



# HANZA: Production ends in Vaasa, program Frontrunner in final phase

**HANZA has decided to convert its standalone sheet metal factory in Vaasa, Finland, to a logistics and service center. The change will be part of a final phase of the acceleration program Frontrunner, which HANZA today announced will be completed in 2016**

HANZA Holding AB (publ), listed on Nasdaq First North, has since the company was established in 2008 utilized a clear business model that renews the concept of contract manufacturing. The company has quickly grown into a billion SEK industry and, as of last year, HANZA is working according to a special program, Frontrunner, where selected factories are transferred to five specific strategic geographic areas, known as the Production Clusters.

HANZA is now working with the last phase of the program, and today it was decided to relocate and discontinue the sheet metal mechanics manufacturing in Vaasa, Finland. The site will be converted into a logistics and service center for local customers. The change will affect about 50 people.

Furthermore it is now revealed that the Frontrunner program is expected to be completed already by the year-end 2016. In summary, it means that HANZA over a period of 18 months has:

- Divested and transferred six stand-alone factories to HANZA's Clusters
- Discontinued a sizeable amount of non-strategic manufacturing
- Executed a strategic acquisition, Metalliset, which reinforces the Cluster structure, and expands HANZA manufacturing expertise to heavy mechanics
- Broadened the ownership of HANZA to a group of industrially experienced investors

The Cluster structure creates a cost efficient and flexible environment for outsourced manufacturing. It is also an important competence structure for HANZA's service product MIGTM- where HANZA works consultative to analyze and rationalize customers' manufacturing chains. Improvements are achieved for customer, for example, by reducing the number of subcontractors and relocation of existing production.

"In an orderly way we have created a solid foundation for the future, with unique manufacturing Clusters and MIG-services," says Erik Stenfors, CEO HANZA. "We have discontinued significant parts of our non-strategic traditional manufacturing, and we will now grow with selected industries and customers in a profitable way – for us and our customers."

During the quarter 3, 2016, HANZA executed a major part of Frontrunner by transfer of a stand-alone factory to Cluster Estonia, an expansion of Cluster Central Europe, and a coordination of Cluster China. Sales volumes are adversely affected by discontinued factories and phase-out of traditional customers, but at the same time the streamlining frees up vital capacity for new MIGTM projects.

The cost of the program is separately stated in HANZA interim reports. The financial target for the Frontrunner program is to offset the non-recurring costs, including severance pay and surplus rental costs, with a structured liquidation of surplus assets, which are freed by the Cluster concept.

"We are proud to lead the transformation of the manufacturing industry, the need for new solutions is great", says Erik Stenfors, CEO HANZA. "We are a young company with the future on our side. As Frontrunner is completed, we are entering a new exciting phase of HANZA."

**For more information please contact:**

Erik Stenfors, CEO, Phone: 46 8 624 62 00, email: erik.stenfors@hanza.com

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*The information in this press release is such that HANZA must disclose it in accordance with the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 14.30 pm (CET), October 7, 2016. Erik Penser Bankaktiebolag is the company's certified adviser.*

**Important information**

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