



LANXESS – WestLB Deutschland Konferenz 2009

Improved demand and effective self-help measures

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Frankfurt, November 18, 2009

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Chart 2

LANXESS

Agenda

- Strategy Update
- Business and financial review Q3 2009
- Outlook/Guidance

Chart 3

LANXESS

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

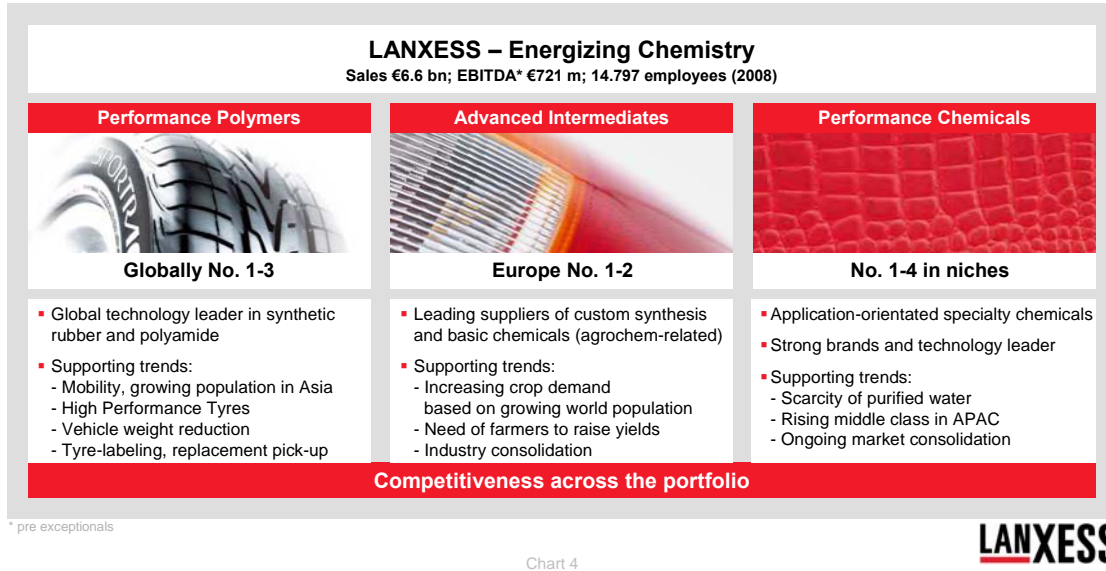


Chart 4

Consistent delivery as four-phase strategy is implemented

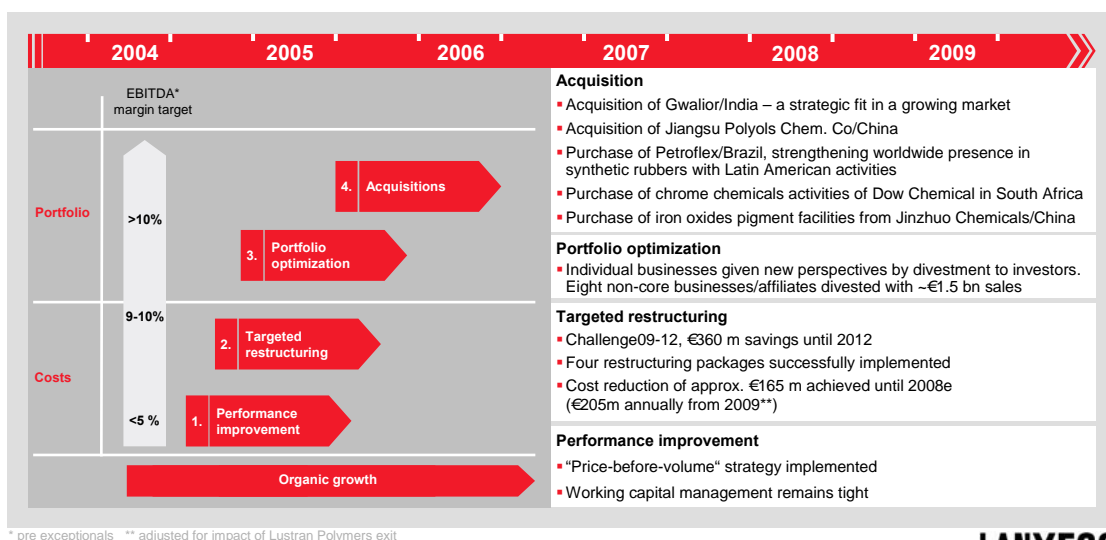


Chart 5

Portfolio management has continuously strengthened the company - €1.5 bn of sales divested

	Leadership Position	Cyclicality	Profitability Expectation	Business Driver
Fibers	Weak	High	Low	Market shifting to Asia
Paper	Moderate	Moderate	Medium	High industry consolidation
Textile Processing Chem.	Weak	Moderate	Medium	Market shifting to Asia
Lustran Polymers	Good	High	Low	Overcapacities, Commoditization
CISA	Good	Low	High	Upstream Integration
Petroflex	Good	Low	High	Global mobility trends
Jinzhuo Chemicals (IPG)	Good	Moderate	High	Expansion of Asian exposure
Gwalior Chemicals (BAC)	Good	Low	High	Strengthening global position
Jiangsu Polyols (BAC)	Good	Low	High	Expansion of Asian exposure

Chart 6

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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%

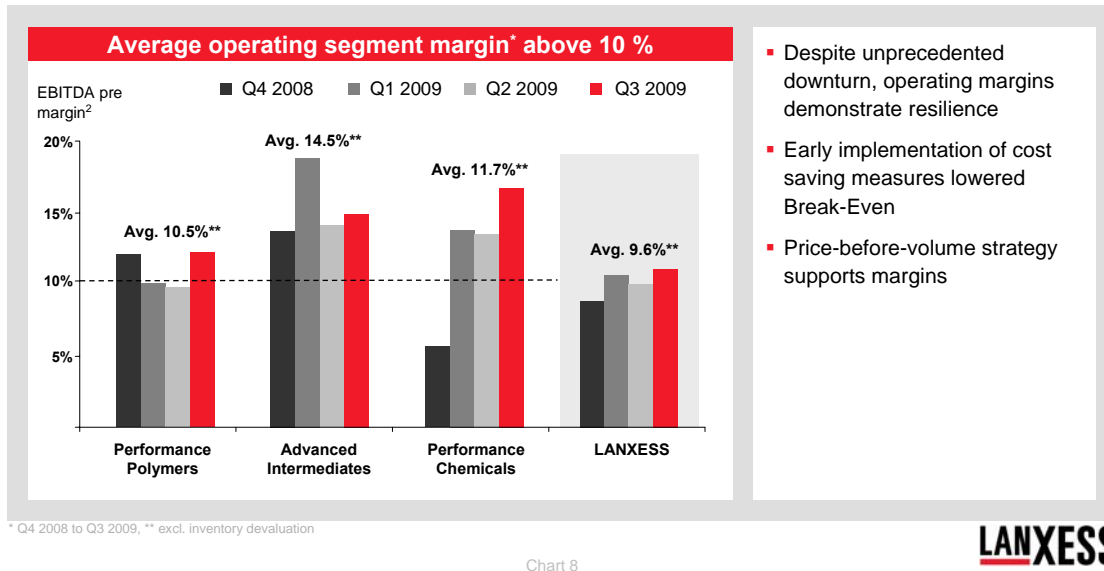
Financial metrics continuously improved

^{*} pre exceptionals ^{**} EPS pre exceptionals, based on actual tax rate

Chart 7

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Resilience shown in recession scenario



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Chart 9

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Q3 2009 financial overview: sequential earnings improvement

[€ m]	Q3 2008	Q2 2009	Q3 2009	yoy in %	
Sales	1,814	1,238	1,373	-24.3%	<ul style="list-style-type: none"> Sales increased 11% vs. Q2 driven by Asian momentum (China), but remain 24% below previous year EBITDA sequentially improved, flexible asset and cost management deliver margin around 2008 level
EBITDA pre except. margin	192 10.6%	112 9.0%	143 10.4%	-25.5%	
Net Income	56	17	23	-58.9%	
Capex*	69	57	52	-24.6%	<ul style="list-style-type: none"> Capex under strict control Net debt slightly up due to acquisitions Working capital stable
[€ m]	31.12.2008	30.06.2009	30.09.2009	% vs. FY	
Net Financial Debt	864	719	779	-9.8%	
Net Working Capital	1,289	1,109	1,134	-12.0%	
Employees	14,797	14,335	14,604	-1.3%	

Continuous tight management of businesses delivers improved metrics

* Net of projects financed by customers and finance lease

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Chart 10

Asian business substantially expanding in 2009

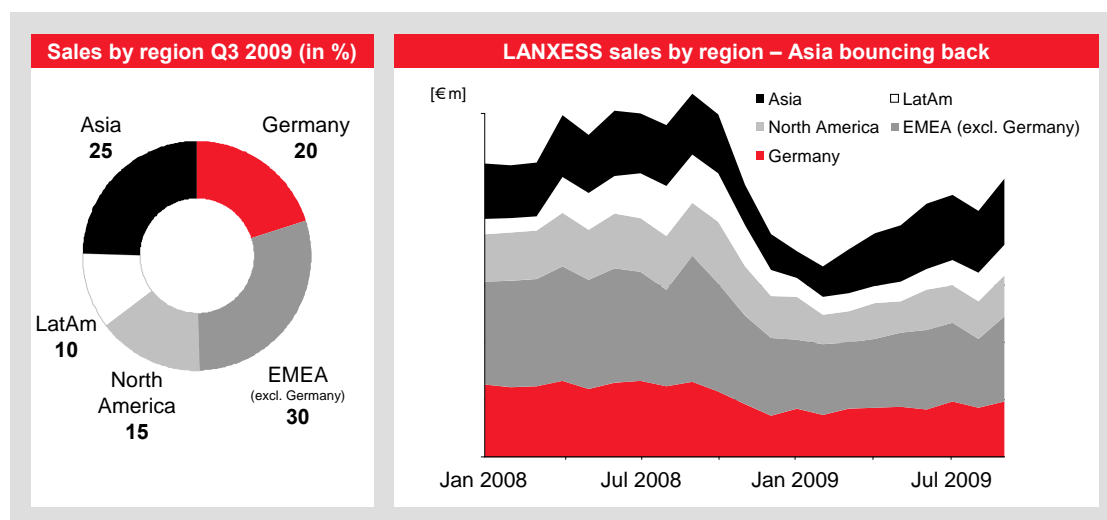


Chart 11

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Performance Polymers: volume and price increase in tandem highlights strength of businesses

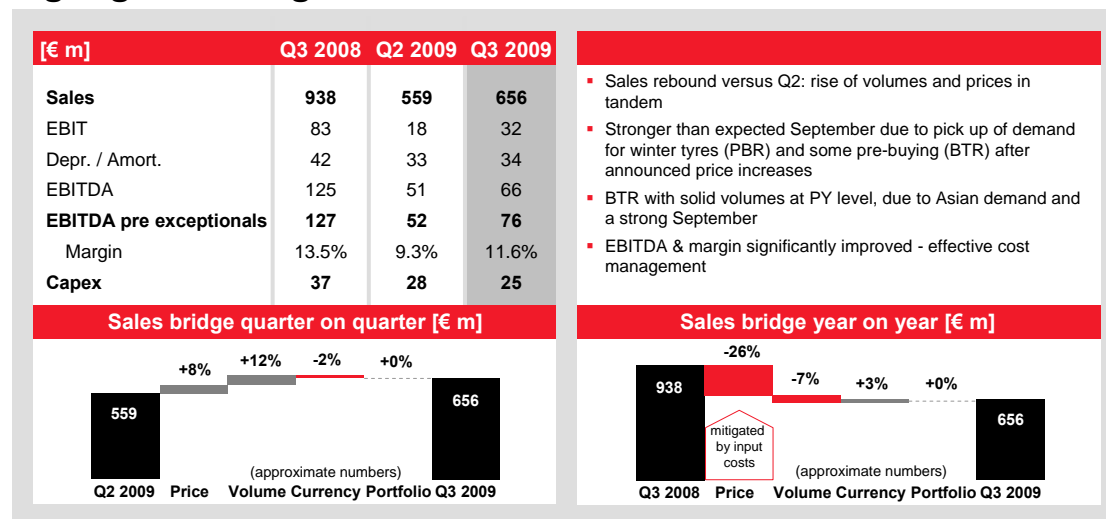
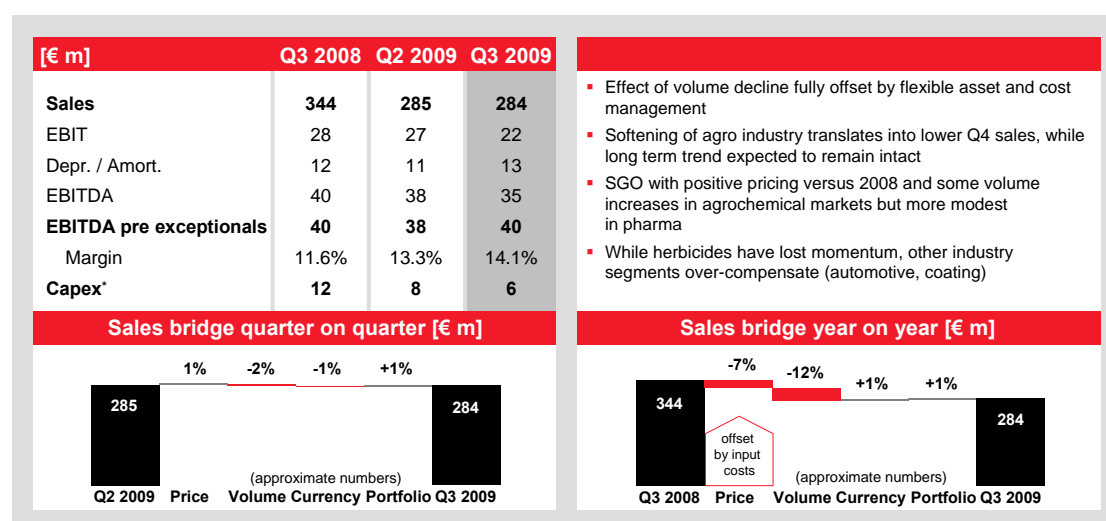


Chart 12

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Advanced Intermediates: stable performance



* Net of projects financed by customers

Chart 13

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Performance Chemicals: earnings above previous year

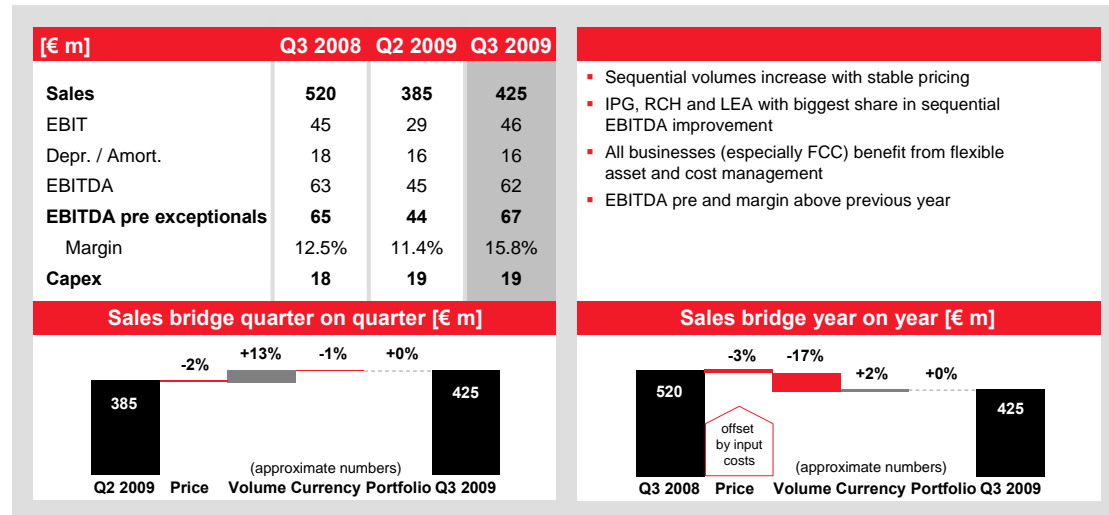
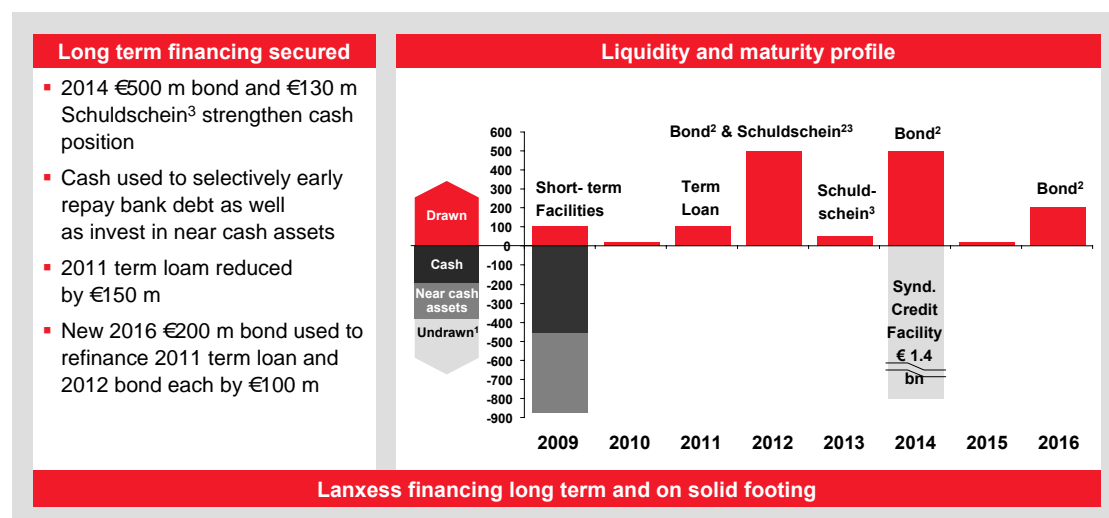


Chart 14

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New bond further improved maturity profile



1 Committed credit lines,
2 Major instrument
3 English: promissory note

Chart 15

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Agenda

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Chart 16

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Macro view: signs of economic improvement with risk of setbacks

View on LANXESS group level

- Global markets have stabilized, growth momentum mainly in Asia (especially China)
- Other regions are expected to continue slow recovery over a longer period of time
- Customers will manage inventories tightly in Q4
- Some pre-buying in Q3 potentially burdening Q4
- Seasonal earnings pattern affects Q4
- Flexible asset and cost management effective to mitigate lower utilization

Risk of setback remains



Chart 17

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FY guidance reflects better Q3 performance and LANXESS self-help measures

Guidance for FY 2009

Based on previously mentioned assumptions, LANXESS expects FY EBITDApre of €400 m - €420 m

Additional financial expectations for 2009

- Capex*: ~€300 m
- D&A: ~€270 – €280 m
- Tax rate: sustainable at ~25%
- Working Capital: moderate cash inflow for FY 2009
- Exceptionals: ~€40 m for FY 2009
- FX: FY avg. U.S. dollar at 1.35-1.40 USD / EUR
- Hedging: ~50% at 1.30-1.40 USD / EUR



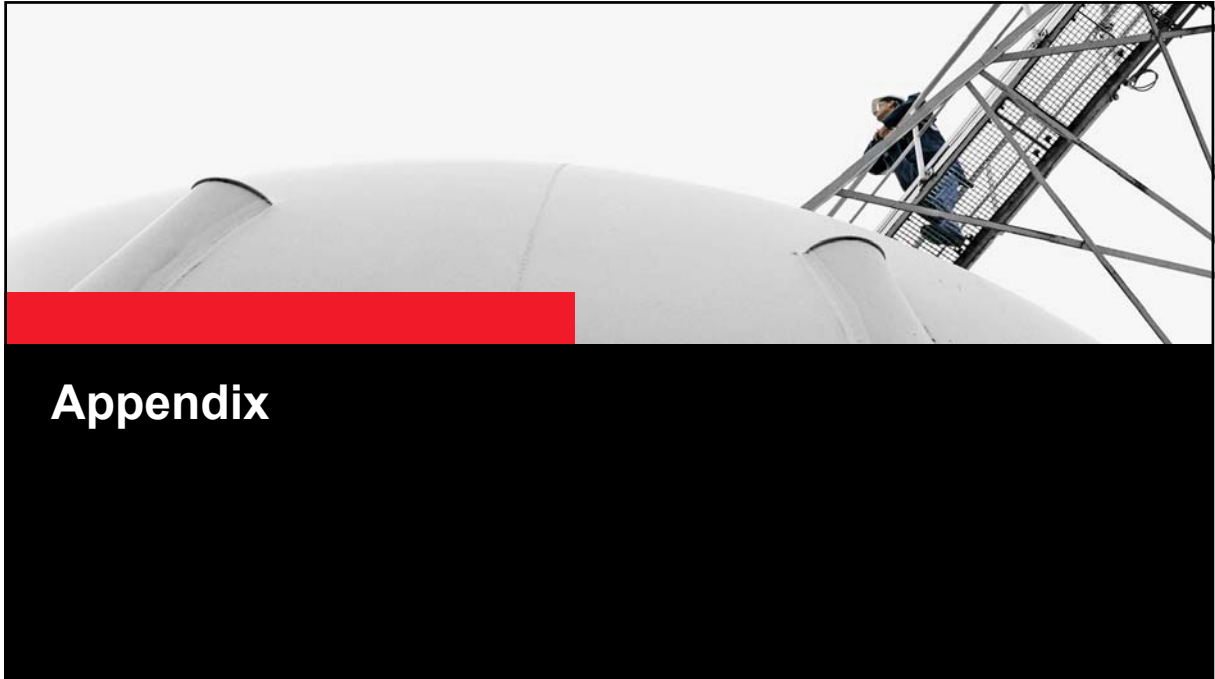
* Without projects financed by customers

Chart 18

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Energizing Chemistry



Appendix

Portfolio management allows for regrouping of LANXESS businesses along chemical segmentation



Chart 21

LANXESS has a broad customer portfolio with varying demand patterns

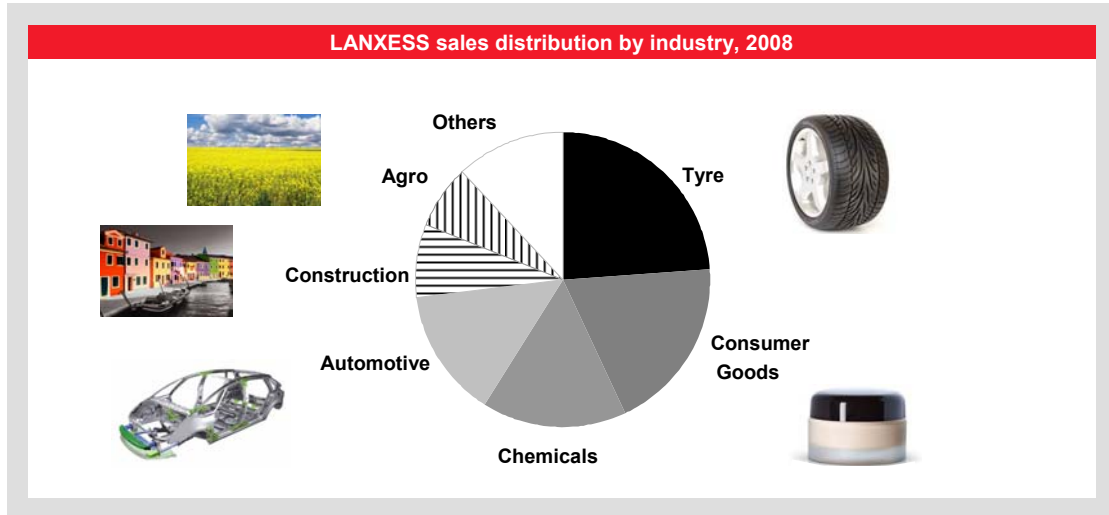


Chart 22

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Solid financing and good working capital management

[€ m]	Dec 31, 2008	Sep 30, 2009	Dec 31, 2008	Sep 30, 2009
Non-current Assets	2,169	2,357	Stockholders' Equity	1,339
Intangible assets	145	192	thereof minority interest	16
Property, plant & equipment	1,646	1,763	Non-current Liabilities	1,953
Equity investments	42	29	Pension & post empl. provis.	498
Other investments	2	1	Other provisions	261
Other financial assets	72	87	Other financial liabilities	986
Deferred taxes	154	164	Tax liabilities	91
Other non-current assets	108	121	Other liabilities	76
Current Assets	2,423	2,765	Deferred taxes	41
Inventories	1,048	819	Current Liabilities	1,300
Trade accounts receivable	725	750	Other provisions	395
Other financial assets	155	143	Other financial liabilities	168
Other current assets	246	180	Trade accounts payable	484
Near cash assets	0	417	Tax liabilities	12
Cash and cash equivalents	249	456	Other liabilities	241
Total Assets	4,592	5,122	Total Equity & Liabilities	4,592
				5,122

Cash position invested in highly rated and liquid money market funds

- Increase in pension provisions due to regionally lower discount rates
- Investment in INEOS ABS deconsolidated

Chart 23

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Price before volume intact – input cost pass-through with slight time lag

Q3 qoq sales variances	Price	Volume	Currency	Portf.	Total
Performance Polymers	8%	12%	-2%	0%	18%
Advanced Intermediates	1%	-2%	0%	1%	0%
Performance Chemicals	-2%	13%	-1%	0%	10%
LANXESS	4%	9%	-2%	0%	11%

Q3 yoy sales variances	Price	Volume	Currency	Portf.	Total
Performance Polymers	-26%	-7%	3%	0%	-30%
Advanced Intermediates	-7%	-12%	1%	1%	-17%
Performance Chemicals	-3%	-17%	2%	0%	-18%
LANXESS	-16%	-11%	3%	0%	-24%

- Sequentially, strong volume increase and good pricing momentum are only slightly mitigated by negative currency effects, year on year prices and volumes remain lower
- As raw material prices rise, pricing is adjusted upwards in Q3 vs. Q2 after raw material deflation in Q1
- Performance Polymers proves premium character of businesses: simultaneous improvement in prices and volumes

Chart 24

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Cost structure fully aligned to current demand level

[€ m]	Q3 2008	Q3 2009	yoy in %
Sales	1,814 (100%)	1,373 (100%)	-24%
Cost of sales	-1,409 (78%)	-1,050 (76%)	-25%
Selling	-180 (10%)	-135 (10%)	-25%
G&A	-69 (4%)	-57 (4%)	-17%
R&D	-25 (1%)	-26 (2%)	+4%
EBIT	108 (6%)	64 (5%)	-41%
Net Income	56 (3%)	23 (2%)	-59%
EPS	0.67 (0%)	0.28 (0%)	-58%
EBITDA	183 (10%)	130 (9%)	-29%
thereof exceptionals	-9 (0%)	-13 (1%)	+44%
EBITDA pre exceptionals	192 (11%)	143 (10%)	-26%

- Sales decline yoy on lower prices (-16%) due to easing input costs and volume impact (-11%), slightly offset by currency effects (+3%)
- Cost of sales, selling and G&A expenses clearly show effects of flexible asset and cost management with accelerated implementation of restructuring and Challenge programs
- Sequential EBITDA* improvement against typical seasonal pattern

Continued sequential improvement

2008 data adjusted for change in pension accounting
* Pre exceptionals

Chart 25

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9M 2009 financial overview: Successful through the economic downturn

[€ m]	9M 2008	9M 2009	yoy in %
Sales	5,114	3,665	-28.3%
EBITDA pre except. margin	635 12.4%	321 8.8%	-49.4%
Net Income	215	26	-87.9%
Capex*	169	161	-4.7%

[€ m]	31.12.2008	30.09.2009	yoy in %
Net Financial Debt	864	779	-9.8%
Net Working Capital	1,289	1,134	-12.0%
Employees	14,797	14,604	-1.3%

- Currency and portfolio effects mitigate negative impact from lower volumes and raw material driven selling price declines, leading to sales decrease of 28%
- Solid EBITDA and margin prove resilience of businesses and tight cost management
- Net income positive despite very low level of underlying demand
- Net debt still below level of FY 2008 despite acquisitions
- Incl. acquisitions, headcount reduced by ~200 versus FY 08

Financial metrics robust in recessionary environment

* Net of projects financed by customers and finance lease

Chart 26

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Cost base tightly managed

[€ m]	9M 2008	9M 2009	yoy in %
Sales	5,114	3,665	-28%
Cost of sales	-3,910	-2,884	-26%
SG&A	-704	-557	-21%
R&D	-75	-75	0%
Other op. income/expense	-56	-43	-23%
thereof exceptionals	+69	+24	-65%
EBIT	369	106	-71%
Net Income	215	26	-88%
EPS	2.58	0.31	-88%
EBITDA	572	300	-48%
thereof exceptionals	-63	-21	-67%
EBITDA pre exceptionals	635	321	-49%

- Positive currency (+3%) and portfolio (+1%) effects only mitigate severe decline in price (-10%) and volume (-22%)
- Costs of sales contain ~ €45 m inventory devaluation
- R&D kept at high PY level, deviations in other expense line items reflect cost saving efforts and lower business activity
- EBITDA lower than in 2008, but resilient in light of world-wide recession, inventory devaluation and destocking effects

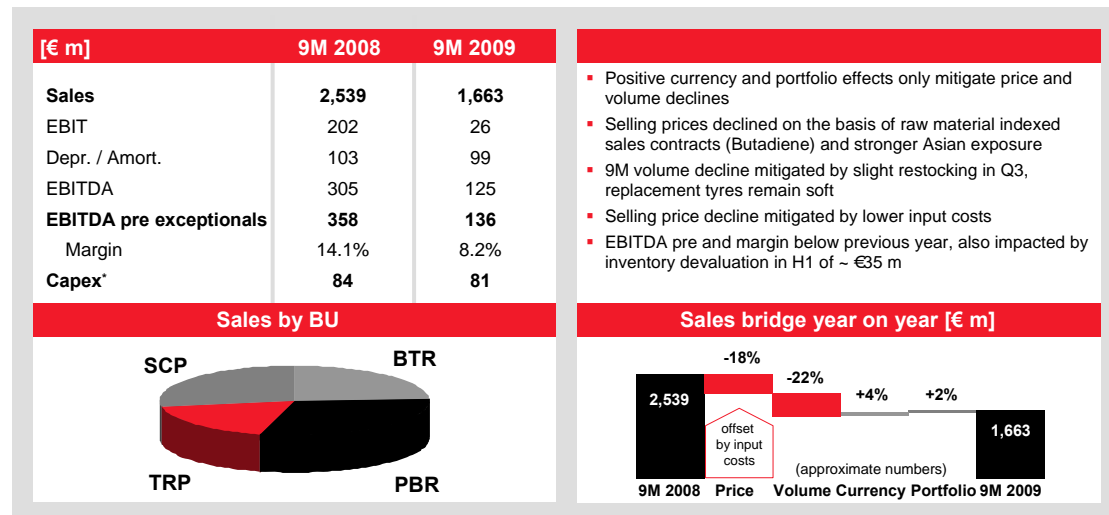
Resilient through the recession

2008 data adjusted for change in pension accounting

Chart 27

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Performance Polymers: year on year comparison starts to ease

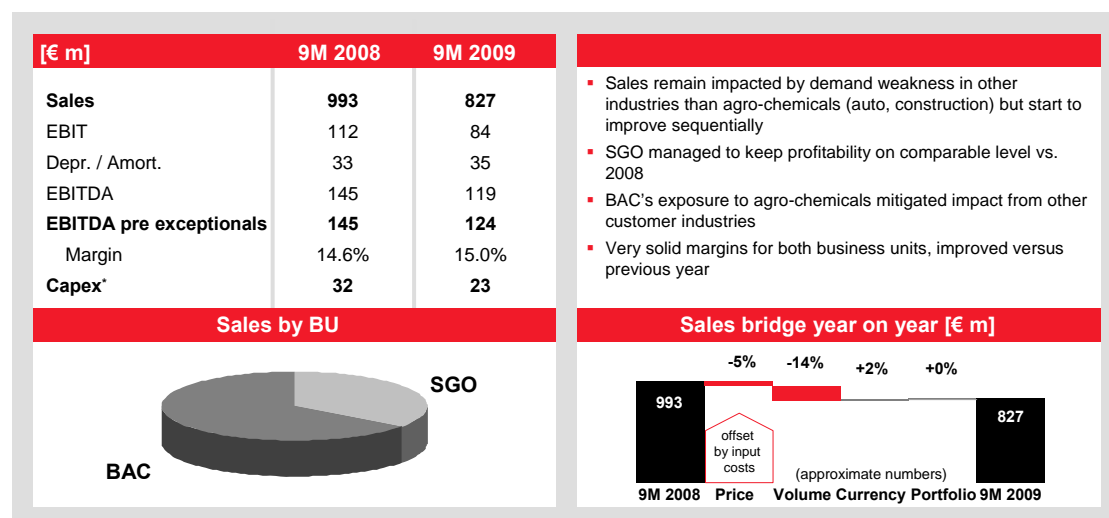


* Net of finance lease

Chart 28

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Advanced Intermediates: nine months of evidence of resilience under difficult economic circumstances



* Net of projects financed by customers

Chart 29

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Performance Chemicals: Diversified portfolio provides stability across the cycle

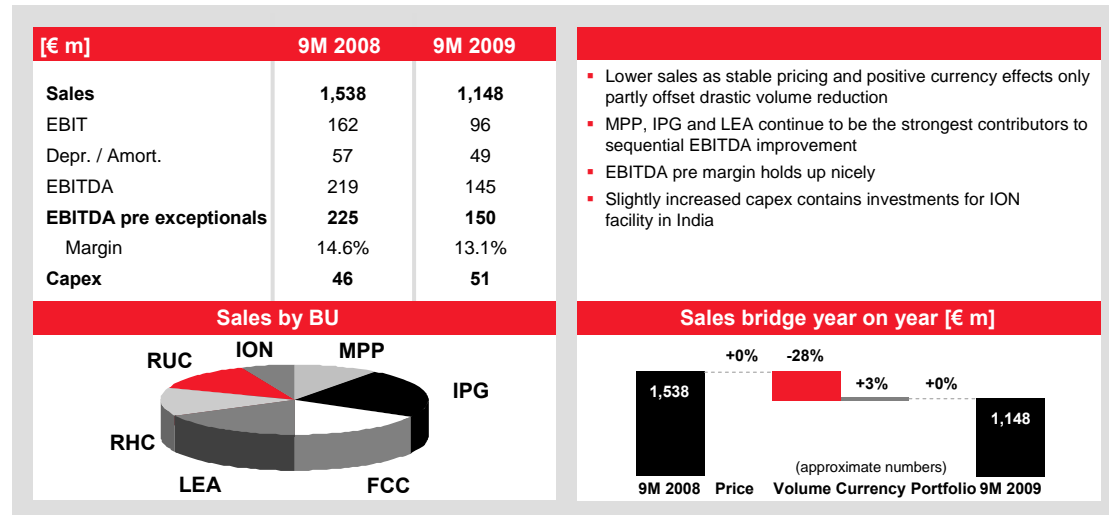


Chart 30

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Strong operating cash flow above 2008

[€ m]	9M 2008	9M 2009
Profit before Tax*	303	33
Depreciation & amortization	203	194
Gain from sale of assets	-13	-18
Result from equity investments*	-18	-12
Financial (gains) losses	56	49
Cash tax payments / refunds	-78	53
Changes in other assets and liabilities*	92	-54
Operating Cash Flow before changes in WC	545	245
Changes in Working Capital	-236	187
Operating Cash Flow	309	432
Investing Cash Flow	-345	-651
thereof Capex**	-169	-161
Financing Cash Flow	91	415

- Healthy cash inflow driven by working capital management
- Cash tax refunds due to collection of pre-paid taxes
- Other assets and liabilities reflect restructuring cash-out in 2009 (expenses in 2008) and higher payments for personnel commitments
- Investing cash flow 2009 incl. investment in near cash assets
- Financing cash flow 2009 reflects €500 m 2014 bond

Professional working capital management delivers strong operating cash flow

* 2008 restated, change in pension accounting

** 2008 restated, net of projects financed by customers and finance lease

Chart 31

LANXESS

Strong operating cash flow

[€ m]	Q3 2008	Q3 2009	
Profit before Tax	79	32	
Depreciation & amortization	75	66	
Gain from sale of assets	-1	0	
Result from equity investments	-3	-7	
Financial (gains) losses	8	22	
Cash tax payments / refunds	-32	7	
Changes in other assets and liabilities	115	45	
Operating Cash Flow before changes in WC	241	165	
Changes in Working Capital	-59	-12	
Operating Cash Flow	182	153	
Investing Cash Flow	-103	-629	
thereof Capex	-69	-52	
Financing Cash Flow	-18	-23	

- Operating cash flow only slightly below previous year despite lower profit before tax
- Changes in other assets and liabilities due to higher restructuring expenses in 2008
- Inflationary raw material prices lead to slight cash outflow from working capital
- Increase in financial losses due to financing of new bonds
- `09 investing cash flow contains investment in near cash assets

Cash flow tightly managed despite inflationary raw material pricing

Chart 32

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Exceptional items incurred in Q3 2008 and Q3 2009

[€ m]	Q3 2008		Q3 2009	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	5	3	10	0
Advanced Intermediates	0	0	5	0
Performance Chemicals	2	0	5	0
Reconciliation	5	0	-7	0
Total	12	3	13	0

Chart 33

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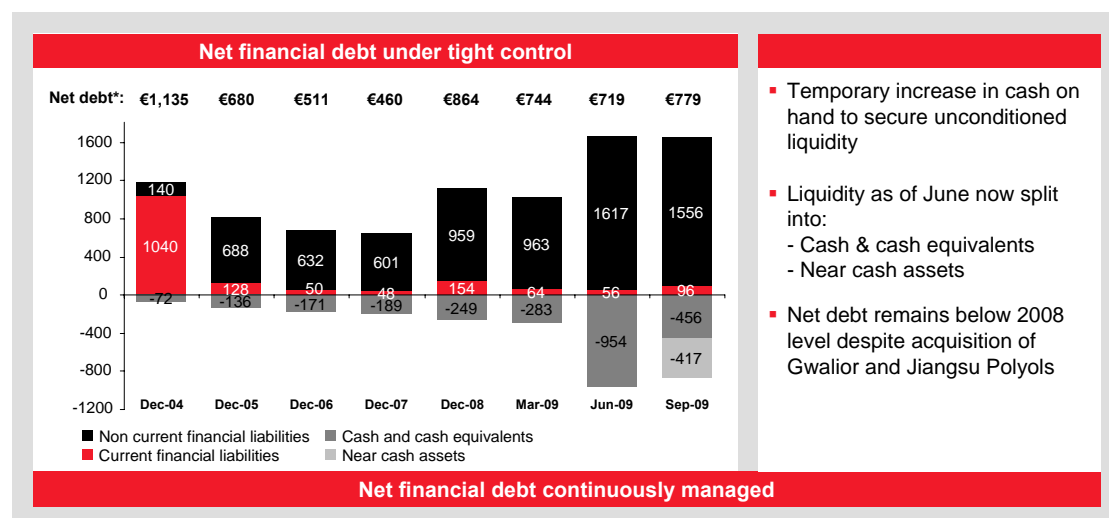
Exceptional items incurred in 9M 2008 and 9M 2009

[€ m]	9M 2008		9M 2009	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	59	6	11	0
Advanced Intermediates	0	0	5	0
Performance Chemicals	7	1	5	0
Reconciliation	3	-1	3	3
Total	69	6	24	3

Chart 34

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Net financial debt increased due to financing of acquisitions



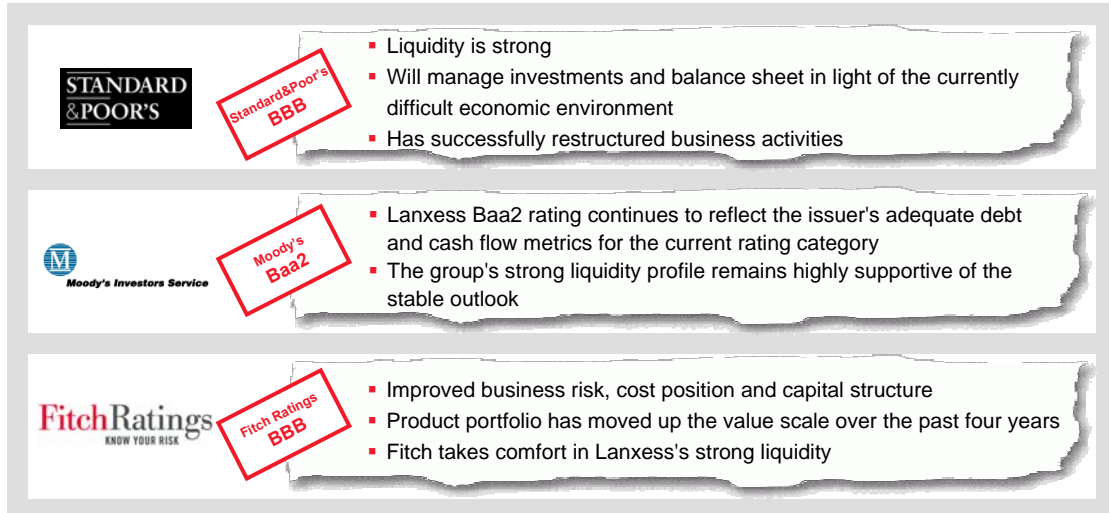
* Adjusted for liabilities for accrued interest and specific exchange hedging of financial liabilities; in Sep-2009, non current financial liabilities adjusted by €11 m and current financial liabilities adjusted by €32 m

Chart 35

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- Temporary increase in cash on hand to secure unconditioned liquidity
- Liquidity as of June now split into:
 - Cash & cash equivalents
 - Near cash assets
- Net debt remains below 2008 level despite acquisition of Gwalior and Jiangu Polyols

Rating-agencies confirm LANXESS' achievements

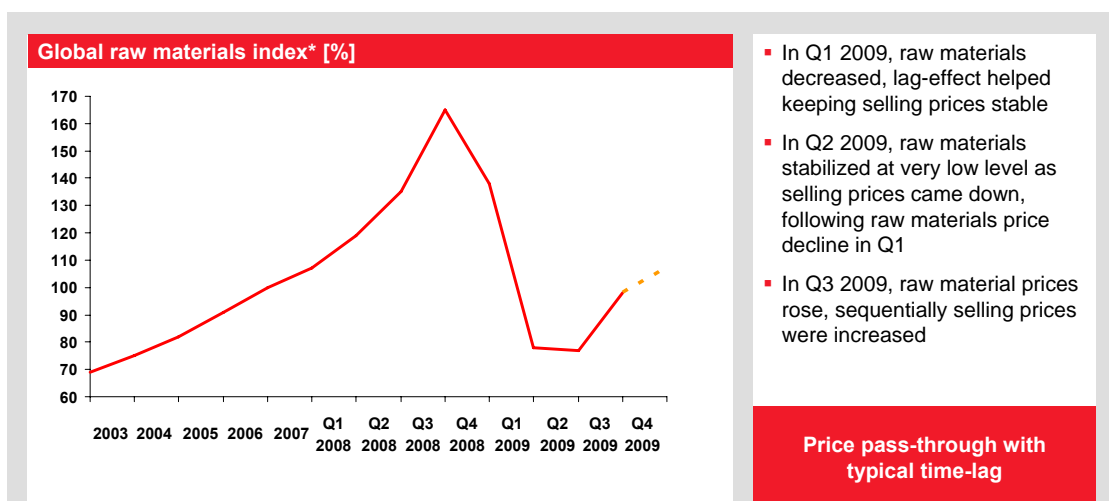


Source: Rating-Agencies

Chart 36

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Raw materials are expected to rise again as of Q3



* Source: LANXESS, average 2006 = 100%

Chart 37

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LANXESS amplifies and broadens its product portfolio: Acquisition of Gwalior Chemicals in India

Gwalior Chemical Industries Ltd.

- Stock-listed basic and specialty chemicals company; founded in 1978
- Permanent employees: approx. 400
- Gwalior Chemical Industries produces building blocks for the agro- and pharma industry, esp.
 - Sulphur Chlorides and
 - Benzyl products
- Integration into LANXESS India Private Ltd.



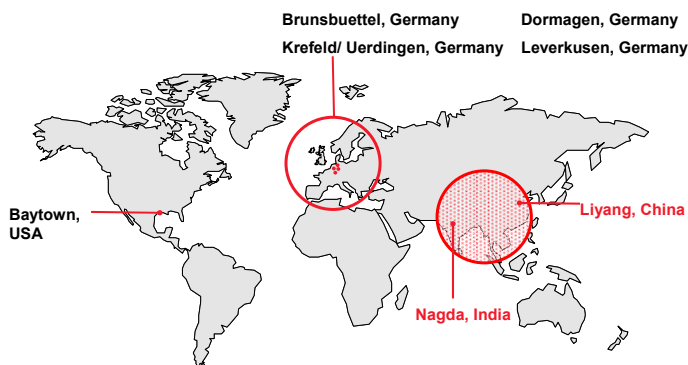
Product	Gwalior	LANXESS	Category
Thionyl Chloride	█	█	Sulphur Chlorides
Sulphuryl Chloride	█	█	
Sulphur dichloride	█	█	Benzyl Products
Benzyl alcohol	█	█	
Benzyl chloride	█	█	
Benzaldehyde	█	█	
Benzyl acetate	█	█	
Benzyl benzoate	█	█	Others
Cinnamic aldehyde	█	█	
...	█	█	
...	█	█	
...	█	█	
...	█	█	

Strengthening and complementing the product and customer portfolio for BU BAC



Chart 38

In addition BU BAC strengthens LANXESS position in China via another selective acquisition



Jiangsu Polyols Chem. Co

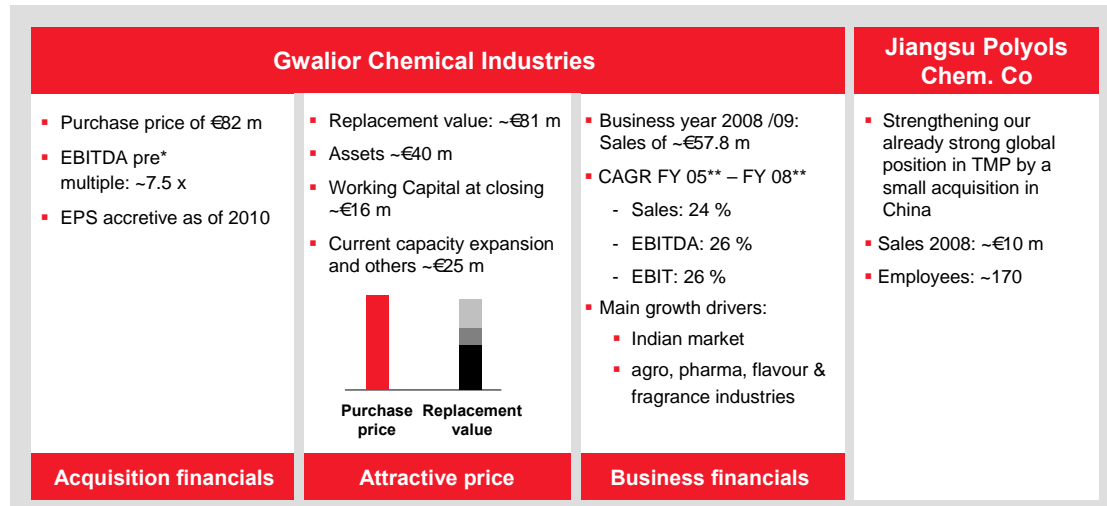
- Acquisition of production assets in the polyols business (TMP*)
- Young company, founded in 2006
- Products mainly for lubricants, paints and coatings

* Trimethylolpropane



Chart 39

Attractive financial terms for acquisition of Gwalior

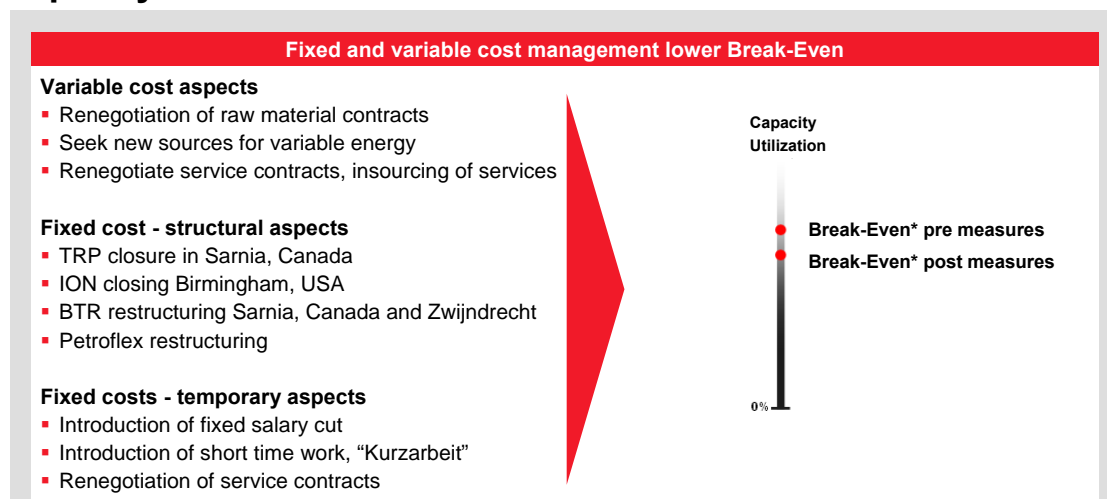


* based on EBITDA pre estimates FY 09 ** Accounting period ends March 31st, e.g. financial year 2008 ends March 31st, 2008

Chart 40

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



* Break-Even of EBITDA pre = 0

Chart 41

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Challenge09: specific measures in response to the crisis

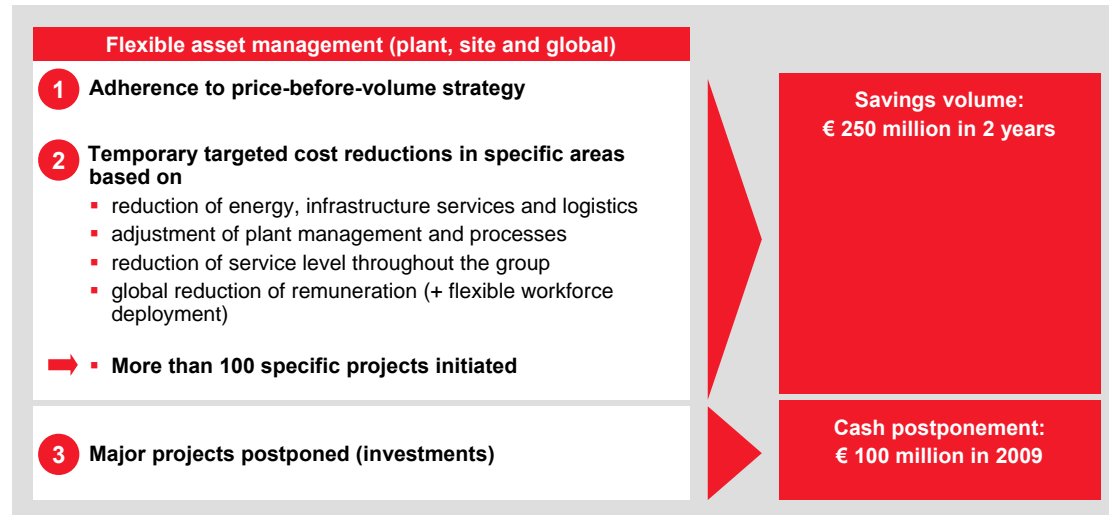


Chart 42

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Challenge09: substantial savings effective already 2009

[€ m]	2008	2009	2010	Σ 2009/10
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				

Break down of cost savings 2009

- Reduction of remuneration ~€65 m
- Reduction of G&A costs ~€20 m
- Additional projects ~€45 m
 - Restructuring BUs BTR, TRP
 - Realignment of BU FCC
 - Streamlining of Petroflex
 - Consolidation of U.S. and Canadian admin organizations

* Restructuring/M&A

Chart 43

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Serving global markets with world-wide rubber manufacturing network

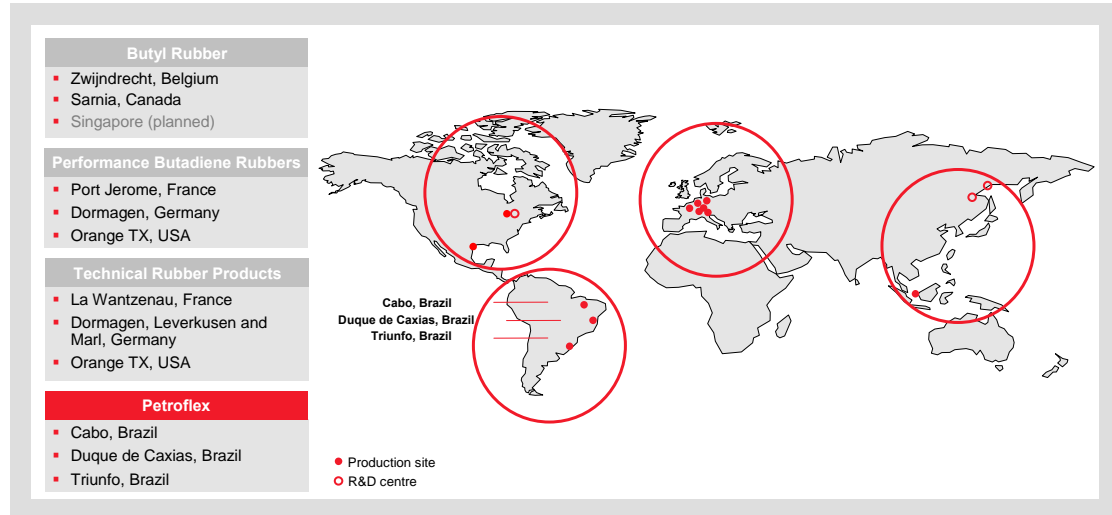


Chart 44

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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	PBR ¹	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

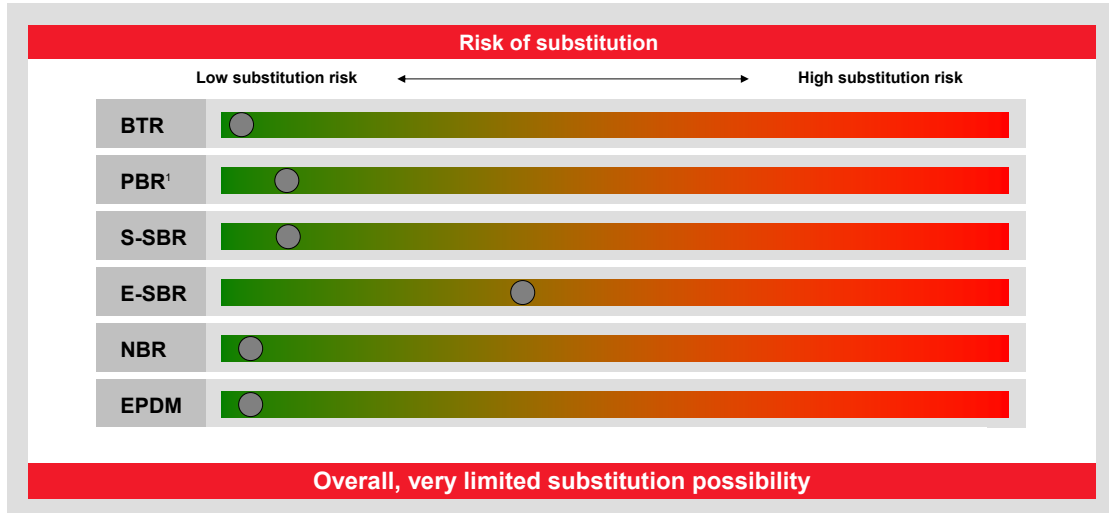
LANXESS is not a swing producer

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

Chart 45

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Does natural rubber cannibalize synthetic rubber?



¹ Nd-PBR

Chart 46

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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 47

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