News Release

LANXESS presents strong results for 2012

LANXESS India Private Limited

Media contact:
Sunder Rajan
General Manager- Head of Corporate Communications
LANXESS House,
Plot no A-162, A-163, A-164,
Road No 27, Wagle Estate,
Opp. ITI College,
MIDC,Thane (west) – 400604
Phone: +91 22 2587 1000 (B)
Phone: +91 22 2587 1540 (D)
Telefax: +91 22 25826742
sunder.rajan@lanxess.com

Rhituparna Mitra
Manager – Public Relations
LANXESS House,
Plot no A-162, A-163, A-164,
Road No 27, Wagle Estate,
Opp. ITI College,
MIDC,Thane (west) – 400604
Phone: +91 22 2587 1000 (B)
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- **LANXESS India achieved sales of INR 1672 cr in fiscal 2012**
- **LANXESS sales grew by 4 percent globally in fiscal 2012 to EUR 9,094 million**
- **Record EUR 115 million payout to employees worldwide**
- **New company headquarters in Cologne to be inaugurated on September 3, 2013**

Mumbai, March 22, 2013. LANXESS, the global specialty chemicals company headquartered in Germany, has announced strong figures globally past fiscal year, with improvements in key reported numbers. “2012 was the best year in our growth story so far. Our business model proved itself once again,” said LANXESS’ Chairman of the Board of Management, Axel C. Heitmann, at the Annual Press Conference in Dusseldorf.

India performance

LANXESS in India was also consistent in its performance in 2012 as compared to 2011, achieving sales of about INR 1672 cr (EUR 238.9 mio) in this fiscal.

“Despite the volatility in economic scenario and fluctuations in exchange rates, LANXESS has shown positive growth in terms of sales in the Indian subcontinent. This also implies that we are optimistic about the Indian market in the long term and consider these uncertainties only a blip in the potential growth”, said Dr. Joerg Strassburger, Managing Director and Country Representative, LANXESS India.

“We have benefited from the increase in domestic demand in certain segments like paints and coatings, pharmaceuticals and agrochemicals and done well in businesses that are driven by these segments. The Business unit Segment Advanced Intermediates has

shown a significant growth of 11% this year majorly coming from our manufacturing facility at Nagda. This has somewhat offset the drop in demand from the automotive and tire industries in 2012, on which our rubber businesses are dependent" added Mr. Venkatesh Sankaran, Chief Financial Officer, LANXESS India, explaining the situation.

Global Performance

LANXESS confirmed the preliminary results for 2012 that it published on March 7, 2013. Group sales grew by 4 percent in fiscal 2012 to EUR 9,094 million. Business development was driven notably by the focus on emerging markets, solid demand for agrochemicals, pleasing contributions from acquisitions and the price-before-volume strategy.

EBITDA pre exceptionals improved by 7 percent to EUR 1,225 million, compared with EUR 1,146 million in the previous year. The operating result thus came within the target corridor of a 5 to 10 percent increase. The EBITDA margin pre exceptionals amounted to 13.5 percent, compared with 13.1 percent in the previous year. Net income and earnings per share (EPS) improved by 2 percent in 2012, to EUR 514 million and EUR 6.18, respectively.

The company will propose to the Annual Stockholders' Meeting on May 23, 2013, that a dividend of EUR 1.00 per share be paid for 2012. This represents an increase of about 18 percent compared with the prior year and results in a payout of roughly EUR 83 million.

The employees will also benefit from the strong earnings, receiving some EUR 115 million in profit-sharing payouts for the year. This figure compares to about EUR 100 million for 2011.

Regional sales development

The **Asia-Pacific** region again proved to be a stabilizing factor in 2012. Sales grew by about 10 percent to about EUR 2.2 billion. In Greater China (Hong Kong, China, Taiwan), the EUR 1 billion sales

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threshold was exceeded for the first time. Business in **North America** also gained strongly, with sales advancing by more than 10 percent to roughly EUR 1.6 billion. The **EMEA** region (Europe excluding Germany, Middle East, Africa) – with sales of EUR 2.5 billion – once again accounted for the largest share of LANXESS sales, although business in this region showed a slight decline of just under 1 percent. In **Germany**, sales rose slightly to approximately EUR 1.6 billion. In the **BRICS countries** (Brazil, Russia, India, China, South Africa), sales moved forward by 1 percent year-on-year to over EUR 2.2 billion.

"Green Mobility"

In 2012, LANXESS had sales of approximately EUR 1.6 billion with products and technologies for "Green Mobility," which accounted for some 17 percent of overall sales. The company expects to achieve sales of some EUR 2.7 billion in sales from "Green Mobility" by 2015.

Sound financial position

The good business development led to a strong operating cash flow, as well as a sound balance sheet. Capital expenditures grew to EUR 696 million, compared with EUR 679 million a year prior. Operating cash flow showed a positive development in 2012. Despite an increase in working capital, this key indicator improved from EUR 672 million to EUR 838 million.

"Net financial liabilities declined by EUR 32 million year-on-year to EUR 1,483 million at the end of the year despite acquisitions and increased investment activity," explained LANXESS Chief Financial Officer Bernhard Duettmann. The ratio of net financial liabilities to EBITDA pre exceptionals fell from 1.3 to 1.2. "This underlines our conservative financial policy, which is characterized by long-term financing and far-sighted steering of financial risks," he added.

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Move to Cologne on track

The transfer of company headquarters to Cologne is proceeding on schedule. Some 1,000 employees will move into the LANXESS Tower on the banks of the Rhine, which provides about 36,000 square meters of office space. The new Group headquarters building will be inaugurated on September 3, 2013.

Outlook

Contrary to the usual seasonal trend, the low level of demand that was already apparent in the second half of 2012 has continued into the start of the year in most businesses. Against the backdrop of current weak demand in the tire and automotive industries in Europe, LANXESS expects a significantly lower year-on-year EBITDA pre exceptionals of between EUR 160 and 180 million in the first quarter of 2013. This estimate already reflects start-up costs of EUR 20 million for the new butyl plant in Singapore. In the previous year's quarter, LANXESS achieved an EBITDA pre exceptionals of EUR 369 million, which was the company's strongest quarter ever.

Based on the weak business development in the first quarter, LANXESS currently expects that the EBITDA pre exceptionals in the business year 2013 will not reach the record level of the previous year. As usual, LANXESS will give a more precise outlook for the current full year, when it publishes its first-quarter report on May 8, 2013.

In this persistently volatile environment, LANXESS will continue to focus on cost discipline and its proven flexible asset management and expects a pick-up in demand in the second half of the year, so that the full year 2013 can develop into another positive one.

The company is sticking to its mid-term targets of EUR 1.4 billion and EUR 1.8 billion EBITDA pre exceptionals in 2014 and 2018 respectively.

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For the current year, LANXESS is again planning capital expenditures of some EUR 650 million to EUR 700 million. Research and development expenditures are expected to grow by about 10 percent in 2013 from EUR 192 million in the previous year.

The megatrend of mobility remains intact. The company believes the agrochemical end markets will continue to develop positively, particularly in Asia. LANXESS also expects a moderate recovery in the construction industry, with growth occurring mainly in Asia and Latin America. Even assuming a slow pace of economic growth, the Group aims to strengthen its market positions, especially in the BRICS countries.

New capacities coming on stream during the year will contribute to growth in all three segments. “The new butyl rubber plant in Singapore – our biggest capital expenditure project so far, at some EUR 400 million – has started up in the first quarter and will begin commercial production in the third quarter as planned,” said Heitmann. In addition, LANXESS will start up a new leather chemicals facility in China in April. At the beginning of March, a new project for high-performance rubbers used in “Green Tires” was initiated in Brazil.

Heitmann: “Conditions may be more turbulent at the moment – but we remain optimistic thanks to our strategic set-up with a focus on the emerging markets and megatrends.”

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Table (EUR million)

	Full year 2012	Full year 2011	Change %	Q4 2012	Q4 2011	Change %
Sales	9,094	8,775	+4	2,123	2,123	0
EBITDA pre exceptionals	1,225	1,146	+7	239	174	+37
EBITDA marginpre exceptionals	13.5%	13.1%		11.3%	8.2%	
Net income	514	506	+2	51	5	> 100
Earnings per share (EUR)	6.18	6.08	+2	0.62	0.06	> 100

About LANXESS:
LANXESS is a leading specialty chemicals company with sales of EUR 9.1 billion in 2012 and roughly 17,200 employees in 31 countries. The company is currently represented at 48 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 FTSE4Good as well as the Carbon Disclosure Leadership Index (CDLI).

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.

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.

You can find further information concerning LANXESS chemistry in our WebMagazine at http://webmagazine.lanxess.com.

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