

## LANXESS FY/Q4 2012 Financial Summary for Investors and Analysts

### Summary FY 2012

- Slight sales growth of 3.6%, largely due to currency and portfolio effects with partly offsetting volume effect
- Substantial sales growth in North America and Asia-Pacific
- EBITDA pre exceptionals up 6.9% to €1,225 million
- EBITDA margin pre exceptionals up to 13.5% from 13.1%
- Net income of €514 million slightly above prior-year level
- Earnings per share of €6.18, up from €6.08
- Balance sheet and financing structure solid
- Net debt ratio improves to 1.2x from 1.3x

### LANXESS AG

Investor Relations  
51369 Leverkusen  
Germany

Oliver Stratmann, Head of IR  
Phone +49 214 30-49611  
Fax +49 214 30-959-49611  
Oliver.Stratmann@lanxess.com

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### Overview Financials

#### Q4 Financial Overview

- **P&L reflects solid operational performance in a weaker environment**
- Sales stable as positive volumes (+1%) and currency effects (+1%) are offset by lower prices (-2%)
- EBITDA rises, as expected, on absence of devaluation effects (~€35 m) and cost measures; EBIT additionally increases due to the absence of lower exceptional items
- EPS rise accordingly despite weaker financial result (value adjustment of investment in Gevo of €18 m due to share price development ) and higher taxes (unfavorable regional mix)
- Net financial debt reduced on solid Q4 operations and sequentially lower working capital
- **Solid Q4 2012 performance favorably compares to burdened Q4 2011**

#### Q4 2012 Balance Sheet:

- **Key balance sheet KPIs in good shape**
- Equity ratio slightly improved to 31% from 30% in previous year
- Net financial debt/EBITDA well in targeted range at 1.2x (Targeted range: 1.0x – 1.5x through a normal business cycle)
- Pension provisions increase mainly due to reduction of discount rates (especially in Germany)
- ROCE 2012 at 15.6%, but on previous year's level at 17.2% if adjusted for new bond (early refinancing measures)
- Working capital increase on higher inventories vs year-end 2011 (mainly volume-driven)

#### FY 2012 Cash flow statement:

- **FY 2012 with positive free cash flow**
- D&A higher on growing asset base
- Line item "Financial losses" increased due to Gevo value adjustments
- Changes in other assets and liabilities reflect among others hedging-related cash outs, neutral to P&L
- Investing cash flow mirrors cash out for capex and cash inflow from release of financial assets; 2011 with higher cash out for acquisitions

## Q4 Business Overview

### Performance Polymers

- **Despite weaker demand, EBITDA increases due to absence of ~€35 m inventory devaluation**
- Sales deviation yoy: Price -6%, Volume -3%, Currency +2%, Portfolio 0% (approximate numbers)
- Raw-material-driven price decline mainly in BU PBR (Butadiene), slightly mitigated by price increases in BU HPM reflecting higher Benzene prices; BU BTR with stable prices
- Volume decline driven by BU TRP mainly in automotive/OEM, while all other BUs show slightly positive volumes
- EBITDA supported by absence of ~€35 m inventory devaluation, partly offset by scheduled ramp-up cost ~€10 m (in BU BTR)

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### Advanced Intermediates

- **Exceptionally strong quarter**
- Sales deviation yoy: Price +7%, Volume +14%, Currency +1%, Portfolio 0% (approximate numbers)
- Price increases in BU All reflect higher raw material prices (Benzene and Toluene)
- BU All volumes driven by higher demand for flavor & fragrances and agro intermediates
- BU SGO benefits from strong agro demand as well
- EBIT supported by higher utilisation with comparably lower maintenance expenses (BU All) and absence of ~€23 m exceptional items (Pharma realignment in BU SGO)

### Performance Chemicals

- **Stable performance in a demanding environment**
- Sales deviation yoy: Price 0%, Volume 0%, Currency +1%, Portfolio +1% (approximate numbers)
- Prices unchanged as positive effects in BUs IPG, LEA, RCH and ION level negative effects in BUs FCC and RUC
- Volume increases mainly in BU IPG from a low base, offset by declines in BUs LEA, RUC and RCH (weak OEM/tire demand)
- Effects driving EBITDA: timing of maintenance expenses, cost measures, etc.
- Capex increases mainly due to growth activities in BU RCH and various smaller projects across all BUs



## Business environment:

### A weak start of the year – but cautiously optimistic for H2

#### Current macro view: Improved demand levels expected for H2

- Overall customer demand remains at low levels in Q1, possibly continuing into Q2
- No further weakening of economic environment, low visibility persists
- Customers continuing to manage inventories tightly in Q1
- Slight growth in the U.S., Asia expected to pick up in H2

#### LANXESS with lower Q1 2013 due to weak demand environment

- Demand fluctuations continue to be managed in-house: flexible asset and cost management implemented where necessary
- Based on continuing poor market conditions in the European tire and auto markets, ~€20 m ramp-up costs for our BTR plant and adverse FX effects, we expect Q1 2013 EBITDA pre between €160 m - €180 m
- Based on the weak Q1 business development, we currently expect FY 2013 EBITDA pre will not reach the record level of the previous year

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## Housekeeping items for consideration

#### Additional financial expectations for 2013

- Capex\* 2013 ~€650 - €700 m
- D&A 2013 ~€420 - €440 m
- Tax rate
  - mid-term: ~22%
  - short-term: depending on regional profit contribution and respective tax regimes – tax rate may increase
- Hedging 2013 ~45% at 1.25-1.35 USD / EUR
- Hedging 2014 ~25% at 1.25-1.35 USD / EUR
- Preparation costs Singapore ~€20 m in Q1 2013
- 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

Leverkusen, March 21, 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 Q4 2012

in € million	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q4 '11	Q4 '12	Chg. in %	Q4 '11	Q4 '12	Chg. in %	Q4 '11	Q4 '12	Chg. in %	Q4 '11	Q4 '12	Chg. in %	Q4 '11	Q4 '12	Chg. in %
<b>Sales</b>	<b>2.123</b>	<b>2.123</b>	0%	<b>1.261</b>	<b>1.166</b>	-8%	<b>363</b>	<b>443</b>	22%	<b>490</b>	<b>505</b>	3%	<b>9</b>	<b>9</b>	0%
Price*			-2%			-6%			7%			0%			0%
Volume*			1%			-3%			14%			0%			0%
Currency*			1%			2%			1%			1%			0%
Portfolio*			0%			0%			0%			1%			0%
<b>EBIT</b>	<b>52</b>	<b>126</b>	>100%	<b>76</b>	<b>89</b>	17%	<b>17</b>	<b>70</b>	>100%	<b>8</b>	<b>21</b>	>100%	<b>-49</b>	<b>-54</b>	-10%
Deprec. & amortizat.	92	102	11%	44	58	32%	20	17	-15%	21	22	5%	7	5	-29%
<b>EBITDA</b>	<b>144</b>	<b>228</b>	58%	<b>120</b>	<b>147</b>	23%	<b>37</b>	<b>87</b>	>100%	<b>29</b>	<b>43</b>	48%	<b>-42</b>	<b>-49</b>	-17%
exceptionals in EBITDA	30	11	-63%	7	6	-14%	19	-6	n.m.	0	2	n.m.	4	9	>100%
<b>EBITDA pre excep.</b>	<b>174</b>	<b>239</b>	37%	<b>127</b>	<b>153</b>	20%	<b>56</b>	<b>81</b>	45%	<b>29</b>	<b>45</b>	55%	<b>-38</b>	<b>-40</b>	-5%
normalized D&A	87	102	17%	44	58	32%	16	17	6%	21	22	5%	6	5	-17%
EBIT pre excep.	87	137	57%	83	95	14%	40	64	60%	8	23	>100%	-44	-45	-2%
exceptionals in EBIT	35	11	-69%	7	6	-14%	23	-6	n.m.	0	2	n.m.	5	9	80%
<b>Capex</b>	<b>354</b>	<b>315</b>	-11%	<b>237</b>	<b>193</b>	-19%	<b>48</b>	<b>38</b>	-21%	<b>53</b>	<b>74</b>	40%	<b>16</b>	<b>10</b>	-38%
Net financial debt**	1.515	1.483	-2%												

\* approximate numbers

## Financial Overview FY 2012

in € million	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	FY 2011	FY 2012	Chg. in %	FY 2011	FY 2012	Chg. in %	FY 2011	FY 2012	Chg. in %	FY 2011	FY 2012	Chg. in %	FY 2011	FY 2012	Chg. in %
<b>Sales</b>	<b>8.775</b>	<b>9.094</b>	4%	<b>5.059</b>	<b>5.176</b>	2%	<b>1.545</b>	<b>1.674</b>	8%	<b>2.130</b>	<b>2.203</b>	3%	<b>41</b>	<b>41</b>	0%
Price*			1%			0%			4%			1%			0%
Volume*			-4%			-6%			2%			-3%			0%
Currency*			4%			5%			2%			3%			0%
Portfolio*			3%			3%			0%			2%			0%
<b>EBIT</b>	<b>776</b>	<b>810</b>	4%	<b>598</b>	<b>599</b>	0%	<b>175</b>	<b>244</b>	39%	<b>211</b>	<b>177</b>	-16%	<b>-208</b>	<b>-210</b>	-1%
Deprec. & amortizat.	325	378	16%	161	209	30%	70	67	-4%	78	87	12%	16	15	-6%
<b>EBITDA</b>	<b>1.101</b>	<b>1.188</b>	8%	<b>759</b>	<b>808</b>	6%	<b>245</b>	<b>311</b>	27%	<b>289</b>	<b>264</b>	-9%	<b>-192</b>	<b>-195</b>	-2%
exceptionals in EBITDA	45	37	-18%	9	9	0%	19	-6	0%	0	17	n.m.	17	17	0%
<b>EBITDA pre excep.</b>	<b>1.146</b>	<b>1.225</b>	7%	<b>768</b>	<b>817</b>	6%	<b>264</b>	<b>305</b>	16%	<b>289</b>	<b>281</b>	-3%	<b>-175</b>	<b>-178</b>	-2%
normalized D&A	320	376	18%	161	209	30%	66	67	2%	78	85	9%	15	15	0%
EBIT pre excep.	826	849	3%	607	608	0%	198	238	20%	211	196	-7%	-190	-193	-2%
exceptionals in EBIT	50	39	-22%	9	9	0%	23	-6	0%	0	19	n.m.	18	17	-6%
<b>Capex</b>	<b>679</b>	<b>696</b>	3%	<b>437</b>	<b>434</b>	-1%	<b>107</b>	<b>92</b>	-14%	<b>112</b>	<b>135</b>	21%	<b>23</b>	<b>35</b>	52%
Net financial debt**	1.515	1.483	-2%												

\* approximate numbers

## Income Statement Q4 2012 and FY 2012

in € million	Q4 2011	Q4 2012	Chg. in %	FY 2011	FY 2012	Chg. in %
Sales	2.123	2.123	0%	8.775	9.094	4%
Cost of sales	-1.705	-1.659	-3%	-6.765	-6.986	3%
Gross profit	418	464	11%	2.010	2.108	5%
Selling expenses	-192	-199	4%	-732	-763	4%
Research and development expenses	-39	-45	15%	-144	-192	33%
General administration expenses	-104	-103	-1%	-325	-339	4%
Other operating income	39	57	46%	179	186	4%
Other operating expenses	-70	-48	-31%	-212	-190	-10%
<b>Operating result (EBIT)</b>	<b>52</b>	<b>126</b>	<b>&gt;100%</b>	<b>776</b>	<b>810</b>	<b>4%</b>
Income from investments accounted for using the equity method	-12	-2	-83%	7	1	-86%
Interest income	1	0	-100%	11	5	-55%
Interest expense	-30	-25	-17%	-104	-101	-3%
Other financial income and expense	-7	-29	>-100%	-35	-46	31%
<b>Financial result</b>	<b>-48</b>	<b>-56</b>	<b>17%</b>	<b>-121</b>	<b>-141</b>	<b>17%</b>
<b>Income before income taxes</b>	<b>4</b>	<b>70</b>	<b>&gt;100%</b>	<b>655</b>	<b>669</b>	<b>2%</b>
Income taxes	1	-19	<i>n.m.</i>	-148	-154	4%
<b>Income after income taxes</b>	<b>5</b>	<b>51</b>	<b>&gt;100%</b>	<b>507</b>	<b>515</b>	<b>2%</b>
of which attributable to non-controlling interests	0	0	<i>n.m.</i>	1	1	0%
of which attributable to LANXESS AG stockholders (net income)	5	51	>100%	506	514	2%



**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>

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51369 Leverkusen  
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Phone +49 214 30-49611  
Fax +49 214 30-959-49611  
[Oliver.Stratmann@lanxess.com](mailto:Oliver.Stratmann@lanxess.com)

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