

Hexatronic Group AB (publ)
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Increased profitability and an organic growth in preliminary sales of 5 percent in the second quarter

During the second quarter, Hexatronic's sales were negatively affected as a result of the Covid-19 pandemic and the effect is estimated to be 40 to 50 MSEK. We believe that the negative effects of Covid-19 will decrease in the coming quarters, given the current information. Preliminary sales for the second quarter amounted to approximately 510 MSEK, which corresponds to 5 percent organic growth. EBITA for the second quarter is expected to be between 49 and 54 MSEK. The order backlog at the end of the quarter was 22 percent higher, organically, than at the same time last year. This information is provided due to the prevailing uncertainties caused by the Covid-19 pandemic.

"During the second quarter, given the Covid-19 situation, we were mainly affected by the restrictions imposed in many of the countries in which we operate. We have been less affected by delayed material deliveries from subcontractors with production in China. In the latter part of the quarter, we have seen that the negative effects on our sales have diminished as several countries have begun to ease restrictions previously imposed.

The impact of Covid-19 for the third quarter is difficult to assess. If the trend seen at the end of the second quarter continues, we expect the negative effects on our sales to decrease. The exception is the US market where several states are reintroducing restrictions due to increased spread of the infection. Our business, as a supplier to the telecom industry, is still considered critical in New Zealand, the UK and the US, and is therefore exempt from tougher restrictions. Although our business is classified as critical in these markets, we have a negative impact depending on how our customers handle the situation. Some have paused projects. However, we see an increasing trend that projects are starting up again. In Sweden, where the restrictions have not been so far-reaching, we have a small impact on our operations.

In summary, we estimate that the negative impact on our sales will decrease during the third quarter. In the long term, we believe that the experience of Covid-19 will lead to increased investments in both fixed and mobile communication networks.

We have introduced measures to minimize the risk of our staff being infected in all our companies.

Hexatronic's financial position remains strong and plans have been prepared to limit the impact on the Group in the event of a potentially greater decline in demand", says Henrik Larsson Lyon, Hexatronic's Chief Executive Officer.

Gothenburg, July 10, 2020

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 July 10, 2020.

Hexatronic Group AB (publ) is a group that develops, manufactures, 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.