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Innovative and sustainable - the CHT Group breaks the EUR 500 million sales mark in 2018

- With a turnover of EUR 513 million, the CHT Group achieved a 12% increase in sales
- The result was impaired by high raw material costs and currency effects
- Investments remain high - approximately 13 million EUR invested in production sites and new technologies worldwide
- The acquisition in silicone specialties is bearing fruit despite a shortage of raw materials on the market
- 2019 - moderately optimistic business expectations in a difficult market environment

The situation on the world market deteriorated further in 2018, not least due to the intensification of the trade conflict between the USA and China. However, the CHT Group was again able to close the financial year with an increase in turnover. With consolidated sales of 513 million EUR, the previous year's success in the Group was exceeded by 12%.

In the financial year 2018, the medium-sized global player for specialty chemicals set worldwide trends with its outstanding customer service and sustainable product ranges. The clear commitment to sustainability not only pays off in form of awards and prizes, but also scores points in daily business life. With its sustainable core range and efficient and resource-saving process control, the CHT Group is a pioneer in the industry, particularly in the traditional textile chemicals sector.

Presently, the development focus is clearly on the "circular economy". Together with industrial partners, the CHT Group has developed a biodegradable textile printing system which will soon be sold at the LIDL discount store. CHT has been active in the field of PET plastic recycling for many years and has developed concepts and products that support the process from the PET bottle

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to the baby diaper. The CHT researchers are also intensively working on the topic of "microplastics".

In addition, the business development with textile dyes in 2018 made an unexpectedly strong contribution to sales, as the CHT Group was able to supply dye classes that were affected by a shortage of raw materials due to optimal sourcing strategies.

The investment in silicone specialties in 2017, through the acquisition of the ICM Silicones Group, also paid off in 2018 in an extremely difficult market environment, even though the shortage of silicone raw materials on the world market led to extreme price increases while the demand remained high. Thanks to a high level of innovation and a forward-looking purchasing policy, CHT was able to avoid delivery disruptions and to successfully expand its business. The market activities were supported by the successful integration of the new silicone sites into the Group and the joint "Silicone Experts" marketing concept under the CHT umbrella brand.

In terms of the result, the CHT Group was unable to meet expectations in 2018, in particular due to the above mentioned raw material cost problems. For some raw material groups, massive cost increases of over 80% were recorded by mid-2018.

"For 2019 we expect a rather moderate growth in sales. Political and economic risks have increased worldwide. Due to increasing trade conflicts, especially between the USA and China, the market development has not become easier for us", says Dr. Frank Naumann, CEO of the CHT Group. "We have adapted to the difficult market conditions and are focusing on the strategic realignment of the Southeast Asia region which is now benefiting from the trade conflict."

In financial terms, the CHT Group has set itself the goal of continuing to grow profitably in 2019, and thus significantly increasing its result compared with the previous year.

The industrial environment is changing rapidly and the digital transformation is in full swing. "We see efficiency potential in our own company through the advances in digitization and will therefore continue to roll out our digital control system for production within the Group," says Axel Breitling, CFO of the CHT

Group. "In addition, we will increasingly concentrate on the question where digital business models offer us opportunities and how we can further support our sustainability approach through digitization."

In 2018 the CHT Group increased again its investment volume by 18% compared to the previous year and invested EUR 13 million more in the expansion of its technologies and modern production sites. In addition, the CHT Group continues to strongly promote the global human resources development.

"We have unique skills, innovation power and resources, and this is where the key to our success lies. Only with product innovations and sustainable process solutions we will be able to achieve our goal of becoming the preferred partner and the leading reference for sustainable chemical solutions in all markets worldwide," says Dr. Bernhard Hettich, CTO of the CHT Group.

In this respect, innovations play a central role. In 2018, the global research and development quota of the CHT Group was 4.4 % (+0.3 % compared to 2017). At the headquarters in Germany with the competence centers and the central research and development department, it was 6.7 % (+0.1 % above 2017). For comparison, the German chemical industry (including pharmaceuticals) has an average R&D rate of 5 % in the same period.

The CHT Group is becoming increasingly attractive as an employer. At the end of 2018 the Group had 2,184 employees, about one third of them at the German sites of Tübingen, Dusslingen, Oyten and Geretsried. Global activity and a clear commitment to sustainability make the CHT Group an increasingly interesting employer and support its growth course.

About the CHT Group

The CHT Group, a medium-sized global player for speciality chemistry, is worldwide active in development, production and sales. CHT Germany GmbH in Tübingen is the headquarters of the group of companies which focuses on sustainable chemical products and process solutions. TEXTILE SOLUTIONS of CHT improve the quality, functionality as well as look and purity of textiles and optimise their manufacturing processes. In the fields of silicones, building materials, paints, coatings, paper, agrochemicals as well as cleaning and care products innovative products and process solutions are provided by INDUSTRY SOLUTIONS. By bundling the strengths of the complete group further innovative products, applications or processes are permanently developed and vast technical support is offered within the SCIENCE & SERVICE SOLUTIONS. Highly qualified specialists work in state-of-the art laboratories for

development, analytics and application technique in order to work out ideas and solutions that meet the latest requirements.

The CHT Group with its own production and sales locations is represented by more than 25 companies worldwide. In the financial year 2018, the CHT Group generated a group turnover of 513 million Euro with around 2,184 employees.

For more information please visit us at www.cht.com

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