

Further streamlining Geveko to focus on core operations

The main focus of the strategic review process announced in conjunction with the Q3 2011 report was to ensure that all Geveko operations' market position and contribution to group results is in harmony with Geveko's strategy and overall objectives. As a result, Geveko has decided to exit some underperforming markets within contracting during 2012. As a first step in this process, Geveko announced the sale of its UK contracting operations to Eurovia yesterday. The transaction is expected to close in January, 2012.

The financial results for the business where an exit decision has been taken will be reported as "discontinued operations" in Geveko's year end report 2011 and will provide a clearer representation of the financial performance of the continued operations in core Geveko. Discontinued operations represent only 15% of group sales and accounted for significant losses amounting to SKr 52.9 million and SKr 86.1 million respectively at the EBITDA and EBIT level, for the 12 months period 30 September, 2010 to 30 September, 2011. Core Geveko represented 85% of group sales and had EBITDA and EBIT levels of SKr 72.4 million and SKr 28.8 million respectively, for the 12 months period 30 September, 2010 to 30 September, 2011.

Notwithstanding the above current initiatives, the Management and the Board are continually reviewing strategic options for the company considering excess capacity and fragmentation in certain segments of the industry. The Management and the Board see significant value creation opportunities for core Geveko in participating in further consolidation and will continue to review alternatives for Geveko with a view to creating the preeminent road marking business in Europe.

Over and above general strategic activities new areas are successively identified within the performance improvement programme. Simultaneously a number of measures will be implemented with the objective of achieving a structural reduction of capital tied up in the group, as outlined in the Q3 report, 2011.

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Geveko is Europe's leading road marking company. Products and services help to create safer conditions on roads and consequently support Geveko's business concept of actively participating in improving road safety in Europe.

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