

Press release

19 October 2005

Industri Kapital Exits Sydsvenska Kemi to PAI partners

Industri Kapital (“IK”) and PAI partners have signed an agreement on the sale of Sydsvenska Kemi (“SSK”), the holding company of the leading speciality chemicals group Perstorp AB.

Perstorp AB is the world leading company within its selected niches of the speciality chemicals market, focused on value-added additives for the coating industry. The Perstorp Group had annual sales of SEK 6.5 billion in 2004, and currently employs around 1,600 people. The Group has manufacturing operations in eight countries in Europe, North America and Asia.

Following IK’s public-to-private acquisition of Perstorp AB from the Stockholm Stock Exchange in June 2001, IK has worked closely with management to transform the company 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 globally including the acquisition of Neste Oxo, Finland (2001) and the feed additive company Franklin Holding B.V. (2004). Perstorp has also entered into strategic joint venture agreements in South Korea and Japan positioning it well in the rapidly growing Asian markets.

Since 2002 Perstorp’s speciality chemicals business has achieved consistent growth; sales have increased by more than 10 per cent whilst EBITDA growth exceeded 17 per cent leading to a top class EBITDA margin in 2004 of 19 per cent.

Michael Rosenlew, Partner at IK 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.”

Lennart Holm, CEO of Sydsvenska Kemi said, “Perstorp is the world leader in the segments we have chosen to focus on. The new functional oriented organisation that we have put in place together with IK allows us to focus and utilize our resources in a much more efficient and flexible way, increasing time spent on value creation for our customers. IK have solidly supported our strategy to become a leading niche player in our industry and we have throughout these years also worked closely together in the implementation of the improvement programmes. We are extremely pleased to be acquired by PAI partners which has a strong knowledge of our markets and a tradition for industrial approach. We trust that PAI will greatly help us implement our ambitious strategy to take the company to the next level.”

Bertrand Meunier, Senior Partner at PAI, commented, “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.”

PAI partners' acquisition of SSK is subject to regulatory approvals and is currently expected to be completed before year-end 2005.

The completion of PAI partners' acquisition of SSK will constitute a change of control over SSK which will entitle SSK and each holder of SSK's listed debentures to call for the redemption of the debentures, in accordance with the terms and conditions for such debentures.

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Industri Kapital

Industri Kapital is a European private equity firm with Nordic roots, managing close to 4 billion euros in fund commitments. Since 1989, Industri Kapital has acquired 55 European companies. The current portfolio encompasses 25 companies with a total turnover of approximately 9.7 billion euros.

Industri Kapital invests mainly in mid-sized companies with strong cash flow and profit improvement potential, operating in mature industries with fundamental underlying growth. Over the years Industri Kapital has developed significant sector experience, principally in the manufacturing, process and building material retail and services industries. In the mining, process and construction sectors, Industri Kapital has invested in Dyno Nobel, Sydsvenska Kemi, Dynea, Noviant, CPS, Paroc, Addum and Consolis in Scandinavia; Laho and Bonna Sabla in France and DSI in Germany.

For further information on Industri Kapital: www.industrikapital.com

PAI partners

PAI is a leading European private equity firm with offices in Paris, London, Madrid and Milan. PAI manages and advises dedicated buyout funds with an aggregate equity value of over €7 billion.

In recent years, PAI has led several high profile European leveraged buyouts of sector-leading companies. Acquisitions have included: Antargaz, the leading LPG distributor in France (€520 million); Chr. Hansen, the worldwide leader in natural ingredients to the food industry (€1.1 billion); Coin, the market leading apparel retailer in Italy (€640 million); Cortefiel, the market leading apparel retailer in Spain (€1.5 billion); Elis, the European leader in the textile rental and well-being services industry (€1.5 billion); FTE, the worldwide leader in advanced clutch actuation systems for cars and light vehicles (€370 million); Global Closure Systems, the worldwide leader in speciality and beverage closure systems (€ 583 m); Kwik-Fit, Europe's largest automotive fast-fit services provider (€1.2 billion); Saeco, the leading European coffee machine manufacturer (€825 million); Saur, a leader in the water distribution, sanitation and waste management in France (€1 billion); United Biscuits, a public to private of the #2 biscuits manufacturer in Europe (€2.3 billion); Vivarte, the leading specialist retailer of footwear and clothing in France (€1.5 billion) and Yoplait, the #2 worldwide producer of fresh dairy products.

PAI is characterised by its operational approach to ownership combined with industrial and sector expertise. PAI provides portfolio companies with the financial and strategic support required to pursue their development and enhance strategic value creation.

For further information on PAI partners: www.paipartners.com