



100 Years

Synthetic Rubber

Creating the way the world moves today.

LANXESS - 12th German & Austrian Corporate Conference

Taking action in a tough environment

Matthias Zachert, CFO

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Agenda

- Introduction
- Operational status Q1 2009
- Countermeasures taken
- Further strategic update
- Outlook/Guidance

LANXESS – A leading specialty chemicals company based on three powerful segments

LANXESS – Energizing Chemistry
Sales €6.6 bn; EBITDA* €721 m; 14.797 employees (2008)

Performance Polymers	Advanced Intermediates	Performance Chemicals
		
Globally either player number one, two or three	In Europe either number one or number two	Number one to number four in niche positions
Global technology leaders in synthetic rubber and polyamide production, offering a broad and innovative portfolio of products that hold leading positions on the international market.	LANXESS's Advanced Intermediates is among the world's leading suppliers of custom synthesis and manufacturing services and basic chemicals.	Performance Chemicals combines all the group's application-orientated activities in the field of specialty chemicals. With strong brands LANXESS ranks among the world's leading producers.
Competitiveness across the portfolio		
* Pre exceptionals		
German & Austrian Corporate Conference – Deutsche Bank, Frankfurt 2009		Chart-No. 4
LANXESS		

Consistent delivery as four-phase strategy is implemented

	2004	2005	2006	2007	2008
EBITDA* margin target					
Portfolio	>10%				
Costs	9-10%				
	<5%				
		1. Performance improvement	2. Targeted restructuring	3. Portfolio optimization	4. Acquisitions
	Organic growth				
	Acquisition <ul style="list-style-type: none"> Acquisition of Gwalior/India – a strategic fit in a growing market Acquisition of Jiangsu Polyols Chem. Co/China Purchase of Petroflex/Brazil, strengthening worldwide presence in synthetic rubbers with Latin American activities Purchase of chrome chemicals activities of Dow Chemical in South Africa Purchase of iron oxides pigment facilities from Jinzhuo Chemicals/China 				
	Portfolio optimization <ul style="list-style-type: none"> Individual businesses given new perspectives by divestment to investors. Eight non-core businesses/affiliates divested with ~€1.5 bn annual turnover 				
	Targeted restructuring <ul style="list-style-type: none"> Challenge09, €250 m savings over two years Four restructuring packages successfully implemented Cost reduction of approx. €165 m achieved until 2008e (€205m annually from 2009**) 				
	Performance improvement <ul style="list-style-type: none"> "Price-before-volume" strategy implemented Working capital management remains tight 				
	* pre exceptionals ** adjusted for impact of Lustran Polymers exit				
	German & Austrian Corporate Conference – Deutsche Bank, Frankfurt 2009		Chart-No. 5		
	LANXESS				

LANXESS – Improvement trend of financials, based on strategy implementation

In € m	2004	2005	2006	2007	2008
EBITDA*	447	581	675	719	721
Net financial debt	1,135	680	511	460	864
Net fin. debt / EBITDA*	2.5x	1.2x	0.8x	0.6x	1.2x
Gearing	101%	54%	36%	30%	61%
Underlying EPS**	0.65	1.19	2.69	3.36	3.30
ROCE	5.4%	12.9%	15.9%	17.7%	15.0%

Financial metrics continuously improved

* Pre exceptionals; **EPS pre exceptionals, based on actual taxrate

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Chart-No. 6

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Chart-No. 7

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Highlights Q1 2009

Q1 2009

Price before volume strategy remained intact

Challenge09: further flexibilization of fixed cost structure effective

EBITDA* impacted by inventory devaluation and destocking

Strong cash flow management led to net debt reduction vs. year end of €120 m

Successful placement of €500 m benchmark bond

* Pre exceptionals

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Chart-No. 8

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First quarter substantially impacted by lower demand and accelerated by customers destocking

Q1 Sales variances	Price	Volume	Currency	Portfolio
Performance Polymers	-7%	-40%	+4%	+8%
Advanced Intermediates	0%	-24%	+2%	0%
Performance Chemicals	+4%	-38%	+3%	0%
LANXESS	-2%	-36%	+3%	+4%

Sales

- Sales decreased 31%, with currency and portfolio effects slightly mitigating drastic volume impact
- Prices stable in Advanced Intermediates, increased in Performance Chemicals

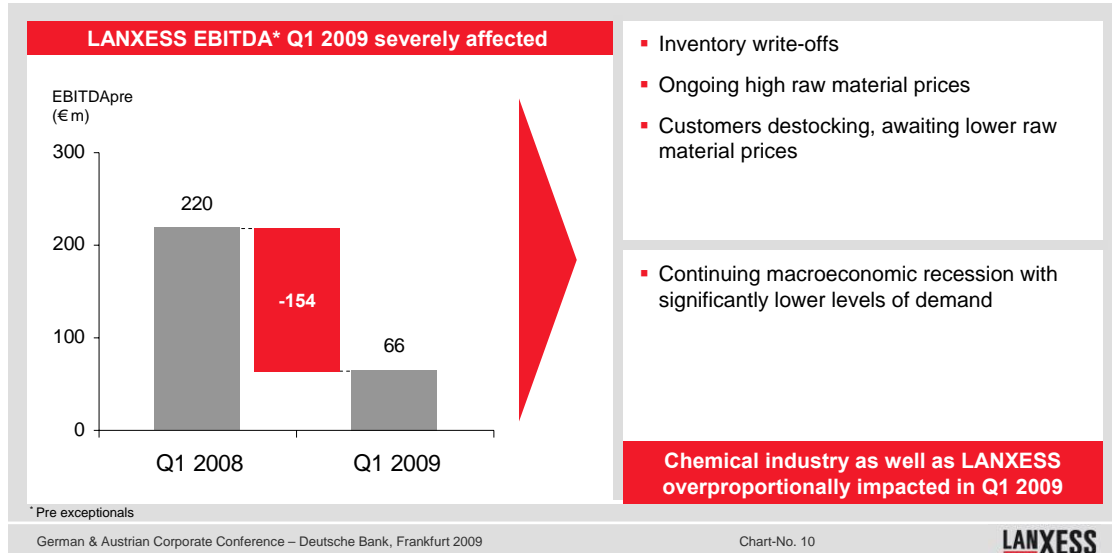


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Chart-No. 9

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Three major burdens impact chemical industry in Q1



Q1 2009 financial overview: business tightly managed in a recessionary environment

(€ m)	Q1 2008	Q1 2009	Δ in %
Sales	1,535	1,054	-31.3%
EBITDA pre except. margin	220 14.3%	66 6.3%	-70.0%
Net Income	104	-14	n.a.
Capex	34	52	52.9%

- Sales decreased 31%, with currency and portfolio effects mitigating price and volume impact
- EBITDA* impacted by ~€40 m inventory devaluation, destocking and a very low underlying level of demand
- Capex increased due to hurricane IKE and Petroflex consolidation
- Net working capital and net debt reduction show commitment to conserving cash
- Headcount reduced, efficiency measures start to yield results

(€ m)	31.12.2008	31.03.2009	Δ in %
Net Financial Debt	864	744	-13.9%
Net Working Capital	1,289	1,193	-7.4%
Employees	14,797	14,612	-1.3%

Very strict and prompt management of cost base, working capital and debt

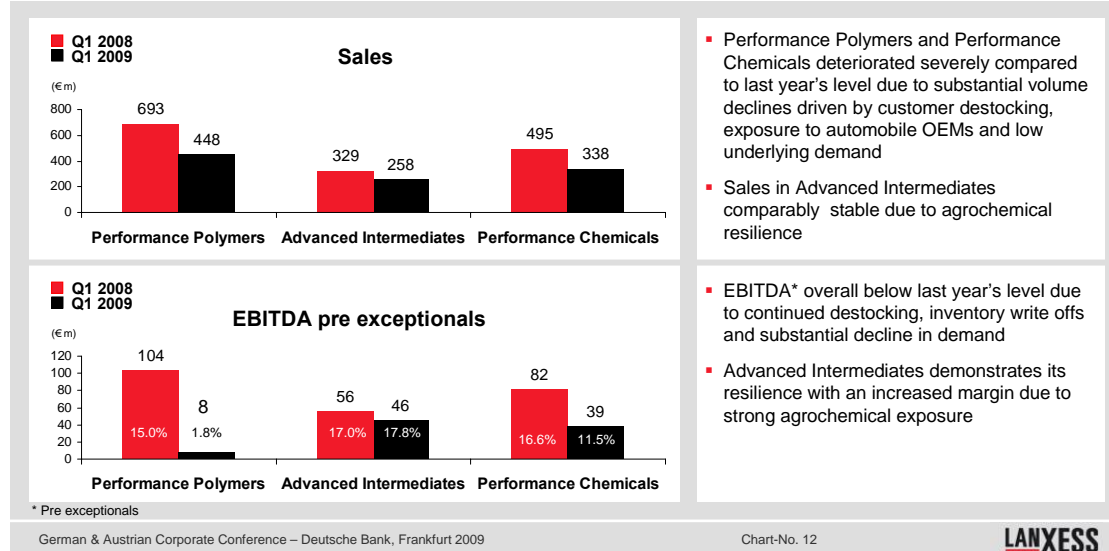
* Pre exceptionals

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Chart-No. 11

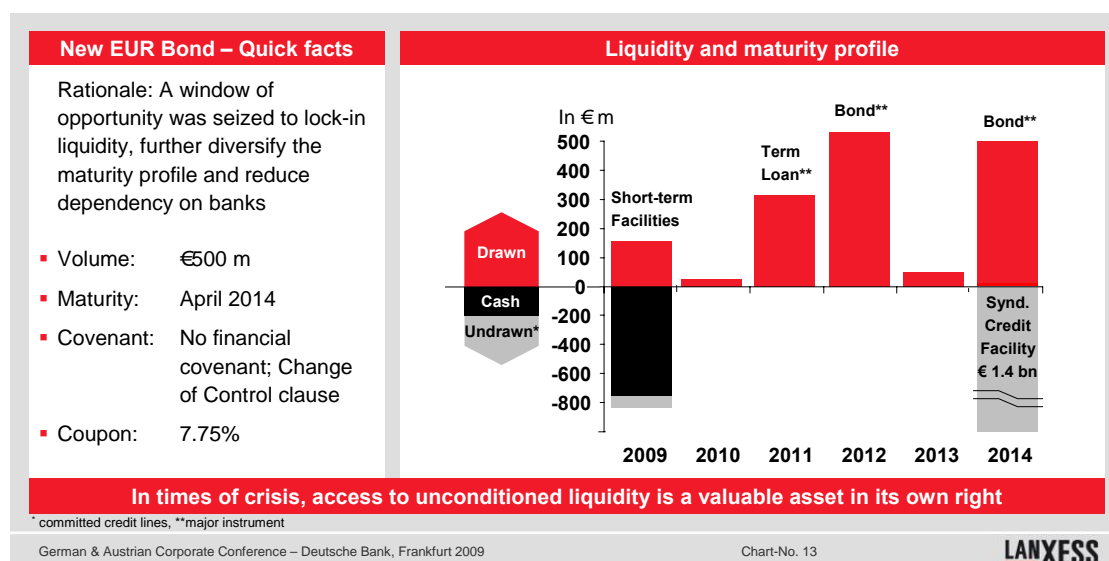
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Advanced Intermediates relatively resilient while other segments were severely impacted



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New bond further improves solid financing and balanced maturity profile



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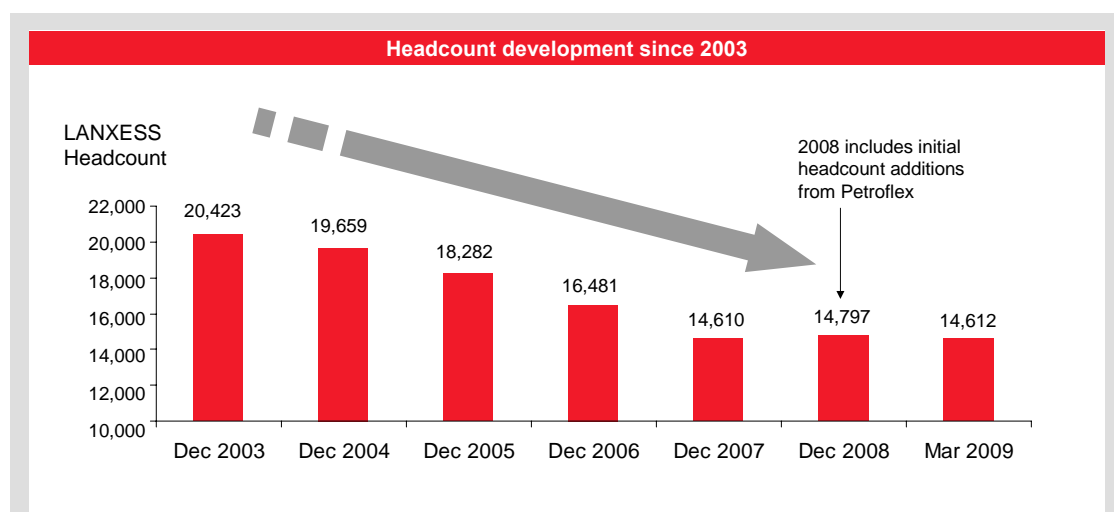
- Introduction
- Operational status Q1 2009
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We have a remarkable track record



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Chart-No. 15

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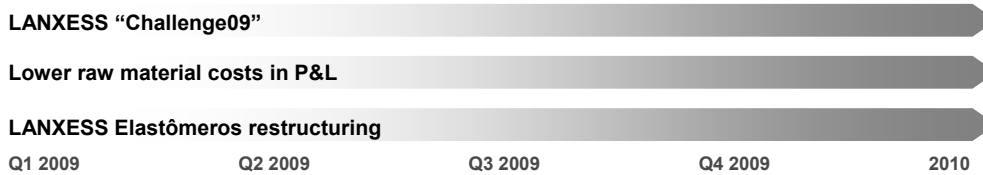
LANXESS focus on “self-help” measures

Visibility of demand development remains low

Governmental demand stimuli
 Gradual consumer spending recovery
 End of customer destocking



Substantial LANXESS “self-help” measures coming into effect



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Chart-No. 16



Challenge09: specific measures in response to the crisis

Flexible asset management (plant, site and global)

- 1 Adherence to price-before-volume strategy
- 2 Temporary targeted cost reductions in specific areas based on
 - reduction of energy, infrastructure services and logistics
 - adjustment of plant management and processes
 - reduction of service level throughout the group
 - global reduction of remuneration (+ flexible workforce deployment)

➔ More than 100 specific projects initiated

- 3 Major projects postponed (investments)

Savings volume:
 € 250 million in 2 years

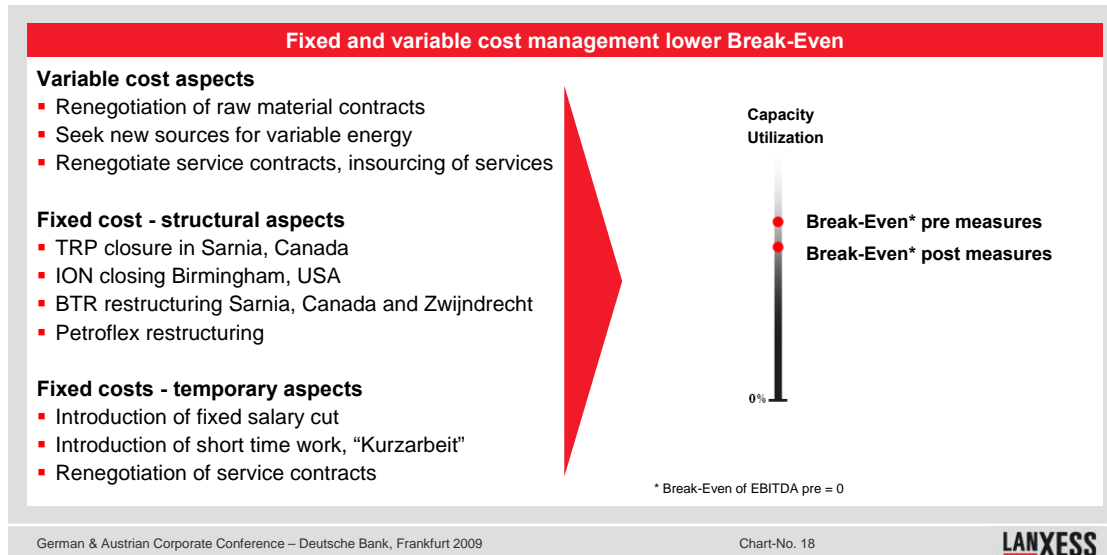
Cash postponement:
 € 100 million in 2009

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Chart-No. 17



LANXESS Break-Even* now at around 10% points lower capacity utilization



Challenge09: substantial savings effective already 2009

In € m	2008	2009	2010	Σ 2009 2010	Break down of cost savings 2009 <ul style="list-style-type: none"> ▪ Reduction of remuneration ~€65 m ▪ Reduction of G&A costs ~€20 m ▪ Additional projects ~€45 m <ul style="list-style-type: none"> - Restructuring BUs BTR, TRP - Realignment of BU FCC - Streamlining of Petroflex - Consolidation of U.S. and Canadian admin organizations
Cost savings mitigating volume decline	45	130	120	250	
P&L Expenses/ one time costs*	-139	-40	-10	-50	
Estimated cash out	-80	-80	-20	-100	
Cost savings mitigating volume decline					

*Restructuring/M&A

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Agenda

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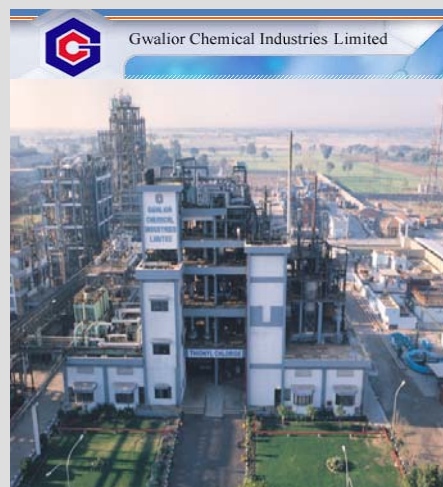
Chart-No. 20

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LANXESS enlarges its portfolio in Advanced Intermediates

Transaction highlights

- Acquisition of Gwalior Chemical Industries Ltd. based in Nagda, India
- Transaction to be structured as an asset deal:
 - Purchase of assets as well as transfer of contracts and liabilities to LANXESS
- Financing out of existing liquidity
- Closing estimated for end Q3 2009



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Chart-No. 21

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Acquisition of Gwalior – Strategic fit in a growing market, supporting LANXESS-goes-Asia initiative

Strategic rationale	Solid financials of Gwalior					
<ul style="list-style-type: none"> ▪ LANXESS: state-of-the art technology and a leading position in Europe ▪ Gwalior: <ul style="list-style-type: none"> - One of the leading global producers of Sulphur Chloride products - One of the largest Indian producers of Benzyl products - Complementing BU BACs product portfolio - Focus on agro, pharma and flavour & fragrance industry 	[EUR]	FY 05*	FY 06*	FY 07*	FY 08*	FY 09*
	Sales	23.7	26.3	31.6	45.4	57.8
	% growth		11%	20%	44%	27%
	EBITDA	4.3	5.5	6.0	8.5	10.2
	% margin	18%	21%	19%	19%	18%
	EBIT	3.6	4.6	4.9	7.1	8.6
	% margin	15%	18%	16%	16%	15%
Strengthening the product portfolio for BU BAC in Sulphur Chlorides and Benzyl products						
* Accounting period ends March 31st, e.g. financial year 2008 ends March 31st, 2008; EBIT & EBITDA 2009 adjusted (e.g. inventory devaluation)						

▪ Profitability above Advanced Intermediates segment level is supported by sustainable sales growth in recent years

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Chart-No. 22

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Attractive financial terms

Gwalior Chemical Industries			Jiangsu Polyols Chem. Co
<ul style="list-style-type: none"> ▪ Purchase price of €82 m ▪ EBITDA pre* multiple: ~7.5 x ▪ EPS accretive as of 2010 	<ul style="list-style-type: none"> ▪ Replacement value: ~€81 m ▪ Assets ~€40 m ▪ Working Capital at closing ~€16 m ▪ Current capacity expansion and others ~€25 m 	<ul style="list-style-type: none"> ▪ CAGR FY 05** – FY 08** <ul style="list-style-type: none"> - Sales: 24 % - EBITDA: 26 % - EBIT: 26 % ▪ Main growth drivers: <ul style="list-style-type: none"> ▪ Indian market ▪ agro, pharma, flavour & fragrance industries 	<ul style="list-style-type: none"> ▪ Strengthening our already strong global position in TMP by a small acquisition in China ▪ Sales 2008: ~€10 m ▪ Employees: ~170
<p>Purchase price Replacement value</p>			
Acquisition financials	Attractive price	Business financials	
* based on EBITDA pre estimates FY 09 ** Accounting period ends March 31st, e.g. financial year 2008 ends March 31st, 2008			

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Chart-No. 23

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Agenda

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Business trading outlook 2009

Performance Polymers

- Destocking expected to further decline in Q2
- Restocking probable from Q3 onwards
- Only minor inventory devaluation expected in Q2

Advanced Intermediates

- Resilience of agrochemicals expected to persist
- Other customer industries exposed to cyclical downturn, LANXESS however manages to compensate through leading market positions
- Start-up of selected pharma projects delayed in 2009

Performance Chemicals

- No inventory devaluation expected in Q2
- Going forward positive end market development for leather and pigments
- In Q2, no improvement from automotives: Idle costs, digital approach
- Normal seasonal nature partly apparent

Demand in Q2 expected to gradually improve from low Q1 level

Unfavourable effects are expected to level off

- Positive developments:
 - Only minor additional inventory write-offs in Q2 (~€10 m)
 - Gradual demand recovery mainly from Asia
 - Reduced customer destocking
 - Challenge09 yielding results
- Negative developments:
 - Idle capacity costs burdening (mitigated by digital approach)
 - Selling price reductions (indexed contracts) with time lag
- Foreign currency: U.S. dollar at 1.30-1.35 USD / EUR
- Hedging: ~50% at 1.30-1.40 USD / EUR



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Q2 guidance provides some comfort

Guidance: Q2 EBITDA considerably better than Q1

Based on previously mentioned assumptions, LANXESS expects Q2 EBITDA pre exceptionals to be between €100 and €120 million

Additional financial expectations for 2009

- Capex*: reduced to ~€300 m
- D&A: ~€270 – 280 m
- Taxrate: reduced to ~25%
- Working Capital: moderate cash inflow in the course of 2009

* Without projects financed by customers



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Chart-No. 27

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Energizing Chemistry



Appendix

Q1 2009 financial overview: business tightly managed in a recessionary environment

(€ m)	Q1 2008	Q1 2009	Δ in %	
Sales	1,535	1,054	-31.3%	<ul style="list-style-type: none"> Sales decreased 31%, with currency and portfolio effects mitigating price and volume impact
EBITDA pre except. margin	220 14.3%	66 6.3%	-70.0%	
Net Income	104	-14	n.a.	
Capex	34	52	52.9%	<ul style="list-style-type: none"> EBITDA* impacted by ~€40 m inventory devaluation, destocking and a very low underlying level of demand
(€ m)	31.12.2008	31.03.2009	Δ in %	
Net Financial Debt	864	744	-13.9%	<ul style="list-style-type: none"> Capex increased due to hurricane IKE and Petroflex consolidation Net working capital and net debt reduction show commitment to conserving cash Headcount reduced, efficiency measures start to yield results
Net Working Capital	1,289	1,193	-7.4%	
Employees	14,797	14,612	-1.3%	

Very strict and prompt management of cost base, working capital and debt

* Pre exceptionals

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Chart-No. 30

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P&L reflects strict cost management in a tough environment

(€ m)	Q1 2008	Q1 2009	Δ in %	
Sales	1,535	1,054	-31%	<ul style="list-style-type: none"> Price decreases of only 2% while raw material prices declined more; favorable portfolio (+4%) and currency effects (+3%) slightly alleviate severe volume impact (-36%)
Cost of sales	-1,158	-857	-26%	
SG&A	-213	-174	-18%	
R&D	-23	-24	4%	<ul style="list-style-type: none"> Despite consolidation of LANXESS Elastômeros do Brasil SG&A reduced, also proving effects of cost cutting measures
Other op. income / expense	4	0	-100%	
thereof exceptionals	-14	-4	-71%	<ul style="list-style-type: none"> EBITDA¹ at much lower level, impacted by inventory devaluation (~€40 m), destocking and a very low underlying level of demand
EBIT	145	-1	n.a.	
Net Income²	104	-14	n.a.	
EPS²	1.25	-0.17	n.a.	
EBITDA	209	62	-70%	
thereof exceptionals	-11	-4	-64%	
EBITDA pre exceptionals	220	66	-70%	

¹ Pre exceptionals ² '08 restated for change in pension accounting

Cost management an upside but sales decline clearly impacting result

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Chart-No. 31

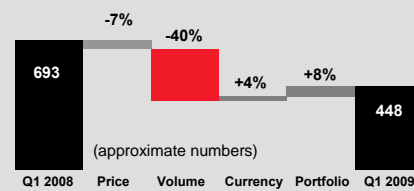
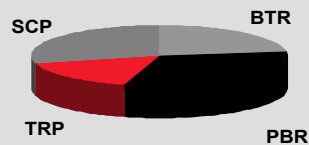
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Performance Polymers: slump of volumes, destocking, idle costs and inventory devaluation weigh on performance

(€ m)	Q1 2008	Q1 2009
Sales	693	448
EBIT	73	-24
Depr. / Amort.	29	32
EBITDA	102	8
EBITDA pre except.	104	8
Margin	15.0%	1.8%
Capex	15	28

- Sales decreased, supporting currencies & portfolio only mitigated lower pricing and severe volume reduction
- BTR, TRP with continued high pricing at previous year's level, benefiting from lower raw material prices; PBR price decline in line with raw materials but SCP impacted
- Significant volume declines in all BUs, especially TRP
- Inventory write-downs, high idle costs, ongoing destocking and underlying volume decline impact performance
- -€35 m inventory devaluation mainly in PBR, TRP (Butadiene)
- Capex increase mainly due to hurricane IKE

Sales by BU:



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Chart-No. 32

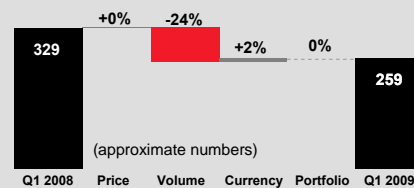
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Advanced Intermediates: relative stability remains in most markets

(€ m)	Q1 2008	Q1 2009
Sales	329	258
EBIT	45	35
Depr. / Amort.	11	11
EBITDA	56	46
EBITDA pre except.	56	46
Margin	17.0%	17.8%
Capex*	5	9

- Lower sales as stable pricing and positive currency effects only mitigated volume decline
- BAC indexed selling prices lag raw material downward trend. Still stable volumes from agro but softening in markets for construction and paints
- SGO with slightly lower volumes in pharma and specialties but solid pricing fueled by continuous demand from agro
- Advanced Intermediates benefited from raw material deflation

Sales by BU:



* 2008 restated, excluding projects financed by customers

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Chart-No. 33

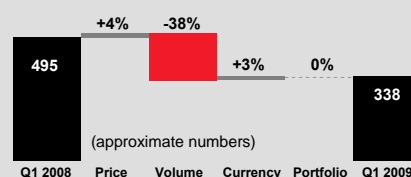
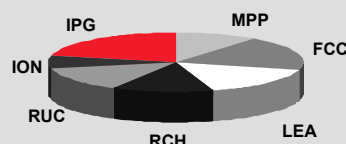
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Performance Chemicals: price and cost management

(€ m)	Q1 2008	Q1 2009
Sales	495	338
EBIT	60	21
Depr. / Amort.	19	17
EBITDA	79	38
EBITDA pre except.	82	39
Margin	16.6%	11.5%
Capex	11	13

- Sales reduced, with price increases and positive currencies only mitigating severe volume decline
- Business units LEA, IPG and FCC benefiting from pricing
- RUC, RCH volume-wise impacted most due to huge exposure to automotive OEM business
- EBITDA* down on substantial volume decline and ~€ m inventory write-off
- EBITDA* margin nevertheless still double digit

Sales by BU:



* Pre exceptionals

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Chart-No. 34

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Balance Sheet: working capital tightly managed, net financial debt reduced

(€ m)	Dec 31, 2008	Mar 31, 2009	Dec 31, 2008	Mar 31, 2009	
Non-current Assets	2,169	2,184	Stockholders' Equity*	1,339	1,314
Intangible assets	145	150	thereof minority interest	16	16
Property, plant & equipment	1,646	1,659	Non-current Liabilities	1,953	1,976
Equity investments*	42	44	Pension & post empl. provis.*	498	510
Other investments	2	1	Other provisions	261	264
Other financial assets	72	69	Other financial liabilities	986	983
Deferred taxes*	154	176	Tax liabilities	91	93
Other non-current assets*	108	85	Other liabilities	76	82
			Deferred taxes*	41	44
Current Assets	2,423	2,182	Current Liabilities	1,300	1,076
Inventories	1,048	945	Other provisions	395	381
Trade accounts receivable	725	613	Other financial liabilities	168	87
Other financial assets	155	145	Trade accounts payable	484	365
Other current assets	246	196	Tax liabilities	12	8
Liquid assets	249	283	Other liabilities	241	235
Total Assets	4,592	4,366	Total Equity & Liabilities	4,592	4,366

Strong financial backbone in turbulent markets

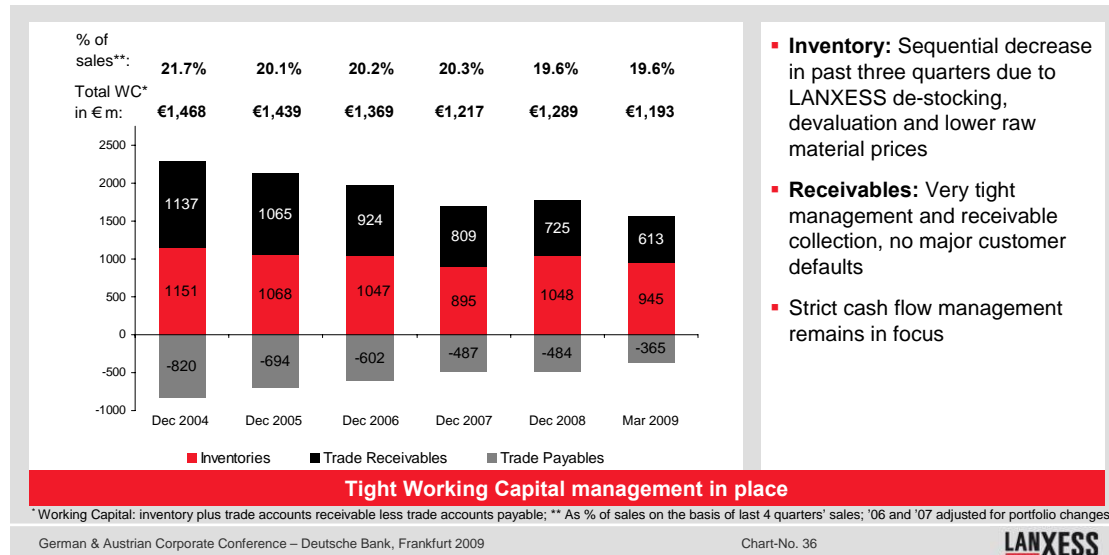
* 2008 restated

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Chart-No. 35

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Special focus on working capital management



- **Inventory:** Sequential decrease in past three quarters due to LANXESS de-stocking, devaluation and lower raw material prices
- **Receivables:** Very tight management and receivable collection, no major customer defaults
- **Strict cash flow management** remains in focus

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Chart-No. 36

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Strong operating cash flow

(€ m)	Q1 2008	Q1 2009
Profit before Tax	142	-21
Depreciation & amortization	64	63
Gain from sale of assets	-4	-7
Result from investment in associate	-7	-2
Financial (gains) losses	4	9
Cash tax payments / refunds	-20	24
Changes in other assets and liabilities	-3	-57
Operating Cash Flow before changes in WC	176	9
Changes in Working Capital	-131	113
Operating Cash Flow	45	122
Investing Cash Flow	-50	5
thereof Capex	-34	-52
Financing Cash Flow	126	-96

Strong working capital management

- Q1 2009 profit before tax mainly burdened by volume decline and inventory devaluation
- Cash inflow from working capital due to destocking and receivables management
- Changes in other assets and liabilities contain cash outs relating to restructuring and non cash effect from hedging / derivatives

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Chart-No. 37

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Exceptional items incurred in Q1 2008 and Q1 2009

(€ m)	Q1 2008		Q1 2009	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	5	3	0	0
Advanced Intermediates	0	0	0	0
Performance Chemicals	3	0	1	0
Reconciliation	6	0	3	0
Total	14	3	4	0

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Chart-No. 38

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Change of pension accounting of Defined Benefit Plans as of 2009 (switch from Corridor to SoRIE method)

Corridor method	SoRIE
<ul style="list-style-type: none"> ▪ The portion of unrecognized gains and losses which exceeds 10% of the higher amount of DBO or plan assets is amortized through the P&L (over average remaining period of service) as provision on balance sheet ▪ Therefore deferred recognition of actuarial gains and losses exceeding the corridor ▪ No adjustment of shareholders' equity due to change in assumptions or asset performance ▪ Funded status only disclosed in annual notes 	<ul style="list-style-type: none"> ▪ SoRIE = Statement of Recognized Income & Expense ▪ Allocation of actuarial gains and losses to other comprehensive income in shareholder's equity ▪ Adjustment of shareholders' equity due to change in assumptions or asset performance ▪ Funded status is equal to net of pension provision and pension asset

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Chart-No. 39

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Effects of switch to SoRIE on Balance Sheet...

(€ m)	Dec 31, 2008	Dec 31, 2008 restated	Mar 31, 2009	Dec 31, 2008	Dec 31, 2008 restated	Mar 31, 2009		
Non-current Assets	2,228	2,169	2,184	Stockholders' Equity	1,407	-68	1,339	1,314
Intangible assets	145	145	150	thereof minority interest	16		16	16
Property, plant & equipment	1,646	1,646	1,659	Non-current Liabilities	1,944	1,953	1,976	
Equity investments	49	-7	42	Pension & post empl. provis.	483	15	498	510
Other investments	2		2	Other provisions	261		261	264
Other financial assets	72		72	Other financial liabilities	986		986	983
Deferred taxes	137	17	154	Tax liabilities	91		91	93
Other non-current assets	177	-69	108	Other liabilities	76		76	82
				Deferred taxes	47	-6	41	44
Current Assets	2,423	2,423	2,182	Current Liabilities	1,300	1,300	1,076	
Inventories	1,048	1,048	945	Other provisions	395		395	381
Trade accounts receivable	725		725	Other financial liabilities	168		168	87
Other financial assets	155		155	Trade accounts payable	484		484	365
Other current assets	246		246	Tax liabilities	12		12	8
Liquid assets	249		249	Other liabilities	241		241	235
Total Assets	4,651	-59	4,592	Total Equity & Liabilities	4,651	-59	4,592	4,366

Strong financial backbone in turbulent markets

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Chart-No. 40

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...as well as on P&L and on Cash Flow

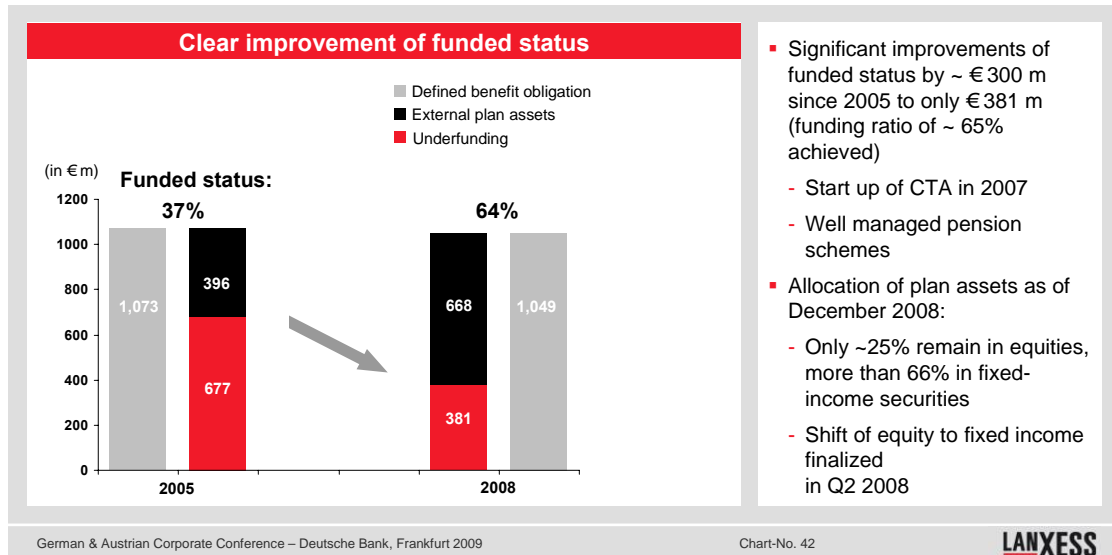
	Q1 08 restatement	Estimated effects for '09
P&L	<ul style="list-style-type: none"> EBIT unchanged Impact on Net Income: € 1 m EPS improvement by 0,02 € to 1,25 € per share 	<ul style="list-style-type: none"> Expenses avoidance: Impact on EBIT: ~ € 1,5m Impact on financial result: ~ € 7m
Cash Flow	<ul style="list-style-type: none"> Operating, financing and investing cash flow remain unchanged 	<ul style="list-style-type: none"> No impact on cash flow

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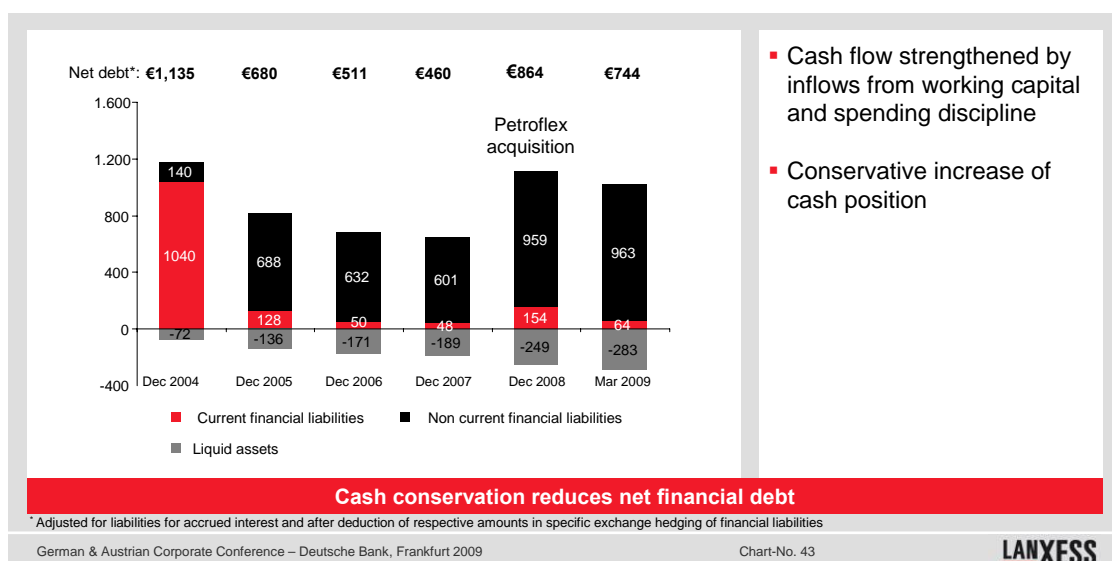
Chart-No. 41

LANXESS

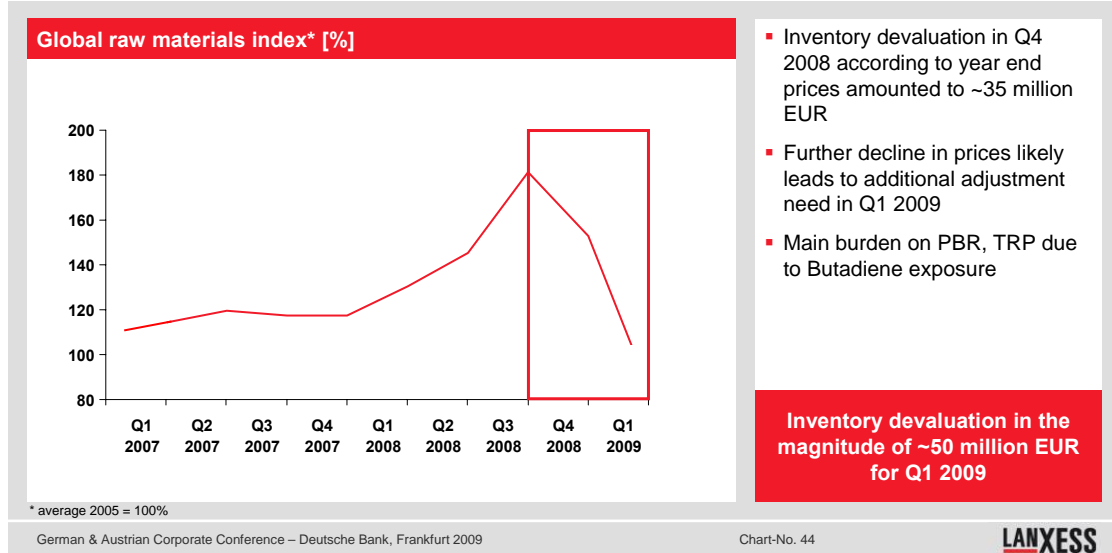
Pension underfunding – minor issue for LANXESS



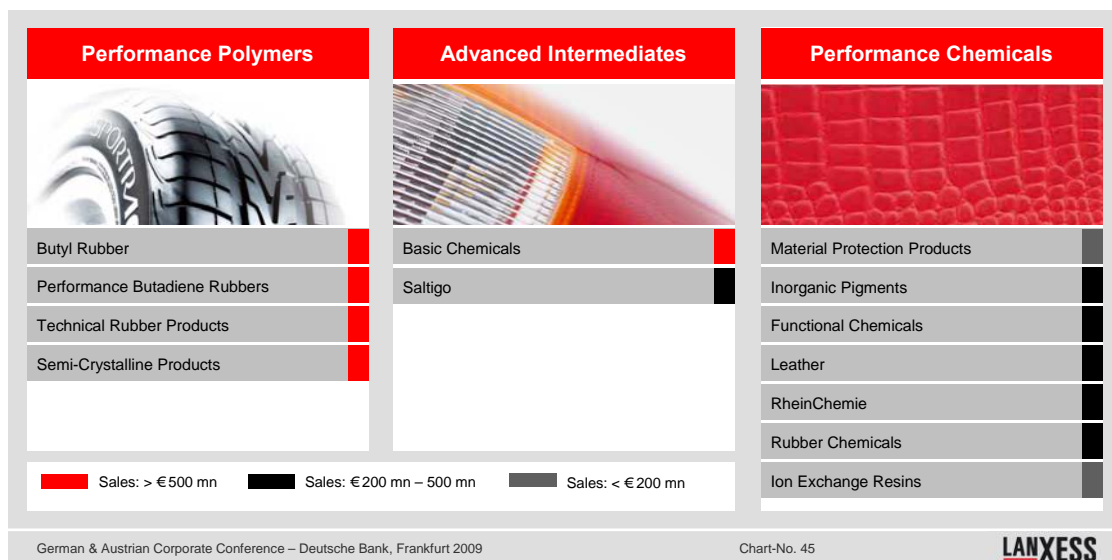
Cash is king: tight working capital management strengthens cash flow, reduces net debt



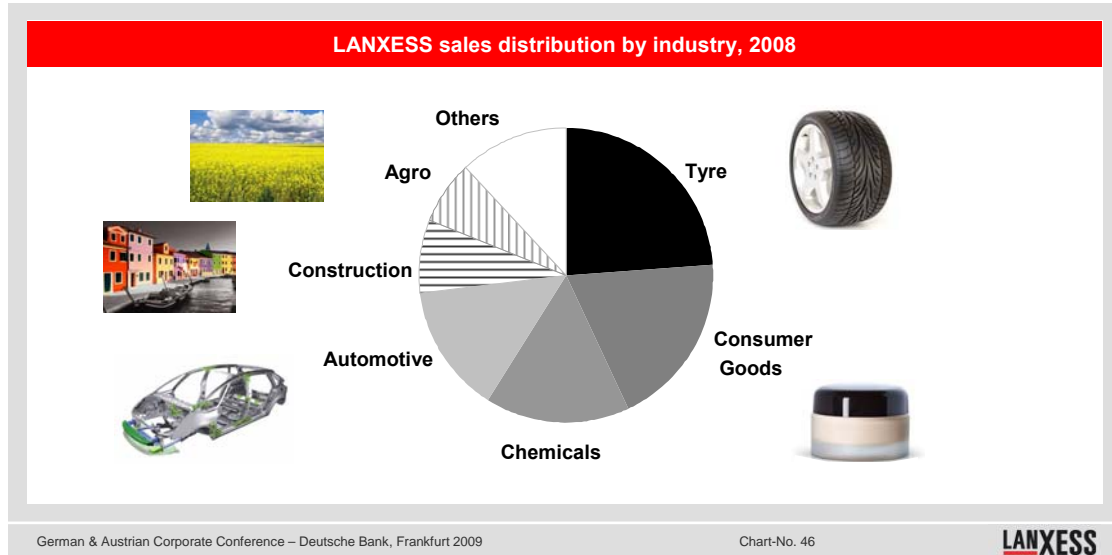
Substantial further decline of raw material prices in Q1 2009 likely to trigger additional inventory adjustments







Portfolio management allows for regrouping of LANXESS businesses along chemical segmentation



LANXESS has a broad customer portfolio with varying demand patterns



Performance Polymers – producing high performance products to serve the world’s mobility needs



Performance Polymers EBITDA ¹ margin FY'07: 14.0%	Position LANXESS World-wide top market positions	Growth and Stability participation in major growth trends	Products and end-uses
BUTYL RUBBER  Bromobutyl Integral part of tubeless tyres	A leading position Competition ² : Exxon	International mobilization	<ul style="list-style-type: none"> Provides butyl rubber, which is a specialty rubber impermeable to air Has wide applications both in tyre and other industries such as protective clothing
PERFORMANCE BUTADIENE RUBBERS  Buna CB[®] Tyre body and tread	A leading position Competition ² : Sinopec, Michelin, Goodyear	High performance tyres	<ul style="list-style-type: none"> One of the world's leading manufacturers of specialty rubbers polybutadiene- and solutionstyrene-polybutadiene-rubber Used principally in tyre compounds
TECHNICAL RUBBER PRODUCTS  Therban Specialty applications	Strong Competition ² : DSM	New applications	<ul style="list-style-type: none"> Provides a broad range of specialty elastomers for the rubber processing industry Used in automotive, engineering, construction, electronics, oil exploration & aviation industries
SEMI-CRYSTALLINE-PRODUCTS  Durethan Thermoplastics for modern applications, e.g. in cars ¹ Pre exceptionals ² Selected competitors	Strong Competition ² : BASF, DSM, DuPont	High-tech plastics replacing metal	<ul style="list-style-type: none"> Provides a range of PA and PBT resins and compounds Blends principally to the automotive and electrical industries

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Chart-No. 47

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Advanced Intermediates – Basic Chemicals and Saltigo, strong and reliable partners for the segment

Advanced Intermediates EBITDA ¹ margin FY'07: 14.5%	Position LANXESS World-wide top market positions	Growth and Stability	Products and end-uses
BASIC CHEMICALS 2-Methyl-6-Ethyl-Aniline Intermediate for agrochemicals 	Leading positions in all business lines Competition ² : BASF, Perstorp	Industry shake-out process Advantage due to world scale production network	<ul style="list-style-type: none"> Supplier of aromatic compounds such as e.g. chlorobenzenes, chlorotoluenes and nitrotoluenes Supplier of amines, polyols, monoisocyanates, thio products, inorganic acids
SALTIGO Saltidin® The user-friendly, effective repellent 	Among the top global players in custom manufacturing Competition ² : DSM, Lonza	Stability due to exposure to pharma and agro custom manufacturing	<ul style="list-style-type: none"> Important player in fine chemicals focused on: <ul style="list-style-type: none"> Agrochemicals custom manufacturing Pharmaceutical custom manufacturing Specialty Fine Chemicals





¹ Pre exceptionals ² Selected competitors

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Chart-No. 48

LANXESS

Performance Chemicals – Producing service- and application-driven products for a wide range of industries

Performance Chemicals EBITDA ¹ margin FY'07: 14.5%	Position LANXESS World-wide top market positions	Growth and Stability Partly strong growth in specialty niches	Products and end-uses
MATERIAL PROTECTION PRODUCTS PREVENTOL Preservatives / Biocides 	Leading positions in attractive market segments Competition ² : Dow, Lonza	Trend towards increasing regulatory requirements Growth above GDP	<ul style="list-style-type: none"> Comprehensive range of biocidal active ingredients and specialties for: Wood preservatives / antifouling products, Beverage sterilization, Disinfectants / personal care products
INORGANIC PIGMENTS BAYFERROX Pigments for construction materials 	A leading global supplier Competition ² : Rockwood	Growth mainly in Asia and Eastern Europe Economies of scale	<ul style="list-style-type: none"> A leading global supplier of inorganic pigments with a broad, innovative product range
FUNCTIONAL CHEMICALS MESAMOLL® Specialty plasticizers for processing polymers 	Supplier to a broad range of markets with complex product portfolio Competition ² : BASF, Ciba, Clariant	Trend towards ecological products (plasticizers, flame retardants)	<ul style="list-style-type: none"> Manufactures products such as: Plastic additives, Flame retardants, Water chemicals, Specialty dyes & Colorants
LEATHER AQUADERM™ Finishing of Leather 	A leading global supplier Competition ² : BASF, Clariant, Stahl, TFL	Sustainable but moderate market growth. Ongoing market consolidation	<ul style="list-style-type: none"> Broad range of specialty products for the leather industry including: Tanning agents, Preservatives, Finishing auxiliaries, Dye products





¹ Pre exceptionals ² Selected competitors

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Chart-No. 49

LANXESS

Performance Chemicals – Producing service- and application-driven products for a wide range of industries

Performance Chemicals	Position LANXESS	Growth and Stability	Products and end-uses
RHEINCHEMIE RHENOGRAN® Polymer-bound Rubber Additive 	World-wide top market positions A leading position in additive formulations <small>Competition²: DOG, Lubrizol, Evonik</small>	Partly strong growth in specialty niches Benefits from global production set-up and strong regional marketing network	<ul style="list-style-type: none"> Providing technical services and additives for the rubber, polyurethane, plastics and lubricant oil industries; as well as colour pastes for the polyurethane industry
RUBBER CHEMICALS VULKAZIT® Accelerator 	A leading market position in a challenging market environment <small>Competition²: Flexsys, Chemtura</small>	International mobilization trends Ongoing market consolidation	<ul style="list-style-type: none"> A Full portfolio of rubber chemicals for the tyre and technical rubber industry including: Antioxidants, Accelerators and Specialties
ION EXCHANGE RESINS  Purification of drinking water 	Leading producer of technologically advanced monodisperse ion exchange resins <small>Competition²: DOW, Mitsubishi, Puro-lite</small>	Mega trend "clean water" ensures long-term growth for ION	<ul style="list-style-type: none"> Resins used for the processing of: <ul style="list-style-type: none"> Water Foodstuff Chemicals

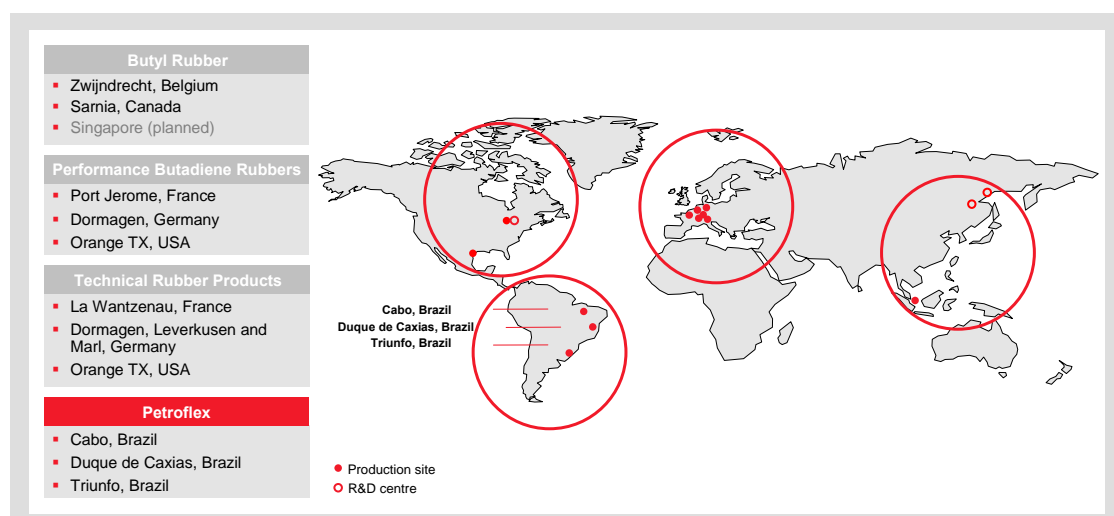
¹ Pre exceptionals ² Selected competitors

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Chart-No. 50

LANXESS

Serving global markets with world-wide rubber manufacturing network

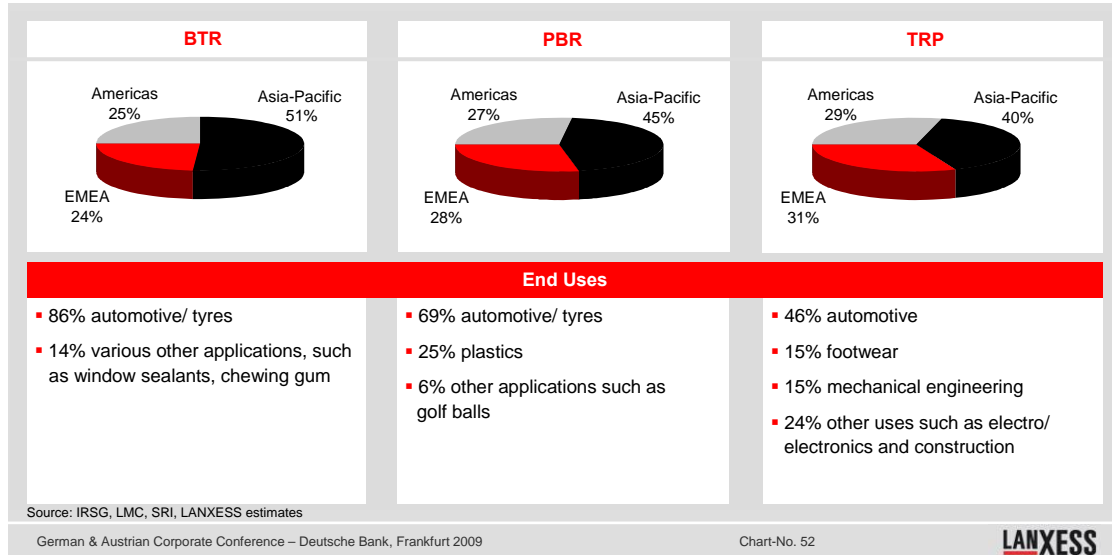


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Chart-No. 51

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Asian growth dynamics are a major driver for LANXESS Example: Asian rubber demand



Is LANXESS a swing producer?

Tyre manufacturers produce insufficient synthetic rubber for their captive use

Rubber producing capabilities of selected tyre manufacturers:

Importance in LANXESS portfolio		Michelin	Goodyear	Bridgestone	Continental	Pirelli	Hankook
major	BTR	none	none	none	none	none	none
major	PBR¹	little ²	none	capable	none	none	none
minor	S-SBR	capable	capable	capable	none	none	none
major	E-SBR	little	capable	capable	none	none	none
major	NBR	none	none	none	none	none	none

¹ Nd-PBR ² Know how present, licensing to others

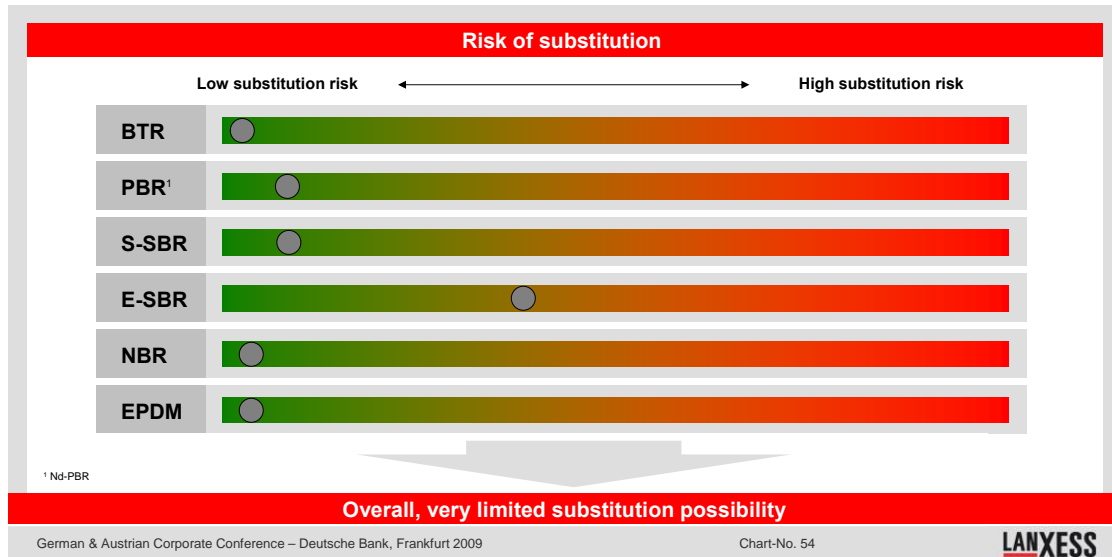
LANXESS is not a swing producer

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Chart-No. 53

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Does natural rubber cannibalize synthetic rubber?



Abbreviations

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

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LANXESS

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