

Q1 2020 Overview of LANXESS Group

Cash is king!

LANXESS

Energizing Chemistry

Investor Relations
Kennedyplatz 1
50569 Cologne
Germany

André Simon

Head of Investor Relations

P: +49 221-8885-3494

F: +49 221-8885-4944

Financial Summary for Investors and Analysts

	Q1 2019	Q1 2020	Δ		Comments
Sales	€1,738 m	€1,704 m	-2%	↓	Slight sales decline mainly due to raw material driven price reductions and lower demand on the back of global crisis
EBITDA pre margin	€272 m 15.7%	€245 m 14.4%	-10% -1.3 pp.	↓	EBITDA pre and margin decrease mainly due to COVID-19 related impacts especially in Asia (Advanced Intermediates) and automotive (Engineering Materials) Strong performance in Consumer Protection partly compensates
Consensus*		€240 m	+2%		Source: Vara Research
EPS pre	1.32	1.17	-11%	↓	Reflects Corona impact and higher depreciations
Net financial debt*	Dec 2019 €1.742 m	Mar 2020 €1.705 m	-2%	↑	Slightly improved despite share buy-back Strong liquidity secures financial and operating flexibility in Corona crisis
Capex	€69 m	€74 m	+7%	↑	Increase due to initiated growth projects

Sales - **2%**

Price
- **2%**

Volume
- **1%**

Currency
+ **1%**

Portfolio
+ **0%**

Advanced Intermediates

Corona impact burdens



- Sales decrease due to lower raw material prices and volumes in BU All attributable to Corona impact in Asia
- Volume increase in BU IPG and positive FX development
- EBITDA pre and margin decline reflect impact from Corona related shutdowns and lower demand in Asia

Sales **-4%**

Q1 2019 Q1 2020

Price	Volume	Currency	Portfolio
-4%	-1%	+1%	0%

EBITDA pre	€105 m	€88 m
margin	18.0%	15.8%

Consumer Protection*

New segment structure reveals strength of businesses



- Rise in sales due to pricing, volume and portfolio (biocides acquisition in Brazil early February)
- Positive pricing in all BUs, especially BU MPP
- Volume growth driven by strong demand for disinfectants (BU MPP) and active ingredients used in agro industry (BU SGO)
- Strong EBITDA pre and margin development mitigates COVID-19 impact of other segments

Sales **+6%**

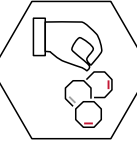
Q1 2019 Q1 2020

Price	Volume	Currency	Portfolio
+2%	+2%	0%	+1%

EBITDA pre	€60 m	€67 m
margin	22.7%	24.0%

Specialty Additives

Earnings slightly increased



- Sales increase despite challenging environment
- Stable price and volume development across segment, Corona related impacts and automotive balanced by good bromine business
- Slightly positive earnings development and stable margin overall
- Lower demand from aviation, automotive, electronics and oil & gas industries expected to burden in course of the year

Sales **+3%**

Q1 2019 Q1 2020

Price	Volume	Currency	Portfolio
0%	+1%	+2%	0%

EBITDA pre	€83 m	€85 m
margin	17.1%	17.0%

Engineering Materials

Severe impact from Corona related auto crisis



- Drop in sales results partly from significantly lower raw material prices, further decline in auto demand caused by COVID-19 pandemic especially in Europe
- BU URE with stable performance
- EBITDA pre and margin decline substantially due to burden in BU HPM

Sales **-9%**

Q1 2019 Q1 2020

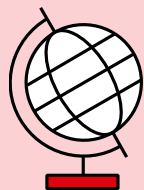
Price	Volume	Currency	Portfolio
-6%	-4%	+1%	0%

EBITDA pre	€65 m	€49 m
margin	17.0%	14.1%

* New reporting structure as of Q1 2020, all numbers excluding BU LEA which is reported as discontinued operations

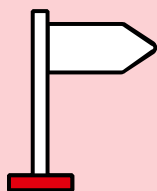
Outlook 2020

incorporates latest assumptions of Corona impacts



Current view on economy

- Duration of COVID-19 pandemic dominates economic development – financial impact for full year hard to predict
- Burden of pandemic expected to accelerate in Q2 and Q3
- Disruptions of supply chains and logistics cannot be excluded



LANXESS outlook includes Corona impact

- Q2: EBITDA pre range of €200-250 m expected
- Implementation of mitigating measures is ongoing
- FY: EBITDA pre expected at €300-900 m

Implemented measures due to COVID-19

Financial measures to enhance already strong liquidity position:

- Temporary utilization of revolving credit facility
- Suspension of share buy-back
- Review of capex projects (reduction ~€50 m)
- Cost containment measures (~€50 - 100 m)

Sale of Currenta:

- Realization of an equity value of €780 m plus a profit participation of €150 m (both pre tax) on 30 April 2020

Housekeeping items for consideration

Capex: ~€450 m

Operational D&A: ~€450 m

Reconciliation: ~€140 m - €150 m incl. remnant costs

Tax rate: ~28%

Exceptionals: ~€70-80 m based on current initiatives

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

Remnant costs: ~€10 m p.a. until 2022

Maintenance shutdown BU HPM ~€10 - €20 m in H2

Forward-Looking Statements

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Financial Overview Q1 2020

€ million	Advanced Intermediates		Specialty Additives		Consumer Protection		Engineering Materials		Reconciliation		LANXESS	
	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020
External sales	584	558	485	499	264	279	382	347	23	21	1,738	1,704
Inter-segment sales	11	11	2	3	17	14	0	0	(30)	(28)	0	0
Segment/Group sales	595	569	487	502	281	293	382	347	(7)	(7)	1,738	1,704
Segment result/ EBITDA pre exceptionals	105	88	83	85	60	67	65	49	(41)	(44)	272	245
EBITDA margin pre exceptionals (%)	18.0	15.8	17.1	17.0	22.7	24.0	17.0	14.1			15.7	14.4
EBITDA	101	86	82	81	60	67	65	49	(58)	(64)	250	219
EBIT pre exceptionals	75	56	46	47	39	46	49	32	(47)	(51)	162	130
EBIT	71	54	45	43	39	46	49	32	(64)	(71)	140	104
Segment capital expenditures	29	31	15	17	10	11	11	9	12	14	77	82
Depreciation and amortization	30	32	37	38	21	21	16	17	6	7	110	115

Prior-year figures restated and in line with the changed segment structure

Income Statement Q1 2020

€ million	Q1 2019	Q1 2020
Sales	1,738	1,704
Cost of sales	(1,286)	(1,269)
Gross profit	452	435
Selling expenses	(201)	(202)
Research and development expenses	(27)	(26)
General administration expenses	(63)	(74)
Other operating income	23	21
Other operating expenses	(44)	(50)
Operating result (EBIT)	140	104
Income from investments accounted for using the equity method	0	–
Interest income	2	3
Interest expense	(16)	(17)
Other financial income and expense	(5)	(2)
Financial result	(19)	(16)
Income before income taxes	121	88
Income taxes	(33)	(25)
Income after income taxes from continuing operations	88	63
Income after income taxes from discontinued operations	(5)	(1)
Income after income taxes	83	62
of which attributable to non-controlling interests	(1)	(2)
of which attributable to LANXESS AG stockholders [net income]	84	64
Earnings per share (undiluted/diluted) (€)		
from continuing operations	0.96	0.72
from discontinued operations	(0.03)	0.01
from continuing and discontinued operations	0.93	0.73

Prior-year figures restated

Cashflow Statement Q1 2020

€ million	Q1 2019	Q1 2020
Income before income taxes	121	88
Amortization, depreciation, write-downs and reversals of impairment charges of intangible assets, property, plant and equipment	110	115
Gains on disposals of intangible assets and property, plant and equipment	0	0
Financial losses (gains)	15	14
Income taxes paid/refunded	(40)	4
Changes in inventories	(25)	(18)
Changes in trade receivables	(63)	(149)
Changes in trade payables	(80)	(14)
Changes in other assets and liabilities	(16)	73
Net cash provided by operating activities – continuing operations	22	113
Net cash provided by (used in) operating activities – discontinued operations	10	(11)
Net cash provided by operating activities – total	32	102
Cash outflows for purchases of intangible assets and property, plant and equipment	(69)	(74)
Cash inflows from sales of intangible assets and property, plant and equipment	1	3
Cash outflows for financial assets	(169)	(80)
Cash inflows from financial assets	–	21
Cash outflows for the acquisition/sale of subsidiaries and other businesses, less acquired cash and cash equivalents	–	(25)
Cash inflows from the sale of subsidiaries and other businesses, less acquired cash and cash equivalents	–	78

€ million	Q1 2019	Q1 2020
Interest and dividends received	1	2
Net cash used in investing activities – continuing operations	(236)	(75)
Net cash used in investing activities – discontinued operations	(3)	(1)
Net cash used in investing activities – total	(239)	(76)
Proceeds from borrowings	–	1,000
Repayments of borrowings	(41)	(13)
Interest paid and other financial disbursements	(3)	(1)
Cash outflows for the acquisition of own shares	(111)	(32)
Net cash provided by (used in) financing activities – continuing operations	(155)	954
Net cash used in financing activities – discontinued operations	(2)	0
Net cash provided by (used in) financing activities – total	(157)	954
Change in cash and cash equivalents from continuing operations	(369)	992
Change in cash and cash equivalents from discontinued operations	5	(12)
Change in cash and cash equivalents – total	(364)	980
Cash and cash equivalents at beginning of period – total	797	296
Exchange differences and other changes in cash and cash equivalents – total	1	(5)
Cash and cash equivalents at end of period – total	434	1,271
of which continuing operations	434	1,271
of which discontinued operations	0	0

Prior-year figures restated

2019 like-for-like figures for new reporting structure reflect shift between segments AI and CP

Sales

[in €m]	Advanced Intermediates	Specialty Additives	Consumer Protection	Engineering Materials	Total incl. Recon
FY	2,251	1,965	1,050	1,450	6,802
Q1	584	485	264	382	1,738
Q2	585	506	247	365	1,724
Q3	549	503	277	353	1,704
Q4	533	471	262	350	1,636

EBITDA pre

[in €m]	Advanced Intermediates	Specialty Additives	Consumer Protection	Engineering Materials	Total incl. Recon
FY	383	353	198	238	1,019
Q1	105	83	60	65	272
Q2	114	89	48	65	281
Q3	91	97	55	59	269
Q4	73	84	35	49	197

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