

Q1

Interim Report

January 1 to March 31, 2014

Key Data

€ million	Q1 2013	Q1 2014	Change %
Sales	2,095	2,043	(2.5)
EBITDA pre exceptionals	174	205	17.8
EBITDA margin pre exceptionals	8.3%	10.0%	
EBITDA	169	178	5.3
EBIT pre exceptionals	72	102	41.7
EBIT	67	75	11.9
EBIT margin	3.2%	3.7%	
Net income	25	25	0.0
Earnings per share (€)	0.30	0.30	0.0
Cash flow from operating activities	(160)	9	> 100
Depreciation and amortization	102	103	1.0
Cash outflows for capital expenditures	93	108	16.1
Total assets	6,811 ¹⁾	6,998	2.7
Equity (including non-controlling interests)	1,900 ¹⁾	1,892	(0.4)
Equity ratio	27.9% ¹⁾	27.0%	
Net financial liabilities	1,731 ¹⁾	1,832	5.8
Employees (as of March 31)	17,343 ¹⁾	17,039	(1.8)

1) previous year as of December 31, 2013

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Highlights

Q1 2014

Change of leadership on LANXESS Board of Management



In January 2014, the Supervisory Board of LANXESS AG resolved to end, by mutual agreement, the appointment of Dr. Axel C. Heitmann as Member and Chairman of the Board of Management of LANXESS AG. The Supervisory Board appointed Matthias Zachert, former Chief Financial Officer of LANXESS and most recently Chief Financial Officer of Merck KGaA, to succeed him effective April 1, 2014.

Perlon-Monofil sold to the Serafin Group

As part of its efficiency improvement program, LANXESS divested its wholly owned subsidiary Perlon-Monofil to the Munich-based Serafin Group in March. It was agreed not to disclose the purchase price. Perlon-Monofil GmbH is a global leader in the production of polyamide and polyester monofilaments, which are mainly used in paper manufacturing, shipping and agriculture. Perlon-Monofil employs approximately 100 people and had sales of about €30 million in 2013. Serafin, through its affiliate Nextrusion, already holds a strong position in the monofilaments industry and offers Perlon-Monofil new opportunities for its future development.

LANXESS publishes results for fiscal 2013

Sales receded by roughly 9% compared to the previous year, to €8.3 billion. This was mainly due to lower selling prices in the Performance Polymers segment resulting from declining raw material prices and the challenging competitive situation. EBITDA pre exceptionals came in at €735 million, and thus within the guided range of €710 million to €760 million. This was partly attributable to an increase in production-related costs and to negative currency effects. The Group's EBITDA margin pre exceptionals fell to 8.9%, from 13.4% in 2012.

Group net income was impacted by impairment charges totaling €257 million in the Performance Polymers and Performance Chemicals segments and exceptional charges for the Advance program, resulting in a net loss for the full year of €159 million. Earnings per share were minus €1.91. The company will propose to the Annual Stockholders' Meeting on May 22, 2014, that a dividend of €0.50 per share be paid for 2013, giving a payout of around €42 million.

Strategic technological partnership with Hankook Tire

LANXESS and Hankook Tire of South Korea signed a memorandum of understanding in February to co-develop synthetic rubber technologies for high-performance tires. The companies have maintained a close partnership since 2008, when Hankook Tire awarded LANXESS a long-term contract to supply solution styrene-butadiene rubber (S-SBR) and neodymium-based performance butadiene rubber (Nd-PBR) – both important materials for the manufacture of high-performance tires. In December 2012, South Korea became the second market in the world after the E.U. to introduce a tire labeling system.

LANXESS Stock

LANXESS stock showed an encouraging performance in the first quarter of 2014. At the beginning of February, the share price climbed to over €50, and the stock clearly outperformed Germany's lead index DAX and the benchmark index DJ STOXX 600 ChemicalsSM in the weeks thereafter. Our stock closed the quarter on March 31 with a gain of 12.9%.

The DAX reached an all-time high of 9,700 points at the beginning of the year. Fears of a rapid cutback in the expansionary monetary policy of the United States through a further reduction in bond purchases, coupled with worries about a cooling-off in the global economy, then led to some substantial declines in the lead index. As a result, the DAX had receded nearly to the 9,000 point threshold by the beginning of February. After a recovery in February, the next setback came at the beginning of March. The political conflict between Russia and Ukraine and its further escalation dampened the global stock markets and caused the DAX, too, to briefly drop back to below 9,000 points in mid-March for the first time since November 2013. Not until the final week of the reporting period did signs that the Crimea crisis was easing lead to a recovery in the markets. As a result, the DAX closed at 9,555 points on March 31, close to the year-end 2013 level (December 30, 2013: 9,552 points).

The Dow Jones STOXX 600 ChemicalsSM closed the quarter just 0.8% down at 750 points. Setbacks had caused our benchmark index to dip to near 700 points at times during the first quarter.

In January our stock at first continued the disappointing development of the previous year, sliding to €45.11, its low for the first quarter. It then rallied strongly at the end of January, driven by the corporate newsflow: LANXESS announced a change of leadership on the Board of Management, with Matthias Zachert, former Chief Financial Officer of LANXESS AG, being appointed to succeed Dr. Axel C. Heitmann as Chairman of the Board of Management. This announcement was very well received by the capital market, especially because Zachert's previous work was judged to have been successful. Following this realignment of the Board of Management, the price of LANXESS shares rose above €50 at the beginning of February and then climbed to nearly €55. The stock began to recede again at the end of February following the announcement of impairment charges taken in the fourth quarter of 2013, mainly for the company's synthetic rubber businesses, and also because of the adverse market environment created by the Crimea crisis. LANXESS presented its Financial Report for 2013 on March 20, announcing that EBITDA pre exceptionals came in at €735 million, within the forecasted corridor. Our stock remained above the €50 mark through the end of the reporting period, closing the first quarter on March 31 at €54.75.

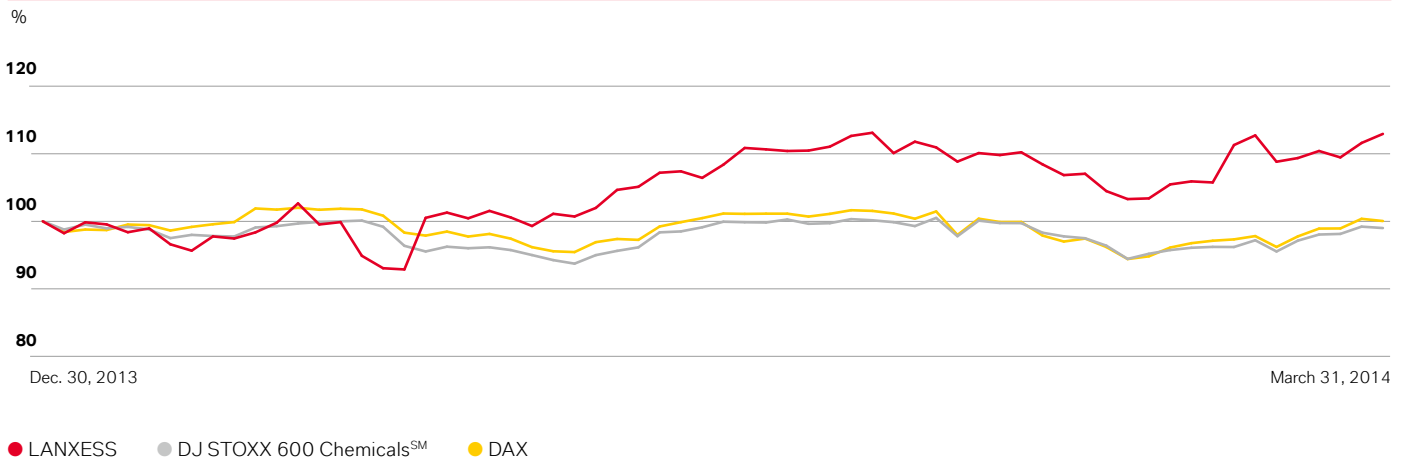
Highlights of the first quarter of 2014 are presented on page 1.

LANXESS Stock

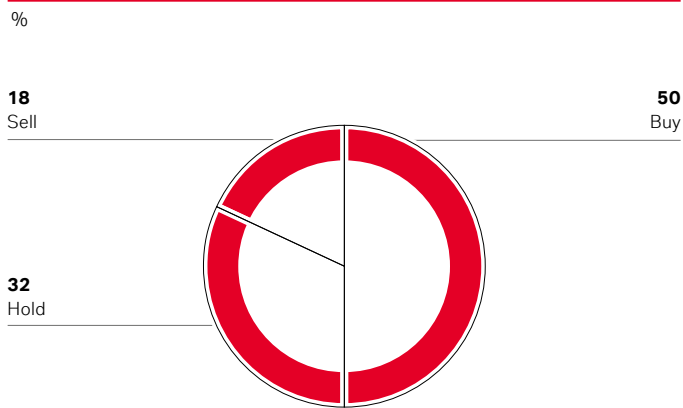
		Q4 2013	Q1 2014
Capital stock/no. of shares ¹⁾	€/no. of shares	83,202,670	83,202,670
Market capitalization ¹⁾	€ billion	4.03	4.56
High/low for the period	€	53.64/43.76	55.13/44.64
Closing price ¹⁾	€	48.48	54.75
Trading volume	million shares	45.817	70.901
Earnings per share	€	(2.45)	0.30

¹⁾ End of quarter: Q4: December 31, 2013, Q1: March 31, 2014

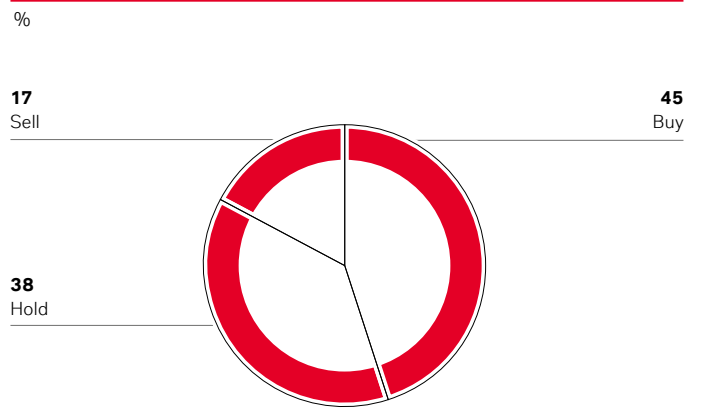
Stock Performance vs. Indices



Analyst Recommendations as of January 31, 2014



Analyst Recommendations as of April 30, 2014



Interim Group Management Report

as of March 31, 2014

- Group sales down by 2.5% against prior-year quarter
- Earnings held back by lower selling prices
- Volumes ahead of the prior-year period in all segments
- Persistently challenging market environment for synthetic rubber; continued favorable trend in the agrochemicals business; positive impetus from the construction industry
- EBITDA pre exceptionals up by 17.8% to €205 million
- EBITDA margin pre exceptionals 10.0% vs. 8.3% for year-earlier quarter
- Net income and earnings per share level with previous year at €25 million and €0.30, respectively
- Guidance for 2014: year-on-year earnings improvement; EBITDA pre exceptionals €220 million to €240 million in the second quarter, €770 million to €830 million for the full year

Group structure

Legal structure

LANXESS AG is the parent company of the LANXESS Group and functions largely as a management holding company. LANXESS Deutschland GmbH and LANXESS International Holding GmbH are wholly owned subsidiaries of LANXESS AG and in turn control the other subsidiaries and affiliates both in Germany and elsewhere.

A list of the principal direct and indirect subsidiaries of LANXESS AG and a description of the Group's management and control organization are provided on page 7 of the Financial Report 2013.

Changes in the Group portfolio

In the first quarter of 2014, LANXESS divested its wholly owned subsidiary Perlon-Monofil GmbH, Dormagen, Germany. There were no further changes in the Group portfolio in the reporting period. Details about the scope of consolidation are provided in the Notes to the Condensed Consolidated Interim Financial Statements as of March 31, 2014.

Business and strategy

The LANXESS Group is structured in three segments comprising a total of 14 business units, each of which conducts its own operations and has global profit responsibility. No changes have been made to the Group's organizational structure or strategy so far this year. The business units are supported by centralized services and by local organizations in the countries. Further details are given on pages 7 – 10 of the Financial Report 2013.

There were no material changes to the production base, product portfolio or principal sales markets in the reporting period.

Business trends and economic environment

Business conditions

General economic situation The global economy grew by 2.5% in the first quarter of 2014. Despite the uncertainty caused by the crisis in Ukraine, a recovery in the established economies was apparent. Europe emerged from recession, posting first-quarter growth. The United States also saw an increase in economic output, although the extremely cold winter had a dampening effect. Growth slackened in the emerging economies. The Chinese economy grew more slowly than in the previous year, hampered by the ongoing debate about the financial sector. The Indian economy also showed relatively weak development.

Chemical industry Chemical industry production expanded by 4.9% in the first three months of 2014. China continued to register very strong growth. Production volumes increased slightly in the United States, while development in Brazil was weak. Europe posted a distinct recovery.

Evolution of major user industries Automotive production showed a slight increase of 2.9% in the first quarter of 2014. Europe finally registered growth again, with positive development even in some

countries where the market for new vehicles had been weak of late. The pace of growth leveled off in the United States following a recovery phase, while China saw a slight decline in growth.

Demand for tires, especially replacement tires, increased worldwide in the first quarter of 2014. The demand for original equipment tires mirrored the development of vehicle production. Only Brazil showed a drop in tire demand for cars and light commercial vehicles. Demand for tires continued to develop briskly in China. Positive development was also registered in Europe and North America.

Growth in the U.S. construction industry was weaker than anticipated for weather-related reasons. The European construction sector showed signs of a recovery, while growth weakened slightly in China.

Production of agrochemicals increased in the United States and Europe, and also posted a small increase in China.

Sales

Sales of the LANXESS Group in the first quarter of 2014 amounted to €2,043 million, down €52 million or 2.5% from the prior-year period. The increase in volumes, which led to a 6.8% rise in sales, nearly offset the drop in selling prices. A slight positive portfolio effect from the acquisitions made in the previous year was overcompensated by adverse exchange rate developments. Adjusted for the 2.1% negative balance of these currency and portfolio effects, sales showed a slight 0.4% decline based on prices and volumes.

Effects on Sales

%	Q1 2014
Price	(7.2)
Volume	6.8
Currency	(2.3)
Portfolio	0.2
	(2.5)

Our Performance Polymers segment noted a 6.3% decline in sales against the prior-year quarter. This significantly affected the Group's business performance. The decline was attributable both to lower selling prices resulting from decreases in certain raw material prices

and to the persistently challenging competitive situation. Volumes expanded overall, though against a weak prior-year quarter. Business was additionally hampered by the slightly negative development of exchange rates.

Sales in the Advanced Intermediates segment declined by 3.2%. Continuing good demand for agrochemicals led to a positive effect from higher volumes that was more than offset by lower selling prices. These were mainly attributable to decreases in raw material costs, which led to adjustments in selling prices. Exchange rate developments also had a slight negative effect.

Our Performance Chemicals segment, by contrast, grew sales by 5.8%. Selling prices were flat with the prior-year quarter, while volumes expanded. In the European market, good demand for products used in the construction industry had a particularly positive effect. Minor portfolio contributions from the acquisitions made in the previous year, whose activities were assigned to the Material Protection Products and Functional Chemicals business units, only partially offset the negative impact of exchange rate developments.

Sales by Segment

€ million	Q1 2013	Q1 2014	Change %	Proportion of Group sales %
Performance Polymers	1,134	1,063	(6.3)	52.0
Advanced Intermediates	433	419	(3.2)	20.5
Performance Chemicals	520	550	5.8	26.9
Reconciliation	8	11	37.5	0.6
	2,095	2,043	(2.5)	100.0

LANXESS slightly raised sales in the Germany and North America regions, while sales declined in the other regions. Nearly all regions were significantly impacted by the development of the Performance Polymers segment.

Order book status

Most of our business is not subject to long-term agreements on fixed volumes or prices. Instead, our business is characterized by long-standing relationships with customers and revolving master agreements. Our activities are focused on demand-driven orders with relatively short lead times which do not provide a basis for forward-looking statements about our capacity utilization or volumes. Our business is managed primarily on the basis of regular Group-wide forecasts with respect to Group operating targets.

Any disclosure of the Group's order book status at the end of a given reporting period therefore would not be indicative of the Group's short- or medium-term earning power. For this reason, no such disclosure is made in this report.

Gross profit

Compared to sales, the cost of sales showed a disproportionately large decline of 4.4%, to €1,626 million. This was mainly attributable to lower purchase prices for raw materials, which more than offset the effect of higher volumes. In addition, manufacturing costs were below the prior-period level, partly due to the absence of start-up costs for new capacities in Singapore.

Gross profit was €417 million, up by €22 million or 5.6% against the prior-year quarter, and the gross profit margin rose from 18.9% to 20.4%. This development was particularly the result of the positive volume development and the lower manufacturing costs. Lower selling prices had a negative effect, more than offsetting a positive effect from lower raw material costs. Shifts in currency parities had no significant impact on the gross profit. Capacity utilization was higher than in the prior-year quarter.

EBITDA Pre Exceptionals by Segment

€ million	Q1 2013	Q1 2014	Change %
Performance Polymers	112	117	4.5
Advanced Intermediates	71	72	1.4
Performance Chemicals	51	68	33.3
Reconciliation	(60)	(52)	13.3
	174	205	17.8

EBITDA and operating result (EBIT)

The operating result before depreciation and amortization (EBITDA) pre exceptionals came in at €205 million in the first quarter of 2014, up €31 million or 17.8% from the prior-year period. The improvement in earnings owed mainly to positive volume effects and lower manufacturing costs. Earnings were diminished by the effect of adjusting selling prices, which exceeded the benefit from the decline in raw

material prices because of the challenging competitive situation. Exchange rate developments also had a slightly negative effect. Selling expenses fell slightly by 1.6% to €186 million. Research and development expenses, at €45 million, were down 6.3% from the prior-year period. General administration expenses amounted to €74 million, compared with €79 million in the first three months of 2013. The trend in these functional costs already reflected efficiency improvements achieved through the Advance program. The Group's EBITDA margin pre exceptionals rose to 10.0%, against 8.3% for the corresponding period of last year.

EBITDA pre exceptionals in our Performance Polymers segment advanced by €5 million, or 4.5%, in the first quarter, to €117 million. The positive volume development and the drop in manufacturing costs – partly due to the absence of last year's one-time expenses, especially for the butyl rubber facility in Singapore – more than offset the decline in selling prices, which exceeded that of raw material costs. A strike in Belgium had an additional negative effect.

EBITDA pre exceptionals in the Advanced Intermediates segment, at €72 million, came in slightly above the prior-period figure of €71 million. Lower purchase prices for raw materials were passed along to the market. Continuing good demand for agrochemicals led to a positive volume effect, which was partially offset by slightly negative currency effects.

EBITDA pre exceptionals of the Performance Chemicals segment posted a year-on-year increase of €17 million, to €68 million. The earnings improvement resulted particularly from the clearly positive volume development, which more than offset the slight increase in manufacturing costs. Changes in selling prices and raw material costs had no material impact. Exchange rate developments and portfolio changes had a somewhat favorable effect.

The Group's operating result (EBIT) for the first quarter came in at €75 million, against €67 million for the prior-year period. Depreciation and amortization, at €103 million, were only slightly above the first quarter of 2013 even after capital expenditures. The depreciation and amortization base at the end of 2013 was impacted by impairment charges. The exceptional charges included in other operating expenses, which fully impacted EBITDA, totaled €27 million and related mainly to measures connected with the Advance program and the design and implementation of IT projects. Exceptional charges in the prior-year quarter amounted to €5 million.

The reconciliation of EBITDA pre exceptionals to the operating result (EBIT) was as follows:

Reconciliation of EBITDA Pre Exceptionals to Operating Result (EBIT)			
€ million	Q1 2013	Q1 2014	Change %
EBITDA pre exceptionals	174	205	17.8
Depreciation and amortization	(102)	(103)	(1.0)
Exceptional items in EBITDA	(5)	(27)	<(100)
Operating result (EBIT)	67	75	11.9

Financial result

The financial result for the first quarter of 2014 was minus €37 million, compared with minus €36 million for the prior-year period. Interest expense declined slightly against the first quarter of 2013, reflecting the capitalization of attributable borrowing costs partly related to the construction of the new plants in Singapore and in China. The amount capitalized was in line with the prior-year quarter. The earnings contribution from investments accounted for using the equity method came to €1 million in the reporting period, against €0 million in the prior-year quarter. The balance of other financial income and expense items, which was mainly determined by the interest cost for provisions, declined by €3 million to minus €14 million.

Income before income taxes

First-quarter income before income taxes moved ahead by €7 million to €38 million. The effective tax rate was 36.8%, compared with 22.6% for the prior-year period.

Net income/Earnings per share/ Earnings per share pre exceptionals

Net income for the reporting period came in at the prior-year level of €25 million. Non-controlling interests accounted for a loss of €1 million as in the prior-year quarter.

With the number of LANXESS shares in circulation unchanged, earnings per share were also level with the prior-year quarter at €0.30.

Earnings per share pre exceptionals were €0.53, against €0.34 in the prior-year period. This value was calculated by adjusting earnings per share for exceptional items and the attributable tax effects. Exceptional items in the reporting period came to €27 million, against €5 million in the prior-year quarter.

Business trends by region

Sales by Market

	Q1 2013		Q1 2014		Change %
	€ million	%	€ million	%	
EMEA (excluding Germany)	623	29.7	618	30.3	(0.8)
Germany	370	17.7	381	18.6	3.0
North America	327	15.6	331	16.2	1.2
Latin America	245	11.7	217	10.6	(11.4)
Asia-Pacific	530	25.3	496	24.3	(6.4)
	2,095	100.0	2,043	100.0	(2.5)

Sales in the EMEA (excluding Germany) region in the first quarter of 2014 were €618 million and thus nearly reached the level of the prior-year period. Adjusted for currency effects and for minor portfolio effects from the acquisition of the phosphorus chemicals business of Thermphos France S.A.R.L., Epierre, France, sales receded by 0.9%. Our Advanced Intermediates and Performance Chemicals segments raised sales by low-double-digit and mid-single-digit percentages, respectively. Sales in the Performance Polymers segment, however, were down by a low-double-digit percentage. While demand developed positively in Ireland, Switzerland, the Netherlands, Poland and the Czech Republic in particular, sales fell by double-digit percentages in some countries, primarily Belgium, Spain, Russia and Turkey.

The EMEA (excluding Germany) region accounted for 30.3% of Group sales, compared to 29.7% in the same period of 2013.

Sales in Germany increased by 3.0% in the first quarter of 2014 to €381 million. There were no material portfolio effects. The Performance Polymers and Performance Chemicals segments grew sales by high-single-digit and low-double-digit percentages, respectively, while our Advanced Intermediates segment saw sales decline year on year.

Germany's share of Group sales came to 18.6% for the quarter, against 17.7% for the same period a year ago.

Sales in the North America region grew by €4 million, or 1.2%, to €331 million in the first three months of 2014. Adjusted for negative currency effects, sales increased by 4.9%. The picture here was dominated by business development in the Performance Polymers and Performance Chemicals segments, where sales rose by low-double-digit and low-single-digit percentages, respectively. Sales in the Advanced Intermediates segment, on the other hand, were below the level of the prior-year quarter.

The North America region's share of Group sales increased to 16.2% in the first quarter of 2014, compared with 15.6% in the prior-year period.

Sales in the Latin America region receded in the first quarter of 2014 by €28 million or 11.4% against the prior-year period, to €217 million. Adjusted for negative shifts in exchange rates and minor positive portfolio effects, sales were down by 6.0%. This was mainly attributable to business development in the Performance Polymers segment, which saw sales decline by a high-single-digit percentage. The positive sales development in the Performance Chemicals segment more than offset the negative development in the Advanced Intermediates segment. Brazil was the main driver of this development in the region.

The Latin America region's share of Group sales came to 10.6% for the quarter, against 11.7% for the same period a year ago.

Sales in the Asia-Pacific region decreased by 6.4% to €496 million. Adjusted for currency changes and for portfolio effects resulting from the acquisition in 2013 of PCTS Specialty Chemicals Pte. Ltd., Singapore, sales fell by 2.8%. While the Performance Polymers and Advanced Intermediates segments saw sales decrease by a high single-digit percentage, the Performance Chemicals segment registered sales growth in the low-double-digit percentage range. China, Thailand, Hong Kong and South Korea accounted for a major share of the operational sales development in this region as a whole. However, we posted sales gains in India, Singapore and Japan.

Asia-Pacific's share of Group sales fell to 24.3% for the quarter, against 25.3% for the same period a year ago.

Segment information

Performance Polymers

	Q1 2013		Q1 2014		Change %
	€ million	Margin %	€ million	Margin %	
Sales	1,134		1,063		(6.3)
EBITDA pre exceptionals	112	9.9	117	11.0	4.5
EBITDA	112	9.9	108	10.2	(3.6)
Operating result (EBIT) pre exceptionals	52	4.6	61	5.7	17.3
Operating result (EBIT)	52	4.6	52	4.9	0.0
Cash outflows for capital expenditures	58		76		31.0
Depreciation and amortization	60		56		(6.7)
Employees as of March 31 (previous year: as of Dec. 31)	5,379		5,251		(2.4)

Sales in our Performance Polymers segment declined by 6.3% in the first three months of 2014, to €1,063 million. Development was significantly impacted by a negative price effect of 11.9% that resulted from a persistently difficult market environment and low purchase prices for raw materials. In addition there was a negative currency effect of 2.2%. Volumes, however, had a 7.8% positive effect.

All business units in this segment were impacted by declining market prices, whereas volumes developed positively in nearly all business units. In the Performance Butadiene Rubbers business unit, volumes for standard rubbers declined in the first three months of 2014. Shifts in exchange rates had an adverse effect in all of the segment's business units. Business volume in the segment developed encouragingly in Germany and North America, while sales decreased in all other regions.

EBITDA pre exceptionals in the Performance Polymers segment rose by €5 million to €117 million. The challenging competitive situation led to a drop in selling prices that more than offset the cost relief resulting from the lower purchase prices for raw materials. These lower raw material prices also contributed to the fall in selling prices. Earnings were buoyed by the positive development of volumes and by lower manufacturing costs. There were no major currency or portfolio effects at the segment level. The EBITDA margin came in at 11.0% for the first quarter, against 9.9% for the prior-year period.

The exceptional items of €9 million for the segment fully impacted EBITDA. They mainly resulted from measures within the Advance program.

Advanced Intermediates

	Q1 2013		Q1 2014		Change
	€ million	Margin %	€ million	Margin %	
Sales	433		419		(3.2)
EBITDA pre exceptionals	71	16.4	72	17.2	1.4
EBITDA	71	16.4	71	16.9	0.0
Operating result (EBIT) pre exceptionals	54	12.5	49	11.7	(9.3)
Operating result (EBIT)	54	12.5	48	11.5	(11.1)
Cash outflows for capital expenditures	19		19		0.0
Depreciation and amortization	17		23		35.3
Employees as of March 31 (previous year: as of Dec. 31)	2,854		2,827		(0.9)

Sales in our *Advanced Intermediates* segment receded by 3.2% in the first quarter of 2014, to €419 million. Lower purchase prices for raw materials were passed along to the market, creating a negative price effect of 3.9% that was exacerbated by a 1.4% negative currency effect. This development was not fully offset by the continued good demand for agrochemicals and the resulting positive volume effect of 2.1%.

Selling prices in the *Saltigo* business unit were at the level of the prior-year quarter, while volumes moved higher. In the *Advanced Industrial Intermediates* business unit, lower prices for raw materials were passed along to the market in the form of selling price adjustments. Demand was at the level of the prior-year quarter. Exchange rate developments had a negative impact on both of the segment's business units. Business was down in nearly all regions, with higher sales reported only in the EMEA (excluding Germany) region.

EBITDA pre exceptionals in the *Advanced Intermediates* segment rose by €1 million against the prior-year quarter to €72 million. While the positive effect of lower raw material costs was offset by selling price adjustments, the growth in volumes led to improved earnings at the segment level. However, earnings were held back by slight increases in manufacturing costs and by exchange rate developments. The EBITDA margin showed a slight improvement against the already high level of the prior-year period, from 16.4% to 17.2%.

There were exceptional items of €1 million in the quarter, with the entire amount impacting EBITDA. These related to measures within the *Advance* program.

Performance Chemicals

	Q1 2013		Q1 2014		Change
	€ million	Margin %	€ million	Margin %	
Sales	520		550		5.8
EBITDA pre exceptionals	51	9.8	68	12.4	33.3
EBITDA	50	9.6	58	10.5	16.0
Operating result (EBIT) pre exceptionals	30	5.8	48	8.7	60.0
Operating result (EBIT)	29	5.6	38	6.9	31.0
Cash outflows for capital expenditures	19		10		(47.4)
Depreciation and amortization	21		20		(4.8)
Employees as of March 31 (previous year: as of Dec. 31)	5,837		5,784		(0.9)

Sales in our *Performance Chemicals* segment rose by 5.8% in the first quarter of 2014, to €550 million. Due especially to the mild winter in Europe and the resulting good demand from the construction industry, volumes increased by 8.1% from the prior-year period. In addition, selling prices also edged up by 0.2%. The negative currency effect of 3.3% was only partially offset by the 0.8% positive portfolio contribution from the previous year's acquisitions of PCTS Specialty Chemicals Pte. Ltd., Singapore, and the phosphorus chemicals business of Thermphos France S.A.R.L., Epierre, France.

All of the segment's business units recorded volume increases. Selling prices, too, mostly exceeded the levels of the prior-year period. The acquisitions made in Singapore and France in 2013 produced a positive portfolio contribution in the *Material Protection Products* and *Functional Chemicals* business units, though this contribution

was more than offset by negative currency effects at the segment level. The segment posted higher sales in the Asia-Pacific, EMEA (excluding Germany) and Germany regions, while business was down in North and Latin America due to exchange rates.

EBITDA pre exceptionals in the Performance Chemicals segment advanced by €17 million from the prior-year level of €51 million, to €68 million. This increase resulted particularly from the clearly positive volume development, which in turn was attributable to good demand from the construction industry and from the leather chemicals business following the commissioning of the CO₂ concentration unit in South Africa. This development was supported by a slight positive price effect and minor portfolio and currency effects. However, earnings were held back by higher production costs. The segment's EBITDA margin improved from 9.8% to 12.4%.

Exceptional items in the segment came to €10 million in the reporting period and fully impacted EBITDA. These charges were mainly taken in connection with the Advance program. Exceptional items in the prior-year period amounted to €1 million, which also fully impacted EBITDA.

Reconciliation

	Q1 2013	Q1 2014	Change
	€ million	€ million	%
Sales	8	11	37.5
EBITDA pre exceptionals	(60)	(52)	13.3
EBITDA	(64)	(59)	7.8
Operating result (EBIT) pre exceptionals	(64)	(56)	12.5
Operating result (EBIT)	(68)	(63)	7.4
Cash outflows for capital expenditures	(3)	3	> 100
Depreciation and amortization	4	4	0.0
Employees as of March 31 (previous year: as of Dec. 31)	3,273	3,177	(2.9)

EBITDA pre exceptionals for the reconciliation came to minus €52 million, compared with minus €60 million in the prior-year quarter. The €7 million in exceptional charges reported in the reconciliation, which fully impacted EBITDA, related primarily to measures undertaken in connection with Advance and to expenses for the design and implementation of IT projects. In the prior-year period, exceptional items amounted to €4 million, which also fully impacted EBITDA.

Statement of financial position and financial condition

Structure of the statement of financial position

As of March 31, 2014, the LANXESS Group had total assets of €6,998 million, up €187 million or 2.7% from €6,811 million on December 31, 2013. This was largely the result of the increase in working capital.

Non-current assets rose by €12 million to €3,604 million, with intangible assets and property, plant and equipment increasing slightly by €2 million to €3,228 million. Cash outflows for purchases of intangible assets and property, plant and equipment in the first quarter of 2014 were €108 million, against €93 million in the prior-year period. Depreciation and amortization in the first three months of 2014 totaled €103 million and thus remained largely unchanged year on year despite capital expenditures, mainly because of the lower depreciation and amortization base following impairments of intangible assets and property, plant and equipment at year end 2013. The ratio of non-current assets to total assets was 51.5%, down slightly from 52.7% on December 31, 2013.

Current assets increased by €175 million, or 5.4%, compared with December 31, 2013 to €3,394 million. The inventory growth of €64 million during the same period, to €1,363 million, was largely volume-related. Trade receivables were €106 million, or 9.9%, higher at €1,176 million. The ratio of current assets to total assets was 48.5%, against 47.3% as of December 31, 2013.

The LANXESS Group has significant internally generated intangible assets that are not reflected in the statement of financial position in light of accounting rules. These include the brand equity of LANXESS and the value of the Group's other brands. A variety of measures was deployed in the reporting period to continually enhance these assets and help maintain the sound positions our business units hold in their respective markets.

Our established relationships with customers and suppliers also constitute a significant intangible asset. These long-standing, trust-based partnerships with customers and suppliers, underpinned by consistent service quality, enable us to compete successfully even in a more challenging business environment. Our competence in technology and innovation, also a valuable asset, is rooted in our specific knowledge in the areas of research and development and custom manufacturing. It enables us to generate significant added value for our customers.

The know-how and experience of our employees are crucial factors for our corporate success. In addition, we have sophisticated production and business processes that create competitive advantages for us in the relevant markets.

Equity amounted to €1,892 million, down from €1,900 million on December 31, 2013. The decrease resulted mainly from the negative total comprehensive income in the reporting period. The ratio of equity to the Group's total assets was 27.0% as of March 31, 2014, against 27.9% as of December 31, 2013.

Non-current liabilities fell by €31 million to €2,998 million as of March 31, 2014. Other non-current financial liabilities amounted to €1,578 million, down by €71 million from the end of 2013. The decrease was largely due to the reclassification of the CNH 500 million, or approximately €58 million, Chinese renminbi bond maturing in February 2015 to other current financial liabilities. Provisions for pensions and other post-employment benefits, however, rose by €61 million to €1,004 million. The increase resulted particularly from the change in the interest rates used for measurement. The ratio of non-current liabilities to total assets was 42.9%, down from 44.5% as of December 31, 2013.

Current liabilities came to €2,108 million, up by €226 million or 12.0% from December 31, 2013. This increase resulted mainly from the above-mentioned reclassification of the Chinese renminbi bond to other current financial liabilities and from the proceeds of new short-term borrowings. The ratio of current liabilities to total assets was 30.1% as of March 31, 2014, against 27.6% at the end of 2013.

Financial condition and capital expenditures

Changes in the statement of cash flows In the first three months of 2014 there was a net cash inflow of €9 million from operating activities, against a net outflow of €160 million in the prior-year period. With income before income taxes amounting to €38 million, the increase in net working capital compared to December 31, 2013 resulted in a cash outflow of €208 million. In the prior-year period, income before income taxes was €31 million and the cash outflow from the increase in net working capital was €285 million. The increase in net working capital in the reporting period was mainly due to higher trade receivables and inventories.

There was a €122 million net cash outflow from investing activities in the first three months of 2014, compared with a net cash inflow of €144 million in the same period a year ago. The net cash outflow in the reporting period was mainly attributable to purchases of intangible assets and property, plant and equipment totaling €108 million. The net cash inflow in the prior-year quarter was the aggregate of inflows of €235 million from financial assets, which were largely attributable to the sale of near-cash assets, and outflows of €93 million for purchases of intangible assets and property, plant and equipment. Depreciation and amortization in the reporting period amounted to €103 million.

Net cash provided by financing activities came to €89 million, compared with net cash of €19 million used in financing activities in the first three months of 2013. The cash inflow of €116 million in proceeds from new borrowings in the reporting period was partly offset by outflows of €20 million for the repayment of financial liabilities.

Financing and liquidity The principles and objectives of financial management discussed on page 34 of the Financial Report 2013 remained valid during the first quarter of 2014. They are centered on a conservative financial policy built on long-term, secured financing.

Cash and cash equivalents decreased by €22 million compared with the end of 2013, to €405 million. The €123 million of instant-access investments in money market funds, up from €106 million at the end of 2013, was reported under near-cash assets. The Group's liquidity position thus remains sound.

Net financial liabilities totaled €1,832 million as of March 31, 2014, compared with €1,731 million as of December 31, 2013.

Net Financial Liabilities		
€ million	Dec. 31, 2013	March 31, 2014
Non-current financial liabilities	1,649	1,578
Current financial liabilities	668	858
less		
Liabilities for accrued interest	(53)	(76)
Cash and cash equivalents	(427)	(405)
Near-cash assets	(106)	(123)
	1,731	1,832

Financing instruments off the statement of financial position As of March 31, 2014, we had no material financing items that were not reported in the statement of financial position, such as factoring, asset-backed structures or sale-and-lease-back transactions.

Significant capital expenditure projects Capital expenditures in the Performance Polymers segment included, among other projects, the construction of the world's largest production facility for neodymium-based performance butadiene rubber (Nd-PBR) with an annual capacity of 140,000 tons for our Performance Butadiene Rubbers business unit in Singapore. This facility is due on stream in the first half of 2015. In Changzhou, China, our Keltan Elastomers business unit is constructing the world's largest production plant for synthetic EPDM rubber with an annual capacity of up to 160,000 tons. Start-up of this plant, which will utilize the innovative Keltan® ACE™ technology, is planned for 2015. The High Performance Materials business unit is investing in a facility for polyamide plastics at the site in Antwerp, Belgium, which will have an annual capacity of around 90,000 tons

and is due on stream in the third quarter of 2014. In addition, a new compounding facility for high-tech engineering plastics has been constructed in Porto Feliz, Brazil, and will be commissioned in the second quarter of 2014.

The Performance Chemicals segment's Inorganic Pigments business unit is currently building a new facility for iron oxide red pigments in Ningbo, China, designed for an initial annual capacity of 25,000 tons. Commissioning of this plant, in which LANXESS will use the optimized Penniman process for the first time, is planned for the first quarter of 2016.

Opportunities, risks and future perspectives

Significant opportunities and risks

There have been no significant changes in the opportunities or risks of the LANXESS Group compared with December 31, 2013. Further information on this topic is provided in the combined management report for LANXESS AG and the LANXESS Group on pages 51 to 63 of the Financial Report 2013. Based on an overall evaluation of risk management information, the Board of Management at the present time cannot identify any sufficiently likely risks or risk combinations that would jeopardize the continued existence of LANXESS.

Future perspectives

LANXESS anticipates that the economic environment will continue to slowly recover during the remainder of the year. We expect the main impetus to come from the established economic regions with the exception of Japan, where development could be more restrained due to the imminent tax increase.

The recovery in Europe is likely to continue, with slower growth forecasted in Western Europe than in Eastern Europe. For the United States, we continue to assume that economic development will be better this year than in 2013. Development in China is expected to be more moderate, especially in light of the debate surrounding the financial sector. However, we still consider the forecasted growth of 7.5% to be achievable.

We believe the major risk with regard to further growth currently lies in the potential expansion of the political conflict between Russia and Ukraine.

In the chemical industry, we assume that production will continue to develop robustly, with Asia being the driving force in regional terms.

Regarding our customer industries, we expect that automotive production will grow faster than in the previous year. In the European automotive industry, we predict a slight improvement in overall demand. We expect demand to develop well in the Chinese economic region, and believe this trend will also prevail in most of the other Asian countries. In North America, we expect to see slight growth during the rest of the year as previously anticipated.

In our view the tire industry will continue to expand in 2014. In the replacement tire business particularly, however, it will not be possible for development to continue at the good level of the first quarter. We assume the European tire industry will show somewhat better development than was forecasted at the end of last year, but expect the slightly negative trend in Western Europe to persist. Tire industry growth will continue to be driven by the Chinese economic region, and there should be slight growth in the United States.

The market for agrochemicals should continue to develop well and be coupled with correspondingly high demand.

We expect the construction industry to continue growing during the year. Demand should come particularly from Asia, yet we also expect to see growth in the United States and Europe and also believe growth prospects in Europe are improving.

With respect to our business development, we believe the challenging competitive environment for our synthetic rubber businesses, with their close links to the automotive and tire industries, will continue. Thus we assess that price pressure will persist for these businesses. We therefore continue to predict modest development for our Performance Polymers segment.

In the agrochemicals business, we expect demand to continue developing well in the coming quarters and therefore also foresee favorable development in the business units of our Advanced Intermediates segment.

The effects of the forecasted growth in the construction industry should include further potential impetus for our pigments business in the Performance Chemicals segment.

As a result of these factors, we expect improved year-on-year earnings development in the second quarter of 2014 and anticipate that EBITDA pre exceptionals will come in at between €220 million and €240 million.

We are narrowing our earnings guidance for fiscal 2014 and currently expect EBITDA pre exceptionals of between €770 million and €830 million.

As part of the Advance program, we introduced efficiency improvement measures and targeted restructuring last year to increase the competitiveness of LANXESS. We have already completed the personnel adjustments under the Advance program in line with our expectations. We are currently working at full steam on a further realignment program for LANXESS. Detailed information on this is expected to be provided during the second half of this year.

We will continue to focus on the implementation of our major growth projects in China, Singapore, and Antwerp, Belgium, which are already well advanced. Cash outflows for capital expenditures are therefore expected to be at the prior-year level of more than €600 million. After completing these facilities, we plan to focus in the future on maintenance and efficiency improvement measures and to reduce the level of capital expenditures.

Further information on this topic is provided in the combined management report for LANXESS AG and the LANXESS Group on pages 63 to 65 of the Financial Report 2013.

Events after the end of the reporting period

No events of special significance took place after March 31, 2014 that are expected to materially affect the financial position or results of operations of the LANXESS Group.

Condensed Consolidated Interim Financial Statements

as of March 31, 2014

LANXESS Group Statement of Financial Position

€ million	Dec. 31, 2013	March 31, 2014
ASSETS		
Intangible assets	323	318
Property, plant and equipment	2,903	2,910
Investments accounted for using the equity method	12	13
Investments in other affiliated companies	13	14
Non-current derivative assets	20	13
Other non-current financial assets	11	11
Non-current income tax receivables	1	1
Deferred taxes	254	268
Other non-current assets	55	56
Non-current assets	3,592	3,604
Inventories	1,299	1,363
Trade receivables	1,070	1,176
Cash and cash equivalents	427	405
Near-cash assets	106	123
Current derivative assets	58	39
Other current financial assets	6	8
Current income tax receivables	55	39
Other current assets	198	241
Current assets	3,219	3,394
Total assets	6,811	6,998
EQUITY AND LIABILITIES		
Capital stock and capital reserves	889	889
Other reserves	1,690	1,499
Net income (loss)	(159)	25
Other equity components	(525)	(525)
Equity attributable to non-controlling interests	5	4
Equity	1,900	1,892
Provisions for pensions and other post-employment benefits	943	1,004
Other non-current provisions	258	267
Non-current derivative liabilities	12	6
Other non-current financial liabilities	1,649	1,578
Non-current income tax liabilities	49	30
Other non-current liabilities	89	84
Deferred taxes	29	29
Non-current liabilities	3,029	2,998
Other current provisions	355	381
Trade payables	690	659
Current derivative liabilities	22	19
Other current financial liabilities	668	858
Current income tax liabilities	21	49
Other current liabilities	126	142
Current liabilities	1,882	2,108
Total equity and liabilities	6,811	6,998

LANXESS Group Income Statement

€ million	Q1 2013	Q1 2014
Sales	2,095	2,043
Cost of sales	(1,700)	(1,626)
Gross profit	395	417
Selling expenses	(189)	(186)
Research and development expenses	(48)	(45)
General administration expenses	(79)	(74)
Other operating income	30	31
Other operating expenses	(42)	(68)
Operating result (EBIT)	67	75
Income from investments accounted for using the equity method	0	1
Interest income	1	1
Interest expense	(26)	(25)
Other financial income and expense	(11)	(14)
Financial result	(36)	(37)
Income before income taxes	31	38
Income taxes	(7)	(14)
Income after income taxes	24	24
of which attributable to non-controlling interests	(1)	(1)
of which attributable to LANXESS AG stockholders (net income)	25	25
Earnings per share (undiluted/diluted) (€)	0.30	0.30

LANXESS Group **Statement of Comprehensive Income**

€ million	Q1 2013	Q1 2014
Income after income taxes	24	24
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of the net defined benefit liability for post-employment benefit plans	(20)	(47)
Income taxes	6	15
	(14)	(32)
Items that may be reclassified subsequently to profit or loss if specific conditions are met		
Exchange differences on translation of operations outside the eurozone	46	(4)
Financial instruments	(12)	7
Income taxes	3	(3)
	37	0
Other comprehensive income, net of income tax	23	(32)
Total comprehensive income	47	(8)
of which attributable to non-controlling interests	0	(1)
of which attributable to LANXESS AG stockholders	47	(7)

LANXESS Group **Statement of Changes in Equity**

€ million	Capital stock	Capital reserves	Other reserves	Net income (loss)	Other equity components		Equity attributable to LANXESS AG stockholders	Equity attributable to non-controlling interests	Equity
					Currency translation adjustment	Financial instruments			
Dec. 31, 2012	83	806	1,238	508	(329)	8	2,314	16	2,330
Allocations to retained earnings			508	(508)			0		0
Effects of the transition to full consolidation							0	9	9
Total comprehensive income			(14)	25	45	(9)	47	0	47
Income after income taxes				25			25	(1)	24
Other comprehensive income, net of income tax			(14)		45	(9)	22	1	23
March 31, 2013	83	806	1,732	25	(284)	(1)	2,361	25	2,386
Dec. 31, 2013	83	806	1,690	(159)	(529)	4	1,895	5	1,900
Allocations to retained earnings			(159)	159			0		0
Total comprehensive income			(32)	25	(4)	4	(7)	(1)	(8)
Income after income taxes				25			25	(1)	24
Other comprehensive income, net of income tax			(32)		(4)	4	(32)	0	(32)
March 31, 2014	83	806	1,499	25	(533)	8	1,888	4	1,892

LANXESS Group Statement of Cash Flows

€ million	Q1 2013	Q1 2014
Income before income taxes	31	38
Depreciation and amortization	102	103
Income from investments accounted for using the equity method	0	(1)
Financial losses	25	25
Income taxes paid/refunded	(34)	10
Changes in inventories	(81)	(69)
Changes in trade receivables	(109)	(108)
Changes in trade payables	(95)	(31)
Changes in other assets and liabilities	1	42
Net cash provided by (used in) operating activities	(160)	9
Cash outflows for purchases of intangible assets, property, plant and equipment	(93)	(108)
Cash inflows from/outflows for financial assets	235	(17)
Cash inflows from sales of intangible assets, property, plant and equipment	1	0
Cash inflows from divestments of subsidiaries and other businesses, less divested cash and cash equivalents	0	3
Interest and dividends received	1	0
Net cash provided by (used in) investing activities	144	(122)
Proceeds from borrowings	19	116
Repayments of borrowings	(30)	(20)
Interest paid and other financial disbursements	(8)	(7)
Net cash provided by (used in) financing activities	(19)	89
Change in cash and cash equivalents from business activities	(35)	(24)
Cash and cash equivalents at beginning of period	386	427
Other changes in cash and cash equivalents	2	2
Cash and cash equivalents at end of period	353	405

Segment and Region Data

Key Data by Segment

€ million	Performance Polymers		Advanced Intermediates		Performance Chemicals		Reconciliation		LANXESS	
	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014
External sales	1,134	1,063	433	419	520	550	8	11	2,095	2,043
Inter-segment sales	0	0	12	14	2	2	(14)	(16)	0	0
Segment/Group sales	1,134	1,063	445	433	522	552	(6)	(5)	2,095	2,043
Segment result/EBITDA pre exceptionals	112	117	71	72	51	68	(60)	(52)	174	205
EBITDA margin pre exceptionals (%)	9.9	11.0	16.4	17.2	9.8	12.4			8.3	10.0
EBITDA	112	108	71	71	50	58	(64)	(59)	169	178
EBIT pre exceptionals	52	61	54	49	30	48	(64)	(56)	72	102
EBIT	52	52	54	48	29	38	(68)	(63)	67	75
Segment capital expenditures	66	80	20	20	24	11	4	3	114	114
Depreciation and amortization	60	56	17	23	21	20	4	4	102	103
Employees as of March 31 (previous year: as of Dec. 31)	5,379	5,251	2,854	2,827	5,837	5,784	3,273	3,177	17,343	17,039

Key Data by Region

€ million	EMEA (excl. Germany)		Germany		North America		Latin America		Asia-Pacific		LANXESS	
	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014
Sales by market	623	618	370	381	327	331	245	217	530	496	2,095	2,043
Proportion of Group sales (%)	29.7	30.3	17.7	18.6	15.6	16.2	11.7	10.6	25.3	24.3	100.0	100.0
Employees as of March 31 (previous year: as of Dec. 31)	3,444	3,412	8,117	7,933	1,526	1,442	1,560	1,541	2,696	2,711	17,343	17,039

Notes to the Condensed Consolidated Interim Financial Statements

as of March 31, 2014

Recognition and valuation principles

The unaudited, condensed consolidated interim financial statements as of March 31, 2014 were prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations of the International Accounting Standards Board (IASB) applicable to interim financial reporting, as endorsed by the European Union. The standards and interpretations already mandatory as of January 1, 2014 were observed in preparing the interim financial statements.

The application of new or revised standards on accounting for participating interests in other entities, in particular, became mandatory as of January 1, 2014. These comprise the new standards IFRS 10, IFRS 11 and IFRS 12 together with the revised standards IAS 27 and IAS 28. IFRS 10 contains requirements for consolidated financial statements superseding those previously contained in IAS 27 and largely redefines the control concept, which forms the basis for determining which companies are to be fully consolidated. This did not result in any changes for LANXESS, however. IFRS 11 prescribes the accounting for joint arrangements and requires a reassessment of whether a joint arrangement constitutes a joint operation or a joint venture. The interest in a joint operation is accounted for by recognizing the share of assets, liabilities, revenues and expenses according to the rights and obligations of the partners. The investment in a joint venture, however, is accounted for in the consolidated financial statements using the equity method in line with the amended requirements of IAS 28. The investment in DuBay Polymer GmbH, Hamm, Germany, was previously accounted for using the proportionate consolidation method. This entity is to be regarded as a joint operation, since the partners exercise joint control over it, purchasing its entire output between them, and DuBay Polymer has no access to external sources of finance. The company is therefore accounted for according to LANXESS's shares of its assets, liabilities, revenues and expenses. The application of the new or revised standards did not affect the classification of Currenta GmbH & Co. OHG, Leverkusen, Germany, as an associated company. It therefore continues to be accounted for using the equity method according to IAS 28. Finally,

IFRS 12 relates to disclosure requirements. The application of the new or revised standards as a whole had no material impact on the LANXESS Group's financial position or results of operations.

In compliance with IAS 34, the company opted for a condensed scope of reporting in the interim financial statements compared with the consolidated annual financial statements. Reference should be made as appropriate to the notes to the consolidated financial statements as of December 31, 2013, particularly with respect to the recognition and valuation principles applied.

Preparation of the consolidated interim financial statements requires that assumptions and estimates be made that have an impact on the amount and recognition of assets and liabilities in the statement of financial position, income and expenses, and contingent liabilities. All assumptions and estimates are made on the basis of conditions prevailing at the reporting date, using methods generally consistent with those applied in the consolidated financial statements for 2013. The actual figures may differ from the assumptions or estimates if the underlying conditions develop differently than predicted at the reporting date.

The present interim financial statements do not contain any items that are considered unusual because of their nature, scope or frequency and have had a significant impact on the assets, liabilities, equity, results for the period or cash flows.

The business of the LANXESS Group as a whole is not subject to pronounced seasonality. However, in light of the business activities of the individual segments, sales and earnings tend to be stronger in the first half of the year. For example, volumes of agrochemical products in the Advanced Intermediates segment tend to be higher in the first six months of the year because of the growing seasons. The businesses with products for the construction industry in the Advanced Intermediates and Performance Chemicals segments are also seasonal in that sales are higher in the summer than in the winter months, when activity is lower.

Scope of consolidation

The consolidated interim financial statements of the LANXESS Group include the parent company LANXESS AG along with all of its domestic and foreign subsidiaries.

	EMEA (excl. Germany)	Germany	North America	Latin America	Asia-Pacific	Total
Fully consolidated companies (incl. parent company)						
Jan. 1, 2014	23	12	5	5	20	65
Retirements		(1)				(1)
Mergers					(1)	(1)
Changes in scope of consolidation					(1)	(1)
March 31, 2014	23	11	5	5	18	62
Consolidated associates and jointly controlled entities						
Jan. 1, 2014		2				2
Changes						0
March 31, 2014	0	2	0	0	0	2
Non-consolidated companies						
Jan. 1, 2014	2	2	1	3	2	10
Changes						0
Changes in scope of consolidation					1	1
March 31, 2014	2	2	1	3	3	11
Total						
Jan. 1, 2014	25	16	6	8	22	77
Retirements		(1)				(1)
Mergers					(1)	(1)
Changes in scope of consolidation					0	0
March 31, 2014	25	15	6	8	21	75

In addition, two special purpose entities in the EMEA (excluding Germany) region are included in the consolidated interim financial statements.

As of March 31, 2014, there were no adjustments to the purchase price allocations for PCTS Specialty Chemicals Pte. Ltd., Singapore, which was acquired on April 5, 2013, or the phosphorus chemicals business of Thermphos France S.A.R.L., Epierre, France, which was acquired on September 14, 2013. Details of these acquisitions and their effects on the LANXESS Group's consolidated statement of financial position are provided in the notes to the consolidated financial statements as of December 31, 2013, under the heading "Companies consolidated."

Nexachem Trading (Qingdao) Co., Ltd., Qingdao, China, was de-consolidated in the reporting period due to its immateriality for the LANXESS Group. In addition, LANXESS sold all the shares of Perlon-Monofil GmbH, Dormagen, Germany, effective March 19, 2014. These changes had no material impact on the LANXESS Group's financial position or results of operations.

Earnings per share

Earnings per share for the first quarters of 2013 and 2014 were calculated on the basis of the number of shares outstanding at the ends of the respective periods. They are derived solely from continuing operations. Since there are currently no equity instruments in issue that could dilute earnings per share, basic and diluted earnings per share are identical. For more information about equity instruments that could dilute earnings per share in the future, readers are referred to the notes to the consolidated financial statements as of December 31, 2013.

Earnings per Share			
	Q1 2013	Q1 2014	Change %
Net income (€ million)	25	25	0.0
Number of outstanding shares	83,202,670	83,202,670	0.0
Earnings per share in € (undiluted/diluted)	0.30	0.30	0.0

Fair value measurement

The following table shows the volumes of assets and liabilities that were measured at fair value on a recurring basis as of the end of the reporting period and the levels of the fair value hierarchy into which the inputs used in valuation techniques were categorized.

Assets and Liabilities Measured at Fair Value			
€ million	March 31, 2014		
	Level 1	Level 2	Level 3
Non-current assets			
Investments in other affiliated companies	5	–	–
Non-current derivative assets	–	13	–
Other non-current financial assets	–	1	–
Current assets			
Near-cash assets	123	–	–
Current derivative assets	–	39	–
Other current financial assets	0	–	–
Non-current liabilities			
Non-current derivative liabilities	–	(6)	–
Current liabilities			
Current derivative liabilities	–	(19)	–

According to the fair value measurement hierarchy, quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date are given the highest priority (Level 1). Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, are assigned to Level 2. Unobservable inputs for the asset or liability are given the lowest priority (Level 3).

The investments in other affiliated companies measured at fair value pertain to shares in the listed companies Gevo Inc., Englewood, United States, and BioAmber Inc., Minneapolis, United States. The item "Investments in other affiliated companies" in the statement of financial position also includes €9 million in non-listed equity instruments whose fair values at the end of the reporting period could not be reliably measured and which are therefore recognized at cost. There are currently no plans to dispose of these investments.

Most of the derivative financial instruments used by LANXESS are traded in an active, liquid market. The fair values as of the end of the reporting period pertain exclusively to forward exchange contracts and are derived from their trading or listed prices using the "forward method." Where no market price is available, values are determined using recognized capital market pricing methods based on observable market data. In determining the fair values, adjustments for LANXESS's own credit risk and counterparty credit risk are made on the basis of the respective net positions.

The near-cash assets include units of money market funds that can be sold at any time and are expected to be realized within twelve months after the end of the reporting period.

In the case of financial instruments accounted for using valuation principles other than fair value measurement, the fair value – where this can be reliably determined – is normally the carrying amount. Only the carrying amount of the bonds, at €1,947 million, differed significantly from their fair value, which was €2,057 million as of March 31, 2014.

Additional information about the measurement of fair value and about financial instruments is provided in the notes to the consolidated financial statements as of December 31, 2013.

Notes to the segment reporting

The reconciliation of EBITDA pre exceptionals of the operating segments to income before income taxes is presented in the following table:

Reconciliation of Segment Result		
€ million	Q1 2013	Q1 2014
Total of segment results	234	257
Depreciation and amortization	(102)	(103)
Other/consolidation	(60)	(52)
Exceptional items in EBITDA	(5)	(27)
Net interest expense	(25)	(24)
Income from investments accounted for using the equity method	0	1
Other financial income and expense	(11)	(14)
Income before income taxes	31	38

There were no segment changes in the reporting period.

Changes on the Board of Management

At an extraordinary meeting, the Supervisory Board of LANXESS AG resolved to terminate Dr. Axel C. Heitmann's appointment as a member and Chairman of the Board of Management of LANXESS AG. The Supervisory Board appointed Matthias Zachert as his successor effective April 1, 2014. LANXESS's Chief Financial Officer Dr. Bernhard Düttmann performed the duties of the Chairman of the Board of Management until Mr. Zachert took office.

Related parties

In the course of its operations, the LANXESS Group sources materials, inventories and services from a large number of business partners around the world. These include companies in which LANXESS AG holds a direct or indirect interest. Transactions with these companies are carried out on an arm's-length basis.

Transactions in the first quarter of 2014 with associated companies accounted for in the consolidated financial statements using the equity method, or subsidiaries of such companies, mainly comprised the purchase of site services in the fields of utilities, infrastructure and logistics totaling €114 million (Q1 2013: €116 million). Receivables of €2 million and payables of €148 million existed as of March 31, 2014 as a result of these transactions (December 31, 2013: €5 million and €40 million, respectively). There was no material change in the first quarter of 2014 in the payment obligations to these companies that existed as of December 31, 2013 under operating leases (€5 million) or purchase agreements (€3 million).

In the first quarter of 2014, production services totaling €1 million (Q1 2013: €0 million) were provided to the LANXESS Group by jointly controlled entities. Loans receivable from jointly controlled entities as of March 31, 2014 totaled €5 million (December 31, 2013: €5 million).

No material business transactions were undertaken with other related parties. As in the previous year, no loans were granted to members of the Board of Management or the Supervisory Board in the first quarter of 2014.

Employees

The LANXESS Group had 17,039 employees worldwide as of March 31, 2014, which was 304 fewer than on December 31, 2013 (17,343). The decrease was mainly attributable to the Advance program.

The number of employees in the EMEA (excluding Germany) region dropped by 32 to 3,412. Headcount in Germany came to 7,933, against 8,117 as of December 31, 2013. The workforce in North America decreased by 84 to 1,442. In Latin America, the number of employees declined to 1,541 from 1,560 on December 31, 2013. In the Asia-Pacific region, however, there was a small increase of 15 from 2,696 to 2,711. This was mainly due to the investment activities in those countries.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Cologne, May 7, 2014

LANXESS Aktiengesellschaft

The Board of Management

Matthias Zachert

Dr. Bernhard Düttmann

Dr. Werner Breuers

Dr. Rainier van Roessel

Financial Calendar 2014

May 22

Annual Stockholders' Meeting, Cologne

August 6

Interim Report H1 2014

November 6

Interim Report Q3 2014

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