

Press release
November 21, 2023
Gothenburg, Sweden

Hexatronic downgrades short-term outlook and initiates a cost-saving program

Hexatronic Group AB (publ) (“Hexatronic” or “the Company”) downgrades its short-term outlook and expects that the EBITA margin, excluding restructuring costs, will amount to 12-14% for the second half of 2023. Furthermore, the Company is initiating a cost-saving program that is expected to result in annual savings of approximately SEK 90 million.

Hexatronic downgrades its short-term outlook due to a continued weakening of the market for fiber optic telecommunications infrastructure during the fourth quarter. The Company thus expects a deterioration in organic sales growth in the fourth quarter of 2023 compared to the third quarter of 2023. The EBITA margin, excluding restructuring costs, is expected to amount to 12-14% for the second half of 2023, compared to the previous expectation of 15-17%.

As a result of a weaker market, Hexatronic is initiating a cost-saving program involving an estimated 160 full and part-time positions. The program mainly relates to a reduction of production staff but also white-collar workers in Fiber Solutions in several of the Company's geographical markets. Starting from the end of the first quarter of 2024, the program is expected to generate annual cost savings of approximately SEK 90 million. Restructuring costs are expected to amount to approximately SEK 30 million that will impact the fourth quarter of 2023.

“The market within Fiber Solutions has continued to weaken during the fourth quarter, particularly the German market and the US duct market, leading us to downgrade our short-term outlook. We are therefore today announcing measures to adapt our organization to current market conditions”, says Henrik Larsson Lyon, CEO of Hexatronic.

Beyond current market conditions, the Company sees strong underlying structural trends supporting the expansion of fiber networks in our strategic markets including North America, the UK and Germany, primarily driven by privately financed projects but also with support from various government investment programs in most major markets. As communicated in the interim report for the third quarter of 2023, the Company expects government investment programs, combined with normalized inventory levels, to contribute to a gradual market recovery from the second half of 2024. Within Harsh Environment and Data Center, the Company continues to see robust market demand.

Gothenburg, November 21, 2023

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This is information that Hexatronic Group AB (publ) 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 14:45 CET on November 21, 2023.

This is a translation of the Swedish version of the press release. When in doubt, the Swedish wording prevails.

Hexatronic creates sustainable networks all over the world. We partner with customers on four continents – from telecom operators to network owners – and offer leading, high-quality fiber technology for every conceivable application. Hexatronic Group (publ.) was founded in Sweden in 1993 and the Group is listed on Nasdaq OMX Stockholm. Our global brands include Viper, Stingray, Raptor, InOne, and Wistom®.