

LANXESS to acquire IFF's microbial control business

- **LANXESS to become one of the world's largest suppliers of microbial control products**
- **Strengthening the specialty chemicals portfolio: expansion of the growth areas disinfection, personal care and material protection**
- **Acquisition with approximately USD 450 million* in sales and around USD 100 million* in EBITDA**
- **Attractive synergies: additional EBITDA contribution of around USD 35 million within four years**
- **Purchase price of around USD 1.3 billion**
- **Closing of transaction expected in Q2 2022**
- **Consumer Protection to become the Group's strongest segment**

Cologne, August 24, 2021 – LANXESS is taking another big step on its growth course: the specialty chemicals company intends to take over the microbial control business of the U.S. group International Flavors & Fragrances Inc. (IFF). Both companies signed a corresponding agreement on August 23, 2021. IFF Microbial Control is one of the leading suppliers of antimicrobial active ingredients and formulations for material protection, preservatives and disinfectants. The products are used in a wide range of applications, particularly in personal care and household products, industrial water treatment as well as paints and coatings.

The transaction is still subject to approval by the relevant antitrust authorities. In addition, the business must first be carved out from the IFF Group. LANXESS therefore expects the transaction to be completed in the second quarter of 2022.

The IFF microbial control business represents sales of around USD 450 million* and EBITDA of approximately USD 100 million*. Within four years after the closing of the transaction, LANXESS expects

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synergies to add approximately USD 35 million (EUR 30 million**) in EBITDA. The acquisition is expected to be earnings per share accretive already in the first fiscal year after closing.

“In 2021, all signs are pointing to growth. The acquisition of IFF Microbial Control is already the fourth this year and LANXESS’ second largest ever. The business fits ideally into our strategic direction – specialty chemicals with attractive margins, applications in a wide range of industries and with a global positioning. It will make LANXESS one of the world’s largest suppliers of microbial control products. At the same time, we are enhancing Consumer Protection to become the strongest segment in the Group and are once again taking LANXESS a decisive step forward in terms of profitability and stability,” said Matthias Zachert, Chairman of the Board of Management of LANXESS AG.

LANXESS will pay around USD 1.3 billion (EUR 1.1 billion**) for the acquisition. “Taking into account the synergies we are aiming for, we are achieving an attractive purchase price of 9.6 times EBITDA,” said LANXESS CFO Michael Pontzen. The Group will finance the purchase price with debt capital and has secured respective bridge financing for this purpose. Pontzen: “We will replace the bridge financing agreed with our banks in the coming months by placing corporate bonds in the capital market. In doing so, maintaining our solid investment grade rating is of great importance to us.”

Perfect addition to the material protection business

IFF Microbial Control employs around 270 people and operates two production facilities at its U.S. sites in St. Charles, Louisiana, and Institute, West Virginia. The business also maintains a large partner network with active ingredient manufacturers and formulators. Following completion of the acquisition, the business is to be integrated into LANXESS’ Material Protection Products business unit.

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“Also thanks to acquisitions in recent years, we are already well positioned as microbial control solutions provider. With IFF’s microbial control business, we can now expand our portfolio of active ingredients, enabling us to offer our customers additional application-oriented solutions. In addition, we are strengthening our value chain,” said Michael Schäfer, head of the Material Protection Products business unit. “The business also gives us access to new technologies and enhances our regulatory position through additional registrations.”

IFF Microbial Control offers a comprehensive portfolio of innovative and sustainable solutions. The products extend the life and ensure the functionality of end products, for example in paints and coatings, personal care products, detergents and household cleaners. They also preserve water in industrial applications. Hygiene solutions from IFF Microbial Control are also used in functional textiles. They ensure that these remain germ-free for a longer time.

Share buy-back program will not be continued

With its recent acquisitions, LANXESS has created attractive growth opportunities and is now re-prioritizing its capital allocation. Against this background, the currently suspended share buy-back program will not be continued. The approximately 1.1 million shares already purchased will be cancelled.

*Normalized level, i.e. in an average year

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

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

This company release contains certain forward-looking statements, including

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