

June 11, 2021



# Element Solutions Inc Announces Planned Acquisition of Coventya

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- *Enhances Element Solutions' global position and broadens offerings across industrial surface treatment markets*
- *Offers attractive technologies and new growth opportunities in complementary end-markets*
- *On a pro-forma run-rate basis, transaction expected to add approximately \$0.07 to ESI's adjusted EPS before synergies, or approximately 5% accretion based on 2021 adjusted EPS guidance of \$1.30 or greater*
- *Purchase price expected to be funded with cash on hand and incremental debt financing; pro-forma net leverage ratio expected to remain at or below 3x at year-end 2021*

Element Solutions Inc (NYSE:ESI) ("Element Solutions," "ESI" or the "Company"), a global and diversified specialty chemicals company, announced today that it has made a binding offer\* to acquire Coventya Holding SAS ("Coventya"), a global provider of specialty chemicals for the surface finishing industry. Under the terms of the offer, Element Solutions will pay approximately €420 million in cash, including the assumption or repayment of debt, subject to certain adjustments. The transaction is expected to close in late Q3 or Q4 2021, subject to receipt of certain regulatory approvals, completion of required employee consultation procedures and other customary closing conditions. Upon the closing of the transaction, Coventya will join MacDermid Enthone Industrial Solutions and will be reported within the Company's Industrial & Specialty segment.

Coventya is a global specialist in developing metal finishing chemical technologies with an array of solutions that provide decorative and functional coatings for industrial end-markets in over 60 countries. The business has manufacturing

facilities in Asia, Europe and the Americas and its products serve customers globally across automotive, fashion, construction, electronic, consumer goods, energy, and aerospace / military end-markets. Coventya is expected to generate annual sales of approximately €160 million and adjusted EBITDA of greater than €30 million for its fiscal year 2021 ending in September. On a pro forma basis after giving effect to expected annualized synergies, the proposed purchase price represents less than 10x Coventya's projected fiscal year 2021 adjusted EBITDA.

President and Chief Executive Officer Benjamin Gliklich said, "We are very pleased to announce our proposed transaction with Coventya. This is an excellent business that aligns seamlessly with our acquisition criteria and a company that we have admired for decades. Coventya has a long history of providing innovation and high-quality solutions in attractive niche markets like our own. We believe that Coventya's deep customer relationships, solutions-orientation and outstanding team will improve our company and the breadth and quality of solutions we provide to our key markets. With this acquisition, we expect our MacDermid Enthone Industrial Solutions business to benefit from enhanced scale and strong complementary product offerings. We enjoy nothing more than investing behind our robust businesses and leaders in equally great businesses and teams. The opportunity with Coventya is a great case study for this, and we are looking forward to welcoming the Coventya team to the Element Solutions family."

Mr. Gliklich continued, "This acquisition should translate to positive outcomes for both companies and their customers and shareholders. On a pro forma basis, we expect the acquisition to add approximately \$0.07 to our annualized adjusted EPS before synergies, representing accretion of approximately 5% based on our previously announced adjusted EPS guidance of \$1.30 or greater for the full year 2021. The synergies from this transaction should be significant. We expect at least €13 million in annual synergies to be realized over the two years following the close of the transaction. In our markets, opportunities this size are rare, and we are thrilled to have found one consistent with our acquisition strategy of investing in markets we know and growing businesses we believe are better under our ownership. Our philosophy of balancing operational excellence with prudent capital allocation is working. Our execution and prudent balance sheet management since the inception of Element Solutions allows us to fund this transaction without additional equity while continuing our goal of maintaining a net leverage ratio at or below 3.0x at year end 2021."

Coventya CEO Erik Weyls said, “This transaction is a great milestone for our company. We expect Element Solutions to provide Coventya and its people with resources and capabilities that will accelerate our growth. This has long been a logical combination which we believe will provide customers with a broad suite of enhanced solutions that will be differentiated in our markets. I am incredibly proud of the team that has enabled Coventya’s success to date and thankful for their effort to build such an outstanding company. The future is bright for our business and its people, and we are all looking forward to becoming a part of the dynamic company that the team at Element Solutions is building.”

*\* Under French law, Coventya’s shareholders may not accept the Company’s offer or enter into the binding purchase agreement until completion of consultation procedures with certain workers’ representative bodies.*

### **About Element Solutions Inc**

Element Solutions Inc is a leading specialty chemicals company whose businesses supply a broad range of solutions that enhance the performance of products people use every day. Developed in multi-step technological processes, these innovative solutions enable customers' manufacturing processes in several key industries, including consumer electronics, power electronics, semiconductor fabrication, communications and data storage infrastructure, automotive systems, industrial surface finishing, consumer packaging and offshore energy. More information about Element Solutions is available at [www.elementsolutionsinc.com](http://www.elementsolutionsinc.com) .

### **About Coventya**

Coventya is an international company that develops, manufactures and distributes specialty chemicals for the surface finishing industry in over 5 continents and 60 countries. With a rich and diverse history that dates back to 1927, Coventya is considered a global market leader in both innovation and customer support.

[www.coventya.com](http://www.coventya.com)

### **Forward-looking Statements**

*This press release contains forward-looking statements, including, but not limited to, statements relating to the parties’ ability to receive the required regulatory approvals, complete the required employee consultation procedures and satisfy other customary closing conditions in order to close the Coventya acquisition;*

*Element Solutions' ability to successfully integrate and obtain the anticipated benefits from this acquisition, including, but not limited to, the addition of approximately \$0.07 to its annualized adjusted EPS, or approximately 5% accretion based on its 2021 adjusted EPS guidance of \$1.30 or greater and at least €13 million in annual synergies to be realized over the two years following the closing of this transaction; enhancing the MacDermid Enthone Industrial Solutions global position and offering; attractive technologies and new growth opportunities; Element Solutions' goal to maintain a net leverage ratio at or below 3.0x at year end 2021; and Coventya's net sales and adjusted EBITDA results for its fiscal year 2021. These statements are based on management's estimates and assumptions with respect to financial performance and future events, and are believed to be reasonable, though are inherently difficult to predict. Actual results could differ materially from those projected as a result of certain factors including, without limitation, market and other general economic conditions, Element Solutions' perception of future availability of financing as well as factors included in its periodic and other reports filed with the Securities and Exchange Commission. Element Solutions undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.*

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