

## NOTIFICATION

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### **HENSOLDT sets price range for its Initial Public Offering**

- HENSOLDT AG shares to be offered within a price range of EUR 12 to EUR 16 per share
- Price range implies a total market capitalization of between EUR 1.26 billion and EUR 1.58 billion and an enterprise value of between EUR 2.29 billion to EUR 2.61 billion
- The base offer will target primary proceeds for HENSOLDT AG from a capital increase in the amount of EUR 300 million and EUR 100 million from the sale of existing shares owned by Square Lux Holding II S.à r.l.
- Upsize option for up to 6,500,000 existing shares from the holdings of Square Lux Holding II S.à r.l.
- Possible over-allotment of up to 5,975,000 existing shares from the holdings of Square Lux Holding II S.à r.l. (greenshoe option), not exceeding 15% of the other placed shares
- Free float is expected to amount to up to 32% without exercise of the upsize option and greenshoe option, and up to 44% if the upsize option and greenshoe option are exercised in full
- Offer period is expected to begin on September 16, 2020, and is expected to end on September 23, 2020
- First day of trading planned for September 25, 2020

**Taufkirchen, September 15, 2020** – HENSOLDT AG (“HENSOLDT”), Europe’s largest pure-play electronic sensor solutions house together with its owner, Square Lux Holding II S.à r.l. (“Selling Shareholder”), a company indirectly owned by funds advised by KKR (“KKR”), has today published the prospectus defining the terms and conditions for the planned initial public offering (“IPO”) and planned listing of its shares on the regulated market segment of the Frankfurt Stock Exchange (Prime Standard).

The offering comprises a public offer to individual and institutional investors in Germany and private placements elsewhere.<sup>1</sup> The price range for the shares has been set at EUR 12 to EUR 16 per share. The first day of trading for HENSOLDT shares is expected to be September 25, 2020.

Thomas Müller, CEO of HENSOLDT, said: “HENSOLDT is well on track. Since we announced our intention to float, we have received positive feedback from investors and other stakeholders. The interest shown by investors is a clear sign for the attractiveness of our

<sup>1</sup> Outside the United States under Regulation S and in the United States to qualified institutional buyers under Rule 144A.

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business and our sustainable growth momentum. It confirms that this IPO is the next logical step for us.”

The base offer size amounts to 33,333,333 shares in total including newly issued shares and existing shares by the Selling Shareholder and could be increased to up to 45,808,333 shares following an exercise in full of the upside option and the greenshoe option. The price range implies a total market capitalization of between EUR 1.26 billion and EUR 1.58 billion and an enterprise value<sup>2</sup> of between EUR 2.29 billion to EUR 2.61 billion. Depending on the total offer size, the expected free float would range from up to 32% (without exercise of the upside option and the greenshoe option) to up to 44% (assuming full exercise of upside option and the greenshoe option).

The offer will comprise four components:

- (1) Up to 25,000,000 newly issued bearer shares from a capital increase (“Primary Base Shares”), targeting gross proceeds for HENSOLDT of EUR 300 million. The exact number of Primary Base Shares depends on the offer price.
- (2) Up to 8,333,333 existing bearer shares from the holdings of the Selling Shareholder (“Secondary Base Shares”), targeting gross proceeds for the Selling Shareholder of EUR 100 million. The exact number of Secondary Base Shares depends on the offer price.
- (3) Up to 6,500,000 existing bearer shares with no par value from the holdings of the Selling Shareholder, subject to the exercise of an upside option by the Selling Shareholder in full or part (“Additional Base Shares”). A decision on the exercise of the upside option will be taken on the day of pricing.
- (4) Up to 5,975,000 existing bearer shares with no par value from the holdings of the Selling Shareholder to cover potential over-allotments (“Over-Allotment Shares”). The number of Over-Allotment Shares will not exceed 15% of the number of placed Base Shares and Additional Base Shares, if any.

HENSOLDT intends to use the targeted proceeds from the capital increase of approx. EUR 300 million, amongst other uses, to support its highly visible growth trajectory,

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<sup>2</sup> Calculated on June 30, 2020 basis (i.e., expected market capitalization based on offer volume and price range, plus net debt calculated as financing liabilities and lease liabilities minus cash, plus pension liabilities and plus non-controlling interests, in each case as of June 30, 2020, minus targeted primary net proceeds).

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sustain its existing investment strategy and strengthen its balance sheet. The proceeds from the primary offering are also intended to allow HENSOLDT to achieve a targeted net leverage of approx. 3.0x by year-end 2020.<sup>3</sup> At the mid-point of the price range, the Selling Shareholder would receive estimated proceeds in the amount of EUR 100 million from the sale of Secondary Base Shares, up to an additional EUR 91 million from the potential sale of the Additional Base Shares and up to an additional EUR 74 million from the Over-Allotment Shares.

In preparation of the planned IPO, the Federal Republic of Germany, HENSOLDT and the Selling Shareholder have recently updated the security agreement that has been in place since 2017 in order to continue to protect the security interests of the Federal Republic of Germany with regard to HENSOLDT in the future. The security agreements are customary in the industry, and among other rights as described in the prospectus, under the terms of these agreements, the Federal Republic of Germany continues to have an option to acquire between 10% to 25.1% of HENSOLDT's shares from the holdings of the Selling Shareholder after the IPO.<sup>4</sup>

The Selling Shareholder and HENSOLDT have agreed to a lock-up period of six months following the listing of the company's shares, which is subject to certain exemptions.

The offer period will commence on September 16, 2020 and is expected to end on September 23, 2020. Offers may be submitted until 12:00 (CEST) by retail investors and 14:00 (CEST) by institutional investors on the last day of the offer period. Based on the order book, the final offer price per share (the "Offer Price") and the final number of shares to be sold are expected to be determined on or about September 23, 2020. Trading on the regulated market segment (Prime Standard) of the Frankfurt Stock Exchange is expected to begin on September 25, 2020.

The German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) has approved the securities prospectus for the public offering in Germany. The prospectus is available for download from the company's website:

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<sup>3</sup> Calculated as the ratio of the sum of non-current financing liabilities, noncurrent lease liabilities, current financing liabilities, and current lease liabilities less cash and cash equivalents as of the respective balance sheet date, in relation to Adjusted EBITDA for the twelve-month period ended on such balance sheet date.

<sup>4</sup> This option was first agreed in 2017 as part of the initial security agreement. Under the updated agreements, the Federal Government may exercise the option up until December 31, 2020 for a fixed (pro rata) price of EUR 600 million for 25.1%. At a later stage, the option may be exercised in case KKR intends to reduce its shareholding in HENSOLDT to less than 25.1% (valuation then based on the 45 days volume-weighted average trading price).

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<https://investors.hensoldt.net/websites/hensoldt/English/0/planned-ipo.html>. There will be no public offering outside of Germany and the prospectus is also not otherwise approved by any other regulatory body.

BofA Securities, J.P. Morgan, KKR Capital Markets, and Deutsche Bank are acting as Joint Global Coordinators in connection with the planned transaction. Citigroup, COMMERZBANK, UniCredit Bank AG, and Crédit Agricole CIB will support the transaction as Joint Bookrunners, with Mizuho International acting as Co-Manager.

### About HENSOLDT

HENSOLDT is a pioneer of technology and innovation in the field of defence and security electronics with more than 150 years of heritage from companies like Carl Zeiss, Airbus, Dornier, Messerschmitt and Telefunken. Based in Taufkirchen near Munich, the company is a German Champion with strategic leadership positions in the field of sensor solutions for defence and non-defence applications. HENSOLDT develops new products to combat a wide range of threats based on innovative approaches to data management, robotics and cyber security. With more than 5,400 employees as of December 31, 2019, HENSOLDT generated revenues of EUR 1.11 billion in 2019.

[www.hensoldt.net](http://www.hensoldt.net)

### About KKR

KKR is a leading global investment firm that manages multiple alternative asset classes, including private equity, credit and real assets, with strategic partners that manage hedge funds. KKR aims to generate attractive investment returns for its fund investors by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation with KKR portfolio companies. KKR invests its own capital alongside the capital it manages for fund investors and provides financing solutions and investment opportunities through its capital markets business. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR's website at [www.kkr.com](http://www.kkr.com) and on Twitter @KKR\_Co.

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This announcement does not constitute an offer to sell or a solicitation of an offer to buy any securities. Special attention is drawn here to that , no foreign investor (including investors based in Germany but with direct or indirect foreign shareholders of 10% or more) shall acquire, directly or indirectly, 10% or more of the Company's voting rights without prior approval under applicable German foreign investment control laws (*Außenwirtschaftsverordnung – AWV*). Any acquisition in violation of German foreign investment control laws may be void and subject to sanctions. Details on German foreign investment control laws will be set out in a prospectus and/or offering circular. Any offer will be made exclusively through and on the basis of a prospectus that must be published in Germany as supplemented by additional information related to the offer outside of Germany. The prospectus is available free of charge at Hensoldt AG, Willy-Messerschmitt-Straße 3, 82024 Taufkirchen, Germany as

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well as on the Company's website:  
<https://investors.hensoldt.net/websites/hensoldt/English/0/planned-ipo.html>.

No money, securities, or other consideration is being solicited, and, if sent in response to the information contained herein, will not be accepted.

In any member state of the European Economic Area and in the United Kingdom, this announcement is only addressed to, and is only directed at, "qualified investors" in that Member State within the meaning of Article 2 lit. (e) of the Prospectus Regulation (Regulation (EU) 2017/1129).

This announcement does not constitute an offer document or an offer of securities to the public in the U.K. to which section 85 of the Financial Services and Markets Act 2000 of the U.K. applies and should not be considered as a recommendation that any person should subscribe for or purchase any securities as part of the Offer. This announcement is being communicated only to (i) persons who are outside the U.K.; (ii) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Order") or (iii) high net worth companies, unincorporated associations and other bodies who fall within article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). Any person who is not a Relevant Person must not act or rely on this communication or any of its contents. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. This announcement should not be published, reproduced, distributed or otherwise made available, in whole or in part, to any other person without the prior consent of the Company.

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This announcement contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management, and are based on information currently available to the management. Forward-looking statements shall not be construed as a promise for the materialization of future results and developments and involve known and unknown risks and uncertainties. Actual

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results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment (including due to the COVID-19 pandemic), risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting the Company, and other factors. Neither the Company nor any of its affiliates assumes any obligations to update any forward-looking statements. Each of BofA Securities, J.P. Morgan, KKR Capital Markets, Deutsche Bank, Citigroup, COMMERZBANK, UniCredit Bank AG, Crédit Agricole CIB and Mizuho International and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

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In connection with the transaction, BofA Securities, as stabilisation manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot the Company's shares or effect other transactions with a view to supporting the market price of the Company's shares at a higher level than that which might otherwise prevail in the open market. BofA Securities is not required to enter into such transactions and such transactions may be effected on any stock market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of dealings of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and ending no later than 30 calendar days thereafter. However, there will be no obligation on BofA Securities or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilising measures, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Company's shares above the offer price. Save as required by law or regulation, neither BofA Securities nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the transaction.

In connection with the transaction, BofA Securities as stabilisation manager, may, for stabilisation purposes, over-allot the Company's shares up to a maximum of 15% of the total number of the Company's shares comprised in the transaction. For the purposes of allowing it to cover short positions resulting from any such over-allotments and/or from sales of the Company's shares effected by it during the stabilisation period, BofA Securities will enter into over-allotment arrangements pursuant to which BofA Securities may purchase or procure purchasers for additional shares up to a maximum of 15% of the total number of the Company's shares comprised in the Transaction (the "Over Allotment Shares") at the offer price. The over-allotment arrangements will be exercisable in whole or in part, upon notice by BofA Securities, at any time on or before

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the 30th calendar day after the commencement of trading of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Any Over-allotment Shares made available pursuant to the over-allotment arrangements, including for all dividends and other distributions declared, made or paid on the Company's shares, will be purchased on the same terms and conditions as the Company's shares being issued or sold in the transaction and will form a single class for all purposes with the other shares of the Company.

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