



Newsletter

December 2017

Nexam Chemicals acquisition of the Plasticolor group

Nexam Chemical has acquired Plasticolor, a well-established international supplier of masterbatch, that is, plastic granules containing a high concentration of color, UV-protection, antioxidants etc. The customer then adds the masterbatch into the production of their end-product. Discussions between the two companies have been going on during the summer/autumn and on 7th December the agreement was finally signed by Plasticolor's CEO Håkan Linné and Nexam Chemical's CEO Anders Spetz. The two companies complements each other very well and Anders Spetz, CEO Nexam Chemical, is very happy with the acquisition.

"It feels really good. Not only do we secure production capacity, but we also increase our business opportunities and make room for better margins within our product portfolio. Nexam Chemical has what Plasticolor has been missing, innovative high-tech solutions for high margin products. Plasticolor, on the other hand, contributes with high class production capacity, well established customer relations and profitable products. Plasticolor has been profitable since the first day of business in 1989, and has continuously delivered good sales growth over the years" says Anders Spetz, CEO of Nexam Chemical.



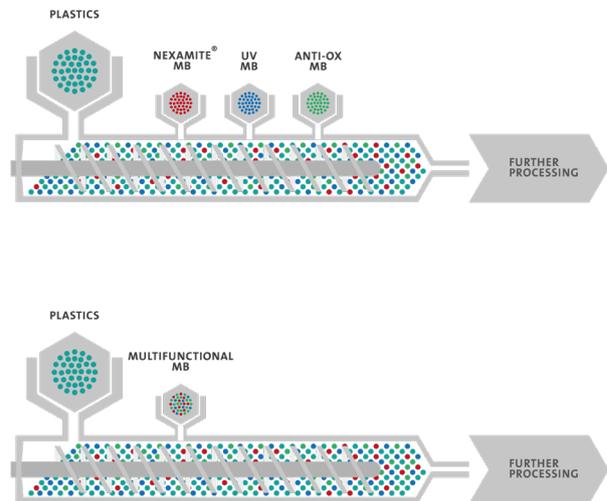
Nexam Chemical has acquired all shares in the parent company of Plasticolor group, Plasticolor Sweden AB. This means that Nexam Chemical owns, not only the shares, but also all equipment, machines, property, products, organization and customer relations. During the coming months the two companies will be integrated in order to utilize the synergies, as well as finding the new forms for working together. Integration plans for the next 100 days have been established to leverage from the synergies identified. The plans include shared administration, premises, IT-systems and processes which will also lead to cost savings. For example, Nexam Chemical will close its Lund office and move to the premises in Lomma. Almost all parts of the company will be affected by the integration plans.

"Plasticolor has production of masterbatch in Sweden, Poland, Hungary and Serbia as well as distributors in Denmark and Finland. The production facility in Scotland for the Nexam Chemical products, NEXAMITE® and NEXIMID® will remain. With the acquired production facilities we gain capacity to deliver larger volumes, and will be able to control the total production cost for our products in a much better way than before" says Erik Lager, CTO.

Multifunctional masterbatch

The added production capacity allows Nexam Chemical to offer a new and even more user-friendly product, multifunctional masterbatch. This is a masterbatch containing a number of different highly concentrated additives, but also containing the property enhancer NEXAMITE®. Being able to offer all functions, color, UV-protection, antioxidants, processing aids and NEXAMITE® in one package, simplifies for the customer to add these additives in their production process. The equipment the customers use, usually extruders, are often limited and can only add a few additives at the same time. With multifunctional masterbatch all additives are added simultaneously with the same masterbatch. The outcome being fewer investments in altering the machines and a more effective production. Both having a positive effect on cost and production efficiency.

With the acquisition, Nexam Chemicals business will grow considerably. Nevertheless, Nexam Chemical's original strategy remains. The three focus areas established by Nexam Chemical; polyethylene pipe, PET-foam and high performance, continue. The strategy means that when one of these areas have five commercial customers in place, a new focus area can be introduced.



"The reason behind this is to keep focus and establish a stable base and stronghold in each focus area" says Anders Spetz. "The two companies already have several mutual customers, but with the acquisition of Plasticolor, a number of Plasticolors existing customers are added. Customers that we want to develop and add additional value to. This is one of the important synergies that we have identified during the process of acquiring Plasticolor. We also have, since the acquisition became public, received interest from new potential customers. With the development we have seen during the second half of 2017, with orders from Diab within PET-foam and from Maverick within high performance, we see opportunities to open a new focus area during 2018", says Anders Spetz.

Company structure from 8 December 2017



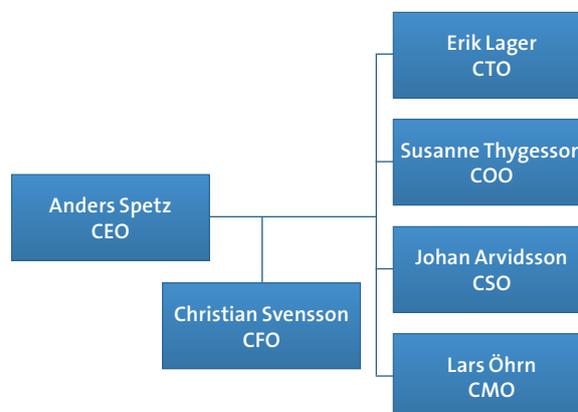
Organizational changes

In connection to the acquisition, Nexam Chemical has strengthened the organization by recruiting Susanne Thygesson as new Chief Operating Officer (COO). She will join the company on January 1, 2018, and will be responsible for all production within the Nexam Chemical group. She has a long background within leading large scale production and optimization of production processes at companies such as Perstorp and Trioplast.

With the acquisition of Plasticolor, the number of production sites have increased from one to five and Susanne will be a great asset as we will work intensively with reducing manufacturing cost and increase productivity. Both for Nexam Chemicals core products as well as the products that Plasticolor offers today. With the increasing volumes we see in front of us, there is opportunities to reduce manufacturing cost and increase productivity in the existing capacity. This will, as a result lead to improved margins for the company.

Erik Lager, moving from the role as COO to become the new Chief Technical Officer (CTO), has worked in Nexam Chemical since 2009 and have a long experience in developing commercial products. Erik and his team will work closely with the production to develop the new masterbatch products. A major focus will be on the multifunctional masterbatch that will be developed together with the acquired operations in Plasticolor.

Nexam Chemical has also decided to move the plastic lab to Nexam St Andrews to concentrate all R&D to the same location. In connection to this, two of our employees in Lund have left the company and recruitment of new personal to the subsidiary in Scotland has been done.



Nexam Chemical wish you a Merry Christmas and a Happy New Year!

All employees at Nexam Chemical wish our partners, shareholders and others a Merry Christmas and a Happy New Year. It has been an intensive year and we are happy that we now have additional colleagues in our company. We look forward to the year we have ahead of us.

This year Nexam Chemical has chosen to donate a Christmas gift to Musikhjälpen, which this year has the theme "Children is not for sale". They aim to reduce trafficking of children by spreading information to children and family's at risk and to help those unfortunate children that have been exposed.

