

8 February 2021

Bain Capital Private Equity and Cinven enter into definitive agreements to acquire Lonza Specialty Ingredients

Today, Bain Capital Private Equity (“Bain Capital”) and Cinven (together “the consortium”) have entered into definitive agreements to acquire Lonza Specialty Ingredients (“LSI”), a division of Lonza AG, for a total enterprise value of CHF 4.2 billion.

LSI is a world-leading provider of specialty chemicals for microbial control solutions, used to eliminate or control harmful and unwanted micro-organisms. LSI’s products are critical ingredients in disinfectants, preservatives, sanitisers, personal care products, as well as coatings and other industrial uses. The business also produces a range of other specialty chemicals, centred around its unique production facility in Switzerland.

Headquartered in Basel, Switzerland, LSI has approximately 2,800 employees, 11 R&D centres and 17 manufacturing sites across the world. The business serves circa 5,300 customers across a wide range of end-markets.

LSI is a strong company, which presents an attractive investment opportunity for a number of reasons:

- LSI provides a range of differentiated specialty chemical products, underpinned by strong R&D capabilities, regulatory and IP protections, and a highly qualified and dedicated workforce;
- The microbial control solutions market benefits from structural growth due to favourable penetration trends, supportive regulatory dynamics, and the growing need to protect society from harmful micro-organisms;
- The business serves a diversified set of attractive end-markets, with a particularly strong presence in the Professional Hygiene and Home & Personal Care segments;
- The business enjoys leading positions in North America and Europe, with longstanding customer relationships and extensive regulatory expertise.

The strategy of the consortium is to:

- Enhance the R&D capabilities of LSI to continue to develop innovative chemistries to control the spread of microbes (such as viruses and bacteria) in a sustainable and responsible manner;
- Build deeper customer relationships through customised application development in a complex regulatory environment, and to provide an even greater range of microbial control formulations;
- Consolidate the microbial control solutions market through buy-and-build opportunities in the sector, which remains fragmented;

- Invest further in the world-class production facility in Visp, Switzerland, to enhance its unique technical capabilities and high quality specialty chemicals portfolio.

Pontus Pettersson, Partner at Cinven, commented:

“Cinven and Bain Capital are delighted to invest in LSI, as a global leader in a specialty chemicals category that serves a critical need for society, across a broad range of end-markets.”

“LSI enjoys a strong market position globally, underpinned by deep customer relationships, a continuous track record of innovation and product development, and extensive regulatory capabilities.”

David Danon, Managing Director at Bain Capital added:

“LSI has multiple attractive growth opportunities as the leading global player in the growing market for microbial control. Our strategy is to reinforce the company’s market position, to accelerate growth through further investment in R&D and innovation, and to use LSI as a platform for further industry consolidation, in line with Bain Capital’s and Cinven’s strategies in other sectors.”

The consortium is committed to growing businesses responsibly, and recognises the importance of the environmental, regulatory and stakeholder responsibilities of LSI. Both Bain Capital and Cinven have a strong track record of growing industrial companies in Europe and North America, as well as successfully carving out businesses in an efficient, seamless manner for all stakeholders. The consortium intends to collaborate closely with Lonza AG going forward (notably at the Visp site), as well as with employee representative bodies in Switzerland and across the group, and to become the employer of choice in this sector.

The transaction is expected to close in H2 2021, subject to customary closing conditions.

Advisors to the consortium include: Kirkland & Ellis, Freshfields, Lenz & Staehelin (legal); Ernst & Young (financial, tax); Boston Consulting Group (commercial); Alvarez & Marsal (operations); ERM (environment, regulation); Nexant (technical); The Valence Group of Piper Sandler, Opus Corporate Finance, Trumont (M&A).

ENDS

*

Media contacts

Bain Capital

Candice Adam

Tel. +44 (0) 7771 906 073

Email. baincapital@camarco.co.uk

Ed Gascoigne-Pees

Tel. +44 (0) 7884 001 949

Email. baincapital@camarco.co.uk

Julia Tilley

Tel. +44 (0) 7815 068 387

Email. baincapital@camarco.co.uk

Cinven

Vanessa Maydon

Tel. +44 (0) 7802 961 902

Email. vanessa.maydon@cinven.com

Peter Folland

Tel. +44 (0)787 099 2924

Email. peter.folland@cinven.com

Edward Bridges

Tel. +44 (0)776 8216 607

Email. edward.bridges@fticonsulting.com

About Bain Capital Private Equity

Bain Capital Private Equity has partnered closely with management teams to provide the strategic resources that build great companies and help them thrive since its founding in 1984. Bain Capital Private Equity's global team of approximately 240 investment professionals creates value for its portfolio companies through its global platform and depth of expertise in key vertical industries including healthcare, consumer/retail, financial and business services, industrials, and technology, media and telecommunications. Bain Capital has 19 offices on four continents. The firm has made primary or add-on investments in more than 760 companies since its inception. In addition to private equity, Bain Capital invests across asset classes including credit, public equity and venture capital, managing approximately \$120 billion in total and leveraging the firm's shared platform to capture opportunities in strategic areas of focus.

For more information, visit www.baincapital.com

About Cinven

Cinven is a leading international private equity firm focused on building world-class global companies. Its funds invest in six key sectors: Business Services, Consumer, Financial Services, Healthcare, Industrials and Technology, Media and Telecommunications (TMT). Cinven has offices in London, New York, Frankfurt, Paris, Milan, Madrid, Guernsey and Luxembourg.

Cinven takes a responsible approach towards its portfolio companies, their employees, suppliers, local communities, the environment and society.

Cinven Capital Management (V) General Partner Limited, Cinven Capital Management (VI) General Partner Limited, Cinven Capital Management (VII) General Partner Limited and Cinven Capital Management (SFF) General Partner Limited are each authorised and regulated by the Guernsey Financial Services Commission, and Cinven Partners LLP, the advisor to the Cinven Funds, is authorised and regulated by the Financial Conduct Authority.

In this press release 'Cinven' means, depending on the context, any of or collectively, Cinven Holdings Guernsey Limited, Cinven Partnership LLP, Cinven (LuxCo1) S.A., and their respective Associates (as defined in the Companies Act 2006) and/or funds managed or advised by any of the foregoing.

For additional information on Cinven please visit www.cinven.com and www.linkedin.com/company/cinven/.

About Lonza

Lonza is the preferred global partner to the pharmaceutical, biotech and nutrition markets. We work to prevent illness and enable a healthier world by supporting our customers to deliver new and innovative medicines that help treat a wide range of diseases. We achieve this by combining technological insight with world-class manufacturing, scientific expertise and process excellence. These enable our customers to commercialize their discoveries and innovations in the healthcare sector.

Founded in 1897 in the Swiss Alps, today Lonza operates across three continents. With approximately 14,000 full-time employees, we are built from high-performing teams and of individual talent who make a meaningful difference to our own business, as well as to the communities in which we operate. The company generated sales of CHF 4.5 billion in 2020 with a CORE EBITDA of CHF 1.4 billion. Find out more at www.lonza.com

Follow @Lonza on LinkedIn

Follow @LonzaGroup on Twitter