

LANXESS Q1 2013 Financial Summary for Investors and Analysts

Summary Q1 2013

- Weak start to fiscal 2013
- Sales down by 12.3% with declines in all regions
- Earnings impacted by lower prices and declining volumes
- EBITDA pre exceptionals down sharply from €369 million to €174 million
- EBITDA margin 8.3% vs. 15.5% for same period of last year
- Net income and earnings per share well below prior-year quarter at €25 million and €0.30, respectively
- Net financial liabilities higher at €1,787 million
- Q2 EBITDA pre seen improving sequentially, but not better than ~€220 m
- Outlook: demand to improve in the second half; EBITDA pre exceptionals for 2013 expected to come in below €1 billion
- Capital expenditure guidance for 2013 reduced to about €600 million

LANXESS AG

Investor Relations
51369 Leverkusen
Germany

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

Page 1 of 6

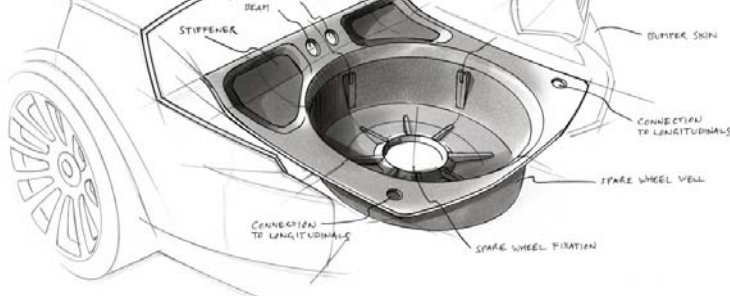
Overview Financials

Q1 Financial Overview

- **P&L impacted by exceptionally weak start of the year**
- Sales decline as volumes (-6%) and prices (-6%) decrease in a poor market environment, currency slightly negative (-1%)
- COGS increase in relation to sales due to higher D&A, ramp-up costs (~€20 m) and increased headcount
- SG&A increase on storage costs, portfolio effects, salary inflation and projects
- EBITDA and margin decrease due to lower pricing levels and volumes as well as related idle costs
- EPS decline affected by risen D&A
- All metrics reflect low demand levels
- **Impact from subdued demand clearly visible**

Q1 2013 Balance Sheet:

- **Q1 2013 results burden balance sheet KPIs**
- Net financial debt increases due to higher working capital and weak operational results
- Net financial debt/EBITDA increases with both lower EBITDA and higher net debt
- Higher inventories due to weak demand level in Q1 2013
- Increased DSO: Receivables increase as sales in March 2013 are up vs December 2012



Q1 2013 Cash flow statement:

- **Poor results weigh on operating cash flow**
- Lower business performance leads to reduced profit before tax
- D&A increase as new assets come on stream
- Higher receivables and inventory levels (volume driven) increase working capital
- Operating cash flow burdened from low earnings and higher working capital
- Investing cash flow includes release of near cash assets

LANXESS AG
Investor Relations
51369 Leverkusen
Germany

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

Q1 2013 Business Overview

Page 2 of 6

Performance Polymers

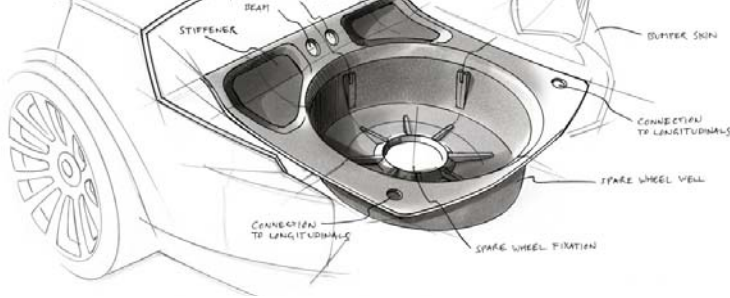
- **A quarter with poor demand – volume declines and drop in price levels**
- Sales deviation yoy: Price -11%, Volume -7%, Currency -1%, Portfolio 0% (approximate numbers)
- Lower price levels across all BUs; raw-material-driven price declines in BUs PBR and HPE (lower butadiene prices yoy)
- Volume declines in almost all BUs due to continued destocking, poor tire demand and European OEM weakness
- BU HPM with positive volumes from high-tech-plastics in Asia and Americas, but burdened by weak Caprolactam business
- Ramp-up costs (~€20 m), technology upgrade for Keltan ACE (~€10 m) and idle costs burden earnings and margin

Advanced Intermediates

- **Solid profitability driven by agro**
- Sales deviation yoy: Price +4%, Volume -3%, Currency 0%, Portfolio 0% (approximate numbers)
- Price increase mainly in BU All, more than offsetting higher benzene prices
- BU All with lower volumes from paints/construction industry but high utilization from aromatic network and benzyl products, due to good demand from agro and flavour & fragrances
- Capex increases due to new projects in BU SGO; implementation throughout the year as demand levels from agro customers remains strong

Performance Chemicals

- **Lower volumes and related idle costs burden EBITDA**
- Sales deviation yoy: Price 0%, Volume -6%, Currency -1%, Portfolio +1% (approximate numbers)
- Stable prices as price increases in several BUs offset decreases in BU FCC (phosphor chemicals) and BU LEA (chrome ore)
- Volume decline driven by BU IPG (late start of construction in Europe and US), BU LEA (CO₂ instability) and BU MPP
- Lower volumes in BUs RCH and RUC (weak tire markets)
- EBITDA burdened by lower utilization rates and related idle costs
- Capex increases due to CO₂ facility in South Africa (BU LEA) and growth projects in China (BUs LEA and IPG)



Business environment:

A tough start of the year – muted expectations for FY 2013

Current macro view – ongoing uncertainty due to low visibility

- Overall customer demand remains at low levels, only slightly improving in Q2
- No substantial improvement of economic environment and low visibility persisting
- Customer destocking expected to slow down in Q2; inventories remain tightly managed
- Slight growth in the U.S., Europe remains weak, Asia expected to pick up in H2

LANXESS AG
Investor Relations
51369 Leverkusen
Germany

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

Page 3 of 6

LANXESS expects a challenging year 2013

- Demand fluctuations managed in-house: flexible asset and cost management implemented
- “Price-before-volume” strategy continues despite ongoing poor demand and market price pressure: Q2 EBITDA pre improving sequentially, but not better than ~€220 m
- We see EBITDA pre below €1 bn in 2013
- We expect a pick-up in demand in H2 2013

Housekeeping items for consideration

Additional financial expectations for 2013

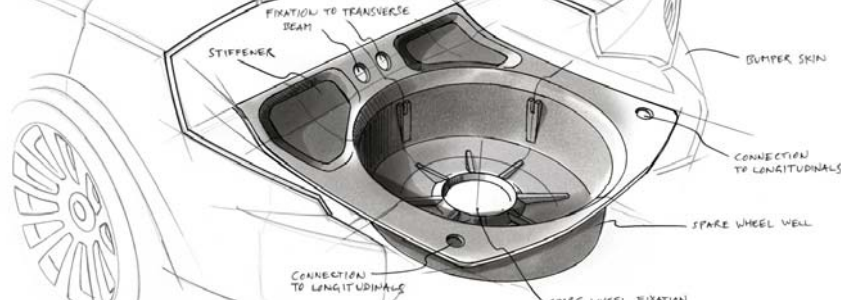
- Capex* 2013 reduced to ~€600 m
- D&A 2013 ~€420 - €440 m
- Reconciliation 2013 ~€200 m mainly as R&D activities increase
- Exceptional items Q2 2013 mid double-digit € million amount
- Tax rate - mid-term: ~22%
- short-term: depending on regional profit contribution and respective tax regimes – tax rate may increase
- Hedging 2013 ~50% at 1.25-1.35 USD / EUR
- Hedging 2014 ~30% at 1.25-1.35 USD / EUR
- IAS 19 revised, impact 2013 - operational result: low single-digit million € amount
- financial result: low single-digit million € amount

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

Leverkusen, May 8, 2013

Forward-Looking Statements

This news release contains forward-looking statements based on current assumptions and forecasts made by LANXESS AG management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.



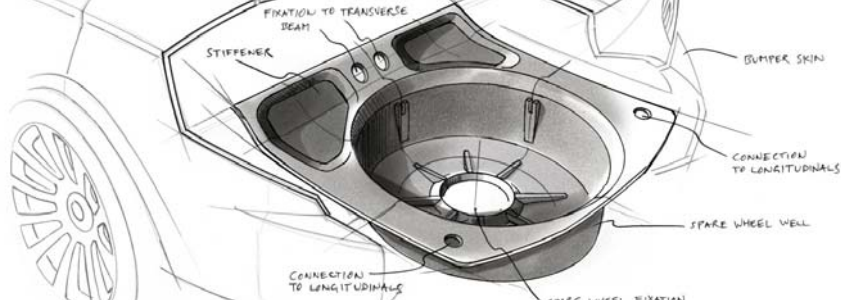
Financial Overview Q1 2013

in € million

| | LANXESS | | | Perf. Polymers | | | Advanced Intermed. | | | Performance Chem. | | | Others/ Cons. | | |
|--------------------------|--------------|--------------|-----------|----------------|--------------|-----------|--------------------|------------|-----------|-------------------|------------|-----------|---------------|------------|-----------|
| | Q1 '12 | Q1 '13 | Chg. in % | Q1 '12 | Q1 '13 | Chg. in % | Q1 '12 | Q1 '13 | Chg. in % | Q1 '12 | Q1 '13 | Chg. in % | Q1 '12 | Q1 '13 | Chg. in % |
| Sales | 2.388 | 2.095 | -12% | 1.391 | 1.134 | -18% | 429 | 433 | 1% | 558 | 520 | -7% | 10 | 8 | -20% |
| Price* | | | -6% | | | -11% | | | 4% | | | 0% | | | 0% |
| Volume* | | | -6% | | | -8% | | | -3% | | | -6% | | | -20% |
| Currency* | | | -1% | | | -1% | | | -1% | | | -1% | | | 0% |
| Portfolio* | | | 0% | | | 0% | | | 0% | | | 1% | | | 0% |
| EBIT | 277 | 67 | -76% | 206 | 52 | -75% | 54 | 54 | 0% | 62 | 29 | -53% | -45 | -68 | -51% |
| Deprec. & amortizat. | 88 | 102 | 16% | 48 | 60 | 25% | 16 | 17 | 6% | 21 | 21 | 0% | 3 | 4 | 33% |
| EBITDA | 365 | 169 | -54% | 254 | 112 | -56% | 70 | 71 | 1% | 83 | 50 | -40% | -42 | -64 | -52% |
| exceptionals in EBITDA | 4 | 5 | 25% | 1 | 0 | -100% | 0 | 0 | 0% | 0 | 1 | n.m. | 3 | 4 | 33% |
| EBITDA pre excep. | 369 | 174 | -53% | 255 | 112 | -56% | 70 | 71 | 1% | 83 | 51 | -39% | -39 | -60 | -54% |
| normalized D&A | 88 | 102 | 16% | 48 | 60 | 25% | 16 | 17 | 6% | 21 | 21 | 0% | 3 | 4 | 33% |
| EBIT pre excep. | 281 | 72 | -74% | 207 | 52 | -75% | 54 | 54 | 0% | 62 | 30 | -52% | -42 | -64 | -52% |
| exceptionals in EBIT | 4 | 5 | 25% | 1 | 0 | -100% | 0 | 0 | 0% | 0 | 1 | n.m. | 3 | 4 | 33% |
| Capex | 92 | 93 | 1% | 63 | 58 | -8% | 15 | 19 | 27% | 11 | 19 | 73% | 3 | -3 | n.m. |
| Net financial debt** | 1.483 | 1.787 | 20% | | | | | | | | | | | | |

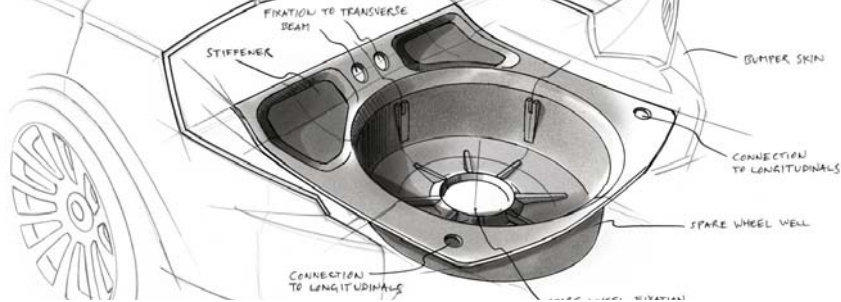
* approximate numbers

**previous year value as per Dec. 31



Income Statement Q1 2013

| in € million | Q1 2012 | Q1 2013 | Chg. in % |
|---|------------|------------|-------------|
| Sales | 2.388 | 2.095 | -12% |
| Cost of sales | -1.796 | -1.700 | -5% |
| Gross profit | 592 | 395 | -33% |
| Selling expenses | -186 | -189 | 2% |
| Research and development expenses | -45 | -48 | 7% |
| General administration expenses | -72 | -79 | 10% |
| Other operating income | 34 | 30 | -12% |
| Other operating expenses | -46 | -42 | -9% |
| Operating result (EBIT) | 277 | 67 | -76% |
| Income from investments accounted for using the equity method | 3 | 0 | -100% |
| Interest income | 2 | 1 | -50% |
| Interest expense | -25 | -26 | 4% |
| Other financial income and expense | -10 | -11 | 10% |
| Financial result | -30 | -36 | 20% |
| Income before income taxes | 247 | 31 | -87% |
| Income taxes | -55 | -7 | -87% |
| Income after income taxes | 192 | 24 | -88% |
| of which attributable to non-controlling interests | 0 | -1 | <i>n.m.</i> |
| of which attributable to LANXESS AG stockholders (net income) | 192 | 25 | -87% |



Abbreviations:

- All** Advanced Industrial Intermediates
- BTR** Butyl Rubber
- FCC** Functional Chemicals
- HPE*** High Performance Elastomers
- HPM** High-Performance Materials
- IPG** Inorganic Pigments
- KEL*** Keltan Elastomers
- LEA** Leather
- LPT**** Liquid Purification Technologies
- MPP** Material Protection Products
- PBR** Performance Butadiene Rubbers
- RCH** RheinChemie
- RUC** Rubber Chemicals
- SGO** Saltigo

LANXESS AG
Investor Relations
51369 Leverkusen
Germany

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

Page 6 of 6

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

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