



# STRENGTHENING THE POSITION IN SOUTH AMERICA

Lanxess acquires Brazilian biocide manufacturer Ilibanyl Produtos Especiais. By Damir Gagro

**This acquisition gives Lanxess's Material Protection Products business unit a manufacturing presence on four continents, as well as access to strategic intermediate products.**

Specialty chemicals company Lanxess is strengthening its position as a manufacturer of active biocidal ingredients and formulations and has acquired Itibanyl Produtos Especiais Ltda. (IPEL). The family-run company with headquarters in Jarinu, São Paulo, is one of Brazil's leading biocide manufacturers and generated sales in the lower double-digit million EUR range in 2018. It employs around 100 people and has both laboratory and manufacturing facilities.

Both companies signed an agreement at the end of November 2019. The transaction is still subject to the approval of the responsible antitrust authorities and is expected to be completed in the first quarter of 2020.

"The acquisition fits perfectly with our strategic focus on profitable specialty chemicals", said Rainier van Roessel, member of the Lanxess Board of Management.

**LANXESS NOW OPERATES PRODUCTION FACILITIES IN EUROPE, USA, ASIA AND SOUTH AMERICA**

With the acquisition of IPEL in Brazil, the Lanxess Material Protection Products business unit is reinforcing its global presence and is now in a position to serve its South American customers from a local production facility. The business unit was previously represented with production facilities in Europe, the USA and Asia.

"IPEL is one of the leading biocide suppliers and a reference in microbiological control solutions in South America. IPEL's products and competencies are recognised unanimously on the Brazilian market. Their modern production facility close to São Paulo and fully equipped labour are a real advantage to offer a high level of service to the Brazilian customers. IPEL also synthesises some of the biocide active needed for their formulations, so the decision to acquire IPEL felt to a certain extent obvious", said Dr Oliver Kretschik, Head of the Biocides business line in the Material Protection Products business

## FACTS ABOUT LANXESS



Number of production sites: 60



Annual sales: EUR 7.2 billion



Number of employees: 15,500

unit. "IPEL also has a strong customer network that will soon be able to benefit from our combined product portfolio and regulatory expertise", he added.

In addition to around 100 employees and the production facility, Lanxess is also taking over the Brazilian company's laboratory facilities. With the acquisition, the specialty chemical company will also gain access to strategic intermediate products.

IPEL generates the majority of its sales with biocides and specialty chemicals for the paint and coating industry. Biocides protect materials from infestation, destruction and decay caused by microorganisms. They extend the service life and guarantee the functionality of the end products. The product portfolio also includes preservatives and fungicides for process control in water treatment as well as active ingredients for disinfection and cleaning agents. 



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#### Four questions to Dr Oliver Kretschik

**How do you rate the market for biocide products in Brazil and South America?** *The South American market for most applications like paints and coatings is not regulated. In terms of portfolio it is not very different from other regions and markets. Most challenging for all players, though, has been a rather long period of political instabilities, which have shown its economical consequences in various countries.*

**Where do you see further growth potential for your biocide business?** *IPEL's local customer network will benefit from our combined product portfolio and regulatory expertise. We will have the opportunity to grow in the South American market but we will also be able to strengthen our position in less covered businesses for us, like water treatment and disinfection as the acquisition offers us strategic intermediates and backward integration possibilities. Further, we do see potential to support the African biocide market with the enhanced portfolio.*

**In how far does the South American biocide market differ from the European one?** *That is definitely the amount of regulations we have to comply with in Europe compared to the rather unregulated South American biocide market. As we see more regulations coming up, like K-BPR in Korea, China Green Label etc., IPEL is now in a very comfortable situation. If, one day, the situation changed in Brazil, IPEL could make use of the deep regulatory knowledge Lanxess has already established.*

**What are the current challenges for biocide producers?** *There is a call for green biocides combined with an ever tighter regulation by the authorities. The situation increasingly reduces the choice of preservatives. At the same time, regulatory costs are increasing, as regulation processes are getting more complicated, take longer and afford more studies. We expect further consolidation in the biocide market in the long run. *