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## Lønne strengthens ownership to achieve a leading position in the market!

**Lønne Scandinavia, a leading Nordic supplier of electrical engines and electro mechanical components, will have new owners. Lønne Invest, the sole owner of the company, headquartered in Bergen, has reached an agreement with investment company Credo Partners on the formation of a new holding company for Lønne Scandinavia, where each of the parties will hold a 50 percent stake. The deal will strengthen our position as a strong and independent stakeholder in the market for technical components, says CEO and Chairman Terje Lønne.**

Terje Lønne (71) acquired ownership and assumed the positions of CEO and chairman of Lønne Maskinforretning in 1968. At the time the company had a turnover of NOK 1 mill. Since that time the enterprise has grown to become the largest in the Norwegian market and one of the leading stakeholders in the Nordic market. Over the last few years Lønne has also assumed a position in the maintenance and repair markets in Norway. Total sales revenue for Lønne Scandinavia for the year 2011 is expected to be in excess of NOK 500 mill, showing a healthy profitability. Lønne will continue to develop in this strong manner, and the continuous growth the company has seen over the past 43 years under Terje Lønnes management will continue.

### Credo offers financial capital and knowledge

- Lønne Scandinavia is a well-run business with a recognized brand and a strong organization in the Nordic countries. We are looking forward to making a positive contribution to the development of the enterprise, says Senior Partner Wilhelm Mohn of Credo Partners.

- For our investment portfolio we are seeking businesses with considerable potential to increase their value, and businesses where we can offer not only capital, but also knowledge on both strategy and operations, often in partnership with current owners who want to develop the business further. We focus on profitable growth and creating industrial value in the companies in our investment portfolio, Mohn explains.

- Lønne holds a strong and almost unique competitive position in the Nordic countries, says Mohn. The company is alone in offering tailor made solutions on an integrated Nordic platform of distribution for clients demanding electromechanical products and solutions. We regard Lønne as a very potent tool for further industrial expansion in the Nordic countries.

The investments of Credo Partners will be carried out as separate, individual investments in cooperation with professional co-investors. The investment in Lønne Holding AS will be made by investment portfolio company Credo Invest Nr 5 AS.

### Ole Jacob Myre to be new CEO

In connection with the change of ownership of Lønne Scandinavia, Terje Lønne will leave the office of CEO at the end of the year. The position will be taken over by Ole Jacob Myre (44). Since 2009 Myre has been executive VP in charge of operations. He holds a master's degree in aquaculture from the University of Bergen, in addition to being an accountant. Myre has previously worked for Stolt Sea Farm, including four years as CEO of their operations in Belgium.

- During his years as COO of Lønne, Ole Jacob Myre has demonstrated to us how he has lead the effort to continue to develop the business, says Mohn. Lønne has become a very well-managed company, focused on quality throughout and precision in its deliveries. Over the past few years Lønne has qualified as a global supplier for leading corporations globally, for instance in the maritime and offshore industries. The diligent and systematic work and leadership of Myre has been instrumental in securing this position.

Terje Lønne will continue to make an active contribution to the continued development of Lønne, but he will be operating more freely. Terje Lønne's main focus will be to work on business development, both in terms of organizational structure and in relation to possible mergers and acquisitions within the Nordic countries. Tor Magne Pedersen (59) will continue as CFO. The agreement on the ownership of Lønne Scandinavia will not result in any direct changes for staff and employees of the company.

Wilhelm Mohn will be the new chair of the board of directors of Lønne Scandinavia and Lønne Holding, while Terje Lønne will carry on as a member of the board. Senior Partner Pål Brynsrud of Credo Partners will also have a seat on the board.

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### The complete supplier of quality products in the Nordic countries

- It has been our strategy to develop and offer, in the Nordic countries, the largest range of electrical motors, frequency controllers and inverters, gearing systems, chains and sprockets, bearings and couplings for all sorts of mechanical engine producers. In total we supply more than 20.000 articles from leading, global producers such as Siemens, Gates, Tsubaki, Yaskawa, FAG, INA and IPL. This makes us the leading, complete supplier in our field of business, tells Terje Lønne.

Lønne Scandinavia has developed a modern central storage facility and logistics center in Helsingborg with daily shipments to clients all over Scandinavia and Finland. Connected to the Nordic logistics center, Lønne operates a workshop where complex products and solutions are adjusted and tailor made for individual clients. In this way Lønne Scandinavia can offer the clients significant added value and knowledge, well beyond the realm of a traditional merchant company. The customers of Lønne have shown their appreciation for this added, unique knowledge more than 90 percent of customers are stable and repeat customers.

Terje Lønne points out that the success of Lønne stems from making knowledge of products, solutions and customer service a priority. We will not always supply our customers with the cheapest products, but with durable quality products that will have low maintenance costs, and a smaller impact on the environment.

### Supplier for many fields of business

Lønne supplies both the end user market (MRO) and the manufacturers of original equipment (ORM). The first being recognized by a large number of small orders for rapid delivery to many customers, while the ORM-market centers on larger deals with a smaller number of customers. While we deliver many supplies for the traditional manufacturing sector, and the on shore energy sector, the maritime industry and the offshore based energy sector are very important for the Norwegian business, says Ole Jacob Myre.

In the MRO-market Lønne handles a total of almost 45.000 shipments annually, with the ORM-market accounting for approximately 5.000 shipments.

### A strong organization

Lønne Scandinavia has 130 well qualified employees, where 60 people are working with sales and support, and the remainder working in workshop, storage facility, purchases and management. A staff of 55 people works at the headquarters in Bergen.

Approximately half of operating revenue for Lønne Scandinavia comes from Norwegian and international customers. Swedish customers account for one quarter of operating revenue, with the final quarter being equally shared between customers from Denmark and Finland.

### Strengthened financial position

For the family controlled investment company Lønne Invest AS the transaction will result in a considerable strengthening of the financial position.

- The Lønne-family and Credo Partners have throughout the negotiations this autumn laid a strong foundation for a future partnership on the development of Lønne. We have come to know very well the team of Credo Partners, and we are confident that we have found a partner who will contribute with knowledge, committed ownership for creating industrial value, and the necessary financial capital to ensure Lønne's future development, says Terje Lønne. I am happy that Credo Partners have joined the team. During the process this autumn they have demonstrated an attitude focused on creating added industrial value, and looking beyond the boom and bust attitude of the financial markets. This partnership is a very solid basis for further development and growth for Lønne Scandinavia, Terje Lønne underlines.

Saga Corporate Finance AS has acted as financial adviser for Lønne Scandinavia during the process.

**Picture text: Strengthens ownership:** Terje Lønne (left) leaves the helm of Lønne Scandinavia to Ole Jacob Myre. Tor Magne Pedersen stays on as CFO, while Wilhelm Mohn (far right) of Credo Partners will be the new chair of the board of directors. (Photo: Lønne Scandinavia)

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