

# Nikkiso acquires Cryogenic Industries

## Growth through Diversification, Presence and Technology

San Diego, California, USA, August 21, 2017—Nikkiso Co., Ltd. (6376: JP), a global leader in advanced technologies for Industrial, Clean Energy, Aerospace and Medical markets, today announced closing the acquisition of Cryogenic Industries, Inc. of Temecula, CA, USA and Cryogenic Industries, AG of Basel, Switzerland consisting of all its operations.

Cryogenic Industries, a group consisting of original technology brands ACD, COSMODYNE, and CRYOQUIP, has more than 40 years of experience in the engineering and manufacturing of cryogenic equipment and is a leading supplier to the industrial gases and natural gas markets, two of the major forecasted growth markets.

NIKKISO's objective is to offer products and services which offer advanced original technology to focused market segments. Cryogenic Industries as a group shares similar objectives and aligns with the NIKKISO global strategy.

The current global economic outlook for the key target markets that Cryogenic Industries service are:

**Industrial Gas** The market is expected to grow at a rate of 6.2% in the coming 5 years, from a level of 53.2 BUSD in 2016 to 67.7 BUSD in 2020 (Process-Worldwide)

**LNG** Global LNG expenditures are forecasted to total of 284 BUSD between 2017 and 2021. This represents a 50% growth compared with the preceding five-year period. (Douglas Westwood)

**Hydrogen (IG)** Projected growth of Hydrogen use in Clean Energy shows a CAGR of 15% and is expected to reach 25 BUSD by 2024.

“The global market is set to witness growth due to government regulations for desulfurization of petroleum products and rising demand for hydrogen as a transportation fuel” (Markets and Markets, Global Market Insights)

**Marine (LNG)** The market share for LNG-fueled ships is expected to grow up to 13% in the commercial ship market by 2025, while market share for LNG as a marine fuel is also expected to see greater growth. The increase is projected to result in LNG fuel expenditures of 41.5 MUSD in 2017 to 492.6 MUSD in 2025. (DNV-GL & Gas Technology).

Aside from expected market development this acquisition will offer the joint group of Nikkiso companies going forward significant opportunities for alignment of activities and efficiency improvements.

*“The acquisition will strengthen our global presence through Cryogenic Industries’ strong position in North America. It will provide an excellent complementary fit for Nikkiso group’s global base for production, which will allow us to gain efficiency improvements and balance currency effects. As a joint group of companies, the setup will allow us to have customer focused centers around the globe that will be in position to support the entire range of Nikkiso group products”*

said Toshihiko Kai President and CEO of Nikkiso.

A substantial part of the strategic growth plan, beside diversification and innovation, is to benefit through individual strong market positions of each group in Japan, the United States, Europe, China and India.

*“We look forward to working with Nikkiso to continue enhancing and expanding our global cryogenic technology offerings and realize opportunities in an aligned global group”*

said Ross Brown, Chairman and Chief Executive Officer of Cryogenic Industries.

Each of the branded companies will act as a distinct entity with its own focus and targets, Nikkiso group will utilize and further develop the synergies of service capabilities, common market approach and logistics across all product groups and companies.

*“Our future profitable growth is assured by positioning our company in technology driven markets and the markets of the future. By combining the NIKKISO Group with Cryogenic Industries companies and the resulting global network of dedicated people, we will extend our position in our existing and target markets and be in position to achieve growth above the market rate”*

said Naota Shikano Senior Nikkiso Board Member responsible for the Industrial Business Segment.

**Our focus is the future – products and services offering advanced technology to improve our world and provide enhanced productivity to our customers**

Mizuho Securities Co., Ltd. acted as financial advisors, and Cooley Godward LLP were legal advisors to Nikkiso.

RA Capital Advisors LLC and Network Corporate Finance GmbH & Co. KG acted as financial advisors, and Squire Patton Boggs (US) LLP, and Fell, Marking, Abkin, Montgomery, Granet & Raney, LLP were legal advisors to Cryogenic Industries.

#### **Forward-Looking Statements:**

This news release includes “forward-looking statements,” which are statements that are not historical facts, including, but not limited to, statements that relate to our acquisition of the business of Cryogenic Industries, Inc., the expected benefits of the transaction and the timing of the benefits. The forward-looking statements in this news release are based on current expectations and assumptions that are subject to risks and uncertainties, many of which are outside of our control, and could cause results to materially differ from expectations. Such risks and uncertainties, include, but are not limited to: adverse effects on the market price of our shares and on our operating results our ability to fully realize the expected benefits of the transaction; negative effects of consummation of the transaction on the market price of the company’s shares; significant transaction costs and/or unknown liabilities; general economic and business conditions that may impact the companies subsequent to the acquisition; unanticipated expenses such as litigation or legal settlement expense; changes in capital market conditions; the impact of the transaction on the

company's employees, customers and suppliers; and the ability of the companies to successfully integrate operations after the transaction. Actual results could differ materially. We assume no obligation to update these forward-looking statements.

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