

Annual Stockholders' Meeting
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From the presentation by

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Good morning, ladies and gentlemen.

On behalf of the entire Board of Management, I would like to cordially welcome you to this year's Annual Stockholders' Meeting.

Let me start by saying that 2016 was an outstanding year for LANXESS. A year of strong figures and groundbreaking changes.

Today I have the pleasure of speaking to you about a LANXESS that has moved on from the testing time it experienced. Today's LANXESS presents itself to you with a completely new face compared with a year ago. And it is a LANXESS that is more prepared than ever to face the challenges of the future.

Today you see a realigned enterprise that is profitable, stable, in the right markets with the right products.

The fact that we have reached this point is the result of hard work and resolute action.

You'll recall that we launched ARLANXEO, our joint venture with Saudi Aramco for synthetic rubber, on April 1, 2016. In its first year of operation, ARLANXEO has asserted itself in a very challenging competitive environment and is now developing relatively well – this is evident in the figures for the first quarter of 2017.

There is no question that we have achieved the goals we set with this strategic alliance: to create an integrated value chain for our rubber business, reduce our debt and more evenly distribute the risks posed by the volatile rubber business.

We took the next important step in the realignment of our company by acquiring the Clean & Disinfect business of Chemours: We announced that purchase just a few days after ARLANXEO was founded and closed the transaction in late August of last year. The business and its approximately 170 employees are now optimally

integrated into our structure and are making the expected strong contribution to our sales and earnings.

Ladies and gentlemen, these were all milestones for us. Yet milestones are waypoints and not resting places. Our journey continues. Last year I promised you that LANXESS would focus on growth. And I think we can proudly say that we have kept our word.

At the end of September 2016, we announced our intention to acquire the U.S. chemical company Chemtura. Nearly seven months later – on April 21, 2017– we reported the closing of that transaction.

Anyone who knows a bit about the length of acquisition processes knows that in this regard, we more than lived up to our mission “Energizing Chemistry.” We delivered – and we did so quickly, efficiently and without disruptive “background noise.”

Ladies and gentlemen, the acquisition of Chemtura has changed the face of LANXESS for good. It enhances our company in numerous ways.

The size of our workforce has grown by about 2,500, to 19,200 employees. Spread across 19 countries, we now have 75 production sites – 20 more than before. And our product portfolio has shifted toward high-margin, profitable fields.

With the closing of this acquisition, we have become one of the strongest players on the global additives market. Our new ADD business unit alone is already among the world’s leading producers of additives. It is a real global player with an unrivaled portfolio of flame retardant and lubricant additives. With Chemtura’s strong presence in the United States and the equally strong presence that LANXESS enjoys in Europe, the two businesses complement each other ideally.

Our new, independent Rhein Chemie business unit completes the additives business. With its first-class rubber and colorant additives, excellent customer and service focus and the unique reputation of a more than 125-year-old brand, it will achieve success on the market.

Yet we are also conquering new ground with this acquisition. This includes the business with urethane products, which operates within the newly created Urethane Systems business unit. These products are used mainly in the mining, sports and electronics industries. The new business unit joins the existing High Performance Materials business unit to form our new Engineering Materials segment.

We are also entering the business with organometallics, which are used in numerous processes and products such as in the synthesis of polymers and pharmaceuticals, in automotive coatings, semiconductor products and LEDs.

Both businesses represent an excellent expansion of our product range. We will develop them further and strengthen their position on the market by integrating them into our company.

Ladies and gentlemen, we mastered the acquisition of Chemtura in a highly professional way and in an extraordinarily short period of time. Our job now is to just as successfully integrate the new businesses and employees. We are approaching this task in the same way as always: with great commitment and tremendous focus. But one thing is already clear: This acquisition has made LANXESS bigger, stronger and more competitive. Our company is embarking on a new chapter in its history.

I would like to take a moment to especially thank our employees. It is thanks to their hard work and their continuing willingness to accompany us on the path of change that LANXESS has so quickly returned to a position of stability and growth. Briefly put, I am proud of this fantastic team.

This is especially true in light of the fact that “besides” we have also made very good progress in our business parallel to the effort to reorganize our company. This is evidenced by our economic success and the extremely encouraging figures from fiscal 2016.

EBITDA pre exceptionals increased by 12.4 percent to EUR 995 million, compared with EUR 885 million a year earlier.

EBITDA pre exceptionals was therefore at the upper end of the recent guidance range of EUR 960 million to EUR 1 billion. The Group’s EBITDA margin pre exceptionals improved from 11.2 percent to 12.9 percent.

Net income advanced by a substantial 16.4 percent to EUR 192 million.

Our sales receded slightly to EUR 7.7 billion, from EUR 7.9 billion in 2015. This was mainly attributable to the adjustment of selling prices to account for lower raw material costs.

The fact that we were able to achieve such good results was due largely to higher volumes in all segments and the related increase in capacity utilization levels at our facilities. We have also worked resolutely to improve the competitiveness of our plants and processes. This enables us to reduce costs.

At the same time, we substantially reduced net financial liabilities from roughly EUR 1.2 billion to EUR 269 million. A particularly significant contribution to this reduction came from the proceeds from the joint venture with Saudi Aramco.

In 2016, capital expenditures amounted to EUR 439 million, which was more or less level with the prior-year figure of EUR 434 million. LANXESS is planning capital expenditures of some EUR 450 million to EUR 500 million for 2017.

Ladies and gentlemen, such a successful year must also be reflected in the dividend. Last year I clearly formulated our goal of paying an increasing but at least stable dividend. We are therefore proposing to the Annual Stockholders' Meeting that the dividend be increased to 70 cents per share. This corresponds to an increase of some 17 percent.

Ladies and gentlemen, the global chemical industry is changing rapidly, as are the global political and economic framework conditions. We want to keep pace with these developments and benefit from them.

The LANXESS we present to you today is prepared to do so. We are able to act and we are competitive. We are perfectly capable of identifying and leveraging the opportunities that present themselves in the changing world markets.

At the same time, however, we are well aware of our roots. Many of you live near our sites in North Rhine-Westphalia, and I can assure you that what I have just said holds true. Germany – and particularly North Rhine-Westphalia – is the foundation on which everything is built.

We are maintaining and strengthening this foundation. In the next three years, we will invest some EUR 100 million to expand the production facilities of the Advanced Industrial Intermediates business unit. Around EUR 40 million will be invested in each of the Leverkusen and Krefeld-Uerdingen sites in North Rhine-Westphalia. Substantial funding is also earmarked for the expansion of our facilities in Brunsbüttel in the state of Schleswig-Holstein.

Our capital expenditure package represents a clear commitment to our home market. We want to grow worldwide in the coming years, of course, but our heart beats in Germany. That's very important to me.

But it should also be important to the politicians, especially here in North Rhine-Westphalia. Accounting for about 30 percent of sales, North Rhine-Westphalia is the cornerstone of the chemical industry in Germany. Nearly 30 percent of German chemical companies – including the enterprises with the highest sales – are based here. As is LANXESS: Some 5,000 of our 19,200 employees worldwide work in North Rhine-Westphalia.

Yet sometimes I get the impression that the politicians take this strength for granted. But they shouldn't. The world is changing rapidly, and global competition is becoming tougher. If Germany wants to maintain the strength and global leadership position of its chemical companies, safeguard their jobs and ensure that its citizens can live in prosperity in the future as well, we need politicians who promote industry rather than hindering it. This applies particularly to an industrial base such as North Rhine-Westphalia.

Some recent political decisions have made things difficult for us and present us with major challenges.

Since 2015, for example, documents requiring publication in North Rhine-Westphalia must now be displayed not just in town halls for citizens interested in viewing them. In addition, the North Rhine-Westphalia Environmental Minister has decreed that they must also be published on the internet. All I can say about this is that our foreign competitors will be very pleased. Don't get me wrong, every citizen has the right to learn what a company is planning to build in his or her area. Yet the publication of permit applications, including highly detailed facility plans, on the internet does not offer any additional benefit over the current practice. What it does do is open the door to industrial espionage, create incalculable security risks in times of global terrorism and thus weaken our local base of operations.

Or take infrastructure, for example: Some of Germany's transportation routes – particularly in North Rhine-Westphalia – are in

disastrous condition. As a result, traffic backs up for many kilometers, creating delays that mean an immense loss of time and money both for companies like us and for our employees. Urgent action is needed by our politicians, who must make the right decisions and improve the efficiency of our traffic infrastructure.

Ladies and gentlemen, the state of North Rhine-Westphalia has all the conditions required to play an outstanding role among the world's leading chemical regions. For this to happen though, we need a societal consensus in favor of industry. Today LANXESS hopes that a new governing coalition will form in North Rhine-Westphalia that is committed to this consensus and will strengthen NRW as a base of industry. This would benefit companies, jobs and the citizens of our state overall.

Ladies and gentlemen, these are the challenges we are facing in our home market. If we take a look beyond our own borders, the challenges become more elementary. I'm talking about the European Union and global free trade.

The past few years have shown that the achievements of the European Union, which we believed were secure, are under threat from increasing protectionism – protectionism that denies the advantages of a united Europe and attempts to shift the public focus away from them.

Companies like ours see the tremendous importance of the European Union: as the world's largest single market, it is a heavyweight in international trade. As a political union, it guarantees peace and prosperity. Goods and services are freely traded, and national borders and language barriers are easily overcome every day.

LANXESS generates one third of its sales in Europe. One third. I ask everyone who advocates national isolationism and possibly even new tariffs and similar measures: Do you think that we would be able to maintain our current level of sales in such a scenario? Do you truly

believe that this could be offset by demand in an isolated German market? The answer is obvious. That's why today I'd like to state our clear commitment: as a company and a member of society, we advocate a strong, free and open Europe. That's good for our company, but above all it's good for our country.

Incidentally, the same applies to global and particularly transatlantic free trade, which has been much maligned of late. It is one of the most important growth engines for both the European and the global economy. And as we all know, Germany benefits especially from free trade.

As a company that operates internationally, we reject protectionism not only within Europe, but also worldwide. Because even if loud voices try to convince us otherwise: Protectionism has never led to increased prosperity in the long term. On the contrary, nations and economies always decline as a result. We therefore do not need isolationism in our markets, tariffs or other obstacles to trade. We need cooperation and concerted action. We need free trade.

Of course it is primarily the task of the politicians to make the right decisions here and send convincing messages. It is the politicians who must strengthen people's belief and trust in free trade. As a company, however, we must also do our part and contribute to the debate with sound arguments. And we are most likely to succeed in this endeavor if we are successful, safeguard jobs, and maintain and create prosperity. In other words – and this brings me back to my original point – if we demonstrate that a united Europe is just as fundamental to this endeavor as free trade with our major partners around the world. I say this as the Chairman of the Board of Management of LANXESS – and as a citizen of our country and a staunch and proud European.

Ladies and gentlemen, let me conclude by taking a look ahead. The new business year has gotten off to a promising start.

Our global sales increased by a substantial 25 percent to EUR 2.4 billion in the first quarter of 2017, up from EUR 1.9 billion a year earlier. Our EBITDA pre exceptionals also improved by 25 percent to EUR 328 million, compared with EUR 262 million in the first quarter of 2016.

For the full year 2017, we expect EBITDA pre exceptionals of between EUR 1.225 billion and EUR 1.3 billion. This forecast takes account of the earnings contribution from the newly acquired businesses.

Ladies and gentlemen, 2017 could thus be the most successful year since LANXESS was founded. This makes us very confident. And it is fundamental if we are to press ahead with the reorganization of LANXESS.

In the coming months, we will do everything possible to quickly integrate our new employees and the newly acquired businesses. That's because we want to become even more successful and effective here. What's more, we will maintain a clear course for the targets we have set for our company: the new LANXESS will become more profitable and resilient, and it will continue to grow. We are focused on organic growth here, but we are also prepared and able to help actively shape the consolidation process in the chemical industry.

I would like to express my sincere gratitude for your trust and continued support.

I would be glad if you would continue to join us on our way forward. Simply put, we've got big plans.

Thank you very much.

Forward-Looking Statements

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