

LANXESS with good Q2 2022 despite challenging environment

- **Second-quarter sales up 36.1 percent to EUR 1.999 billion**
- **EBITDA pre exceptionals up 14.5 percent year-on-year at EUR 253 million**
- **Positive contribution from businesses acquired from Emerald Kalama Chemical in 2021**
- **High Performance Materials business unit recognized as discontinued operation, prior-year figures for sales and EBITDA restated**
- **Forecast for the full year: EBITDA pre exceptionals between EUR 900 million and EUR 1 billion (comparable prior-year figure: around EUR 800 million)**

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Cologne, August 4, 2022 – In a challenging environment with increased raw material and energy costs and difficult logistics conditions, LANXESS increased its earnings again: EBITDA pre exceptionals was EUR 253 million in the second quarter of 2022, 14.5 percent higher than the prior-year quarter's figure of EUR 221 million.

The Specialty Additives and Consumer Protection segments grew strongly. Businesses with consumer protection products benefited significantly from the contribution of the new Flavors & Fragrances business unit. This unit comprises the specialty chemicals for the consumer goods sector from U.S. company Emerald Kalama Chemical acquired in 2021.

In the second quarter, LANXESS again passed on significantly increased raw material and energy costs to the market via significantly higher selling prices. The change in exchange rates also had a positive influence on earnings development in all segments.

The ongoing difficult logistics situation combined with higher freight costs resulted in lower volumes and prevented a further earnings increase. The Group's EBITDA margin pre exceptionals was 12.7 percent, against 15.0 percent in the prior-year quarter.

“Despite the challenging environment, we remain firmly on the right track. The good results of the second quarter show that our strategic development is bearing fruit. By acquiring Emerald Kalama Chemical, we have significantly strengthened the Consumer Protection segment and have become even more stable,” says Matthias Zachert, Chairman of the Board of Management of LANXESS AG. “In the second half of the year, a rougher wind will blow in the global economy, but we are prepared for this.”

Group sales of EUR 1.999 billion were a considerable 36.1 percent higher than the prior-year quarter's EUR 1.469 billion. The higher selling prices in particular had a positive effect. Net income from continuing operations amounted to EUR 48 million in the second quarter, slightly above previous year's figure of EUR 47 million.

Since the Group announced its contribution of the High Performance Materials (HPM) business unit to a joint venture with the private equity investor Advent International in May 2022, the unit has been retroactively recognized as “discontinued operations” as of January 1, 2022. Sales and operating earnings – and the corresponding prior-year figures – were restated.

For the full year 2022, the Group has confirmed and specified its guidance of significant growth: LANXESS anticipates EBITDA pre exceptionals of EUR 900 million to EUR 1 billion. Compared with the adjusted comparative prior-year level of around EUR 800 million, this would equate to an increase of 25 percent.

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Strategic development advanced

The planned joint venture with Advent International is a further advancement of LANXESS' strategic development. Alongside the LANXESS HPM business unit, the joint venture for high-performance engineering polymers is also set to include the DSM engineering materials (DEM) business of the Dutch group Royal DSM. After the conclusion planned for the first half of 2023, LANXESS will receive a payment of at least EUR 1.1 billion and a share of up to 40 percent in the future joint venture.

Meanwhile, LANXESS continues to strengthen the Consumer Protection segment: As of July 1, 2022, LANXESS completed the acquisition of the Microbial Control business from U.S. group International Flavors & Fragrances Inc. (IFF). LANXESS has thus become one of the world's largest suppliers of microbial control products.

Segments: Sales driven by significant price increases

With the announcement of the spin-off of the HPM business unit, LANXESS now groups its businesses in three specialty chemicals segments: Advanced Intermediates, Specialty Additives and Consumer Protection.

Due to higher selling prices, with which LANXESS passed on increased raw material and energy prices, sales in the **Advanced Intermediates** segment rose by 26.0 percent from EUR 466 million in the prior-year quarter to EUR 587 million. EBITDA pre exceptionals fell by 18.7 percent from EUR 91 million in the prior-year period to EUR 74 million. Some of the increased raw material and energy prices were passed on to customers only with a time lag. The difficult logistics situation with higher freight costs and lower volumes had a negative impact on earnings. Planned maintenance downtime also had a negative effect, so the EBITDA margin pre exceptionals decreased to 12.6 percent, against 19.5 percent a year ago.

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In the **Specialty Additives** segment, LANXESS successfully passed on increased raw material and energy prices to the market, increasing sales by 34.5 percent from EUR 568 million in the prior-year quarter to EUR 764 million. Sales were lowered by reduced volumes due to the difficult global logistics situation. EBITDA pre exceptionals amounted to EUR 134 million in the second quarter of this year, up a considerable 50.6 percent on the previous year's figure of EUR 89 million. The EBITDA margin pre exceptionals increased from 15.7 percent to 17.5 percent.

Within the **Consumer Protection** segment, the new Flavors & Fragrances business unit in particular contributed to the positive development of sales and earnings. However, lower volumes due to a difficult logistics situation resulted in a slight decline in sales. Overall, the segment's sales increased by 52.5 percent from EUR 366 million in the prior-year period to EUR 558 million. At EUR 90 million, EBITDA pre exceptionals was 26.8 percent higher than the previous year's figure of EUR 71 million. The EBITDA margin pre exceptionals reached 16.1 percent, against 19.4 percent a year ago.

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| EUR million | Q2/2021* | Q2/2022 | Change % | H1/2021* | H1/2022 | Change % |
|--------------------------------|----------|---------|----------|----------|---------|----------|
| Sales | 1,469 | 1,999 | 36.1 | 2,841 | 3,930 | 38.3 |
| EBITDA pre exceptionals | 221 | 253 | 14.5 | 414 | 515 | 24.4 |
| EBITDA margin pre exceptionals | 15.0% | 12.7% | | 14.6% | 13.1% | |
| Net income | 100 | 93 | -7.0 | 164 | 191 | 16.5 |
| from continuing operations | 47 | 48 | 2.1 | 83 | 114 | 37.3 |
| from discontinued operations | 53 | 45 | -15.1 | 81 | 77 | -4.9 |
| Net financial liabilities | | | | 2,345** | 2,547 | 8,6 |

* Prior-year figures for sales, EBITDA pre exceptionals and margin adjusted

** As of December 31, 2021

LANXESS is a leading specialty chemicals company with sales of EUR 6.1 billion in 2021. The company currently has about 13,200 employees in 33 countries. The core business of LANXESS is the development, manufacturing and marketing of chemical intermediates, additives and consumer protection products. LANXESS is listed in the leading sustainability indices Dow Jones Sustainability Index (DJSI World and Europe) and FTSE4Good.

Forward-Looking Statements

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