

Press release

29 May 2018

Leading German paint manufacturer, J.W. Ostendorf, becomes part of the Hempel Group

Global manufacturer of coatings, Hempel, sees tremendous growth in the market for decorative paint.

29 May 2018, Hempel A/S has signed an agreement to acquire* 65 percent of one of Germany's leading manufacturers of decorative paint, J.W. Ostendorf (JWO). Following closing of the transaction, JWO becomes part of the worldwide Hempel family, and is thus an evident factor for Hempel's continuing ambition to grow and for leading participation in the ongoing global consolidation of the industry. Branding-wise JWO becomes 'A part of Hempel'.

The investment in JWO is a significant reinforcement in Hempel's third strategic business area – the decorative business. Hempel Group President & CEO Henrik Andersen says: "Our decorative business is relatively new and has therefore naturally been a bit overshadowed by the company's two other strategic business areas, Marine and Protective. This is now over. With the investment in JWO, one of the world's leading manufacturers of decorative paint, we have grown our decorative business significantly and sent a signal that we are ready to do more – in Europe and globally."

JWO has a unique position in the market as the only private label specialist in Europe. Across 20 European countries and five non-European countries, JWO works to drive forward the development of retail brands.

The company has approximately 750 employees and is located in Coesfeld, North Rhine Westphalia, Germany, and in Cestas, France.

JWO is the most modern paint manufacturer of Europe. The production is highly automated, environmentally friendly and there is a constant focus on hygiene. JWO is certified by LGA (derived hygiene standards for paint as for the food industry). Among other things, the production is primarily water-based, but JWO also produces solvent-based products.

"I have great expectations of JWO and I have great expectations about JWO joining forces with another leading European decorative company, UK-based Crown Paints – also part of the Hempel Group. In close collaboration, both companies will develop and grow the Hempel family's decorative business in Europe," says Henrik Andersen.

JWO is a family-owned, tradition bound company where the former CEO and majority shareholder Michael Ostendorf and his sons Jan and Jens Ostendorf will continue to be involved in the business as shareholders.

Going forward, JWO will be managed on a daily basis by Jan and Jens Ostendorf, continuing the entrepreneurial tradition, the values and the relationships that have shaped the company. Jan and Jens Ostendorf will be responsible for the North and South European markets respectively.

Michael Ostendorf says:

"It is with great pride and joy that we now become part of the Hempel Group. I particularly look forward to the close collaboration we are forming with Crown Paints. By joining forces, we create a strong platform for continued expansion in the European decorative market."

JWO has grown in Europe through the takeover of the French paint manufacturer, Renaulac with its well-known premium brand, also carrying the name Renaulac. Renaulac will strengthen the Hempel Group's position in France.

Following closing of the transaction Joe Devitt, CEO of Crown Paints and new top executive in Hempel Decorative Europe, will be responsible for ensuring that Crown Paints and JWO join forces. JWO and Crown will continue to serve their customers as two distinct entities, but in doing so, both will draw from the intellectual and material resources of both partners, i.e. brand portfolio, production facilities and common synergies, for example in the supply chain. Being able to produce the highest quality of coatings directly in tomorrow's key markets of Germany, France and UK offers a unique advantage.

Joe Devitt summarises the business logic of the partnership:

"We are both passionate about paint and about serving our customers. Our business values are very similar; our market coverage, know-how and production facilities are complementary. It's a perfect match."

Hempel is going through a substantial transformation these years with the purpose of making the Hempel Group a leading global player. Among other things, this is accomplished through an increased customer focus. Global customers demand global presence and this requires insight into the customers' businesses, circumstances and economy in order to develop and offer the right products and to provide the right service.

"It was instrumental to Hempel that JWO had the same approach to the customers as we do. Therefore, I am glad that the Ostendorf family had the same expectation to us. The family highlighted our customer focus and our values when they decided to trust us with the majority of the shares of their company," says Henrik Andersen.

Hempel's investment in JWO is one of many made during recent years. Besides Crown Paints, Hempel has successfully acquired and integrated companies such as Schaeplman (The Netherlands) and Jones Blair (US) into the Hempel family.

**Hempel's acquisition of a 65 percent stake in JWO is contingent on obtaining relevant competition clearances by the German and UK competition authorities. The clearances are expected to be obtained within four weeks.*

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For facts, see below.

Facts about Hempel

- Hempel is a world leading coatings supplier for the Decorative, Protective, Marine, Container and Yacht markets and has been in the market for more than 100 years.
- Today, Hempel employs 6,000 people in more than 80 countries and has over 150 stock points, 26 factories and 15 R&D centres strategically located around the world to serve the global customers.
- Hempel's vision is to grow faster than the market by being customer-centric, achieving higher profitability through operational excellence. Hempel wants to grow at least 2 per cent faster than the market:
 - By acquisitions, e.g. in the Decorative market
 - By organic growth, e.g. in line with the market segments in which we operate
- Hempel has in recent years grown rapidly through acquisitions of many great brands such as Jones Blair in the US, Schaepman in the Netherlands and Crown Paints in the UK.
- Hempel has been in the Decorative market for decades and holds a strong position in the UK, the Middle East and Iberian Peninsula.
- In 2017, Hempel focused successfully on optimising and investing in its functions, processes and leadership in order to continue the transformation of Hempel into a leading global coatings company and to accelerate the execution of its *Journey to Excellence* strategy
- Hempel key figures 2017
 - Revenue: EUR 1.4 billion
 - EBITDA: EUR 171 million
 - Operating profit: EUR 115 million
 - Net profit: EUR 55 million

For more information about Hempel, visit hempel.com

Facts about J. W. Ostendorf

- J.W. Ostendorf is a European paint manufacturer successfully delivering paint for protection and beautification of houses, homes and gardens.
- J.W. Ostendorf was founded in North Reine Westphalia in 1948. Since then, the family-owned company has grown steadily.
- Today, J.W. Ostendorf enjoys a unique position in the market as the only private label specialist in Europe for a list of key retailers, including all of the leading DIY chains.
- With 750 employees and a production capacity of 500 million litres annually, J.W. Ostendorf delivers products to 20 European countries and five non-European countries.
- J.W. Ostendorf also services the decorative market with its own brands, e.g. colourcourage, Signeo and Vectra.

- The production is highly automated, environmentally friendly and there is a constant focus on hygiene. J.W. Ostendorf is certified by LGA (hygiene standard of the food industry)
- J.W. Ostendorf is the owner of the well-known French paint manufacturer, Renaulac, which produces decorative coatings in Cestas, Bordeaux.
- J.W. Ostendorf has received awards for its focus on the environment and its initiatives regarding the health of its employees.
- Ranked 34th of the 50 most innovative members of the German Mittelstand (Wirtschaftswoche)
- For more information on J.W. Ostendorf, visit www.jwo.com

Facts about Crown Paints

- UK based Crown Paints has been producing paint for over 200 years.
- Crown Paints Ltd. is the Holder of the Royal Warrant by Appointment to Her Majesty the Queen, as Manufacturers of Paints.
- Over 1,000 employees work for the company
- Crown Paints is located in Darwen in Lancashire, with manufacturing sites in Darwen and Hull and distribution centres in Darwen, Warrington and Dublin. The company is operating to an ISO 9001 accredited quality management system.
- Crown Paints has a network of over 140 Crown Decorating Centres spread throughout the UK and Ireland.
- Crown Paints serves every sector of the decorative coatings market, promoting its market-leading paint and woodcare brands – Crown, Sandtex, Sadolin, Macpherson and Berger – to both consumer and professional audiences, as well as key export markets.
- Through its ground-breaking scheme, launched in 2011, Crown Paints is able to measure the carbon footprint of all of its products. The company has also committed to significant sustainability targets and its work in this field has been recognised at several regional and national awards.
- The company lists key retailers among its clients, including all of the leading DIY chains and professional trade merchants.
- Crown Paints became a part of the Hempel Group in 2011.
- For more information on Crown Paints, visit www.crownpaints.co.uk or www.crown-paintscorporate.com