

Tübingen, October 2018

## **Strategy 2020 – CHT draws a positive half-time balance and sets course for successfully continuing the implementation of the strategy**

- In 2018, the positive sales development is continuing, even in the difficult market environment
- Currency effects and higher raw material costs decrease the earnings
- Positive development of strategic purchases in paper chemicals and silicone specialties as expected
- Investment in the future - CHT continues its commitment to sustainability

The financial year of 2017 was closed with record sales for the fifth year in succession, even though the expectations could not be fully met due to negative currency effects. With sales of 456 million EUR, the success of 2016 in the Group was exceeded by 9%.

In 2018, the market demands in the global competitive environment did not decrease. However, the CHT Group has adjusted its policy to the increasingly difficult market environment and the current economic developments in Great Britain, China, Turkey and parts of Central America.

For 2018 CHT (including ICM Silicones Group) expects a further sales growth of about 13%. We assume that compared to the previous year the EBIT is better but once more it probably falls slightly short of expectations.

“Due to clearly increased raw material costs and the shortage of some raw materials, market development has not become easier for us“, says Dr. Frank Naumann, CEO of the CHT Group. “We have, however, adjusted to these difficult market conditions and the negative currency effects. We cannot forecast with a 100% confidence how this will finally effect our earnings development in 2018.”

The CEO had to tackle further important topics this year. He and his Management colleagues had a critical look on the half-time result of the Agenda 2020. In 2015, the CHT Group had set quite ambitious goals. Besides an organic sales growth to 500 million EUR by 2020, the Group had aimed at

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covering white spots both in terms of technology and market segments. In addition, CHT not only aims at being its customers' number one supplier but also at being the leading reference for sustainable chemical solutions.

Especially in this field CHT has recently developed to the front runner in its traditional business field, textile chemicals, which can be seen by the great number of ecologically certified product and process solutions.

Moreover, CHT set its own sustainability goals which go far beyond the legal requirements. In 2018, CHT's commitment was honoured with the first prize in the national Responsible Care competition of the chemical industrial association VCI.

CHT decided to no longer use any critical chemical raw materials such as e.g. fluorocarbons and formaldehyde. What had started as part of a project in 2015, has now become part of normal company processes. Since the beginning of the project CHT has eliminated the majority of critically classified raw materials from its processes and products. Since the end of 2017, fluorocarbons based on C8 chemistry have no longer been sold. Almost every day, the range of formaldehyde-free products has been increasing, too. Moreover, more than 3,000 tonnes of silicone products without critical by-products were sold in 2017 thanks to an investment in modern distillation plants.

Even a global player like CHT has to deal with so-called white spots in market cultivation. It was another element of the Strategy 2020 to identify such spots and cover them afterwards. Last year, we successfully covered the white spot USA by acquiring ICM Silicones Group. Besides this, we successfully started the market development in Central Africa and Central America.

Last year CHT successfully effected the biggest acquisition of the company's history by acquiring ICM Silicones Group. One year later, CEO Dr. Frank Naumann has still the same conviction saying: "This transaction not only led to a significant increase in our existing silicone business but was also a perfect supplement to our know-how opening up above all new attractive market segments. We are much stronger in the silicone market and are perceived much more strongly as supplier of silicone specialties."

The integration of the new group of companies into CHT goes according to plan. CHT is particularly proud of the fact that the work in the numerous international expert teams has been running really smoothly and successfully. It is a well-known fact that most acquisitions fail during the integration process. The good sales developments in the field of silicones prove that this is not the case in Tübingen even though this product group has been especially affected by raw material price increases and shortages since mid-2017.

The impressive half-time balance of the Agenda 2020 was, however, not drawn by the Management alone. About 100 worldwide executives of the group of companies met at the first “All Hands Meeting” in Lisbon in the middle of the year. In a two-day meeting the participants jointly drew a balance of achieved goals and set the course for a successful implementation of the second half of the Agenda 2020.

Axel Breitling, the new CFO of the CHT Group since 1<sup>st</sup> September, 2018 took pleasure in announcing: “There will remain lots of exciting tasks for us”. Axel Breitling and his team in Finance, Administration, IT and Human Resources have ambitious plans. He says: “I’m looking forward to developing the group of companies in a future-oriented and sustainable way with regard to digitalisation, diversity and finance 2020.”

### **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 29 companies worldwide. In the financial year 2017, the CHT Group generated a group turnover of 456 million Euro with around 2,200 employees. For more information please visit us at [www.cht.com](http://www.cht.com)

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