

LANXESS raises its guidance for fiscal year 2018 after strong first quarter

- **Sales up by almost 7 percent to around EUR 2.6 billion in Q1 2018**
- **EBITDA pre exceptionals 14 percent higher at EUR 375 million**
- **EBITDA margin pre exceptionals now at 14.6 percent**
- **Net income improved by 23 percent to EUR 96 million**
- **Best quarterly result despite negative currency effects**
- **Outlook for 2018 raised: EBITDA pre exceptionals for “New LANXESS” expected to increase 5 to 10 percent on the previous year (EUR 925 million)**

Cologne – Specialty chemicals company LANXESS has followed up its successful fiscal year 2017 by posting the best quarterly result in its history, and has raised its earnings guidance for 2018.

In the opening quarter, global sales rose by almost 7 percent to EUR 2.565 billion, compared with EUR 2.401 billion in the previous year. EBITDA pre exceptionals improved significantly by 14 percent to EUR 375 million, compared with EUR 328 million in the prior-year quarter. Key factors in this positive performance chiefly included the contributions of the Chemtura businesses acquired in 2017. In addition, the phosphorus chemicals business purchased from Solvay in February 2018 made its first contribution. Negative currency effects curbed the positive EBITDA performance. The EBITDA margin pre exceptionals was up by almost one percentage point on the previous year at 14.6 percent. Net income improved significantly by 23 percent to EUR 96 million, compared with EUR 78 million the year before.

“LANXESS remains firmly on the track. We have made a dynamic start to the new fiscal year and improved our profitability again. This shows that our efforts to move the company forwards are increasingly paying off,” said Matthias Zachert, Chairman of the LANXESS Board of Management.

LANXESS AG
Investor Relations
50569 Cologne
Germany

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

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The Group has raised its guidance for fiscal year 2018, and now expects EBITDA pre exceptionals to increase by between 5 percent and 10 percent for the “New LANXESS” segments (Advanced Intermediates, Specialty Additives, Performance Chemicals and Engineering Materials). In the previous year, comparable EBITDA pre exceptionals stood at around EUR 925 million. At the annual press conference in March, Zachert envisaged only a slight increase for the year as a whole. The ARLANXEO segment, a joint venture between LANXESS and Saudi Aramco for synthetic rubber, is not included in the guidance for 2018, and will be reported separately from the second quarter onwards.

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Sound business development in the segments

Sales of the **Advanced Intermediates** segment came to EUR 563 million in the first quarter of 2018, 8.7 percent above the prior-year figure of EUR 518 million. EBITDA pre exceptionals increased by 12.1 percent to EUR 102 million compared with EUR 91 million a year earlier, largely as a result of adjusted selling prices. The EBITDA margin pre exceptionals amounted to 18.1 percent, against 17.6 percent in the previous year.

In the **Specialty Additives** segment, sales totaled EUR 496 million, more than double the EUR 239 million generated in the same quarter of the previous year. EBITDA pre exceptionals amounted to EUR 81 million, up 84.1 percent on the prior-year level of EUR 44 million. This strong earnings performance chiefly results from the integration of the purchased Chemtura businesses. The EBITDA margin pre exceptionals was 16.3 percent, below the 18.4 percent recorded in the previous year.

In the **Performance Chemicals** segment, sales fell by 8.7 percent to EUR 336 million in the first quarter of 2018, against EUR 368 million in the previous year. EBITDA pre exceptionals amounted to EUR 52 million, down 11.9 percent on the prior-year level of EUR 59 million. In particular, negative currency effects and the divestment of the chlorine dioxide business reduced sales and earnings. The EBITDA

margin pre exceptionals amounted to 15.5 percent, against 16.0 percent in the same period of the previous year.

Sales in the **Engineering Materials** segment rose by a considerable 24.8 percent to EUR 393 million, compared with EUR 315 million in the same quarter of the previous year. EBITDA pre exceptionals increased even stronger – by more than 50 percent to EUR 73 million, compared with EUR 48 million. The improvement in earnings resulted from higher selling prices, the contribution from the urethanes business acquired in the previous year, and higher capacity utilization. The EBITDA margin pre exceptionals of 18.6 percent was well above the figure of 15.2 percent attained in the same quarter of the previous year.

At EUR 757 million, sales in the **ARLANXEO** segment were 20.1 percent down on the very strong figure of EUR 948 million for the same quarter of the previous year. EBITDA pre exceptionals fell by 22.9 percent to EUR 111 million compared with EUR 144 million in the previous year, largely as a result of adverse currency effects. The EBITDA margin pre exceptionals amounted to 14.7 percent, against 15.2 percent a year earlier.

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Q1 2018 key financial data

(Figures in EUR million)

	Q1 2017	Q1 2018	Change in percent
Sales	2,401	2,565	6.8
EBITDA pre exceptionals	328	375	14.3
EBITDA margin pre exceptionals (in percent)	13.7	14.6	
Net income	78	96	23.1
Earnings per share in EUR	0.85	1.05	23.1

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 Germany

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LANXESS is a leading specialty chemicals company with sales of EUR 9.7 billion in 2017 and about 19,200 employees in 25 countries. The company is currently represented at 74 production sites worldwide. The core business of LANXESS is the development, manufacturing, and marketing of chemical intermediates, additives, specialty chemicals, and plastics. Through ARLANXEO, the joint venture with Saudi Aramco, LANXESS is also a leading supplier of synthetic rubber. LANXESS is listed in the leading sustainability indices Dow Jones Sustainability Index (DJSI World and Europe) and FTSE4Good.

Cologne, May 4, 2018

Forward-looking statements

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