



KONGSBERG CEO Geir Håøy (right) and Tristan Halford-Maw, Deputy Director, M&A Rolls-Royce

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## **KONGSBERG has entered into agreement to acquire Rolls-Royce Commercial Marine**

**Kongsberg, Norway, 6<sup>th</sup> July 2018** – Kongsberg Gruppen ASA (KONGSBERG) today entered into agreement with Rolls-Royce plc to acquire Rolls-Royce Commercial Marine, a world leading technology business within maritime operations.

The transaction is structured as an acquisition by KONGSBERG of the marine products, systems and aftermarket services businesses carried out by

subsidiaries of Rolls-Royce plc. The transaction does not include Bergen Engines nor Rolls-Royce's Naval Business.

The parties have agreed a value for Rolls-Royce Commercial Marine of GBP 500 million (on a cash and debt free basis and with working capital at an agreed level). The final purchase price, will be determined based on Rolls-Royce Commercial Marine's cash, debt and working capital at time of completion of the transaction.

[VIDEO: Interview with KONGSBERG CEO GEIR HÅØY](#)

*“The maritime industry has over the last years experienced demanding market conditions and even though there is still uncertainty we expect the market to be facing growth with technology and innovation being key drivers. For more than 200 years KONGSBERG has been a pioneer for high technology industrial development with a long term perspective. The acquisition of Rolls-Royce Commercial Marine is in line with our growth ambitions”, says **Eivind Reiten**, Chair of the Board of KONGSBERG.*

*“The acquisition of Rolls-Royce Commercial Marine makes us a more complete supplier to the maritime industry. The maritime industry is becoming increasingly globalized and is undergoing considerable technological and market driven changes. With this acquisition we will strengthening our strategic position with shipowners, shipyards and other customers and partners”, says **Geir Håøy**, CEO and President of KONGSBERG.*

KONGSBERG is represented in more than 25 countries, whilst Rolls-Royce Commercial Marine is represented in 34 countries. Rolls-Royce Commercial Marine has approximately 3,600 employees and an annual turnover of NOK 8.9 billion (2017), whilst KONGSBERG has approximately 7,000 employees and a turnover of NOK 14.5 billion (2017). Combined, the companies have equipment and deliveries associated to around 30,000 vessels worldwide, and the installed base and the global presence strengthens an already world leading position with a considerable aftermarket.

*“The acquisition strengthens our global presence and will give increased sales and service volumes. KONGSBERG is a world leader within automation, navigation and control systems, whilst Rolls-Royce Commercial Marine is complementary with its deliveries of propellers, propulsion systems, handling systems and ship design. Both companies hold leading positions within*

*digitalization, ship intelligence and concepts for autonomy. By bringing together this we are positioning us as a significant strategic supplier of complete solutions for the future maritime industry”, says **Håøy**.*

*“This deal is good news for Rolls-Royce and KONGSBERG and comes at a time when the maritime industry is at the dawn of a new and exciting era where digital and electrical technologies will transform shipping. Rolls-Royce has been responsible for leading many of those technological advancements, and with combination of great people, market leading technology and a desire by KONGSBERG to take this business to the next level, I’m sure that this business will prosper in the years to come”, says **Mikael Makinen**, Rolls-Royce President, Commercial Marine.*

Rolls-Royce Commercial Marine has experienced considerable reductions in activity levels due to challenging market conditions within offshore related activity. A main priority going forward is ensuring profitability, and at the same time being an industry innovation leader. The acquisition will also strengthen Norwegian ownership in the world leading Norwegian maritime cluster, whilst the company will have a stronger Nordic and international position.

## **Financing of the acquisition**

KONGSBERG will finance the acquisition of Rolls-Royce Commercial Marine through a combination of new equity and a new bond loan. The purchase price will be paid in cash upon completion of the transaction.

The new equity will be raised through an underwritten rights issue of NOK 5.0 billion. The share capital increase is conditional upon approval by the by KONGSBERG’s general assembly with the support from at least two-thirds of the votes. The Norwegian government has communicated that it is positive that the state as an owner participates with its 50% ownership share in the rights issue, pending Parliament consent and acceptable terms of the rights issue in line with commercial terms.

The remaining 50% of the rights issue is underwritten by a syndicate consisting of DNB Markets, a part of DNB Bank ASA and Danske Bank A/S, Norwegian Branch and certain larger pre-committing shareholders.

Shareholders now representing 19.7% of the shares have undertaken to vote in favour of the rights issue at the KONGSBERG general meeting. Together with the state, these shareholders represent 69.7% of the shares in the Company.

KONGSBERG is planning to issue a new bond loan. Nordea Bank AB (publ) filial i Norge has undertaken to provide a bridge loan in the event that the bond loan has not been issued prior to completion of the acquisition of Rolls-Royce Commercial Marine.

### **Condition and timetable**

The completion of the acquisition of Rolls-Royce Commercial Marine is subject to clearance by regulatory authorities in several jurisdictions.

KONGSBERG will publish an information memorandum with further information regarding the acquisition of Rolls-Royce Commercial Marine within 30 business days.

The rights issue is expected to take place in the fourth quarter of 2018, and KONGSBERG will issue a rights issue prospectus prior to the subscription period for the rights issue.

Subject to such regulatory clearance, the acquisition of Rolls-Royce Commercial Marine is expected to be completed in first quarter of 2019.

### **Advisors**

Arctic Securities is acting as financial advisor. Thommessen is acting as legal advisor. Arkwright and PWC is acting as due diligence advisor to KONGSBERG.

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