QUARTERLY STATEMENT

1st quarter of 2019

ALZCHEM AT A GLANCE

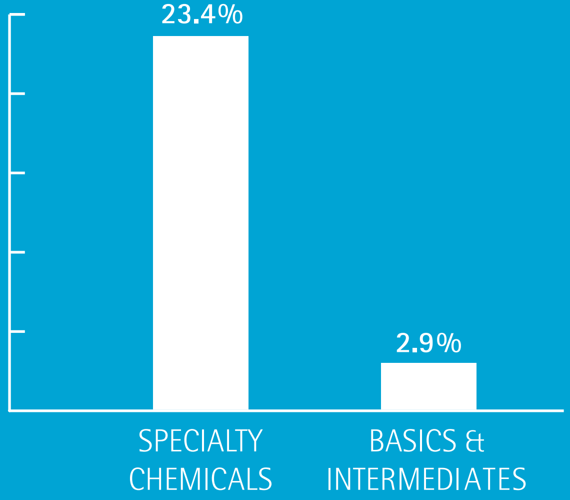
~ €92 mn

sales generated by AlzChem in the 1st quarter of 2019

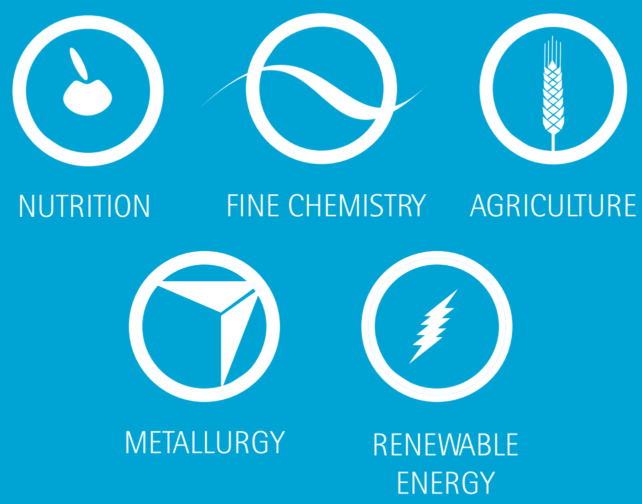
~ €13 mn

EBITDA achieved by AlzChem in the 1st quarter of 2019

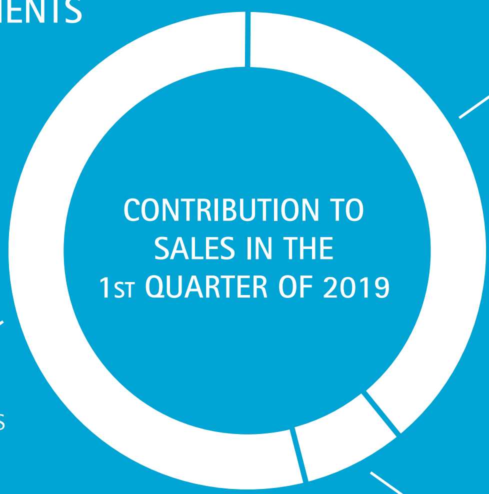
EBITDA MARGIN BY MAIN SEGMENTS



MARKETS



THREE REPORTING SEGMENTS



38.5% BASICS & INTERMEDIATES

Production of chemical intermediates for direct sale or refinement as specialty chemicals products

54.3% SPECIALTY CHEMICALS

Production anddistribution of high-quality chemical products

7.2% OTHER & HOLDING

Other activities, mainly services related to the chemical parks Trostberg and Hart

TABLE OF CONTENTS

REPORTING STRUCTURE

After the previous calendar year was characterized by two consecutive short fiscal years with the periods Januar 1 to June 30, 2018 (SFY 2018/I) and July 1 to December 31, 2018 (SFY 2018/II), the fiscal year since Januar 1, 2019 has again been the calendar year.

This quarterly statement reports on developments in the three-month period from Januar 1 to March 31, 2019 (1st quarter of 2019) and from Januar 1 to March 31, 2018 as the comparable prior-year period (1st quarter of 2018).

PLEASING 1ST QUARTER OF 2019 – SALES AND EBITDA DEVELOPMENT ACCORDING TO PLAN

1ST QUARTER OF 2019

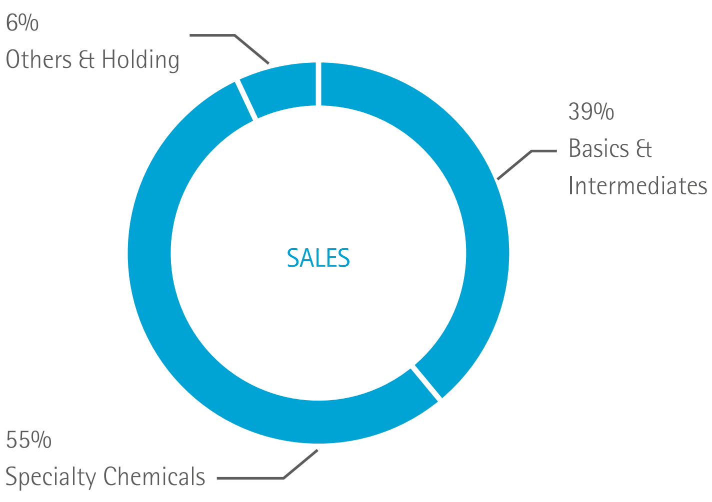
- Positive feedback from the market with regard to the own distribution of Creamino.
- As a result of the Creamino destocking by our former sales partner, we started sales below the previous year's level, but with the expected value of the full-year forecast.
- Dormex® business development is very successful.
- In the Basics & Intermediates segment, the very significant increases in raw material prices can be successfully passed on in many places.
- The continuing high electricity prices on the European electricity exchanges as well as the high volatility and the price level of the CO_2 certificates (EUA) are continuously reflected in the results.
- EBITDA develops in line with forecast.

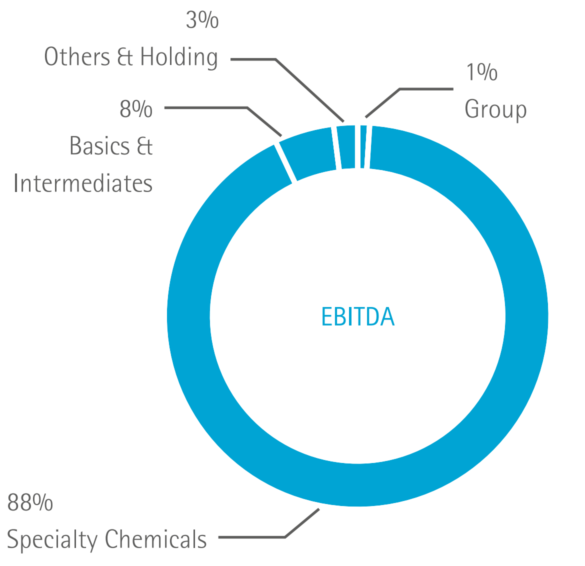
Note: Unless otherwise stated, all amounts are stated in EUR thousands. For computational reasons, rounding differences of ± one unit may occur in tables.

KEY FIGURES OF THE ALZCHEM GROUP IN THE 1ST QUARTER OF 2019

	Unit	1st quarter of 2018	1st quarter of 2019	Delta	Delta
Sales	**EUR thousands**	**94,522**	**92,123**	**–2,399**	**–2.54%**
EBITDA	EUR thousands	15,057	13,231	-1,826	-12.13%
EBITDA margin	%	15.93	14.36	-1.57% points	
EBIT	EUR thousands	11,337	8,934	-2,403	-21.19%

SALES AND EBITDA SHARE BY SEGMENT IN THE 1ST QUARTER OF 2019





1. DEVELOPMENT OF THE GROUP

1.1 EARNINGS POSITION 1ST QUARTER OF 2019

CONSOLIDATED INCOME STATEMENT FOR THE 1ST QUARTER OF 2019 (IFRS, UNAUDITED)

in EUR thousands	1st quarter of 2018	1st quarter of 2019
Sales	**94,522**	**92,123**
Change in inventories of finished and unfinished products	5,337	7,895
Other operating income	2,589	4,427
Cost of materials	-40,876	-39,541
Personnel expenses	-29,123	-30,666
Other operating expenses	-17,392	-21,007
EBITDA	**15,057**	**13,231**
Depreciation	-3,720	-4,297
EBIT	**11,337**	**8,934**
Other interest and similar income	93	45
Interest and similar expenses	-697	-1,214
Financial result	**-604**	-1,169
Result from ordinary business activities	10,733	7,765
Taxes on income and earnings	-2,846	-2,212
Consolidated net income for the period	**7,887**	**5,553**
Thereof non-controlling interests	-16	43
Thereof shares of the shareholders of AlzChem Group AG	7,903	5,510
Earnings per share in EUR (undiluted and diluted)[2]	**0.08**	**0.05**

In the 1st quarter of 2019, sales fell by 2.54% year-on-year to EUR 92,123 thousands. The increase in sales in the Basics & Intermediates segment could not fully compensate for the decline in sales in the Specialty Chemicals segment.

EBITDA decreased in line with sales by EUR 1,862 thousands to EUR 13,231 thousands. The AlzChem Group's earnings situation was again impacted by stable high procurement costs in the 1st quarter of 2019. At the same time, the situation on the raw material markets remains unstable, so that production losses can in some cases only be circumvented by long-term stockpiling.

2 based on 101,763,355 shares (number of shares of AlzChem Group AG as at 03/31/2019)

The cost of materials ratio remains high overall at 43%. A large number of external and internal activities relating to investments in new markets, products and applications, on the one hand, and in operating infrastructure and plant and equipment, on the other hand, resulted in higher expenses over the quarters. With regard to the planned measures, however, we are still on time and within budget for the majority of the projects.

Depreciation increased compared to the previous year mainly due to the first-time recognition of depreciation on leasing usage rights (EUR +413 thousands).

The increase in personnel costs is largely attributable to the necessary increase in personnel.

Other operating expenses were higher than in the previous year due, among other things, to temporarily higher maintenance expenses. With a view to the fiscal year 2019, we anticipate a decline here again.

The financial result decreased by EUR 565 thousands compared to the previous year's period to EUR -1,169 thousands. The increase in interest expenses is mainly due to the compounding of long-term provisions and pension obligations as a result of changes in discount rates.

in %	2017	SFY 2018/I	SFY 2018/II	Q1 2019
Discount rate	1.75	1.80	1.90	1.40

The decrease in tax expenses by EUR 634 thousands compared to the same period of the previous year is accompanied by the decline in earnings before taxes.

Earnings per share dropped from EUR 0.08 per share to EUR 0.05 per share.

1.2 FINANCIAL POSITION 1ST QUARTER OF 2019

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2019 (IFRS, UNAUDITED)

in EUR thousands	12/31/2018	03/31/2019	Delta
Assest			
Intangible assets	870	867	-3
Fixed assets	144,265	149,973	5,708
Leasing usage rights	0	3,032	3,032
Financial assets	20	20	0
Other receivables and assets	891	366	-525
Deferred tax assets	24,954	27,907	2,953
Non-current assets	**171,000**	**182,165**	**11,165**
Inventories	78,856	86,778	7,922
Trade receivables	34,351	46,887	12,536
Other receivables and assets	14,510	13,986	-524
Income tax claims	1,977	27	-1,950
Cash and cash equivalents	12,857	17,734	4,877
Total current assets	**142,551**	**165,412**	**22,861**
Total assets	**313,551**	**347,577**	**34,026**
Capital			
Equity	68,392	67,675	-717
Non-current liabilities	164,002	203,124	39,122
Current liabilities	81,157	76,778	-4,379
Balance sheet total	**313,551**	**347,577**	**34,026**

Equity fell by EUR 717 thousands to EUR 67,675 thousands as of March 31, 2019 compared to December 31, 2018, which led to a reduction in the Group equity ratio from 21.8% to 19.5%. One of the reasons for the decline was the interest-related increase in pension obligations compared with December 31, 2018, amounting to EUR 9,386 thousands gross.

Of this amount, other comprehensive income after deduction of deferred taxes included EUR -6,290 thousands, which is why the other comprehensive income in equity overshadows the positive contribution of the consolidated net income for the period to consolidated equity.

In total, non-current liabilities increased by EUR 39,122 thousands compared to December 31, 2018. This was caused by two significant effects. In addition to the aforementioned pension provisions of EUR 9,386 thousands, the outstanding loans for investment activities in the new Creamino plant were called in full during the period and led to an increase in loan liabilities of EUR 30,102 thousands.

The one-off effect of the first-time recognition of leasing liabilities (EUR 2,584 thousands) as of March 31, 2019 was more than offset by the repayment of loan liabilities and short-term financing lines. This led to a decrease in current liabilities by a total of EUR 4,379 thousands to EUR 76,778 thousands.

Cash and cash equivalents amounted to EUR 17,734 thousands as of March 31, 2019, which corresponds to an increase of EUR 4,877 thousands compared to December 31, 2018 and is mainly caused by the disbursement of the loans.

CONSOLIDATED CASH FLOW STATEMENT FOR THE 1ST QUARTER OF 2019 (IFRS, UNAUDITED)

in EUR thousands	1st quarter of 2018	1st quarter of 2019
Cash flow from operating activities	**-126**	**-2,050**
Cash outflow from investing activities	-5,715	-12,262
Free cash flow	**-5,841**	**-14,312**
Cash inflow from financing activities	5,965	18,897
Net increase in cash and cash equivalents	**124**	**4,585**

The cash inflow from operating activities decreased by EUR 1,924 thousands to EUR -2,050 thousands compared to the previous year's quarter. This reflects the effects of further growth, combined with a partly unavoidable seasonal increase in inventories and the forecast rise in trade receivables.

The cash flow from investing activities increased strongly by EUR 6,547 thousands compared to the same period of the previous year. The rise results from the investments in the completion of the new Creamino plant. To finance these investments, the remaining loan amounts of EUR 30,102 thousands were disbursed in the 1st quarter of 2019.

At the same time, loans and short-term financing lines were repaid. These two opposing effects overall led to a strong increase in cash flow from financing activities.

1.3 NET ASSETS 1ST QUARTER OF 2019

Since December 31, 2018, assets have increased by EUR 34,026 thousands to EUR 347,577 thousands. This was mainly due to the expanded investment activity in connection with the construction of the new Creamino plant, the partially scheduled build-up of inventories and the balance sheet date related increase in trade receivables. The first-time recognition of leasing usage rights resulted in an increase in non-current assets of EUR 3,032 thousands as of March 31, 2019.

2. DEVELOPMENT IN THE SEGMENTS

2.1 SPECIALTY CHEMICALS SEGMENT

In EUR thousands	1st quarter of 2018	1st quarter of 2019	Delta
External sales	53,917	50,063	-3,854
EBITDA	**12,649**	**11,711**	**-938**
Depreciation	-1,305	-1,302	-3
EBIT	**11,344**	**10,409**	**-935**
Inventories	49,672*	56,528	6,856
EBITDA margin	**23.5%**	**23.4%**	**-0.1% points**

* as of 12/31/2018

The development within the Specialty Chemicals segment was generally very positive. We are consistently pursuing our Creapure® and Alipure® strategy, are working intensively to launch our new product LIVADUR® and have successfully expanded chemical applications for agrochemicals.

With Creamino, we were able to fully meet expectations in the 1st quarter of 2019. However, due to inventory sales by the former sales partner, we are below the previous year's level. Thanks to strict cost management and the successful adjustment of some selling prices, cost increases were minimized and in some cases passed on, resulting in a stable EBITDA margin of around 23% in the segment.

Inventories essentially rose as planned to a value of EUR 56,528 thousands. A high delivery capability and adherence to delivery dates play an important role for us, so that in the interests of customer satisfaction and long-term supply partnerships, no default risk was accepted. We have thus absorbed risks in the supply chain and, based on this, we were able to create the foundation for continued successful cooperation.

2.2 BASICS & INTERMEDIATES SEGMENT

In EUR thousands	1st quarter of 2018	1st quarter of 2019	Delta
External sales	34,155	35,465	1,310
EBITDA	**1,060**	**1,038**	**-22**
Depreciation	-1,193	-1,553	360
EBIT	**-132**	**-515**	**-383**
Inventories	28,125*	29,457	1,332
EBITDA margin	**3.1%**	**2.9%**	**-0.2% points**

* as of 12/31/2018

In the Basics & Intermediates segment, we see an encouraging increase in sales in the 1st quarter of 2019. The market environment remained competitive and can in some cases be described as challenging.

The steel industry in Europe is still undergoing upheaval, while agriculture is confronted with fluctuating producer prices and persistent weather fluctuations in Germany. The global automotive sector is on the verge of upheaval in terms of further orientation and development.

These uncertainties on the end markets are compounded by stable high procurement prices. Building on long-term customer relationships, however, we see the fruits of the activities of the last four quarters. We were able to conclude a large number of medium to long-term supply agreements with interesting conditions for both sides. In addition, with the expansion of the NITRALZ® plant, we are expanding our existing business relationships and entering into new and interesting business fields.

In addition, active mass flow management within NCN compound production helped to compensate for cost increases and increase the segment's sales.

2.3 OTHER & HOLDING SEGMENT

In EUR thousands	1st quarter of 2018	1st quarter of 2019	Delta
External sales	6,450	6,595	145
EBITDA	**759**	**357**	**–402**
Depreciation	-1,296	-1,529	233
EBIT	**–537**	**–1,172**	**–635**
Inventories	3,766*	3,548	-218
EBITDA margin	**11.8%**	**5.4%**	**6.4% points**

* as of 12/31/2018

With solid sales of EUR 6,595 thousands in the 1st quarter of 2019, there was no significant change in the Other & Holding segment compared with the same quarter of the previous year. The slight decline in earnings is mainly due to differently scheduled maintenance measures, so that these are shifts between the quarters.

3. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date that could have an impact on the net assets, financial position and earnings situation.

4. OUTLOOK

FORECAST OF THE ALZCHEM GROUP

The forecasts made in the consolidated financial statements as at December 31, 2018 for the fiscal year 2019 can be confirmed with this quarterly statement. The review and update of these forecasts as of March 31, 2019 lead the Management Board to the conclusion that the estimates made remain valid.

In the consolidated financial statements as of December 31, 2018, we expected the following development for the fiscal year 2019:

Forecast[3] for 2019 in EUR thousands	Sales	Adjusted EBITDA	Adjusted EBITDA margin	Adjusted EBIT	Inventory ratio	Equity ratio	Debt ratio
AlzChem Group	389.9 – 398.9	46.5 – 51.9	11.6% – 13.0%	27.1 – 32.5	17.4% – 19.6%	22.9% – 23.9%	0.73 – 0.75
Specialty Chemicals	213.7 – 216.7	43.1 – 46.5	19.8% – 21.5%	35.9 – 39.3	19.2% – 21.0%	-	-
Basics & Intermediates	150.4 – 154.4	3.2 – 4.9	2.1% – 3.2%	-3.5 – -1.8	16.7% – 18.7%	-	-
Other & Holding	25.8 – 27.8	0.2 – 0.5	0.8% – 1.8%	-5.3 – -5.0	8.3% – 14.3%	-	-

The planned sales growth is to be achieved organically. Volume effects are the primary growth driver. Price effects will play a role to the extent that the situation on the raw material markets may require.

The goal will continue to be to develop the product mix even further towards complex molecules and value-added chain-intensive products, thus generating additional impetus for sales and earnings.

The start of the additional capacities in the new Creamino production facility is still scheduled for mid-2019. Based on a stable plant infrastructure, production capacities can be successively expanded along with the expected market growth. In line with this, continuous process optimization and bottleneck elimination are being promoted.

On the earnings side, cost increases from the raw materials sector no longer have the same dynamic as in 2018 as a whole compared with 2017. We see a certain degree of stabilization at a relatively high level. The picture is different in the energy sector, where electricity prices on the German and Swedish stock exchanges have been following the rising trend in CO_2 prices for months now. In addition, the forwards show a high to sometimes very high level until 2020.

We continue to regard the expected increases in personnel costs of 8% to 12% as realistic, with the increase being largely attributable to a higher average number of employees.

On the basis of the ambitious planned increase in sales, strong EBITDA growth in percentage terms is expected. The EBITDA margin is expected to be constant to slightly declining.

We currently see the greatest risks for the financial performance indicator Inventories, but are actively working on optimizations and continue to adhere to our targets. The Management Board has already initiated various initiatives, so that the first measures have already been implemented.

In summary, it can also be concluded that the AlzChem Group, with its broad positioning and solid financial basis, is well equipped for challenging phases and will continue to adhere to its ambitious targets after the 1st quarter of 2019.

3 The forecasts are based on unchanged regulatory assumptions, such as the continuation of the Renewable Energy Sources Act (EEG), Section 19 (2) StromNEV, electricity price compensation or product approvals. It also contains forward-looking statements based on management's current assessments and currently available information. Such statements are subject to risks and uncertainties that are beyond AlzChem's ability to control or estimate precisely. Should any of these uncertainties or other imponderables materialize, or should the assumptions on which these statements are based prove incorrect, actual results may differ materially from those expressed or implied.

LIST OF ABBREVIATIONS

€/EUR	Euro
AG	Aktiengesellschaft (stock corporation)
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization

IMPRINT

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FINANCIAL CALENDAR 2019

May 14, 2019	General Meeting 2019
May 15, 2019	Spring Conference 2019, Frankfurt
August 14, 2019	Half-year Financial Report 2019
November 14, 2019	Quarterly Statement 3rd quarter of 2019
November 25 to 27, 2019	Deutsches Eigenkapitalforum

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