

Press Release

Group Communications
Danfoss A/S

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Danfoss agrees to acquire Eaton's hydraulics business

Today, Danfoss has entered into an agreement to acquire Eaton's Hydraulics business. The acquisition marks a major milestone in the company's history and its Going Great strategy.

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 acquisition is fully in line with Danfoss' strategy to strengthen its core businesses and enhance customer value.

"Today, we take a significant and transformational step in creating a global leader in mobile and industrial hydraulics. It is a once-in-a-lifetime opportunity to combine our largely complementary portfolios and geographic footprints. Eaton Hydraulics is a highly respected player in the global industry, recognized for its dedicated people and strong brands. By combining the knowledge and experience of the two businesses, our customers will benefit from unmatched expertise from a single partner. With this agreement, we continue to invest in our core hydraulics business and digital solutions to stay a strong technology partner," says Kim Fausing, Danfoss President and CEO.

"We believe Eaton's Hydraulics business will benefit greatly from being part of a company that has hydraulics at its core," says Craig Arnold, Eaton Chairman and CEO. "When complete, this deal will bring together two talented teams with deep hydraulics knowledge and expertise. And Eaton's hydraulics team will be part of a company that is committed to becoming a global leader in mobile and industrial hydraulics. The combined business will also benefit customers and distributors by offering industry-leading technology and a much broader portfolio of hydraulic solutions."

The Danfoss and Eaton Hydraulics businesses are leaders in the industry and have many organizational similarities, including company culture and a focus on customers, R&D and quality. Both businesses are global with complementary geographic footprints and the combined business creates a broader presence across the world. Furthermore, the acquisition will enable Danfoss to enter the industrial hydraulics market that is served by Eaton Hydraulics.

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, which will double the hydraulics business. Danfoss today has approximately 28,000 employees and 2019 sales of 7.0 billion USD (6.3 billion EUR). Accordingly, with this transaction, Danfoss will increase its size by one-third.

"Hydraulics is our core, and we have for years strengthened our Power Solutions business through high customer focus, as well as through significant investments in technology leadership. I believe our customers will benefit from combining these two businesses into a full-line hydraulics player dedicated to innovation and with a broad offering of products, robust distribution channels and tremendous geographic reach," says Eric Alström, President of Danfoss Power Solutions.

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

Danfoss in brief

Danfoss engineers advanced technologies that enable us to build a better, smarter and more efficient tomorrow. In the world's growing cities, we ensure the supply of fresh food and optimal comfort in our homes and offices, while meeting the need for energy-efficient infrastructure, connected systems and integrated renewable energy. Our solutions are used in such areas as refrigeration, air conditioning, heating, motor control and mobile machinery. Our innovative engineering dates back to 1933 and today, Danfoss holds market-leading positions, employing 28,000 people and serving customers in more than 100 countries. We are privately held by the founding family.

This news release 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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