LANXESS – SRI Roadshow

Sustainable growth

Investor Relations, April 2011

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Agenda

- LANXESS – Improving financials since day one
- LANXESS – Growth aligned to global megatrends
- Sustainable corporate citizenship
- Outlook

LANXESS – A leading specialty chemicals company based on three powerful segments

Performance Polymers	Advanced Intermediates	Performance Chemicals
Butyl Rubber	Basic Chemicals	Material Protection Products
Performance Butadiene Rubbers	Saltigo	Inorganic Pigments
Technical Rubber Products		Functional Chemicals
Semi-Crystalline Products		Leather
		RheinChemie
		Rubber Chemicals
		Ion Exchange Resins

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

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Chart 4

LANXESS has been improving its financials since day one

LANXESS Group	2003	2004	2005	2006	2007	2008	2009	2010
EBITDA pre [€ m]	311	447	581	675	719	722	465	918
Net financial debt [€ m]	1,429	1,135	680	511	460	864	794	913
Net financial debt / EBITDA pre	4.6x	2.5x	1.2x	0.8x	0.6x	1.2x	1.7x	1.0x
Gearing [%]	128	101	54	36	30	65	55	52
Underlying EPS*	(2.23)	0.65	1.19	2.69	3.36	3.44	1.31	4.81
Dividend [€]				0.25	1.00	0.50	0.50	0.70**

pro forma data only

Ready for growth

* EPS pre exceptionals, based on actual taxrate; ** proposal to the Annual Stockholdes' Meeting

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Chart 5

Significant growth in all three segments

* pre exceptionals

Chart 6

LANXESS on a path of growth

* pre exceptionals

Chart 7

Strong price and volume momentum drives 41% sales growth

FY yoy sales variances	Price	Volume	Currency	Portf.	Total
Performance Polymers	25%	29%	5%	0%	58%
Advanced Intermediates	5%	9%	2%	4%	20%
Performance Chemicals	2%	23%	4%	0%	29%
LANXESS	13%	22%	4%	1%	41%

- Operational sales growth of 36% driven by end market recovery
- Positive currency (mainly BRL and USD) as well as portfolio effects support top line growth further

FY yoy EBITDA bridge [€ m]

- Volume and price increase in tandem, price offsets rising input costs
- Others contains currency benefit, overcompensated by lower savings and one-off payment to employees

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Strong cash flow finances working capital increase and substantial Capex projects

[€ m]	FY 2009	FY 2010
Profit before Tax	**32**	**493**
Depreciation & amortization	273	283
Gain from sale of assets	-18	0
Result from equity investments	-8	-16
Financial (gains) losses	71	83
Cash tax payments / refunds	0	-114
Changes in other assets and liabilities	-24	-4
Operating Cash Flow before changes in WC	**326**	**725**
Changes in Working Capital	239	-220
Operating Cash Flow	**565**	**505**
Investing Cash Flow	**-771**	**-450**
thereof Capex*	-275	-501
Financing Cash Flow	**258**	**-214**

- Cash-outs for tax payments on higher profit before tax
- Working capital outflow in line with 2010 sales recovery
- 2009 investing cash flow contains investment in near cash assets, 2010 contains Capex for Singapore project as well as €75 m CTA funding
- **Capex financed by strong operating cash flow**

Strong end market demand leads to good cash generation

* net of projects financed by customers and finance lease

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Premium products and technologies for global megatrends

Mobility

Urbanization

Agriculture

Water

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All three segments contribute to sustainable growth

LANXESS segment: Performance Polymers

- Mobility, growing population in Asia
- High performance tires
- Vehicle weight reduction

LANXESS segment: Advanced Intermediates

- Increasing crop demand based on growing world population
- Need of farmers to raise yields
- Increasing focus on renewable resources

LANXESS segment: Performance Chemicals

- Scarcity of purified water
- Rising middle class in APAC

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Chart 12

Strong regional set up

Group | Performance Polymers | Advanced Intermediates | Performance Chemicals

2010 sales by region [%]

Regional development of sales [€ m]

* currency and portfolio adjusted

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Chart 13

Considerable increase in investment, especially in Asia

Group | Performance Polymers | Advanced Intermediates | Performance Chemicals

* net of projects financed by customers and finance lease; ** proportion of sales; *** circle size indicates level of investment

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Similar tire labeling initiatives are being proposed in several countries

Group | Performance Polymers | Advanced Intermediates | Performance Chemicals

Tire labels

Europe

U.S.

Japan

For fuel efficient tires

For fuel efficient tires

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Manufacturers need high-end rubber to achieve an overall performance improvement for tires

Group | **Performance Polymers** | Advanced Intermediates | Performance Chemicals

Rolling resistance accounts for 20%-30% of fuel consumption

Selected tire[1] classifications by grip and rolling resistance

	1	2	3	4	5	6
Grip	E	B	B	B	A	B
RR*	E	E	E	E	E	E

Rolling resistance still underperforming

LANXESS solutions to reduce rolling resistance

Effect of SSBR in treads

Source: GTÜ and ACE; * Rolling resistance; 1six of the leading global tire producers

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Change in consumer behavior for tire consumption triggered by an overall win-win situation

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Environment

Environmental impact over a tire's life cycle

- Significant reduction of CO_2 emissions possible
- Possible annual savings world wide:
  ~20 bn liter fuel
  ~50 m tons CO_2 emissions

Safety

- Nd-PBR in side walls:
  - Excellent resistance to flex cracking
  - Exceptional resistance to fatigue

Efficiency

- Reduction of rolling resistance by 10% leads to a fuel reduction by 2-3%
  - Fuel: -0.2l/100km*
  - CO_2 emissions: -4g/km*

Sources: EU; U.S. Department of Energy; Transportation Research Board; * Example for Michelin Energy Saver

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Growing car production and trend of weight reduction increase demand for high-tech plastics

Group | **Performance Polymers** | Advanced Intermediates | Performance Chemicals

High-tech plastics in automotives

LANXESS is the preferred development partner for new applications in structural components

Demand growth for high-tech plastics*

Global car production growth of ~3.3% p.a. and increased usage of high-tech plastics per car drive growth of 7% p.a.*

* Source: JD Powers 08/2010, LXS own estimates

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Strength in design of structural components makes SCP a premium development partner to the automotive industry

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New generation of hybrid technology

- **Hybrid technology with combination of injection molded Durethan® and polyamide composite inserts**
  - Low weight: weight reduction >10% over aluminum
  - Higher stiffness
  - Better impact performance
  - Possibility of complex designs
  - No corrosion and easier recycling
- **Application leader**: e.g. hoses and tubes for turbo charged engines, body components, oil pans, weight reduction of highest importance for e-mobility
- **Material leader**: e.g. flame-retardant products in electrical engines, ECO grades for sustainable material solution

PA composite inserts

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Leading solution provider to agrochemicals

Group | Performance Polymers | **Advanced Intermediates** | Performance Chemicals

Opportunity / increase in demand

Chemical crop protection is serving efficiency increase to meet demand in volume growth of grain

LANXESS solutions

saltigo
customized competence

Leading worldwide outsourcing partner for the agrochemical players

- Technology leadership in high-end and complex chemistry
- Rapid ramp-up capabilities

Basic Chemicals

Leading supplier of Isocyanate intermediates for agrochemicals

Sources: USDA, Syngenta, LANXESS prognosis; * Grain = corn, soya, wheat and rice; **CAGR=Compound Annual Growth Rate (2008-2025)

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Solution for better biofuel stability

Group | Performance Polymers | **Advanced Intermediates** | Performance Chemicals

LANXESS solution

- LANXESS developed the biodiesel stabilizer Baynox
- Additives needed to enable storage of biodiesel
- Quality approval by AGQM*:
  - Baynox to enhance the shelf life of pure biodiesel without reservation
  - Compatibility of stabilizer tested and issued with a “no harm” certificate

* German consortium for biodiesel quality management

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Setting up new sustainability standards in iron oxide and chrome oxides business

Group	Performance Polymers	Advanced Intermediates	**Performance Chemicals**

IPG focus sustainability

- IPG is driver for continuous HSEQ improvements within the iron oxide industry globally (especially in emerging countries)
- All production sites comply with global LANXESS standards (partly even above local regulations)
- IPG's focus on HSEQ has proven successful during ongoing consolidation of competitive environment
- Focus on sustainability further increases competitiveness

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Growing awareness for sustainability worldwide will trigger implementation of environmental standards

Group	Performance Polymers	Advanced Intermediates	**Performance Chemicals**

Sustainable production in emerging countries

- Increased level of HSEQ guidelines and governmental enforcement:
  - New wave of regulations in China (e.g. for cleaner production of iron oxide pigments)
  - Increased consolidation of chemical production in chemical parks in China (esp. in developed areas such as Shanghai and Jiangsu province)
- Global sustainability approach leads to more environmentally friendly processes and products

Several plants in China ordered to shut-down due to non-compliance with pollution standards

- Chinese Ministry of Environmental Protection approved a mandatory National Standard for iron oxide pigment pollution emissions to be completed in 2012
- Chinese Ministry of Industry and IT ordered 2,087 plants to be shut down by end-September 2010 due to non-compliance of environmental and energy consumption rules:

MIIT Orders Outdated Plants to Shut down

On August 6th, the Ministry of Industry and Information Industry (MIIT) announced the outdated plant list in 18 industries, which are ordered to shut down before the end of September 2010.

There are 2 087 enterprises involved in the list from the cement, papermaking, iron and steel, dyeing, calcium carbide and chemical fiber sectors. Among them 39 calcium carbide firms are required to sweep aside a combined capacity of 744 700 t/a, 25 chemical fiber firms have to close plants with a total capacity of 663 850 t/a (including viscose, filament, polyester lines), 2 citric acid producers need to shut down units with a total capacity of 17 000 t/a.

The outdated production lines dovetailed with the energy-saving, pollution reduction, competitiveness and the quality of China's economy development, said Li Yizhong, the head of MIIT.

China has cancelled preferential power prices for energy-intensive companies in 22 provinces as of July 14th, the National Development and Reform Commission (NDRC) said August 6th.

These moves underline the nation's ambitions to modify the economy growth models from low-level production toward the advanced technology and competitive edge manufacture, and cut pollution discharge as well as raise energy efficiency.

Sources: China Chemical Industry News (August 31, 2009); China Chemical Reporter (August 21, 2010)

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Growth driver megatrend water: Ion Exchange Resins ensures access to limited resource water

Group | Performance Polymers | Advanced Intermediates | **Performance Chemicals**

Megatrend Water

- Growing world population and environmental pollution will further limit access to clean water

LANXESS ION products

LANXESS ion exchange resins

LANXESS membrane technology

- Better ground and waste-water decontamination
- Ensure access to drinking water
- Ensure availability of water for special applications

Safe and clean water and sanitation declared as a human right (United Nations, 2010)

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Expected scarcity of clean water as essential global challenge

Group | Performance Polymers | Advanced Intermediates | **Performance Chemicals**

Projected shortfall for clean water

Global water supply & demand [bn m³]

Increasing demand for water

- 47 countries (one third of the world's population) suffer from moderate or severe water stress
- Expected global shortfall for clean water of ~40% until 2030
- In 2025 ~4.8 bn people will only have access to polluted water resources
- Emerging countries are especially affected with Indian water shortfall ~50%

Source: Charting our water future, McKinsey 2010; The 2030 World Water Resource Group: UNESCO Hydrologic Program

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Investment in membrane technology for access to market with high growth potential

Group	Performance Polymers	Advanced Intermediates	Performance Chemicals

New plant in Bitterfeld, Germany

- €30 m investment in new, 2nd ION facility in Bitterfeld, Germany
- Development and production of new membrane filtration technology
- Creation of 200 jobs on a long-term basis
- Groundbreaking January 2010;
  new plant taken into operation for pilot and development phase end of 2010;
  first products to be launched end of 2011

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Climate Protection – LANXESS with important contribution to this long-term challenge

Climate Protection – The number 1 challenge

Importance to LANXESS

- Climate protection is at the top of world political agenda: curtailing consequences of greenhouse effect as top priority of industry and society today
- Climate protection is a long-term challenge and helps to assure the future of the company
- LANXESS firmly committed to meeting its climate protection responsibilities, invests in sustainable solutions

LANXESS contribution

- **Innovative products:** LANXESS offers innovative products and solutions to reduce CO_2 emissions, e.g. rubber innovations for high-performance tires
- **Climate-friendly production:** Reduction of own direct emissions as well as conserving natural resources and use of renewable energy sources where possible
- **Renewable resources:** LANXESS strengthens its commitment to produce premium synthetic rubber from biobased raw materials

1st recipient of "China's Environmentally Friendly Enterprise"*

Green Excellence Award 2010 by Frost and Sullivan

* Award from the State Environmental Protection Administration in 2004

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Continuous investment in sustainable growth

Direct emissions in CO_2 equivalents [t/ t of product]

- CO_2-neutral energy production in modern power plants through combined heat and power generation
  - Plant already inaugurated in Porto Feliz, Brazil
  - Further plants under construction in Nagda and Jhagadia, India
- "LARA" as lighthouse project in Krefeld-Uerdingen, Germany
  - Investment amount €10 m, start-up beginning of 2009
- Global climate gas emissions reduced by more than 50% compared with 2007
- German -80% CO_2 reduction target** set for 2012 already achieved
- In 2010: Worldwide indirect CO_2 emissions (Scope 2) recorded for the first time

Latest process technology combines profitability with high environmental standards

* in tons per ton of product ; ** 80% reduction in climate gas emissions by 2012 vs. 2007

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Step towards securing alternative raw material supply

Production process Gevo

- Development of a fermentation process to produce isobutanol organically (sugars in biomass)
- Intention to use technical know-how to produce isobutene by dehydrating isobutanol
- Cooperation to broaden future supply options against the background of volatile raw material prices
- As part of this commitment, LANXESS has increased its minority shareholding in Gevo, Inc. that focuses on renewable chemicals and advanced biofuels

Source: Gevo

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Sustainability – Energized by LANXESS

Implementation of energy management system by end of 2012

Reduction in specific CO_2 emissions by 10% per business segment by 2015

Reduction in specific energy consumption by 10% per business segment by 2015

Reduction in VOC emissions of 30% by 2015

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Education – LANXESS invests in the future and promotes young talents around the world

Education – Our most important resource

Importance to LANXESS

- Demand for highly trained skilled workers increasing in contrast to decreasing proportion of young people in population. Even today there is a lack of skilled workers, particularly in the field of natural sciences
- Qualified young employees as basic prerequisite for the sustained success of a company anywhere in the world
- LANXESS acknowledges its responsibility with local education initiatives at its operating locations

LANXESS contribution

- LANXESS wants young people to recognize the fascination of natural sciences and technology at an early age
- **LANXESS invests in education in expertise** on national and international level, e.g. Education Initiative Germany, sponsoring of various education initiatives in Argentina

Rewarding LANXESS's sustainability

oekom research

Rating Category: C+

CARBON DISCLOSURE PROJECT

Involvement since 2006

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Positive business trading outlook for 2011

Performance Polymers	▪ Strong demand momentum from tires and high-tech plastics expected to be ongoing in 2011; but with lower growth rates ▪ Further price increases are necessary as input costs rise ▪ Organic growth: SCP (Jhagadia, IN), PBR (Dormagen, GER, Port Jérôme, FR and Orange, US)	
Advanced Intermediates	▪ Demand from agrochemical customers returns - favorable effects for SGO and BAC expected ▪ Selling price increases necessary on the back of rising benzene input costs ▪ Organic growth: BAC (Uerdingen, GER)	
Performance Chemicals	▪ Construction industry with gradual recovery in Europe, US ▪ Automobile industry seen with continuous growth (customers of RUC, RCH) ▪ Organic growth: ION (Jhagadia, IN), IPG (Shanghai, CN and Porto Feliz, BR), RCH (N. Novgorod, RU)	

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Outlook with confidence

- Excellent start into Q1 provides solid basis for 2011 ✓
- Various projects providing additional capacities in strong demand environment ✓
- Ongoing financial discipline ✓
- EBITDA increase expected for 2011, on track for 2015 growth target ✓

GOFOR 1.4

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Chart 36

Each business to contribute to EBITDA* growth

* pre exceptionals; ** as communicated at LANXESS capital markets day

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Chart 37

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Energizing Chemistry

Abbreviations

Performance Polymers

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

Advanced Intermediates

- BAC Basic Chemicals
- 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

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Upcoming events 2011

Upcoming events

▪ Q1 Results 2011	May 11, 2011
▪ Annual Stockholders' Meeting	May 18, 2011
▪ Q2 Results 2011	August 11, 2011
▪ Q3 Results 2011	November 10, 2011

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