

CORPORATE NEWS

Alzchem Group AG
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Alzchem Group AG with strong sales growth of 31.4% in the 9-month period 2022

- **EBITDA of EUR 47.0 million at around the previous year's level**
- **Result for the period +6.7% and earnings per share +7.0%**
- **Growth and investment course to be continued**
- **Forecast for 2022 confirmed**

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Trostberg, October 26, 2022 – Alzchem Group AG, a vertically integrated specialty chemicals supplier with a leading market position in selected niche markets, achieved dynamic growth in the 9-month period of 2022, generating sales of EUR 409.0 million. This corresponds to an increase of 31.4% compared to the prior-year period, in which sales of EUR 311.2 million were recorded. The main drivers of the positive sales development were primarily price increases and exchange rate developments. Growth was carried by the two segments Specialty Chemicals and Basics & Intermediates, with targeted volume reductions being accepted in Basics & Intermediates. Due to the significantly higher margin sales in Specialty Chemicals, Alzchem concentrated even more on this segment – not least because the expensive energy input with its extreme fluctuations is not so strongly pronounced here. As a result, the Specialty Chemicals segment not only grew its sales from EUR 163.2 million to EUR 214.5 million, but also expanded the volumes sold. Demand in the human nutrition market, the steel and pharmaceutical industries, and the automotive sector was very stable.

Andreas Niedermaier, CEO of Alzchem Group AG: “In an extremely challenging environment in which the general conditions continue to change almost daily, we were able to hold our own very well. We were also able to successfully compensate for emerging recession concerns and a few slightly weakening target markets by focusing on other growth areas. Positive examples are human nutrition and the pharmaceutical industry. However, in the third quarter, we also had to pay tribute to the jump in energy prices. Unlike in the first half of the year, we were no longer able to pass on the increased prices in full to customers due to their high dynamic. We see this in a lower EBITDA margin.”

On a nine-month basis, the EBITDA margin decreased by 4.4 percentage points to 11.5%. In absolute terms, EBITDA remained virtually stable at EUR 47.0 million, compared with EUR 49.6 million in the prior-year period. Overall, however, the cost development was strongly influenced by the enormous increase in energy prices and the associated higher cost of materials. In this environment, it was nevertheless possible to increase the result for the period in the months from January to September from EUR 21.9 million by 6.7% to EUR 23.4 million. Earnings per share rose by 7.0% from EUR 2.14 to EUR 2.29.

AGILE SCIENCE PURE RESULTS

Alzchem also reacted to the once again deteriorating development of energy prices in the third quarter and especially in August with targeted measures in production control. For example, one of the two carbide furnaces was temporarily switched off and maintenance of a carbide furnace originally scheduled for the end of the year was brought forward to mid-August. Through these measures, Alzchem reduced electricity costs and at the same time optimized working capital, which was conversely increased again through more forward-looking stockpiling. The further shift in the product mix towards particularly high value-added and future-oriented products in Specialty Chemicals also served to support the margin. At the same time, the company's own positioning as a fully integrated manufacturer along the NCN chain was not neglected. The extremely positive importance of the "Verbund production" is again evident at present in a phase in which not all starting materials can always be sourced without restriction on the world market. High energy prices have already led to individual starting material producers cutting back their production. Due to its "Verbund production" and forward-looking inventory management with significantly higher stocks at present, Alzchem sees itself in a much more comfortable and flexible position than other market participants.

Alzchem continues to follow the ongoing momentum in many target markets with its investments and its orientation in the product mix. The focus of investment in the third quarter was on the expansion of the Creapure® production capacities with a total volume of EUR 13.5 million. In the course of the expansion and the partial commissioning of the new plant, Alzchem was also able to significantly increase the production volume of the precursor sodium sarcosinate. Now, for the first time, it is also possible to offer this product on a larger scale on the market – beyond the quantities produced for internal production processes. Demand for sodium sarcosinate is very dynamic. The product is used, for example, as a cleaning agent in cosmetics and in industry. Alzchem is positioning itself as the only European supplier with this plant.

Overall, Alzchem can confirm its forecast for 2022 as a whole despite the further deteriorating environment. Sales are expected to grow strongly to particularly strongly, reaching up to EUR 520 million after EUR 422.3 million in 2021. Significant price adjustments continue to be necessary, which Alzchem is forced to make due to the development on the raw materials and energy markets. Taking into account the developments on the electricity markets in the third quarter of 2022, Alzchem expects EBITDA for the full year 2022 to be at the lower end of the forecast corridor. The same applies to the EBITDA margin.

The detailed quarterly statement on the third quarter of 2022 is available for download on the website www.alzchem.com in the [Investors/Publications](#) section.

About Alzchem

Alzchem is a globally active specialty chemicals company that is one of the market leaders in most of its fields of activity. Alzchem benefits from the three very different global developments climate change, population growth and longer life expectancy in a unique way. Alzchem products can offer attractive solutions for achieving the resulting social goals in a multitude of different applications.

The company sees interesting growth prospects for itself in the areas of human and animal nutrition and agriculture in particular. As a result of population growth, it is necessary to achieve efficient food production. Pharmaceutical raw materials and creatine products can contribute to a healthy old age as life expectancy increases. Alzchem is facing up to the goal of sustainability arising from climate change in the field of renewable energies and across the entire company. The fields of fine chemicals and metallurgy offer just as great a perspective.

Alzchem Group AG's broad product range includes dietary supplements, precursors for corona tests and pharmaceutical raw materials. These products are the company's response to global trends and developments. Alzchem is ideally positioned in this respect and considers itself well prepared for an environmental future and global developments.

The company employs around 1,630 people at four production sites in Germany and a plant in Sweden, as well as three sales companies in the USA, China and England. Alzchem generated Group sales of around EUR 422.3 million and EBITDA of around EUR 62.0 million in 2021.