

Interim Report

January 1 to September 30, 2015



LANXESS Group Key Data

€ million	Q3 2014	Q3 2015	Change %	9M 2014	9M 2015	Change %
Sales	2,040	1,953	(4.3)	6,102	6,096	(0.1)
EBITDA pre exceptionals	210	235	11.9	654	734	12.2
EBITDA margin pre exceptionals	10.3%	12.0%		10.7%	12.0%	
EBITDA	183	218	19.1	582	692	18.9
EBIT pre exceptionals	110	121	10.0	353	397	12.5
EBIT	83	104	25.3	280	344	22.9
EBIT margin	4.1%	5.3%		4.6%	5.6%	
Net income	35	41	17.1	115	150	30.4
Earnings per share (€)	0.38	0.45	17.1	1.31	1.64	25.2
Cash flow from operating activities	201	190	(5.5)	388	342	(11.9)
Depreciation and amortization	100	114	14.0	302	348	15.2
Cash outflows for capital expenditures	112	100	(10.7)	374	229	(38.8)
Total assets				7,250 ¹⁾	7,217	(0.5)
Equity (including non-controlling interests)				2,161 ¹⁾	2,188	1.2
Equity ratio				29.8% ¹⁾	30.3%	
Net financial liabilities				1,336 ¹⁾	1,323	(1.0)
Employees (as of September 30)				16,584 ¹⁾	16,318	(1.6)

1) previous year as of December 31, 2014

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Key Issues

Q3 2015

LANXESS and Saudi Aramco agree alliance for synthetic rubber

LANXESS, the world's largest producer of synthetic rubber, and Saudi Aramco, the world's largest crude oil and energy group, have agreed to create a joint venture for synthetic rubber. LANXESS and the Saudi Aramco subsidiary Aramco Overseas Company will each hold a 50% interest in this joint venture. Annual sales of synthetic rubber are around €3 billion (basis: fiscal 2014). Saudi Aramco is to pay around €1.2 billion for its 50% share after deduction of debt and other financial liabilities.

LANXESS will contribute its rubber business, which is valued at €2.75 billion. This will include the Tire & Specialty Rubbers and High Performance Elastomers business units, with a total of 20 production facilities in nine countries, some 3,700 employees and support functions. Saudi Aramco will provide the joint venture with competitive and reliable access to strategic raw materials in the medium term.



Matthias Zachert, Chairman of the Board of Management of LANXESS AG (right), and Abdulrahman F. Al-Wuhaib, Senior Vice President Downstream of Saudi Aramco, sign the new joint venture agreement in Cologne.

This alliance implements the third stage of LANXESS's three-phase realignment program.

Rating agencies have reacted positively to the new cooperation in view of the prudent financial strategy. Standard & Poor's confirmed its investment grade rating of BBB– and raised its outlook to positive.

Dr. Hubert Fink appointed to the Board of Management

The Supervisory Board of LANXESS AG has appointed Dr. Hubert Fink to the Board of Management. Effective October 1, 2015, the number of members of the Board of Management was therefore once again increased from three to four. Most recently, Dr. Fink headed the Advanced Industrial Intermediates business unit at LANXESS. He will remain acting manager of this business unit until a successor is appointed.



Effective October 1, 2015, the experienced industry expert Hubert Fink was appointed to the Board of Management of LANXESS.

Dr. Fink joined Bayer AG in 1988. In 2002 he became head of Global Operations Semi-Crystal-

line Products in the Bayer Polymers subgroup. When the LANXESS organization was set up in 2004, Dr. Fink became head of the Semi-Crystalline Products business unit (now the High Performance Materials business unit). He has been in charge of the Advanced Industrial Intermediates business unit since 2011.

On the Board of Management he holds responsibility for the Advanced Intermediates segment, which comprises the Advanced Industrial Intermediates and Saltigo business units, and for the High Performance Materials business unit. He is also responsible for the Global Procurement & Logistics group function and for the Production, Technology, Safety & Environment (PTSE) group function, which combines all production-related services.

LANXESS once again listed in Dow Jones sustainability indices

LANXESS has been included in the Dow Jones Sustainability Index (DJSI) World for the fifth time in a row. The composition of this sustainability index, which is recognized throughout the world, is determined once a year on the basis of financially relevant environmental, social and governance factors.

This year, LANXESS received special recognition for its commitment in the areas of occupational health and safety, codes of conduct and compliance, risk and crisis management, customer relationship management, corporate citizenship and innovation management.

LANXESS Stock

Our share price declined in the third quarter. From mid-August, in particular, it was affected by the increasingly negative market environment and was therefore unable to sustain a level of over €50 in the reporting period.

The stock markets recovered at the start of the reporting period in the wake of the agreement reached at the European summit in July on the debt dispute with Greece. The DAX subsequently rose to over 11,000 points again and LANXESS's benchmark indexes also benefited from positive impetus. However, the remainder of the quarter was dominated by negative price trends. In August, the DAX even dropped below the 10,000-point mark for the first time since the start of the year. This was mainly due to developments in China, where the central bank devalued the currency to support the weaker economic trend. The European stock markets rebounded briefly at the end of August when the Chinese central bank cut its key interest rate. Further price pressure and substantial stock market losses were then triggered by the scandal at Volkswagen in September. This resulted in a particularly sharp correction of the DAX, where automotive stocks have a high weighting, pushing it down to a low of 9,362 points in September.

Overall, the DAX posted a substantial drop of 11.7% in the reporting period and closed at 9,660 points on September 30. Our benchmark indexes also registered double-digit percentage setbacks. While the Dow Jones STOXX 600 ChemicalsSM was mostly above 900 points in the first few weeks of the reporting period, it fell below 800 points as the quarter progressed and closed at 787 points on September 30, a clear drop of 11.1%. The decline in the MSCI World Chemicals Index was even more pronounced: this index ended the quarter down 16.2% at 228 points.

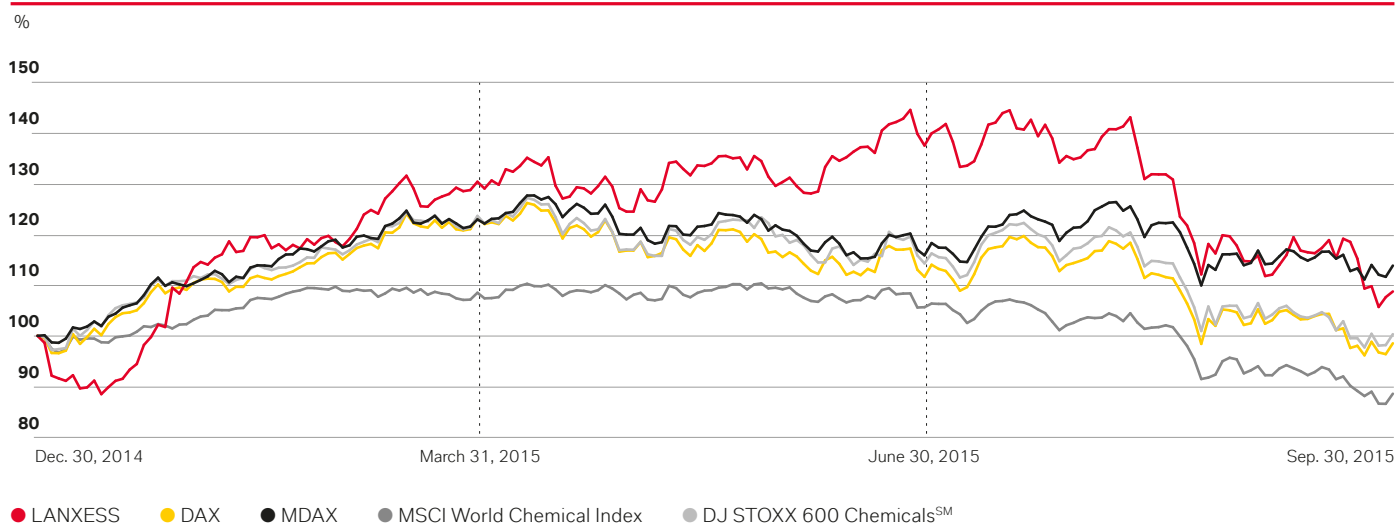
Our share price was also greatly influenced by the general market trend in the third quarter. In view of the market corrections, it was unable to sustain a level of over €50 in the reporting period. The share price remained below this level from mid-August, closing at €41.82 on September 30. It therefore posted a substantial decline of 20.9% in the reporting period.

Key corporate news such as the alliance with the world's largest crude oil and energy producer Saudi Aramco brought some short-lived positive impetus for our stock but could not provide sustained support in the prevailing market environment. Our news flow also included an increase in our guidance for fiscal 2015 following the strong second quarter but had no material impact on the share price.

At the start of September, Deutsche Börse announced changes to the DAX share index following its regular annual review. Since LANXESS stock no longer met the market capitalization requirement used alongside trading volume as a criterion for the composition of the DAX, it was admitted to the MDAX index effective September 21. Our stock was previously listed on the MDAX from 2005 to 2012.

Further company news from the third quarter of 2015 is provided on page 1 of this report.

Stock Performance vs. Indices

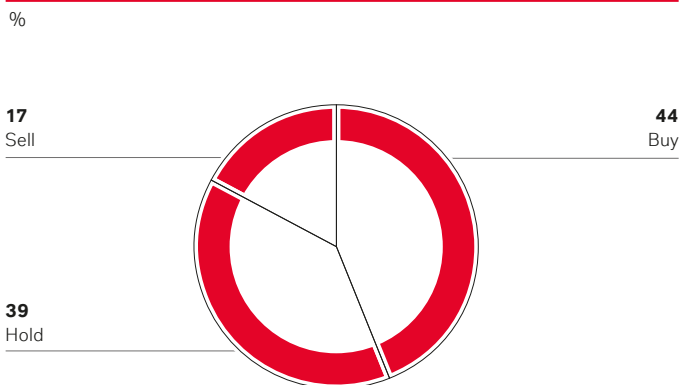


LANXESS Stock

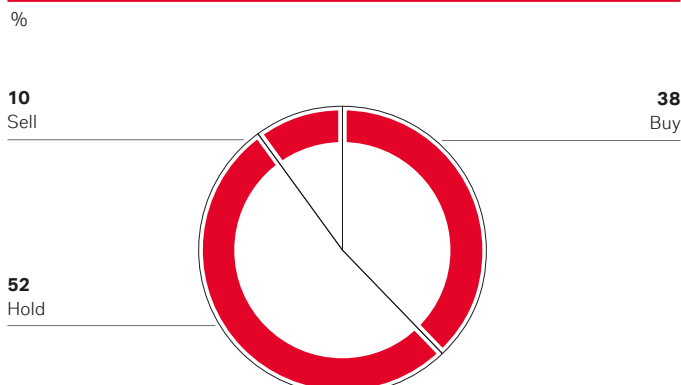
		Q4 2014	Q1 2015	Q2 2015	Q3 2015
Capital stock/no. of shares ¹⁾	€/no. of shares	91,522,936	91,522,936	91,522,936	91,522,936
Market capitalization ¹⁾	€ billion	3.51	4.54	4.84	3.83
High/low for the period	€	43.79/36.24	51.00/33.53	55.87/47.05	56.50/39.99
Closing price ¹⁾	€	38.46	49.63	52.89	41.82
Trading volume	million shares	60.900	62.838	36.504	53.481
Earnings per share	€	(0.74)	0.24	0.95	0.45

1) End of quarter: Q4: December 31, 2014, Q1: March 31, 2015, Q2: June 30, 2015, Q3: September 30, 2015

Analysts' Recommendations as of July 31, 2015



Analysts' Recommendations as of October 30, 2015



Interim Group Management Report

as of September 30, 2015

- LANXESS and Saudi Aramco enter into strategic alliance for synthetic rubber business
- Persistently challenging competitive situation for synthetic rubber
- Sales down 4.3% against prior-year quarter
- Selling price adjustments due to lower raw material costs
- Volumes down slightly year on year at Group level
- EBITDA pre exceptionals increased by 11.9% to €235 million
- EBITDA margin pre exceptionals 12.0% against 10.3% for the prior-year quarter
- Positive currency effect on sales and earnings
- Net income of €41 million against €35 million in previous year
- Guidance for 2015 raised: EBITDA pre exceptionals expected between €860 million and €900 million

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 is a wholly owned subsidiary of LANXESS AG and in turn controls 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 68 of the Annual Report 2014.

Changes in the Group portfolio

There were no changes in our Group portfolio in the first nine months of 2015. Details of the scope of consolidation are provided in the Notes to the Condensed Consolidated Interim Financial Statements as of September 30, 2015.

Business and strategy

As part of the "Let's LANXESS again" realignment program, LANXESS has agreed on a strategic alliance with the world's largest crude oil and energy producer, Saudi Aramco, in the synthetic rubber business, in which each party will have a 50% interest. Saudi Aramco is to pay around €1.2 billion for its share after deduction of debt and other financial liabilities. The transaction still requires the approval of the relevant antitrust authorities and is expected to be completed in the first half of 2016. The business unit is still to be included in the consolidated financial statements of the LANXESS Group and to be fully consolidated in the first three years.

As part of our realignment, we combined some of our business units effective January 1, 2015. The LANXESS Group continues to be structured in three segments but these now comprise a total of 10 business units, each of which conducts its own operations and has global profit responsibility. The Butyl Rubber and Performance Butadiene Rubbers business units were merged to form the Tire & Specialty Rubbers business unit. This decision was based on overlapping customer structures, regional commonalities in the established markets and changed conditions in the emerging economies. Furthermore, LANXESS consolidated the High Performance Elastomers and Keltan Elastomers business units in the High Performance Elastomers business unit. Here, too, there were substantial overlaps in customer structures. The specialty chemicals product line of the Rubber Chemicals business unit, the Functional Chemicals business unit and the Rhein Chemie business unit now make up the new Rhein Chemie Additives business unit. By consolidating our additives business operations, we are seeking access to new markets and customers. Effective January 1, 2015, the antioxidants and accelerators product lines of the Rubber Chemicals business unit were integrated into the portfolio of the Advanced Industrial Intermediates business unit. To improve comparability, the prior-year figures have been restated wherever necessary. No further changes were made to the Group's business organization or strategic alignment in the reporting period. The business units are supported by centralized services and by local organizations in the countries. Further details are given on pages 68 to 72 of the Annual Report 2014.

In the Asia-Pacific region, the new plants for our Tire & Specialty Rubbers and High Performance Elastomers business units came on stream during the reporting period. Further information on this can be found in the "Financial condition and capital expenditures" section.

In connection with the optimization of the plant networks for rubber products, LANXESS intends to discontinue production of ethylene propylene diene monomer (EPDM) rubber at the site in Marl, Germany, in the first quarter of 2016. Within LANXESS's EPDM rubber production network, the Marl facility is the least competitive due to its relatively small capacity and comparatively high energy and raw material costs.

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

Economic environment and business development

Business conditions

General economic situation The economic slowdown in China had a negative impact on the global economy. The uncertainty about the future development of the Chinese economy dampened global growth expectations. Overall, global output grew by 2.4% in the third quarter of 2015, which was slightly less than in the previous quarter. Growth was robust in the Asia-Pacific region, with China continuing to provide considerable impetus despite lower growth. Both the development of the EMEA region and growth in the United States were moderate. Economic output in Latin America was essentially unchanged from the prior-year quarter.

Chemical industry Production in the chemical industry increased by 3.0% worldwide in the third quarter. Despite the economic slowdown in China, Asia and the NAFTA free-trade area remained the main growth drivers. While production volume in the EMEA region was almost unchanged compared with the prior-year quarter, output in Latin America was slightly lower.

Evolution of major user industries Automotive production increased by around 2% in the third quarter of 2015, supported mainly by the NAFTA and EMEA regions. The negative development in Eastern Europe prevented stronger growth in Europe. Growth in the Asia-Pacific region receded slightly, held back by slightly weaker data from China and Japan. Latin America registered a very significant drop in production.

The development of the tire market varied by region, influenced by the different trends in the automotive industry. On balance, there was a slight drop in production in China owing to lower exports, but the replacement tire market developed positively. The replacement tire market also developed favorably in Europe and North America, despite weaker impetus from Russia. Further, there was only modest growth in the replacement tire market in Latin America. In the tire market for commercial vehicles, the emerging markets posted a negative trend in both the original equipment and the replacement sector.

Growth in the construction industry was stronger in the third quarter than in preceding quarters, with all regions contributing to this. Only Latin America was considerably weaker. Asia also registered perceptible growth with continued strong advances in China despite the ongoing weakness there.

The production of agrochemicals remained subdued, with the NAFTA and EMEA regions posting a negative trend. Overall, only slight growth was registered in the Asia-Pacific region, but positive impetus came from China.

Comparison of forecast and actual business

The development of our business was still impacted by the persistently challenging competitive situation for our synthetic rubber businesses. All segments posted lower selling prices as a result of lower raw material prices.

Against the background of the anticipated influences, which are expected to have a largely offsetting effect between the individual segments, in our Annual Report 2014 we predicted that EBITDA pre exceptionals for the full year 2015 would be on a comparable level to 2014. In the reporting period, EBITDA pre exceptionals was €734 million, an increase of €80 million compared with the first nine months of 2014. All segments contributed to this performance.

As usual, the guidance we are now issuing for the current year can be found in the "Future perspectives" section of this interim management report.

Comparison of Forecast and Actual Business in 2015

	Forecast for 2015 in Annual Report 2014/ Q1 Interim Report	Forecast for 2015 in H1 Interim Report	Actual Q3 Interim Report 9M 2015
Business development: Group			
EBITDA pre exceptionals	€820 – 860 million	€840 – 880 million	9M: €734 million
Business development: segments			
Performance Polymers	Restrained development owing to the challenging competitive environment and persisting price pressure	Challenging competitive environment, persisting price pressure	Persistently challenging competitive situation; EBITDA pre exceptionals: €397 million
Advanced Intermediates	Continuing good demand for agrochemical products and from other industries	Continuing solid development, good demand for agrochemical products	Solid development; EBITDA pre exceptionals: €248 million
Performance Chemicals	Slight improvement in demand	Solid development	Good development; EBITDA pre exceptionals: €283 million
Raw material prices	Persistently volatile development; increase in procurement prices for petrochemical raw materials	Unchanged development	Below the prior-year level
Financial condition: Group			
Cash outflows for capital expenditures	approx. €450 million	max. €450 million	9M: €229 million

Sales

Sales of the LANXESS Group in the third quarter of 2015 amounted to €1,953 million, down €87 million, or 4.3%, from the prior-year period. Lower selling prices, which resulted particularly from lower procurement prices for raw materials, diminished sales by 10.1%. Volumes were 1.4% lower than in the prior-year period. Changes in exchange rates improved sales by 7.2%.

Effects on Sales

%	Q3 2015	9M 2015
Price	(10.1)	(9.7)
Volume	(1.4)	1.2
Currency	7.2	8.5
Portfolio	0.0	(0.1)
	(4.3)	(0.1)

Our Performance Polymers segment recorded a 6.6% decline in sales against the third quarter of the previous year. Lower procurement prices for raw materials were passed on to customers. The

challenging competitive situation for synthetic rubber held back development and led to lower selling prices. Volumes were slightly above the prior-year level. Shifts in exchange rates had a positive impact on sales.

Sales in our Advanced Intermediates segment contracted by 7.6% in the third quarter, held back by lower selling prices, primarily because lower procurement prices for raw materials were passed on to customers. In addition, volumes were lower than in the strong prior-year period. By contrast, shifts in exchange rates had a positive impact on sales.

In our Performance Chemicals segment we registered sales growth of 2.9%. While selling prices were level year on year, volumes dropped. The Performance Chemicals segment also benefited from the positive effect of exchange rate developments.

LANXESS posted higher sales in North America, but a decline in sales in the other regions.

Sales by Segment

€ million	Q3 2014	Q3 2015	Change %	Proportion of Group sales %	9M 2014	9M 2015	Change %	Proportion of Group sales %
Performance Polymers	1,045	976	(6.6)	50.0	3,144	3,063	(2.6)	50.3
Advanced Intermediates	476	440	(7.6)	22.5	1,403	1,386	(1.2)	22.7
Performance Chemicals	509	524	2.9	26.8	1,523	1,610	5.7	26.4
Reconciliation	10	13	30.0	0.7	32	37	15.6	0.6
	2,040	1,953	(4.3)	100.0	6,102	6,096	(0.1)	100.0

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 the Group's operating target.

Any disclosure of the Group's order book status as of 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 with sales, the cost of sales showed a disproportionately large decline of 8.6% to €1,498 million. Relief came from lower procurement prices for raw materials and the impact of lower volumes while shifts in exchange rates had a counter-effect.

Accordingly, gross profit rose by €54 million, or 13.5%, against the prior-year quarter to €455 million. The gross profit margin increased from 19.7% to 23.3%. Shifts in exchange rates had a positive impact on gross profit.

EBITDA and operating result (EBIT)

The operating result before depreciation and amortization (EBITDA) pre exceptionals rose by €25 million, or 11.9%, year on year in the third quarter, to €235 million. At Group level, the impact of lower raw material prices was passed on to the market in the form of selling price adjustments. However, the persistently challenging competitive situation for synthetic rubber and lower volumes weighed on earnings. The overall positive development was also largely attributable to favorable currency effects. Selling expenses were on a par with the prior-year level at €190 million. Research and development expenses were €32 million, compared with €39 million in the prior-year period. General administration expenses rose by €8 million to €70 million and were therefore above the low prior-year level, amongst other things due to allocations to provisions for variable income components and to currency effects. The Group's EBITDA margin pre exceptionals rose from 10.3% to 12.0%.

EBITDA pre exceptionals in our Performance Polymers segment advanced by €33 million in the third quarter to €126 million. The slight expansion of volumes and the favorable currency effects had a positive impact on earnings, while the persistently difficult competitive situation for synthetic rubber continued to have a negative impact.

Our Advanced Intermediates segment posted EBITDA pre exceptionals of €76 million, against €75 million in the prior-year period. Selling price adjustments reflected the fact that lower procurement prices for raw materials were passed on to customers. Lower volumes also had a negative impact. Favorable exchange rate developments had a positive effect.

EBITDA Pre Exceptionals by Segment

€ million	Q3 2014	Q3 2015	Change %	9M 2014	9M 2015	Change %
Performance Polymers	93	126	35.5	332	397	19.6
Advanced Intermediates	75	76	1.3	225	248	10.2
Performance Chemicals	75	86	14.7	224	283	26.3
Reconciliation	(33)	(53)	(60.6)	(127)	(194)	(52.8)
	210	235	11.9	654	734	12.2

Reconciliation of EBITDA Pre Exceptionals to Operating Result (EBIT)

€ million	Q3 2014	Q3 2015	Change %	9M 2014	9M 2015	Change %
EBITDA pre exceptionals	210	235	11.9	654	734	12.2
Depreciation and amortization	(100)	(114)	(14.0)	(302)	(348)	(15.2)
Exceptional items in EBITDA	(27)	(17)	37.0	(72)	(42)	41.7
Operating result (EBIT)	83	104	25.3	280	344	22.9

EBITDA pre exceptionals in our Performance Chemicals segment was €86 million, up €11 million from the prior-year period. Lower procurement prices for raw materials and favorable currency effects improved earnings. Lower volumes had an opposing effect.

The Group operating result (EBIT) came to €104 million in the third quarter of 2015, up from €83 million in the prior-year quarter. Following the completion of new production plants in the Asia-Pacific region, depreciation and amortization was €114 million and thus €14 million, or 14.0%, above the prior-year quarter. Other operating income and expenses included exceptional items of €17 million that fully impacted EBITDA. These items related mainly to the "Let's LANXESS again" program and primarily resulted from expenses in connection with the establishment of the strategic alliance for the synthetic rubber business. The exceptional items totaling €27 million in the prior-year quarter also fully impacted EBITDA.

Financial result

The financial result for the third quarter of 2015 was minus €36 million, compared with minus €28 million for the prior-year period. The net interest expense of €16 million was level with the prior year. The earnings contribution from companies accounted for using the equity method came to €0 million in the reporting period, against €1 million in the prior-year quarter. The balance of other financial income and expense items was minus €20 million, after minus €13 million in the prior-year period, and related principally to the realization of unfavorable currency hedging transactions and accrued interest for provisions.

Income before income taxes

Third-quarter income before income taxes came to €68 million, against €55 million for the prior-year period. The effective tax rate was 39.7%, compared with 36.4% for the prior-year quarter

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

Net income for the third quarter came to €41 million, compared with €35 million in the prior-year period.

The income attributable to non-controlling interests in the period under review was €0 million, as in the prior-year period.

Earnings per share are calculated by dividing net income by the weighted average number of LANXESS shares in circulation during the reporting period. The number of shares in circulation rose by the shares issued for the capital increase in May 2014. Earnings per share were €0.45 in the third quarter, above the figure of €0.38 for the prior-year period.

Earnings per share pre exceptionals were €0.57 in the third quarter of 2015, compared with €0.59 for the prior-year period. This value was calculated by adjusting earnings per share for exceptional items and the attributable tax effects. In the third quarter of 2015, exceptional items amounted to €17 million, compared with €27 million in the prior-year period.

Sales by Market

	Q3 2014		Q3 2015		Change	9M 2014		9M 2015		Change
	€ million	%	€ million	%		€ million	%	€ million	%	
EMEA (excluding Germany)	569	27.9	558	28.6	(1.9)	1,789	29.3	1,794	29.5	0.3
Germany	361	17.7	339	17.3	(6.1)	1,105	18.1	1,062	17.4	(3.9)
North America	347	17.0	355	18.2	2.3	1,017	16.7	1,055	17.3	3.7
Latin America	209	10.2	201	10.3	(3.8)	647	10.6	635	10.4	(1.9)
Asia-Pacific	554	27.2	500	25.6	(9.7)	1,544	25.3	1,550	25.4	0.4
	2,040	100.0	1,953	100.0	(4.3)	6,102	100.0	6,096	100.0	(0.1)

Business development by region

Global sales performance was characterized by lower selling prices resulting from overall lower procurement prices for key raw materials.

Sales in the EMEA (excluding Germany) region shrank by €11 million, or 1.9%, to €558 million in the third quarter of 2015. Adjusted for currency effects, sales were down 3.0% compared with the prior-year quarter. This development was mainly attributable to the Advanced Intermediates segment, which registered a drop in sales in the mid-single-digit percentage range. In the Performance Polymers segment, sales slipped by a low-single-digit percentage, while the Performance Chemicals segment achieved slight sales growth. While demand declined, especially, in the Netherlands, Switzerland and France, positive sales trends came mainly from Portugal and Belgium.

With a 28.6% share of total sales in the third quarter, compared with 27.9% in the prior-year period, EMEA (excluding Germany) remained the largest of the LANXESS Group's regions in terms of sales.

Our sales in Germany were down €22 million, or 6.1%, year on year in the third quarter, at €339 million. After adjustment for positive currency effects, sales fell by 6.4%. While sales in the Advanced Intermediates segment dropped by a low-double-digit percentage, the Performance Polymers and Performance Chemicals segments saw sales decline by low-single-digit percentages.

Germany's share of Group sales came to 17.3% for the quarter, against 17.7% for the prior-year period.

Sales in the North America region climbed by €8 million to €355 million in the third quarter of 2015. Adjusted for positive currency effects, sales fell by 13.8%. This development was marked by the course of business in the Performance Polymers and Advanced Intermediates segments, which posted mid-double-digit-percentage reductions in sales. The Performance Chemicals segment recorded a sales decrease in the mid-single-digit percentage range.

The North America region's share of Group sales increased to 18.2% in the third quarter, up from 17.0% in the prior-year period.

Sales in the Latin America region dropped 3.8% year on year from €209 million to €201 million. After adjustment for positive currency effects, sales were down 12.7%. The Advanced Intermediates and Performance Polymers segments, in particular, registered a substantial decline in sales in the high- and low-double-digit-percentage range respectively. The decrease in sales in the Performance Chemicals segment was only in the mid-single-digit percentage range. Operating performance in the region was driven by Brazil.

The region accounted for 10.3% of Group sales in the third quarter, which was virtually unchanged year on year.

Sales in the Asia-Pacific region dropped substantially, by 9.7%, in the third quarter to €500 million. Adjusted for positive currency effects, sales fell by 21.7%. All segments posted sales declines in the low- to high-double-digit percentage range, mainly due to the development in China, Singapore, South Korea and India.

Asia-Pacific's share of Group sales came to 25.6% in the third quarter, compared with 27.2% in the prior-year period.

Segment information

Performance Polymers

	Q3 2014		Q3 2015		Change	9M 2014		9M 2015		Change
	€ million	Margin %	€ million	Margin %		€ million	Margin %	€ million	Margin %	
Sales	1,045		976		(6.6)	3,144		3,063		(2.6)
EBITDA pre exceptionals	93	8.9	126	12.9	35.5	332	10.6	397	13.0	19.6
EBITDA	88	8.4	124	12.7	40.9	315	10.0	403	13.2	27.9
Operating result (EBIT) pre exceptionals	41	3.9	63	6.5	53.7	174	5.5	211	6.9	21.3
Operating result (EBIT)	36	3.4	61	6.3	69.4	156	5.0	206	6.7	32.1
Cash outflows for capital expenditures	83		42		(49.4)	271		96		(64.6)
Depreciation and amortization	52		63		21.2	159		197		23.9
Employees as of September 30 (previous year: as of Dec. 31) ¹⁾	5,240		5,117		(2.3)	5,240		5,117		(2.3)

1) 2014 figure restated

Sales in our Performance Polymers segment declined by 6.6% year on year in the third quarter of 2015, to €976 million. A negative price effect of 15.6% was attributable in particular to lower procurement prices for raw materials being passed on to customers. The change in volumes had a slightly positive impact on sales while a favorable currency effect of 8.3% increased sales.

All business units in this segment were impacted by lower selling prices. The Tire & Specialty Rubbers and High Performance Materials business units posted volume growth, but volumes declined in the High Performance Elastomers business unit. Shifts in exchange rates had a positive effect in all business units. Sales receded in all regions.

EBITDA pre exceptionals in the Performance Polymers segment rose by €33 million to €126 million in the third quarter. While reduced selling prices had a dampening effect, lower procurement prices for raw materials provided cost relief of the same magnitude. Earnings improved due to favorable currency effects and higher volumes. The segment's EBITDA margin rose from 8.9% in the prior-year quarter to 12.9%.

Exceptional items in the segment came to €2 million in the reporting period and fully impacted EBITDA. These charges were taken in connection with the "Let's LANXESS again" program. Exceptional items in the prior-year quarter amounted to €5 million, which also fully impacted EBITDA.

Advanced Intermediates

	Q3 2014		Q3 2015		Change	9M 2014		9M 2015		Change
	€ million	Margin %	€ million	Margin %		€ million	Margin %	€ million	Margin %	
Sales	476		440		(7.6)	1,403		1,386		(1.2)
EBITDA pre exceptionals	75	15.8	76	17.3	1.3	225	16.0	248	17.9	10.2
EBITDA	74	15.5	76	17.3	2.7	219	15.6	247	17.8	12.8
Operating result (EBIT) pre exceptionals	52	10.9	52	11.8	0.0	156	11.1	174	12.6	11.5
Operating result (EBIT)	51	10.7	52	11.8	2.0	150	10.7	173	12.5	15.3
Cash outflows for capital expenditures	14		22		57.1	54		50		(7.4)
Depreciation and amortization	23		24		4.3	69		74		7.2
Employees as of September 30 (previous year: as of Dec. 31)	3,312		3,274		(1.1)	3,312		3,274		(1.1)

2014 figures restated

In our *Advanced Intermediates* segment, sales were €440 million in the third quarter of 2015, which was 7.6% or €36 million lower than in the prior-year period. Selling price adjustments, due mainly to cost relief from lower procurement prices for raw materials being passed on to the market, resulted in a negative price effect of 9.7%. Volumes were down 2.7% compared with the prior-year quarter. Sales were improved by favorable currency effects of 4.8%.

Selling prices in the *Advanced Industrial Intermediates* business unit were below the level of the prior-year quarter, mainly on account of raw material prices, while volumes were stable despite an unplanned shutdown in the United States. By contrast, the *Saltigo* business unit registered a drop in volumes compared with a strong prior-year quarter and on account of a change in the timing of projects. In all regions segment sales were lower than in the prior-year period.

EBITDA pre exceptionals in the *Advanced Intermediates* segment was €1 million, or 1.3%, above the prior-year level, at €76 million. Lower raw material costs and positive currency effects resulted in an improvement in earnings. This was countered by the development of selling prices and lower volumes. The EBITDA margin was 17.3%, up from 15.8% in the prior-year quarter.

Performance Chemicals

	Q3 2014		Q3 2015		Change	9M 2014		9M 2015		Change
	€ million	Margin %	€ million	Margin %		%	€ million	Margin %	€ million	
Sales	509		524		2.9	1,523		1,610		5.7
EBITDA pre exceptionals	75	14.7	86	16.4	14.7	224	14.7	283	17.6	26.3
EBITDA	72	14.1	86	16.4	19.4	211	13.9	275	17.1	30.3
Operating result (EBIT) pre exceptionals	55	10.8	63	12.0	14.5	163	10.7	218	13.5	33.7
Operating result (EBIT)	52	10.2	63	12.0	21.2	150	9.8	210	13.0	40.0
Cash outflows for capital expenditures	9		33		> 100	36		74		> 100
Depreciation and amortization	20		23		15.0	61		65		6.6
Employees as of September 30 (previous year: as of Dec. 31)	5,318		5,311		(0.1)	5,318		5,311		(0.1)

2014 figures restated

Sales in the Performance Chemicals segment rose by 2.9% in the third quarter, to €524 million. While lower volumes reduced sales by 4.9%, selling prices nearly matched the prior-year quarter. Shifts in exchange rates had a positive effect of 7.4%.

Development varied across the individual business units in this segment. While selling prices in all business units were almost level with the prior-year quarter, volumes were lower, except at Liquid Purification Technologies. All business units in this segment benefited from the favorable development of exchange rates. While business developed positively in the EMEA (excluding Germany) region, the other regions posted a downward trend.

EBITDA pre exceptionals in the Performance Chemicals segment advanced substantially by €11 million, or 14.7%, to €86 million, compared with the prior-year level of €75 million. This increase was mainly attributable to the positive development of exchange rates. Earnings were additionally buoyed by lower procurement prices for raw materials with stable selling prices but were held back by the decline in volumes. The EBITDA margin pre exceptionals was 16.4%, up from 14.7% in the prior-year quarter.

Reconciliation

	Q3 2014	Q3 2015	Change	9M 2014	9M 2015	Change
	€ million	€ million	%	€ million	€ million	%
Sales	10	13	30.0	32	37	15.6
EBITDA pre exceptionals	(33)	(53)	(60.6)	(127)	(194)	(52.8)
EBITDA	(51)	(68)	(33.3)	(163)	(233)	(42.9)
Operating result (EBIT) pre exceptionals	(38)	(57)	(50.0)	(140)	(206)	(47.1)
Operating result (EBIT)	(56)	(72)	(28.6)	(176)	(245)	(39.2)
Cash outflows for capital expenditures	6	3	(50.0)	13	9	(30.8)
Depreciation and amortization	5	4	(20.0)	13	12	(7.7)
Employees as of September 30 (previous year: as of Dec. 31) ¹⁾	2,714	2,616	(3.6)	2,714	2,616	(3.6)

1) 2014 figure restated

Third-quarter EBITDA pre exceptionals for the reconciliation came to minus €53 million, compared with minus €33 million in the prior-year quarter. This change was mainly due to currency hedging losses. The €15 million in exceptional items reported in the reconciliation for the third quarter fully impacted EBITDA. They related almost exclusively to the “Let’s LANXESS again” program and mainly resulted from expenses in connection with the establishment of the strategic alliance for the synthetic rubber business.

Statement of financial position and financial condition

Structure of the statement of financial position

As of September 30, 2015, the LANXESS Group had total assets of €7,217 million, down €33 million, or 0.5%, from €7,250 million on December 31, 2014. This was especially attributable to the currency-related decline in intangible assets and property, plant and equipment resulting from the development of the exchange rate for the Brazilian real. The equity ratio at the end of the third quarter was 30.3%, after 29.8% on December 31, 2014.

Non-current assets declined by €85 million to €4,016 million, mainly as a result of currency effects, while intangible assets and property, plant and equipment decreased by €89 million to €3,564 million. Following completion of the capital expenditure projects in the Asia-Pacific region, cash outflows for purchases of intangible assets and property, plant and equipment in the reporting period totaled €229 million, compared with €374 million in the prior-year period. Depreciation and amortization in the first nine months amounted to €348 million, which was €46 million above the figure of €302 million for the prior-year period. The ratio of non-current assets to total assets was 55.6%, slightly below the figure of 56.6% on December 31, 2014.

Current assets increased by €52 million, or 1.7%, compared with December 31, 2014 to €3,201 million. The increase of €31 million, or 2.2%, in inventories to €1,415 million was mainly volume-driven. In addition, trade receivables were €46 million, or 4.5%, higher at €1,061 million. Cash and cash equivalents decreased by €68 million to €350 million. The ratio of current assets to total assets was 44.4%, against 43.4% as of December 31, 2014.

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 other brands of the Group. A variety of measures was deployed in the reporting period to continually enhance these assets and help strengthen the 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, have made it possible for 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 €2,188 million against €2,161 million on December 31, 2014. The change resulted mainly from the positive total comprehensive income in the reporting period. The ratio of equity to the Group's total assets was 30.3% as of September 30, 2015, compared with 29.8% as of December 31, 2014. Non-current liabilities increased by €3 million to €3,450 million as of September 30, 2015. Provisions for pensions and other post-employment benefits, at €1,301 million, were level with the end of 2014. Non-current derivative liabilities were €26 million, after €20 million on December 31, 2014. Other non-current financial liabilities amounted to €1,671 million, down by €27 million from the end of 2014. The ratio of non-current liabilities to total assets was 47.8%, up from 47.5% as of December 31, 2014.

Current liabilities came to €1,579 million, down by €63 million, or 3.8%, compared with December 31, 2014, mainly due to the repayment of financial debt and a largely cut-off-date-related decline of €80 million in trade payables to €719 million. By contrast, other current provisions rose from €350 million to €440 million, partly on account of higher provisions for variable remuneration components. The ratio of current liabilities to total assets was 21.9% as of September 30, 2015, against 22.6% at the end of 2014.

Financial condition and capital expenditures

Changes in the statement of cash flows In the first nine months of 2015, there was a net cash inflow of €342 million from operating activities, against €388 million in the prior-year period. This change was in part due to payments related to the realignment of the LANXESS Group. Based on income before income taxes of €246 million, the increase in net working capital compared to December 31, 2014 resulted in a negative effect of €161 million. In the prior-year period, income before income taxes was €187 million and the cash outflow from the increase in net working capital was €261 million.

There was a €166 million net cash outflow from investing activities in the first nine months of 2015, against €496 million in the same period a year ago. The cash outflow in the reporting period was mainly attributable to capital expenditures for intangible assets and property, plant and equipment totaling €229 million, against €374 million in the prior-year period.

Net cash used in financing activities came to €232 million, compared with €47 million in the first nine months of 2014. The cash inflow of €76 million in proceeds from new borrowings in the reporting period was set against outflows of €213 million for the repayment of financial liabilities as well as the dividend payment to LANXESS AG stockholders in May 2015 for fiscal 2014. In the prior year, the cash inflow of €433 million from the capital increase and €317 million from new borrowings was partly offset particularly by outflows of €646 million for the repayment of financial liabilities as well as for the dividend payment for fiscal 2013.

Financing and liquidity The principles and objectives of financial management discussed on page 95 of the Annual Report 2014 remain valid this year. They are centered on a conservative financial policy built on long-term, secured financing.

Cash and cash equivalents decreased by €68 million compared with the end of 2014, to €350 million. The €81 million of instant-access investments in money market funds, down from €100 million at the end of 2014, are reported under near-cash assets. The Group's liquidity position thus remains sound.

Net financial liabilities totaled €1,323 million as of September 30, 2015, compared with €1,336 million as of December 31, 2014.

Net Financial Liabilities

€ million	Dec. 31, 2014	Sep. 30, 2015
Non-current financial liabilities	1,698	1,671
Current financial liabilities	182	107
less:		
Liabilities for accrued interest	(26)	(24)
Cash and cash equivalents	(418)	(350)
Near-cash assets	(100)	(81)
	1,336	1,323

Financing instruments off the statement of financial position As of September 30, 2015, 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 a new production facility for neodymium-based performance butadiene rubber (Nd-PBR) for our Tire & Specialty Rubbers business unit in Singapore. This facility is designed for an annual capacity of 140,000 tons and came on stream in the reporting period. In Changzhou, China, the High Performance Elastomers business unit successfully completed the construction of a production plant for synthetic ethylene propylene diene monomer (EPDM) rubber and commissioned the facility at the end of the first quarter. The plant has an annual capacity of up to 160,000 tons. The High Performance Materials business unit is adding a second production line to its high-tech plastics plant in Gastonia, United States. This new compounding facility will double the capacity from currently 20,000 tons to 40,000 tons per year. Production is scheduled to start at the beginning of 2016.

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. This plant will be expanded to include a mixing and milling facility for inorganic pigments with a capacity of 70,000 tons per year that will also be able to process raw pigments from other LANXESS sites for the Asian market. The entire plant complex is scheduled for completion in the fourth quarter of 2015 and the start-up of production for the first quarter of 2016.

Future perspectives, opportunities and risks

Future perspectives

Despite rising uncertainty about the stability of economic growth in the emerging markets, we still expect the global economy to grow slowly in the current fiscal year, although we expect growth to be below the prior-year level. One of the principal factors behind the slowdown is uncertainty about the scale of the reduction in growth in China. The future economic development of the eurozone also remains a risk factor. We currently assume the following developments in the various regions: For NAFTA we anticipate weaker growth than originally forecast. We also anticipate that growth in the EMEA region will be lower than assumed in the Annual Report 2014. Despite the uncertainty about the development of China, we expect growth to remain most dynamic in the Asia-Pacific region. For Latin America we are forecasting a downward, and therefore considerably weaker, development than had been forecast at year-end 2014.

Our growth expectations for the chemical industry are still slightly below the assumptions at year-end 2014 owing to the weaker outlook for the chemical industry in China. The NAFTA region should continue to post a better performance than assumed in the Annual Report 2014, while growth in EMEA is likely to be somewhat below our original forecast. Chemical production in the Asia-Pacific region should be in line with the lower growth expectations. In view of the persistently difficult economic situation in Latin America, we predict a decline in this region.

In our customer industries, we expect substantially slower growth in automotive output than forecast in the Annual Report 2014. The very weak development in China, in particular, led to a sharp correction in global growth assumptions. Output in NAFTA should remain robust and we still anticipate that growth will only be slightly below our assumption at the end of 2014. For EMEA we expect expansion to be above our previous forecasts despite the downbeat forecast for Eastern Europe. We now assume that output in the Asia-Pacific region will be slightly below the prior-year level. In light of the economic problems we predict a significant decline in automotive production in Latin America.

Global production in the tire industry is expected to be somewhat weaker than anticipated at year-end 2014. In almost all regions, growth will be driven by demand for replacement tires. NAFTA should develop better than expected at the end of 2014. For EMEA we now assume a significant improvement compared with our original forecasts. Slight growth is expected in the Asia-Pacific region but there is some uncertainty regarding the present level of inventories. Latin America should be able to post a marginally positive development. However, this will be significantly below the assumption at the end of 2014.

The outlook for the construction industry is unchanged from the previous quarters, but is still considerably below the growth rates anticipated at the end of 2014. We have reduced our assumptions for all regions. NAFTA continues to post the strongest growth. EMEA is still expected to grow more slowly than originally expected. We also anticipate weaker growth in the construction industry in the Asia-Pacific region and are forecasting a downward trend in Latin America.

Growth in output of agrochemicals is likely to be slightly below our most recent forecasts and well below the forecast made in the Annual Report 2014. Here we are predicting a downward development in NAFTA. Production should be robust in EMEA and solid growth is expected in the Asia-Pacific region. We now expect a sharp downward development in the Latin America region this year.

We anticipate the following developments for our segments in the remainder of this year:

The synthetic rubber business will be exposed to persistent price pressure in a challenging competitive environment. We assume a drop in volumes in our rubber business in China in light of the weaker economic situation there. In particular, we continue to expect idle costs at our world-scale facilities in Asia due to the present low capacity utilization. Overall, the Performance Polymers segment is expected to post a weaker business trend in the fourth quarter than in the first nine months of 2015.

We expect the performance of the Advanced Intermediates segment to remain stable. Demand for our agrochemical products should continue its stable development but with growth rates lower than in the prior year.

In our Performance Chemicals segment, we expect performance in the rest of the year to remain solid, though characterized by normal seasonality. Our expectations for this segment's large business units, Inorganic Pigments and Rhein Chemie Additives, are as follows: For our Inorganic Pigments business unit, we still predict good demand for inorganic pigments from the construction industry and other end-markets and a solid business performance. The Rhein Chemie Additives business unit should also continue its stable development. The economic problems in China will also impact the Performance Chemicals segment to some extent, leading to lower volumes in this region in the fourth quarter.

The U.S. dollar is the key currency for our globally aligned business. We therefore anticipate that the continued strength of the U.S. dollar will have a positive effect on our business in the remainder of the year, although this will be weakened by hedging losses.

We expect the following exceptional charges from the ongoing three-phase realignment program "Let's LANXESS again:" For the first phase of the program, which is aimed at increasing the efficiency of the business units and administrative structures, we have planned total exceptional charges of €150 million up to year-end 2015. We anticipate exceptional charges of approximately €40 million for this in 2015. Exceptional charges amounting to €110 million were already taken in 2014.

In the second phase of the program, we expect exceptional charges of approximately €60 million in 2015 for the planned realignment of production for EPDM and Nd-PBR rubber as well as for efficiency measures. A large proportion of these charges was already incurred in the first quarter of the year.

Overall, for 2015 and for the first two phases of this program we therefore anticipate that exceptional charges will be around €100 million.

For the third phase of our program, which will be implemented successfully through the strategic alliance with Saudi Aramco for our synthetic rubber business, we assume exceptional charges of around €20 million up to the closing of the transaction in 2016. Initial exceptional charges for this will be incurred this year.

In view of the rapid implementation of the first phase of our realignment, we now expect the total cost savings of €150 million from this phase to have a full impact in the present fiscal year.

We anticipate cost savings of around €10 million already in 2015 from the implementation of the second phase of the realignment, which is aimed at improving operational competitiveness. Overall, we expect savings of around €150 million from the second phase by the end of 2019.

Although business development is expected to be weaker in the fourth quarter, in view of the good performance in the first nine months of 2015 and the early realization of the cost savings from the first two phases of our realignment, we are once again raising our guidance for fiscal 2015. We now anticipate that we will achieve EBITDA pre exceptionals of between €860 million and €900 million in 2015.

Cash outflows for capital expenditures are now expected to be around €430 million in 2015 rather than €450 million. The start-up of our two large production facilities for EPDM and Nd-PBR rubber in Asia concludes our major capital expenditures. In the future, the focus will shift to maintenance of existing production facilities and to efficiency improvements and expansion of our plants.

Further information on this topic is given in the combined management report for LANXESS AG and the LANXESS Group on pages 114 to 115 of the Annual Report 2014.

Significant opportunities and risks

There have been no significant changes in the opportunities or risks of the LANXESS Group compared with December 31, 2014. Further information on this topic is provided in the combined management report for LANXESS AG and the LANXESS Group on pages 115 to 125 of the Annual Report 2014. 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.

Events After the End of the Reporting Period

No events of special significance took place after September 30, 2015 that are expected to materially affect the financial position or results of operations of the LANXESS Group.

Condensed Consolidated Interim Financial Statements

as of September 30, 2015

LANXESS Group Statement of Financial Position

€ million	Dec. 31, 2014	Sep. 30, 2015
ASSETS		
Intangible assets	320	289
Property, plant and equipment	3,333	3,275
Investments accounted for using the equity method	0	0
Investments in other affiliated companies	13	12
Non-current derivative assets	5	4
Other non-current financial assets	11	6
Non-current income tax receivables	6	2
Deferred taxes	380	401
Other non-current assets	33	27
Non-current assets	4,101	4,016
Inventories	1,384	1,415
Trade receivables	1,015	1,061
Cash and cash equivalents	418	350
Near-cash assets	100	81
Current derivative assets	14	29
Other current financial assets	5	9
Current income tax receivables	28	23
Other current assets	185	233
Current assets	3,149	3,201
Total assets	7,250	7,217
EQUITY AND LIABILITIES		
Capital stock and capital reserves	1,317	1,317
Other reserves	1,253	1,252
Net income	47	150
Other equity components	(458)	(541)
Equity attributable to non-controlling interests	2	10
Equity	2,161	2,188
Provisions for pensions and other post-employment benefits	1,290	1,301
Other non-current provisions	275	291
Non-current derivative liabilities	20	26
Other non-current financial liabilities	1,698	1,671
Non-current income tax liabilities	25	19
Other non-current liabilities	118	102
Deferred taxes	21	40
Non-current liabilities	3,447	3,450
Other current provisions	350	440
Trade payables	799	719
Current derivative liabilities	101	109
Other current financial liabilities	182	107
Current income tax liabilities	44	67
Other current liabilities	166	137
Current liabilities	1,642	1,579
Total equity and liabilities	7,250	7,217

LANXESS Group Income Statement

€ million	Q3 2014	Q3 2015	9M 2014	9M 2015
Sales	2,040	1,953	6,102	6,096
Cost of sales	(1,639)	(1,498)	(4,844)	(4,713)
Gross profit	401	455	1,258	1,383
Selling expenses	(186)	(190)	(560)	(573)
Research and development expenses	(39)	(32)	(124)	(98)
General administration expenses	(62)	(70)	(207)	(202)
Other operating income	30	34	95	128
Other operating expenses	(61)	(93)	(182)	(294)
Operating result (EBIT)	83	104	280	344
Income from investments accounted for using the equity method	1	0	6	0
Interest income	0	2	2	3
Interest expense	(16)	(18)	(57)	(52)
Other financial income and expense	(13)	(20)	(44)	(49)
Financial result	(28)	(36)	(93)	(98)
Income before income taxes	55	68	187	246
Income taxes	(20)	(27)	(74)	(97)
Income after income taxes	35	41	113	149
of which attributable to non-controlling interests	0	0	(2)	(1)
of which attributable to LANXESS AG stockholders (net income)	35	41	115	150
Earnings per share (undiluted/diluted) (€)	0.38	0.45	1.31	1.64

LANXESS Group **Statement of Comprehensive Income**

€ million	Q3 2014	Q3 2015	9M 2014	9M 2015
Income after income taxes	35	41	113	149
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of the net defined benefit liability for post-employment benefit plans	(47)	(16)	(161)	(6)
Income taxes	15	6	50	4
	(32)	(10)	(111)	(2)
Items that may be reclassified subsequently to profit or loss if specific conditions are met				
Exchange differences on translation of operations outside the eurozone	83	(122)	119	(56)
Financial instruments	(65)	(13)	(53)	(39)
Income taxes	19	4	14	12
	37	(131)	80	(83)
Other comprehensive income, net of income tax	5	(141)	(31)	(85)
Total comprehensive income	40	(100)	82	64
of which attributable to non-controlling interests	–	–	(2)	(1)
of which attributable to LANXESS AG stockholders	40	(100)	84	65

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, 2013	83	806	1,690	(159)	(529)	4	1,895	5	1,900
Allocations to retained earnings			(159)	159			0		0
Capital increase	8	420					428		428
Dividend payments			(46)				(46)		(46)
Total comprehensive income			(111)	115	119	(39)	84	(2)	82
Income after income taxes				115			115	(2)	113
Other comprehensive income, net of income tax			(111)		119	(39)	(31)	–	(31)
Sep. 30, 2014	91	1,226	1,374	115	(410)	(35)	2,361	3	2,364
Dec. 31, 2014	91	1,226	1,253	47	(407)	(51)	2,159	2	2,161
Allocations to retained earnings			47	(47)			0		0
Capital increase							0	9	9
Dividend payments			(46)				(46)	0	(46)
Total comprehensive income			(2)	150	(56)	(27)	65	(1)	64
Income after income taxes				150			150	(1)	149
Other comprehensive income, net of income tax			(2)		(56)	(27)	(85)	0	(85)
Sep. 30, 2015	91	1,226	1,252	150	(463)	(78)	2,178	10	2,188

LANXESS Group Statement of Cash Flows

€ million	Q3 2014	Q3 2015	9M 2014	9M 2015
Income before income taxes	55	68	187	246
Depreciation and amortization	100	114	302	348
Gains on disposals of intangible assets and property, plant and equipment	–	–	–	(42)
Income from investments accounted for using the equity method	(1)	–	(6)	–
Financial losses	15	17	53	49
Income taxes paid	(36)	(47)	(17)	(70)
Changes in inventories	(17)	(34)	(192)	(27)
Changes in trade receivables	26	93	(51)	(52)
Changes in trade payables	(20)	(97)	(18)	(82)
Changes in other assets and liabilities	79	76	130	(28)
Net cash provided by operating activities	201	190	388	342
Cash outflows for purchases of intangible assets, property, plant and equipment	(112)	(100)	(374)	(229)
Cash inflows from/outflows for financial assets	29	142	(134)	14
Cash inflows from divestments of subsidiaries and other businesses, less divested cash and cash equivalents	–	–	3	–
Cash inflows from sales of intangible assets, property, plant and equipment	1	1	3	45
Interest and dividends received	1	3	6	4
Net cash provided by (used in) investing activities	(81)	46	(496)	(166)
Cash inflow from capital increase	–	–	433	9
Proceeds from borrowings	–	23	317	76
Repayments of borrowings	(127)	(82)	(646)	(213)
Interest paid and other financial disbursements	(20)	(16)	(105)	(58)
Dividend payments	–	–	(46)	(46)
Net cash used in financing activities	(147)	(75)	(47)	(232)
Change in cash and cash equivalents from business activities	(27)	161	(155)	(56)
Cash and cash equivalents at beginning of period	301	204	427	418
Other changes in cash and cash equivalents	1	(15)	3	(12)
Cash and cash equivalents at end of period	275	350	275	350

Segment and Region Data

Key Data by Segment Third quarter

€ million	Performance Polymers		Advanced Intermediates		Performance Chemicals		Reconciliation		LANXESS	
	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015
External sales	1,045	976	476	440	509	524	10	13	2,040	1,953
Inter-segment sales	0	1	10	14	2	3	(12)	(18)	0	0
Segment/Group sales	1,045	977	486	454	511	527	(2)	(5)	2,040	1,953
Segment result/EBITDA pre exceptionals	93	126	75	76	75	86	(33)	(53)	210	235
EBITDA margin pre exceptionals (%)	8.9	12.9	15.8	17.3	14.7	16.4	–	–	10.3	12.0
EBITDA	88	124	74	76	72	86	(51)	(68)	183	218
EBIT pre exceptionals	41	63	52	52	55	63	(38)	(57)	110	121
EBIT	36	61	51	52	52	63	(56)	(72)	83	104
Segment capital expenditures	86	45	17	25	22	34	6	3	131	107
Depreciation and amortization	52	63	23	24	20	23	5	4	100	114

2014 figures restated

Key Data by Segment First nine months

€ million	Performance Polymers		Advanced Intermediates		Performance Chemicals		Reconciliation		LANXESS	
	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015
External sales	3,144	3,063	1,403	1,386	1,523	1,610	32	37	6,102	6,096
Inter-segment sales	0	2	37	40	7	8	(44)	(50)	0	0
Segment/Group sales	3,144	3,065	1,440	1,426	1,530	1,618	(12)	(13)	6,102	6,096
Segment result/EBITDA pre exceptionals	332	397	225	248	224	283	(127)	(194)	654	734
EBITDA margin pre exceptionals (%)	10.6	13.0	16.0	17.9	14.7	17.6	–	–	10.7	12.0
EBITDA	315	403	219	247	211	275	(163)	(233)	582	692
EBIT pre exceptionals	174	211	156	174	163	218	(140)	(206)	353	397
EBIT	156	206	150	173	150	210	(176)	(245)	280	344
Segment capital expenditures	282	103	60	56	51	77	13	9	406	245
Depreciation and amortization	159	197	69	74	61	65	13	12	302	348
Employees as of Sep. 30 (previous year: as of Dec. 31)	5,240	5,117	3,312	3,274	5,318	5,311	2,714	2,616	16,584	16,318

2014 figures restated

Key Data by Region Third quarter

€ million	EMEA (excl. Germany)		Germany		North America		Latin America		Asia-Pacific		LANXESS	
	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015
Sales by market	569	558	361	339	347	355	209	201	554	500	2,040	1,953
Proportion of Group sales (%)	27.9	28.6	17.7	17.3	17.0	18.2	10.2	10.3	27.2	25.6	100.0	100.0

Key Data by Region First nine months

€ million	EMEA (excl. Germany)		Germany		North America		Latin America		Asia-Pacific		LANXESS	
	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015
Sales by market	1,789	1,794	1,105	1,062	1,017	1,055	647	635	1,544	1,550	6,102	6,096
Proportion of Group sales (%)	29.3	29.5	18.1	17.4	16.7	17.3	10.6	10.4	25.3	25.4	100.0	100.0
Employees as of Sep. 30 (previous year: as of Dec. 31)	3,267	3,191	7,747	7,511	1,371	1,326	1,467	1,445	2,732	2,845	16,584	16,318

Notes to the Condensed Consolidated Interim Financial Statements

as of September 30, 2015

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, 2014, particularly with respect to the recognition and valuation principles applied.

As part of the "Let's LANXESS again" realignment program, LANXESS has agreed on a strategic alliance with the world's largest crude oil and energy producer, Saudi Aramco, in the synthetic rubber business, in which each party will have a 50% interest. Saudi Aramco is to pay around €1.2 billion for its share after deduction of debt and other financial liabilities. The transaction still requires the approval of the relevant antitrust authorities and is expected to be completed in the first half of 2016. The business is still to be included in the consolidated financial statements of the LANXESS Group and to be fully consolidated in the first three years.

The company's Annual Stockholders' Meeting on May 13, 2015 approved new authorized capital II valid until May 22, 2018 in the amount of up to €18,304,587. At the same time as the previous authorization to issue bonds and the previous conditional capital were withdrawn early, the Board of Management was also authorized, with the approval of the Supervisory Board, to issue bearer or registered bonds in one or more installments until May 22, 2018 against cash contributions up to a total value of €1 billion, and to grant rights to or impose obligations on the holders of such bonds in respect of bearer shares of the company representing a total pro rata increase of up to €18,304,587 in the company's capital stock. Conditional capital in the amount of up to €18,304,587 was created to service the bonds.

Recognition and valuation principles

The unaudited, condensed consolidated interim financial statements as of September 30, 2015 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, required to be applied in the European Union. The standards and interpretations already mandatory as of January 1, 2015 were observed in preparing the interim financial statements.

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 broadly consistent with those applied in the consolidated financial statements for 2014. The actual figures may differ from the assumptions or estimates if the underlying conditions develop differently than predicted at the reporting date.

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 construction activity is lower.

Changes in the 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, 2015	23	11	5	5	18	62
Mergers	(1)	(2)	(1)		(1)	(5)
Sep. 30, 2015	22	9	4	5	17	57
Consolidated associates and jointly controlled entities						
Jan. 1, 2015		2				2
Changes						0
Sep. 30, 2015	0	2	0	0	0	2
Non-consolidated companies						
Jan. 1, 2015	2	2	1	3	1	9
Changes						0
Sep. 30, 2015	2	2	1	3	1	9
Total						
Jan. 1, 2015	25	15	6	8	19	73
Mergers	(1)	(2)	(1)	0	(1)	(5)
Sep. 30, 2015	24	13	5	8	18	68

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

In the reporting period LANXESS Chemicals, S.L., Barcelona, Spain, was merged with LANXESS Holding Hispania, S.L., Barcelona, Spain, which was renamed LANXESS Chemicals S.L., Barcelona, Spain. In addition, Rhein Chemie Japan Ltd., Tokyo, Japan, was merged with LANXESS K.K., Tokyo, Japan. Further, Aliseca GmbH, Leverkusen, Germany, and LANXESS International Holding GmbH, Cologne, Germany, were merged with LANXESS Deutschland GmbH, Cologne, Germany, and Rhein Chemie Corporation, Chardon, United States, was merged with LANXESS Corporation, Pittsburgh, United States.

Earnings per share

Earnings per share for the third quarter and first nine months of 2014 and 2015 were calculated on the basis of the number of shares in circulation during each reporting period. They are derived solely from continuing operations. The capital increase effected in the second quarter of 2014 was included in the calculation pro rata temporis. 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, 2014.

Earnings per Share

	Q3 2014	Q3 2015	Change %	9M 2014	9M 2015	Change %
Net income (€ million)	35	41	17.1	115	150	30.4
Number of outstanding shares	91,522,936	91,522,936	–	87,455,250	91,522,936	4.7
Earnings per share in € (undiluted/diluted)	0.38	0.45	17.1	1.31	1.64	25.2

Payment of the dividend for fiscal 2014

Pursuant to the resolution of the Annual Stockholders' Meeting on May 13, 2015, the sum of €46 million out of the distributable profit of €53 million reported in the annual financial statements of LANXESS AG as of December 31, 2014 was paid out to the stockholders on May 14, 2015. The dividend per eligible no-par share was €0.50. The remaining amount of €7 million was carried forward to new account.

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	Dec. 31, 2014		
	Level 1	Level 2	Level 3
Non-current assets			
Investments in other affiliated companies	3	–	–
Non-current derivative assets	–	5	–
Other non-current financial assets	–	1	–
Current assets			
Near-cash assets	100	–	–
Current derivative assets	–	14	–
Other current financial assets	0	–	–
Non-current liabilities			
Non-current derivative liabilities	–	20	–
Current liabilities			
Current derivative liabilities	–	101	–

Assets and Liabilities Measured at Fair Value			
€ million	Sep. 30, 2015		
	Level 1	Level 2	Level 3
Non-current assets			
Investments in other affiliated companies	2	–	–
Non-current derivative assets	–	4	–
Other non-current financial assets	–	1	–
Current assets			
Near-cash assets	81	–	–
Current derivative assets	–	29	–
Other current financial assets	0	–	–
Non-current liabilities			
Non-current derivative liabilities	–	26	–
Current liabilities			
Current derivative liabilities	–	109	–

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. As at year end 2014, the item "Investments in other affiliated companies" in the statement of financial position also includes €10 million in non-listed equity instruments, the fair values of which 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. The carrying amount of the bonds, at €1,391 million, differed significantly from their fair value, which was €1,530 million as of September 30, 2015. The carrying amounts of the bonds as of December 31, 2014 was €1,456 million and their fair value €1,630 million. Fair value measurement of the bonds is allocated to Level 1 of the hierarchy although, as of September 30, 2015, two bonds with a fair value of €234 million were allocated to Level 2 as there was no liquid market for them. As of December 31, 2014, three bonds with a fair value of €311 million were allocated to Level 2 of the hierarchy. The fair value of liabilities allocated to Level 2 is calculated using discounted cash flows and taking account of observed market interest rates.

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, 2014.

Segment reporting

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

Reconciliation of Segment Result				
€ million	Q3 2014	Q3 2015	9M 2014	9M 2015
Total of segment results	243	288	781	928
Depreciation and amortization	(100)	(114)	(302)	(348)
Other/consolidation	(33)	(53)	(127)	(194)
Exceptional items affecting EBITDA	(27)	(17)	(72)	(42)
Net interest expense	(16)	(16)	(55)	(49)
Income from investments accounted for using the equity method	1	0	6	0
Other financial income and expense	(13)	(20)	(44)	(49)
Income before income taxes	55	68	187	246

The exceptional items in the reporting period mainly resulted from expenses in connection with the “Let’s LANXESS again” program and are primarily related to expenses in connection with the establishment of the strategic alliance for the synthetic rubber business.

As part of the global realignment, Group structures were reorganized. Prior-year figures have been restated accordingly, with sales of €52 million shifted from the Performance Chemicals segment to the Advanced Intermediates segment in the third quarter. These adjustments resulted in a shift in EBITDA pre exceptionals of €1 million for the third quarter of 2014.

Changes on the Board of Management

Effective April 1, 2015, the Supervisory Board of LANXESS AG appointed Michael Pontzen as a member of the Board of Management of LANXESS AG. Mr. Pontzen took over as Chief Financial Officer (CFO) from Dr. Bernhard Düttmann, who left the company on March 31, 2015.

Effective October 1, 2015, the Supervisory Board of LANXESS AG appointed Dr. Hubert Fink as a member of the Board of Management of LANXESS AG, increasing the number of members from three back to four. Dr. Fink has assumed responsibility for the Advanced Industrial Intermediates, Saltigo and High Performance Materials business units. Further, he is responsible for the Global Procurement & Logistics group function and for the Production, Technology, Safety & Environment group function, which combines all production-related services.

Changes on the Supervisory Board

The Annual Stockholders' Meeting of LANXESS AG held on May 13, 2015, re-elected Dr. Rolf Stomberg, Dr. Friedrich Janssen and Theo H. Walthie as stockholder representatives to the Supervisory Board for a term expiring at the end of the Annual Stockholders' Meeting which resolves on the ratification of the actions of the Supervisory Board in fiscal 2019. Lawrence A. Rosen, Bonn, Germany, and Dr. Matthias L. Wolfgruber, Mühldorf a. Inn, Germany, were elected by the Annual Stockholders' Meeting to the Supervisory Board to represent the stockholders in the place of the departing members Robert J. Koehler and Rainer Laufs. On April 15, 2015, Gisela Seidel, Werner Czaplík, Hans-Jürgen Schicker, Dr. Hans-Dieter Gerriets, Ralf Sikorski and Thomas Meiers had already been elected as employee representatives to the Supervisory Board.

At midnight on June 30, 2015, Hans-Jürgen Schicker stepped down as employee representative from the Supervisory Board. Effective July 1, 2015, he was succeeded by elected substitute member Manuela Strauch as a member of the Supervisory Board of LANXESS AG.

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 has a direct or indirect interest. Transactions with these companies are carried out on an arm's-length basis.

Transactions with Currenta GmbH & Co. OHG, Leverkusen, Germany, which is accounted for in the consolidated financial statements using the equity method, and its subsidiaries mainly comprised the purchase of site services in the fields of utilities, infrastructure and logistics totaling €108 million in the third quarter of 2015 (Q3 2014: €98 million) and €327 million in the first nine months of 2015 (9M 2014: €315 million). Receivables of €32 million and payables of €160 million existed as of September 30, 2015 as a result of these transactions (December 31, 2014: €3 million and €114 million, respectively). There were also payment obligations to Currenta GmbH & Co. OHG and its subsidiaries amounting to €14 million (December 31, 2014: €1 million) under operating leases and obligations of €5 million (December 31, 2014: €4 million) under purchase agreements.

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 nine months of 2015.

Employees

The LANXESS Group had 16,318 employees worldwide as of September 30, 2015, which was 266 fewer than on December 31, 2014 (16,584). The decrease was mainly attributable to the "Lets LANXESS again" program.

The number of employees in the EMEA (excluding Germany) region declined by 76 to 3,191. Headcount in Germany came to 7,511, against 7,747 as of December 31, 2014. The workforce in North America decreased by 45 to 1,326. In Latin America, headcount decreased compared to December 31, 2014, from 1,467 to 1,445. The number of employees in the Asia-Pacific region increased by 113 from 2,732 to 2,845. This was mainly attributable to investment activities in that region.

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 in line with generally accepted accounting standards, 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, October 26, 2015

LANXESS Aktiengesellschaft

The Board of Management

Matthias Zachert

Dr. Hubert Fink

Michael Pontzen

Dr. Rainier van Roessel

Financial Calendar 2016

March 17

Publication of results for fiscal 2015

May 11

Interim Report Q1 2016

May 20

Annual Stockholders' Meeting, Cologne

August 10

Interim Report H1 2016

November 10

Interim Report Q3 2016

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