

# Q3 2021 Results

## LANXESS Group

**LANXESS**

Energizing Chemistry

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### Successfully managing cost inflation

	Q3 2020	Q3 2021	Δ	Comments
Sales	€1,461 m	<b>€1,951 m</b>	+34%	↑ Significant sales rise due to price increases and higher volumes
EBITDA pre	€193 m	<b>€278 m</b>	+44%	↑ EBITDA pre significantly above previous year level driven by successful price pass-on and ongoing volume growth
Margin	13.2%	<b>14.2%</b>	+1 pp.	↑ Margin above previous year level; soaring energy and logistic costs prevent stronger development
EPS pre	€0.66	<b>€1.41</b>	>100%	↑ Strong earnings due to high demand but held back by higher energy and logistic costs
Operating cash flow	€167 m	<b>€105 m</b>	-€62 m	↓ Operating cash flow impacted by significant increase in inventories due to volume rise and inflated raw material prices
Net financial debt*	Dec 2020 €1,012 m	<b>Sep 2021 €2,243 m</b>	>100%	↑ Increase in net financial debt driven by payment of purchase price for Emerald Kalama Chemical
Capex	€102 m	<b>€109 m</b>	+7%	

Sales + **34%**    Price + **19%**    Volume + **10%**    Currency **0%**    Portfolio + **5%**

\* Including cash, cash equivalents, short term money market investments

## Advanced Intermediates\*

Strong pricing and continuous increase in volumes –  
Higher raw material prices successfully passed-on



- Sales boost driven by significantly higher prices as a consequence of increased raw material costs and improved volumes in both BUs
- AI is most energy-intensive segment at LXS. Therefore, EBITDA pre and especially margin are impacted by soaring energy costs
- EBITDA pre development supported by raw-material price pass-through and higher volumes, while increased logistic costs additionally burden

<b>Sales</b>	<b>+ 29%</b>							
						<b>Q3 2020</b>	<b>Q3 2021</b>	
Price	Volume	Currency	Portfolio		<b>EBITDA pre</b>	€71 m	€84 m	
<b>+ 23%</b>	<b>+ 6%</b>	<b>0%</b>	<b>0%</b>		<b>margin</b>	17.1%	15.8%	

## Consumer Protection

Contribution from BU F&F partly offset by production issues in BU SGO

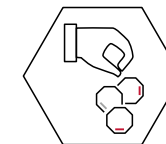


- Sales increase mainly driven by BU F&F as expected
- Impact in BU Saltigo by unplanned shutdown and high energy costs nearly offsets EBITDA contribution from new BU F&F; EBITDA margin burdened accordingly
- Continuously good performance in BU MPP and BU LPT

<b>Sales</b>	<b>+ 27%</b>							
						<b>Q3 2020</b>	<b>Q3 2021</b>	
Price	Volume	Currency	Portfolio		<b>EBITDA pre</b>	€59 m	€60 m	
<b>+ 3%</b>	<b>+ 1%</b>	<b>+ 1%</b>	<b>+ 22%</b>		<b>margin</b>	21.2%	17.0%	

## Specialty Additives\*

Best quarterly EBITDA in history –  
Strong volume and price recovery in all business units

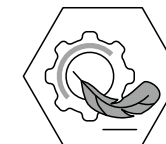


- Sales increase driven by improved prices and rising volumes across all BUs
- Demand driven by strong development especially in construction, transportation and industrial end markets, aviation and oil & gas recovering
- Significant EBITDA pre and margin improvement despite increased logistic costs and constraints

<b>Sales</b>	<b>+ 30%</b>							
						<b>Q3 2020</b>	<b>Q3 2021</b>	
Price	Volume	Currency	Portfolio		<b>EBITDA pre</b>	€59 m	€102 m	
<b>+ 15%</b>	<b>+ 13%</b>	<b>- 1%</b>	<b>+ 3%</b>		<b>margin</b>	12.7%	16.9%	

## Engineering Materials

Another strong quarter –  
Successful pricing

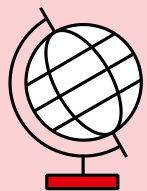


- Sales increase based on continued strong demand from auto industry and raw material price pass-through
- Volumes and prices significantly increased in both BUs
- EBITDA pre and margin rise on improved volumes and higher prices, despite higher energy and logistic costs

<b>Sales</b>	<b>+ 53%</b>							
						<b>Q3 2020</b>	<b>Q3 2021</b>	
Price	Volume	Currency	Portfolio		<b>EBITDA pre</b>	€33 m	€62 m	
<b>+ 36%</b>	<b>+ 17%</b>	<b>0%</b>	<b>0%</b>		<b>margin</b>	11.6%	14.2%	

\* New reporting structure as of Q1 2021: Business Line "Antioxidants and Accelerators" (AXX) shift from BU All to BU RCH (segment "Specialty Additives"); 2020 figures restated

## LANXESS guidance specified

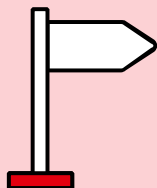


### Current view on economy

- Strong demand in most end industries, improvements in aviation and oil & gas expected

### LANXESS outlook 2021

- **FY 2021 EBITDA pre expected €1,000 - 1,050 m, however, at lower end of corridor due to**
  - Logistic constrains and higher freight costs
  - Reduced waste management capacity (incident at Currenta in Leverkusen)
  - Further energy costs inflation
  - Shutdowns in China due to electricity rationing



## Housekeeping items 2021

**Capex 2021:** ~€450-500 m (incl. EKC)

**Operational D&A 2021:** ~€470 m (incl. EKC)

**Reconciliation 2021:** ~€150-160 m incl. remnant costs and re-occurring expenses

**Underlying tax rate:** ~28%

**Exceptionals 2021:** ~€120-150 m based on current initiatives (including ~€15m OTCs\* Emerald Kalama Chemical)

**FX sensitivity:** One cent change of USD/EUR resulting in ~€7 m EBITDA pre impact before hedging

\* OTCs = One Time Costs

## LANXESS stays on course for a more sustainable environment

### Sustainalytics ESG risk rating update

- LANXESS now part of Top 25% in Chemicals industry
- Improvements in particular in area of water management and GHG emission scope and reporting

### Green cyclohexane supplied to LANXESS

- bp and LANXESS join forces on renewable raw materials for engineering materials production
- Sustainably produced cyclohexane supplied to LANXESS production site in Antwerp starting in the fourth quarter of 2021
- High-performance materials are the solution for many sustainable products, for example in various e-mobility applications

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# Financial Overview Q3 2021

in € million

	LANXESS			Advanced Intermed.			Specialty Additives			Consumer Protection			Engineering Materials			Others/ Cons.		
	Q3/2020	Q3/2021	Chg. in %	Q3/2020	Q3/2021	Chg. in %	Q3/2020	Q3/2021	Chg. in %	Q3/2020	Q3/2021	Chg. in %	Q3/2020	Q3/2021	Chg. in %	Q3/2020	Q3/2021	Chg. in %
<b>Sales</b>	<b>1,461</b>	<b>1,951</b>	34%	<b>414</b>	<b>533</b>	29%	<b>466</b>	<b>605</b>	30%	<b>278</b>	<b>353</b>	27%	<b>285</b>	<b>436</b>	53%	<b>18</b>	<b>24</b>	33%
Price*			18.7%			22.7%			14.8%			3.3%			35.4%			0.0%
Volume*			9.9%			6.3%			13.1%			1.1%			17.2%			33.3%
Currency*			-0.2%			-0.3%			-0.9%			0.7%			0.4%			0.0%
Portfolio*			5.1%			0.0%			2.8%			21.9%			0.0%			0.0%
<b>EBIT</b>	<b>53</b>	<b>104</b>	96%	<b>43</b>	<b>53</b>	23%	<b>9</b>	<b>54</b>	>100%	<b>40</b>	<b>27</b>	-33%	<b>15</b>	<b>44</b>	>100%	<b>-54</b>	<b>-74</b>	-37%
Deprec. & amortizat.	117	133	14%	28	31	11%	45	44	-2%	19	27	42%	17	18	6%	8	13	63%
<b>EBITDA</b>	<b>170</b>	<b>237</b>	39%	<b>71</b>	<b>84</b>	18%	<b>54</b>	<b>98</b>	81%	<b>59</b>	<b>54</b>	-8%	<b>32</b>	<b>62</b>	94%	<b>-46</b>	<b>-61</b>	-33%
exceptionals in EBITDA	23	41	78%	0	0	0%	5	4	-20%	0	6	>100%	1	0	-100%	17	31	82%
<b>EBITDA pre excep.</b>	<b>193</b>	<b>278</b>	44%	<b>71</b>	<b>84</b>	18%	<b>59</b>	<b>102</b>	73%	<b>59</b>	<b>60</b>	2%	<b>33</b>	<b>62</b>	88%	<b>-29</b>	<b>-30</b>	-3%
normalized D&A	117	132	13%	28	31	11%	45	44	-2%	19	27	42%	17	18	6%	8	12	50%
<b>EBIT pre excep.</b>	<b>76</b>	<b>146</b>	92%	<b>43</b>	<b>53</b>	23%	<b>14</b>	<b>58</b>	>100%	<b>40</b>	<b>33</b>	-18%	<b>16</b>	<b>44</b>	>100%	<b>-37</b>	<b>-42</b>	-14%
exceptionals in EBIT	23	42	83%	0	0	0%	5	4	-20%	0	6	>100%	1	0	-100%	17	32	88%
<b>Capex</b>	<b>102</b>	<b>109</b>	7%	<b>28</b>	<b>31</b>	11%	<b>29</b>	<b>30</b>	3%	<b>15</b>	<b>22</b>	47%	<b>19</b>	<b>12</b>	-37%	<b>11</b>	<b>14</b>	27%
Net financial debt	1,012	2,243	>100%															

\* approximate numbers

# Cash Flow Statement Q3 2021

€ million	Q3 2020	Q3 2021	9M 2020	9M 2021
<b>Income before income taxes</b>	34	94	1,050	287
Amortization, depreciation, write-downs and reversals of impairment charges of intangible assets, property, plant and equipment	117	133	369	372
Gains on disposals of intangible assets and property, plant and equipment	0	0	(1)	0
Financial losses (gains)	14	3	(845)	24
Income taxes paid/refunded	(31)	8	(135)	(40)
Changes in inventories	110	(114)	26	(328)
Changes in trade receivables	(72)	(52)	(13)	(248)
Changes in trade payables	(11)	(34)	(111)	65
Changes in other assets and liabilities	6	67	(8)	(4)
<b>Net cash provided by operating activities – continuing operations</b>	167	105	332	128
<b>Net cash (used in) provided by operating activities – discontinued operations</b>	1	(10)	(16)	(26)
<b>Net cash provided by operating activities – total</b>	168	95	316	102
Cash outflows for purchases of intangible assets and property, plant and equipment	(102)	(109)	(264)	(271)
Cash inflows from sales of intangible assets and property, plant and equipment	0	0	4	0
Cash outflows for financial and other assets held for investment purposes	(102)	(100)	(1,443)	(253)
Cash inflows from financial and other assets held for investment purposes	222	430	794	1,447
Cash outflows for the acquisition/sale of subsidiaries and other businesses, less acquired cash and cash equivalents	–	(911)	(25)	(987)
Cash inflows from the sale of subsidiaries and other businesses, less acquired cash and cash equivalents	6	33	818	113
Interest and dividends received	2	1	155	7

€ million	Q3 2020	Q3 2021	9M 2020	9M 2021
Cash outflows for external funding of pension obligations (CTAs)	(100)	–	(100)	–
<b>Net cash (used in) provided by investing activities – continuing operations</b>	(74)	(656)	(61)	56
<b>Net cash used in investing activities – discontinued operations</b>	(1)	0	(2)	(1)
<b>Net cash (used in) provided by investing activities – total</b>	(75)	(656)	(63)	55
Proceeds from borrowings	–	505	1,000	510
Repayments of borrowings	(9)	(516)	(1,036)	(541)
Interest paid and other financial disbursements	(6)	(2)	(51)	(42)
Dividend payments	(82)	0	(82)	(86)
Cash outflows for the acquisition of own shares	–	–	(37)	–
<b>Net cash used in financing activities – continuing operations</b>	(97)	(13)	(206)	(159)
<b>Net cash used in financing activities – discontinued operations</b>	(1)	0	(1)	0
<b>Net cash used in financing activities – total</b>	(98)	(13)	(207)	(159)
<b>Change in cash and cash equivalents – continuing operations</b>	(4)	(564)	65	25
<b>Change in cash and cash equivalents – discontinued operations</b>	(1)	(10)	(19)	(27)
<b>Change in cash and cash equivalents – total</b>	(5)	(574)	46	(2)
Cash and cash equivalents at beginning of period – total	340	847	296	271
Exchange differences and other changes in cash and cash equivalents – total	(3)	1	(10)	5
<b>Cash and cash equivalents at end of period – total</b>	332	274	332	274
of which continuing operations	332	274	332	274
of which discontinued operations	0	–	0	–

# Income Statement Q3 2021

in € million	Q3/2020	Q3/2021	Chg. in %	9M/2020	9M/2021	Chg. in %
Sales	1,461	1,951	34%	4,601	5,475	19%
Cost of sales	-1,111	-1,469	-32%	-3,422	-4,091	-20%
Gross profit	350	482	38%	1,179	1,384	17%
Selling expenses	-184	-241	-31%	-580	-674	-16%
Research and development expenses	-26	-31	-19%	-80	-87	-9%
General administration expenses	-57	-70	-23%	-195	-213	-9%
Other operating income	12	13	8%	55	45	-18%
Other operating expenses	-42	-49	-17%	-161	-128	20%
<b>Operating result (EBIT)</b>	<b>53</b>	<b>104</b>	<b>96%</b>	<b>218</b>	<b>327</b>	<b>50%</b>
Income from investments accounted for using the equity method	0	0	<i>n.m.</i>	0	0	<i>n.m.</i>
Interest income	2	1	-50%	7	5	-29%
Interest expense	-13	-15	-15%	-48	-47	2%
Other financial income and expense	-8	4	<i>n.m.</i>	873	2	-100%
<b>Financial result</b>	<b>-19</b>	<b>-10</b>	<b>47%</b>	<b>832</b>	<b>-40</b>	<b><i>n.m.</i></b>
<b>Income before income taxes</b>	<b>34</b>	<b>94</b>	<b>&gt;100%</b>	<b>1,050</b>	<b>287</b>	<b>-73%</b>
Income taxes	-9	-26	<-100%	-159	-79	50%
<b>Income after income tax from continuing operations</b>	<b>25</b>	<b>68</b>	<b>&gt;100%</b>	<b>891</b>	<b>208</b>	<b>-77%</b>
<b>Income after income tax from discontinued operations</b>	<b>0</b>	<b>6</b>	<b>&gt;100%</b>	<b>-8</b>	<b>30</b>	<b><i>n.m.</i></b>
<b>Income after income taxes</b>	<b>25</b>	<b>74</b>	<b>&gt;100%</b>	<b>883</b>	<b>238</b>	<b>-73%</b>
of which attributable to non-controlling interests	-1	0	<i>n.m.</i>	-5	0	<i>n.m.</i>
<b>Net income (attributable to LANXESS AG stockholders)</b>	<b>26</b>	<b>74</b>	<b>&gt;100%</b>	<b>888</b>	<b>238</b>	<b>-73%</b>
<b>EPS (in €)*</b>	<b>0.29</b>	<b>0.79</b>	<b>&gt;100%</b>	<b>10.28</b>	<b>2.41</b>	<b>-77%</b>
Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets (€)	0.66	1.41	>100%	2.68	3.96	48%

\* continuing operations only

## Abbreviations:

### Advanced Intermediates:

**AI** Advanced Industrial Intermediates

**IPG** Inorganic Pigments

### Specialty Additives

**LAB** Lubricant Additives Business

**PLA** Polymer Additives

**RCH** Rhein Chemie

### Consumer Protection

**F&F** Flavors & Fragrances

**LPT** Liquid Purification Technologies

**MPP** Material Protection Products

**SGO** Saltigo

### Engineering Materials

**HPM** High Performance Materials

**URE** Urethane Systems