

LANXESS Q2 2017

Financial Summary for Investors and Analysts

2 Good business performance

- Market demand remains healthy. Most BUs with positive volumes except for BU IPG (pricing), BU SGO (agro market) and BU TSR (maintenance turnaround)
- EBITDA pre increase of 25% to €367 m (Q2 2016: €293 m) reflecting portfolio effects and positive price/raw material cost spread
- Net income burdened by restructuring expenses (BU Leather) and Chemtura related one offs (esp. PPA effects)
- ROCE continuously improving due to business evolution including Chemtura (Q2 2017: 8.8% (calculated incl. Chemtura EBIT pre pro forma based on 2016 earnings) vs. 2016: 6.9%)

Q2 2017 Balance sheet:

Main balance sheet KPIs mirror acquisition

- Total assets increase to €10,912 m (Dec 2016: €9,816: €1,628 m)
- Pension provisions mainly reflect Chemtura acquisition (Q2 2017: €1,416 vs. Dec 2016: €1,249 m)

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Engineering Materials

Strong volumes and better mix drive earnings

- Sales deviation yoy: Price +8%, Volume +6%, Currency 0%, Portfolio +18% (approximate numbers)
- Sales and EBITDA with portfolio effect from Chemtura Urethanes
- Strong demand across all regions drives volume growth in both BUs
- Prices up as higher raw material costs were passed on
- EBITDA pre improves to €72 m in Q2 2017 (Q2 2016: €45 m) on continued high capacity utilization, portfolio effect
- Margin of 19.9% in Q2 2017 (Q2 2016: 16.4%)

ARLANXEO

Business continues to cope with challenging environment

- Sales deviation yoy: Price +23%, Volume -0%, Currency +2%, Portfolio 0% (approximate numbers)
- Substantial price effect from raw material cost pass-through
- Continued good underlying demand in both BUs after exceptionally strong Q1
- Some lower volumes in BU TSR due to planned turnaround
- Successful raw material cost pass-through offset mainly by higher energy costs
- EBITDA pre of €92 m in Q2 2017 (Q2 2016: €95 m) burdened by low double digit €- million inventory write off (mainly butadiene)
- Margin of 11.0% in Q2 2017 (Q2 2016: 14.2%)

Outlook 2017:

FY 2017 on track – EBITDA guidance confirmed

- Persisting macroeconomic, geopolitical risks
- Agro chemicals demand modestly weaker than expected; while all other industries remain stable
- Asia Pacific continues to be the most attractively growing region
- Business dynamics solid, while growth expectations for H2 are softer due to the high comparable base in H2 2016
- **FY EBITDA pre between €1,225 m – €1,300 m**

Housekeeping items for consideration

Additional financial information

Capex 2017:	~€550-600 m (thereof ~€150 m ARLANXEO)
Operational D&A 2017:	~€580-590 m (thereof ~€220 m ARLANXEO)
Reconciliation 2017:	~-€190 m EBITDA pre incl. hedging
Tax rate:	Mid-term: 30-35% (for New LANXESS)

Please note:

From Q2 2018 onwards, ARLANXEO will be shown as “discontinued operations”
From Q2 2019 onwards, ARLANXEO will be accounted for “at equity”

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Forward-Looking Statements

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Financial Overview Q2 2017

in € million



Financial Overview H1 2017

in € million	LANXESS			Advanced Intermed.			Specialty Additives			Performance Chem.			Engineering Materials			ARLANXEO			Others/ Cons.		
	HJ/2016	HJ/2017	Chg. in %	HJ/2016	HJ/2017	Chg. in %	HJ/2016	HJ/2017	Chg. in %	HJ/2016	HJ/2017	Chg. in %	HJ/2016	HJ/2017	Chg. in %	HJ/2016	HJ/2017	Chg. in %	HJ/2016	HJ/2017	Chg. in %
Sales	3.863	4.923	27%	906	1.023	13%	434	679	56%	642	735	14%	548	676	23%	1.310	1.783	36%	23	27	17%
Price*			10,8%			3,4%			0,0%			3,4%			6,6%			25,2%			0,0%
Volume*			5,9%			5,1%			5,5%			1,4%			7,3%			8,0%			17,4%
Currency*			1,7%			1,1%			1,2%			1,7%			0,6%			2,9%			0,0%
Portfolio*			9,0%			3,3%			49,8%			8,0%			8,9%			0,0%			0,0%
EBIT	307	254	-17%	127	130	2%	72	29	-60%	95	31	-67%	61	82	34%	98	96	10	10	10	10

Income Statement Q2 / H1 2017





Abbreviations:

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



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