

# 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

A photograph of a man and a woman in a laboratory setting. The man, on the left, is smiling and wearing blue safety glasses and a white lab coat. The woman, on the right, is also smiling and wearing blue safety glasses and a white lab coat. They are both looking towards the camera. The background is a blurred laboratory environment with various equipment and a pink curtain on the left.

# 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

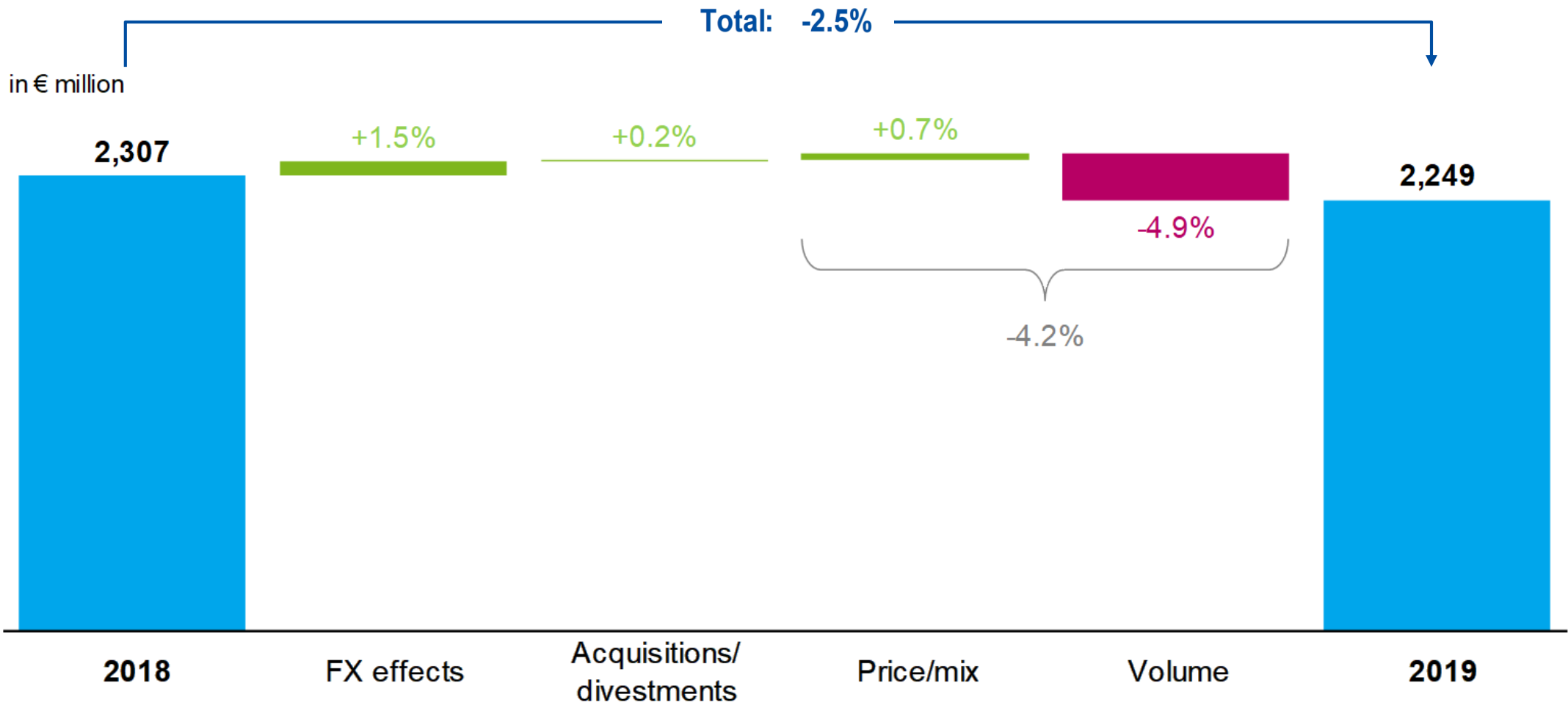
EBITDA margin of **18.5 %** within long-term target range

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

Strong investments in international sites and digitization

# Course set for further growth






# Sales Development

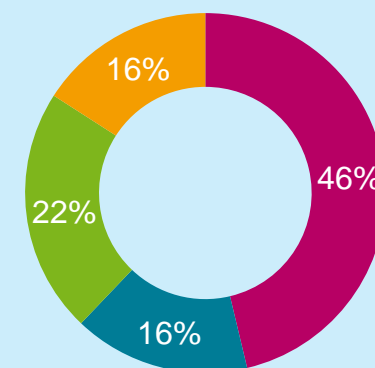


# Sales by Division

ACTEGA benefits from consumer-related industries

in € million

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



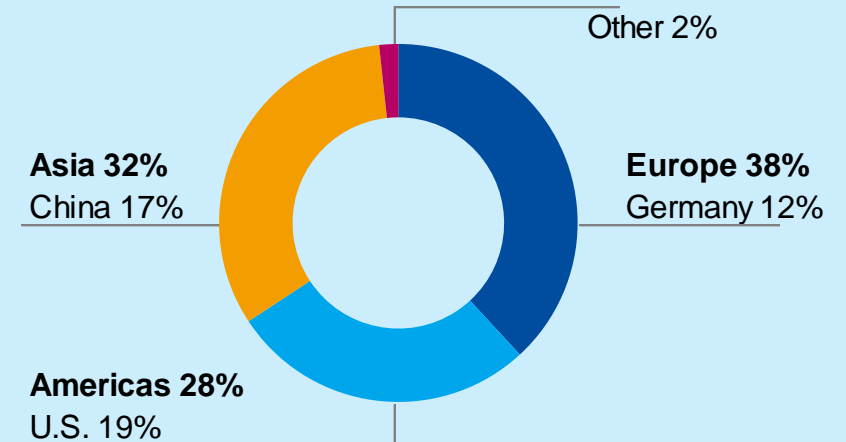
\* adjusted for acquisition and divestment as well as exchange-rate effects

# Sales by Region

Weak demand in Asia, Europe stable

in € million

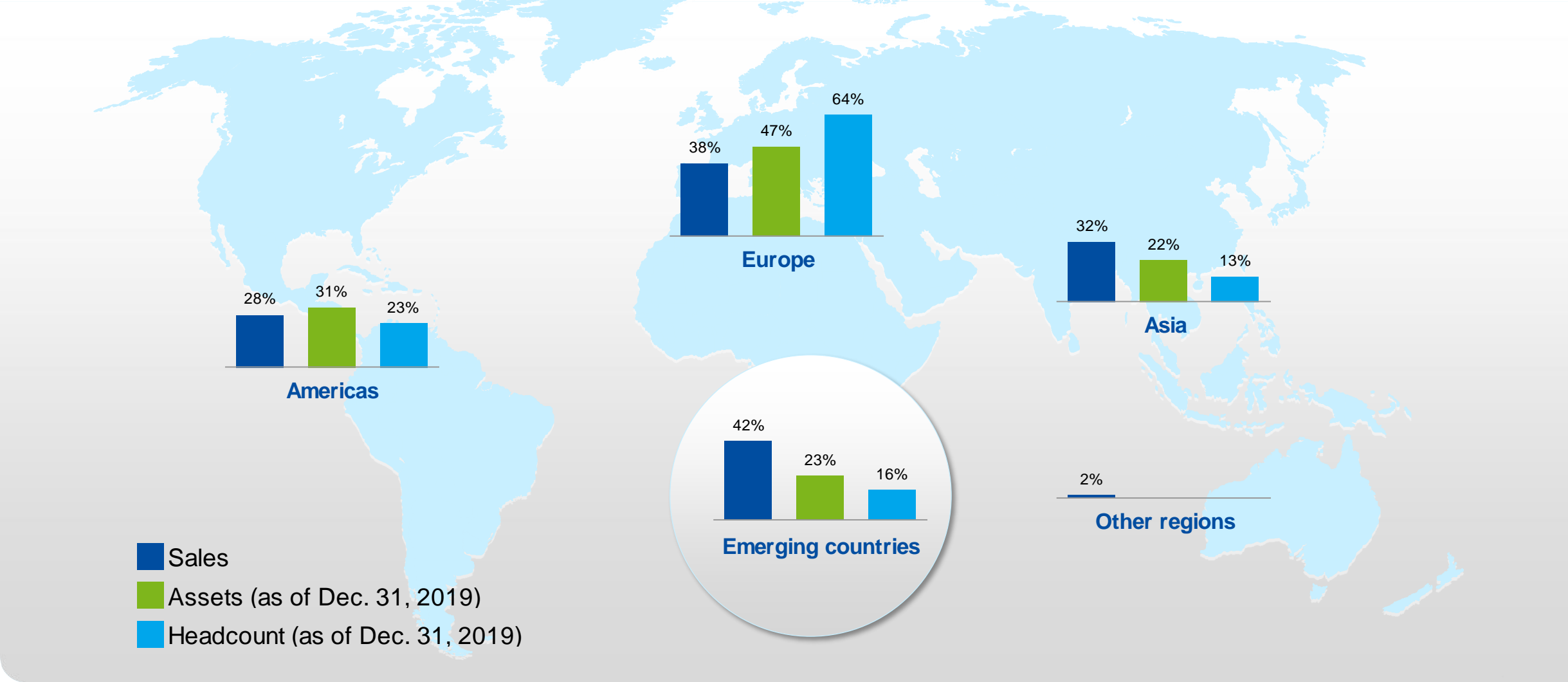
	2018	2019	Δ	Δ op.*
<b>Europe</b>	875	858	(2%)	(2%)
<i>thereof Germany</i>	273	259	(5%)	(5%)
<b>Americas</b>	624	621	(1%)	(5%)
<i>thereof U.S.</i>	435	428	(2%)	(7%)
<b>Asia</b>	769	732	(5%)	(6%)
<i>thereof China</i>	421	388	(8%)	(9%)
<b>Other regions</b>	39	39	(0%)	(1%)
<b>ALTANA Group</b>	<b>2,307</b>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



\* 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

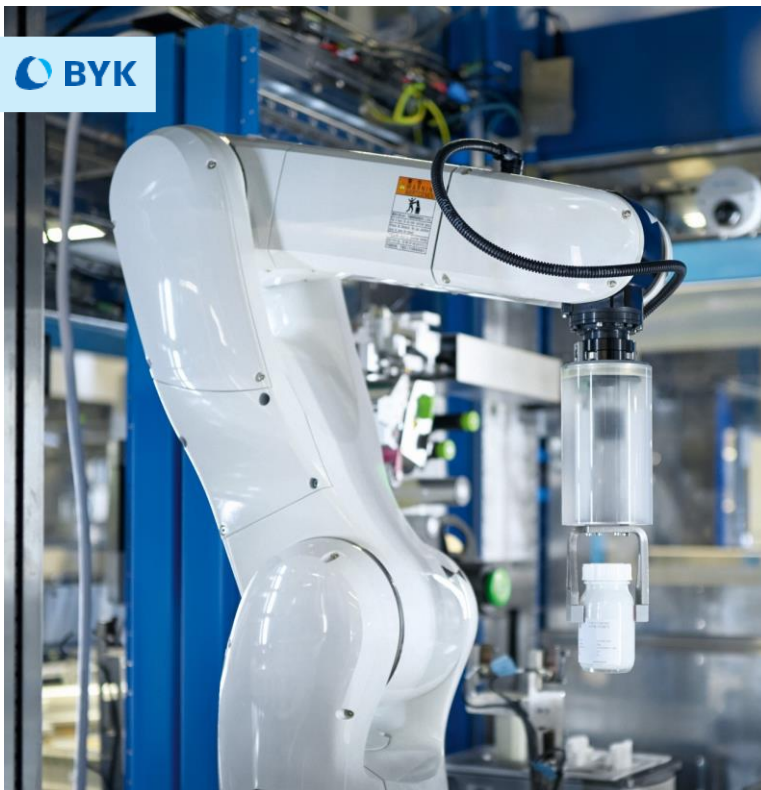


Water consumption improved in the reporting period

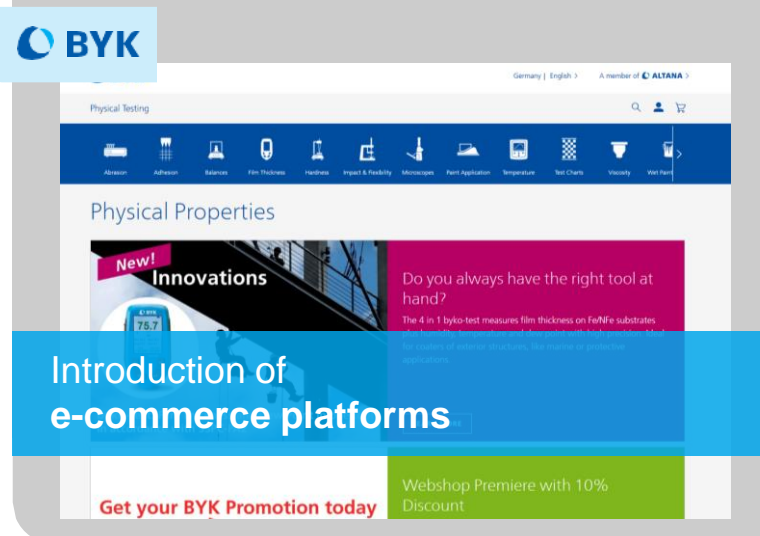
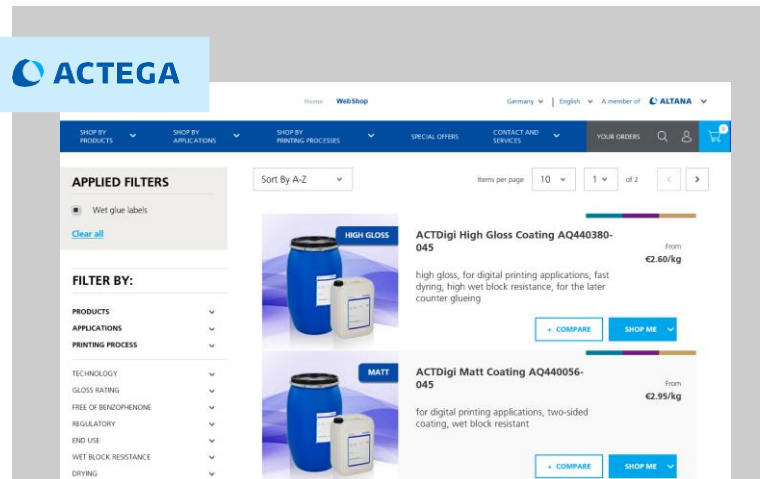


# Strong Investments in Digitization

## Nearly € 40 million in the next three years



High Throughput Screening plant at the company's headquarters in Wesel  
**Investment: € 15 million**

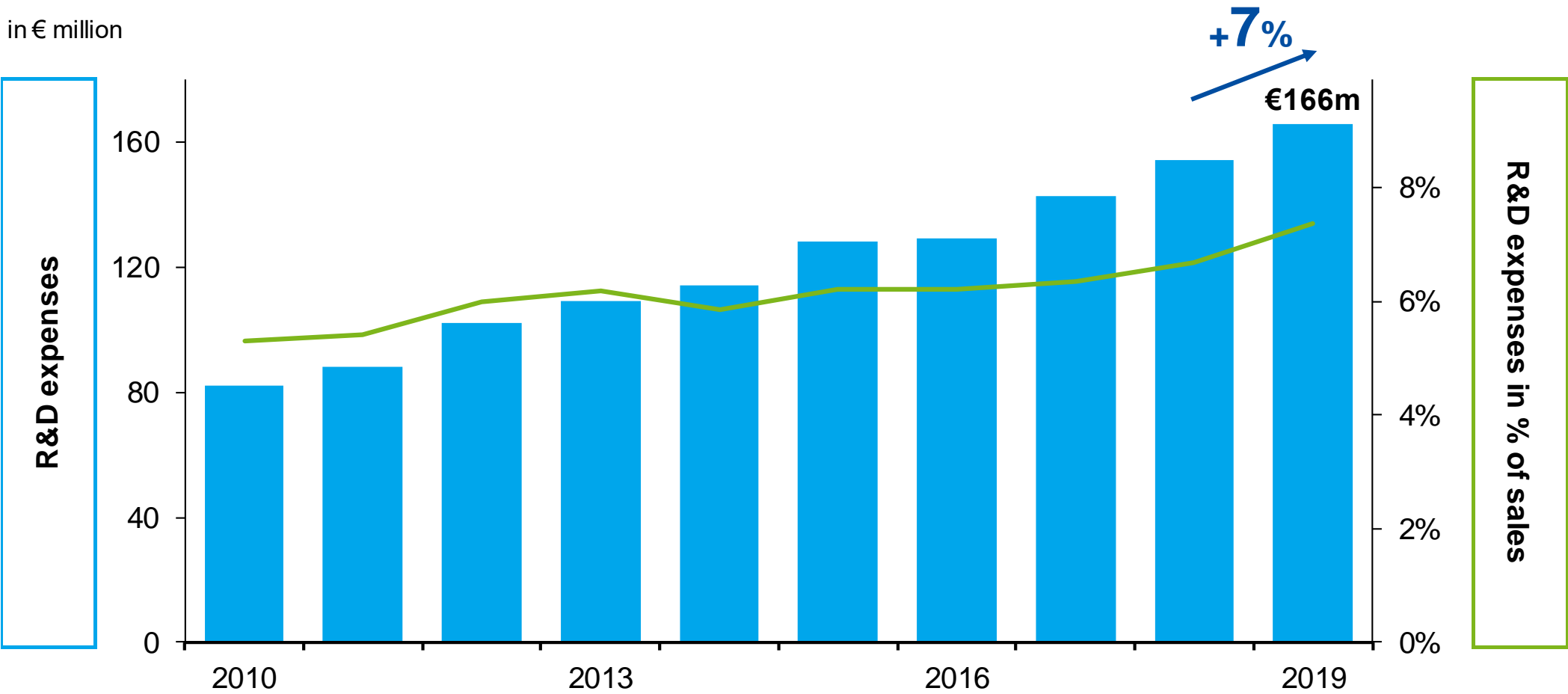


Expansion of Wesel site: new multispace office building for modern working environment  
**Investment: € 9 million**



# Investments in Research & Development

7 % of sales invested in R&D



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

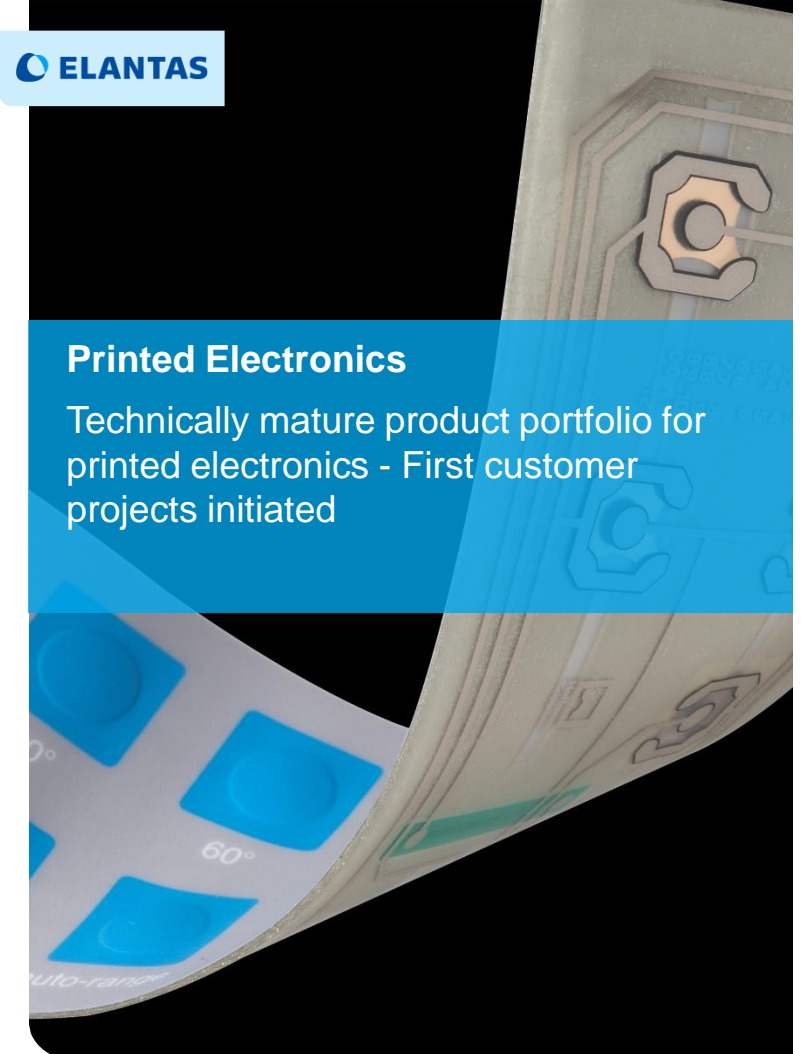


### Start-up ACTEGA Metal Print

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

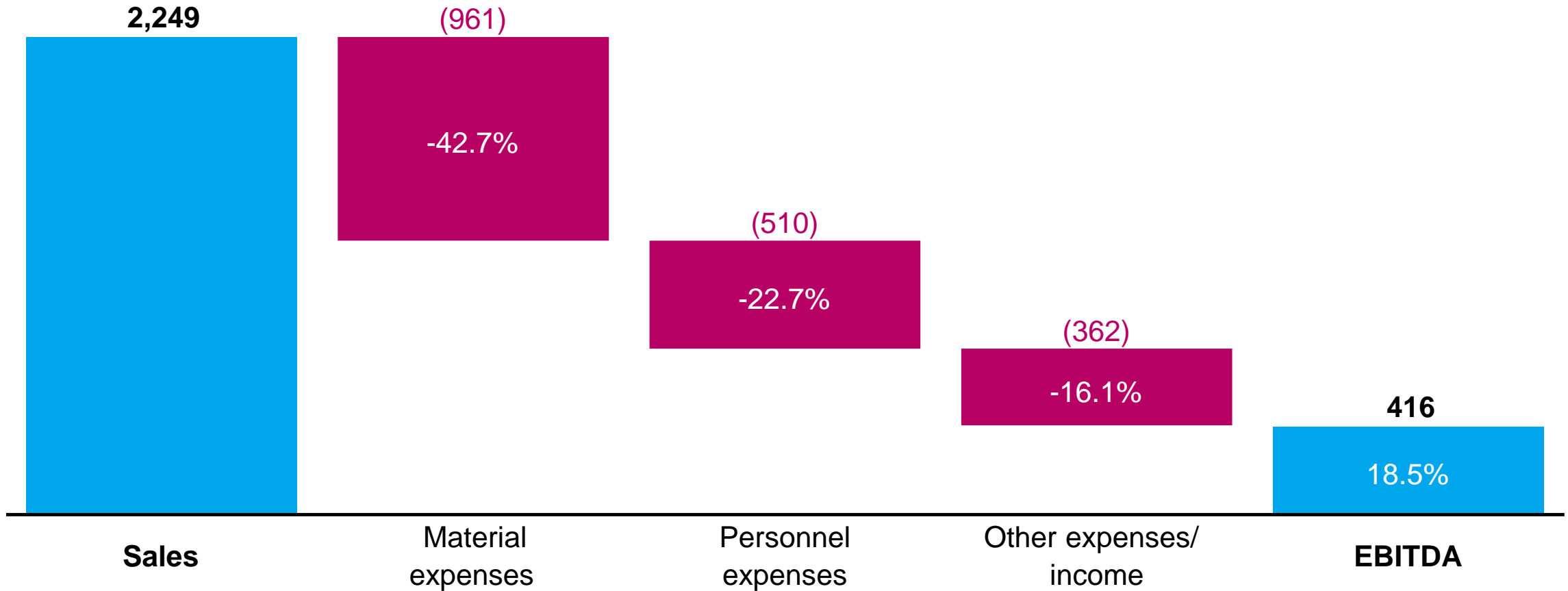
	2018	% of Sales	2019	% of Sales	Δ%
<b>Sales</b>	<b>2,307</b>	<b>100.0</b>	<b>2,249</b>	<b>100.0</b>	<b>(2.5)</b>
Material expenses	(1,010)	(43.8)	(961)	(42.7)	4.8
Production expenses	(454)	(19.7)	(464)	(20.6)	(2.2)
<b>Gross profit</b>	<b>844</b>	<b>36.6</b>	<b>824</b>	<b>36.6</b>	<b>(2.3)</b>
Selling & 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)
<b>Operating income (EBIT)</b>	<b>296</b>	<b>12.8</b>	<b>262</b>	<b>11.7</b>	<b>(11.2)</b>
Financial result <sup>(a)</sup>	(32)	(1.4)	(31)	(1.4)	1.5
<b>Earnings before taxes (EBT)</b>	<b>264</b>	<b>11.4</b>	<b>231</b>	<b>10.3</b>	<b>(12.4)</b>
Income tax <sup>(b)</sup>	(77)	(26.7)	(62)	(23.0)	19.3
<b>Net income (EAT)</b>	<b>187</b>	<b>8.1</b>	<b>169</b>	<b>7.5</b>	<b>(9.6)</b>

(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

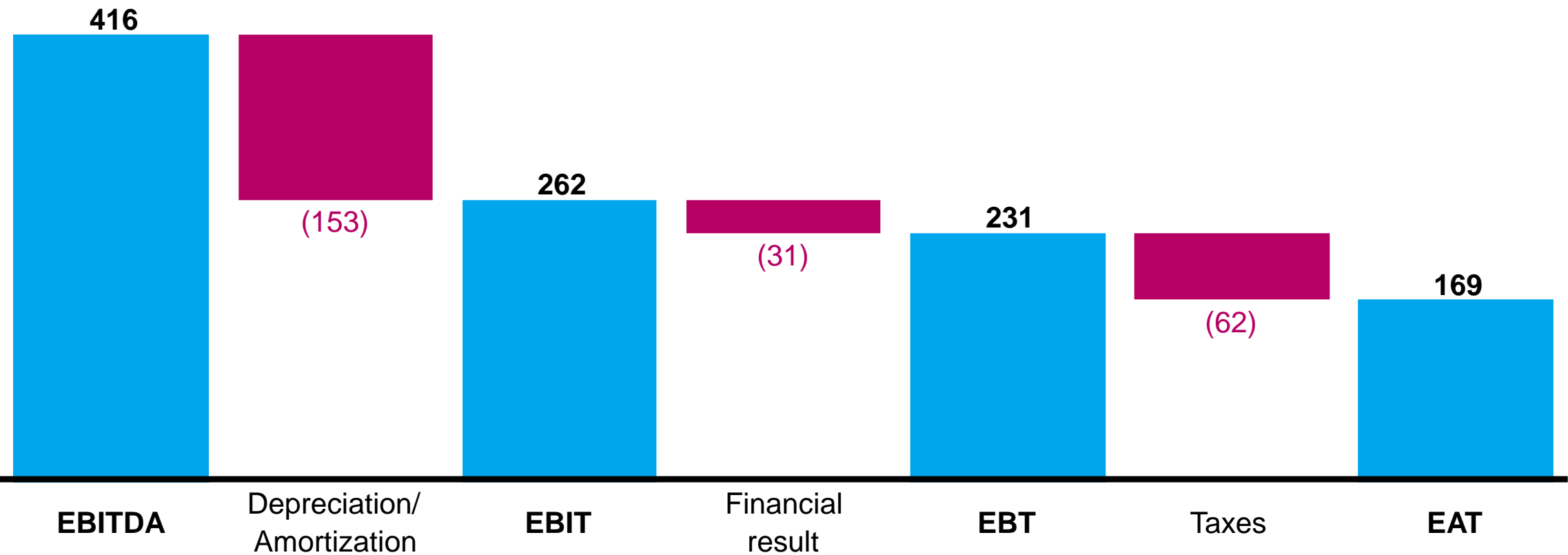
in € million



Structure figures as a percentage of sales

# Details on Earnings

in € million



# Cash Flow Statement

in € million

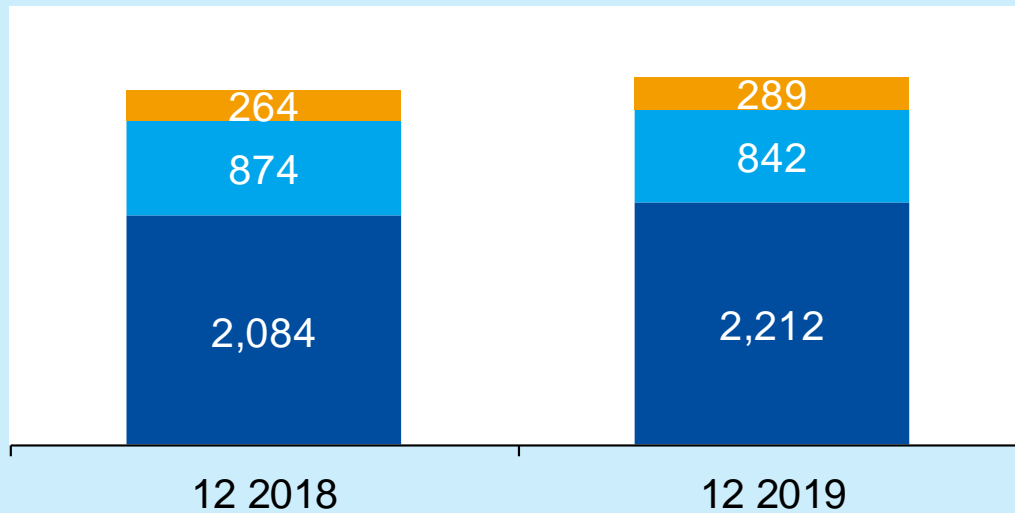
	2018	2019
<b>Net income</b>	<b>187</b>	<b>169</b>
Amortization, depreciation, and impairment on intangible and tangible assets	135	153
Change in net working capital	(49)	22
Income taxes	2	(12)
Change in provisions and other	22	55
<b>Cash flow from operating activities</b>	<b>296</b>	<b>386</b>
Investments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



# Balance Sheet

in € million

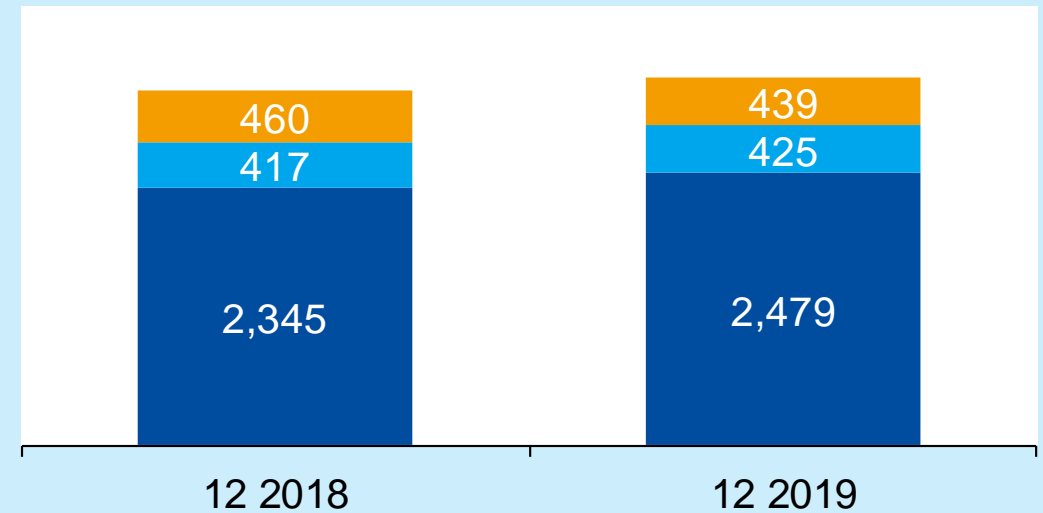
## Assets



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

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

## Shareholders' Equity and Liabilities



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

**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)
<b>Net financial position</b>	<b>125</b>	<b>198</b>
Employee benefit obligations	(220)	(256)
<b>Net debt (-) / Net financial assets (+)</b>	<b>(96)</b>	<b>(58)</b>

→ 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
<b>Return on capital employed (ROCE)</b>	<b>9.4%</b>	<b>8.8%</b>
Weighted cost of capital	8.0%	8.0%
ALTANA Value Added (%)	1.4%	0.8%
<b>ALTANA Value Added (abs.)</b>	<b>38</b>	<b>22</b>

→ 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 CO<sub>2</sub> impact from production and energy procurement to zero worldwide

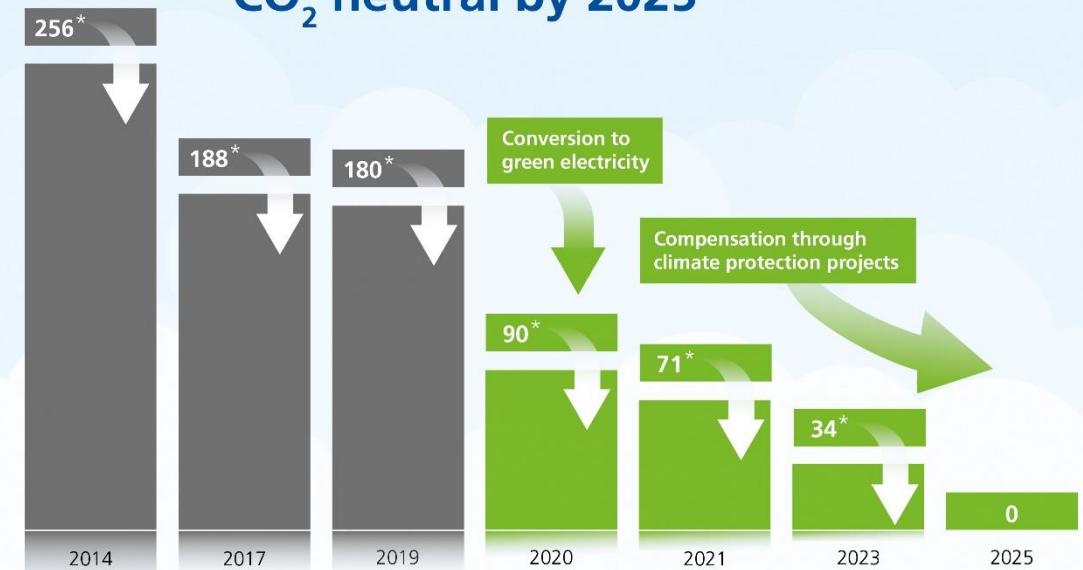


Complete conversion to green electricity already in 2020



Call for significant strengthening of renewable energies

ALTANA to be  
CO<sub>2</sub> neutral by 2025



The graph shows the neutralization of CO<sub>2</sub> emissions from production and energy consumption (Scope 1 + 2). In addition, ALTANA will offset the CO<sub>2</sub> 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.

Forward-looking statements speak only as of the date they are made. ALTANA does not intend and does not assume any obligation to update forward-looking statements to reflect facts, circumstances or events that have occurred or changed after such statements have been made.