	15,024.0	11,299.0
EBITDA	968.7	786.5	2,414.0	1,975.5
Funds from operations (FFO)	735.3	512.0	1,988.6	1,531.7
Interest expense	103.4	87.1	158.4	276.8
Cash interest paid	77.4	81.8	158.4	208.8
Cash flow from operations	454.5	455.2	1,780.6	1,356.7
Capital expenditure	497.0	227.2	1,026.0	711.0
Free operating cash flow (FOCF)	(42.5)	228.0	754.6	645.7
Discretionary cash flow (DCF)	(127.8)	67.3	182.9	282.9
Cash and short-term investments	1,395.0	762.5	1,128.0	1,103.0
Debt	2,028.2	1,984.0	5,745.4	6,584.8
Equity	3,023.0	2,636.3	8,075.0	9,024.0
Adjusted ratios				
EBITDA margin (%)	13.5	13.4	16.1	17.5
Return on capital (%)	9.4	11.6	10.7	6.4
EBITDA interest coverage (x)	9.4	9.0	15.2	7.1
FFO cash interest coverage (x)	10.5	7.3	13.6	8.3

Table 1

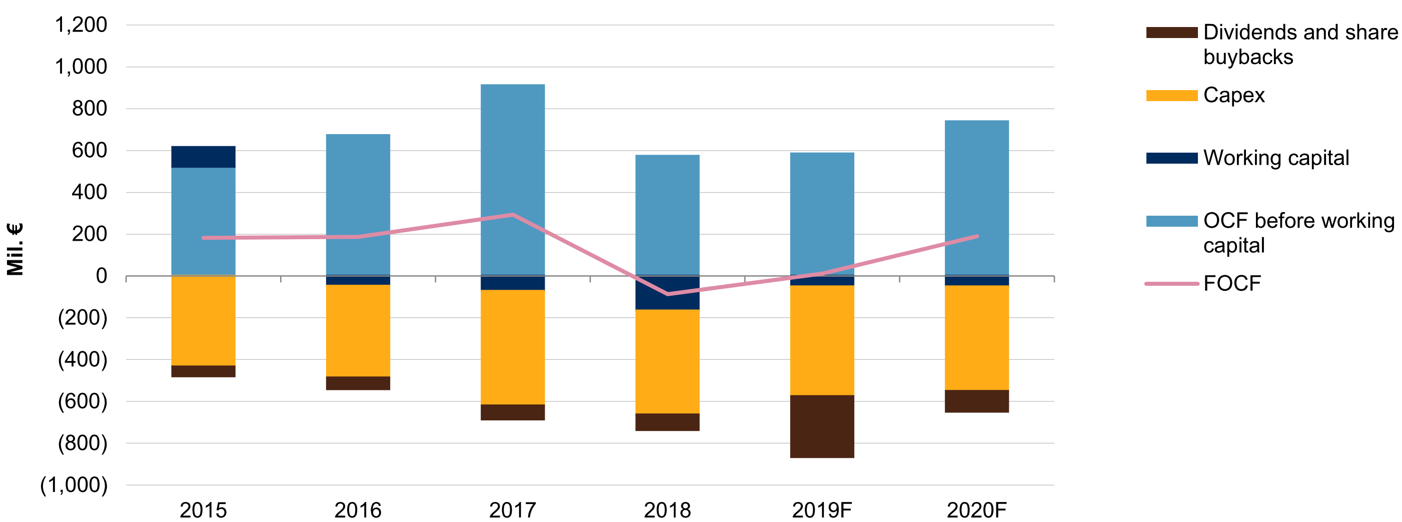
LANXESS AG--Peer Comparison (cont.)				
Debt/EBITDA (x)	2.1	2.5	2.4	3.3
FFO/debt (%)	36.3	25.8	34.6	23.3
Cash flow from operations/debt (%)	22.4	22.9	31.0	20.6
FOCF/debt (%)	(2.1)	11.5	13.1	9.8
DCF/debt (%)	(6.3)	3.4	3.2	4.3

Financial Risk: Intermediate

Our assessment of LANXESS' financial risk profile reflects the company's improved credit metrics since 2018, fueled by the disposal of ARLANXEO. We forecast FFO to debt will temporarily weaken to 31%-33% in 2019, compared with 36% last year, before recovering to 2018 levels in 2020. This is largely due to a €200 million share buyback completed in first-half 2019 and higher capex resulting from further investments in debottlenecking, which should result in higher debt. We believe capex will stay at about 7% of sales in 2019-2020, which will mean comparatively weaker FOCF over the next few years (see chart 4). We expect FOCF to debt of 0%-2% in 2019 and 8%-10% in 2020.

Chart 3

Evolution Of LANXESS' Cash Flow Generation



F--Forecast. OCF--Operating cash flow. Capex--Capital expenditure. FOCF--Free operating cash flow.
Source: S&P Global Ratings.

We do not include acquisitions in our base-case scenario, but we see them as the main risk for the ratings. LANXESS' disposal of its 40% stake in Currenta gives the company financial headroom for capital allocation over 2020. We believe the transaction could potentially support LANXESS in reducing its debt. The company expects to receive cash proceeds of €780 million (gross of taxes). We understand that LANXESS has yet to decide how it will utilize the proceeds, but it is considering a number of capital allocation options including debt repayment, organic and external growth, and dividends. Therefore, we will monitor how LANXESS uses the funds.

We believe LANXESS' top management is committed to preserving enhanced leverage metrics following the 2018 ARLANXEO disposal, including FFO to debt comfortably above 30%. The company has made a public commitment to maintain a solid investment-grade rating. Furthermore, the current management team has shown financial discipline, including through the issuance of a €500 million hybrid bond in 2016 to protect credit metrics, and the company has the flexibility to reduce capex or dispose of assets to strengthen its balance sheet if needed.

Financial summary

Table 2

LANXESS AG--Financial Summary

Industry sector: Chemical companies					
	--Fiscal year ended Dec. 31--				
(Mil. €)	2018	2017	2016	2015	2014
Revenue	7,197.0	8,041.8	6,655.5	7,902.0	8,006.0
EBITDA	968.7	1,070.3	896.9	848.1	734.9
Funds from operations (FFO)	735.3	875.9	637.0	655.1	551.1
Interest expense	103.4	125.4	121.8	129.9	142.8
Cash interest paid	77.4	83.3	88.8	94.9	152.8
Cash flow from operations	454.5	732.2	580.5	653.1	710.7
Capital expenditure	497.0	472.0	377.5	434.0	614.0
Free operating cash flow (FOCF)	(42.5)	260.2	203.0	219.1	96.7
Discretionary cash flow (DCF)	(127.8)	185.0	148.5	173.1	50.7
Cash and short-term investments	1,395.0	459.2	2,480.5	466.0	518.0
Gross available cash	1,395.0	459.2	2,480.5	466.0	518.0
Debt	2,028.2	3,313.4	1,405.3	2,520.3	2,696.5
Equity	3,023.0	2,538.9	2,562.0	2,323.0	2,161.0
Adjusted ratios					
EBITDA margin (%)	13.5	13.3	13.5	10.7	9.2
Return on capital (%)	9.4	11.3	10.7	8.2	5.7
EBITDA interest coverage (x)	9.4	8.5	7.4	6.5	5.1
FFO cash interest coverage (x)	10.5	11.5	8.2	7.9	4.6
Debt/EBITDA (x)	2.1	3.1	1.6	3.0	3.7
FFO/debt (%)	36.3	26.4	45.3	26.0	20.4
Cash flow from operations/debt (%)	22.4	22.1	41.3	25.9	26.4
FOCF/debt (%)	(2.1)	7.9	14.4	8.7	3.6
DCF/debt (%)	(6.3)	5.6	10.6	6.9	1.9

Liquidity: Strong

We view LANXESS' liquidity as strong because we expect sources will exceed uses by more than 1.5x over the 12 months from June 30, 2019, and by at least 1.0x in the 12 months thereafter. We factor in the company's demonstrated access to debt markets and bank financing, and prudent liquidity risk management that enable it to anticipate potential setbacks and take action to ensure continued strong liquidity. LANXESS has no financial covenants.

Principal Liquidity Sources	Principal Liquidity Uses
• Cash and short-term investments of €929 million. • Full availability under an undrawn €1.25 billion credit line maturing in May 2023. • Cash FFO of €600 million. • Currenta stake proceeds of €780 million, gross of taxes.	• Less than €100 million of short-term debt maturities. • Limited or neutral working capital cash absorption. • Capex of about €500 million in 2019 and 2020. • Dividends of €80 million-€90 million.

Debt maturities

Table 3

LANXESS AG--Debt Maturities*

Period	Amount (Mil. €)
Current portion of long-term debt	59.0
Debt due in second year	3.0
Debt due in third year	500.0
Debt due in fourth year	599.0
Debt due in fifth year	2.0
Debt due after fifth year	1,582.0
Total debt	2,745.0

*As of Dec. 31, 2018.

Environmental, Social, And Governance

We consider LANXESS' exposure to environmental risk factors as on par with the chemical sector. Climate protection and energy efficiency are central to the company's sustainability strategy. Even before the Paris climate agreement, LANXESS formulated concrete environmental goals. By 2025, the company aims to reduce its energy consumption and specific carbon dioxide (CO_2) emissions by 25% compared with 2015. Based on year-end 2018 data, the company is on track to reach this target, with direct CO_2 emissions 4% lower and indirect emissions at 2015 levels. Furthermore, the company significantly reduced its emissions of non-methane volatile organic compounds, largely through the disposal of ARLANXEO in 2018.

We believe LANXESS has a good safety record. The company's lost time injury frequency rate (LTIFR) per million hours worked stood at 1.4 at year-end 2018, down from 2.0 at year-end 2016. The group aims to reach a LTIFR of less than 1.0 by 2025. Furthermore, a key aim of the company is to make sure its entire product portfolio is analyzed from a sustainability perspective, so that it does not pose risks to humans and the environment. As of year-end 2018, LANXESS' environmental protection provisions, mainly related to soil contamination, stood at €198 million.

From a governance standpoint, LANXESS is fully in line with global best practices and our assessment is neutral to the rating. Some first- and second-level management variable compensation (below the board level) depends on the extent to which certain targets are achieved.

Issue Ratings - Subordination Risk Analysis

Capital structure

We continue to align our issue ratings on LANXESS' senior unsecured debt with the issuer credit rating. The majority of LANXESS' interest-bearing debt comprises senior unsecured bonds. All of the debt is issued by the parent company LANXESS. The company issued one hybrid bond in 2016 with a first call date in 2023. Cash and cash equivalents of about €229 million and unused committed credit lines of €1.25 billion support the group's liquidity position as of June 30, 2019.

Analytical conclusions

With no material priority obligations ranking ahead of the group's senior unsecured obligations, we rate its senior unsecured debt 'BBB', the same as the issuer credit rating. We rate the subordinate hybrid bond at 'BB+', two notches below the issuer credit rating, and assign it intermediate equity content. LANXESS' hybrid capitalization ratio stood at 9.9% at year-end 2018.

Reconciliation

Table 4

Reconciliation Of LANXESS AG Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €)

	--Fiscal year ended Dec. 31, 2018--							
LANXESS AG reported amounts								
	Debt	**Shareholders' equity**	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**	**Dividends**
Reported	2,745.0	2,780.0	935.0	504.0	75.0	968.7	472.0	74.0
S&P Global Ratings' adjustments								
Cash taxes paid	--	--	--	--	--	(156.0)	--	--
Cash taxes paid: Other	--	--	--	--	--	--	--	--
Cash interest paid	--	--	--	--	--	(77.0)	--	--
Operating leases	142.2	--	44.9	11.6	11.6	(11.6)	33.2	--
Intermediate hybrids reported as debt	(250.0)	250.0	--	--	(11.3)	11.3	11.3	11.3

Table 4

Reconciliation Of LANXESS AG Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €) (cont.)

Postretirement benefit obligations/deferred compensation	710.0	--	4.0	4.0	25.0	--	--	--
Accessible cash and liquid investments	(1,320.0)	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	3.0	--	--	--
Share-based compensation expense	--	--	1.9	--	--	--	--	--
Nonoperating income (expense)	--	--	--	12.0	--	--	--	--
Reclassification of interest and dividend cash flows	--	--	--	--	--	--	(62.0)	--
Noncontrolling interest/minority interest	--	(7.0)	--	--	--	--	--	--
Debt: Guarantees	1.0	--	--	--	--	--	--	--
EBITDA: Gain/(loss) on disposals of PP&E	--	--	(1.0)	(1.0)	--	--	--	--
EBITDA: Other	--	--	(16.0)	(16.0)	--	--	--	--
Depreciation and amortization: Impairment charges/(reversals)	--	--	--	(1.0)	--	--	--	--
Total adjustments	(716.8)	243.0	33.7	9.6	28.4	(233.4)	(17.5)	11.3

S&P Global Ratings' adjusted amounts

	Debt	Equity	EBITDA	EBIT	Interest expense	Funds from operations	Cash flow from operations	Dividends paid
Adjusted	2,028.2	3,023.0	968.7	513.6	103.4	735.3	454.5	85.3

PP&E--Property, plant, and equipment.

When calculating our adjusted credit ratios, we add to reported debt as of Dec. 31, 2018, €710 million of pension liabilities and €142 million of operating leases. However, we net about €1.3 billion of surplus cash and short-term investments, which we consider available for debt repayment. We also deduct from debt 50% of the hybrid instrument issued in 2016 and reported as debt, since we assigned it intermediate equity content. Our forecast credit metrics incorporate total lease liabilities of about €130 million following the implementation of International Financial Reporting Standards 16, as per the company disclosure in July 2019.

Ratings Score Snapshot

Issuer Credit Rating

BBB/Stable/A-2

Business risk: Satisfactory

- **Country risk:** Intermediate
- **Industry risk:** Low

- **Competitive position:** Satisfactory

Financial risk: Intermediate

- **Cash flow/Leverage:** Intermediate

Anchor: bbb

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral
- **Liquidity:** Strong (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - Industrials: Key Credit Factors For The Specialty Chemicals Industry, Dec. 31, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008
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Business And Financial Risk Matrix

Business Risk Profile	Financial Risk Profile					
	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	**bbb/bbb-**	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of September 5, 2019)*

LANXESS AG	
Issuer Credit Rating	BBB/Stable/A-2
Senior Unsecured	BBB
Subordinated	BB+
Issuer Credit Ratings History	
09-Aug-2018	BBB/Stable/A-2
31-Jul-2017	BBB-/Stable/A-3
26-Sep-2016	BBB-/Negative/A-3
24-Sep-2015	BBB-/Positive/A-3

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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