

LANXESS – FY and Q4 2019 Roadshow

Delivering in challenging environment

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LANXESS is a globally operating chemical player with attractive growth in specialties



Leading and balanced business setup

- Leading positions in attractive mid-sized markets
- Higher stability and resilience by a balanced product portfolio and industry exposure
- Competitive technology and cost structure



Attractive platform for growth

- Strong balance sheet as basis for further growth
- Focus on organic and external growth in niche and prospering future markets

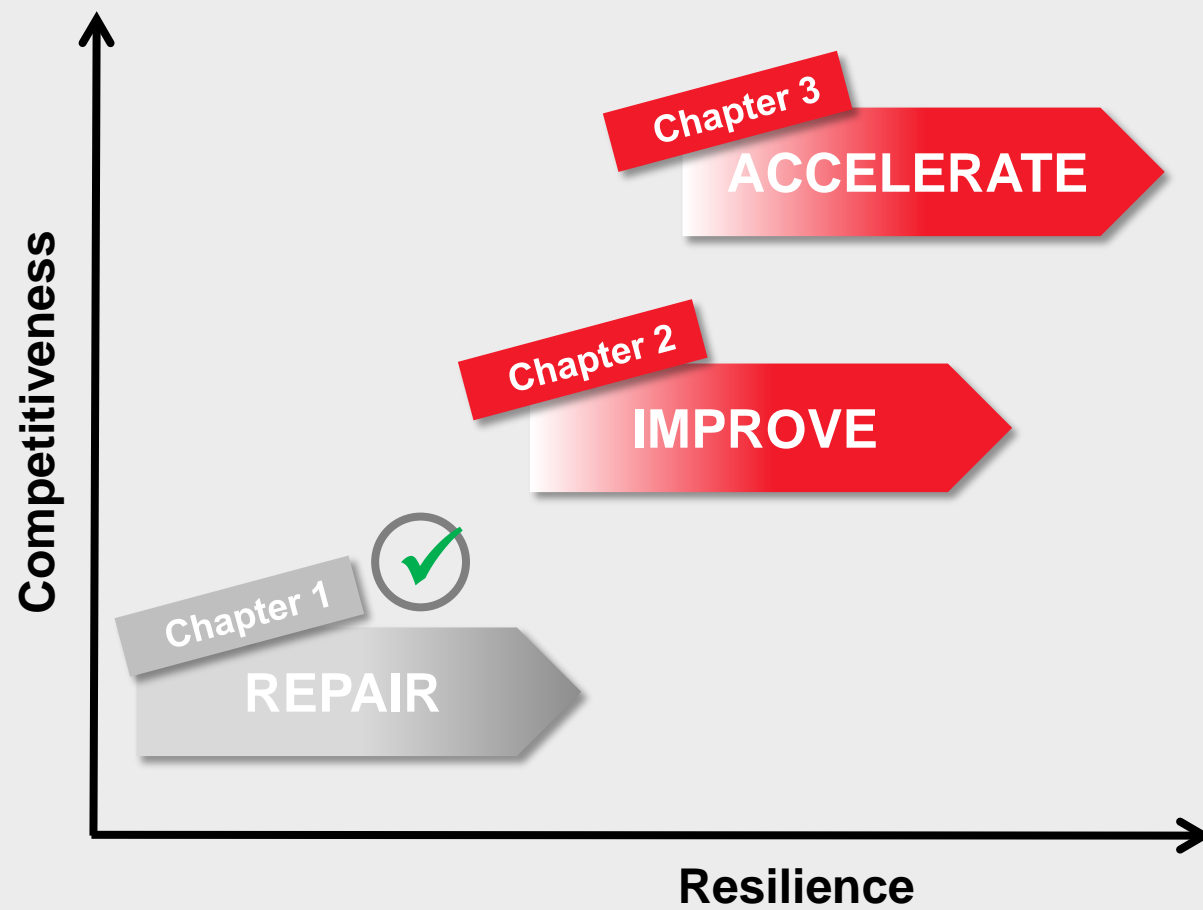


Creating value

- Rigorous strategic and operational resource allocation
- Generating cash and acting sustainably for a better future
- Differentiating by a performance driven corporate culture



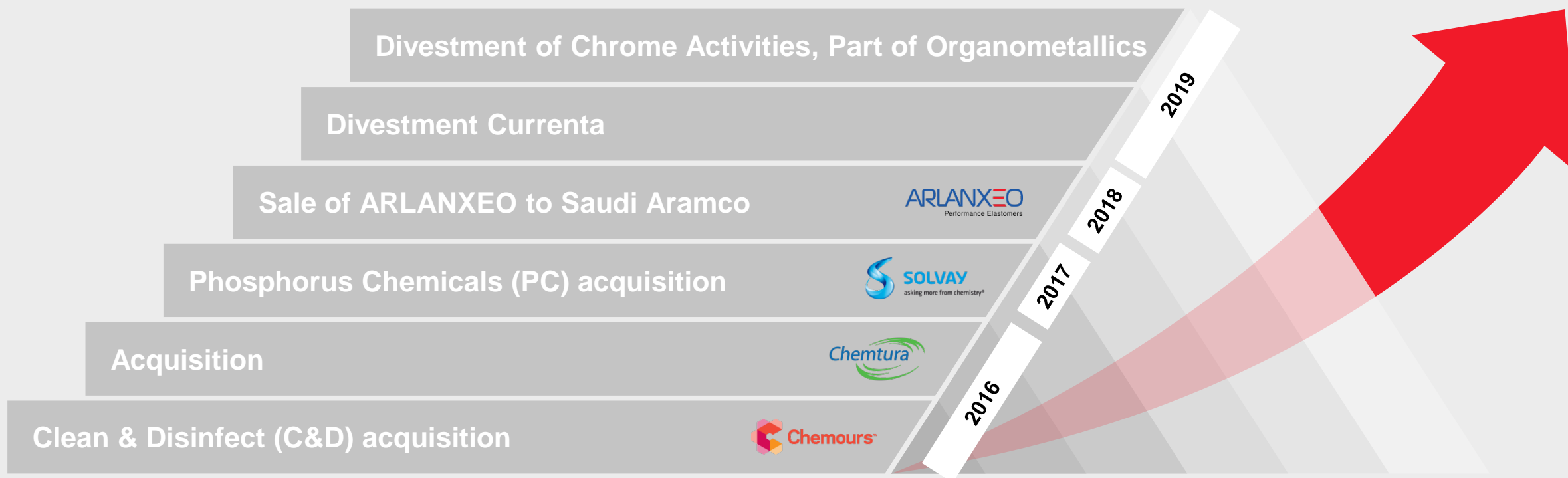
Our journey so far – delivered on promises



- ✓ **Leaner and more powerful organization**
- ✓ **Early exit of synthetic rubber**
 - financials immediately strengthened again
 - reduced dependency on volatile raw materials
 - lowered auto-exposure to ~20%
- ✓ **Re-investment of funds in attractive acquisitions**
 - Higher margin and more resilient businesses
 - Faster generation of synergies
- ✓ **Divestment of non-core businesses**
- ✓ **Focus on high yield growth CAPEX projects**

The face of LANXESS has substantially changed

Milestones of transformation

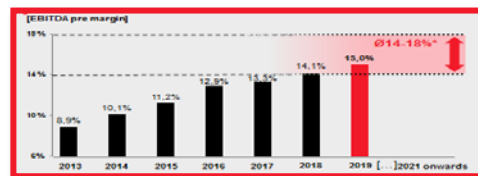


Make LANXESS more competitive, more profitable and more resilient

Despite a challenging environment we are well on track to achieve our goals

EBITDA pre margin
(group, Ø through the cycle)

14-18%



on track

EBITDA margin volatility

2-3%pts

2019 stable vs. previous year

on track

Cash conversion

>60%

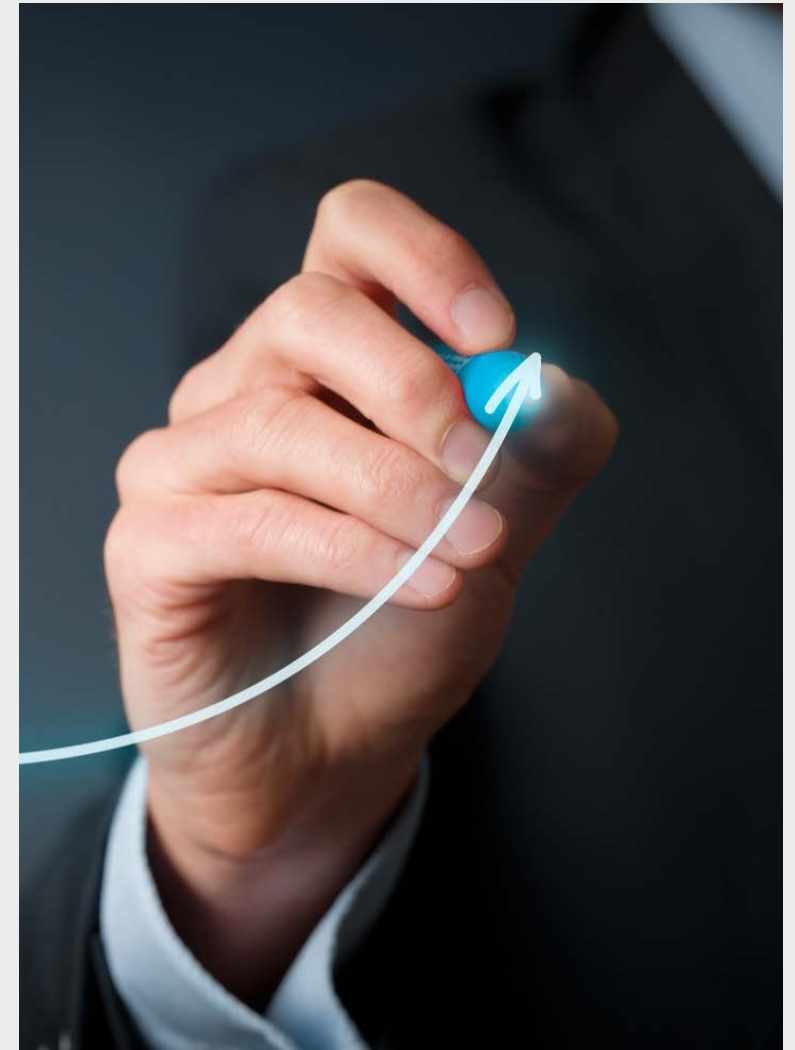
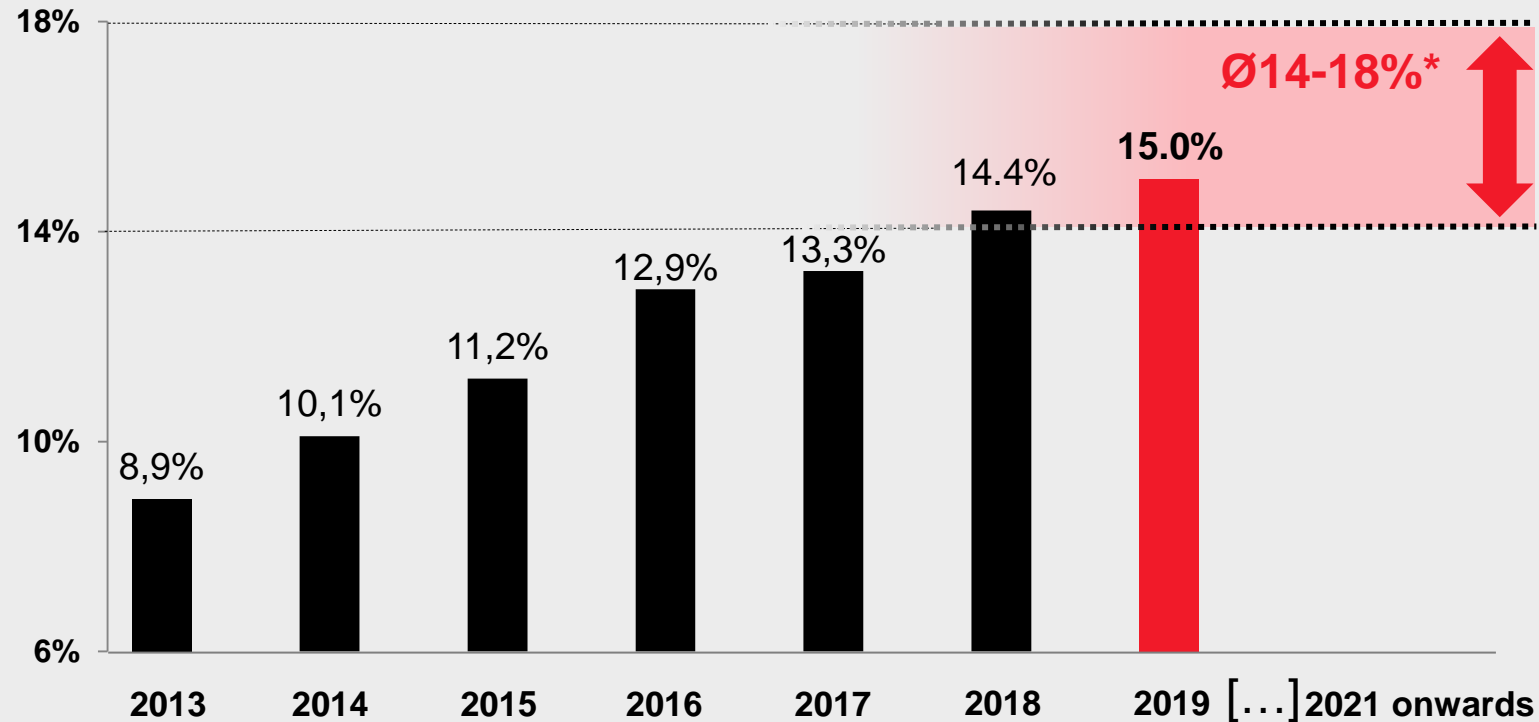
in progress

- Ongoing transformation of business portfolio into **Specialty Chemicals**
- Strengthen and develop **leadership positions** in attractive markets
- Increasing footprint in **growing regions** (N. America and Asia)
- Further **improving margin level**
- Sound **cash generation**
- Stable or increasing **dividend**

LANXESS margin improved well into targeted corridor

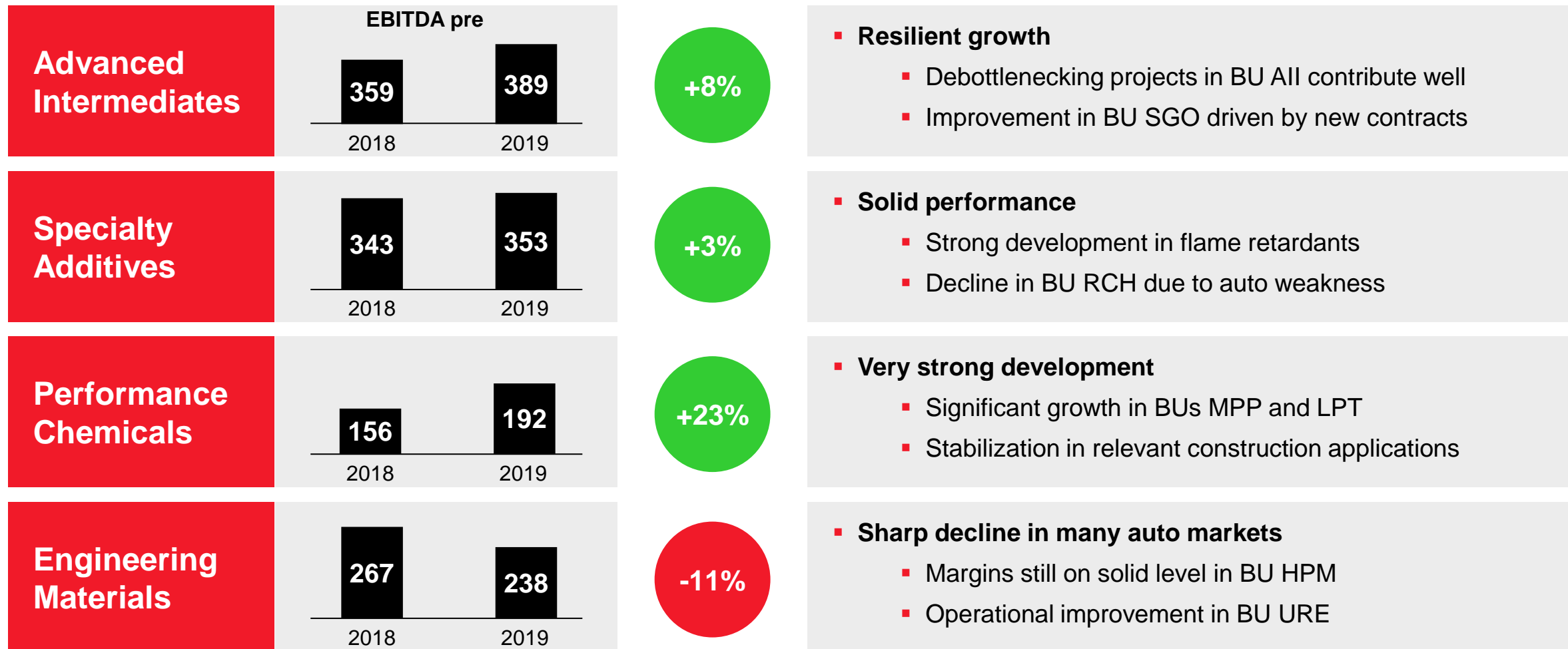
FY 2019 margin at 15%

[EBITDA pre margin]



* Group, average through the cycle

FY 2019: More balanced portfolio proves resilience



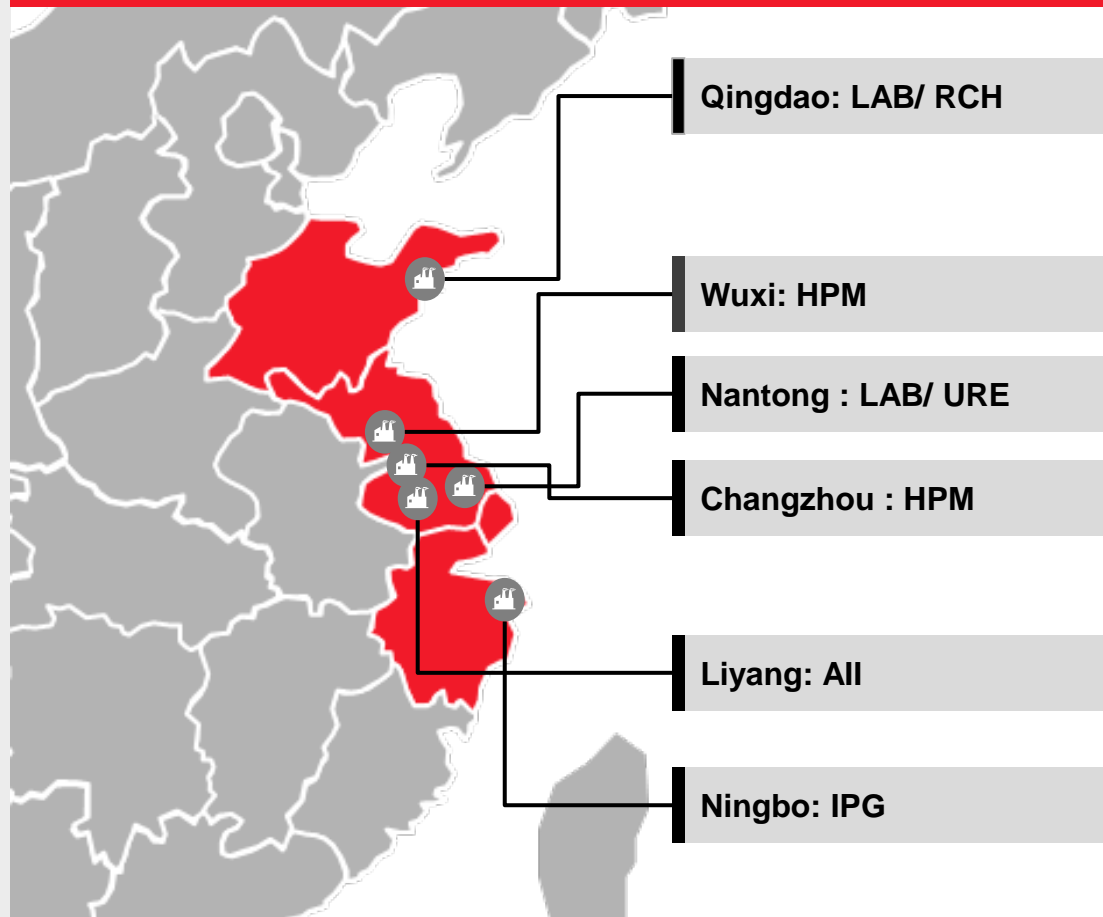
Effective 2020: New reporting structure to reflect respective business models



Discontinued operations

Impact of Covid-19 currently expected to be between €50 m and €100 m in 2020

Multiple sites in China impacted



Current view on Covid-19 financial implications

- Q1: EBITDA pre impact of ~€20 m due to
 - Temporary local production shutdowns in China
 - Disruption of some value chains in China
 - Globally weakened customer demand
- Q2: Worsening of impact expected
- Q3 +Q4: Potential gradual relief
- Total impact on LANXESS
 - €50 m - if situation improves significantly until summer
 - Up to €100 m in case of longer disturbance of global economy

* All sites operate again since 24 Feb

Rely+On Virkon effective against Coronavirus

Characteristics

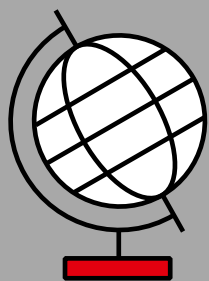
- Tests prove effectiveness
- Application flexibility with broad spectrum efficacy on hard surfaces
- Desinfection in public spaces: Train stations, airport, hospitals etc.

Demand & capacity

- Increased worldwide demand for Rely+On Virkon, especially China
- Production und logistics currently being optimized for additional volumes

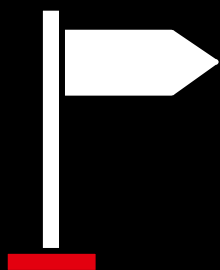


FY 2020 outlook: LANXESS operationally stable at previous year level but Covid-19 will burden



Current view on economy

- Ongoing geopolitical and macroeconomic uncertainties
- Corona virus (Covid-19) impacting business environment and further limiting visibility – financial impact for full year hard to predict
- Auto: no recovery ahead



LANXESS FY 2020 EBITDA pre

- LANXESS operationally on previous year level (ex Covid-19)
- Covid-19 will impact Q1 by ~€20 m, FY impact currently expected between €50-100 m
- Based on the above, our outlook for the year is at €900-1000 m (including Covid-19 impact)

LANXESS launches new share buy-back program

Volume up to €500 m



Legal framework

- Buy-back of up to 10% of the share capital in accordance with the authorization granted by the stockholders' meeting on 23 May 2019

Rationale

Maximizing the benefit of our investors based on best value creation

Volume

- Volume up to €500 m (execution in two tranches of €250 m each)

Duration

- Start earliest on 12 March 2020
- Shares will be acquired within next 24 months
- Acquired shares shall be redeemed



Well positioned in challenging environment

On track to deliver 2021 financial targets



Strong platform for further value creation



Growing profitability and sustainable resilience



LANXESS

Energizing Chemistry

Agenda

1 Time to prove our strengths

2 Business and Financial details Q4 2019

3 Back-up



The way forward – Providing direction from four perspectives



Strategy

Operations

Financials

Sustainability

The way forward – Providing direction from four perspectives



Strategy



**Continuous portfolio
management**



**Fix underperforming
businesses**



Innovation



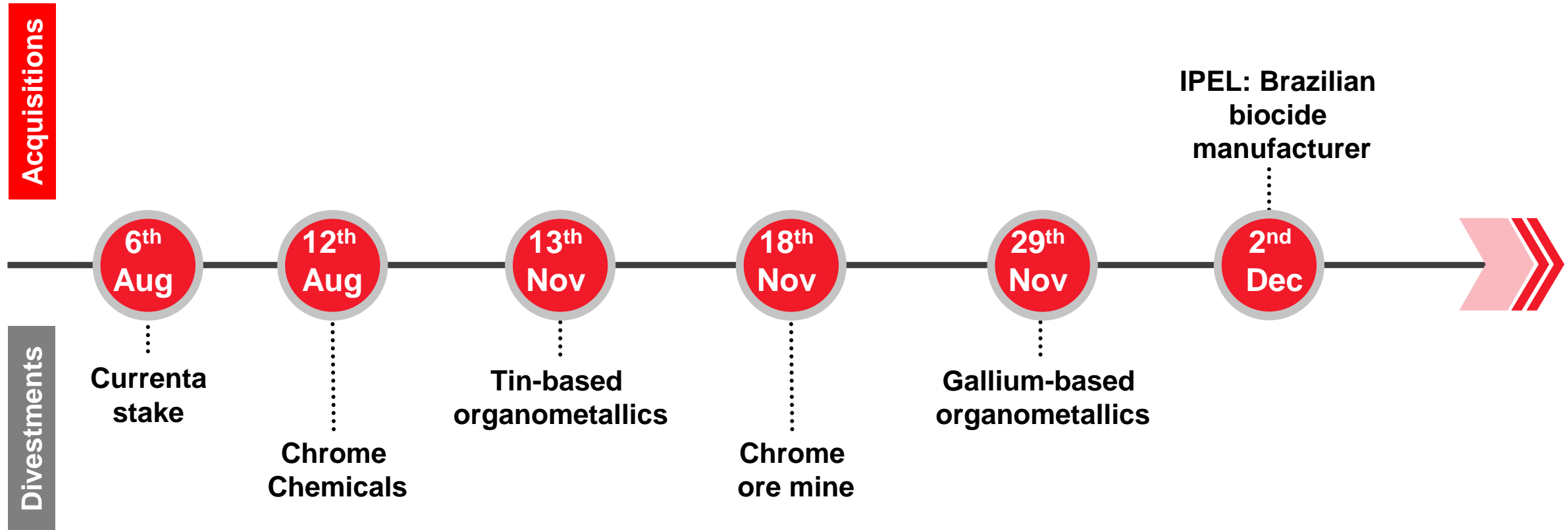
**Digitalizing the
value chain**

Operations

Financials

Sustainability

LANXESS continuously improves its portfolio - six M&A transactions executed in last 6 months



Supported by operational self-help measures (cost management, growth capex, innovations)

The way forward – Continuous Portfolio Management



Strategy



**Why do we like Consumer
Protection Chemicals?**

Perfect match: The characteristics of Consumer Protection Chemicals and our competences



Characteristics:

- **High entry barriers** due to increasing regulation
- Strong **expertise in Regulatory Affairs**
- **Data ownership*** essential for product registration
- Attractive **secular growth**, independent of industry cycles



Our competences:

- **Global set-up in Regulatory Affairs**
- **Regulatory competence:** One of the largest global expert teams in the industry
- **Unique portfolio** in Animal Protection Chemicals
- One of the **strongest water purification technologies**

LANXESS Consumer Protection: Our products follow strong application-driven trends



Food Safety



Water Purification



Biosecurity



MPP proves its strong “specialty” financial performance

70 - 80%
Cash conversion

22 - 25%
EBITDA pre margin

CAGR: ~10%

Sales
<€500 m

6 M&A since 2010

0%
Automotive

The way forward – Fix underperforming businesses

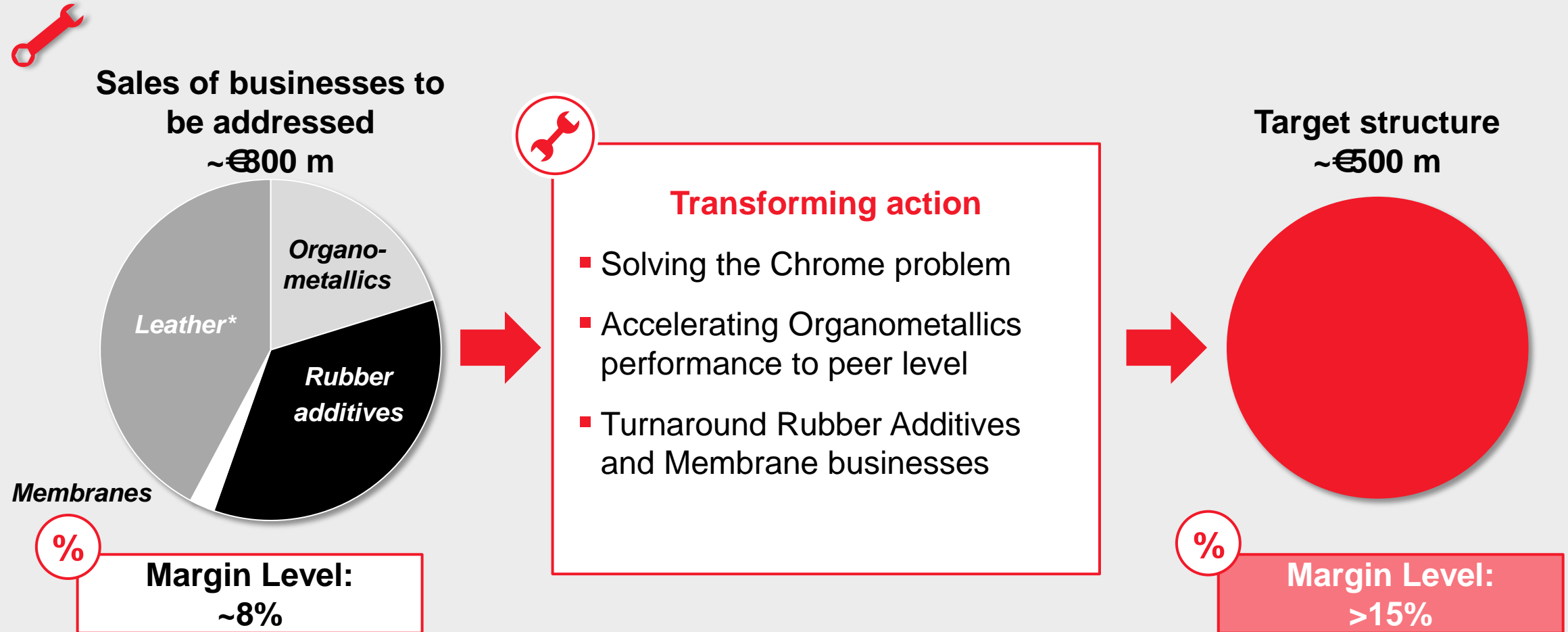


Strategy



**Which businesses
are we addressing?**

Rigorously addressing under-performing businesses across our portfolio



Strong progress in solving the Chrome problem



Structure
Business Unit Leather

Chrome Ore

South Africa



Sold*



Chrome Chemicals

South Africa



Sold**

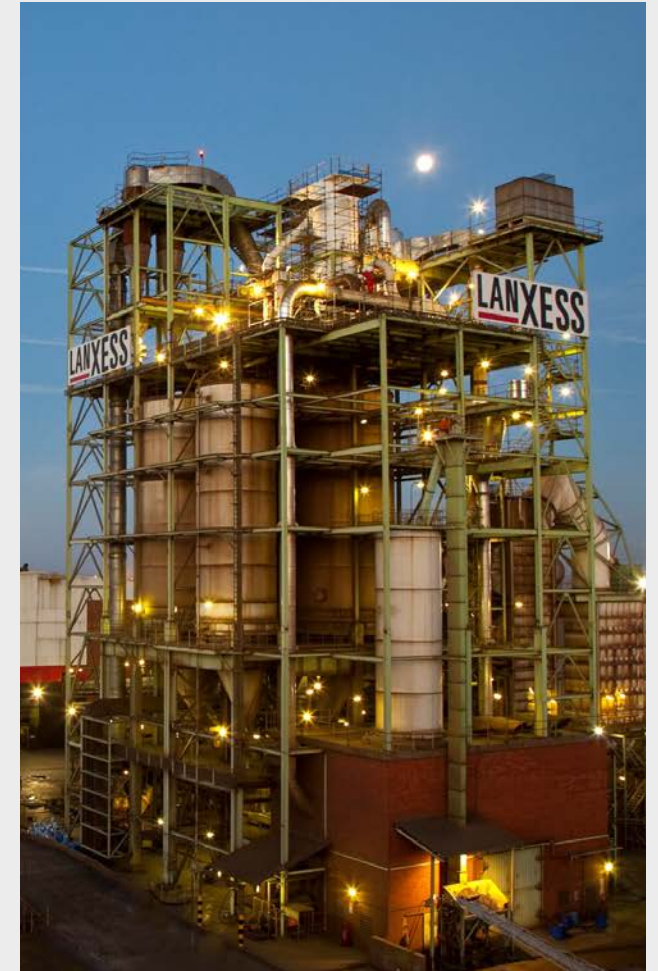


**Organic Leather
Chemicals**

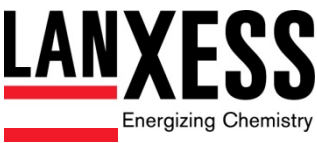
EMEA, China



**Reposition
2020-2022**



Next logical step taken: LANXESS sells chrome ore mine in South Africa



Transaction details

- Disposal of LANXESS' 74% stake in chrome ore mine in Rustenburg (South Africa) to Clover Alloys (SA) Pty. Ltd.
- Sales: ~€60 m
- Internal employees: ~500
- Expected one-time-costs: ~€30 m
- Closing: Most likely end of 2020 (due to regulatory steps)

Strategic rationale

- Chrome business no longer fits to our strategic focus
- Better future development under leadership of Clover Alloys

Transaction scope

BU Leather structure

Scope

Chrome Ore Mine

Chrome Chemicals

Organic Leather Chemicals

South Africa

EMEA, China

Sold - Closing end 2020

Sold - Closed in 2020

Reposition 2020 - 2022

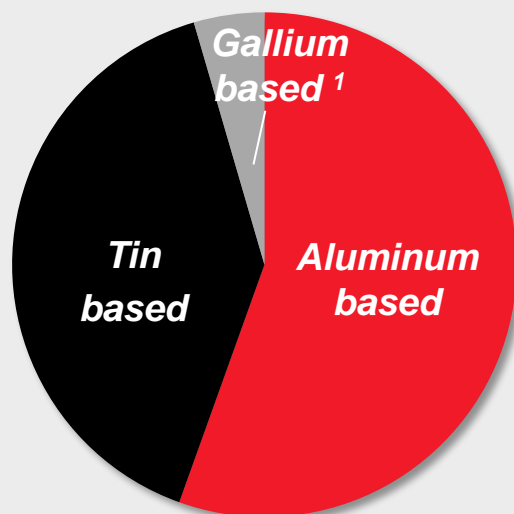


Improving Organometallics' performance to competitive peer level



Organometallics Sales

2018:
~€160 m



%

Margin Level:
0-5%



Transforming action

Aluminum based Organometallics:
Set for organic growth

Tin based Organometallics:
Exit partner found with PMC²

Gallium based Organometallics¹:
Exit partner found with Vital Materials

Target structure
~€100 m



%

Margin Level:
15-20%

The way forward – Innovation



Strategy



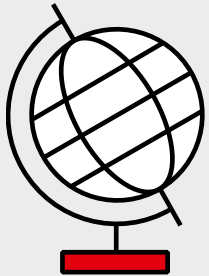
**What innovations are we
working on?**

We focus on product, process and technology innovation



Our philosophy

- Result-oriented product innovation
- Process innovation with focus on energy & resource efficiency
- Technology innovation that will change chemical business models (esp. digitalization)



Global innovation platform

- 33 application centers in 14 countries focusing on product innovation
- Dedicated task force teams continuously optimize production processes worldwide
- Centralized digital team to introduce new technologies and change business models

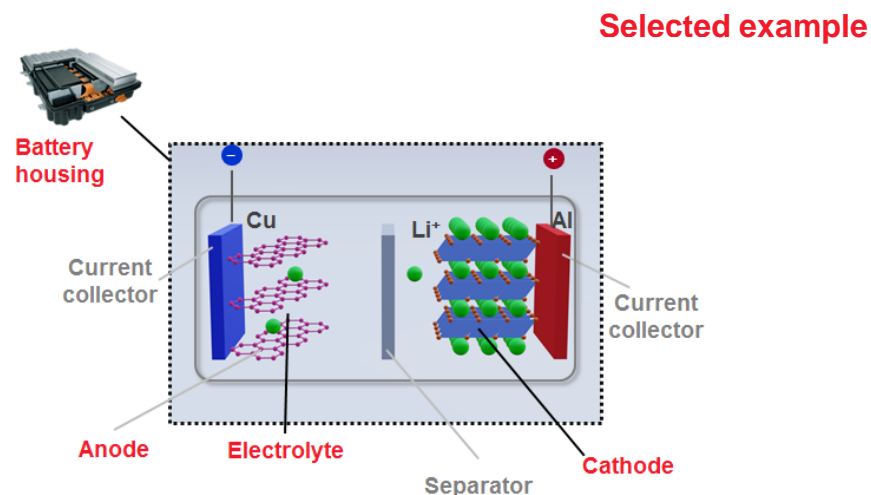


Strong alliances

- More than 150 research cooperations with customers, universities and other research institutes worldwide
- Collaboration with leading AI specialists Citrine, Palantir, et al.

Strategic realignment is supported by product, process and technology innovation

Key Chemicals for Li-Ion batteries



- **Standard Lithium Cooperation**
Pilot project to extract battery grade lithium from bromine wells in El Dorado
- **Electrolyte salt** (LiPF_6), Chems for Anode & Cathode
- **Battery Housing** (PA / PBT components)

Natural beverage preservatives

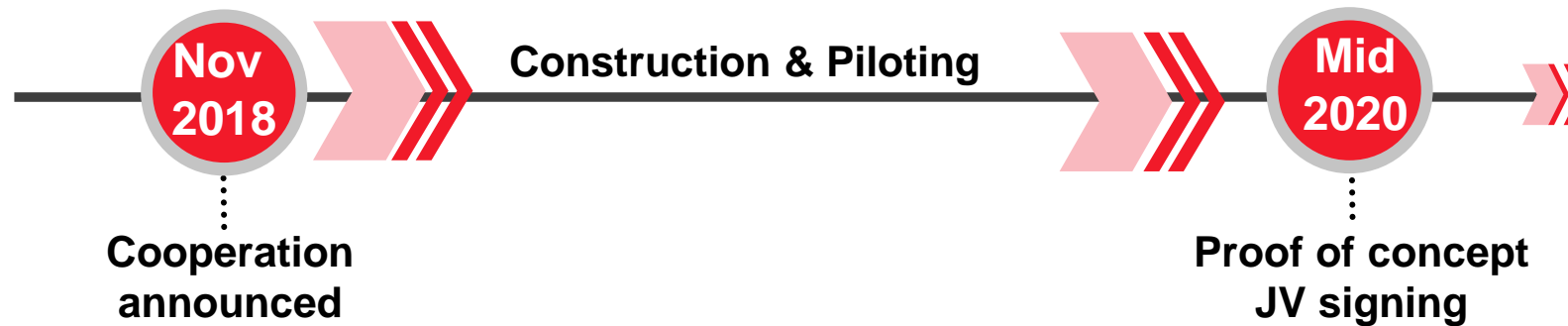


- Key market: USA; FDA approval received in 2018, further market approvals in preparation
- First meaningful sales in 2020
- Full potential to be reached 2025-2030
(accessible initial market (USA): €200 m – €250 m)

Cooperation with Standard Lithium could deliver upside in a promising market



**BU
PLA**



JV characteristics*

- 60-70% LANXESS ownership
- Exclusive access to technology in Smackover formation
- Absorption of El Dorado infrastructure cost

Project rationale

- Use existing site infrastructure
- Brines from bromine wells in El Dorado contain Lithium
- Lithium demand growing double digit
- Limited additional cost during piloting
- In case of successful pilot project: €100-400 m capex possible**

The way forward – Digitalizing the value chain



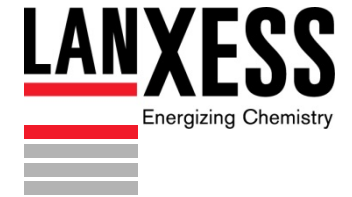
Strategy



**What are we
focusing on?**

Digitalizing the value chain: CheMondis

Paving the way to the future of trading chemicals



Project start in 2017:
LANXESS' chemical industry knowledge combined with external digital experts

Pioneering into digital trading platform for chemicals to get ready for digital future

First minimal viable product (MVP) created in 2018, preparation of fully separated industry platform

Largest and fastest growing B2B marketplace for industrial chemicals in the western world

Exceptional team of skilled and dedicated experts combining chemical, digital and technical know-how

Unique setup, backed by industry know-how and capital

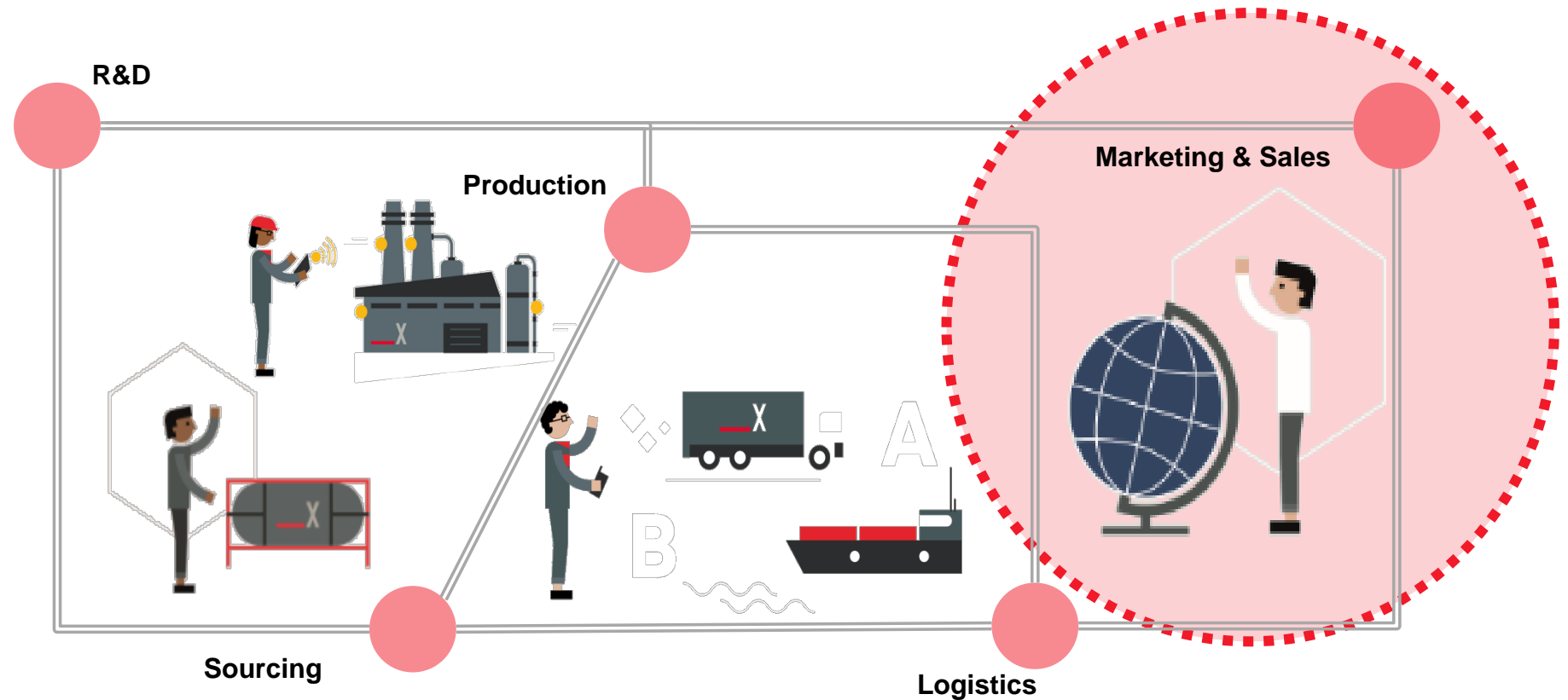
Digitalizing the value chain

LANXESS to be digital leader in the chemical industry



From itemized elements ...

... towards a fully integrated digitalized value chain:



The way forward – Providing direction from four perspectives



Strategy




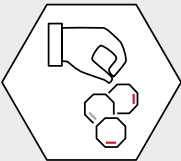





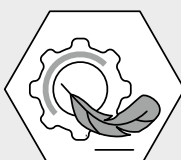


Operations

Financials

Sustainability

Portfolio additions most likely in Specialty Additives and along with transformation of Performance Chemicals



		Organic growth / Capex	Likelihood for M&A	Characteristics for M&A
	Advanced Intermediates			
	Specialty Additives			Synergies in related businesses
	Performance Chemicals			Attractive secular growth High entry barriers due to increasing regulation
	Engineering Materials			

The way forward – Providing direction from four perspectives



Strategy

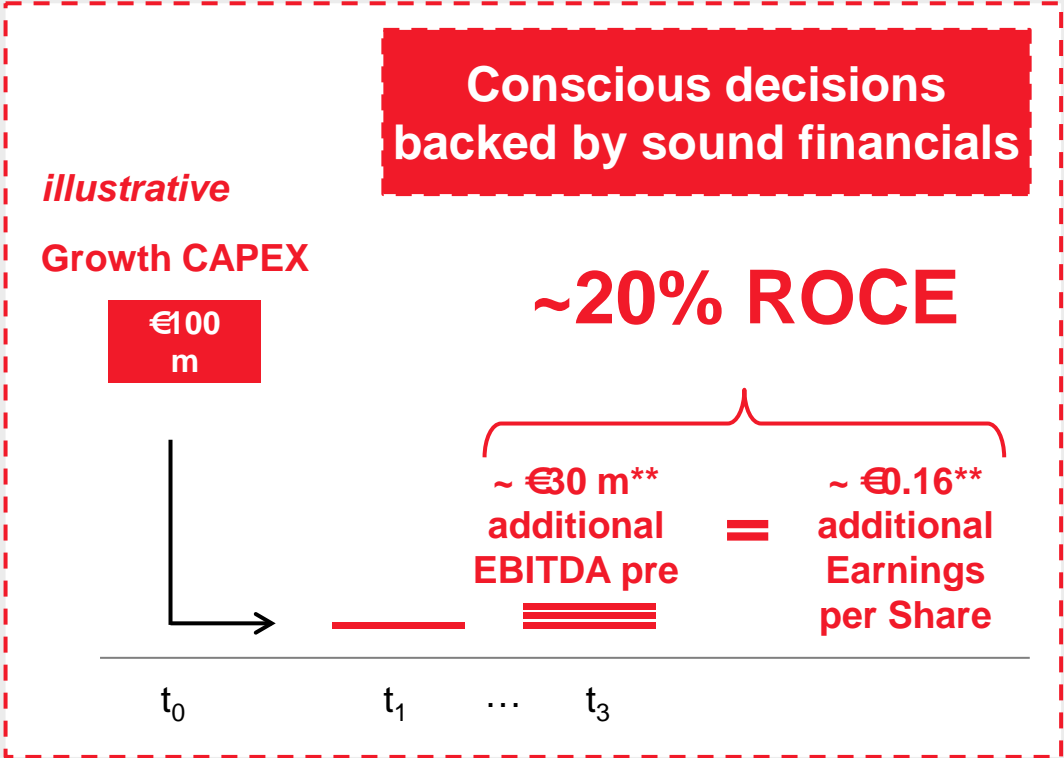
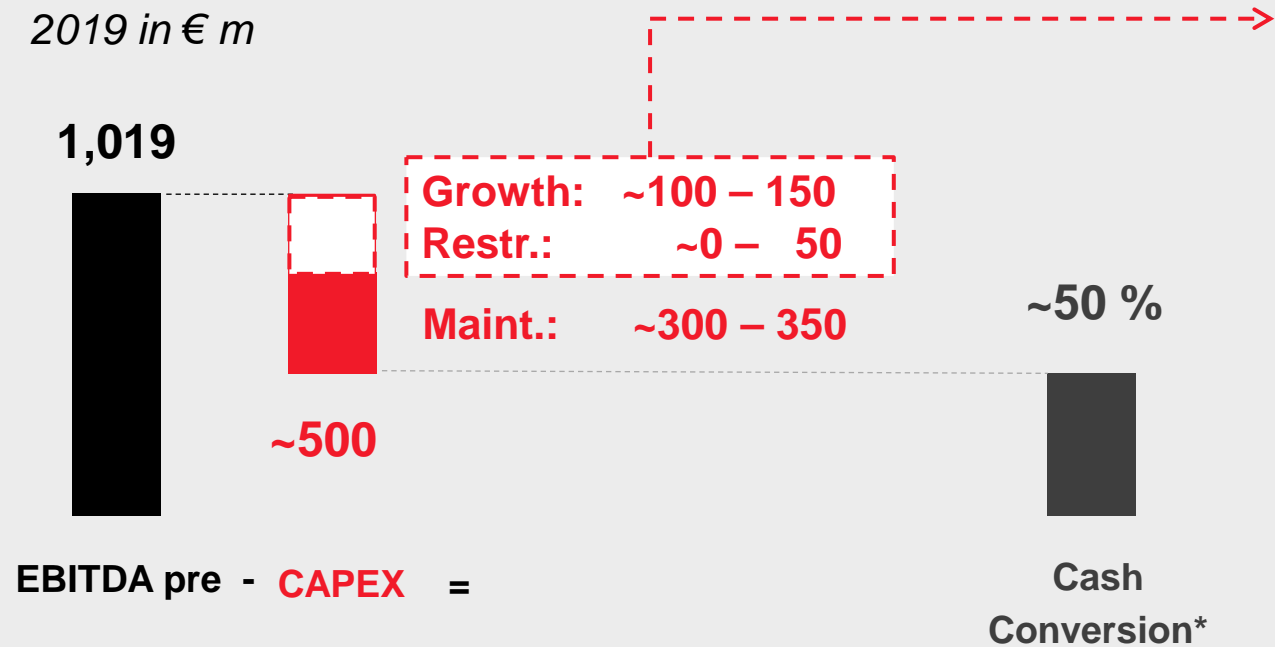
Operations

Financials

Sustainability

Cash Conversion target also on track – but at what price does it come?

We could deliver on our Cash Conversion target already today, but give priority to profitable growth

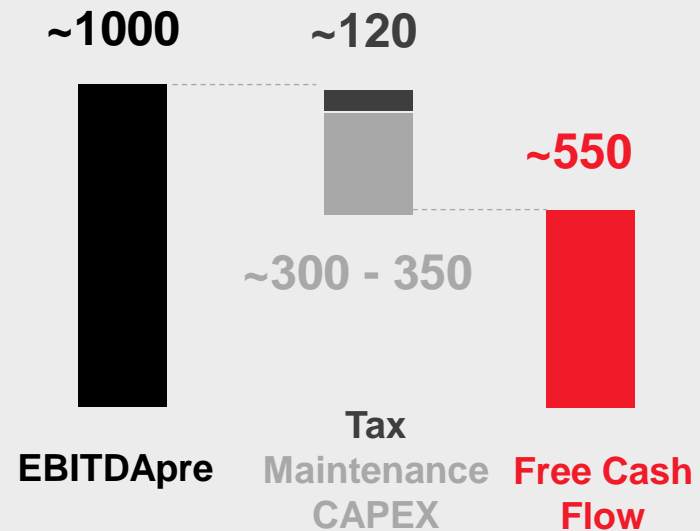


* Cash Conversion = EBITDA pre – CAPEX / EBITDA pre; ** ROCE: ~ 20%, considering ~€10 m D&A & ~30% tax

Capital allocation follows shareholder interests

Shareholder return is the driver for capital allocation

illustrative
(€ m)



LANXESS strengthens its All aromatic „Verbund“ with additional synthetic menthol capacity

Clear long-term investment approach based on synergetic customer relationship



~€40 m

Investment

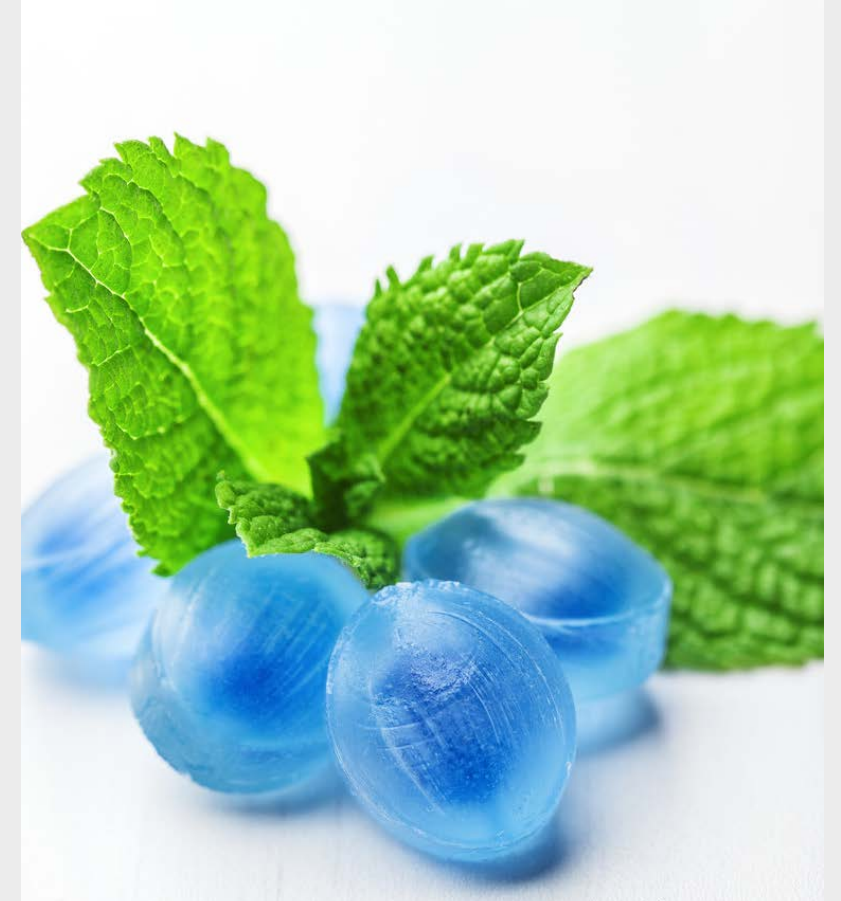


Early 2021

Planned operation start

Investment rationale:

- Significant increase in demand for synthetic menthol
- Strong customer relation based on long-term contracts
- Downstream development of the aromatic „Verbund“



Venture investment into Lithium with low risk and potentially high return

Opportunity in cooperation with Standard Lithium



**~€100 –
400 m**
Investments



Early 2021
Planned start of
construction

Investment rationale:

- Potential lucrative yield of battery grade lithium from LANXESS' „waste material“ tail brine
- Strong growth of Lithium use based on rising demand for batteries



Looking ahead ... energized!

Profitability

Moving our way towards even more stable and attractive margin levels

Resilience

Further balanced exposure to end markets and regions in the future

Financials

Maintaining strong financials and balanced debt

Rating

Commitment to stay solid investment grade



The way forward – Providing direction from four perspectives



Strategy

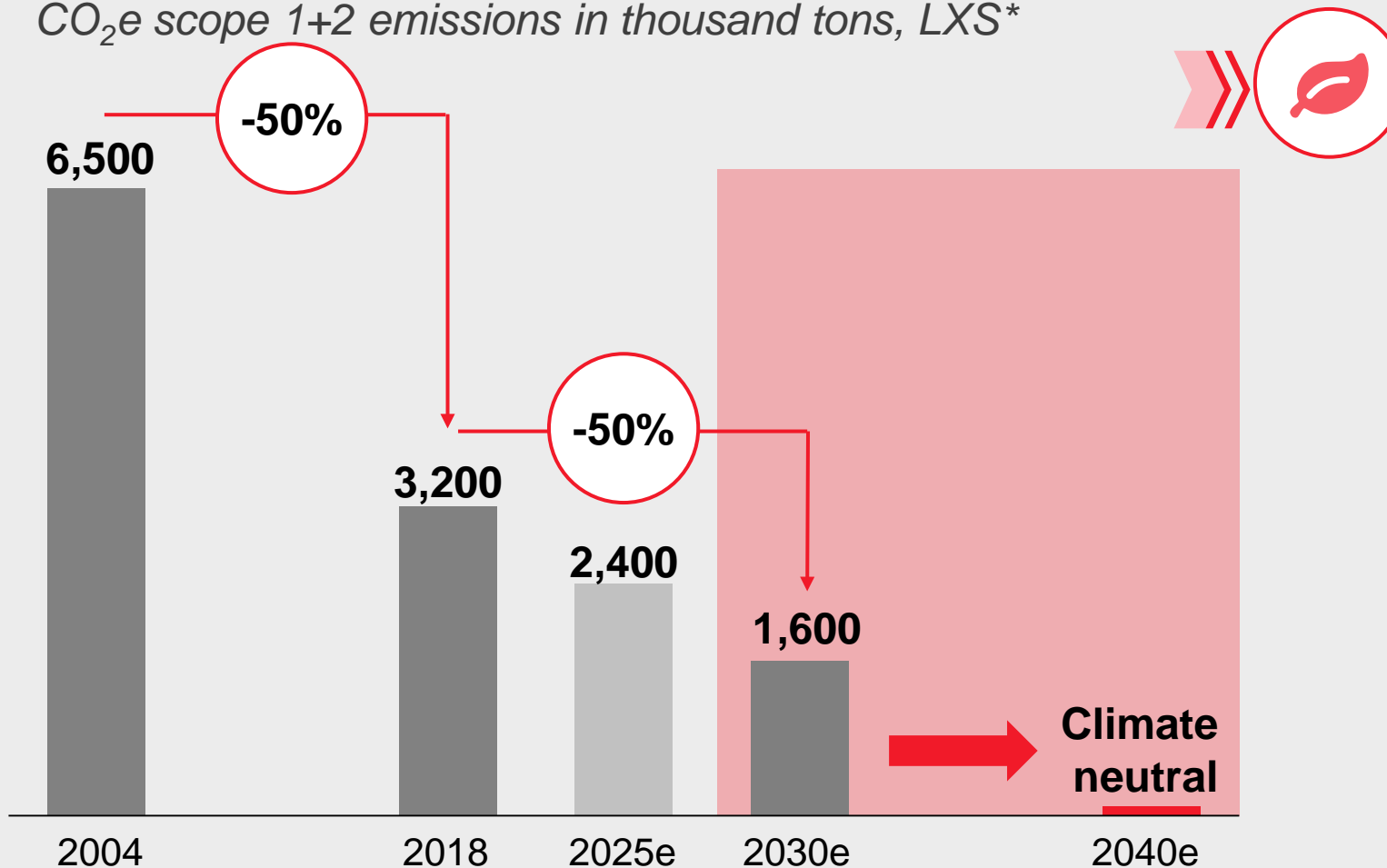
Operations

Financials

Sustainability

LANXESS goes climate neutral by 2040 – New long-term commitment

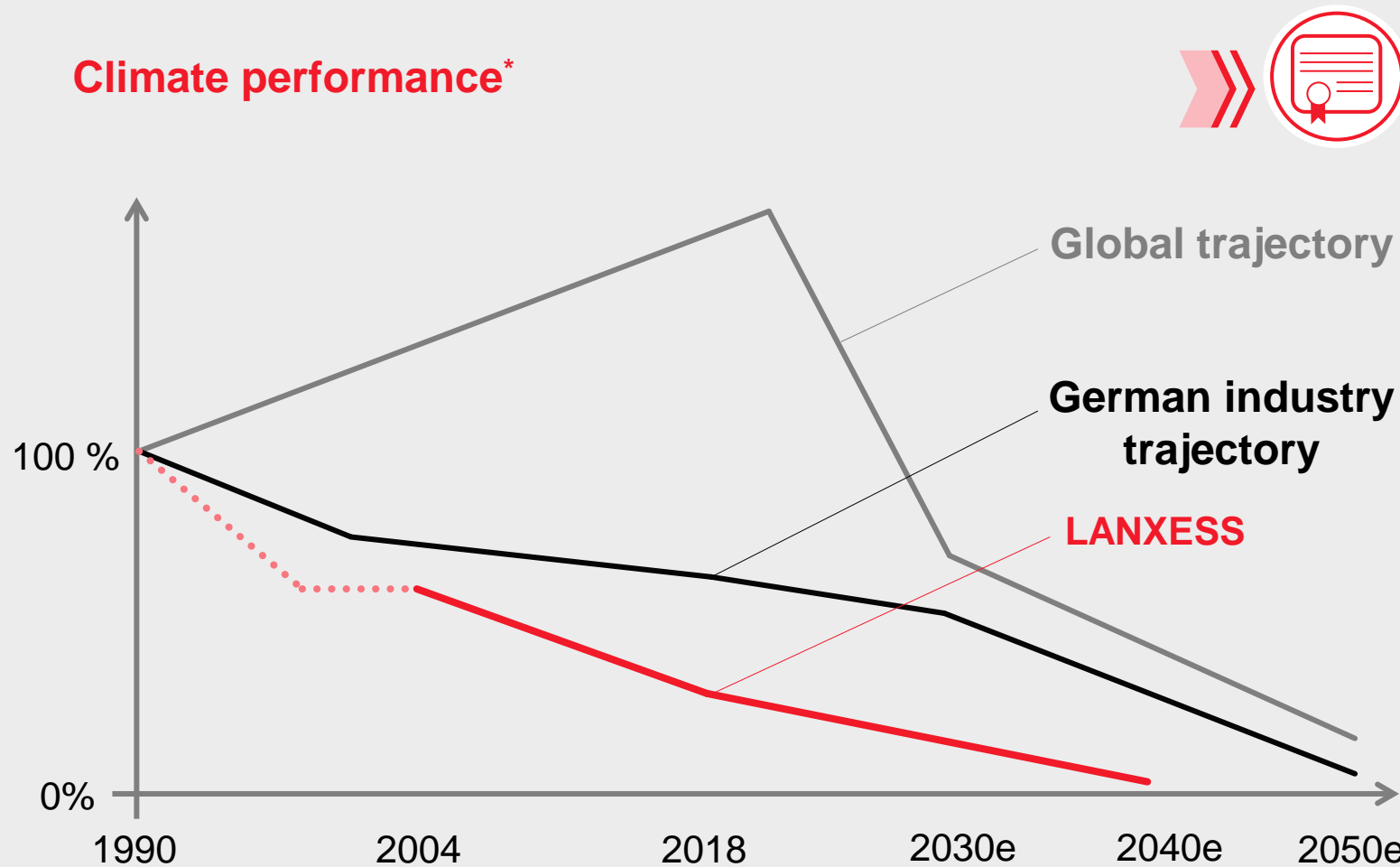
CO₂e scope 1+2 emissions in thousand tons, LXS*



- Clearly defined measures to reduce today's emissions
- Compensate growth effects with efficiency
- Majority of projects with reasonable investment costs
- Sustainable management is seen as a competitive advantage
- **Good for LANXESS, good for our customers, good for our planet!**

LANXESS ahead of regulation and far sighted in management of ETS certificates

Climate performance*



- LANXESS actively reduced CO₂e emissions in line with Emission Trading Scheme (ETS) reduction targets
- Cost effect from ETS is currently neutral
- We will continue to reduce CO₂e emissions and remain ahead of ETS reduction targets

The way forward – Strongest set of opportunities since spin-off



Strategy

Well defined strategy
that we will rigorously execute

Operations

We outlined clear growth paths for each segment
and continuously optimize operations

Financials

We are on track and committed to deliver

Sustainability

Sustainability is a priority to us
and we will seize this competitive advantage

Agenda

1 Time to prove our strengths

2 Financial and business details Q4 2019

3 Back-up



Q4 2019: All four segments with improved earnings compared to previous year



Highlights

- Ongoing successful portfolio management
 - Acquisition of biocide business in Brazil
 - Divestment of chrome value chain
 - Divestment of underperforming parts of Organometallics
- Increased EBITDA pre driven by better earnings in all four segments
- Strongly improved operating cash flow



Challenges

- Lower sales prices and volumes due to:
 - Price decline in many raw materials
 - Persistent auto and agro weakness
- Continued low visibility due to hesitant order behavior

LANXESS Group: Enhanced EBITDA and margin as promised

All four segments with improvement in Q4 EBITDA pre

[€m]*	Q4/2018	Q4/2019	Δ	FY 2018	FY 2019	Δ
Sales	1,674	1,636	-2%	6,824	6,802	0%
EBITDA pre	175	197	13%	986	1,019	3%
Margin	10.5%	12.0%		14.4%	15.0%	
CAPEX	235	213	-9%	482	508	5%

Price Volume FX Portfolio

-3% -1% +1% 0%

Total -2%

Q4 Sales vs. PY

- Slight sales decline mainly due to raw material driven price reductions mitigated by positive FX effect
- Improved EBITDA pre and margin from successful strategy implementation and supportive FX effect. €10 m synergies planned for 2020 already realized in 2019
- For the first time FY EBITDA margin at 15%

* All figures excluding BU LEA, which is reported as discontinued operations



Advanced Intermediates: Strong earnings

**Increasing support
from BU Saltigo**

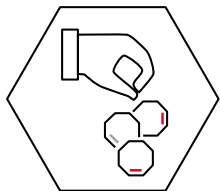
[€ m]	Q4/2018	Q4/2019	Δ	YTD 2018	YTD 2019	Δ
Sales	562	553	-2%	2,207	2,249	2%
EBITDA pre	73	79	8%	359	389	8%
Margin	13.0%	14.3%		16.3%	17.3%	
CAPEX	63	66	5%	155	162	5%

Price Volume FX Portfolio
-5% **+3%** **+1%** **0%**

Total -2%

Q4 Sales vs. PY

- Slight sales decrease driven by price decline in BU All due to raw material price pass-through
- Positive volumes in both BUs and FX development mitigate price decline in sales
- Substantial EBITDA pre and margin improvement in Q4 and FY based on stronger volumes in BU All and ongoing recovery in BU Saltigo



Specialty Additives: Ongoing strong margin improvement

**Polymer Additives
compensate weak
auto demand**

[€m]	Q4/2018	Q4/2019	Δ	YTD 2018	YTD 2019	Δ
Sales	470	471	0%	1,980	1,965	-1%
EBITDA pre	78	84	8%	343	353	3%
Margin	16.6%	17.8%		17.3%	18.0%	
CAPEX	65	47	-28%	141	120	-15%

Price Volume FX Portfolio

+1% -3% +2% 0%

Total 0%

Q4 Sales vs. PY

- Stable sales: Positive pricing and FX effect compensate lower volume
- Favorable pricing in flame retardants overcompensates raw material driven price decline in lubricants
- Volume decrease due to lower auto demand (mainly BU RCH) and termination of margin-dilutive tolling agreements (BU LAB)
- Flame retardants, FX and accelerated synergies contribute to improved EBITDA pre and margin



Performance Chemicals: All BUs with improved earnings - BU LEA discontinued operations

Biocides and water purification boost performance

[€m]*	Q4/2018	Q4/2019	Δ	YTD 2018	YTD 2019	Δ
Sales	231	242	5%	976	1,052	8%
EBITDA pre	20	29	45%	156	192	23%
Margin	8.7%	12.0%		16.0%	18.3%	
CAPEX	27	22	-19%	61	60	-2%

Price Volume FX Portfolio

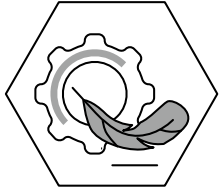
+1% **+2%** **+1%** **0%**

Total **+5%**

Q4 Sales vs. PY

- Rise in sales due to pricing, volume and FX
- Positive price effect driven by BU MPP and LPT
- Volume growth mainly in BU MPP and LPT, stabilization in BU IPG
- Significant EBITDA pre and margin improvement in all three BUs, mainly driven by increased volumes and price
- Despite strong improvement, Q4 seasonally weakest quarter

* All numbers excluding BU LEA, which is reported as discontinued operations



Engineering Materials: Good performance in a very difficult environment

Volume decline overstated by trade deal

[€m]	Q4/2018	Q4/2019	Δ	YTD 2018	YTD 2019	Δ
Sales	391	350	-10%	1,576	1,450	-8%
EBITDA pre	43	49	14%	267	238	-11%
Margin	11.0%	14.0%		16.9%	16.4%	
CAPEX	46	51	11%	76	104	37%

Price	Volume	FX	Portfolio
-5%	-6%	+1%	0%

Total -10%

Q4 Sales vs. PY

- Sales decrease on lower volumes and prices, slightly mitigated by FX
- Price decline in both BUs due to lower raw material prices
- Lower volumes in both BUs – volume effect overstated by BU HPM trade deal in 2018. Demand from auto industry remains weak
- EBITDA pre and margin improvement in both BUs, comparing with a low Q4 2018

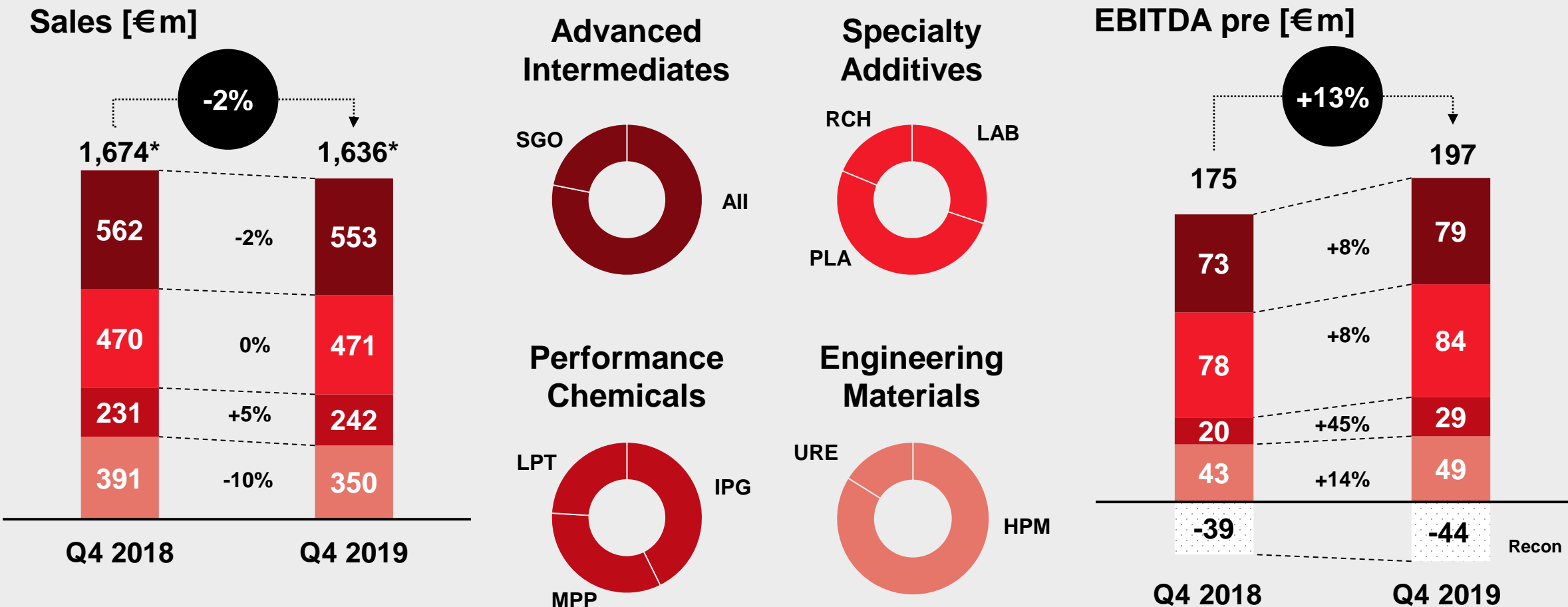
Q4 2019: Good operational development partly offset by restructuring and M&A costs

[€m]	Q4/18		Q4/2019		yoy in %
Sales	1,674	(100%)	1,636	(100%)	-2%
Cost of sales	-1,309	(-78%)	-1,253	(-77%)	4%
Selling	-197	(-12%)	-203	(-12%)	-3%
G&A	-86	(-5%)	-81	(-5%)	6%
R&D	-27	(-2%)	-30	(-2%)	-11%
Others (incl. Except.)	-11	(-1%)	-69	(-4%)	>100%
EBIT	44	(3%)	0	(0%)	-100%
EPS pre*	0.77		0.64		-17%
EBITDA	162	(10%)	160	(10%)	-1%
thereof except.	-13	(-1%)	-37	(-2%)	<-100%
EBITDA pre except.	175	(10.5%)	197	(12.0%)	13%

- Improved costs of sales driven by lower raw material prices and volumes
- Decreased G&A costs mainly due to synergies
- EBIT impacted by higher exceptionals (restructuring, M&A, IT & digitization projects)

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

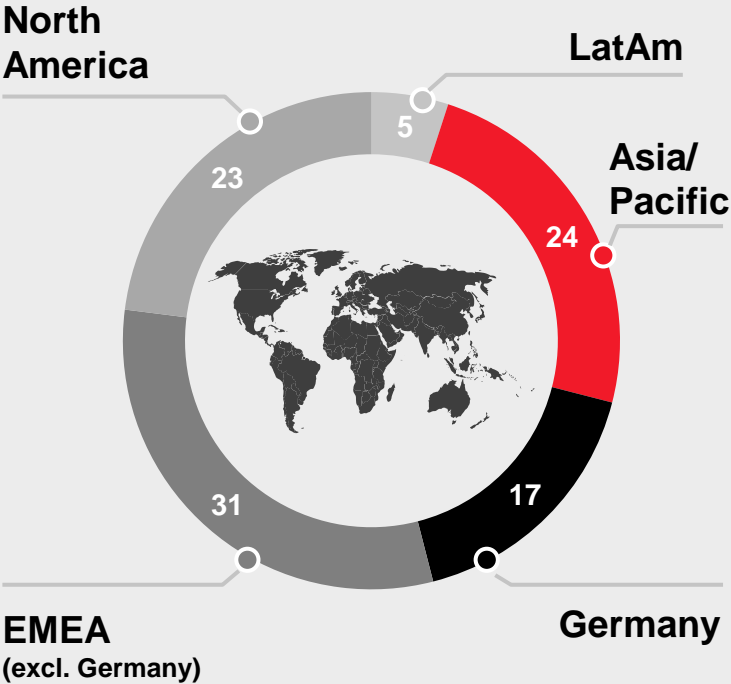
Q4 2019: EBITDA pre increases in all segments



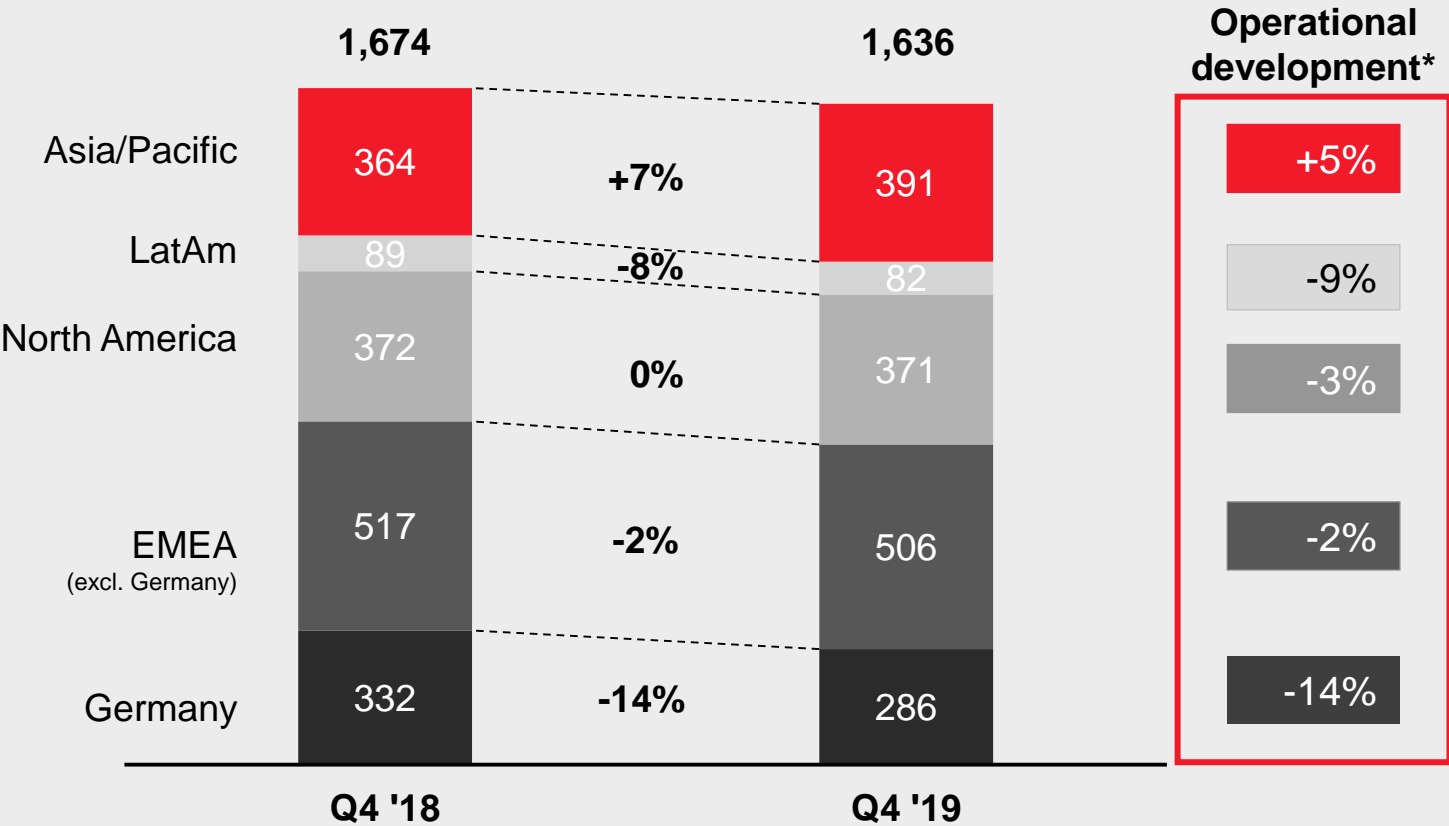
* Total group sales including reconciliation

Q4 2019: Further operational sales growth in Asia while Germany still suffers due to weak auto industry

Q4 2019 sales by region [%]



Regional development of sales [€m]



* Currency and portfolio adjusted

Strong increase in operating cash flow in Q4

[€m]	Q4/2018	Q4/2019	Δ
Operating cash flow*	172	267	95
Changes in working capital	102	212	110
Investing cash flow*	378	-270	-648
thereof capex	-235	-213	22

- Strong increase in operating cash flow mainly driven by improved working capital
- Investing cash flow in previous year biased by proceeds from ARLANXEO divestment
- Decrease in capex due to different timing of spending during fiscal year

* applies to continuing operations

Balance sheet positions influenced by FX

[€m]	31.12.2018	31.12.2019
Total assets	8,687	8,695
Equity	2,773	2,647
Equity ratio	32%	30%
Net financial debt¹	1,381	1,742
Pension provisions	1,083	1,178
Net working capital	1,455	1,308
DSI (in days) ²	69	66
DSO (in days) ³	46	42

- Decrease in equity mainly due to share buy-back and FX effect
- Net debt impacted by:
 - Share buy-back (€200 m)
 - IFRS 16 effect (~€130 m)
 - Dividend payment (€79 m)
- Increase in pension provisions arises from declining underlying interest rates in Germany, UK and the US
- Improved working capital caused by reduced inventories and trade receivables

¹ Including cash, cash equivalents and near cash assets and after deduction of short-term money market investments

² Days sales of inventory calculated from quarterly sales

³ Days of sales outstanding calculated from quarterly sales

Agenda

1 Time to prove our strengths

2 Financial and business details Q4 2019

3 Back-up

Housekeeping items 2020

Capex 2020	~€500 m
Operational D&A 2020	~€450 m
Reconciliation 2020	~€160 m - €170 m including remnant costs
Tax rate	~28%
Exceptionals 2020	~€50 m based on current initiatives
FX sensitivity	One cent change of USD/EUR resulting in ~€7 m EBITDA pre impact before hedging
Remnant costs	~€10 m p.a. until 2022
Maintenance shutdown BU HPM	~€10 - €20 m in H2

BU LEA accounted for as “Discontinued Operations” in 2019 – key P&L figures restated

Sales

2018				2019	
[in €m]	LXS reported	Discontinued Operations LEA	LXS Continued restated	Discontinued Operations LEA	LXS Continued
FY	7,197	373	6,824	329	6,802
Q1				84	1,738
Q2				86	1,724
Q3				77	1,704
Q4	1,766	92	1,674	82	1,636

EBITDA pre

2018				2019	
[in €m]	LXS reported	Discontinued Operations LEA	LXS Continued restated	Discontinued Operations LEA	LXS Continued
FY	1,016	30	986	0	1,019
Q1				3	272
Q2				5	281
Q3				-2	269
Q4	179	4	175	-6	197

EPS pre

2018				2019	
[in €m]	LXS Continued (Ex. ARL) reported	Discontinued Operations LEA	LXS Continued restated	Discontinued Operations LEA*	LXS Continued
FY	4.45	-0.03	4.48	-0.24	4.73
Q1				-0.04	1.32
Q2				0.03	1.48
Q3				-0.08	1.29
Q4	0.61	-0.16	0.77	-0.16	0.64

* Figures do not fully add up as the average number of shares outstanding varies across the year due to cancellation of shares after the conducted the share buy-back

Details on accounting for discontinued operations of BU Leather (starting FY 2019)

Income statement

- A discontinued operation is reported as income separate from continued operations
- EPS from discontinued, continuing & total to be reported
- Restatement of 2018 figures

Balance sheet

- Line items “assets and liabilities held for sale and discontinued operations” will be shown under “current assets” and “current liabilities” respectively
- No restatement of 2018 figures

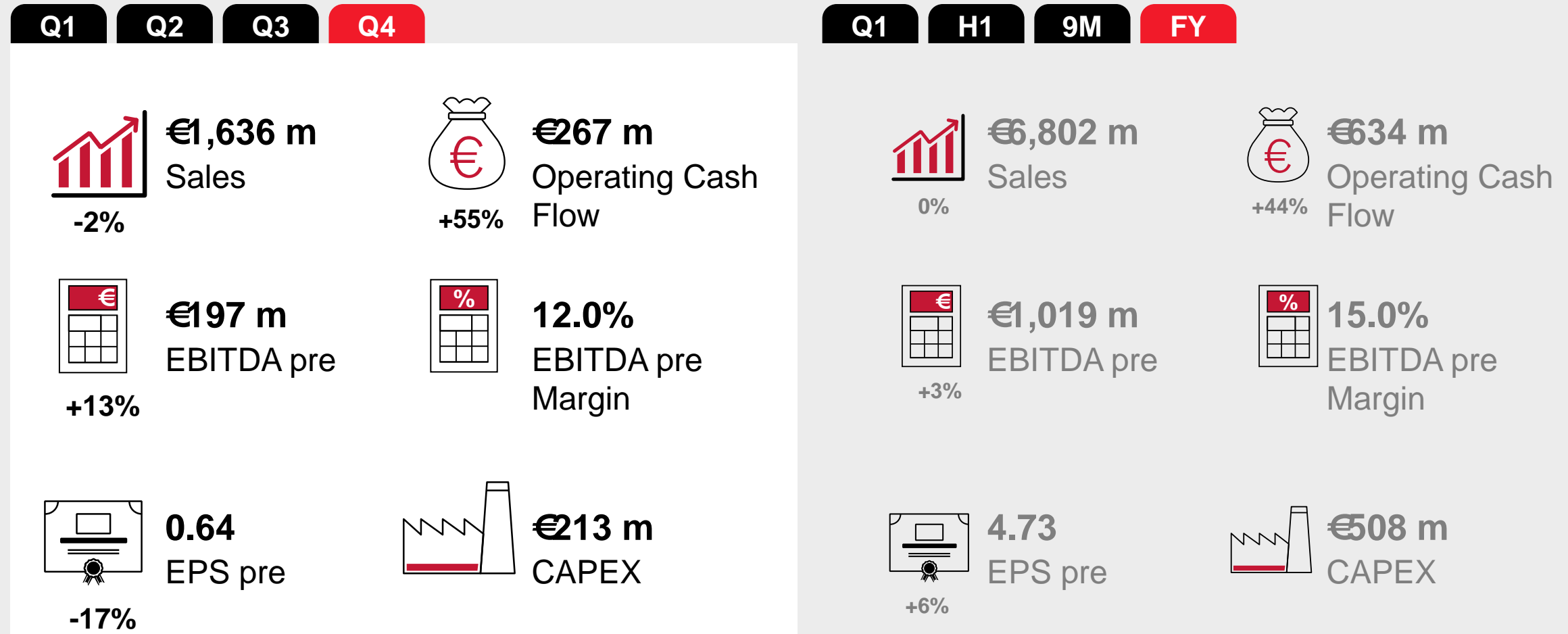
Cash flow Statement

- Presentation of cash flows from discontinuing operations in one line item
- Restatement of 2018 figures

ROCE

- ROCE adjusted for “discontinued operations”

Key Figures*: Delivering as promised



* Continuing operations (excluding BU LEA, which is reported as discontinued operation)

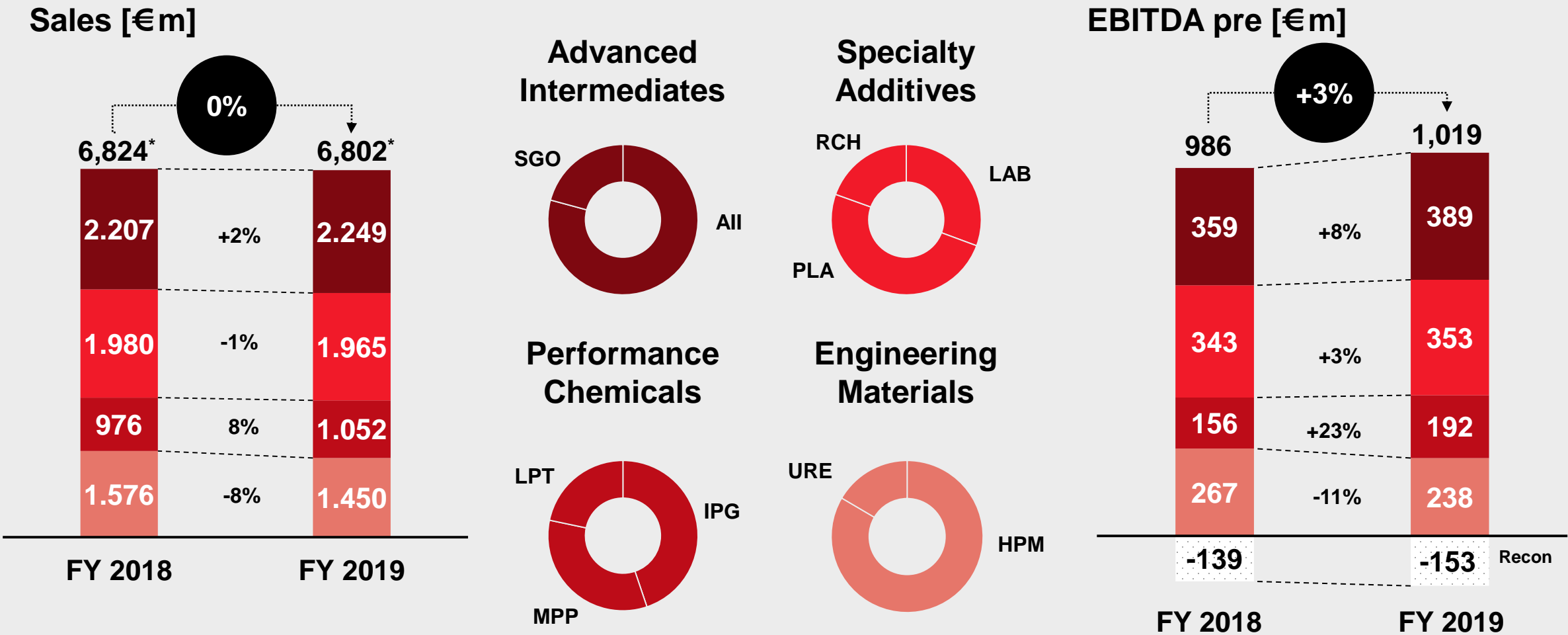
FY 2019: Improved EBITDA pre and share buy-back drive further EPS pre increase

[€m]	FY 2018		FY 2019		yoy in %
Sales	6,824	(100%)	6,802	(100%)	0%
Cost of sales	-5,086	(-75%)	-5,043	(-74%)	1%
Selling	-759	(-11%)	-812	(-12%)	-7%
G&A	-295	(-4%)	-274	(-4%)	7%
R&D	-109	(-2%)	-114	(-2%)	-5%
Others (incl. Except.)	-84	(-1%)	-152	(-2%)	-81%
EBIT	491	(7%)	407	(6%)	-17%
EPS pre*	4.48		4.73		6%
EBITDA	906	(13%)	910	(13%)	0%
thereof except.	-80	(-1%)	-109	(-2%)	-36%
EBITDA pre except.	986	(14.4%)	1,019	(15.0%)	3%

- Increase in selling expenses due to higher freight costs and FX
- Improved G&A costs reflect synergies
- EBIT impacted by higher exceptionals (realignment of Organometallics and leather businesses)
- EPS pre increase supported by share buyback

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

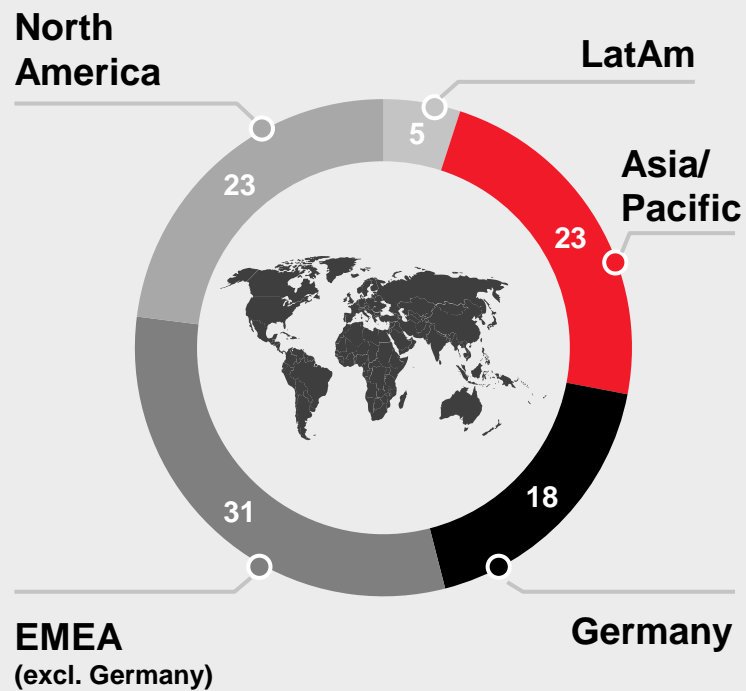
FY 2019: Improving earnings in three out of four segments



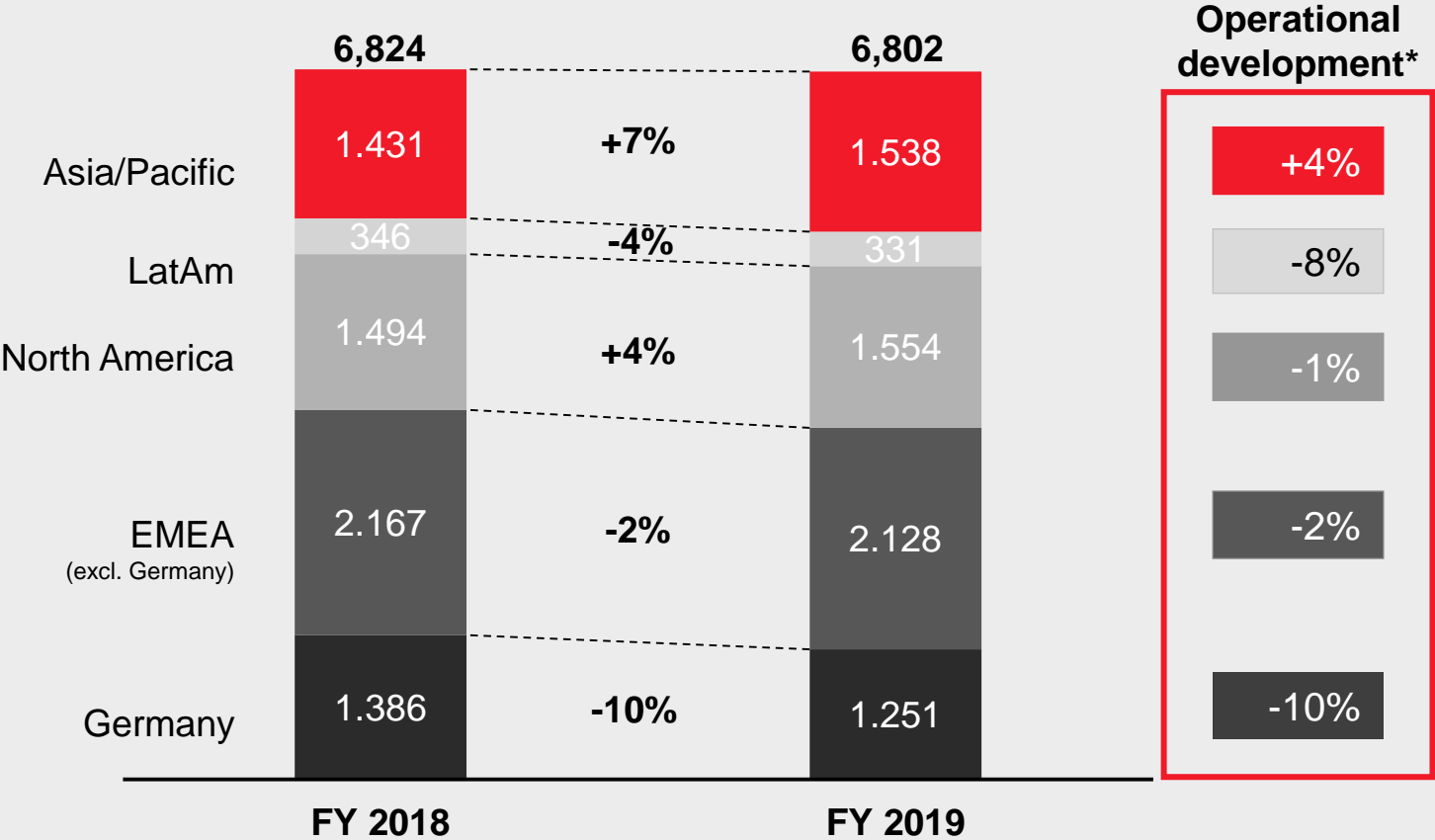
* Total group sales including reconciliation

FY 2019: Solid growth in Asia and North America supported by FY tailwind

FY 2019 sales by region [%]



Regional development of sales [€m]



* Currency and portfolio adjusted





Cash flow FY 2019: Active working capital management drives improvement in operating cash flow

[€m]	FY 2018	FY 2019	Δ
Operating cash flow*	441	634	193
Changes in working capital	-179	68	247
Investing cash flow*	80	-697	-777
thereof capex	-482	-508	-26

- Increase in operating cash flow driven by improved working capital, reflecting reduction of inventories and receivables
- Investing cash flow in previous year biased by proceeds from ARLANXEO divestment
- Capex increase driven by attractive debottlenecking investments

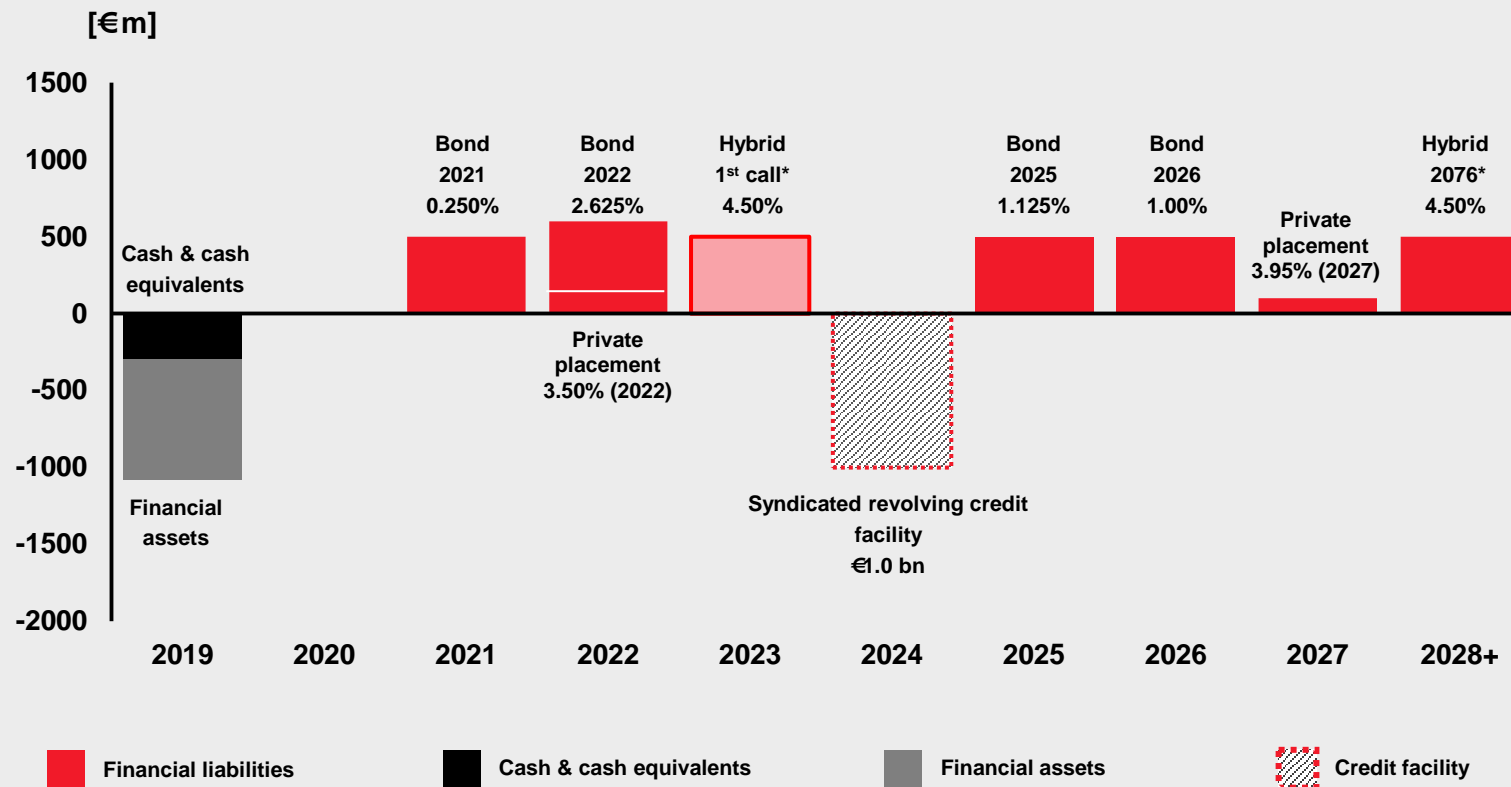
* Applies to continuing operations

Increase in exceptional items (on EBIT) due to higher realignment and project costs

[€m]		Q4 2018		Q4 2019		FY 2018		FY 2019	
		Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A
 Advanced Intermediates		0	0	48	35	0	0	48	35
 Specialty Additives		-6	1	7	0	3	0	18	2
 Performance Chemicals		12	10	-3	0	12	10	2	0
 Engineering Materials		0	-1	0	0	1	0	0	0
Reconciliation		17	0	23	3	74	0	82	4
Total		23	10	75	38	90	10	150	41

Maturity profile actively managed and well balanced

Liquidity and maturity profile as per December 2019



Long-term financing secured

- Diversified financing sources
 - Bonds & private placements
 - Syndicated credit facility
- Average interest rate of financial liabilities ~2%
- Next bond maturity in 2021
- All group financing executed without financial covenants

* Hybrid bond with contractual maturity date in 2076 has a first optional call date in 2023.

Upcoming events 2020 - Proactive capital market communication



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Abbreviations



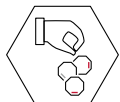
Advanced Intermediates

AI	Advanced Industrial Intermediates
SGO	Saltigo



Performance Chemicals

IPG	Inorganic Pigments
MPP	Material Protection Products
LPT	Liquid Purification Technologies



Specialty Additives

LAB	Lubricant Additives Business
PLA	Polymer Additives
RCH	Rhein Chemie



Engineering Materials

HPM	High Performance Materials
URE	Urethane Systems

LANXESS

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Energizing Chemistry