



LANXESS – FY 2011 Roadshow

“Price-before-volume” key to a successful year

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Agenda

- **Executive overview 2011**
- Business and financial review
- Outlook

Chart 3

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2011: The most successful year ever since

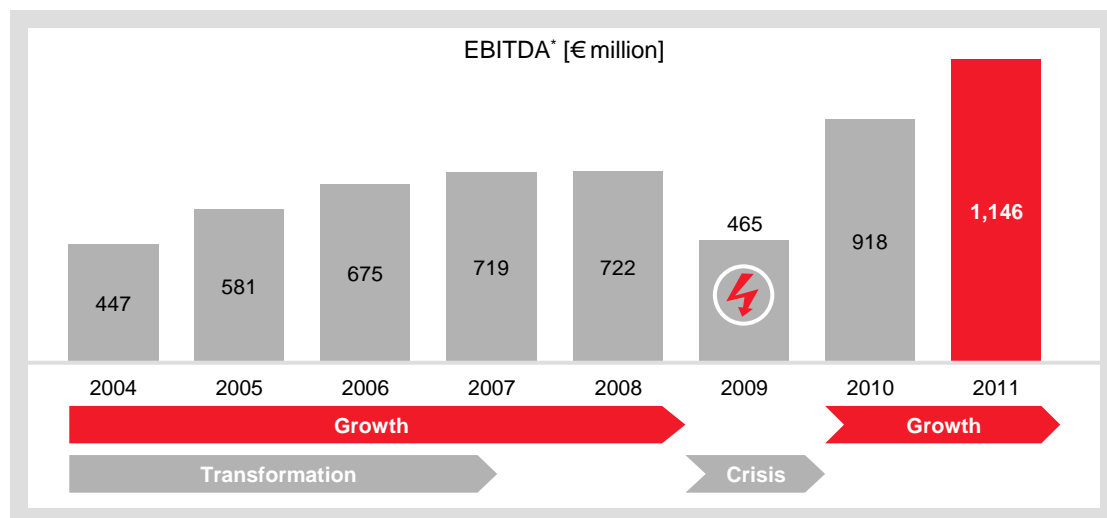


Chart 4

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2011: Outstanding performance

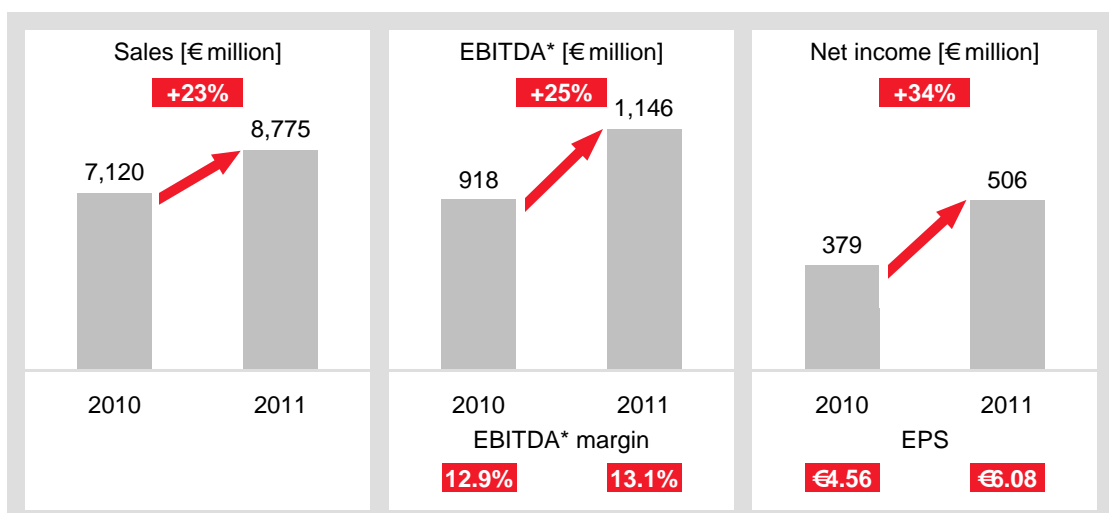
Business	Substantial increase in raw material prices offset	▶ Good pricing power
	Value generation with company ROCE at 17.2%	
Growth	EBITDA at €1.146 bn with 25% yoy growth	▶ Well on track for 2015 €1.4 bn EBITDA target
	All organic growth projects on schedule	
	Five value-adding acquisitions successfully completed	
Guidance	EBITDA 2011 above guidance	▶

EBITDA = EBITDA pre exceptionals

Chart 5

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Net income up by 34% in 2011



* Pre exceptionals

Chart 6

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Successful pricing strategy for 7 years

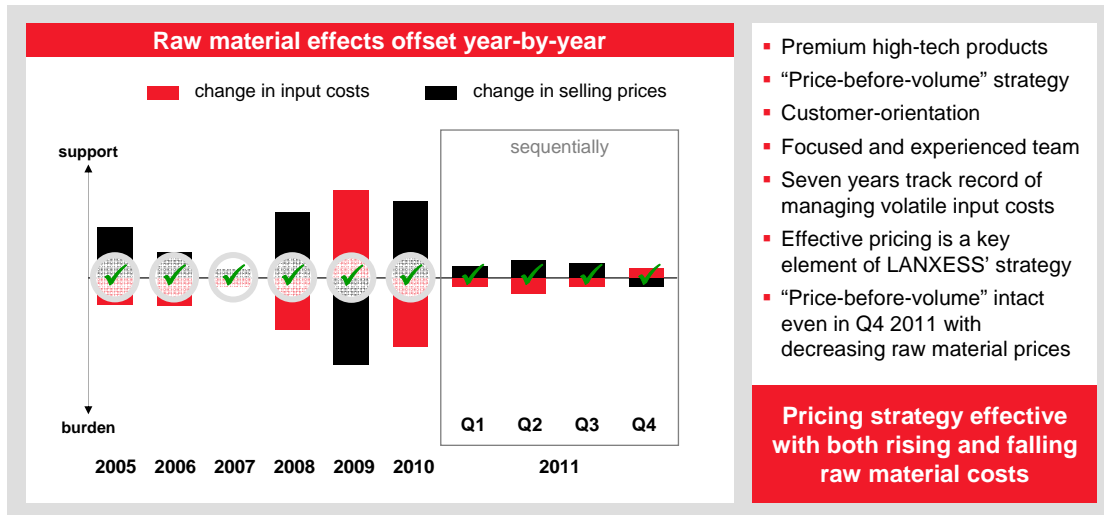
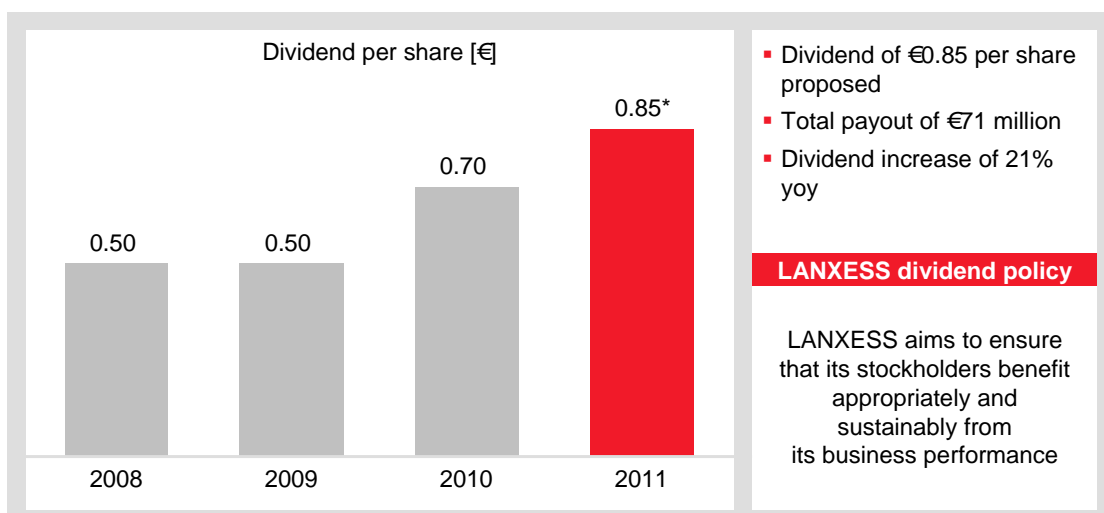


Chart 7

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Dividend increase of 21% reflects strong 2011 performance



* Proposal to the Annual Stockholders' Meeting

Chart 8

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Strong growth in all regions – Asia first time above €2 bn

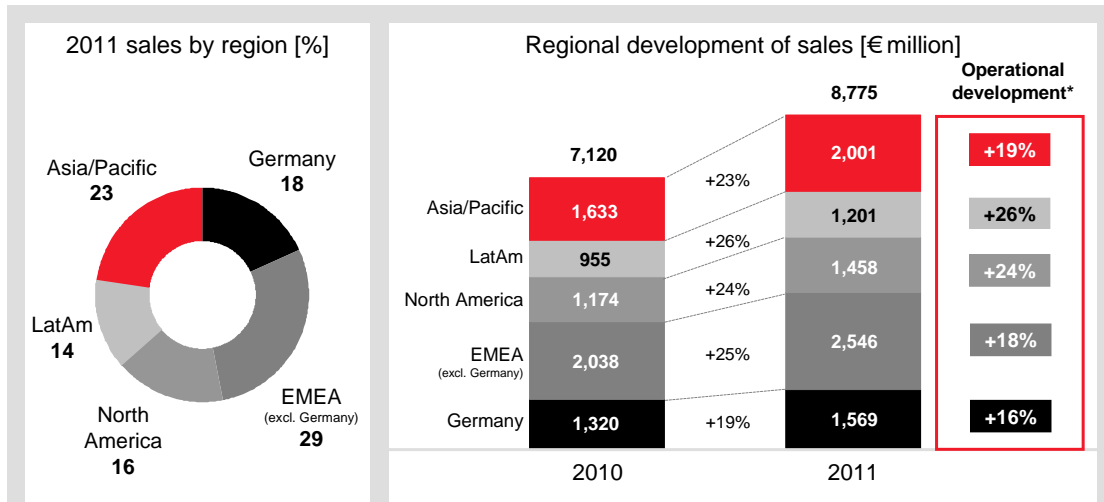


Chart 9

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All three segments contribute to growth

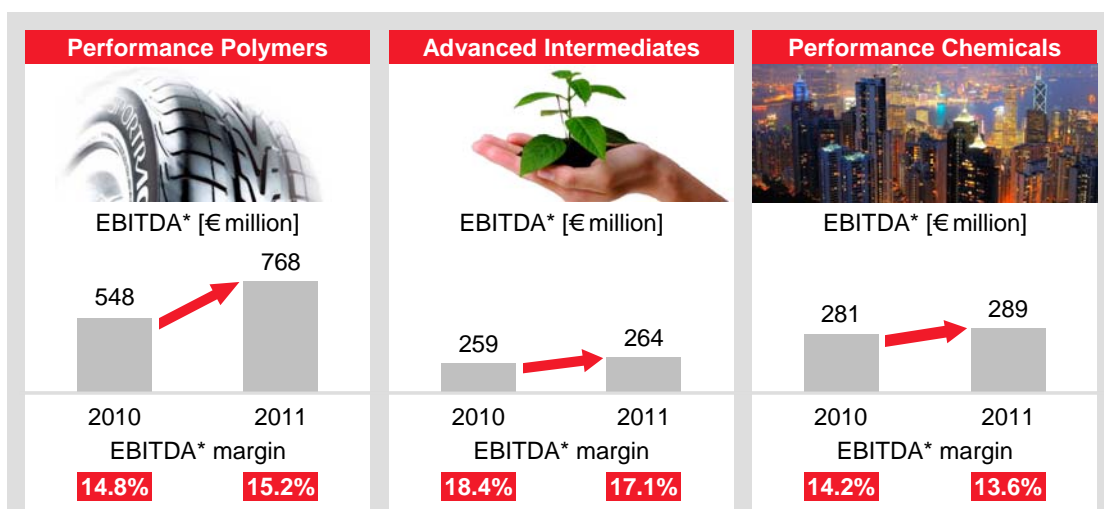


Chart 10

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A year of targeted investments and acquisitions

Organic growth								
ONGOING 2011	Butyl Singapore In construction with start-up in Q1 2013; 100kt (BTR)	Nd-PBR Singapore Greenfield planning ongoing (PBR)	Nd-PBR Brazil and USA Debottlenecking 20kt (ready in Q1'12) + 20kt product mix optimization (PBR)	Compounds India and Brazil 20kt beginning 2012 in India and 20kt mid 2013 in Brazil (SCP)	Compounds USA Groundbreaking in March; 20kt to be completed in 2012 (SCP)	NBR China 30kt in JV with TSRC on stream in H1 2012 (TRP)	Menthol Germany Groundbreaking in July; capacities on stream in H1 2012 (All)	Leather China Groundbreaking in July; up to 50kt on stream H1 2013 (LEA)
	COMPLETED 2011	Nd-PBR Germany and USA 30kt debottlenecking completed (PBR)	Caprolactam Belgium Additional 10% capacity implemented (SCP)	Compounds China Increased capacity up to 60kt in mid 2011 (SCP)	Membrane filtration Germany New plant on stream since September (ION)	Butyl Belgium Expansion work at year end with 14kt capacity increase (BTR)	Formalin Germany New plant +150kt on stream since end 2011 (All)	
External growth								
PORTFOLIO 2011	Darmex Vulcanization bladders and release agents for tire industry (RCH)	Syngenta Material protection business (MPP)	DSM EPDM rubber business (TRP)	UNITEX Phthalate-free plasticizers business (FCC)	Verichem Biocide business in material protection (MPP)			

Organic growth: selected 2011 projects

Chart 11

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Agenda

- Executive overview 2011
- **Business and financial review**
- Outlook

Chart 12

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FY 2011 financial overview: A year of substantial profit increase

[€m]	FY 2010	FY 2011	yoy in %
Sales	7,120	8,775	23.2%
EBITDA pre except. margin	918 12.9%	1,146 13.1%	24.8%
EPS	4.56	6.08	33.5%
EPS pre	4.81	6.55	36.2%
Capex*	501	679	35.5%

[€m]	31.12.2010	31.12.2011	% vs. YE
Net financial debt	913	1,515	65.9%
Net working capital	1,372	1,766	28.7%
Employees	14,648	16,390	11.9%

Strong growth and performance improvement




- Strong top-line improvement
- "Price-before-volume" strategy supports EBITDA
- Capex above guidance due to acceleration of projects, maintenance and purchase of intangible assets
- Net debt rises on growth projects, acquisitions and working capital
- Working capital increase driven by raw material inflation and portfolio
- Headcount increase due to R&D, organic and external growth

* Net of projects financed by customers, finance lease and capitalized borrowing costs

Chart 13

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Strict "price-before-volume" pays off

FY yoy sales variances	Price	Volume	Currency	Portf.	Total
 Perf. Polymers	27%	4%	-4%	11%	37%
 Adv. Intermediates	8%	3%	-2%	0%	9%
 Perf. Chemicals	7%	0%	-2%	2%	8%
LANXESS	17%	3%	-3%	6%	23%

FY yoy EBITDA pre bridge [€m]					
FY 2010	Volume	Price	Input costs	Others	FY 2011
918					1,146

- Price increases and external growth main drivers for top line increase
- Volume and currency effects offset each other
- Price increases drive EBITDA; input costs offset
- Others contains currency, turnaround costs and higher labor agreements almost offset by portfolio

Chart 14

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Stable EBITDA pre in Q4 compares to strong 2010 base

[€m]	Q4 2010	Q4 2011	yoy in %
Sales	1,832 (100%)	2,123 (100%)	16%
Cost of sales	-1,421 (78%)	-1,705 (80%)	20%
Selling	-176 (10%)	-192 (9%)	9%
G&A	-101 (6%)	-104 (5%)	3%
R&D	-27 (2%)	-39 (2%)	44%
EBIT	78 (4%)	52 (2%)	-33%
Net Income	26 (1%)	5 (0%)	-81%
EPS	0.32	0.06	-81%
EBITDA	157 (9%)	144 (7%)	-8%
thereof exceptionals	-15 (1%)	-30 (1%)	100%
EBITDA pre exceptionals	172 (9%)	174 (8%)	1%

Operational cost items under control

- Solid sales increase due to strong pricing (+13%), portfolio effects (+10%) and slight support by currency (+1%), burdened by volume decrease (-8%) due to customer destocking
- ~€35 m inventory devaluation weigh on gross margin and earnings
- Exceptionals increase due to pharma realignment in SGO (~€20 m)

Chart 15

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Performance Polymers: Excellent EBITDA performance despite challenging environment in Q4

[€m]	Q4 2010	Q4 2011
Sales	985	1,261
EBIT	89	76
Depr. / Amort.	35	44
EBITDA	124	120
EBITDA pre exceptionals	120	127
Margin	12.2%	10.1%
Capex*	194	237

Sales by BU

Sales bridge yoy [€m]

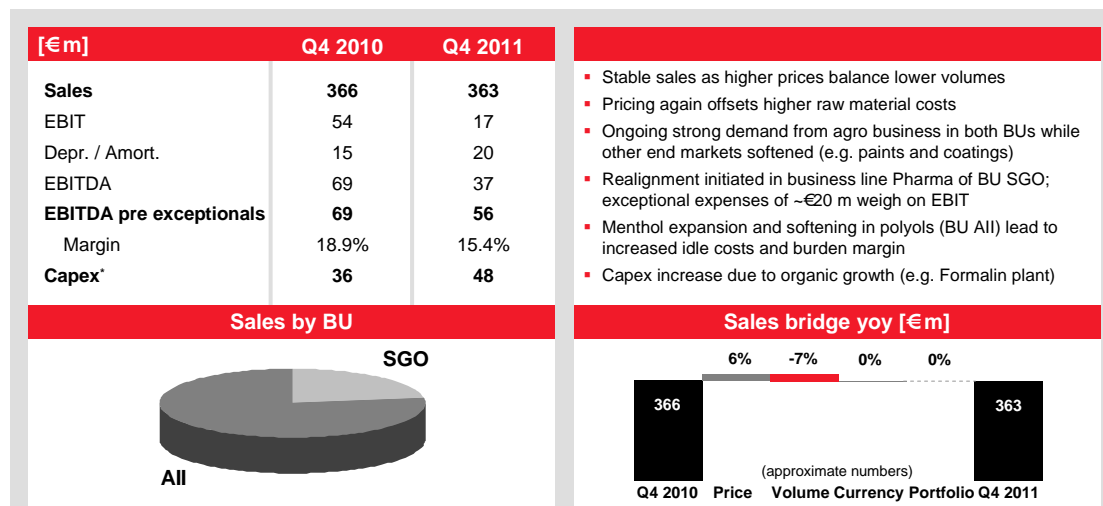
- Sales increase due to strong pricing and portfolio contribution, mitigated by volume decreases (customer destocking)
- Higher prices in all BUs offset input cost inflation yoy
- BUs BTR, PBR and SCP with maintenance and customer destocking leading to respective volume decline
- Inventory devaluation (Butadiene) mainly in BU PBR weighs on segment margin
- Capex increase reflects growth plans as selected projects were accelerated

* Net of capitalized borrowing costs

Chart 16

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Advanced Intermediates: Solid quarter of a resilient business

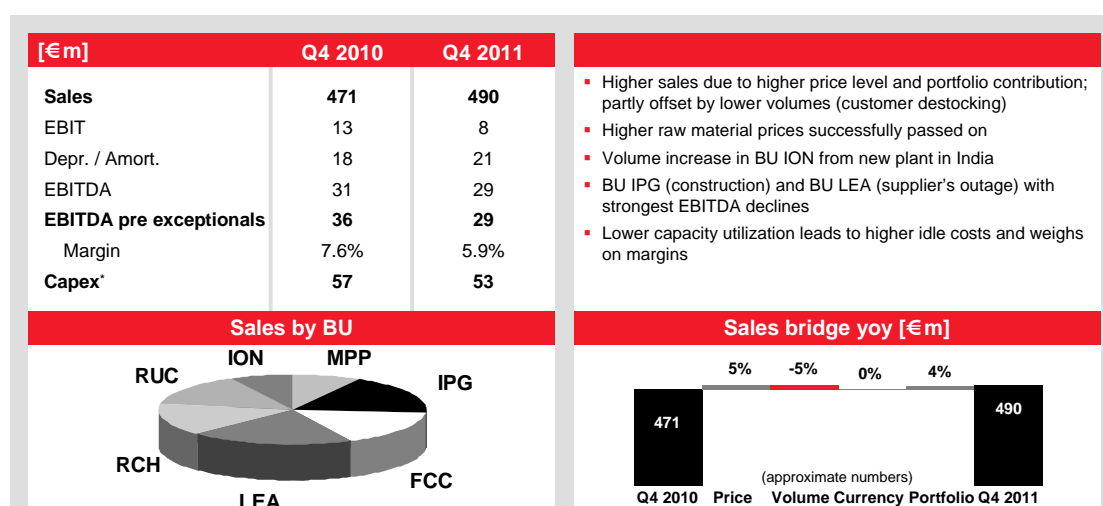


* Net of projects financed by customers, capitalized borrowing costs and finance lease

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Chart 17

Performance Chemicals: Weak construction business burdens EBITDA



* Net of capitalized borrowing costs

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Chart 18

Solid balance sheet amid increasing business activity

[€m]	Dec '10	Sep '11	Dec '11		Dec '10	Sep '11	Dec '11
Non-current assets	2,738	3,130	3,489	Stockholders' equity	1,761	2,081	2,074
Intangible assets	226	350	373	Non-current liabilities	2,454	2,571	2,715
Property, plant & equipment	2,131	2,345	2,679	Pension & post empl. provis.	605	651	679
Equity investments	13	35	12	Other provisions	351	319	331
Other investments	8	16	19	Other financial liabilities	1,302	1,385	1,465
Other financial assets	74	85	82	Tax liabilities	50	52	63
Deferred taxes	170	178	196	Other liabilities	106	96	102
Other non-current assets	116	121	128	Deferred taxes	40	68	75
Current assets	2,928	3,614	3,389	Current liabilities	1,451	2,092	2,089
Inventories	1,094	1,491	1,386	Other provisions	422	483	446
Trade accounts receivable	942	1,237	1,146	Other financial liabilities	176	599	633
Other financial & current assets	368	297	329	Trade accounts payable	664	736	766
Near cash assets	364	356	350	Tax liabilities	34	98	49
Cash and cash equivalents	160	233	178	Other liabilities	155	176	195
Total assets	5,666	6,744	6,878	Total equity & liabilities	5,666	6,744	6,878

- Working capital development in line with increased raw material prices, portfolio effects and higher business activity
- Inventory reduction visible from September to December 2011; working capital strictly managed
- Net debt to EBITDA ratio at comfortable ~1.3x

Chart 19

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Strong business platform generates excellent operating cash flow

[€m]	FY 2010	FY 2011	
Profit before tax	493	655	<ul style="list-style-type: none"> Increased business performance leads to higher profit before tax Grown asset base drives D&A Higher cash outflow for working capital due to raw material inflation Capex acceleration, extended maintenance and acquisitions increase investing cash flow €500 m bond in financing cash flow partly offset by dividends, interest and settlement of acquisition-related debt
Depreciation & amortization	283	325	
Gain from sale of assets	0	-2	
Result from equity investments	-16	-7	
Financial (gains) losses	83	98	
Cash tax payments / refunds	-114	-95	
Changes in other assets and liabilities	-4	-16	
Operating cash flow before changes in WC & CTA	725	958	
Changes in working capital	-220	-256	
CTA funding*	-75	-30	
Operating cash flow	430	672	
Investing cash flow	-375	-923	
thereof capex**	-501	-679	
Financing cash flow	-214	276	

Growth mode reflected in 2011 cash flow

* CTA (Contractual Trust Arrangement) funding formerly shown in investing cash flow
 ** Net of projects financed by customers, capitalized borrowing cost and finance lease

Chart 20

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Agenda

- Executive overview 2011
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- **Outlook**

Chart 21

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LANXESS is confident for 2012

Current macro view

- Growth in emerging markets remains at solid levels
- “Green Mobility” with increasing importance
- Solid agro end market trend to continue
- Gradual recovery of construction market expected
- Ongoing uncertainties: high national deficits, volatile FX, raw material price volatility and some cautiousness among European customers

LANXESS well positioned for growth

- Several capacity expansions to come on stream
- Tire labeling regulation in EU and South Korea as of end 2012
- Promising start in 2012 – Q1 EBITDA pre expected above Q1 2011 (€330-350 m)



Chart 22

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Detailed business outlook provides confidence




<p>Performance Polymers</p>	<ul style="list-style-type: none"> ▪ Customers order more cautious, however, demand for Butyl rubber strong in Q1 ▪ Increasing demand for high-performance rubber ▪ Strong contribution from EPDM ▪ Solid start to the year in high-tech plastics 	
<p>Advanced Intermediates</p>	<ul style="list-style-type: none"> ▪ Strong agro demand trend expected to continue in both BUs with usual seasonality after solid start to the year ▪ Realignment of SGO's pharma business in 2012 	
<p>Performance Chemicals</p>	<ul style="list-style-type: none"> ▪ Ongoing weak demand for colorants in E&E ▪ Strong demand in Ion Exchange Resins and start of membrane production to support 2012 performance ▪ Moderate improvement of construction market expected 	

Chart 23

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New plant for Butyl in Singapore fully on track




<p>Key points</p> <ul style="list-style-type: none"> ▪ Construction of 100kt butyl rubber plant on schedule ▪ Start-up in Q1 2013 ▪ €400 m investment ▪ Installation of infrastructure completed – major assets on site ▪ All major vessels installed ▪ Currently more than 2,000 workers active on site 	  
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Chart 24

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Energizing Chemistry



Appendix

2012 financial expectations

Additional financial expectations for 2012

- Capex: ~€600 m
- D&A: ~€330 - €350 m
- Tax rate: ~22%
- Hedging 2012: ~40% at 1.30 -1.40 USD / EUR
- Hedging 2013: ~15% at 1.30 -1.40 USD / EUR



Chart 27

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LANXESS has a broad customer portfolio with varying demand patterns

LANXESS sales distribution by industry, 2011

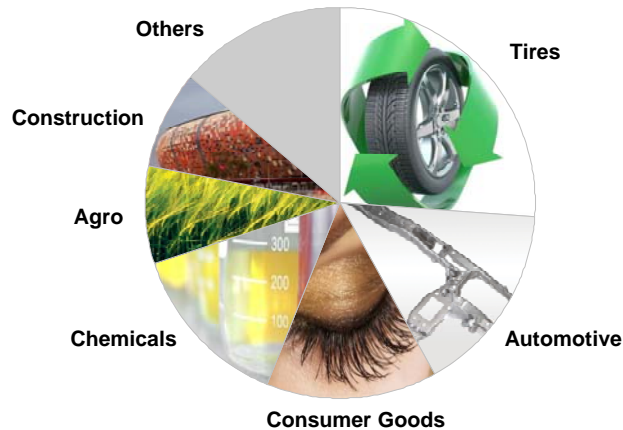


Chart 28

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Portfolio management allows for regrouping of LANXESS businesses along chemical segmentation

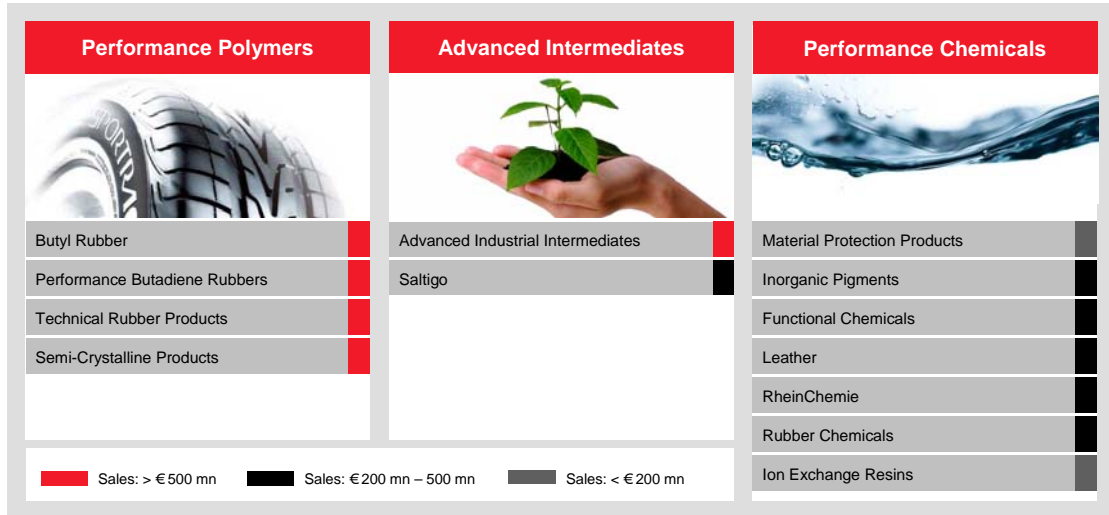






Chart 29

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Tire labeling – a global trend fueled by need of resource efficiency

Region	EU	Japan	South Korea	US	China	Mexico	Brazil
Tire labeling performance attributes							
Traction (Wet Grip)	Nov 2012	since 2010	Nov 2011	in discussion	Regulatory initiatives expected		
Fuel economy (Cost of Ownership)	Nov 2012	since 2010	Nov 2011	in discussion			
Treadlife (Cost of Ownership)	-	Not expected	Not expected	in discussion			

Source: EU regulation no. 1222/2009, National Highway Traffic Safety Administration (NHTSA), Japan Automobile Tyre Manufacturers Association (JATMA), Korea Energy Management Corporation (KEMCO), LANXESS

Chart 30

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LANXESS serves tire manufacturers as reliable partner, not as a swing producer

Historically, some tire manufacturers are upstream integrated into some synthetic rubbers

Rubber producing capabilities of selected tire manufacturers:

Applications		Michelin	Goodyear	Bridgestone	Continental	Pirelli	Hankook
Innerliner, sealant, gum	BTR	none	none	none	none	none	none
Tire-tread, sidewalls	PBR¹	little ²	none ³	capable	none	none	none
Tire-tread, sidewalls	S-SBR	capable	none	capable	none	none	none
Tire-tread, sidewalls	E-SBR	none	capable	capable	none	none	none
Automotive	NBR	none	none	none	none	none	none

Tire manufacturers produce insufficient synthetic rubber for their captive use

¹ Nd-PBR

² Know how exists, licensing to others

³ Ni-PBR

Chart 31

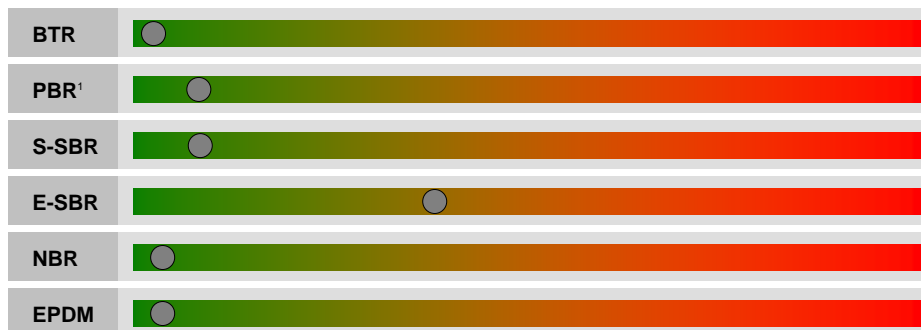
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Does natural rubber cannibalize synthetic rubber?

Risk of substitution

Low substitution risk ←

→ High substitution risk



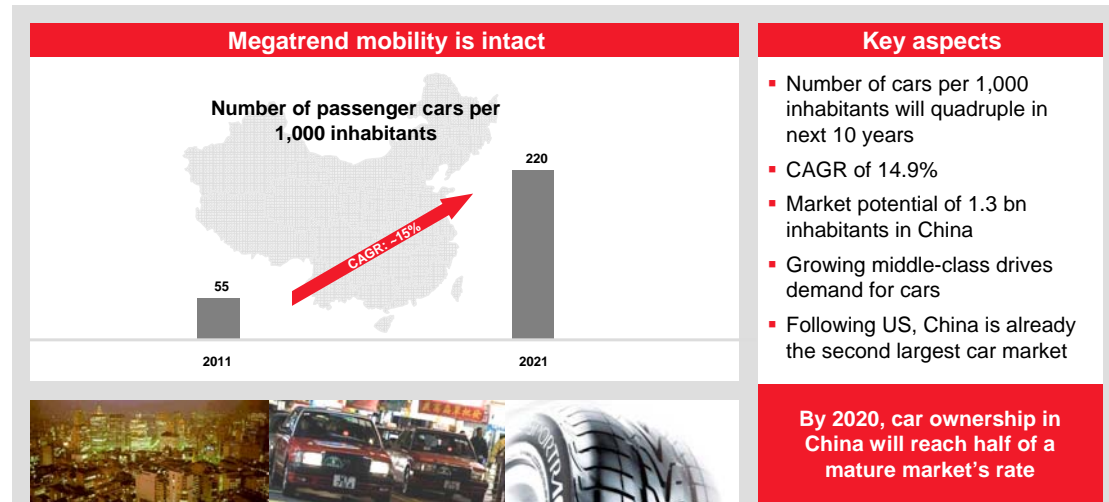
Overall, very limited substitution possibility

¹ Nd-PBR

Chart 32

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Strong growth rates for passenger cars in China set to fuel future tire demand



Source: Michelin estimates

Chart 33

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Growth projects with attractive financials

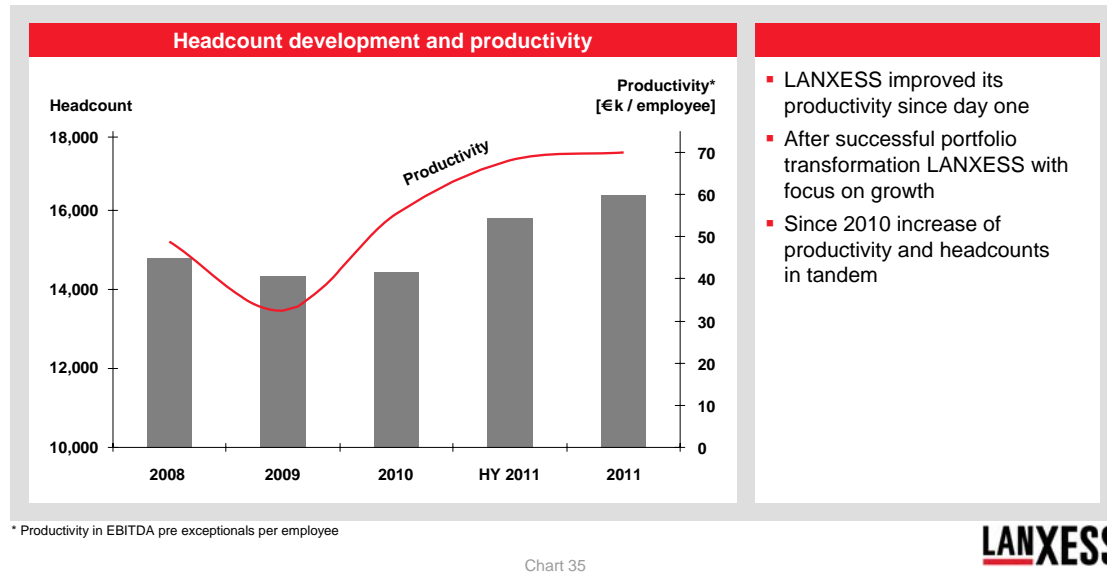
	Project*	CAPEX	Expected sales	Sales multiple	Project ROCE**
					>LANXESS Ø
Organic growth	BTR new plant, debottlenecking	~€420 m	>€330 m	~1.3x	✓
	PBR new plant, debottlenecking	~€230 m	~€405 m	~0.6x	✓
	SCP capro, compounds, glassfiber	~€100 m	~€200 m	~0.5x	✓
	All chlorotoluenes, formalin, menthol	~€70 m	~€70 m	~1.0x	✓
External growth	ION new plants in India and Germany	~€60 m	~€60 m	~1.0x	✓
	TRP, SGO, RCH, LEA growth projects	~€95 m	~€230 m	~0.4x	✓

* Projects as of CMD 2010 including new announcements; ** ROCE in average profitability year

Chart 34

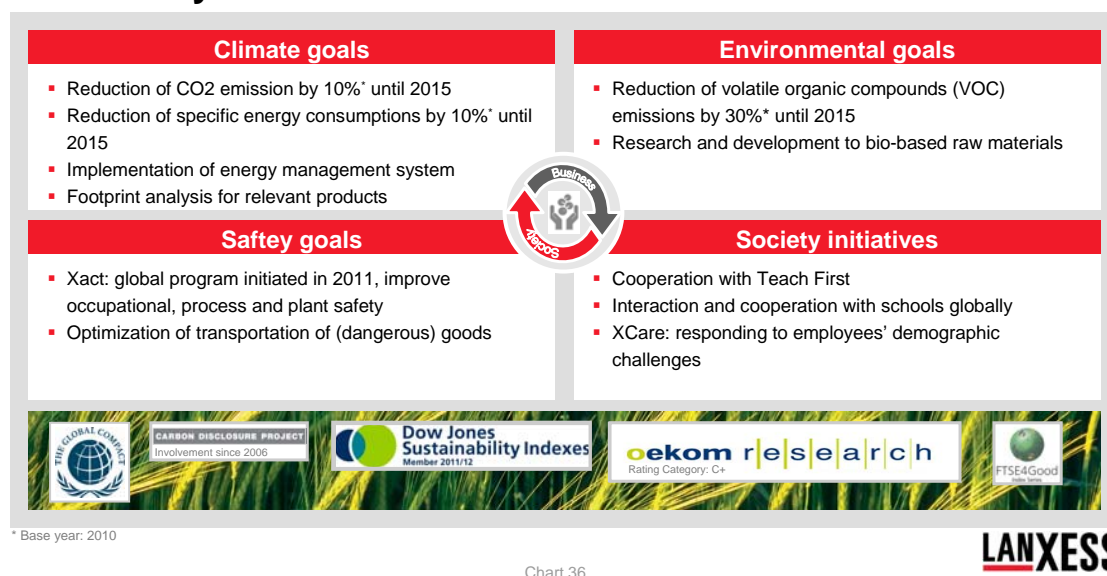
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Growth mode is also reflected in productivity and headcount



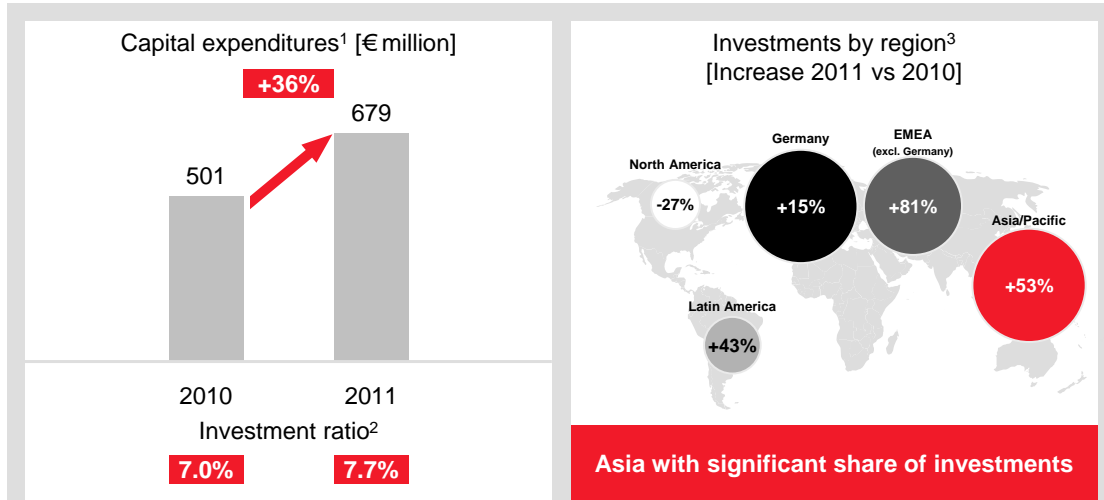
- LANXESS improved its productivity since day one
- After successful portfolio transformation LANXESS with focus on growth
- Since 2010 increase of productivity and headcounts in tandem

Corporate Responsibility well integrated - achieving goals sustainably



* Base year: 2010

Capex increase for further growth



¹ Net of projects financed by customers, finance lease and capitalized borrowing costs

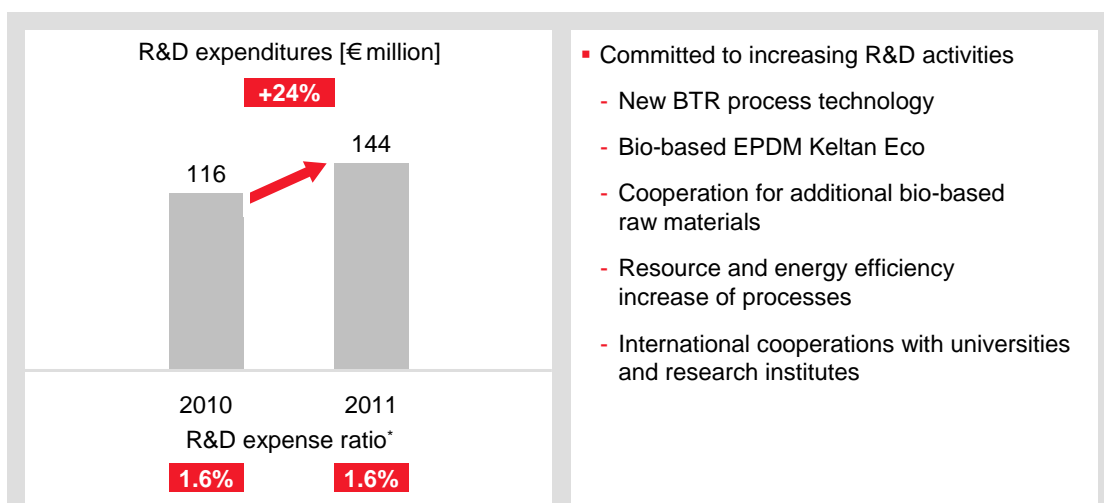
² Capex in relation to sales

³ Circle size indicates level of investment; illustration

Chart 37

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R&D key to technology leadership



* In relation to sales

Chart 38

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Q4 2011: Solid growth in Latin and North America

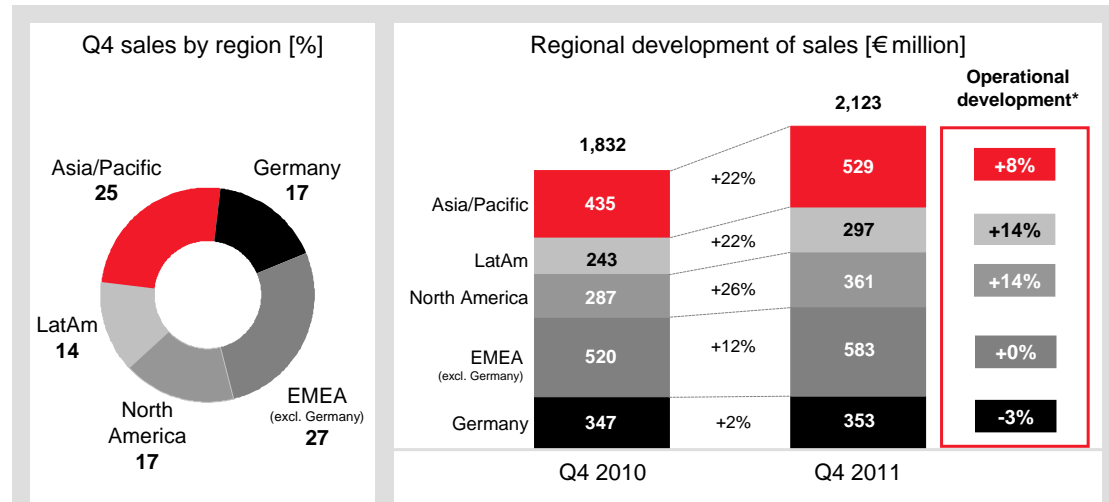


Chart 39

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Q4 2011 financial overview: Strong business performance despite devaluation effects

[€m]	Q4 2010	Q4 2011	yoy in %
Sales	1,832	2,123	15.9%
EBITDA pre except. margin	172 9.4%	174 8.2%	1.2%
EPS	0.32	0.06	-81.3%
Capex*	295	354	20.0%
[€m]	31.12.2010	31.12.2011	% vs. YE
Net financial debt	913	1,515	65.9%
Net working capital	1,372	1,766	28.7%
Employees	14,648	16,390	11.9%

Solid EBITDA performance shaded by ~€35 m inventory devaluation

- Sales increase on higher price level and acquisitions but burdened by volumes
- Sequential price decline lower than raw material deflation
- Capex above guidance; expenditures accelerated
- Working capital, acquisitions and capex increase net debt
- Raw material inflation, acquisitions and increased business activity drive working capital
- Headcount increase mainly due to recent acquisitions

* Net of projects financed by customers, finance lease and capitalized borrowing costs

Chart 40

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EBITDA stable – prices compensate volume and input costs

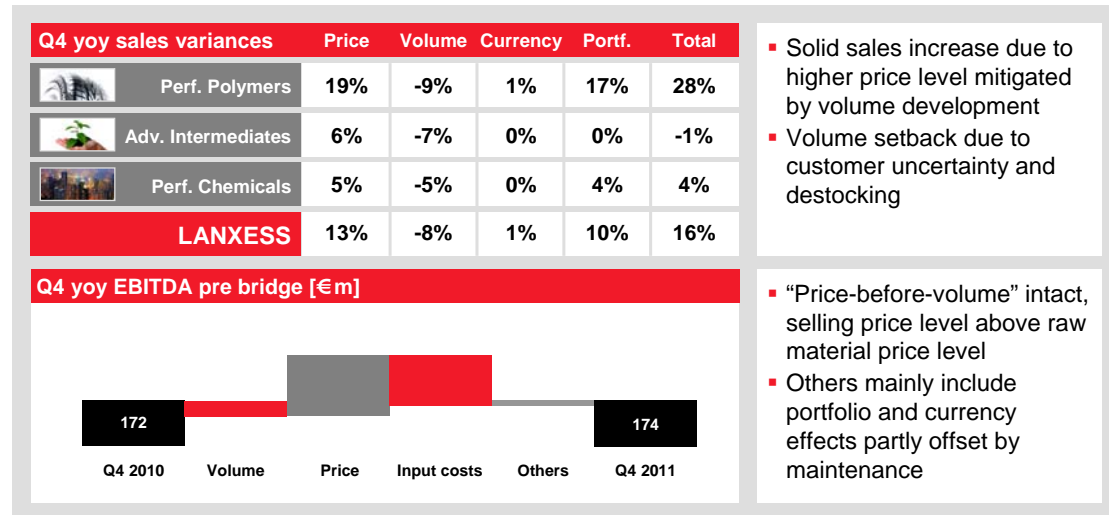


Chart 41

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A year of strong EBITDA generation

[€m]	FY 2010	FY 2011	yoy in %
Sales	7,120 (100%)	8,775 (100%)	23%
Cost of sales	-5,381 (76%)	-6,765 (77%)	26%
Selling	-646 (9%)	-732 (8%)	13%
G&A	-298 (4%)	-325 (4%)	9%
R&D	-116 (2%)	-144 (2%)	24%
EBIT	607 (9%)	776 (9%)	28%
Net income	379 (5%)	506 (6%)	34%
EPS	4.56	6.08	34%
EBITDA	890 (13%)	1,101 (13%)	24%
thereof exceptionals	-28 (0%)	-45 (1%)	61%
EBITDA pre exceptionals	918 (13%)	1,146 (13%)	25%

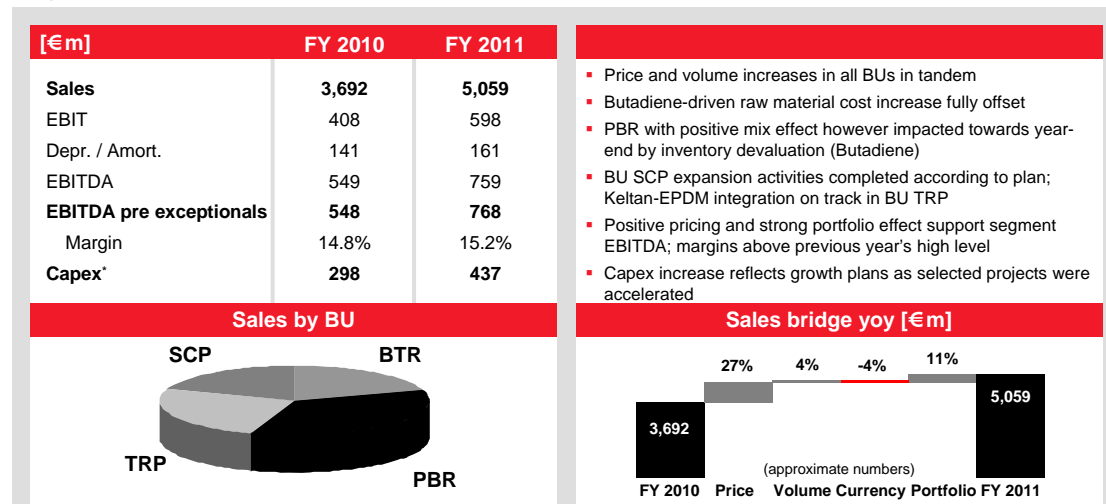
- Increased sales through higher price level (+17%) and positive portfolio effects (+6%) while volume (+3%) and currencies (-3%) balance each other
- Cost of sales burdened by ~€55 m inventory devaluation
- R&D increases on commitment to technology development
- Excellent EBITDA pre due to a strong “price-before-volume” performance

Financial metrics well under control

Chart 42

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Performance Polymers: Strong 2011 performance driven by significant price increases

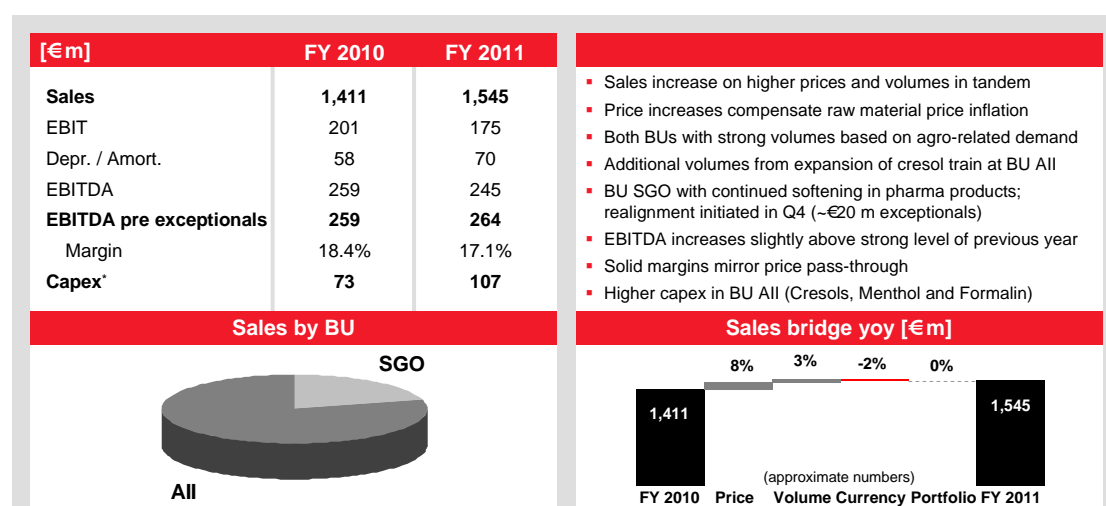


* Net of capitalized borrowing costs

Chart 43

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Advanced Intermediates: EBITDA driven by agro business



* Net of projects financed by customers, capitalized borrowing costs and finance lease

Chart 44

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BU SGO: A leading custom-manufacturer for fine chemicals

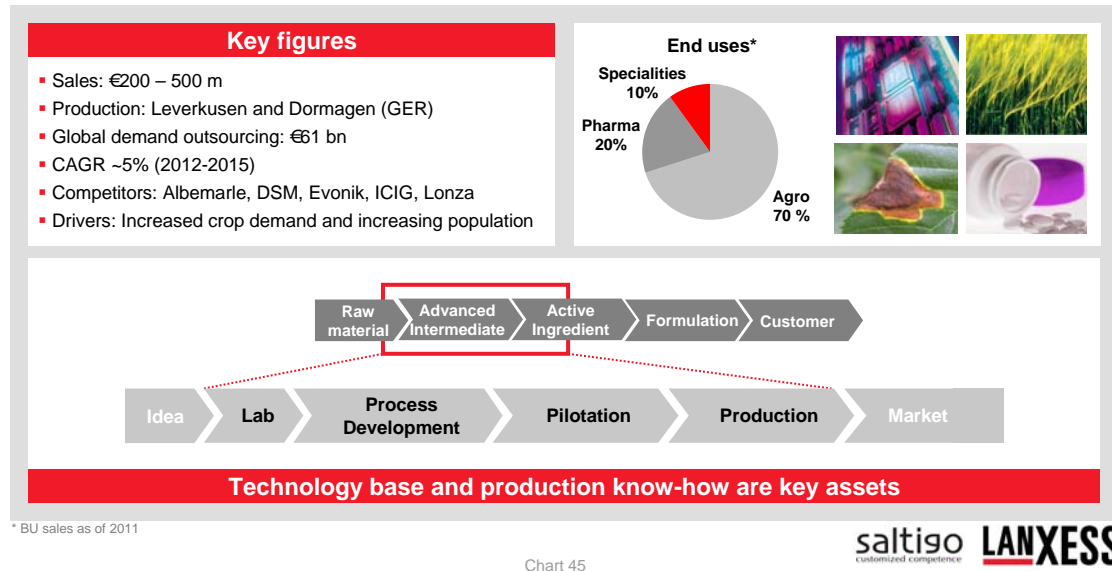


Chart 45

Performance Chemicals: Strong pricing fuels segment performance

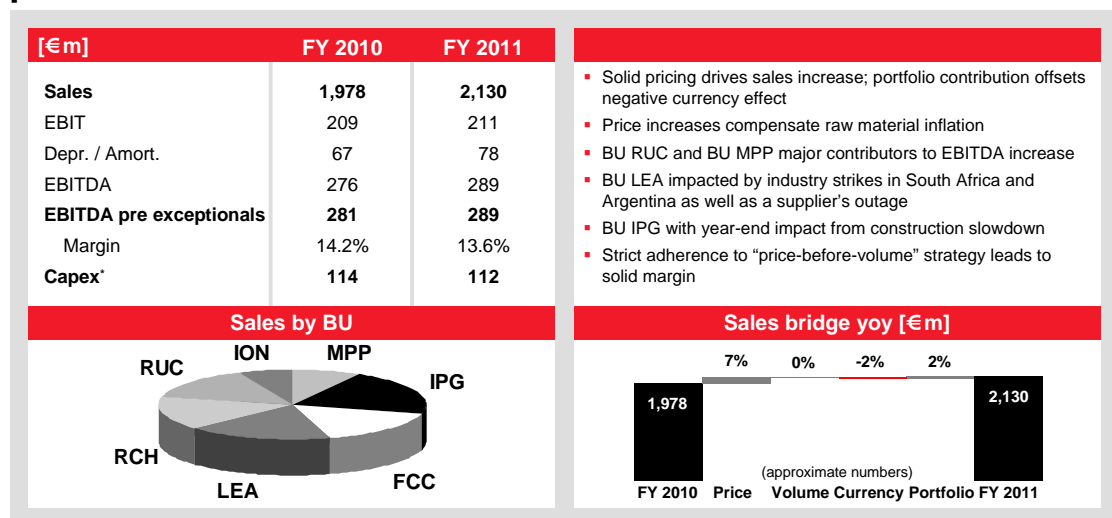


Chart 46

Strong cash flow above previous year driven by strict working capital management

[€m]	Q4 2010	Q4 2011
Profit before tax	32	4
Depreciation & amortization	79	92
Gain from sale of assets	0	0
Result from equity investments	7	12
Financial (gains) losses	18	33
Cash tax payments / refunds	-38	-61
Changes in other assets and liabilities	8	-51
Operating cash flow before changes in WC & CTA	106	29
Changes in working capital	132	262
CTA funding*	-75	-30
Operating cash flow	163	261
Investing cash flow	-256	-383
thereof capex**	-295	-354
Financing cash flow	-13	66

- Profit before tax below previous year mainly due to inventory devaluation and exceptionals
- Increase in cash-outs for tax due to prepayments
- Changes in other assets due to financial derivatives (fair value) and share based compensation provisions
- Cash inflow from working capital through inventory management
- Investing cash flow driven by Q4 capex increase

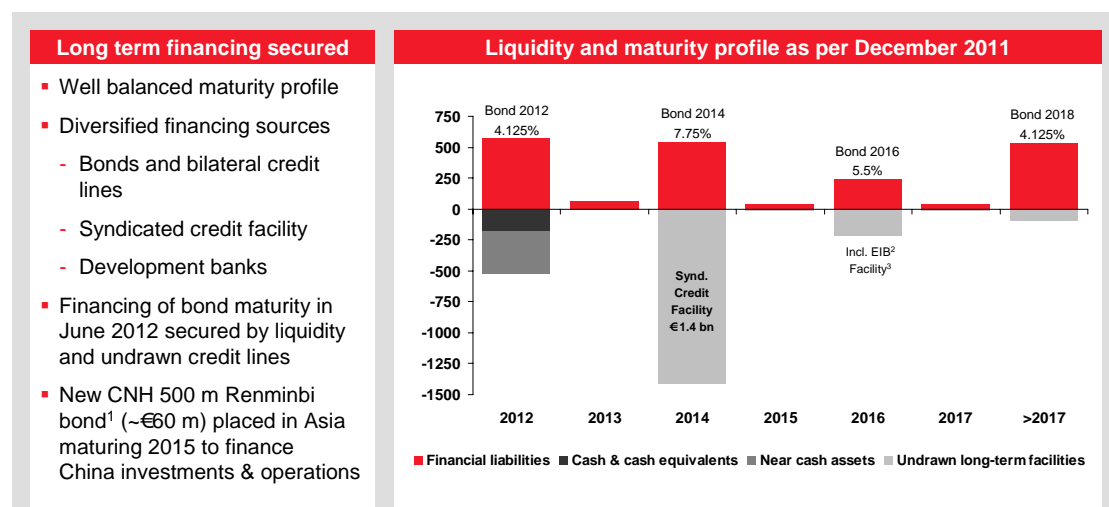
Solid cash generation

* CTA (Contractual Trust Arrangement) funding formerly shown in investing cash flow
 ** Net of projects financed by customers, capitalized borrowing cost and finance lease

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Chart 47

A well managed and conservative maturity profile



¹ Placed February 2012, offshore bond ² European Investment Bank

³ Final maturity of EIB financing in case of utilization in 2016 or later; EIB facility currently undrawn

Chart 48

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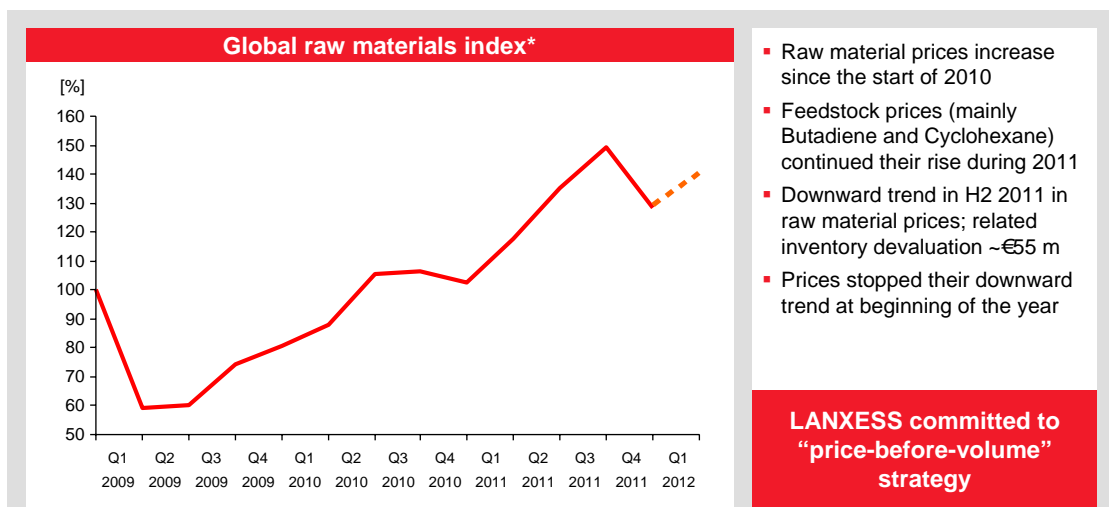
Premium products and technologies for global megatrends



Chart 49

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Raw material price declined in Q4 2011, set to recover in Q1 2012



* Source: LANXESS, average 2008 = 100%

Chart 50

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Business line Adipic Acid shifted to BU All

Adipic Acid used captively and for external sales	
(€million)	Q4 2010
External sales	25
EBIT	6
D&A	0
EBITDA	6

Adipic Acid sales split into:

- External sales
- Inter-BU sales
- BU Captive use

- Business line Adipic Acid transferred from Performance Polymers to Advanced Intermediates
- Originally located in BU SCP, now part of BU All
- Restatement reflects transfer of financials from Performance Polymers and addition to Advanced Intermediates

Transfer of Adipic Acid: value chain streamlined

Chart 51

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Exceptional items incurred in Q4 2010 and Q4 2011

[€m]	Q4 2010		Q4 2011	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	-4	0	7	0
Advanced Intermediates	0	0	23	4
Performance Chemicals	5	0	0	0
Reconciliation	14	0	5	1
Total	15	0	35	5

Chart 52

LANXESS

Exceptional items incurred in FY 2010 and FY 2011

[€m]	FY 2010		FY 2011	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	-1	0	9	0
Advanced Intermediates	0	0	23	4
Performance Chemicals	5	0	0	0
Reconciliation	24	0	18	1
Total	28	0	50	5

Chart 53

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Abbreviations

Performance Polymers		Advanced Intermediates	
▪ BTR	Butyl Rubber	▪ All*	Advanced Industrial Intermediates
▪ PBR	Performance Butadiene Rubbers	▪ SGO	Saltigo
▪ TRP	Technical Rubber Products		
▪ SCP	Semi-Crystalline Products		
Performance Chemicals			
▪ MPP	Material Protection Products		
▪ IPG	Inorganic Pigments		
▪ FCC	Functional Chemicals		
▪ LEA	Leather		
▪ RCH	Rhein Chemie		
▪ RUC	Rubber Chemicals		
▪ ION	Ion Exchange Resins		

* Formerly known as BAC (Basic Chemicals)

Chart 54

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Upcoming events 2012

Upcoming events

- Q1 results 2012 May 9, 2012
- AGM May 15, 2012
- Q2 results 2012 August 7, 2012
- Capital Markets Day September 19/20, 2012
- Q3 results 2012 November 6, 2012

Chart 55

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Chart 56

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