

H1



LANXESS – Q2 2014 Roadshow

Realignment program and Q2 2014 results

Bernhard Duettmann, CFO

LANXESS
Energizing Chemistry

Safe harbor statement

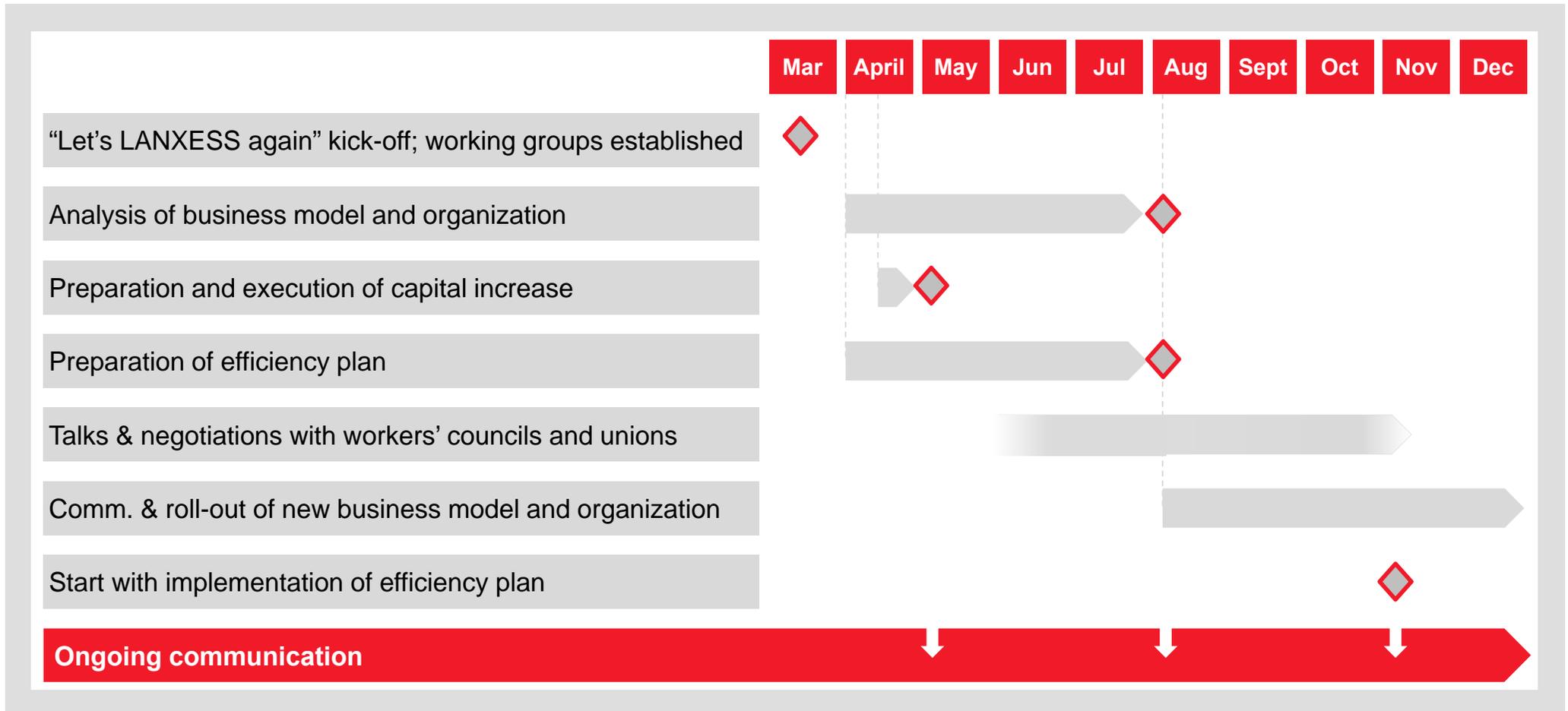
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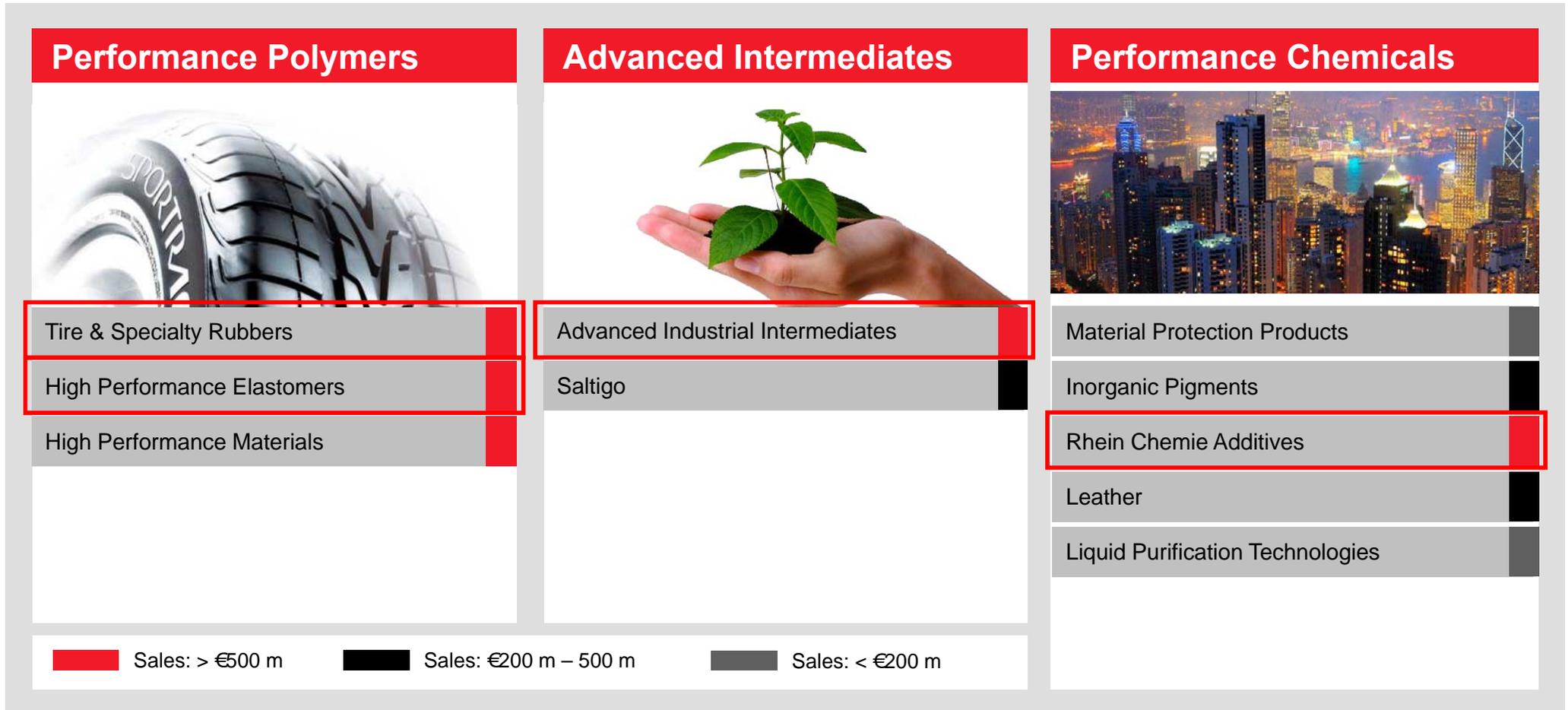
Agenda

- **“Let’s LANXESS again” status overview**
- Executive overview Q2 2014
- Business and financial review Q2 2014
- Outlook

Fast process with ongoing communication



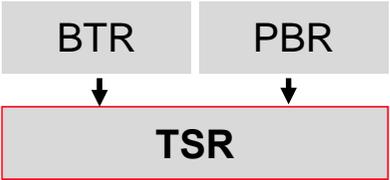
Business structure competitiveness: New business set-up creates more efficient and more effective market approach

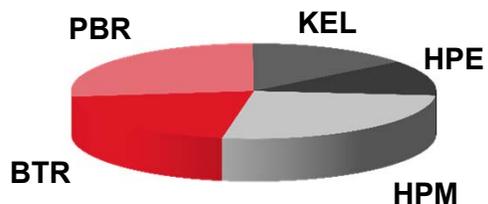


Reporting structure as of January 1st 2015

Business structure competitiveness: Leaner structure and better market orientation

Changes to Performance Polymers segment reported as of January 1st 2015

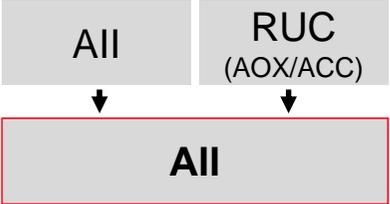
BU name	Composition	Rationale	Headed by
Tire & Specialty Rubbers (TSR)		<ul style="list-style-type: none"> Customer-oriented: Combine tire-related businesses in best-practice approach High customer overlap in established markets; complementary regional strength in emerging markets 	Jorge Nogueira
High Performance Elastomers (HPE)		<ul style="list-style-type: none"> Customer-oriented: Significant customer overlap in technical rubber related business Combined services (e.g. application technology) 	Jan Paul de Vries



Sales split based on H1 2014 sales

Business structure competitiveness: Efficiency increase

Considered change to Advanced Intermediates segment reported as of January 1st 2015

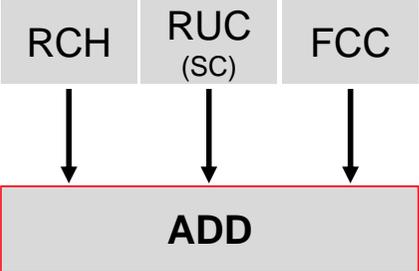
BU name	Composition	Rationale	Headed by
Advanced Industrial Intermediates (All)	<p>Option A</p> 	<ul style="list-style-type: none"> Business model driven: Combine two asset-driven businesses, leveraging asset management know-how Apply All's best practice approach to globally market rubber chemicals out of Europe <p>Parallel consideration:</p>	Hubert Fink
Rubber Chemicals (AOX / ACC)	<p>Option B</p> 	<ul style="list-style-type: none"> Evaluation of strategic options for AOX and ACC businesses ongoing Decision latest by end of Q3 2014 	

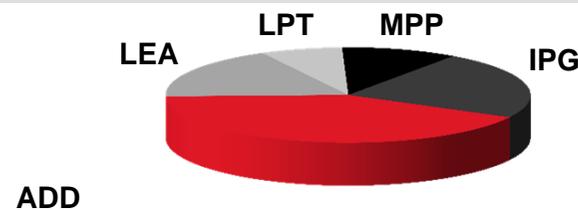
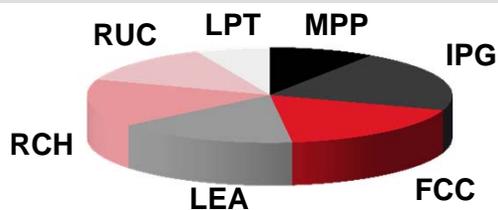


Sales split based on H1 2014 sales

Business structure competitiveness: Leaner structure and better market orientation

Changes to Performance Chemicals segment reported as of January 1st 2015

BU name	Composition	Rationale	Headed by
Rhein Chemie Additives (ADD)		<ul style="list-style-type: none"> Business model driven: Additive businesses with similar service-oriented market approach Stronger market position in additives business as one combined player One face to the customer: More efficient customer approach especially in rubber and plastic businesses 	Anno Borkowsky



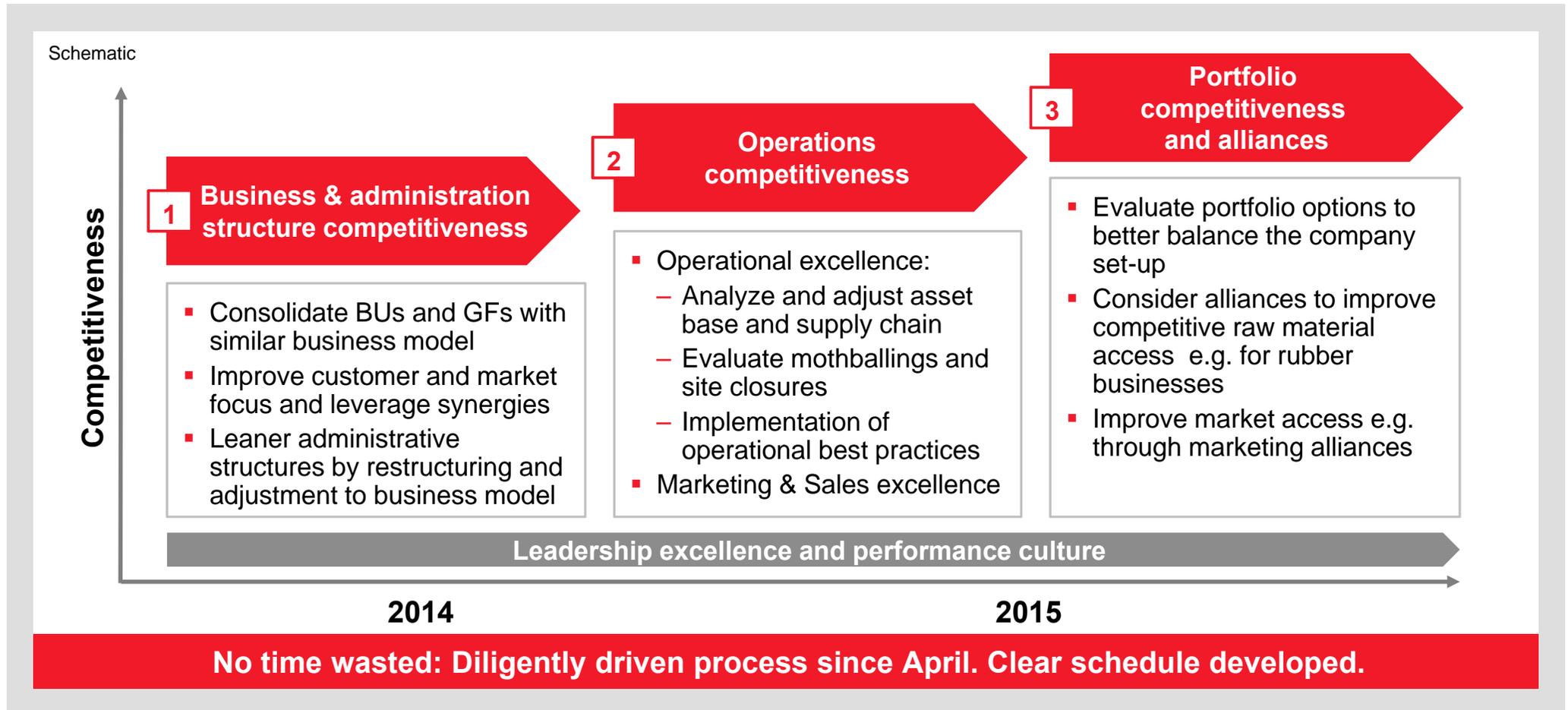
Sales split based on H1 2014 sales

~40 % of leadership functions have been changed with focus on Performance Polymers

	Areas of change	New responsibilities
Board	MoB (PP / AI)	MoB (PP / AI) Matthias Zachert (interim)
Performance Polymers	BTR PBR KEL HPE	TSR Jorge Nogueira HPE Jan Paul de Vries
Performance Chemicals	LEA RUC FCC RCH	LEA Luis López-Remón ADD Anno Borkowsky
Group functions	DEV COM IEA ASC INN IT LIP IA	DEV Markus Eckert COM Claus Zemke (Jan 1 st 2015) PTSE Par Singh IT Hermann Schuster (interim) LEX Jochen Schroer



A 3-phase realignment program has been defined



Agenda

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Highlights Q2 2014



- Sequentially stable prices in Performance Polymers, but pressure remains
- Advanced Intermediates segment rock solid
- Strong EBITDA contribution from Performance Chemicals segment



Operational improvements in Performance Chemicals



- Volumes in Performance Polymers lower yoy
- No improvement in prices yoy for most synthetic rubber products; EPDM (BU KEL) and Butyl (BU BTR) with ongoing challenges



Ongoing challenges in Performance Polymers



- Successful capital increase to fund restructuring and strengthen balance sheet (May 8th 2014)
- “Let’s LANXESS again” program with full steam ahead
- New business unit set-up and management announced



Strong sense of urgency

Q2 2014: Price decline shows competitive challenges

Q2 yoy sales variances		Price	Volume	Currency	Portf.	Total
	Perf. Polymers	-7%	-1%	-3%	-1%	-12%
	Adv. Intermediates	-3%	8%	-2%	0%	3%
	Perf. Chemicals	0%	4%	-3%	0%	1%
LANXESS		-5%	2%	-3%	0%	-6%

- Sales decrease on lower selling prices (mainly raw-material induced) and currency burden
- Volumes increase in Advanced Intermediates and Performance Chemicals, more than offsetting volume decline in Performance Polymers (impact from strike)

Q2 yoy EBITDA pre bridge [€ m]



- Relief from lower raw material did not fully offset effect of price decrease
- “Others” driven by reduced idle costs due to higher production volumes, absence of inventory devaluation (~€10 m) and some “Advance” effects

Q2 2014 yoy: Improved or stable earnings in all segments – prices in Performance Polymers remain a burden

Performance Polymers

Sales €1,036 m

Price	Volume	Currency	Portfolio	Total
-7%	-1%	-3%	-1%	-12%

- Prices decline mainly driven by raw-material prices (butadiene)
- Price challenges in EPDM and Butyl remain (S/D driven)
- Volumes slightly lower yoy (e.g. strike in BU BTR)
- Higher utilization and absence of inventory devaluation support

Advanced Intermediates

Sales €403 m

Price	Volume	Currency	Portfolio	Total
-3%	+8%	-2%	0%	+3%

- Lower prices reflect lower raw-material prices (mainly toluene)
- Strong profitability across the segment; Agro markets with good demand
- EBITDA improvement held back somewhat by maintenance and currency effects (BU All)

Performance Chemicals

Sales €569 m

Price	Volume	Currency	Portfolio	Total
0%	+4%	-3%	0%	+1%

- Visible improvement in BU LEA
- Good contribution from BU RUC based on restructuring efforts and increased focus on environmental sustainability in China
- Good construction demand (BU IPG)

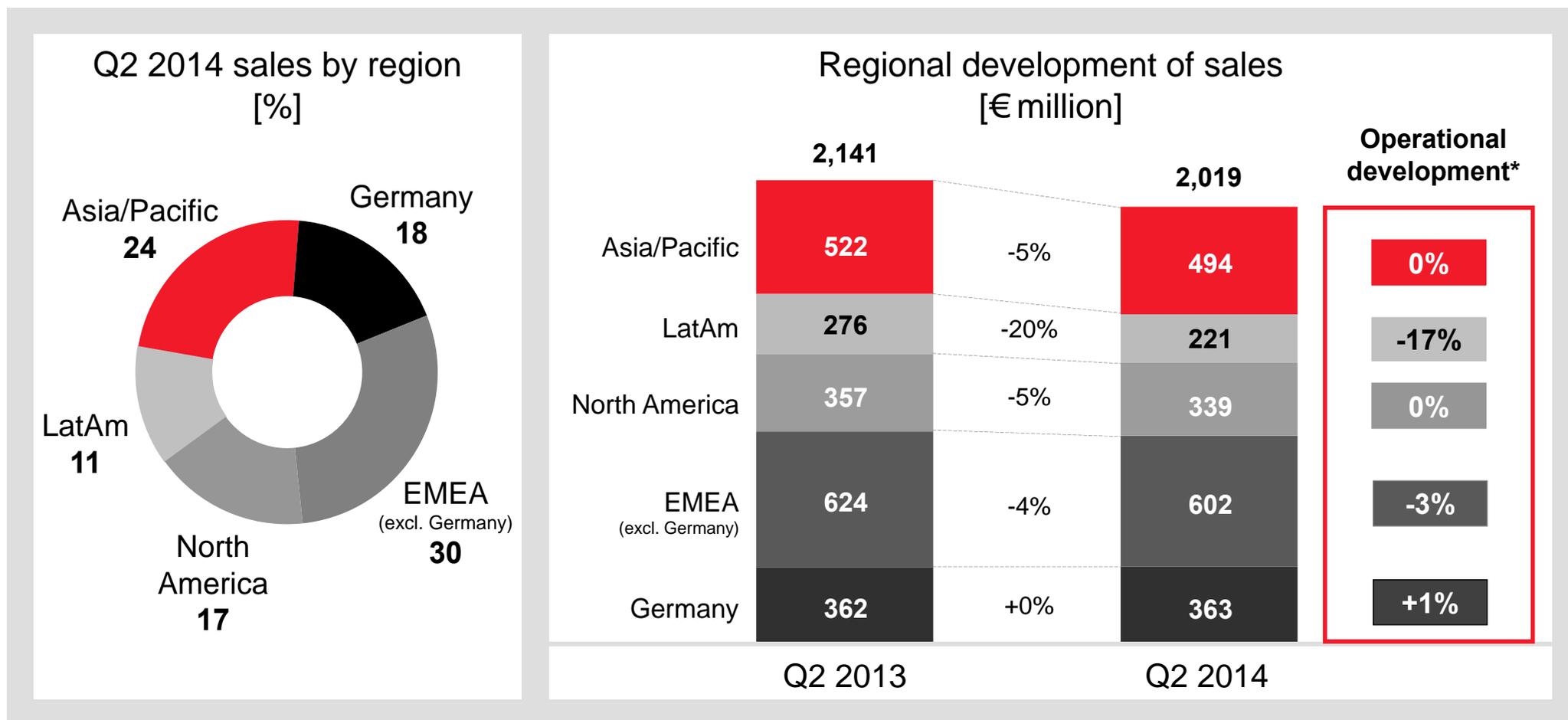
EBITDA pre and Margins Q2 2014 (Q2 2013)

 **€122 m, 12%** (€94 m, 8%)

 **€73m, 18%** (€74 m, 19%)

 **€86 m, 15%** (€67 m, 12%)

Q2 2014: Selling prices decline in all regions – volumes however increased, except for Latin America



* Currency and portfolio adjusted

Q2 2014 financial overview: Earnings improve but remain at moderate levels

[€ m]	Q2 2013	Q2 2014	yoy in %
Sales	2,141	2,019	-5.7%
EBITDA pre except. margin	198 9.2%	239 11.8%	20.7%
EPS	0.11	0.63	>100%
EPS pre ¹	0.42	0.79	87.5%
Capex²	159	154	-3.1%
Free Cash Flow	-66	24	>100%
[€ m]	31.12.2013	30.06.2014	Δ %
Net financial debt	1,731	1,495	-13.6%
Net working capital	1,679	1,935	15.2%
ROCE	5.8%	7.1%	
Employees	17,343	16,886	-2.6%

- Sales decrease due to price declines and currency burden, mitigated by slight volume increase
- EPS increase on improved operating earnings and lower exceptional items
- Net financial debt reduction reflects capital increase
- Net working capital higher on volume-driven inventory increase (preparation for H2 maintenance shut-downs)

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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Q2 2014: EBITDA increase versus a comparatively low basis

[€ m]	Q2 2013	Q2 2014	yoy in %	
Sales	2,141 (100%)	2,019 (100%)	-6%	<ul style="list-style-type: none"> ▪ Sales declined mainly as slightly higher volumes (+2%) do not offset lower prices (-5%) ▪ Overhead costs lower due to high cost discipline ▪ EBITDA pre performance is held back by effect from strike in Belgium (BU BTR) ▪ Net income is supported by lower exceptionals and lower interest costs
Cost of sales	-1,736 (81%)	-1,579 (78%)	9%	
Selling	-200 (9%)	-188 (9%)	6%	
G&A	-75 (4%)	-71 (4%)	5%	
R&D	-43 (2%)	-40 (2%)	7%	
EBIT	50 (2%)	122 (6%)	>100%	
Net Income	9 (0%)	55 (3%)	>100%	
EPS	0.11	0.63	>100%	
EPS pre ¹	0.42	0.79	56%	
EBITDA	166 (8%)	221 (11%)	33%	
thereof exceptionals	-32 (0%)	-18 (1%)	-44%	
EBITDA pre exceptionals	198 (9.2%)	239 (11.8%)	21%	

Cost discipline and lower idle costs drive profit improvement

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

Performance Polymers: Market conditions remain tough – improved utilization rates drive earnings

[€ m]	Q2 2013	Q2 2014	Δ
Sales	1,178	1,036	-12.1%
EBIT	29	68	>100%
Depr. / Amort.	65	51	-21.5%
EBITDA pre exceptionals	94	122	29.8%
Margin	8.0%	11.8%	
Capex*	85	112	31.8%

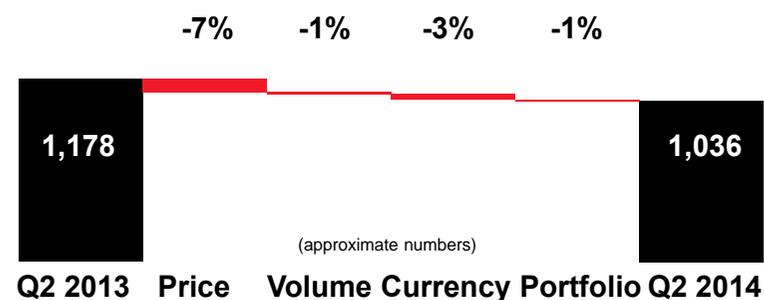
Q2 comments

- Prices decline raw-material induced (butadiene) and from competitive pressure in EPDM (BU KEL) and Butyl (BU BTR)
- Volumes decline in almost all rubber units, additionally negatively impacted by strike in Belgium; volumes in PA compounds increase, continuing BU HPM's growth path
- EBITDA improves on higher utilization rates and absence of inventory devaluation (~€10 m in Q2 2013)
- D&A decreases due to impairments at year end 2013

H1 2013	H1 2014	Δ
2,312	2,099	-9.2%
81	120	48.1%
125	107	-14.4%
206	239	16.0%
8.9%	11.4%	
143	188	31.5%



Q2 sales bridge yoy [€ m]



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

Advanced Intermediates: Again rock solid performance

[€ m]	Q2 2013	Q2 2014	Δ
Sales	393	403	2.5%
EBIT	59	51	-13.6%
Depr. / Amort.	19	21	10.5%
EBITDA pre exceptionals	74	73	-1.4%
Margin	18.8%	18.1%	
Capex*	23	20	-13.0%

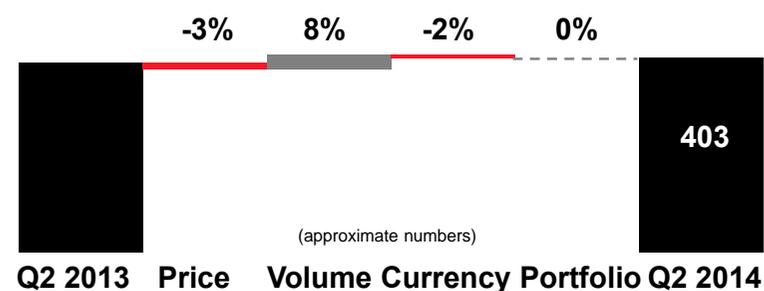
Q2 comments

- Selling price decline driven by raw-material prices (mainly toluene)
- Volumes rise in BU All in aromatic network (e.g. debottlenecking in cresol) and benzyl products (agro demand driven)
- BU SGO with positive volumes from new agro projects
- EBITDA pre performance held back by maintenance expenses and some currency effects

	H1 2013	H1 2014	Δ
	826	822	-0.5%
	113	99	-12.4%
	36	44	22.2%
	145	145	0.0%
	17.6%	17.6%	
	42	39	-7.1%



Q2 sales bridge yoy [€ m]



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

Performance Chemicals: Another quarter of improved earnings

[€ m]	Q2 2013	Q2 2014	Δ
Sales	561	569	1.4%
EBIT	6	60	>100%
Depr. / Amort.	28	23	-17.9%
EBITDA pre exceptionals	67	86	28.4%
Margin	11.9%	15.1%	
Capex*	34	18	-47.1%

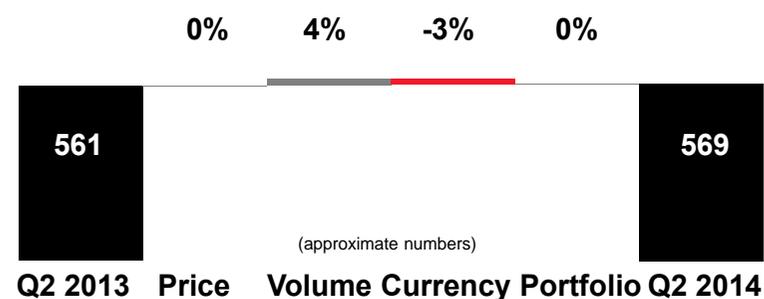
Q2 comments

- Prices remain stable amid some input cost relief
- Volumes driven by BU LEA (stable production in chrome ore) and BU MPP with good demand for biocides in paints
- EBITDA improvement driven by BU LEA and BU RUC (restructuring yielding results and recovering accelerators-business due to environmental aspects in China); BU IPG (construction) with consistent strong contribution
- Capex lower as projects are finalized in BUs LEA and RCH

	H1 2013	H1 2014	Δ
Sales	1,081	1,119	3.5%
EBIT	35	98	>100%
Depr. / Amort.	49	43	-12.2%
EBITDA pre exceptionals	118	154	30.5%
Margin	10.9%	13.8%	
Capex*	53	28	-47.2%



Q2 sales bridge yoy [€ m]



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

Financials start to gradually move into the right direction

[€ m]	Dec 13	Jun 14
Total assets	6,811	7,196
Equity	1,900	2,324
Equity ratio	28%	32%
Net financial debt	1,731	1,495
Net financial debt/EBITDA pre¹	2.36	1.85
Near cash, cash & cash equivalents	533	570
Pension provisions	943	1,083
ROCE¹	5.8%	7.1%
Net working capital	1,679	1,935
Net working capital/sales¹	20%	24%
DSI (in days) ²	58	66
DSO (in days) ²	48	51

- Total assets increase due to capital increase in May 2014 and higher working capital
- Equity ratio and net financial debt/EBITDA nicely improve with successful capital increase
- Pension provisions increase mainly due to lower interest rates
- Net working capital rises on higher inventories (in preparation for maintenance in H2) and higher receivables

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

Q2 2014: Improved operating cash flow

[€ m]	Q2 2013	Q2 2014	
Profit before tax	11	94	<ul style="list-style-type: none"> ▪ Profit before tax increased from improved business performance ▪ D&A decreased after impairments at year end 2013 ▪ Changes in other assets and liabilities mainly reflect lower variable compensation payouts ▪ Investing cash flow mirrors investment in near cash assets ▪ Financing cash flow contains €500 m bond repayment and inflowing funds from capital increase
Depreciation & amortization	116	99	
Gain from sale of assets	-1	0	
Result from investments (using equity method)	0	-4	
Financial (gains) losses	28	13	
Cash tax payments/refunds	-7	9	
Changes in other assets and liabilities	-109	9	
Operating cash flow before changes in WC	38	220	
Changes in working capital	55	-42	
Operating cash flow	93	178	
Investing cash flow	-93	-293	
thereof capex*	-159	-154	
Financing cash flow	-80	11	

Free cash flow turns positive

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

Agenda

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- **Outlook**

Almost unchanged outlook for most industries – FY 2014 guidance narrowed

Macro expectations 2014

- Tire industry growth higher than 2013 but less than expected; good replacement tire demand but weaker than expected OEM businesses
- Automotive industry with slower growth than anticipated (especially Latin America and Asia)
- Agro chemicals demand remains robust
- Construction industry expected to grow yoy with regionally different impetus; US robust
- US Dollar expected volatile in 2014; political uncertainties remain a risk

LANXESS expectations 2014

- Guidance narrowed: For FY 2014 we expect an improved EBITDA pre in the bandwidth of €780-820 m; H2 burdened by maintenance in several BUs and ramp-up costs for EPDM in China (included in guidance)



LANXESS

Energizing Chemistry



Appendix

Housekeeping items for consideration

Additional financial expectations

- Capex 2014: around previous year's level (2013: €624 m)
- Capex 2015: clearly <€600 m
- Capex 2016: €400-450 m
- D&A 2014: ~€400-420 m
- Reconciliation 2014: ~€190 m
- Ramp-up cost EPDM China: ~€10 m in Q4 2014
- Updated: Annual tax rate:
 - due to the current weakness of the rubber businesses and regionally different tax rates, we now expect a tax rate >30% in 2014
 - mid-term: In normalized business environment and after completion of realignment program ~22-25%
- Hedging 2014: ~50% at 1.25 -1.40 USD/EUR
- Hedging 2015: ~25% at 1.25 -1.40 USD/EUR



LANXESS has a broad customer portfolio

LANXESS sales distribution by industry, 2013



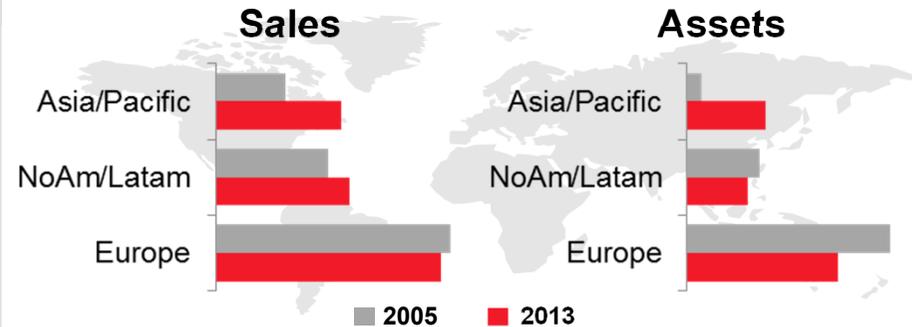
LANXESS – a strong and successful history

From a “NewCo” to a chemical brand

- Transformation from an unwanted child into an established chemical player
- Successful development rewarded and reflected externally (first share price @ 15.75€)



Increasing global footprint



Strong business leaderships

- Quality, technology and process leadership in many products across the company
- Strong market positions (#1-4 in most business units)



Good financial strength for most of the years

- Investment grade rating since spin-off
- Strong maturity profile with long term financing



BBB (-)
stab. outlook

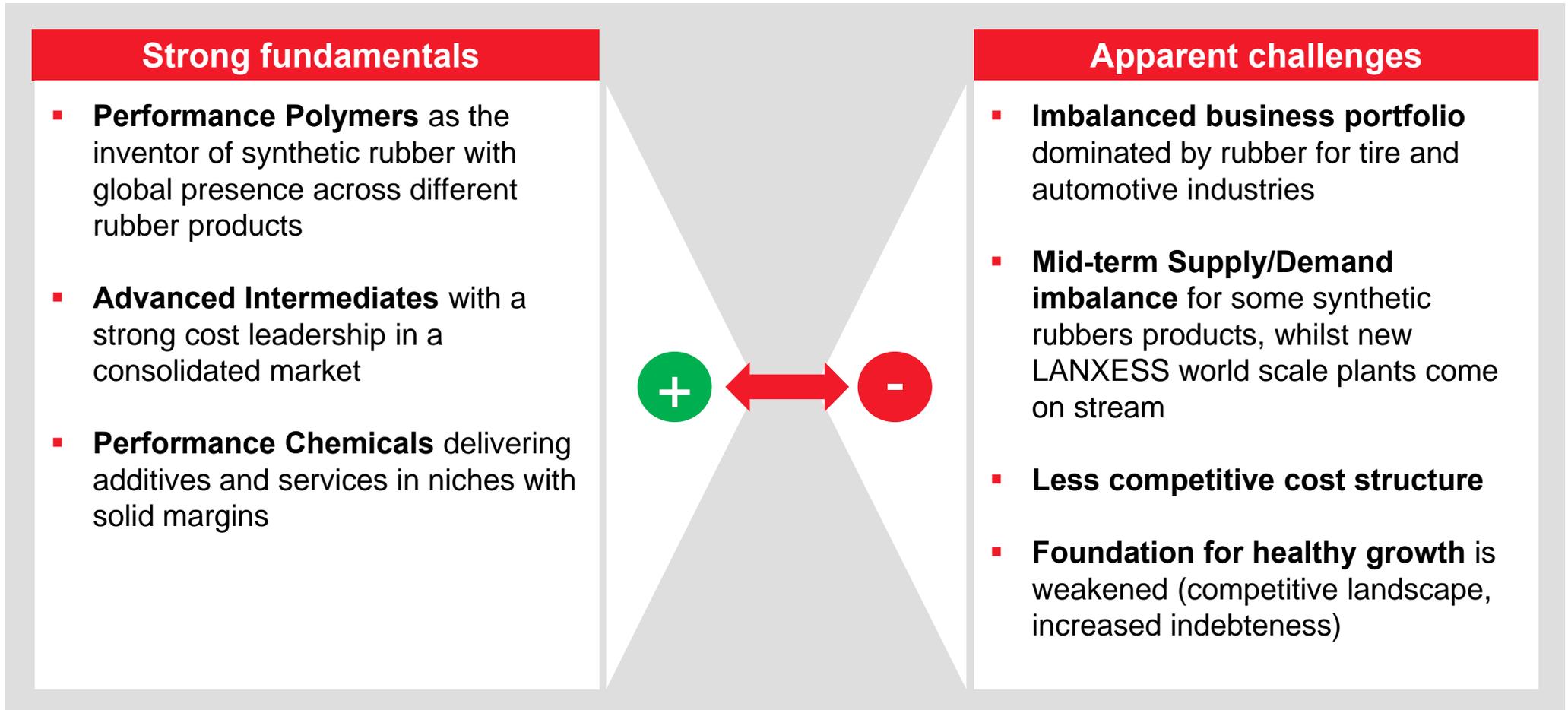


Baa3
stab. outlook



BBB
neg. outlook

Strong fundamentals face apparent challenges



- S/D balances in the rubber industry mid-term unfavorable

Leading market positions ...

Halo Butyl

- LANXESS globally #2 of 3 established players

Nd-PBR

- LANXESS leading player in quality and technology
- Globally #1 (of total ~7 established players)

SSBR

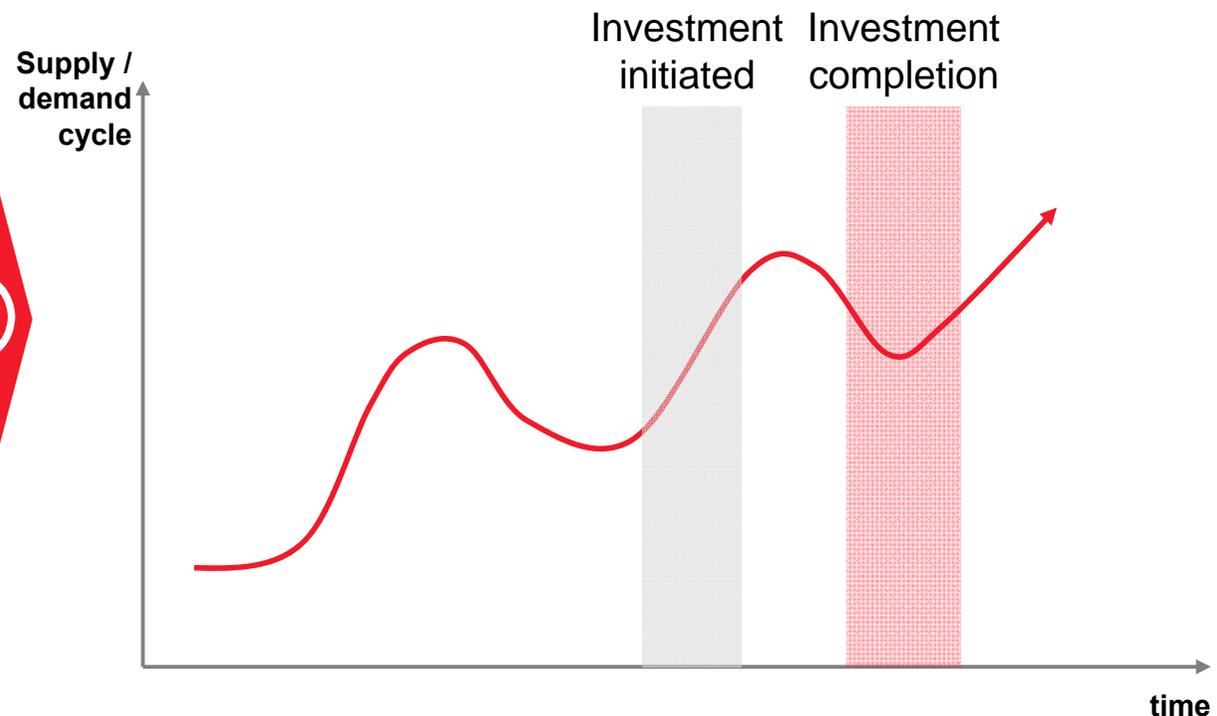
- Amongst the leading players with high quality

EPDM

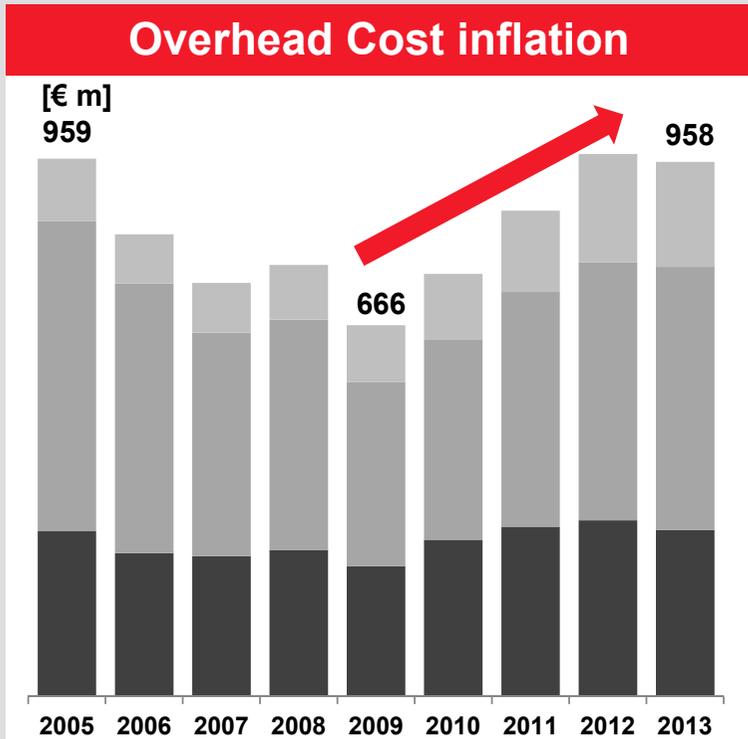
- LANXESS globally #1 (ACE technology)



... but investments were made in an up-cycle move



- We have returned to an uncompetitive cost structure

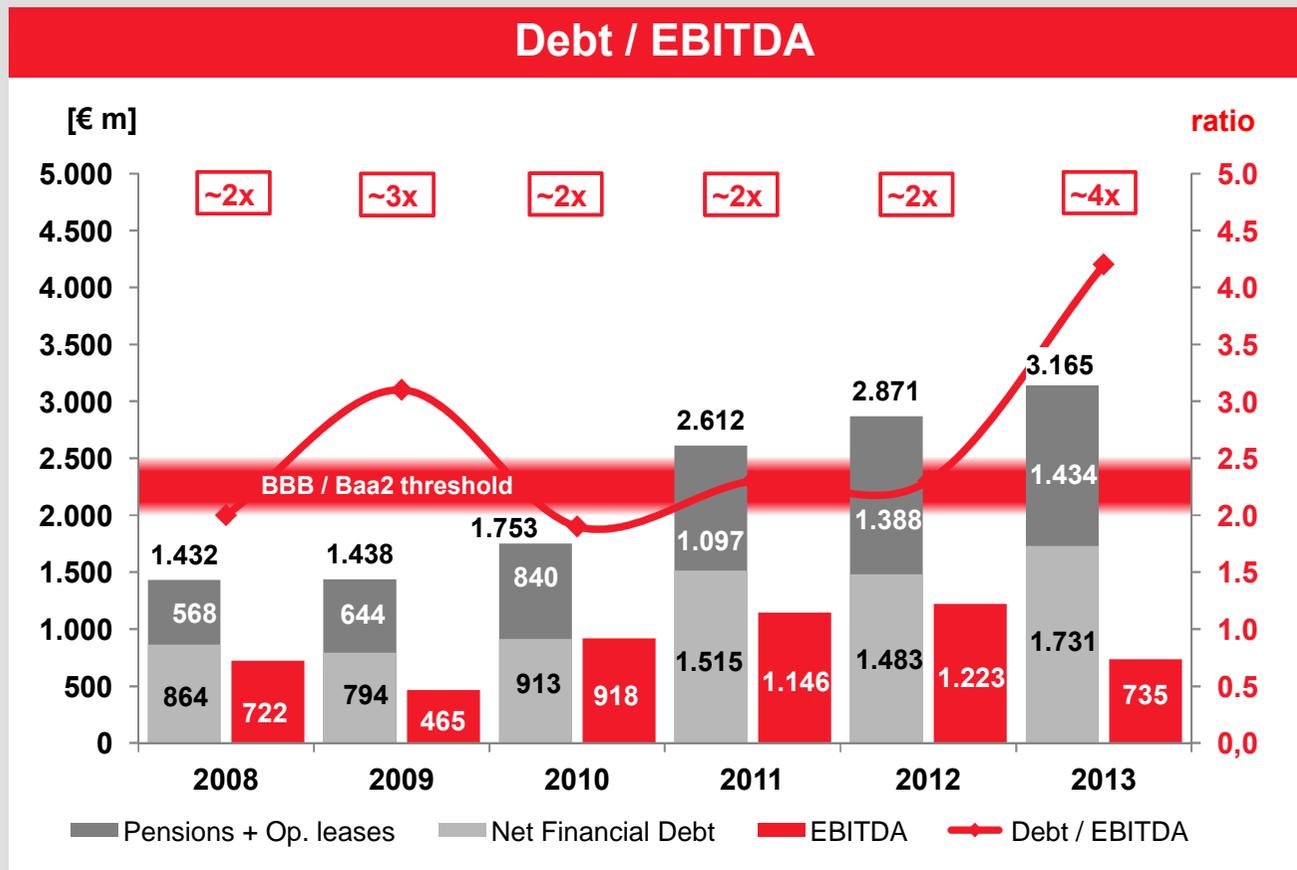


Overhead Costs 2013

- Overhead costs have substantially increased since 2009
- We are at “pre-restructuring levels” of 2005
- Cost structure has become inappropriate for the type of businesses we have
- R&D alone has risen by ~110% since 2007

We have to get back to cost competitive structures again

LANXESS Debt / EBITDA ratio is currently too high



Deterioration is actively addressed by a set of measures:

- Back to capex discipline
- Cost savings program to be initiated
- Portfolio measures to be considered

Committed to our investment grade rating

All references to EBITDA are pre exceptionals; all reference to Debt: Debt = financial debt – cash + pensions + oper. leases
pensions are provisions on balance sheet, operating leases are included with amount of minimum future payments

Q1 vs Q2 2014 with sequentially lower volumes and stable prices

Q2 seq sales variances		Price	Volume	Currency	Portf.	Total
	Perf. Polymers	1%	-3%	0%	-1%	-3%
	Adv. Intermediates	0%	-4%	0%	0%	-4%
	Perf. Chemicals	0%	4%	0%	0%	4%
LANXESS		0%	-1%	0%	0%	-1%

- Sales decrease marginally due to lower volumes
- Selling price increase in Performance Polymers mainly from raw material price movements (butadiene)
- Volume decline in Performance Polymers driven by BUs KEL and HPE
- Volume decline in Advanced Intermediates mainly due to maintenance patterns
- Volume increase in Performance Chemicals reflects normal seasonality



H1 2014: Earnings held back by reduced selling price levels

H1 yoy sales variances		Price	Volume	Currency	Portf.	Total
	Perf. Polymers	-10%	3%	-2%	0%	-9%
	Adv. Intermediates	-4%	5%	-2%	0%	0%
	Perf. Chemicals	0%	6%	-3%	1%	4%
LANXESS		-6%	4%	-2%	0%	-4%

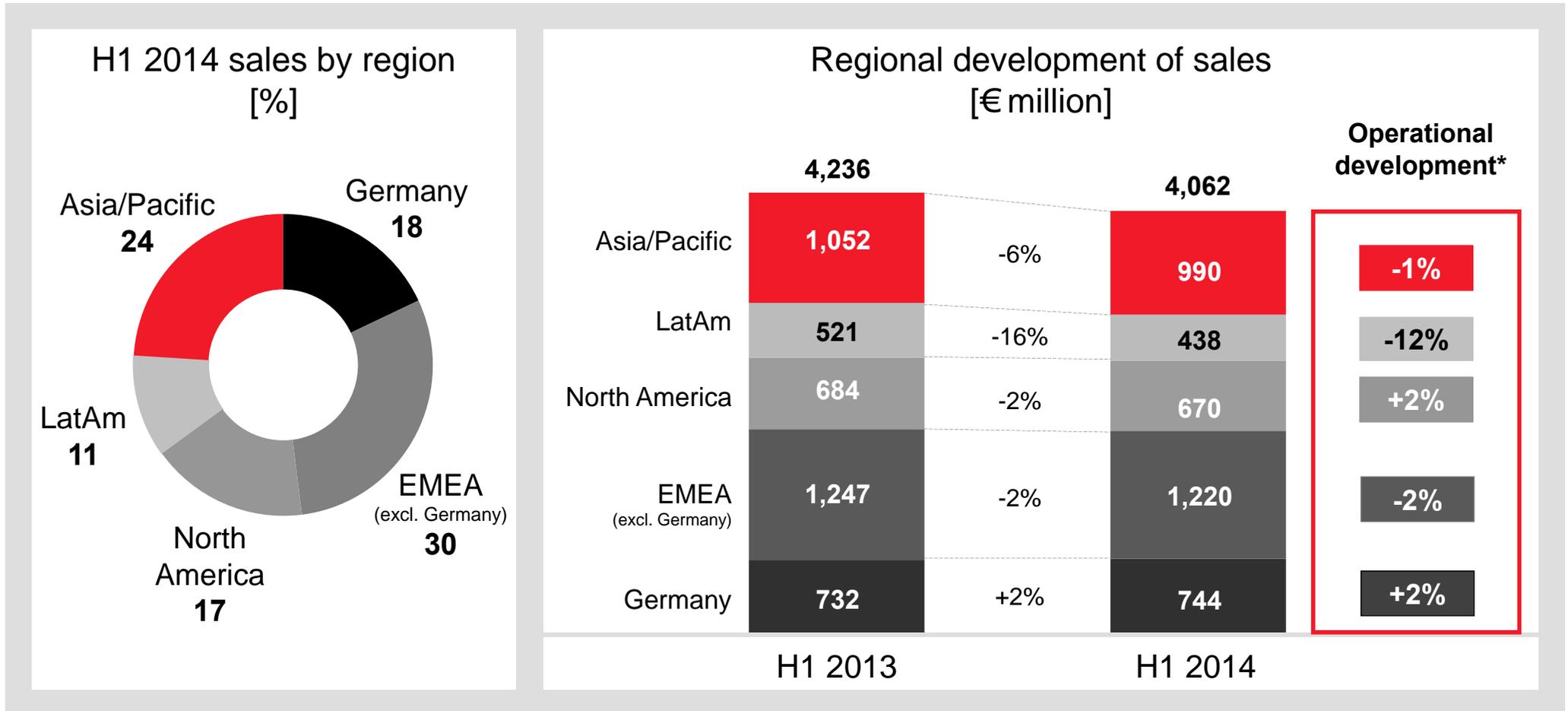
- Sales decrease mainly due to lower selling prices and currency headwinds
- All segments with positive volume development

H1 yoy EBITDA pre bridge [€ m]



- Selling price decline exceeds relief in input costs; BUs BTR and KEL with ongoing challenges
- “Others” driven by absence of one-time burdens and lower idle costs

H1 2014: Emerging market's sales development dominated by Performance Polymers' sales decline



* Currency and portfolio adjusted

H1 2014: Cost discipline and lower idle costs drive earnings development

[€ m]	H1 2013	H1 2014	yoy in %	
Sales	4,236 (100%)	4,062 (100%)	-4%	<ul style="list-style-type: none"> ▪ Sales decrease as lower prices (-6%) are not offset by higher volumes (+4%) ▪ Cost of sales show a disproportionately large decline due to the absence of one-time burdens (~€40 m) and reduced idle costs on better utilization ▪ All overhead line items reflect "Advance" measures and high cost discipline ▪ Net income and EPS positively impacted by lower interest rates and reduced D&A²
Cost of sales	-3,436 (81%)	-3,205 (79%)	7%	
Selling	-389 (9%)	-374 (9%)	4%	
G&A	-154 (4%)	-145 (4%)	6%	
R&D	-91 (2%)	-85 (2%)	7%	
EBIT	117 (3%)	197 (5%)	68%	
Net Income	34 (1%)	80 (2%)	>100%	
EPS	0.41	0.93	>100%	
EPS pre ¹	0.76	1.32	21.9%	
EBITDA	335 (8%)	399 (10%)	19%	
thereof exceptionals	-37 (1%)	-45 (1%)	22%	
EBITDA pre exceptionals	372 (8.8%)	444 (10.9%)	19%	

Improved earnings on low levels

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

² Impairment at year-end 2013

H1 2014: Improved operating cash flow

[€ m]	H1 2013	H1 2014	
Profit before tax	42	132	<ul style="list-style-type: none"> Profit before tax increased due to better business performance D&A decrease reflects impact of year-end 2013 impairment Changes in other assets and liabilities reflect pay-out for var. compensation in 2013; 2014 reflects "Advance" provisions Financing cash flow comprises €500 m bond repayment and funds from capital increase Investing cash flow also contains investment in near cash assets
Depreciation & amortization	218	202	
Gain from sale of assets	-1	0	
Result from investments (using equity method)	0	-5	
Financial (gains) losses	53	38	
Cash tax payments/refunds	-41	19	
Changes in other assets and liabilities	-108	51	
Operating cash flow before changes in WC	163	437	
Changes in working capital	-230	-250	
Operating cash flow	-67	187	
Investing cash flow	51	-415	
thereof capex*	-252	-262	
Financing cash flow	-99	100	

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

Balance sheet

[€ m]	Jun'13	Dec'13	Jun'14		Jun'13	Dec'13	Jun'14
Non-current assets	3,820	3,592	3,717	Stockholders' equity	2,198	1,900	2,324
Intangible assets	388	323	319	Non-current liabilities	3,097	3,029	3,281
Property, plant & equipment	3,081	2,903	3,000	Pension & post empl. provis.	921	943	1,083
Equity investments	0	12	17	Other provisions	286	258	269
Other investments	14	13	13	Other financial liabilities	1,681	1,649	1,774
Other financial assets	7	11	13	Tax liabilities	35	49	39
Deferred taxes	213	254	283	Other liabilities	103	101	86
Other non-current assets	117	76	72	Deferred taxes	71	29	30
Current assets	3,448	3,219	3,479	Current liabilities	1,973	1,882	1,591
Inventories	1,527	1,299	1,477	Other provisions	366	355	387
Trade accounts receivable	1,212	1,070	1,152	Other financial liabilities	740	668	316
Other financial & current assets	338	317	280	Trade accounts payable	657	690	694
Near cash assets	97	106	269	Tax liabilities	27	21	60
Cash and cash equivalents	274	427	301	Other liabilities	183	148	134
Total assets	7,268	6,811	7,196	Total equity & liabilities	7,268	6,811	7,196

- Inventories increase in a normal pattern to prepare for maintenance in H2 2014
- Increase in stockholders' equity reflects capital increase in May 2014
- Other financial liabilities clearly reduced with €500 m bond repayment in April 2014

“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	✓	✓	✓

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 All Dichlorobenzene (GER), Q1 2013, debottlenecking +15%
 BU All Cresols (GER), end of 2013, debottlenecking +20%
 BU LEA Leather chemicals (CHN), H1 2013, up to 50kt
 BU LEA CO₂ plant (ZA), Q4 2013, new plant

**2014
(completed)**

BU HPM Polyamide (Belgium), Q3 2014, new plant 90kt
 BU HPM Compounding (BRA), Q2 2014, new plant 20kt

2014

BU LPT Ion exchange resins (GER), mid 2014, debottlenecking +33%

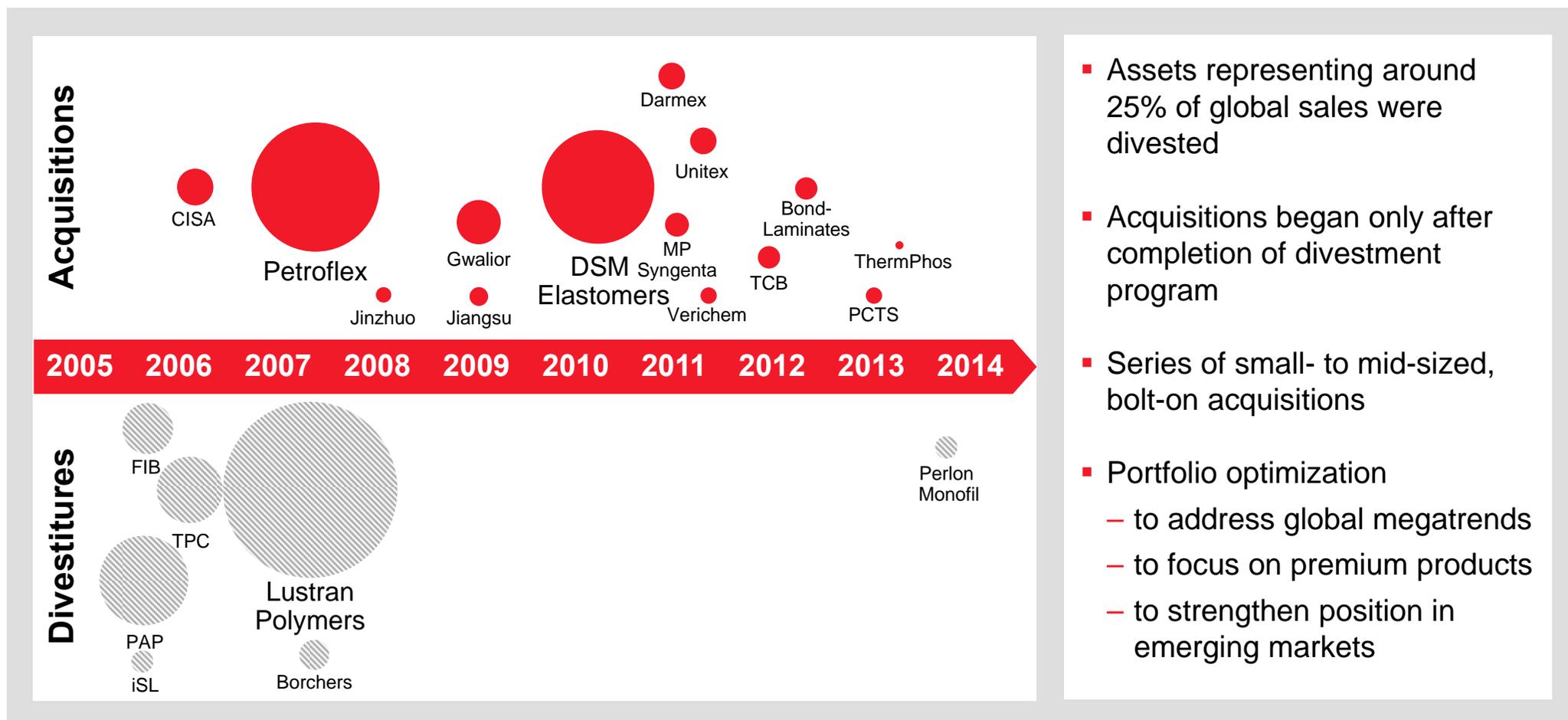
2015 +

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), Q1 2016, new plant 25kt



* Expected for the label introduction in Brazil (2016); to be further evaluated

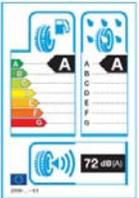
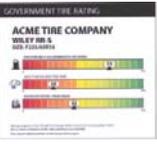
Active portfolio transformation



- 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

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 1 st 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

Corporate Responsibility well integrated - achieving goals sustainably

Climate / Environmental goals

- Reduction of specific CO₂ 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

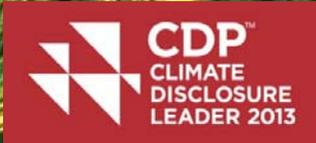
- 'Supplier Code of Conduct' for supplier selection and rating
- 'Together for Sustainability' initiative** for higher transparency in the supply chain (implementation of a global auditing program)

Safety 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



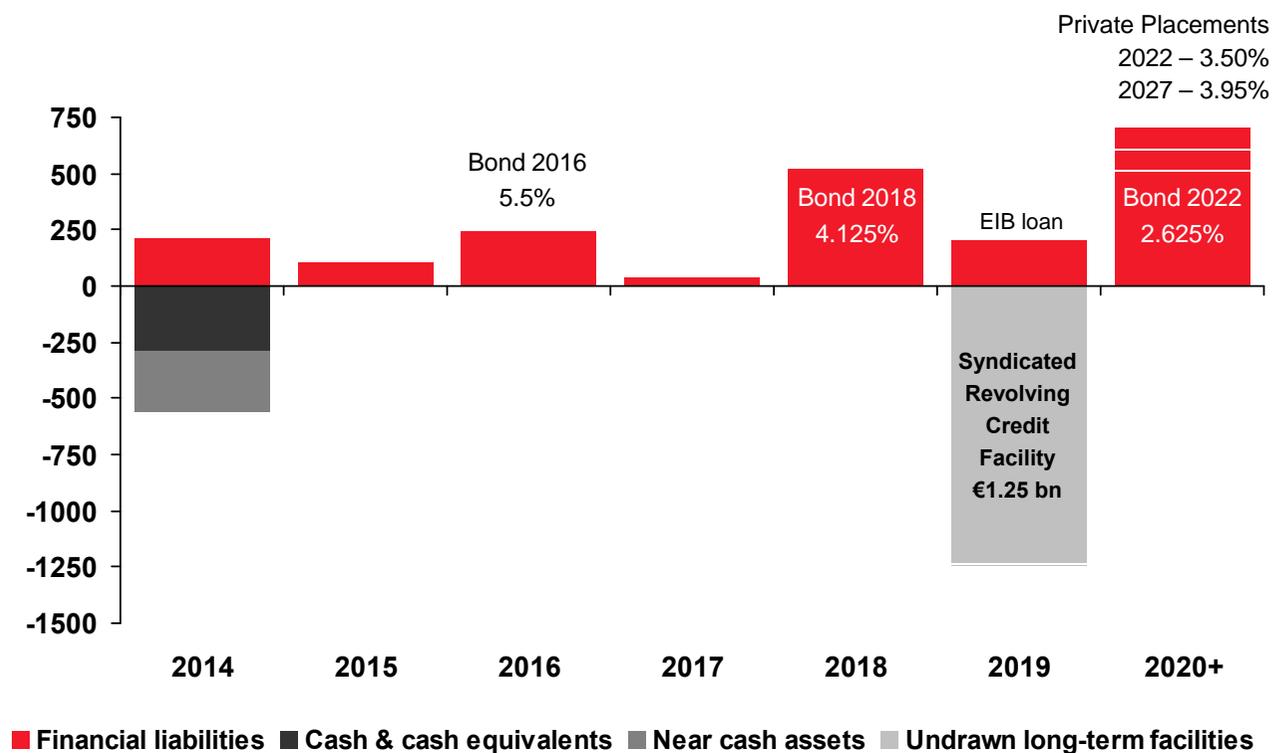
* Base year: 2010; **Members: BASF, Bayer, Evonik, Henkel, LANXESS, Akzo Nobel, Solvay

A well managed and conservative maturity profile

Long term financing secured

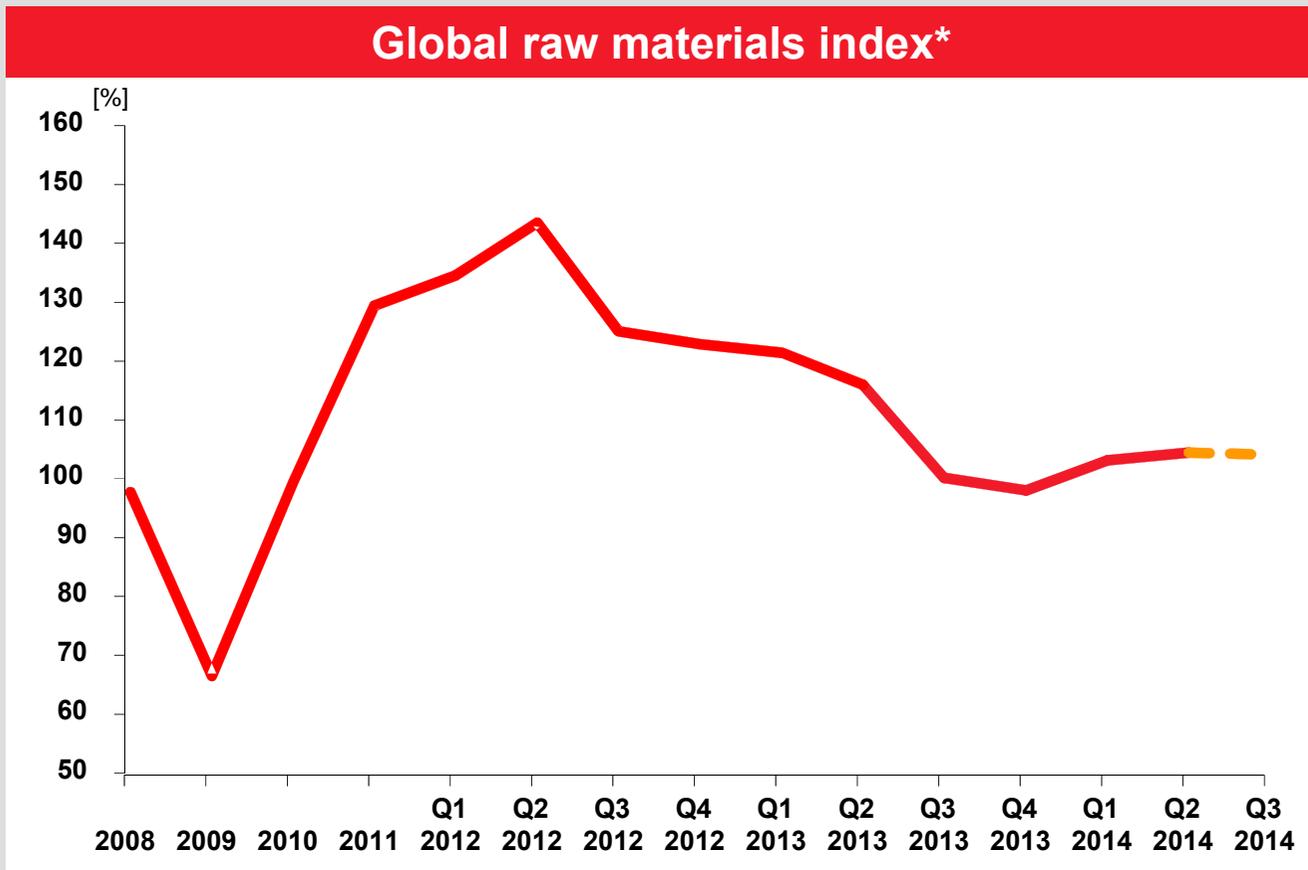
- Diversified financing sources
 - Bonds
 - Private placements
 - Syndicated credit facility
 - Development banks
 - Bilateral bank facilities
- €500 m bond maturity in April 2014 was funded by cash and €200 m EIB facility
- Average €-funding interest rate below 4%
- All group financings without financial covenants

Liquidity and maturity profile as per June 2014



EIB = European Investment Bank

High volatility in raw material prices



- In 2012, raw material prices (mainly butadiene) started a declining trend, with an apparent bottom end of 2013
- Since Q1 2014 raw materials show a more or less stable sideways trend

* Source: LANXESS, average 2010 = 100%

Overview exceptional items Q2 and YTD

[€ m]	Q2 2013		Q2 2014		H1 2013		H1 2014	
	Excep.	Thereof D&A						
Performance Polymers	0	0	4	1	0	0	13	1
Advanced Intermediates	-4	0	1	0	-4	0	2	0
Performance Chemicals	39	6	3	0	40	6	13	0
Reconciliation	3	0	11	0	7	0	18	0
Total	38	6	19	1	43	6	46	1

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

- All Advanced Industrial Intermediates
- SGO Saltigo

Upcoming events 2014

Active capital market communication

▪ Jefferies 10 th Annual Industrials Conference 2014	August 12/13	New York
▪ Berenberg Goldman Sachs German Corporate Conference 2014	September 22-24	Munich
▪ Baader Investment Conference	September 25	Munich
▪ J.P. Morgan Cazenove Milan Investor Conference	September 30	Milan
▪ Berenberg Specialty Chemicals & Food Ingredients Conference 2014	Oct 1	London
▪ Q3 results 2014	November 6	
▪ Capital Markets Day	November 6	Cologne
▪ Morgan Stanley Global Chemicals Conference	November 11	Boston
▪ Bank of America Merrill Lynch German Corporate Days 2014	November 18	Singapore
▪ MainFirst Conference	November 18	Paris
▪ Deutsches Eigenkapitalforum	November 26	Frankfurt
▪ Bank of America Merrill Lynch European Chemicals Conference	December 2/3	London

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