

## Press release

### ALTANA AG

P.O. Box 1244  
61282 Bad Homburg v.d.H.  
Herbert-Quandt-Haus  
Corporate Communications  
Am Pilgerrain 15  
61352 Bad Homburg v.d.H.  
Germany  
P +49 (0) 6172 1712-160  
F +49 (0) 6172 1712-158  
PR@altana.de  
www.altana.de

## ALTANA starts year of strategic investments according to plan

### First European approval for Alvesco<sup>®</sup> and submission of Daxas<sup>®</sup> create basis for broader product portfolio

**Bad Homburg/Wesel, April 29, 2004** – ALTANA AG (NYSE: AAA, FSE: ALT) increased consolidated sales by 5% to €712 million (2003: €678 million) in the first three months of 2004. Exchange rate effects of –4 percentage points and acquisition effects of +3 percentage points resulted in operating sales growth of 6%. “2004 is a strategically important transition year for ALTANA, with high investments to ensure our future profitability”, commented Dr. Nikolaus Schweickart, President and CEO ALTANA AG. “The most important highlights in the first months were the marketing approval for the respiratory product Alvesco in the U.K. and the submission of Daxas for approval in Europe, another innovative medication in the respiratory field. Thus we laid the foundation for developing ALTANA into a more diversified pharmaceuticals company.”

Of total sales, €597 million (2003: €560 million), i.e. 84%, were generated outside Germany. Domestic sales stood at €115 million (2003: €118 million), 2% down on the same period of the previous year. This is primarily due to the state-imposed mandatory rebate on sales of domestic pharmaceuticals.

Despite the high basis for comparison set in the first quarter of 2003, the significantly higher development expenses and the preparation for the market launch of our product candidates Alvesco<sup>®</sup> (Ciclesonide) and Daxas<sup>®</sup> (Roflumilast) throughout this year, earnings growth was only slightly under last year's level. Earnings were impacted by the increase in the government-imposed mandatory rebate on the German pharmaceuticals market (€8 million), and, on the other hand, by a change of accounting principles (IFRS 3), according to which goodwill is no longer amortized. The latter resulted in a positive profit effect of almost €5 million in the first quarter (whole year: around €20 million). The operating profit EBITDA, at €180 million, was slightly below last year's level (2003: €186 million), and EBIT stood at €151 million (2003: €156 million). Earnings before taxes (EBT) totaled €154 million (2003: €156 million). Thanks to a lower tax rate, first-quarter consolidated profit climbed to €93 million, slightly above the previous year's figure (2003: €91 million).

The operating return (EBITDA) in the first quarter of 2004 was 25.3% (2003: 27.4%). The return on sales before taxes (EBT) amounted to 21.6% (2003: 23.1%). Earnings per share rose slightly to €0.68 (2003: €0.67).

ALTANA employed around 10,600 people around the world as per March 31, 2004, 8% more than at the same time in the previous year (2003: around 9,800). As in past years, ALTANA therefore continues to create jobs in Germany and abroad.

### ALTANA Pharma reports stable sales level

First-quarter sales at ALTANA Pharma AG, Constance, were up to €497 million, a slight increase of 1% (2003: €492 million); excluding exchange rate effects this growth stood at 4%. The core therapeutics

business gained 1% in sales volume, which rose to € 425 million (2003: € 423 million). Pantoprazole (Pantozol<sup>®</sup>/Protonix<sup>®</sup>), our innovative gastrointestinal drug, generated further growth in sales, with ALTANA Pharma's own sales amounting to € 285 million, an increase of 6% (2003: € 270 million). Total global market sales (all sales partners included) over the first three months added up to € 599 million, 4% higher than in the same period of the previous year (2003: € 576 million). An encouraging increase of 20% was reported in European countries outside Germany. Volume growth in prescriptions of Protonix<sup>®</sup> in the U.S. market remained strong, and sales there expressed in local currency increased by 14% to U.S. \$ 414 million. Measured in terms of new prescriptions, the market share in the U.S. rose from 21.2% at the start of the year to 22.7% by the end of March.

As expected, higher development costs for the late-stage product candidates Alvesco<sup>®</sup> (Ciclesonide) and Daxas<sup>®</sup> (Roflumilast), the expenditure involved in preparing them for market launch and the increase in the mandatory drug rebate applicable in Germany all had an impact on first-quarter profit figures at ALTANA Pharma. Despite this, pre-tax profit (EBT) still amounted to € 126 million in the period under review (2003: € 139 million). The return on sales (EBT) stood at 25.4% (2003: 28.3%).

#### **Basis created for broader product portfolio**

Our important product candidates, Alvesco<sup>®</sup> and Daxas<sup>®</sup>, both reached major milestones in the past few months. ALTANA Pharma submitted Daxas<sup>®</sup> for approval in Europe in February 2004, and our cooperation partner in Japan, Teijin, filed Alvesco<sup>®</sup> for approval in January 2004. The first market approval for Alvesco<sup>®</sup> was obtained in Australia in February and only a few days ago ALTANA Pharma was granted its first European marketing approval for Alvesco<sup>®</sup> in the U.K., which functions as a Reference Member State for the Mutual Recognition Procedure in Europe. This places the ALTANA Pharma product range on a broader basis.

#### **ALTANA Chemie achieves substantial growth**

Aided by growth in demand in all the target markets, ALTANA Chemie AG, Wesel, posted a substantial 16% increase in sales, which rose to € 215 million (2003: € 186 million) thanks to both operations and acquisitions. Adjusted for the effects of acquisitions and currency movements, sales were up by 10%. Additives & Instruments, the largest business unit, reported sales of € 87 million (2003: € 79 million), up 11% on the same period of last year. The Electrical Insulation unit reported a leap in sales of 35%, up to € 72 million (2003: € 53 million), chiefly due to acquisitions, whilst growth in the Coatings & Sealants unit was up 3% to € 56 million (2003: € 54 million).

Due to the good development in sales and the successful integration of the Schenectady business, profits rose disproportionately. Pre-tax profit (EBT) climbed by 35% to € 33 million (2003: € 24 million). The return on sales was 15.1% (2003: 12.9%). The operating earnings EBITDA increased by 21% to € 43 million (2003: € 35 million); the operating return EBITDA was 20,0% (2003: 19,0%). Thus ALTANA Chemie has reinforced its leading position in an international comparison of the specialty chemicals sector.

#### **Acquisition and strategic partnership**

ALTANA Chemie acquired the electrical insulation business of Ranbar Electrical Materials Inc., U.S.A., in January. The transaction encompassed the entire business with impregnating resins, varnishes and casting compounds with a sales volume of around U.S. \$ 11 million (2002). This was followed at the end of March by a global partnership with Nanophase Technologies Corporation, based in the U.S., in the field of nanotechnology. The aim of this partnership is to develop nanomaterials for use in paints, coatings and plastics, among other things. ALTANA Chemie has also invested U.S. \$ 10 million in Nanophase stock, which is equivalent to a current stake of 7%.

#### **Forecast for 2004 confirmed**

ALTANA expects business to continue along a positive trend over 2004 with growth in sales around the high single-digit mark. Profit (EBT) will be slightly above last year's figure, due to substantially higher R&D expenditure (budget 2004: +15%) and the need to prepare the market for product candidates. This does not include the effect of the change in goodwill accounting. We expect the 2004 return on sales (EBT) to be around 20% again, i.e. significantly above the industry average.

## Key figures Q1 2004

ALTANA Group	January to March 2004	January to March 2003 <sup>1)</sup>	Change
	in € millions	in € millions	in %
Sales	712	678	+ 5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	180	186	- 3
Earnings before interest and taxes (EBIT)	151	156	- 4
Earnings before taxes (EBT)	154	156	- 2
Return on sales (EBT) in %	21.6	23.1	
Consolidated profit (EAT)	93	91	+ 2
Earnings per share in €	0.68	0.67	+ 2
Number of employees	10,569	9,799	+ 8

<sup>1)</sup> After adjustment of accounting of milestone payments in fall 2003.

There will be a conference call for analysts today, April 29, 3:00 p.m. (CEST). You may find more information on the audio-webcast, the press release and the Report on Q1 on our website [www.altana.com](http://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 projections for investments in the future profitability of ALTANA such as an increase of the R&D expenditures and expenditures for the market preparation of the new product candidates. 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 level of ALTANA's investment in pharmaceuticals related R&D, 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.*