



# LANXESS – Q2 2008 Results Call

**Strong performance in a more demanding environment**

Matthias Zachert, CFO

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## Agenda

- 1. Highlights Q2 2008 and Business Update**
- 2. Financial review Q2 2008**
- 3. Outlook and guidance 2008**

## Highlights Q2 2008: strong performance in a more demanding environment

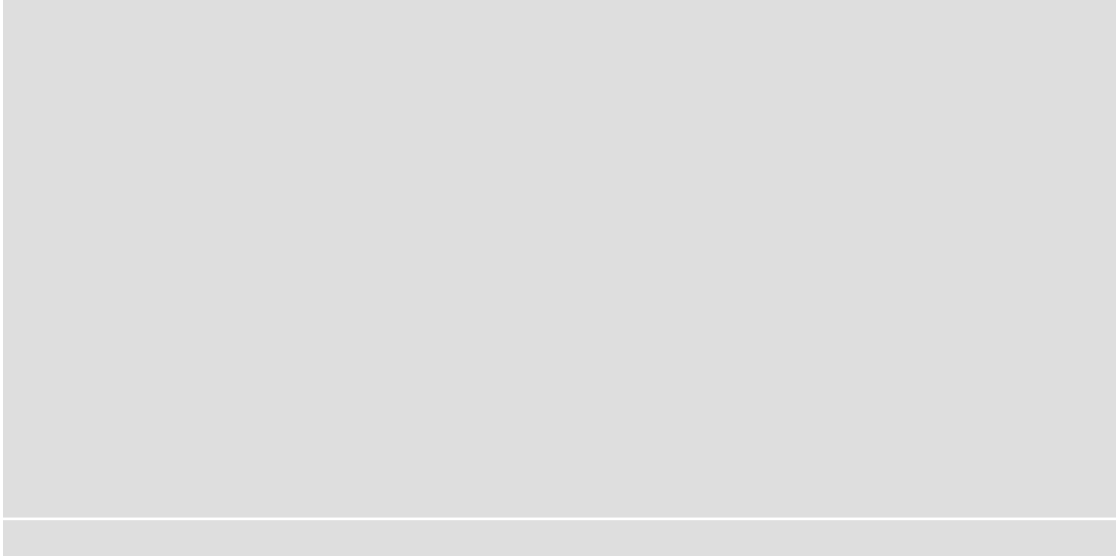
Business Update	Financial Update
<ul style="list-style-type: none"><li>§ LANXESS continues to deliver in a more demanding market environment</li><li>§ Strong operational growth in Asia (+43%)</li><li>§ Ongoing implementation of efficiency improvement programs, e.g. in Sarnia, Zwijndrecht</li><li>§ First acquisition in Asia: China's largest iron oxide pigment facility</li><li>§</li></ul>	<ul style="list-style-type: none"><li>§ Strong organic growth at 14.0% in Q2 2008</li><li>§ EBITDA* at €223 m in Q2 2008</li><li>§ EBITDA* margin at 12.6%</li><li>§ Quadrupled dividend paid out in May 2008</li><li>§ First time consolidation of Petroflex</li></ul>

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## Q2 2008 financial overview: EBITDA margin expansion despite raw material pressure and unfavorable currency effects

(€m)	Q2 2007	Q2 2008	Δ in %	
Sales	1,727	1,765	2.2%	§ Sales rose as price and volume increases offset negative currency effects. Consolidation of Petroflex mitigates sales effect due to absence of BU LUP
EBITDA pre except. margin	211 12.2%	223 12.6%	5.7%	
Net Income	-59	53	n.m.	§ EBITDA pre exceptionals rose by around 6% mainly due to Performance Polymers' operational result and Petroflex' contribution offsetting significant raw material pressure and currency effects
Net Financial Debt	460*	887	92.8%	
Net Working Capital	1,217*	1,511	24.2%	§ EBITDA margin, even though burdened by a weak U.S. dollar, improved nicely § Working capital mirrors acquisition and seasonal movement
Capex	64	66	3.1%	
Employees	14,610*	15,072	3.2%	

\* As per Dec 31 2007

**Customer demand in many of LANXESS' markets remains solid, despite some regional weaknesses**

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## Balance Sheet re-levered while strength persists

(€m)	Dec 31, 2007	June 30, 2008	(€m)	Dec 31, 2007	June 30, 2008
<b>Non-current Assets</b>	<b>1,806</b>	<b>2,092</b>	<b>Stockholders' Equity</b>	<b>1,525</b>	<b>1,626</b>
Intangible assets	33	143	thereof minority interest	17	78
Property, plant & equipment	1,459	1,590	<b>Non-current Liabilities</b>	<b>1,456</b>	<b>1,858</b>
Equity investments	33	46	Pension & post empl. provisions	470	477
Other investments	1	2	Other provisions	242	332
Financial assets	85	64	Financial liabilities	601	826
Deferred taxes	93	93	Tax liabilities	36	63
Other non-current assets	102	154	Other liabilities	47	90
			Deferred taxes	60	70
<b>Current Assets</b>	<b>2,243</b>	<b>2,758</b>	<b>Current Liabilities</b>	<b>1,068</b>	<b>1,366</b>
Inventories	895	1,047	Other provisions	371	340
Trade accounts receivable	809	1,080	Financial liabilities	65	251
Financial assets	200	264	Trade accounts payable	487	616
Other current assets	150	184	Tax liabilities	16	39
Liquid assets	189	183	Other liabilities	129	120
<b>Total Assets</b>	<b>4,049</b>	<b>4,850</b>	<b>Total Equity &amp; Liabilities</b>	<b>4,049</b>	<b>4,850</b>

**Strong backbone in turbulent markets**

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<b>Profit before Tax</b>	<b>-42</b>	<b>80</b>
Depreciation & amortization	104	64
Gain from sale of assets	0	-8
Result from investment in associate	-14	-7
Financial (gains) losses	4	44

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## LANXESS remains confident for H2 2008 despite further weakening macro-economic landscape

### LANXESS expects another solid FY 2008 performance in a more challenging environment

- § Continuously growing demand for many of LANXESS' products (e.g. rubber and agrochemicals) especially in Asia but also further parts of the BRIC region, however somewhat muted in pace
- § We expect a further weakening of the U.S. economy in H2 2008, especially in the automotive and construction industry
- § Substantial additional raw material cost increase in H2 2008, which we are already preparing for
- § Foreign currency: H2 2008 average rate of ~1,50 USD/€ (FY 2008 with LANXESS' hedging: ~1,45 USD/€)



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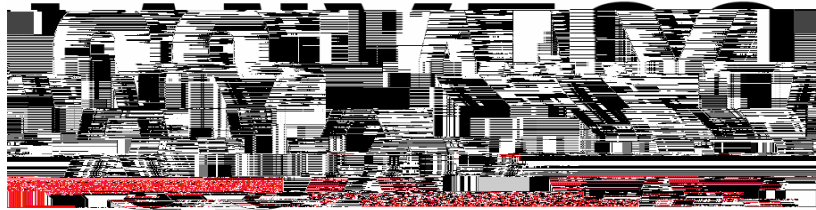
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## LANXESS confirms guidance for 2008

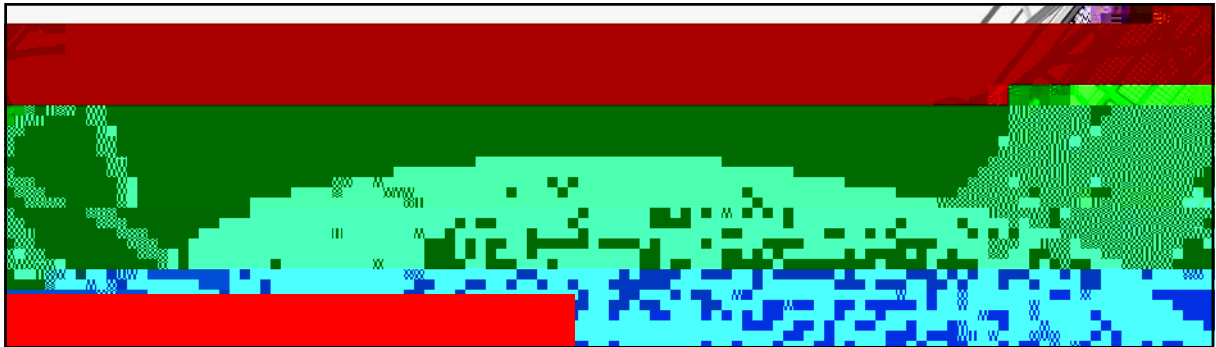
EBITDA\* FY 2008 is expected to be above €700 m

Further financial information:

§



ing Chemistry Energy

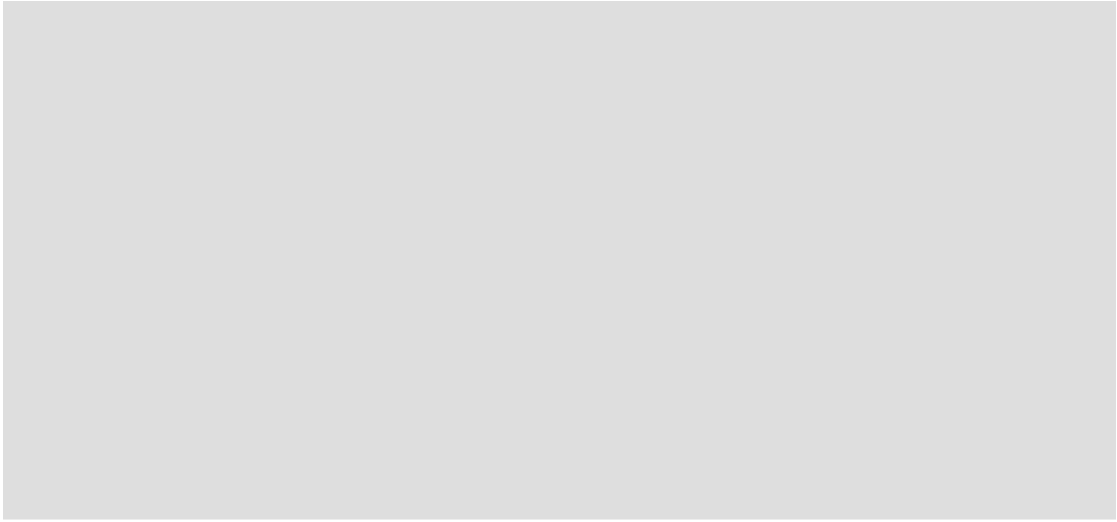


**Appendix**

## H1 2008 financial overview: EBITDA margin expansion despite raw material pressure and unfavorable currency effects

(€m)	H1 2007	H1 2008	Δ in %
Sales		3,300	-4.0%
EBITDA pre except. margin		443 13.4%	3.0%
Net Income		156	
Net Financial Debt		887	
Working Capital		1,511	
Capex		105	
Employees		15.072	

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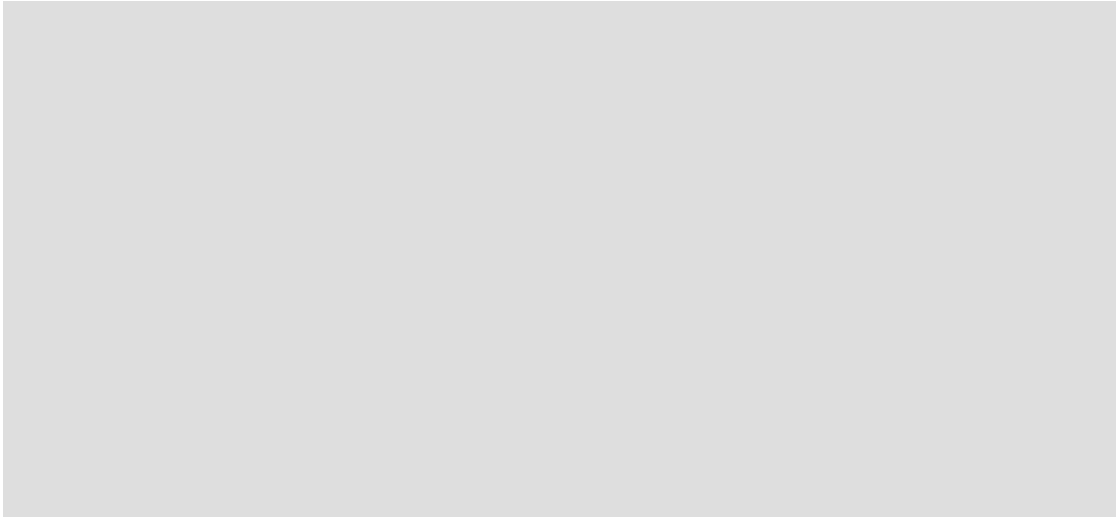


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## Financial Calendar 2008

### Financial Calendar

**Capital Market Day**

**September 17/18, 2008**

**Q3 Results 2008**

**November 13, 2008**

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