

LANXESS Q3 2007 Financial Summary for Investors and Analysts

- **Strongest operational growth (+6%) since spin-off**
- **EBITDA pre exceptionals raised by 6.7% to €175 m, margin raised to 10.3%**
- **EBIT pre exceptionals raised by 9.8% to €112 m**
- **Strong increase in Net Income**
- **BU LUP JV transaction closed (Sept. 30th), BU LUP deconsolidated**
- **Credit facility of €1.5 bn refinanced: tenor now up to 2014**
- **Guidance for FY 2007 reiterated: EBITDA pre exceptionals expected to increase to €700 – €720 m, despite ~€10 m shortfall of LUP performance in Q3**

LANXESS AG
Investor Relations
51369 Leverkusen
Germany

Michael Pontzen, Head of IR
Phone +49 214 30-43804
Fax +49 214 30-959-43804
Michael.Pontzen@lanxess.com

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Overview Financials

LANXESS Group Q3 2007

- Organic sales growth based on strong pricing and higher volumes offsets portfolio change (TPC) and unfavourable currency effects
- Capex for Q4 expected to rise significantly and reach foreseen FY level
- Headcount reduction due to portfolio adjustment and restructuring
- LUP is transferred from the operational portfolio into an at-cost JV as of September 30th. Therefore the Engineering Plastics segment will not be shown anymore in 2008

Q3 2007 Profit and Loss Statement

- Sales Deviation: Price +1.6%, Volume +4.4%, Currency -3.0%, Portfolio -2.2% (approximate numbers)
- Operationally, sales increased in all segments. Performance Chemicals reports lower sales due to the absence of TPC
- Other operating result includes restructuring and M&A expenses, as well as positive one-offs due to the sale of sideline operations and foreign currency gains
- Strong EBITDA pre exceptionals performance on the basis of again improved capacity utilization
- Rise of Net Income based on sound operations and extraordinary results from BIS and the sale of sideline operations (ARG, Borchers)

9M 2007 Cash flow Statement

- Profit before tax burdened mainly by exceptionals of €211 m in connection with the LUP JV and for restructuring
- Lower increase of working capital
- Operating cash flow 2007 contains ~€55 m restructuring cash out

- Changes in other assets / liabilities mainly mirror non-cash character of expenses related to the LUP JV
- Investing cash flow comprises:
 - In 2006: Cash-in for sale of BU FIB, PAP and iSL in 2006
 - In 2007:
 - Cash-in for sale of BU TPC
 - Payout for first acquisition
 - Cash infusion to BIS for previous year's loss

Q3 Business Overview

Performance Polymers

- Sales Deviation: Price +2.2%, Volume +5.1%, Currency -3.7% (approximate numbers)
- Sales rise on the basis of increased prices and volumes in almost all BUs, more than offsetting adverse currency effects
- Additional BTR and SCP volumes from capacity expansions were again well absorbed by the market
- PBR with continuing strategic shift of sales to Asia, accepting slightly lower pricing. EBITDA margin improved on higher capacity utilization
- Healthy demand in TRP and SCP. Both units achieved price increases alongside with stronger volumes

Advanced Intermediates

- Sales Deviation: Price +0.4%, Volume +10.6%, Currency -2.2% (approximate numbers)
- Sales increased mainly on higher volumes in both business units, more than offsetting unfavourable currency effects
- BAC demonstrates stability on a high level, based on a stronger agro market and product differentiation
- SGO with expected change of product mix: stronger sales to the agrochemical and specialty chemical end markets, where margins are comparably lower than in pharma end markets – therefore mix-related reduction of average pricing

Performance Chemicals

- Sales Deviation: Price +0.4%, Volume +3.0%, Currency -3.0%, Portfolio -7.0% (approximate numbers)
- Reduced sales mainly due to the absence of TPC. Unfavourable currency effects were offset by increased sales volumes
- IPG managed to almost maintain the high profitability level of previous year as EMEA momentum compensates for sluggish US construction industry
- MPP expects customer de-stocking, expenses from sales force increases and additional registration costs to weigh on results in the forthcoming three quarters
- Specifically LEA, RCH and RUC provided improved contribution mainly by splendid volume increases and partly better pricing

Engineering Plastics

- Sales Deviation: Price +4.6%, Volume +0.9%, Currency -2.3% (approximate numbers)

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- Sales slightly higher as increased prices were only partly offset by adverse currency effects
- LUP performance improved from last year's level, however remains significantly below our expectations
- As per Sept. 30th, LUP will be accounted for as financial investment. The reporting for the Segment Engineering Plastics will therefore be ceased by year-end

2007 Business environment and Outlook

Business environment

- The current weakness of the U.S. Dollar is considered in our FY 2007 guidance
- Generally, a weak U.S. Dollar burdens our results
- Sensitivity: Based on our annual net exposure, a change of 1 cent of the exchange rate of the U.S. Dollar to the Euro affects our EBITDA by €5-6 m
- However, the actual impact may be significantly lower due to our rolling hedging approach

Guidance update 2007

- FY 2007 EBITDA pre exceptionals guidance reiterated:
- €700 - €720 m, despite LUP performance shortfall in Q3 of ~€10 m and an expected adverse FX effect in Q4 2007
- Capex expectation: ~€300 m
- Underlying P&L tax rate seen around 30%, excluding effects from LUP JV. Reported tax rate will however be distorted due to LUP-divestment
- D&A around €300 - €310 m (increase vs. 2006, mainly due to impairments in LUP)
- Reminder: majority of restructuring exceptionals to be booked in Q4 2007

Leverkusen, November 14, 2007

LANXESS AG

Investor Relations
51369 Leverkusen
Germany

Michael Pontzen, Head of IR
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Fax +49 214 30-959-43804
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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 2007

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Eng.Plastics (LUP only)			Others/ Cons.		
	Q3 06	Q3 07	Chg. in %	Q3 06	Q3 07	Chg. in %	Q3 06	Q3 07	Chg. in %	Q3 06	Q3 07	Chg. in %	Q3 06	Q3 07	Chg. in %	Q3 06	Q3 07	Chg. in %
Sales	1691	1705	1%	644	667	4%	274	298	9%	528	493	-7%	217	224	3%	28	23	-18%
Price*			2%			2%			0%			0%			5%			n.m.
Volume*			4%			5%			11%			3%			1%			n.m.
Currency*			-3%			-4%			-2%			-3%			-2%			n.m.
Portfolio*			-2%			0%			0%			-7%			0%			n.m.
EBIT	85	104	22%	53	69	30%	33	32	-3%	49	41	-16%	0	-8	n.m.	-50	-30	n.m.
Deprec. & amortizat.	63	70	11%	25	26	4%	8	9	13%	22	22	0%	0	7	n.m.	8	6	-25%
EBITDA	148	174	18%	78	95	22%	41	41	0%	71	63	-11%	0	-1	n.m.	-42	-24	n.m.
exceptionals in EBITDA	16	1	-94%	0	0	0%	0	0	0%	0	4	n.m.	0	3	n.m.	16	-6	n.m.
EBITDA pre excep. normalized D&A	62	63	2%	25	26	4%	8	9	13%	22	22	0%	0	0	n.m.	7	6	-14%
EBIT pre excep. exceptionals in EBIT	102	112	10%	53	69	30%	33	32	-3%	49	45	-8%	0	2	n.m.	-33	-36	n.m.
	17	8	-53%	0	0	0%	0	0	0%	0	4	n.m.	0	10	n.m.	17	-6	n.m.
Capex	66	59	-11%	30	24	-20%	10	10	0%	12	15	25%	8	8	0%	6	2	-67%
Net financial debt	511**	491	-4%															

* approximate numbers

**per Dec. 31



Financial Overview 9M 2007

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Eng.Plastics (LUP only)			Others/ Cons.		
	9M 06	9M 07	Chg. in %	9M 06	9M 07	Chg. in %	9M 06	9M 07	Chg. in %	9M 06	9M 07	Chg. in %	9M 06	9M 07	Chg. in %	9M 06	9M 07	Chg. in %
Sales	5278	5143	-3%	1928	1996	4%	860	896	4%	1704	1514	-11%	700	668	-5%	86	69	-20%
Price*			2%			4%			0%			0%			6%			n.m.
Volume*			2%			4%			6%			2%			-5%			n.m.
Currency*			-3%			-4%			-2%			-3%			-4%			n.m.
Portfolio*			-4%			0%			0%			-10%			-2%			n.m.
EBIT	337	210	-38%	181	213	18%	120	121	1%	183	169	-8%	11	-176	n.m.	-158	-117	n.m.
Deprec. & amortizat.	188	236	26%	73	76	4%	28	27	-4%	65	65	0%	1	51	>100%	21	17	-19%
EBITDA	525	446	-15%	254	289	14%	148	148	0%	248	234	-6%	12	-125	n.m.	-137	-100	n.m.
exceptionals in EBITDA	45	159	>100%	1	0	-100%	0	0	0%	1	4	>100%	0	145	n.m.	43	10	-77%
EBITDA pre excep.	570	605	6%	255	289	13%	148	148	0%	249	238	-4%	12	20	67%	-94	-90	n.m.
normalized D&A	187	184	-2%	73	76	4%	28	27	-4%	65	65	0%	1	0	n.m.	20	16	-20%
EBIT pre excep.	383	421	10%	182	213	17%	120	121	1%	184	173	-6%	11	20	82%	-114	-106	n.m.
exceptionals in EBIT	46	211	>100%	1	0	-100%	0	0	0%	1	4	>100%	0	196	n.m.	44	11	-75%
Capex	147	170	16%	65	78	20%	25	30	20%	37	37	0%	13	17	31%	7	8	14%
Net financial debt	511**	491	-4%															

* approximate numbers

**per Dec. 31

Abbreviations:

BTR Butyl Rubber
PBR Polybutadiene Rubber
TRP Technical Rubber Products
SCP Semi-Crystalline Products

BAC Basic Chemicals
SGO Saltigo

MPP Material Protection Products
IPG Inorganic Pigments
FCC Functional Chemicals
LEA Leather
TPC Textile Processing Chemicals
RCH RheinChemie
RUC Rubber Chemicals
ION Ion Exchange Resins

LUP Lustran Polymers
BIS Bayer Industry Services
FIB Fibers
PAP Paper Chemicals

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