

LANXESS FY/Q4 2009 Financial Summary for Investors and Analysts

- Sales down 23.1% in fiscal 2009 due to the economic crisis
- Sales increase 1.4% vs Q3 2009, down 4.8% vs Q4 2008
- EBITDA pre of €465 m - solid 9.2% margin in a very tough year
- Effective Challenge09-12 package
- Positive net income of €40 m
- Solid balance sheet and financing structure ensure stability
- Despite acquisitions, net debt reduced to €794 m due to strict working capital management
- Good Q1 trading level
- Outlook: EBITDA pre 2010 well above 2009 level

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Overview Financials

Q4 Profit and Loss Statement:

- Sales decline as positive volume (+13%) and portfolio effects (+1%) are offset by negative FX development (-3%) & raw material driven price decline (-16%)
- Operational cost items clearly adjusted to lower capacity utilization
- Positive net income achieved
- On the basis of lower sales, EBITDA pre improves vs. 2008 due to Challenge programs and flexible asset management
- In traditionally seasonally weaker Q4, solid EBITDA pre around Q3 level

FY Balance Sheet:

- Despite crisis – strong balance sheet maintained
- Increase in pension provisions due to regionally lower discount rates
- INEOS ABS JV share divested in Q3
- Strict working capital management leading to net debt of €794 m
- Liquidity reported on balance sheet as:
 - Cash & cash equivalents
 - Near cash assets, invested in high-rated and liquid MM funds
- Net debt below 2008 level despite acquisitions in Asia
- New €500 and €200 m Eurobonds further improved maturity profile
- No major refinancing needs

FY Cash flow Statement:

- Despite a tough year: solid operating cash flow
- Strong operational management of working capital supports solid cash flow
- Changes in other assets and liabilities reflect lower level of provisions for incentive programs in 2009 vs. 2008
- Investing cash flow contains 2009 investment in near cash assets as well as €30 m CTA funding
- Flexible asset and cost management lead to solid cash flow

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Q4 Business Overview

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Performance Polymers

- **Sequential EBITDA improvement with solid margin**
- Sales deviation yoy: Price: -25%, Volume +26%, Currency -3%, (approximate numbers)
- Sales rebound vs. Q3: increase of both prices (+9%) and volumes (+3%)
- Rubber: Stronger than expected Q4 due to pick up in demand for winter and replacement tires (PBR) - BTR supply tight, sold out due to Asian momentum
- Flexible upstream integration in SCP allows higher utilization rates and more competitive cost base
- SCP: Improved Asian position, past investments pay off; weaker demand in Europe - mitigated by faster pickup in Asia
- EBITDA and margin improved, effective cost management paired with higher capacity utilization yield results

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Advanced Intermediates

- **Agro seasonality unfavorable – however long-term trend positive**
- Sales deviation yoy: Price: -9%, Volume -6%, Currency -2%, Portfolio +4% (approximate numbers)
- Usual seasonality affects BAC and SGO, with sequential softening of agro industry
- Quarter on quarter pricing in line with raw material costs
- Customers' inventories of agro-chemicals remain high
- Long term trend for agrochemicals remains positive
- Lower sales prices were mitigated by lower input costs yoy
- Q4 2009 EBITDA pre below previous year due to windfall profits induced by falling raw material prices in Q4 2008

Performance Chemicals

- **Earnings doubled**
- Sales deviation yoy: Price: -6%, Volume +6%, Currency -3% (approximate numbers)
- Usual seasonality affects segment, especially in construction (IPG) and biocides (MPP)
- Year on year comparison shows benefit of flexible asset and cost management
- Prices remain stable on level of Q3 2009
- EBITDA pre was doubled vs. Q4 2008 while sales remain at PY level
- Almost all business units contribute to substantial EBITDA pre improvement year over year, with BU LEA leading in absolute terms

2010 Business environment and outlook

Macro-economic environment:

- Global markets have further stabilized, growth momentum mainly in emerging markets (especially Asia) while other regions recover slowly
- Overall business momentum is anticipated to improve, however macroeconomic setbacks cannot be ruled out

Outlook:

- LANXESS well positioned with its flexible setup and BRIC footprint
- LANXESS is well prepared for 2010, based on sound fundamentals, strong entrepreneurial culture, lean cost structure and underlying beneficial trends
- LANXESS with good start into Q1 2010
- **Performance Polymers:** Q1 2010 ongoing good momentum in OEM and replacement demand
- **Advanced Intermediates :** Q1 2010 stronger vs. Q4 2009 following usual seasonality
- **Performance Chemicals :** Q1 2010 started well

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Guidance:

- With ongoing global economic recovery momentum and continued Challenge programs, LANXESS expects an EBITDApre well above 2009 level
 - Capex* : ~€400-430 m
 - D&A : ~€270 – €280 m
 - Tax rate : sustainable at ~25%
 - Hedging 2010 : ~40% at 1.35-1.40 USD / EUR
 - 2011 : ~25% at 1.35-1.40 USD / EUR
 - Exceptionals : ~€20 m P&L expenses / one time costs
 - Cash outs : ~€45 m for restructuring
- *without projects financed by customers and finance leases

Leverkusen, March 17, 2010

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 Q4 2009

in € million

| | LANXESS | | | Perf. Polymers | | | Advanced Intermed. | | | Performance Chem. | | | Others/ Cons. | | |
|---------------------------|---------|--------|-----------|----------------|--------|-----------|--------------------|--------|-----------|-------------------|--------|-----------|---------------|--------|-----------|
| | Q4 '08 | Q4 '09 | Chg. in % | Q4 '08 | Q4 '09 | Chg. in % | Q4 '08 | Q4 '09 | Chg. in % | Q4 '08 | Q4 '09 | Chg. in % | Q4 '08 | Q4 '09 | Chg. in % |
| Sales | 1462 | 1392 | -5% | 741 | 725 | -2% | 317 | 277 | -13% | 392 | 382 | -3% | 12 | 8 | -33% |
| Price* | | | -16% | | | -25% | | | -9% | | | -6% | | | 0% |
| Volume* | | | 13% | | | 26% | | | -6% | | | 6% | | | -33% |
| Currency* | | | -3% | | | -3% | | | -2% | | | -3% | | | 0% |
| Portfolio* | | | 1% | | | 0% | | | 4% | | | 0% | | | 0% |
| EBIT | -46 | 43 | n.m. | 6 | 79 | >100% | 30 | 11 | -63% | -33 | 4 | n.m. | -49 | -51 | n.m. |
| Deprec. & amortizat. | 76 | 79 | 4% | 36 | 38 | 6% | 11 | 13 | 18% | 25 | 22 | -12% | 4 | 6 | 50% |
| EBITDA | 30 | 122 | >100% | 42 | 117 | >100% | 41 | 24 | -41% | -8 | 26 | n.m. | -45 | -45 | n.m. |
| exceptionals in EBITDA | 57 | 22 | -61% | 13 | -3 | n.m. | 0 | 6 | n.m. | 24 | 6 | -75% | 20 | 13 | -35% |
| EBITDA pre excep. | 87 | 144 | 66% | 55 | 114 | >100% | 41 | 30 | -27% | 16 | 32 | 100% | -25 | -32 | n.m. |
| normalized D&A | 63 | 70 | 11% | 31 | 37 | 19% | 11 | 13 | 18% | 18 | 16 | -11% | 3 | 4 | 33% |
| EBIT pre excep. | 24 | 74 | >100% | 24 | 77 | >100% | 30 | 17 | -43% | -2 | 16 | n.m. | -28 | -36 | n.m. |
| exceptionals in EBIT | 70 | 31 | -56% | 18 | -2 | n.m. | 0 | 6 | n.m. | 31 | 12 | -61% | 21 | 15 | -29% |
| Capex | 173 | 114 | -34% | 94 | 52 | -45% | 30 | 30 | 0% | 36 | 29 | -19% | 13 | 3 | -77% |
| Net financial debt | 864** | 794 | -8% | | | | | | | | | | | | |

* approximate numbers

**per Dec. 31

Financial Overview FY 2009

in € million

| | LANXESS | | | Perf. Polymers | | | Advanced Intermed. | | | Performance Chem. | | | Others/ Cons. | | |
|---------------------------|---------|-------|-----------|----------------|-------|-----------|--------------------|-------|-----------|-------------------|-------|-----------|---------------|-------|-----------|
| | FY 08 | FY 09 | Chg. in % | FY 08 | FY 09 | Chg. in % | FY 08 | FY 09 | Chg. in % | FY 08 | FY 09 | Chg. in % | FY 08 | FY 09 | Chg. in % |
| Sales | 6576 | 5057 | -23% | 3280 | 2388 | -27% | 1310 | 1104 | -16% | 1930 | 1530 | -21% | 56 | 35 | -38% |
| Price* | | | -12% | | | -20% | | | -6% | | | -1% | | | 0% |
| Volume* | | | -15% | | | -11% | | | -12% | | | -21% | | | -38% |
| Currency* | | | 2% | | | 2% | | | 1% | | | 2% | | | 0% |
| Portfolio* | | | 1% | | | 2% | | | 1% | | | 0% | | | 0% |
| EBIT | 323 | 149 | -54% | 208 | 105 | -50% | 142 | 95 | -33% | 129 | 100 | -22% | -156 | -151 | n.m. |
| Deprec. & amortizat. | 279 | 273 | -2% | 139 | 137 | -1% | 44 | 48 | 9% | 82 | 71 | -13% | 14 | 17 | 21% |
| EBITDA | 602 | 422 | -30% | 347 | 242 | -30% | 186 | 143 | -23% | 211 | 171 | -19% | -142 | -134 | n.m. |
| exceptionals in EBITDA | 120 | 43 | -64% | 66 | 8 | -88% | 0 | 11 | n.m. | 30 | 11 | -63% | 24 | 13 | -46% |
| EBITDA pre excep. | 722 | 465 | -36% | 413 | 250 | -39% | 186 | 154 | -17% | 241 | 182 | -24% | -118 | -121 | n.m. |
| normalized D&A | 260 | 261 | 0% | 128 | 136 | 6% | 44 | 48 | 9% | 74 | 65 | -12% | 14 | 12 | -14% |
| EBIT pre excep. | 462 | 204 | -56% | 285 | 114 | -60% | 142 | 106 | -25% | 167 | 117 | -30% | -132 | -133 | n.m. |
| exceptionals in EBIT | 139 | 55 | -60% | 77 | 9 | -88% | 0 | 11 | n.m. | 38 | 17 | -55% | 24 | 18 | -25% |
| Capex | 342 | 275 | -20% | 178 | 133 | -25% | 62 | 53 | -15% | 82 | 80 | -2% | 20 | 9 | -55% |
| Net financial debt | 864** | 794 | -8% | | | | | | | | | | | | |

* approximate numbers

**per Dec. 31

Abbreviations:

| | |
|------------|--------------------------------------|
| BAC | Basic Chemicals |
| 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 |

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