

## Press release

### ALTANA AG

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

### **ALTANA in the first nine months: Growth despite weak dollar**

#### **Return on sales (EBT) more than 22%; sales rise by 5%, profit before taxes (EBT) up 12%**

**Bad Homburg, November 6, 2003** - ALTANA AG (NYSE: AAA; FWB: ALT) reported sales of around €2 billion for the first nine months of 2003, up 5% on the equivalent previous year's figure. "Despite the worldwide economic slump, the weak dollar, and health-policy measures, we have achieved our objectives for the first nine months. Adjusted for currency effects operating business is still robust with double-digit growth rates," explained Dr. Nikolaus Schweickart, President & CEO ALTANA AG. In local currencies ALTANA was able to boost its sales by 13% worldwide.

ALTANA again achieved by far the greater part of its sales revenue, 83%, in international markets. At nearly €1.7 billion, sales generated by international operations were up 7% on the previous year. In the strategically important North American market, ALTANA's sales rose by 13% from €576 million to €649 million. In Germany, however, sales declined by 4% to €352 million (2002: €367 million). A major factor is the 6% state-enforced drug price discounting in Germany.

As of September 2003, operating profits (EBITDA) amounted to €531 million (2002: €494 million), a 7% increase over the previous year, while consolidated operating profit (EBIT) was up by 9% to €442 million (2002: €407 million). At €451 million, profit before taxes (EBT) rose by 12% on the previous year's figure (2002: €405 million), adjusted for currency effects by 29%.

The slow-down in growth compared to the first six months was due to several factors. On the one hand, third-quarter profits in terms of sales development were at the equivalent previous year's level. This was primarily due the extraordinarily strong quarter in 2002 and exchange-rate influences. In addition, in the third quarter of 2003 ALTANA changed its reporting methods regarding milestone payments with regards to the development of valuation methods of so-called multiple element contracts. The milestone payment received in the first quarter of this year by our cooperation partner Pfizer Inc. amounting to €28 million will from now on be distributed over the entire contract period. As a result, €17 million was withdrawn from the pre-tax profit reported on September 30, 2003. This amount will now subsequently be recognized over the upcoming years. Due to this effect growth in profits (EBT) declines about 4 percentage points.<sup>1</sup>

Despite these negative impacts ALTANA's profitability is still above the average: The operating return (EBITDA) stands at 26.0% after the first nine months (2002: 25.3%). The return on sales before taxes (EBT) improved to 22.1% (2002: 20.7%). Profit after taxes rose by 3% to €259 million (2002: €251 million) in the first nine months of 2003, influenced by a higher tax quote than in the previous year. This translates as a 4% rise in earnings per share, which now stand at €1.90 (2002: €1.83).

The headcount as of the end of September is approximately 10,400 employees as opposed to about 9,800 at the same time last year (+7%). Approximately 5,600 employees are working outside Germany, approximately 4,800 in Germany.

<sup>1</sup> An overview of adjusted profit development for 2002 can be found on page 4 of the quarterly report.

**ALTANA Pharma: Pantoprazole shows strong growth**

ALTANA Pharma AG, Constance, boosted sales in the first nine months of 2003 by 7%, from nearly €1.4 billion to almost €1.5 billion. Operating sales were up by 17%. The core Therapeutics business achieved a 12% increase in sales to €1.3 billion (2002: €1.15 billion) and now accounts for 87% of Pharma's sales. Sales of Pantoprazole (e.g. Pantozol<sup>®</sup>/Protonix<sup>®</sup>) continue to grow. ALTANA Pharma generated own sales of €832 million with the gastrointestinal drug, which is equivalent to an increase of 18% (2002: €702 million). Including all our sales partners, worldwide sales grew to almost €1.7 billion over the first nine months of 2003 (2002: €1.5 billion), up 14% on the previous year's figure. In the U.S., sales of Protonix in local currencies rose by 37%, while the market share of new prescriptions reached 20 percent for the first time. As a result, new Protonix prescriptions have gone up 4 percentage points since generic versions of the rival product Omeprazole were introduced in the American PPI market.

Over the first nine months of 2003, ALTANA Pharma's operating profit (EBIT) improved 13% on the previous year's €349 million, taking it to €393 million. The profit before taxes (EBT) was up 14% to €398 million (2002: €350 million). The operating return based on EBIT amounted to 26.7% (2002: 25.4%). Return on sales before taxes (EBT) rose to 27% (2002: 25.5%).

Our most important respiratory product candidates are Alvesco<sup>®</sup> (Ciclesonide) and Daxas<sup>®</sup> (Roflumilast), both in Phase III of clinical development. Our U.S. partner Aventis is planning to file Alvesco<sup>®</sup> for approval as an asthma drug in the U.S. by the end of 2003. In Great Britain, reference country for the EU, and other countries where ALTANA submitted the inhaled corticosteroid for approval last year, proceedings continue. The PDE4-inhibitor Daxas<sup>®</sup> (indications asthma and COPD) is expected to be filed for approval in Europe by the end of 2003. At the end of September, ALTANA Pharma presented top-line findings from the RECORD study regarding the safety and efficacy of Daxas<sup>®</sup> for treatment of COPD at the 13<sup>th</sup> Congress of the European Respiratory Society in Vienna.

**ALTANA Chemie: Economic climate and exchange-rate influences impact on business**

ALTANA Chemie AG, Wesel, achieved sales of €569 million at the end of the first three quarters, 2% less than in the same period of the previous year (2002: €579 million). This was due to the considerably negative impact of currency fluctuations and the difficult economic climate, particularly in the U.S. Operating sales, however, rose by 2%.

Sales in the Additives & Instruments business unit rose to €238 million (2002: €235 million). Coatings & Sealants achieved sales of €171 million (2002: €173 million). The Electrical Insulation business unit reported sales of €160 million, 6% less than in the previous year (2002: €171 million). ALTANA Chemie posted growth in Europe (+2%) and Asia (+4%), but its North American business declined by 15%, in part due to market shifts toward Asia. With currency adjustments, North American sales would show a slight increase. At €488 million, international sales accounted for 86% of total sales.

Due in large part to losses resulting from currency exchange rates, operating profit (EBIT) fell by 14% to €76 million (2002: €88 million) and profits before taxes (EBT) by 14% to €70 million (2002: €83 million). The EBIT margin is 13.3% (2002: 15.3%) and the return on sales 12.4% (2002: 14.2%). The EBITDA margin was 18.5% (2002: 20.3%), again indicating a high level of profitability in an international sectoral comparison at the end of the third quarter.

In the middle of August, ALTANA Chemie announced that it had completed the acquisition of the electrical insulation business of Schenectady International, Inc. (SII). Integration is proceeding swiftly and on schedule.

**Outlook for full year 2003: Growth trend continues**

For the whole year 2003, growth of the ALTANA Group continues, however at a slower pace. Schweickart: "We expect for the whole year 2003 further double-digit growth in sales and profits. Converted to euros, we anticipate single-digit growth in sales and an increase in profits (EBT) in the range of 8 to 10%. This already includes the effect from the change in accounting of milestone payments (about -3 percentage points). High investments in future-building assets, such as Research & Development, property, plant and equipment as well as employees, safeguard the basis for long-term growth."

**Key indicators: 9 months 2003**

ALTANA Group	1-9 2003	1-9 2002	Change
	in € millions	in € millions	in %
Sales	2.042	1.949	+ 5
Profit before interest, taxes, depreciation and amortization (EBITDA)	531	494	+ 7
Profit before interest and taxes (EBIT)	442	407	+ 9
Profit before taxes (EBT)	451	405	+ 12
Return on sales (EBT) in %	22,1	20,7	
Income before minority interests (EAT)	259	251	+ 3
Earnings per share in €	1,90	1,83	+ 4
Employees (30.9.)	10.448	9.784	+ 7

The full quarterly report is available at the ALTANA Homepage - [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 estimates for the filing of applications for marketing approvals for Alvesco® and Daxas®, ALTANA's pharmaceuticals under development. 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, especially the mandatory rebates and price fixing schemes for patent-protected innovative drugs, 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.*

This press release is also available on the Internet at [www.altana.com](http://www.altana.com)

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**For inquiries:**

ALTANA AG  
Dr. Thomas Gauly  
Head of Corporate Communications &  
Investor Relations

ALTANA Chemie AG  
Sven Kremser  
Head of Corporate Communications  
Abelstrasse 45  
46483 Wesel  
Germany  
Phone +49 (0) 281 670-746  
Fax +49 (0) 281 670-9746  
press@altanachemie.com  
www.altanachemie.com

**Media Relations:**

T +49 (0) 6172 1712-160  
T +49 (0) 6172 1712-168  
F +49 (0) 6172 1712-158

**Investor Relations:**

T +49 (0) 6172 1712-163  
T +49 (0) 6172 1712-165  
F +49 (0) 6172 1712-158

**Investor Relations USA:**

T +1 212 974-98 00  
F +1 212 974-61 90