

# LANXESS – Roadshow Q4 / FY 2021

Finishing a challenging year

Investor Relations, March 2022

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# LANXESS has marginal direct exposure to Russia and Ukraine

Existing business shifted to prepayment, decision against new business

## Ukraine:

- Negligible revenues
- No locations nor employees



## Russia:

- <1% of Group sales
- 45 employees
- Supply situation being monitored

## Measures LANXESS has taken:

- No investments anymore in Russia
- New business stopped
- Existing business reduced to the legal / bare minimum

# Agenda

**1 LANXESS transformation journey continues**

**2 Review FY 2021 and outlook**

**3 Financial and business details Q4 2021**

**4 Back-up**

# Five of the most striking reasons to invest

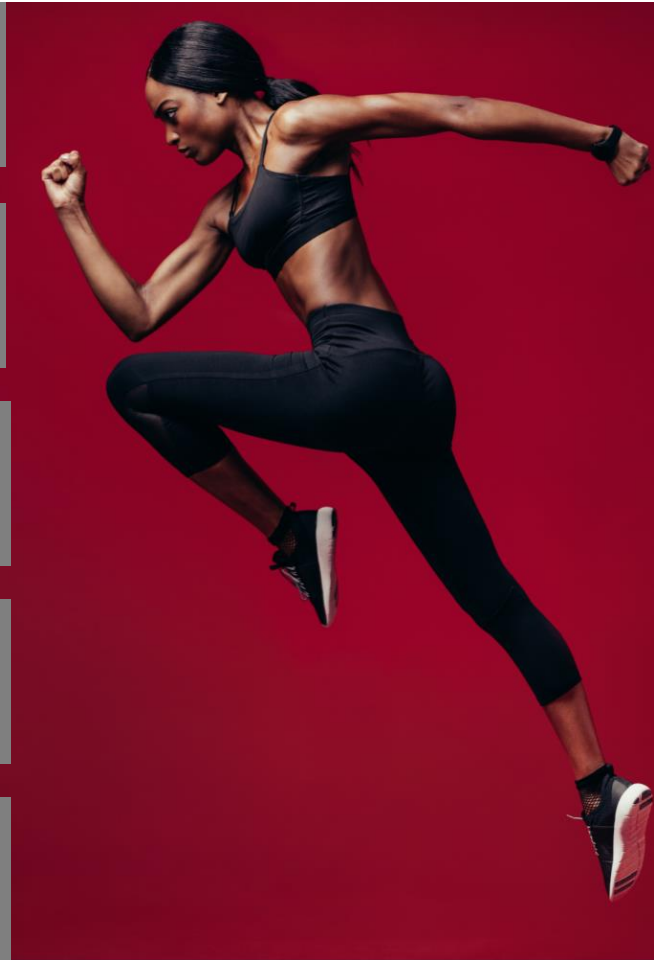
1. Embark on an exciting transformation journey to high margin specialty chemicals businesses

2. Unique specialty chemicals portfolio with leading market positions

3. Proven resilient business model – with many growth options

4. Forerunner in sustainability – awarded by leading rating agencies

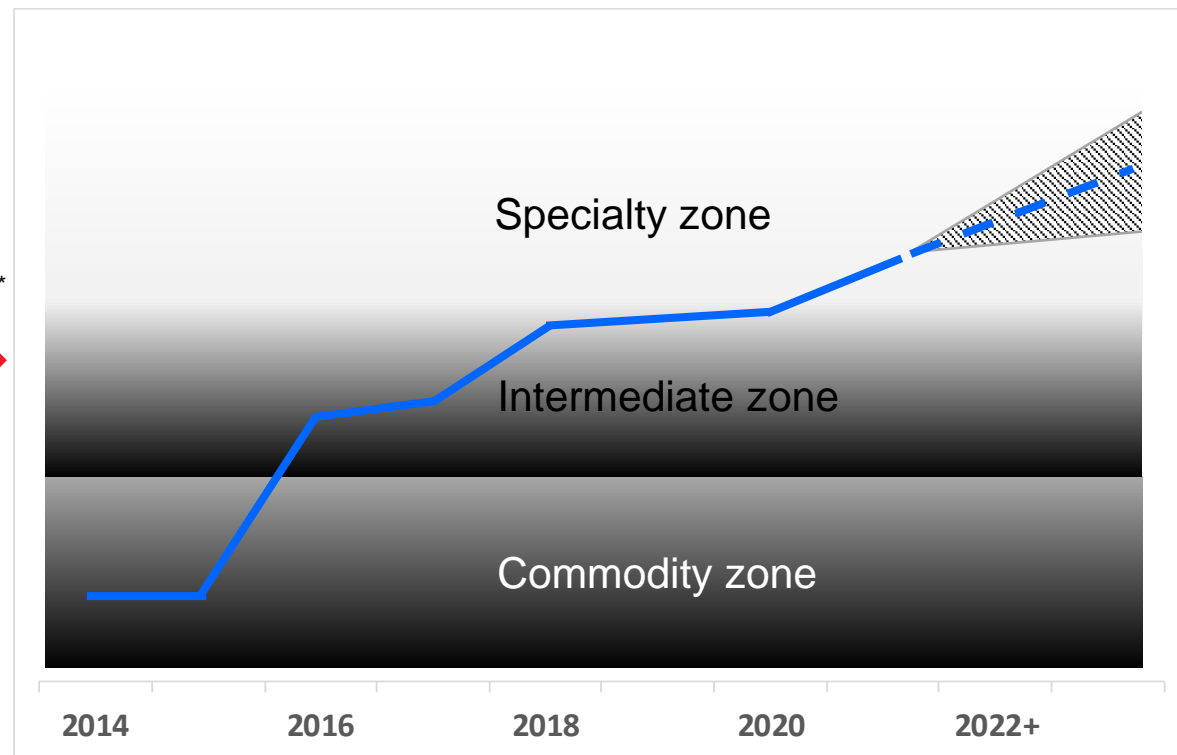
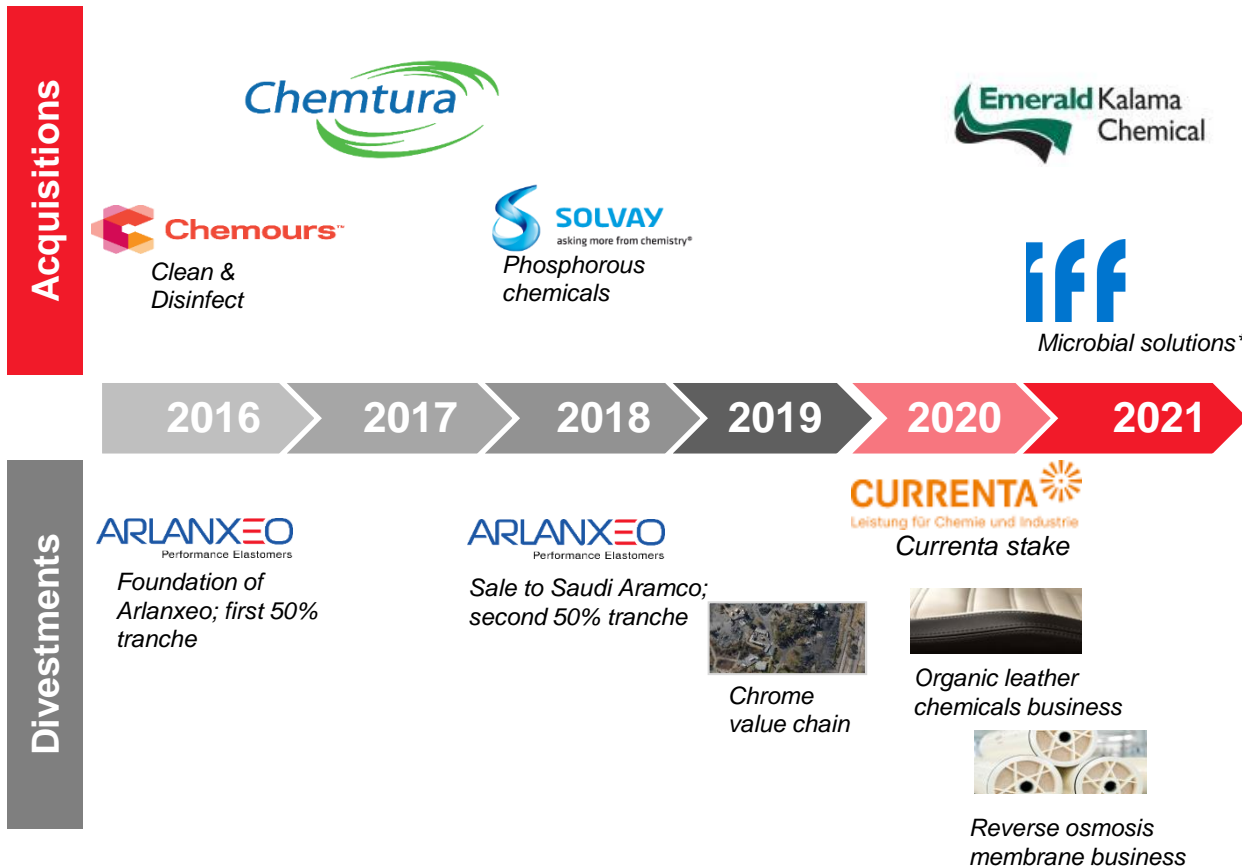
5. Energizing chemistry – committed management team embedded in performance oriented corporate culture



# LANXESS: Strong transformation via active portfolio management

## Track record of successful M&A transactions (selc.)

## Increasing true specialty nature of portfolio



— = LXS product portfolio



# FY2021: Portfolio development towards becoming a global Specialty Chemicals player

## Strategic Highlights

### Successful portfolio management:

- **Emerald Kalama Chemical** acquired and Business Unit “Flavors & Fragrances” established
- **Microbial Control business of IFF**: Signed purchase agreement
- **Two bolt-on acquisitions** in Consumer protection (INTACE and Theseo)
- **Divestments** of organic leather business and chrome mine completed
- Initiation of **BU HPM carve-out**

### Entry into battery chemistry business:

- Electrolyte production for TINCl at BU SGO initiated
- Signing of agreement with Standard Lithium



Further steps to company transformation implemented

# Four acquisitions in Consumer Protection accomplished – in the midst of the pandemic



Specialty chemistry business driving group margin

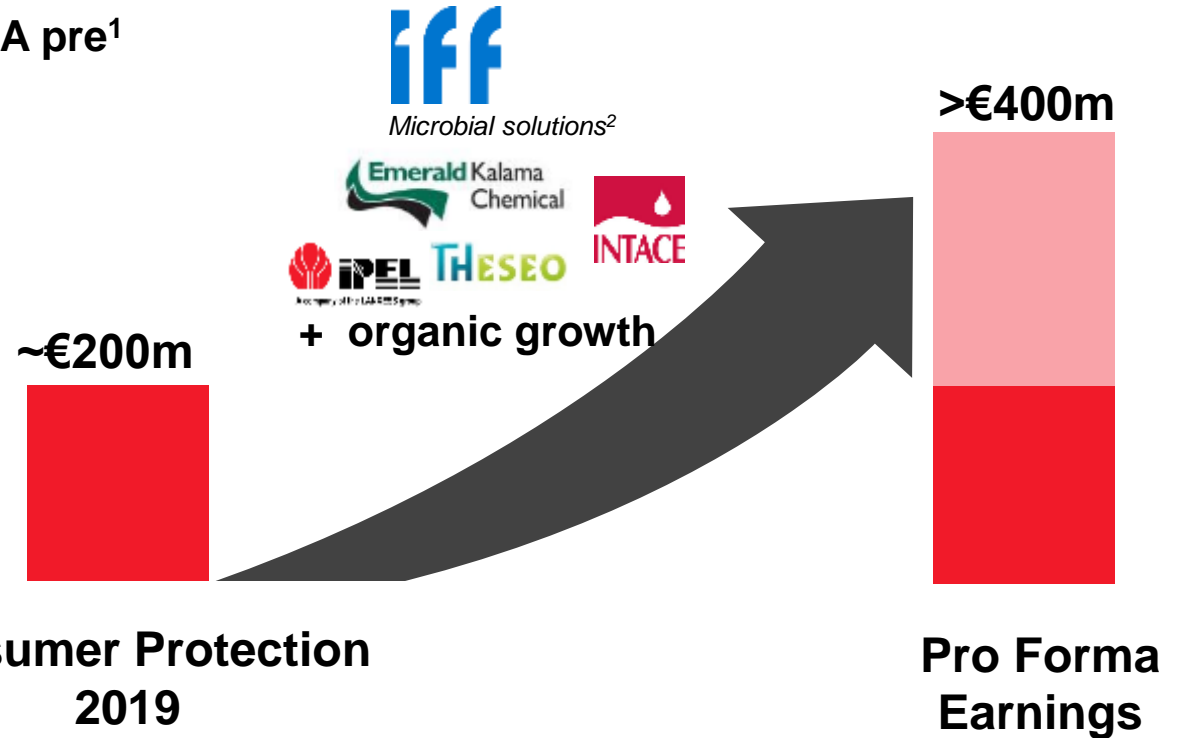


Adding strong cash generation



Resilient financials





EBITDA pre<sup>1</sup>



**Growing margins & resilience as Consumer Protection exposure broadens**

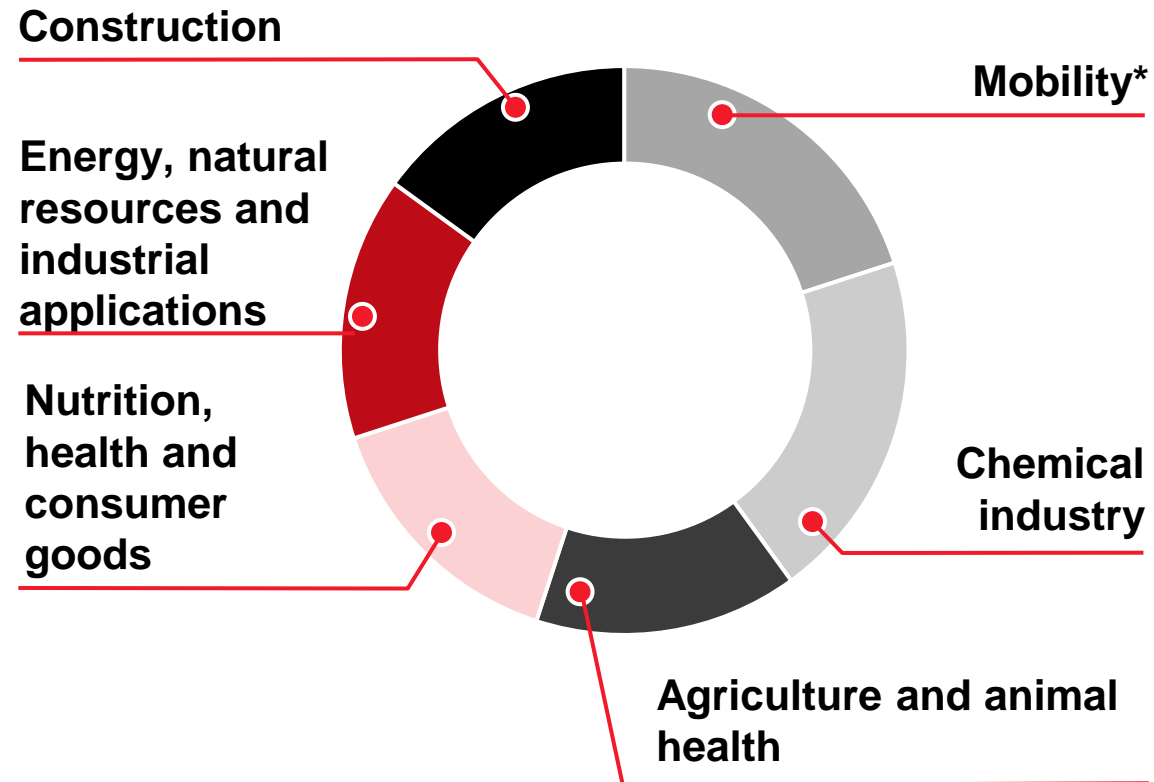


# Strong portfolio of attractive businesses

Advanced Intermediates	Specialty Additives	Consumer Protection	Engineering Materials
			
<ul style="list-style-type: none"> <li>Advanced Industrial Intermediates</li> <li>Inorganic Pigments</li> </ul>	<ul style="list-style-type: none"> <li>Lubricant Additives Business</li> <li>Polymer Additives</li> <li>Rhein Chemie</li> </ul>	<ul style="list-style-type: none"> <li>Flavors &amp; Fragrances</li> <li>Liquid Purification Technologies</li> <li>Material Protection Products</li> <li>Saltigo</li> </ul>	<ul style="list-style-type: none"> <li>High Performance Materials</li> <li>Urethane Systems</li> </ul>
<ul style="list-style-type: none"> <li>Among top 3 players</li> <li>Cost, technology and process leadership</li> </ul>	<ul style="list-style-type: none"> <li>Among top 3 players</li> <li>Small volume, high impact</li> <li>Integrated value chains</li> </ul>	<ul style="list-style-type: none"> <li># 1-3 positions</li> <li>Attractive secular growth</li> <li>Strong margins</li> <li>Asset light &amp; high cash conversion</li> </ul>	<ul style="list-style-type: none"> <li>Among the market leaders, esp. in Europe</li> <li>Integrated value chain</li> <li>Benefitting from e-mobility</li> </ul>

# Proven resilient business model – platform for further growth

## Balanced industry exposure



Sales split FY 2021

\*Includes sales in the automotive, aviation and shipping industries including relevant electronic components

# FY 2021 review: All segments growing



## Advanced Intermediates

Increasing costs largely passed on



Sales: €1.95 bn (+20%)  
EBITDA: €333 m (+8%)

## Specialty Additives

Good demand, value chains constrained



Sales: €2.30 bn (+17%)  
EBITDA: €323 m (+16%)

## Consumer Protection

New businesses in F&F successfully integrated



Sales : €1.52 bn. (+22%)  
EBITDA: €275 m (+3%)

## Engineering Materials

Recovery from corona weakness



Sales : €1.71 bn (+44%)  
EBITDA: €241 m (+60%)

# Our exciting journey to high margin specialty chemicals transformation continues

## Organic growth

Strong secular growth in Consumer Protection

Attractive brownfield investments

Digital growth projects e.g. Chemondis

Attractive greenfield investments, e.g. battery chemistry

## Inorganic growth



*Microbial solutions\**

...to be continued!

# Increased sustainability activities are rewarded externally



## CDP – Climate: Again A ranked



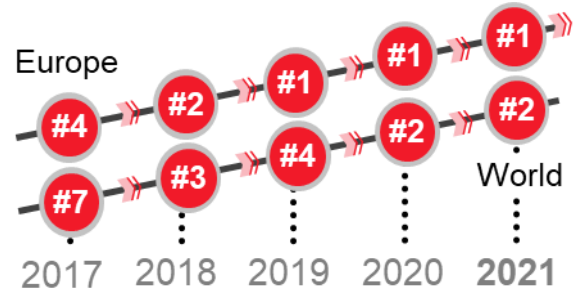
## LANXESS' raw materials and products become more sustainable

- Initial supply by bp with sustainably produced cyclohexane for engineering materials production in the fourth quarter of 2021
- Sustainable product trade mark (Scope Blue) introduced

## Admittance in Bloomberg Gender Equality Index for 2<sup>nd</sup> time



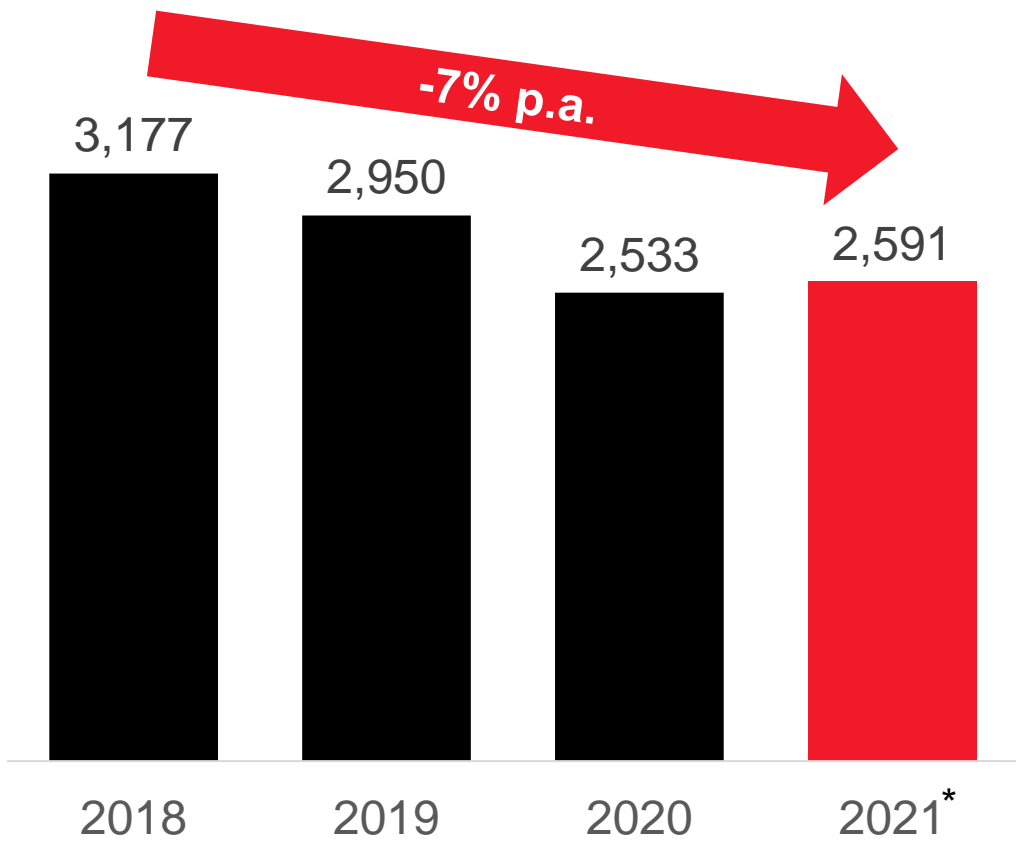
## Again top in Dow Jones Sustainability Index





# Hardly any additional emissions despite increased production volumes and acquisitions

## CO<sub>2</sub>e emissions



CO<sub>2</sub>e emissions in kt; Emissions based on Scope 1 + Scope 2, numbers rounded  
\*) EKC only included for 5 months

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# FY2021: Financials held back by unprecedented number of operational challenges

## Highlights

- Raw material price inflation fully passed on
- Energy hike in Q4 fully passed-on. Substantial increase in contracts with energy pass-through clauses
- Sales volume growth of 10% from economic rebound in most end customer industries despite supply chain constraints
- EBITDA pre improved by 17% to €1,010 m, all segments contribute to growth



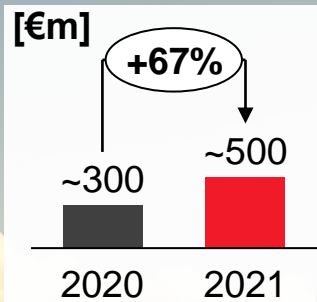
## Challenges

- Top line inflation weighs arithmetically on EBITDA pre margin
- Time-lag: Increase of FY energy and logistic costs not yet fully passed-through
- Negative one-time effects of ~€40 m (various unplanned shutdowns, Force Majeure at suppliers, incident in waste management at CURRENTA, ...)



# Input costs continue to rise in 2022 – countermeasures being implemented

## Energy cost increase 2021 vs 2020

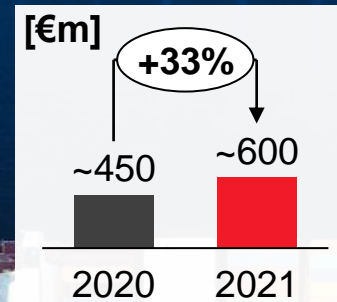


**Trend 2022**



- Around half of our relevant sales contracts include an energy clause by end of 2021
- Increase to 60-80% of customer contracts with energy price pass-through expected until end 2022
- Increase mainly driven by price inflation

## Logistic cost increase 2021 vs 2020



**Trend 2022**

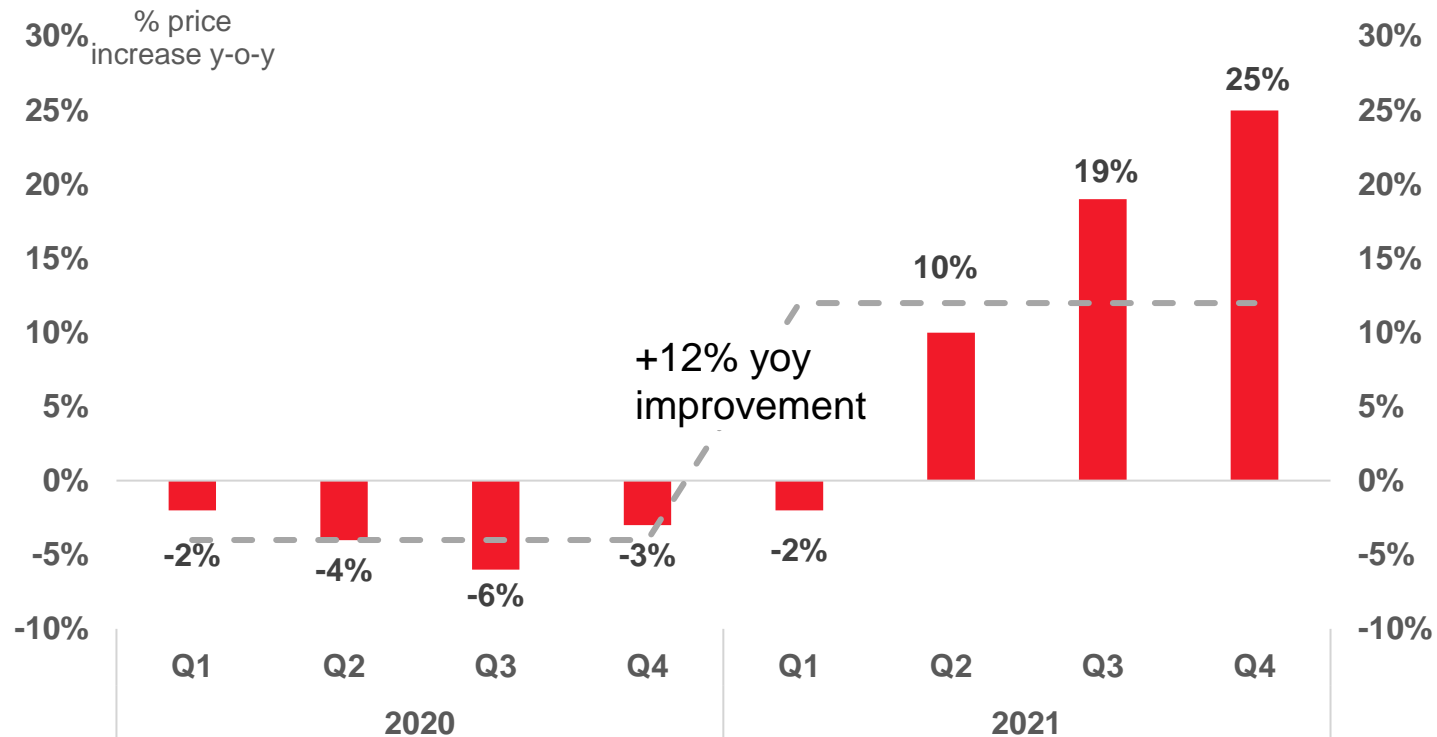


- Ongoing shortage of logistics capacities, limiting possibility to supply
- Around  $\frac{2}{3}$  of cost increase is price driven

**Ongoing input cost inflation assumed**

# Continuous push for price increases

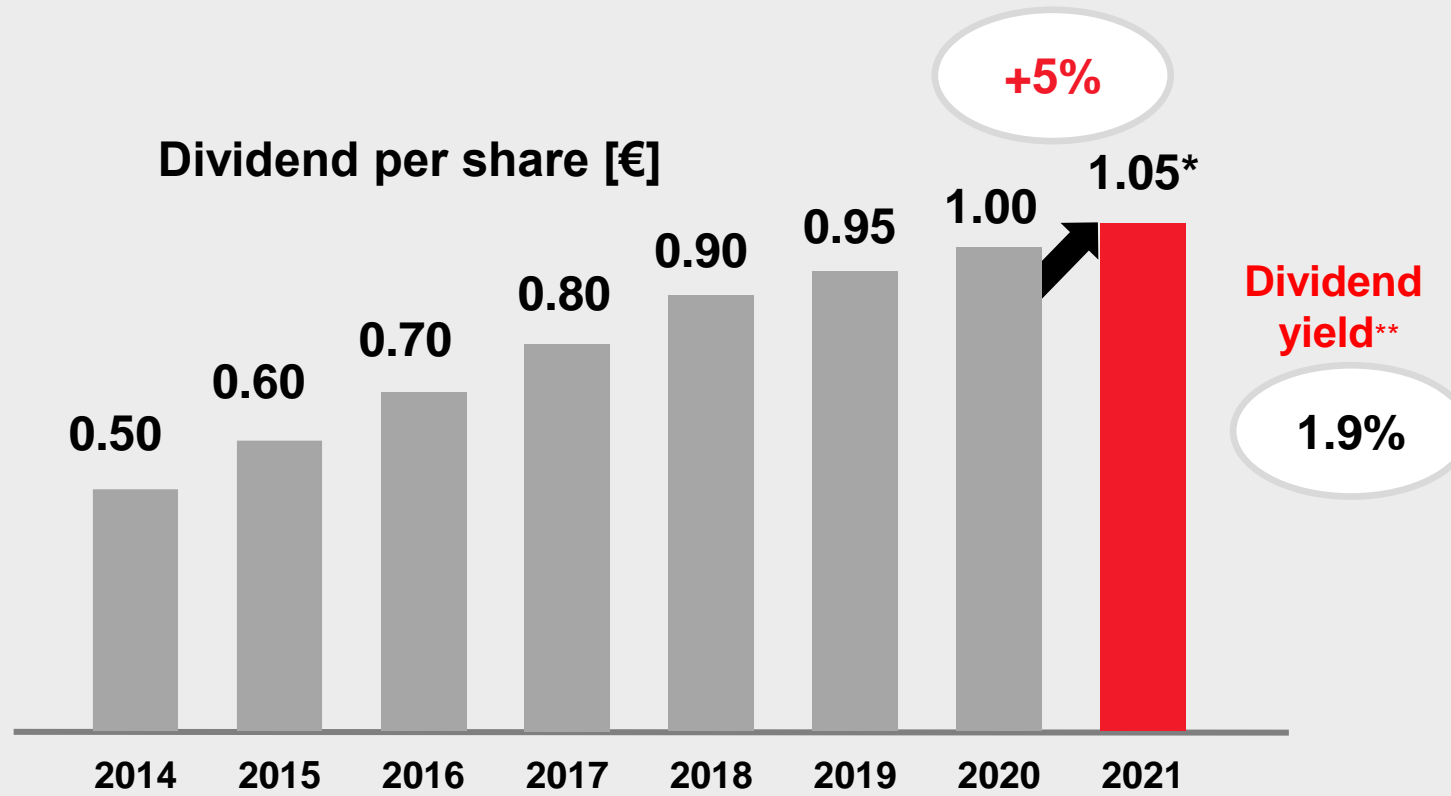
## Pricing increased substantially quarter after quarter



- In 2021 we increased sales prices throughout the year leading to a total price effect on sales of ~€ 750m
- Raw material price increase fully passed on through the year
- Energy price increase fully passed on in Q4

# Increasing dividend despite input cost headwinds

## A reliable income stream for investors



## Dividend policy

LANXESS aims for an increasing or at least stable dividend



\* To be proposed to the Annual General Meeting on May 25, 2022

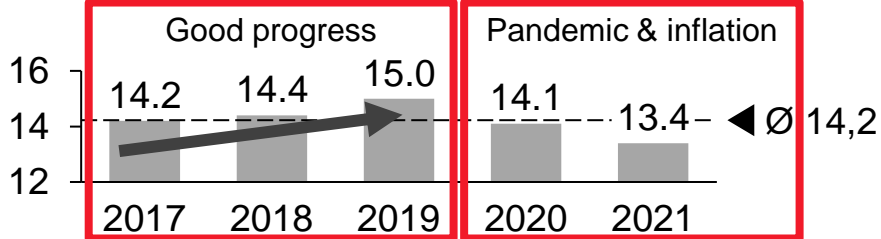
\*\* based on stock price of €54,50 at year end

# A challenging year ends – clear way forward to address issues



**EBITDA pre margin**  
(group, Ø through the cycle)

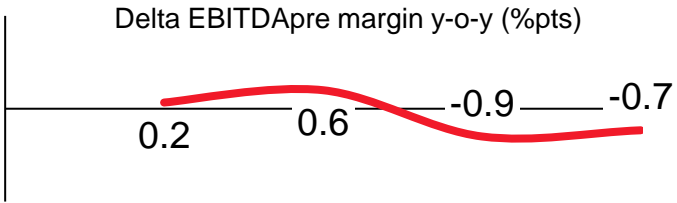
**14-18%**



**Target set in 2017**  
**Corona and inflation hit in 2020/21**

**EBITDA margin volatility**

**2-3%pts**



**Portfolio upgrade visible**

**Cash conversion\***

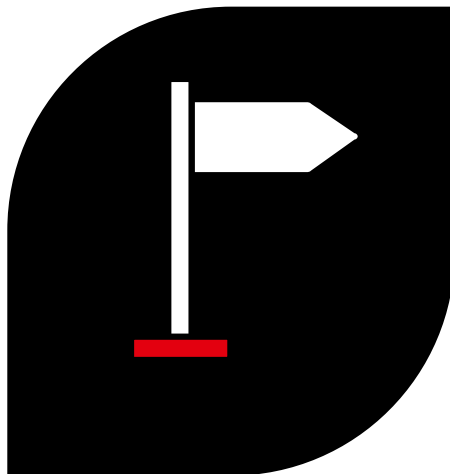
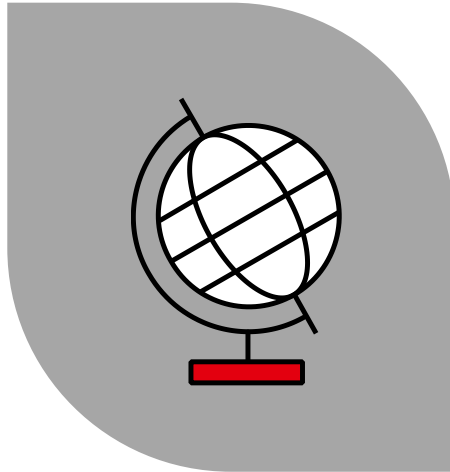
**>60%**

**2021: 53%**

**Consciously deferred for organic growth projects**

\* Cash conversion = (EBITDApre-CAPEX) / EBITDApre

# Guidance FY 2022: Good start, but high uncertainty due to Russia-Ukraine war



## Current view on economy

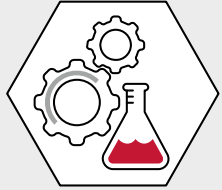
- Ongoing recovery of global economy expected, but now questionable due to Russia-Ukraine war
- Ongoing burden from
  - Disruptions in global supply chains (at least until second half of 2022)
  - Further increasing energy and raw material costs

## LANXESS outlook

- Q1 2022: €280-320 m EBITDA pre
- 2022 EBITDA significantly above previous year
  - Not yet included: Microbial Control business of IFF

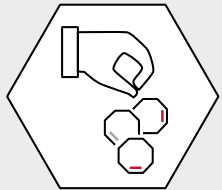
**Implications from Russia-Ukraine war unpredictable at this point**

# Strong growth in FY 2022 expected: Consumer Protection key driver



## **Advanced Intermediates – On prior year level**

- Strong burden from high energy and logistic costs
- Solid development in BU All's diversified end markets and construction (BU IPG)



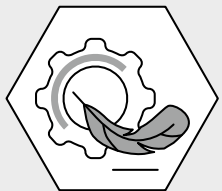
## **Specialty Additives – Significantly above prior year level**

- Support from government stimuli for construction industry, recovery in aviation
- Impact from disrupted supply chains, high logistic and energy costs holds back



## **Consumer Protection – Significantly above prior year level**

- Strong portfolio effect from full year contribution of Emerald Kalama Chemical
- Further good development of businesses amid high energy & logistic costs
- Different seasonal pattern at SGO due to more projects in second half of 2022



## **Engineering Materials – Significantly above prior year level**

- Ongoing strong demand from automotive industry
- High energy and logistic costs remain a burden





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# LANXESS Group: Finishing a year of significant burdens

## Raw-material and energy price increases passed through

Price **+25%** Volume **+3%** FX **+3%** Portfolio **+8%**

Total **+39%**

Q4 Sales vs. PY

[€ m]*	Q4/2020	Q4/2021	Δ	FY 2020	FY 2021	Δ
Sales	1,503	2,082	39%	6,104	7,557	24%
EBITDA pre	200	213	6%	862	1,010	17%
Margin	13.3%	10.2%		14.1%	13.4%	
CAPEX	192	208	8%	456	479	5%

- Sales rise substantially in all segments driven by successful pass-through of higher raw material and energy prices and stronger volumes
- EBITDA pre above previous year level. Contribution from new businesses partly offset by several constraints
- Inflated input costs weigh arithmetically on margins

\* From continuing operations



# Advanced Intermediates: Strong price increases

**Higher raw material and energy prices successfully passed-on**

[€ m]*	Q4/2020	Q4/2021	Δ	FY 2020	FY 2021	Δ
Sales	404	539	33%	1,629	1,949	20%
EBITDA pre	79	92	16%	309	333	8%
Margin	19.6%	17.1%		19.0%	17.1%	
CAPEX	37	41	11%	112	119	6%

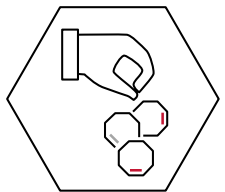
Price **+29%** Volume **+3%** FX **+1%** Portfolio **0%**

Total **+33%**

Q4 Sales vs. PY

- Salesboost driven by significantly higher prices as a consequence of successful raw material and energy price pass-through, supported by volume growth
- EBITDA pre development supported by raw-material and energy price pass-through and slightly higher volumes, arithmetic effect dilutes margin
- AI is most energy-intensive segment at LXS, pass-on-clauses for energy costs well underway

\* New reporting structure as of Q1 2021: Business Line "Antioxidants and Accelerators" (AXX) shift from BU All to BU RCH (segment "Specialty Additives"); In Q4 2021 Benzyl business of business line "Benzyl Products & Inorganic Acid (BIA)" shift to new BU F&F in Consumer Protection segment  
2020 figures restated



# Specialty Additives: Good market demand could not be satisfied due to logistics constraints

**Strong full year result with partial offset in Q4**

[€ m]*	Q4/2020	Q4/2021	Δ	FY 2020	FY 2021	Δ
Sales	483	605	25%	1,965	2,295	17%
EBITDA pre	68	58	-15%	278	323	16%
Margin	14.1%	9.6%		14.1%	14.1%	
CAPEX	51	69	35%	120	139	16%

Price **+17%**   Volume **+0%**   FX **+4%**   Portfolio **+4%**

Total **+25%**

Q4 Sales vs. PY

- Sales driven by higher prices, but volumes held back due to heavy logistic constraints
- After a very strong Q3, EBITDA pre and margin in Q4 burdened by high logistic costs and constraints (i.a. ISO-containers, shipping capacities)
- Besides above challenges, markets overall remain healthy



# Consumer Protection: EBITDA increase in all BUs

**Contribution from F&F now included for full quarter**

Price **+13%** Volume **+8%** FX **+1%** Portfolio **+34%**

Total **+56%**

**Q4 Sales vs. PY**

[€ m]*	Q4/2020	Q4/2021	Δ	FY 2020	FY 2021	Δ
Sales	283	441	56%	1,243	1,515	22%
EBITDA pre	46	65	41%	266	275	3%
Margin	16.3%	14.7%		21.4%	18.2%	
CAPEX	35	47	34%	76	100	32%

- Sales increase mainly driven by new BU F&F additionally supported by positive price and volume development
- Positive EBITDA development in all BUs. Margin diluted by high logistic costs and arithmetic effect



# Engineering Materials: Substantial EBITDA improvement YoY

## Strong FY performance

[€ m]	Q4/2020	Q4/2021	Δ	FY 2020	FY 2021	Δ
Sales	314	471	50%	1,190	1,708	44%
EBITDA pre	41	52	27%	151	241	60%
Margin	13.1%	11.0%		12.7%	14.1%	
CAPEX	47	32	-32%	86	66	-23%

Price **+44%**   Volume **+3%**   FX **+3%**   Portfolio **0%**

Total **+50%**

Q4 Sales vs. PY

- Significant sales increase driven by continued strong demand from auto industry and successful raw material and energy price pass-through
- EBITDA pre rises on improved volumes and higher prices, margin lower due to higher logistic costs and arithmetic effect
- Full year margin improved, but held back by surging energy and logistic costs

# P&L Q4: Improved EBITDA pre due to pricing and portfolio effect

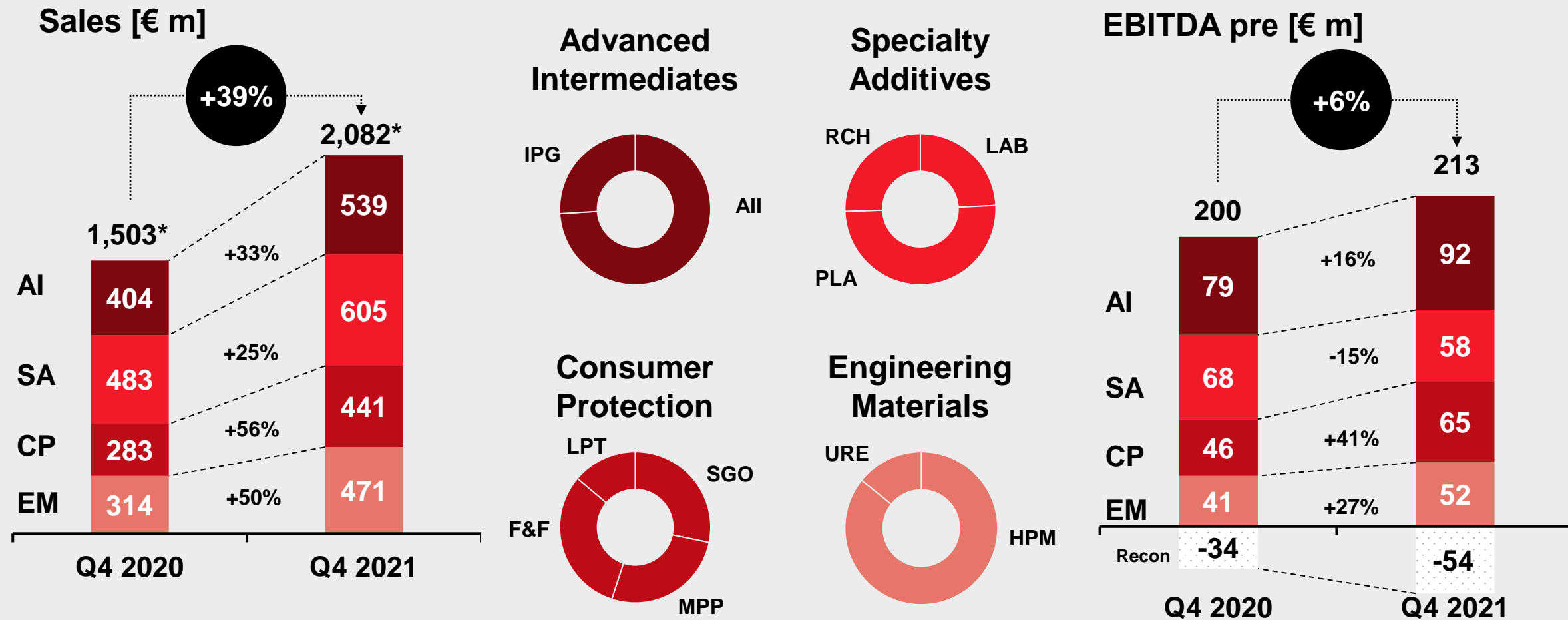
[€ m]	Q4/2020		Q4/2021		yoy in %
Sales	1,503	(100%)	2,082	(100%)	39%
Cost of sales	-1,126	(-75%)	-1,621	(-78%)	44%
Selling	-193	(-13%)	-277	(-13%)	44%
G&A	-72	(-5%)	-91	(-4%)	26%
R&D	-28	(-2%)	-28	(-1%)	0%
<b>EBIT</b>	<b>35</b>	<b>(2%)</b>	<b>23</b>	<b>(1%)</b>	<b>-34%</b>
<b>Net Income</b>	<b>-3</b>	<b>(0%)</b>	<b>29</b>	<b>(1%)</b>	<b>&gt;100%</b>
<b>EPS pre*</b>	<b>0.82</b>		<b>0.87</b>		<b>6%</b>
EBITDA	170	(11%)	164	(8%)	-4%
thereof except.	-30	(-2%)	-49	(-2%)	63%
<b>EBITDA pre except.</b>	<b>200</b>	<b>(13.3%)</b>	<b>213</b>	<b>(10.2%)</b>	<b>6%</b>

- Successful raw material cost management. However, leading to margin erosion due to arithmetical effect
- Higher selling expenses due to surging logistic costs and portfolio effect
- G&A increase driven by portfolio effect and gradual phase-out of Corona measures

\* From continuing operations



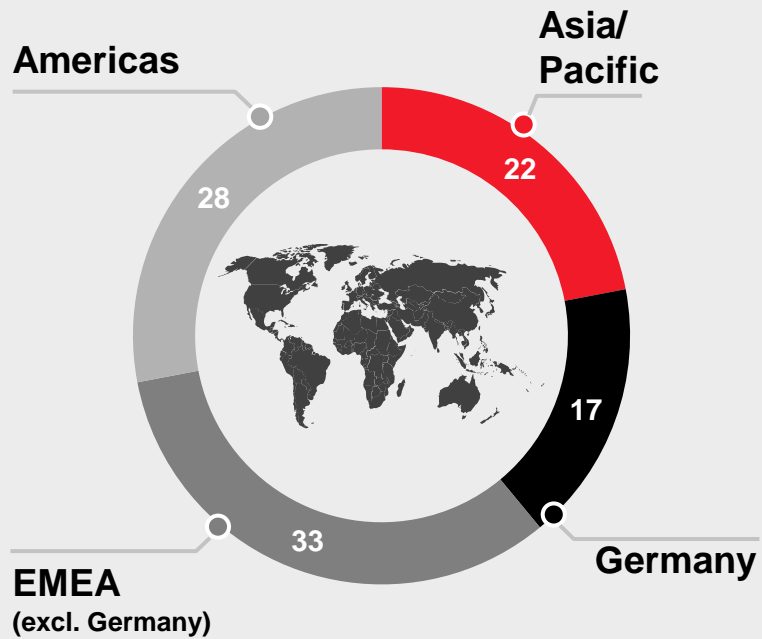
# Q4 2021: Strong sales improvement, higher EBITDA in three segments, logistic constraints burden Sp. ADD



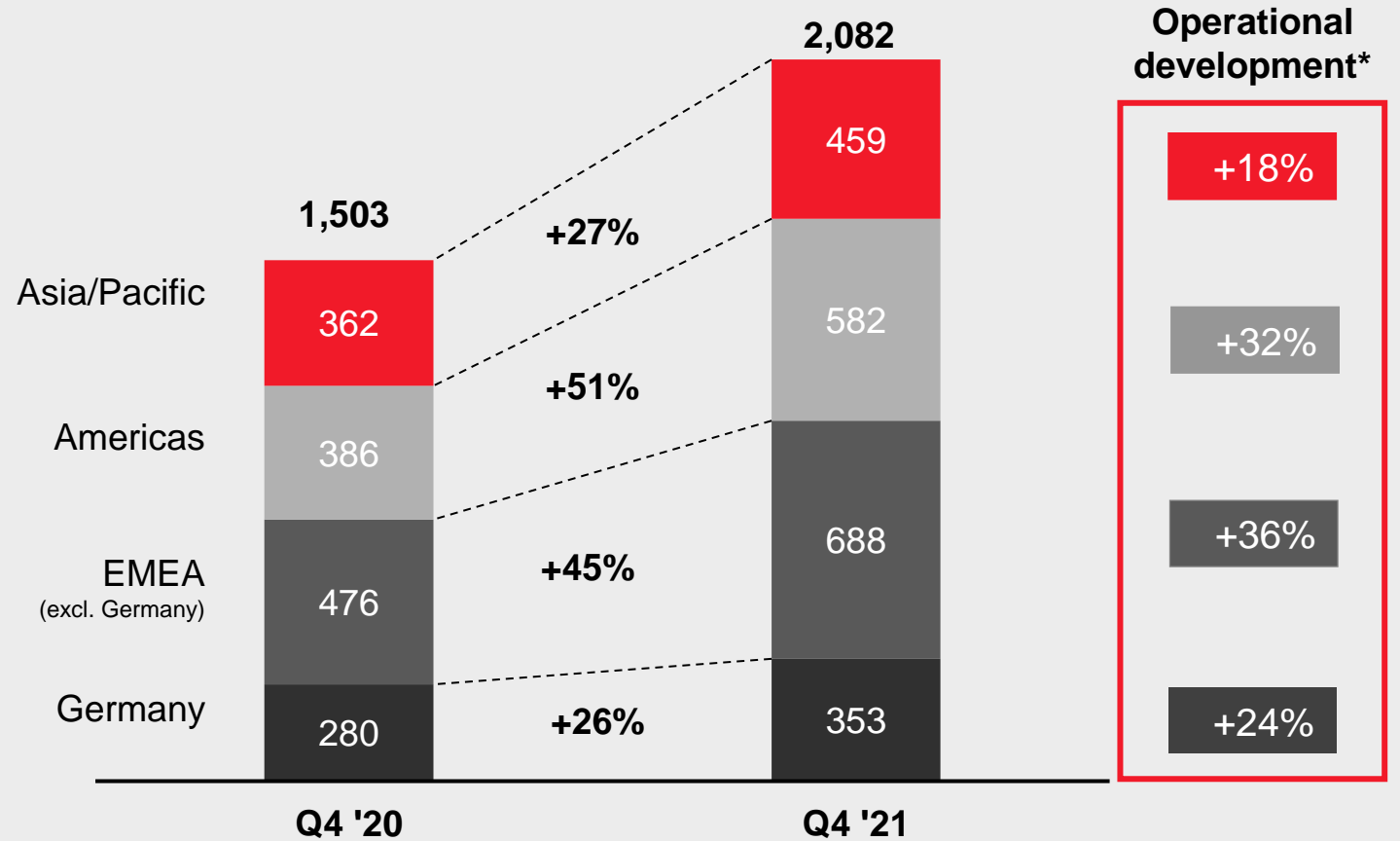
\* Total group sales including reconciliation

# Q4 2021: Strong price-driven growth in all regions

Q4 2021 sales by region [%]



Regional development of sales [€ m]



\* Currency and portfolio adjusted

# Strong operating cash flow

[€ m]	Q4/2020	Q4/2021	Δ
<b>Profit before tax</b>	<b>24</b>	<b>16</b>	<b>-8</b>
Income taxes paid	-80	30	110
Changes in other assets and liabilities	-26	21	47
<b>Oper. CF before Δ in W/C*</b>	<b>58</b>	<b>213</b>	<b>155</b>
changes in working capital	204	98	-106
<b>Operating cash flow*</b>	<b>262</b>	<b>311</b>	<b>49</b>
<b>Investing cash flow*</b>	<b>-289</b>	<b>-487</b>	<b>-198</b>
thereof capex	-192	-208	-16

- Best Q4 operating cash flow from continued operation since 2015 despite lower inflow from change in working capital (mainly driven by raw material price inflation)
  - Inflow from tax refund after prepayment in earlier years
- Investing cash flow impacted by:
  - Slightly higher capex driven by portfolio effect

\* Applies to continuing operations

# Increase in balance sheet reflects acquisition of Emerald Kalama Chemical

[€ m]	31.12.2020	31.12.2021
<b>Total assets</b>	<b>8,880</b>	<b>10,518</b>
Equity	2,999	3,762
<b>Equity ratio</b>	<b>34%</b>	<b>36%</b>
<b>Net financial debt<sup>1</sup></b>	<b>1,012</b>	<b>2,245</b>
Cash, cash equiv., short term money market inv.	1,794	1,234
<b>Pension provisions</b>	<b>1,205</b>	<b>877</b>
<b>Net working capital</b>	<b>1,134</b>	<b>1,675</b>
DSI (in days) <sup>2</sup>	64	71
DSO (in days) <sup>3</sup>	45	45

- Increase in total assets results from increase in working capital and EKC acquisition (closed in August)
- Higher equity reflects positive net income and OCI effects (mainly FX and pensions)
- Increase in net financial debt driven by payment of purchase price for EKC
- Lower pension provisions due to interest rate increase and good asset performance
- Strongly inflated input prices, logistic constraints and volume effect drive inventories and working capital

<sup>1</sup> Including cash, cash equivalents, short-term money market investments

<sup>2</sup> Days sales of inventory calculated from quarterly sales

<sup>3</sup> Days of sales outstanding calculated from quarterly sales

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# Housekeeping items 2022

<b>Capex 2022</b>	<b>~€500 m</b> (excl. IFF MC)
<b>Operational D&amp;A 2022</b>	<b>~€550 m</b> (excl. IFF MC)
<b>Reconciliation 2022</b>	<b>~€180 m</b> including remnant costs and re-occurring expenses
<b>Underlying tax rate</b>	<b>~28%</b>
<b>Exceptionals 2022</b>	<b>~€100 m</b> based on current initiatives
<b>FX sensitivity</b>	One cent change of USD/EUR resulting in <b>~€7 m</b> EBITDA pre impact before hedging

# FY 2021: Improved earnings, margin impacted by fast and significant increase in energy and logistic costs

[€ m]	FY 2020		FY 2021		yoy in %
Sales	6,104	(100%)	7,557	(100%)	24%
Cost of sales	-4,548	(-75%)	-5,712	(-76%)	26%
Selling	-773	(-13%)	-951	(-13%)	23%
G&A	-267	(-4%)	-304	(-4%)	14%
R&D	-108	(-2%)	-115	(-2%)	6%
<b>EBIT</b>	<b>253</b>	<b>(4%)</b>	<b>350</b>	<b>(5%)</b>	<b>38%</b>
<b>Net Income</b>	<b>885</b>	<b>(14%)</b>	<b>267</b>	<b>(4%)</b>	<b>-70%</b>
<b>EPS pre*</b>	<b>3.50</b>		<b>4.83</b>		<b>38%</b>
EBITDA	757	(12%)	863	(11%)	14%
thereof except.	-105	(-2%)	-147	(-2%)	40%
<b>EBITDA pre except.</b>	<b>862</b>	<b>(14.1%)</b>	<b>1,010</b>	<b>(13.4%)</b>	<b>17%</b>

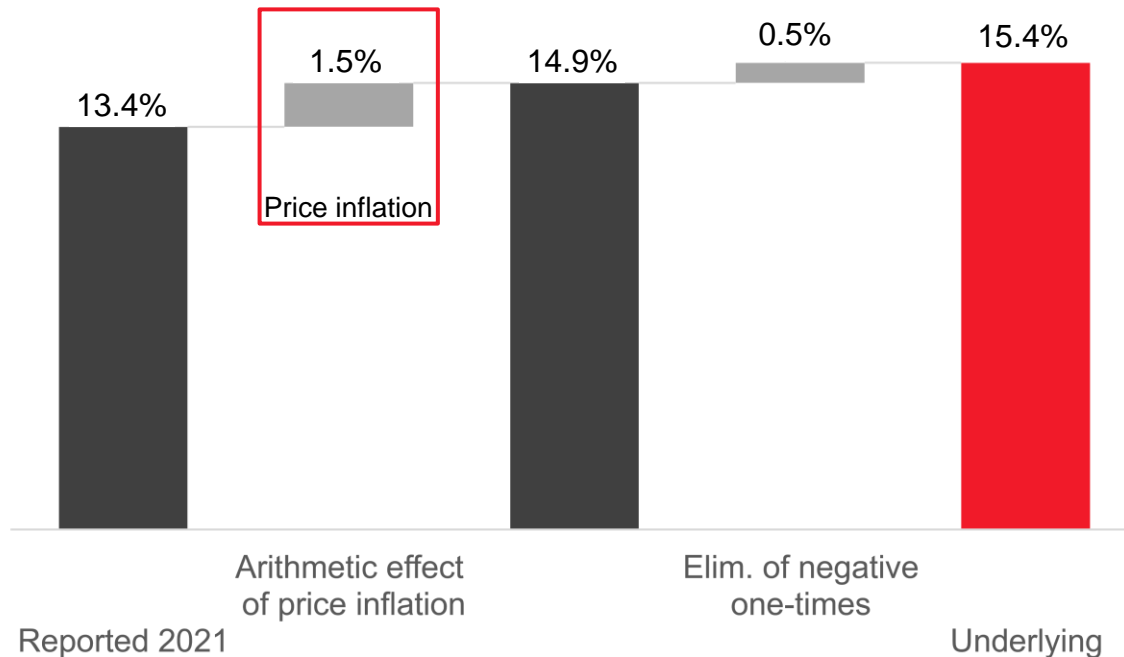
- Successful cost management in inflationary environment. However, leading to margin erosion due to arithmetical effect
- Higher G&A reflect portfolio effect (acquisitions and leather divestment) and gradual phase-out of Corona measures
- Strong earnings due to high demand, but margin held back by higher energy and logistic costs
- Net income in previous year included proceeds from CURRENTA divestment

\* From continuing operations



# EBITDApre margin diluted by inflation & one-times

## Underlying EBITDApre margin in %



## Factors leading to margin dilution

Current market environment with inflationary pressure leading to margin dilution:

- Arithmetic effect of sales **inflation** leads to ~1.5%pts margin dilution
  - Negative impact of **one-times** (e.g. unplanned shutdowns, Force Majeure at suppliers, CURRENTA) leading to ~0.5%pts margin dilution (~€40m)
- Underlying margin >15%

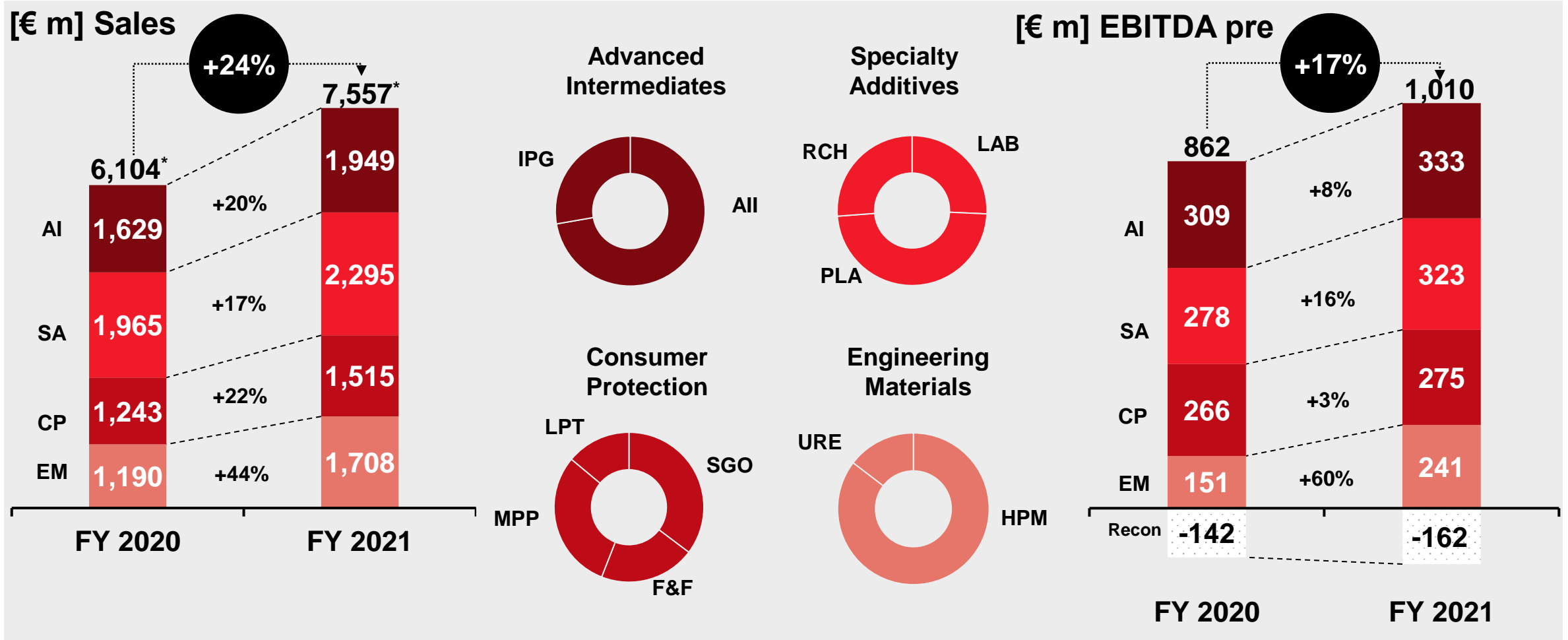
# FY 2021: Operating cash flow impacted by exceptionals and increased working capital

[€ m]	FY 2020	FY 2021	Δ
<b>Profit before tax</b>	<b>1,074</b>	<b>303</b>	<b>-771</b>
Financial (gain) losses	-840	30	870
Income taxes paid	-215	-10	205
Changes in oth. assets & liab.	-34	17	51
<b>Oper. CF before Δ in W/C*</b>	<b>488</b>	<b>852</b>	<b>364</b>
changes in working capital	106	-413	-519
<b>Operating cash flow*</b>	<b>594</b>	<b>439</b>	<b>-155</b>
<b>Investing cash flow*</b>	<b>-350</b>	<b>-431</b>	<b>-81</b>
thereof capex	-456	-479	-23

- Operating cash flow reflects
  - Lower profit due to CUR proceeds in PY and higher exceptionals
  - Tax refund in 2021
  - Significant increase in W/C (volume rise, inflated raw material prices, logistic constraints)
- Investing cash flow:
  - Net amount in 2021 includes purchase price for EKC, Theseo and INTACE and divestments of organic leather, chrome mine and membrane business
  - PY contains divestment of CURRENTA stake

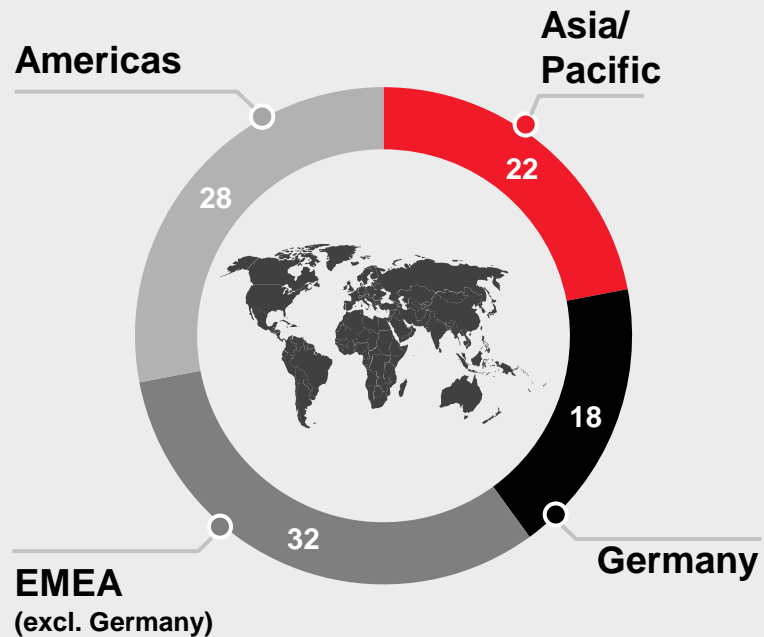
\* Applies to continuing operations

# FY 2021: Strong recovery especially in Specialty Additives and Engineering Materials

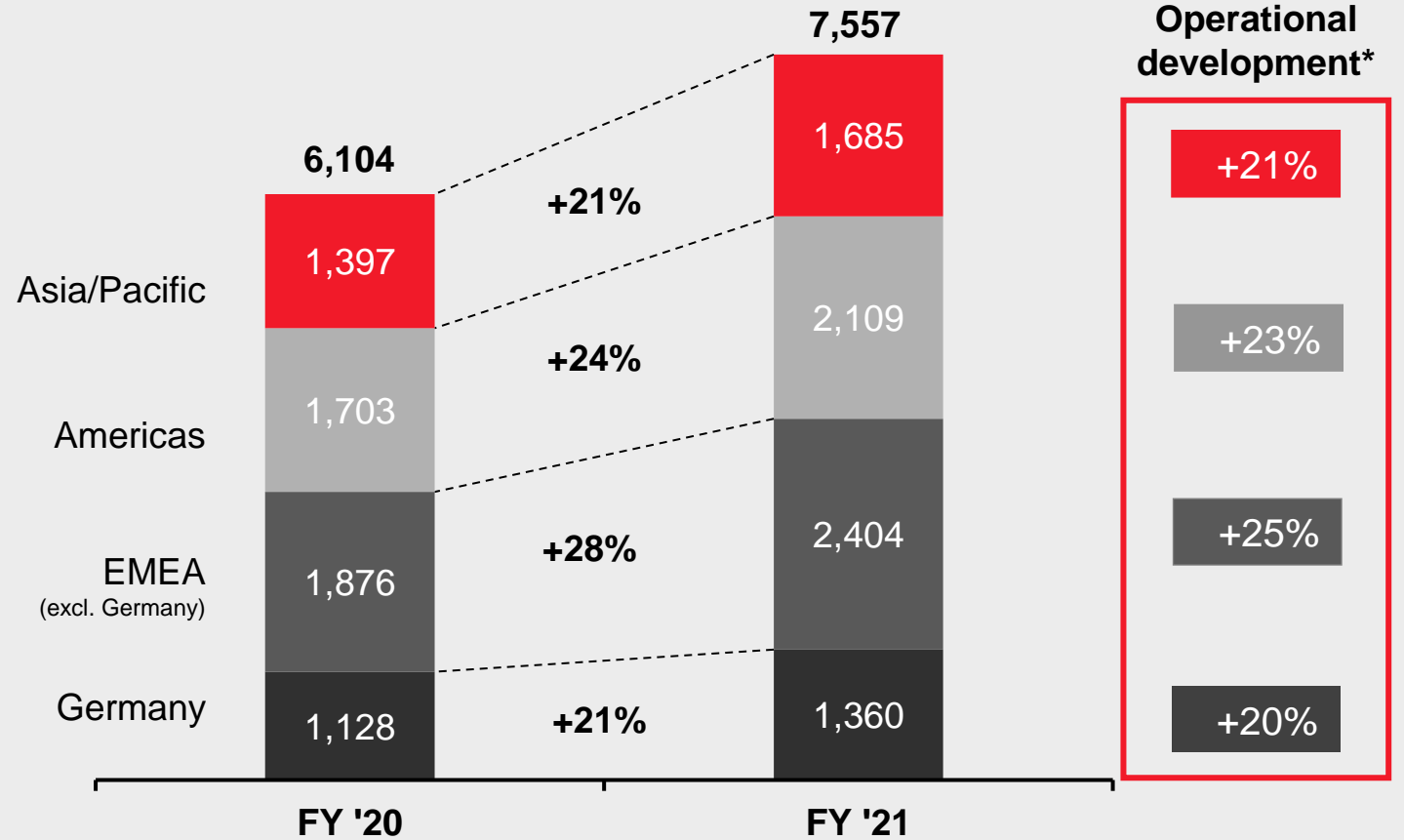


# FY 2021: Strong operational growth in all areas

FY 2021 sales by region [%]



Regional development of sales [€ m]



\* Currency and portfolio adjusted

# Exceptional items (on EBIT) above previous year level mainly due to increased M&A costs

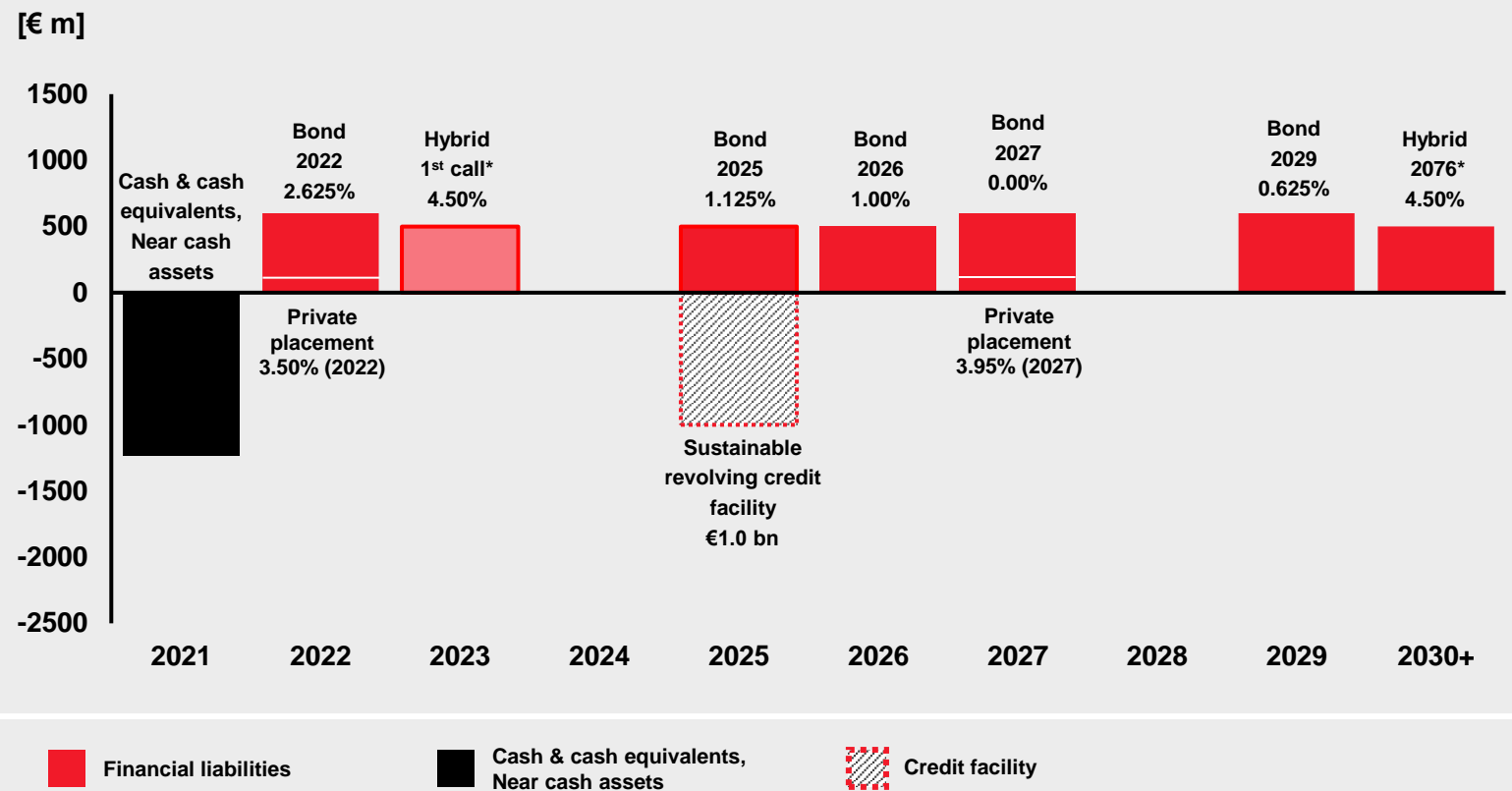
[€ m]	Q4/2020		Q4/2021		FY 2020		FY 2021		Comments
	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	
Strategic Realignment & Restructuring	19	18	21	0	68	35	38	1	incl. Emerald Kalama Chemical integration
M&A, Digitalization (incl. Chemondis) and Others	19	1	15	0	46	1	81	2	incl. organic leather, membrane, chrome mine divestments; Emerald Kalama Chemical, IFF MC, Theseo, INTACE acquisitions
Strategic IT projects	11	0	13	0	29	2	31	0	incl. SAP Hana Project
<b>Total</b>	<b>49</b>	<b>19</b>	<b>49</b>	<b>0</b>	<b>143</b>	<b>38</b>	<b>150</b>	<b>3</b>	

# LANXESS maturity profile actively managed and well balanced

## Long-term financing secured

- Diversified financing sources
  - Bonds & private placements
  - Undrawn sustainable revolving credit facility
- Average interest rate of financial liabilities ~1.7%
- Maturities in 2022:
  - Private placement in April
  - Bond in November
- All group financing executed without financial covenants

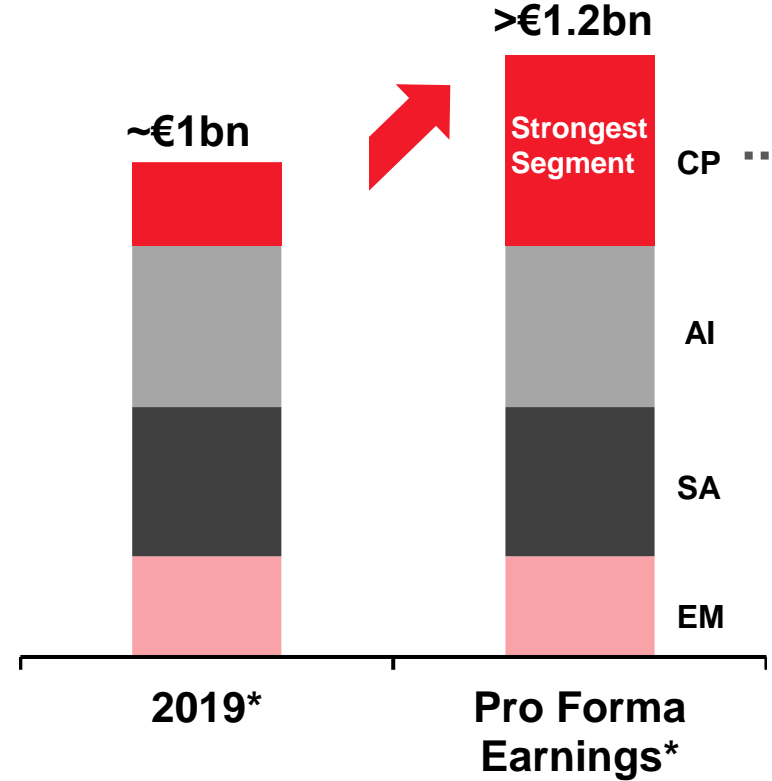
## Liquidity and maturity profile as per December 2021



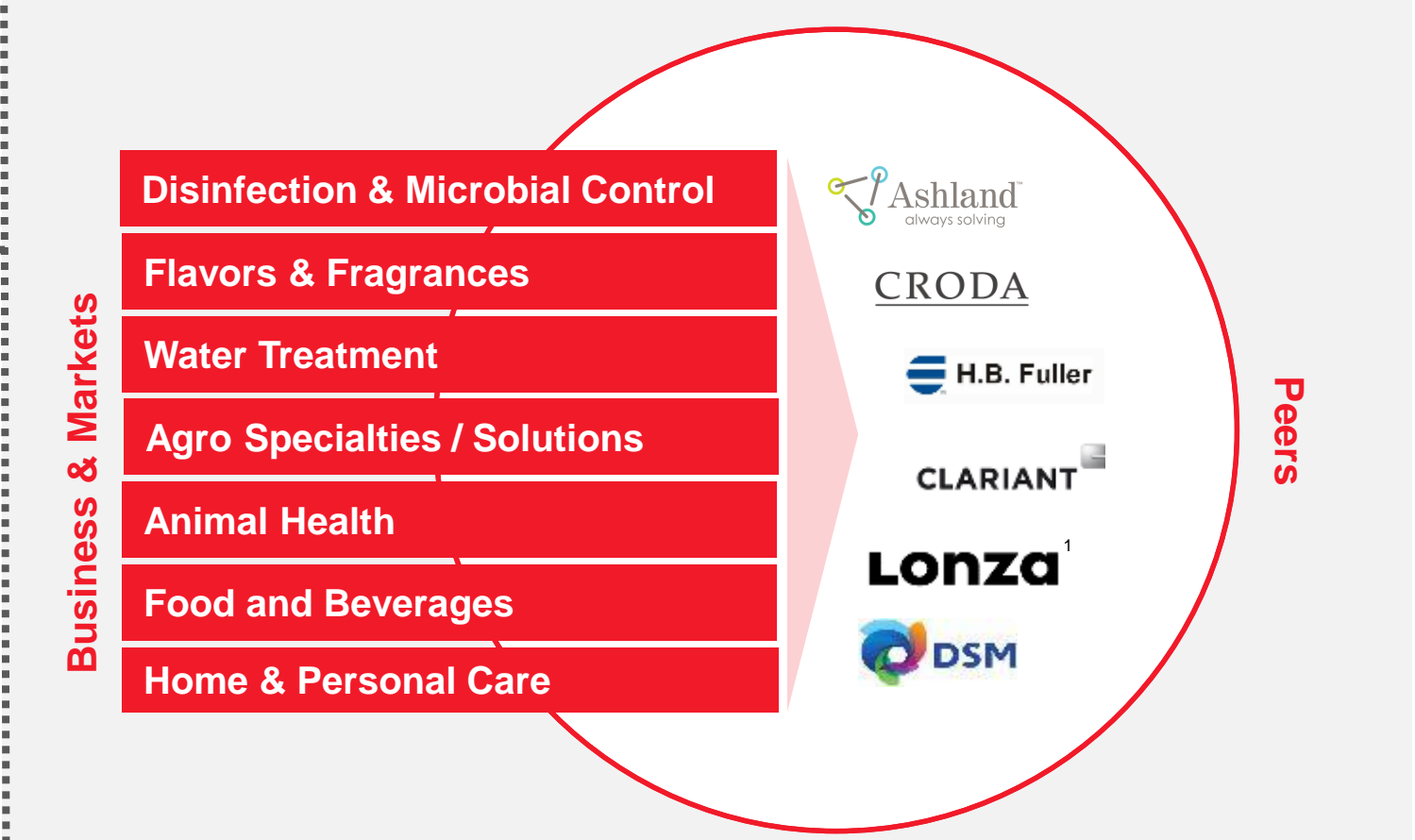
# High-quality businesses strengthen LANXESS and change the face of the company



Acquisitions made Consumer Protection strongest segment



Consumer Protection active in a high multiple universe

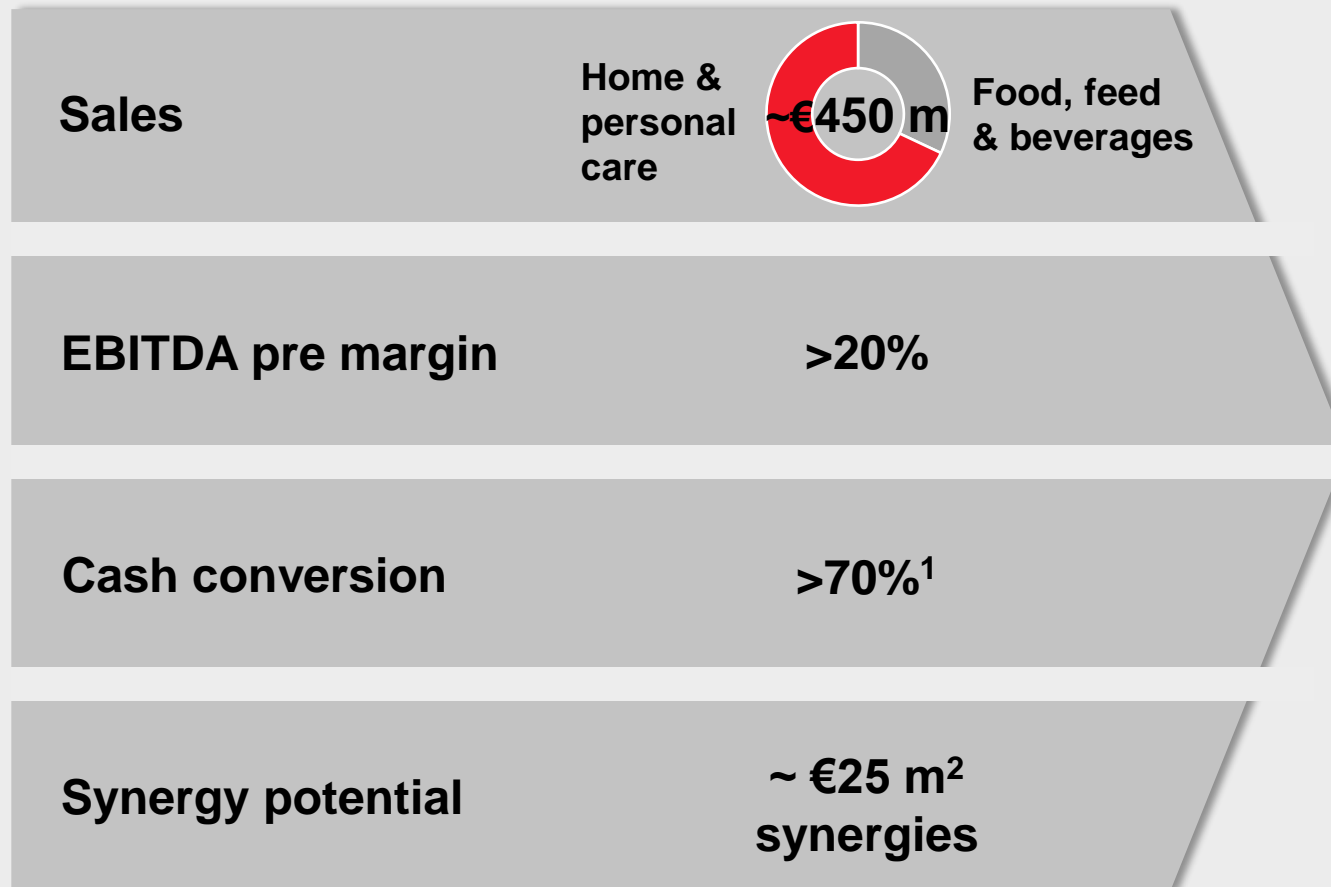


43 \* EBITDA pre, illustrative numbers

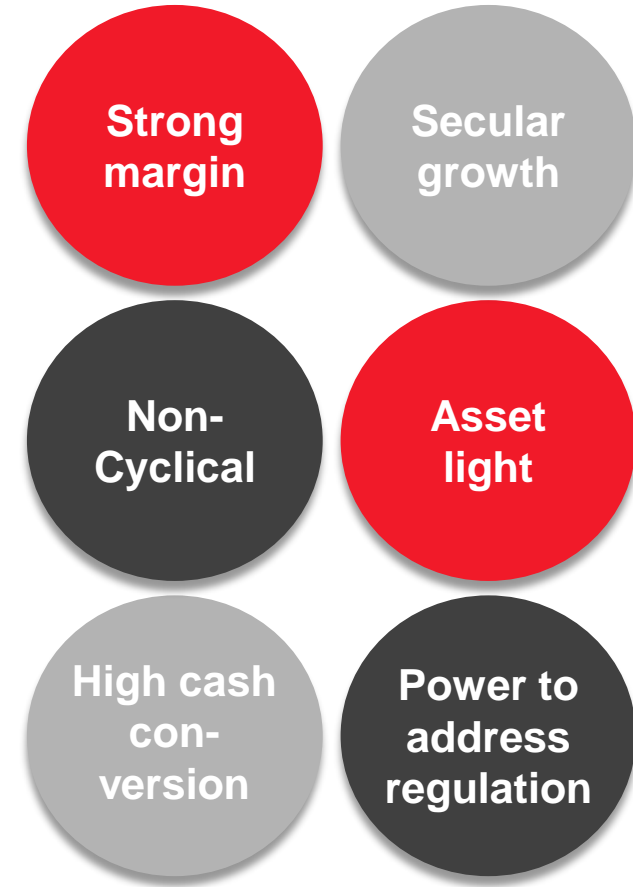
Listed peers only <sup>1</sup> Lonza Specialty Ingredients was sold to Bain and Cinven in 2021



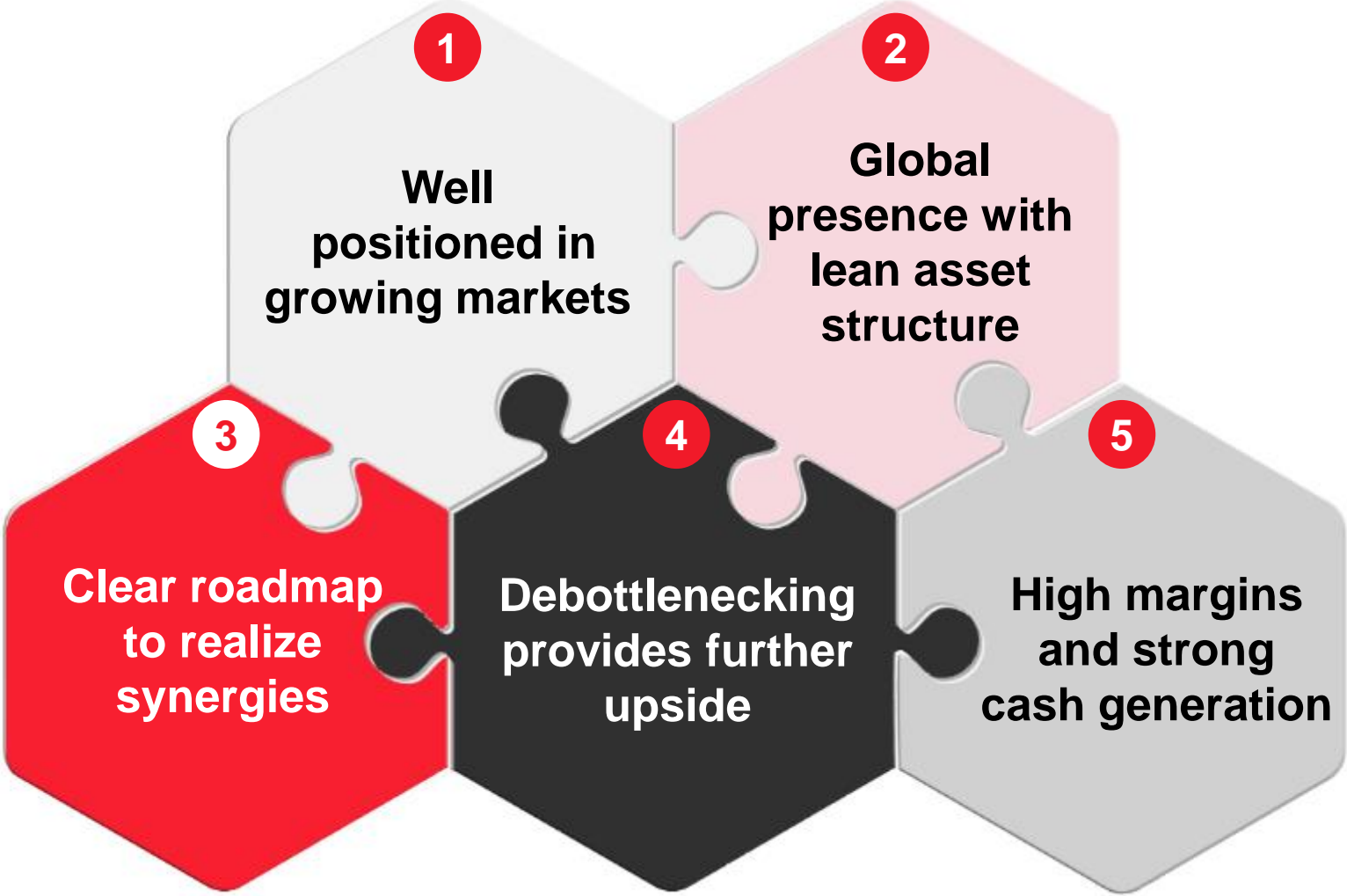
# BU F&F Financials: Reflecting specialty character



## Investment criteria met



# F&F's strong set-up is boosting Consumer Protection segment



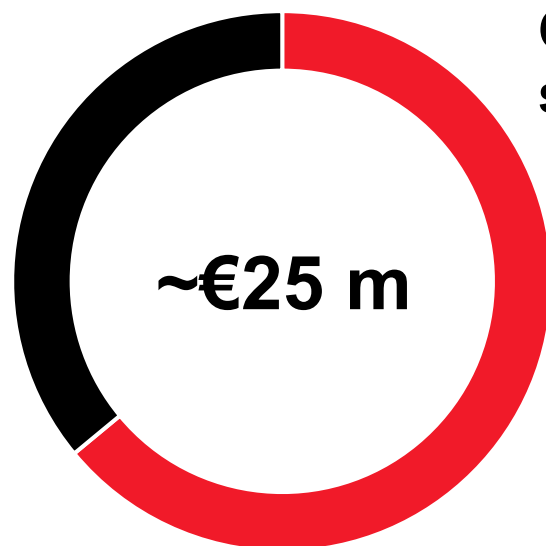
# Emerald Kalama Chemical acquisition: Synergies, OTCs and Capex step in earlier than expected

## Overview: Synergies structure

## Phasing: Synergies, OTCs and CAPEX

*Illustrative*

Top line synergies

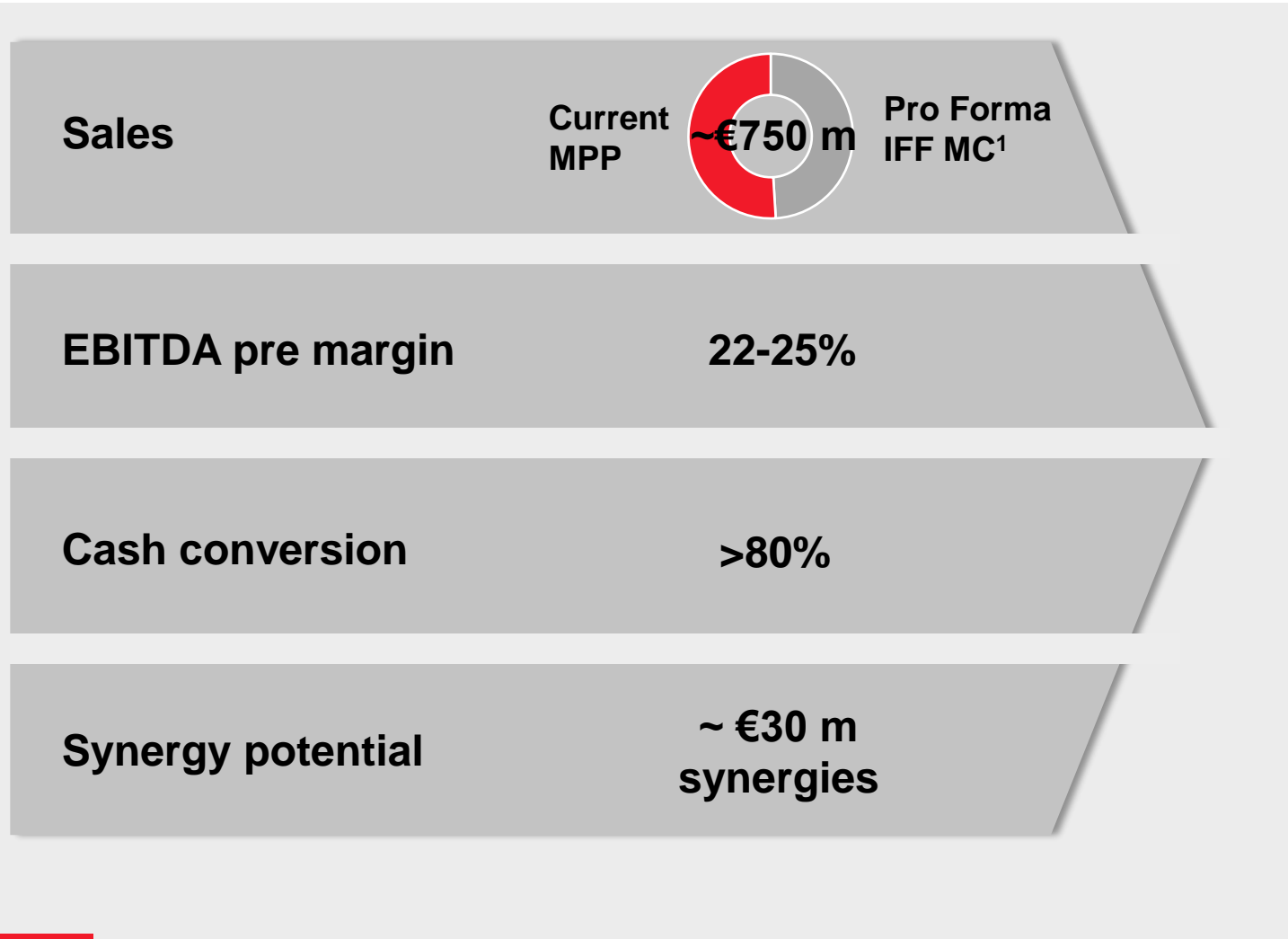


Cost based synergies

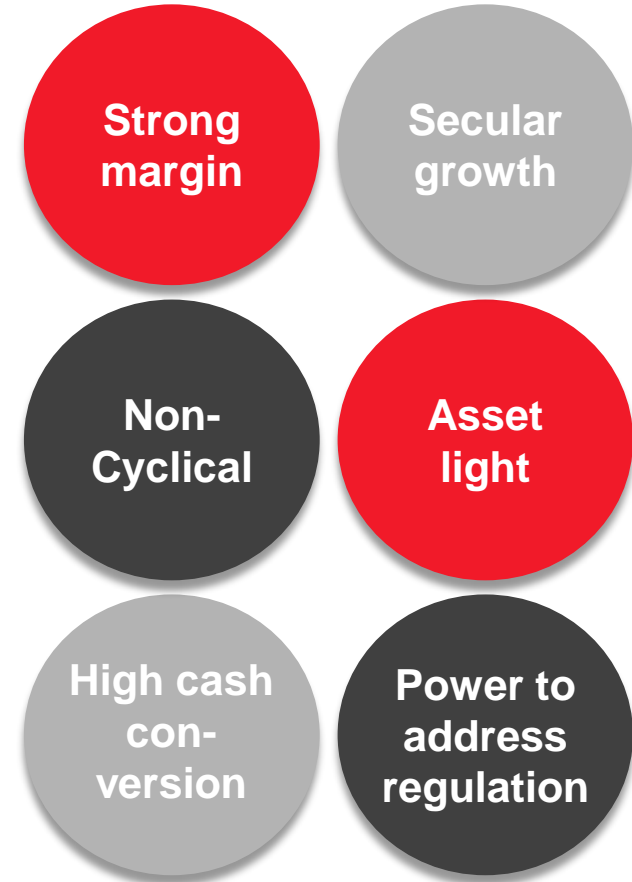
update

	2021	2022	2023	2024
<b>Synergies</b>	<€5 m	~€10 m	~€5 m	~€5 m
<b>OTCs</b>	~€15 m	~€10 m	~€5 m	~€5 m
<b>CAPEX*</b>	~€15 m	~€15 m	~€15 m	~€10 m

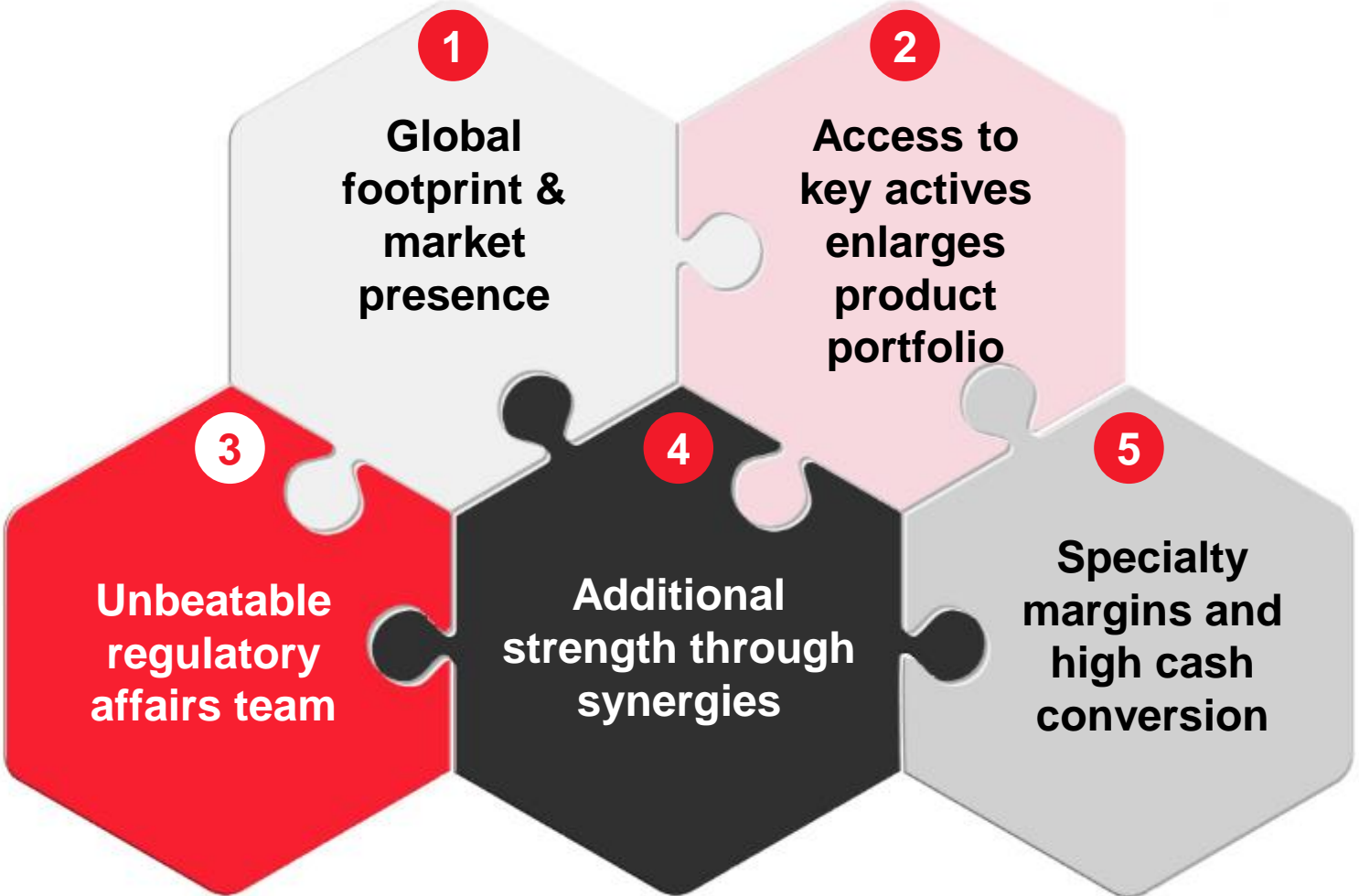
# Financials: Enhancing MPP's strong financial profile



## Investment criteria met



# Combining MPP+IFF MC creates unique global position in biocides & microbial control



# IFF MC: Targeting €30m synergies, thereof €25m by 2024



**Top line synergies: ~ €10m**

- Complementary geographies and customers
- Cross selling potential
- New applications: energy market and hygiene

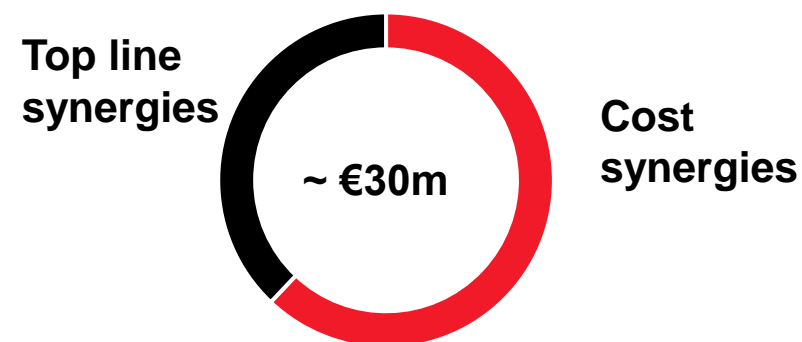


**Cost synergies: ~ €20m**

- Streamlining of sales office infrastructure
- Optimization of supply chain and distribution model
- Sourcing synergies
- Manufacturing excellence

## Substantial synergies

*Illustrative*



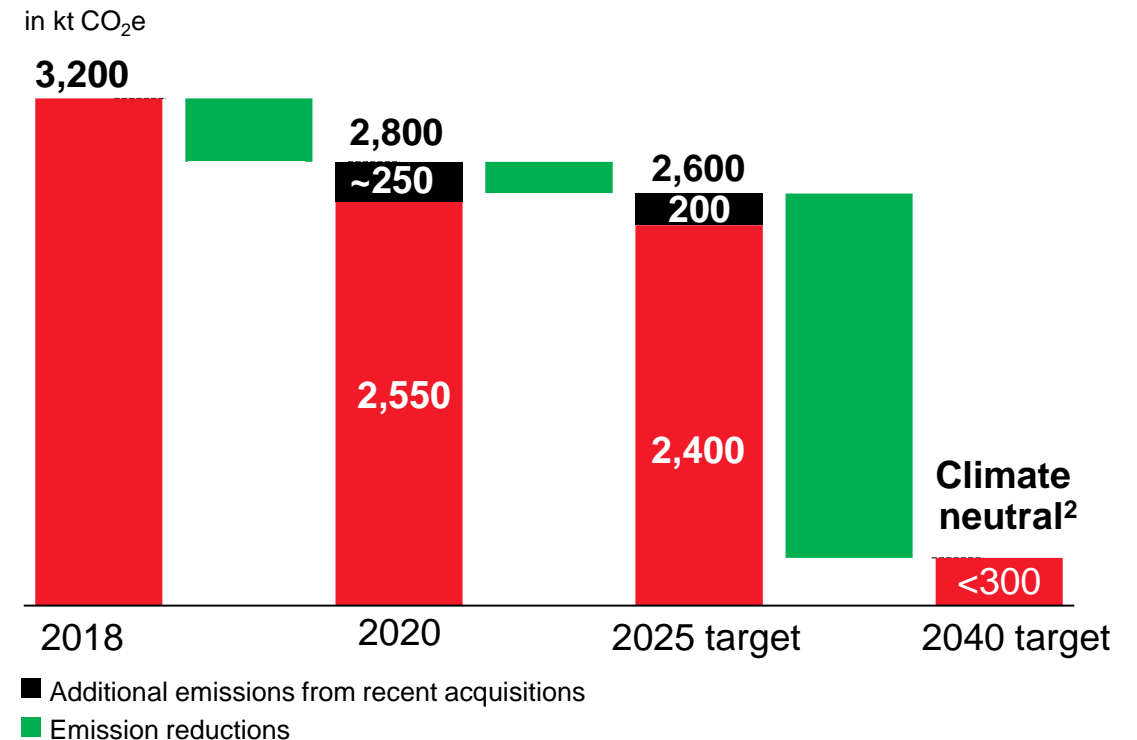
	2022	2023	2024	2025
<b>Synergies</b>	~ €5m	~ €10m	~ €10m	~ €5m
<b>OTCs</b>	~ €15m	~ €10m	~ €5m	-
<b>CAPEX*</b>	~ €10m	~ €5m	~ €5m	-

# Recent acquisitions support our climate neutral target by 2040 – adjusting medium term step

## New business meets sustainability criteria

- EKC's and IFF's locations will be upgraded to LANXESS' standards in order to meet our emission reduction targets
- 2025 target slightly adjusted to reflect additional carbon reduction effort
- Climate neutral target by 2040 confirmed

## CO<sub>2</sub>e scope 1+2 emissions<sup>1</sup>



**We are on track to achieving our climate neutral target by 2040**

<sup>1</sup> Emissions based on Scope 1 + Scope 2, numbers rounded, in thousand metric tons of CO<sub>2</sub> equivalents | <sup>2</sup> Climate neutral: Less than 300,000 tons of CO<sub>2</sub> equivalents per year. These will be reduced through compensation measures.



# Progress in major climate protection projects

## Antwerp: 450 kt CO<sub>2</sub>e / year less as of 2024

- First laughing gas reduction plant successfully in use since 2021 (150 kt CO<sub>2</sub>e / year)
- Construction of second reduction plant starting mid-2022 (300 kt CO<sub>2</sub>e / year)

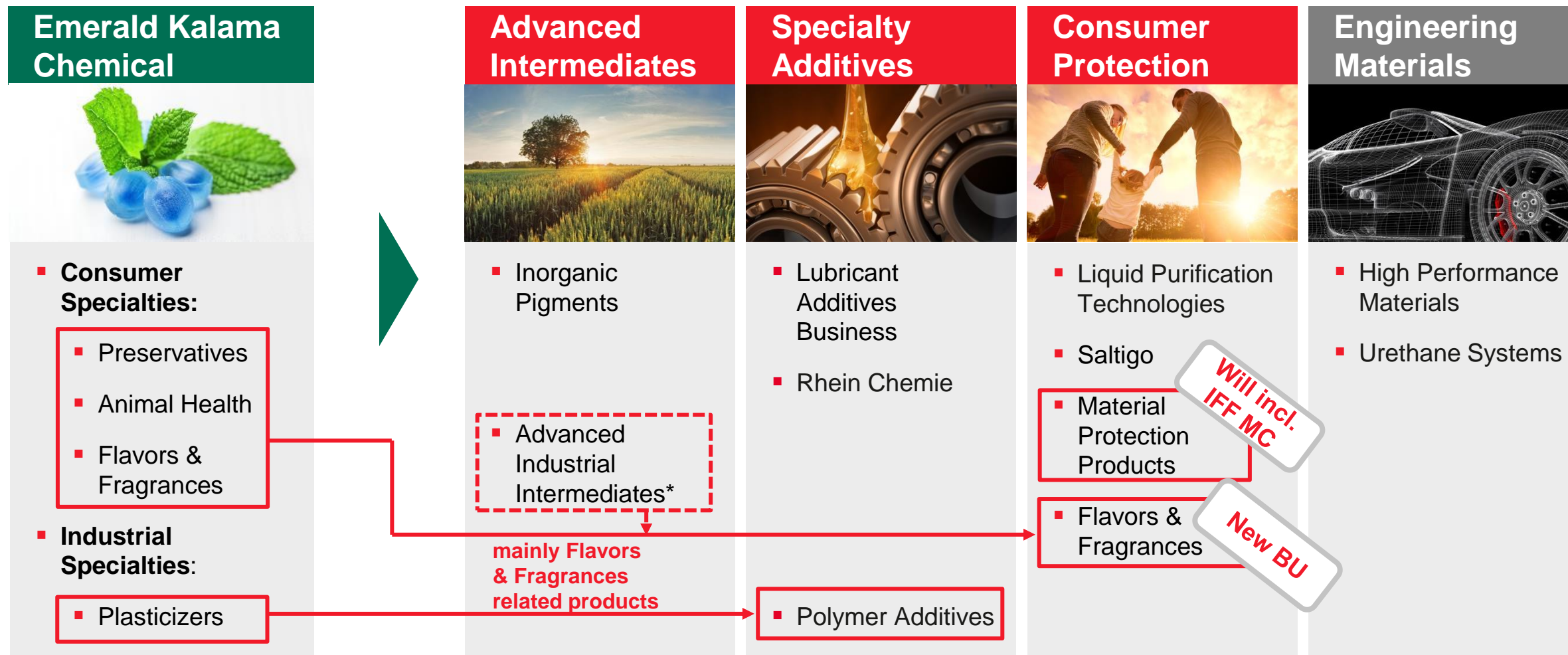


## India: 150 kt CO<sub>2</sub>e / year less as of 2024

- Conversion of energy supply in production to photovoltaics, wind energy and biomass
- 83% of emissions already eliminated



# Flavor & Fragrance products combined in new business unit within the Consumer Protection segment

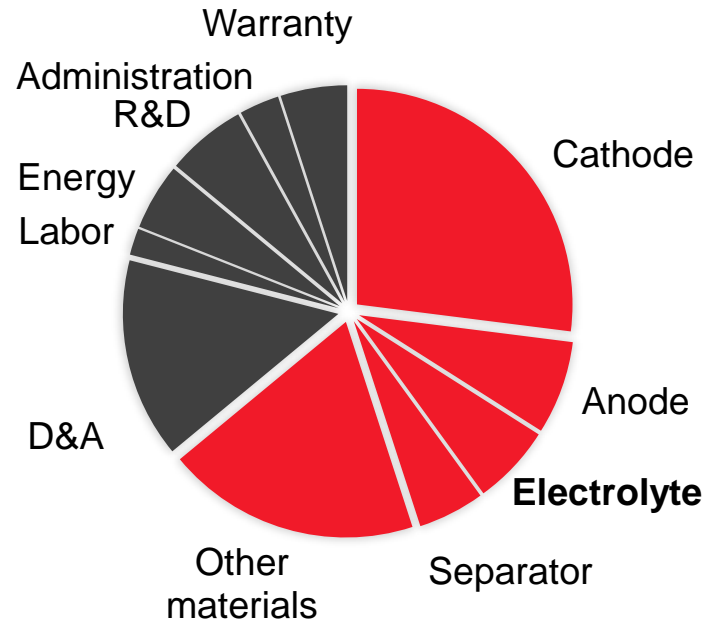
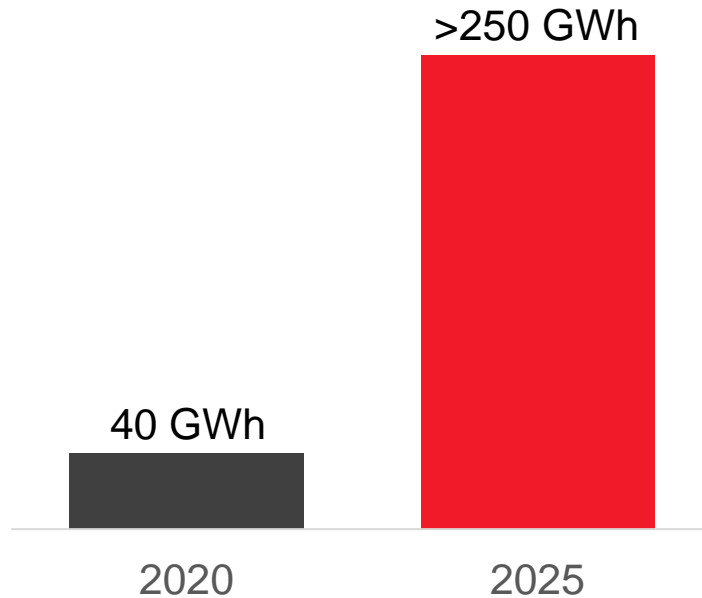




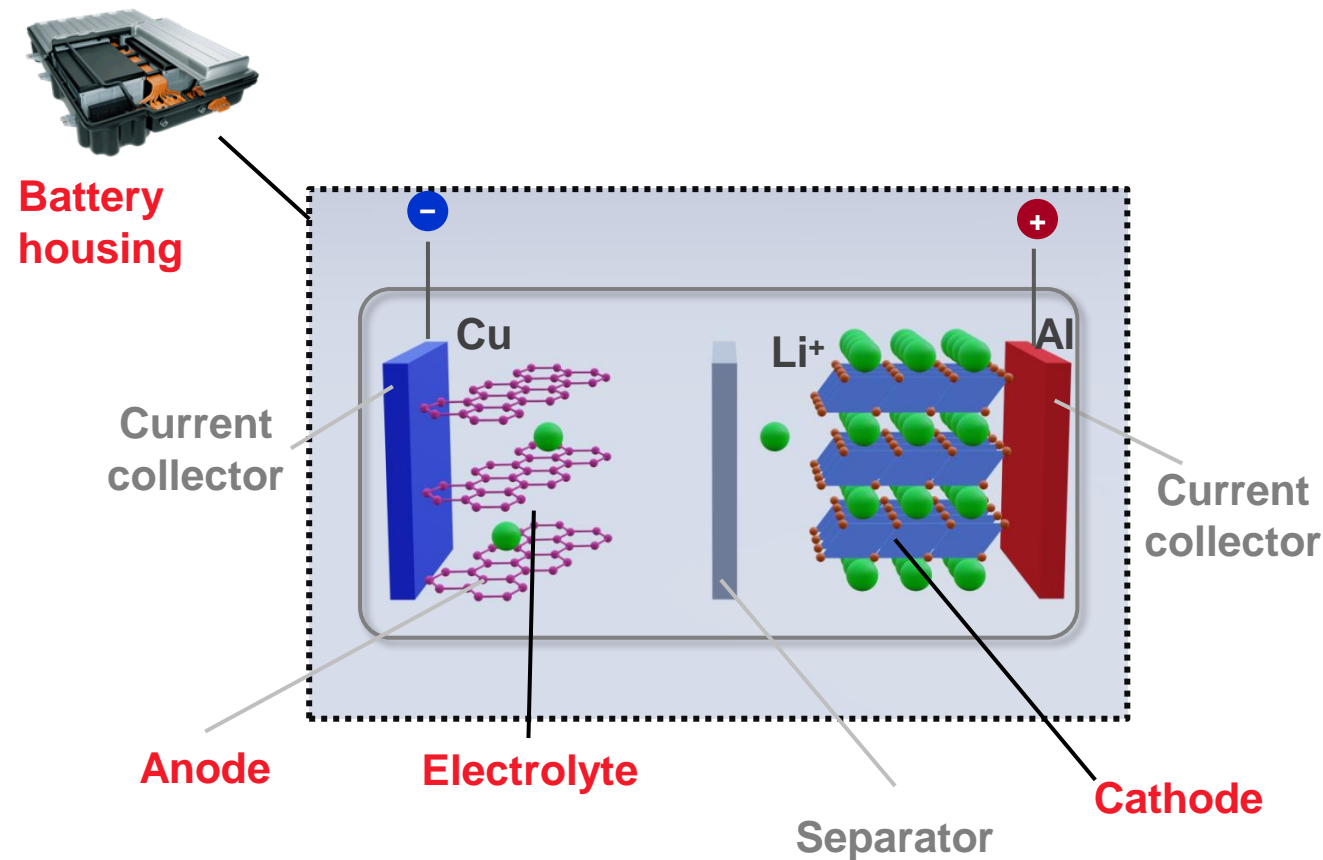
# EU market for battery chemicals to grow to over EUR 10 billion by 2025

Massive growth in demand for battery cells in the EU

Chemistry accounts for 2/3 of battery cell costs



# LANXESS offers key products for Li-Ion batteries



## Battery housing

- PA/PBT compounds for components of the e-powertrain (BU HPM)

## Electrolyte

- Key materials (Hydrofluoric acid, phosphorus chemicals) for electrolyte salt ( $\text{LiPF}_6$ ) (BU AII/BU PLA)
- Flame retardants (BU PLA)

## Cathode & Anode

- Iron oxide as precursor for cathode active materials (BU IPG)
- Ion-exchange resins for refining battery grade cobalt, nickel and lithium (BU LPT)
- Lithium chemicals from tail-brine (BU PLA)\*

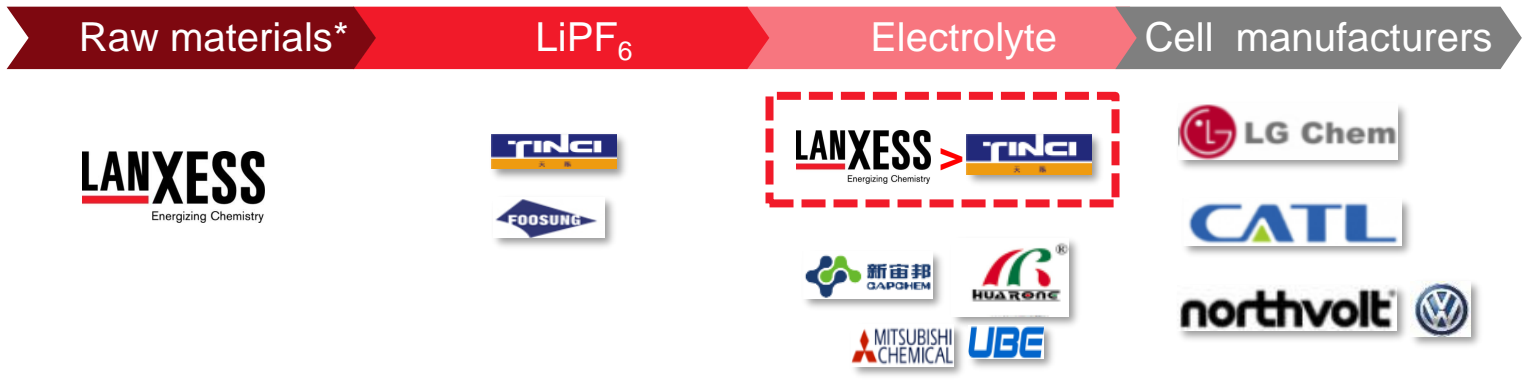
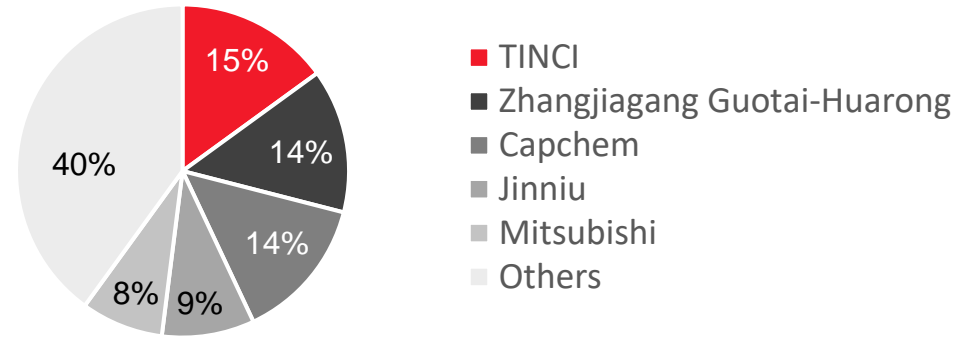
# LANXESS starts electrolyte production for Li-Ion batteries in cooperation with market leader TINCI



## Partnership with TINCI

- TINCI (Chinese Guangzhou Tinci Materials): a leading manufacturer for battery materials and the largest electrolyte producer worldwide
- Saltigo starts electrolyte production for TINCI in its high-tech plant in Leverkusen (Germany) early 2022

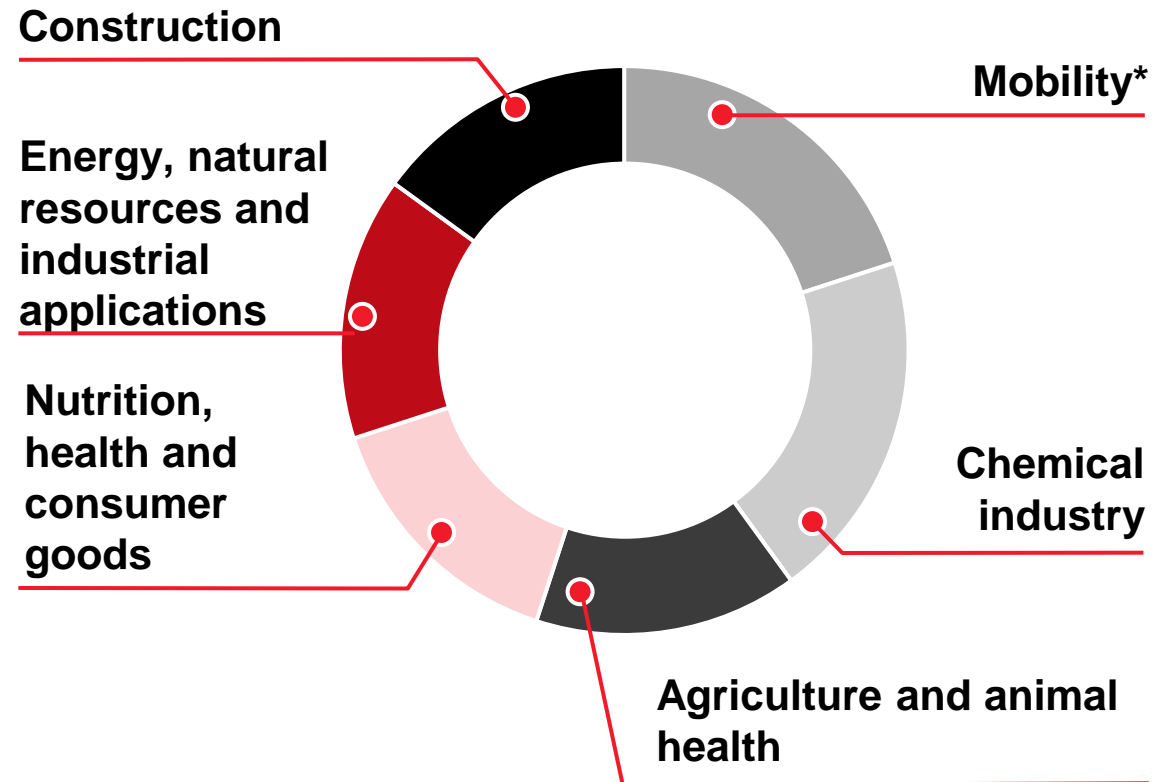
## TINCI with leading position in fragmented electrolyte market\*



## Local raw material supply is key for cell manufacturers and OEMs

# Proven resilient business model – platform for further growth

## Balanced industry exposure



Sales split FY 2021

\*Includes sales in the automotive, aviation and shipping industries including relevant electronic components

# Full transparency on risks & managing what is manageable: Limited overall specific risks

Risks	Exposure	Mitigation / Measures
<b>Employees</b>	<ul style="list-style-type: none"> <li>No employees in Ukraine, no sites</li> <li><b>45 employees in Russia</b>, site in Lipetzk, office in Moscow</li> </ul>	<ul style="list-style-type: none"> <li>Daily exchange for updates</li> <li>Corporate crisis team setup</li> </ul>
<b>Direct sales</b>	<ul style="list-style-type: none"> <li>Negligible revenues in Ukraine</li> <li><b>&lt;1% of group sales</b> in Russia (~€60m)</li> </ul>	<ul style="list-style-type: none"> <li>Existing business reduced to legal minimum</li> <li>No new business, no investments into Russia</li> </ul>
<b>Accounting</b>	<ul style="list-style-type: none"> <li>In case of business termination: <b>~€20m</b> impairment</li> <li>Thereof <b>mid single digit €m receivables</b> outstanding</li> </ul>	<ul style="list-style-type: none"> <li>Pre-payment for all customers in Russia</li> <li>No new business</li> </ul>
<b>Procurement</b>	<ul style="list-style-type: none"> <li><b>No material sourcing on group level from Russia</b></li> <li>Pot. exposure for selected small raw materials can be managed</li> </ul>	<ul style="list-style-type: none"> <li>Historic focus on multiple sourcing strategy</li> <li>Crisis proven procurement team</li> </ul>
<b>Energy</b>	<ul style="list-style-type: none"> <li>Availability: Industry typical gas / coal exposure in Europe</li> <li>Price escalation for energy</li> </ul>	<ul style="list-style-type: none"> <li>Global production setup</li> <li>Majority of relevant sales contracts with energy price pass –on clause in 2022</li> </ul>

**Specific risks manageable – overall economic risks and uncertainty remains**



# Upcoming events 2021/2022 - Proactive capital market communication



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Visit the IR  
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# Abbreviations



## Advanced Intermediates

**AI** Advanced Industrial Intermediates  
**IPG** Inorganic Pigments



## 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



## Engineering Materials

**HPM** High Performance Materials  
**URE** Urethane Systems

**LANXESS**  
Energizing Chemistry