



PRESS RELEASE

BEGHELLI: sale of Beghelli Canada finalised

- **The transaction marks the first stage of the Group's plan to refocus on Europe**
- **The sale of Beghelli Canada, for a consideration of about € 14 million, generates a consolidated gross capital gain of about € 8 million before tax**

The Beghelli Group is redesigning its operating structure, with lower capital investment outside Europe and a structural improvement of its financial position.

The presence of these two conditions underlie the strategic decision to accept the purchase offer for the interest held in Beghelli Canada, based in Markham (Ontario), which manufactures and sells lighting products and luminaires mainly intended for the local market.

The transaction has its own positive industrial value in that long-term agreements have negotiated with the buyer, including the use of the Beghelli trademark, by means of which Beghelli Group:

- continues to supply - at same terms and conditions – the Canadian company with products and components through Beghelli Spa and its controlled companies Beghelli Elplast and Beghelli China; as well as
- ensures sourcing products for the US market from the Canadian company, for pre-defined quantities.

From a financial standpoint, the liquidity generated by the transaction will allow the Group to strengthen its net financial position by reducing its debt exposure, and to avail of the subsequent higher resources available for industrial and commercial investments aimed at supporting the brand's leadership in Europe and increasing margins.

The Beghelli Group's 2019-2023 Plan calls for a gradual refocusing of the Group's activities based on a twofold approach — by product and by geographical area — aimed at strengthening its leading position within the emergency lighting market and concentrating all growth lines, including possible non-organic growth, in Europe, also in the wider market of ordinary lighting solutions for industrial and tertiary applications.

The buying company is a Newco, 11302264 Canada Inc, a subsidiary of Ascot Capital Group that is the parent company of Standard-Stanpro, a competitor of Beghelli Canada already operating on the market with its own range of products, mainly emergency lighting solutions, conceived to comply with the specific technical and regulatory requirements of the Canadian market.

The consideration for the sale of the 100% interest held by Beghelli S.p.A. in Beghelli Canada is about €14 million, subject to adjustments on the basis of the balance sheet at the closing time. In 2018, Beghelli Canada reported sales amounting to €18.2 million.

Upon closing of the transaction, a portion of the consideration (about €2.1 million) will be deposited in an escrow account up to the expiry of 24 month from the closing date, as a guarantee for the contractual obligations.

Upon signing of the agreement, the sale of Beghelli Canada, whose equity and goodwill recognised in the financial statements total about € 6 million, will generate a pre-tax capital gain of about €8 million, at consolidated level, before one-off transaction costs.

I In application of the so-called "Participation Exemption" pursuant to art. 87 of the TUIR, the capital gain arising from the deal will be subject to a minor tax impact.

"For the Beghelli Group, this transaction confirms the soundness of the strategy aimed at focusing on the European market, which provides many opportunities for a company like ours.



In fact, in addition to ongoing technological innovation, we have always paid particular attention to regulatory requirements, and are therefore in the position to perfectly respond to the specific needs of the EC market, which is however still characterised by different regulations and usages,” stated Gian Pietro Beghelli, Chairman and Founder of the Group.

“The acquisition of Beghelli Canada is strategic in that it will allow us to strengthen our position in the market, create synergies, and increase our overall value proposition to the marketplace”, commented Mr. David Nathaniel, Ascot’s CEO.

In the transaction, Beghelli was advised by legal advisor Gianni – Origoni – Grippo – Cappelli & Partners, in the persons of the lawyers Pietro Buccarelli and Camilla Antonietta Maria Nordera, Matteo Canonico e Elisabeth Filippone Thaulero and financial and as tax advisor Studio Gnudi in the person of Matteo Tamburini, chartered accountant.

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