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EAC divests EAC Industrial Ingredients - Announcement no. 8/2010

EAC has entered into an agreement to divest EAC Industrial Ingredients to Brenntag Holding B.V. for a total consideration of DKK 1.2bn on a cash and debt free basis (“Enterprise Value”). EAC upgrades its full-year outlook to an operating profit around DKK 700m. The proceeds provide EAC with an optimum platform to accelerate growth in its remaining business units. A telewebcast will be conducted today at 11 AM CET.

EAC has entered into an agreement with the German Brenntag group to divest EAC Industrial Ingredients for a total consideration of DKK 1.2bn on a cash and debt free basis (“Enterprise Value”) corresponding to DKK 0.9bn in equity value. The transaction does not include EAC’s portfolio investments in the three associated companies Akzo Nobel Paints (Thailand) Ltd, Asiatic Acrylics Company Ltd and Thai Poly Acrylics Public Company Ltd.

The transaction is implemented as a sale of shares on customary terms. For EAC the agreement results in a profit over book value of around DKK 500m. The transaction will not give rise to taxation. Consequently, EAC upgrades its full-year outlook to an operating profit around DKK 700m.

The strategic rationale for the sale is to ensure that the EAC Group as well as EAC Industrial Ingredients can realise their full potential. EAC pursues – and will continue to pursue – a strategy rooted in the growth strategy of each of its businesses operating in high-growth markets. EAC views profitable growth as a prerequisite for success in these individual businesses, and acquisitions are crucial in order to meet EAC’s strategic growth objectives.

However, during the recent years of global economic downturn EAC’s growth through acquisitions in Asia has not reached the desired scale. At the same time it is clear that following Asia’s recent strong emergence from the general economic downturn, a new wave of global consolidation is taking place in most industry sectors, including those of Industrial Ingredients. The inevitable entry into the Asian markets by global chemical distributors will increase competition for desirable acquisition targets and further reduce EAC Industrial Ingredients’ potential for continued growth.

The decision to sell EAC Industrial Ingredients at this time and at a premium price provides EAC with significant resources to focus on the exploitation of the full potential in the remaining two business units. EAC considers the opportunities to create value and growth within its remaining business units numerous and attractive. EAC's growth strategy will include a significant expansion of the Group's geographical reach in order to rapidly recapture the scale and profit given up with the sale of EAC Industrial Ingredients.

The agreement with Brenntag concludes a thorough bidding process involving several serious industry players. EAC regards the price as highly satisfactory to EAC and its shareholders and considerably in excess of the probable value that could be created through continued ownership by EAC.

Brenntag being a global market leader in full-line chemical distribution will provide EAC Industrial Ingredients with new growth opportunities, and the company has sharp focus on further development and growth of the business to the benefit of EAC Industrial Ingredients' employees, suppliers and customers.

A telewebcast on this announcement will be conducted today at 11 AM CET. For further information regarding dial-in etc., see EAC's website: www.eac.dk

Yours sincerely,

The East Asiatic Company Ltd. A/S

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