
Wästbygg Gruppen AB (publ) predicts negative impact on the financial result due to write-downs in self-developed tenant-ownership projects and bankruptcies amongst sub-contractors

Wästbygg Group's result for the fourth quarter of 2023 is negatively impacted mainly by costs related to bankruptcies of subcontractors as well as a more cautious assessment of future income in self-developed tenant-ownership projects caused by a stagnant housing market. Furthermore, the result is charged by write-downs of the group's assets. The total effects add up to approx. SEK -320 million. The group's operating profit for the quarter is therefore expected to amount to SEK -270 million according to the segment reporting.

The challenging market within the Residential business area has also continued during the second half of 2023, which has led to write-downs in the group's own developed tenant-ownership projects. The write-downs are made to prospectively reflect the assessed sales rate and the price trend in the overall market.

- The market conditions for developing and building residential projects were already very limited at the beginning of 2023. During the fall, we have unfortunately seen a further weakening with an even lower willingness to invest in and buy housing and residential properties. Based on this, it has become necessary to adjust the assessment of our future income in self-developed tenant-ownership projects, says Jonas Jönehall, CEO of Wästbygg Group.

In the current market situation, the number of bankruptcies within the supply chain has also increased, which during the second half of 2023 affected a few of the group's projects in the Stockholm area. The bankruptcies have taken place at critical stages for the projects, leading to consequential effects becoming more costly to manage and thus the result for the Residential business area is negatively impacted.

Furthermore, the weak property market has resulted in a continued high degree of uncertainty regarding the valuation of development properties. As a consequence, the group's assets have been written down based on the company's overall assessment, taking into account the development in the market. This aims to foreseeably obtain a more balanced risk in the project portfolio and fairer values of the group's development properties.

Only a limited proportion of the total write-downs during the fourth quarter have a direct impact on the company's cash flow and liquidity. It is thus the company's assessment that the company will continue to comply with the financial covenants established for both the green bond and other credits.

All figures in this press release are preliminary. Wästbygg Group's year-end report for 2023 will be made public on 8 February 2024 at 8.00 a.m.

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About Wästbygg Group:

Wästbygg Group is a listed construction and project development company that builds and develops residential, commercial buildings and community service properties, as well as logistics and industrial facilities – always with a major focus on sustainability. The group comprises Wästbygg AB, Rekab Entreprenad AB and Logistic Contractor AB.

The group operates in the most rapidly expanding markets in Sweden, with Logistic Contractor also providing services in Denmark, Norway and Finland. In 2022, the group had sales of SEK 5.8 billion and 600 employees.

This information is information that Wästbygg Gruppen is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2024-01-19 18:40 CET.

Attachments

[Wästbygg Gruppen AB \(publ\) predicts negative impact on the financial result due to write-downs in self-developed tenant-ownership projects and bankruptcies amongst sub-contractors](#)