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# Why Solenis, Sigura Water $6.5 billion merger is a good fit for Platinum Equity

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## Platinum Equity executives explain the path forward after $5.25 billion investment in Solenis

Solenis is an industrial water treatment company with a global footprint that spans 120 countries and five continents with more than 40 manufacturing facilities and 5,200 employees.

Solenis also produces needed ESG solutions.

Global demand for solutions that save water, use less energy, eliminate waste, and convert everyday products to more sustainable materials is only continuing to grow," Platinum Equity Partner Jacob Kotzubei said when the firm's agreement to acquire Solenis was announced. "As a leader in sustainability, Solenis has been helping its customers tackle these complex challenges for more than 100 years. It is a well-run organization with an outstanding management team and a service-oriented culture. We believe in the company's mission, and we are excited to invest in its continued growth and expansion."

Platinum Equity announced the closing of Solenis on Nov. 9, a $5.25 billion acquisition from previous owners, CD&R and BASF. The transaction is the catalyst for a merger with Sigura Water, which primarily provides water treatment solutions for pools and spas. Platinum acquired Sigura in 2019.

With the merger, the combined transaction value is approximately $6.5 billion. Solenis now maintains three primary segments: consumer solutions (consumer and food packaging, graphic paper, tissue and towel markets), industrial solutions (core water treatment and wastewater markets), pool solutions (residential and commercial pool and spa markets).

Kotzubei and Managing Director Todd Golditch were recently asked why Solenis was an attractive acquisition.

(Questions and answers have been edited for clarity and length)

**PE:** What is Solenis?

**Kotzubei:** It's a business with 5,200 employees based in Wilmington, Del. that has a global manufacturing footprint and is a leader in water treatment and specialty chemicals with industrial applications that save water, a very ESG friendly story in today's world.

**PE:** What role did the Sigura Water acquisition play in the Solenis transaction?

**Kotzubei:** (Solenis) shows how developing relationships, nurturing relationships and planting seeds, letting them grow can mature into an impactful deal. The journey for Solenis began after we acquired Lonza's water care business in February 2019, a business we renamed Sigura Water. When we closed on that deal, Todd reached out to CD&R, who owned Solenis and said: "We think these businesses belong together." CD&R had just completed a rather large acquisition with Solenis and they were internally focused. But Todd and I just kept pinging them.

**Golditch:** We conveyed our interest in Solenis to make them aware of the logic in a potential combination. While Sigura is principally a pool water treatment business, we knew that we could leverage the industrial water side of Sigura to grow in a meaningful way. Solenis was the No. 1 fit for (Sigura) since Day One.

**PE:** Why was Solenis for sale?

**Golditch:** It was reported that CD&R was seeking a monetization solution and they were evaluating an IPO or SPAC transaction. While those were each interesting prospects and Solenis is well-positioned to go public, we were able to provide the sellers with an all-cash proposal with very attractive terms. We moved quickly, and we provided high deal certainty. We were able to conduct our diligence on an accelerated timeframe and from the beginning of our conversations, we were also able to develop a constructive working relationship with both the sellers and the management team.

**Kotzubei:** We were fortunate to be invited into the process because of the interest we'd registered and our strategic nature with Sigura. As the process proceeded and the SPAC market weakened, we really had an opportunity to be differentiated in the speed and certainty we could offer them when really their only other alternative was to do a traditional IPO, which would've meant a multiyear sell down process for them, which we understood they did not want to deal with.

**PE:** Tell us about Solenis' ESG program.

**Golditch:** Solenis has figured out how to eliminate dangerous and sometimes carcinogenic chemicals, such as PFAS, that are used in packaging applications and replace them with more environmentally friendly alternatives that enable packaging products to not only become recyclable, but are also believed to have even greater product efficacy.

**Golditch:** The company also has a great value proposition in helping their customers manage water usage, minimize power usage, and reduce unnecessary waste. Their chemical applications are tied to supporting mega trends that are important for our society. Things like water scarcity, water reduction, wastewater management and overall water cleanliness. They invest a lot in their ESG initiatives and sustainability initiatives and we are committed to further supporting their mission to improve our planet. Solenis also measures its impact on climate change and is always looking to tackle ways to reduce its impact considerably.

**PE:** Does Solenis represent a strategic industry for Platinum?

**Golditch:** This water treatment space is very attractive and important for us and our society. We also really like investing in the chemical space. There's now a great opportunity for value creation in the chemical space and Platinum is equipped to execute many more transactions in this space.

**PE:** Will Platinum seek other M&A opportunities?

**Golditch:** Given the size and scale of the business (combined company is expected to generate approximately $3.5 billion of revenue), we're going to look at both smaller bolt-on, tuck-in acquisitions that are complementary to the business, either from a product standpoint or a geographic standpoint. There are businesses out there that could be a great fit for Solenis, and we plan to be active.