



LANXESS Q1 2006 Financial Summary for Investors and Analysts

- **Positive start of fiscal 2006 – EBITDA pre exceptionals improved by more than 13% to €205 m**
- **Transformation process: successful divestment of Fibers and Paper business units and effective restructuring**
- **Specified earnings guidance: €640 to €680 m EBITDA pre exceptionals for the full year 2006**

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Q1 Business Overview

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LANXESS Group

- Sales Deviation: Price: +5%, Volume -2%, Currency +4% (approximate numbers)
- Economic environment remains supportive with healthy demand
- Operationally a solid first quarter - Continued broad price push-through in light of strong increase in raw materials and energy
- Profitability increase mirrors success of restructuring efforts and improvement of cost structures despite risen raw material costs
- Further reduction of net financial debt on the basis of good operating results
- Restructuring continues and yields first results, fully on track
- Cash Flow: €24 m of cash out for restructuring, €32 m cash in from divestments - first portfolio measures completed (sale of iSL, PAP and FIB)
- Financials in line with our targets

Performance Rubber

- Sales Deviation: Price: +13%, Volume -6%, Currency +5% (approximate numbers)
- Sales growth driven by price increases across all BUs to compensate for higher raw material costs
- Profitability improvements in each BU. BTR effect from supplier outage will primarily come in Q2
- Remarkable improvement in TRP on the basis of price increases and restructuring
- Continuously strong PBR. Expected lower volumes in the weakening U.S. market were counteracted by production streamlining which led to improved cost structures

Engineering Plastics

- Sales Deviation: Price: +1%, Volume +6%, Currency +3% (approximate numbers)
- Sales growth due to risen volume in STY and SCP. FIB deteriorated in volume and price
- STY with good improvement despite higher raw material costs (acrylonitrile) on the basis of selling price and volume increases
- SCP with improved volumes and stable pricing not fully compensating significantly higher raw material prices. In addition comparison to exceptionally strong Q1 2005
- Loss making FIB left LANXESS



Chemical Intermediates

- Sales Deviation: Price: +1%, Volume -2%, Currency +3% (approximate numbers)
- Almost stable sales across all BUs. In profitability terms, Q1 is usually the strongest quarter
- BAC with robust performance on high level had to cope with risen toluene input costs
- Saltigo (SGO) with slight sales decrease due to somewhat weaker agro volumes but with increased profitability due to robust pharma sector and restructuring
- All segments contribute to profitability increase with SGO accounting for the majority

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Performance Chemicals

- Sales Deviation: Price: +5%, Volume -1%, Currency +4% (approximate numbers)
- Risen Sales on the basis of price increases in almost all BUs. Volume decreases mainly in TPC and RCH (as iSL business was divested) offset increases in other BUs
- EBITDA increased mainly due to strong results in LEA and RUC with improved pricing and volumes. However RUC is facing tougher competitive environment
- TPC with continued reduction of volumes caused by the "WTO effect"
- PAP leaves LANXESS after losses in Q1 but remnant costs remain (in '06 and '07)

2006 Outlook and underlying assumptions

Assumptions:

- We remain confident for the economic environment in 2006
- Raw materials volatile on high level
- Exchange rate €1.0 = ~USD1.25

Guidance:

- FY 2006 EBITDA pre exceptionals expected in a range of €640 - €680 m, which is in the upper half of the former 9-10% margin guidance on the basis of 2004 sales
- Capex at upper end of €250 - €270 m range
- Operational Depreciation and Amortization ~€250 m
- FY P&L tax rate expected around 30%
- Restructuring: expenses of ~€55 m and cash-outs of ~€155 m expected in '06
- Majority of extraordinary cash outs (restructuring, anti-trust) to come in forthcoming quarters

Leverkusen, May 18, 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.		
Q1 25	Q1 25	Chg. in %	Q1 25	Q1 25	Chg. in %	Q1 25	Q1 25	Chg. in %	Q1 25	Q1 25	Chg. in %	Q1 25	Q1 25	Chg. in %	Q1 25	Q1 25	Chg. in %			
389	395	2%	478	517	6%	56	30	-46%	1729	1836	6%	392	438	12%	414	456	10%			
		1%			8%			n.m.			8%			13%						
		-2%			5%			n.m.			0%			-6%						
		3%			18%			n.m.			1%			5%						
47	55	17%	43	33	-23%	-39	-49	n.m.				41	54	32%	33	33	0%			
19	16	-14%	11	18	63%	6	-5	-13%				15	15	0%	16	16	0%			
Q1 24	Q1 24	Q1 24	Q1 24	Q1 24	Q1 24	Q1 24	Q1 24	Q1 24	Q1 24	Q1 24	Q1 24	Q1 24	Q1 24	Q1 24	Q1 24	Q1 24	Q1 24			
01	n.m.	7	1	n.m.	01	16	n.m.	1	19	n.m.	01	1	n.m.	7	7	n.m.	01			
71	9%	53	59	13%	-33	-28	n.m.	EBITDA pre excep.	18	205	13%	56	71	27%	35	22	-37%	65		
16	7%	15	17	13%	6	6	-17%	normalized D&A	60	62	3%	15	16	7%	9	8	-11%	15		
55	10%	43	52	21%	-39	-33	n.m.	EBIT pre excep.	121	143	18%	41	55	34%	26	14	-46%	50		
exceptionals in EBIT			50	13	-73%	0	11	n.m.	2	10	-100%	13	0	-100%	0	16	n.m.	0		
			51	37	-27%	14	5	0%	7	12	12	0%								