

Acquisition of Emerald Kalama Chemical

A tailor-made deal!

Investor Relations, February 14th, 2021

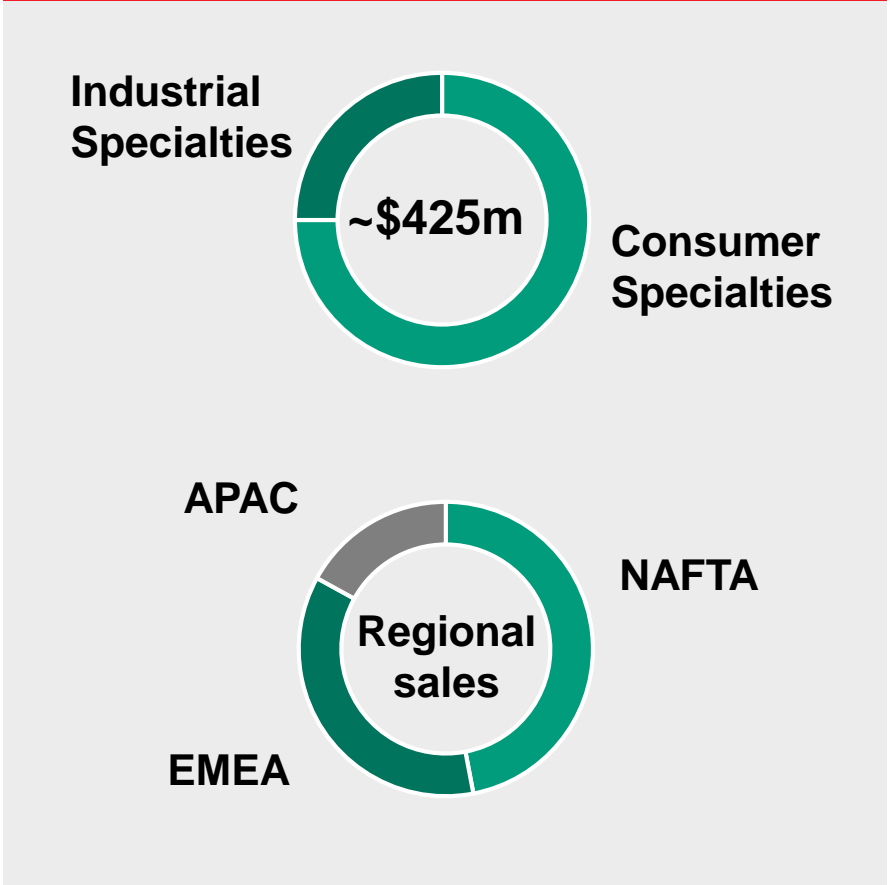
Acquisition of Emerald Kalama Chemical: A tailor-made strategic fit!

Key Facts

- **Key Financials 2020 (USD):**
 - Sales: ~\$425 m
 - EBITDA pre: ~\$90 m
 - Cash Conversion*: ~80%
- **Enterprise Value:** \$1,075 m
~9.0x EBITDA incl. ~\$30 m synergies
- **EPS accretion:** year one expected
- Financed from existing liquidity
- **Expected closing:** H2 2021

Peers: Valtris, Eastman, Celanese

Business Structure



Key Rationale

- Specialty business with strong fit to current portfolio
- Vertically integrated into high value derivatives**
- Strategic expansion into growth markets Food and Animal Nutrition
- Attractive secular growth markets above GDP
- Highly synergistic, both cost and top line synergies
- Straight forward integration into LANXESS

* cash conversion = EBITDApre – CAPEX / EBITDApre (mid-term)
 ** based on Benzoic acid & Benzaldehyde

Emerald Kalama Chemical offers a 100% complementary fit to LANXESS

LANXESS Consumer Protection Energizing Chemistry



Consumer Specialties (~75%)

Animal Health

- Preservatives for feed silage
- Animal feed additives substituting anti-biotics

Growth > GDP



Flavours & Fragrances

- ~30 aroma ingredients for food, home & personal care products

Growth > GDP



Food & Beverage

- High quality preservatives for food and beverages

Growth ~ GDP



Home & Personal Care

- Nature identical high purity preservatives for cleaning applications & cosmetics

Growth ~ GDP



Industrial Specialties (~25%)

CASE* & Polymers

- Phthalate-free plasticizers for:
 - Construction materials: e.g. flooring, sealants
 - Adhesives: substitution for mechanical fastening
 - Coatings and paper-based packaging

Growth > GDP



* CASE = Coatings, Adhesives & Sealants

Acquisition of Emerald Kalama Chemical strengthens LANXESS as a leading Consumer Protection player

Balanced specialties portfolio with long-term secular growth drivers

Consumer Protection: Focus areas



Animal Health

- Backward integrated leader in microbial solutions



F&B / F&F*

- Strengthening competitiveness



Water Purification

- Leading position in future growth business



Agro

- Strong position in custom manufacturing

Future growth enablers

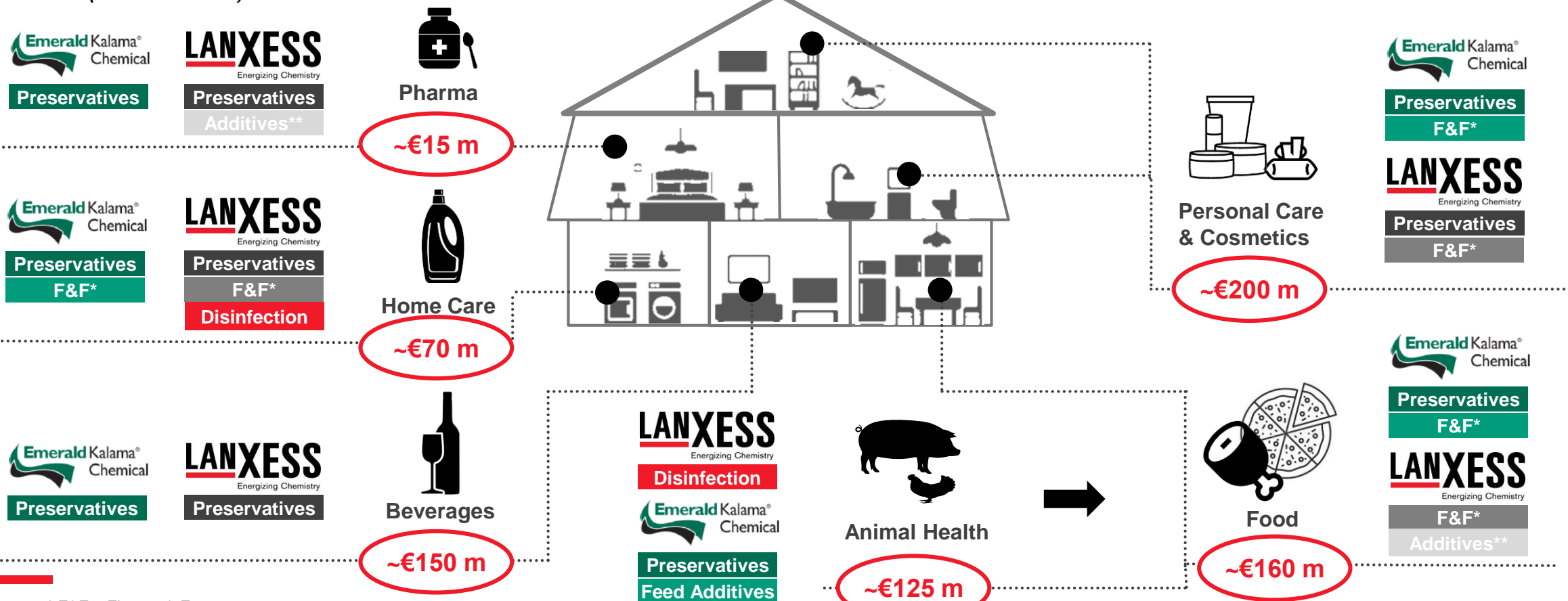
- **Animal Health:** Antibiotic substitution and rising pests globally
- **Regulatory trend:** Global boost in regulation for active ingredients
- **Need for preservation:** Increasing demand for plastic-free packaged & processed food
- **Natural trend:** Rising demand and awareness for natural & hygienic solutions
- **Water scarcity:** High-tech products for top-notch technology players
- **Agro recovery:** additional upside to contract based growth

* F&B = Food & Beverage / F&F = Flavors & Fragrances

The combined product portfolio brings consumer protection to everyone's daily life

Emerald Kalama's products complement LANXESS' Consumer Protection portfolio perfectly

Illustrative (combined sales)



* F&F = Flavors & Fragrances

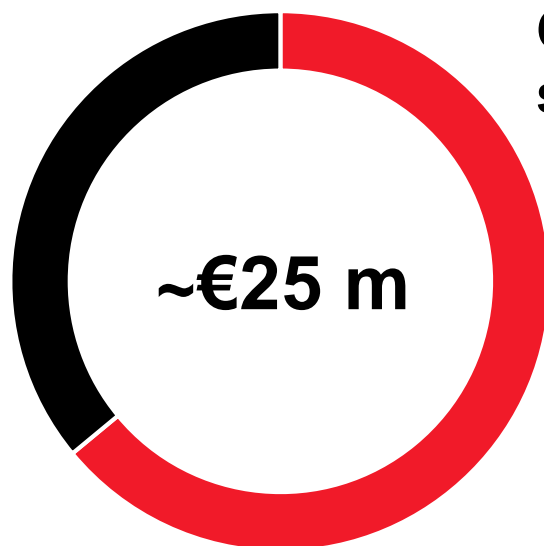
** Additives: e.g. Active Ingredients & Intermediates (Pharma); Processing Agents (Food)

Acquisition of Emerald Kalama Chemical provides attractive synergy potential for LANXESS

Overview: Synergies structure

Illustrative

Top line synergies



Cost based synergies

Phasing: Synergies, OTCs and CAPEX

	2021	2022	2023	2024
Synergies	-	~€10 m	~€10 m	~€5 m
OTCs	-	~€15 m	~€15 m	~€5 m
CAPEX*	~€10 m	~€15 m	~€15 m	~€15 m

Emerald Kalama Chemical ideally complements LANXESS growth in Consumer Protection

100% strategic fit	Strengthened competitiveness in Consumer Protection end markets
Secular growth	Long-term trend driven growth above GDP
High synergies/ Low complexity	Extended and complementary portfolio offers significant high synergies Low integration risk – low complexity (only three sites)
Attractive financials	Solid 9.0x EBITDA multiple (post synergies) Cash Conversion ~80%* and EPS accretion in year one



* mid-term

LANXESS

Energizing Chemistry