

Tibnor to acquire Sanistål's steel distribution business

SSAB's subsidiary Tibnor has agreed to acquire the steel distribution business of the Danish company Sanistål A/S, Denmark's second largest steel distributor. This supports SSAB's strategic target to strengthen its Nordic home market position. The steel distribution business now being acquired had sales of around SEK 1.8 billion in 2017. Subject to the approval of the Danish competition authority, the transaction is expected to close in the early part of the second quarter of 2019.

"Acquisition of Sanistål's steel distribution business will complete Tibnor's Nordic footprint by increasing our market presence in Denmark, where we currently are not so visible. The product offering of Tibnor and Sanistål complement each other well, and we see substantial synergy potential," says **Mikael Nyquist**, President of Tibnor.

A cornerstone of SSAB's strategy is leadership in the Nordic home market. SSAB's subsidiary Tibnor plays an important role in maintaining this position. Steel distribution channels today account for more than half of the total Nordic steel market. The acquisition will considerably improve the position of Tibnor in Denmark. For SSAB, a stronger steel distribution channel provides an attractive channel to grow steel sales, and will also improve the ability to manage business cycles.

Based on the acquisition, SSAB and Tibnor expect annual synergies of approximately SEK 50 million to be realized within three years, in addition to strengthening the platform for SSAB's Nordic steel business and increasing working capital efficiency. Tibnor is acquiring Sanistål's steel distribution business as an asset deal at net value of approximately SEK 630 million. The acquisition is expected to be earnings and cash flow accretive from closing.

The acquisition includes Sanistål's modern and highly automated steel distribution center (42,000 m²) in Taulov and three other sales offices in Denmark as well as a sales office in Latvia. As part of the transaction, around 130 employees will transfer to Tibnor.

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