

Q1 2021 Results

LANXESS Group

Results back on solid previous year level –
Strong volume growth, but FX burdens

LANXESS

Energizing Chemistry

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	Q1 2020	Q1 2021	Δ	Comments
Sales	€1,704 m	€1,693 m	-1%	→ Stable sales driven by volumes but impacted by adverse FX effect and lower price level compared to previous year
EBITDA pre	€245 m	€242 m	-1%	→ EBITDA pre on previous year level. Positive volume growth offset by time-lag in raw material price pass-through and negative FX
Margin	14.4%	14.3%	-0.1 pp.	→ Resilience proven, results back on solid previous year level
EPS pre	€ 1.17	€ 1.17	0%	→ Stable EPS due to recovering demand despite weather related shutdowns, higher energy prices and negative FX development
Operating cash flow	€113 m	€33 m	-€80 m	Distorted due to timing of income taxes paid (~€35 m) in 2021 and received VAT re-imburement (~€20 m) in 2020
Net financial debt*	Dec 2020 €1,012 m	Mar 2021 €1,223 m	+21%	↑ Increase due to short-term investment in capital market instruments, shown as other short term assets
Capex	€74 m	€70 m	-5%	↓ Almost back on pre-pandemic level
Dividend per share	€0.95	€1.00	+5%	↑ Dividend proposal of €1.00 per share for FY 2020

Sales - **1%**

Price
- **2%**

Volume
+ **5%**

Currency
- **4%**

Portfolio
0%

* Including cash, cash equivalents, short term money market investments

Advanced Intermediates*

Strong volume growth –
Rising volumes, prices lag behind



- Sales increase driven by significantly higher volumes in both BUs mitigated by lower prices and negative FX effect
- Stable price level at BU IPG. BU All with lower prices, significant increase in raw material prices not yet passed-through
- EBITDA pre and margin impacted by price pass-through delay, higher energy costs and negative FX

Sales **+1%**

Q1 2020 Q1 2021

Price Volume Currency Portfolio
-4% **+8%** **-3%** **0%**

EBITDA pre €82 m **€77 m**
margin 17.0% **15.7%**

Consumer Protection

Outperforming high comparable base –
Ongoing growth and strong margins



- Considerable sales increase driven by strong volumes, partly offset by negative pricing and FX
- Ongoing strong demand for disinfectants and biocides, volume uptick inflated by IFRS 15
- Improved EBITDA pre due to higher volumes despite weather-related shutdown in US (BU MPP); lower prices and FX weigh on result
- Acquisitions in BU MPP contribute nicely

Sales **+4%**

Q1 2020 Q1 2021

Price Volume Currency Portfolio
-3% **+10%** **-3%** **0%**

EBITDA pre €67 m **€69 m**
margin 24.0% **23.8%**

Specialty Additives*

Results impacted by weather-related shutdowns and
negative FX development



- Sales decline due to lower volumes and negative FX effects, compared to still strong previous year level
- Weather-related shutdowns in the US and still weak demand from aviation led to lower volumes in BU PLA and LAB, while BU RCH benefits from auto recovery
- EBITDA pre and margin impacted by weather-related shutdowns, higher freight costs and adverse FX effect; shift of AXX dilutes margin

Sales **-10%**

Q1 2020 Q1 2021

Price Volume Currency Portfolio
0% **-4%** **-5%** **0%**

EBITDA pre €91 m **€74 m**
margin 15.9% **14.3%**

Engineering Materials

Automotive recovery drives strong earnings –
Strong margin improvement



- Rise in sales due to strong demand from auto industry, partly offset by negative FX
- Prices recovered to previous year level after massive decline during 2020
- EBITDA pre and margin increase driven by improved volumes, offsetting higher energy and freight costs as well as FX

Sales **+9%**

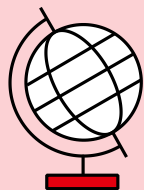
Q1 2020 Q1 2021

Price Volume Currency Portfolio
0% **+13%** **-4%** **0%**

EBITDA pre €49 m **€59 m**
margin 14.1% **15.6%**

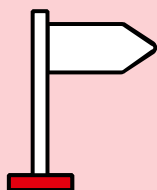
* New reporting structure as of Q1 2021: Business Line "Antioxidants and Accelerators" (AXX) shift from BU All to BU RCH (segment "Specialty Additives"); 2020 figures restated

LANXESS guidance raised – recovery gains traction



Current view on economy

- Ongoing recovery in most end markets:
 - Strong rebound in automotive, agro and construction
 - Aviation still weak, oil & gas gradually improving
- Further soaring raw material prices trigger typical time lag for pass-through



LANXESS outlook 2021

- **Q2: EBITDA pre range of €240-280 m expected, despite burden of**
 - Unplanned shutdowns at BU HPM (~€5-10 m)
 - Weak US Dollar
- **FY 2021 EBITDA pre expected €950-1,000 m**

Housekeeping items 2021

Capex 2021: ~€450-500 m

Operational D&A 2021: ~€450 m

Reconciliation 2021: ~€150-160 m incl. remnant costs and re-occurring expenses

Underlying tax rate: ~28%

Exceptionals 2021: ~€70-100 m based on current initiatives

FX sensitivity: One cent change of USD/EUR resulting in ~€7 m EBITDA pre impact before hedging

Remnant costs: 2021: **Additional remnant costs of ~€5 m** (50% of organic leather business due to expected closing mid 2021)
2022: **Additional remnant costs of ~€5 m** (impact of organic leather business fully effective)

LANXESS enhances its disclosures according to SASB and TCFD reporting standards

Mapping of KPIs to SASB¹ standard

- SASB with uniform reporting procedures for sustainability KPIs to facilitate categorization and analysis
- Growing importance globally after initial focus in US

Reporting according to TCFD² standard

- TCFD with recommendations for more effective climate-related disclosures, in particular to report information on climate-related opportunities and risks
- Disclosure around four thematic areas: Governance, strategy, risk management and metrics and targets

LANXESS takes a proactive role in contributing to a better, sustainable future

Safe harbor statement

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¹ SASB = Sustainability Accounting Standards Board | ² TCFD = Task Force on Climate-related Financial Disclosures

Financial Overview Q1 2021

in € million	LANXESS			Advanced Intermed.			Specialty Additives			Consumer Protection			Engineering Materials			Others/ Cons.		
	Q1/2020	Q1/2021	Chg. in %	Q1/2020	Q1/2021	Chg. in %	Q1/2020	Q1/2021	Chg. in %	Q1/2020	Q1/2021	Chg. in %	Q1/2020	Q1/2021	Chg. in %	Q1/2020	Q1/2021	Chg. in %
Sales	1,704	1,693	-1%	483	489	1%	574	517	-10%	279	290	4%	347	377	9%	21	20	-5%
Price*			-1.7%			-3.9%			-0.3%			-2.9%			0.0%			0.0%
Volume*			5.0%			8.4%			-4.4%			10.0%			12.4%			-4.8%
Currency*			-3.9%			-3.3%			-5.2%			-2.8%			-3.8%			0.0%
Portfolio*			0.0%			0.0%			0.0%			-0.4%			0.0%			0.0%
EBIT	104	98	-6%	51	48	-6%	46	31	-33%	46	51	11%	32	42	31%	-71	-74	-4%
Deprec. & amortizat.	115	117	2%	29	29	0%	41	41	0%	21	18	-14%	17	17	0%	7	12	71%
EBITDA	219	215	-2%	80	77	-4%	87	72	-17%	67	69	3%	49	59	20%	-64	-62	3%
exceptionals in EBITDA	26	27	4%	2	0	-100%	4	2	-50%	0	0	n.m.	0	0	0%	20	25	25%
EBITDA pre excep.	245	242	-1%	82	77	-6%	91	74	-19%	67	69	3%	49	59	20%	-44	-37	16%
normalized D&A	115	117	2%	29	29	0%	41	41	0%	21	18	-14%	17	17	0%	7	12	71%
EBIT pre excep.	130	125	-4%	53	48	-9%	50	33	-34%	46	51	11%	32	42	31%	-51	-49	4%
exceptionals in EBIT	26	27	4%	2	0	-100%	4	2	-50%	0	0	n.m.	0	0	0%	20	25	25%
Capex	74	70	-5%	23	21	-9%	20	16	-20%	10	13	30%	8	10	25%	13	10	-23%
Net financial debt	1,012	1,223	21%															

* approximate numbers

Cash Flow Statement Q1 2021

€ million	Q1 2020	Q1 2021
Income before income taxes	88	85
Amortization, depreciation, write-downs and reversals of impairment charges of intangible assets, property, plant and equipment	115	117
Gains on disposals of intangible assets and property, plant and equipment	0	0
Financial losses (gains)	14	10
Income taxes refunded/paid	4	(31)
Changes in inventories	(18)	(35)
Changes in trade receivables	(149)	(131)
Changes in trade payables	(14)	20
Changes in other assets and liabilities	73	(2)
Net cash provided by operating activities – continuing operations	113	33
Net cash used in operating activities – discontinued operations	(11)	(1)
Net cash provided by operating activities – total	102	32
Cash outflows for purchases of intangible assets and property, plant and equipment	(74)	(70)
Cash inflows from sales of intangible assets and property, plant and equipment	3	0
Cash outflows for financial and other assets held for investment purposes	(80)	(152)
Cash inflows from financial and other assets held for investment purposes	21	756
Cash outflows for the acquisition/sale of subsidiaries and other businesses, less acquired cash and cash equivalents	(25)	(8)
Cash inflows from the sale of subsidiaries and other businesses, less acquired cash and cash equivalents	78	–
Interest and dividends received	2	4

€ million	Q1 2020	Q1 2021
Net cash (used in) provided by investing activities – continuing operations	(75)	530
Net cash used in investing activities – discontinued operations	(1)	0
Net cash (used in) provided by investing activities – total	(76)	530
Proceeds from borrowings	1,000	–
Repayments of borrowings	(13)	(11)
Interest paid and other financial disbursements	(1)	(2)
Cash outflows for the acquisition of own shares	(32)	–
Net cash provided by (used in) financing activities – continuing operations	954	(13)
Net cash used in financing activities – discontinued operations	0	0
Net cash provided by (used in) financing activities – total	954	(13)
Change in cash and cash equivalents – continuing operations	992	550
Change in cash and cash equivalents – discontinued operations	(12)	(1)
Change in cash and cash equivalents – total	980	549
Cash and cash equivalents at beginning of period – total	296	271
Exchange differences and other changes in cash and cash equivalents – total	(5)	4
Cash and cash equivalents at end of period – total	1,271	824
of which continuing operations	1,271	821
of which discontinued operations	0	3

Income Statement Q1 2021

€ million	Q1 2020	Q1 2021
Sales	1,704	1,693
Cost of sales	(1,269)	(1,266)
Gross profit	435	427
Selling expenses	(202)	(208)
Research and development expenses	(26)	(27)
General administration expenses	(74)	(73)
Other operating income	21	14
Other operating expenses	(50)	(35)
Operating result (EBIT)	104	98
Interest income	3	1
Interest expense	(17)	(16)
Other financial income and expense	(2)	2
Financial result	(16)	(13)
Income before income taxes	88	85
Income taxes	(25)	(22)
Income after income taxes from continuing operations	63	63
Income after income taxes from discontinued operations	(1)	1
Income after income taxes	62	64
of which attributable to non-controlling interests	(2)	0
of which attributable to LANXESS AG stockholders (net income)	64	64
Earnings per share (basic/diluted) (€)		
from continuing operations	0.72	0.73
from discontinued operations	0.01	0.01
from continuing and discontinued operations	0.73	0.74

Abbreviations:

Advanced Intermediates:

AI Advanced Industrial Intermediates

IPG Inorganic Pigments

Specialty Additives

LAB Lubricant Additives Business

PLA Polymer Additives

RCH Rhein Chemie

Consumer Protection

LPT Liquid Purification Technologies

MPP Material Protection Products

SGO Saltigo

Engineering Materials

HPM High Performance Materials

URE Urethane Systems