

Lanxess

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Q3 Conference Call

CEO:

Utilization at 68% is not enough for profits, decline in EBITDA on competition from Asia, lower demand leads to decline in volume and uncertainty!

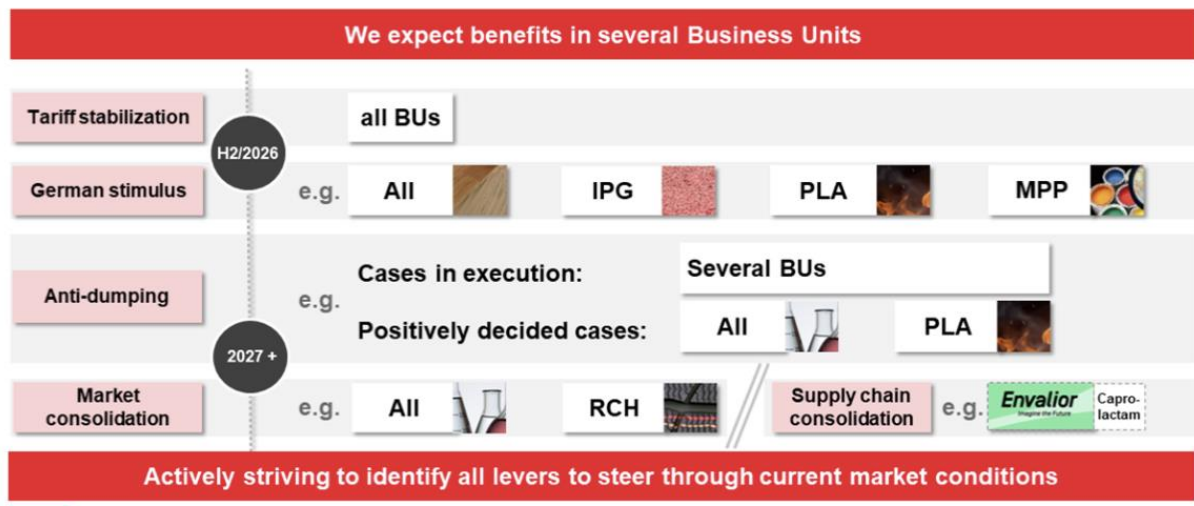
Heavy pressure in Europe for chemicals. - Negotiation for cost reduction program with unions etc..

100 million restructuring program based on personal and redundancy packages for the older workforce.

Projections for 2026:

hopefully less uncertainty with tariffs, German stimulus in the second part in 2026.

Today, we are still affected by multiple crises but see various levers to benefit mid-term



Anti-dumping: some decisions in EU which leads to huge increase in supply prior to EU decision. So, again second part of 2026.

Talking about the last man standing on some segments, saying how Lanxess is the strongest in the market and some will make and gain later.

Guiding to the low end of 520 EBITDA for the year.

Q&A - % of the business resilient to Asian Competition?

Impact on intermediates, inorganic pigments - direct head to head competition with ASIA and CHina.

Rest medium, tariffs on flame retardands.

Least impact on consumer protection.

Asian competition is everywhere, in automotive, capital goods, medical devices, everywhere....

Q: Policy change to restore competitiveness?

Trying to restore competitiveness ourselves!

Q: Cash flow for 2025? Levers?

My Take

Now, this is a business that can make 300 million in a good year. That would mean we are at exactly s 20% FCF yield given the current market capitalization of 1.5 billion. 20% FCF on the averages is considered often a cyclical buy, but can also go to 30%...



Market Summary > Lanxess AG

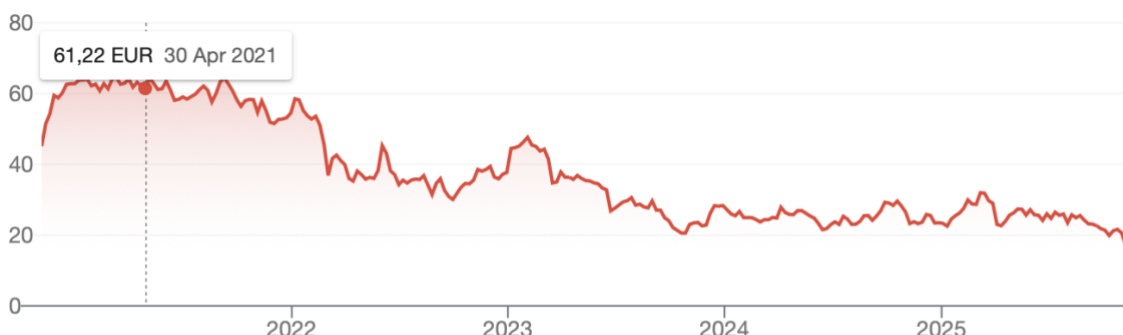
17,09 EUR

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-28.03 (-62.12%) ↓ past 5 years

6 Nov, 13:44 CET • [Disclaimer](#)

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Open	18,86	Mkt cap	1,48B	52-wk high	33,93
High	18,91	P/E ratio	-	52-wk low	16,78
Low	16,78	Div yield	0,59%	Qtrly Div Amt	0,03

However, the situation in Europe is bad. Less exports to the US have shifted things to Europe, so prices are low, volumes are low and nobody makes any money in the industry. Lanxess is already speaking of last man standing, utilization is extremely low and the competition is fierce. Input costs in Germany make things very hard.

So, I'm not buying something just because it is going down. We are at an interesting price and the upside is for sure a 2 or 3x. However, I would also need the Envalior sale to happen at a good price (EBITDA should still be there in 2025) and we'll know more in March 2026. Then if the environment is still negative but there is more certainty the company will be the last man standing, I'll check.

On the other hand, if US declines, we have a recession, this might look even uglier. That is the name of the game.

With chemicals I always miss that margin of safety, the extremely low cost mine, the location advantage or whatever, at the end this is just a commodity business. But, watching doesn't hurt. (so, I'll see next year if I'm going to do a second buy for the diversified portfolio)