

Arcam to make strategic acquisition of metal powder manufacturer to secure supply of strategic raw materials

Arcam has signed an agreement to acquire the AP&C division from Raymor Industries for a total of 35 million Canadian dollars (“CAD”) in a combination of upfront cash payment and installments.

AP&C is a global manufacturer of high quality metal powders and has been a supplier of titanium powders to Arcam since 2006. Titanium powder is an important part of Arcam’s offering to its customers. With this acquisition, Arcam has secured access to high quality titanium powder for its customers’ quickly growing business.

AP&C uses proprietary Plasma Atomization technology to produce metal powders where titanium alloy powder today is the largest product. A significant part of AP&C sales is to the 3D-Printing industry. Other markets include Metal Injection Molding (MIM), powders for spray coatings as well as powders for HIPed components. Arcam and the team at AP&C intend to continue expand the powder business and advance the Plasma Atomization technology.

The AP&C division is expected to generate CAD 6.5 M of revenue during 2013 with an EBITDA result of about CAD 1.5 M. The acquired business, with currently 29 employees, will become a subsidiary of Arcam and continue operating with the existing management team.

The total purchase price amounts to CAD 35 million where a cash payment amounting to CAD 20 million will be paid on closing and the remaining part as two installments to be made in 2015 and 2016 subject to certain targets being met. The acquisition is expected to have a positive effect on Arcam’s earnings per share in 2014. Closing of the acquisition is subject to customary closing conditions and is expected to take place in the first quarter 2014.

Arcam provides a cost-efficient Additive Manufacturing solution for production of metal components. The technology offers freedom in design combined with excellent material properties and high productivity. Arcam’s market is global with customers mainly in the orthopedic and aerospace industries. The company was founded in 1997 and is listed on NASDAQ OMX Stockholm, Sweden. Head office and production facilities are located in Mölnadal, Sweden. Support offices are located in the US, UK, Italy and China.

Financing is secured through existing cash and a bank credit facility. Arcam also has the possibility to issue up to 400,000 new shares through the authorization given to the Board of Directors by the extraordinary general meeting held on December 6, 2013.

Viant Capital LLC has been acting as Arcam's M&A advisor in connection with the acquisition. Carnegie is acting as the Company's financial advisor.

“With this acquisition Arcam secures access to the optimum production of high grade metal powders for our customers and we also add technology and expertise in powder metal production for 3D-printing in general and other advanced applications,” says Magnus René, President and CEO of Arcam. “This acquisition is consistent with our growth strategy, complements our technology and product portfolio, and is immediately accretive. We are very pleased to welcome the skilled team at AP&C to the Arcam group“

“With this deal we will be a part of the leading company in 3D-printing in metals. Because of our long term close cooperation with Arcam we know that this deal will give us a very good platform for continued growth in the 3D-printing industry. Being part of a larger group will also help in accelerating growth to better service the overall metal powder market”, says Jacques Mallette, President of Raymor Industries and future President of Arcam's powder business.

The above information has been made public in accordance with the Securities Market Act and/or the Financial Instruments Trading Act. The information was published on December 13, 2013.

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