

DIC sells Almatiss to Turkish pension fund Oyakk

By Liz Gyekye

Published: Wednesday, 15 July 2015

The owners of German speciality alumina producer Almatiss and its shareholders have agreed to sell the group to Turkey's largest pension fund, Oyakk. The valuation of the transaction was not disclosed, but rumours put the sale at around \$1bn.

Investment firm Dubai International Capital (DIC), the majority shareholder of speciality alumina producer Almatiss GmbH, has sold the speciality alumina producer to Turkey's largest private pension fund Oyakk Group.

Although terms of the transaction were not disclosed, according to sources cited by Reuters newswire the deal was worth around \$1bn.

DIC owns around an 80% stake in [Almatiss](#), and Blackstone-owned GSO Capital Partners owns the remaining 20%. The deal will be subject to regulatory approval.



Almatiss had EBITDA* of around \$100m in 2014 and is a supplier of tabular, calcined, reactive, polishing and sintered aluminas, as well as spinel and specialist cements. It has production sites in America, China, India, Germany and the Netherlands.

[DIC](#) bought Almatiss in 2007 for \$1.2bn from buyout specialists Rhone Capital and Teachers Private Capital, as it sought to pursue its private equity investment strategy.

However, its investment strategy fell apart as demand for the company's products collapsed in the economic crisis and Almatiss went into restructuring in 2010 to clear its debt.

Almatiss has production sites in America, China (above), India, Germany and the Netherlands. (Source: Qingdao Dantay Engineering Consulting Co)

A former Alcoa unit, Almatiss sought protection from creditors with more than \$1bn in debt, which stemmed from the leveraged buyout by DIC. Almatiss was able to restructure the liabilities in September 2010.

Separately, DIC is in the middle of a restructuring process after a property crash in the emirate forced it to reach an accord with creditors to restructure \$2.5bn of liabilities in 2012.

Talks to sell Almatiss have been on the cards for a while. As part of a process to return capital to its investors, it is selling off businesses such as Almatiss, along with UK-based engineering aerospace company, Doncasters Group Ltd.

A DIC spokesperson told IM: "Typically, private DIC equity hold on to investments for five to ten years. They have been pretty open over last 12 months that they were looking to sell Almatiss over the coming 18 months. It has been a process that has been ongoing to return capital to their investors."

Growth opportunities

At the start of the year, Almatiss said that it was "growing above expectations" and pointed to strong demand for its products in China. The company outlines at the time that it was expanding in Brazil and China, as well as in the US.

However, due to the unstable steel market, an Almatiss spokesperson told IM that it did not see as much growth as it anticipated this year. "Our business is developing in line with the key end use markets refractory, ceramics and polishing. Around 60-70% of our refractories business is impacted by the steel development by region."

The spokesperson also said that the refractories and steel markets should improve in the near future.

Turkish companies have been acquiring assets abroad as they seek to expand sales and bring new brands to the country, according to the news outlet.

Oyakk Group is the manager of Turkey's military pension fund through long-term investments in the manufacturing industry. The company also owns Erdemir, which the group claims is the largest steel producer in terms of capacity in Turkey and the third largest in Europe.

"As a long-term investor, Oyak is expected to significantly strengthen Almatris' financial position and to support the group's continued growth," Almatris' CEO, Taco Gerbranda, said. "This is a major milestone for Almatris and we look forward to the completion of the transaction."

* Earnings before interest, taxes, depreciation and amortisation