



LANXESS – Q3 2010 Results Conference Call

A solid growth story

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Chart 2

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Agenda

- Highlights and business update Q3 2010
- Business and financial review Q3 2010
- Outlook/Guidance

Chart 3

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Highlights Q3 2010

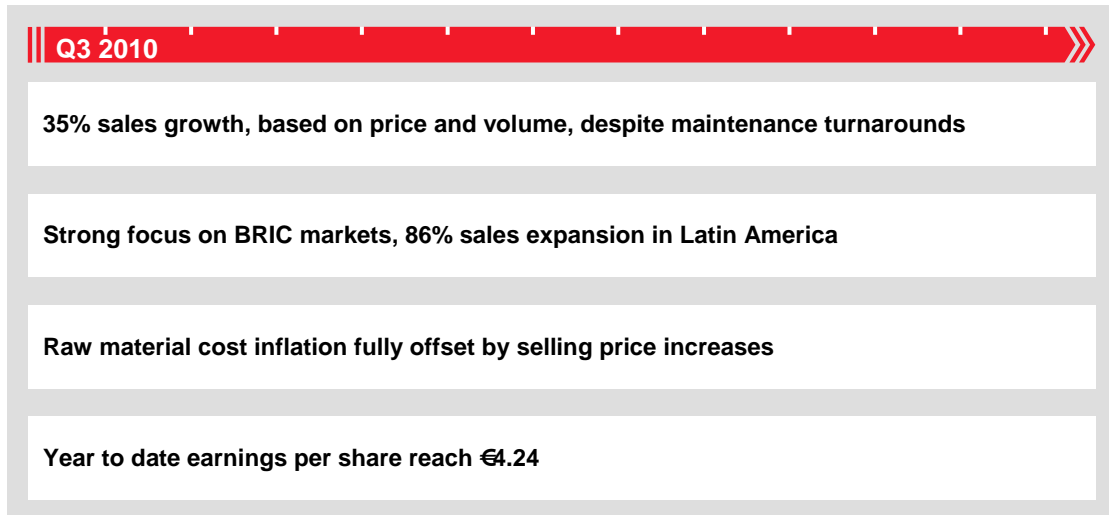


Chart 4

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Price-before-volume strategy successful

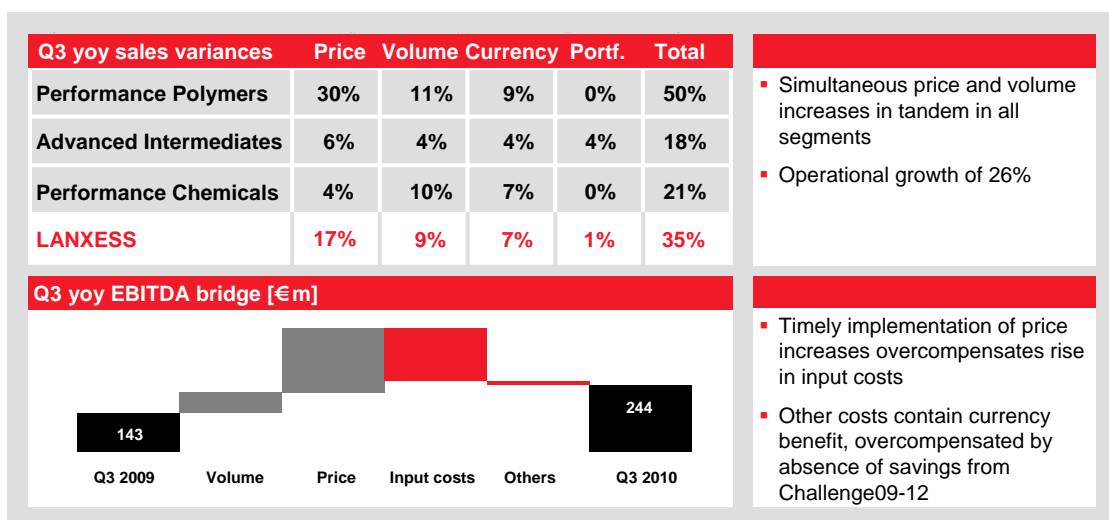


Chart 5

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Chart 6

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Q3 2010 financial overview: another growth quarter

[€m]	Q3 2009	Q2 2010	Q3 2010	yoy in %	
Sales	1,373	1,828	1,847	34.5%	<ul style="list-style-type: none"> ▪ Q3 sales on Q2 level and increased 35% year on year ▪ EBITDA held back vs. Q2 due to maintenance turnarounds and reduced Challenge09-12 support ▪ Working capital increase in line with current business activity, inventory pricing and currency development ▪ Slight rise in headcounts due to announced growth projects
EBITDA pre except. margin	143 10.4%	269 14.7%	244 13.2%	70.6%	
Net income	23	131	118	>100%	
Capex*	52	60	107	>100%	
[€m]	31.12.2008	31.12.2009	30.09.2010	% vs. FY	
Net financial debt	864	794	865	8.9%	
Net working capital	1,289	1,096	1,485	35.5%	
Employees	14,797	14,338	14,539	1.4%	
Literally no summer softening leads to a solid and continued performance					

* Net of projects financed by customers and finance lease

Chart 7

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Lean cost structure maintained amid higher business activity

[€m]	Q3 2009	Q3 2010	yoy in %
Sales	1,373 (100%)	1,847 (100%)	35%
Cost of sales	-1,050 (76%)	-1,387 (75%)	32%
Selling	-135 (10%)	-166 (9%)	23%
G&A	-57 (4%)	-70 (4%)	23%
R&D	-26 (2%)	-34 (2%)	31%
EBIT	64 (5%)	169 (9%)	>100%
Net income	23 (2%)	118 (6%)	>100%
EPS	0.28	1.42	>100%
EBITDA	130 (10%)	238 (13%)	83%
thereof exceptionals	-13 (1%)	-6 (0%)	-54%
EBITDA pre exceptionals	143 (10%)	244 (13%)	71%

Strong Q3 sales - on Q2 level, withstanding typical seasonal pattern

- Sales increased yoy on higher prices (+17%) and volumes (+9%) as well as currency (+7%) and portfolio (+1%) effects
- Cost of sales, selling and G&A expenses show effects of ongoing cost discipline in a recovery environment
- Strong improvement in EBITDA pre due to ongoing healthy demand in all segments

Chart 8

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Performance Polymers: strong price increases and solid volumes – EBITDA held back by maintenance turnarounds

[€m]	Q3 2009	Q3 2010
Sales	656	986
EBIT	32	107
Depr. / Amort.	34	36
EBITDA	66	143
EBITDA pre exceptionals	76	144
Margin	11.6%	14.6%
Capex*	25	54

Sales by BU

Sales bridge year on year [€m]

- All BUs manage successful price increases
- Risen raw material prices, especially Butadiene, fully pushed through
- Volumes higher in almost all BUs
- Some support from currencies vs. 2009
- Planned maintenance turnarounds in BTR and PBR have respective cost and margin impact on segment level
- Capex rises on new BTR plant, notable increase also planned for Q4

* Net of finance lease

Chart 9

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Advanced Intermediates: strong performance despite agro weakness

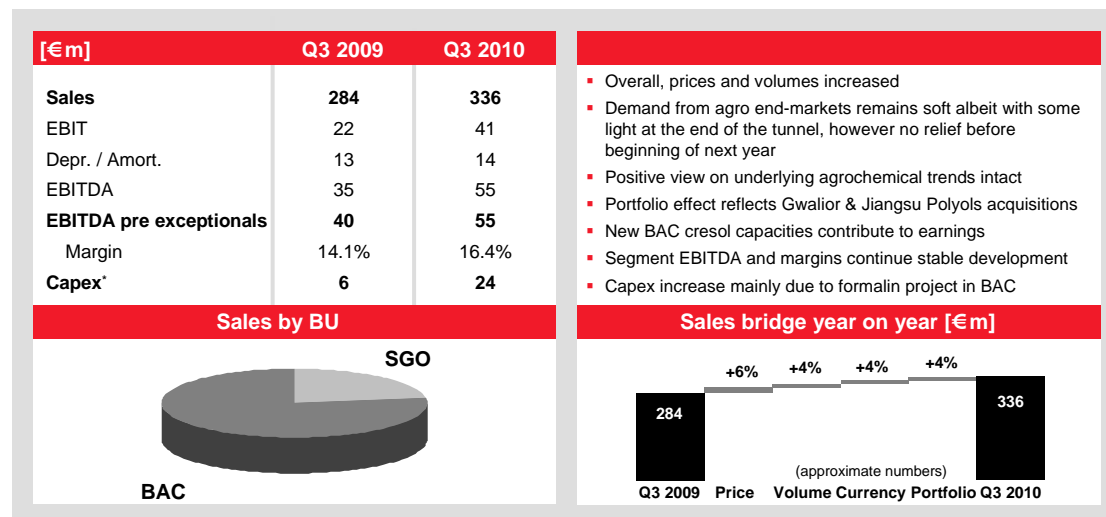


Chart 10

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Performance Chemicals: EBITDA improvement and solid margin based on price and volume increases

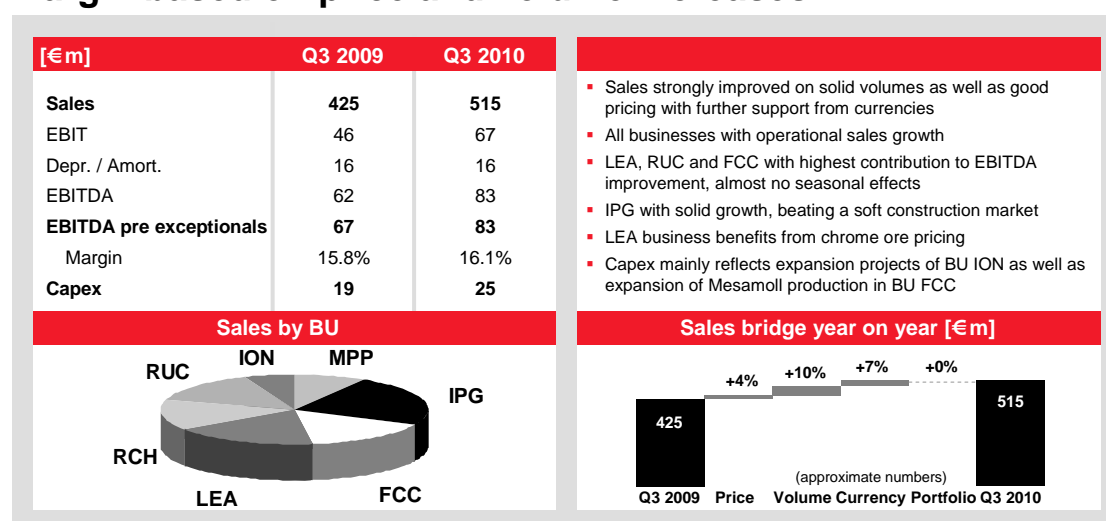


Chart 11


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Functional Chemicals: high-value added products designed for new environmental and regulatory trends

Performance benefits from past measures


- 1. Targeted restructuring:**
 - Plant consolidation: closure in Lerma, Mexico and product transfer to Germany
 - Consolidation of sales offices
 - Significant structural improvements
- 2. Substantial streamlining of product portfolio**
- 3. Strategic realignment:**
 - Redesign business model
 - New strategic raw material sourcing

Polymer Additives: Market share: ~12% CAGR: ~9%




- Leading supplier of a wide range of completely phthalate-free plasticizers i.e. **Mesamol** for sealants, toys, adhesives, food wrapping
- Portfolio compliant with global regulatory requirements including food contact regulations such as FDA for sensitive applications

Phosphorous Chemicals: Market share: ~10% CAGR: ~5%



- Leading market position supported by highly competitive asset base ("Verbund")
- Phosphorous based flame retardants as environmentally friendly solutions for auto, electronic and construction (X **Disflamol** X **Levagard**)

Colorants: Market share: ~12% CAGR: ~3%



- X **Macrolux** dyes as leading industry benchmark for plastic applications enjoying FDA approval
- Colorants are used for state-of-the-art high-end electronic components (e.g. **Macrolux**® and **Levascreen**® in LCD panels and frames)

All references to CAGR on sales level

Chart 12

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Balance sheet – a strong financial backbone

[€m]	Dec 31, 2009	Sep 30, 2010		Dec 31, 2009	Sep 30, 2010
Non-current Assets	2,382	2,546	Stockholders' Equity	1,445	1,710
Intangible assets	196	202	thereof minority interest	13	15
Property, plant & equipment	1,809	1,898	Non-current Liabilities	2,504	2,547
Equity investments	26	45	Pension & post empl. provis.	569	677
Other investments	1	8	Other provisions	307	353
Other financial assets	79	73	Other financial liabilities	1,462	1,327
Deferred taxes	163	207	Tax liabilities	47	46
Other non-current assets	108	113	Other liabilities	81	106
Current Assets	2,686	3,034	Deferred taxes	38	38
Inventories	849	1,096	Current Liabilities	1,119	1,323
Trade accounts receivable	733	941	Other provisions	352	424
Other financial assets	146	144	Other financial liabilities	94	146
Other current assets	243	271	Trade accounts payable	486	552
Near cash assets	402	318	Tax liabilities	52	71
Cash and cash equivalents	313	264	Other liabilities	135	130
Total Assets	5,068	5,580	Total Equity & Liabilities	5,068	5,580
Working capital increase in line with stronger business activity					
<ul style="list-style-type: none"> ▪ 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 (5.00% to 4.50%) 					

Chart 13

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Solid business performance provides strong cash flow

[€ m]	9M 2009	9M 2010	
Profit before Tax	33	461	<ul style="list-style-type: none"> ▪ Profit before tax above previous year due to significantly improved demand situation ▪ Cash outs for tax payments due to higher profit before tax ▪ Outflow for working capital in line with business recovery and higher raw material prices ▪ Almost unchanged net working capital and business activity versus Q2 2010 ▪ PY investing cash flow contains investment in near cash assets
Depreciation & amortization	194	204	
Gain from sale of assets	-18	0	
Result from equity investments	-12	-23	
Financial (gains) losses	49	65	
Cash tax payments / refunds	53	-76	
Changes in other assets and liabilities	-54	-12	
Operating cash flow before changes in WC	245	619	
Changes in working capital	187	-352	
Operating cash flow	432	267	
Investing cash flow	-651	-119	
thereof capex	-161	-206	
Financing cash flow	415	-201	
Solid cash generation			

Chart 14

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Chart 15

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Full year guidance increased to ~ €900 m EBITDA pre

Current macro view	
<ul style="list-style-type: none">▪ Global markets continue their recovery, highest momentum remains in emerging markets▪ Good business environment expected to continue, however macroeconomic risks from high fiscal debt levels and currency volatilities remain	
LANXESS expects 2010 well ahead of pre-crisis year 2008	
"Challenge09-12" compensation payment to workforce for exceptional 2010 recovery (~€20 m)	
EBITDA pre FY 2010 is expected to be roughly €900 m assuming continued positive macroeconomic development	

Chart 16

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Energizing Chemistry



Appendix

Additional financial guidance

Additional financial information for 2010

- Capex : ~€450-470 m
- Hedging 2010 : ~40% at 1.30-1.40 USD / EUR
- 2011 : ~30% at 1.30-1.40 USD / EUR
- Tax rate : 20 to 25%
- Exceptionals : ~€20 m P&L expenses / one time costs
- Cash outs : ~€40 m for restructuring
- Challenge09-12 : additional expenses of ~€20 m in H2 2010,
~€50 m in 2011 vs. 2010



A solid year of business recovery

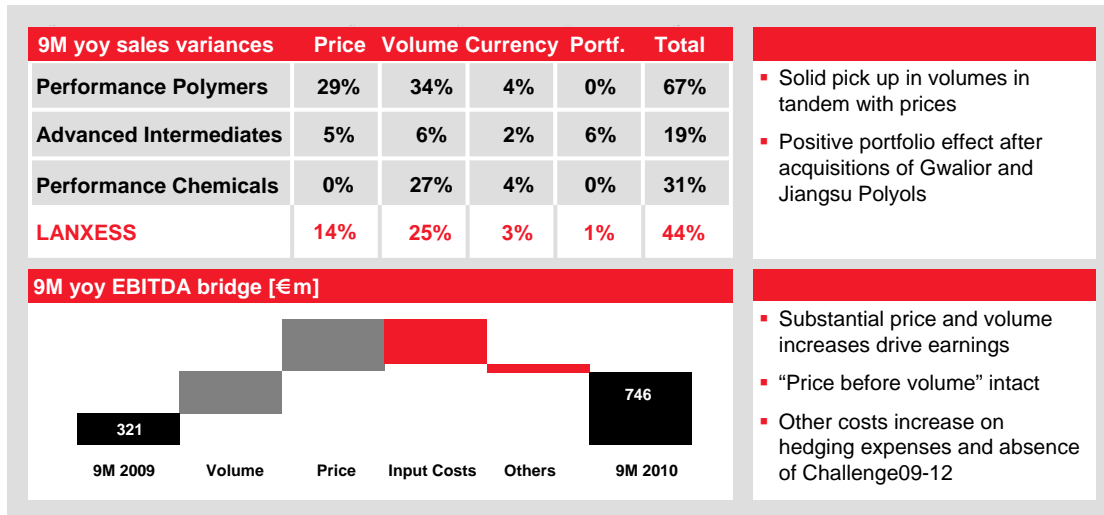
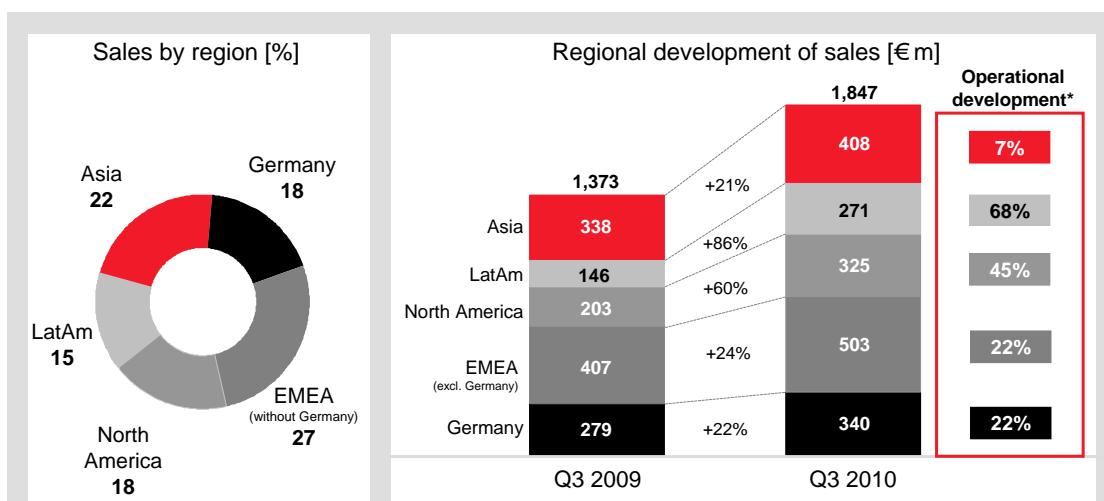


Chart 20

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Strongest growth in Latin America



* Currency and portfolio adjusted

Chart 21

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Strong demand meets a flexible and adjusted cost structure

[€ m]	9M 2009	9M 2010	yoy in %	
Sales	3,665 (100%)	5,288 (100%)	44%	<ul style="list-style-type: none"> Strong sales increase on the back of significant volumes (+25%) and good pricing (+14%) as well as supporting currency (+3%) and portfolio (+1%) effects
Cost of sales	-2,884 (79%)	-3,960 (75%)	37%	
Selling	-386 (11%)	-470 (9%)	22%	
G&A	-171 (5%)	-197 (4%)	15%	<ul style="list-style-type: none"> Operational expenses increase with risen business activity but disproportionately to sales
R&D	-75 (2%)	-89 (2%)	19%	
EBIT	106 (3%)	529 (10%)	>100%	<ul style="list-style-type: none"> Strong EBITDA pre due to good demand as well as flexible and adjusted cost base
Net income	26 (1%)	353 (7%)	>100%	
EPS	0.31	4.24	>100%	
EBITDA	300 (8%)	733 (14%)	>100%	
thereof exceptionals	-21 (1%)	-13 (0%)	-38%	
EBITDA pre exceptionals	321 (9%)	746 (14%)	>100%	

Delivering a solid performance

Chart 22

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Performance Polymers: on the growth track

[€ m]	9M 2009	9M 2010	
Sales	1,663	2,772	<ul style="list-style-type: none"> All BUs manage successful price increases, motivated by higher raw material prices – especially Butadiene Some support from currencies Volumes higher in all BUs Risen raw material prices fully pushed through Leadership positions of businesses lead to attractive margins Capex rises on new BTR plant, increase also planned for Q4
EBIT	26	348	
Depr. / Amort.	99	108	
EBITDA	125	456	
EBITDA pre exceptionals	136	459	
Margin	8.2%	16.6%	
Capex*	81	106	

SCP BTR
TRP PBR

Sales bridge year on year [€ m]

1,663 2,772
9M 2009 Price Volume Currency Portfolio 9M 2010

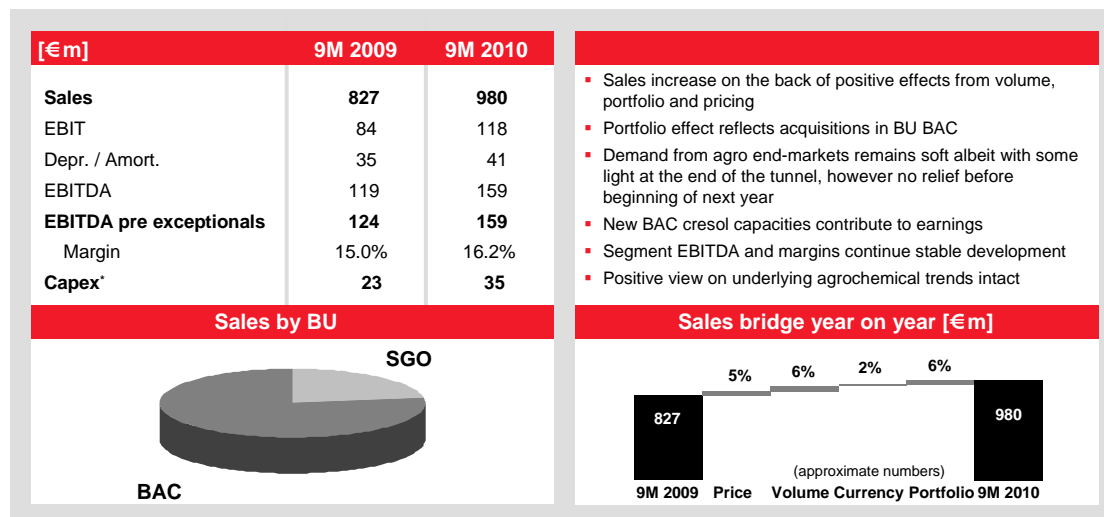
(approximate numbers)

* 2009 net of finance lease

Chart 23

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Advanced Intermediates: strong performance despite agro weakness



* Net of projects financed by customers

Chart 24

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Performance Chemicals: volume-driven recovery of specialty chemicals

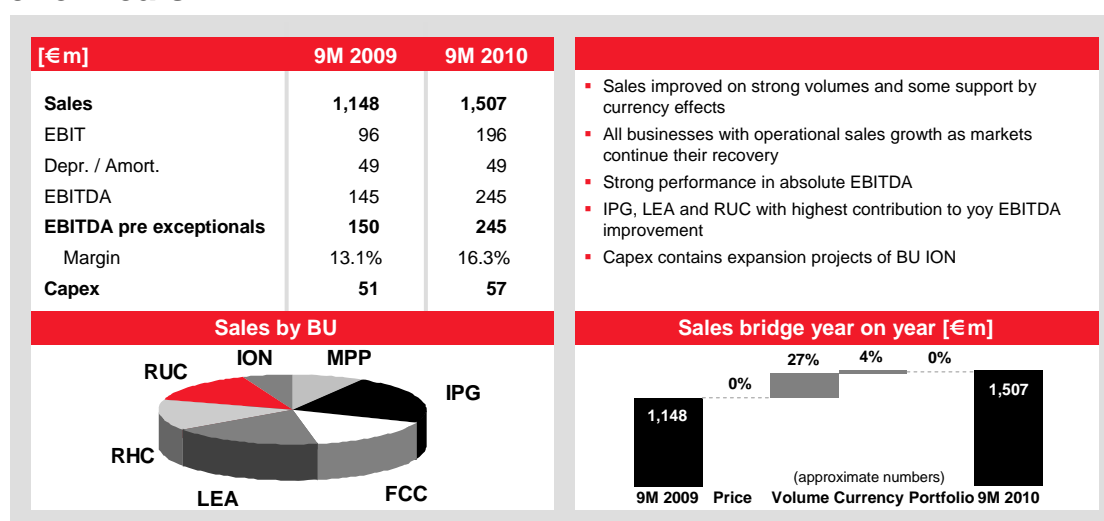


Chart 25

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Strong cash flow based on solid business performance

[€ m]	Q3 2009	Q3 2010
Profit before Tax	32	145
Depreciation & amortization	66	69
Gain from sale of assets	0	0
Result from equity investments	-7	-11
Financial (gains) losses	22	25
Cash tax payments / refunds	7	-48
Changes in other assets and liabilities	45	29
Operating cash flow before changes in WC	165	209
Changes in working capital	-12	-2
Operating cash flow	153	207
Investing cash flow	-629	-220
thereof capex	-52	-107
Financing cash flow	-23	46

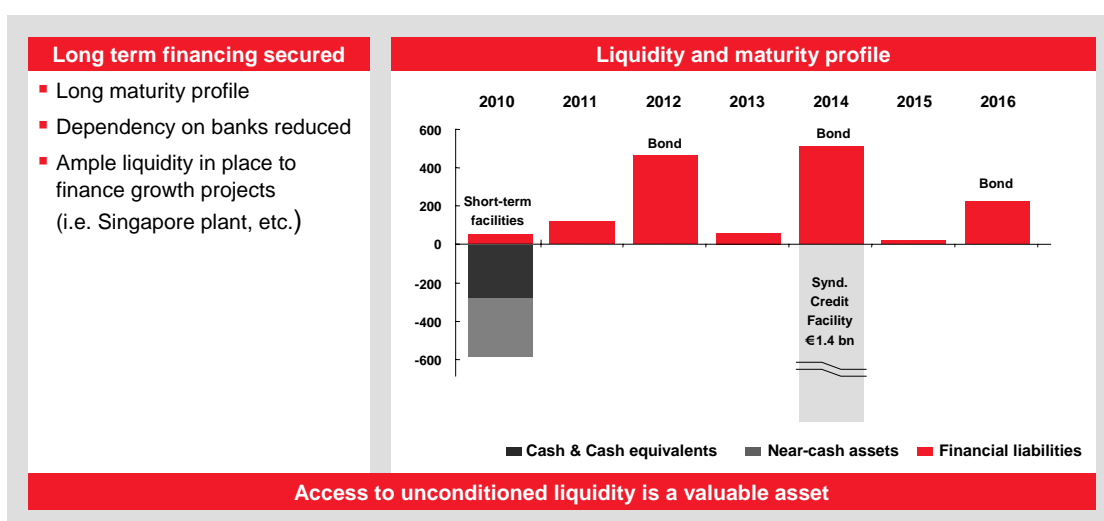
Solid cash generation

- Profit before tax above previous year due to significantly improved demand situation
- Cash outs for tax payments from higher profit before tax
- No significant effects from working capital due to unchanged business activity versus Q2 2010
- PY investing cash flow contains investment in near cash assets

Chart 26

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No major refinancing needs until 2012

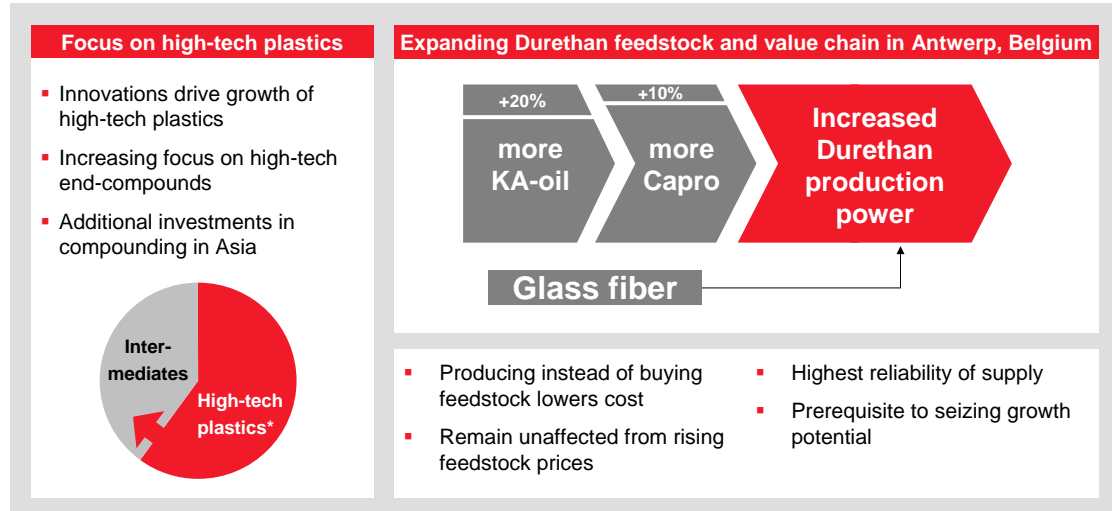


¹ English: promissory notes

Chart 27

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Getting ready for additional demand: BU SCP investments in backward integration



* Durethan, Pocan

Chart 28

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Debottlenecking in EVM allows for continued growth in specialty rubber applications

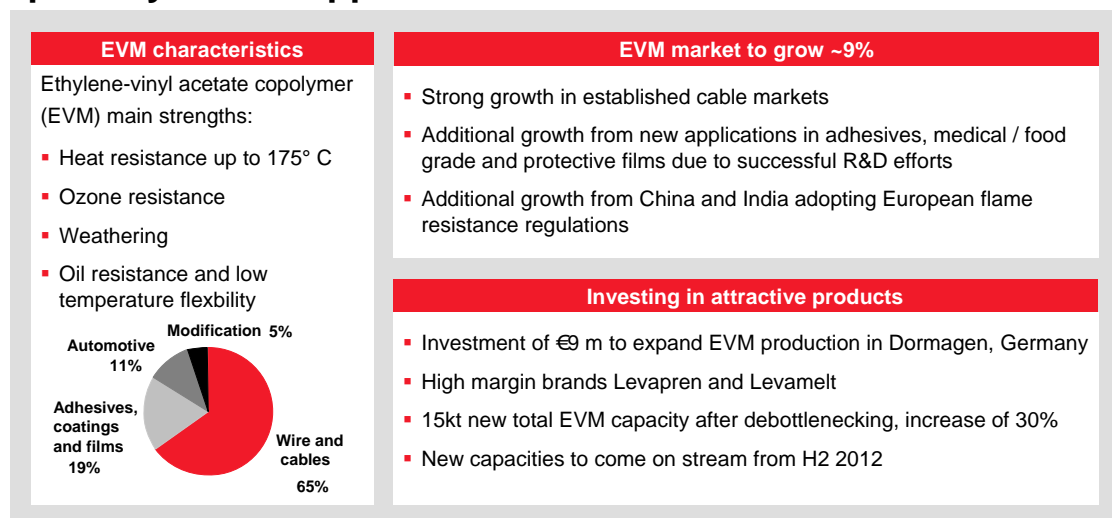


Chart 29

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Exceptional items incurred in Q3 2009 and Q3 2010

[€m]	Q3 2009		Q3 2010	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	10	0	1	0
Advanced Intermediates	5	0	0	0
Performance Chemicals	5	0	0	0
Reconciliation	-7	0	5	0
Total	13	0	6	0

Chart 30

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Exceptional items incurred in 9M 2009 and 9M 2010

[€m]	9M 2009		9M 2010	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	11	0	3	0
Advanced Intermediates	5	0	0	0
Performance Chemicals	5	0	0	0
Reconciliation	3	3	10	0
Total	24	3	13	0

Chart 31

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Abbreviations

Performance Polymers	Advanced Intermediates
<ul style="list-style-type: none">▪ BTR Butyl Rubber▪ PBR Performance Butadiene Rubbers▪ TRP Technical Rubber Products▪ SCP Semi-Crystalline Products	<ul style="list-style-type: none">▪ BAC Basic Chemicals▪ SGO Saltigo
Performance Chemicals	
<ul style="list-style-type: none">▪ MPP Material Protection Products▪ IPG Inorganic Pigments▪ FCC Functional Chemicals▪ LEA Leather▪ RCH Rhein Chemie▪ RUC Rubber Chemicals▪ ION Ion Exchange Resins	

Chart 32

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Upcoming events 2011

Upcoming events	
▪ FY results 2010	March 17, 2011
▪ Q1 results 2011	May 11, 2011
▪ AGM	May 18, 2011
▪ Q2 results 2011	August 11, 2011
▪ Q3 results 2011	November 10, 2011

Chart 33

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