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## **LKAB Minerals signs agreement to acquire Francis Flower, an English industrial minerals company**

**LKAB Minerals will, subject to merger clearance, complete a cash deal transaction, acquiring full ownership of Francis Flower<sup>1</sup>. “Acquiring Francis Flower accelerates our growth within the Industrial Minerals market. An increase of iron ore production is one building block in LKAB’s growth plan, but growing our other businesses is equally as important to create a better balance between our divisions, something that makes us less sensitive to the iron ore market volatility, which strengthens LKAB” says LKAB CEO Jan Moström.**

Besides that, there are other strategic components to the acquisition, explains Jan Moström “Bringing in Francis Flower’s business into ours, creates a form of circular economy, as there is a strong link to LKAB’s iron ore business. The largest product area for Francis Flower is recycling blast furnace slag from the steel industry for production of Ground Granulated Blast furnace Slag (GGBS), a sustainable product that can replace 70% of Portland Cement in a concrete mix delivering decreased CO2 emissions”

Leif Boström is Senior Vice President for the Special Products Division in LKAB and CEO of LKAB Minerals “We have an ambition of growing the industrial minerals business significantly over time. We are doing this through organic growth, meaning we increase sales of our existing product portfolio. We also invest in new projects such as upgrading mine waste to phosphorus and rare earth metals, and finally we have an active acquisition strategy. Francis Flower is a perfect fit for us, and importantly we believe we can add value to that business as an owner, helping to grow that further. This will strengthen LKAB Minerals’ offering to the building and construction industries. An increased presence in the industry also has the potential to increase sales of our existing products. I look forward to meeting and welcoming the new co-workers to LKAB Minerals.”

Francis Flower has annual sales of approximately 1.3 million tonnes of mineral products at a value of close to 70 Million GBP (~78 million Euro), foremost in the UK, and employs 130 people across four sites in England; Scunthorpe, Wicken,

Gurney Slade and Runcorn. The company has a niche in recycled and by-stream product upgrades as well as high quality fillers for several end-user applications.

LKAB Minerals Ltd in the UK has a similar size business across four sites and employs around 160 persons. The main operations are processing and marketing of minerals, primarily for the Building, Construction, Polymer, Coating, Refractory and Foundry Industries.

In 2017, LKAB had sales of 23 Billion SEK (~2.2 Billion Euro) of which LKAB Minerals reported sales of 2.4 Billion SEK (~251 Million Euro). The acquisition of Francis Flower will bring a significant addition to the sales turnover in the Industrial Minerals segment.

Francis Flower is a family owned business, and the main shareholder is Adrian Willmott, Chairman and CEO, who upon completion of the sale will resign his position in the business but remain available in a consultancy capacity during an integration phase to support a seamless continuation of the business. The operations will be integrated into LKAB Minerals existing UK operations under the leadership of Darren Wilson who manages the UK and European business within LKAB Minerals.

Implementation of the agreement is subject to Austrian merger clearance. The parties are confident that the merger control process will be completed within 4-6 weeks.

The transaction value is not disclosed by either the seller or the buyer.

#### **Press conference and availability for interviews**

Today, Wednesday October 10, at 14.00 local time, Jan Moström and Leif Boström will be available at LKAB:s offices in Luleå (Varvsgatan 45) presenting the acquisition at a press conference.

Jan Moström and Leif Boström will be available for telephone interviews from 15.00 local time (GMT+2). Contact David Högnelid, Chief Communication and Marketing Officer at the Special Products Division for questions or to schedule interviews, david.hognelid@lkab.com or +46 (0)920 381 72.

To schedule interviews with Darren Wilson, contact our UK press contact Adele Redhead, adele.redhead@lkabminerals.com or +44 7713 573793.

**More about Francis Flower**

Francis Flower has been in operation since the 1950's in the ownership of the Willmott family.

Ground Granulated Blast furnace Slag (GGBS) is produced by quenching molten iron slag (a by-product of iron and steel-making) from a blast furnace in water or steam, to produce a glassy, granular product that is then dried and ground into a fine powder. It replaces up to 70% of the Portland Cement in concrete, and can significantly reduce CO2-emissions. Francis Flower produces GGBS in Scunthorpe on the grounds of British Steel upgrading their blast furnace slag. LKAB is a significant supplier of highly upgraded iron ore products to British Steel, the first deliveries were made in the 1930's. Francis Flower is the second largest supplier of GGBS in the UK.

Other products offered are Limestone Fillers for use in construction and agriculture. Anhydrite binders for flowing floor screeds under the brand name Gypsol, and other Anhydrite products for Industrial and Agricultural uses. A range of high performance Soil conditioners marketed under the brand name Calcifert. Dolomite and Marble powders are supplied to food, pharmaceutical, construction, polymer and coatings industries.

**More about LKAB Minerals**

LKAB Minerals is an international industrial minerals group with a leading position in a number of product applications. LKAB Minerals has sales representation, offices, production units and deposits in 11 countries in Europe, Asia and the US and employs around 300 people. LKAB Minerals had a turnover of 251 MEURO in 2017. LKAB Minerals supply more than 30 minerals. The core products are MagnaDense, an iron ore aggregate, supplied to the construction and offshore industries, MagnaChem supplied to water treatment, Magnetite for Sponge Iron production, UltraCarb, MicaFort and MagniF for polymers and coatings. In addition, Mineral Sands and numerous other minerals products are traded, processed and marketed.

**Advisors and notes**

In the acquisition and due diligence process, LKAB has been legally advised by Bird & Bird financially advised by Handelsbanken and E&Y and in the Health, Safety and Environmental review supported by Golder Associates.

KPMG Corporate Finance in Bristol acted as lead advisors to the shareholders of Francis Flower on the transaction, with TLT's Bristol office providing legal advice and KPMG Tax providing tax advice.

*Note 1: The acquisition of the company operating as "Francis Flower" encompasses the acquisition of two legal entities: Francis Flower (Northern) Limited and Gurney Slade Lime & Stone Co. Limited.*