

Press Release

28/06/99

Diamant Boart, a subsidiary of Union Minière, to be acquired by Candover

Union Minière and Candover* announce today that Candover is to acquire 100% of the shares of Diamant Boart SA, a leading manufacturer and supplier of diamond tools. The transaction is a buyout from Sibeka, which is owned by Union Minière (80.4%) and De Beers (19.6%) and is valued at BEF 5.5 billion (EUR 136.3 million).

The Entreprise Value of BEF 5.5 billion includes the assumption of debt of BEF 2.9 billion (EUR 71.9 million) in the financial statements of Diamant Boart as of December 31, 1998 and is close to the value of the company in the consolidated accounts of Union Minière.

The acquisition is structured with BEF 1.8 billion (EUR 44.6m) of equity provided by The Candover 1997 Fund.

Union Minière's decision to dispose of Diamant Boart results from its policy to focus on its core business. In recent years Union Minière has given its full support to Diamant Boart's restructuring program, aimed at refocusing its industrial activities and streamlining its administrative structure.

As a result, Diamant Boart posted a consolidated operating profit of BEF 437 million (EUR 10.8 million) in 1998, 39% up on 1997, as well as a small net profit. Candover is backing the existing management team, led by CEO, Bernard Goblet.

Diamant Boart, headquartered in Brussels, operates through a number of wholly owned subsidiaries in Europe and the US. One of only three global suppliers to the stone and construction industry, the company manufactures a complete range of diamond tools and related equipment used for drilling and sawing concrete (used in buildings, roads etc) and for working natural stone, from through to finished products. Diamant Boart employs 1,659 people, and recorded sales of BEF 9.1 billion (circa EUR 225 million) in the financial year to 31 December 1998.

Approximately 55% of Group sales arise in Europe with most of the balance coming from the US.

Christopher Spencer, Director of Candover, commented: "Diamant Boart is a truly global company with significant market share in high-quality diamond tools.

The company has an excellent growth potential, both in its existing markets, and in exploiting new opportunities. We are confident that this, combined with the new shareholding structure, will give the company renewed impetus going forward.

Bernard Goblet, CEO of Diamant Boart, added: "The buyout from Union Minière is an important strategic step for Diamant Boart. Our independent status will enable us to further exploit our strengths as a global player in the sector. Candover has shown its commitment to Diamant Boart's future prospects, and will help the company to exploit its full potential."

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