



LANXESS – Conference Presentation

Q2 / 2016

Business strength of New LANXESS becomes evident

Investor Relations

LANXESS
Energizing Chemistry

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Agenda

- **LANXESS Equity Story**
- Executive summary Q2 2016 and outlook 2016
- Financial details Q2 2016 / H1 2016
- Backup

Building a more resilient New LANXESS

Our path towards the New LANXESS



- ! Profitable & growing
- ! More resilient
- ! Less cyclical
- ! Cash generating
- ! Integrated supply chains

Energizing chemistry!

LANXESS: Moving strategically into more resilient, less volatile businesses

LANXESS AG



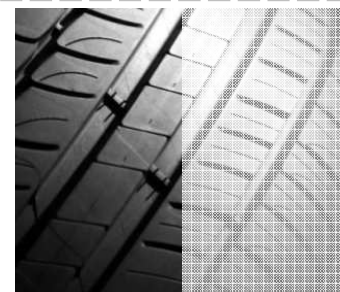
Advanced Intermediates



Performance Chemicals



High Performance Materials



ARLANXEO joint venture for synthetic rubber

50%
owned by
Saudi Aramco
as of
April 1, 2016*

New LANXESS – Highly diversified and less volatile businesses are the focus for future growth

* ARLANXEO to be fully consolidated for the first three years

Formerly Segment Performance Polymers
(until 31.3.2016)

LANXESS

LANXESS: A solid foundation to generate shareholder value

Growth & resilience

Sound financials

Shareholder return

Growth & resilience

- Sensible organic and external growth in diversified end markets
- Reducing margin volatility

Sound financials

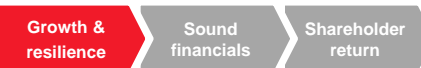
- Strong, solid balance sheet
- Reduced capex profile

Shareholder return






- Shareholder return back in focus
- Targeting an appropriate stock market valuation



Resilient and profitable businesses



The new LANXESS provides a strong foundation for growth

	New LANXESS			ARLANXEO	Group
	 Advanced Intermediates	 Performance Chemicals	 High Performance Materials		
EBITDA pre* margin	€339 m 19%	€326 m 16%	€111 m 10%	€391 m 14%	€885 m 11%
ROCE	~15%			~5%	8.4%

EBITDA pre and margin for HPM and ARLANXEO are unaudited figures

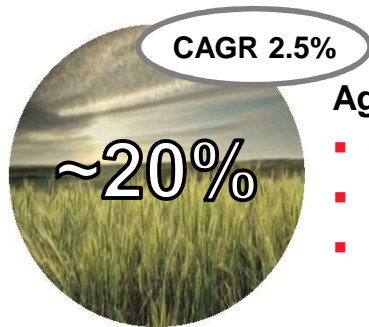
* Operational EBITDA pre without reconciliation or hedging expenses

The New LANXESS: Diversified end markets with good growth rates

Growth & resilience

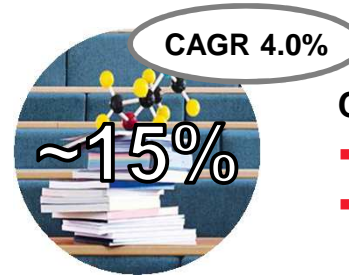
Sound financials

Shareholder return



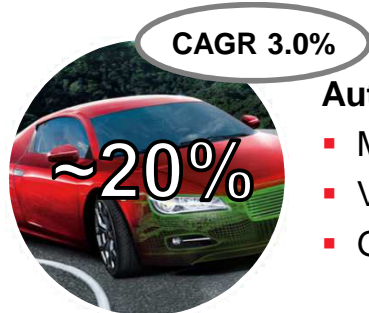
Agro

- Growing population
- Limited farmland
- Need for higher productivity



Chemicals

- Environmental technology
- Efficiency



Automotive

- Mobility
- Vehicle weight reduction
- Growth of middle class



Consumer goods

- Food and product safety
- Growth of middle class



Construction

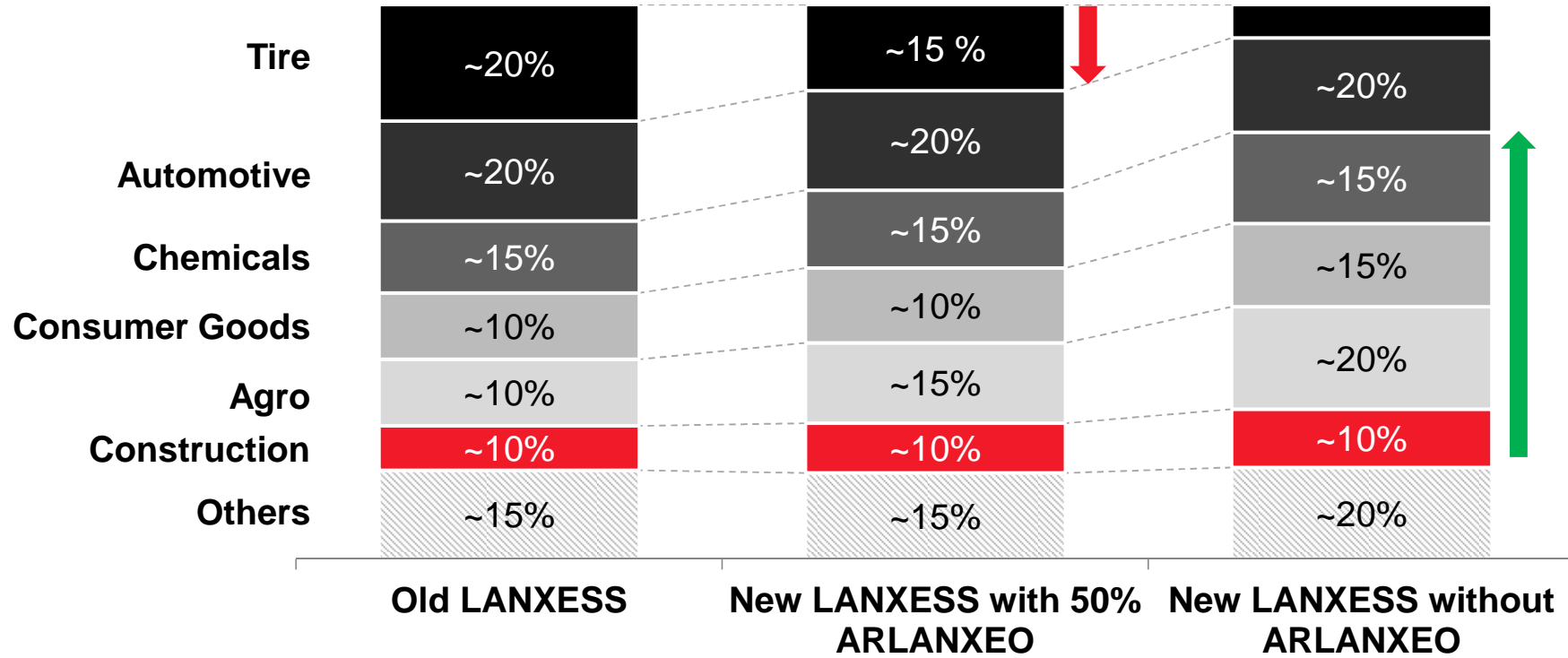
- Urbanization
- Growth of middle class
- Enhanced productivity

Markets expressed as percentage share of total sales volume; the other ~20% is accounted for by "other" markets, which are growing at ~3%. Estimates of 5-year CAGR are based on internal research.

End market exposure changed visibly

Growth & resilience Sound financials Shareholder return

More balanced exposure to end markets



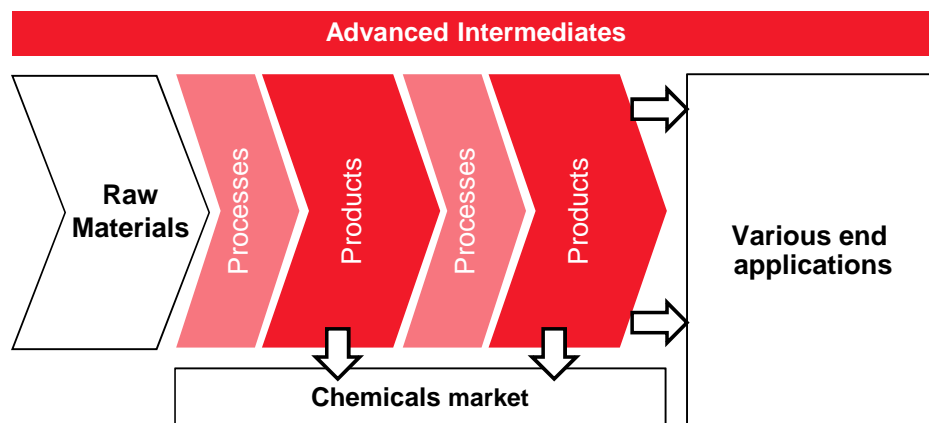
Advanced Intermediates: A strong and stable player in chemical intermediates

Growth & resilience

Sound financials

Shareholder return

Highly efficient integrated production network



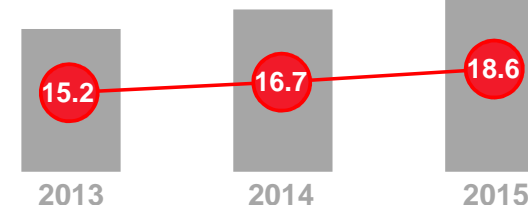
- Unique integrated manufacturing network (Verbund)
- Leading market positions in highly diversified end markets
- High expertise in custom manufacturing

Growing slightly above GDP

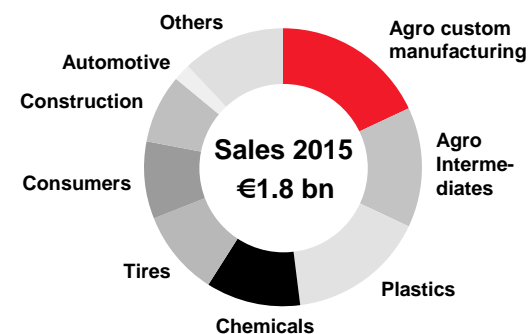
Diversified and resilient

EBITDA pre & margin in %

€339 m



A strong and stable pillar



Performance Chemicals: Attractive, solutions-oriented businesses

Growth & resilience

Sound financials

Shareholder return

Well balanced portfolio in diversified and growing markets

- Strong market positions in niches
- Low importance of raw materials
- High-quality standards and expertise in partly regulated markets
- Low capital intensity of global manufacturing base

Customized solutions for a variety of products and applications

Additives



Pigments



Biocides



Leather



Water



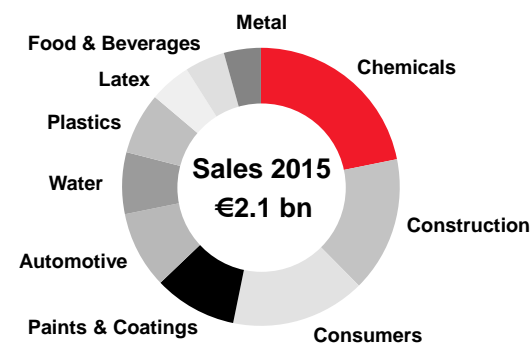
Stable business performance

EBITDA pre & margin in %

€326 m



Low margin volatility and strong cash generation



High Performance Materials: Leading supplier of high-tech plastics with global production network

Growth & resilience

Sound financials

Shareholder return

Strong backward integrated player for engineering plastics

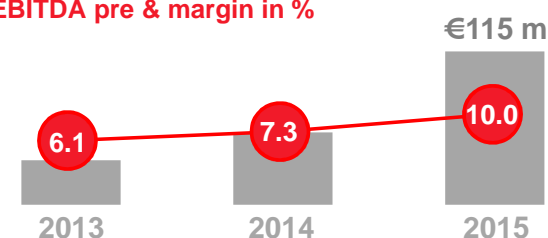
- Customer and market proximity
- Backward integrated into strategic raw materials
- Global production network
- Among leading providers of engineering plastics
- Focus on high-tech compounds to meet global trend in lightweight constructions



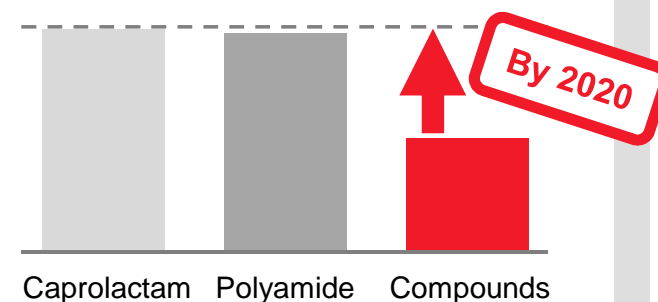
Growth for engineering plastics in automotive applications*: ~7%

Attractive performance outlook

EBITDA pre & margin in %



Shift towards high-tech compounds

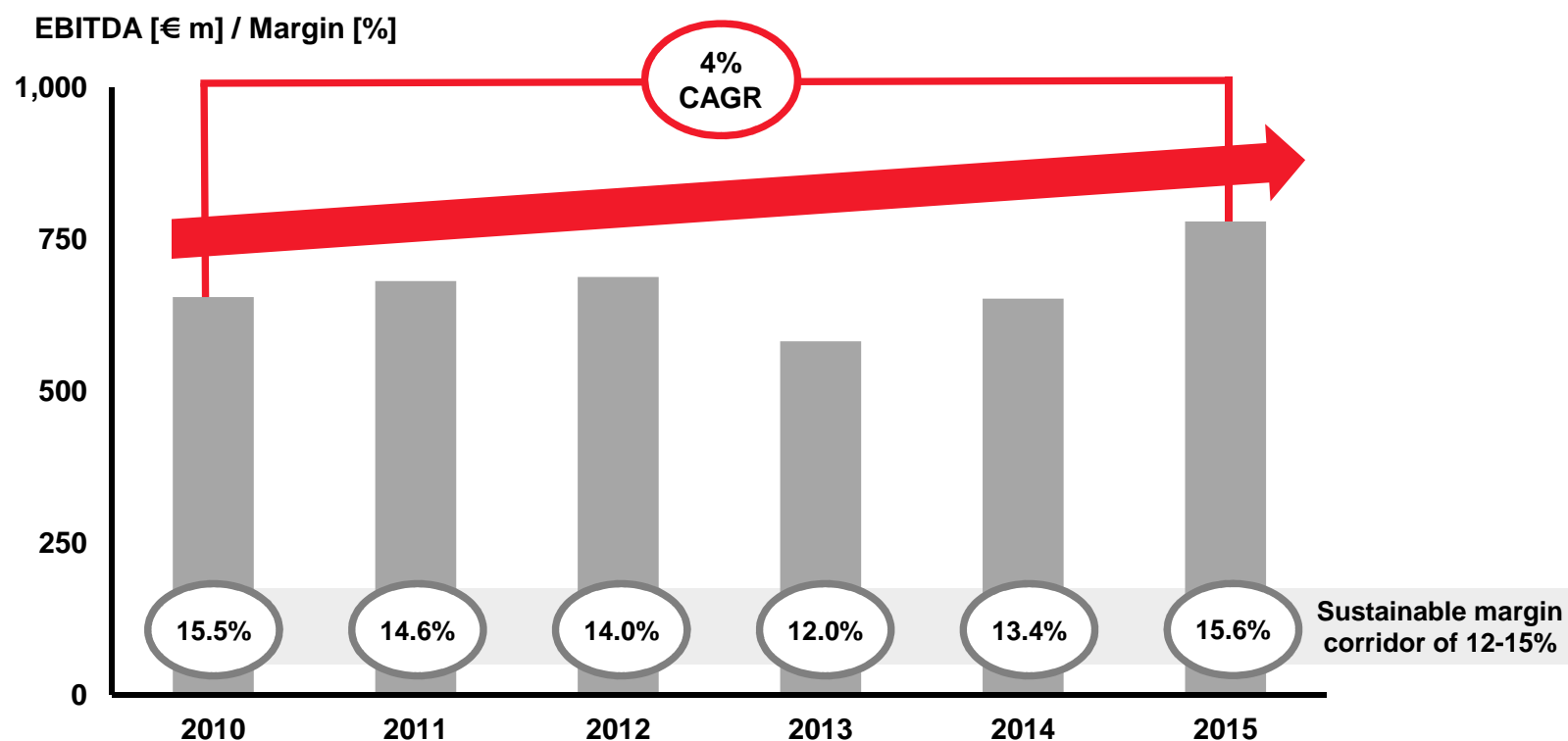


*Source: AMI Plastics, IHS Chemicals, LMC Automotive, PCI Nylon, Plastics Europe, LANXESS volume estimates / demand growth through substitution (from metal to plastics in cars)

New LANXESS: Sound and resilient business platforms



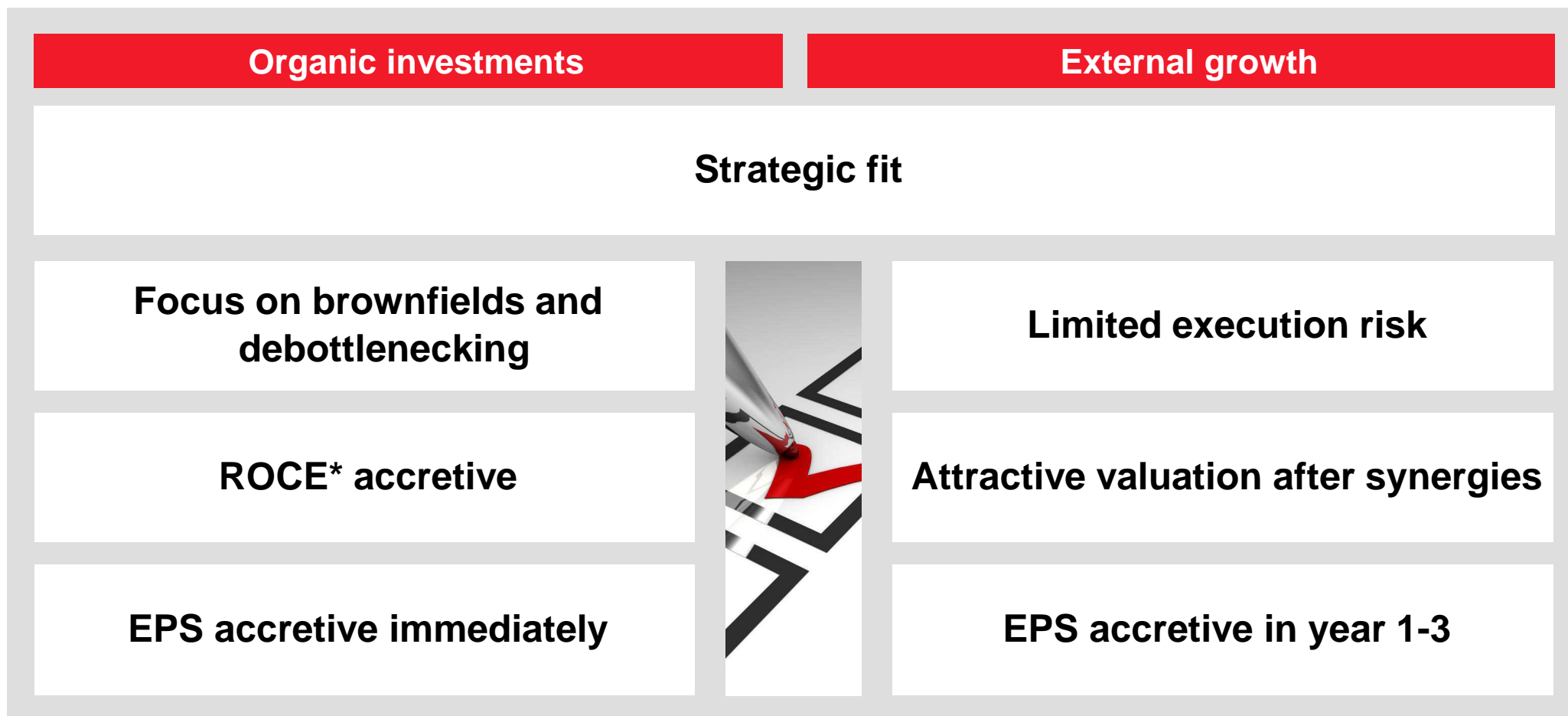
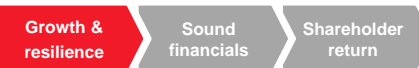
Low margin volatility in New LANXESS' operative segments*



All reference to EBITDA is EBITDA pre exceptionals

* Excluding Reconciliation segment

Clear and strategic financial criteria for sensible growth

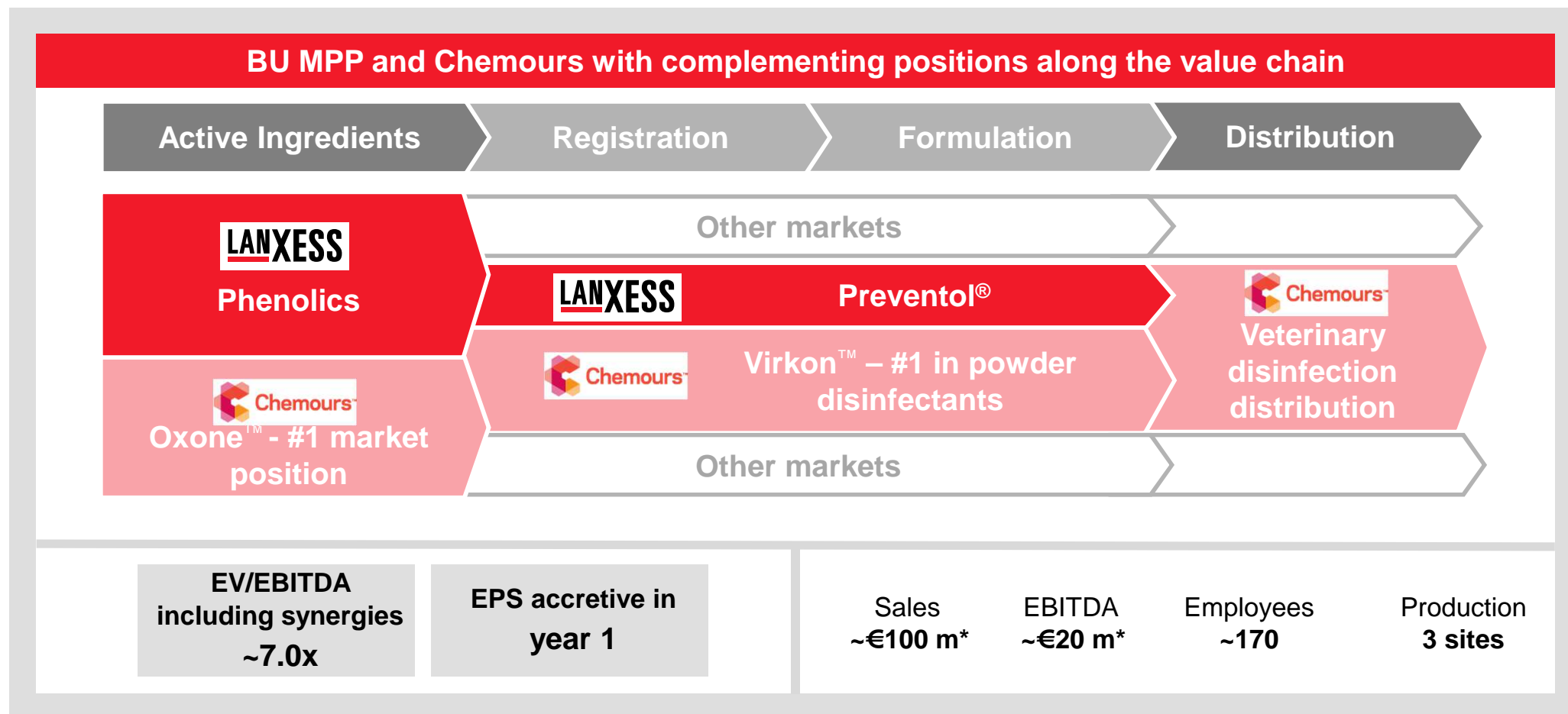


* Refers to ROCE of "New LANXESS" through the cycle

EPS and ROCE accretion for organic investments: Once the new investment has reached its normal operating activity

Swift action on growth strategy has already been taken in our Performance Chemicals segment

Growth & resilience Sound financials Shareholder return

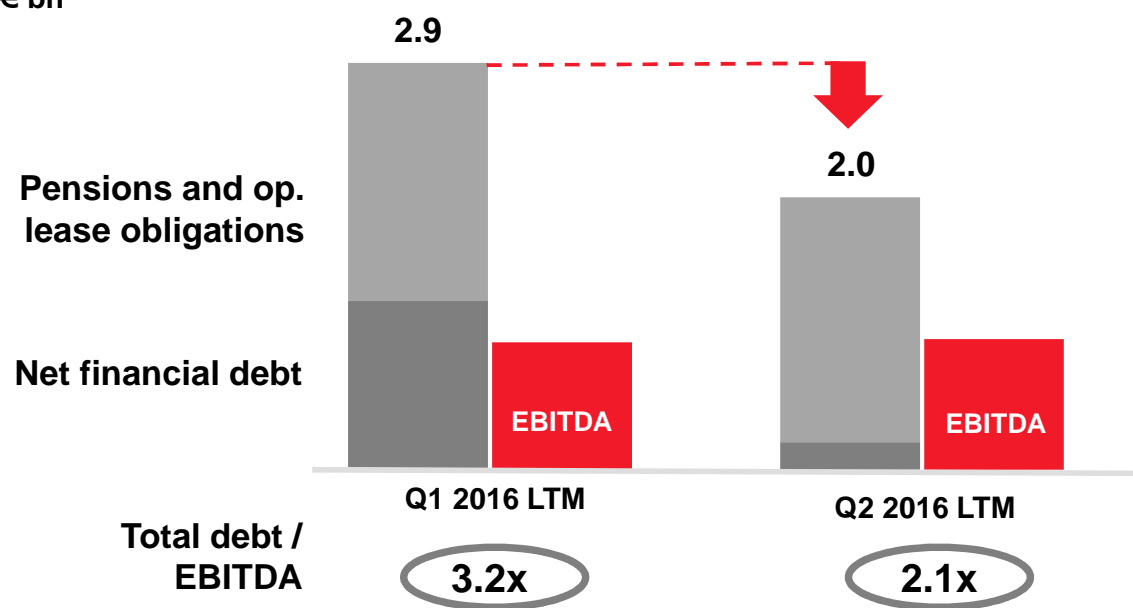


* Financials FY 2015 pro forma pre exceptionals; FX: 1.10 USD/EUR

LANXESS now has strong and sound balance sheet

~€1.2 bn cash from successful closing of ARLANXEO JV visibly strengthens balance sheet

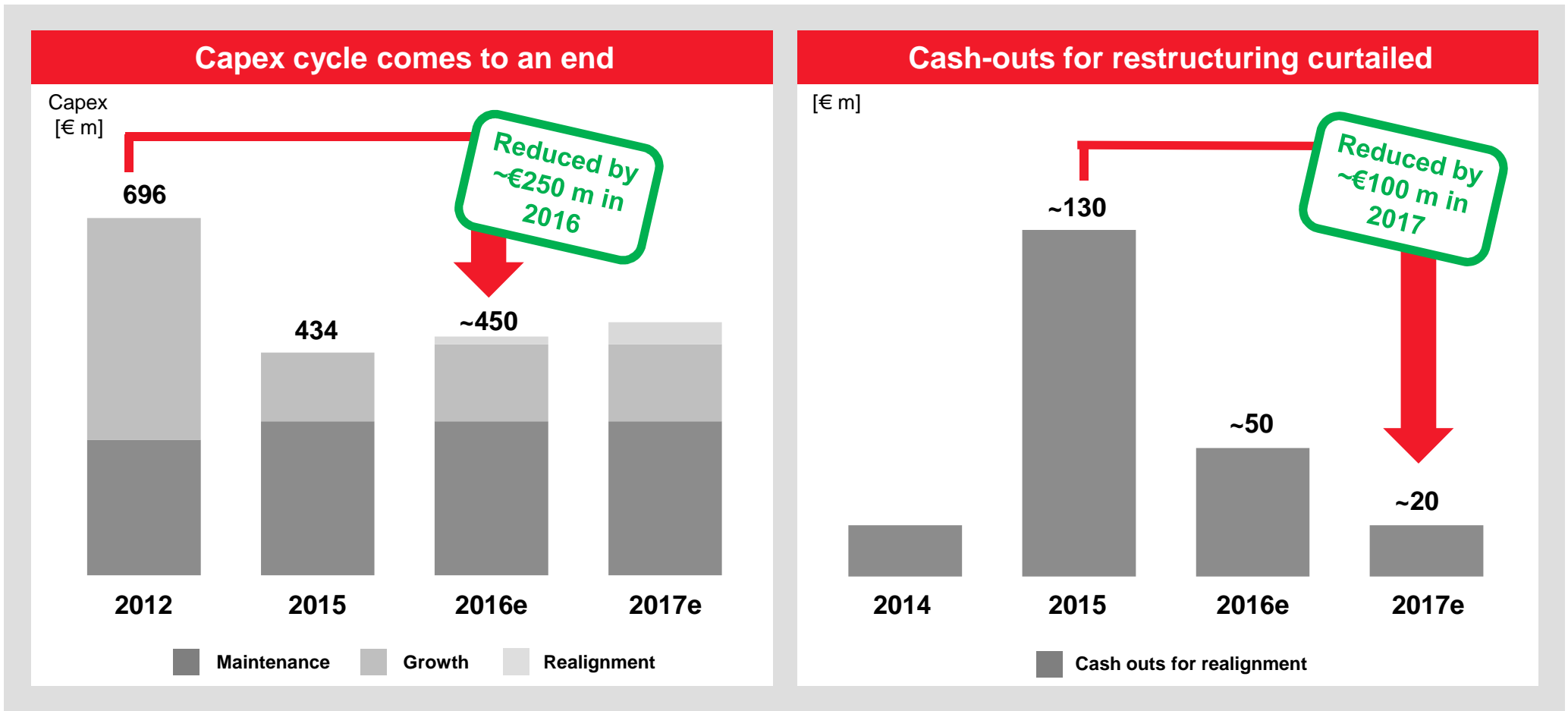
€ bn



Net financial debt close to zero

All references to EBITDA are to EBITDA pre-exceptional items.

In parallel, LANXESS maintains a clear focus on cash



Shareholder returns driven by several factors

Growth &
resilience

Sound
financials

Shareholder
return

**Clear dividend policy:
Aiming for a rising or at least stable dividend**

Planned share buy-back of ~€200 m

**Reduced risk profile from both the business and financial
perspectives**

**An experienced and capital market minded management
team**



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Strong operational performance

Business Update

- ⊕ ARLANXEO started on April 1, 2016
- ⊕ First acquisition to close soon
- ⊕ Strong performance of New LANXESS:
Higher volumes, improved mix and accelerated savings
- ⊖ Persistently competitive market situation in rubbers
- ⊖ Operational issues: Supplier's force majeure (SGP) and prolonged shut down in CR rubber

Operational strength



Financial performance driven by New LANXESS

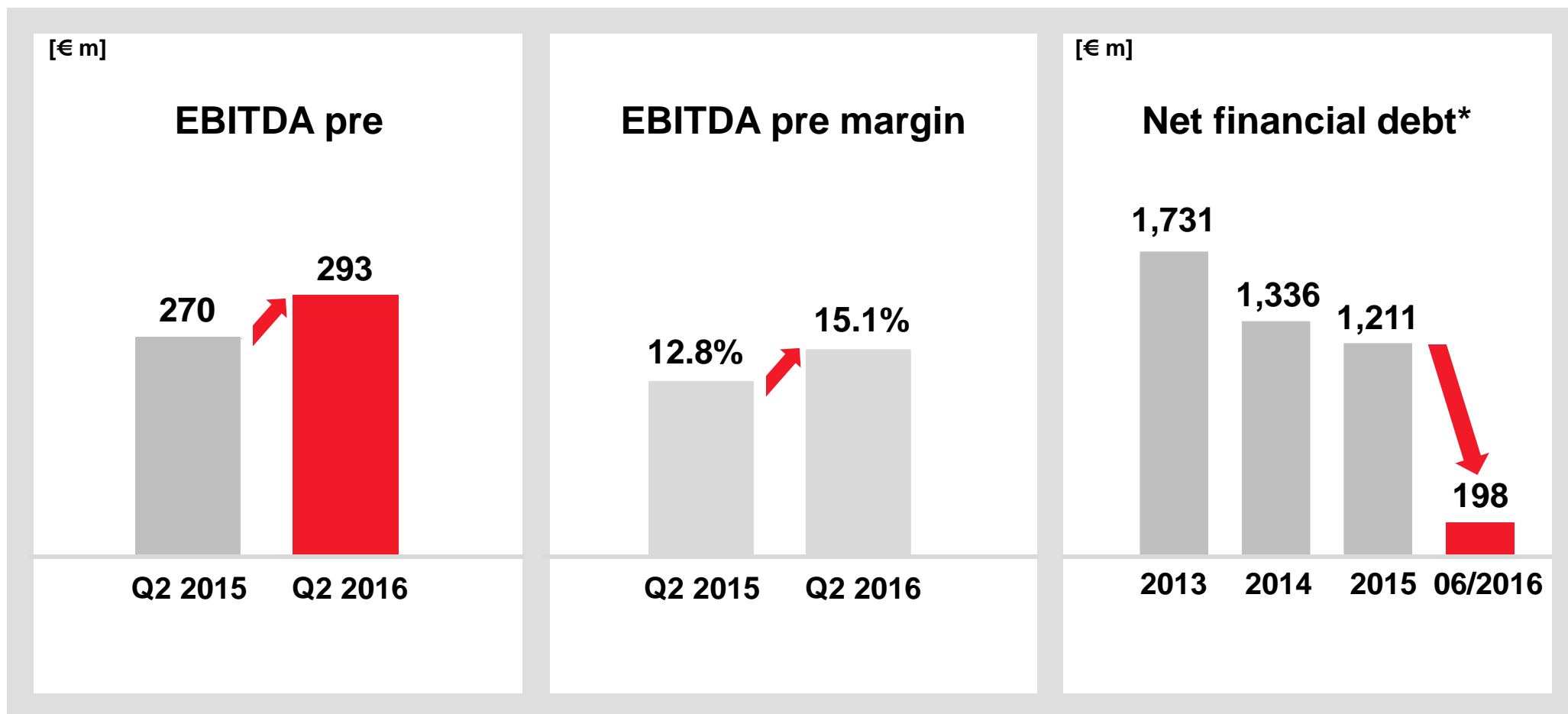
Financial update

- Net sales decreased mainly due to raw material pass-through
- EBITDA pre growth of 9%
- Strong margin and operational cash flow improvement
- Significant deleveraging post ARLANXEO closing
- €200 m funding of German pension assets

Solid base for future growth



Key performance metrics significantly improved



* Net financial debt after deduction of current financial assets

Q2 2016 financial overview: Higher profitability and significant net debt reduction

[€ m]	Q2 2015	Q2 2016	yoy in %
Sales	2,105	1,943	-7.7%
EBITDA pre	270	293	8.5%
margin	12.8%	15.1%	
EPS	0.95*	0.82	-13.8%
EPS pre**	0.73	0.83	13.7%
Capex	73	73	0.0%
[€ m]	31.12.2015	31.03.2016	30.06.2016
Net financial debt***	1,211	1,216	198
Net working capital	1,526	1,719	1,761
ROCE	8.4%	8.9%	7.7%

- Lower sales on raw material price pass-through
- EBITDA and margin increased mainly on higher volumes, improved utilization/streamlined idle costs and positive FX effects
- EPS pre growth despite non-controlling interests allocated to Saudi Aramco
- Net debt significantly reduced after receipt of ~€1.2 bn
- ROCE technically lower due to balance sheet extension

* incl. net exceptional income of €24 m

** net of exceptionals, using the local tax rate applicable where the expenses were incurred

*** after deduction of current financial assets

Guidance raised: Strong operational performance in for New LANXESS in H2 and accelerated savings

New LANXESS

Advanced Intermediates

- Highly diversified mix of customer industries
- Demand of agro chemical industry to remain soft

Performance Chemicals

- Two flagship businesses (IPG and ADD) to benefit from new capacities and newly established business platforms
- Improved business mix

High Performance Materials

- Engineering plastics with strong projected development
- Growth to be driven by various engineering plastic applications

ARLANXEO

- Margin pressure expected to increase in the second half of the year, largely resulting from additional rubber capacities entering the market

H2 2016 above prior year





H2 2016 below prior year

Updated: FY 2016 EBITDA pre now expected to be between €930 – 970 m

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Q2 2016: Higher volumes and better utilization drive earnings

Q2 yoy sales variances		Price	Volume	Currency	Total
	Adv. Intermediates	-6%	+2%	-1%	-5%
	Perf. Chemicals	-3%	+3%	-1%	-2%
	High Perf. Materials	-9%	+4%	-1%	-6%
	ARLANXEO	-10%	-2%	-2%	-14%
LANXESS		-7%	+1%	-1%	-8%

- Lower selling prices mainly due to lower raw material prices
- Higher volumes in New LANXESS segments; ARLANXEO with high prior-year base and a supplier's force majeure
- Somewhat weaker USD





Q2 yoy EBITDA pre bridge [€ m]



- Higher volumes supported
- Slightly negative price / input cost effect, driven by market price pressure in ARLANXEO
- "Other" reflected improved utilization with streamlined idle costs and positive FX effects*

* Lower hedging expenses and favorable emerging markets' currencies

H1 2016: Good volume development despite external headwinds

H1 yoy sales variances		Price	Volume	Currency	Total
	Adv. Intermediates	-7%	+3%	0%	-4%
	Perf. Chemicals	-2%	+2%	-1%	-1%
	High Perf. Materials	-8%	+2%	-1%	-6%
	ARLANXEO	-12%	-1%	0%	-13%
LANXESS		-8%	+1%	0%	-7%

- All segments reflect lower raw material costs in selling prices
- Good volume growth across New LANXESS segments
- ARLANXEO with slightly lower volumes due to production disruptions (supplier's force majeure)

H1 yoy EBITDA pre bridge [€ m]



- Higher volumes drove EBITDA
- Negative price / input costs due to market price pressure in synthetic rubber
- “Other” reflected the absence of ramp-up costs in prior year, less idle costs and positive FX effects*

* Lower hedging expenses and favorable emerging markets' currencies

Q2 2016: On track to deliver full year improvement

[€ m]	Q2 2015	Q2 2016	yoy in %	
Sales	2,105 (100%)	1,943 (100%)	-8%	<ul style="list-style-type: none"> ▪ Lower sales mainly due to the pass-through of lower raw material costs ▪ Cost of sales decrease disproportionately to sales: less idle costs and positive currency effects ▪ G&A increase reflects mainly ARLANXEO dissynergies ▪ Non-controlling interests reflect 50% of ARLANXEO's income allocated to Saudi Aramco ▪ EPS pre up, despite income allocation to non-contr. interests
Cost of sales	-1,620 (77%)	-1,466 (76%)	10%	
Selling	-200 (10%)	-191 (10%)	5%	
G&A	-68 (3%)	-73 (4%)	-7%	
R&D	-34 (2%)	-32 (2%)	6%	
EBIT	177 (8%)	176 (9%)	-1%	
Non-controlling interests	0	8 (0%)	>100%	
Net Income	87 (4%)	75 (4%)	-14%	
EPS pre	0.73	0.83	14%	
EBITDA	296 (14%)	291 (15%)	-2%	
thereof exceptionals	26 (-1%)	-2 (0%)	>-100%	
EBITDA pre exceptionals	270 (12.8%)	293 (15.1%)	9%	

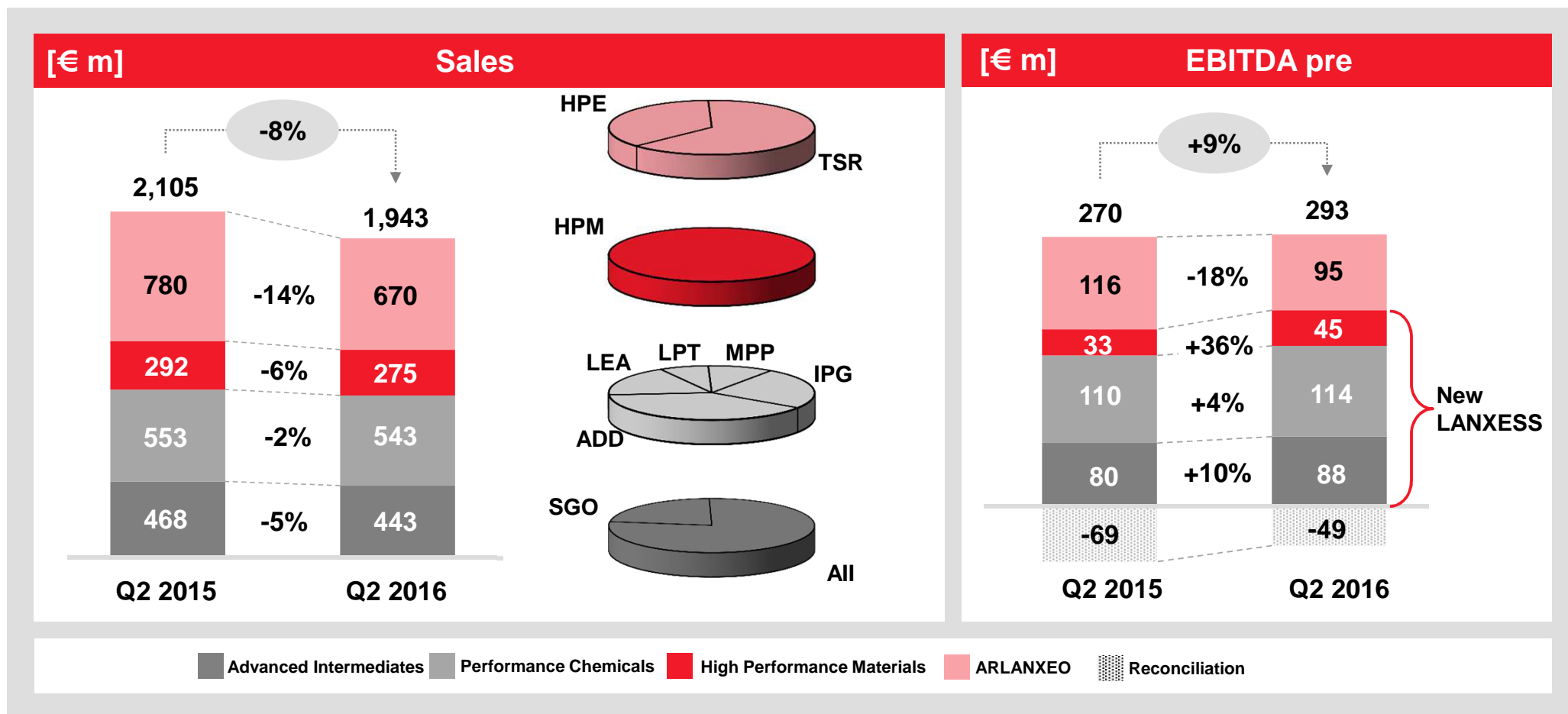
A quarter of strong profitability

H1 2016: Visible earnings improvement

[€ m]	H1 2015		H1 2016		yoy in %	
Sales	4,143	(100%)	3,863	(100%)	-7%	<ul style="list-style-type: none"> Cost of sales decreased disproportionately to sales due to lower idle costs, absence of ramp-up cost (~€25 m in Q1'15) and favourable FX effects G&A influenced amongst other by dissynergies from ARLANXEO Net income and EPS pre with visible business performance driven increase, despite deduction of non-controlling interests
Cost of sales	-3,215	(78%)	-2,925	(76%)	9%	
Selling	-383	(9%)	-385	(10%)	-1%	
G&A	-132	(3%)	-145	(4%)	-10%	
R&D	-66	(2%)	-62	(2%)	6%	
EBIT	240	(6%)	307	(8%)	28%	
Non-controlling interests	-1	(0)	8	(0%)	>100%	
Net Income	109	(3%)	128	(3%)	17%	
EPS pre	1.39		1.50		8%	
EBITDA	474	(11%)	542	(14%)	14%	
thereof exceptionals	-25	(1%)	-13	(0%)	48%	
EBITDA pre exceptionals	499	(12.0%)	555	(14.4%)	11%	

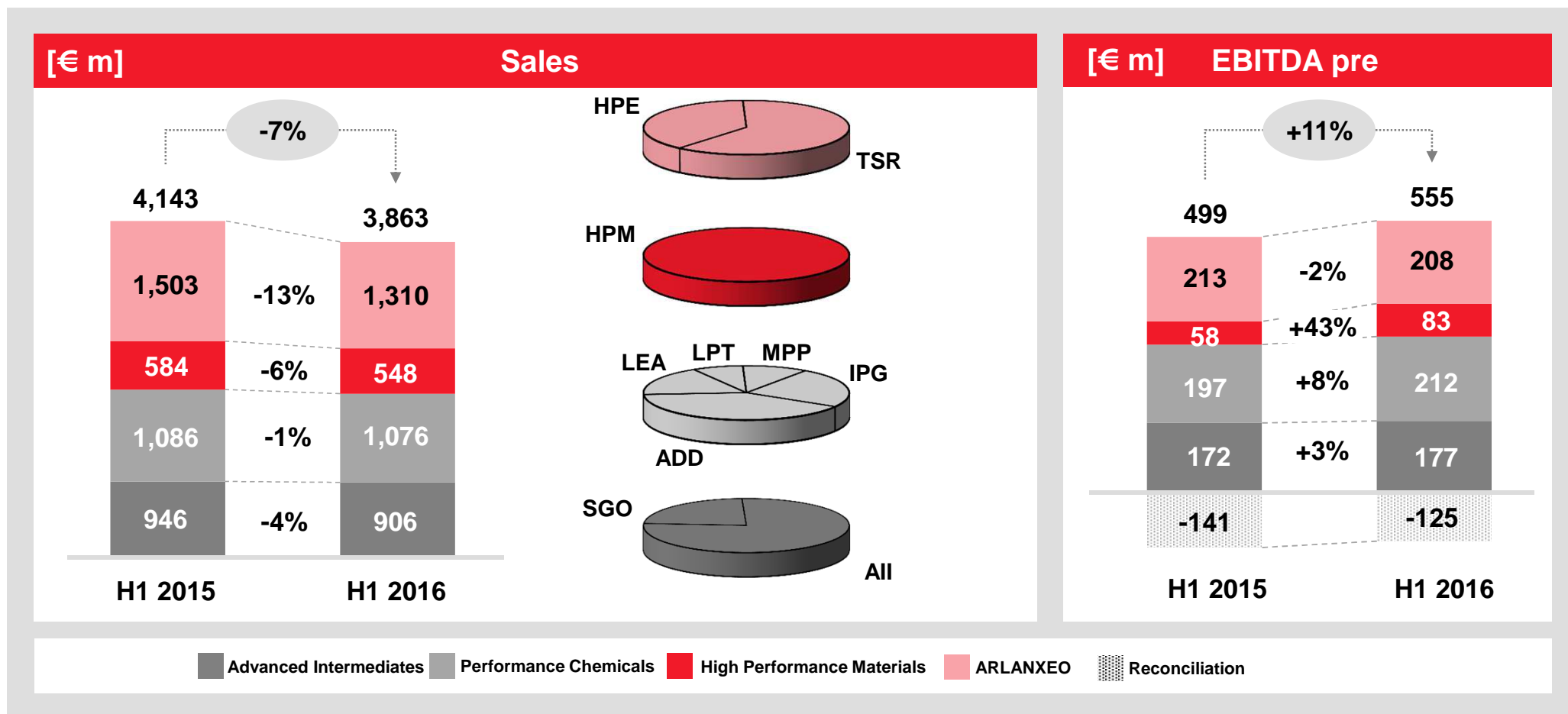
Improved profitability

Q2 2016: EBITDA improvement in New LANXESS' segments



Total group sales including reconciliation

H1 2016: Strong EBITDA development



Total group sales include reconciliation

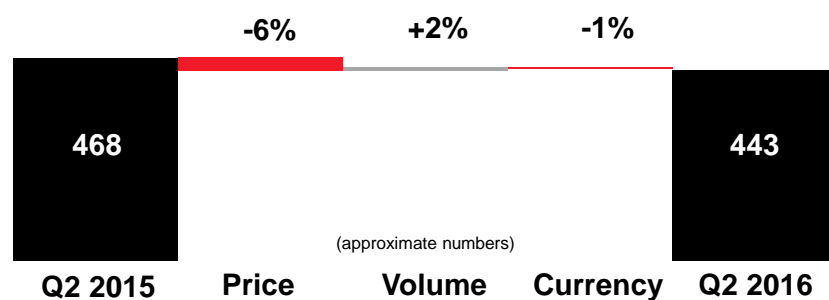
Advanced Intermediates: A resilient and profitable business

[€ m]	Q2 2015	Q2 2016	Δ
Sales	468	443	-5.3%
EBIT	51	63	23.5%
Depr. / Amort.	27	25	-7.4%
EBITDA pre exceptionals	80	88	10.0%
Margin	17.1%	19.9%	
Capex	18	22	22.2%

	H1 2015	H1 2016	Δ
Sales	946	906	-4.2%
EBIT	121	127	5.0%
Depr. / Amort.	50	50	0.0%
EBITDA pre exceptionals	172	177	2.9%
Margin	18.2%	19.5%	
Capex	28	31	10.7%



Q2 sales bridge yoy [€ m]



Q2 yoy effects

- Lower selling prices due to lower raw material prices (e.g. benzene, toluene)
- BU All with positive volume development driven by nearly all end markets; compared to a low base (unplanned maintenance in Q2 2015)
- BU SGO partly compensated for softer agro business with higher volumes in fine chemicals

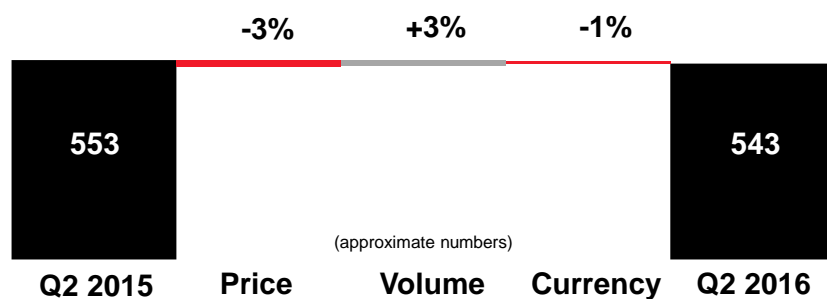
Performance Chemicals: Volume and product mix improvements

[€ m]	Q2 2015	Q2 2016	Δ
Sales	553	543	-1.8%
EBIT	83	91	9.6%
Depr. / Amort.	21	23	9.5%
EBITDA pre exceptionals	110	114	3.6%
Margin	19.9%	21.0%	
Capex	24	22	-8.3%

	H1 2015	H1 2016	Δ
Sales	1,086	1,076	-0.9%
EBIT	147	167	13.6%
Depr. / Amort.	42	45	7.1%
EBITDA pre exceptionals	197	212	7.6%
Margin	18.1%	19.7%	
Capex	41	38	-7.3%



Q2 sales bridge yoy [€ m]



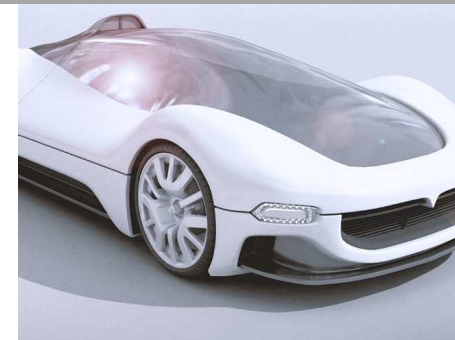
Q2 yoy effects

- Lower selling prices driven by lower raw material costs
- Higher volumes in almost all BUs drove EBITDA increase: Visibly higher volumes in biocides for beverages, leather chemicals and products for water purification
- Favorable development of emerging markets' currencies supported EBITDA

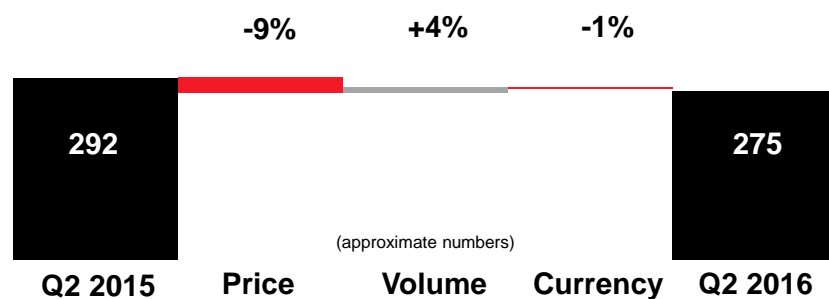
High Performance Materials: Strategic shift towards compounds yields results

[€ m]	Q2 2015	Q2 2016	Δ
Sales	292	275	-5.8%
EBIT	41*	34	-17.1%
Depr. / Amort.	13	11	-15.4%
EBITDA pre exceptionals	33	45	36.4%
Margin	11.3%	16.4%	
Capex	7	4	-42.9%

H1 2015	H1 2016	Δ
584	548	-6.2%
55*	61	10.9%
23	22	-4.3%
58	83	43.1%
9.9%	15.1%	
11	9	-18.2%



Q2 sales bridge yoy [€ m]



Q2 yoy effects

- Lower selling price level reflects lower input prices throughout the value chain
- Higher volumes in compounds improved profit and margin
- Strong backward integration at high utilization rates supported EBITDA and margins
- A better product mix pays off with continued good demand for compounds in almost all regions

* Includes exceptional income from disposal of spare infrastructure

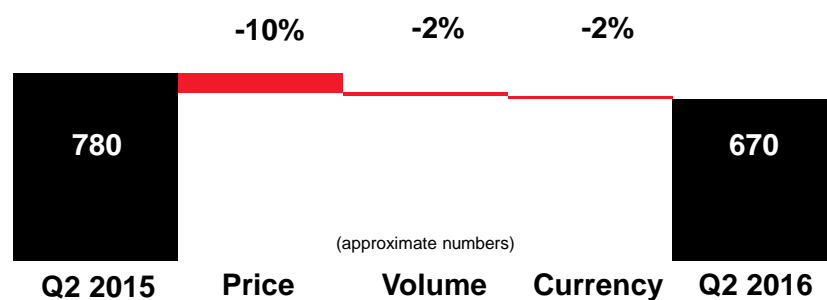
ARLANXEO: Acting well in a challenging environment

[€ m]	Q2 2015	Q2 2016	Δ
Sales	780	670	-14.1%
EBIT	86*	41	-52.3%
Depr. / Amort.	54	54	0.0%
EBITDA pre exceptionals	116	95	-18.1%
Margin	14.9%	14.2%	
Capex	23	24	4.3%

	H1 2015	H1 2016	Δ
	1,503	1,310	-12.8%
	90*	98	8.9%
	111	110	-0.9%
	213	208	-2.3%
	14.2%	15.9%	
	43	40	-7.0%



Q2 sales bridge yoy [€ m]



Q2 yoy effects

- Negative price / input cost effect due to market price pressure in butyl rubber and EPDM
- Improved product mix in rubber for tires supported margins
- Emerging markets' currencies benefited EBITDA
- Lower volumes overall, mainly due to a supplier's force majeure (SGP) in BU TSR and prolonged CR shutdown

* Includes exceptional income from sale of assets

Q2 2016: Strong cash conversion

[€ m]	Q2 2015	Q2 2016
Profit before tax	144	147
Depreciation & amortization	119	115
Gain from sale of assets	-42	0
Financial (gains) losses	17	16
Cash tax payments/refunds	-18	-19
Changes in other assets and liabilities	-98	-72
Operating cash flow before changes in WC	122	187
Changes in working capital	-3	-7
Operating cash flow	119	180
Investing cash flow	-151	-981
Thereof capex	-73	-73
Thereof cash inflows from/cash outflows for financial assets	-121	-711
Thereof CTA* funding	0	-200
Financing cash flow	-105	1,115

- Changes in other assets and liabilities driven by cash-outs for restructuring and variable compensation
- Cash-in for 50% ARLANXEO share reflected in:
 - Investing cash flow: reflects ~€710 m investment into current financial assets
 - Financing cash flow: includes €1.2 bn cash-in from Saudi Aramco
- €200 m funding for German pension assets (CTA) included in investing cash flow

* CTA: Contractual Trust Arrangement

H1 2016: Delivering strong cash flow conversion

[€ m]	H1 2015	H1 2016
Profit before tax	178	241
Depreciation & amortization	234	235
Gain from sale of assets	-42	0
Financial (gains) losses	32	33
Cash tax payments/refunds	-23	-61
Changes in other assets and liabilities	-104	5
Operating cash flow before changes in WC	275	453
Changes in working capital	123	225
Operating cash flow	152	228
Investing cash flow	-212	-925
Thereof capex	-129	-122
Thereof cash inflows from/cash outflows for financial assets	-128	-611
Thereof CTA* funding	0	-200
Financing cash flow	-157	978

- Swing in changes in other assets and liabilities driven by effects from hedging of intercompany financing
- Cash-in for 50% ARLANXEO share reflected in:
 - Investing cash flow: includes ~€710 m investment into current financial assets
 - Financing cash flow: includes €1.2 bn cash-in from JV
- €200 m funding for German pension assets (CTA) included in investing cash flow

* CTA: Contractual Trust Arrangement

Balance sheet strengthened – Closing of ARLANXEO reflected in some KPIs

[€ m]	Dec 2015	Jun 2016
Total assets	7,219	8,300
Equity (incl. non-controlling interest)	2,323	3,435
Equity ratio	32%	41%
Net financial debt (after deduction of current financial assets)	1,211	198
Near cash, cash & cash equivalents	466	652
Pension provisions	1,215	1,424
ROCE¹	8.4%	7.7%
Net working capital	1,526	1,761
DSI (in days) ²	67	62
DSO (in days) ³	48	52

- Total assets significantly up with €1.2 bn cash-in for 50% ARLANXEO share and respective increase in equity for non-controlling interest⁴
- LANXESS now with net financial debt close to zero
- Pension provision increased due to reduced discount rates (mainly Germany; now 1.75%), partly offset by €200 m pension funding
- Technically negative impact on ROCE due to balance sheet extension

¹ Based on last twelve months for EBIT pre

² Days sales of inventory calculated from quarterly sales

³ Days of sales outstanding calculated from quarterly sales

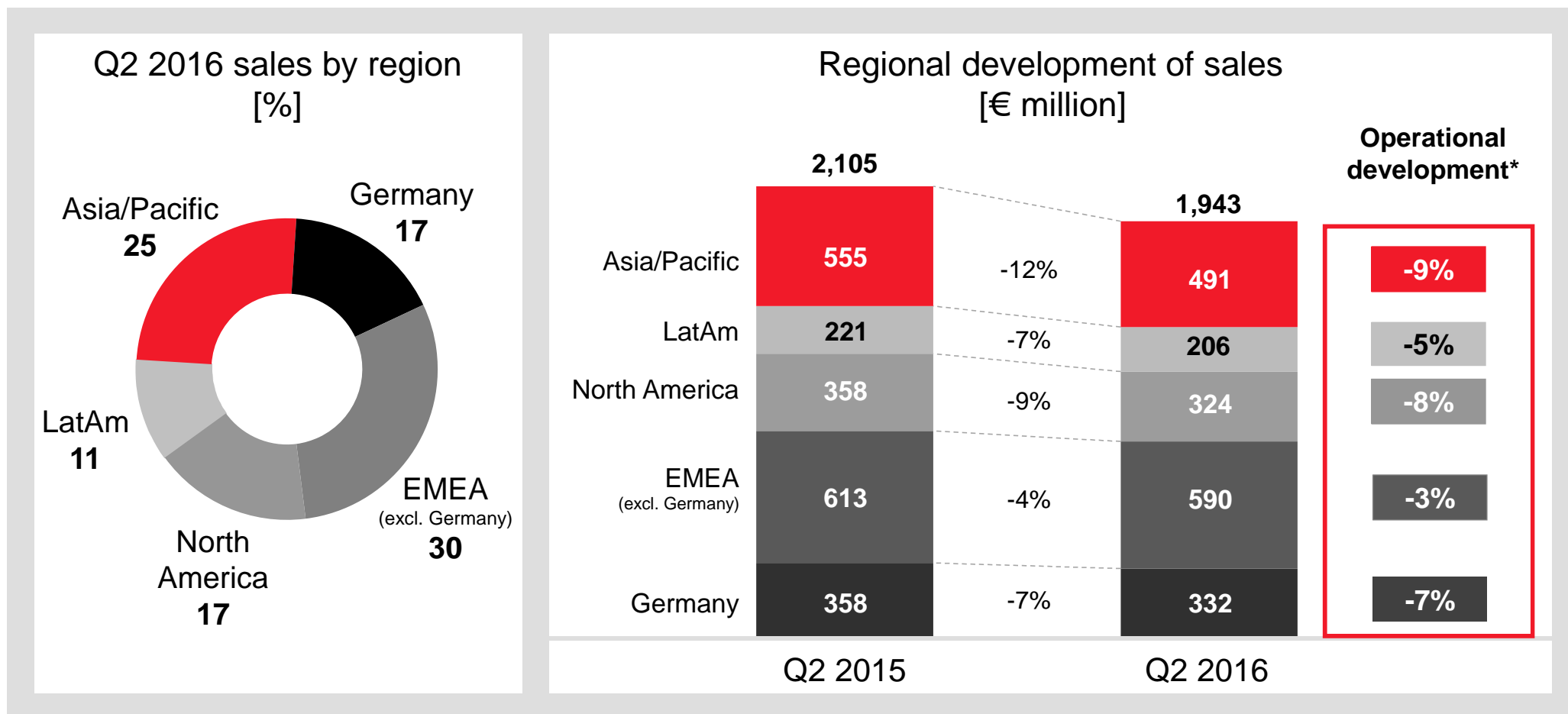
⁴ On April 1, 2016, LANXESS placed 50% of its rubber business in a joint venture with Saudi Aramco, receiving in return ~€1.2 bn in cash

Balance sheet rock solid

[€ m]	Dec'15	Jun'16		Dec'15	Jun'16
Non-current assets	4,180	4,205	Stockholders' equity	2,323	3,435
Intangible assets	300	297	attrib. to non-contr. interests	13	1,117
Property, plant & equipment	3,447	3,345	Non-current liabilities	2,936	3,132
Equity investments	0	0	Pension & post empl. provis.	1,215	1,424
Other investments	12	16	Other provisions	271	258
Other financial assets	21	20	Other financial liabilities	1,258	1,258
Deferred taxes	361	485	Tax liabilities	19	21
Other non-current assets	39	42	Other liabilities	127	107
			Deferred taxes	46	64
Current assets	3,039	4,095	Current liabilities	1,960	1,733
Inventories	1,349	1,332	Other provisions	411	408
Trade accounts receivable	956	1,112	Other financial liabilities	443	323
Other current financial assets	4	713	Trade accounts payable	779	683
Other current assets	264	286	Tax liabilities	85	118
Near cash assets	100	2	Other liabilities	242	201
Cash and cash equivalents	366	650			
Total assets	7,219	8,300	Total equity & liabilities	7,219	8,300

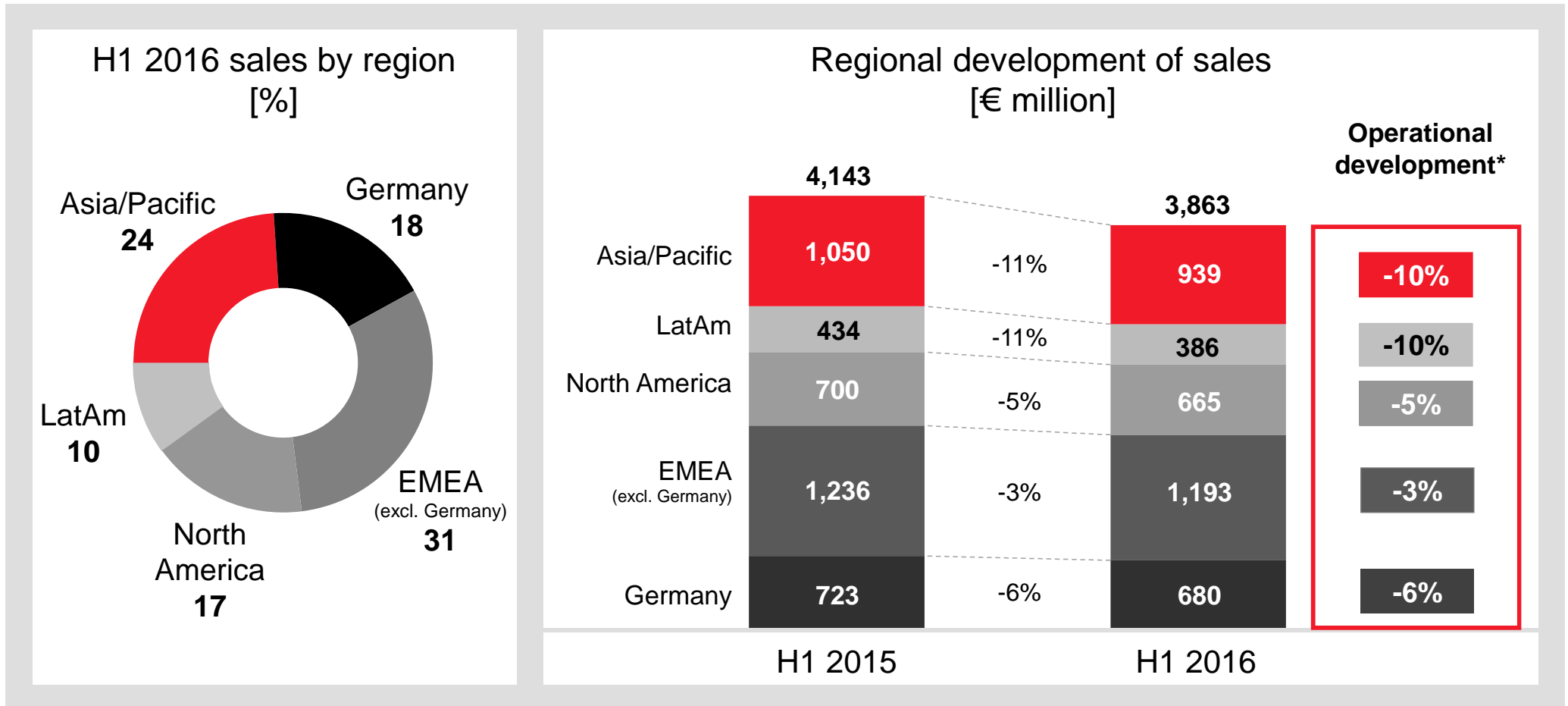
- €1.2 bn cash received from Saudi Aramco for 50% in ARLANXEO JV, allocated to pension funding, current financial assets as well as cash and cash equivalents
- Equity increased respectively with non-controlling interest of Saudi Aramco in ARLANXEO JV

Q2 2016: Raw material price pass-through impacted sales in all regions



* Currency adjusted

H1 2016: Lower selling prices due to raw material price pass-through impacted all regions



* Currency adjusted

Agenda

- LANXESS Equity Story
- Executive summary Q2 2016 and outlook 2016
- Financial details Q2 2016 / H1 2016
- **Backup**



Backup

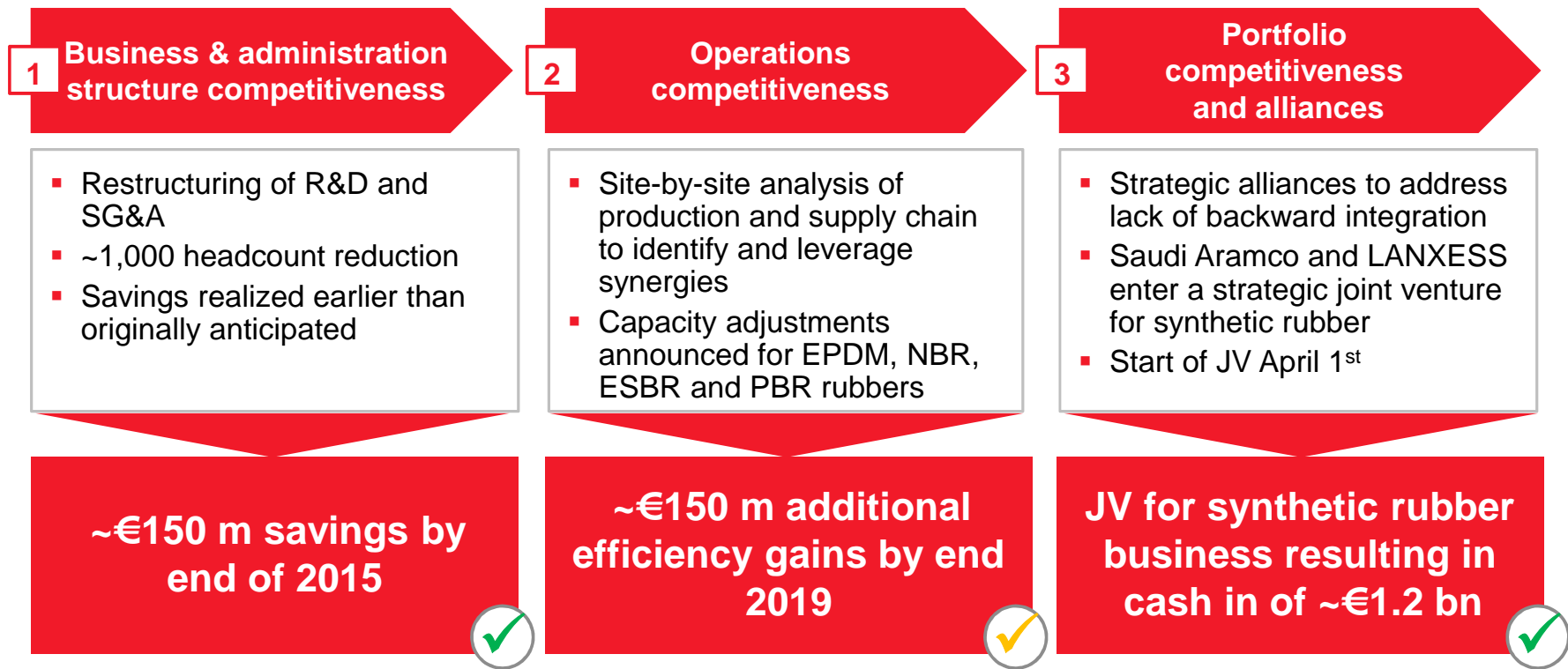
Housekeeping items

Additional financial expectations

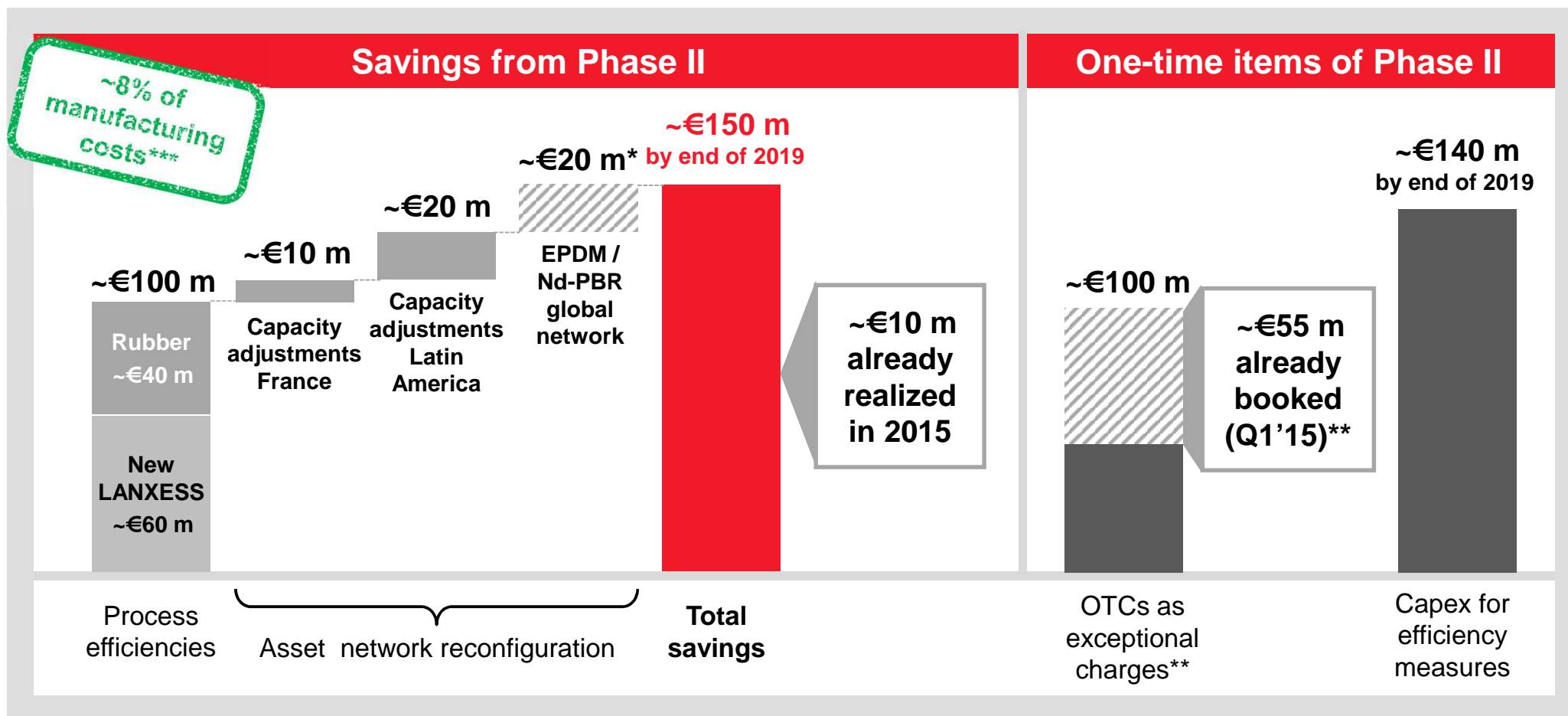
- Capex 2016: ~€450 m (thereof ~€150 m ARLANXEO)
- Operational D&A 2016: ~€460 m (thereof ~€220 m ARLANXEO)
- Reconciliation 2016: underlying expenses of ~€150 EBITDA pre
- Annual tax rate:
 - 2016: around 2015 level
 - mid-term: 30-35% (for New LANXESS)



2015: LANXESS now on solid foundation: Transformation ahead of plan, management teams in place



~€150 m savings from Phase II – through process efficiencies and asset network reconfiguration



* €20 m savings from the EPDM and Nd-PBR reconfiguration already communicated in March 2015

** OTCs include ~€55 m already communicated and booked (Marl / Nd-PBR reconfiguration) / *** Cost base 2014 without depreciation and amortization

Phase I savings realized faster than anticipated

Faster execution of realignment program Phase I

<u>updated</u>	2014	2015	2016	Total
Headcount reduction	~ <u>425</u>	~ <u>475</u>	~100	~1,000
[€ m] Cash out	~20	~110	~20	~150
[€ m] P&L expense (OTC)	~ <u>110</u>	~ <u>40</u>	~ <u>0</u>	~150
[€ m] Cost reduction	~20	~100	~30	~150



Already realized
by end of 2015

Financial details on Phase II

Detailed table to summarize financial impact of restructuring Phase II

	2015	2016	2017	2018	2019	Total
[€ m] P&L expense (OTC)	~60	~30	~10			~100
[€ m] Cash-out (OTC)	~5	~50	~20	~15		~90
[€ m] Capital Invest	by 2019					~140
[€ m] Cost reduction	~10	~20	~40	~40	~40	~150

Includes €20 m savings from the EPDM and Nd-PBR reconfiguration already communicated in March 2015 / OTCs include ~€55 m already communicated and booked in 2015 (Marl / Nd-PBR reconfiguration) / OTC = one-time-costs booked as exceptionals

The JV with Saudi Aramco generally offers several ways of value creation

Near-term strategic initiatives

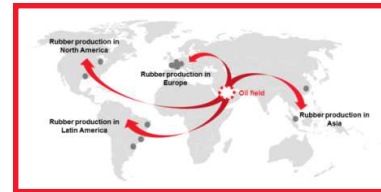
Horizontal consolidation

R&D and technology-related investments

Investments in Saudi Arabia

After closing: 1 to 5 years

Mid-term initiatives

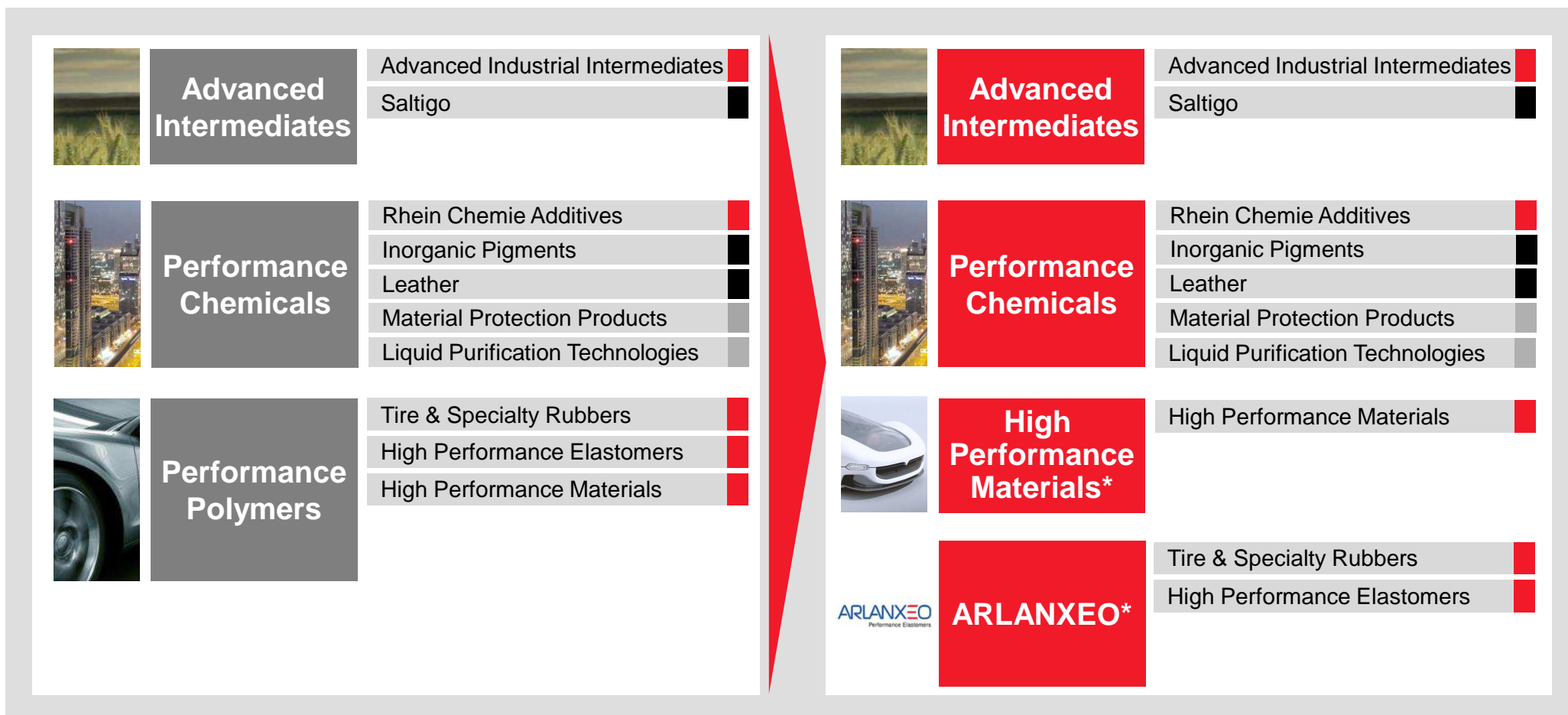


Integration of value chains:

- **Building C4 extraction units**
- **Terminals for physical butadiene**
- **Tolling agreements**
 - Supply of naphtha to existing suppliers
- **Swap agreements**
 - Logistics and supply chains already in place
 - No transportation costs due to direct procurement

Time horizon 5 to 10 years




A lean business organization



* Future reporting structure – ARLANXEO to be fully consolidated for the first three years

■ Sales: > €500 m
 ■ Sales: €200 m – 500 m
 ■ Sales: < €200 m

New LANXESS: resilient, cash generating and well positioned in growing markets

Strong businesses	 Advanced Intermediates	 Performance Chemicals	 High Performance Materials
Resilience (EBITDA margin)	<ul style="list-style-type: none"> Proven level of 15-18% Margin volatility of ~2-3% pts 	<ul style="list-style-type: none"> Sustainable at 13-16% Margin volatility of ~2-3% pts 	<ul style="list-style-type: none"> Target margin >10%, resilience moving forward with transformation of business
Cash generation	<ul style="list-style-type: none"> Attractive cash generation through technology leadership and efficient business set-up 	<ul style="list-style-type: none"> Considerable cash generation based on good mix of solution focused businesses 	<ul style="list-style-type: none"> Cash generation will improve with a more balanced value chain and shift to higher-margin businesses
Growth	<ul style="list-style-type: none"> Growth slightly above GDP 	<ul style="list-style-type: none"> Growth with GDP 	<ul style="list-style-type: none"> Growth above GDP
<p style="text-align: center;">Valuable businesses with resilience, cash generation and growth opportunities</p>			

Advanced Intermediates: All and Saltigo as provider of high-quality and custom intermediates

Advanced Intermediates

- Unique manufacturing processes
- Strong market positions
- Integrated asset structures
- Serving niche markets

- Custom synthesis
- Focus on agro chemicals, pharma and fine chemicals
- Driven by need of efficiency in agriculture

Lonza Siegfried CABB

SGO



All

- Broad range of high quality intermediates
- Driven by diverse end markets (e.g. agro, consumer, construction, automotive)

BASF
The Chemical Company

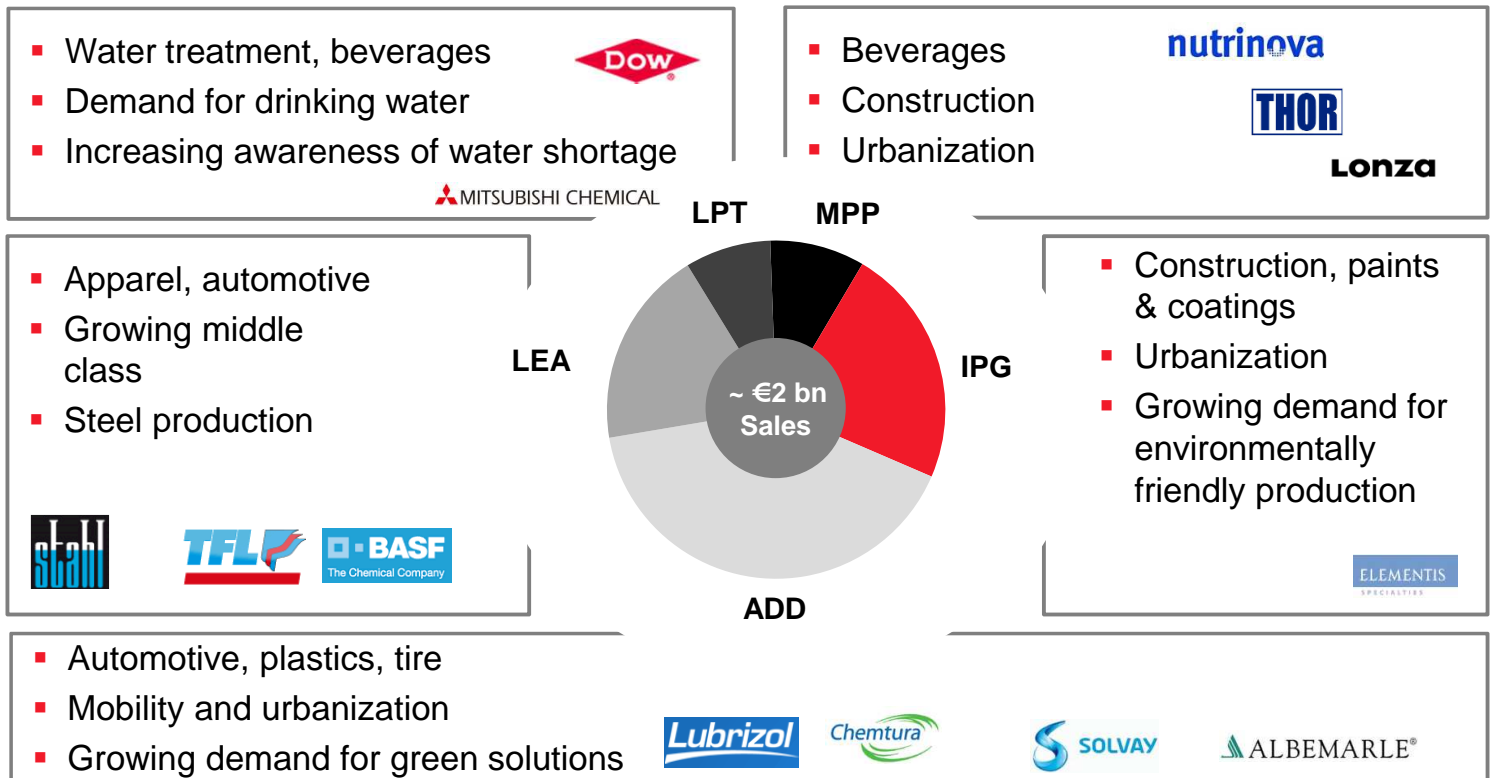
EASTMAN



Performance Chemicals: Attractive, solutions-oriented businesses

Performance Chemicals

- Strong market positions in niches
- Low importance of raw materials
- Strong application expertise in partly regulated markets
- Less capital intense
- Close relations with customers



High Performance Materials: High-end engineering know-know of advanced component development

High Performance Materials

- One of the leading providers of engineering plastics
- Upstream integration in strategic raw materials
- Global production and R&D network



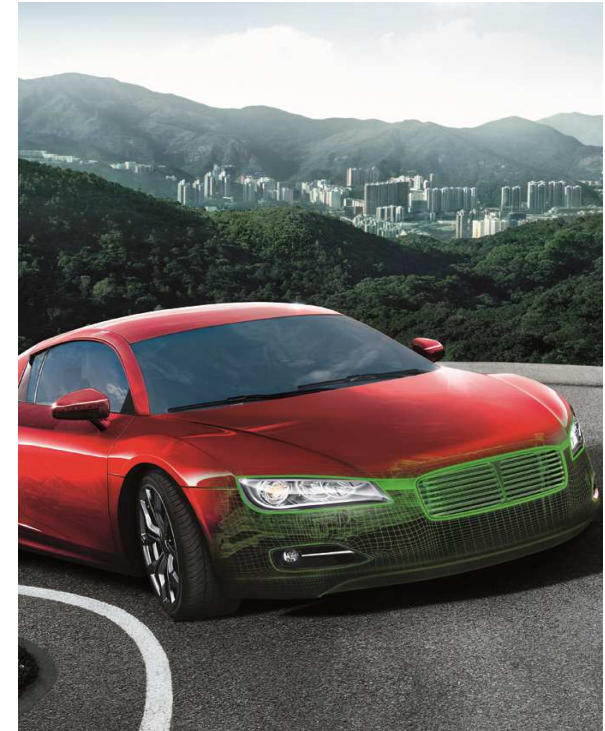
End markets:

- Automotive industry
- Electric & electronics
- Construction



Growth drivers:

- Vehicle weight reduction
- Growing demand for cars
- Growth of electrical & electronics industry



Corporate Responsibility well integrated - achieving goals sustainably

Climate / Environmental goals

- Reduction of specific CO2 emission by 25%* until 2025
- Reduction of specific energy consumptions by 25%* until 2025
- Reduction of volatile organic compounds (NMVOC) emissions by 25%* until 2025

Procurement initiatives

- 'Supplier Code of Conduct' for supplier selection and rating
- 'Together for Sustainability' initiative for higher transparency in the supply chain (implementation of a global auditing program)

Safety goals

- Xact: Global safety program to improve occupational, process and plant safety (since 2011)
- Global management system for optimization of transportation of (dangerous) goods

Social initiatives and goals

- Global board initiative 'Diversity & Inclusion': raising the proportion of women in management to 20% by 2020
- Leverage water know-how: support of AMREF
- Education initiatives with local and global commitment



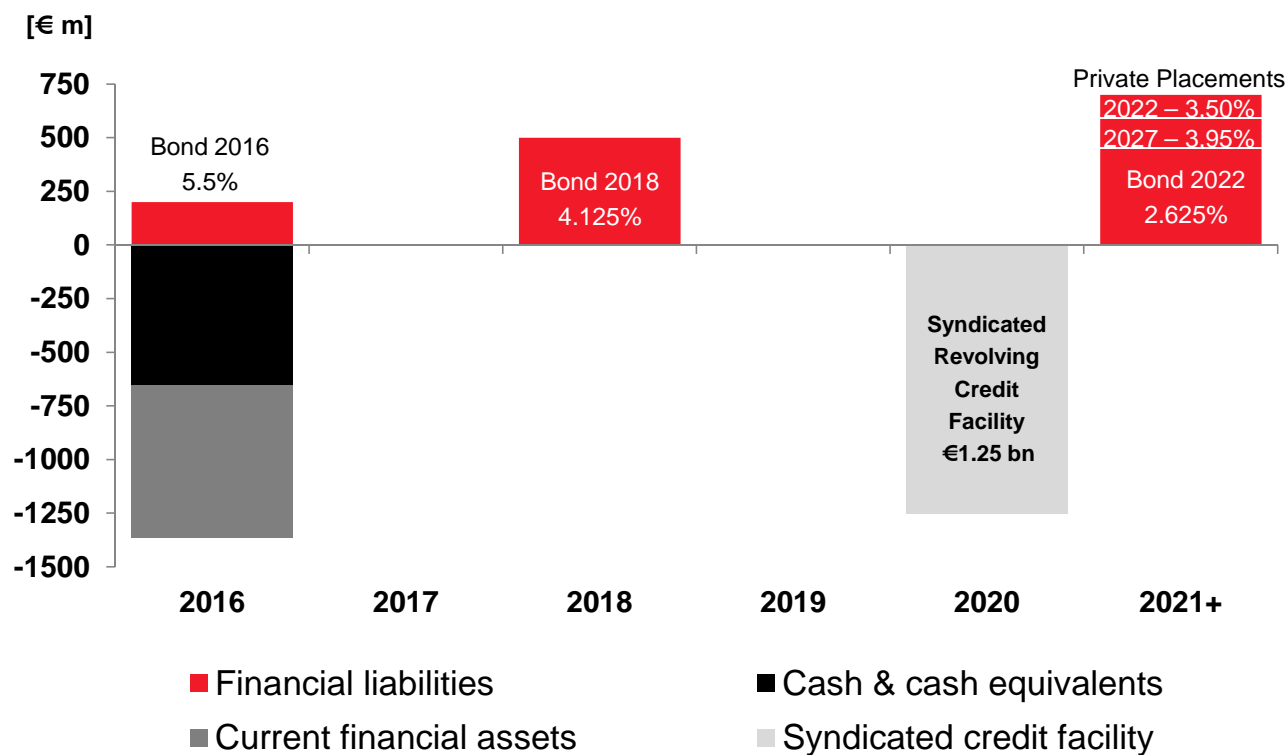
* Base year: 2015; for CO2: Scope 1 and Scope 2 emissions

A well managed and conservative maturity profile

Long term financing secured

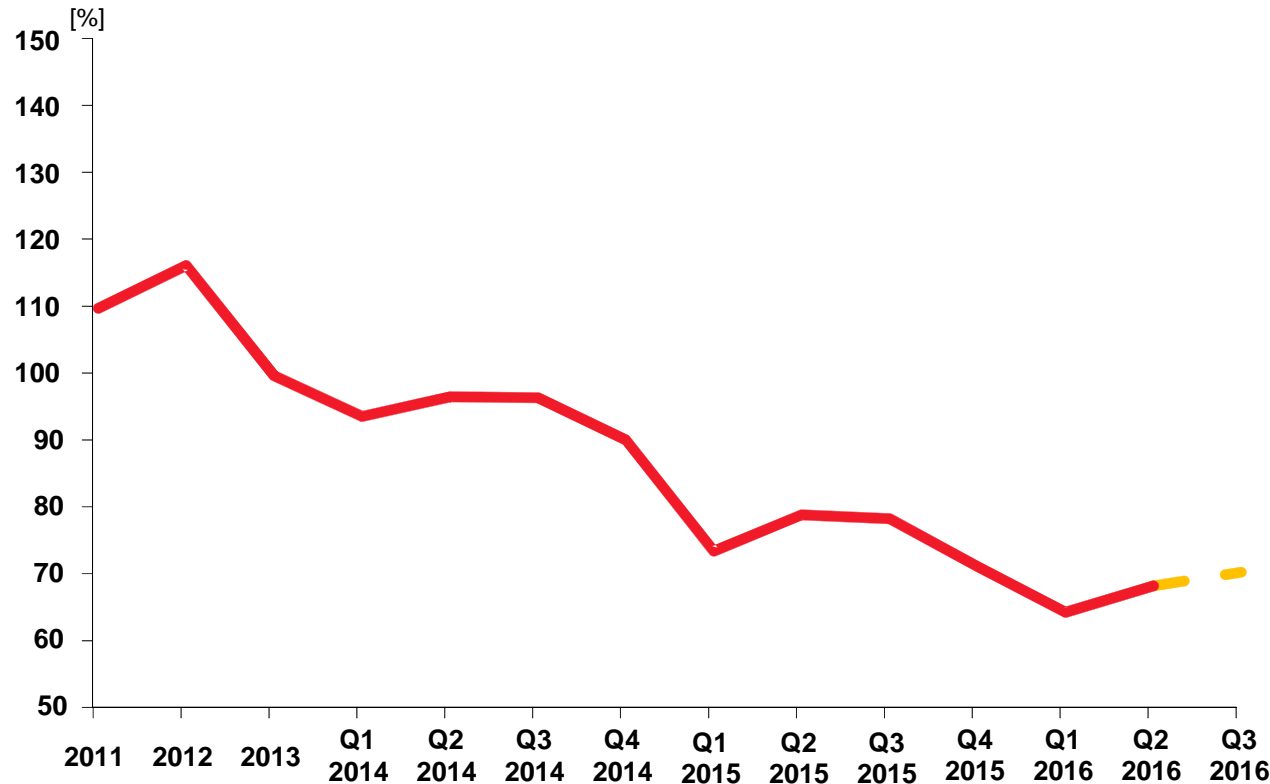
- Diversified financing sources
 - Bonds & Private placements
 - Syndicated credit facility
- Average interest rate of financial liabilities <3.5%
- All group financing executed without financial covenants
- No refinancing need in 2016 due to strong cash position

Liquidity and maturity profile as per June 2016



High volatility in raw material prices

Global raw materials index*



- Sharp decline in raw material prices in Q4 2014/ Q1 2015 driven by a steep drop in the price of oil
- Raw material prices remained volatile, trending downwards through year end 2015
- 2016 with a slight upward trend towards Q3

* Source: LANXESS, average 2013 = 100%

Overview exceptional items Q2 and YTD

[€ m]	Q2 2015		Q2 2016		H1 2015		H1 2016	
	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A
Advanced Intermediates	2	0	0	0	1	0	0	0
Performance Chemicals	6	0	0	0	8	0	0	0
High Performance Materials	-20	1	0	0	-19	1	0	0
ARLANXEO	-23	1	0	0	22	10	0	0
Reconciliation	11	0	2	0	24	0	13	0
Total	-24	2	2	0	36	11	13	0

Abbreviations

ARLANXEO

- TSR Tire & Specialty Rubbers
- HPE High Performance Elastomers

Performance Chemicals

- ADD Rhein Chemie Additives
- IPG Inorganic Pigments
- LEA Leather
- MPP Material Protection Products
- LPT Liquid Purification Technologies

Advanced Intermediates

- All Advanced Industrial Intermediates
- SGO Saltigo

High Performance Materials

- HPM High Performance Materials

Upcoming events 2016 / 2017

Proactive capital market communication

2016	▪ Commerzbank Sector Conference	August 30	Frankfurt
	▪ Capital Markets Event “Meeting the Management”	September 8	Cologne
	▪ Goldman Sachs 5 th German Corporate Conference	September 19-21	Munich
	▪ Baader 5 th Investment Conference	September 22	Munich
	▪ Q3 results 2016	November 10	
	▪ Morgan Stanley Global Chemical Conference	November 14	Boston
	▪ UBS European Conference 2016	November 15/16	London
	▪ Deutsche Börse Eigenkapital Forum	November 21	Frankfurt
2017	▪ FY results 2016	March 16	
	▪ Q1 results 2017	May 11	
	▪ Annual General Meeting	May 26	Cologne
	▪ Q2 results 2017	August 10	
	▪ Q3 results 2017	November 9	

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