



**LANXESS**

**2004 Full Year Results Conference**

**April 26, 2005**

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The logo for LANXESS, featuring the word "LANXESS" in a bold, black, sans-serif font. A red horizontal line is positioned beneath the letters "ANXESS".

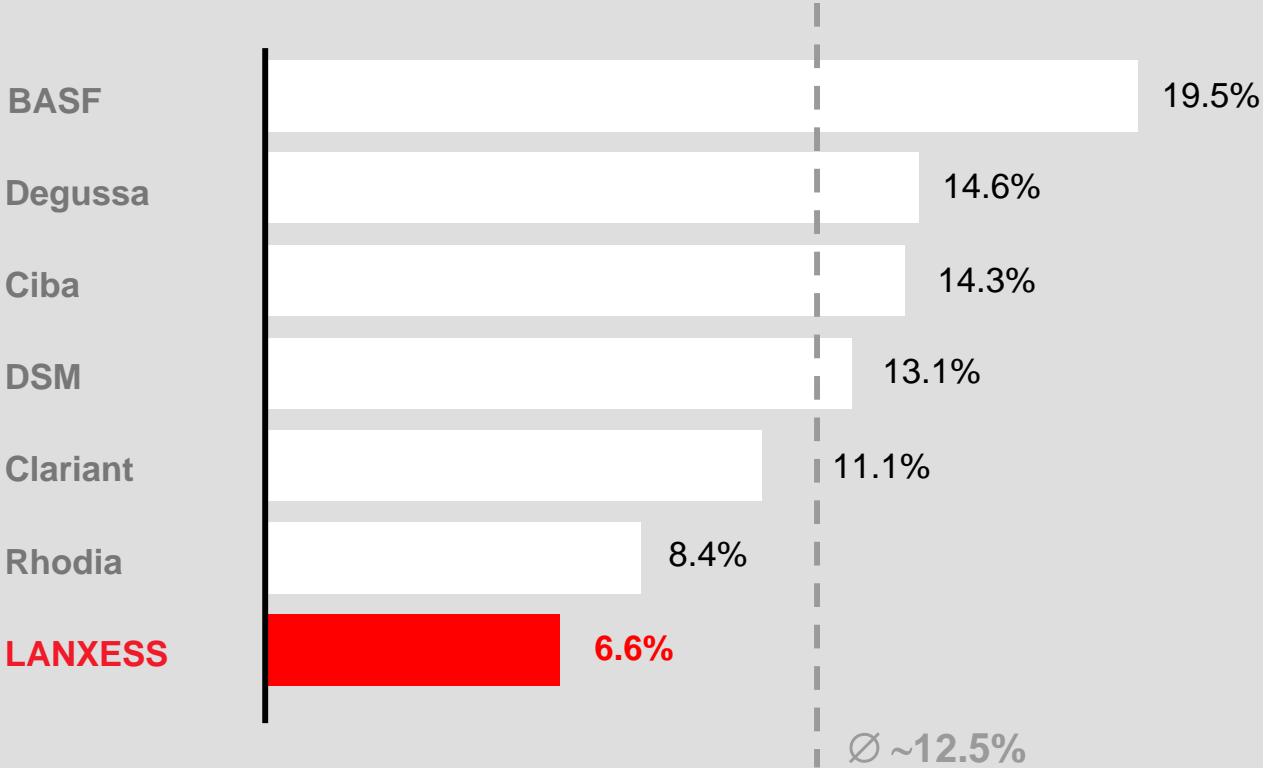
# Agenda



- 1. Review of 2004**
- 2. FY 2004 Financials**
- 3. Strategy and Restructuring**
- 4. Outlook**

# Margins Continue to Lag Behind Competitors Despite All Positive Developments

## EBITDA Margins 2004\*

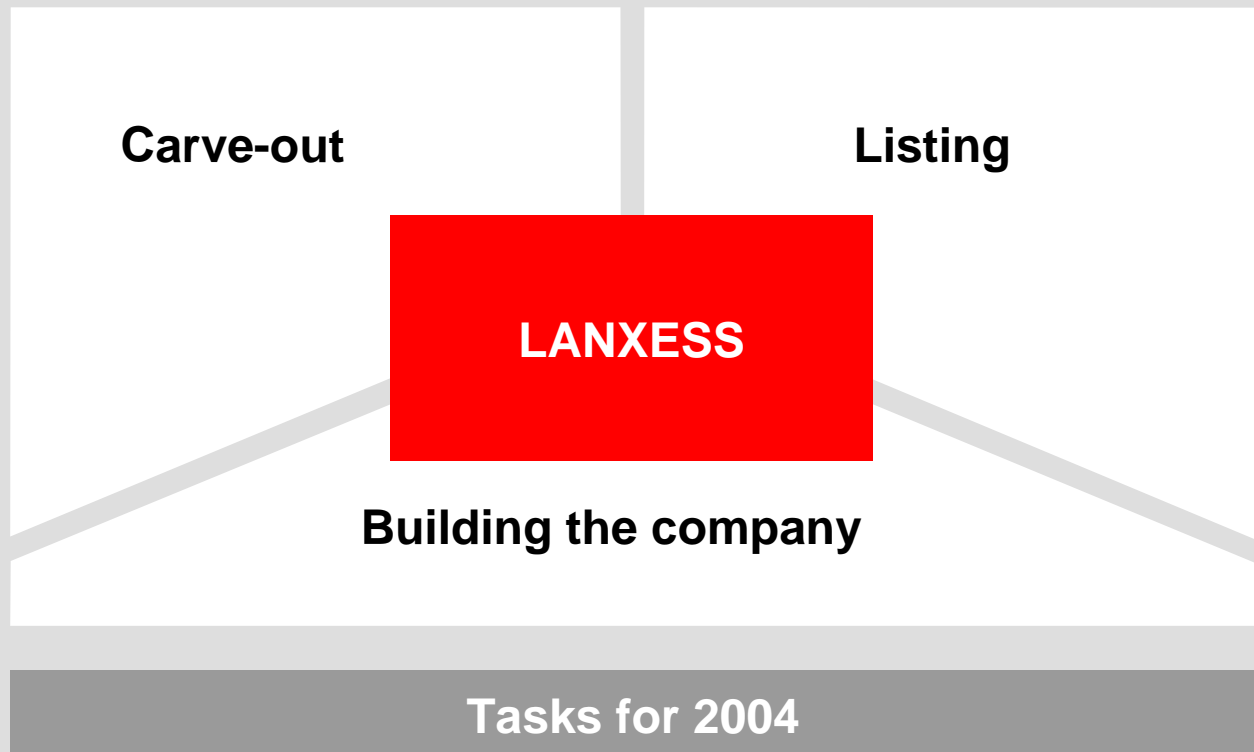


\* EBITDA pre exceptionals in % of sales FY 2004;  
Source: annual reports

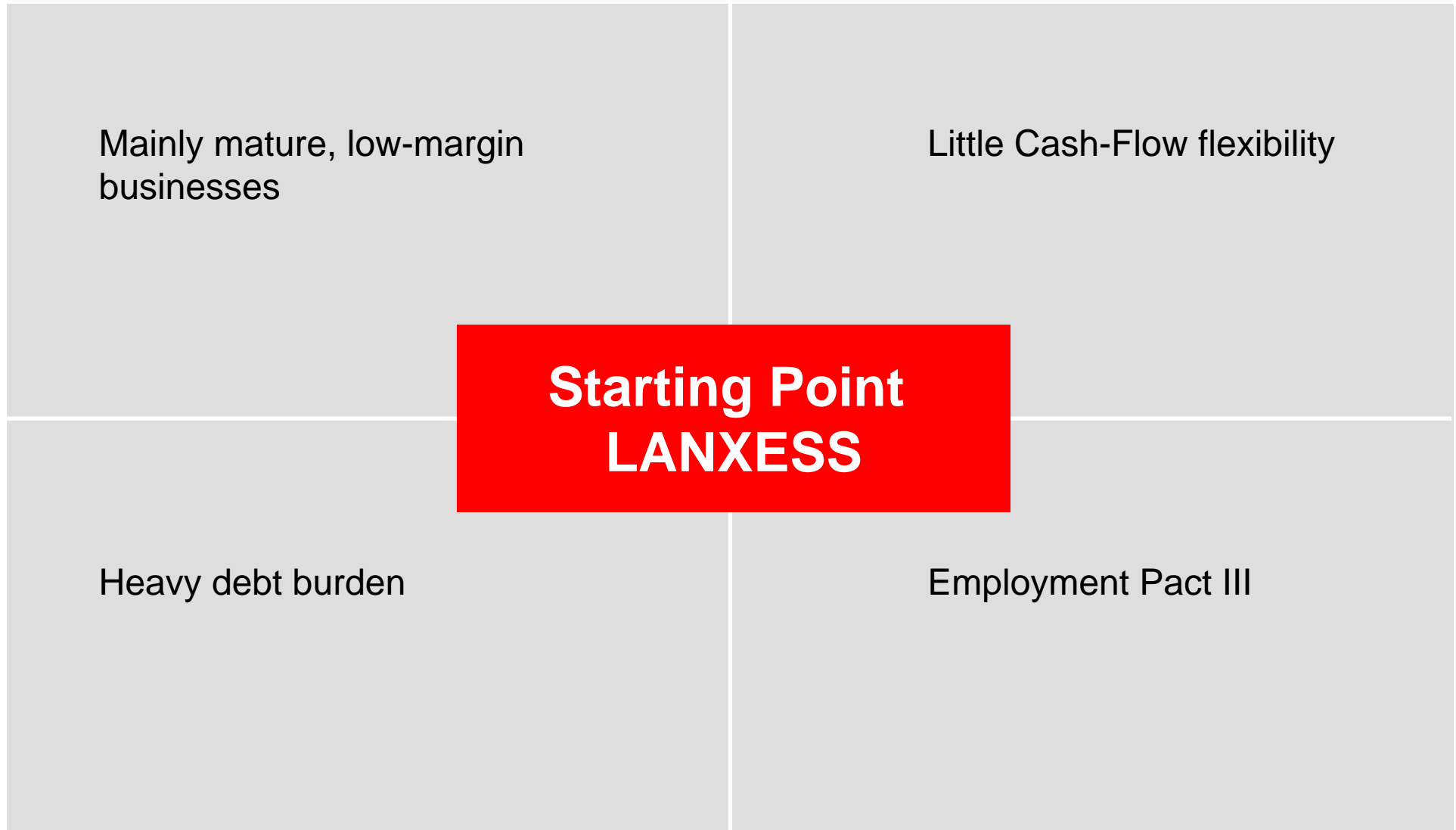
# Major Challenges Overcome in 2004

## LANXESS established as a unit

- Several major areas addressed in parallel within one year
  - Spin-off
  - Structure
  - Listing
- Each of them a challenge in itself
- Essential to maintain at least the previous level of business



# LANXESS Inherits a Difficult Legacy



# Major Tasks Determined by Starting Position

**Improve performance**

**Reduce costs**

**Focus on profitable businesses**

# Action Taken Immediately

Improve performance

Reduce costs

Focus on profitable businesses

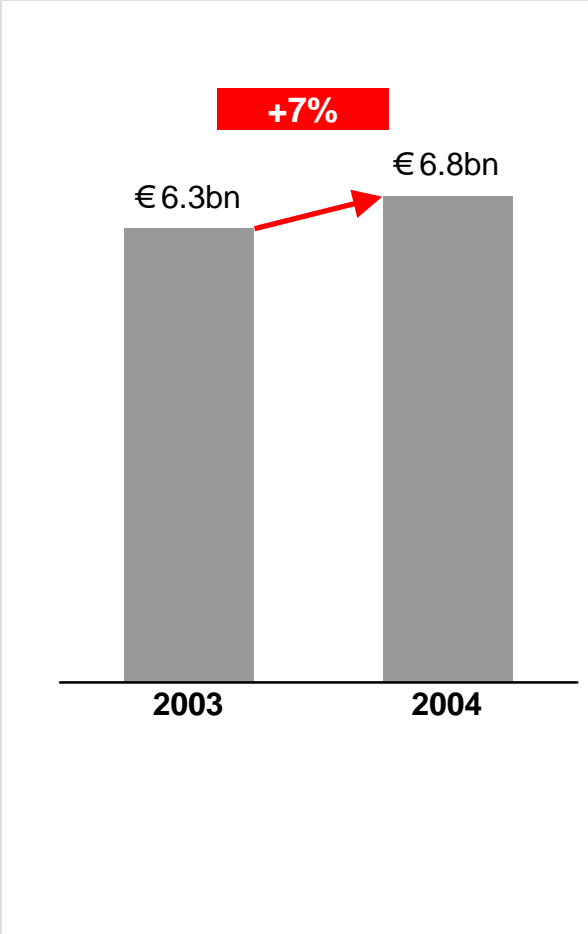
## Highlights 2004

- Transparent organization
- Responsibilities clearly defined
- New price/volume strategy
  
- Restructuring
- Reduction in personnel costs  
(pay components above collectively agreed rates)
  
- Lean asset strategy in Asia
- Creative partnership solutions
- Debottlenecking in Butyl Rubber

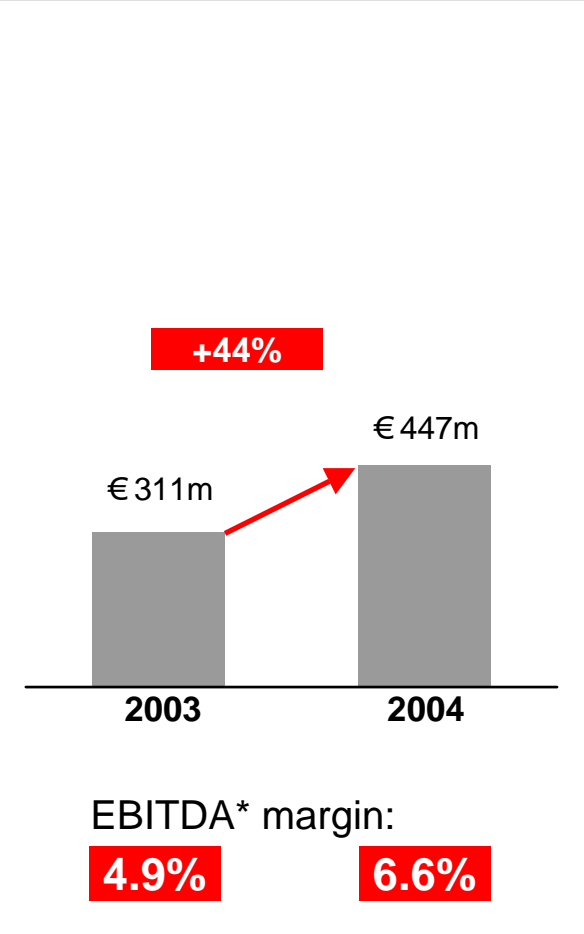


# Improvements in 2004 over 2003

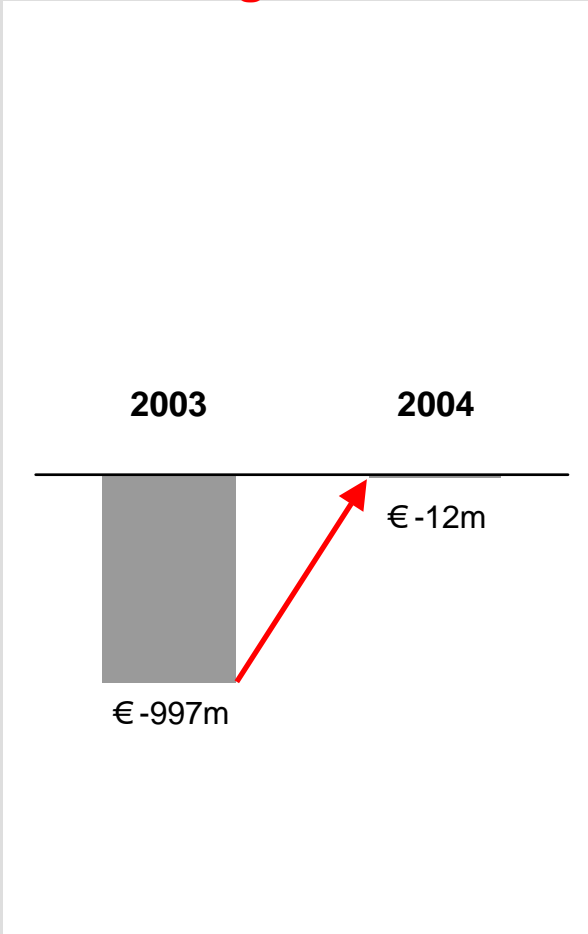
## Sales



## EBITDA\*



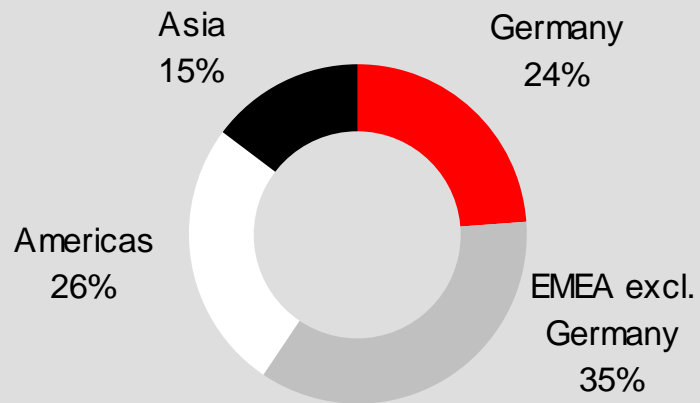
## Net earnings



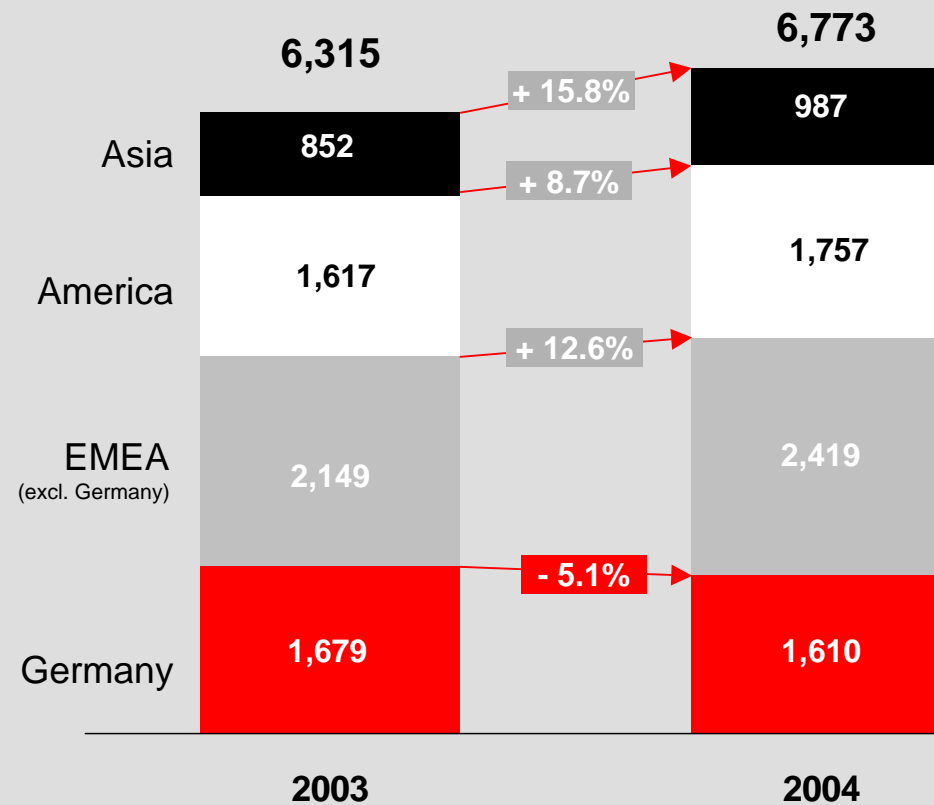
\* pre exceptionals

# Significantly Higher Sales in EMEA and Asia

**Sales by regions 2004**  
(in %)

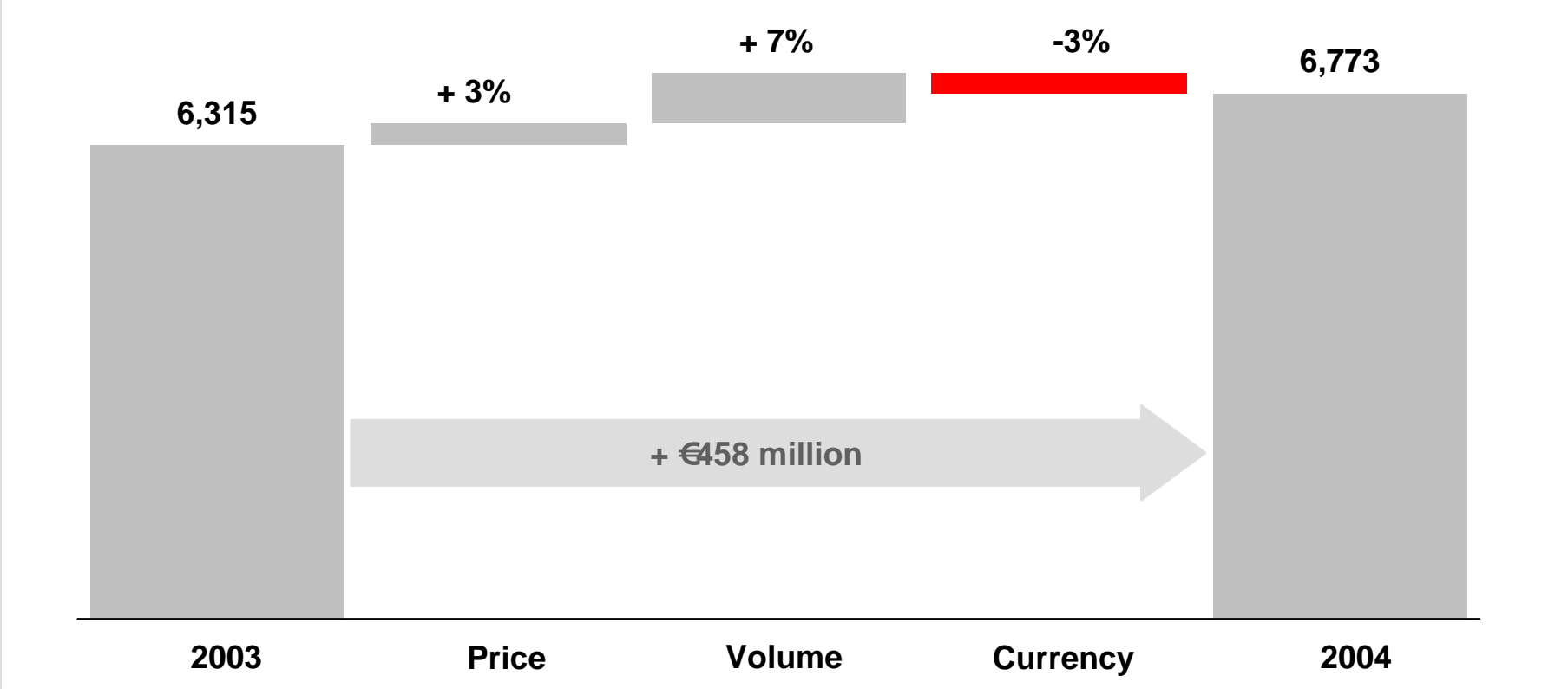


**Sales trend by region**  
(€million)



# Price- and Volume Increases Offset Unfavorable Currency Effects

(€ million)  
percentages rounded



# Performance Rubber: Capitalizing on Market Leadership

## Example: PBR

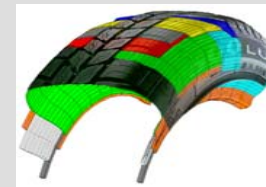
- PBR and BTR organized in two separate business units for clearer business focus

- Results:

- Asset consolidation bearing fruit
- New price/volume strategy successfully implemented
- Utilizing our technology leadership to develop markets

## Turn Leadership Into Value

- Exploit growth potential
- Substantially increase profitability



# Engineering Plastics: Focus on Restructuring

## Example: SCP

- Increase profitability by expanding capacities for intermediates
  - Higher volumes
  - Broadly similar cost structure
- Exploit growth potential in Asia
- Focus on customized compounding

## Turn Restructuring Into Value

- Utilize growth opportunities
- Reduce complexity
- Substantially increase profitability



# Chemical Intermediates: Utilizing our Asset Base

## Example: BAC

- Utilize our competitive, integrated production facilities to maintain our position in a consolidation scenario
- Maintain high capacity utilization to benefit from the economic upswing

## Turn Strong Asset Base Into Value

- Remain competitive against emerging Asian suppliers



# Performance Chemicals: Regional Expansion

## Examples: RCH, TPC, LEA

- Markets migrating to Asia
- Application engineering shifting to customers
  - RCH: Expansion of capacities in Qingdao
  - LEA: Technical service center and technology center opened in Wuxi
  - TPC: Expansion of technical expertise in Asia

## Turn Application Engineering Into Value

- Growth in profitable niche markets
- Regional expansion



# Agenda



1. Review of 2004
2. **FY 2004 Financials**
3. Strategy and Restructuring
4. Outlook



# Agenda



## **2. FY 2004 Financials**

### **2.1. Profit and Loss Statement: Overview, Exceptionals, Business Performance**

### **2.2. Balance Sheet**

### **2.3. Cash Flow**

### **2.4. Housekeeping**

# Nature of “Combined Financial Statements” (CFS)

- CFS reflect LANXESS’ historical financial performance as if spin-off had occurred on January 1, 2002 whereas discontinuing operations (“DO”) figures present LANXESS as integral part of the Bayer Group
- CFS also differ from “pro forma financials”, as historical CFS figures **do not reflect** the business as if LANXESS had been independent in the past (e.g. no adjustment for historical transfer prices)
- **Major assumptions\*** have been made regarding
  - Net debt and interest expense
  - Income taxes / Deferred taxes / Tax loss carry forwards
  - LANXESS Corporate Center

The absence of historical unity and independence of LANXESS limits the informative value of the CFS.

\*actual figures may differ from assumptions

**Differences between “DO” (Bayer reporting) and “CFS” (LANXESS reporting) will remain for full year 2004**

# Improvement in Full Year Results (CFS)

(€m)	FY 2003	FY 2004	Abs. chg.	Chg. in %
<b>Sales</b>	6,315	<b>6,773</b>	458	<b>7%</b>
Cost of goods sold	5,211	5,349	138	<b>3%</b>
SG&A	1,192	1,144	-48	-4%
R&D	168	123	-45	-27%
Other op. Result	-1,041	-98	943	91%
<b>EBIT</b>	<b>-1,297</b>	<b>59</b>	<b>1,356</b>	<b>n.m.</b>
thereof exceptionals	<b>-1,178</b>	<b>-99</b>	<b>-1,079</b>	<b>-92%</b>
<b>Net Income</b>	<b>-997</b>	<b>-12</b>	<b>985</b>	<b>99%</b>
EBITDA*	180	387	207	>100%
thereof exceptionals	-131	<b>-60</b>	-71	-54%
<b>EBITDA pre exceptionals</b>	<b>311</b>	<b>447</b>	<b>136</b>	<b>44%</b>

n.m.: not meaningful

\* EBITDA equals EBIT plus depreciation and amortisation


## 2004 Sales Variance by Segment (approximate numbers)

(€m)	FY 2003	Price	Volume	Currency	FY 2004
Performance Rubber	1,375	~ +4%	~ +3%	~ -3%	1,431
Engineering Plastics	1,401	~ +4%	~ +22%	~ -3%	1,722
Chem. Intermediates	1,411	~ +2%	~ +6%	~ -2%	1,487
Perf. Chemicals	1,925	~ -1%	~ +3%	~ -3%	1,910

(€m)	9M 2003	Price	Volume	Currency	9M 2004
Performance Rubber	1,038	~ +2%	~ +2%	~ -3%	1,046
Engineering Plastics	1,060	~ +0%	~ +24%	~ -3%	1,281
Chem. Intermediates	1,080	~ +0%	~ +4%	~ -2%	1,102
Perf. Chemicals	1,501	~ +1%	~ -1%	~ -3%	1,459

# Increased Raw Material Costs Were Mainly Passed Through

	(in € million)	Full year 2004	Price increase vs. 2003
<b>Full Year 2004</b>	<b>Net Sales</b>	6,773	160
	<b>COGS</b>	5,349	190


  
~80% of Raw Material price increase passed-through to customers in 2004

- Cost pass-through lags behind raw material price increases by ~3 months on average

**Q1/ Q2 2005**

Q1 2005: some relief in raw material cost pressure + selling price increases (announced in Q4 2004)

Q2 2005: rising raw material costs + time lag of ~ 3 months to increase selling prices

**Raw Material Prices are expected to remain on high levels during 2005**

# 2004 D&A and Exceptionals by Segment

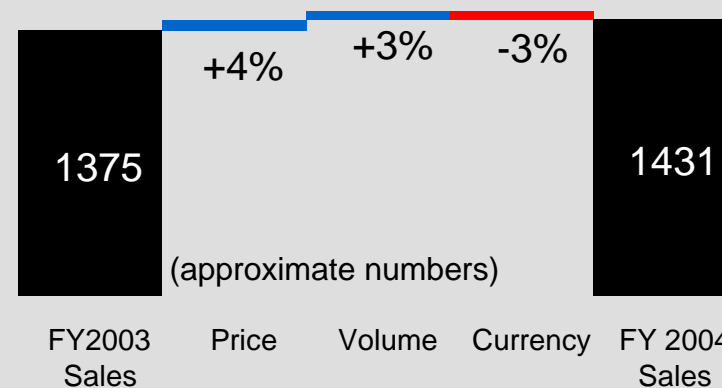
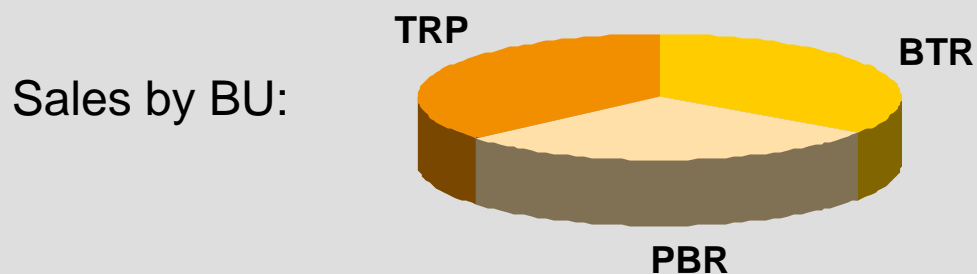
(€m)	D&A 2004	thereof excep. D&A	total exceptionals
Performance Rubber	-61	0	-12
			Anti-Trust litigation TRP
Engineering Plastics	-37	3	3
		€24 m amendment to Impairment in STY -€21m Depreciation of capex in STY	
Chemical intermediates	-113	-22	-22
		€5 m Adjustment of '03 impairment in FCH -€27 m Depreciation of capex in FCH	
Performance Chemicals	-95	-20	-68
		-€20 m Goowill amortization RheinChemie	-€8 m anti-trust litigation RUC -€40 m environmental provision Merebank
Reconciliation	-22	0	0
<b>LANXESS Total</b>	<b>-328</b>	<b>-39</b>	<b>-99</b>

For 2003 D&A and Exceptionals by Segment, please see Back-up slides

# Performance Rubber: Improved Performance Despite Weak Q4 2004

(€m)	FY 2003	FY 2004
<b>Sales</b>	<b>1,375</b>	<b>1,431</b>
EBIT	-246	44
Depr. / Amort.	250	61
EBITDA	4	105
<b>EBITDA pre except.</b>	<b>36</b>	<b>117</b>
Margin	2.6%	<b>8.2%</b>
<b>Capex</b>	<b>78</b>	<b>76</b>

- Higher selling prices after increased raw material and energy costs as well as higher volumes in all BUs, especially in TRP more than offset negative currency effects
- Q4 impacted by costs for planned maintenance shutdowns
- Provisions in connection with settlement of antitrust investigations of €12 m mainly in TRP negatively affected EBIT and EBITDA

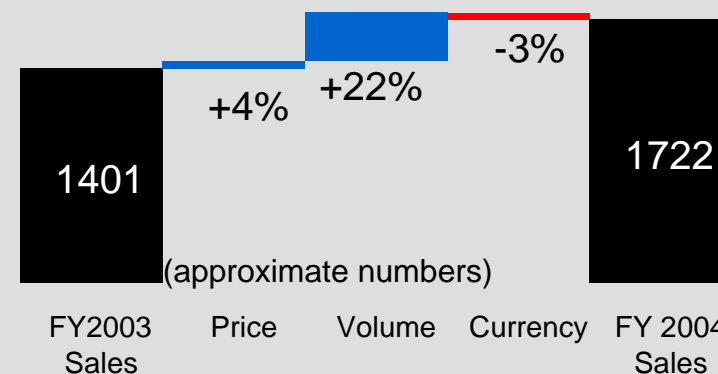
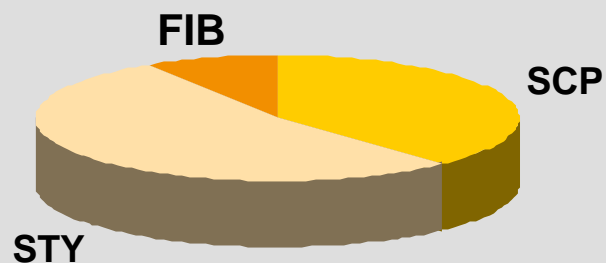


# Engineering Plastics: Reasonable Improvement vs. Prior Year But Still the Lagging Segment

(€m)	FY 2003	FY 2004
<b>Sales</b>	<b>1,401</b>	<b>1,722</b>
EBIT	-488	7
Depr. / Amort.	474	37
EBITDA	-14	44
<b>EBITDA pre except.</b>	<b>22</b>	<b>44</b>
Margin	1.6%	2.6%
<b>Capex</b>	<b>85</b>	<b>45</b>

- Sales increased on higher volumes and to some extent prices in SCP and partly STY. Sales in FIB were lower due to continuing overcapacities and corresponding price pressure
- EBITDA improved on higher sales and a partial pass-through of higher raw material prices
- Continued prudent Capex approach

Sales by BU:



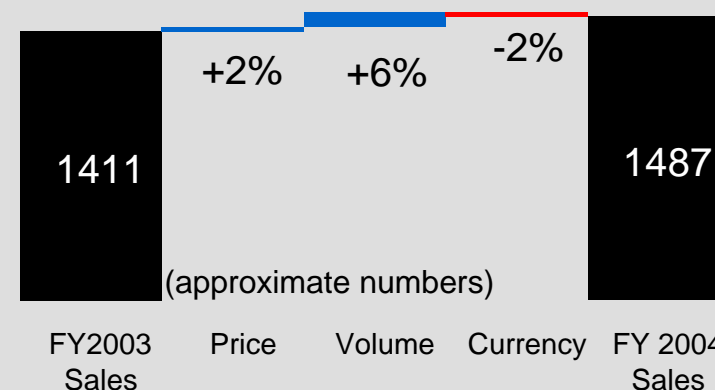
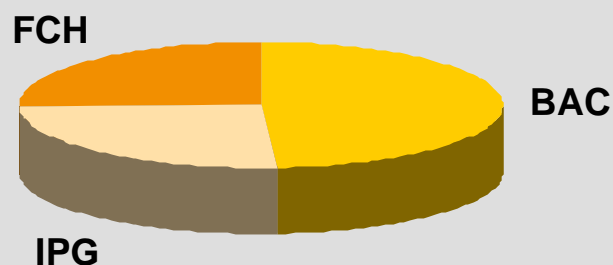


# Chemical Intermediates: BAC and IPG Overcompensate Weak FCH Performance

(€m)	FY 2003	FY 2004
<b>Sales</b>	<b>1,411</b>	<b>1,487</b>
EBIT	-344	65
Depr. / Amort.	463	113
EBITDA	119	178
<b>EBITDA pre except.</b>	<b>153</b>	<b>178</b>
Margin	10.8%	12.0%
<b>Capex</b>	<b>79</b>	<b>89</b>

- Sales growth in BAC and IPG due to higher volumes and increased prices after risen raw material costs
- FCH sales were lower since improved sales in agrochemicals did not offset effects from continued difficult market conditions especially in photo chemicals
- Net impairments of €22 million consisting of €27 million impairment and €5million write-back weighed on EBIT

Sales by BU:

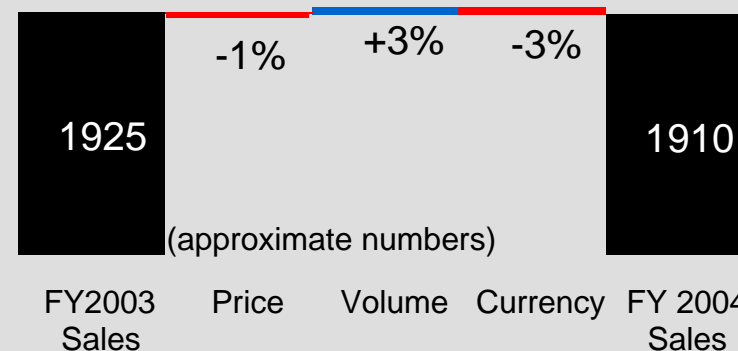
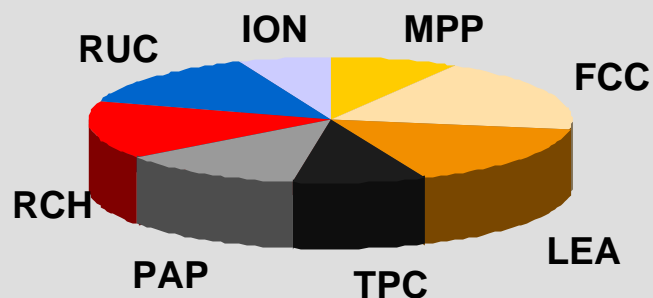


# Performance Chemicals: No Performance Improvement due to Selling Price Pressure and Difficult Businesses

(€m)	FY 2003	FY 2004
<b>Sales</b>	<b>1,925</b>	<b>1,910</b>
EBIT	-176	-20
Depr. / Amort.	272	95
EBITDA	96	75
<b>EBITDA pre except.</b>	<b>125</b>	<b>123</b>
Margin	6.5%	6.4%
<b>Capex</b>	<b>63</b>	<b>57</b>

- Total sales were slightly lower
  - increases in RCH, LEA, ION and MPP almost offset decreases in the remaining BUs, mainly FCC and TPC
- Positive volume effects offset unfavorable currency impacts
  - sales however slightly decreased due to pricing pressure

Sales by BU:



# Agenda



## 2. Financial Content

**2.1. Profit and Loss Statement:  
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**2.2. Balance Sheet**

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# Condensed Consolidated Balance Sheet

(€ m)	Dec 31, 2003	Dec 31, 2004	(€ m)	Dec 31, 2003	Dec 31, 2004
<b>Non-current Assets</b>			<b>Shareholders' equity</b>	1,358	1,331
Intangible assets	99	65	<b>Minority stockholders' interest</b>	43	34
Property, plant & equipment	1,551	1,521	<b>Provisions</b>		
Investments	40	85	Pension & post empl. provisions	408	418
			Other provisions	405	481
<b>Current Assets</b>			<b>Liabilities</b>		
<b>Inventories</b>	1,096	1,151	Financial obligations	1,442	1,207
<b>Trade receivables</b>	990	1,137	thereof Mandatory Convertible	-	200
Loan to Bayer	256	0	<b>Trade accounts payable</b>	574	820
Other receivables & assets	298	363	Misc. liabilities	187	189
Cash & cash equivalents	13	72	<b>Deferred taxes</b>	57	55
<b>Deferred taxes</b>	170	172	<b>Deferred income</b>	56	41
<b>Deferred charges</b>	18	11	<b>Total Liabilities &amp; Equity</b>	4,531	4,577
<b>Total assets</b>	4,531	4,577			

# Differences Between Assumptions in CFS and Reality Lead to Effects in LXS Deferred Tax Assets and Therefore in LXS Shareholder Equity

- Background**
- Bayer's assumptions in the CFS: ~€540 million tax loss carry forwards (~€216\* million deferred tax asset) related primarily to impairments in 2003 were allocated to LANXESS as per December 31st, 2004 for Germany
  - Following German tax law eventually finally only ~6.3% of Bayer AG's total tax loss carry forward (~€33 million deferred tax asset) are transferred to LANXESS AG in the course of the spin-off. The respective deferred tax asset must be adjusted by approximately -€185 million (FY 2004 vs. Q1 2005)
  - Additional differences lead to further reduction of the respective deferred tax asset. The total delta amounts to appr. -€250 million. (FY 2004 vs. Q1 2005)

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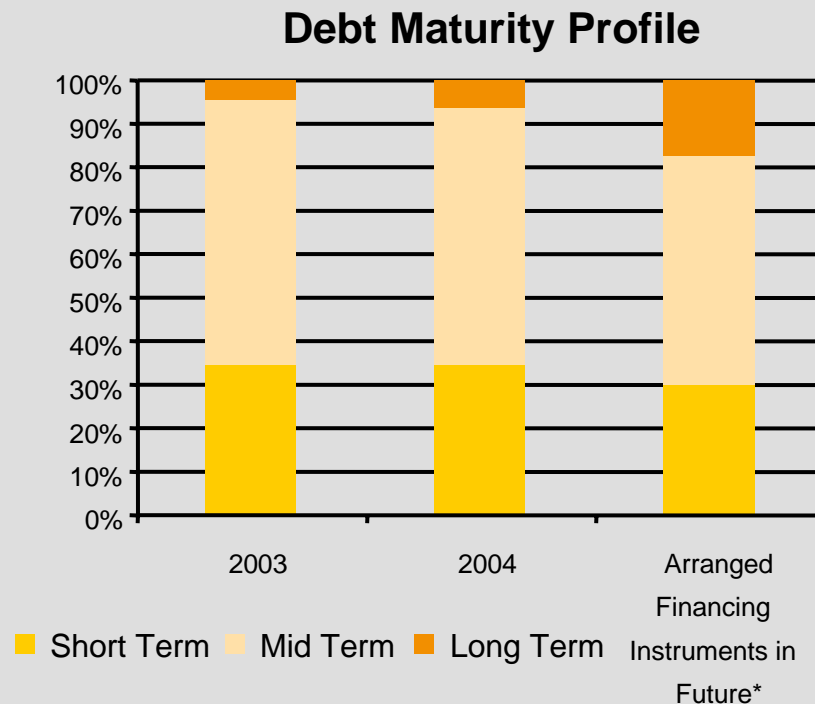
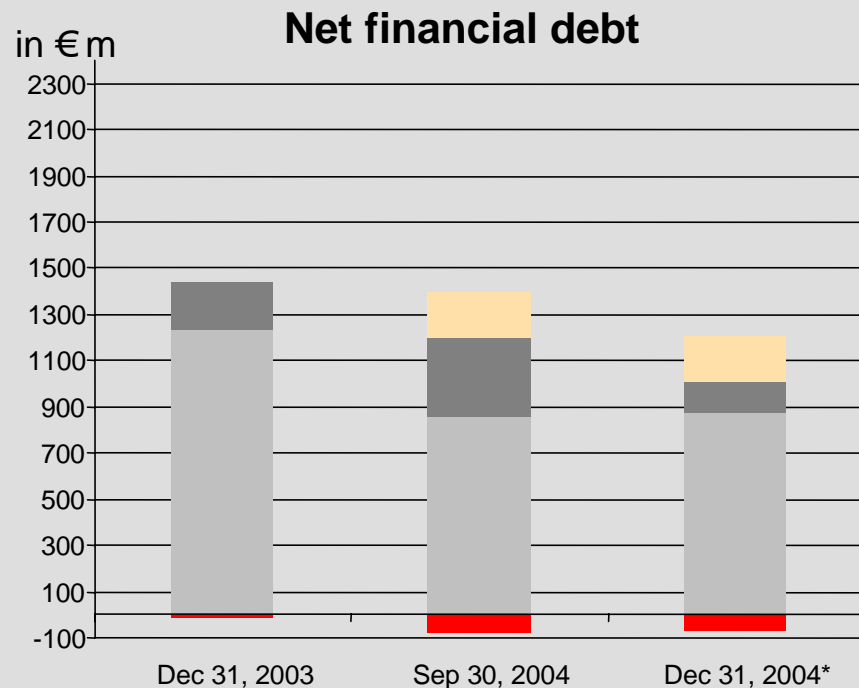
## Effects

- Technical reduction of the balance sheet
- Equity will be reduced by appr. €250 million as of January 1st, 2005
- P&L will not be impacted
- Cash flow will not be impacted

**Standard and Poor's: "No effect on investment grade rating"**

\*The balance sheet shows €172m which is an amount net of certain deferred tax liabilities

# Net Financial Debt Reduced and Maturity Profile to Become More Balanced



■ Cash ■ Short/ Mid-term liability ■ Long term liability ■ Convertible

– **Additional financing headroom of ~€1bn established**

– **Net financial debt includes effect from €130 million payment term adjustment with Bayer**

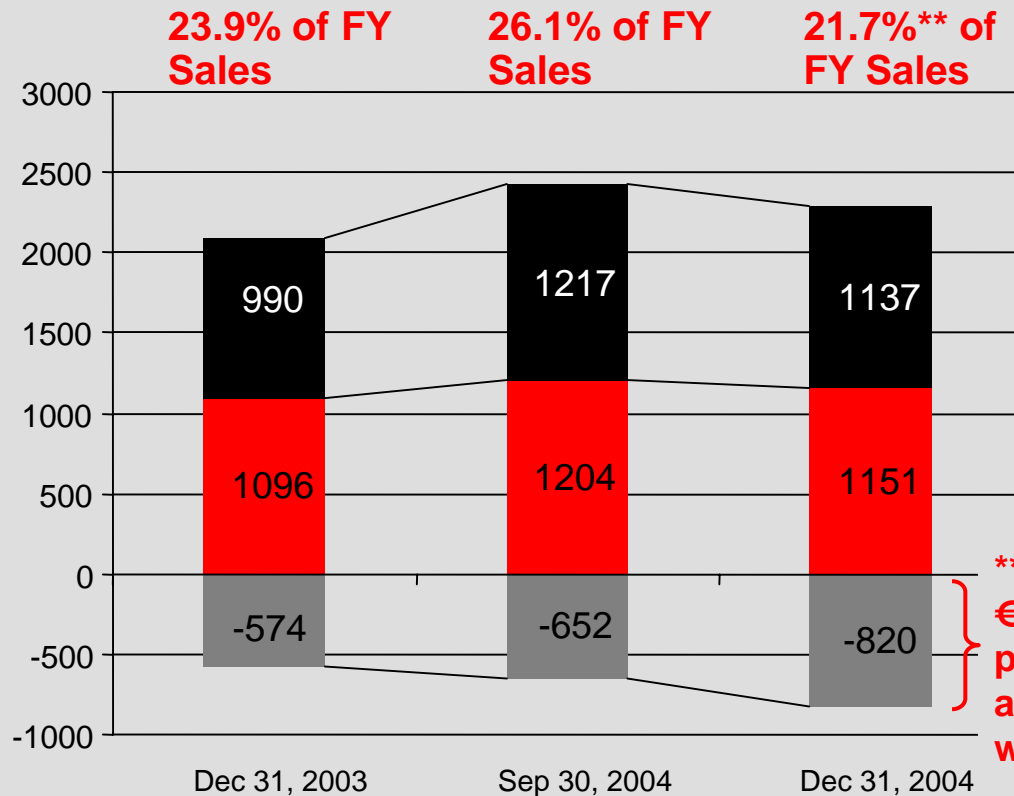
– **Planned Euro bond will improve debt maturity structure in the future**

Net financial debt excluding pensions: financial obligations (including convertible) less cash & cash equivalents

\* Maturity profile of actually drawn financing instruments will likely have an even larger long-term portion

# Working Capital\* Reduced by Year End Mainly due to Payment-Term Negotiation with Bayer

in €m



## YoY - Change:

- Inventory: Planned maintenance shutdowns and price increases as well as system migration in the US impacted inventory
- Receivables: Higher sales especially in Q3 2004 and Q4 result in increased trade receivables
- Payables: Increased raw material prices and higher volumes impact payables
- Working Capital is expected to remain above 20% of sales

**Target until 2006: Counterbalance €130 m increase from expiry of payment term adjustment**

\* Working Capital : Inventory plus trade accounts receivable less trade accounts payable

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# Essential for Future: Strong Cash Flow Generation

(€m)	FY 2003	FY 2004
<b>EBIT</b>	<b>-1,297</b>	<b>59</b>
Taxes Paid	12	-45
Depreciation & Amortization	1477	328
Change in Pension Accrual	25	-31
Gain/ Loss from Sale of Assets	6	2
Change in Working Capital*	16	-35
Change in other current assets	107	33
<b>Net cash provided by operating act.</b>	<b>346</b>	<b>311</b>
<b>Capex</b>	<b>-312</b>	<b>-279</b>
Cash Flow used in investing activities**	-300	-39
Cash Flow used in financing activities	-46	-214
Cash at End of Period	13	72

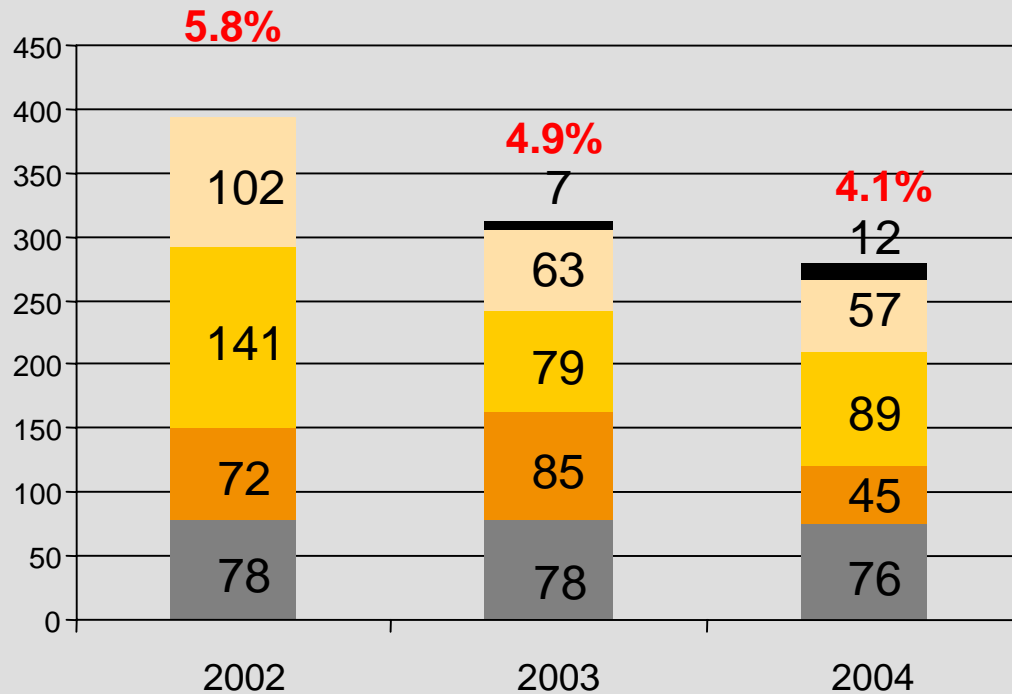
- Higher taxation due to higher taxable income and certain amounts of non-deductible tax items
- Working Capital increases due to increased sales, risen raw material costs and planned maintenance shut-downs

**Restructuring expected to impact cash flow in 2005/2006**

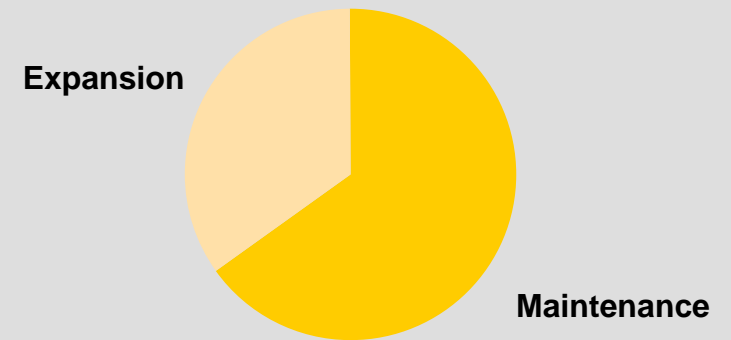
\* Working Capital : Inventory plus trade accounts receivable less trade accounts payable

\*\* including repayment of loan to Bayer in 2004

# Disciplined Approach for Capital Expenditures



LANXESS rule of thumb for Capex split:



**Annual Capex for next 2 years expected ~4% of sales**

Percentages: Capex in % of sales

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# LANXESS LTIP's on Board Level: Stock Performance Plan (SPP) and Economic Value Plan (EVP)

- **Condition to participation: Personal investment (40% of one annual fixed salary in three tranches)**
- **Stock Performance Plan (SPP)**
  - **Benchmark:** Outperformance of the DJ global STOXX 600 Chemicals index (index+10%:100% targeted payout, index+20%: cap and maximum payout)
  - **Targeted payout\*:** 90% of one total annual salary (fixed and variable)
  - **Vesting period:** 3 years, following 2 years of exercise period for each tranche
  - **Blackout periods:** surrounding earnings releases and AGM
  - **Grant price:** volume weighted average of first ten trading days (€15.01 for first tranche)
- **Economic Value Plan (EVP)**
  - **Benchmark:** Increase of Economic Value over three years ('04-'07, '05-'08, '06-'09) according to business plan  
Economic Value = EBITDA \* Multiplier, less net debt
  - **Targeted payout\*:** 40% of one total annual salary
  - **Vesting period:** 3 years, automatic exercise after 3 years
- **Accounting treatment:** Value calculated by option pricing model (Black-Scholes) will be expensed over three years for each tranche.

\* percentage applicable on Board level - lower percentage for first level below Board of Management

# We Start with Realistic Targets

	2003 Target***	2004 Target***	2006
<b>EBITDA* Margin</b>	< 5%	~ 7% 	9 – 10%
<b>Capex/Sales</b>	~ 5%	4 – 5% 	~ 4%
<b>Net Financial Debt**/EBITDA*</b>	~ 4.5	< 3 	< 2.5

**Guidances given prior to listing were achieved**

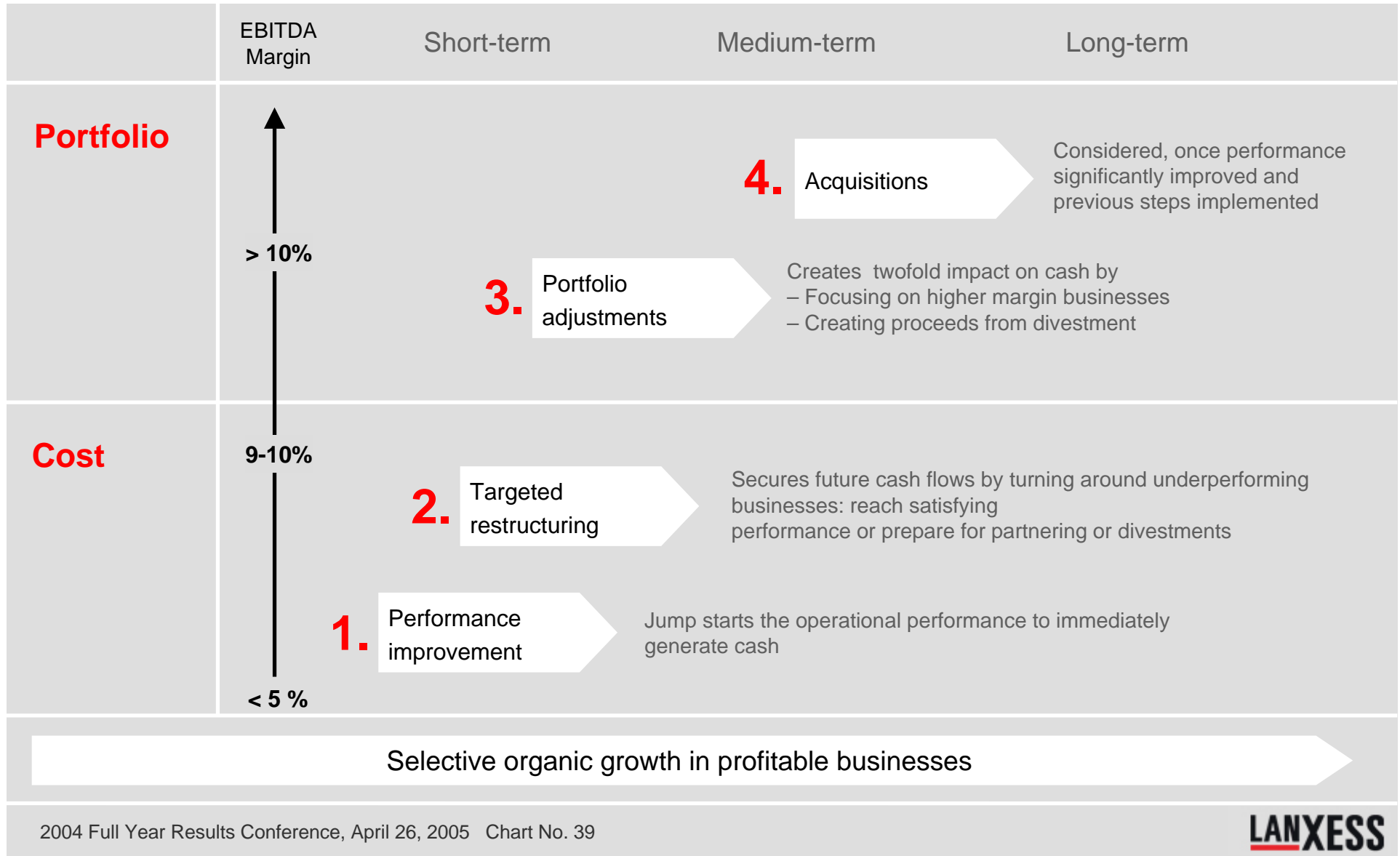
\* Excluding exceptionals  
 \*\* Net financial debt excluding pensions: financial obligations (including convertible) less cash & cash equivalents  
 \*\*\* The financial targets do not include any impact of potential divestments

# Agenda



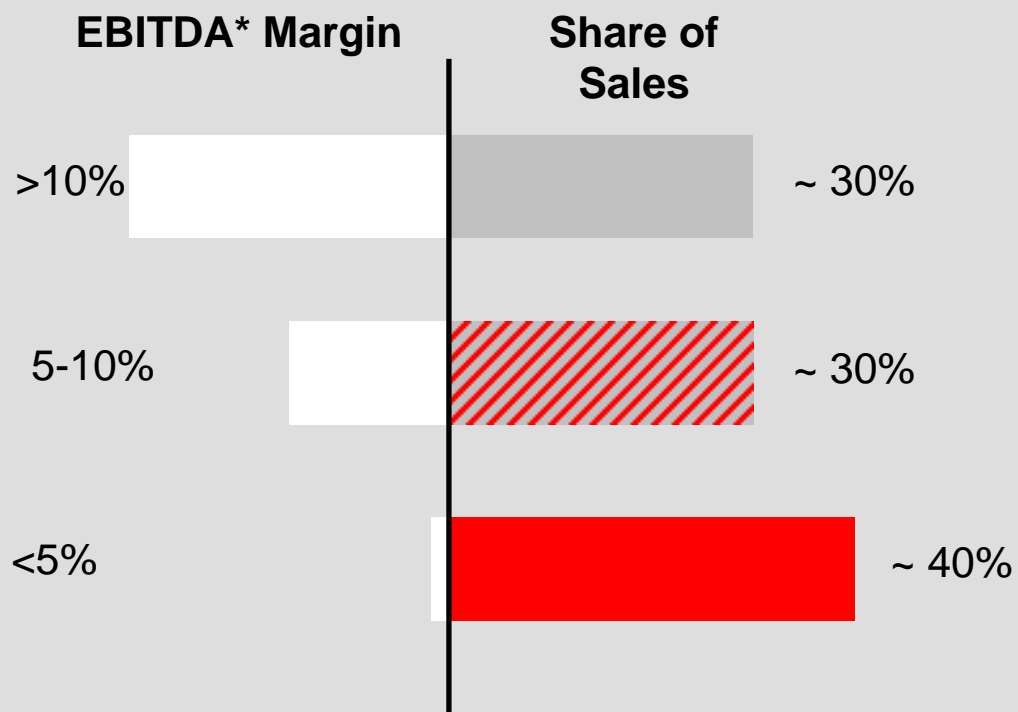
1. Review of 2004
2. Financial Content
3. Strategy and Restructuring
4. Outlook

# Step-by-Step Approach to Creating Value



## 2. Targeted Restructuring in Problem Areas

### Profitability distribution LANXESS



### Action programs

- Volume/price strategy
- Cost containment, efficiency improvement
- Large-scale restructuring
- Portfolio options

\* pre exceptionals



# Engineering Plastics – Styrenic Resins

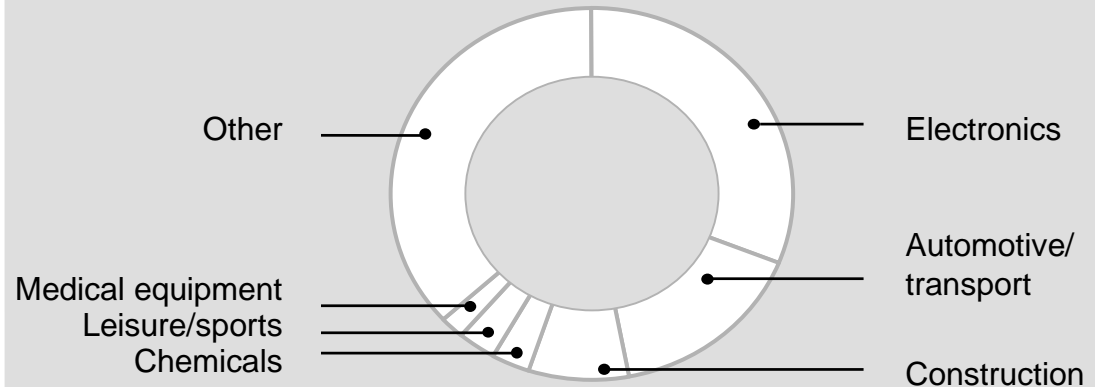


# New Capacities and Customers in Asia

## Market trend STY

- Global market growth around 6%, double-digit increases in China and India
- Global capacity increasing by about 5% a year (China approx. 14% )
- Customer industries shifting to China
- Some segments showing rapid growth, particularly specialties

## Customer industries



## Product examples

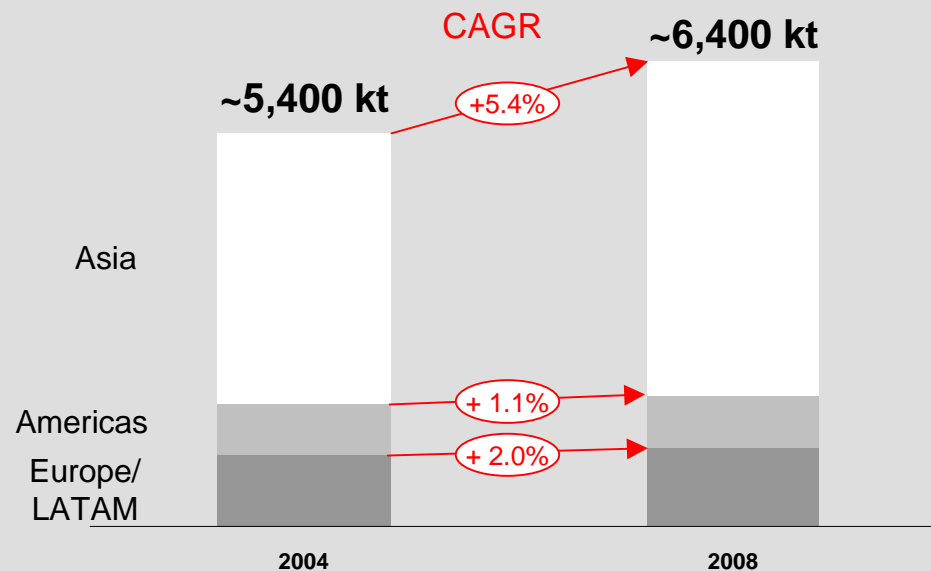


# Growth Strategy in Europe Offers No Prospect of Success

## Earnings trend in Europe

- Heavy losses in Europe for years
- Earnings still negative despite recovery in 2004
- Intense competitive pressure from Asia for standard grades

## Growth rates (p.a.)



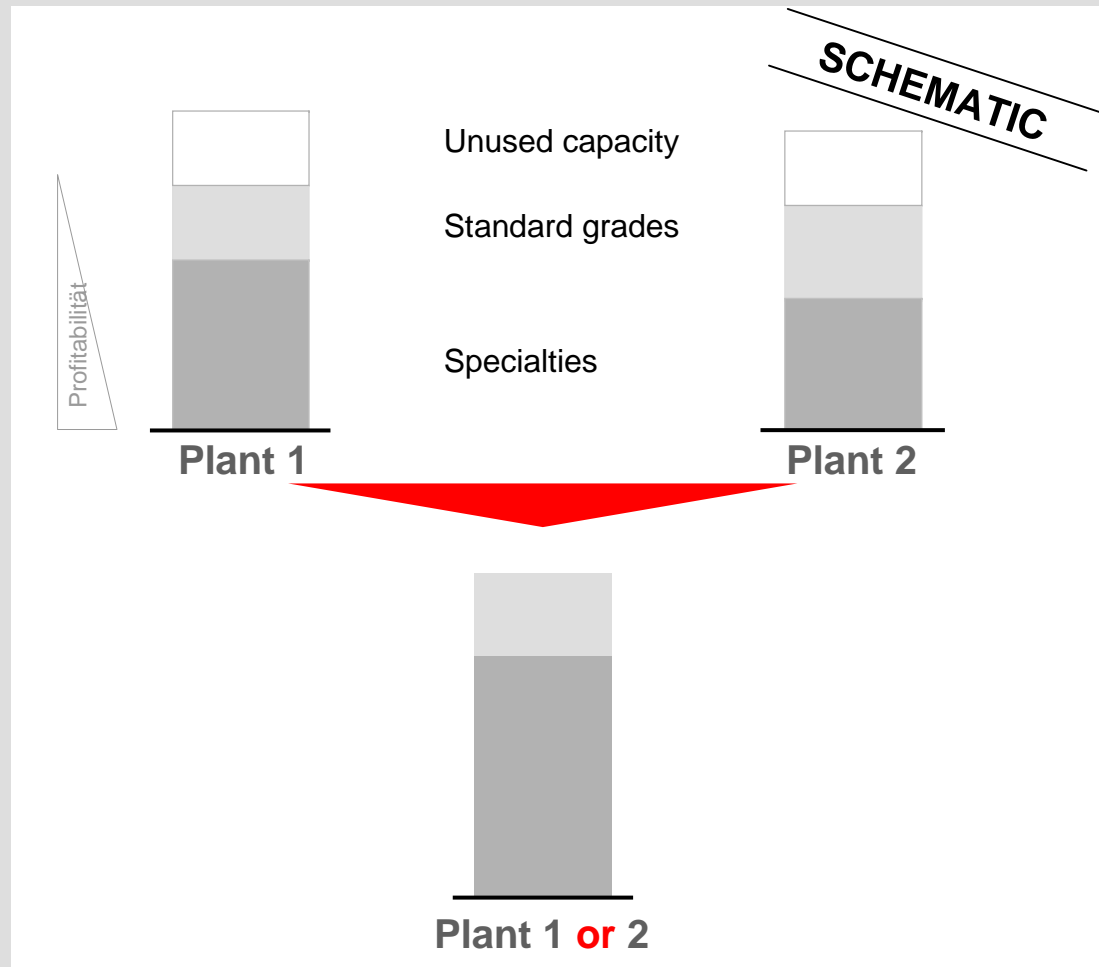
Volume-Growth-Strategy not viable in Europe

# Only One European Facility Can Survive

## Need for action in Europe

- LXS not competitive in standard grades
- Specialties are core business
- Marketing of unprofitable products to be discontinued
- Asset consolidation results in only one fully loaded plant
- Most competitive site - either Dormagen or Tarragona - will survive

## Asset consolidation



## Chemical Intermediates – FCH

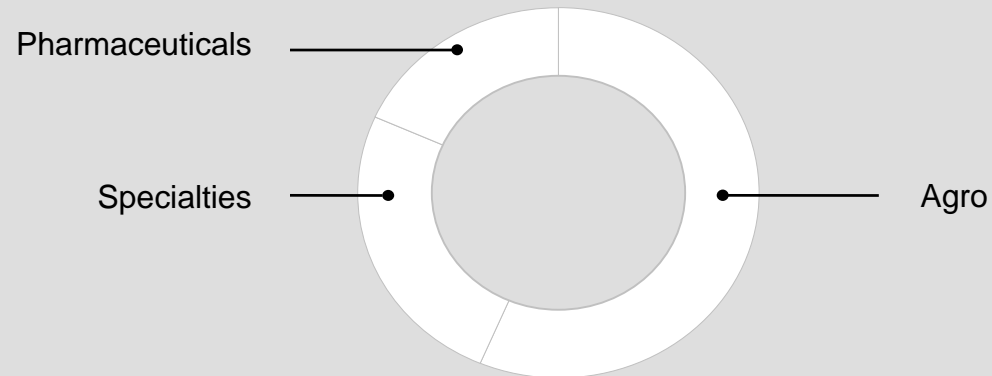
**LANXESS**

# Overcapacities and Asian Competition Are Driving Consolidation

## Market trend FCH

- Pharma market suffering from overcapacities
- Increasing Asian competition
- Price erosion in all segments
- Continuing consolidation

## FCH Customer industries



## Product spectrum

- BU offers custom manufacturing services
- Manufactures customized intermediates and active ingredients for agrochemical, pharmaceutical and other industries

# Continuing Loss of Sales to Bayer-Businesses

## Situation in FCH

- Steady losses for five years
- Declining sales
- LANXESS is subsidizing FCH

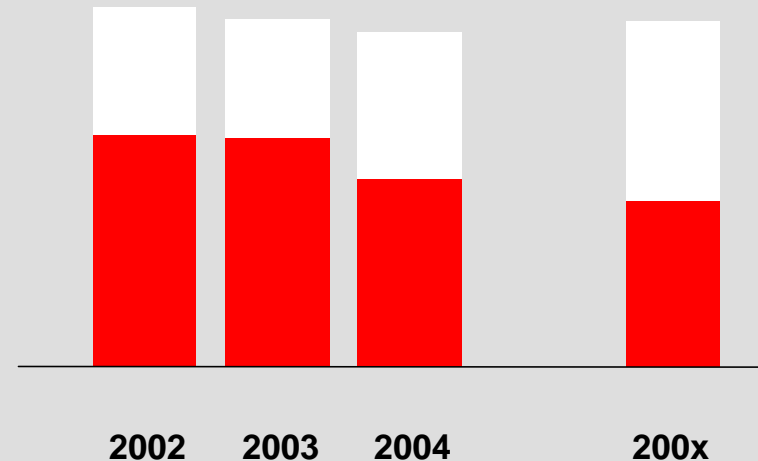
## Problem areas in FCH

- Market overcapacities
- Continuing drop in sales to (former) Bayer problem businesses
- Capacities underutilized
- Inefficient processes

## Sales

New business

Bayer and former Bayer business

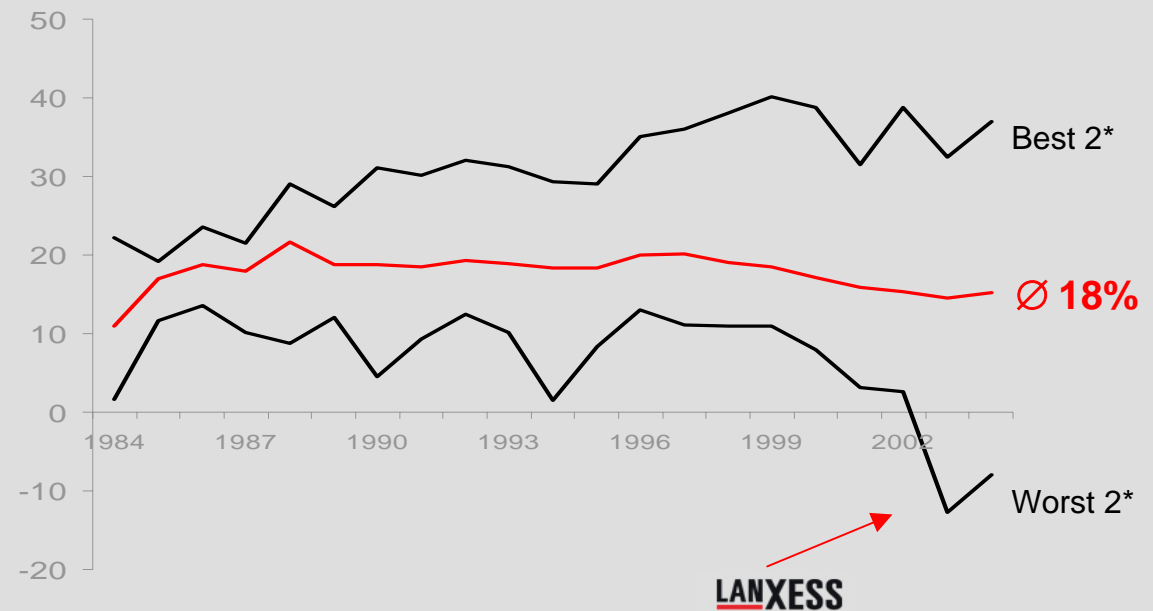


# Markets for FCH are Basically Attractive

## Situation in FCH markets

- Market has offered high margins for some years
- Market still showing slight growth
- Success in this business depends on having the right structures
- Competitors are benchmark companies that demand high margins
- FCH is one of the “worst 2”

## EBITDA in % of Sales





# Concentration on competitive facilities

## FCH model

Concentrate on profitable projects



- Expand sales force
- Reduce production base / process development
- Concentrate on competitive facilities



**Survival**

# Restructuring Styrenics and Fine Chemicals to become competitive

**Focus on more competitive structure and jobs in Europe**

**Streamline current setup -  
up to 1,200 jobs at risk**

**Despite unfavorable labor agreements  
talks with workers' councils already started**

# 3. Portfolio Adjustment

**3.** Portfolio-  
adjustment

- Portfolio adjustments form the third stage of the program for sustainable competitiveness
- LANXESS open to discussions
- Search for a partner for PAP has begun

# Agenda



- 1. Review of 2004**
- 2. Financial Content**
- 3. Strategy and Restructuring**
- 4. Outlook**

# Outlook for 2005

## Economy

- Continuing moderate growth worldwide
- Still on the upside of the chemicals cycle

## Market conditions

- Strong Euro
- High raw material costs
- Fierce competition in many areas

## LANXESS

- Necessary restructuring a major challenge
- Positive effect of
  - Operational improvements
  - Portfolio management

**LANXESS**

Energizing Chemistry

**INDEPENDENT. SOVEREIGN. AUTONOMOUS.  
PERFORMANCE DRIVEN SET-UP.  
SIGNIFICANT GLOBAL PLAYER.  
CLEAR STRATEGY FOR VALUE GENERATION.  
DISCIPLINED CASH MANAGEMENT.**





# Appendix



# Built on Polymers and Chemicals



Performance  
Rubber



Engineering  
Plastics



Chemical  
Intermediates

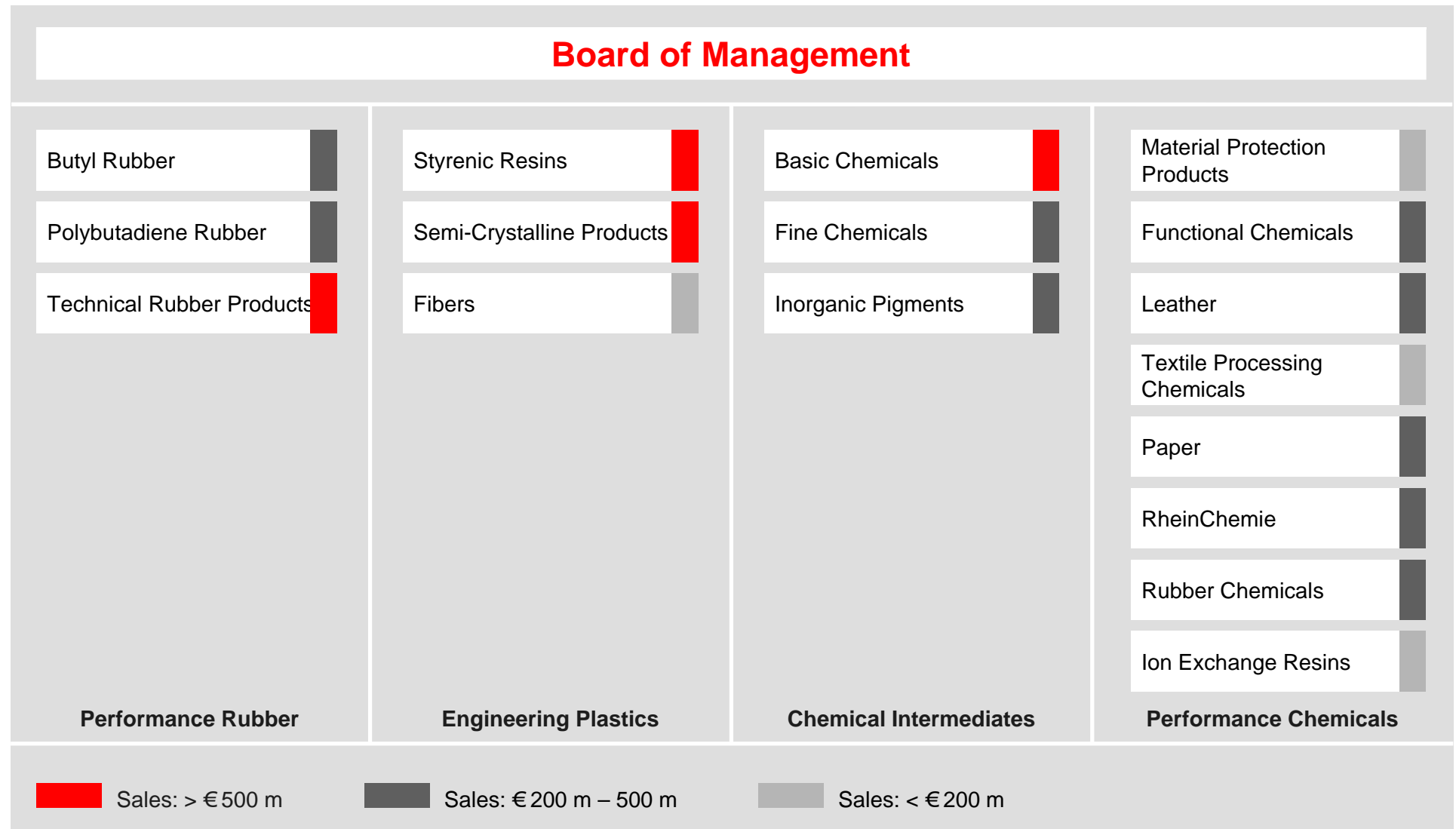


Performance  
Chemicals



Independence. Cost Reduction. Portfolio Management.

# Entrepreneurial and Experienced Board Directly Connected to BUs



# Q4 Results (CFS)

(€m)	Q4 2003	Q4 2004	Abs. chg.	Chg. in %
<b>Sales</b>	<b>1,487</b>	<b>1,726</b>	<b>239</b>	<b>16%</b>
Cost of goods sold	1,292	1,412	120	9%
SG&A	347	310	-37	-11%
R&D	50	28	-22	-44%
Other op. Result	-1,018	7	1,025	n.m.
<b>EBIT</b>	<b>-1,220</b>	<b>-17</b>	<b>1,203</b>	<b>99%</b>
thereof exceptionals	<b>-1,136</b>	<b>-18</b>	<b>-1,118</b>	<b>-98%</b>
<b>Net Income</b>	<b>-884</b>	<b>-4</b>	<b>880</b>	<b>&gt;100%</b>
EBITDA*	-120	62	182	>100%
thereof exceptionals	-106	-	106	100%
<b>EBITDA pre exceptionals</b>	<b>-14</b>	<b>62</b>	<b>76</b>	<b>&gt;100%</b>

n.m.: not meaningful

\* EBITDA equals EBIT plus depreciation and amortisation

# Exceptional overview in Full Year Results (CFS)

(€m)	FY 2003		FY 2004
<b>Sales</b>	<b>6,315</b>		<b>6,773</b>
Cost of goods sold	5,211	Operating costs include remaining €163 M of exceptionals	5,349
SG&A	1,192		1,144
R&D	168		123
Other op. Result	-1,041	Thereof €1,015 Mio exceptionals	-98
			Thereof €99 Mio exceptionals
<b>EBIT</b>	<b>-1,297</b>		<b>59</b>
thereof exceptionals	-1,178		-99
<b>Net Income</b>	<b>-997</b>		<b>-12</b>

## 2003 D&A and Exceptionals by Segment

(€m)	D&A 2003	thereof excep. D&A	total exceptionals
Performance Rubber	-250	-159	-191
Engineering Plastics	-474	-372	-408
Chemical intermediates	-463	-332	-366
Performance Chemicals	-272	-171	-200
Reconciliation	-18	-13	-13
<b>LANXESS Total</b>	<b>-1,477</b>	<b>-1,047</b>	<b>-1,178</b>

# Performance Rubber: Relatively Weak Fourth Quarter

(€m)	Q4 2003	Q4 2004
<b>Sales</b>	<b>337</b>	<b>385</b>
EBIT	-195	2
Depr. / Amort.	162	6
EBITDA	-33	8
<b>EBITDA pre except.</b>	<b>-12</b>	<b>8</b>
Margin	n.m.	2.1%
<b>Capex</b>	<b>30</b>	<b>33</b>

# Engineering Plastics: Strong Volume and Price Increases in the Fourth Quarter

(€m)	Q4 2003	Q4 2004
<b>Sales</b>	<b>341</b>	<b>441</b>
EBIT	-431	-9
Depr. / Amort.	385	15
EBITDA	-46	6
<b>EBITDA pre except.</b>	<b>-20</b>	<b>6</b>
Margin	n.m.	1.4%
<b>Capex</b>	<b>32</b>	<b>19</b>

## Chemical Intermediates: BAC and IPG Overcompensate Weaker FCH Performance

(€m)	Q4 2003	Q4 2004
<b>Sales</b>	<b>331</b>	<b>385</b>
EBIT	-377	19
Depr. / Amort.	357	27
EBITDA	-20	46
<b>EBITDA pre except.</b>	<b>14</b>	<b>46</b>
Margin	4.2%	11.9%
<b>Capex</b>	<b>30</b>	<b>36</b>

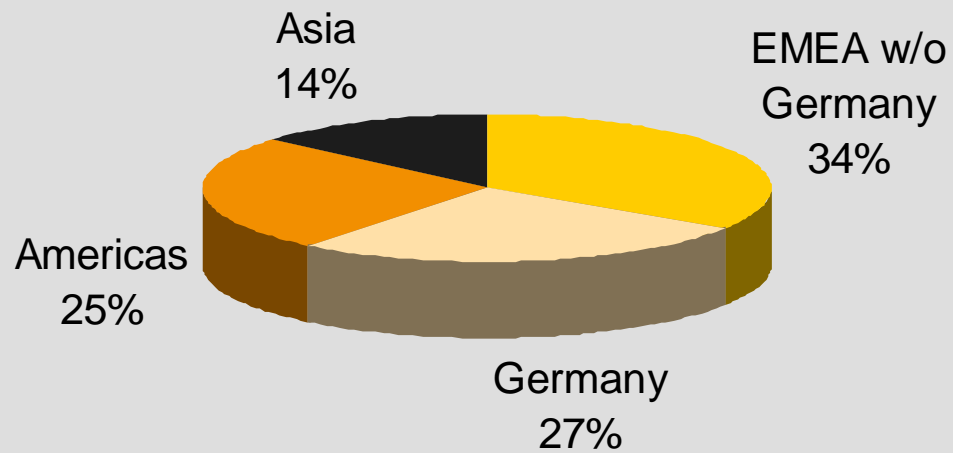


# Performance Chemicals: Flat Performance Mainly due to Pricing Pressure and Unfavorable Currency Effects

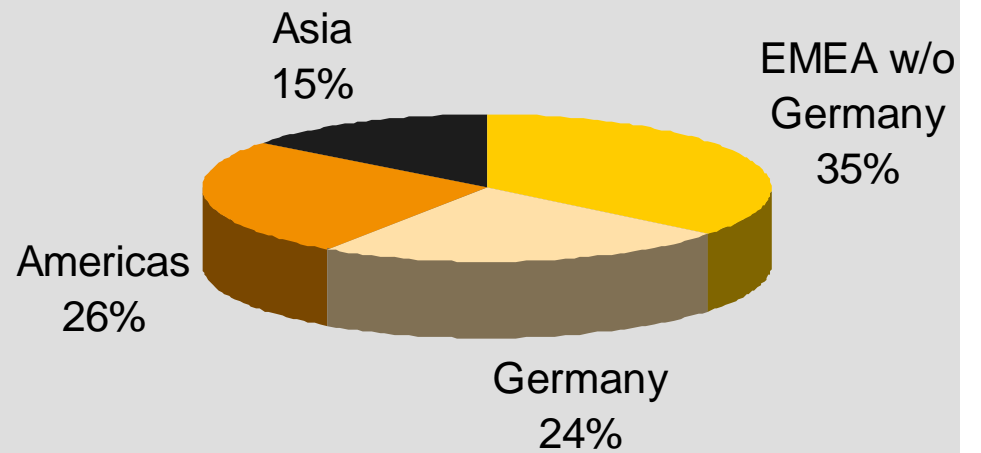
(€m)	Q4 2003	Q4 2004
<b>Sales</b>	<b>424</b>	<b>451</b>
EBIT	-227	-12
Depr. / Amort.	192	19
EBITDA	-35	7
<b>EBITDA pre except.</b>	<b>-10</b>	<b>7</b>
Margin	n.m.	1.6%
<b>Capex</b>	<b>24</b>	<b>24</b>

# Sales by Region

**2003**



**2004**



# Hedging Policy

## Currency Hedging

- 100% coverage of anticipated receivables and payables
- €800 - €900 million FX exposure mainly to USD (~€450 million) - thereof ~30% hedged

## Raw Material and Energy Hedging

- active in energy hedging
- no significant raw material hedging right now

# First Feedback on 2005

- **Business view:**
  - Q1 2005 started reasonably good - favorable pricing, supporting ease of raw material costs - however March already showed rising raw materials again
  - Restructuring efforts are expected to burden both, P&L and cash flow in course of 2005 and 2006
  
- **Business environment:**
  - The chemical cycle is expected to continue to be supportive
  - Raw materials and energy expected to remain at high levels

**First Guidance on 2005 will be given with release of Q1 2005 results**

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## **Next important Dates:**

**May 31:**

**Q1 results**

**June 16:**

**AGM**

**August 25:**

**Q2 results**

**November 17:**

**Q3 results**