

Press Release
September 22, 1999

Celsius:

Kockums Naval Systems and HDW merge

Celsius president and CEO Lars G. Josefsson comments:

“The merger of Kockums Naval Systems and Howaldtswerke-Deutsche Werft (HDW) is a strategically and industrially important structural transaction, which provides the new company with a strong base for further development. Celsius becomes joint owner of a powerful European business constellation, which will be a global leader in its field and which will continue to generate added value for the Group and its shareholders,” states Celsius CEO Lars G. Josefsson.

Celsius will play an active role as a joint owner of the new shipbuilding group, and will have two directors on the board – in addition to Celsius’ CEO also CFO Nils-Ove Andersson. Furthermore, Roger Sprimont, Celsius’ present Executive Vice President and Marketing Director, will join HDW’s executive management team (Vorstand), with responsibility for naval surface vessels.

“The agreement we have just signed includes a possibility for Celsius to increase its holding. Celsius also retains the option, at some future date, to sell its stake in the company for a predetermined amount. In light of this option, Celsius ensures the value of its holding in the new shipbuilding group at no less than approximately SEK 1 560 M.”

“The signing of this agreement marks a sharp repositioning of the Celsius Group in accordance with our declared strategic objective: the consolidation of operations to a knowledge-intensive company focused on high-tech products and services. As well as its strategically and economically important joint-ownership of companies such as HDW, the Celsius Group focuses on three core business areas:

Defence, which includes a concentration on electronics, IT and guided weapons;
Aerotech Services, that includes services, consulting and maintenance, mainly for defence customers;

Aviation Services, with the emphasis on engine and component maintenance and asset-management services.

Apart from these core areas we have **Business Development**, comprising a number of projects with significant development potential, based on the Group’s combined technological competence. Within the Celsius Group there are also a number of businesses with considerable growth potential that would fit better in some other technical or corporate context, and which are therefore being divested.

For further information, please contact Celsius' CEO Lars G. Josefsson, on +46 (0)8 463 00 10 or +46 (0)70 563 22 10 (mobile); Kjell Göthe, Vice President/Group Communications, on +46 (0)8 - 463 00 19 or +46 (0)70 583 95 44 (mobile); Anders Florenius, Vice President/Marketing Communications, on +46 (0)8-463 00 53 or +46 (0)70 582 32 30 (mobile).

For those requiring further information, a **telephone conference will be held on Sept 22, at 13.00 CET (Central European Time) 12.00 UK time – 07.00 US EST.** CEO Lars G. Josefsson and Celsius' CFO Nils-Ove Andersson, will be available to answer questions. To participate in the conference, call +44 181 781 0596 from Europe and +1 334 323 4002 from the US. European replay +44 181 288 4459, US replay +1 703 736 7336 access code for both: 629 892. Presentation material and more information will be available at the Celsius website at www.celsius.se