



LANXESS – Q2 2010 Results Conference Call

Strategic positioning yields strong results

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Chart 2

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Agenda

- Highlights Q2 2010 and business update
- Financial review Q2 2010
- Outlook/Guidance

Chart 3

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Highlights Q2 2010: strong performance

Business Update

- LANXESS benefits from strategic positioning:
 - Focus on premium products serving mega-trends
 - Flexible and competitive cost structure
 - Focus on BRIC
 - Effective crisis management
- Recovery of customer industries continues
- Strongest operational growth yoy in Latin America (+128%)
- Substantially higher raw material prices (mainly Butadiene, Cyclohexane) fully offset
- Strong sales growth at 48% year over year
- EBITDA pre at €269 m in Q2 2010
- EBITDA pre margin at 14.7%
- Capex of €60 m in Q2 – increase planned for the remainder of the year
- Favorable inventory revaluation (~€20 m)
- Favorable FX effects due to strengthened USD and Brazilian Real
- YTD EPS reach €2.82

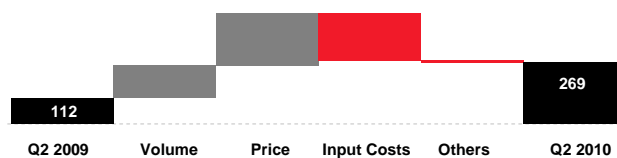
Chart 4

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Substantial volume and price increase – in tandem

Q2 yoy sales variances	Price	Volume	Currency	Portf.	Total
Performance Polymers	37%	28%	7%	0%	71%
Advanced Intermediates	8%	-3%	2%	7%	14%
Performance Chemicals	1%	34%	5%	0%	40%
LANXESS	19%	22%	5%	2%	48%

Q2 yoy EBITDA bridge [€m]



- Pricing power enables pass-through of raw material cost inflation:
 - Butadiene: >200% yoy
 - Cyclohexane: >75% yoy
- Substantially higher volumes

- Substantial price and volume increases drive earnings
- "Price before volume" intact
- Other costs increase on hedging expenses and risen provisions for performance payment

Chart 5

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Latin America with strongest momentum in Q2 2010

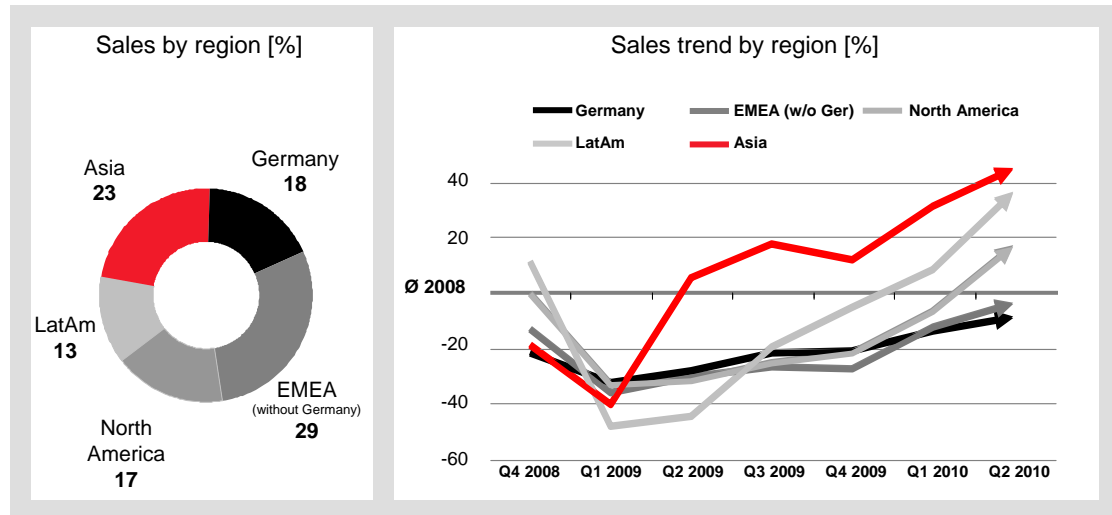


Chart 6

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Chart 7

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Q2 2010 financials: another set of strong figures

[€m]	Q2 2009	Q1 2010	Q2 2010	yoy in %
Sales	1,238	1,613	1,828	47.7%
EBITDA pre except. margin	112 9.0%	233 14.4%	269 14.7%	>100%
Net Income	17	104	131	>100%
Capex*	57	39	60	5.3%

- Further yoy and sequential EBITDA increase, with demand momentum driven by LatAm; Asia with continued growth, offsetting usual seasonality
- Net financial debt increased on cash outs for dividend, interest and working capital build-up

[€m]	31.12.2008	31.12.2009	30.06.2010	% vs. YE
Net Financial Debt	864	794	955	20.3%
Net Working Capital	1,289	1,096	1,528	39.4%
Employees	14,797	14,338	14,419	0.6%

- Working capital increase
 - in line with business expansion
 - due to planned shut down preparation
 - due to higher prices and
 - due to FX effect

Consistently strong business momentum

* net of projects financed by customers

Chart 8

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Strong demand meets a flexible and adjusted cost structure

[€m]	Q2 2009	Q2 2010	yoy in %
Sales	1,238 (100%)	1,828 (100%)	48%
Cost of sales	-977 (79%)	-1,354 (74%)	39%
Selling	-137 (11%)	-162 (9%)	18%
G&A	-54 (4%)	-67 (4%)	24%
R&D	-25 (2%)	-31 (2%)	24%
EBIT	43 (3%)	196 (11%)	>100%
Net Income	17 (1%)	131 (7%)	>100%
EPS	0.20	1.57	>100%
EBITDA	108 (9%)	265 (14%)	>100%
thereof exceptionals	-4 (0%)	-4 (0%)	0%
EBITDA pre exceptionals	112 (9%)	269 (15%)	>100%

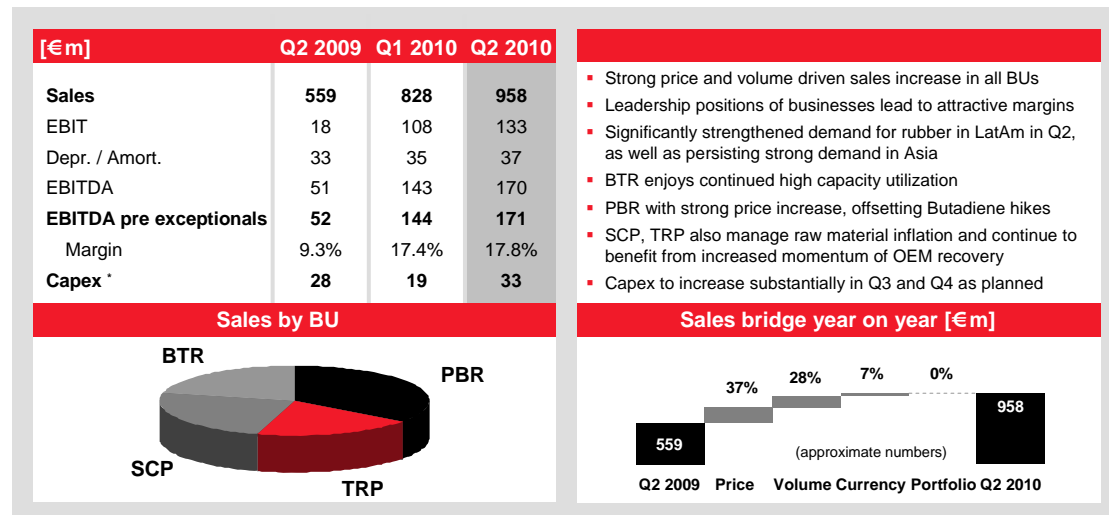
- Substantial sales increase driven by both, prices (+19%) and volumes (+22%), supported by foreign currencies (+5%)
- Operational expenses increase substantially lower than massive business expansion
- Strong EBITDA pre due to good demand as well as flexible and adjusted cost base

Strong top-line with good cost management

Chart 9

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Performance Polymers: strong sales with very good margins

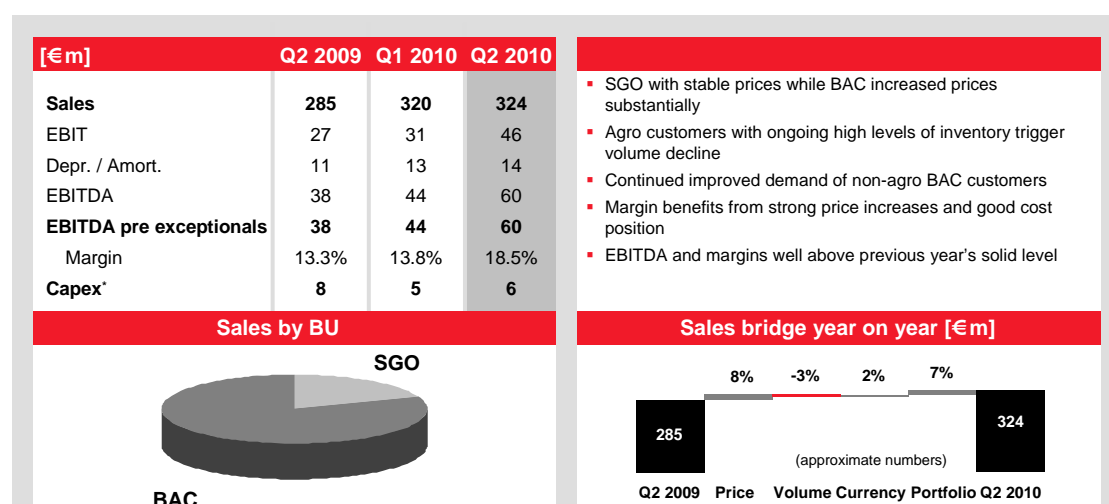


* net of finance lease

Chart 10

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Advanced Intermediates: solid performer with good quarter



* net of projects financed by customers

Chart 11

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Performance Chemicals: volume driven recovery of specialty chemicals

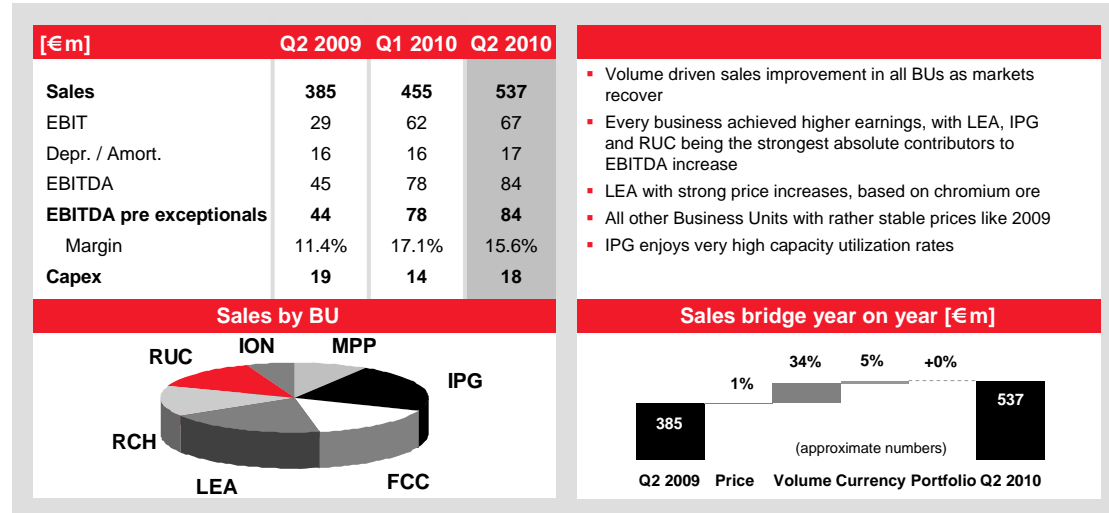


Chart 12

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Items to remember on IPG - market leader in inorganic pigments



Chart 13

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Strong balance sheet

[€ m]	Dec 31, 2009	June 30, 2010	Dec 31, 2009	June 30, 2010
Non-current Assets	2,382	2,575	Stockholders' Equity	1,445
Intangible assets	196	214	thereof minority interest	13
Property, plant & equipment	1,809	1,921	Non-current Liabilities	2,504
Equity investments	26	31	Pension & post empl. provis.	569
Other investments	1	8	Other provisions	307
Other financial assets	79	75	Other financial liabilities	1,462
Deferred taxes	163	214	Tax liabilities	47
Other non-current assets	108	112	Other liabilities	81
Current Assets	2,686	2,974	Deferred taxes	38
Inventories	849	1,099	Current Liabilities	1,119
Trade accounts receivable	733	1,024	Other provisions	352
Other financial assets	146	146	Other financial liabilities	94
Other current assets	243	268	Trade accounts payable	486
Near cash assets	402	205	Tax liabilities	52
Cash and cash equivalents	313	232	Other liabilities	135
Total Assets	5,068	5,549	Total Equity & Liabilities	5,068
Near cash assets used for interest- and dividend payment as well as early repayment of bank debt				
<ul style="list-style-type: none"> Overall, foreign currencies with inflationary influence on balance sheet positions (USD and Brazilian Real) Increase in pension provisions due to lowered discount rates for Germany (5.25% to 5.00%) Working Capital increase in line with stronger business activity, influenced also by pricing and strengthened USD and Real 				

Chart 14

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Improved business momentum reflected in healthy cash flow

[€ m]	Q2 2009	Q2 2010	
Profit before Tax	22	172	<ul style="list-style-type: none"> Significantly better profit before tax on stronger business activity Cash outflow for working capital as expected, in-line with business recovery and higher raw material prices Operating cash flow finances working capital increase and capex payout Investing cash flow reflects conversion of near cash assets to cash
Depreciation & amortization	65	69	
Gain from sale of assets	-11	0	
Result from equity investments	-3	-8	
Financial (gains) losses	18	19	
Cash tax payments / refunds	22	-10	
Changes in other assets and liabilities	-42	-39	
Operating Cash Flow before changes in WC	71	203	
Changes in Working Capital	86	-135	
Operating Cash Flow	157	68	
Investing Cash Flow	-27	140	
thereof Capex	-57	-60	
Financing Cash Flow	534	-190	
Strong operating cash flow			

Chart 15

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Chart 16

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LANXESS is optimistic for 2010

Current macro view

- Global markets have further stabilized, growth momentum in emerging markets while other regions improve with less momentum
- Positive business environment will continue, however the macroeconomic recovery remains fragile
- Raw material prices are expected to increase, albeit at a lower pace

LANXESS expects 2010 well ahead of pre-crisis year 2008

2010 results to exceed strong 2008 performance:

EBITDA pre FY 2010 is expected to be roughly €800 m assuming continued positive macroeconomic development



Chart 17

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Energizing Chemistry



Appendix

Additional financial guidance

Additional financial information for 2010

- Capex : ~€450-470 m
- Hedging 2010 : ~40% at 1.30-1.40 USD / EUR
- 2011 : ~25% at 1.30-1.40 USD / EUR
- Exceptionals : ~€20 m P&L expenses / one time costs
- Cash outs : ~€40 m for restructuring



Chart 20

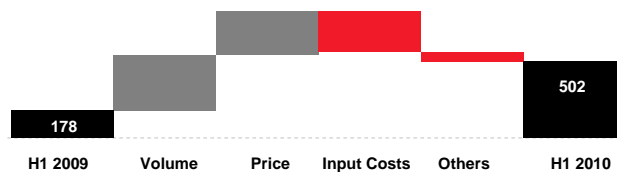
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Strong pick up in business activity

H1 yoy sales variances	Price	Volume	Currency	Portf.	Total
Performance Polymers	28%	49%	1%	0%	77%
Advanced Intermediates	4%	8%	0%	7%	19%
Performance Chemicals	-2%	38%	2%	0%	37%
LANXESS	13%	35%	1%	2%	50%

- Strong pick up in volumes in tandem with prices
- Prices increase in line with increasing input costs
- Significant volume rebound
- FX effect turned positive

H1 yoy EBITDA bridge [€m]



- Substantial price and volume increases drive earnings
- "Price before volume" intact
- Other costs increase on hedging expenses and risen provisions for performance payment

Chart 21

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Strong demand meets a flexible and adjusted cost structure

[€ m]	H1 2009	H1 2010	yoy in %
Sales	2,292 (100%)	3,441 (100%)	50%
Cost of sales	-1,834 (80%)	-2,573 (75%)	40%
Selling	-251 (11%)	-304 (9%)	21%
G&A	-114 (5%)	-127 (4%)	11%
R&D	-49 (2%)	-55 (2%)	12%
EBIT	42 (2%)	360 (10%)	>100%
Net Income	3 (0%)	235 (7%)	>100%
EPS	0.0	2.82	n/a
EBITDA	170 (7%)	495 (14%)	>100%
thereof exceptionals	-8 (0%)	-7 (0%)	-13%
EBITDA pre exceptionals	178 (8%)	502 (15%)	>100%

Continued strong performance in 2010

- Significant sales increase driven by positive volumes (+35%) and price increases (+13%), supported by favorable currency (+1%) and portfolio (+2%) effects
- Operational expenses increase with risen business activity but disproportionately to sales
- Strong EBITDA pre due to good demand as well as flexible and adjusted cost base

Chart 22

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Improved business activity reflected in healthy cash flow

[€ m]	H1 2009	H1 2010
Profit before Tax	1	316
Depreciation & amortization	128	135
Gain from sale of assets	-18	0
Result from equity investments	-5	-12
Financial (gains) losses	27	40
Cash tax payments / refunds	46	-28
Changes in other assets and liabilities	-99	-41
Operating Cash Flow before changes in WC	80	410
Changes in Working Capital	199	-350
Operating Cash Flow	279	60
Investing Cash Flow	-22	101
thereof Capex	-109	-99
Financing Cash Flow	438	-247

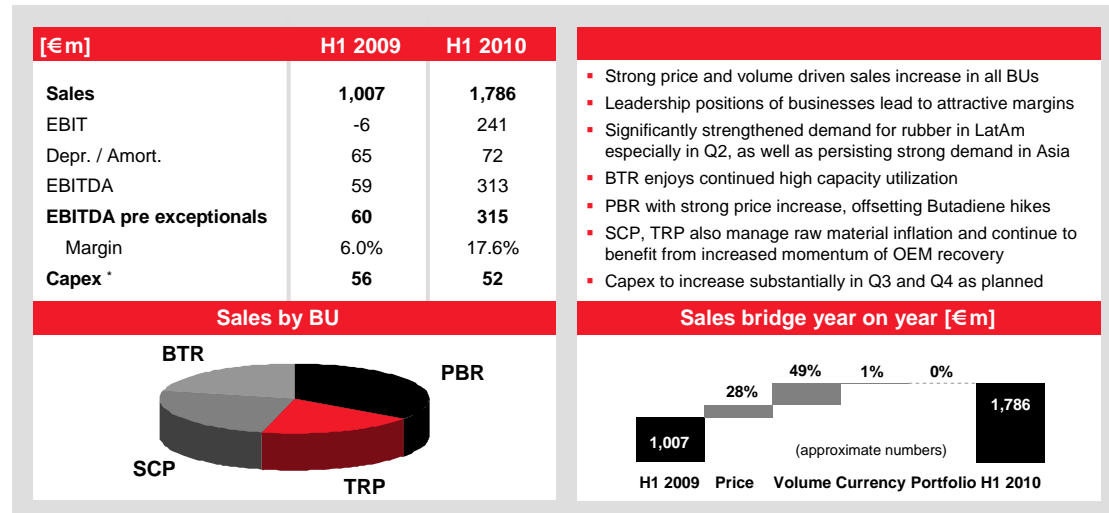
Solid cash flow

- Significantly better profit before tax on stronger business activity
- Cash outflow for working capital as expected, in-line with business recovery and higher raw material prices
- Investing cash flow reflects conversion of near cash assets to cash
- Working capital expected to show usual seasonality (increase in H1 and moderate decrease in H2)

Chart 23

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Performance Polymers: strong sales with very good margins

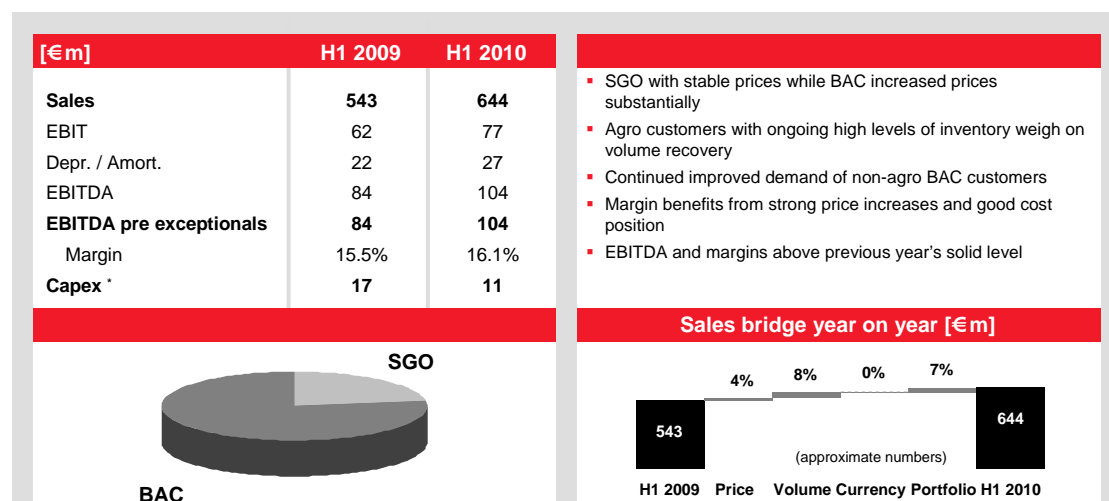


* net of finance lease

Chart 24

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Advanced Intermediates: solid and stable performer



* net of projects financed by customers

Chart 25

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Performance Chemicals: volume driven recovery of specialty chemicals

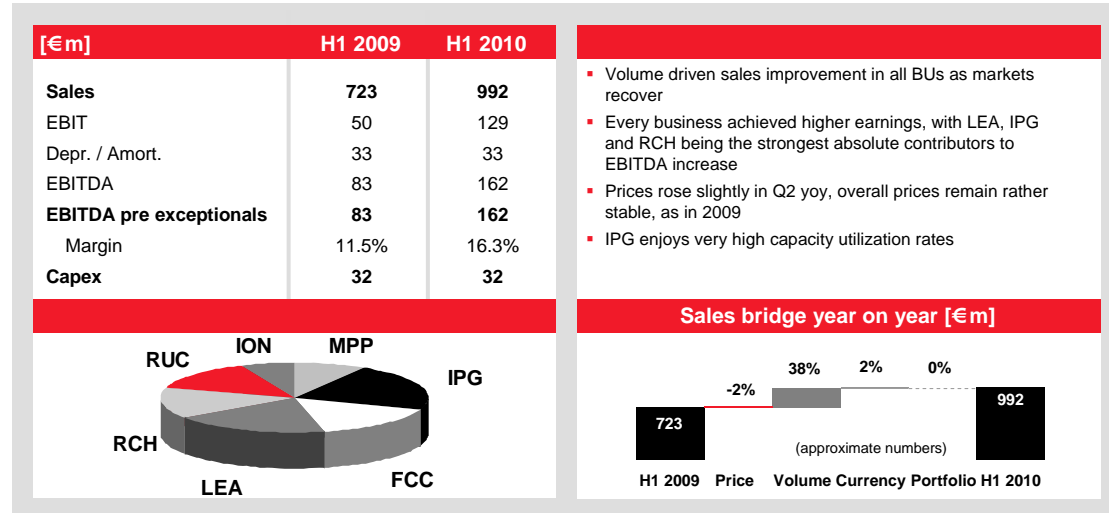
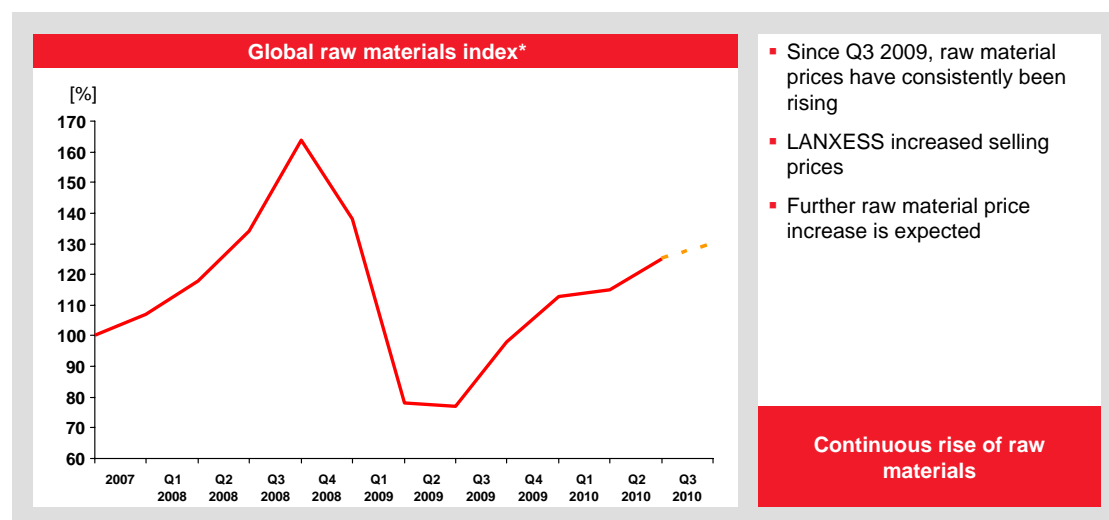


Chart 26

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Raw material prices continued their rise in Q2 2010



* source: LANXESS, average 2006 = 100%

Chart 27

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Exceptional items incurred in Q2 2009 and Q2 2010

[€m]	Q2 2009		Q2 2010	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	1	0	1	0
Advanced Intermediates	0	0	0	0
Performance Chemicals	-1	0	0	0
Reconciliation	7	3	3	0
Total	7	3	4	0

Chart 28

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Exceptional items incurred in H1 2009 and H1 2010

[€m]	H1 2009		H1 2010	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	1	0	2	0
Advanced Intermediates	0	0	0	0
Performance Chemicals	0	0	0	0
Reconciliation	10	3	5	0
Total	11	3	7	0

Chart 29

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Abbreviations

Performance Polymers	Advanced Intermediates
<ul style="list-style-type: none">▪ BTR Butyl Rubber▪ PBR Performance Butadiene Rubbers▪ TRP Technical Rubber Products▪ SCP Semi-Crystalline Products	<ul style="list-style-type: none">▪ BAC Basic Chemicals▪ SGO Saltigo
Performance Chemicals	
<ul style="list-style-type: none">▪ MPP Material Protection Products▪ IPG Inorganic Pigments▪ FCC Functional Chemicals▪ LEA Leather▪ RCH Rhein Chemie▪ RUC Rubber Chemicals▪ ION Ion Exchange Resins	

Chart 30

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Upcoming events 2010

Upcoming events	
▪ Capital Markets Day	September 15/16, 2010
▪ Q3 Results 2010	November 10, 2010

Chart 31

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