LANXESS – Q1 2012 Roadshow

Strong start in a challenging year

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Agenda

- **Executive overview Q1 2012**
- Business and financial review Q1 2012
- Outlook / Guidance

Q1 2012: Strong start in a challenging year

Business performance	Strong sales improvement with stable EBITDA margin EBITDA at € 369 Mio (+14.6% year-on-year)	**"Price-before-volume" strategy continued**
Organic and external growth	New projects announced in Q1 2012: ▪ CO_2 plant for upstream integration in BU LEA ▪ Debottlenecking of aromatic network in BU AII ▪ Acquisition of US bladder producer TCB in BU RCH Organic growth projects and M&A integrations fully on track	**Well on track to reach €1.4 bn EBITDA target in 2015**

All references to EBITDA are pre exceptionals

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“Price-before-volume” and portfolio contribute to strong Q1

Q1 yoy sales variances	Price	Volume	Currency	Portf.	Total
Perf. Polymers	14%	-1%	3%	12%	28%
Adv. Intermediates	3%	-1%	1%	0%	3%
Perf. Chemicals	3%	-7%	2%	3%	0%
LANXESS	9%	-3%	2%	7%	15%

- Price and portfolio drive growth of 15% in total
- Substantial price increases
- Volume slightly down vs. very strong reference quarter

Q1 yoy EBITDA pre bridge [€ m]

- Substantial input cost increases fully offset
- Others contains portfolio and currency effects partly offset by volume-related idle costs

Q1 driven by external growth across all regions

* Currency and portfolio adjusted

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Successful pricing strategy for more than seven years

Raw material effects sustainably balanced

Effective pricing management

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

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Q1 2012 financial overview: Strong EBITDA performance with stable margin

[€ m]	Q1 2011	Q1 2012	yoy in %
Sales	**2,073**	**2,388**	**15.2%**
EBITDA pre except.	**322**	**369**	**14.6%**
margin	15.5%	15.5%	
EPS	**2.00**	**2.32**	**16.0%**
Capex*	**68**	**92**	**35.3%**
[€ m]	**31.12.2011**	**31.03.2012**	**% vs. YE**
Net financial debt	**1,515**	**1,503**	**-0.8%**
Net working capital	**1,766**	**1,992**	**12.8%**
Employees	**16,390**	**16,713**	**2.0%**

- Sales improvement driven by pricing and portfolio
- "Price-before-volume" strategy key to stable EBITDA margin
- Capex increases as organic growth projects proceed according to plan
- Net debt stable in Q1 despite rise of working capital due to sequentially increased business activity
- Headcount increase reflects growth strategy

Continued growth

* Net of capitalized borrowing costs and finance lease

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Business performance beats strong Q1 2011

[€ m]	Q1 2011		Q1 2012		yoy in %
Sales	**2,073**	**(100%)**	**2,388**	**(100%)**	**15%**
Cost of sales	-1,551	(75%)	-1,796	(75%)	16%
Selling	-170	(8%)	-186	(8%)	9%
G&A	-70	(3%)	-72	(3%)	3%
R&D	-31	(2%)	-45	(2%)	45%
EBIT	**246**	**(12%)**	**277**	**(12%)**	**13%**
Net Income	**166**	**(8%)**	**193**	**(8%)**	**16%**
EPS	**2.00**		**2.32**		**16%**
EBITDA	317	(15%)	365	(15%)	15%
thereof exceptionals	-5	(0%)	-4	(0%)	-20%
EBITDA pre exceptionals	**322**	**(15.5%)**	**369**	**(15.5%)**	**15%**

- Solid sales increase due to strong pricing (+9%), portfolio effects (+7%) and support from currency (+2%), while volumes slightly below very strong Q1 2011 (-3%)
- R&D increase in line with focus on technology initiatives and premium products
- Top-line increase translates into bottom-line performance
- Strong EBITDA based on competency for price-setting

Strong start in 2012

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Q1 2012 – Performance Polymers key driver to strong EBITDA increase

Total group sales and EBITDA figures include reconciliation; references to EBITDA are pre exceptionals

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Performance Polymers: EBITDA growth with strong margin

[€ m]	Q1 2011	Q1 2012
Sales	**1,084**	**1,391**
EBIT	165	206
Depr. / Amort.	34	48
EBITDA	199	254
EBITDA pre exceptionals	**199**	**255**
Margin	18.4%	18.3%
Capex*	**40**	**63**

- Sales increase due to strong pricing and portfolio contribution
- Price increases successfully offset raw material inflation
- BUs BTR and HPM** with price and volume increases in tandem
- BU PBR with continued shift to high performance rubbers
- BU TRP with strong contribution from Keltan EPDM business, other products with lower volumes (HNBR, EVM)
- Shift to new Keltan EPDM grades (BU TRP) adds to portfolio effect, while burdening volume effect
- Capex increase in line with announced growth projects

Sales by BU

Sales bridge yoy [€ m]

* Net of capitalized borrowing costs
** HPM (High Performance Materials) formerly named SCP (Semi-Crystalline-Products)

Advanced Intermediates: Solid agro performance vs. strong basis in previous year

[€ m]	Q1 2011	Q1 2012
Sales	**416**	**429**
EBIT	59	54
Depr. / Amort.	16	16
EBITDA	75	70
EBITDA pre exceptionals	**75**	**70**
Margin	18.0%	16.3%
Capex*	**13**	**15**

- Sales increase due to solid pricing, compensating slight volume decline
- Raw material inflation offset by price increases
- BU AII with strong demand in aromatic network (agro), slightly weaker in benzyl products and polyols (coatings, construction)
- BU SGO with strong demand from healthy agro business; continued pharma softening
- Solid margin compares to very strong previous year
- Capex increases due to growth projects (e.g. Menthol)

Sales by BU

Sales bridge yoy [€ m]

* Net of capitalized borrowing costs

Performance Chemicals: Lower volumes vs. strong Q1 2011

[€ m]	Q1 2011	Q1 2012
Sales	**556**	**558**
EBIT	72	62
Depr. / Amort.	18	21
EBITDA	90	83
EBITDA pre exceptionals	**90**	**83**
Margin	16.2%	14.9%
Capex	**14**	**11**

- Stable sales as positive pricing combined with acquisition contributions mitigate volume declines
- BU IPG with sequential recovery (construction), yoy however weaker; maintenance shutdowns additionally burden volumes
- BU LEA contribution impacted by unstable CO_2 supply
- BU RUC with lower volumes (Antioxidants), BU FCC with ongoing weakness in colorants (E&E)
- Positive yoy contribution from BUs MPP, RCH and ION
- EBITDA margin burdened by lower volumes

Sales by BU

Sales bridge yoy [€ m]

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Balance sheet remains strong

[€ m]	Dec '11	Mar '12
Non-current assets	**3,489**	**3,496**
Intangible assets	373	365
Property, plant & equipment	2,679	2,676
Equity investments	12	15
Other investments	19	31
Other financial assets	82	71
Deferred taxes	196	212
Other non-current assets	128	126
Current assets	**3,389**	**3,645**
Inventories	1,386	1,446
Trade accounts receivable	1,146	1,301
Other financial & current assets	329	338
Near cash assets	350	227
Cash and cash equivalents	178	333
Total assets	**6,878**	**7,141**

	Dec '11	Mar '12
Stockholders' equity	**2,074**	**2,225**
Non-current liabilities	**2,715**	**2,824**
Pension & post empl. provis.	679	750
Other provisions	331	313
Other financial liabilities	1,465	1,535
Tax liabilities	63	60
Other liabilities	102	88
Deferred taxes	75	78
Current liabilities	**2,089**	**2,092**
Other provisions	446	491
Other financial liabilities	633	604
Trade accounts payable	766	755
Tax liabilities	49	64
Other liabilities	195	178
Total equity & liabilities	**6,878**	**7,141**

- Net debt to EBITDA ratio slightly improved at ~1.26x
- Lower PPE and intangibles related to currency effects due to stronger Euro vs. year-end
- Working capital increase in line with business development

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Improved results reflected in stronger cash flow

[€ m]	Q1 2011	Q1 2012
Profit before tax	**219**	**249**
Depreciation & amortization	71	88
Gain from sale of assets	0	0
Result from equity investments	-5	-3
Financial (gains) losses	20	24
Cash tax payments / refunds	4	-3
Changes in other assets and liabilities	28	18
Operating cash flow before changes in WC & CTA	**337**	**373**
Changes in working capital	-301	-244
CTA funding*	0	0
Operating cash flow	**36**	**129**
Investing cash flow	**-19**	**9**
thereof capex**	-68	-92
Financing cash flow	**-7**	**17**

- Increased business performance leads to higher pre-tax profit
- Larger asset base drives D&A
- Raw material inflation drives increase of working capital in both quarters
- Higher capex reflects growth mode
- Investing cash flow mirrors inflow from financial assets
- Financing cash flow contains dim-sum bond of ~€60 m

Strong cash flow from strong operations

* CTA (Contractual Trust Arrangement) funding formerly shown in investing cash flow
** Net of capitalized borrowing cost and finance lease

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LANXESS is confident for 2012

Current macro view

- Less dynamic growth rates in emerging markets; but on a more sustainable level
- Positive signals for US macro development
- Solid agro end market trend to continue
- Gradual recovery of construction market expected
- Ongoing uncertainties: high national deficits, volatile FX, raw material price volatility and some cautiousness among European customers

LANXESS well positioned for growth

- Several capacity expansions to come on stream
- Tire labeling regulation in EU and South Korea end of 2012
- Strong start in 2012 – we expect FY EBITDA pre growth of 5-10%

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Energizing Chemistry

Appendix

2012 financial expectations

Additional financial expectations for 2012

- Capex: ~€600 m
- D&A: ~€330 - €350 m
- Tax rate: ~22%
- Hedging 2012: ~45% at 1.30 -1.40 USD / EUR
  Hedging 2013: ~20% at 1.30 -1.40 USD / EUR

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Premium products and technologies for global megatrends

Mobility

Urbanization

Agriculture

Water

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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

- Advanced Industrial Intermediates
- 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, 2011

Dividend increase of 21% reflects strong 2011 performance

- Dividend of €0.85 per share proposed
- Total payout of €71 million
- Dividend increase of 21% yoy

LANXESS dividend policy

LANXESS aims to ensure that its stockholders benefit appropriately and sustainably from its business performance

* Proposal to the Annual Stockholders' Meeting

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2011: The most successful year ever since

* Pre exceptionals

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A year of targeted investments and acquisitions

Organic growth

ONGOING 2011

Butyl Singapore
In construction with start-up in Q1 2013; 100kt (BTR)

Nd-PBR Singapore
Greenfield planning ongoing (PBR)

Nd-PBR Brazil and USA
Debottlenecking 20kt (ready in Q1'12) + 20kt product mix optimization (PBR)

Compounds India and Brazil
20kt beginning 2012 in India and 20kt mid 2013 in Brazil (SCP)

Compounds USA
Groundbreaking in March; 20kt to be completed in 2012 (SCP)

NBR China
30kt in JV with TSRC on stream in H1 2012 (TRP)

Menthol Germany
Groundbreaking in July; capacities on stream in H1 2012 (AII)

Leather China
Groundbreaking in July; up to 50kt on stream H1 2013 (LEA)

COMPLETED 2011

Nd-PBR Germany and USA
30kt debottlenecking completed (PBR)

Caprolactam Belgium
Additional 10% capacity implemented (SCP)

Compounds China
Increased capacity up to 60kt in mid 2011 (SCP)

Membrane filtration Germany
New plant on stream since September (ION)

Butyl Belgium
Expansion work at year end with 14kt capacity increase (BTR)

Formalin Germany
New plant +150kt on stream since end 2011 (AII)

External growth

PORTFOLIO 2011

Darmex
Vulcanization bladders and release agents for tire industry (RCH)

Syngenta
Material protection business (MPP)

DSM
EPDM rubber business (TRP)

UNITEX
Phthalate-free plasticizers business (FCC)

Verichem
Biocide business in material protection (MPP)

Organic growth: selected 2011 projects

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Growth projects with attractive financials

	Project*	CAPEX	Expected sales	Sales multiple	Project ROCE** >LANXESS Ø
Organic growth	BTR new plant, debottlenecking	~€420 m	>€330 m	~1.3x	✓
	PBR new plant, debottlenecking	~€230 m	~€405 m	~0.6x	✓
	SCP capro, compounds, glassfiber	~€100 m	~€200 m	~0.5x	✓
	AII chlorotoluenes, formalin, menthol	~€70 m	~€70 m	~1.0x	✓
External growth	ION new plants in India and Germany	~€60 m	~€60 m	~1.0x	✓
	TRP, SGO, RCH, LEA growth projects	~€95 m	~€230 m	~0.4x	✓

* Projects as of CMD 2010 including new announcements; ** ROCE in average profitability year

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LANXESS strives for an EBITDA of ~€1.4 billion in 2015

EBITDA target bridge [€ m] - update

Performance Polymers
- BTR Singapore & debottlenecking
- PBR Singapore & debottlenecking
- SCP compounding

Advanced Intermediates
- AII Menthol

Performance Chemicals
- RCH bladder expansion
- ION new plants, resins and membrane filtration

- Additional EBITDA will be the result of:
  - announced CAPEX projects
  - additional organic and external growth over next four years

Well on track to reach new profit level

References to EBITDA are pre exceptionals; projects are exemplary
* expected

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Successful pricing strategy for 7 years

Raw material effects offset year-by-year

- Premium high-tech products
- “Price-before-volume” strategy
- Customer-orientation
- Focused and experienced team
- Seven years track record of managing volatile input costs
- Effective pricing is a key element of LANXESS’ strategy
- “Price-before-volume” intact even in Q4 2011 with decreasing raw material prices

Pricing strategy effective with both rising and falling raw material costs

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Raw material prices to remain volatile

Global raw materials index*

- Raw material prices have increased since start of 2009
- Feedstock prices (mainly Butadiene and Cyclohexane) rose in 2011 despite a sharp decline in H2 2011
- Since the start of 2012, raw material prices (mainly butadiene) increased again; expected to continue their rise in Q2 2012

LANXESS committed to "price-before-volume" strategy

* Source: LANXESS, average 2008 = 100%

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New plant for Butyl in Singapore fully on track

Key points

- Construction of 100kt butyl rubber plant on schedule
- Start-up in Q1 2013
- €400 m investment
- Installation of infrastructure completed – major assets on site
- All major vessels installed
- Currently more than 2,000 workers active on site

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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

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LANXESS serves tire manufacturers as reliable partner, not as a swing producer

Historically, some tire manufacturers are upstream integrated into some synthetic rubbers

Rubber producing capabilities of selected tire manufacturers:

Applications		Michelin	Goodyear	Bridgestone	Continental	Pirelli	Hankook
Innerliner, sealant, gum	**BTR**	none	none	none	none	none	none
Tire-tread, sidewalls	**PBR**[1]	little[2]	none[3]	capable	none	none	none
Tire-tread, sidewalls	**S-SBR**	capable	none	capable	none	none	none
Tire-tread, sidewalls	**E-SBR**	none	capable	capable	none	none	none
Automotive	**NBR**	none	none	none	none	none	none

Tire manufacturers produce insufficient synthetic rubber for their captive use

[1] Nd-PBR
[2] Know how exists, licensing to others
[3] Ni-PBR

Does natural rubber cannibalize synthetic rubber?

[1] Nd-PBR

Strong growth rates for passenger cars in China set to fuel future tire demand

Megatrend mobility is intact

Key aspects

- Number of cars per 1,000 inhabitants will quadruple in next 10 years
- CAGR of 14.9%
- Market potential of 1.3 bn inhabitants in China
- Growing middle-class drives demand for cars
- Following US, China is already the second largest car market

By 2020, car ownership in China will reach half of a mature market's rate

Source: Michelin estimates

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Growth mode is also reflected in productivity and headcount

Headcount development and productivity

- LANXESS improved its productivity since day one
- After successful portfolio transformation LANXESS with focus on growth
- Since 2010 increase of productivity and headcounts in tandem

* Productivity in EBITDA pre exceptionals per employee

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Capex increase for further growth

Capital expenditures[1] [€ million]

2010 2011

Investment ratio[2]

7.0% 7.7%

Investments by region[3]
[Increase 2011 vs 2010]

Asia with significant share of investments

[1] Net of projects financed by customers, finance lease and capitalized borrowing costs
[2] Capex in relation to sales
[3] Circle size indicates level of investment; illustration

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R&D key to technology leadership

- Committed to increasing R&D activities
  - New BTR process technology
  - Bio-based EPDM Keltan Eco
  - Cooperation for additional bio-based raw materials
  - Resource and energy efficiency increase of processes
  - International cooperations with universities and research institutes

* In relation to sales

A well managed and conservative maturity profile

Long term financing secured

- Well balanced maturity profile
- Diversified financing sources
  - Bonds
  - Syndicated credit facility
  - Development banks
  - Bilateral Facilities
- Two €100 m private placements in April for 10 and 15 years at 3.5% and 3.95% improve average interest cost and extend the maturity profile

Liquidity and maturity profile as per March 2012

[1] Placed in April 2012 under Debt Issuance Programme [2] European Investment Bank
[3] Final maturity of EIB financing in case of utilization in 2016 or later; EIB facility currently undrawn

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Corporate Responsibility well integrated - achieving goals sustainably

Climate goals

- Reduction of CO2 emission by 10%* until 2015
- Reduction of specific energy consumptions by 10%* until 2015
- Implementation of energy management system
- Footprint analysis for relevant products

Environmental goals

- Reduction of volatile organic compounds (VOC) emissions by 30%* until 2015
- Research and development to bio-based raw materials

Saftey goals

- Xact: global program initiated in 2011, improve occupational, process and plant safety
- Optimization of transportation of (dangerous) goods

Society initiatives

- Cooperation with Teach First
- Interaction and cooperation with schools globally
- XCare: responding to employees' demographic challenges

THE GLOBAL COMPACT

CARBON DISCLOSURE PROJECT
Involvement since 2006

Dow Jones Sustainability Indexes
Member 2011/12

oekom research
Rating Category: C+

FTSE4Good
Index Series

* Base year: 2010

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Overview exceptional items Q1 2011 and Q1 2012

[€ m]	Q1 2011		Q1 2012	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	0	0	1	0
Advanced Intermediates	0	0	0	0
Performance Chemicals	0	0	0	0
Reconciliation	5	0	3	0
Total	**5**	**0**	**4**	**0**

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Abbreviations

Performance Polymers

- BTR Butyl Rubber
- PBR Performance Butadiene Rubbers
- TRP Technical Rubber Products
- HPM* High Performance Materials

Performance Chemicals

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

Advanced Intermediates

- AII Advanced Industrial Intermediates
- SGO Saltigo

* Formerly named SCP (Semi-Crystalline Products)

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Upcoming events 2012

Upcoming events	
▪ AGM	May 15, 2012
▪ Q2 results 2012	August 7, 2012
▪ Capital Markets Day	September 19/20, 2012
▪ Q3 results 2012	November 6, 2012

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