

Sweco acquires Grontmij

# Creating the leading European engineering consultancy



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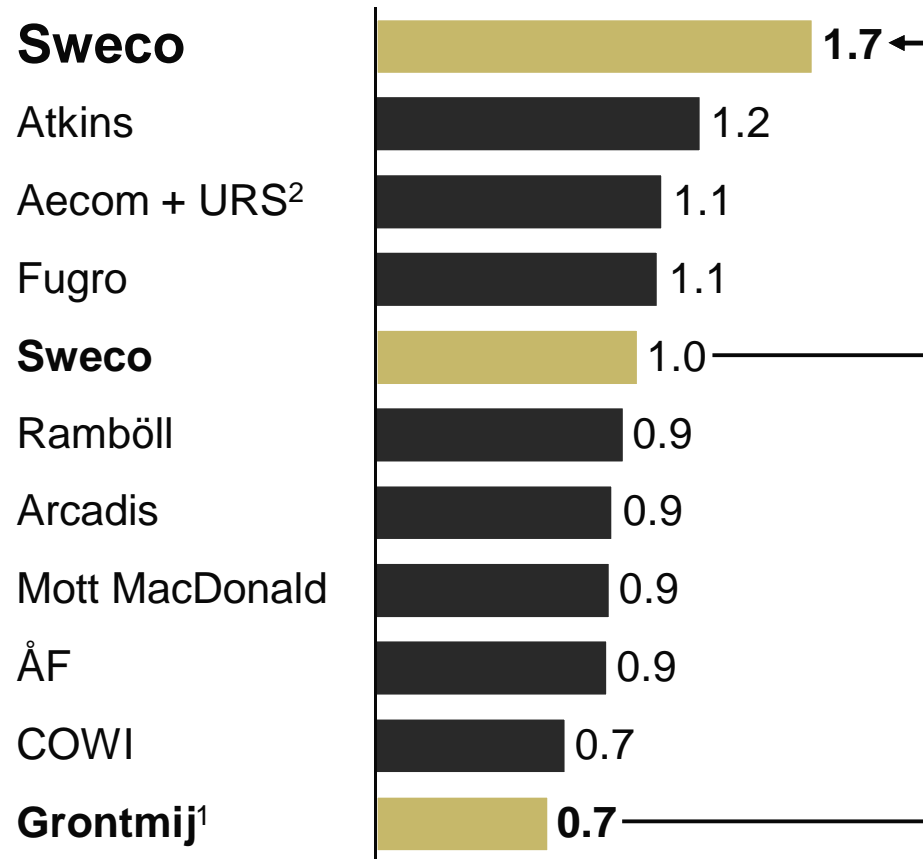
# Creating the leading European engineering consultancy

- Sweco will make a recommended public offer for all ordinary shares in Grontmij
- Leveraging a near-perfect fit: geographically, operationally and culturally
- Value creation through operational improvements
- Establishing new growth platforms in the attractive Northern European region
- Strengthening the value proposition to customers
- Developing and attracting key talent

**Taking a major step towards becoming Europe's most respected company in our industry**

## A new market leader

European turnover (FY 2014, EUR bn)

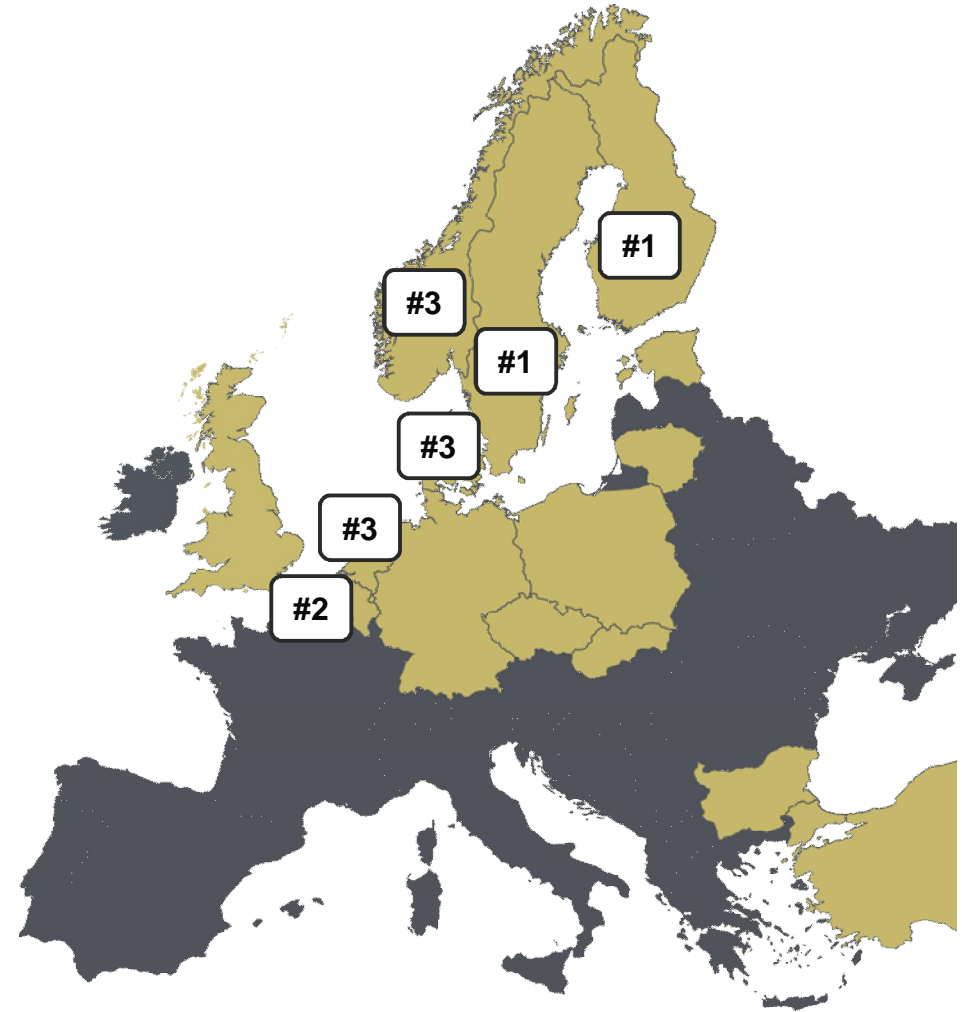


Note 1) Excluding France

2) Aecom 2014Q3 LTM, URS FY2013

## Geographical footprint

- #1 on the European market – leading positions in 6 individual countries
- A consolidated footprint that enables "Proximity governance"
- Cultural similarities and potential for cross border cooperation
- Potential to leverage strong cash flow from the Nordics to pursue strategic opportunities in Northern Europe



## Projected mid-term financial effects

- EUR 27<sup>1</sup> million annually from synergies and operational improvements
  - ~ 50% from synergies (HQ, IT, Sweden)
  - ~ 50% from accelerated operational improvements
- 90% of synergies and operational improvements realized in the first four years after completion
- Additional upside from utilization of tax losses and lower financing costs
- EUR ~50 million in one off costs impacting EBITA
- EPS accretive latest in second year after completion

## Key financials

FY 2014 (SEKm)	Grontmij <sup>1</sup>	Sweco	Combined
Total sales	5,995.8	9,231.7	15,209.5
EBITDA	161.0	964.8	1,125.8
% margin	2.7%	10.5%	7.4%
EBITA excluding e/o items	206.1	814.5	1020.6
% margin	3.4%	8.8%	6.7%
Employees (FTEs)	6,000	8,500	14,500
Employees (headcount)	6,500	9,000	15,500

Exchange rate SEK/EUR 9.0968 (average 2014)

Note: Grontmij financials excluding France

1) Grontmij accounts adjusted to follow the Sweco P&L definitions

Source: Annual accounts of Sweco and Grontmij, Sweco analysis

## Key terms of the offer

- Sweco will make a recommended public offer for all outstanding shares in Grontmij
  - Recommended by Grontmij's Executive Board and Supervisory Board
  - Irrevocably committed by shareholders for 45% of the share capital of Grontmij
- EUR 1.84 in cash plus 0.22195 Sweco B shares per Grontmij share
  - Valued at EUR 4.66 per Grontmij share based on May 29 closing price
  - Total equity value of Grontmij EUR 354 million
- Represents a compelling offer to Grontmij shareholders
  - 21.7% premium to May 29 closing price of EUR 3.83
  - 2015 Q1 LTM EV/EBITDA adj. 14.1x
  - Further potential from value creation of the combination



## Financing

- 61% of offer in equity (EUR 214 million) – Financed through issuance of new shares
- 39 % of offer in cash (EUR 140 million)
  - Initially financed through a bridge facility
  - Rights issue post settlement to largely take out the bridge facility
- Certainty of funds
  - Rights issue irrevocably committed by Sweco's two largest shareholders representing 45% of the economic rights in Sweco
  - Fully committed debt financing for the combined entity

## Key offer conditions

- Key offer conditions
  - Statutory squeeze-out will be initiated if 95% of the outstanding shares are acquired
  - If 80% of the outstanding shares are acquired a cross-border merger is pursued
  - Approval from the relevant antitrust authorities, works council and trade unions
  - Divestment of France
  - Sweco shareholders to approve the transaction and issuance of new shares
- Deal protection
  - Competing offer threshold: 9%, subsequent 4.5%
  - Two-way break fee 0.85% of total offer consideration
- Full certainty of funds with committed documentation in place
- Irrevocables from two main Sweco shareholders (56% of voting rights) – Committed to vote in favor of all resolutions required and to pro rata participate in rights issue
- Irrevocably committed by the largest Grontmij shareholders for 45% of the share capital of Grontmij

## Indicative timetable

Launch of the Offer / publication of offer memorandum	July 2015
EGM Sweco	August 2015
EGM Grontmij	August 2015
Closing of the acceptance period	September 2015
Rights issue	2015

## Summary of strategic rationale

### Near-perfect fit

- Highly complementary geographic footprints in an attractive region
- Benefits of similar governance models and culture
- Solid platform for growth in Northern Europe

### Value creation through profit improvements

- EUR 27 million in annual synergies and operational improvements
- EPS accretive latest in the second year after closing
- EUR 50 million integration cost impacting EBITA

### Strengthened value proposition to customers

- Unrivalled competence base – enhanced ability to serve customers
- Ability to take on the most complex and challenging projects
- Complementary competences

### Enhanced opportunities for employees

- Strengthened ability to attract key talent
- Expanded resources and international reach enhance opportunities for employee development and growth
- Part of a high performing organization

