



Press release

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Industri Kapital Sells VSM Group to Affiliates of Kohlberg Management IV, L.L.C.

Industri Kapital (“IK”) and affiliates of Kohlberg Management IV, L.L.C. (“Kohlberg”), have signed an agreement on the sale of VSM Group Holding AB (“VSM”), a leading supplier of high end consumer sewing machines and accessories under the Husqvarna Viking and Pfaff brands. Affiliates of Kohlberg already control the well known Singer brand of household sewing machines. The transaction will be made by a holding company, to be called SVP Holdings, reflecting its ownership of the Singer, Viking and Pfaff brands.

Don Fletcher, who joined Singer following Kohlberg’s investment in September 2004, will become CEO and President of SVP Holdings. The executive management team of SVP Holdings will include representatives from both VSM and Singer. Mr. Jörgen Johansson, the current CEO of VSM, will become a senior advisor and member of the Board of Directors of SVP Holdings.

Based in Sweden, VSM markets and sells advanced sewing machines, overlocks and accessories for creative sewing worldwide. With its global brands, VSM is the leader in the premium segments of its industry. The group has 2,000 employees, manufacturing facilities in Sweden and the Czech Republic, 16 sales companies and distributors in 57 countries with the world’s largest dealer network consisting of some 4,100 sales-points. VSM has annual sales of 240 million euro.

Following IK’s acquisition of VSM from Electrolux in April 1997, IK, in close co-operation with management, transformed VSM into a leading player in the high-end segment of the sewing machine industry. During IK’s ownership the company has launched a number of strategic initiatives, including improving the product range, focusing on the high-end embroidery segment and developing after-market sales of accessories and software, whilst continuously enhancing the professional dealer network. Sales have more than doubled and profits have almost trebled.

Kim Wahl, Partner at Industri Kapital, commented: “This investment demonstrates our dedication to building best-in-class companies and improving operational performance. We have worked alongside a strong and dedicated management team to adapt the business to a niche where sewing is more of a hobby than a necessity. We have grown the company both organically and through the strategic add-on acquisition of Pfaff and we have ensured that VSM’s dealer network is the strongest in the industry”.

Jörgen Johansson, CEO of VSM, commented: “As the world leader in creative sewing we are pleased to be acquired by affiliates of Kohlberg, which, like IK, have a strong appreciation of our specialized business and organizational culture. With their support, we are eager to continue our strategy of working with our dealers to deliver a superior creative sewing experience to our customers around the world. We are confident that the combination within SVP will allow us to utilize our resources in a much more efficient manner, furthering our ability to focus on the continued innovation necessary to keep the world sewing.”

Don Fletcher, CEO of Singer, commented: “I’m delighted at the prospect of bringing VSM under the SVP umbrella. VSM’s highly advanced product development capabilities and its unsurpassed presence in the premium segment of the consumer sewing industry will be a perfect complement to

our existing business, and I fully support the Company's growth strategy. Together, our two businesses will be better positioned to respond to the needs of consumers worldwide."

The transaction is subject to regulatory approvals.

Industri Kapital was advised by UBS, Advokatfirman Vinge and PricewaterhouseCoopers.

Contacts:

Industri Kapital:

Kim Wahl, Partner
Phone: +47 23 11 46 57

Anne Holm Rannaleet, Partner & Information Director
Phone +46 8 678 9550

VSM:

Jörgen Johansson, CEO
Phone: +46 36 14 62 28

Kohlberg:

Evan Wildstein, Kohlberg
Phone: +1 (914) 241-7430

Singer

Don Fletcher, CEO
Phone: +1 (615) 280-5205

VSM

VSM develops, produces, markets and sells home sewing machines and accessories which provide consumers worldwide with the potential to experience the joy of creative sewing. With its global brands, Husqvarna Viking and Pfaff, the company is one of the world's leading players in the industry. It sells some 500,000 sewing machines annually corresponding to a turnover of SEK 2.2 billion. The Group has around 2,000 employees, of whom 500 are based in Sweden. The company is certified in accordance with the international quality and environmental management systems ISO 9001 and ISO 14001.

For further information on VSM: www.vsmgroup.com

Industri Kapital

Industri Kapital is a European private equity firm with Nordic roots, managing close to 4 billion euros in fund commitments. Since 1989, Industri Kapital has acquired 55 European companies. The current portfolio encompasses 23 companies with a total turnover of approximately 8.8 billion euros. Industri Kapital invests mainly in mid-sized companies with strong cash flow and profit improvement potential, operating in mature industries with fundamental underlying growth. Over the years Industri Kapital has developed significant sector experience, principally in the manufacturing, process, building material, retail and services industries.

In the manufacturing sector, Industri Kapital has invested in e.g. Myresjöhus, Alfa Laval, Elektrokoppar, Idesta, Kongsberg Automotive, Crisplant Industries, CPS Color, Enermet Group and

KCI Konecranes in Scandinavia; Groupe Fives-Lilles and Ceva Santé Animale in France and Gardena in Germany.

For further information on Industri Kapital: www.industrikapital.com

Singer

Founded in 1851, Singer is one of the world's leading sellers of household sewing machines. The Company has a long history of innovation in the sewing machine industry, having produced, among other breakthroughs, the world's first portable machine in 1921 and its first computer-controlled machine in 1978. Singer was also one of the world's first multinational companies, having opened its first overseas production facility in Scotland in 1867. Today, Singer continues to maintain a strong international presence, with manufacturing facilities in Brazil and China, 10 overseas marketing operations and a network of third-party distributors selling the Company's products in more than 190 different countries.

For further information on Singer: www.singer.com

Kohlberg Management IV, L.L.C.

Kohlberg Management IV, L.L.C. is the fourth investment fund managed by Kohlberg & Company, L.L.C., a leading U.S. private equity firm specializing in middle-market investing. Since its inception in 1987, the firm has organized five private equity funds, through which it has raised \$2.2 billion of committed capital. The firm's objective has been to realize substantial capital gains through control investment in a diversified portfolio of companies. The primary focus of the firm is to invest in companies where it can work in partnership with senior management to identify growth opportunities and implement fundamental operating and strategic changes, resulting in substantial increases in revenue and cash flow. The firm uses prudent amounts of debt financing in acquiring companies in order for them to preserve the financial flexibility necessary to attain these corporate objectives.

For further information on Kohlberg & Company: www.kohlberg.com