# Oxea Sarl reports record second quarter results

## Second quarter highlights:

- Net sales were €357.6 million, up 58% from the prior year period
- Operating Result was €40.7 million versus €16.7 million in the prior year period
- Net Income was €23.3 million versus €5.6 million in the prior year period
- Adjusted EBITDA was €50.0 million versus €24.5 million in the prior year period

**Luxembourg, August 27, 2010 -** Oxea Sarl, a leading global supplier of oxo intermediate and derivatives, today announced second quarter net sales of €357.6 million, a 58% increase from the same period last year.
Oxea´s strong performance in the second quarter demonstrates the robustness of the business model. Recovery in the US and European regions coupled with continued strong demand from Asia contributed to the excellent results. Q2 2010 Adjusted EBITDA at €50.0 million and an Adjusted EBITDA margin of 14% represents a record performance for Oxea and underlines the continued excellent relationships with customers and the contribution of Oxea´s employees to the success of the business. After the recent financing pro forma net debt is around 3.3x as a result of the current strong trading.

| | **Three months ended June 30,** | | **Six Months ended June 30,** | |
|---|---|---|---|---|
| ***In € million - Unaudited*** | **2010** | **2009** | **2010** | **2009** |
| Net Sales | 357.6 | 226.5 | 647.0 | 400.9 |
| Gross Profit | 54.8 | 27.0 | 88.9 | 39.4 |
| SG&A | (14.4) | (7.2) | (22.1) | (14.5) |
| R&D | (1.4) | (2.1) | (2.9) | (4.0) |
| Other operating income/(expense) | 1.8 | (1.0) | 4.0 | 1.0 |
| Operating Result | 40.8 | 16.7 | 67.9 | 21.9 |
| Net Income | 23.3 | 5.6 | 36.3 | 6.4 |
| Adjusted EBITDA | 50.0 | 24.5 | 86.7 | 41.8 |

**Sales**
Sales for the three months ended June 30, 2010 were €357.6 million, a 58% increase compared with the corresponding period of the prior year. The increase was driven by an increase of 3% in total volumes, improved product mix and the pass through of higher raw material costs in sales prices to customers. The volume increase was particularly strong in our Oxo derivatives segment, where volumes were some 39% higher than in the prior year period. Of our revenues for the three months ended June 30, 2010, €180.4 million resulted from sales in Europe, €99.3 million in North America and €77.9 million in the rest of the world compared to €101.2 million, €70.3 million and €55.0 million respectively in the prior year period.

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**Gross profit**
Gross profit for the three months ended June 30, 2010 increased by 103% to €54.8 million compared with €27.0 million in the corresponding period of the prior year. The increase of €27.8 million was attributable to higher volumes in Oxo derivatives and improved margins which more than offset the increase in raw materials and manufacturing fixed costs such that gross profit increased to 15.3% of sales compared with 11.9% in the corresponding period of the prior year.

**Selling general & administration expense (SG&A)**
SG&A expense for the three months ended June 30, 2010 increased to €14.4 million compared with €7.2 million in the corresponding period of the prior year. The increase is primarily attributable to higher consulting fees in relation to projects, increased selling costs associated with higher volumes, and higher personnel costs including salary increases and accruals for employee bonuses.

**Other operating income/(expense)**
Net other operating income for the three months ended June 30, 2010 amounted to €1.7 million compared with a net operating expense of €1.0 million in the corresponding period of the prior year. The increase is primarily attributable to an increased level of net exchange gains compared with a net exchange loss in the corresponding period of the prior year.

**Operating result**
Operating result for the three months ended June 30, 2010 was €40.8 million compared with €16.7 million in the corresponding period of the prior year period as a result of increased volumes and improved operating margins.

**Net Income**
Net income was €23.3 million compared with €5.6 million in the corresponding period of the prior year as a result of the improvement in margins and higher sale volumes with a corresponding increase in operating profit and lower interest expense partly offset by higher income taxes.

**Adjusted EBITDA**
Adjusted EBITDA was at a record level of some €50.0 million compared with €24.5 million in the corresponding period of the prior year driven by the improved volumes and improved operating margins.

**Cash Flow**
The company continued to generate positive free cash flow and during the first six months of 2010 Oxea generated €7 million in cash from operating activities compared with €4 million in the corresponding period of the prior year. The increased earnings were offset by higher trade working capital due to higher trading activity and the maintenance turnaround in Bay City. Cash used in investing activities was €14.5 million compared with €5.4 million in the corresponding period of the prior year driven by an increased level of capital expenditure. Cash used in financing activities was €28.1 million compared with €20.2 million in the corresponding period of the prior year.

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*Oxea is a global manufacturer of Oxo intermediates and derivatives such as alcohols, polyols, carboxylic acids, specialty esters and amines. These products are sold in the merchant market (where sales are to third party customers) and used for the production of high-quality coatings, lubricants, cosmetic and pharmaceutical products, flavorings and fragrances, printing inks and plastics. In the 12 months ending June 2010, Oxea generated revenue of about €1.1 billion with its approximately 1,380 employees in Europe, the Americas and Asia.*

*Forward looking statements*

- *This document contains financial information regarding the businesses and assets of OXEA S.à r.l. (the "Company") and its consolidated subsidiaries (the "Group"). Such financial information has not been audited, reviewed or verified by any independent accounting firm. The inclusion of such financial information in this document or any related presentation should not be regarded as a representation or warranty by the Company, any of its respective affiliates, advisors or representatives or any other person as to the accuracy or completeness of such information's portrayal of the financial condition or results of operations by the Group.*
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*compliance with antitrust and tax laws; our reliance on a limited number of suppliers for certain of our key raw materials; operational risks, including the risk of environmental contamination and potential product liability claims; operational interruptions at our facilities due to events that are outside of our control such as severe weather conditions, unscheduled downtimes, terrorist attacks, natural disasters or other events that may interrupt or damage our operations or the impact of scheduled outages on our results of operations; the risk that our insurance coverage may not be sufficient to cover all risks; risks relating to the global nature of our operations, including, among others, fluctuations in exchange rates; the loss of major customers or key customers for certain of our products; the loss of key personnel; risks relating to acquisitions and dispositions, including any impairment risks with respect to historical acquisitions, our ability to successfully integrate acquired businesses, and unexpected liabilities relating to such acquisitions or contingent liabilities in connection with such dispositions; the requirement to make further contributions to our pension schemes; the failure to protect our intellectual property rights; limitations on our ability to adjust the quality of certain products that we manufacture; and potential conflicts of interests with our principal shareholder.*

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*Use of non IFRS financial information:*

- *EBITDA is defined as net income for the year before financial result, income taxes, depreciation and amortization. EBITDA, is a supplemental measure of our performance and liquidity that is not required by or presented in accordance with IFRS. EBITDA is not a measurement of our financial performance or liquidity under IFRS and should not be considered as an alternative to profit for the period presented, results from operating activities or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities as a measure of our liquidity. We believe EBITDA facilitates operating performance comparisons from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of change in effective tax rates or net operating losses) and the age and book value and amortization of tangible and intangible assets (which have an effect on related depreciation expense). We also present EBITDA because we believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of similar issuers, the majority of which present EBITDA when reporting their results. Finally, we present EBITDA as a measure of our ability to service our debt*.

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- *Adjusted EBITDA is defined as EBITDA adjusted to remove the effects of certain non-cash and non-recurring expenses and charges. Adjusted EBITDA is a supplemental measure of our performance and liquidity that is not required by or presented in accordance with IFRS. Adjusted EBITDA is not a measurement of our financial performance or liquidity under IFRS and should not be considered as an alternative to profit for the period presented, results from operating activities or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities as a measure of our liquidity. We believe Adjusted EBITDA facilitates operating performance comparisons from period to period and company to company by eliminating certain non-recurring expenses and charges. We also present Adjusted EBITDA because we believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of similar issuers. Finally, we present Adjusted EBITDA as a measure of our ability to service our debt.*

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