

On course: LANXESS confirms and narrows corridor for 2020 guidance

- **EBITDA pre exceptionals expected at between EUR 820 million and EUR 880 million for the full year**
- **Sales decline by 14.3 percent to EUR 1.461 billion**
- **EBITDA pre exceptionals of EUR 193 million 28.3 percent below previous year**
- **EBITDA margin pre exceptionals at 13.2 percent**
- **Consumer Protection remains strong pillar of the Group**
- **Demand visibly recovering in many customer industries**
- **Special bonus for employees**
- **New targets for sustainable water management and improved ESG rating**

Cologne, November 5, 2020 – LANXESS remains on track despite the impact of the coronavirus crisis: Following the third quarter, the specialty chemicals company is confirming and narrowing the corridor for the guidance for 2020 and now expects EBITDA pre exceptionals for the full year to come in between EUR 820 million and EUR 880 million. Earnings were previously expected in the range of EUR 800 million to EUR 900 million.

“We are continuing on course in the troubled waters of the coronavirus crisis and have specified our 2020 guidance. We want to deliver what we announced in spring. Given these volatile times and the many uncertainties, this is a great achievement of the entire LANXESS team and I am very proud of this,” said Matthias Zachert, Chairman of the Board of Management at LANXESS AG.

LANXESS will be paying a special bonus for the extraordinary commitment of its employees during the coronavirus pandemic. “In particular, our colleagues at the plants played a crucial role in keeping our business running during the crisis,” said Zachert. “With this bonus, we would like to thank them and all the others who have

LANXESS AG
Investor Relations
50569 Cologne
Germany

Phone: +49 221 8885 3262
Fax: +49 221 8885 4944

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made special contributions over the past months.” In total, LANXESS will distribute a high single-digit million euro amount. The amount of the payment varies from employee to employee. In Germany, the special bonus will be paid out in December. Different rules apply in the other countries.

LANXESS AG
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50569 Cologne
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Coronavirus crisis affected business figures

The coronavirus crisis continued to affect business figures in the third quarter. At EUR 193 million, EBITDA pre exceptionals was 28.3 percent down on the prior year's figure of EUR 269 million. The EBITDA margin pre exceptionals declined to 13.2 percent, against 15.8 percent in the prior quarter. In addition to the pandemic, a planned major maintenance shutdown in Belgium, effects from reduced selling prices and adverse exchange rate effects, particularly relating to the U.S. dollar, burdened the result. By contrast, business in the Consumer Protection segment continued to develop well. There were also positive signals from the markets compared with the previous quarter.

“In many businesses, we are seeing indications that things are taking a turn for the better. Demand in key customer industries, including the automotive sector, picked up again in comparison to the second quarter. China and the U.S., in particular, are providing positive stimuli,” said Zachert.

Group sales amounted to EUR 1.461 billion, down 14.3 percent on the previous year's figure of EUR 1.704 billion. Net income from continuing operations fell by 68.4 percent from EUR 79 million to EUR 25 million.

Segments: Consumer Protection remains strong pillar

Demand in the **Advanced Intermediates** segment stabilized in both business units compared with the second quarter, so that sales volumes almost reached the previous year's level. However, given

lower selling prices and negative exchange rate effects, sales and earnings were down year on year. Sales decreased by 14.4 percent from EUR 549 million to EUR 470 million. At EUR 65 million, EBITDA pre exceptionals was 28.6 percent lower than the prior year's figure of EUR 91 million. The EBITDA margin pre exceptionals was 13.8 percent, against 16.6 percent in the prior year.

LANXESS AG
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50569 Cologne
Germany

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Fax: +49 221 8885 4944

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The coronavirus pandemic continued to impact the **Specialty Additives** segment also in the third quarter. Sales volumes declined significantly, particularly due to lower demand from the automotive and aviation industries. Lower selling prices and negative exchange rate effects also had a negative impact. Sales fell by 18.5 percent from EUR 503 million to EUR 410 million. At EUR 65 million, EBITDA pre exceptionals was 33.0 percent lower than the prior year's figure of EUR 97 million. The EBITDA margin pre exceptionals decreased from 19.3 percent to 15.9 percent.

The **Consumer Protection** segment remained a strong pillar of the Group thanks to a strong agrochemicals business and good demand for disinfectants. In addition, the positive portfolio effect from the acquisition of the Brazilian biocide manufacturer IPEL offset adverse exchange rate effects. With EUR 278 million, sales were stable year on year. At EUR 59 million, EBITDA pre exceptionals was 7.3 percent higher than the prior year's figure of EUR 55 million. The EBITDA margin pre exceptionals picked up to 21.2 percent, against 19.9 percent in the prior year.

The **Engineering Materials** segment was impacted by weak demand in the automotive industry, particularly in Europe, although this did improve compared with the previous quarter. At EUR 285 million, sales were down 19.3 percent on the prior year's figure of EUR 353 million, also due to lower selling prices and negative exchange rate effects. A planned major maintenance shutdown in Belgium weighed on EBITDA pre exceptionals, as did weak demand, prompting a 44.1 percent downturn in earnings from EUR 59 million to EUR 33 million. The EBITDA margin pre exceptionals of

11.6 percent was below the figure of 16.7 percent posted in the prior year.

LANXESS continues to improve sustainability credentials

After LANXESS announced a year ago that it would become climate neutral by 2040, the specialty chemicals company has now set itself new goals for sustainable water management. As part of its “Water Stewardship Program”, LANXESS will initially strengthen sustainable water management with specific local projects at four sites in the areas with the greatest water stress. The aim is to reduce absolute water withdrawal at these sites by 15 percent by 2023. The experience gained from these projects should help to further improve water performance globally.

LANXESS has also improved its MSCI ESG rating from BBB to A. The climate strategy, the well-formulated principles of corporate governance and the robust efforts in the area of chemical safety have led to the improvement.

LANXESS AG
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 50569 Cologne
 Germany

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EUR million	Q3/2019	Q3/2020	Change %	9M/2019	9M/2020	Change %
Sales	1,704	1,461	-14.3	5,166	4,601	-10.9
EBITDA pre exceptionals	269	193	-28.3	822	662	-19.5
EBITDA margin pre exceptionals	15.8%	13.2%		15.9%	14.4%	
Net income ¹	79	25	-68.4	262	891	>100
Earnings per share (€) ¹	0.90	0.29	-67.8	2.96	10.28	>100
Net financial liabilities ²				1,742 ³	1,150	-34.0
Employees ¹				14,304 ³	14,351	0.3

¹ From continuing operations

² After deduction of short-term money market investments and securities

³ Reporting date December 31, 2019

LANXESS is a leading specialty chemicals company with sales of EUR 6.8 billion in 2019. The company currently has about 14,400 employees in 33 countries. The core business of LANXESS is the development, manufacturing and marketing of chemical intermediates, additives, specialty chemicals and plastics. LANXESS is listed in the leading sustainability indices Dow Jones Sustainability Index (DJSI World and Europe) and FTSE4Good.

Forward-Looking Statements

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LANXESS AG

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50569 Cologne
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