

Handläggare/Handled by

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## Saab and Celsius create leading Nordic Defense Company

### Saab AB makes a cash offer to acquire all of the shares in Celsius AB

- Saab AB ("Saab") is offering the shareholders of Celsius AB ("Celsius") SEK179 per A- or B-share in cash. The Offer has a total value of approximately SEK 5.0 billion.
- The Offer represents a premium of approximately 40 per cent over the average closing price of Celsius B shares in the 30 days prior to 15 November 1999 when trading in Celsius shares was suspended on the Stockholm Stock Exchange and a premium of approximately 38 per cent over the closing price on 12 November 1999.
- The new Saab will be the leading Nordic Defense company with good prospects for further international co-operation, for instance through British Aerospace, with its 35 per cent stake in Saab. This also provides a strong basis for an active participation in the international consolidation of the Defense industry. British Aerospace's acquisition of Marconi Electronic Systems offers further potential for international collaboration in several areas in which Saab has a strong market position.
- "Celsius supports a combination of Saab and Celsius" says Lennart Nilsson, Chairman of the Celsius Board of Directors.
- The Board of Directors of Celsius intends to submit its recommendation to the shareholders of Celsius, at the latest, in conjunction with the publication of the prospectus.
- The major shareholders of Saab, British Aerospace and Investor, fully support the Offer.
- Saab neither owned nor controlled shares in Celsius prior to the announcement of this Offer.

This press release must not be distributed nor made official in the United States, Canada, Australia or Japan. The Offer will not be made in these countries. Furthermore, the Offer is not aimed at such persons whose participation might require a further prospectus, registration, or any measures other than those which follow from Swedish law.

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SE556036079301

**Background and reasons for the Offer**

Saab and Celsius create the leading Nordic Defense company. The new company is based on Saab's and Celsius' core businesses. The company will also strengthen its position in the growing military support services market.

Saab will become a strong player in these growth areas with a broad product portfolio, stronger technological capability as well as more extensive research and development.

The new Saab will have a broad base of key technologies and competencies in the most attractive areas of the Defense market, which will improve its position for the future.

The new company will be sufficiently large to actively participate in international collaboration. Domestically, the combination will provide the optimal solution for any future guided weapons programs.

"Combining Saab and Celsius is a strategically appropriate and important first step in light of the international development in the Defense industry. I see this as a necessary move in order to participate actively in the restructuring process. Furthermore, the transaction creates added value for Saab's shareholders, and creates a stronger Saab" says Anders Scharp, Chairman of the Saab Board of Directors.

"Celsius supports a combination of Saab and Celsius," says Lennart Nilsson, Chairman of the Celsius Board of Directors.

"I look forward to realising the potential of the new Saab together with Celsius management and employees. We know each other well and already co-operate in several areas," says Bengt Halse, President and CEO of Saab.

The new Saab's pro forma sales in 1998 were SEK 23 billion, of which SEK 15 billion relate to Defense operations. The new company will have 18,300 employees.

The company will become a leading Nordic Defense company significantly enhancing its position for international collaboration. The new company will also benefit from the established relationship with British Aerospace, with its 35 per cent stake in Saab. British Aerospace's acquisition of Marconi Electronic Systems offers further potential for international collaboration.

"I see many advantages in combining the operations of Saab and Celsius. It will be beneficial to the company as well as to our employees, and is an important step in the continued consolidation of the Defense industry. Many of Celsius' activities are similar to some of those in British Aerospace which could bring increased opportunities for international collaboration" says Lars G. Josefsson, President and CEO of Celsius.

British Aerospace and Investor, the major owners of Saab, who together have 55 per cent of the shares and 71 per cent of the votes in Saab, unanimously support the Offer.

A sale of the Swedish Government's shares in Celsius requires an approval by Parliament.

**Synergies and financial effects**

A combination of Saab and Celsius will generate substantial synergies through improved use of resources and the effective exploitation of economies of scale.

Saab estimates that yearly cost savings of approximately SEK 400 million per annum pre-tax can be achieved within three years after the merger. The non-recurring costs of achieving these savings are expected to be approximately SEK 600 million pre-tax.

Saab is expecting a positive effect on earnings per share in the first 12 months after the acquisition.

The value of the Offer of approximately SEK 5.0 billion will generate goodwill of approximately SEK 700 million.

Based on Saab's and Celsius' Profit and Loss accounts for January - September 1999 less depreciation of goodwill and interest, the new company would have net income before tax of approximately SEK 800 million.

Further financial information can be found in Attachment 1.

**The Offer**

Saab is making a cash offer to acquire all of the shares in Celsius for SEK 179 per A- or B-share representing a total offer value of approximately SEK 5.0 billion. The conditions of the Offer are outlined below.

The Offer represents a premium of approximately 40 per cent over the average closing price of Celsius B shares in the 30 days prior to 15 November 1999 when trading in Celsius shares was suspended on the Stockholm Stock Exchange, and a premium of approximately 38 per cent over the closing price on 12 November 1999. Celsius A-shares are all owned by the Swedish Government and are not quoted on the stock market.

Saab neither owned nor controlled any shares in Celsius prior to the announcement of this Offer

No commissions will be charged.

**Conditions of the Offer**

Saab's offer is conditional upon the following:

- that the Offer is accepted to such an extent that Saab becomes the owner of more than 90 per cent of the total number of shares and voting rights in Celsius. However, Saab reserves the right to implement the Offer at a lower level of acceptance;
- that all Swedish and foreign approvals by authorities, including clearance by relevant competition authorities, necessary for the completion of the acquisition of Celsius, are obtained on conditions that in the judgement of Saab does not materially affect the acquisition; and
- that the acquisition, during the period up to the end of the acceptance period or any extension thereof, in the judgement of Saab, is not made wholly or partly impossible or severely difficult in consequence of any legislation, court decision, public authority decision or equivalent in Sweden or another country, which is proposed or made at the time of judgement, or of any other circumstances outside the control of Saab.

**Timetable**

It is expected that the offer document will be distributed to the shareholders of Celsius at the end of November 1999. The acceptance period will remain open from the beginning of December until the end of January 2000. Provided that the conditions stated above have been met and that Saab announces its intention to complete the Offer during the 1<sup>st</sup> week of February 2000, payment for the shares is expected to commence in 2<sup>nd</sup> week of February 2000.

The Board of Directors of Celsius intends to submit its recommendation to the shareholders of Celsius, at the latest, in conjunction with the publication of the prospectus.

Saab will expressly reserve the right to extend the period of the acceptance of the Offer and, if so required, to postpone the settlement date.

**Analyst and press conferences**

A press conference regarding the Offer will be held today at 11.30 am at Wallenberg Hall, Swedish Royal Academy of Engineering Sciences (IVA), Grev Turegatan 16, Stockholm

A telephone conference for analysts will be held at 4 pm (Swedish time) details of which will follow.

The telephone details are:           +44 (0)181 781 0579  
  +1 334 323 4002  
Replay (access code 615242):   +44 (0)181 288 4459  
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Linköping, Stockholm, November 16, 1999.

Saab AB (publ)

Board of Directors

**Advisers**

Warburg Dillon Read, a division of UBS AG, and Enskilda Securities are acting as advisers to Saab and Lehman Brothers is acting as adviser to Celsius.

Saab AB is active in the aviation, space and Defense industry and offers advanced products and systems based on sophisticated information technology. The business areas within Saab are Military Aerospace, Space, Training Systems, Commercial Aircraft and Combitech

Celsius is active in three core areas: Defense with a concentration on electronics, IT and intelligent weapons systems, Aerotech Services with services, consulting and maintenance as well as Aviation Services with a focus on Commercial Aviation Services.

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*Celsius AB*

This is a translation of the Swedish press release. In case of doubt the Swedish version prevails.