

AD HOC ANNOUNCEMENT PURSUANT TO ART. 53 LR

Clariant agrees to acquire Lucas Meyer Cosmetics, a leading provider of high value ingredients for the cosmetics and personal care industry

- **Clariant agrees to acquire Lucas Meyer Cosmetics for a total consideration of USD 810 million (~ CHF 720 million)**
- **Fully aligned with Clariant’s purpose-led growth strategy, strengthens position as a true specialty chemical company**
- **Will expand Clariant’s reach into high value cosmetic ingredients space, based on customer-driven innovation and natural solutions**
- **Strong strategic fit with complementary customer and product portfolios, geographic footprint, and research capabilities**
- **Ambition to grow Lucas Meyer Cosmetics annual sales from ~ USD 100 million to ~ USD 180 million by 2028**
- **Lucas Meyer Cosmetics financial profile accretive to growth, margins, and cash flow; significantly exceeding Clariant’s 2025 target metrics**
- **Closing expected in the first quarter of 2024**

MUTTENZ, 30 OCTOBER 2023

Clariant, a sustainability-focused specialty chemical company, today announced that it has agreed to acquire Lucas Meyer Cosmetics, a leading provider of high value ingredients for the cosmetics and personal care industry, from International Flavors & Fragrances (IFF) for a total cash consideration of USD 810 million (~ CHF 720 million) on a debt-free, cash-free basis, equivalent to an EV/ reported EBITDA multiple (LTM August 2023) of 16.3x. The proposed transaction is subject to regulatory approvals and customary closing conditions and is expected to close in the first quarter of 2024.

“The proposed acquisition of Lucas Meyer Cosmetics marks another major step forward for Clariant’s purpose-led growth strategy. It will strengthen our position as a true specialty chemical company, our exposure towards consumer markets, and our footprint in North America, while supporting our goal to accelerate customer- and sustainability-driven innovation. In addition, Lucas Meyer Cosmetics brings a highly experienced leadership team with an excellent track record”, said Conrad Keijzer, Chief Executive Officer of Clariant. “By combining our personal care ingredients portfolio with Lucas Meyer Cosmetics, Clariant will become a leader in the high value cosmetic ingredients space, one of the most attractive, profitable, and fastest-growing specialty chemicals markets. With this step, we will build on our successful track record of pursuing and integrating bolt-on acquisitions to enable value creation and profitable growth.”

“Lucas Meyer Cosmetics represents a significant, exciting growth opportunity for Care Chemicals. It is a perfect fit with our business, given the complementarity of our customers and products. Combining our respective strengths, including the R&D and innovation capabilities of Lucas Meyer Cosmetics, backed by a strong brand, will enable us to deliver a strong increase in annual sales to USD 180 million in 2028 from around USD 100 million currently. We look forward to welcoming our new colleagues after closing and leveraging our respective capabilities, expertise, and passion,” said Christian Vang, President of the Clariant Business Unit Care Chemicals and the Americas region.

Lucas Meyer Cosmetics, founded in 1999 and headquartered in Québec, Canada, is a leading player in the high value active and functional cosmetic ingredients market. Lucas Meyer Cosmetics’ competitive edge stems from its superior marketing and innovation capabilities, including global R&D and regional application centers, which translate into strong financial performance with ~ USD 100 million of revenues (~ CHF 90 million) and highly attractive profitability. The business is also highly cash generative due to its asset-light model and outsourced production. In addition, Lucas Meyer Cosmetics has a unique customer-centric business model, resulting in strong brand recognition among customers around the world.

Strong strategic and financial rationale

The acquisition is underpinned by a compelling strategic rationale given Clariant’s and Lucas Meyer Cosmetics’ complementarity in customer portfolio, product portfolio, regional strongholds and capabilities in R&D and marketing, making the combination of Clariant and Lucas Meyer Cosmetics a uniquely positioned solutions provider for high value personal care brands. The proposed transaction allows Clariant to further transform its portfolio towards high-growth, high-margin and highly cash generative specialty chemicals businesses and consumer end-markets underpinned by accelerating demand for natural and sustainable products. It will increase Clariant’s exposure to the active and functional cosmetic ingredients market and strengthen its North America presence in the Care Chemicals business unit.

The transaction will create considerable value for Clariant’s shareholders. With ~ 10 % sales growth¹, outstanding profitability and high cash conversion, Lucas Meyer Cosmetics is accretive to Clariant’s growth, margin and cash flow profile and exceeds Clariant’s financial target metrics for 2025. The transaction is expected to be mid-single digit percentage accretive to EPS² from year one onwards. Given the strong strategic fit and high complementarity of the businesses, Clariant’s ambition is to grow Lucas Meyer Cosmetics’ annual sales from ~ USD 100 million to ~ USD 180 million by 2028.

Financing and expected timetable

The funding for the acquisition has been secured by a fully committed bridge facility which is intended to be refinanced soon after completion. On completion, Clariant’s net leverage is expected to moderately increase to ~ 2.8x times EBITDA including pension and lease liabilities, preserving the Group’s prudent capital structure and balance sheet strength. Clariant expects no change to its investment grade credit rating.

The acquisition is expected to close in the first quarter of 2024.

¹ CAGR 2015-2023E

² On an adjusted basis including full run-rate synergies and excluding non-recurring, transaction-related costs

Clariant third quarter 2023 reporting – Conference Call

Clariant also published its third quarter / nine months figures 2023 today. The company will host a conference call for analysts and investors covering the proposed Lucas Meyer Cosmetics acquisition as well as the third quarter / nine months figures 2023 at **15.00 CET** (14.00 GMT, 10.00am EST).

To register for the call please click [here](#).

To follow the real-time webcast please click [here](#).

CORPORATE MEDIA RELATIONS

Jochen Dubiel
Phone +41 61 469 63 63
jochen.dubiel@clariant.com

Anne Schäfer
Phone +41 61 469 63 63
anne.schaefer@clariant.com

Ellese Caruana
Phone +41 61 469 63 63
ellese.caruana@clariant.com

INVESTOR RELATIONS

Andreas Schwarzwälder
Phone +41 61 469 63 73
andreas.schwarzwaelder@clariant.com

Thijs Bouwens
Phone +41 61 469 63 73
thijs.bouwens@clariant.com

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This media release contains certain statements that are neither reported financial results nor other historical information. This document also includes forward-looking statements. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors that are beyond Clariant's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators and other risk factors such as: the timing and strength of new product offerings; pricing strategies of competitors; the Company's ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs; and changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Clariant does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.

www.clariant.com

Clariant is a focused specialty chemical company led by the overarching purpose of 'Greater chemistry – between people and planet'. By connecting customer focus, innovation, and people the company creates solutions to foster sustainability in different industries. On 31 December 2022, Clariant totaled a staff number of 11 148 and recorded sales of CHF 5.198 billion in the fiscal year for its continuing businesses. As of January 2023, the Group conducts its business through the three newly formed Business Units Care Chemicals, Catalysts, and Adsorbents & Additives. Clariant is based in Switzerland.