



LANXESS Q2 2015 Financial Summary for Investors and Analysts

Summary Q2 2015

- **Another quarter of progress**
- Sales in the second quarter of 2015 rose by around 4% to EUR 2.1 billion
- EBITDA pre exceptionals increased by 13% to EUR 270 million
- Higher volumes, savings and positive currency effects drive EBITDA pre increase
- All three segments contribute to EBITDA pre increase, with Performance Chemicals showing the strongest improvement
- Carve-out process for the rubber business initiated
- Despite weaker macro indicators, LANXESS raises FY guidance as self-help measures support: EBITDA pre exceptionals expected to be between EUR 840 million and EUR 880 million for FY 2015

LANXESS AG

Investor Relations
Kennedyplatz 1
50569 Cologne
Germany

Oliver Stratmann, Head of
Treasury and Investor Relations

Phone +49 221-8885-9611
Fax +49 221-8885-4944
Oliver.Stratmann@lanxess.com

Overview Financials

Page 1 of 7

Q2 2015 Financial overview

- **A strong quarter**
- Sales up with higher volumes (+5%), while favorable currency effects (+10%) mitigate lower prices (-11%)
- EBITDA pre and margin improve mainly due to higher volumes and savings
- Net income increased by some 58% to EUR 87 million
- Capex lower after completion of intensive investment cycle

Q2 2015 Balance sheet:

- **Balance sheet remains solid and stable**
- Equity and respective ratio (31%) increase with improved net income and relief from pension provisions
- Pension provisions again at year-end-level and lower than in Q1 2015 due to an increase in discount rates (mainly Germany, now at 2.75%)
- Net working capital increase driven by higher receivables (higher sales in June vs. December) and currency effects
- Net financial debt stable vs. year end at €1,376 m

Q2 2015 Cash flow statement:

- **Cash flow impacted by restructuring**
- Depreciation/amortization higher with increased asset base (new Asian plants)
- Exceptional income shown in investing cash flow (~€40 m) relates to gain from sale of assets
- Changes in other assets and liabilities include e.g. cash-outs for realignment (use of provisions), variable compensation and effects from hedging of intercompany financing
- Capex significantly lower after completing growth projects for synthetic rubber in Asia
- Financing cash flow in Q2'14 includes funds from capital increase



Q2 2015 Business Overview

Performance Polymers

- **Good volume development, but challenges remain**
- Sales deviation yoy: Price -17%, Volume 9%, Currency 12%, Portfolio 0% (approximate numbers)
- Lower selling prices driven mainly by raw material prices in all BUs
- Higher volumes across all BUs from a low base; BU HPM seeing continued good compound business
- EBITDA pre €149 m: increase driven by high volumes and supported by favorable currency effects, but idle costs mitigate
- Depreciation/amortization and capex development reflect completion of new plants in Asia (EPDM and Nd-PBR)

LANXESS AG

Investor Relations
Kennedyplatz 1
50569 Cologne
Germany

Oliver Stratmann, Head of
Treasury and Investor Relations

Phone +49 221-8885-9611

Fax +49 221-8885-4944

Oliver.Stratmann@lanxess.com

Advanced Intermediates

- **Good performance at high levels**
- Sales deviation yoy: Price -9%, Volume 7%, Currency 6%, Portfolio 0% (approximate numbers)
- Prices in BU All affected by lower raw material prices (e.g., benzene and toluene)
- Higher volumes in BU All in nearly all end markets; BU SGO strong in agro custom manufacturing
- Depreciation/amortization higher with one-time write-offs (non-exceptional)
- EBITDA pre €80 m: slightly higher, supported by higher volumes and positive currency effects; unplanned maintenance activity led to higher idle costs
- Favorable Q1 '15 raw material effects reversed in Q2 '15

Page 2 of 7

Performance Chemicals

- **Structurally improving**
- Sales deviation yoy: Price 0%, Volume -3%, Currency 10%, Portfolio 0% (approximate numbers)
- Selling prices stable, while raw material prices are below previous year's level
- Lower volumes mainly attributable to BU MPP (biocides in Asia) and BU LEA (chrome chemicals in China)
- The two flagship businesses (BUs IPG and ADD) with strongest performance
- Overall profitability driven by lower raw material prices, favorable currency effects and savings; EBITDA pre €110 m
- Higher capex levels in BU IPG (new pigment plant in China)



Outlook:

Despite weaker macro indicators, LANXESS raises FY guidance as self-help measures support

Macro expectations 2015

- Tire production growing slower than in 2014: less growth in Asia/Pacific and declining production in Latin America
- Automobile sector marked by slowing dynamics, driven by lower growth expectations for production in China
- Agrochemical demand to grow slower than in 2014
- Construction industry to grow less in 2015 than in 2014; Latin America, in particular Brazil, weaker, while North America now expected to be somewhat stronger
- US dollar to remain strong

LANXESS increases guidance for 2015

- FY 2015 EBITDA pre now expected between €840-880 m* based on a strong H1 2015

Housekeeping items for consideration

Additional financial expectations

- Capex 2015: max. €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 measures from Phase II)
- Reconciliation 2015: underlying expenses of ~€160 m EBITDA, but additional hedging expenses of ~€125 m in FY 2015*
- Annual tax rate: - >30% in 2015
- mid-term, after realignment: ~22-25%
- Currency impact: 1 Cent change of USD/EUR yoy equals ~€9 m EBITDA impact (before hedging)
- Hedging expenses 2015 ~€125 m*
- Restatement of 2014 due to reorganization that shifted accelerators and antioxidants businesses from Performance Chemicals to Advanced Intermediates

* Based on an exchange rate USD/EUR of 1.10

Cologne, August 6th, 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.

LANXESS AG

Investor Relations
Kennedyplatz 1
50569 Cologne
Germany

Oliver Stratmann, Head of
Treasury and Investor Relations

Phone +49 221-8885-9611

Fax +49 221-8885-4944

Oliver.Stratmann@lanxess.com

Page 3 of 7



Financial Overview Q2 2015

in € million	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q2 '14	Q2 '15	Chg. in %	Q2 '14	Q2 '15	Chg. in %	Q2 '14	Q2 '15	Chg. in %	Q2 '14	Q2 '15	Chg. in %	Q2 '14	Q2 '15	Chg. in %
Sales	2,019	2,105	4%	1,036	1,072	3%	454	468	3%	518	553	7%	11	12	9%
Price*			-11%			-17%			-9%			0%			0%
Volume*			5%			9%			7%			-3%			9%
Currency*			10%			12%			6%			10%			0%
Portfolio*			0%			0%			0%			0%			0%
EBIT	122	177	45%	68	127	87%	54	51	-6%	57	83	46%	-57	-84	-47%
Deprec. & amortizat.	99	119	20%	51	67	31%	23	27	17%	21	21	0%	4	4	0%
EBITDA	221	296	34%	119	194	63%	77	78	1%	78	104	33%	-53	-80	-51%
exceptionals in EBITDA	18	-26	n.m.	3	-45	n.m.	1	2	100%	3	6	100%	11	11	0%
EBITDA pre excep.	239	270	13%	122	149	22%	78	80	3%	81	110	36%	-42	-69	-64%
normalized D&A	98	117	19%	50	65	30%	23	27	17%	21	21	0%	4	4	0%
EBIT pre excep.	141	153	9%	72	84	17%	55	53	-4%	60	89	48%	-46	-73	-59%
exceptionals in EBIT	19	-24	n.m.	4	-43	n.m.	1	2	100%	3	6	100%	11	11	0%
Capex	154	73	-53%	112	30	-73%	20	18	-10%	18	24	33%	4	1	-75%
Net financial debt**	1,336	1,376	3%												

* approximate numbers

**previous year value as per Dec. 31



Financial Overview H1 2015

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	H1 2014	H1 2015	Chg. in %	H1 2014	H1 2015	Chg. in %	H1 2014	H1 2015	Chg. in %	H1 2014	H1 2015	Chg. in %	H1 2014	H1 2015	Chg. in %
Sales	4,062	4,143	2%	2,099	2,087	-1%	927	946	2%	1,014	1,086	7%	22	24	9%
Price*			-10%			-15%			-8%			0%			0%
Volume*			2%			4%			5%			-2%			9%
Currency*			9%			11%			5%			10%			0%
Portfolio*			0%			0%			0%			0%			0%
EBIT	197	240	22%	120	145	21%	99	121	22%	98	147	50%	-120	-173	-44%
Deprec. & amortizat.	202	234	16%	107	134	25%	46	50	9%	41	42	2%	8	8	0%
EBITDA	399	474	19%	227	279	23%	145	171	18%	139	189	36%	-112	-165	-47%
exceptionals in EBITDA	45	25	-44%	12	-8	n.m.	5	1	-80%	10	8	-20%	18	24	33%
EBITDA pre excep.	444	499	12%	239	271	13%	150	172	15%	149	197	32%	-94	-141	-50%
normalized D&A	201	223	11%	106	123	16%	46	50	9%	41	42	2%	8	8	0%
EBIT pre excep.	243	276	14%	133	148	11%	104	122	17%	108	155	44%	-102	-149	-46%
exceptionals in EBIT	46	36	-22%	13	3	-77%	5	1	-80%	10	8	-20%	18	24	33%
Capex	262	129	-51%	188	54	-71%	40	28	-30%	27	41	52%	7	6	-14%
Net financial debt**	1,336	1,376	3%												

* approximate numbers

**previous year value as per Dec. 31



Income Statement Q2/H1 2015

in € million	Q2 2014	Q2 2015	Chg. in %	H1 2014	H1 2015	Chg. in %
Sales	2,019	2,105	4%	4,062	4,143	2%
Cost of sales	-1,579	-1,620	-3%	-3,205	-3,215	0%
Gross profit	440	485	10%	857	928	8%
Selling expenses	-188	-200	-6%	-374	-383	-2%
Research and development expenses	-40	-34	15%	-85	-66	22%
General administration expenses	-71	-68	4%	-145	-132	9%
Other operating income	34	71	>100%	65	94	45%
Other operating expenses	-53	-77	-45%	-121	-201	-66%
Operating result (EBIT)	122	177	45%	197	240	22%
Income from investments accounted for using the equity method	4	0	-100%	5	0	-100%
Interest income	1	0	-100%	2	1	-50%
Interest expense	-16	-18	-13%	-41	-34	17%
Other financial income and expense	-17	-15	12%	-31	-29	6%
Financial result	-28	-33	-18%	-65	-62	5%
Income before income taxes	94	144	53%	132	178	35%
Income taxes	-40	-57	-43%	-54	-70	<-100%
Income after income taxes	54	87	61%	78	108	38%
of which attributable to non-controlling interests	-1	0	-100%	-2	-1	50%
Net income (attributable to LANXESS AG stockholders)	55	87	58%	80	109	36%
EPS (in €)	0.63	0.95	51%	0.93	1.19	28%
EPS pre exceptionals (in €)	0.79	0.73	-8%	1.32	1.39	5%



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

LANXESS AG
Investor Relations
Kennedyplatz 1
50569 Cologne
Germany

Oliver Stratmann, Head of
Treasury and Investor Relations

Phone +49 221-8885-9611
Fax +49 214 30-959-49611
Oliver.Stratmann@lanxess.com