

## LANXESS with strong third quarter of 2021

- **Sales up 33.5 percent year-on-year at EUR 1.951 billion**
- **EBITDA pre exceptionals increase 44.0 percent to EUR 278 million**
- **Earnings increase in all segments – Specialty Additives and Engineering Materials particularly strong**
- **Increased raw material prices successfully passed on, but rising energy prices and high freight costs weigh on earnings**
- **EBITDA pre exceptionals for 2021 expected to be at the lower end of the guided range of EUR 1 billion to EUR 1.05 billion**
- **Growth continues: acquisition of IFF Microbial Control announced**

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**Cologne, November 4, 2021** – Specialty chemicals company LANXESS holds its own also in a challenging environment: Despite a sharp rise in raw material, energy and freight costs, EBITDA pre exceptionals in the third quarter of 2021 increased by 44.0 percent to EUR 278 million, against EUR 193 million in the prior-year quarter.

The strong earnings were driven by all segments – especially Specialty Additives and Engineering Materials. LANXESS passed on the significantly increased raw material prices via higher selling prices. The three acquisitions completed in this fiscal year, especially that of Emerald Kalama Chemical, also contributed to the good results. Adverse exchange rates, mainly from the U.S. dollar, but especially higher energy and freight costs prevented a further increase in earnings. The EBITDA margin pre exceptionals increased to 14.2 percent in the third quarter, against 13.2 percent in the prior-year quarter.

“The third quarter of this year was again characterized by growth. Our operating business continued to develop positively, and we successfully passed on the significantly increased raw material costs.

With the announced acquisition of IFF Microbial Control, we will also be significantly expanding our Consumer Protection segment again in the future. This will make us more stable and more profitable,” said Matthias Zachert, Chairman of the Board of Management of LANXESS AG. “However, the unprecedented increase in energy, raw material and freight costs is not leaving us unscathed. We expect the cost pressure to even increase in the fourth quarter.” Due to these cost increases, strained supply chains and power rationing in China, which is having a negative effect on production there, LANXESS expects EBITDA pre exceptionals for the full year to be at the lower end of the guided range of EUR 1 billion to EUR 1.05 billion.

With an increase of 33.5 percent year on year, LANXESS generated sales of EUR 1.951 billion in the third quarter of 2021. At EUR 68 million, net income from continuing operations was higher than in the third quarter of 2020, in which LANXESS generated EUR 25 million. This was due to the good development of the operating businesses and the contribution of Emerald Kalama Chemical.

### **Consumer Protection segment continues to grow**

LANXESS continues to grow with the planned acquisition of the Microbial Control business from U.S. group International Flavors & Fragrances Inc. (IFF). The two companies signed an agreement to this effect in August. The transaction is scheduled to be completed in the second quarter of 2022. IFF Microbial Control is one of the leading suppliers of antimicrobial active ingredients and formulations for material protection, preservatives and disinfectants. The company generates annual sales of around USD 450 million (around EUR 380 million\*) and EBITDA of roughly USD 100 million (roughly EUR 85 million\*). Within four years of the completion of the transaction, LANXESS expects an additional annual EBITDA contribution of around USD 35 million (roughly EUR 30 million\*) as a result of synergies.

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### Segments: Increasing demand and prices drive earnings

Thanks to higher selling prices due to the passing on of increased raw material costs and continued good demand, the **Advanced Intermediates** segment posted higher sales in the third quarter of 2021. They rose by 28.7 percent from EUR 414 million to EUR 533 million. The segment's EBITDA pre exceptionals reached EUR 84 million, 18.3 percent higher than the prior-year figure of EUR 71 million, even though earnings were burdened by energy prices, which increased particularly in this segment, as well as higher freight costs and adverse exchange rate effects. The EBITDA margin pre exceptionals declined to 15.8 percent, against 17.1 percent in the prior-year quarter.

The **Specialty Additives** segment benefited from higher selling prices and improved demand in all business units. Sales in the third quarter of 2021 grew by 29.8 percent from EUR 466 million to EUR 605 million. Although earnings were burdened by increased freight costs and adverse exchange rate effects, EBITDA pre exceptionals was up 72.9 percent on the prior-year level of EUR 59 million. At EUR 102 million, the segment even achieved the best result in its history. The EBITDA margin pre exceptionals reached 16.9 percent, against 12.7 percent a year ago.

The **Consumer Protection** segment's sales and earnings developed positively in the third quarter of 2021. This is particularly attributable to the new Flavors & Fragrances business unit, which was established at the beginning of August with the acquisition of Emerald Kalama Chemical. The acquisitions of Theseo and INTACE and higher selling prices also had a positive effect. Sales grew by 27.0 percent to EUR 353 million, against EUR 278 million in the previous year. The positive earnings contribution from Emerald Kalama Chemical was almost offset by significantly increased energy and freight costs and an unplanned production shutdown at Saltigo. The segment's EBITDA pre exceptionals of EUR 60 million was thus only 1.7 percent higher than the prior year quarter's figure of

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EUR 59 million. The EBITDA margin pre exceptionals reached 17.0 percent, against 21.2 percent a year ago.

Due to higher selling prices and increased sales volumes, the **Engineering Materials** segment generated significantly higher sales; this was due in particular to the continued very good demand from the automotive industry. Sales increased by 53.0 percent from EUR 285 million in the third quarter of the previous year, which was heavily affected by the pandemic, to EUR 436 million. Although higher energy and freight costs had a negative effect on earnings, EBITDA pre exceptionals in this segment increased by 87.9 percent from EUR 33 million to EUR 62 million. The EBITDA margin pre exceptionals thus amounted to 14.2 percent, against 11.6 percent a year ago.

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\*Based on exchange rate EUR/USD = 1.18.

EUR million	Q3 2020	Q3 2021	Change %	9M 2020	9M 2021	Change %
Sales	1,461	1,951	33.5	4,601	5,475	19.0
EBITDA pre exceptionals	193	278	44.0	662	797	20.4
EBITDA margin pre exceptionals	13.2%	14.2%		14.4%	14.6%	
Net income	26	74	>100	888	238	-73.2
from continuing operations	25	68	>100	891	208	-76.7
from discontinued operations	1	6	>100	-3	30	>100
Net financial liabilities				1,012*	2,343	>100
Employees**				14,309*	14,866	3.9

\*As of December 31, 2020

\*\*Employed in continuing operations as of the reporting date

LANXESS is a leading specialty chemicals company with sales of EUR 6.1 billion in 2020. The company currently has about 14,900 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.

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### **Forward-Looking Statements**

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