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Sweden - Finland

Celsius and Patria plan joint propellant and explosives company

Celsius Corp. in Sweden and Patria Industries Oyj in Finland have signed a Letter of Intent with a view to forming a joint propellant and explosives company.

The new company, which has been assigned the working name Nordic Explosives and which will be headquartered in Sweden, has annual sales of approximately SEK 450 M. The company will total some 400 employees, of whom 280 will work at Bofors Explosives in Karlskoga, Sweden.

The defence industry is undergoing a process of change, and the European industry is in urgent need of restructuring. The commercial propellants and explosives market is to a similar extent subject to growing competition. This is the background to the current discussions concerning plans to establish a joint propellants and explosives industry. The new company will gain a commanding position on the market, with expanded resources in areas such as research & development, and marketing.

The new company will have a dominating position in the Nordic countries, and has every hope of becoming a leading player in Europe. It is intended that the company be registered as a Swedish company, headquartered in Sweden. Celsius will have a 60 percent stake in the company, Patria 40 percent.

Nordic Explosives will have operate units in Vihtavuori, Finland, and Karlskoga, Sweden. The company will specialize in propellants and explosives for commercial and military applications. Propellants for hunting and sporting ammunition will account for a significant portion of commercial sector sales.

Now that the Letter of Intent has been signed, Celsius and Patria will continue the negotiation process. Celsius' Board of Directors shall approve the agreement and negotiations will be initiated with the appropriate authorities in both countries. Negotiations are also being initiated with the appropriate authorities in both countries. Negotiations with employee unions will be started soon.

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Celsius is an advanced-technology international industrial group, with domestic markets in the Nordic countries, the U.S.A. and Australia. Firmly founded on a comprehensive joint technological base, operations focus primarily on three priority areas: Defence, Commercial Aviation Services and Business Development, which currently comprises materials technology, explosives and infomatics. With annual sales of approximately SEK 12 billion, the Celsius Group numbers some 11,000 employees.

***Patria Industries** is a technology Group whose companies have long traditions in the manufacture of high-class industrial products. Among the most important products and services are aircraft maintenance, aerospace structures and electronic systems, military and special vehicles, field guns and mortars, cartridges, powders, explosives and other ammunition. With annual sales of approximately FIM 1 billion the Patria Group numbers some 2,322 employees.*