

Entrepreneurial Family Owner Pervan Partners with KKR

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The Pervan family partnership with global investment firm KKR aims to further strengthen Välinge's position as a leading industrial R&D company

LONDON--(BUSINESS WIRE)-- KKR, a leading global investor, has today announced the signing of three agreements to ultimately acquire a combined 50% stake in Välinge, a Swedish industrial R&D company founded and owned by the Pervan family. Through the agreements, KKR will acquire the two 20% stakes of the current minority owners, Kronospan and Swiss Krono Group, as well as an additional 10% stake from the founder.

The Pervan family is partnering with KKR to further grow Välinge into a world leading R&D and IP provider in its respective business segments, leveraging KKR's financial resources, its international network and its longstanding expertise in the global industrial sector. KKR has an extensive track record of partnering with entrepreneurs and family-owned companies in Europe to deliver growth, international expansion, and value creation including investments in Walgreens Boots Alliance, BMG, WILD, Scout24, SoftwareONE, and Webhelp.

The partnership with KKR will allow Välinge to invest behind new technologies in fast growing areas such as LVT flooring, tool-less furniture assembly, digital micro 3D printing and wood powder technology. The former minority owners, Kronospan and Swiss Krono Group, will remain major licensees of Välinge's technology and have played an important role in commercialising Välinge's earlier technologies related to floor locking.

Välinge draws its roots from the deep Swedish knowledge and expertise in wood technology and the company and its founder have a long track record of developing innovative and disruptive technologies such as laminate flooring, floor locking systems allowing for easy assembly, and the new powder based flooring, Nadura and Woodura. A common thread and guiding principle of all Välinge's innovations is to develop products that are better performing and at a lower cost with a core focus on benefit to the end user. Välinge currently holds around 1,300 patents, and has expanded its IP portfolio significantly over the past five years, with over 12,000 applications in the pipeline today. The company is based in Viken, Sweden, and boasts a state-of-the-art research facility which employs 100 expert employees and researchers. The company has invested over SEK 1,000m in R&D over the last five years.

The company's excellence in innovation has been recognised through a number of high-profile awards. Most recently, in September 2015, Välinge received the 'Export Hermes' award from the Swedish Fund for Export Development, which rewards Swedish companies that have contributed to Sweden's economic prosperity through remarkable export achievements. The award was presented to Välinge by Her Majesty the Crown Princess of Sweden. In June 2015, Välinge won the Schweighofer Prize, a prestigious prize that recognises innovative ideas, technologies, and products in the European wood and forest sector.

Darko Pervan, Founder of Välinge, commented: "KKR's excellent global reputation and its expertise in the technology and industrial sectors made it the perfect choice as partner for our business. This partnership will create a foundation for the company to take the next step in its development, and KKR's international network together with our joint financial resources will allow us to commercialise Välinge's technologies faster and on a much larger scale."

Anders Borg, Head of the Nordic Region at KKR, added: "Over the past 20 years, Darko Pervan has built a leading technology company with a strong track record for innovation, and we are delighted to be partnering with an entrepreneur of his standing. At KKR we have a long history of successful partnerships with founder-owned businesses and entrepreneurs, and we look forward to working with the Pervan family to further develop Välinge into a world leading technology company."

Ignace Gorus, board member at Välinge as a representative for Kronospan, commented: "Kronospan has always been at the forefront of innovation in flooring and will continue as a major customer and licensee to Välinge."

Niclas Håkansson, the Välinge CEO concluded: "We are very excited about the support from KKR, which will help us accelerate the development and global roll-out of new technologies and ultimately benefit our customers and end-users."

The transaction will be funded primarily from KKR's European Fund IV. No financial terms were disclosed.

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About KKR

KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world?class people, and driving growth and value creation at the asset level. KKR invests its own capital alongside its partners' capital and brings opportunities to others through its capital markets business. References to KKR's investments may include the

activities of its sponsored funds. For additional information about KKR & Co. L.P. (NYSE:KKR), please visit KKR's website at <u>www.kkr.com</u> and on Twitter @KKR_Co.

About Välinge

Välinge is an R&D and IP company with particular strength in wood based technologies and the flooring and furniture industries. Founded in 1993, Välinge pioneered the concept of floating click floors and today, over 1bn m^2 of flooring is sold with click systems every year, reducing the time and effort needed for floor installation as well as easing the environmental burden of the hundreds of millions liters of glue used for installations in the past. 2015 License income and EBITDA is expected to be EUR 86 million and EUR 46 million respectively.

The present technology base covers fields related to floor locking, furniture, construction material, surface materials and treatments, production processes and tools, digital printing and ink, and thermoplastic core materials.

Välinge's patent portfolio is one of the most comprehensive industrial patent portfolios in Europe. It comprises more than 1,300 granted patents and a global license base of over 200 licensees. All R&D activities take place in Viken which is considered to be one of the world's most advanced R&D center related to wood flooring and wood-powder technology. Välinge has about 100 employees.

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