

Q4/FY 2022 Results

LANXESS Group

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Energizing Chemistry

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Q4 EBITDA stable as Specialty Additives & Consumer Protection offset weaker Adv. Intermediates

	Q4 2021	Q4 2022	Δ	Comments	FY 2021	FY 2022	Δ
Sales	€1,679 m	€1,973 m	+18%	↑ Significant sales increase in all segments mainly driven by pricing; strong volume decline mainly due to customer-destocking	€6,101 m	€8,088 m	+33%
EBITDA pre	€172 m	€175 m	+2%	↑ EBITDA pre reflects strong pricing offset by weak utilization due to customer destocking and own inventory management	€815 m	€930 m	+14%
Margin	10.2%	8.9%	-1.3 pp.	↓ Full pass-through of inflated raw material and energy costs weigh on margin	13.4%	11.5%	-1.9 pp.
EPS pre	€0.64	€0.47	-27%	↓	€3.60	€3.75	+4%
Operating cash flow	€223 m	€92 m	-59%	↓ Mainly influenced by changes in other assets and liabilities: - Exceptional cash out due to German EEG (renewable energy law) payments - Variable compensation - Non-cash effect of IFRS15 and FX hedging with positive effects in 2021 Measures to improve working capital show first effect	€368 m	€187 m	-49%
Net financial debt*				↑ Financial debt increased by payment of purchase price of IFF MC and working capital inflation	Dec 2021 €2,245 m	Dec 2022 €3,814 m	+70%
Capex	€183 m	€158 m	-14%		€424 m	€407 m	-4%
Dividend per share					€1.05	€1.05	0%

All figures apply to continuing operations (excluding BU HPM)

* Including cash, cash equivalents, near cash assets, short-term money market investments

Sales + **18%** Price + **19%** Volume - **13%** FX + **5%** Portfolio + **7%**

Consumer Protection



IFF MC contribution and pricing drive earnings – Volumes slightly lower due to high comparable base

- Sales increase significantly driven by portfolio and successful pricing in all BUs
- Volumes held back by customer-destocking as expected
- Increase in EBITDA pre on basis of IFF MC; margin decline mainly due to idle costs resulting from inventory management and price pass-through
- Force Majeure for Chlorine supply will burden Q1 2023

Sales	+ 39%		
Price	Volume	FX	Portfolio
+ 15%	- 3%	+ 3%	+ 24%

	Q4 2021	Q4 2022
EBITDA pre	€66 m	€77 m
margin	14.3%	12.0%

Specialty Additives



Margins improving – FX supports due to strong US footprint

- Increase in sales in all BUs, driven by strong pricing and FX
- Volume softer due to customer-destocking and weaker demand in construction affecting BU PLA and auto impacting BU RCH
- EBITDA pre and margin increased compared to weak previous year thanks to positive pricing
- Impact from US winter storms will burden Q1 2023

Sales	+ 13%		
Price	Volume	FX	Portfolio
+ 18%	- 12%	+ 7%	0%

	Q4 2021	Q4 2022
EBITDA pre	€58 m	€88 m
margin	9.6%	12.9%

Advanced Intermediates



Hit by low utilization – Volumes affected by lower demand and destocking

- Slight sales increase due to price pass-through and IFRS15 effect
- Volumes dropped massively in both BUs caused by low demand (mainly construction) and customer-destocking
- Against strong prior year EBITDA pre and margin impacted by lower utilization partly driven by own inventory control measures

Sales	+ 6%		
Price	Volume	FX	Portfolio
+ 25%	- 22%	+ 3%	0%

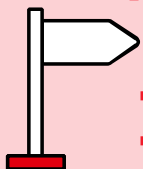
	Q4 2021	Q4 2022
EBITDA pre	€92 m	€65 m
margin	17.1%	11.4%

FY 2023 guidance: EBITDA pre expected around 2022 level



Our view on economy

- Recessionary environment expected for H1 2023
- Positive effect of passthrough of still high selling prices expected to be offset by customer destocking in Q1 2023 and respective low utilization
- Force Majeure on supply of Chlorine and US winter storms will burden Q1 results (Consumer Protection & Specialty Additives)
- Potential positive impetus from China earliest with Q2



LANXESS outlook

- **FY guidance:** EBITDA pre expected around 2022 level
- **Focus on cash management:**
 - 2023 target: W/C to sales ratio in low twenties percentage range
 - Capex ~€400 m
 - EBITDA pre Q1 2023 expected: ~€180 – 220m

Housekeeping items 2023

Capex 2023: ~€400 m

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

All other segments 2023: ~€170 m

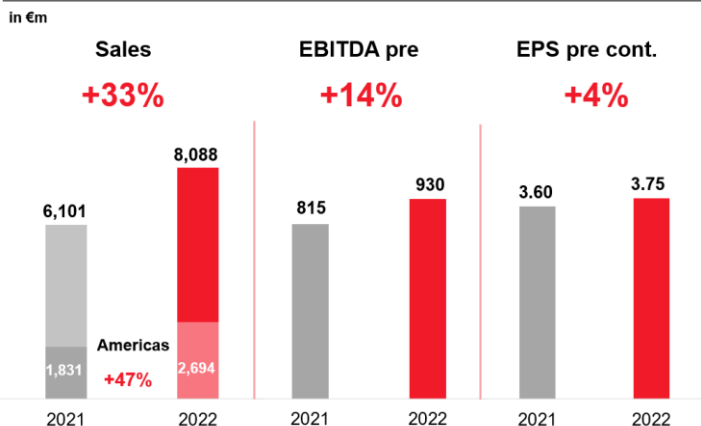
Underlying tax rate: ~27%

Exceptionals 2023: ~€80 m based on current initiatives

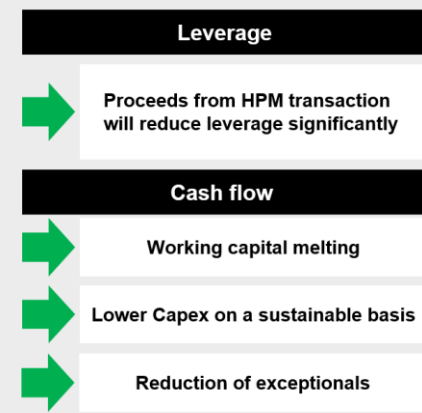
FX sensitivity: One cent change of USD/EUR resulting in ~€7 m EBITDA pre impact before hedging

Successfully managed a challenging year – weak spots are being addressed

In FY 2022 LANXESS achieved a lot...



...and weak spots have priority!



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Financial Overview Q4/FY 2022

in € million

	LANXESS			Consumer Protection			Specialty Additives			Advanced Intermed.			All other segments		
	Q4/2021	Q4/2022	Chg. in %	Q4/2021	Q4/2022	Chg. in %	Q4/2021	Q4/2022	Chg. in %	Q4/2021	Q4/2022	Chg. in %	Q4/2021	Q4/2022	Chg. in %
Sales	1,679	1,973	18%	460	640	39%	605	684	13%	539	571	6%	75	78	4%
Price*			18.8%			15.2%			17.5%			24.7%			9.3%
Volume*			-12.6%			-2.8%			-11.7%			-22.1%			-12.0%
Currency*			4.8%			3.0%			7.3%			3.3%			6.7%
Portfolio*			6.5%			23.7%			0.0%			0.0%			0.0%
EBIT	-4	4	<i>n.m.</i>	25	18	-28%	5	34	>100%	55	32	-42%	-89	-80	10%
Deprec. & amortizat.	127	149	17%	34	47	38%	45	50	11%	31	33	6%	17	19	12%
EBITDA	123	153	24%	59	65	10%	50	84	68%	86	65	-24%	-72	-61	15%
exceptionals in EBITDA	49	22	-55%	7	12	71%	8	4	-50%	6	0	-100%	28	6	-79%
EBITDA pre excep.	172	175	2%	66	77	17%	58	88	52%	92	65	-29%	-44	-55	-25%
normalized D&A	127	147	16%	34	47	38%	45	49	9%	31	33	6%	17	18	6%
EBIT pre excep.	45	28	-38%	32	30	-6%	13	39	>100%	61	32	-48%	-61	-73	-20%
exceptionals in EBIT	49	24	-51%	7	12	71%	8	5	-38%	6	0	-100%	28	7	-75%
Capex	183	158	-14%	47	43	-9%	69	54	-22%	41	35	-15%	26	26	0%
Net financial debt	2,245	3,814	70%												

* approximate numbers

in € million

	LANXESS			Consumer Protection			Specialty Additives			Advanced Intermed.			All other segments		
	2021	2022	Chg. in %	2021	2022	Chg. in %	2021	2022	Chg. in %	2021	2022	Chg. in %	2021	2022	Chg. in %
Sales	6,101	8,088	33%	1,579	2,366	50%	2,295	2,970	29%	1,949	2,413	24%	278	339	22%
Price*			23.9%			19.8%			22.2%			29.9%			19.4%
Volume*			-5.9%			-3.5%			-3.8%			-10.4%			-6.8%
Currency*			6.0%			3.6%			8.7%			4.3%			9.3%
Portfolio*			8.6%			29.9%			2.3%			0.0%			0.0%
EBIT	211	280	33%	159	170	7%	134	284	>100%	212	172	-19%	-294	-346	-18%
Deprec. & amortizat.	457	546	19%	107	168	57%	172	190	10%	115	119	3%	63	69	10%
EBITDA	668	826	24%	266	338	27%	306	474	55%	327	291	-11%	-231	-277	-20%
exceptionals in EBITDA	147	104	-29%	13	25	92%	17	5	-71%	6	0	<i>n.m.</i>	111	74	-33%
EBITDA pre excep.	815	930	14%	279	363	30%	323	479	48%	333	291	-13%	-120	-203	-69%
normalized D&A	454	541	19%	107	168	57%	171	189	11%	115	119	3%	61	65	7%
EBIT pre excep.	361	389	8%	172	195	13%	152	290	91%	218	172	-21%	-181	-268	-48%
exceptionals in EBIT	150	109	-27%	13	25	92%	18	6	-67%	6	0	<i>n.m.</i>	113	78	-31%
Capex	424	407	-4%	100	129	29%	139	125	-10%	119	95	-20%	66	58	-12%
Net financial debt	2,245	3,814	70%												

* approximate numbers

Cash Flow Statement Q4/FY 2022

€ million	Q4 2021	Q4 2022	FY 2021	FY 2022
Income before income taxes	-12	-21	163	257
Amortization, depreciation, write-downs and reversals of impairment charges of intangible assets, property, plant and equipment	127	149	457	546
Gains on disposals of intangible assets and property, plant and equipment	-1	0	-1	3
Income from investments accounted for using the equity method	-	-3	-	-3
Financial losses (gains)	6	28	31	11
Income taxes paid	19	-33	5	4
Changes in inventories	-79	131	-288	-403
Changes in trade receivables	18	142	-157	62
Changes in trade payables	137	-147	153	-130
Changes in other assets and liabilities	8	-154	5	-160
Net cash provided by operating activities – continuing operations	223	92	368	187
Net cash used in operating activities – discontinued operations	82	76	39	-28
Net cash provided by operating activities – total	305	168	407	159
Cash outflows for purchases of intangible assets and property, plant and equipment	-183	-158	-424	-407
Cash inflows from sales of intangible assets and property, plant and equipment	3	1	3	5
Cash outflows for financial and other assets held for investment purposes	-266	-1	-519	-910
Cash inflows from financial and other assets held for investment purposes	0	141	1,447	1,420
Cash outflows for the acquisition/sale of subsidiaries and other businesses, less acquired cash and cash equivalents	-19	19	-1,006	-1,124
Cash inflows for the sale of subsidiaries and other businesses, less acquired cash and cash equivalents	2	8	115	8
Interest and dividends received	1	4	8	12

€ million	Q4 2021	Q4 2022	FY 2021	FY 2022
Net cash used in investing activities – continuing operations	-462	14	-376	-996
Net cash used in investing activities – discontinued operations	-25	-36	-56	-55
Net cash used in investing activities – total	-487	-22	-432	-1,051
Proceeds from borrowings	592	447	1,102	1,379
Repayments of borrowings	-22	-519	-560	-689
Interest paid and other financial disbursements	-21	-25	-63	-65
Dividend payments	0	0	0	83
Cash outflows for the acquisition of own shares	0	0	-86	-91
Net cash used in/provided by financing activities – continuing operations	549	-97	393	617
Net cash used in financing activities – discontinued operations	-1	-1	-4	-4
Net cash used in/provided by financing activities – total	548	-98	389	613
Change in cash and cash equivalents – continuing operations	310	9	385	-192
Change in cash and cash equivalents – discontinued operations	56	39	-21	-87
Change in cash and cash equivalents – total	366	48	364	-279
Cash and cash equivalents as of January 1	274	325	271	643
Exchange differences and other changes in cash and cash equivalents – total	3	-13	8	-4
Cash and cash equivalents as of December 31	643	360	643	360

Income Statement Q4/FY 2022

in € million	Q4/2021	Q4/2022	Chg. in %	2021	2022	Chg. in %
Sales	1,679	1,973	18%	6,101	8,088	33%
Cost of sales	-1,294	-1,519	-17%	-4,576	-6,151	-34%
Gross profit	385	454	18%	1,525	1,937	27%
Selling expenses	-240	-291	-21%	-816	-1,064	-30%
Research and development expenses	-24	-26	-8%	-95	-102	-7%
General administration expenses	-83	-100	-20%	-276	-319	-16%
Other operating income	33	18	-45%	74	38	-49%
Other operating expenses	-75	-51	32%	-201	-210	-4%
Operating result (EBIT)	-4	4	<i>n.m.</i>	211	280	33%
Income from investments accounted for using the equity method	0	3	<i>n.m.</i>	0	3	<i>n.m.</i>
Interest income	6	2	-67%	11	7	-36%
Interest expense	-16	-20	-25%	-64	-75	-17%
Other financial income and expense	2	-10	<i>n.m.</i>	5	42	>100%
Financial result	-8	-25	<-100%	-48	-23	52%
Income before income taxes	-12	-21	-75%	163	257	58%
Income taxes	5	7	40%	-47	-72	-53%
Income after income tax from continuing operations	-7	-14	-100%	116	185	59%
Income after income tax from discontinued operations	36	-7	<i>n.m.</i>	151	66	-56%
Income after income taxes	29	-21	<i>n.m.</i>	267	251	-6%
of which attributable to non-controlling interests	0	0	0%	0	1	>100%
Net income (attributable to LANXESS AG stockholders)	29	-21	<i>n.m.</i>	267	250	-6%
EPS (in €)*	-0.09	-0.16	-78%	1.33	2.13	60%
Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets (€)	0.64	0.47	-27%	3.60	3.75	4%

* continuing operations only

Abbreviations:

Advanced Intermediates:

All Advanced Industrial Intermediates

IPG Inorganic Pigments

Specialty Additives

LAB Lubricant Additives Business

PLA Polymer Additives

RCH Rhein Chemie

Consumer Protection

F&F Flavors & Fragrances

LPT Liquid Purification Technologies

MPP Material Protection Products

SGO Salting