

Q1 2024 Results

LANXESS Group



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Q1 EBITDA bottoming out, operational improvement visible; volume increase in Advanced Intermediates

	Q1 2023	Q4 2023	Q1 2024	Δ vs. Q1	Comments on Q1
Sales	€1,899 m	€1,436 m	€1,607 m	-15% ↓	Lower sales prices driven by pass through of input costs; while volumes picked up sequentially, yoy comparison reflects still stronger Q1 of previous year
EBITDA pre	€189 m	€97 m	€101 m	-47% ↓	EBITDA pre and margin declined on basis of lower prices and volumes; ramp up of structural savings does not yet outweigh reduction of temporary savings
Margin	10.0%	6.8%	6.3%	-3.7 pp. ↓	
Adjusted EPS ¹	€0.63	-€0.30	-€0.09	>-100% ↓	EPS reflecting net income result; also including at-equity contribution from Envalior
Operating cash flow	€171 m	€224 m	-€48 m	>-100% ↓	Free cash flow held back by operating result and volume driven increase in receivables
Free cash flow	€112 m	€92 m	-€87 m	>-100% ↓	
Net financial debt ²	Mar 2023 €3,796 m	Dec 2023 €2,498 m	Mar 2024 €2,609 m	-31% ↓	Net financial debt significantly reduced towards year-end; increase in Q1 driven by higher receivables due to positive sales development
Capex	€59 m	€132 m	€39 m	-34% ↓	Maintaining disciplined capex management amid cost savings program

All figures apply to continuing operations (excluding BU HPM)

¹ Adjusted for exceptional items, amortization of intangible assets and attributable tax effects

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

Sales **-15%** Price **-9%** Volume **-5%** FX **-1%** Portfolio **0%**

Consumer Protection



EBITDA stable sequentially: Agro-destocking is offset by pick-up in other markets

- YoY volume decline in all BUs, mainly in BU SGO due to intensified agro destocking and F&F still limited by steam supply outage
- Massive agro-destocking is sequentially offset by pick-up in other markets
- EBITDA pre and margin decline based on lower volumes, especially for agro end market

YoY

Sales	-21%		
Price	Volume	FX	Portfolio
-5%	-16%	-1%	0%

	Q1 2023	Q4 2023	Q1 2024
EBITDA pre	€94 m	€50 m	€49 m
margin	14.5%	9.8%	9.6%

Specialty Additives



Moderate pick-up sequentially: Improving despite construction weakness

- Lower prices in all BUs, mainly due to pass through and market weakness
- Slightly lower volumes reflect continued weakness in construction
- Sequentially all BUs with increasing sales
- EBITDA pre and margin compared against still relatively strong previous year especially for flame retardants

YoY

Sales	-15%		
Price	Volume	FX	Portfolio
-10%	-4%	-1%	0%

	Q1 2023	Q4 2023	Q1 2024
EBITDA pre	€98 m	€41 m	€48 m
margin	14.8%	8.3%	8.5%

Advanced Intermediates



Meaningful sequential volume improvement; volumes increase also year-over-year

- Sales decline due to price pass through clauses as input costs normalize
- Volumes have turned positive, additionally supported by customers' re-stocking for BU Inorganic Pigments
- EBITDA pre and margin remain unsatisfactory but start to improve

YoY

Sales	-10%		
Price	Volume	FX	Portfolio
-14%	+5%	0%	0%

	Q1 2023	Q4 2023	Q1 2024
EBITDA pre	€44 m	€24 m	€37 m
margin	8.5%	6.5%	8.0%

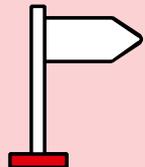
FY 2024 guidance: EBITDA pre expected to increase by 10-20%



Our view on economic environment

- Demand has stabilized and is starting to pick up
- Burden from agro customers' destocking continues

LANXESS outlook



- **FY guidance: EBITDA pre expected to grow by 10-20% (incl. BU URE)**
- EBITDA pre expected to sequentially increase in Q2 and Q3, with normal seasonality in Q4
- **Continued focus on cash generation**
 - Balanced working capital approach
 - Strong capex discipline

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%

Exceptionals: ~€60 m

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

* Including BU Urethane Systems

First signs of volume improvements visible, however agro destocking weighs on Consumer Protection

Sales increase 12% sequentially, driven by 13% higher volumes and only slight price declines

Sequential development	Sales	EBITDA pre		Q1/24	Q4/23	Q1/24	Q4/23
		Q4/23	Q1/24				
Consumer Protection	+0%	50	49	-2%	50	49	-2%
Specialty Additives	+15%	41	48	+17%	41	48	+17%
Advanced Intermediates	+25%	24	37	+54%	24	37	+54%

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Financial Overview Q1 2024

in € million

	LANXESS			Consumer Protection			Specialty Additives			Advanced Intermed.			All other Segments	
	Q1/2023	Q1/2024	Chg. in %	Q1/2023	Q1/2024	Chg. in %	Q1/2023	Q1/2024	Chg. in %	Q1/2023	Q1/2024	Chg. in %	Q1/2023	Q1/2024
Sales	1,899	1,607	-15%	647	509	-21%	664	566	-15%	516	465	-10%	72	67
Price*			-9.2%			-4.8%			-9.6%			-14.1%		
Volume*			-5.4%			-15.9%			-4.1%			4.6%		
Currency*			-0.8%			-0.6%			-1.1%			-0.4%		
Portfolio*			0.0%			0.0%			0.0%			0.0%		
EBIT	34	-57	n.m.	47	3	-94%	53	1	-98%	18	9	-50%	-84	-70
Deprec. & amortizat.	137	140	2%	46	46	0%	45	47	4%	26	28	8%	20	19
EBITDA	171	83	-51%	93	49	-47%	98	48	-51%	44	37	-16%	-64	-51
exceptionals in EBITDA	18	18	0%	1	0	-100%	0	0	0%	0	0	n.m.	17	18
EBITDA pre excep.	189	101	-47%	94	49	-48%	98	48	-51%	44	37	-16%	-47	-33
normalized D&A	136	139	2%	46	46	0%	45	47	4%	26	28	8%	19	18
EBIT pre excep.	53	-38	n.m.	48	3	-94%	53	1	-98%	18	9	-50%	-66	-51
exceptionals in EBIT	19	19	0%	1	0	-100%	0	0	0%	0	0	n.m.	18	19
Capex	59	39	-34%	17	12	-29%	23	14	-39%	16	11	-31%	3	2
Net financial debt	2,498	2,609	4%											

* approximate numbers

Cash Flow Statement Q1 2024

in € million	Q1/2023	Q1/2024
Income before income taxes	13	-119
Amortization, depreciation and write-downs of intangible assets and property, plant and equipment	137	140
Income from investments accounted for using the equity method	-1	46
Financial losses (gains)	24	11
Income taxes refunded/paid	-10	-1
Changes in inventories	-11	17
Changes in trade receivables	17	-203
Changes in trade payables	2	20
Changes in other assets and liabilities	0	41
Net cash provided by (used in) operating activities – continuing operations	171	-48
Net cash provided by (used in) operating activities – discontinued operations	-10	0
Net cash provided by (used in) operating activities – total	161	-48
Cash outflows for purchases of intangible assets and property, plant and equipment	-59	-39
Cash outflows for financial and other assets held for investment purposes	-1,394	-20
Cash inflows from financial and other assets held for investment purposes	0	140
Cash inflows from the sale of subsidiaries and other businesses, less divested cash and cash equivalents	1,267	0
Interest and dividends received	4	2
Net cash provided by / used in investing activities – continuing operations	-182	83
Net cash provided by / used in investing activities – discontinued operations	-6	0
Net cash provided by / used in investing activities – total	-188	83
Proceeds from borrowings	267	1
Repayments of borrowings	-227	-16
Interest paid and other financial disbursements	-17	-13
Net cash provided by / used in financing activities – continuing operations	23	-28
Net cash provided by / used in financing activities – discontinued operations	-1	0
Net cash provided by / used in financing activities – total	22	-28
Change in cash and cash equivalents – continuing operations	12	7
Change in cash and cash equivalents – discontinued operations	-17	0
Change in cash and cash equivalents – total	-5	7
Cash and cash equivalents as of beginning of period	360	146
Exchange differences and other changes in cash and cash equivalents – total	-4	2
Cash and cash equivalents as of end of period	351	155
of which continuing operations	277	155
of which discontinued operations	74	0

Income Statement Q1 2024

in € million	Q1/2023	Q1/2024	Chg. in %
Sales	1,899	1,607	-15%
Cost of sales	-1,463	-1,327	9%
Gross profit	436	280	-36%
Selling expenses	-276	-223	19%
Research and development expenses	-27	-28	-4%
General administration expenses	-71	-68	4%
Other operating income	12	21	75%
Other operating expenses	-40	-39	3%
Operating result (EBIT)	34	-57	<i>n.m.</i>
Income from investments accounted for using the equity method	1	-46	<i>n.m.</i>
Interest income	4	2	-50%
Interest expense	-30	-11	63%
Other financial income and expense	4	-7	<i>n.m.</i>
Financial result	-21	-62	<-100%
Income before income taxes	13	-119	<i>n.m.</i>
Income taxes	-3	21	<i>n.m.</i>
Income after income tax from continuing operations	10	-98	<i>n.m.</i>
Income after income tax from discontinued operations	-54	0	-100%
Income after income taxes	-44	-98	<-100%
of which attributable to non-controlling interests	0	0	0%
Net income (attributable to LANXESS AG stockholders)	-44	-98	<-100%
EPS total (in €)	-0.51	-1.13	<-100%
thereof EPS (in €) from continuing operations	0.12	-1.13	<i>n.m.</i>
thereof EPS (in €) from discontinued operations	-0.63	0.00	-100%
EPS adjusted (in €)*	0.63	-0.09	<i>n.m.</i>

* 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