

LANXESS Q1 2005 Financial Summary for Investors and Analysts

- Sales increased by 7.4% from €1.610 bn to €1.729 bn mainly driven by price increases
- EBITDA pre exceptionals improved by 9.7% to €181 million
- New pricing strategy shows first results
- Outlook is on track for further step towards 2006 targets

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Business Overview

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LANXESS Group

- Sales Deviation: Price: +9%, Volume -1%, Currency -1% (approximate numbers)
- Improved profitability due to price-passthrough in a quarter that should usually be the strongest quarter
- Reconciliation "segment":
 - As announced in November 2004, we have now changed the allocation methodology to foster BU accountability
 - Historically, parts of corporate center expenses have been allotted pro rata to the operating businesses. In 2004 this amounted to ~€16 million per quarter
 - With the accounting for Q1 2005 also Q1 2004 has been restated in order to obtain a like-for-like basis going forward

Performance Rubber

- Sales Deviation: Price: +15%, Volume +6%, Currency -1% (approximate numbers)
- Increased selling prices mainly in PBR and BTR as well as higher volumes in TRP and PBR lead to higher sales and further performance improvement
- Turnaround achieved in PBR due to a new business approach and a more favorable product mix
- TRP with still moderate Q1 performance compared to BTR and PBR

Engineering Plastics

- Sales Deviation: Price: +15%, Volume -12%, Currency -1% (approximate numbers)
- Only slightly higher sales as clear focus remains on performance improvement
- Voluntary loss of unprofitable sales volume mainly in STY; relatively weak business in FIB
- Strong first quarter in SCP primarily due to selling price improvement and easing raw material prices (basically cyclohexane)
- Exceptionals of €2 million due to Capex write-offs in STY

Chemical Intermediates

- Sales Deviation: Price: +6%, Volume +1%, Currency -1% (approximate numbers)
- Sales growth driven by higher prices (to compensate for higher raw material costs) and volumes in BAC which continued to perform very well
- Slight volume decrease in IPG mainly due to a strong winter impacting demand in construction industry
- Exceptionals of €3 million due to Capex write-offs in FCH

Performance Chemicals

- Sales Deviation: Price: +2%, Volume -1%, Currency –1% (approximate numbers)
- Total sales remained flat with price increases mainly in RUC and FCC, partly offset by weaker pricing primarily in ION and TPC
- Volume increases mainly in ION and PAP were likewise more than offset by lower volumes in FCC and TPC
- EBITDA pre exceptionals improved due to better RUC results and to some extent reduced costs in virtually all operating cost accounts

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2005 Outlook and underlying assumptions

Assumptions:

- Exchange rate €1.0 = ~USD1.30
- Economic environment satisfactory, moderate growth in H2 2005
- Lanxess tends to have a better mix of higher-margin BUs in first half of any year

Guidance:

- Some Sales growth year over year with H2 2005 only moderate (if at all) due to comparison to strong H2 2004
- FY 2005 EBITDA pre exceptionals expected to be >10% above FY 2004
- Q2 2005 EBITDA pre exceptionals is expected to be again a good quarter vs. previous year's Q2 - normally the second strongest quarter on a full year basis
- Capex ~€250-270 million
- Depreciation and Amortization ~€250 million

2004 Key metrics by quarter:

	Key metrics 2004 by quarter				
	Q1	Q2	Q3	Q4	FY
Sales	1610	1673	1764	1726	6773
EBIT	70	10	-4	-17	59
Deprec. & amortizat.	95	87	67	79	328
EBITDA	165	97	63	62	387
exceptionals in EBITDA	0	-18	-42	0	-60
EBITDA pre excep.	165	115	105	62	447
normalized D&A	95	74	59	61	289
EBIT pre excep.	70	41	46	1	158
exceptionals in EBIT	0	-31	-50	-18	-99
Capex	50	54	54	121	279

Leverkusen, May 31, 2005

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

in € million

	LANXESS AG																	
	LANXESS			Perf. Rubber			Eng. Plast.			Chem. Intern.			Perf. Chem.			Recon.		
	Q1 '04	Q1 '05	Chg. in %	Q1 '04	Q1 '05	Chg. in %	Q1 '04	Q1 '05	Chg. in %	Q1 '04	Q1 '05	Chg. in %	Q1 '04	Q1 '05	Chg. in %	Q1 '04	Q1 '05	Chg. in %
Sales	1610	1729	7%	326	392	20%	407	414	2%	366	389	6%	478	478	0%	33	56	70%
Price*			9%			15%			15%			6%			2%			n.m.
Volume*			-1%			6%			-12%			1%			-1%			n.m.
Currency*			-1%			-1%			-1%			-1%			-1%			n.m.
EBIT	70	116	66%	12	41	>100%	3	24	>100%	48	47	-2%	33	43	30%	-26	-39	50%
Deprec. & amortizat.	95	65	-32%	20	15	-25%	18	11	-39%	33	18	-45%	22	15	-32%	2	6	>100%
EBITDA	165	181	10%	32	56	75%	21	35	67%	81	65	-20%	55	58	5%	-24	-33	38%
exceptionals in EBITDA	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%
EBITDA pre excep.	165	181	10%	32	56	75%	21	35	67%	81	65	-20%	55	58	5%	-24	-33	38%
normalized D&A	95	60	-37%	20	15	-25%	18	9	-50%	33	15	-55%	22	15	-32%	2	6	>100%
EBIT pre excep.	70	121	73%	12	41	>100%	3	26	>100%	48	50	4%	33	43	30%	-26	-39	50%
exceptionals in EBIT	0	-5	n.m.	0	0	0%	0	-2	n.m.	0	-3	n.m.	0	0	0%	0	0	0%
Capex	50	51	2%	11	9	-18%	9	5	-44%	10	9	-10%	11	12	9%	9	16	78%
Net financial debt	1135**	1234	9%															

* approximate numbers

**per Dec. 31, 2004

