

## LANXESS Q2 2008 Financial Summary for Investors and Analysts

- **Strong operational sales growth (+14.0%)**
- **EBITDA pre exc. increased to €223 m, offsetting negative currency effects and risen raw material costs**
- **EBITDA margin at 12.6% vs. 12.2% Q2 2007**
- **Net debt increases to €887 m after acquisition of Petroflex and quadrupled dividend payout**
- **Outlook FY 2008 confirmed:  
EBITDA pre exceptionals expected to be above €700 m**

**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

#### Q2 Profit and Loss Statement:

- Sales Deviation: Price: +7.3%, Volume +6.7%, Currency -5.8%, Portfolio -6.0% (approximate numbers)
- Sales rose as price and volume increases offset negative currency effects. Consolidation of Petroflex mitigates negative portfolio effect due to absence of BU LUP
- EBITDA pre exceptionals rose by around 6% mainly due to Performance Polymers' operational result and Petroflex' contribution
- Net income rose to €53 m despite burden of further LUP write-down of ~€30 m
- Other changes in operational costs mainly reflect the consolidation of Petroflex

#### Q2 Cash flow Statement:

- Operating cash flow in Q2 2008 contains ~€15 m restructuring cash out
- Increased outflow for working capital mirrors risen raw material costs in inventory, seasonal development as well as preparation for maintenance turnarounds and shift of production (RUC)
- Investing cash flow mirrors acquisition payment for Petroflex

## Q2 Business Overview

### Performance Polymers

- Sales Deviation: **Price: +12%, Volume +12%**, Currency -8%, Portfolio +20% (approximate numbers)
- Sales increased due to significant price and volume increases in all units. High Performance tire demand and overall mobility trend in Asia spur the growth.
- Strong BTR volumes compare to lower volume base in Q2 2007 due to a strike at our Belgian site
- PBR benefits from strong Asian business and long-term customer contracts in the U.S.
- SCP backed by strong fertilizer demand for ammonium sulfate, offsetting rising sulfate and ammonia prices
- Reported EBIT impacted by exceptional expenses for earlier announced efficiency measures in Canada and Belgium

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### Advanced Intermediates

- Sales Deviation: Price: +5%, Volume +9%, Currency -5% (approximate numbers)
- Sales increased as both BUs achieve price increases, based on strong demand for agrochemicals, overcompensating negative currency effects
- Despite further price increases, BAC increased volumes
- Raw material price increases in BAC were offset by price increases
- BAC, though being perceived as volatile, holds up strongly
- Stronger agrochemical volumes in SGO cushion seasonal weakness for certain pharma products. EBITDA pre exceptionals performance slightly below previous year's Q2
- Margins are diluted mainly by raw material pass through and currency effects

### Performance Chemicals

- Sales Deviation: Price: +6%, Volume 0%, Currency -6% (approximate numbers)
- Sales remain almost unchanged as increased prices and stable volumes outweigh unfavorable currency
- Price increases in almost all BUs, most pronounced in LEA (chrome ore), RUC (tight market), ION, and IPG (raw material induced)
- IPG price increases could not fully offset raw material price hikes (iron scrap) and softening U.S. demand but EBITDA also compares to very high base of Q2 2007
- Absolute EBITDA pre exceptionals is reduced as mainly LEA and RUC could not balance expected additional expenses in MPP and weakness in some of IPG's markets

## 2008 Business environment and Outlook

### Macro-economic environment and regional overview:

- LANXESS remains confident for H2 2008 despite further weakening macro-economic landscape
- Continuously growing demand for many of LANXESS' products (e.g. rubber and agrochemicals) especially in Asia but also further parts of the BRIC region, however somewhat muted in pace
- We expect a further weakening of the U.S. economy in H2 2008, especially in the automotive and construction industry
- Substantial additional raw material cost increase in H2 2008, which we are already preparing for
- Foreign currency: H2 2008 average rate of ~1,50 USD/€ (FY 2008 with LANXESS' hedging: ~1,45 USD/€)

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### Guidance 2008:

- **LANXESS confirms guidance for 2008**
- **EBITDA pre exceptionals FY 2008 is expected to be above €700 m**
- We are confident to again deliver on promises
- Further financial information:
  - Exceptional P&L expense FY 2008 expected around €70-90 m
  - Exceptional cash outs FY 2008 expected around €110-130 m
  - Tax rate ~30% for FY 2008
  - Capex FY 2008: €330-350 m

Leverkusen, August 13, 2008

### 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 Q2 2008

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q2 07	Q2 08	Chg. in %	Q2 07	Q2 08	Chg. in %	Q2 07	Q2 08	Chg. in %	Q2 07	Q2 08	Chg. in %	Q2 07	Q2 08	Chg. in %
<b>Sales</b>	1727	1765	2%	671	908	35%	291	320	10%	520	523	1%	245	14	-94%
Price*			7%			12%			5%			6%			n.m.
Volume*			7%			12%			9%			0%			n.m.
Currency*			-6%			-8%			-5%			-6%			n.m.
Portfolio*			-6%			20%			0%			0%			n.m.
<b>EBIT</b>	-44	116	n.m.	68	46	-32%	41	39	-5%	68	57	-16%	-221	-26	n.m.
Deprec. & amortizat.	104	64	-38%	25	32	28%	9	10	11%	21	20	-5%	49	2	-96%
<b>EBITDA</b>	60	180	>100%	93	78	-16%	50	49	-2%	89	77	-13%	-172	-24	n.m.
exceptionals in EBITDA	151	43	-72%	0	49	n.m.	0	0	0%	0	1	n.m.	151	-7	n.m.
<b>EBITDA pre excep.</b>	211	223	6%	93	127	37%	50	49	-2%	89	78	-12%	-21	-31	n.m.
normalized D&A	60	64	7%	25	32	28%	9	10	11%	21	19	-10%	5	3	-40%
<b>EBIT pre excep.</b>	151	159	5%	68	95	40%	41	39	-5%	68	59	-13%	-26	-34	n.m.
exceptionals in EBIT	195	43	-78%	0	49	n.m.	0	0	0%	0	2	n.m.	195	-8	n.m.
<b>Capex</b>	64	66	3%	33	32	-3%	11	15	36%	12	17	42%	8	2	-75%
<b>Net financial debt</b>	460**	887	93%												

\* approximate numbers

\*\*per Dec. 31



## Financial Overview H1 2008

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	H1 07	H1 08	Chg. in %	H1 07	H1 08	Chg. in %	H1 07	H1 08	Chg. in %	H1 07	H1 08	Chg. in %	H1 07	H1 08	Chg. in %
<b>Sales</b>	3438	3300	-4%	1329	1601	20%	598	649	9%	1021	1018	0%	490	32	-93%
Price*			6%			10%			4%			4%			n.m.
Volume*			6%			9%			9%			1%			n.m.
Currency*			-5%			-8%			-4%			-6%			n.m.
Portfolio*			-10%			10%			0%			0%			n.m.
<b>EBIT</b>	106	261	>100%	144	119	-17%	89	84	-6%	128	117	-9%	-255	-59	n.m.
Deprec. & amortizat.	166	128	-23%	50	61	22%	18	21	17%	43	39	-9%	55	7	-87%
<b>EBITDA</b>	272	389	43%	194	180	-7%	107	105	-2%	171	156	-9%	-200	-52	n.m.
exceptionals in EBITDA	158	54	-66%	0	51	n.m.	0	0	0%	0	4	n.m.	158	-1	n.m.
<b>EBITDA pre excep.</b>	430	443	3%	194	231	19%	107	105	-2%	171	160	-6%	-42	-53	n.m.
normalized D&A	121	125	3%	50	58	16%	18	21	17%	43	38	-12%	10	8	-20%
<b>EBIT pre excep.</b>	309	318	3%	144	173	20%	89	84	-6%	128	122	-5%	-52	-61	n.m.
exceptionals in EBIT	203	57	-72%	0	54	n.m.	0	0	0%	0	5	n.m.	203	-2	n.m.
<b>Capex</b>	111	105	-5%	54	47	-13%	20	25	25%	22	28	27%	15	5	-67%
<b>Net financial debt</b>	460**	887	93%												

\* approximate numbers

\*\*per Dec. 31

**Abbreviations:**

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

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