

Q1 2023 Results

LANXESS Group

Q1 EBITDA pre below prior year due to weak demand environment – low volumes offset positive pricing

LANXESS

Energizing Chemistry

Investor Relations
Kennedyplatz 1
50569 Cologne
Germany

Eva Frerker

Head of Investor Relations

P: +49 221-8885-5249

F: +49 221-8885-4944

	Q1 2022	Q1 2023	Δ	Comments
Sales	€1,931 m	€1,899 m	-2%	↓ Sales remained almost stable as higher prices and portfolio effect nearly offset weak sales volumes; continued customer destocking paired with low demand in several end markets, mainly construction and E&E
EBITDA pre	€262 m	€189 m	-28%	↓ EBITDA pre declined due to weak demand and destocking; Vara consensus at €190 m
Margin	13.6%	10.0%	-3.6 pp.	↓ Low volumes and respective idle costs weigh on margin
EPS pre	€1.25	€0.65	-48%	↓
Operating cash flow	-€93 m	€171 m	>100%	↑ Improved due to working capital management despite seasonal pattern
Free cash flow	-€152 m	€112 m	>100%	↑ Clear management focus
Net financial debt*	Dec 2022 €3,814 m	Mar 2023 €3,796 m	-0.5%	↓ Net financial debt to decrease significantly after closing of HPM JV
Capex	€59 m	€59 m	0%	

Sales - **2%** Price + **6%** Volume - **14%** FX + **1%** Portfolio + **5%**

All figures apply to continuing operations (excluding BU HPM)

* Including cash, cash equivalents, near cash assets, short-term money market investments

Consumer Protection



Portfolio and pricing drive earnings – volumes held back by Force Majeure

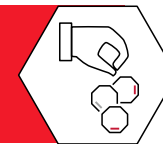
- Positive contribution of acquired IFF MC business and positive pricing across all BUs increase segment sales
- Slight volume decline mainly caused by supplier's Force Majeure* (BU F&F) and customer destocking; BU Saltigo performed well based on positive agro market
- Positive EBITDA pre contributions from acquired business; margin affected by idle costs

* Force Majeure of Chlorine supplier

Sales	+28%		
Price	Volume	FX	Portfolio
+9%	-2%	+1%	+20%

	Q1 2022	Q1 2023
EBITDA pre	€86 m	€94 m
margin	17.0%	14.5%

Specialty Additives



Earnings below very strong previous year – weak construction market hits tough comparable base

- Sales decline as continued weak demand especially in construction and auto impacted BU PLA and BU RCH respectively
- Sharply lower volumes driven by low demand and customer destocking as well as comparing against a very strong Q1 2022
- EBITDA pre and margin burdened by low utilization and US winter storm

Sales	-9%		
Price	Volume	FX	Portfolio
+3%	-14%	+2%	0%

	Q1 2022	Q1 2023
EBITDA pre	€136 m	€98 m
margin	18.6%	14.8%

Advanced Intermediates



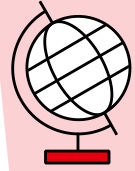
Earnings suffered from low demand and utilization – volume significantly impacted by weak demand

- Sales decline as positive pricing and FX effect cannot compensate lower volumes
- Volumes significantly dropped in both BUs due to lower demand especially in construction and chemicals by far outweighing the positive impact from agro
- EBITDA pre and margin impacted by lower utilization on basis of weak demand and resulting idle costs

Sales	-16%		
Price	Volume	FX	Portfolio
+6%	-23%	+1%	0%

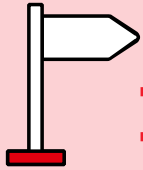
	Q1 2022	Q1 2023
EBITDA pre	€87 m	€44 m
margin	14.2%	8.5%

FY 2023 guidance: EBITDA pre expected ~€850-950 m



Our view on economy

- Weak environment expected for H1 2023
- Positive impetus from China expected in H2 2023
- Global economy expected to pick up in H2 2023
- Force Majeure on supply of Chlorine continues



LANXESS outlook

- **FY guidance: EBITDA pre expected ~€850-950 m**
- Q2 2023 expected roughly on par with Q1, clear rebound expected in H2 2023
- **Focus on cash management:**
 - 2023 target: NWC to sales ratio in low twenties percentage range
 - Capex ~€400 m

Housekeeping items 2023

Capex 2023: ~€400 m

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

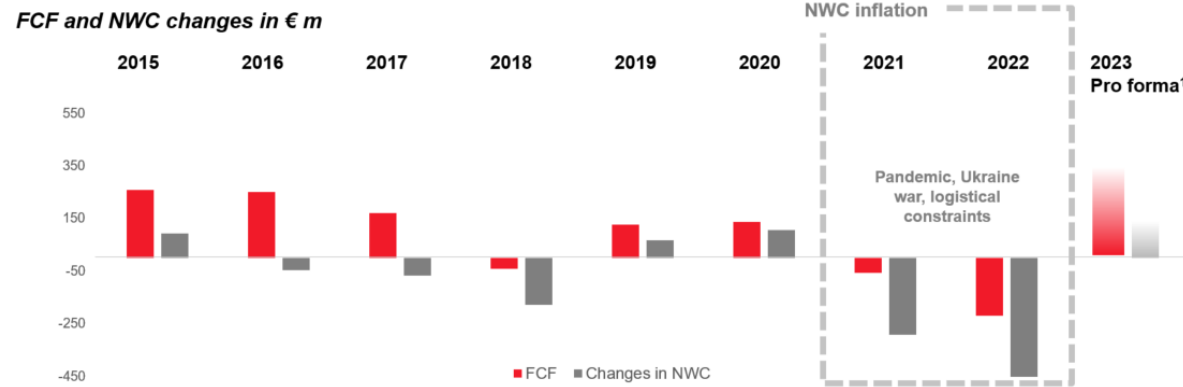
All other segments 2023: ~€170 m

Underlying tax rate: ~27%

Exceptionals 2023: ~€80 m based on current initiatives

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

Free cash flow expected to recover strongly



Improved business set-up as solid base for future free cash flow

FCF = operating cash flow (continuing operations) minus capex considering the portfolio at the specific point in time as reported |
¹ FCF potential based on NWC goal and expected EBITDA pre development

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Financial Overview Q1 2023

in € million	LANXESS			Consumer Protection			Specialty Additives			Advanced Intermediates			All other segments		
	Q1/2022	Q1/2023	Chg. in %	Q1/2022	Q1/2023	Chg. in %	Q1/2022	Q1/2023	Chg. in %	Q1/2022	Q1/2023	Chg. in %	Q1/2022	Q1/2023	Chg. in %
Sales	1,931	1,899	-2%	506	647	28%	730	664	-9%	613	516	-16%	82	72	-12%
Price*			6%			9%			3%			6%			5%
Volume*			-14%			-2%			-14%			-23%			-20%
Currency*			1%			1%			2%			1%			2%
Portfolio*			5%			20%			0%			0%			0%
EBIT	113	34	-70%	48	47	-2%	92	53	-42%	59	18	-69%	-86	-84	2%
Deprec. & amortizat.	125	137	10%	37	46	24%	44	45	2%	28	26	-7%	16	20	25%
EBITDA	238	171	-28%	85	93	9%	136	98	-28%	87	44	-49%	-70	-64	9%
exceptionals in EBITDA	24	18	-25%	1	1	0%	0	0	0%	0	0	0%	23	17	-26%
EBITDA pre excep.	262	189	-28%	86	94	9%	136	98	-28%	87	44	-49%	-47	-47	0%
normalized D&A	124	136	10%	37	46	24%	44	45	2%	28	26	-7%	15	19	27%
EBIT pre excep.	138	53	-62%	49	48	-2%	92	53	-42%	59	18	-69%	-62	-66	-6%
exceptionals in EBIT	25	19	-24%	1	1	0%	0	0	0%	0	0	0%	24	18	-25%
Capex	59	59	0%	23	17	-26%	13	23	77%	18	16	-11%	5	3	-40%
Net financial debt	3,814	3,796	0%												

* approximate numbers

Cash Flow Statement Q1 2023

in € million	Q1/2022	Q1/2023
Income before income taxes	91	13
Amortization, depreciation and write-downs of intangible assets and property, plant and equipment	125	137
Income from investments accounted for using the equity method	0	-1
Financial losses (gains)	20	24
Income taxes refunded/paid	38	-10
Changes in inventories	-216	-11
Changes in trade receivables	-171	17
Changes in trade payables	0	2
Changes in other assets and liabilities	20	0
Net cash provided by (used in) operating activities – continuing operations	-93	171
Net cash provided by (used in) operating activities – discontinued operations	-88	-10
Net cash provided by (used in) operating activities – total	-181	161
Cash outflows for purchases of intangible assets and property, plant and equipment	-59	-59
Cash inflows from sales of intangible assets and property, plant and equipment	1	0
Cash outflows for financial and other assets held for investment purposes	-892	-1,394
Cash inflows from financial and other assets held for investment purposes	100	0
Cash outflows for the acquisition/sale of subsidiaries and other businesses, less acquired cash and cash equivalents	-3	0
Cash inflows from the sale of subsidiaries and other businesses, less divested cash and cash equivalents	0	1,267
Interest and dividends received	3	4

in € million	Q1/2022	Q1/2023
Net cash provided by / used in investing activities – continuing operations	-850	-182
Net cash provided by / used in investing activities – discontinued operations	-4	-6
Net cash provided by / used in investing activities – total	-854	-188
Proceeds from borrowings	910	267
Repayments of borrowings	-14	-227
Interest paid and other financial disbursements	-2	-17
Net cash provided by / used in financing activities – continuing operations	894	23
Net cash provided by / used in financing activities – discontinued operations	-1	-1
Net cash provided by / used in financing activities – total	893	22
Change in cash and cash equivalents – continuing operations	-49	12
Change in cash and cash equivalents – discontinued operations	-93	-17
Change in cash and cash equivalents – total	-142	-5
Cash and cash equivalents as of beginning of period	643	360
Exchange differences and other changes in cash and cash equivalents – total	2	-4
Cash and cash equivalents as of end of period	503	351
of which continuing operations	468	277
of which discontinued operations	35	74

Income Statement Q1 2023

in € million	Q1/2022	Q1/2023	Chg. in %
Sales	1,931	1,899	-2%
Cost of sales	-1,459	-1,463	0%
Gross profit	472	436	-8%
Selling expenses	-236	-276	-17%
Research and development expenses	-24	-27	-13%
General administration expenses	-70	-71	-1%
Other operating income	9	12	33%
Other operating expenses	-38	-40	-5%
Operating result (EBIT)	113	34	-70%
Income from investments accounted for using the equity method	0	1	<i>n.m.</i>
Interest income	1	4	>100%
Interest expense	-17	-30	-76%
Other financial income and expense	-6	4	<i>n.m.</i>
Financial result	-22	-21	5%
Income before income taxes	91	13	-86%
Income taxes	-25	-3	88%
Income after income tax from continuing operations	66	10	-85%
Income after income tax from discontinued operations	32	-54	<i>n.m.</i>
Income after income taxes	98	-44	<i>n.m.</i>
of which attributable to non-controlling interests	0	0	0%
Net income (attributable to LANXESS AG stockholders)	98	-44	<i>n.m.</i>
EPS (in €)*	0.76	0.12	-84%
Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets (€)	1.25	0.65	-48%

* 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