

### **LANXESS and Advent International establish a leading global joint venture for high-performance engineering polymers**

- **LANXESS and Advent to acquire Engineering Materials business from DSM for a purchase price of around EUR 3.7 billion**
- **LANXESS to transfer High Performance Materials business into joint venture**
- **LANXESS to receive a payment of at least EUR 1.1 billion and a stake of up to 40 percent in the joint venture**
- **LANXESS will use proceeds to reduce debt and plans to buy back shares**
- **New joint venture with pioneering product portfolio and integrated value chain**

**Cologne, May 31, 2022** – Specialty chemicals company LANXESS and Advent International (“Advent”), one of the largest and most experienced global private equity investors with a well established track record in chemicals investments, are establishing a joint venture for high-performance engineering polymers. The two companies today signed an agreement to acquire the DSM Engineering Materials business (DEM) from Dutch group Royal DSM, which will become part of the new joint venture. The purchase price is around EUR 3.7 billion and will be financed by the joint venture via equity from Advent and external debt. The business represents sales of around EUR 1.5 billion with an EBITDA margin of approximately 20 percent. DEM is one of the leading global suppliers in high-performance specialty materials that address key market needs in electronics, electrical and consumer goods.

In addition, LANXESS will contribute its High Performance Materials (HPM) business unit to the joint venture. HPM is one of the leading suppliers of high-performance polymers, which are used primarily in the automotive industry. The business represents annual sales of

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around EUR 1.5 billion with EBITDA pre exceptionals of around EUR 210 million. Advent will hold at least 60 percent in the joint venture. LANXESS will receive an initial payment of at least EUR 1.1 billion and a stake of up to 40 percent in the future joint venture. Following the transfer to the joint venture, the HPM business will no longer be fully consolidated at LANXESS, but will be included in the consolidated financial statements at equity.

This move further sharpens LANXESS' business portfolio, which will consist of three specialty chemicals segments once the transaction is completed. LANXESS will use the proceeds of the transaction to reduce debt and to strengthen its balance sheet. In addition, the Group plans a share buy-back program with a volume of up to EUR 300 million.

LANXESS will have the possibility to divest its stake in the joint venture to Advent at the same valuation earliest after three years. EBITDA could then be significantly higher than today as Advent and LANXESS anticipate substantial synergies resulting from the combination of the two businesses.

The transaction is still subject to approval by the authorities. Closing is expected in the first half of 2023.

LANXESS CEO Matthias Zachert: "LANXESS will once again become significantly less dependent on economic fluctuations. In addition, we as LANXESS will strengthen our balance sheet with the proceeds from the transaction and gain new scope for the further development of our Group. With the new joint venture, we are forging a strong global player in the field of high-performance polymers. The portfolios, value chains and global positioning of the two businesses complement each other perfectly. With its innovative products, the joint venture will be able to play a key role in shaping future developments - for example in the field of electromobility. In Advent, we have a strong and reliable partner with profound experience in the chemical industry and our customer industries."

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Ronald Ayles, Managing Partner at Advent International: “Joining forces with LANXESS in this industry transforming transaction is a highlight for Advent as we have built a trusted, long standing relationship and share the highest mutual respect. Together we plan to bring the experience, deep sector know-how, and financial resources to make the joint venture a global success story for everyone involved. The combination of LANXESS’ High Performance Materials (HPM) and DSM Engineering Materials (DEM) creates a strong platform and brings together extensive expertise, resulting in the best opportunities for employees and more value for customers.”

### **Global set-up and high backward integration**

DSM’s Engineering Materials business comprises polyamides (PA6, PA66) as well as various specialty materials (PA46, PA410 and specialty polyesters as well as PPS). Around 2,100 employees work for the division at 8 production and 7 research sites in all relevant markets worldwide. In addition to Europe and the US, the business has a particularly strong presence in Asia.

LANXESS’ High Performance Materials (HPM) business unit is one of the leading producers of PA6 and PBT engineering polymers and thermoplastic fiber composites. A total of 1,900 employees at 10 production and 7 research sites worldwide work for HPM. The global production network is characterized by a high degree of backward integration. The backbone is the Antwerp/Belgium site. There, HPM produces not only PA6 polymers but also relevant precursors such as caprolactam and glass fibers.

### **Sustainable product portfolio**

Both DEM and HPM are pioneers in sustainability, offering bio- and recycled-based alternatives across their product portfolios.

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For example, LANXESS recently launched a new high-performance polymer that is made from 92 percent sustainable raw materials. In producing the polymer, LANXESS uses “green” cyclohexane from sustainable sources such as rapeseed oil or other biomass as a raw material. It is reinforced with 60 percent by weight glass fibers recycled from industrial glass waste.

### Future-oriented applications

The automotive industry is a focus customer sector for the new joint venture. There, the polymers are used, among other things, for lightweight elements in structural parts but also in the interior and often replace metal parts. In this way, weight can be saved and CO<sub>2</sub> emissions reduced. An important growth area is electromobility. Here, polymers are used, for example, in the construction of battery and charging systems, electronic control systems and power electronics.

In addition, the materials are used in the electrical and electronics industry, for example in components for smartphones, IT and household appliances.

LANXESS is a leading specialty chemicals company with sales of EUR 7.6 billion in 2021. The company currently has about 14,900 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.

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## News Release

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