

Press release
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Fagerhult signs an agreement to acquire Veko Lightsystems International B.V.

To strategically strengthen and consolidate the Fagerhult Group's position in the professional lighting market as well as adding a unique range of complementary products, Fagerhult has signed an agreement to acquire 100% of the shares of Veko Lightsystems International B.V., (Veko), a company based in Schagen, the Netherlands. The acquisition is expected to have a positive effect on the earnings per share during 2018 and forward.

Veko designs and manufactures linear LED lighting solutions, LED modules and luminaires with integrated or stand-alone lighting controls primarily for the light industrial segment. Typical application areas include warehouses and distribution centres where we see an increased activity due to e-commerce, plus data-centres, workshops and sports facilities. The company has successfully established a strong sales presence in the Netherlands, Germany, Belgium and the UK.

"Veko has high efficacy linear LED lighting solutions with industry leading performance, as well as a design, manufacturing and installation process that makes the specification of a complex system as simple as possible. The company has delivered very strong financial performance in recent years built upon a strong client base in the Netherlands with success in regional export markets. I am very pleased that Menno Veldboer and Hans Aardenburg will continue to lead the company and build on the strong platform that they and the Veko team have built. With the addition of Veko to our Group we believe we can accelerate Veko's export growth strategy by leveraging the Fagerhult Group distribution network, initiating new application areas, e.g. retail and education as well as capturing significant procurement synergies", comments Johan Hjertonsson CEO Fagerhult Group.

"The fact that Fagerhult wants to preserve the identity and culture of Veko, so basically nothing changes for our employees and customers, was one of the main reasons for us to make this decision. We think Fagerhult will strengthen our position further and will help us to reach our goal to become market leader in warehouse lighting in Europe.", says Menno Veldboer, Entrepreneur and Owner Veko.

In the year ending December 2017, the company had 130 employees, sales of 37 MEUR and a profitability rate significantly above that of the Fagerhult Group. Fagerhult pays MEUR 31.5, on a cash and debt free basis, as an initial payment for 100% of the shares of Veko Lightsystems International B.V., pending approval from the German Competition Authority.

An additional earnout of MEUR 9.5 MEUR can be paid each year for 3 years from 2018 to 2020 tied to the company performance. Further, an additional 5.0 MEUR earnout can also be paid based on the cumulative performance from 2018-2020. The transaction is financed with existing cash and new credit facilities. The deal is expected to close during the 2nd quarter of 2018.

More information on Veko is available at www.veko.com

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