

Norva24 expands in advanced UIM services in Denmark through acquisition of Nordic Powergroup Holding A/S

Norva24 Group AB (publ) ("Norva24", "the company"), the market leader in underground infrastructure maintenance (UIM) in Northern Europe, keeps growing through value-accretive acquisitions. The company today announces the acquisition of the clear leader in the high-pressure flushing market in Denmark, Nordic Powergroup Holding A/S (NPG).

With the acquisition, Norva24 manifests the number one position within underground infrastructure maintenance in the Danish market. Norva24's revenue in Denmark increases by close to 50% as a result of the acquisition.

"Our strategy relies on maintaining a high speed of acquisitions, and I'm very excited to have 80 new co-workers from NPG join Norva24. This is our second acquisition announced in just two weeks, and we have more in store. Our pipeline of potential acquisition targets is rich," says Norva24 Group's CEO, Henrik Norrbom.

NPG's revenues were DKK 138 million in the twelve months up to 31 March 2024 and its EBIT margin was 14.2%. NPG operates throughout Denmark, with its main office in Greve near Copenhagen.

The purchase price amounts to DKK 135 million on a cash- and debt-free basis and will be financed with existing financing facilities.

"The acquisition of NPG is an important part of our strategy to strengthen Norva24's leading market position within advanced UIM services, as well as our presence in Denmark – one of our core markets. We welcome NPG's around 80 employees to the Norva24 Group, bringing complementary competencies and strengthening our offering within high-pressure flushing," says Tim Norman, CEO of Norva24 Denmark.

NPG's services comprise of most of the regular UIM services, with a special focus on the high-pressure flushing segment. The customers are diverse and include public utilities, district heating providers, biomass plants, food production facilities, maritime and oil service companies, among others.

High-pressure flushing is a service offered by Norva24 in all markets, but with limited activity in the Danish market. The current operations within the area in Norva24 Denmark will continue as before but with a greater degree of cooperation and coordination between Norva24 and NPG.

"Norva24 is the ideal setting for our company to continue to grow. With Norva24's leading role in Denmark, Sweden, Norway and Germany, we are excited to join this dynamic group, and use our high-quality skills in high-pressure flushing to reach customers beyond Denmark," says Magnus Ditlevsen, Managing Director of NPG.

Jan Nandfred and René Gemmer Gasberg will remain as Directors in the NPG management team and Magnus Ditlevsen will continue as Managing Director for NPG, and also be part of the Danish Management team going forward.

The agreed purchase price will be paid in cash to the Sellers in tranches. The first tranche of DKK 135 million upon completion of the acquisition, which is expected to take place during May. Furthermore, the Sellers may receive an earn-out purchase price payment of up to DKK 125 million, if NPG reaches certain profit-related thresholds during year 2024, 2025 and 2026. The earnout consideration, if the thresholds are achieved, would be payable in cash; one installment in 2024 and the second instalment in 2027. Assuming fully paid earnouts, the purchase price amounts to DKK 260 million. The acquisition will be financed through Norva24's existing financing facility.

The acquisition is expected to have a positive effect on Norva24's earnings per share during 2024. In the fiscal year 2022/2023 (1/7-2022 to 30/6-2023), NPG reported net sales of DKK 129 million, EBIT amounted to DKK 16 million, corresponding to an EBIT margin of 12,2%. For the last twelve-month period ending on 31 March 2024, net sales amounted to DKK 138 million with an EBIT of DKK 20 million, and an EBIT margin of 14.2%.

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Attachments

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