

LANXESS Q2 2011 Financial Summary for Investors and Analysts

- **23% sales growth: price and volume increase**
- **Acquisition-related sales growth of 5%**
- **Substantially higher raw material prices fully offset**
- **EBITDA increases by 26%**
- **EBITDA margin rises to 15.1 vs. 14.7%**
- **Year-to-date earnings per share reach €4.17**
- **2011 guidance lifted: EBITDA growth ~20%**

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Overview Financials

Q2 Profit and Loss Statement:

- **Price-before-volume and excellent market positions boost earnings**
- Sales up 23% due to strong price (+19%) and volume (+6%) effects. Portfolio (+5%) almost offsets negative currency effects (-7%)
- Effects from purchase price allocation included in cost of sales
- Earnings expansion with good margins
- EPS and EBITDA increase on the basis of healthy pricing, compensating raw material inflation

Q2 Balance Sheet:

- **Solid financial position**
- Balance sheet reflects DSM-EPDM acquisition
- Other non-current financial liabilities include new €500 m bond while current financial liabilities now comprise €400 m bond
- Higher inventories from increased business activity, rising raw material prices and DSM-EPDM acquisition

H1 Cash flow Statement:

- Cash flow fueled by demand momentum
- Working capital increase driven by higher receivables and inventories (volumes as well as raw material induced pricing)
- Investing cash flow contains cash-outs for acquisitions (in TRP, MPP and RCH)
- Financing cash-flow mirrors €500 m bond partly offset by dividends, interest & settlement of acquisition related debt

Q2 Business Overview

Performance Polymers

- **Continued strength of demand**
- Sales deviation yoy: Price +29%, Volume +9%, Currency -9%, Portfolio +9% (approximate numbers)
- All BUs manage price increases to offset risen raw material prices (notably Butadiene, Isobutylene)
- Healthy end-market demand reflected in solid volume increase
- Continued positive mix-effect in BU PBR (more Nd-PBR, SSBR)
- EPDM integration on track, PPA inventory effect fully included
- BU SCP expansion activities completed according to plan
- EBITDA benefits from positive pricing levels; margins remain at high level of previous year
- Planned rise of Capex for Singapore, significant further increase planned in H2

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Advanced Intermediates

- **Absolute performance in line with previous year's high level**
- Sales deviation yoy: Price +9%, Volume 10%, Currency -4% (approximate numbers)
- Price and volume increases overcompensate negative currency development
- BU SGO with increased demand from agro end-markets
- Expansion of cresol train at BU Advanced Industrial Intermediates as well as agro-related demand fuel volume growth
- Stable absolute EBITDA, but comparably lower margin due to delayed pricing pattern in Q2 2010
- Higher Capex from expansion in BU All (chlorotoluenes and cresols)

Performance Chemicals

- **Price-before-volume pays off**
- Sales deviation yoy: Price +8%, Volume -1%, Currency -5%, Portfolio +2% (approximate numbers)
- Sales increase due to positive price and portfolio effects mitigated by negative currency and volume developments
- Strict adherence to "price-before-volume" strategy leads to EBITDA and margin increase
- All business units with price increases
- BU IPG & RUC with strongest contribution to EBITDA growth
- BU LEA benefits from chrome ore pricing, however offset by disruptions in production due to industry strikes in South-Africa and Argentina weighing on volumes
- Seasonal softening in H2 expected

**2011 Business environment and guidance:
LANXESS lifts EBITDA guidance for 2011: ~ 20% growth**

Current macro view:

- Growth in emerging markets to continue, albeit at slower pace
- Germany with solid growth prospects, other Western economies continue to grow slowly
- Macroeconomic challenges: potential impact related to uncertainties over high national deficits in some European states, US dollar weakness
- Increased uncertainty over future macro-economic developments
- We have proven in the past that we can react quickly and efficiently due to excellent strategic set-up and committed team of employees, if necessary

Guidance:

- **LANXESS remains optimistic for 2011**
- We expect return to normal seasonality of our customer industries
- Several organic growth projects and recent acquisitions as well as strong market positions provide a good base for continued growth
- Focused and disciplined growth continued
- **We lift EBITDA earnings growth from 10 - 15% to ~20%**

- Capex* : ~€550-600 m
- D&A : ~€300-€320 m incl. acquisition
- Tax rate : 20 to 25%
- Hedging 2011 : ~40% at 1.30-1.40 USD / EUR

*without projects financed by customers and finance lease

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Leverkusen, August 11, 2011

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 2011

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q2 '10	Q2 '11	Chg. in %	Q2 '10	Q2 '11	Chg. in %	Q2 '10	Q2 '11	Chg. in %	Q2 '10	Q2 '11	Chg. in %	Q2 '10	Q2 '11	Chg. in %
Sales	1828	2243	23%	935	1281	37%	347	395	14%	537	561	4%	9	6	-33%
Price*			19%			29%			9%			8%			0%
Volume*			6%			9%			10%			-1%			-22%
Currency*			-7%			-9%			-4%			-5%			-11%
Portfolio*			5%			9%			0%			2%			0%
EBIT	196	255	30%	126	191	52%	53	47	-11%	67	76	13%	-50	-59	-18%
Deprec. & amortizat.	69	79	14%	37	38	3%	14	18	29%	17	19	12%	1	4	>100%
EBITDA	265	334	26%	163	229	40%	67	65	-3%	84	95	13%	-49	-55	-12%
exceptionals in EBITDA	4	5	25%	1	0	-100%	0	0	0%	0	0	0%	3	5	67%
EBITDA pre excep.	269	339	26%	164	229	40%	67	65	-3%	84	95	13%	-46	-50	-9%
normalized D&A	69	79	14%	37	38	3%	14	18	29%	17	19	12%	1	4	>100%
EBIT pre excep.	200	260	30%	127	191	50%	53	47	-11%	67	76	13%	-47	-54	-15%
exceptionals in EBIT	4	5	25%	1	0	-100%	0	0	0%	0	0	0%	3	5	67%
Capex	60	109	82%	32	72	>100%	7	20	>100%	18	14	-22%	3	3	0%
Net financial debt**	913	1364	49%												

* approximate numbers

**previous year value as per Dec. 31

Financial Overview H1 2011

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	H1 '10	H1 '11	Chg. in %	H1 '10	H1 '11	Chg. in %	H1 '10	H1 '11	Chg. in %	H1 '10	H1 '11	Chg. in %	H1 '10	H1 '11	Chg. in %
Sales	3441	4316	25%	1741	2365	36%	689	811	18%	992	1117	13%	19	23	21%
Price*			17%			26%			9%			7%			0%
Volume*			9%			10%			11%			5%			21%
Currency*			-3%			-4%			-2%			-2%			0%
Portfolio*			3%			5%			0%			2%			0%
EBIT	360	501	39%	222	356	60%	96	106	10%	129	148	15%	-87	-109	-25%
Deprec. & amortizat.	135	150	11%	71	72	1%	28	34	21%	33	37	12%	3	7	>100%
EBITDA	495	651	32%	293	428	46%	124	140	13%	162	185	14%	-84	-102	-21%
exceptionals in EBITDA	7	10	43%	2	0	n.m.	0	0	0%	0	0	n.m.	5	10	100%
EBITDA pre excep.	502	661	32%	295	428	45%	124	140	13%	162	185	14%	-79	-92	-16%
normalized D&A	135	150	11%	71	72	1%	28	34	21%	33	37	12%	3	7	>100%
EBIT pre excep.	367	511	39%	224	356	59%	96	106	10%	129	148	15%	-82	-99	-21%
exceptionals in EBIT	7	10	43%	2	0	n.m.	0	0	0%	0	0	n.m.	5	10	100%
Capex	99	177	79%	51	112	>100%	12	33	>100%	32	28	-13%	4	4	0%
Net financial debt**	913	1364	49%												

* approximate numbers

**previous year value as per Dec. 31

Income Statement Q2 2011

in € million	Q2 2010	Q2 2011	Chg. in %
Sales	1828	2243	23%
Cost of sales	-1354	-1704	26%
Gross profit	474	539	14%
Selling expenses	-162	-187	15%
Research and development expenses	-31	-34	10%
General administration expenses	-67	-74	10%
Other operating income	54	58	7%
Other operating expenses	-72	-47	-35%
Operating result (EBIT)	196	255	30%
Income from investments accounted for using the equity method	8	7	-13%
Interest income	3	3	0%
Interest expense	-22	-25	14%
Other financial income and expense	-13	-8	-38%
Financial result	-24	-23	-4%
Income before income taxes	172	232	35%
Income taxes	-41	-51	24%
Income after income taxes	131	181	38%
of which attributable to non-controlling interests	0	0	n.m.
of which attributable to LANXESS AG stockholders (net income)	131	181	38%

Abbreviations:

All	Advanced Industrial Intermediates*
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

* Formerly known as Basic Chemicals (BAC)

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