

Press Release

March 29th, 2022

SEMIKRON and Danfoss Silicon Power join forces to establish the ultimate partner in Power Electronics

- *The two global, family-owned technology leaders in Power Electronics will join forces in a new joint business called SEMIKRON-Danfoss.*
- *SEMIKRON-Danfoss is investing significantly in innovation, technology, and capacity to enable customers' future growth plans.*
- *The transaction is subject to regulatory approvals in several countries and is expected to close no later than Q3 2022.*

NUREMBERG/NORDBORG – SEMIKRON and Danfoss Silicon Power announced a merger today to create a joint business specialized in Power Electronics focusing on power semiconductor modules.

With an existing workforce of more than 3,500 dedicated power electronic specialists, the new SEMIKRON-Danfoss will provide world-class technology expertise as the leading partner in Power Electronics. The merger comes with a firm commitment to future investments, paving the way for green growth and a more sustainable, energy efficient and decarbonized future. SEMIKRON-Danfoss will be a central enabler of this transition.

The electrical power will be in the future the most important energy source. The power semiconductor module is at the heart of all power electronic solutions. The module is built of power semiconductors that makes it possible to convert and control the electrical power.

With the rise of e-mobility, the demand for electric vehicles is expected to increase by 30% each year over the next years.ⁱ This speaks to the enormous growth potential of power modules as they are a key component for powering the electric motor and in vehicle chargers.

Industrial motors are consuming 50% of electrical energy in the world and only 20% of these motors are equipped with variable speed motor controls, leaving a large untapped potential to improve energy efficiency and reduce CO₂ emissions. The power module is the key component in any variable speed control for electric motors.

The ongoing global transition aiming at replacing fossil fuels by improving energy efficiency and ambitious use of renewables also increases the demand for power modules. The power module is critical in all solar installations and all wind turbines to enable the power conversion to grids and energy storage.

SEMIKRON-Danfoss will leverage its strong core business in industrial- and renewable power module applications and will utilize the partnership to target a leading position in Automotive power modules. SEMIKRON-Danfoss will set the trend and drive the technology shift into Silicon Carbide solutions in both industrial and automotive applications.

The newly formed SEMIKRON-Danfoss joint business will be owned by the current owner-families of SEMIKRON and the Danfoss Group, with Danfoss being the majority owner.

The new joint business SEMIKRON-Danfoss will be managed by one common leadership team. The joint business will be operated in the accustomed manner, retaining existing production facilities, customer and supplier relationships and distribution channels.

SEMIKRON-Danfoss will retain the two main locations in Germany, Nuremberg and Flensburg. The current factories and sales offices of Semikron and Danfoss Silicon Power will continue operations as usual.

Danfoss President & CEO Kim Fausing, said:

"The new SEMIKRON-Danfoss builds on a strong long-term partnership and more than 90 years of combined technology leadership in Power Module packaging, innovation, and customer application expertise. With electrification driving the green transition, SEMIKRON-Danfoss aims to become the preferred decarbonizing partner for customers. We have the passion, competences and technologies to more than double our business in five years."

SEMIKRON CEO Karl-Heinz Gaubatz added:

"This really is an exciting moment. Based on close, trusting conversations over the last months we have identified that SEMIKRON and Danfoss are a unique fit with complementing assets, a strong team and shared values. By combining SEMIKRON's expertise as a pioneer for semiconductor technology with more than 70 years of experience in the development of top-class power modules and systems and the strength, innovativeness and fast-paced operations of Danfoss Silicon Power and the Danfoss Group we are positioned ideally to become one of the strongest players in power electronics."

Claus A. Petersen, Senior Vice President and General Manager Danfoss Silicon Power, concludes:

"The new SEMIKRON-Danfoss is a great opportunity for customers, partners and our employees. Timing is perfect, with strong growth in our key markets Automotive, Industry and Renewables. With the emerging technology transition from Silicon to Silicon Carbide, we are set to become the strongest partner of our customers. SEMIKRON-Danfoss will inspire the future and offers great career opportunities".

ENDS

SEMIKRON

SEMIKRON is one of the world's leading manufacturers of power modules and systems primarily in the medium output range (approx. 2 kW up to 10 MW). Our products are at the heart of modern energy efficient motor drives and industrial automation systems. Further application areas include power supplies, renewable energies (wind and solar power) and electric vehicles (passenger cars, trucks and buses, heavy duty vehicles and other battery vehicles). SEMIKRON's innovative power electronic products enable our customers to develop smaller, more energy efficient power electronic systems. These systems in turn reduce the global energy demand.

SEMIKRON is a family-owned business founded in 1951, headquartered in Nuremberg, Germany. Today the company has a staff of more than 3,000 people in 24 subsidiaries worldwide. This international network with production sites in Germany, Brazil, China, France, India, Italy, Slovakia and the US ensures fast and comprehensive service for customers.

Read more about us at www.semikron.com

Danfoss A/S

Danfoss engineers solutions that increase machine productivity, reduce emissions, lower energy consumption, and enable electrification. Our solutions are used in such areas as refrigeration, air conditioning, heating, power conversion, motor control, industrial machinery, automotive, marine, and off- and on-highway equipment. We also provide solutions for renewable energy, such as solar and wind power, as well as district-energy infrastructure for cities.

We deliver value to our customers as a global technology partner with global leading positions, deep application knowledge and sustainable innovation in our core businesses:

- Danfoss Power Solutions – Full solutions capabilities in mobile and industrial hydraulics, fluid conveyance, electrification and software
- Danfoss Climate Solutions – Sustainable heating and cooling solutions for buildings, cold chains, industry and infrastructure
- Danfoss Drives – Clean-energy solutions such as AC drives, power semiconductor modules, and electrification in automotive and various industries

Our innovative engineering dates back to 1933. Danfoss is family-owned, employing more than 40,000 people, serving customers in more than 100 countries through a global footprint of 95 factories.

Read more about us at www.danfoss.com

For more information

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ⁱ BloombergNEF, EVO 2021 <https://bnf.turtl.co/!HuHit0/>