

CORPORATE NEWS

AlzChem Group AG
Dr.-Albert-Frank-Str. 32
83308 Trostberg
Germany

AlzChem invests EUR 50 million in further growth

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- **Investment in the amount of EUR 50 million in the expansion of the production plant for the feed additive *CreAMINO*^{®1} at the Trostberg site**
- **Production capacities to triple**

Sabine Sieber
Investor Relations

T +49 8621 86-2888
F +49 8621 86-502888
ir@alzchem.com

Trostberg, October 19, 2017 – AlzChem Group AG (WKN: A0AHT4), a vertically integrated specialty chemicals company with a leading market position in select niche markets, is investing significantly in the further growth of the company. This was jointly decided by the company's Management Board and Supervisory Board and therefore the largest investment sum in the company's history of EUR 50 million was approved. The funds will be used to build a new *CreAMINO*[®] production facility at its main site in Trostberg. The investment is financed by borrowed capital and internal funds. The production capacities for *CreAMINO*[®] are thus being tripled from 7,000 to 21,000 metric tons per year.

CreAMINO[®] is a feed additive that - after being absorbed in the animals' bodies - is processed into the endogenous substance creatine. *CreAMINO*[®] leads to an improved feed conversion rate. This allows farm operators to reduce their total feed volume. The use of *CreAMINO*[®] can therefore lead to cost savings on the part of the animal owners and in general to a reduction in the ecological footprint for feed production and transport.

Ulli Seibel, CEO of AlzChem Group AG, explains: "We developed well in operative terms in the first half of 2017 and grew in terms of both sales and earnings. As a result of the decision to expand the capacity for *CreAMINO*[®], we will be in a position to significantly increase our share of sales in this area, which currently stands at around 8% in the first half of 2017".

AlzChem benefits with its specialty chemicals products from external growth drivers such as the growing world population, the trend towards healthy ageing and the growing importance of energy efficiency. AlzChem generated revenue of approximately EUR 182.8 million (previous year: EUR 173.5 million) in the first half of 2017. EBITDA even grew disproportionately by 14.8% to EUR 27.9 million in the first six months of the year (previous year: EUR 24.3 million). The growth of the markets for feed additives and growth regulators in crop plants is being driven by the growing world population. According to the United Nations, around 7.3 billion people lived on our planet in 2015. This figure is expected to rise to 8.5 billion by 2030. At the same time, the land area that can be used for agriculture is limited. Against this backdrop, efficient agricultural processes and security of supply are becoming increasingly important.

Diversified product range along the entire value chain

As a vertically integrated chemical company with 1,468 employees (as of June 30, 2017), AlzChem manufactures and markets chemical products of the calcium carbide/calcium cyanamide value creation chain (NCN chain) for a wide variety of different markets. These are products with a typical nitrogen-carbon-nitrogen bond, which are used in a variety of industries such as fine chemicals or agriculture.

The Specialty Chemicals business segment, which is the largest business segment that accounts for more than 50% of the company's sales, comprises the production and sale of high-quality chemical products for various end markets. These include, among others, the feed additive *CreAMINO*[®], food supplements (under the brand name *Creapure*[®]), high-purity guanidine salts such as guanidine hydrochloride or guanidinium thiocyanate for the biotechnology, diagnostics and pharmaceutical industries (under the name *BioSELECT*[®]), as well as silicon nitride powder (under the *Silzot*[®] brand) that is used in the ceramic, coating and photovoltaic industry.

The Basics & Intermediates segment includes the production of chemical intermediates that are based on the starting materials calcium carbide and calcium cyanamide. These intermediate products are either sold directly to third parties or further processed into special-purpose chemical products. Intermediate products which can be sold directly include, among others, a special agricultural fertilizer (under the brand name *Perlka*[®]) and mixtures for hot metal desulphurization in metallurgy

(under the brand name *CaD*). According to IHS Chemicals, AlzChem is the largest supplier in Europe (excluding the former USSR) with more than 50% of the production capacity for calcium carbide. This market position was achieved in part by acquiring today's Nordic Carbide AB in Sweden in 2014.

The third segment Other & Holding includes all of its other activities. Essentially, these are services for the chemical park in Trostberg that AlzChem operates (also for third parties).

¹*CreAMINO*[®] is a brand of Evonik Industries AG.

About AlzChem Group AG

Based in Trostberg, Bavaria, AlzChem Group AG is a vertically integrated manufacturer of various chemical products based on the NCN chain. These are products with typical nitrogen-carbon-nitrogen bonding that are used in a wide variety of different industries. The company has a leading position in select niche markets, including the markets for feed additives and food supplements. The strategic focus of growth and the main focus of its extensive research and development are on the business segment Specialty Chemicals. AlzChem's interlinked production and brand portfolio protect the company from competitors potentially entering its market. The company has 1,468 employees at four sites in Germany and three other sites abroad.