



Acquisition of Alfa Laval Air heat exchanger business

December 2018



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fincoil





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2 – Transaction overview

- On December 12th 2018, Luve signed a binding contract to acquire 100% of Alfa Laval Air Heat Exchanger business (the “AL Air EX”). Closing is expected within H1 2019.
- The AL Air EX is a division within Alfa Laval that manufactures air heat exchanger solutions for industrial cooling, refrigeration and HVAC applications:
 - ✓ June 2018 LTM turnover of € 98,3 millions with an EBITDA margin > 7%
 - ✓ a compounded growth rate of 6.6% in the last 3 years
 - ✓ world class customers in Europe, US and India
 - ✓ strong management team with international experience
 - ✓ 3 state of the art manufacturing plants in Italy, Finland and India with ≈400 people
- Limited overlapping with LUVE’s customers/products base
- Ideal base to expand market presence in the industrial cooling and industrial refrigeration segment in Europe and to expand production in India
- Total consideration based on 2018 EBITDA





3. The AL Air EX at a glance



Acquisition of Artec 

- Alfa Laval acquires Italian air heat exchanger manufacturer Artec based in Alonte

Acquisition of Helpman 

- Alfa Laval acquires Dutch air heat exchanger manufacturer Helpman
- Manufacturing of industrial refrigeration products
- Approx. 130 employees
- Products used in the sensitive logistical chain for food, i.e. refrigeration and temperature control (to secure product quality)
- Production moved to Italy in 2015

Acquisition of Fincoil 

- Alfa Laval acquires Finnish air heat exchanger manufacturer Fincoil, based in Vantaa, Finland
- World leading position in cooling of diesel power plants

New production facility 

- Inauguration of a new Air Unit Cooler production facility in Sarole, India
 - Assembly centre for Helpman air units in India
- Manufacturing of industrial air coolers used within the industrial refrigeration segment
- Product portfolio based on the old Helpman range

Greenhouse initiative

- Announcement of the Greenhouse initiative where three product groups were separated from the new organisational structure, including Callisto

Footprint review

- Krakow (2017)
- Potok (Feb 2018)
- Assortment control





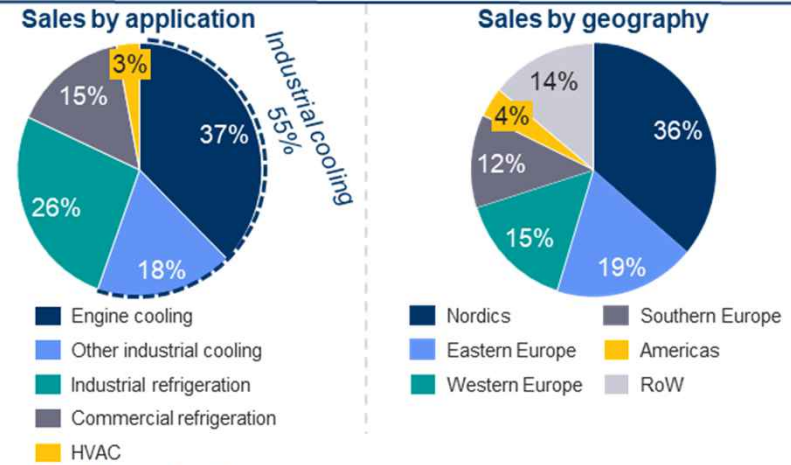
3. The AL Air EX at a glance

Brief company description

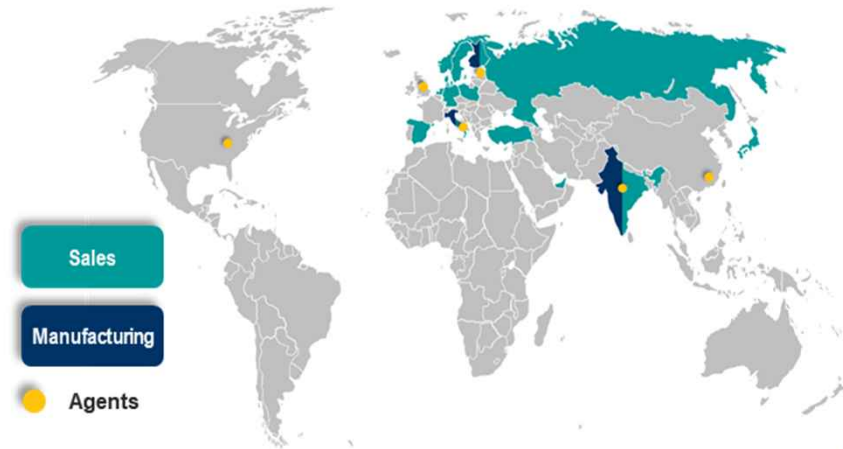
- AL Air EX is a business unit within Alfa Laval that manufactures air heat exchangers solutions for industrial cooling, refrigeration and HVAC applications
- The AL Air EX is headquartered in Alonte, Veneto region, Northern Italy, which is also the Business' main manufacturing site
 - Furthermore, manufacturing facilities are operated in Vantaa, Finland and in Sarole, India
- Industrial cooling** is by far the largest application area in terms of sales (55% of total) where engine cooling is the main revenue source
- Within the **refrigeration** segment, AL Air EX serves both the **industrial** (26% of sales) and **commercial** (15% of sales) markets
- HVAC** solutions account for approximately 3% of sales
- AL Air EX is targeting further growth within the **industrial cooling** market, maintaining current market share in engine cooling while growing within e.g. turbine cooling and electrical power converters
- Growth initiatives also include entering new markets such as the US and certain Asian markets as well as new applications like data centre cooling
- AL Air EX intends to get closer to the Nordic customers in the **industrial cooling** and **HVAC** segments by setting up a line for V-shape units in Vantaa



Sales split by application and geography (2017)



Geographical footprint⁽¹⁾



Note: (1) Sales personnel based in one specific country in some cases also cover neighbouring countries which allows AL Air EX to serve customers in a global setting



4. Transaction strategic rationale

- Becoming the third largest player in the world in the air heat exchanger.
- Strengthening market position in Europe in industrial cooling business unit, achieving a leading position.
- Enlargement of product applications (engine cooling, power converter and process cooling).
- Limited customers overlapping.
- Strong management team with international experience.
- Expansion in the Indian market related to the cold chain infrastructure.
- Opportunities of synergies as result of plant specialization, marketing efforts and costs rationalization.



5. Expected transaction financials

- 100% to be acquired at Closing, expected on H1 19, subject to customary conditions precedent
- Valuation:
 - 65% to be paid at closing at 6.5x 2018 EBITDA
 - 15% to be paid 12 months after closing subject to certain conditions
 - 20% to be paid 12/24 months after closing at 7.0x / 7.5x future EBITDA
 - Total value expected by LUVE: € 66-67 Millions
- Debt and cash free
- The acquisition of AL Air EX is expected to be accretive on EBITDA and net profit





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