

Case Studies

Oxea Group: Celanese's oxo-activities turn into an independent entity

In 2006, private equity company Advent International took over the business divisions responsible for oxo-products and derivatives, from Celanese. This was anything but a simple deal, since the financial investor had only acquired parts of a company, not a complete business. However, after successfully recombining the segments, the newly emerged Oxea Group appears in good shape, today. **The initial situation**

The business surrounding oxo-products and derivatives has to do with a variety of solvents, polyols, carboxylic acids, alkylamines and olefin derivatives. These are manufactured into high quality coatings, lubricants, cosmetic and pharmaceutical products, flavoring agents and fragrances, printing inks and plastics, to name but a few.

At Celanese AG, the oxo-business comprised the European Oxo GmbH (EOXO), a joint venture of Celanese and Degussa AG (today: Evonik) founded in 2003, plus further business activities concerning oxo-products and derivatives, in Germany and in the US. Because the entire oxo-segment was no longer considered a core business by Celanese, it was put up for sale in 2006.

The deal

Advent International prevailed, during the bidding process for EOXO and Celanese's other oxo-activities: At the end of 2006, the private equity company's tender was accepted. "The market for oxo-chemicals has developed favourably, over recent years. And the combination of different activities and the resulting synergies were of particular appeal", Advent director Ronald Ayles explains. The total volume for the transaction amounted to 480 million euros. "As is customary with this sort of deal, the purchase price was only partially funded through equity capital, the remainder was provided by outside sources. And, this was done with an acceptable debt equity ratio", Ayles comments. At that point in time, this deal had constituted Advent's ninth transaction within Germany, over a period of two years. To a moderate extent, executives were allowed to participate in the takeover and acquire shares of the newly formed company, in form of a management buy-out (MBO).

First steps, afterwards

Top of the agenda was the creation of the new Oxea Group. This would be achieved by merging the company parts according to an extensive restructuring program "centered around the optimisation of production", as Dr. Reinhard Gradl explains, a former member of the Celanese board of directors and responsible for the division dealing with oxo-products and derivatives, up to 2004. He then retired, but in 2006, he became involved in the takeover process as an expert, and since March 2007, he is the chairman of the board of Oxea Group.

Furthermore, several projects which hadn't received funding under the guidance of Celanese, were started immediately. Advent supported the management team, right from the beginning, and fostered quick decision-making.

The financial investor is satisfied with the overall result: "With respect to organisational structure and earning power, Oxea Group has developed very well over a short period of time", Ayles sums up. Today, the company for specialty chemicals earns an annual turnover of 1.2 billion euros. The number of employees has increased since the takeover, from about 1,300 then, to currently 1,350 members of staff.



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The future

The expansion of Oxea Group will be based on organic growth and co-operations, as well as on takeovers. And in the case of an exit, there will be a similarly wide choice of options. Advent considers itself as a "exit oriented investor", with an average holding period of five to seven years of involvement.