

# Q3 2023 Results

## LANXESS Group



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### Balancing EBITDA pre generation and cash flow focus - sharp earnings decline on weak demand

	Q3 2022	Q3 2023	Δ	Comments
Sales	€2,185 m	<b>€1,601 m</b>	-27%	↓ Sales decrease in nearly all industries and regions, affecting all segments; no sequential demand improvement visible yet, but sweat-out of own high-cost inventories largely completed
EBITDA pre	€240 m	<b>€119 m</b>	-50%	↓ EBITDA pre and margin still burdened by high idle costs partially due to active inventory management
Margin	11.0%	<b>7.4%</b>	-2.6 pp.	↓
EPS <sup>1</sup>	€0.93	<b>-€1.52</b>	>-100%	↓ EPS impacted by financial result (reflecting Envalior JV burdened by interest and PPA) and lower operating result
Adjusted EPS <sup>2</sup>	€0.97	<b>-€0.01</b>	>-100%	↓
Operating cash flow	€38 m	<b>€390 m</b>	>100%	↑ Significantly positive operating cash flow due to active working capital management; FCF also reflects capex reductions in context of FORWARD!
Free cash flow	-€60 m	<b>€322 m</b>	>100%	↑ measures
Net financial debt <sup>3</sup>	Dec 2022 €3,814 m	<b>Sep 2023 €2,557 m</b>	-33%	↓ Net financial debt significantly reduced by proceeds from the Envalior transaction and effective working capital measures
Capex	€98 m	<b>€68 m</b>	-31%	↓ Capex significantly reduced in context of FORWARD! measures

All figures apply to continuing operations (excluding BU HPM), except if indicated differently

Sales - **27%**    Price - **9%**    Volume - **14%**    FX - **4%**    Portfolio **0%**

<sup>1</sup> Total Group

<sup>2</sup> Adjusted for exceptional items, amortization of intangible assets and income from at-equity investments

<sup>3</sup> Deducting cash, cash equivalents, near cash assets, short-term money market investments

## Consumer Protection



Comparably less impacted - weak demand environment

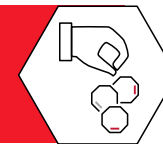
- Sales decrease driven by lower demand and destocking, resulting in both lower volumes and softer pricing, additionally negative currency impacts
- Continued low demand also in usually more stable consumer end markets; BU F&F still suffering from Force Majeure\*
- EBITDA pre and margin affected by working capital reduction resulting in lower utilization and idle costs

\* Force Majeure of Chlorine supplier

<b>Sales</b>	<b>-12%</b>		
Price	Volume	FX	Portfolio
<b>-5%</b>	<b>-4%</b>	<b>-3%</b>	<b>0%</b>

	<b>Q3 2022</b>	<b>Q3 2023</b>
<b>EBITDA pre</b>	€110 m	<b>€84 m</b>
<b>margin</b>	16.6%	<b>14.5%</b>

## Specialty Additives



Ongoing inventory management and weak demand burden results - weakness in Construction and E&E continues

- Sales decline mainly driven by continued low demand in construction and electronics, additionally negative FX effects
- While pricing remained stable in lubricants, RheinChemie and flame retardants faced continued pricing pressure
- EBITDA pre and margin impacted by idle costs caused by inventory management, weak demand and resulting low utilization

<b>Sales</b>	<b>-31%</b>		
Price	Volume	FX	Portfolio
<b>-8%</b>	<b>-19%</b>	<b>-4%</b>	<b>0%</b>

	<b>Q3 2022</b>	<b>Q3 2023</b>
<b>EBITDA pre</b>	€121 m	<b>€33 m</b>
<b>margin</b>	15.3%	<b>6.0%</b>

## Advanced Intermediates



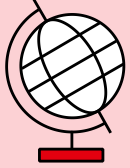
Weak demand - utilization remains on historically low levels

- Sales decrease driven by volume and price decline across both Business Units; lower prices also reflect pass-on of decreased input costs
- Low demand across all industries but especially driven by weak construction market
- EBITDA pre and margin continued to be burdened by high idle costs

<b>Sales</b>	<b>-37%</b>		
Price	Volume	FX	Portfolio
<b>-16%</b>	<b>-19%</b>	<b>-2%</b>	<b>0%</b>

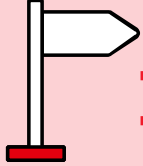
	<b>Q3 2022</b>	<b>Q3 2023</b>
<b>EBITDA pre</b>	€65 m	<b>€30 m</b>
<b>margin</b>	10.1%	<b>7.4%</b>

# FY 2023 guidance: EBITDA pre expected ~€500-550 m



## Our view on economic environment

- Underlying demand in Q4 2023 even lower than estimated



## LANXESS outlook

- FY guidance: EBITDA pre expected ~€500-550 m**
- Force Majeure on supply of Chlorine for BU Flavors & Fragrances until end of November; Q4 additionally impacted by steam limitation at Botlek (NL) site
- Cash Q4 will be impacted by seasonally high capex and weak overall business
- 2023 target: NWC to sales ratio of ~23%

# Housekeeping items 2023

**Capex 2023:** ~€350 m (prev. ~€400 m)

**Operational D&A** ~€550 m (thereof ~€150 m of intangible amortization effect)

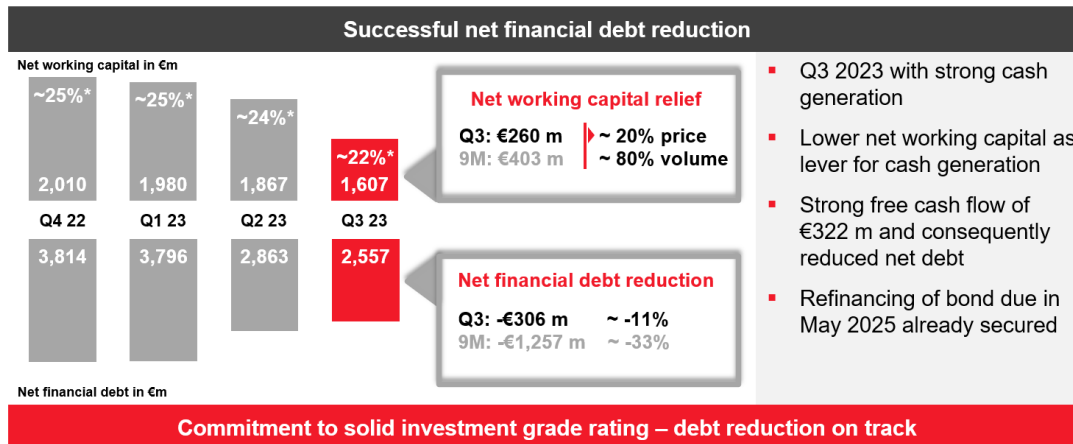
**All other segments 2023:** ~€150 m (prev. ~€170 m)

**Underlying tax rate:** ~27% distorted due to Envalior result

**Exceptionals 2023:** ~€80 m based on current initiatives + ~€100 m in relation to FORWARD!

**FX sensitivity:** One cent change of USD/EUR resulting in ~€7 m EBITDA pre impact before hedging

# Net financial debt reduction due to working capital improvement



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\* Net working capital to sales ratio

# Financial Overview Q3 2023

in € million

	LANXESS			Consumer Protection			Specialty Additives			Advanced Intermed.			Others/ Cons.		
	Q3/2022	Q3/2023	Chg. in %	Q3/2022	Q3/2023	Chg. in %	Q3/2022	Q3/2023	Chg. in %	Q3/2022	Q3/2023	Chg. in %	Q3/2022	Q3/2023	Chg. in %
<b>Sales</b>	<b>2,185</b>	<b>1,601</b>	<b>-27%</b>	<b>662</b>	<b>581</b>	<b>-12%</b>	<b>792</b>	<b>549</b>	<b>-31%</b>	<b>642</b>	<b>403</b>	<b>-37%</b>	<b>89</b>	<b>68</b>	<b>-24%</b>
Price*			-9.3%			-4.7%			-7.8%			-16.2%			-6.7%
Volume*			-14.0%			-4.1%			-18.5%			-18.8%			-12.4%
Currency*			-3.4%			-3.4%			-4.4%			-2.2%			-4.5%
Portfolio*			0.0%			0.0%			0.0%			0.0%			0.0%
<b>EBIT</b>	<b>66</b>	<b>-65</b>	<i>n.m.</i>	<b>50</b>	<b>33</b>	<b>-34%</b>	<b>73</b>	<b>-13</b>	<i>n.m.</i>	<b>37</b>	<b>-4</b>	<i>n.m.</i>	<b>-94</b>	<b>-81</b>	<b>14%</b>
Deprec. & amortizat.	140	148	6%	48	51	6%	47	46	-2%	28	34	21%	17	17	0%
<b>EBITDA</b>	<b>206</b>	<b>83</b>	<b>-60%</b>	<b>98</b>	<b>84</b>	<b>-14%</b>	<b>120</b>	<b>33</b>	<b>-73%</b>	<b>65</b>	<b>30</b>	<b>-54%</b>	<b>-77</b>	<b>-64</b>	<b>17%</b>
exceptionals in EBITDA	34	36	6%	12	0	-100%	1	0	-100%	0	0	<i>n.m.</i>	21	36	71%
<b>EBITDA pre excep.</b>	<b>240</b>	<b>119</b>	<b>-50%</b>	<b>110</b>	<b>84</b>	<b>-24%</b>	<b>121</b>	<b>33</b>	<b>-73%</b>	<b>65</b>	<b>30</b>	<b>-54%</b>	<b>-56</b>	<b>-28</b>	<b>50%</b>
normalized D&A	139	141	1%	48	51	6%	47	46	-2%	28	29	4%	16	15	-6%
<b>EBIT pre excep.</b>	<b>101</b>	<b>-22</b>	<i>n.m.</i>	<b>62</b>	<b>33</b>	<b>-47%</b>	<b>74</b>	<b>-13</b>	<i>n.m.</i>	<b>37</b>	<b>1</b>	<b>-97%</b>	<b>-72</b>	<b>-43</b>	<b>40%</b>
exceptionals in EBIT	35	43	23%	12	0	-100%	1	0	-100%	0	5	<i>n.m.</i>	22	38	73%
<b>Capex</b>	<b>98</b>	<b>68</b>	<b>-31%</b>	<b>27</b>	<b>17</b>	<b>-37%</b>	<b>34</b>	<b>29</b>	<b>-15%</b>	<b>23</b>	<b>18</b>	<b>-22%</b>	<b>14</b>	<b>4</b>	<b>-71%</b>
Net financial debt	3,814	2,557	-33%												

\* approximate numbers

in € million

	LANXESS			Consumer Protection			Specialty Additives			Advanced Intermed.			Others/ Cons.		
	9M/2022	9M/2023	Chg. in %	9M/2022	9M/2023	Chg. in %	9M/2022	9M/2023	Chg. in %	9M/2022	9M/2023	Chg. in %	9M/2022	9M/2023	Chg. in %
<b>Sales</b>	<b>6,115</b>	<b>5,278</b>	<b>-14%</b>	<b>1,726</b>	<b>1,832</b>	<b>6%</b>	<b>2,286</b>	<b>1,833</b>	<b>-20%</b>	<b>1,842</b>	<b>1,403</b>	<b>-24%</b>	<b>261</b>	<b>210</b>	<b>-20%</b>
Price*			-3.4%			-0.8%			-3.0%			-6.6%			-1.9%
Volume*			-12.2%			-3.0%			-15.3%			-16.4%			-16.1%
Currency*			-1.3%			-1.6%			-1.5%			-0.8%			-1.5%
Portfolio*			3.2%			11.5%			0.0%			0.0%			0.0%
<b>EBIT</b>	<b>276</b>	<b>-87</b>	<i>n.m.</i>	<b>152</b>	<b>115</b>	<b>-24%</b>	<b>250</b>	<b>32</b>	<b>-87%</b>	<b>140</b>	<b>8</b>	<b>-94%</b>	<b>-266</b>	<b>-242</b>	<b>9%</b>
Deprec. & amortizat.	397	422	6%	121	143	18%	140	136	-3%	86	87	1%	50	56	12%
<b>EBITDA</b>	<b>673</b>	<b>335</b>	<b>-50%</b>	<b>273</b>	<b>258</b>	<b>-5%</b>	<b>390</b>	<b>168</b>	<b>-57%</b>	<b>226</b>	<b>95</b>	<b>-58%</b>	<b>-216</b>	<b>-186</b>	<b>14%</b>
exceptionals in EBITDA	82	80	-2%	13	2	-85%	1	0	-100%	0	2	<i>n.m.</i>	68	76	12%
<b>EBITDA pre excep.</b>	<b>755</b>	<b>415</b>	<b>-45%</b>	<b>286</b>	<b>260</b>	<b>-9%</b>	<b>391</b>	<b>168</b>	<b>-57%</b>	<b>226</b>	<b>97</b>	<b>-57%</b>	<b>-148</b>	<b>-110</b>	<b>26%</b>
normalized D&A	394	413	5%	121	143	18%	140	136	-3%	86	82	-5%	47	52	11%
<b>EBIT pre excep.</b>	<b>361</b>	<b>2</b>	<b>-99%</b>	<b>165</b>	<b>117</b>	<b>-29%</b>	<b>251</b>	<b>32</b>	<b>-87%</b>	<b>140</b>	<b>15</b>	<b>-89%</b>	<b>-195</b>	<b>-162</b>	<b>17%</b>
exceptionals in EBIT	85	89	5%	13	2	-85%	1	0	-100%	0	7	<i>n.m.</i>	71	80	13%
<b>Capex</b>	<b>249</b>	<b>194</b>	<b>-22%</b>	<b>86</b>	<b>53</b>	<b>-38%</b>	<b>71</b>	<b>77</b>	<b>8%</b>	<b>60</b>	<b>51</b>	<b>-15%</b>	<b>32</b>	<b>13</b>	<b>-59%</b>
Net financial debt	3,814	2,557	-33%												

\* approximate numbers

# Cash Flow Statement Q3 2023

in € million	Q3/2022	Q3/2023	9M/2022	9M/2023
<b>Income before income taxes</b>	<b>120</b>	<b>-142</b>	<b>278</b>	<b>-286</b>
Amortization, depreciation and write-downs of intangible assets and property, plant and equipment	140	148	397	422
Gains/losses on disposals of intangible assets and property, plant and equipment	4	0	3	-1
Income from investments accounted for using the equity method	0	66	0	143
Financial losses (gains)	-66	5	-17	44
Income taxes refunded/paid	-28	-5	37	-37
Changes in inventories	-166	194	-534	350
Changes in trade receivables	12	101	-80	164
Changes in trade payables	30	-20	17	-116
Changes in other assets and liabilities	-8	43	-6	-55
<b>Net cash provided by (used in) operating activities – continuing operations</b>	<b>38</b>	<b>390</b>	<b>95</b>	<b>628</b>
Net cash provided by (used in) operating activities – discontinued operations	-19	0	-104	-11
Net cash provided by (used in) operating activities – total	19	390	-9	617
Cash outflows for purchases of intangible assets and property, plant and equipment	-98	-68	-249	-194
Cash inflows from sales of intangible assets and property, plant and equipment	0	0	4	2
Cash outflows for financial and other assets held for investment purposes	-16	-123	-909	-1,718
Cash inflows from financial and other assets held for investment purposes	1,044	1	1,279	1,329
Cash outflows for the acquisition/sale of subsidiaries and other businesses, less acquired cash and cash equivalents	-1,140	0	-1,143	0
Cash inflows from the sale of subsidiaries and other businesses, less divested cash and cash equivalents	0	0	0	1,194
Interest and dividends received	3	4	8	9
<b>Net cash provided by / used in investing activities – continuing operations</b>	<b>-207</b>	<b>-186</b>	<b>-1,010</b>	<b>622</b>
Net cash provided by / used in investing activities – discontinued operations	-9	0	-19	-6
Net cash provided by / used in investing activities – total	-216	-186	-1,029	616
Proceeds from borrowings	0	14	932	381
Repayments of borrowings	-27	-215	-170	-1,652
Interest paid and other financial disbursements	-2	-4	-40	-58
Proceeds from interest rate hedges	83	0	83	0
Dividend payments	0	0	-91	-91
<b>Net cash provided by / used in financing activities – continuing operations</b>	<b>54</b>	<b>-205</b>	<b>714</b>	<b>-1,420</b>
Net cash provided by / used in financing activities – discontinued operations	-2	0	-3	-1
Net cash provided by / used in financing activities – total	52	-205	711	-1,421
<b>Change in cash and cash equivalents – continuing operations</b>	<b>-115</b>	<b>-1</b>	<b>-201</b>	<b>-170</b>
Change in cash and cash equivalents – discontinued operations	-30	0	-126	-18
Change in cash and cash equivalents – total	-145	-1	-327	-188
Cash and cash equivalents as of beginning of period	465	169	643	360
Exchange differences and other changes in cash and cash equivalents – total	5	2	9	-2
<b>Cash and cash equivalents as of end of period</b>	<b>325</b>	<b>170</b>	<b>325</b>	<b>170</b>
of which continuing operations	315	170	315	170
of which discontinued operations	10	0	10	0

# Income Statement Q3 2023

in € million	Q3/2022	Q3/2023	Chg. in %	9M/2022	9M/2023	Chg. in %
Sales	2,185	1,601	-27%	6,115	5,278	-14%
Cost of sales	-1,658	-1,312	21%	-4,632	-4,242	8%
Gross profit	527	289	-45%	1,483	1,036	-30%
Selling expenses	-296	-213	28%	-773	-729	6%
Research and development expenses	-26	-24	8%	-76	-76	0%
General administration expenses	-78	-73	6%	-219	-215	2%
Other operating income	6	17	>100%	20	48	>100%
Other operating expenses	-67	-61	9%	-159	-151	5%
<b>Operating result (EBIT)</b>	<b>66</b>	<b>-65</b>	<i>n.m.</i>	<b>276</b>	<b>-87</b>	<i>n.m.</i>
Income from investments accounted for using the equity method	0	-66	<i>n.m.</i>	0	-143	<i>n.m.</i>
Interest income	1	1	0%	5	7	40%
Interest expense	-20	-13	35%	-55	-59	-7%
Other financial income and expense	73	1	-99%	52	-4	<i>n.m.</i>
<b>Financial result</b>	<b>54</b>	<b>-77</b>	<i>n.m.</i>	<b>2</b>	<b>-199</b>	<i>n.m.</i>
<b>Income before income taxes</b>	<b>120</b>	<b>-142</b>	<i>n.m.</i>	<b>278</b>	<b>-286</b>	<i>n.m.</i>
Income taxes	-35	11	<i>n.m.</i>	-79	20	<i>n.m.</i>
<b>Income after income tax from continuing operations</b>	<b>85</b>	<b>-131</b>	<i>n.m.</i>	<b>199</b>	<b>-266</b>	<i>n.m.</i>
<b>Income after income tax from discontinued operations</b>	<b>-4</b>	<b>0</b>	<i>n.m.</i>	<b>73</b>	<b>1,462</b>	>100%
<b>Income after income taxes</b>	<b>81</b>	<b>-131</b>	<i>n.m.</i>	<b>272</b>	<b>1,196</b>	>100%
of which attributable to non-controlling interests	1	0	-100%	1	0	-100%
<b>Net income (attributable to LANXESS AG stockholders)</b>	<b>80</b>	<b>-131</b>	<i>n.m.</i>	<b>271</b>	<b>1,196</b>	>100%
<b>EPS total (in €)</b>	<b>0.93</b>	<b>-1.52</b>	<i>n.m.</i>	<b>3.14</b>	<b>13.85</b>	>100%
thereof EPS (in €) from continuing operations	0.97	-1.52	<i>n.m.</i>	2.29	-3.08	<i>n.m.</i>
thereof EPS (in €) from discontinued operations	-0.04	0.00	-100%	0.85	16.93	>100%
<b>EPS adjusted (in €)*</b>	<b>0.97</b>	<b>-0.01</b>	<i>n.m.</i>	<b>3.28</b>	<b>0.43</b>	<b>-87%</b>

\* continuing operations only

## Abbreviations:

### Consumer Protection

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

### Specialty Additives

- LAB** Lubricant Additives Business
- PLA** Polymer Additives
- RCH** Rhein Chemie

### Advanced Intermediates:

- All** Advanced Industrial Intermediates
- IPG** Inorganic Pigments