LANXESS
Energizing Chemistry

News Release

LANXESS to exceed EUR 1 billion EBITDA in 2011

- **Q1 EBITDA pre EUR 322 million, up 38%**
- **Q1 sales EUR 2.1 billion, up 29% yr-on-yr**
- **Q1 net profit EUR 166 million, up 60%**
- **All segments and regions record double-digit growth**
- **Outlook: FY EBITDA pre to grow 10-15% vs. 2010**

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Mumbai, May 20, 2011 - The specialty chemicals company LANXESS will exceed the EUR one billion EBITDA pre exceptionals mark in 2011 after achieving its best-ever quarterly result in the first quarter. EBITDA pre exceptionals rose 38 percent year-on-year to EUR 322 million, with all segments and regions achieving double-digit growth.

Sales increased 29 percent year-on-year to EUR 2.1 billion. This was due to higher volumes and price increases that helped offset rising raw material costs, in particular for butadiene, cyclohexane and benzene. EBITDA margin pre exceptionals rose to 15.5 percent in the first quarter from 14.4 percent a year earlier and net profit increased by 60 percent year-on-year to EUR 166 million.

“The jump in earnings clearly shows that our ambitious growth strategy is paying off,” said Axel C. Heitmann, LANXESS CEO. “We have once again outperformed the market due to our premium product portfolio and focus on megatrends such as mobility and agriculture.”

Not surprisingly, sales in the five BRICS countries (Brazil, Russia, India, China, South Africa) rose 25 percent year-on-year to EUR 458 million and represented 22 percent of Group sales in the first quarter.
In India, the overall sales grew by around 42% as compared to Q1 last year, which is a very positive start for 2011. Performance Polymers, some businesses of Performance chemicals and Advanced intermediates all contributed to the growth of our business in Q1

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2011.

While announcing the results, Dr. Joerg Strassburger, Managing Director and Country Representative, LANXESS India said, "We expect our businesses to continue to grow positively as the demand drivers are strong and consistent, even though the energy and raw material costs are also rising significantly."

Net debt at the end of the first quarter 2011 only rose moderately to EUR 937 million from EUR 913 million from the end of 2010 despite increased net working capital needs in line with stronger business activity.

Performance by region

EMEA (Europe excluding Germany, Middle East, Africa) remained the largest sales region in the first quarter, with 31 percent of overall Group sales. The region also showed the strongest top-line growth, with sales increasing by 33 percent to EUR 642 million. Russia, Hungary, Poland and Turkey achieved the strongest growth rates.

Sales in **Germany** rose 29 percent to EUR 398 million in the first quarter and represented 19 percent of Group sales.

Sales in **North America** sales grew by 31 percent year-on-year to EUR 328 million and represented 16 percent of Group sales in the first quarter.

Latin America increased sales by 25 percent year-on-year to EUR 244 million in the first quarter due to the company's strong foothold in Brazil. The region represented 12 percent of Group sales.

Asia-Pacific increased sales by 23 percent year-on-year to EUR 461 million in the first quarter, representing 22 percent of Group sales.

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China, India and South Korea showed the strongest relative sales growth in the first quarter.

Sales in the five **BRICS countries (Brazil, Russia, India, China, South Africa)** rose 25 percent year-on-year to EUR 458 million and represented 22 percent of Group sales in the first quarter.

Performance by segment

Sales of the **Performance Polymers** segment rose 35 percent year-on-year to EUR 1.1 billion and EBITDA pre exceptionals jumped 52 percent year-on-year to EUR 199 million in the first quarter. All businesses profited from strong demand in their customer industries and were able to pass on rising raw material costs. Butyl Rubber and Performance Butadiene Rubbers benefited from their exposure to the booming tire industry, while Semi-Crystalline Products and Technical Rubber Products achieved strong results in the automotive sector.

In order to meet robust demand for LANXESS' high-tech plastics, the company has recently launched a number of organic growth projects including the construction of new high-tech plastics facilities in India and the USA.

First-quarter sales in the **Advanced Intermediates** segment rose 22 percent year-on-year to EUR 416 million and EBITDA pre exceptionals rose 32 percent year-on-year to EUR 75 million. Both Basic Chemicals and Saltigo profited from a recovery in the agrochemical customer industry. Basic Chemicals also profited from its exposure to the construction as well as coatings and dyes industry.

Sales of the **Performance Chemicals** segment rose 22 percent year-on-year in the first quarter to EUR 556 million. Rhein Chemie performed strongly due to robust demand in the automotive sector

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and the integration of the recently acquired Darmex Group in Latin America. EBITDA pre exceptionals in the segment rose 15 percent year-on-year to EUR 90 million.

LANXESS Material Protection Products business closed the acquisition of Syngenta's material protection business on April 13, 2011, making it one of the leading suppliers of biocides for construction materials.

Outlook

"We have enjoyed a strong start to the second quarter," said CEO Heitmann. "For the full-year 2011, we expect sales to increase year-on-year and EBITDA pre exceptionals to grow 10-15 percent, which takes us over the EUR one billion mark for the first time."

The outlook includes the combined sales contribution of about EUR 350 million from Syngenta's material protection activities and the EPDM rubber business DSM Elastomers, which was acquired on May 1, 2011.

"We will continue with our dual-track growth strategy of organic and external growth and quickly reap the benefits of our latest acquisition - DSM Elastomers - based on our excellent track-record of integrating businesses," said Heitmann.

LANXESS currently expects only a limited business impact for the rest of the year resulting from the natural disasters in Japan.

The potential for setbacks remain in the form of a stronger-than-expected weakening of the US-Dollar, geopolitical unrest and the high levels of national debt of many countries.

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LANXESS will stick to its price-before-volume strategy in the face of rising raw material and energy costs in the second quarter.

"In light of the current business environment, we remain confident for the rest of the year," said Heitmann. "We are well on track to achieve our target of EUR 1.4 billion EBITDA pre exceptionals in 2015."

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Q1 2011 Key Data
(EUR million, changes in percent)

	Q1 2011	Q1 2010	Change
Sales	2,073	1,613	29
EBITDA pre exceptionals	322	233	38
EBITDA margin pre exceptionals (percent)	15.5	14.4	
Net income	166	104	60
Earnings per share (EPS)	€2.00	€1.25	60

About LANXESS
LANXESS is a leading specialty chemicals company with sales of EUR 7.1 billion in 2010 and currently around 15,500 employees in 30 countries. The company is at present represented at 46 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals.

Mumbai, May 20, 2011

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:
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://photos.lanxess.com. 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.