



KKR



## PRESS RELEASE

### KIRKBI TO ACQUIRE A SIGNIFICANT MINORITY STAKE IN VÄLINGE GROUP FROM KKR

*The partnership with KIRKBI aims to further strengthen Välinge's position as a leading industrial R&D company and flooring producer.*

**Viken, Sweden, 8 January 2018:** KIRKBI, the holding and investment company of the Kirk Kristiansen family, has signed an agreement to acquire KKR's 49.8% stake in Välinge, a Swedish industrial R&D company, alongside the founding Pervanovo family that via Pervanovo Invest AB will maintain its majority ownership of 50.2%.

Välinge draws its roots from the deep Swedish knowledge and expertise in wood engineering and technology. The company and its employees have a long track record of developing innovative and disruptive technologies such as laminate flooring, floor and furniture locking systems such as 5G® and Threespine® allowing for easy assembly, and Nadura® and Woodura® - the new powder based flooring material. A common thread and guiding principle of all of Välinge's innovations is to develop products that are better performing at a lower cost with a core focus on benefit to the end user. Välinge currently holds around 1,800 patents and has expanded its IP portfolio significantly over the past five years, and may obtain over 10,000 patents from its existing applications.

The company is based in Viken, Sweden, where it has a state-of-the-art research facility, which employs more than 130 highly specialised employees and researchers. In the last 12 months, high-tech large-scale production lines have been installed in Viken with a capacity of 7 million m<sup>2</sup> of floors with Woodura® and Nadura®-top surface to accelerate the adoption of powder based floors.

**Darko Pervan**, CEO of Pervanovo Invest AB and founder of Välinge, commented:

"I would like to thank KKR for the support they have provided us, which allowed us to unlock investments behind new technologies. In the past months, several investors have shown great interest in acquiring KKR's stake but KIRKBI was our preferred choice since they are a family-owned longer term investor with an excellent reputation. KIRKBI has extensive expertise in industrial operations, brand building and marketing and is the perfect partner for our new flooring business. This partnership will create a long-term foundation for the company to take the next step in its development of large scale production and marketing of powder based Woodura® and Nadura® floors."

Commenting on the acquisition, **Thomas Lau Schleicher**, Chief Investment Officer at KIRKBI, said:

"We are very satisfied to be a part of the ongoing journey for Välinge. The company has demonstrated a strong ability to create value through the floor locking IP developed for its customers and partners in the flooring industry. But most importantly, Välinge's transformation from a technology-based to a more industrial



company across many categories of surface technology will provide new, attractive revenue streams – while at the same time contributing to a more sustainable environmental impact. Looking ahead, we believe that KIRKBI through its entrepreneurial and industrial mindset is well suited to support the international commercialization of Vålinge's technology and products – and the manufacturing and supply chain build-up required. Finally, the investment complements the KIRKBI Long-Term Equity portfolio, and underpins our strategy to be a significant European investor."

**Niclas Håkansson**, the Vålinge CEO added:

"We are very excited about the new ownership cooperation, which will help us continue the development and global roll-out of new technologies and ultimately benefit our customers and end-users. Today numerous licensees are keen to commercialize our powder based floors, which we plan to support in two steps. First Vålinge will supply flooring products to licensees and in a second step Vålinge will license out the technology which is needed to build large scale powder based factories. We look forward to continuing this development together with KIRKBI as co-owners."

**Anders Borg**, Managing Director and Head of the Nordic Region at KKR, concluded:

"KKR has an extensive track record of partnering with entrepreneurs and family-owned companies in Europe to deliver growth, international expansion, and value creation. We are very pleased with our investment in Vålinge and the fruitful and pleasant cooperation with the management and the Pervan family. The company has developed at a greater pace than anticipated and within less than two years, our longer-term value targets have been realized. We wish Vålinge, the Pervan family and KIRKBI continued success and we will follow the significant investment plans to expand powder based flooring production with great interest".

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### **About Vålinge**

Vålinge is an R&D and IP company with particular strength in wood based technologies and the flooring and furniture industries. Founded in 1993, Vålinge pioneered the concept of floating click floors and today, over 1bn m2 of flooring is sold with click systems every year, reducing the time and effort needed for floor installation as well as easing the environmental burden of the hundreds of millions liters of glue used for installations in the past. Revenue in 2017 is expected to be close to EUR 120 million with an EBITDA-margin above 50%.

The present technology base covers fields related to floor locking, furniture, surface materials and treatments, production processes and tools, digital printing and ink, and thermoplastic core materials.

Vålinge's patent portfolio is one of the most comprehensive industrial patent portfolios in Europe. It comprises of more than 1,800 granted patents and a global license base of over 200 licensees in the flooring and furniture industry. All R&D



activities take place in Viken, which is considered to be one of the world's most advanced R&D centers related to flooring and furniture technology. More information is available at <https://www.valinge.se/>

#### **About KIRKBI A/S**

KIRKBI A/S is the Kirk Kristiansen family's holding and investment company. The company's strategic activities include 75% ownership of the LEGO Group, 29.8% ownership of Merlin Entertainments plc and investments in renewable energy. The company's investment activities also include significant long-term investments in companies such as ISS A/S, Nilfisk A/S, Minimax Viking GmbH and Falck A/S as well as real estate investments in Denmark, Switzerland, Germany and the UK. KIRKBI has a long-term investment profile and is a responsible investor with a high ethical standard. More information is available at [www.KIRKBI.com](http://www.KIRKBI.com)

#### **About PERVANОВО Invest AB**

Pervanovo is the Pervan family's investment company. The company's strategic activities include 50.2% ownership of the Välinge Group, 100% ownership of the BJELIN Flooring Group in Sweden and Croatia, substantial investments in real estate in Sweden and Croatia and a tourist business in the Dubrovnik area. More information is available at <https://www.pervanovo.se>

#### **About KKR**

KKR is a leading global investment firm that manages multiple alternative asset classes, including private equity, energy, infrastructure, real estate, credit and, through its strategic manager partnerships, hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation with KKR portfolio companies. KKR invests its own capital alongside its partners' capital and provides financing solutions and investment opportunities through its capital markets business. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. L.P. (NYSE: KKR), please visit KKR's website at [www.kkr.com](http://www.kkr.com) and on Twitter @KKR\_Co.

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