

FNG enters the Nordic market and expands e-commerce offering through the potential acquisition of Ellos Group from Nordic Capital and its other current shareholders

Mechelen, 4 July 2019, 23.59 CET - FNG NV (FNG, Euronext Brussels and Euronext Amsterdam), (“FNG”) has through its Nordic subsidiary entered into an agreement to acquire all shares and securities in Ellos Group Holding AB (publ) (together with its subsidiaries, “*Ellos Group*”) from Nordic Capital and its other current shareholders, creating a sizeable player in European omni-channel retail with significant and tangible synergy potential in the medium term. Ellos Group is an e-commerce leader in fashion and home furnishings in the Nordic region, with the strong brands Ellos, Jotex, Stayhard and Homeroom. The purchase price amounts to approximately SEK 2,400 million (€229 million)¹ on a cash and debt free basis. Nordic Capital will become a significant minority shareholder in FNG following completion of the transaction.

About Ellos Group

Ellos Group is an e-commerce leader in fashion and home furnishings in the Nordic region, with the strong brands Ellos, Jotex, Stayhard and Homeroom, each with distinct value propositions. Today, Ellos Group has approximately 1.7 million active customers with a particular stronghold in Ellos’ core customer group of 30-60 year old women. Ellos Group offers an attractive mix of own and external brands through its online stores and on external platforms. Furthermore, Ellos Group offers financial services through its well-invested and scalable platform.

- *“Ellos Group is a true leader in the Nordic market, boasting an attractive mix of fashion and home interior products, with strong positioning of its own brands. Together with the well-developed financial services platform, it makes the ideal addition to FNG, and we are very excited to take this major transformational next step for our company.”*, commented Dieter Penninckx, founding CEO of FNG.
- *“Together with Nordic Capital, we have made significant investments in recent years to strengthen Ellos Group, focusing on the development of the home furnishings offering at Ellos, Jotex and our new online store Homeroom. We now have an excellent platform to drive further growth as a leading Nordic e-commerce platform with a unique customer offering in fashion and home furnishings. European expansion is a natural next step for Ellos Group, and can be accelerated with FNG as our new owner. With its extensive experience in the European fashion industry, FNG can provide new insights and strategic support in the next stages of our development journey.”*, commented Hans Ohlsson, CEO of Ellos Group.

Based in Borås, Sweden, Ellos Group employs approximately 500 people and generated revenues of €247 million and adjusted EBITDA of €21 million in 2018.

¹ Based on EUR/SEK spot rate of 10.501 as of July 03, 2019



Strategic rationale

The addition of Ellos Group to FNG will add an attractive home interior product offering, provide access to the Nordic market, increase e-commerce capabilities and is expected to generate synergies both in terms of top-line potential and from efficiency gains. Furthermore, FNG will examine whether it can roll out the financial services offered by Ellos Group to its customers in the Nordics to FNG's existing customer base in the Benelux. FNG estimates the annual EBITDA impact of synergies to amount to at least €25 million in the medium term through cross-selling, offering financial services to FNG customers, joint sourcing and purchasing via FNG's buying platform and economies of scale.

The combined entity will have a geographically diversified business with maintained strong market position, attractive product mix in fashion and home interior as well as a balanced mix between own and external brands. With pro forma revenues of €759 million in 2018, the combined entity will become a leading player in the European fashion and home interior retail landscape.

Key transaction details

- FNG is to acquire Ellos Group for approximately **SEK 2,400 million (€229 million)**^{2,3} on a cash and debt free basis (Enterprise Value), structured as a mix of cash and equity instruments, consisting of:
 - a) **SEK 1,300 million (€124 million³)** will be paid in cash, partly financed through the issuance of a fully underwritten senior secured Nordic bond in the BidCo, FNG Nordic AB. The bonds will subsequently be listed on Nasdaq Stockholm.
 - b) **SEK 470 million (€45 million³)** will be paid through a transfer of 1.4 million existing shares in FNG, subject to a lock-up until January 15 2021.
 - c) **SEK 470 million (€45 million³)** to be structured as equity linked instruments issued by FNG.
 - d) **SEK 150 million (€14 million³)** will be paid through issuance of an interest free vendor note, payable by FNG no later than on January 15, 2021.
- Through the acquisition, Nordic Capital, together with Frankenius Equity AB, will become significant minority shareholders in FNG.

“Nordic Capital invested in Ellos Group with the explicit goal of developing and modernising one of Sweden’s best-known brands. Since then, Ellos Group has reinforced its digital and commercial capabilities to drive strong growth, supported by Nordic Capital’s expertise in e-commerce, branding and consumer credit. Nordic Capital sees joining forces with FNG Group as a natural next step for Ellos Group and looks forward to participating in the continued value creation journey as a significant minority shareholder in FNG Group.”, commented David Samuelson, Principal at the Adviser to the Nordic Capital Funds.
- The acquisition is subject to approval by the relevant authorities.
- The closing of the transaction is subject to the SFSA having approved the ownership assessment (Sw. *ägarprövning*) of FNG to become the indirect holder of the shares in Ellos AB, Jotex Sweden AB and Stayhard Aktiebolag, pursuant to the Swedish Securities Market Act (2007:528) (Sw. *lagen (2007:528) om värdepappersmarknaden*).

² Based on agreed reference share price of €32, final determination of purchase price will be subject to IFRS review

³ Based on EUR/SEK spot rate of 10.501 as of July 03, 2019



Combined financials

An indicative overview of the combined financials is presented below.

€m ⁴⁾	Ellos Group AB ⁵⁾		FNG		Combined Group	
	2017A	2018A	2017A	2018A	2017PF	2018PF
Revenue	236	247	482	512	718	759
% growth	-	5%	-	6%	-	6%
Gross Profit	125	129	267	280	392	409
% margin	53%	52%	55%	55%	55%	54%
EBITDA	13	21	38	55	51	76
% margin	6%	9%	8%	11%	7%	10%

4) Based on EUR/SEK spot rate of 10.501 as of July 03, 2019

5) The financials for Ellos Group have been adjusted for non-recurring items and are based on the financial due diligence performed in light of the envisaged transaction

Financing

FNG Nordic AB, a 100 % subsidiary of FNG, (BidCo) will issue a fully underwritten bond of SEK 1,500 million (€143 million). The payment obligations of the issuer under the bond will be guaranteed by FNG. Management of Ellos Group together with a representative from FNG will attend a roadshow commencing this week to meet with fixed income investors. The bonds will subsequently be listed on Nasdaq Stockholm.

Indicative timeline

July	Launch of bond issue
August/September	Listing of bonds on Nasdaq Stockholm
September/October	Completion of the acquisition

Advisors

Alantra acted as the sole financial advisor to FNG in the acquisition. NautaDutilh acted as the lead counsel and legal advisor to FNG as to Belgian law and Mannheimer Swartling acted as legal advisor as to Swedish law.

ABG Sundal Collier acted as the sole financial advisor to Nordic Capital in the transaction. Cederquist acted as lead counsel and legal advisor as to Swedish law and Allen&Overy acted as legal advisor as to Belgian law.

ABG Sundal Collier is acting as Sole Manager and Bookrunner in connection with the contemplated SEK 1,500 million bond issue by FNG Nordic AB. Mannheimer Swartling is acting as legal counsel to FNG in the contemplated issue, while Gernandt & Danielsson and Wikborg Rein are acting as legal counsels to ABG Sundal Collier.

This is information that FNG NV is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 23.59 CET on July 4, 2019.

Forward-looking statements

This communication may contain forward-looking statements. Forward-looking statements are statements that are not historical facts and may include projections and estimates and their underlying assumptions, statements regarding plans, objectives, intentions and expectations with respect to future financial results, events, operations, services, product development and potential, and statements regarding future performance. Forward-looking statements are generally identified by the words “expects”, “anticipates”, “believes”, “intends”, “estimates”, “plans”, “will be” and similar expressions. Although FNG’s and Ellos’ management each believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of FNG and Ellos, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include among other things, risks related to FNG’s and Ellos’ ability to complete the acquisition on the proposed terms or on the proposed timeline, including the receipt of required regulatory approvals, other risks associated with executing business combination transactions, such as the risk that the businesses will not be integrated successfully, that such integration may be more difficult, time-consuming or costly than expected or that the expected benefits of the acquisition will not be realized, risks related to future opportunities and plans for the combined company, including uncertainty of the expected financial performance and results of the combined company following completion of the proposed acquisition, disruption from the proposed acquisition making it more difficult to conduct business as usual or to maintain relationships with customers, employees, manufacturers, suppliers or patient groups, and the possibility that, if the combined company does not achieve the perceived benefits of the proposed acquisition as rapidly or to the extent anticipated by financial analysts or investors, the market price of FNG’s shares could decline, as well as other risks related to FNG’s and Ellos’ respective businesses. While the list of factors presented here is representative, no list should be considered a statement of all potential risks, uncertainties or assumptions that could have a material adverse effect on the companies’ consolidated financial condition or results of operations. The forward-looking statements speak only as of the date hereof and, other than as required by applicable law, FNG and Ellos do not undertake any obligation to update or revise any forward-looking information or statements.

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