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PQ Group Holdings Announces Successful Pricing of Term Loan Facility and Entry Into Swap Arrangements

MALVERN, Pa.--(BUSINESS WIRE)-- PQ Group Holdings Inc. (NYSE:PQG) ("PQ"), an integrated global provider of catalysts, specialty materials and chemicals, and services, announced today that its indirect, wholly owned subsidiary, PQ Corporation (the "Company") has successfully secured commitments to refinance its existing senior secured term loan facility with a new, pre-payable senior secured term loan facility (the "New Term Loan Facility") in an aggregate principal amount of \$1.267 billion at a lower interest rate margin and with an extended maturity. The New Term Facility is expected to bear interest at a floating rate of LIBOR (with a zero percent minimum LIBOR floor) plus 2.50 percent per annum, and is expected to mature in February 2025.

"This is yet another significant step in executing PQ's financial strategy to drive shareholder value through a lower cost of capital, enhanced deleveraging path and increased free cash flow profile," said Mike Crews, Executive Vice President and Chief Financial Officer. "Since August 2017, the cumulative effect of our actions are expected to reduce annual cash interest by nearly \$90 million."

The Company intends to use the net proceeds of the New Term Loan Facility to repay the existing senior secured term loan facility, which consists of a U.S. dollar-denominated tranche with \$916.2 million principal outstanding bearing an interest rate of LIBOR (with a zero percent minimum LIBOR floor) plus 3.25 percent per annum and a Euro-denominated tranche with €279.8 million principal outstanding bearing an interest rate of EURIBOR (with a 0.75 percent minimum EURIBOR floor) plus 3.25 percent per annum.

The Company has also agreed to enter into multiple cross currency swap arrangements to hedge foreign currency risk. With an aggregate notional amount of approximately \$343 million, the swaps are designed to enable the Company to effectively convert a portion of its fixed-rate USD denominated debt obligations into approximately €280 million equivalent. The swaps are expected to mature in February 2023.

As a result of the refinancing and swap transactions, the Company expects to reduce cash interest by approximately \$14 million per annum, bringing total cash interest savings to approximately \$23 million per annum when combined with the December 2017 \$300 million Senior Unsecured Notes refinancing. The refinancing and swap transactions are expected to close on or about February 8, 2018, subject to customary closing conditions.

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About PQ Group Holdings Inc.

PQ Group Holdings Inc. is an integrated global provider of catalysts, specialty materials and chemicals, and services. Our environmental catalysts and services business is a leading global innovator and producer of catalysts for the refinery, emissions control, and petrochemical industries and is also a leading provider of catalyst recycling services to the North American refining industry. Our performance materials and chemicals business is a silicates and specialty materials producer with leading supply positions for the majority of our products sold in North America, Europe, South America, Australia and Asia serving diverse and growing end uses such as personal and industrial cleaning products, fuel efficient tires, surface coatings, and food and beverage products.

Note on Forward-Looking Statements

Some of the information contained in this press release constitutes “forward-looking statements.” Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “projects” and similar references to future periods. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict, including, but not limited to, regional, national or global political, economic, business, competitive, market and regulatory conditions and currency exchange rates. Examples of forward-looking statements in this press release include, but are not limited to, statements regarding the entry into the New Term Loan Facility and the cross currency swap arrangements. Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you, therefore, against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, the satisfaction of closing conditions related to the New Term Loan Facility. We can give no assurance that the proposed refinancing of the Company’s existing term loan facility or the cross currency swap arrangements will be completed. Forward-looking statements in this press release should be evaluated together with the risks and uncertainties described in the sections titled “Risk Factors” and “Management Discussion & Analysis of Financial Condition and Results of Operations” in the final prospectus for our initial public offering, dated September 28, 2017, and in the section titled “Management’s Discussion & Analysis of Financial Condition and Results of Operations” in our quarterly report on Form 10-Q for the quarterly period ended September 30, 2017, each of which is available on the SEC’s website at www.sec.gov. Additional information will be made available by our quarterly reports on Form 10-Q and other filings that we make from time to time with the SEC. These forward-looking statements speak only as of the date of this release. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by applicable law.

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