

Statement by the Board of Directors of Arcam in relation to the public offer by GE

The Board of Directors of Arcam unanimously recommends that the shareholders of Arcam accept the offer made by GE

Background

This statement is made by the Board of Directors (the “Board”) of Arcam AB (publ) (“Arcam” or the “Company”) pursuant to Section II.19 of Nasdaq Stockholm’s Takeover Rules (the “Takeover Rules”).

GE Sweden Holdings AB (“GE”), a Swedish company within the GE Aviation operating unit and an indirectly wholly-owned subsidiary of General Electric Company, has today announced a public cash offer to the shareholders of Arcam to tender all ordinary shares (the “Shares”) for a consideration consisting of SEK 285 in cash per Share (the “Offer”), which corresponds to a total Offer value of SEK 5,855,776,725¹.

The Offer also includes a public offer to tender to GE all American depository shares (each an “ADS”), each ADS representing the right to receive one Share. The ADS program is unsponsored and was set up without any involvement by Arcam. GE offers SEK 285 per ADS in cash.

The Offer does not include any rights granted by Arcam to its employees under any incentive program implemented by Arcam. GE has stated that they intend to procure fair treatment in connection with the transaction for participants in such programs. Accordingly, the Offer does not include the preference shares of series C in Arcam held by Arcam as hedge for delivery under Arcam’s incentive program. In line herewith, the Swedish Securities Council has, in a ruling on August 29, 2016 (ruling 2016:23),

¹ Based on the total of 20,546,585 outstanding ordinary shares in Arcam.

Arcam provides cost-efficient Additive Manufacturing solutions for production of metal components. Arcam’s Electron Beam Melting (EBM[®]) technology offers design freedom combined with excellent material properties and high productivity. Through our solutions orientation Arcam is an innovative partner for advanced manufacturing, primarily in the aerospace and orthopedic implant industries. Arcam provides Electron Beam Melting systems through Arcam AB in Sweden, powder metals through AP&C in Canada and implant contract manufacturing through DiSanto in the U.S. The company is listed on Nasdaq Stockholm and the Head Office is located in Möln dal, Sweden.

confirmed that the preference shares of series C in Arcam may be excluded from the Offer.

The Offer represents a premium of:

- 53.23 per cent to the closing price of SEK 186.00 per Share on Nasdaq Stockholm on September 5, 2016, the last trading day prior to the announcement of the Offer,
- 67.35 per cent to the volume weighted average price of SEK 170.30 per Share on Nasdaq Stockholm over the 30 trading days up to and including September 5, 2016.

The acceptance period of the Offer is expected to commence on September 7, 2016 and expire on October 14, 2016. GE has reserved the right to extend the acceptance period and, to the extent necessary and permissible, will do so in order for the acceptance period to cover applicable decision-making procedures at relevant authorities.

Completion of the Offer is conditional upon, amongst other things, GE becoming the owner of more than 90 percent of the total number of Shares in Arcam and the receipt of all necessary regulatory, governmental or similar clearances, approvals and decisions, including from competition authorities, in each case on terms which, in GE's opinion, are acceptable. GE has reserved the right to waive these and other conditions for completion of the Offer.

The Board has, at the written request of GE, permitted GE to carry out a confirmatory due diligence review of Arcam in connection with the preparation of the Offer. In connection with such due diligence, GE has not received any non-public price-sensitive information.

Arcam has retained Carnegie Investment Bank AB (publ) ("Carnegie") as financial adviser in relation to the Offer. Carnegie has supported the Board in its analysis, evaluation and assessment of the Offer. Arcam has retained Baker & McKenzie as legal adviser in relation to the Offer.

The Board's evaluation of the Offer

The Board's opinion of the Offer is based on an assessment of a number of factors that the Board has considered relevant in relation to the evaluation of the Offer. These factors include, but are not limited to, Arcam's present position, the expected future development of the Company and thereto related possibilities and risks.

In the Board's opinion, Arcam has a well-defined and viable strategy going forward with its unique Electron Beam Machines production method and its proprietary Plasma Atomization powder manufacturing. The Company has made significant investments

during the last years and has grown considerably, both within the aerospace as well as the orthopedic implant industries. Arcam operates on a global market with strong business and growth potential. Furthermore, the Board believes that the Company has a well-developed and strong intellectual property portfolio which is of crucial importance for a company highly dependent on its patents within the Additive Manufacturing industry.

In terms of the Company's long-term prospects, the Board believes that the demand for the Company's technology for Additive Manufacturing of aerospace and orthopedic implant products and components will increase dramatically, meaning that the market has favorable long-term growth opportunities. As the market develops, more advanced technology is required, which benefits Arcam. Accordingly, the Board believes that the Company is very well positioned for the future.

However, in assessing the merits of the Offer, the Board has also considered that the Company, on the whole, has limited resources and that the Company operates in a demanding and regulated environment with long lead times. Further, the market for Additive Manufacturing is still rather immature and may become subject to technological leaps that may require substantial investments for Arcam in delivering on its business plan. GE has stated that Arcam's strategy and offering align to GE's vision of building its own expertise and capabilities in Additive Manufacturing to serve customers in the global industrial community. Further, GE has adequate resources in implementing and taking advantage of Arcam's growth and business opportunities and will provide know-how and expertise to further leverage Arcam's technology and to forcefully go to market with Arcam's products and services.

In considering the Offer, the Board has also taken into account that the Offer has a premium in relation to recently traded prices.

In arriving at its recommendation, the Board has analyzed the Offer using the methods normally used for evaluating bids for listed companies, including Arcam's valuation in relation to comparable listed companies and comparable acquisitions, the stock market's expectation of the development of Arcam's profitability and share price, and the Board's expectation of Arcam's long-term value based on expected future cash flows. In doing so, the Board has concluded that the Offer is fair from a financial point of view.

Under the Takeover Rules the Board is required, on the basis of GE's statements in the Offer announcement, to provide its opinion of the effects the implementation of the Offer may have on Arcam, specifically employment, and its views on GE's strategic plans for Arcam and the effects these may be expected to have on employment and the places where Arcam conducts its business. GE has in this respect stated:

“GE intends to maintain Arcam's current operations and locations. GE believes the locations of all of Arcam's operations provide strong business, operating and engineering talent as well as government and community

support. GE plans to retain and develop Arcam's current and valuable management and employees. GE further desires to amplify the speed and energy of Arcam's entrepreneurial culture with GE's world-class engineering and operational capabilities. GE does not intend to make any material changes for Arcam's employees, including their terms of employment and the locations of business."

The Board assumes that this description is accurate and has in relevant aspects no reason to take a different view. Consequently, the Board envisages that the Offer will not have any material impact on the employment of Arcam and the places where Arcam conducts its business.

Based on the above, the Board believes that the Offers recognizes Arcam's growth prospects, as well as the risks associated with those prospects. Accordingly, the Board unanimously recommends the Arcam shareholders to accept the Offer.

This statement shall in all respects be governed by and construed in accordance with substantive Swedish law. Disputes arising from the Statement shall be settled exclusively by Swedish courts.

For further information:
Magnus René, CEO and President, Arcam AB (publ)
Cell: +46 702 79 89 99 or +1 781 266 6957
E-mail: magnus.rene@arcam.com

Arcam AB (publ) is required to publish the above information under the EU Market Abuse Regulation and the Takeover rules. The information was submitted for publication by the above responsible person on September 6, 2016 at 08.00 am CET.