

SKAKO A/S acquires the Spanish producer of vibratory handling and processing equipment, DARTEK, through its subsidiary SKAKO Vibration A/S and strengthens its presence in the recycling market

On 14 November 2019, SKAKO Vibration A/S ("SKAKO Vibration"), a leading vibration engineering company in the SKAKO Group, officially made the complete acquisition of DARTEK Proyectos y Maquinaria, S.L. ("DARTEK"). This is a result of the negotiations announced in company announcement 4/2019.

DARTEK has been the sales representative of SKAKO Vibration in Spain for many years but also designs and sells its own range of vibratory equipment primarily for the Iberian market. Established in 2008 and headquartered in San Sebastian, Spain, DARTEK has especially developed by providing process solutions for conveying and sorting of recycling materials.

Jens Wittrup Willumsen, Chairman of SKAKO A/S, comments:

"Over the last years SKAKO Vibration has seen an increasing activity in the recycling market, a market that is expected to grow significantly in the coming years. Meanwhile, DARTEK has been successful in developing clever technological solutions for recycling of various sorts of waste and is thereby able to address different sectors in the recycling market. With the acquisition of DARTEK we believe that SKAKO Vibration is now well positioned to take a larger share of the growing recycling market, not only through DARTEK's current business, but also through synergies between DARTEK and the existing companies in SKAKO Vibration.

Lionel Girieud, Managing Director of SKAKO Vibration, comments:

"With the increasing customer demands to solve specific problems of their business sectors, the acquisition of an expert in the recycling industry will enable SKAKO Vibration to accelerate its strategic development in the recycling business. Even though we have collaborated with DARTEK for many years, I look forward to working more closely with them, to merge our competences, to harvest synergies, and to bring SKAKO Vibration to the next level of its development."

Javier Ramos, Co-Founder of DARTEK and Co-Director of DARTEK, comments:

"During the last years DARTEK has had to adapt to the needs of the market, taking advantage of its experience in other industries such as mining, foundries, etc. to develop equipment for the recycling sector. Thanks to these new products, DARTEK has managed to have a notable presence in the industry. Now we will go to a next level belonging to the SKAKO family, which will strengthen and consolidate the presence of our machines worldwide while maintaining our work philosophy."

Transaction overview

SKAKO will acquire 100 % of the shares in Dartek for EUR 3.3 million. Further, the agreement consists of an earn-out element being realized until the end of December 2021 which at target is EUR 0.9 million depending on performance. The total payment consists of seven times average EBITDA for the years 2019 through 2021. The average EBITDA for this period is currently expected to be EUR 0.6 million.

The payments will mature with EUR 1.1 million on signing, EUR 1.1 million by end of 2020, EUR 1.1 million by end of 2021, and the earn-out element when final average EBITDA for the years 2019 through 2021 has been established in the beginning of 2022.

SKAKO will finance the acquisition through its operating cash flow and existing credit facilities.

The agreement was closed on 14 November 2019.

Strategic Rationale

SKAKO Vibration has acquired a strong reputation in the mining, automotive and steel sectors and has decided to make its next strategic development in the recycling sector. In line with SKAKO Vibration's strategic plan, DARTEK's recycling industry experience strengthens excellence positions of SKAKO Vibration as a highly professional and segment-focused business partner in the global market. DARTEK products will be distributed through SKAKO Vibration sales, and the current DARTEK headquarter will naturally become the centre of excellence for recycling in SKAKO Vibration. Furthermore, the DARTEK acquisition will largely increase SKAKO's market share in the Iberian market. However, we also expect that synergies between DARTEK and the existing companies in SKAKO Vibration will result in an increased business.

About DARTEK

Headquartered in San Sebastian, Spain, DARTEK develops, designs and sells vibratory handling and processing equipment for a wide range of industries but 60% of its revenue comes from the recycling sector. For more than 10 years, DARTEK has developed a deep know-how in efficient solutions to convey and sort recycling material and has acquired industrial means to meet the new inquiries from customers in this sector. Current markets of DARTEK are Spain, Portugal and Mexico.

For the financial year 2018, DARTEK generated a revenue of EUR 4.2 million and EBITDA of EUR 0.4 million equal to an EBITDA margin of 9%.

Guidance

The acquisition will not have any material impact on the expected earnings for SKAKO for 2019, which remains at an operating profit (EBIT) of DKK 17 to 20 million.

Best regards
SKAKO A/S

Jens Wittrup Willumsen
Chairman of the Board
Tel.: +45 23 47 56 40