



We create chemistry

# **BASF and Solenis to join forces by combining paper and water chemicals businesses**

May 3, 2018

# Cautionary note regarding forward-looking statements

*This presentation contains forward-looking statements. These statements are based on current estimates and projections of BASF management and currently available information. Future statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. Such factors include those discussed in the Opportunities and Risks Report from page 111 to 118 of the BASF Report 2017. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.*

# Creating a customer-focused global solutions provider for the paper and water treatment industries – transaction rationale



- ✓ Technology expertise
- ✓ World-scale manufacturing
- ✓ Markets and products
  - Packaging
  - Dry strength
  - Paper coloration
  - Municipal waste water treatment
  - Water treatment chemicals



- ✓ Customer intimacy
- ✓ Services
  - Application domain experts
  - Digital solutions
- ✓ Markets and products
  - Packaging
  - Tissue
  - Biocides
  - Wet and dry strength
  - Industrial water treatment

# BASF and Solenis to join forces by combining paper and water chemicals businesses

## Scope of transaction

- Transaction comprises **BASF's global paper wet-end and water chemicals business** (part of BASF's Performance Chemicals division), including around **1,300 employees** globally and production sites and plants\* in the UK, the United States, Mexico, India and Australia
- **Solenis** is a global producer of **specialty chemicals for water intensive industries**. With around **3,700 employees** in 118 countries, Solenis offers a broad array of process, functional and water treatment chemistries as well as state-of-the-art monitoring and control systems

## Facts about transaction

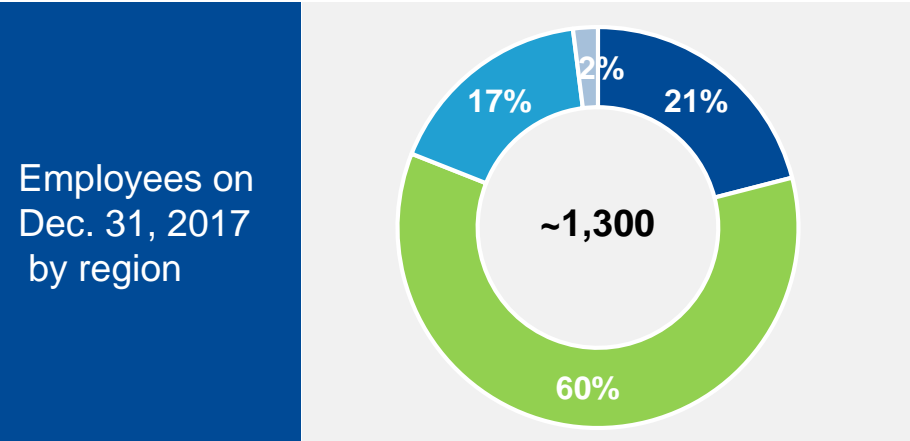
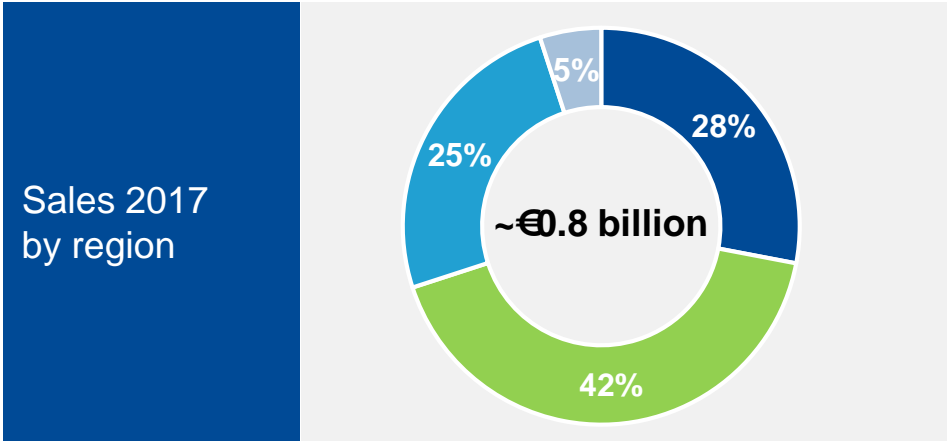
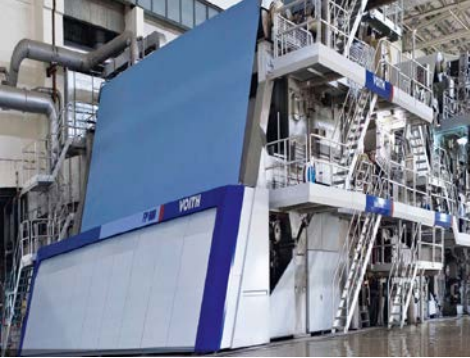
- **BASF will hold a 49% share** of the combined entity; 51% of the shares will be held by funds managed by Clayton, Dubilier & Rice
- **Pro-forma sales** of the combined business were around **€2.4 billion in 2017**
- Financial terms of the transaction are not disclosed
- Pending approval by the relevant authorities, **closing** is anticipated for the **end of 2018 at the earliest**

\* BASF's paper wet-end and water chemicals production plants strongly embedded in the Verbund in Ludwigshafen, Germany, and Nanjing, China, are not transferred, and will deliver products and raw materials to the combined entity under mid- to long-term supply agreements. BASF's paper coating chemicals portfolio is not part of the transaction.

# Facts and figures

## BASF's paper wet-end and water chemicals business

Headquarters	Ludwigshafen, Germany
Ownership and management	100% owned and managed by BASF in a global business unit
Production*	<ul style="list-style-type: none"> <li>■ Bradford and Grimsby, UK</li> <li>■ Suffolk, Virginia, USA</li> <li>■ Altamira, Mexico</li> <li>■ Ankleshwar, India</li> <li>■ Kwinana, Australia</li> </ul>



- North America
- EMEA
- Asia Pacific
- South America

\* BASF's paper wet-end and water chemicals production plants strongly embedded in the Verbund in Ludwigshafen, Germany, and Nanjing, China, are not transferred, and will deliver products and raw materials to the combined entity under mid- to long-term supply agreements. BASF's paper coating chemicals portfolio is not part of the transaction.

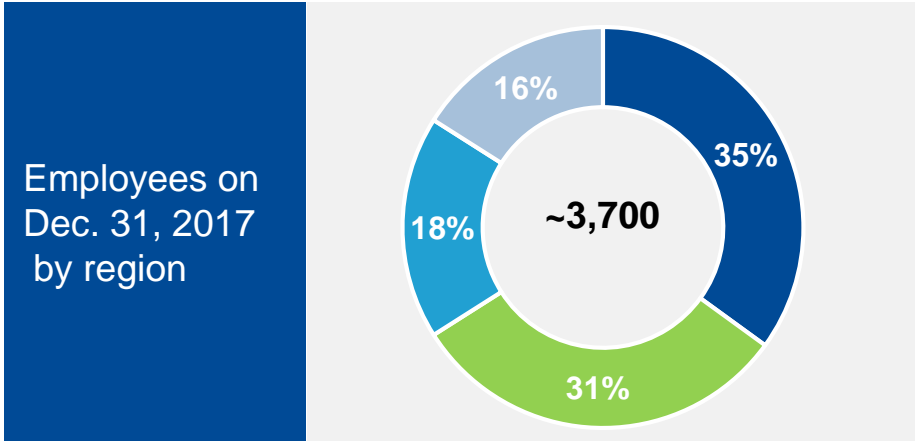
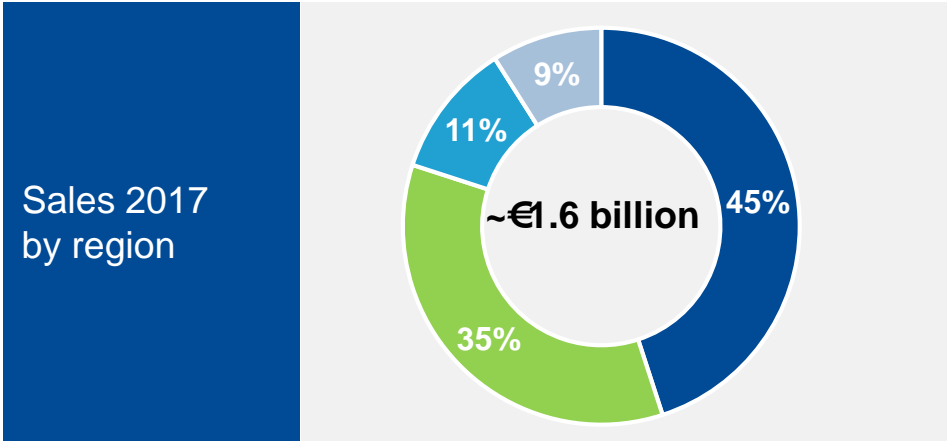


# Facts and figures

## Solenis

Headquarters	Wilmington, Delaware, USA
Ownership	100% owned by funds managed by Clayton, Dubilier & Rice
Management	John E. Panichella CEO and President
Production	35 manufacturing sites globally

R&D centers	<ul style="list-style-type: none"> <li>Wilmington, Delaware, USA</li> <li>Krefeld, Germany</li> </ul>
Regional customer application technology centers	<ul style="list-style-type: none"> <li>Wilmington, Delaware, USA</li> <li>Krefeld, Germany</li> <li>Barendrecht, Netherlands</li> <li>Shanghai, China</li> <li>Paulínia, São Paulo, Brazil</li> </ul>



- North America
- EMEA
- Asia Pacific
- South America

# Concept to ensure a smooth transfer following the closing of the transaction

## Closing

- Until closing, BASF's paper wet-end and water chemicals business and Solenis will continue to operate as strictly independent companies
- Pending approval by the relevant authorities, **closing** is anticipated for the **end of 2018 at the earliest**
- Following the closing, BASF will **account for its 49% share** in the combined entity **under the equity method** in BASF's consolidated financial statements

## Concept

- Following the signing, BASF will immediately set up a **carve-out team**
- At closing, BASF's paper wet-end and water chemicals business will be integrated into Solenis
- The combined entity will be **headquartered in Wilmington, Delaware**, and will **operate under the Solenis name**; its current CEO will continue to lead the company; BASF will nominate three out of seven shareholder representatives



We create chemistry



# BASF's paper wet-end chemicals and water treatment chemicals product portfolio



## Paper wet-end chemicals

- Process chemicals to optimize costs and increase machine efficiency as well as functional chemicals to lend specific properties to finished paper and cardboard
- Portfolio: dry strength agents, fixing agents, retention and drainage aids, deaerators, basic dyes, direct dyes, sizing agents, pigment preparations, wet strength agents and color developers



## Municipal and industrial water treatment chemicals

- Water chemicals used to purify raw water used for the production of drinking water, to treat waste water streams and industrial process water, to protect cooling towers, boilers and desalination plants
- Portfolio: flocculants, coagulants, defoamers, cleaners, antiscalants, dispersants, corrosion inhibitor, formulations additives