

LANXESS Q2 2015 Financial Summary for Investors and Analysts

Summary Q2 2015

- f* Another quarter of progress
- f* Sales in the second quarter of 2015 rose by around 4% to EUR 2.1 billion
- f* EBITDA pre exceptionals increased by 13% to EUR 270 million
- f* Higher volumes, savings and positive currency effects drive EBITDA pre increase
- f* All three segments contribute to EBITDA pre increase, with Performance Chemicals showing the strongest improvement
- f* Carve-out process for the rubber business initiated
- f* Despite weaker macro indicators, LANXESS raises FY guidance as self-help measures support: EBITDA pre exceptionals expected to be between EUR 840 million and EUR 880 million for FY 2015

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Overview Financials

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Q2 2015 Financial overview

- f* A strong quarter
- f* Sales up with higher volumes (+5%), while favorable currency effects (+10%) mitigate lower prices (-11%)
- f* EBITDA pre and margin improve mainly due to higher volumes and savings
- f* Net income increased by some 58% to EUR 87 million
- f* Capex lower after completion of intensive investment cycle

Q2 2015 Balance sheet:

- f* Balance sheet remains solid and stable
- f* Equity and respective ratio (31%) increase with improved net income and relief from pension provisions
- f* Pension provisions again at year-end-level and lower than in Q1 2015 due to an increase in discount rates (mainly Germany, now at 2.75%)
- f* Net working capital increase driven by higher receivables (higher sales in June vs. December) and currency effects
- f* Net financial debt stable vs. year end at €1,376 m

Q2 2015 Cash flow statement:

- f* Cash flow impacted by restructuring
- f* Depreciation/amortization higher with increased asset base (new Asian plants)
- f* Exceptional income shown in investing cash flow (~€40 m) relates to gain from sale of assets
- f* Changes in other assets and liabilities include e.g. cash-outs for realignment (use of provisions), variable compensation and effects from hedging of intercompany financing
- f* Capex significantly lower after completing growth projects for synthetic rubber in Asia
- f* Financing cash flow in Q2'14 includes funds from capital increase

Q2 2015 Business Overview

Performance Polymers

- f* Good volume development, but challenges remain
- f* Sales deviation yoy: Price -17%, Volume 9%, Currency 12%, Portfolio 0%
(approximate numbers)
- f* Lower selling prices driven mainly by raw material prices in all BUs
- f*

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Outlook:

Despite weaker macro indicators, LANXESS raises FY guidance as self-help measures support

Macro expectations 2015

- f* Tire production growing slower than in 2014: less growth in Asia/Pacific and declining production in Latin America
- f* Automobile sector marked by slowing dynamics, driven by lower growth expectations for production in China
- f* Agrochemical demand to grow slower than in 2014
- f* Construction industry to grow less in 2015 than in 2014; Latin America, in particular Brazil, weaker, while North America now expected to be somewhat stronger
- f* US dollar to remain strong

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LANXESS increases guidance for 2015

- f* FY 2015 EBITDA pre now expected between €840-880 m* based on a strong H1 2015

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Housekeeping items for consideration

Additional financial expectations

<i>f</i> Capex 2015:	max. €450 m				
<i>f</i> Capex 2016:	€40emJ T* [u7e5	i	Housn4e	1*ITT5	-5.87

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Financial Overview H1 2015



Income Statement Q2/H1 2015

in € million	Q2 2014	Q2 2015	Chg. in %	H1 2014	H1 2015	Chg. in %
Sales	2,019	2,105	4%	4,062	4,143	2%
Cost of sales	-1,579	-1,620	-3%	-3,205	-3,215	0%
Gross profit	440	485	10%	857	928	8%
Selling expenses	-188	-200	-6%	-374	-383	-2%
Research and development expenses	-40	-34				

Abbreviations:

ADD Rhein Chemie Additives
All Advanced Industrial Intermediates
HPE High Performance Elastomers
HPM High-Performance Materials
IPG Inorganic Pigments
LEA Leather
LPT Liquid Purification Technologies
MPP Material Protection Products
SGO Saltigo
TSR Tire & Specialty Rubbers

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