

Evonik acquires silica business of J.M. Huber for 630 million US dollars

December 9, 2016

- Strengthening of growth segment Resource Efficiency
- Expansion of technology-driven silica business
- Highly complementary product portfolios and regional exposures
- Contribution to strategic development of Evonik's portfolio

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Essen. Evonik Industries AG acquires the silica business of the US company J.M. Huber for 630 million US dollars. This enables Evonik to expand its position in North America and Asia in this profitable and resilient business. "Huber Silica will significantly strengthen our growth segment Resource Efficiency," said Klaus Engel, Chairman of the Executive Board of Evonik. "In addition, it offers the opportunity to strategically develop Evonik's portfolio."

"The silica business has been part of Huber since the 1950s and paved the way for our company's global expansion into engineered materials," said Mike Marberry, President and Chief Executive Officer of Huber. "While it is difficult to part with a longstanding business, we see Evonik as an excellent strategic fit for both our silica customers and employees."

The silica market is characterized by its variety of applications and shows above-average annual growth of 4 to 6 percent. Huber's business is especially oriented towards applications in the consumer goods industry, the dental sector for example. To date, Evonik's silica business has been focused rather on industrial applications, for example in the tire and coatings industries. "Combining the complementary silica businesses of Evonik and Huber will strengthen an important pillar of our portfolio," explained Christian Kullmann, Executive Board Member for Strategy at Evonik. "Also, Huber Silica is an excellent regional fit with its focus on the U.S., China and India."

For the 2016 financial year, Huber Silica is expected to achieve sales of close to 300 million US dollars and an EBITDA of 60 million US dollars. This corresponds to an attractive EBITDA margin of more than 20 percent.

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Register Court Essen Local Court
Commercial Registry B 19474

Through the ideal complementarity of the two business areas, Evonik expects to generate synergies of 20 million US dollars, largely in the areas of production, logistics and procurement as well as through harmonization of the product portfolio. Evonik expects to have all synergy measures implemented by 2021.

The depreciations customarily associated with asset deals will lead to lower future cash tax payments with a net present value of around 80 million US dollars. On this basis, the purchase price (enterprise value) including synergies and tax effects is about seven times the annual EBITDA, or 10.5 times before tax effects and synergies.

The transaction is scheduled to be completed in the second half of 2017, subject to approval by the responsible authorities. The acquisition is likely to have a positive impact on Evonik's adjusted earnings per share as early as the first full financial year. Financing has been secured through Evonik's own funds and committed credit facilities.

Silica are small particles based on silicon dioxide. Depending on the surface structure, they have a significant influence on the final product characteristics. Production is strongly technology-driven and thus ensures intensive and lasting customer relationships. The manufacturing process is independent from oil-based raw materials and therefore well-suited to Evonik's sustainable business strategy

J.M. Huber Corporation is one of the largest, family-owned businesses in the United States. It was founded in 1883 by Joseph Maria Huber, an immigrant from Germany. Today, the company has a broad product portfolio ranging from specialty chemicals to the forestry sector. Huber employs about 4000 people in 20 countries, including about 700 employees in the silica business at six locations.

Evonik has a leading position as a supplier of silica for tire manufacturers and the paint and coatings industry. Evonik's silica products are also being applied as flow additives and carriers for

the manufacture of foodstuffs, cosmetics, pharmaceuticals and silicones.

More about silica:

<https://youtu.be/s2euB6YD3Yo>

Company information

Evonik, the creative industrial group from Germany, is one of the world leaders in specialty chemicals. Profitable growth and a sustained increase in the value of the company form the heart of Evonik's corporate strategy. Its activities focus on the key megatrends health, nutrition, resource efficiency and globalization. Evonik benefits specifically from its innovative prowess and integrated technology platforms.

Evonik is active in over 100 countries around the world. In fiscal 2015 more than 33,500 employees generated sales of around €13.5 billion and an operating profit (adjusted EBITDA) of about €2.47 billion.

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