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Oxea Sarl reports strong second quarter results

Luxembourg, August 16, 2011

Second quarter highlights:

- Net sales were €391.2 million, up 9% from the prior year period
- Operating Result was €46.6 million versus €37.9 million in the prior year period
- Net Income was €16.4 million versus €23.3 million in the prior year period
- Adjusted EBITDA was €56.4 million versus €47.2 million in the prior year period
- Completed optional redemption of 5% of Senior Secured Notes

Oxea Sarl, a leading global supplier of Oxo Intermediates and Oxo Derivatives, today announced second quarter net sales of €391.2 million, an increase of 9% compared with the corresponding period of the prior year.

Oxea's strong performance in the second quarter once again underlines the robustness of the business model. Continued recovery in the US and European regions more than offset lower export sales to Asia and contributed to the strong set of results. Operating profit at €46.6 million was some 23% above the corresponding period of the prior year. Q2 2011 Adjusted EBITDA at €56.4 million was some 19% above the corresponding period of the prior year. Adjusted EBITDA for the six months ended June 2011 amounted to €122.2 million reflecting an increase of 49% from the corresponding period of the prior year and underlines the continued excellent relationships with customers and the contribution of Oxea's employees to the success of the business. Strong cash generation allowed Oxea to exercise an option to redeem 5% of the Senior Secured Notes and make a payment to shareholders. After the refinancing in July 2010 net debt has been reduced to around 2.0x Adjusted EBITDA on an LTM basis. LTM Adjusted EBITDA now stands at €218 million.

<i>In € million - Unaudited</i>	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Net Sales	391.2	357.6	768.2	647.0
Gross Profit	54.9	54.8	123.0	88.9
SG&A	(8.8)	(14.4)	(19.2)	(22.1)
R&D	(1.5)	(1.4)	(3.1)	(2.9)
Other operating income/(expense)	2.0	(1.1)	3.1	(1.1)
Operating Profit	46.6	37.9	103.8	62.8
Net Income	16.4	23.3	46.4	36.3
Adjusted EBITDA	56.4	47.2	122.2	81.9

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Sales

Sales for the three months ended June 30, 2011 were €391.2 million, an increase of 9% compared with the corresponding period of the prior year. Lower volumes were more than offset by improved product mix and the pass through of higher raw material costs in sales prices to customers. Overall, volumes were some 1.1% lower than in the corresponding period of the prior year. Oxo Intermediates volumes were some 2.8% lower than the corresponding period of the prior year driven by production outages and lower Asian export volumes whilst volumes in Oxo Derivatives increased by some 4.9%. Of our revenues for the three months ended June 30, 2011, €212.3 million resulted from sales in Europe, €116.7 million in North America and €62.2 million in the rest of the world compared to €180.4 million, €99.3 million and €77.9 million respectively in the prior year period.

Gross profit

Gross profit for the three months ended June 30, 2011 amounted to €54.9 million compared with €54.8 million in the corresponding period of the prior year. The impact of lower volumes was offset by lower manufacturing fixed costs.

Selling general & administration expense (SG&A)

SG&A expense for the three months ended June 30, 2011 decreased to €8.8 million compared with €14.4 million in the corresponding period of the prior year. The decrease is primarily attributable to higher consulting fees in relation to projects and higher personnel costs including accruals for employee bonuses in the second quarter of 2010.

Other operating income/(expense) *

Net other operating income for the three months ended June 30, 2011 amounted to €2.0 million compared with a net other operating expense of €1.1 million in the corresponding period of the prior year. The increase is primarily attributable to an increased income from site services.

Operating result

Operating result for the three months ended June 30, 2011 was €46.6 million compared with €37.9 million in the corresponding period of the prior year period as a result of lower SG&A expenses and increased income from site services.

Financial result *

Net financial expense increased to €16.8 million compared with €2.1 million in the corresponding period of the prior year primarily as a result of higher interest expense from the refinancing in July 2010 and lower net exchange gains.

**Prior year numbers have been adjusted to reflect the reclassification of net foreign exchange gains and losses from other operating income to financial result. As a result, other operating income for the quarter ended June 30, 2010 has been reduced by €2.8 million and net financial expense has been increased by €2.8 million.*

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Net income

Net income was €16.4 million compared with €23.3 million in the corresponding period of the prior year. Improved operating profit was more than offset by increased financial expense and higher income taxes.

Adjusted EBITDA

Adjusted EBITDA at €56.4 million compared with €47.2 million in the corresponding period of the prior year driven by lower operating expenses and improved other operating income.

Cash Flow

The company continued to generate positive free cash flow and during the first six months of 2011 Oxea generated €48 million in cash from operating activities compared with €14 million in the corresponding period of the prior year. Increased earnings and an improved trade working capital position were partly offset by higher income tax payments.

Cash used in investing activities was €12.5 million compared with €14.5 million in the corresponding period of the prior year driven by the timing of capital expenditure.

Cash used in financing activities was €104.5 million compared with €35.4 million in the corresponding period of the prior year driven by higher interest payments, the optional redemption of 5% of the Senior Secured Notes and a payment to shareholders.

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 €1.5 billion with its approximately 1,350 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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- *Certain statements in this document are forward-looking. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. These factors include, among others: the cyclical and highly variable nature of our business and its sensitivity to changes in supply and demand; adverse and uncertain global economic conditions; the highly variable nature of raw materials costs and any loss of key suppliers or supply shortages or disruptions; the competitive nature of our industry; the ability to comply with current or future laws and regulations relating to environmental, health and safety matters as well as the safety of our products, related costs of maintaining compliance and addressing liabilities as well as risks relating to 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.*
- *These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Neither the Company nor the Group undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this document.*

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*

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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.

- *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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