

LANXESS Q3 2014 Financial Summary for Investors and Analysts

Summary Q3 2014

- f Sales stable against prior year quarter (mid-0.5%)
- f Lower selling prices due to competitive environment
- f Perceived difficult competitive environment for petrochemicals
- f good demand for agrochemicals
- f EBITDA per euro also up by 12.3% to €10 million
- f EBITDA margin per euro also up 0.3% to 9.1% in the prior year quarter
- f Net income and earnings per share improved to €5 million and €0.38, respectively against €1 million and €0.13 in prior year quarter
- f Guidance for 2014 confirmed: EBITDA per euro expected to be between €80 million and €20 million in initial six months of the year
- f Progress in Germany and other regions

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Overview Financials

Q3 2014 Financial Overview

- f **Earnings improvement driven by cost savings**
- f Sales almost unchanged as higher volumes (+1%) offset lower prices (-1%)
- f Overhead and R&D costs reduced as a result of cost discipline and ongoing cost discipline
- f Earnings improved due to lower COGS (lower D&A and idle costs) and positive impact of reduced corporate expenses
- f Lower earnings per share reflect cost discipline
- f Net financial debt improved due to further capital raising (Q2'14)
- f Free cash flow lower due to strong base in Q3 2013 (prior year edition)
- f Net working capital increased due to higher inventory reparation for Q4 maintenance
- f **Earnings have increased nicely – but the business environment continues to be challenging**

Q3 2014 Balance Sheet:

- f **Balance sheet strengthened – working capital expected lower by year-end**
- f Return to shareholder equity ratio reflect 10% capital raising in May 2014
- f Performance ratio is due to reduced interest expenses mainly in Germany
- f Inventory higher in preparation for Q4 maintenance; adverse currency effects add to increase
- f Increase in trade accounts receivable against prior year -ed 2013 sales in Sept 2014 higher than Dec 2013
- f Other financial liabilities decreased after repayment of €500m bond (7.75% coupon) in April 2014



Q3 2014 Cash flow statement:

- f **Positive free cash flow**
- f Profit before tax rose due to better earnings
- f D&A reduced due to impairment charges in Q3 2013
- f Changes in other assets and liabilities reflect provisions for pension
- f Minor changes in working capital in Q3 14 compared to cash flow in Q3 13
- f Capex expected to be higher in Q4-weighted
- f **Higher earnings and lower capex provide support in Q3**

Q3 2014 Business Overview

Performance Polymers

- f **Business environment and performance remain subdued**
- f Sales decline by price -2%, Volume -2%, Currency 0%, Portfolio -1% (approximate number)
- f Lower prices stem from demand contraction in commodity
- f BU PBR mitigated by higher selling prices of specialty materials (e.g., BPA)
- f Volume increase driven by BU SGO and solid demand in commodity manufacturing for agricultural products
- f Good utilization leads to strong and stable EBITDA and margin
- f Lower capex due to timing of projects in BU SGO and completion of construction in BU All

Advanced Intermediates

- f **Continued good performance**
- f Sales decline by price -1%, Volume +6%, Currency 0%, Portfolio 0% (approximate number)
- f Prices decrease marginally reflect changes in product mix (e.g., BPA)
- f Volume increase driven by BU SGO and solid demand in commodity manufacturing for agricultural products
- f Good utilization leads to strong and stable EBITDA and margin
- f Lower capex due to timing of projects in BU SGO and completion of construction in BU All

Performance Chemicals

- f **A solid quarter of a well diversified segment**
- f Sales decline by price +1%, Volume +2%, Currency 0%, Portfolio 0% (approximate number)
- f Price changes vary across some price increases seen in accelerators (BU RUC)
- f Volume increase driven by BU IPG (strong demand in coatings, Europe) and BU LEA (leather chemicals and chrome orange)
- f EBITDA rise to higher prices and volumes
- f Capex largely driven from projects in Europe due to timing and project completion

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Outlook:

Business environment remains challenging – restructuring efforts provide first EBITDA support in 2014

Macro expectations 2014

- f Tir e id s ygr o t h i g h e r t h a n 2013 b t b e l o w e x p e c t a t i o n s
- f g r o f c o n s u m e r s e c k i g e r f o r Q 4 2014
- f A t m o t i v e i d s y o f f e r s o u r g r o w t h a n t a n t i c i p a t e d
- (e s p e c i a l l y i n L a t A m e r i c a, R u s s i a a n d I n d i a)
- f A g r o c h e m i c a l s d e m a n d e x p e c t e d t o r e m a i n o b t i n e 2014;
- 2015 i n w o r t h e g r o w t h e d, b u t t o u r g r o w t h a n 2014
- f C o n s t r u c t i o n y b g r o w n o r e t o l y h a n e x p e c t e d m a i l y
- a g a i n b a c k d r o p o f d e v e l o p m e n t i n N o r t h A m e r i c a a n d E u r o p e
- f U S d o l l a r e x p e c t e d t o r e m a i n s o g i n Q 4 2014;
- p o l i t i c a l a n d e i t e r e m a i n a r i s

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LANXESS expectations 2014

- f C o n f i r m a t i o n o f F Y 2014 E B I T D A p r e v i d e n t a t € 80-820 m
- (i n i t i a l a i m o f € 0 m f r o m L e t L A N X E S S a g a i n t i t g a e s o m e b u d e t f o r Q 4)

Housekeeping items for consideration

Additional financial expectations

- f Capex 2014: a r o d p r e i o n e a r t h e n (2013: € 24 m)
- f Capex 2015: € 500-550 m
- f Capex 2016: € 400-450 m
- f D&A 2014: € 400-420 m
- f i n v e s t m e n t p o t e n t i a l y c e a r i n Q 4 2014, g i v e n d e c r e a s i n g b a d i e s p r i c e
- d e v e l o p m e n t
- f E x e p t o a l i t e m s 2014: p o t e n t i a l € 0 m Q 4 2014
- p o t e n t i a l € 50* m F Y 2014
- f R e c o n c i l i a t o r 2014: - € 70 m E B I T D A p r e v i d e n t . € 0 m a i m f r o m L e t L A N X E S S
- a g a i n t a l r e a d y
- f R a m p - u p c o s t E P D M (C N) : € 0 m i n Q 4 2014 a n d Q 1 2015 e a c h
- f R a m p - u p c o s t N d - P B R (S G) : € 5 m i n Q 1 2015
- f A n n u a l t a x a t e : - > 30% i n 2014
- f - m i d - t e r m : 22-25%
- f H e d g i n g 2014: 50% a t 1.25 -1.40 U S D / E U R
- H e d g i n g 2015: 35% a t 1.25 -1.40 U S D / E U R

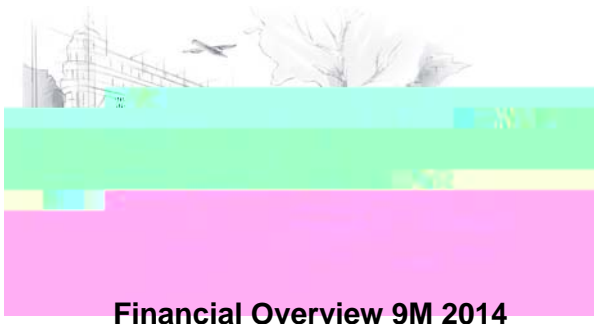
*The reof p o t e n t i a l € 0 m f o r L e t L A N X E S S a g a i n

Cologne, November 6, 2014

Forward-Looking Statements

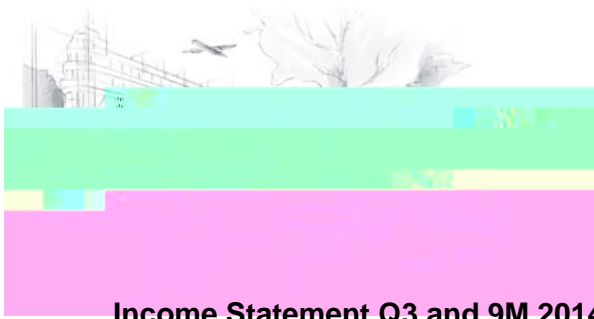
This s e n t e n c e c o n t a i n s f o r w a r d - l o o k i n g s t a t e m e n t s b a s e d o n c u r r e n t e x p e c t a t i o n s a n d o t h e r f a c t o r s t h a t m a y l e a d t o m a t e r i a l d i f f e r e n c e s b e t w e e n a c t u a l f u t u r e e r e s u l t s a n d o u r e x p e c t a t i o n s . T h e c o m p a n y a s s u m e s n o l i a b i l i t y t o u p d a t e t h e s e f o r w a r d - l o o k i n g s t a t e m e n t s t o r e f l e c t c h a n g e s i n c o n d i t i o n s o r d e v e l o p m e n t s .

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Financial Overview 9M 2014





Income Statement Q3 and 9M 2014





Abbreviations:

ADD Rhein Chemie Additives
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 Rhein Chemie
RUC Rubber Chemicals
SGO Saltigo
TSR Tire & Specialty Rubbers

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