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Agenda

- 1. Business Highlights**
- 2. Financials Q3 2006**
- 3. Outlook and Guidance**

Business highlights

Q3 2006

- § Economic environment remains supportive in most regions with sound demand
- § Operationally sound third quarter supported by efficiency improvements
- § Continued price push-through in light of peaking raw material and energy costs
- § Restructuring programs remain fully on track
- § Confirmation of FY guidance of €660-680 m EBITDA pre exceptionals
- § Rubber litigation payments concluded with last payment of €20 m
- § Further portfolio measure implemented - divestment of TPC

Solid performance continues

November 15, 2006

Q3 2006 Results

Chart-No. 4

Q3 2006 financial overview: on track to achieve full year targets

(€m)	Q3 2005	Q3 2006	Δ in %	
Sales	1,776	1,691	-4.8%	– Sales decrease almost entirely due to portfolio changes
EBITDA pre except. Margin	148 8.3%	164 9.7%	10.8%	
Net Income	-57	36	n.m.	– Broad selling price increases amid robust demand in most end markets, again risen raw material and energy costs
Net Financial Debt	680*	503	-26.0%	
Working Capital	1,439*	1,531	6.4%	– Further reduction of net financial debt to €503 m
Capex	52	66	26.9%	– Seasonally higher working capital compares to exceptionally low level at year-end 2005
Employees	18,282*	16,893	-7.6%	

*As per 31.12.

Restructuring success supports improvement in profitability

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Q3 2006 Results

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Q3 2006 Results

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Q3 performance mirrors efficiency improvements and pricing power

(€m)	Q3 2005	Q3 2006	Δ in %	
Sales	1,776	1,691	-5%	– Sales decrease is attributable to portfolio changes (-4.6%), slightly lower volumes (-2.7%) and unfavourable currency impact (-2.3%), partly counteracted by price increases (+4.8%)
Cost of sales	-1,400	-1,329	-5%	
SG&A	-274	-240	-12%	
R&D	-24	-23	-4%	
Other op. income/ expense	-132	-14	-89%	
thereof exceptionals	-142	-17	-88%	
EBIT	-54	85	n.m.	– Improved cost structures
Net Income	-57	36	n.m.	
EBITDA	15	148	>100%	
thereof exceptionals	-133	-16	>100%	
EBITDA pre exceptionals	148	164	11%	

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Q3 2006 Results

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Continued operational improvements

- Sales continue to be lower in Engineering Plastics and Performance Chemicals due to portfolio measures (FIB, PAP, iSL) and “price before volume” strategy
- Broad EBITDA increase and

All businesses continue to perform according to plan

November 15, 2006 Q3 2006 Results

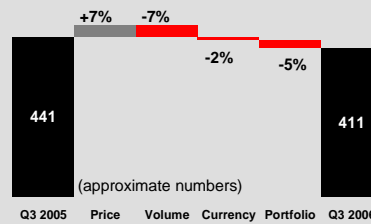
Chart-No. 8

Engineering Plastics: a pleasant quarter in underlying operations in both businesses

(€m)	Q3 2005	Q3 2006
Sales	441	411
EBIT	3	17
Depr. / Amort.	11	8
EBITDA	14	25
EBITDA pre except.	14	25
Margin	3.2%	6.1%
Capex	7	16

- Sales decline mainly due to divestiture of FIB and lower ABS volumes during the production shift from Dormagen to Tarragona as well as a fire at the Tarragona site
- LUP continues on the road of recovery with price increases to mitigate higher raw material and energy costs
- SCP with strong results based on raw-material-induced price increases supported by improved cost structures
- Absence of FIB-losses backs results as well

Sales by BU:



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Q3 2006 Results

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Sales
 EBIT
 Depr. / Amort.
 EBITDA
EBITDA pre except.
 Margin
Capex

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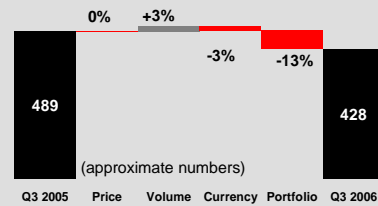
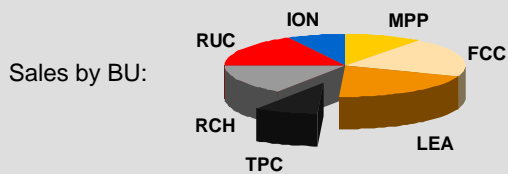
Q3 2006 Results

Chart-No. 11

Performance Chemicals: mixed performance - strong MPP and LEA, lagging RUC and ION

(€m)	Q3 2005	Q3 2006
Sales	489	428
EBIT	38	34
Depr. / Amort.	18	14
EBITDA	56	48
EBITDA pre except.	57	48
Margin	11.7%	11.2%
Capex	19	11

- Sales decrease after divestment of PAP and iSL. Pricing on comparable level with overall higher volumes
- Improved EBITDA contribution mainly due to seasonally strong MPP, favourable pricing in LEA and improved cost structures in TPC
- RUC had to cope with increasing competitive pressure since Q1 and customers' production closures, leading to weaker performance
- Project business in ION compares to stronger Q3 2005. Performance gap only based on timing



November 15, 2006 Q3 2006 Results Chart-No. 12

Non-current Assets	1,835	1,730	1,712
Intangible assets	53	45	47
Property, plant & equipment	1,526	1,444	1,444
Equity investments	22	45	37
Other investments	4	4	6
Financial assets	48	38	20
Deferred taxes	103	71	73
Other non-current assets	79	83	85
Current Assets	2,506	2,529	2,512
Inventories	1,068	1,098	1,099
Trade accounts receivable	1,065	1,029	984
Financial assets	37	44	44
Other current assets	200	223	203
Liquid assets	136	135	182

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November 15, 2006 Q3 2006 Results Chart-No. 13

Cash Flow: underlying operating cash flow again stronger

(€m)	9M 2005	9M 2006	
Profit before Tax	44	292	– Strong operating result
Depreciation & Amortization	217	188	– Working Capital increase 9M 2006 more normal. Previous year contained effect from first working capital initiatives
Income from investment in associate	-3	-7	
Gain/ Loss from Sale of Assets	-2	-1	
Financial Losses	61	17	
Cash tax payments	-25	-34	– Operating cash flow 2006 contains extraordinary pay-outs:
Changes in Working Capital	-161	-218	– –€60 m restructuring (+€10 m capex)
Changes in Other Assets and Liabilities	227	9	– –€30 m higher bonus vs. 9M' 05
Operating Cash Flow	358	246	– –€50 m rubber litigation
Investing Cash Flow	-145	-47	– Changes in other assets and liabilities contains contribution to 2005 restructuring provisions
thereof Capex	-151	-147	
Free Cash Flow	213	199	
Financing Cash Flow	-162	-150	– Investing Cash Flow incl. €108 m from sale of iSL, PAP and FIB

Significant share of capex and further restructuring cash outs to come in Q4

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Q3 2006 Results

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Q3 2006 Results

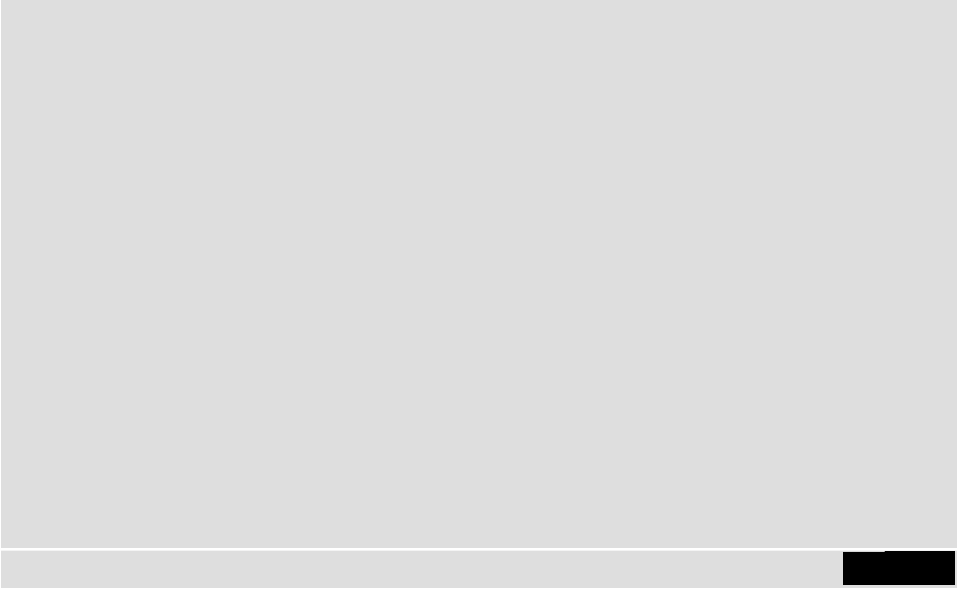
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Outlook and guidance

Outlook

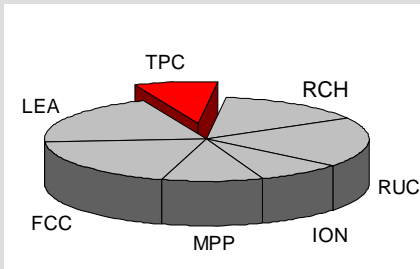
- We remain confident for the businesses in Q4 2006, however with the usual seasonal development
- Crude oil prices have eased but this is, as of now, not yet mirrored in our petrochemical derivative raw materials nor the underlying contract prices which still remain at high levels

2006 Guidance



Sale of the Textile Processing Chemicals business: fourth adjustment to the portfolio

LANXESS textile processing chemicals business to be acquired by Dutch investor **EGERIA** and business unit management



Key Business Items:

- Sales of ~€130 million in 2005, North American assets are not included in the transaction (sales of ~€20 m)
- Positive margin contribution after successful realignment in recent years (e.g. streamlining of sales organization, adjustment of product portfolio)
- Approx. 330 employees are affected, production sites in Leverkusen (GER) and Ede (NL)

Transaction Cornerstones:

- Purchase price of €54 million (Enterprise value)
- Remnant costs of ~€10 million in 2007 and ~€5 million in 2008
- Closing expected by the end of the year

Divestment at value enhancing multiples

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Q3 2006 Results

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Financial Calendar 2006/2007

Financial Calendar

FY Results 2006	March 20, 2007
Q1 Results 2007	May 09, 2007
Annual Stockholders' Meeting	May 31, 2007
Q2 Results 2007	August 16, 2007
Q3 Results 2007	November 14, 2007

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Abbreviations

BTR Butyl Rubber

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Q3 2006 Results

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