



LANXESS
Energizing Chemistry

LANXESS - Q3 results

Delivered as promised again

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Agenda

1 Executive summary Q3 2019

2 Financial and business details Q3 2019

3 Back-up

Q3 2019: LANXESS pushes transformation forward



Highlights

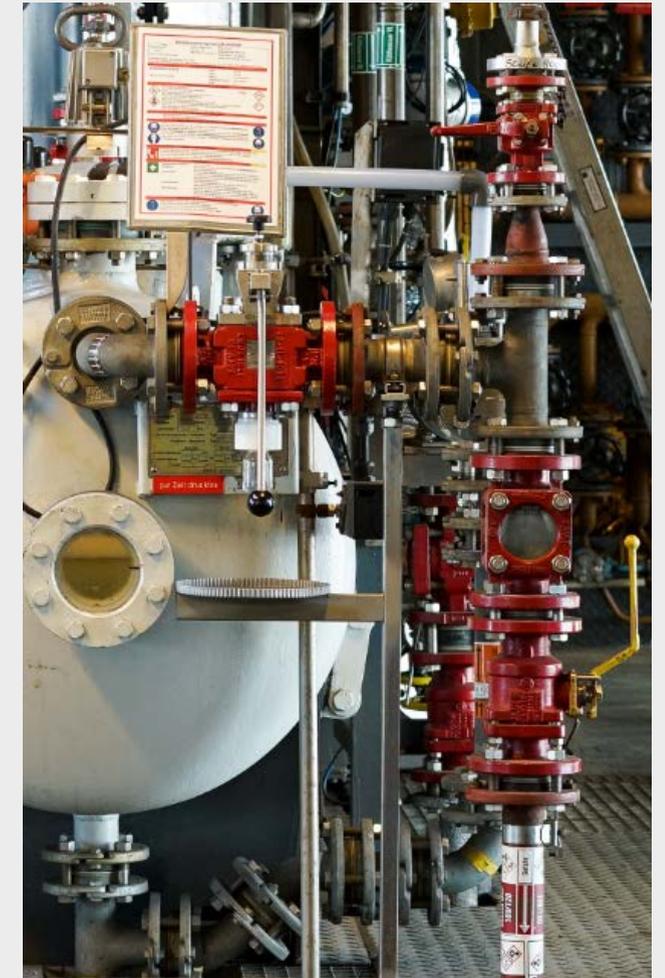
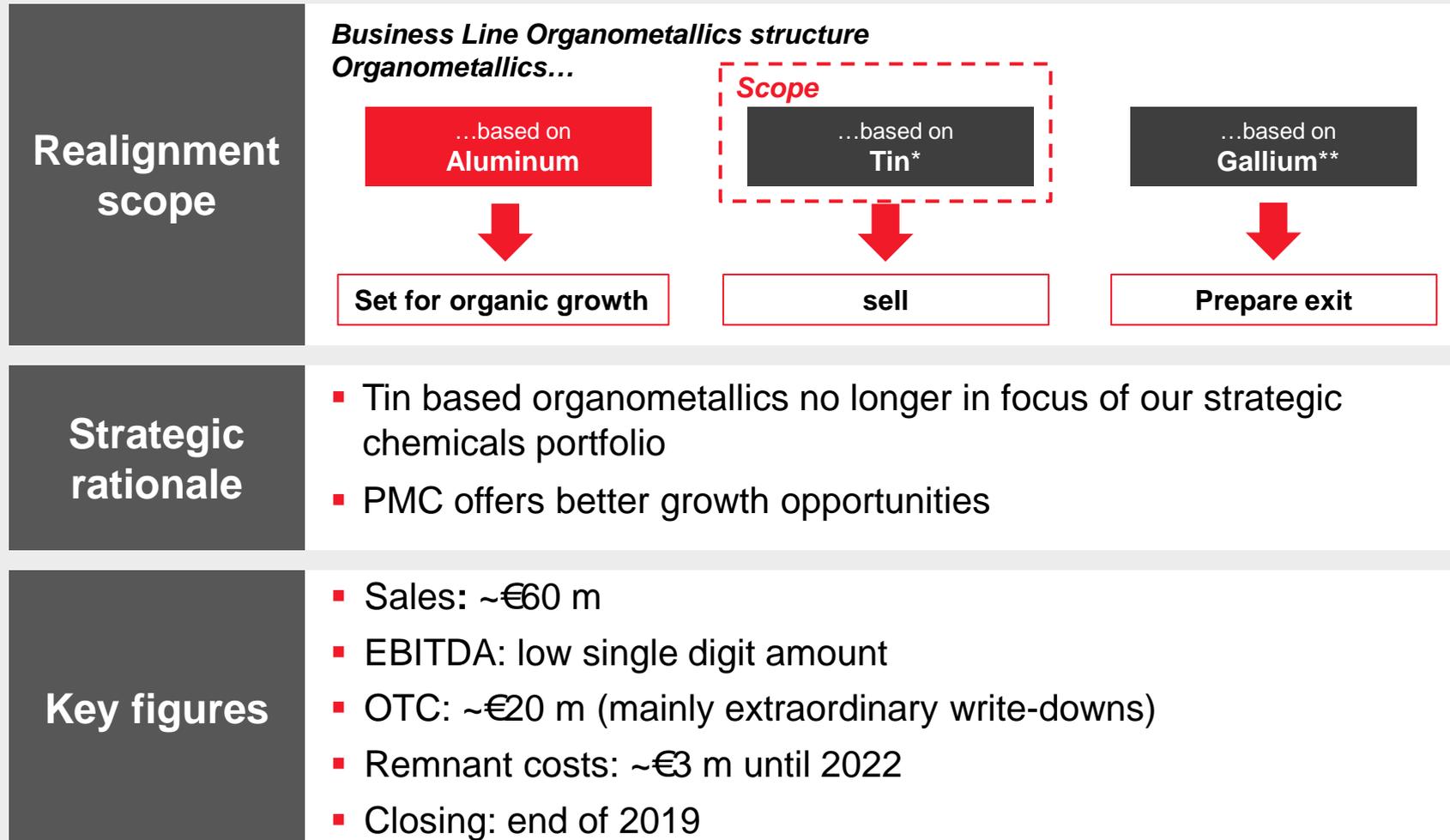
- Successful portfolio management
 - Divestment of Chrome Chemicals business
 - Signing of Currenta exit
 - Realignment of Organometallics initiated
- Improving earnings in three out of four segments
- Leading positions in attractive end markets balance declining auto sector
- Organic investments ongoing
- Ranked #1 in Europe in Dow Jones Sustainability Index



Challenges

- Lower sales prices and volumes due to:
 - Price decline in many raw materials
 - Persistent auto and agro weakness
 - Termination of low-margin contracts and site closures (Specialty Additives)
- Continued low visibility due to hesitant order behavior

First step in improving Organometallics to competitive peer level: Divest tin based business to PMC Group



Delivering as promised, guidance for FY 2019 reiterated

Q1

Q2

Q3

Q4



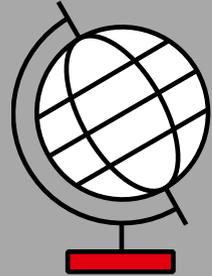
0%

€1,781 m
Sales



+15%

€255 m
Operating
cash flow



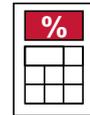
Current view on economy

- Macro uncertainties linger
- Auto: No recovery ahead



-3.6%

€267 m
EBITDA pre

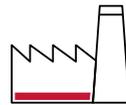


15.0%
EBITDA pre
Margin

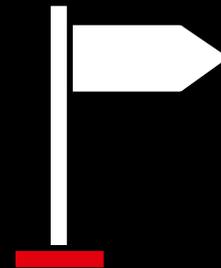


-1.6%

1.21
EPS pre



€121 m
CAPEX



LANXESS FY 2019 guidance reiterated

FY 2019 EBITDA pre expected between
€1,000 m and €1,050 m

Q4 anticipated to be slightly better than in
2018

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LANXESS Group: Good performance in tough environment



Sales and EBITDA margin stable

[€m]	Q3/2018	Q3/2019	Δ	YTD 2018	YTD 2019	Δ
Sales	1,786	1,781	0%	5,431	5,413	0%
EBITDA pre	277	267	-4%	837	828	-1%
Margin	15.5%	15.0%		15.4%	15.3%	
CAPEX	114	121	6%	257	305	19%

Price Volume FX Portfolio

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

Total **0%**

Q3 Sales vs. PY

- Stable sales as favorable FX effect offsets slightly lower prices and volumes (auto and termination of margin-dilutive tolling agreements)
- EBITDA pre and margin slightly lower mainly due to pronounced auto weakness and lower utilization vs. high comparable base
- Higher capex reflects further investments in attractive debottlenecking projects



Advanced Intermediates: Rock solid

Resilience & recovery

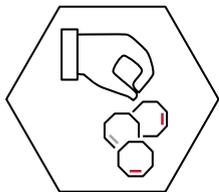
[€m]	Q3/2018	Q3/2019	Δ	YTD 2018	YTD 2019	Δ
Sales	534	549	3%	1,645	1,696	3%
EBITDA pre	87	89	2%	286	310	8%
Margin	16.3%	16.2%		17.4%	18.3%	
CAPEX	39	38	-3%	92	96	4%

Price **-3%** Volume **+5%** FX **+2%** Portfolio **0%**

Total **+3%**

Q3 Sales vs. PY

- Volume-driven sales increase in both BUs, esp. BU Saltigo
- Slightly lower prices in BU All mainly due to raw material price pass-through
- Positive FX development mitigates price decline in sales
- Volume-driven EBITDA pre improvement and solid margin mainly based on ongoing recovery in BU Saltigo



Specialty Additives: Most profitable segment

**Polymer Additives
offset weak auto
demand**

[€m]	Q3/2018	Q3/2019	Δ	YTD 2018	YTD 2019	Δ
Sales	502	503	0%	1,510	1,494	-1%
EBITDA pre	93	97	4%	265	269	2%
Margin	18.5%	19.3%		17.5%	18.0%	
CAPEX	32	29	-9%	76	73	-4%

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

Total **0%**

Q3 Sales vs. PY

- Stable sales: FX effects compensate lower volumes
- Positive price effect in BU PLA and BU RCH balances lower prices in BU LAB (raw material price pass-through)
- Volume decrease due to lower auto demand (mainly BU RCH) and termination of margin-dilutive tolling agreements (BU LAB)
- BU PLA, FX and synergies contribute to improved EBITDA pre and margin



Performance Chemicals: Making progress

**Strong performance
in biocides and
water purification**

[€m]	Q3/2018	Q3/2019	Δ	YTD 2018	YTD 2019	Δ
Sales	334	354	6%	1,026	1,057	3%
EBITDA pre	53	56	6%	163	170	4%
Margin	15.9%	15.8%		15.9%	16.1%	
CAPEX	17	18	6%	44	48	9%

Price Volume FX Portfolio

+1% **+3%** **+2%** **0%**

Total **+6%**

Q3 Sales vs. PY

- Strong sales improvement driven by price, volume and FX
- Favorable price and volume development in BU MPP and LPT mitigated by adverse price and volume effects in BU Leather
- Improved EBITDA pre and stable margin driven by BU MPP and LPT, while Chrome business continues to burden



Engineering Materials: Weak auto demand still impacting results

No recovery in auto market

[€m]	Q3/2018	Q3/2019	Δ	YTD 2018	YTD 2019	Δ
Sales	394	353	-10%	1,185	1,100	-7%
EBITDA pre	70	59	-16%	224	189	-16%
Margin	17.8%	16.7%		18.9%	17.2%	
CAPEX	15	22	47%	30	53	77%

Price Volume FX Portfolio

-3% **-9%** **+2%** **0%**

Total **-10%**

Q3 Sales vs. PY

- Sales decrease due to lower volumes and prices mitigated by FX
- Price decline in both BUs due to lower raw material prices
- Lower volumes in both BUs reflecting weaker demand from auto industry. Decline looks overstated due to Q3 2018 trade business deal
- EBITDA pre and margin burdened by volume effect

Q3 2019: Margin on stable level

[€m]	Q3 2018*		Q3/2019		yoy in %
Sales	1,786	(100%)	1,781	(100%)	0%
Cost of sales	-1,308	(-73%)	-1,313	(-74%)	0%
Selling	-202	(-11%)	-214	(-12%)	-6%
G&A	-72	(-4%)	-68	(-4%)	6%
R&D	-30	(-2%)	-31	(-2%)	-3%
EBIT	146	(8%)	117	(7%)	-20%
Net Income	80	(4%)	69	(4%)	-14%
EPS pre**	1.23		1.21		-2%
EBITDA	251	(14%)	238	(13%)	-5%
thereof except.	-26	(-1%)	-29	(-2%)	12%
EBITDA pre except.	277	(15.5%)	267	(15%)	-4%

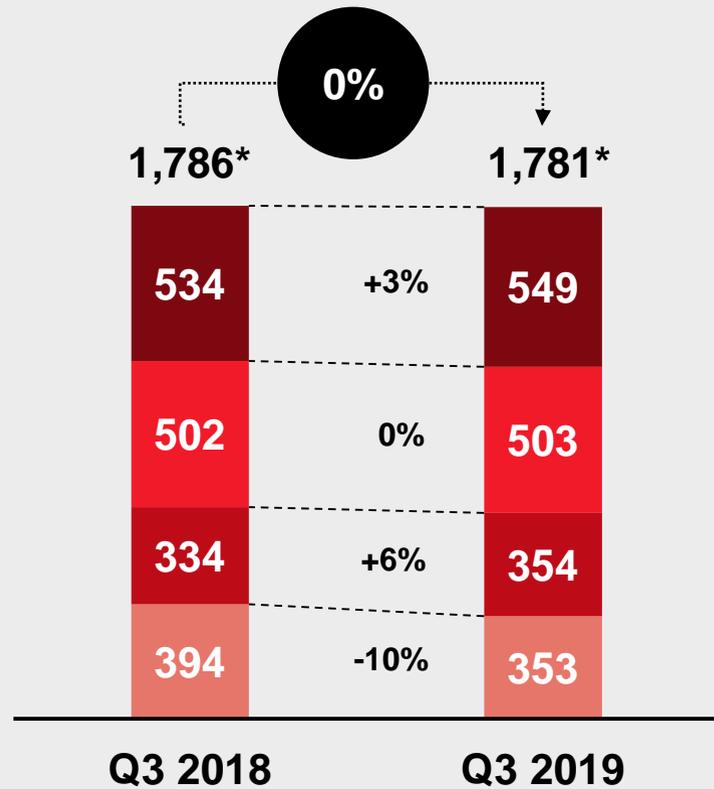
- Increase in selling expenses driven by higher freight costs and FX
- Improved G&A costs reflect synergies and lower provisions for variable compensation
- Results impacted by higher depreciation and lower utilization, mitigated by better financial result
- EPS pre in line with PY level

* 2018 applies to continuing operations

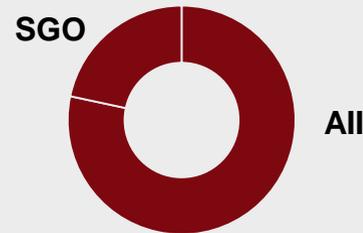
** Net of exceptionals and amortization of intangible assets as well as attributable tax effects

Q3 2019: Balanced portfolio compensates for lower demand from auto industry

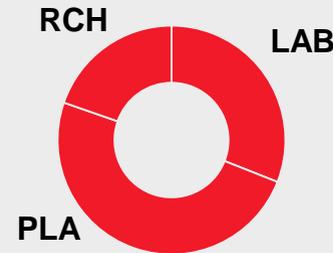
Sales [€m]



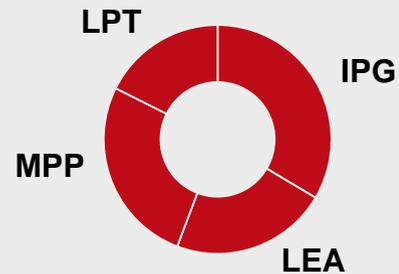
Advanced Intermediates



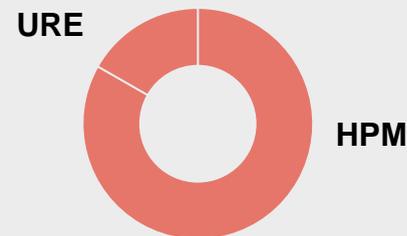
Specialty Additives



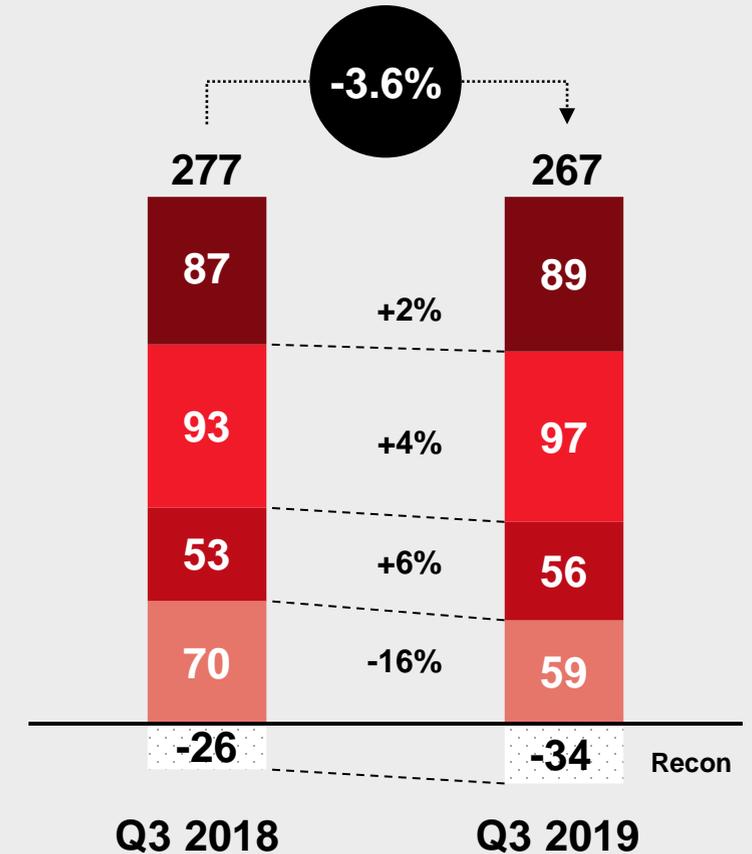
Performance Chemicals



Engineering Materials



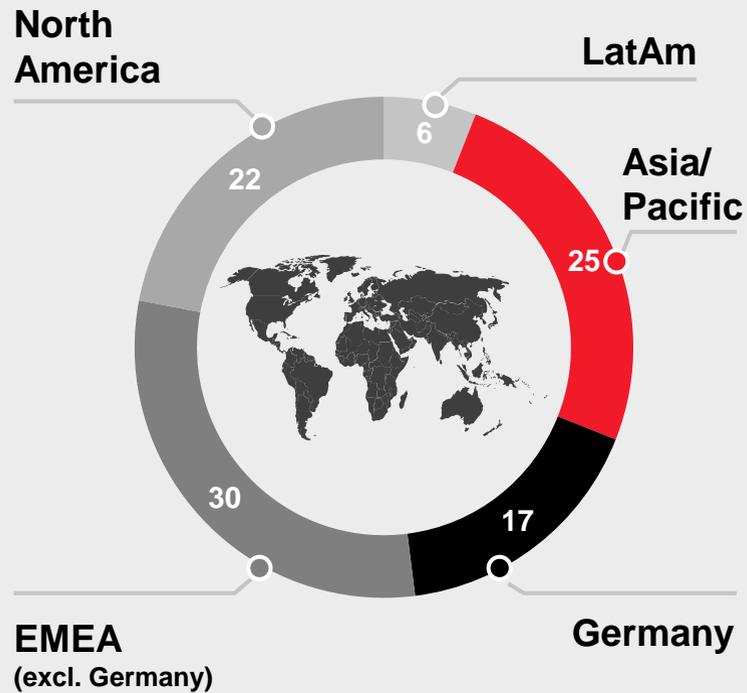
EBITDA pre [€m]



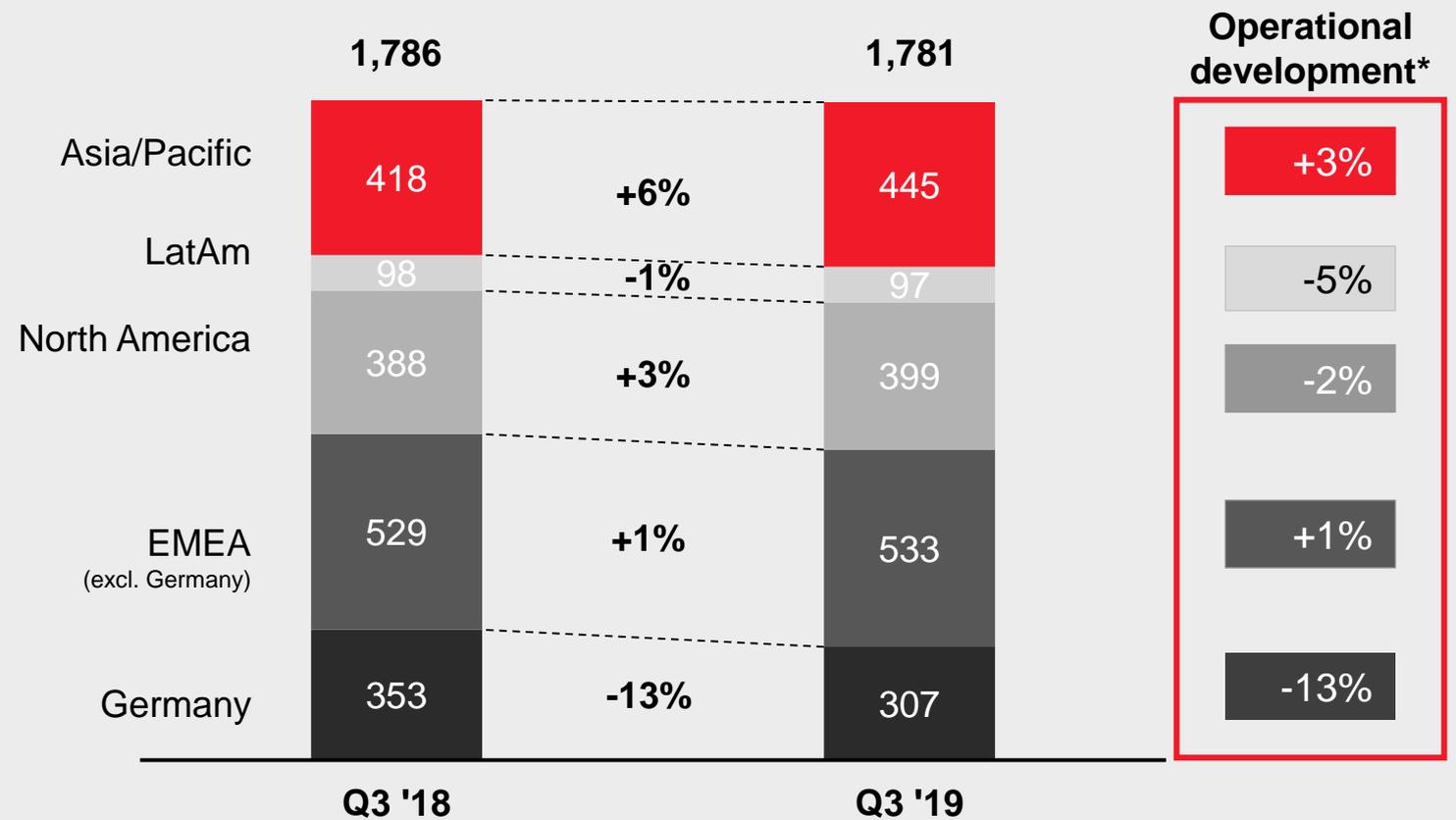
* Total group sales including reconciliation

Q3 2019: Operational growth in Asia and EMEA, other regions decline

Q3 2019 sales by region [%]



Regional development of sales [€m]



* Currency and portfolio adjusted

Cash flow Q3 2019: Attractive rise in operating cash flow

[€m]	Q3/2018*	Q3/2019	Δ
Operating cash flow	222	255	33
Changes in working capital	-9	-5	4
Investing cash flow	-114	-122	-8
thereof capex	-114	-121	-7

- Increase in operating cash flow mainly due to tighter management
- Capex increase driven by debottlenecking investments

* 2018 applies to continuing operations

Balance sheet positions influenced by FX

[€m]	31.12.2018	30.09.2019
Total assets	8,687	8,835
Equity	2,773	2,780
Equity ratio	32%	31%
Net financial debt¹	1,381	1,786
Pension provisions	1,083	1,242
Net working capital	1,455	1,639
DSI (in days) ²	69	72
DSO (in days) ³	46	46

- Increase in total assets mainly driven by FX effect
- Equity includes negative effect from share buy-back and positive FX effect
- Net debt impacted by:
 - Share buy-back (€200 m)
 - IFRS 16 effect (~€130 m)
 - Dividend payment (€79 m)
 - Payment of variable compensation
- Higher pension provisions due to declining underlying interest rate in Germany
- Working capital increase mainly due to FX

¹ Including cash, cash equivalents and near cash assets and after deduction of time deposits and securities available for sale

² Days sales of inventory calculated from quarterly sales

³ Days of sales outstanding calculated from quarterly sales

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Housekeeping items

Capex 2019	~€500 m
Operational D&A 2019	~€450 m
Reconciliation 2019	~€150 m - €160 m including remnant costs
Tax rate	~30%
Exceptionals 2019	Up to €100 m including announced portfolio measures
FX sensitivity	One cent change of USD/EUR resulting in ~€7 m EBITDA pre impact before hedging
Remnant costs	ARLANXEO: ~€8 m in 2019 ~€10 m in 2020 Organometallics: ~€3 m until 2022

Key Figures: Delivering as promised

Q1

Q2

Q3

Q4

Q1

H1

9M

FY



€1,781 m
Sales

0%



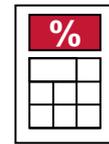
€255 m
Operating Cash
Flow

+15%



€267 m
EBITDA pre

-3.6%

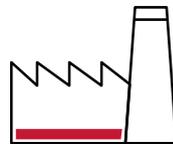


15.0%
EBITDA pre
Margin



1.21
EPS pre

-1.6%



€121 m
CAPEX



€5,413 m
Sales

0%



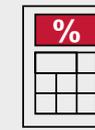
€369 m
Operating Cash
Flow

+29%



€828 m
EBITDA pre

-1%



15.3%
EBITDA pre
Margin



4.01
EPS pre

+4%



€305 m
CAPEX

9M 2019: Stable on strong previous year level

[€m]	9M 2018*		9M 2019		yoy in %
Sales	5,431	(100%)	5,413	(100%)	0%
Cost of sales	-3,982	(-73%)	-3,979	(-74%)	0%
Selling	-613	(-11%)	-658	(-12%)	-7%
G&A	-218	(-4%)	-203	(-4%)	7%
R&D	-88	(-2%)	-90	(-2%)	-2%
EBIT	459	(8%)	399	(7%)	-13%
Net Income	258	(5%)	253	(5%)	-2%
EPS pre**	3.84		4.01		4%
EBITDA	769	(14%)	755	(14%)	-2%
thereof except.	-68	(-1%)	-73	(-1%)	7%
EBITDA pre except.	837	(15.4%)	828	(15.3%)	-1%

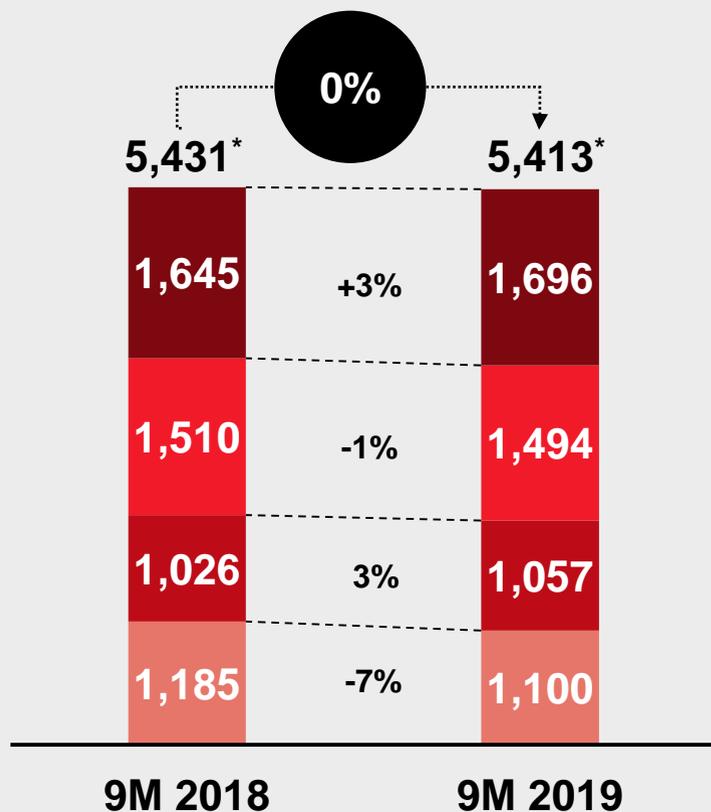
- Increase in selling expenses driven by higher freight costs and FX
- Result declines on lower utilization, mitigated by better financial result
- EPS pre increase supported by share buyback

* 2018 applies to continuing operations

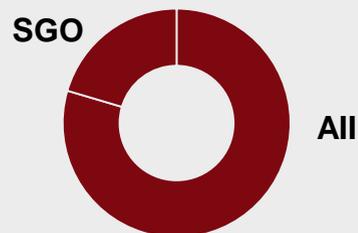
** Net of exceptionals and amortization of intangible assets as well as attributable tax effects

9M 2019: Balanced portfolio compensates for lower demand from auto industry

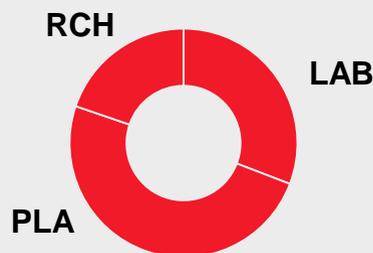
Sales [€m]



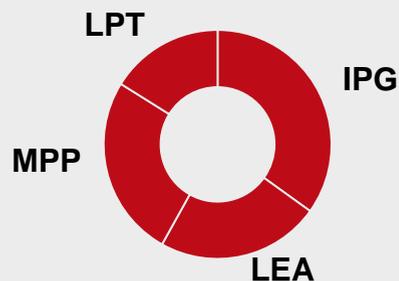
Advanced Intermediates



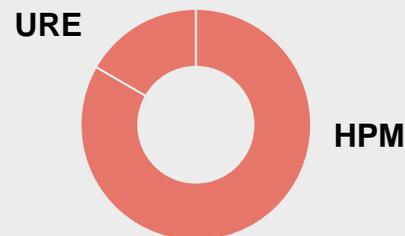
Specialty Additives



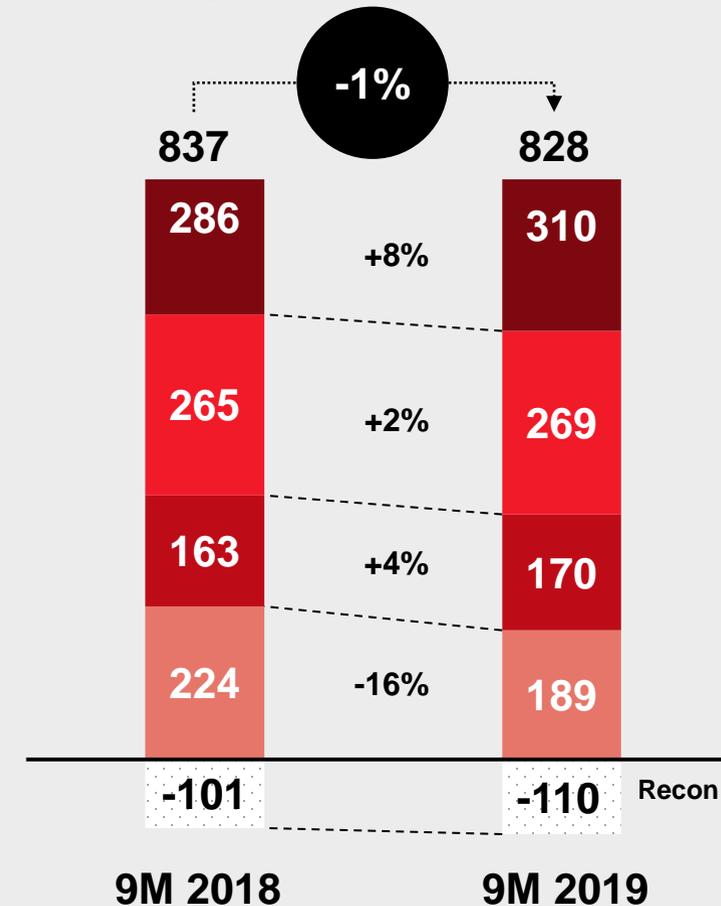
Performance Chemicals



Engineering Materials



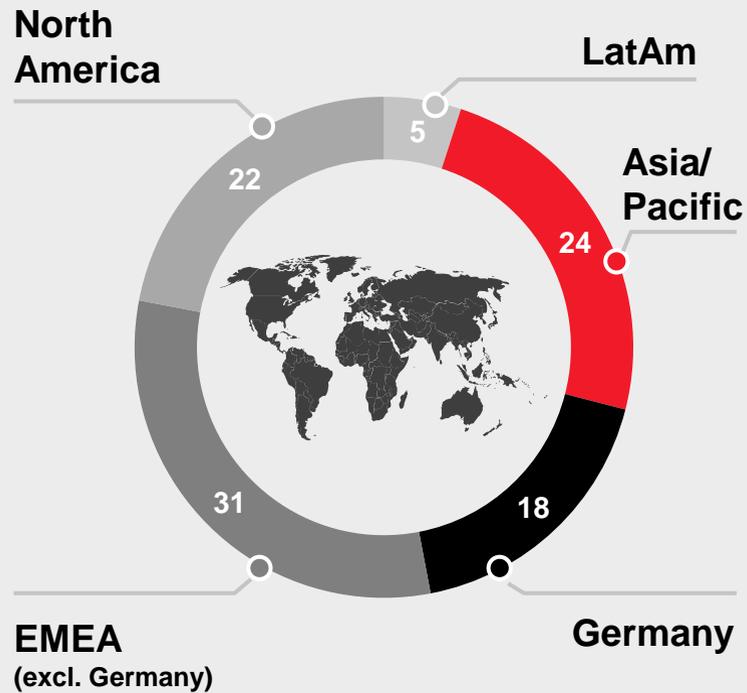
EBITDA pre [€m]



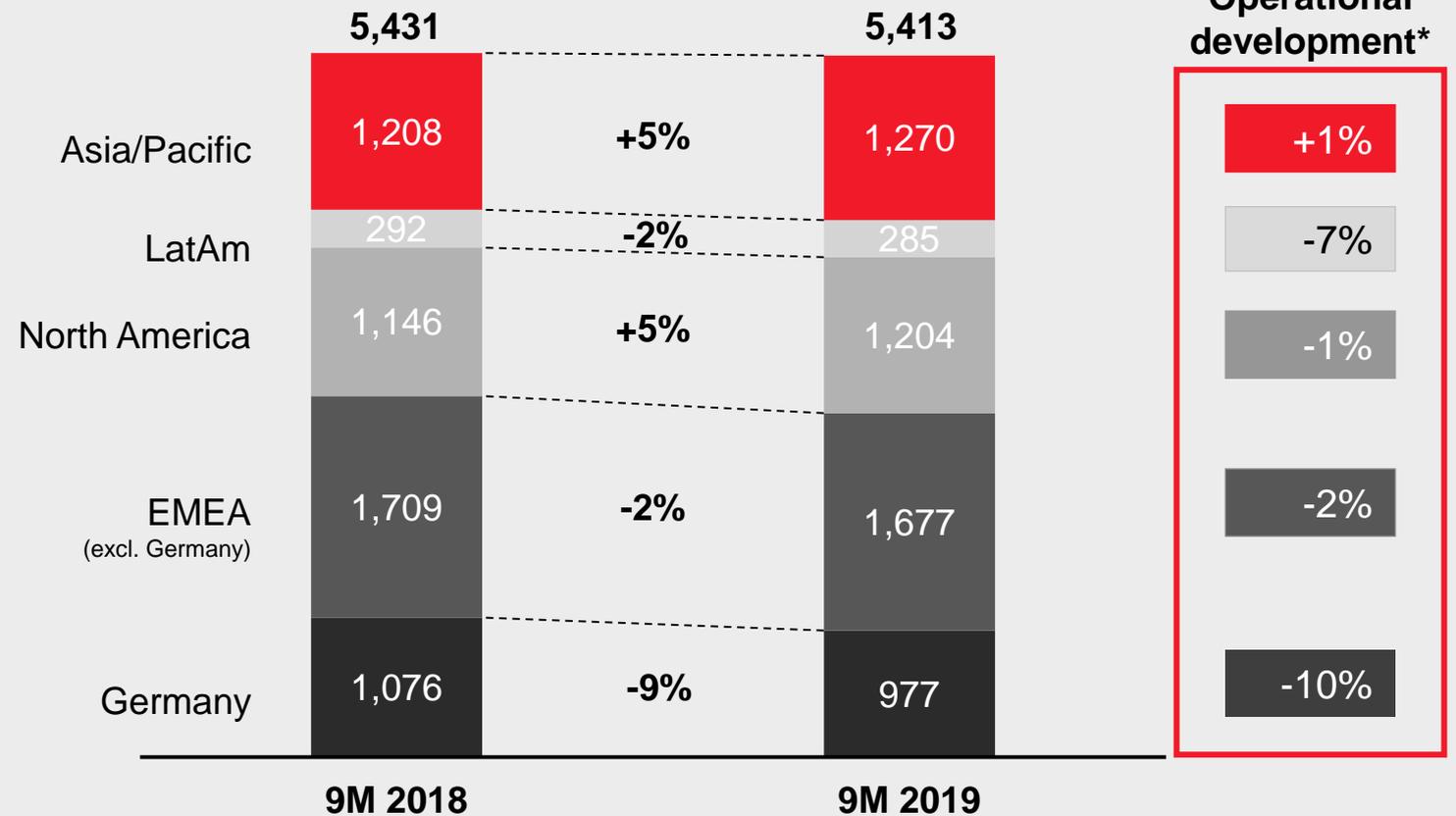
* Total group sales including reconciliation

9M 2019: Solid growth in Asia and North America supported by FX tailwind

9M 2019 sales by region [%]



Regional development of sales [€m]



* Currency and portfolio adjusted

Cash flow 9M 2019: Higher operating cash flow due to improved working capital

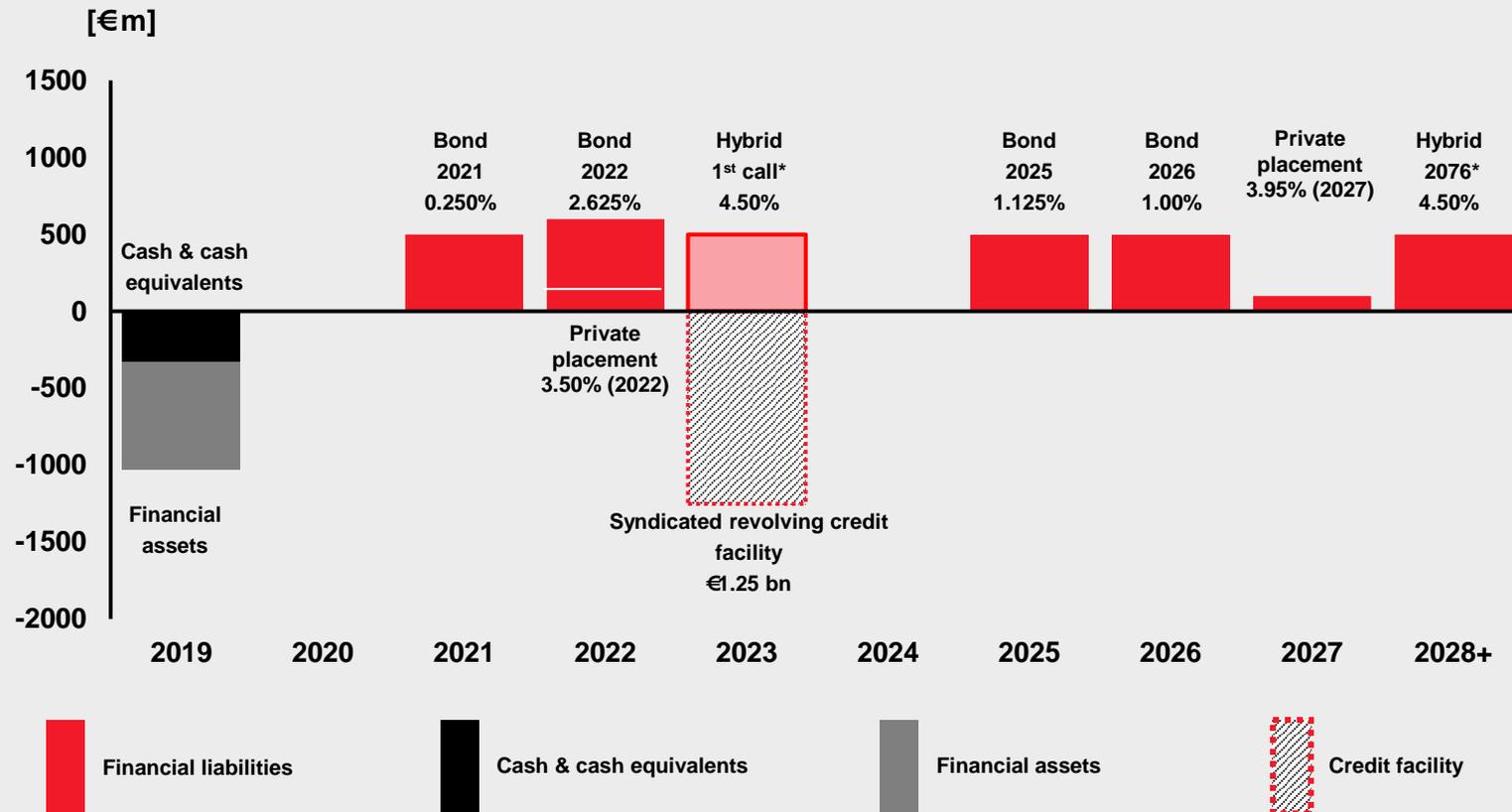
[€m]	9M 2018*	9M 2019	Δ
Operating cash flow	287	369	82
Changes in working capital	-282	-154	128
Investing cash flow	-308	-435	-127
thereof capex	-257	-305	-48

- Increase in operating cash flow driven by:
 - Improvement in changes in working capital, reflecting lower increase in inventories and reduced receivables
- Capex increase driven by attractive debottlenecking investments

* 2018 applies to continuing operations

Maturity profile actively managed and well balanced

Liquidity and maturity profile as per September 2019

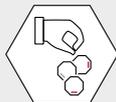


Long-term financing secured

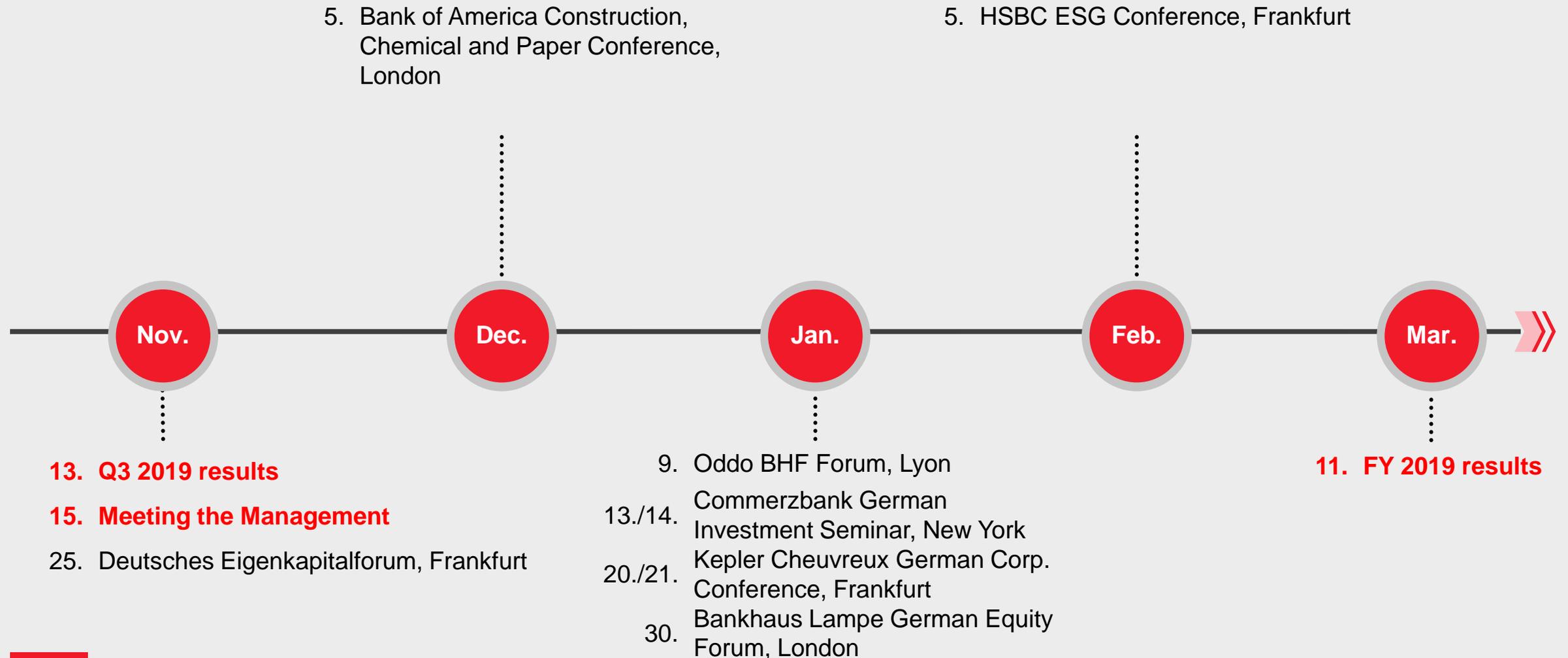
- Diversified financing sources
 - Bonds & private placements
 - Syndicated credit facility
- Average interest rate of financial liabilities ~2%
- Next bond maturity in 2021
- All group financing executed without financial covenants

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

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

[€m]	Q3 2018		Q3 2019		9M 2018		9M 2019	
	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A
 Advanced Intermediates	0	0	0	0	0	0	0	0
 Specialty Additives	7	-1	5	0	9	-1	11	2
 Performance Chemicals	0	0	1	0	1	0	6	0
 Engineering Materials	0	0	0	0	1	1	0	0
Reconciliation	18	0	23	0	57	0	59	1
Total	25	-1	29	0	68	0	76	3

Upcoming events 2019 and 2020 - Proactive capital market communication



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website



Abbreviations



Advanced Intermediates

AI	Advanced Industrial Intermediates
SGO	Saltigo



Performance Chemicals

IPG	Inorganic Pigments
LEA	Leather
MPP	Material Protection Products
LPT	Liquid Purification Technologies



Specialty Additives

LAB	Lubricant Additives Business
PLA	Polymer Additives
RCH	Rhein Chemie



Engineering Materials

HPM	High Performance Materials
URE	Urethane Systems

LANXESS

Energizing Chemistry