



## LANXESS FY 2011 Financial Summary

- **Sales increase by 23%**
- **Substantial increase in raw material prices offset**
- **EBITDA at €1.146 bn with 25% yoy growth**
- **Value generation with company ROCE at 17.2%**
- **All organic growth projects on schedule**
- **Five value-adding acquisitions successfully completed**
- **Well on track for 2015 €1.4 bn EBITDA target**
- **Dividend of €0.85 per share proposed (increase of 21%)**

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## Overview Financials

### FY Financial Overview

- **A year of substantial profit increase**
- “Price-before-volume” strategy supports EBITDA
- Capex above guidance due to acceleration of projects, maintenance and purchase of intangible assets (parts of a business e.g. product formulations, customer lists)
- Net debt rises on growth projects, acquisitions and working capital
- Working capital increase driven by raw material inflation and portfolio
- Headcount increase due to R&D, organic and external growth
- ~€35 m inventory devaluation weigh on gross margin and earnings
- Exceptionals increase due to pharma realignment in SGO (~€20 m)

### FY 2011 Balance Sheet:

- **Solid balance sheet amid increasing business activity**
- Working capital development in line with increased raw material prices, portfolio effects and higher business activity
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- Grown asset base drives D&A
- Higher cash outflow for working capital due to raw material inflation
- Capex acceleration, extended maintenance and acquisitions increase investing cash flow
- Growth mode reflected in 2011 cash flow



## Q4 Business Overview

### Performance Polymers

- **Excellent EBITDA performance despite challenging environment in Q4**
- Sales deviation yoy: Price +19%, Volume -9%, Currency +1%, Portfolio +17% (approximate numbers)
- Sales increase due to strong pricing and portfolio contribution, mitigated by volume decreases (customer destocking)
- Higher prices in all BUs offset input cost inflation yoy
- BUs BTR, PBR and SCP with maintenance and customer destocking leading to respective volume decline
- Inventory devaluation (Butadiene) mainly in BU PBR weighs on segment margin
- Capex increase reflects growth plans as selected projects were accelerated

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### Advanced Intermediates

- **Solid quarter of a resilient business**
- Sales deviation yoy: Price +6%, Volume -7%, Currency 0%, Portfolio 0% (approximate numbers)
- Stable sales as higher prices balance lower volumes
- Pricing again offsets higher raw material costs
- Ongoing strong demand from agro business in both Bus while other end markets softened (e.g. paints and coatings)
- Realignment initiated in business line Pharma of BU SGO; exceptional expenses of ~€20 m weigh on EBIT
- Menthol expansion and softening in polyols (BU All) lead to increased idle costs and burden margin
- Capex increase due to organic growth (e.g. Formalin plant)

### Performance Chemicals

- **Weak construction business burdens EBITDA**
- Sales deviation yoy: Price +5%, Volume -5%, Currency 0%, Portfolio +4% (approximate numbers)
- Higher sales due to higher price level and portfolio contribution; partly offset by lower volumes (customer destocking)
- Higher raw material prices successfully passed on
- Volume increase in BU ION from new plant in India
- BU IPG (construction) and BU LEA (supplier's outage) with strongest EBITDA declines
- Lower capacity utilization leads to higher idle costs and weighs on margins



## **Business environment:**

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## Housekeeping items:

Additional financial expectations for 2012

- Capex\* 2012 : ~€600 m
- D&A : ~€330 – €350 m
- Tax rate : ~22%
- Hedging 2012 : ~40% at 1.30-1.40 USD / EUR
- Hedging 2013 : ~15% at 1.30-1.40 USD / EUR

\*without projects financed by customers and capitalized borrowing costs

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Leverkusen, March 22, 2012

### **Forward-Looking Statements**

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



## Financial Overview Q4 2011





## Financial Overview FY 2011

in €million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	FY '10	FY '11	Chg. in %	FY '10	FY '11	Chg. in %	FY '10	FY '11	Chg. in %	FY '10	FY '11	Chg. in %	FY '10	FY '11	Chg. in %
<b>Sales</b>	7120	8775	23%	3692	5059	37%	1411	1545	9%	1978	2130	8%	39	41	5%
Price*			17%			27%			8%			7%			0%
Volume*			3%			4%			3%			0%			5%
Currency*			-3%			-4%			-2%			-2%			0%
Portfolio*			6%			11%			0%			2%			0%
<b>EBIT</b>	607	776	28%	408	598	47%	201	175	-13%	209	211	1%	-211	-208	1%
Deprec. & amortizat.	283	325	15%	141	161	14%	58	70	21%	67	78	16%	17	16	-6%
<b>EBITDA</b>	890	1101	24%	549	759	38%	259	245	-5%	276	289	5%	-194	-192	1%
exceptionals in EBITDA	28	45	61%	-1	9	n.m.	0	19	0%	5	0	n.m.	24	17	-29%
<b>EBITDA pre excep.</b>	918	1146	25%	548	768	40%	259	264	2%	281	289	3%	-170	-175	-3%
normalized D&A	283	320	13%	141	161	14%	58	66	14%	67	78	16%	17	15	-12%
<b>EBIT pre excep.</b>	635	826	30%	407	607	49%	201	198	-1%	214	211	-1%	-187	-190	-2%
exceptionals in EBIT	28	50	79%	-1	9	n.m.	0	23	n.m.	5	0	n.m.	24	18	-25%
<b>Capex</b>	501	679	36%	298	437	47%	73	107	47%	114	112	-2%	16	23	44%



## Income Statement Q4 and FY 2011

in €million	Q4 2010	Q4 2011	Chg. in %	FY 2010	FY 2011	Chg. in %
<b>Sales</b>	<b>1832</b>	<b>2123</b>	<b>16%</b>	<b>7120</b>	<b>8775</b>	<b>23%</b>
Cost of sales	-1421	-1705	20%	-5381	-6765	26%
<b>Gross profit</b>	<b>411</b>	<b>418</b>	<b>2%</b>	<b>1739</b>	<b>2010</b>	<b>16%</b>
Selling expenses	-176	-192	9%	-646	-732	13%
Research and development expenses	-27	-39	44%	-116	-144	24%
General administration expenses	-101	-104	3%	-298	-325	9%
Other operating income	51	39	-24%	189	179	-5%
Other operating expenses	-80	-70	-13%	-261	-212	-19%
<b>Operating result (EBIT)</b>	<b>78</b>	<b>52</b>	<b>-33%</b>	<b>607</b>	<b>776</b>	<b>28%</b>
Income from investments accounted for using the equity method	-7	-12	-71%	16	7	-56%
Interest income	2	1	-50%	10	11	10%
Interest expense	-20	-30	50%	-93	-104	12%
Other financial income and expense	-21	-7	67%	-47	-35	-26%
<b>Financial result</b>	<b>-46</b>	<b>-48</b>	<b>-4%</b>	<b>-114</b>	<b>-121</b>	<b>-6%</b>
<b>Income before income taxes</b>	<b>32</b>	<b>4</b>	<b>-88%</b>	<b>493</b>	<b>655</b>	<b>33%</b>
Income taxes	-6	1	n.m.	-112	-148	-32%
<b>Income after income taxes</b>	<b>26</b>	<b>5</b>	<b>-81%</b>	<b>381</b>	<b>507</b>	<b>33%</b>
of which attributable to non-controlling interests	0	0	n.m.	2	1	-50%
of which attributable to LANXESS AG stockholders (net income)	26	5	-81%	379	506	34%

