



# LANXESS Analyst Roundtable

Deliver and de-lever

Matthias Zachert, CEO  
Oliver Stratmann, CFO

London, December 4, 2023

# Agenda

**1 Portfolio in normalized environment**

**2 Addressing leverage**

**3 Project update**

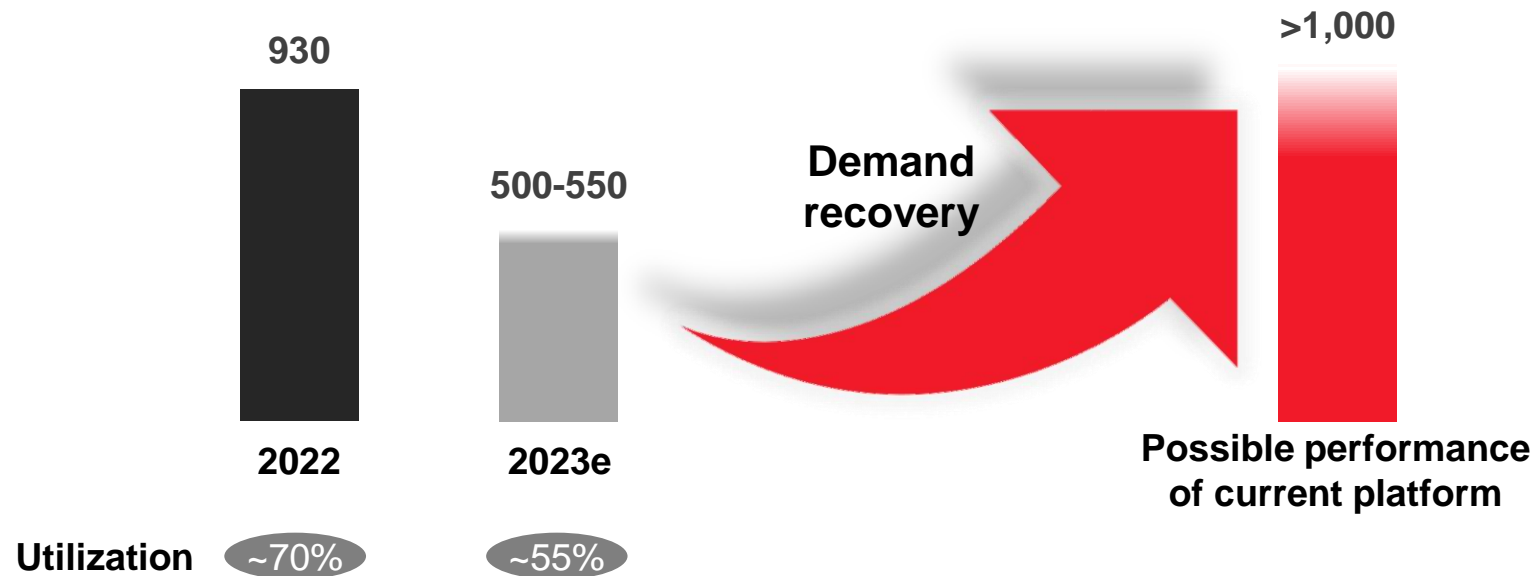
**4 Sustainability focus**



# Portfolio with EBITDA potential of >€1 bn

## Earnings with potential to double in normalized environment

EBITDA pre in €m



Full integration of acquired businesses

Operational efficiency and cost reduction (FORWARD!)

Huge lever of increasing asset utilization

As no major structural elements have changed, EBITDA improvement expected with demand recovery

# Free cash flow remains top priority beyond 2023

## Delivering cash even under current conditions



	Current indication	Next years
<b>EBITDA pre</b>	~ €500 - 550 m	EBITDA improvement based on cost initiative and demand recovery
<b>Δ WC</b>	~ €400 m 9M '23	Target of WC/Sales of 23% reached, further optimization towards 20%
<b>CAPEX</b>	~ -€350 m	Remaining tight on CAPEX, currently ample capacity available
<b>Excep. cash-outs</b>	~ -€100 m	Mid-term reduction to €30 m
<b>Interest</b>	~ -€40 m	Expecting higher interest costs, but lower total net debt
<b>Tax</b>	27%	Mid term tax rate of ~26%
<b>Free cash flow</b>	~ €300 m	Continued focus on cash generation to prove asset quality

**We will remain fully focused on free cash flow generation and net debt reduction**

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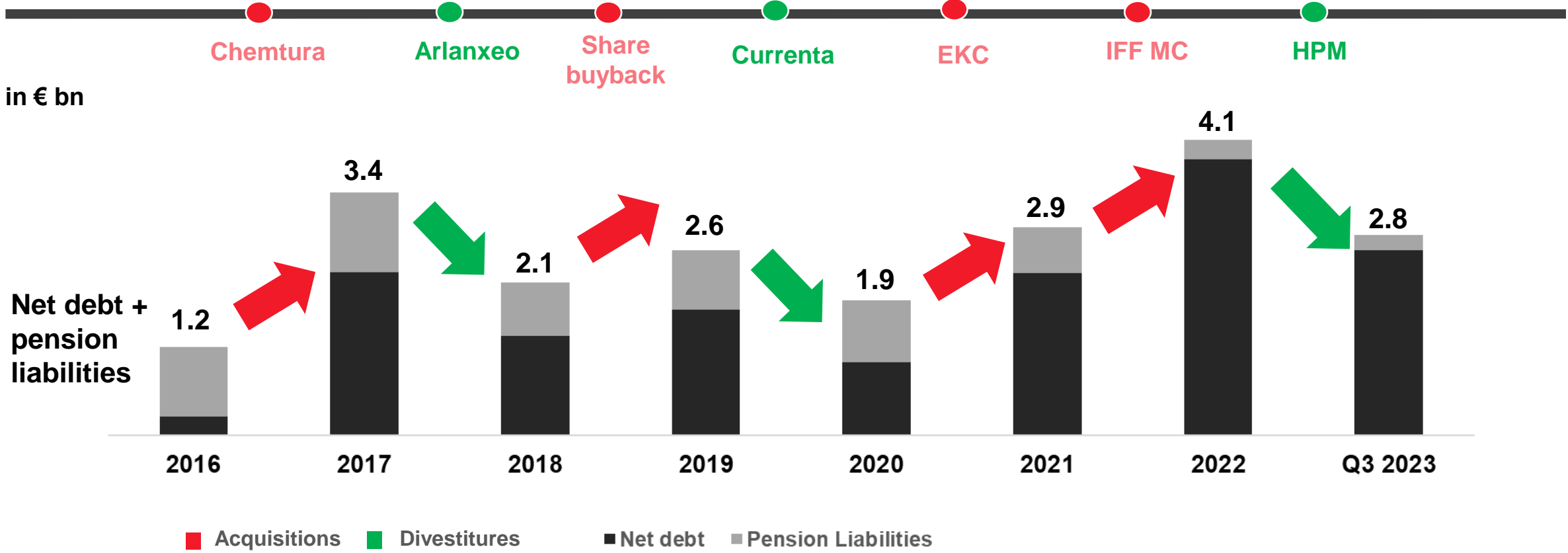
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# We have a proven track record of de-leveraging after acquisitions

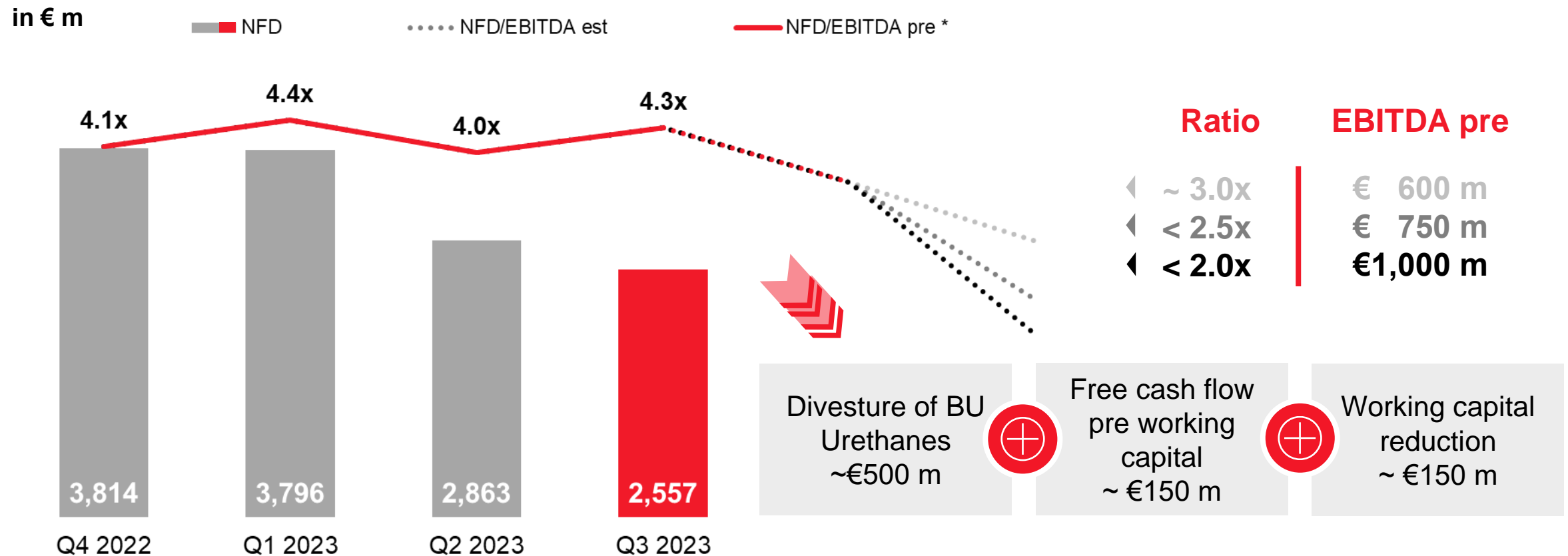


**Rating agencies support our de-leveraging plan**

Net debt defined as net debt incl. total financial assets; pension liabilities defined as pension provisions less related deferred tax assets

# Pulling multiple levers to reduce debt

**Demand recovery will lead to significant reduction of net financial debt / EBITDA pre ratio**



\* Net financial debt excl. pensions / EBITDA pre LTM

# Ample liquidity of more than €2 bn available amidst ongoing debt reduction

## Solid financing framework

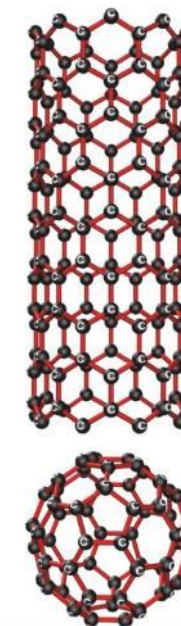
**No maturities until May 2025 – already prefinanced!**

**No financial covenants**

**Ø interest costs at ~1%**

### **Actions taken:**

Program FORWARD!, dividend reduction & divestment of BU Urethanes already initiated to decrease debt



**Track record in reducing leverage after acquisitions**



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# FORWARD! program on track

## Program FORWARD! in execution



- ✓ Groundwork is done
- ✓ All business units, group functions and processes globally were in scope
- ✓ Measures identified
- Initiatives already in execution
- Transparent reporting and tracking to be implemented

**~€150 m**  
total savings

	2024	2025
Savings	~€90 m	~€60 m
Cash-outs	~€50 m	~€30 m
FTEs	~870 globally	

**Sustainable improvement of our cost base**

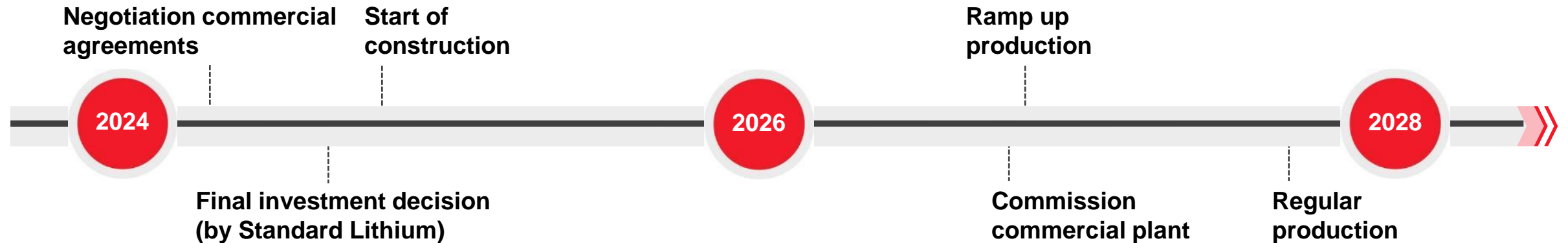
# LANXESS plans to supply Standard Lithium with lithium-rich brine

## Enhancing profitability

- Feasibility study of Standard Lithium confirms economic viability
- LANXESS opted for brine supply
- Long-term contract envisaged
- EBITDA contribution subject to current negotiations

## De-risking

- ✓ Making use of tail-brine after bromine extraction
- ✓ No investment from LANXESS needed; No associated cash out
- ✓ Margin contribution without risk



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# Leading ESG rating agencies continuously honor our sustainability performance

## MSCI ESG confirms AA rating



AA rating since 2021

## Ecovadis confirms Platin rating



Platinum rating since 2022

## ISS confirms Prime B- rating



Prime rating since 2020

## ESG rating agencies honor our performance for example in these areas

- **Climate strategy:** e.g., targets in place, carbon intensity below peers
- **Water use:** e.g., water strategy in place, strong efforts to reduce total water use
- **Corporate governance:** e.g., governance practices superior to peers

# Our product portfolio is aligned with our sustainability strategy

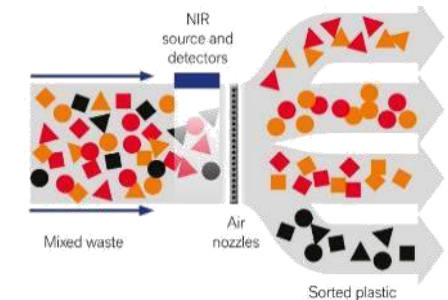
## Available: Sustainable products (BU F&F)

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)

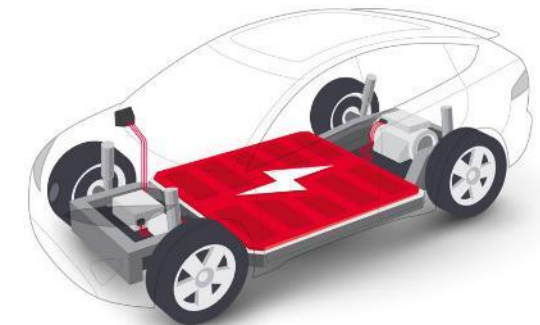


**LEWATIT®** adsorber enable direct air capture of CO<sub>2</sub>



New market: Direct air capture (BU LPT)

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



New product: Battery technology (BU LAB)

Working on net debt reduction – focusing on cash



Restructuring on track to deliver sustainable savings



Leading in sustainability



**LANXESS**

Energizing Chemistry



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