



# LANXESS – Q1 2006 Results

## Transformation on Track

May 18, 2006

## Safe Harbour Statement

This Presentation contains certain forward-looking statements, including assumptions, opinions and views of the Company or cited from third party sources. Various known and unknown risks, uncertainties and other factors could cause the actual results, financial position, development or performance of the company to differ materially from the estimations expressed or implied herein. The company does not guarantee that the assumptions underlying such forward looking statements are free from errors nor do they accept any responsibility for the future accuracy of the opinions expressed in this Presentation or the actual occurrence of the forecasted developments. No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, none of the Company or any of its parent or subsidiary undertakings or any of such person's officers, directors or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.



## Agenda

- 1. Business Highlights Q1 2006**
- 2. Financials Q1 2006**
- 3. Outlook and Guidance**

## Business Update Q1 2006

2006

- § 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
- § Restructuring continues and yields first results, fully on track
- § First portfolio measures completed
- § Financials in line with our targets
- § Laying the foundation for FY targets

Transformation of the company continues

May, 2006

Q1 2006 Results

Chart-No. 4

LANXESS

Performance Rubber

Engineering Plastics

Chemical Intermediates

Performance Chemicals

May, 2006

Q1 2006 Results

Chart-No. 5

LANXESS

## Q1 2006 Financial Highlights: Improving Profitability While Balance Sheet Remains Solid

(€m)	Q1 2005	Q1 2006	Δ in %	
<b>Sales</b>		<b>1,836</b>	<b>6.2%</b>	
<b>EBITDA pre except. Margin</b>		<b>205</b> 11.2%	<b>13.3%</b>	– Selling price increases amid continuous good demand and risen input costs for raw materials and energy
<b>Net Income</b>		<b>82</b>	<b>17.1%</b>	– Further reduction of net financial debt on the basis of good operating results
<b>Net Financial Debt</b>		<b>647</b>		
<b>Working Capital</b>		<b>1,464</b>		– Majority of FY capex will be spent during the next three quarters, guidance remains unchanged
<b>Capex</b>		<b>37</b>		
<b>Employees</b>		<b>17,180</b>		

May, 2006 Q1 2006 Results

Chart-No. 6

**LANXESS**

## Q1 Performance Improvement Shows Ability to Accomplish 2006 Targets

(€m)	Q1 2005	Q1 2006	Δ in %
<b>Sales</b>	<b>1,729</b>	<b>1,836</b>	<b>6%</b>
Cost of sales	-1,287	-1,399	9%
SG&A	-282	-265	-6%
R&D	-26	-22	-15%
Other op. income/ expense	-18	-25	39%
thereof exceptionals	-5	-18	>100%
<b>EBIT</b>	<b>116</b>	<b>125</b>	<b>8%</b>
<b>Net Income</b>	<b>70</b>	<b>82</b>	<b>17%</b>
EBITDA	181	187	3%
thereof exceptionals	-	-18	n.m.
<b>EBITDA pre exceptionals</b>	<b>181</b>	<b>205</b>	<b>13%</b>





<b>Non-current Assets</b>	<b>1,835</b>	<b>1,783</b>
Intangible assets	53	50
Property, plant & equipment	1,526	1,478
Equity investments	22	31
Other investments	4	4
Financial assets	48	45



## Working Capital Management Remains Tight



## Agenda

### 1. Business Highlights Q1 2006

### 2. Financials Q1 2006

### 3. Outlook and Guidance

May, 2006 Q1 2006 Results

Chart-No. 18

**LANXESS**

## Outlook and Guidance

### Underlying assumptions

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

### 2006 Guidance based on above assumptions

- 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 2006

**We delivered on our guidance in 2005 and expect to do so in 2006 as well**

May, 2006 Q1 2006 Results

Chart-No. 19

**LANXESS**

## LANXESS on Track in Another Year of Transformation

**Set the  
pace**

**Further profitability increase**

**Create  
value**

**Active portfolio management**

**Lay  
foundations**

**First quarter 2006 with good results**

**Build  
confidence**

**Continued delivery of promises**

May, 2006 Q1 2006 Results

Chart-No. 20

**LANXESS**



**Appendix**

## Exceptional Items Incurred in Q1 2005 and 2006

	Q1 2005		Q1 2006		
	Exceptional	thereof D&A	Exceptional	thereof D&A	
Performance Rubber	0	0	1	0	"Rubber" Litigation (TRP)
Engin. Plastics	2	2	0	0	Capex write-off (STY)
Chemical Intermediates	3	3	0	0	Capex write-off (FCH)
Performance Chemicals	0	0	1	0	"Rubber" Litigation (RUC)
Reconciliation	0	0	16	0	~ €9 m Restructuring, ~ €7 m M&A
<b>Total</b>	<b>5</b>	<b>5</b>	<b>18</b>	<b>0</b>	

May, 2006 Q1 2006 Results

Chart-No. 22

**LANXESS**

## Update on Total Financial Impact due to Restructuring

Phase I+II+III (€ m)	2005	2006e	2007e	2008e	2009e
P&L Expenses	-166	-55	-35	-25	0
Cash outs	-10	-155	-90	-50	0
Headcount reduction	~540	~610	~470	~40	0
<b>Cost reduction vs. prior year</b>	<b>10</b>	<b>35</b>	<b>75</b>	<b>80</b>	<b>10</b>
Cost reduction cumulative	10	45	120	200	210
<b>EBITDA improvement vs. prior year</b>	<b>10</b>	<b>35</b>	<b>65</b>	<b>40</b>	<b>5</b>
EBITDA improvement cumulative	10	45	110	150	155

May, 2006 Q1 2006 Results Roadshow

Chart-No. 23

**LANXESS**

## Financial Calendar 2006

<b>Annual Stockholders' Meeting</b>	<b>May 31, 2006</b>
<b>Q2 Results 2006</b>	<b>August 16, 2006</b>
<b>Investor Conference</b>	<b>September 14 / 15, 2006</b>
<b>Q3 Results 2006</b>	<b>November 15, 2006</b>

May, 2006

Q1 2006 Results

Chart-No. 24

**LANXESS**

**Michael Pontzen (Head of IR)**

Tel.: +49-214 30 43804  
Fax.: +49-214 30 959 43804  
Mobile: +49-175 30 43804  
Email: Michael.Pontzen@lanxess.com

**Oliver Stratmann**

+49-214 30 49611  
+49-214 30 959 49611  
+49-175 30 49611  
Oliver.Stratmann@lanxess.com

**Tanja Satzer**

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

**Dr. Gerd Zelesny**

+49-214 30 71416  
+49-214 30 959 71416  
+49-175 30 71416  
Gerd.Zelesny@lanxess.com

Please visit our website at: [www.lanxess.com](http://www.lanxess.com)

May, 2006

Q1 2006 Results

Chart-No. 25

**LANXESS**