

## LANXESS FY/Q4 2007 Financial Summary for Investors and Analysts

- **Strong operational sales growth (+7.6%) in Q4 2007 and in FY 2007 (+5.0%)**
- **EBITDA pre exc. raised by 8.6% to €114 m in q4 and by 6.5% to €119 m, FY margin at 10.9%**
- **EBIT pre exceptionals increased by 34.2% to €51 m in Q4 and by 12.1% to €472 m for FY 2007**
- **Ratings upgraded by Moody's to Baa2 and S&P to BBB**
- **Net debt remains low at €460 m**
- **BU LUP JV transaction closed on Sept. 30th**
- **Acquisition of Brazilian Petroflex announced**
- **Dividend of €1.00 to be proposed to the AGM for 2007**

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### Overview Financials

#### Q4 Profit and Loss Statement:

- Sales Deviation: Price: +0.2%, Volume +7.4%, Currency -4.2%, Portfolio -15.5% (approximate numbers)
- Good operational improvement - reported sales decrease mainly due to portfolio changes and unfavourable currency effects
- Headcount reduction due to portfolio adjustment and restructuring
- Again strong improvement of margin and absolute EBITDA pre exceptionals
- Net income burdened mainly by restructuring one-offs

#### FY Cash flow Statement:

- Profit before tax burdened mainly by exceptional expenses of €257 m in connection with the LUP JV and for restructuring
- Higher cash tax payments
- Lower increase of working capital
- Strong operating cash flow 2007 contains ~€70 m restructuring cash out
- Investing cash flow comprises:
  - In 2006: Cash-in for sale of BU FIB, PAP and iSL
  - In 2007:
    - Cash-in for sale of BU TPC and Borchers
    - Payout for CISA
    - Cash infusion to Currenta / BIS for previous year's loss
    - CTA contribution

## Q4 Business Overview

### Performance Rubber

- Sales Deviation: Price: +2%, Volume +10%, Currency -6% (approximate numbers)
- Sales rise on the basis of a simultaneous increase in prices and volumes in all BUs, more than offsetting adverse currency effects
- Capacity additions in BTR, SCP and PBR production line re-start in Orange, USA, matched with sound market demand
- BTR compares to weak volume in Q4 2006 due to a strike at a customer
- Mainly strong Asian demand supports volume growth and slight price increases in PBR
- Overall, margin almost stable on high level, despite negative currency effects
- **Business outlook:** Q1 started well, European and Asian rubber markets hold up strong against the U.S.

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### Advanced Intermediates

- Sales Deviation: Price: -3%, Volume +17%, Currency -4% (approximate numbers)
- Sales increased mainly on higher volumes in both business units, more than offsetting unfavourable currency effects
- BAC with sound operational performance, notably from agro markets. EBITDA again strong despite time lag to pass-on risen raw material prices (n-Butane). Sales price increases have been announced in Q1 2008
- SGO with good development mainly in pharma and agro end markets. Price decline is not indicative of business trend as the transition of projects from piloting phase to production triggers price decreases and rise of volumes
- **Business outlook:** Businesses benefit from currently strong agro markets which are expected to also develop well in the future. Diversity of customer industries provides earnings-stability

### Performance Chemicals

- Sales Deviation: Price: 0%, Volume +3%, Currency -4%, Portfolio -8% (approximate numbers)
- The absence of TPC and adverse currency effects account for the reduction in sales
- Impact from weak U.S.-construction industry on IPG almost completely compensated by strong eastern European demand
- LEA experiences strong volumes in sodium-dichromate and benefits from strong chrome ore pricing
- Specifically MPP, RCH and ION increase their profitability in this seasonally weaker quarter
- **Business outlook:** 2008 started reasonably well. Due to the specialty nature of products and support of the strong diversity of end-markets served, earnings should be expected to be of low volatility

## 2008 Business environment and Outlook

### Macro-economic environment and regional overview:

- Despite partially adverse market environment, we remain confident for the business development in 2008
- Q1 2008 started reasonably well
- Crude oil and derivatives are expected to remain on high and volatile level
- Further weakening of the U.S. economy expected in 2008, especially in the automotive and construction industry. Slowdown of growth in parts of Europe, however overall still on supportive level
- Asian markets, particularly China and India with continued momentum. In addition, positive development in eastern European markets as well as Latin America, specifically Brazil

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### Items to consider for 2008:

- No earnings contribution from LUP (2007: €20 m EBITDA pre exceptionals)
- Additional expenses for growth in MPP, ION: ~€8 m
- Closing of Petroflex acquisition expected in Q2 2008
- Related rise in net financial debt: ~€300 m (for 70% of Petroflex' equity)
- FY 2008 exceptional expenses: ~€70 m
- Currency sensitivity: Based on our annual net exposure, a change of 1 cent of the exchange rate of the U.S. Dollar to the Euro affects our EBITDA by €5-6 m
- However, the actual impact may be significantly lower due to our rolling hedging policy

### Anticipated cash burdens in 2008:

- Capex '08 €330-€350 m
- Dividend-payout: ~€80 m
- FY 2008 exceptional cash outs: ~€140 m
- Capex for new BTR plant: up to €400 m in 2009-2011

Leverkusen, March 11, 2008

### 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 Q4 2007

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Eng.Plastics (LUP only)			Others/ Cons.		
	Q4 '06	Q4 '07	Chg. in %	Q4 '06	Q4 '07	Chg. in %	Q4 '06	Q4 '07	Chg. in %	Q4 '06	Q4 '07	Chg. in %	Q4 '06	Q4 '07	Chg. in %	Q4 '06	Q4 '07	Chg. in %
<b>Sales</b>	1666	1465	-12%	643	684	6%	280	308	10%	501	456	-9%	213	0	-100%	29	17	-41%
Price*			0%			2%			-3%			0%			0%			n.m.
Volume*			7%			10%			17%			3%			0%			n.m.
Currency*			-4%			-6%			-4%			-4%			0%			n.m.
Portfolio*			-16%			0%			0%			-8%			-100%			n.m.
<b>EBIT</b>	39	5	-87%	57	60	5%	16	16	0%	17	14	-18%	-1	0	n.m.	-50	-85	n.m.
Deprec. & amortizat.	74	62	-16%	27	27	0%	10	10	0%	25	23	-8%	0	0	0%	12	2	-83%
<b>EBITDA</b>	113	67	-41%	84	87	4%	26	26	0%	42	37	-12%	-1	0	n.m.	-38	-83	n.m.
exceptionals in EBITDA	-8	47	n.m.	1	0	-100%	0	0	0%	0	10	n.m.	0	0	0%	-9	37	n.m.
<b>EBITDA pre excep.</b>	105	114	9%	85	87	2%	26	26	0%	42	47	12%	-1	0	n.m.	-47	-46	n.m.
normalized D&A	67	63	-6%	27	27	0%	10	10	0%	25	21	-16%	0	0	0%	5	5	0%
<b>EBIT pre excep.</b>	38	51	34%	58	60	3%	16	16	0%	17	26	53%	-1	0	n.m.	-52	-51	n.m.
exceptionals in EBIT	-1	46	n.m.	1	0	-100%	0	0	0%	0	12	n.m.	0	0	0%	-2	34	n.m.
<b>Capex</b>	120	114	-5%	61	61	0%	13	22	69%	25	32	28%	13	0	-100%	8	-1	n.m.
<b>Net financial debt</b>	511	460	-10%															

\* approximate numbers



## Financial Overview FY 2007

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Eng.Plastics			Others/ Cons.		
	FY 06	FY 07	Chg. in %	FY 06	FY 07	Chg. in %	FY 06	FY 07	Chg. in %	FY 06	FY 07	Chg. in %	FY 06	FY 07	Chg. in %	FY 06	FY 07	Chg. in %
<b>Sales</b>	6944	6608	-5%	2571	2680	4%	1140	1204	6%	2205	1970	-11%	913	668	-27%	115	86	-25%
Price*			2%			3%			0%			0%			5%			n.m.
Volume*			3%			5%			9%			2%			-4%			n.m.
Currency*			-3%			-4%			-3%			-3%			-3%			n.m.
Portfolio*			-7%			0%			0%			-10%			-25%			n.m.
<b>EBIT</b>	376	215	-43%	238	273	15%	136	137	1%	200	183	-9%	10	-176	n.m.	-208	-202	n.m.
Deprec. & amortizat.	262	298	14%	100	103	3%	38	37	-3%	90	88	-2%	1	51	>100%	33	19	-42%
<b>EBITDA</b>	638	513	-20%	338	376	11%	174	174	0%	290	271	-7%	11	-125	n.m.	-175	-183	n.m.
exceptionals in EBITDA	37	206	>100%	2	0	-100%	0	0	0%	1	14	>100%	0	145	n.m.	34	47	38%
<b>EBITDA pre excep.</b>	675	719	7%	340	376	11%	174	174	0%	291	285	-2%	11	20	82%	-141	-136	n.m.
normalized D&A	254	247	-3%	100	103	3%	38	37	-3%	90	86	-4%	1	0	-100%	25	21	-16%
<b>EBIT pre excep.</b>	421	472	12%	240	273	14%	136	137	1%	201	199	-1%	10	20	100%	-166	-157	n.m.
exceptionals in EBIT	45	257	>100%	2	0	-100%	0	0	0%	1	16	>100%	0	196	n.m.	42	45	7%
<b>Capex</b>	267	284	6%	126	139	10%	38	52	37%	62	69	11%	26	17	-35%	15	7	-53%
<b>Net financial debt</b>	511	460	-10%															

\* approximate numbers

**Abbreviations:**

<b>BAC</b>	<b>Basic Chemicals</b>
<b>BTR</b>	<b>Butyl Rubber</b>
<b>FCC</b>	<b>Functional Chemicals</b>
<b>FIB</b>	<b>Fibers</b>
<b>ION</b>	<b>Ion Exchange Resins</b>
<b>IPG</b>	<b>Inorganic Pigments</b>
<b>LEA</b>	<b>Leather</b>
<b>LUP</b>	<b>Lustran Polymers</b>
<b>MPP</b>	<b>Material Protection Products</b>
<b>PAP</b>	<b>Paper Chemicals</b>
<b>PBR</b>	<b>Polybutadiene Rubber</b>
<b>RCH</b>	<b>RheinChemie</b>
<b>RUC</b>	<b>Rubber Chemicals</b>
<b>SCP</b>	<b>Semi-Crystalline Products</b>
<b>SGO</b>	<b>Saltigo</b>
<b>TPC</b>	<b>Textile Processing Chemicals</b>
<b>TRP</b>	<b>Technical Rubber Products</b>

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