

| | | | |
|--|--|---|--|
| Buy EUR 51.00 (EUR 40.00) Price EUR 40.30 Upside 26.6 % | Value Indicators: EUR DCF: 51.25 FCF-Value Potential 24-26: 51.96 SotP 24: 48.38 | Warburg ESG Risk Score: 2.7 ESG Score (MSCI based): 3.0 Balance Sheet Score: 4.0 Market Liquidity Score: 1.0 | Description: Alzchem is an integrated specialty chemicals provider |
| | Market Snapshot: EUR m Market cap: 410.1 No. of shares (m): 10.2 EV: 540.4 Freefloat MC: 193.1 Ø Trad. Vol. (30d): 470.58 th | Shareholders: Freefloat 47.08 % LIVIA Corporate Dev. SE 25.13 % for two na GmbH 15.05 % HDI Vier CE GmbH 12.74 % | Key Figures (WRe): 2024e Beta: 1.5 Price / Book: 2.1 x Equity Ratio: 43 % Net Fin. Debt / EBITDA: 0.3 x Net Debt / EBITDA: 1.5 x |

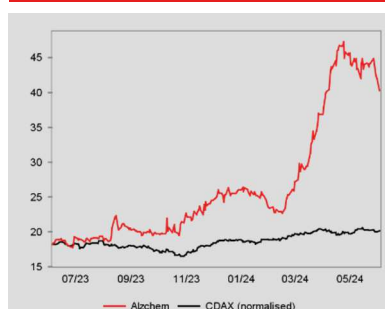
Major capex programme for Specialty Chemicals

Q1 sales were mostly flat yoy at EUR 150.1m. In contrast, EBITDA increased to EUR 24.9m (+31.7%), mostly thanks to positive mix-effects. Thus, the EBITDA margin jumped from 12.6% to 16.5%. Once again, the favourable development was driven by the Specialty Chemicals segment while the results in Basic & Intermediates remained challenging. This marks a continuation of trends that already became visible in FY 2023. In **Specialty Chemicals**, sales increased by 8.4% yoy to EUR 93.0m. In parallel, EBITDA jumped by 41.6% to EUR 22.7m. This was driven by strong demand and higher availability of production capacity following past expansions, especially for the three product groups, human and animal nutrition (Creamino®, Creapure®) and products for the defence sector (guanidine salts). As a consequence of ongoing favourable demand, the company started to implement further capacity increases. There was also a reversal of last year's negative sales trend for DYHARD® and Bioselect®. In **Basic & Intermediates**, sales declined -14.0% yoy to EUR 49.3m and EBITDA shrank by -35.2% to EUR 1.8m, triggered by price declines which resulted from lower input costs as well as sluggish demand. Metallurgical volumes in particular were adversely affected by the dire situation in the European steel industry. The EBITDA decline, however, was mainly attributable to lower NITRALZ® volumes as competition, especially from Asia, has increased yoy. Sales in the **Other & Holding** segment increased to 6.7% yoy to EUR 7.8m as higher costs were passed through. The favourable operational performance led to an EBITDA-increase of 13.1% to EUR 0.5m. EPS jumped 58.4% to EUR 1.20. FCF was EUR 26.6m in Q1 2024, miles ahead of the EUR 5.4m of Q1 2023. Hence it did not come as any surprise that net financial debt declined from EUR 80.1m in Q1 2023 to EUR 19.8m in Q1 2024. The company reiterated its FY 2024 guidance for EBITDA of ca. EUR 90m.

Alzchem is earmarked to receive an investment grant of EUR 34.4m from the EU as a part of the EUR 500m ASAP (Act in Support of Ammunition Production). Alzchem is expecting the final agreement in that regard by Q2 2024. It is slated to finance a replacement and expansion of nitroguanidine nitrate production capacity, which is a precursor for nitroguanidine production. WRe assumes the total cash-out for the project to be EUR 75m over the next 2.5 years. In our view, this investment is likely to be followed by additional investments in nitroguanidine and guanidine salt production at Alzchem to increase production volumes along the complete value chain. Whether this will turn out to be a building-block of the company's planned expansion to North America, as repeatedly alluded to since 2023, or whether it will be realized at its existing German sites is difficult to assess. We expect more news-flow in that regard over the coming quarters.

Based on our revised earnings estimates, we reiterate our Buy recommendation and hike our PT to EUR 51 (based on a DCF calculation).

| Changes in Estimates: | | | | Comment on Changes: | | | |
|-------------------------|-------------|--------|-------------|---------------------|-------------|-------|--|
| FY End: 31.12. in EUR m | 2024e (old) | + / - | 2025e (old) | + / - | 2026e (old) | + / - | |
| Sales | 562.8 | 1.5 % | 580.6 | 2.8 % | n.a. | n.m. | <ul style="list-style-type: none"> Changes in estimates reflect a favourable start to the year based on strong demand for the flagship products of the Specialty Chemicals segment. This trend is expected to continue not only in FY 2024 but also to spill over to the following fiscal years. Given the rather long lead-times for the planned expansions in guanidine nitrate production, we expect respective sales and earnings contributions to only have a sizeable impact from FY 2026 onwards. |
| EBIT | 57.0 | 12.0 % | 61.4 | 6.2 % | n.a. | n.m. | |
| EPS | 3.71 | 9.6 % | 4.09 | 3.8 % | n.a. | n.m. | |
| DPS | 1.15 | 13.0 % | 1.25 | 12.0 % | n.a. | n.m. | |
| Net Debt | 137.5 | -3.0 % | 128.8 | 11.0 % | n.a. | n.m. | |

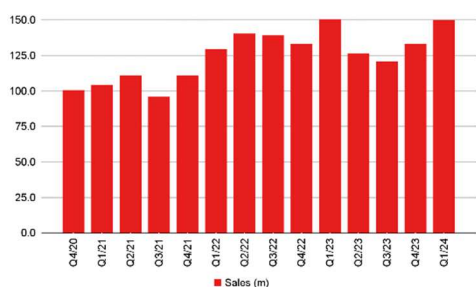


| Rel. Performance vs CDAX: | |
|---------------------------|---------|
| 1 month: | -9.6 % |
| 6 months: | 52.6 % |
| Year to date: | 48.1 % |
| Trailing 12 months: | 105.3 % |

| Company events: | |
|-----------------|----|
| 01.08.24 | Q2 |
| 07.11.24 | Q3 |

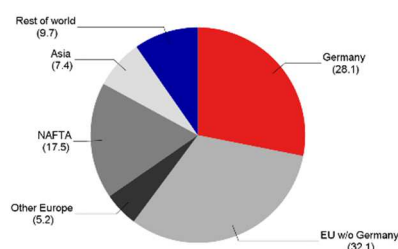
| FY End: 31.12. in EUR m | CAGR (23-26e) | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|-------------------------|---------------|--|--------|---------|--------|--------|--------|--------|
| Sales | 4.9 % | 379.3 | 422.3 | 542.2 | 540.6 | 571.5 | 596.9 | 623.7 |
| Change Sales yoy | | 0.8 % | 11.3 % | 28.4 % | -0.3 % | 5.7 % | 4.4 % | 4.5 % |
| Gross profit margin | | 64.4 % | 62.0 % | 50.8 % | 57.7 % | 58.1 % | 58.0 % | 58.1 % |
| EBITDA | 7.5 % | 53.8 | 62.0 | 61.4 | 81.4 | 91.1 | 95.5 | 101.0 |
| Margin | | 14.2 % | 14.7 % | 11.3 % | 15.1 % | 15.9 % | 16.0 % | 16.2 % |
| EBIT | 7.0 % | 30.7 | 37.6 | 35.9 | 55.5 | 63.8 | 65.2 | 68.0 |
| Margin | | 8.1 % | 8.9 % | 6.6 % | 10.3 % | 11.2 % | 10.9 % | 10.9 % |
| Net income | 8.9 % | 19.7 | 27.6 | 30.1 | 34.6 | 41.4 | 43.2 | 44.8 |
| EPS | 8.9 % | 1.94 | 2.72 | 2.96 | 3.40 | 4.07 | 4.25 | 4.40 |
| EPS adj. | 8.9 % | 1.94 | 2.72 | 2.96 | 3.40 | 4.07 | 4.25 | 4.40 |
| DPS | 7.7 % | 0.77 | 1.00 | 1.05 | 1.20 | 1.30 | 1.40 | 1.50 |
| Dividend Yield | | 3.9 % | 4.1 % | 5.3 % | 6.0 % | 3.2 % | 3.5 % | 3.7 % |
| FCFPS | | 1.95 | 1.43 | -3.23 | 5.12 | 2.72 | 0.59 | 1.14 |
| FCF / Market cap | | 9.9 % | 5.9 % | -16.3 % | 25.5 % | 6.8 % | 1.5 % | 2.8 % |
| EV / Sales | | 1.0 x | 1.0 x | 0.7 x | 0.6 x | 0.9 x | 0.9 x | 0.9 x |
| EV / EBITDA | | 7.2 x | 6.9 x | 6.1 x | 4.3 x | 5.9 x | 5.6 x | 5.4 x |
| EV / EBIT | | 12.6 x | 11.3 x | 10.5 x | 6.3 x | 8.5 x | 8.3 x | 8.0 x |
| P / E | | 10.2 x | 8.9 x | 6.7 x | 5.9 x | 9.9 x | 9.5 x | 9.2 x |
| P / E adj. | | 10.2 x | 8.9 x | 6.7 x | 5.9 x | 9.9 x | 9.5 x | 9.2 x |
| FCF Potential Yield | | 7.9 % | 9.1 % | 11.5 % | 14.5 % | 10.6 % | 11.1 % | 11.7 % |
| Net Debt | | 185.4 | 179.8 | 174.8 | 145.9 | 133.3 | 143.0 | 148.0 |
| ROCE (NOPAT) | | 8.9 % | 10.9 % | 8.9 % | 12.7 % | 14.5 % | 13.6 % | 12.8 % |
| Guidance: | | FY 2024: EBITDA growing to ca. EUR 90m | | | | | | |

Sales development
in EUR m



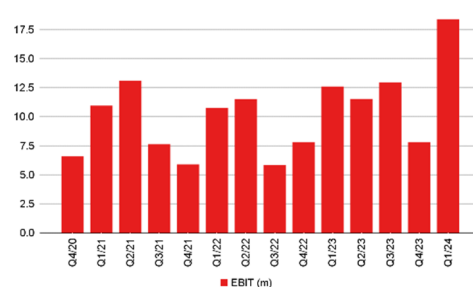
Source: Warburg Research

Sales by regions
2023; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

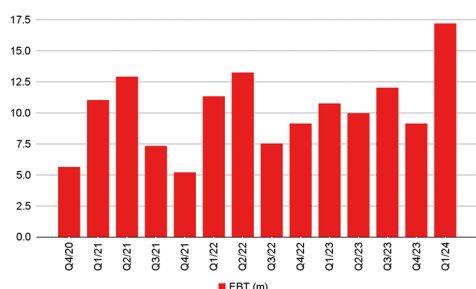
Company Background

- Alzchem goes back to the Bayerische Stickstoff-Werke GmbH (1908), which built a large calcium carbide and calcium cyanamide plant on the river Alz
- In 1939, Bayerische Kraftwerk AG and Donauwerke AG merged to form Süddeutsche Kalkstickstoffe AG, based in Trostberg. In 1978 company's name was changed to SKW Trostberg AG
- Merger of Degussa Hüls AG with Trostberg AG to form Degussa AG in 2000. Merger of the Alz locations Trostberg, Schalchen, Hart and Waldkraiburg into AlzChem Holding GmbH in 2006
- Takeover by bluO in 2009, conversion to Alzchem AG 2011. In 2019 the company heavily invested in the area of feed additives with the construction of a dedicated CreAMINO® production facility
- Alzchem is brought into the listed Alzchem Group AG (formerly Softmatic AG). Alzchem Group AG is the new parent company of the Alzchem Group. 2019 Commissioning of investment projects CreAMINO® and Nitrile

Competitive Quality

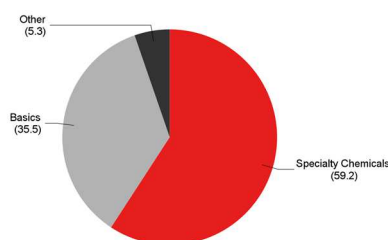
- Alzchem is a globally active, vertically integrated manufacturer of various chemical products of the calcium carbide/calcium cyanamide chain with a strategic focus on growth in the Specialty Chemicals business segment
- Alzchem's integrated manufacturing "Verbund" system enables efficiency gains in production. The company is the global leader or among the leading companies in its chosen fields of activity
- The company has four production facilities in Germany and one in Sweden that are complemented by two marketing companies in the US and in China allowing for global distribution of its products
- The company is benefiting from megatrends like sustainable energy production, population growth and increase in aging population. Its products offer attractive solutions that meet demand growth.
- Alzchem provides a highly diversified product portfolio ranging e.g. from dietary supplements, plant growth regulators to precursors for corona testing, thus addressing a wide range of customer industries

EBT development
in EUR m



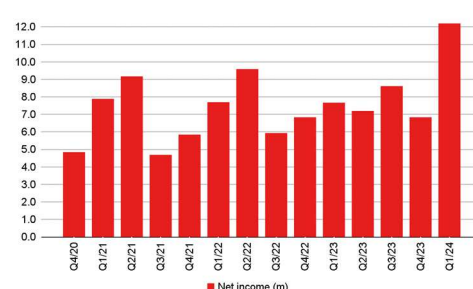
Source: Warburg Research

Sales by segments
2023; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

| Figures in EUR m | Detailed forecast period | | | Transitional period | | | | | | | | | | Term. Value |
|-----------------------------|--------------------------|--------|--------|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------|
| | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | 2034e | 2035e | 2036e | |
| Sales | 571.5 | 596.9 | 623.7 | 650.5 | 677.9 | 705.7 | 733.9 | 762.5 | 791.5 | 820.0 | 847.9 | 875.0 | 901.2 | 1.0 % |
| Sales change | 5.7 % | 4.4 % | 4.5 % | 4.3 % | 4.2 % | 4.1 % | 4.0 % | 3.9 % | 3.8 % | 3.6 % | 3.4 % | 3.2 % | 3.0 % | |
| EBIT | 63.8 | 65.2 | 68.0 | 75.5 | 78.0 | 80.5 | 83.0 | 85.5 | 87.9 | 91.1 | 93.4 | 95.5 | 97.4 | 10.8 % |
| EBIT-margin | 11.2 % | 10.9 % | 10.9 % | 11.6 % | 11.5 % | 11.4 % | 11.3 % | 11.2 % | 11.1 % | 11.1 % | 11.0 % | 10.9 % | 10.8 % | |
| Tax rate (EBT) | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 70.1 |
| NOPAT | 45.9 | 46.9 | 48.9 | 54.4 | 56.2 | 58.0 | 59.8 | 61.5 | 63.3 | 65.6 | 67.2 | 68.7 | 70.1 | |
| Depreciation | 27.3 | 30.3 | 33.0 | 35.1 | 37.2 | 39.4 | 41.0 | 42.6 | 44.2 | 45.0 | 46.5 | 48.0 | 49.5 | 5.5 % |
| in % of Sales | 4.8 % | 5.1 % | 5.3 % | 5.4 % | 5.5 % | 5.6 % | 5.6 % | 5.6 % | 5.6 % | 5.5 % | 5.5 % | 5.5 % | 5.5 % | |
| Changes in provisions | 2.9 | 2.3 | 2.4 | 4.6 | 4.7 | 4.8 | 4.9 | 4.9 | 5.0 | 4.9 | 4.8 | 4.7 | 4.5 | 7.2 |
| Change in Liquidity from | | | | | | | | | | | | | | |
| - Working Capital | 6.6 | 7.4 | 5.7 | 7.3 | 7.5 | 7.6 | 7.7 | 7.8 | 7.9 | 7.8 | 7.6 | 7.4 | 7.2 | 45.1 |
| - Capex | 37.0 | 52.0 | 52.0 | 38.4 | 39.3 | 40.2 | 40.4 | 40.4 | 40.4 | 41.0 | 42.4 | 43.7 | 45.1 | |
| Capex in % of Sales | 6.5 % | 8.7 % | 8.3 % | 5.9 % | 5.8 % | 5.7 % | 5.5 % | 5.3 % | 5.1 % | 5.0 % | 5.0 % | 5.0 % | 5.0 % | 0.0 |
| - Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Free Cash Flow (WACC Model) | 32.5 | 20.2 | 26.6 | 48.4 | 51.3 | 54.4 | 57.6 | 60.9 | 64.3 | 66.7 | 68.6 | 70.3 | 71.9 | 71 |
| PV of FCF | 31.1 | 17.7 | 21.4 | 35.6 | 34.6 | 33.6 | 32.6 | 31.6 | 30.5 | 29.0 | 27.3 | 25.7 | 24.1 | 292 |
| share of PVs | 10.53 % | | | 45.65 % | | | | | | | | | | 43.81 % |

Model parameter

| | | | |
|--------------------------|---------------|---------------------|-------------|
| Derivation of WACC: | | Derivation of Beta: | |
| Debt ratio | 25.00 % | Financial Strength | 1.50 |
| Cost of debt (after tax) | 3.6 % | Liquidity (share) | 2.00 |
| Market return | 8.25 % | Cyclicality | 1.00 |
| Risk free rate | 2.75 % | Transparency | 1.50 |
| | | Others | 1.50 |
| WACC | 9.15 % | Beta | 1.50 |

Valuation (m)

| | | | |
|----------------------------|------------|------------------------------|--------------|
| Present values 2036e | 375 | | |
| Terminal Value | 292 | | |
| Financial liabilities | 57 | | |
| Pension liabilities | 100 | | |
| Hybrid capital | 0 | | |
| Minority interest | 2 | | |
| Market val. of investments | 0 | | |
| Liquidity | 12 | No. of shares (m) | 10.1 |
| Equity Value | 519 | Value per share (EUR) | 51.25 |

Sensitivity Value per Share (EUR)

| Beta | WACC | Terminal Growth | | | | | | | Beta | WACC | Delta EBIT-margin | | | | | | |
|------|--------|-----------------|--------|--------|--------|--------|--------|--------|------|--------|-------------------|---------|---------|---------|---------|---------|---------|
| | | 0.25 % | 0.50 % | 0.75 % | 1.00 % | 1.25 % | 1.50 % | 1.75 % | | | -0.8 pp | -0.5 pp | -0.3 pp | +0.0 pp | +0.3 pp | +0.5 pp | +0.8 pp |
| 1.74 | 10.2 % | 41.49 | 42.04 | 42.62 | 43.22 | 43.87 | 44.55 | 45.27 | 1.74 | 10.2 % | 38.89 | 40.33 | 41.78 | 43.22 | 44.67 | 46.12 | 47.56 |
| 1.62 | 9.7 % | 44.95 | 45.60 | 46.28 | 47.00 | 47.76 | 48.57 | 49.43 | 1.62 | 9.7 % | 42.40 | 43.93 | 45.47 | 47.00 | 48.53 | 50.06 | 51.60 |
| 1.56 | 9.4 % | 46.83 | 47.53 | 48.27 | 49.06 | 49.89 | 50.78 | 51.72 | 1.56 | 9.4 % | 44.32 | 45.90 | 47.48 | 49.06 | 50.64 | 52.22 | 53.80 |
| 1.50 | 9.2 % | 48.82 | 49.58 | 50.39 | 51.25 | 52.16 | 53.13 | 54.17 | 1.50 | 9.2 % | 46.35 | 47.99 | 49.62 | 51.25 | 52.88 | 54.51 | 56.14 |
| 1.44 | 8.9 % | 50.93 | 51.76 | 52.64 | 53.58 | 54.58 | 55.65 | 56.79 | 1.44 | 8.9 % | 48.53 | 50.21 | 51.90 | 53.58 | 55.27 | 56.95 | 58.64 |
| 1.38 | 8.7 % | 53.16 | 54.07 | 55.04 | 56.07 | 57.17 | 58.35 | 59.61 | 1.38 | 8.7 % | 50.84 | 52.59 | 54.33 | 56.07 | 57.81 | 59.56 | 61.30 |
| 1.26 | 8.2 % | 58.08 | 59.17 | 60.34 | 61.58 | 62.92 | 64.36 | 65.91 | 1.26 | 8.2 % | 55.97 | 57.84 | 59.71 | 61.58 | 63.45 | 65.33 | 67.20 |

- The beta value reflects the limited liquidity of the shares (free float 47.08%),
- In addition, transparency is reduced for structural reasons as Alzchem is positioned as a B2B company

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

| in EUR m | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e | |
|---|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Income before minorities | 19.9 | 27.8 | 30.2 | 34.8 | 41.6 | 43.4 | 44.9 | |
| + Depreciation + Amortisation | 23.1 | 24.5 | 25.5 | 25.9 | 27.3 | 30.3 | 33.0 | |
| - Net Interest Income | -2.1 | -1.5 | -2.5 | -5.5 | -4.1 | -2.9 | -3.5 | |
| - Maintenance Capex | 14.7 | 14.8 | 15.1 | 15.4 | 15.9 | 17.2 | 17.7 | |
| + Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| = Free Cash Flow Potential | 30.4 | 38.9 | 43.1 | 50.8 | 57.1 | 59.5 | 63.7 | |
| FCF Potential Yield (on market EV) | 7.9 % | 9.1 % | 11.5 % | 14.5 % | 10.6 % | 11.1 % | 11.7 % | |
| WACC | 9.15 % | 9.15 % | 9.15 % | 9.15 % | 9.15 % | 9.15 % | 9.15 % | |
| = Enterprise Value (EV) | 387.2 | 425.3 | 375.2 | 350.6 | 540.4 | 538.1 | 543.1 | |
| = Fair Enterprise Value | 332.2 | 425.0 | 471.2 | 554.8 | 624.4 | 650.3 | 696.5 | |
| - Net Debt (Cash) | 45.6 | 45.6 | 45.6 | 45.6 | 30.2 | 37.5 | 40.2 | |
| - Pension Liabilities | 100.3 | 100.3 | 100.3 | 100.3 | 103.2 | 105.5 | 107.8 | |
| - Other | 0.0 | 0.0 | 0.0 | 0.0 | -3.0 | -15.0 | -15.0 | |
| - Market value of minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| + Market value of investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| = Fair Market Capitalisation | 186.3 | 279.1 | 325.3 | 408.9 | 494.1 | 522.3 | 563.4 | |
| Number of shares, average | 10.2 | 10.1 | 10.1 | 10.2 | 10.2 | 10.2 | 10.2 | |
| = Fair value per share (EUR) | 18.30 | 27.53 | 32.10 | 40.18 | 48.55 | 51.33 | 55.37 | |
| premium (-) / discount (+) in % | | | | | 20.5 % | 27.4 % | 37.4 % | |
| Sensitivity Fair value per Share (EUR) | | | | | | | | |
| | 12.15 % | 10.28 | 17.18 | 20.62 | 26.82 | 33.53 | 35.69 | 38.62 |
| | 11.15 % | 12.50 | 20.01 | 23.76 | 30.52 | 37.70 | 40.03 | 43.26 |
| | 10.15 % | 15.15 | 23.40 | 27.52 | 34.95 | 42.68 | 45.21 | 48.82 |
| WACC | 9.15 % | 18.30 | 27.53 | 32.10 | 40.18 | 48.55 | 51.33 | 55.37 |
| | 8.15 % | 22.40 | 32.68 | 37.80 | 47.05 | 56.30 | 59.41 | 64.02 |
| | 7.15 % | 27.54 | 39.26 | 45.10 | 55.65 | 65.98 | 69.48 | 74.81 |
| | 6.15 % | 34.36 | 47.99 | 54.78 | 67.04 | 78.80 | 82.83 | 89.11 |

■ Historical volatility of the value indication is due to cyclical operative development

| Valuation | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Price / Book | 3.0 x | 2.8 x | 1.4 x | 1.3 x | 2.1 x | 1.9 x | 1.6 x |
| Book value per share ex intangibles | 6.40 | 8.42 | 13.92 | 15.52 | 18.43 | 21.41 | 24.44 |
| EV / Sales | 1.0 x | 1.0 x | 0.7 x | 0.6 x | 0.9 x | 0.9 x | 0.9 x |
| EV / EBITDA | 7.2 x | 6.9 x | 6.1 x | 4.3 x | 5.9 x | 5.6 x | 5.4 x |
| EV / EBIT | 12.6 x | 11.3 x | 10.5 x | 6.3 x | 8.5 x | 8.3 x | 8.0 x |
| EV / EBIT adj.* | 12.6 x | 11.3 x | 10.5 x | 6.3 x | 8.5 x | 8.3 x | 8.0 x |
| P / FCF | 10.1 x | 16.9 x | n.a. | 3.9 x | 14.8 x | 68.4 x | 35.3 x |
| P / E | 10.2 x | 8.9 x | 6.7 x | 5.9 x | 9.9 x | 9.5 x | 9.2 x |
| P / E adj.* | 10.2 x | 8.9 x | 6.7 x | 5.9 x | 9.9 x | 9.5 x | 9.2 x |
| Dividend Yield | 3.9 % | 4.1 % | 5.3 % | 6.0 % | 3.2 % | 3.5 % | 3.7 % |
| FCF Potential Yield (on market EV) | 7.9 % | 9.1 % | 11.5 % | 14.5 % | 10.6 % | 11.1 % | 11.7 % |

*Adjustments made for: Restructuring costs, value adjustments, one-off earnings/losses

Consolidated profit & loss

| In EUR m | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Sales | 379.3 | 422.3 | 542.2 | 540.6 | 571.5 | 596.9 | 623.7 |
| Change Sales yoy | 0.8 % | 11.3 % | 28.4 % | -0.3 % | 5.7 % | 4.4 % | 4.5 % |
| Increase / decrease in inventory | -2.5 | 10.0 | 22.2 | -3.8 | 0.0 | 0.0 | 0.0 |
| Own work capitalised | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Sales | 376.7 | 432.3 | 564.4 | 536.8 | 571.5 | 596.9 | 623.7 |
| Material expenses | 132.5 | 170.7 | 288.9 | 225.1 | 239.2 | 250.5 | 261.6 |
| Gross profit | 244.2 | 261.7 | 275.5 | 311.7 | 332.3 | 346.5 | 362.2 |
| <i>Gross profit margin</i> | <i>64.4 %</i> | <i>62.0 %</i> | <i>50.8 %</i> | <i>57.7 %</i> | <i>58.1 %</i> | <i>58.0 %</i> | <i>58.1 %</i> |
| Personnel expenses | 127.4 | 132.2 | 137.1 | 145.6 | 151.0 | 156.8 | 162.8 |
| Other operating income | 10.7 | 11.4 | 24.2 | 13.9 | 14.8 | 15.4 | 16.1 |
| Other operating expenses | 73.7 | 78.8 | 101.1 | 98.5 | 104.9 | 109.6 | 114.5 |
| Unfrequent items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITDA | 53.8 | 62.0 | 61.4 | 81.4 | 91.1 | 95.5 | 101.0 |
| <i>Margin</i> | <i>14.2 %</i> | <i>14.7 %</i> | <i>11.3 %</i> | <i>15.1 %</i> | <i>15.9 %</i> | <i>16.0 %</i> | <i>16.2 %</i> |
| Depreciation of fixed assets | 23.1 | 24.5 | 25.5 | 25.9 | 27.3 | 30.3 | 33.0 |
| EBITA | 30.7 | 37.6 | 35.9 | 55.5 | 63.8 | 65.2 | 68.0 |
| Amortisation of intangible assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Goodwill amortisation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 30.7 | 37.6 | 35.9 | 55.5 | 63.8 | 65.2 | 68.0 |
| <i>Margin</i> | <i>8.1 %</i> | <i>8.9 %</i> | <i>6.6 %</i> | <i>10.3 %</i> | <i>11.2 %</i> | <i>10.9 %</i> | <i>10.9 %</i> |
| EBIT adj. | 30.7 | 37.6 | 35.9 | 55.5 | 63.8 | 65.2 | 68.0 |
| Interest income | 0.0 | 0.0 | 0.0 | 0.3 | 0.4 | 0.4 | 0.4 |
| Interest expenses | 2.1 | 1.5 | 2.5 | 5.8 | 4.6 | 3.3 | 3.9 |
| Other financial income (loss) | -1.4 | 0.4 | 7.9 | -1.8 | -1.9 | -2.0 | -2.1 |
| EBT | 27.2 | 36.5 | 41.3 | 48.2 | 57.8 | 60.3 | 62.4 |
| <i>Margin</i> | <i>7.2 %</i> | <i>8.6 %</i> | <i>7.6 %</i> | <i>8.9 %</i> | <i>10.1 %</i> | <i>10.1 %</i> | <i>10.0 %</i> |
| Total taxes | 7.3 | 8.7 | 11.1 | 13.4 | 16.2 | 16.9 | 17.5 |
| Net income from continuing operations | 19.9 | 27.8 | 30.2 | 34.8 | 41.6 | 43.4 | 44.9 |
| Income from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income before minorities | 19.9 | 27.8 | 30.2 | 34.8 | 41.6 | 43.4 | 44.9 |
| Minority interest | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Net income | 19.7 | 27.6 | 30.1 | 34.6 | 41.4 | 43.2 | 44.8 |
| <i>Margin</i> | <i>5.2 %</i> | <i>6.5 %</i> | <i>5.5 %</i> | <i>6.4 %</i> | <i>7.2 %</i> | <i>7.2 %</i> | <i>7.2 %</i> |
| Number of shares, average | 10.2 | 10.1 | 10.1 | 10.2 | 10.2 | 10.2 | 10.2 |
| EPS | 1.94 | 2.72 | 2.96 | 3.40 | 4.07 | 4.25 | 4.40 |
| EPS adj. | 1.94 | 2.72 | 2.96 | 3.40 | 4.07 | 4.25 | 4.40 |

*Adjustments made for: Restructuring costs, value adjustments, one-off earnings/losses

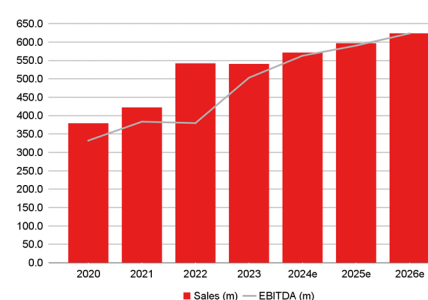
Guidance: FY 2024: EBITDA growing to ca. EUR 90m

Financial Ratios

| | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|-------------------------------|---------|--------|--------|----------|--------|--------|--------|
| Total Operating Costs / Sales | 54.4 % | 59.1 % | 71.9 % | 59.9 % | 60.2 % | 60.3 % | 60.3 % |
| Operating Leverage | 0.5 x | 2.0 x | -0.2 x | -187.8 x | 2.6 x | 0.5 x | 0.9 x |
| EBITDA / Interest expenses | 25.1 x | 41.6 x | 24.4 x | 14.0 x | 20.0 x | 28.9 x | 26.0 x |
| Tax rate (EBT) | 27.0 % | 24.0 % | 26.8 % | 27.8 % | 28.0 % | 28.0 % | 28.0 % |
| Dividend Payout Ratio | 39.4 % | 36.5 % | 35.2 % | 35.1 % | 31.8 % | 32.8 % | 34.0 % |
| Sales per Employee | 217,941 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |

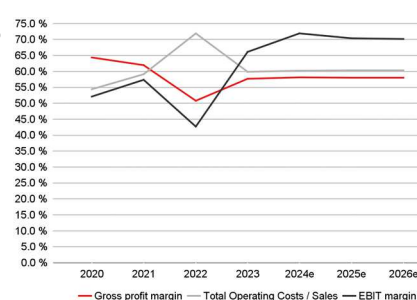
Sales, EBITDA

in EUR m

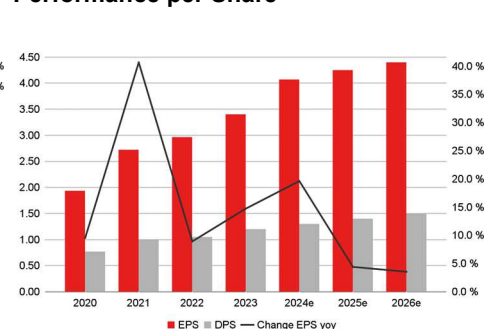


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

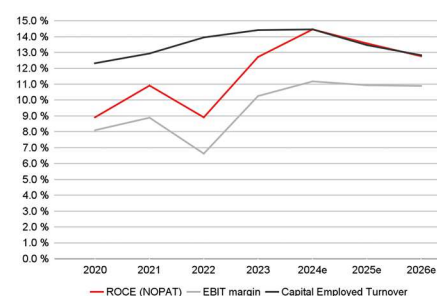
Consolidated balance sheet

| In EUR m | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assets | | | | | | | |
| Goodwill and other intangible assets | 1.8 | 2.3 | 3.0 | 3.7 | 3.3 | 3.0 | 2.7 |
| thereof other intangible assets | 1.8 | 2.3 | 3.0 | 3.7 | 3.3 | 3.0 | 2.7 |
| thereof Goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Property, plant and equipment | 183.6 | 186.5 | 187.8 | 182.1 | 192.2 | 214.2 | 233.5 |
| Financial assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long-term assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Fixed assets | 185.4 | 188.8 | 190.7 | 185.8 | 195.5 | 217.2 | 236.2 |
| Inventories | 67.4 | 86.7 | 122.4 | 107.5 | 111.6 | 116.9 | 120.4 |
| Accounts receivable | 33.1 | 40.8 | 55.7 | 75.2 | 79.5 | 83.0 | 86.8 |
| Liquid assets | 17.1 | 8.3 | 9.2 | 11.9 | 11.5 | 11.4 | 10.2 |
| Other short-term assets | 51.2 | 53.0 | 44.8 | 44.3 | 46.0 | 47.3 | 48.8 |
| Current assets | 168.9 | 188.8 | 232.1 | 238.9 | 248.6 | 258.7 | 266.1 |
| Total Assets | 354.3 | 377.7 | 422.9 | 424.7 | 444.1 | 475.8 | 502.2 |
| Liabilities and shareholders' equity | | | | | | | |
| Subscribed capital | 101.8 | 101.8 | 101.8 | 101.8 | 101.8 | 101.8 | 101.8 |
| Capital reserve | -4.2 | -1.7 | 5.1 | 7.2 | 10.7 | 14.3 | 18.0 |
| Retained earnings | -25.5 | -10.3 | 30.8 | 43.7 | 65.0 | 86.9 | 109.2 |
| Other equity components | -5.2 | -2.1 | 6.3 | 9.0 | 13.4 | 17.9 | 22.4 |
| Shareholders' equity | 66.9 | 87.6 | 144.0 | 161.6 | 190.8 | 220.9 | 251.4 |
| Minority interest | 1.8 | 1.9 | 1.9 | 1.9 | 2.0 | 2.1 | 2.2 |
| Total equity | 68.7 | 89.6 | 145.9 | 163.6 | 192.9 | 223.0 | 253.6 |
| Provisions | 168.9 | 167.3 | 109.1 | 123.5 | 127.3 | 130.3 | 133.4 |
| thereof provisions for pensions and similar obligations | 141.8 | 140.0 | 90.1 | 100.3 | 103.2 | 105.5 | 107.8 |
| Financial liabilities (total) | 60.7 | 48.0 | 93.9 | 57.5 | 41.7 | 48.9 | 50.4 |
| Short-term financial liabilities | 12.7 | 10.5 | 66.4 | 8.8 | 6.2 | 9.4 | 9.6 |
| Accounts payable | 20.9 | 32.8 | 37.4 | 31.6 | 33.4 | 34.8 | 36.4 |
| Other liabilities | 35.1 | 39.9 | 36.5 | 48.5 | 48.9 | 38.8 | 28.5 |
| Liabilities | 285.6 | 288.1 | 276.9 | 261.1 | 251.2 | 252.9 | 248.7 |
| Total liabilities and shareholders' equity | 354.3 | 377.7 | 422.9 | 424.7 | 444.1 | 475.8 | 502.2 |

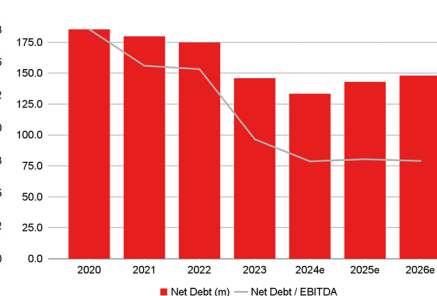
Financial Ratios

| | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|---|---------|---------|---------|--------|--------|--------|--------|
| Efficiency of Capital Employment | | | | | | | |
| Operating Assets Turnover | 1.4 x | 1.5 x | 1.7 x | 1.6 x | 1.6 x | 1.6 x | 1.5 x |
| Capital Employed Turnover | 1.5 x | 1.6 x | 1.7 x | 1.7 x | 1.8 x | 1.6 x | 1.6 x |
| ROA | 10.6 % | 14.6 % | 15.8 % | 18.6 % | 21.2 % | 19.9 % | 19.0 % |
| Return on Capital | | | | | | | |
| ROCE (NOPAT) | 8.9 % | 10.9 % | 8.9 % | 12.7 % | 14.5 % | 13.6 % | 12.8 % |
| ROE | 31.1 % | 35.7 % | 25.9 % | 22.7 % | 23.5 % | 21.0 % | 19.0 % |
| Adj. ROE | 31.1 % | 35.7 % | 25.9 % | 22.7 % | 23.5 % | 21.0 % | 19.0 % |
| Balance sheet quality | | | | | | | |
| Net Debt | 185.4 | 179.8 | 174.8 | 145.9 | 133.3 | 143.0 | 148.0 |
| Net Financial Debt | 43.6 | 39.8 | 84.7 | 45.6 | 30.2 | 37.5 | 40.2 |
| Net Gearing | 270.0 % | 200.7 % | 119.8 % | 89.2 % | 69.1 % | 64.1 % | 58.4 % |
| Net Fin. Debt / EBITDA | 81.1 % | 64.1 % | 137.8 % | 56.1 % | 33.1 % | 39.3 % | 39.8 % |
| Book Value / Share | 6.6 | 8.6 | 14.2 | 15.9 | 18.8 | 21.7 | 24.7 |
| Book value per share ex intangibles | 6.4 | 8.4 | 13.9 | 15.5 | 18.4 | 21.4 | 24.4 |

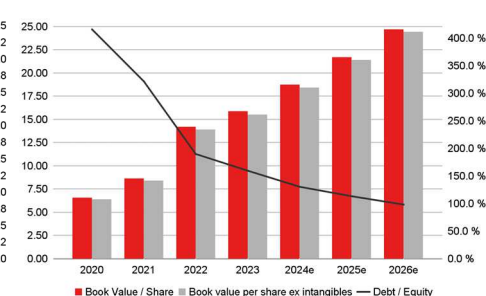
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

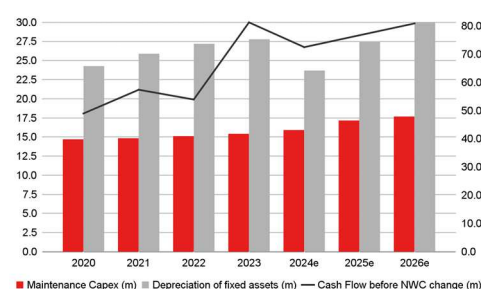
Consolidated cash flow statement

| In EUR m | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net income | 19.9 | 27.8 | 30.2 | 34.8 | 41.6 | 43.4 | 44.9 |
| Depreciation of fixed assets | 24.3 | 25.9 | 27.2 | 27.8 | 23.7 | 27.4 | 30.0 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | -1.2 | -1.4 | -1.7 | -1.9 | 3.6 | 2.9 | 3.0 |
| Increase/decrease in long-term provisions | -1.2 | -1.4 | -1.7 | -1.9 | 3.6 | 2.9 | 3.0 |
| Other non-cash income and expenses | 7.2 | 6.6 | -0.1 | 22.5 | 0.0 | 0.0 | 0.0 |
| Cash Flow before NWC change | 49.0 | 57.4 | 54.0 | 81.3 | 72.5 | 76.7 | 80.9 |
| Increase / decrease in inventory | 5.3 | -16.5 | -37.9 | 9.6 | -4.1 | -5.3 | -3.5 |
| Increase / decrease in accounts receivable | -5.8 | 1.8 | -19.9 | -18.0 | -6.0 | -4.9 | -5.1 |
| Increase / decrease in accounts payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 |
| Increase / decrease in other working capital positions | 0.2 | 0.3 | -0.3 | -0.1 | 2.1 | -8.6 | -8.8 |
| Increase / decrease in working capital (total) | -0.3 | -14.4 | -58.2 | -8.6 | -7.8 | -18.7 | -17.3 |
| Net cash provided by operating activities [1] | 48.7 | 43.0 | -4.2 | 72.7 | 64.7 | 58.0 | 63.6 |
| Investments in intangible assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Investments in property, plant and equipment | -28.8 | -28.5 | -29.1 | -20.6 | -37.0 | -52.0 | -52.0 |
| Payments for acquisitions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 0.0 | 0.1 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net cash provided by investing activities [2] | -28.8 | -28.5 | -28.5 | -20.5 | -37.0 | -52.0 | -52.0 |
| Change in financial liabilities | -1.9 | -12.7 | 45.9 | -36.4 | -15.8 | 7.2 | 1.5 |
| Dividends paid | -7.8 | -8.0 | -10.3 | -10.9 | -12.3 | -13.3 | -14.3 |
| Purchase of own shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital measures | 0.0 | -1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | -2.0 | -1.9 | -1.9 | -1.9 | 0.0 | 0.0 | 0.0 |
| Net cash provided by financing activities [3] | -11.7 | -23.6 | 33.6 | -49.2 | -28.1 | -6.1 | -12.9 |
| Change in liquid funds [1]+[2]+[3] | 8.2 | -9.3 | 0.8 | 3.3 | -0.4 | -0.1 | -1.2 |
| Effects of exchange-rate changes on cash | -0.1 | 0.3 | 0.1 | -0.3 | 0.0 | 0.0 | 0.0 |
| Cash and cash equivalent at end of period | 17.1 | 8.3 | 9.2 | 11.9 | 11.5 | 11.4 | 10.2 |

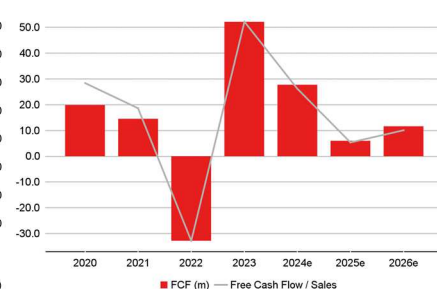
Financial Ratios

| | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|--------------------------------------|---------|---------|----------|---------|---------|---------|---------|
| Cash Flow | | | | | | | |
| FCF | 19.9 | 14.5 | -32.8 | 52.1 | 27.7 | 6.0 | 11.6 |
| Free Cash Flow / Sales | 5.2 % | 3.4 % | -6.0 % | 9.6 % | 4.9 % | 1.0 % | 1.9 % |
| Free Cash Flow Potential | 30.4 | 38.9 | 43.1 | 50.8 | 57.1 | 59.5 | 63.7 |
| Free Cash Flow / Net Profit | 100.9 % | 52.7 % | -109.0 % | 150.6 % | 66.9 % | 13.9 % | 26.0 % |
| Interest Received / Avg. Cash | 0.1 % | 0.0 % | 0.5 % | 3.0 % | 3.5 % | 3.5 % | 3.7 % |
| Interest Paid / Avg. Debt | 3.5 % | 2.7 % | 3.5 % | 7.7 % | 9.2 % | 7.3 % | 7.8 % |
| Management of Funds | | | | | | | |
| Investment ratio | 7.6 % | 6.8 % | 5.4 % | 3.8 % | 6.5 % | 8.7 % | 8.3 % |
| Maint. Capex / Sales | 3.9 % | 3.5 % | 2.8 % | 2.9 % | 2.8 % | 2.9 % | 2.8 % |
| Capex / Dep | 124.8 % | 116.6 % | 113.8 % | 79.4 % | 135.5 % | 171.4 % | 157.6 % |
| Avg. Working Capital / Sales | 21.4 % | 20.6 % | 21.7 % | 27.0 % | 27.0 % | 27.0 % | 26.9 % |
| Trade Debtors / Trade Creditors | 158.6 % | 124.6 % | 149.0 % | 238.4 % | 238.4 % | 238.4 % | 238.4 % |
| Inventory Turnover | 2.0 x | 2.0 x | 2.4 x | 2.1 x | 2.1 x | 2.1 x | 2.2 x |
| Receivables collection period (days) | 32 | 35 | 38 | 51 | 51 | 51 | 51 |
| Payables payment period (days) | 58 | 70 | 47 | 51 | 51 | 51 | 51 |
| Cash conversion cycle (Days) | 160 | 151 | 145 | 174 | 170 | 170 | 168 |

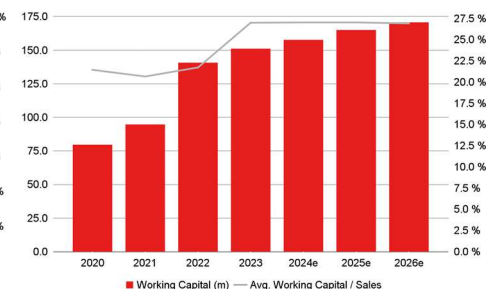
CAPEX and Cash Flow
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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- 4- MMWB, Warburg Research, or an affiliated company, reached an agreement with the issuer to provide **investment banking and/or investment services** and the relevant agreement was in force in the last 12 months or there arose for this period, based on the relevant agreement, the obligation to provide or to receive a service or compensation - provided that this disclosure does not result in the disclosure of confidential business information.
- 5- The company compiling the analysis or an affiliated company had reached an **agreement on the compilation of the investment recommendation** with the analysed company.
- 6a- Warburg Research, or an affiliated company, holds a **net long position of more than 0.5%** of the total issued share capital of the analysed company.
- 6b- Warburg Research, or an affiliated company, holds a **net short position of more than 0.5%** of the total issued share capital of the analysed company.
- 6c- The issuer holds shares of more than 5% of the total issued capital of Warburg Research or an affiliated company.
- 7- The company preparing the analysis as well as its affiliated companies and employees have **other important interests** in relation to the analysed company, such as, for example, the exercising of mandates at analysed companies.

This report has been made accessible to the company analysed and was modified thereafter.

| Company | Disclosure | Link to the historical price targets and rating changes (last 12 months) |
|---------|------------|---|
| Alzchem | 5 | https://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A2YNT30.htm |

INVESTMENT RECOMMENDATION

Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

| | | |
|-----|--------------------------|---|
| -B- | Buy: | The price of the analysed financial instrument is expected to rise over the next 12 months. |
| -H- | Hold: | The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months. |
| -S- | Sell: | The price of the analysed financial instrument is expected to fall over the next 12 months. |
| “-“ | Rating suspended: | The available information currently does not permit an evaluation of the company. |

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 144 | 70 |
| Hold | 47 | 23 |
| Sell | 8 | 4 |
| Rating suspended | 7 | 3 |
| Total | 206 | 100 |

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 46 | 79 |
| Hold | 9 | 16 |
| Sell | 0 | 0 |
| Rating suspended | 3 | 5 |
| Total | 58 | 100 |

PRICE AND RATING HISTORY ALZCHEM AS OF 04.06.2024



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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