

### Megatrend mobility drives strong earnings momentum in Q3

- **Q3 sales EUR 1.85 billion, up 35% yr-on-yr**
- **Q3 EBITDA pre exceptionals EUR 244 million, up 71% yr-on-yr**
- **Q3 net profit EUR 118 million vs. EUR 23 million yr-earlier**
- **One-off payment for employees planned**
- **Synthetic rubber and high-tech plastics profit from megatrend mobility**
- **Raised FY outlook: EBITDA pre exceptionals expected at roughly EUR 900 million**

**Leverkusen** – LANXESS achieved a strong set of results in the third quarter of 2010 due to strong demand for its synthetic rubber and high-tech plastics. As a result, the specialty chemicals group has lifted for the second time this year its earnings forecast for 2010. It now expects EBITDA pre exceptionals of roughly EUR 900 million for the full year after previously forecasting roughly EUR 800 million in August.

“We are heading for a strong performance in 2010, which clearly reflects our successful strategy of focusing on premium products and the emerging markets,” said Axel C. Heitmann, Chairman of the Board of Management of LANXESS AG. “Our results also indicate that we are on track to achieve our goal of approximately EUR 1.4 billion EBITDA pre exceptionals in 2015.”

EBITDA pre exceptionals rose 71 percent year-on-year to EUR 244 million in the third quarter. EBITDA margin pre exceptionals rose to 13.2 percent from 10.4 percent a year ago.

LANXESS’ top ten sales products in the third quarter were from the company’s synthetic rubber and high-tech plastics activities, which mainly serve the tire and automotive industries. These industries are

#### LANXESS AG

Contact:  
Daniel Smith  
Corporate Communications  
Financial und Business Media  
Relations  
51369 Leverkusen  
Germany

Phone +49 214 30-75179  
Fax +49 214 30-50691  
daniel-alexander.smith@lanxess.com

Rudolf Eickeler  
Corporate Communications  
Financial und Business Media  
Relations  
51369 Leverkusen  
Deutschland

Phone +49 214 30-40483  
Fax +49 214 30-50691  
rudolf.eickeler@lanxess.com

profiting from the mega-trend mobility, especially in the emerging markets. LANXESS' innovative synthetic rubbers and high-tech plastics not only help improve the safety of tires and automobiles but also make them more fuel-efficient and thus environmentally friendly.

Group sales increased 35 percent year-on-year to EUR 1.85 billion due to higher volumes in key customer industries, positive currency effects and above all price increases, which fully offset higher raw material costs. The company posted a net income of EUR 118 million in the third quarter in comparison to EUR 23 million a year earlier.

Net debt at the end of the third quarter 2010 rose to EUR 865 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. Operating cash flow before changes in working capital in the first nine months of the year rose to EUR 619 million from EUR 245 million a year earlier.

### Performance by region

**Latin America** recorded the strongest year-on-year growth in the third quarter, with sales rising 86 percent year-on-year to EUR 271 million. This was driven primarily by the strong performance of the Performance Butadiene Rubbers and Semi-Crystalline Products business units in Brazil. The region represented 15 percent of group sales.

Sales in **Asia-Pacific** rose 21 percent year-on-year to EUR 408 million and represented 22 percent of group sales. All segments increased sales year-on-year. Advanced Intermediates recorded the strongest growth, boosted by the integration of the acquired basic chemical activities in India and China. LANXESS' synthetic rubber activities also continued to perform at high levels in the region, driven by increased tire production of Chinese manufacturers.

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Daniel Smith  
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Germany

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The **EMEA (Europe, Middle East, Africa, excluding Germany)** region increased top-line growth by 24 percent to EUR 503 million driven by the Performance Polymers and Performance Chemicals segments. In particular, the synthetic rubber and high-tech plastics activities achieved significant double-digit sales increases. With this strong recovery, EMEA remained the largest sales region in the third quarter, with 27 percent of group sales.

Sales in **Germany** rose 22 percent to EUR 340 million in the third quarter, representing 18 percent of group sales.

In **North America**, sales grew by 60 percent to EUR 325 million and represented 18 percent of group sales. The Saltigo business unit profited from a slight improvement in pharmaceutical precursors.

The **BRIC countries (Brazil, Russia, India, and China)** represented 23 percent of group sales in the third quarter, in comparison to 22 percent and 20 percent in the corresponding quarters in 2009 and 2008.

### Performance by segment

Sales of the **Performance Polymers** segment rose 50 percent year-on-year to EUR 986 million in the third quarter, driven by price increases and strong demand notably in Latin America. The segment's EBITDA pre exceptionals jumped to EUR 144 million from EUR 76 million a year earlier, with all business units benefiting from buoyant demand in the tire replacement and OEM automotive industries. This strong performance was achieved despite planned shutdowns for maintenance and expansion of plants.

Third quarter sales in the **Advanced Intermediates** segment rose 18 percent year-on-year to EUR 336 million. This increase was due to price increases, the integration of acquired basic chemical activities in India and China and a solid performance by Saltigo in North

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Germany

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daniel-alexander.smith@  
lanxess.com

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Deutschland

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Fax +49 214 30-50691  
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America. EBITDA pre exceptionals rose 38 percent year-on-year to EUR 55 million.

Sales of the **Performance Chemicals** segment rose 21 percent year-on-year to EUR 515 million in the third quarter, with all seven business units showing sales improvements. EBITDA pre exceptionals rose 24 percent year-on-year to EUR 83 million. The Leather, Rubber Chemicals and Functional Chemicals business units contributed strongly to the third quarter result. Rubber Chemicals recently acquired two businesses from Flexsys, a division of U.S.-based Solutia Inc., to strengthen its portfolio serving the tire and technical rubber industries.

### Outlook

For the business year 2010, LANXESS is now targeting EBITDA pre exceptionals of roughly EUR 900 million, which is nearly double the earnings result achieved in 2009.

As a result of the strong performance expected in 2010, the Board of Management has decided to make a one-off payment to employees totaling around EUR 20 million.

"Our employees worldwide have contributed part of their variable salary towards the cost savings in the crisis year 2009. It is only fair that we now thank them by making a one-time payment in return," said Heitmann.

Heitmann added that the company expects the positive economic trend to continue in the fourth quarter, especially in the tire and automotive industries. "We are in growth mode and will be rolling out our planned investments in the coming months in order to capitalize on the mega-trends - especially mobility - in China, India and Brazil."

A key element of the company's strategy to reach its mid-term earnings target is organic growth. An example is the feasibility study

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Deutschland

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for a new plant in Asia for neodymium polybutadiene rubber (Nd-PBR), which is a key component in the production of high-performance tires. A final decision on the plant will be made in the coming months.

LANXESS is already the leader in synthetic rubber for the high-performance, environmentally friendly “green tire” market - the fastest growing segment in the tire industry. This growth will be given a further boost by future legislation in the European Union and other countries to label tires for their fuel efficiency. In addition, the German government’s plans to make the use of winter or all-season tires compulsory in the winter months of the year will have a positive impact on LANXESS sales.

### Q3 2010 Key Data

(EUR million)

	Q3 2009	Q3 2010	Change %
Sales	1,373	1,847	34.5
EBITDA pre exceptionals	143	244	70.6
EBITDA margin pre exceptionals (percent)	10.4	13.2	
Net income	23	118	>100
Earnings per share (EPS)	0.28	1.42	>100

LANXESS is a leading specialty chemicals company with sales of EUR 5.06 billion in 2009 and currently around 14,500 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.

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Daniel Smith  
Corporate Communications  
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### Forward-Looking Statements.

This news release may contain 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 third 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://corporate.lanxess.de/en/media/press-releases/>.

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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