

Full Year 2017 Results

ALTANA AG Annual Press Conference
Düsseldorf, March 16, 2018



Agenda

Overview and Outlook

Martin Babilas, CEO

Financials

Stefan Genten, Member of the Management Board

Q&A

Martin Babilas, CEO

Stefan Genten, Member of the Management Board

Dr. Christoph Schlünken, Member of the Management Board

Welcome Address

Rita Syre

ALTANA 2017 – Overview

Presented by
Martin Babilas
CEO



ALTANA

2017 Results

ALTANA accelerates growth

Sales amount to **€2,247 m**

Operating growth of **7 %**, acquisitions contribute to growth

EBITDA reaches **€470 m**

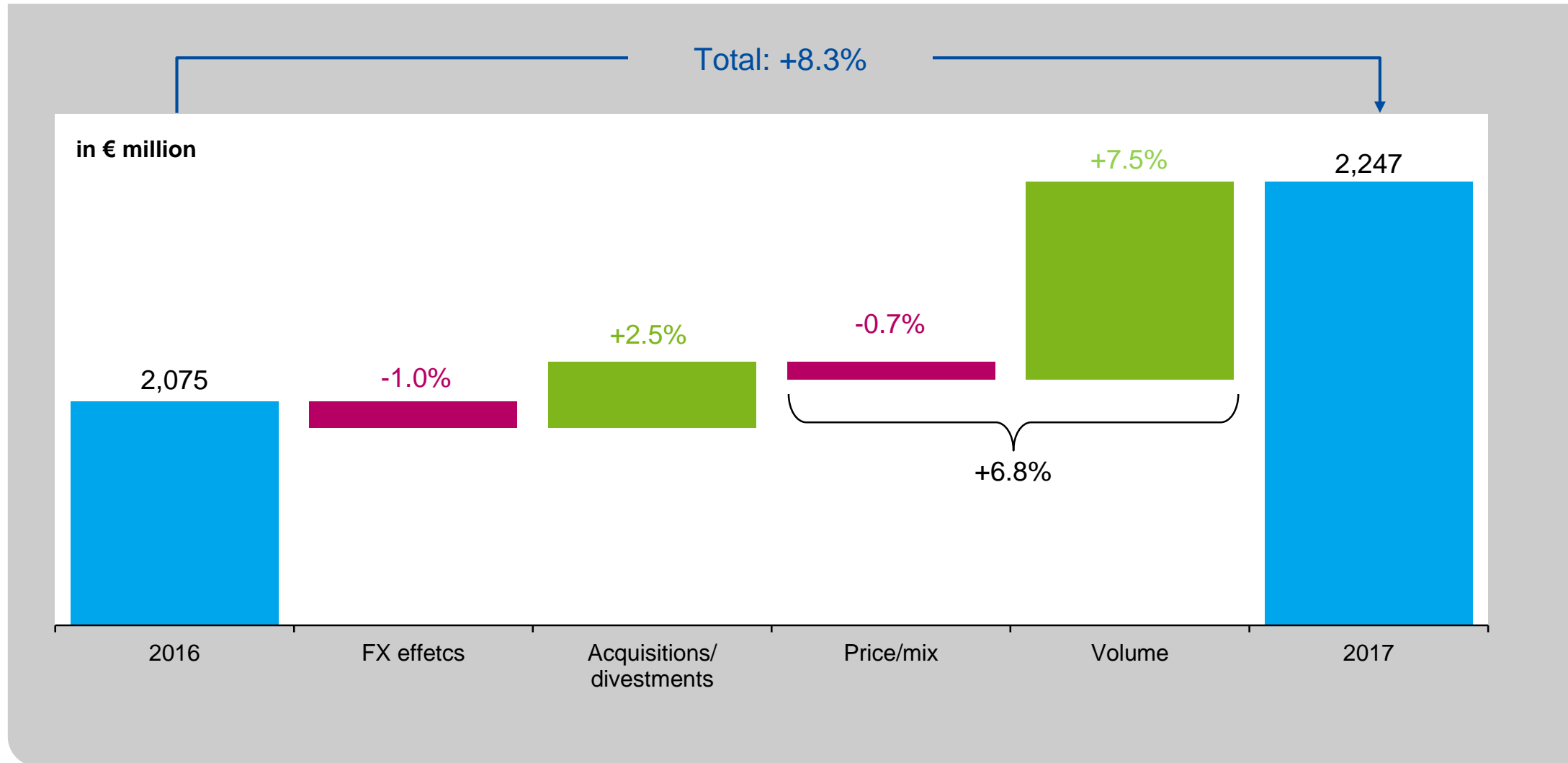
EBITDA margin decreases slightly to **20.9 %**, but still at a high level

Increased investments in **R&D**

**ALTANA is well on track
for further profitable growth**






Sales: Growth Components

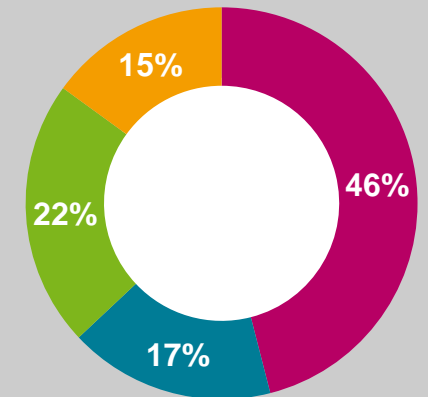
Sales volumes and acquisitions as drivers



Sales by Division

BYK breaks the 1 billion euro sales mark

| in € million | | 2016 | 2017 | Δ | Δ operat.* |
|--------------|--|-------|-------|-----|------------|
| |  BYK | 909 | 1,030 | 13% | 9% |
| |  ECKART | 362 | 385 | 6% | 7% |
| |  ELANTAS | 452 | 489 | 8% | 7% |
| |  ACTEGA | 352 | 343 | -3% | 0% |
| |  ALTANA | 2,075 | 2,247 | 8% | 7% |

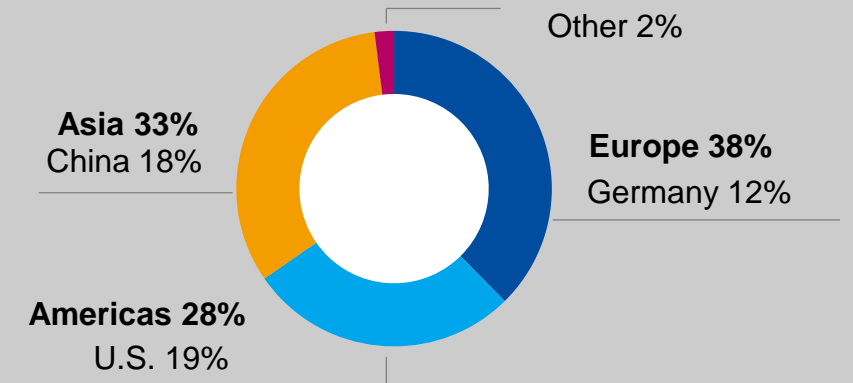


* adjusted for exchange-rate as well as acquisition and divestment effects

Sales by Region

Dynamic growth in Asia – especially in China

| in € million | 2016 | 2017 | Δ | Δ operat.* |
|------------------------|--------------|--------------|-----------|------------|
| Europe | 799 | 852 | 7% | 6% |
| <i>thereof Germany</i> | 263 | 276 | 5% | 4% |
| Americas | 587 | 624 | 6% | 2% |
| <i>thereof U.S.</i> | 399 | 436 | 9% | 3% |
| Asia | 652 | 733 | 12% | 13% |
| <i>thereof China</i> | 336 | 399 | 19% | 20% |
| Other regions | 37 | 38 | 1% | 1% |
| ALTANA Group | 2,075 | 2,247 | 8% | 7% |



* adjusted for exchange-rate as well as acquisition and divestment effects

Growth Engine China

Sustainability as main driver

Largest single market in Asia and second most important sales market for the ALTANA Group

Growth driver: consistent restructuring of the economy due to more stringent environmental regulations

- Dynamic increase in demand for additives and effect pigments for solvent-free coatings formulations as well as water-based electrical insulation systems
- Higher investment requirements and site closings among competitors with low environmental and occupational safety standards

Further strengthening of ALTANA's presence in Asia:

- BYK invests €30 million in new site in Shanghai Chemical Industry Park
- ELANTAS acquires wire enamel business of Changzhou Hongbo Paint and expands Tongling site

→ **Investments in innovation, capacity, and M&A enable high growth dynamic for the ALTANA Group**



BYK & ELANTAS /
Laike Tongling



ECKART Zhuhai



ACTEGA Foshan

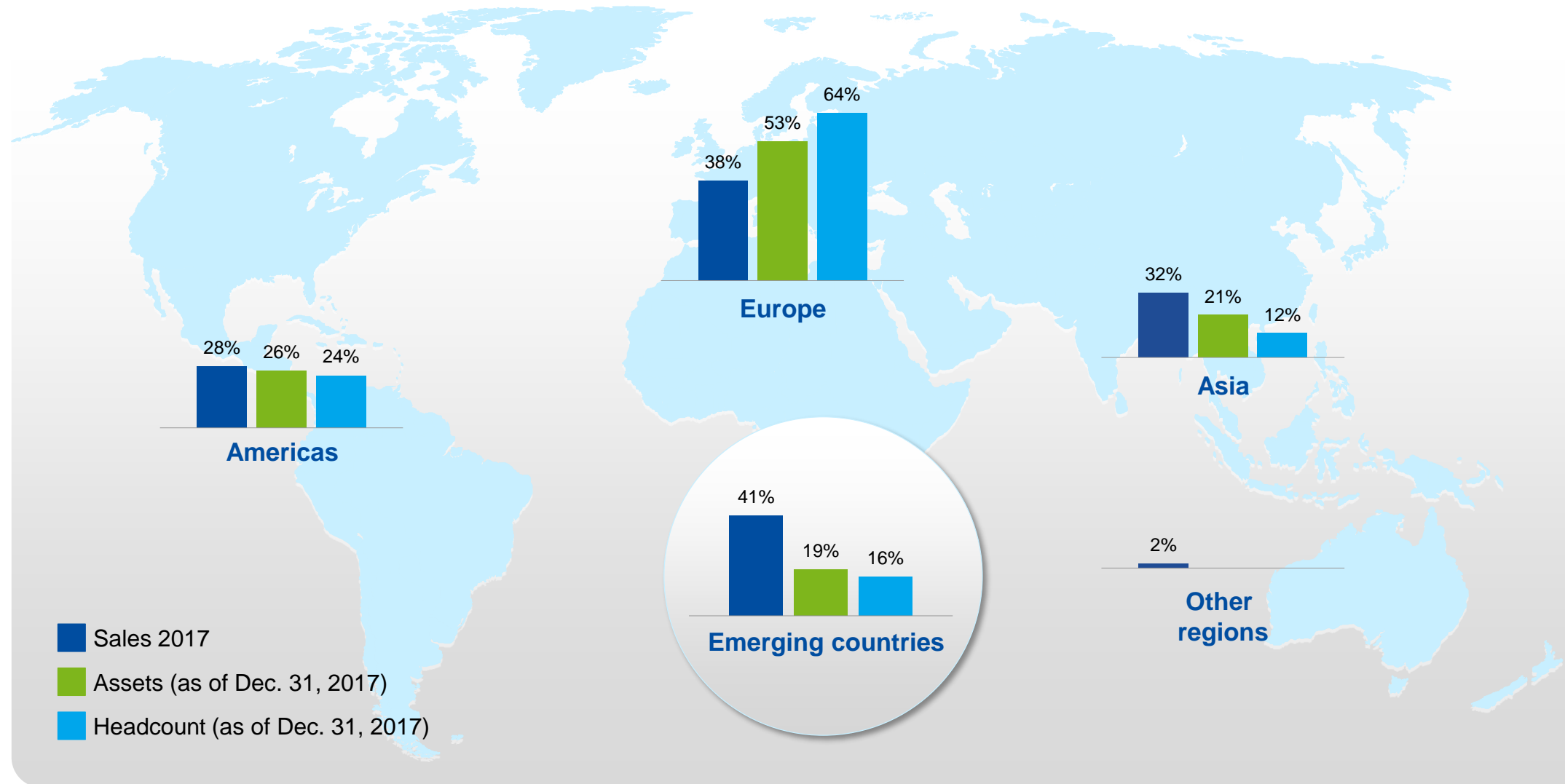


ELANTAS Zhuhai

8 companies
6 production sites
9 labs
476 employees

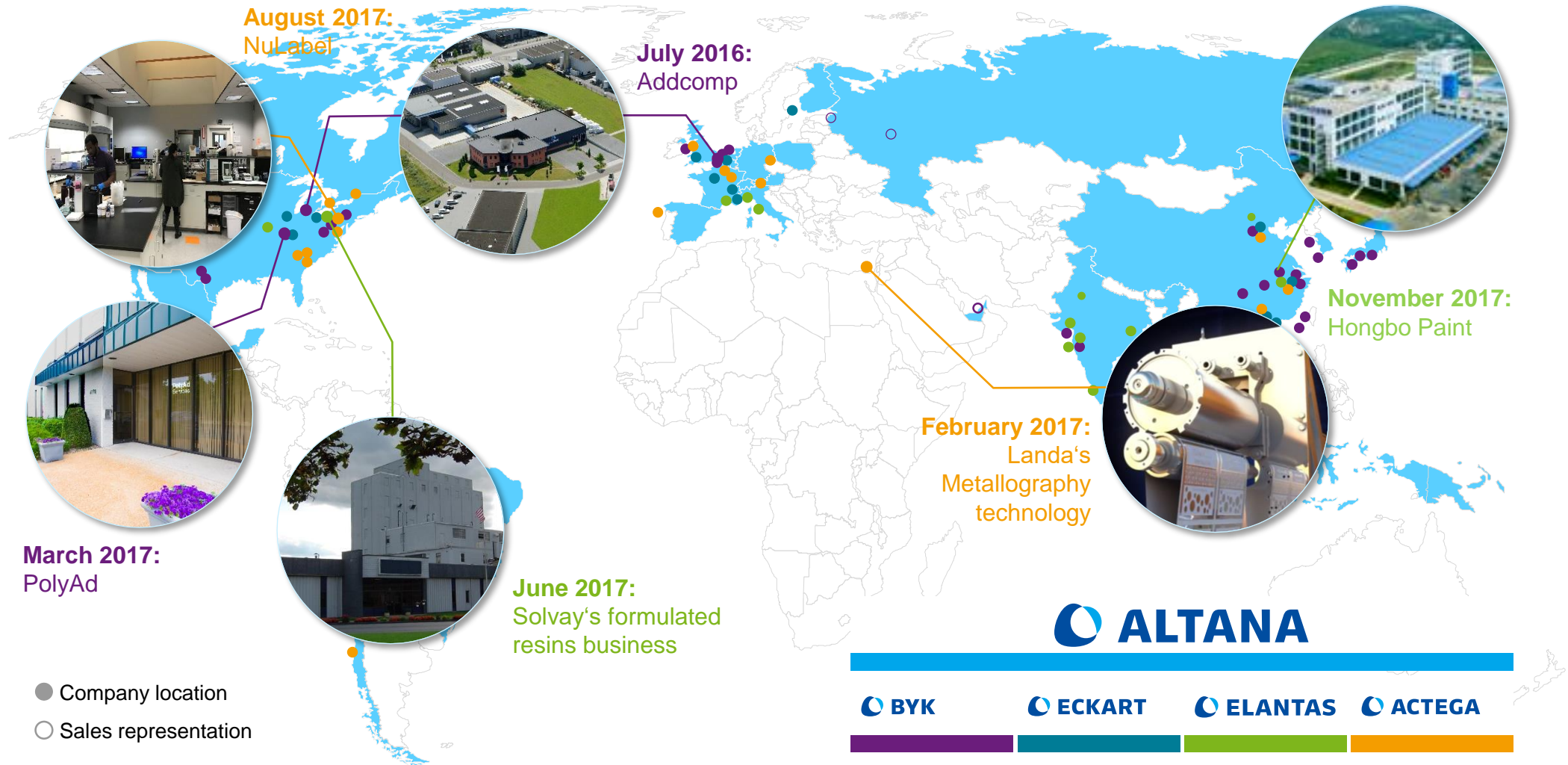
Balanced Geographic Profile

Business in established and emerging markets



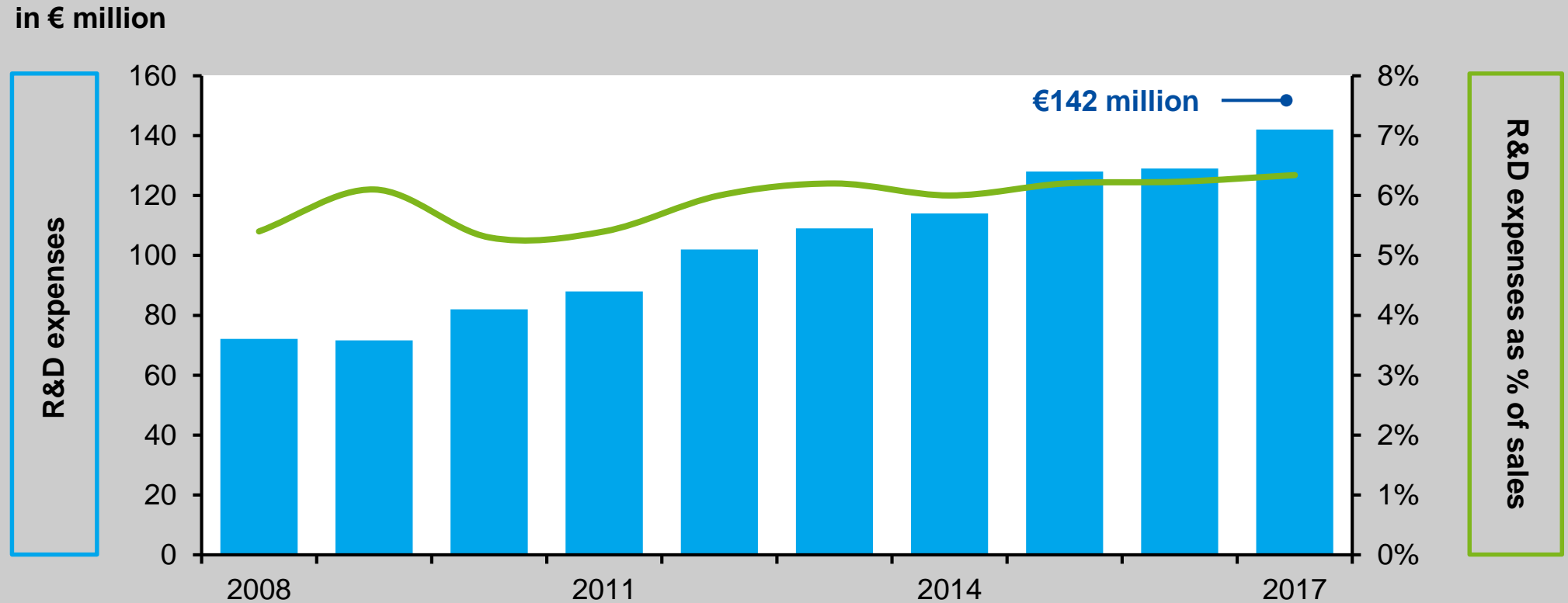
Acquisitions Accelerate our Growth

Acquisitions in 2016 / 2017



Investments in Research & Development Rise Strongly Again

6 percent of sales invested in R&D



One in six employees works in research and development

ALTANA 2017 – Financials

Presented by
Stefan Genten
Member of the Management Board



Income Statement

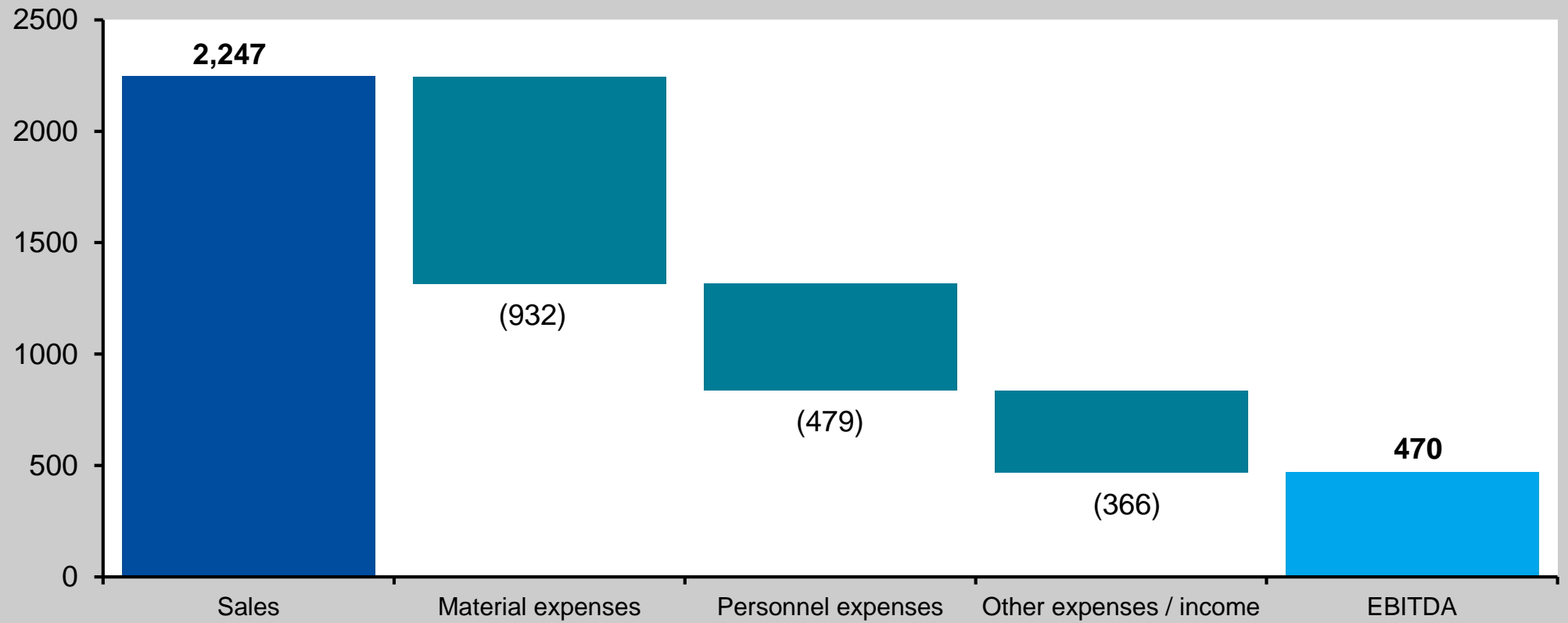
| in € million | 2016 | % of sales | 2017 | % of sales | Δ % |
|------------------------------------|--------------|--------------|--------------|--------------|-------------|
| Sales | 2,075 | 100.0 | 2,247 | 100.0 | 8.3 |
| Material expenses | (823) | -39.7 | (932) | -41.5 | -13.2 |
| Production expenses | (414) | -19.9 | (439) | -19.6 | -6.2 |
| Gross profit | 838 | 40.4 | 875 | 39.0 | 4.4 |
| Selling & distribution expenses | (271) | -13.1 | (289) | -12.8 | -6.4 |
| R&D expenses | (129) | -6.2 | (142) | -6.3 | -10.2 |
| General administration expenses | (116) | -5.6 | (118) | -5.3 | -2.4 |
| Other operating income/expenses | 7 | 0.3 | 10 | 0.5 | 51.2 |
| Operating income (EBIT) | 329 | 15.8 | 336 | 14.9 | 2.2 |
| Financial result ^(a) | (29) | -1.4 | (30) | -1.3 | -3.3 |
| Earnings before taxes (EBT) | 300 | 14.4 | 306 | 13.6 | 2.1 |
| Income tax ^(b) | (90) | -28.0 | (71) | -21.8 | 20.4 |
| Net income (EAT) | 210 | 10.1 | 235 | 10.4 | 11.7 |

(a) incl. Income from associated companies

(b) rate as % of EBT (tax rate)

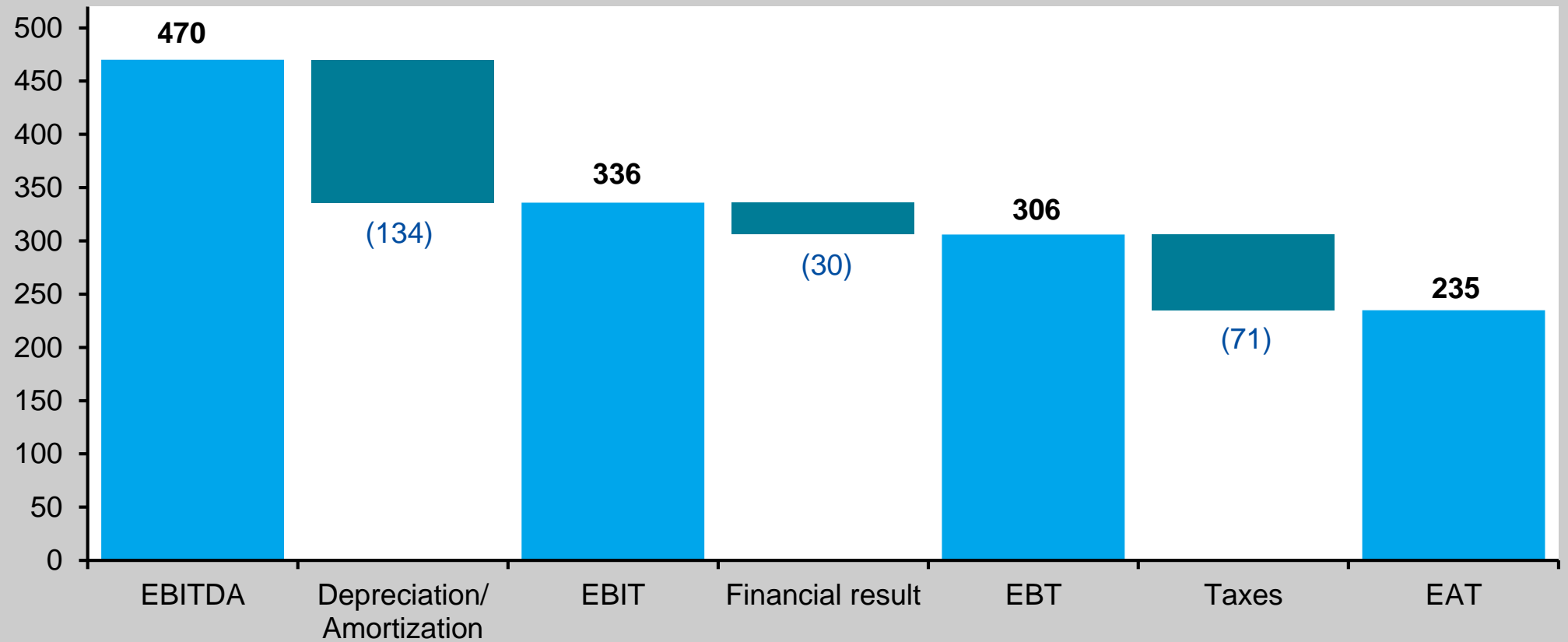
Major Cost Items

in € million



Details on 2017 Earnings

in € million



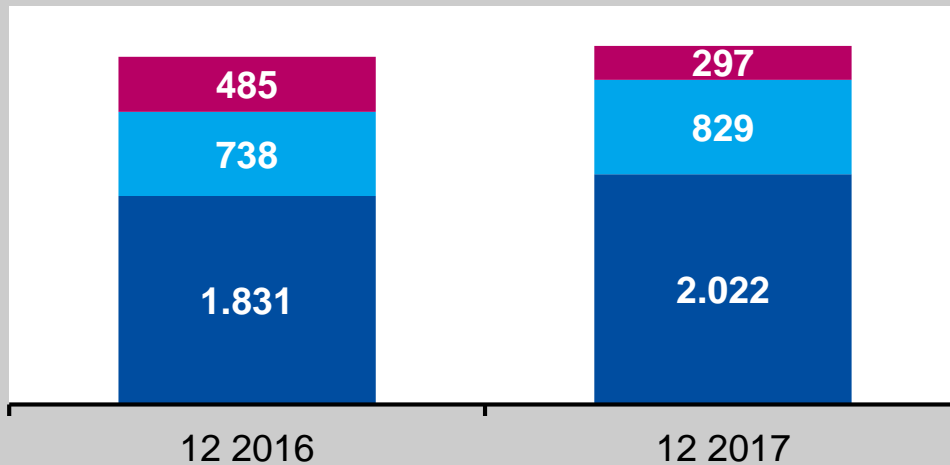
Cash Flow Statement

| in € million | 2016 | 2017 |
|--|--------------|--------------|
| Net income | 210 | 235 |
| Amortization, depreciation, and impairment on intangible and tangible assets | 124 | 134 |
| Change in net working capital | 1 | (49) |
| Income taxes | (3) | (30) |
| Change in provisions and other | 44 | 12 |
| Cash Flow from operating activities | 377 | 302 |
| Capital expenditure in intangible assets and property, plant and equipment | (122) | (188) |
| Other | 1 | 1 |
| Cash Flow from ordinary investing activities | (121) | (187) |
| Ordinary free cash flow | 256 | 115 |
| Acquisitions | 4 | (141) |
| Free cash flow | 259 | (25) |

Consolidated Statement of Financial Position

in € million

Assets



- Cash and cash equivalents (incl. marketable securities)
- Other current assets
- Non-current assets

Total Assets (in € million)

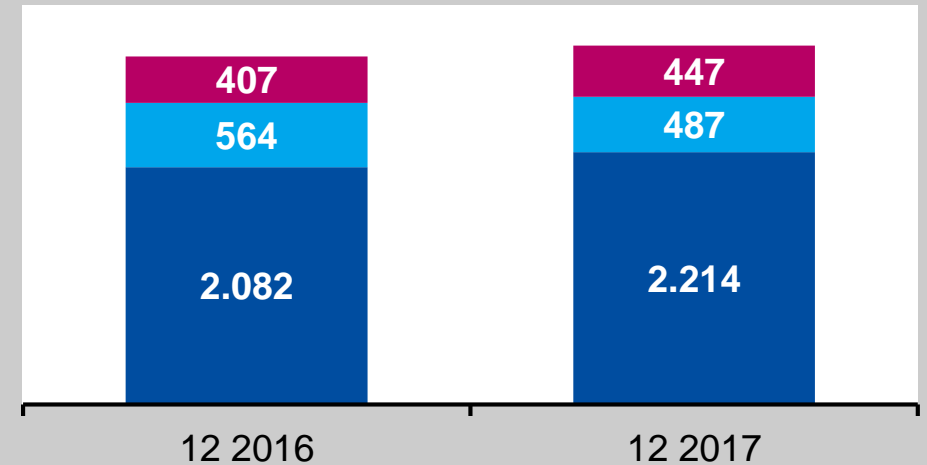
Dec. 31, 2016: 3,054

Dec. 31 2017: 3,148

Change: **+3%**

in € million

Shareholders' Equity and Liabilities



- Current liabilities
- Non-current liabilities
- Shareholders' equity

Equity Ratio

Dec. 31, 2016: 68%

Dec. 31, 2017: 70%

Financing Structure

| in € million | 31.12.2016 | 31.12.2017 |
|---|------------|-------------|
| Cash and cash equivalents (incl. marketable securities) | 485 | 350 |
| Promissory note loans | (224) | (192) |
| Other financial liabilities | (5) | (12) |
| Net financial position | 256 | 146 |
| Employee benefit obligations | (230) | (224) |
| Net debt (-) / Net financial assets (+) | 26 | (78) |

→ Headroom for further growth

Value Management

| in € million | 2016 | 2017 |
|--|--------------|--------------|
| Operating capital (annual average) | 2,344 | 2,510 |
| Operating earnings (after tax) | 271 | 285 |
| Return on capital employed (ROCE) | 11.6% | 11.3% |
| Weighted cost of capital | 8.0% | 8.0% |
| ALTANA Value Added (%) | 3.6% | 3.3% |
| ALTANA Value Added (abs.) | 83 | 84 |

→ Value contribution at a high level

ALTANA – Outlook 2018

Presented by
Martin Babilas
CEO



We will develop ALTANA further

5 main thrusts of our Keep Changing Agenda



Accelerate
growth



Differentiate through innovation
and sustainability



Focus organization
on value creation



Advance capabilities
to the next level



Mobilize
people

Outlook for 2018

ALTANA to remain on growth path



ALTANA

- Continued positive global economic development
- Higher demand, increasing sales volumes
- Operating sales growth between 2 % und 5 %
- Growth contributions from acquisitions; exchange rates can also have an impact
- EBITDA margin again closer to target range of 18 % to 20 %

→ **Substantial financial and innovative strength as a strong basis for further growth**

ACTEGA
Coatings & Sealants

Thank you for your attention



ALTANA

Disclaimer

This presentation contains forward-looking statements, i.e. current estimates or expectations of future events or future results. The statements are based on beliefs of ALTANA as well as assumptions made by and information currently available to ALTANA.

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