

Full Year 2018 Results

ALTANA AG Annual Press Conference
Düsseldorf, March 15, 2019



Agenda

Overview and Outlook

Martin Babilas, CEO

Financials

Stefan Genten, Member of the Management Board

Q&A

Welcome Address

Dr. Sebastian Heindrichs

ALTANA 2018 – Overview

Presented by
Martin Babilas
CEO

A close-up, low-angle shot of the ALTANA logo mounted on a light-colored building facade. The logo consists of a blue circular icon with a white stylized 'O' inside, followed by the word 'ALTANA' in bold, blue, sans-serif capital letters. The building's edge and a blue sky are visible in the background.

2018 Results

ALTANA grows in a challenging environment

Sales amount to **€2,307 million**

Operating growth of **4 %**, sales and growth targets reached

EBITDA reaches **€431 million**

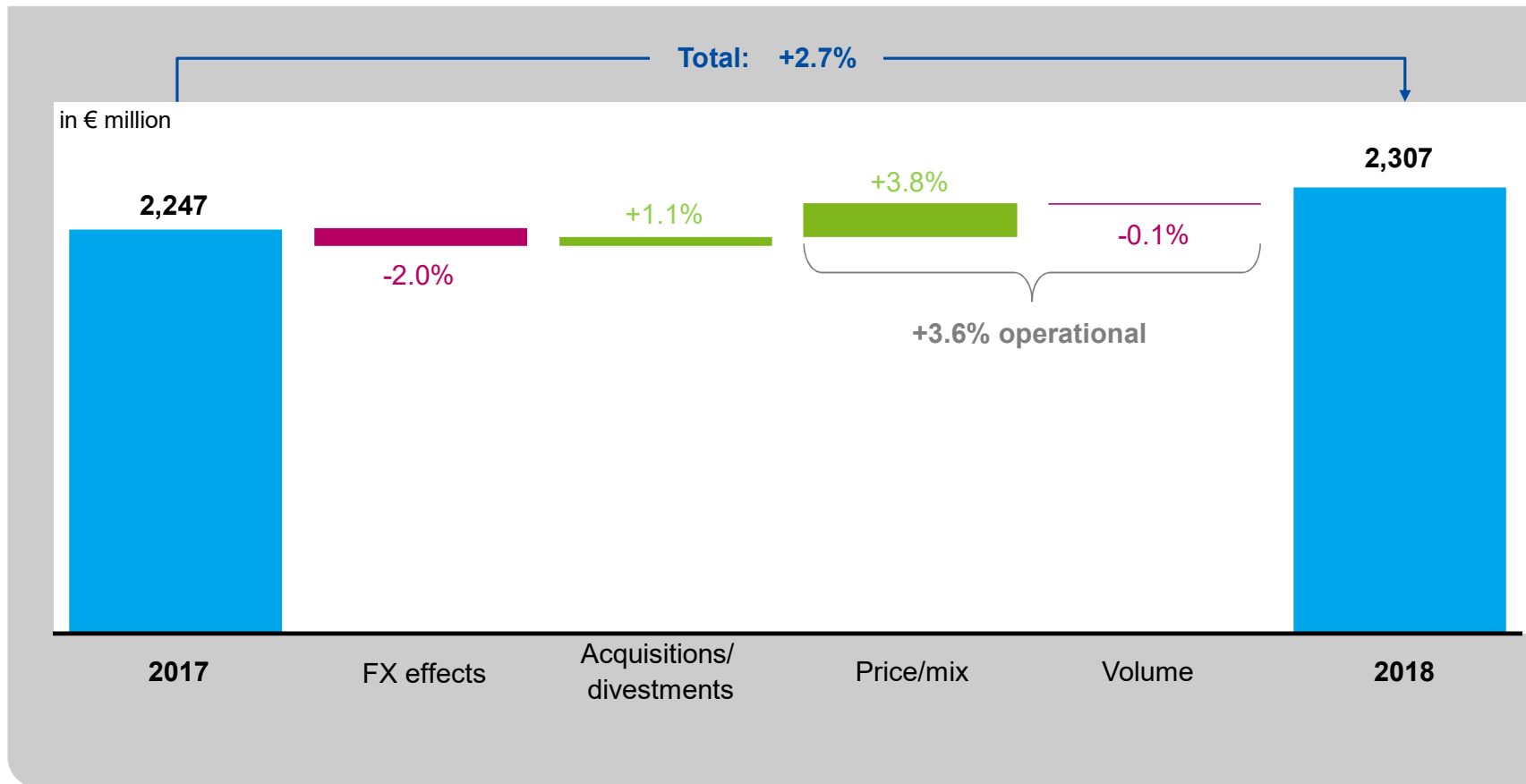
EBITDA margin of **18.7 %** still at a high level within the long-term target range

Investment ratio of **8 %** at record level

**On track for sustainable
profitable growth**






Sales: Growth Components

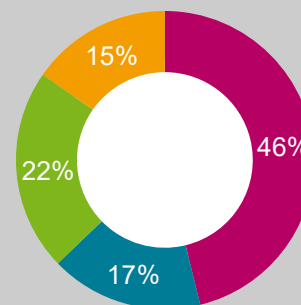
Positive effects from acquisitions and prices



Sales by Division

ALTANA remains on growth path

in € million		2017	2018	Δ	Δ op.*
	BYK	1,030	1,066	3%	4%
	ECKART	385	383	(1%)	1%
	ELANTAS	489	507	4%	4%
	ACTEGA	343	353	3%	6%
	ALTANA	2,247	2,307	3%	4%



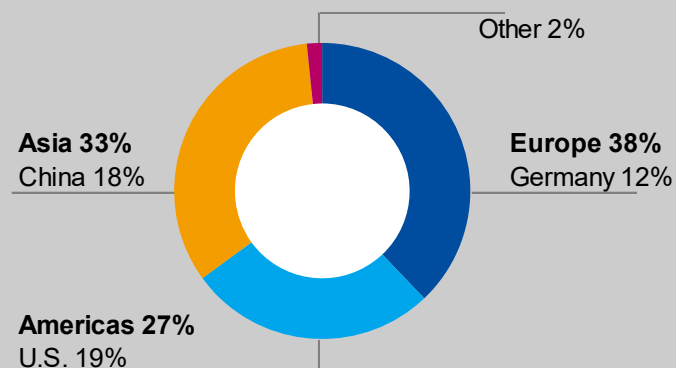
* adjusted for acquisition and divestment as well as exchange-rate effects

Sales by Region

Growth driver again Asia and China

in € million

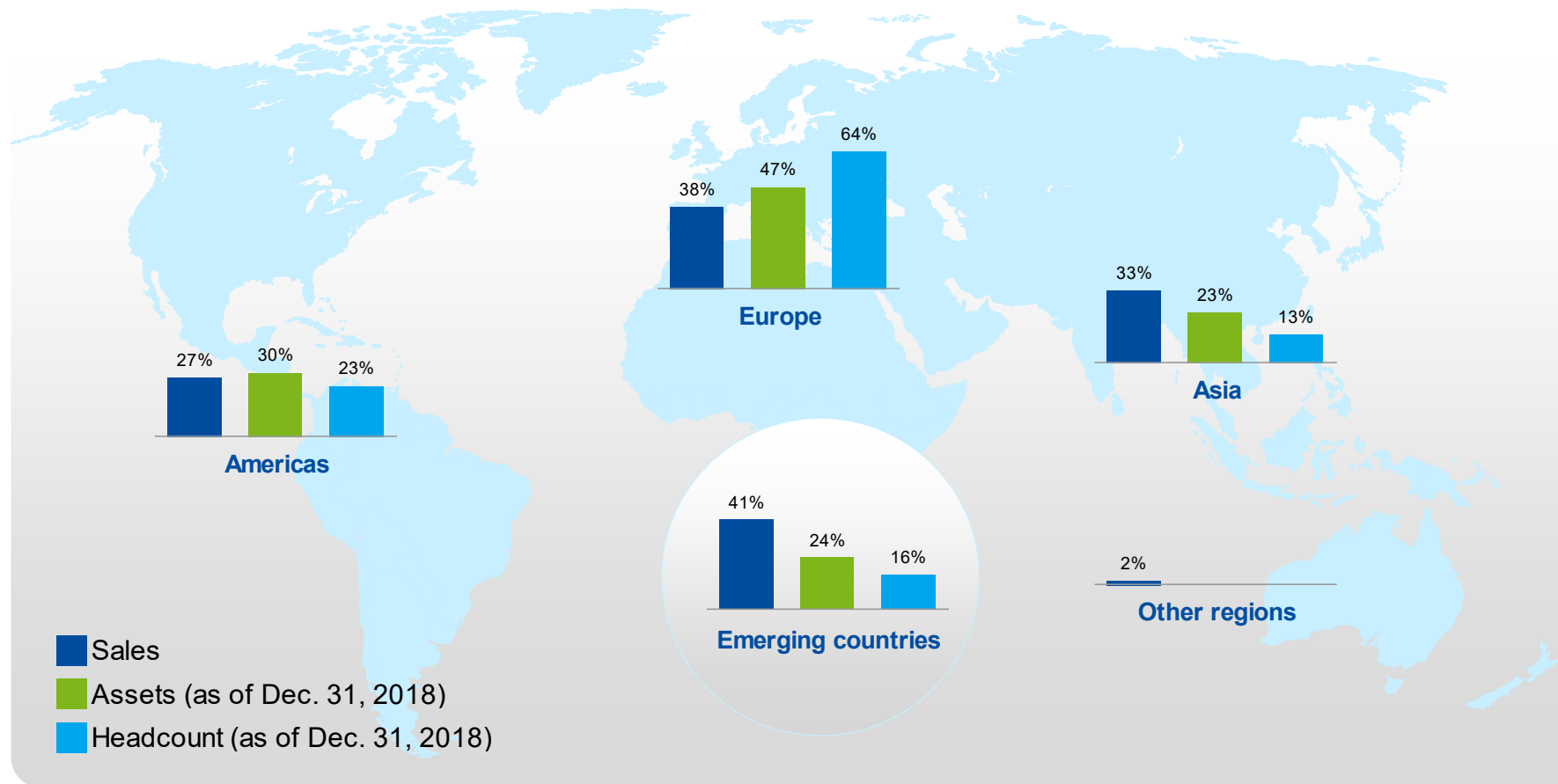
	2017	2018	Δ	Δ op.*
Europe	852	875	3%	2%
<i>thereof Germany</i>	276	273	(1%)	(1%)
Americas	624	624	0%	3%
<i>thereof U.S.</i>	436	435	(0%)	2%
Asia	733	769	5%	6%
<i>thereof China</i>	399	421	6%	5%
Other regions	38	39	3%	3%
ALTANA Group	2,247	2,307	3%	4%



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

Balanced Geographic Profile

Business in established and emerging markets



Investments in the Expansion of Future Markets

Site expansion in the U.S., Germany, and China



BYK Gonzales, Texas



- Rheology additives capacity expansion
- New R&D center with global competence hub for rheology additives
- Better supply capability, flexibility in production, stronger position in organoclays
- Investments: 50 million \$



ACTEGA DS, Bremen

- Capacity expansion for closure compounds
- Site expanded into an innovation center for the introduction of new technologies
- Investments of € 20 million



BYK in China



Shanghai Chemical Industry Park:

- Build up of integrated site (R&D, technical customer service, logistics, administration)
- Development of country-specific products with customers in the region
- Faster market entry

Tongling:

- Production capacity quadrupled

Overall € 50 million investment in the Chinese growth market / Region Asia/Pacific

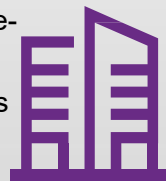
R&D Infrastructure Strengthened

Global investments in laboratories and equipment



Laboratory building A3 in Wesel: thorough modernization

- Cutting-edge laboratory equipment and building technology
- Energy-efficient state-of-the-art building
- New fire-protection features
- Investment: € 3 million



Laboratory building in Grevenbroich: customer technology center for even closer cooperation with clients

- Lab space doubled to 5,700 square meters at ACTEGA Rhenania
- Merging of F&E, quality control
- Investment: € 10 million

Innovation center in Pune, India establishment of a cutting-edge innovation hub

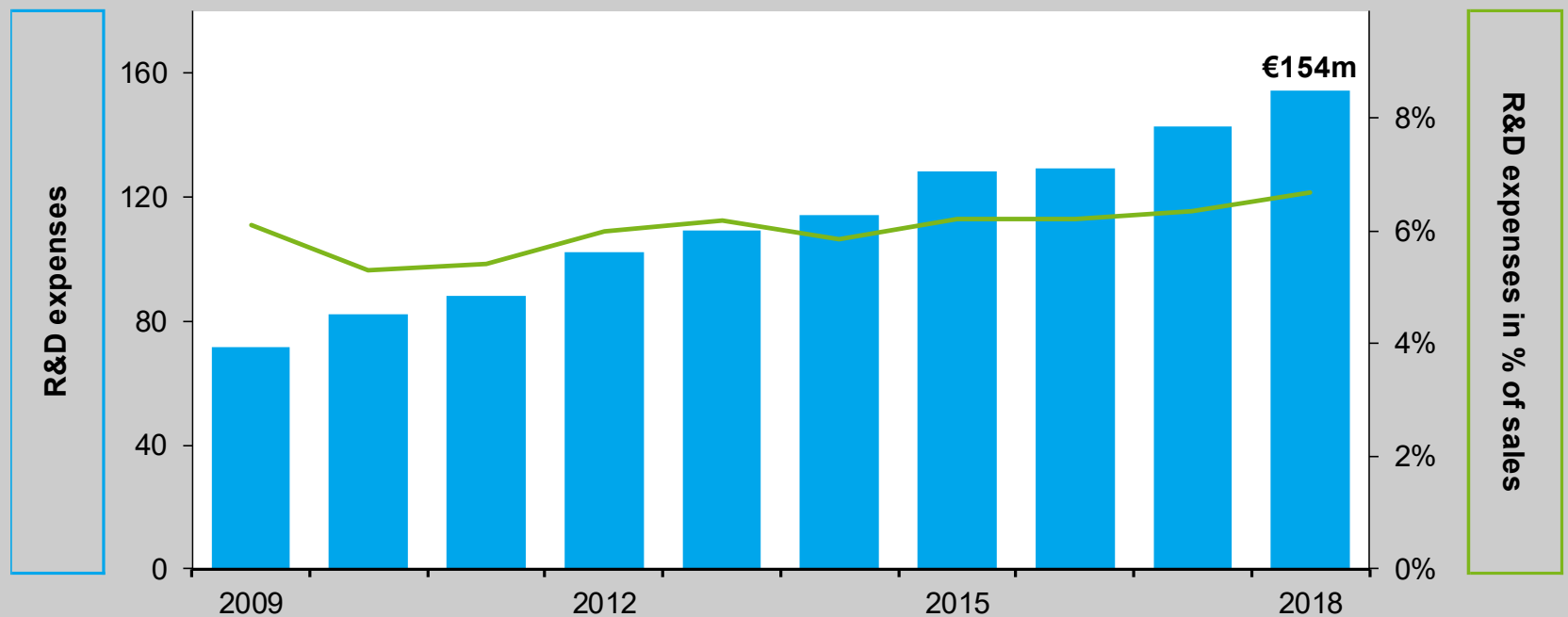


- Lab for chemical syntheses, analysis, and application/process development
- High-tech coating facility
- Joint usage by ELANTAS Beck India and BYK India
- “Innovating for our customers”: fast, flexible development of solutions together with customers
- Investment: € 1.5 million

Investments in Research & Development

7 % of sales invested in R&D

in € million



One in six employees works in research and development.

Future-Oriented Solutions for Products Used in Everyday Life

Innovative chemistry solutions for our customers

BYK

Hydrophilic additives



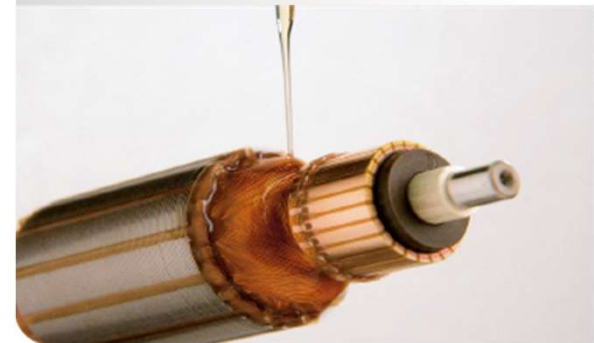
ECKART

EDELSTEIN Topaz Orange



ELANTAS

Resins



ELANTAS

E-mobility



ECKART

METALURE® Liquid Black



ACTEGA

Provalin



Future Market Digital Printing

Positioned for dynamic growth through targeted equity participations

Landa Digital Printing

- Groundbreaking digital printing technology from Landa
- Global market access in 2019
- Further growth potential in the flexible packaging segment
- Participation in the Israeli digital printing company Landa Digital Printing



Velox

- Highly innovative digital printing technology
- “Direct to shape” process for printing packaging made of all kinds of materials
- High printing speed and excellent quality
- From individual to industrial series manufacture
- Participation in Israeli industrial digital printing company Velox

ALTANA 2018 – Financials

Presented by
Stefan Genten
Member of the Management Board

A close-up photograph of the ALTANA logo mounted on a light-colored building facade. The logo consists of a blue circular icon with a white stylized 'A' inside, followed by the word 'ALTANA' in bold, blue, sans-serif capital letters. The building's architecture features sharp angles and a blue sky is visible in the background.

Income Statement

in € million	2017	% of Sales	2018	% of Sales	Δ%
Sales	2,247	100.0	2,307	100.0	2.7
Material expenses	(932)	(41.5)	(1,010)	(43.8)	(8.3)
Production expenses	(439)	(19.6)	(454)	(19.7)	(3.3)
Gross profit	875	39.0	844	36.6	(3.6)
Selling & distribution expenses	(289)	(12.8)	(291)	(12.6)	(0.9)
R&D expenses	(142)	(6.3)	(154)	(6.7)	(8.2)
General administration expenses	(118)	(5.3)	(109)	(4.7)	8.4
Other operating income/expenses	10	0.5	6	0.3	(41.7)
Operating income (EBIT)	336	14.9	296	12.8	(12.0)
Financial result ^(a)	(30)	(1.3)	(32)	(1.4)	(6.0)
Earnings before taxes (EBT)	306	13.6	264	11.4	(13.7)
Income tax ^(b)	(71)	(21.8)	(77)	(26.7)	(8.0)
Net income (EAT)	235	10.4	187	8.1	(20.3)

(a) incl. result from at equity accounted companies

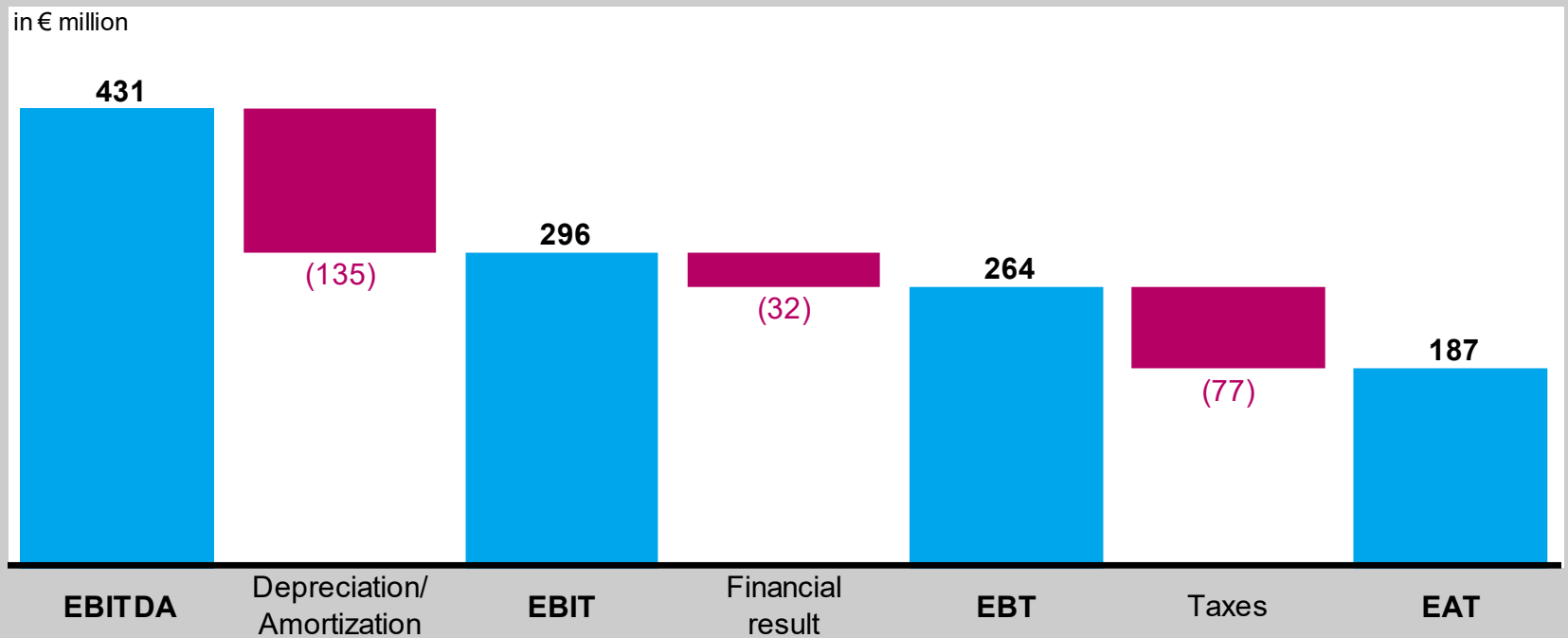
(b) Ratio as % of EBT without result from at equity accounted companies (tax rate)

Major Cost Items



Structure figures as a percentage of sales

Details on Earnings



Cash Flow Statement

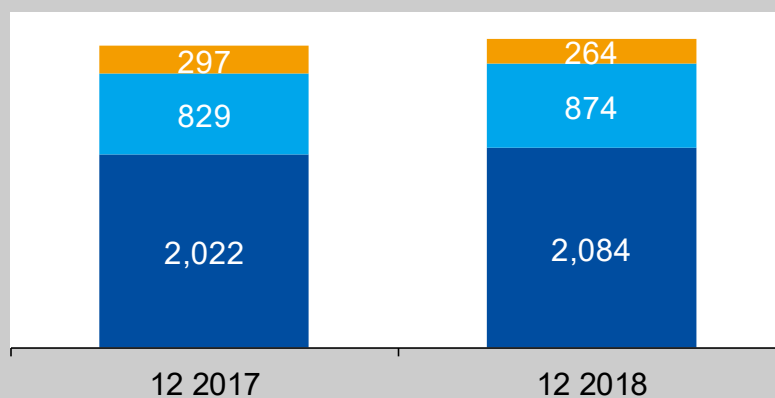
in € million

	2017	2018
Net income	235	187
Amortization, depreciation, and impairment on intangible and tangible assets	134	135
Change in net working capital	(48)	(49)
Change in provisions and other	(18)	24
Cash flow from operating activities	302	296
Investments in intangible and tangible assets	(188)	(187)
Other	1	6
Cash flow from ordinary investing activities	(187)	(181)
Ordinary free cash flow	115	115
Acquisitions	(141)	(3)
Change from marketable securities and financial assets	2	(11)
Free cash flow	(23)	101

Balance Sheet

in € million

Assets

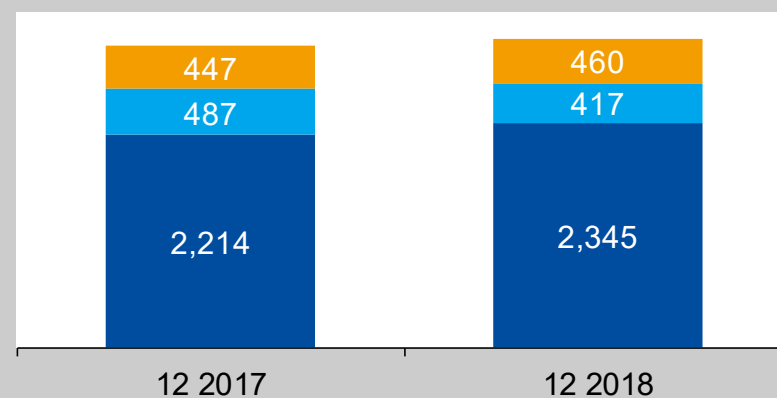


- Cash and cash equivalents (incl. marketable securities)
- Other current assets
- Non-current assets

Total Assets (€m)

Dec. 31, 2018: 3,222
 Dec. 31, 2017: 3,148
 Change: **+2%**

Shareholders' Equity and Liabilities



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

Equity Ratio

Dec. 31, 2018: 73%
 Dec. 31, 2017: 70%

Financing Structure

in € million

	2017	2018
Cash and cash equivalents (incl. marketable securities)	350	270
Promissory note loans	(192)	(128)
Other financial liabilities	(12)	(18)
Net financial position	146	125
Employee benefit obligations	(224)	(220)
Net debt (-) / Net financial assets (+)	(78)	(96)

→ Significant financial strength enables strong investments in further growth.

Value Management

in € million

	2017	2018
Operating capital (annual average)	2,510	2,763
Operating earnings (after tax)	285	259
Return on capital employed (ROCE)	11.3%	9.4%
Weighted cost of capital	8.0%	8.0%
ALTANA Value Added (%)	3.3%	1.4%
ALTANA Value Added (abs.)	84	38

→ Despite of high investments in the future significant added value and high return on capital employed also in 2019.

ALTANA – Outlook 2019

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 2019



ALTANA

- Progressing global economic slow-down
- Moderate sales volume development
- Operating sales growth between 1 % and 5 %
- EBITDA margin remains in the long-term target range of 18 % to 20 %
- High market uncertainty, due among other things to trade conflicts, and exchange rates can further influence

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

ACTEGA
Coatings & Sealants

Thank you for your attention

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ALTANA

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