

21 March 2016

Synthomer Plc

Acquisition of HEXION Performance Adhesives & Coatings

Synthomer plc (LSE:SYNT) ('Synthomer' or the 'Group'), a leading speciality chemicals company, today announces the acquisition of HEXION Performance Adhesives & Coatings ('HEXION PAC'), a business of HEXION Inc., a global chemical company based in Columbus, Ohio in the USA. The total consideration is \$226 million (£156 million*) which is being funded from both existing cash resources and utilisation of additional credit facilities. The acquisition is expected to complete during the summer 2016 following receipt of regulatory approvals and satisfaction of other closing conditions.

Hexion PAC develops, manufactures and markets a wide array of dispersions, additives, powder coatings and speciality monomers, supplying a global customer base across a broad range of end-use including coatings, adhesives and for building and construction applications. The business employs approximately 750 employees and operates 7 sites across Europe, the USA and Asia. In the year to 31 December 2015, HEXION PAC, generated sales of \$370 million and EBITDA of \$30 million. At 31 December 2015, HEXION PAC had gross assets of \$149 million. It is expected that the acquisition will be earnings enhancing for Synthomer in the first full year. The existing leadership team of Hexion PAC will transfer with the business to Synthomer.

The acquisition of HEXION PAC significantly strengthens Synthomer's position in the performance adhesives and coatings market, offering access to new product technologies, customers and markets. HEXION PAC is also highly complementary to Synthomer's existing business both geographically and in the markets in which it operates. Following completion, the Group will have a stronger platform from which to continue its growth aspirations in the Speciality Coatings market. Synthomer expects to achieve approximately \$12m of annualised synergies by end 2018 through the integration of HEXION PAC's businesses into the Group. The estimated costs to achieve the synergies are \$9m of restructuring costs and \$12m of capital costs.

The purchase price represents a pre-synergy multiple of 7.5x and a post-synergy multiple of 5.4x and the Group's pro-forma leverage will increase to approximately 1.5x based on the Group's 2015 year-end numbers.

Calum MacLean, Chief Executive Officer of Synthomer, said:

"The acquisition of HEXION PAC represents a further step forward in our strategy to continue to grow and develop the business. This acquisition strengthens our platform for continued growth in the global dispersions and additives market, and in particular expands our presence in the US and Asia. HEXION PAC has a good performance track record and shares our commitment to innovation and emphasis on strong customer relationships. We look forward to welcoming our new colleagues and integrating the business with Synthomer through the remainder of this year."

**Foreign exchange rate for Sterling/US Dollar used is \$1.45, being the rate as at 19 March 2016.*

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Conference call:

The Company will hold a conference call for investors and analysts at 0900 BST today:

Dial-in number: +44 (0) 207 1928 000

Conference ID: 75382782