


VareseNews

Cobra sells its production to a fund; the details of the operation

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 Today, **Cobra Automotive Technologies S.p.A.** ("Cobra"), a company listed in the **Star segment of the Milan Stock Exchange**, has signed a binding contract, with the vehicle company azzurGC GmbH, which is controlled by the private equity investor **bluO SICAV SIF** ("**bluO**"), for the sale of its **Electronic Systems Division**.

The business being sold consists of the division of the holding company, Cobra Automotive Technologies S.p.A. that operates in the production and marketing of electronics equipment for the automotive sector, and of a 100% stake in Cobra Automotive Technologies Korea Ltd., Cobra (Beijing) Automotive Technologies Co. Ltd. and Cobra Japan KK.

The price agreed for the sale is €5 million, of which €1 million is to be paid on conclusion, €2 million by 31 December 2013, and €2 million by 31 December 2014. An earn out mechanism has also be included, which entails the payment, to Cobra, of 5% of any capital gains achieved by bluO, if it ceases operating within 5 years of the conclusion of this operation.

The Electronic Systems Division will be given to a company ("Cobra ES"), which will, in turn, be purchased by bluO. In addition, **the building in Varese, in Via Astico No. 41, will remain the property of Cobra AT** and will be let to Cobra ES for 6 years, with an automatic renewal for an additional 6 years.

In the 9 months leading up to 30 September 2011, the division being sold had a net debt of about €20 million, proceeds of about €80 million, an EBITDA of about €1.5 million, a negative operating result of about €3 million, and about 450 employees.

With the separation of the two activities of the Cobra Group (production and marketing, services), Cobra Automotive Technologies S.p.A. **will focus its core business on services**, but will still remain active in the marketing of electronic systems. The Group's new perimeter will include companies already operating in Europe (Italy, the UK, France, Spain, Russia, Germany and Switzerland) and in Brazil in telecommunication services, to maintain the ownership of vehicles, and manage maintenance costs, driving behaviour and driver safety. Following the sale, the Cobra AT Group will have a pro forma consolidated net debt of about €20 million, pro forma consolidated proceeds of about €90 million per year and about 460 employees. Following the conclusion of the transaction, Cobra AT S.p.A. will present **a long-term industrial plan** to the financial community.

The conclusion of the transaction is subject to the agreement of the credit institutions to the transfer of credit lines related to the division. The closing of the transaction is currently expected to be in the first half of 2012.

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