

Vestum continues to streamline the structure to increase the degree of specialisation and strengthen cash flow

Within the framework of the strategic review, which aims to streamline operations and strengthen the balance sheet, a number of strategic divestments are carried out within the Infrastructure and Services segments. The divestments lead to an increased degree of specialisation, reduced operational risk and strengthened growth, profitability and cash flow for remaining operations.

- A review of the group's operations has been carried out as part of the ongoing strategic review. The process has identified a number of businesses whose cash flow generation, profitability level or risk profile no longer meet Vestum's requirements, or which for other reasons do not fit Vestum's strategic direction.
- In line with this, Vestum has today entered into an agreement to divest 100% of the shares in Arctic Infra AB including subsidiaries, which means that Vestum is leaving the construction market in northern Sweden. The purchase price amounts to SEK 54 million on a cash and debt free basis. Arctic Infra AB was part of the Infrastructure segment and was, in terms of net sales, the largest company within the Vestum group. The divestiture is subject to customary closing conditions, including FDI approval.
- Vestum has further divested 100% of the shares in the following companies:
 - Kvalitetsmark R AB (Infrastructure)
 - Hyrex Holding AB including subsidiaries (Infrastructure)
 - Powerstruc AB (Infrastructure)
 - Amsler Hiss AB (Services)
- In accordance with IFRS 5, the divested operations will be reported separately as divested operations in future reports.

Comment from Vestum's CEO, Simon Göthberg:

We continue to streamline the structure to increase the degree of specialisation and are, after the divestments, a strengthened group. We are making a shift where operational risks are reduced while the financial profile is strengthened. The divested businesses are in general solid companies, but deviate from our continued growth journey with an increased focus on market-leading product and services companies with high profitability within civic infrastructure, says Simon Göthberg, Vestum's CEO.

Financial effects

The financial effects of the divestments, on a rolling 12-month basis as of 30 September 2023, mean that adjusted EBITA increases from SEK 618 million to SEK 623 million, while the adjusted EBITA margin is improved from 9.4% to 10.9%. Net sales decrease from SEK 6,580 million to SEK 5,713 million. The financial net debt decreases by SEK 173 million, from SEK 2,449 million to SEK 2,276 million. The financial net debt in relation to EBITDA decreases from 2.8x to 2.7x. The table below shows the financial effects of the divestments for the periods October 2022–September 2023 and the full year 2022.

KPI (SEKm)	Oct 2022– Sep 2023 (Reported figures)	Oct 2022– Sep 2023 (Remaining operations)	Jan-Dec 2022 (Reported figures)	Jan-Dec 2022 (Remaining operations)
Net sales	6,580	5,713	6,106	5,162
Adjusted EBITA	618	623	651	587
Adjusted EBITA margin	9.4%	10.9%	10.7%	11.4%
Financial net debt	2,449	2,276	-	-
Financial net debt / EBITDA	2.8x	2.7x	-	-

- The divestments reflect Vestum's ambition to achieve a financial net debt in relation to EBITDA of maximum 2.5x, and in the medium term to achieve an EBITA margin of at least 12.0%.
- The divestments lead to total preliminary realised losses of SEK 490 million, which are booked in the income statement for the fourth quarter under the item profit/loss from divested operations. The realised losses do not affect the group's cash flow.
- The strategic review is ongoing and expected to be completed in the first quarter of 2024.

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About Vestum

Vestum is an industrial group that provides niche services and products to civic infrastructure. Our portfolio of leading specialists has extensive industry experience, broad competence and strong local presence. Vestum has approximately 2,000 employees in Sweden, Norway, Denmark and the UK.

For additional information, please visit: www.vestum.se

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

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Attachments

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