

Eastman Chemical to buy Taminco for \$1.8 billion

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Eastman Chemical Co (EMN.N) said it will buy Taminco Corp (TAM.N) for \$1.8 billion to get a key chemical used in products for the food, agricultural and water treatment markets. Taminco's shares rose 11 percent to \$26.55, topping the offer price of \$26 per share, after Eastman also gave the company 30 days to solicit alternative proposals. Eastman's shares also rose. "There is a lot of optimism due to the terms of the transaction that another bidder might emerge," Suntrust Robinson Humphrey analyst James Sheehan said. Eastman's offer has the blessings of the board of both companies and that of Apollo Global Management (APO.N), Taminco's largest shareholder with a 53.7 percent stake. The deal will add alkylamines to Eastman's portfolio. Alkylamines are a key ingredient to make agricultural chemicals, animal feed additives, personal care and water treatment products, among other things. Eastman, which has been making acquisitions to expand its portfolio of specialty chemicals, said it would also assume \$1 billion in debt. This year, Eastman has already announced plans to buy window films maker Commonwealth Laminating & Coating, and BP's (BP.L) aviation turbine business to expand its specialty fluids business. Eastman expects Taminco to add more than 35 cents per share to profit in 2015 and more than 60 cents in 2016. It expects synergies to be about 5 percent of Taminco's 2013 sales. Taminco, spun off from Belgium-based biopharmaceutical and specialty chemical company UCB SA (UCB.BR) in 2003, reported net sales of \$1.2 billion in 2013. Eastman posted net sales of \$9.4 billion in 2013 and earned \$7.44 per share from continuing operations. Eastman said it will fund the deal with available cash and debt financing and expects the transaction to close in the fourth quarter this year. Morgan Stanley & Co. LLC is Taminco's financial adviser, while Citigroup is Eastman's adviser. Shares of Taminco, which went public in 2013, rose to an all-time high of \$26.80. Eastman's shares rose nearly 2 percent, before shedding half its gains to trade at \$83.99 in afternoon trading.

Source:Reuters