



LANXESS – FY 2009 Results Conference Call

Well positioned for the future

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Chart 2

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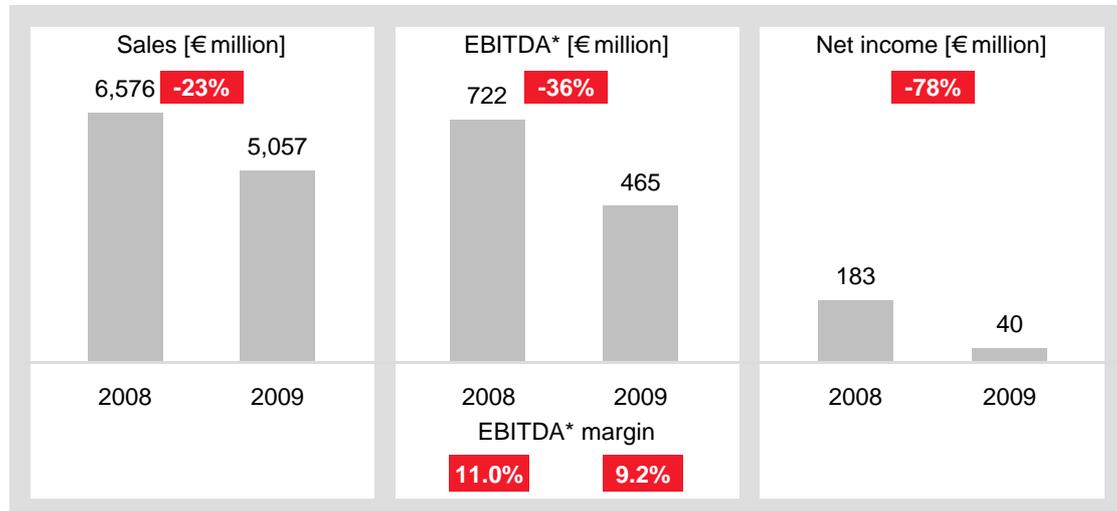
Agenda

- Executive overview FY 2009
- Business and financial review FY 2009
- Outlook

Chart 3

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Positive net income despite massive slump in demand

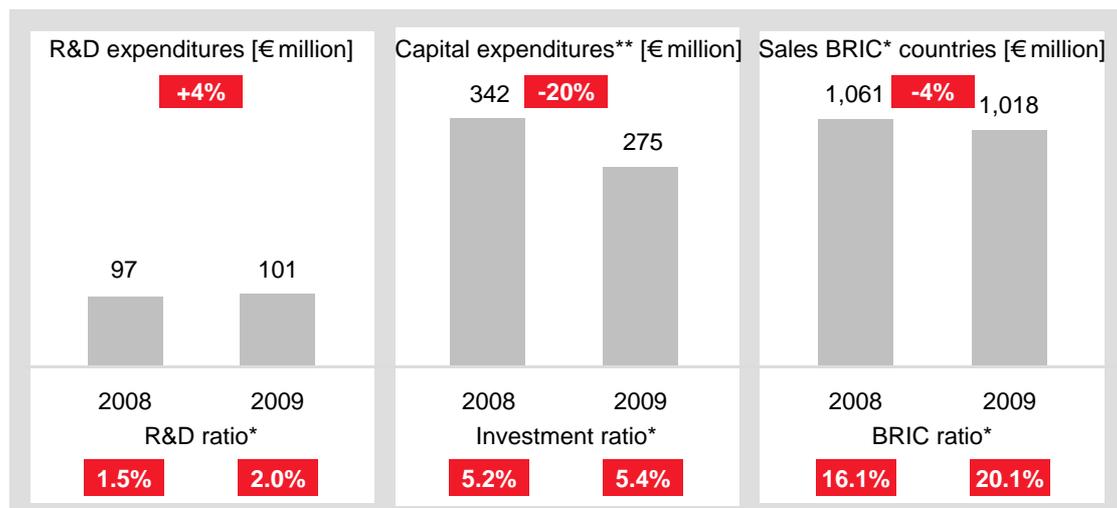


* pre exceptionals

Chart 4

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Crisis management not at the expense of the future



* proportion of sales; ** disbursements for capital expenditures

Chart 5

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LANXESS benefits from strong position in growth markets

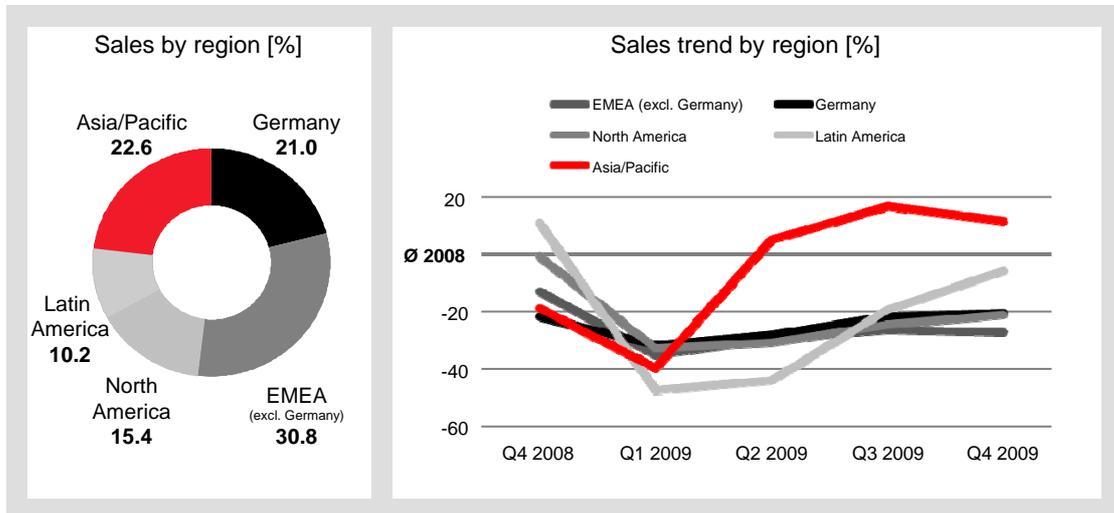
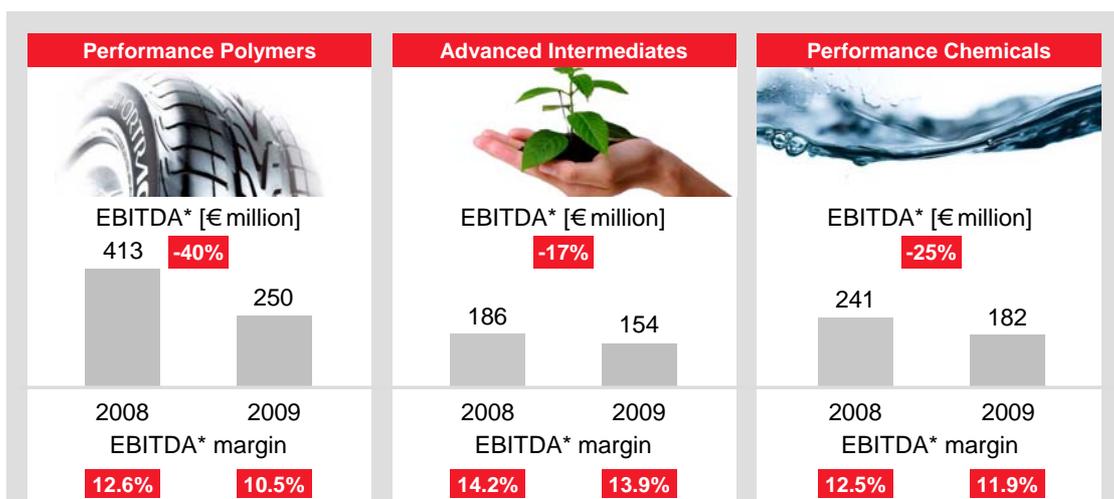


Chart 6

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Solid results in a very difficult year

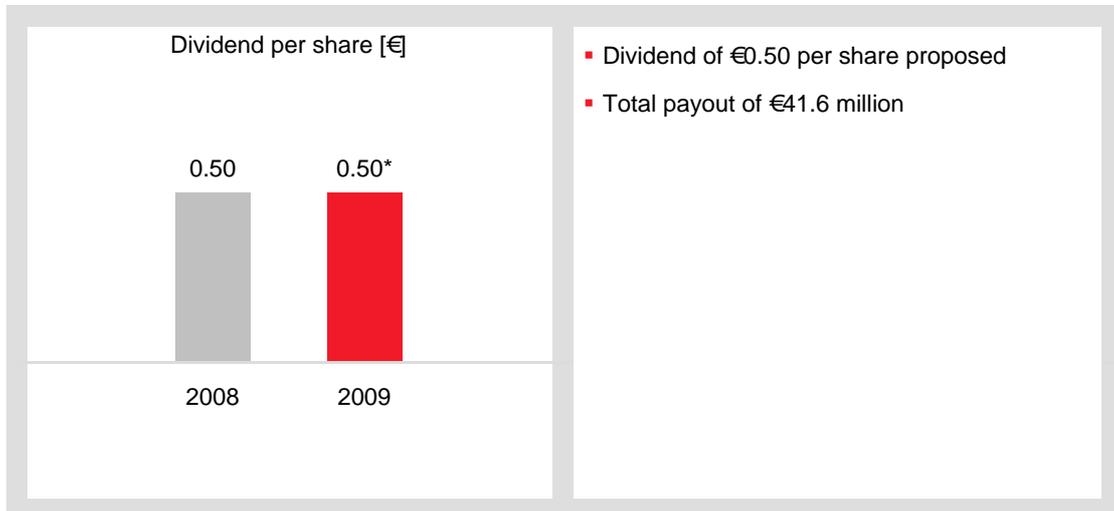


* pre exceptionals

Chart 7

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Successful crisis management allows unchanged dividend



* proposal to the Annual Stockholders' Meeting

Chart 8

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LANXESS – Stabilizing factors effective in the crisis



Chart 9

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2010: Crisis management and investment in future growth

Seize growth opportunities

- **Growth markets**
Strengthen presence in BRIC, especially China and India
- **Domestic market**
Targeted investment at German sites
- **Premium product strategy**
Success founded on technological expertise of LANXESS
- **Acquisitions**
Seize opportunities presented by ongoing industry consolidation



Continue crisis management

- Global package of measures: Challenge09-12
- Planned savings: €140 million in 2010, total of €360 million through 2012



Chart 10

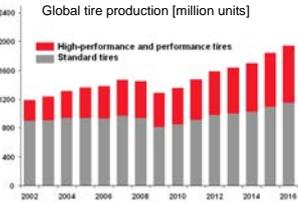
LANXESS

LANXESS benefiting from global megatrends

Mobility

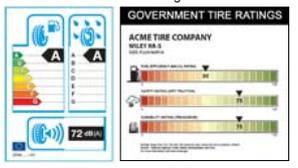
Water

Urbanization



Global tire production [million units]

Legend: High-performance and performance tires (red), Standard tires (grey)



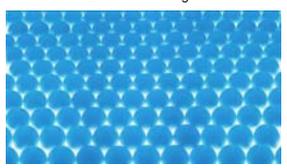
Tire labelling*
GOVERNMENT TIRE RATINGS
ACME TIRE COMPANY
SULET PA 5
SULET PA 5



keep the promise
Millennium Development Goals
2015

Millennium goal of the UN for 2015:
Halve the proportion of the population without sustainable access to safe drinking water and basic sanitation

LANXESS makes a major contribution



LANXESS ion exchange resins



Årsta bridge,
Stockholm, Sweden



Eiffel Tower,
Paris, France



* mandatory in Europe from 2012; legislation pending in U.S.

Chart 11

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Agenda

- Executive overview FY 2009
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Chart 12

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Solid performance in a tough year

[€m]	FY 2008	FY 2009	yoy in %	
Sales	6,576	5,057	-23.1%	<ul style="list-style-type: none"> ▪ Portfolio as well as currency effects only mitigate impact from lower volumes and raw material driven selling price declines ▪ Strength of businesses and improved cost base lead to solid absolute EBITDA and margin
EBITDA pre except. margin	722 11.0%	465 9.2%	-35.6%	
Net Income	183	40	-78.1%	
Capex*	342	275	-19.6%	
[€m]	31.12.2008	31.12.2009	yoy in %	
Net Financial Debt	864	794	-8.1%	<ul style="list-style-type: none"> ▪ Positive net income despite crisis and exceptionals (€5 m) ▪ Successful operational management of working capital reduced net debt
Net Working Capital	1,289	1,096	-15.0%	
Employees	14,797	14,338	-3.1%	
Solid financials in a tough environment				

* net of projects financed by customers and finance lease

Chart 13

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“Price before volume” strategy intact

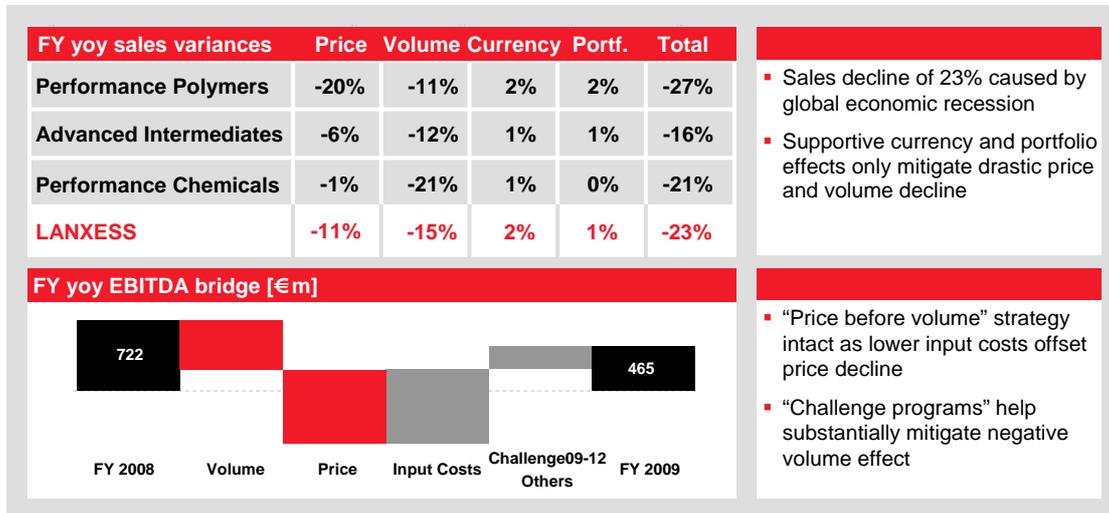
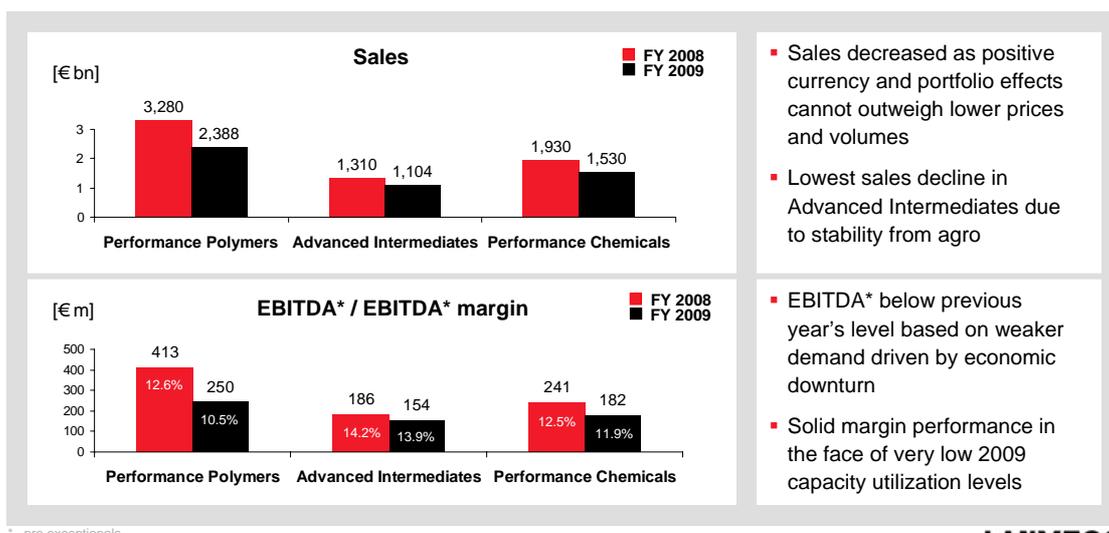


Chart 14

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FY 2009 – LANXESS weathered the downturn



* pre exceptionals

Chart 15

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Cost base adjusted to lower market demand

[€ m]	Q4 2008	Q4 2009	yoy in %	
Sales	1,462 (100%)	1,392 (100%)	-5%	<ul style="list-style-type: none"> Sales decline as positive volume (+13%) and portfolio effects (+1%) are offset by negative currency development (-3%) and raw material driven price decline (-16%)
Cost of sales	-1,205 (82%)	-1,072 (77%)	-11%	
Selling	-149 (10%)	-144 (10%)	-3%	
G&A	-75 (5%)	-64 (5%)	-15%	
R&D	-22 (2%)	-26 (2%)	+18%	<ul style="list-style-type: none"> Operational cost items clearly adjusted to lower capacity utilization
EBIT	-46 (3%)	43 (3%)	n/a	
Net Income	-32 (2%)	14 (1%)	n/a	<ul style="list-style-type: none"> Positive net income achieved
EPS	-0.38	0.17	n/a	
EBITDA	30 (2%)	122 (9%)	n/a	<ul style="list-style-type: none"> On the basis of lower sales, EBITDA* improves vs. 2008 due to Challenge programs and flexible asset management
thereof exceptionals	-57 (4%)	-22 (2%)	-61%	
EBITDA pre exceptionals	87 (6%)	144 (10%)	+66%	

Q4 best quarter in 2009 on lower cost base and volume pickup

2008 data adjusted for change in pension accounting
* pre exceptionals

Chart 16

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Performance Polymers: sequential EBITDA improvement with solid margin

[€ m]	Q4 2008	Q3 2009	Q4 2009	
Sales	741	656	725	<ul style="list-style-type: none"> Sales rebound vs. Q3: increase of both volumes and prices Rubber: Stronger than expected Q4 due to pick up in demand for winter and replacement tires (PBR) - BTR supply tight, sold out due to Asian momentum Flexible upstream integration in SCP allows higher utilization rates and more competitive cost base SCP: Improved Asian position, past investments pay off; weaker demand in Europe - mitigated by faster pickup in Asia EBITDA and margin improved, effective cost management paired with higher capacity utilization yield results
EBIT	6	32	79	
Depr. / Amort.	36	34	38	
EBITDA	42	66	117	
EBITDA pre exceptionals	55	76	114	
Margin	7.4%	11.6%	15.7%	
Capex	94	25	52	

Sales bridge quarter on quarter [€ m]

Q3 2009 Price Volume Currency Portfolio Q4 2009

(approximate numbers)

Sales bridge year on year [€ m]

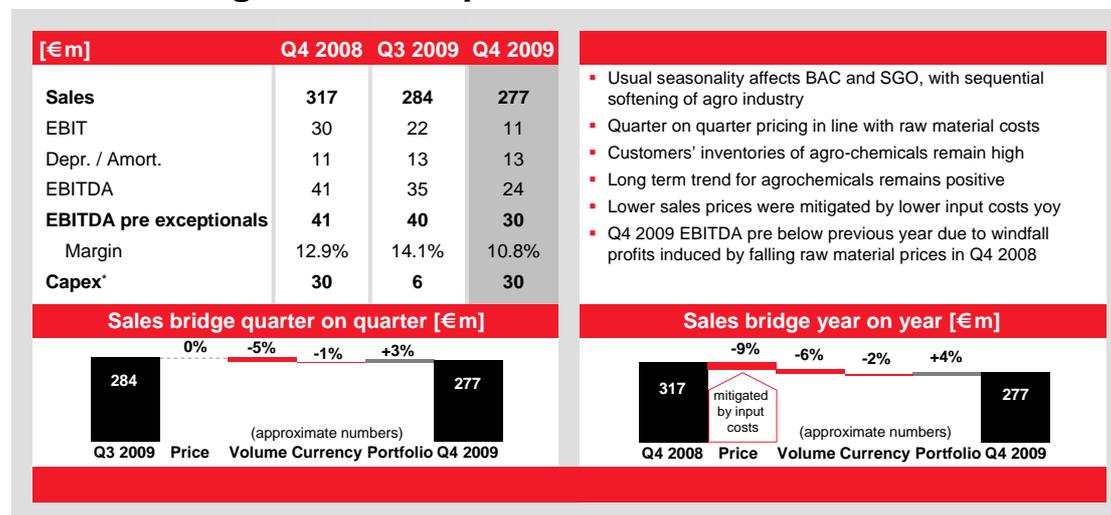
Q4 2008 Price Volume Currency Portfolio Q4 2009

(approximate numbers)

Chart 17

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Advanced Intermediates: agro seasonality unfavorable – however long-term trend positive



* net of projects financed by customers

Chart 18

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Performance Chemicals: earnings doubled

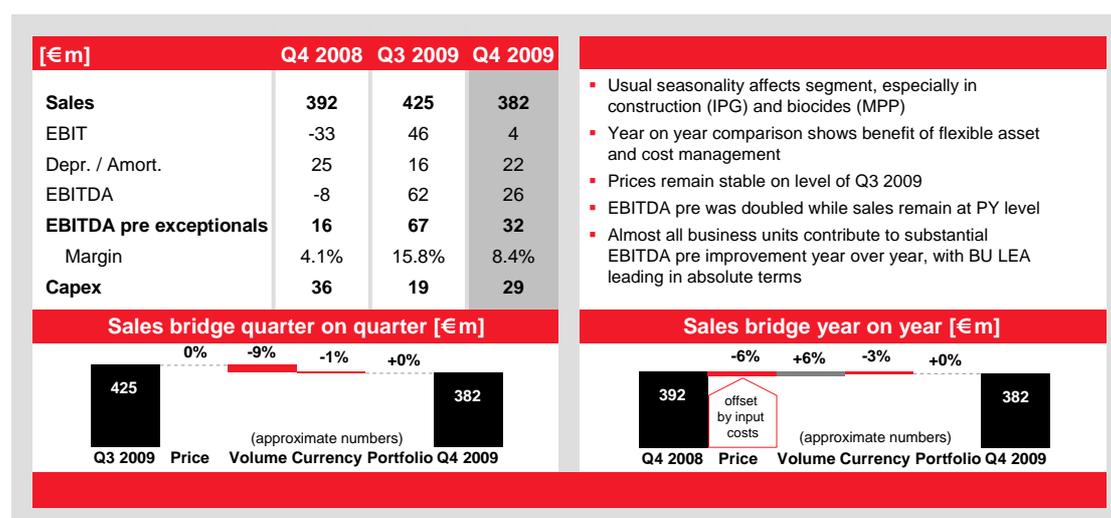


Chart 19

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Despite crisis - strong balance sheet maintained

[€m]	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009
Non-current Assets	2,169	2,382	Stockholders' Equity	1,339
Intangible assets	145	196	thereof minority interest	16
Property, plant & equipment	1,646	1,809	Non-current Liabilities	1,953
Equity investments	42	26	Pension & post empl. provis.	498
Other investments	2	1	Other provisions	261
Other financial assets	72	79	Other financial liabilities	986
Deferred taxes	154	163	Tax liabilities	91
Other non-current assets	108	108	Other liabilities	76
Current Assets	2,423	2,686	Deferred taxes	41
Inventories	1,048	849	Current Liabilities	1,300
Trade accounts receivable	725	733	Other provisions	395
Other financial assets	155	146	Other financial liabilities	168
Other current assets	246	243	Trade accounts payable	484
Near cash assets	0	402	Tax liabilities	12
Cash and cash equivalents	249	313	Other liabilities	241
Total Assets	4,592	5,068	Total Equity & Liabilities	4,592
				5,068

Near cash position invested in highly rated and liquid money market funds

- Increase in pension provisions due to regionally lower discount rates
- INEOS ABS JV share divested

Chart 20

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Despite a tough year: solid operating cash flow

[€m]	FY 2008	FY 2009
Profit before Tax*	246	32
Depreciation & amortization	279	273
Gain from sale of assets	-15	-18
Result from equity investments*	-21	-8
Financial (gains) losses	71	71
Cash tax payments / refunds	-120	0
Changes in other assets and liabilities*	26	-24
Operating Cash Flow before changes in WC	466	326
Changes in Working Capital	26	239
Operating Cash Flow	492	565
Investing Cash Flow	-543	-771
thereof Capex**	-342	-275
Financing Cash Flow	115	258

Flexible asset and cost management lead to solid cash flow

- Strong operational management of working capital supports solid cash flow
- Changes in other assets and liabilities reflect lower level of provisions for incentive programs in 2009 vs. 2008
- Investing cash flow contains 2009 investment in near cash assets as well as €30 m CTA funding

* 2008 restated for change in pension accounting
 ** net of projects financed by customers and finance lease

Chart 21

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Agenda

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Chart 22

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Business outlook with confidence

Performance Polymers: Q1 2010 ongoing good momentum in OEM and replacement demand

Advanced Intermediates: Q1 2010 stronger vs. Q4 2009 following usual seasonality

Performance Chemicals: Q1 2010 started well



Chart 23

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LANXESS is well prepared and confident for 2010

Current macro view

- Global markets have further stabilized, growth momentum mainly in emerging markets (especially Asia) while other regions recover slowly
- Overall business momentum is anticipated to improve, however macroeconomic setbacks cannot be ruled out

LANXESS in 2010

- LANXESS well positioned with its flexible setup and BRIC footprint
- LANXESS is well prepared for 2010, based on sound fundamentals, strong entrepreneurial culture, lean cost structure and underlying beneficial trends
- LANXESS with good start into Q1 2010



With ongoing global economic recovery momentum and continued Challenge programs, LANXESS expects an EBITDApre well above 2009 level

Chart 24

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Energizing Chemistry



Appendix

2010 financial expectations

Additional financial expectations for 2010

- Capex* : ~€400-430 m
- D&A : ~€270 – €280 m
- Tax rate : sustainable at ~25%
- Hedging 2010 : ~40% at 1.35-1.40 USD / EUR
2011 : ~25% at 1.35-1.40 USD / EUR
- Exceptionals : ~€20 m P&L expenses / one time costs
- Cash outs : ~€45 m for restructuring



* without projects financed by customers

Q4 2009 financial overview: Pickup in demand offsets normal seasonality

[€ m]	Q4 2008	Q3 2009	Q4 2009	yoy in %	
Sales	1,462	1,373	1,392	-4.8%	<ul style="list-style-type: none"> Sales in line with Q3 as Asian momentum and demand from tire replacement (synthetic rubber) mitigated normal seasonality Q4 EBITDA stable at Q3 level, cost base well adjusted to a lower demand environment
EBITDA pre except. margin	87 6.0%	143 10.4%	144 10.3%	65.5%	
Net Income	-32	23	14	n/a	
Capex*	173	52	114	-34.1%	
[€ m]	31.12.2008	30.09.2009	31.12.2009	% vs. FY	
Net Financial Debt	864	779	794	-8.1%	<ul style="list-style-type: none"> Capex with typical year end increase (normal maintenance and ION investments) Tight operational management of working capital keeps net debt under control
Net Working Capital	1,289	1,134	1,096	-15.0%	
Employees	14,797	14,604	14,338	-3.1%	
Solid ending of a very tough year					

* net of projects financed by customers and finance lease

Chart 28

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Proactive cost and asset management during the crisis

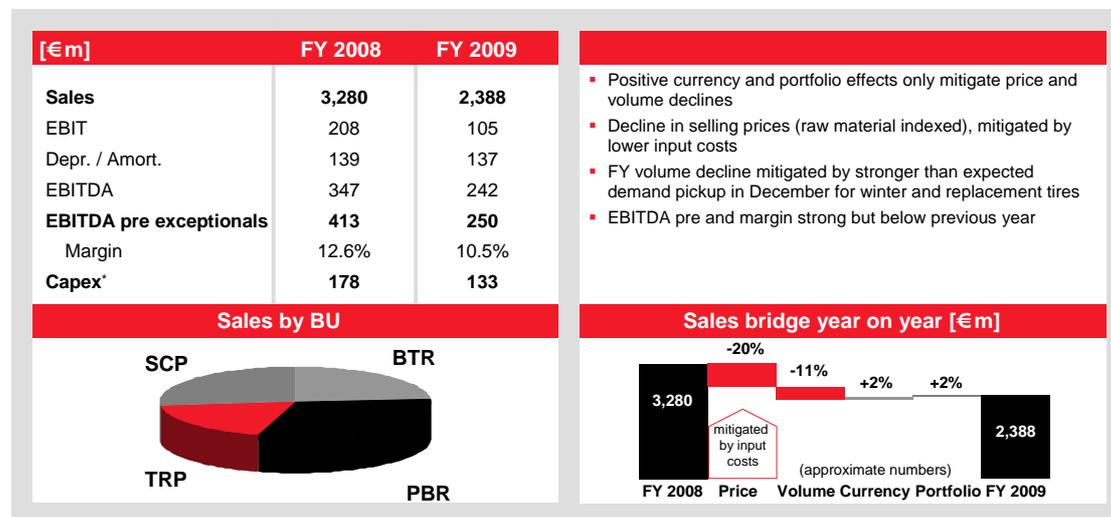
[€ m]	FY 2008	FY 2009	yoy in %	
Sales	6,576	5,057	-23%	<ul style="list-style-type: none"> Positive currency (+2%) and portfolio (+1%) effects only mitigate volume (-15%) decline and raw materials driven price decline (-11%) R&D increased, deviations in other expense line items reflect cost saving efforts on lower business activity Solid EBITDA in context of world-wide recession and destocking effects in first half of 2009
Cost of sales	-5,115	-3,956	-23%	
SG&A	-928	-765	-18%	
R&D	-97	-101	+4%	
Other op. income/expense	-113	-86	-24%	
thereof exceptionals	139	55	-60%	
EBIT	323	149	-54%	
Net Income	183	40	-78%	
EPS	2.20	0.48	-78%	
EBITDA	602	422	-30%	
thereof exceptionals	-120	-43	-64%	
EBITDA pre exceptionals	722	465	-36%	
Heavily impacted by the recession				

2008 data adjusted for change in pension accounting

Chart 29

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Performance Polymers: solid margin in a tough environment

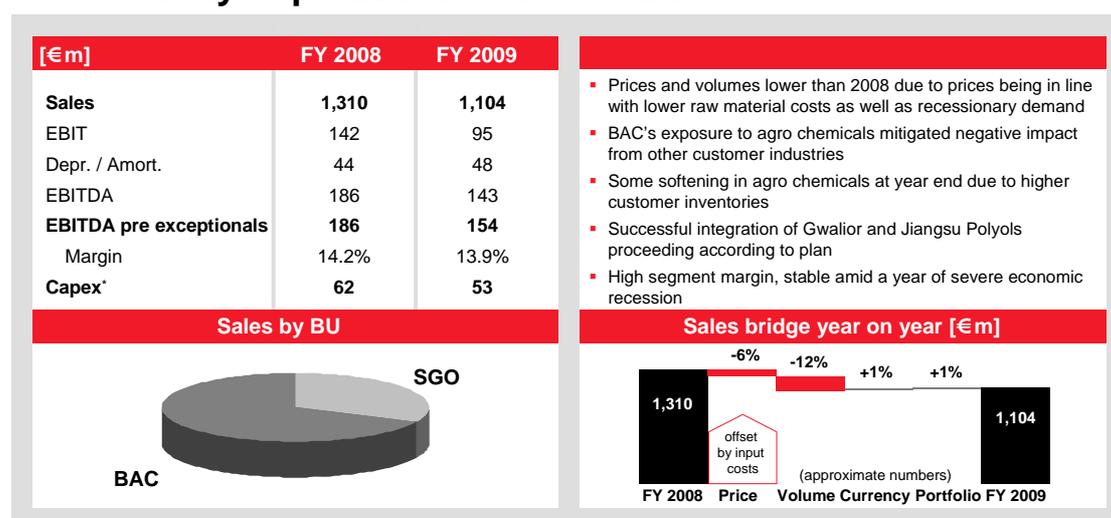


* net of finance lease

Chart 30

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Advanced Intermediates: cost structure lowered to successfully cope with volume decline



* net of projects financed by customers

Chart 31

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Performance Chemicals: solid results in a crisis year

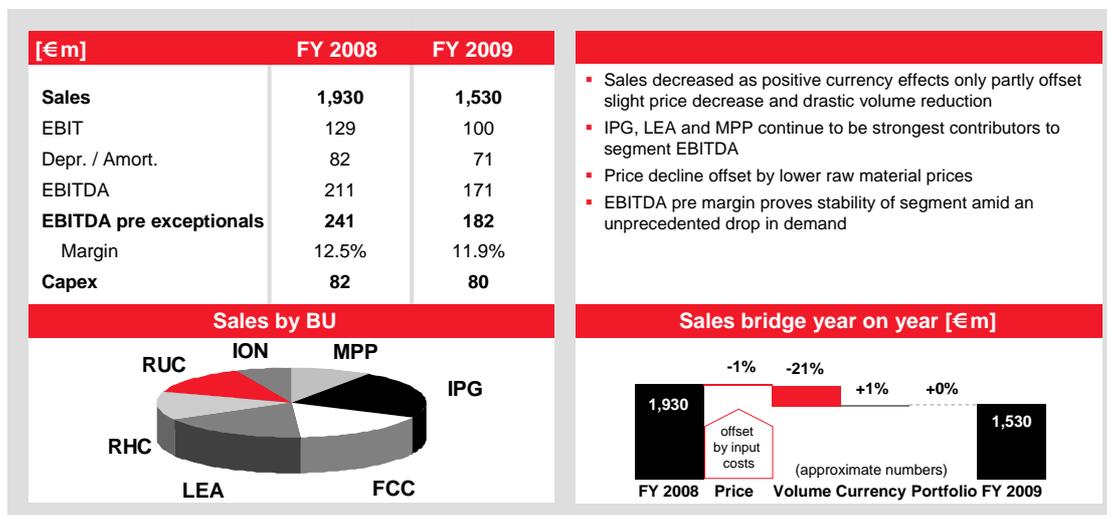


Chart 32

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Price before volume intact – input cost pass-through compensating previous time lag

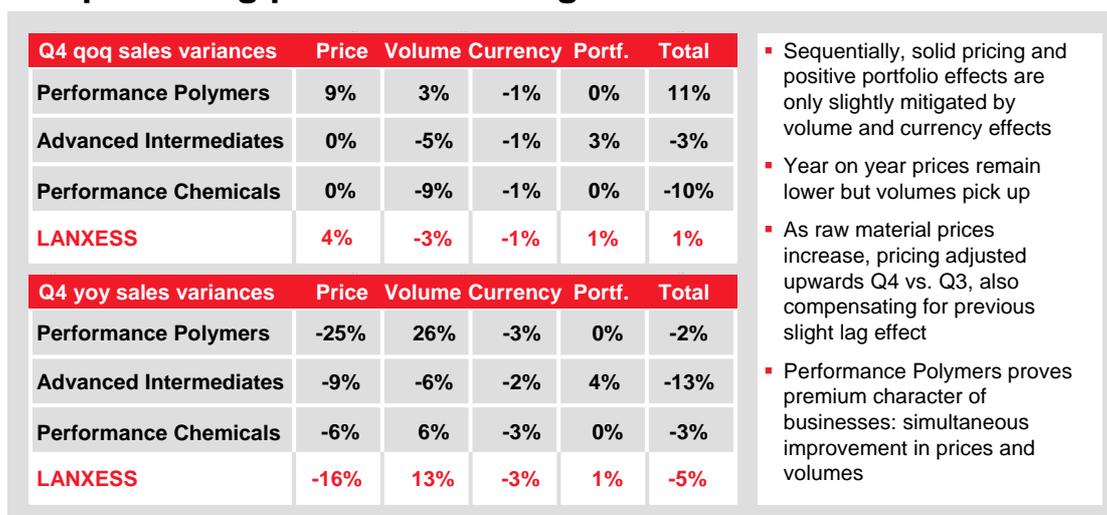
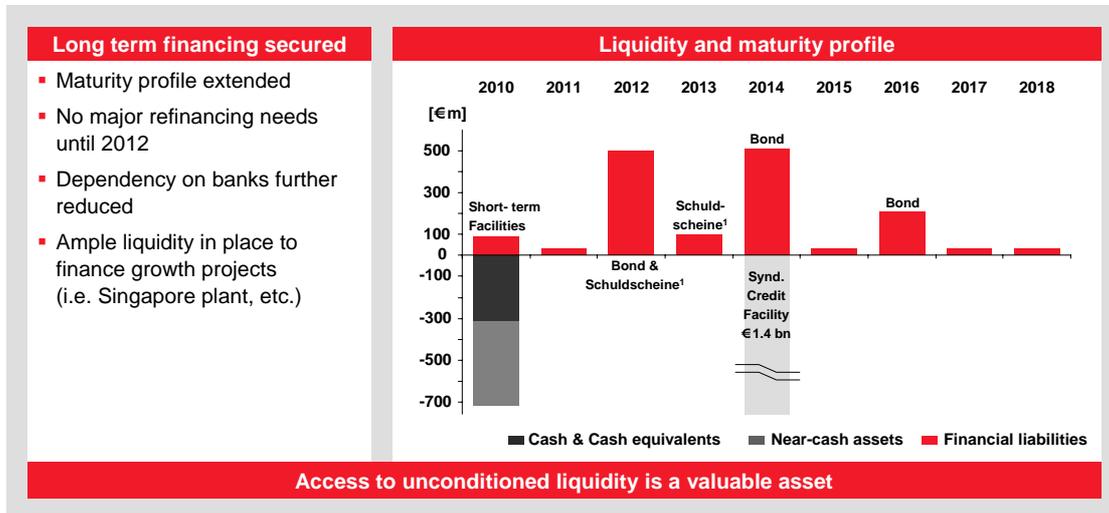


Chart 33

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No major refinancing needs until 2012

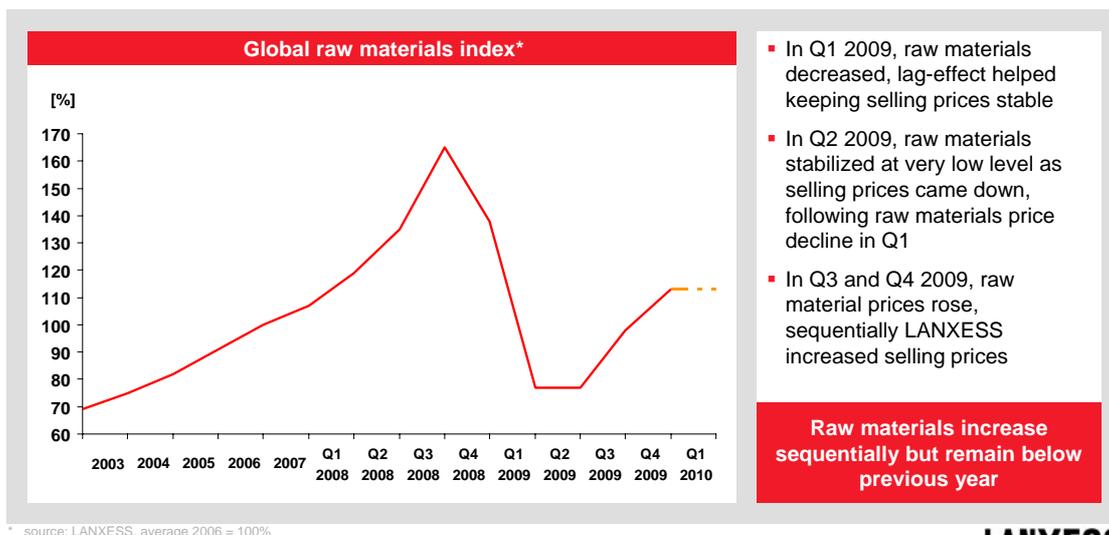


¹ English: promissory notes

Chart 34

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Raw material prices continue their rise in Q4



* source: LANXESS; average 2006 = 100%

Chart 35

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Exceptional items incurred in Q4 2008 and Q4 2009

[€m]	Q4 2008		Q4 2009	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	18	5	-2	1
Advanced Intermediates	0	0	6	0
Performance Chemicals	31	7	12	6
Reconciliation	21	1	15	2
Total	70	13	31	9

Chart 36

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Exceptional items incurred in FY 2008 and FY 2009

[€m]	FY 2008		FY 2009	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	77	11	9	1
Advanced Intermediates	0	0	11	0
Performance Chemicals	38	8	17	6
Reconciliation	24	0	18	5
Total	139	19	55	12

Chart 37

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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 38

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Upcoming events 2010

Upcoming events	
▪ Q1 Results 2010	May 11, 2010
▪ Annual Stockholders' Meeting	May 28, 2010
▪ Q2 Results 2010	August 06, 2010
▪ Capital Markets Day	September 15/16, 2010
▪ Q3 Results 2010	November 10, 2010

Chart 39

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