

Chemtura CORP
Form DFAN14A
September 26, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Rule 14a-101)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to §240.14a-12

CHEMTURA CORPORATION
(Name of Registrant as Specified In Its Charter)

LANXESS AG
LANXESS DEUTSCHLAND GMBH
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.

Edgar Filing: Chemtura CORP - Form DFAN14A

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Filed by: Lanxess Deutschland GmbH
Pursuant to Rule 14a-12
under the Securities Exchange Act of 1934
Subject Company: Chemtura Corporation
Commission File No.: 001-15339

The following materials are available to shareholders of Chemtura Corporation in connection with the previously announced transaction between Chemtura Corporation and Lanxess Deutschland GmbH on the transaction website hosted by Lanxess AG located at <http://lanxess.com/en/corporate/investor-relations/investor-news/>:

1) Investor Presentation

Matthias Zachert, CEO
Michael Pontzen, CFO
Building a major additives player
LANXESS to acquire Chemtura

The presentation relates to the proposed acquisition of Chemtura Corp. by LANXESS AG. The information included in this presentation is being provided for informational purposes only and does not constitute an offer to sell, or a solicitation of an offer to purchase any securities, nor a solicitation of any vote or approval. No public market exists for the securities of LANXESS AG in the United States.

This presentation contains certain forward-looking statements, including assumptions, opinions and views of the company or cited from third party sources. Various known and unknown risks, uncertainties and other factors could cause the actual results, financial position, development or performance of LANXESS AG to differ materially from the estimations expressed or implied herein. LANXESS AG does not guarantee that the assumptions underlying such forward-looking statements are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this presentation or the actual occurrence of the forecast developments. No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, any information, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and accordingly, no representative of LANXESS AG or any of its affiliated companies or any of such person's officers, directors or employees accept any liability whatsoever arising directly or indirectly from the use of this document.

Important Additional Information

This communication may be deemed to be solicitation material in respect of the proposed acquisition of Chemtura Corp. by LANXESS AG.

The proposed acquisition will be submitted to the stockholders of Chemtura Corp. for their consideration. In connection therewith, Chemtura Corp. intends to file a proxy statement with the U.S. Securities and Exchange Commission ("SEC") and mail such proxy statement to its stockholders of record. BEFORE MAKING ANY VOTING OR ANY INVESTMENT DECISION, INVESTORS AND STOCKHOLDERS ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT REGARDING THE PROPOSED TRANSACTION AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and stockholders will be able to obtain free copies of the proxy statement, any amendments or supplements thereto and other documents containing important information about Chemtura Corp., once such documents are filed with the SEC, through the website maintained by the SEC at www.sec.gov. Copies of the documents filed with the SEC by Chemtura Corp. will be available free of charge on Chemtura Corp.'s website at <http://investor.chemtura.com> under the heading "Financials & Filings". Stockholders of Chemtura Corp. may also obtain a free copy of the definitive proxy statement by contacting Chemtura Corp.'s Investor Relations Department at (203) 573-2153.

Safe harbor statement

3

LANXESS to acquire Chemtura – building a major, global
additives player

Acquisition

Rationale

Financial valuation

Timing & milestones

Agreed acquisition of Chemtura, a US-based specialty chemical company and a
major player in the field of additives

All cash consideration of USD 33.50 per share

Establishing a major global additives player, strengthening business risk profile

§Complementary additive businesses with significant synergies (~€100 m)

§Strengthen global presence and end-market diversification

Enterprise value: ~€2.4 bn*

EV/EBITDA including synergies: ~7x

Financing: hybrid and senior bonds in line with investment grade commitment

Fast deleveraging expected after closing through strong free cash flow

Approval of Chemtura shareholder meeting

Subject to regulatory clearances

Closing anticipated mid 2017

* FX: 1.10 USD/EUR

4

LANXESS creates a major, global additives business

Attractive characteristics of
additives business

Increasing performance requirements drive growth above GDP

Demand for
technical service

Product
enhancement relative

to share of
customers' costs

Additives

Process Chemicals

Formulations

Fine Chemicals

Inorganic Specialty Materials

(100-120 bn USD)

Additives among the most attractive product groups in the
specialty chemical industry

§ Small part of the customers'
costs

§ Desired result is key for
customer

§ Knowledge and technical
service intensive

§ Low capital-intensity

5

§ Sales ~€1.5 bn

§ EBITDA pre ~€245 m

§ ~2,500 employees

§ 20 sites in 11 countries

Chemtura has a growing and profitable additives business
with a strong US footprint

Well established in lubricant additives and flame retardants

Sales and EBITDA are based on Q2 2016 LTM, USD/EUR 1.10

* Listed at NYSE, Headquarters: Philadelphia, PA (US)

**CAGR: 2016-2020 (based on IHS)

Additives

Organometallics

Urethanes

Additives

Flame

retardants

Lubricant

additives

North America

Asia

Europe

Latin America

Building &
construction

Electrical &
Electronics

Energy

Transportation

~3.0%

~5.5%

~2.0%

~3.5%

Key customer bases growing**

Sales split

6

Bundling forces (2014):

All additives in one business unit

LANXESS has established a strong additives platform with strong footprint in Europe in 2014

Business Unit ADD

in Performance Chemicals

Flame retardants

& plastic additives

Rubber additives

Lubricant additives

Colorants

North America

A global player with tailor-made solutions and clear customer focus

A broad product portfolio in the additives field

Unitex (2011)

Darmex (2011)

Thermphos site (2013)

Asia

Europe

Latin America

Business Unit Additives

Management with

proven M&A track

record

Sales are based on Q2 2016 LTM

§ Sales ~€850 m

§ Employees: ~1,600

§ Globally operating in 20

production sites

7

Focus on industrial lubricants

An attractive opportunity - demand driven by
increasing efficiency needs in lubricants

A global leader in highly fragmented industrial
lubricant additives* (combined sales of ~€650 m)

Industrial

Lubricants

Automotive

Lubricants

Highly fragmented
market

Growth drivers
industrial lubricants

(3-4% p.a.)

§Improved performance
requirements

§Tightening workers' health
and safety standards

§Environmental
improvements

§E.g.: oil for wind turbines,
high performance specialty
greases

* according to LANXESS' market intelligence

8

§ Backward integration

potential

Base fluids

LANXESS

Chemtura

Raw materials

Chemical

Intermediates

Product steps in lubricant marketplace

* Packages: technical term for formulations / mixtures of different additive components

9

§ Flame retardants reduce flammability

§ Main applications:

Ø Furniture (upholstery)

Ø Construction (e.g. styrene insulation panels)

Ø E&E (e.g. PCBs, TVs, computers)

§ Demand growth 3-4% p.a. driven by

Ø Increasing regulations

Ø Increasing fire protection standards

Flame retardants with 3-4% annual volume
growth

Combined: a global leader in flame retardants*

(combined sales ~€900 m)

* according to LANXESS' market intelligence

10

§ Complementary
portfolios in flame
retardants

§ Good platform for
growth with new flame
retardant developments

Bromine

Value chain flame retardants

ü

ü

Backward
integration

Broad

product

portfolio

Phosphor

chloride

Phosphorous

based flame

retardants

LANXESS

Chemtura

11

§ Urethanes offer new product class of high-tech materials for e.g., mining, oil and leisure

§ Low asset intensity

§ Well-positioned in hot cast pre-polymers

§ New capacities in place to cater future growth in Asia (Nantong, China)

§ Within BU AII, Organometallics forms smaller business class (<€200 m sales)

§ Established presence in Europe for Organometallics, esp. for catalysts in polymers

§ Excellent production know-how

§ Overall Organometallics facing a very competitive market environment

Urethanes and Organometallics:

Broadening LANXESS' portfolio

Urethanes

Strengthening segment High Performance Materials
Integration into BU Advanced Industrial Intermediates

High Performance

Materials

Antioxidants &

Accelerators

Aromatic Network

Benzyl Products and

Inorganic acids

Polyols and Oxidation

products

Organometallics

LANXESS

Chemtura

12

Around €100 m synergies on EBITDA level by 2020
by combining Chemtura's and LANXESS' platforms

§ Cross-selling opportunities

§ Expansion due to
complementary regional
strengths

§ Optimization of production
platform

§ Sales channel optimization

Business driven synergies

§ Eliminate redundant
functions

§ Streamlining of country
infrastructure costs (office
infrastructure)

§ Costs related to public listing

Admin cost synergies

~€100 m synergies to be realized by 2020,
thereof ~€25 m already in 2017

§ Integration costs (IT integration,
retention packages,
communication)

§ Production platform
optimization

§ Severance payments

One time costs*

~€140 m OTCs

and ~€50 m capex

* Synergy related one time costs, excluding ~€80 m transaction related costs (including cost of planned refinancing of target debt), which are considered in purchase price
low realization risks

13

Transaction with fair valuation

§ ~€1.5 bn of sales

§ Closing anticipated mid 2017

Key facts of acquisition

EV/EBITDA ~7x

including synergies

~10x

excluding synergies

FX: 1.10 USD/EUR

Sales and EBITDA pre exceptionals based on Q2 2016 LTM; 62.94 million share of common stock outstanding

* EPS before one-time costs and amortization from PPA

Attractive EPS accretion* from year 1

14

Initial financing in place – Balanced takeout financing and
deleveraging will follow quickly

Solid financing with commitment to investment grade rating

§ Full bridge financing in place for €2.0 bn underwritten by JPMorgan and Barclays

§ Balanced capital market financing to follow quickly

Ø Hybrid of €500-750 m

Ø Senior bonds of ~€1.0-1.25 bn

Ø Remainder from existing liquidity

§ Currency risk management for purchase price

§ LANXESS share buy-back of ~€200 m will not be considered for the time
being

§ Strong combined free cash flow will support quick deleveraging

§ No material M&A activity during integration and deleveraging phase

Strong focus on investment grade rating in financing approach

15

Closing anticipated mid 2017

Documentation with SEC

Signing

Proxy solicitation period

Extraordinary Chemtura

Stockholders' Meeting*

October November December

Regulatory application and approval process

Closing

* At stockholders' meeting >50% (of outstanding shares) approval threshold required

2016

2017

Take out financing

16

LANXESS and Chemtura – strong strategic and financial fit

Creating a global and major additives business with
visible synergy potential

Fast transformation of LANXESS to a more resilient,
higher value and more cash generative company

Fair valuation with high shareholder return and
delivery on investment grade commitment

Backup – supporting material

18

Petroleum Additives: A well-positioned customer-oriented solution provider in lubricant additives with back-integration

§ Synthetic lubricant base stocks

§ Lubricant additives

§ Finished fluids

§ Industrial oils and greases

§ Engine and gear oils

§ Automotive, aviation and marine lubricants

§ Ø growth rate: 3-4%

§ Established positions in selected products and applications

Globally operating in 10 sites with new capacity in China

Raw materials

Base stocks

(synthetic)

Fluids

Chemical

Intermediates

§ Backward integration into base stocks and chemical intermediates

§ Good platform for growth (investment in NL (base stocks) and CN (components and fluids))

§ Growth driven by substitution of traditional lubricants and higher performance requirements

Greases

19

Great Lakes Solutions: A major player in flame retardants,
elemental bromine and bromine derivatives

§ Flame retardants

§ Elemental bromine

§ Clear brine fluids

§ Bromine derivatives

§ Electronics

§ Ø growth rate: ~3%

Globally operating in 3 sites
with bromine reserves in US

Fully backward integrated

§ Driven by higher fire safety
standards (regulatory)

§ Environmentally friendly flame
retardants on increasing demand

Bromine

reserve

Brominated flame

retardants

Bromine derivatives

(e.g. fumigants)

2nd largest reserve globally
with 2nd highest bromine
content

20

Urethanes: A player with high level of technical service to offer customer specific solutions

§ Pre-polymers

§ Flexible coatings

§ Polyester polyols

§ Mining equipment coatings

§ Ø growth rate: ~3.5%

Globally operating in 6 sites with new capacity in China

§ Major player in hot cast pre-polymers and thermoplastic urethanes

§ High level of technical service to offer customer specific solutions

§ Only manufacturer of low free products - reducing fume exposure during handling

§ Well known and established brands

21

Organometallics: mainly focused on polyolefin catalysts

§ Organometallics

§ Ø growth rate: 3-4%

Operating in 3 sites with main

production plant in Germany

Specialized in production of

complex, highly reactive

organometallic compounds,

especially for catalysts uses

§ Production know-how is key:

hazardous in production &

handling

§ Established European presence

Metal

compound

Chemicals

Organometallics

	22
Details on synergies and one-time costs	
	~10
	~30
Capex	
	~10
	2018
	2017
	2016
	2019
	~30
	~70
Expense	
(one-time costs)*	
	~20
	~25
	~25
Synergies	
	~35
Preliminary implementation schedule	
	[€ m]
	[€ m]
	[€ m]
	2020
	~15
	~100
	~50
	~20
Total	
	~140

* excluding ~€80 m transaction related costs (including cost of planned refinancing of target debt), which are considered in purchase price

23

Contact details Investor Relations

Oliver Stratmann

Head of Treasury & Investor Relations

Tel. : +49-221 8885 9611

Fax. : +49-221 8885 5400

Mobile : +49-175 30 49611

Email : Oliver.Stratmann@lanxess.com

Janna Günther

Assistant to Oliver Stratmann

Tel. : +49-221 8885 9834

Fax. : +49-221 8885 4944

Mobile : +49-151 74612615

Email : Janna.Guenther@lanxess.com

Katharina Forster

Institutional Investors / Analysts / AGM

Tel. : +49-221 8885 1035

Mobile : +49-151 74612789

Email : Katharina.Forster@lanxess.com

Ulrike Rockel

Head of Investor Relations

Tel. : +49-221 8885 5458

Mobile : +49-175 30 50458

Email : Ulrike.Rockel@lanxess.com

LANXESS IR website

Jens Ussler

Institutional Investors / Analysts

Tel. : +49-221 8885 7344

Mobile : +49-151 7461 2913

Email : Jens.Ussler@lanxess.com

Thorsten Zimmermann

Institutional Investors / Analysts

Tel. : +49-221 8885 5249

Mobile : +49 151 7461 2969

Email : Thorsten.Zimmermann@lanxess.com

