



# LANXESS – KeplerCheuvreux German Corporate Conference 2023

**Prepared for stormy times and ready to deliver!**

Michael Pontzen, CFO  
Frankfurt, January 17th, 2023

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# Agenda

**1 Executive summary Q3 2022 and outlook**

**2 Portfolio: What we achieved & path forward**

**3 Managing our weak spots**

**4 Performing in Sustainability**

**5 Financial and business details Q3 2022**

# Q3 2022: Specialty businesses perform while inflationary energy prices continuously challenge

## Strategic and financial highlights

- First quarter with contribution from IFF's microbial control business
- HPM / Advent JV set-up on track:
  - Management team and business structure announced
  - Large number of merger clearances already received (e.g. US, Chinese and Brazilian authorities)
- Sales increase of 38% driven by pass-through of inflated input costs
- EBITDA pre improved to €240 m (vs €229 m in PY)
- Exceptional financial gain (~€83 m) from settled interest rate hedges\* overcompensates operational exceptionals (€35 m) on EPS level
- Operating cash flow impacted by inflationary and seasonal increase in inventories





# LANXESS Group: Improved EBITDA pre due to portfolio effect despite lower volumes

**Price pass-through and portfolio contribute**

Price **+26%**   Volume **-6%**   FX **+8%**   Portfolio **+10%**

Total **+38%**

Q3 Sales vs. PY

[€ m]	Q3/2021	Q3/2022	Δ	9M 2021	9M 2022	Δ
Sales	1.581	2.185	38%	4.422	6.115	38%
EBITDA pre	229	240	5%	643	755	17%
Margin	14,5%	11,0%		14,5%	12,3%	
CAPEX	98	98	0%	241	249	3%

- Significant sales increase in all segments price-driven, supported by portfolio and FX
- Lower volumes mainly due to softer demand
- Higher EBITDA pre resulting from strong contribution of Specialty Additives and Consumer Protection
- Full pass-through of inflated raw material and energy costs; lower volumes impact margins

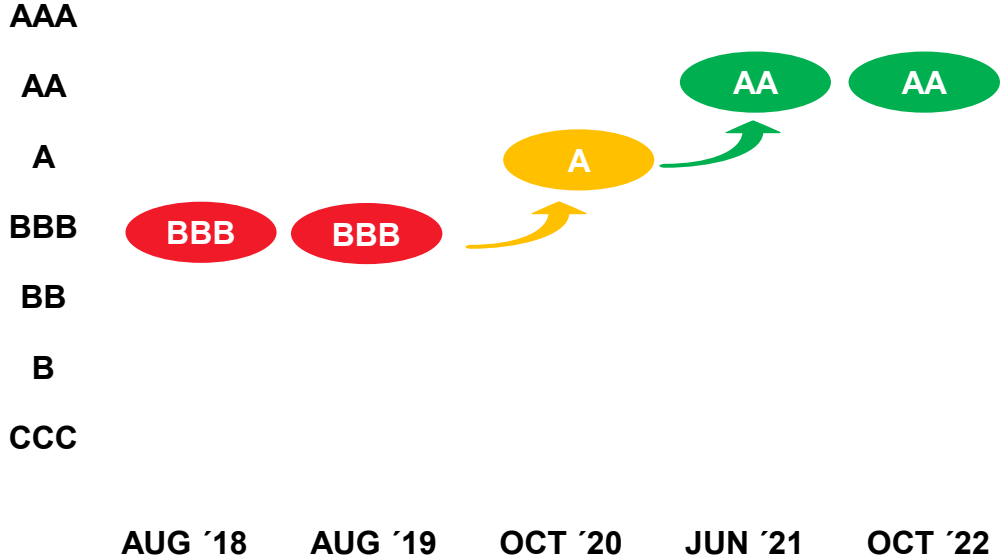
# MSCI ESG recently confirmed LANXESS AA rating – the second highest category



## LANXESS ESG Rating History

## Remarks from MSCI assessment

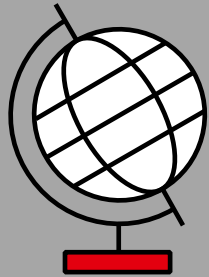
**MSCI**  
ESG RATINGS



- **Carbon emissions:** LANXESS carbon intensity (CO<sub>2</sub>/sales) significantly lower than industry average
- **Toxic Emissions & Waste:** LANXESS initiatives to reduce toxic emissions and waste include aggressive targets
- **Water Stress:** LANXESS takes strong efforts to reduce water use relative to peers
- **Corporate Governance:** LANXESS scores in the highest category with strong practices

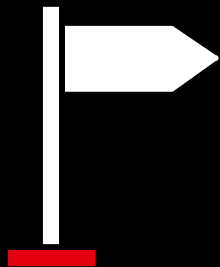
**LANXESS ranks among the top 3 companies world-wide in the diversified chemicals industry**

# FY 2022: Guidance corridor narrowed



## Current view on economy

- Volatile and uncertain energy and raw material costs development
- Increasing pressure from general inflation on global demand, price pass-through becomes more challenging
- Additional burden on demand due to anticipated customer destocking



## LANXESS outlook

- **FY guidance:**  
**EBITDA pre expected in €900 – 950 m corridor**

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# Targeted acquisitions in Consumer Protection boost specialty character of LANXESS portfolio



- Secular growth
- High profitability
- Asset light & strong cash conversion
- Complementary to existing business (thus, high synergies)
- CO<sub>2</sub> light

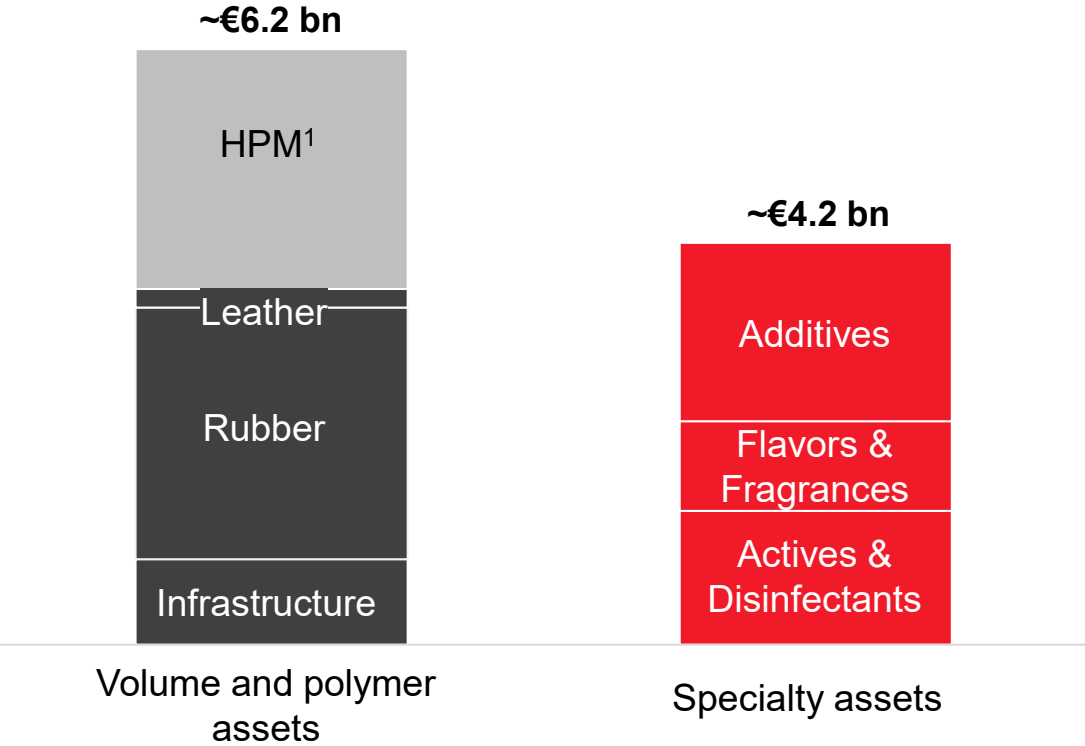


# LANXESS portfolio transformed towards a true specialty chemicals player



## Portfolio transactions since 2016

Transaction values



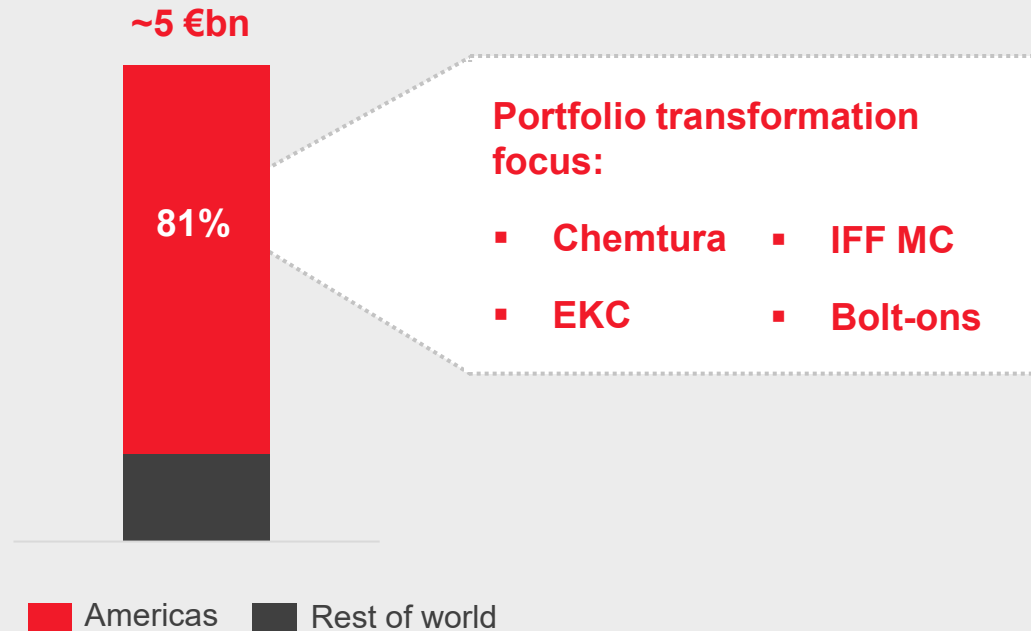
**Acquired businesses:**  
High profitability and cash generation  
Asset light  
Less cyclical

**Divested businesses:**  
Lower profitability  
Asset intensive  
More cyclical

<sup>1</sup> HPM: High performance materials business (Polyamid); to be transferred to JV with Advent, transaction still subject to the approval of responsible authorities; closing expected in H1 2023

# Portfolio transformation increased US footprint...

## Growth CAPEX and M&A spending since 2017<sup>1</sup>

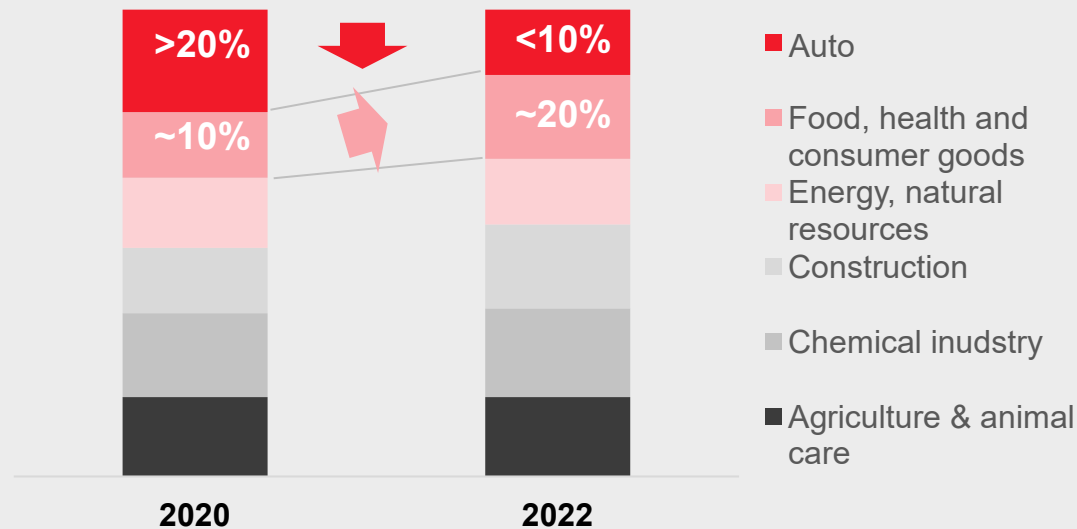


! Strengthened Americas asset footprint

! German exposure further reduced

# ...and led to a more balanced end-market exposure

## Balanced end-market exposure<sup>1</sup>



! Auto exposure reduced

! Higher portion of end-consumer focused markets

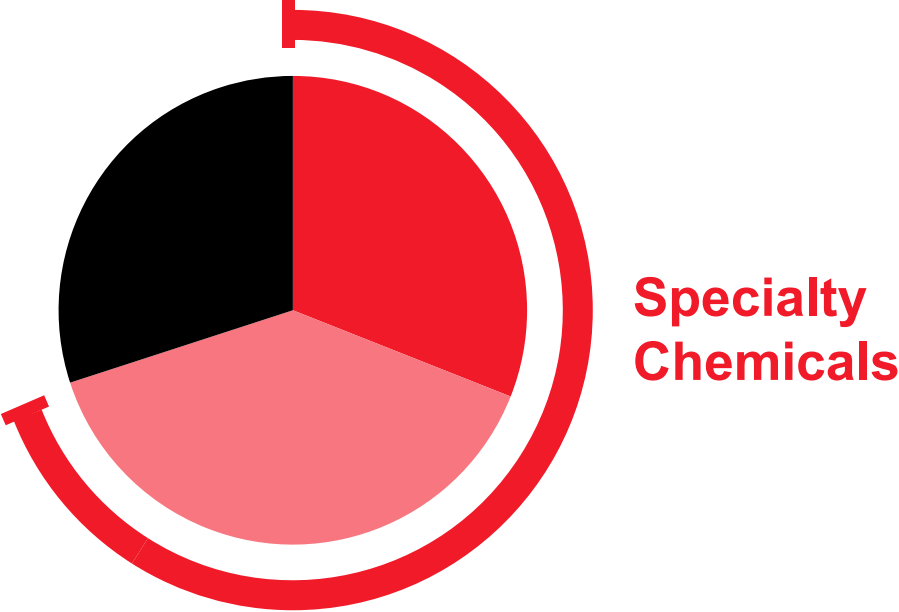
# Specialty character substantially increased – portfolio transformation concluded (for the time being)

Becoming a leading specialty chemicals player

Sales 2017



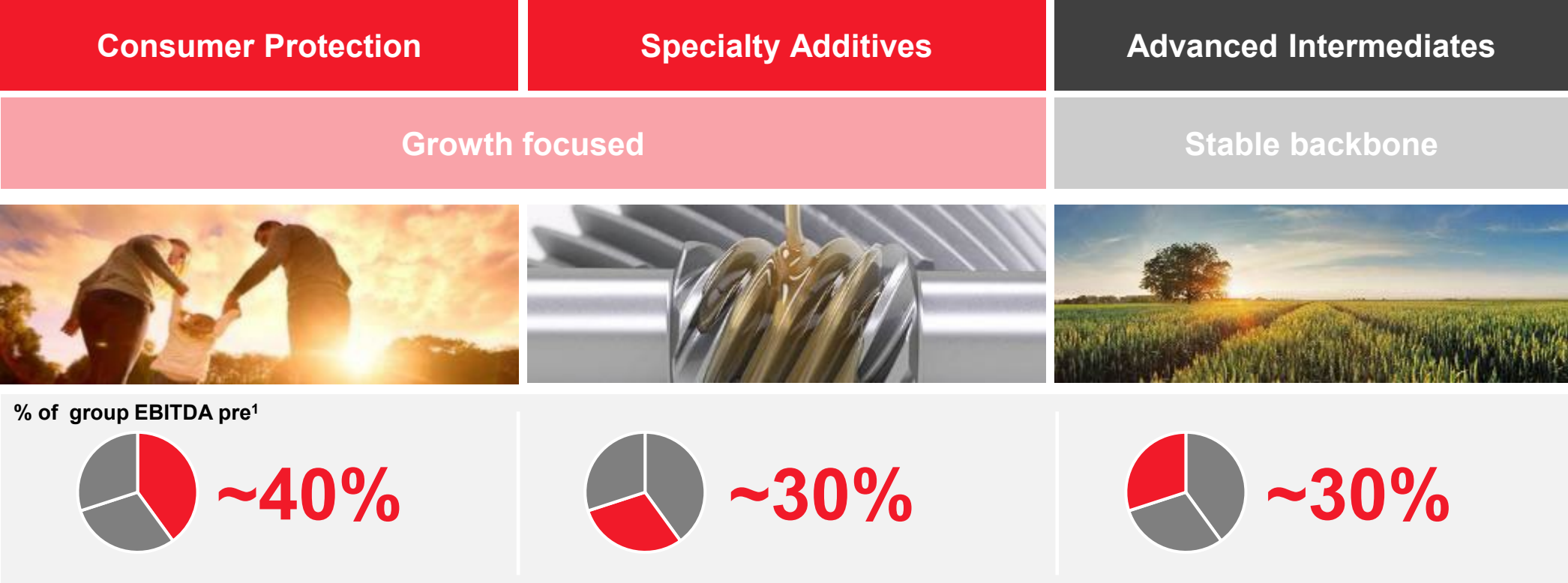
Sales 9M 2022



■ Polymers (ARLANXEO, HPM) ■ Consumer Protection ■ Specialty Additives ■ Advanced Intermediates

Specialty character improved – portfolio now mainly based on specialty chemical value chains

# Portfolio framework: Two growth-focused platforms – financed by a stable backbone



**Complexity reduced; Consumer Protection will stand for ~40% of EBITDA pre**



# Updated order of segments underlines new focus

## Consumer Protection



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

1

## Specialty Additives



- Polymer Additives
- Lubricant Additives
- Rhein Chemie

2

## Advanced Intermediates

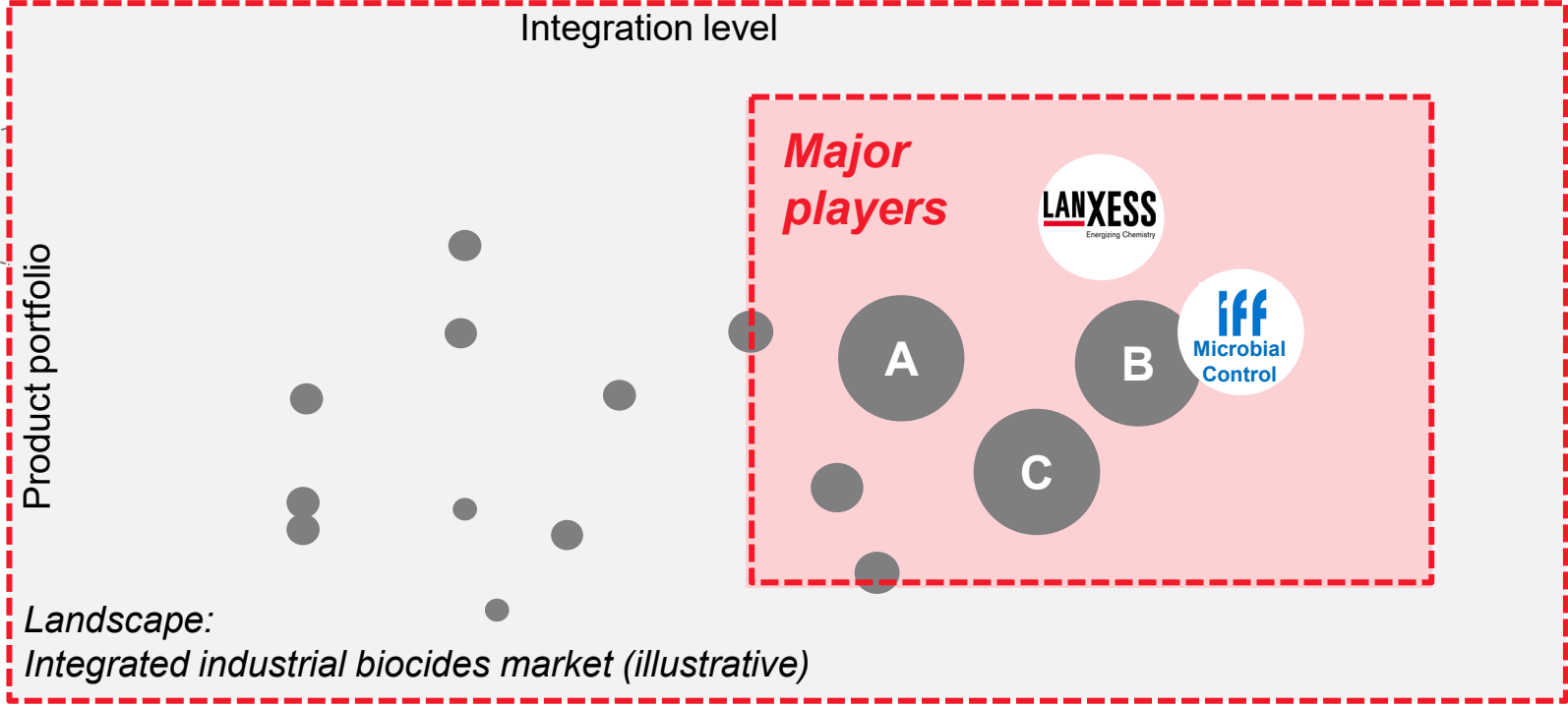


- Advanced Industrial Intermediates
- Inorganic Pigments

3

# All businesses in Consumer Protection are champions in their field

1. A leading position in niche markets  BU MPP



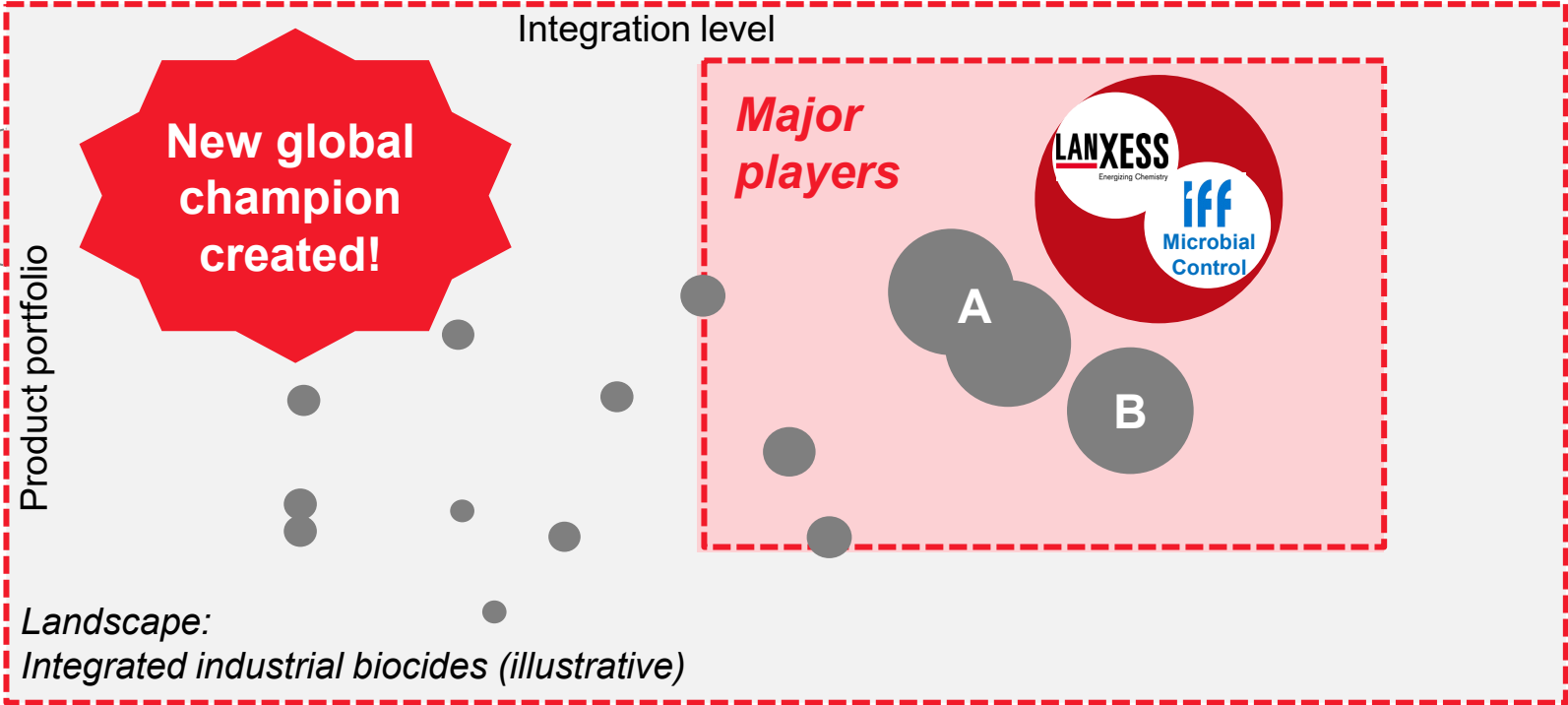
**LANXESS actively transformed microbial control market**

# Active market transformation created a strong global position in 'Microbial Control'

1. **LANXESS among top 3 players in the biocide business**



Active market transformation reduced number of big players



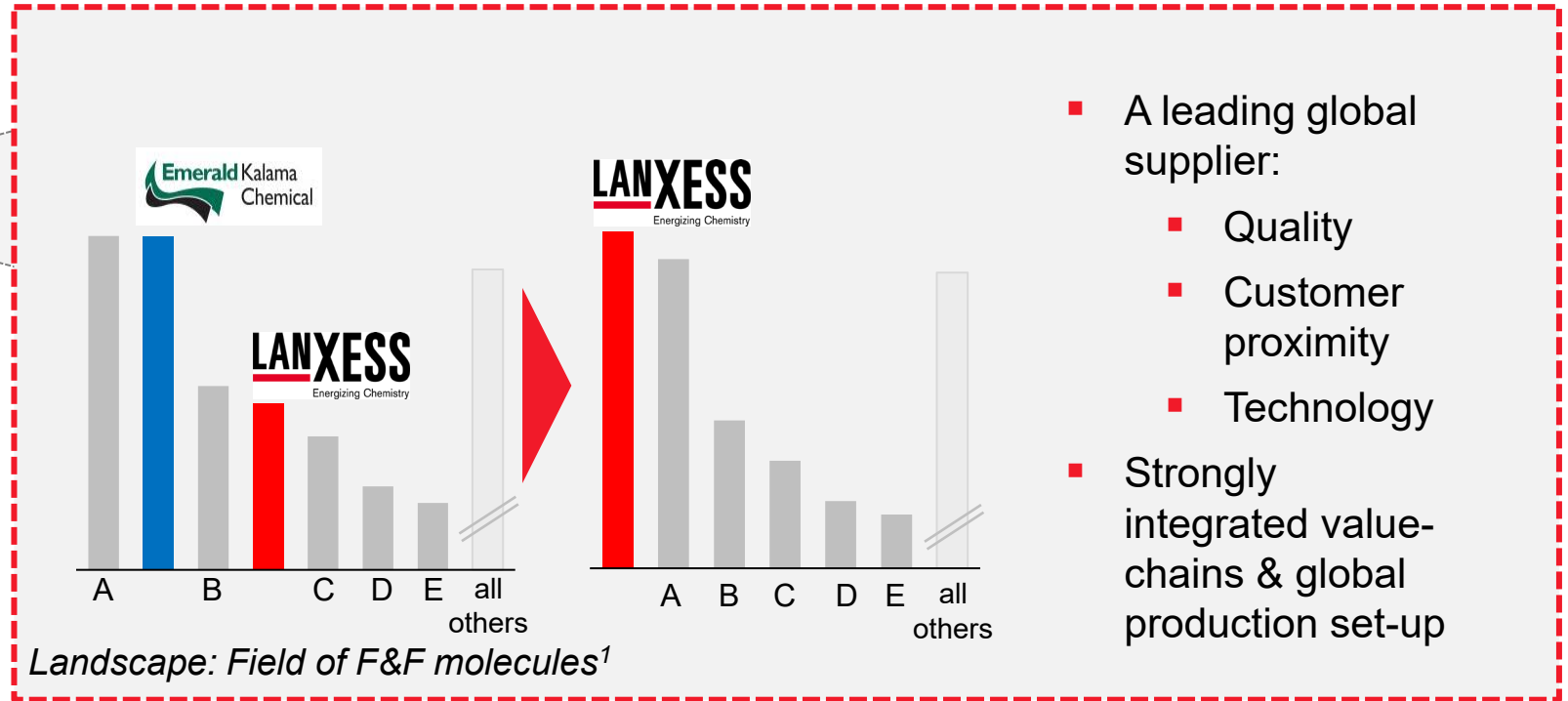
**LANXESS formed top player in transformed market with strong underlying growth**

# LANXESS created a new global champion in Flavors & Fragrances

1. Strong position in niche markets



BU  
F&F



- A leading global supplier:
  - Quality
  - Customer proximity
  - Technology
- Strongly integrated value-chains & global production set-up

**LANXESS created a strong player in the field of Flavors & Fragrances**

<sup>1</sup> Illustrative and simplified, segment positioning in terms of revenue, approximate figures based on IHS, Markets & Markets custom report, LANXESS own research

# LANXESS with global reach in Flavors & Fragrances

1. Strong position  
in niche markets

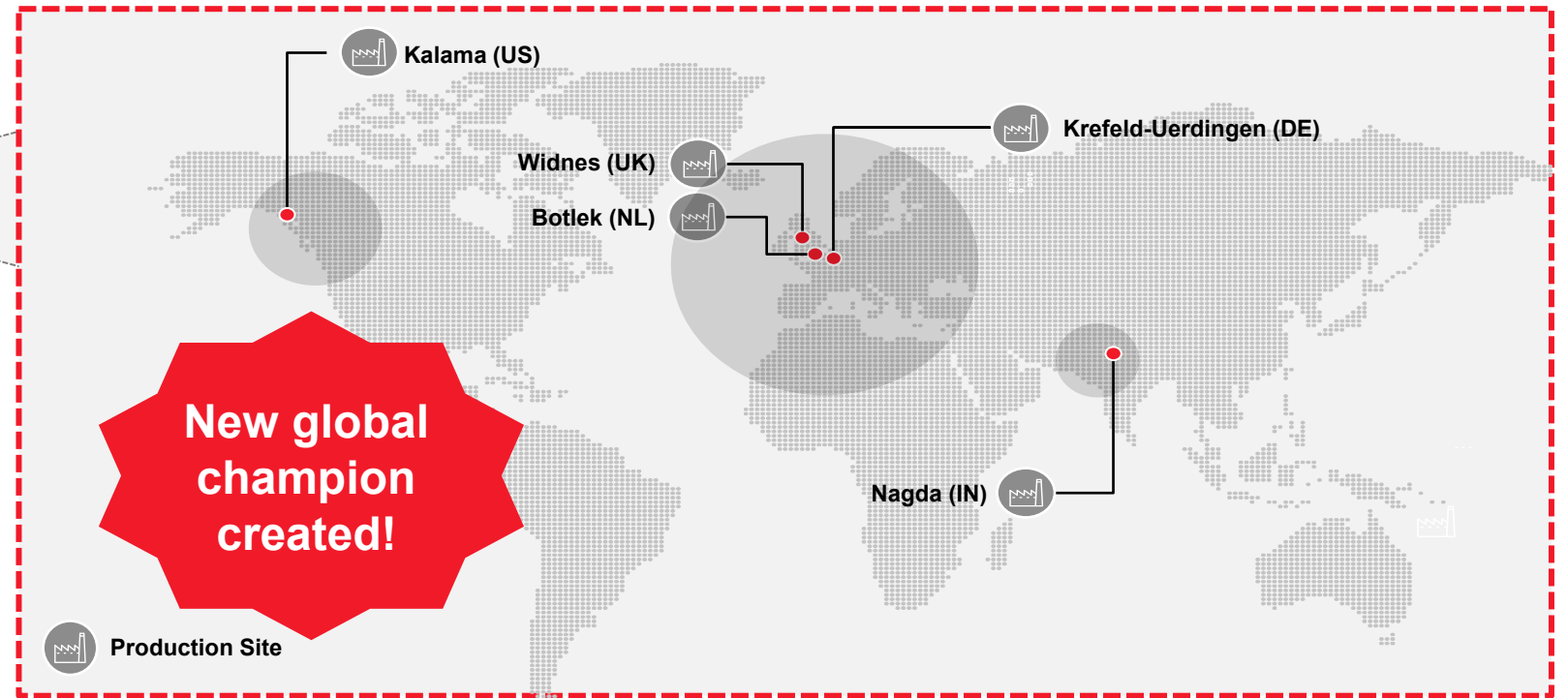


BU  
F&F

**LANXESS**  
Energizing Chemistry

+

**Emerald Kalama**  
Chemical



LANXESS expanded on existing position in attractive F&F market

# Acquired businesses: Focus on integration and stability for the foreseeable future



## Performing well

- Closed August 2021
- Earnings development in line with expectations



in progress

## Reaching full potential of envisaged earnings level in 2024-25

- Management team and corporate culture established
- Business undermanaged in the past
- Catch-up on price increases underway



# Consumer Protection businesses well positioned to exploit strong growth trends in their markets

2. Strong secular growth driven by underlying trends



**~5% avg.**

Market growth in Consumer Protection end markets



**Stricter Regulations & Sustainability**



**Strong growth in Home & Personal care**



**Population growth & urbanization**



**Water quality & scarcity**

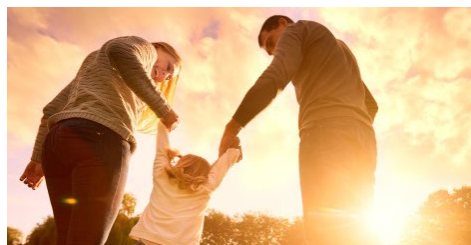


**Higher health awareness**



**Consumer preference for "milder" solutions**

# Consumer Protection well placed to deliver – even in difficult environment



	<b>Strong position</b>	<b>Product technology intensity</b>	<b>Profit potential 2023</b>
<b>Material Protection Products</b>	<b>Among Top 3</b>	<b>High</b>	<b>Growth</b>
<b>Flavors &amp; Fragrances</b>	<b>Among Top 3</b>	<b>High</b>	<b>Stability to growth</b>
<b>Saltigo</b>	<b>Among Top 3 in agro custom synthesis</b>	<b>High</b>	<b>Growth</b>
<b>Liquid Purification Technologies</b>	<b>Among Top 3</b>	<b>High</b>	<b>Stable</b>

# Specialty Additives: Driving segment to full potential

## Consumer Protection



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

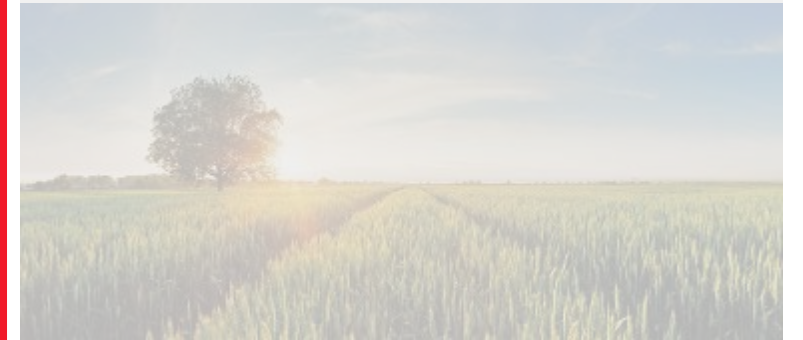
## Specialty Additives



- Polymer Additives
- Lubricant Additives
- Rhein Chemie

2

## Advanced Intermediates



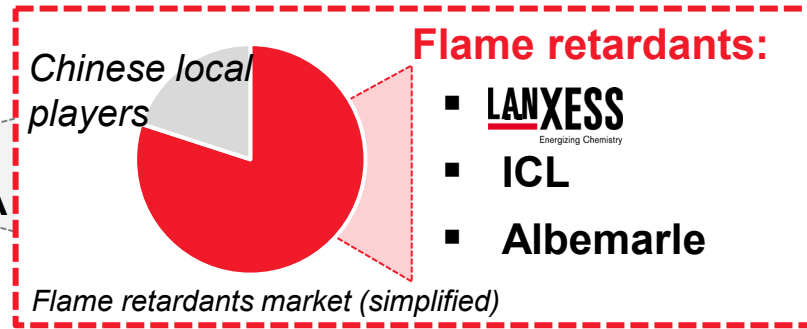
- Advanced Industrial Intermediates
- Inorganic Pigments

# Specialty Additives: Leading positions, strong US asset base and major trends driving GDP growth

## 1. Strong position in niche markets



BU  
PLA

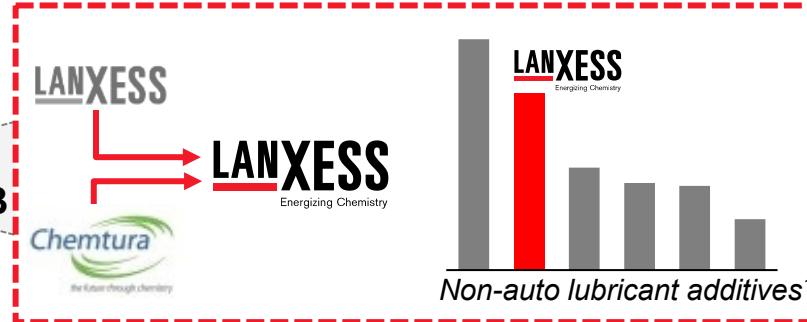


- Major players account for the largest part of the business
- Western players better positioned to cope with high regulatory standards

## 2. Strong asset base outside Europe



BU  
LAB



- Market transformation driven by Chemtura acquisition
- LANXESS with one of the broadest product portfolios
- Strong in non-auto lubricants additives




- Backward integration into one of few Bromine sources globally – Arkansas site: 2<sup>nd</sup> highest concentration and well positioned in industry cost curve
- Lubricants: majority of plants also in US

<sup>1</sup> Simplified, approximate figures based on Kline Global Lubricant Additives, LANXESS own research

# Specialty Additives to exploit strong positions and show stable development in potential recession



	Strong position	Product technology intensity	Profit potential 2023
Polymer Additives	Among Top 3	High	Below very high level
Lubricant Additives	Among Top 3	High	Stability to growth
RheinChemie	Among Top 3	Medium	Stability

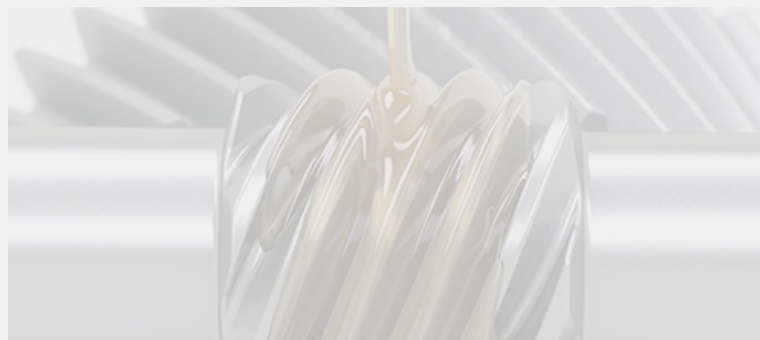
# Advanced Intermediates as stable backbone

## Consumer Protection



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

## Specialty Additives



- Polymer Additives
- Lubricant Additives
- Rhein Chemie

## Advanced Intermediates

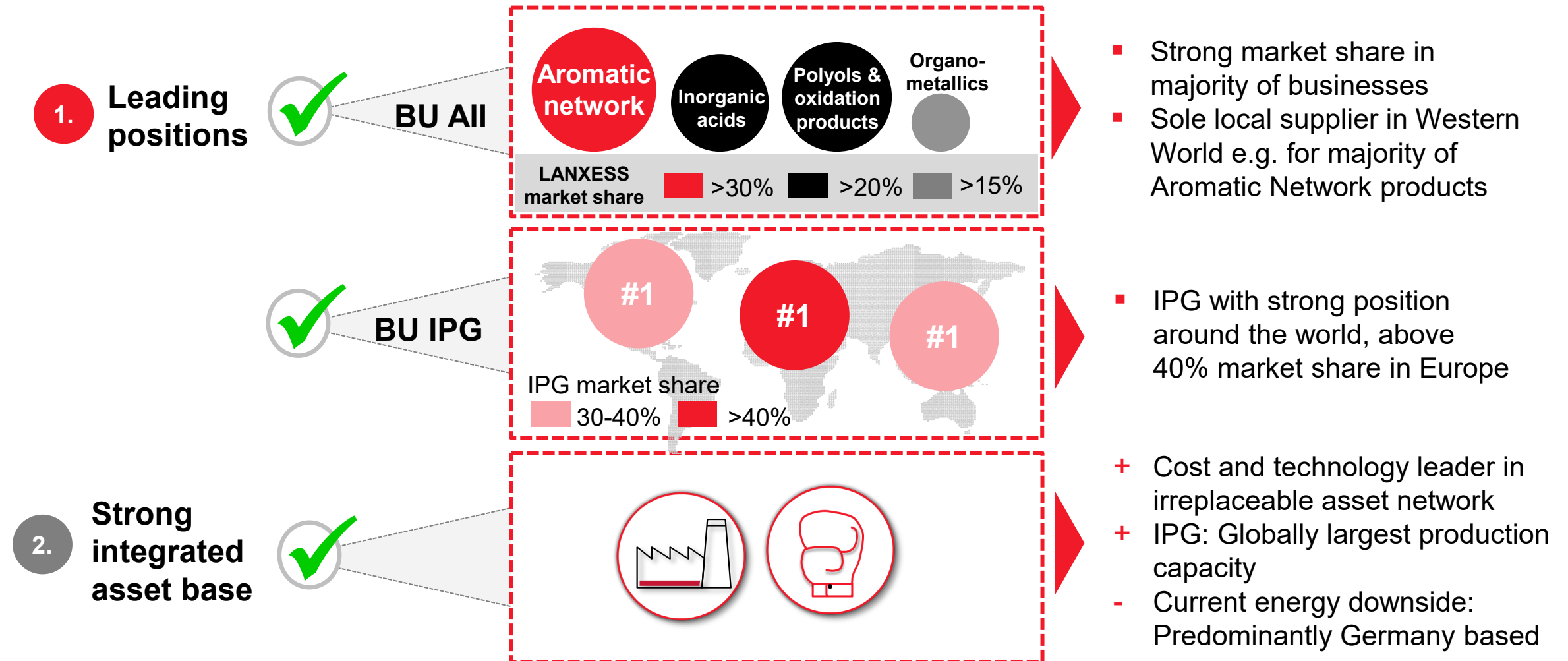


- Advanced Industrial Intermediates
- Inorganic Pigments

**3**




# Advanced Intermediates: Strong market positions and process technology as strong base for LANXESS growth



# Advanced Intermediates well positioned but energy situation in Germany will likely weigh on 2023 results



	Strong position	Product technology intensity	Profit potential 2023
Adv. Industrial Intermediates	Leading in Western World	High in process technology	Below
Inorganic Pigments	# 1 globally	High in process technology	Below

# Now the imperatives are the following for LANXESS!



- ✓ Portfolio adjustment
- ✓ Major transformation steps accomplished

- More resilient than before
- Market, technology, and operational leadership

- Reap benefits of strong positions and unique capabilities of LANXESS businesses

# Our businesses have higher profitability potential in a normal business environment

## Path to profitability recovery and underlying expansion

### Consumer Protection

- Contribution from specialty business EKC and IFF MC
- Total synergy generation of up to €55 m

**>20%**

EBITDA pre margin potential

### Specialty Additives

- Growth in specialty niches supports margin increase
- Product and portfolio pruning
- Further support from easing logistics

**up to 20%**

EBITDA pre margin potential

### Advanced Intermediates




- Completed debottlenecking measures allow for substantial utilization increase when demand returns
- No additional growth CAPEX needed

**16-18%**

EBITDA pre margin potential

**Underlying profitability expected to grow significantly – support from easing of inflation**

# Portfolio framework well balanced and positioned for the future

	<b>Consumer Protection</b>	<b>Specialty Additives</b>	<b>Advanced Intermediates</b>
			
<b>Portfolio role</b>	<b>Growth</b>	<b>Growth</b>	<b>Stability</b>
<b>Growth profile</b>	<b>GDP+</b>	<b>~GDP</b>	<b>~GDP</b>
<b>Way forward</b>	<b>Organic growth, synergies &amp; innovation</b>	<b>Organic growth &amp; innovation</b>	<b>Operational excellence &amp; efficiencies</b>
<b>Growth capex relevance</b>	✓	✓	<b>Projects already implemented / on-stream</b>
<b>Market position</b>	<b>Strong</b>	<b>Strong</b>	<b>Strong</b>

**Additional  
value  
opportunities**





# Engineering plastics Joint Venture is a powerful additional value driver



## HPM is a strong business

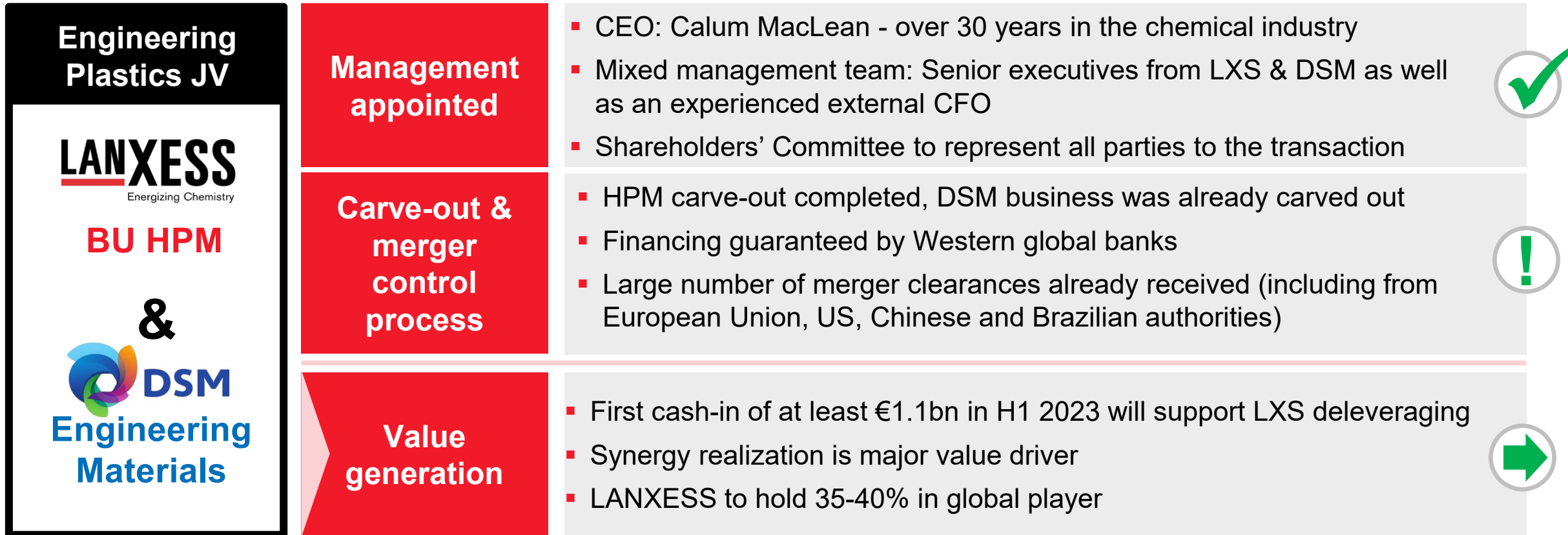
- + Among top 5 players globally
- + Reliability through backward integration
- + Strong technology position in PA6, PBT and Tepex
- + Customer proximity via global compounding network
- High auto exposure
- Most volatile business in portfolio

## Rationale for Engineering plastics JV

- + Very complementary regional set-up
- + Very complementary industry exposure
- + Strengthening technology and sustainability position
- + Highly synergistic



# Closing and carve-out process fully on track



**Focus on cash-in and deleveraging while driving synergies and value upside!**

# Additional value drivers: Strategic projects making progress

H1  
2023

## Lithium project

- ✓ Pilot plant with sufficient purity levels in operation since 12/2020
- ✓ Additional optimization ongoing
- ✓ FEED<sup>1</sup> study underway, results expected H1 2023, investment decision to follow afterwards

## Electrolyte project

- ✓ Formulation in Saltigo plant initiated
- ✓ Project teams in joint discussion
- ⚡ China lockdowns slow progress

H2  
2023

## CheMondis

- ✓ Platform grows exponentially
- ✓ Monetization products launched
- ✓ In case of successful monetization CheMondis will open for external shareholders end of 2023 / beginning of 2024

**All projects with good progress: Potential additional upside for LANXESS**

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# We are managing our weak spots – LANXESS prepared for “high wind sailing”

Energy



Gas price and shortage

Cash flow



Cash generation and  
working capital

Liquidity & leverage

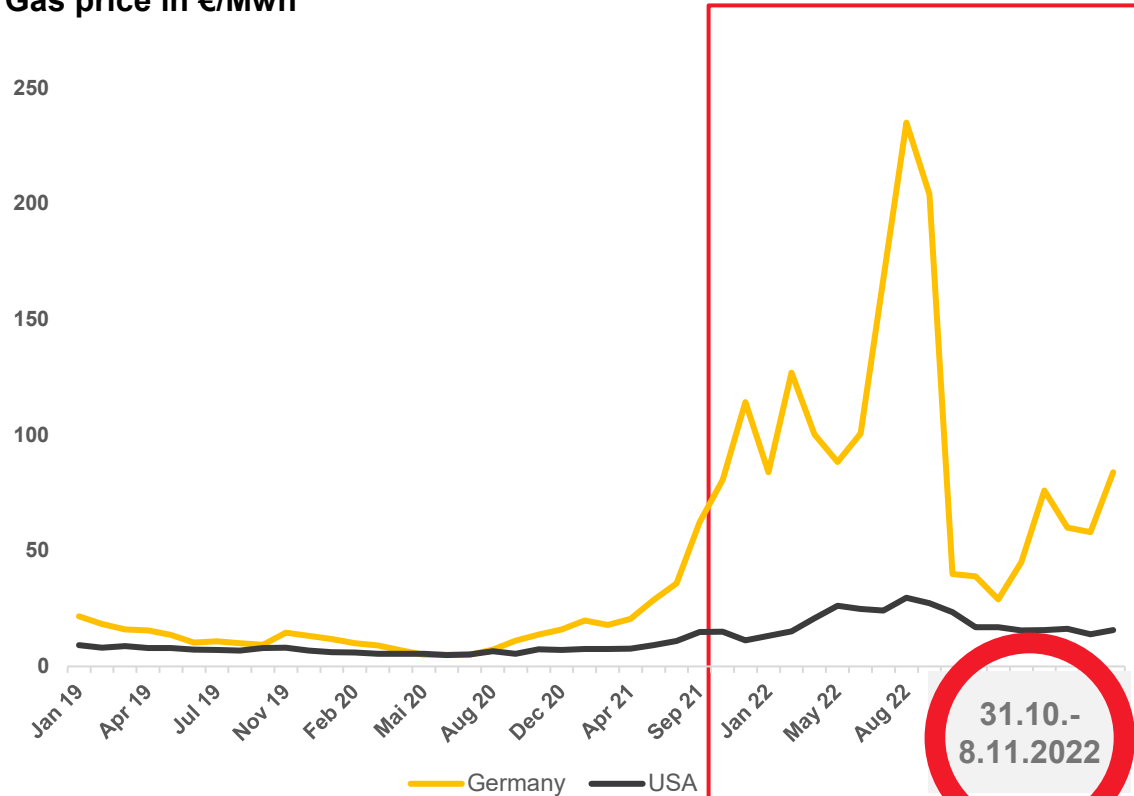


High leverage temporarily

# Escalation of gas price primarily affecting our German assets

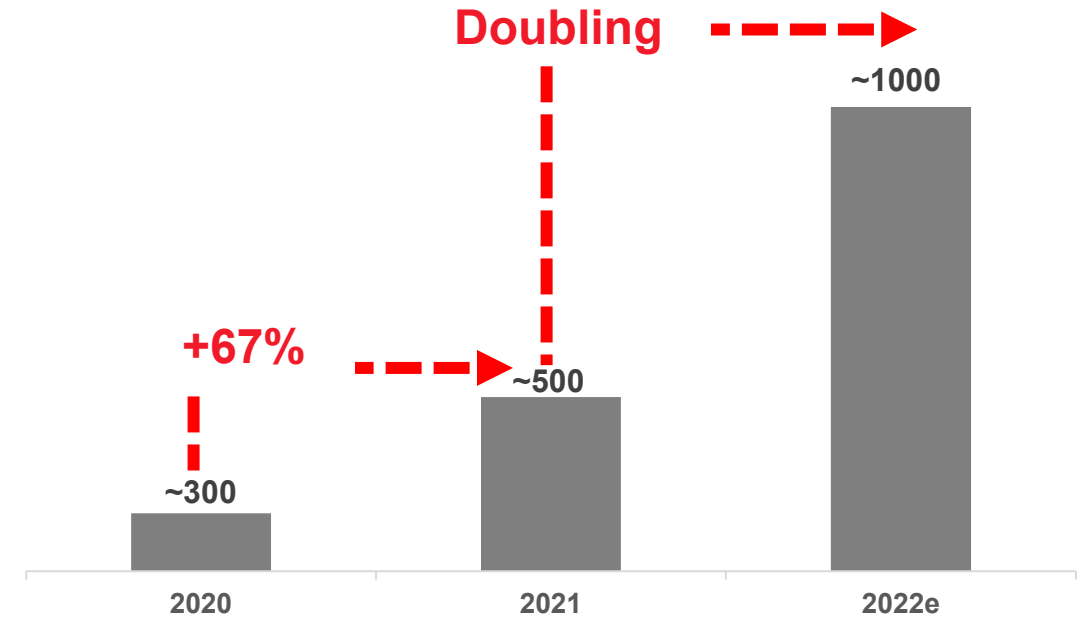
## Germany with highest energy costs

Gas price in €/Mwh



## Our energy costs are skyrocketing

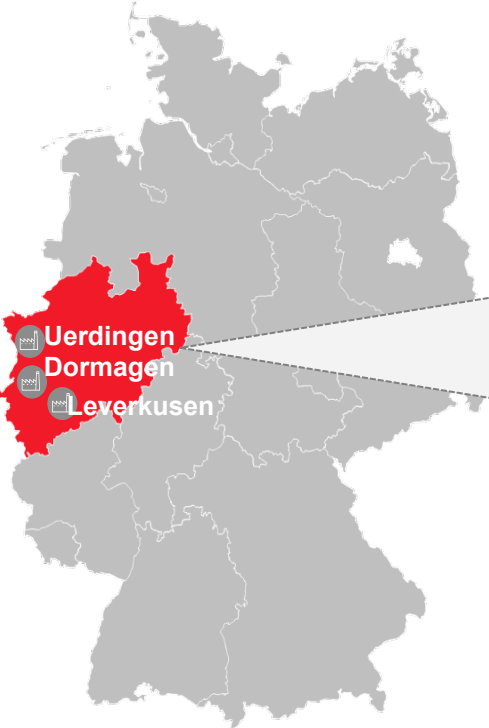
in €m



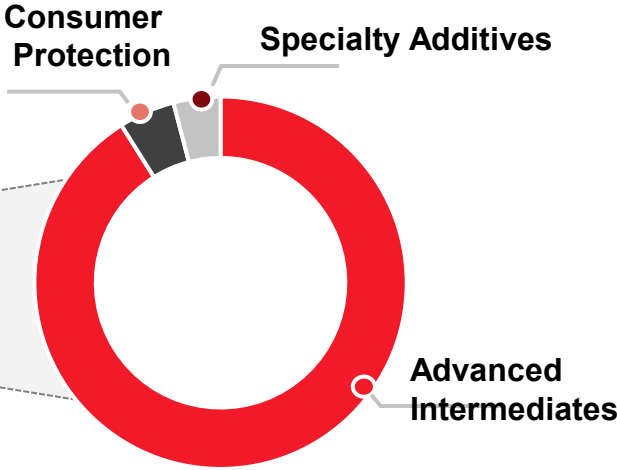


# Advanced Intermediates (BU All and IPG) consume the vast majority of energy in Germany

Sites with highest energy consumption



Energy consumption per segment<sup>1</sup>



Businesses in segment Advanced Intermediates are energy intensive and have a high asset footprint in Germany

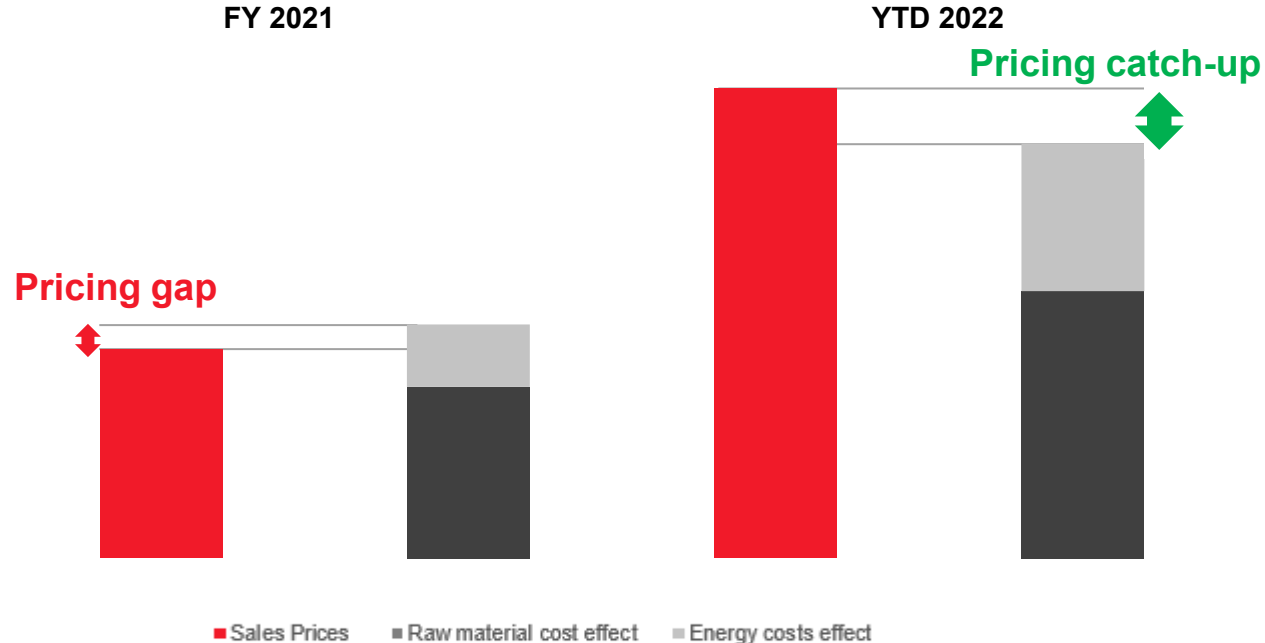
Energy costs in Consumer Protection and Specialty Additives of less relevance



# Successful price pass through in 2022

2022 price increases reflect full pass on of raw & energy costs

Change in prices of cost lines YoY<sup>1</sup> in €m



- In 2021 raw material prices fully passed on and started to pass on energy costs
- YTD 2022 full pass through of raw and energy cost inflation; catch up of price pass on in 2021
- Q3 2022 still fully passed on at group level but shortfall in segment Advanced Intermediates
- Countermeasures for Q4 prepared

Pricing power proven in a challenging environment which, however, is getting more difficult

# Environment becoming more challenging especially for segment Advanced Intermediates

## Situation at BU All and BU IPG

High energy prices in Germany vs. low energy prices in China

Increasing Asian supply in Western markets

Weakening demand

## Possible countermeasures



Production: Flexible adjustments possible



CAPEX and cost saving measures

Energy prices artificially high; most recent drop could indicate normalisation

# A potential gas shortage in Germany could be managed

## Taskforce

- Joint taskforce with Chempark players (Currenta, Bayer, Covestro)
- Weekly calls and emergency plans prepared
- Our plants are primarily supplied by Dutch and Norwegian gas

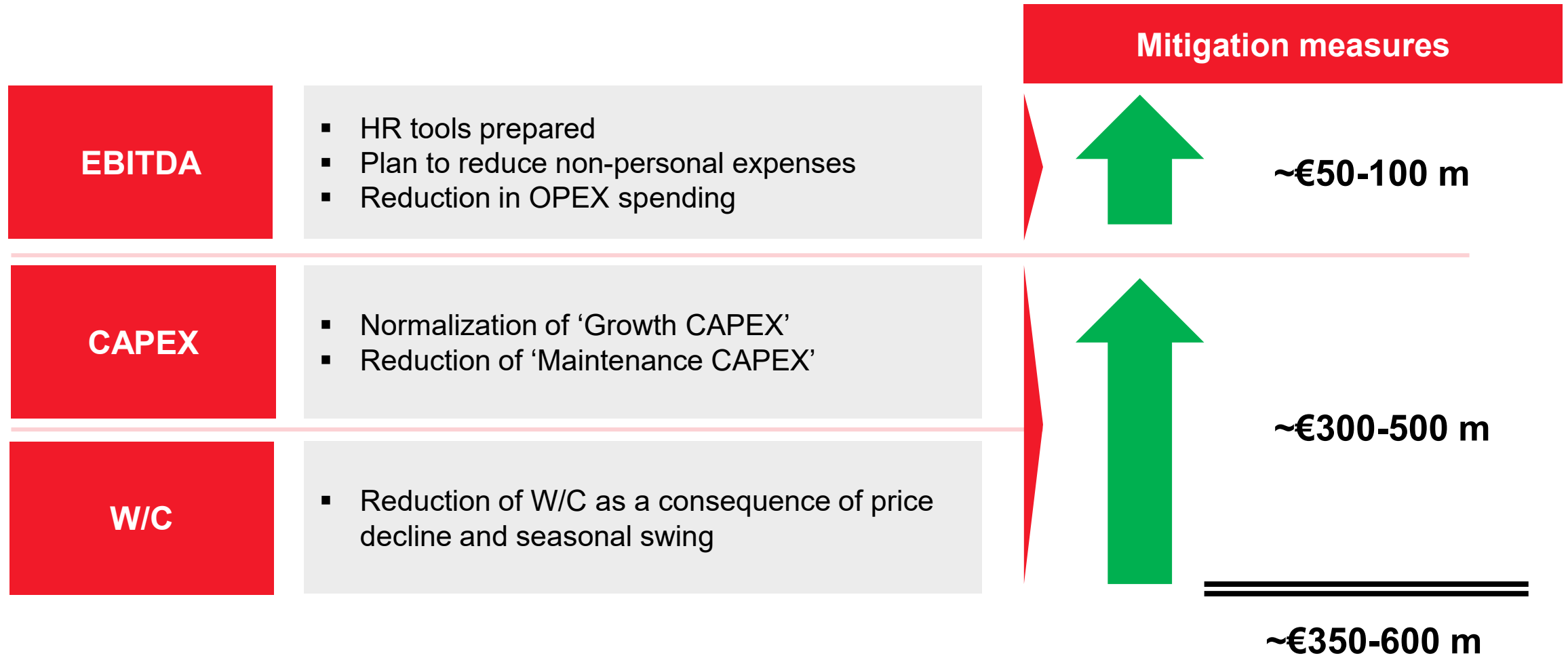
## Measures at hand

- 1 Mode of operation:** Adjusted steering of Currenta's energy generation to optimize gas consumption (implemented at short notice)
- 2 Mobile steam generators:** Availability of oil-based steam generators
- 3 Fuel switch:** Possibility to use coal boilers instead of gas boilers in the short term and renewables medium-term
  - Rental of back-up boilers to use alternative energy sources
  - No electricity production; gas only used for steam production

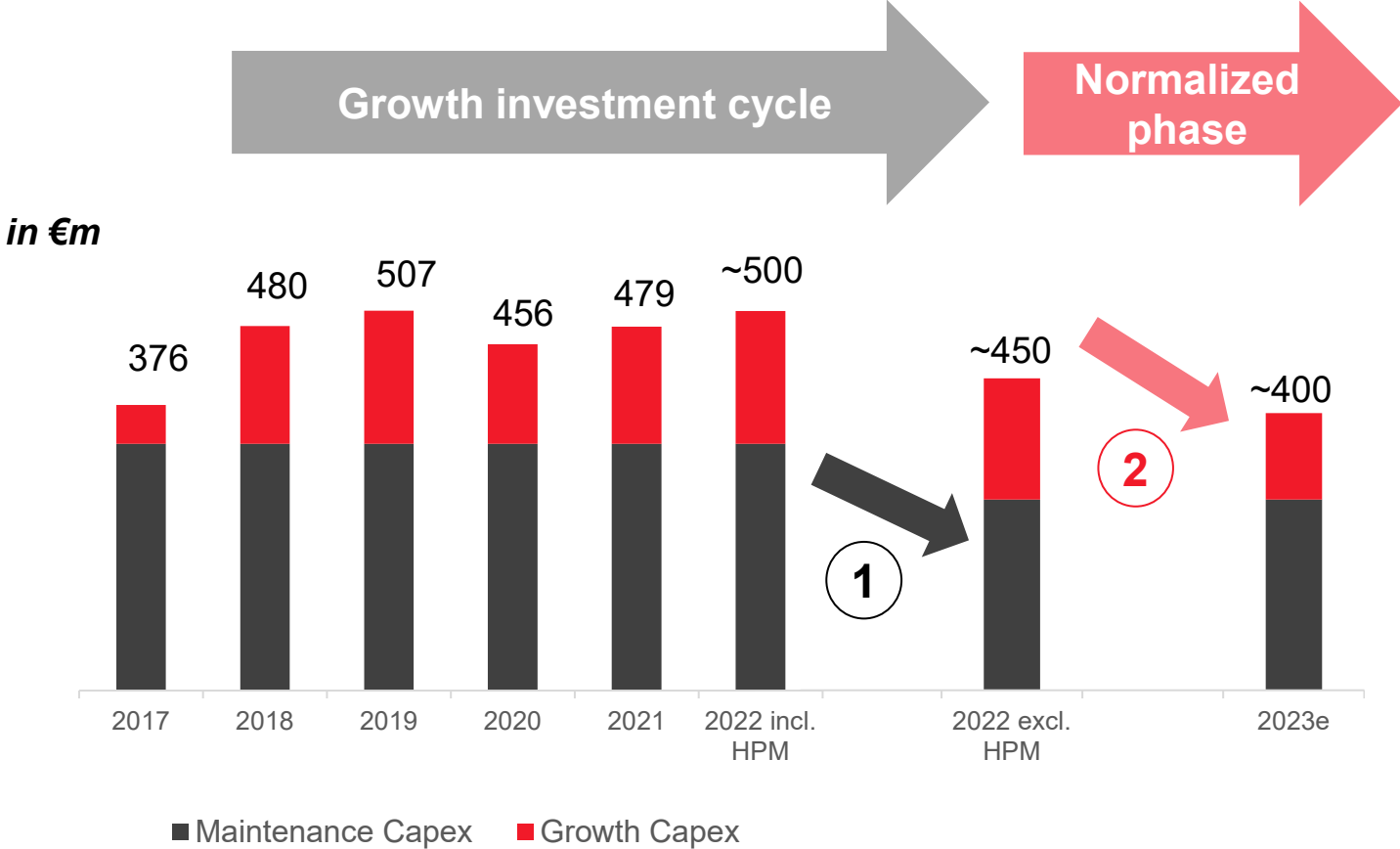
**Measures  
mitigating  
reduced gas  
availability**

**Today, limited concerns about „physical“ gas shortage**

# Measures to support free cash flow in the next 12 months



# Lower CAPEX after completion of growth investment cycle and HPM exclusion



1

- Maintenance CAPEX**
- €250-300 m new level (without HPM)
  - Previously €300-350 m

2

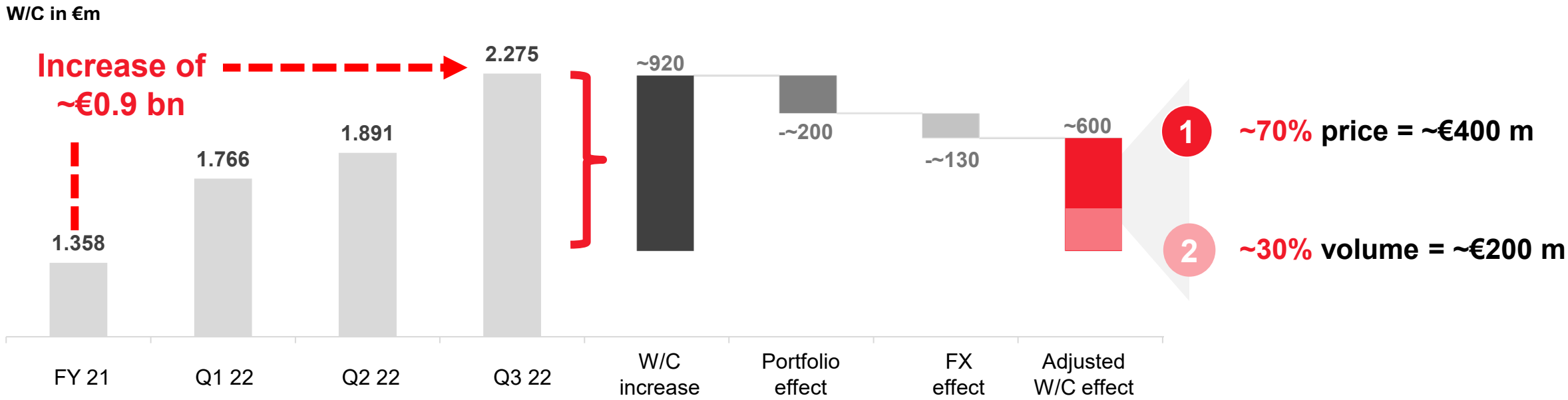
- Total CAPEX**
- ~€400 m as normalized level
  - In 2023 no major growth projects initiated yet

**Lower CAPEX profile reflecting focus on lean assets**

# Working Capital outflow in 2022 mainly driven by energy and raw material price inflation



Development of W/C and impact on inventories reflect inflationary environment



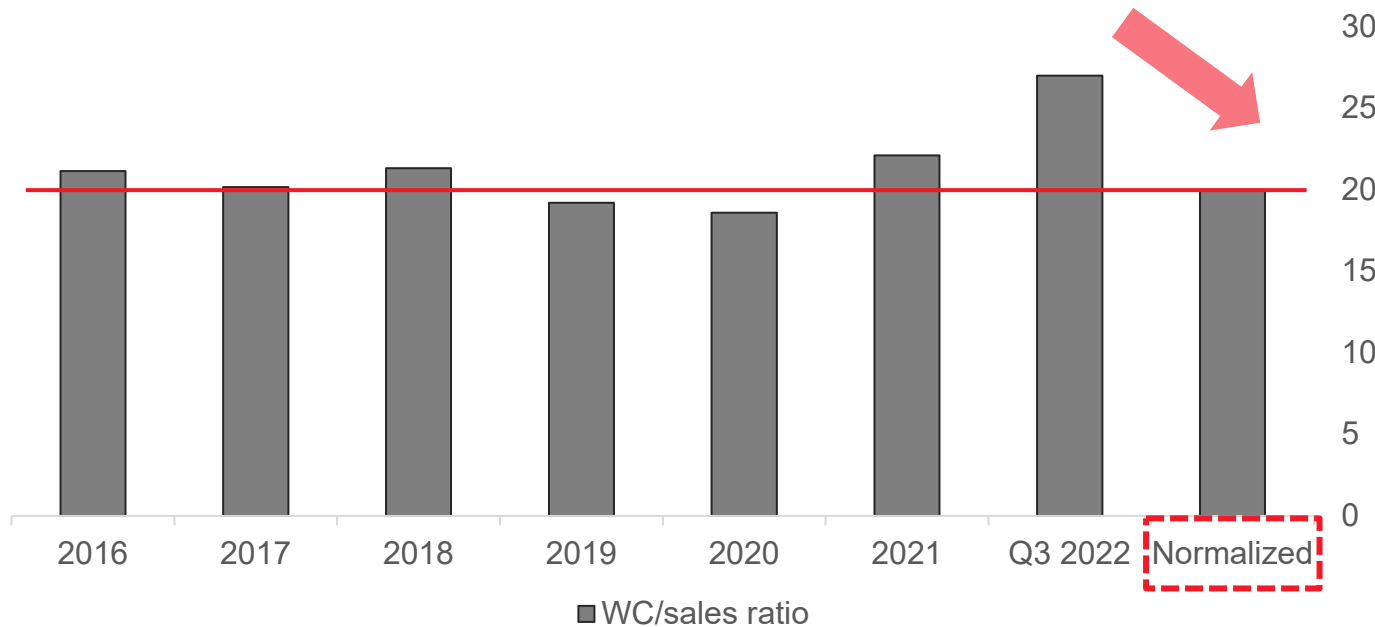
Substantial increase in working capital driven by price effects

# Cash relief from working capital expected in upcoming quarters

## Development of W/C KPIs reflect inflationary environment

## Drivers for cash relief

[in%]



### Price:

- Raw material costs are expected to decline from peaks in Q3 2022
- Energy costs in Germany down from peak in Q3 2022, but still very volatile

### Volume:

- Logistic constraints expected to ease in 2023
- Seasonal effect in Q4

**W/C ratio to normalize at ~20% of sales**



# Working on additional levers to improve cash flow longer-term

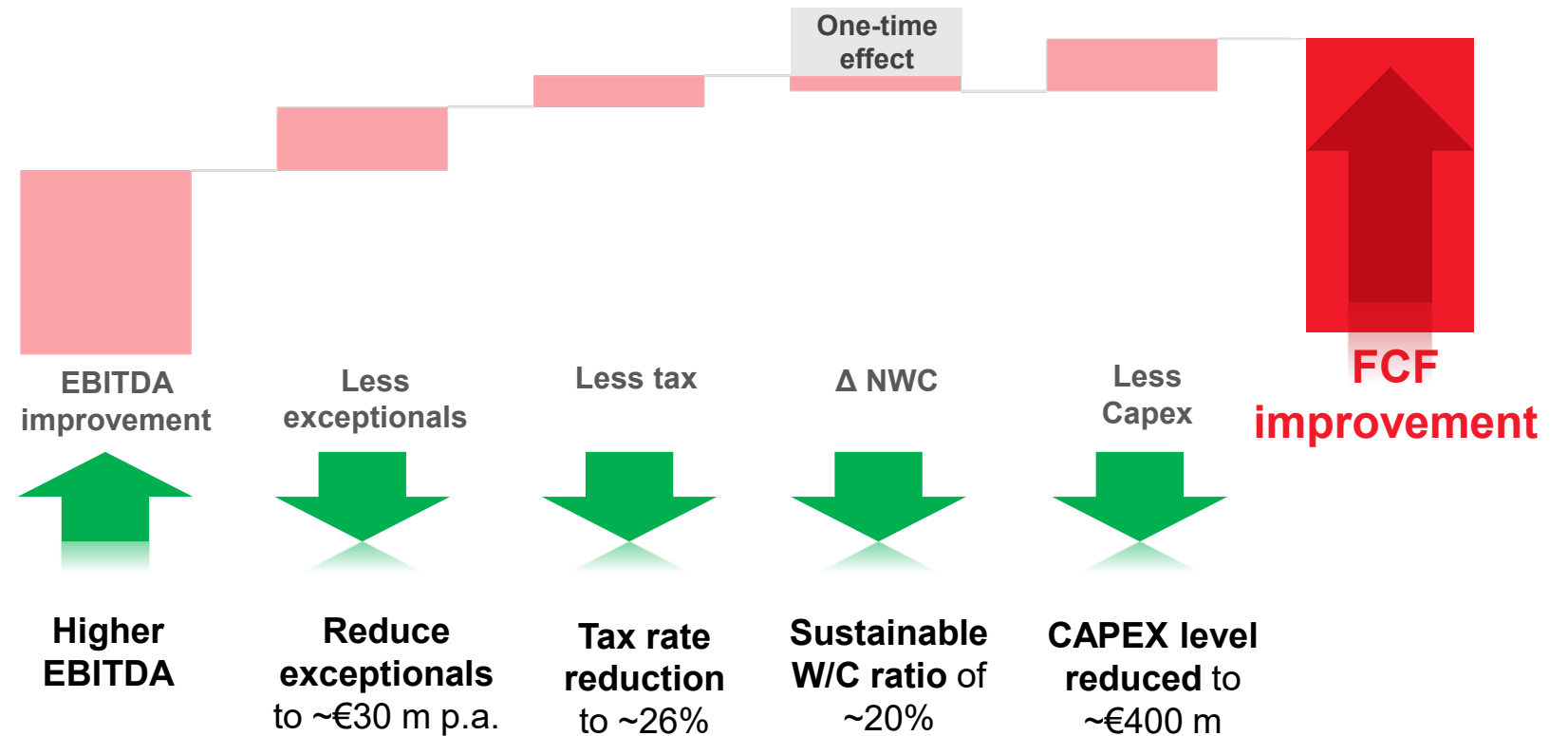
**FCF building blocks**

**EBITDA pre**

- Cash for exceptionals
- Taxes
- Changes in Working Capital
- Capex

**= Free Cash Flow**

Δ Illustrative CF levers<sup>1</sup>



**Solid cash flow generation potential of LANXESS medium-term**

# Throughout all crises we secured our Investment Grade Rating

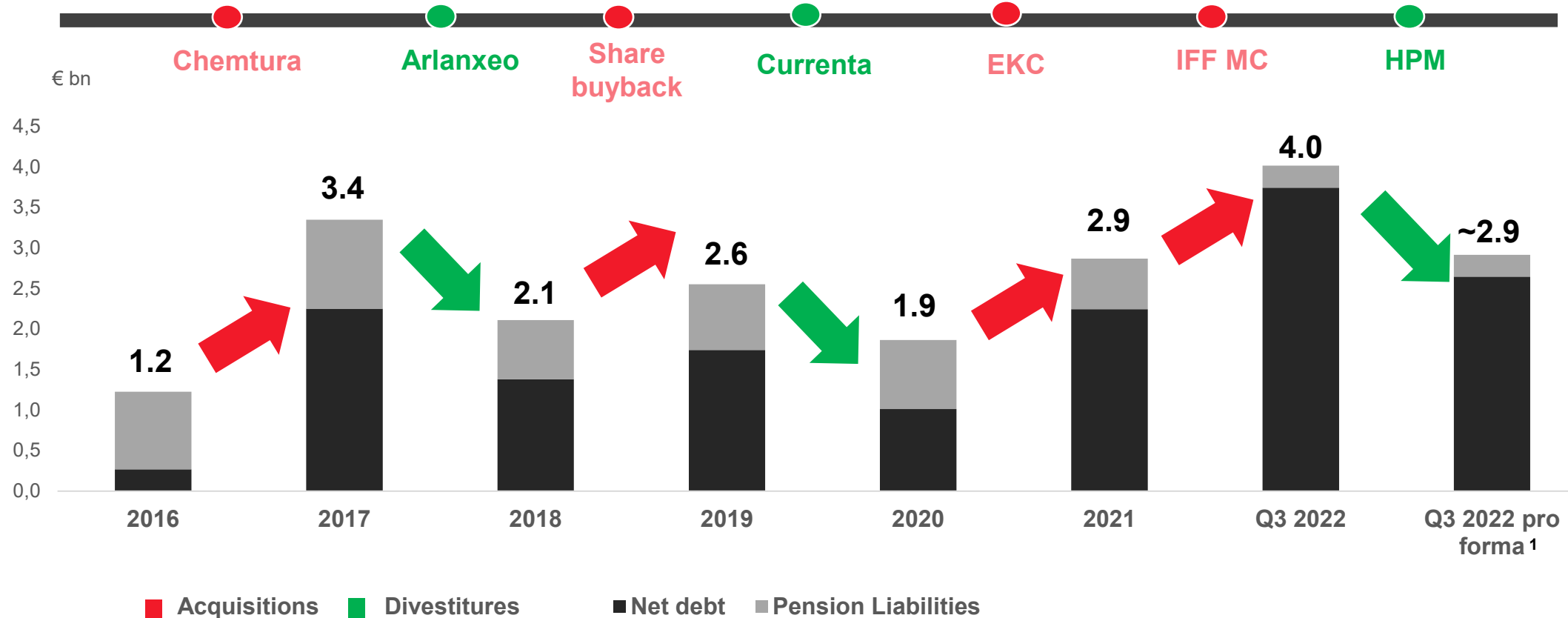


	Financial crisis 2008/2009	“Rubber crisis” 2013/2014	Covid pandemic 2020/2021	Gas crisis 2022
	Baa2 (stable)	Baa2 (negative)	Baa2 (stable)	Baa2 (stable)
	BBB (stable)	BBB (negative)	BBB (stable)	BBB (negative)
	BBB (stable)	BBB (negative)		
			BBB+ (stable)	BBB+ (stable)

**Maintaining solid investment grade rating is key**

LANXESS decided to not continue to have three rating agencies in December 2022 due to cost sensitivity. Therefore, S&P rating was withdrawn in January 2023

# Proceeds from HPM transaction will reduce leverage significantly



**Rating agencies support our de-leveraging plan and confirmed investment grade rating**

<sup>1</sup> Illustrative leverage ratio reflecting HPM Cash in but no further operational improvements

Net debt defined as net debt incl. total financial assets; pension liabilities defined as pension obligation minus pension assets minus deferred tax assets

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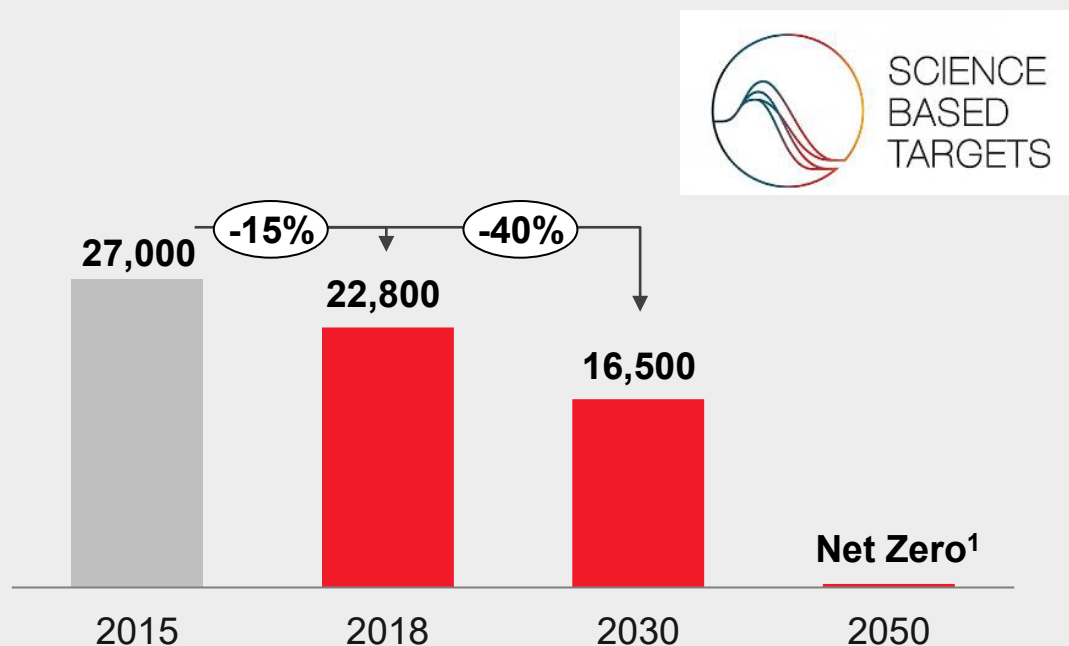
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# We have recently enhanced our climate strategy with our new “Net Zero Value Chain” program

## Our Scope 3 CO<sub>2</sub>e emissions (kt)



## Our Road to Net Zero

### Make use of sustainable raw materials

- Launch of “Net Zero Sourcing” program
- Supply agreements on renewable raw materials

### Transition to green logistics

- Increase transportation asset utilization
- Optimize freight transport modes

### Offer low-carbon and climate-neutral products

- Brand “Scopeblue” for low carbon / circular products
- Transparency by certified carbon footprints

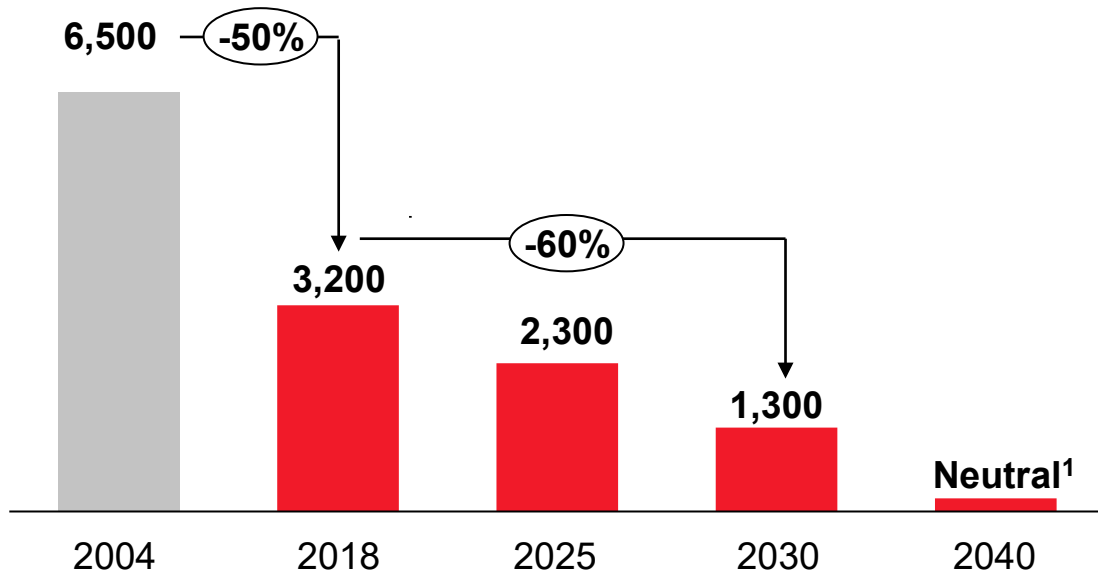
**We are one of few chemical companies following an overall 1.5°C pathway, validated by SBTi!**

Emissions related to Scope 3. | 2030 target will be adjusted after HPM deconsolidation in 2023

<sup>1</sup> “Net zero” will be achieved by a combination of positive and negative emissions during the life-cycle.

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

## Our Scope 1 and 2 CO<sub>2</sub>e emissions (kt)



## Introducing a few of our key initiatives

### Clean India

We will switch to biomass and renewable energies until 2024:  
Total savings of ~ 150 kt CO<sub>2</sub>e/year

### Strengthen Innovation

We pursue projects to rethink energy and CO<sub>2</sub> intensive processes and drive electrification

### Green energy

We will fully transition to green electricity supply in the next decade

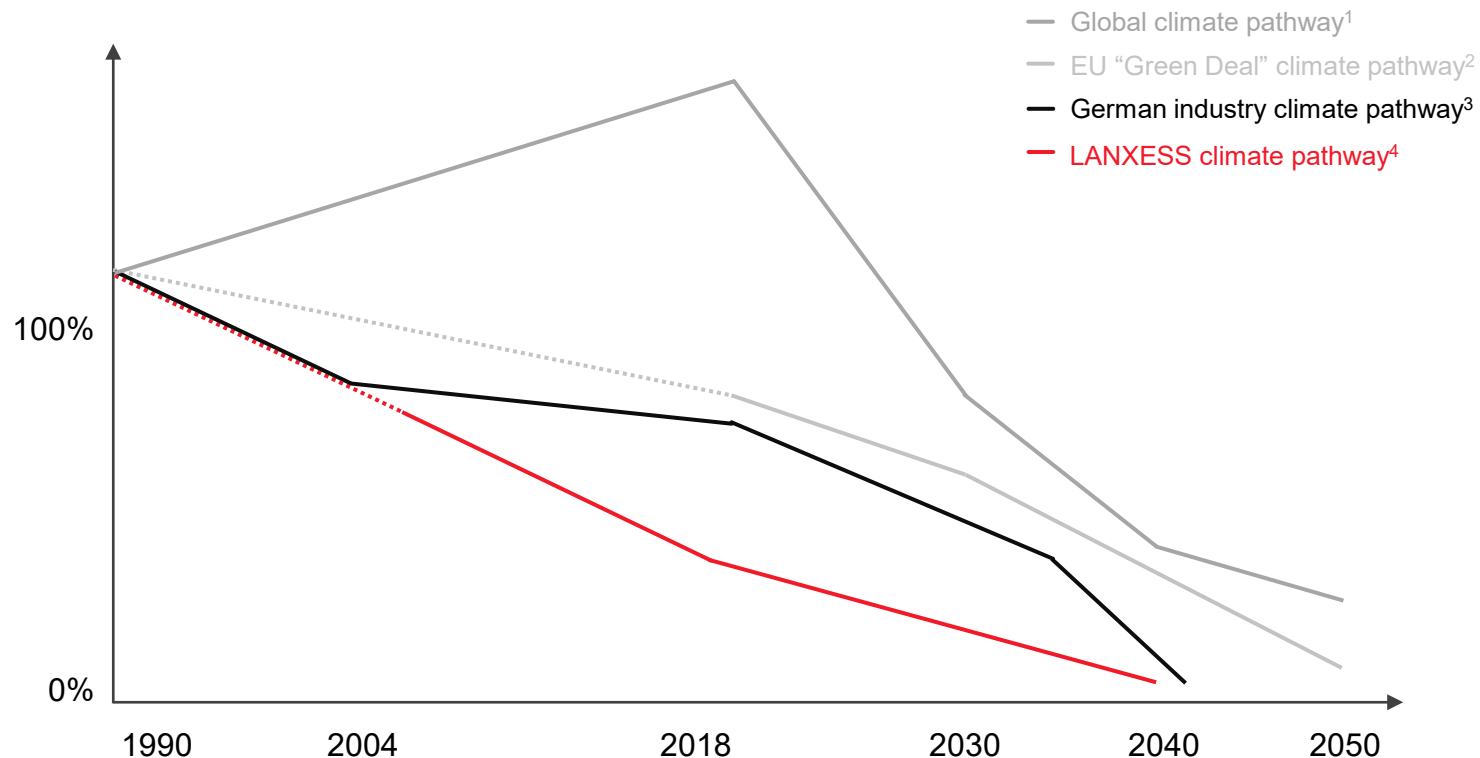
**We are among top performers within the chemical industry**

Emissions related to Scope 1 and Scope 2. Targets for 2025 and 2030 excluding BU HPM joint venture

<sup>1</sup> < 300 kt CO<sub>2</sub>e emissions per annum, compensated by additional measures

# Leading the way in climate protection makes good business sense

## Our climate pathway compared to important frameworks



## Business Case

- Investments in **state-of-the-art climate protection technologies** enhance **asset values**
- Higher **energy efficiency** means reduced energy consumption
- **Reduced costs** of emission allowances
- LANXESS **ahead of stricter regulation**
- Commitment to climate protection makes LANXESS **preferred partner for customers**

<sup>1</sup>Based on ClimateActionTracker 1.5°C pathway | <sup>2</sup>Based on Green Deal of European Parliament | <sup>3</sup>Based on AGORA „Klimaneutrales Deutschland 2045“

<sup>4</sup>“LANXESS Climate Neutral 2040” pathway (scope 1+2)



# Leading ESG rating providers honor our performance

**MSCI**  
ESG RATINGS

Rating recently confirmed

2<sup>nd</sup> highest category for 2<sup>nd</sup> time  
Convincing climate strategy and efforts to reduce water use

**ISS ESG**

Prime status  
Top 8%

**CDP**  
DISCLOSURE INSIGHT ACTION

Climate leader  
Top 5%

**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

S&P Global CSA 2022 – we are again in top decile of the industry<sup>1</sup>

Top 10% in DJSI World (11<sup>th</sup> year)  
DJSI Europe (5<sup>th</sup> year)

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

**Bloomberg**  
Gender-Equality Index  
2022

2<sup>nd</sup> time in a row

**ecovadis**  
2022 Sustainability Rating  
PLATINUM Top 1%

2<sup>nd</sup> time in a row

**vigeo eiris**

**SUSTAINALYTICS**

<sup>1</sup> Score date: October 21, 2022. Final announcement of DJSI membership will take place on December 9, 2022. | CSA = Global Corporate Sustainability Assessment

# Agenda

**1 Executive summary Q3 2022 and outlook**

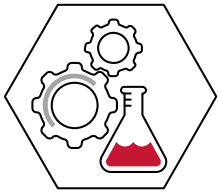
**2 Portfolio: What we achieved & path forward**

**3 Managing our weak spots**

**4 Performing in Sustainability**

**5 Financial and business details Q3 2022**





# Advanced Intermediates: Earnings held back by high German energy prices

**Lower volumes due to softer demand**

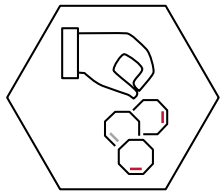
[€ m]	Q3/2021	Q3/2022	Δ	9M 2021	9M 2022	Δ
Sales	492	642	30%	1.410	1.842	31%
EBITDA pre	80	65	-19%	241	226	-6%
Margin	16,3%	10,1%		17,1%	12,3%	
CAPEX	30	23	-23%	78	60	-23%

Price **+30%**   Volume **-6%**   FX **+6%**   Portfolio **0%**

Total **+30%**

Q3 Sales vs. PY

- Sales increase on pass-through of higher raw material prices, partly compensating also for energy costs in both BUs, positive FX effect
- Volumes held back by softer demand, especially for BU IPG from the construction industry
- EBITDA pre and margin impacted by high German energy prices and higher freight costs



# Specialty Additives: Strong EBITDA growth despite weaker volumes

**Earnings supported by strong US footprint**

[€ m]	Q3/2021	Q3/2022	Δ	9M 2021	9M 2022	Δ
Sales	605	792	31%	1.690	2.286	35%
EBITDA pre	102	121	19%	265	391	48%
Margin	16,9%	15,3%		15,7%	17,1%	
CAPEX	30	34	13%	70	71	1%

Price **+23%** Volume **-7%** FX **+12%** Portfolio **+3%**

Total **+31%**

Q3 Sales vs. PY

- Higher sales in all BUs, driven by strong pricing and FX, as well as portfolio effect
- Volumes declined, as demand slowed compared to good levels in the prior year quarter in Rhein Chemie and Polymer Additives, mitigated by improved volumes for Lubricants
- EBITDA pre supported by further price recovery and positive FX



# Consumer Protection: Price and portfolio effect drive earnings

## First contribution from IFF MC

Price **+25%** Volume **-3%** FX **+5%** Portfolio **+34%**

Total **+61%**

Q3 Sales vs. PY

[€ m]	Q3/2021	Q3/2022	Δ	9M 2021	9M 2022	Δ
Sales	412	662	61%	1.119	1.726	54%
EBITDA pre	66	110	67%	213	286	34%
Margin	16,0%	16,6%		19,0%	16,6%	
CAPEX	23	27	17%	53	86	62%

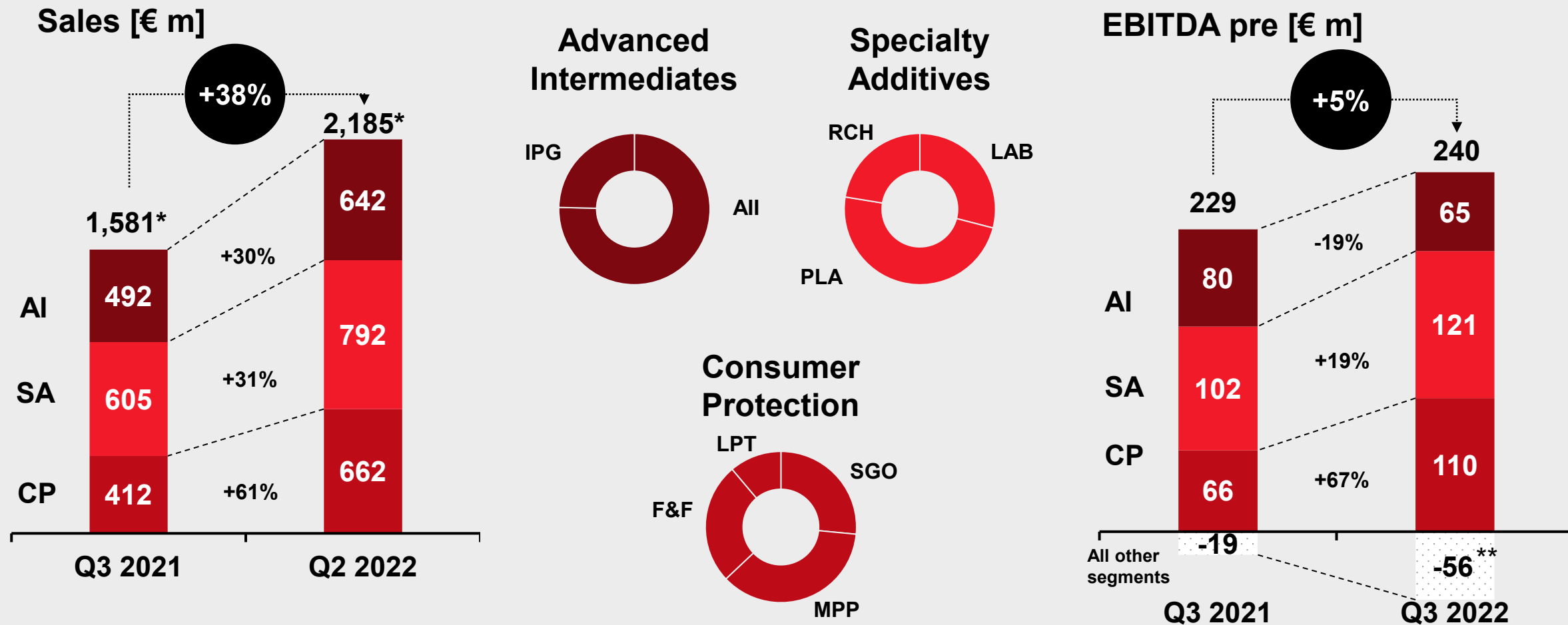
- Sales increase significantly driven by portfolio and successful pricing
- Volumes held back by longer than planned maintenance turnaround in BU F&F, improved volumes in Saltigo and BU LPT
- Strong EBITDA pre increase and slightly higher margin resulting from pricing and contribution from acquired businesses

# P&L Q3: Earnings improved despite volume decline

[€ m]*	Q3/2021		Q3/2022		yoy in %
Sales	1.581	(100%)	2.185	(100%)	38%
Cost of sales	-1.178	(-75%)	-1.658	(-76%)	41%
Selling	-209	(-13%)	-296	(-14%)	42%
G&A	-64	(-4%)	-78	(-4%)	22%
R&D	-25	(-2%)	-26	(-1%)	4%
Financial result	-10		54		>100%
<b>Net Income (cont.)</b>	<b>40</b>	<b>(3%)</b>	<b>84</b>	<b>(4%)</b>	<b>&gt;100%</b>
<b>EPS pre (cont.)</b>	<b>1,09</b>		<b>0,97</b>		<b>-11%</b>
EBITDA	188	(12%)	206	(9%)	10%
thereof except.	-41	(-3%)	-34	(-2%)	-17%
<b>EBITDA pre except.</b>	<b>229</b>	<b>(14.5%)</b>	<b>240</b>	<b>(11%)</b>	<b>5%</b>

- Successful pass-through of increased raw material and energy costs. However, margin impacted by volume decline and arithmetic effect
- Rising selling expenses result from ongoing higher freight costs and portfolio effect
- Increased G&A due to portfolio and FX effect
- Financial result includes positive exceptional gain from settlement of interest rate hedge for maturing bond

# Q3 2022: Strong earnings increase in Consumer Protection and Specialty Additives



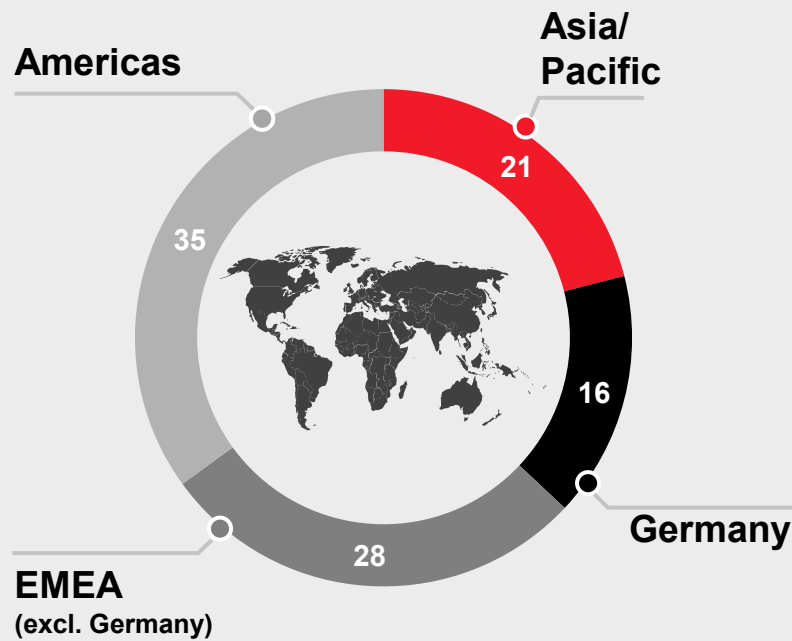
\* Total group sales including reconciliation

\*\* Lower result due to hedging, inflated costs due to higher USD and cessation of TSA for remnant costs

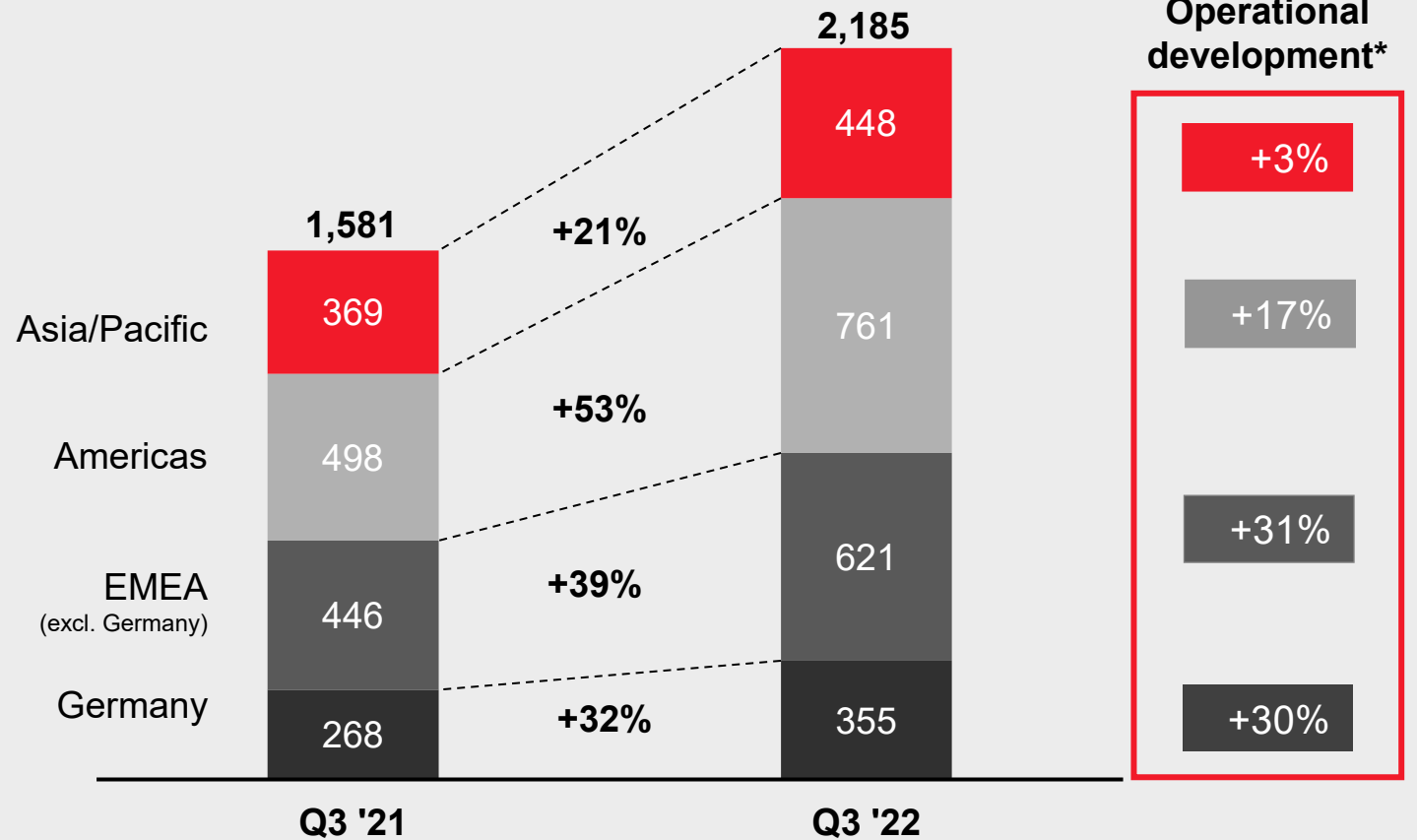


# Q3 2022: Positive operational development in all regions

Q3 2022 sales by region [%]



Regional development of sales [€ m]



# Operating cash flow impacted by working capital increase

[€ m]*	Q3/2021	Q3/2022	Δ
<b>Profit before tax</b>	<b>59</b>	<b>120</b>	<b>61</b>
Financial (gain) losses	4	-66	-70
Income taxes paid	18	-28	-46
Change in working capital	-156	-124	32
<b>Operating cash flow</b>	<b>111</b>	<b>38</b>	<b>-73</b>
<b>Investing cash flow</b>	<b>-645</b>	<b>-207</b>	<b>438</b>
thereof capex	-98	-98	0
<b>Financing cash flow</b>	<b>-12</b>	<b>54</b>	<b>66</b>

- Financial (gain) losses reflect cash effect from settlement of interest rate hedges (€83 m) which is not part of operating but financing cash flow
- Income tax swing because of reimbursement in 2021
- Change in working capital driven by price and typical seasonal volume effect - mitigated by factoring (~€39 m)
- CAPEX on prior year level

# Portfolio and FX effects reflected in balance sheet items

[€ m]	31.12.2021	30.09.2022 <sup>1</sup>
<b>Total assets</b>	<b>10.528</b>	<b>12.265</b>
Equity	3.762	4.866
<b>Equity ratio</b>	<b>36%</b>	<b>40%</b>
<b>Net financial debt<sup>2</sup></b>	<b>2.245</b>	<b>3.746</b>
Liquidity <sup>2</sup>	1.234	534
<b>Pension provisions</b>	<b>877</b>	<b>363</b>
<b>Net working capital</b>	<b>1.675</b>	<b>2.275</b>
DSI (in days) <sup>3</sup>	71	86
DSO (in days) <sup>3</sup>	45	44

- Increase in total assets mainly driven by portfolio effect (IFF MC) and FX
- Higher equity reflects positive net income and OCI effects (mainly FX and pensions)
- Higher financial debt driven by payment of purchase price of IFF MC
- Reduced pension provisions due to interest rate increases
- Increase in working capital results from portfolio effect, inflated input costs and FX effect

<sup>1</sup> BU HPM accounted as “discontinued operations”: Assets & related liabilities of BU HPM summarized in one line item only and no longer included in presented line items (except total assets, equity)

<sup>2</sup> Including cash, cash equivalents, near cash assets, short-term money market investments

<sup>3</sup> Days sales of inventory / sales outstanding calculated from quarterly sales

# LANXESS is ready to deliver!



Portfolio sharpened, champions established: Ready to deliver !



LANXESS significantly improved across various dimensions



Years to come: Harvesting synergies and delivering on improved earnings and margin potential



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