

## Press release

# SPIE signs an Agreement for the Acquisition of SAG

- Acquisition of the German leader in high-growth energy infrastructure services
- Major step forward in SPIE's development in Germany & Central Europe
- Creation of a leading multi-technical services provider in Germany, with complementary capabilities and diversified client base
- Highly accretive transaction, c. 12% positive impact on adjusted EPS<sup>1</sup> in 2017 and c. 15% in 2018, pre synergies
- Significant cost synergies: c. €20 million over 2 years
- Consideration of €50 million, implied multiple 8.8x 2016E EBITA post synergies

**Cergy, December 23<sup>rd</sup>, 2016** – SPIE, the independent European leader in electrical and mechanical engineering, HVAC services and energy and communication systems, has signed today an agreement for the acquisition of the SAG Group ('SAG'), from private equity firm EQT. The acquisition of the German leader in high-growth energy infrastructure services accelerates SPIE's development in Germany & Central Europe, and enhances the Group's position as a major pan-European technical services provider.

Commenting on the acquisition, Gauthier Louette, SPIE Chairman and CEO, declared: 'We heartily welcome SAG to the SPIE Group. It is a highly respected business which, like SPIE, has a century-long focus on high quality service, operational excellence, safety, and financial discipline. We have known SAG for a long time: it fits our business model and is well aligned with our culture. This acquisition is a unique opportunity to build up significantly our energy infrastructure services capabilities and to establish a leading position in Germany and Central Europe.'

Jürgen Vinkenflügel, SAG CEO, added: 'This is a very exciting opportunity for SAG. SPIE has a very clear strategy in Germany and Central Europe that matches well SAG's ambitions. We share a solid

<sup>1</sup> Earnings per share adjusted for amortization of allocated goodwill and exceptional items. Accretion calculation is based on the assumption of an integration of SAG as of January 1<sup>st</sup>, 2017, and excludes the impact of transaction costs.

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*tradition of technical excellence and the fit between the two companies is evident. Our team of passionate and committed employees has built an outstanding track record of high-quality service over time, and cannot wait to start the next chapter of SAG's history.'*

Markus Holzke, Managing Director of SPIE GmbH, commented: *'The acquisition of SAG opens tremendous perspectives for SPIE in Germany. With complementary competences, a high-quality client base and a significantly densified geographical footprint, we are taking our operational and commercial capabilities to the next level. The combination of both businesses creates a German leader in multi-technical services and a wider platform for further expansion.'*

### **SAG, the German leader in energy infrastructure services**

Headquartered in Langen, Germany, SAG is a service and systems supplier for electrical power, gas, water and telecommunications networks, primarily focused on servicing power transmission and distribution grids. The company celebrated its 100<sup>th</sup> anniversary this year and has played a major role in shaping the German energy infrastructure. It is now the market leader in Germany, where it generates close to 75% of its revenue, and has an established footprint in Slovakia, the Czech Republic, Poland, Hungary and France. SAG employs approximately 8,000 highly qualified people across more than 170 locations, including 120 in Germany. It is expected to generate revenue of €1.3 billion and EBITA of c. €77 million in 2016 <sup>2</sup>.

SAG's technical capabilities cover the full energy infrastructure value chain, including design, engineering and installation, and the company offers a comprehensive range of maintenance and asset support services. SAG benefits from established relationship with a diversified client base, and operates a low-risk, high-visibility business model, with close to half its revenue derived from multi-year framework contracts. Over time, SAG has built leading positions in dynamic markets, supported by structural long-term drivers, and has consistently achieved robust organic growth.

### **A major step forward in SPIE's strategic development**

The combination of SPIE and SAG will create a German leader in multi-technical services, sharing the key success factors of the SPIE model: a wide range of complementary technical capabilities, a highly diversified client base and a densified geographical footprint. It will also provide a gateway for further expansion into Central Europe.

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<sup>2</sup> Based on information provided by SAG. Revenue and EBITA presented are restated from non-recurring items and changes in perimeter.

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With strong exposure to long-term growth drivers, potential for further targeted bolt-on acquisitions, and significant cost synergies planned, this new platform will be well poised to deliver long-term revenue growth and margin expansion. Well-matched, deeply ingrained corporate cultures, strong similarities in business model, and full commitment from SAG management will ensure a smooth integration process.

### Transaction details

The transaction is valued at approximately €850 million, including a net cash consideration of €460 million and a post-tax net pension liability of €390 million. It is expected to be highly accretive, with a positive impact on adjusted EPS<sup>3</sup> of c. 12% in 2017 and c. 15% in 2018, before synergies.

SPIE plans on delivering pre-tax synergies of c. €20 million in procurement, administrative and other operating expenses over two years.

The implied transaction multiples are 11.0x 2016E EBITA pre synergies, and 8.8x post run-rate synergies.

The transaction will be financed by an already committed bridge loan facility. The impact on SPIE's net financial debt will be limited to €460 million, with pro forma year-end 2016E net debt/ EBITDA leverage ratio anticipated to be no higher than 3.0x. The highly cash generative profile of both SPIE and SAG will allow for steady deleveraging going forward, while continuing to pursue the Group's bolt-on acquisition strategy.

SPIE expects to complete the transaction in late Q1 or early Q2 2017, subject to antitrust approval.

### Conference call for investors and analysts

SPIE will host a conference call on **December 23<sup>rd</sup>, 2016** at **2.00 pm Paris time (1.00 pm London time)** to discuss the acquisition of SAG.

#### Speakers:

Gauthier Louette, Chairman & CEO

Denis Chêne, CFO

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<sup>3</sup> Earnings per share adjusted for amortization of allocated goodwill and exceptional items. Accretion calculation is based on the assumption of an integration of SAG as of January 1<sup>st</sup>, 2017, and excludes the impact of transaction costs.

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**Link to the webcast:**

<http://event.onlineseminarsolutions.com/r.htm?e=1339605&s=1&k=58B01E5C338B83E82A3F812BA46B517A>

**Dial-in:**

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A slide presentation will be available on our website [www.spie.com](http://www.spie.com), in the “Finance/ Press releases and publications/ Publications and presentations” section at the beginning of the conference call.

**Advisors**

Corporate finance: Lazard (Bertrand Moulet, Antoine Maitrot), BNP Paribas (Berthold Mueller)

Legal (acquisition): Cleary Gottlieb Steen & Hamilton LLP (Oliver Schroeder, Peter Polke)

Legal (financing): White & Case LLP (Thomas Le Vert, Samir Berlat)

Finance and tax: EY (Nicolas Winkler, Cord Stuemke)

Strategy and market : L.E.K. Consulting (Karin von Kienlin, Serge Hovsepien)

**About SPIE**

As the independent European leader in multi-technical services in the areas of energy and communications, SPIE supports its customers to design, build, operate and maintain energy-efficient and environmentally-friendly facilities. With 38,000 employees working from close to 600 sites in 38 countries, SPIE achieved in 2015 consolidated revenues of €5.3 billion and consolidated EBITA of €351 million.

**Disclaimer**

*Certain information included in this press release and other statements or materials published by SPIE are not historical facts but are forward-looking statements. These forward-looking statements are based on current beliefs, expectations and assumptions, including, without limitation, assumptions regarding present and future business strategies (including the successful integration of SAG within the Group and potential related synergies) and the environment in which SPIE operates. They involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements, or industry results or other events, to be materially different from those expressed or implied by these forward-looking statements.*

*Forward-looking statements speak only as of the date of this press release and, subject to any legal requirement, SPIE expressly disclaims any obligation or undertaking to release any update or revisions to any forward-looking statements included in this press release to reflect any change in expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Such forward looking statements are for illustrative purposes only. Forward-looking information and statements are not guarantees of future performances and are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of SPIE. Actual results could differ materially from those expressed in, or implied or projected by, forward-looking information and statements. These risks and uncertainties include those discussed or identified under Chapter 4 “Risk factors” in the Registration Document (Document de Référence) of SPIE which has been registered with the French Financial Markets Authority on April 28, 2016 under number R-16-030. These risks and uncertainties include those discussed or identified under Chapter 4 “Risk factors” in the Registration Document (Document de Référence) of SPIE which has been registered with the French Financial Markets Authority (**AMF**) on April 28, 2016 under number R-16-030, **available on the websites of the Company ([www.spie.com](http://www.spie.com)) and of the AMF ([www.amf-france.org](http://www.amf-france.org))***

*This press release includes only summary information and does not purport to be comprehensive. No reliance should be placed on the accuracy or completeness of the information or opinions contained in this press release.*

*The estimated 2016 figures related to SAG included in this presentation have been provided to SPIE by SAG within the context of the acquisition process. These estimated figures have not been audited or subject to a limited review by the auditors of SPIE.*

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