

PRESS RELEASE



KME GROUP SELLS TO HAILIANG GROUP ITS EUROPEAN BRASS RODS BUSINESS AND ITS TUBES BUSINESS BASED IN GERMANY AND SPAIN

KME AG (“KME”), one of the leading players in the European copper and copper alloy semifinished product industry, informs that it has reached an agreement with Zhejiang Hailiang Co., Ltd. for the sale of its brass rods business in Germany and Italy, as well as its tubes business in Germany and Spain.

Hailiang is a leading Chinese player in the copper tubes and brass rods market with an international footprint in the US and wider Asia, but no presence in Europe until now. Zhejiang Hailiang is listed on the Shenzhen Stock Exchange.

As announced, the strategic objective of KME Group is to refocus its portfolio on copper and copper alloy rolled products and special products.

After the acquisition of MKM, which agreement has been signed on the 6th of July 2018 and the relevant closing is expected to be executed within the first quarter 2019, the present transaction with Hailiang pursues the reduction of portfolio and industrial complexity of KME Group, by decreasing the number of products and plants. This transaction attains the acceleration of the Group strategy execution.

The Group companies involved in the transaction are KME Brass Germany GmbH, KME Brass Italy S.p.A., Kabelmetal Messing Beteiligungsgesellschaft mbh, KME Ibertubos S.A.U. and assets and liabilities related to the German tubes business owned by KME Germany GmbH and Co.KG.

Hailiang has also made a binding offer for the acquisition of KME Brass France SAS, which pertains to the French brass rods business and has granted to KME a put option in this regard. KME is going to immediately start the consultation procedure with the relevant employee representatives bodies following receipt of this offer.

The overall transaction perimeter employs a total of around 1.100 workers and has recorded in 2017 a turnover of around € 540 million and an EBITDA of around € 15 million.

The agreed price consideration for the transaction is € 119 million plus Working Capital and reimbursement of intercompany payables outstanding at closing. The closing of the transaction is subject to conditions precedent and is expected to be executed within the first quarter 2019.