



HEXATRONIC GROUP

02/10/2026, 06:05 UTC

This is a translated version of the Swedish report, published on 02/10/2026

EQUITY BRIEF

Equity Brief: Hexatronic Group

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Automatic translation: Originally published in Swedish 01/10/2026, 07:02 GMT. Give feedback here.

1. Company in brief

Hexatronic Group is a Swedish industrial company that develops, manufactures, and supplies fiber-optic systems, cables, and related services for digital infrastructure, organized into three business areas: Fiber Solutions, Harsh Environment, and Data Center. Customers are professional buyers (B2B), such as telecom operators and network builders, data center players like hyperscalers and colocation companies, as well as customers in energy, defense, and industry, with a focus on Europe, North America, and APAC.

Hexatronic has grown from a Swedish supplier of fiber products for broadband deployment into an international group, largely through acquisitions that have broadened both its offering and geographical presence. The most recent acquisitions are Communication Zone (2025) as well as JOWO Systemtechnik and Superior Fiber & Data Services (2026). The focus has gradually shifted from fiber-to-the-home rollouts (known as FTTH, Fiber To The Home) toward data centers and demanding industrial environments, which was formalized in 2025 when the operations were divided into the three current business areas. The company's stated ambition is for Data Center and Harsh Environment to account for approximately half of sales, compared with 35% for the full year 2025. The shares have been listed on Nasdaq Stockholm since 2015.

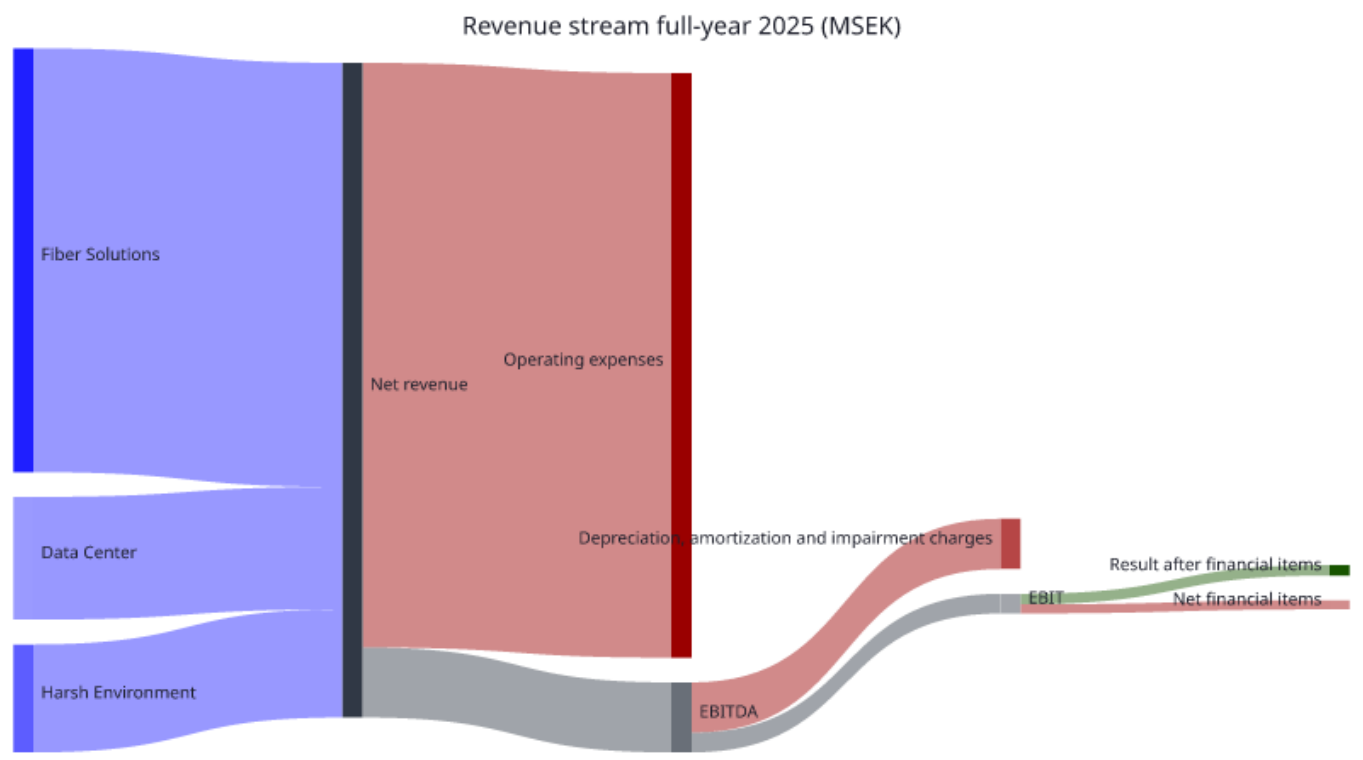
HEADQUARTERS	LISTED	MARKET CAPITALIZATION	EMPLOYEES
Gothenburg	2015	~8.8 BSEK AS OF SEP 2026	2 106 Q2'26

2. Business model — how the company makes money

Hexatronic makes money by selling proprietary products and systems as well as ancillary services (field support, training, design, installation, and operation). Revenues are divided into three business areas with different financial profiles. Fiber Solutions (65% of revenue in 2025) supplies fiber optic cable, microducts, and network components for broadband deployment and transport networks. Harsh Environment (16%) develops customized, OEM-designed

solutions (dynamic cables, connectors, and fiber-optic sensor technology) built in as critical subsystems in energy, defense, and industrial applications with long development cycles. Data Center (19%) combines high-density cabling with services across the data center's lifecycle for hyperscalers and colocation players.

The model is capital-intensive as the group operates its own manufacturing across 17 production facilities. The local production is a deliberate choice that shortens supply chains and mitigates tariff and currency risk but ties up capital in facilities and inventories. The margin profile differs significantly between ballparks. Data Center and Harsh Environment have a higher adjusted EBITA-% than Fiber Solutions, which has been pressured by price and volume in the FTTH market. Fiber Solutions has a seasonal profile where the first and fourth quarters are normally lower than summer when excavation work is more active. Harsh Environment is largely independent of seasonal fluctuations, and Data Center is somewhat stronger during the first half of the year.



3. Recent earnings release — financial and operational overview

NET SALES	ADJUSTED EBITA	NET PROFIT
2 245 MSEK +18% Y/Y (Q2'25: 1,906)	224 MSEK +33% Y/Y (Q2'25: 169)	131 MSEK 77 MSEK IN Q2'25

During Q2'26, net sales increased to 2,245 MSEK (Q2'25: 1,906), with organic growth of 11%. Adjusted EBITA rose 33% to 224 MSEK (Q2'25: 169) and the adjusted EBITA margin stood at 10.0% (8.9% in Q2'25), sequentially higher than Q1'26 and Q4'25. Net profit was 131 MSEK (Q2'25: 77).

Fiber Solutions turned to organic growth of 11%, with an adjusted EBITA of 122 MSEK (Q2'25: 78) and a margin of 9.1% (6.4%), driven by higher volumes in the US and implemented cost savings that increase capacity utilization. Data Center surpassed 500 MSEK in quarterly sales for the first time with organic growth of 27% and a margin of 15.5%. Harsh Environment decreased organically by 4% with a margin of 10.0%, as a weakened oil and gas-related order book within dynamic cables offset growth in connectivity solutions toward the defense industry. North America accounted for 44% of sales (34% in Q2'25).

Cash flow from operating activities amounted to 181 MSEK, corresponding to a cash conversion of 84%. Net debt excluding leasing decreased to 1,470 MSEK as of June 30, 2026 (1,582 MSEK as of December 31, 2025), resulting in an adjusted leverage ratio of 1.7x (1.9x as of December 31, 2025). Available funds amounted to 1,912 MSEK. During the quarter, the acquisitions of JOWO Systemtechnik and Superior Fiber & Data Services were completed, and a directed share issue provided approximately 600 MSEK. A directed share issue is directed at selected investors, resulting in dilution for existing owners who are not included in the issue. The group also entered into a strategic partnership with NKT that more than doubles subsea cable capacity in Hudiksvall, with volume commitments through 2032 and commercial operations starting in 2028.

Management sees continued strong demand in North America within FTTH and transport networks, while the European FTTH market is expected to remain fragile in the short term. Input costs such as fiber and polyethylene remained at elevated levels, and the company intends to compensate for these via price adjustments. For Q3'26, management expects earnings in line with Q2'26. On the personnel side, Deputy CEO Martin Åberg left during the quarter, and Oscar Wärme was appointed acting head of Data Center. Following the reporting period, it was also announced that CFO Pernilla Lindén will assume the role of President Fiber Solutions on November 1, while the recruitment of a new CFO is being initiated.

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With a lower financial leverage, we have ample room to invest in the most attractive growth opportunities in a world where the demand for fast and reliable digital infrastructure is only increasing.

Rikard Fröberg

— President and CEO, Hexatronic Group · Q2'26 earnings report

4. Market and trends

Hexatronic operates in the market for physical digital infrastructure, a global and partly fragmented market driven by multi-year investment cycles rather than individual quarters. The single most important structural growth driver for the group is the accelerating deployment of digital infrastructure: data traffic is growing with cloud, SaaS, and AI, which requires both new data centers and upgraded transport and backbone networks. This force ties the company's three business areas together and is what most distinguishes Hexatronic's position from pure-play FTTH cable manufacturers, as the company has shifted its focus toward data centers and demanding industrial environments.

Geographically, Europe is the largest market (4,243 MSEK in 2025) followed by North America (2,591 MSEK) and APAC (685 MSEK), with North America again driving growth. The competitive landscape varies by segment. In fiber, the company faces global players such as Corning, Prysmian, and CommScope. In subsea and dynamic cables, the competitors are Nexans, Prysmian, and NKT (who is also a partner), and in data centers, a mix of cabling and system integration players.

- **Data center- and AI-driven capacity growth** — Increased computing and storage capacity drives demand for cabling, system integration, and upgraded transport networks.
- **FTTH deployment with public support** — Government programs such as BEAD (US), Gigabit Strategy (Germany), and Project Gigabit (UK) support fiber demand, while European FTTH is fragile in the short term.
- **Energy transition and offshore** — Electrification and offshore energy projects drive demand for dynamic cables and sensor solutions.
- **Defense buildup** — Increased defense investments boost demand within connectivity solutions.
- **Consolidation** — A fragmented market provides room for acquisition-driven growth and a broadened offering.

5. Growth drivers and risks

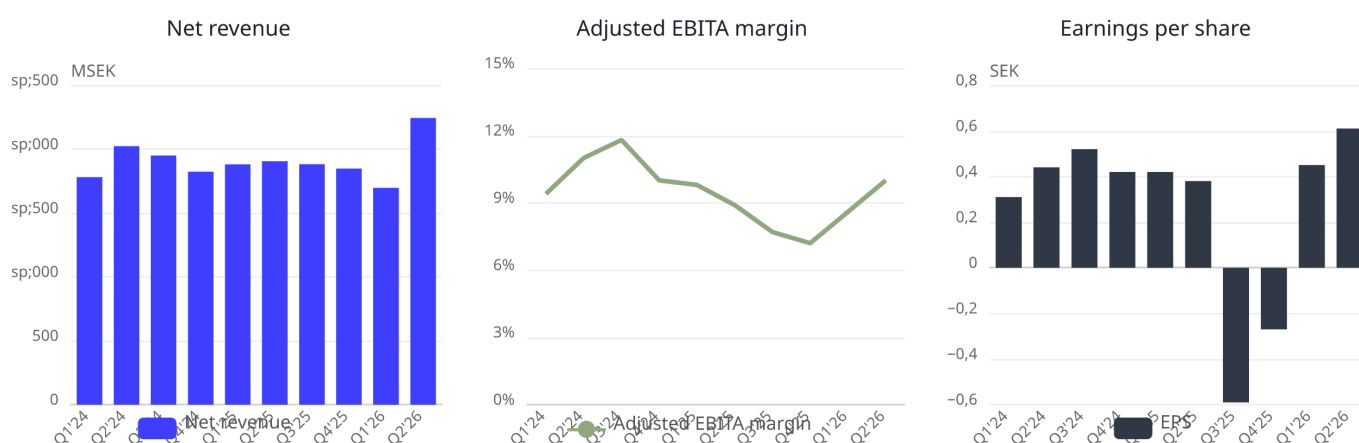
Growth drivers

- **Data Center** — Organic growth of 27% in Q2'26 and a target of 3 BSEK in revenue by 2028.
- **Subsea cables and transport networks** – The NKT partnership more than doubles capacity in Hudiksvall with volume commitments through 2032.
- **North American recovery** – Strong FTTH and backbone demand lifts Fiber Solutions.
- **Margin uptick in Fiber Solutions** – Implemented action program raises capacity utilization and operating leverage.
- **Acquisitions** – Strong balance sheet and pipeline for selective add-on acquisitions within Harsh Environment and Data Center.

Risks

- **Market and economic cycle risk** – Weaker investment appetite and price pressure, particularly in European FTTH.
- **Reliance on public programs** – Decreased government broadband investments could dampen demand.
- **Currency risk** – Global revenue generates a translation effect (a stronger krona lowers reported revenue), while local production limits the transaction effect on EBITA.
- **Inputs and supply chains** – Elevated prices for fiber and polyethylene as well as reliance on individual suppliers.
- **Acquisition and integration risk** — The growth strategy relies on acquisitions that must be integrated and have to deliver synergies.

6. Financial development — KPIs



7. Financial targets

In September 2025, Hexatronic launched new financial targets per business area through 2028 (including acquisitions, with an EBITA margin across a business cycle). The targets replace the previous group targets:

- **Fiber Solutions:** Revenue 6 BNSEK, EBITA margin 10%.
- **Harsh Environment:** Revenue 2 BNSEK, EBITA margin 15%.
- **Data Center:** Revenue 3 BNSEK, EBITA margin 15%.
- **Dividend:** No formal dividend policy; the Board of Directors evaluates the matter annually. No dividend was proposed for the 2025 financial year.

8. Potential triggers (next 6–12 months)

- **The Q3'26 report** – Management guides for earnings in line with Q2'26. Focus is on whether the margin increase in Fiber Solutions holds, whether Data Center maintains a ~15% margin, and whether Harsh Environment's product mix improves during the second half of the year as promised.
- **The margin trajectory in Fiber Solutions** – The adjusted EBITA margin rose to 9.1% in Q2'26. The next step is a continued approach toward the 10% target following the completed action program.
- **North American recovery** – North America accounted for 44% of sales in Q2'26. Continued acceleration would lift the group's growth and margin.
- **Acquisitions** – Stated acquisition pipeline and strengthened balance sheet following the share issue, with new add-on acquisitions within Harsh Environment and Data Center.
- **Subsea cable investment** – Execution of the NKT partnership in Hudiksvall ahead of commercial operations starting in 2028.
- **New CFO** – New recruitment following Pernilla Lindén assuming the role of President Fiber Solutions on November 1, 2026.

9. Frequently asked questions from investors

Why did profitability fall in 2025 and what does the turnaround look like?

The adjusted EBITA margin fell to 8.4% for the full year 2025 (10.6% in 2024), primarily due to price and volume pressure in Fiber Solutions in a fragile FTTH market, as well as one-off items of 298 MSEK for an action program. During Q1'26 and Q2'26, the margin has recovered sequentially to 10.0% in Q2'26, driven by higher volumes, cost savings, and an increased share of Data Center and Harsh Environment.

How dependent is the company on FTTH deployments?

Fiber Solutions accounted for 65% of revenue in 2025 and is exposed to FTTH, but the company has deliberately diversified. Data Center (19%) and Harsh Environment (16%) together accounted for 35% of revenue in 2025, but for more than half of earnings (55% of adjusted EBITA), as they are more profitable than the fiber business. The shift toward transport networks, subsea cables, data centers, energy, and defense decreases reliance on individual FTTH demand.

How vulnerable is the company to currency fluctuations?

Hexatronic has global revenue and a stronger krona lowers reported revenue (translation effect). However, the effect on EBITA is limited because the strategy of local production means that costs largely arise in the same currency as revenues, which dampens transaction exposure to the gross margin.

Is the growth organic or driven by acquisitions?

Both. The group has grown through a long series of acquisitions, and during 2025–2026, completions included Communication Zone, JOWO Systemtechnik, and Superior Fiber & Data Services. At the same time, the group delivered organic growth of 3% for the full year 2025 and 11% in Q2'26. The financial targets through 2028 explicitly include acquisitions.

10. What does the optimist say? / What does the pessimist say?

What does the optimist say?

Hexatronic is exposed to several multi-year investment cycles simultaneously (data centers, AI-driven network traffic, energy transition, and defense), providing structural demand beyond the cyclical FTTH market.

The diversification is bearing fruit. In 2025, Data Center and Harsh Environment accounted for 35% of revenue but for more than half of earnings (55% of adjusted EBITA), as they are more profitable than the fiber business.

The margin turnaround in Fiber Solutions and the sequentially rising group margin show that the profitability program is delivering operating leverage as volumes return.

Following the directed share issue, leverage is down to 1.7x, leaving room for continued acquisitions and capacity investments such as the NKT partnership.

What does the pessimist say?

Fiber Solutions remains the largest business area, and the European FTTH market is expected to remain fragile, with price and volume pressure that weighs on the group margin.

Fiber Solutions' adjusted EBITA margin of 6.4% and Harsh Environment's 11.2% for the full year 2025 are below the targets of 10% and 15% by 2028, and the path there requires both volume recovery and successful execution.

The growth model relies on acquisitions that must be integrated and deliver synergies, a recurring integration and capital allocation risk.

Demand is sensitive to economic cycles, public broadband programs, and raw material prices (fiber, polyethylene), and several management changes are taking place concurrently with the recruitment of a new CFO.

Glossary — abbreviations and concepts

- **APAC (Asia-Pacific)** – The company's geographical reporting region for Asia and the Pacific, the smallest of the three regions but a stated expansion market.
- **Backbone/transport networks** – The higher-level networks that transport data traffic between nodes. They are upgraded as data center traffic grows, driving fiber demand.
- **Colocation** – Operators that rent out data center space to multiple customers, a key customer group for Data Center.
- **EBIT** – Net operating income, NOI. Shows profitability in ongoing operations before net financial items and tax.
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EBITA – Earnings before interest, taxes, and amortization of acquired intangible assets. The company's primary margin metric as it isolates underlying operations in an acquisition-driven group.

- **EBITDA** – Earnings before interest, taxes, depreciation, and amortization. Approximates cash generation in operations.
- **EPS** (Earnings Per Share) – Earnings per share. Shows the profit attributable to each share.
- **FTTH** (Fiber To The Home) – Fiber directly to the end customer. Historically Hexatronic's largest end market and a cyclical demand driver.
- **Hyperscaler** – Very large cloud/data center operators, a fast-growing customer group within Data Center.
- **Adjusted EBITA margin** – Adjusted EBITA as a percentage of revenue. The company's key profitability target per business area.
- **Cash conversion** – The percentage of net operating income (NOI) that becomes cash flow. A high conversion rate indicates efficient working capital management.
- **Net debt** — Interest-bearing liabilities without cash and cash equivalents, presented here excluding leasing (IFRS 16).
- **OEM** (Original Equipment Manufacturer) – Products designed to be built into the customer's end product. The core of Harsh Environment's business with long development cycles.
- **Organic growth** – Growth excluding acquisitions and currency effects. Shows underlying demand.
- **R12** (Rolling 12 months) – Smooths out seasonality and individual quarters.
- **Directed share issue** – A share issue to selected investors. Provides rapid capital but dilutes existing shareholders who do not participate.
- **Leverage ratio** – Net debt in relation to EBITDA. Measures financial risk and acquisition headroom.
- **Solvency** – Equity in relation to the balance sheet total. Shows financial resilience.

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- Historical financial key figures: Inderes (get-fundamentals), reported figures

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02/10/2026

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