



Press Release

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Skamol acquires a majority share of the brick business of Diatomovy Kombinat, Russia

On September 1, 2009 Danish Skamol A/S (Skamol) and Russian Diatomovy Kombinat (Diatomite) have signed an agreement whereby Skamol will acquire the majority of the Diatomite high temperature brick business while the owner of Diatomovy Kombinat Mr. Evgeny Nikiforov will remain a significant minority shareholder and board member. Closing, which is still subject to approval by the Russian competition authorities, is expected by December 2009

"Strategically this is a very interesting move for Skamol" says Skamol CEO Jesper K. Hansen, "It consolidates our position as the global leader in high temperature insulation for the primary aluminium industry, it consolidates our position as the global leader in diatomaceous earth based high temperature insulation bricks and it gives us access to the significant Russian refractory market", he continues. "Diatomite has access to excellent raw materials and competitive energy and has every chance to continue being a significant and growing player in the market place." Further, Mr. Hansen adds: "Skamol's current production of diatomaceous bricks on the island of Fur in Denmark will continue. Now, it will be possible to specialize the production lines in Denmark and Russia according to types and formats of the bricks. The Bricks from both factories will be marketed under the Skamol brand."

Mr. Nikiforov adds that Diatomovy Kombinat is about to enter into the absorption market based on granulated diatomaceous earth through an investment in a completely new factory. The two markets are very different. "We believe we will get a better market reach by focussing our efforts on the absorption market and to let Skamol market the Diatomite bricks in the high temperature market" he continues.

The deal is structured as an asset deal where all assets and employees relating to the high temperature brick business will be transferred into a new company owned by Skamol and Mr. Nikiforov.

The company will be named Skamol Rus and will be managed by Mr. Gerhard Hansen, who has significant experience in the high temperature business in Russia through managing UCAR's Russian Graphite business during a number of years.

Gerhard Hansen sees great synergies in the partnership: "We are combining the two largest companies in diatomaceous brick production and will have an unrivalled production capacity and market knowledge. Our focus will be to service our customers to the greatest possible extent, to bring the existing Skamol products into the Russian refractory market and to bring the factory up to the best possible standard. At the same time we will initiate several product development initiatives in cooperation between our customers and the technology centres in Denmark and Inza."

The factory is situated close to a diatomaceous earth quarry in Inza in the Ulyanovsk Oblast, approximately 800 km east of Moscow. Inza has excellent train connections to Russia and the rest of Europe as well as Asian destinations.

Skamol Rus will have approx 300 employees and expect a turnover of approximately 250 million Rubles during the first 12 month of operations.

The acquisition shall be seen in the light of the expansion and focus on core business strategy that Skamol has pursued during the last 18 months. Skamol has invested significant amounts in its 3 core production lines, namely diatomaceous earth bricks (moler bricks) in Russia, calcium silicate products via an expansion of the existing factory in Branden and a completely new factory for vermiculite boards in Rødding, Denmark. During the same period Skamol has divested or closed down 3 minor non-core production facilities - among them a small perlite brick factory in France.

The parties have agreed not to disclose the purchase price.

The financing of the acquisition of Diatomite is backed by the owner of Skamol Holding A/S, Polaris Private Equity and The Danish Fund for Eastern and Central Europe (IØ Fonden). It is the first time a Polaris portfolio company acquires a company in Russia.

Skamol's advisers in this transaction have been Avanko Capital, Saint Petersburg (financial), Pepeliaev, Goltsblat & Partners, Moscow (legal) and Ernst & Young, Moscow (accounting).

For questions, please contact CEO Jesper Kirkeby Hansen, Skamol at +45 4194 6357 (English or Danish) or Evgeny Nikiforov (Russian) at +78422420834