

Press release
June 28, 2023
Gothenburg, Sweden

Hexatronic signs an agreement to acquire Fibron from Rubicon Partners and strengthens its position in Harsh Environments

Hexatronic Group AB (publ) ("Hexatronic") has signed an agreement to acquire Fibron BX, LTD ("Fibron"), a leading original equipment manufacturer within harsh environment electro-optical cables from Rubicon Partners. By acquiring Fibron, Hexatronic will strengthen its position as a comprehensive provider of high-quality umbilical products and specialty underwater cables. Fibron's diverse portfolio delivers across sectors such as traditional energy markets including renewables (wave, tidal & wind), ROV, defense, and diving and their extensive global customer base complements Hexatronic's existing portfolio. The estimated enterprise value amounts to GBP 32 million.

Strategic rationale

This strategic acquisition allows for additional diversification of Hexatronic's business and increased opportunities within Harsh Environment markets. Following the completion of the acquisition, Hexatronic's Harsh Environment business will increase from approximately 7 percent of annual group sales to over 11 percent, on a proforma basis. Hexatronic sees promising opportunities for further growth in the harsh environment sector, both through organic expansion and future acquisitions.

The agreement presents numerous synergies with Hexatronic Rochester Cable, the Hexatronic subsidiary within Harsh Environments, including complementary production capabilities, improved utilization, expanded tender bidding ability, and enhanced economies of scale. Additionally, Fibron's expertise in custom umbilical cables, along with their proficiency in global project sales, adds significant value to Hexatronic's capabilities.

Comments from Hexatronic CEO

"The acquisition of Fibron marks a significant milestone for Hexatronic as we expand our portfolio and strengthen our operations in Harsh Environments. Fibron's expertise and reputation as a leading manufacturer of subsea control umbilicals align with our strategic growth objectives. Together, we will combine our strengths and capabilities to provide enhanced solutions and value to our customers. We look forward to welcoming the Fibron team into the Hexatronic Group and embarking on this exciting journey of growth and innovation", says Henrik Larsson Lyon, CEO of Hexatronic Group.

Comments from Fibron CEO

"Fibron's business provides products globally into the harshest of underwater environments, becoming part of Hexatronic group represents stability for our growing business as we continue to deliver for our customers and employees. We are excited about the opportunity of working closely with Hexatronic Rochester Cable, together we are globally complementary and will be able to offer a wider product portfolio to our existing customer base", says Phil Ashley, CEO of Fibron.

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Overview of the transaction

The purchase price corresponds to a fixed enterprise value of GBP 25 million, with a potential earn-out of up to GBP 7 million based on Fibron's accumulated EBITDA for the full year of 2023. EBITDA for the current year is expected to be GBP 5.3 million, which will result in full earnout and a purchase price of GBP 32 million. This corresponds to a transaction multiple of 6.0x based on expected EBITDA for the current year and 7.4x based on EBITDA for the full year of 2022.

The proposed acquisition will be fully financed through existing credit facilities from Danske bank and SEB. After completion of the transaction, Hexatronic's proforma net debt is expected to amount to 1.5 times proforma EBITDA. Proforma net debt including lease liabilities is expected to amount to 1.8 times proforma EBITDA.

Hexatronic acquires Fibron from Rubicon Partners, which is a UK-based private equity fund, established in 1993, that is focused on investing in complex industrial businesses. Rubicon acquired Fibron in 2018 as a carve-out from its US-corporate owner, Actuant Corporation. Under Rubicon's ownership, Fibron has doubled in size through a strategic focus on supplying dynamic umbilicals to harsh environments, including through growing in new segments such as ROV and Renewables.

The existing Fibron management team will remain in their current roles.

The transaction is subject to customary closing conditions and regulatory approval under the National Security and Investment Act. The deal is expected to be completed in the latter part of the third quarter 2023.

The acquisition has no significant impact on Hexatronic's earnings.

Advisors

Alvarez & Marsal is serving as financial due diligence advisor to Hexatronic, White & Case is serving as legal counsel in connection with the transaction. Rubicon Partners were advised by KPMG (sell-side M&A) and Proskauer (legal).

Gothenburg, June 28, 2023

Henrik Larsson Lyon
CEO Hexatronic Group

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About Hexatronic

Hexatronic creates sustainable networks all over the world. We partner with customers on four continents – from telecom operators to network owners – and offer leading, high-quality fiber technology for every conceivable application. Hexatronic Group (publ.) was founded in Sweden in 1993 and the Group is listed on Nasdaq OMX Stockholm. Our global brands include Viper, Stingray, Raptor, InOne, and Wistom®.

About Fibron

Fibron is a renowned global manufacturer, that specializes in umbilical cables and other subsea specialty cables primarily utilized by offshore oil and gas, renewables, ROV, defense, and diving sectors. The company has considerable in-house design expertise and manufacturing facilities capable of producing a broad range of products. Fibron's track record ensures the provision of cable or umbilical solutions for most situations, and expertise and experience in this field of operation. The company currently has 114 employees and is based out of Hoddesdon, North of London, UK. It also operates a ~7,200 square meter production facility in the region. The company reported an EBITDA of GBP 4.3 million for the full year of 2022.

About Rubicon Partners

Rubicon Partners is a hands-on investment partnership focused on the acquisition of industrial businesses in the UK. Over the past 30 years, Rubicon has invested in 79 businesses across the manufacturing, distribution and service sectors, ranging in value from GBP 15 to 250 million. Rubicon focuses on opportunities for long-term value creation through working closely with company management in addressing strategic opportunities and operational performance. The firm has extensive experience in acquiring from private family ownership, retiring owner managers, and corporate carve outs. The hallmark of the Rubicon approach is certainty of execution and long-term investment strategy.