



Pressrelease Bergs Timber AB (publ)

Mörlunda, 27 June 2019

Bergs Timber acquires a company with wood pellet production located in Fågelfors, Sweden

Bergs Timber AB (publ) has of today signed an agreement with AB Fogelfors Bruk to acquire all shares in Fågelfors Hyvleri AB. The agreement is based on the letter of intent published on May 8, 2019. The acquisition was completed and the shares in Fågelfors Hyvleri were taken over in conjunction with the signing of the agreement. Of the total purchase price, SEK 48 million, SEK 18 million is paid in newly issued shares in Bergs Timber.

The acquired business mainly consists of a completely new plant for the production of wood pellets with a capacity of 100,000 tones per year. In addition, there is capacity for a production of 20,000 tons of heating logs. A great part of the raw material will be retrieved from the by-products generated at Bergs Timber's Swedish plants.

The other part of the acquired company consists of a planing mill, currently with a production of approximately 30,000 m³ planed goods per year. The facility is located in Fågelfors in eastern Småland with favorable transport distances from Bergs Timber's other facilities.

Based on Bergs Timber's forecast of price development for pellets and raw material, the acquisition is expected to contribute to the Group's net sales by SEK 150-160 million per year with an EBITDA margin in excess of other operations within Bergs Timber. In addition to a favorable cash flow, the acquisition is expected to provide a certain contribution to earnings per share already this year.

The purchase price for the shares in the acquired company is SEK 48 million, of which SEK 30 million is paid in cash and SEK 18 million is paid in newly issued B shares in Bergs Timber.

In connection with the transaction, the Board, on the basis of the issue authorization approved by the Annual General Meeting on May 8, 2019, decided on a directed rights issue of 5 940 694 B shares, corresponding to SEK 18 million, to Fogelfors Bruk with the right and obligation to pay for the new shares through shares in Fågelfors Hyvleri. The number of B shares has been based on a share price of SEK 3.03, which corresponds to that the volume weighted average price for the B shares during five trading days prior to the day of transaction.

Following the non-cash issue, Fogelfors Bruk will hold approximately 1,7 percent of the total number of shares and votes in Bergs Timber. The newly issued shares will be registered and admitted to trading on Nasdaq Stockholm, which is expected to take place during July 2019.

The net debt of the acquired company is expected to be approximately SEK 65 million at the time of entry, which means that the purchase price on a debt-free basis is expected to be

approximately SEK 110 million. The loan agreement with Danske Bank and Svensk Exportkredit, which was concluded on June 14, 2019, provides financing of the cash part of the purchase price as well as sufficient funds for the required refinancing of the credit facilities in the acquired company.

“Through the acquisition, we secure our future sales of by-products while at the same time increasing the degree of processing of the Group's total production. The new plant's technical standard is high, and it is located ideally from Berg's Timber's perspective, which speaks for good competitiveness. We are happy that the current owner Mr. Lars-Ola Svensson will continue to work within Bergs Timber with, among other things, responsibility for the sale of pellets,” says Peter Nilsson, President and CEO of Bergs Timber.

Further information on this press release can be provided by Peter Nilsson, President and CEO of Bergs Timber AB (+46 703 15 09 27 or +46 10 19 98 504).

The information is such that Bergs Timber AB (publ) is obliged to publish in accordance with the EU Market Abuse Regulation. The information was provided, through the agency of the above contact person, for publication on June 27, 2019 at 14.30

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