



LANXESS – Q2 2024 results

Actions to improve cost structures pay off

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Safe harbor statement



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Agenda

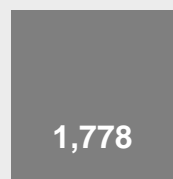
1 Review Q2 2024 and outlook

2 Financial and business details Q2 2024

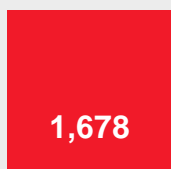
3 Appendix

Improved Q2 results despite soft markets – structural measures start to become visible

Sales



Q2 2023

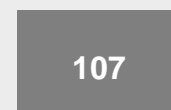


Q2 2024

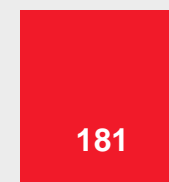
-6%

However, higher volumes in 8 out of 10 BUs

EBITDA pre



Q2 2023

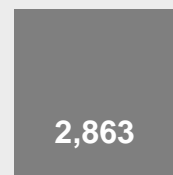


Q2 2024

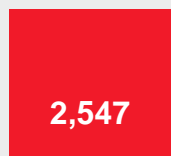
+69%

Driven by improved cost structures

Net financial debt



Q2 2023



Q2 2024

-11%

Driven by operational performance

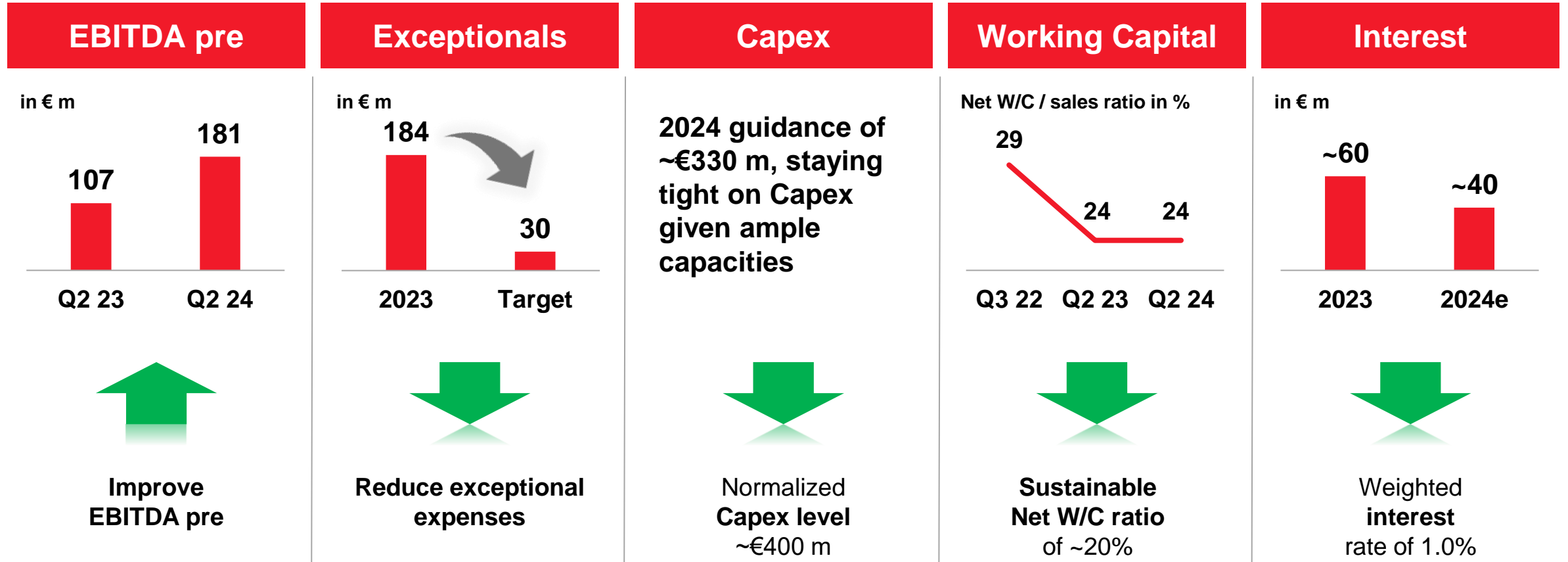
Free Cash Flow

+€83 m

Supported by ongoing tight working capital management

Ongoing focus on cash generation and net debt reduction

Cash flow improvements as announced

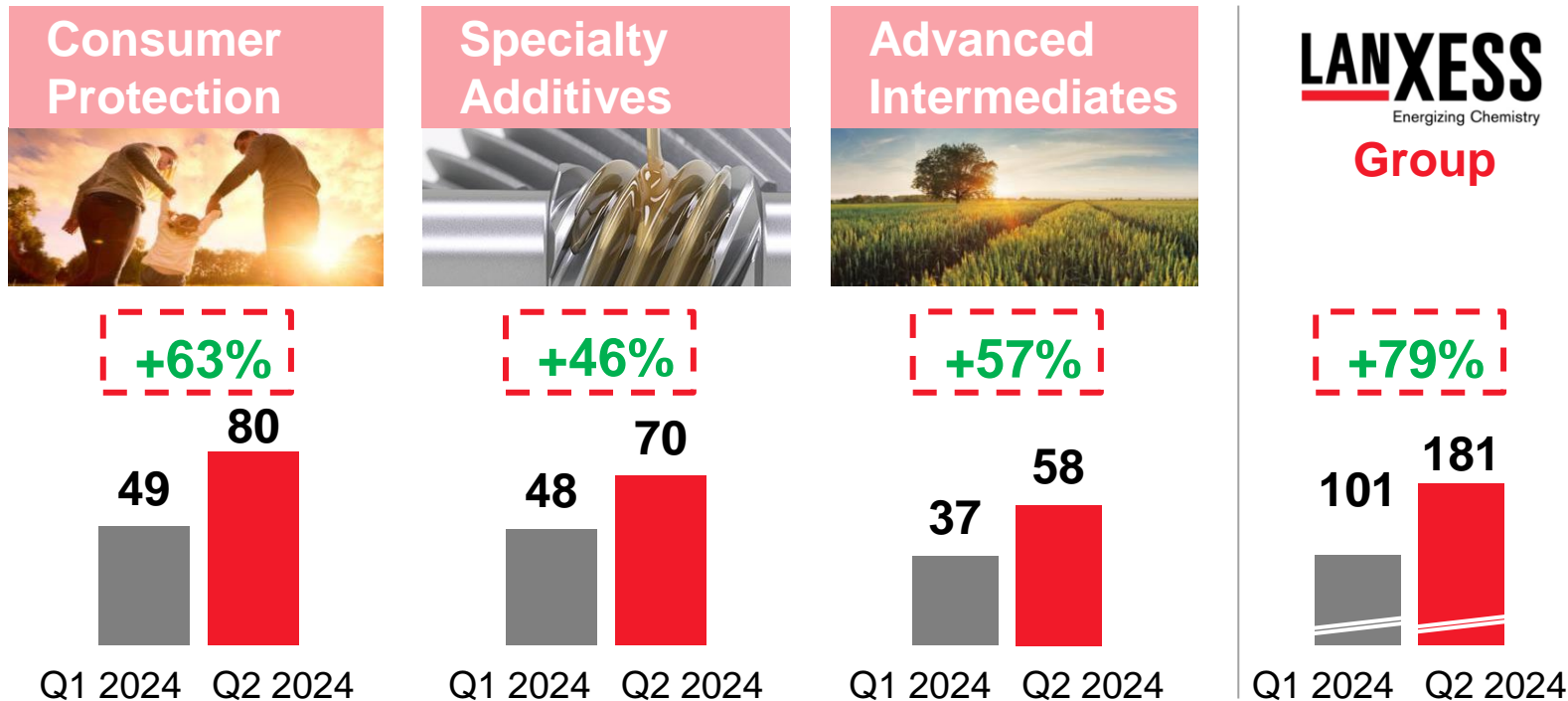


Free cash flow of €83 m in Q2 2024

Sequentially, profitability improved in all segments based mainly on self-help measures

Sales increase 4% sequentially, driven by 5% higher volumes and only slight price declines

Sequential EBITDA pre [in € m]



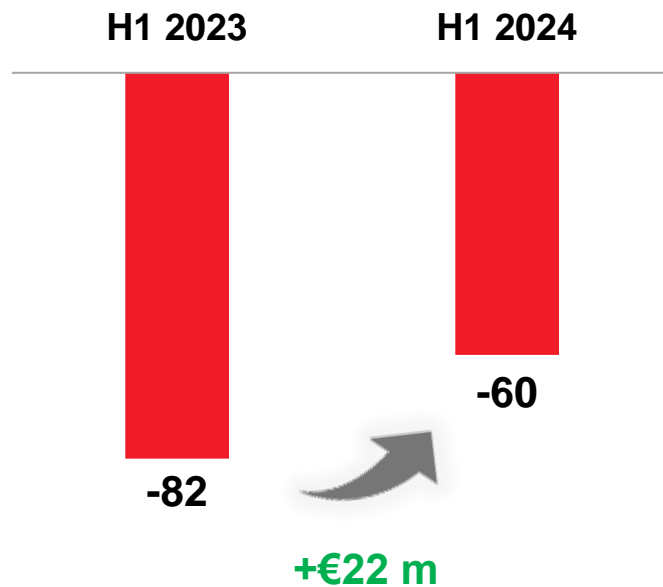
Drivers for EBITDA pre growth

- Sales volume increase
- Higher plant utilization – operational leverage
- Seasonally normal inventory increase in preparation of maintenance shut-downs in H2
- Ramp-up of savings from FORWARD! program

“All other Segments”: Structural overhead cost savings and prospering BU URE

“All other Segments” reflects savings and BU URE performance

EBITDA pre [in € m]



Positive development of BU Urethane Systems



- EBITDA pre strongly growing at margins ~20%
- Attractive project pipeline drives EBITDA pre growth in 2024 and beyond
- **Triggering event:** EU Directive decided in March this year, enforcing "Low-Free" Prepolymers in which URE is excellently positioned

Overhead cost savings yield results



- Cost savings driven by FORWARD! program

FY 2024 EBITDA pre guidance confirmed despite absence of broad demand recovery

Consumer Protection



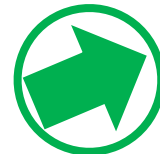
- Results at best on previous year's level
- Impact from supplier's outage on NL site assumed to continue until end 24
- Agro weakness expected to persist in 2024



Specialty Additives



- Results expected to slightly to moderately exceed prior year's level
- Positive development in several industries overcompensates weak construction demand
- Improved utilization & cost savings



Advanced Intermediates

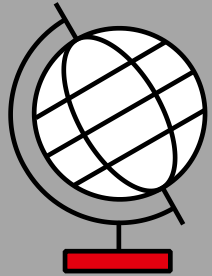


- Results expected significantly above previous year
- Massive customer and own inventory destocking not expected to be repeated, except agro
- Significantly better cost base due to FORWARD! and higher utilization



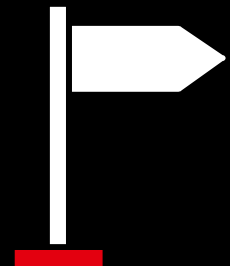
Trough of earnings seems to have been reached

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



Our view on economic environment

- Currently, no consistent and continuous demand recovery visible
- Ongoing uncertainty, intensified by the crises in the Ukraine and Near / Middle East
- Demand in agro and construction industry remains weak



LANXESS outlook

- **FY guidance: EBITDA pre expected to grow by 10-20% (incl. BU URE)**
- Q3 EBITDA pre expected to be close to or up to the level of the second quarter
- Normal seasonality in Q4

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LANXESS Group: Operational improvement with substantial EBITDA pre increase

Significantly lower cost base drives results

[€ m]	Q2/2023	Q2/2024	Δ	H1 2023	H1 2024	Δ
Sales	1,778	1,678	-6%	3,677	3,285	-11%
EBITDA pre	107	181	69%	296	282	-5%
Margin	6.0%	10.8%		8.1%	8.6%	
Capex	67	62	-7%	126	101	-20%

Price Volume FX Portfolio

-6% **+0%** **+0%** **-**

Total -6%

Q2 Sales vs. PY

- Reduced prices reflect mainly pass through of lower raw material, energy and freight costs
- Increased sales volumes in most BUs are offset by ongoing very weak agro chemicals demand
- EBITDA pre and margin increase due to improved utilization due to absence of own inventory destocking, supported by savings from FORWARD! program



Consumer Protection: Generally improving demand offsets agro weakness

Nearly stable EBITDA pre

[€ m]	Q2/2023	Q2/2024	Δ	H1 2023	H1 2024	Δ
Sales	604	561	-7%	1,251	1,070	-14%
EBITDA pre	82	80	-2%	176	129	-27%
Margin	13.6%	14.3%		14.1%	12.1%	
Capex	19	17	-11%	36	29	-19%

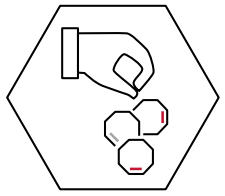
Price Volume FX Portfolio

-2% **-5%** **-0%** **-**

Total -7%

Q2 Sales vs. PY

- Volume increase in all BUs, except for Saltigo due to expected agro weakness; BU F&F still impacted by steam supply outage
- Lower sales prices driven by pass-through of lower input costs
- EBITDA pre and margin development on previous year's level as cost savings and improved utilization mitigate impact from agro destocking



Specialty Additives: Significant performance improvement

Emerging out of the trough

[€ m]	Q2/2023	Q2/2024	Δ	H1 2023	H1 2024	Δ
Sales	620	568	-8%	1,284	1,134	-12%
EBITDA pre	37	70	89%	135	118	-13%
Margin	6.0%	12.3%		10.5%	10.4%	
Capex	25	24	-4%	48	38	-21%

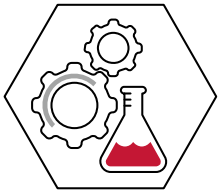
Price Volume FX Portfolio

-8% **-0%** **+0%** **-**

Total **-8%**

Q2 Sales vs. PY

- Lower prices based on input costs development in all business units
- Stable volumes: slight demand improvement in other markets offsets construction industry weakness
- Significant EBITDA pre and margin improvement based on higher utilization due to the absence of own intended inventory reduction and contribution from FORWARD! program



Advanced Intermediates: Substantial earnings rebound

Positive volume trend continues

[€ m]	Q2/2023	Q2/2024	Δ	H1 2023	H1 2024	Δ
Sales	484	478	-1%	1,000	943	-6%
EBITDA pre	23	58	>100%	67	95	42%
Margin	4.8%	12.1%		6.7%	10.1%	
Capex	17	18	6%	33	29	-12%

Price Volume FX Portfolio

-7% **+6%** **+0%** **-**

Total -1%

Q2 Sales vs. PY

- Both BUs with increased sales volumes. Prices decline with raw material and energy costs
- EBITDA pre and margin with strong improvement based on higher utilization of plants and savings from FORWARD! program
- As expected: substantial earnings improvement after a very weak base 2023

P&L Q2: Earnings improvement due to better utilization and reduced cost structures

P&L [€ m]	Q2/2023		Q2/2024		yoy
Sales	1,778	(100%)	1,678	(100%)	-6%
Cost of sales	-1,467	(-83%)	-1,314	(-78%)	10%
Selling	-240	(-13%)	-230	(-14%)	4%
G&A	-71	(-4%)	-63	(-4%)	11%
R&D	-25	(-1%)	-27	(-2%)	-8%
Financial result	-101		-40		60%
Net Income	1,208		-16		>-100%
Adjust. EPS (cont.) [€]	-0.19		0.60		>100%
EBITDA	81	(5%)	169	(10%)	>100%
thereof except.	26	(1%)	12	(1%)	-54%
EBITDA pre except.	107	(6.0%)	181	(10.8%)	69%

- Lower sales mainly due to pass through of lower raw material, energy and freight costs
- Savings from FORWARD! program led to improved Cost of Sales, Selling and G&A costs
- Better financial result includes operational improvement at Envalor (at equity)
- Net income in previous year contains book gain from HPM disposal
- EBITDA pre and margin increase due to better utilization and cost savings

Improved free cash flow in a continued difficult environment

Cash flow [€ m]*	Q2/2023	Q2/2024
Profit before tax	-157	-12
Depreciation & amortization	137	141
Result from investments accounted for using the equity method	78	27
Income taxes	-22	-16
Changes in other assets & liab.	-98	-43
Changes in working capital	115	44
Others	14	4
Operating cash flow	67	145
Capex	-67	-62
Free cash flow	0	83

- Improvement in profit before tax due to increased operating result and better financial result which includes operational improvement at Envalor (at equity)
- Changes in other assets and liabilities reflects changes in provisions and bonus payout in 2023
- Working capital sequentially improved
- Capex remains on tightly managed level

* Applies to continuing operations; Free cash flow = Operating cash flow minus Capex

Continued strong equity ratio

Balance sheet [€ m]	31.12.2023	31.03.2024	30.06.2024
Total assets	9,665	9,688	9,689
Equity	4,507	4,538	4,563
Equity ratio	47%	47%	47%
Net financial debt¹	2,498	2,609	2,547
Pension provisions	498	462	433
Net working capital	1,389	1,568	1,524
DSI (in days) ²	85	76	75
DSO (in days) ³	38	46	42
Net working capital/sales ⁴	21	24	24

- Net financial debt sequentially reduced due to operating result and reduced working capital
- Lower pension provisions resulting from moderately higher interest rates in Germany
- Net working capital sequentially decreased and further improved DSI and reduced DSO

¹ Deducting cash, cash equivalents, near cash assets

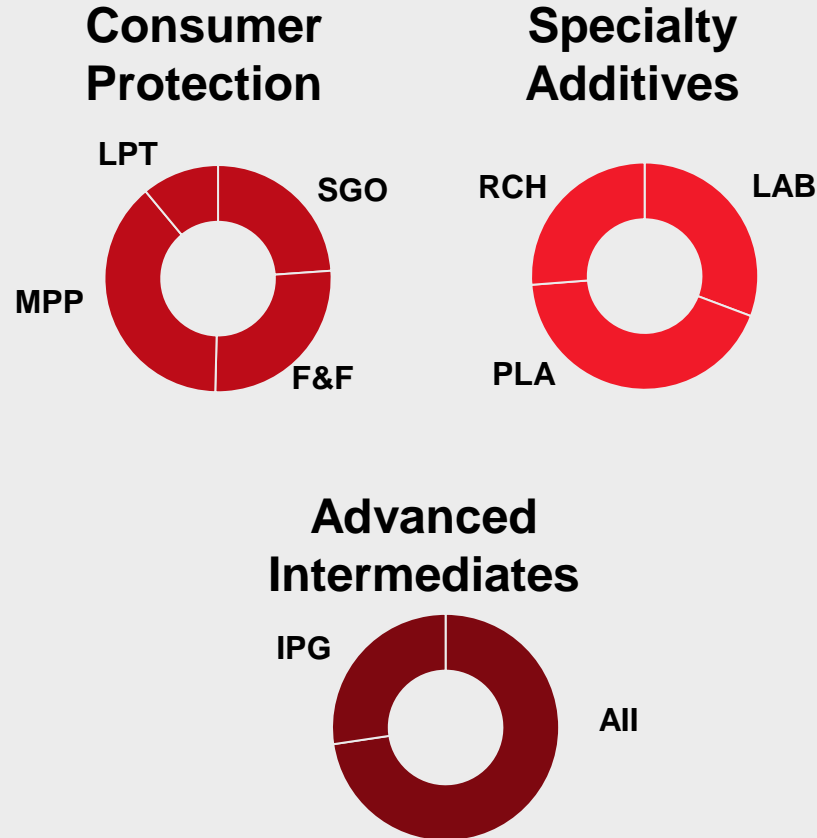
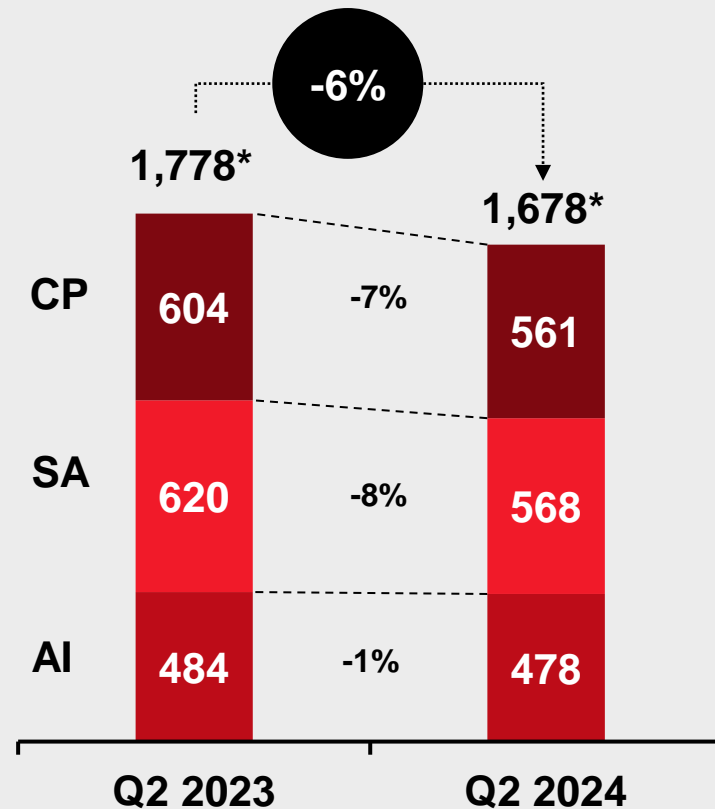
² Days sales of inventory calculated from quarterly sales

³ Days of sales outstanding calculated from quarterly sales

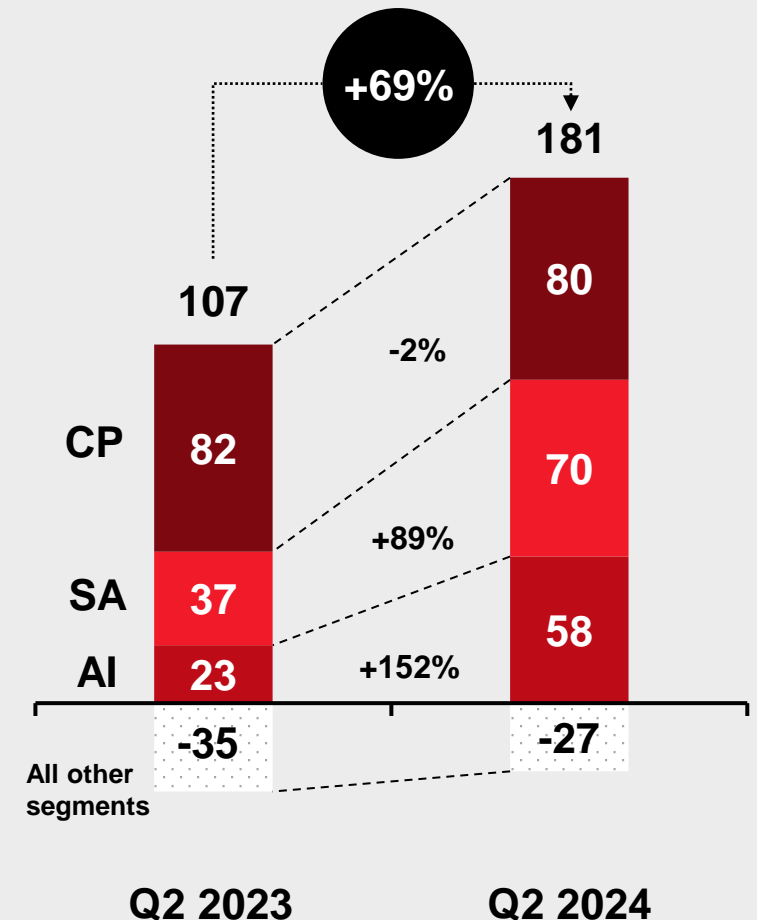
⁴ Last twelve months sales

Q2 2024: Input price-driven lower sales; stronger EBITDA pre in AI und SA due to savings and better utilization

Sales [€ m]



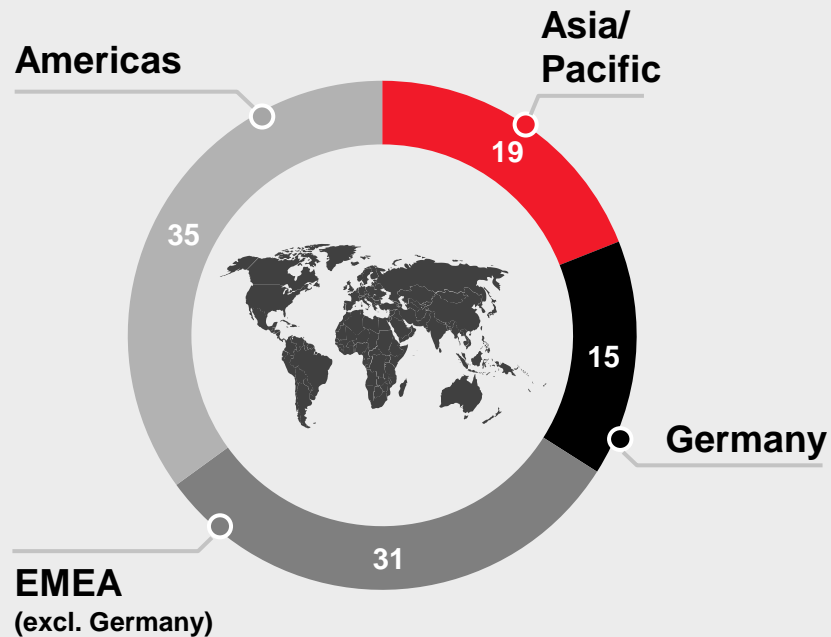
EBITDA pre [€ m]



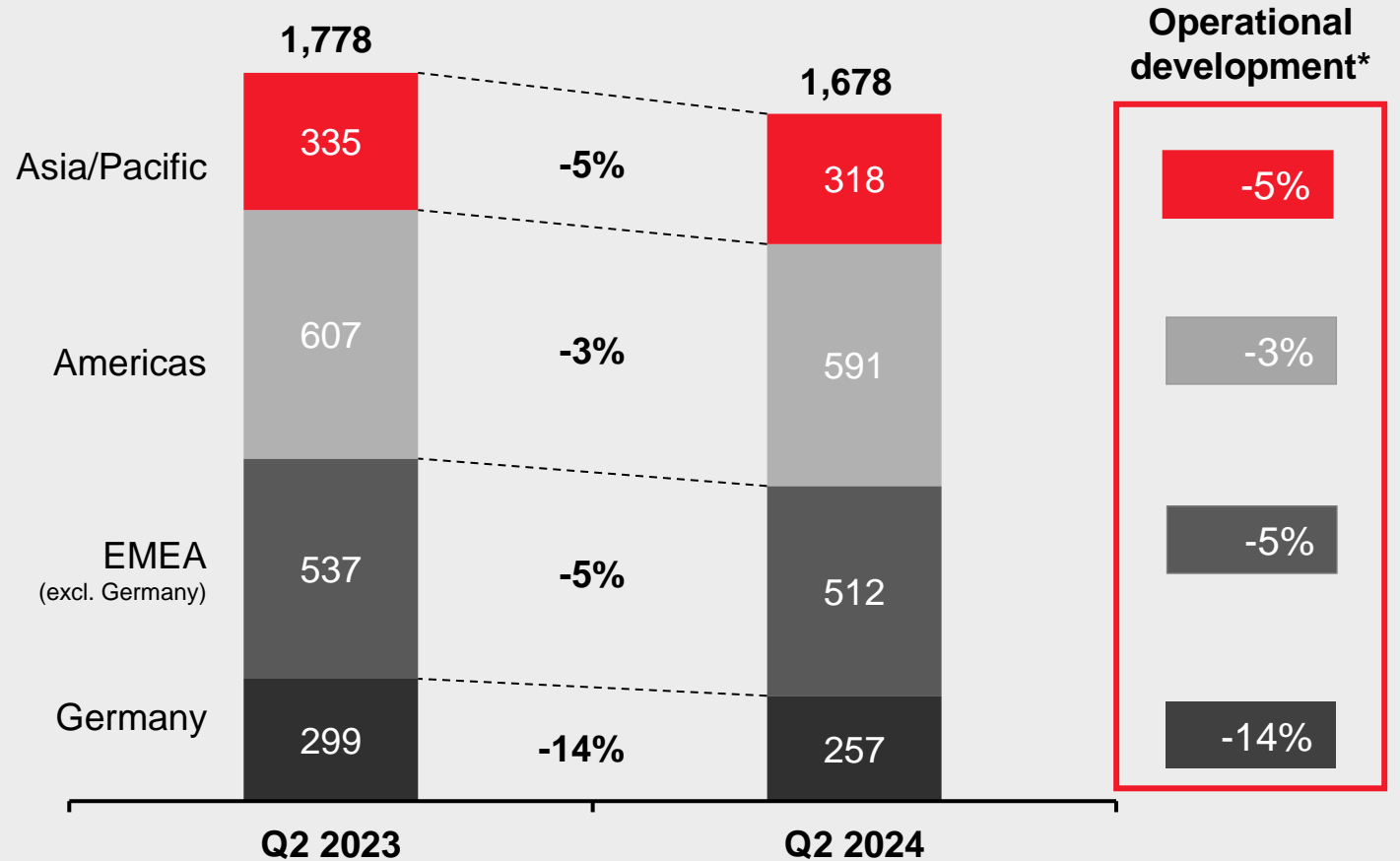
* Total group sales including all other segments

Q2 2024: Price-driven sales decline in all regions, share of sales declines in Germany

Q2 2024 sales by region [%]



Regional development of sales [€ m]



* Currency and portfolio adjusted

Q2 2024 exceptional items (on EBIT) have decreased year-over-year

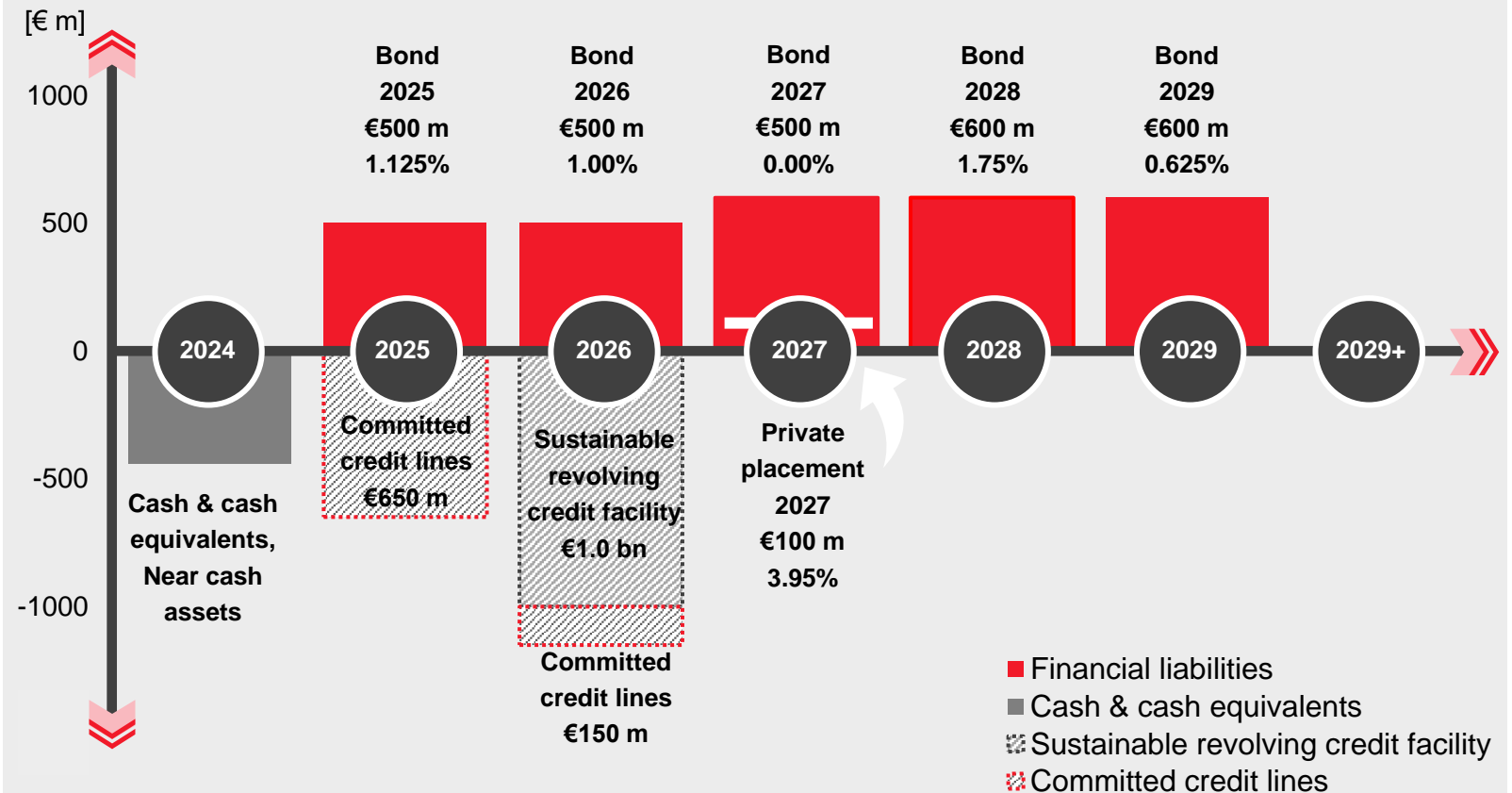
[€ m]	Q2 2023		Q2 2024		H1 2023		H1 2024	
	Excep.	thereof D&A	Excep.	thereof D&A	Excep.	thereof D&A	Excep.	thereof D&A
Strategic realignment and restructuring (incl. FORWARD!)	-3	0	0	-1	-4	0	-5	-1
Strategic IT projects	-10	0	-6	0	-16	0	-11	0
M&A, digitalization and others	-14	-1	-8	-1	-26	-2	-17	-2
Total	-27	-1	-14	-2	-46	-2	-33	-3

LANXESS maturity profile without refinancing need in 2024 and pre-financed 2025 maturity

Long-term financing secured

- Diversified financing sources
- Average interest rate of financial liabilities ~1.0%*
- All group financing executed without financial covenants
- Next maturity in 2025

Liquidity and maturity profile as per June 2024



* 1.1% incl. lease liabilities

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Housekeeping items 2024*

Capex	~€330 m [previously ~€350 m]
Operational D&A	~€550 m (thereof ~€150 m of intangible amortization effects)
All other segments	~€130 m EBITDA pre
Exceptionals	~€60 m
FX sensitivity	One cent change of USD/EUR resulting in ~€3 m EBITDA pre impact after hedging

* Including BU Urethane Systems

H1 2024: Good results in Q2 cannot fully offset weak first quarter

P&L [€ m]*	H1 2023		H1 2024		yoy
Sales	3,677	(100%)	3,285	(100%)	-11%
Cost of sales	-2,930	(-80%)	-2,641	(-80%)	10%
Selling	-516	(-14%)	-453	(-14%)	12%
G&A	-142	(-4%)	-131	(-4%)	8%
R&D	-52	(-1%)	-55	(-2%)	-6%
Financial result	-122	(-3%)	-102	(-3%)	-16%
Net income	1,164	(32%)	-114	(-3%)	>-100%
Adjust. EPS (cont.) [€]	0.44		0.51		16%
EBITDA	252	(7%)	252	(8%)	0%
thereof except.	-44	(-1%)	-30	(-1%)	32%
EBITDA pre	296	(8.1%)	282	(8.6%)	-5%

- Lower sales mainly due to pass through of lower raw material, energy and freight costs and lower volumes
- Savings from FORWARD! program led to improved Cost of Sales, Selling and G&A costs
- Better financial result includes operational improvement at Envalior (at equity)
- Net income in previous year contains book gain from HPM disposal
- Slightly lower EBITDA pre reflects lower volumes; margin improved

* Figures from continuing operations only (except net income and EPS)

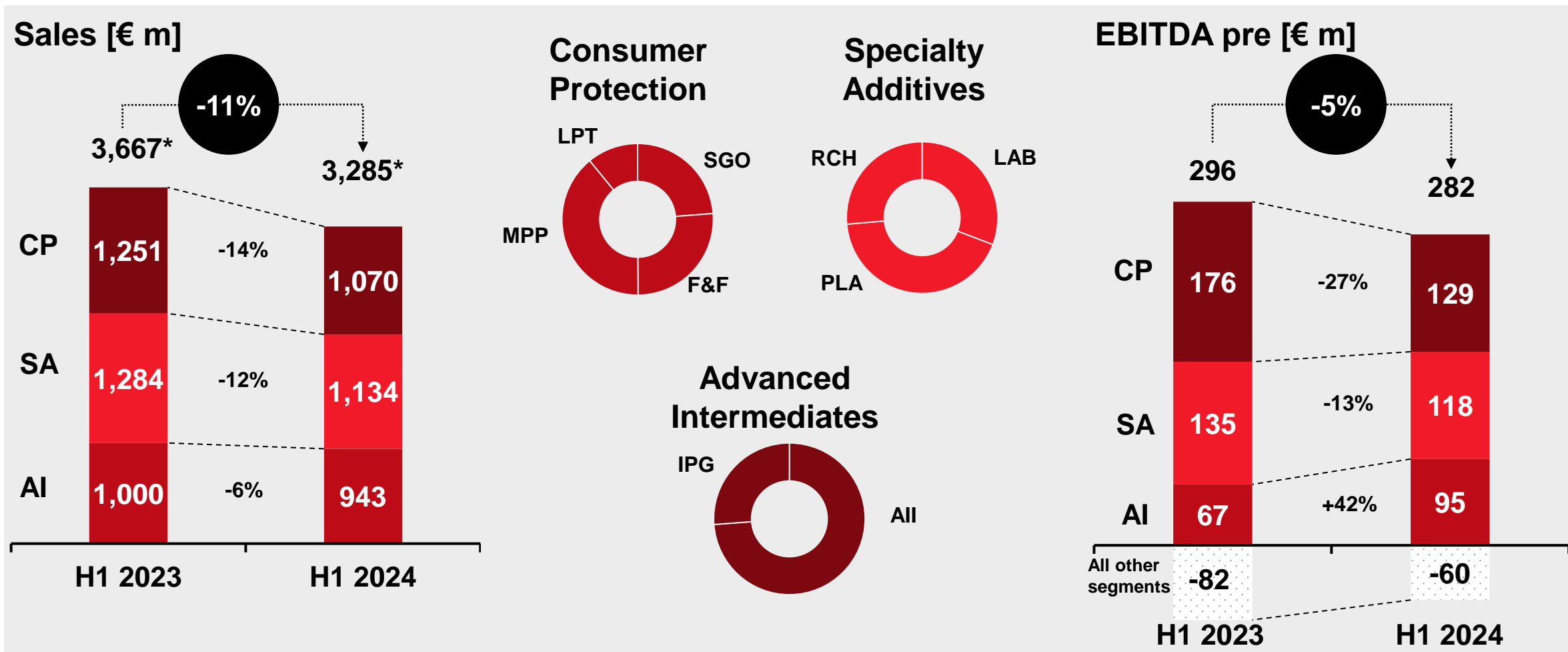
H1 2024: Operating cash flow compares with high previous year which was driven by inventory sweat out

Cash flow [€ m]*	H1 2023	H1 2024
Profit before tax	-144	-131
Depreciation & amortization	274	281
Result from investments accounted for using the equity method	77	73
Income taxes	-32	-17
Changes in other assets & liab.	-98	-2
Changes in working capital	123	-122
Others	38	15
Operating cash flow	238	97
Capex	-126	-101
Free cash flow	112	-4

- Slightly better profit before tax due to better financial result
- Changes in other assets and liabilities reflect changes in provisions and bonus payout in 2023
- Change in W/C driven by
 - Significant inventory sweat out in PY
 - Increase in receivables based on higher sales
- Capex remains on tightly managed level

* Applies to continuing operations; Free cash flow = Operating cash flow minus Capex

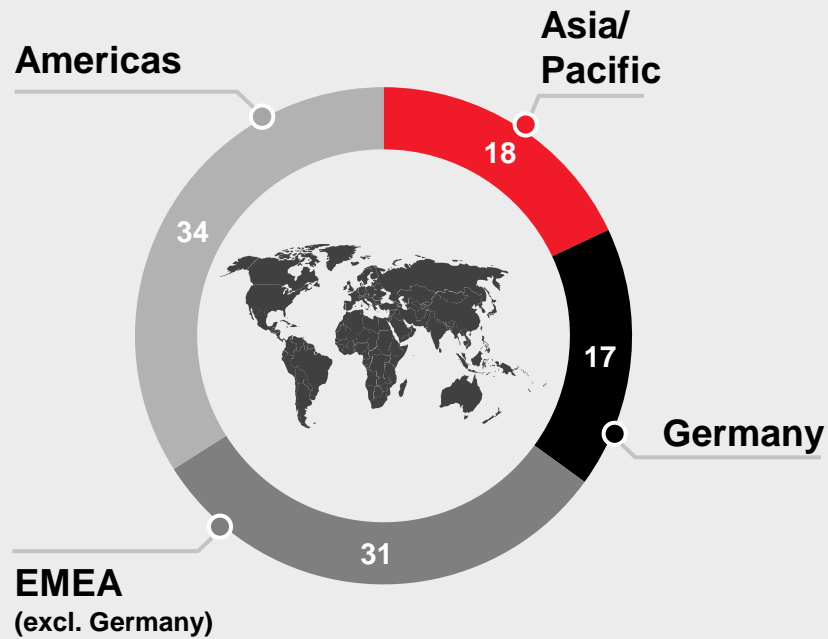
H1 2024: Despite strong Q2 results are not yet on PY level, AI strong improvement already YoY



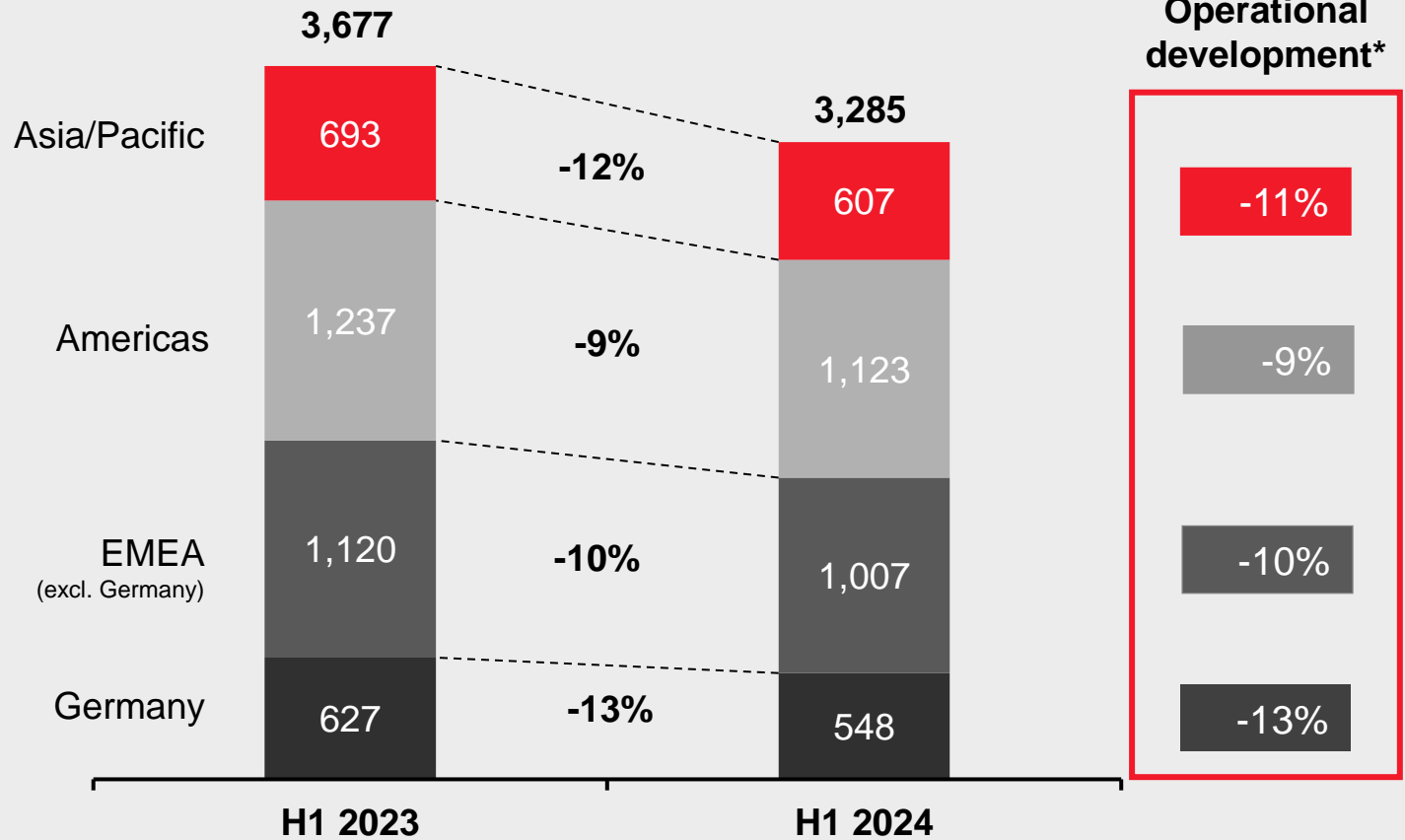
* Total group sales including all other segments

H1 2024: Sales decline in all regions

H1 2024 sales by region [%]



Regional development of sales [€ m]



* Currency and portfolio adjusted

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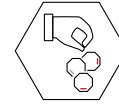
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Abbreviations



Consumer Protection

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



Specialty Additives

PLA	Polymer Additives
LAB	Lubricant Additives Business
RCH	Rhein Chemie



Advanced Intermediates

AI	Advanced Industrial Intermediates
IPG	Inorganic Pigments

Upcoming events 2024 - Proactive capital market communication

Aug

Sep

Nov

09 Q2 2024 Reporting

03 Commerzbank & ODDO BHF
Corporate Conference Frankfurt

04 UBS Global Materials Conference NY

05 Jefferies Industrials Conference NY

11 Berenberg Food Ingredients &
Chemicals Conference London

25 Berenberg & Goldman Sachs German
Corporate Conference Munich

26 Baader Investment Conference Munich

07 Q3 2024 Reporting

26 Analyst Roundtable London