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PRESS RELEASE

Contract for the association of Nexter Systems and Krauss-Maffei Wegmann (KMW) signed

Munich/Versailles, 29 July 2015 – As announced a year ago, Nexter Systems and Krauss-Maffei Wegmann, two of Europe's leading manufacturers of military land defence systems, intend to share their future road ahead. The corresponding agreement was signed on 29 July 2015 in Paris. The alliance of the two groups under the umbrella of a joint holding company creates a Franco-German defence technology group with a current annual turnover nearing 2 billion euro, an order book of around 9 billion euro and more than 6,000 employees.

Nexter, and their owners view this step as decisive for the consolidation of the defence technology industry in Europe. The product portfolios of the two companies and their regional presences on the world market complement each other. The alliance of KMW and Nexter creates a group with the momentum and innovative force required to succeed and prosper in international competition. In addition, it offers to its European and NATO customers the opportunity of increased standardisation and interoperability for their defence equipment, with a dependable industrial base.

Besides, this new strategic alignment makes it possible to retain jobs and skills in the heart of the European Union. The two CEOs confirm that the alliance will have no social consequence or impact neither on employment nor on the collective agreements in place. Whenever the new group would develop any consolidation project, this would be based on the principle of protecting the balance between the two operational companies as well as protecting their related technologies, know-how and competences, in full compliance with the export regulations.

Nexter S. A. had been in the sole ownership of the French State holding company GIAT Industries S. A.; Krauss-Maffei Wegmann GmbH & Co. KG had been in the sole ownership of Wegmann GmbH & Co. in Kassel. For the unification of the two companies, the sole owners are contributing their shares into a newly incorporated joint holding company based in the Netherlands. They will each receive 50 per cent of the shares of this holding company, which will become the sole shareholder in KMW and Nexter. The governance of the holding company will reflect the equal balance between the two shareholders with a long-term industrial perspective.

The alliance project will be subject to legal and customary regulation approvals. As part of the French law for "activity, growth and equality of economic opportunities", article 47 allows for the transfer of the majority of the capital of GIAT Industries SA and its subsidiaries. The association of KMW and Nexter should enter into effect at the end of the year.



For further questions, please contact:

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About Krauss-Maffei Wegmann GmbH & Co.

Krauss-Maffei Wegmann GmbH & Co. KG leads the European market for highly protected wheeled and tracked vehicles. At locations in Germany, Brazil, Greece, Mexico, the Netherlands, Singapore, the United Kingdom, the USA and Turkey, some 3,200 employees develop, manufacture and support a product portfolio ranging from air-transportable, highly protected wheeled vehicles (MUNGO, AMPV*, DINGO, GFF4 and BOXER*) through reconnaissance, anti-aircraft and artillery systems (FENNEK, GEPARD, LeFlaSys*, Armoured Howitzer PzH2000, DONAR* and AGM) to main battle tanks (LEOPARD 1 and 2), infantry fighting vehicles (PUMA*) and bridge-laying systems. In addition, KMW has wide-ranging system competence in the area of civil and military simulation, as well as in command and information systems and remote-controlled weapon stations with reconnaissance and observation equipment. The armed forces of more than 50 nations worldwide rely on tactical systems by KMW.

* Joint venture with national and international partners

About Nexter Systems

Nexter, the leading French land defence company, is dedicated to meeting the needs of French and other land forces internationally. The scope of its business includes the supply of weapon systems and ammunition for air and naval forces. The acquisition of Belgian company Mecar and Italian company Simmel Difesa enabled the establishment, along with Nexter Munitions, of the third European player in the ammunition sector. The group continues its international development policy with 56% of order intake in 2014 destined for the export market. In France, Nexter is fully committed to meeting the objectives of the SCORPION programme, through the renovation of the Leclerc tank and the development of the future GRIFFON and JAGUAR vehicles within the GME (temporary consortium).

Nexter's 2014 turnover amounted to €1.05 billion, of which 14% is allocated to Research and Development activities. The group's range of products consists of ARAVIS®, TITUS® and VBCI armoured vehicles, CAESAR®, TRAJAN® and 105LG1 artillery systems, smart ammunition (BONUS), as well as customer service, support and recycling.