LANXESS Q4 2005 Financial Summary
for Investors and Analysts

- **EBITDA pre exceptionals up 44% to €89 million**
- **Net financial debt reduced significantly to €680 million, despite extraordinary cash outs in Q4 2005**
- **Global restructuring: €34 million expense booked in Q4**
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- Restructuring Phase III announced: Asset consolidation and process optimizations in STY, PBR and BTR expected to cost ~€55 m and lead to annual savings of ~€50 m, respectively an EBITDA improvement of ~€35 m

Profit and Loss Statement:
- Sales Deviation: Price: +4%, Volume -4%, Currency +3% (approx. numbers)
- Further cost improvements coming through
- Faster implementation of headcount reduction than originally planned
- “Other operating result” includes:
    - Restructuring expenses
    - Rubber-litigation
    - FIB write-off
    - Capex write-offs in SGO (formerly FCH) and STY
    - Positive one-time effect in 2004

Balance Sheet:
- Financing structure now more solid and long-term at lower interest rates
- Net financial debt reduced from €1,135 million to €680 million
- Net debt to EBITDA pre exceptionals ratio improved from 2.5x to 1.2x

Cash flow Statement:
- Focus on working capital and better operating result leads to substantial improvement in operating cash flow
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Performance Rubber

- Finished the year with a solid Q4
- Sales Deviation: Price: +22%, Volume -11%, Currency +4% (approximate numbers)
- Higher sales driven by strong selling price increases in all BUs due to significantly risen raw material prices, which more than offset a decline of volume
- Profitability improvements in every BU on the basis of risen selling prices and volumes for BTR and price increases overcompensating reduced volumes in PBR and TRP (Hurricanes and supplier related shut-down)
- **Business Update:** Rubber started the year reasonably well, according to plan

Engineering Plastics

- Very weak FIB burdens the segment…but will leave within Q1 2006
- Sales Deviation: Price: 0%, Volume -5%, Currency +3% (approximate numbers)
- Slightly lower sales due to deliberate loss of volume in STY and deteriorating FIB business - reduced volume also compares to an exceptionally strong Q4 2004 in STY
- Some price decreases due to several contracts being formula-based on raw materials (cyclohexane)
- Increased Capex due to spending for Wuxi, China, which will come on stream in Q2 2006.
- **Business Update:** STY well on track and SCP develops as planned. Bear in mind: special Q1 2005 situation with risen prices and lower raw material costs

Chemical Intermediates

- BAC Performance Offset by Weaker Product Mix in IPG and 2004 One-offs in FCH
- Sales Deviation: Price: -1%, Volume -6%, Currency +2% (approximate numbers)
- Price increases in BAC were counterbalanced by weaker product mix in other businesses
- Lower volume due to high customer inventory levels for certain agro products
- Exceptionally high Q4 2004 EBITDA fuelled by some one-time effects in FCH
- Lower Capex due to more adequate allocation to FCH
- **Business Update:** Business is fully on track

Performance Chemicals

- Significantly Stronger Q4 mainly due to LEA and RUC
- Sales Deviation: Price: -3%, Volume +10%, Currency +4% (approximate numbers)
- Slightly weaker pricing and product mix mainly in FCC and PAP almost offset by price increases in other BUs
- Again improved strong contribution by RUC, LEA and MPP. LEA with nice price increases in tanning products, MPP with better performance in a generally weaker quarter
- Overall cost reductions in practically all functional costs support the profit improvement
- **Business Update:** Strong start into the year for most BUs

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2006 Outlook and underlying assumptions

Assumptions:

- Exchange rate €1.0 = ~USD1.25
- Continuous supportive economic environment in 2006
- Raw materials volatile on high level with potentially some relief on raw material prices in H2 2006

Guidance:

- Q1 provides the foundation for 2006 objectives
- Reiteration of 9%-10% EBITDA pre exceptionals margin target 2006 (basis: FY 2004 sales)
- Capex at upper end of €250 million - €270 million range
- Operational Depreciation and Amortization ~€250 million
- FY P&L tax expected ~30%
- Restructuring: expenses of ~€55 million and cash-outs of ~€155 million expected in 2006, including Phase III

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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 2005

in € million	LANXESS			Perf. Rubber			Eng. Plast.			Chem. Interm.			Perf. Chem.			Recon.		
	Q4 '04	Q4 '05	Chg. in %	Q4 '04	Q4 '05	Chg. in %	Q4 '04	Q4 '05	Chg. in %	Q4 '04	Q4 '05	Chg. in %	Q4 '04	Q4 '05	Chg. in %	Q4 '04	Q4 '05	Chg. in %
Sales	1726	1786	3%	385	440	14%	441	434	-2%	385	367	-5%	451	499	11%	64	46	-28%
Price*			4%			22%			0%			-1%			-3%			n.m.
Volume*			-4%			-11%			-5%			-6%			10%			n.m.
Currency*			3%			4%			3%			2%			4%			n.m.
EBIT	-17	-111	n.m.	3	-3	n.m.	-8	-11	n.m.	25	9	-64%	-5	-4	n.m.	-32	-102	n.m.
Deprec. & amortizat.	79	96	22%	6	15	>100%	15	14	-7%	27	23	-15%	19	17	-11%	12	27	>100%
EBITDA	62	-15	n.m.	9	12	33%	7	3	-57%	52	32	-38%	14	13	-7%	-20	-75	n.m.
exceptionals in EBITDA	0	104	n.m.	0	37	n.m.	0	0	n.m.	0	0	n.m.	0	26	n.m.	0	41	n.m.
EBITDA pre excep.	62	89	44%	9	49	>100%	7	3	-57%	52	32	-38%	14	39	>100%	-20	-34	n.m.
normalized D&A	61	66	8%	6	15	>100%	6	8	33%	18	20	11%	19	17	-11%	12	6	-50%
EBIT pre excep.	1	23	>100%	3	34	>100%	1	-5	n.m.	34	12	-65%	-5	22	n.m.	-32	-40	n.m.
exceptionals in EBIT	18	134	>100%	0	37	n.m.	9	6	-33%	9	3	-67%	0	26	n.m.	0	62	n.m.
Capex	121	100	-17%	33	36	9%	19	24	26%	36	22	-39%	24	16	-33%	9	2	-78%
Net financial debt	1135	680	-40%															

* approximate numbers

Financial Overview FY 2005