

LANXESS completes acquisition of Emerald Kalama Chemical

- **Acquisition with approximately USD 425 million in sales and around USD 90 million in EBITDA**
- **Additional EBITDA contribution of around USD 30 million within three years through synergies**
- **Strengthening of the Consumer Protection segment: aroma chemicals and preservatives for food, household, cosmetics and personal care applications**
- **New Flavors & Fragrances business unit**
- **LANXESS CEO Zachert: “LANXESS will become even more stable and profitable.”**

Cologne, August 3, 2021 – Specialty chemicals company LANXESS completed the second-largest acquisition in its history on August 3 with the takeover of Emerald Kalama Chemical. The US-based specialty chemicals manufacturer was majority-owned by affiliates of private equity firm American Securities LLC. All required regulatory approvals have been received. The enterprise value of Emerald Kalama Chemical was USD 1.075 billion (EUR 900 million). After deducting liabilities, the purchase price was approximately USD 1.04 billion (EUR 870 million), which LANXESS financed from existing liquidity.

“Emerald Kalama Chemical gives us another major boost on our growth path. The new businesses are an optimal strategic fit for us. We are strengthening our position in markets with attractive growth rates and opening up new high-margin application areas, especially in the beverage and food sector or in cleaning and cosmetic products. What's more, Emerald Kalama Chemical is perfectly backward integrated – strengthening our value chain in Consumer Protection. This segment is thus an important engine on the way to making LANXESS even more stable and profitable,” said Matthias Zachert, Chairman of the Board of Management of LANXESS AG.

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“A strong team is now working at full speed to ensure a rapid integration.”

With the closing of the transaction, LANXESS grows by around 470 employees and the three production sites in Kalama/Washington (USA), Rotterdam (Netherlands) and Widnes (Great Britain).

In 2020, Emerald Kalama Chemical achieved global sales of approximately USD 425 million (EUR 375 million) and EBITDA pre exceptionals of around USD 90 million (EUR 80 million). Within three years, 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.

Expansion of the product portfolio for the consumer care sector

Around three quarters of the sales of the acquired businesses are attributable to specialty products for the consumer care market.

The acquisition makes LANXESS one of the leading providers of products for flavors and fragrances – an area in which the specialty chemicals company expects to see sustained strong growth rates. The substances are used primarily in personal care products, cosmetics and exclusive fragrances, as well as food and beverages. The product range in the new LANXESS portfolio includes more than 30 aroma chemicals that provide earthy, floral, fruity, spicy and herbal notes.

LANXESS is incorporating this business into the newly established Flavors & Fragrances business unit, which will become part of the Consumer Protection segment.

The acquisition also strengthens LANXESS' leading position in the preservatives business. The new products will be used in high-growth

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applications in the food and beverage industry as well as in detergents, fabric softeners, cosmetics and personal care products.

Specialty chemicals for industrial applications

Around a quarter of the sales of the acquired businesses are accounted for by specialty chemicals for high-growth industrial applications, primarily in the plastics, paints and coatings and adhesives industries. The products will be integrated into the Polymer Additives business unit.

Euro figures based on exchange rate EUR/USD = 1.14 (average rate in 2020). Enterprise value and purchase price were converted using current exchange rate EUR/USD = 1.19.

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~€375 m
Sales in 2020

Secular growth
in attractive end markets

~9.0x EBITDA
incl. ~€25 m synergies**

~€0.9 bn
Enterprise value

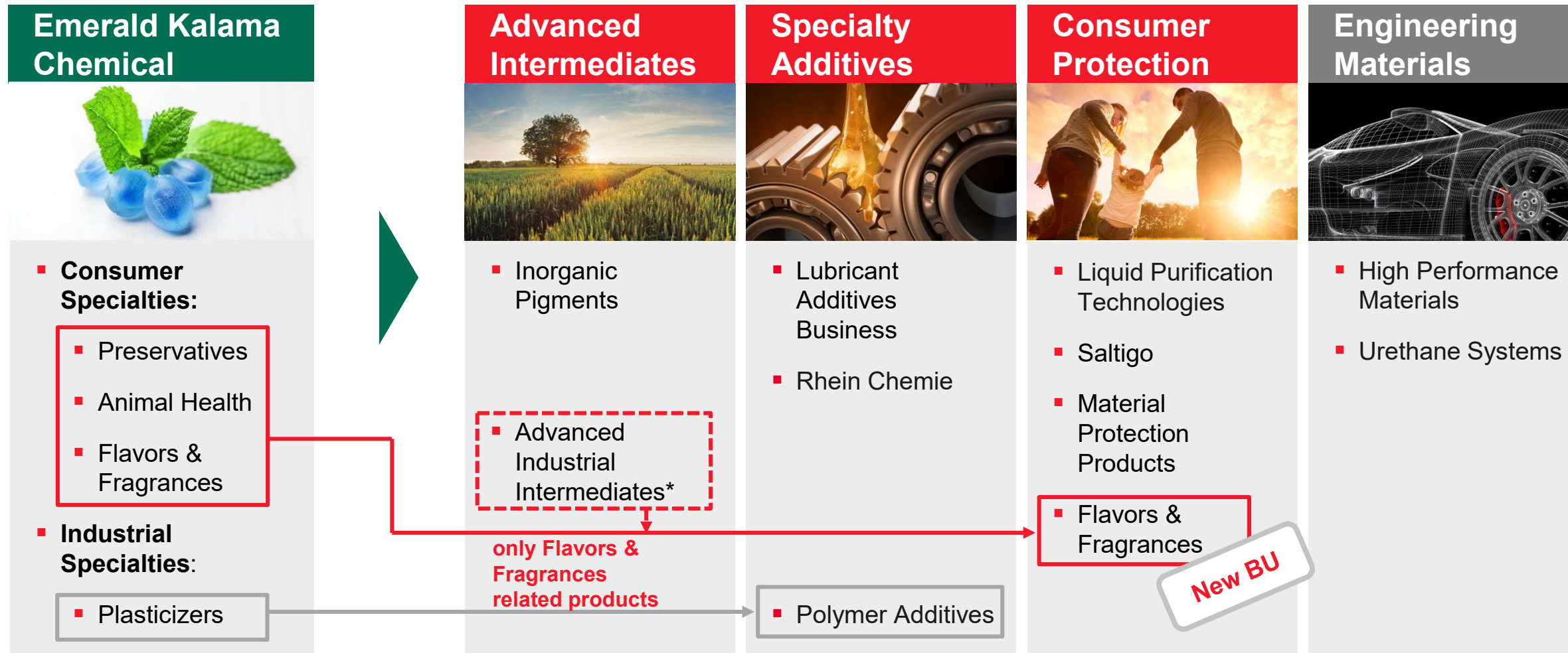
~€80 m
EBITDA pre in 2020

~80%
Cash conversion*

~100%
True Specialties

22 - 25%
EBITDA pre margin

Flavor & Fragrance products combined in new business unit within the Consumer Protection segment



* LANXESS' existing Flavors & Fragrances business combined with Emerald Kalama Chemical Flavors & Fragrances, Animal Health and Preservatives business to a new Business unit

LANXESS is a leading specialty chemicals company with sales of EUR 6.1 billion in 2020. The company currently has about 14,800 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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