LANXESS
Q3 2005 Results Roadshow

New York / London, November 18-21

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Agenda

1. Q3 2005 Review
2. Q3 2005 Financials
3. Restructuring and Portfolio Update
4. Outlook and Guidance

Q3 2005 Review

Business Update

- Overall good business momentum in Q3 2005 despite comparison to strong Q3 2004
- Risen raw material and energy costs were offset by selling price increases
- Additional selling price increases were announced for many products, effective beginning to end of October
- Production interruption of two sites in the U.S. due to hurricane “Rita” and back on stream in October
- Investments in China for compounding facility SCP and for technology centre in Wuxi

Restructuring / Portfolio Update

- Ahead of plan with Phase I and Phase II restructuring - first €132 m of charges already taken in Q3 2005
- Negotiation finalized in STY (Tarragona, Spain) and in TRP (La Wantzenau, France)
- FIB: Sale of Dorlastan Fibers business to Asahi Kasei Fibers planned
- Target: finalize Paper transaction before year-end if the value is appropriate

Financial Update

- Significant reduction of Net Financial Debt to €811 m
- Successful early refinancing of €1.25 bn syndicated credit facility
- Buyback of €200 m Mandatory Convertible Bond (June) and placement of underlying shares (July) led to increase in equity

Financial Highlights:
Improved Performance and Sharply Reduced Net Debt

(€ m)	Q3 2004	Q3 2005	Δ in %
Sales	**1,764**	**1,776**	**0.7%**
EBITDA pre except. Margin	**105** 6.0%	**148** 8.3%	**41.0%**
Net Income	**-5**	**-57**	**>100%**
Net Financial Debt	**1,135**[1]	**811**	**-28.5%**
Capex	**54**	**52**	**-3.7%**
Employees	**19,659**[1]	**18,566**	**-5.6%**

- Strong sales -even compared to robust Q3 2004- with continued implementation of price before volume strategy
- Net income in Q3 burdened by restructuring charges
- Net financial debt reduction due to:
  - convertible buyback
  - improved operational Cash Flow
  - tight working capital management

[1] per 12/31/2004

Faster implementation of restructuring measures and continued strong pricing

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Performance Improvement Measures Overcompensate Summer Weakness

(€ m)	Q3 2004	Q3 2005	Δ absolut	Δ in %
Sales	**1,764**	**1,776**	**12**	**1%**
Cost of goods sold	-1,395	-1,400	5	0%
SG&A	-279	-274	-5	-2%
R&D	-29	-24	-5	-17%
Other op. expense	-65	-132	67	>100%
EBIT	**-4**	**-54**	**-50**	**>100%**
thereof exceptionals	-50	-142	92	>100%
Net Income	**-5**	**-57**	**-52**	**>100%**
EBITDA	63	15	-48	-76%
thereof exceptionals	-42	-133	91	>100%
EBITDA pre exceptionals	**105**	**148**	**43**	**41%**

- Price increases (+10%) and slightly stronger U.S. Dollar offset lower volumes (-10%)
- Risen raw material prices fully compensated by selling price increases
- Improved cost structure due to faster implementation of savings and solidarity agreement
- Majority of restructuring charges booked in Q3 2005

n.m.: not meaningful

Q3 2005 Sales Variance by Segment (approximate numbers)

(€ m)	Q3 2004	Price	Volume	Currency	Q3 2005
Performance Rubber	352	~ +23%	~ -6%	~ +1%	414
Engineering Plastics	443	~ +6%	~ -7%	~ +1%	441
Chem. Intermediates	416	~ +4%	~ -15%	~ +0%	373
Perf. Chemicals	491	~ +11%	~ -13%	~ +1%	489
LANXESS	1,764	~ +10%	~ -10%	~ +1%	1,776

Volume decreases against the background of:

– Deliberate loss of weaker-margin business in Engineering Plastics, especially in STY

– Comparably strong volumes in Q3 2004, particularly in Chemical Intermediates, BAC

– Sale of Porofor business, weak volumes in textiles

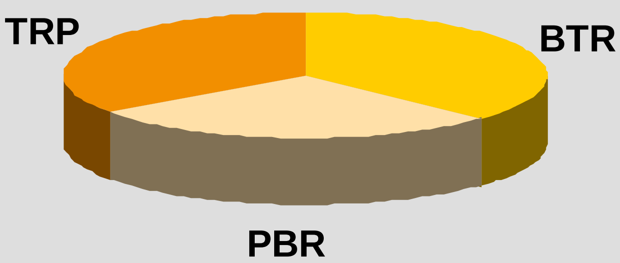
Further prices increases have already been announced for several products, including BUs BAC, STY, SCP and PAP as of October

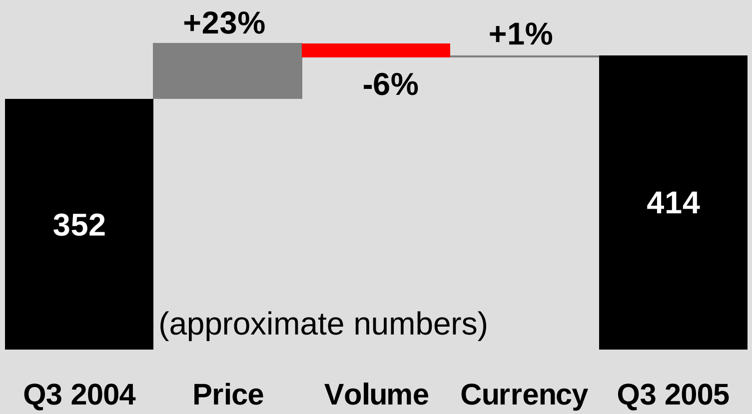
Performance Rubber: All Businesses on Track

(€ m)	Q3 2004	Q3 2005
Sales	**352**	**414**
EBIT	21	18
Depr. / Amort.	11	17
EBITDA	32	35
EBITDA pre except.	**33**	**39**
Margin	9.4%	9.4%
Capex	**14**	**15**

- All BUs contributed to increased sales on the basis of improved pricing with even higher volumes in BTR, overall fully offsetting increased raw material costs
- Lower volumes due to comparison with exceptionally strong quantities in Q3 2004 - this does not represent a weakening in underlying demand
- Despite strong pricing, only slight profit increase due to higher input costs (i.e. butadiene and energy), expenses for planned maintenance and minor impact from hurricane "Rita"

Sales by BU:





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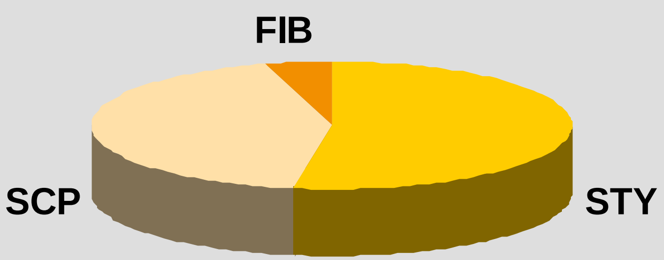
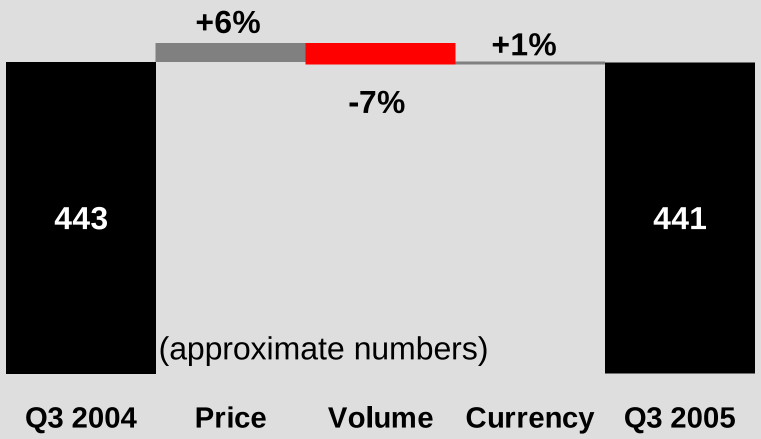
Engineering Plastics: STY Back in Black

(€ m)	Q3 2004	Q3 2005
Sales	**443**	**441**
EBIT	0	3
Depr. / Amort.	13	11
EBITDA	13	14
EBITDA pre except.	**13**	**14**
Margin	2.9%	3.2%
Capex	**9**	**7**

- Improved pricing in STY and stronger volumes in SCP offset impact from weak FIB
- Only slightly improved results on the basis of sound development in STY with raised prices, supported by easing styrene input costs
- SCP somewhat burdened by costs for planned maintenance shutdown, however with solid contribution
- Restructuring is expected to further improve performance

Sales by BU:





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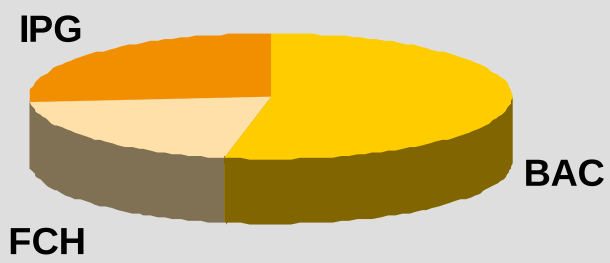
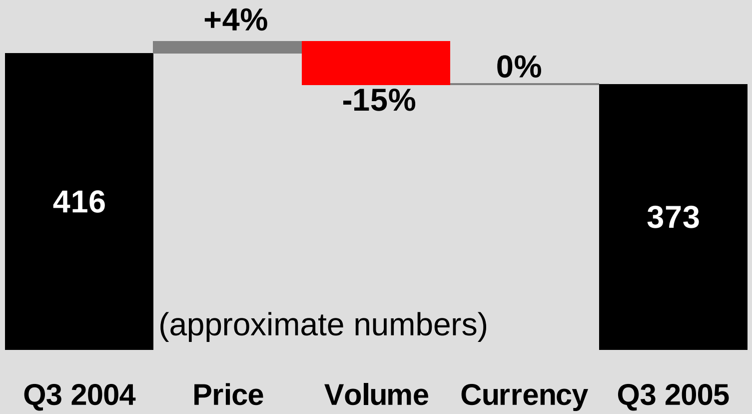
Chemical Intermediates: Good BAC Performance Backed by Improved FCH and Stable IPG Business

(€ m)	Q3 2004	Q3 2005
Sales	**416**	**373**
EBIT	14	39
Depr. / Amort.	24	16
EBITDA	38	55
EBITDA pre except.	**38**	**55**
Margin	9.1%	14.7%
Capex	**25**	**10**

- As anticipated, volumes in BAC and FCH comparably lower due to absence of summer-weakness in 2004, however slightly offset by increased prices
- EBITDA increased with strong profit contribution by BAC supported by tight markets for some products and easing benzene prices
- FCH showed overall good progress on the basis of already implemented measures, IPG back on track - on last year's level
- Capex extraordinarily high in Q3 2004 due to initial investments in several projects

Sales by BU:





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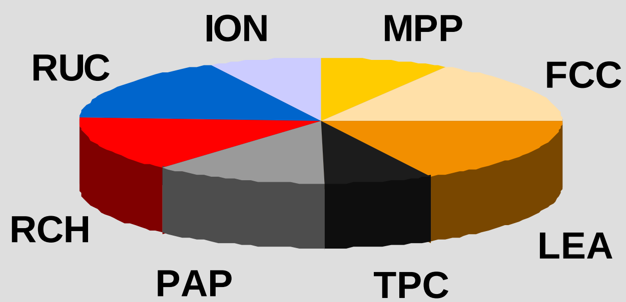
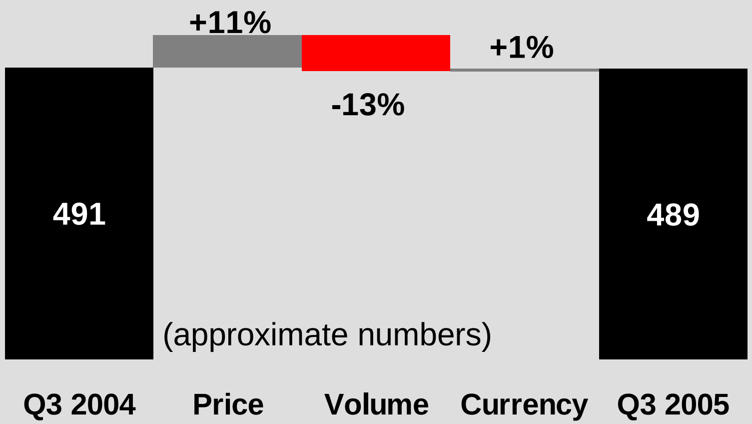
Performance Chemicals: Effective Cost Management and Improvements in Several BUs

(€ m)	Q3 2004	Q3 2005
Sales	**491**	**489**
EBIT	-16	38
Depr. / Amort.	15	18
EBITDA	-1	56
EBITDA pre except.	**40**	**57**
Margin	8.1%	11.7%
Capex	**12**	**19**

- Stable Sales due to lesser seasonality in performance chemicals (specialities businesses)
- Stronger pricing mainly in RUC and FCC offset decreased volumes primarily in FCC, due to product portfolio changes
- EBITDA improved mainly by increased contributions from LEA, RUC, MPP and ION
- Exceptionals in 2004 consisted mainly of environmental provisions

Sales by BU:





Balance Sheet Has Been Strengthened

(€ m)	Dec 31, 2004	June 30, 2005	Sept 30, 2005
Non-current Assets			
Intangible assets	65	60	57
Property, plant & equipment	1,521	1,517	1,514
Investments	85	90	93
Current Assets			
Inventories	1,151	1,319	1,219
Trade receivables	1,137	1,212	1,119
Other receivables & assets	363	395	354
Liquid assets	72	178	127
Deferred taxes	172	18	56
Deferred charges	11	18	22
Total assets	4,577	4,807	4,561

(€ m)	Dec 31, 2004	June 30, 2005	Sept 30, 2005
Stockholders' equity	1,365	1,225	1,422
thereof Minority interest	14	15	17
Provisions			
Pension & post empl. provisions	418	449	455
Other provisions	481	583	759
Liabilities			
Financial obligations	1,207	1,428	938
thereof Mandatory Convertible	200	211	0
Trade accounts payable	820	735	637
Other liabilities	190	189	200
Deferred taxes	55	152	112
Deferred income	41	46	38
Total Liabilities & Equity	4,577	4,807	4,561

The markets‘ concerns are our concerns - we therefore tackle them

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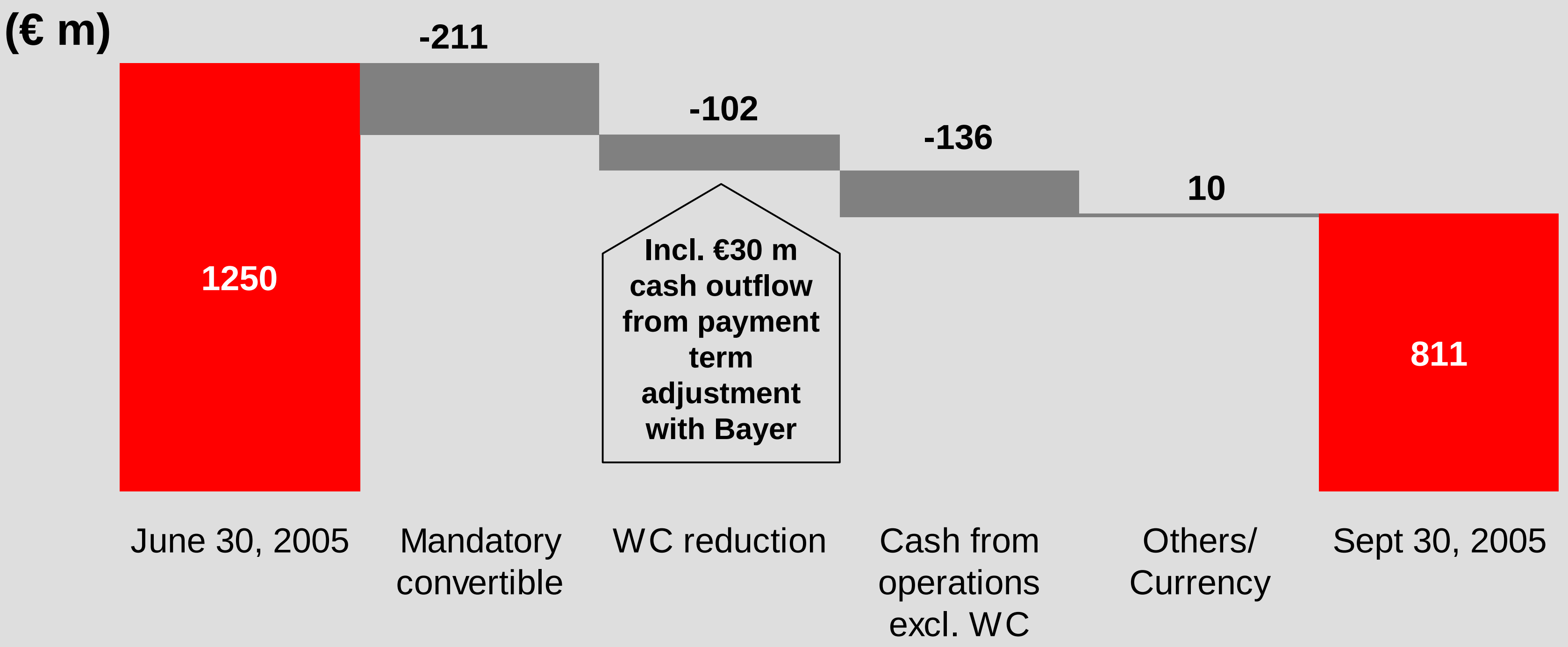
With Substantial Improvement in Net Financial Debt in Q3 We Get Prepared for 2006



Exemplary anticipated cash drain in 2006:

➔ €95 m restructuring cash out
➔ €100 m to Bayer from expiring payment term adjustment
➔ Potential charge: Bayer's rubber anti-trust case (annual cap of €50 m)

Diligent preparation for anticipated burden

Improved Cash Flow: Stronger Operating Results Combined with Improved Working Capital Management

(€ m)	9M 2004	9M 2005
EBIT	**76**	**139**
Income Taxes	-52	-72
Depreciation & Amortization	249	217
Change in Pension Provisions	-27	0
Gain/ Loss from Sale of Assets	6	-2
Change in Working Capital*	-300	-161
Change in Other Net Current Assets	88	237
Cash provided by Operating Act.	**40**	**358**
Capex	**-158**	**-151**
Cash Flow used in Investing Activities**	85	-140
Cash Flow used in Financing Activities	-59	-162
Cash at End of Period	80	127

– Cashflow improved mainly on higher operating result

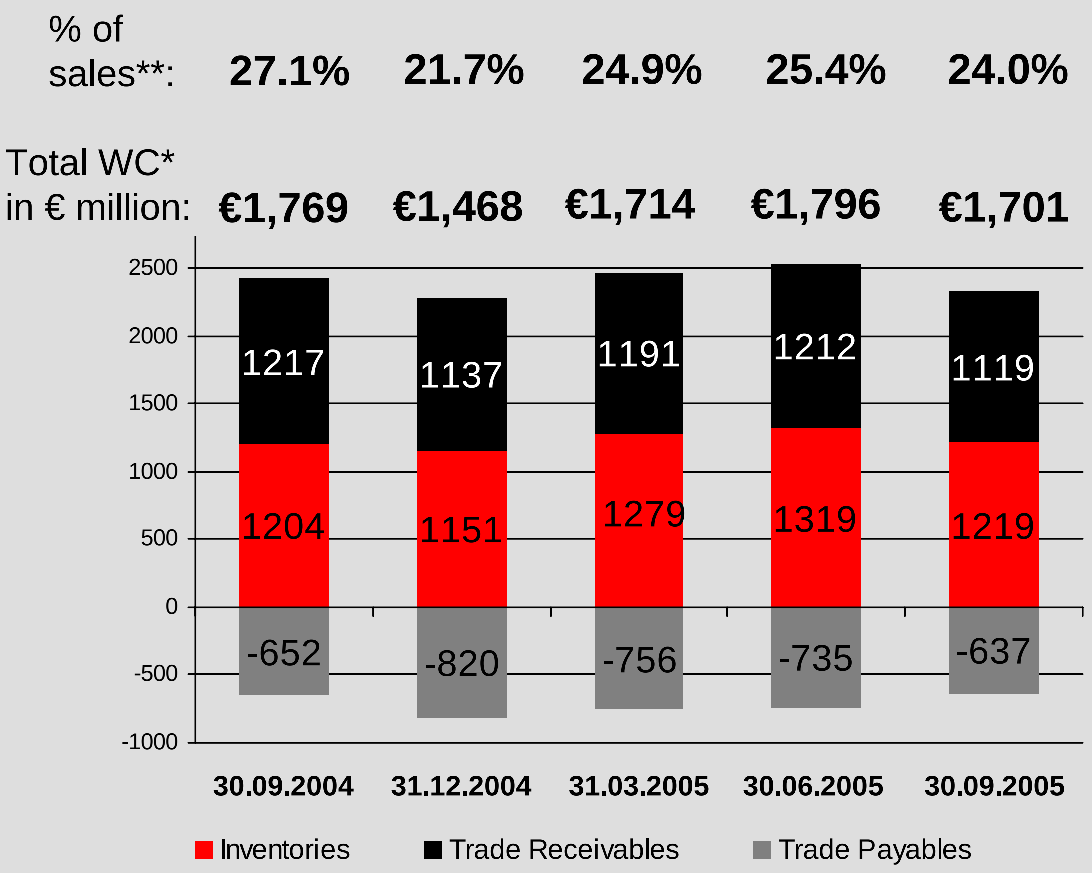
– Strong improvement in working capital, despite ~€30 million cash out for payment term adjustment with Bayer

– Continuous tight Capex management

Excess Cash has been used to reduce Net Financial Debt

* Working Capital : Inventory plus trade accounts receivable less trade accounts payable
** including Capex

2nd Half-Year Effects and Better Working Capital Management



- Inventory: substantial sequential decrease due to tight management, planned maintenance turnarounds
- Receivables: Lower mainly due to negotiation of improved payment terms
- Payables: outflow due to timing of maturities and €30 million for payment term adjustment with Bayer as of 31.12.2004

As announced, Working Capital decreased; expected stable at year end

* Working Capital : Inventory plus trade accounts receivable less trade accounts payable
** As % of sales on the basis of last 4 quarters' sales

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Restructuring: We Are Ahead of Our Plan

Restructuring Achievements

Phase I (initiated June 2005)

STY:

- Agreement reached in STY, Tarragona:
  - annual worktime increased
  - reduction of annual bonus
  - savings on various supplies and infrastructure
- Realignment of Dormagen and Tarragona sites: Relocation of management by summer '06

FCH:

- 2 facilities already closed and others realigned
- New legal structure for FCH and market approach initiated

– **Phase II** (initiated August/ September 2005)

- Agreement reached for TRP, La Wantzenau, France:
  - headcount reduction
  - cost savings
- Decision to consolidate two RCH sites in Chardon, Ohio

Financial Impacts

- €132 m P&L restructuring charge in Q3 2005
- ~€10 m cash out in Q3 2005
- Around €7 m of solidarity effect in P&L in Q3 already
- Ahead of plan in terms of cost reduction

For Q4 2005, we expect:

- additional €10 - 20 m expenses
- ~€30 cash out related to restructuring

saltigo - New Structure is a Prerequisite for Success

Challenge

Approach

Structure as per Q2 2006

BU Fine Chemicals

Chemical conglomerate

Legacy asset structure

Unclear external profile

- Closures and consolidation
- New business structure
- Establish own identity

saltigo

customized competence

Pharma

Agro

Specialties

Operations

Customer-focused service provider

Fibers - First Adjustment to the Portfolio

Sale of Dorlastan Fibers business to Asahi Kasei Fibers planned

Engineering Plastics Sales by BU

Cornerstones:

– Agreement is expected to be signed shortly; transaction subject to approval of authorities

– Purchase price not disclosed

– ~280 employees in Dormagen, Germany (thereof ~170 transferred to AKF)

– ~190 employees in the Bushy Park, U.S., (thereof ~160 transferred to AKF)

Transaction cash neutral:

– Financing of headcount reduction by transaction related cash-in

– Exceptional write-off of around ~€35 m expected for Q4 2005

Securing the future for the Fibers business with a strong partner

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Business Outlook I

Performance Rubber

– No noteworthy competitive capacity additions expected to come on stream in BTR and PBR midterm - therefore supply / demand is expected to remain well balanced

– New capacity additions at the Sarnia and Zwijndrecht BTR sites in ‘06 and ‘07 are going to support our operational performance from 2007 on

– Continuous market support for “price before volume” strategy in PBR; repositioning of TRP especially by restructuring and product portfolio re-alignment

Engineering Plastics

– Volatile market environment in main customer endmarkets such as automobile and electronics expected to continue in 2006

– Improvements from restructuring being realised, site consolidation and focus on production of ABS-specialities on track

– Favourable development in SCP is fostered by growth strategy in China

– Favourable contracts in place for our merchant market supply of caprolactam

Supportive market environment expected to continue into 2006

Business Outlook II

Chemical Intermediates

– We expect to continuously participate in the current cyclical upturn, by means of utilization of the outstanding market positions in BAC and IPG- remain optimistic for 2006 - balanced markets expected

– Restructuring and stand-alone strategy of FCH to lead to further improvements

– IPG generally stable business with solid contribution also expected for 2006

Performance Chemicals

– In general, specialities experience a lesser seasonality compared to the rest of the industry

– Businesses with leading market positions perform well - weaker positions lead to diminished performance

– Selective growth in exclusive Business Units such as MPP, LEA; Asian market represents important supporting pillar in our strategy

– Portfolio re-alignment necessary and ongoing

Market development encourages our strategy

Outlook

Underlying assumptions

– Exchange rate €1.0 = ~USD1.25

– Continuous supportive economic environment

– Q4 somewhat weaker business versus Q3

– Only minor restructuring expenses expected Q4 2005

2005 Guidance based on above assumptions

– Q4 expected with slightly weaker sales compared to previous year, due to strong Q4 2004

– Due to faster implementation of restructuring measures and continued good environment, FY 2005 EBITDA pre exceptionals now expected €560 - €580 m

– Capex at lower end of €250 - 270 m range

– Depreciation and Amortization ~€250 m

– Neutral P&L tax line expected for FY 2005

Reiteration of 9%-10% EBITDA pre excep. margin target for 2006 on FY 2004 sales

Financial Calendar 2006

Full Year Results 2005	April 4, 2006
Q1 Results 2006	May 18, 2006
Q2 Results 2006	August 16, 2006
Q3 Results 2006	November 15, 2006
2nd Annual General Meeting	May 31, 2006

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RESTRUCTURING.
PORTFOLIO.

Appendix

Built on Polymers and Chemicals

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Energizing Chemistry

Performance Rubber

Engineering Plastics

Chemical Intermediates

Performance Chemicals

Independence. Cost Reduction. Portfolio Management.

Entrepreneurial and Experienced Board Directly Connected to BUs

Board of Management

Performance Rubber	Engineering Plastics	Chemical Intermediates	Performance Chemicals
Butyl Rubber	Styrenic Resins	Basic Chemicals	Material Protection Products
Polybutadiene Rubber	Semi-Crystalline Products	Fine Chemicals	Functional Chemicals
Technical Rubber Products	Fibers	Inorganic Pigments	Leather
			Textile Processing Chemicals
			Paper
			RheinChemie
			Rubber Chemicals
			Ion Exchange Resins

Sales: > € 500 m

Sales: € 200 m – 500 m

Sales: < € 200 m

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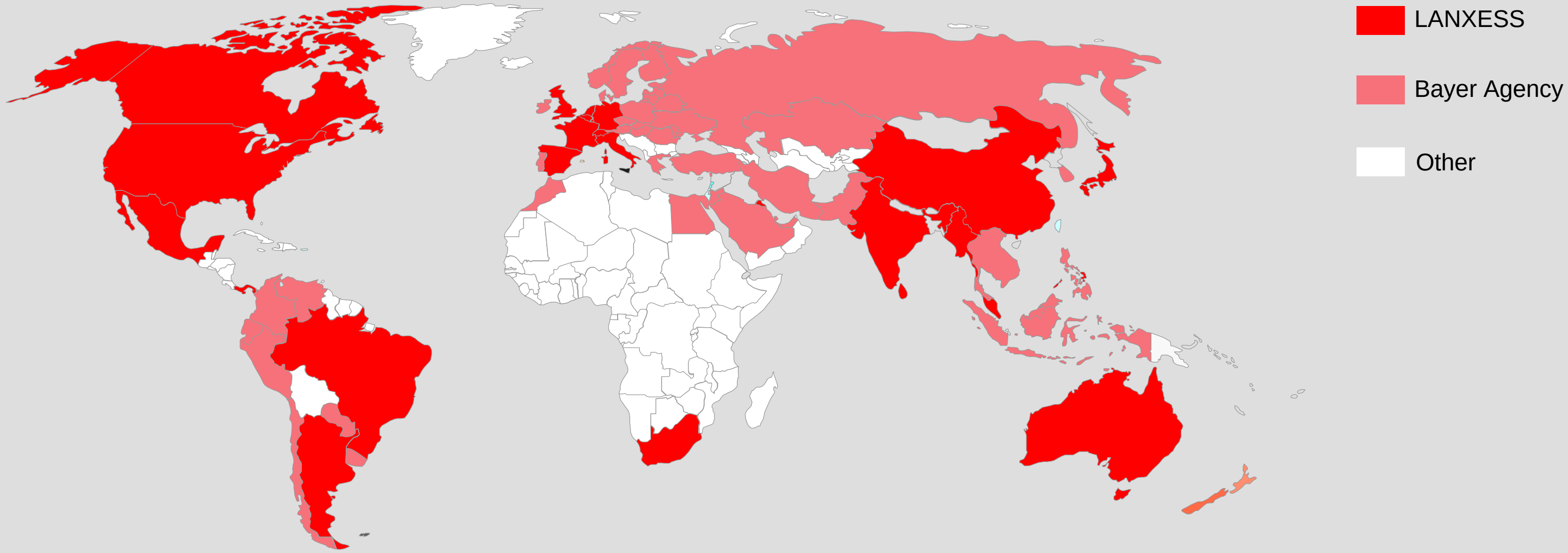
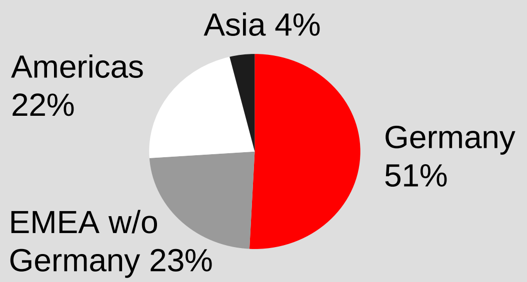
LANXESS - a global player in the chemical industry

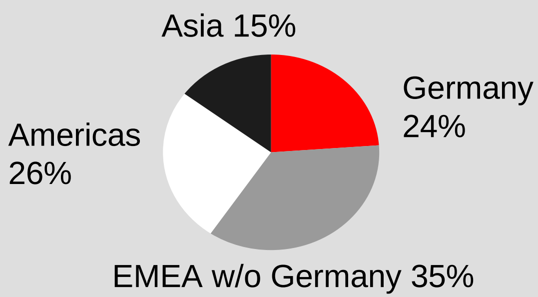
Global presence



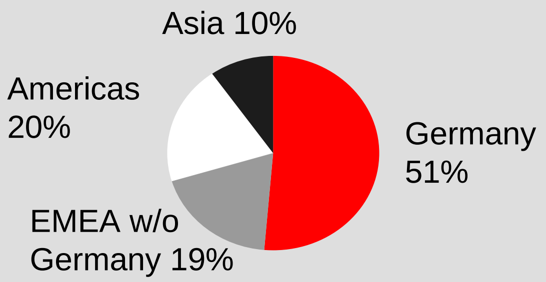
Assets by region



Sales by region



Employees by regions



Based on combined financial statements 2004 (as of 31.12.2004)

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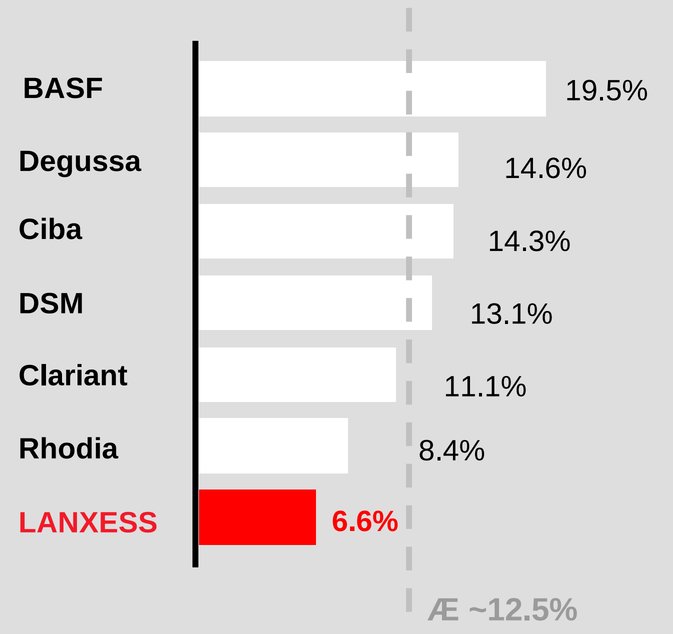
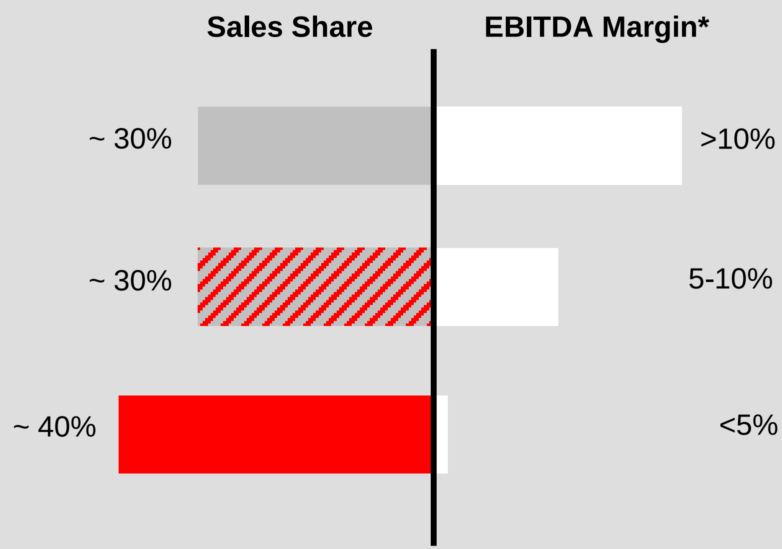
Strong Foundation, but Unsatisfactory Profitability in 2004

EBITDA Margin* 2004



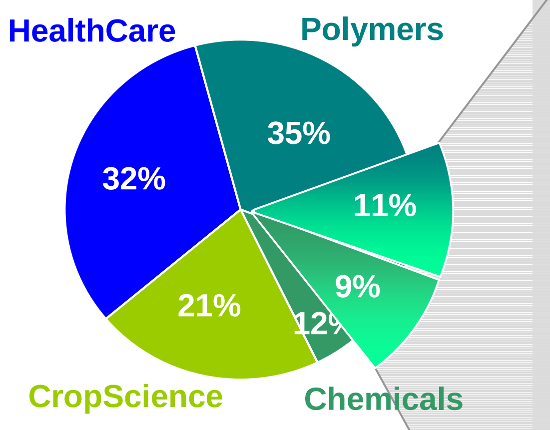
Profitability Distribution LANXESS



*EBITDA pre exceptionals in % of sales
Source: annual reports

LANXESS is a new company – Build on Polymers and Chemicals

Bayer 2003



Spin-off: A new company

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Performance Rubber

- Poly-Butadiene Rubber
- Butyl Rubber
- Technical Rubber Products

Chemical Intermediates

- Basic Chemicals
- Fine Chemicals
- Inorganic Pigments

Engineering Plastics

- Dolarstan Fibers
- Semi-Christalline Products
- Styrenic Resins

Performance Chemicals

- Functional Chemicals
- Rubber Chemicals
- Leather
- Material Protection Products
- Ion exchange resins
- Rhein Chemie
- Paper
- Textile Processing Chemicals

Independence. Cost Reduction. Portfolio Management.

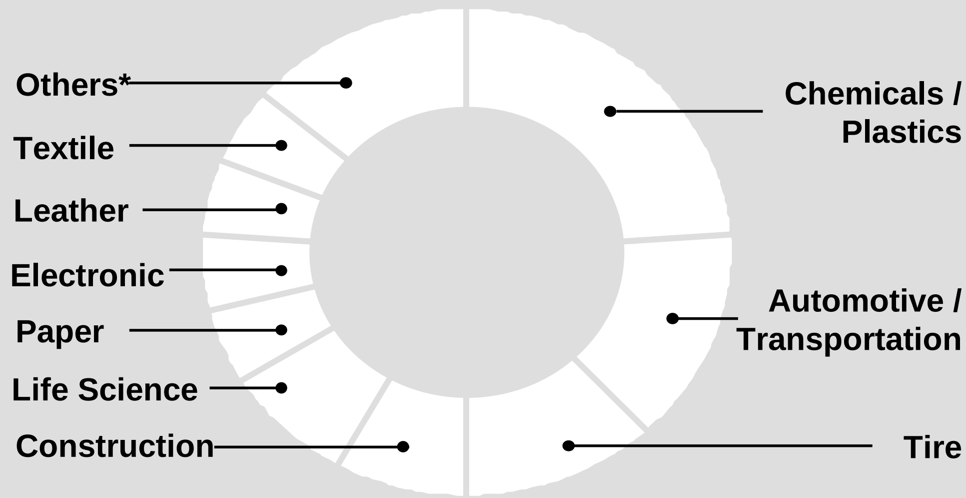
Well Established Brands for Diversified Industry Portfolio

Brands

- LEWATIT
- BAYFERROX
- Buna CB (*)
- MACROLEX®
- Therban
- PREVENTOL

* not registered in U.S.A.

End User Industries



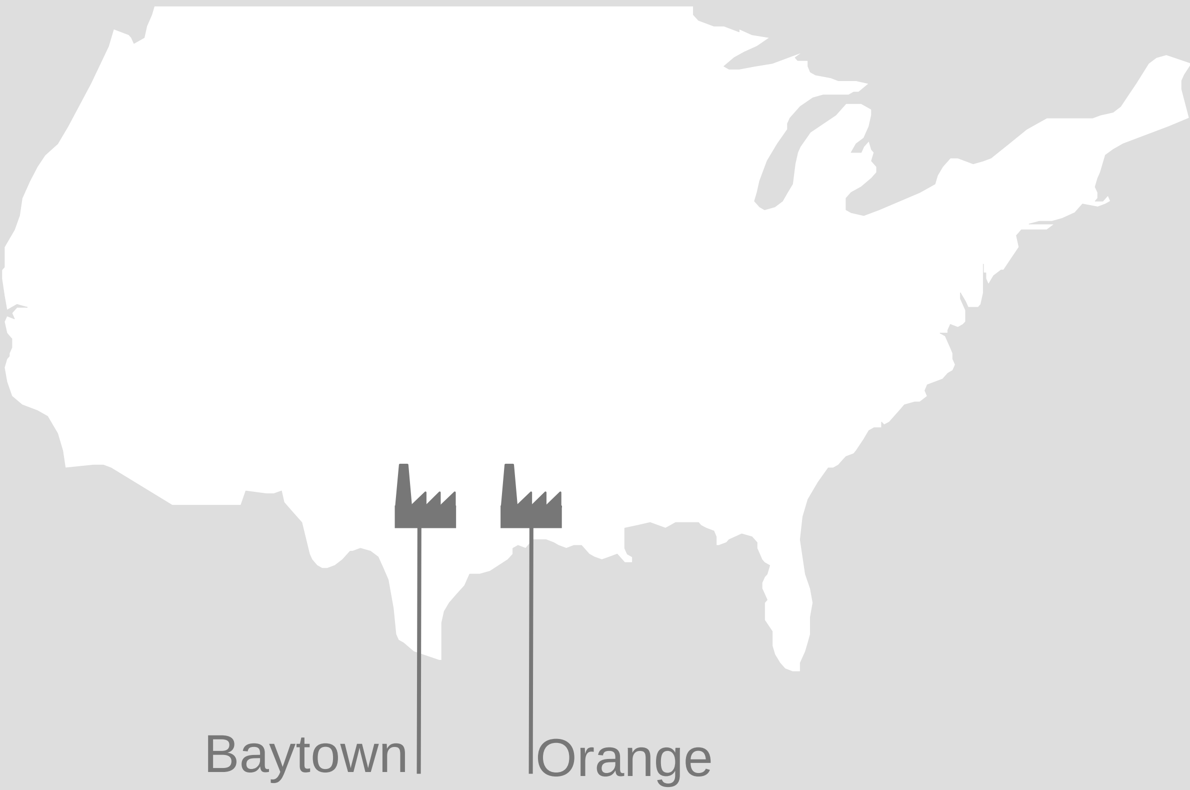
* – Water Treatment
– Nutrition
– Furniture
– Hygienics
– Coatings
– Packaging
– Health Care

Exceptional Items Incurred in Q3 2004 and 2005

(€ m)	Q3 2004		Q3 2005		
	Exceptional	thereof D&A	Exceptional	thereof D&A	
Performance Rubber	1	0	4	0	– “Rubber” Litigation
Engin. Plastics	2	2	3	3	– Capex write-off and amendment to 2003 impairment in 2004
Chemical Intermediates	7	7	2	2	– Capex write-off
Performance Chemicals	40	-1	1	0	– Majority: Environm. provision in 2004, “Rubber” litigation 2005
Reconciliation	0	0	$\boxed{132}$	4	– Phase I+II restructuring
Total	**50**	**8**	**142**	**9**	

Update on Impacts due to U.S.-Hurricanes

- No impact from hurricane „Katrina“
- Impacts from hurricane „Rita“ less significant than expected. By end of October, both sites were again fully operational
- Financial P&L impact: additional low single digit million expenses
- Continous high and volatile raw material prices due to tight supply expected in Q4



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Reminder: LANXESS' Long Term Incentive and Employee Participation Programmes finalized

- Long Term Incentive Programme consisted of:

- Stock Performance Plan (SPP)
- and Economic Value Plan (EVP)

- Condition to participation: personal investment (40%* of one annual fixed salary in three tranches)

  - Individual Investments are being done via an intermediary
  - Average purchase price of first tranche is €24.14

- Very satisfying, high turnout of employees in LTIP
  - more than 95% of the top ~50 managers

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

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 nebt
  - 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

Quarterly Overview 2004/ 2005

		Q1		Q2		H1		Q3		9M		Q4		FY	
Sales		**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**		**2004**	
	Perf Rubber	326	392	368	432	694	824	352	414	1046	1238	385		1431	
	Eng Plastics	407	414	431	448	838	862	443	441	1281	1303	441		1722	
	ChemIntermed	366	389	320	406	686	795	416	373	1102	1168	385		1487	
	Perf Chem	478	478	490	511	968	989	491	489	1459	1478	451		1910	
	Recon	33	56	64	62	97	118	62	59	159	177	64		223	
	Lanxess	1610	1729	1673	1859	3283	3588	1764	1776	5047	5364	1726		6773	
EBITDA pre exc.		**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**		**2004**	
	Perf Rubber	32	56	49	70	81	126	33	39	114	165	9		123	
	Eng Plastics	21	35	8	14	29	49	13	14	42	63	7		49	
	ChemIntermed	81	65	31	59	112	124	38	55	150	179	52		202	
	Perf Chem	55	58	43	58	98	116	40	57	138	173	14		152	
	Recon	-24	-33	-16	-38	-40	-71	-19	-17	-59	-88	-20		-79	
	Lanxess	165	181	115	163	280	344	105	148	385	492	62		447	

Sound Financing Structure

Main Financing Components

€1,250 m	Revolving Credit Facility 5-year maturity with two one-year extension options Improved terms and conditions vs. prior €1.5 bn facility Signed on October 5, 2005
€500 m	Debut Eurobond Seven-year tenor, maturing on June 21, 2012 4.125% coupon
€200 m	Asset Backed Securities Programme Revolving sale of trade receivables
~€2,000 m	**Financing Instruments in place**
€938 m	**Status of Financial Obligations as per 30.09.2005**
	(€811 m: Status of Net Financial Debt as per 30.09.2005)

Plenty of headroom: Revolving Credit Facility is mainly intended as a long-term liquidity back-up and will probably only be drawn to a limited degree

LANXESS