



## LANXESS Q3 2015 Financial Summary for Investors and Analysts

### Summary Q3 2015

- **Another quarter of substantial progress**
- LANXESS and Saudi Aramco enter into strategic alliance for synthetic rubber business
- Sales down 4.3% against prior-year quarter
- Selling price adjustments due to lower raw material costs
- Volumes down slightly year on year at Group level
- Positive currency effect on sales and earnings
- EBITDA pre exceptionals increased by 11.9% to €235 m
- EBITDA margin pre exceptionals 12.0% against 10.3% for the prior-year quarter
- Persistently challenging competitive situation for synthetic rubber
- Net income of €41 m against €35 m in previous year
- Guidance for 2015 raised: EBITDA pre exceptionals expected between €860 m and €900 m

### LANXESS AG

Investor Relations  
Kennedyplatz 1  
50569 Cologne  
Germany

Oliver Stratmann, Head of  
Treasury and Investor Relations

Phone +49 221-8885-9611  
Fax +49 221-8885-4944  
Oliver.Stratmann@lanxess.com

Page 1 of 7

### Overview Financials

#### Q3 2015 Financial overview

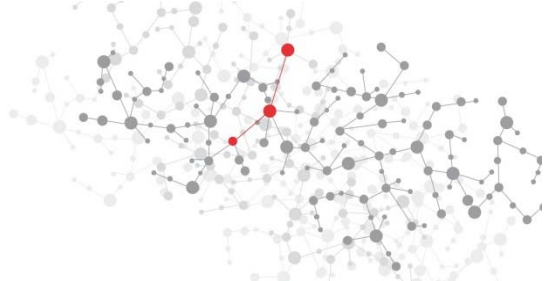
- **Solid business performance – realignment program delivers results**
- Sales decrease on lower prices (-10%) and slightly lower volumes (-1%), partly mitigated by positive FX effects (+7%)
- EBITDA increases with almost stable volumes but savings contribution and positive FX effect
- Cost of sales decrease disproportionately to sales mostly due to lower raw material prices; negative effect of strong US dollar partially offset by weakening emerging markets currencies
- Capex below prior-year level; in line with expectations after completion of intensive investment cycle

#### Q3 2015 Balance sheet:

- **Balance sheet remains solid and stable**
- Total assets decrease marginally, among others driven by emerging markets currency effects
- Equity ratio remains stable (30%)
- Net financial debt solid at €1,323 m despite an increase in working capital
- Net working capital increase driven by inventories (preparation for maintenance in Q4) and lower payables (unfavorable cut-off date)
- Pension provisions comparable to 2014 year-end level

#### Q3 2015 Cash flow statement:

- **Good cash conversion**
- Depreciation/amortization higher with increased asset base (new plants in Asia completed)
- Changes in other assets reflect among others provision building for variable compensation
- Operating cash flow comparable to previous year with some increase in working capital (higher inventories and lower payables due to cut-off date)



## Q3 2015 Business Overview

### Performance Polymers

- **Positive development in persistently challenging market environment**
- Sales deviation yoy: Price -16%, Volume 1%, Currency 8%, Portfolio 0% (approximate numbers)
- Lower prices in all BUs reflect lower raw material prices; market price pressure persists
- Volume increase in BUs TSR and HPM
- EBITDA pre exceptionals of €126 m (Q3 2014 €93 m)
- In general, good utilization due to preparation of maintenance, however idle costs from new plants in Asia burden
- Savings and positive currency effect due to strong US dollar

### Advanced Intermediates

- **Nice margin improvement**
- Sales deviation yoy: Price -10%, Volume -3%, Currency 5%, Portfolio 0% (approximate numbers)
- BU All affected by lower prices in line with lower raw material prices
- Stable volumes in BU All despite unplanned production stoppage (maleic anhydride), but lower volumes in BU SGO (driven by project timing)
- EBITDA pre exceptionals of €76 m (Q3 2014 €75 m)
- Savings from realignment and strict cost discipline as well as favorable currency development support

### Performance Chemicals

- **Again a very good quarter – positive development throughout the year**
- Sales deviation yoy: Price 0%, Volume -5%, Currency 7%, Portfolio 0% (approximate numbers)
- Stable prices with slightly lower input costs
- Lower volumes (China) compared to a high base in prior year at most BUs, but higher volume development at BU LPT (water purification)
- EBITDA pre exceptionals of €86 m (Q3 2014 €75 m)
- Realignment program shows results and currencies support

#### LANXESS AG

Investor Relations  
Kennedyplatz 1  
50569 Cologne  
Germany

Oliver Stratmann, Head of  
Treasury and Investor Relations

Phone +49 221-8885-9611  
Fax +49 221-8885-4944  
Oliver.Stratmann@lanxess.com

Page 2 of 7



## Outlook:

### LANXESS again raises FY guidance, given early realization of savings – macro environment remains muted

#### Macro expectations 2015

- Tire production: ~2.0% growth; more positive momentum in North America; reduced growth rates in Asia/Pacific
- Automotive: ~0.5% growth; North America and Europe strong, while Latin America recedes and Asia stagnates
- Agrochemical: ~0.5% growth; Strong growth in EMEA partly offset by receding markets in the Americas
- Construction: ~2.0% growth; All regions developing well with the exception of Latin America

#### LANXESS guidance for 2015 again raised

- EBITDA pre exceptionals now expected between €860-900 m\* with savings brought forward from phases I and II

**LANXESS AG**  
Investor Relations  
Kennedyplatz 1  
50569 Cologne  
Germany

Oliver Stratmann, Head of  
Treasury and Investor Relations

Phone +49 221-8885-9611  
Fax +49 221-8885-4944  
Oliver.Stratmann@lanxess.com

Page 3 of 7

#### Housekeeping items for consideration Additional financial expectations

- Capex 2015: ~€430 m
- Capex 2016: ~€450 m
- D&A 2015: ~€420-440 m
- Exceptional items 2015: ~€95 m including realignment expenses and other exceptional items
- Reconciliation 2015: underlying expenses of ~€160 m EBITDA, but additional hedging expenses of ~€125 m in FY 2015\*
- Annual tax rate:
  - 2015 >30%
  - mid-term ~30%
  - potential of ~22-25% based on earnings recovery in rubber business
- Restatement of 2014 due to reorganization that shifted accelerators and antioxidants businesses from Performance Chemicals to Advanced Intermediates

\* Based on an exchange rate USD/EUR of 1.10

Cologne, November, 5<sup>th</sup> 2015

#### 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 Q3 2015

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q3 '14	Q3 '15	Chg. in %	Q3 '14	Q3 '15	Chg. in %	Q3 '14	Q3 '15	Chg. in %	Q3 '14	Q3 '15	Chg. in %	Q3 '14	Q3 '15	Chg. in %
<b>Sales</b>	<b>2,040</b>	<b>1,953</b>	-4%	<b>1,045</b>	<b>976</b>	-7%	<b>476</b>	<b>440</b>	-8%	<b>509</b>	<b>524</b>	3%	<b>10</b>	<b>13</b>	30%
Price*			-10%			-16%			-10%			0%			0%
Volume*			-1%			1%			-3%			-5%			30%
Currency*			7%			8%			5%			7%			0%
Portfolio*			0%			0%			0%			0%			0%
<b>EBIT</b>	<b>83</b>	<b>104</b>	25%	<b>36</b>	<b>61</b>	69%	<b>51</b>	<b>52</b>	2%	<b>52</b>	<b>63</b>	21%	<b>-56</b>	<b>-72</b>	-29%
Deprec. & amortizat.	100	114	14%	52	63	21%	23	24	4%	20	23	15%	5	4	-20%
<b>EBITDA</b>	<b>183</b>	<b>218</b>	19%	<b>88</b>	<b>124</b>	41%	<b>74</b>	<b>76</b>	3%	<b>72</b>	<b>86</b>	19%	<b>-51</b>	<b>-68</b>	-33%
exceptionals in EBITDA	27	17	-37%	5	2	-60%	1	0	-100%	3	0	-100%	18	15	-17%
<b>EBITDA pre excep.</b>	<b>210</b>	<b>235</b>	12%	<b>93</b>	<b>126</b>	35%	<b>75</b>	<b>76</b>	1%	<b>75</b>	<b>86</b>	15%	<b>-33</b>	<b>-53</b>	-61%
normalized D&A	100	114	14%	52	63	21%	23	24	4%	20	23	15%	5	4	-20%
EBIT pre excep.	110	121	10%	41	63	54%	52	52	0%	55	63	15%	-38	-57	-50%
exceptionals in EBIT	27	17	-37%	5	2	-60%	1	0	-100%	3	0	-100%	18	15	-17%
<b>Capex</b>	<b>112</b>	<b>100</b>	-11%	<b>83</b>	<b>42</b>	-49%	<b>14</b>	<b>22</b>	57%	<b>9</b>	<b>33</b>	>100%	<b>6</b>	<b>3</b>	-50%
Net financial debt**	1,336	1,323	-1%												

\* approximate numbers

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



## Financial Overview 9M 2015

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	9M 2014	9M 2015	Chg. in %	9M 2014	9M 2015	Chg. in %	9M 2014	9M 2015	Chg. in %	9M 2014	9M 2015	Chg. in %	9M 2014	9M 2015	Chg. in %
<b>Sales</b>	<b>6,102</b>	<b>6,096</b>	0%	<b>3,144</b>	<b>3,063</b>	-3%	<b>1,403</b>	<b>1,386</b>	-1%	<b>1,523</b>	<b>1,610</b>	6%	<b>32</b>	<b>37</b>	16%
Price*			-10%			-15%			-8%			0%			0%
Volume*			1%			3%			2%			-3%			16%
Currency*			9%			10%			5%			9%			0%
Portfolio*			0%			0%			0%			0%			0%
<b>EBIT</b>	<b>280</b>	<b>344</b>	23%	<b>156</b>	<b>206</b>	32%	<b>150</b>	<b>173</b>	15%	<b>150</b>	<b>210</b>	40%	<b>-176</b>	<b>-245</b>	-39%
Deprec. & amortizat.	302	348	15%	159	197	24%	69	74	7%	61	65	7%	13	12	-8%
<b>EBITDA</b>	<b>582</b>	<b>692</b>	19%	<b>315</b>	<b>403</b>	28%	<b>219</b>	<b>247</b>	13%	<b>211</b>	<b>275</b>	30%	<b>-163</b>	<b>-233</b>	-43%
exceptionals in EBITDA	72	42	-42%	17	-6	n.m.	6	1	-83%	13	8	-38%	36	39	8%
<b>EBITDA pre excep.</b>	<b>654</b>	<b>734</b>	12%	<b>332</b>	<b>397</b>	20%	<b>225</b>	<b>248</b>	10%	<b>224</b>	<b>283</b>	26%	<b>-127</b>	<b>-194</b>	-53%
normalized D&A	301	337	12%	158	186	18%	69	74	7%	61	65	7%	13	12	-8%
<b>EBIT pre excep.</b>	<b>353</b>	<b>397</b>	12%	<b>174</b>	<b>211</b>	21%	<b>156</b>	<b>174</b>	12%	<b>163</b>	<b>218</b>	34%	<b>-140</b>	<b>-206</b>	-47%
exceptionals in EBIT	73	53	-27%	18	5	-72%	6	1	-83%	13	8	-38%	36	39	8%
<b>Capex</b>	<b>374</b>	<b>229</b>	-39%	<b>271</b>	<b>96</b>	-65%	<b>54</b>	<b>50</b>	-7%	<b>36</b>	<b>74</b>	>100%	<b>13</b>	<b>9</b>	-31%
<b>Net financial debt**</b>	<b>1,336</b>	<b>1,323</b>	-1%												

\* approximate numbers

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



## Income Statement Q3/9M 2015

in € million	Q3 2014	Q3 2015	Chg. in %	9M 2014	9M 2015	Chg. in %
Sales	2,040	1,953	-4%	6,102	6,096	0%
Cost of sales	-1,639	-1,498	9%	-4,844	-4,713	3%
Gross profit	401	455	13%	1,258	1,383	10%
Selling expenses	-186	-190	-2%	-560	-573	-2%
Research and development expenses	-39	-32	18%	-124	-98	21%
General administration expenses	-62	-70	-13%	-207	-202	2%
Other operating income	30	34	13%	95	128	35%
Other operating expenses	-61	-93	-52%	-182	-294	-62%
<b>Operating result (EBIT)</b>	<b>83</b>	<b>104</b>	<b>25%</b>	<b>280</b>	<b>344</b>	<b>23%</b>
Income from investments accounted for using the equity method	1	0	-100%	6	0	-100%
Interest income	0	2	n.m.	2	3	50%
Interest expense	-16	-18	-13%	-57	-52	9%
Other financial income and expense	-13	-20	-54%	-44	-49	-11%
<b>Financial result</b>	<b>-28</b>	<b>-36</b>	<b>-29%</b>	<b>-93</b>	<b>-98</b>	<b>-5%</b>
<b>Income before income taxes</b>	<b>55</b>	<b>68</b>	<b>24%</b>	<b>187</b>	<b>246</b>	<b>32%</b>
Income taxes	-20	-27	-35%	-74	-97	-31%
Income after income taxes	35	41	17%	113	149	32%
of which attributable to non-controlling interests	0	0	n.m.	-2	-1	50%
<b>Net income (attributable to LANXESS AG stockholders)</b>	<b>35</b>	<b>41</b>	<b>17%</b>	<b>115</b>	<b>150</b>	<b>30%</b>
<b>EPS (in €)</b>	<b>0.38</b>	<b>0.45</b>	<b>17%</b>	<b>1.31</b>	<b>1.64</b>	<b>25%</b>
EPS pre exceptionals (in €)	0.59	0.57	-3%	1.91	1.96	3%



**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**

**LANXESS AG**  
Investor Relations  
Kennedyplatz 1  
50569 Cologne  
Germany

Oliver Stratmann, Head of  
Treasury and Investor Relations

Phone +49 221-8885-9611  
Fax +49 214 30-959-49611  
Oliver.Stratmann@lanxess.com