

Hexatronic Group AB (publ)
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Press Release June 1, 2018

Hexatronic acquires PQMS, a UK-based training company

Hexatronic Group AB (publ) ("Hexatronic") has on the 1st of June 2018 entered into a definitive agreement to acquire all shares in Professional Quality Management Services Ltd. ("PQMS"), a United Kingdom based training provider for the telecommunications, electric/gas and health/safety markets, for an enterprise value of £2.0 million with an additional purchase consideration of up to £2.6 million based on EBITDA performance.

Professional Quality Management Services Ltd.

PQMS was established in 1999 and is today a reputable training provider to a number of the largest telecommunication and electric companies in the UK. The company is accredited by 16 national awarding bodies and operates from two centers, one based in Bedworth, Warwickshire and one in Bury, Lancashire. Both centers are equipped with training facilities and classrooms to support practical and hands-on training for clients.

As part of the transaction Hexatronic also acquires UK-based Smart Awards Limited ("Smart Awards") and Gordon Franks Training Limited ("Gordon Franks"). Smart Awards is a national accrediting body that develops and certifies programs for a number of industries including telecommunication. Gordon Franks is a provider of apprenticeships and specialist training programs.

The acquisition is subject to customary closing conditions and is expected to close in 14 days.

Sellers are the directors, both of which will continue in their current positions.

Purchase price and financing

In 2017, PQMS generated a revenue of approximately £4.2 million with an expected strong revenue growth going forward. The fixed purchase price amounts to £2.0 million with an additional purchase consideration of up to £2.6 million based on EBITDA performance for the next three years, of which 70 % is paid in cash and the remaining 30 % by a non-cash issue. The enterprise value represents a transaction multiple of 2.0x to 4.6x the forecasted EBITDA for 2018.

The acquisition is expected to be accretive to earnings for the current year, adding approximately 0.25 SEK per Hexatronic share for 2018 proforma (as if PQMS was consolidated from January 1, 2018).

The acquisition is financed through a revolving credit facility provided by Danske Bank.

Comments from the CEO

“We are very pleased to welcome PQMS, Smart Awards and Gordon Franks to Hexatronic Group. The companies significantly strengthen our position and local offering on the growing UK-market. The acquired companies complement our strong FTTH system offer to the UK market. The acquisition also enhance Hexatronic Group’s business area training” says Henrik Larsson-Lyon, Hexatronic’s Chief Executive Officer.

“Hexatronic is a long term industrial player that provides us with the necessary resources in order to accelerate growth.” said Liam Minehane, PQMS Chief Executive Officer.

Advisor

DMH Stallard has acted as legal counsel to Hexatronic for its acquisition of PQMS.

Gothenburg, June 1, 2018

Henrik Larsson Lyon

CEO Hexatronic Group

For more information, please contact:

- Henrik Larsson Lyon, CEO Hexatronic Group, +46 706 50 34 00

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 09.30 CET on June 1 2018.

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, Germany, China, New Zealand and the US. The Group is listed on Nasdaq Stockholm under the ticker HTRO. For more information, visit www.hexatronicgroup.com.