

## LANXESS Q3 2016

### Financial Summary for Investors and Analysts

#### Summary Q3 2016

##### **Moving forward – strategically and operationally**

- Strategic step: LANXESS plans to acquire U.S. company Chemtura
- LANXESS closes acquisition of Chemours' Clean and Disinfect business
- Substantial year-on-year increase in volumes across all segments
- Persistently challenging competitive situation in the synthetic rubber business
- Cost-reducing effects from earlier implementation of measures to improve operational competitiveness
- EBITDA pre increased from €235 m to €257 m in Q3 2016
- Substantial improvement of EBITDA margin pre exceptionals to 13.4% after 12.0% in the prior-year quarter
- Net income and earnings per share improve to €62 m and €0.78, respectively, against €41 m and €0.57 in Q3 2015
- **Guidance for 2016 raised: EBITDA pre between €960 m and €1,000 m**

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Page 1 of 9

#### Overview Financials

##### **Q3 2016 Financial overview:**

##### **Delivering a strong quarter**

- Lower sales (-2%) as higher volumes (+5%) are offset by lower selling prices (-7%) (raw material price pass-through)
- EBITDA pre increases (+9%) with higher volumes, improved product mix and an improved cost base (better utilization and savings)
- Net income increase reflects the improved underlying performance
- Net financial debt with €203 m on low level despite ~€200 m cash-out for acquisition of Chemours' Clean and Disinfect specialties business
- Net working capital at €1,752m, above year-end level of €1,526 m resulting from typical seasonality

##### **Q3 2016 Balance sheet:**

##### **Strong and ready to carry planned Chemtura acquisition**

- Total assets higher with €1.2 bn cash-in for 50% ARLANXEO and respective increase in equity for non-controlling interest (April 1, 2016)
- Pension provision up mainly on lower discount rates in Germany (1.5% from 3.0% year end 2015)
- Rock solid balance sheet with very low net financial debt (€203 m)
  - ROCE technically lower after balance sheet extension from ARLANXEO cash-in (8.2%)
  - DSO increase reflects strong business activity in Q3 vs year end 2015 (51 days vs. 48 days)

##### **Q3 2016 Cash flow statement:**

##### **Another quarter with improved cash generation**

- Operating cash flow of €304 m (Q3 2015: €190 m) improved in line with earnings improvement – free cash flow covered Chemours' Clean and Disinfect business acquisition
- Change in other assets and liabilities reflects amongst others provisions for variable compensation and less cash out for restructuring
- Working capital reduction driven by lower receivables and higher payables
- Net cash outflow (~€200 m) for Chemours' Clean and Disinfect business reflected in investing cash flow
- Financing cash flow reflects €200 m repayment of bond (coupon of 5.5%)

## Q3 2016 Business Overview

### Advanced Intermediates

#### Stable sales and higher earnings on improved utilization

- Sales deviation yoy: Price -8%, Volume +7%, Currency 0%, Portfolio 0% (approximate numbers)
- Raw material price pass-through reflected in lower prices
- Strong volume growth in BU All driven by nearly all markets and compared to a low base (unplanned maintenance in Q3 2015)
- BU SGO balances agro headwind with growth in fine chemicals (e.g. Saltidin)
- Higher utilization rates lead to lower idle costs and support the EBITDA pre that amounted to €83 m (Q3 2015: €76 m)
- Margin increase from 17.3% in Q3 2015 to 19.1% in Q3 2016

### Performance Chemicals

#### Stability at attractive profitability

- Sales deviation yoy: Price -3%, Volume +5%, Currency 0%, Portfolio +2% (approximate numbers)
- Volume growth drives top line compensating for lower selling prices mainly in BU LEA (chrome ore price)
- Chemours' Clean & Disinfect business with first sales contribution (closing August 31, 2016)
- Higher volumes in nearly all BUs: esp. BU ADD across all additives, BU LEA in organic leather chemicals and BU MPP with strength in high-margin products
- EBITDA pre increases on higher volumes to €91 m (Q3 2015: €86 m)
- Margin up to 16.8% in Q3 2016 vs. 16.4% in Q3 2015

### High Performance Materials

#### Earnings step change due to improved product mix and favorable markets

- Sales deviation yoy: Price -8%, Volume +6%, Currency 0%, Portfolio 0% (approximate numbers)
- Prices reflect lower input costs
- Volumes benefit from good demand in compounds across all regions; automobile notably strong in Asia
- Earnings and margin increase on the back of a positive mix effect due to a higher share of compounds
- Higher polyamide and compound volumes and respective higher capacity utilization support EBITDA pre of €42 m (Q3 2015: €32 m)
- Margin of 16.3% in Q3 2016 after 12.2% in Q3 2015

### ARLANXEO

#### A decent quarter in a persistently challenging market

- Sales deviation yoy: Price -9%, Volume +4%, Currency 0%, Portfolio 0% (approximate numbers)
- Persistent competitive price pressure in butyl rubber and EPDM exceeds raw material relief
- Continuing margin pressure in EPDM on rising raw material prices amid competitive pressure in Asia
- Volume growth in both BUs on the back of strong demand in Asia
- EBITDA pre of €91 m (Q3 2015: €94 m) supported by volume increase and respective better utilization
- Margin of 13.5% slightly up from 13.2% in Q3 2015

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Page 2 of 9

## Outlook 2016:

**Due to a good YTD-performance and with some accelerated savings, LANXESS now expects EBITDA pre for 2016 to be between €960 m and €1 bn.**

## Considerations for Q4 2016:

### Normal seasonal pattern, however, some additional headwinds:

- Advanced Intermediates with unusual strong prior-year base and agro business generally weaker this year (esp. for BU SGO in Q4 2016)
- Automobile weaker in Europe and US
- Continuing margin pressure in EPDM: competitive price pressure with rising raw material prices
- Suppliers' outages (Singapore and Europe) burden

## Housekeeping items for consideration

### Additional financial expectations

- Capex 2016: ~€450 m (thereof ~€150 m ARLANXEO)
- Operational D&A 2016: ~€460 m (thereof ~€220 m ARLANXEO)
- Reconciliation 2016: underlying exp. of ~€150 m EBITDA pre  
Hedging exp. now expected ~€70 m (hedging guidance adjusted: additional relief in Recon from hedging is balanced by FX burden in operations)
- Annual tax rate: - 2016: around 2015 level  
- mid-term: 30-35% (for New LANXESS)

Cologne, November 10<sup>th</sup>, 2016

### Forward-Looking Statements

This news release contains forward-looking statements based on current assumptions and forecasts made by LANXESS AG management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

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Page 3 of 9

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**Important Additional Information**

This communication may be deemed to be solicitation material in respect of the proposed acquisition of Chemtura Corp. by LANXESS AG. The proposed acquisition will be submitted to the stockholders of Chemtura Corp. for their consideration. In connection therewith, on November 4, 2016, Chemtura Corp. filed a preliminary proxy statement with the U.S. Securities and Exchange Commission ("SEC"). Chemtura Corp. intends to file a definitive proxy statement and mail such proxy statement to its stockholders of record. BEFORE MAKING ANY VOTING OR ANY INVESTMENT DECISION, INVESTORS AND STOCKHOLDERS ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT REGARDING THE PROPOSED TRANSACTION AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and stockholders will be able to obtain free copies of the proxy statement, any amendments or supplements thereto and other documents containing important information about Chemtura Corp., once such documents are filed with the SEC, through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Copies of the documents filed with the SEC by Chemtura Corp. will be available free of charge on Chemtura Corp.'s website at <http://investor.chemtura.com> under the heading "Financials & Filings". Stockholders of Chemtura Corp. may also obtain a free copy of the definitive proxy statement by contacting Chemtura Corp.'s Investor Relations Department at (203) 573-2153.

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Page 4 of 9

## Financial Overview Q3 2016

in € million

	LANXESS			Advanced Intermed.			Performance Chem.			High Perform. Materials			ARLANXEO			Others/ Cons.		
	Q3/2015	Q3/2016	Chg. in %	Q3/2015	Q3/2016	Chg. in %	Q3/2015	Q3/2016	Chg. in %	Q3/2015	Q3/2016	Chg. in %	Q3/2015	Q3/2016	Chg. in %	Q3/2015	Q3/2016	Chg. in %
<b>Sales</b>	<b>1.953</b>	<b>1.921</b>	-2%	<b>440</b>	<b>435</b>	-1%	<b>524</b>	<b>541</b>	3%	<b>263</b>	<b>257</b>	-2%	<b>713</b>	<b>675</b>	-5%	<b>13</b>	<b>13</b>	0%
Price*			-7%			-8%			-3%			-8%			-9%			0%
Volume*			5%			7%			5%			6%			4%			0%
Currency*			0%			0%			0%			0%			0%			0%
Portfolio*			0%			0%			2%			0%			0%			0%
<b>EBIT</b>	<b>104</b>	<b>122</b>	17%	<b>52</b>	<b>57</b>	10%	<b>63</b>	<b>68</b>	8%	<b>21</b>	<b>31</b>	48%	<b>40</b>	<b>36</b>	-10%	<b>-72</b>	<b>-70</b>	3%
Deprec. & amortizat.	114	119	4%	24	26	8%	23	23	0%	11	11	0%	52	55	6%	4	4	0%
<b>EBITDA</b>	<b>218</b>	<b>241</b>	11%	<b>76</b>	<b>83</b>	9%	<b>86</b>	<b>91</b>	6%	<b>32</b>	<b>42</b>	31%	<b>92</b>	<b>91</b>	-1%	<b>-68</b>	<b>-66</b>	3%
exceptionals in EBITDA	17	16	-6%	0	0	0%	0	0	0%	0	0	0%	2	0	-100%	15	16	7%
<b>EBITDA pre excep.</b>	<b>235</b>	<b>257</b>	9%	<b>76</b>	<b>83</b>	9%	<b>86</b>	<b>91</b>	6%	<b>32</b>	<b>42</b>	31%	<b>94</b>	<b>91</b>	-3%	<b>-53</b>	<b>-50</b>	6%
D&A w/o exceptionals	114	119	4%	24	26	8%	23	23	0%	11	11	0%	52	55	6%	4	4	0%
EBIT pre excep.	121	138	14%	52	57	10%	63	68	8%	21	31	48%	42	36	-14%	-57	-54	5%
exceptionals in EBIT	17	16	-6%	0	0	0%	0	0	0%	0	0	0%	2	0	-100%	15	16	7%
<b>Capex</b>	<b>100</b>	<b>106</b>	6%	<b>22</b>	<b>30</b>	36%	<b>33</b>	<b>32</b>	-3%	<b>4</b>	<b>6</b>	50%	<b>38</b>	<b>32</b>	-16%	<b>3</b>	<b>6</b>	100%
Net financial debt**	1.211	203	-83%															

\* approximate numbers

\*\*previous year value as per Dec. 31; actual year after deducting Treasury financial assets

## Financial Overview 9M 2016

in € million

	LANXESS			Advanced Intermed.			Performance Chem.			High Perform. Materials			ARLANXEO			Others/ Cons.		
	9M/2015	9M/2016	Chg. in %	9M/2015	9M/2016	Chg. in %	9M/2015	9M/2016	Chg. in %	9M/2015	9M/2016	Chg. in %	9M/2015	9M/2016	Chg. in %	9M/2015	9M/2016	Chg. in %
<b>Sales</b>	<b>6.096</b>	<b>5.784</b>	-5%	<b>1.386</b>	<b>1.341</b>	-3%	<b>1.610</b>	<b>1.617</b>	0%	<b>847</b>	<b>805</b>	-5%	<b>2.216</b>	<b>1.985</b>	-10%	<b>37</b>	<b>36</b>	-3%
Price*			-7%			-7%			-2%			-8%			-11%			0%
Volume*			3%			4%			3%			4%			1%			-3%
Currency*			0%			0%			0%			0%			0%			0%
Portfolio*			0%			0%			0%			0%			0%			0%
<b>EBIT</b>	<b>344</b>	<b>429</b>	25%	<b>173</b>	<b>184</b>	6%	<b>210</b>	<b>235</b>	12%	<b>76</b>	<b>92</b>	21%	<b>130</b>	<b>134</b>	3%	<b>-245</b>	<b>-216</b>	12%
Deprec. & amortizat.	348	354	2%	74	76	3%	65	68	5%	34	33	-3%	163	165	1%	12	12	0%
<b>EBITDA</b>	<b>692</b>	<b>783</b>	13%	<b>247</b>	<b>260</b>	5%	<b>275</b>	<b>303</b>	10%	<b>110</b>	<b>125</b>	14%	<b>293</b>	<b>299</b>	2%	<b>-233</b>	<b>-204</b>	12%
exceptionals in EBITDA	42	29	-31%	1	0	-100%	8	0	-100%	-20	0	n.m.	14	0	-100%	39	29	-26%
<b>EBITDA pre excep.</b>	<b>734</b>	<b>812</b>	11%	<b>248</b>	<b>260</b>	5%	<b>283</b>	<b>303</b>	7%	<b>90</b>	<b>125</b>	39%	<b>307</b>	<b>299</b>	-3%	<b>-194</b>	<b>-175</b>	10%
D&A w/o exceptionals	337	354	5%	74	76	3%	65	68	5%	33	33	0%	153	165	8%	12	12	0%
EBIT pre excep.	397	458	15%	174	184	6%	218	235	8%	57	92	61%	154	134	-13%	-206	-187	9%
exceptionals in EBIT	53	29	-45%	1	0	-100%	8	0	-100%	-19	0	n.m.	24	0	-100%	39	29	-26%
<b>Capex</b>	<b>229</b>	<b>228</b>	0%	<b>50</b>	<b>61</b>	22%	<b>74</b>	<b>70</b>	-5%	<b>15</b>	<b>15</b>	0%	<b>81</b>	<b>72</b>	-11%	<b>9</b>	<b>10</b>	11%
Net financial debt**	1.211	203	-83%															

\* approximate numbers

\*\*previous year value as per Dec. 31

## Income Statement Q3 / 9M 2016

in € million	Q3/2015	Q3/2016	Chg. in %	9M/2015	9M/2016	Chg. in %
Sales	1.953	1.921	-2%	6.096	5.784	-5%
Cost of sales	-1.498	-1.475	2%	-4.713	-4.400	7%
Gross profit	455	446	-2%	1.383	1.384	0%
Selling expenses	-190	-192	-1%	-573	-577	-1%
Research and development expenses	-32	-34	-6%	-98	-96	2%
General administration expenses	-70	-67	4%	-202	-212	-5%
Other operating income	34	25	-26%	128	105	-18%
Other operating expenses	-93	-56	40%	-294	-175	40%
<b>Operating result (EBIT)</b>	<b>104</b>	<b>122</b>	<b>17%</b>	<b>344</b>	<b>429</b>	<b>25%</b>
Income from investments accounted for using the equity method	0	0	<i>n.m.</i>	0	0	<i>n.m.</i>
Interest income	2	2	0%	3	5	67%
Interest expense	-18	-18	0%	-52	-54	-4%
Other financial income and expense	-20	-6	70%	-49	-39	20%
<b>Financial result</b>	<b>-36</b>	<b>-22</b>	<b>39%</b>	<b>-98</b>	<b>-88</b>	<b>10%</b>
<b>Income before income taxes</b>	<b>68</b>	<b>100</b>	<b>47%</b>	<b>246</b>	<b>341</b>	<b>39%</b>
Income taxes	-27	-40	-48%	-97	-145	-49%
Income after income taxes	41	60	46%	149	196	32%
of which attributable to non-controlling interests	0	-2	<i>n.m.</i>	-1	6	<i>n.m.</i>
<b>Net income (attributable to LANXESS AG stockholders)</b>	<b>41</b>	<b>62</b>	<b>51%</b>	<b>150</b>	<b>190</b>	<b>27%</b>
<b>EPS (in €)</b>	<b>0,45</b>	<b>0,68</b>	<b>51%</b>	<b>1,64</b>	<b>2,08</b>	<b>27%</b>
EPS pre exceptionals (in €)	0,57	0,78	37%	1,97	2,28	16%

## Cash Flow Statement Q3 / 9M 2016

in € million	Q3 2015	Q3 2016	9M 2015	9M 2016
<b>Income before income taxes</b>	<b>68</b>	<b>100</b>	<b>246</b>	<b>341</b>
Depreciation and amortization	114	119	348	354
Gains on disposals of intangible assets and property, plant and equipment	–	0	-42	0
Income from investments accounted for using the equity method	0	0	0	0
Financial losses	17	9	49	42
Income taxes paid	-47	-37	-70	-98
Changes in inventories	-34	-58	-27	-39
Changes in trade receivables	93	35	-52	-113
Changes in trade payables	-97	45	-82	-51
Changes in other assets and liabilities	76	91	-28	96
<b>Net cash provided by operating activities</b>	<b>190</b>	<b>304</b>	<b>342</b>	<b>532</b>
Cash outflow s for additions to intangible assets and property, plant and equipment	-100	-106	-229	-228
Cash inflow s from sales of intangible assets and property, plant and equipment	142	130	14	-481
Cash in-/outflow from sales of subsidiaries	–	-198	–	-198
Cash inflow s from sales of intangible assets and property, plant and equipment	1	2	45	7
Interest and dividends received	3	2	4	5
Cash outflow s for external financing of pension obligations (CTA)	–	–	–	-200
<b>Net cash provided by (used in) investing activities</b>	<b>46</b>	<b>-170</b>	<b>-166</b>	<b>-1.095</b>
Proceeds from borrow ings	23	3	76	44
Repayments of borrow ings	-82	-252	-213	-415
Interest paid and other financial disbursements	-16	-15	-58	-54
Cash inflow s from non-controlling interests	–	–	9	1.194
Dividend payments	–	–	-46	-55
<b>Net cash provided by (used in) financing activities</b>	<b>-75</b>	<b>-264</b>	<b>-232</b>	<b>714</b>
Change in cash and cash equivalents from business activities	<b>161</b>	<b>-130</b>	<b>-56</b>	<b>151</b>
Cash and cash equivalents at beginning of period	204	650	418	366
Exchange differences and other changes in cash and cash equivalents	-15	1	-12	4
<b>Cash and cash equivalents at end of period</b>	<b>350</b>	<b>521</b>	<b>350</b>	<b>521</b>



**Abbreviations:**

**ADD Rhein Chemie 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**  
**SGO Saltigo**  
**TSR Tire & Specialty Rubbers**

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Page 9 of 9