

Tel. +32 (0)3 450 58 62

## Press Release

[investor.relations@hansentransmissions.com](mailto:investor.relations@hansentransmissions.com)

# Hansen Transmissions International receives offer for its Industrial Gearbox activities

- **Sumitomo Heavy Industries offers to acquire Hansen Industrial Transmissions for a gross consideration of 75 million EUR**
- **Hansen Transmissions to become a pure renewable energy business**

**Edegem/Antwerp, Belgium – London, UK – 15 October 2010** – Hansen Transmissions International NV. (LSE ticker HSN) ("Hansen Transmissions"), an established global gearbox designer, manufacturer and supplier with a leading position in the wind turbine gearbox market, today announces that it has received an offer for its industrial gearbox division (Hansen Industrial Transmissions ("HIT") from Sumitomo Heavy Industries ("Sumitomo HI") (the "Proposed Transaction"). The management team and board of Hansen have evaluated the Proposed Transaction in detail and believe it presents a great opportunity for both its industrial and wind gearbox businesses.

Hansen Transmissions has recognized for some time the different market dynamics between the wind and industrial gearbox businesses, which accounted for 84% and 16% respectively of its group revenue in FY 2010. The Proposed Transaction is a logical next step to allow each of Hansen Transmissions and HIT to maximize their full potential.

As a result of the Proposed Transaction, Hansen Transmissions will focus its future business strategy on wind energy. The group's management and board are convinced that this is the right strategic path that will lead to a stronger and more focused position in a sector with substantial long-term opportunities.

### **Sumitomo Heavy Industries**

Sumitomo HI represents an ideal partner for HIT given its strategic vision, as well as the complementary nature of its product offering and geographic positioning. Sumitomo HI is a world leader in industrial gearboxes and the Proposed Transaction will result in it becoming a stronger European and worldwide player. Sumitomo HI will benefit from HIT's market-leading positions in Europe, South Africa and Australia. Combined, the two companies will have significant potential to expand their presence in key regions such as the US, Asia, Brazil and the UK. HIT's manufacturing facility in Europe, worldwide customer base, its technological know-how and research and development capabilities will contribute greatly to Sumitomo HI's offering.

### **Employee Information and Consultation Phase**

Hansen Transmissions will now begin the information and consultation process with respect to the contemplated divestment. The Proposed Transaction requires the Hansen plant in Edegem, Belgium, to be restructured before completion (the "Restructuring"). The Restructuring may lead to a headcount reduction in Belgium of up to 125 employees out of a total HIT headcount of 730 in seven countries worldwide (514

in Belgium). It is envisaged that the management team of HIT will transfer with HIT on completion of the Proposed Transaction.

Hansen Transmissions will consult with its Works Council about the Proposed Transaction and the Restructuring and will work together with employees and unions to accommodate as far as possible any adverse impact the Proposed Transaction may have on its employees (the "Employee Information and Consultation Procedure"). If the Employee Information and Consultation Procedure is successfully completed, Hansen Transmissions will enter into a sale and purchase agreement in respect of the Proposed Transaction (the "SPA").

### **Terms of the Proposed Transaction**

The Proposed Transaction values HIT at €75m on a cash and debt free basis, before costs that will be incurred and borne by Hansen Transmissions in connection with the Restructuring of HIT prior to completion of the Proposed Transaction. The final consideration will be payable in cash at completion.

In addition to the successful completion of the Employee Information and Consultation Procedure and the contemplated Restructuring, the Proposed Transaction is a Class 1 transaction for Hansen Transmissions under the UK Listing Rules and is therefore conditional on shareholder approval. Following successful completion of the Employee Information and Consultation Procedure, a circular (the "Circular") will be dispatched to the shareholders of Hansen Transmissions convening a general meeting at which an ordinary resolution will be proposed to approve the Proposed Transaction.

Subject to the above conditions being satisfied, the Proposed Transaction is expected to close before the end of the current fiscal year, ending on 31 March 2011.

A more detailed summary of the SPA, which will contain customary provisions for a transaction of this nature, will be set out in the Circular.

### **Wind business activities**

Following any sale of HIT, Hansen Transmissions plans to discontinue its wind gearbox activities in the Edegem plant, and concentrate the production, assembly and testing of wind turbine gearboxes in its existing dedicated wind gearbox facilities. This will reduce Hansen Transmissions' current wind turbine gearbox manufacturing capacity by 1,100 mega watts ("MW") (out of a total capacity of 8,700 MW as of 30 September 2010). This reduction in capacity will help reduce the level of over capacity in Hansen Transmissions' remaining facilities and is reflective of the continued volatility and uncertainty in the global wind energy market.

### **Proceeds will be used to pay down debt**

The final proceeds received by Hansen Transmissions in respect of the Proposed Transaction will primarily be used to pay down debt.

### **Hansen Industrial Transmissions Financials**

HIT generated revenues of 83 million EUR in FY 2010 and 94 million EUR in FY 2009, representing 15.6% and 15.5% of total sales respectively. Gross assets of the industrial gearbox activities as of 31 March 2010 were 116.5 million EUR (net assets 68.0 million EUR, excluding cash items). Profit/(loss) before tax for FY 2010 was (4.2 million EUR), after 2.6 million EUR restructuring costs.

For further information, please contact:

<b>Hansen Transmissions International NV</b>	
<b>Investor Relations</b>	
Hans Ooms De Villermontstraat 9 2550 Kontich - Belgium <a href="mailto:hans.ooms.ir@hansentransmissions.com">hans.ooms.ir@hansentransmissions.com</a> <a href="http://ir.hansentransmissions.com/">http://ir.hansentransmissions.com/</a>	+32 3 450 58 62

<b>Maitland</b>	
Sarah Hamilton <a href="mailto:shamilton@maitland.co.uk">shamilton@maitland.co.uk</a>	+44 20 7395 0464 +44 7836 295 291
Dan Yea <a href="mailto:dyea@maitland.co.uk">dyea@maitland.co.uk</a>	+44 20 7395 0422 +44 7595 270 691

### **About Hansen Transmissions**

Hansen Transmissions International NV is an established global wind turbine gearbox and industrial gearbox designer, manufacturer and supplier, with a leading position (by MW supplied) in the wind turbine gearbox market. The Company supplies gearboxes to the world's major manufacturers of gear-driven wind turbines and provides durable gear drives for a wide range of industrial applications throughout the world. Both Hansen's wind energy and industrial activities have established dedicated international service networks. In addition to its principal state-of-the-art manufacturing facilities located in Flanders, Belgium – i.e. a wind turbine and industrial gearbox plant and a fully integrated, dedicated wind turbine gearbox manufacturing facility – Hansen has a production plant for wind turbine gearboxes in Coimbatore, India and an assembly and testing plant for the Chinese market, located in Tianjin, China. As such, Hansen plans to increase its wind turbine gearbox manufacturing capabilities from 8,500 MW per annum in the financial year 2010 to 14,300 MW in financial year 2013. Strong in-house R&D operations maintain Hansen's technological leadership and the Company employs approximately 2,200 people worldwide.

<http://www.hansentransmissions.com/en/>  
<http://ir.hansentransmissions.com/>

### **About Hansen Industrial Transmissions**

HIT is a global industrial gearbox designer, manufacturer and supplier. The company supplies for a wide range of industrial applications throughout the world and has an established dedicated international service network. HIT operates a manufacturing facility and services centre located in Flanders, Belgium as well as assembly centres in Australia, Brazil, China, South Africa, the UK and the US. HIT currently employs 730 people worldwide.

### **About Sumitomo Heavy Industries**

SHI is a manufacturing company for various machineries among Sumitomo Business Group which is one of the biggest business groups in Japan founded in 1590. In its power transmissions and control business, Sumitomo HI produces cyclo drives with various power transmission and control technologies. These products are widely used in general industrial machinery, such as industrial robots or semiconductor manufacturing facilities, as well as in other areas such as those relating to infrastructure, consumers, or welfare.

<http://www.shi.co.jp/english/>

Neither the content of Hansen Transmissions' website nor the content of any other website accessible from hyperlinks on Hansen Transmissions' website is incorporated into, or forms part of this announcement.

Merrill Lynch International ("Bank of America Merrill Lynch") is acting exclusively for Hansen Transmissions in relation to the Proposed Transaction.

Certain statements in this announcement are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. Those risks, uncertainties or assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this announcement regarding past trends or activities will continue in the future. Undue reliance should not be placed on forward-looking statements, which speak only as of the date of this announcement. Except as required by law or regulation, Hansen Transmissions is not under an obligation to update or keep current the forward-looking statements contained in this announcement or to correct any inaccuracies which may become apparent in such forward looking statements.

### **Forward Looking Statements**

This press release may include statements that are "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "forecasts", "plans", "prepares", "projects", "anticipates", "expects", "intends", "may", "will", "should" or other similar words. Forward-looking statements may include, without limitation, those regarding Hansen's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to Hansen's products) and the wind turbine and gearbox markets. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Hansen, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward looking statements are based on numerous assumptions regarding Hansen's present and future business strategies and the environment in which Hansen will operate in the future. These forward looking statements speak only as of the date of this press release. Hansen expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Hansen's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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