

COOPERATION

Danfoss agrees to acquire Eaton Hydraulics' business

Danfoss has entered into an agreement to acquire Eaton Hydraulics' business. Both companies are members of CAN in Automation (CIA) and providers of a range of CAN-based products.



From left to right: Kim Fausting from Danfoss and Eaton's Eric Alstrom (Source: Danfoss, Eaton)

Danfoss announced that it has entered into an agreement to acquire Eaton's hydraulics business for a cash purchase price of 3,3 billion US-\$ (approximately 3,0 billion €). The acquisition is fully in line with Danfoss' strategy to strengthen its core businesses and enhance customer value, the company explained.

"Today, we take a significant and transformational step in creating a global leader in mobile and industrial hydraulics. It is a once-in-a-lifetime opportunity to combine our largely complementary portfolios and geographic footprints. Eaton Hydraulics is a highly respected player in the global industry, recognized for its dedicated people and strong brands. By combining the knowledge and experience of the two businesses, our customers will benefit from unmatched expertise from a single partner. With this agreement, we continue to invest in our core hydraulics business and digital solutions to stay a strong technology partner," said Kim Fausing, Danfoss President and CEO.

"We believe Eaton's Hydraulics business will benefit greatly from being part of a company that has hydraulics at its core," said Craig Arnold, Eaton Chairman and CEO. "When complete, this deal will bring together two talented teams with deep hydraulics knowledge and expertise. And Eaton's hydraulics team will be part of a company that is committed to becoming a global leader in mobile and industrial hydraulics. The combined business will also benefit customers and distributors by offering industry-leading technology and a much broader portfolio of hydraulic solutions."

The acquisition will enable Danfoss to enter the industrial hydraulics market that is served by Eaton Hydraulics. Eaton Hydraulics provides CAN products for customers in markets such as agriculture, construction, and in industrial market segments.

The business will be transferred into the existing Danfoss business segment, Danfoss Power Solutions, adding approximately 11 000 employees and 2019 sales of 2,2 billion US-\$ (2,0 billion €) to the business segment, which will double the hydraulics business. Danfoss today has approximately 28 000 employees and 2019 sales of 7,0 billion US-\$ (6,3 billion €).

"Hydraulics is our core, and we have for years strengthened our Power Solutions business through high customer focus, as well as through significant investments in technology leadership. I believe our customers will benefit from combining these two businesses into a full-line hydraulics player dedicated to innovation and with a broad offering of products, robust distribution channels, and tremendous geographic reach," said Eric Alström, President of Danfoss Power Solutions.

The transaction is subject to customary closing conditions and regulatory approvals and is expected to close by the end of the year.

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