



LANXESS – Q2 2012 Results Conference Call

Another strong quarter in an increasingly demanding year

Axel C. Heitmann, CEO

Bernhard Duettmann, CFO



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Agenda

- **Executive overview Q2 2012**
- Business and financial review Q2 2012
- Outlook / Guidance

Q2 2012: Delivering on guidance




| | | |
|-------------------|---|---|
| Resilience | Increase in raw material prices year-on-year successfully offset; “Price-before-volume” strategy intact |  Strong EBITDA with stable margin |
| | Weakening demand in the course of Q2 managed; support from FX effects | |
| Growth | <ul style="list-style-type: none">▪ Successful start of NBR production in China (BU TRP)▪ Successful Formalin plant start-up serving LANXESS’ TMP production in Germany (BU All)▪ Groundbreaking of new polymerisation plant for global compounding network in Belgium, start-up Q1 2014 (BU HPM) |  Successfully implementing our growth strategy |
| | All acquisitions with positive contribution and integration well on track | |

All references to EBITDA are pre exceptionals

Chart 4

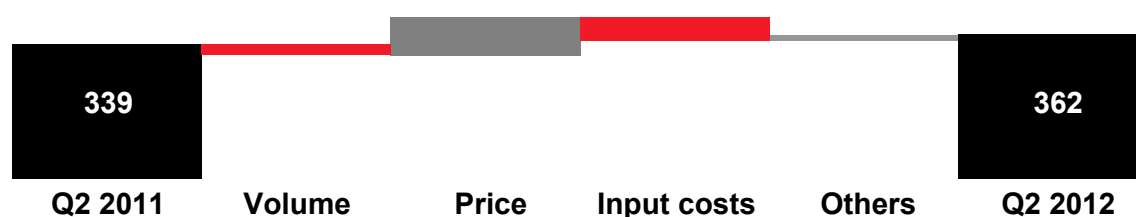
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Good results amid decreasing volumes

| Q2 yoy sales variances | | Price | Volume | Currency | Portf. | Total |
|---|--------------------|-----------|------------|-----------|-----------|-----------|
|  | Perf. Polymers | 6% | -6% | 8% | 3% | 11% |
|  | Adv. Intermediates | 2% | -5% | 3% | 0% | 1% |
|  | Perf. Chemicals | 1% | -4% | 5% | 3% | 4% |
| LANXESS | | 4% | -5% | 6% | 3% | 8% |

- Overall sales increase driven by strong pricing, currency and portfolio
- Volumes down as some markets weaken, especially in Europe

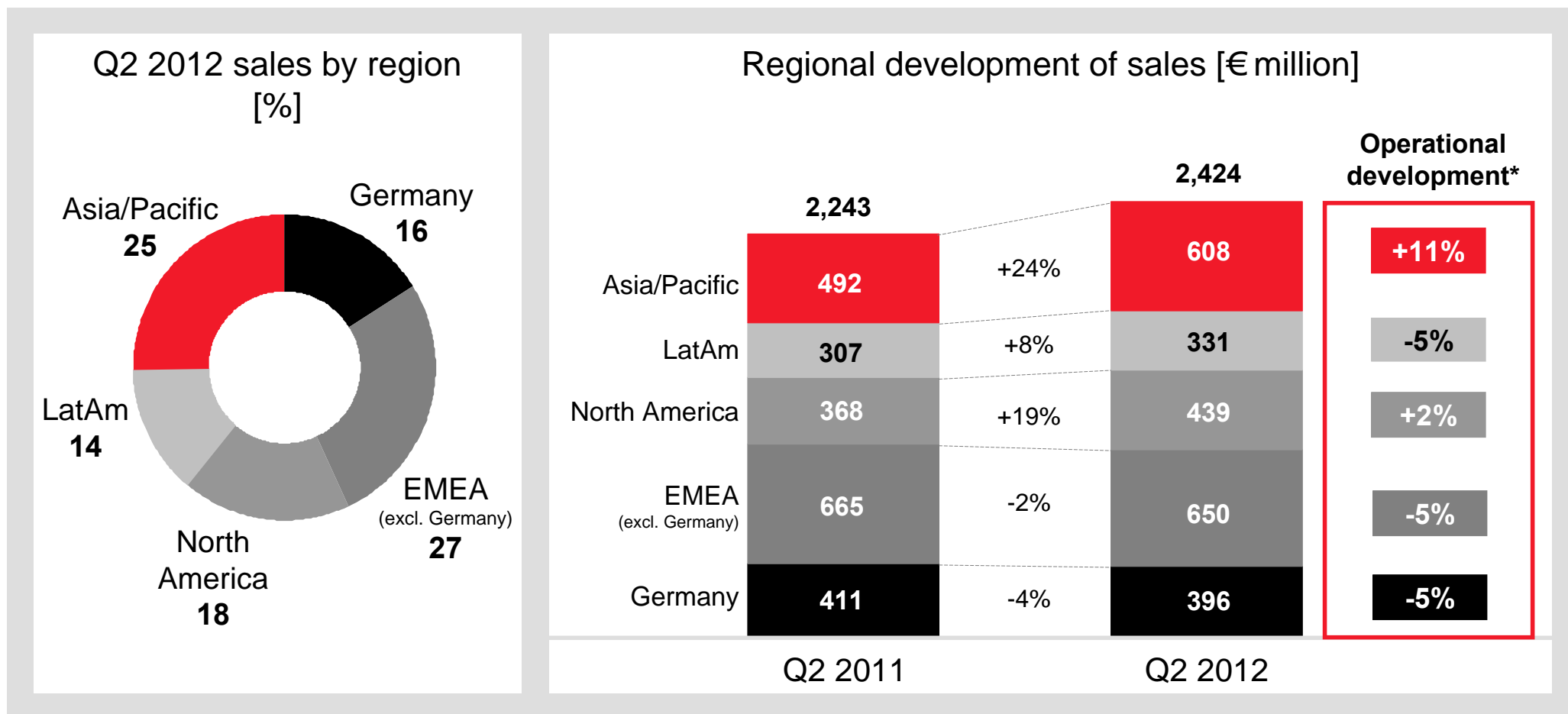
Q2 yoy EBITDA pre bridge [€ m]



- Higher prices offset input cost increases
- Favorable product mix
- Others contains portfolio and currency effects mitigated by volume-related idle costs

Chart 5

Strong presence in Asia drives growth in Q2



* Currency and portfolio adjusted

Chart 6

Agenda

- Executive overview Q2 2012
- **Business and financial review Q2 2012**
- Outlook / Guidance

Q2 2012 financial overview: Good results with stable margins

| [€ m] | Q2 2011 | Q2 2012 | yoy in % |
|------------------------------|--------------|--------------|----------|
| Sales | 2,243 | 2,424 | 8.1% |
| EBITDA pre except. margin | 339 15.1% | 362 14.9% | 6.8% |
| EPS | 2.17 | 2.11 | -2.8% |
| Capex* | 109 | 137 | 25.7% |
| [€ m] | 31.12.2011 | 30.06.2012 | % vs. YE |
| Net financial debt | 1,515 | 1,738 | 14.7% |
| Net working capital | 1,766 | 2,203 | 20.6% |
| Employees | 16,390 | 16,881 | 3.0% |

- Sales up on pricing and portfolio with volume declines mitigated by currency effects
- “Price-before-volume” strategy intact, reflected in strong EBITDA and stable margin
- EPS lower due to exceptionals and risen D&A
- Capex increase in line with growth strategy
- Higher net debt driven by working capital increase, cash outs for dividends, interest and bonus payments

Q2 performance – further important step towards full-year guidance

* Net of capitalized borrowing costs and finance lease

Chart 8

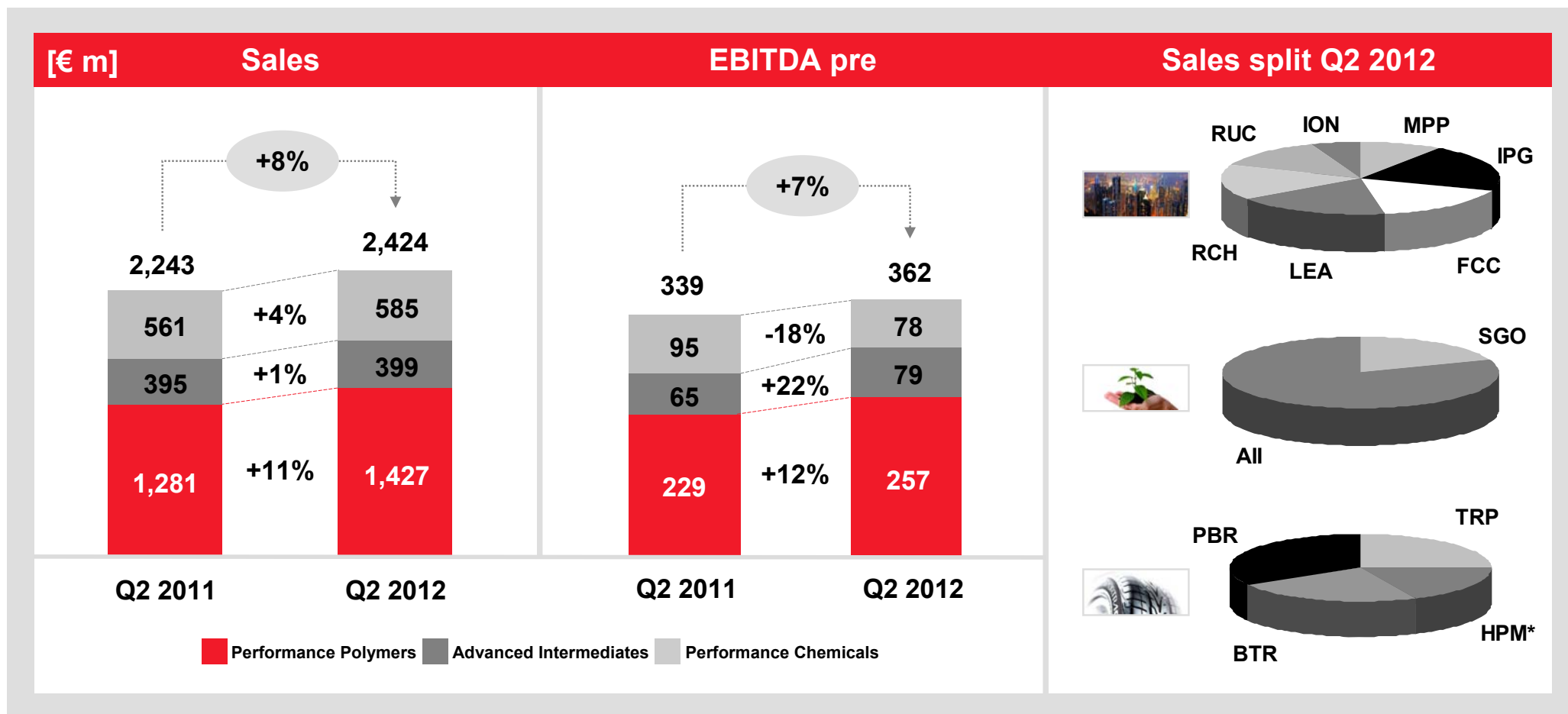
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Strong P&L amid slowing volumes

| [€ m] | Q2 2011 | Q2 2012 | yoy in % | |
|--------------------------------|---------------------|---------------------|------------|--|
| Sales | 2,243 (100%) | 2,424 (100%) | 8% | <ul style="list-style-type: none"> ▪ Sales increase due to pricing (+4%), currency (+6%) and portfolio effects (+3%), while lower volumes mitigate (-5%) ▪ Inventory devaluation of ~€15 m digested (raw material driven) ▪ G&A influenced by adverse currency effects and portfolio ▪ Planned increase in R&D reflects innovation efforts ▪ Strong results, despite burden of ~€20 m exceptionals mainly in BU RUC |
| Cost of sales | -1,704 (76%) | -1,833 (76%) | 8% | |
| Selling | -187 (8%) | -195 (8%) | 4% | |
| G&A | -74 (3%) | -84 (3%) | 14% | |
| R&D | -34 (2%) | -53 (2%) | 56% | |
| EBIT | 255 (11%) | 251 (10%) | -2% | |
| Net Income | 181 (8%) | 176 (7%) | -3% | |
| EPS | 2.17 | 2.11 | -3% | |
| EBITDA | 334 (15%) | 344 (14%) | 3% | |
| thereof exceptionals | -5 (0%) | -18 (1%) | >100% | |
| EBITDA pre exceptionals | 339 (15.1%) | 362 (14.9%) | 7% | |

Strong strategic positioning reflected in financials

Q2 2012 performance driven by Polymers and Intermediates



* HPM (High Performance Materials) formerly named SCP (Semi-Crystalline Products)
 Total group sales and EBITDA pre figures include reconciliation

Performance Polymers: Strong results in an increasingly demanding environment

| [€ m] | Q2 2011 | Q2 2012 | Δ |
|--------------------------------|------------|------------|--------------|
| Sales | 1,281 | 1,427 | 11.4% |
| EBIT | 191 | 206 | 7.9% |
| Depr. / Amort. | 38 | 50 | 31.6% |
| EBITDA pre exceptionals | 229 | 257 | 12.2% |
| Margin | 17.9% | 18.0% | |
| Capex* | 72 | 85 | 18.1% |

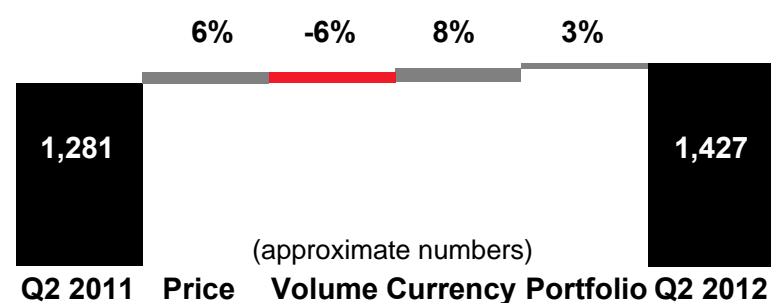
Q2 comments

- While operationally stable, segment benefits from positive currency and portfolio effects
- Inventory devaluation of ~€15 m digested in EBITDA
- BU BTR continued its strong performance
- BU PBR strong on HP-grades; standard grades weakening
- BU TRP benefits from portfolio**, but with weaker demand
- BU HPM with good contribution but marginally weaker demand for high-tech plastics, especially in Europe

| H1 2011 | H1 2012 | Δ |
|------------|------------|--------------|
| 2,365 | 2,818 | 19.2% |
| 356 | 412 | 15.7% |
| 72 | 98 | 36.1% |
| 428 | 512 | 19.6% |
| 18.1% | 18.2% | |
| 112 | 148 | 32.1% |



Q2 sales bridge yoy [€ m]



* Net of capitalized borrowing costs

** Inventory step-up of ~€15 m in Q2 2011 resulting from Keltan-EPDM acquisition

Advanced Intermediates: Resilient agro business

| [€ m] | Q2 2011 | Q2 2012 | Δ |
|--------------------------------|-----------|-----------|--------------|
| Sales | 395 | 399 | 1.0% |
| EBIT | 47 | 62 | 31.9% |
| Depr. / Amort. | 18 | 17 | -5.6% |
| EBITDA pre exceptionals | 65 | 79 | 21.5% |
| Margin | 16.5% | 19.8% | |
| Capex* | 20 | 17 | -15.0% |

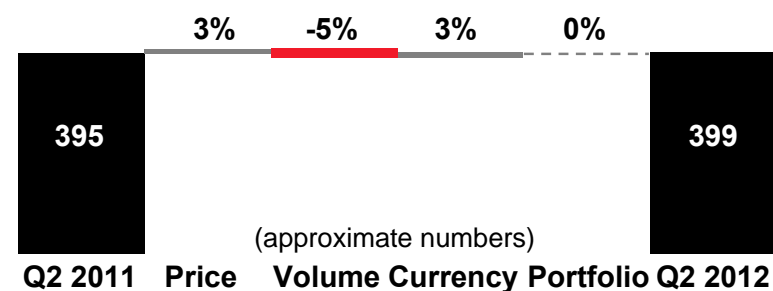
| | H1 2011 | H1 2012 | Δ |
|--------------------------------|------------|------------|-------------|
| Sales | 811 | 828 | 2.1% |
| EBIT | 106 | 116 | 9.4% |
| Depr. / Amort. | 34 | 33 | -2.9% |
| EBITDA pre exceptionals | 140 | 149 | 6.4% |
| Margin | 17.3% | 18.0% | |
| Capex* | 33 | 32 | -3.0% |



Q2 comments

- Strong currency and pricing effects offset lower volumes
- BU All with brisk demand from agro, more than offset by weakening demand in construction and coatings industry
- BU SGO equally benefits from megatrend agro
- Q2 performance benefits from differing timing of expenses (mainly maintenance) between quarters
- Quarterly margin fluctuation levels off in year-to-date comparison

Q2 sales bridge yoy [€ m]



* Net of capitalized borrowing costs and finance leases

Performance Chemicals: Reduced capacity utilisation burdens EBITDA

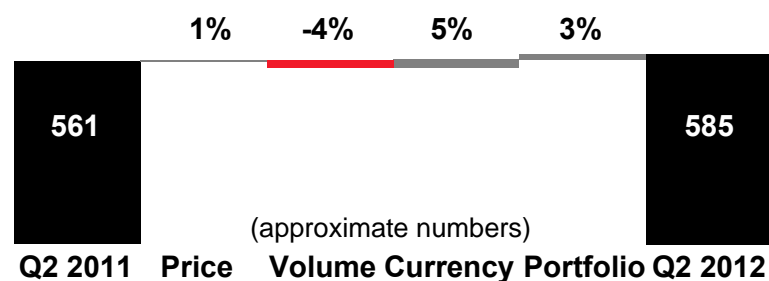
| [€ m] | Q2 2011 | Q2 2012 | Δ |
|--------------------------------|-----------|-----------|---------------|
| Sales | 561 | 585 | 4.3% |
| EBIT | 76 | 40 | -47.4% |
| Depr. / Amort. | 19 | 23 | 21.1% |
| EBITDA pre exceptionals | 95 | 78 | -17.9% |
| Margin | 16.9% | 13.3% | |
| Capex* | 14 | 21 | 50.0% |

Q2 comments

- Almost all BUs with maintenance turnarounds leading to lower utilisation beyond demand decline; respective idle costs burden
- BU IPG with lower demand in EMEA and Asia, but stable in NA, vs exceptionally strong Q2 2011
- BU LEA declines on lower chrome ore prices and CO₂ shortage
- Exceptionals of ~€20 m mainly due to realignment in BU RUC
- BU MPP result burdened by higher registration costs
- Capex up with new growth projects in BU LEA (ZA and China)

| | H1 2011 | H1 2012 | Δ |
|--------------------------------|------------|------------|---------------|
| Sales | 1,117 | 1,143 | 2.3% |
| EBIT | 148 | 102 | -31.1% |
| Depr. / Amort. | 37 | 44 | 18.9% |
| EBITDA pre exceptionals | 185 | 161 | -13.0% |
| Margin | 16.6% | 14.1% | |
| Capex* | 28 | 32 | 14.3% |

Q2 sales bridge yoy [€ m]



* Net of capitalized borrowing costs

Chart 13

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Balance sheet reflects higher raw material prices and financing measures

| [€ m] | Dec '11 | Mar '12 | Jun '12 | | Dec '11 | Mar '12 | Jun '12 |
|----------------------------------|--------------|--------------|--------------|---------------------------------------|--------------|--------------|--------------|
| Non-current assets | 3,489 | 3,496 | 3,529 | Stockholders' equity | 2,074 | 2,225 | 2,259 |
| Intangible assets | 373 | 365 | 358 | Non-current liabilities | 2,715 | 2,824 | 3,071 |
| Property, plant & equipment | 2,679 | 2,676 | 2,752 | Pension & post empl. provis. | 679 | 750 | 799 |
| Equity investments | 12 | 15 | 16 | Other provisions | 331 | 313 | 309 |
| Other investments | 19 | 31 | 25 | Other financial liabilities | 1,465 | 1,535 | 1,729 |
| Other financial assets | 82 | 71 | 9 | Tax liabilities | 63 | 60 | 55 |
| Deferred taxes | 196 | 212 | 241 | Other liabilities | 102 | 88 | 100 |
| Other non-current assets | 128 | 126 | 128 | Deferred taxes | 75 | 78 | 79 |
| Current assets | 3,389 | 3,645 | 3,487 | Current liabilities | 2,089 | 2,092 | 1,686 |
| Inventories | 1,386 | 1,446 | 1,588 | Other provisions | 446 | 491 | 429 |
| Trade accounts receivable | 1,146 | 1,301 | 1,330 | Other financial liabilities | 633 | 604 | 267 |
| Other financial & current assets | 329 | 338 | 335 | Trade accounts payable | 766 | 755 | 715 |
| Near cash assets | 350 | 227 | 0 | Tax liabilities | 49 | 64 | 61 |
| Cash and cash equivalents | 178 | 333 | 234 | Other liabilities | 195 | 178 | 214 |
| Total assets | 6,878 | 7,141 | 7,016 | Total equity & liabilities | 6,878 | 7,141 | 7,016 |

- Increase in working capital to be reduced in H2 with upcoming maintenance turnarounds
- Net debt/EBITDA slightly up to ~1.4x driven by increase in working capital and payments for interest and dividends
- €402 m bond redemption in June 2012 reduces financial liabilities and near cash assets

Cash flow mirrors growth mode

| | H1 2011 | H1 2012 | |
|---|-------------|-------------|--|
| Profit before tax | 451 | 477 | |
| Depreciation & amortization | 150 | 181 | |
| Gain from sale of assets | -2 | -1 | |
| Result from equity investments | -12 | -6 | |
| Financial (gains) losses | 43 | 48 | |
| Cash tax payments / refunds | -6 | -49 | |
| Changes in other assets and liabilities | -10 | -136 | |
| Operating cash flow before changes in WC & CTA | 614 | 514 | |
| Changes in working capital | -366 | -434 | |
| CTA funding ¹ | 0 | 0 | |
| Operating cash flow | 248 | 80 | |
| Investing cash flow | -351 | 202 | |
| thereof capex ² | -177 | -229 | |
| Financing cash flow | 234 | -225 | |

- Larger asset base drives D&A
- Change in other assets and liabilities contains among others cash outs related to hedging
- Working capital increases in preparation for planned maintenance turnarounds in H2 and due raw material inflation
- Investing cash flow mirrors inflow from financial assets
- Financing cash flow reflects repayment of maturing bond and issuance of new bonds³

¹ CTA (Contractual Trust Arrangement) funding formerly shown in investing cash flow

² Net of capitalized borrowing cost and finance lease

³ Including CNH bond of ~€60 m and private placements of €200m

Agenda

- Executive overview Q2 2012
- Business and financial review Q2 2012
- **Outlook / Guidance**

LANXESS reiterates guidance in more challenging times

Current macro view

- Demand differs regionally:
 - BRICS with ongoing solid growth rates – Brazil softening
 - US with ongoing growth, while positive signals for macro development may weaken
 - Europe with slowing to negative growth rates
- Ongoing uncertainties: high national deficits, volatile FX, raw material price volatility and cautiousness among European customers

LANXESS well positioned for a more challenging environment

- H2 2012 EBITDA pre expected similar to the level of H2 2011
- Strict adherence to “price-before-volume” strategy key for the future
- We reiterate our guidance of 5-10% EBITDA pre growth in FY 2012



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Energizing Chemistry



Appendix

2012 financial expectations

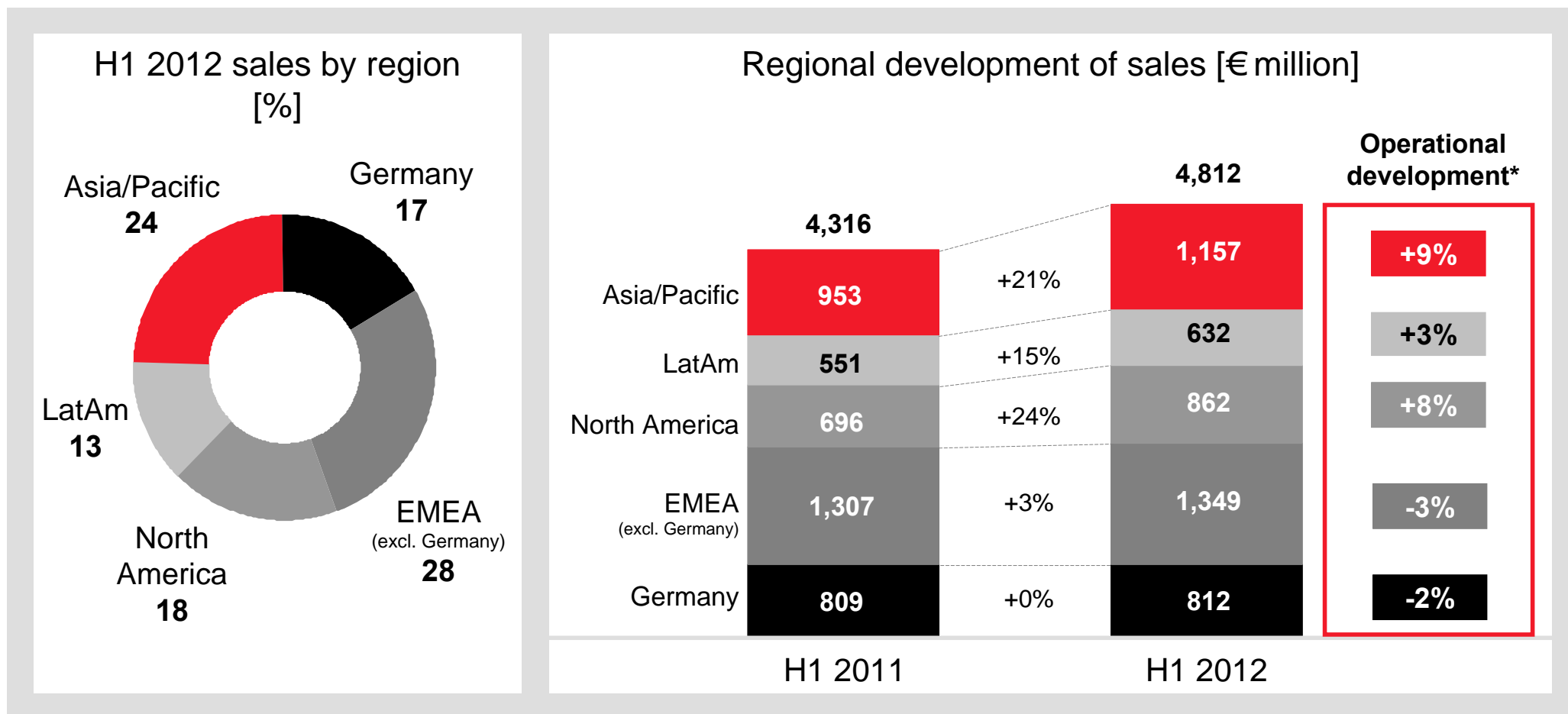
Additional financial expectations for 2012

- Capex: ~€650 - €700 m
- D&A: ~€350 - €370 m
- Tax rate: ~22%
- Hedging 2012: ~50% at 1.25 - 1.35 USD / EUR
Hedging 2013: ~30% at 1.25 - 1.35 USD / EUR
- Preparation costs Singapore* ~€30 m mainly in Q4 2012



* Included in FY EBITDA pre guidance




H1 2012: Strong growth from Asia/Pacific and North America



* Currency and portfolio adjusted

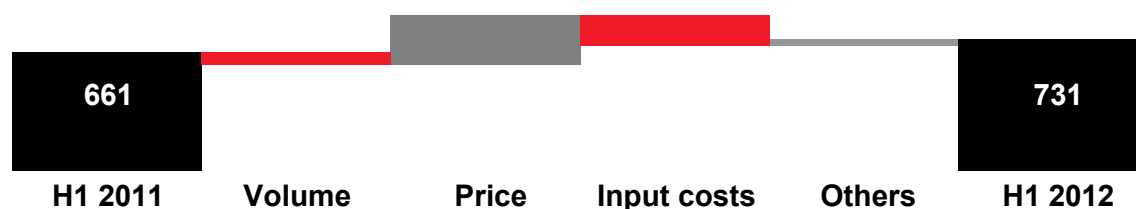
Chart 21

A strong performance amid some weakening in demand

| H1 yoy sales variances | | Price | Volume | Currency | Portf. | Total |
|---|--------------------|-----------|------------|-----------|-----------|------------|
|  | Perf. Polymers | 10% | -4% | 6% | 7% | 19% |
|  | Adv. Intermediates | 3% | -3% | 2% | 0% | 2% |
|  | Perf. Chemicals | 2% | -6% | 3% | 3% | 2% |
| LANXESS | | 6% | -4% | 4% | 5% | 11% |

- Sales operationally up on pricing mitigated by lower volumes
- Positive portfolio and currency effects add to sales increase

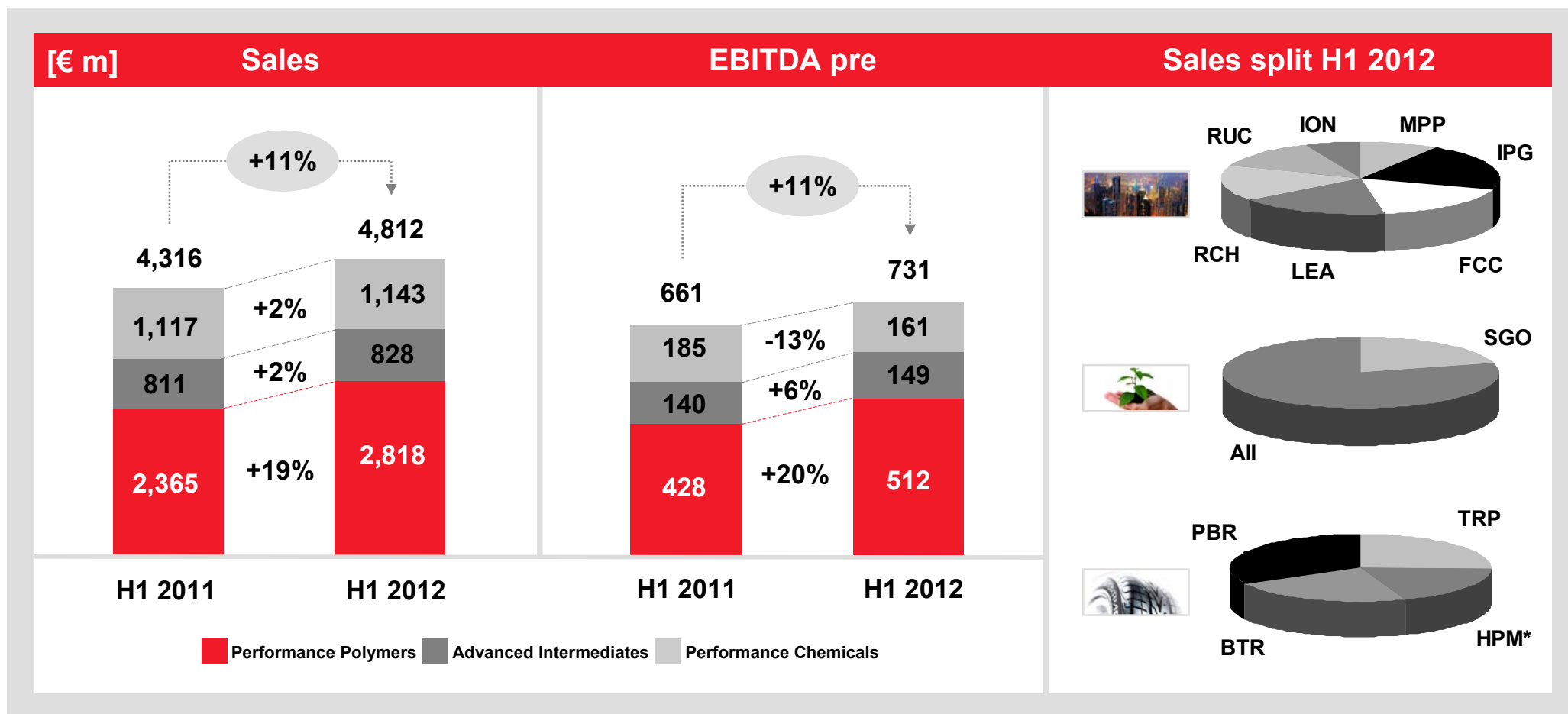
H1 yoy EBITDA pre bridge [€ m]



- “Price-before-volume” strategy carries on; raw material inflation offset
- Others contains portfolio and currency effects mitigated by volume-related idle costs

Chart 22

H1 2012 with strong contribution from Polymers



* HPM (High Performance Materials) formerly named SCP (Semi-Crystalline Products)
 Total group sales and EBITDA pre figures include reconciliation

H1 2012: A solid basis in another growth year

| [€ m] | H1 2011 | H1 2012 | yoy in % | |
|--------------------------------|---------------------|---------------------|------------|--|
| Sales | 4,316 (100%) | 4,812 (100%) | 11% | <ul style="list-style-type: none"> ▪ Sales up on pricing (+6%) and portfolio (+5%), while lower volumes (-4%) and favourable currency (+4%) level off ▪ Inventory devaluation of ~€15 m digested (raw material driven) ▪ R&D increases with focus on technology initiatives and premium products ▪ Strong results, despite burden of ~€20 m exceptionals mainly in BU RUC, based on competency for price setting |
| Cost of sales | -3,255 (75%) | -3,629 (75%) | 11% | |
| Selling | -357 (8%) | -381 (8%) | 7% | |
| G&A | -144 (3%) | -156 (3%) | 8% | |
| R&D | -65 (2%) | -98 (2%) | 51% | |
| EBIT | 501 (12%) | 528 (11%) | 5% | |
| Net Income | 347 (8%) | 369 (8%) | 6% | |
| EPS | 4.17 | 4.43 | 6% | |
| EBITDA | 651 (15%) | 709 (15%) | 9% | |
| thereof exceptionals | -10 (0%) | -22 (0%) | >100% | |
| EBITDA pre exceptionals | 661 (15.3%) | 731 (15.2%) | 11% | |

All financial metrics improved

Increase in working capital weighs on operating cash flow

| | Q2 2011 | Q2 2012 | |
|---|-------------|-------------|--|
| Profit before tax | 232 | 228 | <ul style="list-style-type: none"> Profit before tax mainly down on exceptionals and higher D&A Change in other assets and liabilities contains among others cash outs related to hedging Working capital increases in preparation of planned maintenance turnarounds in H2 and due to raw material inflation Investing cash flow mirrors inflow from financial assets Financing cash flow comprises repayment of maturing bond and issuance of new bonds³ |
| Depreciation & amortization | 79 | 93 | |
| Gain from sale of assets | -2 | -1 | |
| Result from equity investments | -7 | -3 | |
| Financial (gains) losses | 23 | 24 | |
| Cash tax payments / refunds | -10 | -46 | |
| Changes in other assets and liabilities | -38 | -154 | |
| Operating cash flow before changes in WC & CTA | 277 | 141 | |
| Changes in working capital | -65 | -190 | |
| CTA funding ¹ | 0 | 0 | |
| Operating cash flow | 212 | -49 | |
| Investing cash flow | -332 | 193 | |
| thereof capex ² | -109 | -137 | |
| Financing cash flow | 241 | -242 | |

¹ CTA (Contractual Trust Arrangement) funding formerly shown in investing cash flow

² Net of capitalized borrowing cost and finance lease

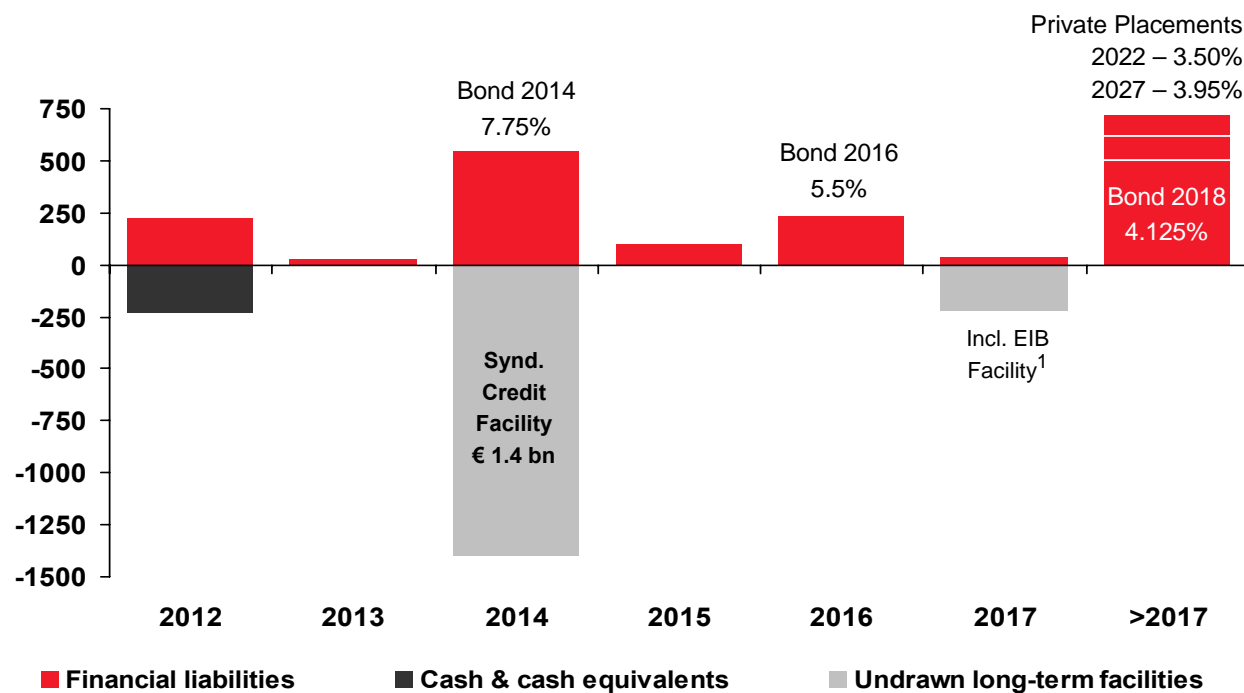
³ Private placements of €200m in April 2012

A well managed and conservative maturity profile

Long term financing secured

- Well balanced maturity profile
- Diversified financing sources
 - Bonds
 - Private placements
 - Syndicated credit facility
 - Development banks
 - Bilateral bank facilities
- €402 m bond (2005/12) repaid in June 2012
- €1.4 bn RCF and €200 m credit facility with EIB¹ undrawn

Liquidity and maturity profile as per June 2012



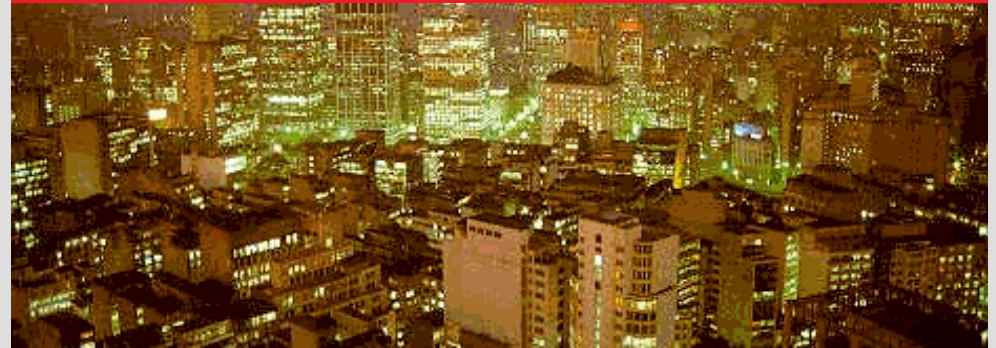
¹ European Investment Bank; final maturity of EIB financing in case of utilization in 2017 or later; EIB facility currently undrawn

Premium products and technologies for global megatrends

Mobility



Urbanization



Agriculture

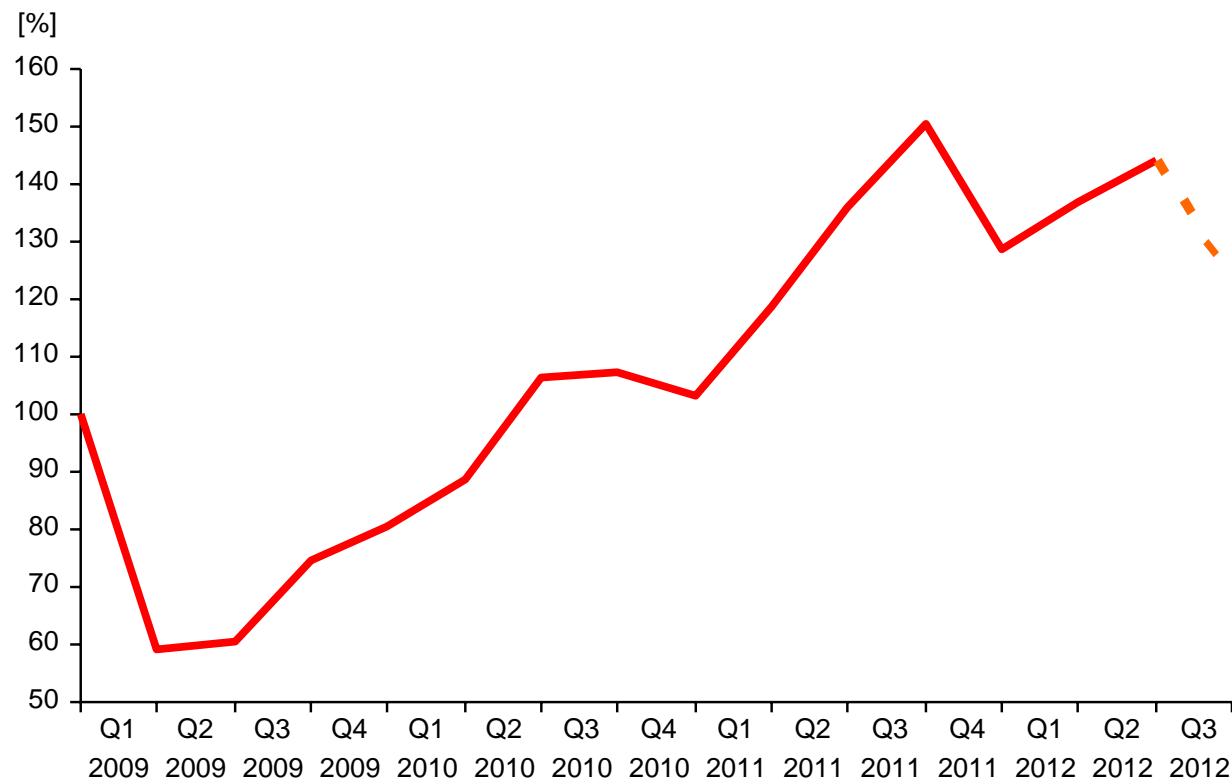


Water



High volatility among raw materials

Global raw materials index*



- Raw material prices have increased since start of 2009
- Feedstock prices (mainly Butadiene and Cyclohexane) rose in 2011 despite a sharp decline in H2 2011
- Since the start of 2012, raw material prices (mainly butadiene) increased again
- Expected downward trend for almost all raw materials in Q3 2012

**LANXESS committed to
“price-before-volume”
strategy**

* Source: LANXESS, average 2008 = 100%

Overview exceptional items Q2 2011 and Q2 2012

| [€ m] | Q2 2011 | | Q2 2012 | |
|------------------------|-------------|-------------|-------------|-------------|
| | Exceptional | thereof D&A | Exceptional | thereof D&A |
| Performance Polymers | 0 | 0 | 1 | 0 |
| Advanced Intermediates | 0 | 0 | 0 | 0 |
| Performance Chemicals | 0 | 0 | 17 | 2 |
| Reconciliation | 5 | 0 | 2 | 0 |
| Total | 5 | 0 | 20 | 2 |

Chart 29

Abbreviations

Performance Polymers

- BTR Butyl Rubber
- PBR Performance Butadiene Rubbers
- TRP Technical Rubber Products
- HPM* High Performance Materials

Performance Chemicals

- MPP Material Protection Products
- IPG Inorganic Pigments
- FCC Functional Chemicals
- LEA Leather
- RCH Rhein Chemie
- RUC Rubber Chemicals
- ION Ion Exchange Resins

Advanced Intermediates

- All Advanced Industrial Intermediates
- SGO Saltigo

* Formerly SCP (Semi-Crystalline Products)

Upcoming events 2012

Upcoming events 2012

| | | |
|--|------------------------|-----------------|
| ▪ Deutsche Bank Conference | August 27/28 | Tokyo |
| ▪ Commerzbank Conference | August 28 | Frankfurt |
| ▪ Capital Markets Day | September 19/20 | New York |
| ▪ Goldman Sachs/Berenberg Conference | September 26 | Munich |
| ▪ Baader Investment Conference | September 27 | Munich |
| ▪ JPMorgan Corporate Forum | October 1 | London |
| ▪ Berenberg Chemicals Conference | October 1 | London |
| ▪ Q3 results 2012 | November 6 | |
| ▪ Morgan Stanley Asia Pacific Conference | November 8 | Singapore |
| ▪ DZ Bank Equity Conference | November 12 | Frankfurt |
| ▪ UBS European Conference | November 13 | London |
| ▪ UBS Paris Senior Investor Day | November 22 | Paris |
| ▪ BofA Merrill Lynch European Chemicals | November 27/28 | London |
| ▪ HSBC Zürich-Konferenz | November 27 | Zurich |

Contact detail Investor Relations

Oliver Stratmann

**Head of
Investor Relations**



Tel. : +49-214 30 49611
Fax. : +49-214 30 959 49611
Mobile : +49-175 30 49611
Email : Oliver.Stratmann@lanxess.com

Verena Simiot

**Assistant
Investor Relations**



Tel. : +49-214 30 23851
Fax. : +49-214 30 40944
Mobile : +49-175 30 23851
Email : Verena.Simiot@lanxess.com

Tanja Satzer

**Private Investors /
AGM**



Tel. : +49-214 30 43801
Fax. : +49-214 30 959 43801
Mobile : +49-175 30 43801
Email : Tanja.Satzer@lanxess.com

Ulrike Weihs

**Institutional Investors /
Analysts**



Tel. : +49-214 30 50458
Fax. : +49-214 30 40944
Mobile : +49-175 30 50458
Email : Ulrike.Weihs@lanxess.com

Dirk Winkels

**Institutional Investors /
Analysts**



Tel. : +49-214 30 58007
Fax. : +49-214 30 40944
Mobile : +49-175 30 58007
Email : Dirk.Winkels@lanxess.com

Joachim Kunz

**Institutional Investors /
Analysts**



Tel. : +49-214 30 42030
Fax. : +49-214 30 40944
Mobile : +49-175 30 42030
Email : Joachim.Kunz@lanxess.com