



For Immediate Release: Tuesday, December 18, 2018

Hammond Power Solutions Announces Plant Closure of Its Italian Operation

Guelph, December 18, 2018 – Hammond Power Solutions Inc. ("HPS") (TSX: HPS.A) today announced its intention to discontinue and close its manufacturing operations at their Marnate, Italy facility.

The closure process will occur over the next several months.

William G. Hammond, Chairman and CEO, stated "the decision to close the Marnate facility was a very difficult one, but one made necessary due to mounting losses of the operation. The volatility and instability in the overall European economy, electrical market conditions, pricing pressure and lack of competitiveness were all contributing factors."

By eliminating the losses of the operation HPS expects a positive contribution to adjusted EBITDA of approximately \$3.5 to \$4.0 million in 2019 and subsequent years. HPS remains focused on improving the overall fundamental performance and profitability of the company.

As a result of this plant closure, a charge of approximately \$14 to \$16 million will be recorded in the fourth quarter of 2018, primarily related to severance and closure costs. Approximately \$5 million of this charge relates to cash items and the remainder to non-cash.

Mr. Hammond concluded, "HPS is committed to being a global company, to delivering solid financial performance, providing a sustainable return to our shareholders, maintaining the balance sheet strength of the company and delivering long-term value to all stakeholders. We believe these actions, as regrettable as they are, will better position HPS to deliver these goals in 2019 and beyond."

Caution Regarding Forward-Looking Information

This press release contains forward-looking statements that involve a number of risks and uncertainties, including statements that relate to among other things, strategies, intentions, plans, beliefs, expectations and estimates, and can generally be identified by the use of words such as "may", "will", "could", "should", "would", "likely", "expect", "intend", "estimate", "anticipate", "believe", "plan", "objective" and "continue" and words and expressions of similar import. Although HPS believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from expectations include but are not limited to: costs associated with the closing of the plant and/or operations in Italy; general business and economic conditions; currency rates; changes in laws and regulations; legal and regulatory proceedings; and the ability to execute strategic plans. HPS does not undertake any obligation to update publicly or to revise any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except as required by law.

ABOUT HAMMOND POWER SOLUTIONS INC.

HPS (TSX: HPS.A) is a North American leader for the design and manufacture of dry-type custom electrical engineered magnetics, electrical dry-type and cast resin transformers. Leading edge engineering capabilities, high quality products, and responsive service to customers' needs have all served to establish HPS as a technical and innovative leader in the electrical and electronic industries.

HPS has operations in Canada, the United States, Mexico and India.

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