Interim Report

January 1 to June 30, 2015
Half-Year Financial Report

LANXESS
Energizing Chemistry

LANXESS Group Key Data

€ million	Q2 2014	Q2 2015	Change %	H1 2014	H1 2015	Change %
Sales	2,019	2,105	4.3	4,062	4,143	2.0
EBITDA pre exceptionals	239	270	13.0	444	499	12.4
EBITDA margin pre exceptionals	11.8%	12.8%		10.9%	12.0%	
EBITDA	221	296	33.9	399	474	18.8
EBIT pre exceptionals	141	153	8.5	243	276	13.6
EBIT	122	177	45.1	197	240	21.8
EBIT margin	6.0%	8.4%		4.8%	5.8%	
Net income	55	87	58.2	80	109	36.3
Earnings per share (€)	0.63	0.95	50.8	0.93	1.19	28.0
ROCE				7.1%	8.4%	
Cash flow from operating activities	178	119	(33.1)	187	152	(18.7)
Depreciation and amortization	99	119	20.2	202	234	15.8
Cash outflows for capital expenditures	154	73	(52.6)	262	129	(50.8)
Total assets				7,250 [1]	7,422	2.4
Equity (including non-controlling interests)				2,161 [1]	2,288	5.9
Equity ratio				29.8% [1]	30.8%	
Net financial liabilities				1,336 [1]	1,376	3.0
Employees (as of June 30)				16,584 [1]	16,349	(1.4)

1) previous year as of December 31, 2014

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Key Issues
Q2 2015

Annual Stockholders' Meeting: Stockholders approve all agenda items

At the Annual Stockholders' Meeting, held in Cologne's LANXESS arena, Chairman of the Board of Management Matthias Zachert looked back on fiscal 2014 and presented the first results of the company's three-phase realignment program.

Our Annual Stockholders' Meeting at Cologne's LANXESS arena on May 13 was attended by some 1,600 investors. 47,783,228 shares – equivalent to 52.21% of the voting capital – were represented at the meeting.

In majority votes, the stockholders approved all agenda items: use of the distributable profit; ratification of the actions of the Board of Management and the Supervisory Board; elections to the Supervisory Board; appointment of the auditors; and new authorizations for authorized and conditional capital.

The resolution on using the distributable profit to pay a dividend of €0.50 per share was passed by a majority vote. This resulted in a total dividend payout of €46 million.

New LANXESS Supervisory Board

This year, the Annual Stockholders' Meeting elected new stockholder representatives to the Supervisory Board of LANXESS. The terms of office of five stockholder representatives on the Supervisory Board ended with the Annual Stockholders' Meeting on May 13, 2015. Of the previous stockholder representatives, Dr. Friedrich Janssen, Dr. Rolf Stomberg and Theo H. Walthie stood for re-election and were confirmed in office. In addition, Dr. Stomberg was again confirmed as Chairman of the Supervisory Board. Lawrence A. Rosen, member of the Board of Management of Deutsche Post AG, and Dr. Matthias Wolfgruber, Chairman of the Management Board of Altana AG, were elected as new members of the Supervisory Board.

Gisela Seidel, Hans-Jürgen Schicker, Werner Czaplik, Hans-Dieter Gerriets, Thomas Meiers and Ralf Sikorski had already been elected as employee representatives on the Supervisory Board in April.

The new five-year terms of office of the Supervisory Board members began on May 13, 2015 at the close of the Annual Stockholders' Meeting.

LANXESS opens new EPDM plant in China

At the beginning of April, LANXESS opened a new plant for the manufacture of EPDM rubber in Changzhou, China. It completes the company's global EPDM production network but will initially operate at partial capacity.

The plant has a nominal annual capacity of 160,000 tons. It is located in the established Changzhou Yangtze Riverside Industrial Park, which offers excellent warehousing facilities and transport options. In the future, the plant will produce a range of ten premium EPDM grades tailored to the needs of customers in China and other Asian countries.

LANXESS Stock

Our stock performed positively overall in the second quarter, despite the turbulent market environment. It returned to a level of more than €50 and gained value over the quarter, thus escaping the negative trends on the equity markets and clearly outperforming both a weak DAX and the LANXESS benchmark indexes.

In the second quarter, the European stock markets experienced major price fluctuations and substantial corrections. On the German equity market, the DAX reached a new all-time high of 12,390 points at the beginning of April. However, these gains were surrendered as the quarter progressed, pushing the DAX below the 11,000-point mark in June. Germany's leading index ended the quarter at 10,945 points, a decline of 8.5% over the reporting period. Our benchmark indexes also saw corrections. The Dow Jones STOXX 600 Chemicals℠, which almost reached the 1,000-point threshold at the beginning of the second quarter, saw very volatile and overall negative development in the weeks that followed. This index closed the quarter at 897 points, a decline of 6.5%. The MSCI World Chemicals Index also posted a volatile performance. After increasing substantially, it surrendered its gains by the end of the reporting period, closing the quarter at 272 points (down 1.6%).

The volatile and negative development of the equity markets was triggered in particular by the ongoing Greek debt crisis. With the bailout program due to expire at the end of June, the crisis escalated again in the reporting period and heavily impacted the equity markets. The situation was further exacerbated by the debate concerning a forthcoming Fed rate increase in the United States and weaker economic data from China. Positive news such as the improved economic performance in the eurozone and robust economic trends in the United States provided only short-lived support to the equity markets.

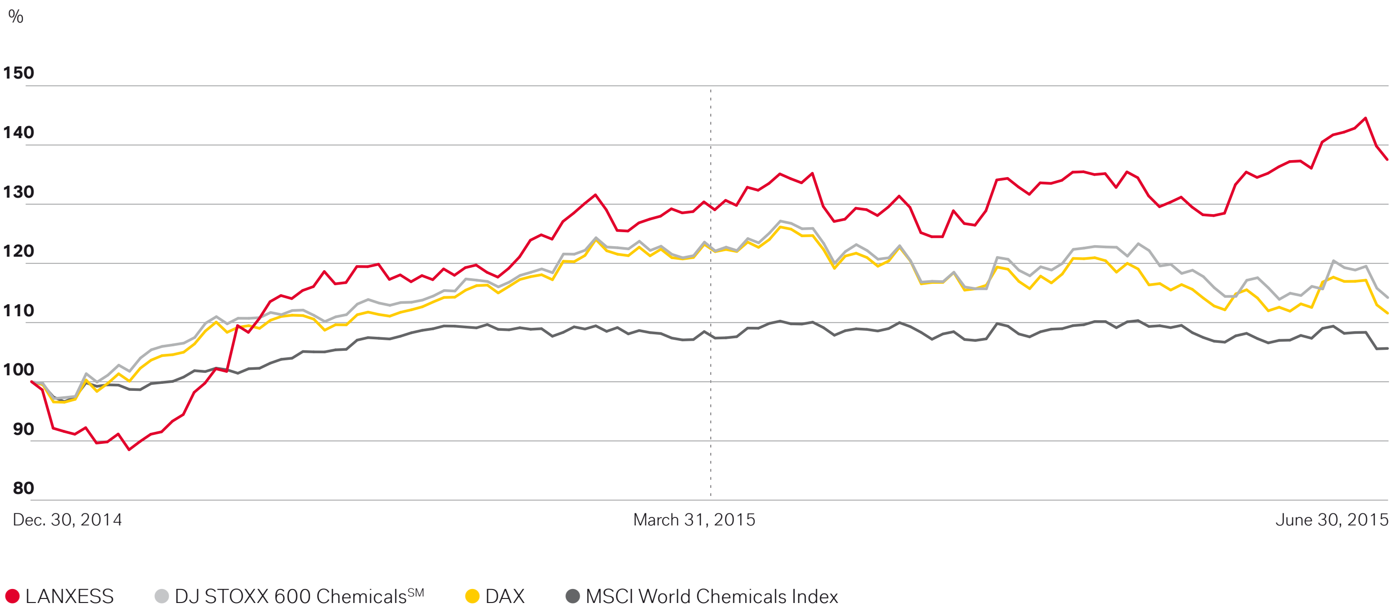
Our share price likewise pursued a volatile course in the second quarter, reflecting in particular the general movement of the stock markets. After closing the previous quarter at a price of €49.63, our stock again climbed above the €50 mark at the beginning of the reporting period. However, it was unable to sustain this level at the time. In mid-June, the stock resumed an upward trajectory, closing the reporting period at €52.89 for an overall increase of 6.6%. It thus outperformed the DAX and the benchmark indexes, as it had done in the first quarter.

When we published our results for the first quarter at the beginning of May, we also reported on the implementation of measures as part of our three-phase realignment program "Let's LANXESS again," which is rapidly progressing in line with our plans. We also raised our earnings guidance for fiscal 2015. We were previously anticipating earnings on a par with those in 2014. In mid-May the focus was on our Annual Stockholders' Meeting, which included new elections to the LANXESS Supervisory Board.

Alongside the positive development of our share price from mid-June, a number of analysts published their assessments of our business performance and upgraded their recommendations from "hold" to "buy." Analysts' current appraisals are available on our website.

Further company news from the second quarter of 2015 is provided on page 1 of this report.

Stock Performance vs. Indices

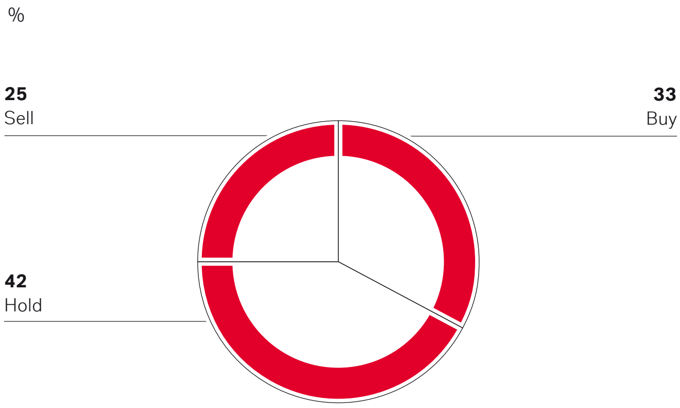


LANXESS Stock

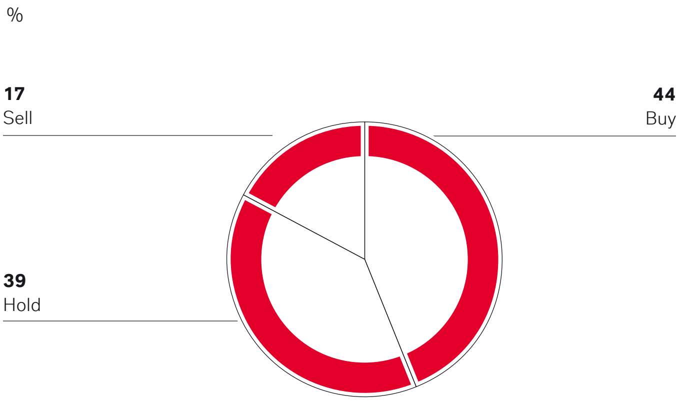
		Q4 2014	Q1 2015	Q2 2015
Capital stock/no. of shares[1]	€/no. of shares	91,522,936	91,522,936	91,522,936
Market capitalization[1]	€ billion	3.51	4.54	4.84
High/low for the period	€	43.79/36.24	51.00/33.53	55.87/47.05
Closing price[1]	€	38.46	49.63	52.89
Trading volume	million shares	60.900	62.838	36.504
Earnings per share	€	(0.74)	0.24	0.95

1) End of quarter: Q4: December 31, 2014, Q1: March 31, 2015, Q2: June 30, 2015

Analysts' Recommendations as of April 30, 2015



Analysts' Recommendations as of July 31, 2015



Interim Group Management Report

as of June 30, 2015

- Sales up 4.3% against prior-year quarter
- Pleasing volume development in the Performance Polymers and Advanced Intermediates segments
- Selling price adjustments due to lower raw material costs
- EBITDA pre exceptionals increased by 13.0% to €270 million
- EBITDA margin pre exceptionals 12.8% against 11.8% for the prior-year quarter
- Positive exchange rate effect on sales and earnings
- Persistently challenging competitive situation for synthetic rubber
- Net income improved by €23 million to €87 million
- Efficiency measures from the first phase of "Let's LANXESS again" will already be implemented for the most part this year
- Guidance for 2015 raised: EBITDA pre exceptionals expected to come in between €840 million and €880 million

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 68 of the Annual Report 2014.

Changes in the Group portfolio

There were no changes in our Group portfolio in the first half of 2015. Details about the scope of consolidation are provided in the Notes to the Condensed Consolidated Interim Financial Statements as of June 30, 2015.

Business and strategy

As part of the realignment of the LANXESS Group by means of the "Let's LANXESS again" program, we combined some of our business units effective January 1, 2015. The LANXESS Group continues to be structured in three segments but these now comprise a total of 10 business units, each of which conducts its own operations and has global profit responsibility. The Butyl Rubber and Performance Butadiene Rubbers business units were merged to form the Tire & Specialty Rubbers business unit. This decision was based on overlapping customer structures, regional commonalities in the established markets and changed conditions in the emerging economies. Furthermore, LANXESS consolidated the High Performance Elastomers and Keltan Elastomers business units in the High Performance Elastomers business unit. Here, too, there were substantial overlaps in customer structures. The specialty chemicals product line of the Rubber Chemicals business unit, the Functional Chemicals business unit and the Rhein Chemie business unit now make up the new Rhein Chemie Additives business unit. By consolidating our additives business operations, we are seeking access to new markets and customers. Effective January 1, 2015, the antioxidants and accelerators product lines of the Rubber Chemicals business unit were integrated into the portfolio of the Advanced Industrial Intermediates business unit. To improve comparability, the prior-year figures have been restated wherever necessary. No changes were made to the Group's business organization or strategic alignment 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 68 to 72 of the Annual Report 2014.

In the Asia-Pacific region, the new plants for our Tire & Specialty Rubbers and High Performance Elastomers business units came on stream during the reporting period. Further information on this can be found in the "Financial condition and capital expenditures" section.

In connection with the optimization of the plant networks for rubber products, LANXESS intends to discontinue production of ethylene propylene diene monomer (EPDM) rubber at the site in Marl, Germany. Within LANXESS's EPDM rubber production network, the Marl facility is the least competitive due to its relatively small capacity and comparatively high energy and raw material costs.

There were no further 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 ongoing crises in Ukraine and the Middle East dampened economic growth, as did uncertainty about the future development of the Chinese economy. Overall, the global economy grew by 2.7% in the second quarter of 2015. While growth in the EMEA region remained modest overall, the slightly stronger U.S. economy was slowed by the appreciation of the U.S. dollar. Economic output in Latin America declined.

Chemical industry Chemical industry production expanded by 3.7% in the second quarter of 2015, with Asia and the NAFTA region the main drivers of growth. Production volume in the EMEA region increased slightly, while output in Latin America declined.

Evolution of major user industries Automotive production recorded only a slight increase of 0.3% in the second quarter of 2015. The NAFTA and EMEA regions posted positive growth rates, although momentum in the latter was slowed by the negative development in Eastern Europe. Latin America, on the other hand, saw a very significant drop in production. Growth in the Asia-Pacific region stagnated, with little support from only very slight expansion in the Chinese economic area.

The tire market in the EMEA region registered slightly positive growth, but lagged behind the development in automotive production. The original equipment tire business performed better than the replacement tire business. In the NAFTA region, too, the original equipment tire business performed positively while the market for replacement tires stagnated. In Latin America, the original equipment tire business contracted substantially in line with the drop in automotive production. The replacement tire market for light commercial vehicles posted slight growth while the business with replacement tires for heavy commercial vehicles contracted significantly. In China, the replacement tire market recorded slightly positive growth.

Development in the construction industry continued to vary by region. While the industry in Asia, with China as the driving force, still displayed solid growth despite weakening a little, the market in EMEA expanded only slightly. Growth in the NAFTA region was down only marginally, but the decline in Latin America was more substantial.

The production of agrochemicals increased significantly in parts of the EMEA and NAFTA regions. Growth in the Asia-Pacific region was only slight overall, with a mildly negative trend in China.

Sales

Sales of the LANXESS Group in the second quarter of 2015 amounted to €2,105 million, up €86 million, or 4.3%, from the prior-year period. Lower selling prices, which resulted particularly from lower procurement prices for raw materials and energy, diminished sales by 11.0%, while the increase in volumes added growth of 5.4%. Currency developments improved sales by 9.9% while portfolio effects had no appreciable impact.

Sales in the first six months of 2015 were up by €81 million, or 2.0%, to €4,143 million. After adjustment for positive currency effects and marginally negative portfolio effects amounting to 9.0% overall, the LANXESS Group posted a decrease in operational sales of 7.0% for the half-year, due also to lower selling prices resulting especially from lower raw material prices. Higher volumes had the opposite effect.

Effects on Sales

%	Q2 2015	H1 2015
Price	(11.0)	(9.5)
Volume	5.4	2.5
Currency	9.9	9.2
Portfolio	0.0	(0.2)
	4.3	**2.0**

Our Performance Polymers segment recorded a 3.5% increase in sales against the prior-year quarter but slipped slightly by 0.6% compared to the first half of last year. Lower procurement prices for raw materials were passed on to customers. The persistently challenging competitive situation for synthetic rubber held back growth and led to lower selling prices. Volumes were up on the low prior-year levels of both the second quarter and the first half. Shifts in exchange rates had a positive impact on sales.

Our Advanced Intermediates segment posted sales growth of 3.1% in the second quarter and 2.0% in the first half of 2015. Continued good demand for agrochemicals and in large parts of the other customer markets led to a positive effect from higher volumes that was more than offset by lower selling prices. This was mainly attributable to lower procurement prices for raw materials, which were passed on to customers in full compared to the prior-year quarter and in part compared to the prior-year first half in the form of selling price adjustments. Shifts in exchange rates had a favorable effect.

Sales by Segment

€ million	Q2 2014	Q2 2015	Change %	Proportion of Group sales %	H1 2014	H1 2015	Change %	Proportion of Group sales %
Performance Polymers	1,036	1,072	3.5	50.9	2,099	2,087	(0.6)	50.4
Advanced Intermediates	454	468	3.1	22.2	927	946	2.0	22.8
Performance Chemicals	518	553	6.8	26.3	1,014	1,086	7.1	26.2
Reconciliation	11	12	9.1	0.6	22	24	9.1	0.6
	2,019	**2,105**	**4.3**	**100.0**	**4,062**	**4,143**	**2.0**	**100.0**

2014 figures restated

In our Performance Chemicals segment we registered sales growth of 6.8% compared to the prior-year quarter and 7.1% against the first half of 2014. While selling prices were level year on year for both the quarter and the half, volumes receded slightly. The Performance Chemicals segment also benefited from the positive effect of exchange rate developments.

In both the second quarter and the first half, LANXESS posted higher sales in the Asia-Pacific, North America and EMEA (excluding Germany) regions, while sales were down in the other regions.

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. Our business is managed primarily on the basis of regular Group-wide forecasts with respect to the Group's operating 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

Compared with sales, the cost of sales showed a disproportionately small increase of 2.6% over the prior-year quarter to €1,620 million. This increase resulted particularly from shifts in exchange rates, above all for the U.S. dollar, the expansion in volumes and higher manufacturing costs, the latter partly due to lower capacity utilization and associated higher idle time costs, especially in connection with the start-up of our new plants in Asia. Lower raw material prices had an opposing effect.

Accordingly, gross profit rose by €45 million, or 10.2%, against the prior-year quarter, to €485 million. The gross profit margin increased from 21.8% to 23.0%. Shifts in exchange rates had a positive impact on the gross profit.

In the first half, too, the increase in the cost of sales was disproportionately lower than the increase sales, advancing by 0.3% to €3,215 million. Gross profit rose year on year by €71 million, or 8.3%, to €928 million. This resulted from shifts in exchange rates, higher volumes and the relief provided by lower procurement prices for raw materials, which were not fully passed on in the form of adjusted selling prices. On the other hand, manufacturing costs rose partly as a result of planned start-up costs for the new production plants as well as lower capacity utilization and associated higher idle time costs. The gross profit margin improved accordingly, from 21.1% to 22.4%.

EBITDA Pre Exceptionals by Segment

€ million	Q2 2014	Q2 2015	Change %	H1 2014	H1 2015	Change %
Performance Polymers	122	149	22.1	239	271	13.4
Advanced Intermediates	78	80	2.6	150	172	14.7
Performance Chemicals	81	110	35.8	149	197	32.2
Reconciliation	(42)	(69)	(64.3)	(94)	(141)	(50.0)
	239	**270**	**13.0**	**444**	**499**	**12.4**

2014 figures restated

EBITDA and operating result (EBIT)

The operating result before depreciation and amortization (EBITDA) pre exceptionals rose in the second quarter of 2015 by €31 million, or 13.0%, to €270 million. The improvement in earnings was mainly attributable to increased volumes. Additional support came from exchange rate developments. At Group level, the impact of lower raw material prices was passed on to the market in the form of selling price adjustments. However, the persistently challenging competitive situation for synthetic rubber and higher manufacturing costs weighed on earnings. Selling expenses rose by 6.4% to €200 million, due especially to a volume-driven increase in freight costs and exchange rate developments. Research and development expenses, at €34 million, were down 15.0% year on year. General administration expenses amounted to €68 million, compared with €71 million in the second quarter of 2014. Earnings development reflected cost savings achieved through the “Let’s LANXESS again” program. The Group’s EBITDA margin pre exceptionals rose to 12.8%, against 11.8% for the corresponding period of last year.

EBITDA pre exceptionals in our Performance Polymers segment advanced by €27 million, or 22.1%, in the second quarter, to €149 million. The expansion of volumes, favorable exchange rate effects and slightly lower manufacturing costs had a positive effect on earnings, while the persistently challenging competitive situation for synthetic rubber continued to have a negative impact.

The Advanced Intermediates segment posted EBITDA pre exceptionals of €80 million, against €78 million in the prior-year period. Continued good demand in almost all customer markets led to a positive volume effect, which was supported by favorable exchange rate developments. Selling price adjustments, due particularly to passing on lower procurement prices for raw materials, led to a negative price effect. Unplanned plant shutdowns also held back earnings.

EBITDA pre exceptionals in the Performance Chemicals segment, at €110 million, came in well above the figure of €81 million in the prior-year quarter. The segment benefited from lower raw material costs, positive currency effects and decreased manufacturing costs. Reduced volumes had an opposing effect.

Group EBITDA pre exceptionals for the first half of 2015 increased by €55 million to €499 million. Lower raw material prices were almost fully passed on to the market through adjustment of selling prices. In addition, currency effects and the expansion of volumes had a positive influence. On the other hand, earnings were held back by higher manufacturing costs. Selling expenses increased by €9 million, or 2.4%, to €383 million because of higher volumes and the associated increase in freight costs. Research and development costs declined by €19 million to €66 million. Half-year performance also reflected cost savings achieved through the “Let’s LANXESS again” program. The Group’s EBITDA margin pre exceptionals was 12.0%, against 10.9% for the first half of last year.

In the Performance Polymers segment, higher volumes and shifts in exchange rates contributed to improved earnings. Higher manufacturing costs had an opposing effect. EBITDA pre exceptionals for the first half rose from €239 million to €271 million. First-half earnings in the Advanced Intermediates segment were €172 million, €22 million above the figure for the prior-year period. The effect of lower procurement prices for raw materials was only partially passed on to the market. Additional support came from higher volumes and favorable currency effects. Earnings were held back by increased manufacturing costs. The Performance Chemicals segment raised earnings by €48 million to €197 million. The main factors in this increase were currency movements, lower raw material prices and reduced manufacturing costs; volumes were down on the previous year.

Reconciliation of EBITDA Pre Exceptionals to Operating Result (EBIT)

€ million	Q2 2014	Q2 2015	Change %	H1 2014	H1 2015	Change %
EBITDA pre exceptionals	**239**	**270**	**13.0**	**444**	**499**	**12.4**
Depreciation and amortization	(99)	(119)	(20.2)	(202)	(234)	(15.8)
Exceptional items in EBITDA	(18)	26	> 100	(45)	(25)	44.4
Operating result (EBIT)	**122**	**177**	**45.1**	**197**	**240**	**21.8**

The Group operating result (EBIT) came to €177 million in the second quarter of 2015, up from €122 million in the year-earlier quarter. Following the completion of new production plants in the Asia-Pacific region, depreciation and amortization was €20 million, or 20.2%, above the prior-year quarter, at €119 million. Other operating income and expenses included exceptional items with a net positive effect on EBITDA of €26 million; €24 million of this amount impacted EBIT. These items related mainly to income from the sale of non-current assets and expenses in connection with the “Let’s LANXESS again” program. In the prior-year quarter, negative exceptional items came to €19 million, of which €18 million impacted EBITDA.

In the first half of 2015, LANXESS posted EBIT of €240 million, compared with €197 million in the prior-year period. Depreciation and amortization came to €234 million, which was €32 million, or 15.8%, above the first half of 2014. The net negative exceptional items included in other operating income and expenses amounted to €36 million, of which €25 million impacted EBITDA. These were principally the result of expenses connected with the intended discontinuation of EPDM rubber production at the site in Marl, Germany, other measures taken as part of the “Let’s LANXESS again” program and income from the sale of non-current assets. The negative exceptional items in the prior-year period amounted to €46 million, of which €45 million impacted EBITDA.

Financial result

The financial result for the second quarter of 2015 was minus €33 million, compared with minus €28 million for the prior-year period. Interest expense was €2 million above the figure for the second quarter of 2014 because the capitalization of construction-period borrowing costs relating to the plants in the Asia-Pacific region ceased following their completion. The earnings contribution from companies accounted for using the equity method came to €0 million in the reporting period, against €4 million in the prior-year quarter. The balance of other financial income and expense items, which was mainly determined by the accrued interest for provisions, especially pensions and other post-employment benefit obligations, was minus €15 million, after minus €17 million in the prior-year period.

The financial result for the first half of 2015 was minus €62 million, against minus €65 million a year earlier. It was supported by the €7 million year-on-year decline in interest expense, while the contribution to earnings from companies accounted for using the equity method receded from €5 million to €0 million.

Income before income taxes

Second-quarter income before income taxes came to €144 million, against €94 million for the prior-year period. The effective tax rate was 39.6%, compared with 42.6% for the prior-year quarter.

Income before income taxes for the first half increased from €132 million to €178 million. The effective tax rate was 39.3%, against 40.9% a year earlier.

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

Net income for the second quarter came to €87 million, compared with €55 million in the prior-year period. First-half net income rose from €80 million to €109 million.

In the second quarter of 2015, non-controlling interests accounted for €0 million after a loss of €1 million in the prior-year period. In the first half of 2015, they accounted for a loss of €1 million, against a loss of €2 million a year earlier.

Earnings per share are calculated by dividing net income by the weighted average number of LANXESS shares in circulation during the reporting period. The number of shares in circulation rose by the shares issued for the capital increase in May 2014. Earnings per share were €0.95 in the second quarter, above the figure of €0.63 for the prior-year period. First-half earnings per share rose from €0.93 to €1.19.

Earnings per share pre exceptionals came in at €0.73 and €1.39 in the second quarter and first half, respectively, compared with €0.79 and €1.32 for the corresponding prior-year periods. This value was calculated by adjusting earnings per share for exceptional items and the attributable tax effects. In the second quarter of 2015, there were net positive exceptional items of €24 million, compared with negative exceptional items of €19 million in the prior-year period. The net negative exceptional items in the first six months of 2015 amounted to €36 million, against negative exceptional items of €46 million a year ago.

Business development by region

Global sales performance was characterized by lower selling prices resulting from a net decline in procurement prices for key raw materials.

Sales by Market

	Q2 2014		Q2 2015		Change	H1 2014		H1 2015		Change
	€ million	%	€ million	%	%	€ million	%	€ million	%	%
EMEA (excluding Germany)	602	29.8	613	29.1	1.8	1,220	30.0	1,236	29.8	1.3
Germany	363	18.0	358	17.0	(1.4)	744	18.3	723	17.5	(2.8)
North America	339	16.8	358	17.0	5.6	670	16.5	700	16.9	4.5
Latin America	221	10.9	221	10.5	0.0	438	10.8	434	10.5	(0.9)
Asia-Pacific	494	24.5	555	26.4	12.3	990	24.4	1,050	25.3	6.1
	2,019	**100.0**	**2,105**	**100.0**	**4.3**	**4,062**	**100.0**	**4,143**	**100.0**	**2.0**

Sales in the EMEA (excluding Germany) region in the second quarter of 2015 grew by €11 million, or 1.8%, to €613 million. Adjusted for currency effects, sales were marginally above the level for the second quarter of 2014, with no significant change in the relevant operating segments. While demand developed positively in Turkey, Spain, Israel, Hungary and Portugal in particular, business declined above all in the Netherlands, Switzerland, South Africa, the United Kingdom and Poland.

First-half sales in the EMEA (excluding Germany) region increased by 1.3% to €1,236 million. Adjusted for currency effects and for minor portfolio effects from the divestiture of the company's interest in Perlon-Monofil GmbH, Dormagen, Germany, sales were level with the first half of 2014. While the Advanced Intermediates segment raised sales by a low-single-digit percentage, the Performance Polymers segment saw sales slip by a low-single-digit percentage. Sales in the Performance Chemicals segment were nearly level year on year. While demand developed well especially in Belgium, Turkey, Hungary, Spain and Austria, sales declined year on year mainly in Italy, Ireland, Poland, South Africa and Sweden.

With a 29.1% share of total sales for the second quarter and a 29.8% 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 in the second quarter were down €5 million, or 1.4%, year on year, at €358 million. After adjustment for positive exchange rate effects, sales fell by 2.2%. Sales in the Advanced Intermediates segment were level with the prior year, while the Performance Polymers and Performance Chemicals segments saw sales decline by low-single-digit percentages.

In the first half of 2015, sales in Germany receded by 2.8% to €723 million. Adjusted for positive currency effects and for slight portfolio effects, sales were down by 3.3%. Sales in the Performance Polymers segment declined by a mid-single-digit percentage and in the Advanced Intermediates and Performance Chemicals segments by low-single-digit percentages.

Germany's share of Group sales came to 17.0% for the second quarter and 17.5% for the first half, compared with 18.0% and 18.3% in the respective prior-year periods.

Sales in the North America region climbed by 5.6% to €358 million in the second quarter of 2015. Adjusted for positive currency effects, sales fell by 13.9%. This development was marked by the course of business in the Performance Polymers and Advanced Intermediates segments, which posted low-double-digit-percentage reductions in sales. The Performance Chemicals segment raised sales by a low-single-digit percentage.

In the first half of 2015, sales in North America increased by 4.5% to €700 million. Adjusted for favorable currency effects and for minor portfolio effects, sales decreased by 14.0%. This decline was due in particular to diminished sales in the Performance Polymers and Advanced Intermediates segments. By contrast, sales in the Performance Chemicals segment were slightly above the prior-year level.

The North America region's share of Group sales grew in the second quarter to 17.0%, and to 16.9% in the first half of 2015, compared with 16.8% and 16.5% in the respective prior-year periods.

Sales in the Latin America region in the second quarter of 2015 were level with the prior-year period, at €221 million. Adjusted for currency changes, sales fell by 13.7%. The Advanced Intermediates and Performance Polymers segments in particular registered substantial low-double-digit-percentage declines in sales. The Performance Chemicals segment recorded slight sales growth. Operational sales development in the region was driven by Brazil.

First-half sales in the Latin America region decreased by 0.9% to €434 million. Adjusted for currency effects, the decline was 14.5%, mainly due to weaker business development in the Performance Polymers segment. The Advanced Intermediates segment posted a sales decline in the mid-single-digit-percentage range, while sales in the Performance Chemicals segment remained almost level with the prior-year period. First-half operational development in the region was dominated by Brazil and Argentina.

The region accounted for 10.5% of Group sales in both the second quarter and the first half, both figures being slightly below prior-year levels.

Second-quarter sales in the Asia-Pacific region rose by 12.3% to €555 million. Adjusted for positive currency effects, sales fell by 5.7%. While sales in the Performance Polymers segment declined by a mid-single-digit percentage, business in the Performance Chemicals segment was down by a low-double-digit percentage. Sales in the Advanced Intermediates segment were slightly up on the prior-year period. We saw diminished sales particularly in Singapore, South Korea and Japan, while business developed well in Hong Kong, Vietnam and India.

In the first half of 2015, sales in this region advanced by 6.1% to €1,050 million. Adjusted for currency and portfolio effects, sales contracted by 10.5%. The Performance Polymers and Performance Chemicals segments posted low-double-digit-percentage declines, while the Advanced Intermediates segment saw a high-single-digit-percentage drop. This operational development was mainly driven by Singapore, China, Japan and Taiwan. Growing sales were recorded primarily in Vietnam and Hong Kong.

The Asia-Pacific region's share of Group sales came to 26.4% for the second quarter and 25.3% for the first half, compared with 24.5% and 24.4% for the respective prior-year periods.

Segment information

Performance Polymers

	Q2 2014 € million	Q2 2014 Margin %	Q2 2015 € million	Q2 2015 Margin %	Change %	H1 2014 € million	H1 2014 Margin %	H1 2015 € million	H1 2015 Margin %	Change %
Sales	1,036		1,072		3.5	2,099		2,087		(0.6)
EBITDA pre exceptionals	122	11.8	149	13.9	22.1	239	11.4	271	13.0	13.4
EBITDA	119	11.5	194	18.1	63.0	227	10.8	279	13.4	22.9
Operating result (EBIT) pre exceptionals	72	6.9	84	7.8	16.7	133	6.3	148	7.1	11.3
Operating result (EBIT)	68	6.6	127	11.8	86.8	120	5.7	145	6.9	20.8
Cash outflows for capital expenditures	112		30		(73.2)	188		54		(71.3)
Depreciation and amortization	51		67		31.4	107		134		25.2
Employees as of June 30 (previous year: as of Dec. 31) [1]	5,240		5,124		(2.2)	5,240		5,124		(2.2)

1) 2014 figure restated

Sales in our Performance Polymers segment rose by 3.5% year on year in the second quarter of 2015, to €1,072 million. A negative price effect of 17.3% was attributable in particular to lower procurement prices for raw materials being passed on to customers. Volume growth of 9.1% and a favorable currency effect of 11.7% resulted in positive sales performance overall.

All business units in this segment were impacted by lower selling prices, whereas volumes rose. In the High Performance Materials business unit, lower market prices were more than offset by higher volumes. Shifts in exchange rates had a positive effect in all of the segment's business units. The segment posted sales growth in the Asia-Pacific and EMEA (excluding Germany) regions, while business receded in the other regions.

EBITDA pre exceptionals in the Performance Polymers segment rose by €27 million to €149 million. Whereas reduced selling prices had a dampening effect, lower procurement prices for raw materials provided cost relief. Earnings were buoyed in particular by the expansion of volumes and favorable currency effects. The EBITDA margin pre exceptionals came in at 13.9% for the second quarter of 2015, against 11.8% a year ago.

Segment sales in the first half of 2015 fell back by a slight 0.6% to €2,087 million. Selling price adjustments, especially in response to lower procurement prices for raw materials, resulted in a sales decline of 14.9%. Volumes were up 3.8% on the prior-year period. Favorable currency effects of 10.7% more than offset a slightly negative portfolio effect of 0.2%.

The segment achieved EBITDA pre exceptionals of €271 million in the first half of 2015, compared with €239 million in the same period a year ago. The EBITDA margin pre exceptionals came in at 13.0% for the half-year, against 11.4% a year ago.

The segment recorded net positive exceptional items of €43 million in the second quarter and net negative exceptional items of €3 million in the first half. The net positive exceptional items with an impact on EBITDA amounted to €45 million in the second quarter and €8 million in the first half of 2015. The exceptional items mainly resulted from the sale of non-current assets and measures as part of the "Let's LANXESS again" program, which included expenses associated with the intended discontinuation of EPDM rubber production at the Marl, Germany, site.

Advanced Intermediates

	Q2 2014		Q2 2015		Change	H1 2014		H1 2015		Change
	€ million	Margin %	€ million	Margin %	%	€ million	Margin %	€ million	Margin %	%
Sales	454		468		3.1	927		946		2.0
EBITDA pre exceptionals	78	17.2	80	17.1	2.6	150	16.2	172	18.2	14.7
EBITDA	77	17.0	78	16.7	1.3	145	15.6	171	18.1	17.9
Operating result (EBIT) pre exceptionals	55	12.1	53	11.3	(3.6)	104	11.2	122	12.9	17.3
Operating result (EBIT)	54	11.9	51	10.9	(5.6)	99	10.7	121	12.8	22.2
Cash outflows for capital expenditures	20		18		(10.0)	40		28		(30.0)
Depreciation and amortization	23		27		17.4	46		50		8.7
Employees as of June 30 (previous year: as of Dec. 31)	3,312		3,297		(0.5)	3,312		3,297		(0.5)

2014 figures restated

Sales in our Advanced Intermediates segment rose by 3.1% in the second quarter of 2015, to €468 million. While selling price adjustments, due mainly to cost relief from lower procurement prices for raw materials being passed on to the market, resulted in a negative price effect of 8.8%, volumes were up 6.6% against the prior-year quarter. Sales were further improved by favorable currency effects of 5.5%.

Selling prices in the Advanced Industrial Intermediates business unit were below the level of the prior-year quarter, mainly on account of raw material prices, while volumes advanced in part substantially in both of the segment's business units. Demand for agrochemicals and from broad areas of other customer markets developed nicely. Currency developments had a positive impact in the Advanced Industrial Intermediates business unit in particular. While business was down in the Latin America region, the other regions performed pleasingly.

EBITDA pre exceptionals for the Advanced Intermediates segment was 2.6% above the prior-year level at €80 million. Whereas relief from lower raw material costs outweighed the impact of reduced selling prices in the previous quarter, this effect was reversed in the second quarter. Higher manufacturing costs weighed on earnings at segment level. However, higher volumes and exchange rate movements had a positive effect. The EBITDA margin pre exceptionals declined slightly to 17.1% from the high prior-year level of 17.2%.

The Advanced Intermediates segment generated half-year sales of €946 million, a year-on-year increase of 2.0%. Selling price adjustments in the form of largely passing on lower procurement prices for raw materials resulted in a negative price effect of 7.9%, which was more than offset by a positive volume effect of 4.6% and a favorable shift in exchange rates of 5.4%.

The segment achieved EBITDA pre exceptionals of €172 million in the first half of 2015, compared with €150 million in the prior-year period. The EBITDA margin pre exceptionals came in at 18.2%, against 16.2% a year ago.

In the second quarter, negative exceptional items for the segment totaled €2 million. In the first half, net negative exceptional items amounted to €1 million. The exceptional items in the reporting period fully impacted EBITDA and were mainly connected with measures as part of the "Let's LANXESS again" program. In the prior year, exceptional items amounted to €1 million in the second quarter and €5 million in the first half, with the entire amount impacting EBITDA.

Performance Chemicals

	Q2 2014		Q2 2015		Change	H1 2014		H1 2015		Change
	€ million	Margin %	€ million	Margin %	%	€ million	Margin %	€ million	Margin %	%
Sales	518		553		6.8	1,014		1,086		7.1
EBITDA pre exceptionals	81	15.6	110	19.9	35.8	149	14.7	197	18.1	32.2
EBITDA	78	15.1	104	18.8	33.3	139	13.7	189	17.4	36.0
Operating result (EBIT) pre exceptionals	60	11.6	89	16.1	48.3	108	10.7	155	14.3	43.5
Operating result (EBIT)	57	11.0	83	15.0	45.6	98	9.7	147	13.5	50.0
Cash outflows for capital expenditures	18		24		33.3	27		41		51.9
Depreciation and amortization	21		21		0.0	41		42		2.4
Employees as of June 30 (previous year: as of Dec. 31)	5,318		5,285		(0.6)	5,318		5,285		(0.6)

2014 figures restated

Sales in our Performance Chemicals segment rose by 6.8% in the second quarter, to €553 million. While lower volumes reduced sales by 3.1%, selling prices nearly matched the prior-year quarter. Shifts in exchange rates had a positive effect of 10.2%.

Development varied across the individual business units. While selling prices in all business units were almost level with the prior-year quarter, only the Material Protection Products and Leather business units posted tangibly lower volumes. All business units in this segment benefited from the favorable development of exchange rates. While business was down in the Germany region, the other regions performed well.

EBITDA pre exceptionals in the Performance Chemicals segment advanced by a substantial 35.8% from the prior-year level of €81 million, to €110 million. This increase was mainly due to the development of raw material procurement prices, with selling prices remaining almost stable. Earnings were additionally buoyed by positive currency effects and lower manufacturing costs but were held back by the decline in volumes. The EBITDA margin pre exceptionals improved from 15.6% to 19.9%.

In the first half of 2015, the Performance Chemicals segment posted sales of €1,086 million, up 7.1% from the same period a year ago. While selling prices were level year on year, volumes receded by 2.4%. Exchange rate movements resulted in a substantial positive effect of 9.7%.

The segment generated EBITDA pre exceptionals of €197 million in the first six months of 2015, against €149 million in the prior-year period. The EBITDA margin pre exceptionals increased from 14.7% to 18.1%.

The segment had exceptional items of €6 million in the second quarter and €8 million in the first half of 2015, compared with €3 million and €10 million in the respective prior-year periods. The exceptional items in both the reporting and the prior-year periods fully impacted EBITDA. In the reporting period they resulted from measures associated with the “Let’s LANXESS again” program, among other things.

Reconciliation

	Q2 2014	Q2 2015	Change	H1 2014	H1 2015	Change
	€ million	€ million	%	€ million	€ million	%
Sales	11	12	9.1	22	24	9.1
EBITDA pre exceptionals	(42)	(69)	(64.3)	(94)	(141)	(50.0)
EBITDA	(53)	(80)	(50.9)	(112)	(165)	(47.3)
Operating result (EBIT) pre exceptionals	(46)	(73)	(58.7)	(102)	(149)	(46.1)
Operating result (EBIT)	(57)	(84)	(47.4)	(120)	(173)	(44.2)
Cash outflows for capital expenditures	4	1	(75.0)	7	6	(14.3)
Depreciation and amortization	4	4	0.0	8	8	0.0
Employees as of June 30 (previous year: as of Dec. 31)[1]	2,714	2,643	(2.6)	2,714	2,643	(2.6)

1) 2014 figure restated

Second-quarter EBITDA pre exceptionals for the reconciliation came to minus €69 million, compared with minus €42 million in the prior-year period. EBITDA pre exceptionals for the half-year decreased from minus €94 million to minus €141 million. This change was mainly due to currency hedging losses. The €11 million in exceptional items reported in the reconciliation for the second quarter and the €24 million for the first six months of the year related primarily to measures undertaken in connection with the "Let's LANXESS again" program, and fully impacted EBITDA. Exceptional items in the prior year, which also fully impacted EBITDA, totaled €11 million in the second quarter and €18 million in the first half.

Statement of financial position and financial condition

Structure of the statement of financial position

As of June 30, 2015, the LANXESS Group had total assets of €7,422 million, up €172 million, or 2.4%, from €7,250 million on December 31, 2014. This development was mainly attributable to the seasonal and currency-related increase in working capital. The equity ratio at the end of the second quarter was 30.8%, after 29.8% on December 31, 2014.

Non-current assets rose by €8 million to €4,109 million, with intangible assets and property, plant and equipment increasing by €19 million to €3,672 million. Cash outflows for purchases of intangible assets and property, plant and equipment in the first half of 2015 following completion of the capital expenditure projects in the Asia-Pacific region totaled €129 million, compared with €262 million in the prior-year period. Depreciation and amortization in the first six months of the reporting period amounted to €234 million, which was €32 million above the figure of €202 million for the prior-year period. The ratio of non-current assets to total assets was 55.4%, slightly below the figure of 56.6% on December 31, 2014.

Current assets increased by €164 million, or 5.2%, against December 31, 2014 to €3,313 million. Inventories increased by €27 million, or 2.0%, to €1,411 million. This increase resulted from higher volumes and shifts in exchange rates. The lower prices for certain key raw materials offset inventory growth. Trade receivables were €168 million, or 16.6%, higher at €1,183 million, due in part to exchange rate developments. Cash and cash equivalents decreased by €214 million to €204 million. The ratio of current assets to total assets was 44.6%, against 43.4% as of December 31, 2014.

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 strengthen the 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, have made it possible for 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 €2,288 million against €2,161 million on December 31, 2014. The change resulted mainly from the positive total comprehensive income in the reporting period. The ratio of equity to the Group's total assets was 30.8% as of June 30, 2015, compared with 29.8% as of December 31, 2014.

Non-current liabilities increased by €56 million to €3,503 million as of June 30, 2015. Provisions for pensions and other post-employment benefits, at €1,292 million, were level with the end of 2014. Non-current derivative liabilities were €28 million, after €20 million on December 31, 2014. Other non-current financial liabilities amounted to €1,719 million, up by €21 million from the end of 2014. The ratio of non-current liabilities to total assets was 47.2%, down from 47.5% as of December 31, 2014.

Current liabilities came to €1,631 million, down by €11 million, or 0.7%, from December 31, 2014. Other current provisions increased by €32 million to €382 million, partly because of allocations to personnel and restructuring provisions in connection with the intended discontinuation of production at the Marl, Germany, site. Trade payables rose by €30 million to €829 million for operational reasons and because of currency effects. The ratio of current liabilities to total assets was 22.0% as of June 30, 2015, against 22.6% at the end of 2014.

Financial condition and capital expenditures

Changes in the statement of cash flows In the first six months of 2015 there was a net cash inflow of €152 million from operating activities, against €187 million in the prior-year period. Based on income before income taxes of €178 million, the increase in net working capital compared to December 31, 2014 resulted in a negative effect of €123 million. In the prior-year period, income before income taxes was €132 million and the cash outflow from the increase in net working capital was €250 million. The increase in net working capital in the reporting period was mainly due to higher trade receivables.

There was a €212 million net cash outflow from investing activities in the first six months of 2015, compared with a €415 million net cash outflow in the same period a year ago. The cash outflow in the reporting period was mainly attributable to capital expenditures for intangible assets and property, plant and equipment totaling €129 million, against €262 million in the prior-year period.

Net cash used in financing activities came to €157 million, compared with net cash of €100 million provided by financing activities in the first six months of 2014. The cash inflow of €53 million in proceeds from new borrowings in the reporting period was set against outflows of €131 million for the repayment of financial liabilities and the dividend payment to LANXESS AG stockholders for fiscal 2014. The cash inflow in the prior year of €433 million from the capital increase and €317 million from new borrowings was partly offset particularly by outflows of €519 million for the repayment of financial liabilities and by the dividend payment for fiscal 2013.

Financing and liquidity The principles and objectives of financial management discussed on page 95 of the Annual Report 2014 remained valid during the first half of 2015. They are centered on a conservative financial policy built on long-term, secured financing.

Cash and cash equivalents decreased by €214 million compared to the end of 2014, to €204 million. The €228 million of instant-access investments in money market funds, up from €100 million at the end of 2014, were reported under near-cash assets. The Group's liquidity position thus remains sound.

Net financial liabilities totaled €1,376 million as of June 30, 2015, compared with €1,336 million as of December 31, 2014.

Net Financial Liabilities

€ million	Dec. 31, 2014	June 30, 2015
Non-current financial liabilities	1,698	1,719
Current financial liabilities	182	111
less:		
Liabilities for accrued interest	(26)	(22)
Cash and cash equivalents	(418)	(204)
Near-cash assets	(100)	(228)
	1,336	**1,376**

Financing instruments off the statement of financial position As of June 30, 2015, 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 a new production facility for neodymium-based performance butadiene rubber (Nd-PBR) for our Tire & Specialty Rubbers business unit in Singapore. This facility is designed for an annual capacity of 140,000 tons and came on stream in the reporting period. In Changzhou, China, the High Performance Elastomers business unit successfully completed the construction of a production plant for synthetic ethylene propylene diene monomer (EPDM) rubber and commissioned the facility at the end of the first quarter. The plant has an annual capacity of up to 160,000 tons. The High Performance Materials business unit is adding a second production line to its high-tech plastics plant in Gastonia, United States. This new compounding facility will double the capacity from currently 20,000 tons to 40,000 tons per year. Production is scheduled to start at the beginning of 2016.

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. This plant will be expanded to include a mixing and milling facility for inorganic pigments with a capacity of 70,000 tons per year that will also be able to process raw pigments from other LANXESS sites for the Asian market. The entire plant complex is scheduled for completion in the fourth quarter of 2015 and the start-up of production for the first quarter of 2016.

Future perspectives, opportunities and risks

Future perspectives

In the current fiscal year we continue to expect the global economy to grow slowly. We believe that the crisis in Greece especially and the conflict in Ukraine remain the major risk factors for economic development in the eurozone. A further risk is the increasing uncertainty surrounding the future performance of the Chinese economy.

We currently foresee the following developments in the various regions. For NAFTA we anticipate somewhat weaker growth than previously assumed. We continue to expect that the aforementioned risk factors could result in slightly weaker growth in the EMEA region than we forecasted in the Annual Report 2014. We believe that the Asia-Pacific region will remain the focus of growth despite slower momentum in China. For Latin America we anticipate that the economic situation will continue to worsen, particularly given the economic problems in Brazil.

In the chemical industry we predict that growth will be slightly below expectations at the end of 2014, mainly due to a weaker outlook for chemical production in China. The NAFTA region should post a better performance than expected at the end of 2014, while growth in EMEA remains in line with our forecast. Production in the Asia-Pacific region is likely to see weaker growth than was predicted at the end of 2014 due to the economic situation in China. In Latin America, we now expect a decline in chemical production because of the difficult economic situation overall.

In our customer industries, we expect growth of global automotive production to be weaker than previously assumed. In the Asia-Pacific region, in particular, we foresee lower growth rates in production due to the weakening momentum in the Chinese economy. We predict a significant decline in automotive production in Latin America. We believe that NAFTA will continue to register robust growth, although the rate of expansion will probably be somewhat below our assumption at the end of 2014. In EMEA, where the Ukraine conflict in particular resulted in significantly lower growth assumptions in the prior quarter, we are now expecting a return to more positive development in light of improved economic data.

For global production in the tire industry, we anticipate weaker growth than we did at the end of 2014. This is due to a sharp decline in the pace of expansion in the Asia-Pacific region, especially in China. We now expect negative development in Latin America. NAFTA should see stronger growth, while performance in EMEA is expected to stagnate.

In our view, expansion in the construction industry should be slower than we anticipated at the end of 2014. We expect growth in this industry in the Asia-Pacific region to weaken. In Latin America, it is expected to continue weakening as a result of negative economic developments. The growth prospects for NAFTA are believed to have improved slightly over the prior quarter, while momentum in the EMEA region – driven especially by Europe – is likely to be weaker.

The global market for agrochemicals is expected to expand slightly more slowly than previously assumed, due in particular to downward development in the Latin America region. We predict slight growth for Asia-Pacific. While NAFTA should also see some growth, we expect robust development in EMEA.

With respect to our own business development, we anticipate ongoing price pressure for the synthetic rubber business in a challenging competitive environment throughout the rest of the year. For this reason – and because of idle time costs in the coming months associated with the start-up of our two world-scale plants in Asia – we expect weaker development in the Performance Polymers segment than in the first half of 2015.

The Advanced Intermediates segment should continue its solid performance. Both of the segment's business units are likely to benefit from good demand for our agrochemical products, among other things.

In our Performance Chemicals segment, we also expect performance in the second half of the year to remain solid, though characterized by normal seasonality. The performance of our Inorganic Pigments business unit should remain healthy. For the Rhein Chemie Additives business unit we see continued stable development in the coming months. We anticipate ongoing strong demand for the products of our Liquid Purification Technologies business unit.

The U.S. dollar will remain the key currency for our globally aligned business. We therefore anticipate that the continued strength of the U.S. dollar will have a positive effect on our business as the year progresses.

We expect the following exceptional charges from the ongoing three-phase realignment program "Let's LANXESS again."

For the first phase of the program, which is aimed at increasing the efficiency of business and administrative structures, we have planned total exceptional charges of €150 million through 2016. We anticipate exceptional charges of approximately €40 million in 2015, compared with about €110 million in the prior year. In the second phase of the program, we expect exceptional charges of approximately €55 million in 2015 for the planned realignment of production for EPDM and Nd-PBR rubber. A large proportion of these charges was already incurred in the first quarter of the year. We thus expect the first two phases of this program to result in exceptional charges of about €95 million in 2015.

The anticipated cost reductions from the implementation of the first phase are predicted to have a favorable impact on our operating result this year.

Despite the expected developments, we are raising our previous guidance for EBITDA pre exceptionals for the current fiscal year to between €840 million and €880 million. This is based on the good performance of our business in the first half of the year and on anticipated savings from our realignment program.

With the start-up of our two large EPDM and Nd-PBR rubber production facilities in Asia, we have concluded our major capital expenditures and do not anticipate further investment on this scale in the coming years. In the future, our capital expenditures will instead be increasingly directed toward the maintenance of existing production facilities as well as efficiency improvements and the expansion of existing plants. We are currently projecting maximum cash outflows for capital expenditures of €450 million for 2015.

Further information on this topic is given in the combined management report for LANXESS AG and the LANXESS Group on pages 114 to 115 of the Annual Report 2014.

Significant opportunities and risks

There have been no significant changes in the opportunities or risks of the LANXESS Group compared to December 31, 2014. Further information on this topic is provided in the combined management report for LANXESS AG and the LANXESS Group on pages 115 to 125 of the Annual Report 2014. 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.

Events after the end of the reporting period

No events of special significance took place after June 30, 2015 that are expected to materially affect the financial position or results of operations of the LANXESS Group.

Condensed Consolidated Interim Financial Statements

as of June 30, 2015

LANXESS Group Statement of Financial Position

€ million	Dec. 31, 2014	June 30, 2015
ASSETS		
Intangible assets	320	313
Property, plant and equipment	3,333	3,359
Investments accounted for using the equity method	0	0
Investments in other affiliated companies	13	13
Non-current derivative assets	5	5
Other non-current financial assets	11	6
Non-current income tax receivables	6	1
Deferred taxes	380	381
Other non-current assets	33	31
Non-current assets	**4,101**	**4,109**
Inventories	1,384	1,411
Trade receivables	1,015	1,183
Cash and cash equivalents	418	204
Near-cash assets	100	228
Current derivative assets	14	22
Other current financial assets	5	9
Current income tax receivables	28	20
Other current assets	185	236
Current assets	**3,149**	**3,313**
Total assets	**7,250**	**7,422**
EQUITY AND LIABILITIES		
Capital stock and capital reserves	1,317	1,317
Other reserves	1,253	1,262
Net income	47	109
Other equity components	(458)	(410)
Equity attributable to non-controlling interests	2	10
Equity	**2,161**	**2,288**
Provisions for pensions and other post-employment benefits	1,290	1,292
Other non-current provisions	275	297
Non-current derivative liabilities	20	28
Other non-current financial liabilities	1,698	1,719
Non-current income tax liabilities	25	26
Other non-current liabilities	118	103
Deferred taxes	21	38
Non-current liabilities	**3,447**	**3,503**
Other current provisions	350	382
Trade payables	799	829
Current derivative liabilities	101	104
Other current financial liabilities	182	111
Current income tax liabilities	44	53
Other current liabilities	166	152
Current liabilities	**1,642**	**1,631**
Total equity and liabilities	**7,250**	**7,422**

LANXESS Group **Income Statement**

€ million	Q2 2014	Q2 2015	H1 2014	H1 2015
Sales	**2,019**	**2,105**	**4,062**	**4,143**
Cost of sales	(1,579)	(1,620)	(3,205)	(3,215)
Gross profit	**440**	**485**	**857**	**928**
Selling expenses	(188)	(200)	(374)	(383)
Research and development expenses	(40)	(34)	(85)	(66)
General administration expenses	(71)	(68)	(145)	(132)
Other operating income	34	71	65	94
Other operating expenses	(53)	(77)	(121)	(201)
Operating result (EBIT)	**122**	**177**	**197**	**240**
Income from investments accounted for using the equity method	4	0	5	0
Interest income	1	0	2	1
Interest expense	(16)	(18)	(41)	(34)
Other financial income and expense	(17)	(15)	(31)	(29)
Financial result	**(28)**	**(33)**	**(65)**	**(62)**
Income before income taxes	**94**	**144**	**132**	**178**
Income taxes	(40)	(57)	(54)	(70)
Income after income taxes	**54**	**87**	**78**	**108**
of which attributable to non-controlling interests	(1)	0	(2)	(1)
of which attributable to LANXESS AG stockholders (net income)	55	87	80	109
Earnings per share (undiluted/diluted) (€)	**0.63**	**0.95**	**0.93**	**1.19**

LANXESS Group **Statement of Comprehensive Income**

€ million	Q2 2014	Q2 2015	H1 2014	H1 2015
Income after income taxes	**54**	**87**	**78**	**108**
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of the net defined benefit liability for post-employment benefit plans	(67)	244	(114)	10
Income taxes	20	(77)	35	(2)
	(47)	**167**	**(79)**	**8**
Items that may be reclassified subsequently to profit or loss if specific conditions are met				
Exchange differences on translation of operations outside the eurozone	40	(56)	36	66
Financial instruments	5	87	12	(26)
Income taxes	(2)	(25)	(5)	8
	43	**6**	**43**	**48**
Other comprehensive income, net of income tax	**(4)**	**173**	**(36)**	**56**
Total comprehensive income	**50**	**260**	**42**	**164**
of which attributable to non-controlling interests	(1)	0	(2)	(1)
of which attributable to LANXESS AG stockholders	51	260	44	165

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, 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**
Dec. 31, 2014	**91**	**1,226**	**1,253**	**47**	**(407)**	**(51)**	**2,159**	**2**	**2,161**
Allocations to retained earnings			47	(47)			0		0
Capital increase							0	9	9
Dividend payments			(46)				(46)	0	(46)
Total comprehensive income			8	109	66	(18)	165	(1)	164
Income after income taxes				*109*			*109*	*(1)*	*108*
Other comprehensive income, net of income tax			*8*		*66*	*(18)*	*56*	*0*	*56*
June 30, 2015	**91**	**1,226**	**1,262**	**109**	**(341)**	**(69)**	**2,278**	**10**	**2,288**

LANXESS Group **Statement of Cash Flows**

€ million	Q2 2014	Q2 2015	H1 2014	H1 2015
Income before income taxes	**94**	**144**	**132**	**178**
Depreciation and amortization	99	119	202	234
Gains on disposals of intangible assets and property, plant and equipment	0	(42)	0	(42)
Income from investments accounted for using the equity method	(4)	0	(5)	0
Financial losses	13	17	38	32
Income taxes paid/refunded	9	(18)	19	(23)
Changes in inventories	(106)	(22)	(175)	7
Changes in trade receivables	31	13	(77)	(145)
Changes in trade payables	33	6	2	15
Changes in other assets and liabilities	9	(98)	51	(104)
Net cash provided by operating activities	**178**	**119**	**187**	**152**
Cash outflows for purchases of intangible assets, property, plant and equipment	(154)	(73)	(262)	(129)
Cash outflows for financial assets	(146)	(121)	(163)	(128)
Cash inflows from sales of intangible assets, property, plant and equipment	2	43	2	44
Cash inflows from divestments of subsidiaries and other businesses, less divested cash and cash equivalents	0	0	3	0
Interest and dividends received	5	0	5	1
Net cash used in investing activities	**(293)**	**(151)**	**(415)**	**(212)**
Cash inflow from capital increase (in 2015 from non-controlling interests)	433	9	433	9
Proceeds from borrowings	201	10	317	53
Repayments of borrowings	(499)	(44)	(519)	(131)
Interest paid and other financial disbursements	(78)	(34)	(85)	(42)
Dividend payments	(46)	(46)	(46)	(46)
Net cash provided by (used in) financing activities	**11**	**(105)**	**100**	**(157)**
Change in cash and cash equivalents from business activities	**(104)**	**(137)**	**(128)**	**(217)**
Cash and cash equivalents at beginning of period	405	344	427	418
Other changes in cash and cash equivalents	0	(3)	2	3
Cash and cash equivalents at end of period	**301**	**204**	**301**	**204**

Segment and Region Data

Key Data by Segment Second quarter

€ million	Performance Polymers		Advanced Intermediates		Performance Chemicals		Reconciliation		LANXESS	
	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015
External sales	1,036	1,072	454	468	518	553	11	12	2,019	2,105
Inter-segment sales	0	1	13	16	3	3	(16)	(20)	0	0
Segment/Group sales	1,036	1,073	467	484	521	556	(5)	(8)	2,019	2,105
Segment result/EBITDA pre exceptionals	122	149	78	80	81	110	(42)	(69)	239	270
EBITDA margin pre exceptionals (%)	11.8	13.9	17.2	17.1	15.6	19.9			11.8	12.8
EBITDA	119	194	77	78	78	104	(53)	(80)	221	296
EBIT pre exceptionals	72	84	55	53	60	89	(46)	(73)	141	153
EBIT	68	127	54	51	57	83	(57)	(84)	122	177
Segment capital expenditures	116	30	22	18	19	25	4	2	161	75
Depreciation and amortization	51	67	23	27	21	21	4	4	99	119

2014 figures restated

Key Data by Segment First half

€ million	Performance Polymers		Advanced Intermediates		Performance Chemicals		Reconciliation		LANXESS	
	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015
External sales	2,099	2,087	927	946	1,014	1,086	22	24	4,062	4,143
Inter-segment sales	0	1	27	26	5	5	(32)	(32)	0	0
Segment/Group sales	2,099	2,088	954	972	1,019	1,091	(10)	(8)	4,062	4,143
Segment result/EBITDA pre exceptionals	239	271	150	172	149	197	(94)	(141)	444	499
EBITDA margin pre exceptionals (%)	11.4	13.0	16.2	18.2	14.7	18.1			10.9	12.0
EBITDA	227	279	145	171	139	189	(112)	(165)	399	474
EBIT pre exceptionals	133	148	104	122	108	155	(102)	(149)	243	276
EBIT	120	145	99	121	98	147	(120)	(173)	197	240
Segment capital expenditures	196	58	43	31	29	43	7	6	275	138
Depreciation and amortization	107	134	46	50	41	42	8	8	202	234
Employees as of June 30 (previous year: as of Dec. 31)	5,240	5,124	3,312	3,297	5,318	5,285	2,714	2,643	16,584	16,349

2014 figures restated

Key Data by Region Second quarter

€ million	EMEA (excl. Germany)		Germany		North America		Latin America		Asia-Pacific		LANXESS	
	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015
Sales by market	602	613	363	358	339	358	221	221	494	555	2,019	2,105
Proportion of Group sales (%)	29.8	29.1	18.0	17.0	16.8	17.0	10.9	10.5	24.5	26.4	100.0	100.0

Key Data by Region First half

€ million	EMEA (excl. Germany)		Germany		North America		Latin America		Asia-Pacific		LANXESS	
	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015
Sales by market	1,220	1,236	744	723	670	700	438	434	990	1,050	4,062	4,143
Proportion of Group sales (%)	30.0	29.8	18.3	17.5	16.5	16.9	10.8	10.5	24.4	25.3	100.0	100.0
Employees as of June 30 (previous year: as of Dec. 31)	3,267	3,212	7,747	7,563	1,371	1,333	1,467	1,455	2,732	2,786	16,584	16,349

Notes to the Condensed Consolidated Interim Financial Statements

as of June 30, 2015

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, 2014, particularly with respect to the recognition and valuation principles applied.

The company's Annual Stockholders' Meeting on May 13, 2015 approved new authorized capital II valid until May 22, 2018 in the amount of up to €18,304,587. At the same time as the previous authorization to issue bonds and the previous conditional capital were withdrawn early, the Board of Management was also authorized, with the approval of the Supervisory Board, to issue in one or more installments until May 22, 2018 against cash contributions bearer or registered bonds up to a total value of €1 billion, and to grant rights to or impose obligations on the holders of such bonds in respect of bearer shares of the company representing a total pro rata increase of up to €18,304,587 in the company's capital stock. Conditional capital in the amount of up to €18,304,587 was created to service the bonds.

Recognition and valuation principles

The unaudited, condensed consolidated interim financial statements as of June 30, 2015 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, required to be applied in the European Union. The standards and interpretations already mandatory as of January 1, 2015 were observed in preparing the interim financial statements.

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 broadly consistent with those applied in the consolidated financial statements for 2014. The actual figures may differ from the assumptions or estimates if the underlying conditions develop differently than predicted at the reporting date.

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 construction activity is lower.

Changes in the 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, 2015	23	11	5	5	18	62
Mergers	(1)	(1)			(1)	(3)
June 30, 2015	**22**	**10**	**5**	**5**	**17**	**59**
Consolidated associates and jointly controlled entities						
Jan. 1, 2015		2				2
Changes						0
June 30, 2015	**0**	**2**	**0**	**0**	**0**	**2**
Non-consolidated companies						
Jan. 1, 2015	2	2	1	3	1	9
Changes						0
June 30, 2015	**2**	**2**	**1**	**3**	**1**	**9**
Total						
Jan. 1, 2015	25	15	6	8	19	73
Mergers	(1)	(1)			(1)	(3)
June 30, 2015	**24**	**14**	**6**	**8**	**18**	**70**

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

LANXESS Chemicals, S.L., Barcelona, Spain, was merged with LANXESS Holding Hispania, S.L., Barcelona, Spain, which was renamed LANXESS Chemicals S.L., Barcelona, Spain. In addition, Rhein Chemie Japan Ltd., Tokyo, Japan, was merged with LANXESS K.K., Tokyo, Japan, and Aliseca GmbH, Leverkusen, Germany, was merged with LANXESS Deutschland GmbH, Cologne, Germany.

Earnings per share

Earnings per share for the second quarter and first half of 2014 and 2015 were calculated on the basis of the number of shares in circulation during each reporting period. 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, 2014.

Earnings per Share

	Q2 2014	Q2 2015	Change %	H1 2014	H1 2015	Change %
Net income (€ million)	55	87	58.2	80	109	36.3
Number of outstanding shares[1]	87,640,145	91,522,936	4.4	85,421,408	91,522,936	7.1
Earnings per share in € (undiluted/diluted)	**0.63**	**0.95**	**50.8**	**0.93**	**1.19**	**28.0**

1) Weighted average number of ordinary shares in circulation; capital increase accounted for pro rata temporis in 2014

Payment of the dividend for fiscal 2014

Pursuant to the resolution of the Annual Stockholders' Meeting on May 13, 2015, the sum of €46 million out of the distributable profit of €53 million reported in the annual financial statements of LANXESS AG as of December 31, 2014 was paid out to the stockholders on May 14, 2015. The dividend per eligible no-par share was €0.50. The remaining amount of €7 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, 2014		
	Level 1	**Level 2**	**Level 3**
Non-current assets			
Investments in other affiliated companies	3	–	–
Non-current derivative assets	–	5	–
Other non-current financial assets	–	1	–
Current assets			
Near-cash assets	100	–	–
Current derivative assets	–	14	–
Other current financial assets	0	–	–
Non-current liabilities			
Non-current derivative liabilities	–	20	–
Current liabilities			
Current derivative liabilities	–	101	–

Assets and Liabilities Measured at Fair Value

€ million	June 30, 2015		
	Level 1	**Level 2**	**Level 3**
Non-current assets			
Investments in other affiliated companies	3	–	–
Non-current derivative assets	–	5	–
Other non-current financial assets	–	1	–
Current assets			
Near-cash assets	228	–	–
Current derivative assets	–	22	–
Other current financial assets	0	–	–
Non-current liabilities			
Non-current derivative liabilities	–	28	–
Current liabilities			
Current derivative liabilities	–	104	–

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. As at year end 2014, the item "Investments in other affiliated companies" in the statement of financial position also includes €10 million in non-listed equity instruments, the fair values of which 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. The carrying amount of the bonds, at €1,391 million, differed significantly from their fair value, which was €1,535 million as of June 30, 2015. The carrying amounts of the bonds as of December 31, 2014 was €1,456 million and their fair value €1,630 million. Fair value measurement of the bonds is allocated to Level 1 of the hierarchy although, as of June 30, 2015, two bonds with a fair value of €233 million were allocated to Level 2 as there was no liquid market for them. As of December 31, 2014, three bonds with a fair value of €311 million were allocated to Level 2 of the hierarchy. The fair value of liabilities allocated to Level 2 is calculated using discounted cash flows and taking account of observed market interest rates.

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, 2014.

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 2014	Q2 2015	H1 2014	H1 2015
Total of segment results	**281**	**339**	**538**	**640**
Depreciation and amortization	(99)	(119)	(202)	(234)
Other/consolidation	(42)	(69)	(94)	(141)
Exceptional items affecting EBITDA	(18)	26	(45)	(25)
Net interest expense	(15)	(18)	(39)	(33)
Income from investments accounted for using the equity method	4	0	5	0
Other financial income and expense	(17)	(15)	(31)	(29)
Income before income taxes	**94**	**144**	**132**	**178**

The exceptional items were principally the result of expenses connected with the intended discontinuation of EPDM rubber production at the site in Marl, Germany, other measures taken as part of the "Let's LANXESS again" program and income from the sale of non-current assets.

As part of the global realignment, Group structures were reorganized. Prior-year figures have been restated accordingly, with sales of €51 million and €105 million shifted from the Performance Chemicals segment to the Advanced Intermediates segment in the second quarter and first half of 2014, respectively. These adjustments resulted in a shift in EBITDA pre exceptionals of €5 million for each of the respective prior-year periods.

Changes on the Board of Management

Effective April 1, 2015, the Supervisory Board of LANXESS AG appointed Michael Pontzen as a member of the Board of Management of LANXESS AG. Mr. Pontzen took over as Chief Financial Officer (CFO) from Dr. Bernhard Düttmann, who left the company on March 31, 2015.

Changes on the Supervisory Board

The Annual Stockholders' Meeting of LANXESS AG held on May 13, 2015, re-elected Dr. Rolf Stomberg, Dr. Friedrich Janssen and Theo H. Walthie as stockholder representatives to the Supervisory Board for a term expiring at the end of the Annual Stockholders' Meeting which resolves on the ratification of the actions of the Supervisory Board in fiscal 2019. Lawrence A. Rosen, Bonn, Germany, and Dr. Matthias L. Wolfgruber, Mühldorf a. Inn, Germany, were elected by the Annual Stockholders' Meeting to the Supervisory Board to represent the stockholders in the place of the departing members Robert J. Koehler and Rainer Laufs. In a poll held on April 15, 2015, Gisela Seidel, Werner Czaplik, Hans-Jürgen Schicker, Dr. Hans-Dieter Gerriets, Ralf Sikorski and Thomas Meiers had already been elected as employee representatives to the Supervisory Board.

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 with Currenta GmbH & Co. OHG, which is accounted for in the consolidated financial statements using the equity method, and its subsidiaries mainly comprised the purchase of site services in the fields of utilities, infrastructure and logistics totaling €108 million in the second quarter of 2015 (Q2 2014: €104 million) and €219 million in the first half of 2015 (H1 2014: €218 million). Receivables of €4 million and payables of €154 million existed as of June 30, 2015 as a result of these transactions (December 31, 2014: €3 million and €114 million, respectively). There were also payment obligations to Currenta GmbH & Co. OHG and its subsidiaries amounting to €0 million (December 31, 2014: €1 million) under operating leases and obligations of €5 million (December 31, 2014: €4 million) under purchase agreements.

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 2015.

Employees

The LANXESS Group had 16,349 employees worldwide as of June 30, 2015, which was 235 fewer than on December 31, 2014 (16,584). The decrease was mainly attributable to the "Let's LANXESS again" program.

The number of employees in the EMEA (excluding Germany) region declined by 55 to 3,212. Headcount in Germany came to 7,563, against 7,747 as of December 31, 2014. The workforce in North America decreased by 38 to 1,333. In Latin America, headcount decreased compared to December 31, 2014, from 1,467 to 1,455. The number of employees in the Asia-Pacific region increased by 54 from 2,732 to 2,786. This was mainly attributable to investment activities in that region.

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, 2015

LANXESS Aktiengesellschaft

The Board of Management

Matthias Zachert   Michael Pontzen

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, 2015, 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 Management. 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 27, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Bernd Boritzki	Carsten Manthei
German Public Auditor	German Public Auditor

Financial Calendar 2015

November 5
Interim Report Q3 2015

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