

Q4 2019 / FY 2019: Financial Summary for Investors and Analysts

LANXESS: Delivering in challenging environment

- LANXESS launches share buy-back program - volume up to 10% of share capital

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BU LEA accounted for as “Discontinued Operation” in 2019 – key 2018 KPIs restated (more details on page 8)

Q4 yoy	Q4 2018			Q4 2019	
	LXS reported	Discont. Operations LEA	LXS Continued restated	Discont. Operations LEA	LXS Continued
Sales [in € m]	1,766	92	1,674	82	1,636
EBITDA pre [in € m]	179	4	175	-6	197
EPS pre [in €]	0.61*	-0.16	0.77	-0.16	0.64

* LXS reported =LXS Continued (Ex. ARL) reported

FY yoy	2018			2019	
	LXS reported	Discont. Operations LEA	LXS Continued restated	Discont. Operations LEA	LXS Continued
Sales [in € m]	7,197	373	6,824	329	6,802
EBITDA pre [in € m]	1,016	30	986	0	1,019
EPS pre [in €]	4.45*	-0.03	4.48	-0.24	4.73

* LXS reported =LXS Continued (Ex. ARL) reported

Q4 2019 Sales variances: P: -3%; Vol: -1%; FX: +1%; Portf.: 0%

	Q4/2018	Q4/2019	Δ	Comments
Sales	€1,674 m	€1,636 m	-2% ↓	Slight decline mainly due to raw material driven price reductions mitigated by positive FX effect
EBITDA pre margin	€175 m 10.5%	€197 m 12.0%	13% ↑ +150 bp ↑	Improved from successful strategy implementation and supportive FX effect
Net Income	€99 m	-€48m	<-100% ↓	Net income incl. result from discontinued operations and minorities
EPS pre*	0.77	0.64	-17% ↓	Decline on higher tax expenses in '19
Net financial debt**	Dec 2018 €1.381 m	Dec 2019 €1.742 m	26% ↑	Net debt impacted by: - Share buy-back (€200 m) - IFRS 16 effect (~€130 m) - Dividend payment (€79 m)
Capex	€235 m	€213 m	-9% ↓	Decrease in capex due to different timing of spending during FY
Dividend per share	0.90	0.95	6% ↑	Dividend proposal of €0.95 per share for FY 2019

* LANXESS continued

** Including cash, cash equivalents and near cash assets and after deduction of short-term money market investments

Q4 2019 Business Overview

Q4 2019 yoy sales variances	Price	Volume	FX	Portfolio	Total
Advanced Intermediates	-5%	+3%	+1%	0%	-2%
Specialty Additives	+1%	-3%	+2%	0%	0%
Performance Chemicals	+1%	+2%	+1%	0%	+5%
Engineering Materials	-5%	-6%	+1%	0%	-10%
LANXESS	-3%	-1%	+1%	0%	-2%

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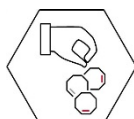
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Advanced Intermediates

Strong earnings - Increasing support from BU Saltigo

- Slight sales decrease driven by price decline in BU All due to raw material price pass-through
- Positive volumes in both BUs and FX development mitigate price decline in sales
- Substantial EBITDA pre and margin improvement in Q4 and FY based on stronger volumes in BU All and ongoing recovery in BU Saltigo
- EBITDA pre of €79 m (Q4 2018: €73 m)
- EBITDA pre margin of 14.3% (Q4 2018: 13.0%)



Specialty Additives

Ongoing strong margin improvement - Polymer Additives compensate weak auto demand

- Stable sales: Positive pricing and FX effect compensate lower volume
- Favorable pricing in flame retardants overcompensates raw material driven price decline in lubricants
- Volume decrease due to lower auto demand (mainly BU RCH) and termination of margin-dilutive tolling agreements (BU LAB)
- Flame retardants, FX and accelerated synergies contribute to improved EBITDA pre and margin
- EBITDA pre of €84 m (Q4 2018: €78 m)
- EBITDA pre margin of 17.8% (Q4 2018: 16.6%)

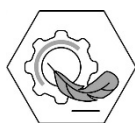


Performance Chemicals

All BUs with improved earnings - Biocides and water purification boost performance

BU LEA now discontinued operations

- Rise in sales due to pricing, volume and FX
- Positive price effect driven by BU MPP and LPT
- Volume growth mainly in BU MPP and LPT, stabilization in BU IPG
- Significant EBITDA pre and margin improvement in all three BUs, mainly driven by increased volumes and price
- Despite strong improvement, Q4 seasonally weakest quarter
- EBITDA pre of €29 m (Q4 2018: €20 m)
- EBITDA pre margin of 12.0% (Q4 2018: 8.7%)



Engineering Materials

Good performance in a very difficult environment - Volume decline overstated by trade deal

- Sales decrease on lower volumes and prices, slightly mitigated by FX
- Price decline in both BUs due to lower raw material prices
- Lower volumes in both BUs – volume effect overstated by BU HPM trade deal in 2018. Demand from auto industry remains weak
- EBITDA pre of €49 m (Q4 2018: €43 m) and margin of 14.0% (Q4 2018: 11.0%) with improvement in both BUs, comparing with a low Q4 2018

Outlook 2020:

Current view on economy

- Ongoing geopolitical and macroeconomic uncertainties
- Corona virus (Covid-19) impacting business environment and further limiting visibility – financial impact for full year hard to predict
- Auto: no recovery ahead

LANXESS FY 2020 EBITDA pre

- LANXESS operationally on previous year level (excluding Covid-19)
- Covid-19 impact Q1 by ~€20 m, FY impact currently expected between €50-100 m
- Based on the above, our outlook for the year is at **€900-1,000 m (including Covid-19 impact)**

Housekeeping items for consideration 2020

Additional financial information

- Capex: ~~~€~~500 m
- Operational D&A: ~~~€~~450 m
- Reconciliation: ~~~€~~160 m - ~~€~~170 m including remnant costs
- Tax rate: ~28%
- Exceptionals: ~~~€~~50 m based on current initiatives
- FX sensitivity: One cent change of USD/EUR resulting in ~~~€~~ m EBITDA pre impact before hedging
- Remnant costs: ~~~€~~10 m p.a. until 2022
- Maintenance shutdown BU HPM ~~~€~~10 - ~~€~~20 m in H2

Cologne, March 11th, 2020

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Forward-Looking Statements

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Financial Overview Q4 2019

in € million	LANXESS			Advanced Intermed.			Specialty Additives			Performance Chem.			Engineering Materials			Others/ Cons.		
	Q4/2018	Q4/2019	Chg. in %	Q4/2018	Q4/2019	Chg. in %	Q4/2018	Q4/2019	Chg. in %	Q4/2018	Q4/2019	Chg. in %	Q4/2018	Q4/2019	Chg. in %	Q4/2018	Q4/2019	Chg. in %
Sales	1,674	1,636	-2%	562	553	-2%	470	471	0%	231	242	5%	391	350	-10%	20	20	0%
Price*			-2.7%			-5.5%			0.9%			1.3%			-5.4%			0.0%
Volume*			-1.0%			2.7%			-2.6%			2.2%			-6.1%			0.0%
Currency*			1.4%			1.2%			1.9%			1.3%			1.0%			0.0%
Portfolio*			0.0%			0.0%			0.0%			0.0%			0.0%			0.0%
EBIT	44	0	-100%	41	-10	n.m.	48	36	-25%	-6	15	n.m.	26	31	19%	-65	-72	-11%
Deprec. & amortizat.	118	160	36%	32	76	>100%	37	41	11%	24	17	-29%	16	18	13%	9	8	-11%
EBITDA	162	160	-1%	73	66	-10%	85	77	-9%	18	32	78%	42	49	17%	-56	-64	-14%
exceptionals in EBITDA	13	37	>100%	0	13	>100%	-7	7	n.m.	2	-3	n.m.	1	0	-100%	17	20	18%
EBITDA pre excep.	175	197	13%	73	79	8%	78	84	8%	20	29	45%	43	49	14%	-39	-44	-13%
normalized D&A	108	122	13%	32	41	28%	36	41	14%	14	17	21%	17	18	6%	9	5	-44%
EBIT pre excep.	67	75	12%	41	38	-7%	42	43	2%	6	12	100%	26	31	19%	-48	-49	-2%
exceptionals in EBIT	23	75	>100%	0	48	>100%	-6	7	n.m.	12	-3	n.m.	0	0	0%	17	23	35%
Capex	235	213	-9%	63	66	5%	65	47	-28%	27	22	-19%	46	51	11%	34	27	-21%
Net financial debt	1,381	1,742	26%															

* approximate numbers

Financial Overview FY 2019

in € million	LANXESS			Advanced Intermed.			Specialty Additives			Performance Chem.			Engineering Materials			Others/ Cons.		
	12M/2018	12M/2019	Chg. in %	12M/2018	12M/2019	Chg. in %	12M/2018	12M/2019	Chg. in %	12M/2018	12M/2019	Chg. in %	12M/2018	12M/2019	Chg. in %	12M/2018	12M/2019	Chg. in %
Sales	6,824	6,802	0%	2,207	2,249	2%	1,980	1,965	-1%	976	1,052	8%	1,576	1,450	-8%	85	86	1%
Price*			-0.9%			-2.7%			0.7%			1.2%			-1.6%			0.0%
Volume*			-1.8%			2.9%			-5.2%			4.3%			-8.2%			1.2%
Currency*			2.3%			1.7%			3.4%			2.3%			1.8%			0.0%
Portfolio*			0.1%			0.0%			0.3%			0.0%			0.0%			0.0%
EBIT	491	407	-17%	232	191	-18%	204	179	-12%	86	123	43%	205	172	-16%	-236	-258	-9%
Deprec. & amortizat.	415	503	21%	127	185	46%	136	158	16%	68	67	-1%	61	66	8%	23	27	17%
EBITDA	906	910	0%	359	376	5%	340	337	-1%	154	190	23%	266	238	-11%	-213	-231	-8%
exceptionals in EBITDA	80	109	36%	0	13	>100%	3	16	>100%	2	2	0%	1	0	-100%	74	78	5%
EBITDA pre excep.	986	1,019	3%	359	389	8%	343	353	3%	156	192	23%	267	238	-11%	-139	-153	-10%
normalized D&A	405	462	14%	127	150	18%	136	156	15%	58	67	16%	61	66	8%	23	23	0%
EBIT pre excep.	581	557	-4%	232	239	3%	207	197	-5%	98	125	28%	206	172	-17%	-162	-176	-9%
exceptionals in EBIT	90	150	67%	0	48	>100%	3	18	>100%	12	2	-83%	1	0	-100%	74	82	11%
Capex	482	508	5%	155	162	5%	141	120	-15%	61	60	-2%	76	104	37%	49	62	27%
Net financial debt	1,381	1,742	26%															

* approximate numbers

Income Statement Q4 / FY 2019

in € million	Q4/2018	Q4/2019	Chg. in %	2018	2019	Chg. in %
Sales	1,674	1,636	-2%	6,824	6,802	0%
Cost of sales	-1,309	-1,253	4%	-5,086	-5,043	1%
Gross profit	365	383	5%	1,738	1,759	1%
Selling expenses	-197	-203	-3%	-759	-812	-7%
Research and development expenses	-27	-30	-11%	-109	-114	-5%
General administration expenses	-86	-81	6%	-295	-274	7%
Other operating income	45	30	-33%	114	95	-17%
Other operating expenses	-56	-99	-77%	-198	-247	-25%
Operating result (EBIT)	44	0	-100%	491	407	-17%
Income from investments accounted for using the equity method	0	0	<i>n.m.</i>	0	0	<i>n.m.</i>
Interest income	2	17	>100%	6	22	>100%
Interest expense	-21	-27	-29%	-75	-76	-1%
Other financial income and expense	-11	-8	27%	-41	-7	83%
Financial result	-30	-18	40%	-110	-61	45%
Income before income taxes	14	-18	<i>n.m.</i>	381	346	-9%
Income taxes	20	-4	<i>n.m.</i>	-99	-105	-6%
Income after income tax from continuing operations	34	-22	<i>n.m.</i>	282	241	-15%
Income after income tax from discontinued operations	93	-35	<i>n.m.</i>	241	-50	<i>n.m.</i>
Income after income taxes	127	-57	<i>n.m.</i>	523	191	-63%
of which attributable to non-controlling interests	28	-9	<i>n.m.</i>	92	-14	<i>n.m.</i>
Net income (attributable to LANXESS AG stockholders)	99	-48	<i>n.m.</i>	431	205	-52%
EPS (in €)*	0.36	-0.25	<i>n.m.</i>	3.08	2.72	-12%
Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets (€)	0.77	0.64	-17%	4.48	4.73	6%

* continuing operations only

Cash Flow Statement Q4 / FY 2019

€ million	Q4/2018	Q4/2019	12M/2018	12M/2019
Income before income taxes	14	-18	381	346
Amortization, depreciation, write-downs and reversals of impairment charges of intangible assets, property, plant and equipment	118	160	415	503
Gains/losses on disposals of intangible assets and property, plant and equipment	-	-1	-1	-1
Financial losses	23	10	63	34
Income taxes paid	-64	-39	-154	-193
Changes in inventories	-4	129	-148	85
Changes in trade receivables	42	78	-84	94
Changes in trade payables	64	5	53	-111
Changes in other assets and liabilities	-21	-57	-84	-123
Net cash provided by operating activities – continuing operations	172	267	441	634
Net cash provided by operating activities – discontinued operations	144	7	145	9
Net cash provided by operating activities – total	316	274	586	643
Cash outflows for purchases of intangible assets and property, plant and equipment	-235	-213	-482	-508
Cash inflows from sales of intangible assets and property, plant and equipment	-	3	3	6
Cash outflows for financial assets	-493	-82	-494	-323
Cash inflows from financial assets	-	-	-	82
Cash outflows for the sale of subsidiaries and other businesses, less acquired cash and cash equivalents	-	-	-66	-
Cash inflows for the sale of subsidiaries and other businesses, less acquired cash and cash equivalents	1,304	20	1,304	20
Interest and dividends received	2	2	15	26
Cash outflows for external funding of pension obligations (CTAs)	-200	-	-200	-
Net cash provided by (used in) investing activities – continuing operations	378	-270	80	-697
Net cash used in investing activities – discontinued operations	-85	-7	-184	-15
Net cash used in investing activities – total	293	-277	-104	-712
Proceeds from borrowings	26	-	653	4
Repayments of borrowings	-16	-15	-662	-90
Interest paid and other financial disbursements	-21	-23	-77	-66
Dividend payments	-	-	-74	-79
Acquisition of own shares	-	-	-	-200
Net cash used in financing activities – continuing operations	-11	-38	-160	-431
Net cash used in financing activities – discontinued operations	-8	-	-57	-2
Net cash used in financing activities – total	-19	-38	-217	-433
Change in cash and cash equivalents from continuing operations	539	-41	361	-494
Change in cash and cash equivalents from discontinued operations	51	-	-96	-8
Change in cash and cash equivalents – total	590	-41	265	-502
Cash and cash equivalents at beginning of period - total	205	338	538	797
Exchange differences and other changes in cash and cash equivalents	2	-1	-6	1
Cash and cash equivalents at end of period - total	797	296	797	296
of which continuing operations	797	296	797	296
of which discontinued operations	-	-	-	-

Prior-year figures restated

BU LEA accounted as “Discontinued Operation” in 2019 – key KPIs restated

Sales

2018				2019	
[in € m]	LXS reported	Discontinued Operations LEA	LXS Continued restated	Discontinued Operations LEA	LXS Continued
FY	7,197	373	6,824	329	6,802
Q1				84	1,738
Q2				86	1,724
Q3				77	1,704
Q4	1,766	92	1,674	82	1,636

EBITDA pre

2018				2019	
[in € m]	LXS reported	Discontinued Operations LEA	LXS Continued restated	Discontinued Operations LEA	LXS Continued
FY	1,016	30	986	0	1,019
Q1				3	272
Q2				5	281
Q3				-2	269
Q4	179	4	175	-6	197

EPS pre

2018				2019	
[in € m]	LXS Continued (Ex. ARL) reported	Discontinued Operations LEA	LXS Continued restated	Discontinued Operations LEA*	LXS Continued
FY	4.45	-0.03	4.48	-0.24	4.73
Q1				-0.04	1.32
Q2				0.03	1.48
Q3				-0.08	1.29
Q4	0.61	-0.16	0.77	-0.16	0.64

*Figures do not fully add up as the average number of shares outstanding varies across the year due to cancellation of shares after the conducted the share buy-back

Abbreviations:

Advanced Intermediates:

AI Advanced Industrial Intermediates

SGO Saltigo

Specialty Additives

LAB Lubricant Additives Business

PLA Polymer Additives

RCH Rhein Chemie

Performance Chemicals

IPG Inorganic Pigments

LPT Liquid Purification Technologies

MPP Material Protection Products

Engineering Materials

HPM High-Performance Materials

URE Urethane Systems

Discontinued operations:

LEA Leather

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