

DUROC RAIL ENTERS INTO A STRATEGIC PARTNERSHIP WITH LKAB – TRANSACTION COMPLETED

20 of February 2024

The earlier communicated transaction, where Duroc has, entered into a strategic partnership with LKAB which aims to jointly develop the offer in maintenance for railway wheels and related components, has now been completed. The collaboration implies that LKAB acquires 49 percent of Duroc Rail AB for a final purchase price of approximately MSEK 79 and will, together with Duroc Rail, build a new production facility in Luleå.

The new production facility, which will be owned by LKAB and used by Rail, is expected to be completed in the end of 2025. A 20-year lease agreement with an extension option has been signed between the parties. The property comprises a total of approx. 40,000 sqm. of land area, of which approx. 7,000 sqm. is production area. The investment will enhance capacity and flexibility and will be dimensioned to support the expected future growth that is predicted for Duroc Rail's operations.

Since the acquisition of Duroc Rail in the late 90s, Duroc has developed the company to its current strong position and has methodically invested and developed the business to what it is today. The company is, and will continue to be, a vital part of rail traffic in Norrland, and the collaboration thus enables a significant growth opportunity for Rail.

"The agreement with LKAB, one of our most important customers, means that we can ensure development and capacity for the future, where we see that the transition to sustainable transports and the green industrialization that is taking place will require more and more efficient rail wheel maintenance. We will therefore continue to invest and develop the offer for all customers, which creates the conditions for continued profitable growth. We are happy that our more than 100-year-old business with approx. 60 employees continues to develop in Luleå," says Duroc's President and CEO John Häger

Duroc Rail had a turnover of approximately MSEK 174 R12 2023 and has approximately 60 employees. Duroc maintains its majority ownership in Duroc Rail, which will continue to be included in the group's consolidated accounts. The sale implies a profit of MSEK 72 million in the parent company. The transaction strengthens Duroc's already strong financial position, and the parent company will by the transaction become debt free, with a net cash position and available credit facilities of approx. MSEK 280 (pro forma 31 December 2023), which further enables future investments.

Stockholm, 20th of February 2024

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The Duroc Group manages and develops industrial and trading companies. With deep knowledge of technology and market, the Group's companies strive to achieve a leading position in their respective industries. As owner Duroc contributes actively to the development. Consolidated sales amount to approximately MSEK 2,800. The Group has approximately 800 employees. Duroc is listed on NASDAQ OMX Stockholm (symbol: DURC). www.duroc.se

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