LANXESS – Q2 2011 Roadshow

Strong pricing and volume increase

Dr. Axel C. Heitmann, CEO

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Agenda

- Strategy summary and executive overview Q2 2011
- Business and financial review Q2 2011
- Outlook/Guidance

Highlights Q2 2011

Ongoing strong operational performance

23% sales growth, based on strong pricing and volume increase in tandem

Acquisition-related sales growth of 5% - EPDM business integration on track

Substantially higher raw material prices (mainly Butadiene) fully offset

EBITDA increases by 26% with stable margins

Year-to-date earnings per share reach €4.17

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LANXESS – well positioned for the future

Regional diversity

- World-wide presence
- Global manufacturing network
- Targeted investment in growth markets
- Well positioned in growth regions (Brazil, India, China)

Megatrends intact

- Mobility - growing population and middle-class in Asia and LatAm
- Agro - increasing crop demand based on growing world population
- Urbanization - growing cities
- Water - scarcity of purified water

Premium Products

- Global technology leader in synthetic rubbers and polyamide based high-tech plastics
- Leading supplier of agchem intermediate building blocks
- Specialty chemicals with strong brands and technology position

Geopolitical and macroeconomic uncertainties remain

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Successful pricing strategy for more than six years

Raw material effects sustainably balanced

Effective pricing management

- Premium high-tech products
- Price-before-volume strategy
- Customer-orientation
- Focused and experienced team
- Six year track record of managing volatile input costs
- Determined to pass on increasing input costs in the future

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Tire labeling – a global trend fueled by need of resource efficiency

Region	EU	Japan	South Korea	US	China	Mexico	Brazil
Tire labeling performance attributes							
Traction (Wet Grip)	Nov 2012	since 2010	Nov 2011	in discussion	Regulatory initiatives expected		
Fuel economy (Cost of Ownership)	Nov 2012	since 2010	Nov 2011	in discussion			
Treadlife (Cost of Ownership)	-	Not expected	Not expected	in discussion			

Source: EU regulation no. 1222/2009, National Highway Traffic Safety Administration (NHTSA), Japan Automobile Tyre Manufacturers Association (JATMA), Korea Energy Management Corporation (KEMCO), LANXESS

Organic growth through ongoing targeted investments

Growth projects

2011- 2015

Investment projects (scheduled to come on stream)

2011
SCP: Additional compounding capacities, Wuxi, CN

Q1 2011 - Q1 2012
Nd-PBR: Debottlenecking, Orange, US (completed) Dormagen, GE, Port Jérôme, FR, & Cabo, BR

H1 2012
AII: New Formalin plant and Menthol expansion in Uerdingen, GE

Beginning 2012
SCP: New compounding plant, Jhagadia, IN

SCP: Increase capacities for PBT (JV with DuPont), Hamm-Uentrop, GE

2012 SCP: New com-pounding plant, Gastonia, US

Q1 2013
BTR: New world scale plant, Singapore

H1 2013
LEA: New facility Changzhou, CN

2011 | 2012 | 2013 | 2015

Start 2011
RCH: New plant for rubber additive, Dzerzhinsk, RU

Acquisition of selected parts of Flexsys' accelerators business

H2 2011
SCP: Add. capacities for Capro (mainly captive use), Antwerp, BE

Q4 2011
ION: New membrane plant, Bitterfeld, GE

H1 2012
TRP / TSR JV: New NBR plant, Nantong, CN

Q1 2012/ Q4 2012
TRP: New capacities for HNBR in Leverkusen, GE and Orange, US

Q2 2012
BTR: Debottlenecking, Antwerp, BE

Q3 2012
PBR: Product mix optimization: More Nd-PBR Orange, US

H2 2012
TRP: Debottlenecking of EVM, Dormagen, GE

End 2012:
TRP New production capacities for CR in Dormagen, GE

H1 2015
PBR: New world scale plant, Singapore

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Massive selling price increase continues to offset raw material price hikes

Q2 yoy sales variances	Price	Volume	Currency	Portf.	Total
Performance Polymers	29%	9%	-9%	9%	37%
Advanced Intermediates	9%	10%	-4%	0%	14%
Performance Chemicals	8%	-1%	-5%	2%	5%
LANXESS	19%	6%	-7%	5%	23%

- Substantial price increases in tandem with volume growth in two segments
- Adverse currency effects
- Positive portfolio effects from recent acquisitions

Q2 yoy EBITDA bridge [€ m]

- Pricing offsets significantly higher input costs, “price-before-volume” strategy intact
- “Others” mainly reflects currency effects as well as absence of savings

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Substantial growth in all regions

* currency and portfolio adjusted

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Q2 2011 financials: a strong portfolio yielding strong results

[€ m]	Q2 2010	Q2 2011	yoy in %
Sales	**1,828**	**2,243**	**22.7%**
EBITDA pre except.	**269**	**339**	**26.0%**
margin	14.7%	15.1%	
EPS	**1.57**	**2.17**	**38.2%**
Capex*	**60**	**109**	**81.7%**
[€ m]	**31.12.2010**	**30.06.2011**	**% vs. YE**
Net Financial Debt	**913**	**1,364**	**49.4%**
Net Working Capital	**1,372**	**1,827**	**33.2%**
Employees	**14,648**	**15,820**	**8.0%**

- Ongoing strong demand reflected in sales growth
- Higher EBITDA margin due to “price-before-volume” strategy despite PPA effect (EPDM)
- Capex increases as growth projects proceed
- Net debt rises after acquisitions
- Working capital increase driven by pricing, portfolio and stronger business activity
- Headcount increase mainly due to recent acquisitions

Another strong quarter of good margins and EBITDA increase

* net of projects financed by customers and capitalized borrowing costs

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Price-before-volume strategy and excellent market positions boost earnings

[€ m]	Q2 2010		Q2 2011		yoy in %
Sales	**1,828**	**(100%)**	**2,243**	**(100%)**	**23%**
Cost of sales	-1,354	(74%)	-1,704	(76%)	26%
Selling	-162	(9%)	-187	(8%)	15%
G&A	-67	(4%)	-74	(3%)	10%
R&D	-31	(2%)	-34	(2%)	10%
EBIT	**196**	**(11%)**	**255**	**(11%)**	**30%**
Net Income	**131**	**(7%)**	**181**	**(8%)**	**38%**
EPS	**1.57**		**2.17**		**38%**
EBITDA	265	(14%)	334	(15%)	26%
thereof exceptionals	-4	(0%)	-5	(0%)	25%
EBITDA pre exceptionals	**269**	**(15%)**	**339**	**(15%)**	**26%**

- 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

Strong earnings generation

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Q2 2011 – Performance Polymers drive sales, EBITDA and margin increase

- Performance Polymers with strongest sales increase
- Advanced Intermediates and Performance Chemicals with slight sales growth

- Performance Polymers strongest contributor to year-on-year EBITDA increase
- Solid margins in all three segments

* pre exceptionals

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Performance Polymers: continued strength of demand

[€ m]	Q2 2010	Q2 2011
Sales	**935**	**1,281**
EBIT	126	191
Depr. / Amort.	37	38
EBITDA	163	229
EBITDA pre exceptionals	**164**	**229**
Margin	17.5%	17.9%
Capex*	**32**	**72**

- 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

Sales by BU

Sales bridge year on year [€ m]

* net of capitalized borrowing costs

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Advanced Intermediates: absolute performance in line with previous year's high level

[€ m]	Q2 2010	Q2 2011
Sales	**347**	**395**
EBIT	53	47
Depr. / Amort.	14	18
EBITDA	67	65
EBITDA pre exceptionals	**67**	**65**
Margin	19.3%	16.5%
Capex*	**7**	**20**

- 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 fuels volume growth
- Stable absolute EBITDA, but comparably lower margin due to delayed pricing pattern in Q2 2010
- Higher Capex from expansion in BU AII (chlorotoluenes and cresols)

Sales by BU

Sales bridge year on year [€ m]

* net of projects financed by customers

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BU Advanced Industrial Intermediates – highly efficient technologies and strong market positions

	Aromatic Network	Benzyl Products, Inorganic Acids	Polyols and Oxidation Products
Characteristics	▪ Dedicated assets within aromatic network ▪ Manufacturing of products highly connected	▪ Dedicated assets within Benzyl Products and Inorganic Acids ▪ Manufacturing of products highly interconnected	▪ Dedicated assets within Polyols and Oxidation Products
Building blocks for end markets	▪ Agro ▪ Polymers ▪ Consumer products (Vitamin E, Menthol)	▪ Agro ▪ Automotive (air conditioning, plastics) ▪ Flavors & Fragrances	▪ Coatings (Auto, Paints) ▪ Polyester Resins

A solid platform

- Strong positions in niche markets with many key products
- Cost advantage from world scale plants and competitive technologies
- Global reach with sites in Germany, India, US and China
- Aromatic Network with best in class isomer management
- Megatrends drive demand of key products

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Performance Chemicals: price-before-volume pays off

[€ m]	Q2 2010	Q2 2011
Sales	**537**	**561**
EBIT	67	76
Depr. / Amort.	17	19
EBITDA	84	95
EBITDA pre exceptionals	**84**	**95**
Margin	15.6%	16.9%
Capex	**18**	**14**

- 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

Sales by BU

Sales bridge year on year [€ m]

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Solid financial position

[€ m]	Dec 31, 2010	Jun 30, 2011
Non-current Assets	**2,738**	**3,056**
Intangible assets	226	355
Property, plant & equipment	2,131	2,286
Equity investments	13	28
Other investments	8	36
Other financial assets	74	74
Deferred taxes	170	140
Other non-current assets	116	137
Current Assets	**2,928**	**3,532**
Inventories	1,094	1,364
Trade accounts receivable	942	1,227
Other financial & current assets	368	346
Near cash assets	364	310
Cash and cash equivalents	160	285
Total Assets	**5,666**	**6,588**

	Dec 31, 2010	Jun 30, 2011
Stockholders' Equity	**1,761**	**2,034**
Non-current Liabilities	**2,454**	**2,531**
Pension & post empl. provis.	605	610
Other provisions	351	321
Other financial liabilities	1,302	1,393
Tax liabilities	50	51
Other liabilities	106	90
Deferred taxes	40	66
Current Liabilities	**1,451**	**2,023**
Other provisions	422	448
Other financial liabilities	176	587
Trade accounts payable	664	764
Tax liabilities	34	87
Other liabilities	155	137
Total Equity & Liabilities	**5,666**	**6,588**

- 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

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A well managed and conservative maturity profile

Long term financing secured

- Well balanced maturity profile
- Diversified financing sources
  - Bonds & bilateral credit lines
  - Syndicated Revolving Credit Facility
  - Development banks
- New financing source: € 200 m long-term credit facility for up to seven years for R&D financing from EIB*

Liquidity and maturity profile as per June 2011

* European Investment Bank; **Final maturity of EIB financing in case of utilization in 2016 or later; EIB facility currently undrawn

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Strong operating cash generation vs. acquisition cash-outs

[€ m]	H1 2010	H1 2011
Profit before Tax	**316**	**451**
Depreciation & amortization	135	150
Gain from sale of assets	0	-2
Result from equity investments	-12	-12
Financial losses	40	43
Cash tax payments / refunds	-28	-6
Changes in other assets and liabilities	-41	-10
Operating Cash Flow before changes in WC	**410**	**614**
Changes in Working Capital	-350	-366
Operating Cash Flow	**60**	**248**
Investing Cash Flow	**101**	**-351**
thereof Capex	-99	-177
Financing Cash Flow	**-247**	**234**

- 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

Solid operating cash-flow contribution

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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

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 earnings* growth from 10 - 15% to ~20%

* EBITDA pre exceptionals

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Energizing Chemistry

Appendix

2011 financial expectations

Additional financial expectations for 2011

- 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

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Portfolio management allows for regrouping of LANXESS businesses along chemical segmentation

Performance Polymers

- Butyl Rubber
- Performance Butadiene Rubbers
- Technical Rubber Products
- Semi-Crystalline Products

Advanced Intermediates

- Basic Chemicals
- Saltigo

Performance Chemicals

- Material Protection Products
- Inorganic Pigments
- Functional Chemicals
- Leather
- RheinChemie
- Rubber Chemicals
- Ion Exchange Resins

Sales: > € 500 mn | Sales: € 200 mn – 500 mn | Sales: < € 200 mn

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LANXESS has a broad customer portfolio with varying demand patterns

LANXESS sales distribution by industry, 2010

LANXESS acquired DSM Elastomers – strong financials and fast integration

Financial highlights

- Purchase price: €310 m (EV); ~6x EBITDA pre[1]
- Cash and debt free
- Financing out of existing liquidity

- 2010 sales: ~€380 m
- Employees: ~420

- Acquisition of DSM's EPDM business closed with economic effect on May 1st

EPDM - estimated production volume[2] [kt]

[1]on the basis of 2010 EBITDA; all figures pre purchase price allocation
Sources: LANXESS estimates based on CMAI and SRI, 2009, [2] Including captive use, 2009 numbers

Darmex – Provider of tailor-made products for the tire industry

Darmex – Focusing on tire applications

Overview:

- Founded in 1971
- Privately owned company
- ~200 permanent employees worldwide
- Only global bladder producer able to also supply highly innovative release agents
- Strong footprint in emerging markets

Business:

- Sales: ~USD30 m in 2010
- ~70% of sales in growth regions
- CAGR ~5% p.a. - in line with global tire production

Product split

Sales distribution

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Acquisition of Syngenta's Material Protection business: high margin business with long-term access to Syngenta's R&D pipeline

Active ingredients registration value chain

- Upstream integration into active ingredients
- End uses: Wood protection, coatings, wallboard
- Sales 2010: ~€20 m
- EBITDA margin > segment level
- Business integrated into LANXESS MPP's Business Line Biocides
- IP protected business
- Exclusive first right of refusal contractually secured for future actives

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The only true global player in synthetic rubber

Butyl Rubber

- Sarnia, CA
- Zwijndrecht, BE
- Singapore (under construction)

Performance Butadiene Rubbers

- Cabo, Duque de Caxias and Triunfo, BR
- Dormagen, GE
- Port Jerome, FR
- Orange, US
- Singapore (under construction)

Technical Rubber Products

- Dormagen, Leverkusen and Marl, GE
- Geleen, NL
- La Wantzenau, FR
- Nantong, CN (JV with TSRC)
- Orange, US
- Triunfo, BR

Illustration

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Investments of tire producers reflect growth trend

MICHELIN

- USA: USD$11.3 m expansion of aviation tire capacity
- USD$2.2 b expansion in Brazil and India
- China: plus ~0.3 m car & truck tires/year

YOKOHAMA

- Russia: plus ~1.4 m car tires/year
- USA: plus ~3 m tires/year
- Philippines: plus ~6 m tires/year

nokian TYRES

- USD$347 m investment in Russia

SUMITOMO RUBBER GROUP

- China: plus ~11 m car tires/year

CHENG SHIN TIRE

- China: plus ~11 m car tires/year

TOYO TIRES

- China: plus ~2 m car & truck tires/year

Continental

- Brazil: plus ~4.5 m car tires/year
  plus ~0.2 m truck tires/year
- Planning new tire plant in USA

GOODYEAR

- China: plus ~10.5 m tires/year
- USD$150 m expansion in USA

HANKOOK

- China: plus ~11.5 m tires/year
- Indonesia: plus ~10 m tires/year

PIRELLI

- Mexico: plus ~5 m car & truck tires/year
- Brazil: plus ~40% increase tires/year

APOLLO TYRES LTD.

- India: plus ~2.2 m truck & bus tires/year
  plus ~2.9 m tires/year

NEXEN

- S. Korea: plus ~30 m tires/year

BRIDGESTONE

- China: plus ~1.5 m tires/year
- India: plus ~3.7 m car tires/year
  plus ~1.3 m truck tires/year
- Japan: Expansion of OTR tires

source: companies' websites. Investments / expansions covered from 2011 to 2020

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Similar tire labelings are being proposed in several countries

Tire labels

Europe

U.S.

Japan

For fuel efficient tires

For fuel efficient tires

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Is LANXESS a swing producer?

Tire manufacturers produce insufficient synthetic rubber for their captive use

Rubber producing capabilities of selected tire manufacturers:

Importance in LANXESS portfollio		Michelin	Goodyear	Bridgestone	Continental	Pirelli	Hankook
major	**BTR**	none	none	none	none	none	none
major	**PBR**[1]	little[2]	none	capable	none	none	none
minor	**S-SBR**	capable	capable	capable	none	none	none
major	**E-SBR**	little	capable	capable	none	none	none
major	**NBR**	none	none	none	none	none	none

LANXESS is not a swing producer

[1] Nd-PBR [2] know how present, licensing to others

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Does natural rubber cannibalize synthetic rubber?

[1] Nd-PBR

LANXESS has already a strong footprint in China

China with continuous strong growth in 2011

- Growth mainly driven by the rubber business units and Semi-Crystalline products
- Focus on the expanding economies of the BRIC countries, especially China, with further investment to fuel profitable growth
- LANXESS operations in China:
  - Shanghai: Inorganic Pigments (IPG) since 1971 and 2008
  - Wuxi: Leather (LEA) since 1998 and Semi-Crystalline Products (SCP) since 2006
  - Qingdao: Rhein Chemie (RCH) since 1999
  - Tongling: Rubber Chemicals (RUC) since 2007
  - Liyang: Advanced Industrial Intermediates (AII) since 2009
  - Nantong: TRP-TSRC JV since 2010

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All segments manage price and volume increases in tandem

H1 yoy sales variances	Price	Volume	Currency	Portf.	Total
Performance Polymers	26%	10%	-4%	5%	36%
Advanced Intermediates	9%	11%	-2%	0%	18%
Performance Chemicals	7%	5%	-2%	2%	13%
LANXESS	17%	9%	-3%	3%	25%

- Substantial price increases in tandem with volume growth in all segments
- Adverse currency effects
- Recent acquisitions reflected in positive portfolio effects

H1 yoy EBITDA bridge [€ m]

- Higher pricing offsets sharply rising input costs, “Price before volume” strategy intact
- “Others” mainly reflects currency effects as well as absence of savings

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H1 2011 financials: strong EBITDA and EPS increase

[€ m]	H1 2010	H1 2011	yoy in %
Sales	**3,441**	**4,316**	**25.4%**
EBITDA pre except.	**502**	**661**	**31.7%**
margin	14.6%	15.3%	
EPS	**2.82**	**4.17**	**47.9%**
Capex*	**99**	**177**	**78.8%**
[€ m]	**31.12.2010**	**30.06.2011**	**% vs. YE**
Net Financial Debt	**913**	**1,364**	**49.4%**
Net Working Capital	**1,372**	**1,827**	**33.2%**
Employees	**14,648**	**15,820**	**8.0%**

- Persisting strong demand reflected in sales growth
- Sustained EBITDA margin supported by strict adherence to “price-before-volume” strategy
- Capex increases as growth projects proceed
- Net debt rises after acquisitions
- Working capital increase driven by pricing, portfolio and risen business activity
- Headcount increase mainly due to recent acquisitions

Solid demand, premium products and ongoing cost discipline yield an excellent H1 2011

* net of projects financed by customers and capitalized borrowing costs

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Strong pricing, healthy demand and tight cost control yield an excellent H1 2011

[€ m]	H1 2010		H1 2011		yoy in %
Sales	**3,441**	**(100%)**	**4,316**	**(100%)**	**25%**
Cost of sales	-2,573	(75%)	-3,255	(75%)	27%
Selling	-304	(9%)	-357	(8%)	17%
G&A	-127	(4%)	-144	(3%)	13%
R&D	-55	(2%)	-65	(2%)	18%
EBIT	**360**	**(10%)**	**501**	**(12%)**	**39%**
Net Income	**235**	**(7%)**	**347**	**(8%)**	**48%**
EPS	**2.82**		**4.17**		**48%**
EBITDA	495	(14%)	651	(15%)	32%
thereof exceptionals	-7	(0%)	-10	(0%)	43%
EBITDA pre exceptionals	**502**	**(15%)**	**661**	**(15%)**	**32%**

- Sales increase 25% due to strong price (+17%) and volume (+9%) effects. Portfolio (+3%) offsets negative currency effects (-3%)
- Absolute operational cost base increases due to higher business activity and DSM-EPDM acquisition
- Earnings expansion with stable margins on high level due to strong pricing compensating raw material inflation as well as volume gains

Solid H1 2011

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H1 2011 – Performance Polymers drive sales, EBITDA and margin increase

- Performance Polymers with strongest increase in sales
- Advanced Intermediates and Performance Chemicals with slight sales growth

- Performance Polymers strongest contributor to year on year EBITDA increase
- Solid margins in all three segments

* pre exceptionals

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Performance Polymers: significant price increases are key ingredient for solid H1

[€ m]	H1 2010	H1 2011
Sales	**1,741**	**2,365**
EBIT	222	356
Depr. / Amort.	71	72
EBITDA	293	428
EBITDA pre exceptionals	**295**	**428**
Margin	16.9%	18.1%
Capex*	**51**	**112**

- Price increases in all BUs, offsetting Butadiene-driven raw material price increase
- Healthy end-market demand reflected in solid volume increase
- PBR with positive mix effect from Nd-PBR as well as SSBR
- BU SCP expansion activities completed according to plan; EPDM integration on track
- EBITDA benefits from positive pricing levels; margins above high level of previous year
- Planned rise of Capex for Singapore, significant further increase planned in H2

Sales by BU

Sales bridge year on year [€ m]

* net of capitalized borrowing costs

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Advanced Intermediates: agro-business drives earnings

[€ m]	H1 2010	H1 2011
Sales	**689**	**811**
EBIT	96	106
Depr. / Amort.	28	34
EBITDA	124	140
EBITDA pre exceptionals	**124**	**140**
Margin	18.0%	17.3%
Capex*	**12**	**33**

- Price increases compensate significant raw material price inflation (Benzene)
- BUs AII and SGO with overall strong volumes based on agro-related demand
- Additional volumes from expansion of cresol train at BU AII
- EBITDA rises; margins mirror full price pass - through
- Higher Capex from expansion in BU Advanced Industrial Intermediates (chlorotoluenes and cresols)
- No summer-lull expected

Sales by BU

Sales bridge year on year [€ m]

* net of projects financed by customers

Performance Chemicals: strong volume and price performance

[€ m]	H1 2010	H1 2011
Sales	**922**	**1,117**
EBIT	129	148
Depr. / Amort.	33	37
EBITDA	162	185
EBITDA pre exceptionals	**162**	**185**
Margin	16.3%	16.6%
Capex	**32**	**28**

- Volume and price developments lead to stronger sales, raw materials offset by price increases
- All business units with price increases
- IPG and RUC are strongest contributors to EBITDA increase
- LEA benefits from chrome ore pricing, however offset by disruptions in production due to industry strikes in South-Africa and Argentina weighing on volumes
- Strict adherence to “price-before-volume” strategy leads to EBITDA and margin increase
- Limited summer weakness – normal H2 seasonality expected

Sales by BU

Sales bridge year on year [€ m]

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Strong operating cash generation vs. acquisition cash-outs

[€ m]	Q2 2010	Q2 2011
Profit before Tax	**172**	**232**
Depreciation & amortization	69	79
Gain from sale of assets	0	-2
Result from equity investments	-8	-7
Financial losses	19	23
Cash tax payments / refunds	-10	-10
Changes in other assets and liabilities	-39	-38
Operating Cash Flow before changes in WC	**203**	**277**
Changes in Working Capital	-135	-65
Operating Cash Flow	**68**	**212**
Investing Cash Flow	**140**	**-332**
thereof Capex	-60	-109
Financing Cash Flow	**-190**	**241**

- Profit before tax drives operating cash-flow
- Working capital increase due to higher receivables and inventories (raw material induced pricing and volumes)
- Investing cash flow contains cash-outs for acquisitions (in TRP, MPP)
- Financing cash-flow mirrors €500 m bond partly offset by dividends, interest & settlement of acquisition related debt

Solid operating cash-flow contribution

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Increase in raw material prices expected to continue

Global raw materials index*

- Raw material prices increase since the start of 2010
- Q3 and Q4 ’10 with a relatively stable raw material price development
- H1 saw feedstock prices (mainly butadiene, benzene and cyclohexane) rise, feedstocks set to increase even further in Q3

LANXESS committed to price before volume strategy

* source: LANXESS, average 2008 = 100%

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Segment change: transfer of Adipic acid from BU SCP to BU BAC

Value chain* optimized

Rationale

- KA-oil, adipic acid and hexandiol now part of one single business unit (BU BAC)
- Business line adipic acid, easy to transfer with dedicated
  - profit center
  - marketing, controlling
  - personnel and production
- Marketing of adipic acid and hexandiol now aligned in one single business unit (BAC)

Value chain streamlined

* simplified illustration

LANXESS

Business line Adipic Acid shifted to BU AII

Adipic Acid used captively and for external sales

In € m	Q2 2010
External sales	23
EBIT	**7**
D&A	0
EBITDA	**7**

- Adipic Acid sales split into:
  - External sales
  - Inter-BU sales
  - BU Captive use

- Business line Adipic Acid transferred from Performance Polymers to Advanced Intermediates
- Originally located in BU SCP, now part of BU AII
- Restatement reflects transfer of financials from Performance Polymers and addition to Advanced Intermediates as of Q1 2010

Transfer of Adipic Acid: Value chain streamlined

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Exceptional items incurred in Q2 2010 and Q2 2011

[€ m]	Q2 2010		Q2 2011	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	1	0	0	0
Advanced Intermediates	0	0	0	0
Performance Chemicals	0	0	0	0
Reconciliation	3	0	5	0
Total	**4**	**0**	**5**	**0**

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Exceptional items incurred in H1 2010 and H1 2011

[€ m]	H1 2010		H1 2011	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	2	0	0	0
Advanced Intermediates	0	0	0	0
Performance Chemicals	0	0	0	0
Reconciliation	5	0	10	0
Total	**7**	**0**	**10**	**0**

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Abbreviations

Performance Polymers

- BTR Butyl Rubber
- PBR Performance Butadiene Rubbers
- TRP Technical Rubber Products
- SCP Semi-Crystalline Products

Advanced Intermediates

- AII* Advanced Industrial Intermediates
- SGO Saltigo

Performance Chemicals

- MPP Material Protection Products
- IPG Inorganic Pigments
- FCC Functional Chemicals
- LEA Leather
- RCH Rhein Chemie
- RUC Rubber Chemicals
- ION Ion Exchange Resins

* formerly known as BAC (Basic Chemicals)

Upcoming events 2011

Upcoming events

▪ Analyst round table	September 22, 2011
▪ Q3 Results 2011	November 10, 2011

Contact detail Investor Relations

Oliver Stratmann

Head of Investor Relations

Tel. : +49-214 30 49611
Fax. : +49-214 30 959 49611
Mobile : +49-175 30 49611
Email : Oliver.Stratmann@lanxess.com

Verena Simiot

Assistant Investor Relations

Tel. : +49-214 30 23851
Fax. : +49-214 30 40944
Mobile : +49-175 30 23851
Email : Verena.Simiot@lanxess.com

Tanja Satzer

Private Investors / AGM

Tel. : +49-214 30 43801
Fax. : +49-214 30 959 43801
Mobile : +49-175 30 43801
Email : Tanja.Satzer@lanxess.com

Constantin Fest

Institutional Investors / Analysts

Tel. : +49-214 30 71416
Fax. : +49-214 30 40944
Mobile : +49-175 30 71416
Email : Constantin.Fest@lanxess.com

Joachim Kunz

Institutional Investors / Analysts

Tel. : +49-214 30 42030
Fax. : +49-214 30 40944
Mobile : +49-175 30 42030
Email : Joachim.Kunz@lanxess.com

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