

LANXESS Q3 2011 Financial Summary for Investors and Analysts

- **26% sales growth despite some customer destocking**
- **Substantial increase in EBITDA pre by 27% to €311 m**
- **“Price-before-volume” strategy in all segments intact**
- **All investment projects fully on schedule**
- **EBITDA margin slightly increased to 13.3% vs 13.2%**
- **Year-to-date earnings per share reach €6.02**
- **Guidance 2011 confirmed: EBITDA pre growth ~20%**

LANXESS AG

Investor Relations
51369 Leverkusen
Germany

Oliver Stratmann, Head of IR
Phone +49 214 30-49611
Fax +49 214 30-959-49611
Oliver.Stratmann@lanxess.com

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Overview Financials

Q3 Profit and Loss Statement:

- **Another solid quarter with good development of bottom-line**
- Sales deviation yoy: Price +23%, Portfolio +8, Volume +1%, Currency -6% (approximate numbers)
- Gross margin slightly lower due to ~€20 m inventory devaluation (mainly Butadiene)
- Focus on technology and innovation leads to planned increase in R&D expenses
- Substantial improvement in EBITDA at stable margins
- Expected seasonal pattern partly offset by portfolio effect

Q3 Balance Sheet:

- **A strong balance sheet**
- Inventory increase due to higher raw material prices, portfolio effect and additional volumes
- Mark-to-market valuation of Gevo investment
- Net debt to EBITDA (LTM) ratio at comfortable ~1.2

9M Cash flow Statement:

- **Strong cash generation**
- Lower tax cash outs due to timing of pre-payments
- Cash outflow for working capital due to increased inventories and receivables (raw material prices, volumes)
- Investing cash flow contains cash-outs for acquisitions
- Financing cash-flow mirrors €500 m bond partly offset by dividends, interest and settlement of acquisition related debt
- Cash flow mirrors growth strategy

Q3 Business Overview

Performance Polymers

- **Strict “price-before-volume” strategy and EPDM contribution lead to a very strong quarter**
- Sales deviation yoy: Price +36%, Volume +5%, Currency -8%, Portfolio +15% (approximate numbers)
- Sales increase significantly due to price and portfolio effects with support from volumes but burdened by currency
- All BUs manage to increase prices and volumes in tandem, rise in raw material prices fully compensated
- Ongoing strong demand in BU BTR; BU PBR with softer demand from Asia in ESBR
- Solid demand for EPDM and NBR rubbers in BU TRP
- DSM Keltan-EPDM business contributes to strong performance
- Capex increases as investment projects proceed

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Advanced Intermediates

- **Stable performance from strong agro end markets**
- Sales deviation yoy: Price +8%, Volume 0%, Currency -3% (approximate numbers)
- Sales increase on the back of healthy pricing somewhat mitigated by currency effects
- BU SGO posts high margins from solid agro demand while pharma shows some softening
- BU All with continued solid demand from agro and automotive end markets, volumes from other end-markets softening (e.g. construction, color and coatings industries)
- Segment results and margins at high level demonstrate great stability

Performance Chemicals

- **Segment performance affected by weakening construction demand**
- Sales deviation yoy: Price +8%, Volume -4%, Currency -4%, Portfolio +2% (approximate numbers)
- Sales improve slightly as price increases and positive portfolio effects are mitigated by negative volume and currency effects
- All businesses compensate raw material price increases
- BU ION and BU RCH achieve price and volume increases
- BUs IPG, FCC and MPP with lower earnings on tough comparables and partly softer demand (construction and electro & electronics industry)
- BU LEA with some impact due to a supplier's outage
- Lower capacity utilization weighs on segment margin

Business environment and guidance:

Current macro view:

- Growth in emerging markets to continue at solid levels
- Increased uncertainties: high national deficits in Europe, volatile FX and raw material deflation
- Risk of economic setback due to European sovereign debt crisis increased

Guidance:

- **LANXESS remains confident for 2011**
- **Full year EBITDA guidance confirmed at ~20% above previous year**
- We expect Q4 with normal seasonality and ongoing customer destocking
- Additional inventory devaluation of ~€35 m in Q4 2011 expected (mainly Butadiene)

Additional financial expectations for 2011

- Capex* 2011 : ~€600 m
- Capex* 2012 : around 2011 level
- D&A : ~€300 – €320 m
- Tax rate : 20 to 25%
- Hedging 2011 : ~40% at 1.30-1.40 USD / EUR
- Hedging 2012 : ~30% at 1.30-1.40 USD / EUR

*without projects financed by customers and capitalized borrowing costs

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Leverkusen, November 10, 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 Q3 2011

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	Q3 '10	Q3 '11	Chg. in %	Q3 '10	Q3 '11	Chg. in %	Q3 '10	Q3 '11	Chg. in %	Q3 '10	Q3 '11	Chg. in %	Q3 '10	Q3 '11	Chg. in %
Sales	1847	2336	26%	966	1433	48%	356	371	4%	515	523	2%	10	9	-10%
Price*			23%			36%			8%			8%			0%
Volume*			1%			5%			0%			-4%			0%
Currency*			-6%			-8%			-3%			-4%			-10%
Portfolio*			8%			15%			0%			2%			0%
EBIT	169	223	32%	97	166	71%	51	52	2%	67	55	-18%	-46	-50	-9%
Deprec. & amortizat.	69	83	20%	35	45	29%	15	16	7%	16	20	25%	3	2	-33%
EBITDA	238	306	29%	132	211	60%	66	68	3%	83	75	-10%	-43	-48	-12%
exceptionals in EBITDA	6	5	-17%	1	2	100%	0	0	0%	0	0	0%	5	3	-40%
EBITDA pre excep.	244	311	27%	133	213	60%	66	68	3%	83	75	-10%	-38	-45	-18%
normalized D&A	69	83	20%	35	45	29%	15	16	7%	16	20	25%	3	2	-33%
EBIT pre excep.	175	228	30%	98	168	71%	51	52	2%	67	55	-18%	-41	-47	-15%
exceptionals in EBIT	6	5	-17%	1	2	100%	0	0	n.m.	0	0	n.m.	5	3	-40%
Capex	107	148	38%	53	88	66%	25	26	4%	25	31	24%	4	3	-25%
Net financial debt**	913	1362	49%												

* approximate numbers

Financial Overview 9M 2011

in € million

	LANXESS			Perf. Polymers			Advanced Intermed.			Performance Chem.			Others/ Cons.		
	9M '10	9M '11	Chg. in %	9M '10	9M '11	Chg. in %	9M '10	9M '11	Chg. in %	9M '10	9M '11	Chg. in %	9M '10	9M '11	Chg. in %
Sales	5288	6652	26%	2707	3798	40%	1045	1182	13%	1507	1640	9%	29	32	10%
Price*			19%			29%			8%			7%			0%
Volume*			6%			8%			7%			2%			14%
Currency*			-4%			-6%			-2%			-3%			-4%
Portfolio*			5%			8%			0%			2%			0%
EBIT	529	724	37%	319	522	64%	147	158	7%	196	203	4%	-133	-159	-20%
Deprec. & amortizat.	204	233	14%	106	117	10%	43	50	16%	49	57	16%	6	9	50%
EBITDA	733	957	31%	425	639	50%	190	208	9%	245	260	6%	-127	-150	-18%
exceptionals in EBITDA	13	15	15%	3	2	-33%	0	0	0%	0	0	n.m.	10	13	30%
EBITDA pre excep.	746	972	30%	428	641	50%	190	208	9%	245	260	6%	-117	-137	-17%
normalized D&A	204	233	14%	106	117	10%	43	50	16%	49	57	16%	6	9	50%
EBIT pre excep.	542	739	36%	322	524	63%	147	158	7%	196	203	4%	-123	-146	-19%
exceptionals in EBIT	13	15	15%	3	2	-33%	0	0	n.m.	0	0	n.m.	10	13	30%
Capex	206	325	58%	104	200	92%	37	59	59%	57	59	4%	8	7	-13%
Net financial debt**	913	1362	49%												

* approximate numbers

**previous year value as per Dec. 31

Income Statement Q3 and 9M 2011

in €million	Q3 2010	Q3 2011	Chg. in %	9M 2010	9M 2011	Chg. in %
Sales	1847	2336	26%	5288	6652	26%
Cost of sales	-1387	-1805	30%	-3960	-5060	28%
Gross profit	460	531	15%	1328	1592	20%
Selling expenses	-166	-183	10%	-470	-540	15%
Research and development expenses	-34	-40	18%	-89	-105	18%
General administration expenses	-70	-77	10%	-197	-221	12%
Other operating income	46	39	-15%	138	140	1%
Other operating expenses	-67	-47	-30%	-181	-142	-22%
Operating result (EBIT)	169	223	32%	529	724	37%
Income from investments accounted for using the equity method	11	7	-36%	23	19	-17%
Interest income	2	5	>100%	8	10	25%
Interest expense	-27	-27	0%	-73	-74	1%
Other financial income and expense	-10	-8	20%	-26	-28	8%
Financial result	-24	-23	4%	-68	-73	-7%
Income before income taxes	145	200	38%	461	651	41%
Income taxes	-26	-46	-77%	-106	-149	-41%
Income after income taxes	119	154	29%	355	502	41%
of which attributable to non-controlling interests	1	0	-100%	2	1	-50%
of which attributable to LANXESS AG stockholders (net income)	118	154	31%	353	501	42%

Abbreviations:

All	Advanced Industrial Intermediates*
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

* Formerly known as Basic Chemicals (BAC)

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