

Danfoss A/S
Date: January 21, 2020

This announcement contains inside information as defined in Article 7 of the Market Abuse Regulation (EU) 596/2014 (“Market Abuse Regulation”) and is disclosed in accordance with the Issuer’s obligations under Article 17 of the Market Abuse Regulation.

Re: EUR 500,000,000 1.375 per cent. Fixed Rate notes due 23 February 2022 (ISIN XS1152089345)

Danfoss reaches agreement to acquire Eaton’s Hydraulics business

Danfoss today announced that it has entered into an agreement to acquire Eaton’s Hydraulics business for a cash purchase price of 3.3 billion USD (approximately 3.0 billion EUR).

The transaction is subject to customary closing conditions and regulatory approvals and it is expected to close by the end of the year.

Danfoss is acquiring the Eaton hydraulics business to combine its complementary portfolios and geographic footprints to create a global leader in the mobile and industrial hydraulics markets. This is fully in line with Danfoss’ strategy to strengthen its core businesses, enhancing its market position in mobile hydraulics, entering the industrial hydraulics segment and growing its market presence in North America and Asia Pacific.

Eaton Hydraulics provides products for customers in markets such as agriculture, construction, and in industrial market segments. The business will be transferred into the existing Danfoss business segment, Danfoss Power Solutions, adding approximately 11,000 employees and 2019 sales of 2.2 billion USD (2.0 billion EUR) to the business segment. Danfoss has approximately 28,000 employees and 2019 sales of 7.0 billion USD (6.3 billion EUR).

The acquisition will be fully financed with debt. An acquisition credit facility has been established with a group of Danfoss’ core banks and subsequent to closing, Danfoss intends to refinance a part of this credit facility in the debt capital markets. Danfoss intends to maintain a robust capital structure and aims for a capital and financing structure that is compatible with a BBB credit rating.

This announcement contains forward-looking statements about the expected closing of the acquisition. These statements should be used with caution and are subject to various risks and uncertainties, some of which are outside of the company’s control. Factors that could cause these statements to become untrue include possible delay or failure of the satisfaction of all closing conditions. We do not assume any obligation to update these forward-looking statements.

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