



Sollentuna, 27 February 2008

English version

Press Release

VKG to wind up operations in consumer market outside Stockholm and implement partnering strategy

- **Sales and installation in the consumer market will be concentrated in the greater Stockholm area and a partnering strategy implemented in other parts of Sweden.**
- **As a consequence of this, some 90 employees will be given notice and seven offices in the Stockholm area, Eskilstuna, Göteborg and Karlstad will be closed.**
- **The subsidiary Energivärme will take over responsibility for installation, service and sales of hot water heating systems in Stockholm.**
- **These measures are expected to be effective 1 April 2008 and will generate cost savings of SEK 47-50 million on an annual basis. Restructuring charges are estimated at approximately SEK 3-4 million.**

In 2007 Värmekyl Grossisten Scandinavia AB (publ) has had severe profitability problems in its nationwide consumer sales organisation. The action programmes carried out in the third and fourth quarters of 2007 have not had the desired results and VKG began a corporate reconstruction on 23 January 2008. The company is therefore winding up its activities outside the greater Stockholm area and will instead work via partners in other locations. As a consequence of this, VKG is also closing its telemarketing units in Stockholm and Gothenburg.

A total of around 90 employees will be given notice, of whom around 70 are temporary and hourly-paid staff. Seven offices in Stockholm, Eskilstuna, Gothenburg and Karlstad have been closed. All in all, the cost reduction is expected to amount to SEK 47-50 million on an annual basis. Total restructuring charges are estimated at approximately SEK 3-4 million.

Field sales to the consumer market will be concentrated in the greater Stockholm area. Consumer sales in the rest of the country will be handled by partners, at the same time that resources for online and in-house sales will be increased at the head office in Sollentuna.

The wholly owned subsidiary Energivärme i Stockholm AB, based in Skarpnäck, will be responsible for all installation and service in the greater Stockholm consumer market as of 1 March 2008. Sales of hot water heating systems (geothermal and air-to-water heat pumps) will be taken over by Energivärme. Installation and service in other parts of Sweden will be handled by contract partners.

"We have found it very difficult to achieve profitability in the consumer market outside Stockholm," says Tom Ekevall Larsen, CEO of VKG. "The ambition to have nationwide coverage has been too high, and would require both more time and sizeable market investments in order to succeed. Now we are adapting our cost mass and focusing on the areas where we can maintain continued high accessibility to the customers, at the same time that we are reducing our fixed costs."

Värmekyl Grossisten Scandinavia AB is undergoing corporate reconstruction since 24 January this year. The subsidiary Energivärme i Stockholm AB is not affected by the reconstruction process.

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