

Solvay to acquire U.S.-based Chemlogics, extending its oil & gas chemical solutions business

✓ Acquisition highlights

- Optimal fit with Solvay Novecare's products, technologies, customers and geographies, leading to significant share of fast-growing \$8 billion U.S. oil & gas chemical market
- Fast-paced innovation model reinforcing R&D capabilities to enhance competitiveness and sustainability

✓ Financial considerations

- Enterprise value of \$1.3 billion (€1 billion), at 10.7x EBITDA and 8.7x net of tax benefit
- Double-digit EBITDA growth business; cash and EPS accretive from year one
- Solvay intends to issue hybrid bonds for approximately €1 billion to further strengthen balance sheet

✓ Strategic impact

- Accelerates Solvay's transformation into a group with higher growth, lower capital intensity and greater returns
- Increases exposure to favourable U.S. energy scenario and positions for future developments in emerging regions

Brussels, October 7th, 2013 --- As part of its ongoing transformation, Solvay announces today that it has signed an agreement to acquire privately-held Chemlogics for a total cash consideration of \$1.345 billion. Adding the U.S.-based company to Solvay's Novecare business unit will create a leader with an extensive portfolio of tailored chemical solutions for the fast-growing oil & gas market, serving stimulation, cementing, production and water management applications.

For Solvay Novecare, this acquisition will yield significant synergies thanks to a comprehensive offering of innovative products and technologies which enables oilfield service players worldwide to competitively and safely extract oil and gas while reducing water consumption. Chemlogics has shown annual double-digit EBITDA growth over the past five years, thanks to a fast-paced innovation model combined with a strong know-how and closeness to customers.

"This acquisition accelerates Solvay's ongoing transformation towards an innovative chemical solution provider focused on high growth and strong margin businesses with a more balanced geographical and market presence," said Jean-Pierre Clamadieu, Chief Executive Officer of Solvay. "Our expansion in the energy sector builds on our strategy to provide differentiated solutions addressing the sustainability challenges that society faces with an increasing number of consumers and scarce resources."

Founded in 2002 and headquartered in Paso Robles, California, Chemlogics reported last-twelve-month sales of around \$500 million and has 277 employees. The company serves the needs of the oil and gas industry's stimulation and cementing segments. All its assets are located in the U.S. and include three manufacturing sites with annual capacity exceeding 300 KT, eight formulation centers and six research and technical facilities.

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Chemlogics's expertise in friction reducers, non-emulsifiers and extraction technologies perfectly fit with Solvay Novecare's know-how in surfactants, natural polymers and eco-friendly solvents. In addition, Chemlogics' customer portfolio in the U.S. complements Novecare's global customer base. Together, Novecare and Chemlogics will have a significant share of the dynamic \$8 billion U.S. oil and gas exploration and production market.

Chemlogics's enterprise value represents a multiple of 10.7x last-twelve-months EBITDA, and 8.7x including tax benefits*. Although the acquisition will be financed with available cash, Solvay intends to issue hybrid bonds** for approximately €1 billion which will further strengthen the Group's balance sheet ahead of its refinancing of debt maturities from 2014 onwards. The acquisition will be cash and EPS accretive in the first year.

The completion of the transaction, expected before the end of this year, is subject to customary closing conditions, including U.S. anti-trust clearance.

* Net present value of cash tax benefit from intangibles amortization close to c. \$250 million

** The intended hybrid bonds should be deeply subordinated debt with a target equity credit of 50 percent for rating agencies purposes

As an international chemical group, [SOLVAY](#) assists industries in finding and implementing ever more responsible and value-creating solutions. The Group is firmly committed to sustainable development and focused on innovation and operational excellence. Solvay serves diversified markets, generating 90% of its turnover in activities where it is one of the top three worldwide. The group is headquartered in Brussels, employs about 29,000 people in 55 countries and generated 12.4 billion euros in net sales in 2012. Solvay SA ([SOLB.BE](#)) is listed on [Nyse Euronext](#) in Brussels and Paris (Bloomberg: [SOLB.BB](#) - Reuters: [SOLBt.BR](#)).

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