LANXESS – FY 2013 Roadshow

Closing a challenging year

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Agenda

- **Executive overview FY 2013**
- Business and financial review Q4 2013
- Outlook/Guidance

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Earnings set-back in 2013: The year of the “perfect storm”

2012 restated due to IAS 19 (revised)

Working on ongoing challenges

+	▪ Volume recovery in the course of the year ▪ “Advance” program well on track ▪ Successful start-up of Butyl plant (SGP)	**Basis for 2014**
-	▪ Asset impairments in BU KEL, HPE and RUC ▪ Increased competition in synthetic rubbers, S/D imbalances in some rubbers as well as one-time burdens* ▪ No impetus from rubber businesses in Q1 to date	**Challenges persist**
!	▪ Supervisory board appointed Matthias Zachert to follow Axel C. Heitmann as new CEO ▪ Top priority for new management team: Tackle challenges re market capacities and business portfolio	**LANXESS moves forward**

* Ramp-up BTR in Singapore (~€20 m), KEL technology change in Geleen (~€10 m), inventory devaluation (~€20 m) and expenses for “Advance” program (~€110 m)

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A tough year with one-time burdens reflected in earnings

2012 restated due to IAS 19 (revised)

FY 2013: Volume recovery in the course of the year – prices remain at low levels

FY yoy sales variances	Price	Volume	Currency	Portf.	Total
Perf. Polymers	-15%	4%	-2%	0%	-13%
Adv. Intermediates	1%	-1%	-1%	0%	-2%
Perf. Chemicals	0%	-1%	-3%	0%	-3%
LANXESS	-8%	2%	-2%	0%	-9%

- Negative price development in Performance Polymers influences total group sales
- Currency effects (mainly US dollar) burden all segments

FY yoy EBITDA pre bridge [€ m]

- Reduced selling price levels exceed relief from input costs
- Others includes idle costs and ramp-up burden, inventory devaluation and currency effects

2012 restated due to IAS 19 (revised)

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FY 2013: All regions affected by weak environment

FY 2013 sales by region
[%]

Regional development of sales
[€ million]

* Currency and portfolio adjusted

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Dividend proposal reflects weaker business performance, restructuring and cash containment measures

- Dividend payment despite negative net income
- Dividend of €0.50 per share proposed
- Total pay-out of ~€42 m

LANXESS dividend policy

LANXESS aims to ensure that its stockholders benefit appropriately and sustainably from its business performance

* Proposal to the Annual General Meeting on May 22nd 2014

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Q4 2013 financial overview: Stabilization at low level with normal seasonality

[€ m]	Q4 2012	Q3 2013	Q4 2013	yoy in %
Sales	**2,123**	**2,050**	**2,014**	**-5.1%**
EBITDA pre except.	**239**	**187**	**176**	**-26.4%**
margin	11.3%	9.1%	8.7%	
EPS	**0.61**	**0.13**	**-2.45**	**<-100%**
EPS pre[1]	0.70	0.34	0.27	-61.4%
Capex[2]	**315**	**146**	**226**	**-28.3%**
[€ m]	**31.12.2012**	**30.09.2013**	**31.12.2013**	**% vs FY**
Net financial debt	**1,483**	**1,822**	**1,731**	**16.7%**
Net working capital	**1,849**	**1,873**	**1,679**	**-9.2%**
Employees	**17,177**	**17,502**	**17,343**	**1.0%**

- Sales decline as positive volumes (yoy and sequentially) are overcompensated by lower prices and negative currency effects
- EBITDA pre reflects normal seasonality
- Q4 EPS additionally burdened predominantly by impairment charges of €257 m and ~€50 m "Advance" expenses
- Successful working capital reduction reflected in seq. improved net financial debt

Self-help measures implemented but business effects overshadow

2012 restated due to IAS 19 (revised)
[1] Net of exceptionals, using the local tax rate applicable where the expenses were incurred
[2] Net of capitalized borrowing costs, projects financed by customers and finance lease

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Q4 2013: Good volume recovery against a weak base

Q4 yoy sales variances	Price	Volume	Currency	Portf.	Total
Perf. Polymers	-15%	11%	-3%	0%	-7%
Adv. Intermediates	0%	-4%	-2%	0%	-6%
Perf. Chemicals	0%	4%	-4%	1%	0%
LANXESS	-8%	6%	-3%	0%	-5%

- Lower price levels in Performance Polymers and currency headwind drive sales decline
- Positive volumes in Performance Polymers and Chemicals mitigate

Q4 yoy EBITDA pre bridge [€ m]

- Selling price changes nearly match change in input costs
- Others burdened by higher fixed cost base, inventory reduction, higher maintenance and currency

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Q4 2013: P&L reflects extraordinary burdens

[€ m]	Q4 2012		Q4 2013		yoy in %
Sales	2,123	(100%)	2,014	(100%)	-5%
Cost of sales	-1,659	(78%)	-1,654	(82%)	0%
Selling	-199	(9%)	-180	(9%)	10%
G&A	-103	(5%)	-71	(4%)	31%
R&D	-45	(2%)	-52	(3%)	-16%
EBIT	**126**	**(6%)**	**-262**	**(-13%)**	**<-100%**
Net Income	**50**	**(2%)**	**-204**	**(-10%)**	**<-100%**
EPS	**0.61**		**-2.45**		**<-100%**
EPS pre[1]	0.70		0.27		-61%
EBITDA	228	(11%)	123	(6%)	-46%
thereof exceptionals	-11	(0%)	-53	(3%)	>100%
EBITDA pre exceptionals	**239**	**(11.3%)**	**176**	**(8.7%)**	**-26%**

- Sales decrease on lower prices (-8%) and negative currency effects (-3%), while positive volumes mitigate (+6%)
- COGS decrease dis-proportionately, reflecting higher fixed cost base (BTR SGP), lower margins and higher idle costs (inventory reduction)
- SG&A lower due to cost containment measures and lower variable compensation
- EBIT burdened by impairment

All earnings significantly impacted by impairment charges of €257 m

2012 restated due to IAS 19 (revised)

[1] Net of exceptionals, using the local tax rate applicable where the expenses were incurred

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Q4 2013: Lower results in all segments

Total group sales and EBITDA pre figures include reconciliation

[1] As of April 1st 2013 BU ION (Ion Exchange Resins) renamed to BU LPT (Liquid Purification Technologies)

[2] As of January 1st 2013 BU TRP (Technical Rubber Products) split into BU KEL (Keltan Elastomers) and BU HPE (High Performance Elastomers)

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Performance Polymers: Burdened by impairment

[€ m]	Q4 2012	Q4 2013	Δ	FY 2012	FY 2013	Δ
Sales	**1,166**	**1,082**	**-7.2%**	**5,176**	**4,486**	**-13.3%**
EBIT	89	-211	<-100%	599	-117	<-100%
Depr. / Amort.	58	301	>100%	209	489	>100%
EBITDA pre exceptionals	**153**	**99**	**-35.3%**	**817**	**389**	**-52.4%**
Margin	13.1%	9.1%		15.8%	8.7%	
Capex*	**193**	**156**	**-19.2%**	**434**	**385**	**-11.3%**

Q4 comments

- Nearly all BUs with positive volumes but raw material-driven price declines and lower market price levels (mainly BU KEL)
- BU HPM with positive volumes and high utilization rates in compound business; Caprolactam however still weak
- Strong pressure in EPDM (BU KEL) with regional competitive disadvantage in raw material and energy costs
- Lower capex due to completion of BTR (SGP) plant and targeted capex reduction

Q4 sales bridge yoy [€ m]

* Net of capitalized borrowing, costs projects financed by customers and finance lease

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Advanced Intermediates: Good profitability compared to a very strong base

[€ m]	Q4 2012	Q4 2013	Δ	FY 2012	FY 2013	Δ
Sales	**443**	**418**	**-5.6%**	**1,674**	**1,647**	**-1.6%**
EBIT	70	46	-34.3%	244	210	-13.9%
Depr. / Amort.	17	21	23.5%	67	77	14.9%
EBITDA pre exceptionals	**81**	**70**	**-13.6%**	**305**	**286**	**-6.2%**
Margin	18.3%	16.7%		18.2%	17.4%	
Capex*	**38**	**26**	**-31.6%**	**92**	**96**	**4.3%**

Q4 comments

- Prices remain stable, however lower volumes compared to a high base, due to softer demand from paints & coatings and automotive in BU AII
- Demand for agrochemicals remains good in both business units
- Negative currency effects in sales and earnings
- Capex comparably stable with different timing within the year

Q4 sales bridge yoy [€ m]

* Net of capitalized borrowing costs, projects financed by customers and finance lease

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Performance Chemicals: Impairment and currency headwind weigh on earnings

[€ m]	Q4 2012	Q4 2013	Δ	FY 2012	FY 2013	Δ
Sales	**505**	**505**	**0%**	**2,203**	**2,132**	**-3.2%**
EBIT	21	-32	<-100%	177	54	-69.5%
Depr. / Amort.	22	57	>100%	87	127	46.0%
EBITDA pre exceptionals	**45**	**41**	**-8.9%**	**281**	**231**	**-17.8%**
Margin	8.9%	8.1%		12.8%	10.8%	
Capex*	**74**	**34**	**-54.1%**	**135**	**111**	**-17.8%**

Q4 comments

- Price stability with higher volumes in nearly all BUs mitigated by negative currency effects
- BU LEA with stable CO_2 supply from new plant in ZA, BU LPT developed well in resin and membrane business
- Inventory reduction and higher maintenance weigh on EBITDA
- Capex at lower levels as major projects are finished (LEA in ZA and China)
- Impairment charges (BU RUC) reflected in D&A and EBIT

Q4 sales bridge yoy [€ m]

* Net of capitalized borrowing costs, projects financed by customers and finance lease

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Balance sheet: Ratios burdened by impairment – working capital ratios improved

[€ m]	Dec 2012	Jun 2013	Dec 2013
Total assets	7,519	7,268	6,811
Equity	2,330	2,198	1,900
Equity ratio	**31%**	**30%**	**28%**
Net financial debt	1,483	2,018	1,731
Net financial debt/EBITDA pre[1]	**1.21**	**2.33**	**2.36**
Near cash, cash & cash equivalents	797	371	533
Pension provisions	893	921	943
ROCE[1]	**15.6%**	**8.4%**	**5.8%**
Net working capital	1,849	2,082	1,679
Net working capital/sales[1]	**20%**	**24%**	**20%**
DSI (in days)[2]	65	64	58
DSO (in days)[2]	47	51	48

- Total assets and equity reflect amongst others impairment of €257 m
- Impairment charges burden equity ratio
- Net financial debt under control, but currently not in targeted corridor[3]
- Working capital and net financial debt reduced, as announced
- All working capital ratios improved

[1] Based on last twelve months for EBIT pre, EBITDA pre or sales
[2] Days of sales in inventories / Days of sales outstanding calculated on quarterly sales
[3] Targeted range for net financial debt / EBITDA pre of 1.0x – 1.5x through a normal business cycle

2012 restated due to IAS 19 (revised)

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FY 2013: Positive free cash flow driven by working capital management and reduced capex

[€ m]	FY 2012	FY 2013
Profit before tax	**660**	**-239**
Depreciation & amortization	378	717
Gain from sale of assets	0	-2
Result from investments (using equity method)	-1	0
Financial (gains) losses	113	111
Cash tax payments/refunds	-109	-41
Changes in other assets and liabilities	-85	-15
Operating cash flow before changes in WC	**956**	**531**
Changes in working capital	-118	110
Operating cash flow	**838**	**641**
Investing cash flow	**-674**	**-342**
thereof capex*	-696	-624
Financing cash flow	**46**	**-260**

- Profit before tax burdened by weak business performance and one-time charges (impairment €257 m, “Advance” program ~€110 m)
- Depreciation increased with higher asset base and impairment
- Tax payments are down in line with reduced profit before tax
- Successful working capital management and reduced capex, even though still at high levels, support free cash flow

A challenging year, but positive free cash-flow from implemented measures

2012 restated due to IAS 19 (revised)
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Cautious for 2014 – but slight earnings improvement targeted

Macro expectations 2014

- Global tire production is expected to grow yoy – with a continued impetus from Asia but negative rates in Europe
- Automotive industry may reach the trough in Western Europe, while Asia/Pacific will continue to grow
- Agro demand growth continues to be robust but below previous year's high level
- Construction industry will grow more dynamically especially in North America and Asia/Pacific
- US Dollar expected volatile in 2014; political uncertainties remain a risk

LANXESS expectations 2014

- Ongoing challenges of more competitive environment (e.g. capacities, prices)
- Currently no impetus from our rubber businesses in Q1 2014
- Q1 2014 EBITDA pre expected around €200 m against the backdrop of lower price levels, currency burden and a strike at our BTR site in Belgium
- For FY 2014 we expect a slightly improved EBITDA pre due alone to the absence of one-off items, even if selling prices remain at low levels

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Mixed picture for 2014

Performance Polymers

- Slow start to the year from synthetic rubber businesses; continued weak pricing environment
- EPDM (BU KEL) with ongoing subdued pricing
- Three major capex projects running according to plan

Advanced Intermediates

- Demand for agro chemicals in both BUs expected healthy and stable for 2014
- Overall high utilization expected in BU AII based on robust demand outlook from most markets
- Extraordinary maintenance shutdowns will burden Q1 2014

Performance Chemicals

- Operationally solid year expected
- BU IPG with good demand from construction industry helped by competitive advantages (environmental aspects)
- BU LEA with stable CO_2 supply from own plant in ZA

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Appendix

Housekeeping items for consideration

Additional financial expectations

▪ Capex 2014:	around previous year's level (2013: €624 m)
▪ D&A 2014:	~€400-€420 m
▪ Reconciliation 2014:	~€190 m
▪ Annual tax rate:	- mid-term: In normalized business environment and after completion of efficiency program ~22-25% - 2014: tax rate will be higher
▪ Hedging 2014: Hedging 2015:	~40% at 1.25 -1.35 USD/EUR ~15% at 1.25 -1.35 USD/EUR

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“The perfect storm”: Burdens in 2013

Topic	in € m	characteristic	cash relevance	EBITDA pre relevance	PBT relevance
Ramp-up cost Butyl SGP	~20	non-recurring	~20	~20	~20
Technology upgrade EPDM (ACE)	~10	non-recurring	~10	~10	~10
Inventory devaluation	~20	unpredictable	-	~20	~20
Impairment BUs KEL, RUC and HPE	257	tested according to IAS 36	-	-	257
Expenses for “Advance”	~110	continues into 2014	~25	-	~110
Sum of quantified effects	**~417**		**~55**	**~50**	**~417**
Reduction of excess inventory	not quantified	non-recurring	✓	✓	✓
Low utilization, idle costs	not quantified	unpredictable	✓	✓	✓
Temp. regional disadvantage of butadiene prices	not quantified	unpredictable	✓	✓	✓

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Premium products and technologies for global megatrends

Mobility

Urbanization

Agriculture

Water

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Portfolio management allows for regrouping of LANXESS businesses along chemical segmentation

Performance Polymers

- Butyl Rubber
- Performance Butadiene Rubbers
- Keltan Elastomers*
- High Performance Elastomers*
- High Performance Materials

Advanced Intermediates

- Advanced Industrial Intermediates
- Saltigo

Performance Chemicals

- Material Protection Products
- Inorganic Pigments
- Functional Chemicals
- Leather
- Rhein Chemie
- Rubber Chemicals
- Liquid Purification Technologies**

Sales: > €500 m | Sales: €200 m – 500 m | Sales: < €200 m

* As of January 1st 2013 BU TRP (Technical Rubber Products) split into BU KEL (Keltan Elastomers) and BU HPE (High Performance Elastomers)
** As of April 1st 2013 BU ION (Ion Exchange Resins) renamed to BU LPT (Liquid Purification Technologies)

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LANXESS has a broad customer portfolio

LANXESS sales distribution by industry, 2013

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In 2013 key industries below growth trend

Source: IHS World Industry Service

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Significant capex reduction

Short-term Mid-term Long-term

4. Acquisition

3. Portfolio management

2. Targeted restructuring

1. Efficiency improvement

Temporary reduction in organic growth

Reduced capex spendings

- Strictly managed maintenance capex
- Adapt spending profiles in major capex projects to optimize cash-flow
- Future focus on smaller projects, debottleneckings and efficiencies

Commitment to investment grade rating

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All strategic growth projects well on track

Short-term Mid-term Long-term

4. Acquisition

3. Portfolio management

2. Targeted restructuring

1. Efficiency improvement

Temporary reduction in organic growth

100% capex spent*

Butyl serving increasing mobility

~40% capex spent*

Nd-PBR enabling “Green Tires”

~75% capex spent*

Balancing polyamide chain

~45% capex spent*

Serving China’s EPDM demand

* Expected share of realized capex by year-end 2013 in relation to total capex spent committed

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Strategic options for non-core businesses

All references to EBITDA are pre exceptionals; ACC = Accelerators, AOX = Anti-Oxidants, NBR = Nitril-Butadien-Rubber, PM = Perlon Monofil;
* Headcount before restructuring

Structural realignments to increase efficiency

"Advance" program

- Closure of non-competitive sites
- Restructuring of sites
- Downsizing of business operations
- Downsizing of administrative organizations worldwide
- Headcount reduction
  (~1,000 people worldwide by end of 2015)

~€100 m annual savings from 2015 onwards

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Providing additional details on efficiency measures

Efficiency program on track

- "Advance" fully on track with ~€30 m expenses brought forward from 2014 to 2013
- ~310 employees already left the company by year-end 2013
- Phasing of cost reduction also accelerates slightly

Updated financial details

[€ m]	2013	2014	2015	Total
Headcount reduction	~190 ~120	~670	~140	**~1,000**
Cash out	~20 ~5	~80	~30	**~145[1]**
P&L expense (OTC)[2]	~80 ~30	~70	-	**~150**
Cost reduction[3]	~5 ~5	~60 ~5	~30	**~100[4]**

~€100 m annual savings from 2015 onwards

[1] Incl. ~€15 million for the years 2016-2019; [2] P&L expense (OTC) booked as extraordinary; [3] Versus previous year; [4] Incl. €5 million for the years 2016-2019

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Temporary weak demand causes pricing pressure

Performance Polymers | **Advanced Intermediates** | **Performance Chemicals**

High-performance rubbers

Butyl rubber

High-tech plastics

Temporary lower growth rate expectations

Illustration

Near-term weak demand and normal capacity increase lead to pricing pressure

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LANXESS remains positive on the mobility trend

Total tire production
[million units]*

Total car production
[million units]**

Mobility trend intact

* Source: IRSG, LMC; ** Source: LMC Automotive

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Investments of tire producers reflect growth trend

Tire companies' investments by region

- Tire companies are consistently investing in new production facilities
- Total investment amount over the next 5 years: > $30 bn
- ~55% of investments focused on APAC, corresponding to regional rubber demand split

LANXESS' investments match with customers growth strategy

Source: companies' websites. Investments / expansions covered from 2011 to 2020

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The five elements of LANXESS' successful strategy

Premium products focused on megatrends

"Price-before-volume"

Flexible asset and cost management

Global reach with focus on emerging markets

Driven by innovation and technology

Entrepreneurial and performance-oriented culture

LANXESS' profitable growth

Active portfolio transformation

- Assets representing around 25% of global sales were divested
- Acquisitions began only after completion of divestment program
- Series of small- to mid-sized, bolt-on acquisitions
- Portfolio optimization
  - to address global megatrends
  - to focus on premium products
  - to strengthen position in emerging markets

Size of bubbles represents relative sales volume; illustration

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Butyl rubber market recalibrating and remains attractive

Butyl rubber market (BTR)	
Supply / demand	▪ Market size of above 1 m t, split into halo (2/3) and regular (1/3) butyl ▪ Coming from extreme tightness for years to some overcapacity (caused by debottlenecking, green field projects and new entrants)
Market growth	▪ Global demand growth at 3-4% – mostly driven by tire segment ▪ Expansions in regular and halo butyl ongoing ▪ Potential additional new entrants, but without visible activities until now

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- Differentiation by
  - strong geographical footprint
  - product offering (quality, reliability and proximity to customers)
  - production processes and
  - new applications (tire and non-tire)

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LANXESS focuses on differentiated high-performance rubbers

High-performance market (Nd-PBR / SSBR)	
Supply / demand	▪ Market size of around 2 m t ▪ "The problem of perception": nameplate > available > in use – Supply of around 2 m t capacity in use – Supply / demand more or less in balance in normal macro-economic environment
Market growth	▪ Robust global demand growth around 8% CAGR until 2018 ▪ Growth of capacity of 8-9% CAGR until 2018

LANXESS strategy

- Core segment in which LANXESS grows overproportionately
- Truly global footprint with new asset in Singapore
- Product differentiation (differentiated Nd grades and functionalized SSBR grades)

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LANXESS' performance rubbers target special applications

Performance market (Ti, Li, Ni, Co; w/o ESBR)	
Supply / demand	▪ Market size of about 2.6 m t ▪ Substantial overcapacity, esp. in Ni-PBR
Market growth	▪ Global demand growth at ~3.5% CAGR until 2018 ▪ Capacity expansions of competitors up to ~5% CAGR until 2018

LANXESS strategy

- Reduction of exposure by shifting to high-performance grades (Nd-PBR, SSBR)
- Differentiation of product offering
  - Focus on Co and Li
  - Targeting special market segments like HIPS applications
  - Targeting special market segments like the robust segment of retreading
- Grade-flexible assets (e.g., Li vs. SSBR vs. Nd-PBR)

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Shifting from standard grades to high-performance grades mitigates impact of overcapacities

Standard grade market (ESBR)		LANXESS strategy
Supply / demand	▪ Global overcapacity for ESBR, esp. in Europe and North America, leading to low operation rates	▪ Reduction of exposure through replacement of ESBR by SSBR by retrofitting existing capacity ▪ Continuous shift of production footprint towards higher performance materials in Brazil synchronized with market needs
Market growth	▪ Tire makers in emerging markets like Brazil require ESBR	

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LANXESS addresses EPDM market challenges with geographical diversification

Technical rubber market (EPDM)		LANXESS strategy
Supply / demand	▪ Market size of 1-1.5 m t driven by a wide range of applications (e.g., automotive and construction) transitioning from a tight situation to overcapacity	▪ Capitalizing on urbanization and mobility trend in China ▪ ACE technology – Product differentiation – Process differentiation ▪ New asset in China with latest technology – Proximity to fast growing market – Conversion cost advantage (ACE technology)
Market growth	▪ Global demand growth slightly above GDP development, but below projected capacity expansions ▪ Major capacity expansions between 2013 and 2015 increasing overcapacity	

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Major projects expected to be on stream after 2014

2013 (completed)	BU BTR	Butyl (SGP), Q1 2013, new plant 100kt
	BU HPE	Chloroprene rubber (GER), H2 2013, debottlenecking +10%
	BU AII	Dichlorobenzene (GER), Q1 2013, debottlenecking +15%
	BU AII	Cresols (GER), end of 2013, debottlenecking +20%
	BU LEA	Leather chemicals (CHN), H1 2013, up to 50kt
	BU LEA	CO_2 plant (ZA), Q4 2013, new plant
2014	BU HPM	Polyamide (Belgium), Q3 2014, new plant 90kt
	BU HPM	Compounding (BRA), H1 2014, new plant 20kt
	BU LPT	Ion exchange resins (GER), mid 2014, debottlenecking +33%
2015 +	**BU PBR**	**Nd-PBR (SGP), H1 2015, new plant 140kt**
	BU KEL	**EPDM (CHN), 2015, new plant 160kt**
	BU PBR	SSBR (BRA) conversion from ESBR (110kt)*
	BU IPG	Iron oxide red (CHN), new plant 25kt

* Expected for the label introduction in Brazil (2016)

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FY 2013 financial overview: Weak environment and one-time burdens characterize the year

[€ m]	FY 2012	FY 2013	yoy in %
Sales	**9,094**	**8,300**	**-8.7%**
EBITDA pre except.	**1,223**	**735**	**-39.9%**
margin	13.4%	8.9%	
EPS	**6.11**	**-1.91**	**<-100%**
EPS pre[1]	6.44	1.37	-79%
Capex[2]	**696**	**624**	**-10.3%**
[€ m]	**31.12.2012**	**31.12.2013**	**Δ %**
Net financial debt	**1,483**	**1,731**	**16.7%**
Net working capital	**1,849**	**1,679**	**-9.2%**
Employees	**17,177**	**17,343**	**1.0%**

- Sales decrease with positive volumes, however overcompensated by lower prices and negative currency effects
- EBITDA reflects weak price levels mainly in Performance Polymers
- EPS reflects among others €257m impairment and ~€110 m "Advance" expenses
- Net working capital successfully reduced during the year
- Capex inline with guidance

2012 restated due to IAS 19 (revised)
[1] Net of exceptionals, using the local tax rate applicable where the expenses were incurred
[2] Net of capitalized borrowing costs, projects financed by customers and finance lease

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FY 2013: A challenging year

Total group sales and EBITDA pre figures include reconciliation
2012 restated due to IAS 19 (revised)
[1] As of April 1st 2013 BU ION (Ion Exchange Resins) renamed to BU LPT (Liquid Purification Technologies)
[2] As of January 1st 2013 BU TRP (Technical Rubber Products) split into BU KEL (Keltan Elastomers) and BU HPE (High Performance Elastomers)

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FY 2013: A disappointing year due to pricing pressure and one-time burdens

[€ m]	FY 2012		FY 2013		yoy in %
Sales	9,094	(100%)	8,300	(100%)	-9%
Cost of sales	-6,988	(77%)	-6,752	(81%)	3%
Selling	-763	(8%)	-755	(9%)	1%
G&A	-339	(4%)	-301	(4%)	11%
R&D	-192	(2%)	-186	(2%)	3%
EBIT	**808**	**(9%)**	**-93**	**(-1%)**	**<-100%**
Net Income	**508**	**(6%)**	**-159**	**(-2%)**	**<-100%**
EPS	**6.11**		**-1.91**		**<-100%**
EPS pre[1]	6.44		1.37		-79%
EBITDA	1,186	(13%)	624	(8%)	-47%
thereof exceptionals	-37	(0%)	-111	(1%)	>100%
EBITDA pre exceptionals	**1,223**	**(13.4%)**	**735**	**(8.9%)**	**-40%**

- Sales decline due to lower prices (-8%) and additional negative currency effects (-2%); volumes slightly mitigate (+2%)
- Lower price levels (mainly Performance Polymers) and higher fixed and idle costs lead to a drop in gross margin; one-time costs of ~€50 m[2] also digested in FY 2013
- Impairment of €257m and exceptional expenses from "Advance" program (~€110 m) reflected in earnings

Impairment charges of €257m deteriorate an already weak year

2012 restated due to IAS 19 (revised)

[1] Net of exceptionals, using the country tax rate applicable where the expenses were incurred

[2] Ramp-up BTR in Singapore (~€20 m) and KEL technology change in Geleen (~€10 m) and inventory devaluation (~€20 m)

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Q4 2013: Positive free cash flow driven by strict working capital management

[€ m]	Q4 2012	Q4 2013
Profit before tax	**68**	**-301**
Depreciation & amortization	102	385
Gain from sale of assets	1	-1
Result from investments (using equity method)	2	0
Financial (gains) losses	42	29
Cash tax payments/refunds	-19	-3
Changes in other assets and liabilities	-3	55
Operating cash flow before changes in WC	**193**	**164**
Changes in working capital	221	166
Operating cash flow	**414**	**330**
Investing cash flow	**-691**	**-178**
thereof capex*	-315	-226
Financing cash flow	**362**	**-99**

- Impairment charges of €257 m reflected in profit before tax and D&A respectively
- Changes in other assets and liabilities mainly driven by provision build-up ("Advance" program); non-cash
- Investing cash flow also includes cash inflows from money market funds
- Financing cash flow in Q4 2012 reflects issuance of €500 m bond

2012 restated due to IAS 19 (revised)
* Net of capitalized borrowing costs, projects financed by customers and finance lease

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Balance sheet

[€ m]	Dec'12	Jun'13	Dec'13
Non-current assets	**3,747**	**3,820**	**3,592**
Intangible assets	390	388	323
Property, plant & equipment	2,994	3,081	2,903
Equity investments	8	0	12
Other investments	18	14	13
Other financial assets	8	7	11
Deferred taxes	211	213	254
Other non-current assets	118	117	76
Current assets	**3,772**	**3,448**	**3,219**
Inventories	1,527	1,527	1,299
Trade accounts receivable	1,117	1,212	1,070
Other financial & current assets	331	338	317
Near cash assets	411	97	106
Cash and cash equivalents	386	274	427
Total assets	**7,519**	**7,268**	**6,811**

	Dec'12	Jun'13	Dec'13
Stockholders' equity	**2,330**	**2,198**	**1,900**
Non-current liabilities	**3,559**	**3,097**	**3,029**
Pension & post empl. provis.	893	921	943
Other provisions	304	286	258
Other financial liabilities	2,167	1,681	1,649
Tax liabilities	35	35	49
Other liabilities	78	103	101
Deferred taxes	82	71	29
Current liabilities	**1,630**	**1,973**	**1,882**
Other provisions	440	366	355
Other financial liabilities	167	740	668
Trade accounts payable	795	657	690
Tax liabilities	45	27	21
Other liabilities	183	183	148
Total equity & liabilities	**7,519**	**7,268**	**6,811**

- Property, plant & equipment as well as intangible assets reflect impairment in BUs KEL, HPE and RUC
- Inventories successfully reduced, as anticipated
- Equity decrease with negative net income driven by impairment charges

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Q4 2013: Asia/Pacific only region with positive development

Q4 2013 sales by region
[%]

Regional development of sales
[€ million]

* Currency and portfolio adjusted

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Tire labeling – a global trend fueled by the need of resource efficiency

Region	EU	Japan	South Korea	China	US	Brazil	Mexico
Tire labeling performance attributes							
Traction (Wet Grip)	Nov 2012	since 2010	Nov 2011	Self-discipline standard launched 1st March 2014	In discussion	2016	Regulatory initiatives expected
Fuel economy (Cost of Ownership)	Nov 2012	since 2010	Nov 2011				
Treadlife (Cost of Ownership)	-	Not expected	Not expected				

Source: EU regulation no. 1222/2009, National Highway Traffic Safety Administration (NHTSA), Japan Automobile Tyre Manufacturers Association (JATMA), Korea Energy Management Corporation (KEMCO), LANXESS
CRIA: China Rubber Industry Association

“Green tires” practical test confirms high potential savings

- “Green tires” practical test on commercial vehicles for determining potential savings
- Total distance covered: 40,000 km (same truck, driver, stretch and load)
- The result: ~2.4 l/100km less fuel consumption and ~ 700 kg/10,000 km fewer CO_2e emissions

“Green tires” offer enormous potential savings

Source: Test with logistics company Talke and inspection agency TÜV-Rheinland
* The EU Tire Label also rates wet grip and noise.

LANXESS

What does this mean for a sample fleet of 300 trucks?

Calculation basis*:

- Annual mileage per vehicle = 150,000 km
- Change from D/D/D to B/C/B tires

Gross-savings	~ 1.5 m EUR – per year
Additional costs**	~ 55,000 EUR
Net - savings	~ 1.45 m EUR – per year
CO_2e-savings	~ 3,150 t – per year

* Calculation based on test conditions: Average fuel consumption= 25.39 l/100 km, fuel price = 1.40 €/l;
**Source tire prices: Reifen Göggel (12 tires per vehicle: 2 per front axle, 4 per main axle, 6 per semi trailer)

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Corporate Responsibility well integrated - achieving goals sustainably

Climate / Environmental goals

- Reduction of specific CO_2 emission by 10%* until 2015
- Reduction of specific energy consumptions by 10%* until 2015
- Reduction of volatile organic compounds (VOC) emissions by 30%* until 2015

Procurement initiatives

- 'Supplier Code of Conduct' for supplier selection and rating
- 'Together for Sustainability' initiative** for higher transparency in the supply chain (implementation of a global auditing program)

Saftey goals

- Xact: Global safety program to improve occupational, process and plant safety (since 2011)
- Global management system for optimization of transportation of (dangerous) goods

Society initiatives

- Global education initiatives/ cooperation with Teach First
- Global board initiative 'Diversity & Inclusion'
- XCare: responding to employees' demographic challenges

THE GLOBAL COMPACT WE SUPPORT

CDP CLIMATE DISCLOSURE LEADER 2013

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

oekom research Rating Category: C+

FTSE4Good

* Base year: 2010; **Members: BASF, Bayer, Evonik, Henkel, LANXESS, Akzo Nobel, Solvay

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BBB rating currently under pressure

BBB/Baa2 ratings confirmed – outlook changed to "negative" in June/August

Standard & Poor's	Moody's Investors Service	Fitch Ratings
BBB neg. outlook	Baa2 neg. outlook	BBB neg. outlook
Confirmed on 27.06.2013 with change to "negative" outlook	Confirmed on 14.08.2013 with change to "negative" outlook	Confirmed on 15.08.2013 with change to "negative" outlook

- BBB / Baa2 ratings with negative outlook as per latest publications in June/August 2013
- Rating agencies expect recovery of key credit protection ratios in 2014 for the current rating
- S&P has reflected uncertainty about a recovery in "negative" outlook („… one-in-three chance that LANXESS won't be able to restore its credit metrics … by 2014,…" (S&P))
- Moody's "negative" outlook reflects the "slower recovery of earnings in the Performance Polymers division" albeit LANXESS' "strong business fundamentals and conservative financial management" (Moody's)

LANXESS is committed to its investment grade rating

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A well managed and conservative maturity profile

Long term financing secured

- Diversified financing sources
- €1.25 bn Syndicated Credit Facility has been extended by one year to February 2019
- €500 m bond maturity in April 2014 will be funded by cash and available credit facilities (e.g. €200 m EIB facility)
- Average €-funding interest rate below 4% after bond redemption in April 2014
- All group financings without financial covenants

Liquidity and maturity profile as per December 2013

EIB = European Investment Bank; in case of utilization in 2014 final maturity of EIB financing in 2019 at latest; EIB facility currently undrawn

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High volatility in raw material prices

- In 2012, raw material prices (mainly butadiene) started a declining trend, with an apparent bottom end of 2013
- For Q1 2014 raw material prices are expected to remain on a more or less stable level

* Source: LANXESS, average 2008 = 100%

Overview exceptional items Q4 and YTD

[€ m]	Q4 2012		Q4 2013		FY 2012		FY 2013	
	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A
Performance Polymers	6	0	244	235	9	0	252	235
Advanced Intermediates	-6	0	3	0	-6	0	-1	0
Performance Chemicals	2	0	45	29	19	2	85	35
Reconciliation	9	0	25	0	17	0	45	0
Total	**11**	**0**	**317**	**264**	**39**	**2**	**381**	**270**

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Abbreviations

Performance Polymers

- BTR Butyl Rubber
- PBR Performance Butadiene Rubbers
- KEL* Keltan Elastomers
- HPE* High Performance Elastomers
- HPM High Performance Materials

Performance Chemicals

- MPP Material Protection Products
- IPG Inorganic Pigments
- FCC Functional Chemicals
- LEA Leather
- RCH Rhein Chemie
- RUC Rubber Chemicals
- LPT** Liquid Purification Technologies

Advanced Intermediates

- AII Advanced Industrial Intermediates
- SGO Saltigo

* As of January 1st 2013 BU TRP (Technical Rubber Products) split into BU KEL (Keltan Elastomers) and BU HPE (High Performance Elastomers)
** As of April 1st 2013 BU ION (Ion Exchange Resins) renamed to BU LPT

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Upcoming events 2014

Active capital market communication		
▪ **FY results 2013**	**March 20**	
▪ Nomura Global Chemical Industry Leaders Conference	March 27/28	London
▪ **Q1 results 2014**	**May 8**	
▪ Deutsche Bank 5th Annual Asia Conference 2014	May 21	Singapore
▪ **AGM 2014**	**May 22**	
▪ Oddo Canada Forum	May 27/28	Montreal/Toronto
▪ Deutsche Bank German, Swiss & Austrian Conference 2014	June 12/13	Berlin
▪ **Q2 results 2014**	**August 6**	
▪ Jefferies 10th Annual Industrials Conference 2014	August 12/13	New York
▪ **Capital Markets Day**	**September 18**	**Cologne**
▪ Berenberg Specialty Chemicals & Food Ingredients Conference 2014	Sept 30/Oct 1	London
▪ **Q3 results 2014**	**November 6**	
▪ HSBC Conference	November 27	Zurich

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Contact details Investor Relations

Oliver Stratmann

Head of Investor Relations

Tel. : +49-221 8885 9611
Fax. : +49-214 30 959 49611
Mobile : +49-175 30 49611
Email : Oliver.Stratmann@lanxess.com

Verena Kehrenberg

Assistant Investor Relations

Tel. : +49-221 8885 3851
Fax. : +49-221 8885 4944
Mobile : +49-175 30 23851
Email : Verena.Kehrenberg@lanxess.com

LANXESS IR website

Tanja Satzer

Private Investors / AGM

Tel. : +49-221 8885 3801
Mobile : +49-175 30 43801
Email : Tanja.Satzer@lanxess.com

Ulrike Weihs

Institutional Investors / Analysts

Tel. : +49-221 8885 5458
Mobile : +49-175 30 50458
Email : Ulrike.Weihs@lanxess.com

Dirk Winkels

Institutional Investors / Analysts

Tel. : +49-221 8885 8007
Mobile : +49-175 30 58007
Email : Dirk.Winkels@lanxess.com

Matthias Arnold

Institutional Investors / Analysts

Tel. : +49-221 8885 1287
Mobile : +49-151 74612343
Email : Matthias.Arnold@lanxess.com