

## LANXESS Q3 2006 Financial Summary for Investors and Analysts

- **EBITDA pre exceptionals up 10.8 %**
- **EBITDA-margin of 9.7 % after 8.3 % in Q3 2005**
- **Further reduction of net financial debt to €503 m**
- **Guidance for FY 2006 confirmed:  
EBITDA pre exceptionals of €660 m to €680 m**
- **Transformation of the company continues with high speed**

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### Q3 Business Overview

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#### LANXESS Group

- Sales Deviation: Price: +5%, Volume -3%, Currency -2%, Portfolio -5% (approximate numbers)
- Economic environment remains supportive in most regions
- Operationally sound third quarter supported by efficiency improvements
- Continued price push-through in light of peaking raw material and energy costs
- Restructuring programs remain fully on track
- Confirmation of FY guidance of €660-€680 m EBITDA pre exceptionals
- Rubber litigation payments concluded with last payment of ca. €20 m
- Further portfolio measure implemented - divestment of TPC at value enhancing multiples

#### Performance Rubber

- Sales Deviation: Price: +12%, Volume 0%, Currency -3% (approximate numbers)
- Sales growth driven by price increases in all BUs in an effort to offset higher raw material costs. Stable volumes compared to Q3 2005
- BTR counteracted risen raw material costs with improved cost structures and higher selling prices
- PBR back on track with higher prices and volumes. Asia helped to offset U.S. softness
- TRP shows restructuring results with efficiency improvements and good pricing

#### Engineering Plastics

- Sales Deviation: Price: +7%, Volume -7%, Currency -2%, Portfolio -5% (approximate numbers)
- Sales decline mainly due to divestiture of FIB and lower ABS volumes during the production shift from Dormagen to Tarragona as well as the damage caused by the fire at the Tarragona site
- LUP continues on the road of recovery with price increases to mitigate higher raw material and energy costs
- SCP with strong results based on raw-material-induced price increases supported by improved cost structures
- Absence of FIB-losses backs results as well

### Chemical Intermediates

- Sales Deviation: Price: +2%, Volume -1%, Currency -1% (approximate numbers)
- Sales almost unchanged as price increases in all businesses offset lower volumes and unfavourable currency effect
- Softer agro business in BAC and SGO is accountable for somewhat lower volumes – in BAC overcompensated by price increases (to compensate for raw material price increases)
- SGO on track in terms of performance improvement, with better performance compared to previous year, although hampered by weaker agro end market
- IPG benefits from continuously strong demand especially in the construction industry and price increases in specialty applications for iron oxides

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### Performance Chemicals

- Sales Deviation: Price: 0%, Volume +3%, Currency -3%, Portfolio -13% (approximate numbers)
- Sales decrease after divestment of PAP and iSL. Pricing on comparable level with overall higher volumes
- Improved EBITDA contribution mainly due to seasonally strong MPP, favourable pricing in LEA and improved cost structures in TPC
- RUC had to cope with increasing competitive pressure since Q1 and customers' production closures, leading to weaker performance
- Project business in ION compares to stronger Q3 2005. Performance gap only based on timing

## 2006 Outlook and Guidance

### Outlook:

- We remain confident for the businesses in Q4 2006, however with the usual seasonal development
- Crude oil prices have eased but this is, as of now, not yet mirrored in our petrochemical derivative raw materials nor the underlying contract prices which still remain at high levels

### Guidance:

- FY 2006 EBITDA pre exceptionals remains at €660 - €680 m
- Capex at upper end of €250 - €270 m range
- Operational Depreciation and Amortization ~€250 m
- FY P&L tax rate expected around 30%

Leverkusen, November 15, 2006

### 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.		
	Q3 '05	Q3 '06	Chg. in %	Q3 '05	Q3 '06	Chg. in %	Q3 '05	Q3 '06	Chg. in %	Q3 '05	Q3 '06	Chg. in %	Q3 '05	Q3 '06	Chg. in %	Q3 '05	Q3 '06	Chg. in %
<b>Sales</b>	1776	1691	-5%	414	450	9%	441	411	-7%	373	374	0%	489	428	-12%	59	28	-53%
Price*			5%			12%			7%			2%			0%			n.m.
Volume*			-3%			0%			-7%			-1%			3%			n.m.
Currency*			-2%			-3%			-2%			-1%			-3%			n.m.
Portfolio*			-5%			0%			-5%			0%			-13%			n.m.
<b>EBIT</b>	-54	85	n.m.	18	36	100%	3	17	>100%	39	48	23%	38	34	-11%	-152	-50	n.m.
Deprec. & amortizat.	69	63	-9%	17	17	0%	11	8	-27%	16	16	0%	18	14	-22%	7	8	14%
<b>EBITDA</b>	15	148	>100%	35	53	51%	14	25	79%	55	64	16%	56	48	-14%	-145	-42	n.m.
exceptionals in EBITDA	133	16	-88%	4	0	n.m.	0	0	n.m.	0	0	n.m.	1	0	n.m.	128	16	-88%
<b>EBITDA pre excep.</b>	148	164	11%	39	53	36%	14	25	79%	55	64	16%	57	48	-16%	-17	-26	n.m.
normalized D&A	60	62	3%	17	17	0%	8	8	0%	14	16	14%	18	14	-22%	3	7	>100%
<b>EBIT pre excep.</b>	88	102	16%	22	36	64%	6	17	>100%	41	48	17%	39	34	-13%	-20	-33	n.m.
exceptionals in EBIT	142	17	-88%	4	0	n.m.	3	0	n.m.	2	0	n.m.	1	0	n.m.	132	17	-87%
<b>Capex</b>	52	66	27%	15	22	47%	7	16	>100%	10	11	10%	19	11	-42%	1	6	>100%
<b>Net financial debt</b>	680**	503	-26%															

\* approximate numbers

\*\*per Dec. 31, 2005



**Abbreviations:**

<b>BTR</b>	<b>Butyl Rubber</b>
<b>PBR</b>	<b>Polybutadiene Rubber</b>
<b>TRP</b>	<b>Technical Rubber Products</b>
<b>LUP</b>	<b>Lustran Polymers</b>
<b>SCP</b>	<b>Semi-Crystalline Products</b>
<b>BAC</b>	<b>Basic Chemicals</b>
<b>SGO</b>	<b>Saltigo</b>
<b>IPG</b>	<b>Inorganic Pigments</b>
<b>MPP</b>	<b>Material Protection Products</b>
<b>FCC</b>	<b>Functional Chemicals</b>
<b>LEA</b>	<b>Leather</b>
<b>TPC</b>	<b>Textile Processing Chemicals</b>
<b>RCH</b>	<b>RheinChemie</b>
<b>RUC</b>	<b>Rubber Chemicals</b>
<b>ION</b>	<b>Ion Exchange Resins</b>

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