

Q4 & FY 2023 Results

LANXESS Group



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Continued progress in debt reduction and cash delivery; EBITDA pre however burdened

	Q4 2022	Q4 2023	Δ	Comments on Q4	FY 2022	FY 2023	Δ
Sales	€1,973 m	€1,436 m	-27%	↓ Lower sales in all segments driven by lower volumes and prices as input cost deflation was passed on; Q4 weaker in all segments amid overall sluggish demand, additionally driven by destocking for agrochemicals	€8,088 m	€6,714 m	-17%
EBITDA pre	€175 m	€97 m	-45%	↓ EBITDA pre and margin reflect demand environment, own inventory measures	€930 m	€512 m	-45%
Margin	8.9%	6.8%	-2.1 pp.	↓ and suppliers' outages in Consumer Protection	11.5%	7.6%	-3.9 pp.
Adjusted EPS¹	€0.44	-€0.30	>-100%	↓ EPS according to net income burdened by goodwill impairment (€406 m)	€3.72	€0.13	-97%
Operating cash flow	€92 m	€224 m	>100%	↑ Continued active working capital management leads to significant cash inflow	€187 m	€852 m	>100%
Free cash flow	-€66 m	€92 m	>100%	↑	-€220 m	€526 m	>100%
Net financial debt²				↓ Net financial debt significantly reduced by proceeds from the Envalior transaction and effective working capital measures	Dec 2022 €3,814 m	Dec 2023 €2,498 m	-35%
Capex	€158 m	€132 m	-16%	↓ Maintaining disciplined capex management amid historically low asset utilization to bolster liquidity	€407 m	€326 m	-20%

All figures apply to continuing operations (excluding BU HPM)

¹ Adjusted for exceptional items, amortization of intangible assets, attributable tax effects, and the non-recurring earnings effects from the settlement of interest rate hedges in the third quarter of 2022

² Deducting cash, cash equivalents, near cash assets, short-term money market investments

Sales - **27%** Price - **13%** Volume - **12%** FX - **2%** Portfolio **0%**

Consumer Protection



**Managed to keep prices on stable level;
Suppliers' outages and destocking
burden**

- Sales decline driven by starting agro destocking and interrupted supply availability (BU F&F); Chlorine force majeure lifted end of Q4
- EBITDA pre and margin affected by weaker demand as well as own inventory reduction measures; Botlek steam supply outage impacted EBITDA pre by ~€10 m

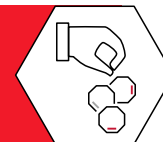
Sales -21%

Price	Volume	FX	Portfolio
-1%	-19%	-1%	0%

Q4 2022 Q4 2023

EBITDA pre	€77 m	€50 m
margin	12.0%	9.8%

Specialty Additives



**Comparison to very strong previous year;
Strong contribution to Group's inventory
reduction**

- Sales continued to decline particularly driven by market weakness for construction and E&E
- Price decline in all BUs, most significantly in RheinChemie and Polymer Additives compared to high price level in prior year
- EBITDA pre and margin burdened by weaker demand and lower prices in addition to inventory reduction measures

Sales -28%

Price	Volume	FX	Portfolio
-10%	-14%	-4%	0%

Q4 2022 Q4 2023

EBITDA pre	€88 m	€41 m
margin	12.9%	8.3%

Advanced Intermediates



**Demand weakness and significant price
reduction burden result; Demand
stabilizing on low levels, except for agro**

- Sales decrease driven by significant price reduction partly based on pass-through of lower energy and raw material costs
- Volumes slightly below already weak previous year, driven by low construction demand and agro customers' destocking
- EBITDA pre and margin impacted by weaker pricing in low demand environment

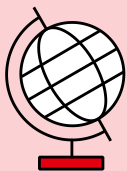
Sales -35%

Price	Volume	FX	Portfolio
-31%	-3%	-1%	0%

Q4 2022 Q4 2023

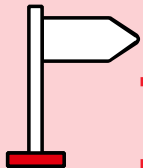
EBITDA pre	€65 m	€24 m
margin	11.4%	6.5%

FY 2024 guidance: Moderate improvement expected



Our view on economic environment

- Still challenging demand environment expected at least for H1 2024
- Burden from agro destocking continues



LANXESS outlook

- **FY 2024 EBITDA pre guidance: Moderately above crisis result of 2023 but still significantly below normal levels**
- Balancing profitability and inventory control
- Moderate volume improvement expected from Q2 onwards but Q1 EBITDA pre to remain on Q4 2023 level (up to €100 m)

Housekeeping items 2024

Capex: ~€350 m

Operational D&A ~€550 m (thereof ~€150 m of intangible amortization effect)

All other segments: ~-€130 m EBITDA pre

Underlying tax rate: ~26%- 27% continuing operations

Exceptionals: ~€60 m

FX sensitivity: One cent change of USD/EUR resulting in ~€3 m EBITDA pre impact after hedging

FY 2024 EBITDA pre: Expected moderately above crisis result of 2023

Consumer Protection



- Results expected at previous year's level
- Burden from suppliers' outages to be relieved
- Agro destocking will reach its peak in 2024



Specialty Additives



- Results expected to slightly to moderately exceed prior year's level
- Construction remains weak, improvement expected earliest in H2
- Q1 still compares against strong prior year



Advanced Intermediates



- Results expected significantly above previous year
- Massive customer destocking not expected to be repeated, except agro



Trough of earnings seems to have been reached

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Financial Overview Q4 2023

	LANXESS			Consumer Protection			Specialty Additives			Advanced Intermed.			All other segments		
	Q4/2022	Q4/2023	Chg. in %	Q4/2022	Q4/2023	Chg. in %	Q4/2022	Q4/2023	Chg. in %	Q4/2022	Q4/2023	Chg. in %	Q4/2022	Q4/2023	Chg. in %
Sales	1,973	1,436	-27%	640	508	-21%	684	492	-28%	571	372	-35%	78	64	-18%
Price*			-12.8%			-0.6%			-9.7%			-30.6%			-9.0%
Volume*			-12.1%			-18.7%			-14.6%			-2.8%			-3.8%
Currency*			-2.3%			-1.3%			-3.8%			-1.4%			-5.1%
Portfolio*			0.0%			0.0%			0.0%			0.0%			0.0%
EBIT	4	-581	n.m.	18	-278	n.m.	34	-174	n.m.	32	-50	n.m.	-80	-79	1%
Deprec. & amortizat.	149	574	>100%	47	316	>100%	50	195	>100%	33	43	30%	19	20	5%
EBITDA	153	-7	n.m.	65	38	-42%	84	21	-75%	65	-7	n.m.	-61	-59	3%
exceptionals in EBITDA	22	104	>100%	12	12	0%	4	20	>100%	0	31	n.m.	6	41	>100%
EBITDA pre excep.	175	97	-45%	77	50	-35%	88	41	-53%	65	24	-63%	-55	-18	67%
normalized D&A	147	152	3%	47	57	21%	49	48	-2%	33	28	-15%	18	19	6%
EBIT pre excep.	28	-55	n.m.	30	-7	n.m.	39	-7	n.m.	32	-4	n.m.	-73	-37	49%
exceptionals in EBIT	24	526	>100%	12	271	>100%	5	167	>100%	0	46	n.m.	7	42	>100%
Capex	158	132	-16%	43	34	-21%	54	45	-17%	35	29	-17%	26	24	-8%
Net financial debt	3,814	2,498	-35%												

* approximate numbers

	LANXESS			Consumer Protection			Specialty Additives			Advanced Intermed.			All other segments		
	2022	2023	Chg. in %	2022	2023	Chg. in %	2022	2023	Chg. in %	2022	2023	Chg. in %	2022	2023	Chg. in %
Sales	8,088	6,714	-17%	2,366	2,340	-1%	2,970	2,325	-22%	2,413	1,775	-26%	339	274	-19%
Price*			-5.6%			-0.8%			-4.5%			-12.3%			-3.5%
Volume*			-12.2%			-7.2%			-15.1%			-13.2%			-13.3%
Currency*			-1.6%			-1.5%			-2.1%			-0.9%			-2.4%
Portfolio*			2.4%			8.4%			0.0%			0.0%			0.0%
EBIT	280	-668	n.m.	170	-163	n.m.	284	-142	n.m.	172	-42	n.m.	-346	-321	7%
Deprec. & amortizat.	546	996	82%	168	459	>100%	190	331	74%	119	130	9%	69	76	10%
EBITDA	826	328	-60%	338	296	-12%	474	189	-60%	291	88	-70%	-277	-245	12%
exceptionals in EBITDA	104	184	77%	25	14	-44%	5	20	>100%	0	33	n.m.	74	117	58%
EBITDA pre excep.	930	512	-45%	363	310	-15%	479	209	-56%	291	121	-58%	-203	-128	37%
normalized D&A	541	565	4%	168	200	19%	189	184	-3%	119	110	-8%	65	71	9%
EBIT pre excep.	389	-53	n.m.	195	110	-44%	290	25	-91%	172	11	-94%	-268	-199	26%
exceptionals in EBIT	109	615	>100%	25	273	>100%	6	167	>100%	0	53	n.m.	78	122	56%
Capex	407	326	-20%	129	87	-33%	125	122	-2%	95	80	-16%	58	37	-36%
Net financial debt	3,814	2,498	-35%												

* approximate numbers

Cash Flow Statement Q4 2023

in € million

	Q4/2022	Q4/2023	2022	2023
Income before income taxes	-21	-661	257	-947
Amortization, depreciation and write-downs of intangible assets and property, plant and equipment	149	574	546	996
Gains/losses on disposals of intangible assets and property, plant and equipment	0	-1	3	-2
Income from investments accounted for using the equity method	-3	29	-3	172
Financial losses (gains)	28	48	11	92
Income taxes refunded/paid	-33	-16	4	-53
Changes in inventories	131	115	-403	465
Changes in trade receivables	142	66	62	230
Changes in trade payables	-147	-2	-130	-118
Changes in other assets and liabilities	-154	72	-160	17
Net cash provided by (used in) operating activities – continuing operations	92	224	187	852
Net cash provided by (used in) operating activities – discontinued operations	76	-3	-28	-14
Net cash provided by (used in) operating activities – total	168	221	159	838
Cash outflows for purchases of intangible assets and property, plant and equipment	-158	-132	-407	-326
Cash inflows from sales of intangible assets and property, plant and equipment	1	1	5	3
Cash outflows for financial and other assets held for investment purposes	-1	-105	-910	-1,823
Cash inflows from financial and other assets held for investment purposes	141	29	1,420	1,358
Cash outflows for the acquisition/sale of subsidiaries and other businesses, less acquired cash and cash equivalents	19	0	-1,124	0
Cash inflows from the sale of subsidiaries and other businesses, less divested cash and cash equivalents	8	0	8	1,194
Interest and dividends received	4	14	12	23
Net cash provided by / used in investing activities – continuing operations	14	-193	-996	429
Net cash provided by / used in investing activities – discontinued operations	-36	0	-55	-6
Net cash provided by / used in investing activities – total	-22	-193	-1,051	423
Proceeds from borrowings	447	2	1,379	383
Repayments of borrowings	-519	-34	-689	-1,686
Interest paid and other financial disbursements	-25	-13	-65	-71
Proceeds from interest rate hedges	0	0	83	0
Dividend payments	0	0	-91	-91
Net cash provided by / used in financing activities – continuing operations	-97	-45	617	-1,465
Net cash provided by / used in financing activities – discontinued operations	-1	0	-4	-1
Net cash provided by / used in financing activities – total	-98	-45	613	-1,466
Change in cash and cash equivalents – continuing operations	9	-14	-192	-184
Change in cash and cash equivalents – discontinued operations	39	-3	-87	-21
Change in cash and cash equivalents – total	48	-17	-279	-205
Cash and cash equivalents as of beginning of period	325	170	643	360
Exchange differences and other changes in cash and cash equivalents – total	-13	-7	-4	-9
Cash and cash equivalents as of end of period	360	146	360	146
of which continuing operations	324	146	324	146
of which discontinued operations	36	0	36	0

Income Statement Q4 2023

in € million	Q4/2022	Q4/2023	Chg. in %	2022	2023	Chg. in %
Sales	1,973	1,436	-27%	8,088	6,714	-17%
Cost of sales	-1,519	-1,204	21%	-6,151	-5,446	11%
Gross profit	454	232	-49%	1,937	1,268	-35%
Selling expenses	-291	-204	30%	-1,064	-933	12%
Research and development expenses	-26	-23	12%	-102	-99	3%
General administration expenses	-100	-64	36%	-319	-279	13%
Other operating income	18	30	67%	38	78	>100%
Other operating expenses	-51	-552	<-100%	-210	-703	>-100%
Operating result (EBIT)	4	-581	<i>n.m.</i>	280	-668	<i>n.m.</i>
Income from investments accounted for using the equity method	3	-29	<i>n.m.</i>	3	-172	<i>n.m.</i>
Interest income	2	3	50%	7	10	43%
Interest expense	-20	-11	45%	-75	-70	7%
Other financial income and expense	-10	-43	<-100%	42	-47	<i>n.m.</i>
Financial result	-25	-80	<-100%	-23	-279	>-100%
Income before income taxes	-21	-661	<-100%	257	-947	<i>n.m.</i>
Income taxes	7	85	>100%	-72	105	<i>n.m.</i>
Income after income tax from continuing operations	-14	-576	<-100%	185	-842	<i>n.m.</i>
Income after income tax from discontinued operations	-7	-176	<-100%	66	1,286	>100%
Income after income taxes	-21	-752	<-100%	251	444	77%
of which attributable to non-controlling interests	0	1	>100%	1	1	0%
Net income (attributable to LANXESS AG stockholders)	-21	-753	<-100%	250	443	77%
EPS total (in €)	-0.24	-8.72	<-100%	2.90	5.13	77%
thereof EPS (in €) from continuing operations	-0.16	-6.68	<-100%	2.13	-9.76	<i>n.m.</i>
thereof EPS (in €) from discontinued operations	-0.08	-2.04	<-100%	0.77	14.89	>100%
EPS adjusted (in €)*	0.44	-0.30	<i>n.m.</i>	3.72	0.13	-97%

* continuing operations only

Abbreviations:

Consumer Protection

- F&F** Flavors & Fragrances
- LPT** Liquid Purification Technologies
- MPP** Material Protection Products
- SGO** Saltigo

Specialty Additives

- LAB** Lubricant Additives Business
- PLA** Polymer Additives
- RCH** Rhein Chemie

Advanced Intermediates:

- All** Advanced Industrial Intermediates
- IPG** Inorganic Pigments