

Press Release

## **Piovan Group acquires 100% of IPEG, further strengthening its global leadership position in its reference sector**

Closing of the transaction expected by the first quarter of 2022

**S. Maria di Sala, Italy and Cranberry Township, USA.** 13<sup>th</sup> December 2021. Piovan S.p.A. ("**Piovan**", "**Piovan Group**" or the "**Buyer**") and IPEG, Inc. ("**IPEG**" or the "**Target**") announce the signing of an agreement (the "**Transaction**") providing for the acquisition by Piovan of 100% of the outstanding shares of Sewickley Capital, Inc. ("**Sewickley Capital**"), the owner of 100% of IPEG, from the selling shareholders of Sewickley Capital (the "**Selling Shareholders**").

The purchase price of the transaction consists of:

- i. An initial payment of approximately USD 125 million, on a cash free / debt free basis; and
- ii. the payment of a potential earn-out ("**Earn-out**"), up to a maximum of approximately USD 22 million, to be paid in 2024 to the extent the Target achieves certain EBITDA growth targets over the time period 2021-2023.

*"We are particularly pleased and proud to combine our skills with those of the IPEG Group, creating the global leader in industrial automation in the plastics sector. Two years ahead of schedule, we have doubled our size since the year of the IPO and we are confidently prepared to meet future challenges and to take advantage of any further aggregation opportunities that may arise."* - says **Nicola Piovan, Executive Chairman of the Piovan Group**.

*"The acquisition of such an important American player and the merger of two of the largest companies in the world in the field of industrial automation for the processing of virgin and recycled polymers and bioresins will allow us to achieve important growth opportunities on a global scale."* - states **Filippo Zuppichin, CEO Piovan Group** - *"It will also allow Piovan Group to access a formidable customer base in North America, with the possibility - thanks to the international set up of Piovan Group - to follow the investments of the main American multinational corporations in the world. Moreover, it will allow a faster rollout to the American market of the Group's proprietary technologies particularly in the circular economy."*

*The acquisition of production capacity in India and the possibility to produce chillers in the United States will also allow Piovan Group to accelerate some important steps already foreseen in the industrial plan. We are convinced that this transaction will create great value for our shareholders".*

### **Piovan S.p.A.**

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According to IPEG CEO, Kirk Winstead, *“We have known and respected the Piovan Group for decades and are excited to join forces to better serve our collective customers and employees into the future. As we considered the future of the IPEG businesses, there were many compelling reasons to go forward with a ‘stronger together’ ownership structure. The strengths of the Piovan Group and IPEG are highly complementary and uniquely position the new group to leverage those strengths on a global basis. I am further convinced that this will bring value to all our stakeholders.”*

Based on the combined pro-forma results<sup>1</sup> for the twelve months ending 30 September 2021 (“LTM 9M-2021”), the combined group would have generated sales of over €450 million and adjusted EBITDA<sup>2</sup> of approximately €58 million. The combined group will have a workforce of more than 1,800 employees and will operate 14 facilities worldwide.

The Transaction will be financed through a mix of a new debt line amounting to €100 million (for which Piovan has already received a commitment from Banco BPM S.p.A.) and a portion of available cash. The pro-forma post-acquisition leverage will be approximately 2.0x<sup>3</sup>.

The Transaction has been unanimously approved by the board of directors of Piovan and the board of directors of Sewickley Capital and has already received the consent of more than 90% of the shareholders of Sewickley Capital. The closing of the Transaction is subject to the approval of US antitrust authorities which is expected on or about the end of January 2022.

The Transaction will be effected through a merger by incorporation whereby Sewickley Capital will be merged into a Delaware corporation wholly owned by Piovan, with the result that IPEG will become an indirect subsidiary of Piovan.

IPEG's senior management - specifically Kirk Winstead (CEO), John Erkert (CFO) and the businesses' respective management teams - will remain in their roles at the helm of IPEG, contributing to the development of the combined group in the US and globally.

### **Description of Target**

IPEG, Inc. is a Delaware-based company active in industrial automation for the transport and processing of polymers and in the production of industrial chillers, with operations and subsidiaries in the United States, India, Mexico, Germany, China, Taiwan and Singapore.

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<sup>1</sup> Aggregated data. Data have not been audited nor reviewed on a limited basis.

<sup>2</sup> EBITDA calculated by adding to Piovan's EBITDA, IPEG's EBITDA calculated in accordance with US GAAP, but adjusted for the impact of IFRS 16 and excluding the contribution of Nu-Vu Conair (consolidated using the equity method). Numbers in USD converted at a €/USD rate of 1.133 as of 10-Dec-2021. Impact of US PPP Loans forgiveness has been excluded from EBITDA calculation.

<sup>3</sup> Net financial position pro-forma as of 30-Sep-2021, calculated excluding the impact of any earn-out and compared to pro forma adjusted EBITDA LTM 9M-2021 - including the impact of IFRS 16 and excluding the contribution of Nu-Vu Conair consolidated using the equity method. Impact of US PPP Loans forgiveness has been excluded from EBITDA calculation.

The company operates through four main brands - Conair, Thermal Care, Pelletron and Republic Machine - which will be retained following completion of the Transaction. IPEG operates four plants in the US and one in India through the Nu-Vu Conair JV.

Based on the results for the twelve months ended 30 September 2021, IPEG reported revenues of over USD 191 million and adjusted EBITDA of approximately USD 17.4<sup>4</sup> million.

### **Strategic Rationale**

Customers, People and Innovation are common values that ensure cultural compatibility between the two companies. The operation will allow

- The strengthening of the Piovan Group's global leadership position in automation solutions for the handling of plastic polymers and food powders worldwide
- The consolidation of the competitive position in North America, where the Piovan Group would become the largest reference operator
- An increase of the geographical presence in Mexico and Asia
- Growth in the Indian market
- Leverage in the development of talents and human capital by sharing the best practices of both structures.

### **Advisors**

In the transaction, Piovan was assisted by PricewaterhouseCoopers Business Services S.r.l as financial, tax and HSE due diligence provider, and by White & Case LLP as legal advisor.

In the transaction, Sewickley Capital was supported by Clark Hill LLP as legal advisor.

### **Conference call to discuss the transaction**

Today, December 13, at 15:00 CET, Filippo Zuppichin, CEO of Piovan Group, will hold a presentation and conference call to analysts and institutional investors. You can participate in the conference call by calling one of the following numbers or connecting to the webcast whose link is provided below:

ITALY:	+39 02 802 09 11
UK:	+ 44 121 281 8004
US (international local number)	+1 718 7058796
Press Number	+39 02 8020927

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<sup>4</sup> EBITDA calculated in accordance with US GAAP, before any adjustments related to the application of IFRS 16 and including the EBITDA contribution of the Indian JV Nu-Vu Conair held 50% by IPEG. Impact of US PPP Loans forgiveness has been excluded from EBITDA calculation.

Link to webcast: <https://87399.choruscall.eu/links/piovan211213.html>

Before the start of the conference call some presentation slides will be made available on the website [www.piovangroup.com](http://www.piovangroup.com), in the Investor Relations / Presentations section.

### **Cautionary Statement Regarding Forward-Looking Statements**

This press release includes forward-looking statements. The forward-looking statements are prepared by and based on unaudited management estimates. The independent auditors of Piovan have not audited, reviewed, compiled or performed any procedures with respect to the forward-looking statements, and accordingly, the independent auditors of Piovan do not express an opinion or provide any form of assurance with respect thereto for the purpose of this press release.

The forward-looking statements are based on a number of assumptions that are subject to inherent uncertainties and subject to change. In addition, while Piovan believes the forward-looking statements to be reasonable, it cannot provide any assurance with respect to such statements and variations from the estimates could be material. As such, investors should not place undue reliance on the forward-looking statements and such forward-looking statements should not be regarded as an indication that such statements will be an accurate prediction of future events.

By their nature, forward-looking statements involve known and unknown risks, significant uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions (which may prove inaccurate) and actual results of operations, including financial condition, liquidity and the development of the industry in which Piovan operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements. In addition, even if results of operations, including financial condition and liquidity and the development of the industry in which Piovan operates, are consistent with the forward-looking statements, those results or developments may not be indicative of results or developments in subsequent periods.

The forward-looking statements speak only at the date on which the statements were made and do not take into account any circumstances or events occurring after the date they were prepared. Piovan undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or developments or otherwise.

Piovan is providing certain non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Piovan believes that providing this information enhances investors' understanding of the company's results and permits investors to understand how management assesses performance. Piovan uses these measures internally for planning and forecasting purposes and to measure the performance of the company along with other metrics. This information should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP.

**FOR MORE INFORMATION:**

**Piovan S.p.A.**

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**Piovan Group**

Piovan Group is a global leader in the development and manufacturing of automation systems for the storage, conveying and processing of polymers, bio-resins, recycled plastic, food fluids, food and non-food powders. Over recent years, the Group has been particularly engaged in developing and producing automation systems for production processes for the bio-economies and circular economies for recycling and reusing plastic and for the production of plastics which are naturally compostable, tapping into cross-selling opportunities.

Since October 2018, Piovan S.p.A. has been listed on the Italian Stock Exchange in the STAR segment. With more than 85 years of experience, a turnover of approximately 282 million Euro in the last 12 months, 1,148 employees in 9 production plants and 33 branches/service and sales offices.

**IPEG**

IPEG, Inc. is a Delaware-based company active in industrial automation for polymer conveying and processing and industrial chiller manufacturing, with operations and subsidiaries in the US, India, Mexico, Germany, China, Taiwan and Singapore. The company, with more than 700 employees worldwide and a turnover of USD 192 million in the last 12 months, operates through four main brands – Conair, Thermal Care, Pelletron and Republic Machine –, four plants in the US and one in India.