

ORION SPECIALTY CHEMICALS GROUP

Assumptions Sheet

DT-LBO-03 - Institutional LBO Model

PE Edge LBO Modeling Series

BUILD MODELS. DRIVE INSIGHT. CREATE VALUE.

Operating and Transaction Assumptions

01 Operating Assumptions

Assumption	Detail
Revenue Growth	7.0%, 8.0%, 9.0%, 9.0%, 9.0%
Gross Margin Expansion	49.0% to 52.0%, modeled linearly
EBITDA Margin Expansion	17.0% to 20.0%, modeled linearly
Capital Expenditures	\$30.0M, \$32.0M, \$34.0M, \$35.0M, \$35.0M
Net Working Capital	Increase equals 3.0% of incremental revenue
Tax Rate	27.0% of EBIT
Depreciation	\$20.0M annually

Year 1	Year 2	Year 3	Year 4	Year 5
7.0%	8.0%	9.0%	9.0%	9.0%

02 Transaction Assumptions

Assumption	Detail
Base EBITDA	\$92.0M
Entry Multiple	13.0x EBITDA
Purchase Enterprise Value	\$1,196.0M
Transaction Fees	\$22.0M
Financing Fees	\$12.0M
Other Transaction Uses	\$100.0M excess-sources allocation
Total Uses	\$1,330.0M

Capital Structure and Exit

03 Capital Structure

Assumption	Detail
Term Loan A	\$350.0M at 7.25%; 2.0% annual amortization
Term Loan B	\$300.0M at 8.75%; interest-only
Senior Notes	\$250.0M at 9.50%; bullet maturity
Mezzanine Debt	\$150.0M at 12.0% cash interest plus 4.0% PIK
Sponsor Equity	\$280.0M

04 Exit Assumptions

Assumption	Detail
Exit Year	Year 5
Exit Multiple	14.0x EBITDA
Exit EBITDA Benchmark	\$161.4M
Exit Enterprise Value Benchmark	\$2,259.6M

05 Modeling Notes

1	Term Loan A amortization equals 2% of original principal annually
2	Term Loan B and Senior Notes remain outstanding through exit
3	Mezzanine debt accrues 4% annual PIK interest
4	Base-case cash sweep is 0% to match the supplied exit debt schedule
5	No revolver or minimum-cash facility was supplied
6	Any debt-service funding deficit must be surfaced and resolved

06 Disclaimer

All assumptions are fictional and created exclusively for educational use within the PE Edge LBO Modeling Series.