

CORPORATE NEWS

AlzChem Group AG: Expansion begins on nitrile production

- **Company aims to markedly expand its global market position with investments of EUR 7.2 million and a significant increase in capacities**
- **Broadening the product range will open new target markets and applications**

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

www.alzchem.com

Sabine Sieber
Head of Investor Relations

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

Trostberg, September 6, 2018 - AlzChem Group AG has begun its significant expansion of its nitrile business. With an investment volume of EUR 7.2 million, AlzChem will increase production capacities for nitriles by mid-2019. The expansion of this product segment is part of a growth and investment campaign, implementing the largest investment project in the company's history with a volume of EUR 50 million to triple the production capacities of the fast-growing feed additive Creamino®¹.

The campaign aims to position the nitrile product group significantly more broadly on the global market in this segment. AlzChem will expand its own product range with a new production plant, including highly corrosive dichloronitriles, so far only produced in a limited capacity, opening additional areas of application and target markets in the process. In addition, capacity bottlenecks, especially with Chinese producers, due to additional environmental requirements, will offer strong opportunities to expand the company's global market position.

AlzChem's nitrile business has been growing steadily for years. The nitriles produced by AlzChem under the brand name NITRALZ® are used in crop protection products, as intermediates in pharmaceutical production, and other areas. They can also be used as solvents for high-performance pigments and in many general industrial applications. The company sees great potential on the global market through a versatile, high-quality portfolio of aromatic and aliphatic nitriles.

Ulli Seibel, Chairman of the Executive Board of AlzChem Group AG: "As you can see from the development of our product mix, our strategic focus is on the accelerated expansion of our particularly high-margin specialty chemicals such as Creapure® or Creamino®. This focus is not exclusive, however, as we are also seizing opportunities arising on the global market, as is now the case with nitriles in our second division Basics & Intermediates. There is significant potential here. A special feature in this segment is our customer contracts, some of which have long-lasting terms and provide us with a high degree of planning security."

AlzChem uses innovative gas phase manufacturing technology in its nitrile production. In the new production plant at the Trostberg site, this technology will be further improved and optimized with processes and procedures. For the production of chlorinated and dichlorinated nitriles, AlzChem uses state-of-the-art equipment in which all essential parts in contact with the product are made of the corrosion-resistant material Hastelloy. AlzChem implements the highest environmental standards, especially in the material cycle. After a nearly one-year planning and approval phase, the groundbreaking ceremony has now taken place and construction, which should be completed by mid-2019, is underway. The first noticeable sales contributions from the new plant are expected from 2020.

About AlzChem Group AG

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. The strategic focus of growth and the main focus of its extensive research and development are on the business segment Specialty Chemicals. The company has around 1,500 employees at four sites in Germany and three other sites abroad.

1 Creamino® is a brand of Evonik Industries AG