

## LANXESS Q3 2013 Financial Summary for Investors and Analysts

### Summary Q3 2013

- Market environment remains difficult
- Sales down 5.0% against prior-year quarter
- Selling price adjustments mainly due to lower raw material costs
- EBITDA pre exceptionals down from €254 million to €187 million
- EBITDA margin 9.1% vs. 11.8% for year-earlier quarter
- Net income and earnings per share decline to €11 million and €0.13, respectively
- Net financial liabilities reduced from the previous quarter to €1,822 million
- Launch of “Advance” program to increase competitiveness
- Guidance range for 2013 narrowed: EBITDA pre exceptionals expected to be between €710 million and €760 million

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Page 1 of 7

## Overview Financials

### Q3 Financial Overview

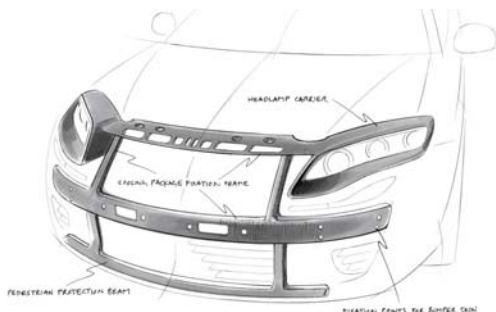
- **Weakness continues – countermeasures initiated**
- Sales decline mainly on lower prices (-11%) and negative currency (-4%); volumes mitigate (+9%)
- COGS decrease underproportionally to sales due to lower price levels mainly in Performance Polymers, risen D&A and inventory devaluation
- Overhead cost reduction reflects overall cost discipline
- Exceptional expenses from “Advance” reflected in earnings
- **Cost discipline and restructuring efforts start to become visible**

### Q3 2013 Balance Sheet:

- **Working capital reduction positively reflected in most KPIs**
- All working capital ratios improved sequentially
- Net financial debt reduced mainly due to working capital management
- Cash positions increase accordingly with working capital reduction
- Net financial debt/EBITDA ratio improves slightly (still around 2.3x)
- Further net financial debt reduction targeted for year-end

### Q3 2013 Cash flow statement:

- **Working capital management supports free cash flow**
- Profit before tax down due to weak operational performance
- D&A rises mainly as new plant for BTR (SG) is now fully recognized in depreciation
- Tax refunds due to timing patterns and lower earnings
- Changes in working capital driven by cash inflow from reduced inventories
- Financing cash flow mirrors slight reduction of gross debt sequentially
- **Operating cash flow on prior-year’s level**



## Q3 2013 Business Overview

### Performance Polymers

- **Volumes recovering – prices remain at low levels**
- Sales deviation yoy: Price -19%, Volume +14%, Currency -4%, Portfolio 0% (approximate numbers)
- Selling prices decreased across the businesses mainly on the back of lower raw material prices and lower market price levels
- Positive volumes in almost all BUs, on a low prior year base and partly driven by restocking
- Selling price decline exceeded relief from raw material costs; negative currency effect and ~€10 m inventory devaluation burdened additionally
- Lower capex as construction for new BTR plant (Singapore) completed

### Advanced Intermediates

- **Strong and stable agro business**
- Sales deviation yoy: Price -2%, Volume +5%, Currency -2%, Portfolio 0% (approximate numbers)
- Stable sales as positive volumes (both BUs with strong agro demand) offset negative price and currency effects
- BU All with good demand in flavor & fragrances
- Prices reflect lower raw material costs (e.g. benzene, toluene)
- Strong earnings and profitability on good utilization rates, however slightly burdened by headwinds from currency and some ramp-up costs for new cresol capacities
- Increased capex due to new projects for customers in BU SGO

### Performance Chemicals

- **Positive volumes and stable prices**
- Sales deviation yoy: Price 0%, Volume +3%, Currency -5%, Portfolio 0% (approximate numbers)
- Minor price movements across all businesses
- Volumes developed positively in almost all BUs; BU LEA suffering from weak chrome ore business
- Headwind from currency effects across the segment
- Positive EBITDA development in BUs MPP (paints), RUC (accelerators) and LPT (water solutions); BU IPG (construction) with stable performance
- Capex decreases as CO<sub>2</sub> facility for BU LEA is completed

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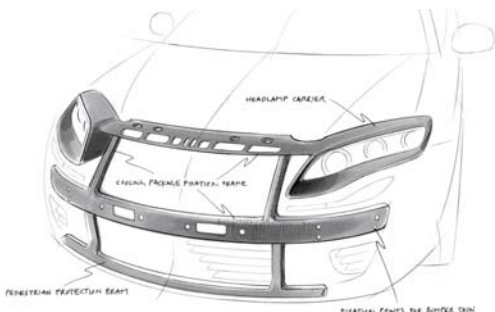
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Page 2 of 7



**Outlook:**

**Expectation unchanged: No improvement in Q4 2013**

**Current macro view**

- Demand has started to slightly improve from tire industry with some customers restocking in Europe and Americas
- Market prices for synthetic rubbers remain at low levels
- European OEM/automotive business still subdued
- Agro demand continues to be strong
- Upward movements in raw material prices visible (e.g. butadiene); uncertainties of near-term development remain

**LANXESS manoeuvres through a tough year 2013**

- Efficiency program “Advance” initiated and in implementation
- FY 2013 EBITDA pre guidance narrowed: €710-760 m

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Page 3 of 7

**Housekeeping items for consideration**

**Additional financial expectations for 2013**

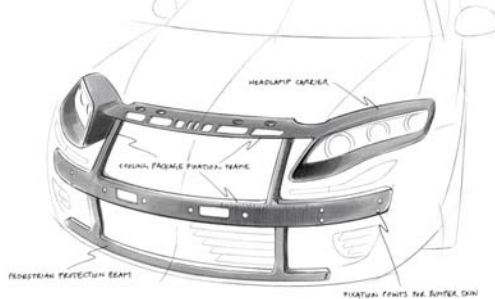
- Capex\* 2013 reduced to ~€600 m
- D&A 2013 ~€420 - €440 m
- Reconciliation 2013 expected between €180-200 m
- Tax rate - mid-term: ~22%  
 - in 2013: mid-term guidance not meaningful due to low earnings; tax rate will be higher
- Hedging 2013 ~55% at 1.25-1.35 USD/EUR
- Hedging 2014 ~40% at 1.25-1.35 USD/EUR
- IAS 19 revised, impact 2013 - operational result: low single-digit million € amount  
 - financial result: low single-digit million € amount

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

Köln, November 12, 2013

**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.



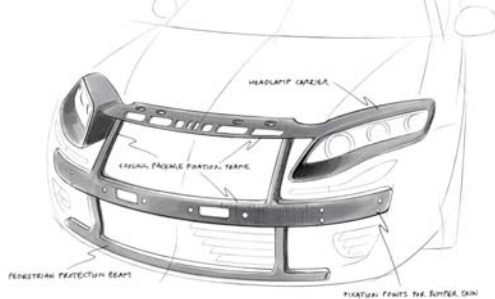
## Financial Overview Q3 2013

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q3 '12	Q3 '13	Chg. in %	Q3 '12	Q3 '13	Chg. in %	Q3 '12	Q3 '13	Chg. in %	Q3 '12	Q3 '13	Chg. in %	Q3 '12	Q3 '13	Chg. in %
<b>Sales</b>	<b>2.159</b>	<b>2.050</b>	-5%	<b>1.192</b>	<b>1.092</b>	-8%	<b>403</b>	<b>403</b>	0%	<b>555</b>	<b>546</b>	-2%	<b>9</b>	<b>9</b>	0%
Price*			-11%			-19%			-2%			0%			0%
Volume*			9%			14%			5%			3%			0%
Currency*			-4%			-4%			-2%			-5%			0%
Portfolio*			0%			0%			0%			0%			0%
<b>EBIT</b>	<b>155</b>	<b>52</b>	-66%	<b>98</b>	<b>13</b>	-87%	<b>58</b>	<b>51</b>	-12%	<b>54</b>	<b>51</b>	-6%	<b>-55</b>	<b>-63</b>	-15%
Deprec. & amortizat.	95	114	20%	53	63	19%	17	20	18%	21	21	0%	4	10	>100%
<b>EBITDA</b>	<b>250</b>	<b>166</b>	-34%	<b>151</b>	<b>76</b>	-50%	<b>75</b>	<b>71</b>	-5%	<b>75</b>	<b>72</b>	-4%	<b>-51</b>	<b>-53</b>	-4%
exceptionals in EBITDA	4	21	>100%	1	8	>100%	0	0	0%	0	0	0%	3	13	>100%
<b>EBITDA pre excep.</b>	<b>254</b>	<b>187</b>	-26%	<b>152</b>	<b>84</b>	-45%	<b>75</b>	<b>71</b>	-5%	<b>75</b>	<b>72</b>	-4%	<b>-48</b>	<b>-40</b>	17%
normalized D&A	95	114	20%	53	63	19%	17	20	18%	21	21	0%	4	10	>100%
EBIT pre excep.	159	73	-54%	99	21	-79%	58	51	-12%	54	51	-6%	-52	-50	4%
exceptionals in EBIT	4	21	>100%	1	8	>100%	0	0	0%	0	0	0%	3	13	>100%
<b>Capex</b>	<b>152</b>	<b>146</b>	-4%	<b>93</b>	<b>86</b>	-8%	<b>22</b>	<b>28</b>	27%	<b>29</b>	<b>24</b>	-17%	<b>8</b>	<b>8</b>	0%
Net financial debt**	1.483	1.822	23%												

\* approximate numbers

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

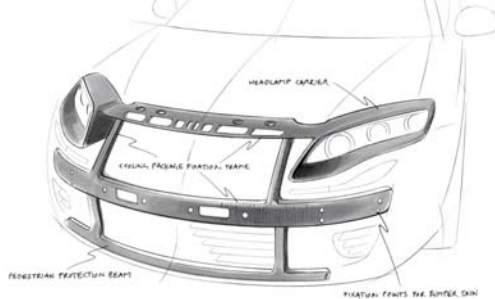


## Financial Overview 9M 2013

in € million	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	9M 2012	9M 2013	Chg. in %	9M 2012	9M 2013	Chg. in %	9M 2012	9M 2013	Chg. in %	9M 2012	9M 2013	Chg. in %	9M 2012	9M 2013	Chg. in %
<b>Sales</b>	<b>6.971</b>	<b>6.286</b>	-10%	<b>4.010</b>	<b>3.404</b>	-15%	<b>1.231</b>	<b>1.229</b>	0%	<b>1.698</b>	<b>1.627</b>	-4%	<b>32</b>	<b>26</b>	-19%
Price*			-8%			-15%			1%			0%			0%
Volume*			0%			1%			0%			-2%			-19%
Currency*			-2%			-2%			-1%			-3%			0%
Portfolio*			0%			0%			0%			0%			0%
<b>EBIT</b>	<b>682</b>	<b>169</b>	-75%	<b>510</b>	<b>94</b>	-82%	<b>174</b>	<b>164</b>	-6%	<b>156</b>	<b>86</b>	-45%	<b>-158</b>	<b>-175</b>	-11%
Deprec. & amortizat.	276	332	20%	151	188	25%	50	56	12%	65	70	8%	10	18	80%
<b>EBITDA</b>	<b>958</b>	<b>501</b>	-48%	<b>661</b>	<b>282</b>	-57%	<b>224</b>	<b>220</b>	-2%	<b>221</b>	<b>156</b>	-29%	<b>-148</b>	<b>-157</b>	-6%
exceptionals in EBITDA	26	58	>100%	3	8	>100%	0	-4	n.m.	15	34	>100%	8	20	>100%
<b>EBITDA pre excep.</b>	<b>984</b>	<b>559</b>	-43%	<b>664</b>	<b>290</b>	-56%	<b>224</b>	<b>216</b>	-4%	<b>236</b>	<b>190</b>	-19%	<b>-140</b>	<b>-137</b>	2%
normalized D&A	274	326	19%	151	188	25%	50	56	12%	63	64	2%	10	18	80%
<b>EBIT pre excep.</b>	<b>710</b>	<b>233</b>	-67%	<b>513</b>	<b>102</b>	-80%	<b>174</b>	<b>160</b>	-8%	<b>173</b>	<b>126</b>	-27%	<b>-150</b>	<b>-155</b>	-3%
exceptionals in EBIT	28	64	>100%	3	8	>100%	0	-4	n.m.	17	40	>100%	8	20	>100%
<b>Capex</b>	<b>381</b>	<b>398</b>	4%	<b>241</b>	<b>229</b>	-5%	<b>54</b>	<b>70</b>	30%	<b>61</b>	<b>77</b>	26%	<b>25</b>	<b>22</b>	-12%
<b>Net financial debt**</b>	<b>1.483</b>	<b>1.822</b>	23%												

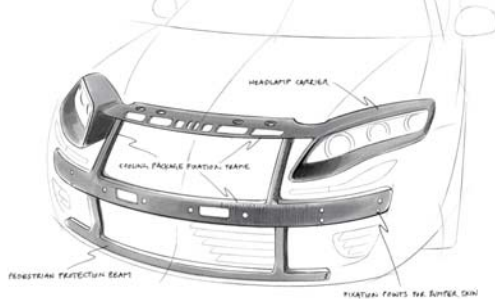
\* approximate numbers

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



**Income Statement Q3 and 9M 2013**

in € million	Q3 2012	Q3 2013	Chg. in %	9M 2012	9M 2013	Chg. in %
Sales	2.159	2.050	-5%	6.971	6.286	-10%
Cost of sales	-1.699	-1.662	-2%	-5.329	-5.098	-4%
Gross profit	460	388	-16%	1.642	1.188	-28%
Selling expenses	-183	-186	2%	-564	-575	2%
Research and development expenses	-49	-43	-12%	-147	-134	-9%
General administration expenses	-80	-76	-5%	-236	-230	-3%
Other operating income	45	18	-60%	129	84	-35%
Other operating expenses	-38	-49	29%	-142	-164	15%
<b>Operating result (EBIT)</b>	<b>155</b>	<b>52</b>	<b>-66%</b>	<b>682</b>	<b>169</b>	<b>-75%</b>
Income from investments accounted for using the equity method	-3	0	100%	3	0	-100%
Interest income	1	0	-100%	5	1	-80%
Interest expense	-25	-28	12%	-76	-82	8%
Other financial income and expense	-9	-4	-56%	-22	-26	18%
<b>Financial result</b>	<b>-36</b>	<b>-32</b>	<b>-11%</b>	<b>-90</b>	<b>-107</b>	<b>19%</b>
<b>Income before income taxes</b>	<b>119</b>	<b>20</b>	<b>-83%</b>	<b>592</b>	<b>62</b>	<b>-90%</b>
Income taxes	-27	-9	-67%	-133	-19	-86%
<b>Income after income taxes</b>	<b>92</b>	<b>11</b>	<b>-88%</b>	<b>459</b>	<b>43</b>	<b>-91%</b>
of which attributable to non-controlling interests	0	0	<i>n.m.</i>	1	-2	<i>n.m.</i>
of which attributable to LANXESS AG stockholders (net income)	92	11	-88%	458	45	-90%



**Abbreviations:**

- 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** RheinChemie
- RUC** Rubber Chemicals
- SGO** Saltigo

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Page 7 of 7

\* As of January 1<sup>st</sup> 2013 BU TRP split into BU KEL (Keltan Elastomers) and BU HPE (High Performance Materials)

\*\* As of April 1<sup>st</sup> 2013 BU ION (Ion Exchange Resins) renamed to BU LTP (Liquid Purification Technologies)