

### **LANXESS emerges strengthened from the crisis**

- **Q1 sales EUR 1.61 billion, up 53 percent yr-on-yr**
- **Q1 EBITDA pre exceptionals EUR 233 million vs. EUR 66 million yr-earlier**
- **Q1 net profit EUR 104 million vs. EUR 14 million loss yr-earlier**
- **Rubber activities in Asia and Latin America drive growth**
- **Outlook: FY EBITDA pre exceptionals EUR 650-700 million**

**Leverkusen** – The specialty chemicals company LANXESS more than tripled EBITDA pre exceptionals to EUR 233 million in the first quarter of 2010 due to improved economic conditions worldwide, in particular in Asia and Latin America. Above all, the company's worldwide leading synthetic rubber activities benefited from a strong demand in countries such as China and Brazil.

Sales increased 53 percent year-on-year to EUR 1.61 billion due to the strong pick-up in volumes. In addition, higher raw material prices were fully passed on to customers through product price increases. The company posted a net profit of EUR 104 million in the first quarter of 2010 in comparison to a EUR 14 million loss a year earlier. EBITDA margin pre exceptionals - another key performance indicator - more than doubled to 14.4 percent.

LANXESS also continued to benefit from its flexible cost structures that were crucial in mitigating the effects of the global economic crisis. The crisis had a substantial effect on LANXESS and the chemical industry, especially in the first quarter of 2009.

“Our key figures clearly reflect that LANXESS has emerged strengthened from the crisis,” said Axel C. Heitmann, Chairman of the Board of Management of LANXESS AG. “Our strategy to focus on growth opportunities in the BRIC countries and to be tough on costs has proven to be exactly the right one.”

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Net debt at the end of the first quarter 2010 rose to EUR 851 million from EUR 794 million from the end of 2009 due to an increase in net working capital. This increase was in line with stronger business activity in general.

### Performance by region

**Asia-Pacific** was the strongest region in the first quarter, more than doubling sales year-on-year to EUR 376 million. **Asia-Pacific** represented 23 percent of Group sales and was the second largest sales region within the company. **Latin America** more than doubled sales year-on-year in the first quarter to EUR 195 million and represented 12 percent of sales.

“The strong sales growth in Asia and Latin America is being supported especially by the mega-trends of mobility and urbanization,” said Heitmann. “LANXESS’ portfolio of innovative and high-quality products is able to meet the needs of the growing middle-class in these regions, who are embracing these mega-trends.”

LANXESS’ commitment to shaping the future of mobility is clearly highlighted by its innovative product Durethan. This polyamide is combined with an organic plastic sheet and an aluminum sheet to form a unique hybrid structure that is used for example in the front-end of the new Audi A8. It helps reduce the weight of the car and makes it more fuel efficient.

**EMEA** (Europe, Middle East, Africa, excluding Germany) remained the largest sales region in the first quarter, with 30 percent of overall Group sales. The region increased top-line growth by 35 percent to EUR 484 million. Sales in **Germany** rose 26 percent to EUR 308 million in the first quarter and in **North America** sales grew by 38 percent to EUR 250 million.

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### Performance by segment

Sales of the **Performance Polymers** segment rose 85 percent to EUR 828 million in the first quarter, driven by strong demand in China and Brazil. Above all, the positive trend was supported by the tire replacement tire business as well as customer restocking.

The positive top-line development was also driven by price increases, which offset rising raw material costs. EBITDA pre exceptionals jumped to EUR 144 million from EUR 8 million a year earlier.

Due to ongoing strong demand for LANXESS' high-quality butyl rubber, LANXESS will break ground for a new 100,000 metric tons per annum facility on May 17, 2010, in Singapore. In addition, the company announced on May 7 the creation of a joint venture with Taiwan's TSRC Corp. to build a new nitrile rubber (NBR) plant in Nantong, China, with a total joint investment of approximately EUR 36 million.

First-quarter sales in the **Advanced Intermediates** segment rose 24 percent year-on-year to EUR 320 million, supported by the acquisition of the chemical assets of the Indian company Gwalior as well as an upturn in demand in the customer industries automobile, dyes and coatings. EBITDA pre exceptionals fell four percent year-on-year to EUR 44 million in the first quarter due to weaker demand for pharmaceutical and agrochemical precursors.

Sales of the **Performance Chemicals** segment rebounded 35 percent year-on-year in the first quarter to EUR 455 million, with all seven business units showing substantial volume improvements. EBITDA pre exceptionals rose twofold to EUR 78 million. The main business units that contributed to this strong performance improvement were Inorganic Pigments and Rhein Chemie, which benefited from an upturn in the construction and automobile sectors respectively.

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## Outlook

“We have got the year off to a good start and assuming the positive economic trend will continue, we are targeting EBITDA pre exceptionals of EUR 650-700 million for the full year 2010,” said CEO Heitmann.

Nevertheless, he cautioned that the potential for setbacks remained due to volatile raw material prices, monetary instability in the Euro zone and the end of government-backed stimulus packages.

“That is why it is essential we remain tough on costs and manage our cash wisely,” said Heitmann. “Asia and Latin America have already returned to levels seen before the economic crisis but it will still take some time before the Western hemisphere fully recovers.”

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## Q1 2010 Key Data

(EUR million, changes in percent)

	Q1 2009	Q1 2010	Change
Sales	1,054	1,613	53
EBITDA pre exceptionals	66	233	>100
EBITDA margin pre exceptionals (percent)	6.3	14.4	
Net income	-14	104	n/a

LANXESS is a leading specialty chemicals company with sales of EUR 5.06 billion in 2009 and currently around 14,300 employees in 23 countries. The company is represented at 42 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals.

Leverkusen, May 11, 2010  
das (2010-00064e)

### 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.

### Information for editors

The following information will be online today at [www.lanxess.com](http://www.lanxess.com):

- 1) From approx. 7:30 a.m. CET, **LANXESS' interim report for the first quarter of 2010** for viewing or download.
- 2) From approx. 10:00 a.m. CET, live audiocast of the speech by Axel C. Heitmann, Chairman of the Board of Management.
- 3) From approx. 10:15 a.m. CET, text of the speech available for download.

The latest news from LANXESS direct to your mobile phone: [mobile.lanxess.com](http://mobile.lanxess.com).

All LANXESS news releases and their accompanying photos can be found at <http://press.lanxess.com>. Recent photos of the Board of Management and other LANXESS image material are available at [http://fotos.lanxess.de/index\\_en.html](http://fotos.lanxess.de/index_en.html). The latest TV footage, audiofiles and podcasts can be found at <http://corporate.lanxess.com/en/media/audio-video/>.

You can find further information concerning LANXESS chemistry in our WebMagazine at <http://webmagazine.lanxess.com>.

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