



# **LANXESS – Q1 2010 Results Conference Call**

**Strong demand meets flexible and adjusted cost structure**

Matthias Zachert, CFO

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Chart 2

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## Agenda

- Executive overview Q1 2010
- Business and financial review Q1 2010
- Outlook/Guidance

Chart 3

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## Platform for future success

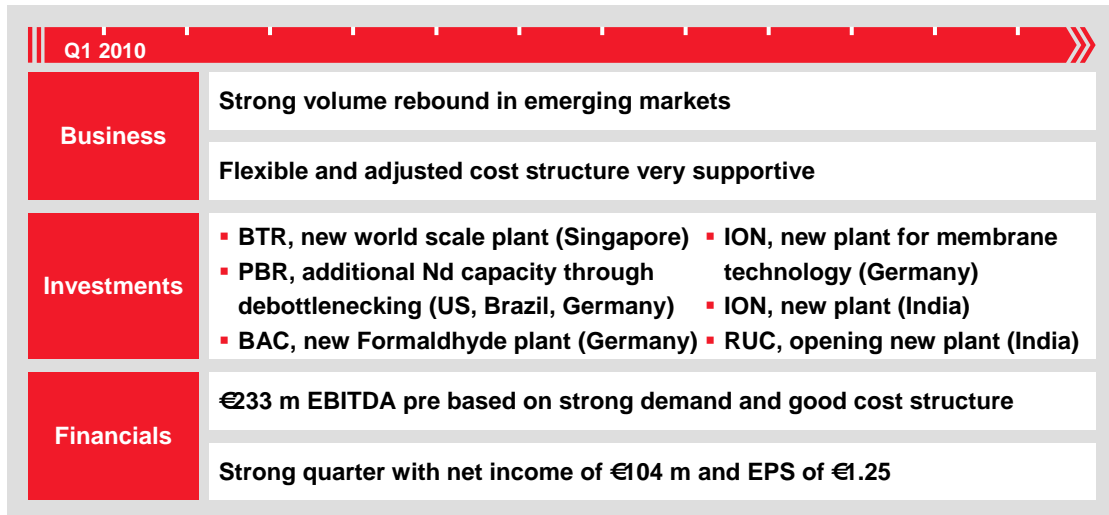


Chart 4

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## Strong pick up in business activity

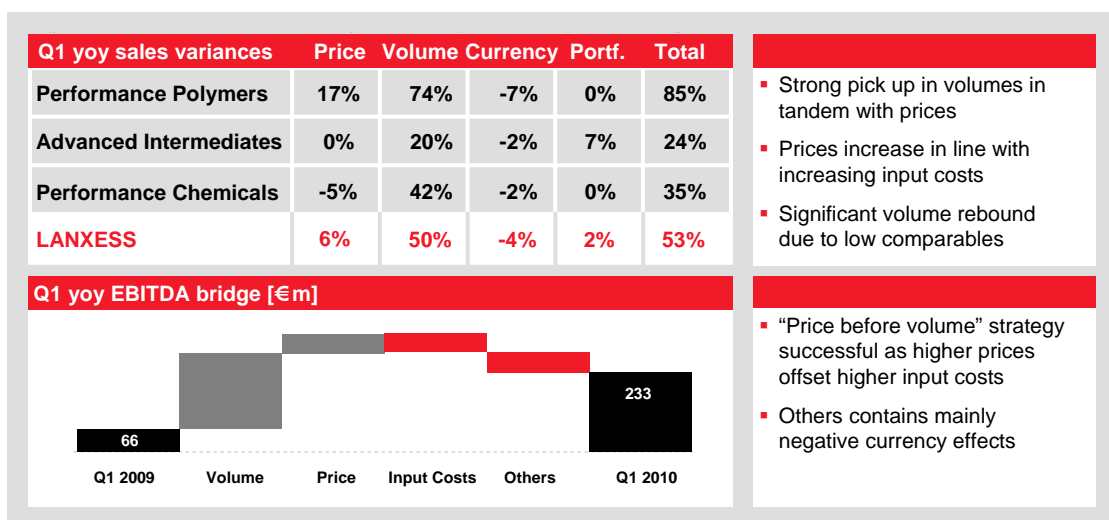


Chart 5

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## Asia and Latin America above pre crisis level

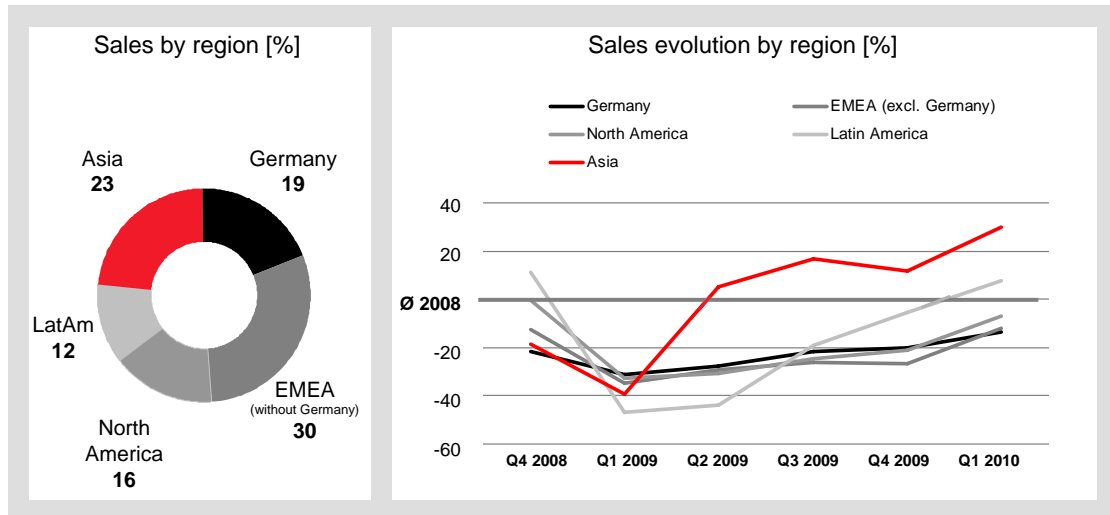


Chart 6

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## Agenda

- Executive overview Q1 2010
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Chart 7

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## Q1 2010 financials: back to more normal profitability

[€ m]	Q1 2009	Q4 2009	Q1 2010	yoy in %	
Sales	1,054	1,392	1,613	53.0%	<ul style="list-style-type: none"> <li>Strong increase in sales, driven by strong volumes in the context of improving demand</li> <li>EBITDA and margin: improved demand and higher capacity utilization, reduced idle costs</li> <li>Strong net income</li> </ul>
EBITDA pre except. margin	66 6.3%	144 10.3%	233 14.4%	>100%	
Net Income	-14	14	104	n/a	
Capex*	52	114	39	-25.0%	
[€ m]	31.12.2008	31.12.2009	31.03.2010	% vs. YE	<ul style="list-style-type: none"> <li>Net financial debt increased due to working capital financing</li> <li>Higher working capital due to business activity, turnaround preparation, level of selling prices and FX effect</li> </ul>
Net Financial Debt	864	794	851	7.2%	
Net Working Capital	1,289	1,096	1,343	22.5%	
Employees	14,797	14,338	14,292	-0.3%	
<b>Good start of the year on flexible and adjusted cost structure</b>					

\* net of projects financed by customers and finance lease

Chart 8

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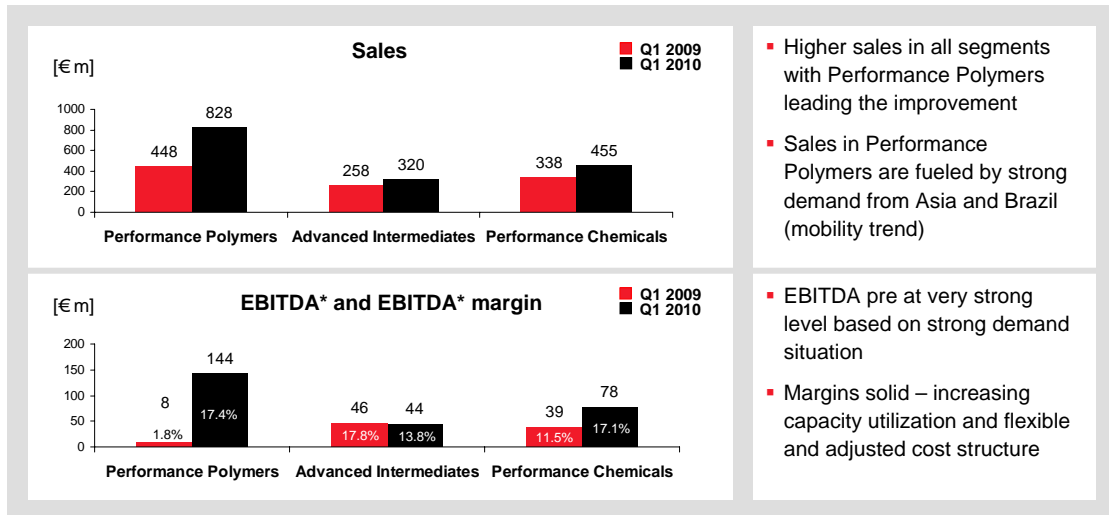
## Strong demand meets a flexible and adjusted cost structure

[€ m]	Q1 2009	Q1 2010	yoy in %	
Sales	1,054 (100%)	1,613 (100%)	53%	<ul style="list-style-type: none"> <li>Significant sales increase as positive volume (+50%), price (+6%) and portfolio (+2%) effects are somewhat mitigated by negative currency development (-4%)</li> <li>Relative operational cost base reduced, absolute increase due to higher business activity, e.g. freight costs</li> <li>Strong EBITDA pre due to strong demand situation and flexible and adjusted cost structure</li> </ul>
Cost of sales	-857 (81%)	-1,219 (76%)	42%	
Selling	-114 (11%)	-142 (9%)	25%	
G&A	-60 (6%)	-60 (4%)	0%	
R&D	-24 (2%)	-24 (2%)	0%	
EBIT	-1 (0%)	164 (10%)	n/a	
Net Income	-14 (1%)	104 (6%)	n/a	
EPS	-0.17	1.25	n/a	
EBITDA	62 (6%)	230 (14%)	n/a	
thereof exceptionals	-4 (0%)	-3 (0%)	-25%	
EBITDA pre exceptionals	66 (6%)	233 (14%)	n/a	
<b>Solid start of 2010</b>				

Chart 9

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## Q1 2010 – Performance Polymers strong driver for sales and EBITDA increase



\* pre exceptionals

Chart 10

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## Performance Polymers: substantial business rebound

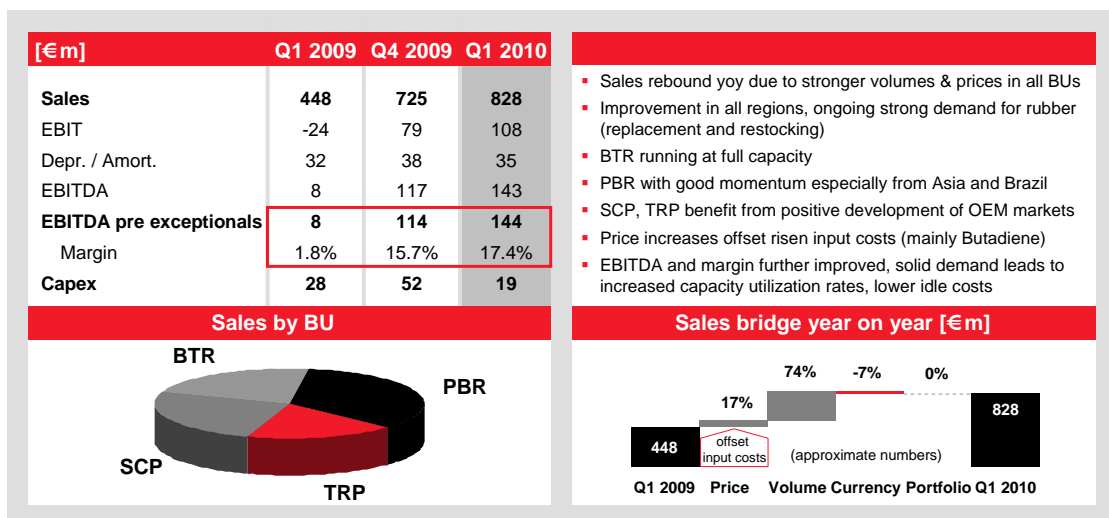


Chart 11

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## BU SCP's new technology reduces weight and improves performance of modern cars

**Durethan offers new design opportunities combined with reduced fuel consumption**

**Durethan structural inserts**



**Audi A8 Durethan hi-tech spare wheel body**



- New components used in Citroen Picasso based on Durethan with exceptional structural performance in tandem with significantly reduced weight
- New Audi A8 hi-tech spare wheel body uses Durethan hybrid structure which carries up to 70 kg, weighs only 9 kg
- Durethan / aluminum body with new structural functionality
- A8 front end made of Durethan with aluminum inserts and composite sheet


Chart 12

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## Advanced Intermediates: segment provides stability

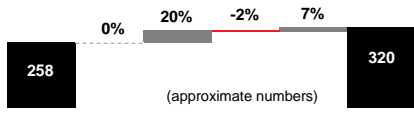
[€m]	Q1 2009	Q4 2009	Q1 2010
<b>Sales</b>	<b>258</b>	<b>277</b>	<b>320</b>
EBIT	35	11	31
Depr. / Amort.	11	13	13
EBITDA	46	24	44
<b>EBITDA pre exceptionals</b>	<b>46</b>	<b>30</b>	<b>44</b>
Margin	17.8%	10.8%	13.8%
Capex*	9	30	5

**Sales by BU**



**BAC**      **SGO**

**Sales bridge year on year [€m]**



(approximate numbers)

Q1 2009   Price   Volume   Currency   Portfolio   Q1 2010

- Volumes increase on normal seasonal demand pattern
- Softening in agro due to higher customer inventories (BAC, SGO). Non-agro end industries overcompensate (BAC), albeit with lower margin contribution
- Saltigo pharma business decreasing
- Positive long-term trend for agrochemicals remains intact
- Gwalior with pleasant performance in Q1
- EBITDA pre on previous year's solid level

\* net of projects financed by customers

Chart 13

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## Performance Chemicals: strong specialty chemicals portfolio

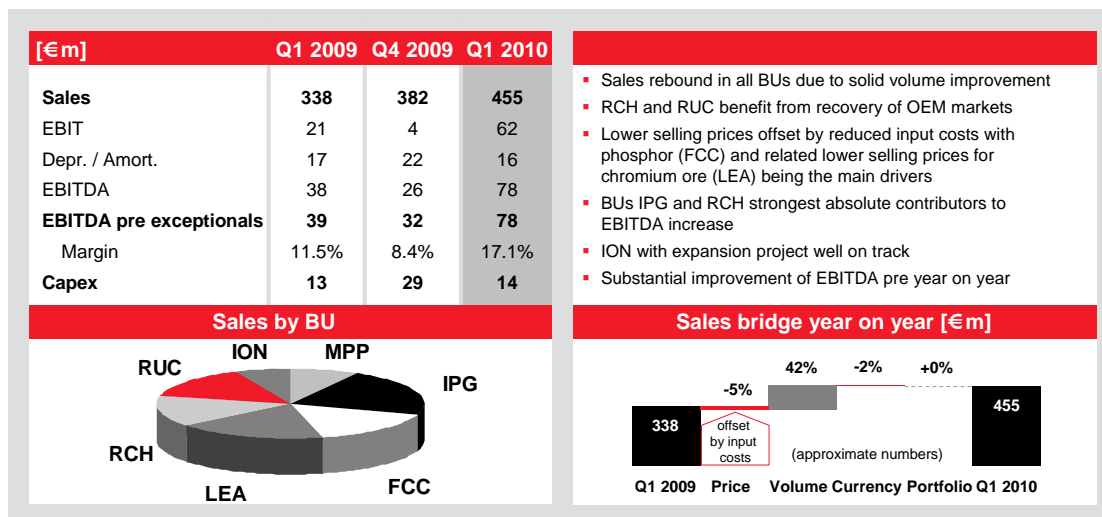


Chart 14

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## Tidy balance sheet

[€m]	Dec 31, 2009	Mar 31, 2010	Dec 31, 2009	Mar 31, 2010
<b>Non-current Assets</b>	<b>2,382</b>	<b>2,436</b>	<b>Stockholders' Equity</b>	<b>1,445</b>
Intangible assets	196	202	thereof minority interest	13
Property, plant & equipment	1,809	1,850	<b>Non-current Liabilities</b>	<b>2,504</b>
Equity investments	26	30	Pension & post empl. provis.	569
Other investments	1	1	Other provisions	307
Other financial assets	79	76	Other financial liabilities	1,462
Deferred taxes	163	172	Tax liabilities	47
Other non-current assets	108	105	Other liabilities	81
<b>Current Assets</b>	<b>2,686</b>	<b>2,883</b>	Deferred taxes	38
Inventories	849	949	<b>Current Liabilities</b>	<b>1,119</b>
Trade accounts receivable	733	905	Other provisions	352
Other financial assets	146	147	Other financial liabilities	94
Other current assets	243	269	Trade accounts payable	486
Near cash assets	402	402	Tax liabilities	52
Cash and cash equivalents	313	211	Other liabilities	135
<b>Total Assets</b>	<b>5,068</b>	<b>5,319</b>	<b>Total Equity &amp; Liabilities</b>	<b>5,068</b>

**Near cash position invested in highly rated and liquid money market funds**

- Increase in pension provisions due to lower discount rates in Germany
- Higher inventories in line with increased business activity and pricing, preparation for Q2 turnaround and currency

Chart 15

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## Cash flow mirrors increased business activity

[€ m]	Q1 2009	Q1 2010	
<b>Profit before Tax</b>	-21	144	<ul style="list-style-type: none"> <li>▪ Substantially improved profit before tax fuels cash flow</li> <li>▪ Inventories increase due to raw material pricing, volumes (among others preparation for Q2 turnarounds) and currency</li> <li>▪ Working capital should come back to usual seasonality (increase in H1 and decrease in H2)</li> </ul>
Depreciation & amortization	63	66	
Gain from sale of assets	-7	0	
Result from equity investments	-2	-4	
Financial (gains) losses	9	21	
Cash tax payments / refunds	24	-18	
Changes in other assets and liabilities	-57	-2	
<b>Operating Cash Flow before changes in WC</b>	<b>9</b>	<b>207</b>	
Changes in Working Capital	113	-215	
<b>Operating Cash Flow</b>	<b>122</b>	<b>-8</b>	
<b>Investing Cash Flow</b>	<b>5</b>	<b>-39</b>	
thereof Capex	-52	-39	
<b>Financing Cash Flow</b>	<b>-96</b>	<b>-57</b>	

**Strong operating cash flow before working capital**

Chart 16

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## Agenda

- Executive overview FY 2009
- Business and financial review FY 2009
- Outlook/Guidance

Chart 17

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## LANXESS is well positioned and confident for 2010


<p><b>Current macro view</b></p>	
<ul style="list-style-type: none"> <li>▪ Global markets have further stabilized, growth momentum in emerging markets (especially Asia) while other regions slowly improve</li> <li>▪ Overall business momentum is anticipated to improve, however macroeconomic setbacks cannot be ruled out</li> </ul>	
<p><b>LANXESS in 2010</b></p>	
<ul style="list-style-type: none"> <li>▪ LANXESS well positioned with its flexible setup and BRIC footprint</li> <li>▪ LANXESS is well positioned for 2010, based on sound fundamentals, strong entrepreneurial culture, flexible cost structure and underlying beneficial trends</li> <li>▪ LANXESS with very good start into 2010</li> </ul>	

Chart 18

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## LANXESS with confidence for 2010


<p><b>LANXESS expects 2010 well ahead of 2009</b></p>	
<p>EBITDA pre FY 2010 is expected to be between €650-700 m assuming a continued positive macroeconomic development</p>	
<p><b>Additional financial information for 2010</b></p>	
<ul style="list-style-type: none"> <li>▪ Capex : ~€400-430 m</li> <li>▪ Hedging 2010 : ~40% at 1.35-1.40 USD / EUR</li> <li>2011 : ~25% at 1.35-1.40 USD / EUR</li> <li>▪ Exceptionals : ~€20 m P&amp;L expenses / one time costs</li> <li>▪ Cash outs : ~€40 m for restructuring</li> <li>▪ Q2 expected to be peak cash-out quarter             <ul style="list-style-type: none"> <li>▪ Proposed dividend payout of ~€41 m</li> <li>▪ Annual interest payment for respective bonds</li> <li>▪ Payment for annual performance bonus</li> </ul> </li> </ul>	

Chart 19

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Energizing Chemistry



**Appendix**

## Raw material prices continue their rise in Q1 2010

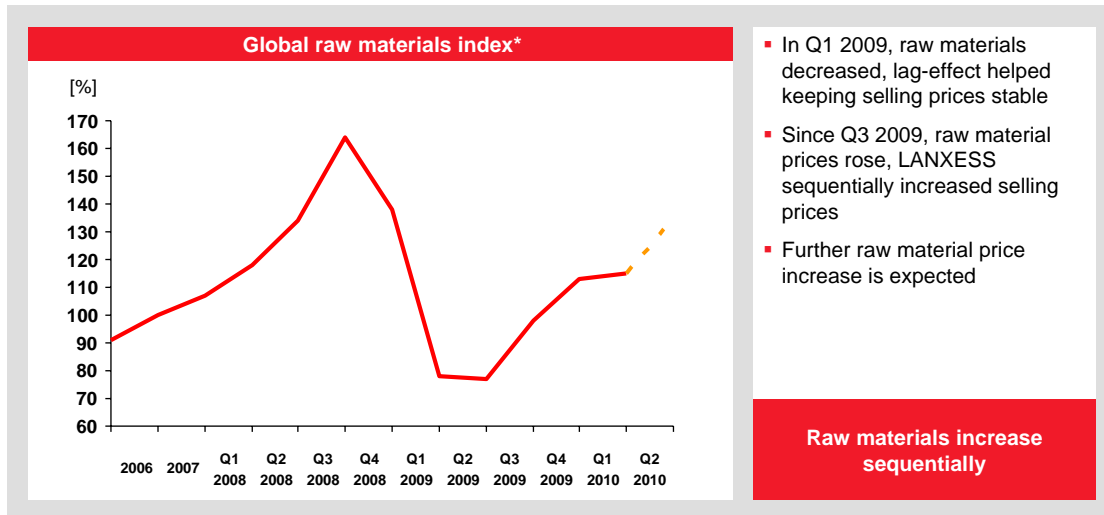
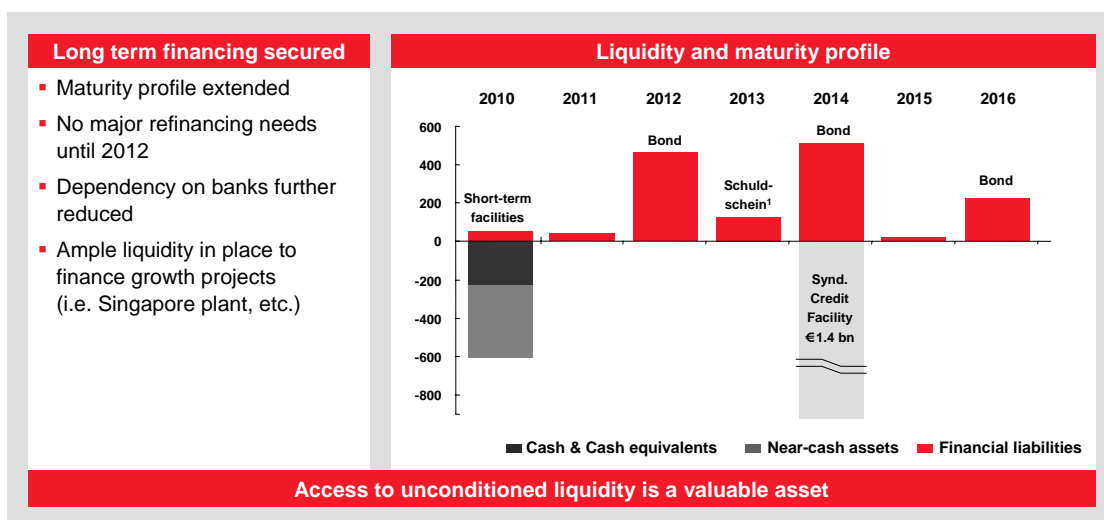


Chart 22

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## No major refinancing needs until 2012



<sup>1</sup> English: promissory notes

Chart 23

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## Exceptional items incurred in Q1 2009 and Q1 2010

[€m]	Q1 2009		Q1 2010	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	0	0	1	0
Advanced Intermediates	0	0	0	0
Performance Chemicals	1	0	0	0
Reconciliation	3	0	2	0
<b>Total</b>	<b>4</b>	<b>0</b>	<b>3</b>	<b>0</b>

Chart 24

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## Abbreviations

<p><b>Performance Polymers</b></p> <ul style="list-style-type: none"> <li>▪ BTR Butyl Rubber</li> <li>▪ PBR Performance Butadiene Rubbers</li> <li>▪ TRP Technical Rubber Products</li> <li>▪ SCP Semi-Crystalline Products</li> </ul>	<p><b>Advanced Intermediates</b></p> <ul style="list-style-type: none"> <li>▪ BAC Basic Chemicals</li> <li>▪ SGO Saltigo</li> </ul>
<p><b>Performance Chemicals</b></p> <ul style="list-style-type: none"> <li>▪ MPP Material Protection Products</li> <li>▪ IPG Inorganic Pigments</li> <li>▪ FCC Functional Chemicals</li> <li>▪ LEA Leather</li> <li>▪ RCH Rhein Chemie</li> <li>▪ RUC Rubber Chemicals</li> <li>▪ ION Ion Exchange Resins</li> </ul>	

Chart 25

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## Upcoming events 2010

### Upcoming events

- Annual Stockholders' Meeting May 28, 2010
- Q2 Results 2010 August 06, 2010
- Capital Markets Day September 15/16, 2010
- Q3 Results 2010 November 10, 2010

Chart 26

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## Contact detail Investor Relations

### **Oliver Stratmann**

Head of Investor Relations

Tel. : +49-214 30 49611  
Fax. : +49-214 30 959 49611  
Mobile : +49-175 30 49611  
Email : Oliver.Stratmann@lanxess.com



### **Verena Simiot**

Assistant Investor Relations

Tel. : +49-214 30 23851  
Fax. : +49-214 30 40944  
Mobile : +49-175 30 23851  
Email : Verena.Simiot@lanxess.com



### **Tanja Satzer**

Private Investors / AGM

Tel. : +49-214 30 43801  
Fax. : +49-214 30 959 43801  
Mobile : +49-175 30 43801  
Email : Tanja.Satzer@lanxess.com



### **Constantin Fest**

Institutional Investors / Analysts

Tel. : +49-214 30 71416  
Fax. : +49-214 30 40944  
Mobile : +49-175 30 71416  
Email : Constantin.Fest@lanxess.com



### **Joachim Kunz**

Institutional Investors / Analysts

Tel. : +49-214 30 42030  
Fax. : +49-214 30 40944  
Mobile : +49-175 30 42030  
Email : Joachim.Kunz@lanxess.com



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