



Press release, May 12, 2016 at 08:30 CET (01:30 CDT)

NIBE to acquire Climate Control Group from LSB Industries for USD 364 million

Complementing NIBE as a global leader in sustainable energy and indoor climate solutions

Transaction highlights

- Sweden-based NIBE, one of the leading European climate solutions providers, buys The Climate Control Group ("CCG"), a leading manufacturer of HVAC solutions for commercial and residential applications in the North American market. CCG is well-known for its subsidiaries and respective brands ClimateMaster, IEC, ClimateCraft and ClimaCool and dovetails well with NIBE's existing US operations. At year-end 2015, CCG had 1,259 employees and net sales of USD 274 million (SEK 2,312 million¹).
- For the acquisition of all of the shares of CCG, Nasdaq Stockholm listed NIBE agreed to pay NYSE listed LSB Industries, the US manufacturing group and owner of CCG, a total purchase price of USD 364 million (SEK 2,964 million²), on a debt-free/cash-free basis, in cash at completion. Completion is subject to customary regulatory approval and expected to occur in the third quarter of 2016.
- The acquisition of CCG represents another major step in NIBE's history following the additions of the Schulthess Group (CH) and Emerson Heating Products (USA) both in 2011, Stovax (UK) in 2013 and WaterFurnace Renewable Energy (USA) in 2014. While funding the acquisition with fully committed credit facilities at completion, NIBE announces herewith its plans for a rights issue relating to NIBE shares worth SEK 3,000 million within due course following completion. It will allow NIBE further to pursue its growth targets.
- After carve-out from LSB Industries, CCG will operate as a separate entity under the leadership of Rick Aldridge of CCG and his team, forming part of NIBE's business area NIBE Climate Solutions. NIBE intends to back up management in accelerating current growth and profitability initiatives and to develop CCG as a separate growth platform for NIBE in North America. CCG will provide NIBE with complementary know-how and technologies, new HVAC products and access to the commercial customer segments.

Markaryd, Sweden, and Oklahoma City, USA – May 12, 2016 – NIBE Industrier AB (publ) of Sweden ("NIBE") and LSB Industries, Inc. ("LSB"), (NYSE: LXU), today announced that they have entered into a stock purchase agreement (the "Agreement") pursuant to which NIBE will acquire 100% of the outstanding shares of The Climate Control Group, Inc. ("CCG") from LSB for a purchase price of USD 364 million, on a debt-free/cash-free basis, in cash at completion.

CCG is the holding entity of the operating companies ClimateMaster, Inc., International Environmental Corporation (IEC), ClimateCraft, Inc., ClimaCool Corp., Koax Corp. and ThermaClime Technologies, Inc. These companies, all of which are located in Oklahoma City, represent highly-renowned manufacturers and brands of commercial and residential climate control products, such as water source and geothermal heat pumps, hydronic fan coils, modular geothermal chillers, and large custom air handlers, serving predominantly commercial customers in the United States. Also known as the *Climate Control Business*, CCG is one out of the two divisions of LSB.

"This transaction further elevates NIBE's position as one of the global players in sustainable energy and indoor climate solutions. Following our successful expansion of our Element and Climate Solutions businesses in the United States in recent years, the acquisition of CCG is a logical step for us to broaden our presence. We are pleased to be able to continue the successful development of CCG that began almost fifty years ago. Together with all employees and the new management team under Rick Aldridge, we look forward to starting a new phase in CCG's history," said Gerteric Lindquist, CEO of NIBE.

¹ Financial 2015 data converted to SEK at FY2015 average SEK/USD exchange rate of 8.435.

² Converted to SEK at SEK/USD exchange rate of 8.143 as per May 11, 2016.

"We are all very excited to join NIBE as we continue to grow the business and provide our customers with innovative and leading climate control solutions. NIBE represents a highly complementary fit in terms of geography, products and customers, having little overlap with our operations. We expect this combination to deliver meaningful benefits to our business partners, customers and staff as we accelerate the realization of the growth and profitability initiatives we set into motion late last year," said Rick Aldridge, CCG.

"On behalf of the Board and management team of LSB, I want to thank the talented employees of CCG, who I am confident will continue to thrive as part of NIBE. This sale represents another successful milestone in the strategic transformation of LSB. We look forward to continuing to grow our Chemical Business and wish NIBE/CCG a very successful future," said Dan Greenwell, President and CEO of LSB.

With the origins of one of its entities, ClimateMaster, dating back to the late 1950s when it was first founded in Florida, the basis for today's CCG was established by Jack E. Golsen in Oklahoma City in 1969. Today, CCG designs, manufactures and markets high quality air-conditioning, ventilation, heating, and heat pump products used in commercial, industrial, and residential structures. The products are targeted to new buildings, renovation of existing buildings, and replacement of existing heating and air-conditioning systems. CCG products are quietly and efficiently cooling and heating thousands of buildings, including hotels, resorts, apartments, condominiums, single-family residences, dormitories, hospitals, extended care facilities, schools, universities, office buildings, data centers, airports, industrial and high-tech manufacturing facilities, pharmaceutical and food processing plants. As one of the technology leaders, CCG prides itself on a large installed base of products in premier properties and homes throughout North America.

In terms of technology edge, the geothermal heat pump of ClimateMaster, for example, is one of the most energy efficient and environmentally friendly heating and cooling products commercially available worldwide today. They are non-ozone depleting and a form of renewable energy. Many of the other products are also highly energy efficient and attuned to the environment. CCG products have been used in many LEED certified buildings, including some that are LEED Gold and LEED Platinum rated.

With manufacturing and distribution facilities in Oklahoma City totaling over one million square feet, CCG has advanced fabrication equipment, automated quality control systems, and state-of-the-art product design and testing facilities. Products are marketed under own proprietary trade names and on private label basis to other leading HVAC manufacturers. CCG's products are marketed and distributed via a large number of independent manufacturers' representatives, representing approximately 70% of sales, and OEM as well as wholesale distributor channels, representing together the remaining 30% of sales. Customers may range from engineers, architects, renovation contractors to wholesale distributors and reps as well as HVAC retailers, contractors and builders, respectively.

In the financial year 2015, CCG had reported net sales of USD 274 million, EBITDA of USD 25 million, after non-GAAP reconciliation, and operating income (EBIT) of USD 20 million.

For additional company information relating to CCG and its subsidiaries visit the following sites:

www.lsbindustries.com

www.climatemaster.com

www.iec-okc.com

www.climatecraft.com

www.climacoolcorp.com

Transaction Details

Under the Agreement to acquire all of the shares of CCG, NIBE will pay LSB a purchase price of USD 364 million (SEK 2,964 million¹), on a debt-free/cash-free basis, in cash at completion. Based on NIBE's own forecast assumption for CCG, not taking into account any transaction-related cost, financial, synergy or tax benefit effects, the purchase price would represent a current year EV multiple of 11.4 times EBITDA.

NIBE anticipates funding the acquisition of CCG via fully committed credit facilities at completion.

The completion of the transaction is subject to the receipt of the required approvals under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the satisfaction of other customary conditions. These conditions are anticipated to be fulfilled in the third quarter of 2016.

LSB will continue to provide CCG with certain services for a transitional period of 18 months free of charge.

NIBE and LSB agreed to make a joint election under Section 338(h)(10) of the Internal Revenue Code, which treats the transaction as an asset purchase for tax purposes. The election generates a tax benefit with an estimated present value of USD 49 million (SEK 402 million¹) for NIBE and its shareholders.

Financial Effects on NIBE

For the financial year 2015, CCG achieved reported net sales of USD 274 million (SEK 2,312 million²), adjusted EBITDA of USD 25 million (SEK 208 million), after non-GAAP reconciliation, and EBIT of USD 20 million (SEK 168 million). Based on 2015 financial data, pro forma NIBE net sales and EBITDA, including CCG but excluding any transaction effects, would have increased by +17% and +10% respectively, amounting to net sales of SEK 15,555 million (USD 1,844 million) and EBITDA of SEK 2,388 million (USD 283 million). The pro forma EBITDA margin of the combined group would have been 15.4%. For the current financial year, NIBE expects CCG to achieve net sales of approximately USD 290 million and adjusted EBITDA of approximately USD 32 million.

NIBE expects synergy effects to occur mainly in the area of improved material purchasing and certain efficiency gains over time. Due to the complementarity of NIBE and CCG, whereby NIBE Climate Solutions focuses on residential and CCG predominantly on commercial customers, sales channel synergies are deemed to be immaterial. For the financial year 2017, CCG is expected to reach an EBIT margin exceeding NIBE's group target of 10%. In the long run, the expanded group will be better positioned *a)* to successfully compete with the much larger global HVAC peers of the US and Asia and *b)* to develop its offering of heat pump, cooling and ventilation products into climate solution sales targeting larger commercial customers.

Including the planned rights issue, the transaction is expected to be accretive to the earnings per share of NIBE as from financial year 2017 onwards. On a pro forma 2015 basis, NIBE's net debt to EBITDA ratio would have been approximately 3.5 times and, including rights issue, approximately 2.3 times.

Rights Issue Plan

While funding the CCG acquisition with fully committed credit facilities at completion, NIBE plans for a rights issue relating to NIBE shares worth SEK 3,000 million within due course following completion. The proceeds from the rights issue will enable NIBE to maintain its financial ratios as well as to continue to pursue its growth targets. Danske Bank and Svenska Handelsbanken have been assigned by NIBE with the arrangement of the rights issue. Further information to the stock market and shareholders of NIBE will be provided in due course as soon as appropriate.

Transaction Advisors

Ellestad AB, Strata Advisory AB and Danske Bank are acting as financial advisors to NIBE. NIBE's legal counsel includes Advokatfirman Delphi, Neal, Gerber & Eisenberg LLP and Axinn, Veltrop & Harkrider LLP. KPMG is acting as financial due diligence advisor to NIBE. Credit Suisse is acting as financial advisor and Vinson & Elkins LLP is acting as legal counsel to LSB.

¹) Converted to SEK at SEK/USD exchange rate of 8.143 as per May 11, 2016.

²) Financial 2015 data converted to SEK at FY 2015 average SEK/USD exchange rate of 8.435.

About NIBE

NIBE is an international heating technology company. Operations are conducted within three business areas – NIBE Climate Solutions, NIBE Element and NIBE Stoves – all of which work according to a single vision of creating world-class solutions in sustainable energy. The group has approximately 11,000 employees and operations in Europe, North America, Asia and Australia. Each business area has its own operational management with responsibility for profits. In 2015, net sales amounted to SEK 13,243 million (USD 1,570 million¹), EBITDA to SEK 2,180 million (USD 258 million) and EBIT to SEK 1,700 million (USD 202 million) respectively. NIBE has been listed under the name NIBE Industrier on Nasdaq Stockholm, Large Cap list, since 1997, with a secondary listing on the SIX Swiss Exchange since 2011.

About LSB Industries

LSB is a US-based manufacturing company. LSB's principal business activities consist of the manufacture and sale of chemical products for the agricultural, mining, and industrial markets, and the manufacture and sale of commercial and residential climate control products, such as water source and geothermal heat pumps, hydronic fan coils, modular chillers, large custom air handlers and make-up air units. In 2015, LSB net sales amounted to USD 712 million and adjusted EBITDA to USD 37 million, after non-GAAP reconciliation. LSB has been listed since 1969 with its shares today being traded on NYSE (NYSE: LXU).

NIBE Press Conference

NIBE will host a telephone conference today at 11:00 CET for analysts, press and media. In order to access the telephone conference, please dial +46 8 566 425 08. To view the slides, please visit: www.nibe.com

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The information provided in this press release is such that NIBE is required to disclose pursuant to the Swedish Financial Instruments Trading Act (1991:980) and/or the Swedish Securities Markets Act (2007:528). This information was published at 08:30 CET on May 12, 2016.

Cautionary Statement Regarding Forward-Looking Information

This news release* includes certain information that may constitute "forward-looking information" under applicable securities legislation. Forward-looking information includes, but is not limited to, information with respect to the completion of the transaction, including the receipt of regulatory and other third party approvals, the financial performance of CCG, the timing of the planned rights issue of NIBE, and the combination of CCG's business with NIBE's business. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information contained in this press release is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. NIBE disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

* This News Release uses the following non-GAAP measures: EBITDA, EBIT and accretion. NIBE believes these non-GAAP financial measures provide useful information to both management and investors in measuring financial performance. These measures do not have a standard meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

¹) Financial 2015 data converted to USD at FY 2015 average SEK/USD exchange rate of 8.435.