

Following a good second quarter, LANXESS specifies its earnings forecast for 2018

- **Full year 2018: Increase of EBITDA pre exceptionals now expected at the upper end of the guidance of five to ten percent against the previous year**
- **Group sales increased by 6.8 percent to around EUR 1.8 billion in the second quarter**
- **EBITDA pre exceptionals improved by 3.6 percent to EUR 290 million**
- **EBITDA margin pre exceptionals at 15.9 percent**
- **Sales and operating result reported without ARLANXEO for the first time**
- **Net income increased very sharply to EUR 126 million**
- **Record result in the Specialty Additives segment**

LANXESS AG
Corporate Communications
50569 Cologne
Germany

Ingo Drechsler
Phone +49 221 8885-3790
ingo.drechsler@lanxess.com

Rudolf Eickeler
Phone +49 221 8885-4483
rudolf.eickeler@lanxess.com

Alexander Böhm
Phone +49 221 8885-4746
alexander.boehm@lanxess.com

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Cologne – Following a good performance in the second quarter, specialty chemicals company LANXESS has specified its earnings forecast for 2018. The Group now expects an increase of the operating result at the upper end of the guidance of five to ten percent that was presented in May. In the previous year, comparable EBITDA pre exceptionals was around EUR 925 million. The contribution from ARLANXEO, the joint venture between LANXESS and Saudi Aramco for synthetic rubber, is not taken into account in the full-year forecast for 2018 and, with immediate effect, will no longer be reported in the Group's sales and operating result.

In the second quarter, global sales of LANXESS increased by 6.8 percent to EUR 1.83 billion against EUR 1.71 billion in the prior-year quarter. EBITDA pre exceptionals improved by 3.6 percent to EUR 290 million compared with EUR 280 million in the prior-year quarter. The positive overall earnings performance was driven by three reasons primarily: firstly, the contribution of the former Chemtura businesses. They constitute a material part of the Specialty Additives segment, which recorded the best quarterly result since the

acquisition of the U.S. company. Secondly, the adjustment of selling prices due to higher raw material costs and thirdly, the synergies achieved from the integration of Chemtura had a positive impact on earnings. In the second quarter of 2018, the EBITDA margin pre exceptionals was still on a solid level, at 15.9 percent, despite significantly adverse currency effects, compared with 16.4 percent a year ago.

“LANXESS is doing well in operational terms and our strategic decisions in recent years are visibly paying off. For instance, the acquired Chemtura businesses, which have now been included in our figures for a year, made a decisive contribution to the record result achieved by our Additives segment in the second quarter,” said Matthias Zachert, Chairman of the LANXESS Board of Management. “We are therefore specifying our full-year forecast and expect the increase of the EBITDA to be at the upper end of the guidance – despite the headwind resulting from the weakness of the US dollar and geopolitical uncertainties.”

Net income improved significantly to EUR 126 million against EUR 3 million in the prior-year quarter in which substantial exceptional charges were posted. Of net income, EUR 97 million was attributable to the four LANXESS segments and EUR 29 million to the so-called discontinued ARLANXEO business.

Business development in the segments

Sales in the **Advanced Intermediates** segment were EUR 546 million in the second quarter of 2018, 8.1 percent higher than the figure for the prior-year quarter of EUR 505 million. At EUR 97 million, EBITDA pre exceptionals matched the figure of the prior year. Increases in procurement prices for raw materials and energy, which were significant in some cases, were passed on to customers by adjusting selling prices. The organometallics business acquired in the prior year with the Chemtura acquisition also made a positive contribution to earnings. Negative currency effects

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Ingo Drechsler
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Rudolf Eickeler
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rudolf.eickeler@lanxess.com

Alexander Böhm
Phone +49 221 8885-4746
alexander.boehm@lanxess.com

depressed earnings. The EBITDA margin pre exceptionals came in at 17.8 percent, against 19.2 percent a year ago.

In the **Specialty Additives** segment, sales increased by 15.2 percent to EUR 508 million, against EUR 441 million in the prior-year quarter. At EUR 91 million, EBITDA pre exceptionals was 21.3 percent up on the prior-year's figure of EUR 75 million. The contribution of the acquired Chemtura businesses and the synergies associated with the acquisition were crucial to the positive development. At 17.9 percent, the EBITDA margin pre exceptionals was higher than the figure of 17.0 percent a year ago.

In the **Performance Chemicals** segment, sales decreased by 3.0 percent compared with the strong previous year to EUR 356 million, after EUR 367 million. The sale of the Material Protection Products business unit's chlorine dioxide business in the previous year was reflected in the reduction in sales. At EUR 58 million, EBITDA pre exceptionals was 27.5 percent down on the prior year's figure of EUR 80 million. Earnings were squeezed by the persistently weak chrome ore business in the business unit Leather, unfavorable exchange rates and higher procurement prices for raw materials. The EBITDA margin pre exceptionals decreased accordingly from 21.8 percent to 16.3 percent.

In the **Engineering Materials** segment, sales increased significantly by 10.5 percent to EUR 399 million, against EUR 361 million a year ago. EBITDA pre exceptionals increased by 12.5 percent to EUR 81 million after EUR 72 million. The improvement in earnings resulted from higher volumes, especially in high-performance plastics for lightweight construction, and the contribution from the urethane business acquired with the Chemtura takeover. Accordingly, the EBITDA margin pre exceptionals came in at 20.3 percent, against 19.9 percent in the prior-year quarter.

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Q2 2018 key financial data

(figures in EUR million)

	Q2 2017	Q2 2018	Change in percent
Sales	1,712*	1,829	6.8
EBITDA pre exceptionals	280*	290	3.6
EBITDA margin pre exceptionals (in percent)	16.4*	15.9	
Net income	3	126	>100
Earnings per share (in EUR)	0.04	1.38	>100

*Comparative figures Q2 2017 excluding former ARLANXEO segment

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. 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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