

Metso to divest majority of Metso Foundries Karlstad in Sweden to Primaca Group

05. September 2008 - Metso has sold Metso Foundries Karlstad AB's shares to a financial investor group which Primaca Group Oy represents. Metso will continue as a minority owner with a 16.7% share in Heavycast AB - a new company to which the Primaca Group will transfer the acquired shares. The value of the transaction is about EUR 15 million and Metso will book a small tax-free capital gain from the sale.

Over 80% of Metso Foundries Karlstad's production volume goes to customers outside Metso. The biggest growth potential for the foundry is in the wind generator sector, which is not part of Metso's core businesses. Wind generator components currently represent more than half of the foundry's sales.

Concurrently with the divestment, Metso has made a long-term partnership and delivery agreement with Heavycast to secure the long-term supply of castings for yankee cylinders for Metso's tissue business.

Metso Foundries Karlstad AB, part of Metso Paper, is one of the leading manufacturers of large, hand-molded iron castings in northern Europe. Located in Karlstad, the foundry supplies castings for wind generator components, diesel engine blocks, and yankee cylinders for paper machines. In 2007, the net sales were roughly EUR 20 million and the number of employees 120. The employees will continue working under their existing employment contracts for Heavycast.

Primaca Group is a Finnish partnership specializing in direct private equity placements mainly in Finland and the Nordic region. Primaca manages its portfolio companies by actively facilitating the development work between the owners and operative management. Primaca's current investment portfolio comprises 16 companies with combined net sales of EUR 700 million and 2,800 employees. Primaca has one foundry company in its portfolio at the moment, i.e. Uudenkaupungin Rautavalimo Oy (URV).

Metso is a global engineering and technology corporation with 2007 net sales of over EUR 6 billion. Its over 27,000 employees in approximately 50 countries serve customers in the pulp and paper industry, rock and minerals processing, the energy industry and selected other industries.

Über MCF Corporate Finance (MCF)

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