

Creating Opportunities Through Innovation

Azelis Continues Its Growth Course under New Leadership

Founded in 2001 through the merger of Novorchem and Arnaud, chemical distributors in Italy and France respectively, Azelis has evolved over two decades into a leading innovation service provider for specialty chemicals and food ingredients. Headquartered in Antwerp, Belgium, the group generated sales of more than €4 billion in 2022 with over 3,800 employees. Azelis became a publicly listed company following its IPO in September 2021. At the turn of the year, there will now be a change in management at Azelis: on January 1, 2024, Anna Bertona will take on the role of Group CEO. She succeeds Hans Joachim Müller, who will retire after serving more than 11 years in that role. Ralf Kempf asked Hans Joachim Müller and Anna Bertona about the foundations for the group's continued success and plans for its future strategic direction.

CHEManager: Azelis successfully managed to navigate the challenges and ongoing market disruptions. What do you see as the main reasons for this resilience?

Hans Joachim Müller: The supply chain disruptions that followed the Covid crisis affected the whole industry, and we are proud of the support we provided to our customers and principals throughout. That, in turn, reinforces our long-term mission of becoming the reference innovation service provider in our industry. Undoubtedly, our people have been and continue to be the most crucial element of our resilience. Our colleagues leverage our technical capabilities, which include the network of 70+ Azelis labs spread around the globe, to provide solutions for our customers and principals. In addition, the diversity of our portfolio and the depth and breadth of our lateral value chain allows us to mitigate the challenges in some markets. Eventually, our industry-leading digital tools and platforms make it easier for our customers and principals to do business, and give us the agility to respond quickly to market trends.

The 2023 chemical distribution survey by BCG reveals a notable rise in third-party distributor usage across regions and chemical sectors. But the increasing outsourcing share comes along with a set of expecta-

tions toward distributors. How have the requirements and expectations of your principals changed in recent years?

Anna Bertona: During the Covid crisis, one of our main challenges was to guarantee the supply of specialty chemicals and ingredients to our customers. Inflation then increased sharply, and since the second half of 2022, market dynamics have changed drastically. Faced with the changing expectations of our principals, we strive to reduce the complexity of getting products to customers, we use our technical expertise to develop applications for their needs, we ensure compliance with ever-increasing regulations, and we promote a sustainable industry. To track the needs of our customers and principals and drive continuous improvement, we run a satisfaction survey every two years.

Innovation is a key growth driver in the specialty chemicals market. How can distributors effectively support innovation on both the supplier and the customer side?

A. Bertona: It is Azelis' core mission to support our customers with innovative formulations, where our tagline, 'Innovation through formulation', takes on its full meaning. Operating over 70 application laboratories in 27 countries,



Anna Bertona, CEO & President EMEA, and Hans Joachim Müller, group CEO, Azelis

our knowledge-sharing efforts are ongoing, both between fields of application and between the regions. We bring value to our customers and principals through the cross-fertilization of ideas and possibilities, and we use our extensive lateral value chain to propose an increasing number of new formulations to meet our customers' needs, all the way down to the final product.

By driving innovation, Azelis has evolved from a distributor to an innovation service provider since its inception. What are the group's value-added services?

H. J. Müller: Azelis excels as an innovation service provider through technical expertise, regulatory support,

sustainability initiatives, and supply chain optimization. We provide support for new product introductions, market information, and technical training. On top of that, segments are more and more intertwined, and a great example of the teams' collaboration is the Serum Booster, developed in our Personal Care lab in Mexico. The lines between personal care and pharmaceutical products are increasingly blurred, with innovation between the two market segments going hand-in-hand. The challenge for our team was to develop an easily disintegrable tablet that could turn into a serum holding the concentrated actives. The Pharma team is highly knowledgeable on tablet development and was able to help. Such initiatives have led us to win numerous innovation awards, exactly 31 since



2015. Just in the last few weeks, we received the Gold award in the hair care category at in-cosmetics Asia 2023, and the 2023 Cosmébio Ingredient Trophy for Personal Care in France.

Sustainability topics are gaining prominence among principals and customers and are increasingly influencing their decisions as to whom they partner with. What importance does sustainability have at Azelis and how is this reflected in the corporate strategy?

A. Bertona: Since 2021, our sustainability strategy, 'Action 2025', contains ambitious targets and reflects our commitment to engrain sustainability in everything we do, through four pillars: People, Products & Innovation, Governance, and Environment. Through our Together for Sustainability membership, we also have policies in place to evalu-

which we have always overcome thanks to a team working with a common purpose: improving the societies where we do business by developing innovative and sustainable formulations, supported by state-of-the-art digital tools, to be a partner of choice. I am convinced we have the right strategy in place and that we will continue to constantly improve ourselves. I feel particularly excited about the future of Azelis and honored to be taking over.

Mr. Müller, under your leadership, Azelis has transformed from a decentralized European business into an integrated global group. Given this considerable legacy, how do you feel about handing over the reins to Mrs. Bertona?

H. J. Müller: I feel the time has come to hand the business I have been steer-

ing until now into other, capable hands, and a compelling driver of value creation. Since 2015, we have completed 50+ acquisitions, significantly strengthening our lateral value chain and benefiting all our stakeholders. The market is still very fragmented,

and many smaller distributors have difficulties to follow the developments in innovation, regulatory and digital. We remain committed to pursuing strategic growth opportunities, including via M&A, and leverage our continuously increasing scale to become the reference innovation solutions provider in our industry.



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"Azelis has achieved many milestones to become the industry leader it is today."

Hans Joachim Müller, group CEO, Azelis

Beyond M&A, what other elements are part of or influence your growth strategy?

A. Bertona: Our foremost focus is on driving organic growth with our customers and principals; M&A works to

complement this growth. Increasing the share of wallet with our customers and finding new ones is a fundamental aspect of growing our market share, and we will continue to improve customer intimacy through personalized technical services and an effective lateral value chain, our one-stop-shop, combined with our innovative capabilities. Also, we aim to expand our cooperation with blue-chip principals by demonstrating strong performance and develop trustful relationships. The combination of these two strategic drivers is strengthened by several other key elements, like digital transformation, sustainability initiatives, and talent development.

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"M&A remains one of our strategic growth pillars, and a compelling driver of value creation."

Anna Bertona, CEO & President EMEA, Azelis

ate our suppliers and their environmental practices. I have been the Sustainability sponsor at Azelis since many years, to promote the efforts made in the four pillars and make Azelis a leading innovation solution provider of sustainable and safe products and services in our industry. In doing so, we ensure that our growth goes hand-in-hand with our care for the environment and social well-being, including ambitious targets on diversity and ethics.

Mrs. Bertona, you started at Azelis in 2013 as head of strategy and were instrumental in helping shape the strategy of the group. How do you intend to further develop Azelis as a reliable partner for your clients and customers in the future amidst evolving challenges?

A. Bertona: My journey at Azelis has indeed evolved considerably during the last ten years, with a special turning point when I became CEO for the EMEA region in 2016. We have grown significantly in recent years, entering the Middle East & Africa region and market, to name but one example. And this rapid development has been accompanied by many challenges,

ing until now into other, capable hands. I am deeply grateful for the last 11 years spent as Azelis Group CEO. We, Azelis, had an incredible journey and confirmed my fundamental belief that — almost — everything can be accomplished by a team working closely towards a common goal. With the power of its great team, Azelis has achieved many milestones to become the industry leader it is today. Anna Bertona has not only witnessed but has been instrumental in that development. She was involved in our expansion in new regions and countries, to new market segments, and our listing on the Brussels stock exchange. However, we still have high ambitions for the future of Azelis. But I am confident that with Anna's excellent business acumen and leadership skills, she will guide and continue building the business from strength to strength.

Since its founding, Azelis has expanded both its product portfolio and the group's geographical footprint through acquisitions. Do you want to continue on this growth path?

A. Bertona: Yes, absolutely. M&A remains one of our strategic growth pil-

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