

LANXESS makes a confident start to fiscal year 2021: Earnings expected to be between EUR 900 million and EUR 1 billion

- **Specialty chemicals company robust in pandemic year 2020**
- **Sales decreased by 10.3 percent year-on-year to EUR 6.1 billion**
- **EBITDA pre exceptionals at the upper end of the guided range at EUR 862 million**
- **EBITDA margin pre exceptionals at a good 14.1 percent**
- **Dividend proposal for fiscal year 2020: EUR 1.00**
- **Fiscal year 2021 characterized by growth**

Cologne, March 11, 2021 – LANXESS is starting the new fiscal year 2021 with confidence: The specialty chemicals company expects that many of its customer industries will recover and therefore anticipates EBITDA pre exceptionals of between EUR 900 million and EUR 1 billion for the full year.

LANXESS proved robust in fiscal year 2020, which was dominated by the coronavirus pandemic. The specialty chemicals company achieved EBITDA pre exceptionals of EUR 862 million, only 15.4 percent lower than the previous year's figure of EUR 1.019 billion. Earnings are therefore at the top end of the guided range of between EUR 820 million and EUR 880 million. On January 26, the Group released preliminary figures for the strong fourth quarter, after many businesses had developed better than expected. The EBITDA margin pre exceptionals reached an encouraging 14.1 percent, against 15.0 percent a year ago.

“We performed well in the pandemic year of 2020 and pulled off a strong finish in the fourth quarter. Our earnings margin shows that the Group's stable position is standing the test of the crisis. I would like to thank the entire LANXESS team, who did everything possible in this difficult year to keep the business running,” said Matthias Zachert,

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Chairman of the Board of Management of LANXESS AG. “With this team and our strong position, we can tackle 2021 with optimism and focus entirely on growth.”

At EUR 6.104 billion, LANXESS’ Group sales in 2020 decreased by 10.3 percent from the previous year’s figure of EUR 6.802 billion. Net income from continuing operations increased sharply to EUR 908 million after EUR 240 million in the previous year. This was attributable to proceeds from the sale of its stake in chemical park operator Currenta, which LANXESS concluded at the end of April. Net financial liabilities* decreased from EUR 1.742 billion at the end of 2019 to EUR 1.012 billion as of December 31, 2020.

Despite coronavirus pandemic: dividend to increase again

The dividend is also to be increased again for the exceptional year 2020. The Board of Management and Supervisory Board will propose a dividend of EUR 1.00 per share – around 5 percent more than in the previous year – to the Annual Stockholders’ Meeting, which will be held virtually on May 19, 2021. This corresponds to a total payout of around EUR 87 million.

Portfolio restructuring continues: all signs point to growth

With the sales of the membrane and chrome chemicals businesses and the announced sale of the leather chemicals business, in 2020 LANXESS systematically divested areas that no longer fit into the strategic focus on specialty chemicals. The Group thus laid the foundation for more profitable development. The sale of its stake in the chemical park operator Currenta also provided a solid financial base.

In 2021, all signs are pointing to growth – with a focus on businesses with consumer protection products. Within a few weeks, LANXESS has announced three acquisitions in this area. With the acquisition of the French biocide specialist INTACE already completed, the

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specialty chemicals company has expanded its range of fungicides for paper and packaging. In the future, LANXESS will significantly expand its offering for the growing animal hygiene market with the portfolio of the disinfectant and hygiene provider Theseo. The transaction is expected to be completed in the second quarter of 2021.

In mid-February 2021, the specialty chemicals company announced the second-largest acquisition in its history. By acquiring the U.S. group Emerald Kalama Chemical, LANXESS can further strengthen its Consumer Protection segment and tap into new fields of application with high margins such as the food industry and animal health. The Group expects the transaction to be completed in the second half of the year following regulatory approvals.

“Consumer Protection products are characterized by attractive growth rates and strong margins. We want to grow in this area and have got down to it right from the very start of the year,” said Zachert.

Segment development 2020: Consumer Protection performs strongly

Sales and earnings performance in the **Advanced Intermediates** segment was influenced by the coronavirus pandemic in 2020 as a whole. Weak demand and lower prices had a negative effect on the Advanced Industrial Intermediates business unit in particular. Sales fell by 11.2 percent from EUR 2.251 billion to EUR 1.999 billion. At EUR 336 million, EBITDA pre exceptionals was 12.3 percent lower than the previous year’s figure of EUR 383 million. The EBITDA margin pre exceptionals was almost stable at 16.8 percent, against 17.0 percent in the previous year.

In the **Specialty Additives** segment, sales volumes – especially in the automotive and aviation industries – likewise decreased significantly due to the coronavirus pandemic. Exchange rates also had a negative effect on sales and earnings. At EUR 1.728 billion,

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sales were down 12.1 percent on the previous year's figure of EUR 1.965 billion, partly due to slightly lower selling prices. EBITDA pre exceptionals fell by 19.5 percent from EUR 353 million to EUR 284 million. The EBITDA margin pre exceptionals for fiscal year 2020 came in at 16.4 percent, against 18.0 percent in the previous year.

The businesses in the **Consumer Protection** segment, newly created in 2020, performed strongly throughout the year. This was driven by strong agrochemicals business at Saltigo and good demand for disinfectants. The positive portfolio effect from the acquisition of the Brazilian biocide manufacturer IPEL also more than offset adverse exchange rate effects. Sales amounted to EUR 1.110 billion, up 5.7 percent on the previous year's figure of EUR 1.050 billion. EBITDA pre exceptionals grew by 17.7 percent from EUR 198 million to EUR 233 million. The EBITDA margin pre exceptionals reached a strong 21.0 percent, against 18.9 percent a year ago.

In the **Engineering Materials** segment, sales and earnings were hit by weak demand from the automotive industry in the first half of the year. Sales declined by 17.9 percent from EUR 1.450 billion to EUR 1.190 billion, partly due to lower selling prices and negative exchange rate effects. EBITDA pre exceptionals fell by 36.6 percent from EUR 238 million to EUR 151 million. In addition to the weak demand, earnings were also reduced by a significant, planned maintenance shutdown and difficulties with the subsequent resumption of production in Belgium. The EBITDA margin pre exceptionals of 12.7 percent was below the figure of 16.4 percent posted in the previous year.

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EUR million	Q4/2019	Q4/2020	Change %	2019	2020	Change %
Sales	1,636	1,503	-8.1	6,802	6,104	-10.3
EBITDA pre exceptionals	197	200	1.5	1,019	862	-15.4
EBITDA margin pre exceptionals	12.0%	13.3%		15.0%	14.1%	
Net income	-48	-3	93.8	205	885	>100
from continuing operations	-22	17	>100	240	908	>100
from discontinued operations	-26	-20	23.1	-35	-23	34.3
Dividend or proposed dividend per share (EUR)				0.95	1.00	5.3
Net financial liabilities*				1,742	1,012	-41.9
Employees (December 31)**				14,304	14,309	0.0

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*After deduction of short-term money market investments and securities.

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

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LANXESS is a leading specialty chemicals company with sales of EUR 6.1 billion in 2020. 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.

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News Release

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