

LANXESS Q2 2006 Financial Summary for Investors and Analysts

- **Portfolio-adjusted sales in the second quarter of 2006 at prior-year level**
- **EBITDA pre exceptionals up by 23.3%**
- **EBITDA pre exceptionals margin rises from 8.8% to 11.5%**
- **Restructuring measures bear fruit sooner than expected**
- **Net financial liabilities down from €80 m to €90 m**
- **Full-year earnings guidance narrowed: €60 m to €80 m EBITDA pre exceptionals**

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Q2 Business Overview

LANXESS Group

- Sales Deviation: Price: +2%, Volume -3%, Currency +0%, Portfolio -5% (approximate numbers)
- Economic environment remains supportive in most regions with healthy demand
- Operationally strong second quarter supported by restructuring savings
- Restructuring programmes fully on track, contributing faster than expected: €10-20 m savings moved forward from 2007 into 2006
- Continued price push-through in light of increase in raw materials and energy
- Q2 Financials and restructuring increase comfort to further narrow guidance to higher end of FY targets
- Restructuring Phase IV: First rough numbers: €65 m P&L expenses, €50 m cost reduction, €40 m EBITDA improvement by 2009

Performance Rubber

- Sales Deviation: Price: +8%, Volume -6%, Currency +1% (approximate numbers)
- Sales growth driven by price increases in all BUs to offset higher raw material costs
- Higher input costs in BTR were passed on to customers - sales growth in all regions, especially in Asia
- As anticipated, weaker volumes in PBR compare to very strong quarter in prior year. U.S. decrease partly counteracted by increases in Asia
- TRP with good price pass-through in light of higher raw material costs, supported by restructuring savings

Engineering Plastics

- Sales Deviation: Price: +0%, Volume +2%, Currency -0%, Portfolio -7% (approximate numbers)
- Sales decline due to divestiture of FIB; partly counteracted by slight price and volume increases

- Functional cost decreases and restructuring savings in STY significantly overcompensated raw material price increases. In addition, price increases were achieved. Lower volumes due to shift to specialty focus
- Strong volumes in SCP due to healthy demand with correspondingly high capacity utilization

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Chemical Intermediates

- Sales Deviation: Price: -1%, Volume -3%, Currency +1% (approximate numbers)
- Sales decreased on lower prices and volumes in SGO (project business), partly offset by slightly higher prices in BAC and IPG
- SGO saw lower sales in Agro business (driven by whole sector)
- Exceptionally strong performance in IPG due to sales in high price sector, making use of strong market position and healthy construction industry
- Restructuring cost savings in all functional costs led to improved results

Performance Chemicals

- Sales Deviation: Price: +2%, Volume +1%, Currency +0%, Portfolio -14% (approximate numbers)
- Lower sales after divestment of PAP and iSL, slightly offset by higher prices and volumes
- Strong EBITDA contribution mainly due to seasonally strong results in MPP, favourable pricing in LEA and improved cost structures in TPC
- RUC faces competitive pressure as indicated in Q1 already, leading to slightly lower performance
- RCH with price and volume increases compensating iSL divestment effect

2006 Outlook and underlying assumptions

Assumptions:

- We remain confident for the global economic environment in 2006, however with a more differentiated regional development
- Raw materials expected to remain volatile on high level
- Fx-Hedging: ~70% of 2006 overall Fx exposure hedged. For remaining open exposure, exchange rate is planned at €1.0 = ~USD1.27

Guidance:

- FY 2006 EBITDA pre exceptionals further precised at €660 - €680 m, driven by faster implementation of restructuring and despite more challenging market environment (e.g. raw materials, energy)
- Capex at upper end of €250 - €270 m range
- Operational Depreciation and Amortization ~€250 m
- FY P&L tax rate expected around 30%

Leverkusen, August 16, 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.		
	Q2 '05	Q2 '06	Chg. in %	Q2 '05	Q2 '06	Chg. in %	Q2 '05	Q2 '06	Chg. in %	Q2 '05	Q2 '06	Chg. in %	Q2 '05	Q2 '06	Chg. in %	Q2 '05	Q2 '06	Chg. in %
Sales	1859	1751	-6%	432	448	4%	448	425	-5%	406	394	-3%	511	456	-11%	62	28	-55%
Price*			2%			8%			0%			-1%			2%			n.m.
Volume*			-3%			-6%			2%			-3%			1%			n.m.
Currency*			0%			1%			0%			1%			0%			n.m.
Portfolio*			-5%			0%			-7%			0%			-14%			n.m.
EBIT	77	127	65%	52	45	-13%	-6	26	n.m.	34	59	74%	41	56	37%	-44	-59	n.m.
Deprec. & amortizat.	83	63	-24%	16	17	6%	20	8	-60%	25	16	-36%	16	14	-13%	6	8	33%
EBITDA	160	190	19%	68	62	-9%	14	34	>100%	59	75	27%	57	70	23%	-38	-51	n.m.
exceptionals in EBITDA	3	11	>100%	2	0	n.m.	0	0	n.m.	0	0	n.m.	1	0	n.m.	0	11	n.m.
EBITDA pre excep.	163	201	23%	70	62	-11%	14	34	>100%	59	75	27%	58	70	21%	-38	-40	n.m.
normalized D&A	63	63	0%	16	17	6%	8	8	0%	19	16	-16%	16	14	-13%	4	8	100%
EBIT pre excep.	100	138	38%	54	45	-17%	6	26	>100%	40	59	48%	42	56	33%	-42	-48	n.m.
exceptionals in EBIT	23	11	-52%	2	0	n.m.	12	0	n.m.	6	0	n.m.	1	0	n.m.	2	11	>100%
Capex	48	44	-8%	15	15	0%	9	10	11%	18	8	-56%	14	11	-21%	-8	0	n.m.
Net financial debt	680**	590	-13%															

* approximate numbers

**per Dec. 31, 2005



Abbreviations:

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

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