News Release

LANXESS raises guidance after record Q2

- **FY EBITDA pre to grow approx. 20% vs. 2010**
- **Q2 EBITDA pre EUR 339 million, up 26%**
- **Q2 sales EUR 2.2 billion, up 23%**
- **Q2 net profit EUR 181 million, up 38%**
- **Ongoing high demand for synthetic rubber and high-tech plastics**

Leverkusen – LANXESS has lifted its full-year guidance for 2011 after achieving record results in the second quarter. The specialty chemicals company now expects EBITDA pre exceptionals to grow about 20 percent year-on-year after previously forecasting a growth of 10-15 percent. EBITDA pre exceptionals in the second quarter rose 26 percent year-on-year to EUR 339 million.

"Our clear focus on innovative, premium products as well as emerging regions, coupled with our established and proven price-before-volume strategy, has again yielded outstanding results," said Axel C. Heitmann, Chairman of the Board of Management of LANXESS AG. "Notably, our synthetic rubber and high-tech plastics business profited from their exposure to the megatrend mobility."

Sales increased by 23 percent year-on-year to EUR 2.2 billion. LANXESS implemented price increases in all segments in order to fully pass on higher raw material costs. In addition, there was volume growth and positive portfolio effects from recent acquisitions, above all the EPDM rubber business DSM Elastomers. Sales grew despite negative currency effects at minus seven percent mainly due to a weak US-dollar.

The EBITDA margin pre exceptionals rose to 15.1 percent in the second quarter from 14.7 percent a year earlier and the net profit increased 38 percent year-on-year to EUR 181 million.

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Net debt at the end of the second quarter rose 49 percent from the end of 2010 to about EUR 1.4 billion mainly due to the acquisitions of the EPDM rubber business and Syngenta's material protection business. Operating cash-flow more than tripled to EUR 212 million reflecting the strength of the company's operational business.

Performance by region

EMEA (Europe excluding Germany, Middle East, Africa) remained the largest sales region in the second quarter, with 30 percent of overall Group sales. Sales rose by 25 percent year-on-year to EUR 665 million, with Russia, France and Italy showing the strongest growth.

Asia-Pacific increased sales by 19 percent year-on-year to EUR 492 million in the second quarter and represented 22 percent of group sales. China, India and South Korea were the strongest performers.

Sales in **Germany** rose 26 percent year-on-year to EUR 411 million in the second quarter and represented 18 percent of Group sales.

Sales in **North America** grew by 18 percent year-on-year to EUR 368 million and represented 16 percent of Group sales in the second quarter.

Latin America increased sales by 25 percent year-on-year to EUR 307 million, and represented 14 percent of Group sales. Excluding currency effects, the region achieved the strongest operational growth in the second quarter. Brazil was once again the key driver in the region.

Sales in the five **BRICS countries (Brazil, Russia, India, China, South Africa**) rose 22 percent year-on-year to EUR 522 million and represented 23 percent of Group sales in the second quarter.

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LANXESS Energizing Chemistry

Performance by segment

Sales in the **Performance Polymers** segment rose 37 percent year-on-year to EUR 1.3 billion. Prices jumped 29 percent year-on-year to offset rising raw material costs, notably for butadiene and isobutylene. In addition, sales were driven by volume growth and a contribution of about EUR 80 million from the acquired EPDM rubber business. EBITDA pre exceptionals rose 40 percent to EUR 229 million in the second quarter, with the company's synthetic rubber and high-tech plastics businesses profiting from growth in the tire and automotive industries.

In order to better serve the megatrend mobility, LANXESS has recently completed the expansion of its plant in Orange, Texas, to produce the synthetic rubber Nd-PBR, which is essential for the production of the new generation of high-performance 'green tires'. In addition, LANXESS has completed the expansion of its site in Wuxi, China, to produce the high-tech plastics Durethan and Pocan, which are a lightweight alternative to heavier metal parts in automobiles.

Second quarter sales in the **Advanced Intermediates** segment rose 14 percent year-on-year to EUR 395 million, driven by price and volume increases. Increases in raw material costs were passed on fully. EBITDA pre exceptionals of EUR 65 million remained at last year's high level, with both business units Advanced Industrial Intermediates and Saltigo profiting from the ongoing robust demand from the agrochemicals sector, especially for fungicide precursors.

Sales of the **Performance Chemicals** segment rose five percent year-on-year to EUR 561 million in the second quarter, with all business units able to pass on rising raw material costs. Sales were also boosted by positive contributions from the acquired Darmex Group in Latin America and Syngenta's material protection business. EBITDA pre exceptionals rose 13 percent year-on-year to EUR 95 million, with the business units Inorganic Pigments and Rubber

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Chemicals achieving the strongest earnings increases through their respective exposure to the megatrends urbanization and mobility.

Outlook

"Demand for our products remains strong and plants are running at very high capacity utilization rates," said Heitmann. "Against this background and the strong first half of the year, we are lifting our full-year earnings guidance."

EBITDA pre exceptionals is expected to grow about 20 percent year-on-year compared to EUR 918 million in 2010.

The potential for setbacks remain in the form of a further weakening of the US-dollar and the high levels of sovereign debt in several European countries and the USA.

Raw material and energy prices are expected to rise further in the second half of the year but LANXESS remains fully committed to its price-before-volume strategy.

LANXESS is naturally observing the current developments on the financial markets and increased nervousness among investors. As a result, there is also heightened uncertainty over future macro-economic developments.

Heitmann added: "We have proven in the past that we can react quickly and efficiently to any challenge due to our excellent strategic set-up and our committed team of employees."

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Energizing Chemistry

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Q2 2011 Key Data

(EUR million)

	Q2 2011	Q2 2010	Change %
Sales	2,243	1,828	23
EBITDA pre exceptionals	339	269	26
EBITDA margin pre exceptionals (percent)	15.1	14.7	
Net income	181	131	38
Earnings per share (EPS)	2.17	1.57	38

LANXESS is a leading specialty chemicals company with sales of EUR 7.1 billion in 2010 and currently around 15,800 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.

Leverkusen, August 11, 2011
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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:
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.