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**QUARTERLY
STATEMENT**
as of March 31, 2021

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LANXESS Group Key Data

€ million	Q1 2020	Q1 2021	Change %
Sales	1,704	1,693	(0.6)
Gross profit	435	427	(1.8)
Gross profit margin	25.5%	25.2%	
EBITDA pre exceptionals ¹⁾	245	242	(1.2)
EBITDA margin pre exceptionals ¹⁾	14.4%	14.3%	
EBITDA ¹⁾	219	215	(1.8)
EBIT pre exceptionals ¹⁾	130	125	(3.8)
EBIT ¹⁾	104	98	(5.8)
EBIT margin ¹⁾	6.1%	5.8%	
Net income	64	64	0.0
from continuing operations	63	63	0.0
from discontinued operations	1	1	0.0
Weighted average number of shares outstanding	87,316,242	86,346,303	(1.1)
Earnings per share (€)	0.73	0.74	1.4
from continuing operations	0.72	0.73	1.4
from discontinued operations	0.01	0.01	0.0
Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets (€) ²⁾	1.17	1.17	0.0
Cash flow from operating activities – continuing operations	113	33	(70.8)
Depreciation and amortization	115	117	1.7
Cash outflows for capital expenditures	74	70	(5.4)
Total assets	8,880 ⁵⁾	9,118	2.7
Equity (including non-controlling interests)	2,999 ⁵⁾	3,330	11.0
Equity ratio ³⁾	33.8% ⁵⁾	36.5%	
Provisions for pensions and other post-employment benefits	1,205 ⁵⁾	1,016	(15.7)
Net financial liabilities ⁴⁾	1,012 ⁵⁾	1,223	20.8
Net financial liabilities after deduction of short-term money market investments and securities ⁴⁾	1,012 ⁵⁾	1,223	20.8
Employees (as of March 31)	14,309 ⁵⁾	14,159	(1.0)

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 adjusted for exceptional items 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, 2020.

LANXESS Group Key Data

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QUARTERLY STATEMENT AS OF MARCH 31, 2021

- › Targeted portfolio expansion through acquisition of Emerald Kalama Chemical and Theseo
- › Sales on a par with the good previous year at €1,693 million in the first quarter
- › Engineering Materials segment's sales and earnings up on the previous year thanks to strong demand from the automotive industry
- › Consumer Protection segment still with stable sales and good earnings development
- › EBITDA pre exceptionals level with the good previous year at €242 million
- › Stable EBITDA margin pre exceptionals of 14.3% after 14.4%
- › Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets of €1.17, as in the previous year
- › Guidance for fiscal year 2021 raised: EBITDA pre exceptionals between €950 million and €1,000 million

REPORTING FOCUS AND MATERIAL TRANSACTIONS

As of January 1, 2021, the business with antioxidants and reaction accelerators was organizationally reassigned from the Advanced Industrial Intermediates business unit to the Rhein Chemie business unit. The previous year's figures have been restated accordingly. At the same time, the business with colorants and colorant additives was organizationally transferred within the Specialty Additives segment from the Rhein Chemie business unit to the Polymer Additives business unit.

We decided in 2019 to divest 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 on January 10, 2020. The sale of the chrome ore mine was agreed on November 15, 2019, but is not yet complete. On August 12, 2020, we agreed the sale of the organic leather chemicals business. We expect this transaction to be completed at the beginning of June of the current fiscal year. The Leather business unit has been recognized as discontinued operations since December 2019.

As of January 1, 2021, LANXESS completed the sale of the reverse osmosis membranes business from the Liquid Purification Technologies business unit to SUEZ S.A., Paris, France. LANXESS is thus repositioning its water treatment technology business in order to focus on the ion exchange resins business in the future.

On March 1, LANXESS completed the acquisition of the French company INTACE SAS, Paris, France. This manufacturer of special fungicides for the packaging and paper industry will enhance LANXESS's position as one of the world's leading producers of biocides and antimicrobial active ingredients. The business was integrated into the Material Protection Products business unit of the Consumer Protection segment. The company generated sales of a medium seven-figure sum in euros in the previous year.

In addition, LANXESS signed an agreement on the acquisition of the French Theseo Group on February 9, 2021. The transaction was completed on April 1, 2021. The group, headquartered in Laval, France, is a leading manufacturer of disinfection and hygiene solutions in Europe and Latin America. With this acquisition, LANXESS has expanded its portfolio with products for pest control, animal nutrition and animal health and now offers an extensive range of disinfection and hygiene solutions. The business with around 100 employees at its sites in Laval, France;

Wietmarschen, Germany; Hull, Great Britain; and Campinas, Brazil, was integrated into the Material Protection Products business unit of the Consumer Protection segment. In 2020, the acquired company generated sales of a lower eight-figure sum in euros.

On February 14, 2021, LANXESS concluded an agreement with the U.S. private equity firm American Securities LLC regarding the acquisition of 100% of the shares in Emerald Kalama Chemical. The U.S. company is one of the world's leading manufacturers of special chemicals, primarily for the consumer goods sector. These include preservatives for use in food, household products and cosmetics, flavors and fragrances as well as products for animal nutrition. In addition, the product portfolio is expanded by special chemicals for industrial applications, such as for the plastics and adhesives industries. The acquisition is a targeted enhancement of LANXESS's position in the global business with antimicrobial active ingredients and preservatives, especially for consumer protection products and animal health. LANXESS will finance the purchase price of around US\$1.0 billion with existing liquidity. The transaction is still subject to the approval of the responsible authorities and is expected to be completed in the second half of 2021. Emerald Kalama Chemical has around 500 employees worldwide and operates production sites in Kalama, U.S.; Rotterdam, Netherlands; and Widnes, Great Britain. In 2020, the company generated sales of around US\$425 million and EBITDA pre exceptionals of roughly US\$90 million.

On March 10, 2020, the Board of Management of LANXESS AG decided to repurchase own shares in two tranches of €250 million each (excluding incidental expenses) via the stock exchange within 24 months. The stock repurchase program commenced on March 12, 2020, but was suspended until further notice on April 6, 2020, as a result of the coronavirus crisis. 1,101,549 shares worth €37 million had been repurchased by this date. The first tranche of the stock repurchase program formally ended on March 10, 2021. The repurchased shares have not yet been canceled. The part of the first tranche that was not implemented was carried over to the second tranche, increasing the second tranche to €465 million. In light of the current strategic realignment of the LANXESS Group, a decision on a resumption and potential extension of the stock repurchase program is to be made at a later date. The same applies to a decision on the cancellation of the repurchased shares.

BUSINESS PERFORMANCE

Sales

The LANXESS Group's sales of €1,693 million were on a par with the good previous year, which was not yet significantly negatively affected by the coronavirus pandemic. The continued substantial revival in demand was largely offset by the adverse development of exchange rates, particularly due to a weaker U.S. dollar. Overall, higher volumes resulted in sales growth of 5.0%. Shifts in exchange rates decreased sales by 3.9%. Lower selling prices diminished sales by 1.7%. In total, the contributions from the Brazilian biocide manufacturer acquired in February 2020 and from the French company INTACE SAS acquired at the beginning of March 2021 had a slightly positive

effect. In contrast, the sale of the reverse osmosis membranes business from the Liquid Purification Technologies business unit had a slightly negative effect. Overall, the portfolio effect was evened out at Group level.

Effects on Sales

%	Q1 2021
Price	(1.7)
Volume	5.0
Currency	(3.9)
Portfolio	0.0
	(0.6)

EBITDA and operating result (EBIT)

In an economic environment shaped by the coronavirus pandemic, the operating result before depreciation, amortization, write-downs and reversals (EBITDA) pre exceptionals amounted to €242 million in the first quarter of 2021 and was therefore level with the good prior-year quarter. In the previous year, EBITDA pre exceptionals amounted to €245 million. The positive effect of increasingly good demand from the automotive industry, especially in the Engineering Materials segment, was weakened by weather-related production downtime in the U.S. in the Advanced Intermediates, Specialty Additives and Consumer Protection segments. However, raw material and selling prices, which generally increased sharply in the first quarter of 2021, remained below the prior-year level. The change in exchange rates in all segments and a significant rise in energy costs, especially in Germany, also had a negative impact. Both the sale of the reverse osmosis membranes business from the Liquid Purification Technologies business unit and the contributions from the Brazilian biocide manufacturer acquired in

February 2020 and from the French company INTACE SAS acquired at the beginning of March 2021 resulted in a slightly positive effect. Please see the table below and "Segment Information" for details on the individual segments.

EBITDA Pre Exceptionals by Segment

€ million	Q1 2020	Q1 2021	Change %
Advanced Intermediates	82	77	(6.1)
Specialty Additives	91	74	(18.7)
Consumer Protection	67	69	3.0
Engineering Materials	49	59	20.4
Reconciliation	(44)	(37)	15.9
	245	242	(1.2)

Prior-year figures restated

Primarily due to higher freight costs and volume effects, selling expenses rose by 3.0% to €208 million. Research and development costs amounted to €27 million, compared to €26 million in the prior-year period, while general administration expenses amounted to €73 million, compared to €74 million in the prior-year period. The Group EBITDA margin pre exceptionals came in at 14.3%, against 14.4% in the prior-year quarter.

Depreciation, amortization and write-downs came to €117 million, and were €2 million, or 1.7%, above the figure for the prior-year quarter. Negative exceptional items of €27 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, M&A expenses and digitalization projects. In the prior-year quarter, the operating result included net negative exceptional items totaling €26 million.

Reconciliation of EBITDA Pre Exceptionals to EBIT

€ million	Q1 2020	Q1 2021	Change %
EBITDA pre exceptionals	245	242	(1.2)
Depreciation and amortization/reversals of impairment charges	(115)	(117)	(1.7)
Exceptional items in EBITDA	(26)	(27)	(3.8)
Operating result (EBIT)	104	98	(5.8)

Financial result

The financial result for the first quarter of 2021 amounted to minus €13 million, compared with minus €16 million for the prior-year period. The net interest result was minus €15 million, compared with minus €14 million in the prior-year quarter. The other financial result improved from minus €2 million in the prior-year quarter to €2 million.

Income before income taxes

In the first quarter of 2021, income before income taxes came to €85 million, against €88 million for the prior-year period. The effective tax rate was 25.9%, compared with 28.4% for the prior-year quarter.

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, net income totaled €64 million, and €63 million

was allocable to continuing operations. In the first quarter of 2021, earnings of €0 million were attributable to non-controlling interests, compared with negative earnings of €2 million in the previous year. These earnings were almost exclusively attributable to discontinued operations.

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 €0.74, which was higher than the prior-year figure of €0.73. Earnings per share from continuing operations were €0.73 against €0.72 in the prior-year quarter.

Earnings per Share

€ million	Q1 2020	Q1 2021
Net income	64	64
from continuing operations	63	63
from discontinued operations	1	1
Weighted average number of shares outstanding	87,316,242	86,346,303
Earnings per share (€)	0.73	0.74
from continuing operations (€)	0.72	0.73
from discontinued operations (€)	0.01	0.01

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 2021, as in the prior-year period.

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

€ million	Q1 2020	Q1 2021
Net income from continuing operations	63	63
Exceptional items ¹⁾	26	27
Amortization of intangible assets/reversals of impairment charges ¹⁾	22	25
Income taxes ¹⁾	(9)	(14)
Net income from continuing operations adjusted for exceptional items and amortization of intangible assets	102	101
Weighted average number of shares outstanding	87,316,242	86,346,303
Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets (€)	1.17	1.17

¹⁾ Excluding items attributable to non-controlling interests.

BUSINESS DEVELOPMENT BY REGION

Group sales in the first quarter of 2021 amounted to €1,693 million, on a par with the previous year's level. While the EMEA (excluding Germany) and Germany regions were level with the previous year, the declining business in North America, where barely any effects resulted from the coronavirus pandemic in the previous year, was not offset by the growth in the Latin America and Asia-Pacific regions.

Sales by Market

	Q1 2020		Q1 2021		Change
	€ million	%	€ million	%	
EMEA (excluding Germany)	536	31.4	535	31.6	(0.2)
Germany	317	18.6	320	18.9	0.9
North America	409	24.0	363	21.4	(11.2)
Latin America	83	4.9	89	5.3	7.2
Asia-Pacific	359	21.1	386	22.8	7.5
	1,704	100.0	1,693	100.0	(0.6)

SEGMENT INFORMATION

Advanced Intermediates

	Q1 2020		Q1 2021		Change
	€ million	Margin %	€ million	Margin %	
Sales	483		489		1.2
EBITDA pre exceptionals	82	17.0	77	15.7	(6.1)
EBITDA	80	16.6	77	15.7	(3.8)
Operating result (EBIT) pre exceptionals	53	11.0	48	9.8	(9.4)
Operating result (EBIT)	51	10.6	48	9.8	(5.9)
Cash outflows for capital expenditures	23		21		(8.7)
Depreciation and amortization	29		29		0.0
Employees as of March 31 (previous year: as of Dec. 31)	3,340		3,339		0.0

Prior-year figures restated

Our **Advanced Intermediates** segment recorded sales of €489 million in the first quarter, up 1.2%, or €6 million, on the figure for the prior-year period. The sales development was driven by the good demand in both of the segment's business units. At segment level, higher volumes resulted in sales growth of 8.4%. In contrast, there was a negative price effect on sales of 3.9% at segment level, with selling prices in the Advanced Industrial Intermediates business unit below the previous year's level.

Selling prices in the Inorganic Pigments business unit were at the previous year's level. Shifts in exchange rates had a negative effect on sales in both business units and reduced the segment's sales by 3.3% in total. While higher sales were achieved in the Germany and EMEA (excluding Germany) regions, the segment posted lower sales in the other regions.

EBITDA pre exceptionals in the Advanced Intermediates segment decreased by 6.1% to €77 million, compared with the previous year's figure of €82 million. Starting from a comparatively low level at the beginning of the year, raw material prices rose sharply during the quarter and have not yet been fully passed onto the market, especially in the Advanced Industrial Intermediates business unit. Selling prices were lower than the prior-year level. Shifts in exchange rates also reduced earnings in both business units. Furthermore, earnings declined due to higher energy and freight costs and a shutdown in the U.S. as a result of the cold weather. In contrast, both of the segment's business units benefited from higher volumes, which partially offset the reductions in earnings. The ongoing good situation in the construction industry in particular resulted in a positive earnings contribution in the Inorganic Pigments business unit. The EBITDA margin pre exceptionals was 15.7%, against 17.0% in the prior-year quarter.

The segment recorded no exceptional items that impacted EBITDA in the first quarter. In the previous year, negative exceptional items of €2 million were incurred in the operating result. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

Specialty Additives

	Q1 2020		Q1 2021		Change %
	€ million	Margin %	€ million	Margin %	
Sales	574		517		(9.9)
EBITDA					
pre exceptionals	91	15.9	74	14.3	(18.7)
EBITDA	87	15.2	72	13.9	(17.2)
Operating result (EBIT)					
pre exceptionals	50	8.7	33	6.4	(34.0)
Operating result (EBIT)	46	8.0	31	6.0	(32.6)
Cash outflows for capital expenditures	20		16		(20.0)
Depreciation and amortization	41		41		0.0
Employees as of March 31 (previous year: as of Dec. 31)	3,083		3,056		(0.9)

Prior-year figures restated

Our **Specialty Additives** segment posted sales of €517 million in the first quarter of 2021, 9.9% lower than the good prior-year level. Shifts in exchange rates, especially for the U.S. dollar, had a negative effect on all business units and decreased the segment's sales by 5.2%. A weather-related production shutdown of several weeks in the U.S. and continued weak demand from the aviation industry as a result of the coronavirus pandemic led to lower volumes, particularly in the Polymer Additives and

Lubricant Additives business units. Sales were also reduced by lower selling prices in these business units. In contrast, the Rhein Chemie business unit achieved higher volumes due to increasing demand from the automotive industry. Selling prices in the business unit exceeded the previous year's level. Overall, lower sales volumes diminished sales by 4.4% at segment level. While higher sales were achieved in the Asia-Pacific and Latin America regions, the segment posted lower sales in the other regions.

EBITDA pre exceptionals for the Specialty Additives segment was €74 million, down €17 million, or 18.7%, on the prior-year level. Earnings were reduced by adverse exchange rate effects in all of the segment's business units, especially a weaker U.S. dollar, and lower volumes as a result of a weather-related production shutdown in the U.S. Higher freight costs also had a negative impact on earnings. The EBITDA margin pre exceptionals was 14.3%, against 15.9% in the prior-year period.

The segment recorded negative exceptional items of €2 million in the first quarter, which impacted EBITDA and primarily related to the strategic realignment of the LANXESS Group. 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.

Consumer Protection

	Q1 2020		Q1 2021		Change %
	€ million	Margin %	€ million	Margin %	
Sales	279		290		3.9
EBITDA					
pre exceptionals	67	24.0	69	23.8	3.0
EBITDA	67	24.0	69	23.8	3.0
Operating result (EBIT)					
pre exceptionals	46	16.5	51	17.6	10.9
Operating result (EBIT)	46	16.5	51	17.6	10.9
Cash outflows for capital expenditures	10		13		30.0
Depreciation and amortization	21		18		(14.3)
Employees as of March 31 (previous year: as of Dec. 31)	2,439		2,384		(2.3)

In our **Consumer Protection** segment, sales amounted to €290 million in the reporting quarter of 2021, 3.9% higher than the prior-year level. This was especially due to the positive development of the Saltigo business unit's agrochemicals business. Sales volumes were also higher than in the previous year in the Material Protection Products business unit, due in particular to the ongoing demand for disinfectants. By contrast, the Liquid Purification Technologies business unit saw lower

sales volumes, which was particularly attributable to generally low transport capacity. At segment level, higher volumes resulted in sales growth of 10.0%. Shifts in exchange rates, especially for the U.S. dollar, had a negative effect on all business units and decreased the segment's sales by 2.8% in total. In addition, lower selling prices reduced sales by 2.9% at segment level. The sales decline in the Liquid Purification Technologies business unit due to the sale of the reverse osmosis membranes business was offset by higher sales in the Material Protection Products business unit from the integration of the Brazilian biocide manufacturer acquired in February 2020 and the French company INTACE SAS acquired at the beginning of March 2021. With the exception of Latin America and Germany, the segment reported higher sales than in the prior-year quarter across all regions.

Although a weather-related production shutdown in the U.S. also had a negative effect in this segment, EBITDA pre exceptionals in the Consumer Protection segment increased by €2 million, or 3.0%, to €69 million, compared with the prior-year level of €67 million. The positive earnings performance was driven in particular by the higher volumes in the Saltigo business unit and the positive development of the Material Protection Products business unit's disinfectant business. The sale of the reverse osmosis membranes business from the Liquid Purification Technologies business unit, the integration of the Brazilian biocide manufacturer acquired in February 2020 and the contribution from the French company INTACE SAS acquired at the beginning of March 2021 also had a positive effect on earnings. In contrast, the shift in exchange rates and the effect of the change in selling prices had a negative impact on earnings. The EBITDA margin pre exceptionals was 23.8%, against 24.0% in the prior-year period.

Engineering Materials

	Q1 2020		Q1 2021		Change %
	€ million	Margin %	€ million	Margin %	
Sales	347		377		8.6
EBITDA pre exceptionals	49	14.1	59	15.6	20.4
EBITDA	49	14.1	59	15.6	20.4
Operating result (EBIT) pre exceptionals	32	9.2	42	11.1	31.3
Operating result (EBIT)	32	9.2	42	11.1	31.3
Cash outflows for capital expenditures	8		10		25.0
Depreciation and amortization	17		17		0.0
Employees as of March 31 (previous year: as of Dec. 31)	2,191		2,207		0.7

Sales in our **Engineering Materials** segment rose by 8.6% year on year in the first quarter of 2021 to €377 million. Higher volumes increased sales by 12.4%. In the High Performance Materials business unit, this was driven by increasingly good demand from the automotive industry. The change in exchange rates had a negative influence on both business units and decreased the segment's sales by 3.8%. The selling prices were on a par with the previous year, which was not yet significantly negatively affected by the coronavirus pandemic. With the exception of North America, the segment reported higher sales than in the prior-year quarter across all regions.

EBITDA pre exceptionals in the Engineering Materials segment increased by €10 million, or 20.4%, to €59 million. The earnings development resulted primarily from the good demand from the

automotive industry and the associated rise in sales volumes in the High Performance Materials business unit. Higher procurement prices for raw materials and energy, higher freight costs and shifts in exchange rates had a negative effect on earnings. The EBITDA margin pre exceptionals of 15.6% was above the figure of 14.1% posted in the prior-year quarter.

Reconciliation

€ million	Q1 2020	Q1 2021	Change %
Sales	21	20	(4.8)
EBITDA pre exceptionals	(44)	(37)	15.9
EBITDA	(64)	(62)	3.1
Operating result (EBIT) pre exceptionals	(51)	(49)	3.9
Operating result (EBIT)	(71)	(74)	(4.2)
Cash outflows for capital expenditures	13	10	(23.1)
Depreciation and amortization	7	12	71.4
Employees as of March 31 (previous year: as of Dec. 31)	3,256	3,173	(2.5)

EBITDA pre exceptionals for the reconciliation improved from minus €44 million to minus €37 million, particularly due to cost savings as a result of the coronavirus pandemic and a better result from the hedging of currency risks. In the first quarter, net negative exceptional items of €25 million were incurred, which fully impacted EBITDA. The exceptional items resulted primarily from expenses in connection with the strategic realignment of the LANXESS Group, digitalization projects and M&A activities. In the prior-year period, there were negative exceptional items of €20 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 2020	EBIT Q1 2021	EBITDA Q1 2020	EBITDA Q1 2021
EBIT/EBITDA				
pre exceptionals	130	125	245	242
Advanced Intermediates	(2)	0	(2)	0
Strategic realignment	(2)	0	(2)	0
Specialty Additives	(4)	(2)	(4)	(2)
Strategic realignment	(4)	(2)	(4)	(2)
Consumer Protection	0	0	0	0
Engineering Materials	0	0	0	0
Reconciliation	(20)	(25)	(20)	(25)
Strategic realignment	(2)	0	(2)	0
Adjustment of the production network	(10)	0	(10)	0
Strategic IT projects (SAP S/4HANA and other IT applications)	(5)	(7)	(5)	(7)
Digitalization, M&A expenses and other	(3)	(18)	(3)	(18)
Total exceptional items	(26)	(27)	(26)	(27)
EBIT/EBITDA	104	98	219	215

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 (target) planning process, targets are set for this benchmark of our company's success, which are then taken into account in determining variable income components for the Board of Management, senior executives and the rest of the workforce.

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, 2021, the LANXESS Group's total assets stood at €9,118 million, up €238 million, or 2.7%, from €8,880 million on December 31, 2020. Equity increased by €331 million to €3,330 million. This was particularly attributable to the effects of currency translation of operations outside the euro-zone recognized in other comprehensive income and to the increase in the interest rates used to discount provisions for pensions. The equity ratio increased to 36.5%, after 33.8% on December 31, 2020.

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 2021, there was a net cash inflow of €33 million from operating activities, against €113 million in the prior-year period. Based on income before income taxes of €85 million, after €88 million in the previous year, non-cash depreciation, amortization and write-downs amounted to €117 million, against €115 million in the previous year. The change in net working capital resulted in a net cash outflow of €146 million, compared with €181 million in the prior-year period. Income taxes paid resulted in a net cash outflow of €31 million in the reporting period.

There was a €530 million net cash inflow from investing activities in the first three months of 2021, compared with a €75 million net cash outflow in the same period a year ago. The net cash inflow in the reporting period resulted primarily from proceeds from the sale of shares of money market funds. Cash outflows for purchases of intangible assets and property, plant and equipment resulted in a net cash outflow of €70 million, compared with €74 million in the first three months of the previous year.

Net cash used for financing activities came to €13 million in the reporting period, compared with net cash provided by financing activities of €954 million in the first three months of 2020. The cash outflow in the reporting period was primarily due to repayments of borrowings of €11 million, against €13 million in the prior-year period. Interest paid and other financial disbursements also resulted in a net cash outflow. The cash inflow in the previous year was primarily attributable to the drawdown on the syndicated credit facility of €1 billion.

Financing and liquidity

Net financial liabilities totaled €1,223 million as of March 31, 2021, compared with €1,012 million as of December 31, 2020.

Net Financial Liabilities

€ million	Dec. 31, 2020	March 31, 2021
Non-current financial liabilities	2,265	2,267
Current financial liabilities	566	582
Less:		
Liabilities for accrued interest	(25)	(38)
Cash and cash equivalents	(271)	(821)
Near-cash assets	(1,523)	(767)
Net financial liabilities	1,012	1,223
after deduction of short-term money market investments and securities	–	–
Net financial liabilities after deduction of short-term money market investments and securities	1,012	1,223

Provisions for pensions and other post-employment benefits totaled €1,016 million as of March 31, 2021, compared with €1,205 million as of December 31, 2020. This decrease was chiefly due to an increase in the interest rates used to discount provisions for pensions.

OUTLOOK

The economic environment has improved significantly compared with the previous year thanks to growing demand from major end user industries. However, the current development of raw material prices is cause for concern. Furthermore, the rate of infection in the coronavirus pandemic is a large uncertainty factor for the global economy and for our businesses. While infection rates in North America and China are falling, so the economy can start up again, the trend in Europe and especially South America and India is still worrying.

For fiscal year 2021, we are increasing our guidance for EBITDA pre exceptionals to between €950 million and €1,000 million.

FINANCIAL DATA

as of March 31, 2021

STATEMENT OF FINANCIAL POSITION LANXESS GROUP

€ million	Dec. 31, 2020	March 31, 2021
ASSETS		
Intangible assets	1,647	1,700
Property, plant and equipment	2,674	2,695
Investments in other affiliated companies	2	2
Non-current derivative assets	4	1
Other non-current financial assets	41	52
Non-current income tax receivables	81	81
Deferred taxes	326	280
Other non-current assets	48	49
Non-current assets	4,823	4,860
Inventories	1,070	1,128
Trade receivables	745	891
Cash and cash equivalents	271	821
Near-cash assets	1,523	767
Current derivative assets	19	15
Other current financial assets	65	88
Current income tax receivables	101	106
Other current assets	145	318
Assets held for sale and discontinued operations	118	124
Current assets	4,057	4,258
Total assets	8,880	9,118

€ million	Dec. 31, 2020	March 31, 2021
EQUITY AND LIABILITIES		
Capital stock and capital reserves	1,317	1,317
Other reserves ¹⁾	1,359	2,381
Net income	885	64
Other equity components	(560)	(430)
Equity attributable to non-controlling interests	(2)	(2)
Equity	2,999	3,330
Provisions for pensions and other post-employment benefits	1,205	1,016
Other non-current provisions	349	358
Non-current derivative liabilities	1	3
Other non-current financial liabilities	2,265	2,267
Non-current income tax liabilities	75	76
Other non-current liabilities	51	51
Deferred taxes	113	121
Non-current liabilities	4,059	3,892
Other current provisions	332	362
Trade payables	681	712
Current derivative liabilities	15	14
Other current financial liabilities	566	582
Current income tax liabilities	24	20
Other current liabilities	129	138
Liabilities directly related to assets held for sale and discontinued operations	75	68
Current liabilities	1,822	1,896
Total equity and liabilities	8,880	9,118

1) Also includes the reserve for own shares.

INCOME STATEMENT LANXESS GROUP

€ million	Q1 2020	Q1 2021
Sales	1,704	1,693
Cost of sales	(1,269)	(1,266)
Gross profit	435	427
Selling expenses	(202)	(208)
Research and development expenses	(26)	(27)
General administration expenses	(74)	(73)
Other operating income	21	14
Other operating expenses	(50)	(35)
Operating result (EBIT)	104	98
Interest income	3	1
Interest expense	(17)	(16)
Other financial income and expense	(2)	2
Financial result	(16)	(13)
Income before income taxes	88	85
Income taxes	(25)	(22)
Income after income taxes from continuing operations	63	63
Income after income taxes from discontinued operations	(1)	1
Income after income taxes	62	64
of which attributable to non-controlling interests	(2)	0
of which attributable to LANXESS AG stockholders (net income)	64	64
Earnings per share (basic/diluted) (€)		
from continuing operations	0.72	0.73
from discontinued operations	0.01	0.01
from continuing and discontinued operations	0.73	0.74

STATEMENT OF COMPREHENSIVE INCOME LANXESS GROUP

€ million	Q1 2020	Q1 2021
Income after income taxes	62	64
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of the net defined benefit liability for post-employment benefit plans	10	193
Income taxes	(11)	(56)
	(1)	137
Items that may be reclassified subsequently to profit or loss if specific conditions are met		
Exchange differences on translation of operations outside the eurozone	39	142
Financial instruments fair value measurement	(25)	(18)
Financial instruments cost of hedging	(1)	1
Income taxes	8	5
	21	130
Other comprehensive income, net of income tax	20	267
Total comprehensive income	82	331
of which attributable to non-controlling interests	4	0
of which attributable to LANXESS AG stockholders	78	331
Total comprehensive income attributable to LANXESS AG stockholders	78	331
from continuing operations	59	329
from discontinued operations	19	2

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, 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
Dec. 31, 2020	87	1,230	1,359	885	(569)	9	0	3,001	(2)	2,999
Allocations to retained earnings			885	(885)				0		0
Total comprehensive income			137	64	142	(13)	1	331	0	331
Income after income taxes				64				64	0	64
Other comprehensive income, net of income tax			137		142	(13)	1	267	0	267
March 31, 2021	87	1,230	2,381	64	(427)	(4)	1	3,332	(2)	3,330

STATEMENT OF CASH FLOWS LANXESS GROUP

€ million	Q1 2020	Q1 2021
Income before income taxes	88	85
Amortization, depreciation, write-downs and reversals of impairment charges of intangible assets, property, plant and equipment	115	117
Gains on disposals of intangible assets and property, plant and equipment	0	0
Financial losses (gains)	14	10
Income taxes refunded/paid	4	(31)
Changes in inventories	(18)	(35)
Changes in trade receivables	(149)	(131)
Changes in trade payables	(14)	20
Changes in other assets and liabilities	73	(2)
Net cash provided by operating activities – continuing operations	113	33
Net cash used in operating activities – discontinued operations	(11)	(1)
Net cash provided by operating activities – total	102	32
Cash outflows for purchases of intangible assets and property, plant and equipment	(74)	(70)
Cash inflows from sales of intangible assets and property, plant and equipment	3	0
Cash outflows for financial and other assets held for investment purposes	(80)	(152)
Cash inflows from financial and other assets held for investment purposes	21	756
Cash outflows for the acquisition/sale of subsidiaries and other businesses, less acquired cash and cash equivalents	(25)	(8)
Cash inflows from the sale of subsidiaries and other businesses, less acquired cash and cash equivalents	78	–
Interest and dividends received	2	4

€ million	Q1 2020	Q1 2021
Net cash (used in) provided by investing activities – continuing operations	(75)	530
Net cash used in investing activities – discontinued operations	(1)	0
Net cash (used in) provided by investing activities – total	(76)	530
Proceeds from borrowings	1,000	–
Repayments of borrowings	(13)	(11)
Interest paid and other financial disbursements	(1)	(2)
Cash outflows for the acquisition of own shares	(32)	–
Net cash provided by (used in) financing activities – continuing operations	954	(13)
Net cash used in financing activities – discontinued operations	0	0
Net cash provided by (used in) financing activities – total	954	(13)
Change in cash and cash equivalents – continuing operations	992	550
Change in cash and cash equivalents – discontinued operations	(12)	(1)
Change in cash and cash equivalents – total	980	549
Cash and cash equivalents at beginning of period – total	296	271
Exchange differences and other changes in cash and cash equivalents – total	(5)	4
Cash and cash equivalents at end of period – total	1,271	824
of which continuing operations	1,271	821
of which discontinued operations	0	3

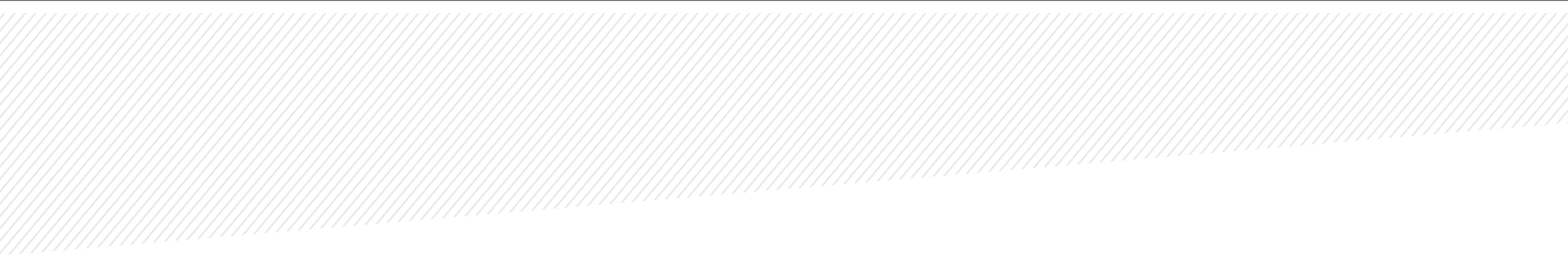
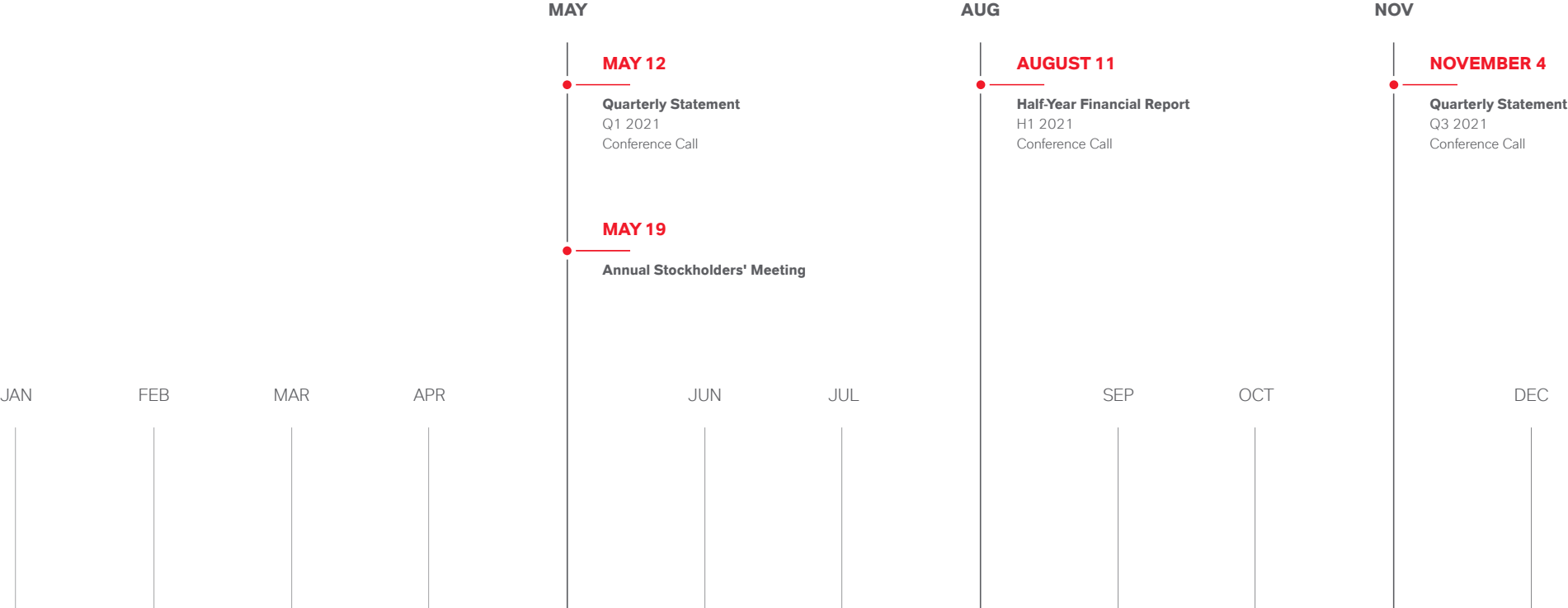
BUSINESS UNIT KEY DATA

Key Data by Segment First Quarter

€ million	Advanced Intermediates		Specialty Additives		Consumer Protection		Engineering Materials		Reconciliation		LANXESS	
	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021
External sales	483	489	574	517	279	290	347	377	21	20	1,704	1,693
Inter-segment sales	10	9	3	2	14	13	0	0	(27)	(24)	0	0
Segment/Group sales	493	498	577	519	293	303	347	377	(6)	(4)	1,704	1,693
Segment result/EBITDA pre exceptionals	82	77	91	74	67	69	49	59	(44)	(37)	245	242
EBITDA margin pre exceptionals (%)	17.0	15.7	15.9	14.3	24.0	23.8	14.1	15.6			14.4	14.3
EBITDA	80	77	87	72	67	69	49	59	(64)	(62)	219	215
EBIT pre exceptionals	53	48	50	33	46	51	32	42	(51)	(49)	130	125
EBIT	51	48	46	31	46	51	32	42	(71)	(74)	104	98
Segment capital expenditures	26	24	22	19	11	14	9	12	14	16	82	85
Depreciation and amortization/ reversals of impairment charges	29	29	41	41	21	18	17	17	7	12	115	117
Employees as of March 31 (previous year: as of Dec. 31)	3,340	3,339	3,083	3,056	2,439	2,384	2,191	2,207	3,256	3,173	14,309	14,159

Prior-year figures restated

Financial Calendar 2021



Contacts & Masthead

MASTHEAD

LANXESS AG
Kennedyplatz 1
50569 Cologne, Germany
Tel. +49 (0) 221 8885 0
www.lanxess.com

Agency:
Kirchhoff Consult AG, Hamburg, Germany

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CONTACTS

Corporate Communications
Christiane Minderjahn
Tel. +49 (0) 221 8885 2674
mediarelations@lanxess.com

Investor Relations
André Simon
Tel. +49 (0) 221 8885 3494
ir@lanxess.com

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LANXESS AG

50569 Cologne

Germany

www.lanxess.com