



2018 / Q1

AlzChem Group AG

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May 15, 2018



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Creamino® is a brand of Evonik

AGENDA

Q1 2018 – Analyst presentation



EXECUTIVE SUMMARY Q1 2018

BUSINESS AND FINANCIAL DETAILS Q1 2018

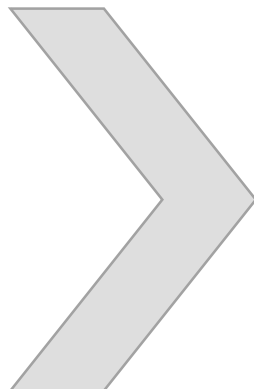
BACK-UP

FINANCIAL HIGHLIGHTS 2018



Strategic and operational targets for 2018 achieved

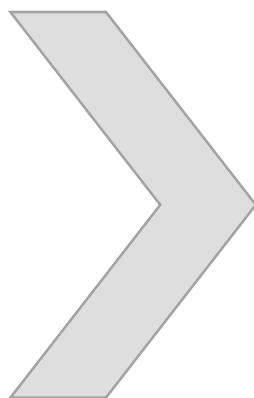
STRATEGIC TARGETS



Groundbreaking of new CreAMINO® production

Growth focus on specialty chemicals

FINANCIAL TARGETS



Solid sales growth (+ 4 %)

Strong growth of EBITDA (+ 12 %)

Q1 FINANCIAL OVERVIEW

Q1 result on track to full year guidance

ALZCHEM GROUP [m€]

	Q1 / 2017	Q1 / 2018	yoy %
SALES	91.2	94.5	3.7%
EBITDA	13.4	15.1	12.3%
EBITDA margin	14.7%	15.9%	1.2 pp

COMMENTS

- Solid growth in sales, driven by Specialty Chemicals
- Significant growth in EBITDA overcompensated higher raw material prices and adverse currency effects
- Q1 result on track to full year guidance

AGENDA

Q1 2018 – Analyst presentation



EXECUTIVE SUMMARY Q1 2018

BUSINESS AND FINANCIAL DETAILS Q1 2018

BACK-UP

SEGMENT

BASICS & INTERMEDIATES

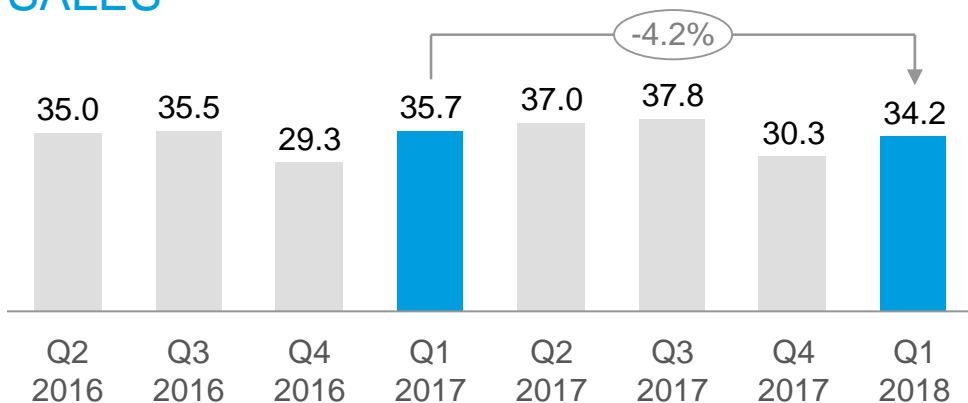
AlzChem's **Basics & Intermediates** segment comprises the **production of intermediate** products which are either **used for the production of its Specialty Chemicals** products or **sold externally**, e.g., desulfurization blends for the metallurgy industry (sold under the brand name **CaD**).



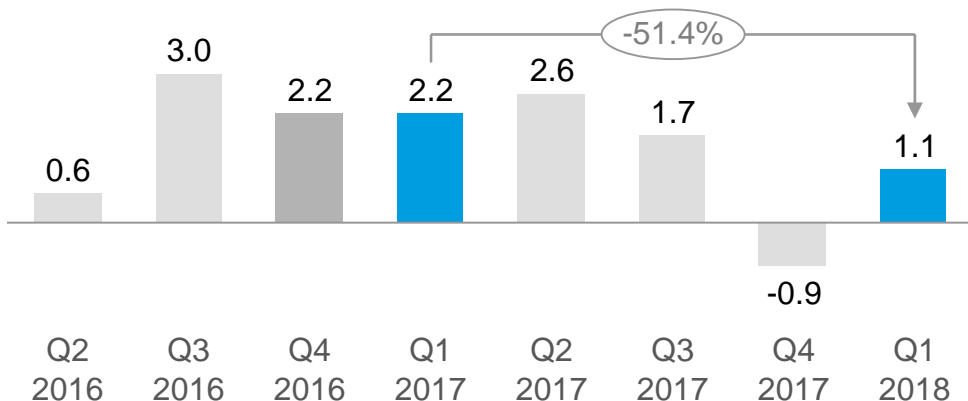
SEGMENT BASICS & INTERMEDIATES

Segment analysis – financial overview

SALES



EBITDA



SALES ANALYSIS

Q1/2017
vs.
Q1/2018

- 3%
Volume

- 1%
Price

- 1%
FX

COMMENTS

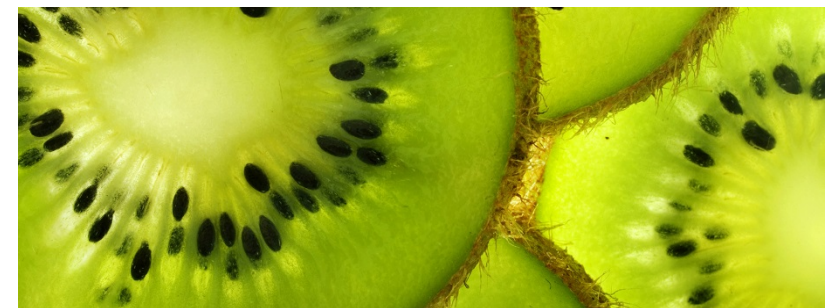
- Decrease of sales, due to volume effects mainly weather-related in fertiliser Perlka®
- EBITDA impacted by raw material prices (coke and electricity)
- Compared to Q4/2017 raw material price increases were passed on to customers

SEGMENT

SPECIALTY CHEMICALS

AlzChem's Specialty Chemicals segment comprises the production and distribution of higher-value products, e.g., a nutritional feed additive for the feed industry (**CreAMINO**^{®1}), a dietary supplement for the nutrition market (**Creapure**[®]), highly purified guanidine hydrochloride salts (**BioSELECT**[®]) for the biotechnology, diagnostics and pharma sector and silicon nitride powder (**Silzot**[®]) for the ceramics, coatings and photovoltaics industry.

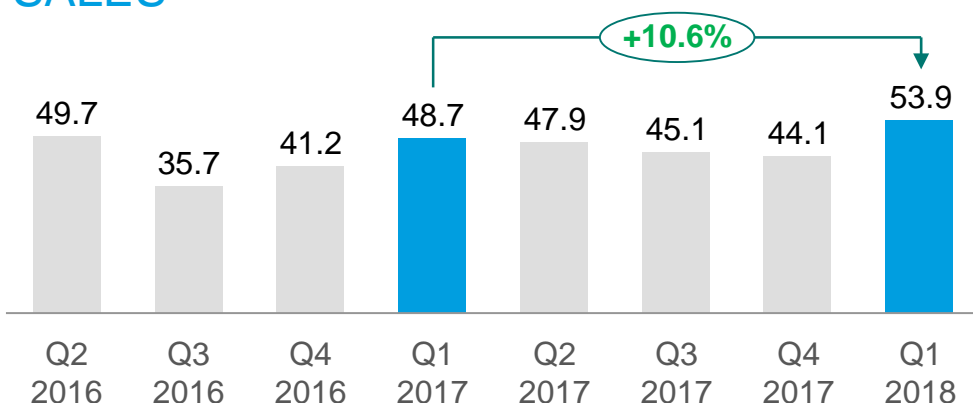
¹ CreAMINO[®] brand of EVONIK



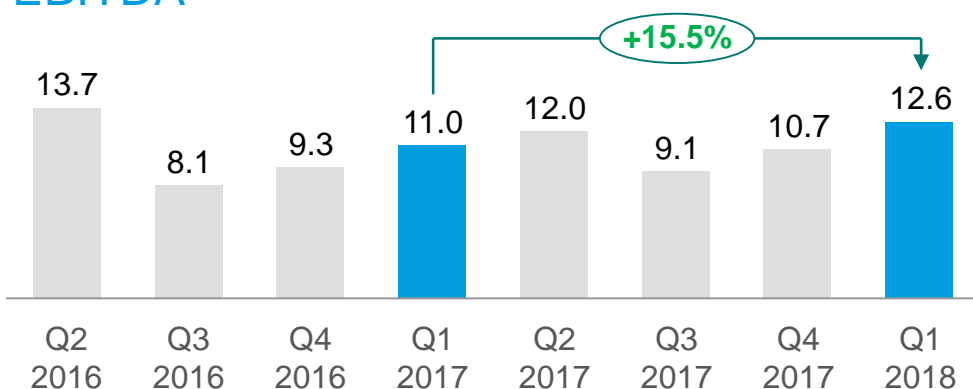
SEGMENT SPECIALTY CHEMICALS

Segment analysis – financial overview

SALES



EBITDA



SALES ANALYSIS

Q1/2017
vs.
Q1/2018

+ 13%
Volume

± 0%
Price

- 3%
FX

COMMENTS

- Significant sales growth across most product areas,
- CreAMINO® - Business continues to grow very strongly
- Higher volumes lead to higher sales of 10.6 % and a strong growth within EBITDA of 15.5% above prior-year quarter (productmix)
- Sligh increase in raw material prices and negative impact of exchange rate, compared to previous year
- Overall excellent operating performance of the underlying businesses with an **EBITDA margin of 23.7%** compared to 22.6 % in the previous year

SEGMENT

OTHER & HOLDING

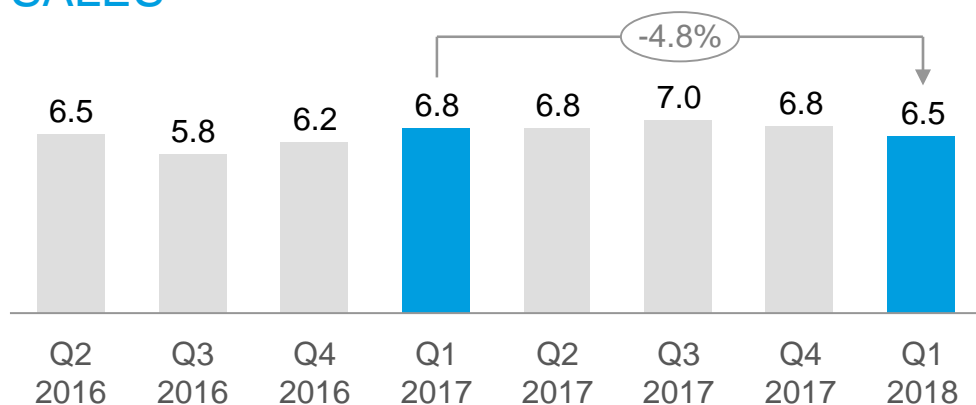
AlzChem's Other & Holding segment comprises AlzChem's holding and other activities which are not accounted for in the Specialty Chemicals or Basics & Intermediates segment. The majority of net sales in this segment are attributable to **services** including the **operation of the Chemiepark Trostberg** and the provision of site services to AlzChem Group companies and external customers.



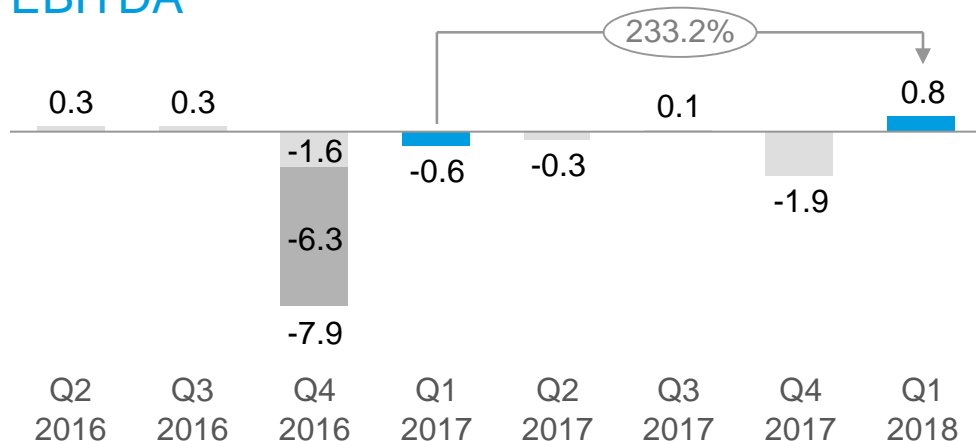
SEGMENT OTHER & HOLDING

Segment analysis – financial overview

SALES



EBITDA



SALES ANALYSIS

Q1/2017
vs.
Q1/2018

- 5%
Volume

± 0%
Price

± 0%
FX

COMMENTS

- Sales volume follows customers site business
- lower maintenance costs in site infrastructure

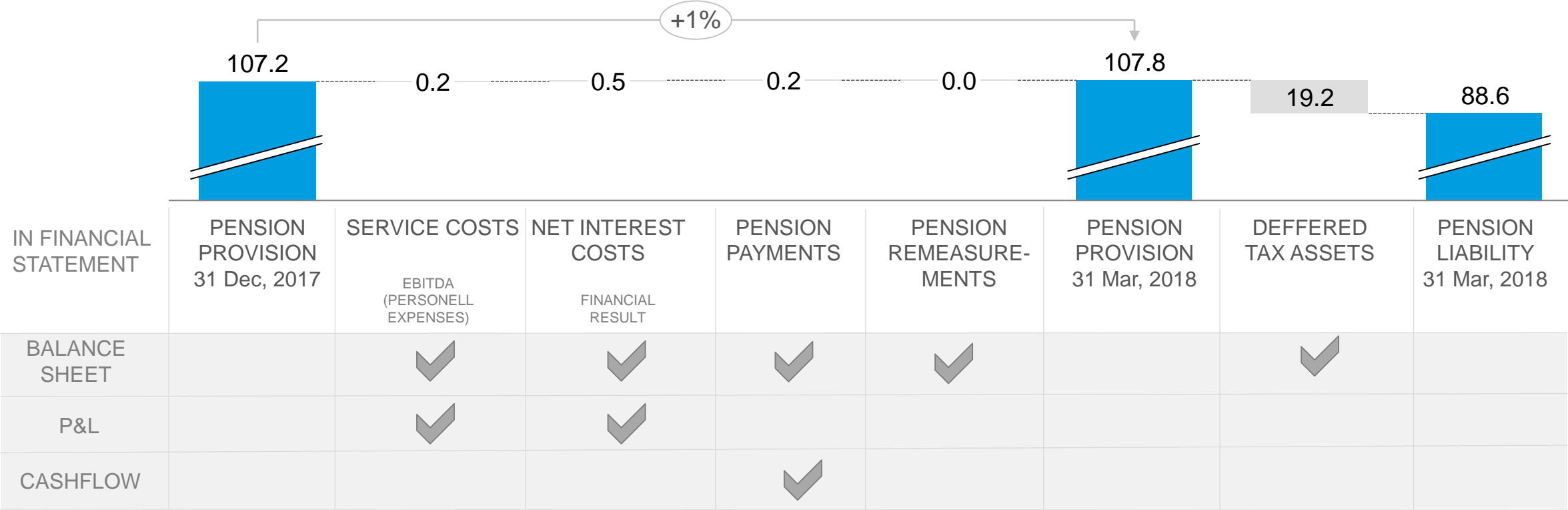
BALANCE SHEET

AlzChem Group



ALZCHEM GROUP (IN MIO.)	31.12.2017	31.03.2018	Deviation	
Intangible assets	1.0	0.9	-0.1	-6%
Tangible assets	115.1	117.1	1.9	2%
Investment properties				
Investments accounted for using the equity method				
Financials assets	0.0	0.0		
Trade receivables				
Other receivables	1.1	1.1	0.0	3%
Deferred tax assets	25.4	25.4	-0.1	0%
SUM NON-CURRENT ASSETS	142.7	144.5	1.8	1%
Inventories	71.4	74.9	3.5	5%
Trade receivables	35.0	45.8	10.8	31%
Financial assets				
Other receivables	16.3	13.2	-3.1	-19%
Income tax receivables	2.0	4.1	2.1	104%
Cash and cash equivalents	12.8	12.9	0.1	1%
Assets classified as held for sale				
Other assets				
SUM CURRENT ASSETS	137.5	151.0	13.5	10%
SUM ASSETS	280.2	295.5	15.3	5%

ALZCHEM GROUP (IN MIO.)	31.12.2017	31.03.2018	Deviation	
Share capital	101,8	101,8		
Capital reserve Rev. Acquisition	-88,1	-88,1		
Capital reserve	25,0	25,0		
Revenue reserves	11,1	10,2	-0,9	-8%
Retained earnings (+) / loss (-)	38,0	45,9	7,9	21%
RETAINED EARNINGS (+) / LOSS (-)	49,0	56,1	7,0	14%
Other comprehensive income	-32,0	-32,2	-0,2	0%
SHARE TO THE SHAREHOLDERS	55,7	62,6	6,9	12%
Non-controlling interests	2,2	2,2	0,0	-1%
SUM EQUITY	57,9	64,8	6,9	12%
Provisions for pensions	107,2	107,8	0,6	1%
Other provisions	17,4	17,8	0,4	2%
Loans	19,2	17,8	-1,4	-7%
Finance lease liabilities	0,2	0,2		
Trade liabilities				
Other liabilities	0,0	0,7	0,7	6935%
Deferred tax liabilities	2,2	2,2	0,0	0%
SUM NON-CURRENT LIABILITIES	146,3	146,5	0,2	0%
Other provisions	1,2	1,0	-0,2	-16%
Loans	22,1	29,6	7,5	34%
Finance lease liabilities				
Finance liabilities		0,0	0,0	
Trade liabilities	28,2	24,6	-3,6	-13%
Other liabilities	23,4	25,7	2,3	10%
Income tax liabilities	1,1	3,3	2,2	212%
SUM CURRENT LIABILITIES	76,0	84,2	8,2	11%
Sum EQUITY AND LIABILITIES	280,2	295,5	15,3	5%

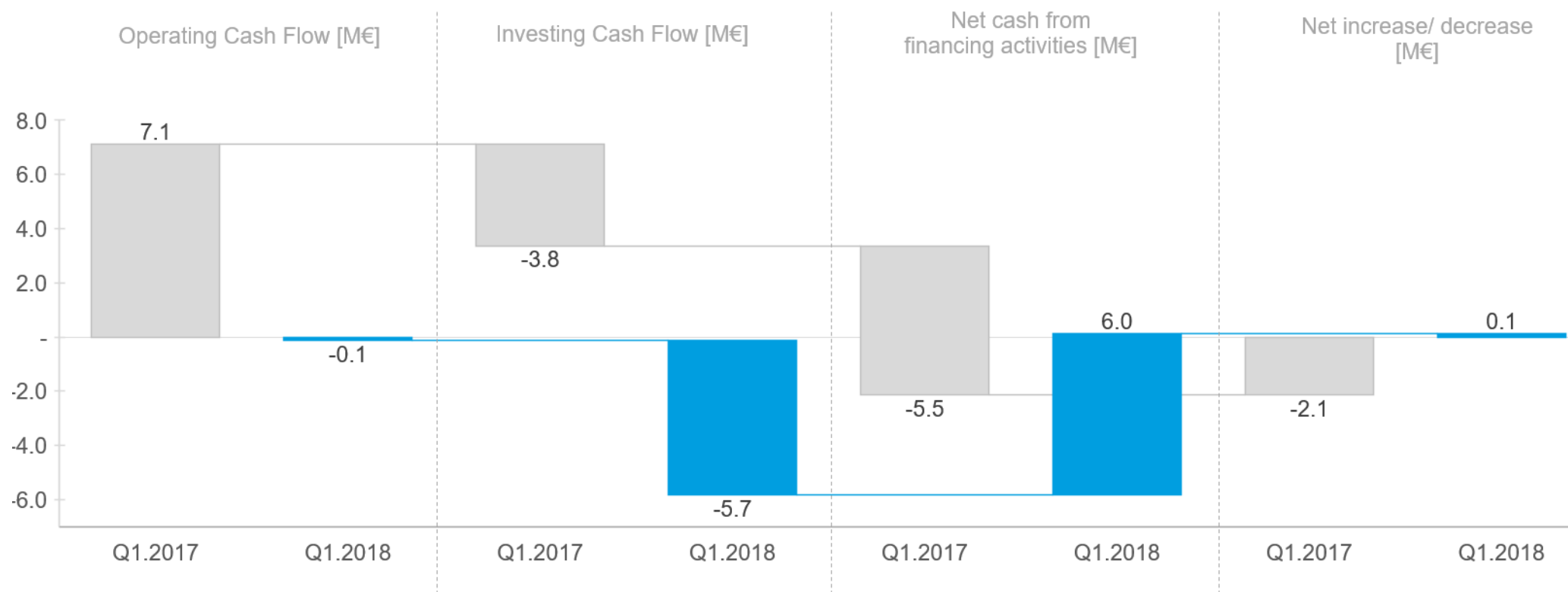


COMMENTS

no pension remeasurements due to equal valuation interest at the level of 1,75%

CASH FLOW

Growth CAPEX is the basis for further growth



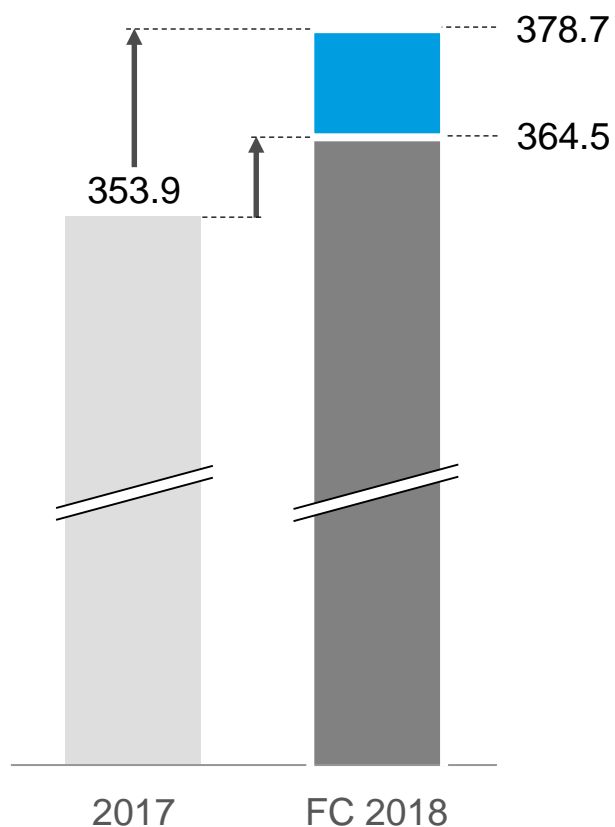
COMMENTS

- lower operating cash flow due to inventory increase and higher accounts receivables as of the reporting date
- cash flow from financing activities reflects investing cash flow

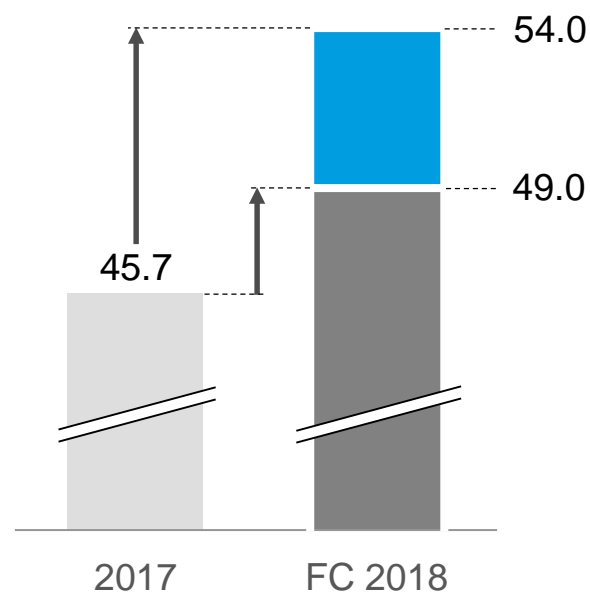
OUTLOOK 2018

Sales and earnings growth continue – Q1 confirms forecast

SALES



EBITDA



COMMENTS

- sales growth will be driven primarily by specialty chemicals, mainly through CreAMINO[®], Creapure[®] and Custom Synthesis
- Further reduced dependence on Basics & Intermediates
- EBITDA growth above sales growth as EBITDA-margin of Specialty Chemicals are above group average
- High volatility in raw materials and FX expected
- Overall, we continue to confirm the forecast given in the annual financial statements.

Assumptions

- No significant changes in market interest rates
- Overall economic growth of 2.2% assumed - no economic turmoil (USA, China)
- Stability in registration and energy legislation
- US-Dollar 2018 Forecast: 1.20 € / US\$

Factors to watch

- High volatility in raw material prices with potential impact on earnings
- Construction of major CAPEX projects will require full attention

FINANCIAL CALENDAR

Upcoming dates



2018	MAY 15	Q1 FIGURES 2018 (1-3)
2018	MAY 23	1 st GENERAL MEETING 2018
2018	SEP 24	FINANCIALS REPORT SHORT FINANCIAL YEAR 2018 (1-6)
2018	NOV 12	Q1 FIGURES 2018 (7-9)
2018	NOV 22	2 nd GENERAL MEETING 2018
2018	DEC 31	END OF FISCAL YEAR 2018



 **1,520**
EMPLOYEES

Mio €
~95
SALES

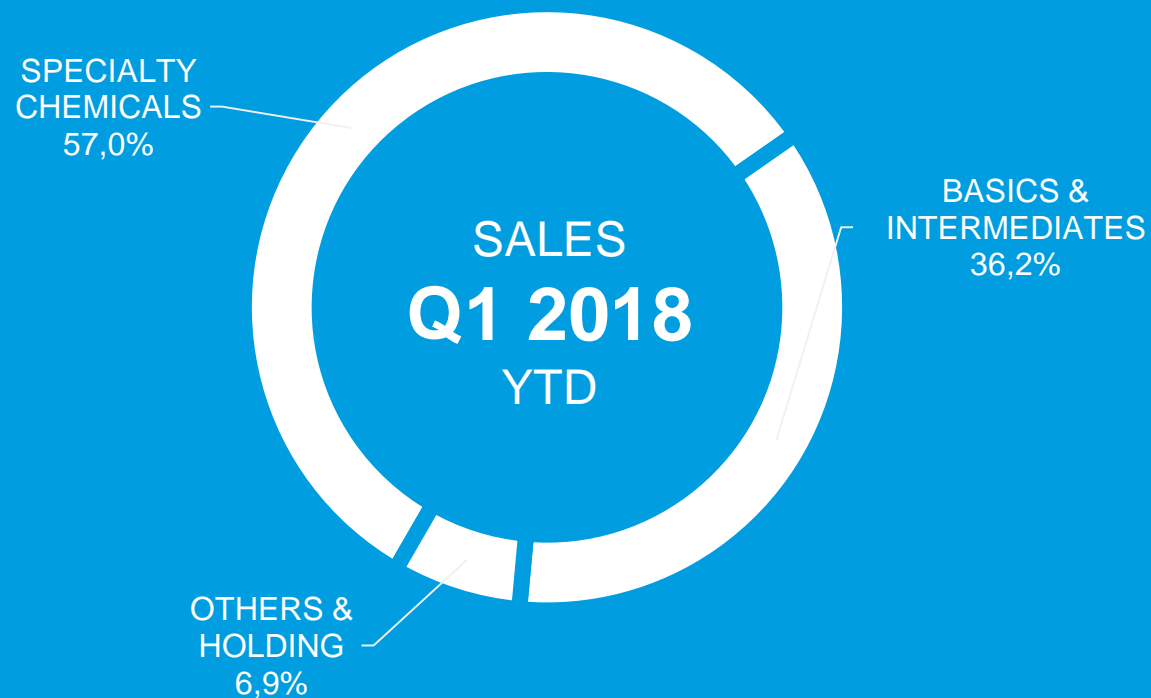
Mio €
~15
EBITDA

Mio €
~0
OPERATING
CASHFLOW



ALZCHEM
PRODUCTS
ARE SOLD
WORLDWIDE

INNOVATION SINCE
1908





THANK YOU
FOR YOUR ATTENTION!

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AGENDA

Q1 2018 – Analyst presentation



EXECUTIVE SUMMARY Q1 2018

BUSINESS AND FINANCIAL DETAILS Q1 2018

BACK-UP

INCOME STATEMENT

AlzChem Group



ALZCHEM GROUP (IN MIO.)	31.03.2017	31.03.2018	Deviation	
Revenue	91,2	94,5	3,4	4%
Changes in inventories of finished goods and work in progress	1,1	5,3	4,3	393%
Other income	2,9	2,6	-0,3	-11%
Raw materials and consumables used	-33,6	-40,9	-7,2	21%
Employee benefits expense	-28,2	-29,1	-0,9	3%
Other expense	-19,9	-17,4	2,5	-12%
EBITDA	13,4	15,1	1,6	12%
Depreciation expense	-3,4	-3,7	-0,3	10%
Impairment				
EBIT	10,0	11,3	1,3	13%
Investment income		0,0	0,0	
Other interest and similar income	0,0	0,1	0,1	548%
Other interest and similar expense	-0,6	-0,7	-0,1	8%
Financial result	-0,6	-0,6	0,0	-4%
Result from associates				
Result from ordinary business	9,4	10,7	1,3	14%
Taxes on income and profit	-2,4	-2,8	-0,4	18%
<i>thereof income tax</i>	-2,0	-2,8	-0,8	38%
<i>thereof change from deferred taxes</i>	-0,4	0,0	0,3	-92%
Annual result	7,0	7,9	0,9	13%
<i>thereof minority interests</i>	0,1	0,0	-0,1	-117%
<i>thereof shares held by shareholders</i>	6,9	7,9	1,0	15%

CASH FLOW

AlzChem Group



CASHFLOW [m€]	Q1 / 2017	Q1 / 2018	yoy %
OPERATING CASHFLOW	7.1	-0.1	-101.4%
INVESTING CASHFLOW	-3.8	-5.7	50.0%
FREE CASHFLOW	3.4	-5.8	-270.6%
RAISING / REPAYMENT FROM LOANS	-1.4	-1.2	-14.3%
PAYMENT / DEPOSIT FROM SHORT-TERM CREDIT LINES	10.9	7.2	-33.9%
DIVIDENDS PAID	-15.0		-100.0%
PAYMENT FROM CAPITAL INCREASE			
COST OF CAPITAL INCREASE W/O TAX EFFECT			
PAYMENT PROFIT CLAIM OF NON-CONTROLLING INTERESTS			
NET CASH FROM FINANCING ACTIVITIES	-5.5	6.0	-209.1%
NET INCREASE / DECREASE CASH AND CASH EQUIVALENTS	-2.1	0.1	-104.8%

SEGMENT OVERVIEW BY QUARTER

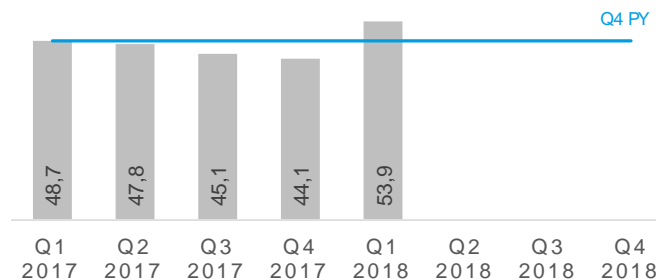
AlzChem Group



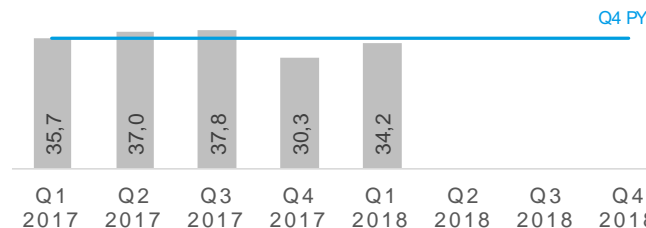
SALES [m€]	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2017 YTD	Q1 2018 YTD	yoy %
SPECIALTYCHEMICALS	48,7	47,8	45,1	44,1	53,9				48,7	53,9	10,6%
BASICS & INTERMEDIATES	35,7	37,0	37,8	30,3	34,2				35,7	34,2	-4,2%
OTHER & HOLDING	6,8	6,8	7,0	6,8	6,5				6,8	6,5	-4,8%
GROUP CONSOLIDATION	0,0	0,0	-0,1		0,0				-0,0	-0,0	
ALZCHEM GROUP	91,2	91,7	89,9	81,2	94,5				91,2	94,5	3,7%

EBITDA [m€]	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2017	Q1 2017 YTD	Q1 2018 YTD	yoy %
SPECIALTYCHEMICALS	11,0	12,0	9,1	10,7	12,6				11,0	12,6	15,5%
BASICS & INTERMEDIATES	2,2	2,6	1,7	-0,9	1,1				2,2	1,1	-51,4%
OTHER & HOLDING	-0,6	-0,3	0,1	-1,9	0,8				-0,6	0,8	-233,2%
GROUP CONSOLIDATION	0,8	0,2	-0,7	-0,4	0,6				0,8	0,6	
ALZCHEM GROUP	13,4	14,5	10,3	7,4	15,1				13,4	15,1	12,3%

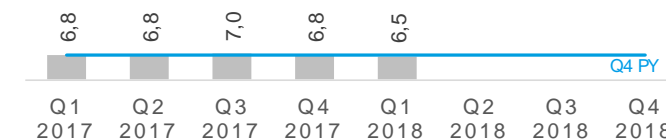
SALES SPECIALTY CHEMICALS



SALES BASICS & INTERMEDIATES



SALES OTHER & HOLDING



Executive Team

Experienced management to deliver on the next phase



KLAUS ENGLMAIER



ULLI SEIBEL



ANDREAS NIEDERMAIER

	KLAUS ENGLMAIER	ULLI SEIBEL	ANDREAS NIEDERMAIER
CURRENT POSITION	COO (since 2016)	CEO (since 2009)	CFO (since 2010)
AGE	56	42	48
WITH ALZCHEM SINCE ¹	1988	2009	1999
DEGREE	Mechanical Engineering	Industrial Engineering	Industrial Engineering
AREAS OF RESPONSIBILITY	<ul style="list-style-type: none"> • Production • Engineering • Environment, Safety, Health, Quality • Technology 	<ul style="list-style-type: none"> • Company Strategy • Investor Relations • Sales • Marketing • R&D 	<ul style="list-style-type: none"> • Finance & Controlling • IT • Supply Chain Management • Legal (Patents & Trademarks) • HR & Social

ALZCHEM GROUP LOCATIONS

Production sites and sales companies



- SALES COMPANY
- PRODUCTION SITE



TROSTBERG (GER)



SCHALCHEN (GER)



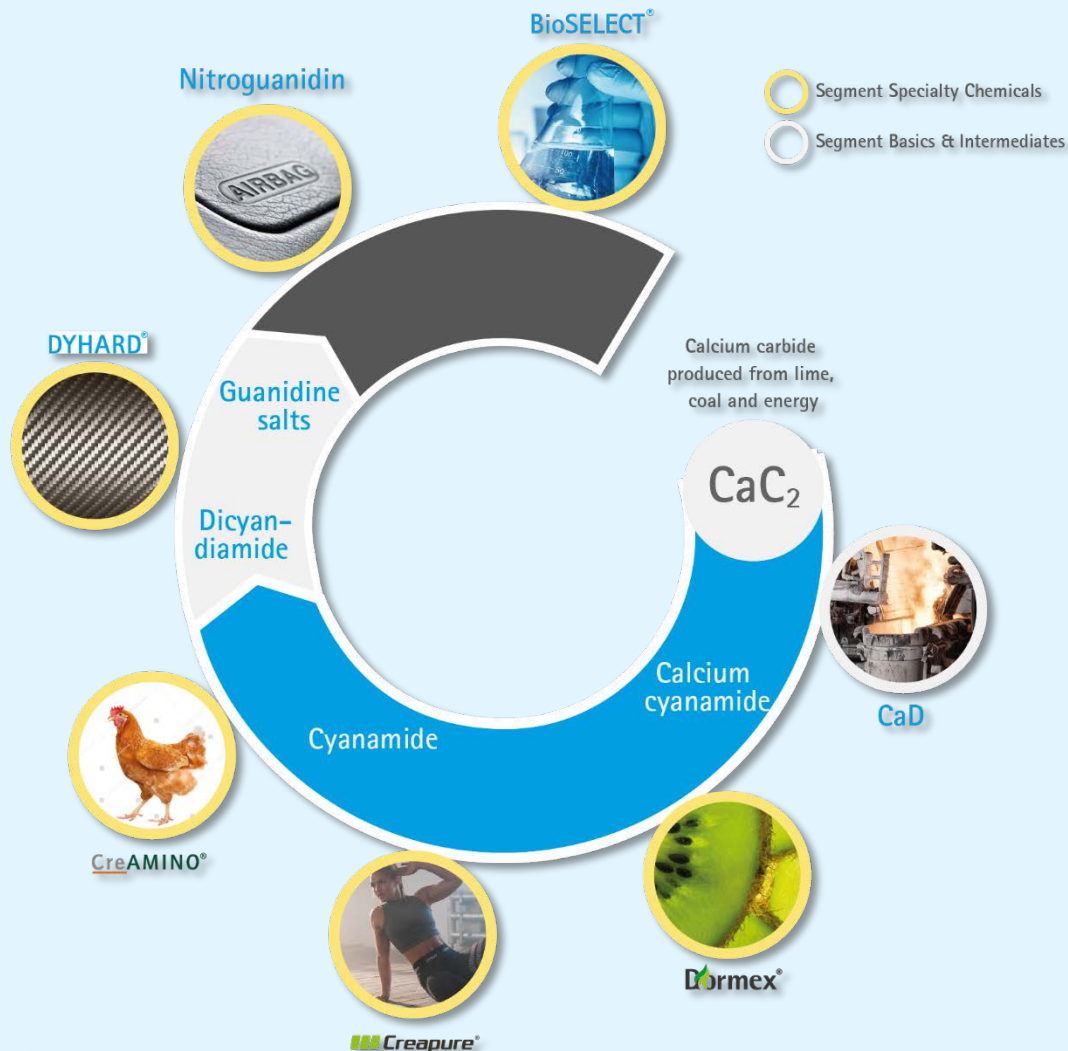
HART a. d. ALZ (GER)



WALDKRAIBURG (GER)

Fully integrated business model (“verbund” system)

Flexibility to adapt production to meet changing end market needs



THE “VERBUND”-SYSTEM

- Fully integrated production circle
- Output from one production step serves as base input for the next production step
- Transport cost advantage as compared to sourcing carbide and cyanamide from third parties
- Highly specialized system that is difficult to replicate

BENEFITS OF “VERBUND”

- Full control of product quality and specifications
- Lower costs
- Security of supply
- Higher financial predictability
- Well positioned to address specialty niche markets

INTRODUCTION TO GROUP SEGMENTS




Overview of Specialty Chemicals products

	KEY PRODUCTS	DESCRIPTION	END MARKETS
SPECIALTY CHEMICALS	CreAMINO ^{®(1)}	A nutritional additive for broilers and pigs	Feed additive
	Creapure [®]	Premium brand for creatine monohydrate used as supplements in sports nutrition	Dietary supplements
	Alipure [®]	Alpha-lipoic acid for dog feed additive and dietary applications	Pet feed additive Dietary supplements
	Dormex [®]	Plant growth regulator, used in fruit production	Agriculture
	BREAKTHRU'S 240	Additive for plant protection formulations	Agriculture
	SitoFex [®]	Plant growth regulator, used in fruit production	Agriculture
	Alzogur	Biocide, for disease prevention in animal production	Agriculture
	Silzot SQ	Silicon nitride powder	Photovoltaics
	Silzot HQ	Silicon nitride powder	Ceramics
	BioSELECT	Highly purified form of guanidine hydrochloride salts	Pharma/ API
	Cyanamide	Organic compound that is widely used in agriculture and pharma	Agrochemical Pharma
	DYHARD [®]	Hardeners and accelerators in powder, paste and liquid form	Powder coatings Adhesives
	Thiourea	Diverse applications incl. flotation agent and pharma raw material	Mining Veterinary
	Nitroguanidine	Intermediate for agrochemical products	Agrochemical

INTRODUCTION TO GROUP SEGMENTS (CONT'D)



Overview of **B&I** products and **O&H** services

	KEY PRODUCTS	DESCRIPTION	END MARKETS
BASICS & INTERMEDIATES	CaD	Calcium carbide-based process chemical for hot metal desulfurization	Steel industry
	Guanidine Salts	Gas generant for air bags, key production intermediate	Airbags Agrochemicals
	Dicyandiamide	Versatile intermediate for diverse markets including pharma	Pharma Fertilizer
	Nitrile	Buildings blocks for color, agro and pharma applications	Pigments Pharma
	 Perlka®	Specialty value-add nitrogen fertilizer	Agriculture
OTHER & HOLDING	Comprises AlzChem's holding and other activities which are not accounted for in the Specialty Chemicals or Basics & Intermediates segment		
	Operation of the Chemiepark Trostberg (companies based on site: AlzChem, BASF, Evonik, Aramark, VIActiv, Degussa Bank)		
	Site services		

STOCK

Share details



ISIN / WKN	DE000A0AHT46 / A0AHT4
TICKER SYMBOL	SFP1
TYPE AND NUMBER OF SHARES	101.763.355 bearer shares with no par value (par value shares)
STOCK EXCHANGES	Regulierter Markt (Prime Standard)
DESIGNATED SPONSOR	Baader Bank AG

SHAREHOLDER STRUCTURE	%
LIVIA Corporate Development SE	47.70
HDI Vier CE GmbH	26.38
Four two na GmbH	19.79
Jan Ulli Seibel	4.93
Free float	1.19



Q1 SALES BY REGION

ASIA/PACIFIC intensive marketing strategy pays back

GERMANY



Q1 / 2017	Q1 / 2018	yoy %
38.6	38.0	-1.6%

↘ -0.5m€

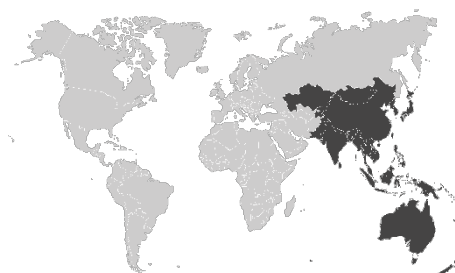
EMEA



Q1 / 2017	Q1 / 2018	yoy %
30.8	35.5	15.3%

↗ +4.7m€

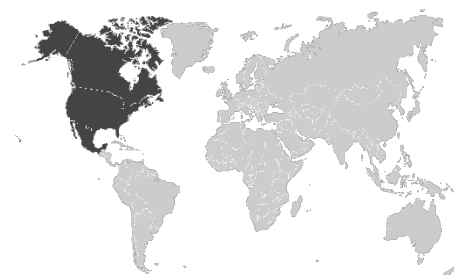
ASIA / PACIFIC



Q1 / 2017	Q1 / 2018	yoy %
7.8	8.5	9.0%

↗ +0.7m€

NORTH AMERICA



Q1 / 2017	Q1 / 2018	yoy %
10.5	8.4	-20.0%

↘ -2.1m€

SOUTH AMERICA



Q1 / 2017	Q1 / 2018	yoy %
3.5	4.1	17.1%

↗ +0.5m€