



2018 / Q2

AlzChem Group AG

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Sep 17, 2018



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Creamino® is a brand of Evonik

AGENDA

Q2 2018 – Analyst presentation



EXECUTIVE SUMMARY Q2 2018

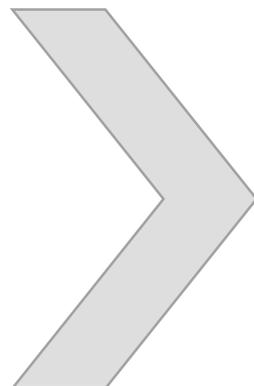
BUSINESS AND FINANCIAL DETAILS Q2 2018

BACK-UP

HIGHLIGHTS 2018

Strategic and operational targets for Q2 2018 achieved

STRATEGIC TARGETS

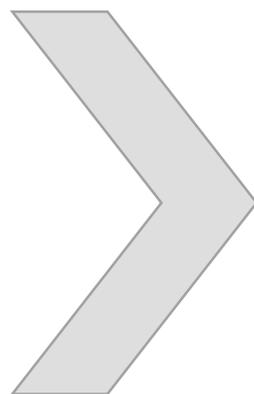


Growth focus on specialty chemicals

Preparing for own distribution of Creamino[®]

Groundbreaking of Nitriles production expansion

FINANCIAL TARGETS



Significant sales growth (+ 6.8 % half-year)

Strong growth of EBITDA (+ 10.8 %)

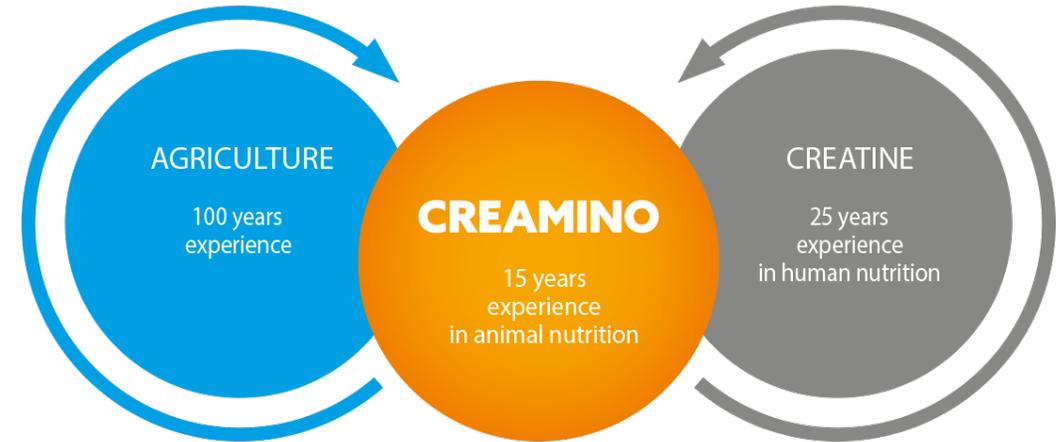
Start own Creamino^{®1} distribution on January 1, 2019

Strategic step to further develop our fast-growing product



CREAMINO
Now direct from
the manufacturer.*

* deliveries from January 2019



Creamino[®]

- is a unique creatine source for animal nutrition.
- elevates creatine stores in the body.
- spares arginine.
- supplies energy.
- benefits poultry and pig nutrition.

CREAMINO – ENERGY FOR HEALTHY GROWTH!

Q2 FINANCIAL OVERVIEW



Q2 result on track to full year guidance

ALZCHEM GROUP [m€]	Q2 / 2017	Q2 / 2018	yoy %	1-6 / 2017	1-6 / 2018	yoy %
SALES	91.7	100.7	9.9%	182.8	195.2	6.8%
EBITDA	14.5	15.9	9.6%	27.9	31.0	10.8%
EBITDA margin	15.8%	15.8%		15.3%	15.9%	0.6 pp

COMMENTS

- Significant growth in sales, driven by Specialty Chemicals
- Strong growth in EBITDA
- Q2 result on track to full year guidance
- EBITDA margin improved on top of good sales growth

AGENDA

Q2 2018 – Analyst presentation



EXECUTIVE SUMMARY Q2 2018

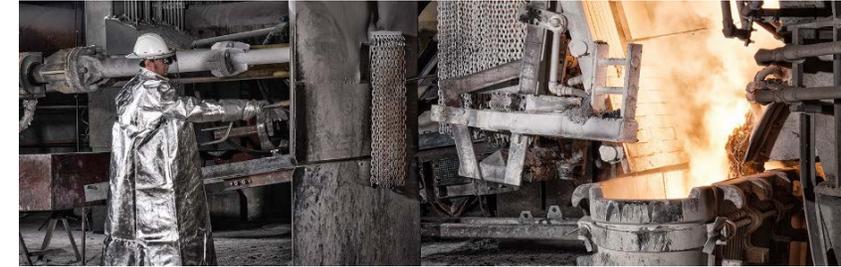
BUSINESS AND FINANCIAL DETAILS Q2 2018

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**).

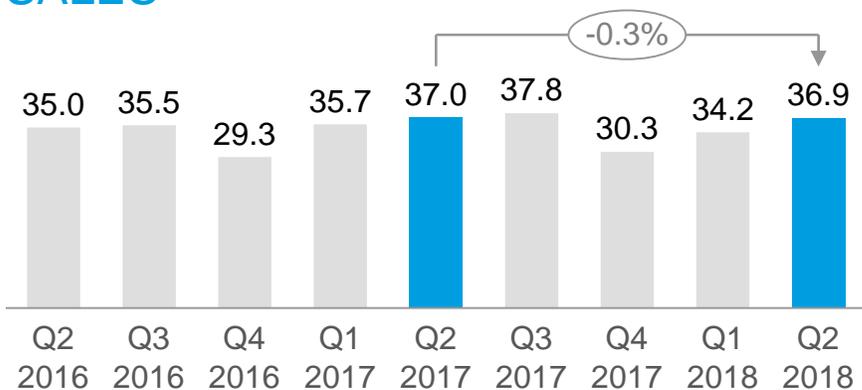


SEGMENT BASICS & INTERMEDIATES



Segment analysis – financial overview

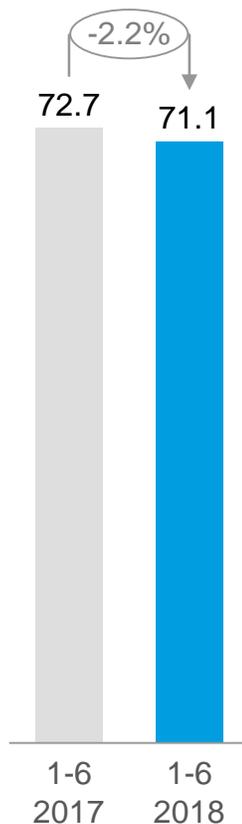
SALES



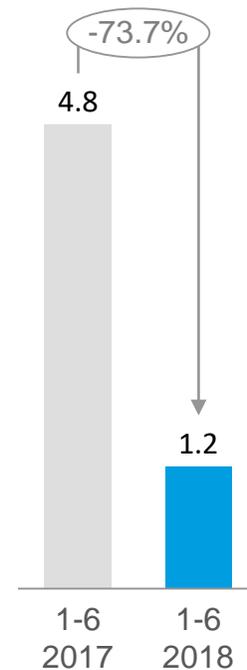
EBITDA



SALES



EBITDA



SALES ANALYSIS

Q2/2017 vs. Q2/2018	- 0.5% Volume	+ 1.1% Price	- 0.9% FX
YTD 2017 vs. YTD 2018	- 1.3% Volume	+ 0.2% Price	- 1.1% FX

COMMENTS

- Q2 Sales almost same as in the previous year
- Strong DCD sales and stabile metallurgic business
- Q2 Weaker sales mainly in the agriculture sector due to severe draught in North and East Germany
- EBITDA additionally impacted by raw material prices (coke & electricity)
- Hard work to pass on increased raw material prices

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.



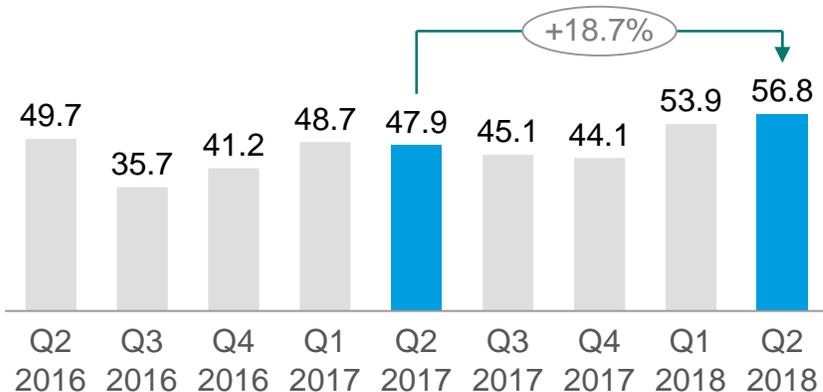
¹ Creamino[®] brand of Evonik Industries AG

SEGMENT SPECIALTY CHEMICALS

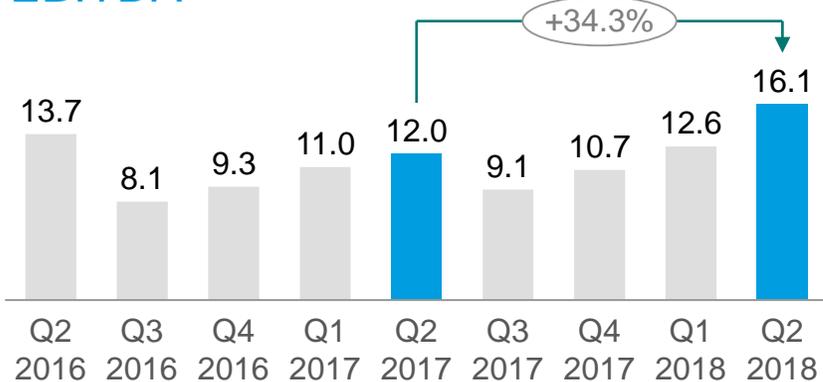


Segment analysis – financial overview

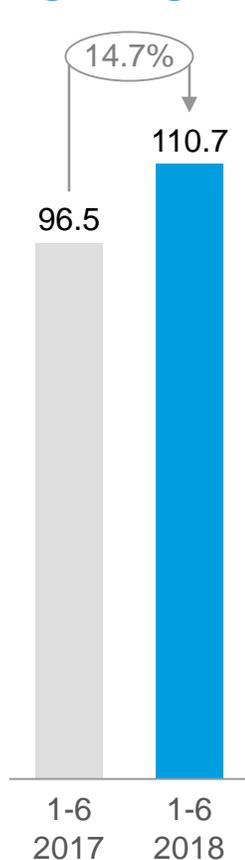
SALES



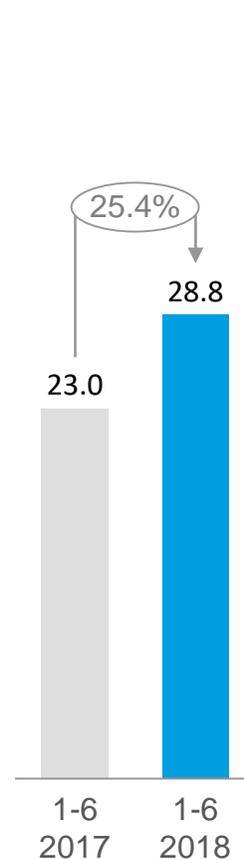
EBITDA



SALES



EBITDA



SALES ANALYSIS

Q2/2017 vs. Q2/2018	+ 18.7% Volume	+ 1.9% Price	- 1.8% FX
YTD 2017 vs. YTD 2018	+ 15.4% Volume	+ 1.4% Price	- 2.2% FX

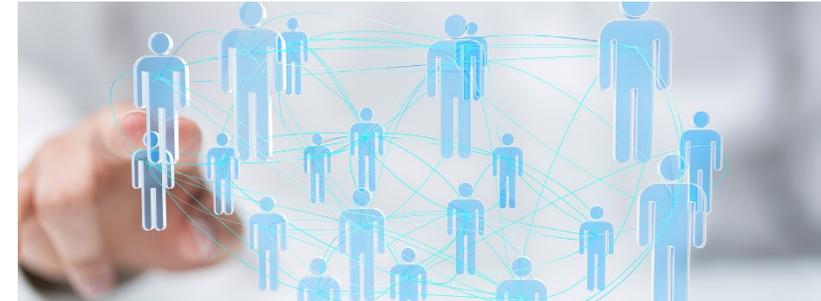
COMMENTS

- Strong sales growth among most product areas
- Creamino® - Business continues to grow very strongly
- Sales of custom synthesis products, DYHARD® as well as NIGU-products above previous year level
- EBITDA growth overcompensates raw material price increase and US\$-FX effects
- Full year EBITDA margin at 26%

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.

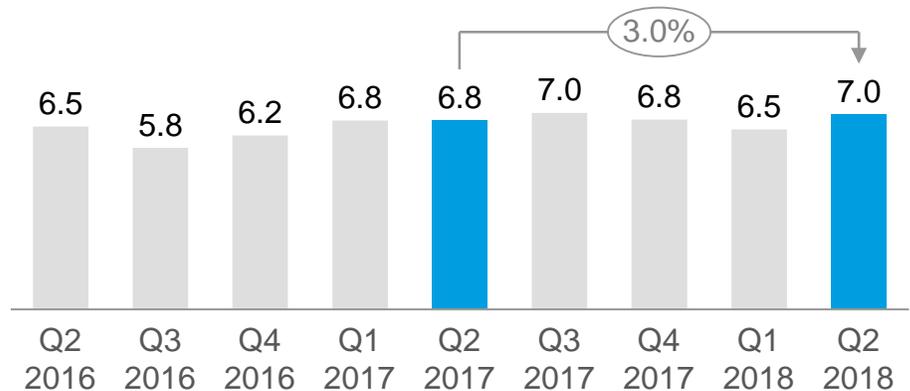


SEGMENT OTHER & HOLDING

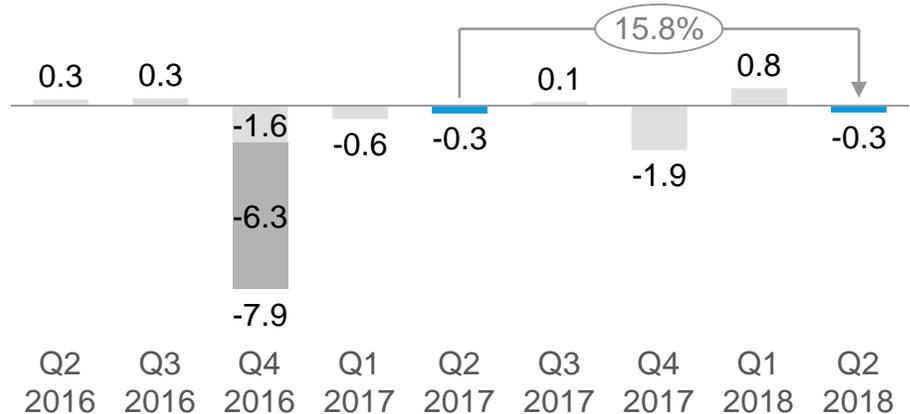


Segment analysis – financial overview

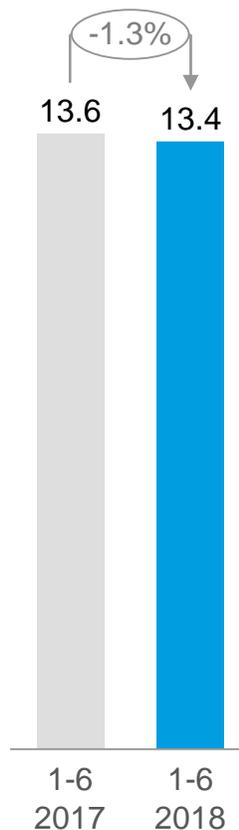
SALES



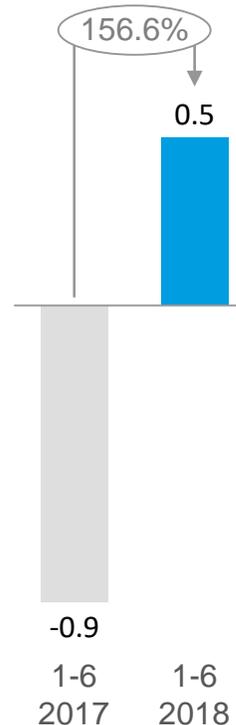
EBITDA



SALES



EBITDA



SALES ANALYSIS

Q2/2017 vs. Q2/2018	+ 1.5% Volume	+ 1.5% Price	± 0% FX
YTD 2017 vs. YTD 2018	- 2.4% Volume	+ 1.5% Price	± 0% FX

COMMENTS

- Solid growth (3%) in sales, follows customer site business
- Announced and expected repayment of parts of the grid fee exemption (2012/2013) is reflected via provisions (1.4 M€ + 0.2M€ interest)

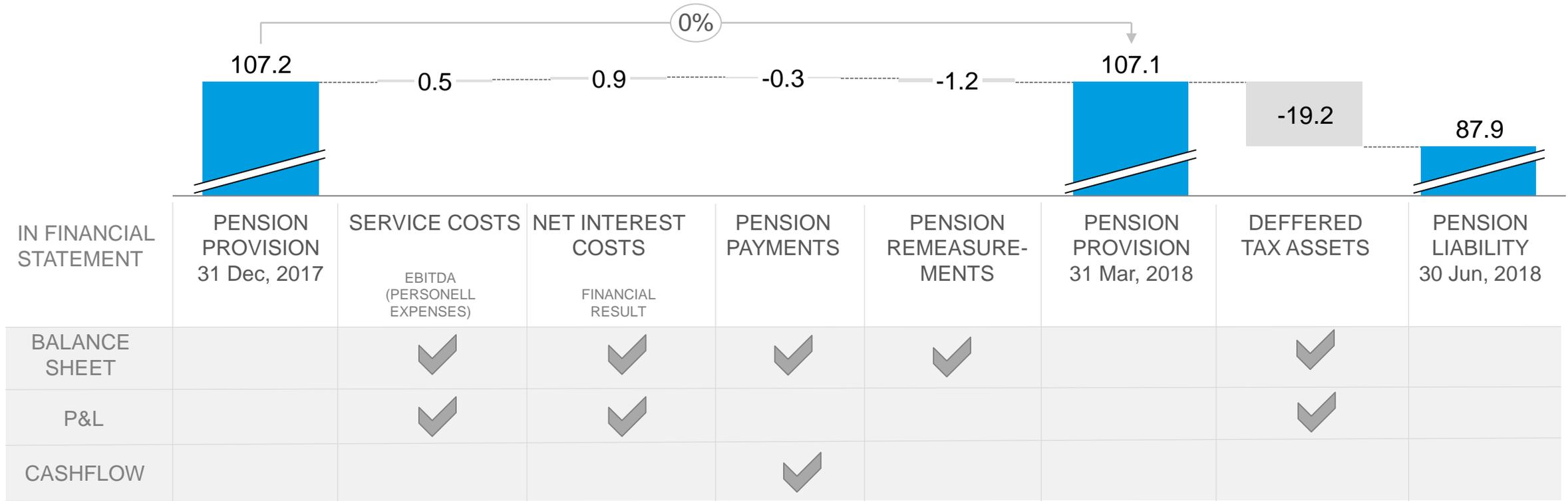
BALANCE SHEET

AlzChem Group



ALZCHEM GROUP (IN T€)	31.12.2017	30.06.2018	Deviation	
Intangible assets	1.009	991	-19	-1,9%
Tangible assets	115.131	123.161	8.029	7,0%
Investment properties				
Investments accounted for using the equity method				
Financials assets	20	20		
Trade receivables				
Other receivables	1.071	1.067	-5	-0,4%
Deferred tax assets	25.433	24.625	-808	-3,2%
SUM NON-CURRENT ASSETS	142.666	149.864	7.198	5,0%
Inventories	71.382	75.579	4.197	5,9%
Trade receivables	35.035	52.336	17.301	49,4%
Financial assets		0	0	
Other receivables	16.308	14.514	-1.794	-11,0%
Income tax receivables	1.990	2.321	331	16,6%
Cash and cash equivalents	12.802	9.844	-2.957	-23,1%
Assets classified as held for sale				
Other assets				
SUM CURRENT ASSETS	137.516	154.595	17.078	12,4%
SUM ASSETS	280.182	304.459	24.276	8,7%

ALZCHEM GROUP (IN T€)	31.12.2017	30.06.2018	Deviation	
Share capital	101.763	101.763		
RETAINED EARNINGS (+) / LOSS (-)	49.047	65.032	15.985	32,6%
Other comprehensive income	-31.993	-31.033	960	-3,0%
SHARE TO THE SHAREHOLDERS	55.669	72.615	16.946	30,4%
Non-controlling interests	2.225	1.429	-796	-35,8%
SUM EQUITY	57.894	74.044	16.150	27,9%
Provisions for pensions	107.234	107.218	-16	0,0%
Other provisions	17.443	18.295	852	4,9%
Loans	19.203	16.403	-2.801	-14,6%
Finance lease liabilities	223	223		
Other liabilities	10	684	674	>1.000%
Deferred tax liabilities	2.165	2.184	19	0,9%
SUM NON-CURRENT LIABILITIES	146.278	145.007	-1.271	-0,9%
Other provisions	1.209	3.491	2.282	188,7%
Loans	22.122	22.268	146	0,7%
Trade liabilities	28.199	30.617	2.418	8,6%
Other liabilities	23.421	26.022	2.600	11,1%
Income tax liabilities	1.059	3.011	1.952	184,4%
SUM CURRENT LIABILITIES	76.010	85.408	9.397	12,4%
Sum EQUITY AND LIABILITIES	280.182	304.459	24.276	8,7%

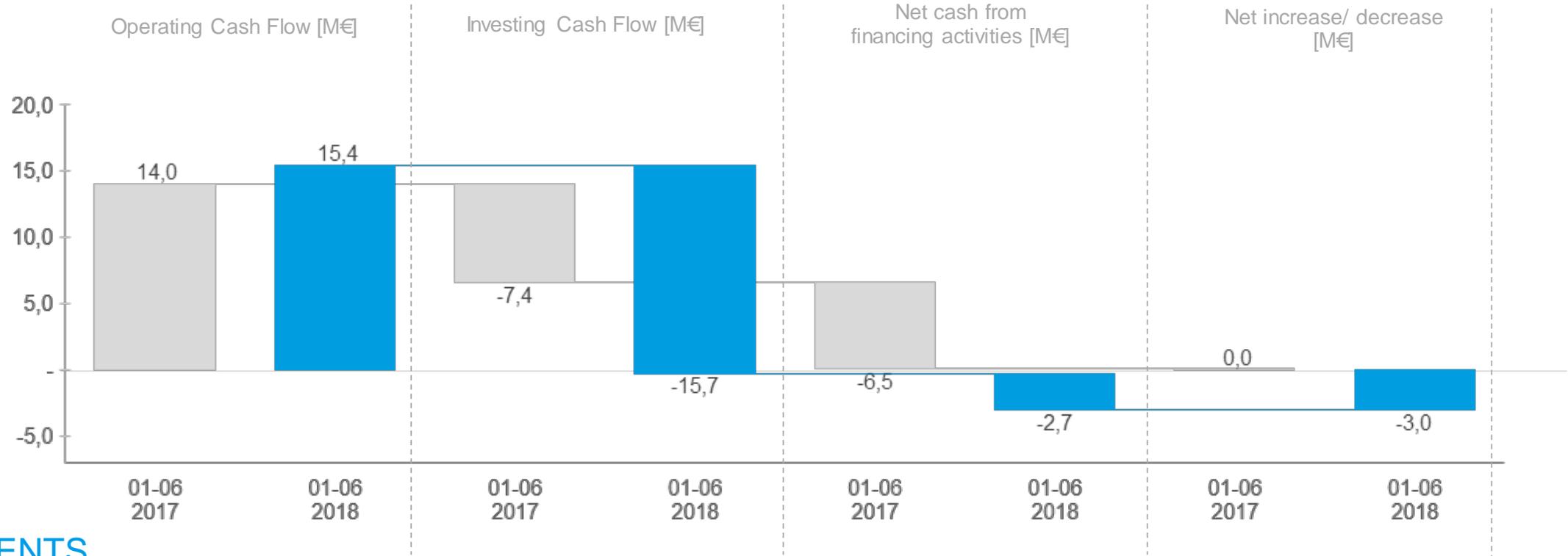


COMMENTS

- Slight adjustment of market interest rate from 1.75% → 1.80% leads to minor remeasurements
- Continued low cash payments

CASH FLOW

Growth CAPEX is the basis for further growth



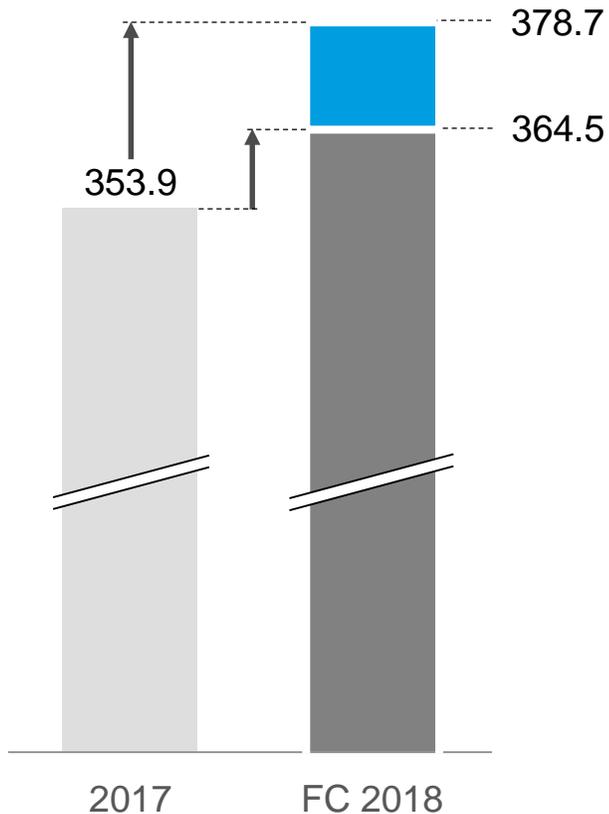
COMMENTS

- healthy operating cash flow due to higher EBITDA
- higher investing cash flow mainly due to investments in Creamino[®] and NITRALZ[®]
- cash flow from financing activities reflects investing cash flow, dividend payments are expected in Nov.

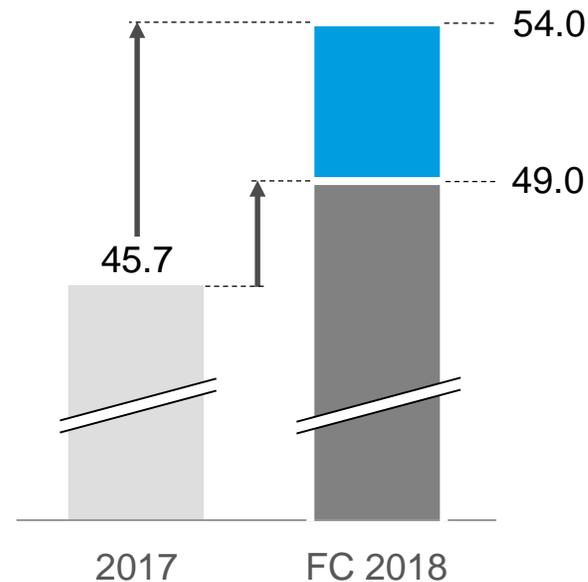
OUTLOOK 2018

Sales and earnings growth continue – Q2 confirms forecast

SALES



EBITDA



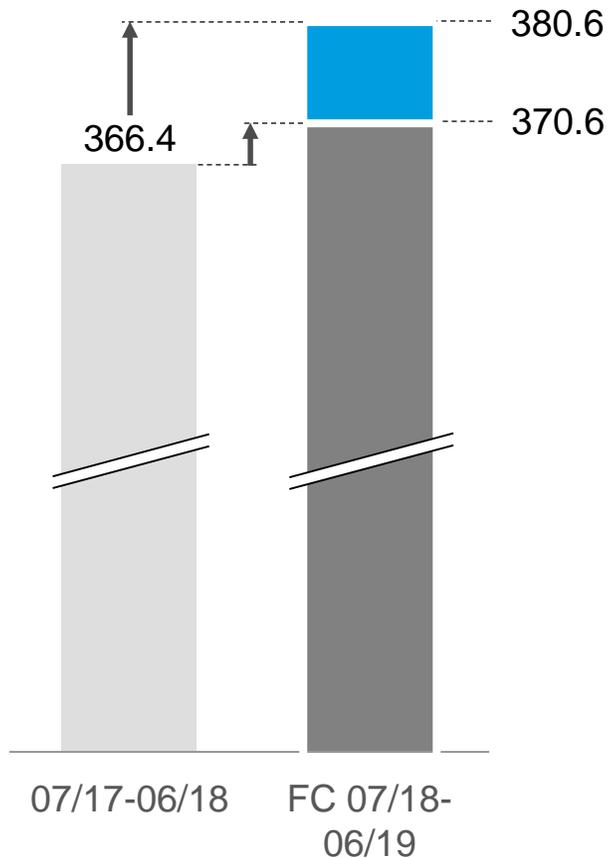
COMMENTS

- 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.

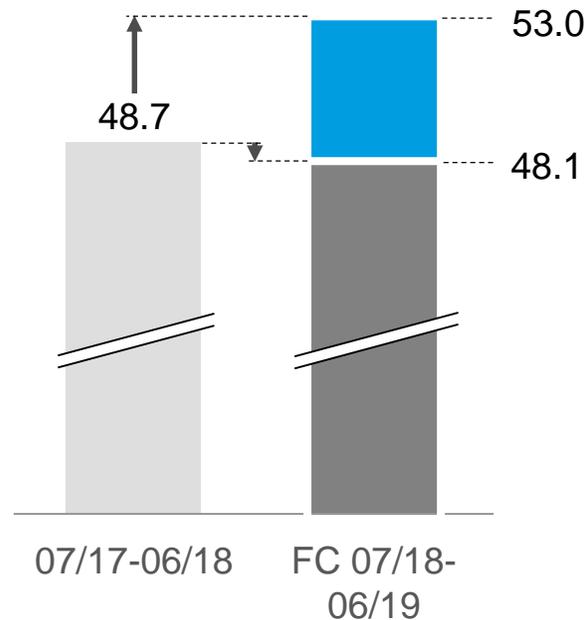
OUTLOOK 07/18-06/19

Sales and earnings growth continue

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 in line with sales growth
- High volatility in raw materials and FX expected
- Transition phase before the next growth step, due to own Creamino distribution and higher production capacity

OUTLOOK 2018

Underlying assumptions



Assumptions

- No significant changes in market interest rates
- Overall economic growth of 2.2% assumed - no economic turmoil (USA, China)
- Stability in product registration and energy legislation
- US-Dollar 2018 Forecast: 1.15 € / 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	SEP 17	FINANCIALS REPORT SHORT FINANCIAL YEAR 2018 (1-6)
2018	NOV 12	Q1 FIGURES 2018 (7-9)
2018	NOV 22	2 nd GENERAL MEETING 2018





1,524
EMPLOYEES

Mio €
~195
SALES

Mio €
~31
EBITDA

Mio €
~15
OPERATING
CASHFLOW



ALZCHEM
PRODUCTS
ARE SOLD
WORLDWIDE

INNOVATION SINCE

1908

SPECIALTY
CHEMICALS
56,7%

BASICS &
INTERMEDIATES
36,4%

OTHERS &
HOLDING
6,9%

SALES
**short fiscal
year**



THANK YOU
FOR YOUR ATTENTION!

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AGENDA

Q2 2018 – Analyst presentation



EXECUTIVE SUMMARY Q2 2018

BUSINESS AND FINANCIAL DETAILS Q2 2018

BACK-UP

INCOME STATEMENT

AlzChem Group



ALZCHEM GROUP (IN T€)	30.06.2017	30.06.2018	Deviation	
Revenue	182.814	195.241	12.426	6,8%
Changes in inventories of finished goods and work in progress	1.537	4.790	3.253	211,6%
Other income	5.234	6.599	1.365	26,1%
Raw materials and consumables used	-68.923	-80.180	-11.256	16,3%
Employee benefits expense	-56.198	-58.625	-2.427	4,3%
Other expense	-36.540	-36.867	-327	0,9%
EBITDA	27.924	30.958	3.034	10,9%
Depreciation expense	-6.824	-7.498	-673	9,9%
Impairment				
EBIT	21.100	23.461	2.361	11,2%
Investment income	17	37	20	118,1%
Other interest and similar income	298	278	-20	-6,8%
Other interest and similar expense	-1.356	-1.422	-67	4,9%
Financial result	-1.040	-1.107	-66	6,4%
Result from associates				
Result from ordinary business	20.060	22.354	2.294	11,4%
Taxes on income and profit	-5.412	-6.291	-879	16,2%
<i>thereof income tax</i>	-4.808	-5.807	-999	20,8%
<i>thereof change from deferred taxes</i>	-604	-484	120	-19,9%
Annual result	14.647	16.063	1.416	9,7%
<i>thereof minority interests</i>	144	57	-88	-60,7%
<i>thereof shares held by shareholders</i>	14.503	16.006	1.503	10,4%
Result per share in EUR (calculated with 101.763 shares)	€ 0,14	€ 0,16	0,01	9,7%

CASH FLOW

AlzChem Group



CASHFLOW [m€]	Q2 / 2017	Q2 / 2018	yoy %	1-6 / 2017	1-6 / 2018	yoy %
OPERATING CASHFLOW	6.9	15.6	126.1%	14.0	15.4	10.0%
INVESTING CASHFLOW	-3.7	-10.0	170.3%	-7.4	-15.7	112.2%
FREE CASHFLOW	3.2	5.6	75.0%	6.6	-0.3	-104.5%
RAISING / REPAYMENT FROM LOANS	-1.4	-1.4		-2.8	-2.6	-7.1%
PAYMENT / DEPOSIT FROM SHORT-TERM CREDIT LINES	3.2	-7.3	-328.1%	14.0	-0.1	-100.7%
DIVIDENDS PAID	-2.8		-100.0%	-17.8		-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	-1.0	-8.7	770.0%	-6.5	-2.7	-58.5%
NET INCREASE / DECREASE CASH AND CASH EQUIVALENTS	2.2	-3.2	-245.5%	0.0	-3.0	

SEGMENT OVERVIEW BY QUARTER

AlzChem Group

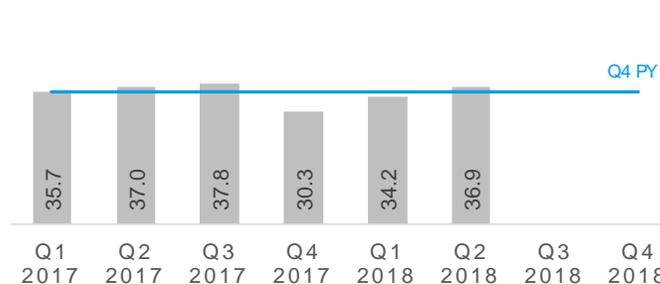
SALES [m€]	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q2 2017 YTD	Q2 2018 YTD	yoy %
SPECIALTY CHEMICALS	48.7	47.8	45.1	44.1	53.9	56.8			96.5	110.7	14.7%
BASICS & INTERMEDIATES	35.7	37.0	37.8	30.3	34.2	36.9			72.7	71.1	-2.2%
OTHER & HOLDING	6.8	6.8	7.0	6.8	6.5	7.0			13.5	13.4	-0.9%
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	100.7			182.8	195.2	6.8%

EBITDA [m€]	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2017	Q2 2017 YTD	Q2 2018 YTD	yoy %
SPECIALTY CHEMICALS	11.0	12.0	9.1	10.7	12.6	16.1			23.0	28.8	25.3%
BASICS & INTERMEDIATES	2.2	2.6	1.7	-0.9	1.1	0.2			4.8	1.2	-73.7%
OTHER & HOLDING	-0.6	-0.3	0.1	-1.9	0.8	-0.3			-0.9	0.5	-156.4%
GROUP CONSOLIDATION	0.8	0.2	-0.7	-0.4	0.6	-0.1			1.1	0.5	
ALZCHEM GROUP	13.4	14.5	10.3	7.4	15.1	15.9			27.9	31.0	10.9%

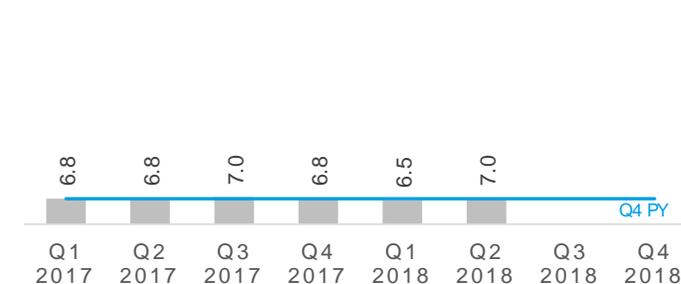
SALES SPECIALTY CHEMICALS



SALES BASICS & INTERMEDIATES



SALES OTHER & HOLDING



Executive Team

Experienced management to deliver on the next phase



ULLI SEIBEL



ANDREAS NIEDERMAIER



KLAUS ENGLMAIER

CURRENT POSITION	CEO (since 2009)	CFO (since 2010)	COO (since 2016)
AGE	42	49	58
WITH ALZCHEM SINCE ¹	2009	1999	1988
DEGREE	Industrial Engineering	Industrial Engineering	Mechanical Engineering
AREAS OF RESPONSIBILITY	<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 • HR 	<ul style="list-style-type: none"> • Production • Engineering • Environment, Safety, Health, Quality • Technology

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



Segment Specialty Chemicals

Segment Basics & Intermediates

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
	 BREATHRU'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
Ulli Seibel	4.93
Free float	1.20



Q2 SALES BY REGION

ASIA/PACIFIC intensive marketing strategy pays back

GERMANY



Q2 / 2017	Q2 / 2018	yoy %
38.2	42.4	11.0%

1-6 / 2017	1-6 / 2018	yoy %
76.6	80.4	5.0%

EMEA



Q2 / 2017	Q2 / 2018	yoy %
31.3	35.0	11.8%

1-6 / 2017	1-6 / 2018	yoy %
62.1	70.6	13.7%

ASIA / PACIFIC



Q2 / 2017	Q2 / 2018	yoy %
10.4	10.4	

1-6 / 2017	1-6 / 2018	yoy %
18.2	18.9	3.8%

NORTH AMERICA



Q2 / 2017	Q2 / 2018	yoy %
7.6	8.9	17.1%

1-6 / 2017	1-6 / 2018	yoy %
18.1	17.3	-4.4%

SOUTH AMERICA



Q2 / 2017	Q2 / 2018	yoy %
4.1	4.1	

1-6 / 2017	1-6 / 2018	yoy %
7.6	8.1	6.6%