

Full Year 2019 Results

ALTANA AG Annual Press Conference
March 20, 2020



Agenda

Overview and Outlook

Martin Babilas, CEO

Financials

Stefan Genten, CFO

Q&A

Welcome Address

Andrea Neumann



ALTANA 2019 – Overview

Presented by
Martin Babilas
CEO

2019 Results

ALTANA Holds Its Ground in a Challenging Environment

€ 2,249 million sales

Nearly **3 %** below the strong prior-year level

€ 416 million EBITDA

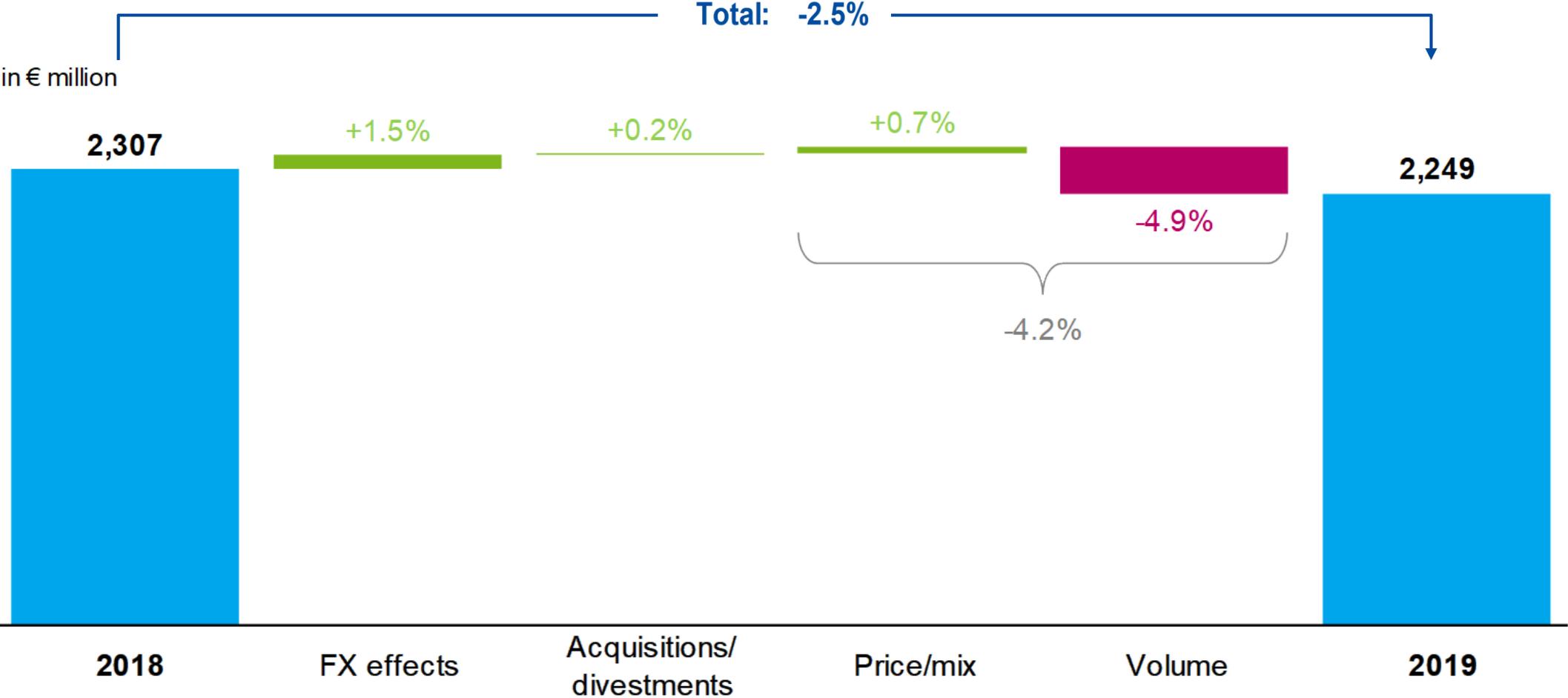
EBITDA margin of **18.5 %** within long-term target range

R&D expenditure increases again by **7 %**

Strong investments in international sites and digitization

Course set for further growth

Sales Development

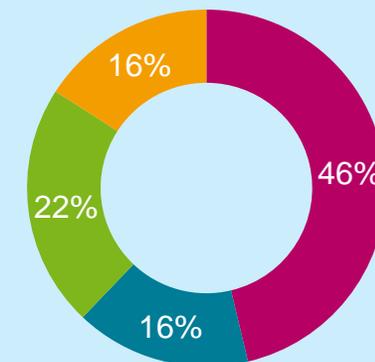


Sales by Division

ACTEGA benefits from consumer-related industries

in € million

	2018	2019	Δ	Δ op.*
 BYK	1,066	1,041	(2%)	(4%)
 ECKART	383	356	(7%)	(9%)
 ELANTAS	507	495	(2%)	(4%)
 ACTEGA	353	358	1%	0%
 ALTANA	2,307	2,249	(3%)	(4%)



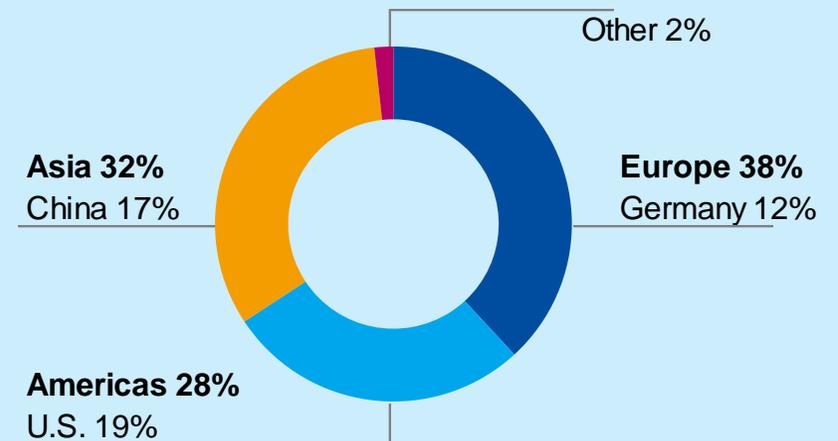
* adjusted for acquisition and divestment as well as exchange-rate effects

Sales by Region

Weak demand in Asia, Europe stable

in € million

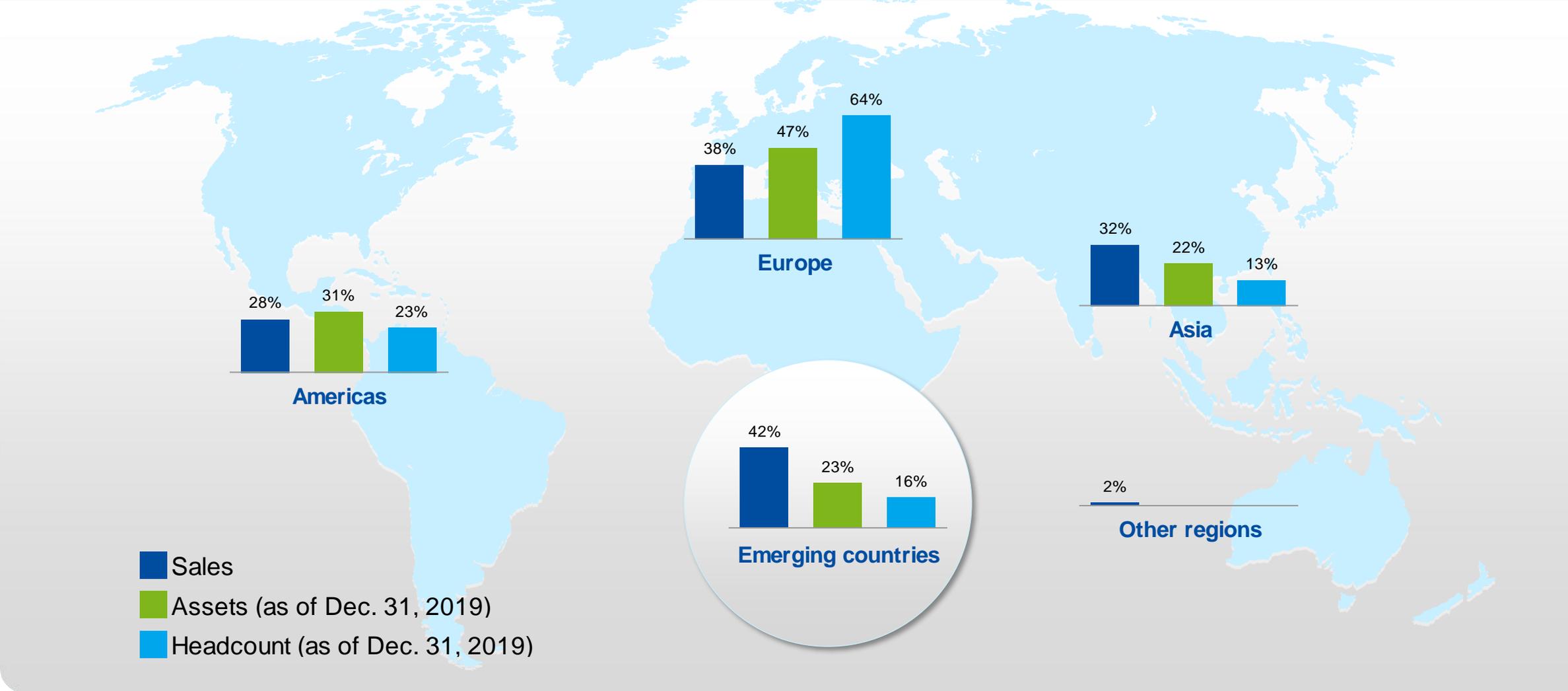
	2018	2019	Δ	Δ op.*
Europe	875	858	(2%)	(2%)
<i>thereof Germany</i>	273	259	(5%)	(5%)
Americas	624	621	(1%)	(5%)
<i>thereof U.S.</i>	435	428	(2%)	(7%)
Asia	769	732	(5%)	(6%)
<i>thereof China</i>	421	388	(8%)	(9%)
Other regions	39	39	(0%)	(1%)
ALTANA Group	2,307	2,249	(3%)	(4%)



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

Balanced Geographic Profile

Business in established and emerging markets



Acquisitions and Investments in Sites Worldwide



Acquisition of Paul N. Gardner Company, Pompano Beach, **USA**



Expansion of Gonzales site, **USA**
Investment: € 70 million



Opening of integrated site in Araçariçuama, **Brazil**
Investment: € 2 million



Expansion of Bremen site, **Germany**
Investment: € 20 million



Inauguration of Innovation Center at Grevenbroich site, **Germany**
Investment: € 10 million



Expansion of Deventer site, **Netherlands**
Investment: € 20 million



Opening of an integrated site in Shanghai, expansion of Tongling site, **China**
Investment: € 50 million



Acquisition of wire enamel business of Hubergroup India, Ankleshwar, **India**

Focus on Safety and Environment

Occupational safety is a top priority at ALTANA.

In 2019 the key accident figures (Work Accident Indicator) in all three categories were once again reduced worldwide.



Environmentally compatible management is a central component of ALTANA's strategy



Reduction of energy consumption and increasing energy generation from renewable energies



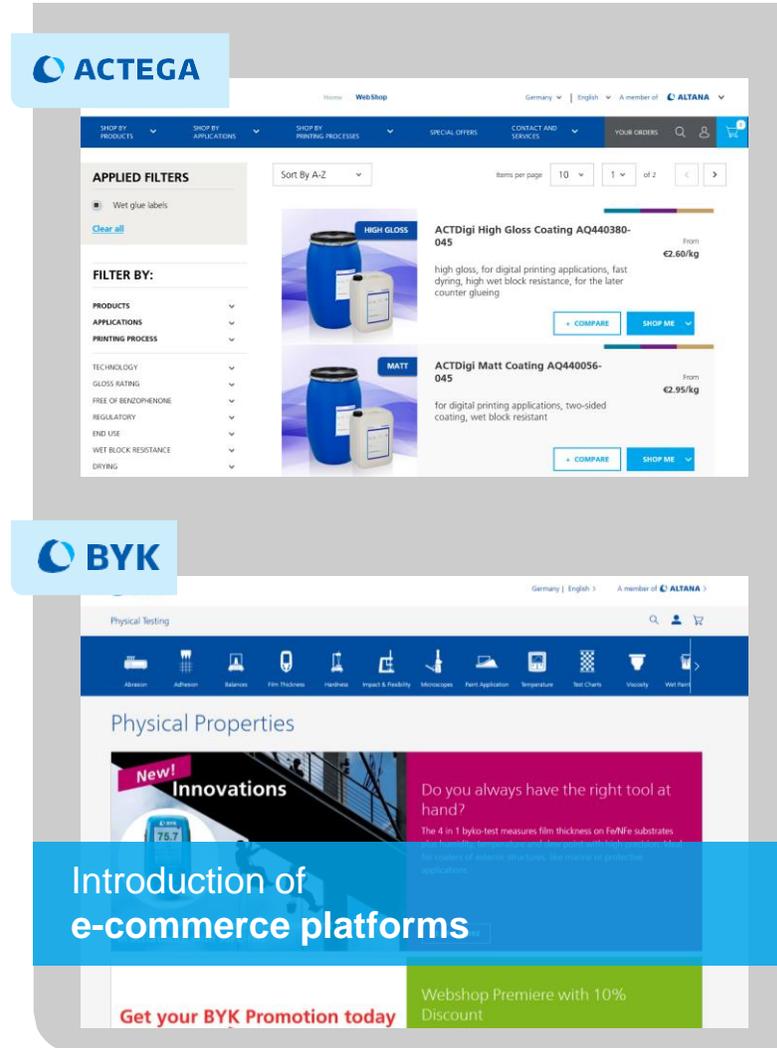
Significant improvement of waste volume balance through the optimization of production processes and recycling



Water consumption improved in the reporting period

Strong Investments in Digitization

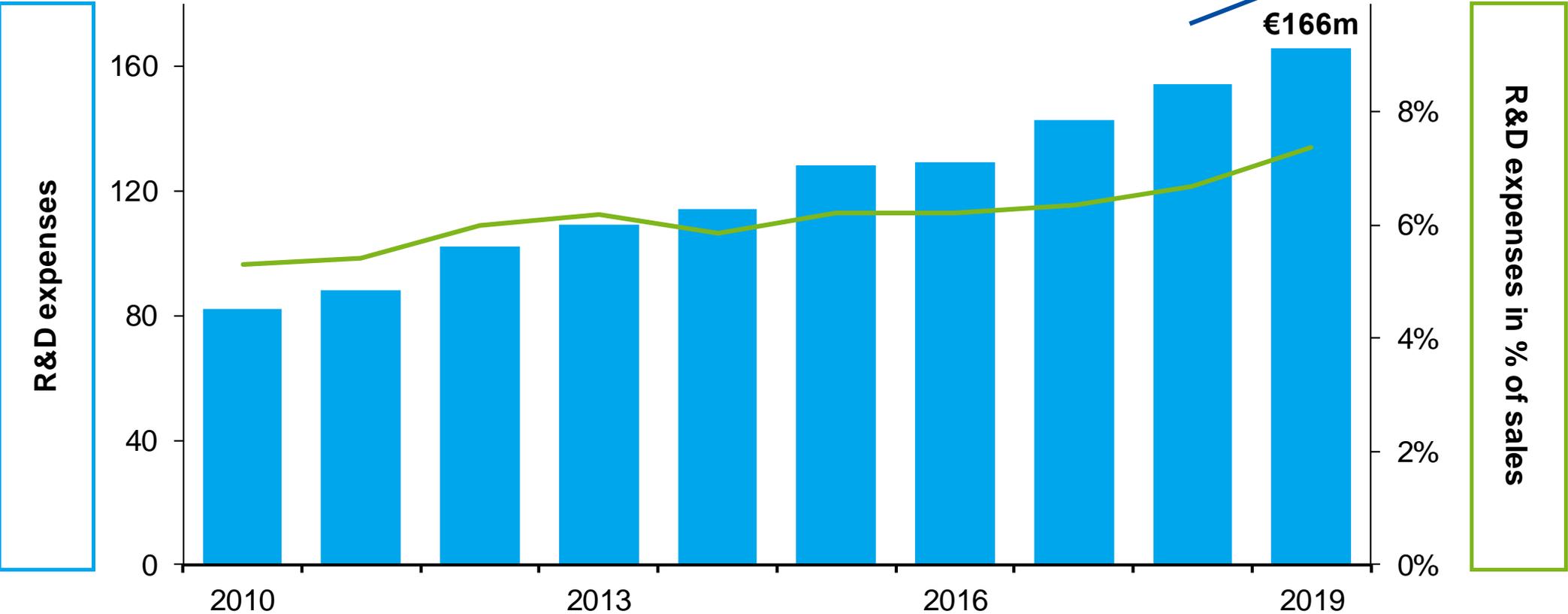
Nearly € 40 million in the next three years



Investments in Research & Development

7 % of sales invested in R&D

in € million



One in six employees works in research & development

We shape future markets

Investments in R&D and new technologies

ALTANA



Participation in the innovative 3D printer manufacturer dp polar
First 3D printing system with rotating printing table - high-precision components are produced up to
20 times faster

ACTEGA

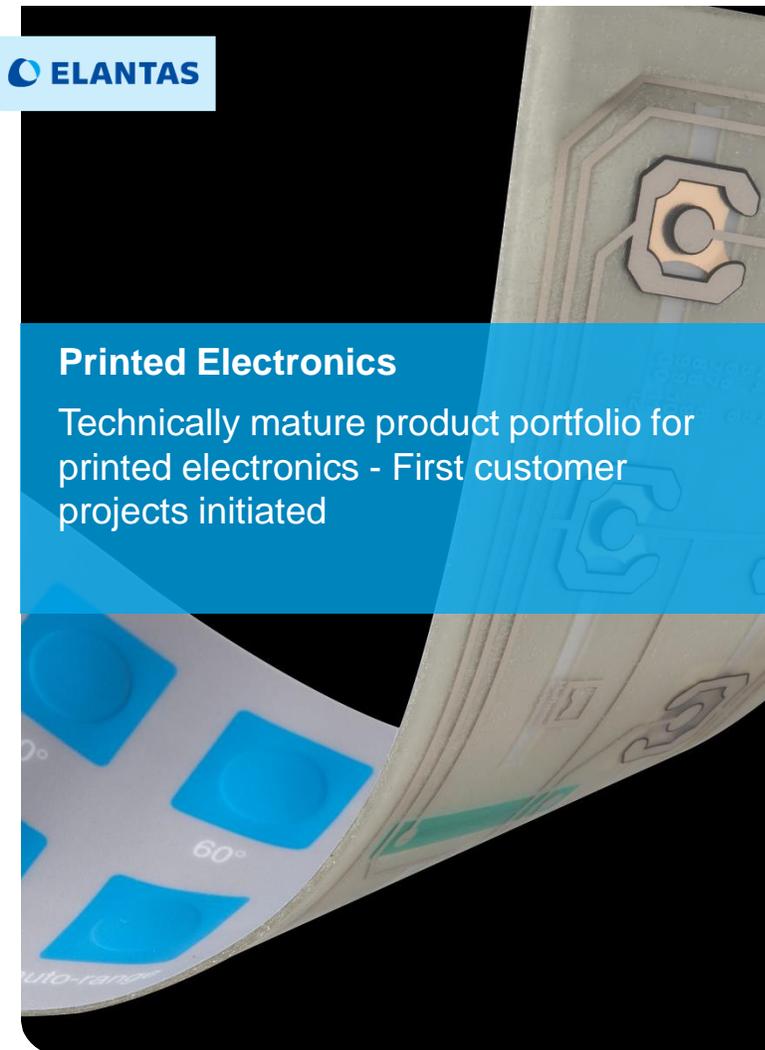


Start-up ACTEGA Metal Print

About to launch a pioneering technology that achieves decorative metallic effects with considerably less material, costs, and production time than before



ELANTAS



Printed Electronics

Technically mature product portfolio for printed electronics - First customer projects initiated



ALTANA 2019 – Financials

Presented by
Stefan Genten
CFO

Income Statement

in € million

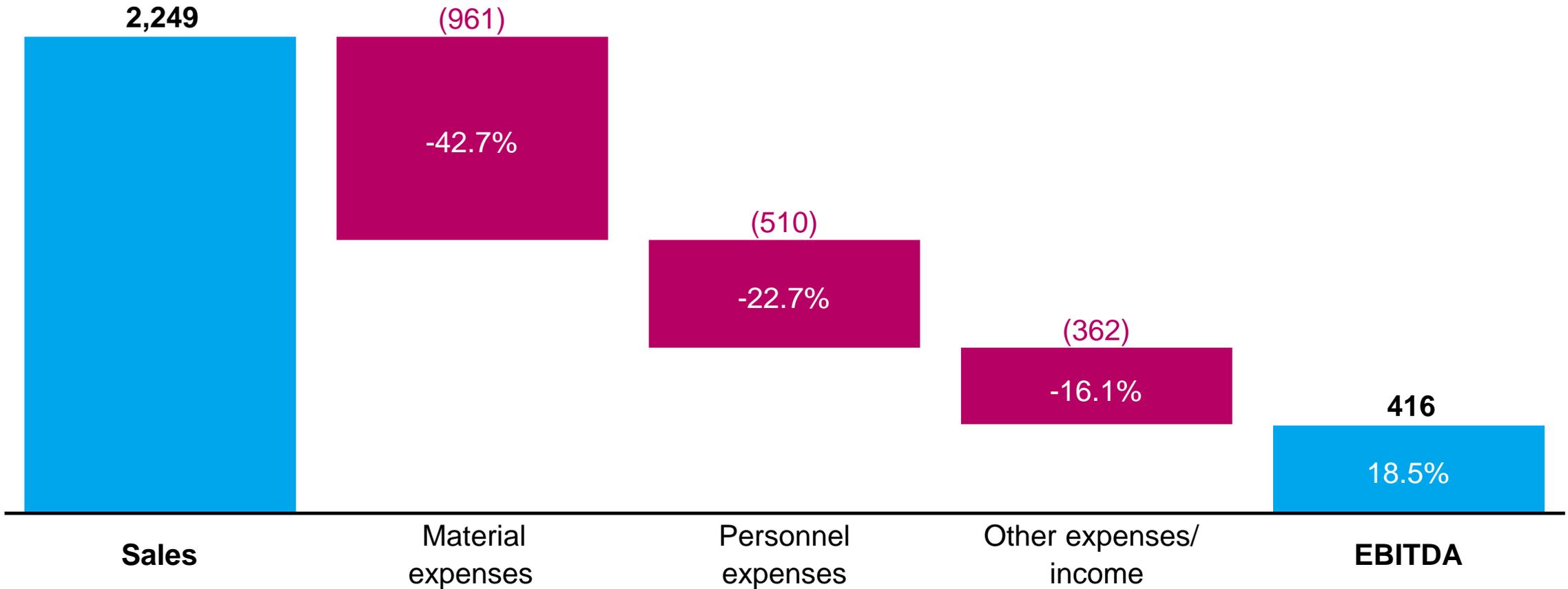
	2018	% of Sales	2019	% of Sales	Δ%
Sales	2,307	100.0	2,249	100.0	(2.5)
Material expenses	(1,010)	(43.8)	(961)	(42.7)	4.8
Production expenses	(454)	(19.7)	(464)	(20.6)	(2.2)
Gross profit	844	36.6	824	36.6	(2.3)
Selling & distribution expenses	(291)	(12.6)	(290)	(12.9)	0.3
R&D expenses	(154)	(6.7)	(166)	(7.4)	(7.4)
General administration expenses	(109)	(4.7)	(105)	(4.7)	3.2
Other operating income/expenses	6	0.3	(1)	(0.0)	<(100)
Operating income (EBIT)	296	12.8	262	11.7	(11.2)
Financial result ^(a)	(32)	(1.4)	(31)	(1.4)	1.5
Earnings before taxes (EBT)	264	11.4	231	10.3	(12.4)
Income tax ^(b)	(77)	(26.7)	(62)	(23.0)	19.3
Net income (EAT)	187	8.1	169	7.5	(9.6)

(a) incl. result from at equity accounted companies

(b) Ratio as % of EBT without result from at equity accounted companies (tax rate)

Major Cost Items

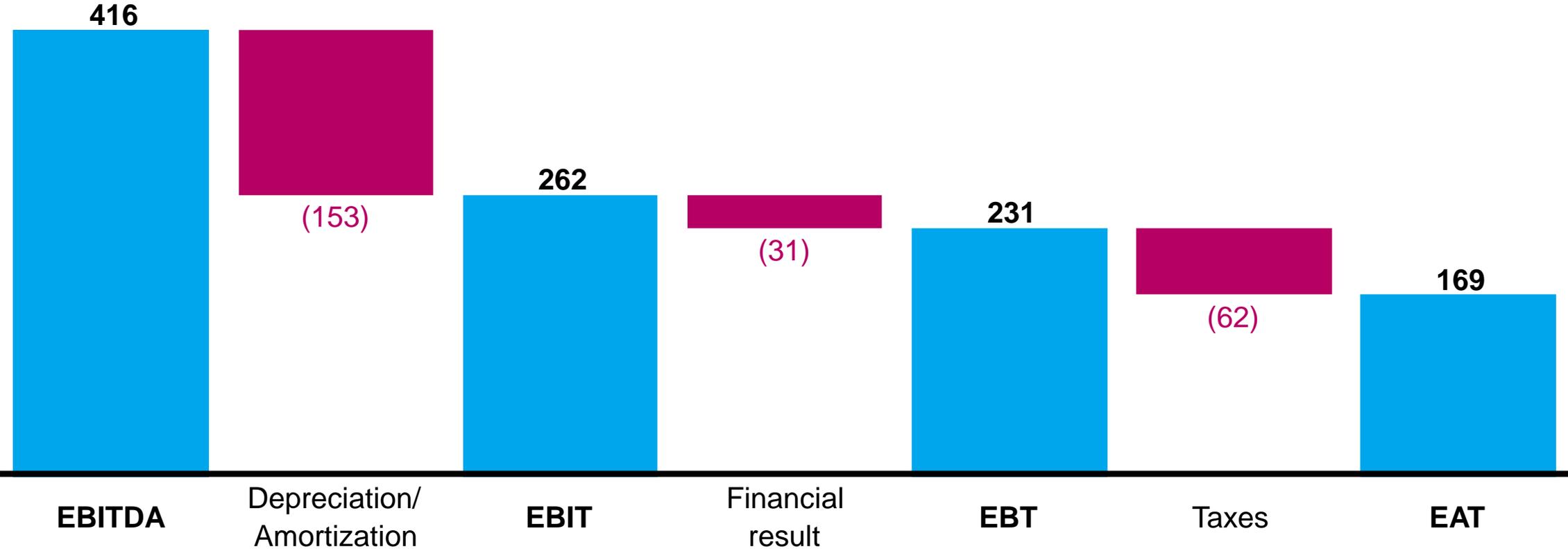
in € million



Structure figures as a percentage of sales

Details on Earnings

in € million



Cash Flow Statement

in € million

	2018	2019
Net income	187	169
Amortization, depreciation, and impairment on intangible and tangible assets	135	153
Change in net working capital	(49)	22
Income taxes	2	(12)
Change in provisions and other	22	55
Cash flow from operating activities	296	386
Investments in intangible and tangible assets	(187)	(157)
Other	6	1
Cash flow from ordinary investing activities	(181)	(156)
Ordinary free cash flow	115	230
Acquisitions	(3)	(9)
Free cash flow	112	221

Balance Sheet

in € million

Assets



Shareholders' Equity and Liabilities



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

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

Total Assets (€m)
 Dec. 31, 2019: 3,343
 Dec. 31, 2018: 3,222
 Change: **+4%**

Equity Ratio
 Dec. 31, 2019: 74%
 Dec. 31, 2018: 73%

Financing Structure

in € million	2018	2019
Cash and cash equivalents (incl. securities, financial assets and issued loans)	270	312
Promissory note loans	(128)	(48)
Other financial liabilities	(18)	(65)
Net financial position	125	198
Employee benefit obligations	(220)	(256)
Net debt (-) / Net financial assets (+)	(96)	(58)

→ Net financial position further strengthened in 2019

→ Excellent basis for further growth projects and acquisitions

Value Management

in € million

	2018	2019
Operating capital (annual average)	2,763	2,857
Operating earnings (after tax)	259	250
Return on capital employed (ROCE)	9.4%	8.8%
Weighted cost of capital	8.0%	8.0%
ALTANA Value Added (%)	1.4%	0.8%
ALTANA Value Added (abs.)	38	22

→ Despite the challenging environment in 2019 and the continued high investment in future growth, a positive contribution to our ALTANA Value Added was achieved again



ALTANA – Outlook 2020

Presented by
Martin Babilas
CEO



- Planning for 2020 originally on the assumption of slightly stronger global economic growth in the second half of the year; expectation in this environment:
 - Operating sales growth in the low single-digit percentage range and further growth through acquisitions
 - EBITDA margin in the lower third of the long-term target range of 18 to 20 percent
 - Further course of the coronavirus pandemic and its impact on demand, production, and supply processes cannot be assessed at present
 - Significant impact on the sales and earnings situation expected in spite of slight sales and earnings growth at the beginning of 2020
- **Considerable innovative and financial strength are a strong basis for sustainable growth**

Climate protection goal

ALTANA will become climate-neutral by 2025



By 2025 the specialty chemicals group will reduce its CO₂ impact from production and energy procurement to zero worldwide

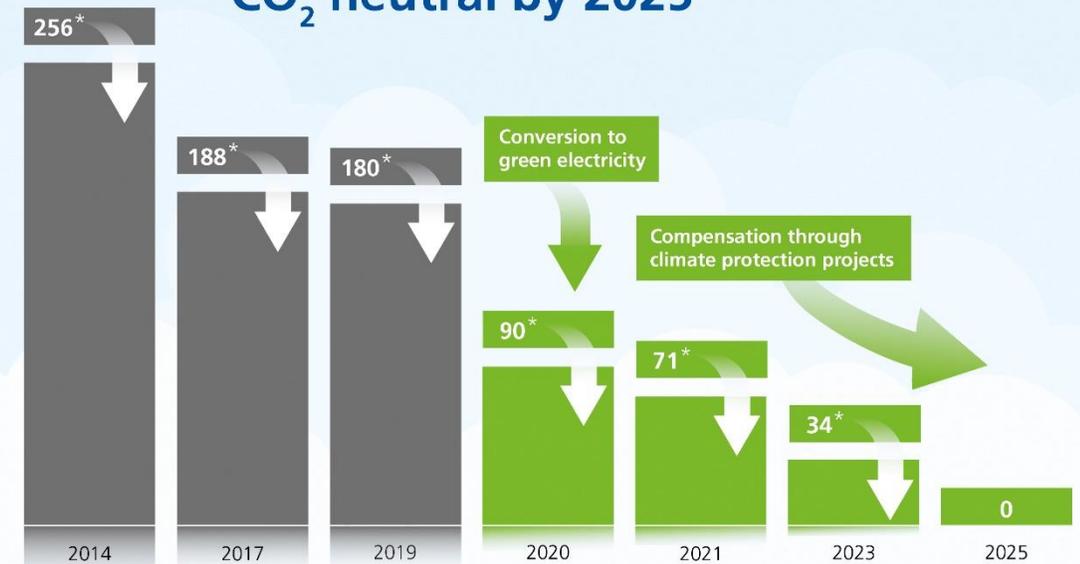


Complete conversion to green electricity already in 2020



Call for significant strengthening of renewable energies

ALTANA to be CO₂ neutral by 2025



The graph shows the neutralization of CO₂ emissions from production and energy consumption (Scope 1 + 2). In addition, ALTANA will offset the CO₂ emissions caused by necessary business trips, company cars, and the transportation of goods by 2025 (Scope 3).

* in 1,000 tons

Thank you for your
attention



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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