



LANXESS – FY 2009 Roadshow

Well positioned for the future

Matthias Zachert, CFO

March, 2010

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Chart 2

LANXESS

Agenda

- Strategy review and overview FY 2009
- Growth trends and LANXESS initiatives
 - Mobility and labeling
 - Water
- Business and financial review FY 2009
- Outlook

Chart 3

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LANXESS benefits from strong position in growth markets

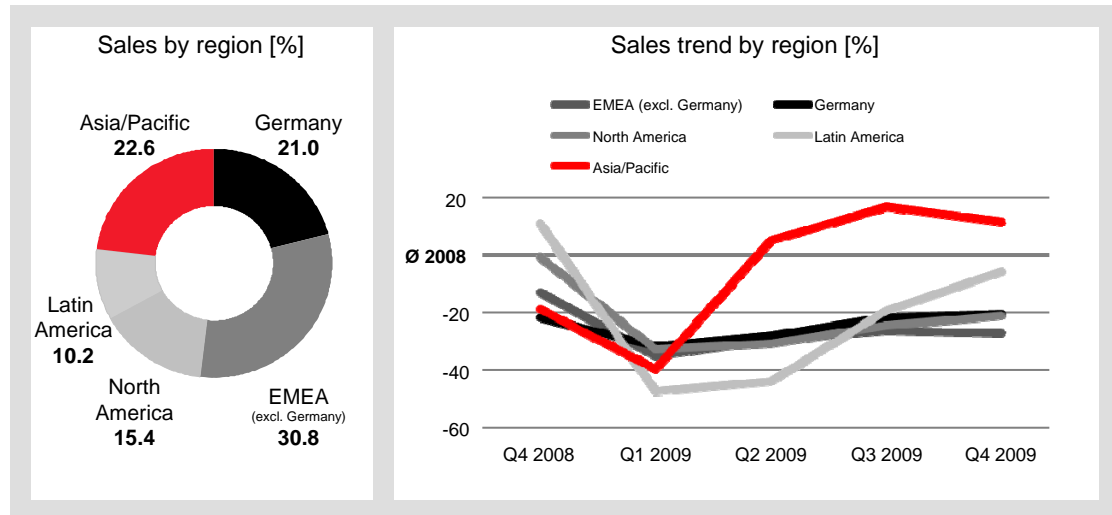
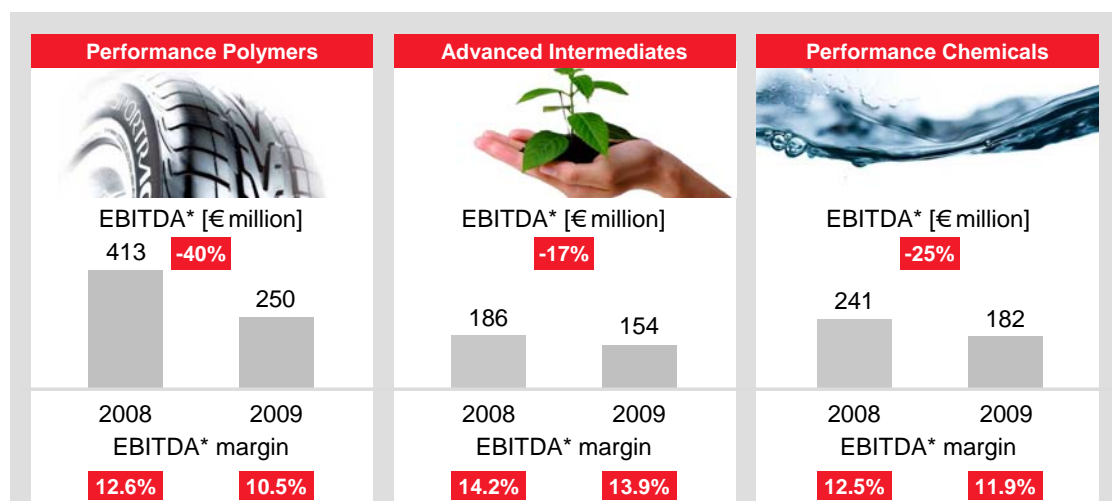


Chart 4

LANXESS

Solid results in a very difficult year

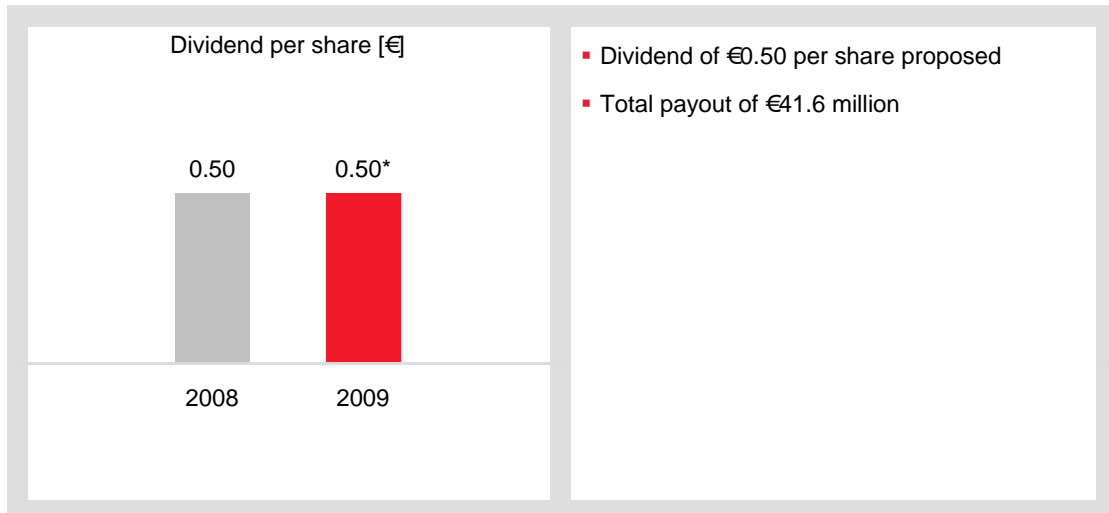


* pre exceptionals

Chart 5

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Successful crisis management allows unchanged dividend



* proposal to the Annual Stockholders' Meeting

Chart 6

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LANXESS – Stabilizing factors effective in the crisis




Chart 7

LANXESS

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 8

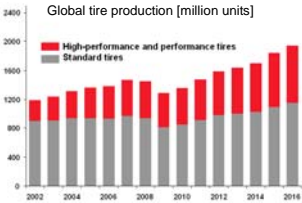
LANXESS

LANXESS benefiting from global megatrends

Mobility

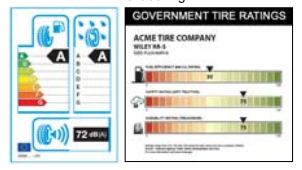
Water


Urbanization



Global tire production [million units]

Tire labelling*

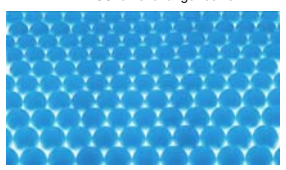






Millennium goal of the UN for 2015:
Halve the proportion of the population without sustainable access to safe drinking water and basic sanitation

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 9

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Chart 10

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Mobility trend remains intact - global vehicle park continues to grow

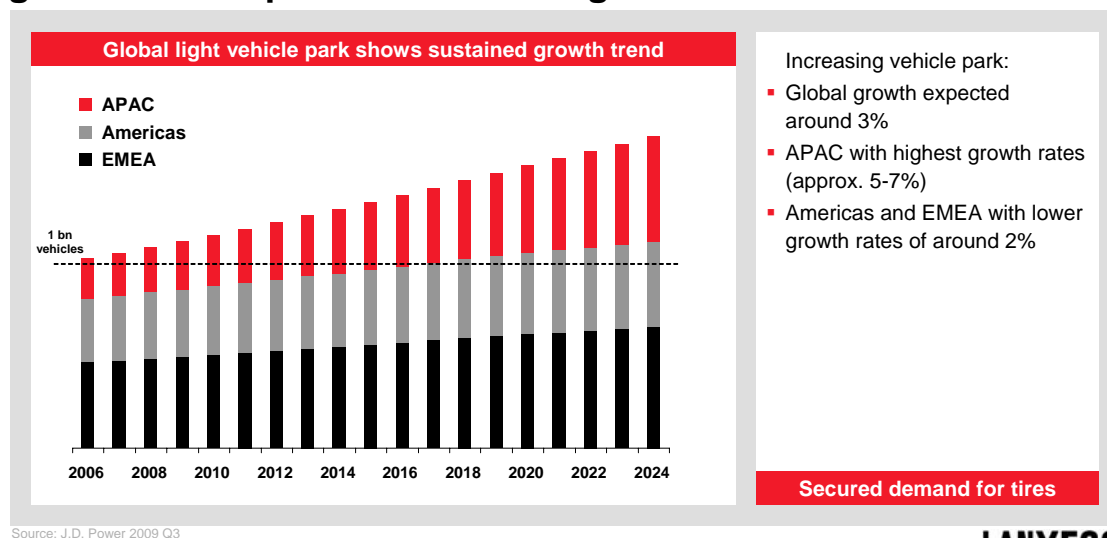
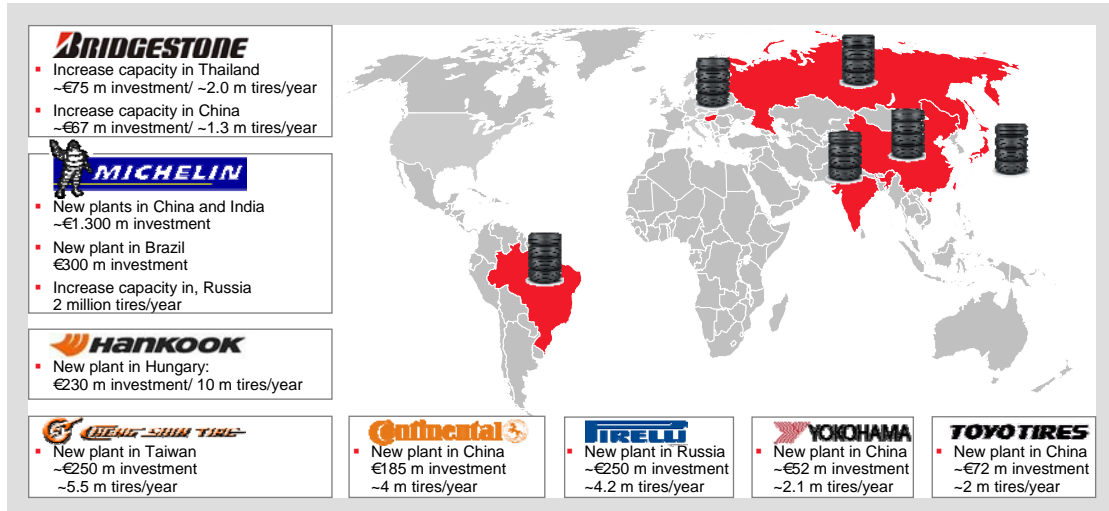


Chart 11

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Planned capacity expansions of selected tire producers-companies focus on BRIC markets

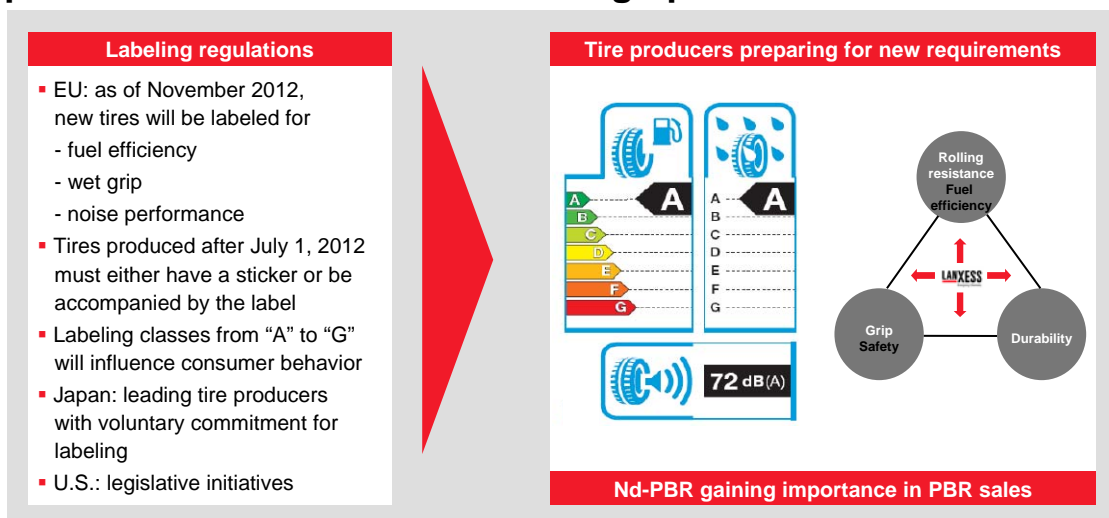


Source: Companies website, licensing to others

Chart 12

LANXESS

New EU tire legislation will increase transparency of tire performance and thus reinforce high performance tire trend



Source: Press release European Parliament

Chart 13

LANXESS

Strengthening our global butyl rubber business with a world scale production facility in Singapore

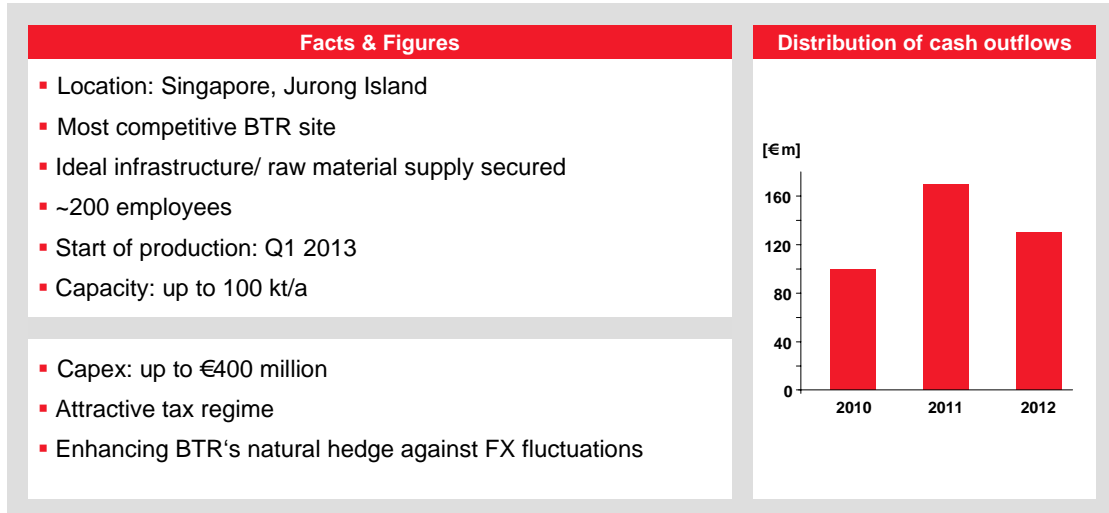
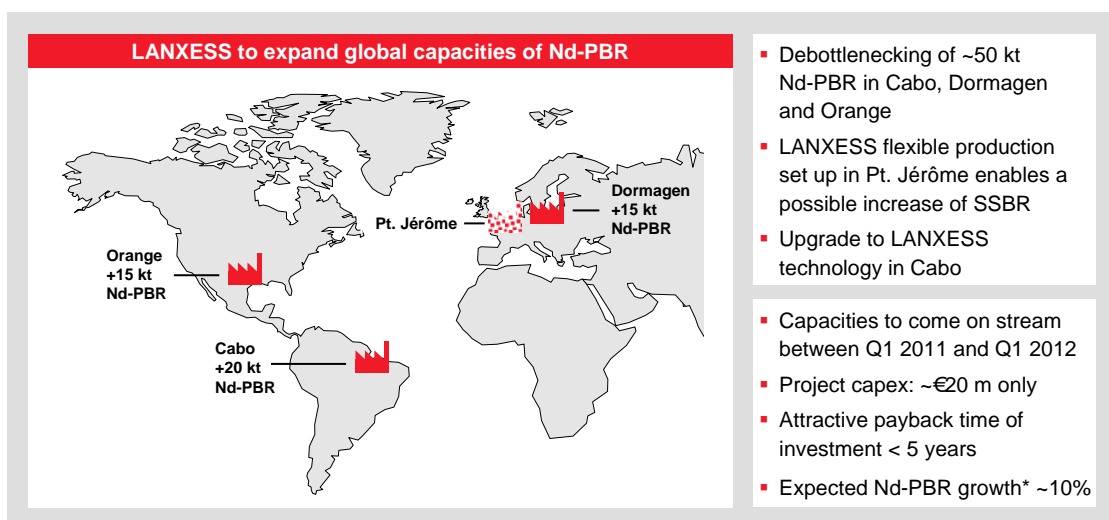


Chart 14

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Optimization of PBR's world production network



* global annual growth

Chart 15

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Investing in mega trend “clean water” ensures long-term growth for ION

Growing demand trend for clean water	
<ul style="list-style-type: none">Population growth in AsiaIncreasing urbanizationRising energy consumption	 <p>Purification of available water is mandatory to satisfy future demand</p>
New plant in Germany	New plant in India
<ul style="list-style-type: none">€30 m investment in new ION facility in BitterfeldPioneering of new membrane filtration technologyCreation of 200 jobsFirst products to be launched in course of 2011	<ul style="list-style-type: none">€30 m investment in new ION plant in JaghadiaConstruction well on schedule, completion in 2010250 workers employed by LANXESS on siteMost modern plant of its kind in Asia



Strong commitment to strategic water treatment business

Chart 16

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Chart 17

LANXESS

Solid performance in a tough year

[€ m]	FY 2008	FY 2009	yoy in %
Sales	6,576	5,057	-23.1%
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%
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 18

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- 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
- Positive net income despite crisis and exceptionals (€55 m)
- Successful operational management of working capital reduced net debt

“Price before volume” strategy intact

FY yoy sales variances	Price	Volume	Currency	Portf.	Total
Performance Polymers	-20%	-11%	2%	2%	-27%
Advanced Intermediates	-6%	-12%	1%	1%	-16%
Performance Chemicals	-1%	-21%	1%	0%	-21%
LANXESS	-11%	-15%	2%	1%	-23%

FY yoy EBITDA bridge [€ m]					
FY 2008	Volume	Price	Input Costs	Challenge09-12 Others	FY 2009
722					465

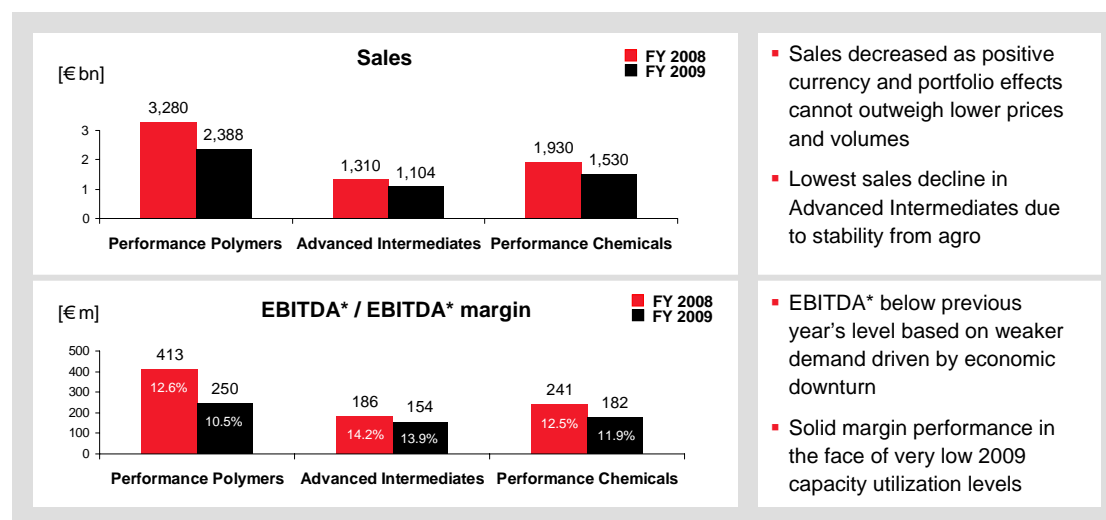
- Sales decline of 23% caused by global economic recession
- Supportive currency and portfolio effects only mitigate drastic price and volume decline

- “Price before volume” strategy intact as lower input costs offset price decline
- “Challenge programs” help substantially mitigate negative volume effect

Chart 19

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FY 2009 – LANXESS weathered the downturn



* pre exceptionals

Chart 20

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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%
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%
EBIT	-46 (3%)	43 (3%)	n/a
Net Income	-32 (2%)	14 (1%)	n/a
EPS	-0.38	0.17	n/a
EBITDA	30 (2%)	122 (9%)	n/a
thereof exceptionals	-57 (4%)	-22 (2%)	-61%
EBITDA pre exceptionals	87 (6%)	144 (10%)	+66%

- Sales decline as positive volume (+13%) and portfolio effects (+1%) are offset by negative currency development (-3%) and raw material driven price decline (-16%)
- Operational cost items clearly adjusted to lower capacity utilization
- Positive net income achieved
- On the basis of lower sales, EBITDA* improves vs. 2008 due to Challenge programs and flexible asset management

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

2008 data adjusted for change in pension accounting
* pre exceptionals

Chart 21

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Performance Polymers: sequential EBITDA improvement with solid margin

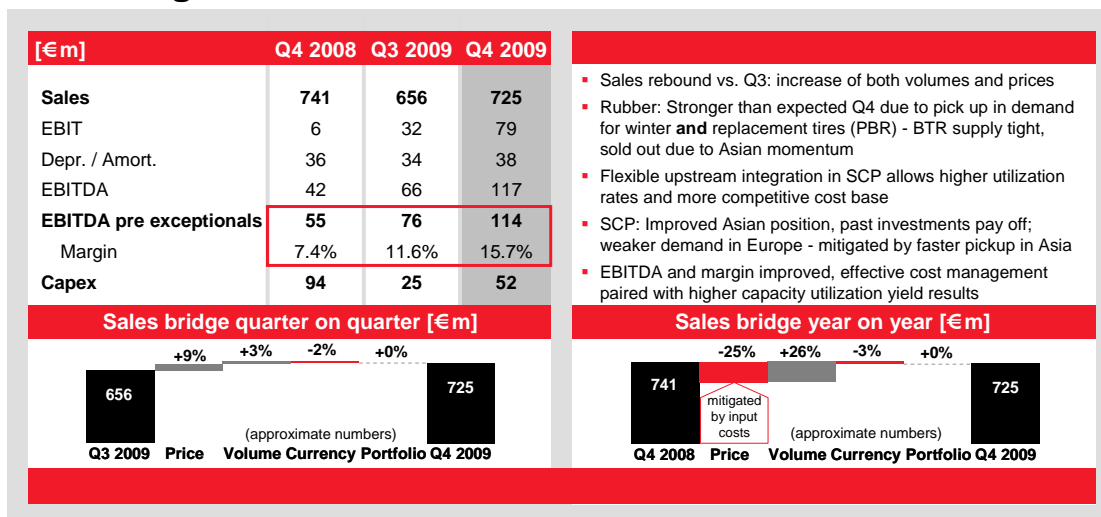
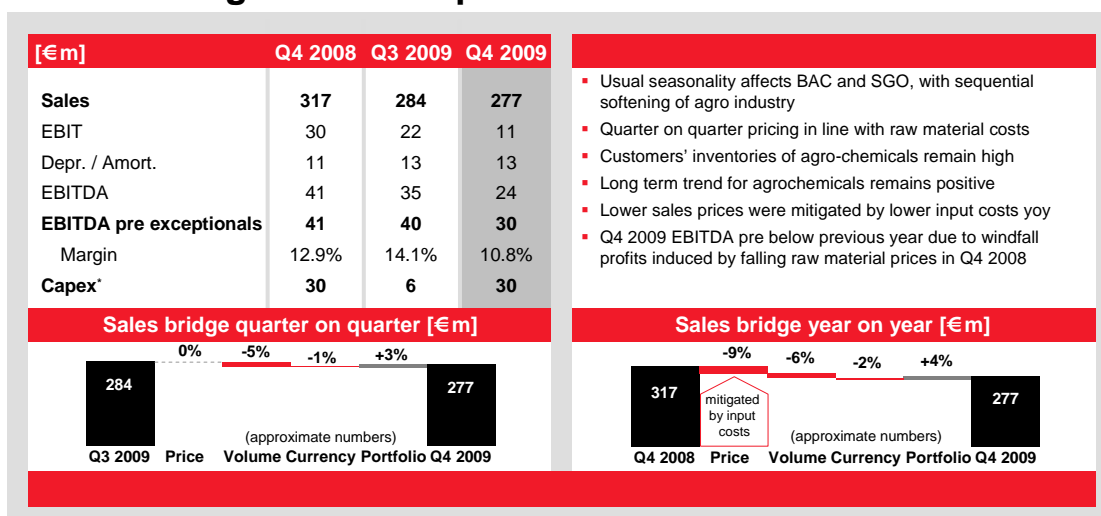


Chart 22

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



* net of projects financed by customers

Chart 23

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Performance Chemicals: earnings doubled

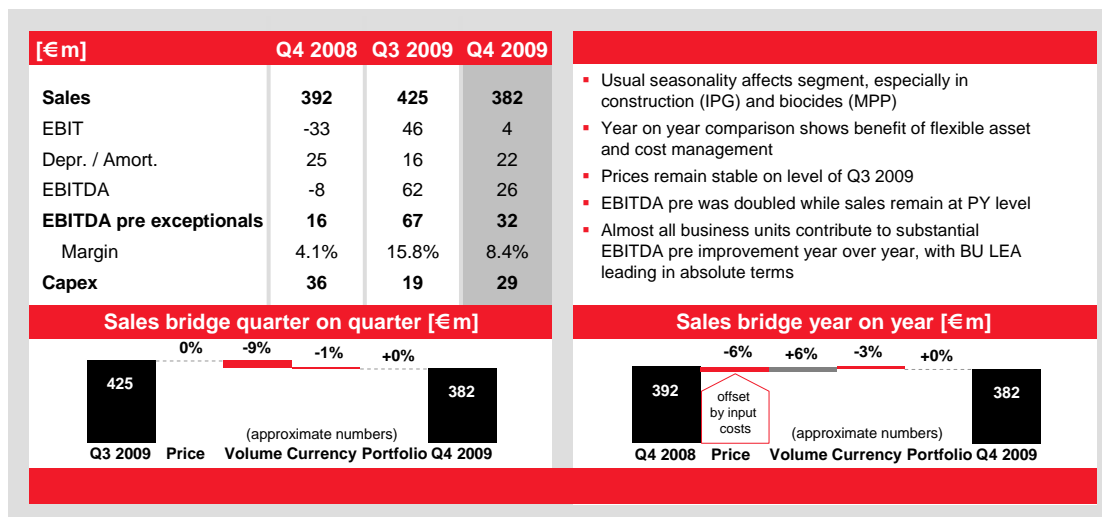


Chart 24

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Despite crisis - strong balance sheet maintained

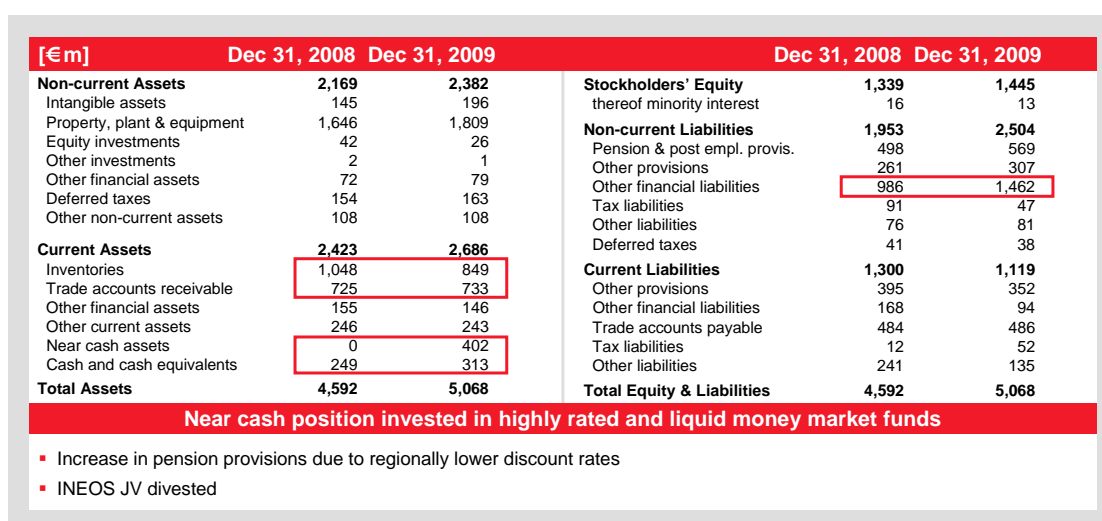


Chart 25

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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 26

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Chart 27

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Business outlook with confidence



Chart 28

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LANXESS is well prepared and confident for 2010



Chart 29

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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

Chart 32

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

LANXESS – Energizing Chemistry		
Performance Polymers	Advanced Intermediates	Performance Chemicals
		
Globally No. 1-3	Europe No. 1-2	No. 1-4 in niches
<ul style="list-style-type: none"> ▪ Global technology leader in synthetic rubber and polyamide ▪ Supporting trends: <ul style="list-style-type: none"> - Mobility, growing population in Asia - High Performance Tires - Vehicle weight reduction - Tire-labeling, replacement pick-up 	<ul style="list-style-type: none"> ▪ Leading suppliers of custom synthesis and basic chemicals (agrochem-related) ▪ Supporting trends: <ul style="list-style-type: none"> - Increasing crop demand based on growing world population - Need of farmers to raise yields - Industry consolidation 	<ul style="list-style-type: none"> ▪ Application-orientated specialty chemicals ▪ Strong brands and technology leader ▪ Supporting trends: <ul style="list-style-type: none"> - Scarcity of purified water - Rising middle class in APAC - Ongoing market consolidation
Competitiveness across the portfolio		

* pre exceptionals

Chart 33

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Portfolio management allows for regrouping of LANXESS businesses along chemical segmentation

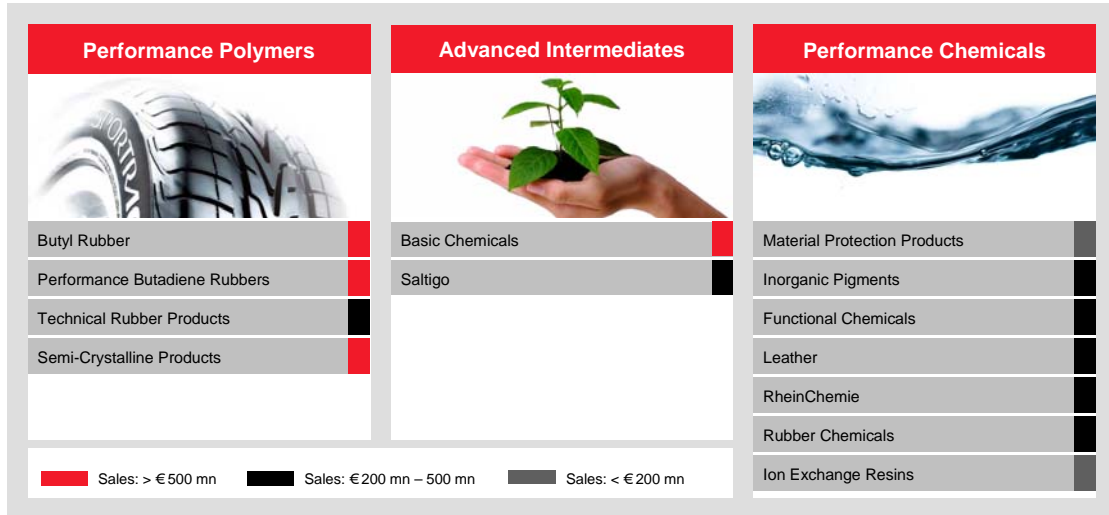
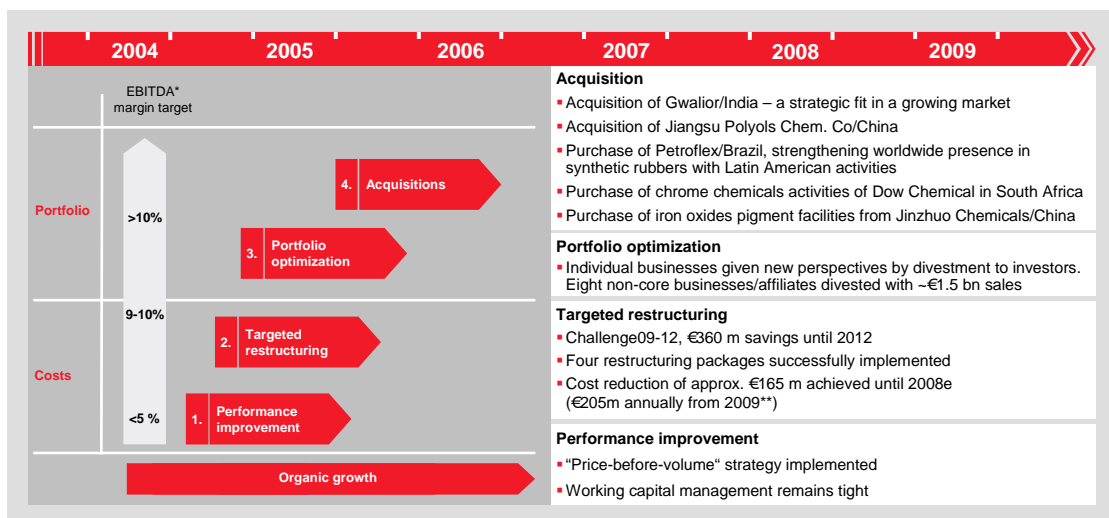


Chart 34

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Consistent delivery as four-phase strategy is implemented



* pre exceptional ** adjusted for impact of Lustran Polymers exit

Chart 35

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Excluding acquisitions, headcount reduced by ~1000 employees versus FY 2008

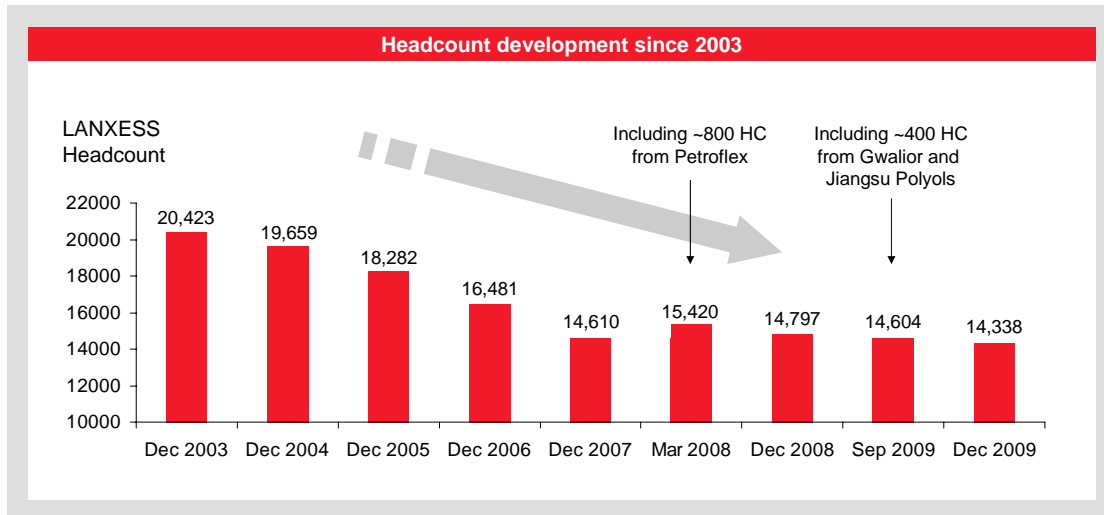


Chart 36

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

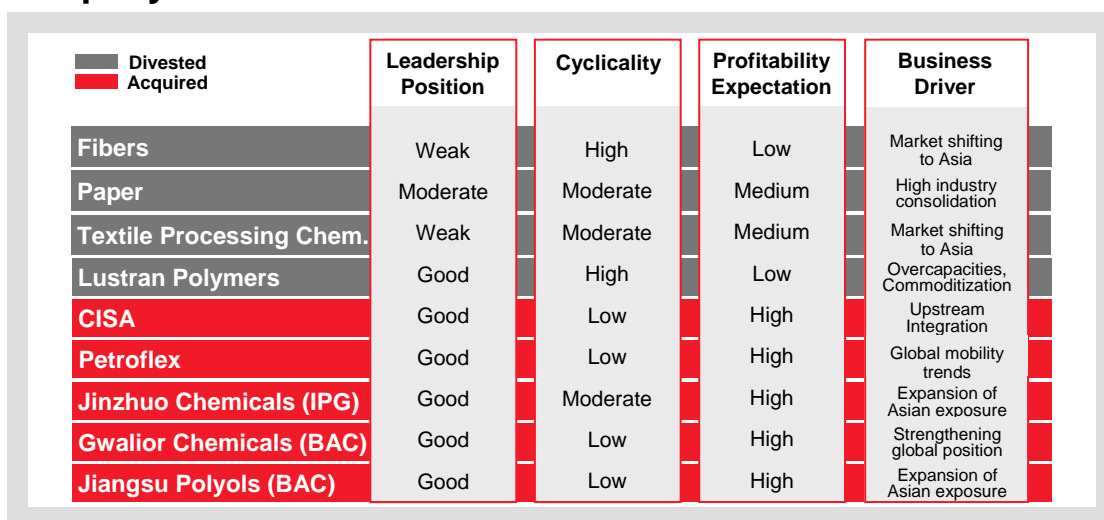


Chart 37

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LANXESS – Improvement trend of financials, based on strategy implementation

In €m	2003	2004	2005	2006	2007	2008	2009
EBITDA*	311	447	581	675	719	722	465
Net financial debt	1,29	1,135	680	511	460	864	794
Net fin. debt / EBITDA*	4.2x	2.5x	1.2x	0.8x	0.6x	1.2x	1.7x
Gearing	128%	101%	54%	36%	30%	65%	55%
Underlying EPS**	-2.2	0.65	1.19	2.69	3.36	3.44	1.31

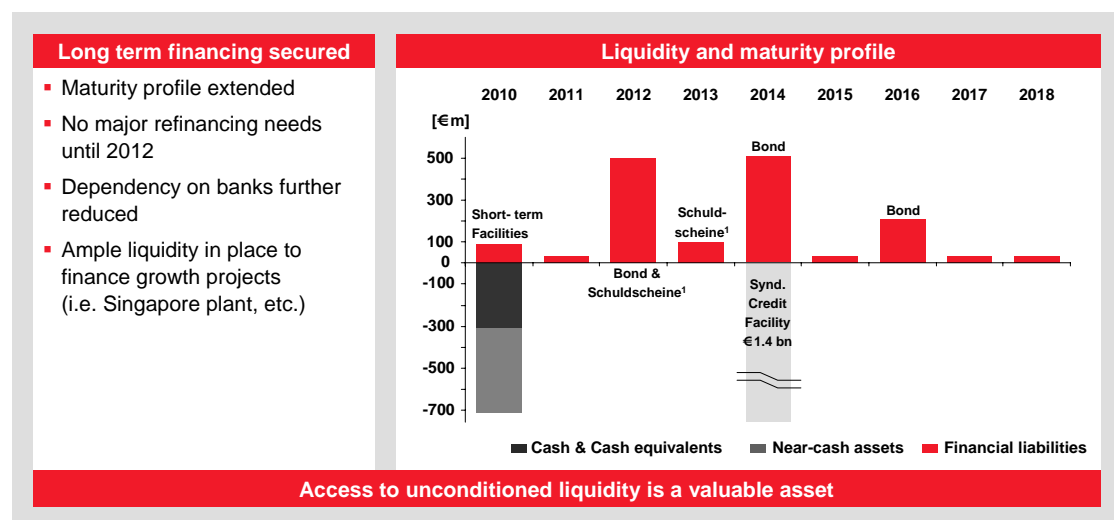
Ready for the recovery

* pre exceptionals ** EPS pre exceptionals, based on actual taxrate
2008 data adjusted for change in pension accounting

Chart 38

LANXESS

No major refinancing needs until 2012



¹ English: promissory notes

Chart 39

LANXESS

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

Q4 qoq sales variances	Price	Volume	Currency	Portf.	Total
Performance Polymers	9%	3%	-1%	0%	11%
Advanced Intermediates	0%	-5%	-1%	3%	-3%
Performance Chemicals	0%	-9%	-1%	0%	-10%
LANXESS	4%	-3%	-1%	1%	1%

Q4 yoy sales variances	Price	Volume	Currency	Portf.	Total
Performance Polymers	-25%	26%	-3%	0%	-2%
Advanced Intermediates	-9%	-6%	-2%	4%	-13%
Performance Chemicals	-6%	6%	-3%	0%	-3%
LANXESS	-16%	13%	-3%	1%	-5%

- Sequentially, solid pricing and positive portfolio effects are only slightly mitigated by volume and currency effects
- Year on year prices remain lower but volumes pick up
- As raw material prices increase, pricing adjusted upwards Q4 vs. Q3, also compensating for previous slight lag effect
- Performance Polymers proves premium character of businesses: simultaneous improvement in prices and volumes

Chart 40

LANXESS

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%
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%
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 41

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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%
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 42

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- 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

Performance Polymers: solid margin in a tough environment

[€ m]	FY 2008	FY 2009
Sales	3,280	2,388
EBIT	208	105
Depr. / Amort.	139	137
EBITDA	347	242
EBITDA pre exceptionals	413	250
Margin	12.6%	10.5%
Capex*	178	133

Sales by BU

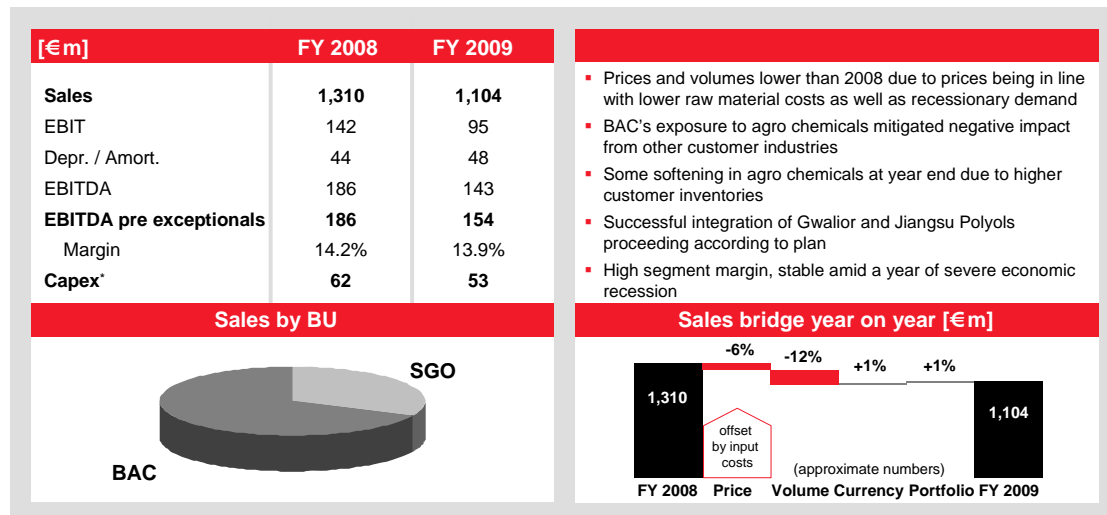
Sales bridge year on year [€ m]

* net of finance lease

Chart 43

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



* net of projects financed by customers

Chart 44

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Performance Chemicals: solid results in a crisis year

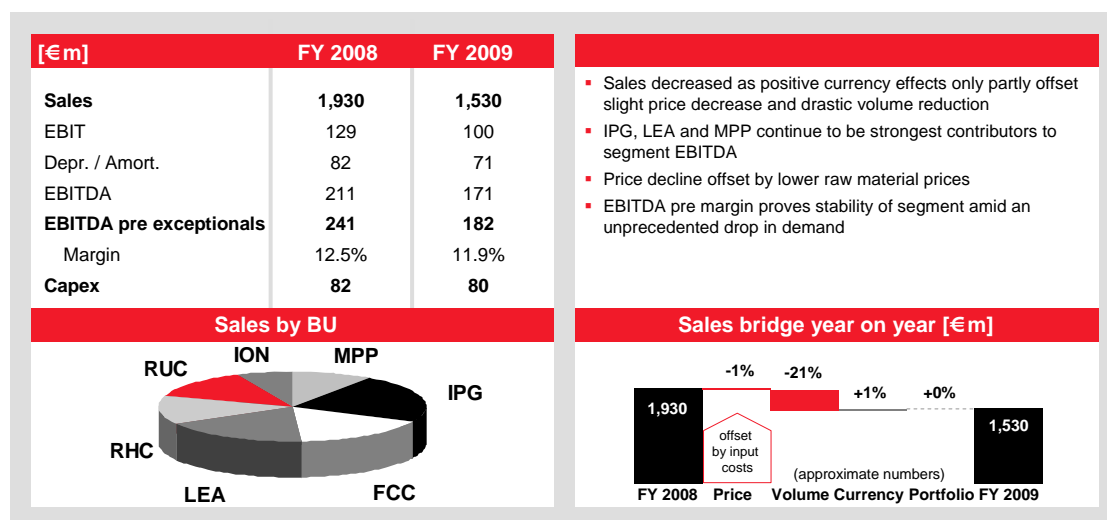


Chart 45

LANXESS

Raw material prices continue their rise in Q4

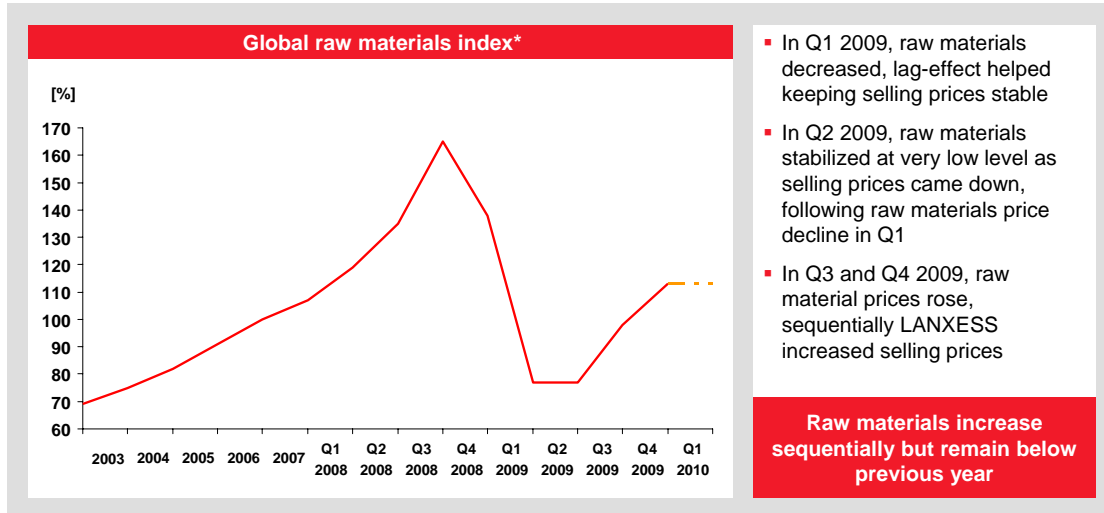


Chart 46

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LANXESS has a broad customer portfolio with varying demand patterns

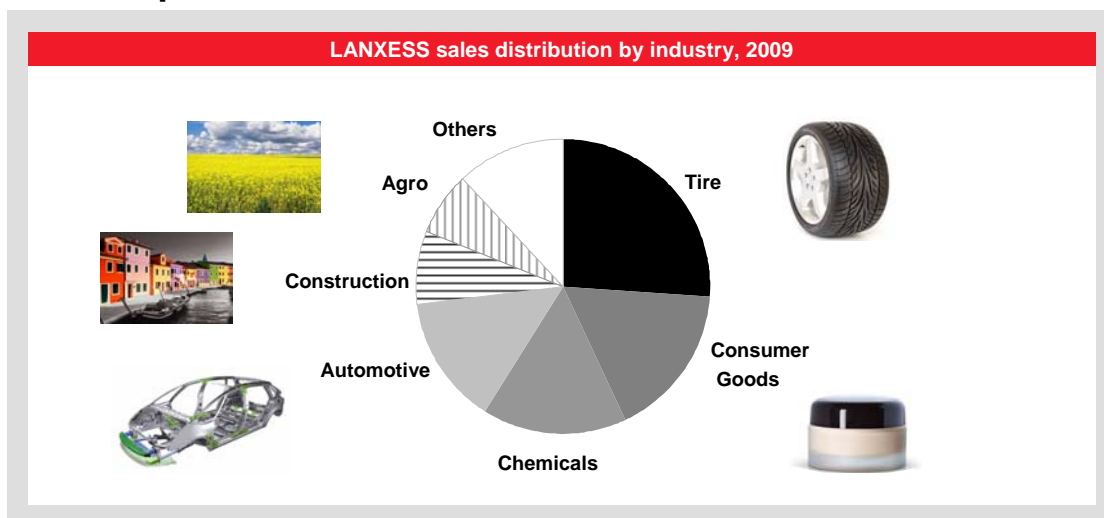


Chart 47

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Challenge09 proceeding ahead of plan, €30 m savings accelerated from 2010

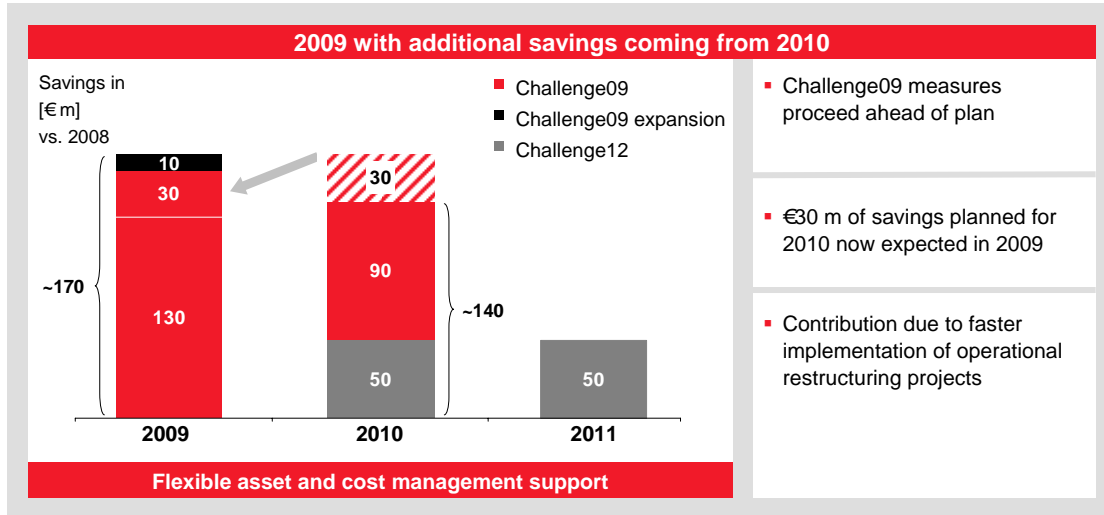
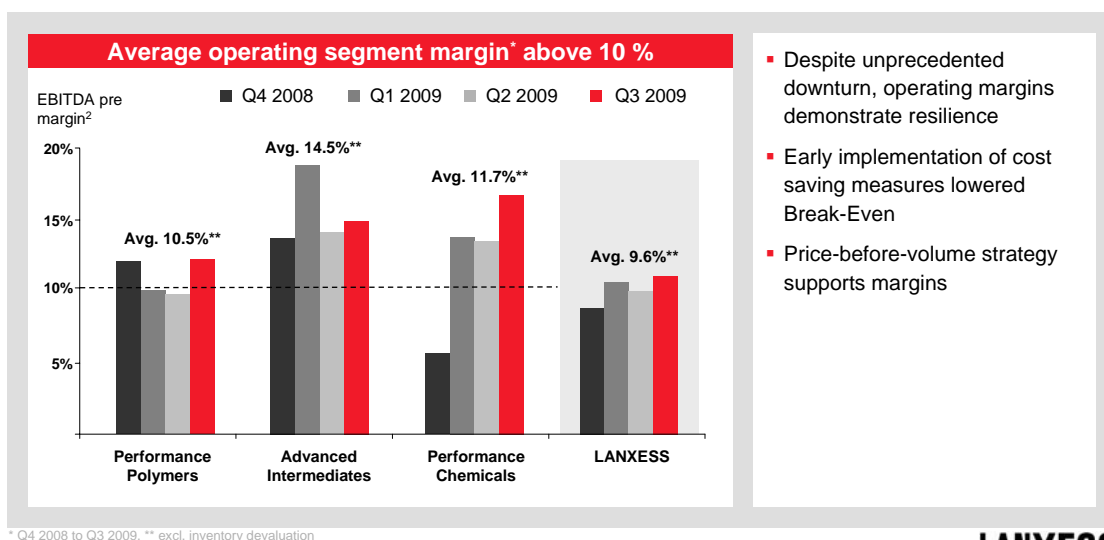


Chart 48

LANXESS

Resilience shown in recession scenario



* Q4 2008 to Q3 2009, ** excl. inventory devaluation

Chart 49

LANXESS

Serving global markets with world-wide rubber manufacturing network

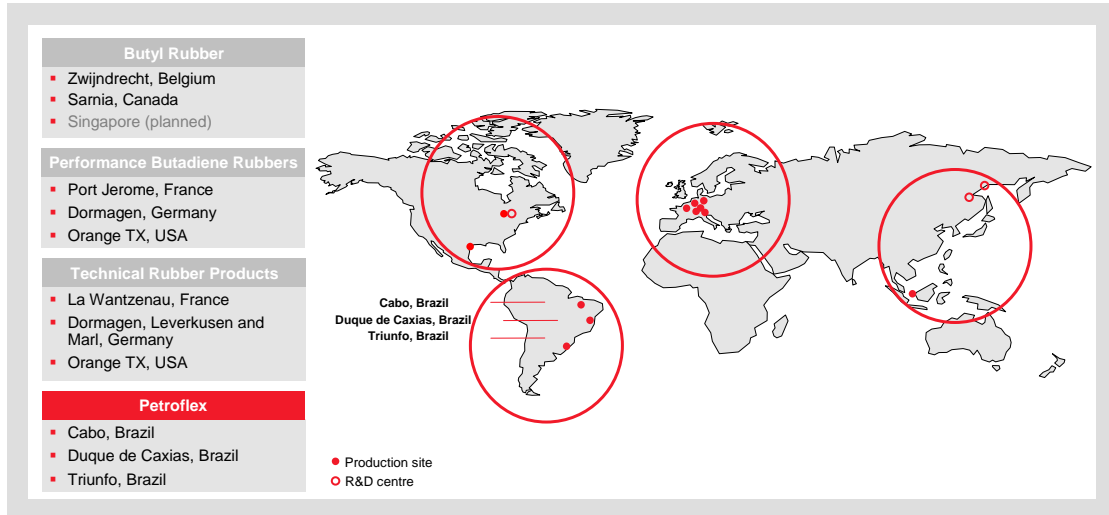
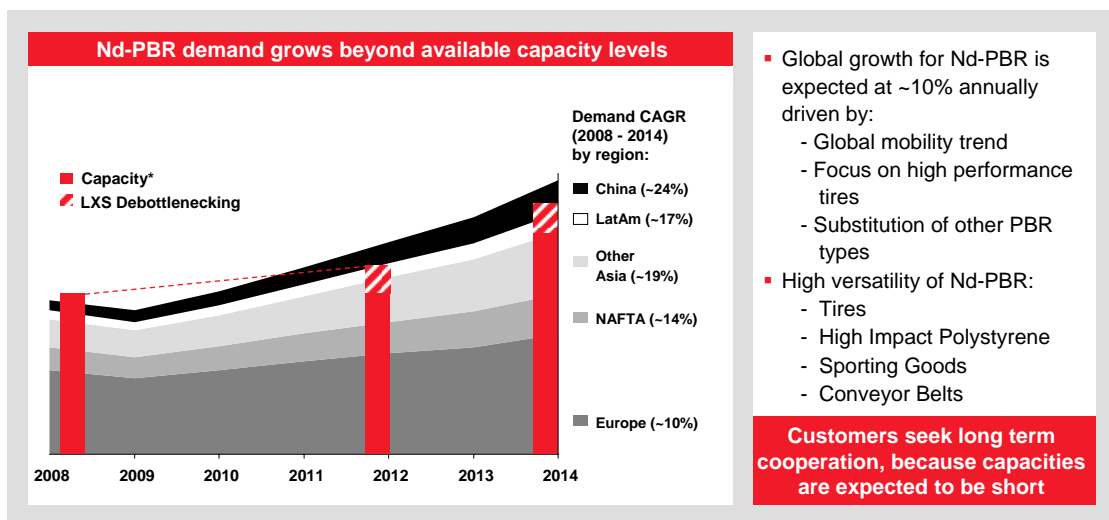


Chart 50

LANXESS

Projected demand for Nd-PBR to exceed supply by 2014

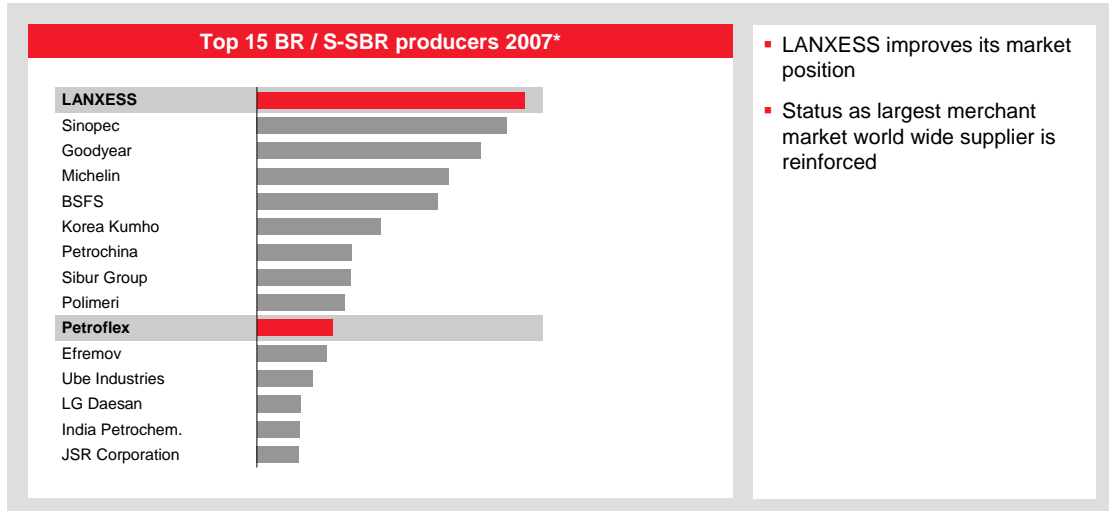


Source: LANXESS estimates; * Real capacity = nameplate capacity with 85% utilization

Chart 51

LANXESS

LANXESS and Petroflex team up for a real global BR / S-SBR supplier

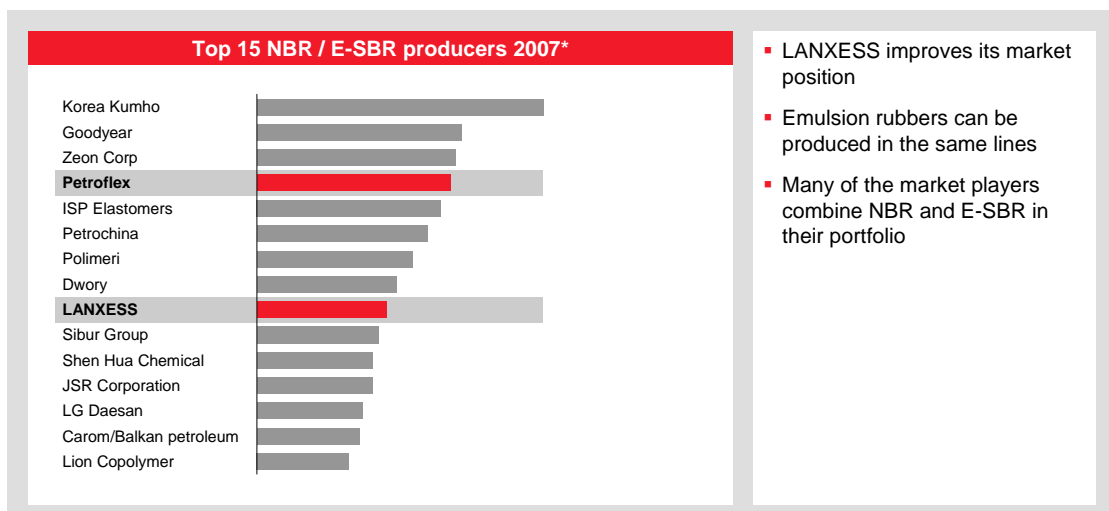


* capacity in kt; source: IISRP (International institute of synthetic rubber producers, Inc)

Chart 52

LANXESS

LANXESS benefits from Petroflex additional emulsion rubber assets

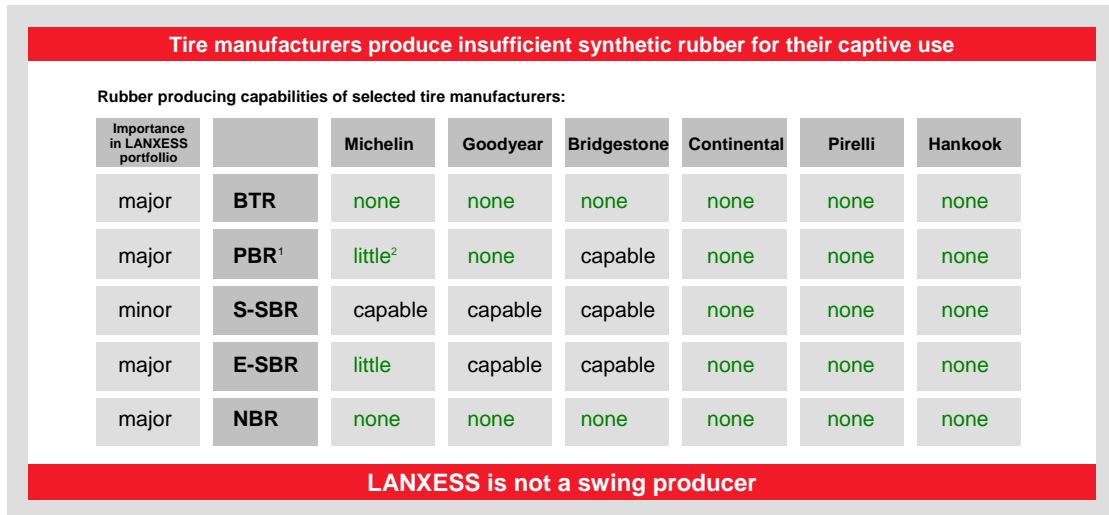


* capacity in kt; source: IISRP (International institute of synthetic rubber producers, Inc)

Chart 53

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Is LANXESS a swing producer?

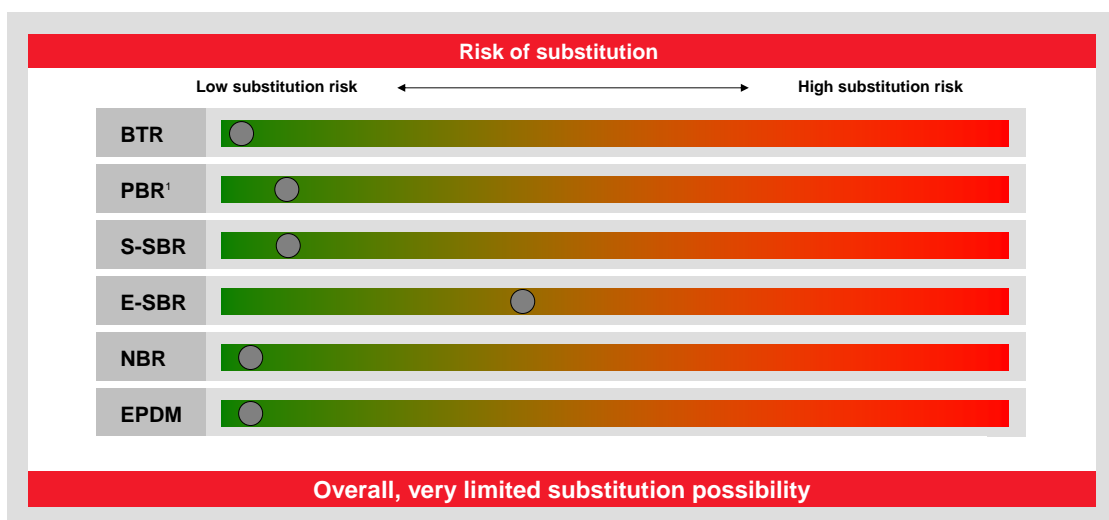


¹ Nd-PBR ² Know how present, licensing to others

Chart 54

LANXESS

Does natural rubber cannibalize synthetic rubber?



¹ Nd-PBR

Chart 55

LANXESS

Similar tire labelings are being proposed in several countries

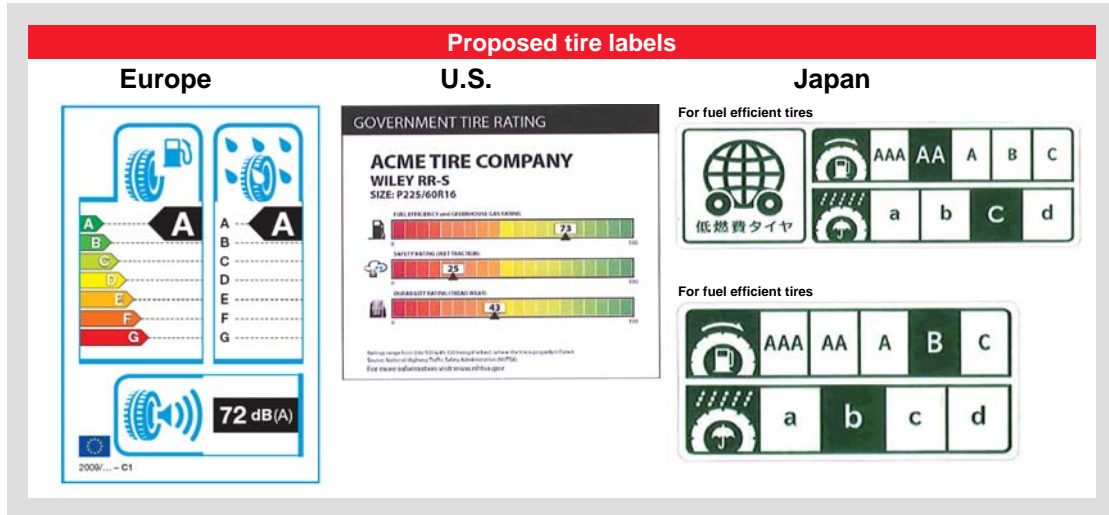
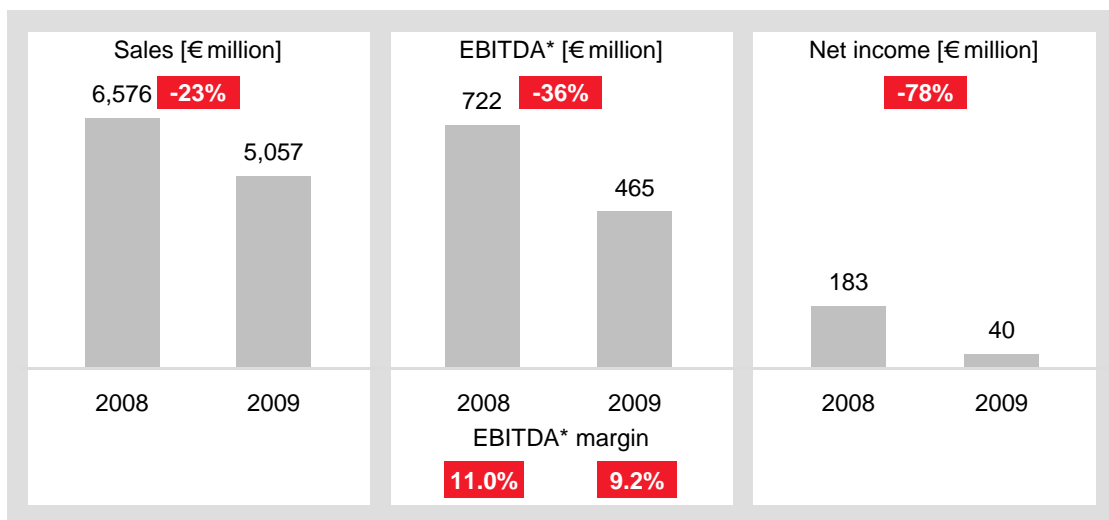


Chart 56

LANXESS

Positive net income despite massive slump in demand

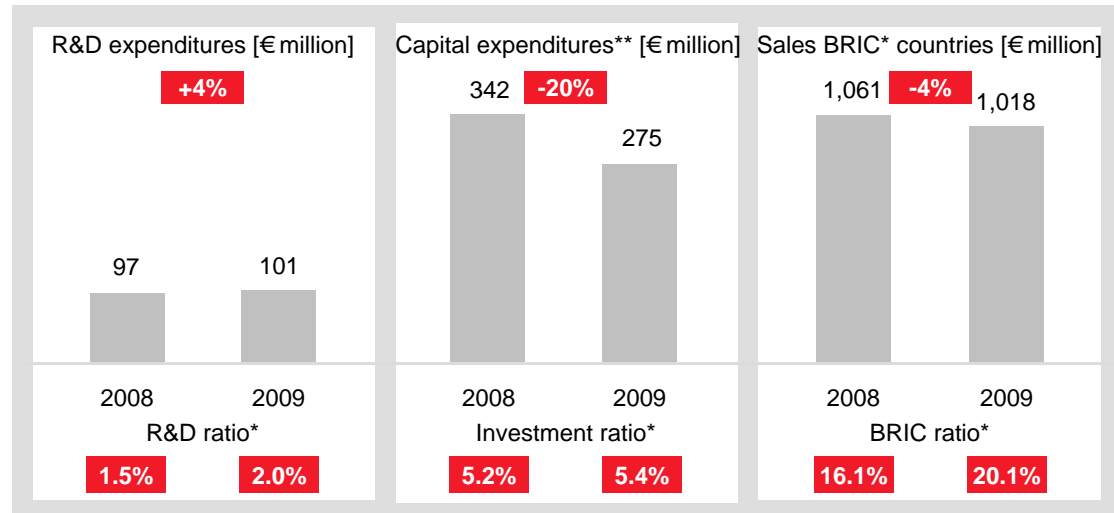


* pre exceptionals

Chart 57

LANXESS

Crisis management not at the expense of the future



* proportion of sales; ** disbursements for capital expenditures

Chart 58

LANXESS

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 59

LANXESS

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 60

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Abbreviations

<p>Performance Polymers</p> <ul style="list-style-type: none"> ▪ BTR Butyl Rubber ▪ PBR Performance Butadiene Rubbers ▪ TRP Technical Rubber Products ▪ SCP Semi-Crystalline Products 	<p>Advanced Intermediates</p> <ul style="list-style-type: none"> ▪ BAC Basic Chemicals ▪ SGO Saltigo
<p>Performance Chemicals</p> <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 61

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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 62

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