

## **Saab acquire 21% in Grintek - New Saab investment in Grintek to boost South African exports in high-tech sector**

Swedish technology group, Saab AB, has secured a 21,2 percent stake in Centurion-based Grintek Ltd, in a transaction that will boost South African high-technology development, manufacturing and exports.

Valued at over R100 million, this new direct foreign investment is linked to Saab's Industrial Participation obligations stemming from South Africa's purchase of Gripen advanced fighter aircraft. It shows government's strategy of leveraging long-term international alliances and global market access for South African companies from the strategic defence procurement programme is working.

"Saab's entry as a significant shareholder sets the stage for further expansion into the world market, where Grintek has already proved that it has a range of very competitive high-technology products for civilian and defence use," said Grintek chairman Zoli Kunene. "This investment not only consolidates our technology and marketing partnerships, but ensures that Grintek further strengthens its relationship with the global Saab group. It secures an important part of South Africa's technological future, including high-tech research and development, jobs and exports."

Building on the shared experience of their existing partnership within the defence arena, Saab will become an active shareholder in Grintek Ltd and has committed to providing support for business development and international marketing. Saab and Grintek will also co-operate on developing new skills and technologies.

For Saab, this investment is a clear demonstration that we are in South Africa to stay," said Saab AB executive director, Kjell Möller. "Besides our commitment to supporting the Gripen, we have a long-term strategy which will see Grintek and South Africa increasingly become key elements of our global high-tech business."

"South Africa's selection of Gripen for its future air defence created the basis for Saab's relationship with Grintek. Over the past six years we have broadened our collaboration and we are looking to expand this relationship at a broader corporate and commercial level," said Möller.

Increasingly, Grintek's current local purchasing is sourced from economically empowered suppliers through its preferential procurement policy. The expansion of Grintek's business following the new investment will have a beneficial knock-on effect for all of these companies. "Grintek is, and will remain an empowered company. Our most recent analysis shows that more than 40 percent of our stock is owned by black shareholders," said Kunene.

He said the new investment “holds considerable potential to build on the Grintek Group’s substantial past investment in technology development and will enable the Group to grow its turnover and profitability. With Saab’s support, Grintek also anticipates breaking into new markets where our subsidiaries have developed world-class capabilities”.

### **Notes to editors**

Saab already has a 49 percent stake in Grintron (Pty) Ltd, the holding company for most of Grintek’s defence and aerospace businesses. Grintek Ltd holds the balance of the shares in Grintron.

### **How the acquisition is structured**

Funding of the acquisitions is 100 percent direct foreign investment.

Saab has purchased 22,8 million Grintek treasury shares from Grintek Group Ltd for R36,5-million, equivalent to 160 cents per share. The shares acquired from treasury stock represent a direct capital injection into Grintek Ltd. This represents a premium of approximately 30 % over the average share price in the thirty days before the agreement was first announced.

These shares represent approximately 8,4% of Grintek’s current issued share capital (prior to the issue of the treasury shares).

The balance of the shares making up Saab’s strategic investment in Grintek was secured through a forward sale funding arrangement with the Kunene Group designed to secure the Kunene Brothers shareholding in Grintek for the foreseeable future, and through the purchase of Grintek shares from Nedcor.

### **About Grintek Ltd**

Grintek Ltd is a manufacturer and supplier of electronics related products and services to the telecommunications, defence, avionics, air traffic management, security and power utilities markets in South Africa and internationally. The group is listed on the Johannesburg Securities Exchange and employs some 1400 people, most of whom are engineers and technicians.

### **About Saab AB**

Saab is one of the world’s leading high-technology companies, with its main operations focusing on defence, aviation and space. The Group covers a broad spectrum of competence and capability in systems integration.

Saab develops, manufactures and delivers advanced products and services for the defence market, as well as for those commercial markets where there is a clear demand for its capabilities.

The Group’s own strength and strategic partnerships enable it both to compete and collaborate in international markets.

Saab has the world as its market, but research, development and production are carried out principally in Sweden. The Group has a total of approximately 14,000 employees. Total annual sales are SEK 17 billion (approximately R 17 billion). Research and development corresponds to about 25 per cent of turnover.

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