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LANXESS Q1 2014 Financial Summary for Investors and Analysts

LANXESS currently in process of a 10% capital increase

Support necessary restructuring measures
Improve financial position to avoid further balance sheet stretch and to protect investment grade
Strengthen future development

Summary Q1 2014

Group sales down by 2.5% against prior- year quarter
Volumes ahead of the prior-year period in all segments, while prices are below previous year's level (driven by Performance Polymers)
Persistently challenging market environment for synthetic rubber;
continued favorable trend in the agrochemicals business;
positive impetus from the construction industry

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Q1 2014 Balance Sheet:

Financial metrics stretched but measures initiated

Net financial debt increased sequentially due to seasonal increase in working capital

Cash & cash equivalents available to fund redemption of €500 m bond (7.75% coupon) in April 2014

Pensions increase mainly due to lower interest rates in Germany

Net working capital increases mainly due to higher receivables (higher sales in Mar'14 vs Dec'13)

DSI (60 days) and DSO (52 days) at moderate levels

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Q1 2014 Cash flow statement:

Working capital increase bites into operating cash-flow

Profit before tax on previous year's low level

D&A nearly unchanged as impairments at year-end 2013 offset D&A from new assets

Change of cash taxes due to timing of payments

Changes in other assets and liabilities reflects cash-neutral provision building for "Advance" and personnel costs

Increase in working capital funded by operating cash flow

Negative free cash-flow due to weak business performance

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Q1 2014 Business Overview

Performance Polymers

Slight EBITDA improvement



Performance Chemicals

Good contribution from almost all business units

Sales deviation yoy: Price 0%, Volume +8%, Currency -3%, Portfolio +1%
(approximate numbers)

Prices remain broadly stable

Volume increase in all BUs: BU IPG with strongest contribution

(good construction business; mild winter in Europe) and BUs RCH and RUC strong, however compared to low base

Positive EBITDA development across the segment; strong increase from construction-related business and reliable operations in BU LEA (CO₂ supply secured)

Capex declines mainly as investments in BU LEA are finalized

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LANXESS' process for improvements started, but results will take time

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Macro expectations 2014

Tire industry (especially Europe) to develop better than 2013 trough, whilst Q1 growth rate will not be maintained throughout the year

Automotive industry with slightly improved environment in Europe and the US, while Asia/Pacific will continue to show stable growth rates

Agro chemicals with ongoing good demand

Construction industry expected to grow more dynamically especially in North America and Asia/Pacific – Europe with improved prospects

US Dollar expected volatile in 2014; political uncertainties remain a risk

LANXESS expectations 2014

For Q2 2014 we see EBITDA pre between €220-240 m

For FY 2014 we expect an improved EBITDA pre in the bandwidth of €770-830 m

Housekeeping items for consideration

Additional financial expectations

Capex* 2014: around previous year's level (2013: €624 m)

Capex* 2015: clearly <€600 m

Capex* 2016: €400-450 m

D&A 2014: ~€400-420 m

Reconciliation 2014: ~€190 m

Annual tax rate: - mid-term: In normalized business environment and after completion of efficiency program ~22-25%

- 2014: tax rate will be higher

Hedging 2014: ~45% at 1.25 -1.40 USD/EUR

Hedging 2015: ~20% at 1.25 -1.40 USD/EUR

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

Cologne, May 7, 2014



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Financial Overview Q1 2014

in €million	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q1 '13	Q1 '14	Chg. in %	Q1 '13	Q1 '14	Chg. in %	Q1 '13	Q1 '14	Chg. in %	Q1 '13	Q1 '14	Chg. in %	Q1 '13	Q1 '14	Chg. in %
Sales	2.095	2.043	-2%	1.134	1.063	-6%	433	419	-3%	520	550	6%	8	11	38%
Price*			-7%			-12%			-4%			0%			0%
Volume*			7%			8%			2%			8%			38%
Currency*			-2%			-2%			-1%			-3%			0%
Portfolio*			0%			0%			0%			1%			0%
EBIT	67	75	12%	52	52	0%	54	48	-11%	29	38	31%	-68	-63	7%
Deprec. & amortizat.	102	103	1%	60	56	-7%	17	23	35%	21	20	-5%	4	4	0%
EBITDA	169	178	5%	112	108	-4%	71	71	0%	50	58	16%	-64	-59	8%
exceptionals in EBITDA	5	27	>100%	0	9	n.m.	0	1	n.m.	1	10	>100%	4	7	75%
EBITDA pre excep.	174	205	18%	112	117	4%	71	72	1%	51	68	33%	-60	-52	13%
normalized D&A	102	103	1%	60	56	-7%	17	23	35%	21	20	-5%	4	4	0%
EBIT pre excep.	72	102	42%	52	61	17%	54	49	-9%	30	48	60%	-64	-56	13%
exceptionals in EBIT	5	27	>100%	0	9	n.m.	0	1	n.m.	1	10	>100%	4	7	75%
Capex	93	108	16%	58	76	31%	19	19	0%	19	10	-47%	-3	3	n.m.
Net financial debt**	1.731	1.832	6%												

* approximate numbers

**previous year value as per Dec. 31



Income Statement Q1 2014

in € million

Sales
 Cost of sales
 Gross profit

 Selling expenses
 Research and development expenses
 General administration expenses
 Other oper.9(.).53.296.46 564.831 12.96 40.14 re1 2014

	Q1 2013	Q1 2014	Chg. in %
Sales	2.095	2.043	-2%
Cost of sales	-1.700	-1.626	4%
Gross profit	395	417	6%
Selling expenses	-189	-186	2%
Research and development expenses	-48	-45	6%
General administration expenses	-79	-74	6%



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