

The image features the LANXESS logo, a large grey 'X', centered over a background of several optical fibers. Three fibers are grey and two are red. A solid red horizontal bar is positioned below the fibers. The text is overlaid on a black background at the bottom of the slide.

LANXESS – Q1 2011 Results Conference Call

Excellent start 2011

Dr. Axel C. Heitmann, CEO

Dr. Bernhard Düttmann, CFO

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Chart 2

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Agenda

- Executive overview Q1 2011
- Business and financial review Q1 2011
- Outlook/Guidance

Chart 3

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LANXESS with excellent start in 2011

Business	Price increase offset sharply risen input costs	Price before volume intact
	Strong volume growth across all regions	
Growth	Delivery on M&A: <ul style="list-style-type: none"> - Acquisition of DSM's EPDM business closed with economic effect on May 1st - Acquisition of Darmex (Argentina) and Syngenta's material protection business 	On track to achieve growth target 2015
	Investments (BTR, PBR, SCP, BAC, ION) fully on track	
Guidance	LANXESS expects 2011 earnings growth on EBITDA pre level yoy of 10-15%	

Chart 4

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All segments manage price and volume increases in tandem

Q1 yoy sales variances	Price	Volume	Currency	Portf.	Total
Performance Polymers	22%	11%	1%	0%	35%
Advanced Intermediates	9%	12%	1%	0%	22%
Performance Chemicals	6%	13%	2%	1%	22%
LANXESS	15%	12%	1%	0%	29%

Q1 yoy EBITDA bridge [€ m]					
Q1 2010	Volume	Price	Input Costs	Others	Q1 2011
233					322

<ul style="list-style-type: none"> Successful pricing initiatives across the board Double digit volume increase in each segment reflects strong demand in all end markets
<ul style="list-style-type: none"> Higher pricing offsets sharply rising input costs, "Price before volume" strategy intact Others reflects higher personnel expenses and absence of savings

Chart 5

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Strong growth across all regions

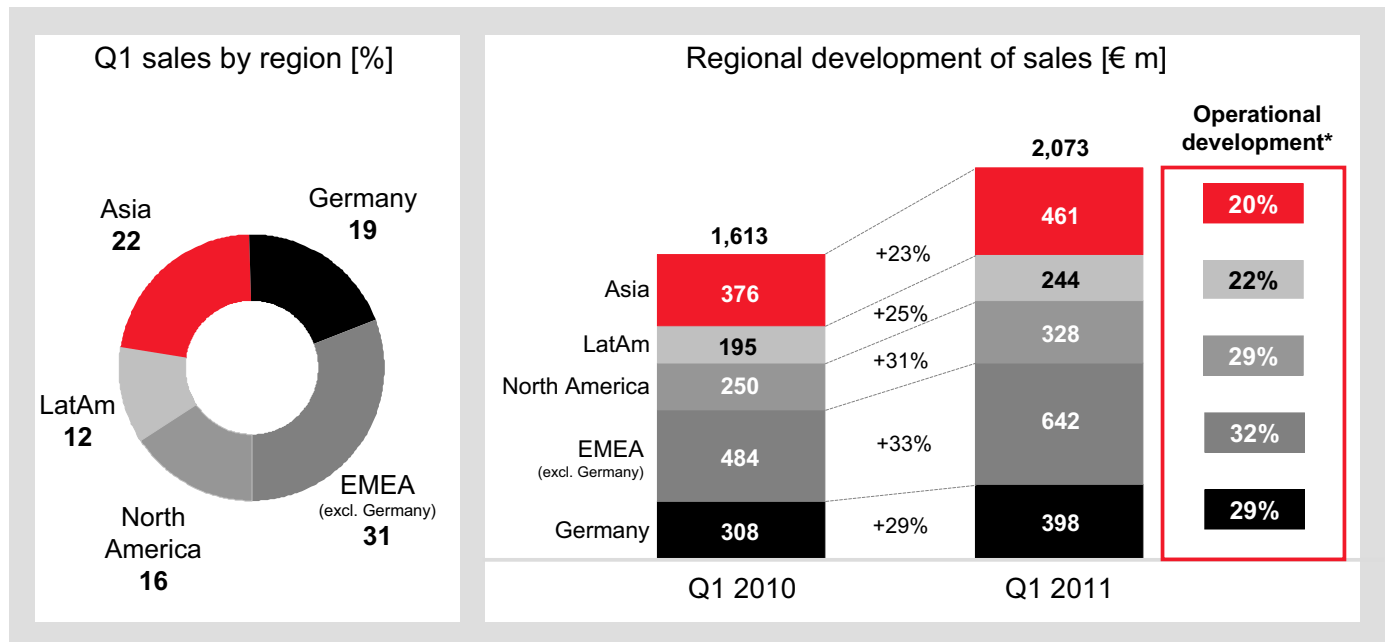


Chart 6

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Chart 7

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Q1 2011 financials: strong quarter despite raw material price inflation

[€ m]	Q1 2010	Q1 2011	yoy in %	
Sales	1,613	2,073	28.5%	<ul style="list-style-type: none"> Sales increase due to pricing power and strong volumes reflecting excellent market positions and premium offerings
EBITDA pre except. margin	233 14.4%	322 15.5%	38.2%	
EPS	1.25	2.00	60.0%	
Capex*	39	68	74.4%	<ul style="list-style-type: none"> Visible improvement of EBITDA and margin on successful price before volume strategy and higher capacity utilization
[€ m]	31.12.2010	31.03.2011	% vs. YE	
Net Financial Debt	913	937	2.6%	<ul style="list-style-type: none"> Strong EPS performance
Net Working Capital	1,372	1,647	20.0%	<ul style="list-style-type: none"> Working capital increase in line with sales increase
Employees	14,648	15,115	3.2%	<ul style="list-style-type: none"> Headcount increase with capacity increase and M&A
Excellent start of the year on strong price and volume performance				

* net of projects financed by customers and capitalized borrowing costs

Chart 8

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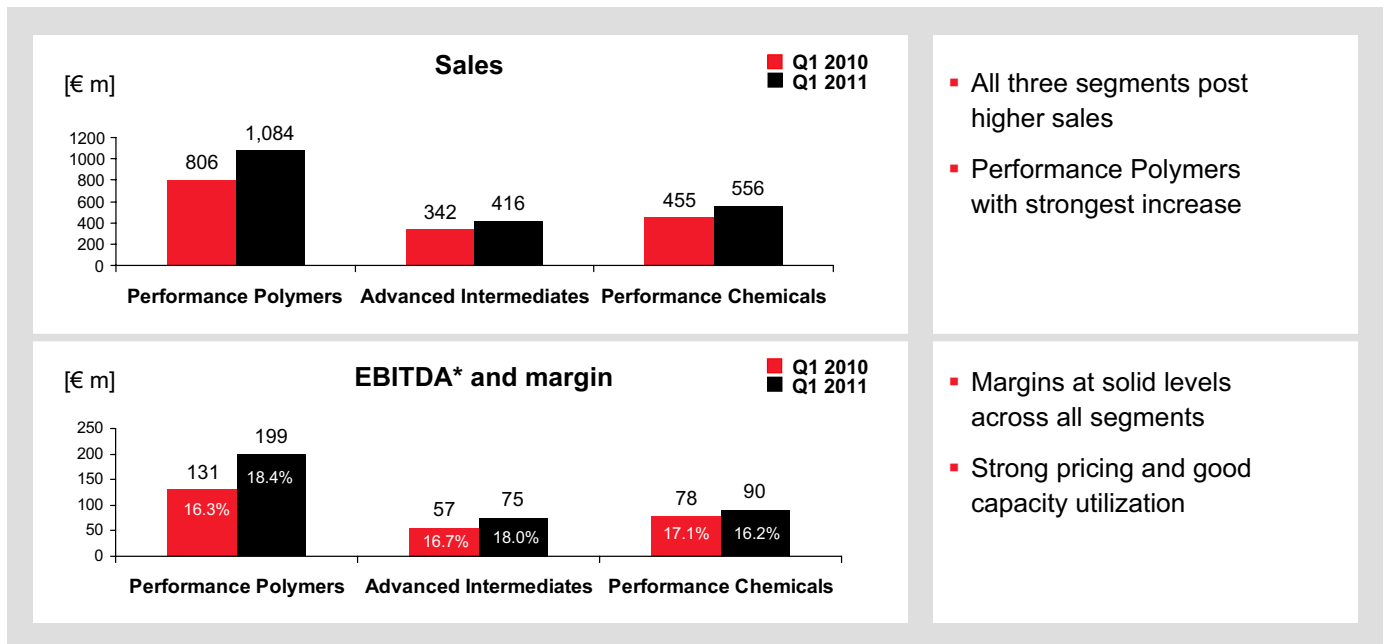
Strong demand and tight cost control yield an excellent quarter

[€ m]	Q1 2010	Q1 2011	yoy in %	
Sales	1,613 (100%)	2,073 (100%)	29%	<ul style="list-style-type: none"> Sales increased 29% on the back of strong price (+15%) and volume (+12%) increases and some support from currencies (+1%)
Cost of sales	-1,219 (76%)	-1,551 (75%)	27%	
Selling	-142 (9%)	-170 (8%)	20%	
G&A	-60 (4%)	-70 (3%)	17%	<ul style="list-style-type: none"> Slight reduction of relative operational cost base, absolute increase due to higher business activity
R&D	-24 (2%)	-31 (2%)	29%	
EBIT	164 (10%)	246 (12%)	50%	<ul style="list-style-type: none"> EBITDA boosted due to strong pricing compensating raw material inflation as well as significant volume gains
Net Income	104 (6%)	166 (8%)	60%	
EPS	1.25	2.00	60%	
EBITDA	230 (14%)	317 (15%)	38%	
thereof exceptionals	-3 (0%)	-5 (0%)	67%	
EBITDA pre exceptionals	233 (14%)	322 (16%)	38%	
Excellent start of the year				

Chart 9

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Q1 2011 – Performance Polymers driving sales, EBITDA and margin increase

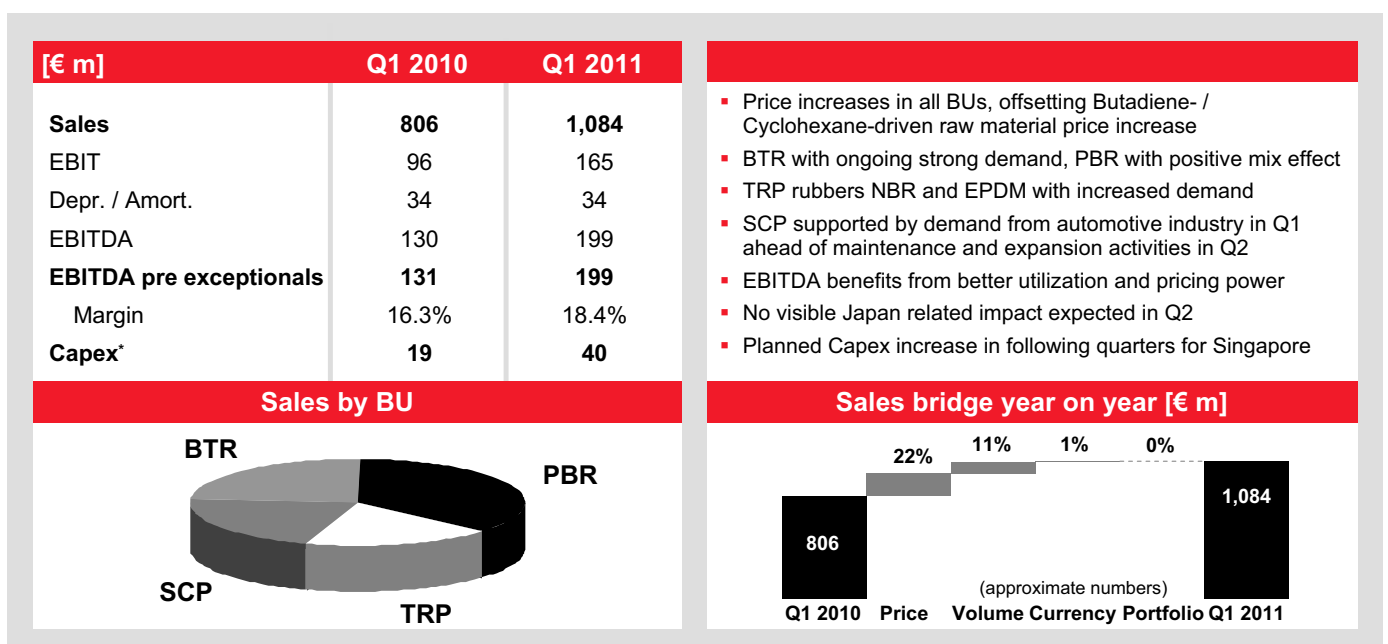


* pre exceptionals

Chart 10

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Performance Polymers: excellent start of the year

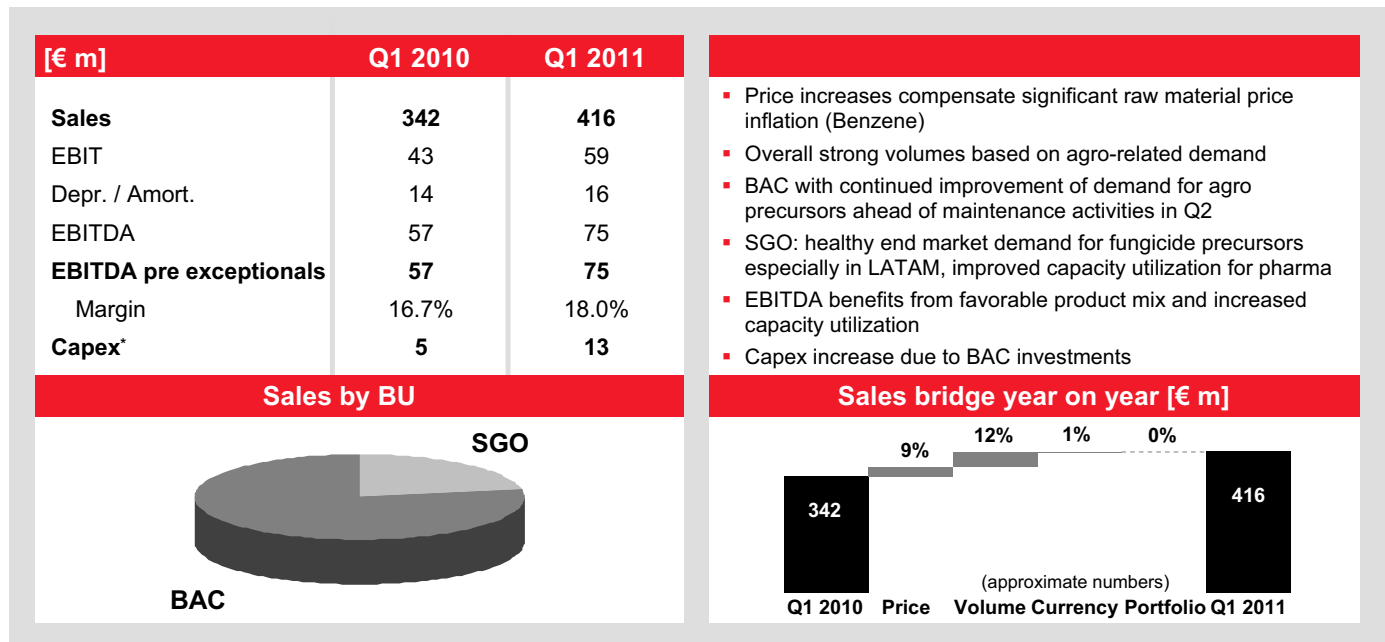


* net of capitalized borrowing costs

Chart 11

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Advanced Intermediates: agro-business drives earnings



* net of projects financed by customers

Chart 12

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Performance Chemicals: strong volume and price performance

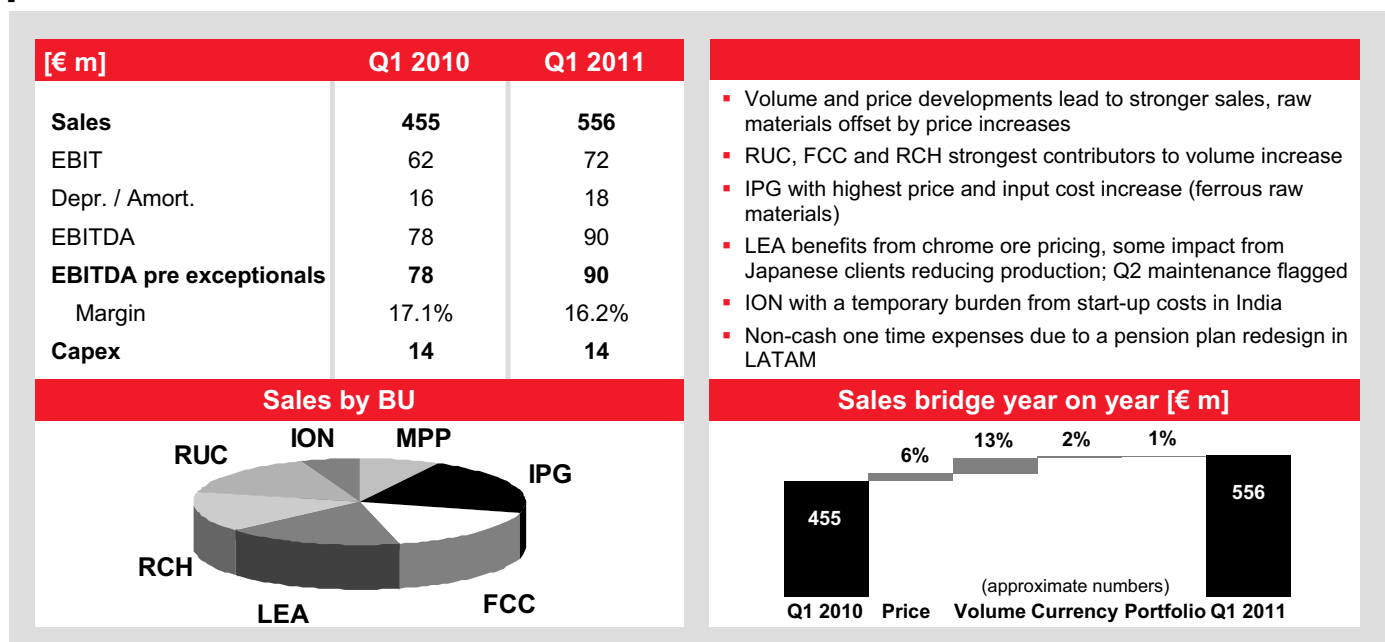


Chart 13

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Strong financial backbone for growth

[€ m]	Dec 31, 2010	Mar 31, 2011	Dec 31, 2010	Mar 31, 2011	
Non-current Assets	2,738	2,719	Stockholders' Equity	1,761	1,917
Intangible assets	226	238	Non-current Liabilities	2,454	2,445
Property, plant & equipment	2,131	2,086	Pension & post empl. provis.	605	610
Equity investments	13	17	Other provisions	351	334
Other investments	8	31	Other financial liabilities	1,302	1,309
Other financial assets	74	71	Tax liabilities	50	49
Deferred taxes	170	144	Other liabilities	106	96
Other non-current assets	116	132	Deferred taxes	40	47
Current Assets	2,928	3,118	Current Liabilities	1,451	1,475
Inventories	1,094	1,142	Other provisions	422	454
Trade accounts receivable	942	1,141	Other financial liabilities	176	181
Other financial & current assets	368	341	Trade accounts payable	664	636
Near cash assets	364	330	Tax liabilities	34	69
Cash and cash equivalents	160	164	Other liabilities	155	135
Total Assets	5,666	5,837	Total Equity & Liabilities	5,666	5,837

Balance sheet comments

- FX effects on all balance sheet positions
- Other investments reflects investment in Gevo Inc.

Chart 14

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Strong operating cash generation

[€ m]	Q1 2010	Q1 2011
Profit before Tax	144	219
Depreciation & amortization	66	71
Gain from sale of assets	0	0
Result from equity investments	-4	-5
Financial losses	21	20
Cash tax payments / refunds	-18	4
Changes in other assets and liabilities	-2	28
Operating Cash Flow before changes in WC	207	337
Changes in Working Capital	-215	-301
Operating Cash Flow	-8	36
Investing Cash Flow	-39	-19
thereof Capex	-39	-68
Financing Cash Flow	-57	-7

- Cash flow fueled by demand momentum
- Working capital increase driven by higher receivables and inventories (volumes as well as raw material induced pricing)
- Investing cash flow: higher capex balanced by inflows from near cash assets

Strong operating cash flow before working capital

Chart 15

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Chart 16

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LANXESS is optimistic for 2011 – earnings growth 10-15%

Current macro view

- Growth in emerging markets will continue
- Western markets develop at lower pace
- Macroeconomic challenges: geopolitical unrest, national deficits, US dollar weakness, potential impact after natural disasters in Japan

LANXESS in 2011

- On track to achieve €1.4 bn EBITDA* growth target in 2015
- Return to pre-crisis earnings seasonality expected
- Well positioned to grow in 2011, based on several growth projects and sound financials
- We expect earnings* growth year-on-year of 10-15%



* EBITDA pre exceptionals

Chart 17

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Energizing Chemistry



Appendix

2011 financial expectations






Additional financial expectations for 2011	
▪ Capex	: ~€550-600 m
▪ D&A	: ~€300 – €320 m incl. acquisition
▪ Tax rate	: 20 to 25%
▪ Hedging 2011	: ~40% at 1.30-1.40 USD / EUR
▪ Exceptionals	: minor for ongoing businesses, excluding acquisitions



Chart 20



TRP offers a broad solution portfolio for many applications

<ul style="list-style-type: none"> ▪ TRP part of Performance Polymers ▪ Production: Germany, France, U.S. ▪ Sales > €500 m, customers > 600 ▪ Growth: mobility, urbanization, BRIC 		<ul style="list-style-type: none"> ▪ Specialty elastomers for rubber processing industry ▪ Used in automotive, engineering, construction, electronics, oil exploration and aviation industries 		<ul style="list-style-type: none"> ▪ Main competitors: Denka, DuPont, Exxon Mobil, JSR, Kumho, Polimeri and Zeon
X Levapren*	X Therban*	X Krynac* X Perbunan*	X Buna* EP X Keltan*	X Baypren*
EVM characteristics:	HNBR characteristics:	NBR characteristics:	EPDM characteristics:	CR characteristics:
<ul style="list-style-type: none"> ▪ Excellent FRNC* properties ▪ UV resistance ▪ Ozone resistance 	<ul style="list-style-type: none"> ▪ Based on Nobel Prize Technology ▪ Maximum media resistance 	<ul style="list-style-type: none"> ▪ Stability in oils, fats, fuels ▪ High abrasion resistance ▪ Thermoplast modification for improved elasticity and oil & fuel resistance 	<ul style="list-style-type: none"> ▪ Ozone and heat resistant ▪ No water swell ▪ Outstanding electrical properties ▪ Low density: cost efficient 	<ul style="list-style-type: none"> ▪ Weather and ozone resistance ▪ Low gas permeability properties ▪ Excellent rubber to metal adhesion
				
<p>TRP well positioned to benefit from megatrends mobility, urbanization and population growth in BRIC</p>				

* flame resistant non corrosive

Chart 21



Business line Adipic Acid shifted to BU BAC

Adipic Acid used captively and for external sales

In € m

	Q1 2010
External sales	22
EBIT	12
D&A	1
EBITDA	13

Adipic Acid sales split into:

- External sales
- Inter-BU sales
- BU Captive use

- Business line Adipic Acid transferred from Performance Polymers to Advanced Intermediates
- Originally located in BU SCP, now part of BU BAC
- Restatement reflects transfer of financials from Performance Polymers and addition to Advanced Intermediates in Q1 2010

**Transfer of Adipic Acid:
Value chain streamlined**

Chart 22

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Steep increase in raw material prices expected

Global raw materials index*



- Raw material prices increased beginning of 2010
- Q3 and Q4 '10 with a relatively stable raw material price development
- Q1 saw feedstock prices (mainly butadiene, benzene and cyclohexane) rise, feedstocks set to increase even further in Q2

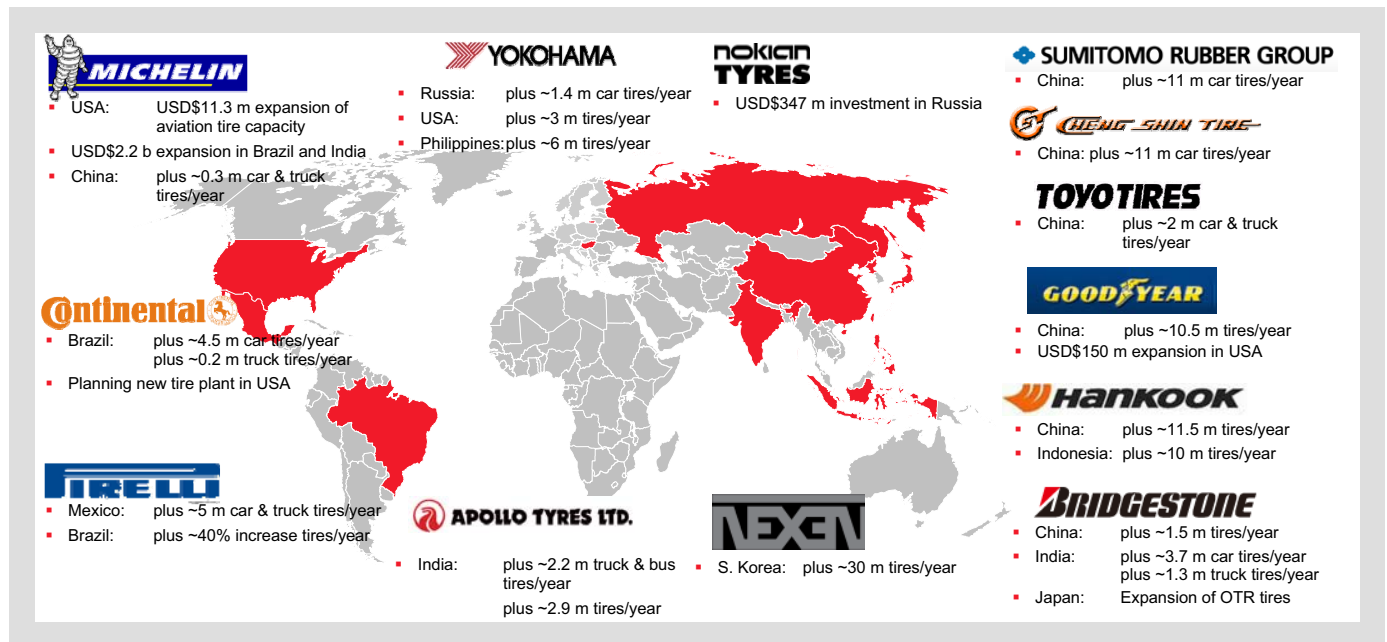
**LANXESS committed to price
before volume strategy**

* source: LANXESS, average 2007 = 100%

Chart 23

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Tire producers are reacting swiftly



source: companies' websites. Investments / expansions covered from 2011 to 2020

Chart 24

Exceptional items incurred in Q1 2010 and Q1 2011

[€ m]	Q1 2010		Q1 2011	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	1	0	0	0
Advanced Intermediates	0	0	0	0
Performance Chemicals	0	0	0	0
Reconciliation	2	0	5	0
Total	3	0	5	0

Chart 25

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

Chart 26

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Upcoming events 2011

Upcoming events

- Annual Stockholders' Meeting May 18, 2011
- Q2 Results 2011 August 11, 2011
- Analyst round table September 22, 2011
- Q3 Results 2011 November 10, 2011

Chart 27

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