



## **Strategic acquisition strengthens Segerström's position**

- **Segerström acquires Lewis C. Grant – a leading British supplier of enclosure systems**
- **The acquisition strengthens Segerström's global presence and expands the customer base**
- **Motorola – a significant customer**
- **Segerström's turnover increases as a result of the acquisition by approx. SEK 550 million on a full-year basis**
- **The purchase price amounts to GBP 20 million, equivalent to SEK 275 million**
- **A new share issue for approx. SEK 200 million with preferential rights for existing shareholders**
- **The acquisition is expected already during the present financial year to provide a positive financial contribution to the Group's net income. This contribution is expected to increase from 2001 and onwards.**

Segerström has entered into an agreement to acquire all the shares in Lewis C. Grant Ltd ("LCG"), a leading British supplier of enclosure systems to the telecommunications sector. The purchase price amounts to GBP 20 million, equivalent to approximately SEK 275 million.

### **Background and motives**

There is a very high rate of change within the telecom and data communication sectors and the role of the supplier to this sector has changed significantly during the last few years. Segerström's existing and potential customers are striving to increase co-operation with a reduced number of suppliers. In addition to being able to provide quality products and short lead times at the right price, factors such as global presence, flexible production and the availability of development resources are becoming increasingly important.

Segerström's aim is to become one of the world's three leading suppliers of enclosure systems. This will be achieved by means of organic growth, where the target is to grow by 30 per cent per year, and through acquisitions. Important corner stones in the company's strategy to achieve these objectives are both to expand the customer base, and to establish a global presence.

The acquisition of LCG provides Segerström with an annual turnover which currently amounts to around GBP 40 million (SEK 550 million) and which shows a high rate of growth. This acquisition also strengthens Segerström's global presence with a strategically localised and modern production plant. Segerström will also thereby substantially increase its sales to Motorola, one of the world's leading players within mobile telephony. Segerström is already a supplier to Motorola in Brazil.

### **The acquired business**

LCG, a privately-owned company, was formed in 1846 and today is one of the UK's leading suppliers of integrated enclosure systems for the telecommunications sector. The business is located in Edinburgh, Scotland, and the company has around 330 employees. Considerable investment has been made over the last five years and today the company has a modern production facility at its disposal.

LCG's business operations include the design, manufacture, system integration and system testing of enclosure systems. Approximately 70 per cent of sales are to the telecom and data communication sectors. The largest customer is Motorola UK, being the global supply unit for GSM. LCG will become a wholly-owned subsidiary company of AB Segerström & Svensson and become part of the Enclosure Systems business area. The current managing director, Allan Stevenson, will continue to lead the company and will be responsible on a global basis for the Group's contacts with Motorola.

"Lewis C. Grant is a well-reputed manufacturer of enclosure systems and fits perfectly with our strategic requirements. The company demonstrates strong growth in sales, has a modern production facility with a strategic location and a good customer structure. The acquisition strengthens our market position and constitutes an important step towards our objective of becoming one of the world's three leading suppliers of enclosure systems", states Kurt Jofs, President and CEO of Segerström.

### **Financing**

It is intended that the acquisition of LCG will be financed partly through a new share issue of approximately SEK 200 million with preferential rights for Segerström's shareholders, and partly by means of a new credit facility. The terms and conditions of the new share issue will be announced in the near future.

### **Financial aspects**

The purchase price for the shares in LCG amount to GBP 20 million, equivalent to around SEK 275 million. The company will be consolidated from 1 September 2000.

LCG has a split financial year and for the period from April 1999 to March 2000 has recorded sales of GBP 20.5 million with a pre-tax profit of just over GBP 1.8 million. Sales for the twelve month period up until 31 March 2001 are estimated to be around GBP 40 million. During the period September – December 2000 LCG is expected to have sales of approximately GBP 13 million, equivalent to around SEK 180 million, with profits before tax of approximately GBP 1.0 million, equivalent to just under SEK 14 million. This means a net margin of around 7.5 per cent, which is considered to be a sustainable level.

LCG's balance sheet total amounted to GBP 13 million as per 30 June 2000, equivalent to around SEK 180 million. The acquisition is expected to give rise to goodwill of approximately GBP 18 million, equivalent to around SEK 250 million, which it is intended to be written off over 20 years. The equity/assets ratio in Segerström following the execution of the new share issue is estimated to be just over 30 per cent.

The acquisition of LCG is expected to provide a positive contribution to the Group's net income already in the current financial year. During the period September - December in the current financial year LCG is expected to contribute a pre-tax profit of around SEK 8 million after goodwill depreciation and financing costs. The contribution to the Group's net income is expected to increase from 2001 and onwards. These estimations do not include any rationalisation and synergy effects.

### **Invitation to Press Conference**

In connection with the acquisition Segerström hereby invites interested parties to a press conference for media representatives and financial analysts to be held today at 13:00 in the Industrihusets premises at Storgatan 19, Stockholm.

### **For further information, please contact:**

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See also [www.segerstrom.se](http://www.segerstrom.se)

Segerström & Svensson is an international group engaged in the development, manufacture and distribution of advanced enclosure systems for the telecommunications and data communications industry.

The Group's objective is to become one of the world's three leading suppliers of enclosure systems within a three-year period. With world-leading quality processes for product development, manufacture, system integration and logistics, together with international representation, Segerström shall be the customer's best choice when selecting a partner for development projects and long-term relations.

Examples of areas of application for enclosure systems are radio base stations, and public and company telephone exchanges. Around 75 per cent of the Group's deliveries of enclosure systems are for applications within mobile telephony and the Internet. Our list of major customers includes Allgon, Ericsson, Flextronics, Lucent, Motorola, NEC, Nokia and Soletron.

The Segerström Group has approximately 1 500 employees in Sweden, Finland, Brazil, Belgium, UK, Hungary and USA. Segerström is listed on the Attract 40 list of the OM Stockholm Stock Exchange.