

# Bloomberg

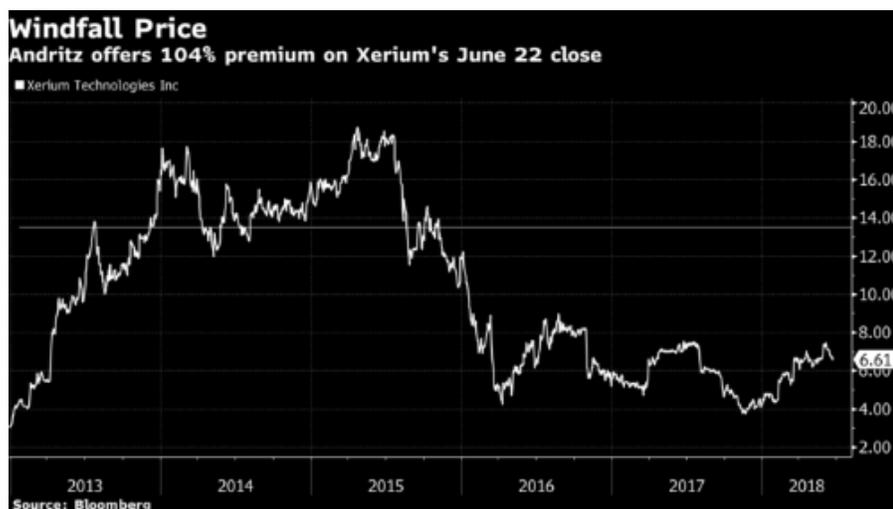
## Xerium Holders to Get Windfall in \$833 Million Andritz Offer

June 26, 2018

By Boris Groendahl and Scott Deveau

Investors who bought shares of Xerium Technologies Inc. in the past two years are in for a windfall after Austrian equipment maker Andritz AG agreed to buy the U.S. company for more than twice the closing price on June 22.

Andritz will pay \$13.50 each for Xerium shares as it continues to expand its business supplying paper producers, the Graz-based company said June 25 in a statement. That's a 104 percent premium on the \$6.61 on the Friday, June 22, closing price. The deal, valued at \$833 million, includes net financial liabilities of about \$590 million. Xerium stock doubled to \$13.20 as of 12:30 p.m. in New York June 25, while Andritz shares in Vienna rose 3.4 percent to 44.28 euros.



“With Xerium, we will be acquiring a high-tech global supplier providing essential services and wear parts to the paper industry,” Andritz Chief Executive Office Wolfgang Leitner said in the statement. “The acquisition fits squarely with our long-term strategy to execute complementary acquisitions and to grow our after-market business with its stable source of revenue and earnings.”

Activist investor Barington Capital Group and its affiliates, which own about a 5 percent stake in Xerium, had been urging the manufacturer to explore a sale or some other transaction that would allow it to refinance debt. The New York-based hedge fund, run by James Mitarotonda, said in April it had met with the company's chairman and had nominated two directors for the board.

"We are pleased that Xerium has entered into this transaction, which will help unlock the company's tremendous value potential for shareholders," Mitarotonda said in an emailed statement.

The offer values Xerium at levels last seen in November 2015. The stock fell as low as \$3.70 in November before embarking on a recovery fueled in part by the Raleigh, N.C.-based company's decision in March of a review of "strategic alternatives to maximize shareholder value." That announcement came six days after Barington Capital submitted its nomination letter to the board.

"This seems to be an attractive addition to Andritz's offering," Baader Bank AG analyst Peter Rothenaicher, who recommends to buy the stock, said in a note. "Valuation does not seem to be stretched."

Xerium's owners include various hedge funds and activist investors. Carl Marks Management Co. owns 12.6 percent, while TPG Group Holdings SBS Advisors Inc. owns 9.5 percent and Wynnefield Capital Inc. owns 7.1 percent, according to data compiled by Bloomberg.

©2018 Bloomberg L.P. All rights reserved. Used with permission

To contact the reporters on this story: Boris Groendahl in Vienna at [bgroendahl@bloomberg.net](mailto:bgroendahl@bloomberg.net); Scott Deveau in New York at [sdeveau2@bloomberg.net](mailto:sdeveau2@bloomberg.net)

To contact the editors responsible for this story: Vidya Root at [vroot@bloomberg.net](mailto:vroot@bloomberg.net); Elizabeth Fournier at [efournier5@bloomberg.net](mailto:efournier5@bloomberg.net)