

Hexatronic Group AB (publ)

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Hexatronic expands with new production facility to meet increased demand in the United States

Hexatronic Group AB (publ) ("Hexatronic") has decided to establish a second production facility in the United States, to meet the increased demand of High Density Polyethylene conduit for the protection of fiber optic and power cables. The production plant will be an extension of the wholly owned subsidiary Blue Diamond Industries LCC ("Blue Diamond") current production in Middlesboro, Kentucky, which today covers demand in eastern United States. The new location west of Middlesboro will allow Blue Diamond to serve a significantly larger geographical market.

Blue Diamond was acquired in January, 2018, and have thereafter continued to have a very positive development both in terms of sales and margins. Hexatronic's US headquarter is since the acquisition located in Lexington, Kentucky, where the administration of both the Middlesboro production facility and the new production facility will be handled from.

The investment is estimated to \$7M - \$8M and is expected to enable a capacity increase of close to \$20M in annual sales. The expansion will be financed through a combination of own funds and senior debt from Danske Bank.

During the fiscal year 2021, we estimate that sales from the new production facility will exceed \$15M with a positive impact on Hexatronic's EBITA margin. In the current year and next year, we expect the expansion to adversely affect the EBITA margin by 0.5%. Production start is expected in Q1 2020.

"Since the acquisition 18 months ago, Blue Diamond Industries has developed beyond our expectations with sales increase of more than 30%. It is therefore particularly satisfying to announce today our expansion which enables increased capacity, but primarily that we geographically address a larger part of the American market. We will thus be able to serve our existing customers, which to a large extent are national players, in a much better way by offering them our product in more states." says Henrik Larsson Lyon, CEO of Hexatronic Group.

Gothenburg, June 25, 2019

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 08.30 CET on June 25 2019.

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, Raptor, InOne 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.