

25 October 2022

Strategic reorientation: Rheinmetall to sell entire large-bore pistons business to Koncentra Verkstads AB

Taking an important step in its ongoing strategic reorientation, Rheinmetall AG of Düsseldorf is demerging the Group's large-bore piston production activities. The buyer is the Koncentra Verkstads AB (KVAB) group located in Gothenburg, Sweden.

On 24 October 2022 Rheinmetall and KVAB signed a share purchase agreement to this effect. The contract encompasses Rheinmetall's large-bore pistons business, including the three production plants in Germany, the United States and China as well as the steel pistons line of its small-bore pistons plant in Marinette, Wisconsin/USA. In the coming weeks, the relevant competition authorities will undertake a legal assessment of the sale. Conclusion of the transaction on 31 December 2022 is sought.

Now agreed, the sale of Rheinmetall's large-bore pistons unit is part of the Group's strategic reorientation, which commenced in 2021. Among other things, it aims to reduce the Group's earlier business in products relating to the internal combustion engine. Rheinmetall's decision to step away from its pistons business involves its small- and large-bore pistons operations, which since then have operated as a non-core business of the Group's Materials and Trade division. Rheinmetall began reviewing offers for individual participations or piston-related parts of the company in February 2022.

"It was Rheinmetall's stated goal to leave its pistons production operations in good hands", declares Marcus Gerlach, chairman of the board of management of the Materials and Trade division. "We have now achieved this in the large-bore pistons segment. The KVAB group of companies knows the large bore engine market very well and wants to invest long term."

KVAB considers the unit's highly qualified employees to be the company's most important capital, underscoring its desire to take over the entire staff.

Rheinmetall's large-bore pistons business currently has around 290 employees in Neckarsulm, Germany; Kunshan, China; and Marinette/Wi, USA. The employees of the steel pistons line at the small-bore pistons plant in Marinette/Wi will also be taken over.

For KVAB, running its companies as autonomous standalone units with a separate organization is important, which is why it places great emphasis on working together with the existing management team. The new company's CEO will be Ralf Remmler, who up until now has served as head of the large-bore pistons business unit. The Kolbens Schmidt and KS brands will in future remain in the "KS Large Bore Pistons" company, meaning that there will be no outward change. A new company called KS Large Bore Pistons Germany GmbH is being set up in

► Key facts

- Rheinmetall selling its entire large-bore pistons business to Koncentra Verkstads AB
- Acquisition includes all three production plants in Germany, the USA and China as well as the steel pistons line at its small-bore pistons plant in Marinette, Wisconsin
- Entire staff to be taken over
- Measure reflects Rheinmetall's strategic reorientation
- Conclusion of transaction on 31 December 2022 sought

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Germany, while the two existing companies in the USA (KS Large Bore Pistons LLC) and China (KSLP China Co. Ltd) will convey directly.

Koncentra Verkstads AB

KVAB is a manufacturing group headquartered in Gothenburg, Sweden. Its companies have locations in Sweden, Finland, Estonia, France, the Czech Republic and China. KVAB is highly familiar with the international market for large engines and is itself very active in this domain. KVAB is committed long term to the large-bore pistons market.