



BET SHEMESH ENGINES
HOLDINGS (1997) LTD.

מוע"ב בית שמש אחזקות (1997) בע"מ

[Unofficial translation of Bet Shemesh Engines Holdings (1997) Ltd. Immediate Announcement dated October 29th, 2018]

October 29, 2018

To:

Israel Securities Authority

Tel Aviv Stock Exchange

Via electronic reporting system

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Immediate Announcement – Signing of Agreement for Purchase of Carmel Forge Ltd.

The Company hereby announces that on Sunday, October 28th, 2018, its fully controlled subsidiary Bet Shemesh Engines Ltd. (“BSEL”; the Company and its subsidiaries are collectively referred to herein as “BSEL Group”) entered into an agreement for the acquisition of 100% of the share capital of Carmel Forge Ltd. (hereinafter: “The Agreement”, “The Acquired Company”, respectively) which operates in the field of production of parts for turbine aero engines, and its products serve a key raw material for BSEL Group’s activity in the area of manufacturing of parts).

In accordance to the agreement signed between the company and United Technologies Corporation, through Pratt & Whitney¹, the sole shareholder of 100% of the Acquired Company (hereinafter: “the Pratt & Whitney Group”), the Company shall acquire the entire share capital of the Acquired Company from the Pratt & Whitney Group for the total amount of \$58.5 million dollars, subject to the adaptations as set out below, which shall be paid upon closing of the transaction (hereinafter: “the Consideration”), all in accordance with the provisions of the Agreement.

1. The Agreement includes, inter alia, the following provisions and conditions:
 - a. The Parties have determined that an adaptation of the Consideration shall be made in accordance to the reserves and the financial debt of the Acquired Company at the time of closing, of the cash and financial debt (on a cash-free debt-free basis) and adaptation of the working capital of the Acquired Company at the closing date (based upon the Acquired Company’s average working capital over the past year).
 - b. The closing of the transaction is subject to the fulfilment of pending conditions until the closing of the transaction, mainly receiving regulatory approvals.
 - c. The date of Closing shall be the 5th business day (or an alternative date as agreed between the Parties) following fulfilment of the pending conditions set out in the Agreement (hereinafter: “Closing Date”). The Agreement may be terminated, subject to the conditions of the Agreement, in the following cases: (a) mutual decision in writing by the Parties; (b) by each of the Parties in the event of a material breach of the Agreement; (c) if the Closing Date does not occur within 9 months from the signing of the Agreement.
 - d. Upon the Closing Date, the Acquiring Company shall sign upon a framework agreement (LTA – similar to the Company’s framework agreements) for the supply of parts to the Pratt & Whitney Group for the course of 10 years (2019-2028), for the total expected amount of \$362 million dollars.

¹ The Acquired Company is owned by United Technologies Corporation (UTC) via Pratt & Whitney. The Pratt & Whitney group (including Pratt & Whitney, Pratt & Whitney Canada, and other affiliate companies) is an international group, and of the international leaders of aero engines. The Pratt & Whitney group is a significant customer of the Company and the Acquired Company.



According to the information received by the Company, hereinbelow is a summation of the balance sheet figures (in USD thousands):

	Dec 31, 2016*	Dec 31, 2017*	June 30, 2018 **
Total Assets	67,130	70,530	74,431
Total Liabilities	10,895	8,684	9,543
Total Net Capital***	56,235	61,846	64,888

According to the information received by the Company, hereinbelow is a summation of the P&L figures (in USD thousands):

	For the one-year period ending on 31.12.2016*	For the one-year period ending on 31.12.2017*	For the six - month period ending on 30.6.2018**
Revenue	55,253	55,800	29,531
Operating Profit	5,028	6,746	3,687
Net Profit	5,159	5,611	3,043

9. The Company decided to delay the publication of this announcement and all prior announcements in accordance to Ordinance 36(b) to the Securities Ordinance (Periodic and Immediate Announcements) 5730-1970, as such publication may have prevented the transaction or significantly worsened its terms. Following signing of the Agreement, the limitation from publication was removed.

Respectfully,

Bet Shemesh Engines (1997) Holdings Ltd.

By: Ariel Goldsmith, Adv.

General Counsel & Corporate Secretary