

News Release

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

- **Creation of customer-focused global solutions provider for the paper and water treatment industries**
- **BASF's paper wet-end and water chemicals business and Solenis with combined pro-forma sales of around €2.4 billion**
- **BASF to hold a 49% share of the combined entity**

Ludwigshafen, Germany – May 3, 2018 – On May 2, 2018, BASF and Solenis have signed an agreement to join forces by combining BASF's paper wet-end and water chemicals business with Solenis. The combined entity with pro-forma sales of around €2.4 billion and around 5,000 employees in 2017 aims to deliver additional value for paper and water treatment customers. The goal is to create a customer-focused global solutions provider for the industry. For the paper industry, the product portfolio of the combined enterprise will cover the entire range of functional and process wet-end chemicals, solutions for the water cycle for paper mills, as well as comprehensive service capabilities. For the water treatment industry, the customers of the joint organization will benefit from Solenis' high-quality service capabilities and BASF's broad water treatment chemicals platform. Pending approval by the relevant authorities, closing is anticipated for the end of 2018 at the earliest. Financial terms of the transaction are not being disclosed.

BASF will hold a 49% share of the combined entity that will operate under the Solenis name and be headquartered in Wilmington, Delaware, USA. BASF will nominate three out of seven shareholder representatives of the joint entity that will

continue to be led by current President and Chief Executive Officer John E. Panichella of Solenis. 51% of the shares will be held by funds managed by Clayton, Dubilier & Rice.

“The transaction underlines BASF’s active portfolio management and enables us to share in the future success of this promising joint entity,” says Dr. Markus Kamieth, member of the Board of Executive Directors of BASF SE and responsible for the Performance Products segment.

The transaction comprises BASF’s global paper wet-end and water chemicals business with 2017 sales of around €800 million and around 1,300 employees globally. The transfer includes production sites and plants of the paper wet-end and water chemicals business in Bradford and Grimsby, UK; Suffolk, Virginia, USA; Altamira, Mexico; Ankleshwar, India, and Kwinana, Australia. BASF’s paper 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.

Strategic fit for future growth

“We will remain committed to the paper and water treatment industries through our 49% ownership of the combined entity and bring our excellent technologies, products, and production processes. Combined with Solenis’ service capabilities, we will create additional value for our customers. They will benefit from our joint innovation activities, complementary state-of-the-art product portfolios, and dedicated service and application support,” says Anup Kothari, President of BASF’s Performance Chemicals division.

“Together, we have a unique opportunity to create a customer-focused global specialty chemical company with an enhanced focus and expanded offerings. I am pleased that our cultures are closely aligned and that our companies share a strong common desire to create value for our customers. Together, as one team of experts, we will continue to strive towards excellence in innovation, sustainability and safety,” underlines John E. Panichella, CEO of Solenis.

Customers to benefit from complementary range of products and services

Solenis is a global producer of specialty chemicals for water intensive industries, including the pulp, paper, oil and gas, chemical processing, mining, biorefining, power and municipal markets. The company's product portfolio includes a broad array of process, functional and water treatment chemistries as well as state-of-the-art monitoring and control systems. Headquartered in Wilmington, Delaware, USA, the company has 35 manufacturing facilities strategically located around the globe with approximately 3,700 employees in 118 countries.

BASF offers a comprehensive range of chemicals for the paper and water industry. Its paper chemicals portfolio comprises dry strength agents, fixing agents, retention and drainage aids, flocculants and coagulants for water management. Furthermore, BASF offers basic dyes, direct dyes, sizing agents, pigment preparations, wet strength agents and color developers for thermal paper. The water chemicals portfolio includes products used in the key processes of industrial and municipal water treatment. BASF's paper and water chemicals business supplies chemicals to purify the raw water used to produce drinking water, to treat waste water streams and industrial process water, to protect cooling towers, boilers and desalination plants. The paper and water chemicals business is part of BASF's Performance Chemicals division reported in the Performance Products segment.

BASF and Solenis will continue to operate as strictly independent companies until the completion of the transaction.

About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The more than 115,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is organized into five segments: Chemicals, Performance Products, Functional Materials & Solutions, Agricultural Solutions and Oil & Gas. BASF generated sales of €64.5 billion in 2017. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (BAS). Further information at www.basf.com.

Forward-looking statements and forecasts

This release contains forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. Forward-looking 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. BASF does not assume any obligation to update the forward-looking statements contained in this release above and beyond the legal requirements.