

CORPORATE NEWS

AlzChem Group AG
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AlzChem Group AG: Continuation of growth course in 2019 www.alzchem.com
with increased profitability and successful completion of
important future investments

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- **Sales increase slightly to EUR 376.1 million in 2019**
- **EBITDA improved to EUR 50.1 million**
- **Dividend of EUR 0.75 per share planned**
- **Continued revenue growth with stable EBITDA margin projected for 2020**
- **Coronavirus as an uncertainty factor, business performance stable so far**

Trostberg, March 24, 2020 – AlzChem Group AG, a vertically integrated specialty chemicals supplier with a leading market position in selected niche markets, was also able to continue its growth course in 2019, increasing sales slightly by 0.2% to EUR 376.1 million. In the calendar year 2018, which at AlzChem Group AG consisted of two short fiscal years, sales amounted to EUR 375.2 million. In 2019, EBITDA grew disproportionately faster by 1.4% from EUR 49.4 million to EUR 50.1 million. AlzChem was thus able to close the fiscal year 2019 within the adjusted forecast. The EBITDA margin rose slightly in 2019 from 13.2% to 13.3%. Consolidated net income for the year was EUR 18.1 million, slightly below the cumulative result for 2018 of EUR 22.8 million, mainly due to strong investment activity and higher depreciation and amortization. AlzChem plans to distribute a dividend of EUR 0.75 per share (in total EUR 7.6 million) to shareholders for the fiscal year 2019.

Andreas Niedermaier, CEO of AlzChem Group AG: “The overall very satisfactory year has clearly shown three things:

1. We were right to regard 2019 as a year of transition from the outset.
2. We were able to prove that we have taken the right path with our investment and sales activities.
3. By focusing our products and solutions on megatrends, we are in a position to develop our own corporate dynamics even in a difficult chemical economy.”

In 2019, AlzChem successfully completed the largest investment project in the company's history with a total volume of approximately EUR 50 million and commissioned the new Creamino® plant at the Trostberg site in mid-September. Production capacity for the company's most important future product, which has tripled to around 21,000 metric tons, is now gradually being utilized.

At the same time, sales of Creamino® were taken into the company's own hands. AlzChem now has its own powerful sales team in Europe and the USA. In the other

markets, the company cooperates with regionally established partners. The establishment of the sales team has been completed and all major approvals have been obtained since 2019.

Another major investment project, the expansion of nitrile production, was also successfully implemented in 2019. Despite these investments of EUR 41.4 million in 2019, the Group generated a positive free cash flow of EUR 2.3 million in fiscal year 2019.

Higher sales dynamics were prevented by the cooling in the automotive industry. The stable sales performance was mainly attributable to the Basics & Intermediates segment, which was able to offset the expected decline in sales in the Specialty Chemicals segment.

On the earnings side, AlzChem was able to successfully pass on the sometimes significant cost increases, for example for raw materials, to customers by adjusting prices. In addition, the product portfolio was further developed towards more complex, high-priced products in 2019. The consolidated net income for the year was EUR 18.1 million after EUR 22.8 million in the previous year. The fact that the after-tax result did not quite match the operating earnings trend was due to non-cash factors. On the one hand, extraordinary provisions for pensions have risen as a result of sharply falling interest rates, and on the other hand, depreciation and amortization have increased because of the high level of investment activity.

The AlzChem Group intends to continue to grow in 2020. The planned sales development is expected to be slightly to strongly increasing and to be achieved organically. However, growth will not be limited to individual products, but will be supported by all segments. In the Specialty Chemicals segment, the goal is to successively convert the well-filled R&D pipeline into new products in addition to expanding the Creamino® business. In the Basics & Intermediates segment, the product NITRALZ® is expected to become another major growth driver. However, AlzChem also sees the agriculture and metallurgy sectors as at least stable. The further planned expansion of the product range offers concrete opportunities here. The development in the automotive sector remains subject to some degree of uncertainty, as it is unclear whether a recovery will begin here as early as 2020. On the earnings side, the EBITDA margin from the previous year is confirmed. Adjusted EBITDA is expected to remain at least at the prior-year level or to rise very strongly in line with sales.

Note: The forecasts made here for fiscal year 2020 are based on the following assumptions:

- worldwide growth of 2.5% to 3.0%,
- EUR/US dollar exchange rate of USD 1.12,

- no significant distortions on the purchasing and sales markets,
- maintaining the existing approvals.

The effects of the coronavirus pandemic on the further development of the company cannot be estimated at present and have therefore not been taken into account.

The company is fully aware of the risks associated with the coronavirus. In view of the development, the Management Board has already been taking a number of preventive measures for a long time to prevent infections among employees. In addition, a task force has been established at Management Board level to discuss the situation on a daily basis and initiate any necessary measures. Should the business situation change significantly, appropriate emergency plans can be implemented at any time.

Irrespective of the existing general crisis situation, AlzChem Group AG has so far been unable to identify any significant restrictions on the flow of incoming and outgoing goods. Nevertheless, plans have already been drawn up for production in order to allow operations to continue even with reduced staff numbers. In addition, opportunities have been created for some of our employees to support business processes on a mobile basis.

About AlzChem

The AlzChem Group is a vertically integrated manufacturer of chemical products based on the so-called NCN chain. These are products with typical nitrogen-carbon-nitrogen bonding that are used in a wide variety of different industries. The Group 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 1,620 employees at four sites in Germany and three other sites abroad.