2019

QUARTERLY STATEMENT
as of March 31, 2019

LANXESS
Energizing Chemistry

LANXESS Group Key Data

€ million	Q1 2018	Q1 2019	Change %
Sales	1,816	1,822	0.3
Gross profit	474	471	(0.6)
Gross profit margin	26.1%	25.9%	
EBITDA pre exceptionals[1]	270	275	1.9
EBITDA margin pre exceptionals[1]	14.9%	15.1%	
EBITDA[1]	255	253	(0.8)
Operating result (EBIT) pre exceptionals[1]	169	161	(4.7)
EBIT[1]	154	139	(9.7)
EBIT margin[1]	8.5%	7.6%	
Net income[2]	81	84	3.7
Earnings per share (€)[2]	0.89	0.93	4.5
Earnings per share pre exceptional items and amortization of intangible assets (€)[2][3]	1.16	1.28	10.3
Cash flow from operating activities	28	32	14.3
Depreciation and amortization	101[6]	114	12.9
Cash outflows for capital expenditures	60	72	20.0
Total assets	8,687[7]	8,837	1.7
Equity (including non-controlling interests)	2,773[7]	2,813	1.4
Equity ratio[4]	31.9%[7]	31.8%	
Net financial liabilities[5]	1,923[7]	2,388	24.2
Net financial liabilities after deduction of time deposits and securities available for sale[5]	1,381[7]	1,675	21.3
Employees (as of March 31)	15,441[7]	15,458	0.1

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) Prior-year figures from continuing operations.
3) Earnings per share pre exceptional items and amortization of intangible assets: earnings per share disregarding exceptional charges and income, amortization of intangible assets and attributable tax effects. See "Net income/earnings per share/earnings per share pre exceptional items and amortization of intangible assets" for details.
4) Equity ratio: equity in relation to total assets.
5) 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.
6) Net of reversals of write-downs of €1 million.
7) As of December 31, 2018.

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QUARTERLY STATEMENT

as of March 31, 2019

- Positive price and currency effects more than compensate for volume decline in sales and earnings
- EBITDA pre exceptionals increased by 1.9% to €275 million in the first quarter
- EBITDA margin pre exceptionals at 15.1%, after 14.9% in the prior-year quarter
- Earnings per share pre exceptionals and amortization of intangible assets increased from €1.16 to €1.28
- Guidance for fiscal year 2019: EBITDA pre exceptionals of between €1,000 million and €1,050 million

STRATEGIC ALIGNMENT AND REPORTING FOCUS

We completed the sale of our 50% interest in ARLANXEO to the Saudi Aramco subsidiary Aramco Overseas Holdings Coöperatief U.A., The Hague, Netherlands, on December 31, 2018. We received a payment of approximately €1.4 billion from Saudi Aramco for our share. Pension assets were increased by €200 million from these funds as of the end of the previous year and debt was reduced as a result. In the current fiscal year, treasury shares will be purchased on the stock exchange for another up to €200 million (not including incidental expenses). The shares are then to be redeemed. Treasury shares worth €111 million were acquired in the first three months of 2019, so €89 million is still available for further stock repurchases.

In the previous year, ARLANXEO was classified as a discontinued operation in accordance with IFRS 5 from April 1, 2018. While the statement of financial position was not restated for reporting dates before April 1, 2018, prior-year figures were restated in the income statement and earnings from discontinued operations shown in a separate line. In the disclosures made in this statement, we generally do not point out that prior-year figures have been restated in this context.

BUSINESS PERFORMANCE

Sales

Sales of the LANXESS Group in the first quarter of 2019 amounted to €1,822 million, which was around the previous year's level. In the previous year, the quarter's sales amounted to €1,816 million. The effect of lower sales volumes was offset by the beneficial development in exchange rates, increased selling prices and the contribution from the U.S. phosphorus additives business acquired from the Belgian chemicals group Solvay in February 2018.

Effects on Sales

%	Q1 2019
Price	0.6
Volume	(3.6)
Currency	3.1
Portfolio	0.2
	0.3

EBITDA and operating result (EBIT)

EBITDA Pre Exceptionals by Segment

€ million	Q1 2018	Q1 2019	Change %
Advanced Intermediates	102	114	11.8
Specialty Additives	81	83	2.5
Performance Chemicals	52	54	3.8
Engineering Materials	73	65	(11.0)
Reconciliation	(38)	(41)	(7.9)
	270	**275**	**1.9**

EBITDA pre exceptionals rose in the first quarter of 2019 by €5 million, or 1.9%, to €275 million. Chiefly due to the stability of the portfolio and the positive change in exchange rates, especially of the U.S. dollar, the earnings decline in the Engineering Materials segment was more than compensated for at Group level. Lower procurement prices for raw materials stood against higher energy prices. Selling prices were increased slightly in the first quarter. This was countered by lower sales volumes in the Specialty Additives and Engineering Materials segments as well as weak chrome ore business and lower sales volumes due to strikes in South Africa in the Performance Chemicals segment. Selling expenses rose by €17 million to €216 million, mainly due to higher freight rates and exchange rate movements. Research and development costs amounted to €28 million, compared to €30 million in the prior-year period, while general administration expenses decreased by €11 million to €66 million due partly to lower provisions for variable compensation and lower costs of the former Chemtura businesses than in the previous year. The EBITDA margin pre exceptionals increased from 14.9% to 15.1%.

Depreciation, amortization and write-downs came to €114 million, and were €12 million, or 11.8%, above the figure for the prior-year quarter, which was primarily due to the changed lease accounting. Write-downs recognized in the reporting period accounted for €2 million of the total. Net negative exceptional items of €22 million, which impacted EBITDA and are included in other operating income and expenses, resulted from negative exceptional items of €23 million and positive exceptional items of €1 million. The exceptional items largely resulted from expenses relating to digitalization projects, M&A activities and the adjustment of the LANXESS Group's production network. In the prior-year quarter, net negative exceptional items of €15 million were incurred.

Reconciliation of EBITDA Pre Exceptionals to Operating Result (EBIT)

€ million	Q1 2018	Q1 2019	Change %
EBITDA pre exceptionals	**270**	**275**	**1.9**
Depreciation and amortization/reversals of impairment charges	(101)	(114)	(12.9)
Exceptional items in EBITDA	(15)	(22)	(46.7)
Operating result (EBIT)	**154**	**139**	**(9.7)**

Financial result

The financial result for the first quarter of 2019 amounted to minus €21 million, compared with minus €34 million for the prior-year period. Due to the refinancing of a bond that matured in May 2018 on more favorable terms, net interest result improved by €4 million compared with the prior-year quarter to minus €14 million. As in the prior-year period, companies accounted for using the equity method did not generate an earnings contribution. The improvement in the other financial result to minus €7 million, compared with minus €16 million for the prior-year period, resulted largely from an adjustment of the internal financing of subsidiaries and the associated currency hedging.

Income before income taxes

In the first quarter of 2019, income before income taxes came to €118 million, against €120 million for the prior-year period. The effective tax rate was 29.7%, compared with 33.3% for the prior-year quarter.

Net income/earnings per share/earnings per share pre exceptional items and amortization of intangible assets

Net income for the reporting period came to €84 million. In the previous year, net income from continuing operations amounted to €81 million. Negative earnings of €1 million were attributable to non-controlling interests in the first quarter of 2019.

Earnings per share amounted €0.93, which was higher than the prior-year quarter's figure from continuing operations of €0.89 due to better net income and a lower average number of shares outstanding. A total of 2,295,957 treasury shares were acquired as part of the stock repurchase up to March 31, 2019. The stock repurchase was taken into account pro rata temporis in the calculation of the average number of shares outstanding. In the reporting period, this results in a weighted average number of shares outstanding of 90,472,198 after 91,522,936 in the previous year.

We also calculate earnings per share pre exceptionals and amortization of intangible assets, which is not defined by International Financial Reporting Standards. This value was calculated from the earnings per share adjusted for exceptional items, amortization of intangible assets and attributable tax effects.

Earnings per share pre exceptionals and amortization of intangible assets were €1.28 in the first quarter of 2019. In the prior-year period, earnings per share from continuing operations pre exceptionals and amortization of intangible assets amounted to €1.16.

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

€ million	Q1 2018	Q1 2019
Net income[1]	**81**	**84**
Exceptional items[2]	15	22
Amortization of intangible assets/reversals of impairment charges[2]	20	21
Imcome taxes[2]	(10)	(11)
Net income adjusted for exceptional items and amortization of intangible assets[1]	**106**	**116**
Weighted average number of shares outstanding	91,522,936	90,472,198
Earnings per share pre exceptional items and amortization of intangible assets (€)[1]	**1.16**	**1.28**

1) Prior-year figures from continuing operations.
2) Excluding items attributable to non-controlling interests.

BUSINESS DEVELOPMENT BY REGION

Group sales in the first quarter of 2019 amounted to €1,822 million, which was around the previous year's level. In the previous year, the sales amounted to €1,816 million. Declines in Germany and the EMEA region (excluding Germany) were offset by the positive business performance of the other regions, especially North America.

Sales by Market

	Q1 2018		Q1 2019		Change
	€ million	%	€ million	%	%
EMEA (excluding Germany)	603	33.2	591	32.5	(2.0)
Germany	360	19.8	345	18.9	(4.2)
North America	373	20.6	396	21.7	6.2
Latin America	89	4.9	91	5.0	2.2
Asia-Pacific	391	21.5	399	21.9	2.0
	1,816	**100.0**	**1,822**	**100.0**	**0.3**

SEGMENT INFORMATION

Advanced Intermediates

	Q1 2018		Q1 2019		Change
	€ million	Margin %	€ million	Margin %	%
Sales	565		586		3.7
EBITDA pre exceptionals	102	18.1	114	19.5	11.8
EBITDA	102	18.1	114	19.5	11.8
Operating result (EBIT) pre exceptionals	71	12.6	80	13.7	12.7
Operating result (EBIT)	71	12.6	80	13.7	12.7
Cash outflows for capital expenditures	23		25		8.7
Depreciation and amortization	31		34		9.7
Employees as of March 31 (previous year: as of Dec. 31)	3,687		3,709		0.6

Our **Advanced Intermediates** segment recorded sales of €586 million in the first quarter of 2019, 3.7%, or €21 million, higher than the prior-year level. Shifts in exchange rates had a positive effect on both business units and increased the segment's sales by 2.1% in total. Higher volumes drove sales by 1.2%. This was especially due to developments in the Advanced Industrial Intermediates business unit. In addition, the Saltigo business unit achieved both higher sales volumes and higher selling prices due to particularly well developed project business in the first quarter. Selling prices in the Advanced Industrial Intermediates business unit were slightly below the previous year's level due to lower raw material prices. Overall, there was a positive effect of 0.4% at segment level. With the exception of Germany and Latin America, the segment reported higher sales than in the prior-year quarter across all regions.

EBITDA pre exceptionals in the Advanced Intermediates segment increased by 11.8% from €102 million in the prior-year quarter to €114 million. Higher sales volumes in both business units of the segment and an improved product mix had a positive effect on earnings. Earnings were also improved by advantageous exchange rate developments. In the Advanced Industrial Intermediates business unit, the positive effect of lower procurement prices for raw materials was countered by increased energy prices and slightly lower selling prices. In the Saltigo business unit, higher procurement prices for raw materials and energy were passed on to the market via higher selling prices. At segment level, the changes in raw material, energy and selling prices balanced each other out. The EBITDA margin pre exceptionals increased from 18.1% to 19.5%.

Specialty Additives

	Q1 2018		Q1 2019		Change
	€ million	Margin %	€ million	Margin %	%
Sales	500		485		(3.0)
EBITDA pre exceptionals	81	16.2	83	17.1	2.5
EBITDA	81	16.2	82	16.9	1.2
Operating result (EBIT) pre exceptionals	50	10.0	46	9.5	(8.0)
Operating result (EBIT)	50	10.0	45	9.3	(10.0)
Cash outflows for capital expenditures	16		14		(12.5)
Depreciation and amortization	31[1)]		37		19.4
Employees as of March 31 (previous year: as of Dec. 31)	2,953		2,932		(0.7)

1) Net of reversals of write-downs of €1 million.

Our **Specialty Additives** segment posted sales of €485 million in the first quarter of 2019, 3.0%, or €15 million, lower than the prior-year level. Volumes in both business units were below the level of the prior-year quarter and reduced sales by 9.4%, with sales in the Rhein Chemie business unit being reduced in particular by the weak demand from the automotive industry. In the Additives business unit, the termination of margin-dilutive contracts with customers and giving up the Reynosa site in Mexico likewise led to a decline in volumes. Movement in exchange rates, especially the U.S. dollar, increased sales by 4.6%. In addition, the U.S. phosphorus additives business acquired from the Belgian chemicals group Solvay in the first quarter of 2018 had a positive effect on sales of 1.0%. Higher selling prices also added 0.8% to the rise in sales, with contributions from both business units. With the exception of Asia and EMEA (excluding Germany), the segment reported higher sales than in the prior-year quarter across all other regions.

EBITDA pre exceptionals for the Specialty Additives segment was €83 million, €2 million, or 2.5%, above the prior-year level. Lower sales volumes, partly due to weak demand from the automotive industry, had a negative impact on earnings. In contrast, earnings were improved by advantageous exchange rate effects, especially a stronger U.S. dollar. The change in procurement prices for raw materials and increased energy costs were passed on to the customers by adjusting selling prices. The improvement in earnings was also due to the realization of cost synergies from the integration of Chemtura and the earnings contribution from the phosphorus additives business acquired from Solvay in the first quarter of 2018. The EBITDA margin pre exceptionals of 17.1% was above the figure of 16.2% posted in the previous year.

In the first quarter, the segment recorded net negative exceptional items of €1 million, which impacted EBITDA and resulted from negative exceptional items of €2 million and positive exceptional items of €1 million. In the previous year, the segment recorded negative exceptional items of €1 million and positive exceptional items of €1 million, neither of which impacted EBITDA. Please see “Notes on EBIT and EBITDA (Pre Exceptionals)” for details.

Performance Chemicals

	Q1 2018		Q1 2019		Change
	€ million	Margin %	€ million	Margin %	%
Sales	336		347		3.3
EBITDA pre exceptionals	52	15.5	54	15.6	3.8
EBITDA	51	15.2	50	14.4	(2.0)
Operating result (EBIT) pre exceptionals	33	9.8	33	9.5	0.0
Operating result (EBIT)	32	9.5	29	8.4	(9.4)
Cash outflows for capital expenditures	12		13		8.3
Depreciation and amortization	19		21		10.5
Employees as of March 31 (previous year: as of Dec. 31)	3,786		3,756		(0.8)

Sales in our **Performance Chemicals** segment amounted to €347 million, 3.3% higher than the prior-year level. Shifts in exchange rates had a positive influence on sales in all business units of the segment. Overall, there was a positive effect of 3.6% at segment level. In addition, higher sales volumes lifted sales in nearly all business units. Only the Leather business unit posted a sales decline due to weak demand and lower sales volumes due to strikes in South Africa. Overall, volumes had a virtually neutral effect on sales at segment level. Compared with the prior-year quarter, selling prices were slightly higher in the Liquid Purification Technologies and Material Protection Products business units and slightly lower in the other business units. Overall, this had no effect on sales at segment level. With the exception of Germany and Latin America, the segment reported higher sales than in the prior-year quarter across all regions.

EBITDA pre exceptionals in the Performance Chemicals segment increased by €2 million, or 3.8%, to €54 million, compared with the prior-year level of €52 million. The change in exchange rates had a particularly positive effect on earnings. In addition, an earnings improvement resulted from increased sales volumes in nearly all business units. Only in the Leather business unit did weak chrome ore business result in an earnings decline. Increased procurement prices for raw materials and energy and higher freight costs had a negative impact on earnings in nearly all business units. The EBITDA margin pre exceptionals came in at 15.6%, against 15.5% in the prior-year period.

The segment recorded negative exceptional items of €4 million in the first quarter, which impacted EBITDA. In the previous year, negative exceptional items of €1 million were incurred, which fully impacted EBITDA. Please see “Notes on EBIT and EBITDA (Pre Exceptionals)” for details.

Engineering Materials

	Q1 2018		Q1 2019		Change
	€ million	Margin %	€ million	Margin %	%
Sales	392		382		(2.6)
EBITDA pre exceptionals	73	18.6	65	17.0	(11.0)
EBITDA	73	18.6	65	17.0	(11.0)
Operating result (EBIT) pre exceptionals	58	14.8	49	12.8	(15.5)
Operating result (EBIT)	58	14.8	49	12.8	(15.5)
Cash outflows for capital expenditures	6		11		83.3
Depreciation and amortization	15		16		6.7
Employees as of March 31 (previous year: as of Dec. 31)	2,105		2,135		1.4

Sales in our **Engineering Materials** segment fell by 2.6% year on year in the first quarter of 2019 to €382 million. Lower sales volumes contributed 6.4% to the decline in sales, with this development being particularly attributable to the High Performance Materials business unit with weaker demand from the automotive industry. In contrast, the change in exchange rates had a positive influence in both business units and increased the segment's sales by 2.5%. In addition, there was a positive price effect of 1.3% on segment sales due in particular to the High Performance Materials business unit. While higher sales were achieved in North America and Latin America as expected, the segment posted lower sales in the other regions.

EBITDA pre exceptionals in the Engineering Materials segment fell by €8 million, or 11.0%, to €65 million. In particular, the weak demand from the automotive industry led to a decline in earnings driven by volumes. In contrast, earnings were improved by advantageous exchange rate effects, chiefly a strong U.S. dollar, and by increased selling prices in both business units. The EBITDA margin pre exceptionals of 17.0% was below the figure of 18.6% posted in the prior-year quarter.

Reconciliation

€ million	Q1 2018	Q1 2019	Change %
Sales	23	22	(4.3)
EBITDA pre exceptionals	(38)	(41)	(7.9)
EBITDA	(52)	(58)	(11.5)
Operating result (EBIT) pre exceptionals	(43)	(47)	(9.3)
Operating result (EBIT)	(57)	(64)	(12.3)
Cash outflows for capital expenditures	3	9	> 100
Depreciation and amortization	5	6	20.0
Employees as of March 31 (previous year: as of Dec. 31)	2,910	2,926	0.5

EBITDA pre exceptionals for the reconciliation came to minus €41 million, compared with minus €38 million in the prior-year quarter. In the first quarter, negative exceptional items of €17 million were incurred, which fully impacted EBITDA. In the prior-year period, there were net negative exceptional items of €14 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 2018	EBIT Q1 2019	EBITDA Q1 2018	EBITDA Q1 2019
EBIT/EBITDA pre exceptionals	**169**	**161**	**270**	**275**
Advanced Intermediates	**0**	**0**	**0**	**0**
Specialty Additives	**0**	**(1)**	**0**	**(1)**
Strategic realignment	(1)	(2)	0	(2)
Adjustment of the production network	1	1	0	1
Performance Chemicals	**(1)**	**(4)**	**(1)**	**(4)**
Adjustment of the production network	(1)	(4)	(1)	(4)
Engineering Materials	**0**	**0**	**0**	**0**
Reconciliation	**(14)**	**(17)**	**(14)**	**(17)**
Strategic realignment	(5)	(1)	(5)	(1)
Digitalization, M&A expenses and other	(9)	(16)	(9)	(16)
Total exceptional items	**(15)**	**(22)**	**(15)**	**(22)**
EBIT/EBITDA	**154**	**139**	**255**	**253**

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 IT expenses, 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 and planning process, targets are set for this benchmark of our company's success, which are then taken into account in determining employees' variable income components.

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, 2019, the LANXESS Group's total assets stood at €8,837 million, up €150 million, or 1.7%, from €8,687 million on December 31, 2018. The equity ratio decreased in the first quarter of 2019 to 31.8%, after 31.9% on December 31, 2018.

Financial position

Changes in the statement of cash flows

The prior-year information in the following comments on the statement of cash flows relates to LANXESS's continuing operations.

In the first three months of 2019, there was a net cash inflow of €32 million from operating activities, against €28 million in the prior-year period. Based on income before income taxes of €118 million, after €120 million in the previous year, non-cash amortization and depreciation amounted to €114 million, €13 million higher than the €101 million (net of reversals of impairment charges) of the prior-year period. The income taxes paid increased to €39 million in the reporting period after €31 million in the prior-year period. The change in net working capital resulted in a net cash outflow of €162 million, compared with €206 million in the prior-year period.

There was a €239 million net cash outflow from investing activities in the first three months of 2019, compared with €113 million in the same period a year ago. The net cash outflow in the reporting period resulted in particular from cash outflows for financial assets of €169 million in connection with the investment of the financial resources received at the end of the previous year from the sale of the 50% interest in ARLANXEO and for intangible assets and property, plant and equipment of €72 million, compared with €60 million in the prior-year period. In the prior-year period, there was a cash outflow of €55 million for the acquisition of the production site in Charleston, U.S., where the Additives business unit had acquired the U.S. phosphorus additives business from the Belgian chemicals group Solvay.

Net cash used for financing activities came to €157 million in the reporting period, compared with net cash provided by financing activities of €11 million in the first three months of 2018. The cash outflow in the reporting period was primarily due to payments for stock repurchases and the repayment of borrowings.

Financing and liquidity

Net financial liabilities totaled €2,388 million as of March 31, 2019, compared with €1,923 million as of December 31, 2018. After the further deduction of time deposits and securities available for sale, net financial liabilities as of March 31, 2019, amounted to €1,675 million, compared with €1,381 million as of December 31, 2018. The increase in net financial liabilities as of March 31, 2019, resulted partly from the introduction of IFRS 16, the new standard for lease accounting, and the associated €129 million increase in financial liabilities and from the decline in cash and cash equivalents of €111 million due to the stock repurchase.

Net Financial Liabilities

€ million	Dec. 31, 2018	March 31, 2019
Non-current financial liabilities	2,686	2,783
Current financial liabilities	59	78
Less:		
Liabilities for accrued interest	(25)	(39)
Cash and cash equivalents	(797)	(434)
Net financial liabilities	**1,923**	**2,388**
Less time deposits and securities available for sale	(542)	(713)
Net financial liabilities after deduction of time deposits and securities available for sale	**1,381**	**1,675**

Provisions for pensions and other post-employment benefits totaled €1,110 million as of March 31, 2019, compared with €1,083 million as of December 31, 2018.

OUTLOOK

The political and economic risks have not changed substantially compared with our original full-year forecast published in the Annual Report 2018.

Expectations for the development of the global economy as well as the Americas, EMEA (including Germany) and Asia/Pacific regions likewise remain in line with the most recent assessment. Expectations for trends in the chemical industry and the individual user industries are almost unchanged against our last assessment, although a slight downturn can be discerned in the Americas.

For fiscal year 2019, we expect EBITDA pre exceptionals of between €1,000 million and €1,050 million.

FINANCIAL DATA
as of March 31, 2019

STATEMENT OF FINANCIAL POSITION
LANXESS GROUP

€ million	Dec. 31, 2018	March 31, 2019
ASSETS		
Intangible assets	1,764	1,786
Property, plant and equipment	2,577	2,717
Investments accounted for using the equity method	0	0
Investments in other affiliated companies	2	2
Non-current derivative assets	0	0
Other non-current financial assets	25	25
Non-current income tax receivables	14	14
Deferred taxes	287	307
Other non-current assets	117	126
Non-current assets	**4,786**	**4,977**
Inventories	1,347	1,386
Trade receivables	903	975
Cash and cash equivalents	797	434
Current derivative assets	4	8
Other current financial assets	598	789
Current income tax receivables	55	66
Other current assets	197	202
Current assets	**3,901**	**3,860**
Total assets	**8,687**	**8,837**
EQUITY AND LIABILITIES		
Capital stock and capital reserves	1,317	1,317
Other reserves[1]	1,391	1,695
Net income	431	84
Other equity components	(359)	(275)
Equity attributable to non-controlling interests	(7)	(8)
Equity	**2,773**	**2,813**
Provisions for pensions and other post-employment benefits	1,083	1,110
Other non-current provisions	337	351
Non-current derivative liabilities	3	3
Other non-current financial liabilities	2,686	2,783
Non-current income tax liabilities	117	129
Other non-current liabilities	80	76
Deferred taxes	89	94
Non-current liabilities	**4,395**	**4,546**
Other current provisions	465	479
Trade payables	795	725
Current derivative liabilities	25	22
Other current financial liabilities	59	78
Current income tax liabilities	44	48
Other current liabilities	131	126
Current liabilities	**1,519**	**1,478**
Total equity and liabilities	**8,687**	**8,837**

1) Includes in the reporting period also the reserve for own shares.

INCOME STATEMENT
LANXESS GROUP

€ million	Q1 2018	Q1 2019
Sales	**1,816**	**1,822**
Cost of sales	(1,342)	(1,351)
Gross profit	**474**	**471**
Selling expenses	(199)	(216)
Research and development expenses	(30)	(28)
General administration expenses	(77)	(66)
Other operating income	31	23
Other operating expenses	(45)	(45)
Operating result (EBIT)	**154**	**139**
Income from investments accounted for using the equity method	0	0
Interest income	2	2
Interest expense	(20)	(16)
Other financial income and expense	(16)	(7)
Financial result	**(34)**	**(21)**
Income before income taxes	**120**	**118**
Income taxes	(40)	(35)
Income after income taxes from continuing operations	**80**	**83**
Income after income taxes from discontinued operations	**29**	**0**
Income after income taxes	**109**	**83**
of which attributable to non-controlling interests	13	(1)
of which attributable to LANXESS AG stockholders [net income]	96	84
Earnings per share (undiluted/diluted) (€)		
from continuing operations	0.89	0.93
from discontinued operations	0.16	0.00
from continuing and discontinued operations	**1.05**	**0.93**

STATEMENT OF COMPREHENSIVE INCOME
LANXESS GROUP

€ million	Q1 2018	Q1 2019
Income after income taxes	**109**	**83**
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of the net defined benefit liability for post-employment benefit plans	(27)	(25)
Income taxes	9	9
	(18)	**(16)**
Items that may be reclassified subsequently to profit or loss if specific conditions are met		
Exchange differences on translation of operations outside the eurozone	(71)	85
Financial instruments fair value measurement	3	(13)
Financial Instruments cost of hedging	6	11
Income taxes	(2)	1
	(64)	**84**
Other comprehensive income, net of income tax	**(82)**	**68**
Total comprehensive income	**27**	**151**
of which attributable to non-controlling interests	(4)	(1)
of which attributable to LANXESS AG stockholders	31	152

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				
in Mio. €						Fair value measurement	Cost of hedging			
Dec. 31, 2017	**91**	**1,226**	**1,381**	**87**	**(509)**	**16**	**(5)**	**2,287**	**1,126**	**3,413**
Allocations to retained earnings			87	(87)				0		0
Change in accounting policies			(11)			1		(10)	(7)	(17)
Jan. 1, 2018	**91**	**1,226**	**1,457**	**0**	**(509)**	**17**	**(5)**	**2,277**	**1,119**	**3,396**
Total comprehensive income			(15)	96	(55)	2	3	31	(4)	27
Income after income taxes				96				96	13	109
Other comprehensive income, net of income tax			(15)		(55)	2	3	(65)	(17)	(82)
March 31, 2018	**91**	**1,226**	**1,442**	**96**	**(564)**	**19**	**(2)**	**2,308**	**1,115**	**3,423**
Dec. 31, 2018	**91**	**1,226**	**1,391**	**431**	**(345)**	**(8)**	**(6)**	**2,780**	**(7)**	**2,773**
Allocations to retained earnings			431	(431)				0		0
Acquisition of own shares			(111)					(111)		(111)
Total comprehensive income			(16)	84	85	(9)	8	152	(1)	151
Income after income taxes				84				84	(1)	83
Other comprehensive income, net of income tax			(16)		85	(9)	8	68		68
March 31, 2019	**91**	**1,226**	**1,695**	**84**	**(260)**	**(17)**	**2**	**2,821**	**(8)**	**2,813**

STATEMENT OF CASH FLOWS
LANXESS GROUP

€ million	Q1 2018	Q1 2019
Income before income taxes	**120**	**118**
Amortization, depreciation, write-downs and reversals of impairment charges of intangible assets, property, plant and equipment	101	114
Gains/losses on disposals of intangible assets and property, plant and equipment	0	0
Financial losses (gains)	17	15
Income taxes paid	(31)	(39)
Changes in inventories	(26)	(24)
Changes in trade receivables	(149)	(62)
Changes in trade payables	(31)	(76)
Changes in other assets and liabilities	27	(14)
Net cash provided by operating activities – continuing operations	**28**	**32**
Net cash used in operating activities – discontinued operations	**(5)**	**–**
Net cash provided by operating activities – total	**23**	**32**
Cash outflows for purchases of intangible assets and property, plant and equipment	(60)	(72)
Cash inflows from sales of intangible assets and property, plant and equipment	1	1
Cash outflows for financial assets	–	(169)
Cash outflows for the acquisition of subsidiaries and other businesses, less acquired cash and cash equivalents	(55)	–
Interest and dividends received	1	1
Net cash used in investing activities – continuing operations	**(113)**	**(239)**
Net cash used in investing activities – discontinued operations	**(20)**	**–**
Net cash used in investing activities – total	**(133)**	**(239)**
Proceeds from borrowings	15	0
Repayments of borrowings	(2)	(43)
Interest paid and other financial disbursements	(2)	(3)
Cash outflows for the acquisition of own shares	–	(111)
Net cash provided by (used in) financing activities – continuing operations	**11**	**(157)**
Net cash provided by financing activities – discontinued operations	**2**	**–**
Net cash provided by (used in) financing activities – total	**13**	**(157)**
Change in cash and cash equivalents from continuing operations	**(74)**	**(364)**
Change in cash and cash equivalents from discontinued operations	**(23)**	**–**
Change in cash and cash equivalents – total	**(97)**	**(364)**
Cash and cash equivalents at beginning of period – total	538	797
Exchange differences and other changes in cash and cash equivalents – total	(3)	1
Cash and cash equivalents at end of period – total	**438**	**434**
of which continuing operations	189	434
of which discontinued operations	249	–

BUSINESS UNIT
KEY DATA

€ million	Advanced Intermediates Q1 2018	Advanced Intermediates Q1 2019	Specialty Additives Q1 2018	Specialty Additives Q1 2019	Performance Chemicals Q1 2018	Performance Chemicals Q1 2019	Engineering Materials Q1 2018	Engineering Materials Q1 2019	Reconciliation Q1 2018	Reconciliation Q1 2019	LANXESS Q1 2018	LANXESS Q1 2019
External sales	565	586	500	485	336	347	392	382	23	22	1,816	1,822
Inter-segment sales	15	15	3	3	0	0	0	0	(18)	(18)	0	0
Segment/Group sales	580	601	503	488	336	347	392	382	5	4	1,816	1,822
Segment result/ EBITDA pre exceptionals	102	114	81	83	52	54	73	65	(38)	(41)	270	275
EBITDA margin pre exceptionals (%)	18.1	19.5	16.2	17.1	15.5	15.6	18.6	17.0			14.9	15.1
EBITDA	102	114	81	82	51	50	73	65	(52)	(58)	255	253
EBIT pre exceptionals	71	80	50	46	33	33	58	49	(43)	(47)	169	161
EBIT	71	80	50	45	32	29	58	49	(57)	(64)	154	139
Segment capital expenditures	26	28	17	15	12	14	6	11	3	12	64	80
Depreciation and amortization/ reversals of impairment charges	31	34	31	37	19	21	15	16	5	6	101	114

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Date of publication:
May 14, 2019

PUBLISHER

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