

Press release

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ALTANA sustains and improves on positive business trend over the first half-year

Strong second quarter

First-half sales growth: +9%, consolidated profit +7%

Bad Homburg, August 3, 2004 – A strong second quarter with a double-digit growth rate of 13% enabled ALTANA AG (NYSE: AAA, FSE: ALT) to increase first-half sales in 2004 to around €1.5 billion, an improvement of 9% on the previous year's figure (2003: around €1.4 billion). Adjusted for currency fluctuations, the sales volume achieved double-digit growth of 12%, following on seamlessly from the dynamic trend established in local markets in previous years.

“With the half-year mark behind us, we shall continue to invest strategically in the company's future whilst at the same time pursuing our established trend of positive growth coupled with high earnings”, stated Dr. Nikolaus Schweickart, Chairman of the Management Board of ALTANA AG, during the presentation of the figures.

International sales, at around €1.25 billion, gained 11% on the same period last year, and now account for 84% of total sales. Substantial increases of 16% to €518 million were reported in the European markets outside Germany. In Asia, ALTANA expanded sales by an impressive 31%, taking them to €97 million. Sales in North America rose by 8% to €448 million expressed in local currencies, but were only 3% above the previous year's figure of €435 when converted to euros. Sales in the home market totaled €235 million, on a par with last year.

Having reported a 5% growth in sales in the first quarter, ALTANA generated a strong 13% rise in the second quarter despite the weak dollar, with the Specialty Chemicals Division performing especially well with a gain of 21%.

Encouraging earnings trend

Growth in earnings before taxes continued on a strong basis throughout the second quarter to close with a gain of 9%, so that mid-year earnings indicators outperformed last year's equivalents despite substantial investment, increased expenditure on Research and Development, and the costs involved in preparing the market launch of our two product candidates, Alvesco® (Ciclesonide) and Daxas® (Roflumilast). EBITDA rose by 3% to €374 million, EBIT to €315 million and EBT to €320 million. A lower tax rate helped push consolidated earnings up 7% to €194 million in the first six months.

The operating return (EBITDA) totaled 25.2% over the first six months, the return on EBT was 21.6%. Both profit indicators were therefore substantially above the average values achieved by comparable companies in Germany. Earnings per share rose by 7% to €1.42.

ALTANA stepped up investment, which totaled €108 million, by 31% during the period under review, with R&D expenditure up 7% to €217 million. The company employed some 10,800 people worldwide as of June 30, 2004, 8% more than last year (2003: around 10,000). Hence ALTANA continues, as in previous years

and in contrast to other employers, to create jobs at home and abroad – an expression of optimism about future business performance and the company's ongoing strategic development.

ALTANA Pharma remains on course

With double-digit growth (+10%) over the second quarter, ALTANA Pharma AG, Constance, increased sales for the first six months of 2004 by 6%, up from €982 million to around €1 billion. Adjusted for currency fluctuations this translated as an 8% gain in operating sales. Sales in the core Therapeutics business rose by 6% to €903 million. The biggest contributor to that figure is Pantoprazole (Pantozol®/Protonix®), our gastrointestinal drug. ALTANA Pharma's own first-half sales of Pantoprazole amounted to €605 million, an increase of 8%. All sales partners included, first-half market sales climbed to around €1.2 billion, a year-on-year increase of 12%. In the U.S., Pantoprazole's market share of new prescriptions in the market segment under review was almost 23% by the end of June and sales in local currencies over the first six months were up 19% to U.S. \$ 800 million. Expressed in local currencies, worldwide market sales of Pantoprazole are expected to achieve continued double-digit growth, with particularly strong expansion in Europe and an increase of around 10% in the U.S. market for 2004 as a whole. Growth in ALTANA Pharma's own sales of Pantoprazole in 2004 is likely to be between 10% and 12% calculated in €.

Despite continuing high expenditure on the development of Alvesco® (Ciclesonide) and Daxas® (Roflumilast), the costs involved in preparing their market launch and shortfalls due to the mandatory drug discount now applicable in Germany, progress in closing the gap with last year's earnings figure was much stronger over the second quarter than the first. First-half earnings before taxes (EBT) amounted to €265 million in 2004, 5% below the previous year's figure. Last year's result did, however, include a capital gain (sale of the Chromagen product range) of U.S. \$ 22 million. Discounting that exceptional item, EBT rose by 4%, triggering a corresponding rise in operating profit. The return on EBT was 25.5% and the EBITDA margin was 29.2%.

In April ALTANA Pharma obtained its first European approval for Alvesco® in Great Britain, which serves as a reference country for the mutual recognition process for approvals in other European countries. Alvesco® was approved for the treatment of asthma of all degrees of severity in adults at daily doses of 160µg or 80µg. From today's perspective, we expect possible launch dates in some European countries in the first quarter of 2005.

"We are delighted about this Alvesco approval; it means there is now a treatment available for patients with asthma of varying degrees of severity and gives us a ticket into the promising market for respiratory products. It also gives us an opportunity to widen the company's innovative profile", commented Dr. Hans-Joachim Lohrisch, CEO of ALTANA Pharma. "We have also made progress with the development of the Ciclesonide product platform, and after the planned products are approved we intend to fully exploit the sales potential of Ciclesonide, our research substance, as a blockbuster."

In the meantime, the Phase III development program has now begun following the successful conclusion of Phase II for the nasal form of Ciclesonide. Phase II Studies with Ciclesonide in a fixed combination with Formoterol, a long-acting beta agonist, are due to start in the near future.

Good progress is also being made with the development of Daxas®, our other blockbuster candidate, which is used to treat asthma and smoker's lung. ALTANA is working in close cooperation with partner Pfizer on this project.

ALTANA Chemie maintains good growth trend

ALTANA Chemie AG, Wesel, achieved a substantial increase in sales in the first half of 2004, up 18% to €445 million. Second-quarter results in this Division also substantially outperformed both expectations and the industry trend with a growth gain of 21%. In Additives & Instruments, the largest business unit, sales climbed 13% to €179 million, followed by the Electrical Insulation unit, which reported a 42% leap in sales to €148 million, for the large part acquisition-related. The Coatings & Sealants unit moved sales up 5% to €118 million, although some smaller divestments were made.

With the encouraging sales trend, the successful integration of Electrical Insulation acquisitions and the results of productivity-enhancing measures, ALTANA Chemie achieved a disproportionately high increase in

earnings. EBT rose by 41% to €66 million, with the change in the goodwill accounting rules (IFRS 3) effective from 2004 having a beneficial impact of +€5 million. The return on sales was 14.9%. EBITDA increased by 26% to €88 million; the operating return (EBITDA) stood at 19.7%. These results reinforce ALTANA Chemie's leading position on an international comparison of the specialty chemicals industry.

As part of the strategic realignment in the Coatings & Sealants unit, the coil coating business operated by our French subsidiary, Rhenacoat S.A. in Montataire, was sold to Akzo Nobel. This was followed just a few days ago by the sale of the 51% holding in the Italian joint venture, Salchi-Rhenacoat s.r.l., Milan, to the co-shareholder. The company generated sales of €27 million in 2003. Pursuing the strategic focusing of this business unit on products and solutions for the packaging industry, ALTANA Chemie is planning further divestments in the second six months of 2004.

Forecast for 2004 confirmed

ALTANA expects to see business performance continue along a positive trend in 2004 as a whole, with high single-digit growth in sales. Given substantially higher second-half expenditure on R&D and the cost of preparing the market launch of our product candidates, we expect pre-tax earnings (EBT) to grow modestly - similar to the first six months - to finish above last year's level. EBT income is likely to be somewhere in the region of €600 million. Schweickart: "That would mean profits of €600 million for the first time in ALTANA's history – a new record value." At approximately 20%, the anticipated return on sales (EBT) for 2004 will again be substantially above the market average.

Well over €2 billion from cash flow will be set aside to finance the continuing program of investment and research between 2004 and 2006; this is significantly more than in the previous three years and will ensure the company's future profitability as an innovative and internationally-oriented Group.

Key figures, 1-6 2004

ALTANA Group	January to June 2004	January to June 2003 ¹⁾	Change
	in € million	in € million	in %
Sales	1,483	1,358	+ 9
Earnings before interest, taxes, depreciation and amortization (EBITDA)	374	363	+ 3
Earnings before interest and taxes (EBIT)	315	305	+ 3
Earnings before taxes (EBT)	320	310	+ 3
Return on sales (EBT) in %	21.6	22.8	
Consolidated profit (EAT)	194	181	+ 7
Earnings per share in €	1.42	1.33	+ 7
Number of employees	10,767	9,975	+ 8

¹⁾ After adjustment of the accounting of milestone payments in fall 2003

Telephone conference for journalists and analysts

ALTANA will hold a telephone conference for journalists today, August 3, at 10 a.m., followed by another telephone conference for analysts at 3 p.m.. More information about the audio webcasts, this press release and the half-year report is available on the Internet at www.altana.com.

This press release contains forward-looking statements, i.e., current estimates or expectations of future events or future results. The forward-looking statements appearing in this press release include revenue and earnings projections for the ALTANA group and ALTANA's projections of a possible launch of Alvesco® in some European countries, a continuing positive development of the business performance, investments and an increase of the R&D expenditures for the market preparation of the new product candidates Alvesco® and Daxas® as well as planned desinvestments in the chemicals business. These statements are based on beliefs of ALTANA's management as well as assumptions made by and information currently available to ALTANA. Many factors that ALTANA is unable to predict with accuracy could cause ALTANA's actual results, performance or achievements to be materially different from those that may be expressed or implied by such forward-looking statements. These factors include ALTANA's ability to develop and launch new and innovative pharmaceutical and chemical products, price regulations for pharmaceuticals and budgeting decisions of local governments and health care providers, the sales and marketing methods used by ALTANA to distribute its pharmaceuticals, the composition of ALTANA's pharmaceuticals portfolio, ALTANA's ability to maintain close ties with its chemicals customers, the business cycles experienced by ALTANA's chemicals customers and the prices of the raw materials used in ALTANA's chemicals business.

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.

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