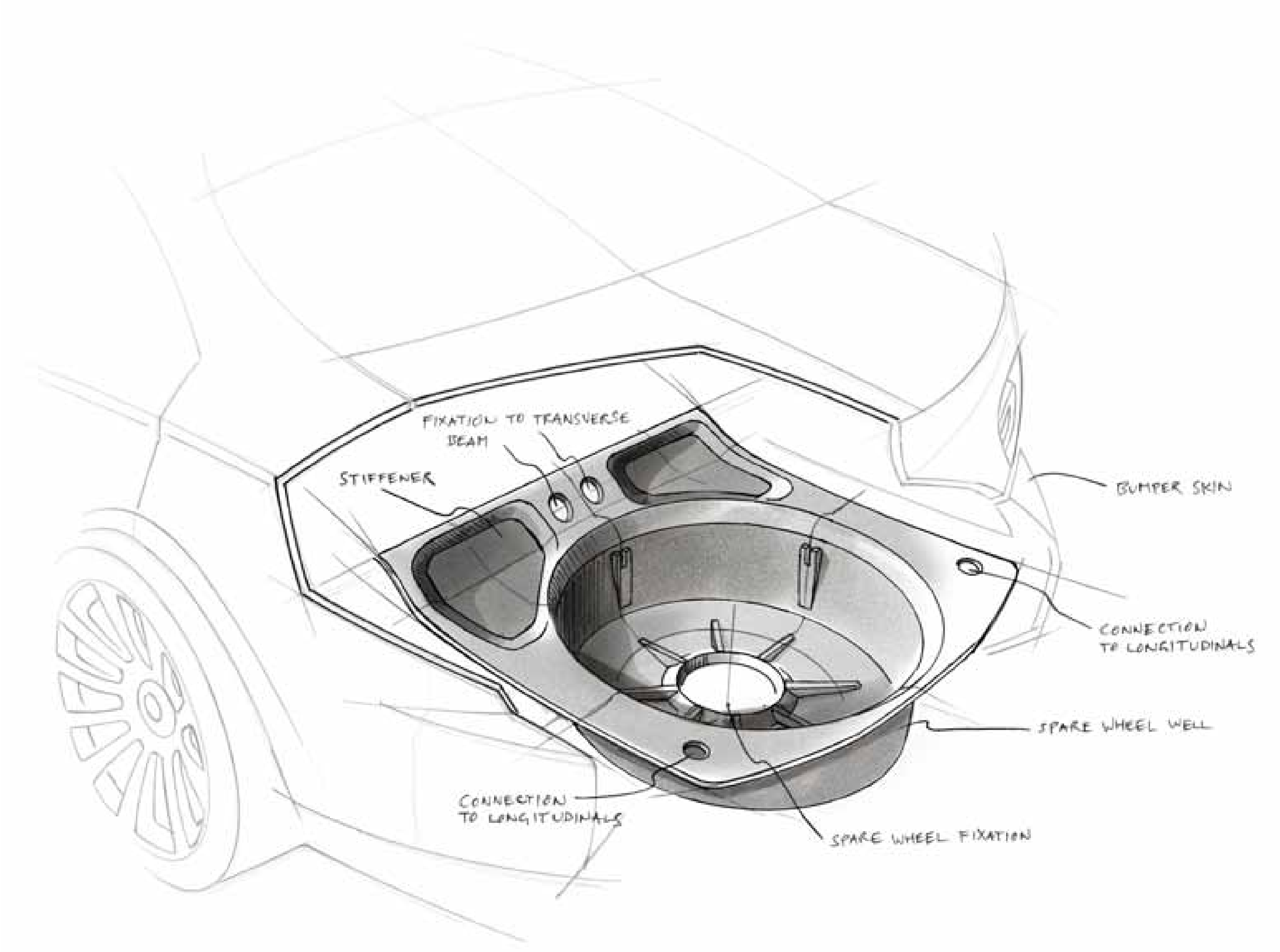
Interim Report Q1 2013

January 1 to March 31, 2013



Energizing Chemistry

Key Data

€ million	Q1 2012	Q1 2013	Change %
Sales	2,388	2,095	(12.3)
EBITDA pre exceptionals	369	174	(52.8)
EBITDA margin pre exceptionals	15.5%	8.3%	
EBITDA	365	169	(53.7)
EBIT pre exceptionals	281	72	(74.4)
EBIT	277	67	(75.8)
EBIT margin	11.6%	3.2%	
Net income [1]	192	25	(87.0)
Earnings per share (€) [1]	2.31	0.30	(87.0)
Cash flow from operating activities	129	(160)	< (100)
Depreciation and amortization	88	102	15.9
Cash outflows for capital expenditures	92	93	1.1
Total assets	7,519 [2]	7,603	1.1
Equity (including non-controlling interests) [1]	2,330 [2]	2,386	2.4
Equity ratio	31.0% [2]	31.4%	
Net financial liabilities	1,483 [2]	1,787	20.5
Employees (as of March 31)	17,177 [2]	17,381	1.2

1) 2012 figure restated
2) previous year as of December 31, 2012

Highlights
Q1 2013

LANXESS presents strong results for 2012

In 2012, LANXESS experienced the best year of its growth story so far, with improvements in all key financial data. Group sales grew by 4% to €9,094 million. EBITDA pre exceptionals rose by 7% to €1,225 million, thus coming in within the target corridor of a 5% to 10% increase. The EBITDA margin pre exceptionals amounted to 13.5%, compared with 13.1% in the previous year. Net income and earnings per share improved by 2% each to €514 million and €6.18, respectively. It will be proposed to the Annual Stockholders' Meeting on May 23, 2013, that a dividend of €1.00 per share be paid for 2012. This would be nearly 18% more than for 2011 and would result in a payout of roughly €83 million.

The members of the LANXESS Board of Management at the Annual Press Conference 2013: Dr. Rainier van Roessel, Dr. Axel C. Heitmann, Dr. Bernhard Düttmann, Dr. Werner Breuers (left to right)

Dichlorobenzene capacity expanded at the Leverkusen site

LANXESS has increased its dichlorobenzene capacity by more than 15%. High-purity para-dichlorobenzene is an important starting material for the production of the high-tech plastic polyphenylene sulfide (PPS). LANXESS estimates future growth in the PPS market at between 6% and 8% percent annually. Another isomer that occurs during dichlorobenzene production is ortho-dichlorobenzene. Downstream processes at LANXESS use this to produce high-grade base materials for the production of crop protection products for the global agricultural market, which is also showing solid development.

Contents

Key Data
1 Q1 Overview
2 LANXESS Stock

4 Interim Group Management Report
4 Group structure
4 Business trends and economic environment
7 Business trends by region
8 Segment information
10 Statement of financial position and financial condition
12 Significant opportunities and risks
13 Outlook
13 Events after the end of the reporting period

14 Condensed Consolidated Interim Financial Statements
14 Statement of Financial Position
15 Income Statement
16 Statement of Comprehensive Income
16 Statement of Changes in Equity
17 Statement of Cash Flows
18 Segment and Region Data
19 Notes to the Condensed Consolidated Interim Financial Statements

23 Responsibility Statement
24 Financial Calendar, Contacts
24 Specialist for innovative light-weight construction solutions
25 Masthead

New Keltan Elastomers and High Performance Elastomers business units

Due to the growing importance of the global business with synthetic ethylene propylene diene monomer (EPDM) rubber, LANXESS split the Technical Rubber Products business unit within the Performance Polymers segment into two independent business units with effect from January 1, 2013. The new Keltan Elastomers business unit now focuses on the manufacture and marketing of EPDM. The remaining business of Technical Rubber Products, including a number of high-performance rubbers and specialties for a broad spectrum of applications, will continue under the new name High Performance Elastomers. The new alignment enables both business units to attend even more closely to the requirements of their specific markets and thus attain further growth.

LANXESS reinforces its position as the world's leading high-performance rubber producer

With a capital investment of €80 million at the site in Triunfo, Brazil, LANXESS is to convert the previous production facility for emulsion styrene butadiene rubber (E-SBR), used in standard tires, to manufacture styrene butadiene rubber (S-SBR), which is used in "green tires." As of the end of 2014, the capacity for S-SBR will be 110,000 metric tons per year, the same as the current E-SBR capacity. Up to 500 additional people will be employed during the conversion phase. Customers requiring E-SBR will in future be served by the company's plant in Duque de Caxias, Brazil.

New pigments facility to be built in China

LANXESS is considerably expanding its range of Bayferrox® light iron oxide red pigments, which are mainly needed by paints and coatings producers, with the construction of a new plant in Ningbo in the eastern Chinese province of Zhejiang. The facility will be built according to the latest environmental standards and have an initial annual capacity of 25,000 metric tons. Construction is scheduled to begin in the second quarter of 2013, with production due to start in the first quarter of 2015. Production will take place using the Penniman process, optimized by LANXESS, which is particularly energy-efficient. Improvements in water treatment and waste gas cleaning will ensure the new plant is especially eco-friendly. Some €55 million will be invested and about 150 new jobs created.

LANXESS on a path of growth in central and eastern Europe

The distribution company LANXESS Central Eastern Europe s.r.o., based in Bratislava, Slovakia, has enjoyed significant growth since it was established five years ago. Both the business itself and customer relationships in the region have been steadily expanded and improved since 2008. Sales in the five core markets of Poland, Austria, Slovakia, the Czech Republic and Hungary have risen by more than 40% during this period, reaching €306 million in 2012. The company's innovative technologies and high-performance products for the tire and automotive industries are key growth drivers. In recent years the central and eastern Europe region has developed into a major center of the European automotive industry.

LANXESS Stock

LANXESS stock started the new year at €67 and remained above €60 for the first few weeks. From mid-March, a price correction set in and our stock posted losses through the end of the period, closing at €55.32 on the last trading day of the first quarter.

Germany's lead index DAX moved up toward 8,000 points in the first quarter of 2013, surpassing this mark in early March and reaching a new five-year high. The DAX reached its 8,074-point high for the period in mid-March. After that it lost ground again, closing on March 28 at 7,795 points for a gain of 2.4% on the quarter. LANXESS's benchmark index, the Dow Jones STOXX 600 Chemicals^{SM}, likewise performed positively in the first quarter, climbing above 700 points in March. It ended the quarter at 683 points, having gained nearly 3.0% on the period.

Germany's stock markets benefited from robust economic data at home and positive signals from the U.S., where the labor market started to recover and the deadline for resolving the budget dispute was extended. The uncertain outcome of the Italian elections and the Cyprus crisis prompted intermittent price slumps and renewed tension in the markets. The ambiguous result of the bailout for Cyprus, in particular, put the indices under pressure after mid-March.

At the beginning of the quarter, the development of LANXESS stock was influenced by the general sentiment on the equity markets. Then, in March, our share price was impacted by events in the eurozone and above all by our own corporate newsflow. In early March, as we were preparing our annual financial statements for 2012, we reported that our Q4 2012 earnings (EBITDA pre exceptionals) had posted a significantly larger increase than expected compared to the prior-year period. At the same time, however, we indicated that the soft demand would continue in fiscal 2013. On March 21, we released strong results for 2012, but also advised that we were expecting significantly lower EBITDA pre exceptionals for the first quarter of 2013 than in the same period of the prior year. In view of the modest business development at the start of the year and the earnings forecast issued to reflect this, our share price dropped below €60 and reached its low for the period of €54.19 (intraday low) a few days later. LANXESS stock recorded a weaker performance than the DAX or the DJ STOXX 600 Chemicals^{SM} over the first quarter as a whole. At quarter end, our stock was down 16.5%, closing the period on March 28 at €55.32.

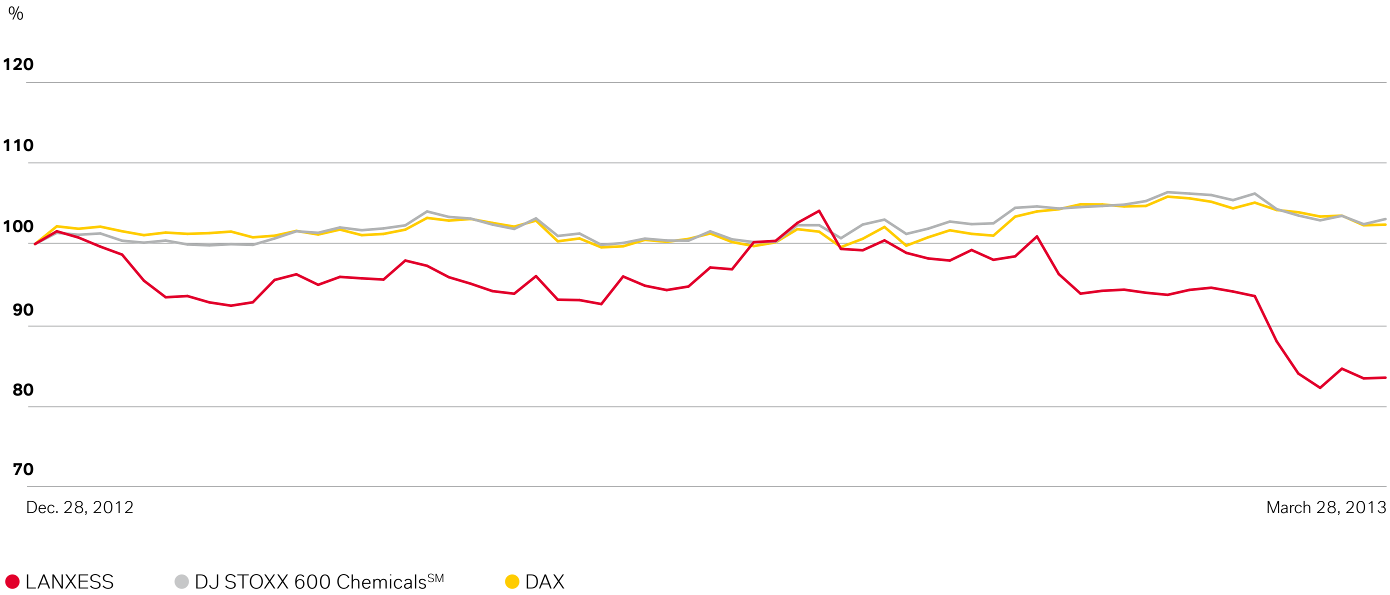
A summary of other developments at LANXESS during the first quarter is provided in the "Highlights" section on the previous pages.

LANXESS Stock

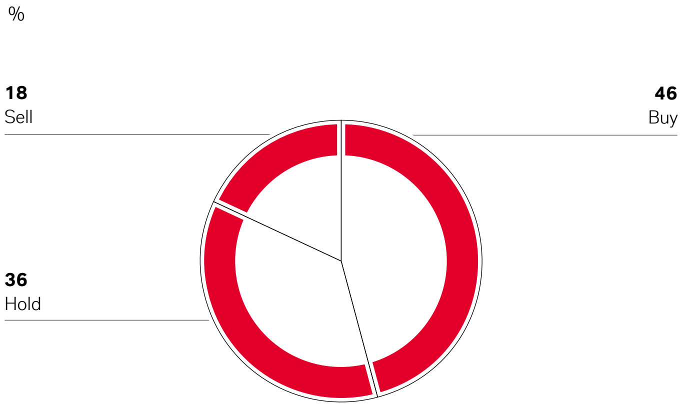
		Q4 2012	Q1 2013
Capital stock/no. of shares 1)	€/no. of shares	83,202,670	83,202,670
Market capitalization 1)	€ billion	5.51	4.60
High/low for the period	€	68.83/59.33	68.59/54.19
Closing price 1)	€	66.27	55.32
Trading volume	million shares	33.257	50.561
Earnings per share	€	0.62	0.30

1) End of quarter: Q4: December 31, 2012, Q1: March 31, 2013

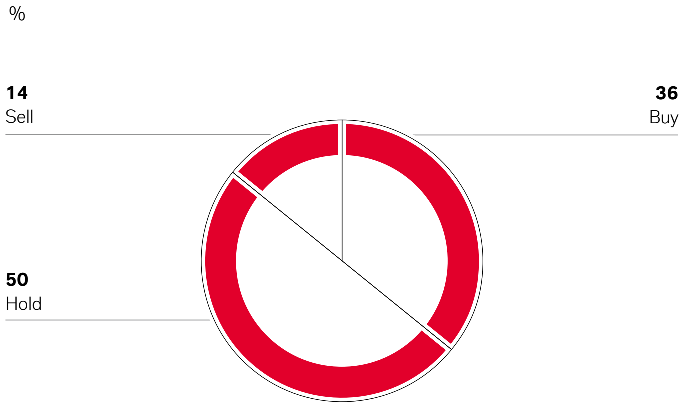
Stock Performance vs. Indices



Analyst Recommendations as of January 31, 2013



Analyst Recommendations as of April 30, 2013



Interim Group Management Report

as of March 31, 2013

- Weak start to fiscal 2013
- Sales down by 12.3% with declines in all regions
- Earnings impacted by lower prices and declining volumes
- Agrochemicals business shows robust development
- 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
- Outlook 2013: demand to improve in the second half; EBITDA pre exceptionals for the full year expected to come in below €1 billion
- Capital expenditure guidance for 2013 reduced to about €600 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 and LANXESS International Holding GmbH are wholly owned subsidiaries of LANXESS AG and control the other subsidiaries and affiliates both in Germany and elsewhere.

A list of the principal direct and indirect subsidiaries of LANXESS AG and a description of the Group's management and control organization are provided on page 79 of the Annual Report 2012.

Additions to the Group portfolio

We made no additions to our Group portfolio through acquisitions in the first quarter of 2013. Details about the scope of consolidation are provided in the Notes to the Condensed Consolidated Interim Financial Statements as of March 31, 2013.

Business and strategy

The LANXESS Group is structured in three segments with, as of January 1, 2013, 14 business units, each of which conducts its own operations and has global profit responsibility. In response to the growing significance of the global EPDM rubber business, we divided the Technical Rubber Products business unit within the Performance Polymers segment into two new units, effective as of the beginning of the year. The newly formed Keltan Elastomers business unit focuses exclusively on synthetic ethylene-propylene-diene rubber (EPDM). The remaining Technical Rubber Products portfolio has been renamed the High Performance Elastomers business unit. No other changes have been made to the Group's organizational structure or strategy so far this year. The business units are supported by centralized services and by local organizations in the countries. Further details are given on pages 80–82 of the Annual Report 2012.

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

Business trends and economic environment

Business conditions

General economic situation The global economic environment in the first quarter was marked by very weak development. Europe continued to suffer from the sovereign debt crisis, which worsened in some eurozone countries. Economic growth in the United States was held back by the ongoing debate about its sovereign debt level and turned out to be slower than expected. Apart from the economic weakness in the established industrialized countries, the pace of growth was below that of previous years in China, too.

The raw material markets showed comparatively low volatility in the first quarter. Although price trends were mixed, there were no major fluctuations.

Chemical industry The chemical industry as a whole saw a slight increase in production volumes. Development varied widely from one region to another. Strong growth in China and the U.S. contrasted with a tangible decline in output in Europe.

Evolution of major user industries Global growth in automobile production was weak in the first quarter. Development was distinctly negative in the European auto industry at minus 12%, while the sector virtually stagnated in the U.S. at minus 0.3%. Only China posted a very positive trend with 15% growth.

Global demand for replacement tires, both for cars and for commercial vehicles, was very low in the first quarter. The decline in Europe mainly affected car tires, with production volumes down 12% year on year. The commercial vehicle tire market stagnated in Europe, but shrank by 8% in the U.S.

Europe's construction sector receded by 3%. The U.S. construction industry, by contrast, recorded growth of 8% in the first quarter, after a prolonged period of weakness.

The demand for agrochemicals remained solid in the first quarter, with production volumes rising accordingly.

Sales

Group sales in the first quarter came to €2,095 million, down €293 million or 12.3% from the same period a year ago. The drop in business was mainly attributable to declining volumes caused by lower demand, mainly from the rubber processing, auto and construction industries, which depressed sales by 6.4%. On top of this came the 5.5% negative effect of lower selling prices. A small positive portfolio effect from the acquisitions made in the previous year was more than offset by somewhat adverse exchange rate developments. Adjusted for the 0.4% negative balance of these currency and portfolio effects, sales showed an 11.9% decline based on prices and volumes.

Effects on Sales

%	Q1 2013
Price	(5.5)
Volume	(6.4)
Currency	(0.7)
Portfolio	0.3
	(12.3)

Sales in our Performance Polymers segment receded by a substantial 18.5% compared to the prior-year quarter. This was a major factor in the Group's negative business development. The decrease was mainly due to lower selling prices, some of which were attributable to lower prices for raw materials such as butadiene. Compared to the extremely strong prior-year quarter, there were also volume declines resulting from lower demand, particularly from the European automotive industry. A positive portfolio effect from the acquisition of Bond-Laminates GmbH was offset by slightly negative currency developments.

Our Advanced Intermediates segment, by contrast, grew sales by 0.9% against the prior-year period. Increased costs for raw materials such as benzene and cyclohexane were quickly passed along to the market through selling-price adjustments. While the demand for agrochemical precursors and products for the aromatics industry developed favorably, the markets for coatings and construction additives were weak, resulting in slightly lower volumes overall compared with the same period of last year. Exchange rates also had a slight negative effect.

Sales in the Performance Chemicals segment decreased by 6.8%. This was due to lower volumes, which were partly the result of the weak development of the European construction industry as well as supply bottlenecks for a production facility in South Africa. Minor positive portfolio effects from the acquisition of Tire Curing Bladders, LLC in the prior year partially offset the slightly negative currency effect.

Sales by Segment

€ million	Q1 2012	Q1 2013	Change %	Proportion of Group sales %
Performance Polymers	1,391	1,134	(18.5)	54.1
Advanced Intermediates	429	433	0.9	20.7
Performance Chemicals	558	520	(6.8)	24.8
Reconciliation	10	8	(20.0)	0.4
	2,388	**2,095**	**(12.3)**	**100.0**

LANXESS sales decreased by – in some cases substantial – double-digit percentages in all regions except Asia-Pacific. The key factor in this development was the absolute and relative sales performance of the Performance Polymers segment.

Order book status

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

Any disclosure of the Group's order book status at a given reporting date 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

The cost of sales fell by 5.3%, to €1,700 million, and thus more slowly than sales. While the decline in volumes diminished the cost of sales, production costs were increased by the start-up of new capacity, the resulting higher levels of depreciation and by higher energy prices, for example. On top of this came cost increases due to lower capacity utilization.

Gross profit came in at €395 million, for a significant 33.3% decrease on the prior-year quarter. The gross profit margin dropped from 24.8% to 18.9%. One reason for this was the negative development of selling prices, which was partly attributable to lower prices for strategic raw materials. Shifts in exchange rates had no tangible effect. Capacity utilization was below the level of the prior-year quarter because of the demand situation and scheduled maintenance shutdowns.

EBITDA and EBIT

The operating result before depreciation and amortization (EBITDA) pre exceptionals decreased by €195 million or 52.8% in the first quarter of 2013 to €174 million. This was mainly the result of price effects, exacerbated by negative volume effects. Rising production costs, partly caused by energy prices, contributed to this earnings performance. Lower capacity utilization also led to higher costs. Exchange rates, however, had no tangible effect. Selling expenses rose by just 1.6% to €189 million. A slight decrease in freight costs in line with the volume development had a mitigating effect. Research and development expenses increased to €48 million, against €45 million in the prior-year period, due to the targeted expansion of regional and centralized research activities. The Performance Polymers segment accounted for the largest share of R&D spending. The Group's EBITDA margin pre exceptionals came in at 8.3%, well below the 15.5% achieved in the corresponding period of last year.

EBITDA Pre Exceptionals by Segment

€ million	Q1 2012	Q1 2013	Change %
Performance Polymers	255	112	(56.1)
Advanced Intermediates	70	71	1.4
Performance Chemicals	83	51	(38.6)
Reconciliation	(39)	(60)	(53.8)
	369	**174**	**(52.8)**

The Performance Polymers segment generated EBITDA pre exceptionals of €112 million in the first quarter, which was a substantial €143 million below the prior-period figure of €255 million. The drop in earnings occurred mainly because selling prices declined more steeply than raw material costs. This modulation of the price-before-volume strategy was due to the sharp drop in demand against a strong prior-year quarter. The effect of this was heightened by an overall increase in production costs, which was partly the result of higher energy prices and the completion of the butyl rubber facility in Singapore. Currency and portfolio effects had only a minor positive impact. The segment's capacity utilization was significantly below the high level of the prior-year period due to the lower demand, maintenance shutdowns and measures to control inventory.

EBITDA pre exceptionals in the Advanced Intermediates segment, at €71 million, was on the level of the prior-period figure of €70 million. Positive price effects, which compensated for the higher raw material costs, and a slight reduction in production costs offset the effects of a decline in volumes.

EBITDA pre exceptionals of the Performance Chemicals segment posted a year-on-year decline of €32 million, from €83 million to €51 million. Earnings were impacted by declining volumes in the majority of the business units, combined with rising production costs. In addition, there was a slightly negative currency effect, but also a minor positive portfolio effect in the quarter from the acquisition of U.S. company Tire Curing Bladders, LLC.

The Group operating result (EBIT) came to €67 million in the first quarter of 2013, down from €277 million in the year-earlier period. Due to the extensive acquisition and investment activities in recent years, depreciation and amortization was €14 million, or 15.9%, above the prior-year quarter, at €102 million. The €5 million in exceptional charges included in other operating expenses, which fully impacted EBITDA, related mainly to the realignment of business activities and the design and implementation of IT projects. Exceptional charges in the prior-year quarter amounted to €4 million.

Financial result

The financial result amounted to minus €36 million in the first quarter of 2013, compared with minus €30 million in the prior-year period. Interest expense was at the previous year's level, while there was a slight decrease in capitalized construction-period borrowing costs. The earnings contribution from companies accounted for in the consolidated financial statements using the equity method came to €0 million in the reporting period, against €3 million in the previous year.

Income before income taxes

Income before income taxes decreased from €247 million to €31 million in the first quarter, in line with the deterioration in the operating result. The effective tax rate was 22.6%, compared with 22.3% for the prior-year quarter.

Net income and earnings per share

A loss of €1 million was attributable to non-controlling interests in the first quarter of 2013, against a result of €0 million in the prior-year quarter. First-quarter net income amounted to €25 million, compared with a restated €192 million in the prior-year period. With the number of LANXESS shares in circulation unchanged, earnings per share were €0.30, versus a restated €2.31 in the prior-year quarter.

Business trends by region

Sales by Market

	Q1 2012		Q1 2013		Change
	€ million	%	€ million	%	%
EMEA (excluding Germany)	699	29.3	623	29.7	(10.9)
Germany	416	17.4	370	17.7	(11.1)
North America	423	17.7	327	15.6	(22.7)
Latin America	301	12.6	245	11.7	(18.6)
Asia-Pacific	549	23.0	530	25.3	(3.5)
	2,388	**100.0**	**2,095**	**100.0**	**(12.3)**

Sales in the EMEA region (excluding Germany) decreased by 10.9% to €623 million in the first quarter of 2013. With exchange rates virtually unchanged and a minor positive portfolio effect from the acquisition of Bond-Laminates GmbH, the adjusted decrease was of the same magnitude at 10.8%. The Performance Polymers segment was particularly hard hit, with a percentage decline in the low double digits. Sales in the Performance Chemicals segment receded by a high single-digit percentage. Advanced Intermediates achieved sales on a par with the prior year. The principal drivers of this region's negative trend were France, the U.K., the Netherlands and Switzerland, which registered decreases in the low double digits. However, there was a slight increase in sales in Turkey.

With a 29.7% share of total sales in the reporting period against 29.3% in the same quarter a year ago, EMEA (excluding Germany) remained the largest region in terms of sales.

Sales in Germany fell by 11.1% in the first quarter of 2013 to €370 million. There were no material portfolio effects. The Performance Polymers segment, which posted a percentage sales decline well into double digits, was the crucial factor, while the Performance Chemicals segment recorded a sales decrease in the low double digits. The Advanced Intermediates segment, by contrast, raised sales by a mid-single-digit percentage.

Germany's share of Group sales came to 17.7% for the quarter, against 17.4% for the same period a year ago.

The North America region had a considerable impact on the Group's sales development in the first quarter of 2013. Sales there decreased by 22.7% to €327 million. Minor portfolio effects from the acquisition of Tire Curing Bladders in the previous year were largely offset by the effects of slight shifts in exchange rates. On an operational basis, sales fell by 22.8%. The Performance Polymers segment largely accounted for this development, with sales down by a mid-double-digit percentage. The Performance Chemicals segment recorded a sales decrease in the mid-single-digit percentage range for the quarter. The Advanced Intermediates segment, however, grew sales by a mid-single-digit percentage compared to the prior-year period. Business in the United States determined the region's performance.

The LANXESS Group generated 15.6% of first-quarter sales in this region, compared to 17.7% in the same period a year ago.

The Latin America region also saw a distinct drop in business, with sales declining by 18.6% to €245 million. Adjusted for currency effects, sales fell by 16.7%. This was due to percentage sales declines well into double digits in both the Performance Polymers and Advanced Intermediates segments. In contrast to the other regions, business development in the Performance Chemicals segment was positive in Latin America, with sales rising by a low-single-digit percentage. Sales in the region were mainly impacted by the economic situation in Brazil.

The region's share of Group sales came to 11.7% for the quarter, against 12.6% for the same quarter a year ago.

Business in the Asia-Pacific region was only slightly below the prior-year quarter, with sales decreasing by 3.5% to €530 million. After adjusting for currency and portfolio effects, sales fell by 2.5%. Sales in all segments, particularly Performance Polymers, moved back by low single-digit percentages. Japan, Hong Kong and India accounted for a major share of the negative operational sales development in this region as a whole, while China and South Korea recorded higher sales.

Asia-Pacific's share of Group sales rose to 25.3% for the quarter, against 23.0% for the same period a year ago.

Segment information

Performance Polymers

	Q1 2012		Q1 2013		Change
	€ million	Margin %	€ million	Margin %	%
Sales	1,391		1,134		(18.5)
EBITDA pre exceptionals	255	18.3	112	9.9	(56.1)
EBITDA	254	18.3	112	9.9	(55.9)
Operating result (EBIT) pre exceptionals	207	14.9	52	4.6	(74.9)
Operating result (EBIT)	206	14.8	52	4.6	(74.8)
Cash outflows for capital expenditures [1]	63		58		(7.9)
Depreciation and amortization	48		60		25.0
Employees as of March 31 (previous year: as of Dec. 31)	5,348		5,388		0.7

1) intangible assets and property, plant and equipment

Business development in our Performance Polymers segment in the first three months of 2013 was well below the high level of the prior-year period. Sales decreased by 18.5% to €1,134 million against the same period of 2012. The lower raw material prices and selling price adjustments diminished sales by 10.7%. In addition, volumes decreased by 7.5% due to lower demand. A further factor was a slightly negative currency effect of 0.6%.

Volumes in the Butyl Rubber and Performance Butadiene Rubbers business units, which have close ties to tire production and thus to the replacement tire and original equipment manufacturer markets, receded in the first three months of 2013 against a strong prior-year quarter. This was due to sharply lower demand from the automobile and tire industries, especially in Europe. Furthermore, decreasing raw material prices resulted in lower selling prices. By contrast, the High Performance Materials business unit, which has particularly close ties to the automotive and electrical/electronics industries, recorded an increase in volumes, especially due to the development of compounding activities in Latin America, North America and Asia. The continually weak demand in Europe and Asia along with customers' inventory reductions had a negative effect on volumes in the Keltan Elastomers business unit. The drop in raw material prices led to an adjustment of selling prices in the High Performance Elastomers business unit as well. In addition, volumes were below the level of the prior-year quarter, particularly for nitrile rubber (NBR). Sales of the segment as a whole receded in all regions.

EBITDA pre exceptionals in the Performance Polymers segment fell by a substantial €143 million to €112 million. The lower selling prices in all business units had a particularly negative impact, which was not fully offset by the drop in raw material costs. Capacity utilization was below the level of the prior-year quarter, due especially to the decline in demand and to scheduled production shutdowns. The segment also incurred start-up costs for the new butyl rubber plant in Singapore and costs for conversion to the new ACE technology in the Keltan Elastomers business unit. The EBITDA margin came in at 9.9% for the first quarter, against 18.3% a year ago.

Advanced Intermediates

	Q1 2012		Q1 2013		Change
	€ million	Margin %	€ million	Margin %	%
Sales	429		433		0.9
EBITDA pre exceptionals	70	16.3	71	16.4	1.4
EBITDA	70	16.3	71	16.4	1.4
Operating result (EBIT) pre exceptionals	54	12.6	54	12.5	0.0
Operating result (EBIT)	54	12.6	54	12.5	0.0
Cash outflows for capital expenditures [1]	15		19		26.7
Depreciation and amortization	16		17		6.3
Employees as of March 31 (previous year: as of Dec. 31)	2,841		2,841		0.0

1) intangible assets and property, plant and equipment

Performance Chemicals

	Q1 2012		Q1 2013		Change
	€ million	Margin %	€ million	Margin %	%
Sales	558		520		(6.8)
EBITDA pre exceptionals	83	14.9	51	9.8	(38.6)
EBITDA	83	14.9	50	9.6	(39.8)
Operating result (EBIT) pre exceptionals	62	11.1	30	5.8	(51.6)
Operating result (EBIT)	62	11.1	29	5.6	(53.2)
Cash outflows for capital expenditures [1]	11		19		72.7
Depreciation and amortization	21		21		0.0
Employees as of March 31 (previous year: as of Dec. 31)	6,031		5,978		(0.9)

1) intangible assets and property, plant and equipment

Sales in the Advanced Intermediates segment rose by 0.9% in the first quarter of 2013 to €433 million. Higher raw material prices were offset by selling price adjustments, giving a positive price effect of 4.4%. Volumes decreased by 3.0% against the strong prior-year period. Shifts in exchange rates produced an additional negative effect of 0.5%.

Selling prices in the Saltigo business unit were at the level of the prior-year period. In the Advanced Industrial Intermediates business unit, the continuing strong demand from the agrochemical industry for products from the integrated aromatics production network did not compensate for the decline in demand for products for the construction and coatings industries. Higher procurement prices for raw materials, including benzene and cyclohexane, were passed along to the market in the form of selling price adjustments. From the regional viewpoint, Germany was the growth engine in this segment, with business expanding in both absolute and relative terms.

EBITDA pre exceptionals in the Advanced Intermediates segment rose by €1 million against the prior-year quarter to €71 million. Higher raw material costs and a downturn in volumes were more than offset by price increases at the segment level. Shifts in exchange rates had no material impact on earnings. The EBITDA margin came in at the solid level of 16.4%, against 16.3% in the prior-year quarter.

Sales in our Performance Chemicals segment decreased by 6.8% to €520 million in the first quarter of 2013. Volumes receded by 5.9%, in part because of weak demand from the construction industry due to the long winter. Selling prices, by contrast, were stable at 0.2% below the prior-year quarter. Sales were also held back by negative currency effects of 1.2%. There was a positive portfolio effect of 0.5% from the previous year's acquisition of Tire Curing Bladders, LLC in North America.

Volumes in this segment were down against the prior-year quarter. Negative volume effects were recorded in all business units except Functional Chemicals, which expanded its business with phosphorus chemicals. The Leather business unit suffered from a drop in volumes – attributable to continued instability in the supply of CO_2 – and also from lower prices. Lower demand from the construction industry for weather-related reasons caused volumes to decline in the Inorganic Pigments business unit, with selling prices at the level of the year-earlier quarter. In the Rhein Chemie business unit, a positive portfolio effect from the acquisition made in the U.S. in the prior-year quarter did not fully offset the negative overall price-volume effect. Segment sales receded in all regions.

EBITDA pre exceptionals amounted to €51 million, which was €32 million below the year-earlier figure of €83 million. The low demand in the construction industry and temporary shutdowns led to a negative volume effect. Higher raw material prices were passed along to the market at the segment level and in nearly all of this segment's business units. Shifts in exchange rates had no material impact on earnings. The segment's EBITDA margin decreased from 14.9% to 9.8%.

The exceptional charges of €1 million in segment EBITDA arose from minor efficiency improvement measures at various Group locations.

Reconciliation

	Q1 2012	Q1 2013	Change
	€ million	€ million	%
Sales	10	8	(20.0)
EBITDA pre exceptionals	(39)	(60)	(53.8)
EBITDA	(42)	(64)	(52.4)
Operating result (EBIT) pre exceptionals	(42)	(64)	(52.4)
Operating result (EBIT)	(45)	(68)	(51.1)
Cash outflows for capital expenditures [1]	3	(3)	< (100)
Depreciation and amortization	3	4	33.3
Employees as of March 31 (previous year: as of Dec. 31)	2,957	3,174	7.3

1) intangible assets and property, plant and equipment

EBITDA pre exceptionals for the reconciliation amounted to minus €60 million, compared with minus €39 million in the prior-year quarter. The difference resulted partly from the planned expansion of central research activities and various Group projects. The €4 million in exceptional charges reported in the reconciliation for the first quarter related primarily to expenses for the design and implementation of IT projects.

Statement of financial position and financial condition

Structure of the statement of financial position

As of March 31, 2013, the LANXESS Group had total assets of €7,603 million, up €84 million, or 1.1%, from €7,519 million on December 31, 2012. The main reasons for the increase were the higher levels of net working capital and of property, plant and equipment. These were partly offset by a decrease in liquid assets.

Non-current assets rose by €102 million to €3,849 million. The intangible assets and property, plant and equipment included in that figure increased by €99 million to €3,483 million. Cash outflows for purchases of property, plant, equipment and intangible assets, at €93 million in the first quarter of 2013, were at the level of the prior-year period's €92 million. Depreciation and amortization in the first three months totaled €102 million, against €88 million in the prior-year period. LANXESS-TSRC (Nantong) Chemical Industrial Co., Ltd., China, previously accounted for using the equity method, was fully consolidated for the first time, leading to additions in the mid-double-digit million range. The carrying amount of investments accounted for using the equity method decreased to €8 million. The ratio of non-current assets to total assets was 50.6%, up slightly from 49.8% on December 31, 2012.

Current assets amounted to €3,754 million, down by €18 million or 0.5%. Inventories rose by €114 million to €1,641 million compared to year end 2012 due to higher volumes. Trade receivables rose by €127 million against year end 2012, to €1,244 million. The total of cash and cash equivalents and near-cash assets decreased by €268 million to €529 million, mainly due to the sale of money market funds. The ratio of current assets to total assets was 49.4%, against 50.2% as of December 31, 2012.

The LANXESS Group has significant internally generated intangible assets that are not reflected in the statement of financial position because of accounting rules. These include the brand equity of LANXESS and the value of the Group's other brands. A variety of measures were deployed in the reporting period to continually enhance these assets. These measures contributed to our continued success in positioning the business units in the market.

Our established relationships with customers and suppliers also constitute a significant intangible asset, which cannot, however, be reflected in the statement of financial position. The long-standing, trust-based partnerships with customers and suppliers, underpinned by consistent service and product quality, enable us to set ourselves apart from our competitors. 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.

Our commercial success is also founded on the knowledge and experience of our employees. In addition, we have sophisticated production and business processes that create competitive advantages for us in the relevant markets.

Equity rose by €56 million from December 31, 2012 to €2,386 million, predominantly due to the net positive effect of currency translation differences. The ratio of equity to the Group's total assets amounted to 31.4% as of March 31, 2013, against 31.0% as of December 31, 2012.

Non-current liabilities grew by €70 million to €3,629 million as of March 31, 2013. The €22 million increase in pension provisions to €915 million was attributable mainly to additional vested rights and also to the change in the interest rates used for measurement. Other non-current financial liabilities rose by €33 million to €2,200 million, largely as the result of an increase in liabilities to banks. The ratio of non-current liabilities to total assets was 47.7%, compared with 47.3% as of December 31, 2012.

Current liabilities came to €1,588 million, down by €42 million or 2.6% from December 31, 2012. The change was primarily due to lower trade payables. By contrast, other current provisions increased. The ratio of current liabilities to total assets was 20.9% as of March 31, 2013, against 21.7% at the end of 2012.

Financial condition and capital expenditures

Changes in the statement of cash flows In the first three months of 2013 there was a net cash outflow of €160 million from operating activities, against a net inflow of €129 million in the prior-year period. With income before income taxes amounting to €31 million, the increase in net working capital compared to December 31, 2012 resulted in a cash outflow of €285 million. In the prior-year period, the income before income taxes was €247 million, and the cash outflow from the increase in net working capital was €244 million. The development of net working capital in the reporting period was mainly the result of an increase in inventories due to continued low demand and an increase in receivables due to higher sales in March 2013 versus December 2012.

There was a €144 million net cash inflow from investing activities in the first three months of 2013, compared with a net cash inflow of €9 million in the same period a year ago. Cash inflows in the reporting period mainly comprised receipts of €235 million from financial assets, which were largely attributable to the sale of near-cash assets. Cash outflows for purchases of intangible assets, property, plant and equipment totaled €93 million, which was €1 million more than in the prior-year period. Depreciation and amortization amounted to €102 million.

Net cash used in financing activities came to €19 million, compared with net cash of €17 million provided by financing activities in the first three months of 2012. Cash outflows in the amount of €30 million for the repayment of financial liabilities were offset by €19 million in proceeds from new borrowings.

Financing and liquidity The principles and objectives of financial management discussed on page 101 of the Annual Report 2012 remained valid during the first quarter of 2013. They are centered on a conservative financial policy built on long-term, secured financing.

Cash and cash equivalents decreased by €33 million compared with the end of 2012, to €353 million. The €176 million of instant-access investments in money market funds, down from €411 million at the end of 2012, was reported under near-cash assets. The Group's liquidity position thus remains sound.

Net financial liabilities totaled €1,787 million as of March 31, 2013, compared with €1,483 million as of December 31, 2012.

Net Financial Liabilities

€ million	Dec. 31, 2012	March 31, 2013
Non-current financial liabilities	2,167	2,200
Current financial liabilities	167	191
less		
Liabilities for accrued interest	(54)	(75)
Cash and cash equivalents	(386)	(353)
Near-cash assets	(411)	(176)
	1,483	**1,787**

Financing instruments off the statement of financial position As of March 31, 2013, 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, for example, were related to the construction of the new butyl rubber facility in Singapore for the Butyl Rubber business unit. As planned, the plant entered its commissioning phase in the first quarter of 2013 and is due to start commercial production in the second half of the year. Also in Singapore, the Performance Butadiene Rubbers business unit is currently building the world's largest production facility for neodymium-based performance butadiene rubber (Nd-PBR) with an annual capacity of 140,000 tons. It is scheduled to start operating in the first half of 2015. In Changzhou, China, our Keltan Elastomers business unit is erecting the world's largest production plant for EPDM rubber. This plant, which will utilize the innovative Keltan ACE technology, is due to start up in 2015. Fifty percent of production at the site in Geleen, Netherlands, has been converted to the Keltan ACE technology. This work was completed in the first quarter of 2013. Our High Performance Elastomers business unit is expanding production capacities for chloroprene rubber at the site in Dormagen, Germany. The High Performance Materials business unit is investing in a new world-scale plant for polyamide plastics at the site in Antwerp, Belgium. The facility will have an annual capacity of around 90,000 tons and is scheduled to be completed in 2014. The capacity of our glass fiber production operations, also based in Antwerp, is being expanded. In addition, a new plant for compounding high-tech plastics is being built in Porto Feliz, Brazil, with completion due later this year.

The Advanced Intermediates segment's Advanced Industrial Intermediates business unit is expanding cresol production at the Leverkusen site. Completion is expected in mid-2013.

The Performance Chemicals segment's Inorganic Pigments business unit is currently building a new high-tech plant for iron oxide red pigments in Ningbo, China. The plant will have an initial annual capacity of 25,000 tons. Production is scheduled to start in the first quarter of 2015. The Leather business unit completed construction of a production plant for leather chemicals with an annual capacity of up to 50,000 tons at the site in Changzhou, China. The facility, featuring the latest technology and eco-friendly processes, came on stream in April 2013. A further investment relates to the construction of a CO_2 concentration unit at the site in Newcastle, South Africa, which is scheduled to start up in the second half of this year. The Rhein Chemie business unit is building a facility for rubber additives and release agents at the site in Lipetsk, Russia, where production is scheduled to start by the middle of this year. Furthermore, a manufacturing plant for vulcanization bladders is under construction in Porto Feliz, Brazil, and is due to start up later this year. The Ion Exchange Resins business unit is investing in a new production line for weakly acidic cation exchange resins and a state-of-the-art facility for food-grade filling and packaging at the Leverkusen site.

Significant opportunities and risks

There have been no significant changes in the opportunities or risks of the LANXESS Group compared with December 31, 2012. Further information on this topic is provided in the combined management report for LANXESS AG and the LANXESS Group on pages 124 to 135 of the Annual Report 2012. 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.

Outlook

In the first quarter of 2013, the low level of demand continued in most of LANXESS's businesses contrary to the typical seasonality. In a persistently weak economic environment and with customer order levels continuing to be volatile, we project only a slight improvement in business in the second quarter. Accordingly, we expect that second-quarter EBITDA pre exceptionals will not exceed €220 million.

The rest of the year is likely to remain challenging due to the low level of global economic momentum. Based on the expected weak development of the first six months, we currently anticipate an improvement in demand in the second half of the year.

With respect to the emerging markets, we continue to expect the most rapid growth in our customer industries, especially automotive, to take place in Asia, particularly China. We anticipate that the U.S. economy will see some growth in the course of the year from which our customers in the automotive sector will also benefit. We expect demand in the European tire and automotive industries to remain at a low level. Demand for agrochemicals is likely to stay solid for the remainder of the year. It nevertheless remains difficult to gauge the future development of the economy as a whole.

We took early action in 2012 with our flexible asset management and rigorous cost discipline to cushion the impact of a potential drop in demand. We are continuing with this action in the current year and adding further measures aimed at addressing the persistent weakness in demand. These relate to the Performance Chemicals segment and are designed to improve competitiveness at our international sites. We assume that raw material and energy prices will move sideways for the rest of the year, with ongoing volatility. Passing along raw material and energy price fluctuations to the market will remain a challenge in the current environment. As before, we will endeavor to deliver an optimal response with a view to our earnings generation and strategic positioning.

Based on business development so far and our second-quarter earnings forecast, we predict an improvement in demand in the second half of the year. We expect EBITDA pre exceptionals for the full year 2013 to come in below €1 billion.

We will continue to pursue our selective growth strategy in the current year. However, in view of the difficult market environment, we have adjusted our planned cash outflows for capital expenditures. We currently expect these to total around €600 million. We are committed to maintaining LANXESS's strategic alignment in the future. With our product portfolio, we are represented in all key customer industries and have attained strong positions in the relevant growth markets.

Forecasts Unchanged in the Reporting Period

Information in the Annual Report 2012	Page
Future organization and corporate structure	131 ff.
Future corporate objectives and strategy	131 ff.
Future production and products	132 ff.
Future sales markets and competitive position	132 ff.
Future research and development activities	119 ff., 132
Future financing	134 f.
Future dividend policy	135

Events after the end of the reporting period

The LANXESS Group acquired Singapore-based PCTS Specialty Chemicals Pte. Ltd. in April 2013. PCTS specializes in the production of biocides for environmentally friendly water-based paints that meet stringent health, safety and environmental standards. This acquisition, which will be integrated into the Material Protection Products business unit of the Performance Chemicals segment, puts LANXESS among the leading suppliers of biocides for paints and coatings in the expanding markets of the Asia-Pacific region. The acquisition will have no material effects on the financial position or results of operations of the LANXESS Group.

No other events of special significance took place after March 31, 2013 that are expected to materially affect the financial position or results of operations of the LANXESS Group.

Condensed Consolidated Interim Financial Statements

as of March 31, 2013

LANXESS Group **Statement of Financial Position**

€ million	Jan. 1, 2012	Dec. 31, 2012	March 31, 2013
ASSETS			
Intangible assets	373	390	399
Property, plant and equipment	2,679	2,994	3,084
Investments accounted for using the equity method	12	8	0
Investments in other affiliated companies	19	18	22
Non-current derivative assets	8	16	13
Other non-current financial assets	82	8	7
Deferred taxes	196	211	219
Other non-current assets	120	102	105
Non-current assets	**3,489**	**3,747**	**3,849**
Inventories	1,386	1,527	1,641
Trade receivables	1,146	1,117	1,244
Cash and cash equivalents	178	386	353
Near-cash assets	350	411	176
Current derivative assets	8	28	14
Other current financial assets	27	6	7
Current income tax receivables	64	41	53
Other current assets	230	256	266
Current assets	**3,389**	**3,772**	**3,754**
Total assets	**6,878**	**7,519**	**7,603**
EQUITY AND LIABILITIES			
Capital stock and capital reserves	889	889	889
Other reserves	1,449	1,238	1,732
Net income	0	508	25
Other equity components	(280)	(321)	(285)
Equity attributable to non-controlling interests	16	16	25
Equity	**2,074**	**2,330**	**2,386**
Provisions for pensions and other post-employment benefits	679	893	915
Other non-current provisions	331	304	304
Non-current derivative liabilities	13	4	9
Other non-current financial liabilities	1,465	2,167	2,200
Non-current income tax liabilities	63	35	35
Other non-current liabilities	89	74	88
Deferred taxes	75	82	78
Non-current liabilities	**2,715**	**3,559**	**3,629**
Other current provisions	446	440	478
Trade payables	766	795	710
Current derivative liabilities	40	10	29
Other current financial liabilities	633	167	191
Current income tax liabilities	49	45	31
Other current liabilities	155	173	149
Current liabilities	**2,089**	**1,630**	**1,588**
Total equity and liabilities	**6,878**	**7,519**	**7,603**

2012 figures restated

LANXESS Group **Income Statement**

€ million	Q1 2012	Q1 2013
Sales	**2,388**	**2,095**
Cost of sales	(1,796)	(1,700)
Gross profit	**592**	**395**
Selling expenses	(186)	(189)
Research and development expenses	(45)	(48)
General administration expenses	(72)	(79)
Other operating income	34	30
Other operating expenses	(46)	(42)
Operating result (EBIT)	**277**	**67**
Income from investments accounted for using the equity method	3	0
Interest income	2	1
Interest expense	(25)	(26)
Other financial income and expense	(10)	(11)
Financial result	**(30)**	**(36)**
Income before income taxes	**247**	**31**
Income taxes	(55)	(7)
Income after income taxes	**192**	**24**
of which attributable to non-controlling interests	0	(1)
of which attributable to LANXESS AG stockholders (net income)	192	25
Earnings per share (undiluted/diluted) (€)	**2.31**	**0.30**

2012 figures restated

LANXESS Group **Statement of Comprehensive Income**

€ million	Q1 2012	Q1 2013
Income after income taxes	**192**	**24**
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains/losses, effects of the asset ceiling and minimum funding requirements for defined-benefit plans	(67)	(20)
Income taxes	21	6
	(46)	**(14)**
Items that may be reclassified subsequently to profit or loss if specific conditions are met		
Exchange differences on translation of operations outside the eurozone	(24)	46
Financial instruments	41	(12)
Income taxes	(12)	3
	5	**37**
Other comprehensive income, net of income tax	**(41)**	**23**
Total comprehensive income	**151**	**47**
of which attributable to non-controlling interests	0	0
of which attributable to LANXESS AG stockholders	151	47

2012 figures restated

LANXESS Group **Statement of Changes in Equity**

€ million	Capital stock	Capital reserves	Other reserves	Net income	Other equity components: Currency translation adjustment	Other equity components: Financial instruments	Equity attributable to LANXESS AG stockholders	Equity attributable to non-controlling interests	Equity
Jan. 1, 2012 (after allocations to retained earnings)	**83**	**806**	**1,449**	**0**	**(248)**	**(32)**	**2,058**	**16**	**2,074**
Total comprehensive income			(46)	192	(24)	29	151	0	151
Income after income taxes				*192*			*192*	*0*	*192*
Other comprehensive income, net of income tax			*(46)*		*(24)*	*29*	*(41)*	*0*	*(41)*
March 31, 2012	**83**	**806**	**1,403**	**192**	**(272)**	**(3)**	**2,209**	**16**	**2,225**
Dec. 31, 2012	**83**	**806**	**1,238**	**508**	**(329)**	**8**	**2,314**	**16**	**2,330**
Allocations to retained earnings			508	(508)			0		0
Changes in scope of consolidation							0	9	9
Total comprehensive income			(14)	25	45	(9)	47	0	47
Income after income taxes				*25*			*25*	*(1)*	*24*
Other comprehensive income, net of income tax			*(14)*		*45*	*(9)*	*22*	*1*	*23*
March 31, 2013	**83**	**806**	**1,732**	**25**	**(284)**	**(1)**	**2,361**	**25**	**2,386**

2012 figures restated

LANXESS Group **Statement of Cash Flows**

€ million	Q1 2012	Q1 2013
Income before income taxes	**247**	**31**
Depreciation and amortization	88	102
Income from investments accounted for using the equity method	(3)	0
Financial losses	24	25
Income taxes paid	(3)	(34)
Changes in inventories	(73)	(81)
Changes in trade receivables	(164)	(109)
Changes in trade payables	(7)	(95)
Changes in other assets and liabilities	20	1
Net cash provided by (used in) operating activities	**129**	**(160)**
Cash outflows for purchases of intangible assets, property, plant and equipment	(92)	(93)
Cash inflows from financial assets	105	235
Cash outflows for the acquisition of subsidiaries and other businesses, less acquired cash and cash equivalents and net of subsequent purchase price adjustments	(9)	0
Cash inflows from sales of intangible assets, property, plant and equipment	1	1
Interest and dividends received	4	1
Net cash provided by investing activities	**9**	**144**
Proceeds from borrowings	76	19
Repayments of borrowings	(50)	(30)
Interest paid and other financial disbursements	(9)	(8)
Net cash provided by (used in) financing activities	**17**	**(19)**
Change in cash and cash equivalents from business activities	**155**	**(35)**
Cash and cash equivalents at beginning of period	178	386
Other changes in cash and cash equivalents	0	2
Cash and cash equivalents at end of period	**333**	**353**

2012 figures restated

Segment and Region Data

Key Data by Segment

€ million	Performance Polymers		Advanced Intermediates		Performance Chemicals		Reconciliation		LANXESS	
	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013
External sales	1,391	1,134	429	433	558	520	10	8	2,388	2,095
Inter-segment sales	0	0	15	12	3	2	(18)	(14)	0	0
Segment/Group sales	1,391	1,134	444	445	561	522	(8)	(6)	2,388	2,095
Segment result/EBITDA pre exceptionals	255	112	70	71	83	51	(39)	(60)	369	174
EBITDA margin pre exceptionals (%)	18.3	9.9	16.3	16.4	14.9	9.8			15.5	8.3
EBITDA	254	112	70	71	83	50	(42)	(64)	365	169
EBIT pre exceptionals	207	52	54	54	62	30	(42)	(64)	281	72
EBIT	206	52	54	54	62	29	(45)	(68)	277	67
Segment capital expenditures	67	66	16	20	11	24	3	4	97	114
Depreciation and amortization	48	60	16	17	21	21	3	4	88	102
Employees as of March 31 (previous year: as of Dec. 31)	5,348	5,388	2,841	2,841	6,031	5,978	2,957	3,174	17,177	17,381

Key Data by Region

€ million	EMEA (excl. Germany)		Germany		North America		Latin America		Asia-Pacific		LANXESS	
	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013
Sales by market	699	623	416	370	423	327	301	245	549	530	2,388	2,095
Proportion of Group sales (%)	29.3	29.7	17.4	17.7	17.7	15.6	12.6	11.7	23.0	25.3	100.0	100.0
Employees as of March 31 (previous year: as of Dec. 31)	3,442	3,482	8,072	8,093	1,553	1,565	1,626	1,617	2,484	2,624	17,177	17,381

Notes to the Condensed Consolidated Interim Financial Statements

as of March 31, 2013

Recognition and valuation principles

The unaudited, condensed consolidated interim financial statements as of March 31, 2013 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, 2013 were observed in preparing the interim financial statements.

Of the standards and interpretations applicable for the first time, the amendments to IAS 19 and the new IFRS 13, in particular, are relevant to the LANXESS Group. Further details are given under "Accounting for pension and other post-employment benefit obligations" and "Fair value measurement." In accordance with the amendments to IAS 1, items of other comprehensive income are now segregated according to whether or not they may subsequently become reclassifiable to profit or loss.

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, 2012, particularly with respect to the recognition and valuation principles applied.

Preparation of the consolidated interim financial statements requires that assumptions and estimates be made that have an impact on the amount and recognition of assets and liabilities in the statement of financial position, income and expenses, and contingent liabilities. All assumptions and estimates are made on the basis of conditions prevailing at the reporting date, using methods broadly consistent with those applied in the consolidated financial statements for 2012. The actual figures may differ from the assumptions or estimates if the underlying conditions develop differently than predicted at the reporting date.

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

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

Scope of consolidation

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

	EMEA (excl. Germany)	Germany	North America	Latin America	Asia-Pacific	Total
Fully consolidated companies (incl. parent company)						
Jan. 1, 2013	22	13	5	6	18	64
Changes						0
Changes in scope of consolidation					1	1
March 31, 2013	**22**	**13**	**5**	**6**	**19**	**65**
Companies accounted for using the equity method						
Jan. 1, 2013		1			2	3
Changes						0
Changes in scope of consolidation					(1)	(1)
March 31, 2013	**0**	**1**	**0**	**0**	**1**	**2**
Non-consolidated companies						
Jan. 1, 2013	2	2	1	3	1	9
Changes						0
March 31, 2013	**2**	**2**	**1**	**3**	**1**	**9**
Total						
Jan. 1, 2013	24	16	6	9	21	76
Changes	0	0	0	0	0	0
March 31, 2013	**24**	**16**	**6**	**9**	**21**	**76**

Tire Curing Bladders, LLC, Little Rock, United States, which was acquired last year, was consolidated for the first time as of March 14, 2012. In the twelve-month period following the acquisition date, there were no new findings or information requiring an adjustment of the provisional purchase price allocation. That allocation is therefore final. As of March 31, 2013, it had not proven necessary to adjust the purchase price allocation for Bond-Laminates GmbH, Brilon, Germany, which was acquired on September 12, 2012. Details of these acquisitions and their effects on the LANXESS Group's consolidated statement of financial position are provided in the section entitled "Companies consolidated" in the notes to the consolidated financial statements as of December 31, 2012.

Due to the transfer of control to LANXESS AG, the investment in LANXESS-TSRC (Nantong) Chemical Industrial Co., Ltd., Nantong, China, was no longer accounted for using the equity method in the first quarter of 2013. Instead, the company was fully consolidated for the first time. The transition to full consolidation had no effect on earnings.

Accounting for pension and other post-employment benefit obligations

From January 1, 2013, the LANXESS Group is applying the revised version of IAS 19 that was published in June 2011. The revisions address the recognition and measurement of expenses for defined-benefit pension plans and termination benefits. In compliance with the respective financial reporting standards, the change in accounting has been applied retrospectively. There are also changes regarding the information required to be disclosed in the notes to the annual financial statements.

Since the option used by the LANXESS Group in accounting for actuarial gains and losses already corresponds to the future mandatory method, application of the revised version of IAS 19 does not significantly impact the financial position or results of operations.

The accounting change has the effect of increasing the provisions for pensions and other post-employment benefits and the other reserves as of December 31, 2012, by €1 million and €5 million, respectively, and diminishing net income for 2012 accordingly. It increases other reserves as of March 31, 2013 and March 31, 2012 by €1 million, with corresponding decreases in the respective first-quarter net incomes. The decline in net income was predominantly due to a higher negative balance of other financial income and expense, taking into account deferred taxes.

Earnings per share

Earnings per share for the first quarters of 2012 and 2013 were calculated on the basis of the number of shares outstanding as of end of the respective reporting periods. They are derived solely from continuing operations. Since there are currently no equity instruments in issue that could dilute earnings per share, basic and diluted earnings per share are identical. For more information about equity instruments that could dilute earnings per share in the future, readers are referred to the notes to the consolidated financial statements as of December 31, 2012.

Due to the change in the accounting treatment of pension and other post-employment benefit obligations, the income after income taxes and net income reported for the first quarter of the previous year both decreased by €1 million to €192 million. The earnings per share reported for the same period decreased accordingly by €0.01 to €2.31. The change in accounting had a €1 million negative effect on income after income taxes and net income for the first quarter of 2013. The impact on earnings per share was €0.01.

Earnings per Share

	Q1 2012	Q1 2013	Change %
Net income (€ million)	192	25	(87.0)
Number of outstanding shares	83,202,670	83,202,670	0.0
Earnings per share in € (undiluted/diluted)	**2.31**	**0.30**	**(87.0)**

2012 figures restated

Fair value measurement

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

Assets and Liabilities Measured at Fair Value

€ million	March 31, 2013		
	Level 1	Level 2	Level 3
Non-current assets			
Investments in other affiliated companies	4	–	–
Non-current derivative assets	–	13	–
Other non-current financial assets	–	1	–
Current assets			
Near-cash assets	176	–	–
Current derivative assets	–	14	–
Other current financial assets	1	–	–
Non-current liabilities			
Non-current derivative liabilities	–	(9)	–
Current liabilities			
Current derivative liabilities	–	(29)	–

The fair value hierarchy gives the highest priority (Level 1) to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority (Level 3) to unobservable inputs.

The investments in other affiliated companies measured at fair value pertain to shares in the listed company Gevo Inc., Englewood, United States. The item "Investments in other affiliated companies" in the statement of financial position also includes €18 million in non-listed equity instruments whose fair values at the end of the reporting period could not be reliably measured and which are therefore recognized at cost. There are currently no plans to dispose of these investments.

The derivative financial instruments used by LANXESS are mainly 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.

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. An exception in this respect are the bonds, which have a carrying amount of €1,949 million and a fair value of €2,116 million.

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, 2012.

Notes to the segment reporting

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

Reconciliation of Segment Result

€ million	Q1 2012	Q1 2013
Total of segment results	**408**	**234**
Depreciation and amortization	(88)	(102)
Other/consolidation	(39)	(60)
Exceptional items in EBITDA	(4)	(5)
Net interest expense	(23)	(25)
Income from investments accounted for using the equity method	3	0
Other financial income and expense	(10)	(11)
Income before income taxes	**247**	**31**

There were no segment changes in the reporting period.

Related parties

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

Transactions in the first quarter of 2013 with associated companies accounted for in the consolidated financial statements using the equity method, or subsidiaries of such companies, mainly comprised the purchase of site services in the fields of utilities, infrastructure and logistics totaling €116 million (Q1 2012: €120 million). Trade payables of €47 million and trade receivables of €4 million existed as of March 31, 2013 as a result of these transactions (December 31, 2012: €38 million and €4 million). Further, a provision in the amount of €29 million was recognized as of March 31, 2013 (December 31, 2012: €29 million) for the claim by Currenta GmbH & Co. OHG, Leverkusen, Germany, for the offsetting of a loss for 2012. Existing payment obligations to these companies under operating leases or under purchase agreements relating to planned or ongoing capital expenditure projects in the area of property, plant and equipment are immaterial.

No material business transactions were undertaken with other associated companies or individuals. As in the previous year, no loans were granted to members of the Board of Management or the Supervisory Board in the first three months of 2013.

Employees

The LANXESS Group had 17,381 employees worldwide as of March 31, 2013, which was 204 more than on December 31, 2012 (17,177). The principal reasons for the increase were the Group's growth strategy and the first-time inclusion of the employees of LANXESS-TSRC (Nantong) Chemical Industrial Co., Ltd. in China, which has been fully consolidated since January 1, 2013.

The number of employees in the EMEA region (excluding Germany) rose by 40 to 3,482. Headcount in Germany came to 8,093, against 8,072 as of December 31, 2012. The workforce in North America showed a small increase of 12 to 1,565. In Latin America, headcount decreased slightly compared to December 31, 2012, from 1,626 to 1,617. The number of employees in the Asia-Pacific region advanced significantly, up 140 from 2,484 to 2,624. This was mainly due to the investment activities in those countries and the inclusion of the employees of LANXESS-TSRC.

Responsibility Statement

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

Leverkusen, May 7, 2013

LANXESS Aktiengesellschaft, Leverkusen

The Board of Management

Dr. Axel C. Heitmann	Dr. Bernhard Düttmann
Dr. Werner Breuers	Dr. Rainier van Roessel

Financial Calendar 2013

May 23
Annual Stockholders' Meeting, Cologne

August 6
Interim Report H1 2013

September 19
LANXESS Analyst Roundtable

November 12
Interim Report Q3 2013

Please do not hesitate to contact us
if you have any questions or comments.

Contact Corporate Communications
Tel. +49 214 30 31872
E-mail: mediarelations@lanxess.com

Contact Investor Relations
Tel. +49 214 30 23851
E-mail: ir@lanxess.com

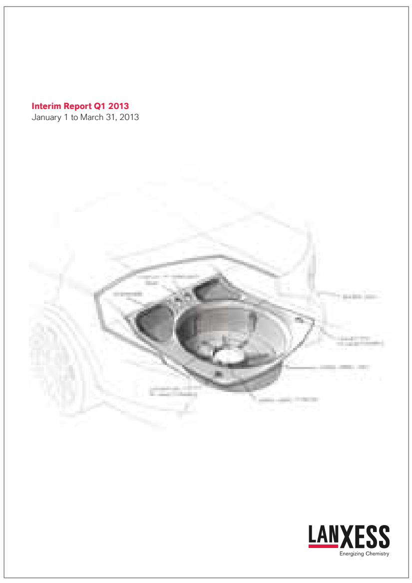
This Interim Report was published on May 8, 2013.

LANXESS – Specialist for innovative lightweight construction solutions

Lightweight construction is an important trend and, especially in the automotive industry, a decisive aspect of the transformation that the sector must help to shape. Mobility in the future will need to become more sustainable and consume fewer resources than it does today. Lighter materials that lower the proportion of steel and metal in vehicles reduce their weight. And lighter vehicles mean reduced fuel consumption and lower emissions.

LANXESS has many years' experience and outstanding products in the field of high-tech plastics and composite materials that are increasingly used in a variety of automotive components. For example, geometrically complex spare-wheel wells can be produced from the high-tech plastic Durethan® by a one-step injection molding process.

The numerous advantages of lightweight materials will continue to drive worldwide demand for components like these, opening up promising growth opportunities for LANXESS.



Disclaimer

Masthead
LANXESS AG
51369 Leverkusen
Germany
Tel. +49 214 30 33333
www.lanxess.com

Agency
Kirchhoff Consult AG,
Hamburg, Germany

English edition
Currenta GmbH & Co. OHG
Language Service

Printed by
Kunst- und Werbedruck,
Bad Oeynhausen, Germany

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C011291

Publisher:
LANXESS AG
51369 Leverkusen
Germany
www.lanxess.com