

LANXESS FY / Q4 2015 Financial Summary for Investors and Analysts

Summary FY 2015

- **A successful year in many respects**
- LANXESS and Saudi Aramco enter into joint venture for synthetic rubber business
- Persistently challenging competitive situation for synthetic rubbers; good demand for agrochemicals
- Sales decline by 1.3% against the prior year
- Selling price adjustments due to lower raw material costs
- EBITDA pre up 9.5% to €885 m
- EBITDA pre margin at 11.2%, after 10.1% in 2014
- Positive exchange rate effect on sales and earnings
- Net income and earnings per share improved to €165 m and €1.80 after €47 m and €0.53, respectively
- Visible progress in reducing indebtedness to €1,211 m
- Guidance: FY 2016 EBITDA pre now specified at €880-930 m
- Guidance: Q1 2016 EBITDA pre expected at €240-260 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

Q4 2015 Financial overview:

- **Strong cash conversion in a generally weak fourth quarter**
- Lower sales (-5%) with lower selling prices (-10%) (driven by raw materials) mitigated by positive FX effect (+5%)
- EBITDA decreases marginally to €151 m, with slightly improved profitability
- Net financial debt clearly reduced, with contributions from positive free cash flow

Q4 2015 Balance sheet:

- **Balance sheet further strengthened**
- Total assets decrease slightly – primarily due to lower working capital
- Equity ratio up to 32%
- Net financial debt successfully reduced to €1,211 m
- Pension provisions below year-end level 2014; driven by interest rate changes (mainly in Germany)
- Working capital to sales ratio at a good level (19%)

Q4 2015 Cash flow statement:

- **Strong cash flow in a capex-intensive quarter**
- Depreciation/amortization lower due to write-backs (€56 m), more than compensating for the effect of an increased asset base (new plants in Asia)
- Changes in working capital had expected positive contribution (lower inventory volumes and impact of lower raw material costs)
- Investing cash flow in Q4 '15 was mainly driven by capex, while Q4 '14 included cash-in from sale of near cash assets

Q4 2015 Business Overview

Performance Polymers

- **Good results despite continuing challenges in synthetic rubber**
- Sales deviation yoy: Price -14%, Volume -2%, Currency 6%, Portfolio 0% (approximate numbers)
- Lower selling prices based on decline in raw material prices and competitive pressure in synthetic rubber
- Lower volumes in synthetic rubber on weaker business in emerging markets; BU HPM with good volume contribution
- Significant savings and absence of one-time costs (~€25 m) outweigh idle costs from new assets
- EBITDA pre exceptionals of €105 m (Q4 2014 €60 m)
- Depreciation/amortization lower due to write-backs (€37 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

Advanced Intermediates

- **A quarter marked by good volume concludes a very profitable year**
- Sales deviation yoy: Price -11%, Volume 7%, Currency 3%, Portfolio 0% (approximate numbers)
- Lower selling prices reflect raw material pass-through
- Both BUs show higher volumes
- Strong USD has positive effect on top and bottom line
- EBITDA supported by good utilization
- EBITDA pre exceptionals of €91 m (Q4 2014 €83 m)
- Depreciation/amortization lower due to write-backs (€19 m)

Page 2 of 7

Performance Chemicals

- **A strong year ends with a typical weak fourth quarter**
- Sales deviation yoy: Price -1%, Volume -3%, Currency 6%, Portfolio 0% (approximate numbers)
- Selling prices almost unchanged
- Lower volumes in most BUs, mainly due to weaker emerging markets
- Positive FX effects in all BUs and savings from realignment program support, while lower chrome ore prices weigh on EBITDA (BU LEA)
- EBITDA pre exceptionals of €43 m (Q4 2014 €45 m)
- Capex increase driven by final payments for new plant in China (BU IPG)

Outlook:

2016: EBITDA pre seen at €880-930 m based on year-to-date performance – H2 expected to be softer

Segment Outlook

- **Advanced Intermediates:** Due to strong end market diversification the business segment is expected to perform somewhat above prior year level. Volumes in agro chemicals expected to be at previous year's level, despite softening agro end industry
- **Performance Chemicals:** Broad and strong market positions enable the segment to at least balance macro economic challenges. The two flagship businesses (BUs IPG and ADD) should benefit from new capacity and newly established business platform. Niche businesses MPP and LPT with positive volume momentum
- **High Performance Materials:** Engineering plastics should show positive development in 2016, driven by various applications (e.g., automotive, E&E)
- **ARLANXEO:** Macroeconomic weakness in emerging markets expected. New rubber capacities might lead to further margin pressure

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

LANXESS guidance for 2016 now specified

- FY 2016 EBITDA pre now specified at €880-930 m
- Q1 2016 EBITDA pre expected at €240-260 m

Housekeeping items for consideration

Additional financial expectations

- Capex 2016: ~€450 m
- Operational D&A 2016: ~€450-460 m
- Reconciliation 2016: underlying expenses of ~€150 m EBITDA, additionally hedging expenses of ~€90 m in FY 2016 (at USD/EUR of 1.10)

- Annual tax rate: - 2016: around 2015 level
- mid-term: 30-35% (for New LANXESS)

Cologne, March 17th, 2016

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 2015

in € million	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q4/2014	Q4/2015	Chg. in %	Q4/2014	Q4/2015	Chg. in %	Q4/2014	Q4/2015	Chg. in %	Q4/2014	Q4/2015	Chg. in %	Q4/2014	Q4/2015	Chg. in %
Sales	1,904	1,806	-5%	984	881	-10%	444	440	-1%	466	475	2%	10	10	0%
Price*			-10%			-14%			-11%			-1%			0%
Volume*			0%			-2%			7%			-3%			0%
Currency*			5%			6%			3%			6%			0%
Portfolio*			0%			0%			0%			0%			0%
EBIT	-62	71	<i>n.m.</i>	-36	74	<i>n.m.</i>	52	85	63%	6	15	>100%	-84	-103	-23%
Deprec. & amortizat.	124	70	-44%	72	30	-58%	24	6	-75%	21	23	10%	7	11	57%
EBITDA	62	141	>100%	36	104	>100%	76	91	20%	27	38	41%	-77	-92	-19%
exceptionals in EBITDA	92	10	-89%	24	1	-96%	7	0	-100%	18	5	-72%	43	4	-91%
EBITDA pre excep.	154	151	-2%	60	105	75%	83	91	10%	45	43	-4%	-34	-88	>-100%
D&A w/o excep.	105	126	20%	53	67	26%	24	25	4%	21	23	10%	7	11	57%
EBIT pre excep.	49	25	-49%	7	38	>100%	59	66	12%	24	20	-17%	-41	-99	>-100%
exceptionals in EBIT	111	-46	<i>n.m.</i>	43	-36	<i>n.m.</i>	7	-19	<i>n.m.</i>	18	5	-72%	43	4	-91%
Capex	240	205	-15%	157	88	-44%	34	37	9%	37	65	76%	12	15	25%
Net financial debt**	1,336	1,211	-9%												

* approximate numbers

**as per Dec. 31

Financial Overview FY 2015

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	2014	2015	Chg. in %	2014	2015	Chg. in %	2014	2015	Chg. in %	2014	2015	Chg. in %	2014	2015	Chg. in %
Sales	8,006	7,902	-1%	4,128	3,944	-4%	1,847	1,826	-1%	1,989	2,085	5%	42	47	12%
Price*			-10%			-15%			-9%			0%			0%
Volume*			1%			2%			3%			-3%			12%
Currency*			8%			9%			5%			8%			0%
Portfolio*			0%			0%			0%			0%			0%
EBIT	218	415	90%	120	280	>100%	202	258	28%	156	225	44%	-260	-348	-34%
Deprec. & amortizat.	426	418	-2%	231	227	-2%	93	80	-14%	82	88	7%	20	23	15%
EBITDA	644	833	29%	351	507	44%	295	338	15%	238	313	32%	-240	-325	-35%
exceptionals in EBITDA	164	52	-68%	41	-5	n.m.	13	1	-92%	31	13	-58%	79	43	-46%
EBITDA pre excep.	808	885	10%	392	502	28%	308	339	10%	269	326	21%	-161	-282	-75%
D&A w/o excep.	406	463	14%	211	253	20%	93	99	6%	82	88	7%	20	23	15%
EBIT pre excep.	402	422	5%	181	249	38%	215	240	12%	187	238	27%	-181	-305	-69%
exceptionals in EBIT	184	7	-96%	61	-31	n.m.	13	-18	n.m.	31	13	-58%	79	43	-46%
Capex	614	434	-29%	428	184	-57%	90	87	-3%	71	139	96%	25	24	-4%
Net financial debt**	1,336	1,211	-9%												

* approximate numbers

**as per Dec. 31

Income Statement Q4/FY 2015

in € million	Q4/2014	Q4/2015	Chg. in %	2014	2015	Chg. in %
Sales	1,904	1,806	-5%	8,006	7,902	-1%
Cost of sales	-1,574	-1,441	8%	-6,418	-6,154	4%
Gross profit	330	365	11%	1,588	1,748	10%
Selling expenses	-182	-186	-2%	-742	-759	-2%
Research and development expenses	-36	-32	11%	-160	-130	19%
General administration expenses	-71	-82	-15%	-278	-284	-2%
Other operating income	23	79	>100%	118	207	75%
Other operating expenses	-126	-73	42%	-308	-367	-19%
Operating result (EBIT)	-62	71	<i>n.m.</i>	218	415	90%
Income from investments accounted for using the equity method	-4	0	-100%	2	0	-100%
Interest income	1	1	0%	3	4	33%
Interest expense	-15	-18	-20%	-72	-70	3%
Other financial income and expense	-27	-12	56%	-71	-61	14%
Financial result	-45	-29	36%	-138	-127	8%
Income before income taxes	-107	42	<i>n.m.</i>	80	288	>100%
Income taxes	38	-24	<i>n.m.</i>	-36	-121	>-100%
Income after income taxes	-69	18	<i>n.m.</i>	44	167	>100%
of which attributable to non-controlling interests	-1	3	<i>n.m.</i>	-3	2	<i>n.m.</i>
Net income (attributable to LANXESS AG stockholders)	-68	15	<i>n.m.</i>	47	165	>100%
EPS (in €)	-0.74	0.16	<i>n.m.</i>	0.53	1.80	>100%
EPS pre exceptionals (in €)	0.09	-0.16	<i>n.m.</i>	1.98	1.80	-9%

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

Page 7 of 7