

Sydkraft and SITA acquire WM Sellbergs/SAKAB

Sydkraft AB and SITA, through its subsidiary Miljöservice, are to acquire WM Sverige. WM Sverige owns WM Sellbergs, one of Sweden's leading waste-handling companies, and SAKAB in Kumla, Sweden's foremost company in the field of handling hazardous waste and a major producer of district heating. In total, WM Sellbergs has 900 employees and annual sales of SEK 1.0 billion. SAKAB has 200 employees and annual sales of SEK 300 M. It is estimated that the transfer of ownership will take place prior to the end of 2000, subject to regulatory and other customary approvals. The selling party is Waste Management International B.V., subsidiary of US based Waste Management Inc. The purchase price is approximately SEK 1,800 M. Sydkraft's share of the transaction amounts to about SEK 1,200 M.

The transaction consists of three parts:

1. Sydkraft will be primarily responsible for SAKAB and district heating operations in Mora and will thus enter a partially new market for the company.
2. SITA will have main responsibility for traditional refuse-disposal operations and will strengthen its presence in this segment of the Swedish market.
3. In addition, the companies have reached agreement regarding cooperation to develop energy recovery from waste in Sweden. Waste incineration is an attractive and rapidly expanding area.

“ ‘Waste to energy’ is a future concept for reducing the amount of waste currently disposed of via landfill. For Sydkraft, the acquisition of WM Sellbergs/SAKAB represents a major step into the waste-incineration market, a field that is becoming increasingly attractive as a result of Swedish legislation that will come into force in 2002 prohibiting the disposal of burnable waste,” says Sydkraft's CEO Lars Frithiof.

“As a result of this acquisition, the SITA Group can continue its strategic development in northern Europe. SITA/Miljöservice will now enter the waste-handling market in partnership with Sydkraft and will thus become the second-largest private company in the waste-handling field in Sweden,” comments SITA CEO, Jacques Pétry.

SITA, one of Europe's leading waste-handling companies, is owned by the French company, Suez Lyonnaise des Eaux SA, which has substantial markets in France, the UK, Germany, the Netherlands and Spain, among other countries. In Sweden, the French company is represented through Miljöservice, the third largest private company in this field.

“The merger of Sellbergs’ operations with Miljöservice generates a number of positive effects. We now have the opportunity to focus on our core business, which is to offer society an efficient waste-handling service. For our international customers, our Swedish customers, municipalities and companies this merger means that we can broaden our range of services and develop new, environmentally compatible transport and handling systems. Excluding SAKAB, the new company is expected to have annual sales of SEK 1.3 billion, with approximately 1,200 employees,” states Miljöservice’s President, Per-Anders Hjort.

Today, two million tons of burnable waste are disposed annually via landfill in Sweden. Accordingly, a number of players are planning to construct incineration plants. Sydkraft and SITA/ Miljöservice have a major advantage since they are active throughout the entire conversion chain, from waste collection and collection via incineration to the distribution of usable energy. Today, SAKAB and Sydkraft already have a business relationship as a result of SAKAB delivering heat to the Sydkraft Värme Mälerdalen system. All of the necessary permits already exist for the expansion of SAKAB’s operations through an incineration facility for medium-risk waste and conventional waste. As a result, municipalities in the surrounding area will be able to meet the change in legislation that comes into force on January 1, 2002 prohibiting the disposal of burnable waste on landfills.

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Further information can be obtained from:

www.sitagroup.com www.sydkraft.se www.miljoeservice.se www.sellbergs.se

Facts about the companies:

SITA

SITA SA

SITA is Europe's leading company in the waste-handling field. The company, which is part of the Suez Lyonnaise des Eaux Group, has annual sales corresponding to approximately SEK 35 billion. The company has 60,000 employees in 23 countries (Europe, Asia and Latin America). SITA carries out assignments for 250,000 commercial customers and 58 million private persons. Operations embrace the whole waste-handling area: collection, sorting, recycling and incineration of waste plus the handling of hazardous waste, excluding radioactive material.

Miljöservice

Miljöservice is one of Sweden's largest environmental and refuse disposal companies, with annual sales of approximately SEK 350 M and slightly more than 300 employees. The company is active in the collection of household refuse and industrial waste in southern and western Sweden and the Stockholm region. Miljöservice has a strong environmental image and conducts a large number of development projects.

Sydskraft

The Sydkraft Group's business concept is to market and sell energy solutions and services designed to increase the competitiveness, comfort and security of its customers in northern Europe. A total of 6,000 employees work with the sales, distribution and production of electricity, natural gas, LPG and heating, as well as with solid fuels, energy trading, portfolio management, data, electricity installations, metering, telecommunications and technical consulting services and broadband.

WM Sweden

WM Sellbergs is one of Sweden's oldest-established refuse-handling companies. The company was founded in 1882 and remained under Sellberg family ownership up until the mid-1960s. Since the end of the 1980s, Sellbergs has been owned by the international environmental group, Waste Management International B.V., subsidiary of US based Waste Management Inc. Jointly with the principal owner, major resources have been invested in the development of turnkey system solutions for the handling of waste. Sellbergs also had extensive know-how in the field of traditional waste handling, ranging from transport, disposal and sorting to recycling and incineration.

SAKAB

SAKAB was formed in autumn 1969 jointly by Svenska Utvecklingsbolaget and Svenska Industrietableringens Aktiebolag. SAKA is a facility that specializes in the handling of hazardous waste. In total, Sweden generates approximately 300,000 tons of hazardous waste each year. SAKA's destruction plant in Kvarntorp, seven km east of Kumla, was placed in commission in 1983 and handles approximately 120,000 tons of hazardous waste from Sweden's industries and households each year. Three principal operations are conducted by the SAKAB facility: waste is incinerated, undergoes wet-chemical treatment, or is disposed of as landfill. Heat generated by the incineration plant is delivered to the district heating networks in Kumla and Örebro.