



LANXESS - Well positioned for the future

Deutsche Bank Small & Mid Cap Conference 2010

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Chart 2

LANXESS

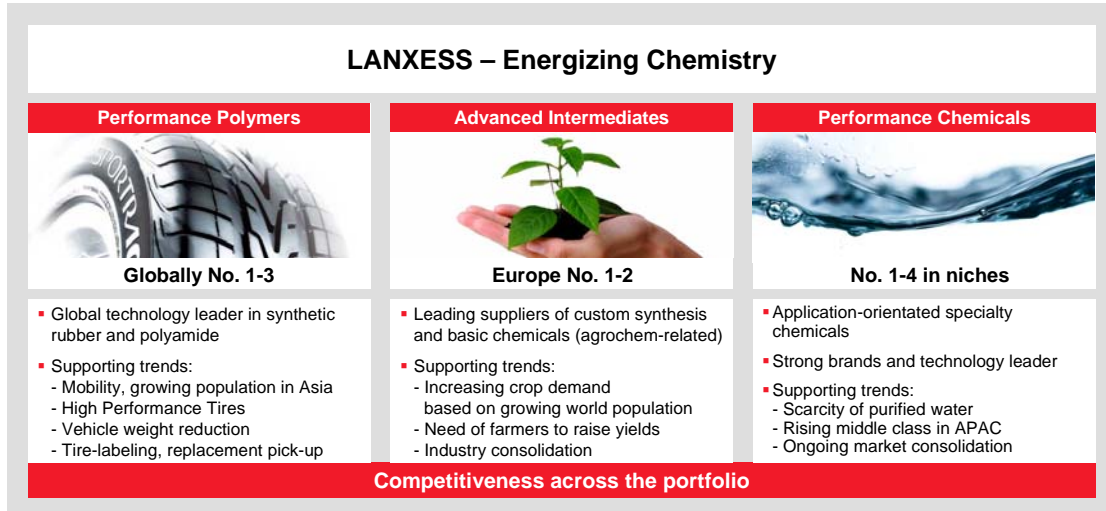
Agenda

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

Chart 3

LANXESS

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

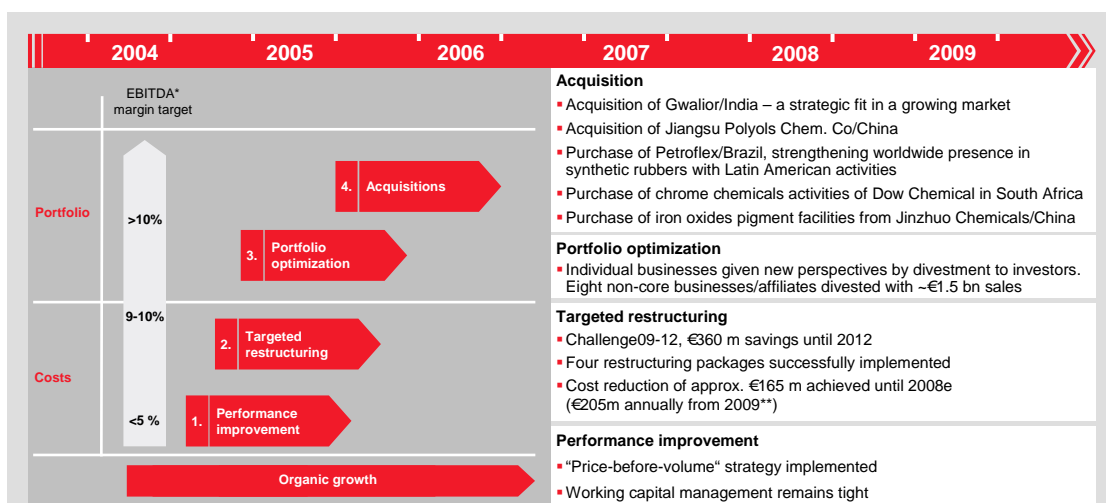


* pre exceptionals

Chart 4



Consistent delivery as four-phase strategy is implemented



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

Chart 5



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

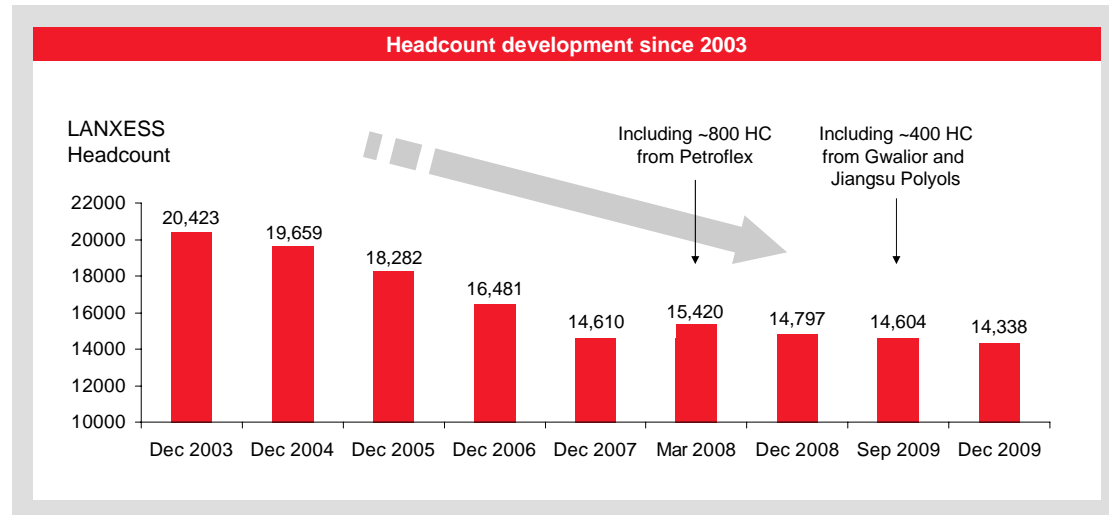


Chart 6

LANXESS

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

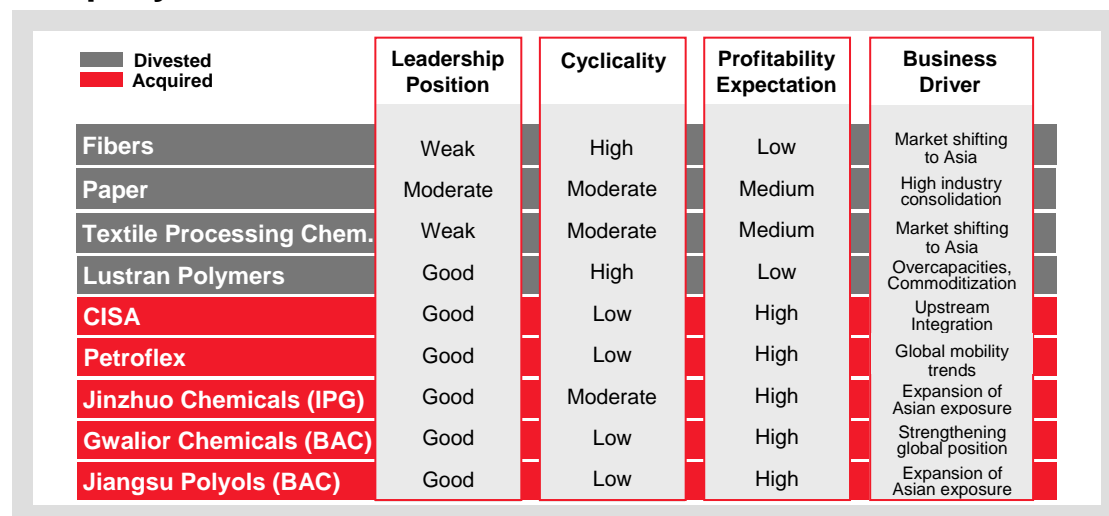


Chart 7

LANXESS

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*	4x	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 8

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Powershift to BRIC – business substantially improving in 2009

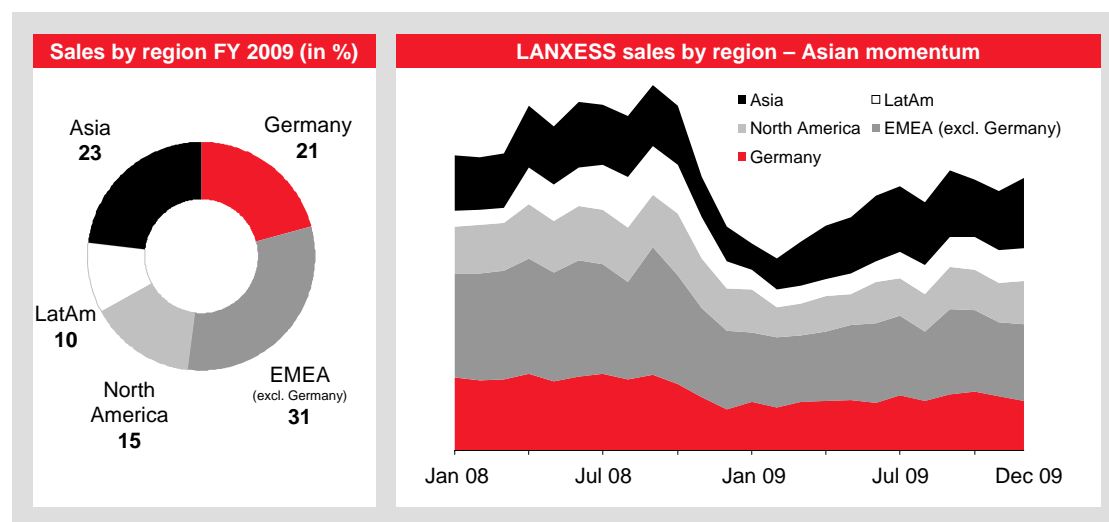


Chart 9

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Chart 10

LANXESS

Mobility trend remains intact - global vehicle park continues to grow

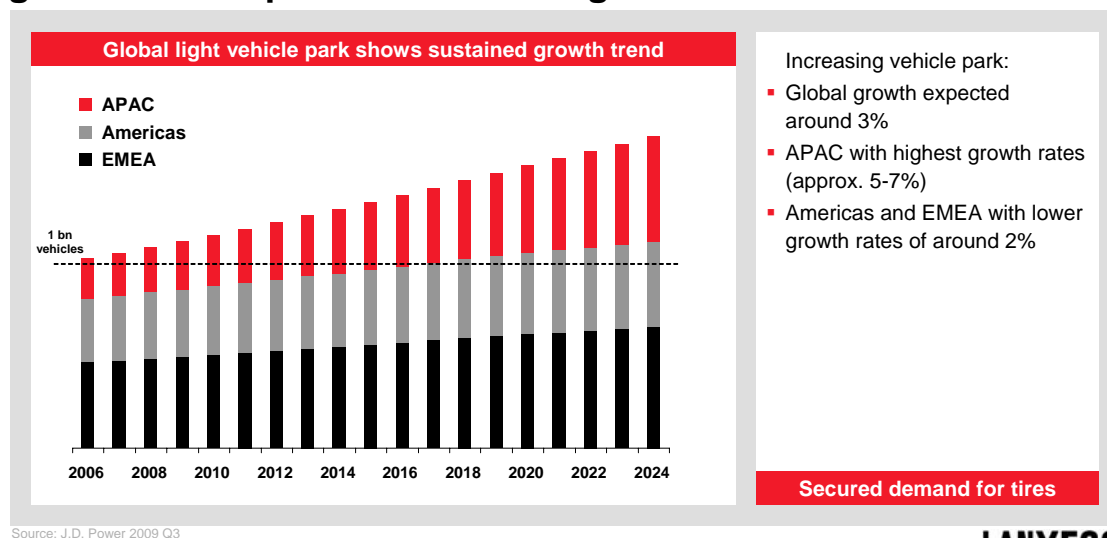
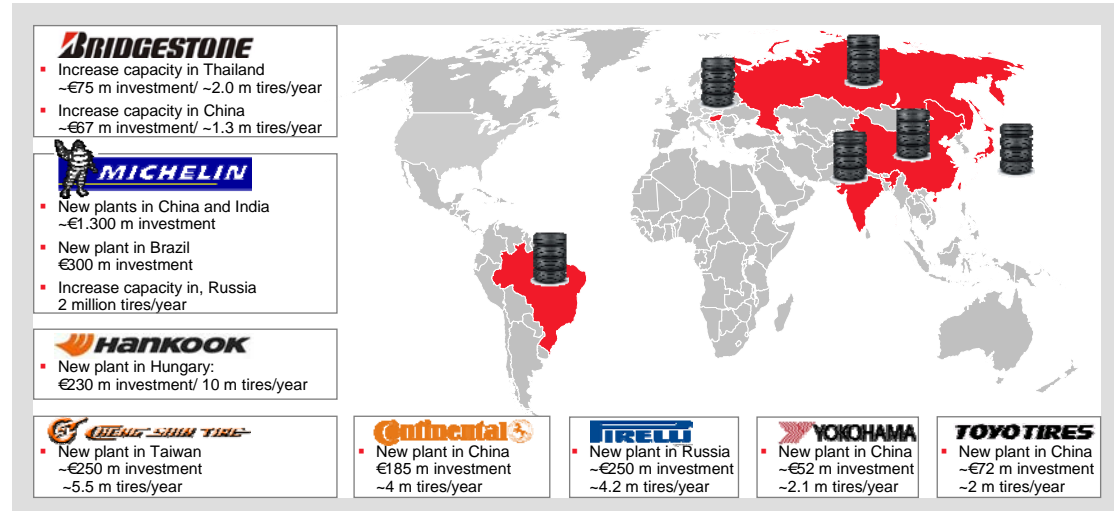


Chart 11

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

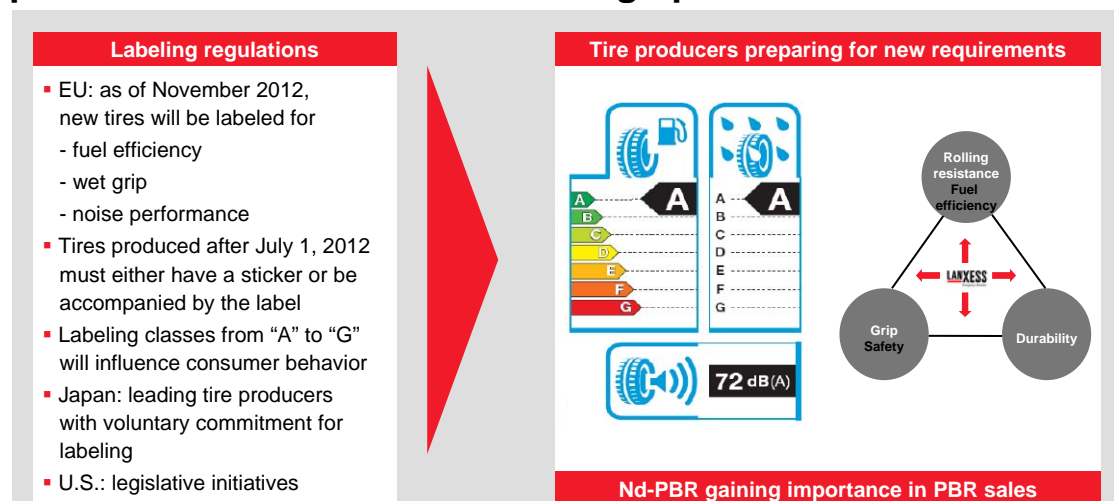


Source: Companies website, licensing to others

Chart 12

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



Source: Press release European Parliament

Chart 13

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

Facts & Figures

- Location: Singapore, Jurong Island
 - Most competitive BTR site
 - Ideal infrastructure/ raw material supply secured
 - ~200 employees
 - Start of production: Q1 2013
 - Capacity: up to 100 kt/a
-
- Capex: up to €400 million
 - Attractive tax regime
 - Enhancing BTR's natural hedge against FX fluctuations

Distribution of cash outflows

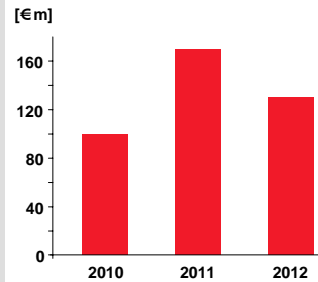
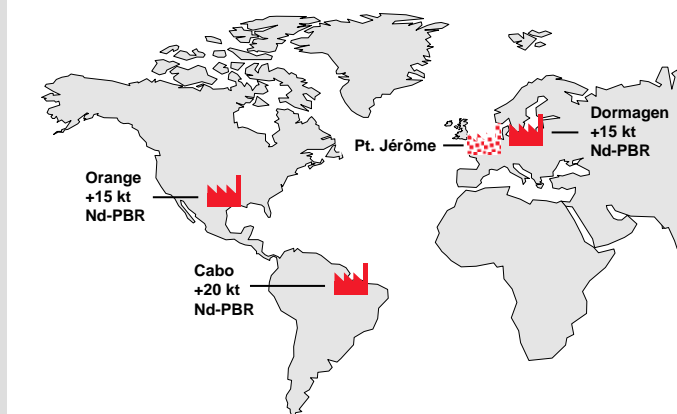


Chart 14

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Optimization of PBR's world production network

LANXESS to expand global capacities of Nd-PBR




- Debottlenecking of ~50 kt Nd-PBR in Cabo, Dormagen and Orange
 - LANXESS flexible production set up in Pt. Jérôme enables a possible increase of SSBR
 - Upgrade to LANXESS technology in Cabo
-
- Capacities to come on stream between Q1 2011 and Q1 2012
 - Project capex: ~€20 m only
 - Attractive payback time of investment < 5 years
 - Expected Nd-PBR growth* ~10%


* 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

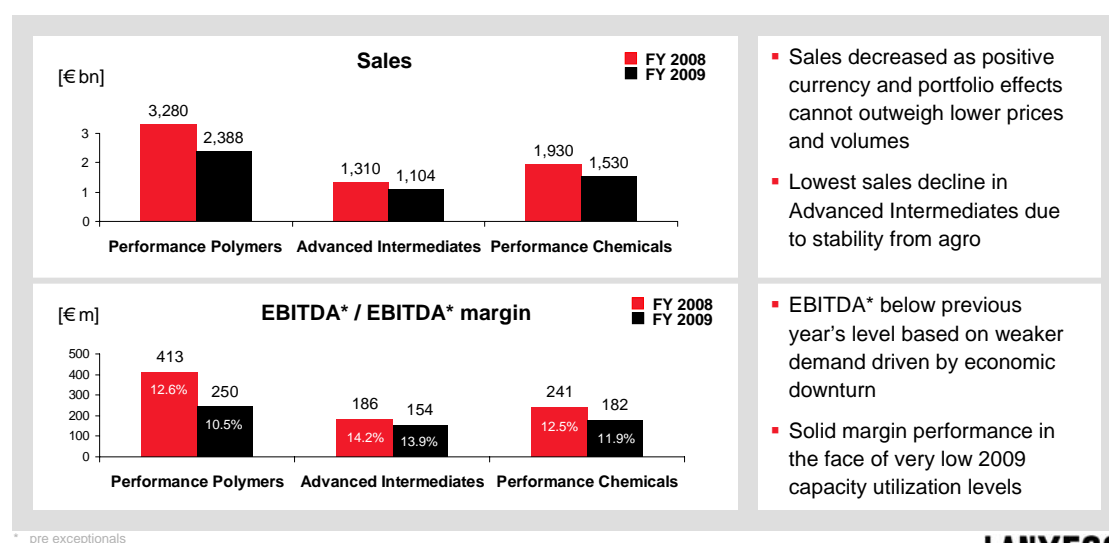
* net of projects financed by customers and finance lease

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

FY 2009 – LANXESS weathered the downturn



* pre exceptionals

Chart 19

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- Sales decreased as positive currency and portfolio effects cannot outweigh lower prices and volumes
- Lowest sales decline in Advanced Intermediates due to stability from agro
- EBITDA* below previous year's level based on weaker demand driven by economic downturn
- Solid margin performance in the face of very low 2009 capacity utilization levels

Cost base adjusted to lower market demand

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

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

2008 data adjusted for change in pension accounting
* pre exceptionals

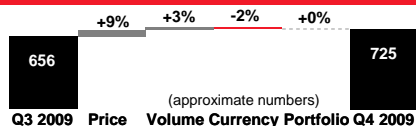
LANXESS

Chart 20

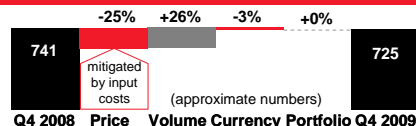
Performance Polymers: sequential EBITDA improvement with solid margin

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

Sales bridge quarter on quarter [€ m]



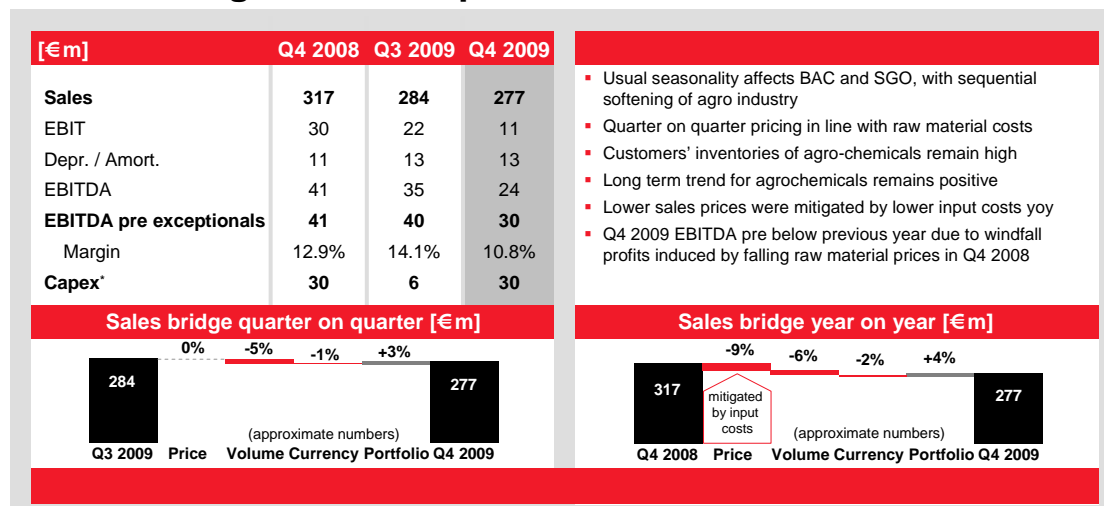
Sales bridge year on year [€ m]



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Chart 21

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



* net of projects financed by customers

Chart 22

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Performance Chemicals: earnings doubled

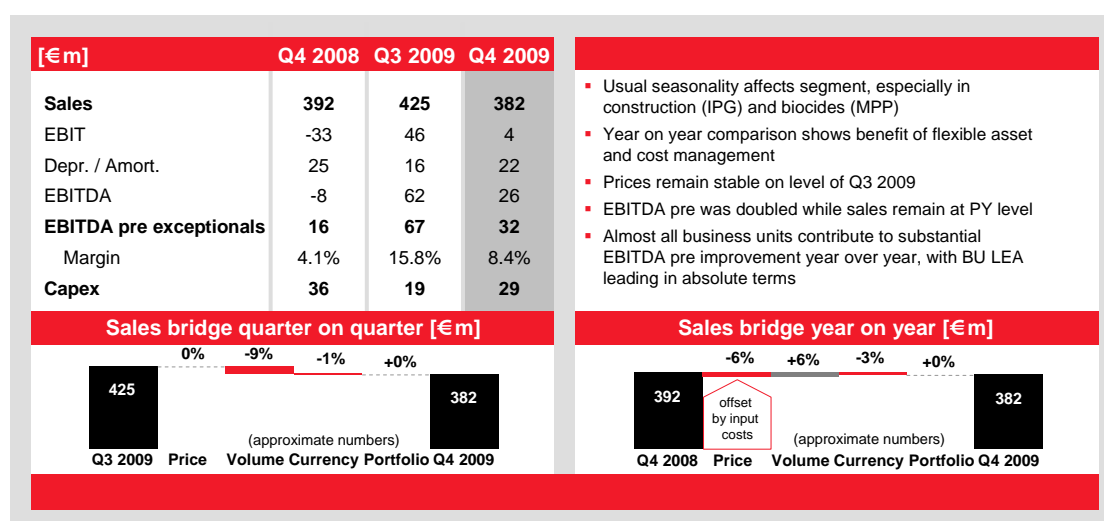
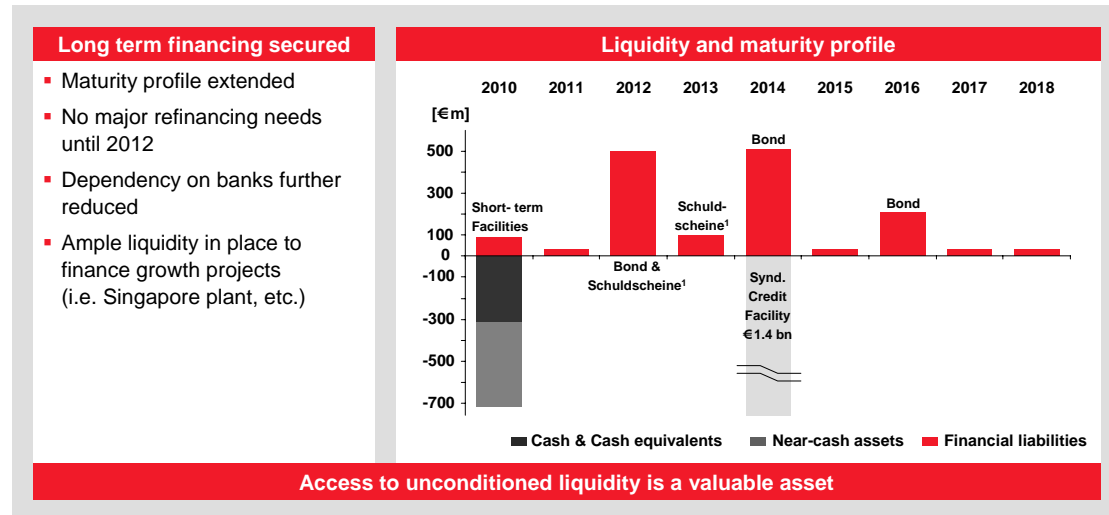


Chart 23

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No major refinancing needs until 2012



¹ English: promissory notes

Chart 24

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Chart 25

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Business outlook with confidence

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

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

Performance Chemicals: Q1 2010 started well



Chart 26

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LANXESS is well prepared and confident for 2010

Current macro view

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

LANXESS in 2010

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

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



Chart 27

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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 30

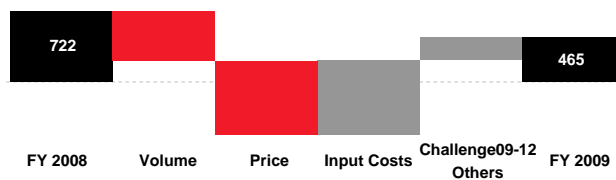
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“Price before volume” strategy intact

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%

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

FY yoy EBITDA bridge [€m]



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

Chart 31

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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 32

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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%

- Sales in line with Q3 as Asian momentum and demand from tire replacement (synthetic rubber) mitigated normal seasonality
- Q4 EBITDA stable at Q3 level, cost base well adjusted to a lower demand environment
- Capex with typical year end increase (normal maintenance and ION investments)
- Tight operational management of working capital keeps net debt under control

Solid ending of a very tough year

* net of projects financed by customers and finance lease

Chart 33

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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

- 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

2008 data adjusted for change in pension accounting

Chart 34

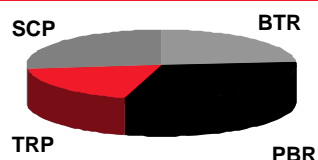
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Performance Polymers: solid margin in a tough environment

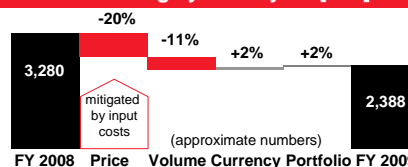
[€ m]	FY 2008	FY 2009
Sales	3,280	2,388
EBIT	208	105
Depr. / Amort.	139	137
EBITDA	347	242
EBITDA pre exceptionals	413	250
Margin	12.6%	10.5%
Capex*	178	133

- Positive currency and portfolio effects only mitigate price and volume declines
- Decline in selling prices (raw material indexed), mitigated by lower input costs
- FY volume decline mitigated by stronger than expected demand pickup in December for winter and replacement tires
- EBITDA pre and margin strong but below previous year

Sales by BU



Sales bridge year on year [€ m]

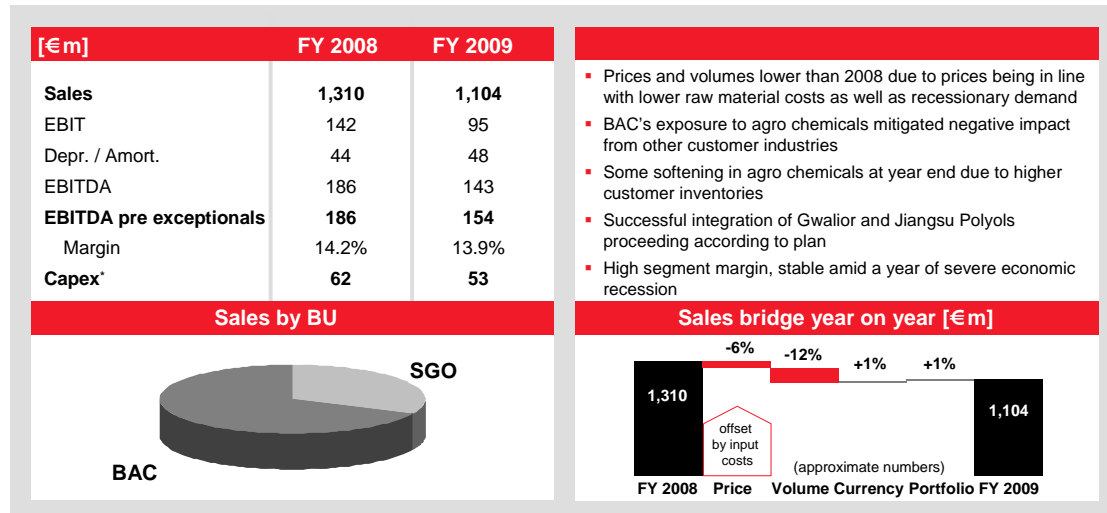


* net of finance lease

Chart 35

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



* net of projects financed by customers

Chart 36

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Performance Chemicals: solid results in a crisis year

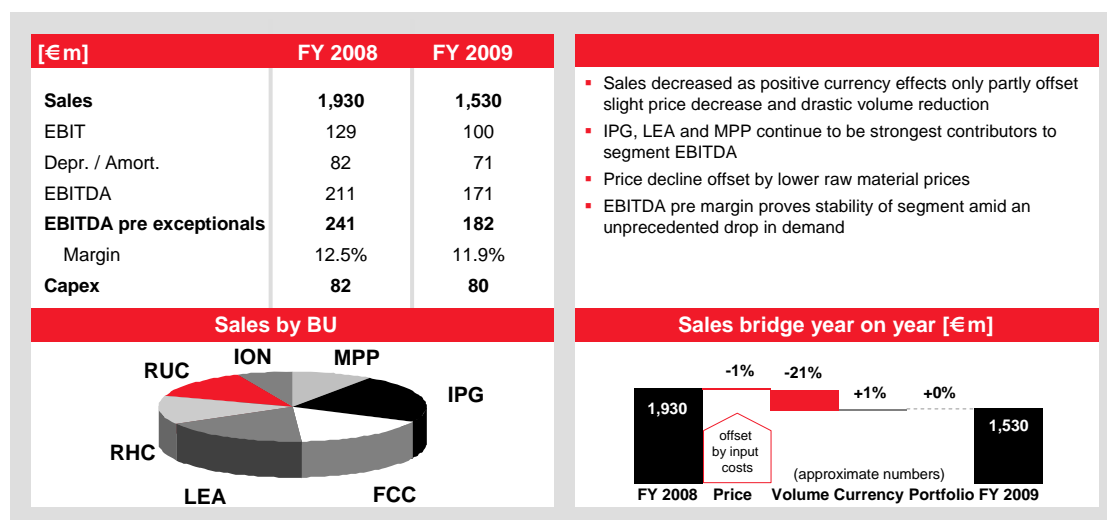


Chart 37

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Despite crisis - strong balance sheet maintained

[€ m]	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	
Non-current Assets	2,169	2,382	Stockholders' Equity	1,339	1,445
Intangible assets	145	196	thereof minority interest	16	13
Property, plant & equipment	1,646	1,809	Non-current Liabilities	1,953	2,504
Equity investments	42	26	Pension & post empl. provis.	498	569
Other investments	2	1	Other provisions	261	307
Other financial assets	72	79	Other financial liabilities	986	1,462
Deferred taxes	154	163	Tax liabilities	91	47
Other non-current assets	108	108	Other liabilities	76	81
Current Assets	2,423	2,686	Deferred taxes	41	38
Inventories	1,048	849	Current Liabilities	1,300	1,119
Trade accounts receivable	725	733	Other provisions	395	352
Other financial assets	155	146	Other financial liabilities	168	94
Other current assets	246	243	Trade accounts payable	484	486
Near cash assets	0	402	Tax liabilities	12	52
Cash and cash equivalents	249	313	Other liabilities	241	135
Total Assets	4,592	5,068	Total Equity & Liabilities	4,592	5,068

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

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

Chart 38

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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

- 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

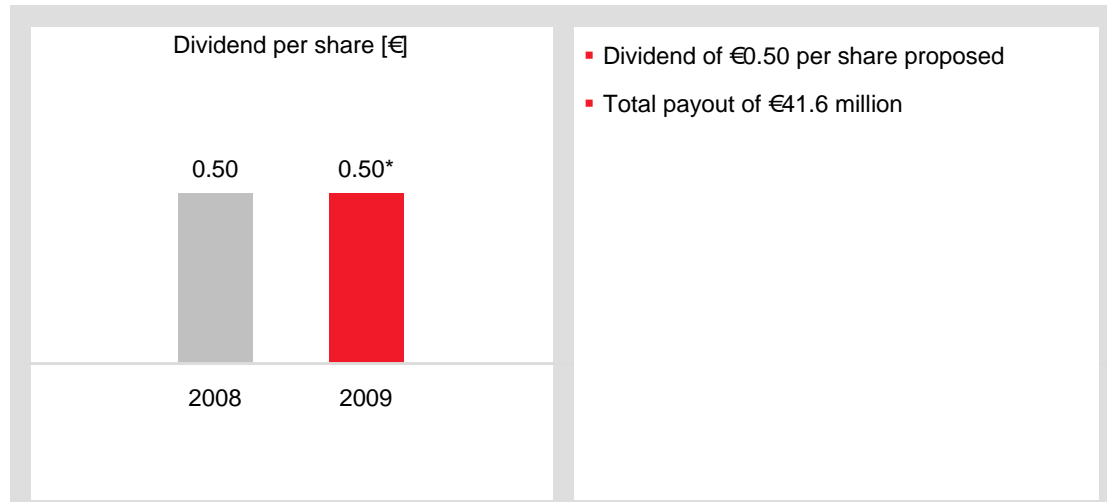
Flexible asset and cost management lead to solid cash flow

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

Chart 39

LANXESS

Successful crisis management allows unchanged dividend

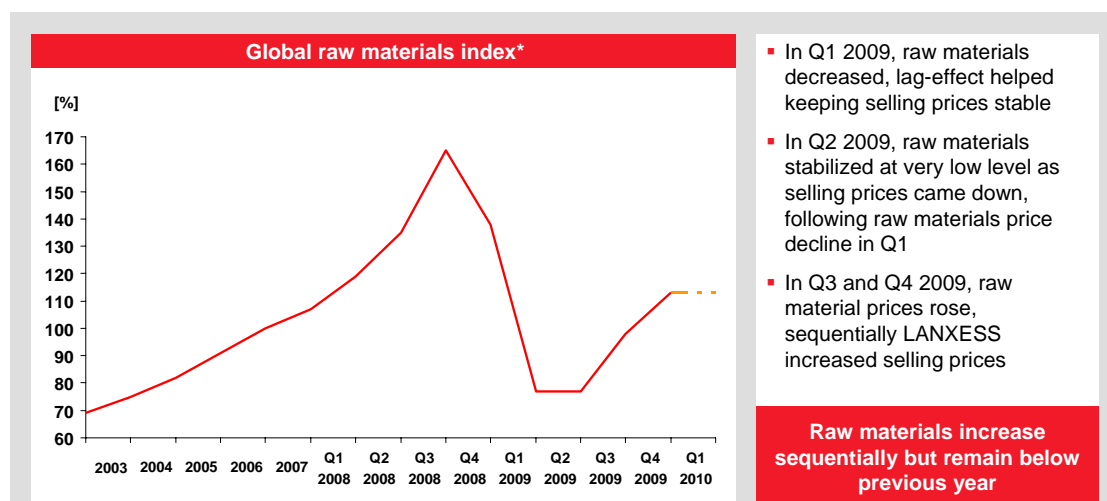


* proposal to the Annual Stockholders' Meeting

Chart 40

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Raw material prices continue their rise in Q4



* source: LANXESS, average 2006 = 100%

Chart 41

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Portfolio management allows for regrouping of LANXESS businesses along chemical segmentation

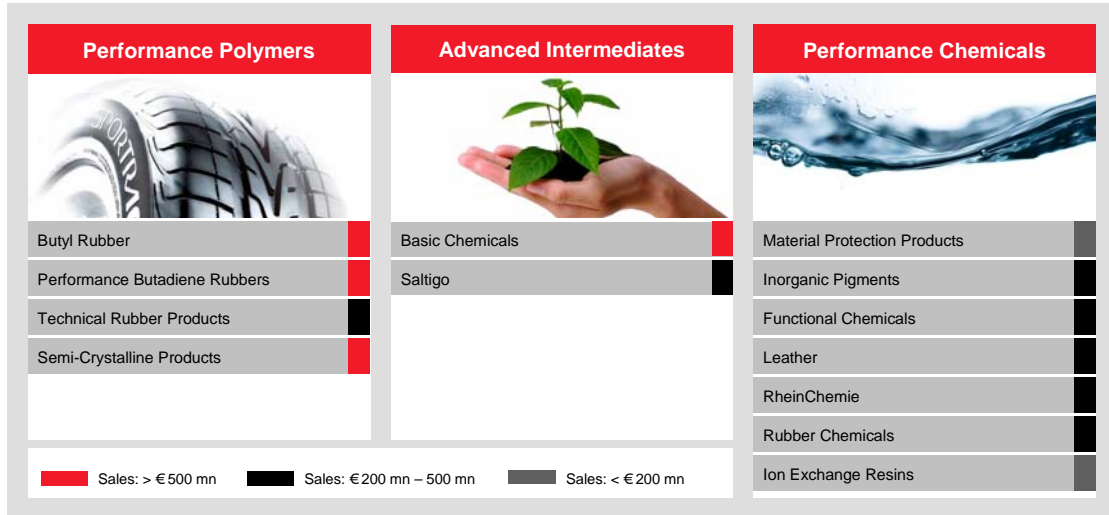


Chart 42

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LANXESS has a broad customer portfolio with varying demand patterns

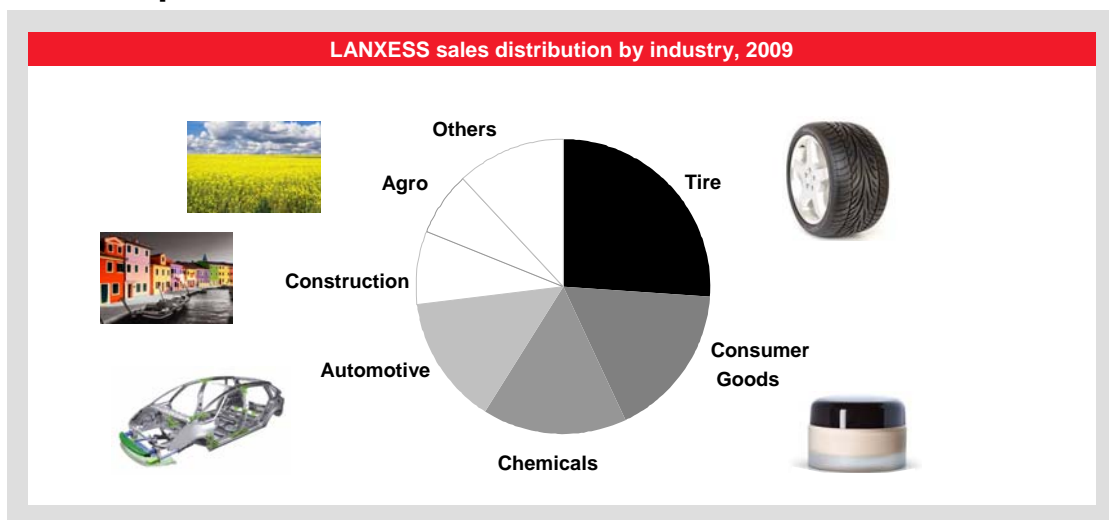


Chart 43

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

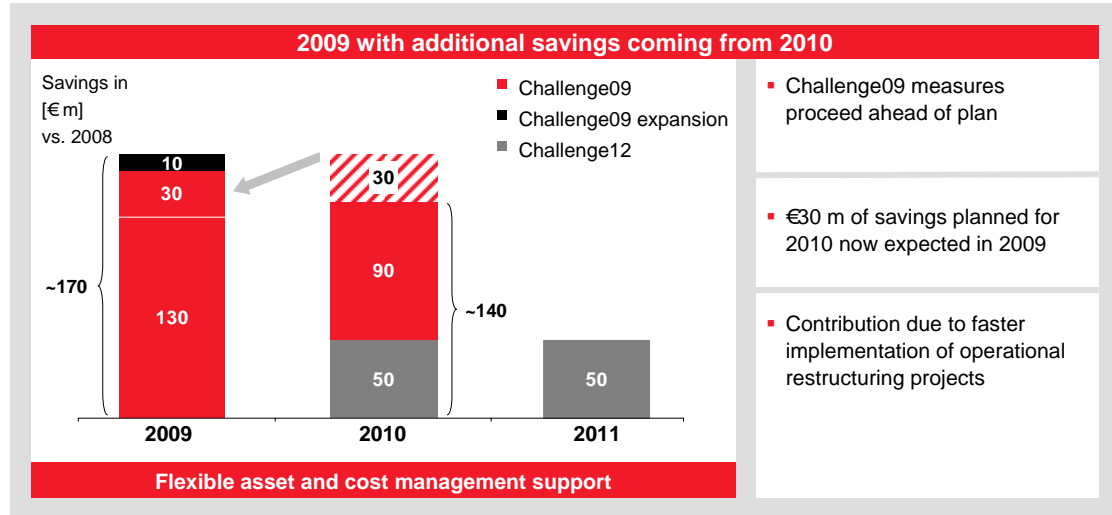
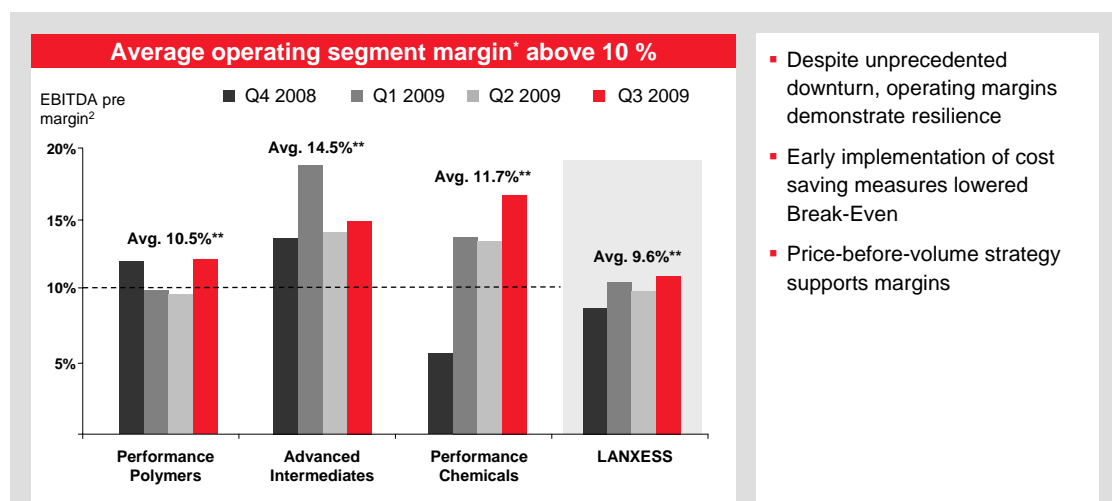


Chart 44

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Resilience shown in recession scenario



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

Chart 45

LANXESS

Serving global markets with world-wide rubber manufacturing network

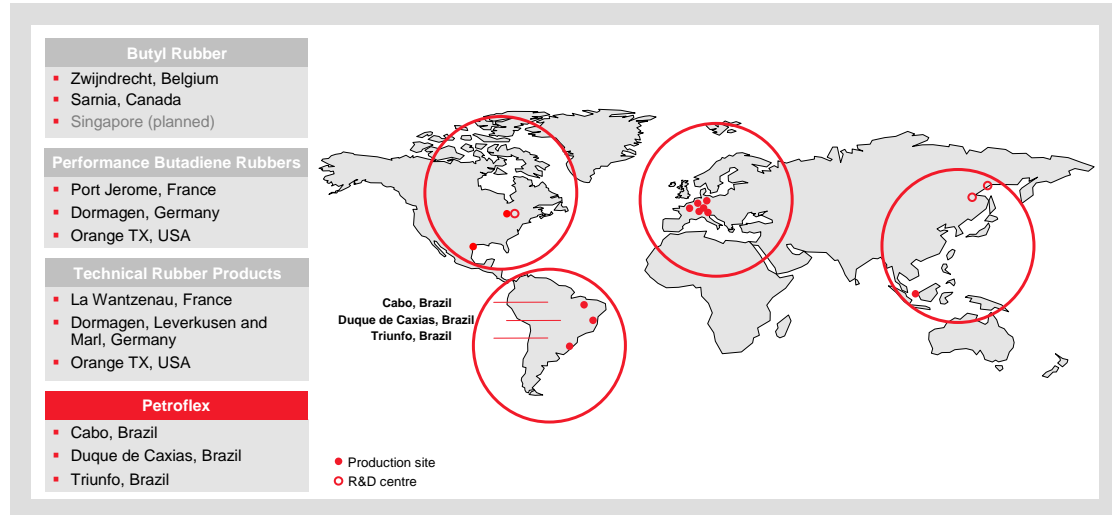
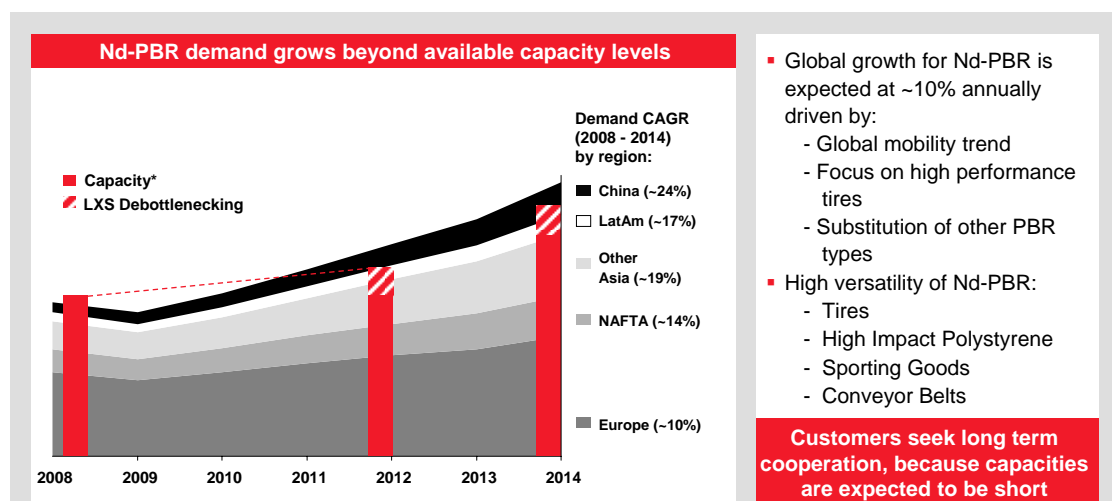


Chart 46

LANXESS

Projected demand for Nd-PBR to exceed supply by 2014

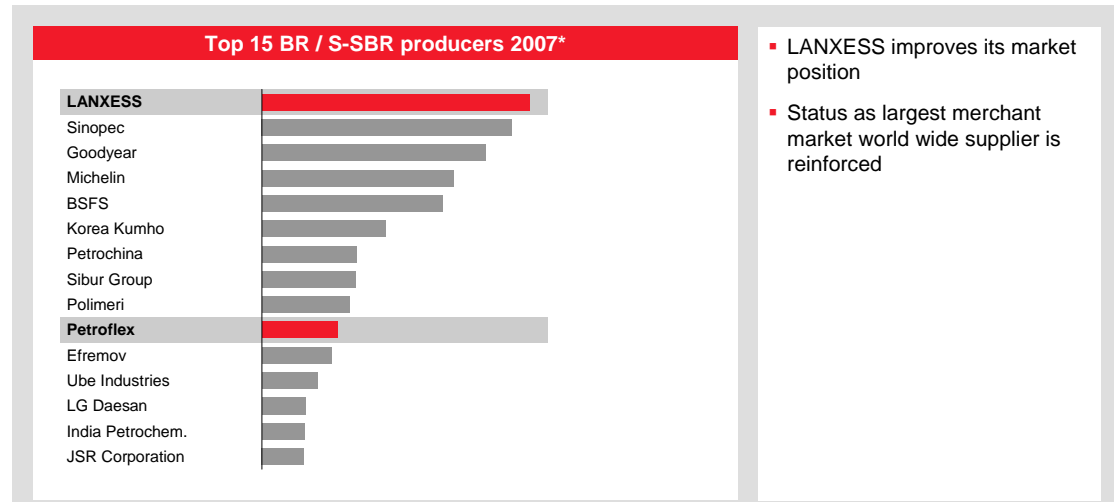


Source: LANXESS estimates; * Real capacity = nameplate capacity with 85% utilization

Chart 47

LANXESS

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



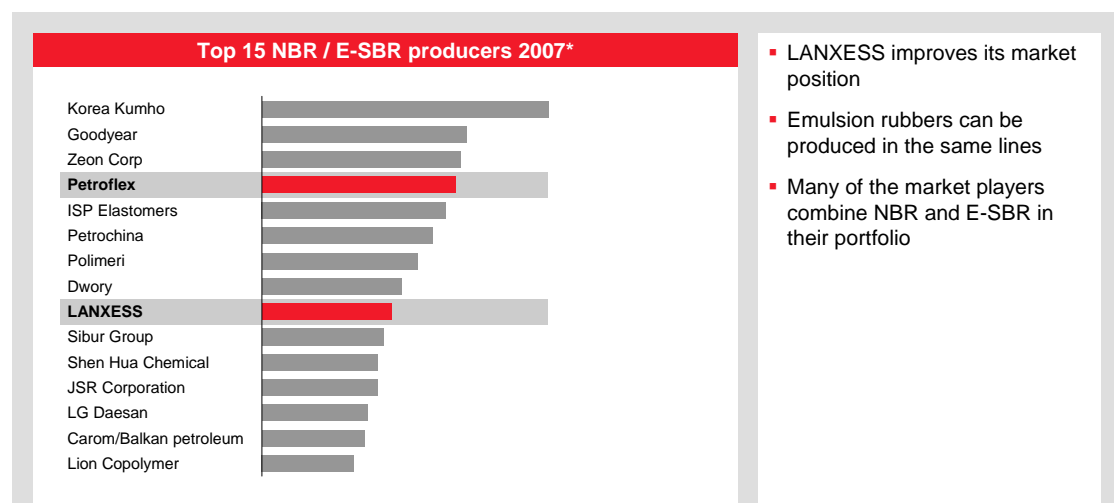
- LANXESS improves its market position
- Status as largest merchant market world wide supplier is reinforced

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

Chart 48



LANXESS benefits from Petroflex additional emulsion rubber assets



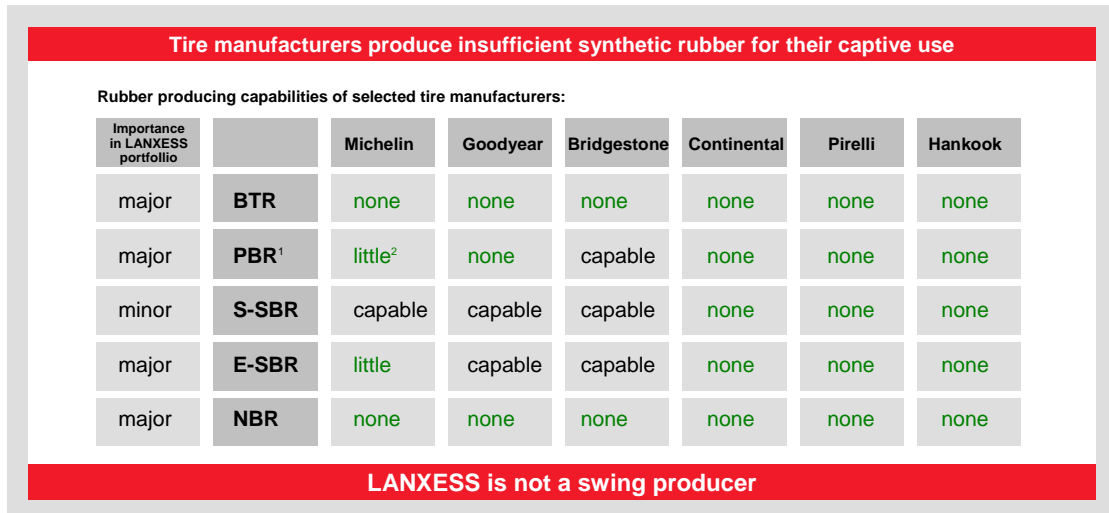
- LANXESS improves its market position
- Emulsion rubbers can be produced in the same lines
- Many of the market players combine NBR and E-SBR in their portfolio

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

Chart 49



Is LANXESS a swing producer?

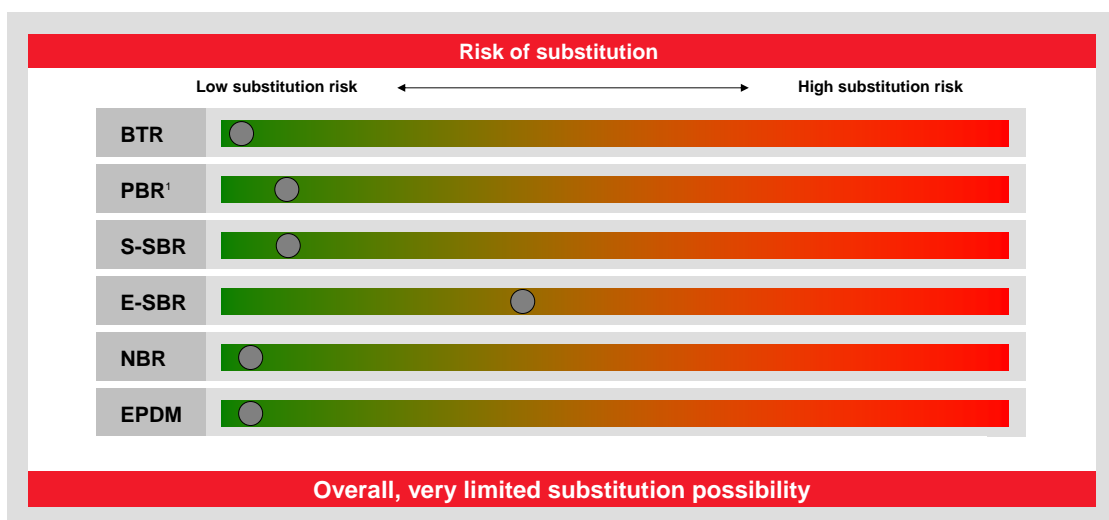


¹ Nd-PBR ² Know how present, licensing to others

Chart 50

LANXESS

Does natural rubber cannibalize synthetic rubber?



¹ Nd-PBR

Chart 51

LANXESS

Similar tire labelings are being proposed in several countries

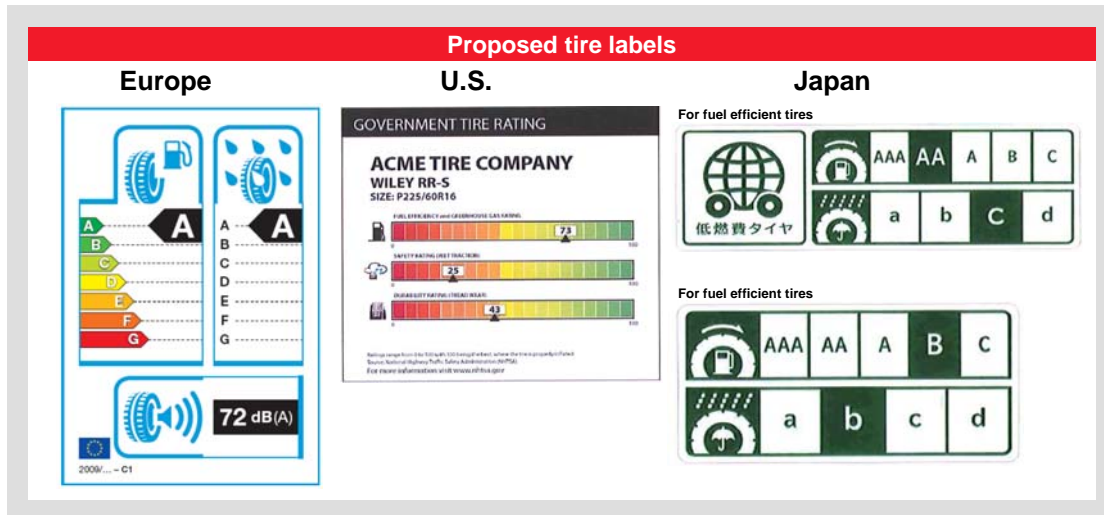


Chart 52

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 53

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 54

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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 55

LANXESS

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 56

LANXESS

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