LANXESS
Energizing Chemistry

LANXESS – Q1 2025 Roadshow

EBITDA pre improvement in volatile times

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2005–2025
20
YEARS
ENERGIZING
CHEMISTRY

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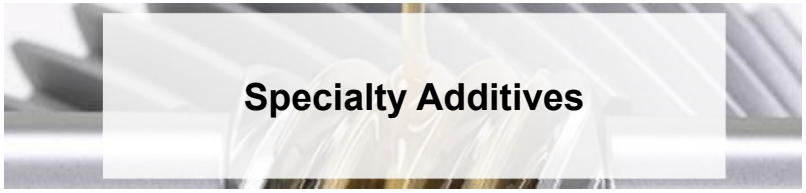
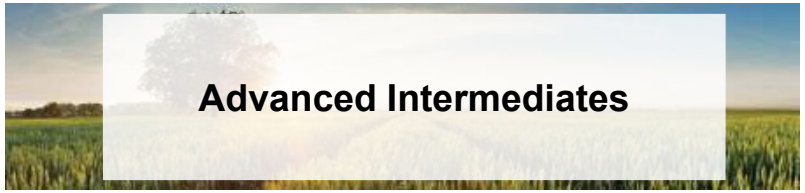
Agenda

1	Leveraging a strong platform for earnings recovery
2	We are taking action: Focus on cash profile
3	Review Q1 2025 and outlook
4	Financial and business details Q1 2025

LANXESS built a portfolio with three strong pillars – laying the strategic foundation for future growth

Portfolio transformation achieved in a timely and focused manner





Setup for operational success

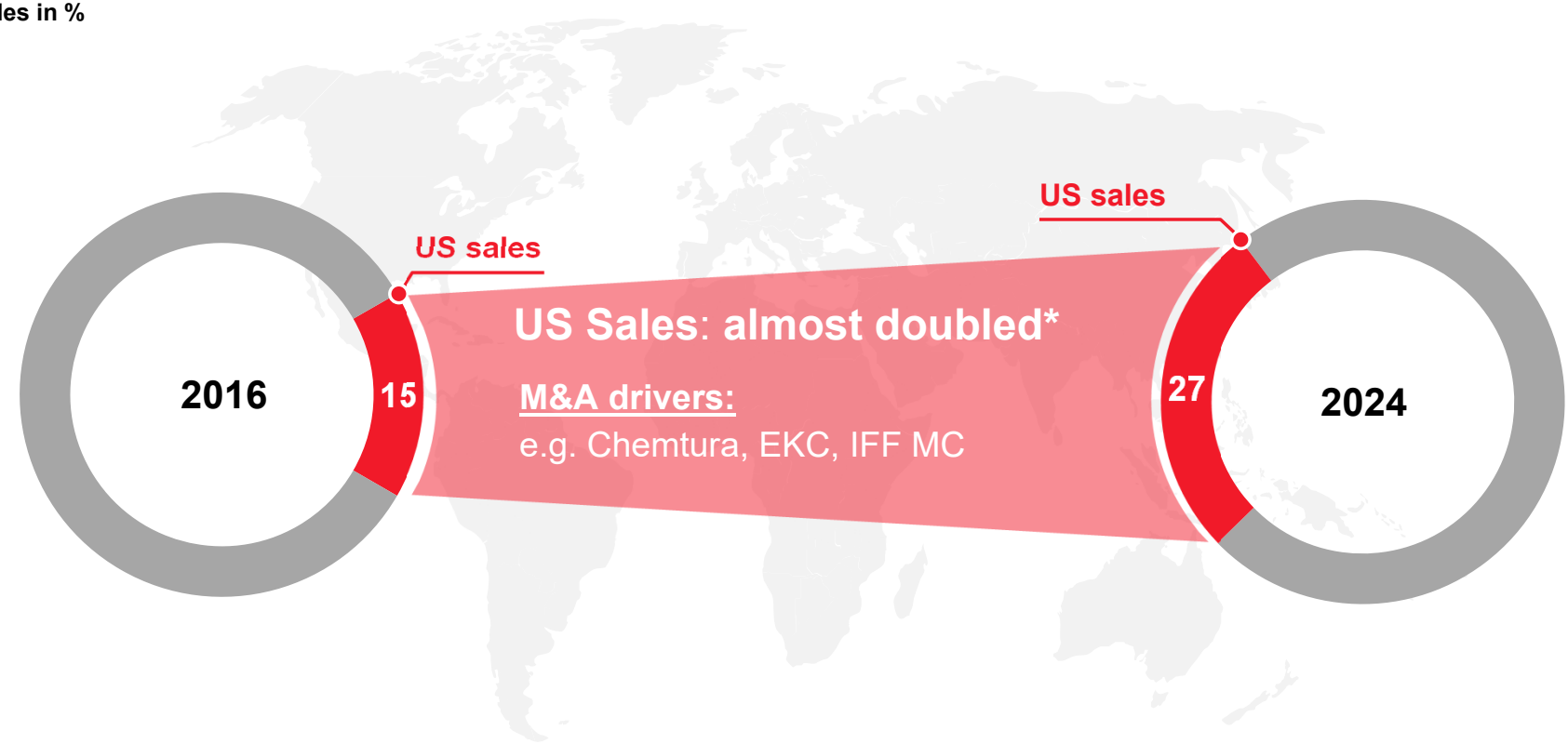
- Leading among the top 3 globally in growing niche markets
- Balanced portfolio without dependency on single industry
- Focus on path to a solid balance sheet and high cash flow; harvesting from new portfolio
- Strong platform to grow in the US & Asia

Leading ESG position with goals embedded in management incentive and financing

Successful portfolio transformation with extended U.S. footprint

Regionally balanced portfolio with strategic focus on U.S. growth market

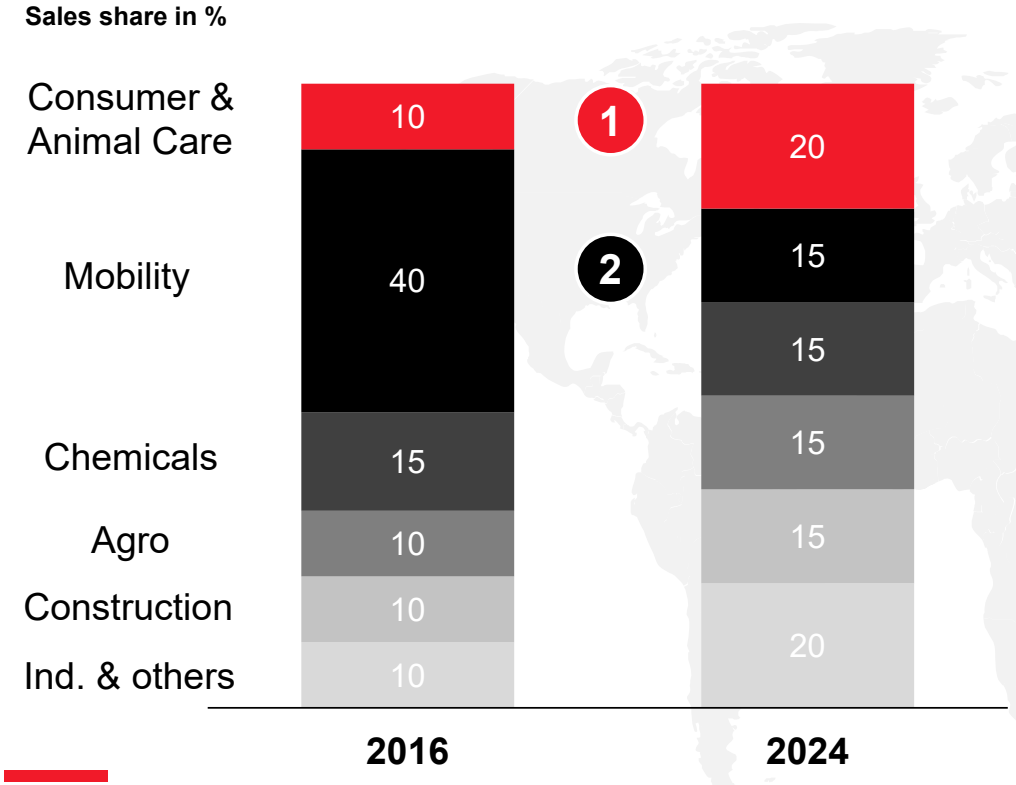
Regional sales in %



* based on adjusted portfolio

Balanced portfolio with strategic focus on consumer related markets

Overall balanced portfolio structure with strong mid-term upcycle potential



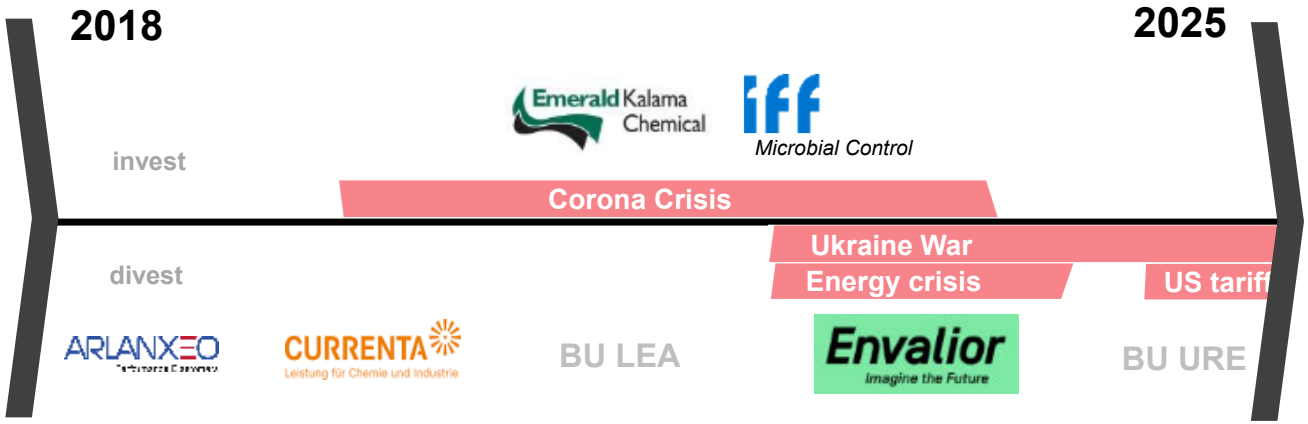
1 Strategic M&A backed growth into consumer related end markets

2 Mobility (more cyclical Auto & Tires) exposure significantly reduced

All figures rounded

Right set-up to grow

Active portfolio improvement for value creation



- Divestment of CO_2 & energy intensive mass market businesses
- Building strong specialty chemicals businesses
- Strong increase of US footprint, asset base in Europe reduced

Transformation accomplished at the right point in time! ✓

Strong muscles for self-help

Financial performance drivers:

- Focus on LXS' capabilities
- Leveraging our leadership positions

➢ **It is all in our own hands to improve our financial performance** ✓

INTERNAL

We have defined clear targets and objectives for the sustainability areas we consider most important

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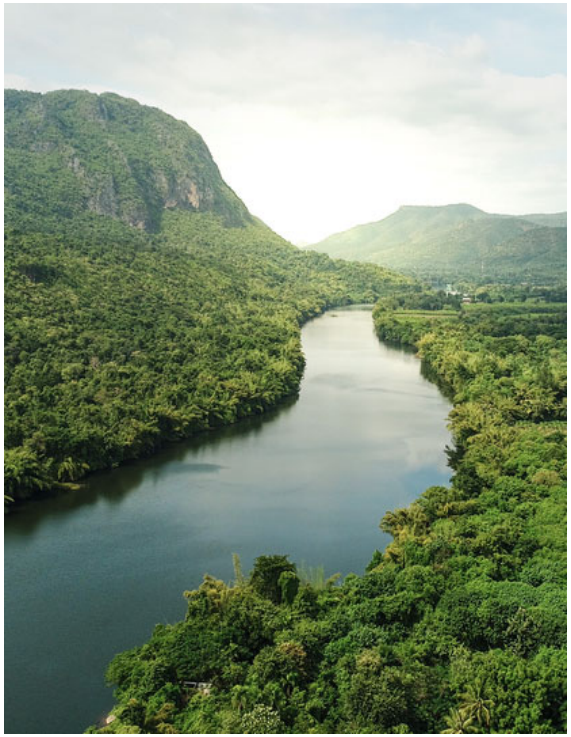
CLIMATE	➢ Climate neutral by 2040 for Scope 1 & 2: -80% CO_2e emissions by 2030 versus 2004 ➢ Net zero by 2050 for Scope 3: -60% CO_2e emissions by 2030 versus 2015
WATER & WASTE	➢ Reduction of absolute water withdrawal at water risk and stress sites by 9% until end of 2028 versus 2019 ➢ 10% reduction of total waste and 50% reduction of landfilled waste by 2030 versus 2021
PRODUCTS	➢ Develop sustainable alternatives for roadmap products until 2030, if not possible phase out product by 2026
SAFETY	➢ Aiming for zero accidents
DIVERSITY	➢ Proportion of women in management[1] at 30% in 2030



Ambition: LANXESS, a leading, resilient, and sustainable company

[1] Management refers to all managerial employees below the Board of management

INTERNAL

Leading ESG rating providers continue to honor LANXESS' performance

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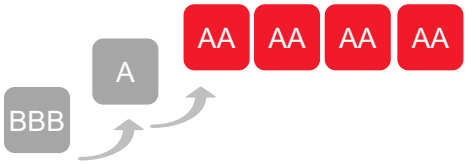
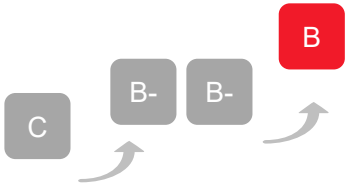
MSCI ESG RATINGS — Rating recently confirmed



2nd highest category for 4th time

Convincing governance set-up and climate strategy

ISS ESG — Rating recently updated



Prime status since 2020; B rating since 2024

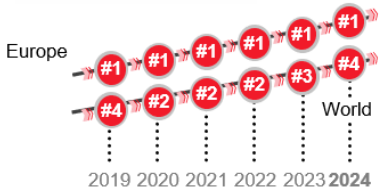
Top 10%

CDP DISCLOSURE INSIGHT ACTION — Rating recently confirmed

In total, 8 times on Climate A list (among top 2%), 6th time in a row

3rd time A- rating for water disclosure

Dow Jones Best-in-Class Indices



Top 10% in DJSI World (13th year)

#1 in DJSI Europe (7th year)

Sustainability Yearbook member

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

Bloomberg Gender-Equality Index 2023

GOLD | Top 5% ecovadis Sustainability Rating SEP 2024 — Rating recently updated

SUSTAINALYTICS

INTERNAL

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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

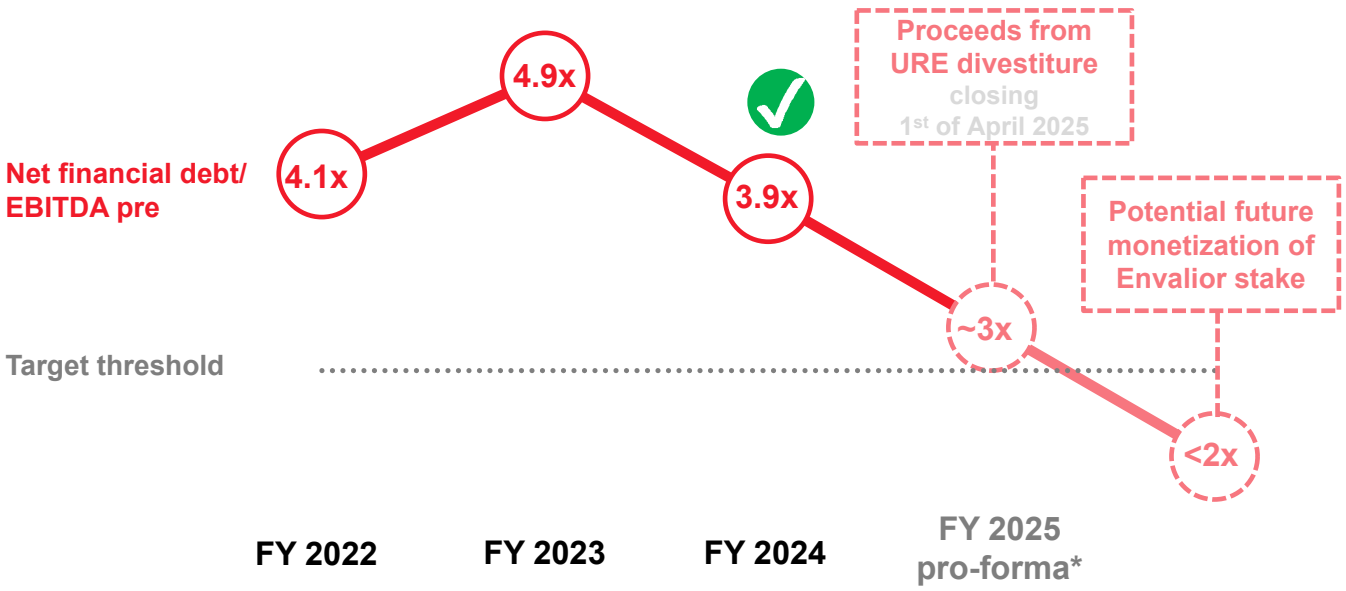
	2024	2025
Savings	~€110 m	~€40 m
Cash-outs	~€50 m	~€30 m
FTEs*	~870 globally	

Sustainable improvement of our cost base

* FTEs: full-time equivalents

Substantial leverage improvement already realized – further reduction in sight

Delivering on path to leverage reduction



Additional cash flow levers

- EBITDA improvement based on demand recovery and FORWARD! savings
- WC/Sales optimization towards 20%
- Benefit from limited capex needs and ample capacity headroom
- Exceptional cash-outs fade out to ~€30 m in the mid-term
- Stable financing costs
- Mid-term tax rate of ~26%

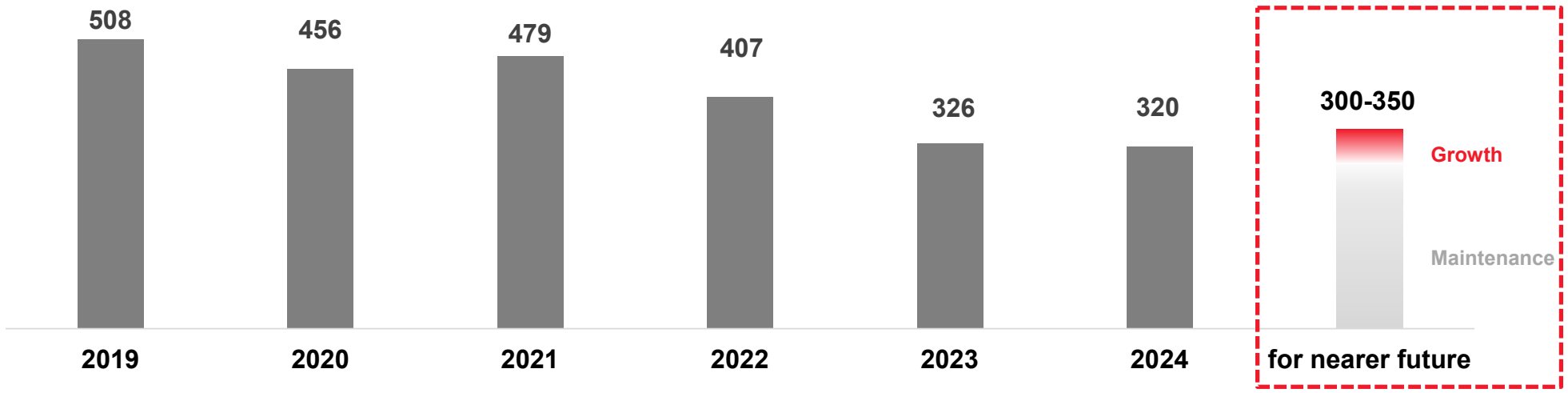
Commitment to strive for solid investment grade ratios

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

Our structurally improved business platform requires less capex

Capex needs have significantly been reduced since 2019

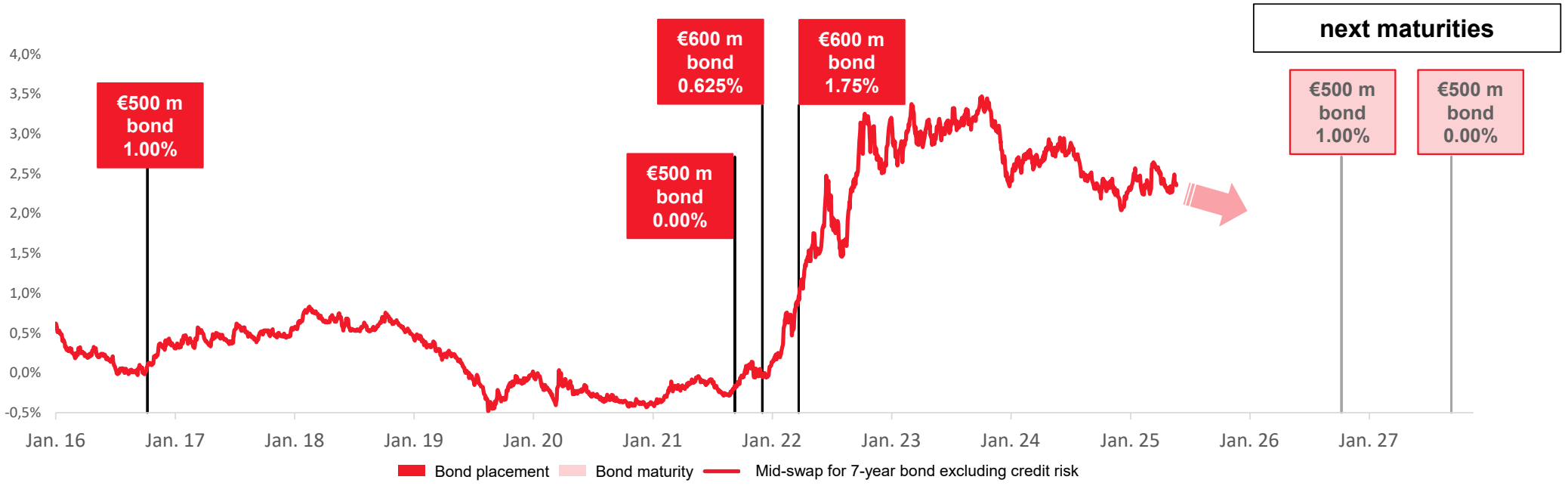
Capex cash-outs in € m



Sustainable lower capex level, additional short- to mid-term benefit from ample capacity headroom

LANXESS without bond issuances during the current peak interest rates period

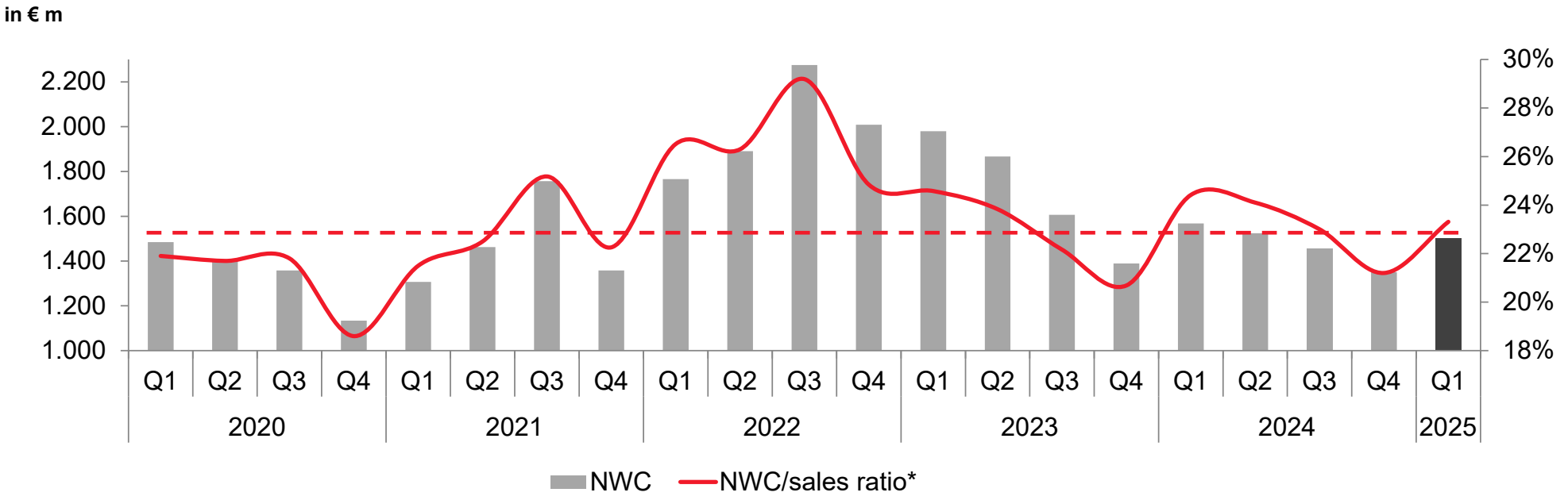
NO refinancing requirements in current high interest period



Stable financing costs – attractive average interest rate of ~1.0%

Continuous net working capital reduction – balancing profitability and inventory control

Significant reduction of net working capital since peak in Q3 2022



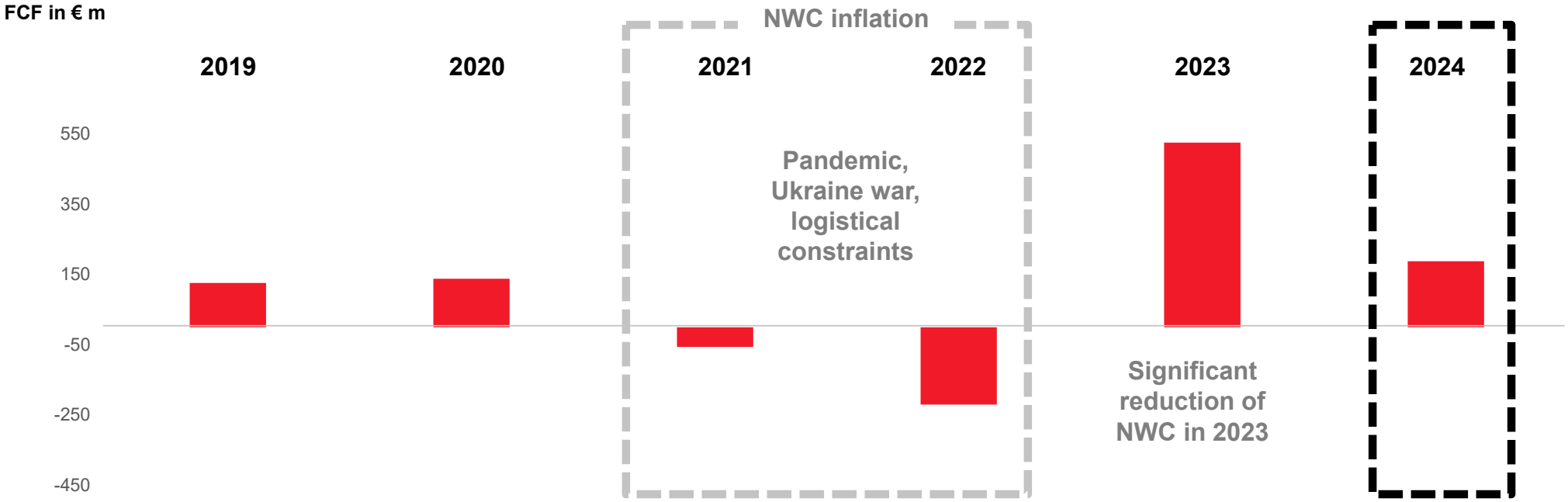
Lower net working capital as lever for cash generation

*Net working capital to sales ratio

As of 30th September 2024, net working capital reported without BU URE (Reported as “Assets held for sale”); Underlying Working Capital including BU URE remains flat

Solid free cash flow driven by improved operating result

Solid FCF of €188 m in 2024



Continued focus on free cash flow generation

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

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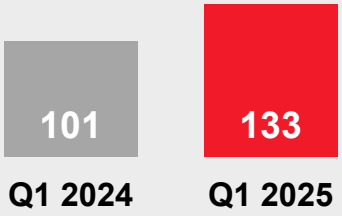
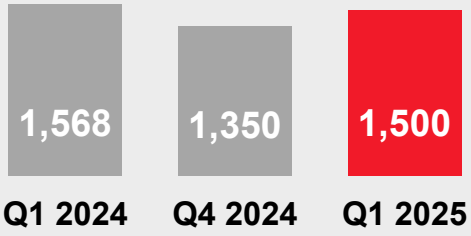
EBITDA pre significantly improved; net debt reflects seasonal working capital development

EBITDA pre (€ m)



+32%

Working Capital (€ m)*



Normal seasonal development

Net financial debt

Seasonal increase due to W/C build-up

€2,512 m

Divestment of Urethanes business accomplished

Proceeds received on 1st April 2025

* As reported

Ongoing tariff dynamics put customers into wait-and-see mode amid high uncertainty

Direct tariff impact on LXS business expected rather neutral

United States position:

- Numerous product categories exempted from tariffs
- For those products not exempted, relative price advantage vs. CN competitors exists
- LXS aims to grow sales and gain market share

European position:

- Risk of increasing competition from China due to over-supply

Indirect tariff impact on global economy can be significant

INTERNAL

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

Our view on economic environment

- Macro-economic uncertainty increased due to tariff discussions
- Effects from stimulus program in Germany should support 2026 onward

LANXESS outlook

- **FY 2025 EBITDA pre guidance €600-650 m reiterated**
- Q2 guidance: sequentially improved, however, below PY quarter due to
  - absence of URE contribution (FY 2024 EBITDA pre ~€50 m, closing 1st of April 2025)
  - trading uncertainty

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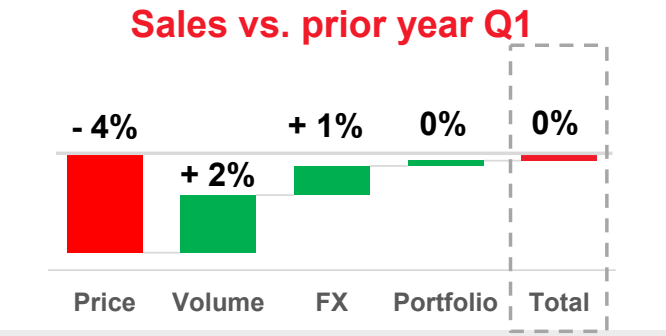
LANXESS Group: Visible Q1 EBITDA pre growth amid weak market environment

Higher utilization and savings drive result

[€ m]	Q1/2024	Q1/2025	Δ
Sales	1,607	1,601	0%
EBITDA pre	101	133	32%
Margin	6.3%	8.3%	
Capex	39	45	15%



Sales:

\+ Higher volumes for most Business Units (partially held back by Q4/24 pre-buying)

– Market environment in agro & construction remains weak

– Lower prices mainly due to pass-through of raw material cost deflation

EBITDA pre:

\+ Margin improvement in all segments

\+ Higher utilization and restructuring efforts (compared to a weak prior-year base)

– Energy cost inflation held back further improvement

INTERNAL

Consumer Protection: Strong EBITDA pre increase due to higher volumes and savings

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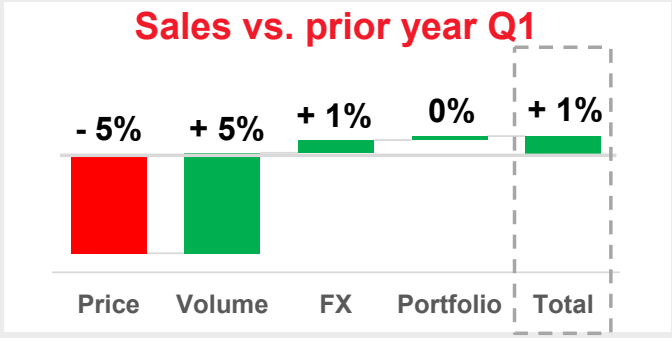
Consumer markets with improved performance

[€ m]	Q1/2024	Q1/2025	Δ
Sales	509	513	1%
EBITDA pre	49	73	49%
Margin	9.6%	14.2%	
Capex	12	10	-17%



Sales:

+ Higher volumes from consumer related markets
+ Agro volumes positive vs. weak prior year
– Pass-through of input cost deflation and price pressure in continued challenging agro environment

EBITDA pre:

+ Contribution from cost savings (FORWARD!)
+ Overall higher utilization against substantial agro customer destocking in Q1/24
+ Insurance compensation

INTERNAL

Specialty Additives: Tariff uncertainty in the US puts markets into wait-and-see mode

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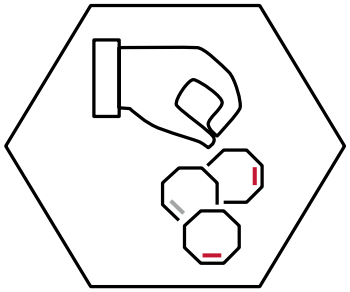
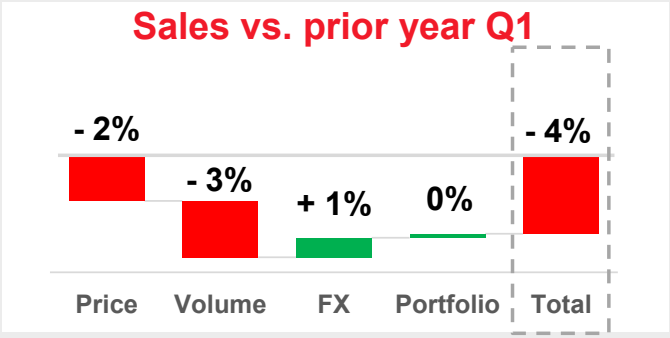
Pre-buying effect from Q4/24 and still weak construction burden

[€ m]	Q1/2024	Q1/2025	Δ
Sales	566	545	-4%
EBITDA pre	48	52	8%
Margin	8.5%	9.5%	
Capex	14	13	-7%





Sales:

– Lower prices reflect mainly pass-through of lower raw material costs and continuously weak construction markets
– Lower volumes due to pronounced pre-buying in Q4/24

EBITDA pre:

+ Cost savings program FORWARD!
+ Favorable product mix

INTERNAL

Advanced Intermediates: Improved earnings despite weak markets

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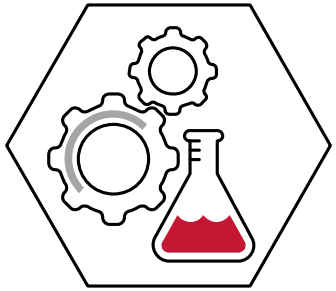
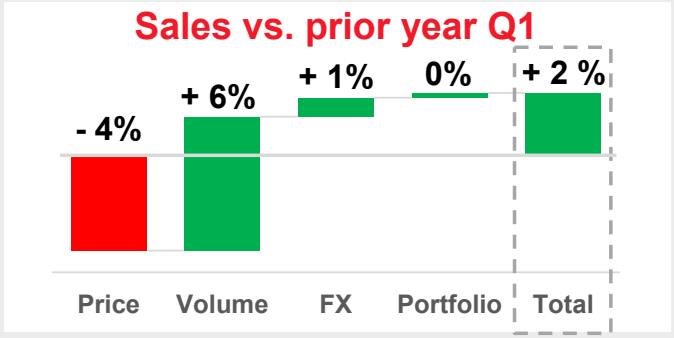
Better utilization but higher energy costs

[€ m]	Q1/2024	Q1/2025	Δ
Sales	465	476	2%
EBITDA pre	37	40	8%
Margin	8.0%	8.4%	
Capex	11	18	64%





Sales:

+ Higher volumes due to successful market share (re)gain; construction & agro remain soft
– Lower prices reflect lower raw material costs and compensation to regain volumes

EBITDA pre:

+ Higher volumes
+ Improved utilization and cost savings (FORWARD!)
– Partly offset by higher energy costs

INTERNAL

Increase in earnings due to better utilization and cost savings

P&L [€ m]	Q1/2024		Q1/2025		yoy
Sales	1,607	(100%)	1,601	(100%)	0%
Cost of sales	-1,327	(-83%)	-1,279	(-80%)	4%
Selling	-223	(-14%)	-226	(-14%)	-1%
G&A	-68	(-4%)	-64	(-4%)	6%
R&D	-28	(-2%)	-29	(-2%)	-4%
Financial result	-62		-38		39%
Net Income	**-98**		**-57**		**42%**
Adjusted EPS [€]	**-0.09**		**0.23**		**>100%**
EBITDA	83	(5%)	112	(7%)	35%
thereof except.	18	(1%)	21	(1%)	17%
EBITDA pre except.	**101**	**(6.3%)**	**133**	**(8.3%)**	**32%**

- Flat sales: Higher volumes and positive FX compensated by lower prices due to pass-through of raw material costs
- Cost of sales reflect reduced input costs and savings
- Increase of selling costs due to higher freight rates and volumes
- G&A decrease reflects savings
- Better financial result mainly due to Envalior improvement
- Improved net income reflects better operating performance and Envalior contribution

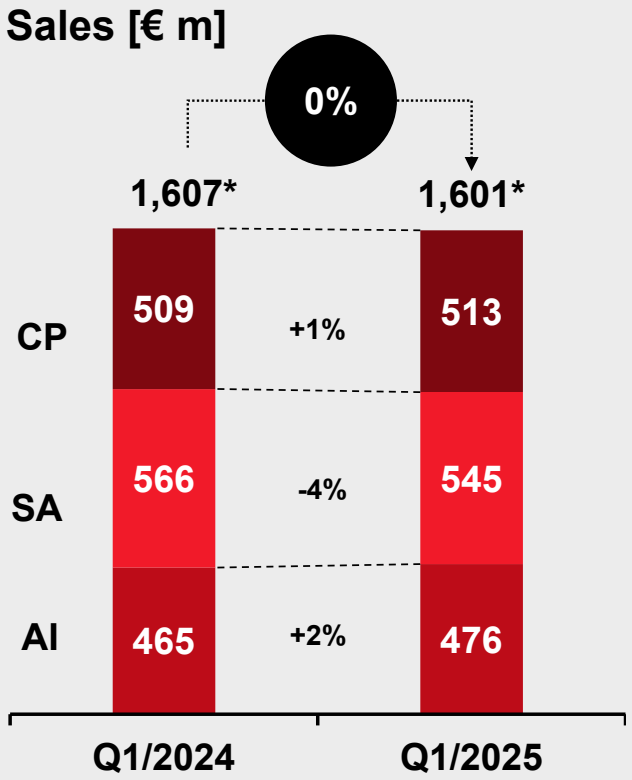
Q1: Free Cash flow impacted by seasonal W/C build-up

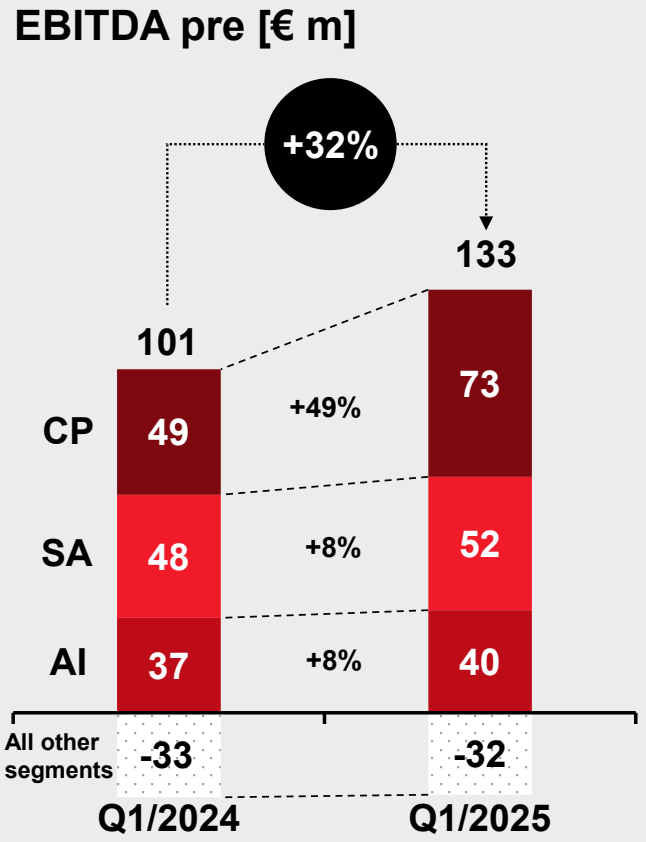
Cash flow [€ m]	Q1/2024	Q1/2025
Profit before tax	**-119**	**-61**
Result from investments accounted for using the equity method	46	31
Depreciation & amortization	140	135
Income taxes	-1	5
Changes in working capital	-166	-181
Operating cash flow	**-48**	**-66**
Capex	-39	-45
Free cash flow	**-87**	**-111**

- Better profit before tax reflects operational improvement
- Normal seasonal increase in working capital mainly due to increase in receivables and higher inventories
- Continued discipline on capex
- Free cash flow development mainly reflects change in working capital

Free cash flow = Operating cash flow minus capex

Q1 2024: Further EBITDA pre improvement in all segments

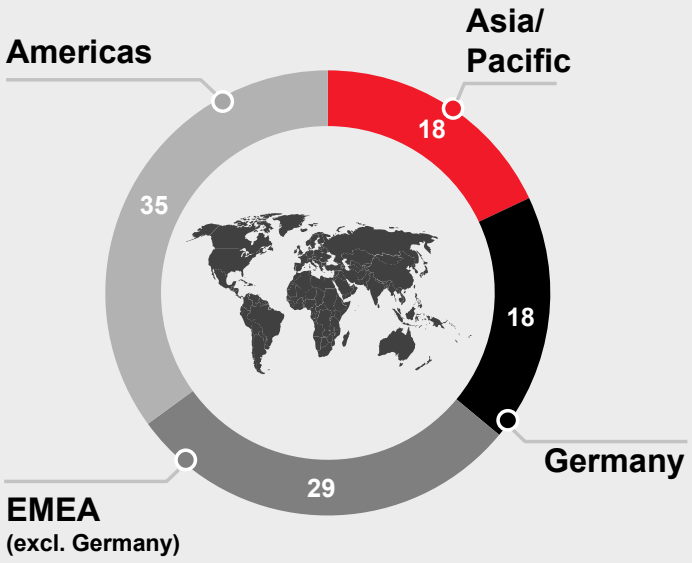




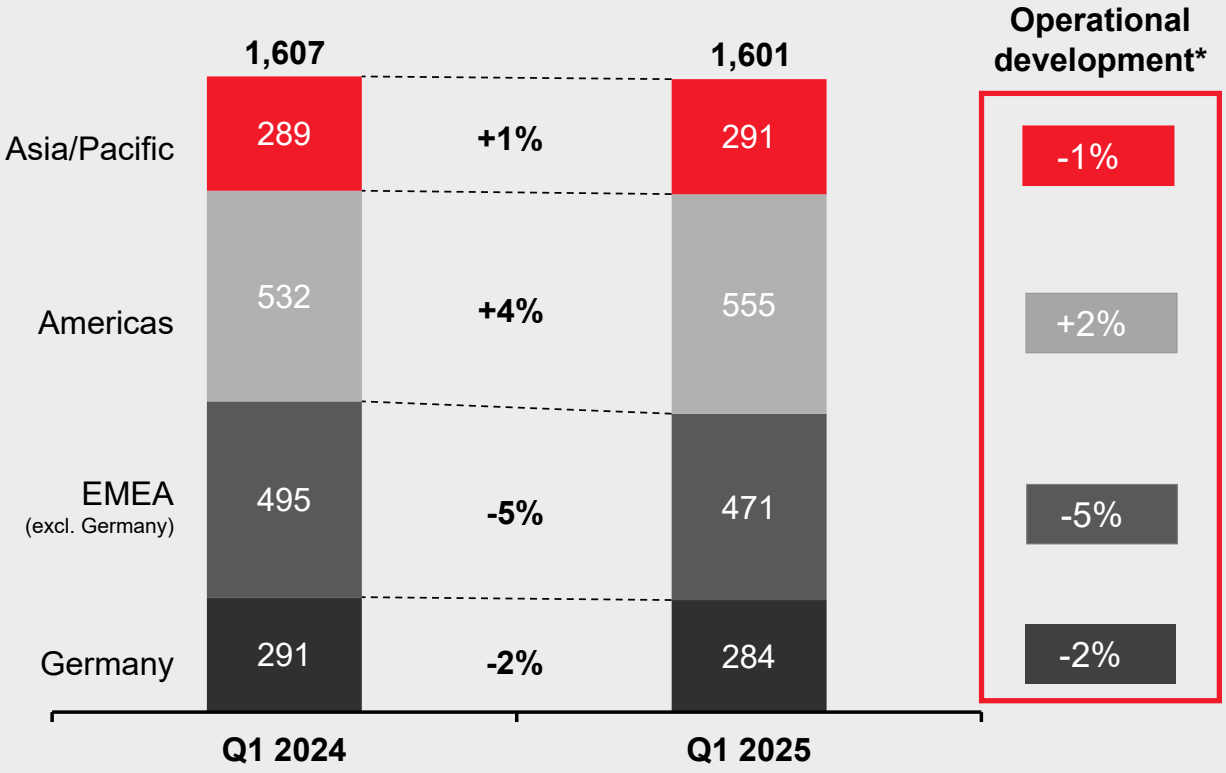
* Total group sales including all other segments

Q1 2025: Sales increase in Americas and Asia while EMEA and Germany show a decline

Q1 2025 sales by region [%]



Regional development of sales [€ m]



* Currency adjusted

Q1 exceptional items (EBIT) on prior-year level

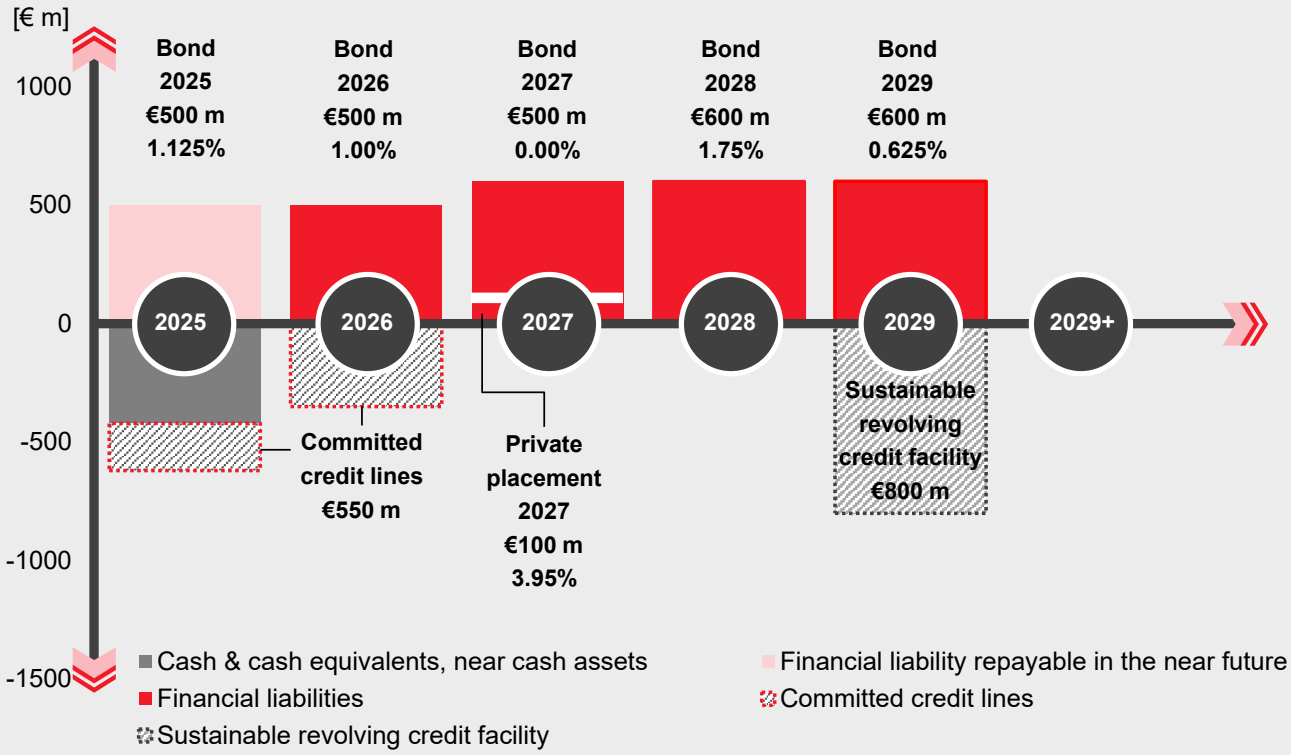
[€ m]	Q1 2024		Q1 2025	
	Excep.	thereof D&A	Excep.	thereof D&A
Strategic realignment and restructuring (incl. FORWARD!)	-5	0	**-1**	**0**
M&A, digitalization and others	-8	-1	**-12**	**0**
Strategic IT projects	-6	0	**-8**	**0**
Total	-19	-1	**-21**	**0**

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 May 2025 with sufficient cash on balance to pay back bond

Liquidity and maturity profile as per March 2025



* 1.2% incl. financial leases

Aiming for investment grade rating

Credit rating history

	2020	2021	2022	2023	2024	2025
Moody's Investors Service	Baa2/ stable August 2020	Baa2/ stable August 2021	Baa2/ stable July 2022	Baa3/ negative November 2023	Baa3/ negative November 2024	**Baa3**/ negative
Scope	BBB+/ stable September 2020	BBB+/ stable August 2021	BBB+/ stable July 2022	BBB+/ negative June 2023	BBB/ negative February 2024	**BBB-**/ negative February 2025

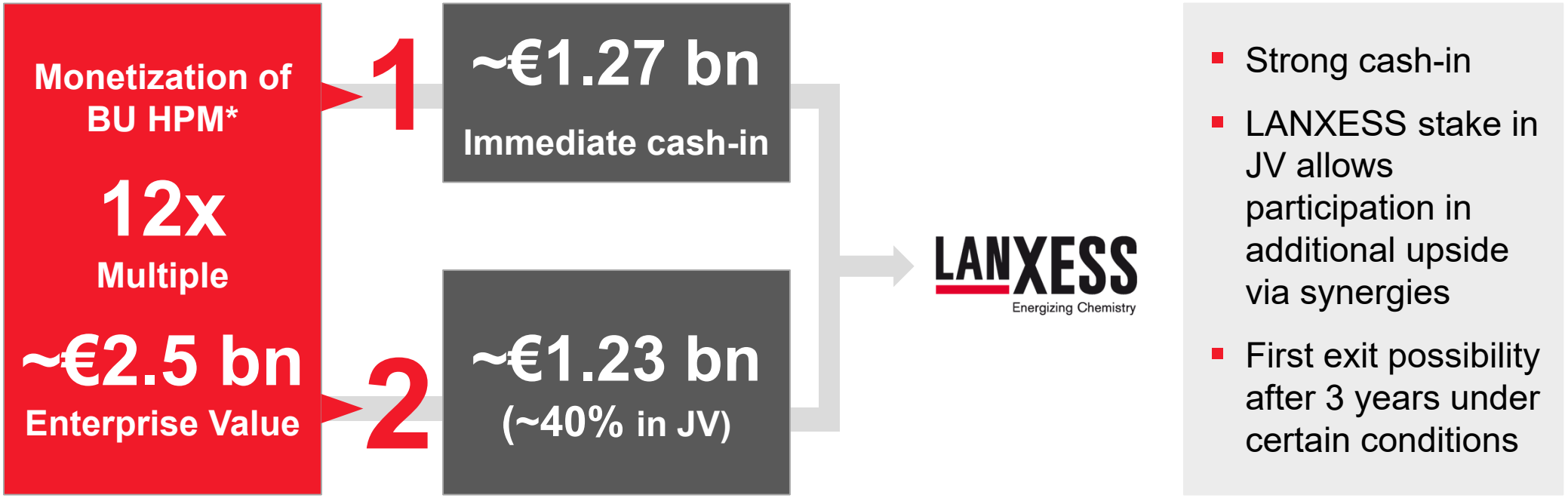
Investment grade rated since spin-off in 2004

Appendix

Housekeeping items 2025

FY 2025 Outlook (in € m)		
Capex	**~330**	
Operational depreciation	**~370**	▪ excluding ~€150 m of intangible amortization
All other segments (EBITDA pre)	**-150 - 160**	
Exceptionals	**~60**	▪ thereof ~€15 m coming from URE divestment process
FX sensitivity	**~3**	▪ EBITDA pre impact after hedging at one cent change of USD/EUR
Remnant Costs	**2025: ~15** **2026: ~10** **2027: ~5**	▪ Mainly from termination of Envalior services and Urethane divestment

LANXESS received ~€1.27 bn plus ~40% stake in JV which stands for future upside



- Strong cash-in
- LANXESS stake in JV allows participation in additional upside via synergies
- First exit possibility after 3 years under certain conditions

Two-step approach enables LANXESS to benefit from additional upside via synergy realization

* As communicated with signing, EV/EBITDA multiple based on FY 2021

Strong portfolio of attractive businesses

Consumer Protection

- Material Protection Products
- Flavors & Fragrances
- Saltigo
- Liquid Purification Technologies

- **Among top 3 players**
- **High profitability**
- **Asset light and high cash conversion**

Specialty Additives

- Polymer Additives
- Lubricant Additives Business
- Rhein Chemie

- **Among top 3 players**
- **Small volume, high impact**
- **Integrated value chains**

Advanced Intermediates

- Advanced Industrial Intermediates
- Inorganic Pigments

- **Among top 3 players**
- **Technology and process driven**
- **Market leader in Western hemisphere**

LANXESS as part of the chemical industry enables the transformation towards a sustainable society

New Mobility	Renewable Energy	Water Treatment	Circular Economy
Chemicals for battery production enable GHG-reduced solutions such as e-mobility	High-end materials such as lubricants support sustainable energy generation	Ion exchange resins can purify water providing drinking water and helping wastewater treatment	Recycling enables the recovery of molecules, reduces waste and makes re-use possible

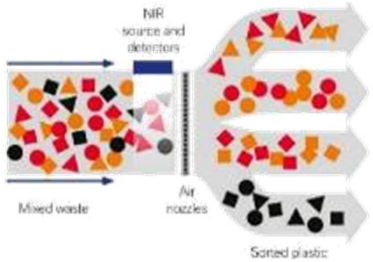
Our product portfolio is aligned with our sustainability strategy

Available: Sustainable products (BU F&F)

Customers have the choice: F&F offering majority of its portfolio in two alternatives - regular and sustainable

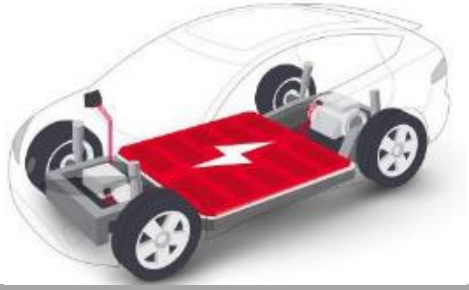
Available: Enabling recycling (BU IPG)

BAYFERROX® 303 T makes black plastic detectable by recycling machines (usually not possible)



LEWATIT® adsorber enable direct air capture of CO_2

Immersion cooling fluids enable fast-charging of electric vehicle batteries by removing excess heat



New market: Direct air capture (BU LPT)

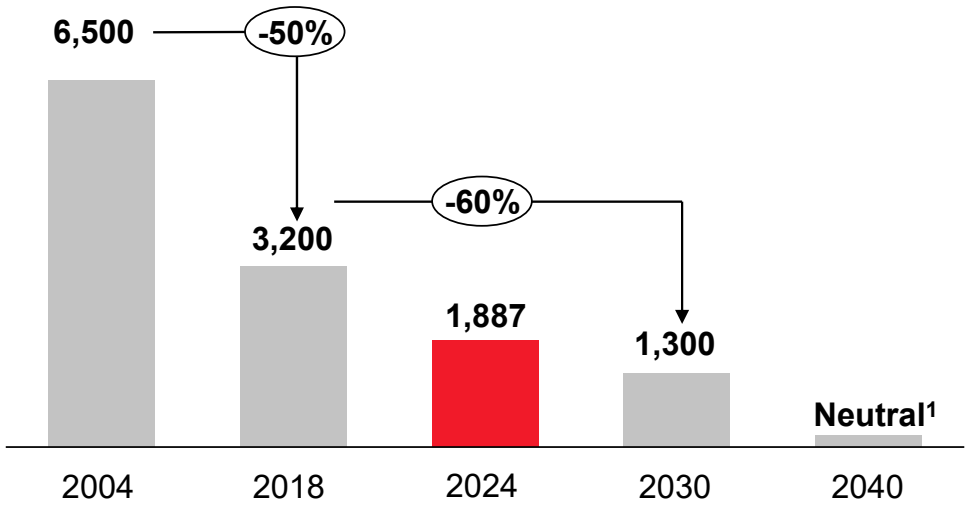
New product: Battery technology (BU LAB)

Our projects to reduce Scope 1 and 2 emissions are on track

CLIMATE NEUTRAL \2040

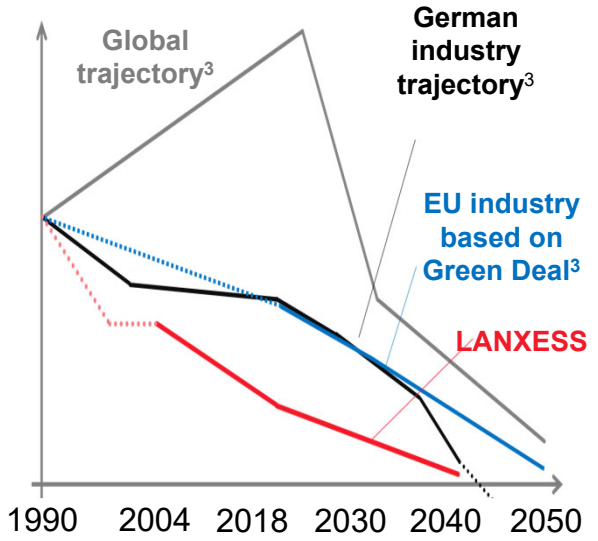
1. Realize major impact projects
2. Decouple emissions & growth
3. Pursue technological innovations

Our path to climate neutrality



in thousand metric tons of CO_2e Scope 1 and 2 emissions

We are ahead of EU regulation



Scope 1 and 2 emissions

We are on track to achieve target set for 2030

[1] Climate neutral: Less than 220k tons of CO_2 equivalents (e) per year. These will be reduced through compensation measures. | [3] Estimation based on AGORA Energiewende

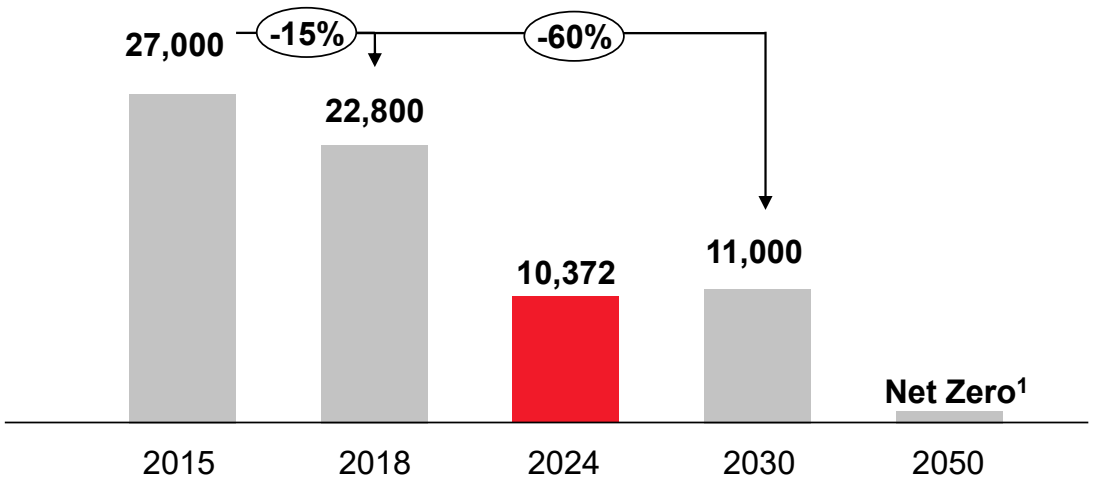
More information

We aim to reduce and ultimately neutralize our Scope 3 value chain emissions

NET ZERO\VALUE CHAIN

Our path to Net Zero

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



in thousand metric tons of CO_2e Scope 3 emissions

We are on track to achieve target set for 2030

[1] "Net zero" will be achieved by a combination of positive and negative emissions during the life-cycle. Final 10% of emissions (equal to ~1,475 kt CO_2 in relation to 2021 baseline) will be reduced by compensation measures.

More information

Management is significantly invested and in the shoes of investors

Overview of managers‘ purchases since FY 2023 reporting (March 14, 2024)

Name	Function	Date	Ø Price	Total quantity	Total volume
Matthias Zachert	CEO	March 14 & 15, 2024 (two purchases)	24.36 €	16,505 shares	402,070.84 €
Hubert Fink	Board member	March 14 & 15, 2024 (two purchases)	24.49 €	9,056 shares	221,803.62 €
Frederique van Baarle	Board member	February 13, 2025	30.37 €	5,070 shares	153.950,55 €

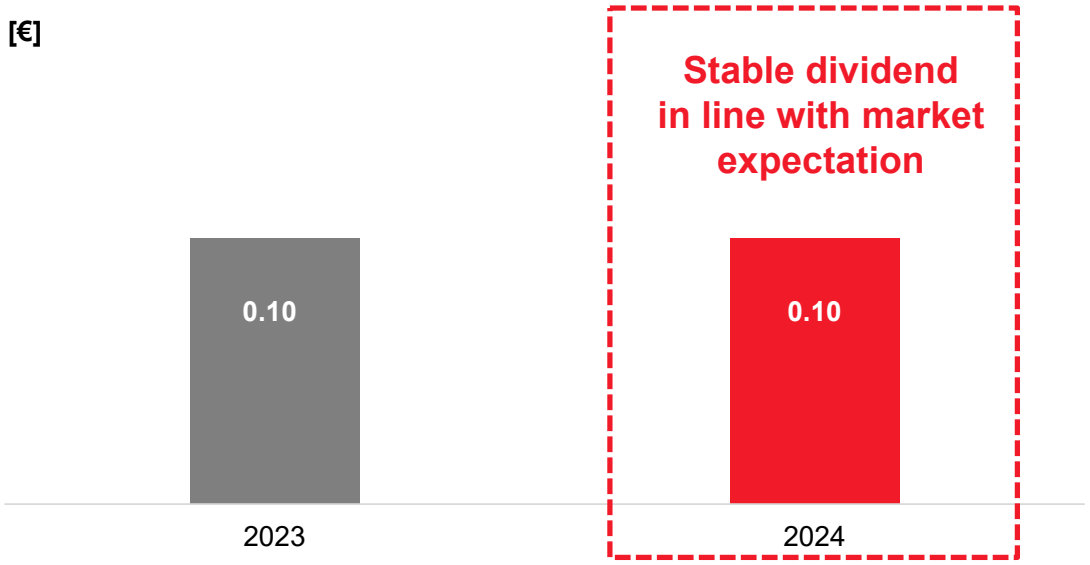
Total holdings by active members of the Board of Management exceeds required value

Name	Function	Total number of shares
Matthias Zachert	CEO	102,635
Dr. Hubert Fink	Board member	39,856
Frederique van Baarle	Board member	13,056
Oliver Stratmann	CFO	10,567

Share ownership guideline: Over a period of four years, the members of the Board of Management are obliged to invest a defined proportion of their compensation in shares in LANXESS AG and verifiably hold the shares until the end of their service contract. The target is 150% for the CEO and 100% for all other board members.

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

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

AII	Advanced Industrial Intermediates
IPG	Inorganic Pigments

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