



LANXESS Q4/FY 2013 Financial Summary for Investors and Analysts

Summary FY 2013

- Substantial and largely price-driven sales decline of 8.7%
- All regions below prior-year level
- EBITDA pre exceptionals down some 40% to €735 million
- EBITDA margin pre exceptionals at 8.9%
- Net loss of €159 million due especially to write-downs totaling €279 million, €257 million of which were following impairment testing
- Earnings per share dropped sharply from €6.11 in 2012 to minus €1.91
- Q1 2014 EBITDA pre expected around €200 m against the backdrop of lower price levels, currency burden and a strike at our BTR site in Belgium
- For FY 2014 we expect a slightly improved EBITDA pre due alone to the absence of one-off items, even if selling prices remain at low levels

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Overview Financials

Q4 Financial Overview

- **Extraordinary burdens reflected in P&L**
- Sales decrease on lower prices (-8%) and negative currency effects (-3%), while positive volumes mitigate (+6%)
- COGS decrease disproportionately, reflecting higher fixed cost base (BTR SGP), lower margins and higher idle costs (inventory reduction)
- SG&A lower due to cost containment measures and lower variable compensation
- Earnings burdened by impairment of €257 m

Q4 2013 Balance Sheet:

- **Ratios burdened by impairment – working capital ratios improved**
- Total assets and equity reflect amongst others impairment of €257 m
- Impairment charges burden equity ratio (down to 28% from 31%)
- Net financial debt under control, but with 2.4x EBITDA pre currently not in targeted corridor (for net financial debt/EBITDA pre of 1.0x – 1.5x through a normal business cycle)
- Working capital and net financial debt reduced, as announced
- All working capital ratios improved

FY 2013 Cash flow statement:

- **Positive free cash flow driven by working capital management and reduced capex**
- Profit before tax burdened by weak business performance and one-time charges (€381 m exceptional items)
- Depreciation increased with higher asset base and impairment
- Tax payments are down in line with reduced profit before tax
- Successful working capital management and reduced capex, even though still at high levels, support free cash flow



Q4 2013 Business Overview

Performance Polymers

- **Burdened by impairment**
- Sales deviation yoy: Price -15%, Volume +11%, Currency -3%, Portfolio 0% (approximate numbers)
- Nearly all BUs with positive volumes but raw material-driven price declines and lower market price levels (mainly BU KEL)
- BU HPM with positive volumes and high utilization rates in compound business; Caprolactam however still weak
- Strong pressure in EPDM (BU KEL) with regional competitive disadvantage in raw material and energy costs
- Lower capex due to completion of BTR (SGP) plant and targeted capex reduction

Advanced Intermediates

- **Good profitability compared to a very strong base**
- Sales deviation yoy: Price 0%, Volume -4%, Currency -2%, Portfolio 0% (approximate numbers)
- Prices remain stable, however lower volumes compared to a high base, due to softer demand from paints & coatings and automotive in BU All
- Demand for agrochemicals remains good in both business units
- Negative currency effects in sales and earnings
- Capex comparably stable

Performance Chemicals

- **Impairment and currency headwind weigh on earnings**
- Sales deviation yoy: Price 0%, Volume +4%, Currency -4%, Portfolio +1% (approximate numbers)
- Price stability with higher volumes in nearly all BUs mitigated by negative currency effects
- BU LEA with stable CO₂ supply from new plant in ZA, BU LPT developed well in resin and membrane business
- Inventory reduction and higher maintenance weigh on EBITDA
- Capex at lower levels as major projects are finished (LEA in ZA and China)
- Impairment charges of €29 m (BU RUC) reflected in D&A and EBIT

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Outlook:

Cautious for 2014 – but slight earnings improvement targeted

Macro expectations 2014

- Global tire production is expected to grow yoy – with a continued impetus from Asia but negative rates in Europe
- Automotive industry may reach the trough in Western Europe, while Asia/Pacific will continue to grow
- Agro demand growth continues to be robust but below previous year's high level
- Construction industry will grow more dynamically especially in North America and Asia/Pacific
- US Dollar expected volatile in 2014; political uncertainties remain a risk

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LANXESS expectations 2014

- Ongoing challenges of more competitive environment (e.g. capacities, prices)
- Currently no impetus from our rubber businesses in Q1 2014
- Q1 2014 EBITDA pre expected around €200 m against the backdrop of lower price levels, currency burden and a strike at our BTR site in Belgium
- For FY 2014 we expect a slightly improved EBITDA pre due alone to the absence of one-off items, even if selling prices remain at low levels

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Housekeeping items for consideration

Additional financial expectations for 2014

- Capex* 2014: around previous year's level (2013: €624 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: ~40% at 1.25 -1.35 USD/EUR
- Hedging 2015: ~15% at 1.25 -1.35 USD/EUR

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

Cologne, March 20, 2014

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 Q4 2013

in € million	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q4 '12	Q4 '13	Chg. in %	Q4 '12	Q4 '13	Chg. in %	Q4 '12	Q4 '13	Chg. in %	Q4 '12	Q4 '13	Chg. in %	Q4 '12	Q4 '13	Chg. in %
Sales	2.123	2.014	-5%	1.166	1.082	-7%	443	418	-6%	505	505	0%	9	9	0%
Price*			-8%			-15%			0%			0%			0%
Volume*			6%			11%			-4%			4%			0%
Currency*			-3%			-3%			-2%			-4%			0%
Portfolio*			0%			0%			0%			1%			0%
EBIT	126	-262	<-100%	89	-211	<-100%	70	46	-34%	21	-32	<-100%	-54	-65	-20%
Deprec. & amortizat.	102	385	>100%	58	301	>100%	17	21	24%	22	57	>100%	5	6	20%
EBITDA	228	123	-46%	147	90	-39%	87	67	-23%	43	25	-42%	-49	-59	-20%
exceptionals in EBITDA	11	53	>100%	6	9	50%	-6	3	>100%	2	16	>100%	9	25	>100%
EBITDA pre excep.	239	176	-26%	153	99	-35%	81	70	-14%	45	41	-9%	-40	-34	15%
normalized D&A	102	121	19%	58	66	14%	17	21	24%	22	28	27%	5	6	20%
EBIT pre excep.	137	55	-60%	95	33	-65%	64	49	-23%	23	13	-43%	-45	-40	11%
exceptionals in EBIT	11	317	>100%	6	244	>100%	-6	3	>100%	2	45	>100%	9	25	>100%
Capex	315	226	-28%	193	156	-19%	38	26	-32%	74	34	-54%	10	10	0%
Net financial debt**	1.483	1.731	17%												

* approximate numbers

**previous year value as per Dec. 31



Financial Overview FY 2013

in € million	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	FY 2012	FY 2013	Chg. in %	FY 2012	FY 2013	Chg. in %	FY 2012	FY 2013	Chg. in %	FY 2012	FY 2013	Chg. in %	FY 2012	FY 2013	Chg. in %
Sales	9.094	8.300	-9%	5.176	4.486	-13%	1.674	1.647	-2%	2.203	2.132	-3%	41	35	-15%
Price*			-8%			-15%			1%			0%			0%
Volume*			2%			4%			-1%			-1%			-15%
Currency*			-2%			-2%			-1%			-3%			0%
Portfolio*			0%			0%			0%			0%			0%
EBIT	808	-93	<-100%	599	-117	<-100%	244	210	-14%	177	54	-69%	-212	-240	-13%
Deprec. & amortizat.	378	717	90%	209	489	>100%	67	77	15%	87	127	46%	15	24	60%
EBITDA	1.186	624	-47%	808	372	-54%	311	287	-8%	264	181	-31%	-197	-216	-10%
exceptionals in EBITDA	37	111	>100%	9	17	89%	-6	-1	83%	17	50	>100%	17	45	>100%
EBITDA pre excep.	1.223	735	-40%	817	389	-52%	305	286	-6%	281	231	-18%	-180	-171	5%
normalized D&A	376	447	19%	209	254	22%	67	77	15%	85	92	8%	15	24	60%
EBIT pre excep.	847	288	-66%	608	135	-78%	238	209	-12%	196	139	-29%	-195	-195	0%
exceptionals in EBIT	39	381	>100%	9	252	>100%	-6	-1	83%	19	85	>100%	17	45	>100%
Capex	696	624	-10%	434	385	-11%	92	96	4%	135	111	-18%	35	32	-9%
Net financial debt**	1.483	1.731	17%												

* approximate numbers

**previous year value as per Dec. 31



Income Statement Q4 and FY 2013

in € million	Q4 2012	Q4 2013	Chg. in %	FY 2012	FY 2013	Chg. in %
Sales	2.123	2.014	-5%	9.094	8.300	-9%
Cost of sales	-1.659	-1.654	0%	-6.988	-6.752	3%
Gross profit	464	360	-22%	2.106	1.548	-26%
Selling expenses	-199	-180	10%	-763	-755	1%
Research and development expenses	-45	-52	-16%	-192	-186	3%
General administration expenses	-103	-71	31%	-339	-301	11%
Other operating income	57	44	-23%	186	128	-31%
Other operating expenses	-48	-363	<-100%	-190	-527	<-100%
Operating result (EBIT)	126	-262	<-100%	808	-93	<-100%
Income from investments accounted for using the equity method	-2	0	100%	1	0	-100%
Interest income	0	1	n.m.	5	2	-60%
Interest expense	-25	-26	-4%	-101	-108	-7%
Other financial income and expense	-31	-14	55%	-53	-40	25%
Financial result	-58	-39	33%	-148	-146	1%
Income before income taxes	68	-301	<-100%	660	-239	<-100%
Income taxes	-18	90	>100%	-151	71	>100%
Income after income taxes	50	-211	<-100%	509	-168	<-100%
of which attributable to non-controlling interests	0	-7	>100%	1	-9	>100%
of which attributable to LANXESS AG stockholders (net income)	50	-204	<-100%	508	-159	<-100%



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 Rhein Chemie
RUC Rubber Chemicals
SGO Saltigo

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* As of January 1st 2013 BU TRP split into BU KEL (Keltan Elastomers) and BU HPE (High Performance Materials)

** As of April 1st 2013 BU ION (Ion Exchange Resins) renamed to BU LPT (Liquid Purification Technologies)