



Q2/2019 Financial Report

AlzChem Group AG

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August 14th, 2019



DISCLAIMER



Cautionary note regarding forward-looking statements

This presentation contains forward-looking statements about the business, financial condition and earnings performance of the AlzChem Group.

These statements are based on assumptions and projections resting upon currently available information and present estimates. They are subject to a multitude of uncertainties and risks. Actual business development may therefore differ materially from what has been expected.

Beyond disclosure requirements stipulated by law, AlzChem does not undertake any obligation to update forward-looking statements.

AGENDA

Analyst Presentation Q2/2019



EXECUTIVE SUMMARY

BUSINESS AND FINANCIAL DETAILS

BACK-UP

HIGHLIGHTS

Summary of business development Q2/2019 Financial Report



FACTS & NUMBERS

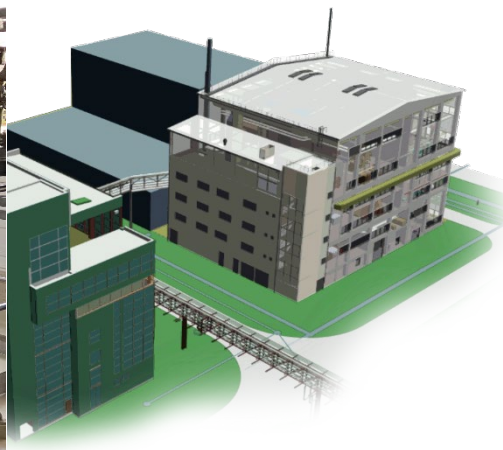
- Positive market response for the own distribution of Creamino; investment project within budget and schedule
- Sales in line with the expected value of the annual forecast
- In the Basics & Intermediates segment, commodity price increases can continue to be successfully passed on in many areas
- Investment phase at NITRALZ® completed within schedule and budget – production with first trials started
- Peak level of inventories overcome, first positive effects from existing project evident
- Decline in market interest rates adversely affected equity
- Robust EBITDA development in line with forecast, despite challenging environment

PROGRESS OF CONSTRUCTION PROJECTS

New Creamino production facility



- Production will start in summer 2019
- Commissioning ceremony will take place in September
- Project is on time and on budget
- New production facility will triple the actual production capacity from 7,000 to 21,000 tons



INVESTMENT	EUR ~ 50 Mio.
GROUNDBREAKING	Spring 2018
START PRODUCTION	Summer 2019

CREAMINO – the source of creatine for animal nutrition



AlzChem – inventor, producer, patent holder

HIGHLY EFFICIENT GLOBAL SALES STRUCTURE

Small team at AlzChem

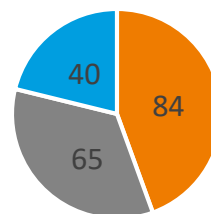
- Product development
- Technical competence and training
- Coordination and support of sales force worldwide
- Coordination of marketing and communication
- Global key accounts
- Sales in Europe and US

More than 30 distributors and partners

- Approx. 180 sales reps
- Approx. 50 technicians

A team of about 250 employees works for the growth of Creamino.

SALES FORCE



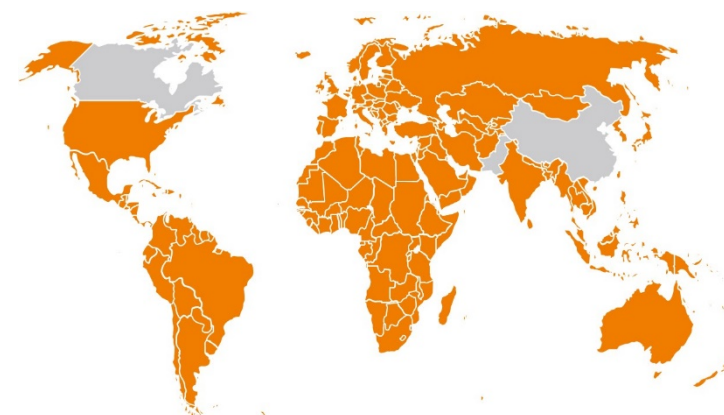
■ Asia-Pacific ■ EMEA ■ Americas



NEXT STEPS

- Strengthen and broaden sales network
- Add countries and applications
- Keep on training and supporting 3rd partners
- Strengthen AlzChem-team with growing scope

CREAMINO USE WORLDWIDE



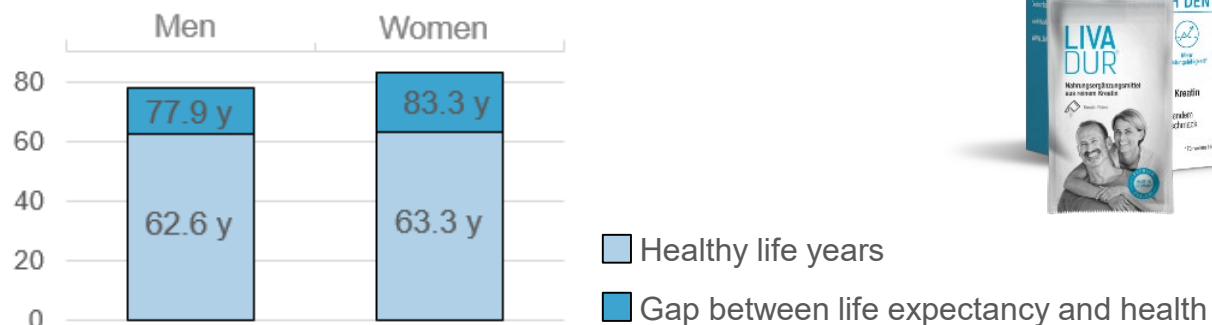
CREATINE HEALTH CLAIM

In 2017 the European Commission has approved an additional health-related statement (Health Claim) for creatine:

“Daily creatine consumption can enhance the effect of resistance training on muscle strength in adults over the age of 55.”

HEALTHY LIFE YEARS

Life expectancy and healthy life years in absolute values at birth (EU 28 countries in 2015).



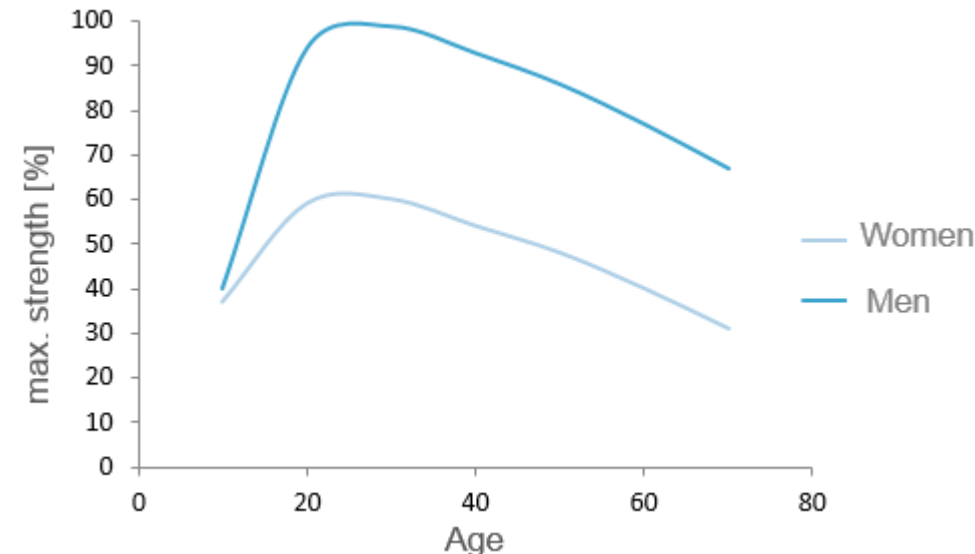
<http://ec.europa.eu/eurostat>



DECLINE IN MUSCLE STRENGTH

Loss of muscle strength with increasing age
 Slow decrease: between the age of 30 and 50
 Accelerated decrease: from 60 years of age

Performance ↓↓



Adapted from de Marées, *Sportphysiologie*, Sportverlag Strauß, 2003

PROGRESS OF CONSTRUCTION PROJECTS

Extension of the nitrile plants begins with successful production



- Production started in July 2019
- Project on time and on budget
- Production of highly corrosive chlorinated nitriles with favorable margin
- Investment secured with long term customer contracts



KNOWN NITRILE DERIVATIVES

AGRO	Diclobenil	Herbicide	TM “Casaron”
PHARMA	Dabigatran	Anticoagulant	TM “Pradaxa”
	Ketamine	Analgesic	
PIGMENT	PR 254 red	Automotive industry	
	PY 139 yellow	Substitution for pigments containing heavy metals	



INVESTMENT

EUR 7.2 Mio.

GROUNDBREAKING

Summer 2018

START PRODUCTION

July 1, 2019

FINANCIAL OVERVIEW Q2/2019 FINANCIAL REPORT



Result within guidance

ALZCHEM GROUP	Q2 2018	Q2 2019	yoy %	2018 1-6	2019 1-6	yoy %
SALES (in M€)	100.7	96.1	-4.6%	195.2	188.2	-3.6%
EBITDA (in M€)	15.9	14.6	-8.0%	31.0	27.9	-10.1%
EBITDA margin (in %)	15.8%	15.2%	-0.6 pp	15.9%	14.8%	-1.1 pp
Earnings per Share (in €)	0.80	0.62	-21.8%	1.57	1.16	-26.0%

COMMENTS

- Sales on expectations of the annual outlook
- Robust EBITDA-development in line with the forecast despite of challenging environment
- Startup of Creamino business according to plan but below prior year
- Positive price strategy compensates the effects of high raw material costs

AGENDA

Analyst Presentation Q2/2019



EXECUTIVE SUMMARY

BUSINESS AND FINANCIAL DETAILS

BACK-UP

BASICS & INTERMEDIATES SEGMENT

Our integrated system



DESCRIPTION

The "Basics & Intermediates" segment comprises the production of **basic and intermediate products** that are marketed as independent products - for example in agriculture, steel production and the automotive sector - and as raw materials for the manufacture of specialty chemicals.

SELECTED PRODUCTS



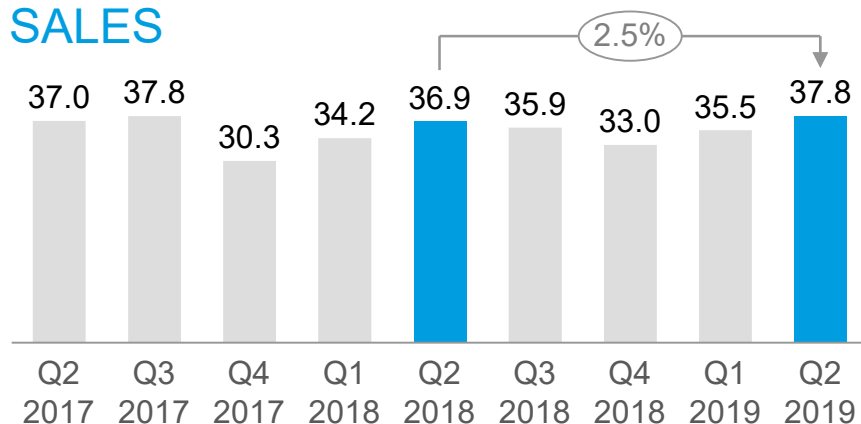
NITRALZ®



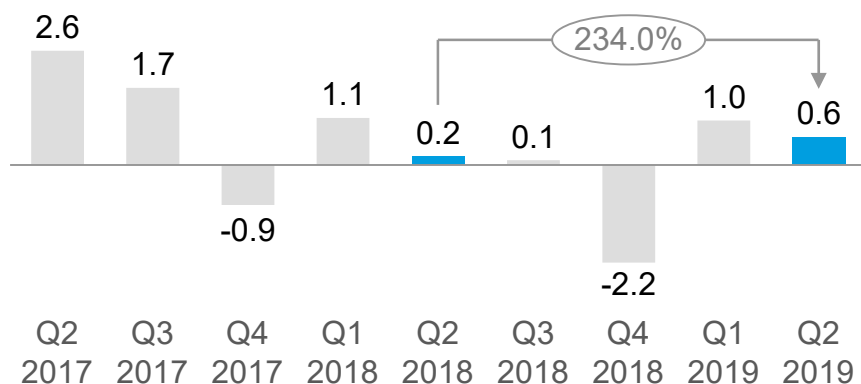
BASICS & INTERMEDIATES SEGMENT

Back on the road to success again (M€)

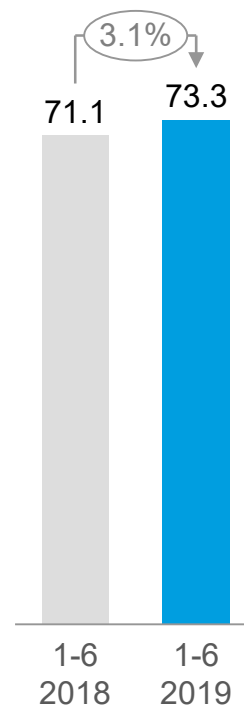
SALES



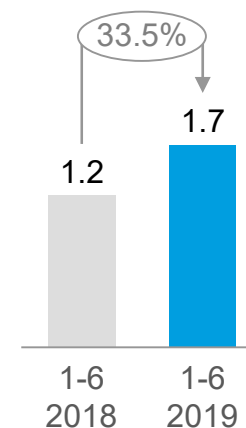
EBITDA



SALES



EBITDA



SALES ANALYSIS

	Delta Q2	Delta 1-6
Volume	+ 0.4%	+ 0.2%
Price	+ 1.5%	+ 2.2%
Currency	+ 0.6%	+ 0.7%

COMMENTS

- Q2/2019 sales 2.5% above prior year quarter
- Positive development of Nitriles due to reliable supply position
- Stable demand from steel industry
- Higher raw material costs were successfully passed on to customers

SPECIALTY CHEMICALS Segment

Our growth focus



DESCRIPTION

The "Specialty Chemicals" segment produces and sells **high-quality growth products** in the area of specialty chemicals.

SELECTED PRODUCTS

 **Creapure**®

DYHARD®

 **Dormex**®

**LIVA
DUR**®

CREAMINO

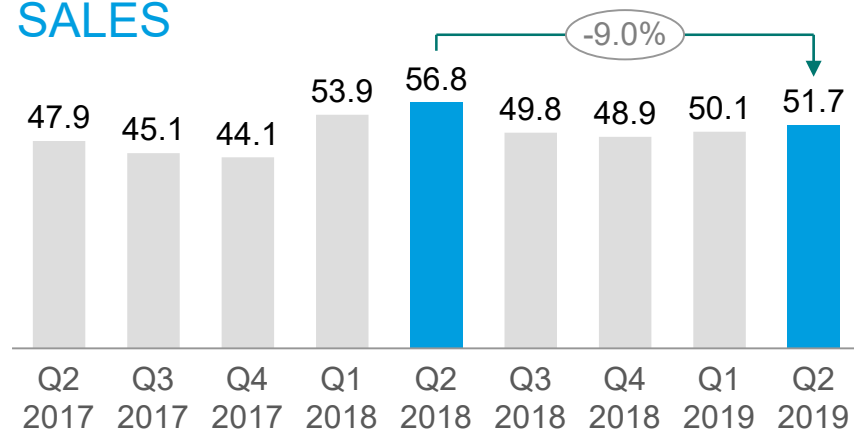
Bioselect®



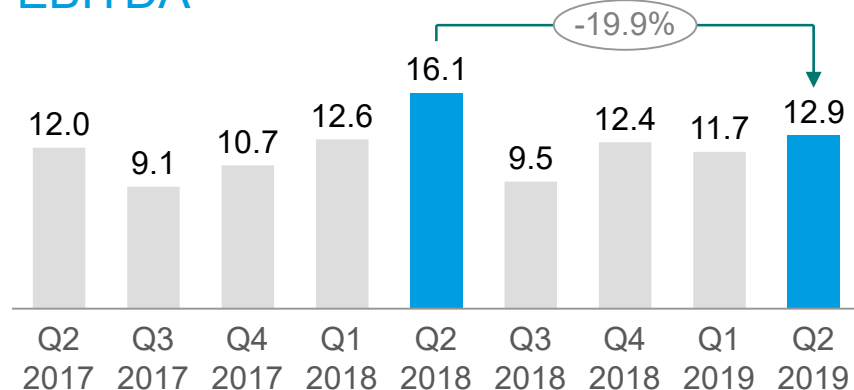
SPECIALTY CHEMICALS SEGMENT

Inverse seasonal effects due to Creamino and Custom Synthesis Products (M€)

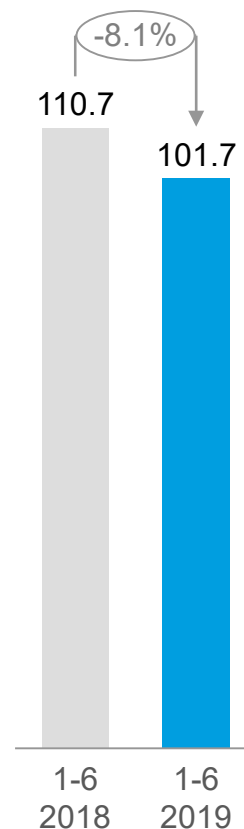
SALES



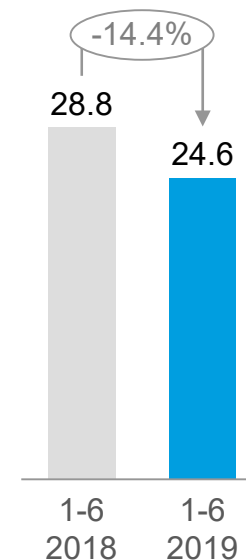
EBITDA



SALES



EBITDA



SALES ANALYSIS

	Delta Q2	Delta 1-6
Volume	- 11.7%	- 12.2%
Price	+ 1.5%	+ 2.4%
Currency	+ 1.2%	+ 1.6%

COMMENTS

- Positive feedback from the market regarding Creamino
- As already anticipated, we sold less Creamino to the market, due to inventory sales by our former distributor
- Strong Custom Synthesis Business of first half-year 2018 is forecasted for the second half-year 2019
- First sample shipments of Livadur® to drugstores within Germany
- Strong EBITDA-Margin of ~24%

OTHER & HOLDING SEGMENT

Further activities



DESCRIPTION

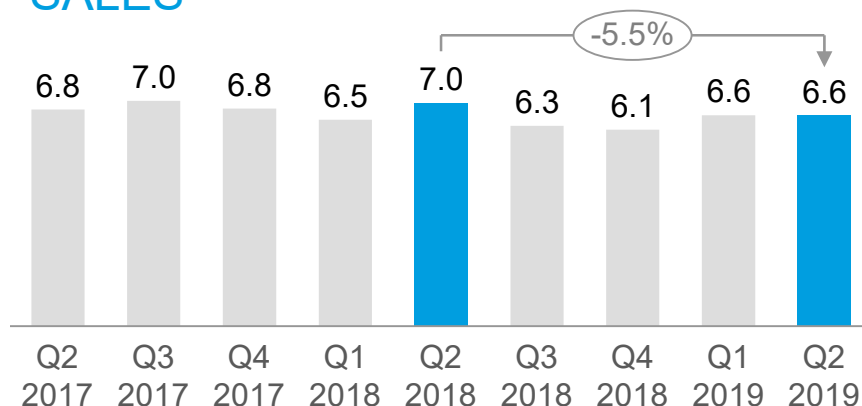
The "Other & Holding" segment comprises all activities that cannot be allocated to the other segments. The segment offers **infrastructure and energy** supply services at our locations for the chemicals segments and for external customers.



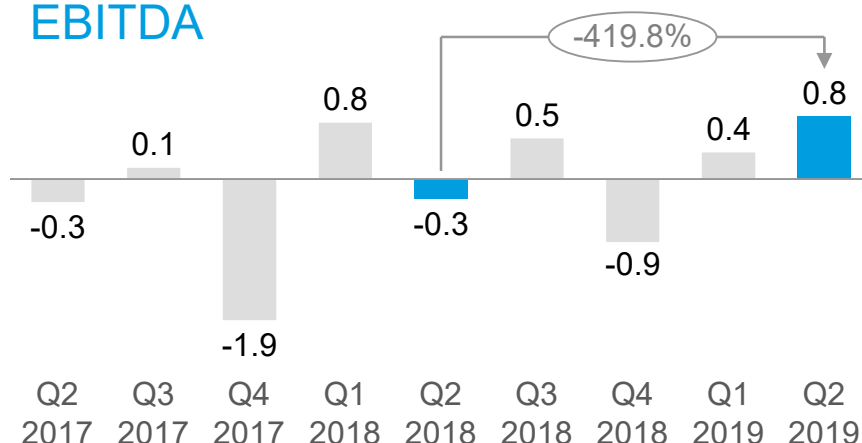
OTHER & HOLDING SEGMENT

Stable service business on prior year level

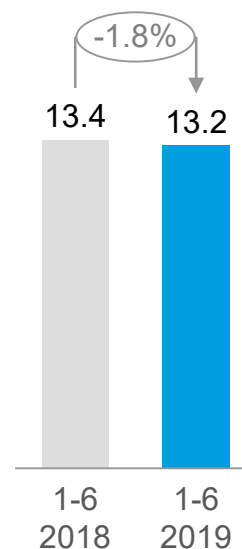
SALES



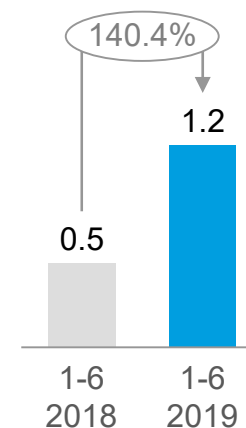
EBITDA



SALES



EBITDA



SALES ANALYSIS

	Delta Q2	Delta 1-6
Volume	- 6.9%	- 3.3%
Price	+ 1.5%	+ 1.5%
Currency	± 0.0%	± 0.0%

COMMENTS

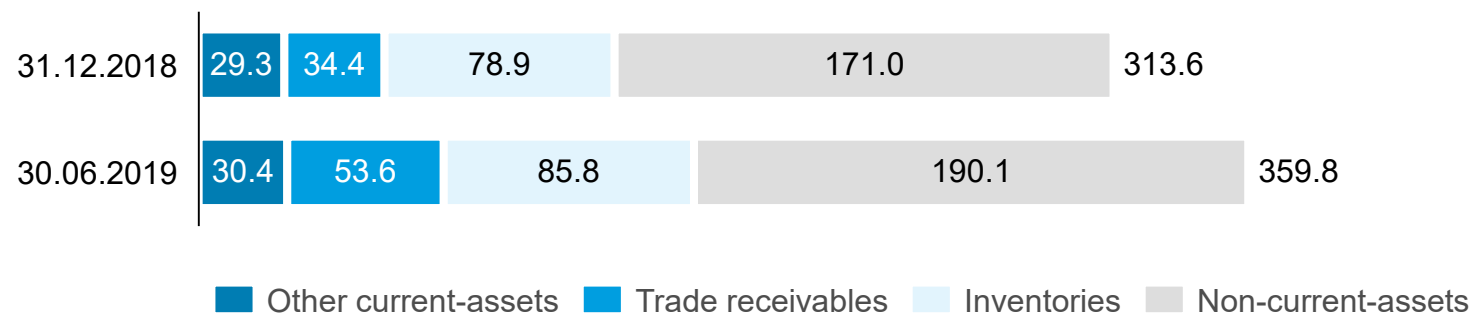
- Segment follows customer site business
- Maintenance costs Q2/2019 below Q2/2018; no significant annual effect to be expected, as the main reason being shifts between periods
- Q2/2018 Result impacted by provisions for repayment of parts of the grid fee exemption 2012/2013 (-1.4 M€ EBITDA effect)

BALANCE SHEET

AlzChem Group AG (M€)



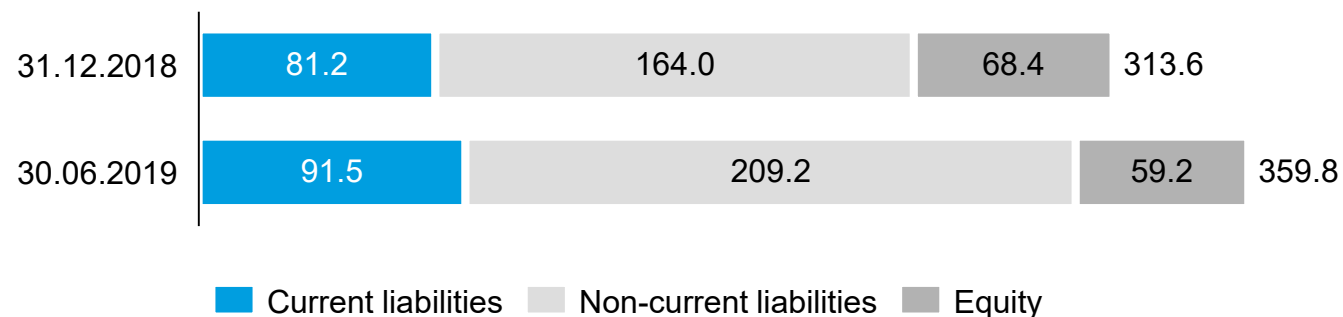
ASSETS



COMMENTS

- Seasonal trade receivables increase
- Higher non-current-assets due to capex projects

LIABILITIES

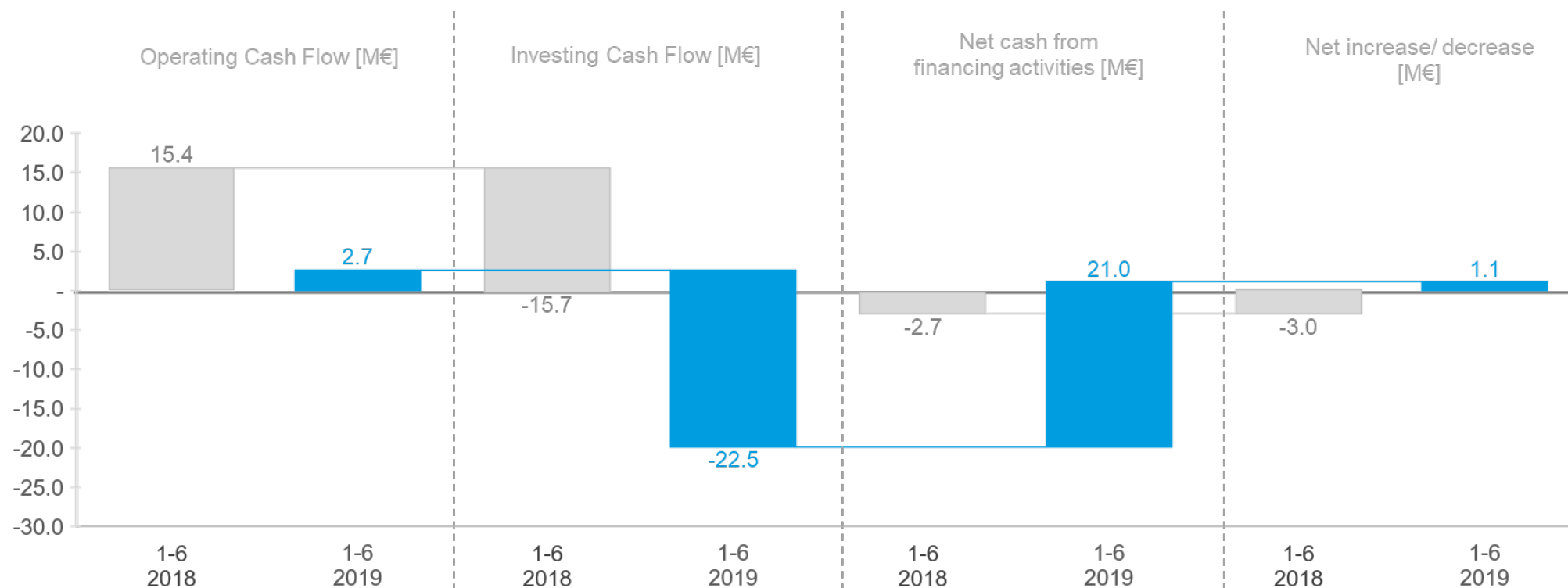


COMMENTS

- Lower interest rates increased non-current liabilities (pension accrual) and decreased equity

CASH FLOW HALF-YEAR

Expansion CAPEX is the basis for further growth



COMMENTS

- Lower operating cash flow due to higher NWC – nevertheless, the inventory peak was successfully passed
- Investing cash flow above prior year level due to main CAPEX projects Creamino and NITRALZ®
- Higher net cash from financing activities due to payout of long term loans(30.1 M€)

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 outlook: 1.15 € / US\$

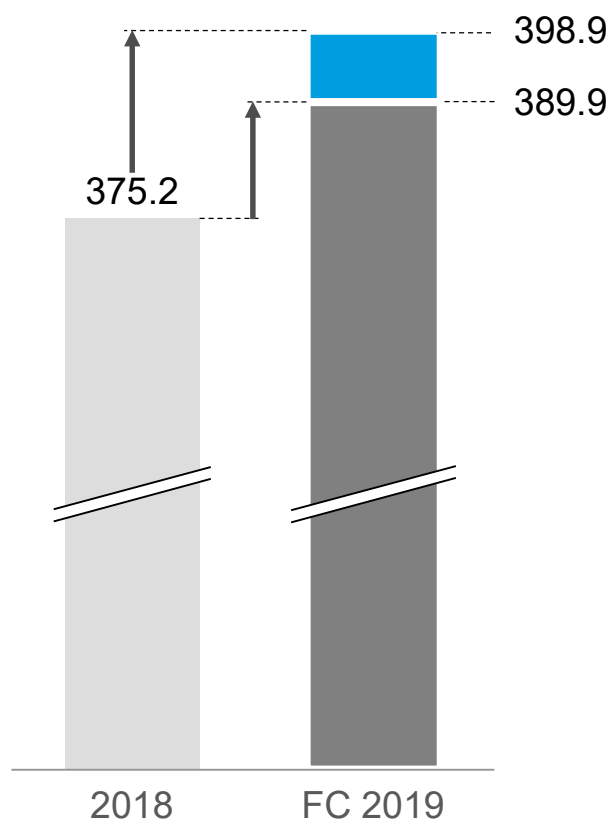
Factors to watch

- Continuous close monitoring of raw material prices
- Construction of major CAPEX projects will require full attention
- Focused development of Creamino's own distribution

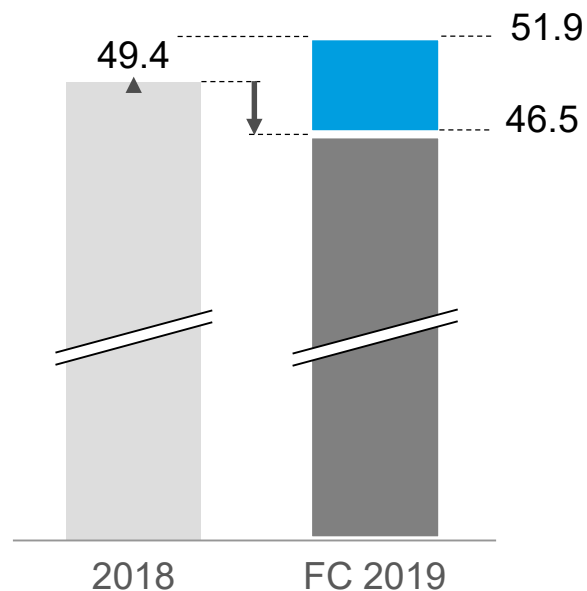
OUTLOOK 2019

Sales growth to continue (M€)

SALES



Adj. EBITDA



COMMENTS

- As forecasted in the previous year, the first half of the year was characterized by Creamino's own distribution activities and the postponed range of custom synthesis products
– not by the current economic situation
- AlzChem only marginally affected by the automotive sector and US import duties
- Start-up costs for the new facilities (Creamino and NITRALZ®)
- We see a positive 2nd half year which will be higher than last year and confirm our guidance for the end of the year

FINANCIAL CALENDAR

Upcoming dates



2019	AUG 14	Half-Year Financial Report 2019
2019	SEP 19-20	Roadshow Paris and Madrid
2019	SEP 25	Berenberg European Conference, Munich
2019	SEP 27	Baader Investment Conference, Munich
2019	NOV 14	Quarterly Statement 3 rd Quarter 2019
2019	NOV 25-27	Deutsches Eigenkapitalforum
2019	DEC 02	Berenberg European Conference, London



 **1,597**
EMPLOYEES

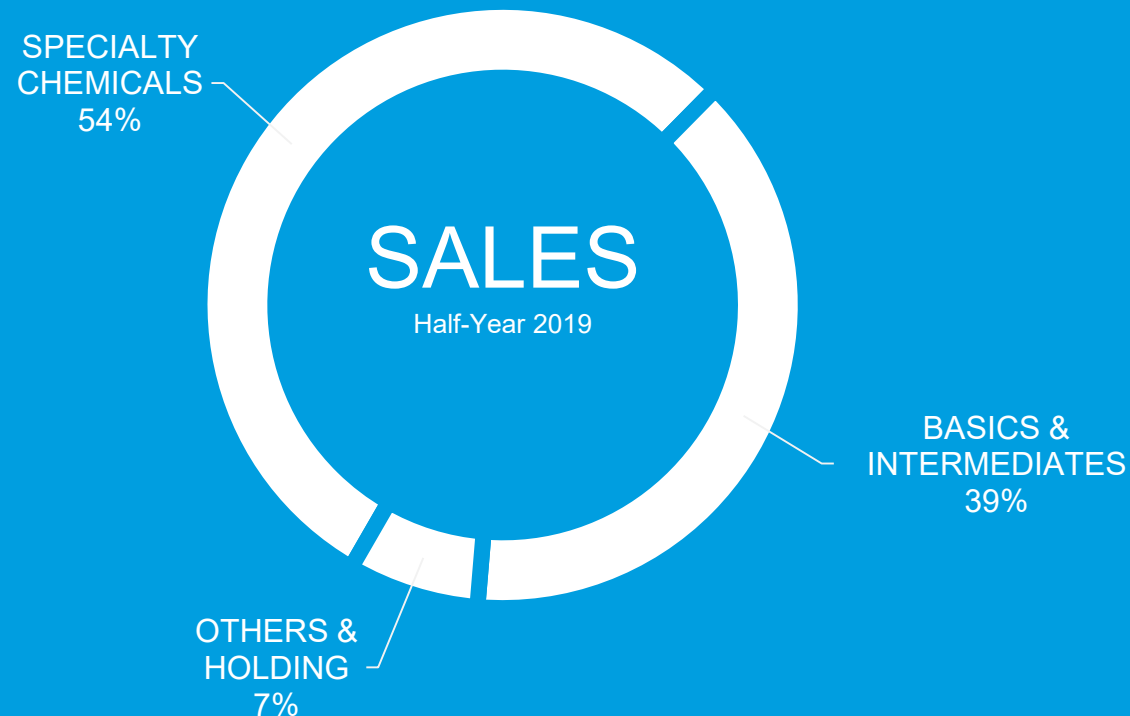
M€
~188
SALES

M€
~28
EBITDA

M€
~3
OPERATING
CASHFLOW

 **ALZCHEM
PRODUCTS
ARE SOLD
WORLDWIDE**

INNOVATION SINCE
1908



All financial indicators relating to Half-Year 2019 figures



THANK YOU
FOR YOUR ATTENTION!

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