

Green Chemistry Comes Naturally to Vertellus Specialties Inc.

Global trends of increased focus on healthy living and wellness, improving diets, population growth and the need for environmentally compatible products continue to shape the role of the specialty chemicals industry. Timothy Zappala, President and CEO of Vertellus Specialties and Barry Siadat, Managing Director of Arsenal Capital Partners discuss how Vertellus Specialties, Inc. is capitalizing on these life science trends.

How is Vertellus strategically positioned in the marketplace?

Barry: Vertellus is well positioned to take advantage of strong trends driving the market towards environmentally and human friendly chemistries. These global trends, together with demographically driven demand for protein consumption, the greater need for crop management to improve land productivity, as well as the increased importance of health, nutrition and personal care, are creating significant growth opportunities in Vertellus' key end markets. In order to capitalize on these opportunities, we've created a company that will drive growth and profitability through investments in manufacturing technology and new product development.

Tim: Vertellus produces ingredients used in pharmaceuticals, personal care, nutrition, agriculture, and a host of other market areas affected by trends favoring "green" technologies and chemistries. Vertellus is the #1 global producer of pyridine and picolines, specialty pyridine derivatives, castor oil derivatives and systems, DEET, and citrate polymer additives and systems, and the world's second largest producer of Vitamin B-3. We have recently developed a highly efficient and flexible catalysis technology that greatly enhances the manufacture of a variety of pyridine and picoline-based crop management products. Our research and application development teams have developed and commercialized

pyridinium-based antimicrobial products for use in oral care as well as poultry and grocery disinfection applications. The chromium picolinate we produce are approved for use in nutritional supplement applications and nutraceuticals, which fight the onset of type II diabetes. We have also recently expanded our technology portfolio in choline-based biomaterials used to reduce protein deposition, improve contact lens comfort, enhance medical device biocompatibility and provide lubricity in skin creams.

What are Vertellus' key strengths contributing to its growth?

Barry: Vertellus has a very strong management team with decades of deep experience within the industry and across the Vertellus platform. They have a strategic focus that is driving global growth, improving productivity and strengthening customer service.

Tim: Vertellus maintains unique technical and manufacturing expertise in each of its businesses. Our technologies encompass ammoxidation, vapor phase chemistry in fluid and fixed beds, catalysis, handling biocompatible polymers, high pressure hydrogenation, sulfonation, quaternization, heterocyclic reactions, alkylation and amination. We complement this technology strength with a customer focused application development team creating tight links with customers and barriers to entry for others. We have very flexible manufacturing assets that are situated globally allowing us to offer quick response and service.

What does Vertellus' customer base look like?

Tim: Vertellus' loyal base of industry-leading customers has been invaluable to the company's success. We work with customers to determine their specific needs and leverage our technical expertise to tailor product and service solutions. This has had a lasting effect on the customer relationships that we've developed, which have spanned, in some instances, over decades. The majority of our revenue comes from entrenched, long-term relationships with customers.

What value have you created at the company level?

Tim: Our businesses are very focused on finding ways to better serve our customers' needs. We recently reconfigured our businesses from a product-specific to an end market alignment and, by doing so, have enhanced our overall customer service and response. In each business we have combined and strengthened the technical resources to increase our speed to market and leverage our technical base, creating a healthy pipeline of new products.

Timothy Zappala



“Vertellus maintains unique technical and manufacturing expertise”

In addition, we have benefited from utilizing our global manufacturing infrastructure, supply chain and corporate services to reduce costs. We have a number of six sigma projects underway which will further improve our internal processes to provide better uptime, yield, throughput and cycle times.

Barry: Vertellus has proven that by focusing on its key markets and enabling its customers' success, it can generate strong cash flow and thereby create shareholder value.

What is the future vision for the company?

Barry: We have very positive expectations for the future. The name Vertellus comes from the Middle English word *verte*, meaning green, and the Roman earth goddess, *Tellus*. As the name reflects, the company intends to continue to capitalize on trends towards environmentally and human friendly chemistries. My vision has always been to create a high growth specialty chemicals company that is the leader in its markets. Vertellus will continue to leverage its market position, technical leadership, experienced management and stable customer base in order to generate strong growth and stable cash flow.

Vertellus Specialties is owned by Arsenal Capital Partners, a New York-based private equity firm. For more information about Vertellus Specialties, please visit www.vertellus.com.

Barry Siadat



“Vertellus will capitalize on trends towards environmentally & human friendly chemistries”

