LANXESS – FY 2014 results

A tough year, but solid foundation has been built

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LANXESS
Energizing Chemistry

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2014: A successful year moving LANXESS forward in a tough business environment

Moving ahead with building a strong foundation

- Capital increase provided financial headroom for restructuring; net financial debt reduced to below 2011 level
- Phase I of realignment program defined and implementation nearly complete
- Phase II on track, with first results achieved
- Phase III begun, update will be provided in the course of H2 2015
- Growth projects (Nd-PBR and EPDM) progress as planned without incidents
- Multiple conversations held with customers to strengthen relationships

This was achieved while performance improved on all fronts including safety

- ✓ **Group EBITDA pre improved by 10%**
- ✓ **Net income increased significantly**
- ✓ **Positive free cash flow achieved**
- ✓ **Net financial debt reduced faster than expected**
- ✓ **MAQ* improved by 28%, from 3.2 to 2.3**

* MAQ: an internal metric assessing lost-time injuries for every million hours worked

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Phase I implementation well on track

1 Business & administration structure competitiveness

2 Operations competitiveness

3 Portfolio competitiveness and alliances

- Consolidation of business units with similar business models – total reduced from 14 to 10
- Consolidation of group functions – reduced from 16 to 12
- ~40% of senior management newly appointed
- Targeted reduction of ~1,000 positions almost completed
  - In Germany: ~500 reductions now contractually implemented
  - Outside Germany: Solutions for ~70% of ~500 affected employees found
  - Headcount reduction achieved through fair and responsible solutions
- ~€150 m savings annually will be achieved by the end of 2016

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Phase II on track, with first results achieved

1 Business & administration structure competitiveness

2 Operations competitiveness

3 Portfolio competitiveness and alliances

- Commercial & supply chain excellence initiative in progress
- Manufacturing excellence initiative begun:
  - Analysis of 2 pilot sites completed by end of March 2015; 10-15 more sites to be assessed in the course of 2015
  - Nd-PBR: Product flow optimization / asset reconfiguration by end of 2016
  - EPDM: Stop of production in Marl, Germany, intended by the end of 2015

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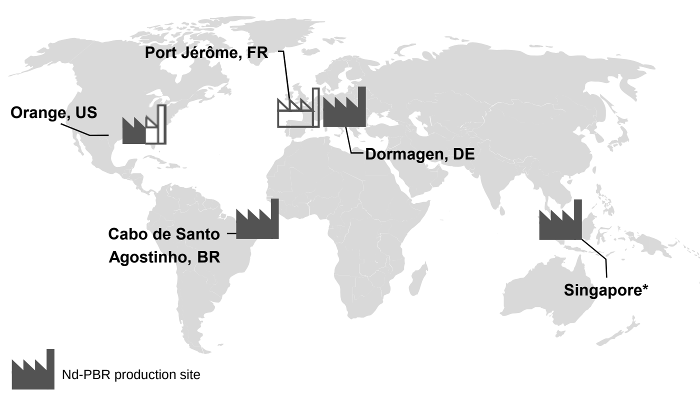
Nd-PBR production network to be optimized to improve plant utilization, productivity and supply-demand balance

Nd-PBR production landscape



Adjusting production network in the course of 2016

- Global Nd-PBR production with new focus in Singapore and Dormagen
- Nd-PBR production at Orange and Cabo now focused on regional customers
- Capacities made available in Orange & Port Jérôme will focus on SSBR, Co- and Li-PBR
- Orange will operate only 3 out of 4 PBR lines simultaneously, thus capacity to use reduced across butadiene rubbers as part of flexible asset management

* Nd-PBR plant in Singapore with 140kt nameplate capacity, to be started in H1 2015

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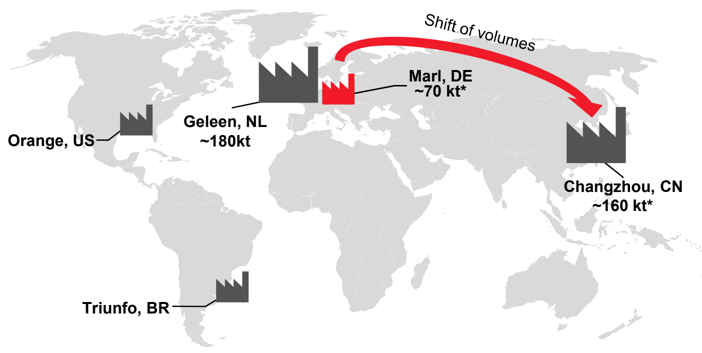
EPDM production network to be consolidated to improve supply-demand balance in an oversupplied market



EPDM sites, size illustrative

LANXESS intends to stop Marl production by end of 2015

- Marl capacity of ~70 kt represents ~30% of LANXESS' European EPDM capacity
- Intended stop of production in Marl reduces global nameplate capacity addition of LANXESS in 2016 by ~45%
- Intention to shift production volumes to world scale plants in Changzhou (CN) and Geleen (NL), therefore limited loss of sales and contribution margin
- LANXESS retains competitive global asset base

* Nameplate capacities; EPDM Changzhou ramp up starting in 2015

Reconfiguration of Nd-PBR production and intended stop of EPDM production in Marl

Reconfiguration of Nd-PBR production and intended stop of EPDM production in Marl will achieve ~€20 m savings p.a. by end of 2016

		Total
	Headcount reduction	~140
[€ m]	Cash out	~45
[€ m]	P&L expense (OTC*)	~55
[€ m]	Fix cost reduction	~20
[€ m]	Capex reduction	~10

* One-time-costs including severance payments and write offs; thereof OTC cash out of ~€45 m

Phase III under way

- First talks with potential partners for horizontal and vertical alliances initiated in 2014
- Some talks have been aborted due to lack of win-win options for both parties
- Conversations with potential partners will take time
- Update on Phase III to be provided in the course of H2 2015

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FY 2014 financial overview: EBITDA and EPS improvement in a challenging environment

[€ m]	FY 2013	FY 2014	yoy in %
Sales	**8,300**	**8,006**	**-3.5%**
EBITDA pre except.	**735**	**808**	**9.9%**
margin	8.9%	10.1%	
EPS	**-1.91**	**0.53**	**>100%**
EPS pre[1]	1.37	1.98	44.5%
Capex	**624**	**614**	**-1.6%**
Free Cash Flow[2]	**17**	**183**	**>100%**
[€ m]	**31.12.2013**	**31.12.2014**	**Δ %**
Net financial debt	**1,731**	**1,336**	**-22.8%**
Net working capital	**1,679**	**1,600**	**-4.7%**
ROCE	**5.8%**	**7.9%**	
Employees	**17,343**	**16,584**	**-4.4%**

- Sales decline due to lower prices. Volume, currency and portfolio effects balanced on full year basis
- EBITDA and margin increase with better utilization and some savings contribution; selling price decline mainly on account of raw materials
- EPS 2014 burdened by realignment, EPS 2013 burdened by impairment
- Visible reduction of net financial debt despite high capex

[1] Net of exceptional items, using the local tax rate applicable where the expenses were incurred
[2] Operating cash flow minus capex

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Q4 2014: Lower volumes dominate – support from currency

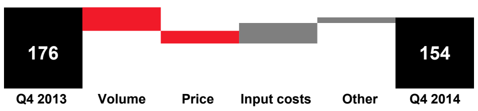
Sales and EBITDA pre Q4 2014

Sales variances **€1,904 m (€2,014 m)**

Price	Volume	FX	Portfolio	Total
-1%	-8%	4%	0%	-5%

- Sales decline mainly driven by lower volumes due to customer destocking; positive currency effects had significant mitigating impact
- Price decline driven by Performance Polymers, with lower prices reflecting lower input costs

EBITDA pre **€154 m (€176 m)**



- Lower volumes weigh on EBITDA pre
- Temporary benefit from lower raw material costs
- "Other" includes savings and positive FX effects, mitigated by idle and ramp-up costs as well as inventory devaluations (~€15 m)

- All regions with weaker sales on an operational basis

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Q4 2014: Marked by raw material driven destocking – though, Intermediates and Chemicals finished the year successfully

Performance Polymers

Price	Volume	Currency	Portfolio	Total
-2%	-11%	+5%	-1%	-9%

- Lower volumes in all BUs due to customer destocking and maintenance; Q4' 13 with high basis
- Lower selling prices mainly due to lower raw material prices
- EBITDA pre burdened due to lower volumes, inventory devaluation and ramp-up costs, but supported by FX

[€ m]	Q4'13	Q4'14
Sales	1,082	984
EBITDA pre	99	60
Margin	9%	6%

Advanced Intermediates

Price	Volume	Currency	Portfolio	Total
0%	-7%	+2%	0%	-5%

- Both BUs with lower volumes:
  - BU AII due to lower aromatic network output (maintenance)
  - BU SGO due to reduced pharma activity
- Strong EBITDA pre and margin, with temporary support from lower raw material prices

[€ m]	Q4'13	Q4'14
Sales	418	397
EBITDA pre	70	84
Margin	17%	21%

Performance Chemicals

Price	Volume	Currency	Portfolio	Total
0%	-3%	+5%	0%	+2%

- Lower volumes mainly in BUs RUC and RCH (due to pronounced customer destocking)
- Prices remained stable: price increases in BU RUC offset declines in BU LEA (chrome ore)
- Good EBITDA pre contribution with support from currency effects

[€ m]	Q4'13	Q4'14
Sales	505	513
EBITDA pre	41	44
Margin	8%	9%

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Broadly balanced positive and negative factors to consider for 2015 in all segments

Performance Polymers

- Tire related business with some customer destocking in Q1
- No relief from price pressure expected due to new rubber capacities
- Engineering plastics business expected with good development in 2015
- Ramp-up of EPDM and Nd-PBR plant according to plan

Advanced Intermediates

- BU AII benefitting from strong intermediates platform with diversified end markets, in general enjoying good business momentum
- BU SGO with agro demand expected to grow at a slower pace, whilst business in pharma and fine chemicals (project-driven) slightly decreasing

Performance Chemicals

- For BU IPG, we expect another year of good demand development; driven by construction related business
- Improved outlook for leather chemicals business, however, persistent price pressure expected in chrome related products
- Stable development anticipated for additives overall, but some challenges for rubber additives in China

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Stable business development expected for 2015

Customer industries and macroeconomic expectations for 2015

- Tire production expected to grow moderately, with expanding production in emerging markets, but decreasing production in EMEA
- Automobile sector to grow slightly more than in 2014, fueled by Asian demand
- Agrochemical demand expected to remain robust; but somewhat below mid-term trend forecasts
- Construction industry overall expected to experience slower growth in 2015 than in 2014; European recovery slower than anticipated – with growth in North America
- In light of diverging economic developments, US Dollar expected to continue to be strong

LANXESS expectations FY 2015

- FY 2015 EBITDA pre expected around the comparable level of 2014*
- Q1 2015 EBITDA pre expected above previous year between €210 – 230 m

* Based on an exchange rate USD/EUR of 1.15

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End of presentation

Q&A

Housekeeping items for consideration

Additional financial expectations

▪ Capex 2015:	~€450 m
▪ Capex 2016:	€400-450 m
▪ D&A 2015:	~€420-440 m
▪ Exceptional items 2015:	~€95 m from “Let’s LANXESS again” (Phase I and first results from Phase II)
▪ Reconciliation 2015:	underlying expenses at ~-€160 m EBITDA, however additional hedging expenses of ~€100 m in 2015*
▪ Ramp-up cost EPDM China:	~€10 m Q1 2015
▪ Ramp-up cost Nd-PBR Singapore:	~€15 m in Q1 2015
▪ Annual tax rate:	- >30% in 2015 - mid-term, after realignment: ~22-25%
▪ Hedging 2015:	~50% at 1.25 -1.40 USD/EUR
▪ Hedging 2016:	~30% at 1.15 -1.35 USD/EUR

Reminder: New business unit structure as of January 1, 2015

* Based on an exchange rate USD/EUR of 1.15

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Appendix

Agenda

- **Business and financial details Q4 2014**
- Business and financial details FY 2014

Q4 2014 financial overview: Destocking and one-time effects weigh on quarterly performance

[€ m]	Q4 2013	Q4 2014	yoy in %
Sales	**2,014**	**1,904**	**-5.5%**
EBITDA pre except.	**176**	**154**	**-12.5%**
margin	8.7%	8.1%	
EPS	**-2.45**	**-0.74**	**69.8%**
EPS pre[1]	0.27	0.09	-66.7%
Capex	**226**	**240**	**6.2%**
Free Cash Flow[2]	**104**	**169**	**62.5%**
[€ m]	**31.12.2013**	**31.12.2014**	**Δ %**
Net financial debt	**1,731**	**1,336**	**-22.8%**
Net working capital	**1,679**	**1,600**	**-4.7%**
ROCE	**5.8%**	**7.9%**	
Employees	**17,343**	**16,584**	**-4.4%**

- Sales decline on lower volumes across the group against high basis; positive FX effects partly mitigated by slightly lower prices
- EBITDA and margin lower mainly in light of lower volumes
- EPS burdened in 2013 by impairments; in 2014 by realignment program
- Capex in line with guidance
- Active working capital management in Q4

[1] Net of exceptionals, using the local tax rate applicable where the expenses were incurred
[2] Operating cash flow minus capex

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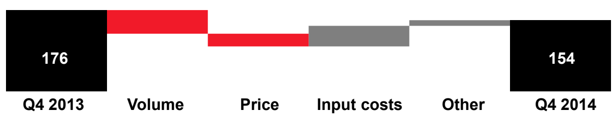
Q4 2014: Lower volumes in all segments, mainly due to customer destocking

Q4 yoy sales variances	Price	Volume	Currency	Portf.	Total
Perf. Polymers	-2%	-11%	5%	-1%	-9%
Adv. Intermediates	0%	-7%	2%	0%	-5%
Perf. Chemicals	0%	-3%	5%	0%	2%
LANXESS	-1%	-8%	4%	0%	-5%

- Sales decrease mainly driven by lower volumes due to customer destocking; positive currency effects mitigate visibly
- Performance Polymers with lower prices reflecting lower input costs

Q4 yoy EBITDA pre bridge [€ m]



- Lower volumes weigh on EBITDA pre
- Temporary benefit from lower raw material costs
- “Other” includes savings and FX effects mitigated by idle and ramp-up costs

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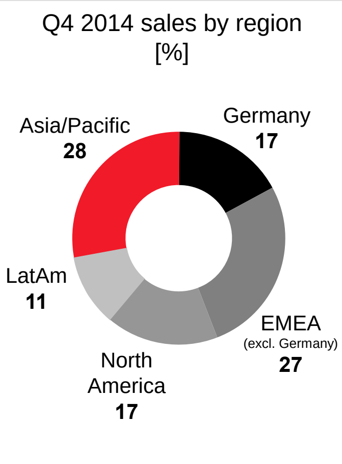
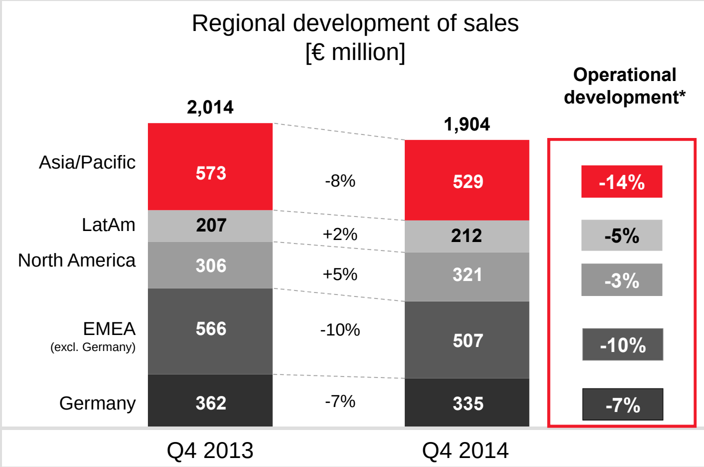
Q4 2014: All regions affected by lower volumes and prices, triggered by lower raw-material prices





* Currency and portfolio adjusted

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Q4 2014: A quarter marked by customer destocking and restructuring

[€ m]	Q4 2013		Q4 2014		yoy in %
Sales	2,014	(100%)	1,904	(100%)	-5%
Cost of sales	-1,654	(82%)	-1,574	(83%)	5%
Selling	-180	(9%)	-182	(10%)	-1%
G&A	-71	(4%)	-71	(4%)	0%
R&D	-52	(3%)	-36	(2%)	31%
EBIT	**-262**	**(-13%)**	**-62**	**(-3%)**	**76%**
Net Income	**-204**	**(-10%)**	**-68**	**(-4%)**	**67%**
EPS	**-2.45**		**-0.74**		**70%**
EPS pre[1]	0.27		0.09		-67%
EBITDA	123	(6%)	62	(3%)	-50%
thereof exceptionals	-53	(3%)	-92	(5%)	-74%
EBITDA pre exceptionals	**176**	**(8.7%)**	**154**	**(8.1%)**	**-13%**

- Sales down due to lower volumes (-8%) and prices (-1%) mitigated by positive FX effects (+4%)
- Lower R&D costs mainly due to more focused R&D activities
- Q4 2014 with exceptional items from realignment program, Q4 2013 burdened by impairment (€257 m)
- EBITDA and margin reflect lower volumes, respective idle costs and inventory devaluation (~€15 m)

Lower volumes weigh on EBITDA and margin

[1] Net of exceptional items, using the local tax rate applicable where the expenses were incurred

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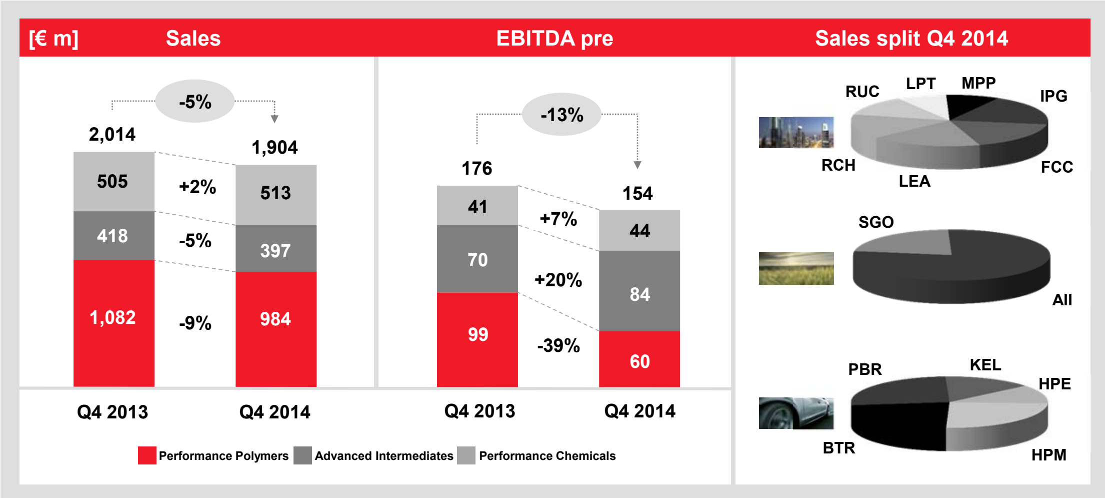
Q4 2014: Advanced Intermediates and Performance Chemicals show positive EBITDA development



Total group sales and EBITDA pre figures include reconciliation

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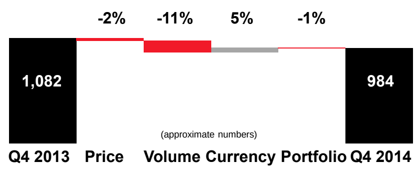
Performance Polymers: A challenging quarter

[€ m]	Q4 2013	Q4 2014	Δ	FY 2013	FY 2014	Δ
Sales	**1,082**	**984**	**-9.1%**	**4,486**	**4,128**	**-8.0%**
EBIT	-211	-36	82.9%	-117	120	>100%
Depr. / Amort.	301	72	-76.1%	489	231	-52.8%
EBITDA pre exceptionals	**99**	**60**	**-39.4%**	**389**	**392**	**0.8%**
Margin	9.1%	6.1%		8.7%	9.5%	
Capex	**156**	**157**	**0.6%**	**385**	**428**	**11.2%**

Q4 comments

- Lower volumes in all BUs due to customer destocking and maintenance (BUs BTR and HPM); Q4' 13 with high basis
- Lower selling prices in BUs BTR and PBR due to lower raw material prices (isobutylene, butadiene); additionally market price pressure
- EBITDA burdened due to lower volumes, inventory devaluation and ramp-up costs, but supported by favourable FX effects
- D&A in 2014 with exceptionals from closing technology plant (Belgium, BU BTR); 2013 includes impairment

Q4 sales bridge yoy [€ m]



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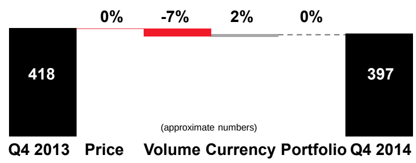
Advanced Intermediates: Good earnings supported by temporary raw material cost relief

[€ m]	Q4 2013	Q4 2014	Δ	FY 2013	FY 2014	Δ
Sales	**418**	**397**	**-5.0%**	**1,647**	**1,643**	**-0.2%**
EBIT	46	53	15.2%	210	204	-2.9%
Depr. / Amort.	21	23	9.5%	77	89	15.6%
EBITDA pre exceptionals	**70**	**84**	**20.0%**	**286**	**303**	**5.9%**
Margin	16.7%	21.2%		17.4%	18.4%	
Capex	**26**	**30**	**15.4%**	**96**	**84**	**-12.5%**

Q4 comments

- Both BUs with lower volumes:
  - BU AII from lower aromatic network output (maintenance) and some customer destocking
  - BU SGO from reduced pharma activity
- Strong EBITDA and margin with temporary support from lower raw material prices
- Capex higher in Q4 mainly due to project timing patterns in BU SGO

Q4 sales bridge yoy [€ m]



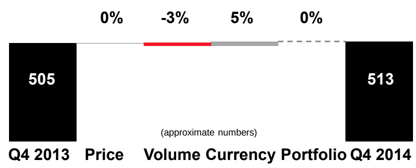
Performance Chemicals: As expected, a solid and stable quarter

[€ m]	Q4 2013	Q4 2014	Δ	FY 2013	FY 2014	Δ
Sales	**505**	**513**	**1.6%**	**2,132**	**2,193**	**2.9%**
EBIT	-32	5	>100%	54	154	>100%
Depr. / Amort.	57	22	-61.4%	127	86	-32.2%
EBITDA pre exceptionals	**41**	**44**	**7.3%**	**231**	**274**	**18.6%**
Margin	8.1%	8.6%		10.8%	12.5%	
Capex	**34**	**41**	**20.6%**	**111**	**77**	**-30.6%**

Q4 comments

- Lower volumes mainly in BUs RUC and RCH (due to pronounced customer destocking)
- Prices remain stable with positive development in BU RUC (mainly accelerators) offsetting negative impact from lower chrome ore prices (BU LEA)
- Good EBITDA contribution with support from currency effects
- Lower D&A in 2014 from reduced asset base (impairment in Q4 2013)

Q4 sales bridge yoy [€ m]



Q4 2014: Positive free cash flow despite high capex

[€ m]	Q4 2013	Q4 2014
Profit before tax	**-301**	**-107**
Depreciation & amortization	385	124
Gain from sale of assets	-1	-1
Result from investments (using equity method)	0	4
Financial (gains) losses	29	22
Cash tax payments/refunds	-3	-14
Changes in other assets and liabilities	55	-27
Operating cash flow before changes in WC	**164**	**1**
Changes in working capital	166	408
Operating cash flow	**330**	**409**
Investing cash flow	**-178**	**-91**
thereof capex	-226	-240
Financing cash flow	**-99**	**-175**

- Profit before tax burdened by impairment in 2013 and realignment in 2014
- D&A reflects impairment at year-end 2013
- Changes in other assets and liabilities reflect amongst others utilization of provisions
- Investing cash includes cash inflow from reduction of near cash assets
- Financing cash flow reflects early repayment of bank loans

Working capital reduction leads to positive free cash flow

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Agenda

- Business and financial details Q4 2014
- **Business and financial details FY 2014**

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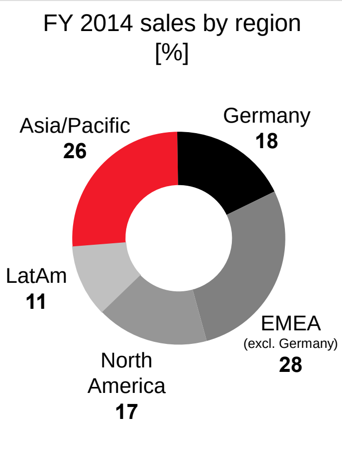
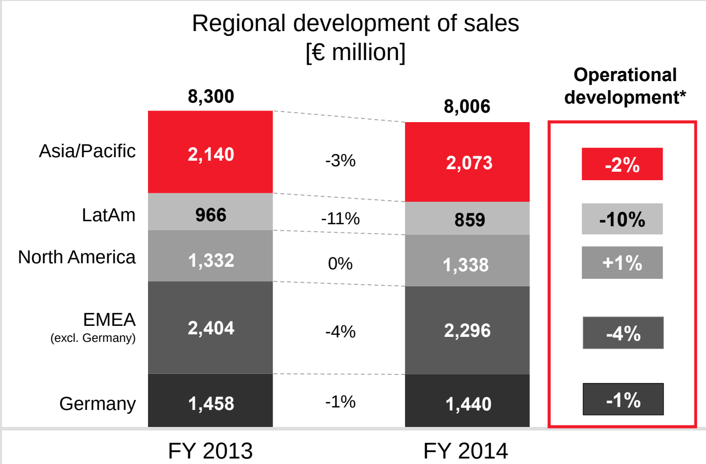
FY 2014: Latin America only region with lower prices and volumes

FY 2014 sales by region [%]



Regional development of sales [€ million]



* Currency and portfolio adjusted

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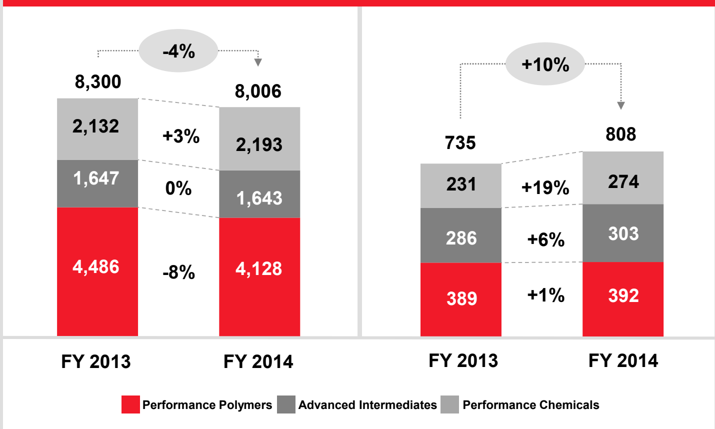
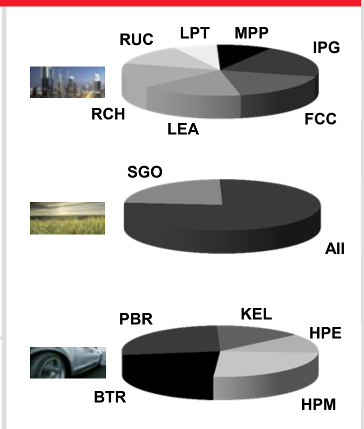
FY 2014: All segments contribute to EBITDA improvement

[€ m]	Sales	EBITDA pre	Sales split FY 2014





Total group sales and EBITDA pre figures include reconciliation

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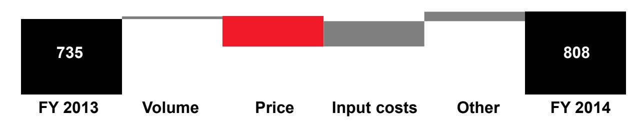
FY 2014 with improved earnings: stable volumes and absence of one-time burdens

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

- Sales decline due to lower prices
- Advanced Intermediates and Performance Chemicals with higher volumes

FY yoy EBITDA pre bridge [€ m]



- Lower prices exceed relief in input costs
- "Other" includes positive impact from lower idle costs (better utilization), first savings achievements and absence of one time burdens

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FY 2014: Increase in EBITDA due to better utilization and first savings from realignment program

[€ m]	FY 2013		FY 2014		yoy in %
Sales	8,300	(100%)	8,006	(100%)	-4%
Cost of sales	-6,752	(81%)	-6,418	(80%)	5%
Selling	-755	(9%)	-742	(9%)	2%
G&A	-301	(4%)	-278	(3%)	8%
R&D	-186	(2%)	-160	(2%)	14%
EBIT	**-93**	**(-1%)**	**218**	**(3%)**	**>100%**
Net Income	**-159**	**(-2%)**	**47**	**(1%)**	**>100%**
EPS	**-1.91**		**0.53**		**>100%**
EPS pre[1]	1.37		1.98		44%
EBITDA	624	(8%)	644	(8%)	3%
thereof exceptionals	-111	(1%)	-164	(2%)	48%
EBITDA pre exceptionals	**735**	**(8.9%)**	**808**	**(10.1%)**	**10%**

- Sales decrease due to lower prices (-4%), while volumes, currency and portfolio unchanged (0%)
- Cost of sales decline disproportionally to sales due to a better utilization and lower one-time burdens
- Overhead cost line items show results of cost discipline and first savings achievements
- Net income and EPS burdened in 2013 by impairment at year end

Cost discipline and first savings support performance

[1] Net of exceptional items, using the local tax rate applicable where the expenses were incurred
EBITDA pre relevant one-time burdens: ~€45 m in 2014 (strike in Belgium, ramp-up EPDM in China and inventory devaluation) vs ~€50 m in 2013 (ramp-up Singapore, technology change EPDM and inventory devaluation)

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FY 2014: Positive free cash flow with support from working capital reduction

[€ m]	FY 2013	FY 2014
Profit before tax	**-239**	**80**
Depreciation & amortization	717	426
Gain from sale of assets	-2	-1
Result from investments (using equity method)	0	-2
Financial (gains) losses	111	75
Cash tax payments/refunds	-41	-31
Changes in other assets and liabilities	-15	103
Operating cash flow before changes in WC	**531**	**650**
Changes in working capital	110	147
Operating cash flow	**641**	**797**
Investing cash flow	**-342**	**-587**
thereof capex	-624	-614
Financing cash flow	**-260**	**-222**

- Profit before tax increased due to better business performance
- D&A decrease reflects impact of year-end 2013 impairment
- Changes in other assets and liabilities reflect pay-out for var. compensation in 2013; 2014 with liabilities for personnel
- Capex will be reduced from €614 m to ~€450 m in 2015
- Financing cash flow comprises €500 m bond repayment and funds from capital increase

Good cash flow in a challenging year

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FY 2014: Clear success in de-leveraging balance sheet

[€ m]	Dec 2013	Dec 2014
Total assets	6,811	7,250
Equity	1,900	2,161
Equity ratio	**28%**	**30%**
Net financial debt	**1,731**	**1,336**
Near cash, cash & cash equivalents	533	518
Pension provisions	943	1,290
ROCE[1]	**5.8%**	**7.9%**
Net working capital	1,679	1,600
Net working capital/sales[1]	20%	20%
DIO (in days)[2]	71	79
DSO (in days)[3]	48	48

- Equity increased and equity ratio improved after capital increase in May 2014
- Net financial debt further reduced with active working capital management - supported by lower raw material prices but burdened by currency
- Pension provisions increase with reduction of interest rates (mainly Germany)

[1] Based on last twelve months for EBIT pre or sales
[2] Days of inventory outstanding calculated from quarterly COGS
[3] Days of sales outstanding calculated from quarterly sales

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Balance sheet

[€ m]	Dec'13	Jun'14	Dec'14
Non-current assets	**3,592**	**3,717**	**4,101**
Intangible assets	323	319	320
Property, plant & equipment	2,903	3,000	3,333
Equity investments	12	17	0
Other investments	13	13	13
Other financial assets	11	13	11
Deferred taxes	254	283	380
Other non-current assets	76	72	44
Current assets	**3,219**	**3,479**	**3,149**
Inventories	1,299	1,477	1,384
Trade accounts receivable	1,070	1,152	1,015
Other financial & current assets	317	280	232
Near cash assets	106	269	100
Cash and cash equivalents	427	301	418
Total assets	**6,811**	**7,196**	**7,250**

[€ m]	Dec'13	Jun'14	Dec'14
Stockholders' equity	**1,900**	**2,324**	**2,161**
Non-current liabilities	**3,029**	**3,281**	**3,447**
Pension & post empl. provis.	943	1,083	1,290
Other provisions	258	269	275
Other financial liabilities	1,649	1,774	1,698
Tax liabilities	49	39	25
Other liabilities	101	86	138
Deferred taxes	29	30	21
Current liabilities	**1,882**	**1,591**	**1,642**
Other provisions	355	387	350
Other financial liabilities	668	316	182
Trade accounts payable	690	694	799
Tax liabilities	21	60	44
Other liabilities	148	134	267
Total equity & liabilities	**6,811**	**7,196**	**7,250**

- Inventories and receivables comparable previous year's level
- Risen stockholders' equity reflects 10% capital increase in May 2014
- Other financial liabilities decreased, primarily after repayment of €500 m bond (7.75% coupon) in April 2014

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Mechanism of currency and hedging effects

Impact of a strong USD in 2015 vs 2014

P&L line item	Effect yoy	Remarks	Booked in:
Sales	+ Strong USD favorable	Rule of thumb: (currency sensitivity of ~€9 m EBITDA impact / 1 cent change in USD/EUR)	Business segments
COGS	− Strong USD unfavorable		Business segments
Other operating income / expenses	− Hedging for realized planned exposure at historical, unfavorable rates (3-year rolling hedging approach)		Reconciliation
Financial result	○ Hedging for realized booked exposure	no material net impact	

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“Let’s LANXESS again” proceeds faster than anticipated

Faster headcount reduction with some P&L expenses brought forward

Phase I

updated	2014	2015	2016	Total
Headcount reduction	~425	~475	~100	**~1,000**
[€ m] **Cash out**	~20	~110	~20	**~150**
[€ m] **P&L expense (OTC)**	~110	~40	~0	**~150**
[€ m] **Cost reduction**	~20	~100	~30	**~150**

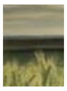
LANXESS has a broad customer portfolio

LANXESS sales distribution by industry, 2014

New business arrangements enable more efficient and effective market approach

Before

Performance Polymers
- Butyl Rubber
- Performance Butadiene Rubbers
- Keltan Elastomers
- High Performance Elastomers
- High Performance Materials

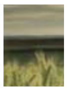


Advanced Intermediates
- Advanced Industrial Intermediates
- Saltigo

Performance Chemicals
- Material Protection Products
- Inorganic Pigments
- Functional Chemicals
- Leather
- Rhein Chemie
- Rubber Chemicals
- Liquid Purification Technologies

After

Performance Polymers
- Tire & Specialty Rubbers
- High Performance Elastomers
- High Performance Materials



Advanced Intermediates
- Advanced Industrial Intermediates
- Saltigo

Performance Chemicals
- Material Protection Products
- Inorganic Pigments
- Rhein Chemie Additives
- Leather
- Liquid Purification Technologies

Reporting structure as of January 1, 2015

Sales: > €500 m | Sales: €200 m – 500 m | Sales: < €200 m

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Major projects expected to be on stream after 2014

2013 (completed)	BU BTR	Butyl (SGP), Q1 2013, new plant 100kt
	BU HPE	Chloroprene rubber (GER), H2 2013, debottlenecking +10%
	BU AII	Dichlorobenzene (GER), Q1 2013, debottlenecking +15%
	BU AII	Cresols (GER), end of 2013, debottlenecking +20%
	BU LEA	Leather chemicals (CHN), H1 2013, up to 50kt
	BU LEA	CO_2 plant (ZA), Q4 2013, new plant
2014 (completed)	BU HPM	Polyamide (Belgium), Q3 2014, new plant 90kt
	BU HPM	Compounding (BRA), Q2 2014, new plant 20kt
	BU LPT	Ion exchange resins (GER), mid 2014, debottlenecking +33%
2015 +	**BU KEL**	**EPDM (CHN), 2015, new plant 160kt**
	BU PBR	**Nd-PBR (SGP), H1 2015, new plant 140kt**
	BU IPG	Iron oxide red (CHN), Q1 2016, new plant 25kt
	BU IPG	Mixing & milling (CHN), Q1 2016, new plant 70kt
	BU HPM	Compounding (US), early 2016, debottlenecking +20kt
	BU PBR	SSBR (BRA) conversion from ESBR (110kt)*

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

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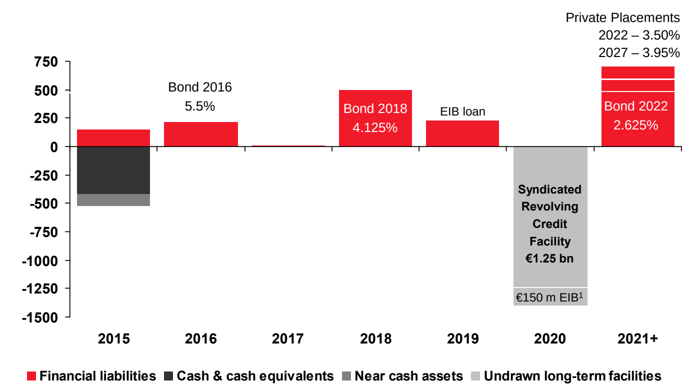
A well managed and conservative maturity profile

Long term financing secured

- Diversified financing sources
  - Bonds
  - Private placements
  - Syndicated credit facility
  - Bank facilities
- €1.25 bn Syndicated Credit Facility has been extended by one year to February 2020
- New €150 m credit facility with EIB secured in Q4 2014
- Average interest rate of financial liabilities: ~3.8%
- All group financing executed without financial covenants

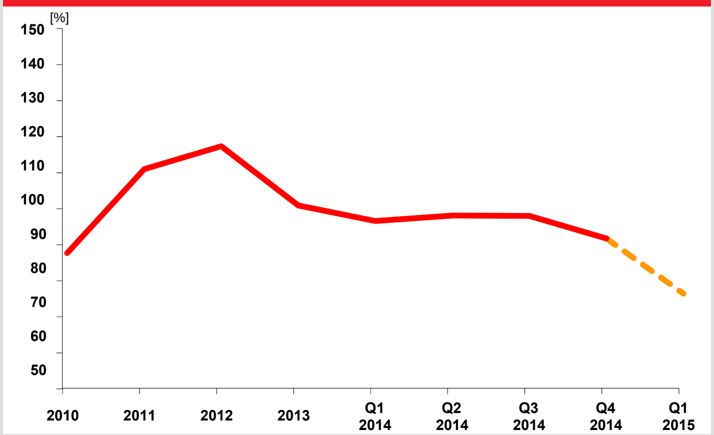
Liquidity and maturity profile as per December 2014



EIB = European Investment Bank
[1] Final maturity of EIB facility in case of utilization earliest in 2020; EIB facility currently undrawn

High volatility in raw material prices

Global raw materials index*



- In 2012, raw material prices (mainly butadiene) started a declining trend
- Raw material prices remained more or less stable in 2014 until Q3
- A sharp decline in raw materials in Q4 2014 / Q1 2015, driven by a heavy oil price decrease

* Source: LANXESS, average 2013 = 100%

Overview exceptional items Q4 and YTD

[€ m]	Q4 2013		Q4 2014		FY 2013		FY 2014	
	Excep.	thereof D&A	Excep.	thereof D&A	Excep.	thereof D&A	Excep.	thereof D&A
Performance Polymers	244	235	43	19	252	235	61	20
Advanced Intermediates	3	0	8	0	-1	0	10	0
Performance Chemicals	45	29	17	0	85	35	34	0
Reconciliation	25	0	43	0	45	0	79	0
Total	**317**	**264**	**111**	**19**	**381**	**270**	**184**	**20**

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Abbreviations

Performance Polymers

- BTR Butyl Rubber
- PBR Performance Butadiene Rubbers
- TSR Tire & Specialty Rubbers
- KEL Keltan Elastomers
- HPE High Performance Elastomers
- HPM High Performance Materials

Advanced Intermediates

- AII Advanced Industrial Intermediates
- SGO Saltigo

Performance Chemicals

- MPP Material Protection Products
- IPG Inorganic Pigments
- FCC Functional Chemicals
- RCH Rhein Chemie
- RUC Rubber Chemicals
- ADD Rhein Chemie Additives
- LEA Leather
- LPT Liquid Purification Technologies

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Upcoming events 2015

Active capital market communication

Nomura Global Chemical Industry Leaders Conference	March 26/27	London
Credit Suisse Stockholm Mining, Steel & Chemicals IR Day	April 1	Stockholm
Q1 results 2015	**May 7**	
Annual Stockholders' Meeting 2015	**May 13**	**Cologne**
Deutsche Bank Annual Asia Conference 2015	May 18/19	Singapore
Berenberg European Conference USA	May 19/20	Tarrytown (NY)
Commerzbank European Corporate Day	June 10	London
Deutsche Bank German, Swiss & Austrian Conference 2015	June 17-18	Berlin
Credit Suisse Global Chemicals and Agriculture Conference 2015	June 23	London
Q2 results 2015	**August 6**	
Jefferies Global Industrials Conference	August 11/12	New York
Capital Markets Day	**September 16/17**	
Berenberg / Goldman Sachs German Corporate Conference	September 21-23	Munich
Baader Investment Conference	September 22-24	Munich
Q3 results 2015	**November 5**	
Morgan Stanley Global Chemicals Conference	November 10	Boston
Bank of America Merrill Lynch German Corporate Days 2015	November 17	Singapore
Morgan Stanley Asia Pacific Summit	November 18	Singapore

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