

News Release

Your Contact

Media Relations

chantal.gilsdorf@emdgroup.com

Phone: +49 151 1454 2860

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Merck KGaA, Darmstadt, Germany, Signs Agreement to Sell Surface Solutions Business Unit to GNMI

- **Global New Material International (GNMI), one of the largest pearlescent pigment producers, to acquire pigments business of Merck KGaA, Darmstadt, Germany, for a purchase price of € 665 million**
- **GNMI grants extensive job guarantees for employees in Germany and a site guarantee for Gernsheim until 2032**
- **The combination of the two businesses will create a strengthened market position and prospects for employees and customers**

Darmstadt, Germany, July 25, 2024 – Merck KGaA, Darmstadt, Germany, a leading science and technology company, has signed an agreement to sell its global Surface Solutions business unit to Global New Material International Holdings Ltd. (HKSE: 6616) for € 665 million in cash. Merck KGaA, Darmstadt, Germany, intends to use the net proceeds from the divestment to further strengthen its strategic core businesses.

“The divestiture of the Surface Solutions business unit will further sharpen our focus on high-tech applications in Electronics, such as driving the development of next-generation chips as an integrated solutions provider for our semiconductor customers,” said Belén Garijo, Chair of the Executive Board and CEO of Merck KGaA, Darmstadt, Germany. “GNMI and our Surface Solutions business will join forces and combine their strengths to form an even stronger team, delivering excellence in the pigments industry.”



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“The combination of Surface Solutions and GNMI will strengthen the competitiveness of the business, thus providing better prospects for employees and customers. At the same time, this transaction gives us the opportunity to focus even more intensively on the semiconductor and display industries within Electronics,” added Kai Beckmann, Member of the Executive Board of Merck KGaA, Darmstadt, Germany, and CEO Electronics.

“The Surface Solutions unit of Merck KGaA, Darmstadt, Germany, and GNMI share the philosophy of growing a customer-centric business. Our activities are highly complementary in terms of products, expertise and regional footprint. By joining forces, we will be excellently positioned to jointly drive growth in a very dynamic market segment. The combined businesses will provide even more customer proximity with a presence in every region along with an even broader product portfolio that stands for quality and reliability,” said Ertian Su, Chairman & Chief Executive Officer of GNMI. “We are impressed by the commitment, experience and expertise of Surface Solutions’ employees and are already looking forward to welcoming our future colleagues to the company. The combination will provide attractive long-term prospects for career development, including job guarantees for employees in Germany and a site guarantee for Gernsheim until 2032. This is a clear sign of how much we value the business and its employees.”

Surface Solutions offers pigment solutions used in coating, industrial and cosmetic applications. The business unit generated sales of € 411 million in 2023. Roughly 1,200 employees, approximately 700 of whom are based in Germany, are to be transferred to GNMI as part of the transaction.

GNMI, also known under the brand name Chesir, is one of the largest pearlescent pigment producers. Founded in 2011, the company has sites in China and Korea with approximately 800 employees and is listed on the Hong Kong stock exchange. GNMI has profound expertise in effect pigments and the rapidly growing and competitive field of mica-based products. The company is characterized by a deep understanding of the Asian and, in particular, the Chinese market, especially in the area of pearlescent pigments, industrial coatings and plastics. It also specializes in rapid commercialization and optimized profitability through economies of scale.

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To prepare for the completion of the sale, an integration team comprising representatives of both companies will be set up to define how the strengths of both businesses can best be combined. In addition, GNMI is planning for the Surface Solutions business unit to have three regional headquarters with one each in Germany, the United States and Asia, while maintaining its existing production facilities in Gernsheim, Germany, Onahama, Japan, and Savannah, Georgia, USA. Merck KGaA, Darmstadt, Germany, will remain the owner of the property at the Gernsheim site with a long-term lease contract with GNMI and a clear separation plan for the area used by Surface Solutions. The GreenTech Park Fluxum in Gernsheim is not affected by the sale.

The transaction is expected to close in the course of 2025 and is subject to regulatory approvals and the satisfaction of certain other customary closing conditions. The sale of Surface Solutions does not yet comprise the French Surface Solutions business, where GNMI has made a binding offer to acquire the relevant shares and assets once Merck KGaA, Darmstadt, Germany, has informed and consulted with the relevant works council representatives.

For further information on this transaction please visit www.global-surface-partner.com

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About Merck KGaA, Darmstadt, Germany

Merck KGaA, Darmstadt, Germany, a leading science and technology company, operates across life science, healthcare and electronics. Around 63,000 employees work to make a positive difference to millions of people's lives every day by creating more joyful and sustainable ways to live. From providing products and services that accelerate drug development and manufacturing as well as discovering unique ways to treat the most challenging diseases to enabling the intelligence of devices – the company is everywhere. In 2023, Merck KGaA, Darmstadt, Germany, generated sales of € 21 billion in 65 countries. The company holds the global rights to the name and trademark "Merck" internationally. The only exceptions are the United States and Canada, where the business sectors of Merck KGaA, Darmstadt, Germany, operate as MilliporeSigma in life science, EMD Serono in healthcare and EMD Electronics in electronics. Since its founding in 1668, scientific exploration and responsible entrepreneurship have been key to the company's technological and scientific advances. To this day, the founding family remains the majority owner of the publicly listed company.