



Press release
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Celsius and TietoEnator merge complementary operations

Strong new company with SEK 2.2 billion in sales

Celsius and TietoEnator have signed an agreement to merge Celsius Aerotech and TietoEnator's Swedish defence related operations. This will result in the creation of a strong and aggressive new company.

The merger will comprise Celsius Aerotech, including the companies Celsius Metech and Celsius Test Systems, together with Enator Communications, Enator Telub, Enator Miltest, Enator Moveo, Enator Teleanläggningar and parts of Enator Driftsentreprenader and Enator Internservice.

Celsius will have a 57 percent majority holding in the new company, while TietoEnator will control the remaining 43 percent. The new company will enjoy full operational independence from its owners. It will number some 2 500 employees, with sales in excess of SEK 2.2 billion. Jan Eiborn, current President of Celsius Aerotech, becomes President of the new company.

Approximately two thirds of the new company is focused on the defence sector, in areas of long-term potential that have been awarded priority in defence planning. A larger and stronger unit is now created within that part of the defence market which is expected to increase in Sweden as well as internationally. The commercial market is also expected to have good growth potential. The companies now being merged complement each other well.

"We are creating a strong and aggressive company, equipped to handle the greater responsibility for total solutions which the Swedish Defence Force, our principal customer, increasingly requires of its suppliers. Given the situation, it was entirely natural that we should come up with collaboration as the best solution," say Celsius and TietoEnator in a joint communiqué.

"The new company will act strongly with a substantial base and good prospects for continued development. The fusion is an important step in line with Celsius objective of taking a further step towards becoming a knowledge-based group", said Lars G. Josefsson, President of Celsius and prospective chairman of the Board of the new company.

“The new company must have an operational, autonomous position to function credibly as an independent supplier of service on the market and to be able to manage internal developments effectively”, said Lars G. Josefsson.

“We are convinced that we are giving those units, which concentrate on defence in the Swedish part of TietoEnator, better development opportunities in the new company with its greater range and accumulated competence. Apart from that, for TietoEnator this means a clearer focus on our priority customer section” said Matti Lehti, President of TietoEnator.

“Now the most important thing for the newly formed company is to establish its internal structure as fast as possible, so that it can start to play its role on the market with the full strength gained from the merger,” says Lars G. Josefsson emphatically.

The new company will formally be established at the turn of the year (1999/2000). The merger will therefore have no financial impact on Celsius and TietoEnator prior to the year 2000. More detailed information about the financial consequences of the merger will be supplied by the respective companies in conjunction with the publication of their nine-month interim reports.

The agreement between the owners includes options allowing Celsius to acquire TietoEnator’s shares at a later date, should the current distribution of shares be deemed less than satisfactory.

The agreement includes an options clause which gives Celsius the right after 18 months to acquire all TietoEnator shares for a total price MSEK 1200. Should Celsius refrain from exercising this option then TietoEnator has the right to require Celsius to purchase all of the said shares after 20 months at a fixed price of MSEK 1100.

In addition to Lars G. Josefsson as Chairman, the Board of the new company will comprise Per Ove Morberg and Nils-Ove Andersson, Celsius, together with Åke Plyhm and Kenth-Åke Jönsson, TietoEnator. The company's executive management will comprise Jan Eiborn, President, with Sune Ekfeldt, Carl Erik Johansson and Göran Danielsson as Executive Vice Presidents.

You will find more information on www.celsius.se and www.tietoenator.com

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Celsius is an international advanced-technology and knowledge-based corporation, which in close interaction with its customers develops, manufactures and maintains advanced systems, products and services within core areas Defence and Aviation Services. Based on a platform of comprehensive competence, new businesses with strong growth potential are developed for the military and commercial markets. Celsius, with sales of about SEK 13 billion, has some 11,000 employees.

With a staff of 11,000 and an annual turnover of 1.2 billion euros, TietoEnator is a leading supplier of value-added IT services in Europe. We can provide management consulting, systems development and integration, operation and support, communication solutions, software and product development. We have in-depth knowledge of our customers' businesses in areas such as banking and finance, the forest industry, the public sector and telecommunications. For more information, visit www.tietoenator.com , contact us via e-mail; info@tietoenator.com or call 08-632 14 00.

Data on the new company

Estimated sales	SEK 2 200 M
No of employees	approx. 2 500
<i>of which in</i>	
Arboga	990
Växjö	380
Linköping	615
Stockholm	190
Östersund	135
Vidsel	80
Other locations in Sweden*)	120
Denmark, Finland	70

**) Including Gothenburg, Hässleholm, Luleå, Lund, Malmö, Sundsvall, Örebro.*

The companies of the new group and their operations

Celsius Aerotech

Some 1 250 employees in Arboga, Linköping, Växjö and Örebro. Sales of approx. SEK 1 250 M. Maintenance, technical services, upgrades, systems supplies, test and instrument technology for the Swedish Defence Forces, the Swedish Defence Materiel Administration (FMV), airline operators and industrial customers.

Celsius Test Systems

Some 100 employees in Stockholm, Arboga, Linköping and Lund. Sales of approx. SEK 90 M. Test systems and technical services in the design, production and maintenance of electronics within the telecoms industry and defence sector.

Celsius Metech

Some 220 employees in Arboga, Stockholm, Gothenburg, Lund, Uleåborg (Finland) and Karup (Denmark). Sales of approx. SEK 160 M. Calibration, repair and rental of measuring instruments, data recovery from hard disks, technical training in winding technology.

Enator Communications

Some 300 employees in Växjö, Arboga and Solna. Sales of approx. 300 M. Consultancy and technical services in tele-, data- and radio communications.

Enator Telub

Some 270 employees in Växjö, Arboga and Solna. Sales of approx. 260 M. Consultancy and technical services in management-, information- and sensor systems.

Enator Moveo

Some 120 employees in Östersund. Sales of approx. 120 M. Consultancy and support services for airports, special-purpose vehicles, power generating equipment and electrical environments.

Enator Teleanläggningar

Some 150 employees in Arboga. Sales of approx. 160 M. Technical services and contracting for telecommunication- and electronic facilities.

Enator Miltest

Some 80 employees in Vidsel. Sales of approx. 45 M. Operating, support and consultancy services for proving grounds/test ranges.

Enator Driftsentreprenader and Enator Internservice

Some 90 employees.