



Harvia strengthens its position in the sauna and spa market by acquiring still water hot tub manufacturer Kirami

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Harvia Plc, Stock exchange release, 28 May 2021 at 9:00 a.m. EET

Harvia Plc (“Harvia”) has on 28 May 2021 signed and closed an agreement to acquire Kirami Oy (“Kirami”), a leading Finnish still water hot tub manufacturer and pioneer in wood-heated hot tubs globally. The acquisition complements Harvia’s sauna and spa offering well and strengthens Harvia’s leading position as a global sauna and spa experience brand. Kirami also owns 50% of an Estonian production company Metagroupp OÜ and 51% of a sales company Kirami Sweden AB, the shares of which are included in the transaction as well.

Kirami is a family business that was established in 2001 by its current owners and has grown to be one of the largest makers of still water hot tubs globally. The company’s main product is wood-heated still water hot tub. Kirami’s offering also includes hot tub accessories, water sanitation products, and outdoor saunas, as well as other products for outdoor living. Kirami has grown rapidly in recent years, its revenue totaling EUR 16 million in fiscal year ended September 2020, with approximately 42% of the sales coming from exports to Central Europe and Scandinavia. The company has in Finland a production facility in Sastamala and a sales office in Turku, employing approximately 40 persons in total. In addition, Kirami employs seasonal workforce in production and logistics in April–August. In 2020, the total number of employees during the high season was approximately 60.

The purchase price is EUR 7 million at closing and on top of this, a delayed purchase price of EUR 0–4 million after a three years’ period based on Kirami’s EBITDA development. Harvia will finance the acquisition with cash funds.

The acquisition is expected to create annual synergies of approximately one million euros, which are expected to be realized in full by the end of 2023.

The identified key sources of synergy comprise distribution, sourcing and logistics, and R&D. One-off integration and post-closing costs are estimated to total EUR 0.4 million over the years 2021 and 2022.

“Harvia is very happy to announce the acquisition of Kirami. The company is an excellent strategic fit to Harvia’s ‘healing with heat’ philosophy, supporting our aim of increasing the value of average purchase, geographical expansion, and improving our productivity. Hot tubs are a new product category for Harvia, and they complement our modern backyard living & wellness offering very well, fully in line with our Healing with Heat concept,” says **Tapio Pajuharju**, CEO of Harvia Plc.

“The acquisition of Kirami increases Harvia’s market share especially in the residential sauna and spa solutions. Utilizing our distribution channels and network, we see great opportunities to further increase the sales of Kirami products especially in Central Europe and Scandinavia. In the future, we see additional opportunities particularly in expanding the hot tub offering to electrically heated or hybrid still water hot tubs. Combining Harvia’s electrical and water technology expertise with Kirami’s hot tub products and unique expertise provides an additional competitive advantage. Lately, hot-cold alteration treatments have become very popular and Kirami is offering a good platform to further entertain this opportunity,” Pajuharju concludes.

“We are very pleased with this transaction. With Harvia’s support, we can take the next step on our growth journey and continue our international expansion. Our cultural fit with Harvia is strong, as both companies build on the wellness trend, focusing on high quality and user-friendliness of products as well as continuous innovation,” says **Mika Rantanen**, CEO of Kirami. “During the past few years, we have worked hard to develop our product offering and international distribution. Together with Harvia, we can expand these further to boost demand among new customer segments.”

Strategic rationale of the acquisition

The acquisition of Kirami implements Harvia’s growth strategy and complements well Harvia’s residential sauna and spa solutions offering. Saunas and hot tubs have natural cross-selling opportunities as well as the advantage of offering an entire wellness experience. The acquisition also supports Harvia’s leading market position in the global sauna and spa market.

Kirami is the biggest wood-heated still water hot tub producer in the world and a market leader in Finland. It operates in the several billion-euro spa and hot tub market with a uniquely differentiated product designed for holiday homes and cabins which are not suited for electrically heated products. In Kirami's home market in Finland, its still water hot tubs already have approximately 40% market share, and it is now growing fast internationally, especially in Central Europe and Scandinavia, which are also Harvia's core markets.

Kirami offers a wide variety of wood-heated still-water hot tubs. Additionally, it has a comprehensive offering of hot tub accessories, water sanitation products, and ready-made saunas.

Key financials of Kirami Oy

The key financials of Kirami Oy are presented below (EUR million):

	10/2018–9/2019	10/2019–9/2020	Last 12 months (5/2020–4/2021*)
Net sales	8.6	16.0	22.1
Net sales growth	+4.6%	+85.3%	+38.4%
Adjusted EBITDA	0.5	2.3	3.3
Adjusted EBITDA margin	5.7%	14.5%	15.0%
Adjusted EBIT	0.2	2.1	3.1
Adjusted EBIT margin	2.9%	13.4%	14.1%

* Indicative net sales and profitability of last 12 months prior to the acquisition, unaudited figures. The fiscal year of Kirami Oy is October 2020–September 2021.

The total assets of Kirami Oy amounted to EUR 6.7 million at the end of FY 2020. Net debt totaled EUR -0.9 million (=cash position).

As a result of the transaction, Harvia's net debt will increase from EUR 31.9 million at the end of 2020 to EUR 38.3 million and long-term liabilities from EUR 56.3 million to EUR 56.6 million. After the transaction, Harvia's equity ratio is 40.4% (42.0% at the end of 2020). Harvia's figures presented are end of 2020 pro forma figures.

Illustrative combined revenue of Harvia for the financial year 2020, after the Kirami acquisition, amounts to EUR 128.6 million and adjusted EBITDA to EUR 31.7 million.

Harvia does not publish a short-term outlook. The transaction will not have an impact on Harvia's long-term targets related to growth, profitability, and leverage.

Transaction structure

The sellers in the transaction are the owners CEO Mika Rantanen and CFO/CIO Eero Rantanen, owning a total of 88% of Kirami Oy, and the minority shareholders, owning 12% of the company.

After the transaction, Harvia owns 100% of Kirami Oy. Kirami's operations will continue as is, and management and personnel will carry out their tasks without changes. The top management of Kirami Oy is committed to working for the company at least for the next three years to ensure continued product and business development. Kirami will continue as an independent brand.

Harvia is advised by Ernst&Young as the financial advisor, Borenius Attorneys Ltd as the legal advisor as well as Hill+Knowlton Strategies as the communications advisor.

Webcast for analysts, investors and media

Harvia will hold a webcast in Finnish for analysts, investors and media on 28 May 2021 at 12:00 noon EET. Harvia Plc's CEO Tapio Pajuharju and CFO Ari Vesterinen will host the event.

A live webcast of the conference is available at: <https://bit.ly/3vmQavN>

A recording of the webcast will be available on Harvia's website <https://harviagroup.com/> after the event.

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About Harvia

Harvia is one of the leading companies operating in the sauna and spa market globally, as measured by revenue. Harvia's brands and product portfolio are well-known in the market and the company's comprehensive product portfolio strives to meet the needs of the international sauna and spa market of both private and professional customers.

Harvia's revenue totaled EUR 109.1 million in 2020. Harvia Group employs more than 600 professionals in Finland, China and Hong Kong, Romania, Austria, United States, Germany, Estonia and Russia. The company is

headquartered in Muurame, Finland, adjacent to its largest sauna and sauna component manufacturing facility.

Read more: <https://harviagroup.com/>

About Kirami

Established in 2001 in Sastamala, Finland, Kirami Oy is a family business known for its high-quality still water hot tubs and pools. Kirami is the largest wood-heated still water hot tub manufacturer in the world, delivering approximately 10,000 hot tubs all around Finland and Europe each year. Kirami's offering also includes hot tub accessories, water sanitation products, and outdoor saunas, as well as other products for outdoor living. The company employs approximately 40 people, and its revenue totaled EUR 16 million in fiscal year ended September 2020.

Read more: www.kirami.fi/en

Kirami_kylpytynnyri



Kirami hot tub