

LANXESS Q3 2009 Financial Summary for Investors and Analysts

- **Notable price and volume increase vs. previous quarter**
- **Sales increase 10.9% vs Q2 2009, down 24.3% vs Q3 2008**
- **EBITDA pre exceptionals of €143 m**
- **10.4 % EBITDA-Margin almost at 2008 level**
- **Successful implementation of Challenge09-12**
- **Net income positive, at €23 m**
- **Results supported by pre-buying and savings**
- **Net debt at €779 m, maturity profile further improved**
- **Acquisitions in Asia successfully closed**
- **Outlook: EBITDA pre 2009 between €400–420 m**

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Overview Financials

Q3 Profit and Loss Statement:

- Cost structure fully aligned to current demand level
- Sales deviation yoy: Price: -16%, Volume -11%, Currency +3% (approximate numbers)
- Sales increased 11% vs. Q2 driven by Asian momentum (China), but remain 24% below previous year
- Cost of sales, selling and G&A expenses clearly show effects of flexible asset and cost management with accelerated implementation of restructuring and Challenge programs
- Continued sequential EBITDA pre improvement against typical seasonal pattern

Q3 Balance Sheet:

- Solid financing and good working capital management
- Increase in pension provisions due to regionally lower discount rates
- Investment in INEOS ABS deconsolidated
- Net financial debt increased slightly due to financing of acquisitions
 - Liquidity as of June now reported on balance sheet as:
 - Cash & cash equivalents
 - Near cash assets
 - Net debt remains below 2008 level despite acquisition of Gwalior and Jianguo Polyols
- New €200 m bond further improved maturity profile

9M Cash flow Statement:

- Healthy cash inflow driven by working capital management
- Cash tax refunds due to collection of pre-paid taxes
- Other assets and liabilities reflect restructuring cash-out in 2009 (expenses in 2008) and higher payments for personnel commitments
- Investing cash flow 2009 includes investment in near cash assets
- Financing cash flow 2009 reflects €500 m 2014 bond
- Professional working capital management delivers strong operating cash flow

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Q3 Business Overview

Performance Polymers

- **Volume and price increase in tandem highlights strength of businesses**
- Sales deviation yoy: Price: -26%, Volume -7%, Currency +3%, (approximate numbers)
- Sales rebound versus Q2: rise of volumes and prices in tandem
- Stronger than expected September due to pick up of demand for winter tyres (PBR) and some pre-buying (BTR) after announced price increases
- BTR with solid volumes at PY level, due to Asian demand and a strong September
- EBITDA & margin significantly improved - effective cost management

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Advanced Intermediates

- **Rock solid performance**
- Sales deviation yoy: Price: -7%, Volume -12%, Currency +1%, Portfolio +1% (approximate numbers)
- Effect of volume decline fully offset by flexible asset and cost management
- Softening of agro industry translates into lower Q4 sales, while long term trend expected to remain intact
- SGO with positive pricing versus 2008 and some volume increases in agro-chemical markets but more modest in pharma
- While herbicides have lost momentum, other industry segments over-compensate (automotive, coating)

Performance Chemicals

- **Earnings above previous year**
- Sales deviation yoy: Price: -3%, Volume -17%, Currency +2% (approximate numbers)
- Sequential volumes increase with stable pricing
- IPG, RCH and LEA with biggest share in sequential EBITDA improvement
- All businesses (especially FCC) benefit from flexible asset and cost management
- EBITDA pre and margin above previous year

Outlook and guidance

- **Signs of economic improvement with risk of setbacks**
- Global markets have stabilized, growth momentum mainly in Asia (especially China)
- Other regions are expected to continue slow recovery over a longer period of time
- Customers will manage inventories tightly in Q4
- Some pre-buying in Q3 potentially burdening Q4
- Seasonal earnings pattern affects Q4

Guidance:

- **FY guidance reflects better Q3 performance**
 - Based on previously mentioned assumptions, LANXESS expects FY EBITDApre of €400 m - €420 m
 - Capex* : ~€300 m
 - D&A : ~€270 – €280 m
 - Tax rate : sustainable at ~25%
 - Working Capital: moderate cash inflow for FY 2009
 - Exceptionals : ~€40 m for FY 2009
 - FX : FY avg. U.S. dollar at 1.35-1.40 USD / EUR
 - Hedging : ~50% at 1.30-1.40 USD / EUR
- *without projects financed by customers and finance leases

Challenge09 proceeding ahead of plan, €30 m savings accelerated from 2010:

- Challenge09 cost saving measures proceed ahead of plan
- €30 m of savings planned for 2010 pulled forward into 2009
- Contribution due to faster implementation of operational restructuring projects

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Leverkusen, November 12, 2009

Forward-Looking Statements

This news release contains forward-looking statements based on current assumptions and forecasts made by LANXESS AG management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Financial Overview Q3 2009

in € million	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q3 08	Q3 09	Chg. in %	Q3 08	Q3 09	Chg. in %	Q3 08	Q3 09	Chg. in %	Q3 08	Q3 09	Chg. in %	Q3 08	Q3 09	Chg. in %
Sales	1814	1373	-24%	938	656	-30%	344	284	-17%	520	425	-18%	12	8	-33%
Price*			-16%			-26%			-7%			-3%			0%
Volume*			-11%			-7%			-12%			-17%			-25%
Currency*			3%			3%			1%			2%			-8%
Portfolio*			0%			0%			1%			0%			0%
EBIT	108	64	-41%	83	32	-61%	28	22	-21%	45	46	2%	-48	-36	n.m.
Deprec. & amortizat.	75	66	-12%	42	34	-19%	12	13	8%	18	16	-11%	3	3	0%
EBITDA	183	130	-29%	125	66	-47%	40	35	-13%	63	62	-2%	-45	-33	n.m.
exceptionals in EBITDA	9	13	44%	2	10	>100%	0	5	n.m.	2	5	>100%	5	-7	n.m.
EBITDA pre excep.	192	143	-26%	127	76	-40%	40	40	0%	65	67	3%	-40	-40	0%
normalized D&A	72	66	-8%	39	34	-13%	12	13	8%	18	16	-11%	3	3	0%
EBIT pre excep.	120	77	-36%	88	42	-52%	28	27	-4%	47	51	9%	-43	-43	0%
exceptionals in EBIT	12	13	8%	5	10	100%	0	5	n.m.	2	5	>100%	5	-7	n.m.
Capex	69	52	-25%	37	25	-32%	12	6	-50%	18	19	6%	2	2	0%
Net financial debt	864**	779	-10%												

* approximate numbers

**per Dec. 31

Financial Overview 9M 2009

in € million	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	9M 08	9M 09	Chg. in %	9M 08	9M 09	Chg. in %	9M 08	9M 09	Chg. in %	9M 08	9M 09	Chg. in %	9M 08	9M 09	Chg. in %
Sales	5114	3665	-28%	2539	1663	-34%	993	827	-17%	1538	1148	-25%	44	27	-39%
Price*			-10%			-18%			-5%			0%			n.m.
Volume*			-22%			-22%			-14%			-28%			n.m.
Currency*			3%			4%			2%			3%			n.m.
Portfolio*			1%			2%			0%			0%			n.m.
EBIT	369	106	-71%	202	26	-87%	112	84	-25%	162	96	-41%	-107	-100	n.m.
Deprec. & amortizat.	203	194	-4%	103	99	-4%	33	35	6%	57	49	-14%	10	11	10%
EBITDA	572	300	-48%	305	125	-59%	145	119	-18%	219	145	-34%	-97	-89	n.m.
exceptionals in EBITDA	63	21	-67%	53	11	-79%	0	5	n.m.	6	5	-17%	4	0	n.m.
EBITDA pre excep.	635	321	-49%	358	136	-62%	145	124	-14%	225	150	-33%	-93	-89	n.m.
normalized D&A	197	191	-3%	97	99	2%	33	35	6%	56	49	-13%	11	8	-27%
EBIT pre excep.	438	130	-70%	261	37	-86%	112	89	-21%	169	101	-40%	-104	-97	n.m.
exceptionals in EBIT	69	24	-65%	59	11	-81%	0	5	n.m.	7	5	-29%	3	3	0%
Capex	169	161	-5%	84	81	-4%	32	23	-28%	46	51	11%	7	6	-14%
Net financial debt	864**	779	-10%												

* approximate numbers

**per Dec. 31

Abbreviations:

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

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