

Press release

Emak Group acquires 83.1% of Lavorwash Group

Bagnolo in Piano (RE), 10/05/2017 –Emak Group announces that it was signed, by the subsidiary Comet S.p.A., a binding contract for the acquisition of 83.1% of the Lavorwash Group by Zenith S.p.A. (of the Lanfredi family) and the Migliari family.

Lavorwash, headquartered in Pegognaga (MN), is a Group active in the design, production and marketing of a wide range of both hobby and professional machines for the cleaning sector such as high pressure washers, vacuum cleaners, floor scrubbers. Lavorwash Group has manufacturing facilities in Italy, China and Brazil, and distributing subsidiaries in Spain, France, Great Britain, Poland and China. In 2016, based on the due diligence, Lavorwash Group had a turnover of € 70 million, with an adjusted EBITDA of € 9.5 million and a net profit of € 5.8 million. By the end of 2016 the company had a positive net financial position of around € 17 million.

Emak evaluated 100% of the Lavorwash Group to an Enterprise Value of € 55.0 million, excluding the normalized net financial position.

The final price to be paid to the sellers will take into account the net financial position of Lavorwash Group at June 30, 2017, normalized for the effects of the trend in net working capital of the last twelve months.

Payment of the consideration for the acquisition of 83.1% of the capital will take place at the closing, scheduled for July 3, 2017, on the basis of a provisional price determined at € 54.8 million, which will be corrected on the basis of the results achieved on June 30, 2017.

The deal will be fully funded through the use of liquid assets currently available to the Group and new medium to long-term bank debt finalized to the acquisition.

A further 14.7% stake held by Zenith S.p.A. and Migliari family is regulated by a put and call option agreement to be exercised in 2020, at a price calculated on the basis of the results obtained in the period 2018-2019. The remaining 2.2% will remain in the possession of the current Lavorwash minority shareholders

Lavorwash Group's activity is strongly complementary to the activities of the Emak Group's Pump and High-Pressure Water Jetting segment.

Comet, one of the world leaders in the pumps for agriculture and high-pressure water jetting sector, 100% controlled by Emak, through investment in product innovation and targeted acquisitions, has focused and expanded its offer in the professional range of the sector, selling its products through the specialized dealers channel and contractors.

Lavorwash has historically concentrated its offer in the consumer and entry level range, selling its products mainly through the DIY channel.

The brands of the two companies thus have a limited overlap due to their different market positioning.

The operation sees, as a fundamental aspect for future value creation for the Emak Group, the implementation of a commercial and productive synergy plan that Comet and Lavorwash have identified and intend to jointly develop from closing.

"This acquisition will accelerate the growth of the Group in the Pump and High Pressure Water Jetting segment - emphasizes Paolo Bucchi, President of Comet - thanks to the expansion and completion of the range of products in the cleaning sector, offering greater opportunities to consolidate market shares on historic customers and acquire new ones. "

In the medium-long term, the acquisition will enable to optimize the productive structure of the division Pumps and High Pressure Water Jetting, through the reorganization of the factories on the basis of the type of product, making the plants more efficient and focused.



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"Today's operation - says the Chairman of the Emak Fausto Bellamico Group - is part of the Group's external growth strategy. Through the acquisition of Lavorwash, we add an important part to the product line for cleaning, reaching an absolutely important position in the industry. "

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Emak Group develops, produces and distributes a wide range of products in three business areas: (i) outdoor power equipment, which includes products for gardening, forestry and agriculture such as trimmers, lawn mowers, tractors, chain saws, tillers, rotary tiller; (ii) pumps and high pressure water jetting, that include diaphragm pumps for agriculture, piston pumps for industrial applications, high pressure washers and hydrodynamic units; (iii) components and accessories for the abovementioned sectors, the most representative of which are line and heads for trimmers, accessories for chain saws (i.e. sharpeners), guns, nozzles and valves for pressure washers and agricultural applications, seats and technical spare parts for tractors. The Group distributes its products worldwide through 29 companies, more than 150 distributors and over 30,000 specialized dealers. In 2016 Emak Group realized a total turnover of € 391.9 million and counted 1,693 employees.

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