

LANXESS Q1 2011 Financial Summary for Investors and Analysts

- Sales rise by a substantial 29% to €2,073 million
- Price-before-volume strategy intact
- EBITDA pre increases 38% to €322 million
- Earnings per share advance from €1.25 to €2.00
- Successful acquisition of DSM's EPDM business, Darmex and Syngenta's material protection business
- Investments (BTR, PBR, SCP, BAC, ION) fully on track
- Guidance: 2011 growth on EBITDA pre level yoy of 10-15%

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Overview Financials

Q1 Profit and Loss Statement:

- Strong demand and tight cost control yield an excellent quarter
- Sales increased 29% due to strong price (+14,7%) and volume (+12,2%) increases and some support from currencies (+1,3%) and portfolio (+0,3%)
- Slight reduction of relative operational cost base, absolute increase due to higher business activity
- EBITDA boosted due to strong pricing compensating raw material inflation as well as significant volume gains

Q1 Balance Sheet:

- Strong financial backbone for growth
- FX effects on all balance sheet positions
- Other investments reflects investment in Gevo Inc.
- Moderate increase in net debt to €937 million

Q1 Cash flow Statement:

- Strong operating cash generation
- Cash flow fueled by demand momentum
- Working capital increase driven by higher receivables and inventories (volumes as well as raw material induced pricing)
- Investing cash flow: higher capex balanced by inflows from near cash assets

Q1 Business Overview

Performance Polymers

- **Excellent start of the year**
- Sales deviation yoy: Price: +22%, Volume +11%, Currency +1% (approximate numbers)
- Price increases in all BUs, offsetting Butadiene- / Cyclohexane-driven raw material price increase
- BTR with ongoing strong demand, PBR with positive mix effect
- TRP rubbers NBR and EPDM with increased demand
- SCP supported by demand from automotive industry in Q1 ahead of maintenance and expansion activities in Q2
- EBITDA benefits from better utilization and pricing power
- No visible Japan related impact expected in Q2
- Planned Capex increase in following quarters for Singapore

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Advanced Intermediates

- **Agro-business drives earnings**
- Sales deviation yoy: Price: +9%, Volume +12%, Currency +1% (approximate numbers)
- Price increases compensate significant raw material price inflation (Benzene)
- Overall strong volumes based on agro-related demand
- BAC with continued improvement of demand for agro precursors ahead of maintenance activities in Q2
- SGO with healthy end market demand for fungicide precursors especially in LATAM, improved capacity utilization for pharma
- EBITDA benefits from favorable product mix and increased capacity utilization
- Capex increase due to BAC investments

Performance Chemicals

- **Strong volume and price performance**
- Sales deviation yoy: Price: +6%, Volume +13%, Currency +2%, Portfolio +1% (approximate numbers)
- Volume and price developments lead to stronger sales, raw materials offset by price increases
- RUC, FCC and RCH strongest contributors to volume increase
- IPG with highest price and input cost increase (ferrous raw materials)
- LEA benefits from chrome ore pricing, some impact from Japanese clients reducing production; Q2 maintenance flagged
- ION with a temporary burden from start-up costs in India
- Non-cash one time expenses due to a pension plan redesign in LATAM

2011 Business environment and outlook

Current macro view:

- Growth in emerging markets will continue
- Western markets develop at lower pace
- Macroeconomic challenges: geopolitical unrest, national deficits, US dollar weakness, potential impact after natural disasters in Japan

LANXESS in 2011:

- On track to achieve €1.4 bn EBITDA pre growth target in 2015
- Return to pre-crisis earnings seasonality expected
- Well positioned to grow in 2011, based on several growth projects and sound financials

Guidance:

- **2011 growth on EBITDA pre level yoy of 10-15%**
- Capex : ~€550-600 m
- D&A : ~€300 – €320 m incl. acquisition
- Tax rate : 20 to 25%
- Hedging 2011 : ~40% at 1.30-1.40 USD / EUR
- Exceptionals : minor for ongoing businesses, excluding acquisitions

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Leverkusen, May 11, 2011

Forward-Looking Statements

This news release contains forward-looking statements based on current assumptions and forecasts made by LANXESS AG management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Financial Overview Q1 2011

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q1 '10	Q1 '11	Chg. in %	Q1 '10	Q1 '11	Chg. in %	Q1 '10	Q1 '11	Chg. in %	Q1 '10	Q1 '11	Chg. in %	Q1 '10	Q1 '11	Chg. in %
Sales	1613	2073	29%	806	1084	34%	342	416	22%	455	556	22%	10	17	70%
Price*			15%			22%			9%			6%			0%
Volume*			12%			11%			12%			13%			60%
Currency*			1%			1%			1%			2%			10%
Portfolio*			0%			0%			0%			1%			0%
EBIT	164	246	50%	96	165	72%	43	59	37%	62	72	16%	-37	-50	-35%
Deprec. & amortizat.	66	71	8%	34	34	0%	14	16	14%	16	18	13%	2	3	50%
EBITDA	230	317	38%	130	199	53%	57	75	32%	78	90	15%	-35	-47	-34%
exceptionals in EBITDA	3	5	67%	1	0	-100%	0	0	0%	0	0	0%	2	5	>100%
EBITDA pre excep.	233	322	38%	131	199	52%	57	75	32%	78	90	15%	-33	-42	-27%
normalized D&A	66	71	8%	34	34	0%	14	16	14%	16	18	13%	2	3	50%
EBIT pre excep.	167	251	50%	97	165	70%	43	59	37%	62	72	16%	-35	-45	-29%
exceptionals in EBIT	3	5	67%	1	0	-100%	0	0	0%	0	0	0%	2	5	>100%
Capex	39	68	74%	19	40	>100%	5	13	>100%	14	14	0%	1	1	0%
Net financial debt**	913	937	3%												

* approximate numbers

**previous year value as per Dec. 31

Income Statement Q1 2011

in € million	Q1 2010	Q1 2011	Chg. in %
Sales	1613	2073	29%
Cost of sales	-1219	-1551	27%
Gross profit	394	522	32%
Selling expenses	-142	-170	20%
Research and development expenses	-24	-31	29%
General administration expenses	-60	-70	17%
Other operating income	38	43	13%
Other operating expenses	-42	-48	14%
Operating result (EBIT)	164	246	50%
Income from investments accounted for using the equity method	4	5	25%
Interest income	3	2	-33%
Interest expense	-24	-22	-8%
Other financial income and expense	-3	-12	>-100%
Financial result	-20	-27	35%
Income before income taxes	144	219	52%
Income taxes	-39	-52	33%
Income after income taxes	105	167	59%
of which attributable to non-controlling interests	1	1	0%
of which attributable to LANXESS AG stockholders (net income)	104	166	60%

Abbreviations:

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

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