

LANXESS signs contract to acquire Emerald Kalama Chemical

- **Acquisition with sales of USD 425 million and EBITDA of USD 90 million to strengthen Consumer Protection segment**
- **Enterprise value of USD 1.075 billion**
- **High-margin new application fields in food industry and animal health**
- **Rapid integration expected**

Cologne, February 14, 2021 – Specialty chemicals company LANXESS is accelerating its growth course and signed a binding agreement to acquire 100 percent shares in Emerald Kalama Chemical on February 14, 2021. The US-based company is a globally leading manufacturer of specialty chemicals, especially for the consumer segment, and is majority-owned by affiliates of the US private equity firm American Securities LLC.

The enterprise value of Emerald Kalama Chemical amounts to USD 1.075 billion. After deducting debt-like items, the purchase price is around USD 1.04 billion (EUR 867 million*), which LANXESS will finance from existing liquidity. The transaction is expected to be completed in the second half of 2021. It is still subject to approval by the relevant authorities.

In 2020, Emerald Kalama Chemical achieved sales of around USD 425 million and EBITDA pre exceptionals of approximately USD 90 million. Within three years following the completion of the transaction, LANXESS expects an additional annual EBITDA contribution of around USD 30 million (EUR 25 million*) from synergy effects. The acquisition will already be earnings per share accretive in the first fiscal year after its completion.

“We are gaining further momentum on our growth course. The businesses of Emerald Kalama Chemical are an ideal fit for us. We will further strengthen our Consumer Protection segment and open

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up new application areas with strong margins, for example in the food industry and animal health sector. In addition, we will also enlarge our presence in our growth region of North America. All this will make us even more profitable and stable,” said Matthias Zachert, Chairman of the Board of Management of LANXESS AG.

Emerald Kalama Chemical employs approximately 500 employees worldwide and runs production sites in Kalama, Washington (USA), Rotterdam (Netherlands) and Widnes (Great Britain). Emerald Kalama Chemical generates around 45 percent of its turnover in North America. “Emerald Kalama Chemical has a very efficient setup, bundling all its production activities at only three sites. That is why we expect to integrate the new business very quickly,” said Zachert.

Targeted portfolio expansion in the Consumer Protection segment

Emerald Kalama Chemical generates about 75 percent of its turnover with specialties in the consumer segment. These include preservatives for food, household and cosmetic applications, flavors and fragrances as well as products for animal nutrition. The remaining 25 percent of sales come from the specialty chemicals business for industrial applications, including the plastics and adhesives industries.

With the acquisition, LANXESS is pursuing a targeted expansion of its portfolio: The company has a strong position in the global business with antimicrobial active ingredients and preservatives, including for consumer protection products and animal hygiene. Examples are disinfectants effective against the Coronavirus or the African Swine Fever.

*Based on exchange rate of EUR/USD = 1.20.

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LANXESS is a leading specialty chemicals company with sales of EUR 6.8 billion in 2019. The company currently has about 14,400 employees in 33 countries. The core business of LANXESS is the development, manufacturing and marketing of chemical intermediates, additives, specialty chemicals and plastics. LANXESS is listed in the leading sustainability indices Dow Jones Sustainability Index (DJSI World and Europe) and FTSE4Good.

Forward-Looking Statements

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