



September 5, 2017

A. O. Smith acquires water softener company Hague Quality Water International

MILWAUKEE, Sept. 5, 2017 /PRNewswire/ -- A. O. Smith Corporation (NYSE: AOS) today announced it completed the purchase of Ohio-based William R. Hague, Inc. (known as Hague Quality Water International) for \$44.5 million in cash plus a potential earn out of up to \$2 million based on revenue growth over the next two years. The purchase price represents a multiple of approximately eight times EBITDA.



Family-owned Hague based in Groveport, Ohio, manufactures a comprehensive line of water softener products. The Hague water softener features an innovative multi-compartment, compact tank design and is sold through both retailer and water quality dealer channels under the Hague, WaterBoss®, and WaterMax® brands.

A. O. Smith expects the acquisition to be neutral to earnings per share in 2017, including one-time after-tax purchase accounting charges and professional fees related to the acquisition.

"The acquisition of Hague squarely fits within our stated strategy to grow our global water treatment platform," Ajita G. Rajendra, chairman and chief executive officer, noted. "The Hague brand has a very good, longstanding reputation for innovative and quality products," Rajendra continued.

For the 12 months ended June 30, 2017, Hague, which employs approximately 100 employees, recorded sales of approximately \$28 million, including approximately \$3 million of sales to A. O. Smith.

Highlights of the transaction:

- 1 **Broaden A. O. Smith's residential water treatment product offering:** Added to the company's world leading reverse osmosis water treatment systems and Aquasana's direct to consumer advanced carbon products, Hague's patented water softener products more fully complete A. O. Smith's residential water treatment capabilities and product offering.
- 1 **Continue to expand the company's business in China:** In 2017, A. O. Smith began offering Hague-manufactured water softeners throughout China, which are sold through leading retailers such as Suning and Gome, as well as A. O. Smith-branded stores. The uniquely-designed, high-efficiency compact units provide superior performance in a small package, which is well-suited for the Chinese market.
- 1 **Expansion of A. O. Smith's sales channels for water treatment:** Hague provides an additional distribution channel in the U.S. and abroad with its long-standing water quality dealer network.

Bob Hague, president and chief executive officer of Hague, noted, "We're happy that our family-owned business is finding a home in a company with a long-standing history of integrity, innovation and customer satisfaction. We look forward to the growth opportunities A. O. Smith will provide to both our employees and our customers."

Forward-looking statements

This release contains statements that the company believes are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "forecast," "guidance" or words of similar meaning. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated as of the date of this release. Important factors that could cause actual results to differ materially from these expectations include, among other things, the following: a further slowdown in the growth rate of the Chinese economy and/or a decline in the growth rate of consumer spending in China; potential weakening in the high efficiency boiler segment in the U.S.; significant volatility in raw material prices; inability of the company to implement or

maintain pricing actions; potential weakening in U.S. residential or commercial construction or instability in the company's replacement markets; foreign currency fluctuations; the company's inability to successfully integrate or achieve its strategic objectives resulting from acquisitions; competitive pressures on the company's businesses; the impact of potential information technology or data security breaches; changes in government regulations or regulatory requirements; and adverse developments in general economic, political and business conditions in key regions of the world. Forward-looking statements included in this press release are made only as of the date of this release, and the company is under no obligation to update these statements to reflect subsequent events or circumstances. All subsequent written and oral forward-looking statements attributed to the company, or persons acting on its behalf, are qualified entirely by these cautionary statements.

A. O. Smith Corporation, with headquarters in Milwaukee, Wis., is a global leader applying innovative technology and energy-efficient solutions to products manufactured and marketed worldwide. The company is one of the world's leading manufacturers of residential and commercial water heating equipment, as well as a manufacturer of water treatment products. For more information visit www.aosmith.com.



View original content with multimedia: <http://www.prnewswire.com/news-releases/a-o-smith-acquires-water-softener-company-hague-quality-water-international-300513742.html>

SOURCE A. O. Smith Corporation

News Provided by Acquire Media