

LANXESS FY 2010 Financial Summary for Investors and Analysts

- **Sales up 40.8% in fiscal 2010 largely due to significant price-volume effect**
- **EBITDA pre exceptionals nearly doubled to €18 m**
- **EBITDA margin pre exceptionals of 12.9% tops pre-crisis level**
- **Net income of €379 m, earnings per share of €4.56**
- **Solid balance sheet and financing structure**
- **Net financial debt up moderately to €13 million despite extensive investment programs**
- **Excellent start in Q1, EBITDA increase expected for 2011**

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Overview Financials

Q4 Profit and Loss Statement:

- Solid double digit sales increase due to positive volume development (+15%) paired with raw material driven price increase (+11%) and supporting currency trend (+6%)
- Relative cost base remains stable as absolute business activity continues to increase
- Significant EBITDA pre increase despite one-off payment (€20 m) and termination of Challenge program
- Remaining restructuring charges for last year's restructuring programs taken in Q4

YE Balance Sheet:

- Strong balance sheet – amid increasing investing activity and CTA funding
- Currency development main reason for balance sheet deviations
- Further CTA funding (€75 m) and pension discount rate decrease in Germany (5.50% to 5.25%)
- Working capital development in line with increasing business activity, DSI / DSO metrics at solid levels

FY Cash flow Statement:

- Strong cash flow finances working capital increase and substantial Capex projects
- Profit before tax above previous year due to end market recovery
- Cash-outs for tax payments on higher profit before tax
- Working capital outflow in line with 2010 sales recovery
- Strong end market demand leads to good cash generation

Q4 Business Overview

Performance Polymers

- **Solid volume and price increases**
- Sales deviation yoy: Price: +16%, Volume +17%, Currency +7%, (approximate numbers)
- Price increases in all BUs - offsetting raw material price hikes
- Every BU achieves double digit percent volume increases
- Planned maintenance turnarounds in BTR, PBR and TRP with related cost and margin impact
- SCP with continuous strong business momentum for high-tech plastics
- One-off payment to workforce affects absolute EBITDA and margin in Q4
- Planned Capex increase with progressing Singapore investment project

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Advanced Intermediates

- **Improving demand from agro-chemical end markets drives margin**
- Sales deviation yoy: Price: +4%, Volume +16%, Currency +4% (approximate numbers)
- Solid double digit volume increase in both BUs
- Price increases in line with raw material price inflation
- Recovery of agrochemical end markets supports strong EBITDA
- BAC also benefits from healthy automotive demand
- Higher margin on improved product mix and tight cost control as well as better sourcing contracts

Performance Chemicals

- **Q4 with usual seasonality**
- Sales deviation yoy: Price: +6%, Volume +11%, Currency +6% (approximate numbers)
- Volume, price and currency developments lead to a solid sales improvement
- All BUs with volume increases
- BU FCC with strong performance post restructuring
- BU LEA benefits from price increase for chromium ore
- EBITDA and margin stable, affected by one-off payment to employees

2011 Business environment and outlook

Outlook by segment:

- **Performance Polymers:**
 - Strong demand momentum from tires and high-tech plastics expected to be ongoing in 2011, but with lower growth rates
 - Further price increases are necessary as input costs rise
 - Organic growth: SCP (Jhagadia, IN), PBR (Dormagen, GER, Port Jérôme, FR and Orange, US)
- **Advanced Intermediates :**
 - Demand from agrochemical customers returns - favorable effects for SGO and BAC expected
 - Selling price increases necessary on the back of rising benzene input costs
 - Organic growth: BAC (Uerdingen, GER)
- **Performance Chemicals :**
 - Construction industry with gradual recovery in Europe, US
 - Automobile industry seen with continuous growth (customers of RUC, RCH)
 - Organic growth: ION (Jhagadia, IN), IPG (Shanghai, CN and Porto Feliz, BR), RCH (N. Novgorod, RU)

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Outlook with confidence:

- Excellent start into Q1 provides solid basis for 2011
- Various projects providing additional capacities in strong demand environment
- Ongoing financial discipline
- **EBITDA increase expected for 2011, on track for 2015 growth target**

Guidance:

- Capex : ~€550-600 m
- D&A : ~€280 – €300 m
- Tax rate : 20 to 25%
- Hedging 2011 : ~40% at 1.30-1.40 USD / EUR
- Foreign currency : U.S. dollar at ~1.40 USD / EUR
- Exceptionals and cash outs : minor for ongoing businesses

Leverkusen, March 17, 2011

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 2010

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q4 '09	Q4 '10	Chg. in %	Q4 '09	Q4 '10	Chg. in %	Q4 '09	Q4 '10	Chg. in %	Q4 '09	Q4 '10	Chg. in %	Q4 '09	Q4 '10	Chg. in %
Sales	1392	1832	32%	725	1010	39%	277	341	23%	382	471	23%	8	10	25%
Price*			11%			16%			4%			6%			0%
Volume*			15%			17%			16%			11%			13%
Currency*			6%			7%			4%			6%			13%
Portfolio*			0%			0%			0%			0%			0%
EBIT	43	78	81%	79	95	20%	11	48	>100%	4	13	>100%	-51	-78	-53%
Deprec. & amortizat.	79	79	0%	38	35	-8%	13	15	15%	22	18	-18%	6	11	83%
EBITDA	122	157	29%	117	130	11%	24	63	>100%	26	31	19%	-45	-67	-49%
exceptionals in EBITDA	22	15	-32%	-3	-4	-33%	6	0	-100%	6	5	-17%	13	14	8%
EBITDA pre excep.	144	172	19%	114	126	11%	30	63	>100%	32	36	13%	-32	-53	-66%
normalized D&A	70	79	13%	37	35	-5%	13	15	15%	16	18	13%	4	11	>100%
EBIT pre excep.	74	93	26%	77	91	18%	17	48	>100%	16	18	13%	-36	-64	-78%
exceptionals in EBIT	31	15	-52%	-2	-4	-100%	6	0	-100%	12	5	-58%	15	14	-7%
Capex	114	295	>100%	52	196	>100%	30	34	13%	29	57	97%	3	8	>100%
Net financial debt	794	913	15%												

* approximate numbers

Financial Overview FY 2010

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	FY '09	FY '10	Chg. in %	FY '09	FY '10	Chg. in %	FY '09	FY '10	Chg. in %	FY '09	FY '10	Chg. in %	FY '09	FY '10	Chg. in %
Sales	5057	7120	41%	2388	3782	58%	1104	1321	20%	1530	1978	29%	35	39	11%
Price*			13%			25%			5%			2%			0%
Volume*			22%			29%			9%			23%			6%
Currency*			4%			5%			2%			4%			6%
Portfolio*			1%			0%			4%			0%			0%
EBIT	149	607	>100%	105	443	>100%	95	166	75%	100	209	>100%	-151	-211	-40%
Deprec. & amortizat.	273	283	4%	137	143	4%	48	56	17%	71	67	-6%	17	17	0%
EBITDA	422	890	>100%	242	586	>100%	143	222	55%	171	276	61%	-134	-194	-45%
exceptionals in EBITDA	43	28	-35%	8	-1	n.m.	11	0	-100%	11	5	-55%	13	24	85%
EBITDA pre excep.	465	918	97%	250	585	>100%	154	222	44%	182	281	54%	-121	-170	-40%
normalized D&A	261	283	8%	136	143	5%	48	56	17%	65	67	3%	12	17	42%
EBIT pre excep.	204	635	>100%	114	442	>100%	106	166	57%	117	214	83%	-133	-187	-41%
exceptionals in EBIT	55	28	-49%	9	-1	n.m.	11	0	-100%	17	5	-71%	18	24	33%
Capex	275	501	82%	133	302	>100%	53	69	30%	80	114	43%	9	16	78%
Net financial debt	794	913	15%												

* approximate numbers

Income Statement

in € million	Q4 2009	Q4 2010	Chg. in %	FY 2009	FY 2010	Chg. in %
Sales	1392	1832	32%	5057	7120	41%
Cost of sales	-1072	-1421	33%	-3956	-5381	36%
Gross profit	320	411	28%	1101	1739	58%
Selling expenses	-144	-176	22%	-530	-646	22%
Research and development expenses	-26	-27	4%	-101	-116	15%
General administration expenses	-64	-101	58%	-235	-298	27%
Other operating income	56	51	-9%	237	189	-20%
Other operating expenses	-99	-80	-19%	-323	-261	-19%
Operating result (EBIT)	43	78	81%	149	607	>100%
Income from investments accounted for using the equity method	-4	-7	-75%	8	16	100%
Interest income	3	2	-33%	17	10	-41%
Interest expense	-27	-20	-26%	-90	-93	-3%
Other financial income and expense	-16	-21	31%	-52	-47	-10%
Financial result	-44	-46	-5%	-117	-114	3%
Income before income taxes	-1	32	n.m.	32	493	>100%
Income taxes	14	-6	n.m.	7	-112	n.m.
Income after income taxes	13	26	100%	39	381	>100%
of which attributable to non-controlling interests	-1	0	-100%	-1	2	n.m.
of which attributable to LANXESS AG stockholders (net income)	14	26	86%	40	379	>100%

Abbreviations:

BAC	Basic Chemicals
BTR	Butyl Rubber
FCC	Functional Chemicals
ION	Ion Exchange Resins
IPG	Inorganic Pigments
LEA	Leather
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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