

## LANXESS Q2 2010 Financial Summary for Investors and Analysts

- **Strong sales growth at 48% year over year**
- **EBITDA pre at €269 m in Q2 2010, margin at 14.7%**
- **Strategic positioning yields strong results**
- **Substantially higher raw material prices (mainly Butadiene, Cyclohexane) could be fully offset thanks to underlying trends, good product quality and market positions**
- **EPS rise from €0.20 to €1.57; H1 2010 with €2.82**
- **2010 guidance: EBITDA pre exceptionals roughly €300 million**

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### Overview Financials

#### Q2 Profit and Loss Statement:

- Substantial sales increase driven by both, prices (+19%) and volumes (+22%), supported by foreign currencies (+5%)
- Strong EBITDA pre due to good demand as well as flexible and adjusted cost base

#### Q2 Balance Sheet:

- Overall, foreign currencies with inflationary influence on balance sheet positions (USD and Brazilian Real)
- Increase in pension provisions due to lowered discount rates for Germany (5.25% to 5.00%)
- Net financial debt increased on cash outs for dividend, interest and working capital build-up
- Working capital increase
  - in line with business expansion and
  - due to planned shut down preparation
  - due to higher prices and
  - due to FX effect

#### Q2 Cash flow Statement:

- Significantly better profit before tax on stronger business activity
- Cash outflow for working capital as expected, in-line with business recovery and higher raw material prices
- Operating cash flow finances working capital increase and capex payout
- Investing cash flow reflects conversion of near cash assets to cash

## Q2 Business Overview

### Performance Polymers

- **Strong sales with very good margins**
- Sales deviation yoy: Price +37%, Volume +28%, Currency +7%, (approximate numbers)
- Strong price and volume driven sales increase in all BUs
- Leadership positions and underlying mega-trends lead to attractive margins
- Significantly strengthened demand for rubber in LatAm in Q2, as well as persisting strong demand in Asia
- BTR enjoys continued high capacity utilization
- PBR with strong price increase, offsetting Butadiene hikes
- SCP, TRP also manage raw material inflation and continue to benefit from increased momentum of OEM recovery
- Operational profitability was also supported by inventory revaluation
- Capex to increase substantially in Q3 and Q4 as planned

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### Advanced Intermediates

- **Solid performer with good quarter**
- Sales deviation yoy: Price +8%, Volume -3%, Currency +2%, Portfolio +7% (approximate numbers)
- SGO with stable prices while BAC increased prices substantially
- Agro customers with ongoing high levels of inventory trigger volume decline
- Continued improved demand of non-agro BAC customers
- Margin benefits from strong price increases and good cost position
- EBITDA and margins well above previous year's solid level

### Performance Chemicals

- **Volume driven recovery of specialty chemicals**
- Sales deviation yoy: Price +1%, Volume +34%, Currency +5% (approximate numbers)
- Volume driven sales improvement in all BUs as markets recover
- Every business achieved higher earnings, with LEA, IPG and RUC being the strongest absolute contributors to EBITDA increase
- LEA with strong price increases, based on chromium ore
- All other Business Units with rather stable prices like 2009
- IPG enjoys very high capacity utilization rates due to the increasing demand for its high performance products

**2010 Business environment and guidance:  
LANXESS is optimistic for 2010**

**Macro-economic environment:**

- Global markets have further stabilized, growth momentum in emerging markets while other regions improve with less momentum
- Positive business environment will continue, however the macroeconomic recovery remains fragile
- Raw material prices are expected to increase, albeit at a lower pace

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**Guidance:**

- **EBITDA pre FY 2010 is expected to be at roughly €800 m assuming a continued positive macroeconomic development**
- Capex\* : ~€450-470 m
- Hedging 2010 : ~40% at 1.30-1.40 USD / EUR  
2011 : ~25% at 1.30-1.40 USD / EUR
- Exceptionals : ~€20 m P&L expenses / one time costs
- Cash outs : ~€40 m for restructuring

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\*without projects financed by customers and finance lease

Leverkusen, August 6, 2010

**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 2010

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q2 '09	Q2 '10	Chg. in %	Q2 '09	Q2 '10	Chg. in %	Q2 '09	Q2 '10	Chg. in %	Q2 '09	Q2 '10	Chg. in %	Q2 '09	Q2 '10	Chg. in %
<b>Sales</b>	1238	1828	48%	559	958	71%	285	324	14%	385	537	39%	9	9	0%
Price*			19%			37%			8%			1%			n.m.
Volume*			22%			28%			-4%			34%			n.m.
Currency*			5%			7%			2%			5%			n.m.
Portfolio*			2%			0%			7%			0%			n.m.
<b>EBIT</b>	43	196	>100%	18	133	>100%	27	46	70%	29	67	>100%	-31	-50	n.m.
Deprec. & amortizat.	65	69	6%	33	37	12%	11	14	27%	16	17	6%	5	1	-80%
<b>EBITDA</b>	108	265	>100%	51	170	>100%	38	60	58%	45	84	87%	-26	-49	n.m.
exceptionals in EBITDA	4	4	0%	1	1	0%	0	0	0%	-1	0	n.m.	4	3	-25%
<b>EBITDA pre excep.</b>	112	269	>100%	52	171	>100%	38	60	58%	44	84	91%	-22	-46	n.m.
normalized D&A	62	69	11%	33	37	12%	11	14	27%	16	17	6%	2	1	-50%
<b>EBIT pre excep.</b>	50	200	>100%	19	134	>100%	27	46	70%	28	67	>100%	-24	-47	n.m.
exceptionals in EBIT	7	4	-43%	1	1	0%	0	0	0%	-1	0	n.m.	7	3	-57%
<b>Capex</b>	57	60	5%	28	33	18%	8	6	-25%	19	18	-5%	2	3	50%
<b>Net financial debt</b>	794**	955	20%												

\* approximate numbers

\*\*per Dec. 31

## Financial Overview H1 2010

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	H1 '09	H1 '10	Chg. in %	H1 '09	H1 '10	Chg. in %	H1 '09	H1 '10	Chg. in %	H1 '09	H1 '10	Chg. in %	H1 '09	H1 '10	Chg. in %
<b>Sales</b>	2292	3441	50%	1007	1786	77%	543	644	19%	723	992	37%	19	19	0%
Price*			13%			28%			4%			-2%			n.m.
Volume*			35%			49%			8%			38%			n.m.
Currency*			1%			1%			0%			2%			n.m.
Portfolio*			2%			0%			7%			0%			n.m.
<b>EBIT</b>	42	360	>100%	-6	241	n.m.	62	77	24%	50	129	>100%	-64	-87	n.m.
Deprec. & amortizat.	128	135	5%	65	72	11%	22	27	23%	33	33	0%	8	3	-63%
<b>EBITDA</b>	170	495	>100%	59	313	>100%	84	104	24%	83	162	95%	-56	-84	n.m.
exceptionals in EBITDA	8	7	-13%	1	2	100%	0	0	0%	0	0	n.m.	7	5	-29%
<b>EBITDA pre excep.</b>	178	502	>100%	60	315	>100%	84	104	24%	83	162	95%	-49	-79	n.m.
normalized D&A	125	135	8%	65	72	11%	22	27	23%	33	33	0%	5	3	-40%
<b>EBIT pre excep.</b>	53	367	>100%	-5	243	n.m.	62	77	24%	50	129	>100%	-54	-82	n.m.
exceptionals in EBIT	11	7	-36%	1	2	100%	0	0	0%	0	0	n.m.	10	5	-50%
<b>Capex</b>	109	99	-9%	56	52	-7%	17	11	-35%	32	32	0%	4	4	0%
<b>Net financial debt</b>	794**	955	20%												

\* 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>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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