

PAI backs Perstorp buy-out

Industri Kapital, the European private equity firm, has sold Sydsvenska Kemi (SSK), the holding company of the leading specialist chemicals group Perstorp AB, to PAI partners.

Perstorp is the world leading company in its selected niches of the speciality chemicals market, focused on value-added additives for the coating industry. The group had annual sales of SEK 6.5bn in 2004, and currently employs around 1,600 people.

Industri Kapital originally backed a public-to-private acquisition of Perstorp from the Stockholm Stock Exchange in June 2001, and has since worked with the company to transform it into a focused company with world class operating performance.

During IK's ownership, a number of non-core assets have been divested and Perstorp has made several strategic add-on acquisitions.

Michael Rosenlew, a partner at Industri Kapital said: "This has been a good investment for IK, and yet another example of our dedication to building best-in-class companies and improving operational performance. We have worked alongside a strong and dedicated management team to focus the business, achieve operational excellence and grow the company organically and through selective strategic add-on acquisitions."

Bertrand Meunier, a senior partner at PAI, added: "We are very excited with this transaction. Perstorp is a global leading company with an excellent team and a widely recognized technological edge. We fully support the company's growth strategy."

Senior debt funding to support the deal was provided by a consortium of banks including Deutsche Bank, Goldman Sachs, Handelsbanken Capital Markets, HSH Nordbank and Nordea Bank. Subordinated debt funding was provided by Deutsche Bank and Goldman Sachs.

Handelsbanken was the sole lender to the company after Industri Kapital's acquisition of the asset in 2001.

Roger Leijonqvist, head of Acquisition Finance at the bank said:

"We had a strategy to stay as a major lender after the secondary buy-out, whoever came out as a winner in the process (given that we liked the sponsor, which we did in this case). We will not syndicate our position further to any material extent, hence we will be in a take and hold position of approximately 60% of the senior debt."

Industri Kapital was advised by Mark Cross and Kristian Bagger at Deutsche Bank and Rod Cantrill and Matthew Taylor at Millington. Millington had a high level of involvement with Perstorp, selling the composite and compounds activities in parallel with the sale of the main business. Millington also worked with management in the early part of the year to prepare the Group for the sale process. Legal advice was provided by Mannheimer Swartling. Deutsche Bank also provided a staple financing package.

Åke Kjellson, who led the Mannheimer Swartling team, said that divestments of global companies of this kind with sales activities all over the world and with manufacturing facilities on various continents, is challenging and exciting insofar as it comes to allowing for a quick and smooth sales process.

He said: "The need for co-ordination with other law firms, accountants, environmental experts and other advisers to avoid hurdles and bottlenecks in the sales process, has increased lately but we have, over the last few years, built up extensive knowledge and experience from various similar divestments within the firm on how to structure and coordinate these exercises."

PAI partners was advised by Martain Bastian at Goldman Sachs, alongside Hans Rydstad and Peter Baarnhielm at Carnegie.

Rydstad commented: "PAI quickly adapted to the small but important nuances in the Swedish environment and it was a pleasure to work with them on the deal."

PAI was assisted by Daniel Payan and Cédric Hajage, partners at law firm Willkie Farr & Gallagher, advised as to Swedish law by Partner Claus Zettermark of the Stockholm office of White & Case. ACQ

This announcement appears as a matter of record only

Secondary Buy-Out of Sydsvenska Kemi AB (publ)

Equity provider:



Debt providers:



Financial Adviser to the Equity provider:



Legal Advisers to the Equity provider:

WILLKIE FARR & GALLAGHER LLP ALLEN & OVERY

WHITE & CASE

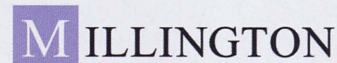
Legal Adviser to the Debt providers:

Linklaters

Tax Adviser:



Financial Adviser to the Vendors:



Legal Adviser to the Vendors:

MANNHEIMER SWARTLING