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Interim Report

January 1 to June 30, 2014

Half-Year Financial Report

LANXESS Group Key Data

€ million	Q2 2013	Q2 2014	Change %	H1 2013	H1 2014	Change %
Sales	2,141	2,019	(5.7)	4,236	4,062	(4.1)
EBITDA pre exceptionals	198	239	20.7	372	444	19.4
EBITDA margin pre exceptionals	9.2%	11.8%		8.8%	10.9%	
EBITDA	166	221	33.1	335	399	19.1
EBIT pre exceptionals	88	141	60.2	160	243	51.9
EBIT	50	122	> 100	117	197	68.4
EBIT margin	2.3%	6.0%		2.8%	4.8%	
Net income	9	55	> 100	34	80	> 100
Earnings per share (€)	0.11	0.63	> 100	0.41	0.93	> 100
Cash flow from operating activities	93	178	91.4	(67)	187	> 100
Depreciation and amortization	116	99	(14.7)	218	202	(7.3)
Cash outflows for capital expenditures	159	154	(3.1)	252	262	4.0
Total assets				6,811 ¹⁾	7,196	5.7
Equity (including non-controlling interests)				1,900 ¹⁾	2,324	22.3
Equity ratio				27.9% ¹⁾	32.3%	
Net financial liabilities				1,731 ¹⁾	1,495	(13.6)
Employees (as of June 30)				17,343 ¹⁾	16,886	(2.6)

1) previous year as of December 31, 2013

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Highlights

Q2 2014

Let's LANXESS again

Since taking over as Chairman of the Board of Management of LANXESS AG on April 1, 2014, Matthias Zachert has been systematically driving forward the Group's realignment in conjunction with Group-wide teams. Consolidation and restructuring is to be carried out in the business units and administrative functions to improve customer and market focus, leverage synergies and reduce costs.

In addition, site profitability is being analyzed. The option of entering into strategic partnerships to make the rubber activities more competitive and balance the company's portfolio is also being examined. LANXESS will announce further details of the realignment during the second half of the year.

Broad approval from the stockholders

The subject of the Group's realignment also featured prominently at the Annual Stockholders' Meeting on May 22, 2014, held at Cologne's LANXESS arena. The meeting was once again very well attended, with 51.1% of the voting capital represented. The stockholders approved all the motions on the agenda by large majorities, including the payment of a dividend of €0.50 per share for fiscal 2013.

Successful capital increase

The increase in the capital stock resolved on May 7, 2014 by the Board of Management with the approval of the Supervisory Board was successfully completed on May 8 through an accelerated bookbuilding process. The additional 8,320,266 no-par bearer shares of the company were placed with international institutional investors at a price of €52.00 per share. The total proceeds of the capital increase amounted to €433 million.

Moody's and Standard & Poor's adjust ratings

In view of the difficult market environment for the rubber business and the imminent realignment of the Group, the principal rating agencies have adjusted their ratings for LANXESS. In May 2014, Standard & Poor's downgraded the company from "BBB" to "BBB-", now with stable outlook. In June, Moody's lowered its rating from "Baa2" to "Baa3" but raised the outlook from "negative" to "stable." Both ratings thus remain in the investment-grade range.

High-tech plastics plant inaugurated in Brazil

LANXESS will in future service growing Latin American demand, particularly for products for the megatrend of mobility, from a state-of-the-art compounding facility in Porto Feliz, Brazil. A governmental program in Brazil offers fiscal incentives for automakers that increase their local investment in research and development and produce more energy-efficient cars, for example. With the new facility, designed for an annual capacity of 20,000 metric tons, LANXESS is able to meet local demand for high-tech plastics used in the automotive sector more quickly and more efficiently. About €20 million has been invested in the project.

New rubber production line starts up in Dormagen

The production line for polychloroprene solid rubber marketed under the Baypren brand will use the innovative dry finishing technology that was developed, tested and taken to the market-ready stage by LANXESS specifically for this purpose. This technology reduces the number of production steps in the manufacture of synthetic rubber and helps to conserve resources. LANXESS has invested some €18 million in the plant's expansion, which will increase the annual production capacity in Dormagen by around 10% to a total of 63,000 metric tons of solid rubber.

LANXESS Stock

In the second quarter of 2014, LANXESS stock did not continue the encouraging performance seen in the preceding quarter. Following a good start to the period, the price of our shares declined particularly after mid-May, dipping below the €50 mark at times in June. Our stock closed the quarter on June 30 at €49.30.

The world's leading indices reached all-time highs in the second quarter. In June, the DAX surpassed 10,000 points for the first time in its history. The Dow Jones, the main U.S. stock index, also reached a record level of nearly 17,000 points. The European Central Bank's decision to further ease monetary policy provided significant stimulus, especially for the German indices. The ECB introduced extensive monetary policy measures including a further reduction in the prime rate to 0.15%, the first-time introduction of negative deposit rates, and a new credit program. Improved employment data for the United States also buoyed investor confidence, with the Federal Reserve predicting a further recovery in the U.S. labor market. The Fed also indicated that interest rates are to remain low for some time even after the bond buyback program in the U.S. expires.

Despite these positive signals, however, markets came under pressure at times during the second quarter, especially from geopolitical developments. In April and May, the stock markets continued to be impacted by the ongoing crisis in Ukraine, while the heightening conflict in Iraq led to temporary declines thereafter. Against this background, the DAX was unable to maintain its record high, closing the second quarter on June 30 at 9,833 points, up 2.9% on the quarter.

The benchmark index Dow Jones STOXX 600 ChemicalsSM closed the quarter at 776.36 points after almost reaching the 800-point threshold at the beginning of June. Overall, however, this index rose by 3.5% on the quarter. In addition to the Dow Jones STOXX 600 ChemicalsSM, we now also benchmark our stock price development against the MSCI World Chemical Index, which is more comprehensive and has a more international composition. This index closed the quarter up 3.7% at 254.09 points.

LANXESS stock opened the second quarter at €55. Matthias Zachert took over as Chairman of the Board of Management of LANXESS at the beginning of the quarter, the news of his appointment already having been very well received by the capital market. The price of our shares remained above €50 until mid-June before declining at the end of June in the wake of the general market uncertainty. LANXESS stock closed the quarter down 9.9% at €49.30.

Another event of central importance in the reporting period was the 10% increase in the capital stock of LANXESS AG resolved by the Board of Management on May 7 with the approval of the Supervisory Board. The additional 8,320,266 no-par bearer shares were successfully placed with international institutional investors at a price of €52.00 per share, resulting in gross proceeds of €433 million. The capital stock thus increased to €91,522,936, divided into the same number of no-par bearer shares. The capital increase was made to finance upcoming restructuring measures and strengthen the Group's financial position. At the beginning of May, in the course of its reporting on the first quarter of 2014, LANXESS had already announced the development of a realignment program to restore the Group to significantly greater competitiveness and profitability.

A summary of the developments at LANXESS during the second quarter of 2014 is provided on page 1.

Interim Group Management Report

as of June 30, 2014

- Group sales decrease by 5.7% against the prior-year quarter
- Earnings held back by lower selling prices
- Persistently difficult competitive situation for synthetic rubbers; good demand for agrochemicals
- EBITDA pre exceptionals up by 20.7% to €239 million
- EBITDA margin pre exceptionals 11.8% vs. 9.2% for the prior-year quarter
- Net income and earnings per share improve substantially to €55 million and €0.63, respectively, against €9 million and €0.11 in prior-year quarter
- Guidance for 2014 narrowed: EBITDA pre exceptionals between €780 million and €820 million
- 10% capital increase successfully placed in May
- Group-wide realignment initiated; details to be provided during the second half of the year

Group structure

Legal structure

LANXESS AG is the parent company of the LANXESS Group and functions largely as a management holding company. LANXESS Deutschland GmbH and LANXESS International Holding GmbH are wholly owned subsidiaries of LANXESS AG and in turn control the other subsidiaries and affiliates both in Germany and elsewhere.

A list of the principal direct and indirect subsidiaries of LANXESS AG and a description of the Group's management and control organization are provided on page 57 of the Annual Report 2013.

Changes in the Group portfolio

In March 2014, LANXESS divested its wholly owned subsidiary Perlon-Monofil GmbH, Dormagen, Germany. There were no further changes in the Group portfolio in the reporting period. Details about the scope of consolidation are provided in the Notes to the Condensed Consolidated Interim Financial Statements as of June 30, 2014.

Business and strategy

The LANXESS Group is structured in three segments comprising a total of 14 business units, each of which conducts its own operations and has global profit responsibility. No changes were made to the Group's organizational structure or strategy in the reporting period. The business units are supported by centralized services and by local organizations in the countries. Further details are given on pages 57 to 60 of the Annual Report 2013.

There were no material changes to the production base, product portfolio or principal sales markets in the reporting period.

Economic environment and business development

Business conditions

General economic situation The global economy grew by 2.9% in the second quarter of 2014 and thus at a slightly faster rate than in the preceding quarter. Supported by demand from private households, economic output in Western Europe improved by 1.6%. North America showed a significant recovery from its weather-related weakness in the first quarter, with second-quarter growth of 3.0%. Economic output in China expanded by 7.5%, somewhat faster than in the preceding quarter. Development in Latin America was weak.

Chemical industry Production in the chemical industry increased by 3.8% in the second quarter. China posted robust growth. The United States saw a slight increase in production volumes, while a significant decline was evident in Brazil. Europe, however, experienced moderate growth.

Evolution of major user industries Automotive production showed a slight increase of 2.1% in the second quarter of 2014, driven mainly by China. Europe and North America also registered modest growth, while Latin America saw very weak development.

Demand for tires, especially replacement tires, increased worldwide in the second quarter of 2014. Only Brazil recorded a drop in demand. The European tire market saw heterogeneous development, with slightly reduced momentum compared with the preceding quarter.

Following a modest performance in the first quarter for weather-related reasons, the U.S. construction industry delivered positive impetus in the reporting period. The Chinese construction industry also grew significantly, with a shift away from residential construction toward infrastructure projects.

Demand for agrochemicals in Europe began well in the new growing season. Expansion in this sector also continued in the emerging economies. In the United States, however, the period of extremely cold weather in the first quarter led to planting delays that accordingly impacted demand.

Sales

Sales of the LANXESS Group in the second quarter of 2014 amounted to €2,019 million, down €122 million or 5.7% from the prior-year period. This was mainly attributable to the 4.6% negative effect of lower selling prices. While volume growth had a 1.8% positive effect on sales, this was more than offset by the adverse development of exchange rates and slightly negative portfolio effects. Adjusted for the aggregate currency and portfolio effect of minus 2.9%, operational sales showed a 2.8% decline.

Sales in the first six months of 2014 receded by 4.1% to €4,062 million. Adjusted for negative currency effects of 2.5%, the LANXESS Group posted an operational decrease in sales of 1.6% in the first half. As in the quarter, this was attributable to lower selling prices, which were partly offset by higher volumes.

Effects on Sales

%	Q2 2014	H1 2014
Price	(4.6)	(5.9)
Volume	1.8	4.3
Currency	(2.7)	(2.5)
Portfolio	(0.2)	0.0
	(5.7)	(4.1)

Sales in the Performance Polymers segment registered a 12.1% year-on-year decline for the quarter and a 9.2% decline for the first half, thus significantly impacting the Group's business development. The drop in sales at Performance Polymers was due to a decline in selling prices caused by lower purchase prices for some raw materials and to a persistently challenging competitive situation. Volumes for the second quarter were also below the prior-year period, due in part to the strike in Belgium. An increase in volumes was achieved for the first half against the same period of last year. Added to the negative currency effects was a modest negative portfolio effect from the sale of the shares of Perlon-Monofil GmbH, Dormagen, Germany.

Sales in our Advanced Intermediates segment rose in the second quarter by 2.5%, while for the first half they were level year on year (minus 0.5%). Lower purchase prices for raw materials were passed along to the market through selling price adjustments. Volumes, however, exceeded the prior-period level, mainly due to the good demand for agrochemicals and products from the integrated aromatics network. The development of exchange rates had a slightly negative effect.

Our Performance Chemicals segment recorded a 1.4% year-on-year increase in second-quarter sales and a 3.5% gain for the first half. Sales volumes moved higher, while selling prices were flat with the previous year. Minor positive portfolio effects from the acquisitions of PCTS Specialty Chemicals Pte. Ltd., Singapore, and the phosphorus chemicals business of Thermphos France S.A.R.L., Epierre, France, were more than offset by negative currency effects.

Sales by Segment

€ million	Q2 2013	Q2 2014	Change %	Proportion of Group sales %	H1 2013	H1 2014	Change %	Proportion of Group sales %
Performance Polymers	1,178	1,036	(12.1)	51.3	2,312	2,099	(9.2)	51.7
Advanced Intermediates	393	403	2.5	20.0	826	822	(0.5)	20.2
Performance Chemicals	561	569	1.4	28.2	1,081	1,119	3.5	27.6
Reconciliation	9	11	22.2	0.5	17	22	29.4	0.5
	2,141	2,019	(5.7)	100.0	4,236	4,062	(4.1)	100.0

LANXESS sales in the Germany region edged forward in both the second quarter and the first half, while business in the other regions declined. This development was driven by the Performance Polymers segment in terms of both absolute and relative sales performance.

Order book status

Most of our business is not subject to long-term agreements on fixed volumes or prices. Instead, our business is characterized by long-standing relationships with customers and revolving master agreements. Our activities are focused on demand-driven orders with relatively short lead times which do not provide a basis for forward-looking statements about our capacity utilization or volumes. The business is managed primarily on the basis of regular Group-wide forecasts with respect to the Group's operational target.

Any disclosure of the Group's order book status as of the end of a given reporting period therefore would not be indicative of the Group's short- or medium-term earning power. For this reason, no such disclosure is made in this report.

Gross profit

The cost of sales in the second quarter showed a disproportionately large decline of 9.0% compared with sales, to €1,579 million. A particularly important factor here was the decline in raw material purchase prices, which more than offset the opposing effect of higher volumes. Shifts in currency parities had a positive impact. The absence of the substantial write-downs of inventories in the previous year was an additional factor.

Gross profit was €440 million, up by €35 million or 8.6% against the prior-year quarter. The gross profit margin rose from 18.9% to 21.8%. The expansion of volumes and lower manufacturing costs contributed to this positive development, while the decline in selling prices, which outweighed the positive effect of lower raw material costs, had the opposite effect. Shifts in exchange rates had no tangible effect on the gross profit. Capacity utilization was higher than in the prior-year quarter.

In the first half as well, the cost of sales showed a larger decrease than sales, declining by 6.7% to €3,205 million. Gross profit rose by €57 million, or 7.1%, to €857 million. This was the result of higher volumes and lower manufacturing costs, while the adjustment of selling prices more than offset the relief provided by lower raw material costs. The gross profit margin rose accordingly from 18.9% to 21.1%.

EBITDA Pre Exceptionals by Segment

€ million	Q2 2013	Q2 2014	Change %	H1 2013	H1 2014	Change %
Performance Polymers	94	122	29.8	206	239	16.0
Advanced Intermediates	74	73	(1.4)	145	145	0.0
Performance Chemicals	67	86	28.4	118	154	30.5
Reconciliation	(37)	(42)	(13.5)	(97)	(94)	3.1
	198	239	20.7	372	444	19.4

EBITDA and operating result (EBIT)

The operating result before depreciation and amortization (EBITDA) pre exceptionals rose in the second quarter of 2014 by €41 million or 20.7% against the prior-year period, to €239 million. This was mainly attributable to higher volumes and lower manufacturing costs. Earnings were burdened by selling price adjustments, which exceeded the benefit from the decline in raw material costs because of the challenging competitive situation. There were no significant currency or portfolio effects. Selling expenses fell by 6.0% to €188 million. Research and development expenses, at €40 million, were down 7.0% from the prior-year period. General administration expenses amounted to €71 million, compared with €75 million in the second quarter of 2013. The development of functional costs already reflected cost savings from the Advance program. The Group's EBITDA margin pre exceptionals came in at 11.8%, against 9.2% for the corresponding period of last year.

EBITDA pre exceptionals in our Performance Polymers segment advanced by €28 million, or 29.8%, in the second quarter, to €122 million. This was mainly the result of considerably lower manufacturing costs that resulted in part from lower idle time costs. Earnings were diminished by a drop in selling prices due to lower purchase prices for raw materials. The persistently difficult competitive situation for synthetic rubber also had a negative impact. Further adverse effects resulted from the partly strike-related decline in volumes and from shifting currency parities. Portfolio changes were not a significant factor.

EBITDA pre exceptionals in the Advanced Intermediates segment, at €73 million, was approximately level with the year-ago second-quarter figure of €74 million. Continued good demand for agrochemicals and products from the integrated aromatics network led to positive volume effects. A negative price effect resulted from selling price adjustments, which were driven by lower raw material costs. Earnings were held back by unfavorable shifts in currency parities and a rise in manufacturing costs.

The Performance Chemicals segment generated EBITDA pre exceptionals of €86 million, against €67 million in the prior-year quarter. The increase was largely attributable to higher volumes and positive price effects. In addition, currency and portfolio effects were positive on aggregate.

Group EBITDA pre exceptionals for the first half of 2014 increased by €72 million to €444 million. As in the second quarter, this development was mainly driven by positive volume effects and lower manufacturing costs. Earnings were held back by selling price adjustments, which exceeded the decline in raw material prices. Selling expenses fell by €15 million or 3.9% to €374 million, while research expenditures were down by €6 million to €85 million. The Group's EBITDA margin pre exceptionals came in at 10.9%, against 8.8% for the first half of last year.

Higher volumes and significantly lower manufacturing costs were the main reasons for the improvement in earnings of the Performance Polymers segment. EBITDA pre exceptionals for the first half climbed from €206 million to €239 million. First-half earnings in the Advanced Intermediates segment were flat with the prior-year period at €145 million. The Performance Chemicals segment raised earnings by €36 million to €154 million, largely thanks to higher volumes and price effects.

The Group operating result (EBIT) amounted to €122 million in the second quarter of 2014, up from €50 million in the year-earlier quarter. Depreciation and amortization, at €99 million, was €17 million or 14.7% below the prior-year period, even after additions from capital expenditures. The reduction in the depreciation and amortization base at the end of 2013 due to impairment charges had an impact here. The exceptional charges included in other operating expenses totaled €19 million, of which €18 million impacted EBITDA. They related mainly to measures associated with the Advance program. Exceptional charges in the prior-year quarter came to €38 million, of which €32 million impacted EBITDA.

Reconciliation of EBITDA Pre Exceptionals to Operating Result (EBIT)

€ million	Q2 2013	Q2 2014	Change %	H1 2013	H1 2014	Change %
EBITDA pre exceptionals	198	239	20.7	372	444	19.4
Depreciation and amortization	(116)	(99)	14.7	(218)	(202)	7.3
Exceptional items in EBITDA	(32)	(18)	43.8	(37)	(45)	(21.6)
Operating result (EBIT)	50	122	> 100	117	197	68.4

In the first half of 2014, LANXESS achieved an operating result (EBIT) of €197 million, compared with €117 million in the prior-year period. Depreciation and amortization came to €202 million, which was €16 million or 7.3% below the first half of last year due to the lower depreciation and amortization base. The exceptional charges included in other operating expenses amounted to €46 million, of which €45 million impacted EBITDA. They related mainly to measures associated with the Advance program and to expenses for the design and implementation of IT projects. The exceptional charges of €43 million in the prior-year period, of which €37 million impacted EBITDA, mainly pertained to measures that later formed part of the Advance program.

Financial result

The financial result for the second quarter of 2014 was minus €28 million, compared with minus €39 million for the prior-year period. Interest expense declined by €12 million against the same period of last year. This was mainly due to the repayment of the €500 million Eurobond issued in 2009, which matured in the reporting period. Interest expense was burdened by the capitalization of pro-rata borrowing costs, which partly related to the new plants in Singapore and in China. The amount capitalized was slightly higher than in the prior-year quarter. The earnings contribution from investments accounted for using the equity method came to €4 million in the reporting period, against €0 million in the prior-year quarter.

The financial result for the first half was minus €65 million, against minus €75 million a year ago. This was partly attributable to the improvement in the net interest position and a higher earnings contribution from investments accounted for using the equity method.

Income before income taxes

Second-quarter income before income taxes came in at €94 million, against €11 million for the prior-year period. The effective tax rate was 42.6%, compared with 27.3% for the prior-year quarter.

Income before income taxes for the first half increased from €42 million to €132 million. The effective tax rate was 40.9%, against 23.8% a year ago.

Net income/Earnings per share/ Earnings per share pre exceptionals

Net income for the second quarter came to €55 million, compared with €9 million in the prior-year period. First-half net income rose from €34 million to €80 million.

Non-controlling interests accounted for a loss of €1 million in the second quarter, as in the prior-year period. The corresponding figure for the first half of 2014 was minus €2 million, as in the same period of last year.

Earnings per share are calculated by dividing net income by the weighted average number of LANXESS shares in circulation. The number of shares in circulation rose due to the shares issued for the capital increase. The higher number of shares was accounted for pro rata temporis. Earnings per share were €0.63 in the second quarter, well ahead of the €0.11 recorded for the prior-year period. First-half earnings per share rose from €0.41 to €0.93.

Earnings per share pre exceptionals came in at €0.79 and €1.32 in the second quarter and first half of 2014, respectively, compared with €0.42 and €0.76 for the respective prior-year periods. This value was calculated by adjusting earnings per share for exceptional items and the attributable tax effects. Exceptional items in the second quarter came to €19 million, against €38 million in the prior-year period. Exceptional items in the first six months of 2014 amounted to €46 million, against €43 million a year ago.

Business development by region

Sales by Market

	Q2 2013		Q2 2014		Change	H1 2013		H1 2014		Change
	€ million	%	€ million	%		€ million	%	€ million	%	
EMEA (excluding Germany)	624	29.1	602	29.8	(3.5)	1,247	29.4	1,220	30.0	(2.2)
Germany	362	16.9	363	18.0	0.3	732	17.3	744	18.3	1.6
North America	357	16.7	339	16.8	(5.0)	684	16.2	670	16.5	(2.0)
Latin America	276	12.9	221	10.9	(19.9)	521	12.3	438	10.8	(15.9)
Asia-Pacific	522	24.4	494	24.5	(5.4)	1,052	24.8	990	24.4	(5.9)
	2,141	100.0	2,019	100.0	(5.7)	4,236	100.0	4,062	100.0	(4.1)

Sales in the EMEA (excluding Germany) region decreased by 3.5% in the second quarter of 2014, to €602 million. Adjusted for currency changes and for portfolio effects from the acquisition of the phosphorus chemicals business of Thermphos France S.A.R.L., Epierre, France, and the divestiture of the company's interest in Perlon-Monofil GmbH, sales receded by 2.5%. While the Performance Polymers segment saw sales decline by a high-single-digit percentage, business in the Advanced Intermediates and Performance Chemicals segments showed low-single-digit rates of growth. The negative sales development in the region mainly applied to France, Turkey, Belgium, Spain and Italy. By contrast, demand developed positively in the Netherlands, the Czech Republic, the United Kingdom, South Africa and Hungary.

First-half sales in the EMEA (excluding Germany) region fell by 2.2% to €1,220 million. The currency- and portfolio-adjusted decline was 1.7%. The Performance Polymers segment registered a high-single-digit percentage decline in sales. On the other hand, our Advanced Intermediates and Performance Chemicals segments developed positively, posting mid-single-digit percentage gains. Demand developed well in the Netherlands, the Czech Republic, Ireland and South Africa, while sales declines against the year-earlier period were recorded mainly in Turkey, Spain, France and Italy.

With a 29.8% share of total sales for the second quarter and a 30.0% share for the first half, EMEA (excluding Germany) remained the largest of the LANXESS Group's regions in terms of sales.

Our sales in Germany were nearly level year on year in the second quarter, at €363 million. There were no material portfolio effects. Sales in our Performance Polymers segment were down against the prior-year quarter, while the Advanced Intermediates and Performance Chemicals segments posted clear single-digit percentage gains.

In the first half of 2014, our business in Germany expanded by 1.6% to €744 million. Sales in the Performance Polymers and Advanced Intermediates segments were nearly level with the prior-year period. The Performance Chemicals segment raised sales by a high-single-digit percentage.

Germany's share of Group sales came to 18.0% for the second quarter and 18.3% for the first half, both figures being slightly ahead of the respective prior-year periods.

Sales in North America moved back by 5.0% in the second quarter of 2014, to €339 million. Adjusted for negative currency effects and minor portfolio effects, sales were down by 0.5%. Business development was marked by a mid-single-digit percentage decline in sales of our Performance Polymers segment. This was not fully offset by a low-double-digit percentage increase in sales of the Advanced Intermediates segment. Business in the Performance Chemicals segment was nearly at the level of the prior-year quarter.

In the first half of 2014, sales in North America decreased by 2.0% to €670 million. Adjusted for currency and portfolio effects, sales rose by 2.1%. All segments registered higher sales, with low-single-digit percentage growth rates.

LANXESS generated 16.8% of second-quarter sales and 16.5% of first-half sales in this region. These were slightly higher shares than in the previous year.

Sales in the Latin America region receded in the second quarter of 2014 by 19.9% against the prior-year period, to €221 million. Adjusted for currency changes, sales fell by 17.4%. The Performance Polymers segment in particular registered a substantial double-digit percentage decline in sales. The Performance Chemicals segment

recorded a mid-single-digit sales decrease. Only the Advanced Intermediates saw just a small decrease, with sales close to the level of the prior-year quarter. Development in the region was driven by Brazil, Argentina and Mexico.

First-half sales in the Latin America region declined by 15.9% to €438 million. The currency- and portfolio-adjusted decrease was 12.0%. The lower sales were mainly due to the weaker business development in the Performance Polymers segment. Sales fell by low-single-digit percentages in the Advanced Intermediates and Performance Chemicals segments. The first-half development of operational sales in the region was dominated by Brazil and Argentina.

The region accounted for 10.9% of Group sales in the second quarter and 10.8% in the first half, both figures being below prior-year levels.

Second-quarter sales in the Asia-Pacific region dropped by 5.4% to €494 million. Adjusted for negative currency changes and minor portfolio effects, sales increased by 0.5%. While sales in the Performance Polymers segment declined by a mid-single-digit percentage, business in the Advanced Intermediates segment was only slightly down against the prior-year period. The Performance Chemicals segment experienced positive business development, with sales advancing by a low-double-digit percentage. This operational sales development was mainly driven by India, Singapore and Indonesia. By contrast, we saw lower sales particularly in South Korea, Taiwan and Thailand.

In the first half of 2014, sales in this region receded by 5.9% to €990 million. Adjusted for currency and portfolio effects, the decrease came to 1.2%. The Performance Polymers and Advanced Intermediates segments posted single-digit percentage declines, while the Performance Chemicals segment achieved double-digit sales growth.

Asia-Pacific's share of Group sales came to 24.5% for the second quarter and 24.4% for the first half, compared with 24.4% and 24.8% for the respective prior-year periods.

Segment information

Performance Polymers

	Q2 2013		Q2 2014		Change	H1 2013		H1 2014		Change
	€ million	Margin %	€ million	Margin %		€ million	Margin %	€ million	Margin %	
Sales	1,178		1,036		(12.1)	2,312		2,099		(9.2)
EBITDA pre exceptionals	94	8.0	122	11.8	29.8	206	8.9	239	11.4	16.0
EBITDA	94	8.0	119	11.5	26.6	206	8.9	227	10.8	10.2
Operating result (EBIT) pre exceptionals	29	2.5	72	6.9	> 100	81	3.5	133	6.3	64.2
Operating result (EBIT)	29	2.5	68	6.6	> 100	81	3.5	120	5.7	48.1
Cash outflows for capital expenditures	85		112		31.8	143		188		31.5
Depreciation and amortization	65		51		(21.5)	125		107		(14.4)
Employees as of June 30 (previous year: as of Dec. 31)	5,379		5,239		(2.6)	5,379		5,239		(2.6)

In the second quarter too, business development in our Performance Polymers segment remained well below the level of the prior-year period. Sales decreased by 12.1% year on year, to €1,036 million. Development was significantly impacted by a negative price effect of 7.5% that resulted from a persistently difficult competitive situation and lower purchase prices for raw materials. Volumes were also down by a modest 1.3% compared with the prior-year period. This downturn was intensified by the unfavorable currency effect of 2.7% and a minor negative portfolio effect from the divestiture of the company's interest in Perlon-Monofil GmbH, Dormagen, Germany.

All business units in this segment were impacted by declining market prices, whereas volumes developed differently. The Keltan Elastomers business unit and particularly the High Performance Materials business unit registered an increase in volumes. However, volumes developed negatively in all other business units in the segment. The decline in the Butyl Rubber business unit resulted partly from the strike in Belgium. Shifts in exchange rates had an adverse effect in all of the segment's business units. Business receded in all regions.

EBITDA pre exceptionals in the Performance Polymers segment rose by €28 million to €122 million. A positive impact on earnings resulted especially from considerably lower manufacturing costs that were attributable in part to lower idle capacity costs. Lower selling prices resulting from a decline in purchase prices for raw materials

had the opposite effect. The persistently difficult competitive situation for synthetic rubber also held back earnings. In addition, the development of volumes held back earnings at the segment level. Currency and portfolio effects did not have a significant impact. The EBITDA margin pre exceptionals came in at 11.8% for the second quarter, against 8.0% a year ago.

Segment sales in the first half of 2014 fell back by a significant 9.2% to €2,099 million. Price adjustments made in response to the market environment and to lower raw material costs resulted in a sales decline of 9.6%. Volumes were up 3.2% on the prior-year period. Unfavorable currency effects of 2.5% were compounded by a slightly negative portfolio effect of 0.3%.

The segment achieved EBITDA pre exceptionals of €239 million in the first half of 2014, compared with €206 million in the same period a year ago. The EBITDA margin pre exceptionals came in at 11.4% for the half-year, against 8.9% a year ago.

Exceptional charges for the segment amounted to €4 million in the second quarter and €13 million in the first half, of which €3 million and €12 million, respectively, impacted EBITDA. They mainly resulted from measures within the Advance program.

Advanced Intermediates

	Q2 2013		Q2 2014		Change %	H1 2013		H1 2014		Change %
	€ million	Margin %	€ million	Margin %		€ million	Margin %	€ million	Margin %	
Sales	393		403		2.5	826		822		(0.5)
EBITDA pre exceptionals	74	18.8	73	18.1	(1.4)	145	17.6	145	17.6	0.0
EBITDA	78	19.8	72	17.9	(7.7)	149	18.0	143	17.4	(4.0)
Operating result (EBIT) pre exceptionals	55	14.0	52	12.9	(5.5)	109	13.2	101	12.3	(7.3)
Operating result (EBIT)	59	15.0	51	12.7	(13.6)	113	13.7	99	12.0	(12.4)
Cash outflows for capital expenditures	23		20		(13.0)	42		39		(7.1)
Depreciation and amortization	19		21		10.5	36		44		22.2
Employees as of June 30 (previous year: as of Dec. 31)	2,854		2,811		(1.5)	2,854		2,811		(1.5)

Sales in our Advanced Intermediates segment rose by 2.5% in the second quarter of 2014 to €403 million. While selling price adjustments necessitated by a decline in raw material prices resulted in a negative price effect of 3.3%, volumes were up by 7.9% against the prior-year quarter. Sales were diminished by negative currency effects of 2.1%.

Selling prices in the segment's two business units were below the level of the prior-year quarter, while volumes moved substantially higher in some cases. The demand for agrochemicals and for products from the integrated aromatics network developed nicely. Currency effects had a negative impact on the Advanced Industrial Intermediates and Saltigo business units. The segment posted higher sales in the North America, Germany and EMEA (excluding Germany) regions, while business was down in Latin America and Asia-Pacific particularly for currency reasons.

EBITDA pre exceptionals for the Advanced Intermediates segment was nearly level with the prior-year period at €73 million. Earnings were improved by higher volumes and lower raw material costs but held back by the adjustment of selling prices, increases in manufacturing costs and exchange rate developments. The EBITDA margin pre exceptionals declined slightly to 18.1% from the high prior-year level of 18.8%.

The Advanced Intermediates segment generated half-year sales of €822 million, which was nearly at the level of the previous year with a slight drop of 0.5%. Selling price adjustments prompted by lower raw material costs resulted in a negative price effect of 3.6% that was exacerbated by a 1.7% negative currency effect. This development was nearly offset by good demand for agrochemicals and for products from the integrated aromatics network, resulting in a volume increase of 4.8%.

The segment achieved EBITDA pre exceptionals of €145 million in the first half of 2014, which was level with the prior-year period. The EBITDA margin pre exceptionals was unchanged at 17.6%.

The segment had exceptional items of €1 million in the second quarter and €2 million in the first half of 2014, with the entire amount impacting EBITDA. These related to measures within the Advance program. The exceptional income in the same periods of the previous year related to income from the reversal of provisions for the realignment of the Saltigo business unit.

Performance Chemicals

	Q2 2013		Q2 2014		Change	H1 2013		H1 2014		Change
	€ million	Margin %	€ million	Margin %		€ million	Margin %	€ million	Margin %	
Sales	561		569		1.4	1,081		1,119		3.5
EBITDA pre exceptionals	67	11.9	86	15.1	28.4	118	10.9	154	13.8	30.5
EBITDA	34	6.1	83	14.6	> 100	84	7.8	141	12.6	67.9
Operating result (EBIT) pre exceptionals	45	8.0	63	11.1	40.0	75	6.9	111	9.9	48.0
Operating result (EBIT)	6	1.1	60	10.5	> 100	35	3.2	98	8.8	> 100
Cash outflows for capital expenditures	34		18		(47.1)	53		28		(47.2)
Depreciation and amortization	28		23		(17.9)	49		43		(12.2)
Employees as of June 30 (previous year: as of Dec. 31)	5,837		5,716		(2.1)	5,837		5,716		(2.1)

Sales in the Performance Chemicals segment rose by 1.4% in the second quarter, to €569 million. With selling prices up slightly against the prior-year quarter, the development of volumes in particular had a positive effect of 3.7% on sales. A positive portfolio effect of 0.4% from the acquisition of the phosphorus chemicals business of Thermphos France S.A.R.L., Epierre, France, was not sufficient to offset negative currency effects of 3.0%.

Overall, the segment's volumes and selling prices were above the level of the prior-year quarter, although the individual business units trended differently. The Leather, Material Protection Products, Rhein Chemie and Inorganic Pigments business units benefited particularly from a growth in volumes. The Functional Chemicals, Rubber Chemicals and Liquid Purification Technologies business units raised selling prices, while there were no major price effects on sales of the remaining business units. The development of exchange rates had a negative impact in all of the segment's business units. Business expanded in the Asia-Pacific, Germany and EMEA (excluding Germany) regions, while sales declined in North and Latin America.

EBITDA pre exceptionals in the Performance Chemicals segment advanced by a substantial 28.4% from the prior-year level of €67 million, to €86 million. This increase resulted particularly from the positive volume development. Earnings were improved by a

slightly favorable price effect and cost relief from lower raw material purchase prices. The slightly negative portfolio effects were more than offset by exchange rate developments, a positive currency effect on the cost base outweighing the negative effect on sales due to geographical variations in the currency effects. The EBITDA margin pre exceptionals improved from 11.9% to 15.1%.

The Performance Chemicals segment posted sales of €1,119 million in the first half of 2014, up 3.5% from the same period a year ago. Volumes expanded by 5.8%, while selling prices were level with the prior-year period. A portfolio effect of 0.5% was far more than offset by adverse exchange rate movements of 3.1%.

The segment generated EBITDA pre exceptionals of €154 million in the first six months of 2014, against €118 million in the prior-year period. The EBITDA margin pre exceptionals increased from 10.9% to 13.8%.

The segment had exceptional items of €3 million in the second quarter and €13 million in the first half of 2014, with the entire amount impacting EBITDA. As in the previous year, they mainly resulted from measures within the Advance program.

Reconciliation

	Q2 2013	Q2 2014	Change	H1 2013	H1 2014	Change
	€ million	€ million	%	€ million	€ million	%
Sales	9	11	22.2	17	22	29.4
EBITDA pre exceptionals	(37)	(42)	(13.5)	(97)	(94)	3.1
EBITDA	(40)	(53)	(32.5)	(104)	(112)	(7.7)
Operating result (EBIT) pre exceptionals	(41)	(46)	(12.2)	(105)	(102)	2.9
Operating result (EBIT)	(44)	(57)	(29.5)	(112)	(120)	(7.1)
Cash outflows for capital expenditures	17	4	(76.5)	14	7	(50.0)
Depreciation and amortization	4	4	0.0	8	8	0.0
Employees as of June 30 (previous year: as of Dec. 31)	3,273	3,120	(4.7)	3,273	3,120	(4.7)

Second-quarter EBITDA pre exceptionals for the reconciliation came to minus €42 million, compared with minus €37 million in the prior-year period. Group EBITDA pre exceptionals for the half-year improved from minus €97 million to minus €94 million. The €11 million in exceptional charges reported in the reconciliation for the second quarter and the €18 million for the first six months of the year related primarily to measures undertaken in connection with Advance and expenses for the design and implementation of IT projects. Exceptional items in the previous year also related to expenses for the design and implementation of IT projects.

Statement of financial position and financial condition

Structure of the statement of financial position

As of June 30, 2014, the LANXESS Group had total assets of €7,196 million, up €385 million, or 5.7%, from €6,811 million on December 31, 2013. This was mainly attributable to the seasonal increase in working capital and to capital expenditures for property, plant and equipment. The equity ratio increased to 32.3%, particularly as a result of the capital increase in the second quarter.

Non-current assets rose during the first half-year by €125 million to €3,717 million, with intangible assets and property, plant and equipment increasing by €93 million to €3,319 million. Cash outflows for purchases of property, plant and equipment and intangible assets in the first half of 2014 were €262 million, slightly ahead of the prior-year level of €252 million. Depreciation and amortization in the first half of 2014 totaled €202 million and was thus below the prior-year level despite capital expenditures, mainly because of the lower depreciation and amortization base following impairments of intangible assets and property, plant and equipment at year end 2013. The ratio of non-current assets to total assets was 51.7%, down from 52.7% on December 31, 2013.

Current assets increased by €260 million, or 8.1%, compared with December 31, 2013 to €3,479 million. The inventory growth of €178 million, or 13.7%, to €1,477 million was largely volume-related, partly against the background of shutdowns planned for the second half of the year. Trade receivables were €82 million, or 7.7%, higher at €1,152 million. The ratio of current assets to total assets was 48.3%, against 47.3% as of December 31, 2013.

The LANXESS Group has significant internally generated intangible assets that are not reflected in the statement of financial position in light of accounting rules. These include the brand equity of LANXESS and the value of other brands of the Group. A variety of measures

was deployed in the reporting period to continually enhance these assets and help maintain the sound positions our business units hold in their respective markets.

Our established relationships with customers and suppliers also constitute a significant intangible asset. These long-standing, trust-based partnerships with customers and suppliers, underpinned by consistent service quality, enable us to compete successfully even in a more challenging business environment. Our competence in technology and innovation, also a valuable asset, is rooted in our specific knowledge in the areas of research and development and custom manufacturing. It enables us to generate significant added value for our customers.

The know-how and experience of our employees are crucial factors for our corporate success. In addition, we have sophisticated production and business processes that create competitive advantages for us in the relevant markets.

Equity amounted to €2,324 million, up by €424 million or 22.3% compared with December 31, 2013. This increase resulted particularly from the 10% capital increase in the second quarter and from the total comprehensive income in the reporting period. The dividend payment reduced equity. The ratio of equity to the Group's total assets was 32.3% as of June 30, 2014, against 27.9% as of December 31, 2013.

Non-current liabilities increased by €252 million to €3,281 million as of June 30, 2014. Provisions for pensions and other post-employment benefits rose by €140 million compared with the end of 2013, to €1,083 million. The increase resulted particularly from the change in the interest rates used for measurement. Other non-current financial liabilities amounted to €1,774 million, up by €125 million against December 31, 2013. This increase resulted primarily from the pro-rata refinancing of the €500 million Eurobond issued in 2009 that

matured in the reporting period. The ratio of non-current liabilities to total assets was 45.6%, up from 44.5% as of December 31, 2013.

Current liabilities came to €1,591 million, down by €291 million or 15.5% from December 31, 2013. This decline resulted especially from the repayment of the aforementioned Eurobond issued in 2009. Trade payables, at €694 million, were level with the end of 2013. Other current provisions increased by €32 million to €387 million. The ratio of current liabilities to total assets was 22.1% as of June 30, 2014, against 27.6% at the end of 2013.

Financial condition and capital expenditures

Changes in the statement of cash flows In the first six months of 2014 there was a net cash inflow of €187 million from operating activities, against a net outflow of €67 million in the prior-year period. With income before income taxes amounting to €132 million, the increase in net working capital compared to December 31, 2013 resulted in a cash outflow of €250 million. In the prior-year period, income before income taxes was €42 million and the cash outflow from the increase in net working capital was €230 million. The increase in net working capital in the reporting period was mainly due to higher inventories and trade receivables.

There was a €415 million net cash outflow from investing activities in the first half of 2014, compared with a net inflow of €51 million in the same period a year ago. The net cash outflow in the reporting period was mainly attributable to purchases of intangible assets and property, plant and equipment totaling €262 million, and of near-cash assets totaling €163 million. The net cash inflow in the prior-year period was largely the aggregate of inflows from the sale of near-cash assets of €315 million and outflows of €252 million for purchases of intangible assets and property, plant and equipment. Depreciation and amortization amounted to €202 million in the reporting period, against €218 million a year before.

Net cash provided by financing activities came to €100 million, compared with net cash of €99 million used in financing activities in the first half of 2013. The cash inflow of €433 million from the capital increase and €317 million in proceeds from new borrowings in the reporting period was partly offset particularly by outflows of €519 million for the repayment of financial liabilities and by the dividend payment to LANXESS AG stockholders for fiscal 2013. Cash outflows in the prior-year period related mainly to interest payments and the dividend payment for fiscal 2012.

Financing and liquidity The principles and objectives of financial management discussed on page 84 of the Annual Report 2013 remained valid during the first half of 2014. They are centered on a conservative financial policy built on long-term, secured financing.

Cash and cash equivalents decreased by €126 million compared with the end of 2013, to €301 million. This decrease resulted from factors including the repayment partly in cash of the €500 million Eurobond issued in 2009 that matured in the reporting period. The €269 million of instant-access investments in money market funds, up from €106 million at the end of 2013, were reported under near-cash assets. The Group's liquidity position thus remains sound.

The capital increase resolved by the Board of Management on May 7, 2014 with the authorization of the Supervisory Board was completed on May 8, 2014 in an accelerated bookbuilding process. The additional 8,320,266 shares were placed with international institutional investors at a price of €52.00 per share, resulting in gross proceeds of €433 million. This capital measure strengthened the LANXESS Group's equity and reduced net financial liabilities.

Net financial liabilities totaled €1,495 million as of June 30, 2014, compared with €1,731 million as of December 31, 2013.

Net Financial Liabilities		
€ million	Dec. 31, 2013	June 30, 2014
Non-current financial liabilities	1,649	1,774
Current financial liabilities	668	316
less		
Liabilities for accrued interest	(53)	(25)
Cash and cash equivalents	(427)	(301)
Near-cash assets	(106)	(269)
	1,731	1,495

Financing instruments off the statement of financial position As of June 30, 2014, we had no material financing items that were not reported in the statement of financial position, such as factoring, asset-backed structures or sale-and-lease-back transactions.

Significant capital expenditure projects Capital expenditures in the Performance Polymers segment included, among other projects, the construction of the world's largest production facility for neodymium-based performance butadiene rubber (Nd-PBR) for our Performance Butadiene Rubbers business unit in Singapore. This facility is designed for an annual capacity of 140,000 tons and is due on stream in the first half of 2015. In Changzhou, China, our Keltan Elastomers business unit is constructing the world's largest production plant for synthetic ethylene-propylene-diene rubber (EPDM) with an annual capacity of up to 160,000 tons. Start-up of this plant, which will utilize the innovative Keltan® ACE™ technology, is planned for 2015. In the second quarter of 2014, the High Performance Materials business unit finished construction of its facility for polyamide plastics at the site in Antwerp, Belgium, with an annual capacity of around 90,000 tons. The plant is due on stream in the third quarter of 2014. In addition, a new compounding facility for high-tech engineering plastics was commissioned in April 2014 in Porto Feliz, Brazil.

The Performance Chemicals segment's Inorganic Pigments business unit is currently building a new facility for iron oxide red pigments in Ningbo, China, designed for an initial annual capacity of 25,000 tons. Start-up of this plant is planned for the first quarter of 2016.

Opportunities, risks and future perspectives

Significant opportunities and risks

There have been no significant changes in the opportunities or risks of the LANXESS Group compared with December 31, 2013. Further information on this topic is provided in the combined management report for LANXESS AG and the LANXESS Group on pages 101 to 113 of the Annual Report 2013. Based on an overall evaluation of risk management information, the Board of Management at the present time cannot identify any sufficiently likely risks or risk combinations that would jeopardize the continued existence of LANXESS.

Future perspectives

LANXESS continues to anticipate that the global economy will slowly recover during the remainder of the year. The positive economic development in the established economic regions is expected to continue, while slightly slower growth is expected in the emerging economies.

The predicted growth rate for China, at 7.5%, is within previous expectations, while the forecast for the United States has been slightly lowered to 1.5%. In our view, Europe will also develop as anticipated, with economic growth of 1.5%. In the Latin America region, on the other hand, we predict significantly weaker growth for Brazil in 2014. The flashpoints in the Middle East and the ongoing political conflict in Ukraine pose substantial risks to economic development. Growth could also be held back by the difficult financial situation that continues to confront European governments and banks and by the distressed loans on the balance sheets of Chinese banks.

We believe that production in the chemical industry will continue to increase and that this development will be robust. Momentum in the emerging markets will likely remain strong, with China the focus of this growth. Somewhat weaker growth of 2.5% is forecasted for the United States, while EMEA should develop in line with existing expectations at 1.5%.

As regards our customer industries, we currently predict slightly weaker growth for automotive production due to the impact of the tensions in Ukraine and political instability in Thailand, along with economic weakness in Brazil. Against this background, the growth forecast has been reduced from 5% to 3.5%.

We anticipate positive development in the tire industry, mainly in light of the development of the replacement-tire market. As growth in automobile production is likely to be weaker, however, the forecast has been slightly reduced from 4% to 3.5%. Despite the crisis in Ukraine, production in EMEA is likely to expand by 2%, while a modest increase in tire industry growth to 9% is now predicted in the Chinese economic region. Development in the United States should be in line with the original forecasts.

Market demand for agrochemicals is likely to continue developing robustly during the remainder of the year.

We assume there will be further growth in the construction industry in the coming quarters, though there will probably be regional variations. EMEA will likely continue to grow, and we expect somewhat

weaker growth in China. Residential construction remains very strong in the United States. At the global level, however, infrastructure investment is expected to grow significantly more quickly than residential construction.

We anticipate the following developments for our businesses over the further course of the year:

We foresee a persistently challenging competitive environment and continuing pressure on prices in our synthetic rubber businesses, which are closely linked with the automotive and tire industries. As a result, we predict restrained development to continue in the coming months in our Performance Polymers segment, particularly for its synthetic rubber business units.

In the agrochemicals business, we expect demand to continue developing well for the remainder of the year. We believe the business units in our Advanced Intermediates segment will benefit from this situation and continue their positive development.

The forecasted growth in the construction industry should provide further positive impetus for our pigments business in the Performance Chemicals segment, leading to good development there.

Following the completion of our growth project in Antwerp at the end of the second quarter, our investment will focus on the implementation of our further growth projects in China and Singapore, which are already well advanced. Cash outflows for capital expenditures are expected to be at about the prior-year level in 2014 due to these projects. After completing these facilities, we plan to focus our future spending on maintenance and efficiency improvement measures, reducing the level of capital expenditures.

We continue to anticipate that EBITDA pre exceptionals will show a year-on-year improvement in 2014. We are narrowing our earnings guidance and now anticipate that we will achieve EBITDA pre exceptionals of between €780 million and €820 million in 2014.

LANXESS has initiated a realignment program to restore the Group to significantly greater competitiveness and profitability. This program is aimed at enhancing administrative structures and decision-making processes and further improving customer and market focus in the business units.

We had already announced that we are developing measures to reduce costs and improve the Group's competitiveness when we published our results for the first quarter of 2014 at the beginning of May. We will provide further details of the restructuring program during the second half of 2014.

Further information on this topic is given in the combined management report for LANXESS AG and the LANXESS Group on pages 113 to 115 of the Annual Report 2013.

Events after the end of the reporting period

Following the announcement in May 2014 that measures would be taken to reduce costs and increase the Group's competitiveness, a Group-wide restructuring program was initiated in July 2014. Discussions on the planned measures are now being held with the Supervisory Board and the employee representatives. Details of the restructuring program will be provided during the second half of 2014.

Condensed Consolidated Interim Financial Statements

as of June 30, 2014

LANXESS Group Statement of Financial Position

€ million	Dec. 31, 2013	June 30, 2014
ASSETS		
Intangible assets	323	319
Property, plant and equipment	2,903	3,000
Investments accounted for using the equity method	12	17
Investments in other affiliated companies	13	13
Non-current derivative assets	20	10
Other non-current financial assets	11	13
Non-current income tax receivables	1	1
Deferred taxes	254	283
Other non-current assets	55	61
Non-current assets	3,592	3,717
Inventories	1,299	1,477
Trade receivables	1,070	1,152
Cash and cash equivalents	427	301
Near-cash assets	106	269
Current derivative assets	58	27
Other current financial assets	6	5
Current income tax receivables	55	19
Other current assets	198	229
Current assets	3,219	3,479
Total assets	6,811	7,196
EQUITY AND LIABILITIES		
Capital stock and capital reserves	889	1,317
Other reserves	1,690	1,406
Net income (loss)	(159)	80
Other equity components	(525)	(482)
Equity attributable to non-controlling interests	5	3
Equity	1,900	2,324
Provisions for pensions and other post-employment benefits	943	1,083
Other non-current provisions	258	269
Non-current derivative liabilities	12	3
Other non-current financial liabilities	1,649	1,774
Non-current income tax liabilities	49	39
Other non-current liabilities	89	83
Deferred taxes	29	30
Non-current liabilities	3,029	3,281
Other current provisions	355	387
Trade payables	690	694
Current derivative liabilities	22	15
Other current financial liabilities	668	316
Current income tax liabilities	21	60
Other current liabilities	126	119
Current liabilities	1,882	1,591
Total equity and liabilities	6,811	7,196

LANXESS Group Income Statement

€ million	Q2 2013	Q2 2014	H1 2013	H1 2014
Sales	2,141	2,019	4,236	4,062
Cost of sales	(1,736)	(1,579)	(3,436)	(3,205)
Gross profit	405	440	800	857
Selling expenses	(200)	(188)	(389)	(374)
Research and development expenses	(43)	(40)	(91)	(85)
General administration expenses	(75)	(71)	(154)	(145)
Other operating income	36	34	66	65
Other operating expenses	(73)	(53)	(115)	(121)
Operating result (EBIT)	50	122	117	197
Income from investments accounted for using the equity method	0	4	0	5
Interest income	0	1	1	2
Interest expense	(28)	(16)	(54)	(41)
Other financial income and expense	(11)	(17)	(22)	(31)
Financial result	(39)	(28)	(75)	(65)
Income before income taxes	11	94	42	132
Income taxes	(3)	(40)	(10)	(54)
Income after income taxes	8	54	32	78
of which attributable to non-controlling interests	(1)	(1)	(2)	(2)
of which attributable to LANXESS AG stockholders (net income)	9	55	34	80
Earnings per share (undiluted/diluted) (€)	0.11	0.63	0.41	0.93

LANXESS Group **Statement of Comprehensive Income**

€ million	Q2 2013	Q2 2014	H1 2013	H1 2014
Income after income taxes	8	54	32	78
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of the net defined benefit liability for post-employment benefit plans	12	(67)	(8)	(114)
Income taxes	(4)	20	2	35
	8	(47)	(6)	(79)
Items that may be reclassified subsequently to profit or loss if specific conditions are met				
Exchange differences on translation of operations outside the eurozone	(106)	40	(60)	36
Financial instruments	(20)	5	(32)	12
Income taxes	5	(2)	8	(5)
	(121)	43	(84)	43
Other comprehensive income, net of income tax	(113)	(4)	(90)	(36)
Total comprehensive income	(105)	50	(58)	42
of which attributable to non-controlling interests	(2)	(1)	(2)	(2)
of which attributable to LANXESS AG stockholders	(103)	51	(56)	44

LANXESS Group **Statement of Changes in Equity**

€ million	Capital stock	Capital reserves	Other reserves	Net income (loss)	Other equity components		Equity attributable to LANXESS AG stockholders	Equity attributable to non-controlling interests	Equity
					Currency translation adjustment	Financial instruments			
Dec. 31, 2012	83	806	1,238	508	(329)	8	2,314	16	2,330
Allocations to retained earnings			508	(508)			0		0
Effects of the transition to full consolidation							0	9	9
Dividend payments			(83)				(83)		(83)
Total comprehensive income			(6)	34	(60)	(24)	(56)	(2)	(58)
Income after income taxes				34			34	(2)	32
Other comprehensive income, net of income tax			(6)		(60)	(24)	(90)	0	(90)
June 30, 2013	83	806	1,657	34	(389)	(16)	2,175	23	2,198
Dec. 31, 2013	83	806	1,690	(159)	(529)	4	1,895	5	1,900
Allocations to retained earnings			(159)	159			0		0
Capital increase	8	420					428		428
Dividend payments			(46)				(46)		(46)
Total comprehensive income			(79)	80	36	7	44	(2)	42
Income after income taxes				80			80	(2)	78
Other comprehensive income, net of income tax			(79)		36	7	(36)	0	(36)
June 30, 2014	91	1,226	1,406	80	(493)	11	2,321	3	2,324

LANXESS Group Statement of Cash Flows

€ million	Q2 2013	Q2 2014	H1 2013	H1 2014
Income before income taxes	11	94	42	132
Depreciation and amortization	116	99	218	202
Gains on disposals of intangible assets and property, plant and equipment	(1)	0	(1)	0
Income from investments accounted for using the equity method	0	(4)	0	(5)
Financial losses	28	13	53	38
Income taxes paid/refunded	(7)	9	(41)	19
Changes in inventories	85	(106)	4	(175)
Changes in trade receivables	10	31	(99)	(77)
Changes in trade payables	(40)	33	(135)	2
Changes in other assets and liabilities	(109)	9	(108)	51
Net cash provided by (used in) operating activities	93	178	(67)	187
Cash outflows for purchases of intangible assets, property, plant and equipment	(159)	(154)	(252)	(262)
Cash inflows from/outflows for financial assets	80	(146)	315	(163)
Cash outflows for the acquisition of subsidiaries and other businesses, less acquired cash and cash equivalents	(15)	0	(15)	0
Cash inflows from sales of intangible assets, property, plant and equipment	1	2	2	2
Cash inflows from divestments of subsidiaries and other businesses, less divested cash and cash equivalents	0	0	0	3
Interest and dividends received	0	5	1	5
Net cash provided by (used in) investing activities	(93)	(293)	51	(415)
Cash inflow from capital increase	0	433	0	433
Proceeds from borrowings	82	201	101	317
Repayments of borrowings	(7)	(499)	(37)	(519)
Interest paid and other financial disbursements	(72)	(78)	(80)	(85)
Dividend payments	(83)	(46)	(83)	(46)
Net cash provided by (used in) financing activities	(80)	11	(99)	100
Change in cash and cash equivalents from business activities	(80)	(104)	(115)	(128)
Cash and cash equivalents at beginning of period	353	405	386	427
Other changes in cash and cash equivalents	1	0	3	2
Cash and cash equivalents at end of period	274	301	274	301

Segment and Region Data

Key Data by Segment Second quarter

€ million	Performance Polymers		Advanced Intermediates		Performance Chemicals		Reconciliation		LANXESS	
	Q2 2013	Q2 2014	Q2 2013	Q2 2014	Q2 2013	Q2 2014	Q2 2013	Q2 2014	Q2 2013	Q2 2014
	External sales	1,178	1,036	393	403	561	569	9	11	2,141
Inter-segment sales	0	0	14	13	2	3	(16)	(16)	0	0
Segment/Group sales	1,178	1,036	407	416	563	572	(7)	(5)	2,141	2,019
Segment result/EBITDA pre exceptionals	94	122	74	73	67	86	(37)	(42)	198	239
EBITDA margin pre exceptionals (%)	8.0	11.8	18.8	18.1	11.9	15.1			9.2	11.8
EBITDA	94	119	78	72	34	83	(40)	(53)	166	221
EBIT pre exceptionals	29	72	55	52	45	63	(41)	(46)	88	141
EBIT	29	68	59	51	6	60	(44)	(57)	50	122
Segment capital expenditures	87	116	28	22	34	19	18	4	167	161
Depreciation and amortization	65	51	19	21	28	23	4	4	116	99

Key Data by Segment First half

€ million	Performance Polymers		Advanced Intermediates		Performance Chemicals		Reconciliation		LANXESS	
	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014
	External sales	2,312	2,099	826	822	1,081	1,119	17	22	4,236
Inter-segment sales	0	0	26	27	4	5	(30)	(32)	0	0
Segment/Group sales	2,312	2,099	852	849	1,085	1,124	(13)	(10)	4,236	4,062
Segment result/EBITDA pre exceptionals	206	239	145	145	118	154	(97)	(94)	372	444
EBITDA margin pre exceptionals (%)	8.9	11.4	17.6	17.6	10.9	13.8			8.8	10.9
EBITDA	206	227	149	143	84	141	(104)	(112)	335	399
EBIT pre exceptionals	81	133	109	101	75	111	(105)	(102)	160	243
EBIT	81	120	113	99	35	98	(112)	(120)	117	197
Segment capital expenditures	153	196	48	42	58	30	22	7	281	275
Depreciation and amortization	125	107	36	44	49	43	8	8	218	202
Employees as of June 30 (previous year: as of Dec. 31)	5,379	5,239	2,854	2,811	5,837	5,716	3,273	3,120	17,343	16,886

Key Data by Region Second quarter

€ million	EMEA (excl. Germany)		Germany		North America		Latin America		Asia-Pacific		LANXESS	
	Q2 2013	Q2 2014	Q2 2013	Q2 2014	Q2 2013	Q2 2014	Q2 2013	Q2 2014	Q2 2013	Q2 2014	Q2 2013	Q2 2014
	Sales by market	624	602	362	363	357	339	276	221	522	494	2,141
Proportion of Group sales (%)	29.1	29.8	16.9	18.0	16.7	16.8	12.9	10.9	24.4	24.5	100.0	100.0

Key Data by Region First half

€ million	EMEA (excl. Germany)		Germany		North America		Latin America		Asia-Pacific		LANXESS	
	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014
	Sales by market	1,247	1,220	732	744	684	670	521	438	1,052	990	4,236
Proportion of Group sales (%)	29.4	30.0	17.3	18.3	16.2	16.5	12.3	10.8	24.8	24.4	100.0	100.0
Employees as of June 30 (previous year: as of Dec. 31)	3,444	3,363	8,117	7,867	1,526	1,418	1,560	1,519	2,696	2,719	17,343	16,886

Notes to the Condensed Consolidated Interim Financial Statements

as of June 30, 2014

Recognition and valuation principles

The unaudited, condensed consolidated interim financial statements as of June 30, 2014 were prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations of the International Accounting Standards Board (IASB) applicable to interim financial reporting, as endorsed by the European Union. The standards and interpretations already mandatory as of January 1, 2014 were observed in preparing the interim financial statements.

The application of new or revised standards on accounting for participating interests in other entities, in particular, became mandatory as of January 1, 2014. These comprise the new standards IFRS 10, IFRS 11 and IFRS 12 together with the revised standards IAS 27 and IAS 28. IFRS 10 contains requirements for consolidated financial statements superseding those previously contained in IAS 27 and largely redefines the control concept, which forms the basis for determining which companies are to be fully consolidated. This did not result in any changes for LANXESS, however. IFRS 11 prescribes the accounting for joint arrangements and requires a reassessment of whether a joint arrangement constitutes a joint operation or a joint venture. The interest in a joint operation is accounted for by recognizing the share of assets, liabilities, revenues and expenses according to the rights and obligations of the partners. The investment in a joint venture, however, is accounted for in the consolidated financial statements using the equity method in line with the amended requirements of IAS 28. The investment in DuBay Polymer GmbH, Hamm, Germany, was previously accounted for using the proportionate consolidation method. This entity is to be regarded as a joint operation, since the partners exercise joint control over it, purchasing its entire output between them, and DuBay Polymer has no access to

external sources of finance. The company is therefore accounted for according to LANXESS's shares of its assets, liabilities, revenues and expenses. The application of the new or revised standards did not affect the classification of Currenta GmbH & Co. OHG, Leverkusen, Germany, as an associated company. It therefore continues to be accounted for using the equity method according to IAS 28. Finally, IFRS 12 relates to disclosure requirements. The application of the new or revised standards as a whole had no material impact on the LANXESS Group's financial position or results of operations.

Also mandatory as of the beginning of 2014 are the amendments to IAS 36 that were published in May 2013. The new rules make it clear that the recoverable amount of an asset or cash-generating unit now only has to be disclosed for periods in which a write-down has been recognized or reversed. Additional disclosures are required when a write-down is recognized or reversed and the recoverable amount is based on fair value less costs of disposal. Since these amendments relate solely to disclosures in the notes to the financial statements, they had no impact on the financial position or results of operations.

In compliance with IAS 34, the company opted for a condensed scope of reporting in the interim financial statements compared with the consolidated annual financial statements. Reference should be made as appropriate to the notes to the consolidated financial statements as of December 31, 2013, particularly with respect to the recognition and valuation principles applied.

Preparation of the consolidated interim financial statements requires that assumptions and estimates be made that have an impact on the amount and recognition of assets and liabilities in the statement of financial position, income and expenses, and contingent liabilities. All assumptions and estimates are made on the basis of conditions

prevailing at the reporting date, using methods generally consistent with those applied in the consolidated financial statements for 2013. The actual figures may differ from the assumptions or estimates if the underlying conditions develop differently than predicted at the reporting date.

The present interim financial statements do not contain any items that are considered unusual by virtue of their nature, scope or frequency and have had a significant impact on the assets, liabilities, equity, results for the period or cash flows.

The business of the LANXESS Group as a whole is not subject to pronounced seasonality. However, in light of the business activities of the individual segments, sales and earnings tend to be stronger in the first half of the year. For example, volumes of agrochemical products in the Advanced Intermediates segment tend to be higher in the first six months of the year because of the growing seasons. The businesses with products for the construction industry in the Advanced Intermediates and Performance Chemicals segments are also seasonal in that sales are higher in the summer than in the winter months, when activity is lower.

Scope of consolidation

The consolidated interim financial statements of the LANXESS Group include the parent company LANXESS AG along with all of its domestic and foreign subsidiaries.

	EMEA (excl. Germany)	Germany	North America	Latin America	Asia-Pacific	Total
Fully consolidated companies (incl. parent company)						
Jan. 1, 2014	23	12	5	5	20	65
Retirements		(1)			(1)	(2)
Mergers					(1)	(1)
June 30, 2014	23	11	5	5	18	62
Consolidated associates and jointly controlled entities						
Jan. 1, 2014		2				2
Changes						0
June 30, 2014	0	2	0	0	0	2
Non-consolidated companies						
Jan. 1, 2014	2	2	1	3	2	10
Retirements					(1)	(1)
June 30, 2014	2	2	1	3	1	9
Total						
Jan. 1, 2014	25	16	6	8	22	77
Retirements		(1)			(2)	(3)
Mergers					(1)	(1)
June 30, 2014	25	15	6	8	19	73

In addition, two structured entities in the EMEA (excluding Germany) region are included in the consolidated interim financial statements.

The first-time inclusion of PCTS Specialty Chemicals Pte. Ltd., Singapore, acquired in 2013, in the consolidated financial statements was effected from April 5, 2013. The provisional purchase price allocation made with respect to this transaction was not adjusted in light of any new information or knowledge within one year from the acquisition date and is therefore final. As of June 30, 2014, there were no adjustments to the purchase price allocation for the phosphorus chemicals business of Thermphos France S.A.R.L., Epierre, France, which was acquired on September 14, 2013. Details of these acquisitions and their effects on the LANXESS Group's consolidated statement of financial position are provided in the notes to the consolidated financial statements as of December 31, 2013, under the heading "Companies consolidated."

Nexachem Trading (Qingdao) Co., Ltd., Qingdao, China, was liquidated in the reporting period. In addition, PCTS Specialty Chemicals Pte. Ltd., Singapore, was merged with LANXESS Butyl Pte. Ltd., Singapore. LANXESS sold all the shares of Perlon-Monofil GmbH, Dormagen, Germany, effective March 19, 2014. These changes had no material impact on the LANXESS Group's financial position or results of operations.

Increase in the capital stock

On May 7, 2014, the Board of Management of LANXESS AG resolved, with the consent of the Supervisory Board and pursuant to the authorization as per Section 4 Paragraph 3 of the articles of incorporation, to increase the capital stock of LANXESS AG by €8,320,266 against issuance of 8,320,266 new no-par bearer shares of the company while disapplying stockholders' subscription rights. The capital increase was entered in the commercial register of the Local Court of Cologne on May 9, 2014. The capital stock now amounts to €91,522,936 and is divided into 91,522,936 no-par bearer shares. Gross proceeds of the placement were €433 million. The related transaction costs were accounted for as a deduction from equity, net of tax effects.

Earnings per share

Earnings per share for the second quarter and first half of 2013 and 2014 were calculated on the basis of the number of shares outstanding at the end of the respective periods. They are derived solely from continuing operations. The capital increase effected in the second quarter of 2014 was included in the calculation pro rata temporis. Since there are currently no equity instruments in issue that could dilute earnings per share, basic and diluted earnings per share are identical. For more information about equity instruments that could dilute earnings per share in the future, readers are referred to the notes to the consolidated financial statements as of December 31, 2013.

Earnings per Share

	Q2 2013	Q2 2014	Change %	H1 2013	H1 2014	Change %
Net income (€ million)	9	55	> 100	34	80	> 100
Number of outstanding shares ¹⁾	83,202,670	87,640,145	5.3	83,202,670	85,421,408	2.7
Earnings per share in € (undiluted/diluted)	0.11	0.63	> 100	0.41	0.93	> 100

¹⁾ Weighted average number of ordinary shares in issue; capital increase accounted for pro rata temporis

Payment of the dividend for fiscal 2013

Pursuant to the resolution of the Annual Stockholders' Meeting on May 22, 2014, the sum of €46 million out of the distributable profit of €48 million reported in the annual financial statements of LANXESS AG as of December 31, 2013 was paid out to the stockholders on May 23, 2014. The dividend per eligible no-par share was €0.50. The remaining amount of €2 million was carried forward to new account.

Fair value measurement

The following table shows the volumes of assets and liabilities that were measured at fair value on a recurring basis as of the end of the reporting period and the levels of the fair value hierarchy into which the inputs used in valuation techniques were categorized.

Assets and Liabilities Measured at Fair Value

€ million	Dec. 31, 2013		
	Level 1	Level 2	Level 3
Non-current assets			
Investments in other affiliated companies	4	–	–
Non-current derivative assets	–	20	–
Other non-current financial assets	–	1	–
Current assets			
Near-cash assets	106	–	–
Current derivative assets	–	58	–
Other current financial assets	0	–	–
Non-current liabilities			
Non-current derivative liabilities	–	12	–
Current liabilities			
Current derivative liabilities	–	22	–

Assets and Liabilities Measured at Fair Value

€ million	June 30, 2014		
	Level 1	Level 2	Level 3
Non-current assets			
Investments in other affiliated companies	4	–	–
Non-current derivative assets	–	10	–
Other non-current financial assets	–	1	–
Current assets			
Near-cash assets	269	–	–
Current derivative assets	–	27	–
Other current financial assets	0	–	–
Non-current liabilities			
Non-current derivative liabilities	–	3	–
Current liabilities			
Current derivative liabilities	–	15	–

According to the fair value measurement hierarchy, quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date are given the highest priority (Level 1). Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, are assigned to Level 2. Unobservable inputs for the asset or liability are given the lowest priority (Level 3).

The investments in other affiliated companies measured at fair value pertain to shares in the listed companies Gevo Inc., Englewood, United States, and BioAmber Inc., Minneapolis, United States. The item "Investments in other affiliated companies" in the statement of financial position also includes €9 million (December 31, 2013: €9 million) in non-listed equity instruments whose fair values at the end of the reporting period could not be reliably measured and which are therefore recognized at cost. There are currently no plans to dispose of these investments.

Most of the derivative financial instruments used by LANXESS are traded in an active, liquid market. The fair values as of the end of the reporting period pertain exclusively to forward exchange contracts and are derived from their trading or listed prices using the "forward method." Where no market price is available, values are determined using recognized capital market pricing methods based on observable market data. In determining the fair values, adjustments for LANXESS's own credit risk and counterparty credit risk are made on the basis of the respective net positions.

The near-cash assets include units of money market funds that can be sold at any time and are expected to be realized within twelve months after the end of the reporting period.

In the case of financial instruments accounted for using valuation principles other than fair value measurement, the fair value – where this can be reliably determined – is normally the carrying amount. Only the carrying amount of the bonds, at €1,448 million, differed significantly from their fair value, which was €1,589 million as of June 30, 2014. The carrying amount of the bonds as of December 31, 2013, was €1,948 million and their fair value €2,032 million.

Additional information about the measurement of fair value and about financial instruments is provided in the notes to the consolidated financial statements as of December 31, 2013.

Segment reporting

The reconciliation of EBITDA pre exceptionals to income before income taxes is presented in the following table:

Reconciliation of Segment Result				
€ million	Q2 2013	Q2 2014	H1 2013	H1 2014
Total of segment results	235	281	469	538
Depreciation and amortization	(116)	(99)	(218)	(202)
Other/consolidation	(37)	(42)	(97)	(94)
Exceptional items in EBITDA	(32)	(18)	(37)	(45)
Net interest expense	(28)	(15)	(53)	(39)
Income from investments accounted for using the equity method	0	4	0	5
Other financial income and expense	(11)	(17)	(22)	(31)
Income before income taxes	11	94	42	132

There were no segment changes in the reporting period.

Changes on the Board of Management

At an extraordinary meeting in the first quarter of 2014, the Supervisory Board of LANXESS AG resolved to terminate Dr. Axel C. Heitmann's appointment as a member and Chairman of the Board of Management of LANXESS AG. The Supervisory Board appointed Matthias Zachert as his successor effective April 1, 2014. LANXESS's Chief Financial Officer Dr. Bernhard Düttmann performed the duties of the Chairman of the Board of Management until Mr. Zachert took office.

Related parties

In the course of its operations, the LANXESS Group sources materials, inventories and services from a large number of business partners around the world. These include companies in which LANXESS AG has a direct or indirect interest. Transactions with these companies are carried out on an arm's-length basis.

Transactions in the second quarter and first half of 2014 with associated companies accounted for in the consolidated financial statements using the equity method, or subsidiaries of such companies, mainly comprised the purchase of site services in the fields of utilities, infrastructure and logistics totaling €104 million (Q2 2013: €116 million) and €218 million (H1 2013: €232 million), respectively. Receivables of €2 million and payables of €143 million existed as of June 30, 2014 as a result of these transactions (December 31, 2013: €5 million and €40 million, respectively). There were also obligations to these companies for future payments amounting to €4 million (December 31, 2013: €5 million) under operating leases and obligations of €5 million (December 31, 2013: €3 million) under purchase agreements.

In the second quarter and first half of 2014, production services totaling €1 million (Q2 2013: €0 million) and €2 million (H1 2013: €0 million), respectively, were provided to the LANXESS Group by jointly controlled entities. Loans receivable from jointly controlled entities as of June 30, 2014 totaled €5 million (December 31, 2013: €5 million).

No material business transactions were undertaken with other related parties. As in the previous year, no loans were granted to members of the Board of Management or the Supervisory Board in the first six months of 2014.

Employees

The LANXESS Group had 16,886 employees worldwide as of June 30, 2014, which was 457 fewer than on December 31, 2013 (17,343). The decrease was mainly attributable to the Advance program.

The number of employees in the EMEA (excluding Germany) region receded by 81 to 3,363. Headcount in Germany came to 7,867, against 8,117 as of December 31, 2013. The workforce in North America decreased by 108 to 1,418. In Latin America, the number of employees declined to 1,519 from 1,560 on December 31, 2013. In the Asia-Pacific region, however, there was a small increase of 23 from 2,696 to 2,719. This was mainly due to the investment activities in those countries.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group in line with generally accepted accounting standards, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Cologne, July 24, 2014

LANXESS Aktiengesellschaft

The Board of Management
Matthias Zachert

Dr. Bernhard Düttmann

Dr. Werner Breuers

Dr. Rainier van Roessel

Review Report

To LANXESS Aktiengesellschaft, Cologne

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, income statement and statement of comprehensive income, statement of changes in equity, statement of cash flows and selected explanatory notes – and the interim group management report of LANXESS Aktiengesellschaft, Cologne, for the period from January 1 to June 30, 2014, which are part of the half-year financial report pursuant to § (Article) 37w WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U. and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company’s Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that

the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U. and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U. nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Cologne, July 30, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Bernd Boritzki
German Public Auditor

Carsten Manthei
German Public Auditor

Financial Calendar 2014

November 6

Interim Report Q3 2014
LANXESS Capital Markets Day

Please do not hesitate to contact us
if you have any questions or comments.

Contact Corporate Communications
Tel. +49 221 8885 6251
E-mail: mediarelations@lanxess.com

Contact Investor Relations
Tel. +49 221 8885 3851
E-mail: ir@lanxess.com

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Masthead

LANXESS AG
Kennedyplatz 1
50569 Cologne
Germany
Tel. +49 221 8885 0
www.lanxess.com

Agency
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