

## Evonik closes sale of Methacrylates business

August 1, 2019

- Consistent strategy execution to focus on specialty chemicals
- Methacrylates business to transfer to Advent International effective July 31
- Net purchase price to be used for strengthening balance sheet and targeted growth projects

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Essen, Germany. Evonik has closed the sale of its Methacrylates business as the next step in its consistent focus on specialty chemicals. The official closing of the transaction took place on July 31, following the signing of the purchase agreement earlier this year on March 4. The relevant anti-trust authorities had already granted their unrestricted approval.

The Methacrylates business has 15 production sites and 3,900 employees worldwide. From 2016 to 2018, the business generated an average annual EBITDA of about €350 million and sales of about €1.8 billion per year.

“The sale is a further step in aligning our portfolio towards specialty chemicals and becoming less dependent on economic cycles,” says Christian Kullmann, chairman of the Evonik Executive Board. “As the first half of 2019 has shown, our portfolio is now more robust in the face of macroeconomic trends than it was in the past.”

The enterprise value of €3 billion is the equivalent of 8.5 times the EBITDA of the divested business. Deductions result mainly from the transfer of pension obligations in the amount of around €600 million to the buyer and from transactional taxes in the amount of approx. €200 million.

Furthermore, during the closing process of the transaction, one-time tax obligations for Evonik were determined in the amount of around €260 million, resulting from the carve-out of the Methacrylates business and payable in 2019.

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At the same time, this will lead to higher depreciation and associated future tax relief of up to €20 million per year in the free cash flow for the upcoming 15 years. The tax effect will therefore be largely offset over the entire period.

Evonik plans to use the proceeds from the transaction to strengthen its balance sheet and for the targeted expansion of its specialty chemicals portfolio.

### **Company information**

Evonik is one of the world leaders in specialty chemicals. The focus on more specialty businesses, customer-oriented innovative prowess and a trustful and performance-oriented corporate culture form the heart of Evonik's corporate strategy. They are the lever for profitable growth and a sustained increase in the value of the company. Evonik benefits specifically from its customer proximity and leading market positions. Evonik is active in over 100 countries around the world. In fiscal 2018, the enterprise with more than 32,000 employees generated sales of €13.3 billion and an operating profit (adjusted EBITDA) of €2.15 billion from continuing operations.

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