

Q2 2022 Results

LANXESS Group

LANXESS

Energizing Chemistry

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Further increase in EBITDA pre – Full pass-through of input costs

	Q2 2021	Q2 2022	Δ	Comments
Sales	€1,469 m	€1,999 m	+36%	↑ Significant sales increase in all segments driven by continued successful pass-through of higher raw material and energy prices, additionally supported by portfolio and FX
EBITDA pre	€221 m	€253 m	+14%	↑ Higher EBITDA pre results from strong contribution of Specialty Additives and Consumer Protection; logistic constraints held back volumes
Margin	15.0%	12.7%	-2.3 pp.	↓ Full pass-through of inflated input costs and lower volumes impacted margins
EPS pre	€1.02	€1.05	+3%	↑
Operating cash flow	€1 m	€150 m	>+100%	↑ - Operating cash flow significantly increased - Continued reimbursement of prepaid taxes - Factoring of €95 m mitigates outflow from price driven working capital increase
Net financial debt*	Dec 2021 €2,245 m	Jun 2022 €2,547 m	+13%	↑ Higher financial debt due to increased working capital and dividend payment
Capex	€82 m	€92 m	+12%	

All figures apply to continuing operations (excluding BU HPM) | * Including cash, cash equivalents, near cash assets, short-term money market investments

Sales + **36%** Price + **26%** Volume - **6%** Currency + **7%** Portfolio + **9%**

Advanced Intermediates



Soft result despite price pass-through – Volumes held back by various logistic limitations

- Sales increase driven by higher prices due to raw material and energy price pass-through in both BUs, positive FX
- Logistic constraints burden volumes especially in BU IPG
- EBITDA pre and margin impacted by time lag in price pass-through and lower utilization on planned maintenance turnarounds in BU All

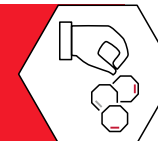
Sales +26%

Price	Volume	Currency	Portfolio
+29%	-8%	+5%	0%

Q2 2021 Q2 2022

EBITDA pre	€91 m	€74 m
margin	19.5%	12.6%

Specialty Additives



Earnings benefit from continued price catch-up – All BUs contribute, BU PLA delivers especially well

- Improved sales in all BUs, driven by strong pricing and FX
- Volumes remain on high level compared to strong previous year base but continuously held back by logistic constraints
- Ongoing recovery in aviation and oil & gas industry
- Continued price catch-up and positive FX development supports EBITDA pre and margin increase

Sales +35%

Price	Volume	Currency	Portfolio
+26%	-5%	+10%	+4%

Q2 2021 Q2 2022

EBITDA pre	€89 m	€134 m
margin	15.7%	17.5%

Consumer Protection



Portfolio effect shapes results – BU F&F integration well on track

- Significant sales increase due to portfolio, successful pricing and FX
- Volumes impacted by logistic challenges
- Increased EBITDA pre due to successful pricing and contribution from acquired EKC business
- Margin held back by lower volumes and energy price driven top line inflation

Sales +52%

Price	Volume	Currency	Portfolio
+22%	-5%	+4%	+31%

Q2 2021 Q2 2022

EBITDA pre	€71 m	€90 m
margin	19.4%	16.1%

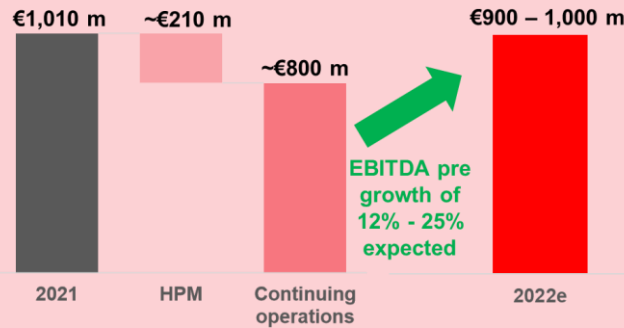
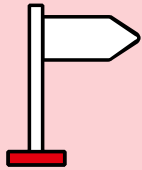
Guidance for FY 2022 confirmed, based on current market data



Current view on economy

- Continuously high level of energy and raw material costs
- Ongoing disruptions in global supply chains and logistic constraints
- Increasing pressure from general inflation on global demand

LANXESS EBITDA pre outlook*



* Outlook includes Microbial Control business of IFF (closed on 1st July 2022) and does not include the discontinued operations (BU HPM)

Housekeeping items 2022

Capex 2022: ~€450 m (incl. IFF MC and excl. HPM D/O)

Reconciliation 2022: ~€180 m - reflecting contribution from BU URE offset by hedging and inflated costs due to higher USD

Underlying tax rate: ~28%

Exceptionals 2022: ~€100 m based on current initiatives

FX sensitivity: One cent change of USD/EUR resulting in ~€7 m EBITDA pre impact before hedging

Book Value BU HPM (30.06.2022) €1,253 m assets
€369 m liabilities

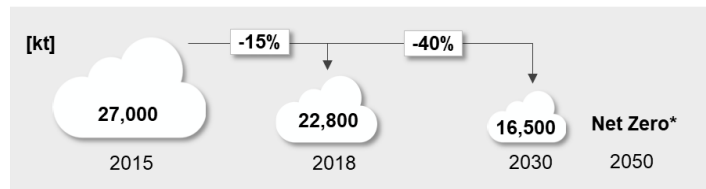
LANXESS enhances climate strategy by adding Scope 3 reduction target and gaining SBTi approval

LANXESS climate strategy

- Newly set Scope 3 emission reduction target
- SBTi approval for 1.5° climate path

2022: “Net Zero Value Chain” strategy to reduce Scope 3 value chain emissions

- Use of sustainable raw materials
- Transition to green logistics
- Increasingly offer low-carbon and climate-neutral products



SBTi = Science Based Targets Initiative |
* “Net Zero” may include emission compensation measures

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Financial Overview Q2 2022

in € million	LANXESS			Advanced Intermed.			Specialty Additives			Consumer Protection			Reconciliation		
	Q2/2021	Q2/2022	Chg. in %	Q2/2021	Q2/2022	Chg. in %	Q2/2021	Q2/2022	Chg. in %	Q2/2021	Q2/2022	Chg. in %	Q2/2021	Q2/2022	Chg. in %
Sales	1,469	1,999	36%	466	587	26%	568	764	35%	366	558	52%	69	90	30%
Price*			26.2%			29.2%			25.9%			22.4%			27.5%
Volume*			-5.9%			-8.4%			-4.6%			-4.6%			-7.2%
Currency*			6.7%			5.2%			9.5%			3.8%			10.1%
Portfolio*			9.1%			0.0%			3.7%			30.9%			0.0%
EBIT	84	97	15%	63	44	-30%	44	85	93%	49	54	10%	-72	-86	-19%
Deprec. & amortizat.	107	132	23%	28	30	7%	42	49	17%	22	36	64%	15	17	13%
EBITDA	191	229	20%	91	74	-19%	86	134	56%	71	90	27%	-57	-69	-21%
exceptionals in EBITDA	30	24	-20%	0	0	-100%	3	0	-100%	0	0	0%	27	24	-11%
EBITDA pre excep.	221	253	14%	91	74	-19%	89	134	51%	71	90	27%	-30	-45	-50%
normalized D&A	105	131	25%	28	30	7%	41	49	20%	22	36	64%	14	16	14%
EBIT pre excep.	116	122	5%	63	44	-30%	48	85	77%	49	54	10%	-44	-61	-39%
exceptionals in EBIT	32	25	-22%	0	0	-100%	4	0	-100%	0	0	0%	28	25	-11%
Capex	82	92	12%	28	19	-32%	24	24	0%	16	36	>100%	14	13	-7%
Net financial debt	2,245	2,547	13%												

* approximate numbers

in € million	LANXESS			Advanced Intermed.			Specialty Additives			Consumer Protection			Reconciliation		
	HJ/2021	HJ/2022	Chg. in %	HJ/2021	HJ/2022	Chg. in %	HJ/2021	HJ/2022	Chg. in %	HJ/2021	HJ/2022	Chg. in %	HJ/2021	HJ/2022	Chg. in %
Sales	2,841	3,930	38%	918	1,200	31%	1,085	1,494	38%	707	1,064	50%	131	172	31%
Price*			25.9%			32.5%			24.2%			20.1%			25.9%
Volume*			-2.3%			-5.9%			2.2%			-4.2%			-3.8%
Currency*			5.5%			4.1%			7.8%			3.2%			9.2%
Portfolio*			9.2%			0.0%			3.5%			31.4%			0.0%
EBIT	146	210	44%	106	103	-3%	75	177	>100%	104	102	-2%	-139	-172	-24%
Deprec. & amortizat.	211	257	22%	55	58	5%	83	93	12%	43	73	70%	30	33	10%
EBITDA	357	467	31%	161	161	0%	158	270	71%	147	175	19%	-109	-139	-28%
exceptionals in EBITDA	57	48	-16%	0	0	n.m.	5	0	-100%	0	1	>100%	52	47	-10%
EBITDA pre excep.	414	515	24%	161	161	0%	163	270	66%	147	176	20%	-57	-92	-61%
normalized D&A	209	255	22%	55	58	5%	82	93	13%	43	73	70%	29	31	7%
EBIT pre excep.	205	260	27%	106	103	-3%	81	177	>100%	104	103	-1%	-86	-123	-43%
exceptionals in EBIT	59	50	-15%	0	0	n.m.	6	0	-100%	0	1	>100%	53	49	-8%
Capex	143	151	6%	48	37	-23%	40	37	-8%	30	59	97%	25	18	-28%
Net financial debt	2,245	2,547	13%												

* approximate numbers

Cash Flow Statement Q2 2022

€ million	Q2 2021	Q2 2022	H1 2021	H1 2022
Income before income taxes	67	67	116	158
Amortization, depreciation, write-downs and reversals of impairment charges of intangible assets, property, plant and equipment	107	132	211	257
Gains on disposals of intangible assets and property, plant and equipment	0	(1)	0	(1)
Financial losses (gains)	11	29	21	49
Income taxes paid/refunded	(9)	27	(32)	65
Changes in inventories	(120)	(152)	(139)	(368)
Changes in trade receivables	(27)	79	(136)	(92)
Changes in trade payables	48	(13)	63	(13)
Changes in other assets and liabilities	(76)	(18)	(70)	2
Net cash provided by operating activities – continuing operations	1	150	34	57
Net cash used in (provided by) operating activities – discontinued operations	(26)	3	(27)	(85)
Net cash used in (provided by) operating activities – total	(25)	153	7	(28)
Cash outflows for purchases of intangible assets and property, plant and equipment	(82)	(92)	(143)	(151)
Cash inflows from sales of intangible assets and property, plant and equipment	0	3	0	4
Cash outflows for financial and other assets held for investment purposes	(1)	(1)	(153)	(893)
Cash inflows from financial and other assets held for investment purposes	261	135	1,017	235
Cash outflows for the acquisition/sale of subsidiaries and other businesses, less acquired cash and cash equivalents	(68)	–	(76)	(3)
Cash inflows from the sale of subsidiaries and other businesses, less acquired cash and cash equivalents	80	–	80	–
Interest and dividends received	2	2	6	5

€ million	Q2 2021	Q2 2022	H1 2021	H1 2022
Net cash provided by (used in) investing activities – continuing operations	192	47	731	(803)
Net cash used in investing activities – discontinued operations	(11)	(6)	(20)	(10)
Net cash provided by (used in) investing activities – total	181	41	711	(813)
Proceeds from borrowings	5	22	5	932
Repayments of borrowings	(13)	(129)	(23)	(143)
Interest paid and other financial disbursements	(38)	(36)	(40)	(38)
Dividend payments	(86)	(91)	(86)	(91)
Net cash used in (provided by) financing activities – continuing operations	(132)	(234)	(144)	660
Net cash used in financing activities – discontinued operations	(1)	0	(2)	(1)
Net cash used in (provided by) financing activities – total	(133)	(234)	(146)	659
Change in cash and cash equivalents – continuing operations	61	(37)	621	(86)
Change in cash and cash equivalents – discontinued operations	(38)	(3)	(49)	(96)
Change in cash and cash equivalents – total	23	(40)	572	(182)
Cash and cash equivalents at beginning of period – total	824	503	271	643
Exchange differences and other changes in cash and cash equivalents – total	0	2	4	4
Cash and cash equivalents at end of period – total	847	465	847	465
of which continuing operations	832	457	832	457
of which discontinued operations	15	8	15	8

Prior-year figures restated. See "Discontinued Operations" for details.

Income Statement Q2 2022

in € million	Q2/2021	Q2/2022	Chg. in %	HJ/2021	HJ/2022	Chg. in %
Sales	1,469	1,999	36%	2,841	3,930	38%
Cost of sales	-1,082	-1,515	-40%	-2,104	-2,974	-41%
Gross profit	387	484	25%	737	956	30%
Selling expenses	-192	-241	-26%	-367	-477	-30%
Research and development expenses	-23	-26	-13%	-46	-50	-9%
General administration expenses	-62	-71	-15%	-129	-141	-9%
Other operating income	17	5	-71%	29	14	-52%
Other operating expenses	-43	-54	-26%	-78	-92	-18%
Operating result (EBIT)	84	97	15%	146	210	44%
Income from investments accounted for using the equity method	0	0	<i>n.m.</i>	0	0	<i>n.m.</i>
Interest income	2	3	50%	3	4	33%
Interest expense	-16	-18	-13%	-32	-35	-9%
Other financial income and expense	-3	-15	<-100%	-1	-21	>-100%
Financial result	-17	-30	-76%	-30	-52	-73%
Income before income taxes	67	67	0%	116	158	36%
Income taxes	-20	-19	5%	-33	-44	-33%
Income after income tax from continuing operations	47	48	2%	83	114	37%
Income after income tax from discontinued operations	53	45	-15%	81	77	-5%
Income after income taxes	100	93	-7%	164	191	16%
of which attributable to non-controlling interests	0	0	0%	0	0	0%
Net income (attributable to LANXESS AG stockholders)	100	93	-7%	164	191	16%
EPS (in €)*	0.54	0.56	4%	0.96	1.32	38%
Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets (€)	1.02	1.05	3%	1.88	2.30	22%

* continuing operations only

Abbreviations:

Advanced Intermediates:

All Advanced Industrial Intermediates

IPG Inorganic Pigments

Specialty Additives

LAB Lubricant Additives Business

PLA Polymer Additives

RCH Rhein Chemie

Consumer Protection

F&F Flavors & Fragrances

LPT Liquid Purification Technologies

MPP Material Protection Products

SGO Saltigo