

LANXESS Q3 2008 Financial Summary for Investors and Analysts

- Solid operational sales growth of 13.6%
- Price increases offset negative input costs and currency effects
- EBITDA pre exceptionals up by 9.1% to €191 m
- EBITDA margin rises to 10.5% from 10.3% in prior-year period
- Net financial debt at €341 million reduced vs. Q2 2008
- Full year 2008 guidance lifted:
EBITDA pre exceptionals €710 - €730 million

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Overview Financials

Q3 Profit and Loss Statement:

- Sales Deviation: Price: +13.9%, Volume -0.3%, Currency -4.0%, Portfolio -3.2%
- Necessary price increases more than offset unfavourable currency effects and portfolio changes
- Net income below prior-year period as 2007 contains capital gain from sale of affiliate ARG
- EBITDA pre exceptionals rises as major price increases and contribution of Petroflex overcompensate raw material and currency effects
- Deviations in functional expense lines mirror mainly consolidation of Petroflex and risen input costs

9M Cash flow Statement:

- Solid business delivers an improved profit before tax
- Operating cash flow for 9M 2008 contains ~€35 m restructuring cash out
- Working capital increase due to higher raw material costs and preparation for maintenance turnarounds
- Investing cash flow contains payment for acquisition of Petroflex

Q3 Business Overview

Performance Polymers

- Sales Deviation: Price: +24%, Volume -5%, Currency -6%, Portfolio +27% (approximate numbers)
- Sales increase on the back of healthy pricing in all BUs and portfolio effects, offsetting negative volume effects (i.e. hurricane Ike and production constraints in PBR due to butadiene shortage) and unfavourable currencies
- PBR benefits from strong Asian business. US/European volume limited by raw material availability
- TRP with nice pricing overcompensating currency effects and volume softening due to flooding in Orange, TX
- SCP benefits from long term contracts in Caprolactam
- Capex increase on BTR maintenance and shift of NBR from Sarnia to La Wantzenau

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Advanced Intermediates

- Sales Deviation: Price: +7%, Volume +11%, Currency -2% (approximate numbers)
- Strong volumes and good pricing in both BUs overcompensate adverse currency effects
- Healthy demand in crop protection and good volumes from Asia as well as price-pass-through clauses in some contracts help to mitigate surging raw material costs in BAC
- SGO with continuously solid demand from agro as well as from precursors for the pharma industry
- With strong pricing and volume, raw material price increases are compensated and absolute EBITDA pre exceptionals protected while margins get diluted

Performance Chemicals

- Sales Deviation: Price: +11%, Volume -1%, Currency -5% (approximate numbers)
- Sales increase on the back of healthy pricing, thus offsetting currency effects
- Good pricing, especially in LEA (chrome ore) and RUC
- EBITDA pre exceptionals almost reached previous year's level despite slightly lower returns in IPG (exposure to construction industry) and MPP (wood protection)
- IPG price increases offset raw material price hikes. Strong volumes from construction in BRIC region mitigate market weakness in US and parts of Europe
- Raw Material price increases and the weak USD weigh on segment margin

2008 Business environment and Outlook

Macro-economic environment and regional overview:

- Macroeconomic environment has become even more challenging
- For the remainder of the year, we expect to see a further decline of U.S. and European economies
- Raw material price declines expected in the future (2009), while energy costs will become more expensive in Q4 2008
- LANXESS will also be affected by declining global demand
- In the context of the expected raw material price decline we assume an inventory devaluation of around €20 m in Q4 2008 (factored into our guidance)
- Foreign currency: FY 2008 average with LANXESS' hedging: ~1,40 USD/€

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Guidance 2008:

- **LANXESS lifts its guidance 2008 despite Q4 challenges**
- **EBITDA pre exceptionals FY 2008: €710 - 730 m**
- Further financial information:
 - Exceptional P&L expense FY 2008 expected around €70-90 m
 - Exceptional cash outs FY 2008 expected around €90-100 m
 - Assumed inventory devaluation of around €20 m in Q4 2008
 - Tax rate ~30% for FY 2008
 - Capex FY 2008: €330-350 m

Leverkusen, November 13, 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 Q3 2008

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q3 '07	Q3 '08	Chg. in %	Q3 '07	Q3 '08	Chg. in %	Q3 '07	Q3 '08	Chg. in %	Q3 '07	Q3 '08	Chg. in %	Q3 '07	Q3 '08	Chg. in %
Sales	1705	1814	6%	667	938	41%	298	344	15%	493	520	5%	247	12	-95%
Price*			14%			24%			7%			11%			0%
Volume*			0%			-5%			11%			-1%			-1%
Currency*			-4%			-6%			-2%			-5%			0%
Portfolio*			-3%			27%			0%			0%			-94%
EBIT	104	107	3%	69	83	20%	32	28	-13%	41	45	10%	-38	-49	n.m.
Deprec. & amortizat.	70	75	7%	26	42	62%	9	12	33%	22	18	-18%	13	3	-77%
EBITDA	174	182	5%	95	125	32%	41	40	-2%	63	63	0%	-25	-46	n.m.
exceptionals in EBITDA	1	9	>100%	0	2	n.m.	0	0	0%	4	2	-50%	-3	5	n.m.
EBITDA pre excep.	175	191	9%	95	127	34%	41	40	-2%	67	65	-3%	-28	-41	n.m.
normalized D&A	63	72	14%	26	39	50%	9	12	33%	22	18	-18%	6	3	-50%
EBIT pre excep.	112	119	6%	69	88	28%	32	28	-13%	45	47	4%	-34	-44	n.m.
exceptionals in EBIT	8	12	50%	0	5	n.m.	0	0	0%	4	2	-50%	4	5	25%
Capex	59	75	27%	24	37	54%	10	18	80%	15	18	20%	10	2	-80%
Net financial debt	460**	841													

* approximate numbers

**per Dec. 31



Financial Overview 9M 2008

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	9M '07	9M '08	Chg. in %	9M '07	9M '08	Chg. in %	9M '07	9M '08	Chg. in %	9M '07	9M '08	Chg. in %	9M '07	9M '08	Chg. in %
Sales	5143	5114	-1%	1996	2539	27%	896	993	11%	1514	1538	2%	737	44	-94%
Price*			8%			14%			5%			7%			0%
Volume*			4%			4%			10%			1%			1%
Currency*			-5%			-7%			-3%			-5%			0%
Portfolio*			-8%			16%			0%			0%			-95%
EBIT	210	368	75%	213	202	-5%	121	112	-7%	169	162	-4%	-293	-108	n.m.
Deprec. & amortizat.	236	203	-14%	76	103	36%	27	33	22%	65	57	-12%	68	10	-85%
EBITDA	446	571	28%	289	305	6%	148	145	-2%	234	219	-6%	-225	-98	n.m.
exceptionals in EBITDA	159	63	-60%	0	53	n.m.	0	0	0%	4	6	50%	155	4	-97%
EBITDA pre excep.	605	634	5%	289	358	24%	148	145	-2%	238	225	-5%	-70	-94	n.m.
normalized D&A	184	197	7%	76	97	28%	27	33	22%	65	56	-14%	16	11	-31%
EBIT pre excep.	421	437	4%	213	261	23%	121	112	-7%	173	169	-2%	-86	-105	n.m.
exceptionals in EBIT	211	69	-67%	0	59	n.m.	0	0	0%	4	7	75%	207	3	-99%
Capex	170	180	6%	78	84	8%	30	43	43%	37	46	24%	25	7	-72%
Net financial debt	460**	841													

* approximate numbers

**per Dec. 31

Abbreviations:

BAC	Basic Chemicals
BTR	Butyl Rubber
FCC	Functional Chemicals
ION	Ion Exchange Resins
IPG	Inorganic Pigments
LEA	Leather
LUP	Lustran Polymers
MPP	Material Protection Products
PBR	Performance Butadiene Rubbers
RCH	RheinChemie
RUC	Rubber Chemicals
SCP	Semi-Crystalline Products
SGO	Saltigo
TRP	Technical Rubber Products

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