



## LANXESS Q3 2011 Financial Summary for Investors and Analysts

- § **26% sales growth despite some customer destocking**
- § **Substantial increase in EBITDA pre by 27% to €311 m**
- § **“Price-before-volume” strategy in all segments intact**
- § **All investment projects fully on schedule**
- § **EBITDA margin slightly increased to 13.3% vs 13.2%**
- § **Year-to-date earnings per share reach €6.02**
- § **Guidance 2011 confirmed: EBITDA pre growth ~20%**

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### Overview Financials

#### Q3 Profit and Loss Statement:

- § **Another solid quarter with good development of bottom-line**
- § Sales deviation yoy: Price +23%, Portfolio +8, Volume +1%, Currency -6% (approximate numbers)
- § Gross margin slightly lower due to ~€20 m inventory devaluation (mainly Butadiene)
- § Focus on technology and innovation leads to planned increase in R&D expenses
- § Substantial improvement in EBITDA at stable margins
- § Expected seasonal pattern partly offset by portfolio effect

#### Q3 Balance Sheet:

- § **A strong balance sheet**
- § Inventory increase due to higher raw material prices, portfolio effect and additional volumes
- § Mark-to-market valuation of Gevo investment
- § Net debt to EBITDA (LTM) ratio at comfortable ~1.2

#### 9M Cash flow Statement:

- § **Strong cash generation**
- § Lower tax cash outs due to timing of pre-payments
- § Cash outflow for working capital due to increased inventories and receivables (raw material prices, volumes)
- § Investing cash flow contains cash-outs for acquisitions
- § Financing cash-flow mirrors €500 m bond partly offset by dividends, interest and settlement of acquisition related debt
- § Cash flow mirrors growth strategy





## **Business environment and guidance:**

### **Current macro view:**

- § Growth in emerging markets to continue at solid levels
- § Increased uncertainties: high national deficits in Europe, volatile FX and raw material deflation
- § Risk of economic setback due to European sovereign debt crisis increased

### **Guidance:**

- § **LANXESS remains confident for 2011**
- § **Full year EBITDA guidance confirmed at ~20% above previous year**
- § We expect Q4 with normal seasonality and ongoing customer destocking
- § Additional inventory devaluation of ~€35 m in Q4 2011 expected (mainly Butadiene)

### **Additional financial expectations for 2011**

- §

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### Financial Overview Q3 2011

in € million		LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/Consolidated			
2011	2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010		
8%				Price*						36%							
-4%				Volume*						5%							
10%				Commodity*													
		2%				3%		Fortific*		8%		15%			3%		
67	51	-18%	-46	-50	-5%	<b>EBIT</b>			165	223	32%	37	186	71%	51	52	2%
16	20	25%	3	2	-33%	Deprec. & amortizat.			69	83	20%	35	45	29%	15	16	7%
83	75	-10%	-43	-48	-12%	<b>EBITDA</b>			238	306	29%	132	211	60%	66	68	3%
0	0	0%	5	3	-40%	exceptionals in EBITDA			6	5	-17%	1	2	100%	0	0	0%
83	75	-10%	-38	-45	-18%	<b>EBITDA pre excep.</b>			244	311	27%	133	213	60%	66	68	3%
16	20	25%	3	2	-33%	normalized D&A			69	83	20%	35	45	29%	15	16	7%
67	55	-18%	-41	-47	-15%	<b>EBIT pre excep.</b>			175	228	30%	98	168	71%	51	52	2%



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## Income Statement Q3 and 9M 2011

in €million	Q3 2010	Q3 2011	Chg. in %	9M 2010	9M 2011	Chg. in %
<b>Sales</b>	<b>1847</b>	<b>2336</b>	<b>26%</b>	<b>5288</b>	<b>6652</b>	<b>26%</b>
Cost of sales	-1387	-1805	30%	-3960	-5060	28%
<b>Gross profit</b>	<b>460</b>	<b>531</b>	<b>15%</b>	<b>1328</b>	<b>1592</b>	<b>20%</b>
Selling expenses	-166	-183	10%	-470	-540	15%
Research and development expenses	-34	-40	18%	-89	-105	18%
General administration expenses	-70	-77	10%	-197	-221	12%
Other operating income	46	39	-15%	138	140	1%
Other operating expenses	-67	-47	-30%	-181	-142	-22%
<b>Operating result (EBIT)</b>	<b>169</b>	<b>223</b>	<b>32%</b>	<b>529</b>	<b>724</b>	<b>37%</b>
Income from investments accounted for using the equity method	11	7	-36%	23	19	-17%
Interest income	2	5	>100%	8	10	25%
Interest expense	-27	-27	0%	-73	-74	1%
Other financial income and expense	-10	-8	20%	-26	-28	8%
<b>Financial result</b>	<b>-24</b>	<b>-23</b>	<b>4%</b>	<b>-68</b>	<b>-73</b>	<b>-7%</b>
<b>Income before income taxes</b>	<b>145</b>	<b>200</b>	<b>38%</b>	<b>461</b>	<b>651</b>	<b>41%</b>



**Abbreviations:**

- All**    **Advanced Industrial Intermediates\***
- BTR**   **Butyl Rubber**
- FCC**   **Functional Chemicals**
- ION**   **Ion Exchange Resins**
- IPG**   **Inorganic Pigments**
- LEA**   **Leather**
- MPP**   **Material Protection Products**
- PBR**   **Performance Butadiene Rubbers**
- RCH**   **RheinChemie**
- RUC**   **Rubber Chemicals**
- SCP**   **Semi-Crystalline Products**
- SGO**   **Saltigo**
- TRP**   **Technical Rubber Products**

\* Formerly known as Basic Chemicals (BAC)

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