

To the Press

## **Polaris acquires Skamol**

2 July 2007

**Polaris has acquired all the shares in Skamol and plans to accelerate the company's growth. Search on for new CEO. New board with extensive industrial know-how appointed.**

Polaris has acquired all the shares in Skamol A/S from Auriga Industries. The price has been agreed at an enterprise value of DKK 260m, equal to 6.5x the 2007 EBITDA forecast. Skamol is expected to generate revenue of approximately DKK 260m in the current financial year. The acquisition is not subject to the usual regulatory approvals or other conditions, and the transaction is expected to be closed by mid-July.

Skamol is based in Nykøbing Mors, Denmark. The company has production sites on the islands of Mors and Fur and in the Salling region of Jutland, all in Denmark, as well as in France and Canada. Skamol also extracts raw materials on the islands of Fur and Mors. Dating back to 1912, the company's business is based on deposits of diatomaceous earth, known as "Moler", found in north-west Jutland. Moler brickslocks and other Skamol products have exceptional thermal insulating properties with service temperatures of up to 1000–1100 degrees Celsius. Raw materials such as perlite, vermiculite and calcium silicate are also used in the current operations. Skamol holds a very strong niche position as a supplier of thermal insulating bricks and boards for the global aluminium industry, and the company has potential in other heat-intensive fields, such as the cement and steel industries. Skamol products are also used in gas- and wood-burning stoves in private households. The company has developed and launched a product assortment for fire doors, fire panels in houses, onboard ships, oil platforms, etc.

Skamol is a global niche business based in North Jutland. Backed by its strong technical involvement in its products and in customer production processes, the company has a potential for further strategic development of its business through focused marketing towards selected industries.

### **Ambitious growth strategy**

"We aim to double or treble Skamol's revenue and earnings over the next five years," said Viggo Nedergaard Jensen, Managing Partner of Polaris Private Equity. Polaris is planning a diversified growth strategy: Skamol will aim to sustain the organic growth it has successfully achieved in recent years; more complementary goods will be added to the current product assortment with a view to serving customers in key industries with a broader range of products;

and the industry for thermal insulation bricks and materials is global in scope, but rather fragmented and ready for consolidation. Accordingly, Polaris sees a growth potential for Skamol through acquisitions, both in Skamol's current business and in adjoining product areas.

"Our goal is to build a larger and more focused business with a global presence in selected industries or business areas. Polaris will make the necessary financial and management resources available for the company to pursue these targets. The company will remain based in Mors and will grow from there," said Viggo Nedergaard Jensen.

### **New CEO and new board of directors**

The current management will stay with Skamol, with the exception of CEO Kurt Pedersen Kaalund, who is resigning to concentrate on his position as deputy CEO of Cheminova A/S. Accordingly, Skamol A/S aims to appoint a new CEO in the near future.

Prior to Polaris' acquisition of Skamol, a new board of directors has been appointed, consisting of Frank Gad, chairman, (CEO of SP Group and formerly CEO of F.L. Smidth, Executive Vice President of Odense Staalskibsværft and President of Maersk Container Industry), Leif Kirk (formerly Senior Vice President of Sales with F.L. Smidth), Jørgen Bech Madsen (General Manager (non-wowens), Fibertex) and Viggo Nedergaard Jensen (Managing Partner of Polaris).

*Polaris Private Equity was advised by KPMG C. Jespersen, Abel & Skovgaard Larsen, Quartz Strategy Consultants, Industry Corporate Finance, COWI and Amrop Hever.*

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#### ***About Polaris Private Equity***

*Polaris Private Equity is a private equity fund investing in mature small and medium-sized businesses in Denmark and Sweden, companies that have sound development potential and revenue of EUR 20-25m or more. To date, Polaris has invested in 13 businesses, seven of which have been resold at satisfactory returns. Polaris has also made a number of additional investments in its portfolio companies.*

*The first Polaris fund of EUR 210m is fully invested, while the second fund, Polaris Private Equity II, has capital commitments of EUR 270m and is currently being invested. In addition to Skamol, fund II has invested in five companies to date: Hamlet Protein A/S, AddPro AB, Jetpak AB, Color Print A/S and Fiskarhedenvillan AB.*

*Polaris' investor base includes A. P. Møller-Maersk, Danske Bank, ATP Private Equity, PFA Pension, Lærernes Pension, Topdanmark, PensionDanmark, Kirkbi, Sparekassen Sjælland, the Bagger-Sørensen Group, Merchant Mid Cap Nordic and Icelandic company Glitnir.*