

VESTUM

CAPITAL MARKETS DAY

27 March 2025

Today's agenda

13:35	Strategic update	Simon Göthberg
14:00	Financial update	Olof Andersson
14:20	Governance and operations	Mattias Hellner
14:40	<i>Break</i>	
14:55	Deep dive product companies	Johan Cederstrand
15:15	Pump Supplies	Luke Beattie
15:35	M&A strategy	Simon Göthberg
15:55	Q&A	All

Strategic update

Simon Göthberg
CEO



VESTUM

The effectiveness of the compounding business model



Acquisition



Organic development



Re-investment of cash flows



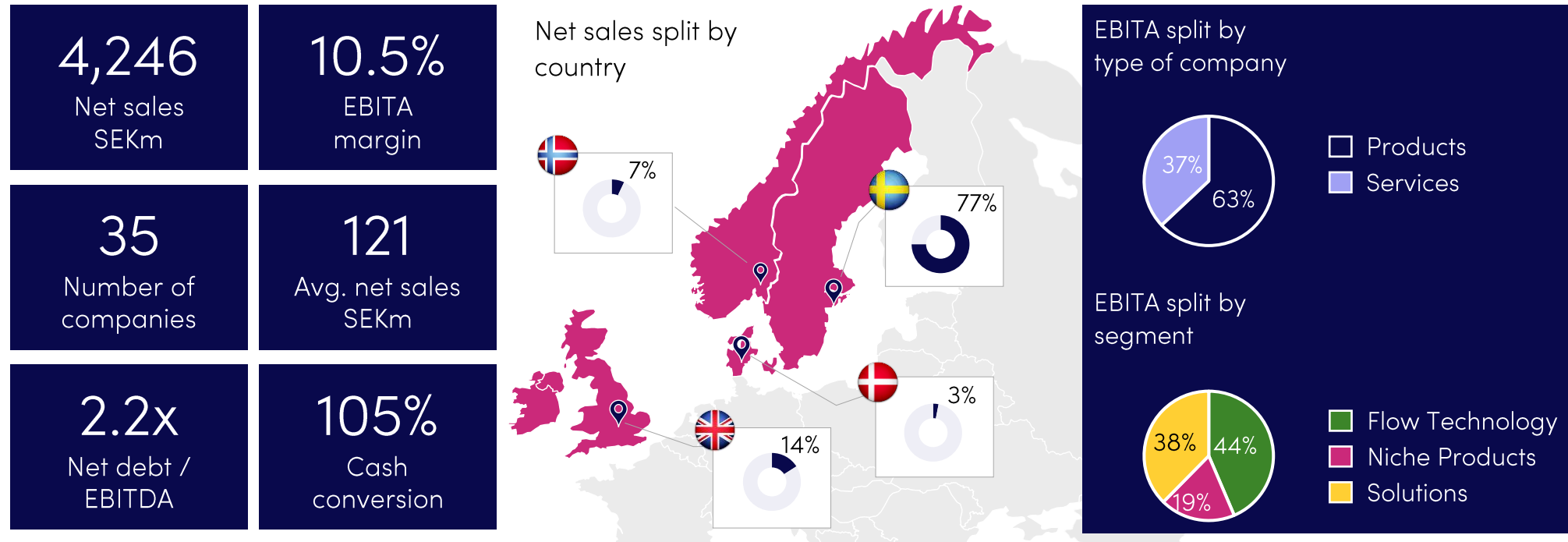
Self-financed growth at the core of the business model

Key investment highlights

- 1 Large and growing infrastructure market supported by mega trends
- 2 Focus on selected market niches and technologies
- 3 Market leading positions with strong financial profile
- 4 Decentralised business model
- 5 Clean balance sheet positioned for growth

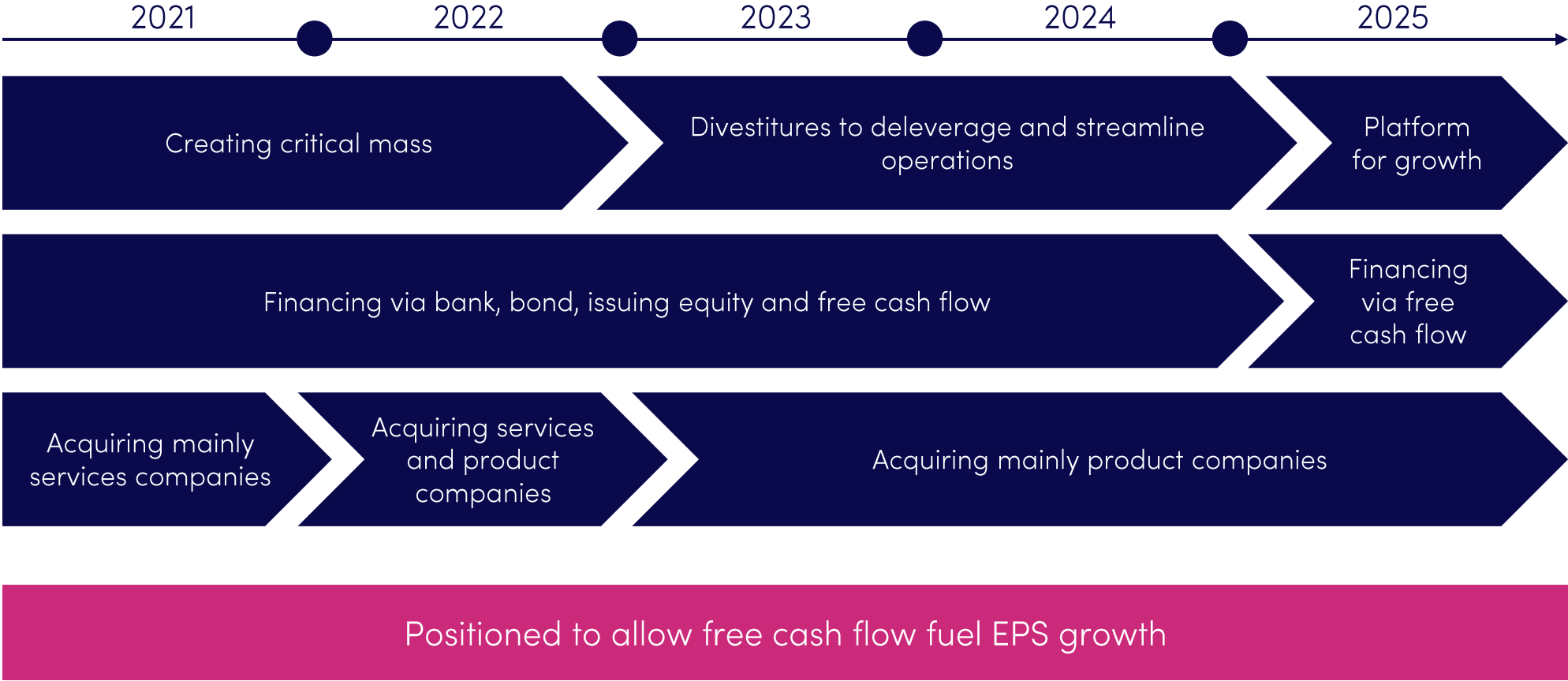
Capital allocation focus shifted towards acquisitions

Established platform in Northern Europe

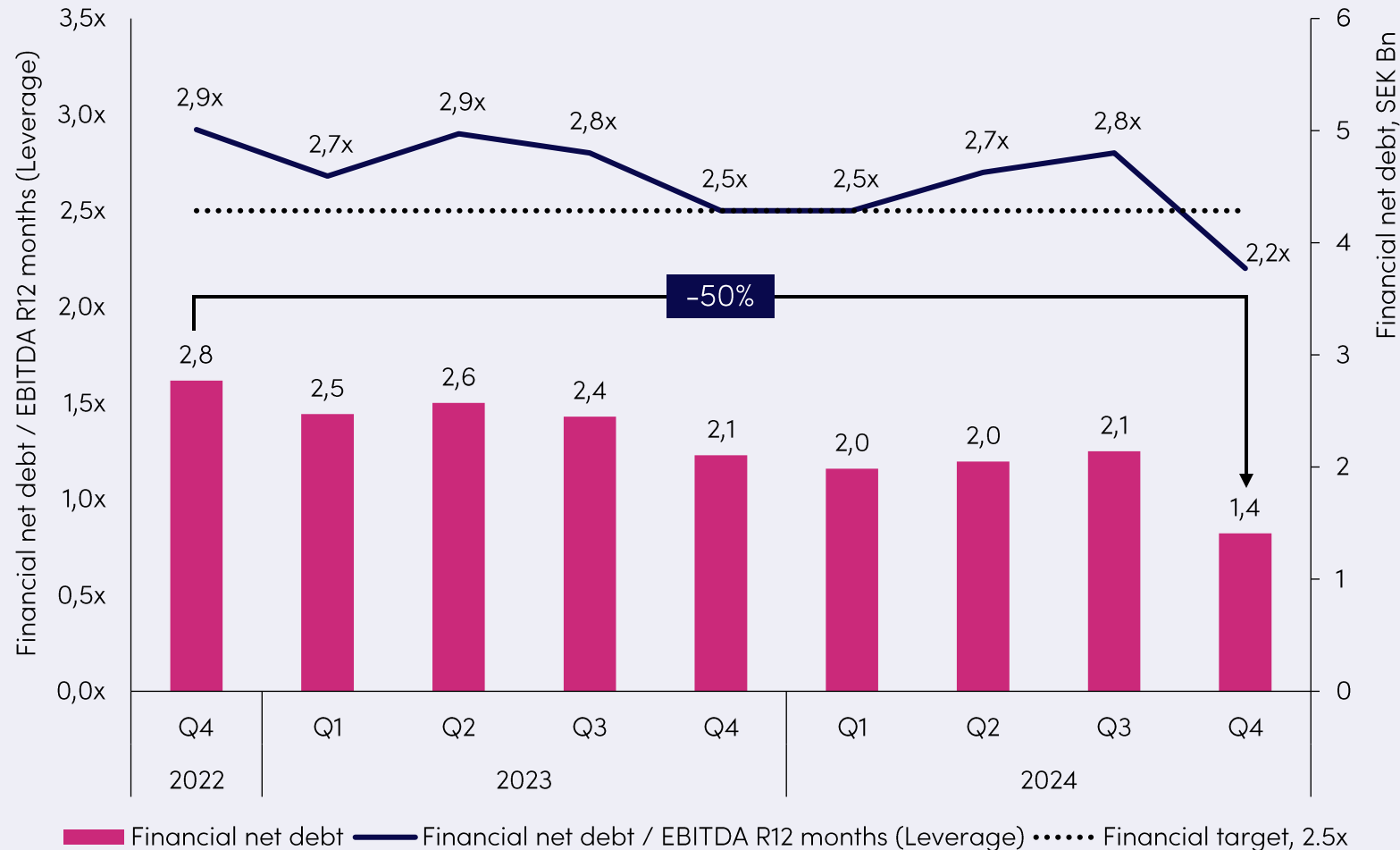


Acquiring and developing leading suppliers in growing niches and technologies of infrastructure

Strategic re-positioning



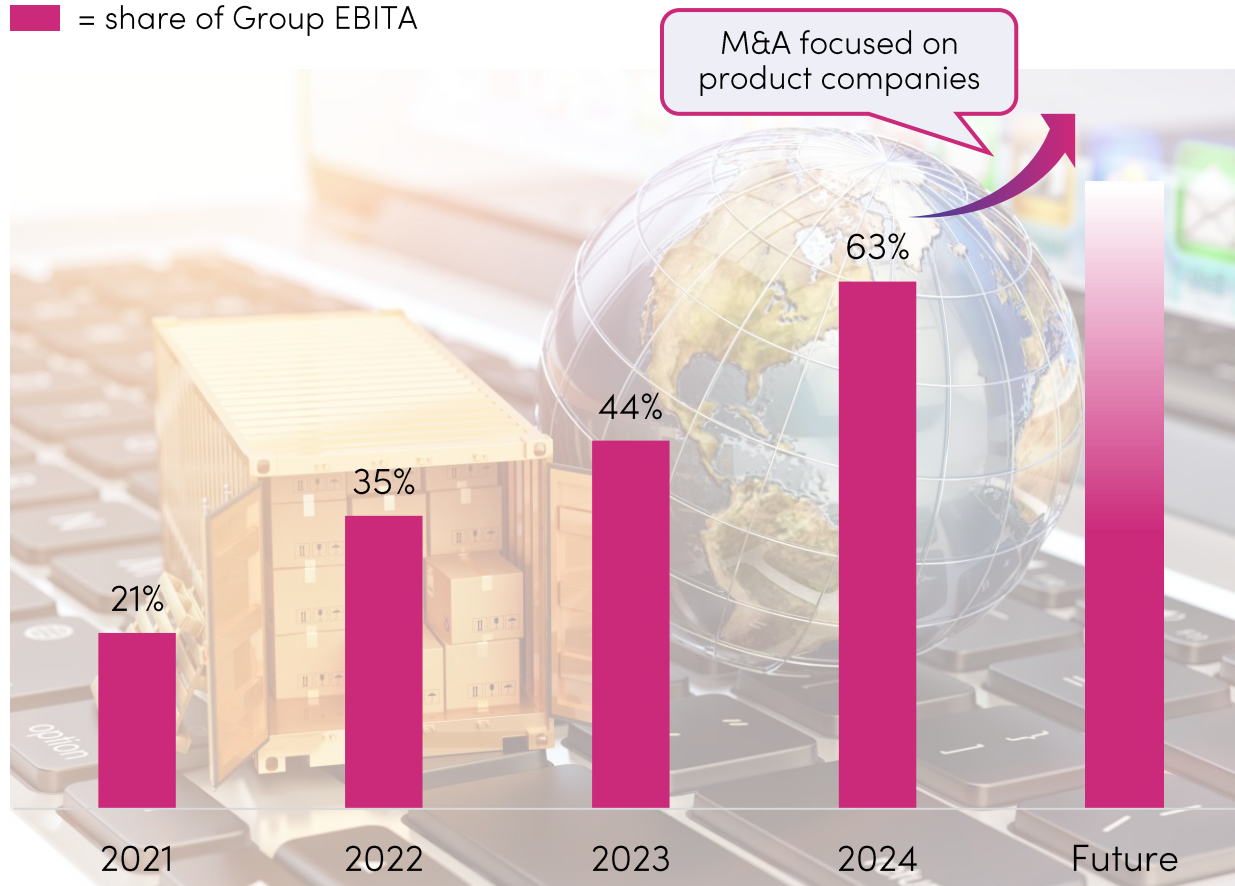
Net debt and leverage



- Financial net debt reduced by SEK 1.4bn, or 50% in 2 years – without issuing equity
- Bond debt reduced from SEK 2.5bn to SEK 0
- Full bank financing from March 2025
- Leverage of 2.2x in Q4 2024

Market leading product companies

■ = share of Group EBITA



16%

EBITA
margin

72%

EBITA/NWC

- >60% of products exposed to water infrastructure
- Own products and value-added distributors
- Price leadership with high margins
- Nationwide customer networks with potential to sell cross-border
- Synergy extraction with cross-selling and procurement

New Group structure for growth

Flow Technology	Niche Products	Solutions
		
1,088 (945) SEKm Net sales 2024	704 (819) SEKm Net sales 2024	2,454 (2,651) SEKm Net sales 2024
18.5% (18.5%) EBITA margin 2024	12.4% (14.9%) EBITA margin 2024	7.1% (9.5%) EBITA margin 2024
44% Share of Group EBITA	19% Share of Group EBITA	38% Share of Group EBITA
Growth Focus area	Growth & profitability Focus area	Profitability Focus area

Growth avenues

Organic initiatives

Create environment that nurtures long-term profitable organic growth

Platform acquisitions

Invest in existing or new growing niches and technologies

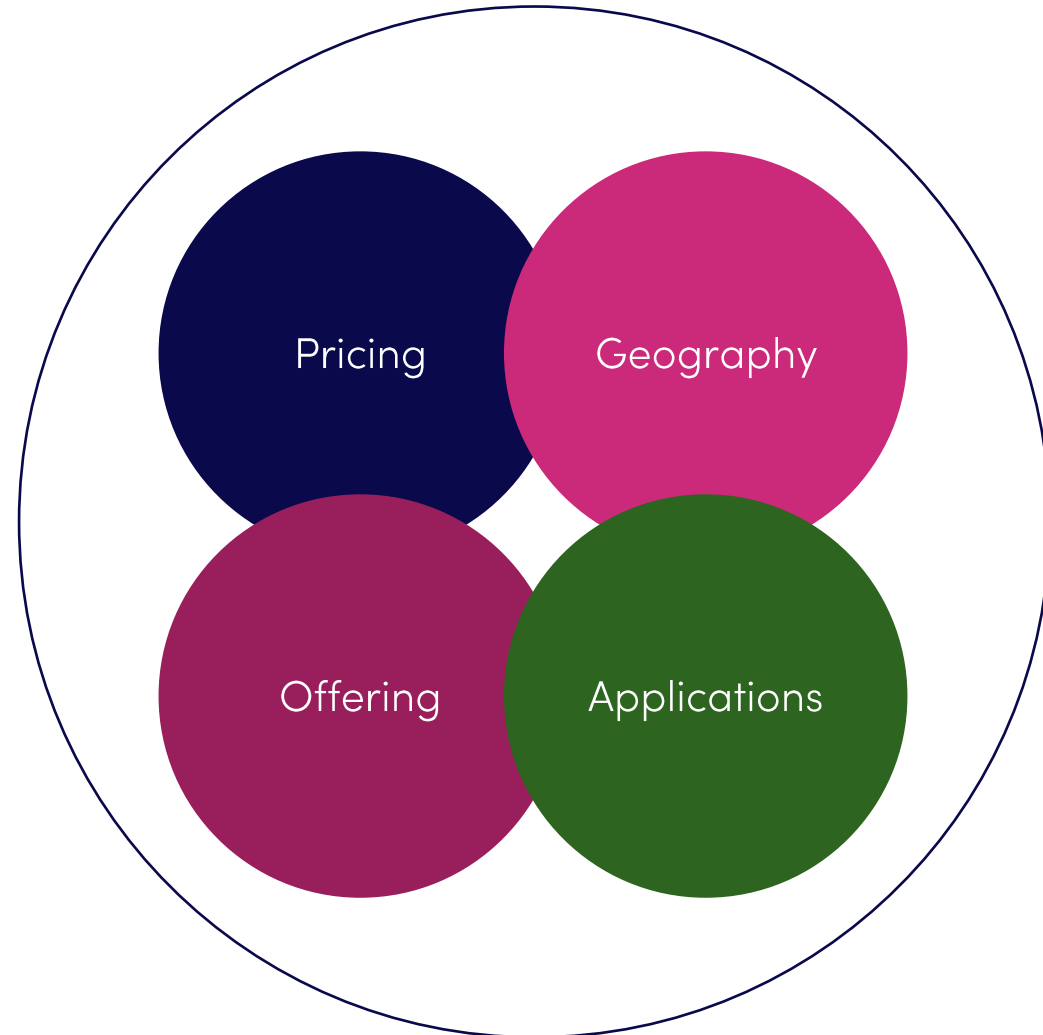
Add-on acquisitions

Strengthening of market position and competitive advantages

Organic growth

Success factors

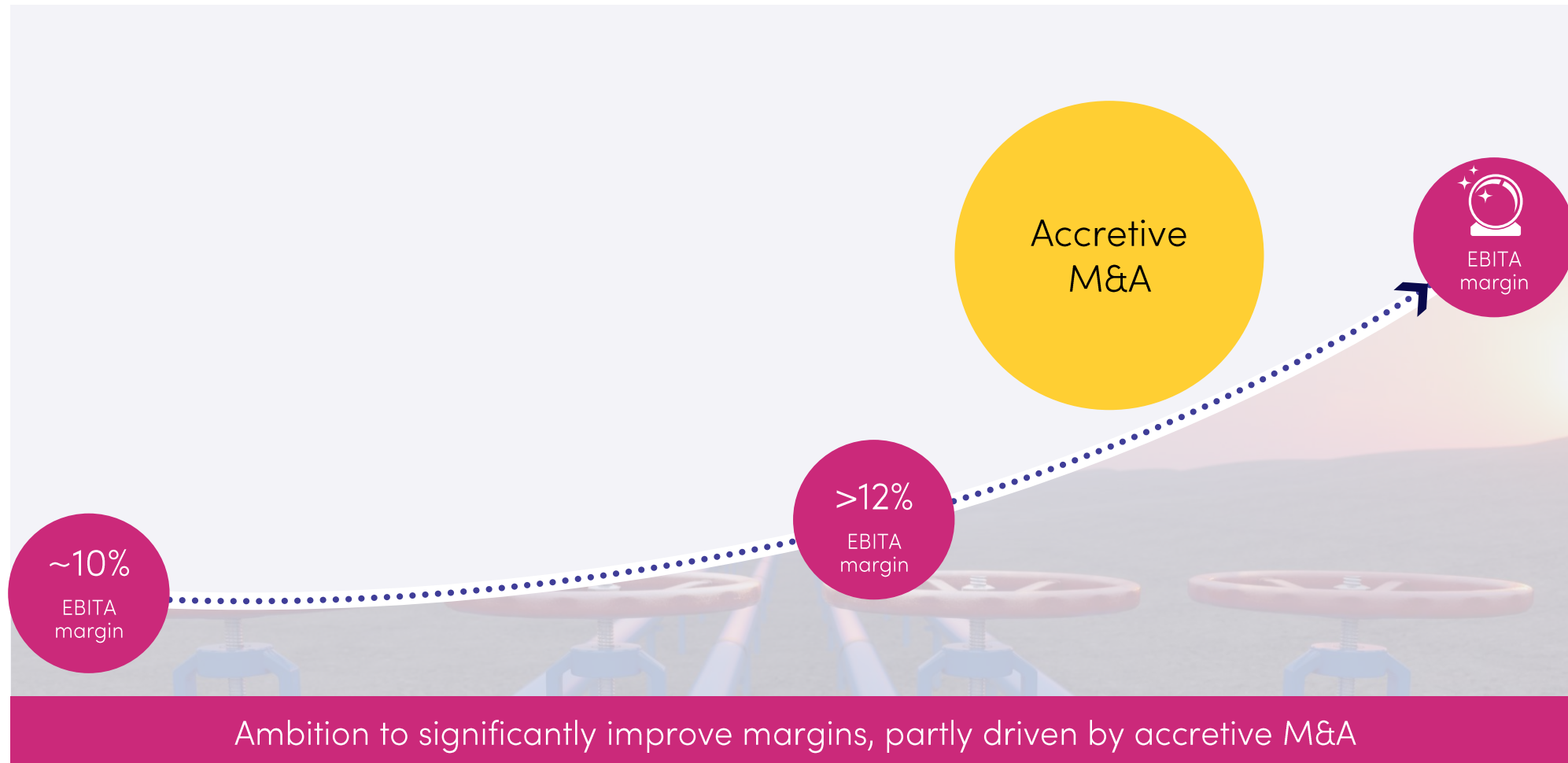
- Right leadership in each company
- Incentive structure
- Entrepreneurial mindset
- Strategic planning & KPI driven organisations
- Long-term perspective on investments
- Access to financial resources
- Sharing of know-how
- Synergy extraction in sub-groups



Organic margin expansion activities



M&A to drive margin expansion



Financial targets

Profit growth	Margin	Capital structure	Dividend policy
$\geq 15\%$ EBITA growth per share	$\geq 12\%$ EBITA-margin	$\leq 2.5x$ Net debt/EBITDA	Re-invest all cash flows

Key takeaways

- Decentralised business group with leading positions in growing niches and technologies of infrastructure
- Strategic repositioning over the last two years
- Positioned to improve ROCE
- Focus on asset-light, high margin leading suppliers
- Free cash flow to fuel growth

Capital
allocation
focused on
growth

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Financial update

Olof Andersson
CFO



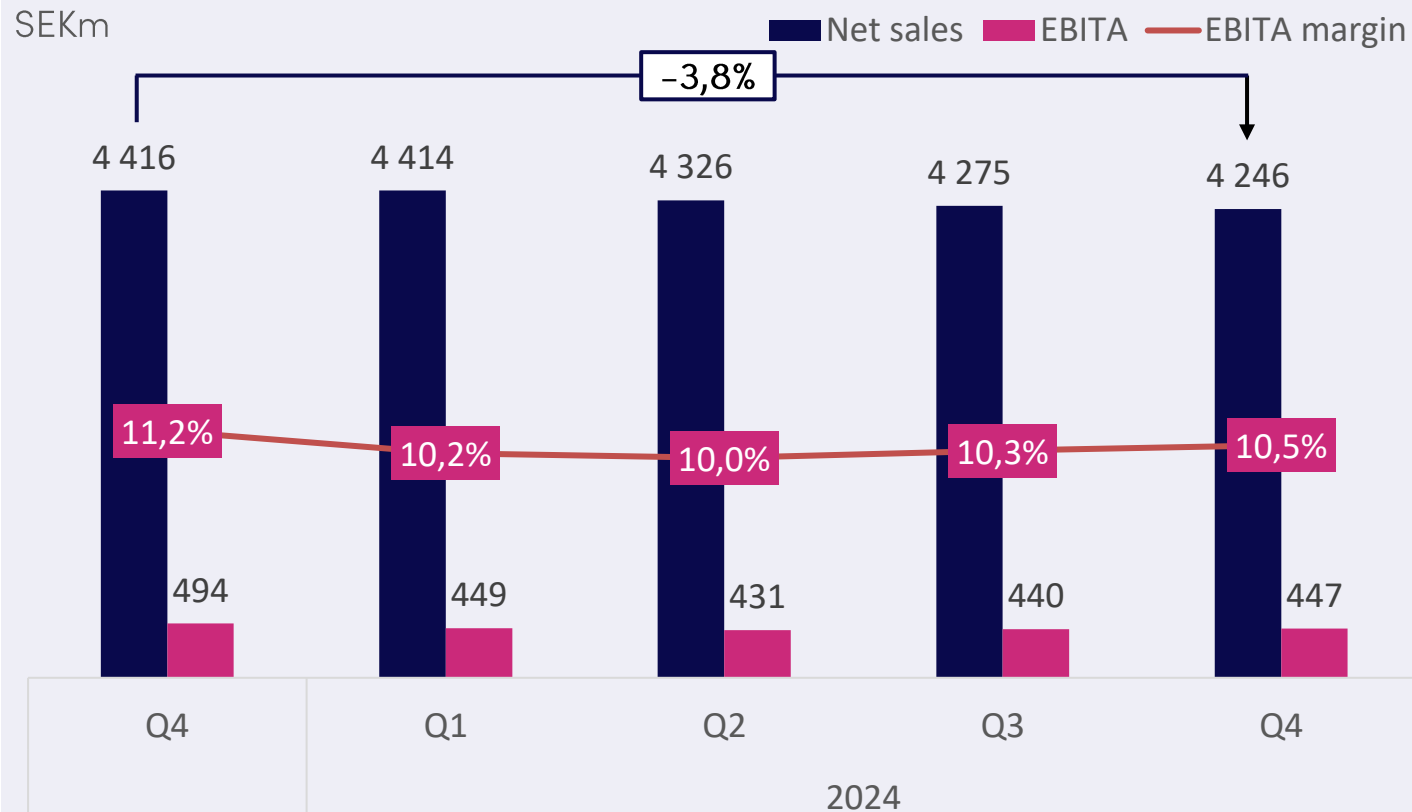
Group net sales & EBITA

4,246 (SEKm)
LTM net sales

447 (SEKm)
LTM EBITA

10.5%
LTM EBITA margin

LTM development 2023-2024



- Decline in LTM net sales driven by Niche products and Solutions segments
- The LTM EBITA margin declined in the first half of 2024, but stabilized and improved in the second half of the year

Flow Technology

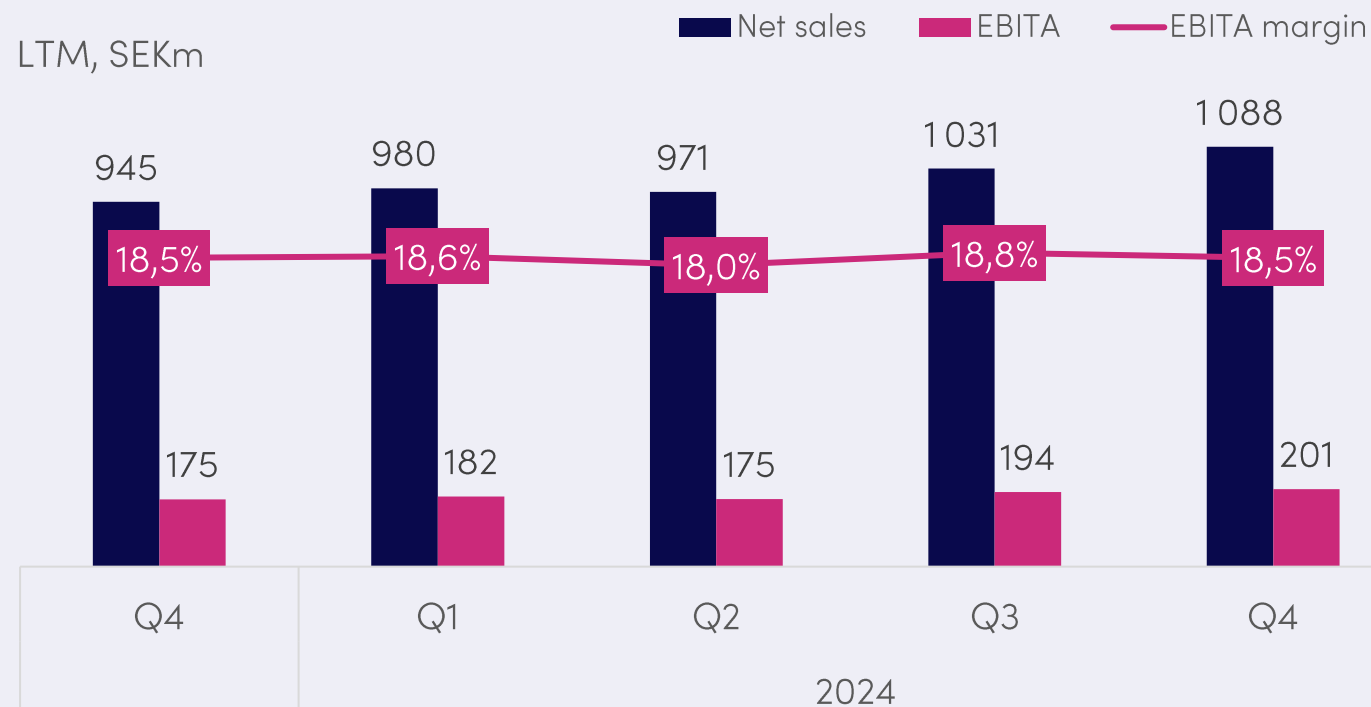
1,088 (SEKm)
LTM net sales

201 (SEKm)
LTM EBITA

18.5%
LTM EBITA margin

LTM development 2023-2024

Market-leading products that improve water infrastructure



- Solid year-on-year growth driven by the acquisition of PDAS, as well as organic growth
- EBITA margin drop in Q4 2024 driven by the acquisition of PDAS which has a lower, but increasing, margin than the rest of the segment

Niche Products

704 (SEKm)
LTM net sales

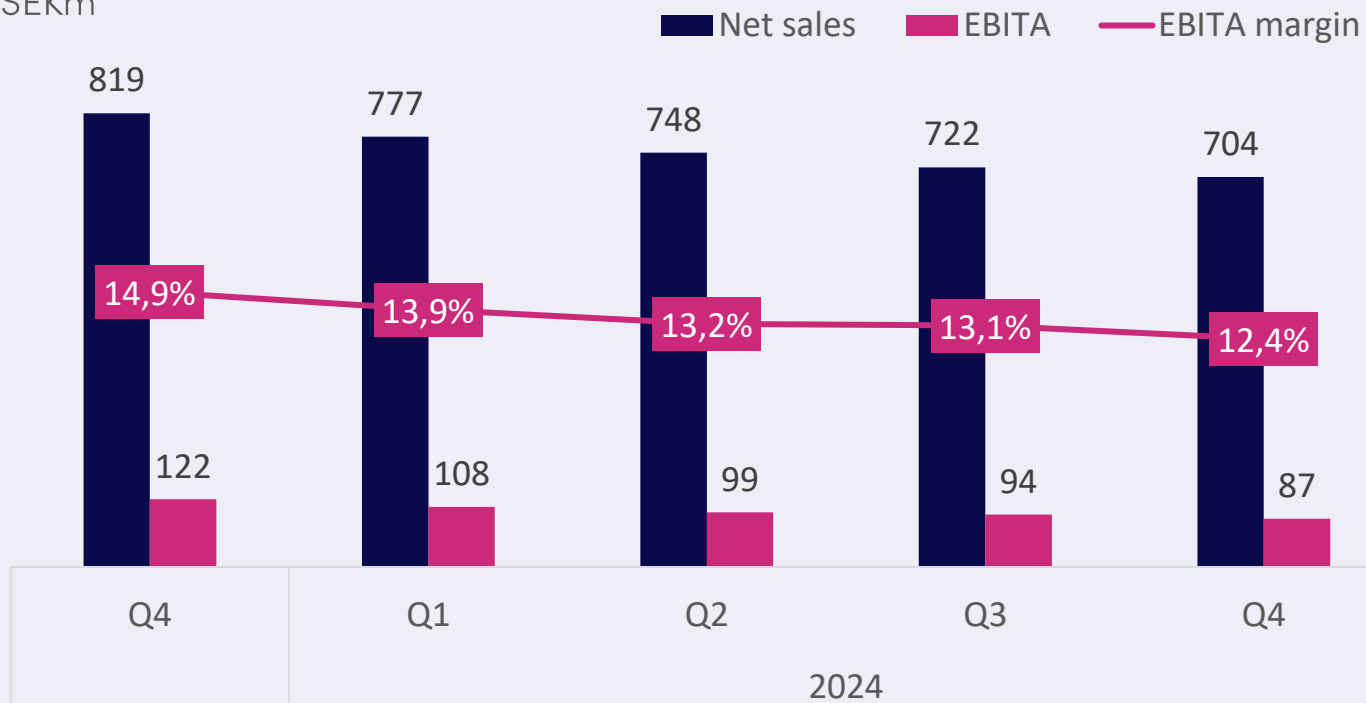
87 (SEKm)
LTM EBITA

12.4%
LTM EBITA margin

LTM development 2023-2024

Leading product companies within selected technology niches

SEKm



- Challenging market conditions have put downward pressure on growth
- Rate of net sales decline in Q4 2024 was less pronounced than in Q1-Q3 2024
- Expected to return to growth in 2025 as the business climate improves

Solutions

2,454 (SEKm)
LTM net sales

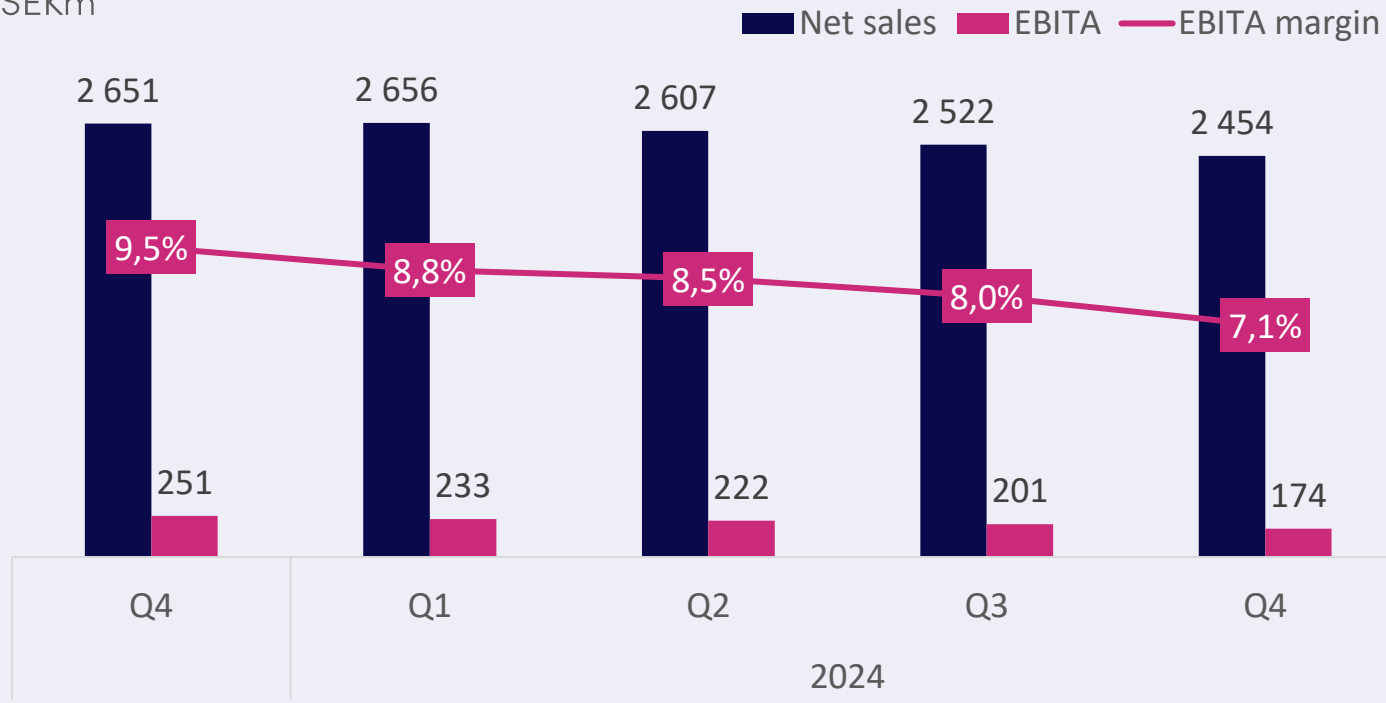
174 (SEKm)
LTM EBITA

7.1%
LTM EBITA margin

LTM development 2023-2024

Specialised solutions for properties and transport networks

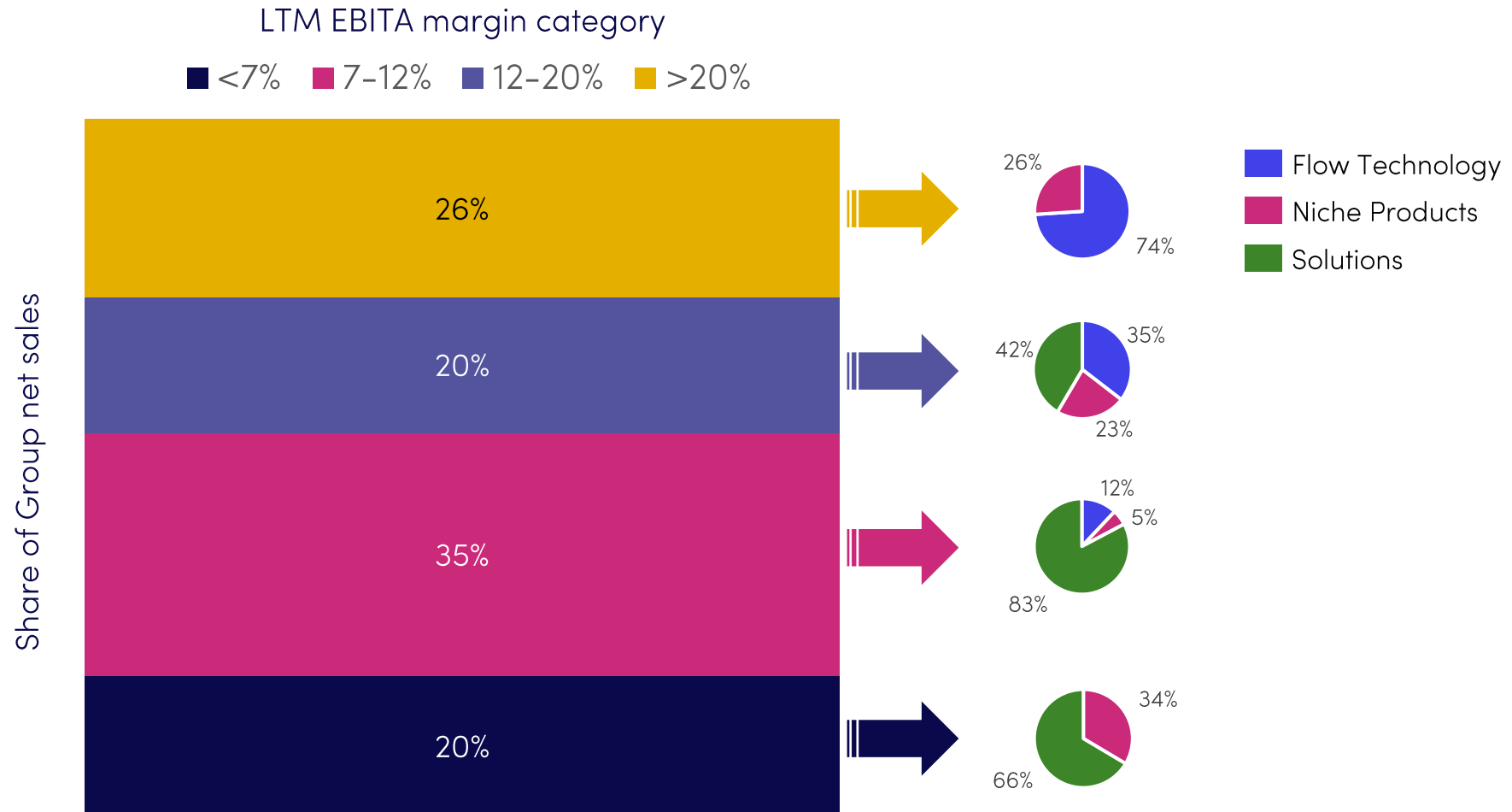
SEKm



- Development in 2024 hampered by a tough market leading to downward pressure on growth and profitability
- Demand increasing in some regions and the rate of decline slowed in the fourth quarter
- Margin improvement expected in 2025 as the business climate improves

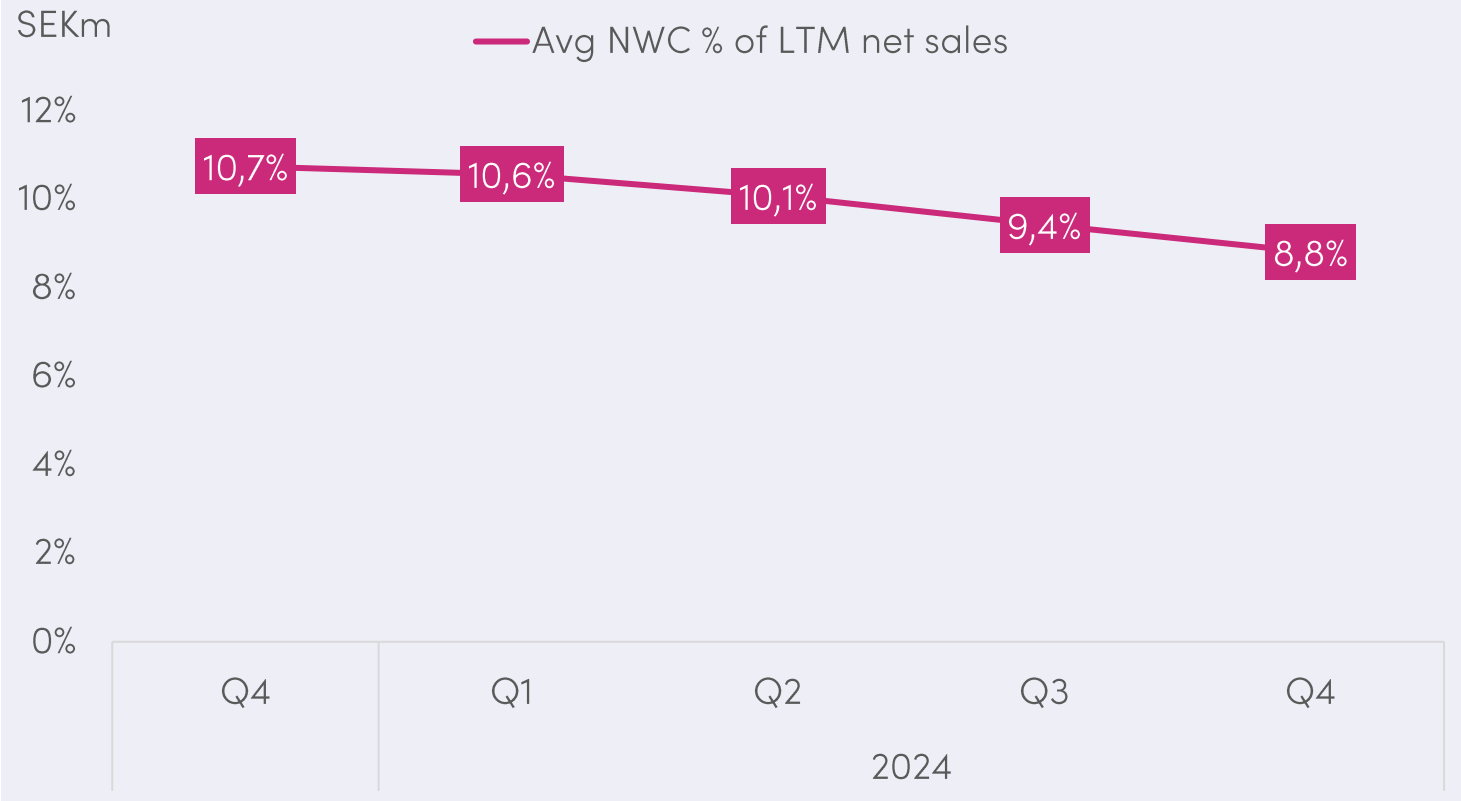
Portfolio profitability split

Net sales per EBITA margin category



Net working capital

Q4 2023 – Q4 2024



- Table to the left shows NWC for Vestum's business units, i.e. excluding holding companies
- Improved NWC ratio during 2024
- Effective working capital optimisation is at the core of how the Group manages operations

Free cash flow

Year 2024

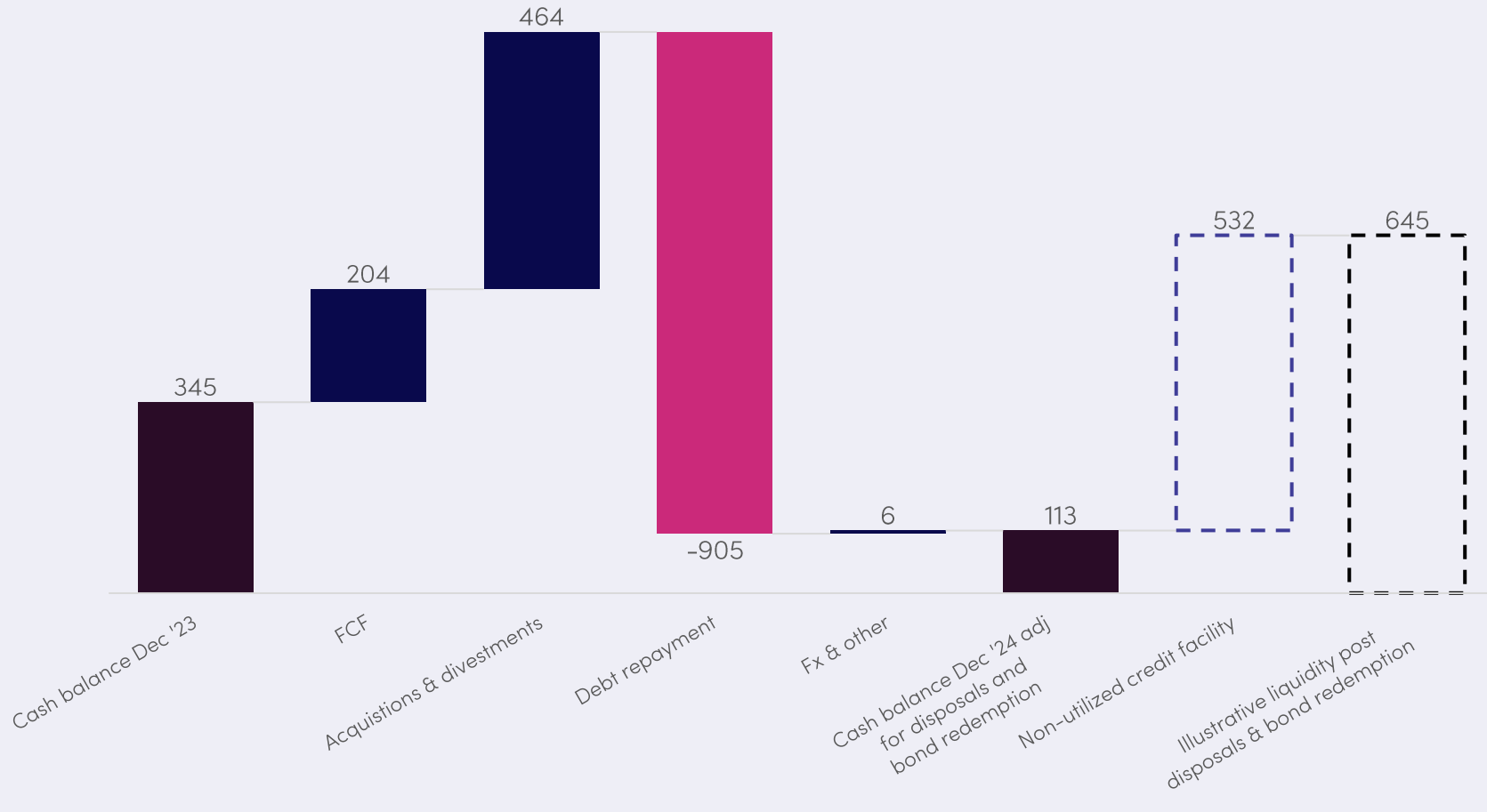
SEKm



Capital allocation overview

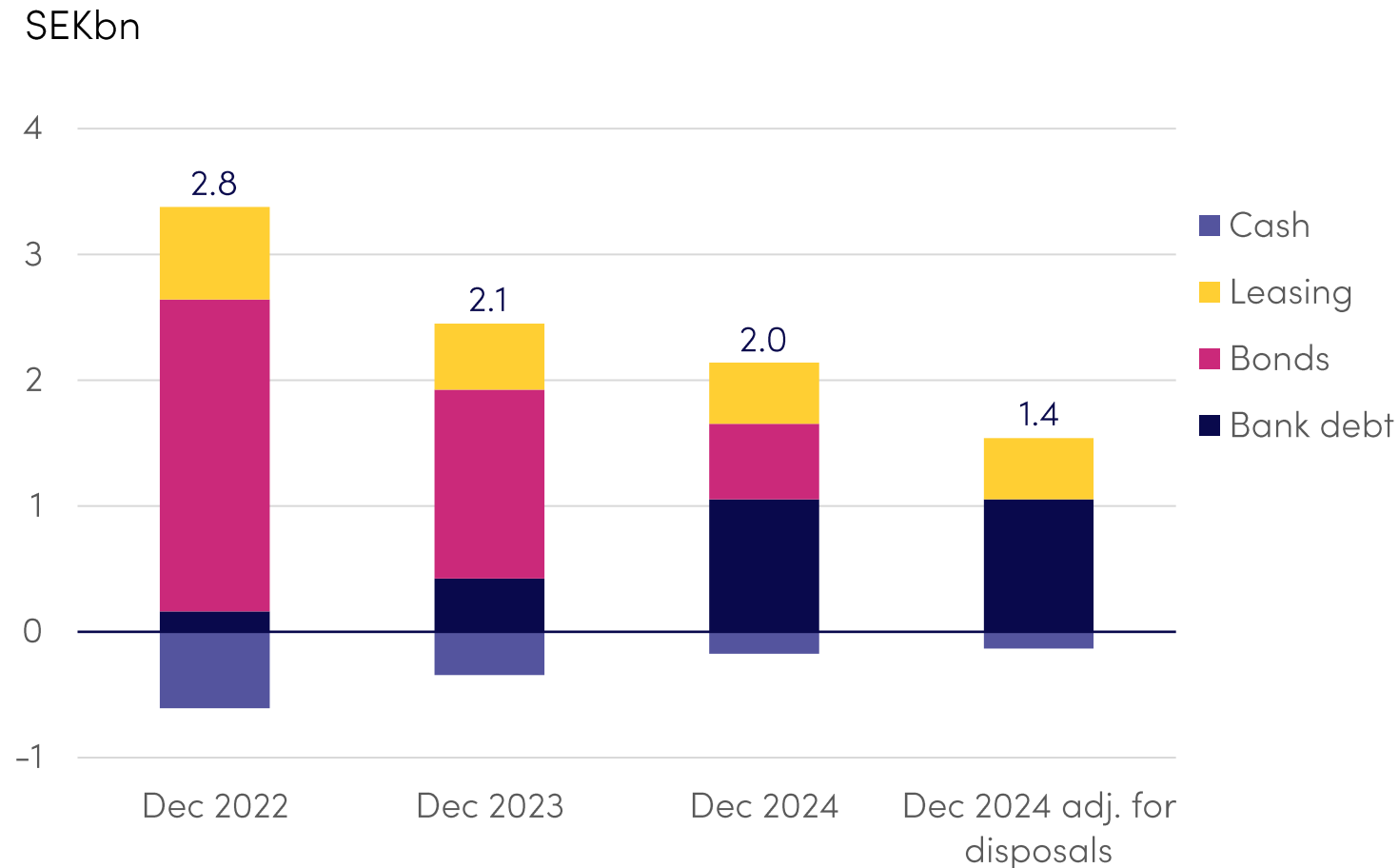
Liquidity bridge, including effects from divestitures closed in Feb '25 & bonds redeemed in Mar '25

SEKm



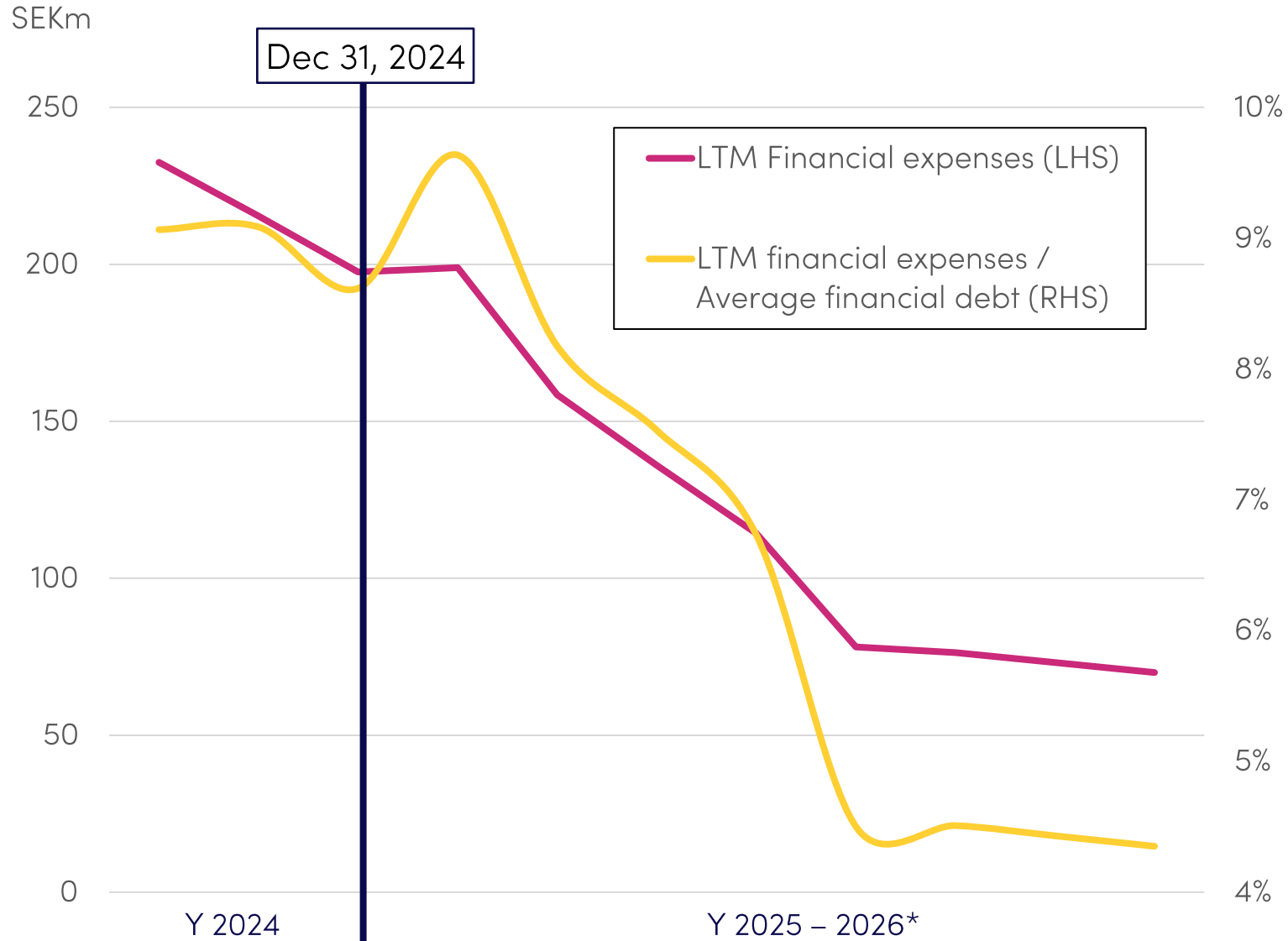
- Effects from divestments closed in Feb '25 included in "Acquisitions & Divestments"
- Bonds redeemed in Mar '25 included in "Debt repayment"
- Capital allocation has mainly been focused on debt repayment
- Capital from divestments used partly for debt repayment, and partly for portfolio rebalancing (acquisition of PDAS)

Financial net debt



- Debt repayment focus in 2023 & 2024
- Gross financial debt lowered by SEK 1.8 Bn from Dec '22 to Dec '24
- Away from bonds and into bank credit facilities
- Improved cash efficiency through cash pools, aiming for SEK <100 m operating cash balance

Cost of debt



- Improved capital structure leading to significant drop in expected financial expenses and effective interest
- This is driven by a combination of factors*:
 - Lower financial debt and leverage
 - Improved financial debt mix: switch from bonds to bank debt
 - Lower base rates

**Please note that this is an illustrative scenario based on a set of assumptions that may or may not occur*

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Governance & operations

Mattias Hellner

Head of Business Operations

1996–2008 MSc, PhD

2008 Managing Director of Starke Arvid

2019 Starke Arvid acquired by Indutrade

2020 Board member in several Indutrade companies

2022 Division Manager at Vestum

2024 Head of Business Operation at Vestum



Governance & decentralisation

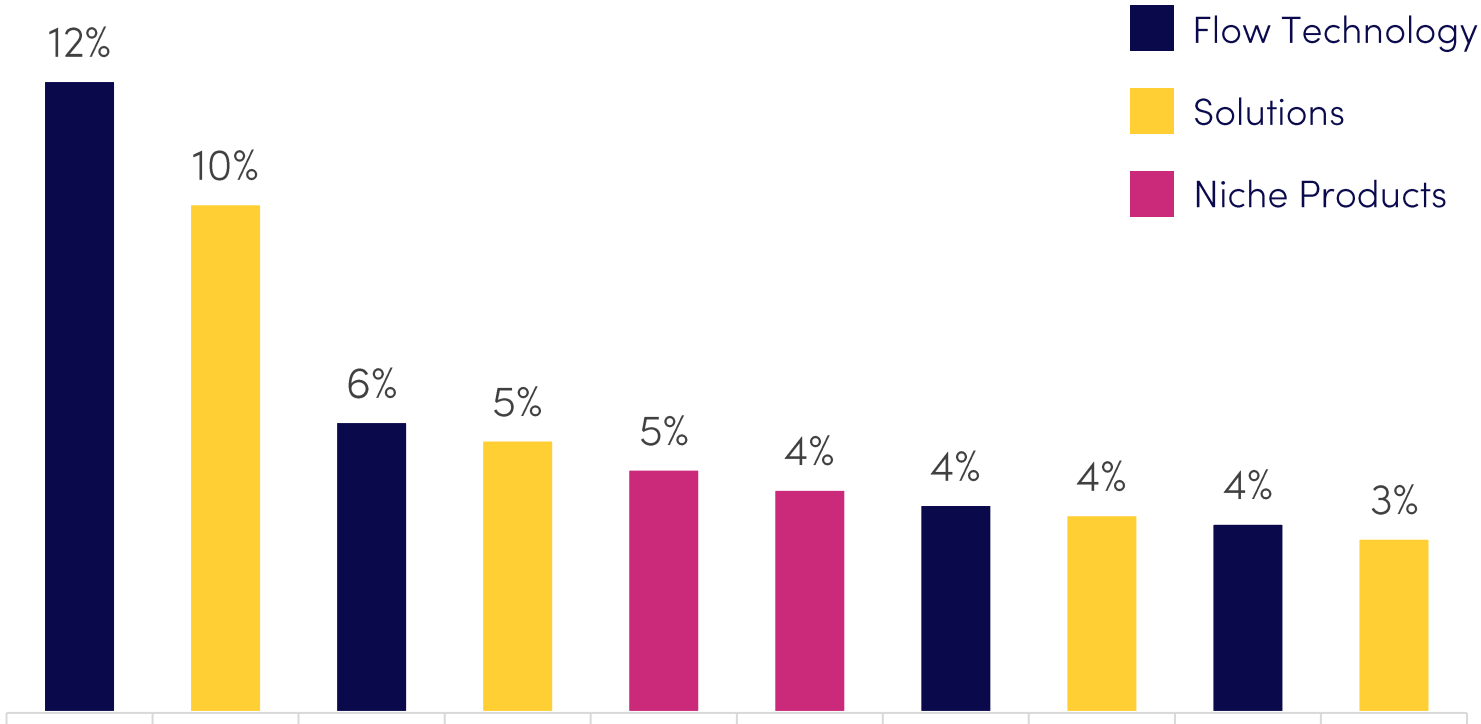


Number of companies



Low company concentration

Sales split by company and segment (FY2024)



- Largest company represents 12% of Group sales
- Top 10 companies represent 58% of Group sales

Governance philosophy

Central leadership

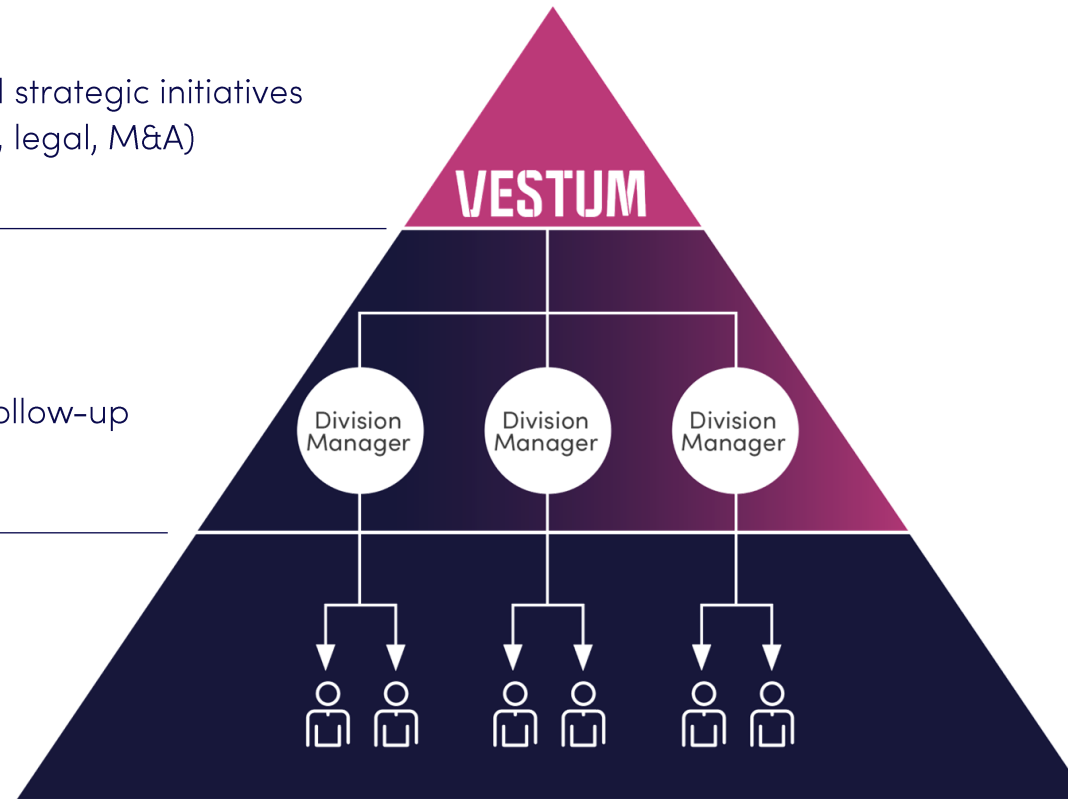
- Capital allocation
- Business development and strategic initiatives
- Support functions (finance, legal, M&A)
- M&A sourcing

Divisional leadership

- Strategic planning
- Professionalise processes
- Sharing of best practice
- Financial reporting & KPI follow-up
- Recruitment & incentives
- M&A sourcing

Local leadership

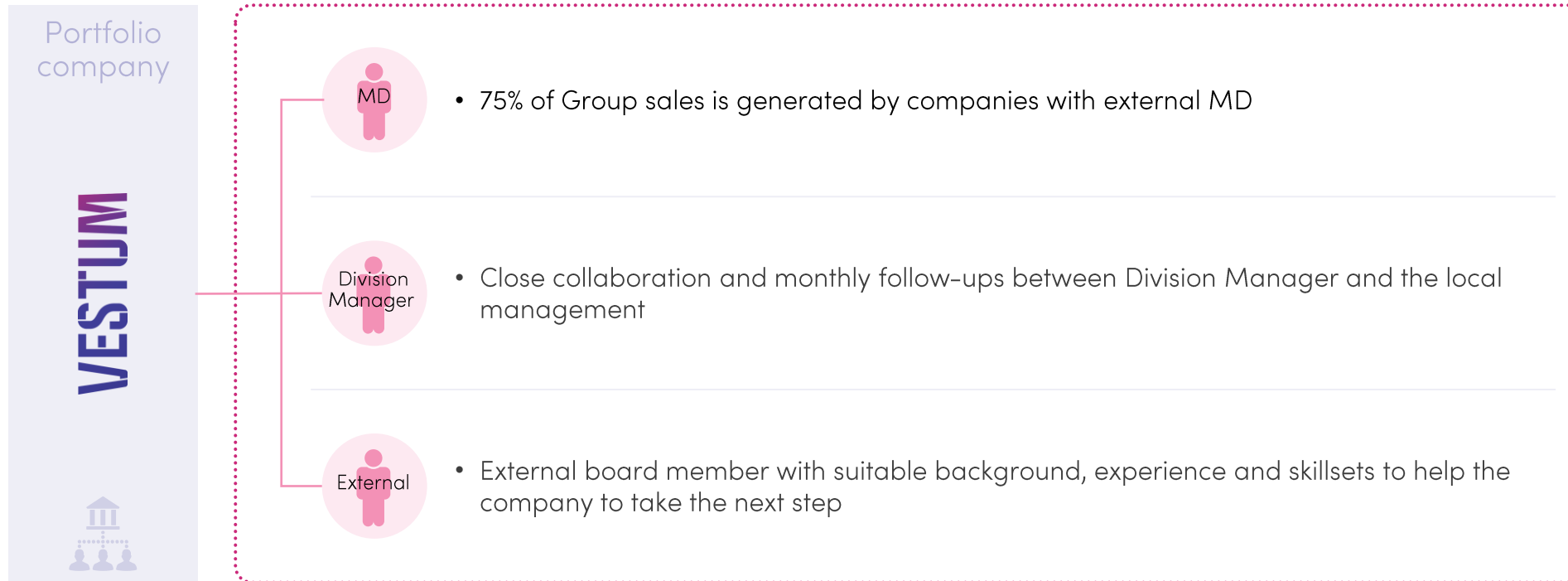
- Day-to-day operations
- Business plan execution
- M&A sourcing



Governance set-up

Corporate governance

Strategically active Division Managers and proactive succession planning



Active board work with composition based on skillsets and the specific needs for the company

Key takeaways

- Focus shift from margins and cash flow to growing excellent companies
- Average company size well above SEK 100m and growing over the next couple of years
- Value generated through great management in our companies, solid support in their boards and risk monitoring

Entrepreneurial
mindset is the
core for
profitable
growth

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Deep dive product companies

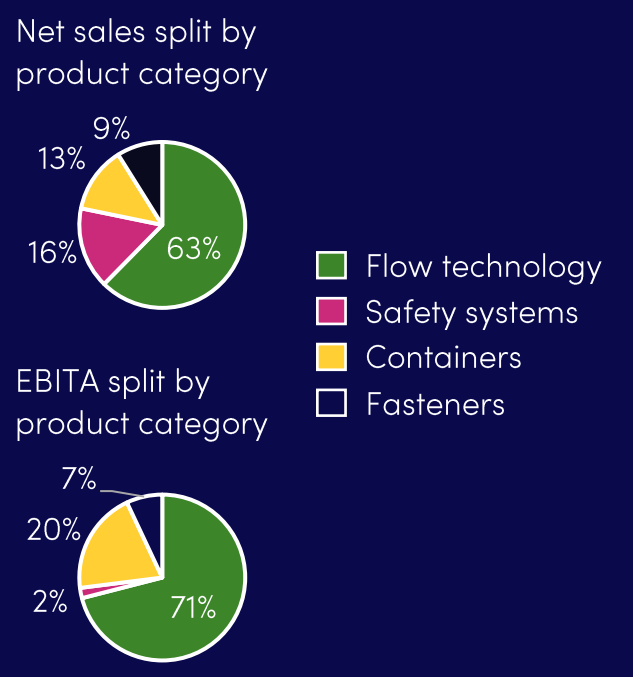
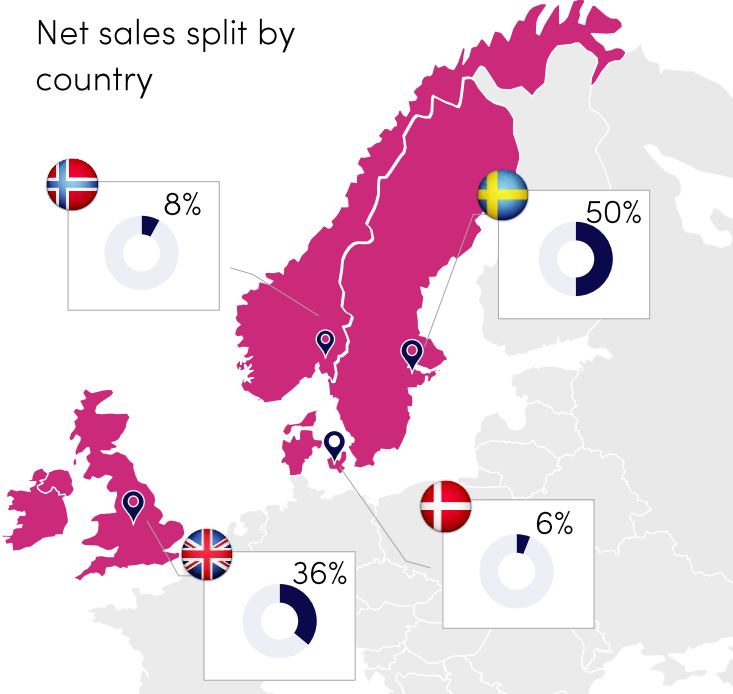
Johan Cederstrand
Division Manager

- 2000 Leadership roles, including MD, at ESSVE and other Bergman & Beving companies
- 2022 Division Manager (Products) at Vestum



Vestum's product companies today

<p>1,792 Net sales SEKm</p>	<p>16% EBITA margin</p>
<p>12 Number of companies</p>	<p>149 Avg. net sales SEKm</p>
<p>42% Share of Group net sales</p>	<p>63% Share of Group EBITA</p>

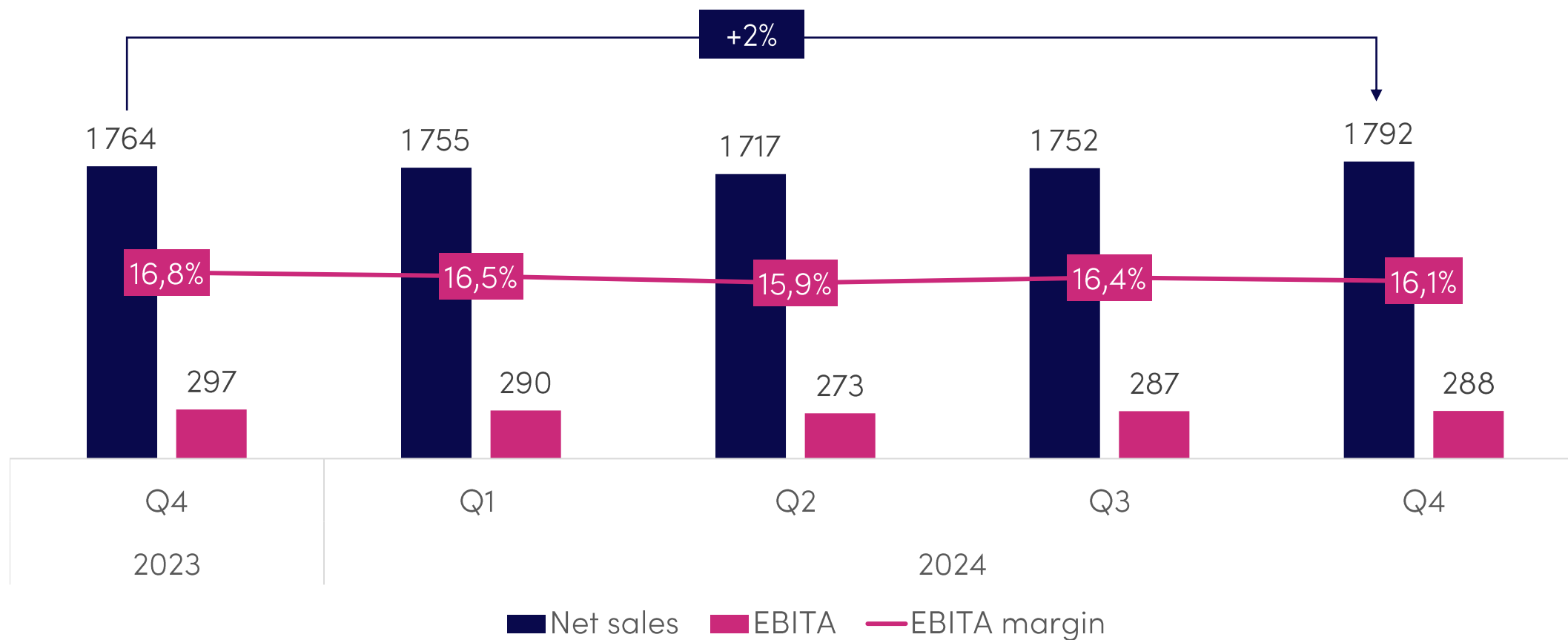


Critical components – but low share of total purchase for customers



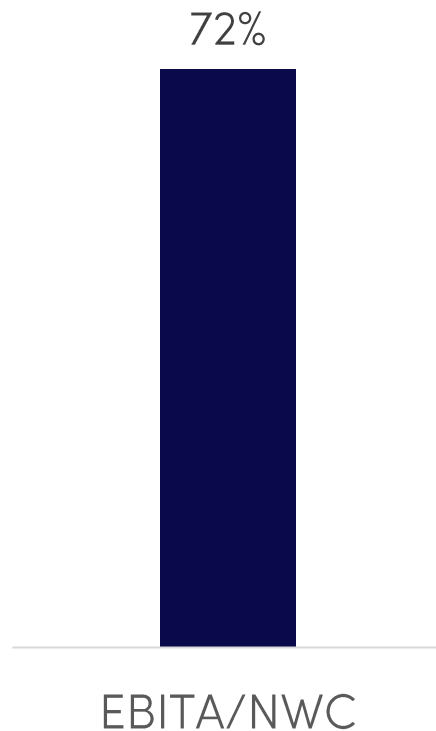
Financial development

LTM net sales and EBITA by quarter for all product companies (SEKm)

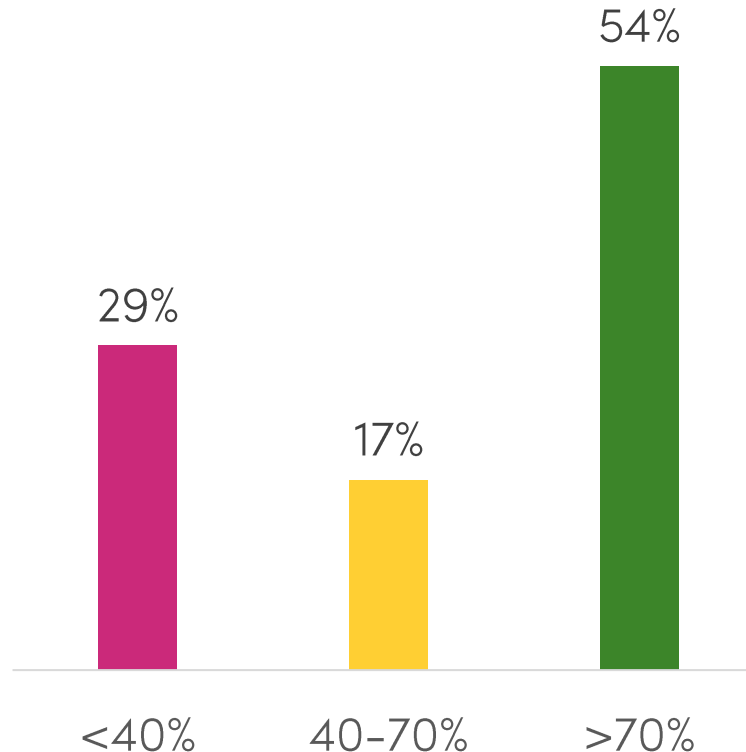


EBITA/NWC in product companies

Average all product companies



Share of total product sales per category (EBITA/NWC)



# of companies	Avg. sales (SEKm)	Avg. EBITA margin
5	209	22%
3	106	12%
4	140	7%

Business models

Value-added distribution and solutions

Sales: 1.4 SEKbn

EBITA margin: 16%



80% of product companies

Manufacturers

Sales: 400 SEKm

EBITA margin: 16%



20% of product companies

Example Flow Technology products

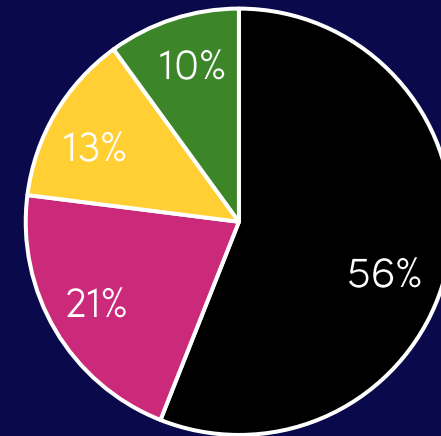


Growth area: Flow Technology

Opportunity

- Global market opportunity to improve water infrastructure
- Underinvestment and climate change as main drivers
- Doubled regulatory-driven investment cycle in the UK (AMP-8) of £104 billion in 2025-2030
- Focus on market leaders with superior margins and profitability
- Leverage existing platform to generate high organic growth coupled with M&A

Sales split by country



■ United Kingdom

■ Sweden

■ Norway

■ Denmark

Key takeaways

- Product companies represented 63% of Vestum's EBITA in 2024 – and continues to increase
- Solid historical financial development with high margins and profitability
- Growth focus for majority of companies
- Large upside potential in Flow Technology due to underinvested industry

**Strong
platform
for growth**

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Pump Supplies

Luke Beattie

Group Managing Director

- 26 years in the water industry
- Operational work across water production, wastewater treatment and sewerage network management
- Passionate about people and quality of service



Pump Supplies

Pump Supplies started in 1982 by Andrew John

- Acquired a fleet of 50 pumps from a small construction company
- First depot in Port Talbot, South Wales
- Focused on the steel and coal mining industries
- Provided a 7-day & 24-hour service
- Increased fleet of pumps, panels and pipework (often second hand, mostly Flygt)
- Continuous investment in hire fleet and subsequent depots
- Currently the largest fleet of electric submersible pumps in the UK (nearly 4,000 pumps 2kw up to 275kw)



More recent history

- Pump Supplies was acquired by Vestum in 2021
- Peter Lewington remained as Managing Director through the sale and transition
- I joined in September 2023
- 2023 and 2024 - both record years in sales and profitability
- Acquisition of PDAS in August 2024



Business Overview

Market Sectors

50% municipal

Environmental sector

Quarry market

Industry/leisure/commercial/
ports/dockyard

Construction

Portfolio split

50% hire

30% sales

20% service, installation,
repair & maintenance



Success Factors

Service Levels

- 24/7 service
- Fast response
- Non-bureaucratic approach
- Customer centric

Employee Welfare

- Attractive terms
- High staff retention
- Employee empowerment

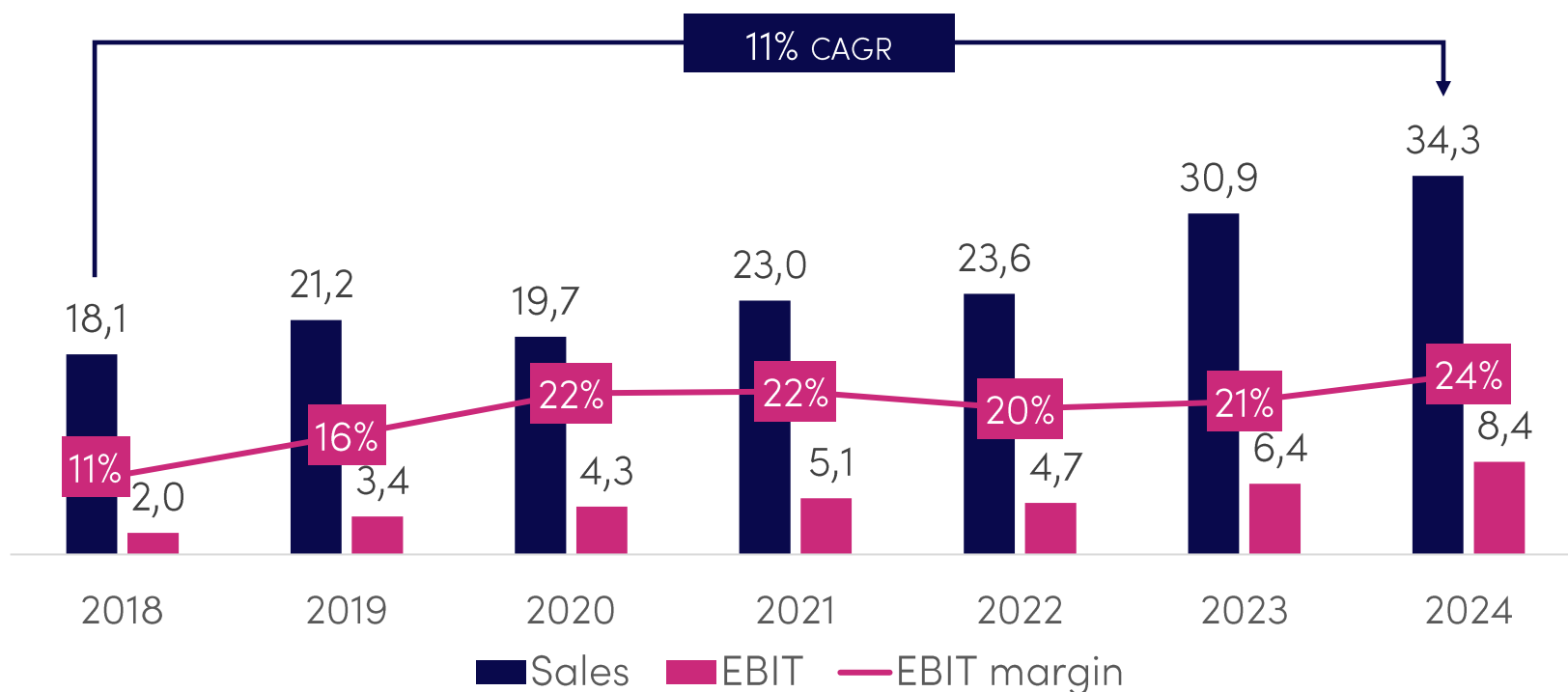
Fleet Availability

- Not too focused on utilisation
- Focus on availability and serviceability



Financial development

Sales and EBIT development GBPm



Targeting £61m in sales by 2028



Acquisition of PDAS

- Intelligent monitoring and control systems for water and wastewater pumping stations
- Lots of synergies with Pump Supplies
- Solid engineering/design department
- Great reputation in the industry
- Strong market position
- Collaboration in all Pump Supplies' depots
- Potential depot for Pump Supplies in the east



Pump Supplies & PDAS locations

Pump Supplies

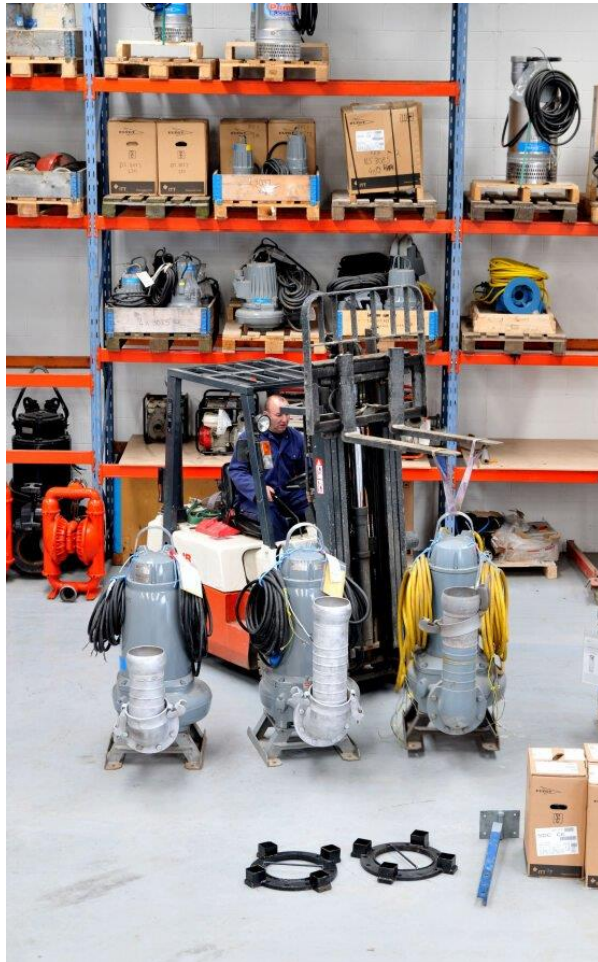
- Gloucester (HQ)
- Port Talbot
- Northern England & Scotland (Winsford)
- Southwest England (Bodmin)

PDAS

- Surrey (HQ)
- Birmingham
- Berkshire
- Staffordshire



Gloucester Depot





Case studies – Pump Supplies

Dunball Sluice - EA



Toddbrook Reservoir – Canal & River Trust



Whaley Bridge dam collapse: Evacuation over Toddbrook Reservoir fears

1 August 2019



An RAF Chinook is dropping 400 tonnes of aggregate to shore up the dam and divert water

Thousands of people are being evacuated from a town because part of a reservoir wall has collapsed in floods.

Engineers are pumping water from the 300-million-gallon Toddbrook Reservoir amid fears it could burst and swamp Whaley Bridge in Derbyshire.

Police have told the town's 6,500 residents to gather at a school, taking pets and medication with them.

A severe flood warning, which means a threat to life, has been issued for the Great Oak Valley area.

- 10 x 2250 Pumps
- 3 km pipework
- VSD Control Panels
- Telemetry
- Generators

Innovation

- **Client Challenge:** Needed a flexible, controllable pump near a drinking water reservoir without a diesel generator.
- **Collaboration:** Bodmin (engineering) and Gloucester (electrical/software) teams worked together.
- **Unique Solution:** Self-priming pump with easy size adjustments for different duties.
- **Client Satisfaction:** Client extremely happy with the innovative solution.
- **Future Potential:** Exploring niche uses and potential patentability.



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M&A strategy

Simon Göthberg
CEO



VESTUM

Strategic direction M&A

- Structured approach with focus on growing niches and technologies
- Leverage existing platforms to grow into additional verticals
- Stepwise expanding into new geographies with an identified need for structural growth and market fragmentation
- Disciplined valuation of 5-8x EBITA
- KPI targets – focus on organic growth, margins and returns (EBITA/NWC and ROCE)
- Disciplined financing

What we are looking for

Commercial criteria

- Only B2B companies providing value-added products or solutions in growing niches and technologies of infrastructure
- Sustainable and leading market position in its niche (typically #1-3)
- Extensive experience, preferably multiple decades
- Niche manufacturing companies and value-added distributors
- High threshold on structural capital for new platform companies in new markets
- Management teams with entrepreneurial mindset

Financial criteria

- Sales of SEK 50-500 million (platforms > SEK 100 million)
- EBITA margins of >15%
- Strong cash-flow profile
- Solid financial track-record

Priority areas

Water & wastewater



Energy



Niche manufacturers
Value-added distributors
Speciality rental
Monitoring & controlling

Short-term focus on the UK and Nordics, mid-term also Benelux and Italy

Deal sourcing



Internal lead generation as our main source

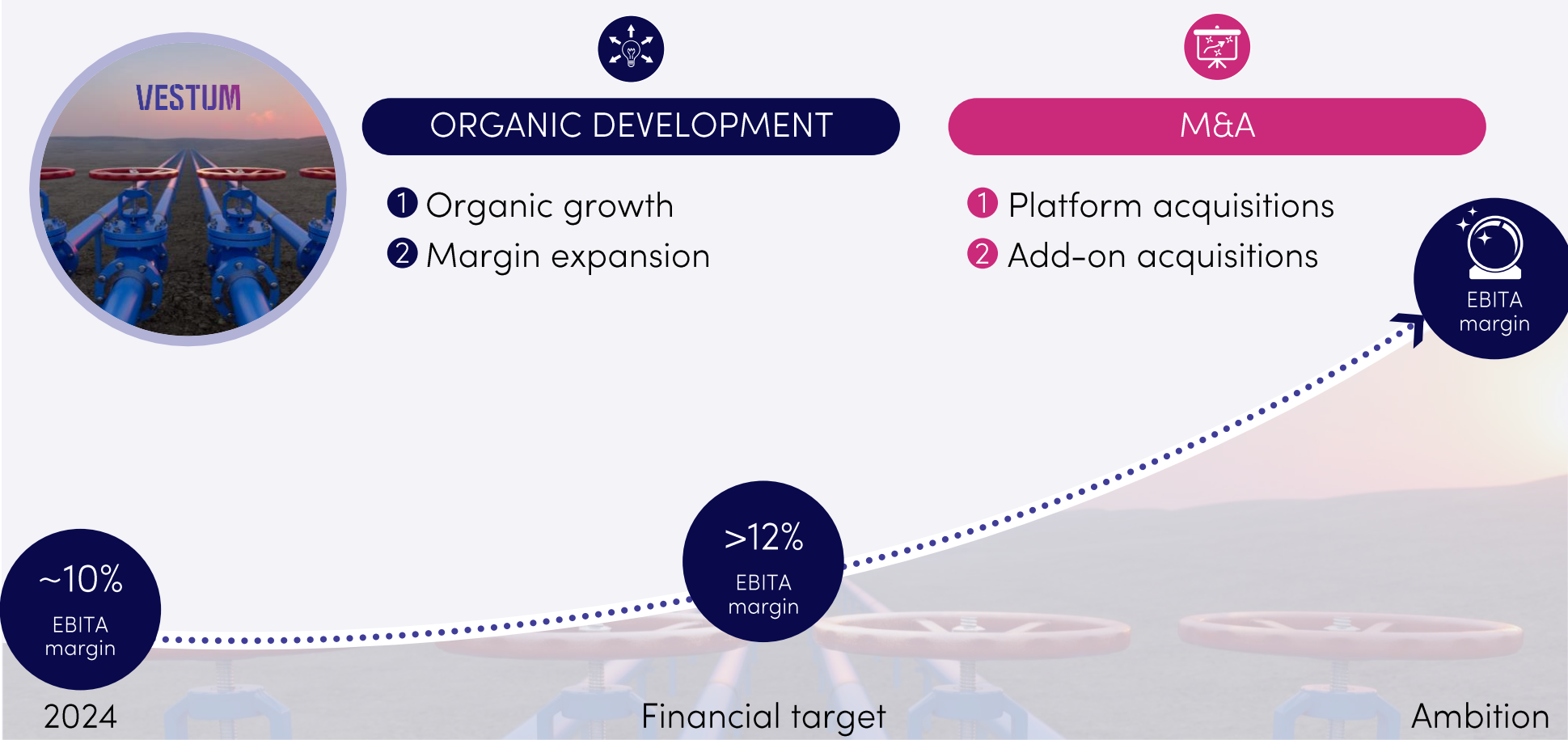
Positioned for *value-creating* acquisitions

- ✓ Clean balance sheet and war chest for acquisitions
- ✓ Clear set of targets
- ✓ Several ongoing discussions with high margin product companies in our core markets
- ✓ Ongoing work to eventually enter new markets

SEK 50-75m

Target annual
acquired EBITA

Value-creating supplier in growing niches of infrastructure



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