

Relaxing Moments

HARVIA

Sauna & Spa

Natural Wellbeing

Harvia strengthens its position in the professional and premium sauna solutions by acquiring a majority stake in EOS Group

18 March 2020 | Tapio Pajuharju, CEO | Ari Vesterinen, CFO



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Transaction overview

- Harvia has signed an agreement to acquire the majority of the German EOS Group, a technology leader for professional and premium sauna & spa products
- The acquisition complements Harvia's professional and premium sauna offering well and strengthens Harvia's leading position as a professional global sauna and spa experience brand
- The purchase price is EUR 19.7 million and it is based on the debt-free valuation of EUR 25.5 million for the entire EOS Group at the time of signing of the deal
- Harvia will finance the acquisition by interest-bearing debt and own cash funds
- The acquisition is expected to create annual synergies of at least EUR 2.2 million, which are expected to be realized in full by 2024
- One-off integration and post-closing costs are estimated to total EUR 1.4 million over the years 2020 and 2021
- The transaction is subject to customary closing conditions and is expected to be finalized in March–April 2020





Transaction supports well Harvia's vision

OUR MISSION

Harvia's mission is to allow everyone across the globe to experience the healing and relaxing effects of taking a sauna. We do this by enabling sophisticated and versatile sauna treatments, which take care of both body and mind.

OUR VISION

We are a trusted partner in creating diverse sauna experiences that promote natural well-being. We are the market leader in all sauna categories across all continents due to our extraordinary level of innovation and insight.

The background of the slide is a photograph of a dark wooden ceiling with diagonal planks. Numerous small, circular recessed lights are embedded in the ceiling, some of which are illuminated, creating a pattern of light and shadow.

EOS in brief



EOS – a technology leader for professional and premium sauna & spa products

- Over 75 years of experience in the sauna industry
- EOS' products are typically used in luxury spas, wellness hotels, fitness clubs and in the premium price range sauna and spa projects of private individuals
- EOS' loyal customer base consists of renowned European sauna and steam room manufacturers
- The distributor network of EOS covers over 80 countries, and the group is in a leading position in Germany, Austria, Russia and the CIS countries
- In 2019, EOS had a
 - revenue of EUR 17.3 million
 - adjusted EBITDA of EUR 3.2 million
 - adjusted EBIT of EUR 2.8 million
- The company employs approximately 150 persons





EOS – broad and differentiated product portfolio



Sauna heater



Sauna heater S-line



Sauna control units



Steam generators



“Underbench” and “behindbench”
sauna heaters



Coloured light



Infrared



Sauna Control App



Accessories



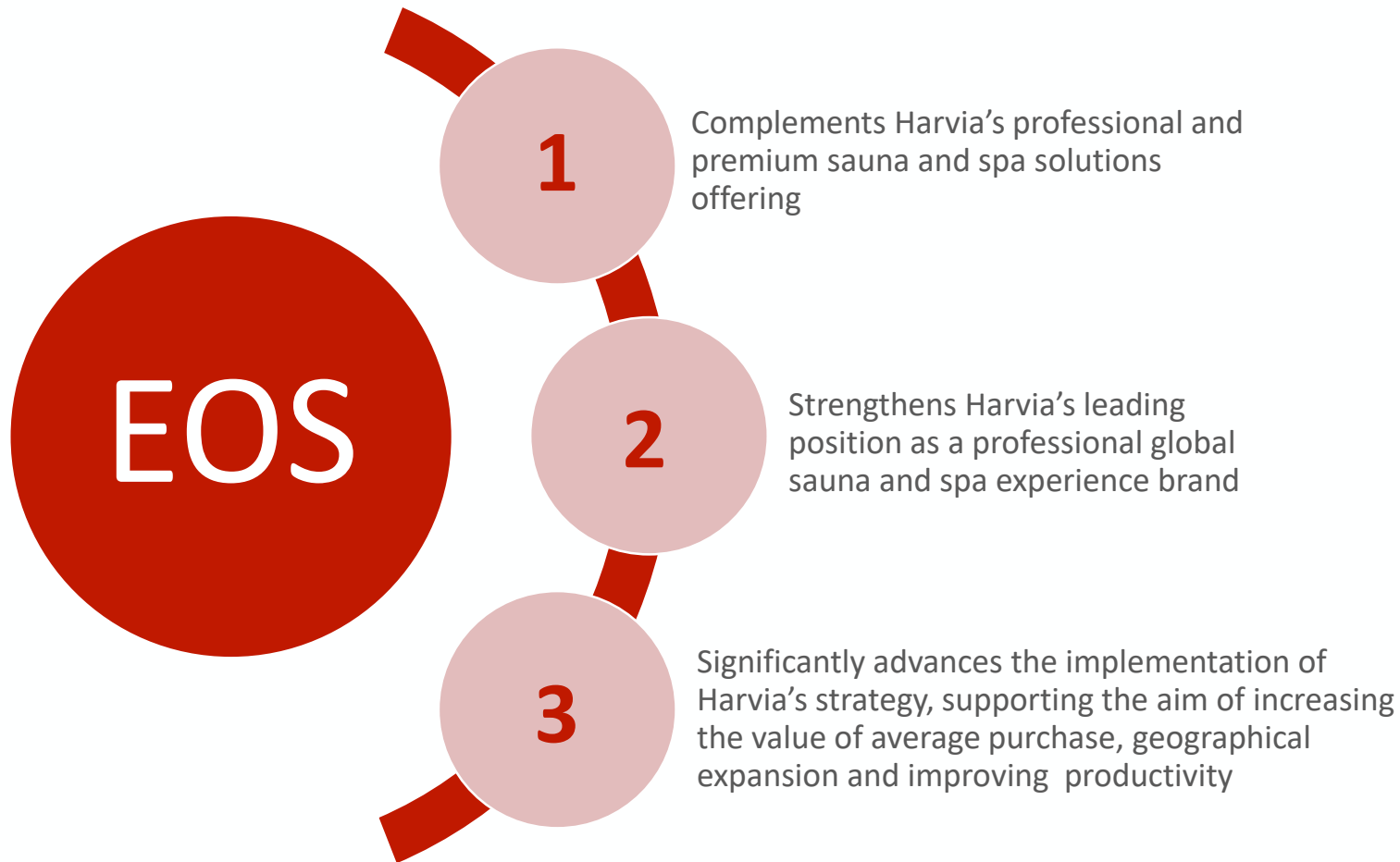
Kusatek – gas-fired sauna heater specialist







Transaction rationale



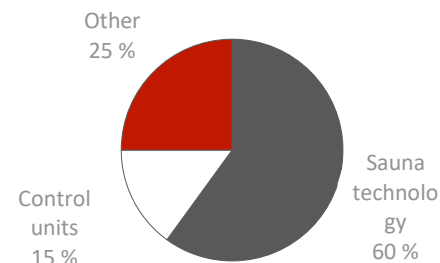
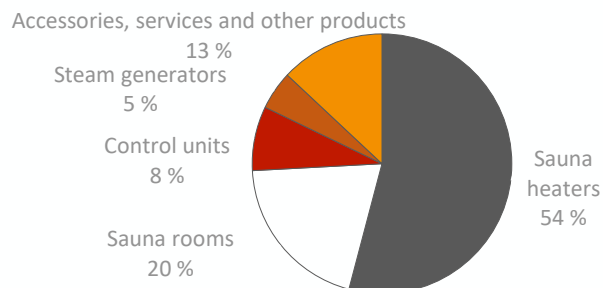


Harvia and EOS at a glance

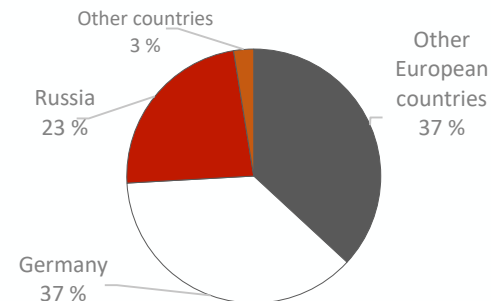
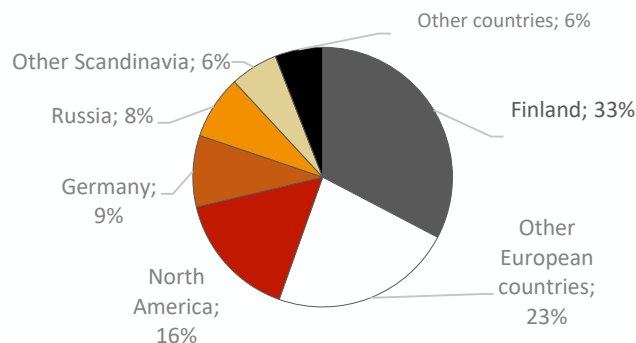
EUR million
2019 figures unless stated otherwise



Revenue by product group



Revenue by geography



Revenue / revenue growth

74.1 / 19.6%

17.3 / -1.5%

Adjusted EBITDA / EBITDA margin

17.0 / 22.9%

3.2 / 18.5%

Adjusted EBIT / EBIT margin

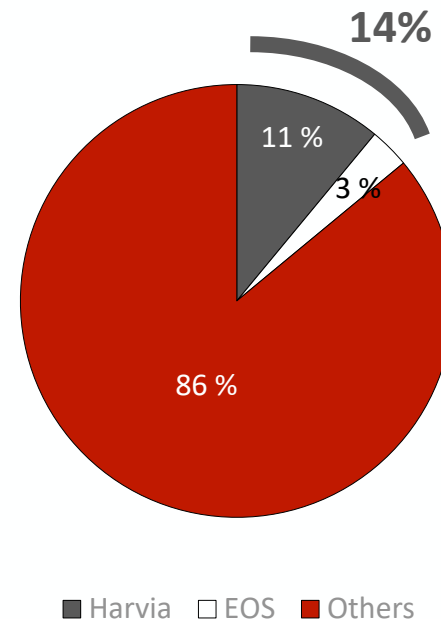
13.9 / 18.7%

2.8 / 16.5%

Leading market positions after the transaction

- **#1 premium** sauna heater producer worldwide
- **#1 and only relevant gas-fired premium** sauna heater producer
- A **leading position** in the **premium** segment in **major markets** like Germany, Austria, Russia and CIS as a whole
- **#1 sauna heater** and component manufacturer **worldwide**
- **Illustrative combined revenue** of Harvia for the financial year 2019, after the EOS Group acquisition, amounts to **EUR 91.6 million** and **adjusted EBITDA** to **EUR 20.2 million**

Market share, global sauna heater and component market



Financials



Financing of the transaction

- The purchase price of the shares and real estate under consideration amounts to EUR 19.7 million and will be further specified based on the net debt and net working capital at the time of conclusion of the deal
- The acquisition price will be financed with a new long-term facility of EUR 20.0 million
- The value of the minority shares will be recognized as a long-term liability in Harvia's balance sheet and the values will be reviewed annually
- As a result of the transaction, Harvia's net debt will increase from EUR 28.3 million at the end of 2019 to EUR 49.6 million and long-term liabilities from EUR 38.7 million to EUR 61.1 million
- After the transaction, Harvia's equity ratio is expected to be 46.0% (56.6% at the end of 2019)





Next steps

- The transaction is subject to customary closing conditions and is **expected to be finalized in March–April 2020**



Q&A

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A woman with blonde hair, wearing a grey and white striped dress, stands in a calm lake at sunset. She is holding a small bucket and dipping it into the water. The sky is a mix of orange, pink, and blue, and the water reflects these colors. In the background, there is a dark, forested shoreline. To the right, a dark wooden building is partially visible. A white rectangular box with a thin border is superimposed over the water, containing the word "Appendix".

Appendix

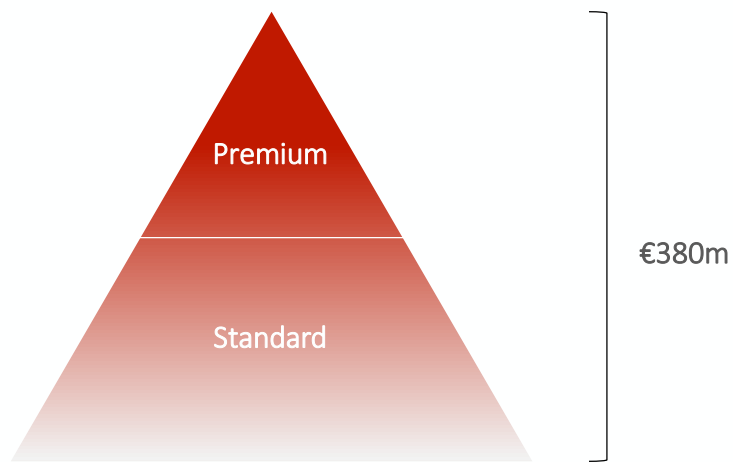


Over 75 years of experience in the sauna industry





EOS has a premium positioning in the sauna heater market



Source market size: Inderes 2018

- The EOS Group is positioned in the premium segment of the EUR 380 million global sauna heater and components market
- Competition in this niche market is limited
- EOS Group is a worldwide leader in the premium market segment
- EOS Group is also the market leader in the premium segment in important individual markets such as Germany (est. 60% market share), Austria, Russia and CIS as a whole



What makes EOS a perfect match for Harvia?

#1 premium sauna heater producer worldwide

Globally leading sauna technology and know-how

Distribution in over 80 countries

“Made in Germany” products

Limited competition in niche markets

Excellent profitability, leverage and synergy potential

Premium end users and high customer loyalty

Unique opportunity to boost market share, revenue and EBITDA

#1 in Germany, Austria, Russia and CIS

#1 gas-fired premium sauna heater producer