News Release

LANXESS
Energizing Chemistry

LANXESS publishes results for fiscal 2013

- **Full-year 2013 sales fall by nine percent to EUR 8.3 billion**
- **EBITDA pre exceptionals declines by 40 percent to EUR 735 million**
- **Group net loss of EUR 159 million impacted by impairment charges**
- **Proposed dividend of EUR 0.50 per share**
- **Q1 2014 EBITDA pre exceptionals expected to be around EUR 200 million**

Cologne – In what remains a difficult competitive environment, specialty chemicals group LANXESS expects EBITDA pre exceptionals of around EUR 200 million for the first quarter of 2014. In the prior-year quarter, the company posted EBITDA pre exceptionals of EUR 174 million that was burdened by several factors including start-up costs.

LANXESS also confirmed the preliminary figures for fiscal 2013 published on February 26, 2014.

Sales fell by nine percent against the prior year to EUR 8.3 billion. This development was primarily due to lower selling prices in the Performance Polymers segment resulting from declining raw material prices and the challenging competitive situation. EBITDA pre exceptionals decreased by 40 percent year on year to EUR 735 million and was thus within the guided range of EUR 710 million to EUR 760 million. This was also attributable to an increase in production-related costs and negative currency effects. The slight increase in volumes could not compensate for the decline in earnings. The Group's EBITDA margin pre exceptionals fell to 8.9 percent from 13.4 percent in 2012.

In the fourth quarter of 2013, Group net income was impacted by impairment charges of EUR 257 million in the Performance Polymers segment (business units Keltan Elastomers and High Performance Elastomers) and the Performance Chemicals segment (business unit Rubber Chemicals), as well as by exceptional charges of some EUR 30

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million brought forward for the “Advance” efficiency program. These resulted in a net loss for the full year of EUR 159 million, representing earnings per share of minus EUR 1.91. In 2012, Group net income amounted to EUR 508 million, with earnings per share of EUR 6.11.

"Behind us lies a challenging year," said LANXESS Chief Financial Officer Bernhard Duettmann. "Negative effects were the volatile raw material prices and increasing competition, especially in the synthetic rubber business."

The company will propose to the Annual Stockholders’ Meeting on May 22, 2014, that a dividend of EUR 0.50 per share be paid for 2013. This would result in a total dividend payment of around EUR 42 million. A dividend of EUR 1.00 per share was paid for 2012.

Cash outflows for capital expenditures declined to EUR 624 million, compared with EUR 696 million a year earlier. Operating cash flow decreased against the prior year to EUR 641 million, a business-related decline of EUR 197 million. Net financial liabilities increased by EUR 248 million from the previous year to EUR 1.7 billion. "In the fourth quarter, we were able to reduce net debt by EUR 91 million compared to the prior quarter on account of our strict working capital management," said Duettmann.

Business development by region

Sales in the **Asia-Pacific** region were virtually level with the prior year, decreasing by around three percent to EUR 2.1 billion. The Performance Polymers and Performance Chemicals segments achieved operational growth in the low- to mid-single-digit percentage range. LANXESS saw a pleasing development in Greater China, exceeding the sales threshold of EUR 1 billion as in the previous year. The share of the Asia-Pacific region in Group sales increased to 26 percent.

Sales in the **EMEA region (excluding Germany)** receded by around five percent to EUR 2.4 billion. This region's share of Group sales increased to 29 percent.

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In **Germany**, LANXESS posted sales of around EUR 1.5 billion, almost eight percent below the prior-year figure. This country accounted for 17 percent of Group sales.

Sales in **North America** were around 17 percent lower than in the previous year, at EUR 1.3 billion. The region thus contributed 16 percent to Group sales.

In the **Latin America** region, sales declined by almost 19 percent to EUR 1 billion. This region's share of Group sales decreased to 12 percent.

In the **BRICS countries** (Brazil, Russia, India, China and South Africa), sales fell by around seven percent to EUR 2 billion. Their share of Group sales remained at 24 percent.

Business development by segment

In the reporting year, sales in the **Performance Polymers** segment declined substantially by around 13 percent to about EUR 4.5 billion. A persistently difficult market environment coupled with significantly lower and volatile prices for raw materials, especially butadiene, resulted in a negative price effect of 15 percent. Currency effects also had a negative impact. Volumes increased by around four percent, due in part to capacity expansions in the Butyl Rubber and High Performance Materials business units.

EBITDA pre exceptionals for the segment shrank by some 52 percent to EUR 389 million. Earnings were also hampered by inventory devaluations, destocking and start-up costs for the new butyl rubber plant in Singapore, alongside declining selling prices and negative currency effects.

The **Advanced Intermediates** segment recorded sales of EUR 1.6 billion in 2013, slightly below the prior-year level. An increase in selling prices compensated for the slight decline in volumes. Exchange

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rates had a negative effect. Both of the segment's business units saw stable demand for agrochemicals in particular.

EBITDA pre exceptionals decreased by around six percent to EUR 286 million. Higher selling prices and lower raw material costs were counteracted by lower volumes, higher production costs and negative currency effects.

Sales in the **Performance Chemicals** segment dipped slightly in 2013 by around three percent to EUR 2.1 billion. This was attributable above all to unfavorable currency effects of three percent and slightly negative price and volume effects.

EBITDA pre exceptionals declined by 18 percent year on year to EUR 231 million. This was attributable above all to increased production costs and slightly higher raw material prices alongside decreasing volumes, lower selling prices and unfavorable exchange rates.

“Advance” efficiency program

Within the context of the Advance efficiency program, around 730 employees have already taken up the offer to voluntarily leave the company by the end of 2015 and have accepted either early retirement or severance packages. In 2013, EUR 110 million were incurred of the EUR 150 million in exceptional charges budgeted for this program. From 2015 onward, LANXESS expects to achieve annual savings of around EUR 100 million.

LANXESS has also divested its wholly owned subsidiary Perlon-Monofil to the Serafin Group based in Munich, Germany.

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Outlook

LANXESS expects the market environment for synthetic rubber to remain challenging in 2014 in light of the competitive and capacity situation. Exchange rates, in particular the US-Dollar, are likely to continue their volatile development. The same applies to raw material costs, albeit at a comparatively moderate level.

Earnings in the first quarter of 2014 will also be impacted by the effects of a strike at the company's site in Zwijndrecht, Belgium. Butyl rubber production there has been at a standstill for around three weeks.

For the full year 2014, LANXESS is anticipating a slight improvement in EBITDA pre exceptionals, due alone to the absence of one-time items, even if selling prices remain at low levels.

For the current year, LANXESS is planning capital expenditures at the same level as in 2013. Most of these will go toward the construction of the world-scale plant for Nd-PBR (neodymium-based performance butadiene rubber) in Singapore and for the construction of the plant for EPDM (ethylene-propylene-diene monomer) rubber in China. Both plants are scheduled to come on stream in 2015. In the third quarter of 2014, a world-scale facility for polyamides will start operation at the site in Antwerp, Belgium. As of 2015, capital expenditures should decrease substantially and be used predominantly to expand and maintain existing facilities.

As in the past, LANXESS will give a more precise outlook for the current business year when it publishes its first-quarter report on May 8, 2014.

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Financial data for the full year 2013

(Figures in EUR million)

	Full year 2012	Full year 2013	Change in percent	Q4 2012	Q4 2013	Change in percent
Sales	9,094	8,300	-8.7	2,123	2,014	-5.1
EBITDA pre exceptionals	1,223	735	-39.9	239	176	-26.4
EBITDA margin pre exceptionals (percent)	13.4	8.9		11.3	8.7	
Net income	508	-159	<-100	50	-204	<-100
Earnings per share (EUR)	6.11	-1.91	<-100	0.61	-2.45	<-100

2012 restated according to the revised version of IAS 19

LANXESS is a leading specialty chemicals company with sales of EUR 8.3 billion in 2013 and roughly 17,300 employees in 31 countries. The company is currently represented at 52 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals. LANXESS is a member of the leading sustainability indices Dow Jones Sustainability Index (DJSI World and DJSI Europe) and FTSE4Good as well as CDP's Climate Disclosure Leadership Index (CDLI).

Cologne, March 20, 2014
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Forward-Looking Statements.
This news release may contain 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.

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Information for editors:
All LANXESS news releases and their accompanying photos can be found at http://press.lanxess.com. Recent photos of the Board of Management and other LANXESS image material are available at http://photos.lanxess.com. The latest TV footage, audiofiles and podcasts can be found at http://multimedia.lanxess.com.

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