

LANXESS achieves earnings according to forecast in the first quarter of 2023

- **Sales almost stable at EUR 1.899 billion (-1.7 percent)**
- **EBITDA pre exceptionals down 27.9 percent year-on-year at EUR 189 million**
- **Consumer Protection segment with growth in sales and earnings**
- **Free Cash Flow of EUR 112 million substantially above prior year quarter**
- **Guidance for full year 2023: EBITDA pre exceptionals between EUR 850 million and EUR 950 million**

Cologne, May 10, 2023 – The specialty chemicals company LANXESS has achieved its forecast earnings for the first quarter of 2023: EBITDA pre exceptionals came to EUR 189 million, within the range of EUR 180 million to EUR 220 million forecast in March. Compared with the previous year's figure of 262 million euros, earnings thus declined by 27.9 percent. Sales remained almost stable. They amounted to EUR 1.899 billion, down only 1.7 percent from the previous year's figure of EUR 1.931 million.

Earnings were squeezed in particular by weak demand in some customer industries, especially in construction, and continued destocking by many customers. This was particularly noticeable in the Advanced Intermediates and Specialty Additives segments. The Consumer Protection segment proved robust in comparison, with sales and earnings increasing despite slightly lower sales volumes. The Microbial Control business acquired from the U.S. company IFF in mid-2022 made a particularly positive contribution. LANXESS again successfully passed on the increased raw material and energy costs and benefited from positive currency effects in all segments.

Free cash flow improved significantly by EUR 264 million year-on-year and amounted to EUR 112 million. This was supported by stable

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working capital despite a seasonal increase pattern. Net income from continuing operations reached EUR 10 million in the first quarter after EUR 66 million in the previous year. The EBITDA margin pre exceptionals came to 10.0 percent, against 13.6 percent a year ago.

"As expected, 2023 will be a tough year for the chemical industry and for LANXESS. Our figures for the first quarter make this very clear. It was therefore all the more vital that we transferred our high-performance plastics business to a joint venture as planned on April 1. We thus geared our portfolio further toward specialty chemicals and strengthened our balance sheet. This makes us even more resilient in the current difficult waters," says Matthias Zachert, CEO of LANXESS AG. "However, I expect the economic situation to brighten considerably in the second half of the year, which will also be reflected in our earnings."

For the coming months, LANXESS anticipates an economically challenging environment still characterized by high levels of uncertainty. The Group therefore expects earnings in the second quarter of 2023 to be roughly on a par with those of the first quarter. For the second half of the year, LANXESS expects a clear rebound of earnings based on a pick-up of the global economy and, in particular, a positive development of the Chinese market. Against this backdrop, the Group expects EBITDA pre exceptionals of between EUR 850 million and EUR 950 million for the full financial year 2023.

Focus on specialty chemicals sharpened further

LANXESS has continued to sharpen its focus on specialty chemicals and transferred its High Performance Materials (HPM) business unit to a joint venture with the private equity investor Advent International on April 1, 2023. The joint venture for high-performance engineering polymers is called Envalior and, alongside HPM, also comprises the former Engineering Materials business from DSM. LANXESS has a stake of around 40 percent in Envalior, Advent around 60 percent. As part of the transaction, LANXESS received a payment of around

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EUR 1.27 billion from Advent on March 31. The Group will use this primarily to reduce debt and thus strengthen its balance sheet.

Segments: Consumer Protection proves robust

Sales of the **Consumer Protection** segment amounted to EUR 647 million in the first quarter, up 27.9 percent on the previous year's figure of EUR 506 million. EBITDA pre exceptionals reached EUR 94 million, growing by 9.3 percent compared to the previous year's figure of EUR 86 million. The segment benefited in particular from the contribution of the Microbial Control business acquired from IFF in July 2022. All the segment's business units also achieved higher selling prices. Lower sales volumes and a supplier's delivery problems had a negative impact on earnings. The EBITDA margin pre exceptionals amounted to 14.5 percent, against 17.0 percent a year ago.

Compared with a very strong prior-year quarter, sales in the **Specialty Additives** segment declined by 9.0 percent from EUR 730 million to EUR 664 million in the first quarter. EBITDA pre exceptionals decreased by 27.9 percent from EUR 136 million to EUR 98 million. Earnings were constrained in particular by weaker demand from the construction and automotive industries. Volumes fell short of the prior-year quarter in all business units of the segment. Earnings were also reduced by a weather-related production facility shutdown in the U.S. and higher freight costs. The EBITDA margin pre exceptionals was 14.8 percent, against 18.6 percent in the prior-year quarter.

Weaker demand, especially from the construction and chemical industries, and lower sales volumes negatively affected the **Advanced Intermediates** segment's sales and earnings. At EUR 516 million, sales in the first quarter were 15.8 percent lower than the previous year's figure of EUR 613 million. EBITDA pre exceptionals amounted to EUR 44 million, down by 49.4 percent from the previous year's figure of EUR 87 million. The EBITDA margin pre

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exceptionals was 8.5 percent, against 14.2 percent in the prior-year quarter.

EUR million	Q1 2022	Q1 2023	Change %
Sales	1,931	1,899	- 1.7
EBITDA pre exceptionals	262	189	- 27.9
EBITDA margin pre exceptionals	13.6%	10.0%	
Net income from continuing operations	66	10	- 84.8
Net financial liabilities	3,814*	3,796	- 0.5
Employees (as of March 31)	12,940	13,164	0.2

* As of December 31, 2022

LANXESS is a leading specialty chemicals company with sales of EUR 8.1 billion in 2022. The company currently has about 13,200 employees in 33 countries. The core business of LANXESS is the development, manufacturing and marketing of chemical intermediates, additives and consumer protection products. LANXESS is listed in the leading sustainability indices Dow Jones Sustainability Index (DJSI World and Europe) and FTSE4Good.

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