

Hexatronic Group AB (publ)
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Press Release December 4, 2017

Hexatronic to acquire US-based duct manufacturer Blue Diamond Industries

Hexatronic Group AB (publ) ("Hexatronic") has on the 4th of December 2017 entered into a definitive agreement to acquire Blue Diamond Industries, LLC ("BDI"), a US-based supplier of conduits and ducts for the telecommunications and power markets, for an enterprise value of \$24.5 million with an additional purchase consideration of up to \$2.5 million based on performance.

Including a tax benefit of approximately \$4 million resulting from the transaction, the total effective enterprise value will be \$20.5 million up to \$23.0 million including performance based consideration.

Blue Diamond Industries LLC

BDI manufactures High Density Polyethylene (HDPE) conduit and duct used in the telecommunications and power markets. The company is headquartered in Lexington, Kentucky, and has a modern production plant in Middlesboro, Kentucky. BDI has 85 employees.

Sellers are the four members of the senior management team, all of whom will continue in their current positions at BDI.

Purchase price and financing

In the Last Twelve Months ("LTM"), BDI has generated a revenue of approximately \$29 million and EBITDA of \$4 million, with an expected strong revenue growth going forward. The acquisition is expected to be accretive to earnings from the first full year, adding 0.50-0.60 SEK per Hexatronic share in 2018.

Hexatronic and BDI will make a joint election under Section 338(h)(10), permitting the transaction to be treated as an asset purchase for tax purposes. This election will generate a tax benefit with an estimated present value of \$4 million for Hexatronic and its shareholders. The effective enterprise value, taking into account the tax benefit, represents an implied transaction multiple of 5.3x to 5.9x LTM EBITDA.

The acquisition is expected to be fully financed through a committed senior debt. Net debt/EBITDA for the Hexatronic Group following the transaction is expected to be approximately 1.0x. The acquisition is subject to customary closing conditions and is expected to close in early January 2018.

Comments from the CEO

"We are very glad to welcome BDI to Hexatronic Group. BDI's product portfolio complements and strengthens our local offering. In addition, the acquisition significantly expands our footprint in the US market." said Henrik Larsson-Lyon, Hexatronic's Chief Executive Officer.

"Hexatronic gives us the ability to increase our product offering and continue to make capital investments to meet the growing needs of our customers. Their unique knowledge of micro duct and fiber will accelerate our product development and ability to offer a full line of products, including micro duct systems." said Sherri Simpson, BDI's Chief Executive Officer and majority shareholder.

Advisor

Ellis & Winters LLP has acted as legal counsel to Hexatronic for its acquisition of BDI.

Gothenburg, December 4, 2017

Henrik Larsson Lyon

CEO Hexatronic Group

For more information, please contact:

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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 15.00 CET on December 4 2017.

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 Ribbonet[®], Micronet[™], Drytech[™], Lightmate[®], FibreHub[™], Matrix, Viper, Stringray and Wistom[®]. The Group has its headquarters in Gothenburg, Sweden and has sales offices and/or subsidiaries in Sweden, Norway, Finland, United Kingdom, China, New Zealand and the US. The Group is listed on Nasdaq Stockholm under the ticker HTRO. For more information, visit www.hexatronicgroup.com.