LANXESS
Energizing Chemistry

LANXESS – Q2 2025 results

Focused navigation through challenging terrain

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2005–2025
20
YEARS
ENERGIZING
CHEMISTRY

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Agenda

1 Leveraging a strong platform for earnings recovery

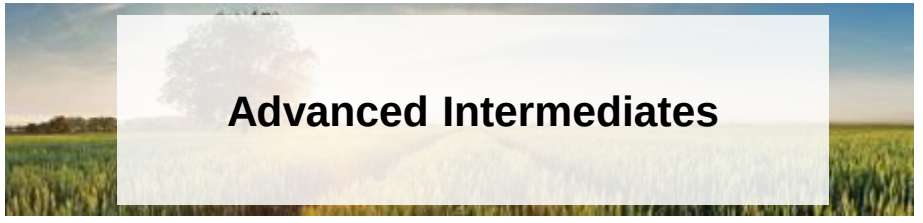
2 We are taking action: Focus on cash profile

3 Review Q2 2025 and outlook

4 Financial and business details Q2 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

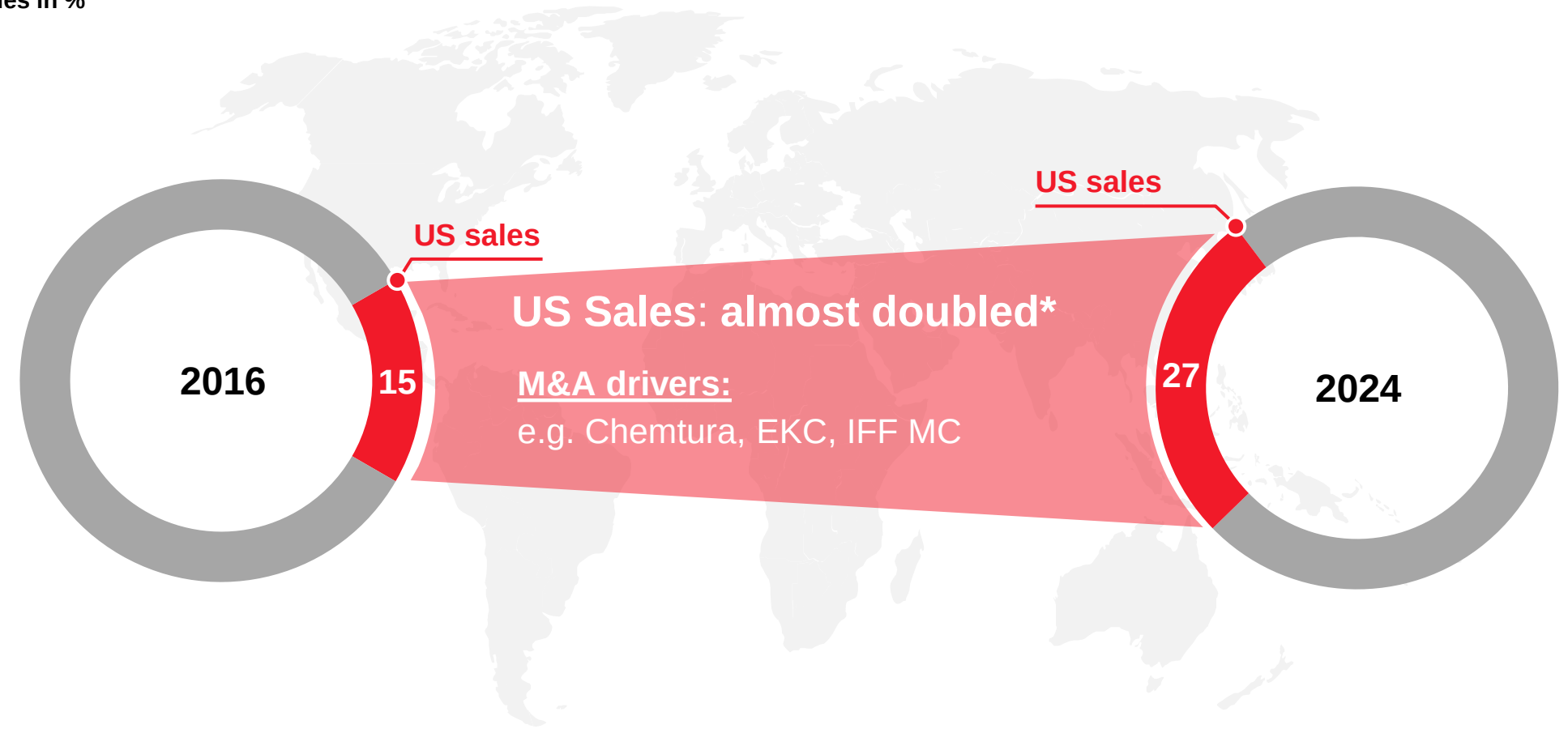
- Leading among the top 3 globally in growing niche markets
- Balanced portfolio without dependency on single industry
- Focus on path to a solid balance sheet and high cash flow; harvesting from new portfolio
- Strong platform to grow in the US & Asia

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

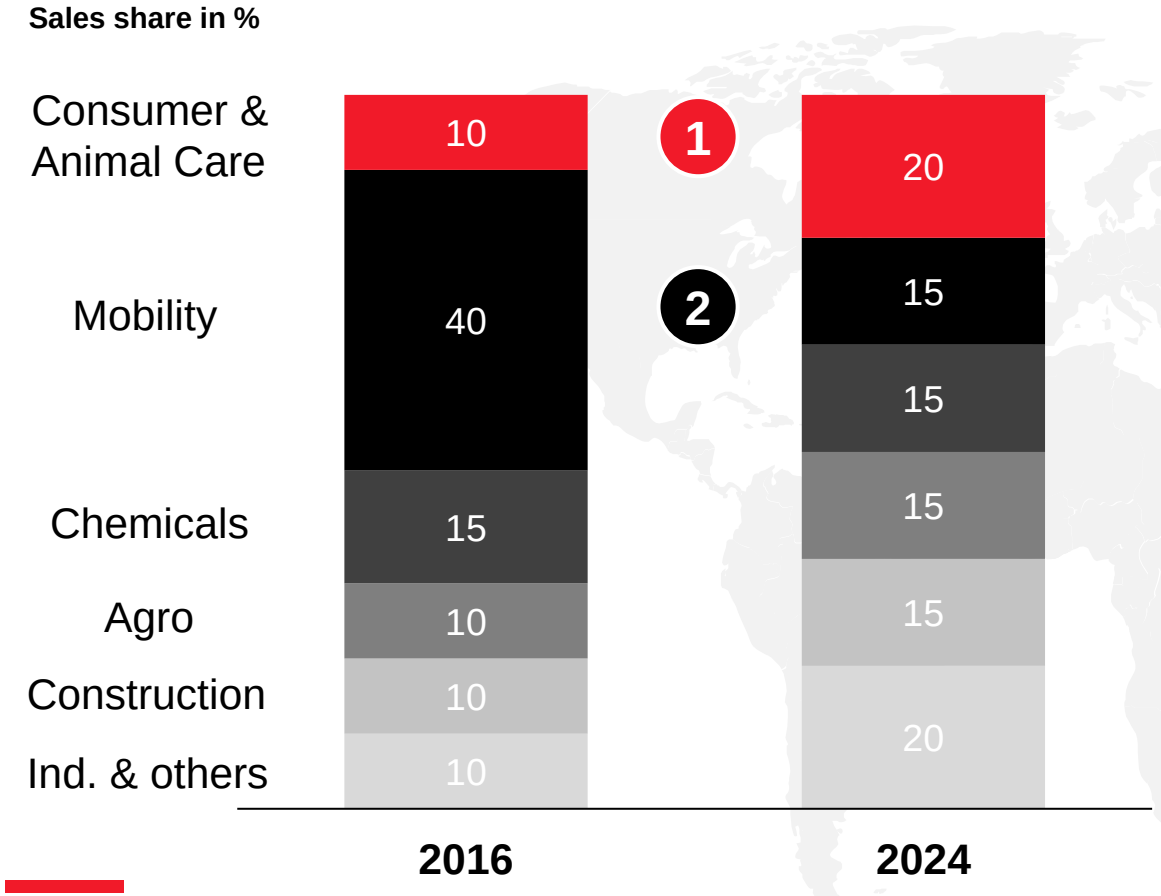
Regional sales in %



* based on adjusted portfolio

Balanced portfolio with strategic focus on consumer related markets

Overall balanced portfolio structure with strong mid-term upcycle potential



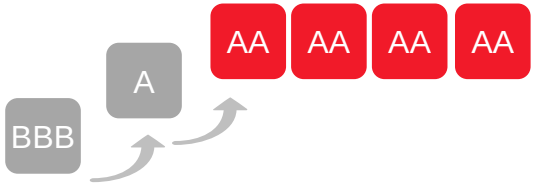
1. Strategic M&A backed growth into consumer related end markets
2. Mobility (more cyclical Auto & Tires) exposure significantly reduced

All figures rounded

Leading ESG rating providers continue to honor LANXESS' performance

LANXESS
Energizing Chemistry

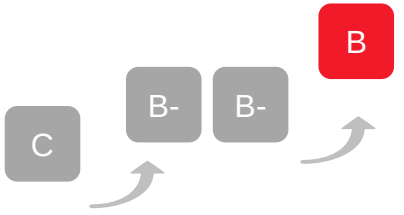
MSCI
ESG RATINGS



2nd highest category for 4th time

Convincing governance set-up and climate strategy

ISS ESG



Prime status since 2020; B rating since 2024

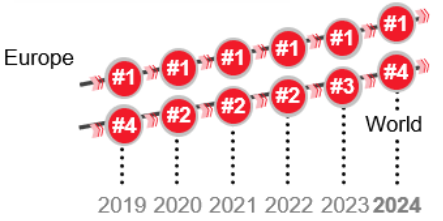
Top 10%

CDP
DISCLOSURE INSIGHT ACTION

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

SUSTAINALYTICS

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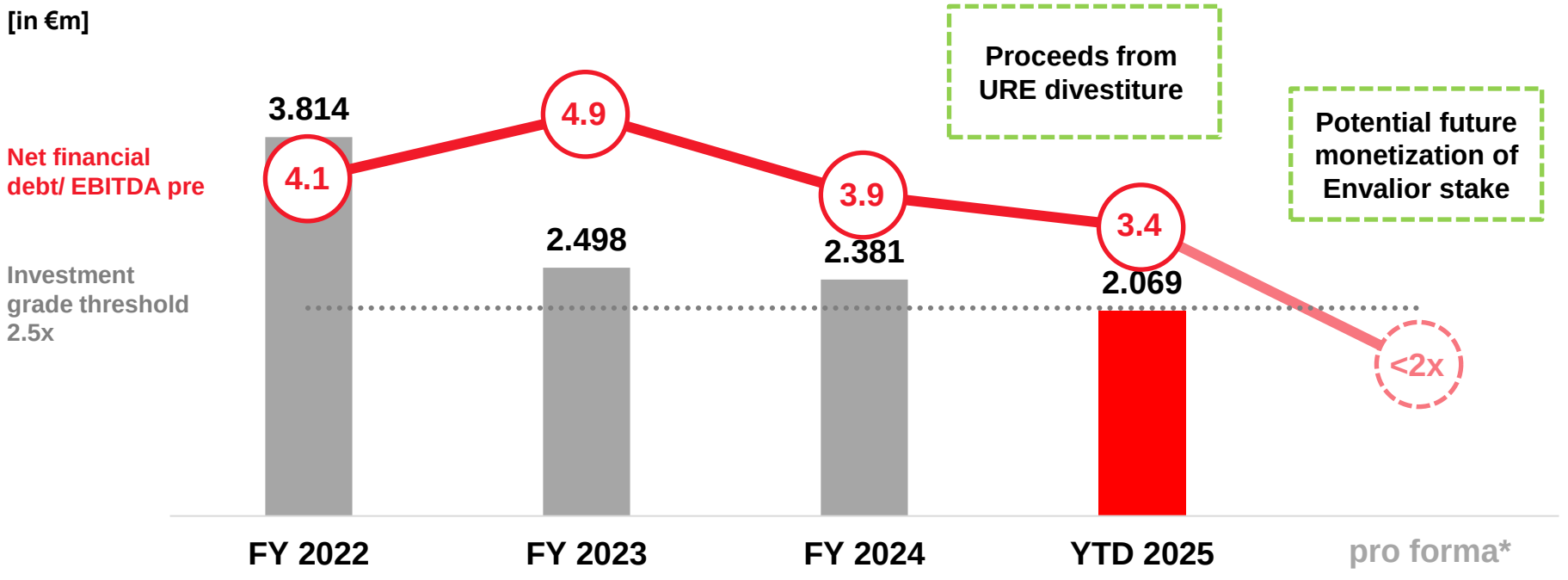
Substantial leverage improvement already realized

Threshold of 2.5x leverage targeted



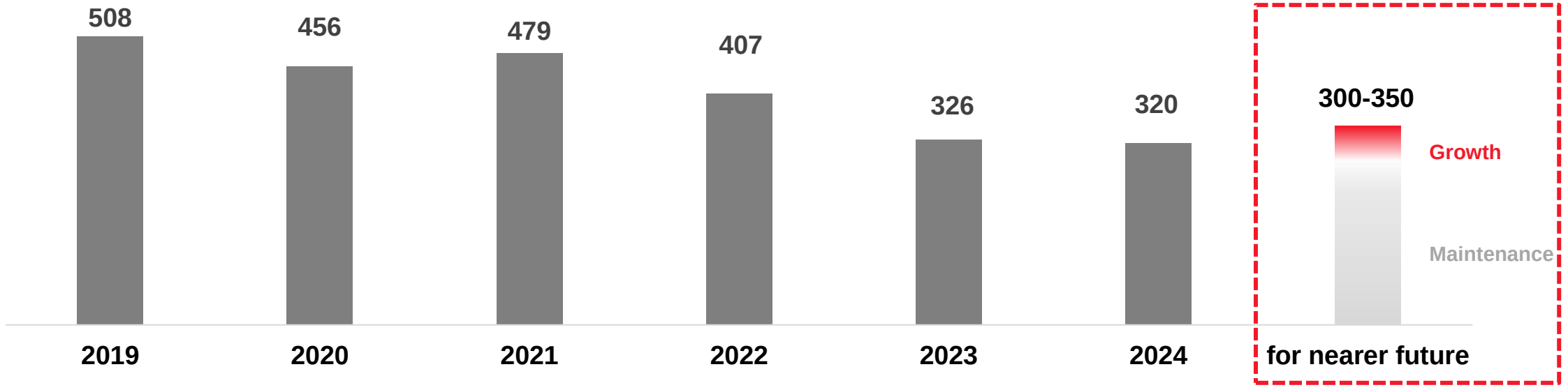
Clear commitment to strive for solid investment grade ratios

* based on consensus 2025 excl. Urethane Systems, additionally reflecting LANXESS' possibility to monetize on its Envalior stake in the future

Our structurally improved business platform requires less capex

Capex needs have significantly been reduced since 2019

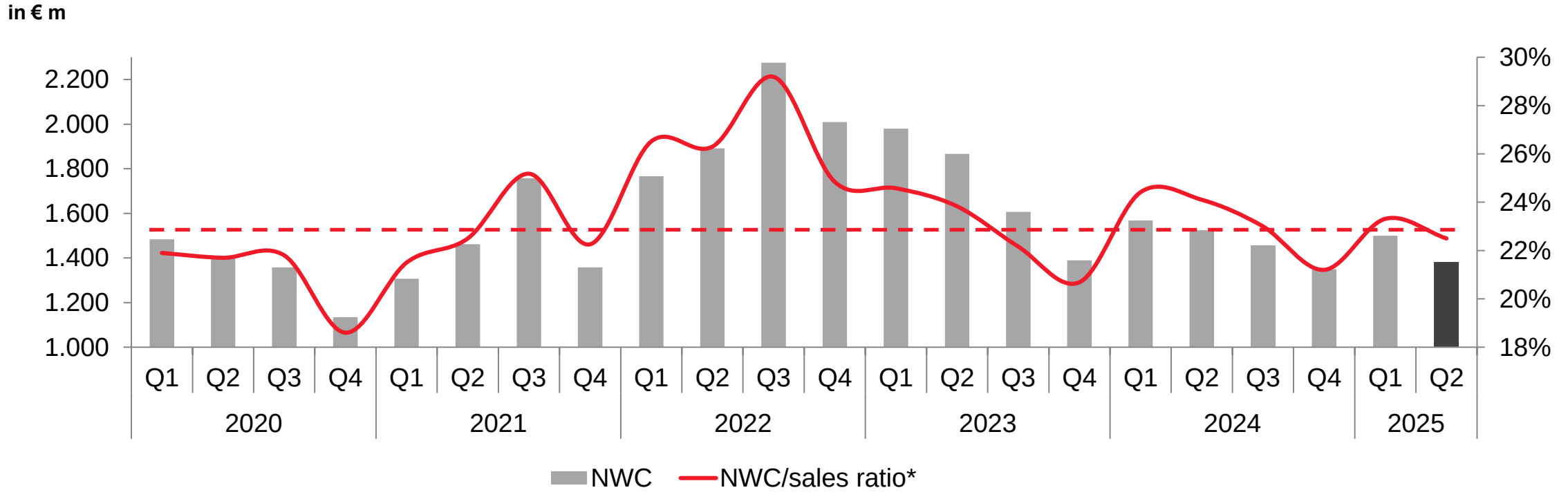
Capex cash-outs in € m



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

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

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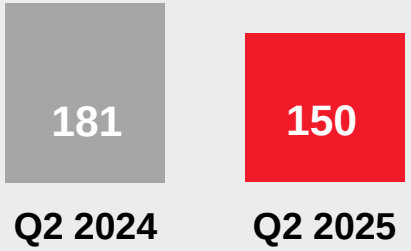
EBITDA pre in line with expectations; ongoing focus on net debt reduction & cash generation

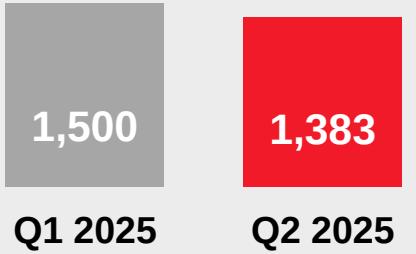
EBITDA pre (€ m)



- 17%

Lower volumes and Urethane portfolio main burden

Working capital (€ m)



- €117 m

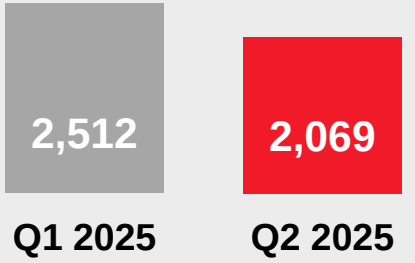
Mainly driven by lower receivables

Q2 Free Cash Flow (€ m)

€31 m

in a challenging environment

Net financial debt (€ m)



- 18%

Driven by proceeds from Urethane divestment

Actively taking measures to counteract demand weakness

Germany

Uerdingen:

- Closing of Hexane oxidation plant in BU AII (end of Q2 ‘25)
- Optimized CO_2-footprint; plant is highly energy-intensive

Leverkusen:

- Improving production efficiencies in agro chemicals

UK

Widnes:

- Planned closure due to high underutilization and opportunity to relocate products to other sites throughout 2026

USA

El Dorado:

- Improvement of production efficiency within brine and bromine network
- Effective implementation end of 2026

Permanent optimization of production network ongoing

~€50 m

targeted level of annual savings by year-end 2027

[in € m]	2025	2026	2027
Savings	-	~15	~35
Exceptional expenses*	~25	-	-
Cash Outs	~10	~10	~5

* booked in Q2 2025; additionally, exceptional D&A of €82 m

FY ‘25 segment guidance: Ongoing geopolitical tensions & market uncertainties expected to weigh on earnings

Consumer Protection

EBITDA pre slightly above prior-year

- Moderate growth in consumer goods
- Challenging agro and construction
- FORWARD! cost savings supportive

Specialty Additives

EBITDA pre on comparable level yoy

- Construction & automotive still on low level
- Some growth in remaining industries

Advanced Intermediates

EBITDA pre moderately lower yoy

- Most end markets (esp. agro and construction) remain challenging
- Fiercer competition from Asia causing excess capacity & price erosion in markets

No demand pick-up expected in second half 2025

FY 2025 guidance update: EBITDA pre between €520 - 580 m

LANXESS Energizing Chemistry

Our view on economic environment

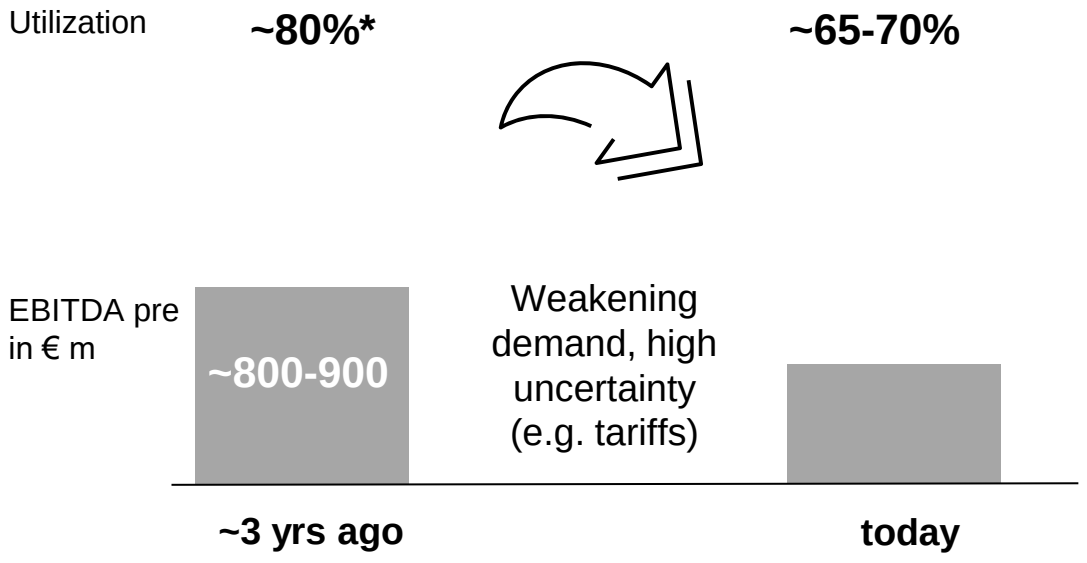
- Macroeconomic uncertainties have increased due to ongoing tariff discussions triggering widespread demand weakness
- Positive effect from German government stimulus program expected to start in 2026
- Excess capacity from Asian competitors creates additional pressure in many end markets

LANXESS outlook

- **FY 2025 EBITDA pre guidance: €520 - 580 m** (force majeure of Chlorine supplier included with ~€10 m shortfall)
- Considerations for Q3:
  - Absence of EBITDA contribution from Urethane Systems business
  - Q3 EBITDA pre sequentially lower than Q2

Ready to benefit from demand pick-up

Utilization still on historically low levels, …



… however, we laid the groundwork and actively managed current challenges

- **Portfolio optimization**
- **Improved regional footprint**
- **Improved cost structure**

We are ready to unleash value

- German stimulus
- Stabilization of tariffs

 * Normalized longer term average capacity utilization rate

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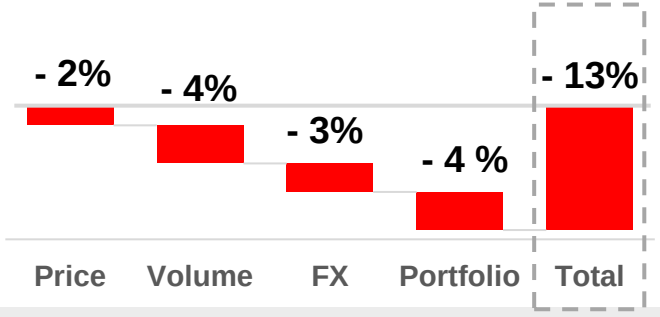
LANXESS Group: Challenging market environment burdens Q2; EBITDA pre in H1 on prior-year level

Lower volumes and portfolio effect weigh on earnings

[€ m]	Q2/2024	Q2/2025	Δ	H1 2024	H1 2025	Δ
Sales	1,678	1,466	-13%	3,285	3,067	-7%
EBITDA pre	181	150	-17%	282	283	0%
Margin	10.8%	10.2%		8.6%	9.2%	
Capex	62	65	5%	101	110	9%

Sales vs. prior year Q2



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

– Reduced **volumes** for most businesses (weaker demand in Q2) and respectively lower utilization compared to prior year weighs on earnings

– **FX** effect & Urethane Systems divestment further reduce top-line; Urethane Systems business accounted for ~€15 m EBITDA in prior-year quarter

– Higher **energy costs**, especially in Europe

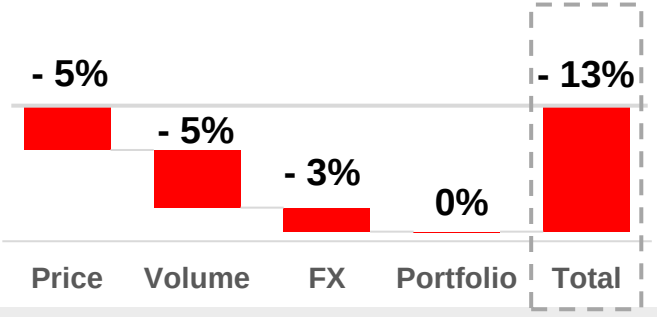
\+ **Restructuring** (FORWARD!) efforts supportive

Consumer Protection: EBITDA increase due to improved product mix and one-time effect

Improved cost base; lower volumes especially in agro

[€ m]	Q2/2024	Q2/2025	Δ	H1 2024	H1 2025	Δ
Sales	561	489	-13%	1,070	1,002	-6%
EBITDA pre	80	87	9%	129	160	24%
Margin	14.3%	17.8%		12.1%	16.0%	
Capex	17	17	0%	29	27	-7%

Sales vs. prior year Q2



– Lower **prices** and **volume** decline, particularly in persistently challenging agro environment

\+ Positive **product mix** in consumer goods

\+ Positive development in liquid purification business

– **FX** effect mainly driven by weaker USD

– Higher **energy costs** burden

\+ Positive contribution from **cost savings** (FORWARD!)

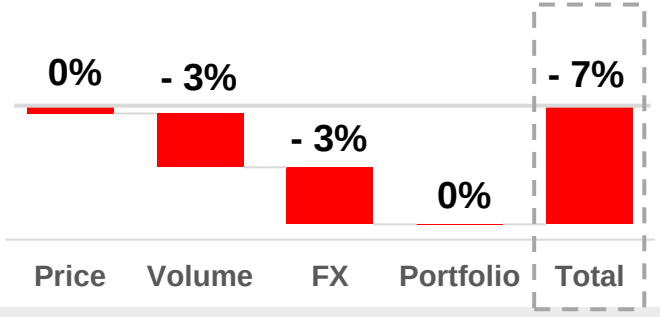
\+ **Insurance compensation** (high single-digit € m)

Specialty Additives: Cautious buying behavior

Ongoing weak construction markets burden

[€ m]	Q2/2024	Q2/2025	Δ	H1 2024	H1 2025	Δ
Sales	568	528	-7%	1,134	1,073	-5%
EBITDA pre	70	58	-17%	118	110	-7%
Margin	12.3%	11.0%		10.4%	10.3%	
Capex	24	27	13%	38	40	5%

Sales vs. prior year Q2



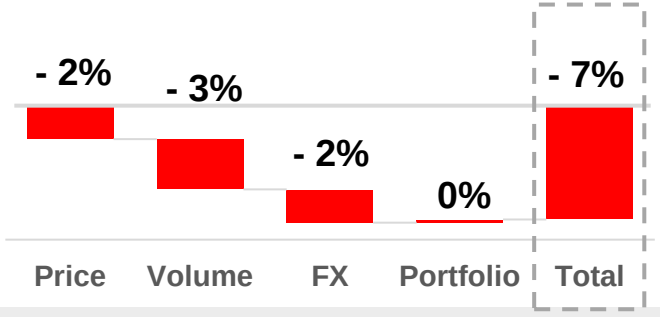
- ○ Stable **prices** overall
- – Lower **volumes** leading to lower utilization, impacting earnings
- – **FX** effect mainly driven by weaker USD
- – Continuously challenging **construction** markets
- – Higher **energy costs** burden additionally
- \+ Positive contribution from **cost savings** (FORWARD!)

Advanced Intermediates: Challenging environment with broadly weak demand

Overall increasing competition from Asia burdens additionally

[€ m]	Q2/2024	Q2/2025	Δ	H1 2024	H1 2025	Δ
Sales	478	446	-7%	943	922	-2%
EBITDA pre	58	44	-24%	95	84	-12%
Margin	12.1%	9.9%		10.1%	9.1%	
Capex	18	20	11%	29	38	31%

Sales vs. prior year Q2



- Lower **prices** reflect raw material costs deflation and pricing pressure in many markets
- Decreased **volumes** in both businesses leading to lower utilization; persisting weak construction markets
- **FX** effect mainly driven by weaker USD
- High **energy costs** burden, as majority of production is in Germany

P&L Q2: Decreased earnings due to lower volumes in challenging environment and Urethane portfolio effect

P&L [€ m]	Q2/2024		Q2/2025		yoy
Sales	1,678	(100%)	1,466	(100%)	-13%
Cost of sales	-1,314	(-78%)	-1,139	(-78%)	13%
Selling	-230	(-14%)	-217	(-15%)	6%
G&A	-63	(-4%)	-64	(-4%)	-2%
R&D	-27	(-2%)	-24	(-2%)	11%
EBIT	**28**		**-29**		**<-100%**
Financial result	-40		-26		35%
Net Income	**-16**		**-45**		**<-100%**
Adjusted EPS [€]	**0.60**		**0.59**		**-2%**
EBITDA	169	(10%)	188	(13%)	11%
thereof except.	*-12*	(1%)	*38*	(-3%)	>-100%
EBITDA pre except.	**181**	**(10.8%)**	**150**	**(10.2%)**	**-17%**

- Lower sales mainly due to lower volumes and portfolio impact from Urethane Systems divestment
- COGS decrease proportionately to sales
- FORWARD! savings visible in cost line items
- Improved financial result due to valuation of Envalior shareholder loan and right to offer
- EBIT, EBITDA pre and slight margin decrease as a result of absence of Urethane Systems and lower utilization in a challenging market environment

Positive free cash flow in a continued difficult environment with ongoing disciplined CAPEX

Cash flow [€ m]	Q2/2024	Q2/2025
Profit before tax	**-12**	**-55**
Depreciation & amortization	141	217
Result from investments accounted for using the equity method	27	28
Financial losses & gains from disposal of assets	4	-79
Income taxes	-16	-28
Changes in other assets & liab.	-43	-46
Changes in working capital	44	59
Operating cash flow	**145**	**96**
Capex	-62	-65
Free cash flow	**83**	**31**

- Lower profit before tax due to decreased operating result
- Gains from disposal of assets reflect sale of Business Unit Urethane Systems
- Changes in other assets and liabilities reflect, among other items, bonus payout for 2024
- Inflow from working capital mainly due to lower receivables
- Capex remains on tightly managed level

Free cash flow = Operating cash flow minus Capex

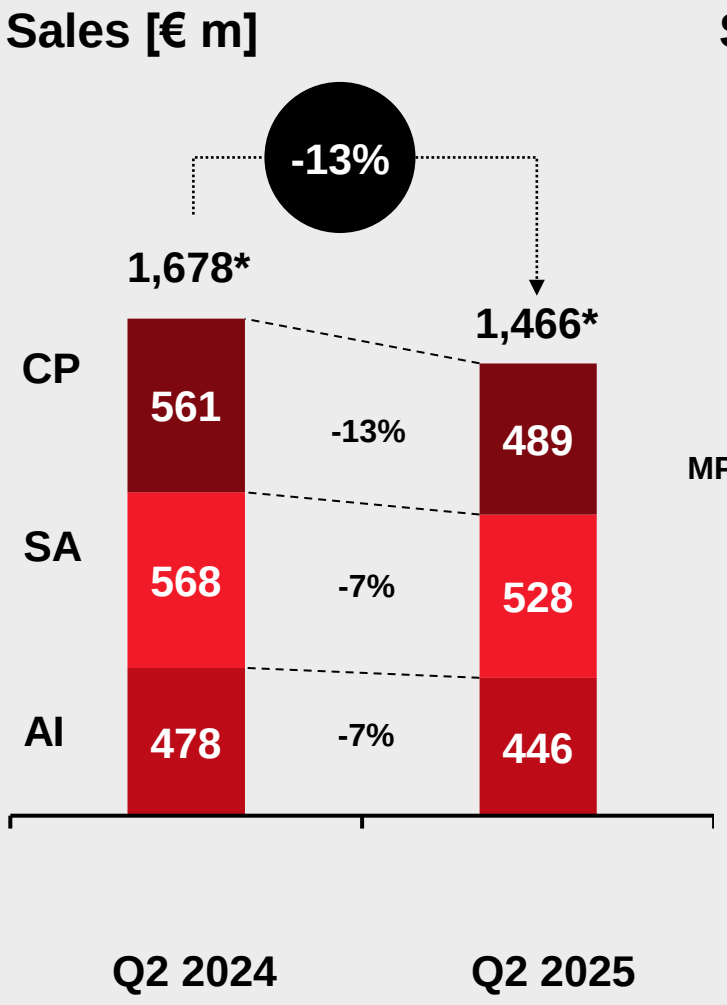
Continued strong equity ratio and significant reduction of net financial debt

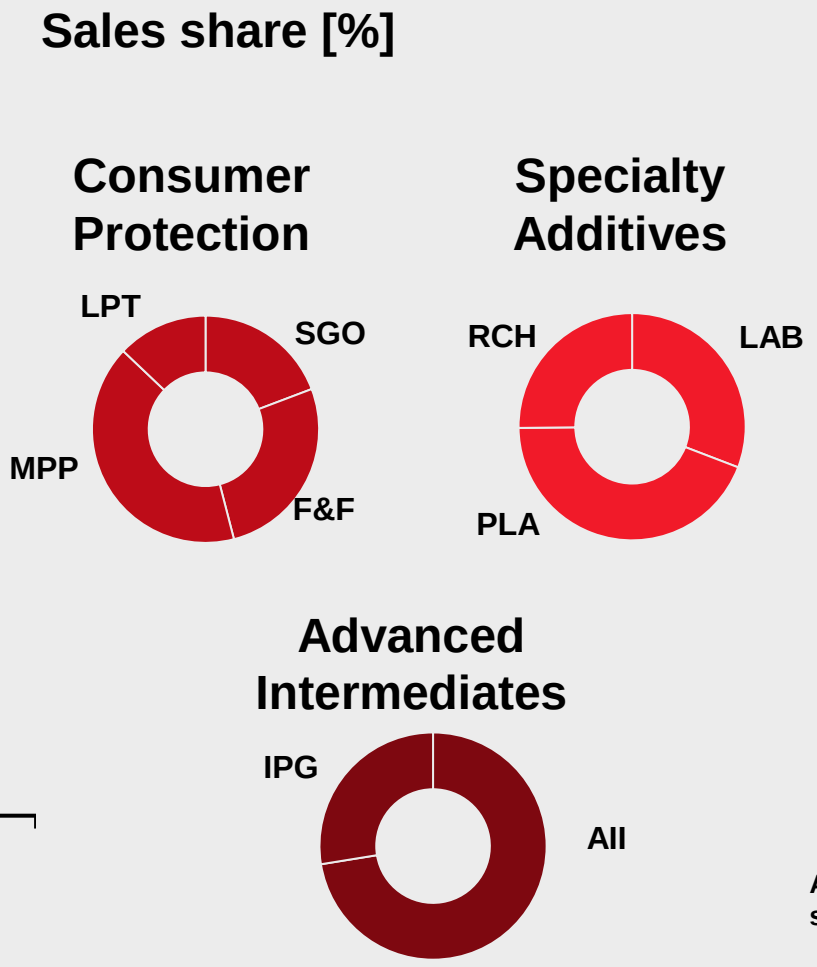
Balance sheet [€ m]	31.12.2024	30.06.2025
Total assets	**9,711**	**8,427**
Equity	4,592	3,996
Equity ratio	**47%**	**47%**
Net financial debt[1]	**2,381**	**2,069**
Pension provisions	**429**	**430**
Net working capital	**1,350**	**1,383**
DSI (in days)[2]	82	84
DSO (in days)[3]	39	38
Net working capital / sales[4]	21%	22%

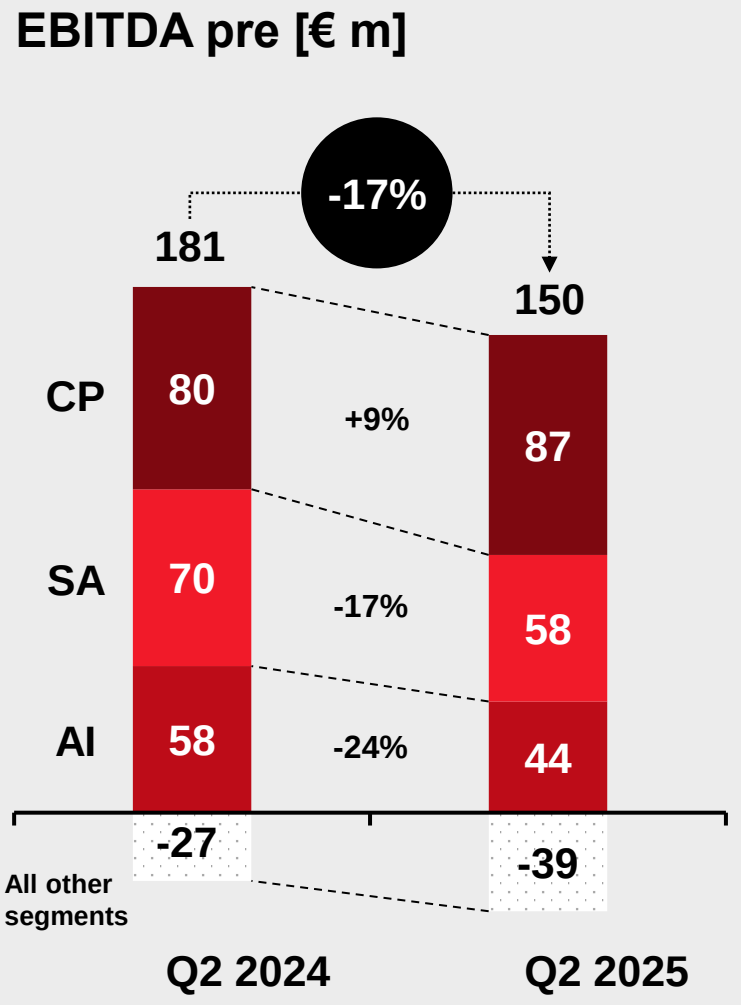
- Decrease in total assets due to €500 m bond repayment and adverse FX effect
- Decrease in equity mainly FX related
- Equity ratio remains on strong level
- Net financial debt significantly reduced with proceeds from divestment of Business Unit Urethane Systems
- Working capital on comparable level to end of 2024

[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 2025: Input costs- & demand-driven lower sales; stronger EBITDA pre in Consumer Protection



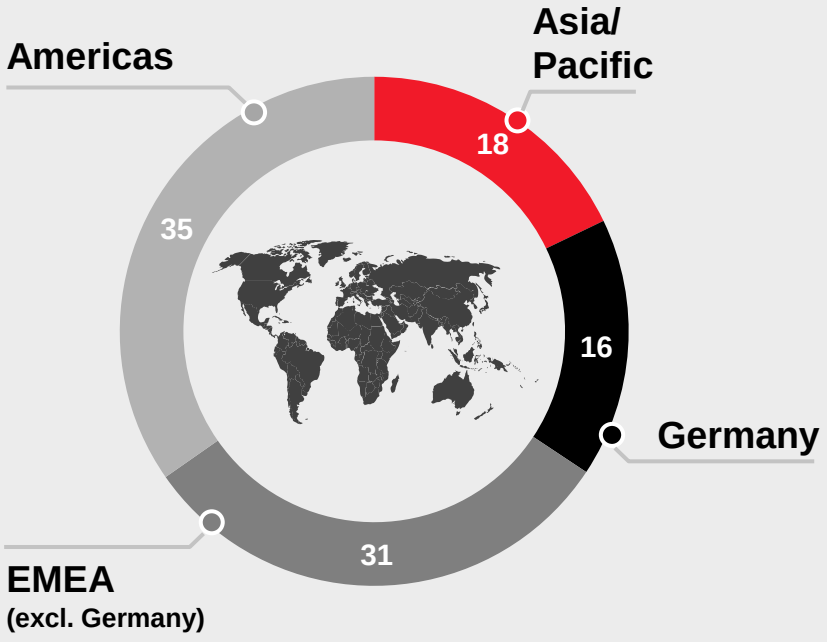




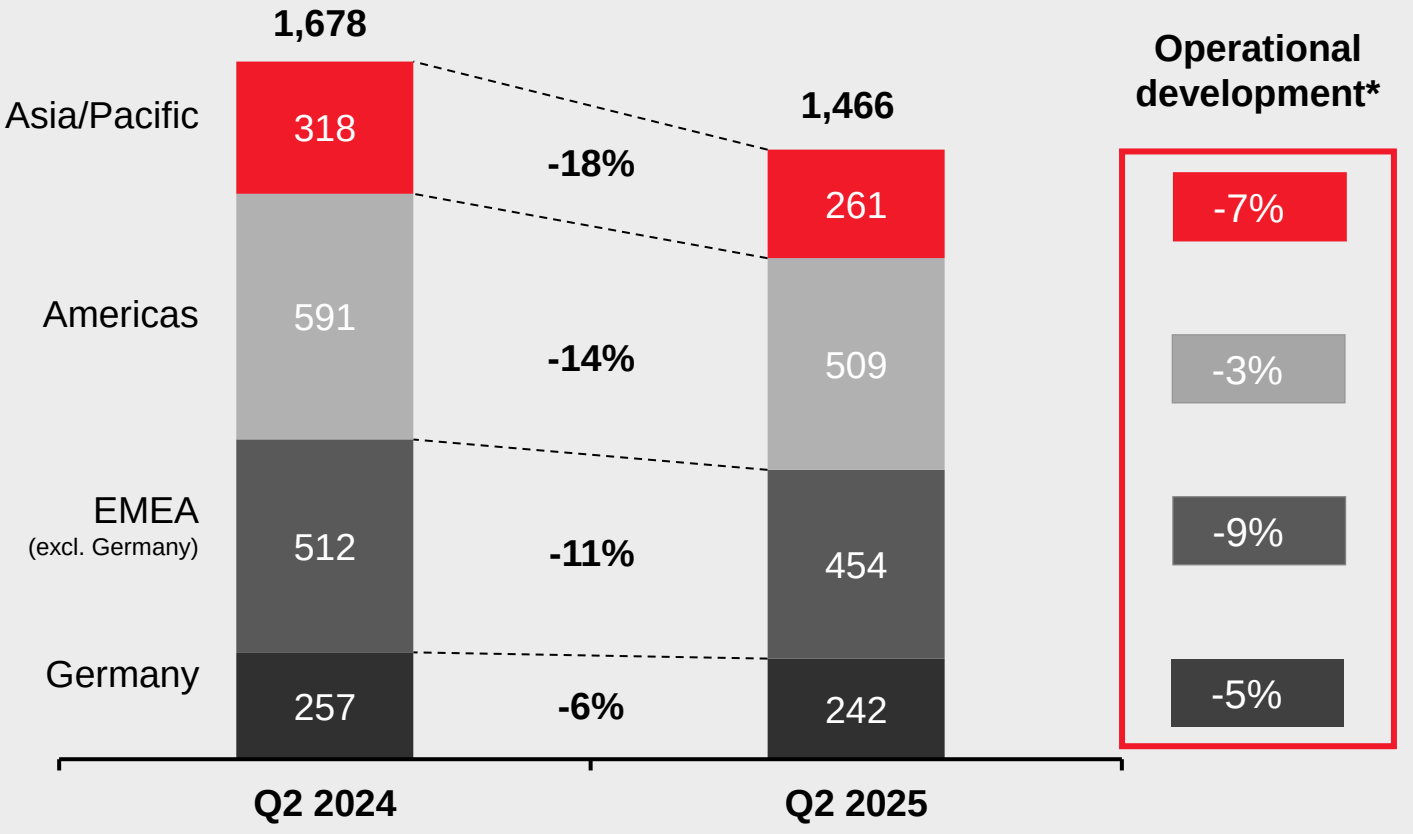
* Total group sales including all other segments

Q2 2025: Volume-driven sales decline in all regions

Q2 2025 sales by region [%]



Regional development of sales [€ m]

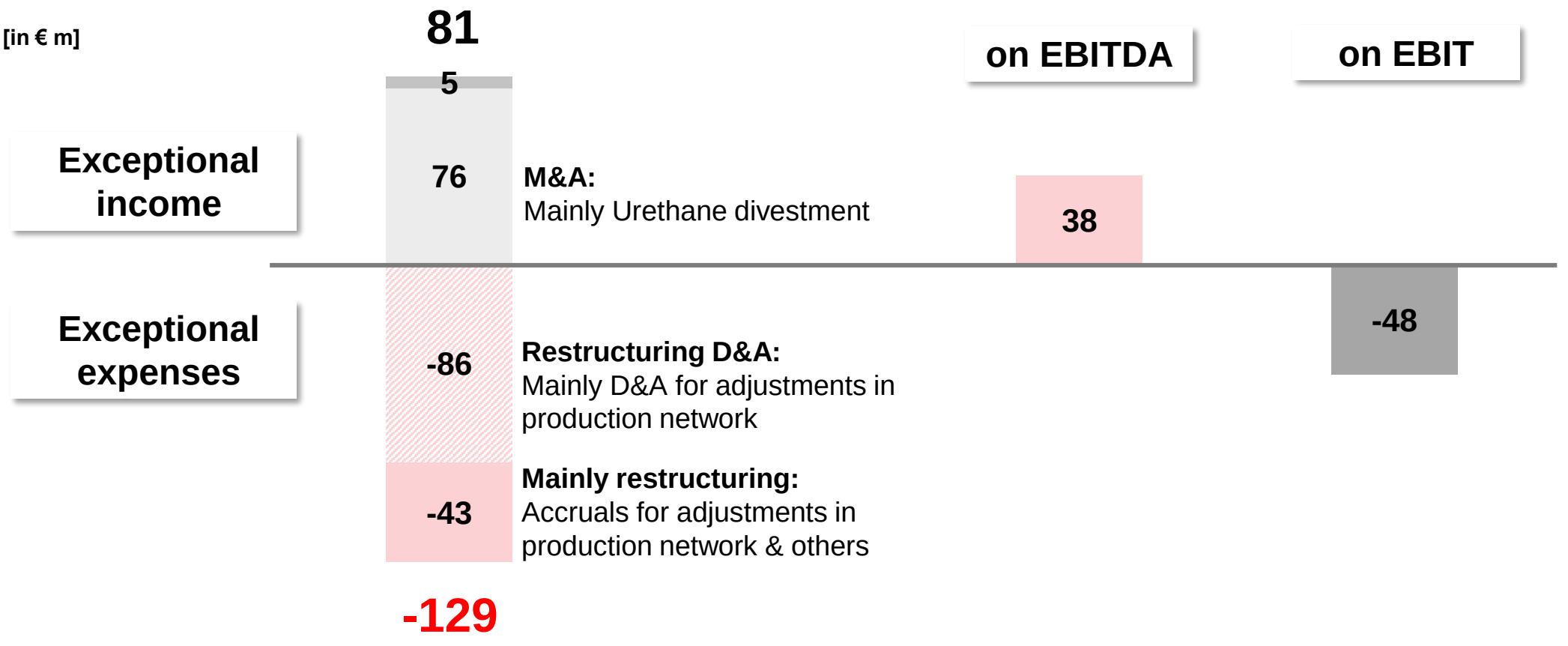


* Currency and portfolio adjusted

Exceptional items in Q2 consist of efficiency measures and Urethane divestment gain

Gain from Urethane divestment turns EBITDA exceptionals positive

[in € m]



Exceptional items (on EBIT) increased driven by adj. in production network, partially offset by URE disposal

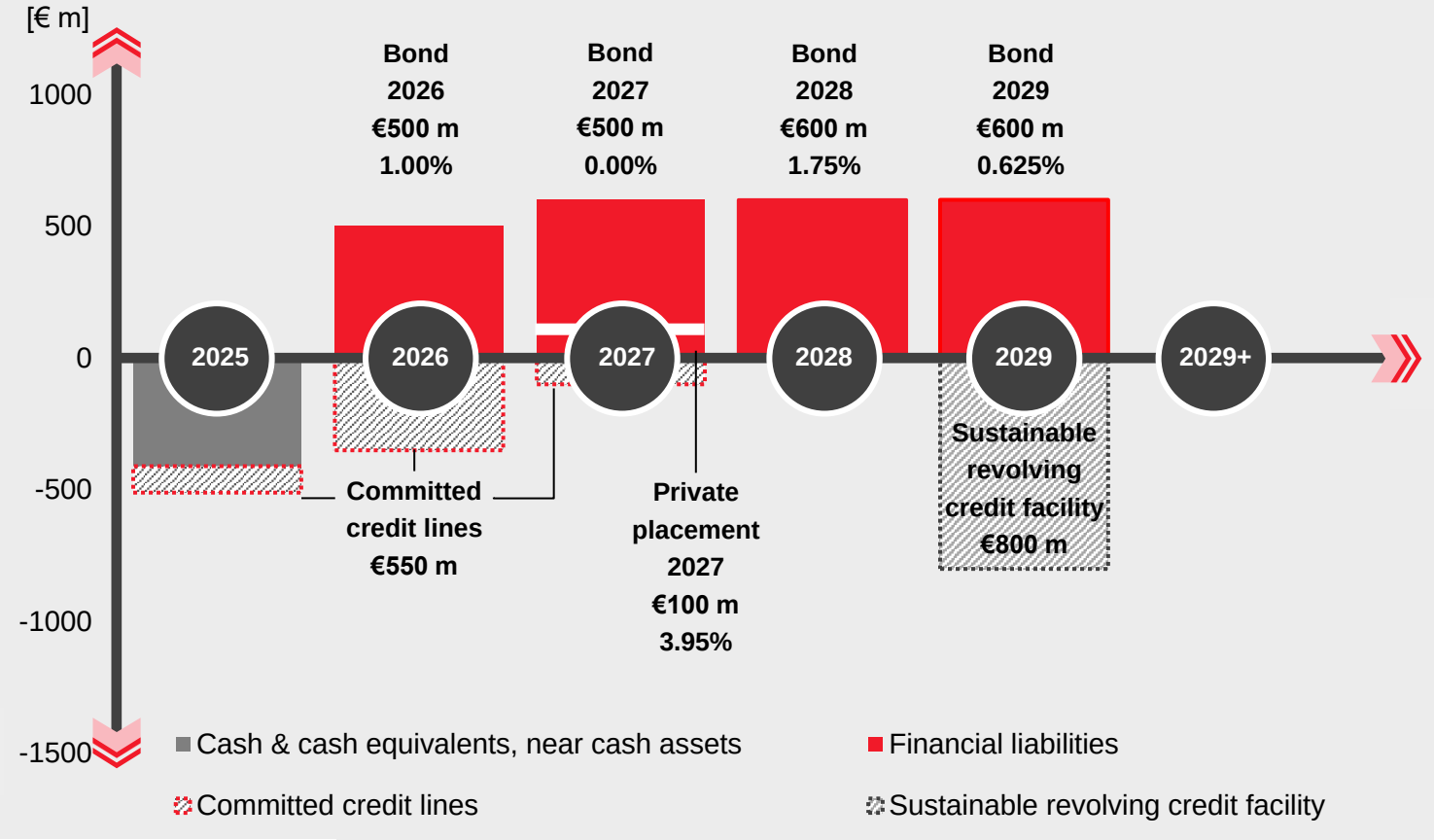
[€ m]	Q2 2024		Q2 2025		H1 2024		H1 2025	
	Excep.	thereof D&A	Excep.	thereof D&A	Excep.	thereof D&A	Excep.	thereof D&A
Strategic realignment and restructuring (incl. FORWARD!)	0	-1	**-107**	**-81**	-5	-1	**-108**	**-81**
Strategic IT projects	-6	0	**-9**	**0**	-11	0	**-17**	**0**
M&A, digitalization and others	-8	-1	**68**	**-5**	-17	-2	**56**	**-5**
Total	-14	-2	**-48**	**-86**	-33	-3	**-69**	**-86**

Significant reduction in gross debt due to repayment of bond 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 October 2026

Liquidity and maturity profile as per June 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**/ stable August 2025

Investment grade rated since spin-off in 2004

Appendix

H1 2025: EBITDA pre on prior-year level despite disposal of Urethane Systems business in Q2

P&L [€ m]	H1 2024		H1 2025		yoy
Sales	3,285	(100%)	3,067	(100%)	-7%
Cost of sales	-2,641	(-80%)	-2,418	(-79%)	8%
Selling	-453	(-14%)	-443	(-14%)	2%
G&A	-131	(-4%)	-128	(-4%)	2%
R&D	-55	(-2%)	-53	(-2%)	4%
EBIT	**-29**	**(-1%)**	**-52**	**(-2%)**	**-79%**
Financial result	-102	(-3%)	-64	(-2%)	37%
Net income	**-114**	**(-3%)**	**-102**	**(-3%)**	**11%**
Adjust. EPS [€]	**0.51**		**0.82**		**61%**
EBITDA	252	(8%)	300	(10%)	19%
thereof except.	-30	(-1%)	17	(1%)	>100%
EBITDA pre	**282**	**(8.6%)**	**283**	**(9.2%)**	**0%**

- Lower sales mainly due to lower prices based on the pass-through of lower raw material prices and Urethane portfolio effect
- Savings from FORWARD! program led to improved Selling and G&A costs
- EBIT decreased mainly due to increase in exceptionals
- Better financial result includes operational improvement at Envalior (at equity) and valuation of shareholder loan
- EBITDA pre excludes contribution from Urethane Systems business from Q2 onwards

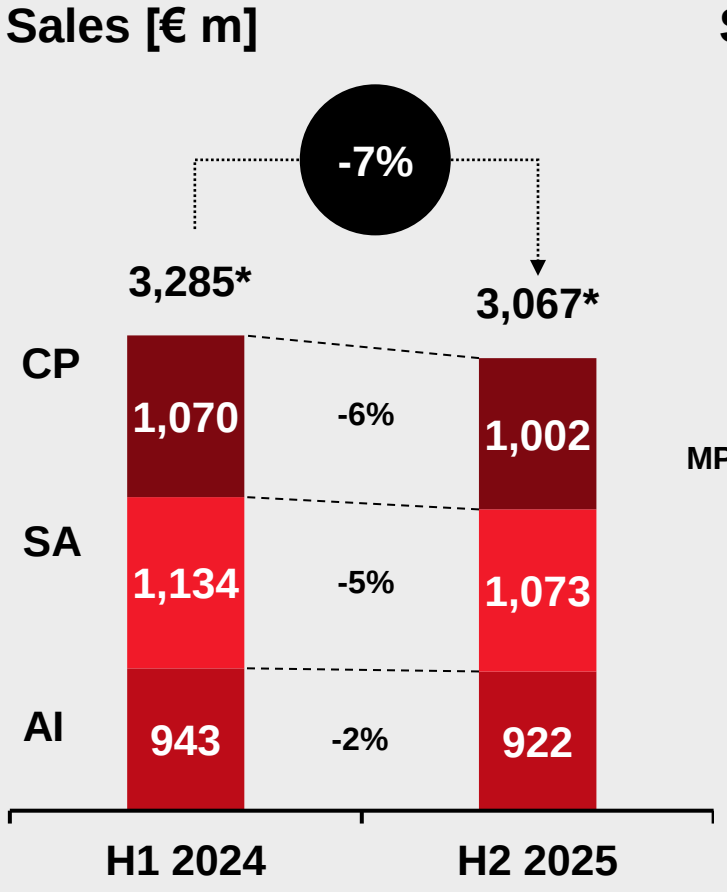
H1 2025: Operating cash flow compares with high previous year

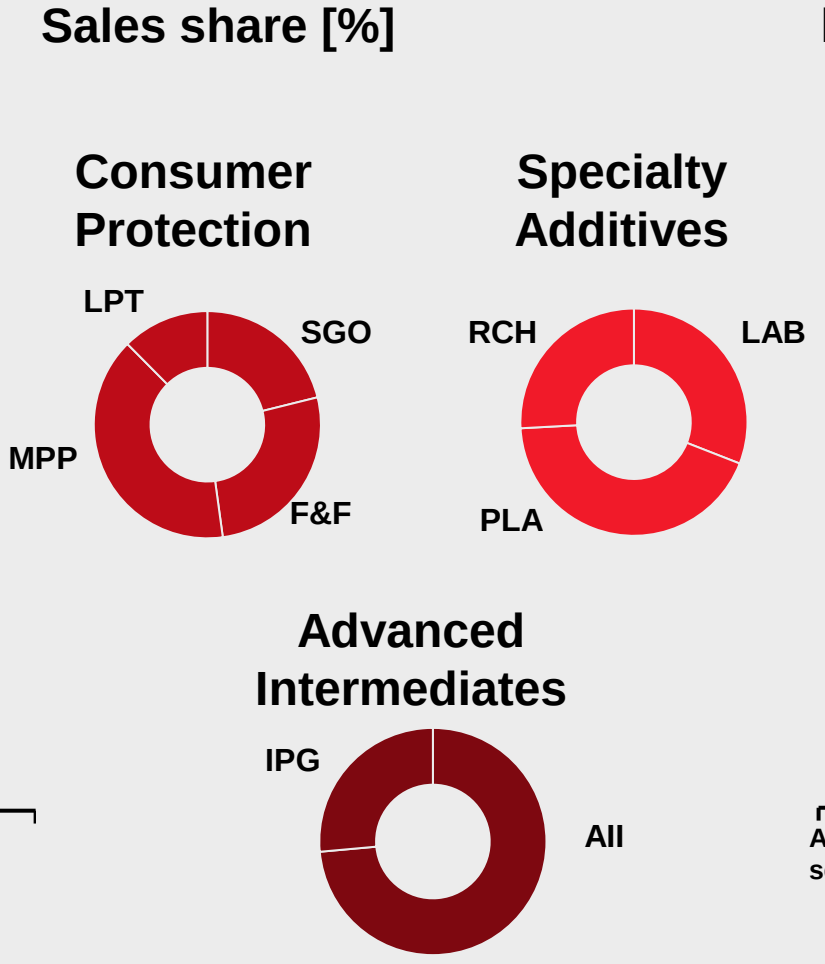
Cash flow [€ m]	H1 2024	H1 2025
Profit before tax	**-131**	**-116**
Depreciation & amortization	281	352
Result from investments accounted for using the equity method	73	59
Income taxes	-17	-23
Changes in other assets & liab.	-2	-48
Changes in working capital	-122	-122
Financial losses and gains from disposal of assets	15	-72
Operating cash flow	**97**	**30**
Capex	-101	-110
Free cash flow	**-4**	**-80**

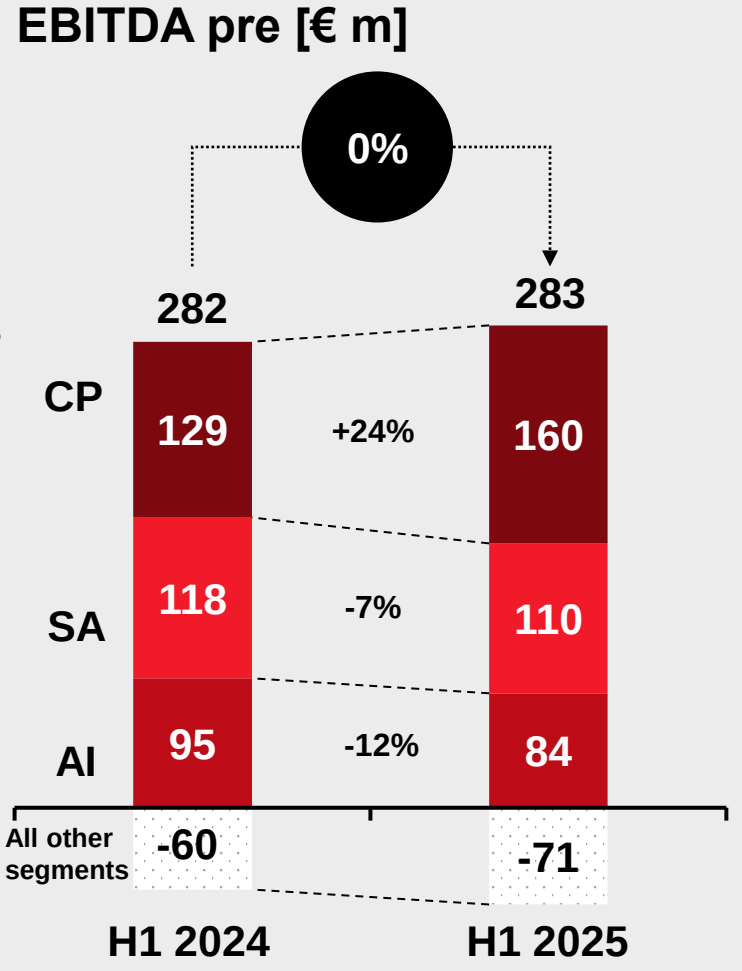
- Slightly improved profit before tax as Envalior contribution and loan valuation contribute
- Higher D&A due to higher exceptional write-offs
- Changes in other assets and liabilities reflect mainly bonus payout
- Change in working capital stable
- Capex remains on tightly managed level

Free cash flow = Operating cash flow minus Capex

H1 2025: Results on prior-year level, due to positive development in Consumer Protection



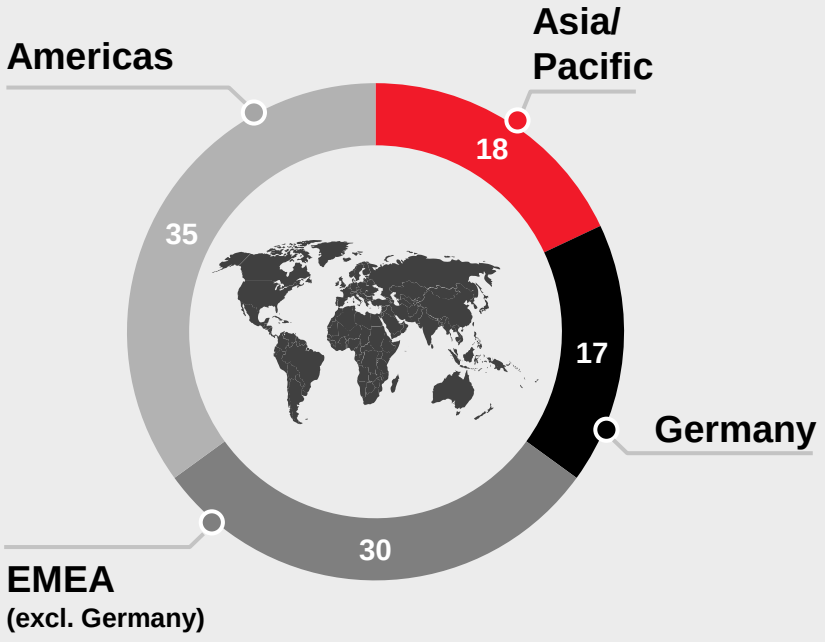




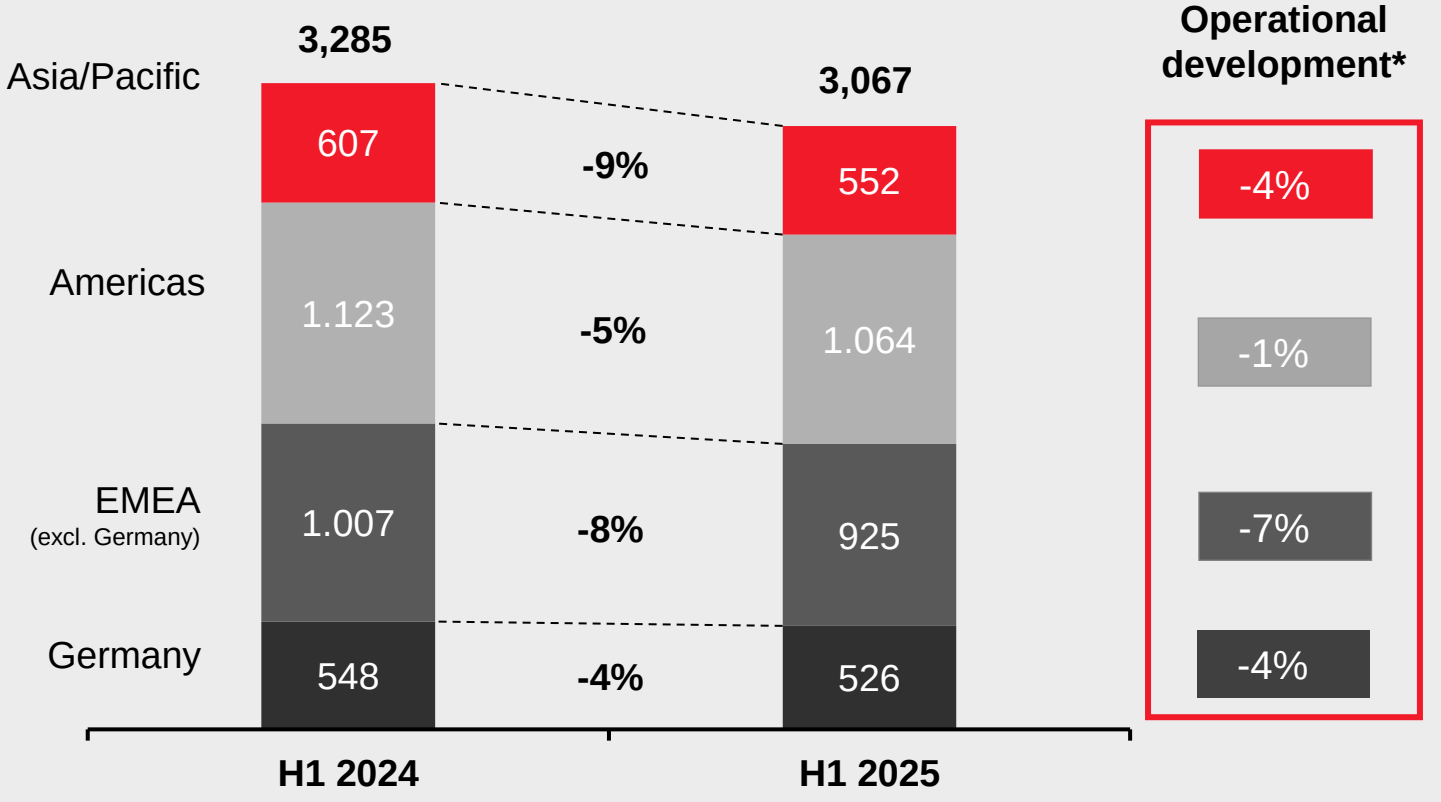
* Total group sales including all other segments

H1 2025: Sales decline in all regions, regional sales split relatively unchanged

H1 2025 sales by region [%]



Regional development of sales [€ m]



* Currency and portfolio adjusted

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 to -160**	
Exceptional expenses	**~100**	▪ on EBIT
FX sensitivity	**~3**	▪ EBITDA pre impact after hedging per cent change of EUR/USD
Remnant Costs	**2025: ~15** **2026: ~10** **2027: ~5**	▪ Mainly from termination of Envalior services and Urethane divestment

Management is significantly invested and in the shoes of investors

Overview of managers‘ purchases since FY 2024 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.

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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