



## LANXESS – Q1 2012 Results Conference Call

**Strong start in a challenging year**

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## Agenda

- **Executive overview Q1 2012**
- Business and financial review Q1 2012
- Outlook / Guidance

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## Q1 2012: Strong start in a challenging year

<b>Business performance</b>	Strong sales improvement with stable EBITDA margin	▶ <b>“Price-before-volume” strategy continued</b>
	EBITDA at € 369 Mio (+14.6% year-on-year)	
<b>Organic and external growth</b>	New projects announced in Q1 2012: <ul style="list-style-type: none"><li>▪ CO<sub>2</sub> plant for upstream integration in BU LEA</li><li>▪ Debottlenecking of aromatic network in BU All</li><li>▪ Acquisition of US bladder producer TCB in BU RCH</li></ul>	▶ <b>Well on track to reach €1.4 bn EBITDA target in 2015</b>
	Organic growth projects and M&A integrations fully on track	

All references to EBITDA are pre exceptionals

Chart 4

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## “Price-before-volume” and portfolio contribute to strong Q1

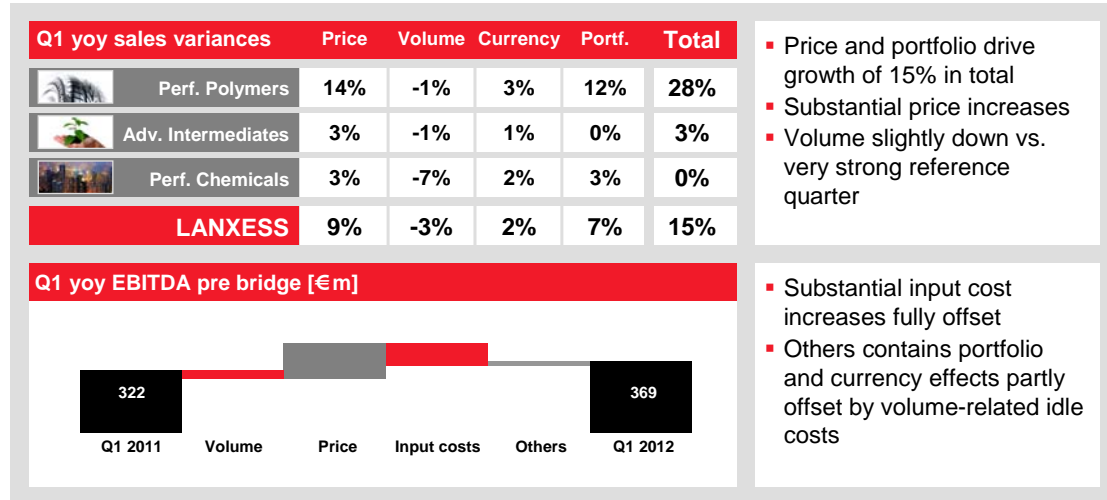


Chart 5

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## Q1 driven by external growth across all regions

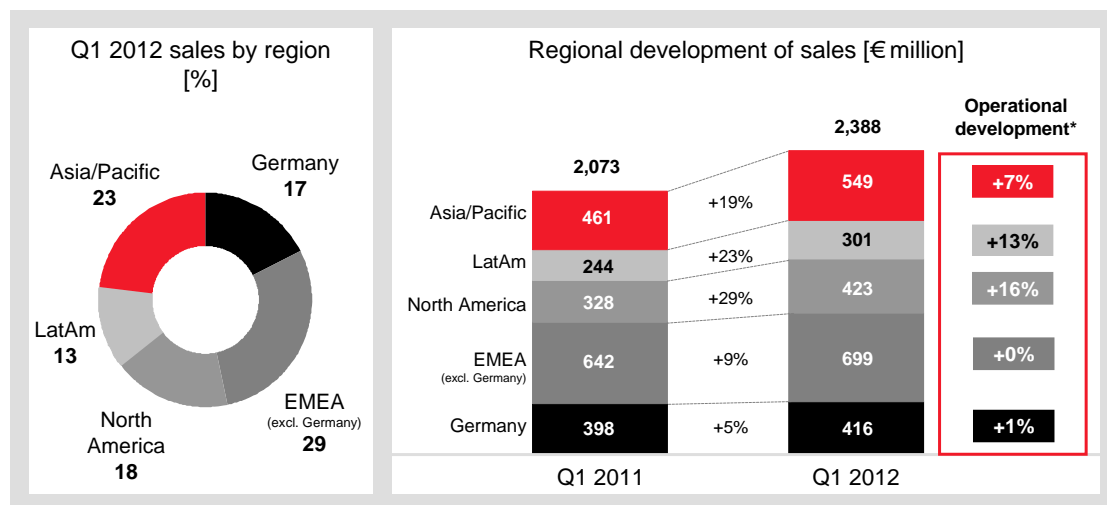


Chart 6

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## Q1 2012 financial overview: Strong EBITDA performance with stable margin

[€m]	Q1 2011	Q1 2012	yoy in %
Sales	2,073	2,388	15.2%
EBITDA pre except. margin	322 15.5%	369 15.5%	14.6%
EPS	2.00	2.32	16.0%
Capex*	68	92	35.3%
[€m]	31.12.2011	31.03.2012	% vs. YE
Net financial debt	1,515	1,503	-0.8%
Net working capital	1,766	1,992	12.8%
Employees	16,390	16,713	2.0%
<b>Continued growth</b>			

- Sales improvement driven by pricing and portfolio
- "Price-before-volume" strategy key to stable EBITDA margin
- Capex increases as organic growth projects proceed according to plan
- Net debt stable in Q1 despite rise of working capital due to sequentially increased business activity
- Headcount increase reflects growth strategy

\* Net of capitalized borrowing costs and finance lease

Chart 8

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## Business performance beats strong Q1 2011

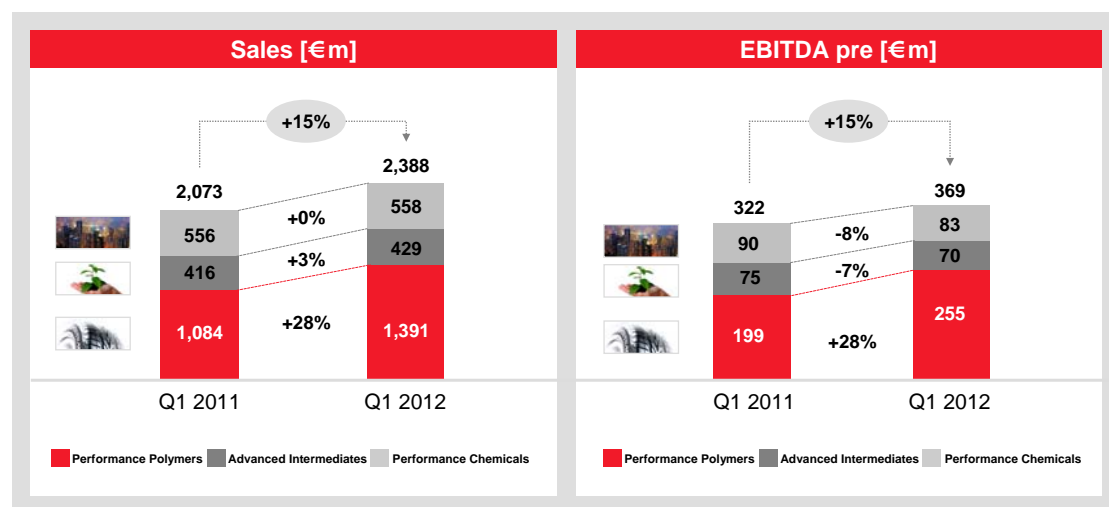
[€m]	Q1 2011	Q1 2012	yoy in %	
<b>Sales</b>	<b>2,073 (100%)</b>	<b>2,388 (100%)</b>	<b>15%</b>	<ul style="list-style-type: none"> <li>▪ Solid sales increase due to strong pricing (+9%), portfolio effects (+7%) and support from currency (+2%), while volumes slightly below very strong Q1 2011 (-3%)</li> <li>▪ R&amp;D increase in line with focus on technology initiatives and premium products</li> <li>▪ Top-line increase translates into bottom-line performance</li> <li>▪ Strong EBITDA based on competency for price-setting</li> </ul>
Cost of sales	-1,551 (75%)	-1,796 (75%)	16%	
Selling	-170 (8%)	-186 (8%)	9%	
G&A	-70 (3%)	-72 (3%)	3%	
R&D	-31 (2%)	-45 (2%)	45%	
<b>EBIT</b>	<b>246 (12%)</b>	<b>277 (12%)</b>	<b>13%</b>	
<b>Net Income</b>	<b>166 (8%)</b>	<b>193 (8%)</b>	<b>16%</b>	
<b>EPS</b>	<b>2.00</b>	<b>2.32</b>	<b>16%</b>	
EBITDA	317 (15%)	365 (15%)	15%	
thereof exceptionals	-5 (0%)	-4 (0%)	-20%	
<b>EBITDA pre exceptionals</b>	<b>322 (15.5%)</b>	<b>369 (15.5%)</b>	<b>15%</b>	

Strong start in 2012

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Chart 9

## Q1 2012 – Performance Polymers key driver to strong EBITDA increase

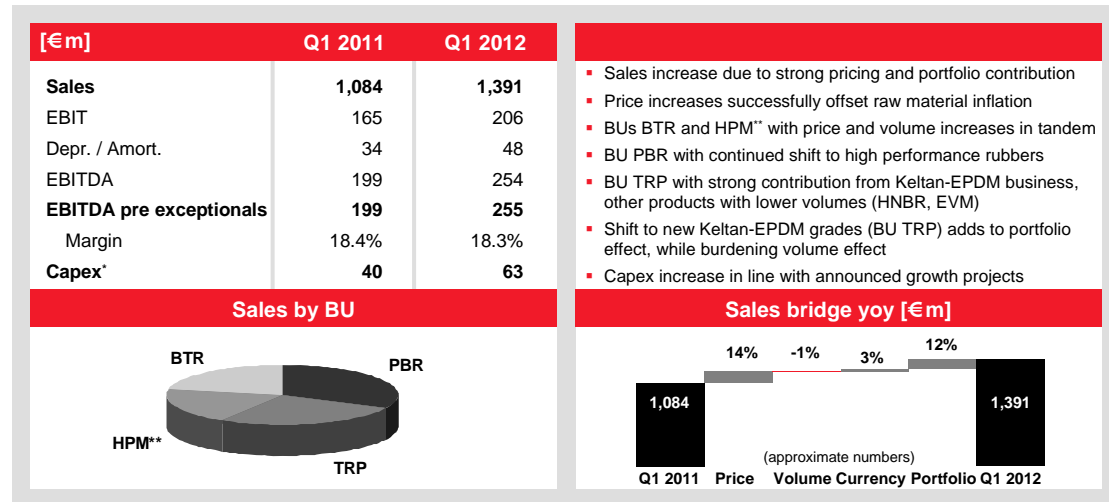


Total group sales and EBITDA figures include reconciliation; references to EBITDA are pre exceptionals

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## Performance Polymers: EBITDA growth with strong margin



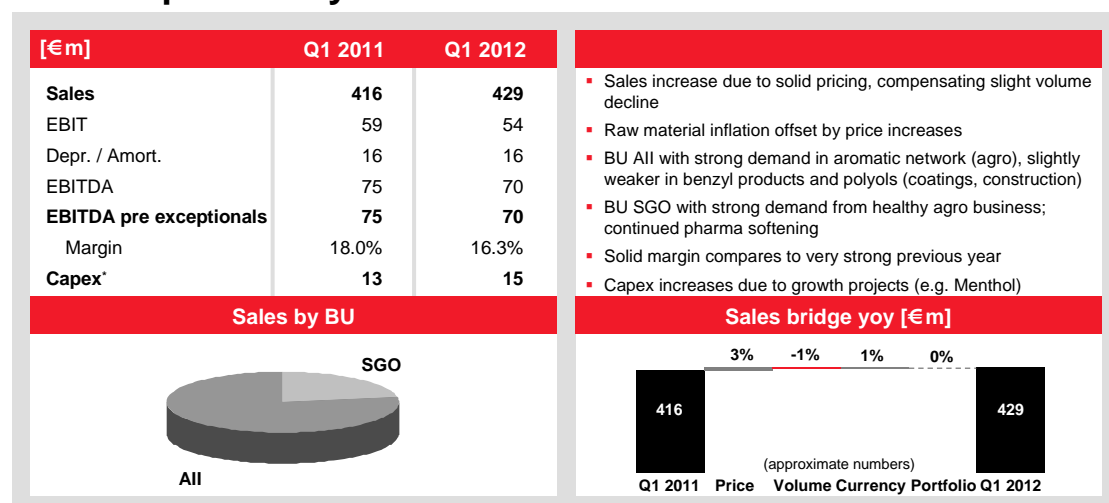
\* Net of capitalized borrowing costs

\*\* HPM (High Performance Materials) formerly named SCP (Semi-Crystalline-Products)

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Chart 11

## Advanced Intermediates: Solid agro performance vs. strong basis in previous year



\* Net of capitalized borrowing costs

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Chart 12

## Performance Chemicals: Lower volumes vs. strong Q1 2011

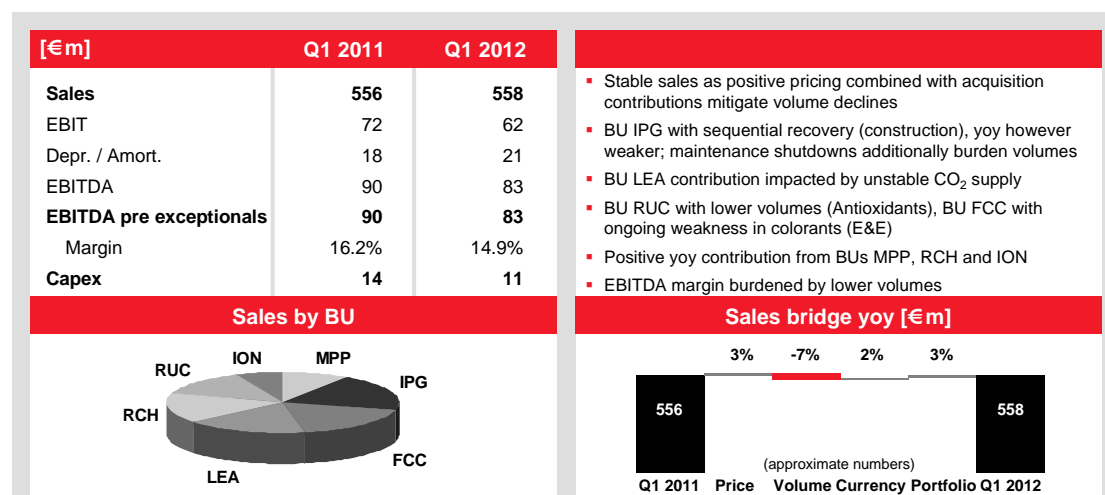


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## Balance sheet remains strong

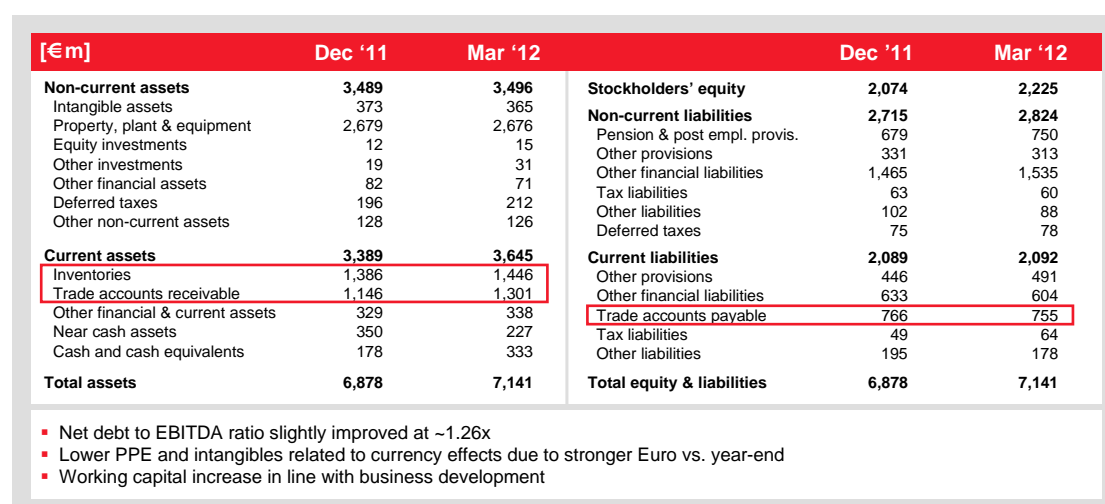


Chart 14

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## Improved results reflected in stronger cash flow

[€m]	Q1 2011	Q1 2012	
<b>Profit before tax</b>	<b>219</b>	<b>249</b>	
Depreciation & amortization	71	88	
Gain from sale of assets	0	0	
Result from equity investments	-5	-3	
Financial (gains) losses	20	24	
Cash tax payments / refunds	4	-3	
Changes in other assets and liabilities	28	18	
<b>Operating cash flow before changes in WC &amp; CTA</b>	<b>337</b>	<b>373</b>	
Changes in working capital	-301	-244	
CTA funding*	0	0	
<b>Operating cash flow</b>	<b>36</b>	<b>129</b>	
<b>Investing cash flow</b>	<b>-19</b>	<b>9</b>	
thereof capex**	-68	-92	
<b>Financing cash flow</b>	<b>-7</b>	<b>17</b>	

- Increased business performance leads to higher pre-tax profit
- Larger asset base drives D&A
- Raw material inflation drives increase of working capital in both quarters
- Higher capex reflects growth mode
- Investing cash flow mirrors inflow from financial assets
- Financing cash flow contains dim-sum bond of ~€60 m

**Strong cash flow from strong operations**

\* CTA (Contractual Trust Arrangement) funding formerly shown in investing cash flow  
 \*\* Net of capitalized borrowing cost and finance lease

Chart 15

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Chart 16

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## LANXESS is confident for 2012

### Current macro view

- Less dynamic growth rates in emerging markets; but on a more sustainable level
- Positive signals for US macro development
- Solid agro end market trend to continue
- Gradual recovery of construction market expected
- Ongoing uncertainties: high national deficits, volatile FX, raw material price volatility and some cautiousness among European customers

### LANXESS well positioned for growth

- Several capacity expansions to come on stream
- Tire labeling regulation in EU and South Korea end of 2012
- Strong start in 2012 – we expect FY EBITDA pre growth of 5-10%

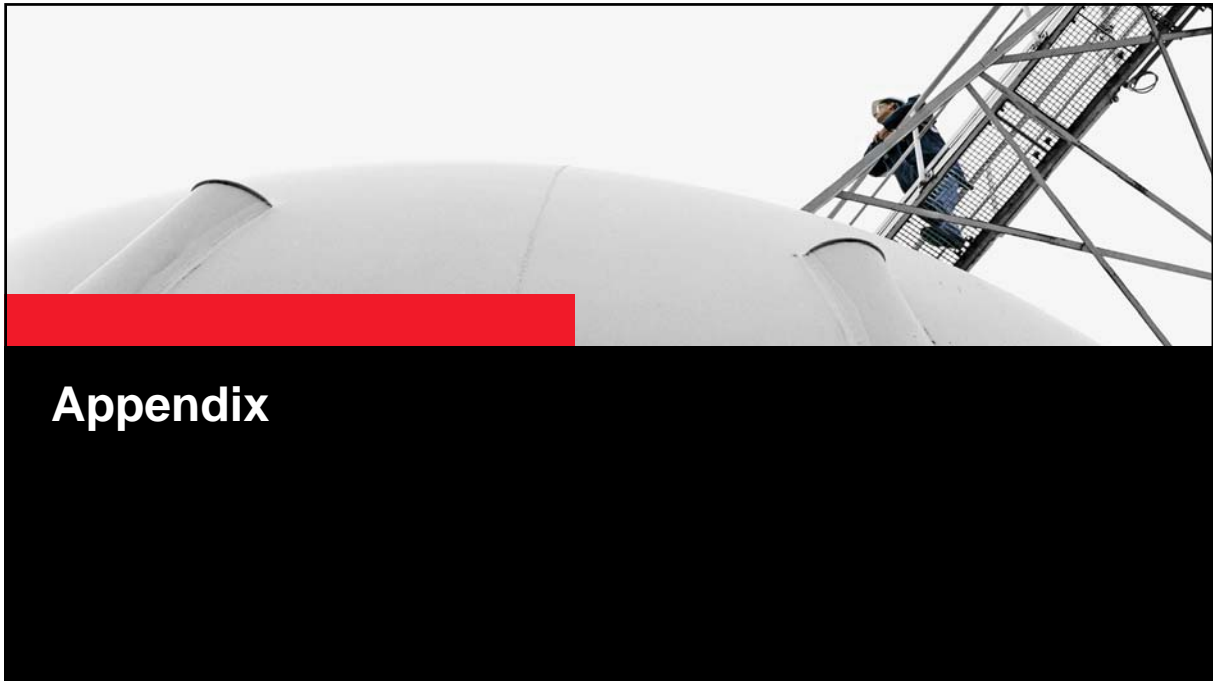


Chart 17

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Energizing Chemistry



## Appendix

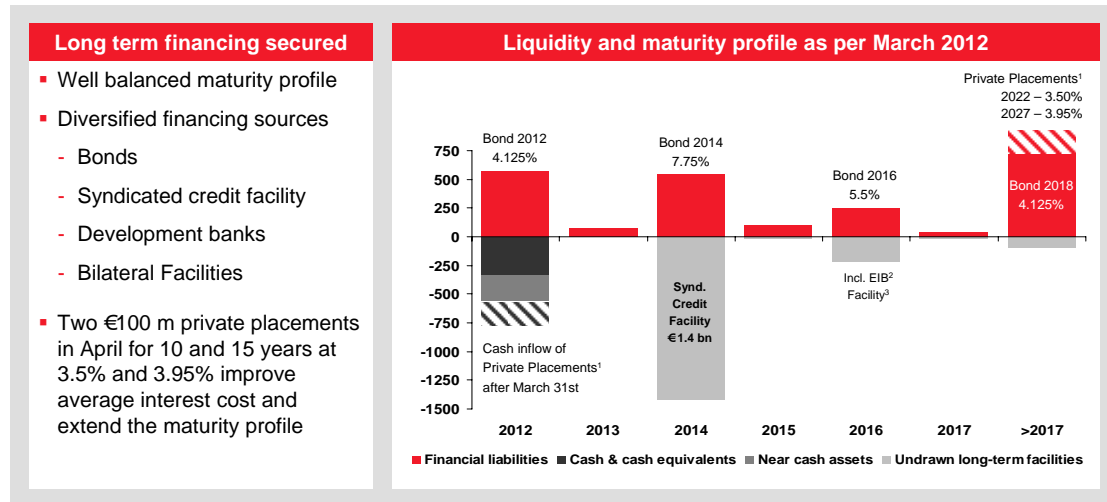
### 2012 financial expectations

#### Additional financial expectations for 2012

- Capex: ~€600 m
- D&A: ~€330 - €350 m
- Tax rate: ~22%
- Hedging 2012: ~45% at 1.30 -1.40 USD / EUR
- Hedging 2013: ~20% at 1.30 -1.40 USD / EUR



## A well managed and conservative maturity profile



<sup>1</sup> Placed in April 2012 under Debt Issuance Programme <sup>2</sup> European Investment Bank  
<sup>3</sup> Final maturity of EIB financing in case of utilization in 2016 or later; EIB facility currently undrawn

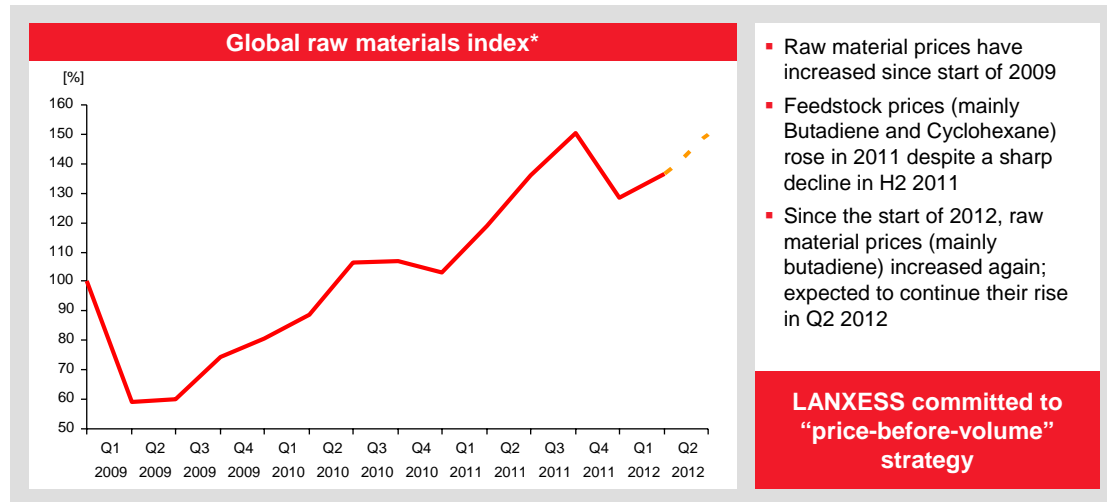
Chart 21

## Premium products and technologies for global megatrends



Chart 22

## Raw material prices to remain volatile



\* Source: LANXESS, average 2008 = 100%

Chart 23

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## Overview exceptional items Q1 2011 and Q1 2012

[€m]	Q1 2011		Q1 2012	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	0	0	1	0
Advanced Intermediates	0	0	0	0
Performance Chemicals	0	0	0	0
Reconciliation	5	0	3	0
<b>Total</b>	<b>5</b>	<b>0</b>	<b>4</b>	<b>0</b>

Chart 24

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## Abbreviations

Performance Polymers		Advanced Intermediates	
▪ BTR	Butyl Rubber	▪ All	Advanced Industrial Intermediates
▪ PBR	Performance Butadiene Rubbers	▪ SGO	Saltigo
▪ TRP	Technical Rubber Products		
▪ HPM*	High Performance Materials		

Performance Chemicals	
▪ MPP	Material Protection Products
▪ IPG	Inorganic Pigments
▪ FCC	Functional Chemicals
▪ LEA	Leather
▪ RCH	Rhein Chemie
▪ RUC	Rubber Chemicals
▪ ION	Ion Exchange Resins

\* Formerly named SCP (Semi-Crystalline Products)

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## Upcoming events 2012

Upcoming events	
▪ AGM	May 15, 2012
▪ Q2 results 2012	August 7, 2012
▪ Capital Markets Day	September 19/20, 2012
▪ Q3 results 2012	November 6, 2012

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