

LANXESS remains robust: Guidance for 2020 confirmed

- **EBITDA pre exceptionals for the full year still expected at between EUR 800 million and EUR 900 million**
- **Sales in Q2 decline by 16.7 percent to EUR 1.436 billion**
- **EBITDA pre exceptionals down 20.3 percent year-on-year at EUR 224 million**
- **EBITDA margin pre exceptionals almost stable at 15.6 percent**
- **After sale of Currenta stake: Net income rises significantly, debt considerably reduced**
- **Consumer Protection benefits from strong demand for agrochemicals and disinfectants**

Cologne – LANXESS is continuing to weather the crisis well and is confirming its forecast for the full year. The specialty chemicals company still anticipates EBITDA pre exceptionals of between EUR 800 million and EUR 900 million for 2020.

In the second quarter of 2020, LANXESS recorded a significant impact on its business results from the coronavirus pandemic, as expected. EBITDA pre exceptionals fell by 20.3 percent from EUR 281 million to EUR 224 million. Earnings were thus at the midpoint of the range of between EUR 200 million and EUR 250 million that was forecast in May. The EBITDA margin pre exceptionals was almost stable at 15.6 percent, against 16.3 percent in the prior-year quarter.

Business with consumer protection products in the Consumer Protection segment developed very positively, but weak demand from the automotive industry squeezed earnings in the other three segments, especially Engineering Materials.

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“As expected, after the huge slump in the global economy we felt the effects of the coronavirus crisis much more strongly in the second quarter than in the first three months of the year. However, our stable positioning, strong liquidity, and high cost discipline are continuing to get LANXESS through this challenging time well. Besides, we are already seeing initial signs of a recovery in Asia. I therefore remain confident, even though a rapid macroeconomic recovery cannot be foreseen at present,” said Matthias Zachert, Chairman of the Board of Management of LANXESS AG.

Group sales amounted to EUR 1.436 billion in the second quarter of 2020, down 16.7 percent on the previous year’s figure of EUR 1.724 billion. Net income from continuing operations rose significantly from EUR 96 million to EUR 803 million. At the same time, net financial liabilities decreased from EUR 1.74 billion to EUR 929 million. This was attributable to proceeds from the sale of its stake in chemical park operator Currenta, which LANXESS concluded at the end of April. The company used this cash inflow to further strengthen its sound balance sheet: Compared to the end of 2019, the equity ratio has risen from 30 percent to 37 percent.

Segments: Consumer Protection remains strong

In the **Advanced Intermediates** segment, both business units recorded weaker demand as a result of the coronavirus pandemic. Sales fell by 19.8 percent from EUR 585 million to EUR 469 million, also due to lower prices. At EUR 100 million, EBITDA pre exceptionals was 12.3 percent down on the prior year’s figure of EUR 114 million. The EBITDA margin pre exceptionals increased to a pleasing 21.3 percent, against 19.5 percent in the prior-year quarter.

The coronavirus pandemic also led to a significant decline in sales volumes in the **Specialty Additives** segment, particularly due to lower demand from the automotive, aviation, and oil and gas industries. Sales fell by 20.4 percent from EUR 506 million to EUR 403 million. At EUR 63 million, EBITDA pre exceptionals was

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29.2 percent down on the prior year's figure of EUR 89 million. The EBITDA margin pre exceptionals decreased from 17.6 percent to 15.6 percent.

In the **Consumer Protection** segment, sales and earnings continued to develop positively. This was particularly due to strong business with agrochemicals in the Saltigo business unit. Continued good demand for disinfectants in the Material Protection Products business unit also contributed to the increase in earnings. In addition, there was a positive portfolio effect from the acquisition of the Brazilian biocide manufacturer IPEL. Sales rose by 21.9 percent from EUR 247 million to EUR 301 million. At EUR 68 million, EBITDA pre exceptionals was 41.7 percent higher than the prior year's figure of EUR 48 million. The EBITDA margin pre exceptionals climbed to 22.6 percent, against 19.4 percent in the prior year.

In the **Engineering Materials** segment, the coronavirus pandemic had a significant impact, continuing to result in weak demand from the automotive industry. At EUR 244 million, sales were down 33.2 percent on the prior year's figure of EUR 365 million, also due to lower prices. EBITDA pre exceptionals fell by 56.9 percent from EUR 65 million to EUR 28 million. The EBITDA margin pre exceptionals of 11.5 percent was below the figure of 17.8 percent posted in the prior-year quarter.

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EUR million	Q2/2019	Q2/2020	Change %	H1/2019	H1/2020	Change %
Sales	1,724	1,436	-16.7	3,462	3,140	-9.3
EBITDA pre exceptionals	281	224	-20.3	553	469	-15.2
EBITDA margin pre exceptionals	16.3%	15.6%		16.0%	14.9%	
Net income ¹	96	803	>100	183	866	>100
Earnings per share (€) ¹	1.09	9.30	>100	2.05	9.97	>100
Net financial liabilities ²				1,742 ³	929	-46.7
Employees				14,304 ³	14,348	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 14,300 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.

Cologne, August 13, 2020
dae (2020-00058e)

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News Release

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>.

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