

2020

**QUARTERLY
STATEMENT**
as of March 31, 2020

LANXESS Group Key Data

€ million	Q1/2019	Q1/2020	Veränd. in %
Sales	1,738	1,704	(2.0)
Gross profit	452	435	(3.8)
Gross profit margin	26.0%	25.5%	
EBITDA pre exceptionals ¹⁾	272	245	(9.9)
EBITDA margin pre exceptionals ¹⁾	15.7%	14.4%	
EBITDA ¹⁾	250	219	(12.4)
Operating result (EBIT) pre exceptionals ¹⁾	162	130	(19.8)
EBIT ¹⁾	140	104	(25.7)
EBIT margin ¹⁾	8.1%	6.1%	
Net income	84	64	(23.8)
from continuing operations	87	63	(27.6)
from discontinued operations	(3)	1	> 100
Weighted average number of shares	90,472,198	87,316,242	(3.5)
Earnings per share (€)	0.93	0.73	(21.5)
from continuing operations	0.96	0.72	(25.0)
from discontinued operations	(0.03)	0.01	> 100
Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets (€) ²⁾	1.32	1.17	(11.4)
Cash flow from operating activities – continuing operations	22	113	> 100
Depreciation and amortization	110	115	4.5
Cash outflows for capital expenditures	69	74	7.2
Total assets	8,695 ⁵⁾	9,671	11.2
Equity (including non-controlling interests)	2,647 ⁵⁾	2,697	1.9
Equity ratio ³⁾	30.4% ⁵⁾	27.9%	
Net financial liabilities ⁴⁾	2,522 ⁵⁾	2,543	0.8
Net financial liabilities after deduction of short-term money market investments and securities ⁴⁾	1,742 ⁵⁾	1,705	(2.1)
Employees (as of March 31)	14,304 ⁵⁾	14,327	0.2

Prior-year figures restated

1) EBIT: earnings before interest and taxes.

EBIT pre exceptionals: EBIT disregarding exceptional charges and income.

EBIT margin: EBIT in relation to sales.

EBITDA: EBIT before depreciation of property, plant and equipment and amortization of intangible assets, less reversals of impairment charges on property, plant, equipment and intangible assets.

EBITDA pre exceptionals: EBITDA disregarding exceptional charges and income.

EBITDA margin pre exceptionals: EBITDA pre exceptionals in relation to sales.

Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

2) Earnings per share from continuing operations pre exceptionals and amortization of intangible assets: earnings per share from continuing operations disregarding exceptional charges and income, amortization of intangible assets and attributable tax effects. See "Net income/earnings per share/earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets" for details.

3) Equity ratio: equity in relation to total assets.

4) Net financial liabilities: Sum of current and non-current financial liabilities (adjusted for liabilities for accrued interest) less cash, cash equivalents and near-cash assets.

See "Statement of Financial Position and Financial Condition" for details.

5) As of December 31, 2019.

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QUARTERLY STATEMENT

as of March 31, 2020

- › Improved portfolio balance mitigates effects of the coronavirus pandemic on sales and earnings so far
- › Sales down slightly at €1,704 million in the first quarter after €1,738 million in the previous year
- › EBITDA pre exceptionals of €245 million, down on the previous year's figure of €272 million
- › EBITDA margin pre exceptionals at 14.4% after 15.7% in the prior-year quarter
- › Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets of €1.17 against €1.32 in the previous year
- › Good liquidity position provides financial security in challenging economic times
- › Guidance for fiscal year 2020 adjusted: EBITDA pre exceptionals of between €800 million and €900 million

REPORTING FOCUS AND MATERIAL TRANSACTIONS

In the future, LANXESS intends to focus more sharply on consumer protection products and has therefore adjusted its reporting structure. The Saltigo, Material Protection Products and Liquid Purification Technologies business units make up the new Consumer Protection segment. This segment's portfolio includes, for example, active ingredients for the agricultural and pharmaceutical industries, for insect repellents and disinfectants, and technologies for water purification. The Consumer Protection segment is replacing the former Performance Chemicals segment.

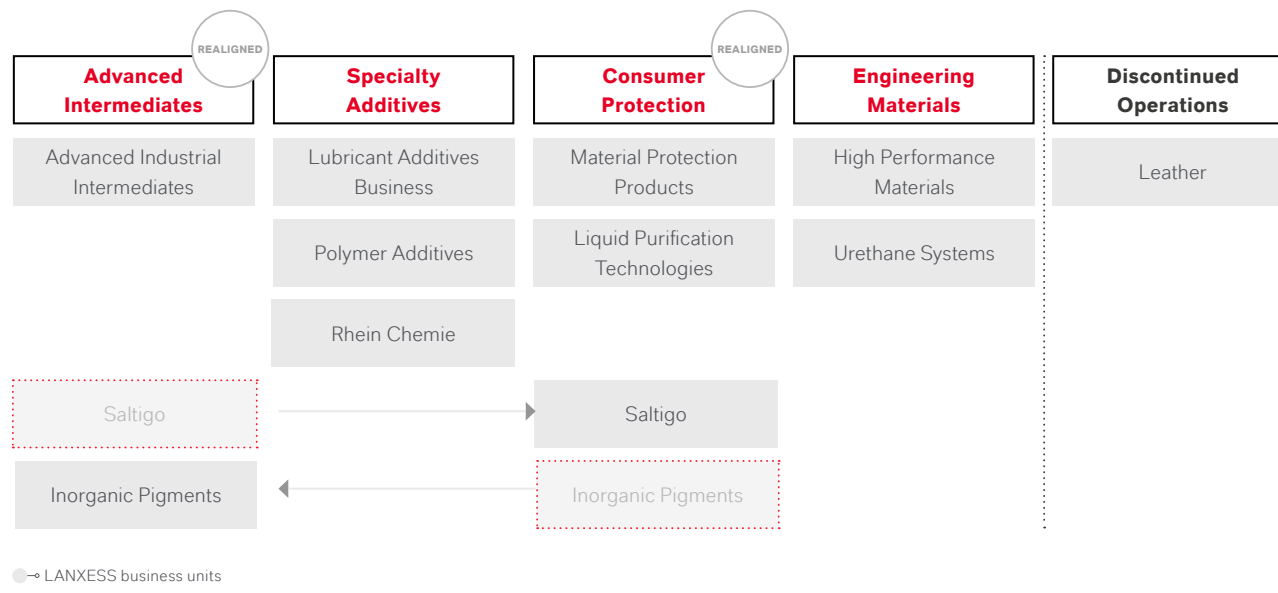
At the same time, the Inorganic Pigments business unit is now part of the Advanced Intermediates segment. The previous year's figures have been restated accordingly.

In addition, we decided in the previous year to sell all operations of the Leather business unit, comprising chrome chemicals, the chrome ore mine and organic leather chemicals. In connection with this, LANXESS sold its chrome chemicals business to Brother Enterprises, a Chinese manufacturer of leather chemicals, on January 10, 2020. The disposal of all operations of the Leather business unit, which was previously part of the former Performance Chemicals segment, is expected to be fully completed by the end of this year, so these operations were recognized as discontinued

operations as of March 31, 2020. The previous year's figures have been restated accordingly here, too.

On February 3, 2020, LANXESS completed the acquisition of the Brazilian biocide manufacturer Itibanyl Produtos Especiais Ltda. (IPEL), Jarinu, Brazil. This acquisition enhances LANXESS's position as one of the world's leading manufacturers of biocidal active ingredients and formulations. The business with around 100 employees, production plants and laboratory facilities was integrated into the Material Protection Products business unit of the new Consumer Protection segment. In fiscal year 2019, IPEL generated sales of a lower eight-figure sum in euros. The agreed purchase price is of a similar size.

New Segment Structure



On March 10, 2020, the Board of Management of LANXESS AG decided to repurchase own shares at a total volume worth of up to €500 million (not including incidental expenses) via the stock exchange within 24 months. This stock repurchase is to be carried out in two tranches of €250 million each. The shares are then to be canceled. The first tranche of the repurchase began on March 12, 2020, and is to be completed within 12 months.

As a result of the coronavirus crisis, the stock repurchase program was suspended until further notice on April 6, 2020. 1,101,549 shares had been repurchased by this date. 979,338 treasury shares worth €32 million had been purchased by March 31.

On March 27, 2020, LANXESS drew down its full syndicated credit facility of €1,000 million. The securing of additional liquidity is merely a precaution.

At the end of April, LANXESS sold its 40% interest in the chemical park operator Currenta GmbH & Co. OHG, Leverkusen, Germany, to Macquarie Infrastructure and Real Assets (MIRA). LANXESS realized an equity value of €780 million (after deduction of net debt and pension liabilities) for the sale of its stake and a profit participation of €150 million (both before income taxes).

We have also agreed service and supply contracts for the three chemical parks in question in Leverkusen, Dormagen and Krefeld-Uerdingen (all Germany), initially for ten years, in order to secure reliable infrastructure at competitive conditions into the future.

BUSINESS PERFORMANCE

Sales

In the first quarter of 2020, which was already hit by the initial effects of the coronavirus pandemic, the LANXESS Group's sales were only slightly below the previous year's level at €1,704 million. In the previous year, the quarter's sales amounted to €1,738 million. The sales development was mainly influenced by a reduction of selling prices driven by raw material prices and weaker demand as a result of the coronavirus pandemic. By contrast, exchange rate effects led to growth in sales. The contribution from the Brazilian biocide manufacturer IPEL, acquired in February 2020, also had a slight positive effect.

Effects on Sales

%	Q1 2020
Price	(2.4)
Volume	(0.9)
Currency	1.1
Portfolio	0.2
	(2.0)

EBITDA and operating result (EBIT)

EBITDA Pre Exceptionals by Segment

€ million	Q1 2019	Q1 2020	Change %
Advanced Intermediates	105	88	(16.2)
Specialty Additives	83	85	2.4
Consumer Protection	60	67	11.7
Engineering Materials	65	49	(24.6)
Reconciliation	(41)	(44)	(7.3)
	272	245	(9.9)

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

In an economic environment weakened by the coronavirus pandemic, the operating result before depreciation, amortization, write-downs and reversals (EBITDA) pre exceptionals decreased by €27 million, or 9.9%, to €245 million in the first quarter of 2020. The positive earnings performance in our new Consumer Protection segment did not compensate for weak demand from the automotive industry, especially in the Engineering Materials segment. Generally lower procurement prices for raw materials and energy were passed on to the market by adjusting selling prices. Conversely, the advantageous change in exchange rates, especially of the U.S. dollar, had a positive influence in all segments. In China, Italy, India and Argentina, some production facilities had to be closed as a result of the coronavirus pandemic. Due to higher freight costs and exchange rate effects, selling expenses rose by 0.5% to €202 million. At €26 million, research and development expenses were on a par with the previous year. General administration expenses increased by €11 million to €74 million, due among other things to remnant costs in connection with the strategic realignment. The Group EBITDA margin pre exceptionals came in at 14.4%, against 15.7% in the prior-year quarter.

Depreciation, amortization and write-downs came to €115 million, and were €5 million, or 4.5%, above the figure for the prior-year quarter. Net negative exceptional items of €26 million, which impacted EBITDA and are included in other operating income and expenses, resulted primarily from expenses in connection with the strategic realignment of the LANXESS Group and digitalization projects. In the prior-year quarter, the operating result included net negative exceptional items totaling €22 million.

Reconciliation of EBITDA Pre Exceptionals to Operating Result (EBIT)

€ million	Q1 2019	Q1 2020	Change %
EBITDA pre exceptionals	272	245	(9.9)
Depreciation and amortization	(110)	(115)	(4.5)
Exceptional items in EBITDA	(22)	(26)	(18.2)
Operating result (EBIT)	140	104	(25.7)

Prior-year figures restated

Financial result

The financial result for the first quarter of 2020 amounted to minus €16 million, compared with minus €19 million for the prior-year period. As in the prior-year quarter, the net interest result was minus €14 million. As in the prior-year period, companies accounted for using the equity method did not generate an earnings contribution. The other financial result improved from minus €5 million in the prior-year quarter to minus €2 million.

Income before income taxes

In the first quarter of 2020, income before income taxes came to €88 million, against €121 million for the prior-year period.

Net income/earnings per share/earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets

Net income for the reporting period amounted to €64 million, of which €63 million was attributable to continuing operations. In the prior-year quarter, €87 million of the net income of €84 million was allocable to continuing operations. In the first quarter of 2020, negative earnings of €2 million were attributable to non-controlling interests, compared with negative earnings of €1 million in the previous year.

Earnings per share are calculated by dividing net income by the weighted average number of LANXESS shares outstanding during the reporting period. Earnings per share amounted to €0.73, which was lower than the figure of €0.93 for the prior-year quarter. Earnings per share from continuing operations were €0.72 against €0.96 in the prior-year quarter. A total of 979,338 treasury shares were acquired as part of the stock repurchase up to March 31, 2020. The stock repurchase was taken into account pro rata temporis in the calculation of the average number of shares outstanding. In the reporting period, this results in a weighted average number of shares outstanding of 87,316,242 after 90,472,198 in the previous year. The considerable year-on-year decline is primarily due to the stock repurchase in fiscal year 2019. We also calculate earnings per share from continuing operations pre exceptionals and amortization of intangible assets, which are not defined by International Financial Reporting Standards. This value was calculated from the earnings per share from continuing operations adjusted for exceptional items, amortization of intangible assets and attributable tax effects.

Earnings per share from continuing operations pre exceptionals and amortization of intangible assets were €1.17 in the first quarter of 2020. In the prior-year period, earnings per share from continuing operations pre exceptionals and amortization of intangible assets had amounted to €1.32.

Reconciliation to Earnings per Share from Continuing Operations Adjusted for Exceptional Items and Amortization of Intangible Assets

€ million	Q1 2019	Q1 2020
Net income from continuing operations	87	63
Exceptional items ¹⁾	22	26
Amortization of intangible assets/reversals of impairment charges ¹⁾	21	22
Income taxes ¹⁾	(11)	(9)
Net income from continuing operations adjusted for exceptional items and amortization of intangible assets	119	102
Weighted average number of shares outstanding	90,472,198	87,316,242
Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets (€)	1.32	1.17

Prior-year figures restated

1) Excluding items attributable to non-controlling interests.

BUSINESS DEVELOPMENT BY REGION

Group sales in the first quarter of 2020 amounted to €1,704 million, down 2.0% from the previous year's figure of €1,738 million. Declines in Germany and the EMEA region (excluding Germany) were largely offset by the positive business performance of the other regions, especially North and Latin America.

Sales by Market

	Q1 2019		Q1 2020		Change
	€ million	%	€ million	%	
EMEA (excluding Germany)	571	32.9	536	31.4	(6.1)
Germany	341	19.6	317	18.6	(7.0)
North America	389	22.4	409	24.0	5.1
Latin America	80	4.6	83	4.9	3.8
Asia-Pacific	357	20.5	359	21.1	0.6
	1,738	100.0	1,704	100.0	(2.0)

Prior-year figures restated

SEGMENT INFORMATION

Advanced Intermediates

	Q1 2019		Q1 2020		Change
	€ million	Margin %	€ million	Margin %	
Sales	584		558		(4.5)
EBITDA pre exceptionals	105	18.0	88	15.8	(16.2)
EBITDA	101	17.3	86	15.4	(14.9)
Operating result (EBIT) pre exceptionals	75	12.8	56	10.0	(25.3)
Operating result (EBIT)	71	12.2	54	9.7	(23.9)
Cash outflows for capital expenditures	26		28		7.7
Depreciation and amortization	30		32		6.7
Employees as of March 31 (previous year: as of Dec. 31)	3,831		3,797		(0.9)

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

Our **Advanced Intermediates** segment, which alongside the Advanced Industrial Intermediates business unit has comprised the Inorganic Pigments business unit instead of the Saltigo business unit since the first quarter of 2020, recorded sales of €558 million, 4.5%, or €26 million, lower than the previous year's figure. Selling prices in both business units were below the previous year's level, partly because lower raw material prices were passed on. Overall, there was a negative price effect on sales of 4.0% at segment level. In addition, lower volumes reduced sales by 1.4%. This was chiefly attributable to a decline in demand in the Advanced Industrial Intermediates business unit, which saw lower volumes in Asia in particular as a result of the coronavirus pandemic. Higher volumes were achieved in the Inorganic Pigments business unit, especially in North America. Shifts in exchange rates had a positive effect on both business units and increased the segment's sales by 0.9% in total. Primarily as a result of the coronavirus pandemic, EBITDA pre exceptionals in the Advanced Intermediates segment amounted to €88 million, down by 16.2% from €105 million in the previous year. In both business units, the coronavirus pandemic led to unscheduled production shutdowns in Asia. In addition, weaker demand was seen in this region. This resulted in reductions in earnings. The Inorganic Pigments business unit benefited from higher volumes overall. Lower raw material and energy prices were passed on to the market by adjusting selling prices. Earnings for both business units were improved by advantageous currency effects. The EBITDA margin pre exceptionals was 15.8%, against 18.0% in the prior-year quarter.

The segment recorded negative exceptional items of €2 million in the first quarter, which impacted EBITDA. In the previous year, negative exceptional items of €4 million were incurred in the operating result. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

Specialty Additives

	Q1 2019		Q1 2020		Change
	€ million	Margin %	€ million	Margin %	
Sales	485		499		2.9
EBITDA pre exceptionals	83	17.1	85	17.0	2.4
EBITDA	82	16.9	81	16.2	(1.2)
Operating result (EBIT) pre exceptionals	46	9.5	47	9.4	2.2
Operating result (EBIT)	45	9.3	43	8.6	(4.4)
Cash outflows for capital expenditures	14		15		7.1
Depreciation and amortization	37		38		2.7
Employees as of March 31 (previous year: as of Dec. 31)	2,942		2,742		(6.8)

Our **Specialty Additives** segment posted sales of €499 million in the first quarter of 2020, 2.9% higher than the prior-year level. Shifts in exchange rates, especially for the U.S. dollar, had a positive effect on all business units and increased the segment's sales by 2.1% in total. In addition, good demand in the Lubricant Additives business unit and higher volumes in the Rhein Chemie business unit's colorants business had a positive influence on sales, while the business dependent on the automotive industry declined. Overall, this resulted in volume-driven

sales growth of 1.0% at segment level. Compared with the prior-year quarter, selling prices were slightly higher in the Polymer Additives business unit, level in the Rhein Chemie business unit, and slightly lower in the Lubricant Additives business unit. With the exception of Germany and EMEA (excluding Germany), the segment reported higher sales than in the prior-year quarter across all regions.

EBITDA pre exceptionals for the Specialty Additives segment was €85 million, €2 million, or 2.4%, above the prior-year level. In a difficult market environment with continued weak demand from the automotive industry as a result of the coronavirus pandemic, the earnings performance was kept stable in particular by good demand for bromine chemicals. Lower procurement prices for raw materials and energy stood against lower selling prices overall. In addition, earnings were increased by advantageous exchange rate effects, especially a stronger U.S. dollar. The EBITDA margin pre exceptionals was stable at 17.0%, against 17.1% in the prior-year period.

The segment recorded negative exceptional items of €4 million in the first quarter, which impacted EBITDA. In the previous year, net negative exceptional items of €1 million were incurred in the operating result. Please see “Notes on EBIT and EBITDA (Pre Exceptionals)” for details.

Consumer Protection

	Q1 2019		Q1 2020		Change %
	€ million	Margin %	€ million	Margin %	
Sales	264		279		5.7
EBITDA					
pre exceptionals	60	22.7	67	24.0	11.7
EBITDA	60	22.7	67	24.0	11.7
Operating result (EBIT)					
pre exceptionals	39	14.8	46	16.5	17.9
Operating result (EBIT)	39	14.8	46	16.5	17.9
Cash outflows for capital expenditures	9		10		11.1
Depreciation and amortization	21		21		0.0
Employees as of March 31 (previous year: as of Dec. 31)	2,286		2,386		4.4

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

In our new **Consumer Protection** segment focusing on consumer protection products, sales amounted to €279 million, 5.7% higher than the prior-year level. This was especially due to the positive development of the Material Protection Products business unit’s disinfectant business. But volumes and selling prices were also higher than in the previous year in the Saltigo and Liquid Purification Technologies business units. At segment level, higher volumes and selling prices resulted in sales growth of 1.9%. In addition, the integration of the Brazilian biocide manufacturer IPEL acquired in February 2020 into the Material Protection Products business unit had a positive effect on sales of 1.5%. Currency developments likewise had a positive effect

on sales in all business units. Overall, there was an impact of 0.4% at segment level. With the exception of Germany and EMEA (excluding Germany), the segment reported higher sales than in the prior-year quarter across all regions.

EBITDA pre exceptionals in the Consumer Protection segment increased by €7 million, or 11.7%, to €67 million, compared with the prior-year level of €60 million. The positive earnings performance was driven in particular by the higher volumes and the positive development of the Material Protection Products business unit’s disinfectant business. The effect of the change in selling prices also made a positive impact. In addition, the earnings improvement resulted from the change in exchange rates and the contribution from the Brazilian biocide manufacturer IPEL, acquired in February 2020. The EBITDA margin pre exceptionals of 24.0% was above the figure of 22.7% posted in the previous year.

Engineering Materials

	Q1 2019		Q1 2020		Change %
	€ million	Margin %	€ million	Margin %	
Sales	382		347		(9.2)
EBITDA pre exceptionals	65	17.0	49	14.1	(24.6)
EBITDA	65	17.0	49	14.1	(24.6)
Operating result (EBIT) pre exceptionals	49	12.8	32	9.2	(34.7)
Operating result (EBIT)	49	12.8	32	9.2	(34.7)
Cash outflows for capital expenditures	11		8		(27.3)
Depreciation and amortization	16		17		6.3
Employees as of March 31 (previous year: as of Dec. 31)	2,203		2,198		(0.2)

Sales in our **Engineering Materials** segment fell by 9.2% year on year in the first quarter of 2020 to €347 million. The effects of the coronavirus pandemic and the associated continued weak demand from the automotive industry led to a decline in sales, especially in the High Performance Materials business unit. Both selling prices and volumes of the business unit accordingly fell short of the previous year. Overall, there was a negative price effect on sales of 6.0% at segment level. Reduced volumes diminished sales by 4.0%. In contrast, the change in exchange rates had a positive influence and increased the segment's sales by 0.8%. While higher sales were achieved in North America, the segment posted lower sales in the other regions.

EBITDA pre exceptionals in the Engineering Materials segment fell by €16 million, or 24.6%, to €49 million. In particular, the weak demand from the automotive industry as a result of the coronavirus pandemic led to a decline in earnings driven by prices and volumes. Lower raw material and energy prices were passed on to the market by adjusting selling prices. Earnings were improved by advantageous currency effects. The EBITDA margin pre exceptionals of 14.1% was below the figure of 17.0% posted in the prior-year quarter.

Reconciliation

in Mio. €	Q1 2019	Q1 2020	Change %
Sales	23	21	(8.7)
EBITDA pre exceptionals	(41)	(44)	(7.3)
EBITDA	(58)	(64)	(10.3)
Operating result (EBIT) pre exceptionals	(47)	(51)	(8.5)
Operating result (EBIT)	(64)	(71)	(10.9)
Cash outflows for capital expenditures	9	13	44.4
Depreciation and amortization	6	7	16.7
Employees as of March 31 (previous year: as of Dec. 31)	3,042	3,204	5.3

Prior-year figures restated

EBITDA pre exceptionals for the reconciliation came to minus €44 million, compared with minus €41 million in the prior-year quarter. In the first quarter, net negative exceptional items of €20 million were incurred, which fully impacted EBITDA. In the prior-year period, there were negative exceptional items of €17 million, which fully impacted EBITDA. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

NOTES ON EBIT AND EBITDA (PRE EXCEPTIONALS)

In order to better assess our operational business and to steer earning power at Group level and for the individual segments, we additionally calculate the earnings indicators EBITDA, and EBITDA and EBIT pre exceptionals, none of which are defined by International Financial Reporting Standards. These indicators are viewed as supplementary to the data prepared according to IFRS; they are not a substitute.

Reconciliation to EBIT/EBITDA

€ million	EBIT Q1 2019	EBIT Q1 2020	EBITDA Q1 2019	EBITDA Q1 2020
EBIT/EBITDA pre exceptionals	162	130	272	245
Advanced Intermediates	(4)	(2)	(4)	(2)
Strategic realignment	0	(2)	0	(2)
Adjustment of the production network	(4)	0	(4)	0
Specialty Additives	(1)	(4)	(1)	(4)
Strategic realignment	(2)	(4)	(2)	(4)
Adjustment of the production network	1	0	1	0
Consumer Protection	0	0	0	0
Engineering Materials	0	0	0	0
Reconciliation	(17)	(20)	(17)	(20)
Strategic realignment	(1)	(2)	(1)	(2)
Digitalization, M&A expenses and other	(16)	(18)	(16)	(18)
Total exceptional items	(22)	(26)	(22)	(26)
EBIT/EBITDA	140	104	250	219

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

EBITDA is calculated from earnings (EBIT) by adding back depreciation and impairments of property, plant and equipment as well as amortization and impairments of intangible assets and subtracting reversals of impairment charges on property, plant, equipment and intangible assets.

EBIT pre exceptionals and **EBITDA pre exceptionals** are EBIT and EBITDA before exceptional items. The latter are effects that, by nature or extent, have a significant impact on the earnings position, but for which inclusion in the evaluation of business performance over several reporting periods does not seem to be appropriate. Exceptional items may include write-downs, reversals of impairment charges or the proceeds from the disposal of assets, certain expenses for strategic projects in the fields of IT and digitalization, restructuring expenses and income from the reversal of provisions established in this connection, and reductions in earnings resulting from portfolio adjustments or purchase price allocations. Grants and subsidies from third parties for the acquisition and construction of property, plant and equipment are accounted for as deferred income using the gross method. In this respect, no adjustments other than for gross depreciation and amortization are made when calculating EBITDA pre exceptionals.

Every operational decision or achievement is judged in the short and long term by its sustainable impact on EBITDA pre exceptionals. As part of the annual budget and planning process, targets are set for this benchmark of our company's success, which are then taken into account in determining employees' variable income components.

The **earnings margins** are calculated from the ratios of the respective earnings indicators to sales. For example, the EBITDA margin (pre exceptionals) is calculated as the ratio of EBITDA (pre exceptionals) to sales and serves as an indicator of relative earning power at Group level and for the individual segments.

STATEMENT OF FINANCIAL POSITION AND FINANCIAL CONDITION

Structure of the statement of financial position

As of March 31, 2020, the LANXESS Group's total assets stood at €9,671 million, up €976 million, or 11.2%, from €8,695 million on December 31, 2019. The increase in total assets is primarily due to the fact that LANXESS drew €1,000 million from its syndicated credit facility in the first quarter of 2020. As a result, cash and cash equivalents and current financial liabilities increased by this amount. The additional cash serves as a liquidity reserve. The corresponding liabilities to banks can be repaid at short notice. The equity ratio decreased accordingly to 27.9%, after 30.4% on December 31, 2019.

Financial position

Changes in the statement of cash flows

The following comments on the statement of cash flows relate to LANXESS's continuing operations.

In the first three months of 2020, there was a net cash inflow of €113 million from operating activities, against €22 million in the prior-year period. Based on income before income taxes of €88 million, after €121 million in the previous year, non-cash amortization and depreciation amounted to €115 million, €5 million higher than the €110 million of the prior-year period. The change in net working capital resulted in a net cash outflow of €181 million, compared with €168 million in the prior-year period. The development in the reporting period was driven in particular by the increase in trade receivables.

There was a €75 million net cash outflow from investing activities in the first three months of 2020, compared with €236 million in the same period a year ago. The net cash outflow in the reporting period resulted in particular from cash outflows for the purchase of intangible assets and property, plant and equipment of €74 million, compared with €69 million in the prior-year period, and for financial assets of €80 million, compared with €169 million in the previous year. In addition, cash outflows resulted from the acquisition of the Brazilian biocide manufacturer IPEL, and cash inflows from the sale of the chrome chemicals business.

Net cash provided by financing activities came to €954 million in the reporting period, compared with net cash used for financing activities of €155 million in the first three months of 2019. The cash inflow in the reporting period was primarily due to the drawdown on the syndicated credit facility of €1,000 million.

Financing and liquidity

Net financial liabilities totaled €2,543 million as of March 31, 2020, compared with €2,522 million as of December 31, 2019. After the further deduction of short-term money market investments and securities, net financial liabilities as of March 31, 2020, amounted to €1,705 million, compared with €1,742 million as of December 31, 2019. The drawdown on the syndicated credit facility of €1,000 million led to an increase in both cash and cash equivalents and current financial liabilities.

Net Financial Liabilities

€ million	Dec. 31, 2019	March 31, 2020
Non-current financial liabilities	2,777	2,768
Current financial liabilities	66	1,084
Less:		
Liabilities for accrued interest	(25)	(38)
Cash and cash equivalents	(296)	(1,271)
Net financial liabilities	2,522	2,543
after deduction of short-term money market investments and securities	(780)	(838)
Net financial liabilities after deduction of short-term money market investments and securities	1,742	1,705

Provisions for pensions and other post-employment benefits totaled €1,087 million as of March 31, 2020, compared with €1,178 million as of December 31, 2019. The decrease resulted primarily from an increase in the discount rate in Germany.

OUTLOOK

The economic environment has worsened dramatically in the reporting period as a result of the ongoing coronavirus pandemic. The further course of the pandemic also represents an uncertainty factor for global economic development and for our business. We expect it to have a significant impact on our EBITDA pre exceptionals.

Expectations for the development of the global economy in all regions have fallen sharply as a result of the ongoing coronavirus pandemic. This affects both the chemical industry and the major customer industries, but especially the automotive industry.

For fiscal year 2020, we now expect EBITDA pre exceptionals of between €800 million and €900 million.

FINANCIAL DATA

as of March 31, 2020

STATEMENT OF FINANCIAL POSITION LANXESS GROUP

€ million	Dec. 31, 2019	March 31, 2020
ASSETS		
Intangible assets	1,765	1,807
Property, plant and equipment	2,724	2,697
Investments in other affiliated companies	1	2
Non-current derivative assets	1	0
Other non-current financial assets	29	29
Non-current income tax receivables	89	89
Deferred taxes	324	307
Other non-current assets	132	43
Non-current assets	5,065	4,974
Inventories	1,195	1,208
Trade receivables	769	919
Cash and cash equivalents	296	1,271
Current derivative assets	5	12
Other current financial assets	864	906
Current income tax receivables	110	83
Other current assets	186	167
Assets held for sale and discontinued operations	205	131
Current assets	3,630	4,697
Total assets	8,695	9,671

€ million	Dec. 31, 2019	March 31, 2020
EQUITY AND LIABILITIES		
Capital stock and capital reserves	1,317	1,317
Other reserves	1,429	1,599
Net income	205	64
Other equity components	(282)	(265)
Equity attributable to non-controlling interests	(22)	(18)
Equity	2,647	2,697
Provisions for pensions and other post-employment benefits	1,178	1,087
Other non-current provisions	338	347
Non-current derivative liabilities	2	10
Other non-current financial liabilities	2,777	2,768
Non-current income tax liabilities	95	95
Other non-current liabilities	67	65
Deferred taxes	109	100
Non-current liabilities	4,566	4,472
Other current provisions	409	427
Trade payables	656	643
Current derivative liabilities	17	35
Other current financial liabilities	66	1,084
Current income tax liabilities	122	125
Other current liabilities	111	114
Liabilities directly related to assets held for sale and discontinued operations	101	74
Current liabilities	1,482	2,502
Total equity and liabilities	8,695	9,671

INCOME STATEMENT LANXESS GROUP

€ 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

STATEMENT OF COMPREHENSIVE INCOME LANXESS GROUP

€ million	Q1 2019	Q1 2020
Income after income taxes	83	62
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of the net defined benefit liability for post-employment benefit plans	(25)	10
Income taxes	9	(11)
	(16)	(1)
Items that may be reclassified subsequently to profit or loss if specific conditions are met		
Exchange differences on translation of operations outside the eurozone	85	39
Financial instruments fair value measurement	(13)	(25)
Financial Instruments cost of hedging	11	(1)
Income taxes	1	8
	84	21
Other comprehensive income, net of income tax	68	20
Total comprehensive income	151	82
of which attributable to non-controlling interests	(1)	4
of which attributable to LANXESS AG stockholders	152	78
from continuing operations	156	75
from discontinued operations	(4)	3

STATEMENT OF CHANGES IN EQUITY LANXESS GROUP

	Capital stock	Capital reserves	Other reserves	Net income (loss)	Other equity components			Equity attributable to LANXESS AG stockholders	Equity attributable to non-controlling interests	Equity
					Currency translation adjustment	Financial instruments Fair value measurement	Cost of hedging			
€ million										
Dec. 31, 2018	91	1,226	1,391	431	(345)	(8)	(6)	2,780	(7)	2,773
Allocations to retained earnings			431	(431)				0		0
Acquisition of own shares			(111)					(111)		(111)
Total comprehensive income			(16)	84	85	(9)	8	152	(1)	151
Income after income taxes				84				84	(1)	83
Other comprehensive income, net of income tax			(16)		85	(9)	8	68	0	68
March 31, 2019	91	1,226	1,695	84	(260)	(17)	2	2,821	(8)	2,813
Dec. 31, 2019	87	1,230	1,429	205	(274)	(9)	1	2,669	(22)	2,647
Allocations to retained earnings			205	(205)				0		0
Acquisition of own shares			(32)					(32)		(32)
Total comprehensive income			(1)	64	33	(17)	(1)	78	4	82
Income after income taxes				64				64	(2)	62
Other comprehensive income, net of income tax			(1)		33	(17)	(1)	14	6	20
Other changes			(2)			2		0		0
March 31, 2020	87	1,230	1,599	64	(241)	(24)	0	2,715	(18)	2,697

STATEMENT OF CASH FLOWS LANXESS GROUP

€ 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

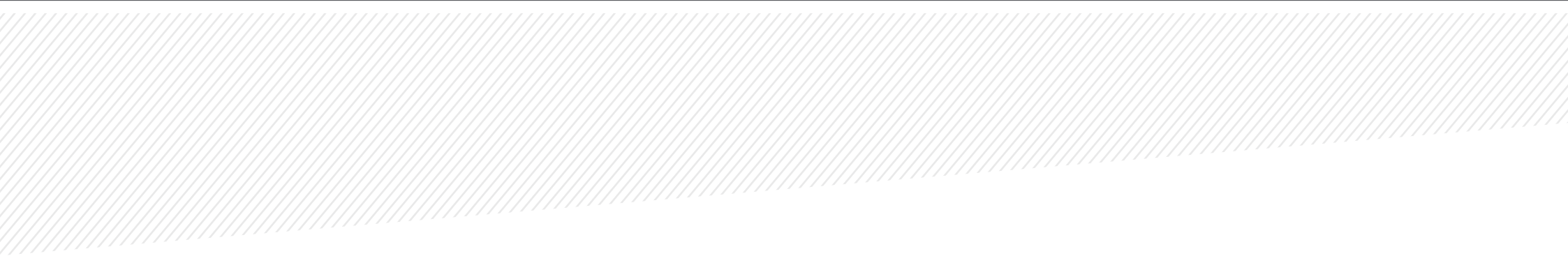
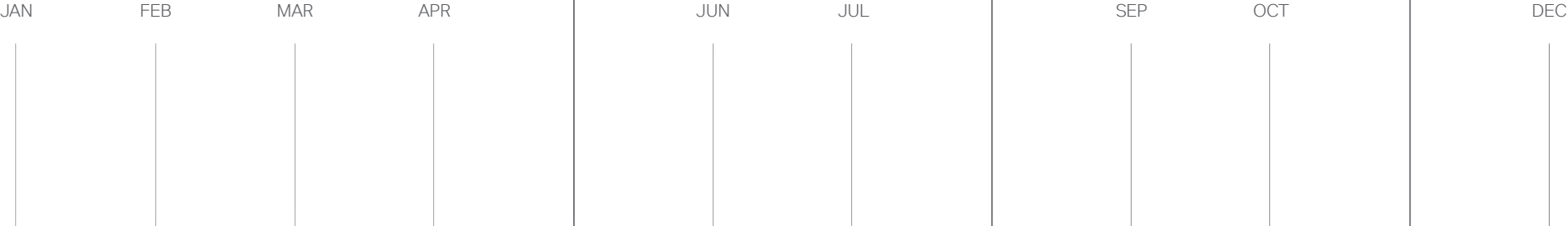
Prior-year figures restated

BUSINESS UNIT KEY DATA

€ 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

Financial Calendar 2020



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future results, financial situation, development or performance of the company and the estimates given here. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

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