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1/3

Cooperation agreement for German naval shipbuilding

Joining forces

Lürssen intends to establish a long-term cooperation in naval shipbuilding with German Naval Yards Kiel. The existing military and naval surface shipbuilding activities are to be contributed into a joint company and led by Bremen-based Lürssen Group. The objective of the combination is to improve the structure of the German shipbuilding industry and to bolster its efficiency and sustainability. This week, the two shareholding families have successfully laid the foundation for a definitive contractual agreement for the joint company. The proposed combination remains subject to approval by the relevant merger control authorities.

The combination addresses the German public customer's request to establish industrial structures that guarantee reliable domestic availability and an efficient cost structure. In addition to the construction of highly innovative and technologically advanced naval vessels, this also includes the functional integrity of such vessels over the entire life cycle. The recent classification of the entire naval shipbuilding industry as German "key technology" by the German government in the context of the revised "Strategy paper for the strengthening of the German security and defense industry" supports such a request. The strengthening of the domestic naval shipbuilding industry through a combined entity between Lürssen and German Naval Yards Kiel meets these objectives and further strengthens the ability of Northern German shipyards and the domestic maritime supply industry to successfully compete on a global scale.

The German Government, represented by their Maritime Coordinator, Norbert Brackmann, MdB, was involved in the process from early stages on. He accompanied and supported the process substantially with his expertise.

Iskandar Safa, CEO of Prinvest Holding SAL, the ultimate parent company of German Naval Yards Kiel GmbH, comments on the strategic milestone: "The consolidation in Germany is long overdue. Germany has first-class naval yards and excellent technologies. However, our customers require partners with sufficient scale and capabilities to fulfil large-scale orders of strategic importance. Our customers can be better served if domestic players join forces. We have made an important step into the right direction today. We look forward to working with our partner Lürssen."

Friedrich Lürßen, shareholder of the Lürssen Group, views the strategic agreement as an important step to strengthen the attractiveness of Germany's naval industry. "We are convinced that the consolidation of our naval shipyards has significant strategic merit and will strengthen their competitiveness in the future. We are pursuing this step with the objective to provide a more comprehensive and efficient offering for the supply and maintenance of high-quality naval units to the national customer. We stand ready for this with our team of motivated and highly qualified employees. With this strategic project, we also want to actively contribute to mitigating the effects of the current corona pandemic and to safeguard the national industry's jobs and technological capabilities in the long-term. We look forward to working with our new partner and are confident to take the required next steps to successfully implement our consolidation strategy."

LÜRSEN

Since 1875, the Northern German group of companies, Lürssen, has been renowned worldwide for the highest product quality as well as innovative technologies in yacht and naval shipbuilding. This family-owned company, based in Bremen-Vegesack, specialises in the design and manufacture of yachts, marine and coastguard vessels. The new build sector also includes extensive after-sales service, including repairs, refits, maintenance and global logistics services. With six highly specialised production sites in Bremen, Hamburg, Mecklenburg-Vorpommern, Lower Saxony and Schleswig-Holstein, the family company will continue to rely on the proven shipbuilding traditions of North German shipyards and the passion of its employees.

Further information on www.luerssen.de

GERMAN NAVAL YARDS KIEL GmbH

GERMAN NAVAL YARDS Kiel specialises in the design and construction of highly-integrated naval vessels. These include frigates, corvettes and offshore patrol vessels. Our shipyards in Kiel are the direct successor to the surface vessel shipbuilding sector of HDW (Howaldtswerke-Deutsche Werft GmbH). The historic traditions of naval shipbuilding on the Kiel Fjord live on at our shipyards. Vessels of all frigate classes currently used by the German Navy have been built from this shipyard.

Further information on www.germannaval.com