

## Vestum increases its focus on core business - divests contracting companies in civil engineering

In connection with the completion of Vestum's strategic review in the spring of 2024, Vestum decided to increase its focus on core business, which consists of leading product and service companies in selected market niches and technologies within infrastructure. Against this background, Vestum has today divested a number of contracting companies in civil engineering. The divestments lead to significantly lower leverage for the Group and create headroom to carry out acquisitions of leading product and service companies, with main focus on water infrastructure. The divestments are also expected to result in a strengthened capital structure with significant interest cost savings, lower operational risks related to projects and improved profitability.

### Implemented divestments, etc.

- Vestum has today entered into an agreement to divest 100% of the shares in Hanell Entreprenad i Gävle AB, Marbit AB and FlexiRail AB to the infrastructure group Eleda.
  - The companies generated on a rolling 12-month basis per Q3 2024 an accumulated turnover of SEK 642 million and an EBITA of SEK 83 million. The purchase price for the shares amounts to SEK 747 million, corresponding to SEK 652 million on a cash and debt-free basis. The entire purchase price is paid in cash.
  - The transaction is subject to customary closing conditions, including approval from the Inspectorate of Strategic Products and the Swedish Competition Authority.
- Vestum has today entered into an agreement to divest 100% of the shares in Infracon Sverige AB to the company's management.
  - The company generated on a rolling 12-month basis per Q3 2024 a turnover of SEK 418 million and an EBITA of SEK 20 million. The purchase price for the shares amounts to SEK 60 million, corresponding to SEK 62 million on a cash and debt-free basis. The purchase price is paid with SEK 45 million in cash and SEK 15 million in vendor note.
  - The transaction is subject to customary closing conditions, including approval from the Inspectorate of Strategic Products.
- Vestum has, in addition to the reported divestments, decided to wind down a smaller business in civil engineering, Mälardalens Spår och Anläggning AB. The company generated during January-September 2024 a turnover of SEK 37 million and an EBITA of SEK -11 million.
- Vestum intends to use part of the purchase price to settle Vestum's outstanding bond at First Call in Q1 2025. The bond volume is SEK 600 million and bears an interest rate of 3 months STIBOR plus 637.5 basis points. During 2024, the bond is expected to have burdened earnings and cash flow with approximately SEK 63 million. The improved capital structure also means an expected saving in the form of lower interest costs for Vestum's credit facility due to lower net debt in relation to EBITDA.

- In accordance with IFRS 5, the divested companies will be reported separately as divested operations in future reports.

Comment from Vestum's CEO, Simon Göthberg:

*The completed divestments strengthen Vestum's focus on core business. The divestments are made at an attractive valuation and provides us with headroom to invest in acquisition-driven growth while also streamlining the capital structure. We have a solid pipeline of acquisition candidates, mainly in water infrastructure. In this market segment, organic growth has continued at high levels into the fourth quarter. The importance of product companies increases in Vestum post divestitures. In remaining operations, the share of product companies in the Group's EBITA grows from 50% to 60%. Overall, the streamlining leads to increased specialisation and profitability, lower leverage and by extension an improved capital structure with lower interest costs. We are thus well equipped to deliver on our financial targets.*

## Financial effects

The preliminary financial effects of the divestments (including the discontinued operation), on a rolling 12-month basis as of 30 September 2024, mean that the adjusted EBITA margin is strengthened from 10.0% to 10.4%, while adjusted EBITA decreases from SEK 547 million to SEK 451 million. Net sales decrease from SEK 5,446 million to SEK 4,322 million. The financial net debt decreases from SEK 2,140 million to SEK 1,484 million, corresponding to 2.3x reported EBITDA. The table below shows the financial effects of the divestments for the period October 2023-September 2024.

KPIs (SEKm)	Oct 2023– Sep 2024 (Reported figures)	Oct 2023– Sep 2024 (Remaining operations)
Net sales	5,446	4,322
Adjusted EBITA	547	451
Adjusted EBITA margin	10.0%	10.4%
Financial net debt	2,140	1,484
Financial net debt / EBITDA	2.8x	2.3x

- The divestments lead to total preliminary capital gains of SEK 241 million, which are booked in the income statement for the fourth quarter under the item profit/loss from discontinued operations. The capital gains do not affect the Group's cash flow or operating profit.
- The discontinued operation leads to a preliminary write-down of surplus values of SEK 71 million, which is booked in the income statement for the fourth quarter under the item profit /loss from discontinued operations. The write-down does not affect the Group's cash flow or operating profit.

## **New Group structure**

To clarify Vestum's strategic focus on selected market niches and technologies within infrastructure, Vestum will implement a new Group structure. As of 1 January 2025, the Group will be divided into three segments as follows.

- Flow technology
  - Market-leading products that improve water infrastructure. The segment offers pumps, filters, moisture protection, measurement technology, pipe systems and other flow technology products.
- Niche products
  - Leading product companies within selected technology niches. The segment offers mainly safety systems, containers and fasteners.
- Solutions
  - Specialised solutions for maintaining, developing and streamlining properties and transport networks. The segment offers renovation of concrete structures, solutions regarding sealing layer and technical insulation as well as other installation services.

The changes will be reflected in the Group's external reporting starting with the interim report for the period 1 January – 31 March 2025. Comparative figures on a quarterly basis for the financial year 2024 according to the new structure will be presented as an appendix to the year-end report for 2024, which will be published on 13 February 2025.

## **Strengthened Group Management**

Mattias Hellner, who is currently Division Manager at Vestum, has been appointed Head of Business Operations and will be part of Vestum's Group management from 1 December 2024. In his role as Head of Business Operations, Mattias Hellner will have an overall responsibility for the operational work with Vestum's company portfolio.

Mattias Hellner has extensive experience in leading positions in successful product companies and he has, among other things, been Managing Director of Starke Arvid AB for 15 years. During this period, he led an internationalisation of the company and also led the sale to Indutrade in 2019. Mattias Hellner was subsequently a board member in several companies within Indutrade until he assumed the role of Division Manager at Vestum in 2022.

## **Capital Markets Day**

Vestum will hold a Capital Markets Day on 27 March 2025. The purpose of the Capital Markets Day is to inform the capital market about Vestum's operations and growth strategy.

## **For additional information, please contact:**

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## About Vestum

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*Vestum is an industrial group that provides services and products to the infrastructure sector. We have the most prominent specialists with extensive industry experience and strong positions in regional markets. With over 1,800 employees, we operate in Scandinavia and the United Kingdom.*

*For additional information, please visit: [www.vestum.se](http://www.vestum.se)*

*Vestum's share is traded under the short name VESTUM on Nasdaq Stockholm.*

*This information is information that Vestum AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2024-11-29 14:30 CET.*

## Attachments

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