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**For Immediate Release**

*28 October 2021*

**SYNTHOMER PLC**

**PROPOSED US\$1 BILLION ACQUISITION OF THE EASTMAN'S ADHESIVE RESINS BUSINESS TO FORM THE NEW ADHESIVE TECHNOLOGIES DIVISION OF SYNTHOMER AND £200 MILLION EQUITY PLACING**

**SYNTHOMER'S NEW OPERATING DIVISION "ADHESIVE TECHNOLOGIES" PROVIDES AN EXCITING NEW PLATFORM FOR GROWTH**

Synthomer plc ("**Synthomer**" or the "**Company**"), a global differentiated chemicals company, today announces it has agreed to acquire the Adhesive Resins business ("**Adhesive Technologies**") of Eastman Chemical Company ("**Eastman**"), which develops, manufactures and sells tackifying resins and additives for adhesive products, with a strong focus on attractive end markets such as hygiene, packaging and high performance tyre additives, for \$1 billion in cash (the "**Acquisition**").

**Strategic Highlights**

The Acquisition of Adhesive Technologies will bring significant benefits to Synthomer, including:

- Well-invested assets with a global leading position in adhesives.
- Six plants with strong Safety, Health & Environment standards and manufacturing excellence heritage.
- Increased exposure to attractive end-markets with resilient and GDP+ growth fundamentals.
- Greater scale and diversity to Synthomer's portfolio, and further extending the Company's geographic footprint.
- Strong R&D track record driving opportunities for further innovation-led growth.
- Alignment with our sustainability roadmap - large and growing portfolio of sustainable products.
- Logical and strategic acquisition with attractive synergy potential.
- Compelling financial metrics with accretive unit gross margins and conservatively financed.
- Strong management team and talented employee base consisting of approximately 650 people worldwide.

**Financial Summary**

- Adhesive Technologies valued at US\$1 billion (approximately £728 million), on a cash and debt-free basis, with normal levels of working capital.
- Acquisition represents an enterprise value multiple for Adhesive Technologies of 10.3x Adhesive Technologies' June 2021 LTM Adjusted EBITDA before synergies.
- Attractive post-synergy multiple of 8.3x with target run-rate pre-tax cost synergies of c.US\$23 million per annum by the end of the third year following completion of the Acquisition ("**Completion**").
- Acquisition expected to deliver double digit EPS accretion from Year 1.

- Higher unit gross and EBITDA margins per ton compared to existing Synthomer portfolio.
- Return on invested capital is expected to exceed its cost of capital in the third full financial year following Completion.
- Conservatively financed Acquisition with an estimated leverage of approximately 1.6x net debt / EBITDA expected at Completion.

### Financing and Expected Timetable

- Financing of the Acquisition and related fees and expenses from the gross proceeds of an Equity Placing expected to raise approximately £200 million (approximately US\$275 million), existing cash and drawing under a new US\$300m debt facility.
- Acquisition constitutes a Class 1 transaction for the purposes of the Listing Rules, and therefore requires the approval of Synthomer shareholders. Accordingly, a General Meeting will be convened to approve the Acquisition and further details, including the notice of the General Meeting, will be set out in a circular that is expected to be sent to shareholders in November 2021 (the "**Circular**").
- In addition, Synthomer shareholders will be asked to approve an increase of the borrowing limit set out in the Articles of Association from £1,500 million to £2,000 million.
- The Acquisition will also be conditional on various regulatory approvals and customary closing conditions.
- Assuming satisfaction or waiver of all conditions to the Acquisition, Completion expected to occur in Q1 2022.

### Irrevocable undertakings

- The Directors have irrevocably undertaken to vote or procure that the registered holders vote in favour of the Resolutions in respect of their beneficial holdings and certain non-beneficial holdings for which they have an aggregate interest amounting to 10,117,624 ordinary shares (the "**Shares**"), representing approximately 2.4% of the existing ordinary share capital of Synthomer as at 27 October 2021 (the "**Latest Practicable Date**").
- Kuala Lumpur Kepong Berhad ("**KLK**"), which holds 90,677,284 Shares, representing approximately 21.3% of the existing ordinary share capital of Synthomer as at the Latest Practicable Date, has irrevocably undertaken to vote in favour of the Resolutions.
- In addition, KLK has irrevocably undertaken to subscribe for 9,067,728 new Shares in connection with the Equity Placing, representing their 21.3% interest of Synthomer's existing ordinary share capital.

### Commenting on today's announcement, Caroline Johnstone, Chair of Synthomer, said:

"This acquisition is another important strategic step for Synthomer. It builds on the significant portfolio and geographic expansion gained from acquiring OMNOVA last year and adds an exciting new platform for growth. Adhesive Technologies' global positioning, market leading technology with a strong focus on attractive end markets such as hygiene, packaging and high performance tyre additives are highly complementary to our existing business. Together with Synthomer's incoming CEO, Michael Willome, who has been closely involved and who has fully endorsed this transaction, I look forward to welcoming Adhesive Technologies' colleagues to the Company and working together to deliver on the exciting potential that the combination of our two businesses undoubtedly brings."

**Commenting on today's announcement, Calum MacLean, Chief Executive of Synthomer, said:**

“Alongside the diversification of our portfolio, end-markets and geographies, our acquisition strategy looks to add new and highly complementary growth opportunities to Synthomer’s global portfolio. Adhesive Technologies delivers on that ambition, giving us a leading position in the growing global adhesives market and extending our portfolio of differentiated products and sustainable solutions. The business is well-invested, with six manufacturing facilities, a highly skilled and experienced workforce and has a compelling R&D track record and strong innovation pipeline which will deliver meaningful revenue growth over the next few years. It is a business that we have long-admired, and I am confident that the combination of Synthomer and Adhesive Technologies will drive meaningful value for all stakeholders in the years ahead.”

## **ANALYST AND INVESTOR PRESENTATION**

The Company will host a conference call and presentation for analysts and investors at 8.30 a.m. (London time) today.

A copy of the presentation will be available on the Company's website [www.Synthomer.com](http://www.Synthomer.com).

Participants can join by conference call using the following dial-in details:

UK Local: 020 3936 2999

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### **ENQUIRIES:**

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## SYNTHOMER PLC

### PROPOSED US\$1 BILLION ACQUISITION OF THE EASTMAN'S ADHESIVE RESINS BUSINESS TO FORM THE NEW ADHESIVE TECHNOLOGIES DIVISION OF SYNTHOMER

#### 1. Introduction

Synthomer plc ("**Synthomer**" or the "**Company**"), the global differentiated chemicals company, is pleased to announce that it has agreed to acquire the Adhesive Resins business ("**Adhesive Technologies**") of Eastman Chemical Company ("**Eastman**"), which develops, manufactures and sells tackifying resins and additives for adhesive products, with a strong focus on attractive end markets such as hygiene, packaging and high performance tyre additives, for £728 million in cash (the "**Acquisition**").

Synthomer is a global differentiated chemicals company listed on the London Stock Exchange with a market capitalization of approximately £2 billion. With strong geographic diversity and product differentiation, Synthomer is a major global business serving a wide range of end-markets including adhesives, coatings, construction, health and protection and textiles.

Adhesive Technologies develops, manufactures and sells tackifying resins and additives for adhesive products, with a strong focus on attractive end markets such as hygiene, packaging and high performance tyre additives. Adhesive Technologies has a global presence with a focus on high-value applications and c.83% of sales in North America and EMEA for the year ended 31 December 2020. Adhesive Technologies' operations consist of 2 business lines: Hydrocarbon Resins (HCR) and Non-Hydrocarbon Resins (Non-HCR).

Synthomer has built up a strong track record of delivering growth both organically and inorganically. The Directors believe that the combination of Synthomer and Adhesive Technologies (together, the "**Enlarged Group**") will allow Synthomer to accelerate its strategy of driving growth and diversification and will enhance Synthomer's global portfolio providing further exposure to the attractive adhesives end markets. The Acquisition represents an important step in Synthomer's inorganic investment strategy, further strengthening its leadership position in growth markets and relationships with its blue-chip customer base.

#### 2. Strategy and Rationale for the Acquisition

The Directors believe the Acquisition represents an attractive opportunity and will bring significant benefits to Synthomer:

- **Well-invested assets with a global leading position in adhesive technologies**  
Adhesive Technologies is a global brand with a broad range of blue-chip customers and a product portfolio with differentiated capabilities across five key product segments. It is the second largest global hydrocarbon adhesive resins business and will transform Synthomer's adhesives position to a global leader.
- **Six plants with strong Safety, Health & Environment standards and manufacturing excellence heritage**  
Adhesive Technologies has well invested manufacturing plants in Jefferson (Pennsylvania), Longview (Texas) and Middelburg (Netherlands) running at high utilisation rates benefitting from recently completed expansion projects. All six sites hold ISO 9001 certifications for SHE

and Quality. Adhesive Technologies has a flexible manufacturing asset base enabling strategic alternation between products on the same production line.

- **Increased exposure to attractive end-markets with resilient and GDP+ growth fundamentals**

The Acquisition will provide increased exposure to growing and sustainable end-markets such as hygiene, packaging and high performance tyre additives. These end markets are underpinned by a broad range of global megatrends that support long term growth, including: accelerating urbanisation, growing middle class and aging population, increasing demand for sustainable and low VOC solutions and the rise of E-commerce accentuated by the COVID pandemic.

- **Greater scale and diversity to Synthomer's portfolio, and further extending the Company's geographic footprint**

The Acquisition is in-line with Synthomer's strategy to further diversify its portfolio, end-markets and geographies. Eastman's Adhesive Resins business will form a new division, Adhesive Technologies - representing c.17% of combined revenue of £2.6 billion based on a 12 month period ended June 2021 ("**June 2021 LTM**"). From a geographic perspective, the Acquisition will build on the OMNOVA transaction in 2020 and increases Synthomer's presence in North America to c.23% of combined revenue of £2.1 billion based on the year ended 31 December 2020. The Enlarged Group will benefit from having a broader platform for further inorganic growth opportunities.

- **Strong R&D track record driving opportunity for further innovation-led growth**

Adhesive Technologies has historically spent c.3% of revenue per annum on R&D. This has enabled it to develop a strong pipeline of specialty products such as Regalite Ultrapure™ (H2HCR), Impera™ (Tyre Resins) and Aerafin™ (APO) segments. This focus on innovation is complementary to Synthomer's own strategy to drive a greater number of products from R&D investment.

- **Alignment with our sustainability roadmap - large and growing portfolio of sustainable products**

The majority of Adhesive Technologies' products are primarily used in the HMA ("Hot Melt Adhesives") technology, which is the most attractive and rapidly growing adhesives technology due to its increased penetration in pressure sensitive tapes, displacing solvent technologies, and its broad range of applications, including in the resilient and growing hygiene segment. HMA technology is a leading, sustainable adhesives platform due to high tackifier content and zero solvent use, minimising material waste and VOCs. Furthermore, Adhesive Technologies provides a positive ESG contribution from its sustainability focused innovation pipeline and established positions in pine-based and tall oil rosins offering a bio-based, low carbon and renewable raw material source, all well suited to address increasing regulatory and customer sustainability demands. Additionally, Adhesive Technologies has a complementary low Scope 1 and 2 CO<sub>2</sub> equivalent emissions with opportunity for further reduction.

### **3. Synergies and Integration**

The Directors believe that the Acquisition will enhance shareholder value. The Directors expect that the Acquisition will deliver double digit EPS accretion in the first full financial year.

The Directors expect the Acquisition to result in estimated recurring run rate pre-tax cost synergies of approximately US\$23 million (approximately £16.9 million) per annum by the end of the third year

following Completion. The Directors believe that the Acquisition represents an opportunity to deliver potential cost synergies across the following areas:

- Operational performance improvement in manufacturing and supply chain (expected to contribute approximately 45% of the full run-rate pre-tax cost synergies);
- Corporate savings (expected to contribute approximately 45% of the full run-rate pre-tax cost synergies); and
- Commercial and Technology synergies (expected to contribute approximately 10% of the full run-rate pre-tax cost synergies).

The Directors expect approximately 50% of the annual run rate pre-tax cost synergies to be realised by the end of the first year following Completion, approximately 75% of the annual run rate pre-tax cost synergies to be realised by the second year following Completion and the full annual run rate pre-tax cost synergies to be achieved by the end of the third year following Completion.

The Directors expect that the realisation of these cost synergies will require one-off implementation costs of approximately US\$17 million (approximately £12.6 million). These are expected to be phased across a three-year period following Completion.

In developing the synergy benefits, the Board has undertaken a rigorous process covering the following steps:

- The Board has worked to evaluate and assess the potential synergies available from the Acquisition, based on past acquisition experience.
- The assessment and quantification of the potential synergies has been informed by the Board's extensive industry experience, knowledge of Synthomer and Adhesive Technologies as well as information gathered during the due diligence process.
- The cost synergies have been assessed relative to a cost base of the carved-out Adhesive Technologies business, adjusted to reflect a standalone position for a trade buyer. The Directors have then sought to normalise the costs to reflect a more typical cost position, including relating to ongoing cost saving initiatives in both companies.
- Key assumptions have been discussed with Adhesive Technologies' operational management.

The Directors have considered dis-synergies in quantifying the net impact of the synergy benefits and these are not expected to be material.

The cost synergies indicated above are expected to be recurring and are contingent on Completion and could not be achieved independently of the Acquisition. The Directors confirm that the cost synergies reflect both beneficial elements and relevant costs associated with achieving these cost synergies.

Furthermore, the Directors expect Synthomer's return on invested capital associated with the Acquisition to exceed its cost of capital in the third full financial year after Completion.

#### **4. Information on Synthomer**

Synthomer is a global differentiated chemicals company listed on the London Stock Exchange with a market capitalisation of approximately £2 billion. Synthomer produces innovative formulations in the global lattices, dispersions and polymer markets with a broad range of chemistries including vinyl acetate and acrylic based dispersions, styrene butadiene latex (SBR latex), re-dispersible powders,

powder coatings, and acrylonitrile butadiene latex (NBR latex). The applications served cover a diverse range of end markets including adhesives, coatings, construction, health and protection and textiles.

Synthomer is a leading player in many of its chosen markets and has a proven record of generating added value to its customers through deep application expertise and strong research and development support. With the acquisition of OMNOVA in April 2020, Synthomer has meaningfully expanded its global presence in many of the same end markets served by Adhesive Technologies, including adhesives, hygiene, and construction. Synthomer's adhesives products are supported by a dedicated team of PhD scientists and have lab capabilities in Akron, Ohio; Roebuck, South Carolina; Marl, Germany; and Shanghai, China.

## **5. Current Trading Update**

Since Synthomer's reported Interim Results on 5th August 2021, underlying demand has remained strong in line with management expectations

- The Movement Control Order in Malaysia was implemented to restrict the impact of COVID-19, leading to reduced customer utilisation and demand.
- Action to offset raw material inflation coupled with the continued benefits from OMNOVA, investment in new capacity and ongoing efficiency measures has underpinned performance.
- Consequently, Synthomer's outlook for the full year remains unchanged with FY 2021 EBITDA expected to be in excess of £500m.

Looking ahead, the Group continues to expect Performance Elastomers to normalise in Q1 2022 as the impact of the COVID-19 pandemic reduces and incremental market capacity comes online.

The Board is confident that the business model provides differentiation and increasing specialisation and the Group's strong balance sheet is expected to support continued inorganic and organic growth in due course.

## **6. Information on Adhesive Technologies**

Adhesive Technologies develops, manufactures and sells tackifying resins and additives for adhesive products, with a strong focus on attractive end markets such as hygiene, packaging and high performance tyre additives. Adhesive Technologies has a global presence with a focus on high-value applications and c.83% of sales in North America and EMEA for the year ended 31 December 2020. Adhesive Technologies' operations consist of 2 business lines: Hydrocarbon Resins and Non-Hydrocarbon Resins.

The Hydrocarbon Resins business line consists of three key product segments: Hydrogenated Hydrocarbon Resins (H2HCR), Non-Hydrogenated Hydrocarbon Resins (Non-H2HCR) and Pure Monomer Resins (PMR). The business line produces resins for use in a wide range of applications including hot melt adhesives, sealants, coatings, packaging, tapes & labels assembly, rubber and tyre additives. Adhesive Technologies' H2HCR products display excellent thermal and colour stability and broad compatibility with numerous other chemicals, with direct food contact FDA clearance for some grades. Non-H2HCR products are compatible with a variety of materials including natural and synthetic rubbers, Ethylene Vinyl Acetate (EVA) and block copolymers, polyethylene and waxes. PMRs have displayed compatibility with all common tyre elastomers, enhanced wet and dry grip and tack, and good dispersion for higher mixing efficiencies. There have also been innovation opportunities identified for this segment within recycling, hygiene and auto applications.

The Non-Hydrocarbon Resins business line consists of two key product segments: Oleo Chemicals, Rosins & Dispersions (OCRD) and Amorphous Polyolefins (APO). OCRD serves end markets including tapes & labels, building & construction, packaging, hygiene, personal care and chewing gum. Products in this segment provide improved stability, less-to-no skin sensitisation, less UV absorption and compatibility with amorphous polyolefin-based adhesives. APO serves end markets including building & construction, packaging, hygiene, hot-melt adhesives, automotive and woodworking, with products that exhibit excellent thermal stability, low odour, excellent peel strength, superior tackifier loading and wide resin compatibility. Innovation opportunities have been identified within the hygiene, durable assembly and auto applications.

Under Synthomer's IFRS accounting policies, Adhesive Technologies generated revenue and Adjusted EBITDA were as follows (Based on US\$ / £ average exchange rate for 2018, 2019, 2020 and June 2021 LTM period of 1.34, 1.28, 1.28, 1.38 as derived from data provided by Bloomberg):

In millions	FY 2018	FY 2019	FY 2020	June 2021 LTM
Revenue (US\$)	675	578	566	596
Revenue (£)	506	453	441	433
Adjusted EBITDA (US\$)	129	94	77	97
Adjusted EBITDA (£)	96	74	60	71

Adhesive Technologies' gross assets as at 31 December 2020 were US\$639 million (approximately £467 million).

## 7. Summary of the Key Terms of the Acquisition

On 28 October 2021, the Company entered into a purchase agreement (the "**Purchase Agreement**") with Eastman and certain of its affiliates which sets out the terms and conditions of the agreement for the Company to purchase (1) Eastman Chemical Middelburg B.V. ("**Dutch Opco**"), (2) a newly-formed subsidiary of Eastman which will hold certain US assets relating to the business of Adhesive Technologies, (3) a newly-formed subsidiary of Eastman which will hold certain assets in Mexico and (4) one half of the outstanding and issued equity interests in Nanjing Yangzi Eastman Chemical Ltd. (together, the "**Purchased Entities**") and (5) certain specified assets of Eastman and its affiliates (other than the Purchased Entities) related to or used in connection with the business of Adhesive Technologies.

Pursuant to the Purchase Agreement, Synthomer will, subject to the satisfaction of certain conditions, acquire Adhesive Technologies from Eastman for US\$1 billion (approximately £728 million) on a cash and debt-free basis and assuming normal levels of working capital. This represents an enterprise value multiple for Adhesive Technologies of 10.3 times the Adhesive Technologies June 2021 LTM Adjusted EBITDA before Acquisition-related synergies.

Synthomer intends to finance the Acquisition, and related fees and expenses, from the gross proceeds of an Equity Placing expected to raise approximately £200 million (approximately US\$275 million), drawings under the Syndicated Facility and existing cash resources.

The obligations of the parties to the Purchase Agreement to effect the Acquisition are subject to the satisfaction or waiver of certain conditions, including:

- (i) the absence of: (1) any law that makes illegal or otherwise prohibits the completion of the Acquisition; or (2) any legal proceeding or order by a competent governmental authority that restrains, enjoins or otherwise prohibits or makes illegal the completion of the Acquisition;
- (ii) completion of the transfer by Eastman to a newly formed corporate entity to be acquired by the Company of certain assets and liabilities relating to the business of Adhesive Technologies in the US;
- (iii) the affirmative vote in favour of approval of the Resolutions required to approve and implement the Acquisition (as set out in paragraph 10 below) by the Shareholders representing a simple majority of the votes represented in person or by proxy at the General Meeting;
- (iv) the representations and warranties of each party to the Purchase Agreement being true and correct as at the date of the Purchase Agreement and as at the completion date, subject to certain exceptions based on materiality, material adverse effect and similar standards;
- (v) each party to the Purchase Agreement having performed or complied in all material respects with the covenants and agreements contained in the Purchase Agreement to be performed or complied with by it prior to or on the completion date;
- (vi) the absence of any result, fact, condition, circumstance, occurrence, effect, change, event or development or related series thereof that, individually or in the aggregate, has resulted in or has had, or would reasonably be expected to result in or have a material adverse effect on the business of Adhesive Technologies or the Purchased Entities, the value of the business of Adhesive Technologies or the Purchased Entities or any other assets being transferred or the ability of the Sellers to perform their obligations under the Purchase Agreement (subject to certain exceptions based on matters outside of the Sellers' control or other external circumstances);
- (vii) completion of the transfer by Eastman to a newly formed corporate entities to be acquired by the Company of various assets and liabilities relating to operations at Longview, Franklin and Kingsport (United States) and Uruapan (Mexico);
- (viii) the release of all liens on the Purchased Entities and the transferred assets at the time of Completion; and
- (ix) Dutch Opco having complied with article 25 of the Dutch Works Councils Act in connection with the consultation process between Dutch Opco's works council and Dutch Opco.

Synthomer is required to pay Eastman the sum of US\$27,651,000 (approximately £20,138,000) (representing c.1% of the market capitalisation of Synthomer as at the Latest Practicable Date) if the Purchase Agreement is terminated by (1) Eastman where, prior to the General Meeting, the Synthomer Board has changed its recommendation to vote in favour of the Acquisition; or (2) by Eastman or the Company where the Resolutions referred to in (iii) above have not been passed.

## **8. Financing**

Synthomer intends to finance the Acquisition and related fees and expenses from:

- the gross proceeds of an Equity Placing expected to raise approximately £200 million (approximately US\$275 million) announced separately today
- cash on balance sheet; and

- drawings from a new committed US\$300 million (approximately £218 million) term loan facility (the "**Syndicated Facility**") (see further below).

### **Syndicated Facility**

On 28 October 2021, Synthomer entered into a committed term loan facility agreement with, among others, Barclays Bank PLC, Citibank, N.A., London Branch, HSBC Bank plc and Banco Santander, S.A., London Branch as mandated lead arrangers and bookrunners, Barclays Bank PLC, Citibank, N.A., London Branch, HSBC Bank plc and Banco Santander, S.A., London Branch as original lenders and HSBC Bank plc as agent.

The Syndicated Facility comprises an unsecured term loan facility in an aggregate principal amount of up to US\$300 million (approximately £218 million) maturing on 28 October 2024.

### **9. Irrevocable Undertakings**

The Directors have irrevocably undertaken to vote or procure that the registered holders vote in favour of the Resolutions in respect of their beneficial holdings and certain non-beneficial holdings for which they have an aggregate interest amounting to 10,117,624 ordinary shares (the "**Shares**"), representing approximately 2.4% of the existing ordinary share capital of Synthomer as at 27 October 2021 (the "**Latest Practicable Date**").

Kuala Lumpur Kepong Berhad ("**KLK**"), which holds 90,677,284 Shares, representing approximately 21.3% of the existing ordinary share capital of Synthomer as at the Latest Practicable Date, has irrevocably undertaken to vote in favour of the Resolutions.

In addition, KLK has irrevocably undertaken to subscribe for 9,067,728 new Shares in connection with the Equity Placing. This will result in KLK holding an aggregate of 99,745,012 Shares, representing approximately 21.3% of the enlarged issued share capital of Synthomer immediately following completion of the Equity Placing.

### **10. Publication of the Circular and General Meeting**

The size of the Acquisition means that it constitutes a Class 1 transaction for the purposes of the Listing Rules. Accordingly, the Acquisition is conditional the approval of the Synthomer shareholders at the General Meeting.

In addition, Synthomer shareholders will be asked to approve an increase of the borrowing limit set out in the Articles of Association from £1,500 million to £2,000 million to provide sufficient headroom for future borrowings to be made.

The Circular containing further details of the Acquisition, the Board's recommendation, the notice of the General Meeting and the Resolutions is expected to be sent to Synthomer shareholders in November 2021. Subject to satisfaction or waiver of all conditions to the Acquisition, Completion is expected to occur in Q1 2022.

### **11. Dividend Policy**

Following the Acquisition, and subject to the Enlarged Group's trading prospects being satisfactory, the Company's dividend policy will remain unchanged.

## Appendix

### Bases and Sources

1. **Enterprise value multiple for Adhesive Technologies of 10.3x Adhesive Technologies' June 2021 LTM Adjusted EBITDA before Acquisition-related synergies:** Based on Adhesive Technologies' June 2021 LTM Adjusted EBITDA of US\$97.3m with reference to the unaudited management accounts of the entities forming Adhesive Technologies for the six months ended 30 June 2021 and six months ended 30 June 2020 and the audited US GAAP financial statements for the year ended 31 December 2020, each as adjusted for the IFRS accounting policies of Synthomer adopted in its financial statements for the year ended 31 December 2020, and subject to further normalisation adjustments of US\$28.4m, comprising of US\$1.4m of Reclassification of one off severance costs, US\$19.8m of corporate allocations and other non-Adhesive Technologies related costs and US\$7.2m of management adjustments. Adhesive Technologies' June 2021 LTM Adjusted EBITDA includes Adhesive Technologies' share of joint venture profits according to equity accounting method.
  
2. **Enterprise value multiple for Adhesive Technologies of 8.3x Adhesive Technologies' June 2021 LTM Adjusted EBITDA including Acquisition-related synergies:** Based on Adhesive Technologies' June 2021 LTM Adjusted EBITDA of US\$121m, including target run-rate pre-tax cost synergies of US\$23m.
  
3. **Adhesive Technologies' FY2020, FY2019, FY2018 Adjusted EBITDA:** Based on the audited US GAAP financial statements of the entities forming Adhesive Technologies for the years ended 31 December 2020, 2019 and 2018 as adjusted for the IFRS accounting policies of Synthomer adopted in its financial statements for the year ended 31 December 2020, and subject to further normalisation adjustments of US\$21.5m, US\$24.9m and US\$8.6m comprising of the following adjustments as set up below:

In US\$ millions	FY 2018	FY 2019	FY 2020
<b>IFRS adjusted EBITDA</b>	<b>120.0</b>	<b>69.5</b>	<b>55.8</b>
Reclassification of one off severance costs	0.1	2.0	2.2
Corporate allocations and non-Adhesive Technologies related costs	21.1	23.5	15.7
Management adjustments	(12.6)	(0.5)	3.6
<b>Total normalisation adjustments</b>	<b>8.6</b>	<b>24.9</b>	<b>21.5</b>
<b>Adjusted EBITDA</b>	<b>128.7</b>	<b>94.5</b>	<b>77.3</b>

Adhesive Technologies' FY2020, FY2019 and FY2018 Adjusted EBITDA includes Adhesive Technologies' share of joint venture profits according to equity accounting method.

4. **Estimated leverage of approximately 1.6x net debt / EBITDA expected at Completion:** Based on Synthomer's net debt as at 30 June 2021 adjusted for the Syndicated Facility and completion of the Equity Placing and Acquisition. Estimated EBITDA for the Enlarged Group is based on Adhesive Technologies' June 2021 LTM Adjusted EBITDA (see paragraph 1 above), Synthomer's June 2021 LTM EBITDA of £482 million and estimated 50% of run-rate pre-tax cost synergies for the Acquisition.

5. **Eastman's Adhesive Resins will form a new division, Adhesive Technologies – representing c. 17% of combined revenue of £2.6 billion based on a 12-month period ended June 2021:** Based on Synthomer's June 2021 LTM revenue and Adhesive Technologies' June 2021 LTM revenue and an US\$ / £ average exchange rate for June 2021 LTM period of 1.38 as derived from data provided by Bloomberg.
6. **Increases Synthomer's presence in North America to c.23% of combined revenue of £2.1 billion based on the year ended 31 December 2020:** Based on Synthomer's reported revenue for the year ended 31 December 2020 and the audited US GAAP financial statements of the entities forming Adhesive Technologies for the year ended 31 December 2020 as adjusted for the IFRS accounting policies of Synthomer adopted in its financial statements for the year ended 31 December 2020 and an US\$ / £ average exchange rate for 2020 of 1.28 as derived from data provided by Bloomberg.
7. **Adhesive Technologies' Total Assets as of 31 December 2020:** Based on the audited US GAAP financial statements of the entities forming Adhesive Technologies for the years ended 31 December 2020 and on US\$ / £ average exchange rate on 31 December 2020 of 1.37 as derived from data provided by Bloomberg.
8. **Historical financial information relating to Synthomer:** Unless otherwise indicated, the historical financial information relating to the Synthomer Group in this announcement has been extracted without material adjustment from Synthomer's audited financial statements for the year ended 31 December 2020 and unaudited financial statements for the six months ended 30 June 2021 and the six months ended 30 June 2020.
9. **Latest Practicable Date:** 27 October 2021.
10. **Exchange rates:** unless otherwise stated, US\$ / £ exchange rate of 1.3731 as at the Latest Practicable Date as derived from data provided by Bloomberg.

## **IMPORTANT NOTICE:**

This announcement contains inside information and is issued on behalf of the Group by Richard Atkinson, Company Secretary.

This announcement is not intended to, and does not constitute, or form part of, any offer to sell or issue or any solicitation of an offer to purchase, subscribe for, or otherwise acquire, any securities or a solicitation of any vote or approval in any jurisdiction. Synthomer shareholders are advised to read carefully the Circular once it has been published. Any response to the Acquisition should be made only on the basis of the information in the Circular to follow.

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