

Vestum accelerates Northern European establishment through acquisition of Lakers Group with sales of NOK 1,188m, adjusted EBITDA of NOK 181m and adjusted EBITA of NOK 151m

2021-10-07 17:31

Vestum AB (publ) ("**Vestum**") has entered an agreement to acquire 100 percent of the shares in Lakers Group Holding AB ("**Lakers Group**"), which consists of 25 companies in Norway, Sweden, Denmark, Finland, Germany and the United Kingdom. The initial purchase price amounts to approximately NOK 2,044 million on a cash and debt-free basis. Existing net debt in the business amounts to approximately NOK 1,000 million. The initial purchase price will partly be financed with cash, and partly with approximately NOK 253 million through payment in reverse, which will then be set off against 2,609,548 shares in Vestum through offset issue. This will result in a dilution of approximately 2.7%. Furthermore, an additional cash purchase consideration can be paid based on a percentage of acquired profit in the period up to 31 December 2021. The additional cash purchase consideration is not expected to exceed NOK 50 million. The sellers to Lakers Group are Summa Equity Fund I (No. 1) AB, Summa Equity Fund I (No. 2) AB and Summa Equity Fund I (No. 3) AB together with certain minority owners (most of whom are employees of Lakers Group). Closing of the acquisition is expected to take place on 9 November 2021 and is conditional on the transaction being approved by an Extraordinary General Meeting in Vestum. To finance part of the acquisition of Lakers Group, Vestum's Board of Directors has decided to raise additional capital through a directed new share issue in the form of an accelerated bookbuilding procedure, which will be published separately in connection with this press release.

About Lakers Group

Lakers Group is a leading North European aftermarket service, project and specialist product provider of water and wastewater pumps, which serve as key components for transportation of water in the water infrastructure. Lakers Group consists of 25 cohesive companies in Norway, Sweden, Denmark, Finland, Germany and the United Kingdom. The oldest company in Lakers Group was founded in 1937.

During the last twelve months per August 2021, Lakers Group generated sales of NOK 1,187.5m with an adjusted EBITDA of NOK 181.4m and an adjusted EBITA of NOK 151.4m, corresponding to an adjusted EBITDA margin of 15.3 percent and an adjusted EBITA margin of 12.8 percent.

Lakers Group has over 400 employees and is headquartered in Oslo.

All figures referenced are in accordance with Norwegian GAAP, which is the accounting standard applied by Lakers Group, and are unaudited.

Lakers Group's financials are expected to be consolidated into Vestum from November 2021, provided that the indicative timetable for the completion of the acquisition can be followed.

Background and purpose of the acquisition

The acquisition of Lakers Group is a major step in Vestum's strategy to create the leading Nordic acquisition driven company in the construction services and infrastructure industries. Lakers Group has grown strongly through acquisitions and has established an acquisition organization that in a short period of time has acquired 25 companies throughout the Nordic and Northern European

region. Vestum will now accelerate the establishment of Vestum Norway and will, in addition to Sweden and Norway, have established platforms in the United Kingdom, Germany, Denmark and Finland. This means that Vestum will be ready to make acquisitions outside of Sweden already during the first half of 2022.

Lakers Group's current management team will remain in the business and play an important role in Vestum's acquisition strategy within Lakers Group's existing markets.

Lakers Group is a market leading aftermarket service, project and specialist product provider of water and wastewater pumps in Northern Europe. The overall service market for water and wastewater infrastructure is growing rapidly with megatrends such as aging water infrastructure, more extreme and changing weather conditions, urbanisation and favourable regulatory changes. The Lakers Group's addressable market size is estimated at approximately NOK 25 billion and is expected to grow by 4-5% per year.

Lakers Group has an attractive business model with a high degree of specialisation, 95% repeating revenue from a diversified base of over 40,000 customers and strong cash flow generation driven by limited investment needs in combination with solid profitability.

With its strong presence in Northern Europe and proven ability to successfully complete and integrate acquisitions, Lakers Group is a transformative key acquisition for Vestum that strengthens finances and creates stability and room for continued high profitable growth.

Comments from Vestum's CEO Conny Ryk:

It is with great pleasure that we today welcome Lakers Group, a market leading aftermarket service, project and specialist product provider of water and wastewater pumps in Northern Europe, to Vestum! Lakers Group is a high-quality company that consists of a fantastically cohesive group of companies with strong structural capital. Thanks to a high degree of specialisation in an attractive market, the company has continuously delivered profitable growth. The company fits in perfectly with Vestum and we are impressed with the entire management team's acquisition and integration work in well-selected geographies. Lakers Group is an acquisition of significant size for Vestum and creates a stable foundation for continued expansion in Norway, Sweden, Denmark, Finland, Germany, and the United Kingdom. With the acquisition of Lakers Group, Vestum's size increases by approximately 50%, both in terms of sales and adjusted EBITA. Estimated adjusted EBITA for Vestum is now approximately SEK 450m, says Conny Ryk, CEO of Vestum.

Comments from Lakers Group's CEO Carl-Johan Callenholm:

At Lakers we are thrilled to have Vestum as our new owner. They share our passion for business and are as entrepreneurial as we are. Together with Vestum we will continue our growth journey, and to help our customers to improve their operations and to reduce their CO2 footprint, says Carl-Johan Callenholm, CEO of Lakers Group.

About the acquisition

The initial purchase price amounts to approximately NOK 2,044 million on a cash and debt-free basis. Existing net debt in the business amounts to approximately NOK 1,000 million. The initial purchase price will partly be financed with cash, and partly with approximately NOK 253 million through payment in reverse, which will then be set off against 2,609,548 shares in Vestum through offset issue. Furthermore, an additional cash purchase consideration can be paid based on a

percentage of acquired profit in the period up to 31 December 2021. The additional cash purchase consideration is not expected to exceed NOK 50 million.

The offset issue addressed to the sellers of Lakers Group comprises a total of 2,609,548 shares in Vestum and will be issued at a subscription price of NOK 97.0739 per share, corresponding to SEK 99,28 per share. The subscription price has been determined via a ten-day volume-weighted average price (“**VWAP**”) in Vestum's share during the period 23 September 2021 up to and including 6 October 2021 and the exchange rate for the conversion of NOK to SEK on 6 October 2021. All operating sellers, who together subscribe for 575,050 shares in Vestum, have undertaken not to sell the subscribed shares for a period of 24 months (“**lock-up**”). Other sellers, who in total subscribe for 2,034,498 shares in Vestum, have undertaken not to sell the subscribed shares for a period of 12 months.

The offset issue will mean a total dilution of approximately 2.7%. The number of outstanding shares in connection with the offset issue will increase from the existing 92,504,179 to 95,113,727 shares.

In connection with the completion of the acquisition, the Board will, with the support of authorization from the Annual General Meeting on 20 May 2021, decide to issue the shares in the offset issue to the sellers.

The execution of the transaction is subject to customary terms and is subject to approval by an Extraordinary General Meeting in Vestum. Notice of such an Extraordinary General Meeting will be announced in a separate press release.

To finance part of the acquisition of Lakers Group, Vestum's Board of Directors has decided to raise additional capital through a directed new share issue in the form of an accelerated bookbuilding procedure, which will be published separately in connection with this press release.

The above information on dilution and number of shares is based on previously announced offset issues.

Adviser

Svalner provides financial advice and Cirio Advokatbyrå acts as legal adviser to Vestum in connection with the acquisition.

Responsible Party

This information is information that Vestum AB (publ) is obliged to make public pursuant of the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 17:31 CEST on October 7, 2021.

For additional information, please contact:

Conny Ryk, CEO of Vestum AB (publ)

Phone: +46 70 775 53 10

E-mail: conny.ryk@vestum.se

About Vestum

Vestum is a Swedish acquisition-driven company focused on acquiring and developing specialist companies within the construction services and infrastructure industries. Vestum is actively looking

for high-quality companies with proven business models, strong market positions and predictable cash flows where Vestum can be involved and contribute to continued positive development.

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

Vestum's share is traded under the short name VESTUM on Nasdaq First North Growth Market and the company's Certified Adviser is G&W Fondkommission: phone: +46 (0)8 503 000 50, e-mail: ca@gwkapital.se.