



VIRGINIA TRANSFORMER CORP

NEWS RELEASE FOR TRADES AND MEDIA

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Virginia Transformer Corp. announces strategic alliance with Caravels, LLC, new owner of Efacec Power Transformer

*Agreement will change landscape of North American
transformer industry; Company will be able to offer larger
transformers, total package for utility, EPC, oil & gas, and
renewable markets*

ROANOKE, Va., (November 19, 2014) – Virginia Transformer Corp., a leading manufacturer of custom power electric transformers for the utility, renewable energy, industrial, mining, oil and gas and other markets, today announced a strategic alliance with Caravels, LLC. Caravels has signed an agreement to purchase Efacec Power Transformer, a manufacturer of large power transformers in Rincon, Ga.

The alliance will develop and deliver advanced technology and services to customers around the world under the Virginia Transformer and Efacec brands. Together with Efacec's plant, the Virginia Transformer family will become the nation's second-largest transformer business by capacity and MVA size and third in revenues, changing the landscape of the North American transformer industry.

Under this strategic relationship Virginia Transformer (VTC) will offer a total package to the industrial, oil and gas, utility and renewable energy markets for power generation and transmission up to 500 MVA in the 500 KV class. Financial terms are not being disclosed.

The alliance, subject to financial closing, involves the sale of assets of the Rincon plant to Caravels, a woman- and minority-owned private investment company. The sale of assets includes the design and manufacturing technology, the plant and equipment, as well as the use of the brand Efacec for a period of time.

Caravels intends to employ Efacec's experienced existing personnel in Georgia and use existing technology and processes to manufacture transformers.

Caravels will elect utility industry experts to the board of directors to provide direction and strategy, enhance the design and quality of manufacturing, and optimize the supply chain to achieve the level of operation envisioned by the Efacec management. As part of the sale, the parent company of Efacec, Group Efacec of Portugal, will continue to provide technology consulting to Caravels when needed.

"We are very pleased, through this alliance, to offer large power transformers from Efacec into the VTC product portfolio," said Prabhat Jain, president of Virginia Transformer. "We look forward to leveraging this relationship to strengthen our portfolio in the utility, renewable, oil & gas and industrial markets while broadening our product and service offerings to customers."

Virginia Transformer will now have the flexibility to sell large power transformers for the eastern U.S., Canadian and Central American markets with lower transportation costs. The alliance also will give VTC, Caravels more buying power to reduce the costs of material costs, benefiting customers.

Efacec has been in the American market since 1988 when the first mobile substation was delivered in Texas. Over the past 16 years, Group Efacec has delivered more than 16,000 MVA of transformer and mobile substations. The company built its world-class power transformer plant in 2009. The facility has delivered about 125 transformers ranging from 20 to 900 MVA and 69kV to 525kV.

"This alliance will make Efacec stronger through VTC's presence in the North America energy market, complementing Efacec's positions in the oil and gas and Industrial segment," Jain said.

"Caravels believes in the future growth of the electrical power industry expected in North America over next 15 to 20 years," added Neerja Gursahaney, managing partner of Caravels.

“As such, we are interested in the long-term growth of their portfolio of investments in this market segment. Using the Rincon plant as our platform, Caravels plans to add other transformer, switchgear, and substation engineering businesses to the portfolio.”

Efacec built the world-class power transformer plant in Rincon in 2009. Currently, Efacec Power Transformers, Inc. employs approximately 250 people.

“Caravels expects to secure supply-chain with its working capital to enable us to carry the raw materials and inventory needed to reduce lead-time and meet delivery commitments,” Gursahaney said. “We are committed to maintaining and expanding the Rincon plant and offering a higher level of service to its valued customers.”

ABOUT VIRGINIA TRANSFORMER

Virginia Transformer Corp., with its new alliance with Efacec, is the nation’s second-largest provider of custom engineered power electrical transformers for utility, renewable energy, industrial, mining, oil and gas, commercial, institutional, specialty and export markets in power ranges from 500 kVA to 500 MVA. Virginia Transformer produces one of the broadest ranges of small and medium power transformers available from a single source. With transformers in 40 countries, Virginia Transformer has facilities and offices in Virginia, Idaho, Mexico and India. For more information, please visit <http://www.vatransformer.com>.

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