

LANXESS Q3 earnings exceed forecast

- **Q3 sales EUR 1.37 billion, up 11 % vs. Q2**
- **Q3 EBITDA pre exceptionals EUR 143 million, up 28 % vs. Q2**
- **Q3 net income positive at EUR 23 million**
- **Chinese economy driving recovery**
- **“Challenge09-12” generating savings earlier than planned**
- **Outlook: FY EBITDA pre exceptionals EUR 400 to 420 million**

Leverkusen – LANXESS AG delivered a strong operating performance in the third quarter of 2009, with EBITDA pre exceptionals of EUR 143 million. The specialty chemicals company had expected third quarter operating earnings around the level of second quarter earnings of EUR 112 million.

EBITDA pre exceptionals was down 26 percent year-on-year but rose 28 percent from the second quarter due to an improved macroeconomic environment worldwide, driven by China, as well as savings yielded by the “Challenge09-12” package of measures. Another key performance metric – EBITDA pre exceptionals margin – was 10.4 percent; higher than the previous quarter and nearly reaching last year’s level.

Sales in the third quarter fell by 24 percent year-on-year to EUR 1.37 billion but rose 11 percent quarter-on-quarter. A slight restocking was visible in the third quarter with a number of customers in Performance Polymers bringing forward their purchases ahead of announced price increases for the fourth quarter. Net income was positive for the second consecutive quarter at EUR 23 million.

Operating cash flow rose to EUR 432 million in the first nine months of 2009 from EUR 309 million a year earlier. Net debt at the end of September rose slightly by 8 percent to EUR 779 million from the end of June due to the company’s acquisition of chemical assets belonging to India’s Gwalior and China’s Jiangsu Polyols. Net debt at the end of 2008 was EUR 864 million.

LANXESS AG

Contact: Daniel Smith
Financial and Business Media
51369 Leverkusen
Germany

Phone +49 214 30-75179
Fax +49 214 30-50691
daniel-alexander.smith@lanxess.com

Contact: Rudolf Eickeler
Financial and Business Media
51369 Leverkusen
Germany

Phone +49 214 30-40483
Fax +49 214 30-50691
rudolf.eickeler@lanxess.com

Page 1 of 6

“LANXESS has proved once again that it can successfully deal with the effects of the economic crisis,” said Axel C. Heitmann, Chairman of the Board of Management of LANXESS AG. “Our self-help measures coupled with an improved economic climate, in particular in China, has supported us in delivering a very respectable third quarter performance.”

Performance by region

Sales in the **Asia-Pacific** region rose 11 percent to EUR 338 million in the third quarter in comparison to the second quarter and also rose 7 percent on a year-on-year basis. The region, which represents 25 percent of Group sales, was driven by the growing Chinese market. China is expected to become the world’s largest automobile producer in 2009 and LANXESS will benefit from this trend towards greater mobility as a premium supplier to the automotive and tire industries.

The regions **EMEA** (Europe excluding Germany, Middle East, Africa), **Germany**, **Latin America** and **North America** all improved sales sequentially in the third quarter but were still double-digit percentage amounts below the same period a year ago.

Performance by segment

Sales in the **Performance Polymers** segment, which includes the company’s worldwide leading synthetic rubber activities, rose 17 percent quarter-on-quarter to EUR 656 million. The top-line development was driven by a stronger-than-expected September month due to a pick-up in demand for winter tires and pre-buying by customers ahead of price increases. EBITDA pre exceptionals for the segment rose 46 percent quarter-on-quarter to EUR 76 million, with the Butyl Rubber business unit developing very positively. The segment’s earnings also benefited from the “Challenge09-12” measures. On a year-on-year basis, sales fell 30 percent and EBITDA pre exceptionals fell 40 percent.

LANXESS AG

Contact: Daniel Smith
Financial and Business Media
51369 Leverkusen
Germany

Phone +49 214 30-75179
Fax +49 214 30-50691
daniel-alexander.smith@lanxess.com

Contact: Rudolf Eickeler
Financial and Business Media
51369 Leverkusen
Germany

Phone +49 214 30-40483
Fax +49 214 30-50691
rudolf.eickeler@lanxess.com

Sales in the **Advanced Intermediates** segment were sequentially unchanged in the third quarter at EUR 284 million. EBITDA pre exceptionals rose 5 percent quarter-on-quarter to EUR 40 million benefiting from the “Challenge09-12” measures and the less cyclical nature of the agrochemicals industry. On a year-on-year basis, sales fell 17 percent and EBITDA pre exceptionals was unchanged. The Basic Chemicals business unit consolidated the chemical assets of India’s Gwalior and China’s Jiangu Polyols as of September 1, 2009.

Sales in the **Performance Chemicals** segment rose 10 percent sequentially to EUR 425 million in the third quarter, while EBITDA pre exceptionals rose 52 percent quarter-on-quarter to EUR 67 million. The Inorganic Pigments, Leather, and RheinChemie business units contributed decisively to the strong earnings increase due to higher volumes and the “Challenge09-12” measures. On a year-on-year basis, sales fell 18 percent but EBITDA pre exceptionals rose 3 percent.

“Challenge09-12”

The “Challenge09-12” package of measures that has been implemented since the start of the year to help mitigate the effects of the crisis comprises a combination of flexible asset management and remuneration decreases for all employees at non-managerial and managerial levels worldwide. In this way, LANXESS will cut costs worldwide by about EUR 360 million by 2012.

So far, the program has been implemented faster than planned, which will lead to additional savings of EUR 30 million in 2009 that were originally targeted for 2010.

At the same time, LANXESS is taking steps to optimize its global production network in the face of the worldwide crisis, changing economic landscape and very competitive business environment. For example:

LANXESS AG

Contact: Daniel Smith
Financial and Business Media
51369 Leverkusen
Germany

Phone +49 214 30-75179
Fax +49 214 30-50691
daniel-alexander.smith@lanxess.com

Contact: Rudolf Eickeler
Financial and Business Media
51369 Leverkusen
Germany

Phone +49 214 30-40483
Fax +49 214 30-50691
rudolf.eickeler@lanxess.com

- The Functional Chemicals business unit will transfer its colorants production from Lerma, Mexico, to its existing facility in Leverkusen, Germany, in the coming months.
- The global headquarters for the Butyl Rubber business unit will be relocated in 2010 to Singapore from Fribourg, Switzerland, in order to better serve the growing demand in the Asia region.
- LANXESS plans to strengthen its local production network in China this month with the inauguration of a new production line for leather chemicals at its existing site in Wuxi, Jiangsu province. In addition, pigment production at the company's site in Jinshan, Shanghai, will be expanded and further optimized.

Outlook

The global economic environment remains challenging despite recent improvements since the pace of economic recovery varies from one region to another.

In the coming months, LANXESS expects the Asia region to be the growth engine behind the global economy. The North American and European markets are gradually recovering but still lagging behind economies such as China.

LANXESS expects the fourth quarter to mirror a seasonal weakening of demand that is typical of many of LANXESS' customer industries. In addition, the fourth quarter could be burdened by a drop off in sales after several customers brought forward purchases in the third quarter ahead of price increases.

"Taking into account these factors, LANXESS expects to achieve EBITDA pre exceptionals of EUR 400 to 420 million for the full year 2009," said Heitmann. "This target underlines how well we are managing the tough conditions and I am certain LANXESS will emerge strengthened from the economic crisis."

LANXESS AG

Contact: Daniel Smith
Financial and Business Media
51369 Leverkusen
Germany

Phone +49 214 30-75179
Fax +49 214 30-50691
daniel-alexander.smith@lanxess.com

Contact: Rudolf Eickeler
Financial and Business Media
51369 Leverkusen
Germany

Phone +49 214 30-40483
Fax +49 214 30-50691
rudolf.eickeler@lanxess.com

Q3 2009 Key Data

(€ million, changes in percent)

	Q3 2009	Q2 2009	Change qr-on-qr	Q3 2008	Change yr-on-yr
Sales	1,373	1,238	+10.9	1,814	-24.3
EBITDA pre exceptionals	143	112	+27.6	192	-25.5
EBITDA margin pre exceptionals (%)	10.4	9.0		10.6	
Net income	23	17	+35.3	56	-58.9

LANXESS AG

Contact: Daniel Smith
Financial and Business Media
51369 Leverkusen
Germany

Phone +49 214 30-75179
Fax +49 214 30-50691
daniel-alexander.smith@
lanxess.com

Contact: Rudolf Eickeler
Financial and Business Media
51369 Leverkusen
Germany

Phone +49 214 30-40483
Fax +49 214 30-50691
rudolf.eickeler@lanxess.com

Page 5 of 6

LANXESS is a leading specialty chemicals company with sales of EUR 6.58 billion in 2008 and currently around 14,600 employees in 23 countries. The company is represented at 46 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals.

Leverkusen, November 12, 2009
das (2009-00198e)

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.

Information for editors:

The following information will be online today at www.lanxess.com:

- 1) From approx. 7:30 a.m., LANXESS' interim report for the third quarter of 2009 for viewing or download.
- 2) From approx. 10:00 a.m., live audiocast of the speech by Axel C. Heitmann, Chairman of the Board of Management.
- 3) From approx. 10:15 a.m., text of the speech available for download.

News Release



100 years of synthetic rubber – interesting information about the anniversary and the numerous application areas of the elastic all-rounder can be found at <http://worldrubberday.com>.

You can find further information concerning LANXESS chemistry in our WebMagazine at <http://webmagazine.lanxess.com>.

All LANXESS news releases and accompanying photo, video and audio material can be found at <http://press.lanxess.com>. Current photos of the Board of Management can be found at <http://imagebase.lanxess.com>.

LANXESS AG

Contact: Daniel Smith
Financial and Business Media
51369 Leverkusen
Germany

Phone +49 214 30-75179
Fax +49 214 30-50691
daniel-alexander.smith@lanxess.com
lanxess.com

Contact: Rudolf Eickeler
Financial and Business Media
51369 Leverkusen
Germany

Phone +49 214 30-40483
Fax +49 214 30-50691
rudolf.eickeler@lanxess.com