



# LANXESS – Q4 / FY 2024 results

Solid EBITDA pre and Free Cash Flow improvement

Matthias Zachert, CEO

Oliver Stratmann, CFO



# Safe harbor statement



The information included in this presentation is being provided for informational purposes only and does not constitute an offer to sell, or a solicitation of an offer to purchase, securities of LANXESS AG. No public market exists for the securities of LANXESS AG in the United States.

This presentation contains certain forward-looking statements, including assumptions, opinions, expectations and views of the company or cited from third party sources. Various known and unknown risks, uncertainties and other factors could cause the actual results, financial position, development or performance of LANXESS AG to differ materially from the estimations expressed or implied herein. LANXESS AG does not guarantee that the assumptions underlying such forward-looking statements are free from errors, nor does it accept any responsibility for the future accuracy of the opinions expressed in this presentation or the actual occurrence of the forecast developments. No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, any information, estimates, targets and opinions contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and accordingly, no representative of LANXESS AG or any of its affiliated companies or any of such person's officers, directors or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

# Agenda

**1 Review Q4 & FY 2024 and outlook**

**2 Financial and business details Q4 and FY 2024**

**3 Appendix**



# Self-help measures and financial discipline drove operational improvement in 2024

## Improved profitability

- + Successful FORWARD! cost savings: €110 m
- + Increased utilization

## Improved financial leverage

- + Solid free cash flow and net debt reduction
- + Secured long term liquidity (new RCF)
- + Completion of portfolio transformation - Signing of Urethane Systems divestment  
→ Closing expected in April 2025!
- Cash-outs for restructuring

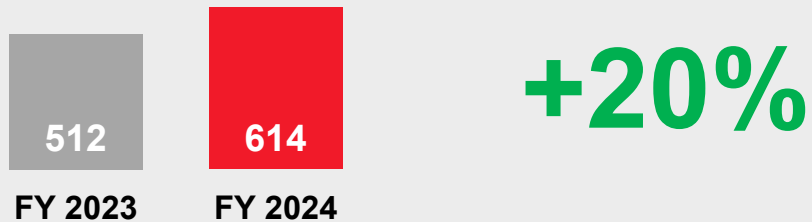
## Economic headwinds

- Weak demand in most end industries
- Massive destocking and weakness in agro



# EBITDA pre improvement combined with cash generation amid still challenging environment

## EBITDA pre (€ m)



## Free cash flow 2024

Operational performance **€188 m**

## Safety (LTIFR\* / MAQ)



## Net financial debt

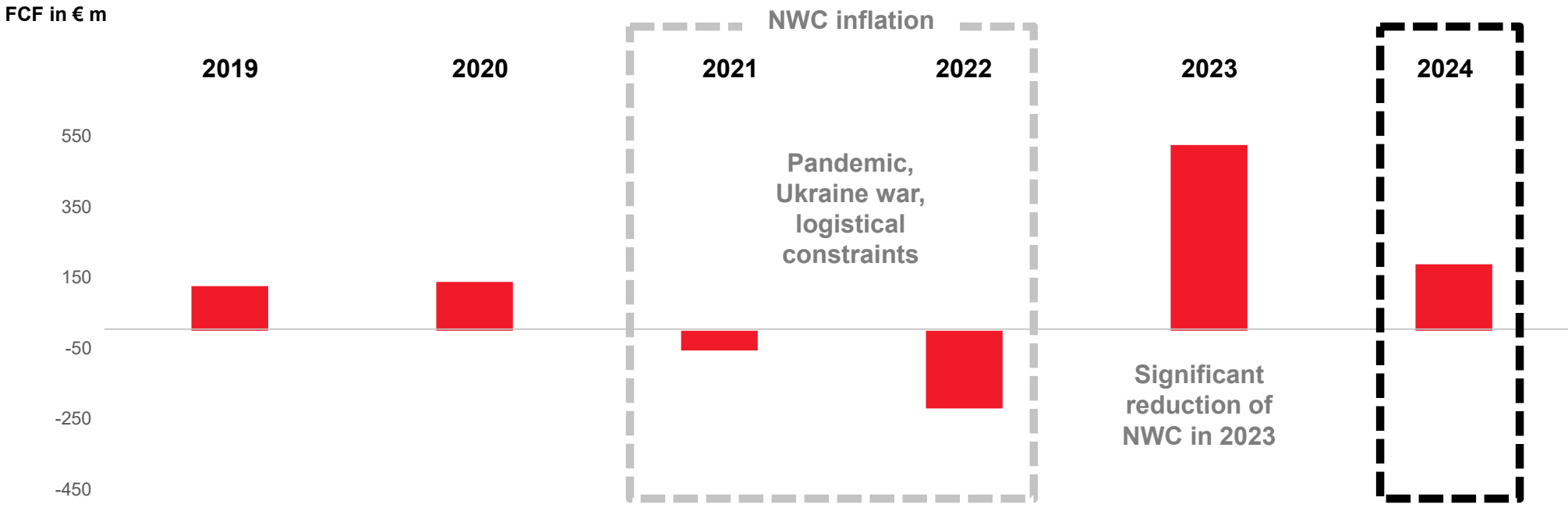
Reduction from €2.498 m to €2.381 m vs prior year end **-5%**

All figures in € m \* Lost Time Injury Frequency Rate

# Solid free cash flow driven by improved operating result



**Solid FCF of €188 m in 2024**



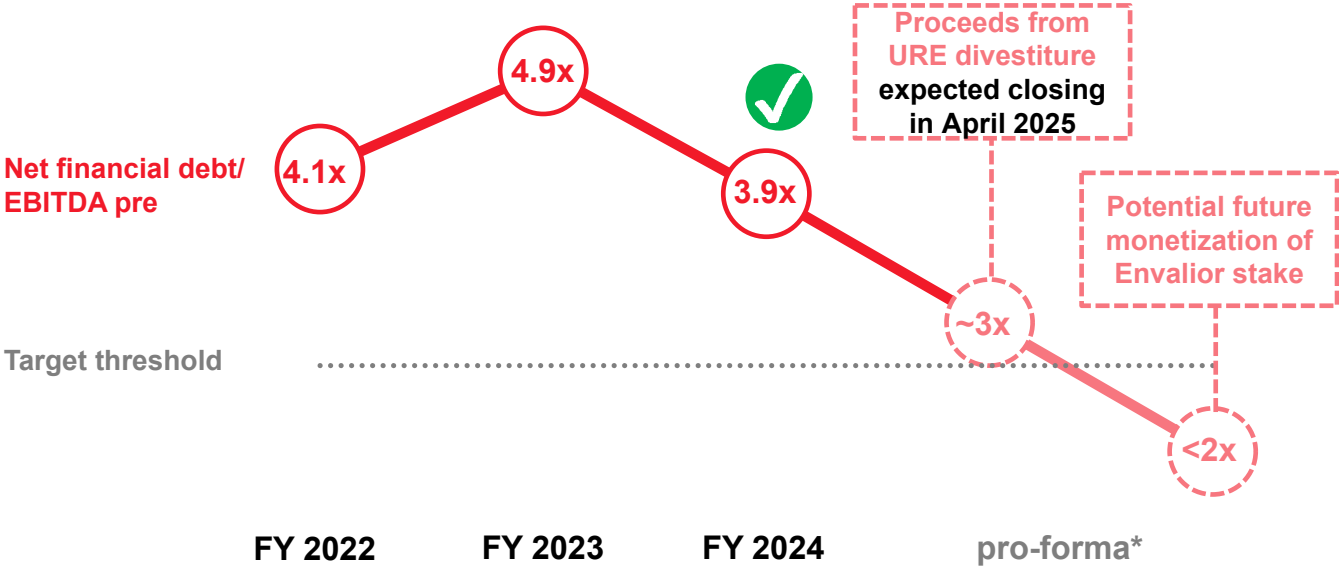
**Continued focus on free cash flow generation**

6 NWC = Net Working Capital  
 FCF = Operating cash flow (continuing operations) minus capex as reported

# Substantial leverage improvement already realized – further reduction in sight



## Delivering on path to leverage reduction



## Commitment to strive for solid investment grade ratios

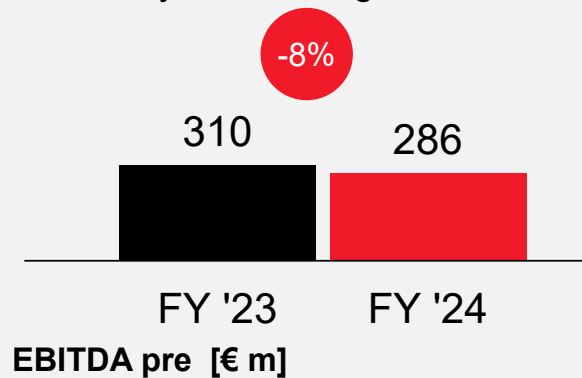
\* Based on mid-point of FY 2025 EBITDA pre guidance (excl. Urethane Systems)

# FY 2024: Cost savings and operational improvement against low prior year base

## Consumer Protection



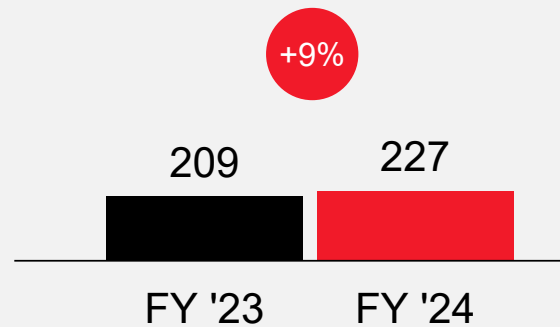
- Most business units with positive development
- Agro business burdening, partly offset by cost savings



## Specialty Additives



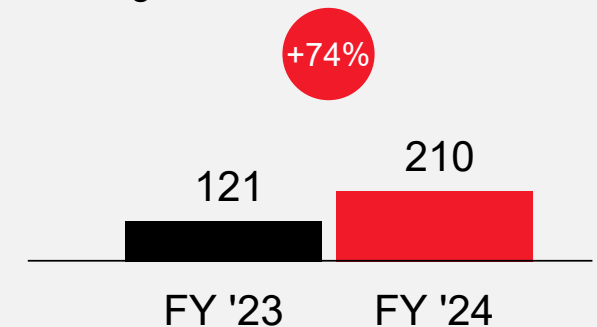
- Strong volume growth
- Cost savings contributed



## Advanced Intermediates



- Significant volume increase, higher utilization
- Successful implementation of cost savings





# FY 2025: All segments are expected to contribute to our EBITDA pre improvement

## Consumer Protection



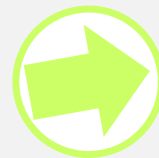
- Results expected slightly to moderately above 2024
- Solid growth in most businesses
- Remaining cautious for agro demand into 2025
- Less impact from supply outages



## Specialty Additives



- Results expected slightly above 2024
- Contribution to growth from all businesses
- Construction & automotive still on low level



## Advanced Intermediates



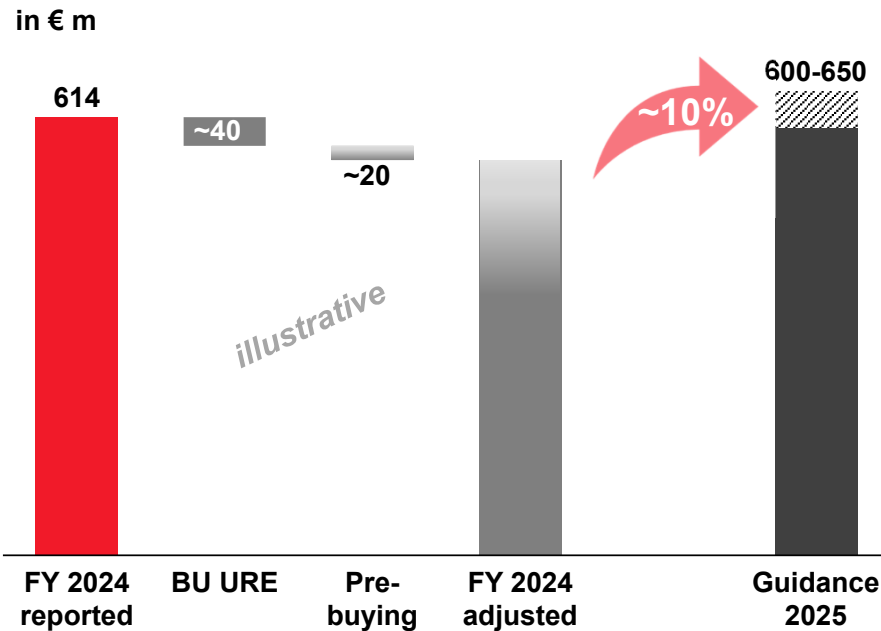
- Results expected slightly above 2024
- Variety of end markets with moderate growth; construction holds back
- Slight improvement of utilization after strong volume recovery in 2024



**EBITDA pre growth in a challenging environment**

# FY 2025 guidance: EBITDA pre of €600-650 m

Mid-point of guidance is currently most likely outcome



**Starting point for FY 2024  
needs to be adjusted for:**

- Contribution of BU Urethane Systems with expected closing in April 2025 (FY24 EBITDA pre ~€50 m)
- Pull-forward effect due to customers' pre-buying in the U.S. in December 2024

Mid-point of guidance translates into ~10% growth based on adjusted starting point

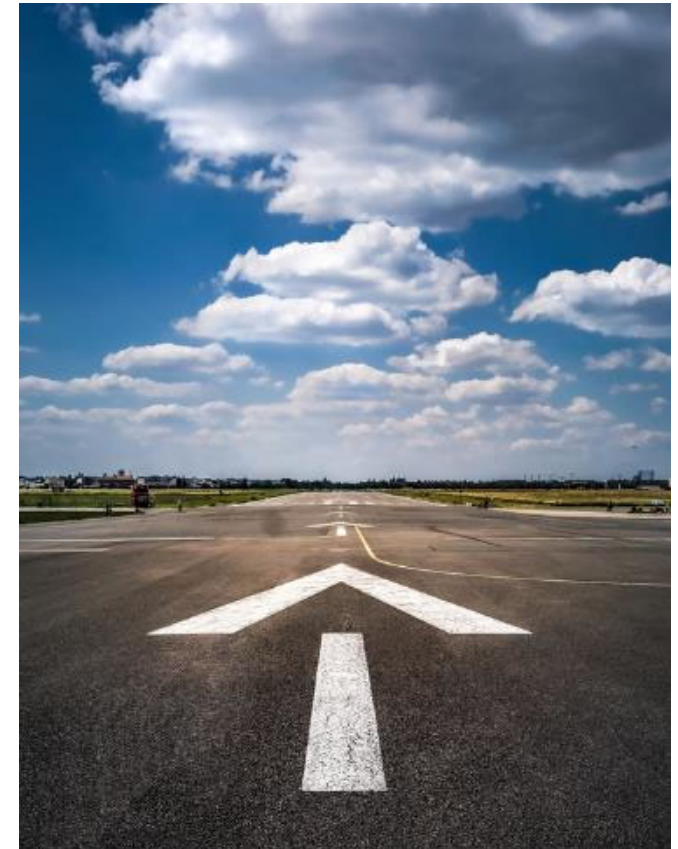
# FY 2025 guidance: EBITDA pre of €600-650 m

## Our view on economic environment

- No significant change in demand expected
- Currently, economic growth indicators show slow development
- High likelihood of politically triggered economic turbulences

## LANXESS outlook

- **FY 2025 EBITDA pre guidance: €600-650 m, including pro rata contribution of Urethane Systems**
  - Urethane Systems contributed ~€50 m in 2024; closing expected in April 2025
- Q1 guidance: after pre-buying in Q4/24 we still expect YoY growth of ~25-35%



# Agenda

**1 Review Q4 & FY 2024 and outlook**

**2 Financial and business details Q4 and FY 2024**

**3 Appendix**



# LANXESS Group: Strong Q4 EBITDA pre growth driven by pre-buying in December and tight cost management



**Strong finish in Q4 despite tough environment**

[€ m]	Q4/2023	Q4/2024	Δ	FY 2023	FY 2024	Δ
Sales	1,436	1,483	3%	6,714	6,366	-5%
EBITDA pre	97	159	64%	512	614	20%
Margin	6.8%	10.7%		7.6%	9.6%	
Capex	132	146	11%	326	320	-2%

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

Total **+3%**

Q4 Sales vs. PY

- Slightly lower prices mostly due to input cost deflation
- Increased volumes for most Business Units supported by pre-buying among others from the U.S. region
- EBITDA pre and margin improvement in all segments due to higher utilization and restructuring efforts; comparing to a weak prior year base



## Consumer Protection: Strong EBITDA pre improvement against a weak base

### Weak agro business weighs on volumes

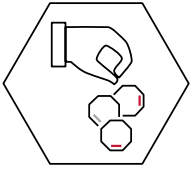
[€ m]	Q4/2023	Q4/2024	Δ	FY 2023	FY 2024	Δ
Sales	508	490	-4%	2,340	2,081	-11%
EBITDA pre	50	86	72%	310	286	-8%
Margin	9.8%	17.6%		13.2%	13.7%	
Capex	34	35	3%	87	88	1%

Price **+1%** Volume **-4%** FX **0%** Portfolio **0%**

Total **-4%**

Q4 Sales vs. PY

- Sales decline results from lower volumes due to ongoing agro weakness; effect mitigated by pre-buying in the U.S. region
- EBITDA pre and margin development driven by
  - pre-buying effect
  - contribution from cost savings
  - supported by insurance compensations (high single digit)
  - prior-year Q4 burdened by negative effects from supplier outages for chlorine & steam (~€15 m) and own inventory reduction



## Specialty Additives: Results supported by customers' pre-buying in the U.S.

**Strong volumes and cost savings contribute**

[€ m]	Q4/2023	Q4/2024	Δ	FY 2023	FY 2024	Δ
Sales	492	525	7%	2,325	2,209	-5%
EBITDA pre	41	48	17%	209	227	9%
Margin	8.3%	9.1%		9.0%	10.3%	
Capex	45	56	24%	122	119	-2%

Price    Volume    FX    Portfolio  
**-3%**   **+9%**   **+1%**   **0%**

Total **+7%**

Q4 Sales vs. PY

- Price decrease reflects pass-through of lower input costs
- Higher volumes in all Business Units, supported by U.S. related pre-buying effects
- Improved EBITDA pre and margin due to higher utilization and contribution from cost savings program FORWARD!
- Higher freight costs held back further improvements



# Advanced Intermediates: Improved earnings compared to exceptionally low prior year

## Leverage from utilization improvement

[€ m]	Q4/2023	Q4/2024	Δ	FY 2023	FY 2024	Δ
Sales	372	406	9%	1,775	1,804	2%
EBITDA pre	24	47	96%	121	210	74%
Margin	6.5%	11.6%		6.8%	11.6%	
Capex	29	36	24%	80	86	8%

Price **+2%** Volume **+7%** FX **0%** Portfolio **0%**

Total **+9%**

Q4 Sales vs. PY

- Positive price deviation on sales is influenced by accounting for average prices in long-term contracts
- Higher volumes based on risen demand from diversified end-markets and market share gains in pigments
- EBITDA pre and margin increase driven by improved utilization and cost savings (FORWARD!), while 2023 was burdened by inventory control measures



# Significant increase in earnings due to cost savings supported by pre-buying



P&L [€ m]	Q4/2023		Q4/2024		yoy
Sales	1,436	(100%)	1,483	(100%)	3%
Cost of sales	-1,204	(-84%)	-1,178	(-79%)	2%
Selling	-204	(-14%)	-216	(-15%)	-6%
G&A	-64	(-4%)	-59	(-4%)	8%
R&D	-23	(-2%)	-22	(-1%)	4%
Financial result	-80		-45		44%
<b>Net Income</b>	<b>-590</b>		<b>-64</b>		<b>89%</b>
<b>Adjusted EPS [€]</b>	<b>-0.30</b>		<b>0.21</b>		<b>&gt;100%</b>
EBITDA	-7	(0%)	123	(8%)	>100%
thereof except.	104	(7%)	36	(2%)	-65%
<b>EBITDA pre except.</b>	<b>97</b>	<b>(6.8%)</b>	<b>159</b>	<b>(10.7%)</b>	<b>64%</b>

- Sales increase results from higher volumes
- Cost of sales reflect declining input costs and savings
- Increase of selling costs due to higher freight rates and volumes
- G&A decrease reflects savings
- Improved financial result mainly due to Envalor
- Net income in Q4/23 especially impacted by goodwill impairment (€406 m)

## Q4: Solid free cash flow generation

Cash flow [€ m]	Q4/2023	Q4/2024
<b>Profit before tax</b>	<b>-661</b>	<b>-68</b>
Result from investments accounted for using the equity method	29	24
Depreciation & amortization	574	146
Income taxes	-16	-16
Changes in working capital	179	158
<b>Operating cash flow</b>	<b>224</b>	<b>352</b>
Capex	-132	-146
<b>Free cash flow</b>	<b>92</b>	<b>206</b>

- Profit before tax 2023 contained impairments
- Continued active working capital management leads to cash inflow
- Continued discipline on capex
- Solid free cash flow of €206 m

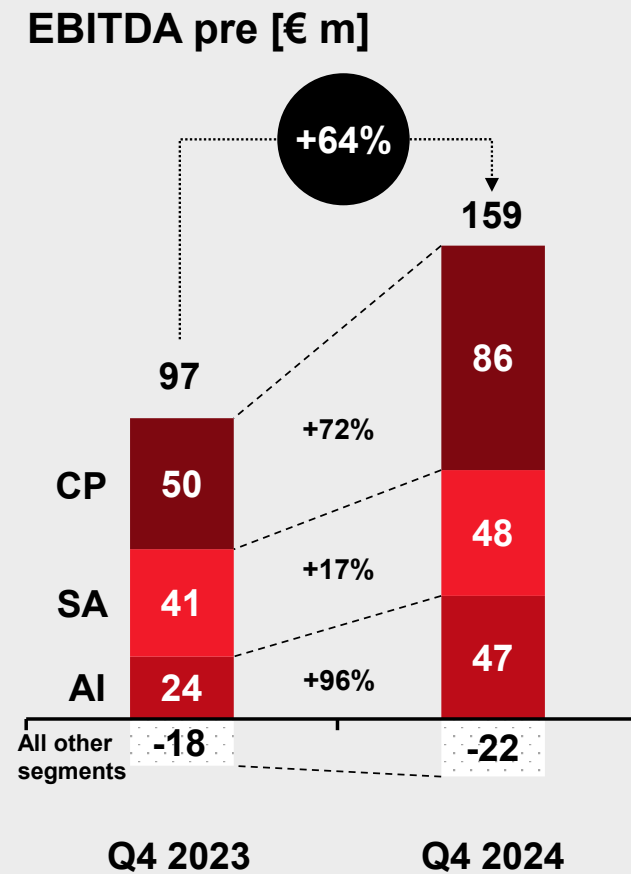
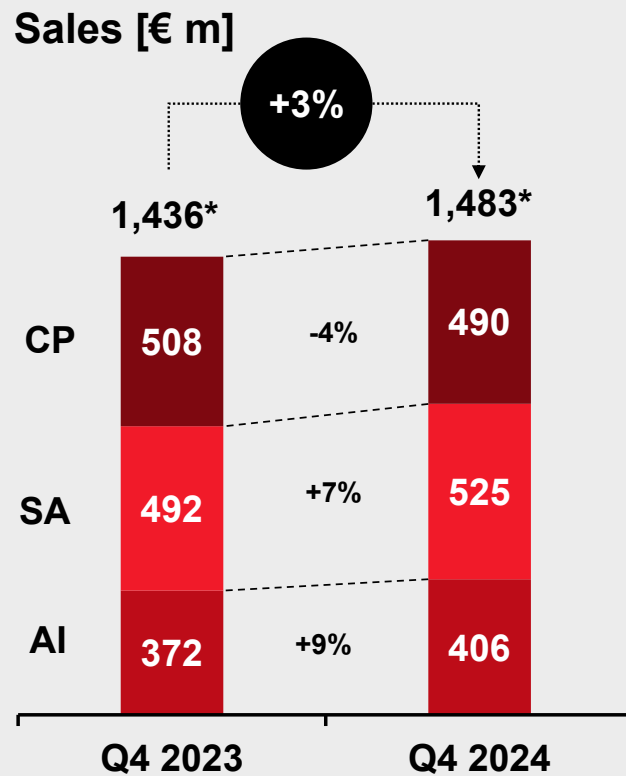
Free cash flow = Operating cash flow minus capex

# Net financial debt further reduced

Balance sheet [€ m]	31.12.2023	31.12.2024
<b>Total assets</b>	<b>9,665</b>	<b>9,711</b>
Equity	4,507	4,592
<b>Equity ratio</b>	<b>47%</b>	<b>47%</b>
<b>Net financial debt<sup>1</sup></b>	<b>2,498</b>	<b>2,381</b>
<b>Pension provisions</b>	<b>498</b>	<b>429</b>
<b>Net working capital</b>	<b>1,389</b>	<b>1,350</b>
DSI (in days) <sup>2</sup>	85	82
DSO (in days) <sup>3</sup>	38	39
Net working capital / sales <sup>4</sup>	21%	21%

- Higher total assets and equity mainly due to currency effects (USD)
- Net financial debt further reduced by sound cash flow generation
- Pension provisions decreased due to higher interest levels and slightly reduced inflation expectation in Germany
- Reduction in net working capital also reflects classification of Urethane Systems as held for sale in 2024

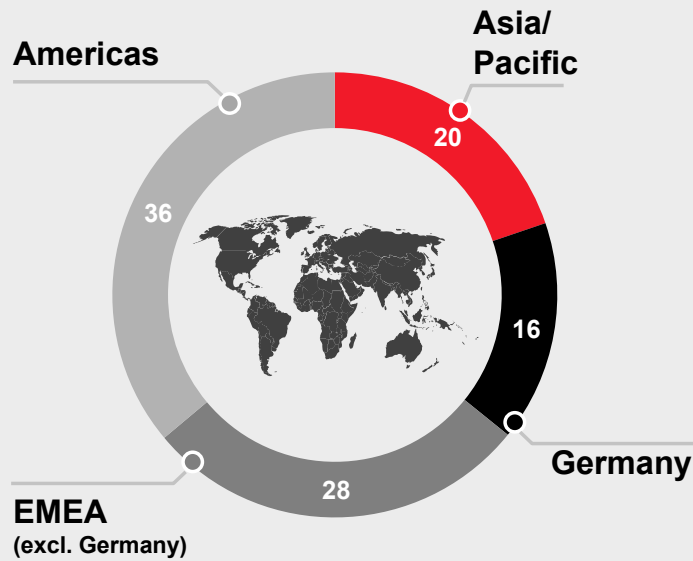
# Q4 2024: EBITDA pre improvements in all segments



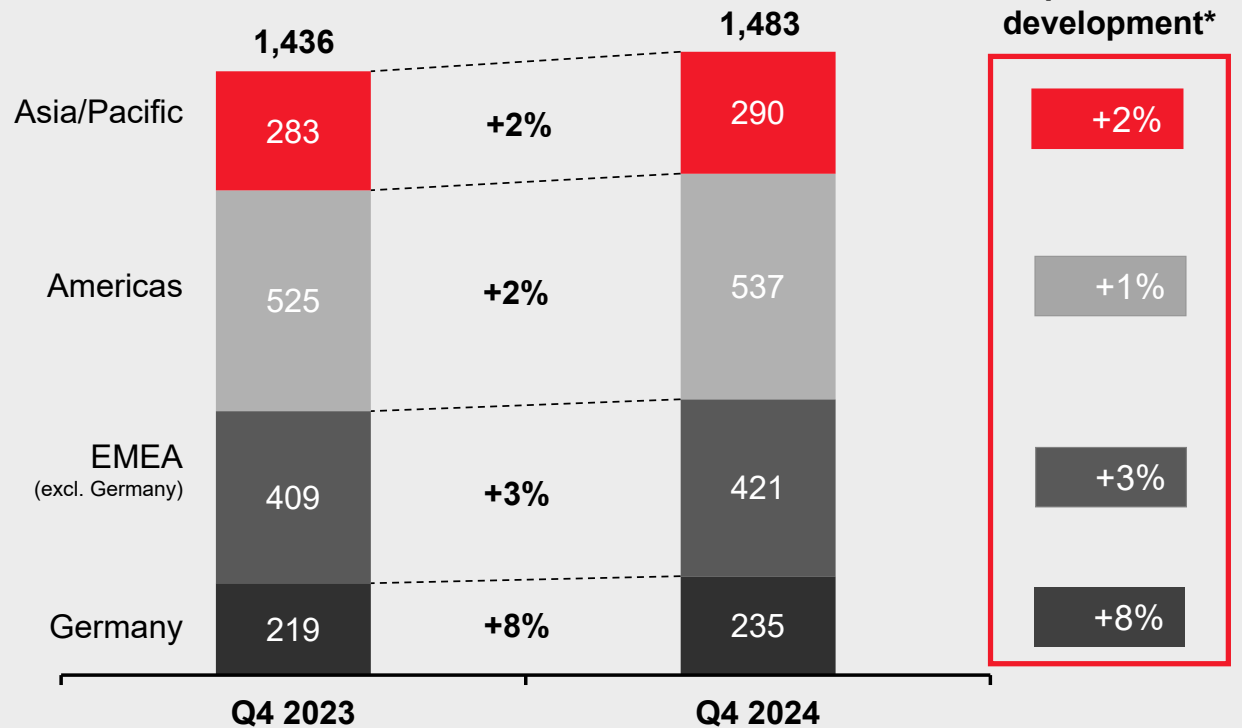
\* Total group sales including all other segments

# Q4 2024: Increase in all regions compared to exceptionally low base in 2023, esp. in Germany

Q4 2024 sales by region [%]



Regional development of sales [€ m]



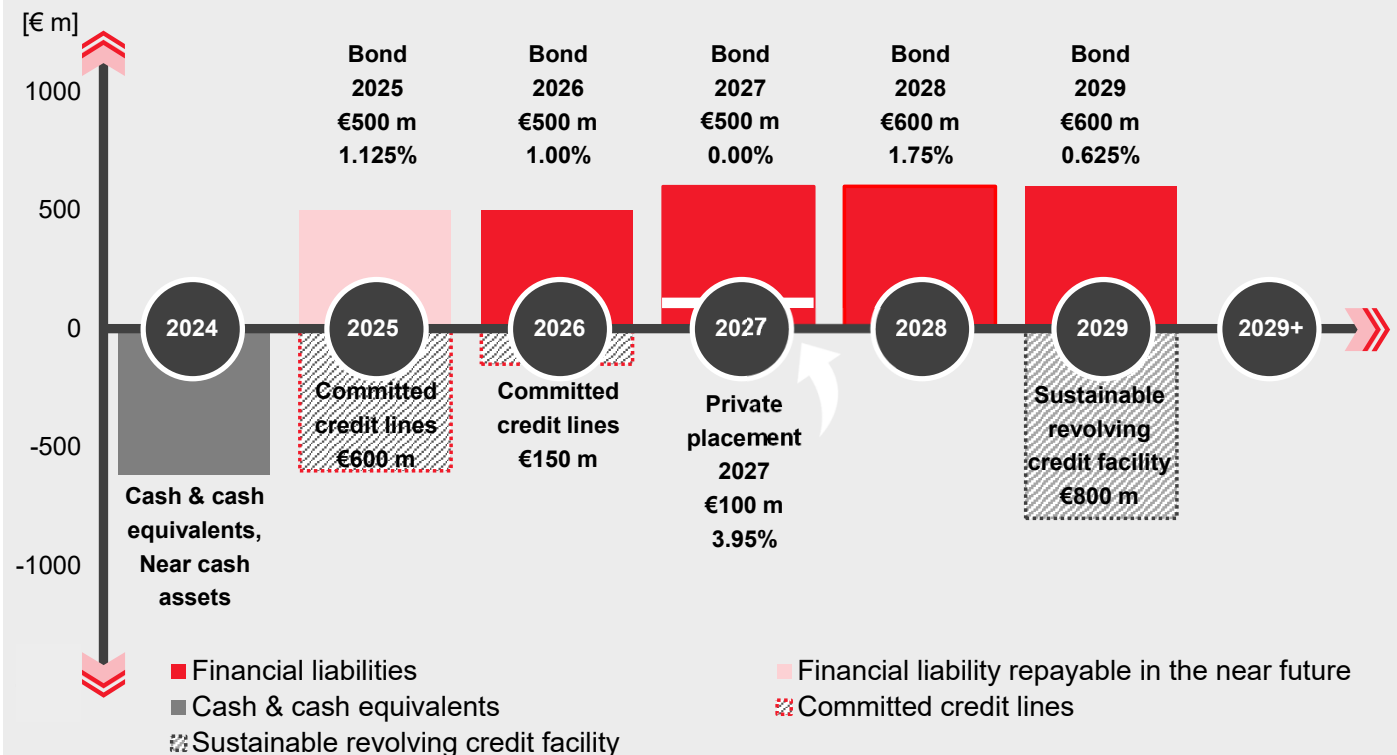
\* Currency adjusted

# Significant reduction in gross debt due to envisaged repayment of bond maturing in May 2025

## Long-term financing secured

- Average interest rate of financial liabilities ~1.0%\*
- All group financing executed without financial covenants
- Next maturity in 2025; proceeds from Urethane Systems divestment will be used to pay-back bond

## Liquidity and maturity profile as per December 2024



\* 1.2% incl. financial leases

# FORWARD! program well on track: Already €110 m savings realized in 2024, €40 m to follow in 2025



Savings of FORWARD! program have been confirmed and are in execution

## Progress

- Majority of contracts for FTE reduction signed
- Measure implementation according to plan
- Savings realization fully on track

# ~€150 m

total recurring savings

	2024	2025
Savings	~€110 m	~€40 m
Cash-outs	~€50 m	~€30 m
FTEs*	~870 globally	

Sustainable improvement of our cost base

\* FTEs: full-time equivalents

# Agenda

**1 Review Q4 & FY 2024 and outlook**

**2 Financial and business details Q4 and FY 2024**

**3 Appendix**





# Housekeeping items 2025

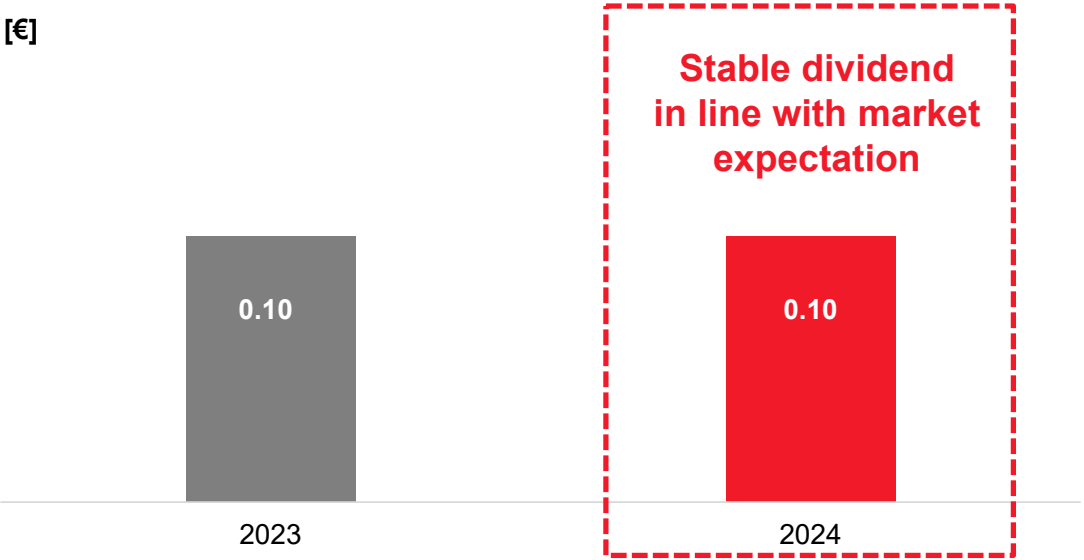
## FY 2025 Outlook (in € m)

Capex	~330	
Operational depreciation	~370	<ul style="list-style-type: none"> <li>▪ excluding ~€150 m of intangible amortization</li> </ul>
All other segments (EBITDA pre)	-150 - 160	<ul style="list-style-type: none"> <li>▪ assuming closure of URE transaction in April 2025</li> </ul>
Exceptionals	~60	<ul style="list-style-type: none"> <li>▪ thereof ~€15 m coming from URE divestment process</li> </ul>
FX sensitivity	~3	<ul style="list-style-type: none"> <li>▪ EBITDA pre impact after hedging at one cent change of USD/EUR</li> </ul>
Remnant Costs	2025: ~15 2026: ~10 2027: ~5	

# Stable dividend for 2024 proposed - continued focus on cost discipline and deleveraging



## Focused dividend policy



**Due to our focus on deleveraging, the dividend proposal to the AGM for FY 2024 is €0.10\***

\* Dividend proposal to the Annual Stockholders' Meeting on May 22, 2025

# Leading ESG rating providers continue to honor LANXESS' performance



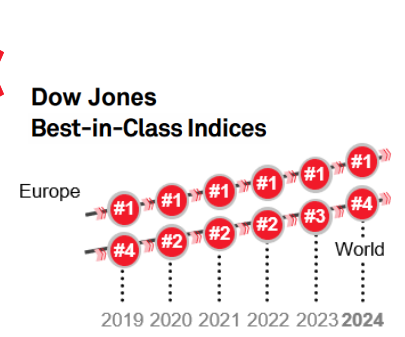
2<sup>nd</sup> highest category for 4<sup>th</sup> time  
 Convincing governance set-up and climate strategy



Prime status since 2020; B rating since 2024  
 Top 10%



In total, 8 times on Climate A list (among top 2%), 6<sup>th</sup> time in a row  
 3<sup>rd</sup> time A- rating for water disclosure



Top 10% in DJSI World (13<sup>th</sup> year)  
 #1 in DJSI Europe (7<sup>th</sup> year)  
 Sustainability Yearbook member

**We are rewarded for our efforts on sustainability that go beyond the must-haves**



# FY 2024: Improvement in results due to significant contribution from cost savings

P&L [€ m]	FY 2023		FY 2024		yoy
Sales	6,714	(100%)	6,366	(100%)	-5%
Cost of sales	-5,446	(-81%)	-5,068	(-80%)	7%
Selling	-933	(-14%)	-890	(-14%)	5%
G&A	-279	(-4%)	-258	(-4%)	8%
R&D	-99	(-1%)	-104	(-2%)	-5%
Financial result	-279	(-4%)	-169	(-3%)	39%
<b>Net income</b>	<b>443</b>	<b>(7%)</b>	<b>-177</b>	<b>(-3%)</b>	<b>&gt;-100%</b>
<b>Adjust. EPS (cont.) [€]</b>	<b>0.13</b>		<b>1.58</b>		<b>&gt;100%</b>
EBITDA	328	(5%)	538	(8%)	64%
thereof except.	-184	(-3%)	-76	(-1%)	59%
<b>EBITDA pre</b>	<b>512</b>	<b>(7.6%)</b>	<b>614</b>	<b>(9.6%)</b>	<b>20%</b>

- Lower sales due to lower raw material and energy prices
- Cost of sales reflect lower input costs and savings
- SG&A decrease driven by FORWARD! savings
- Improved financial result due to better Envalor development
- Net income in PY contains book gain from HPM disposal, partly offset by goodwill impairment (€406 m)
- Earnings and margin improved due to higher utilization and lower idle costs, supported by savings

\* All figures from continuing operations only (except net income)

# FY 2024: Solid cash generation due to improved operating result

Cash flow [€ m]	FY 2023*	FY 2024
<b>Profit before tax</b>	<b>-947</b>	<b>-197</b>
Result from investments accounted for using the equity method	172	133
Depreciation & amortization	996	566
Income taxes	-53	-47
Changes in working capital	577	0
<b>Operating cash flow</b>	<b>852</b>	<b>508</b>
Capex	-326	-320
<b>Free cash flow</b>	<b>526</b>	<b>188</b>


- Profit before tax 2023 contained impairments, 2024 continues to be burdened by Envalior contribution
- Improved non-cash at equity result mainly from Envalior
- Prior year working capital influenced by significant inventory reduction
- Stable and disciplined capex
- Solid free cash flow of €188 m

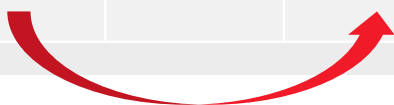
\* Applies to continuing operations; Free cash flow = Operating cash flow minus Capex

# FY 2024 exceptional items (on EBIT) mainly relate to M&A – significantly reduced vs PY, further reduction to come



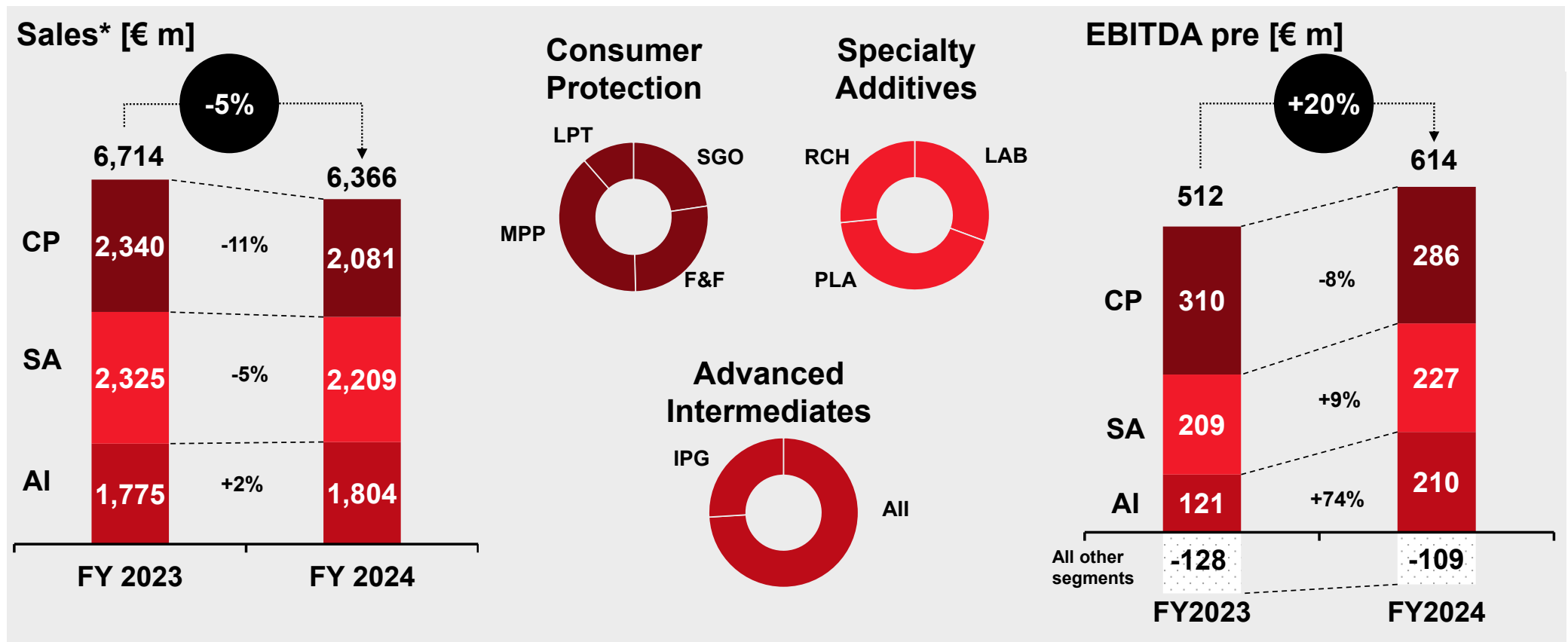
[€ m]	Q4 2023		Q4 2024		FY 2023		FY 2024	
	Excep.	thereof D&A	Excep.	thereof D&A	Excep.	thereof D&A	Excep.	thereof D&A
Strategic realignment and restructuring (incl. FORWARD!)	-114	-15	<b>-8</b>	<b>0</b>	-133	-20	<b>-11</b>	<b>-2</b>
M&A, digitalization and others	-8	-1	<b>-26</b>	<b>0</b>	-52	-4	<b>-49</b>	<b>-3</b>
Strategic IT projects	2	0	<b>-2</b>	<b>0</b>	-24	-1	<b>-21</b>	<b>0</b>
Write-downs on goodwill	-406	-406	<b>0</b>	<b>0</b>	-406	-406	<b>0</b>	<b>0</b>
<b>Total</b>	<b>-526</b>	<b>-422</b>	<b>-36</b>	<b>0</b>	<b>-615</b>	<b>-431</b>	<b>-81</b>	<b>-5</b>





\* Excluding goodwill impairment

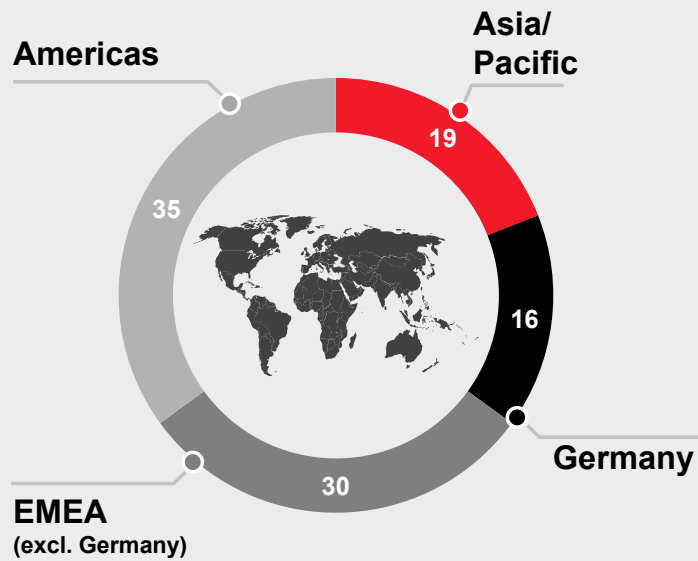
# FY 2024: Advanced Intermediates with strong EBITDA recovery, Consumer Protection burdened by agro



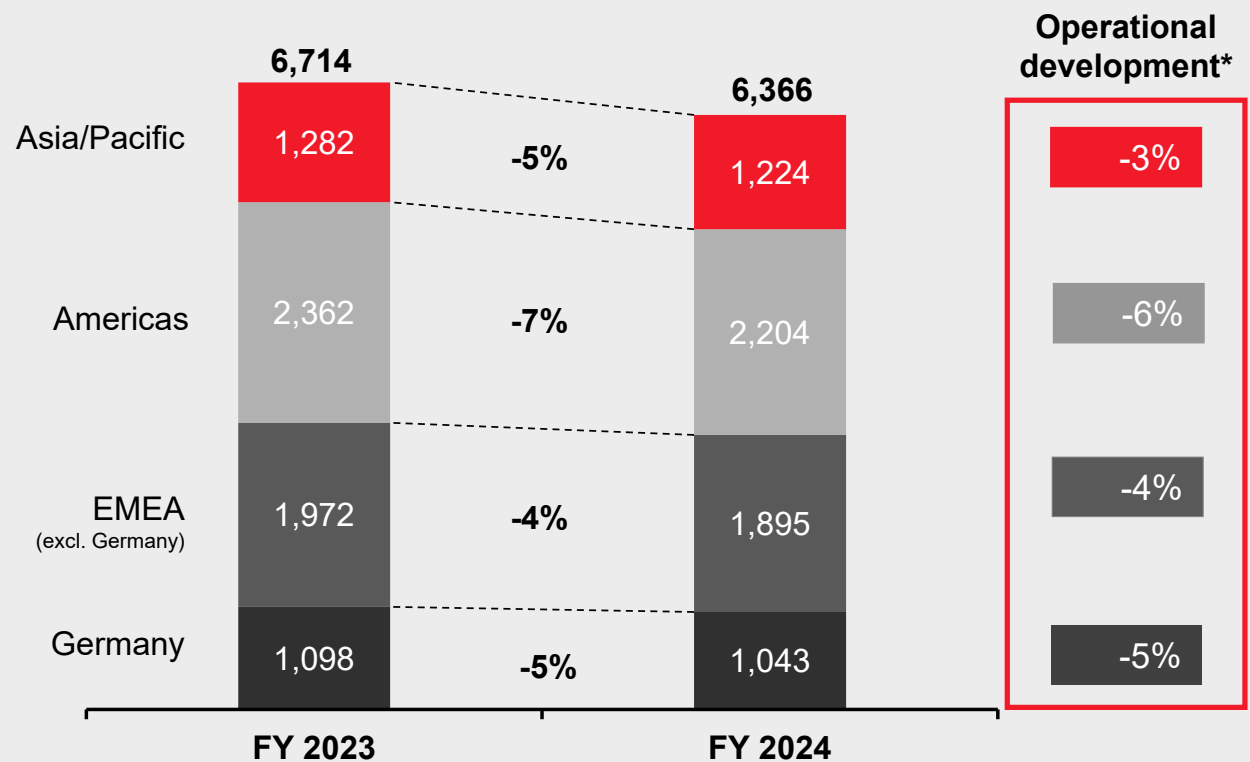
\* Total group sales including all other segments

# FY 2024: Strong US footprint

FY 2023 sales by region [%]



Regional development of sales [€ m]



\* Currency and portfolio adjusted



# Upcoming events 2025 - Proactive capital market communication



Mar

May

Jun

**20 FY 2024 Results**

- 25 Jefferies Pan-European Mid-Cap Conference London
- 26 J.P. Morgan European Chemicals Forum London

**08 Q1 2025 Results**

- 22 Annual Stockholders Meeting**
- 27 dbAccess European Champions Conference Frankfurt

# Contact details Investor Relations



**Ulrike Rockel**  
Head of Treasury & Investor Relations

Tel.: +49 221 8885 5458  
Mob.: +49 175 30 50458  
E-Mail: [ulrike.rockel@lanxess.com](mailto:ulrike.rockel@lanxess.com)



Visit the IR website



**André Simon**  
Head of Investor Relations

Mob.: +49 175 302 3494  
E-Mail: [andre.simon@lanxess.com](mailto:andre.simon@lanxess.com)



**Thomas Kaiser**  
Institutional Investors / Analysts

Mob.: +49 151 7461 3890  
E-Mail: [thomas.kaiser@lanxess.com](mailto:thomas.kaiser@lanxess.com)



**Jens Ussler**  
Institutional Investors / Analysts

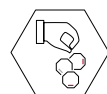
Mob.: +49 151 7465 0520  
E-Mail: [jens.ussler@lanxess.com](mailto:jens.ussler@lanxess.com)

# Abbreviations



## Consumer Protection

<b>MPP</b>	Material Protection Products
<b>F&amp;F</b>	Flavors & Fragrances
<b>SGO</b>	Saltigo
<b>LPT</b>	Liquid Purification Technologies



## Specialty Additives

<b>PLA</b>	Polymer Additives
<b>LAB</b>	Lubricant Additives Business
<b>RCH</b>	Rhein Chemie



## Advanced Intermediates

<b>AII</b>	Advanced Industrial Intermediates
<b>IPG</b>	Inorganic Pigments

## All Other Segments

<b>URE</b>	Urethane Systems
------------	------------------

**LANXESS**  
Energizing Chemistry