



HANZA to phase out production unit in China

HANZA Holding AB (publ) has decided to discontinue its production unit in Ma'anshan, China, while operations in Suzhou, China will be expanded through a close customer collaboration. The phase out is estimated to cost approximately SEK 3 million, which will impact the result for Q4, 2019. HANZA's previous financial assessment will, despite this decision, remain the same.

HANZA China adjustment

In autumn 2019, HANZA announced that operations in China would be adjusted, as HANZA sees a wider customer demand as a result of the expansion to the German market. HANZA, together with one of its major German customers, have now agreed to relocate certain parts of the German manufacturing to HANZA's unit in Suzhou, China. With regards to this, HANZA has decided to cease operations in Ma'anshan, China, to concentrate the Group's operations in China to Suzhou.

Financial impact

The phase-out of Ma'anshan, which has been carried out in cooperation with HANZA's customers, is expected to incur a one-time cost of approximately SEK 3 million, which will impact the Group's profit for the fiscal year of 2019. The costs of the phase-out consist mainly of depreciation of assets and will thus not affect cash flow. The operations in Ma'anshan have had a negative impact on the Group's profit during 2019, and the phase-out in combination with the expansion of Suzhou is expected to have a positive effect on the Group's profitability.

Ma'anshan is part of the Rest of World segment, which in the third quarter of 2019 showed a margin of 2.4%. The Group's previous assessment of a minor positive margin for the Rest of World segment during the second half of 2019 remains, despite the one-time cost that will be incurred following this decision.

The Nordic segment is only marginally affected by the adjustment of operations in China. This segment is, as before, estimated to achieve a margin exceeding 6% during the second half of 2019. Expectations for the HANZA Group as a whole, also remain, meaning profitability is expected to increase during the start of 2020 as various development projects within the Group are completed.

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About HANZA:

HANZA modernizes and streamlines the manufacturing industry. By gathering different manufacturing technologies locally, we create shorter lead times, more environmentally friendly processes and increased profitability for our customers. HANZA was founded in 2008 and today has an annual revenue of SEK 2.3 billion, with operations in Sweden, Germany, Finland, Estonia, Poland, Czech Republic and China. Among HANZA's customers are leading companies such as ABB, Epiroc, Getinge, Saab and Siemens. For more information visit www.hanza.com

The shares in HANZA are listed on Nasdaq Stockholm.