

## **LANXESS Q2 2013 Financial Summary for Investors and Analysts**

### **Summary Q2 2013**

- Persistently difficult market environment
- Group sales down by 11.7%
- Selling price adjustments due to falling raw material costs
- Sales volumes below prior year
- Agrochemicals business remains good
- EBITDA pre exceptionals down from €361 million to €198 million
- EBITDA margin 9.2% vs. 14.9% for same period of last year
- Net income and earnings per share down sharply to €9 million and €0.11, respectively
- Net financial liabilities higher at €2,018 million

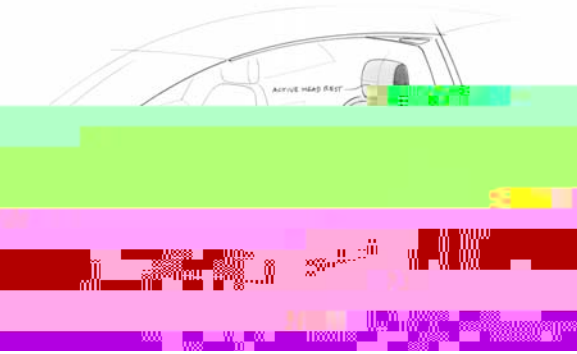
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## Q2 2013 Cash flow statement:

### **Business performance reflected in weak operating cash flow**

Profit before tax significantly down in line with weak EBITDA and increased D&A

Cash tax payments decrease as profit before tax is lower

Changes in other assets and liabilities relate to variable compensation;

Q2 2012 contained cash-outs related to hedging

Investing cash flow in Q2 2012 mirrors inflow from financial assets

## Q2 2013 Business Overview

### **Performance Polymers**

#### **Pressure on profitability in current weak environment**

Sales deviation yoy: Price -16%, Volume -1%, Currency -1%, Portfolio 0% (approximate numbers)

Price decline mainly raw material-driven for standard grades

(noticeable price pressure for butadiene-based products due to lower prices in Asia); additional price flexibility across all BUs

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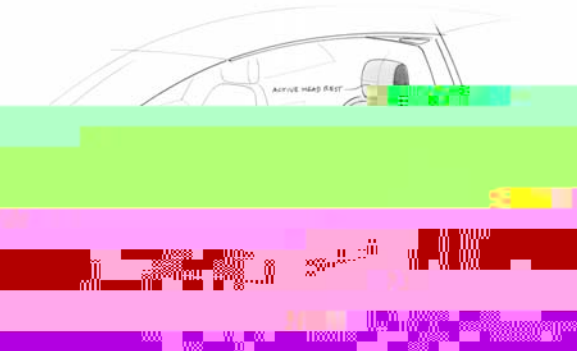
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## Outlook:

### No improvement in H2 2013 – therefore 2014 EBITDA €1.4 bn target no longer realistic

#### Current macro view – uncertainties persist

Customer demand remains at low levels for OEM and tire related businesses, raw material-induced decreases of sales prices (mainly butadiene)  
Agro demand continues to be healthy  
Customer destocking ongoing in Asia, combined with low end-market demand and only slight growth in the U.S., Europe remains weak

#### LANXESS expects a tough year 2013

Flexible asset and cost management implemented, additional measures and strategy update in preparation – details to be published in September  
We continue to see EBITDA pre below €1 bn in FY 2013  
FY 2013 EBITDA pre is expected between €700-800 m

No improvement in H2 vs H1

Absence of H1 one-time burdens in H2 likely to be offset by seasonality  
In the current environment, EBITDA pre target of €1.4 bn in 2014 no longer appears realistic, even taking into account an expected upturn in demand next year  
EBITDA pre target of €1.8 bn in 2018 more challenging

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## Housekeeping items for consideration

### Additional financial expectations for 2013

Capex* 2013	reduced to ~€600 m
D&A 2013	~€420 - €440 m
Reconciliation 2013	~€200 m mainly as R&D activities are centralized
Tax rate	- mid-term: ~22% - short-term: depending on regional profit contribution and respective tax regimes – tax rate may increase
Hedging 2013	~55% at 1.25-1.35 USD/EUR
Hedging 2014	~35% at 1.25-1.35 USD/EUR
IAS 19 revised, impact 2013	- operational result: low single-digit million € amount - financial result: low single-digit million € amount
Inventory devaluation Q3 2013	Further downward trend in butadiene prices might cause future devaluation pressure

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

Köln, August 6, 2013

#### Forward-Looking Statements

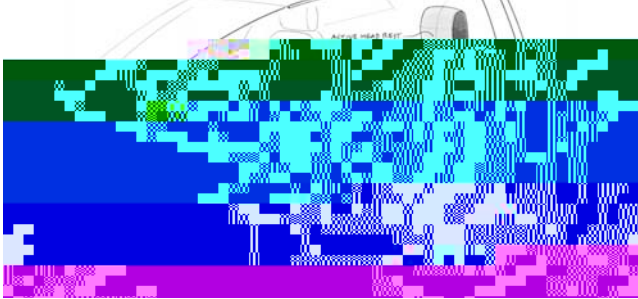
This news release contains forward-looking statements based on current assumptions and forecasts made by LANXESS AG management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance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

## Financial Overview Q2 2013

in € million	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q2 '12	Q2 '13	Chg. in %	Q2 '12	Q2 '13	Chg. in %	Q2 '12	Q2 '13	Chg. in %	Q2 '12	Q2 '13	Chg. in %	Q2 '12	Q2 '13	Chg. in %
<b>Sales</b>	<b>2.424</b>	<b>2.141</b>	-12%	<b>1.427</b>	<b>1.178</b>	-17%	<b>399</b>	<b>393</b>	-2%	<b>585</b>	<b>561</b>	-4%	<b>13</b>	<b>9</b>	-31%
Price*			-9%			-16%			2%			0%			0%
Volume*			-2%			-1%			-2%			-3%			-31%
Currency*			-1%			-1%			-1%			-2%			0%
Portfolio*			0%			0%			0%			0%			0%
<b>EBIT</b>	<b>250</b>	<b>50</b>	-80%	<b>206</b>	<b>29</b>	-86%	<b>62</b>	<b>59</b>	-5%	<b>40</b>	<b>6</b>	-85%	<b>-58</b>	<b>-44</b>	24%
Deprec. & amortizat.	93	116	25%	50	65	30%	17	19	12%	23	28	22%	3	4	33%
<b>EBITDA</b>	<b>343</b>	<b>166</b>	-52%	<b>256</b>	<b>94</b>	-63%	<b>79</b>	<b>78</b>	-1%	<b>63</b>	<b>34</b>	-46%	<b>-55</b>	<b>-40</b>	27%
exceptionals in EBITDA	18	32	78%	1	0	-100%	0	-4	n.m.	15	33	>100%	2	3	50%
<b>EBITDA pre excep.</b>	<b>361</b>	<b>198</b>	-45%	<b>257</b>	<b>94</b>	-63%	<b>79</b>	<b>74</b>	-6%	<b>78</b>	<b>67</b>	-14%	<b>-53</b>	<b>-37</b>	30%
normalized D&A	91	110	21%	50	65	30%	17	19	12%	21	22	5%	3	4	33%
<b>EBIT pre excep.</b>	<b>270</b>	<b>88</b>	-67%	<b>207</b>	<b>29</b>	-86%	<b>62</b>	<b>55</b>	-11%	<b>57</b>	<b>45</b>	-21%	<b>-56</b>	<b>-41</b>	27%
exceptionals in EBIT	20	38	90%	1	0	-100%	0	-4	n.m.	17	39	>100%	2	3	50%
<b>Capex</b>	<b>137</b>	<b>159</b>	16%	<b>85</b>	<b>85</b>	0%	<b>17</b>	<b>23</b>	35%	<b>21</b>	<b>34</b>	62%	<b>14</b>	<b>17</b>	21%
Net financial debt**	1.483	2.018	36%												

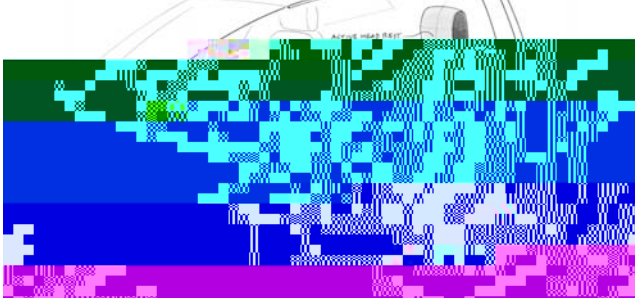
\* approximate numbers

\*\*previous year value as per Dec. 31



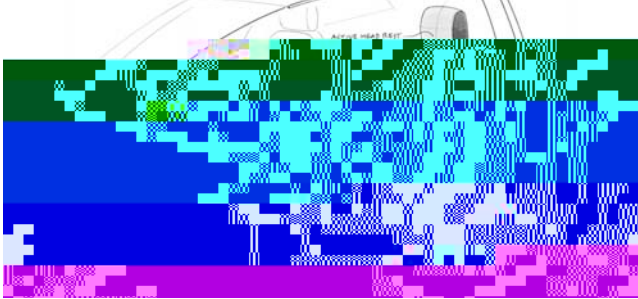
## Financial Overview H1 2013





in €million

	Q2 2012	Q2 2013	Chg. in %	H1 2011	H1 2012	Chg. in %
Sales	2.424	2.141	-12%	4.812	4.236	-12%
Cost of sales	-1.834	-1.736	-5%	-3.630	-3.436	-5%
Gross profit	590	405	-31%	1.182	800	-32%
Selling expenses	-195	-200	3%	-381	-389	2%
Research and development expenses	-53	-43	-19%	-98	-91	-7%
General administration expenses	-84	-75	-11%	-156	-154	-1%
Other operating income	50	36	-28%	84	66	-21%
Other operating expenses	-58	-73	26%	-104	-115	11%
<b>Operating result (EBIT)</b>	<b>250</b>	<b>50</b>	<b>-80%</b>	<b>527</b>	<b>117</b>	<b>-78%</b>
Income from investments accounted for using the equity method	3	0	-100%	6	0	-100%
Interest income	2	0	-100%	4	1	-75%
Interest expense	-26	-28	8%	-51	-54	6%
Other financial income and expense	-3	-11	>-100%	-13	-22	69%
<b>Financial result</b>	<b>-24</b>	<b>-39</b>	<b>e</b>	<b>r</b>	<b>o</b>	<b>7</b>



## Abbreviations:

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

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