

Hexatronic Group AB (publ)
556168-6360

Press Release August 2, 2021

Hexatronic strengthens Australian market presence through acquisition of two leading telecom businesses

Hexatronic Group AB (publ) (“Hexatronic”) has today completed two acquisitions in Australia by acquiring 100% of the shares of Optical Solutions Australia Group Pty Ltd (“OSA”) as well as 100% of the shares of The Fibre Optic Shop Pty Ltd (“FOS”). OSA is a value-add distributor of a broad range of telecom products. FOS design, manufacture and distribute fibre optic management products. The combined enterprise value for the two businesses amounts to 47.4 MAUD, with an additional purchase consideration of up to 6.8 MAUD based on performance of the two entities. For both transactions, the fixed purchase price is paid partly in cash and partly through newly issued shares. The acquired businesses are expected to have an aggregated EBITDA of 7.3 MAUD in 2021.

The acquisitions of OSA and FOS are both strategic for Hexatronic Group. Today Hexatronic has a limited presence in Australia which is managed from the fully owned subsidiary Hexatronic New Zealand that is a market leader within passive Fiber To The Home (FTTH) solutions in the local New Zealand market. The two acquisitions strengthen Hexatronic’s local presence, which is important for success in the Australian market.

OSA

OSA was founded 2002 and delivers, designs, and supports some of Australia’s largest telecom and infrastructure projects. They work with several well-known suppliers and through their six offices spread across the country and sizable warehouses they can offer short lead times and retain high stock levels. OSA also offer value-add services through their three R&D labs around Australia where they support their customers by testing new technologies, quality-assure their projects and together design new systems. The sellers of OSA will remain in their current positions.

FOS

FOS was founded 2000 and is based in Melbourne, Australia, where they have their head office and production. FOS manufacture and distribute a broad range of high-quality standard and highly customized fibre and copper cables assemblies, patch leads and enclosures. Key markets are telecom, industrial & harsh environment, enterprise, and infrastructure. FOS have large warehouse capacity to ensure high service level with short turnaround times. The sellers of FOS will remain in their current positions.

Purchase price and financing

The combined sales for both businesses is approximately 45 MAUD with an EBITDA-margin of approximately 16% in the last twelve months, representing a total EBITDA transaction multiple of 6.5x to 7.4x. Both acquisitions are immediately accretive to earnings.

Adding both companies the total fixed purchase price amounts to 47.4 MAUD on a debt-free basis with an additional consideration up to 6.8 MUAD based on EBITDA for the coming three years. The fixed purchase price for both OSA and FOS will be paid 90% in cash and 10% in newly issued shares.

Both acquisitions are being financed by a senior bank loan from Danske Bank. Net debt/EBITDA for the Hexatronic Group following the transactions is expected to be approximately 1.8x. Including the acquisition of REHAU Telecom that is expected to close in the fourth quarter of 2021 the Net debt/EBITDA is expected to be approximately 2.4x.

OSA and FOS is consolidated into Hexatronic Group from August 1, 2021.

Comments from the CEO

“We are very happy to welcome both teams of OSA and FOS to Hexatronic Group. Both businesses have a strong market position and dedicated teams with extensive experiences from the Australian fiber optic market. Our aspiration is that our Australian customers will experience significant innovation and design benefit by combining the local presence of OSA and FOS with the product portfolio and passive system solutions of Hexatronic. Today the fibre backbone has been built out in larger parts of Australia, and the next step is the last mile fibre build out to connect households and business to a full-fibre network. This is Hexatronic’s focus area, and this build out is foreseen to continue for many years to come,” says Henrik Larsson Lyon, CEO of Hexatronic Group.

Comments from OSA

“After 19 years of sustained growth we are excited to be part of the Hexatronic group that will give us greater scale to grow our market share in key areas of our business. It was important for OSA to find a company that shares our vision and importantly values its people. We look forward to working with Hexatronic in introducing its global product and services to the Australian market,” says Mike Thomas, CEO of OSA.

Comments from FOS

“Hexatronic has a number of businesses globally that manufacture similar products to FOS and we are very proud that they recognized FOS’s quality and local manufacturing capacity as a key basis for their future success in the Australian Market. We are already seeing great potential to capitalise on global accounts in partnership with other Hexatronic subsidiaries. We are happy with what we have accomplished and look forward to our next chapter in our growth trajectory,” says AP Singh, CEO of FOS.

New share issue

The Board of Directors of Hexatronic has resolved, pursuant to the authorisation granted by the annual general meeting on 6 May 2021, on issue of 209,921 ordinary shares in Hexatronic where the subscription price is to be offset by receivables that the sellers of OSA and FOS have against Hexatronic.

The subscription price for both OSA and FOS amounts to approximately SEK 143 per share and corresponds to the volume weighted average share price for a Hexatronic share for the 30 consecutive trading days ending on and including July 29, 2021, as reported on Nasdaq Stockholm.

Through the new share issue, Hexatronic’s share capital increases by SEK 10,496.05 to SEK 1,968,143.40. The number of shares will after the new issue amount to 39,362,874, of which 38,702,874 are ordinary shares and 660,000 are shares of series C. The number of votes will, after the new issue, amount to 38,768,874.

Advisor

Corrs Chambers Westgarth has acted as legal counsel to Hexatronic for its acquisition of OSA and FOS.

Gothenburg, August 2, 2021

Henrik Larsson Lyon
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 August 2, 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>.