

LANXESS Q1 2007 Financial Summary for Investors and Analysts

- EBITDA pre exceptionals rises by 6.8%
- EBITDA margin pre exceptionals at 12.8% compared to 11.2%
- Sales increased, adjusted for portfolio and currency effects
- Reduction of net financial debt to €448 m
- Guidance for FY 2007: EBITDA pre exceptionals expected to increase by mid to high single digit %

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Overview Financials

LANXESS Group Q1 2007

- Overall economic environment remains positive
- LANXESS started well into 2007
- Pricing power continues
- Transformation yields results

Q1 2007 Profit and Loss Statement:

- Sales Deviation: Price: +3%, Volume 0%, Currency -4%, Portfolio -6% (approx. numbers)
- Sales decrease due to portfolio changes and unfavourable currency effects
- Working capital remains flat with normal seasonal increase compared to year-end
- Capex rises as LANXESS fosters organic growth
- Headcount increased due to acquisition of CISA and organic growth (200 FTE) mainly in Asia almost offset by restructuring (~200 FTE)
- Raw material price increases were passed on to the market

Q1 2007 Cash flow Statement:

- Profit before tax above strong result in comparable period of previous year
- Lower seasonal increase in working capital compared to Q1 2006
- Operating cash flow contains ~€15 m restructuring cash out
- Investing cash flow comprises
 - Payout for first acquisition (CISA)
 - Cash-in for sale of BU TPC
 - Cash infusion to BIS for previous year's loss

Q1 Business Overview

Performance Rubber

- Sales Deviation: Price: +5%, Volume +4%, Currency -6% (approximate numbers)
- Sales stronger on overall improved pricing and volumes, offsetting negative currency effect
- BTR improved further from high level of profitability based on improved cost structures. Price increases were successful; new capacity absorbed by the market, lifting sales volumes
- PBR growth in Asia did not offset shortfall of U.S. demand which was strong in Q1 2006. Raw material cost increases could not fully be passed on to customers
- TRP benefits from restructuring. Strong price increases alongside with deliberate volume reductions

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Engineering Plastics

- Sales Deviation: Price: +6%, Volume -7%, Currency -3%, Portfolio -3% (approximate numbers)
- Portfolio effect (FIB) and unfavourable currency weigh on sales
- Volumes decrease mainly on site consolidation and "price-before-volume" strategy in LUP with accretive effect on profitability
- SCP with the major contribution to profitability increase by strong pricing and improved cost structures
- Partially some unusually strong customer activity in SCP in Q1 as maintenance and de-bottlenecking are planned in Q2
- Absence of FIB once more supports margin improvement

Chemical Intermediates

- Sales Deviation: Price: +1%, Volume +5%, Currency -3% (approximate numbers)
- Risen sales as overall price and volume increases more than offset negative currency effects
- BAC continues on high level. Simultaneous price and volume increases in combination with improved cost structures offset higher raw material prices
- SGO further improved on somewhat stronger agro and specialities business
- IPG remains on extraordinary contribution level with price and volume increases offsetting slightly weaker U.S. demand

Performance Chemicals

- Sales Deviation: Price: 0%, Volume 0%, Currency -4%, Portfolio -19% (approximate numbers)
- Reduced sales on the back of portfolio streamlining (PAP, TPC) and some unfavourable currency effects
- Margin expansion demonstrates stronger portfolio after re-alignment
- Sound performance of MPP and LEA did not offset shortfall of RUC and FCC (force majeure for Hydrazinehydrate in Asia) in particular
- RUC continues to suffer from Asian competition in accelerator products and compares against very strong Q1 2006

2007 Business environment and Outlook

Business environment:

- We remain confident for the global business environment in 2007 with regional variation
- We expect raw materials to remain volatile on a high level. The earlier projected gradual decrease is now expected the earliest in Q3 2007 as price increases still prevailed in April

First glance at 2007 / Items to consider:

- FY 2007 EBITDA pre exceptionals is expected to increase by mid to high single digit %
- Capex is expected to be above €300 m
- P&L tax rate seen around 30%
- D&A will be around €250-260 million

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Leverkusen, May 09, 2007

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 Q1 2007

in € million

	LANXESS			Perf. Rubber			Eng. Plast.			Chem. Intern.			Perf. Chem.			Others/ Cons.		
	Q1 06	Q1 07	Chg. in %	Q1 06	Q1 07	Chg. in %	Q1 06	Q1 07	Chg. in %	Q1 06	Q1 07	Chg. in %	Q1 06	Q1 07	Chg. in %	Q1 06	Q1 07	Chg. in %
Sales	1836	1711	-7%	438	451	3%	456	428	-6%	395	408	3%	517	400	-23%	30	24	-20%
Price*			3%			5%			6%			1%			0%			n.m.
Volume*			0%			4%			-7%			5%			0%			n.m.
Currency*			-4%			-6%			-3%			-3%			-4%			n.m.
Portfolio*			-6%			0%			-3%			0%			-19%			n.m.
EBIT	125	150	20%	54	53	-2%	14	33	>100%	55	64	16%	51	44	-14%	-49	-44	n.m.
Deprec. & amortizat.	62	62	0%	16	17	6%	8	8	0%	16	15	-6%	17	16	-6%	5	6	20%
EBITDA	187	212	13%	70	70	0%	22	41	86%	71	79	11%	68	60	-12%	-44	-38	n.m.
exceptionals in EBITDA	18	7	-61%	1	0	-100%	0	0	0%	0	0	0%	1	0	-100%	16	7	-56%
EBITDA pre excep.	205	219	7%	71	70	-1%	22	41	86%	71	79	11%	69	60	-13%	-28	-31	n.m.
normalized D&A	62	61	-2%	16	17	6%	8	8	0%	16	15	-6%	17	16	-6%	5	5	0%
EBIT pre excep.	143	158	10%	55	53	-4%	14	33	>100%	55	64	16%	52	44	-15%	-33	-36	n.m.
exceptionals in EBIT	18	8	-56%	1	0	-100%	0	0	0%	0	0	0%	1	0	-100%	16	8	-50%
Capex	37	47	27%	10	13	30%	5	12	>100%	9	12	33%	12	7	-42%	1	3	>100%
Net financial debt	511**	448	-12%															

* approximate numbers

**per Dec. 31



Abbreviations:

BTR	Butyl Rubber
PBR	Polybutadiene Rubber
TRP	Technical Rubber Products
LUP	Lustran Polymers
SCP	Semi-Crystalline Products
FIB	Fibers
BAC	Basic Chemicals
SGO	Saltigo
IPG	Inorganic Pigments
MPP	Material Protection Products
FCC	Functional Chemicals
LEA	Leather
TPC	Textile Processing Chemicals
RCH	RheinChemie
RUC	Rubber Chemicals
ION	Ion Exchange Resins
PAP	Paper Chemicals

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