HANZA makes significant expansion in Sweden –acquires Wermland Mechanics

HANZA Holding AB (publ) ("HANZA") today signed an agreement to acquire Wermland Mechanics Group AB ("Wermech"), one of the Nordic region's leading manufacturers of sheet metal mechanics. Wermech will be part of HANZA's manufacturing cluster in Sweden, which already covers factories within electronics manufacturing and machining. The purchase sum for the shares amounts to maximum SEK 167.5 million.

"We are pleased to welcome the successful company Wermech to the HANZA Group. The acquisition means continued focus on modernizing and streamlining the manufacturing industry by our cluster concept, says Erik Stenfors, CEO of HANZA

In addition to Wermland Mechanics Group AB, the wholly-owned subsidiary Wermlands Mechanics Töcksfors AB is included in the acquisition. In total, the acquisition has close to 200 employees and sales in 2016 of approx. SEK 300 million with earnings before tax of SEK 16.8 million. Estimated sales in 2017 is more than SEK 350 million. The seller of Wermech is the investment company Karnell, as well as the present Board of Directors and management of the company.

"Wermech has had an impressive development for a long time, so the choice of new owners is important. HANZA's long-term commitment creates good opportunities for continued success for Wermech, "said Hans Karlander, chairman of the board Karnell.

HANZA's manufacturing cluster in southwest Värmland has so far consisted of two plants in Årjäng and will now be expanded using Wermech's plants in Töcksfors and Svanskog. Here, products for industries such as industry, defense and medical technology will be manufactured.

"We see good conditions for a flourishing manufacturing industry in southwest Värmland. Our cluster model increases profitability for our customers, reduces lead times and creates more environmentally friendly processes, says Erik Stenfors, CEO of HANZA.

The purchase sum amounts to a total of maximum SEK 167.5 million and consists of a fixed part of SEK 145 million paid on closing, which is expected to take place on February 1, 2018, and a variable part of maximum SEK 22.5 million based on the results of the acquired group in 2018. The additional purchase price will be paid during the first quarter of 2019.

Wermech is acquired by HANZA's wholly-owned subsidiary HANZA AB, and the acquisition is financed partly through credits by the bank Westra Wermland Sparbank, partly through a proposed and fully guaranteed SEK 60 million preferential share issue in HANZA, according to the terms and conditions published by a separate press release. The issue requires a resolution of the Annual General Meeting in accordance with the Board's proposal and a notice has been published in a special press release.

On January 19th, at 12.00 HANZA invites for a press conference and interviews at Wermech's factory in Töcksfors, please see the attached press invitatio (In Swedish).

Facts: About HANZA
HANZA modernizes and streamlines the manufacturing industry. We create shorter lead time with more environmentally friendly processes and increase profitability for clients by bringing together different manufacturing technologies locally. Founded in 2008, HANZA today has an annual revenue of more than one million SEK and operates in Sweden, Finland, Estonia, Poland, Czech Republic and China. Among HANZA's clients are leading companies like ABB, Perkin Elmer, Atlas Copco and Kone. For more information visit www.hanza.com.

Facts: About Wermland Mechanics
Wermland Mechanics is one of Scandinavia's leading contractors of sheet metal parts and offers customized sheet metal details with very high precision. The company has a highly automated machinery for processing small, large and advanced sheet metal articles, which makes the company very competitive. The company has production facilities in Töcksfors and Svanskog and has customers in several industries. For more information visit www.wermech.com

Facts: About Karnell

Karnell is an investment company that invests in small and medium-sized unlisted Nordic companies. We are active and long-term owners who, together with the company's management, develop the portfolio companies. Karnell manages two different investment platforms, K3 and K4. The investment company K4 owns two companies and the buy-out fund K3 owns four companies. Read more at www.karnell.se

For more information please contact:
Erik Stenfors, CEO, Phone: 46 709 508070 , 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 08.00 am (CET), January 18, 2018. Erik Penser Bankaktiebolag is the company's certified adviser.