



Announcement of Periodic Review: Moody's Ratings announces completion of a periodic review of ratings of Lanxess AG

06 Nov 2025

Frankfurt am Main, November 06, 2025 -- Moody's Ratings (Moody's) has completed a periodic review of the ratings of Lanxess AG and other ratings that are associated with this issuer.

The review was conducted through a rating committee held on 31 October 2025 in which we reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), and recent developments.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Please see the Issuer page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Key Rating considerations and rationale are summarized below.

Lanxess AG's Baa3 rating with a negative outlook, is very weakly positioned, with high leverage and continued weak operational performance. However, proceeds of the announced sale of its ownership stake in Envalior Finance GmbH (Envalior, B3 stable) to its joint venture partner could facilitate a meaningful reduction in gross debt.

Our expectation of continued positive free cash flow generation this year, despite the very difficult market environment, supports credit quality. Lanxess' benefits from very low interest cost at about 1.2% including financial leases, and strong discipline on capital expenditures and dividends. The company's conservative financial policy and strong liquidity also support the Baa3 rating. However, continued weak operating performance and high uncertainty surrounding a further demand recovery that could support a recovery in earnings, its diminished scale, and weak metrics including leverage and operating margin, constrain the rating.

On 23 September, Lanxess AG management announced that it had exercised its right to offer for sale its 41% stake in Envalior to its joint venture partner, an investment company of Advent International, subject to financing. We expect the sale to generate proceeds of between €600 million and €1 billion, depending on Envalior's last 12 months (LTM) EBITDA as of 1 April 2026, which marks the first opportunity for Lanxess to divest its stake.

This document summarizes our view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Chemicals published in October 2023. Please see the Rating Methodologies page on <https://ratings.moody's.com> for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

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