



LANXESS Q4/FY 2014 Financial Summary for Investors and Analysts

Summary FY 2014

- **A successful year moving LANXESS forward in a tough business environment**
- Price-driven sales decline of 3.5% at group level largely due to raw materials
- Persistently difficult competitive situation for synthetic rubbers; good demand for agrochemicals
- EBITDA pre exceptionals up 9.9% to €808 million
- EBITDA margin pre exceptionals at 10.1%, after 8.9% in 2013
- Net income and earnings per share improved to €47 million and €0.53, respectively, against a net loss of €159 million and minus €1.91 in the prior year
- Positive free cash flow achieved
- Net financial debt reduced by almost €400 million compared with the prior year

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Overview Financials

Q4 2014 Financial Overview

- **Destocking and one-time effects weigh on quarterly performance**
- Sales decline on lower volumes across the group against high basis; positive FX effects partly mitigated by slightly lower prices
- EBITDA pre and margin lower mainly in light of lower volumes; inventory devaluations (~€15 m) weigh on earnings
- EPS burdened in 2013 by impairments; in 2014 by realignment program
- Capex in line with guidance (FY Capex at €614 m)
- Active working capital management

Q4 2014 Balance Sheet:

- **Clear success in de-leveraging balance sheet**
- Net financial debt further reduced with active working capital management - supported by lower raw material prices but burdened by currency
- Pension provisions increase with reduction of interest rates (mainly Germany)
- Inventories and receivables comparable to previous year's level
- Risen stockholders' equity reflects 10% capital increase in May 2014
- Other financial liabilities decreased, primarily after repayment of €500 m bond (7.75% coupon) in April 2014

Q4 2014 Cash flow statement:

- **Positive free cash flow despite high capex**
- Profit before tax burdened by impairment in 2013 and realignment in 2014
- High D&A level in 2013 reflects €257 m impairment at year-end 2013
- Investing cash includes cash inflow from reduction of near cash assets
- Financing cash flow reflects early repayment of bank loans
- **Working capital reduction leads to positive free cash flow**



Q4 2014 Business Overview

Performance Polymers

- **A challenging quarter**
- Sales deviation yoy: Price -2%, Volume -11%, Currency 5%, Portfolio -1% (approximate numbers)
- Lower selling prices in BUs BTR and PBR due to lower raw material prices (isobutylene, butadiene); additionally market price pressure
- Lower volumes in all BUs due to customer destocking and maintenance (BUs BTR and HPM); Q4' 13 with high basis
- EBITDA pre exceptionals burdened due to lower volumes, inventory devaluation and ramp-up costs, but supported by favourable FX effects
- D&A in 2014 with exceptionals from closing technology plant (Belgium, BU BTR); 2013 includes impairment

Advanced Intermediates

- **Good earnings supported by temporary raw material cost relief**
- Sales deviation yoy: Price 0%, Volume -7%, Currency 2%, Portfolio 0% (approximate numbers)
- Both BUs with lower volumes:
 - BU All from lower aromatic network output (maintenance) and some customer destocking
 - BU SGO from reduced pharma activity
- Strong EBITDA pre exceptionals and margin with temporary support from lower raw material prices
- Capex higher in Q4 mainly due to project timing patterns in BU SGO

Performance Chemicals

- **As expected, a solid and stable quarter**
- Sales deviation yoy: Price 0%, Volume -3%, Currency 5%, Portfolio 0% (approximate numbers)
- Prices remain stable with positive development in BU RUC (mainly accelerators) offsetting negative impact from lower chrome ore prices (BU LEA)
- Lower volumes mainly in BUs RUC and RCH (due to pronounced customer destocking)
- Good EBITDA pre exceptionals contribution with support from currency effects
- Lower D&A in 2014 from reduced asset base (impairment in Q4 2013)

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Outlook:

Stable business development expected for 2015

Macro expectations 2015

- Tire production expected to grow moderately, with expanding production in emerging markets, but decreasing production in EMEA
- Automobile sector to grow slightly more than in 2014, fueled by Asian demand
- Agrochemical demand expected to remain robust; but somewhat below mid-term trend forecasts
- Construction industry overall expected to experience slower growth in 2015 than in 2014; European recovery slower than anticipated – with growth in North America
- In light of diverging economic developments, US Dollar expected to continue to be strong

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LANXESS expectations 2015

- FY 2015 EBITDA pre expected around the comparable level of 2014*
- Q1 2015 EBITDA pre expected above previous year between €10 – 230 m

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Housekeeping items for consideration

Additional financial expectations

- Capex 2015: ~€450 m
- Capex 2016: €400-450 m
- D&A 2015: ~€420-440 m
- Exceptional items 2015: ~€95 m from “Let’s LANXESS again” (Phase I and first results from Phase II)
- Reconciliation 2015: underlying expenses at ~€160 m EBITDA, however additional hedging expenses of ~€100 m in 2015*
- Ramp-up cost EPDM China: ~€10 m Q1 2015
- Ramp-up cost Nd-PBR Singapore: ~€15 m in Q1 2015
- Annual tax rate: >30% in 2015
- mid-term, after realignment: ~22-25%
- Hedging 2015: ~50% at 1.25 -1.40 USD/EUR
- Hedging 2016: ~30% at 1.15 -1.35 USD/EUR
- Reminder: New business unit structure as of January 1st 2015

* Based on an exchange rate USD/EUR of 1.15

Cologne, March 19, 2015

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.



Financial Overview Q4 2014

in € million	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q4 '13	Q4 '14	Chg. in %	Q4 '13	Q4 '14	Chg. in %	Q4 '13	Q4 '14	Chg. in %	Q4 '13	Q4 '14	Chg. in %	Q4 '13	Q4 '14	Chg. in %
Sales	2,014	1,904	-5%	1,082	984	-9%	418	397	-5%	505	513	2%	9	10	11%
Price*			-1%			-2%			0%			0%			0%
Volume*			-8%			-11%			-7%			-3%			11%
Currency*			4%			5%			2%			5%			0%
Portfolio*			0%			-1%			0%			0%			0%
EBIT	-262	-62	76%	-211	-36	83%	46	53	15%	-32	5	n.m.	-65	-84	-29%
Deprec. & amortizat.	385	124	-68%	301	72	-76%	21	23	10%	57	22	-61%	6	7	17%
EBITDA	123	62	-50%	90	36	-60%	67	76	13%	25	27	8%	-59	-77	-31%
exceptionals in EBITDA	53	92	74%	9	24	>100%	3	8	>100%	16	17	6%	25	43	72%
EBITDA pre excep.	176	154	-13%	99	60	-39%	70	84	20%	41	44	7%	-34	-34	0%
normalized D&A	121	105	-13%	66	53	-20%	21	23	10%	28	22	-21%	6	7	17%
EBIT pre excep.	55	49	-11%	33	7	-79%	49	61	24%	13	22	69%	-40	-41	-3%
exceptionals in EBIT	317	111	-65%	244	43	-82%	3	8	>100%	45	17	-62%	25	43	72%
Capex	226	240	6%	156	157	1%	26	30	15%	34	41	21%	10	12	20%
Net financial debt**	1,731	1,336	-23%												

* approximate numbers

**previous year value as per Dec. 31



Financial Overview FY 2014

in € million	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	FY 2013	FY 2014	Chg. in %	FY 2013	FY 2014	Chg. in %	FY 2013	FY 2014	Chg. in %	FY 2013	FY 2014	Chg. in %	FY 2013	FY 2014	Chg. in %
Sales	8,300	8,006	-4%	4,486	4,128	-8%	1,647	1,643	0%	2,132	2,193	3%	35	42	20%
Price*			-4%			-6%			-2%			0%			0%
Volume*			0%			-1%			2%			3%			20%
Currency*			0%			0%			0%			-1%			0%
Portfolio*			0%			0%			0%			0%			0%
EBIT	-93	218	n.m.	-117	120	n.m.	210	204	-3%	54	154	>100%	-240	-260	-8%
Deprec. & amortizat.	717	426	-41%	489	231	-53%	77	89	16%	127	86	-32%	24	20	-17%
EBITDA	624	644	3%	372	351	-6%	287	293	2%	181	240	33%	-216	-240	-11%
exceptionals in EBITDA	111	164	48%	17	41	>100%	-1	10	n.m.	50	34	-32%	45	79	76%
EBITDA pre excep.	735	808	10%	389	392	1%	286	303	6%	231	274	19%	-171	-161	6%
normalized D&A	447	406	-9%	254	211	-17%	77	89	16%	92	86	-7%	24	20	-17%
EBIT pre excep.	288	402	40%	135	181	34%	209	214	2%	139	188	35%	-195	-181	7%
exceptionals in EBIT	381	184	-52%	252	61	-76%	-1	10	n.m.	85	34	-60%	45	79	76%
Capex	624	614	-2%	385	428	11%	96	84	-13%	111	77	-31%	32	25	-22%
Net financial debt**	1,731	1,336	-23%												

* approximate numbers

**previous year value as per Dec. 31



Income Statement Q4 and FY 2014

in €million	Q4 2013	Q4 2014	Chg. in %	FY 2013	FY 2014	Chg. in %
Sales	2,014	1,904	-5%	8,300	8,006	-4%
Cost of sales	-1,654	-1,574	5%	-6,752	-6,418	5%
Gross profit	360	330	-8%	1,548	1,588	3%
Selling expenses	-180	-182	-1%	-755	-742	2%
Research and development expenses	-52	-36	31%	-186	-160	14%
General administration expenses	-71	-71	0%	-301	-278	8%
Other operating income	44	23	-48%	128	118	-8%
Other operating expenses	-363	-126	65%	-527	-308	42%
Operating result (EBIT)	-262	-62	76%	-93	218	<i>n.m.</i>
Income from investments accounted for using the equity method	0	-4	<i>n.m.</i>	0	2	<i>n.m.</i>
Interest income	1	1	0%	2	3	50%
Interest expense	-26	-15	42%	-108	-72	33%
Other financial income and expense	-14	-27	-93%	-40	-71	-78%
Financial result	-39	-45	-15%	-146	-138	5%
Income before income taxes	-301	-107	64%	-239	80	<i>n.m.</i>
Income taxes	90	38	-58%	71	-36	<i>n.m.</i>
Income after income taxes	-211	-69	67%	-168	44	<i>n.m.</i>
of which attributable to non-controlling interests	-7	-1	86%	-9	-3	67%
Net income (attributable to LANXESS AG stockholders)	-204	-68	67%	-159	47	<i>n.m.</i>
EPS (in €)	-2.45	-0.74	70%	-1.91	0.53	<i>n.m.</i>
EPS pre exceptionals (in €)	0.27	0.09	-67%	1.37	1.98	45%



Abbreviations:

ADD Rhein Chemie Additives
All Advanced Industrial Intermediates
BTR Butyl Rubber
FCC Functional Chemicals
HPE High Performance Elastomers
HPM High-Performance Materials
IPG Inorganic Pigments
KEL Keltan Elastomers
LEA Leather
LPT Liquid Purification Technologies
MPP Material Protection Products
PBR Performance Butadiene Rubbers
RCH Rhein Chemie
RUC Rubber Chemicals
SGO Saltigo
TSR Tire & Specialty Rubbers

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