

## LANXESS Q2 2005 Financial Summary for Investors and Analysts

- Sales increased by 11.1% from 1,67bn to 1,86bn
- EBITDA pre exceptionals improves by 41.7% to €163 m from €115 m in prior year's second quarter
- "Price before volume"-strategy is consistently and successfully implemented
- Increase of FY 2005 guidance

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### Business Overview

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#### LANXESS Group

- Sales Deviation: Price: +8%, Volume +4%, Currency -1% (approximate numbers)
- Sales growth on the basis of strong pricing and risen volumes
- Strategy changes and improving cost structures yielding results
- Margin expansion despite high raw material costs
- Net financial debt increased mainly on higher business volume and risen working capital compared to year-end 2004, however on stable level versus Q1 2005

#### Performance Rubber

- Sales Deviation: Price: +13%, Volume +6%, Currency -1% (approximate numbers)
- Higher sales in all BUs - increased selling prices in PBR and BTR as well as higher volumes in TRP, overall offsetting increased raw material costs
- BTR remains on high profitability level, change in PBR business model continues to yield results: strong pricing with marginal loss of volume, supported by improved cost structures
- Some volume improvement in TRP, still showing need for restructuring to achieve satisfying profitability levels.

#### Engineering Plastics

- Sales Deviation: Price: +7%, Volume -2%, Currency -1% (approximate numbers)
- Sales increased on strong SCP volumes and higher selling prices, offsetting weaker STY and FIB sales
- Contract prices for major raw materials (styrene, cyclohexane) were on comparable level to Q1 or higher, with butadiene being substantially above Q1 level
- Net of impairment reversal in 2004, STY on comparable profitability level to last year

#### Chemical Intermediates

- Sales Deviation: Price: +8%, Volume +20%, Currency -1% (approximate numbers)
- Overall higher volumes and improved pricing due to raw material cost increases in BAC and IPG contributed to sales growth
- EBITDA increased on strong overall performance in BAC and improvement in FCH
- FCH higher volumes in agro chemicals and stronger pharma sales
- Slightly increased prices and volumes in IPG, not offsetting higher raw material costs.
- Exceptionals due to €2 million capex write-off and €4 million impairment in FCH

### Performance Chemicals

- Sales Deviation: Price: +7%, Volume -2%, Currency –1% (approximate numbers)
- Slight increase in Sales mainly on stronger pricing for RUC and higher volumes and prices for LEA, as well as higher ION prices
- RUC, RCH, FCC and LEA contribute to improved EBITDA, counteracting risen raw material costs mainly for LEA and ION
- EBIT distorted by absence of €21 million RCH impairment in Q2 2004
- Exceptionals in EBITDA include RUC anti-trust charges of €7 million in Q2 2004 and €1 million in Q2 2005

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## 2005 Outlook and underlying assumptions

### Assumptions:

- Exchange rate €1.0 = ~USD1.25
- Continuous supportive economic environment
- Q3 somewhat weaker versus Q2 due to summer vacation in customer industries („summer dip“)
- Restructuring expenses expected predominantly in Q3 2005

### Guidance:

- Moderate sales growth in H2 2005 versus previous year
- FY 2005 EBITDA pre exceptionals expected €550-€560 million
- Capex for FY 2005 at lower end of €250-270 million range
- FY 2005 Depreciation and Amortization ~€250 million
- P&L tax rate for full year 2005 expected below 30%

**Details on further restructuring measures will be provided in the Q2 presentation and the conference call this afternoon at 03:00pm CET.**

Leverkusen, August 25, 2005

### 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

in € million

	LANXESS			Perf. Rubber			Eng. Plast.			Chem. Intern.			Perf. Chem.			Recon.		
	Q2 '04	Q2 '05	Chg. in %	Q2 '04	Q2 '05	Chg. in %	Q2 '04	Q2 '05	Chg. in %	Q2 '04	Q2 '05	Chg. in %	Q2 '04	Q2 '05	Chg. in %	Q2 '04	Q2 '05	Chg. in %
<b>Sales</b>	1673	1859	11%	368	432	17%	431	448	4%	320	406	27%	490	511	4%	64	62	-3%
Price*			8%			13%			7%			8%			7%			n.m.
Volume*			4%			6%			-2%			20%			-2%			n.m.
Currency*			-1%			-1%			-1%			-1%			-1%			n.m.
<b>EBIT</b>	10	77	>100%	14	52	>100%	17	-6	n.m.	2	34	>100%	-3	41	n.m.	-20	-44	n.m.
Deprec. & amortizat.	87	83	-5%	24	16	-33%	-9	20	n.m.	29	25	-14%	39	16	-59%	4	6	50%
<b>EBITDA</b>	97	160	65%	38	68	79%	8	14	75%	31	59	90%	36	57	58%	-16	-38	n.m.
exceptionals in EBITDA	18	3	-83%	11	2	-82%	0	0	n.m.	0	0	n.m.	7	1	-86%	0	0	n.m.
<b>EBITDA pre excep.</b>	115	163	42%	49	70	43%	8	14	75%	31	59	90%	43	58	35%	-16	-38	n.m.
normalized D&A	74	63	-15%	24	16	-33%	5	8	60%	23	19	-17%	18	16	-11%	4	4	0%
<b>EBIT pre excep.</b>	41	100	>100%	25	54	>100%	3	6	100%	8	40	>100%	25	42	68%	-20	-42	n.m.
exceptionals in EBIT	31	23	-26%	11	2	-82%	-14	12	n.m.	6	6	0%	28	1	-96%	0	2	n.m.
<b>Capex</b>	54	48	-11%	18	15	-17%	8	9	13%	18	18	0%	10	14	40%	0	-8	n.m.
<b>Net financial debt</b>	1135**	1250	10%															

\* approximate numbers

\*\*per Dec. 31, 2004

