



LANXESS
Energizing Chemistry

Acquisition of IFF Microbial Control

Building one of the key players in biocides

Investor Relations, August 24, 2021

Attractive strategic characteristics of the IFF Microbial Control (MC) Business

Asset light
but full of data and IP

**Attractive
profitability**

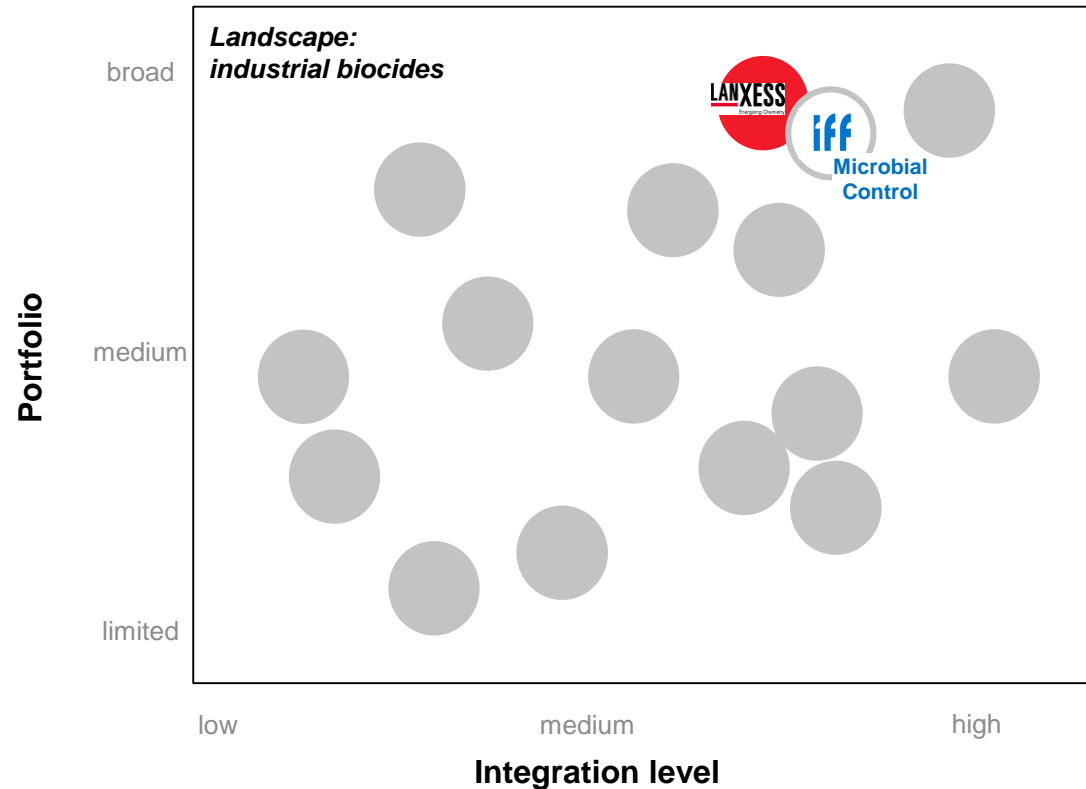
CO₂ light

**Regulatory affairs
intensive business**

**Strong cash
conversion**

**Secular
growth**

Together, LANXESS and IFF MC complement their business activities in microbial control solutions



Strategic rationale

- 1 Building one of the key players in biocides
- 2 Complementary product portfolio in biocides
- 3 Complementary regional coverage
- 4 Attractive synergy and cash flow profile

Combined, IFF MC & LANXESS as global player with broad portfolio & diverse application coverage

IFF MC: strong financials and asset light model

Attractive financials

Approx. \$450 m normalized sales*

>20% EBITDA margin

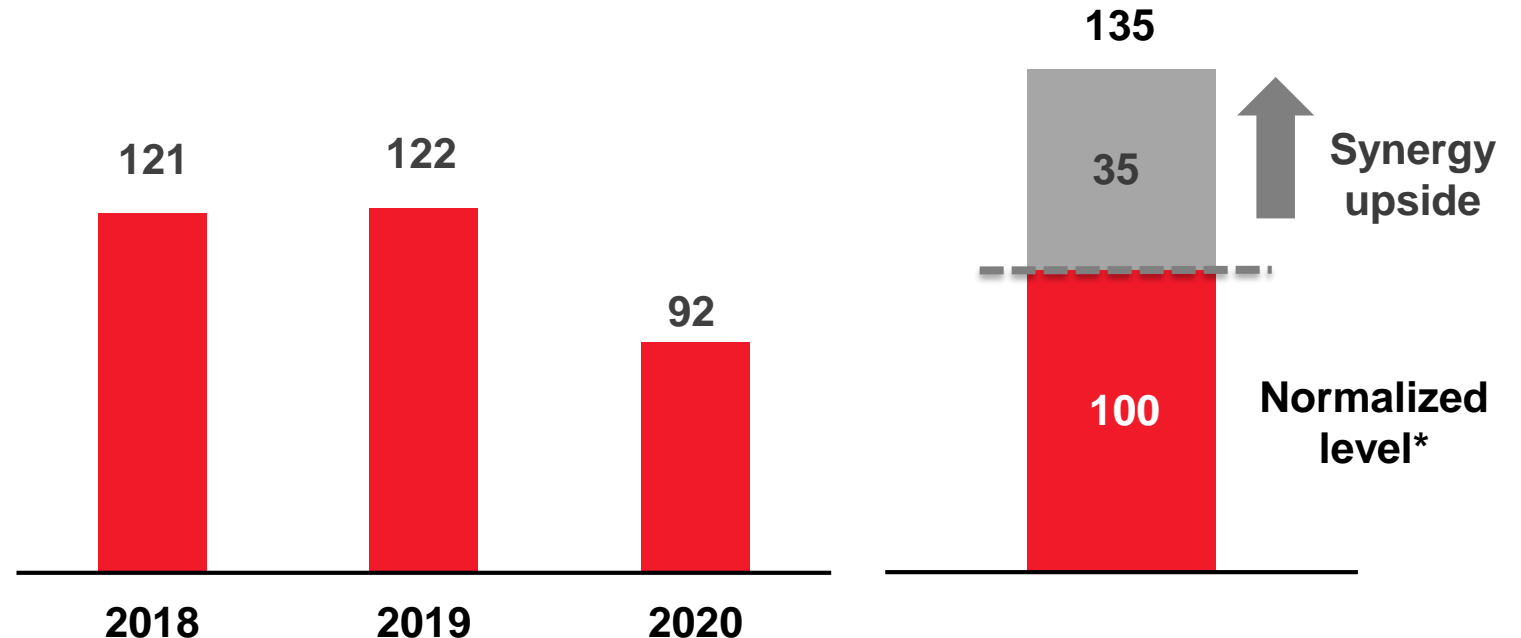
\$1.3bn EV

9.6 x EBITDA incl. \$35m synergies

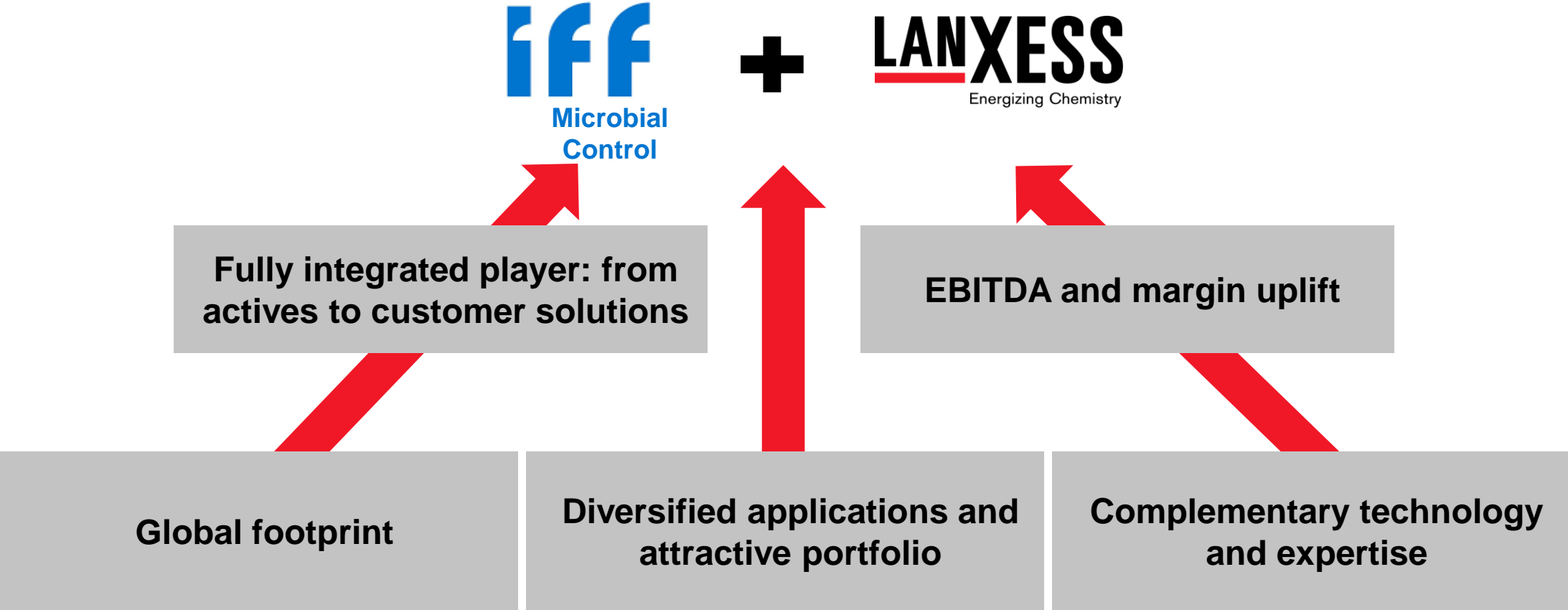
Cash conversion ~ 90%

Right point in time to seize optimal value

Transferred EBITDA pre in \$m



A complementary fit – strong levers for LANXESS to build on IFF MC product platform & market access



Targeting €30m synergies, thereof €25m by 2024



Top line synergies: ~ €10m

- Complementary geographies and customers
- Cross selling potential
- New applications: energy market and hygiene

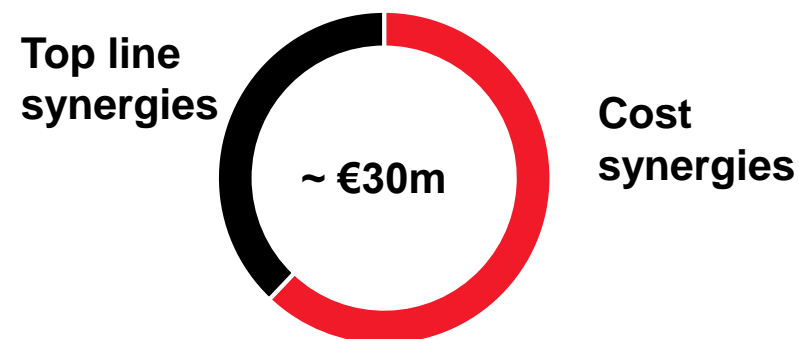


Cost synergies: ~ €20m

- Streamlining of sales office infrastructure
- Optimization of supply chain and distribution model
- Sourcing synergies
- Manufacturing excellence

Substantial synergies

Illustrative



	2022	2023	2024	2025
Synergies	~ €5m	~ €10m	~ €10m	~ €5m
OTCs	~ €15m	~ €10m	~ €5m	-
CAPEX*	~ €10m	~ €5m	~ €5m	-

Attractive deal metrics - closing expected in Q2 2022

Accretive transaction

- Enterprise value of ~€1.1bn
- Net financial debt and pension ~€10m
- ➔ **Purchase Price ~€1.1bn**
- EPS pre accretive in first year

Strong synergies

- Expected annual synergies of ~€30m (thereof already ~€25m by 2024)
- Confidence in synergies delivery given proven integration track record

Attractive multiple

- ~EV/EBITDA ~9.6 x including €30 m synergies

High cash generation

- Asset light production network supporting cash flow generation
- High margin business

Acquisition will be debt financed within investment grade rating

This acquisition lifts Consumer Protection to the next level



Integrated leader in Consumer Protection

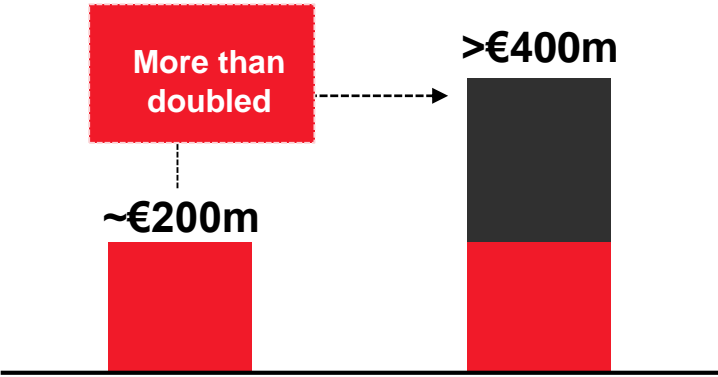


Group EBITDA on higher quality level

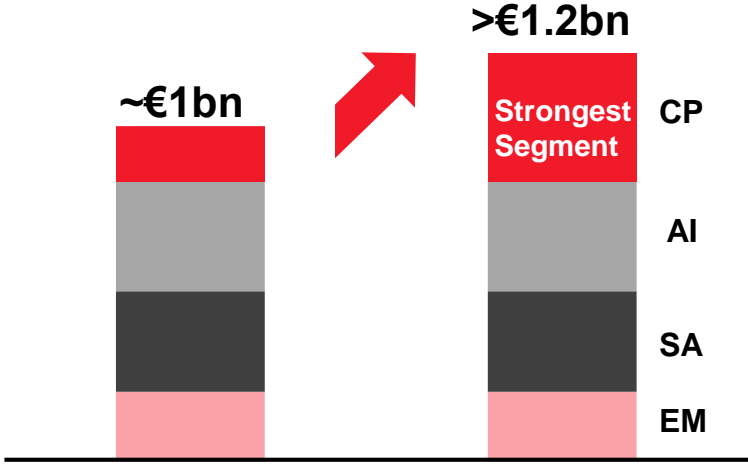


Margin expansion

EBITDA



EBITDA



- Specialty chemistry business driving group margin improvement
- New business adds strong cash generation
- Significant synergies
- Resilience in financials

Growing margins & resilience as Consumer Protection exposure broadens

Combination of IFF MC and LANXESS takes us to the next level

Creating one of the leading players in microbial control

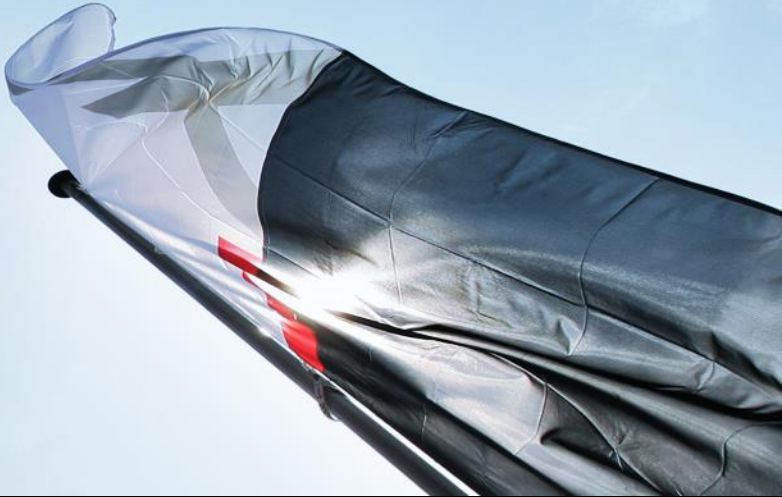
Attractive synergy level with high margin and strong cash flow

Smooth integration and matching cultures

Strategic fit strengthening Consumer Protection focus



LANXESS
Energizing Chemistry



Back-up

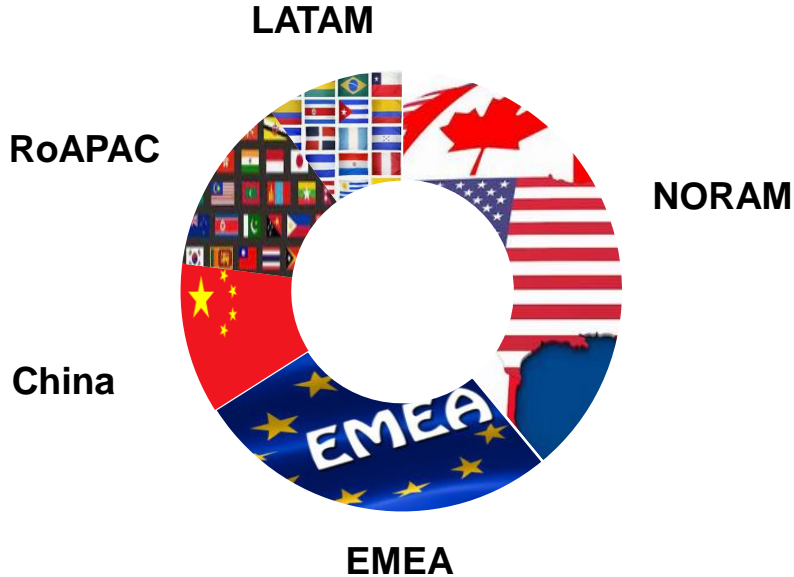
Global market presence in key microbial control application segments

Strong complementary business

Sales by end-uses



Sales by region



~270 FTEs

2 manufacturing sites in the US

Outsourced global production network

> 1,500 registrations