

Hexatronic Group AB (publ)
556168-6360

Press Release July 14, 2021

Hexatronic acquires leading microduct business in the fast-growing German market

Hexatronic Group AB (publ) ("Hexatronic") has signed a binding asset purchase agreement to acquire all the telecom activities of REHAU Group ("REHAU Telecom") - one of the main players in the German microduct market - for an enterprise value of €40.5 million, with an additional purchase consideration of up to €6.0 million based on performance. The acquired business is expected to have sales of €35 million in 2021.

REHAU Telecom

REHAU Telecom have been active in the German microduct market for many years and is a quality producer of telecom microducts and accessories to mainly the German telecommunication market. The REHAU Telecom team is very experienced and highly skilled in the microduct business. Significant investments in new production equipment at the microduct plant in Neulengbach, Austria, have been made over the last five years. The plant provides considerable possibilities for further expansion of the production capacity.

The acquisition, a carve-out from REHAU Group, is highly strategic for Hexatronic Group. The German FTTH (Fibre to the Home) market is in an early phase of a large expansion. By combining the capabilities of REHAU Telecom's microduct business with Hexatronic's complete passive FTTH solution Hexatronic will become a major player in the growing FTTH market in Germany.

The acquired business includes the sales & marketing and product management activities based in Germany, Italy and UK, as well as the microduct plant in Neulengbach, Austria, including the land and buildings of the production site. Product sales is mainly in Germany but also in Switzerland, Austria, Italy, UK and a limited number of other countries.

Purchase price and financing

In the last twelve months REHAU Telecom's business has generated sales of approximately €30 million. For 2021 it is expected to grow to €35 million with an EBITDA-margin of approximately 20%, representing a transaction multiple of 5.8x to 6.7x forecasted 2021 EBITDA. The acquisition is immediately accretive to earnings.

The fixed purchase price of €40.5 million is to be paid in cash at closing and will be financed through a committed senior debt from Danske Bank of approximately €40 million. Net debt/EBITDA for the Hexatronic Group following the transaction is expected to be approximately 2.0. The acquisition is expected to close in the fourth quarter of 2021.

Comments from the CEO

"We are very glad to have reached an agreement with REHAU Group to acquire their telecom activities. It's a highly skilled team together with high quality products that will fit very well into Hexatronic Group."

Throughout the process we have met people who are deeply committed and engaged in their work which is a foundation for a successful business. In addition to a highly skilled team we will get access to a state-of-the-art microduct production plant strategically located in central Europe. At the plant in Neulengbach there are significant possibilities to increase capacity with further production lines, an expansion that we will initiate already end of this year.

Acquiring a microduct business in central Europe has for a long time been a top priority for us and together with the recently announced acquisition of Weterings Plastics in the Netherlands, we will become a strong player in central Europe.

Since a few years, the German market with its forecasted strong growth rate for many years to come is one of our three key strategic growth markets. Combining our Hexatronic GmbH business with the REHAU Telecom team and business will fundamentally strengthen our market presence and the ability to provide customers with our complete FTTH solution in Western Europe”, says Henrik Larsson Lyon, CEO of Hexatronic Group.

Comments from REHAU Group

"With the sale of the Telecommunications business unit, we are taking another significant step as part of our strategic realignment", explains Dr Roger Schönborn, Head of the Building Solutions Division within the REHAU Group. "At the same time, we see it as our responsibility to create the best conditions for a sustainable and successful telecommunications business for our employees and customers. With the sale, we ensure that the existing potential can be fully exploited and future growth can be created," the division head further explains. "We are convinced that with the Hexatronic Group we have found the "best owner" for our employees and customers, providing the optimal environment for the integration of our telecommunications business. We have great confidence", emphasises Dr Schönborn, "that Hexatronic will reliably and sustainably drive the further development of the business unit as part of their growth policy."

Advisor

White & Case has acted as legal counsel for its acquisition of REHAU Telecom.

Gothenburg, July 14, 2021

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CEO Hexatronic Group

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This is information that Hexatronic Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 2pm CET on July 14, 2021.

Hexatronic Group AB (publ) is a group that develops, markets and delivers products, components and system solutions with the main focus on the fiber optic market. Hexatronic offers a wide range of innovative system and product solutions mainly for passive fiber optic infrastructure with global trademarks like Matrix, Viper, Stingray, Raptor, InOne, Drytech™, Lightmate®, Skyline and Wistom®. The Group has its headquarters in Gothenburg, Sweden and has sales

offices and/or subsidiaries in Sweden, Norway, Denmark, Finland, United Kingdom, Italy, Estonia, Latvia, Lithuania, Germany, China, New Zealand, Australia, US and Canada. The Group is listed on Nasdaq Stockholm under the ticker HTRO. For more information, visit <https://group.hexatronic.com/en>.

The REHAU Group is a polymer specialist with an annual turnover of around EUR 3.3 billion. It is an independent and stable family-owned company. Approximately 20,000 employees work for the company at more than 170 locations worldwide. Around 12,000 employees work for REHAU across Europe, with 8,000 in Germany alone. REHAU manufactures solutions for the areas of construction, automotive and industry. For more than 70 years, REHAU has been working on making polymer products even lighter, more comfortable, safer and more efficient and it supplies innovative products to countries all over the world.