

## LANXESS Q2 2012 Financial Summary for Investors and Analysts

- Sales growth of 8.1% against strong prior-year quarter
- Price adjustments almost fully offset drop in volumes
- EBITDA pre exceptionals improves from €339 million to €362 million
- EBITDA margin steady at 14.9%
- Net income and earnings per share level with previous year at €176 million and €2.11, respectively
- Business-related increase in net financial liabilities to €1,738 million
- Second-half EBITDA pre exceptionals expected on the level of the prior-year period
- Guidance for 2012 confirmed: EBITDA pre exceptionals to grow by 5%-10%

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## Overview Financials

### Q2 Financial Overview

- **Good results with stable margins**
- Sales up on pricing and portfolio with volume declines mitigated by currency effects
- “Price-before-volume” intact, reflected in strong EBITDA and stable margin
- EPS lower due to exceptionals and risen D&A
- Capex increase in line with growth strategy
- Higher net debt driven by working capital increase, cash outs for dividends, interest and bonus payments
- **Q2 performance – further important step towards full-year guidance**

### Q2 Profit and Loss Statement:

- **Strong P&L amid slowing volumes**
- Sales increase due to pricing (+4%), currency (+6%) and portfolio effects (+3%), while lower volumes mitigate (-5%) (approximate numbers)
- Inventory devaluation of ~€15 m digested (raw material driven)
- G&A influenced by adverse currency effects and portfolio
- Planned increase in R&D reflects innovation efforts
- Strong results, despite burden of ~€20 m exceptionals mainly in BU RUC
- **Strong strategic positioning reflected in financials**

### Q2 2012 Balance Sheet:

- **Balance sheet reflects higher raw material prices and financing measures**
- Increase in working capital to be reduced in H2 with upcoming maintenance turnarounds
- Net debt/EBITDA slightly up to ~1.4x driven by increase in working capital and payments for interest and dividends
- €402 m bond redemption in June 2012 reduces financial liabilities and near cash assets
- Increase of pension provision on interest rate reduction

### H1 2012 Cash flow statement:

- **Cash flow mirrors growth mode**
- Larger asset base drives D&A
- Change in other assets and liabilities contains among others cash outs related to hedging
- Working capital increases in preparation of planned maintenance turnarounds in H2 and due raw material inflation
- Investing cash flow mirrors inflow from financial assets
- Financing cash flow reflects redemption of maturing bond and issuance of new bonds

### Q2 Business Overview

#### Performance Polymers

- **Strong results in an increasingly demanding environment**
- Sales deviation yoy: Price +6%, Volume -6%, Currency +8%, Portfolio +3% (approximate numbers)
- While operationally stable, segment benefits from positive currency and portfolio effects
- Inventory devaluation of ~€15 m digested in EBITDA
- BU BTR continued its strong performance
- BU PBR strong on HP-grades; standard grades weakening
- BU TRP benefits from portfolio\*, but with weaker demand
- BU HPM\*\* with good contribution but marginally weaker demand for high-tech plastics, especially in Europe

\* Inventory step-up of ~€15 m in Q2 2011 resulting from Keltan-EPDM acquisition

\*\* Formerly Semi-Crystalline Products (SCP)

#### Advanced Intermediates

- **Resilient agro business**
- Sales deviation yoy: Price +2%, Volume -5%, Currency +3%, Portfolio 0% (approximate numbers)
- Strong currency and pricing effects offset lower volumes
- BU All with brisk demand from agro, more than offset by weakening demand in construction and coatings industry
- BU SGO equally benefits from megatrend agro
- Q2 performance benefits from differing timing of expenses (mainly maintenance) between quarters
- Quarterly margin fluctuation levels off in year-to-date comparison

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## Performance Chemicals

- **Reduced capacity utilisation burdens EBITDA**
- Sales deviation yoy: Price +1%, Volume -4%, Currency +5%, Portfolio +3% (approximate numbers)
- Almost all BUs with maintenance turnarounds leading to lower utilisation beyond demand decline; respective idle costs burden
- BU IPG with lower demand in EMEA and Asia, but stable in NA, vs exceptionally strong Q2 2011
- BU LEA declines on lower chrome ore prices and CO<sub>2</sub> shortage
- Exceptionals of ~€20 m mainly due to realignment in BU RUC
- BU MPP result burdened by higher registration costs
- Capex up with new growth projects in BU LEA (ZA and China)

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## Business environment:

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### Current macro view:

- Demand differs regionally:
  - BRICS with ongoing solid growth rates – Brazil softening
  - US with ongoing growth, while positive signals for macro development may weaken
  - Europe with slowing to negative growth rates
- Ongoing uncertainties: high national deficits, volatile FX, raw material price volatility and cautiousness among European customers

### LANXESS well positioned for a more challenging environment:

- H2 2012 EBITDA pre expected similar to the level of H2 2011
- Strict adherence to “price-before-volume” strategy key for the future
- We reiterate our guidance of 5-10% EBITDA pre growth in FY 2012

## LANXESS reiterates guidance in more challenging times

### Additional financial expectations for 2012

- Capex\* 2012 : ~€650 - €700 m
- D&A : ~€350 - €370 m
- Tax rate : ~22%
- Hedging 2012 : ~50% at 1.25-1.35 USD / EUR
- Hedging 2013 : ~30% at 1.25-1.35 USD / EUR

\*without projects financed by customers, finance leasing and capitalized borrowing costs

Leverkusen, August 7, 2012

### 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 Q2 2012

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q2 '11	Q2 '12	Chg. in %	Q2 '11	Q2 '12	Chg. in %	Q2 '11	Q2 '12	Chg. in %	Q2 '11	Q2 '12	Chg. in %	Q2 '11	Q2 '12	Chg. in %
<b>Sales</b>	2243	2424	8%	1281	1427	11%	395	399	1%	561	585	4%	6	13	>100%
Price*			4%			6%			3%			1%			0%
Volume*			-5%			-6%			-5%			-4%			>100%
Currency*			6%			8%			3%			5%			0%
Portfolio*			3%			3%			0%			3%			0%
<b>EBIT</b>	255	251	-2%	191	206	8%	47	62	32%	76	40	-47%	-59	-57	3%
Deprec. & amortizat.	79	93	18%	38	50	32%	18	17	-6%	19	23	21%	4	3	-25%
<b>EBITDA</b>	334	344	3%	229	256	12%	65	79	22%	95	63	-34%	-55	-54	2%
exceptionals in EBITDA	5	18	>100%	0	1	n.m.	0	0	0%	0	15	n.m.	5	2	-60%
<b>EBITDA pre excep.</b>	339	362	7%	229	257	12%	65	79	22%	95	78	-18%	-50	-52	-4%
normalized D&A	79	91	15%	38	50	32%	18	17	-6%	19	21	11%	4	3	-25%
<b>EBIT pre excep.</b>	260	271	4%	191	207	8%	47	62	32%	76	57	-25%	-54	-55	-2%
exceptionals in EBIT	5	20	>100%	0	1	n.m.	0	0	0%	0	17	n.m.	5	2	-60%
<b>Capex</b>	109	137	26%	72	85	18%	20	17	-15%	14	21	50%	3	14	>100%
<b>Net financial debt**</b>	1515	1738	15%												

\* approximate numbers

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

## Financial Overview H1 2012

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	H1 '11	H1 '12	Chg. in %	H1 '11	H1 '12	Chg. in %	H1 '11	H1 '12	Chg. in %	H1 '11	H1 '12	Chg. in %	H1 '11	H1 '12	Chg. in %
<b>Sales</b>	4316	4812	11%	2365	2818	19%	811	828	2%	1117	1143	2%	23	23	0%
Price*			6%			10%			3%			2%			0%
Volume*			-4%			-4%			-3%			-6%			0%
Currency*			4%			6%			2%			3%			0%
Portfolio*			5%			7%			0%			3%			0%
<b>EBIT</b>	501	528	5%	356	412	16%	106	116	9%	148	102	-31%	-109	-102	6%
Deprec. & amortizat.	150	181	21%	72	98	36%	34	33	-3%	37	44	19%	7	6	-14%
<b>EBITDA</b>	651	709	9%	428	510	19%	140	149	6%	185	146	-21%	-102	-96	6%
exceptionals in EBITDA	10	22	>100%	0	2	n.m.	0	0	0%	0	15	n.m.	10	5	-50%
<b>EBITDA pre excep.</b>	661	731	11%	428	512	20%	140	149	6%	185	161	-13%	-92	-91	1%
normalized D&A	150	179	19%	72	98	36%	34	33	-3%	37	42	14%	7	6	-14%
<b>EBIT pre excep.</b>	511	552	8%	356	414	16%	106	116	9%	148	119	-20%	-99	-97	2%
exceptionals in EBIT	10	24	>100%	0	2	n.m.	0	0	0%	0	17	n.m.	10	5	-50%
<b>Capex</b>	177	229	29%	112	148	32%	33	32	-3%	28	32	14%	4	17	>100%
<b>Net financial debt**</b>	1515	1738	15%												

\* approximate numbers

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

**Income Statement Q2 2012 and H1 2012**

in €million	Q2 2011	Q2 2012	Chg. in %	H1 2011	H1 2012	Chg. in %
<b>Sales</b>	<b>2243</b>	<b>2424</b>	<b>8%</b>	<b>4316</b>	<b>4812</b>	<b>11%</b>
Cost of sales	-1704	-1833	8%	-3255	-3629	11%
<b>Gross profit</b>	<b>539</b>	<b>591</b>	<b>10%</b>	<b>1061</b>	<b>1183</b>	<b>11%</b>
Selling expenses	-187	-195	4%	-357	-381	7%
Research and development expenses	-34	-53	56%	-65	-98	51%
General administration expenses	-74	-84	14%	-144	-156	8%
Other operating income	58	50	-14%	101	84	-17%
Other operating expenses	-47	-58	23%	-95	-104	9%
<b>Operating result (EBIT)</b>	<b>255</b>	<b>251</b>	<b>-2%</b>	<b>501</b>	<b>528</b>	<b>5%</b>
Income from investments accounted for using the equity method	7	3	-57%	12	6	-50%
Interest income	3	2	-33%	5	4	-20%
Interest expense	-25	-26	4%	-47	-51	9%
Other financial income and expense	-8	-2	75%	-20	-10	-50%
<b>Financial result</b>	<b>-23</b>	<b>-23</b>	<b>0%</b>	<b>-50</b>	<b>-51</b>	<b>-2%</b>
<b>Income before income taxes</b>	<b>232</b>	<b>228</b>	<b>-2%</b>	<b>451</b>	<b>477</b>	<b>6%</b>
Income taxes	-51	-51	0%	-103	-107	-4%
<b>Income after income taxes</b>	<b>181</b>	<b>177</b>	<b>-2%</b>	<b>348</b>	<b>370</b>	<b>6%</b>
of which attributable to non-controlling interests	0	1	n.m.	1	1	0%
of which attributable to LANXESS AG stockholders (net income)	181	176	-3%	347	369	6%

**Abbreviations:**

<b>All</b>	<b>Advanced Industrial Intermediates</b>
<b>BTR</b>	<b>Butyl Rubber</b>
<b>FCC</b>	<b>Functional Chemicals</b>
<b>HPM*</b>	<b>High-Performance Materials</b>
<b>ION</b>	<b>Ion Exchange Resins</b>
<b>IPG</b>	<b>Inorganic Pigments</b>
<b>LEA</b>	<b>Leather</b>
<b>MPP</b>	<b>Material Protection Products</b>
<b>PBR</b>	<b>Performance Butadiene Rubbers</b>
<b>RCH</b>	<b>RheinChemie</b>
<b>RUC</b>	<b>Rubber Chemicals</b>
<b>SGO</b>	<b>Saltigo</b>
<b>TRP</b>	<b>Technical Rubber Products</b>

\* Formerly Semi-Crystalline Products (SCP)

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