LANXESS Q1 2009 Financial Summary for Investors and Analysts

- **Significant sales decline of 31.3 %**
- **EBITDA pre exceptionals down 70% to €66 m, impacted by inventory devaluation and customer destocking**
- **EBITDA pre exceptionals margin at 6.3 %**
- **Price before volume remains intact as selling prices decreased less than raw material prices**
- **Net financial debt of €744 m, €120 m lower vs. year end**
- **Cost cutting initiatives „Challenge09“ on track**

LANXESS AG
Investor Relations
51369 Leverkusen
Germany

Oliver Stratmann, Head of IR
Phone +49 214 30-49611
Fax +49 214 30-959-49611
Oliver.Stratmann@lanxess.com

Overview Financials

Q1 Profit and Loss Statement:

- Sales Deviation: Price: -2%, Volume -36%, Currency +3%, Portfolio +4% (approximate numbers)
- Prices decreased while raw material prices declined more; favorable portfolio and currency effects slightly alleviate severe volume impact
- SG&A reduced, despite consolidation of LANXESS Elastômeros do Brasil, also proving effects of cost cutting measures
- EBITDA pre at much lower level, impacted by inventory devaluation (~€40 m), destocking and a very low underlying level of demand

Q1 Balance Sheet:

- Slight decrease in Working Capital vs. year-end 2008
  - Inventory: sequential decrease in Q1 due to lower raw material prices, destocking and devaluation
  - Receivables: decreased due to very tight management and receivable collection, no major customer defaults
- Net debt decreased due to strict working capital and cash flow management
- Financing and liquidity situation is comfortable. Majority of drawn debts are long term and without financial covenants
  - New €500 m Eurobond maturing April 2014 with coupon of 7.75% further improves solid financing and balanced maturity profile
  - €500 m Eurobond maturing June 2012 without financial covenant (only change of control clause) at annual coupon of 4.125%

Q1 Cash flow Statement:

- Q1 2009 profit before tax mainly burdened by volume decline and inventory devaluation
- Operating cash flow above previous year, supported by strong cash inflow from working capital due to destocking and receivables management
- Changes in other assets and liabilities contain cash outs relating to restructuring and non cash effect from hedging / derivatives

LANXESS AG
Investor Relations
51369 Leverkusen
Germany

Oliver Stratmann, Head of IR
Phone +49 214 30-49611
Fax +49 214 30-959-49611
Oliver.Stratmann@lanxess.com

Q1 Business Overview

Performance Polymers

- **Slump of volumes, destocking, idle costs and inventory devaluation weigh on performance**
- Sales Deviation: Price: -7%, Volume -40%, Currency +4%, Portfolio +8% (approximate numbers)
- Sales decreased, supporting currencies & portfolio only mitigated lower pricing and severe volume reduction
- BTR, TRP with continued high pricing at previous year's level, benefiting from lower raw material prices; PBR price decline in line with raw materials but SCP impacted
- Significant volume declines in all BUs, especially TRP
- Inventory write-downs, high idle costs, ongoing destocking and underlying volume decline impact performance
- ~€35 m inventory devaluation mainly in PBR, TRP (Butadiene)
- Capex increase mainly due to hurricane IKE

Advanced Intermediates

- **Relative stability remains in most markets**
- Sales Deviation: Price: 0%, Volume -24%, Currency +2% (approximate numbers)
- Lower sales as stable pricing and positive currency effects only mitigated volume decline
- BAC indexed selling prices lag raw material downward trend. Still stable volumes from agro but softening in markets for construction and paints
- SGO with slightly lower volumes in pharma and specialties but solid pricing fueled by continuous demand from agro
- Advanced Intermediates benefited from raw material deflation

Performance Chemicals

- **Focus on price and cost management**
- Sales Deviation: Price: +4%, Volume -38%, Currency +3% (approximate numbers)
- Sales reduced, with price increases and positive currencies only mitigating severe volume decline
- Business units LEA, IPG and FCC benefiting from pricing
- RUC, RCH volume-wise impacted most due to huge exposure to automotive OEM business
- EBITDA pre exceptionals down on substantial volume decline and ~€5 m inventory write-off
- EBITDA pre exceptionals margin nevertheless still double digit

LANXESS
Energizing Chemistry

Outlook and guidance

Outlook:

- Only minor additional inventory write-offs in Q2 (~€10 m)
- Gradual demand recovery mainly from Asia
- Reduced customer destocking
- Challenge09 yielding results
- Idle capacity costs burdening (mitigated by digital approach)
- Selling price reductions (indexed contracts) with time lag
- Going forward, U.S. dollar expected between 1.30-1.35 USD / EUR

- Performance Polymers - current business situation:
  - Destocking expected to further decline in Q2
  - Restocking probable from Q3 onwards
  - Only minor inventory devaluation expected in Q2
- Advanced Intermediates - current business situation:
  - Resilience of agrochemicals expected to persist
  - Other customer industries exposed to cyclical downturn, LANXESS however manages to compensate through leading market positions
  - Start-up of selected pharma projects delayed in 2009
- Performance Chemicals - current business situation:
  - No inventory devaluation expected in Q2
  - Going forward positive end market development for leather and pigments
  - In Q2, no improvement from automotives: Idle costs, digital approach
  - Normal seasonal nature partly apparent

LANXESS AG
Investor Relations
51369 Leverkusen
Germany

Oliver Stratmann, Head of IR
Phone +49 214 30-49611
Fax +49 214 30-959-49611
Oliver.Stratmann@lanxess.com

Guidance:

- Based on previously mentioned assumptions, LANXESS expects Q2 EBITDA pre exceptionals to be between €100 and €120 million

- Hedging : ~50% at 1.30-1.40 USD / EUR
- Capex* : reduced to ~€300 m
- D&A : ~€270 – 280 m
- Taxrate : reduced to ~25%
- Working Capital: expected to lead to moderate cash inflow in the course of 2009

  *without projects financed by customers

Leverkusen, May 7, 2009

Financial Overview Q1 2009

in € million	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q1 '08	Q1 '09	Chg. in %	Q1 '08	Q1 '09	Chg. in %	Q1 '08	Q1 '09	Chg. in %	Q1 '08	Q1 '09	Chg. in %	Q1 '08	Q1 '09	Chg. in %
Sales	1535	1054	-31%	693	448	-35%	329	258	-22%	495	338	-32%	18	10	-44%
Price*			-2%			-7%			0%			4%			0%
Volume*			-36%			-40%			-24%			-38%			-44%
Currency*			3%			4%			2%			3%			0%
Portfolio*			4%			8%			0%			0%			0%
EBIT	145	-1	n.m.	73	-24	n.m.	45	35	-22%	60	21	-65%	-33	-33	n.m.
Deprec. & amortizat.	64	63	-2%	29	32	10%	11	11	0%	19	17	-11%	5	3	-40%
EBITDA	209	62	-70%	102	8	-92%	56	46	-18%	79	38	-52%	-28	-30	0%
exceptionals in EBITDA	11	4	-64%	2	0	n.m.	0	0	0%	3	1	-67%	6	3	-50%
EBITDA pre excep.	220	66	-70%	104	8	-92%	56	46	-18%	82	39	-52%	-22	-27	n.m.
normalized D&A	61	63	3%	26	32	23%	11	11	0%	19	17	-11%	5	3	-40%
EBIT pre excep.	159	3	-98%	78	-24	n.m.	45	35	-22%	63	22	-65%	-27	-30	n.m.
exceptionals in EBIT	14	4	-71%	5	0	n.m.	0	0	0%	3	1	-67%	6	3	-50%
Capex	34	52	53%	15	28	87%	5	9	80%	11	13	18%	3	2	-33%
Net financial debt	864	744	-14%												

* approximate numbers

**per Dec. 31

Abbreviations:

BAC	Basic Chemicals
BTR	Butyl Rubber
FCC	Functional Chemicals
ION	Ion Exchange Resins
IPG	Inorganic Pigments
LEA	Leather
LUP	Lustran Polymers
MPP	Material Protection Products
PBR	Performance Butadiene Rubbers
RCH	RheinChemie
RUC	Rubber Chemicals
SCP	Semi-Crystalline Products
SGO	Saltigo
TRP	Technical Rubber Products

LANXESS AG
Investor Relations
51369 Leverkusen
Germany

Oliver Stratmann, Head of IR
Phone +49 214 30-49611
Fax +49 214 30-959-49611
Oliver.Stratmann@lanxess.com