

Chart Industries Acquires L.A. Turbine

2021-07-01

ATLANTA, July 01, 2021 (GLOBE NEWSWIRE) -- Chart Industries, Inc. ("Chart") (NYSE: GTLS) today announced the acquisition of L.A. Turbine ("LAT" or "L.A. Turbine") for \$80 million in cash (subject to certain customary adjustments). L.A. Turbine is a global leader in turboexpander design, engineering, manufacturing, assembly and testing process for new and aftermarket equipment, with significant in-house engineering expertise.

Expanders are utilized in the following Chart offerings, and with LAT in the Chart portfolio, we now can offer a more comprehensive "one stop shop" solution and provide more options for our customers in these applications:

- Hydrogen & helium liquefaction
- Carbon capture and energy storage
- Industrial gas
- Natural gas processing
- Small-scale LNG plants
- Propane dehydrogenation (PDH) plants
- Heavy hydrocarbon removal process for LNG plants
- Petrochemical

This acquisition aligns with our inorganic investment principles and contributes to our financial growth and strength through expanded revenue and profit. LAT's capabilities are a natural fit and deliver a competitive point of differentiation for Chart. There is a very unique expander required for hydrogen and helium liquefaction which is difficult to obtain in the market due to a limited number of companies like LAT that are capable of designing and producing it. Further, within the last three years, the other qualified suppliers have been acquired by companies that only use their hydrogen and helium turboexpanders for in-house dedicated purposes (i.e. discontinuing sales to third parties). These very specialized expanders are difficult to design and produce as they require very high efficiency, in some cases oil free machines, foil bearings for plants producing 10 tons per day and smaller, and magnetic bearings for larger helium and hydrogen liquefaction plants. Plus, this part of the liquefier is one of the longest lead-time items at one to two years depending on the configuration. L.A. Turbine has these capabilities in-house and our ownership of these capabilities will further position us to win liquefaction projects and deliver them in significantly shorter timeframes, a further differentiator in the expanding liquefaction market.

"It is an exciting time for Chart and L.A. Turbine as we now work together to bring our customers expanded solutions across multiple molecules, including nearly all types of energy sources and multiple industrial gas applications," stated Jill Evanko, Chart's CEO and President. "L.A. Turbine is one of the only turboexpander engineering and manufacturing companies that can design and produce very specialized expanders; one of the longest lead time items in the hydrogen and helium liquefaction supply chain. With this capability in house, we are further differentiated in liquefaction – not just from decades of experience but also from world class efficiency and now, significantly shorter and guaranteed delivery times."

Couple the above complementary nature of the business with the fact that our companies have worked together for numerous years and we expect to have immediate and significant synergies including expanded field service and repair capabilities (LAT is the global leader in servicing all brands of turboexpanders).

"Since our company's inception, L.A. Turbine's focus is to be the go-to turboexpander solution provider, as an OEM of highly-engineered rotating equipment designs and process solutions for engineering, procurement and construction clients and end-user operators as well as aftermarket, service and repair. With Chart we can both capitalize on emerging market opportunities while also enhancing and extending the reach of the value chain to our collective customers through our people, technology, infrastructure and financial assets," stated Danny Mascari, President, L.A. Turbine. "In addition, we remain committed to providing the top-of-the-line FX-TURBO aftermarket service our turboexpander customers have come to know and expect."

Additionally, this acquisition builds on other recent additions to our portfolio, including Cryo Technologies' helium and hydrogen liquefaction capabilities which will also utilize L.A. Turbine's equipment. Both of our businesses have very active commercial order pipelines and there are multiple requests for hydrogen liquefaction and processing as well as a variety of energy projects.

LAT is expected to be immediately accretive to Chart, with 2021 positive impact to full year guidance to be shared on Chart's second quarter 2021 earnings call which is scheduled for July 22, 2021. Looking ahead to 2022, when we will have ramped up our combined benefits, L.A. Turbine is expected to contribute between \$40 and \$50 million of revenue and \$0.20 to \$0.30 of non-diluted earnings per share on approximately 35.5 million weighted shares outstanding (assuming tax rate of 18%). Additionally, our total addressable market ("TAM") for our specialty products is expanded by \$350 million resulting from this acquisition – the result of the expanded TAM for hydrogen liquefaction, helium liquefaction and carbon capture with energy storage. This addition brings our total near-term specialty products addressable market size to \$6.6 billion.

Winston & Strawn LLP served as legal advisor to Chart on the transaction. No investment bankers were engaged in this transaction.

Chart will hold an investor call to walk through the supplemental presentation included with this release on Thursday July 1, 2021 at 9:30am eastern time. Participants may join the conference call by dialing (877) 312-9395 in the U.S. or (970) 315-0456 from outside the U.S., entering conference ID 3549935. Please log-in or dial-in at least five minutes prior to the start time. A taped replay of the conference call will be archived on the Company's website, www.chartindustries.com. You may also listen to a recorded replay of the conference call by dialing (855) 859-2056 in the U.S. or (404) 537-3406 outside the U.S. and entering Conference ID 3549935.

About Chart Industries, Inc.

Chart Industries, Inc. is a leading independent global manufacturer of highly engineered equipment servicing multiple applications in the Energy and Industrial Gas markets. Our unique product portfolio is used in every phase of the liquid gas supply chain, including upfront engineering, service and repair. Being at the forefront of the clean energy transition, Chart is a leading provider of technology, equipment and services related to liquefied natural gas, hydrogen, biogas and CO2 Capture amongst other applications. We are committed to excellence in environmental, social and corporate governance (ESG) issues both for our company as well as our customers. With over 25 global locations from the United States to Asia, Australia, India, Europe and South America, we maintain accountability and transparency to our team members, suppliers, customers and communities. To learn more, visit www.chartindustries.com.

About L.A. Turbine

L.A. Turbine designs and manufactures application-specific, highly engineered turboexpanders used in hydrocarbon processing, geothermal power generation, industrial gas, power-recovery and refrigeration applications. The company's global FX-TURBO field service team provides 24/7 aftermarket repair, redesign and maintenance for all turboexpander brands and configurations. Headquarters are in Valencia, California with sales and service support in the U.S. and globally through a partner network on five continents. Since 2003, LAT has provided aftermarket service to thousands of global suppliers and since 2007, has engineered and delivered more than 150 LAT turboexpanders and commissioned more than 100 LAT units. To learn more, visit www.LATurbine.com.

FORWARD-LOOKING STATEMENTS

Certain statements made in this press release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning the Company's business plans, including statements regarding pending and completed acquisitions and minority investments, cost synergies and efficiency savings, objectives, future orders, revenues, margins, earnings or performance, liquidity

and cash flow, capital expenditures, business trends, scope of market product offerings, governmental initiatives, including executive orders and other information that is not historical in nature. Forward-looking statements may be identified by terminology such as "may," "will," "should," "could," "expects," "anticipates," "believes," "projects," "forecasts," "outlook," "guidance," "continue," "target," or the negative of such terms or comparable terminology.

Forward-looking statements contained in this press release or in other statements made by the Company are made based on management's expectations and beliefs concerning future events impacting the Company and are subject to uncertainties and factors relating to the Company's operations and business environment, all of which are difficult to predict and many of which are beyond the Company's control, that could cause the Company's actual results to differ materially from those matters expressed or implied by forward-looking statements. Factors that could cause the Company's actual results to differ materially from those described in the forward-looking statements include: the Company's ability to successfully integrate recent acquisitions (including the LAT acquisition) and minority investments, and achieve the anticipated revenue, earnings, accretion and other benefits from these acquisitions and minority investments (including with respect to the Company's ability to sell to the companies in which it has invested and their customers); risks relating to continued uncertainty associated with the coronavirus (COVID-19) and the other factors discussed in Item 1A (Risk Factors) in the Company's most recent Annual Report on Form 10-K filed with the SEC and Quarterly Reports on Form 10-Q, which should be reviewed carefully. The Company undertakes no obligation to update or revise any forward-looking statements.

For more information, click here:

<http://ir.chartindustries.com/>

A supplemental presentation accompanying this announcement is available at

<http://ml.globenewswire.com/Resource/Download/3b059e27-3b13-4168-ab0e-421666cf13cf>

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