



# Financial Report

AlzChem Group AG

Andreas Niedermaier, CEO  
Dr. Georg Weichselbaumer, CSO

November 14<sup>th</sup>, 2019



# DISCLAIMER



## Cautionary note regarding forward-looking statements

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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.

The previous calendar year was characterized by the presentation of two short financial years with the periods Jan-June 2018 (RGJ 2018/I) and July – Dec 2018 (RGJ 2018/II). The financial year since 1 January 2019 corresponds to the calendar year again.

Unless stipulated otherwise, all values are rounded up or down in accordance with the commercial rounding practices.

Please note that differences can result from the use of rounded amounts and percentages.

# AGENDA

Analyst Presentation Q3/2019

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## EXECUTIVE SUMMARY

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## BUSINESS AND FINANCIAL DETAILS

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## BACK-UP

# HIGHLIGHTS

Summary of business development Q3/2019 Financial Report

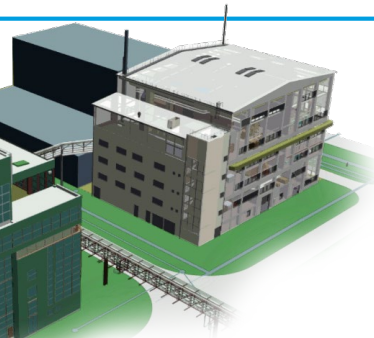


## FACTS & DATA

- Successful commissioning of the new Creamino<sup>®</sup> plant at the Trostberg site
- Consistent implementation of the expansion strategy of the food supplements product portfolio. Successful launch of the product Livadur<sup>®</sup> start of a marketing offensive
- Dormex<sup>®</sup> business expansion continues to be gratifying
- Record sales Basics & Intermediates in a very challenging market environment
- CO<sub>2</sub> certificates (EUA) Prices continue to have a significant impact on energy prices
- Positive cash flow development due to implementation of announced reduction in inventories
- Slightly adjusted sales forecast for fiscal year 2019
- EBITDA forecast confirmed

# NEW CREAMINO® PLANT IN OPERATION

Official commissioning on September 12th, 2019



→ PROJECT FINISHED  
ON TIME AND ON BUDGET

In addition to the construction of the Creamino® production plant, the following infrastructure adjustments were necessary:

- Construction of a canal storage facility
- Expansion of raw material supplies
- Expansion of buffer volume before waste water treatment



## INVESTMENT

EUR ~ 50 Mio.

## CONCRETE

10,000 t

## AREA

~ 3,700 m<sup>2</sup>

## CONSTRUCTION PERIOD

17 Months



## INSTALLED PIPELINES

7,500 m

## TOTAL HEIGHT

29 m building,  
38 m chimney

## PROJECT START

July 2015

## START PRODUCTION

September 2019

# CREAMINO® – the source of creatine for animal nutrition

Market and Sales update



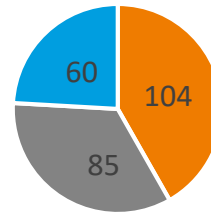
## ORDER POSITION

- Additional order South Africa
- First trial order Turkey, Caucasus
- New India customer gained

## MARKETS

- Working on distribution options for Mexico, Central America, Argentina
- Participation in Poultry Africa show
- Reinforcement of the technical animal nutrition team

## SALES FORCE

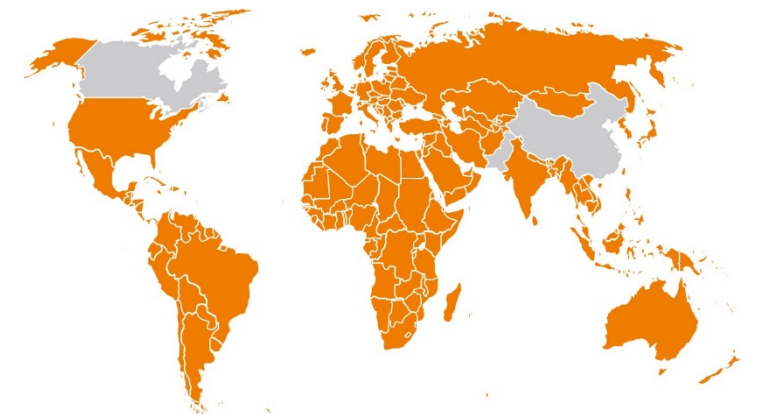


■ Asia-Pacific ■ EMEA ■ Americas

## TRIALS

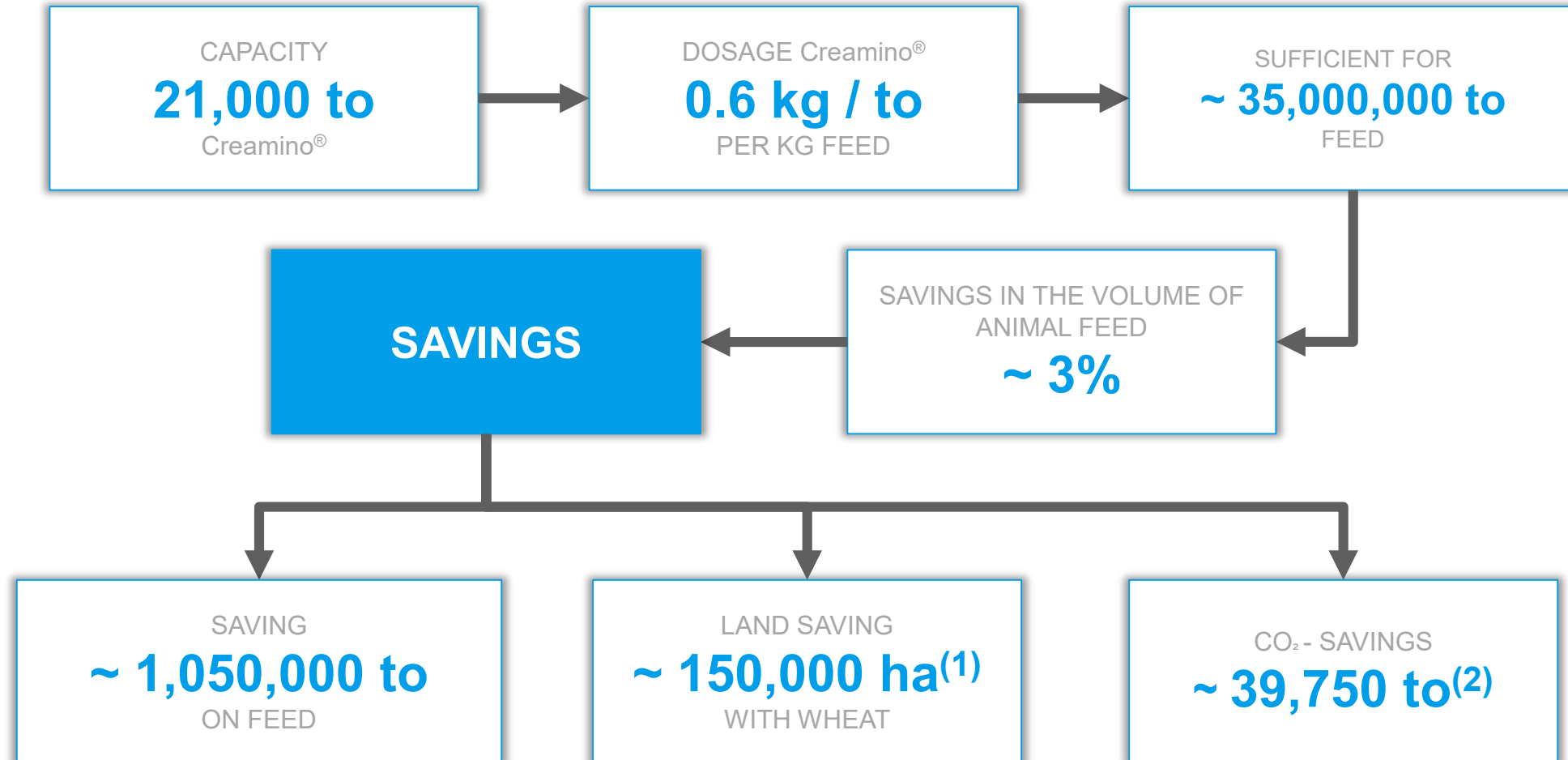
- 25 new trials and studies are running
- Additional trials in many countries for new customers announced

## CREAMINO® USE WORLDWIDE



# The sustainable face of Creamino®

AlzChem the inventor, producer, patent holder



## 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.”**

## SALES UPDATE

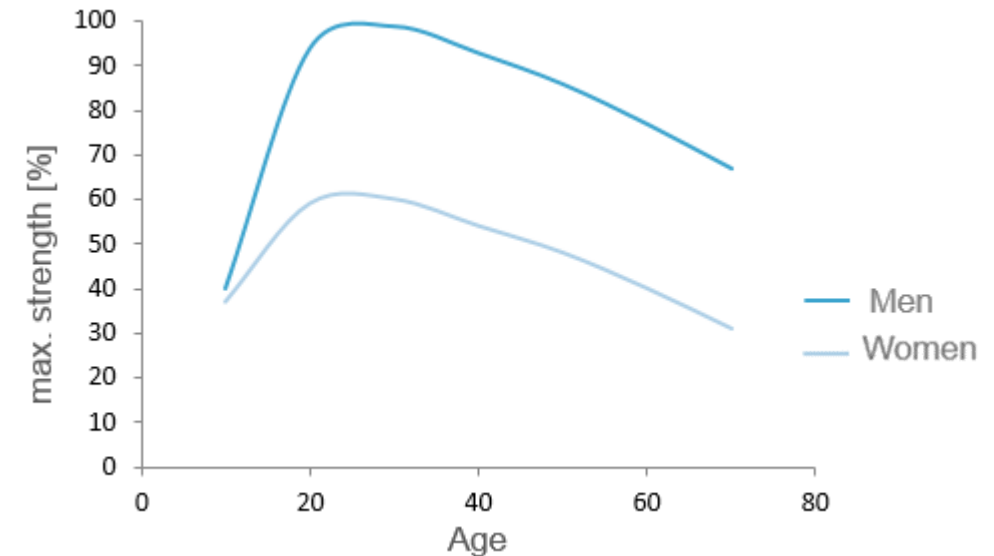
- LIVADUR® is available throughout Germany via wholesalers since Q4
- First advertising campaigns in coordination
- Pharmacy training measures to be intensified
- Intensive market analyses and preparations USA underway
- Preparation of first test-sales via online platforms in China



## 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



# FINANCIAL OVERVIEW Q3/2019



Result within guidance

AlzChem Group	Q3 2018	Q3 2019	yoy %	2018 1 - 9	2019 1 - 9	yoy %
SALES (in M€)	92.0	99.4	+8.1%	287.2	287.7	+0.2%
EBITDA (in M€)	10.4	13.6	+30.4%	41.4	41.4	+0.1%
EBITDA margin (in %)	11.3%	13.6%	+2.3 pp	14.4%	14.4%	-0.0pp
Earnings per Share (in €)	0.43	0.50	+14.7%	2.01	1.67	-17.0%

## COMMENTS

- 9-month sales on previous expectations - Q4 leads to slightly lower sales forecast
- Robust EBITDA-development in line with the year end prediction despite challenging environment
- Successful commissioning of the new Creamino® plant
- Positive price strategy compensates cost increases (i.e. personnel costs, raw material costs)

# AGENDA

Analyst Presentation Q3/2019

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EXECUTIVE SUMMARY

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**BUSINESS AND FINANCIAL DETAILS**

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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

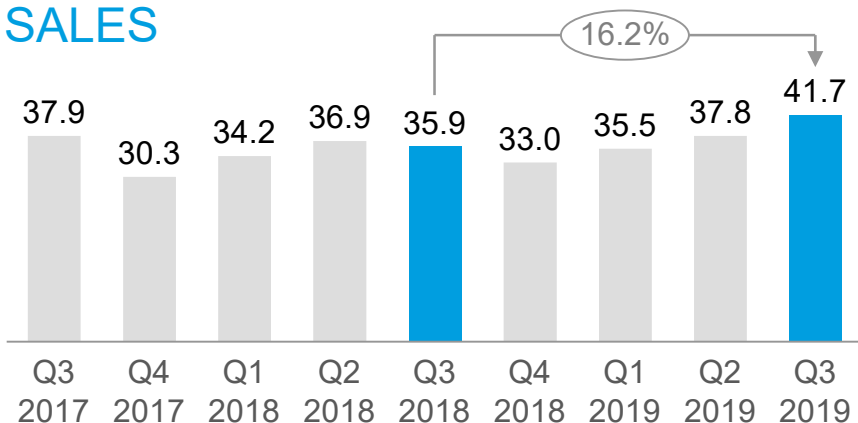


# BASICS & INTERMEDIATES SEGMENT

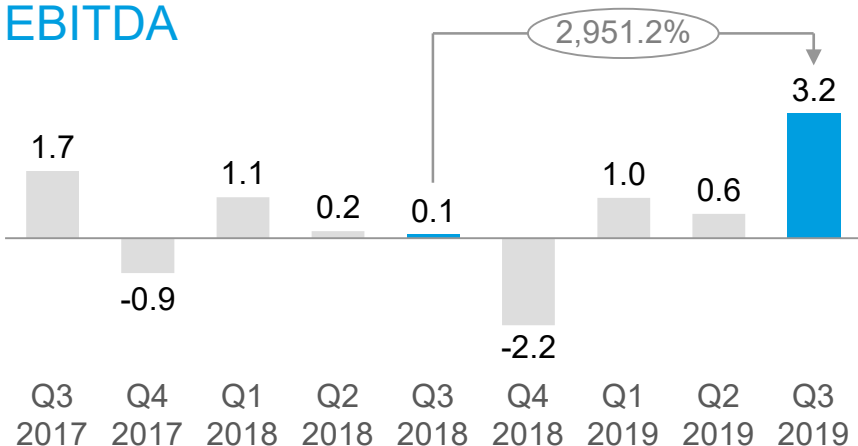


Commissioning NITRALZ® supports Q3 success (M€)

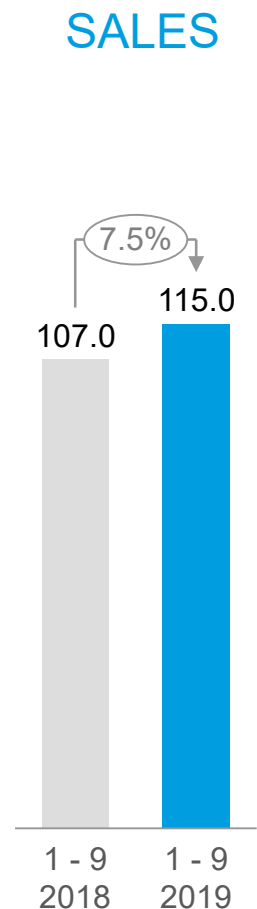
## SALES



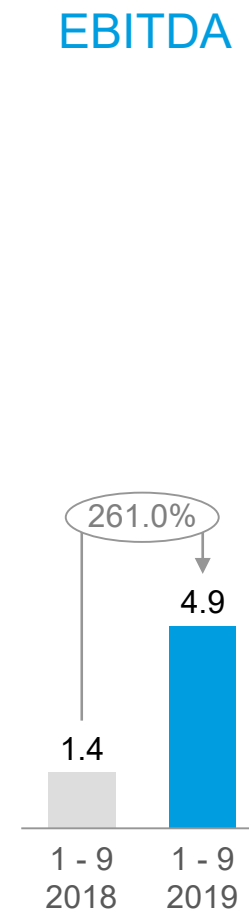
## EBITDA



## SALES



## EBITDA



## SALES ANALYSIS

	DELTA Q3	DELTA 01 - 09
Volume	+10.3%	+3.7%
Price	+4.9%	+3.0%
Currency	+1.0%	+0.8%

## COMMENTS

- Q3/2019 sales reached a new record level
- NITRALZ® sales on a very high level (doubled compared to prev. year)
- Stable demand of metallurgic products despite slowdown in the 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.

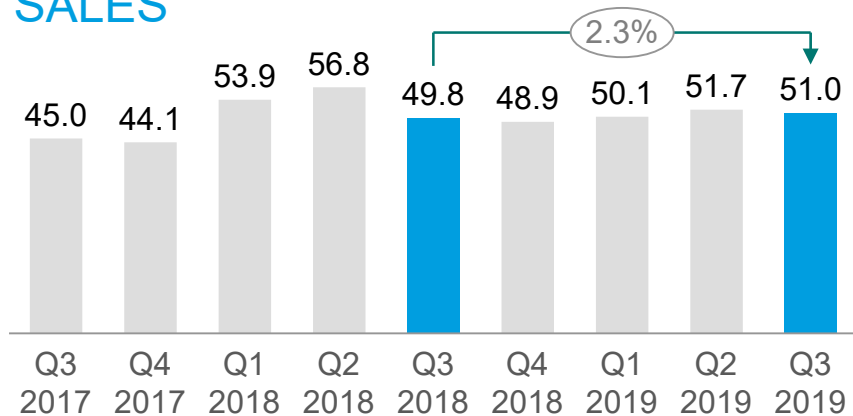
## SELECTED PRODUCTS



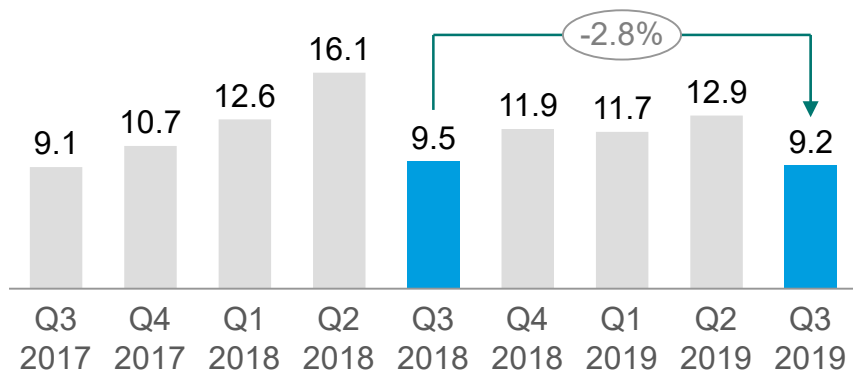
# SPECIALTY CHEMICALS SEGMENT

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

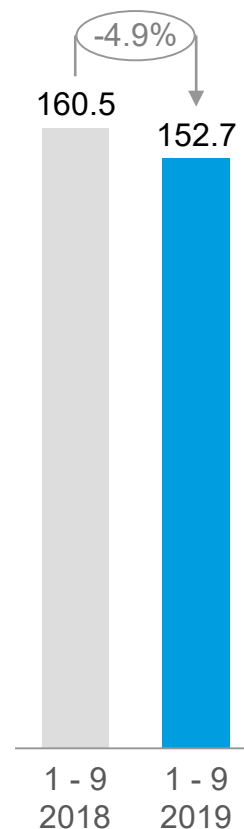
## SALES



## EBITDA



## SALES



## EBITDA



## SALES ANALYSIS

	DELTA Q3	DELTA 01 - 09
Volume	-2.7%	-9.5%
Price	+3.9%	+3.1%
Currency	+1.1%	+1.5%

## COMMENTS

- Successful commissioning of Creamino® plant, sales on expected level
- Consistent implementation of the expansion strategy of the food supplements product portfolio; product launch of Livadur®
- Positive response from the market regarding Dormex® could counterpart the weakened demand in regard of the custom synthesis products in Q3/2019
- Stable EBITDA-Margin of ~22%, but slightly below prev. year (~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.

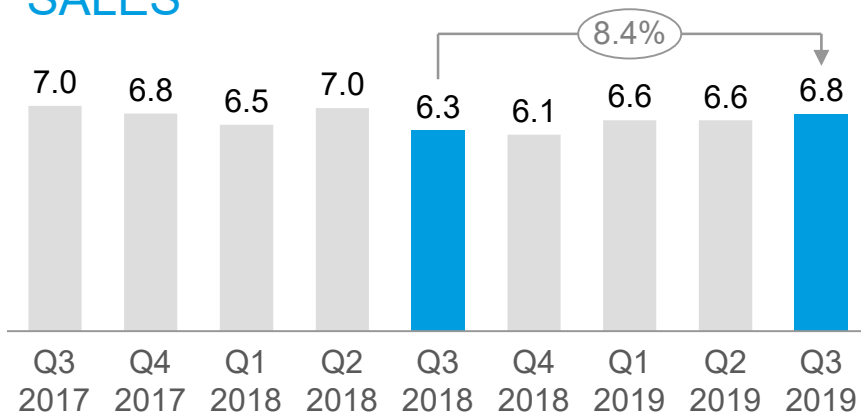


# OTHER & HOLDING SEGMENT

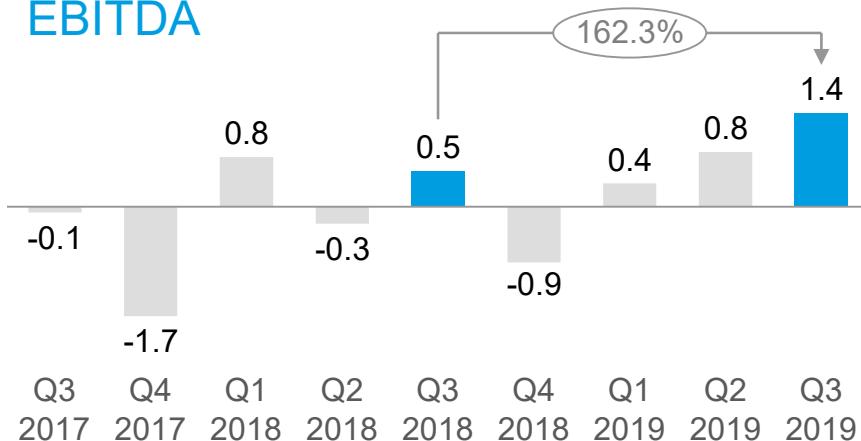


Stable service sales on prior year level

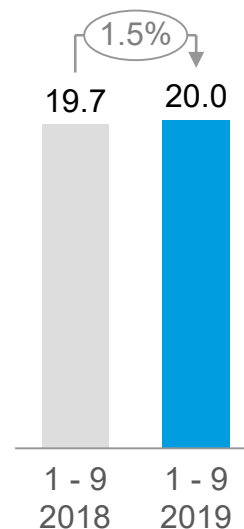
## SALES



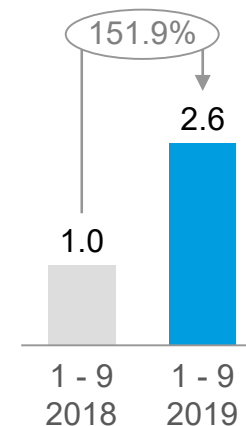
## EBITDA



## SALES



## EBITDA



## SALES ANALYSIS

	DELTA Q3	DELTA 01 - 09
Volume	+6.8%	0.0%
Price	+1.6%	+1.5%
Currency	0.0%	0.0%

## COMMENTS

- Sales ~8% above previous year quarter
- Segment follows customer site business
- Positive EBITDA effect due to slight price increase and postponed projects (grid and infrastructure)
- YTD 2018 result was negatively affected by payback of subsidy (~1.5 M€ § 19 (2) StromNEV reduction grid costs)

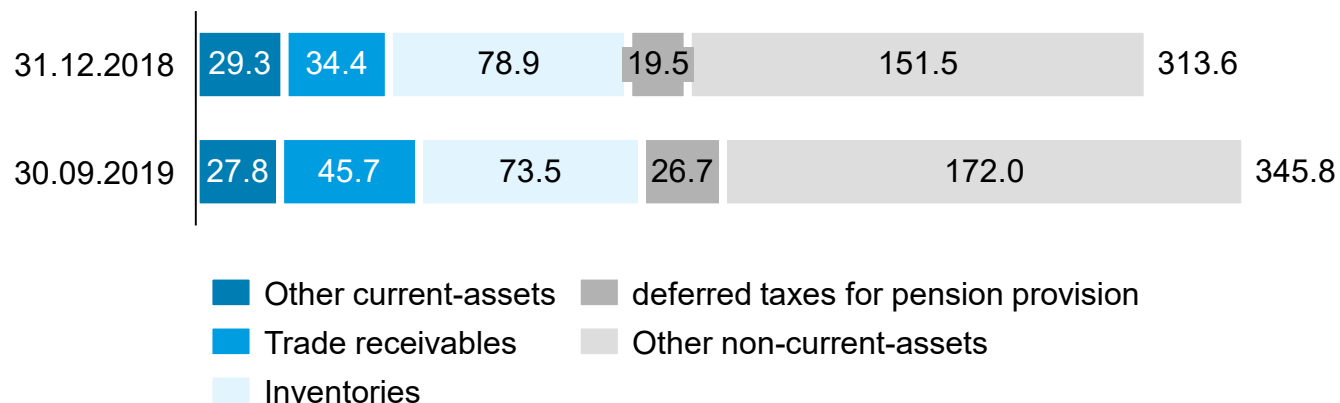


# BALANCE SHEET

AlzChem Group AG (M€)



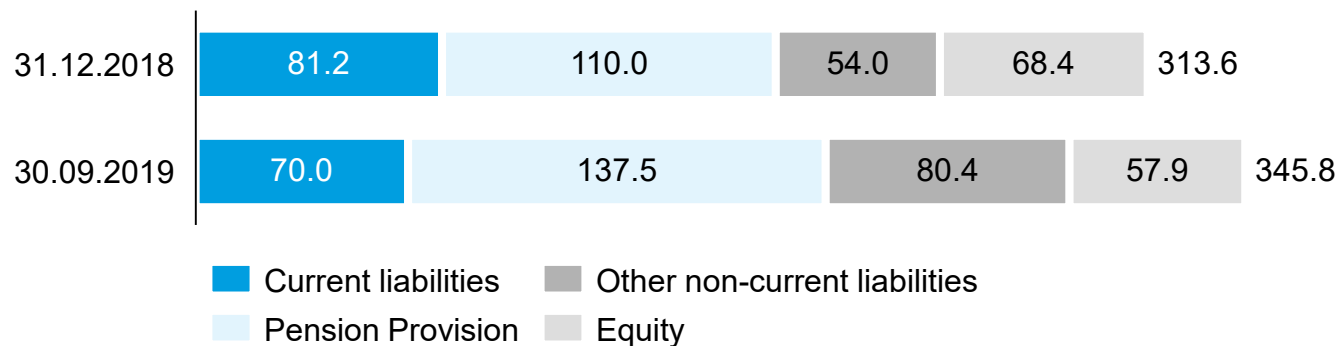
## ASSETS



## COMMENTS

- Seasonal trade receivables increase
- Higher non-current-assets due to capex projects
- Right of use assets (leasing) have been recognized for the first time in 2019
- Increased deferred tax assets based on the high increase in pension liabilities

## LIABILITIES

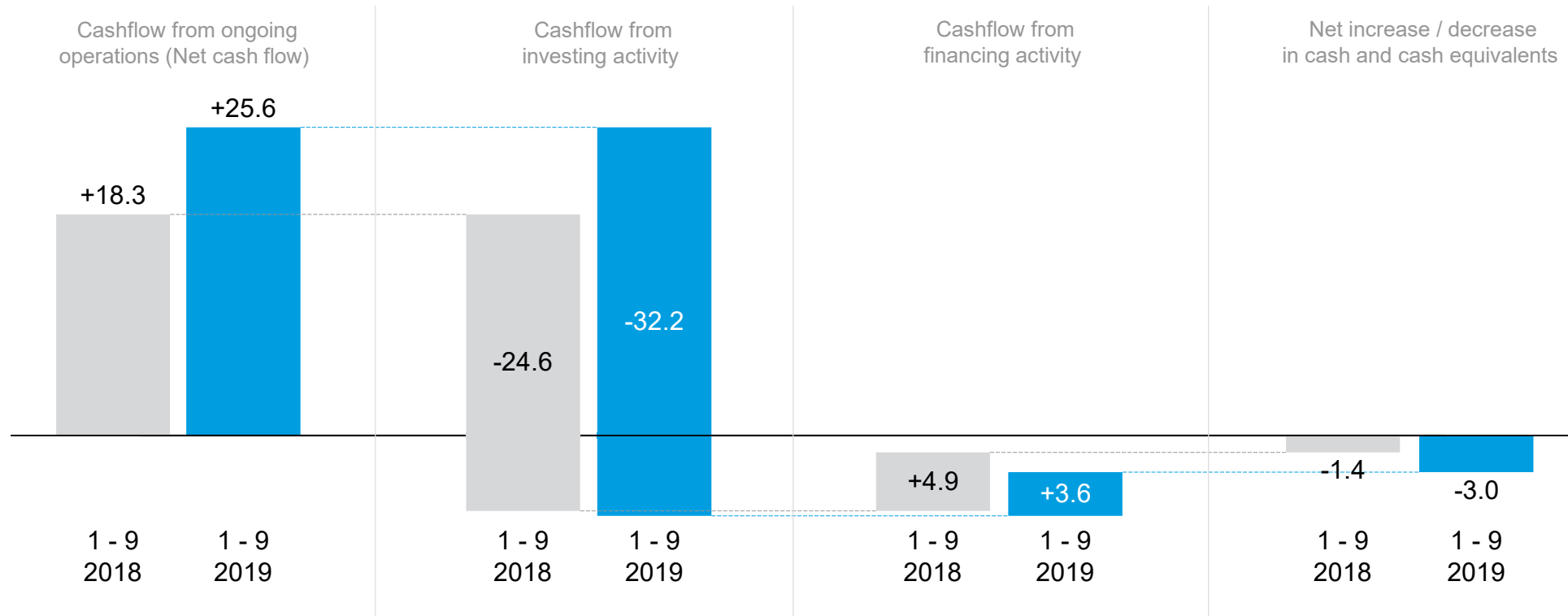


## COMMENTS

- Lower interest rates (pension accrual) and payout of bank loans increased non-current liabilities and decreased equity

# CASH FLOW

Expansion CAPEX is the basis for further growth



## COMMENTS

- Positive effect of the inventory reduction on the Cashflow from ongoing operations
- Investing Cashflow above prior year level due to main CAPEX projects Creamino<sup>®</sup> and NITRALZ<sup>®</sup>
- High 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: 1.12 € / US\$

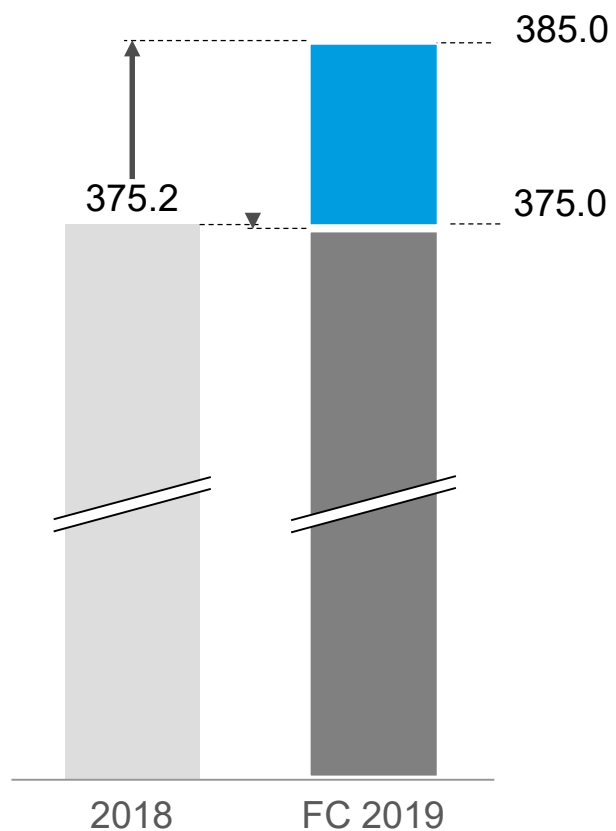
### Factors to watch

- Continuous close monitoring of raw material prices
- Focused development of Creamino<sup>®</sup>'s own distribution

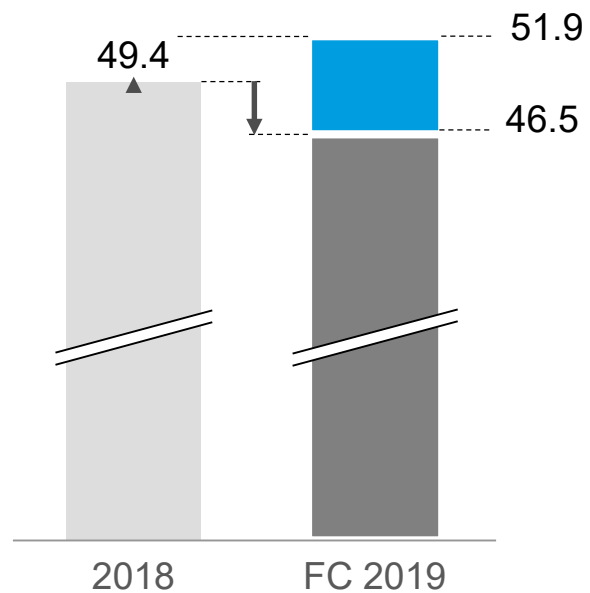
# OUTLOOK 2019

Slightly adjusted sales forecast for fiscal year 2019, EBITDA forecast confirmed (M€)

## SALES



## Adj. EBITDA



## COMMENTS

- As forecasted in the previous year, the first nine months were characterized by Creamino<sup>®</sup>'s own distribution activities and the postponed range of custom synthesis products – deviation not substantial in the current economic situation
- No major effects of US import duties
- Start-up costs for the new facilities (Creamino<sup>®</sup> and NITRALZ<sup>®</sup>) included
- Lower sales are expected in Q4, due to weak automotive sector
- Nevertheless, we expect EBITDA to be in the forecast range

# FINANCIAL CALENDAR



## Upcoming dates

2019	<b>NOV 14</b>	Quarterly Statement 3 <sup>rd</sup> Quarter 2019
2019	<b>NOV 25 - 27</b>	Deutsches Eigenkapitalforum
2019	<b>DEC 02</b>	Berenberg European Conference, London
2019	<b>DEC 31</b>	End of financial year
2020	<b>MARCH 24</b>	Annual Report 2019
2020	<b>MAY 12</b>	Quarterly Statement 1 <sup>st</sup> Quarter 2020
2020	<b>MAY 19</b>	General Meeting 2020
2020	<b>AUG 11</b>	Half-Year Financial Report 2020
2020	<b>NOV 11</b>	Quarterly Statement 3 <sup>rd</sup> Quarter 2020
2020	<b>DEC 31</b>	End of financial year





**1,612**  
EMPLOYEES

M€  
**~288**  
SALES

M€  
**~41**  
EBITDA

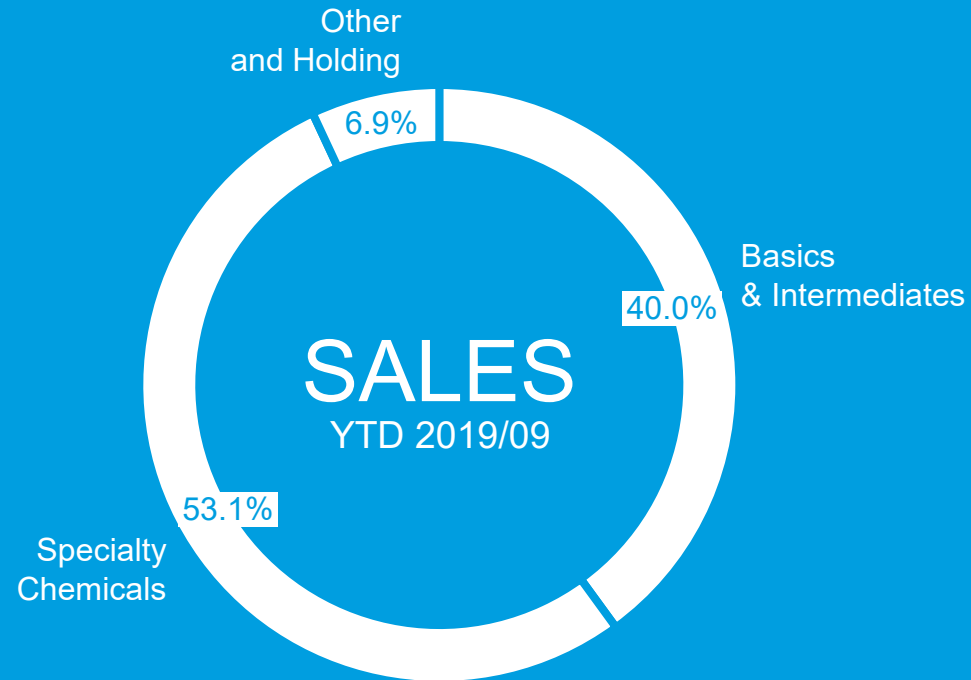
M€  
**~26**  
OPERATING  
CASHFLOW



*ALZCHEM  
PRODUCTS  
ARE SOLD  
WORLDWIDE*

*INNOVATION SINCE*

**1908**



*All financial indicators relating to  
YTD 2019/09 figures*



THANK YOU  
FOR YOUR ATTENTION!

CONTACT

Investor Relations

T +49 8621 86-2888

F +49 8621 86-502888

ir@alzchem.com

[WWW.ALZCHEM.COM](http://WWW.ALZCHEM.COM)