

Annual Stockholders' Meeting

Wednesday, May 19, 2021

From the comments by

Matthias Zachert

Chairman of the Board of Management of LANXESS AG

(Check against delivery)

Good morning stockholders,

Speech for the 2021 Annual
Stockholders' Meeting

Page 2 of 15

From here in Cologne, I would like to welcome you to the Annual Stockholders' Meeting of LANXESS. Since we are unfortunately unable to meet in person this year either, I am once again speaking to you from our communications center for a purely virtual meeting. I should first make it clear, however, that I am doing so with a positive message: LANXESS is on course and has come through the Corona crisis very well so far!

And I am extremely happy to be able to say that. Just as it was for many other companies, 2020 was an extraordinarily challenging year for LANXESS. A year that often saw disruptions in supply chains in the industry, dramatic drops in sales worldwide and partial or total shutdowns in different countries – and in which we were concerned about the health of our employees.

In order to protect our colleagues from infection, we have enabled them to work from home since spring 2020. We immediately implemented strict hygiene rules at all of our buildings – whether administration or production –



and have continuously adjusted these measures in accordance with the evolving scientific recommendations.

Speech for the 2021 Annual
Stockholders' Meeting

Page 3 of 15

In this way, we have succeeded in containing the spread of infection and keeping nearly every plant in continuous operation. Our supply chains and our supply of raw materials have also remained stable. This has been – and remains – an incredible team effort for which I would like to thank all employees at LANXESS.

The coronavirus pandemic has also put the way we work together to the test. This is because our strengths – creativity, team spirit, and the will to constantly develop LANXESS further – have always been based on our direct dialog and open discussion, in other words on closeness. That was hardly possible last year.

As such, it is all the more gratifying to be able to say that we dealt with all these adversities well and acted quickly. In no time at all, we have learned to bring our strengths to bear in a virtual context as well and to continue



working efficiently and effectively. The 2020 business year, which I would now like to report to you, is good evidence of this.

Speech for the 2021 Annual
Stockholders' Meeting

Page 4 of 15

It is true that the greatest economic crisis since the end of World War II has left its mark on us as well. At EUR 6.1 billion, LANXESS's sales were down 10.3 percent from the previous year's figure of EUR 6.8 billion. Our EBITDA pre exceptionals amounted to EUR 862 million, which corresponds to a decrease of 15.4 percent relative to the previous year's figure of EUR 1.019 billion, but stands at the higher end of our forecast range of EUR 820 to 880 million.

Our EBITDA margin pre exceptionals reached 14.1 percent, close to our best value from the previous year: 15 percent. In terms of net income from continuing operations, however, we were able to achieve the best figure in our company's history at 908 million euros. However, this was largely due to the sale of our shares in the chemical park operator Currenta. Ladies and gentlemen, you can see from these key figures that we, too, were hit by the crisis, but that we

performed excellently in such a difficult Corona year. On the one hand, we are in a very good position compared to the rest of the industry: we limited the decline in turnover, delivered an impressive EBITDA, kept the margin and the group result high, or even led them to a top value. There are not so many chemical companies that can say the same. I am confident that this performance puts us in an outstanding position in comparison with other international companies in the context of the pandemic.

Speech for the 2021 Annual
Stockholders' Meeting

Page 5 of 15

Secondly, our performance is also remarkable from another perspective: Think back to the Southern European debt crisis of 2013. Today, one would probably say a rather overseeable, regionally limited event. And yet its impact on LANXESS's business was enormous at the time: our EBITDA fell by 40 percent and the EBITDA margin by 4.5 percentage points!

Today, in contrast, in the midst of one of the greatest global crises of recent decades, our EBITDA has decreased by only 15 percent and the margin has, as

mentioned, remained almost the same – even with the previous year's record high as the reference figure. This shows that we are now reaping the fruits of the Group restructuring carried out over the last several years in the areas where it counts most. We have become considerably more resilient and far less vulnerable to economic fluctuations than before. The diligence we have applied in doing our homework is now paying off.

All of this is the result of hard work!

For this, my gratitude goes out to the entire LANXESS team, who did everything humanly possible to keep our businesses going during this extraordinary year. It has been proven once again that our employees truly live our slogan “Energizing Chemistry”, and this makes me immensely proud.

At the same time, the past year has once again made it very clear how important – especially in times of crisis – the contribution of politics is. They must be aware that industry is the heart of the economy and that we need



a strong industry - for prosperity and jobs, for sustainability and climate protection and currently for the economic management of the Corona crisis. The North Rhine-Westphalian state government and Minister President Laschet have recognized this. Less bureaucracy, faster approval procedures, impulses for digitization and a smart and balanced energy policy – the Laschet government has thus done a great deal to strengthen industry on the Rhine and Ruhr in global competition. And this dynamic and progressive approach that Armin Laschet has shown as Minister President in NRW is also what we need in Berlin and Brussels.

Ladies and gentlemen, we face many challenges. In view of this, our record is therefore never measured only by its figures, but also by how well we have succeeded in setting a decisive strategic course for the future of LANXESS. I believe that we made crucial progress in this area once again in 2020 as well.

At our last Annual Stockholders' Meeting, as you may recall, I introduced you to our new Consumer

Protection segment focused on consumer protection products. In its first year alone, this new segment and its highly profitable businesses have already become a strong pillar of LANXESS. Personally, I have no doubt whatsoever that this progress will continue.

This is because hygiene and the safe supply of food rank among the most important trends that will define markets worldwide in the years to come. Global efforts to reduce the use of antibiotics in livestock farming are increasing. Diseases are to be prevented with disinfectants instead. Consumer Protection and its products offer excellent solutions for this market.

The food industry, in turn, faces the challenge of reducing the amount of packaging it uses for foods which must simultaneously remain safe and ensure long shelf lives. Consumer Protection's portfolio includes suitable products in this area as well.

The list of examples could be extended considerably, but my message should already have become clear:
Consumer Protection is a segment with a future!



It is for precisely this reason that we expanded this area further with strategic purchases right at the beginning of this year. The first of these acquisitions was the French company, Intace – a manufacturer of special fungicides for the manufacture of paper and packaging. Just a few days later, this was followed by the takeover of the also French company Theseo, a provider of disinfectant and hygiene solutions for livestock farming. We have already concluded both transactions successfully.

Speech for the 2021 Annual
Stockholders' Meeting

Page 9 of 15

We announced a major milestone in the development of Consumer Protection in February of this year: the acquisition of US chemical company Emerald Kalama Chemical.

Emerald Kalama Chemical and its roughly 500 employees are an outstanding match for us. With its highly profitable business, this company represents another optimal addition to our Consumer Protection segment. Roughly 75 percent of its sales are generated from specialty products for the consumer sector. These include preservatives for use in food, household products and cosmetics, flavors and fragrances as well as



products for animal nutrition. The remaining quarter of sales originates from business in special chemicals for industries including the plastics and adhesives industries.

Speech for the 2021 Annual
Stockholders' Meeting

Page 10 of 15

Furthermore, this acquisition serves not only to expand our portfolio with new areas of application, but also to simultaneously expand our presence in our North America growth region. Both will make us even more profitable and stable.

With a company value of USD 1.075 billion, sales of USD 425 million, and EBITDA of roughly USD 90 million, Emerald will be the second-largest acquisition in our history. The transaction is expected to be completed in the second half of 2021. It is still subject to the approval of the responsible authorities.

We prepared all three of these transactions under the challenging conditions of the past fiscal year. I found this to be a brilliant example of how effectively our team can take action, even in these times of physical distancing.



Furthermore, we promised you in the past years that growth would be the outlook for LANXESS. I believe that we can now say, with a justified sense of pride, that you can count on our word.

We still have a great deal in store. We intend to open up new fields of business. A good example of this is electromobility, which is currently experiencing a dramatic upswing before our eyes. A great number of new battery-manufacturing plants are being established in Europe. This entails great opportunities for LANXESS, as we already produce many of the raw materials for battery manufacturing. Against this backdrop, we entered into a cooperation with Chinese company Tinci – one of the world's leading manufacturers of lithium-ion battery materials – at the beginning of April this year. As early as next year, we will be manufacturing electrolyte formulations for lithium-ion batteries for Tinci in a high-tech plant of our subsidiary Saltigo – a pioneering step towards this high-growth market of the future.

Dear Shareholders, when I talk about setting the strategic course for the future of LANXESS, I am always also talking about sustainability. This is because sustainability is the guiding principle for our activities.

Speech for the 2021 Annual
Stockholders' Meeting

Page 12 of 15

In 2019, as you all know, we became one of the world's first major chemical companies to set the target of becoming climate-neutral by 2040. At that time, we clearly defined the route by which we would arrive there: We will implement projects featuring major reductions, decouple growth and emissions, and drive forward technology and process innovations.

We began a significant step along this route last year, which we successfully concluded this February: the commissioning of our nitrous oxide reduction plant at the Antwerp location. Nitrous oxide is harmless to people, but is roughly 300 times more harmful to the climate than CO₂. This is why a reduction in this area was so important to us.

In our new plant, we will break down around 500 tons of nitrous oxide per year into its harmless components



nitrogen and oxygen and thus completely neutralize it. This is equivalent to the climate impact of 150,000 metric tons of CO₂. We have invested roughly EUR 10 million in the plant; a second plant will commence operation in 2023, after which it will eliminate a further 300,000 metric tons of CO₂ equivalents per year.

Speech for the 2021 Annual
Stockholders' Meeting

Page 13 of 15

In this way, we are advancing towards our goal of climate neutrality piece by piece. At the same time, we are becoming a more sustainable partner for our customers, reducing our costs because we need fewer certificates from the European Emissions Trading System, and using less energy thanks to innovative technologies. As you can see, our sustainable actions based on conviction have long since become a success factor for our business.

Dear shareholders, we are serious about sustainability. Just how serious can also be seen from item 6 of today's agenda – the vote on the compensation system for Board of Management members. In future, around one third of our variable remuneration will be linked to the extent to

which LANXESS achieves its sustainability targets for climate protection and occupational safety.

Speech for the 2021 Annual
Stockholders' Meeting

Page 14 of 15

2020 was a tough year. That said, hard times are also always an opportunity to build resolve and inner strength. This is exactly what I have seen happen with LANXESS and its employees. We defied the past fiscal year's challenging conditions with resolve and inner strength, and thus achieved a result we can all be proud of.

As a matter of course, such a result should also be reflected in our dividend. We therefore propose to the Annual Stockholders' Meeting that the dividend be increased to one euro per share. This corresponds to growth of roughly 5 percent relative to the previous year and a total distribution of roughly EUR 86 million.

As I bring my remarks to a close, allow me to offer a brief look to the future. After the thoroughly exceptional year of 2020, how do we view our prospects for the months ahead? The answer is: with optimism.

We expect to see a noticeable decrease in the influence of the coronavirus pandemic. The advancing vaccination campaigns in particular will also have a positive effect on the economy. All told, we are therefore anticipating EBITDA of between EUR 950 and EUR 1 million for 2021.

Speech for the 2021 Annual
Stockholders' Meeting

Page 15 of 15

A degree of uncertainty may still remain in light of the pandemic situation, which still remains precarious. However, there is one thing that I can assure you. Every employee, every Board of Management member, and every Supervisory Board member of LANXESS will be bringing the same energy and drive to work once again in 2021. We all have the same goal: profitable growth!

You have my sincere thanks for your trust in our work, and I would be delighted to be accompanied by your guidance and support along our way forward.

Take good care of yourselves and stay healthy!

Thank you for listening.