

Arkema to acquire ArrMaz, a US-based leader in specialty surfactants

- **ArrMaz is a global leader in specialty surfactants for crop nutrition, mining and infrastructure markets with sales of US\$290 million and 18% EBITDA margin**
- **The acquisition reinforces our Performance Additives, one of the three strong pillars within the High Performance Materials division, along with Adhesives and Technical Polymers**
- **ArrMaz specializes in tailored and sustainable solutions for attractive markets driven by mega-trends and fast-growing countries**
- **The transaction will combine Arkema's and ArrMaz's complementary expertise in differentiated formulations, technologies and geographic reach for specialty surfactants**
- **The purchase price is based on an enterprise value of US\$570 million, which corresponds to an EV/EBITDA multiple of 10.8x (~7x EBITDA 2023 including synergies)**
- **This acquisition of a profitable, resilient and low capital intensive business is another milestone in Arkema's growth journey towards specialties**

Another milestone towards specialties

Arkema reaches another milestone in its journey of growth in specialties with the planned acquisition of ArrMaz. With US\$290 million sales, 18% EBITDA margin and around 2.5% of capex to sales, ArrMaz is a US-based leader in specialty surfactants for crop nutrition, mining and infrastructure.

The acquisition of this profitable, resilient and low capital intensive business is fully in line with Arkema's long-term ambition to achieve over 80% of sales in specialties by 2023.

ArrMaz will be integrated in Performance Additives, one of the three strong pillars which will drive growth of the High Performance Materials division, along with Adhesives and Technical Polymers.

A global leader in specialty surfactants

ArrMaz offers tailored and sustainable solutions for the specific and ever-changing needs of its customers in a variety of industrial markets. Thanks to its formulation expertise and well-established leadership positions, ArrMaz has forged long-term relationships with major industrial customers, leaders in their own fields, to support their development.

Leader in several attractive niche markets, ArrMaz's growth is driven by sustainable trends such as limited natural resources, a growing world population, and development of new energy sources.

In the crop nutrition market, ArrMaz offers innovative additives that enhance the efficiency and quality of fertilizer production and distribution while promoting responsible farming. In the mining market, it offers a wide range of additives to help optimize grade recovery and process performance in mining operations, thereby enabling the most environmentally sound practices. Moreover, in the infrastructure market, ArrMaz supplies additives that help improve road longevity, quality and recyclability.

ArrMaz has built an extensive commercial presence in North America, South America, Asia and in the fast growing regions of the Middle East and Africa, where it recently opened state-of-the-art facilities. It employs 400 employees and operates 9 manufacturing sites around the world.

Combined with Arkema's strong expertise in formulation and specialty surfactants, this acquisition will join two organizations that are highly complementary in terms of geography as well as commercial and technological capabilities. Arkema will thus be well positioned to accelerate its growth in legacy markets and to enter new segments (additives for nutrients, lithium extraction and oil & gas process aids), with an expectation of delivering above-GDP growth.

A superior value creation

Beyond ArrMaz's favorable organic growth profile, significant and well-identified synergies, which are expected to amount to approximately US\$15 million by 2023, support the attractive economics of the acquisition. They will pertain mostly to purchasing and commercial complementarities between Arkema and ArrMaz. Including these synergies and ArrMaz's organic growth, the enterprise value / EBITDA multiple after 4 years is expected to stand at around 7 times.

Finally, the acquisition is expected to have an accretive impact on cash and earnings per share from the first year of integration, and will contribute to the Group's 2020 and 2023 objectives.

Completion of the transaction is expected in the summer of 2019, subject to approval by relevant antitrust authorities.

*A designer of materials and innovative solutions, **Arkema** shapes materials and creates new uses that accelerate customer performance. Our balanced business portfolio spans high-performance materials, industrial specialties and coating solutions. Our globally recognized brands are ranked among the leaders in the markets we serve. Reporting annual sales of €8.8 billion in 2018, we employ approximately 20,000 people worldwide and operate in close to 55 countries. We are committed to active engagement with all our stakeholders. Our research centers in North America, France and Asia concentrate on advances in bio-based products, new energies, water management, electronic solutions, lightweight materials and design, home efficiency and insulation. www.arkema.com*

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