

Presentation – Q2 2022

18 July 2022



RATOS



Solid quarter considering circumstances and uncertainties in the world

**Net sales
8,420 MSEK
growth 20%**

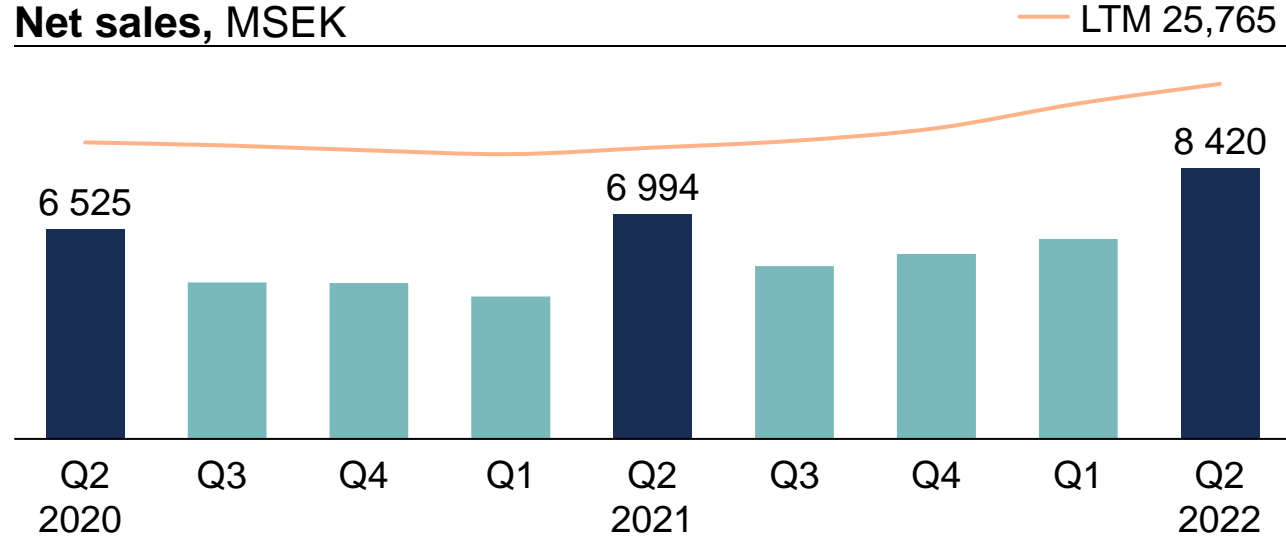


**Adj EBITA 963 MSEK
growth -7%**

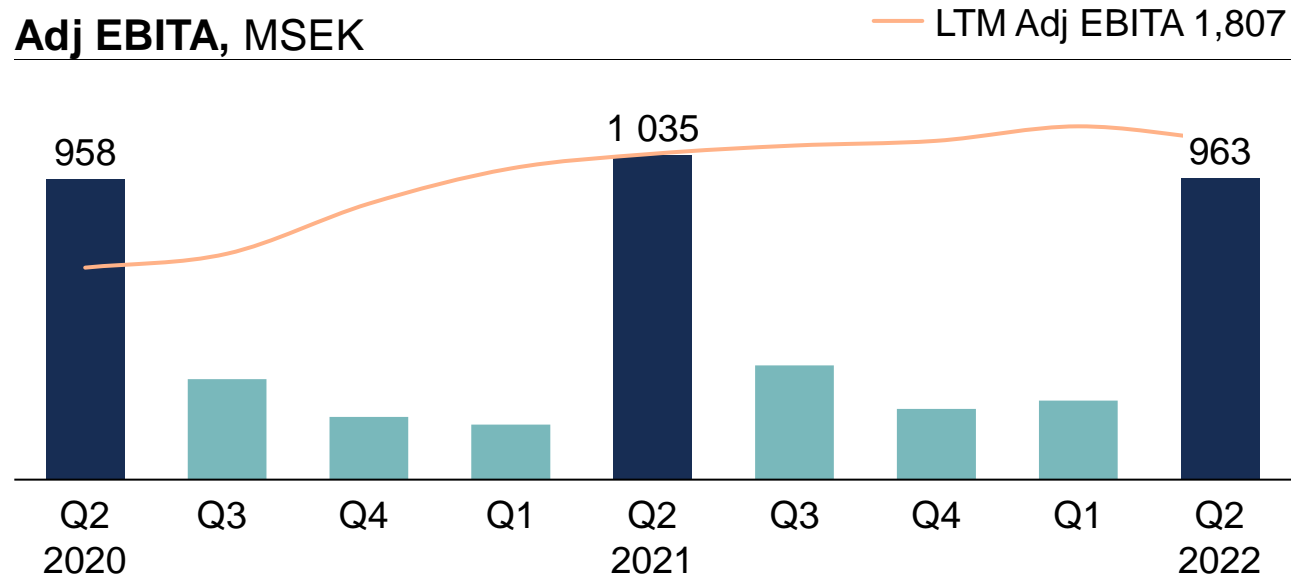
- Adj EBITA -7% and EBITA +2%
- Net sales up 20% whereof organic 2%
- Plantasjen affected by poor weather and inflation
- Signed agreement to acquire Knightec with EBITA of 140 MSEK
- Closed acquisition of NVBS
- Divestment of shares in Dun & Bradstreet adding c. 700 MSEK in cash
- LTM EPS increased by 10% and LTM ROCE on positive trajectory, up 0.2 ppt to 8.7%

Group financials Q2 2022

Net sales, MSEK



Adj EBITA, MSEK

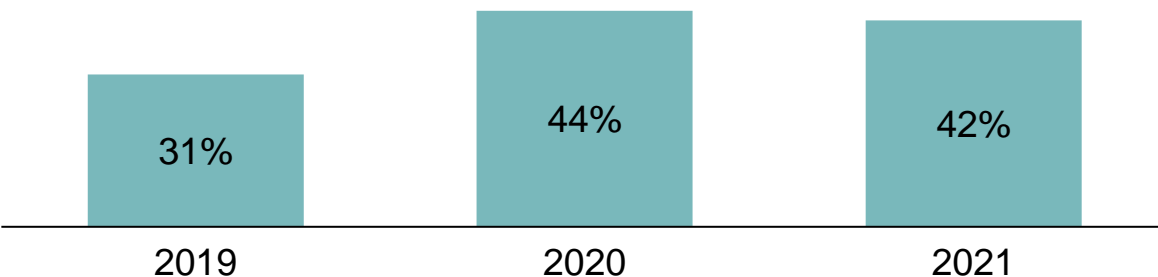
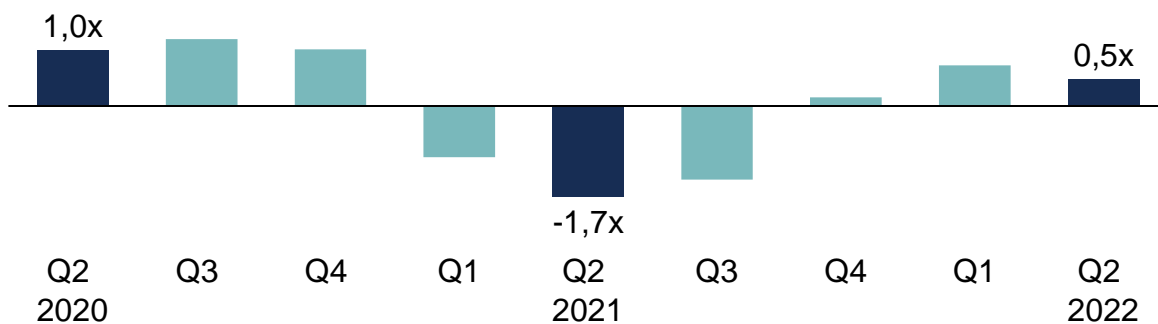
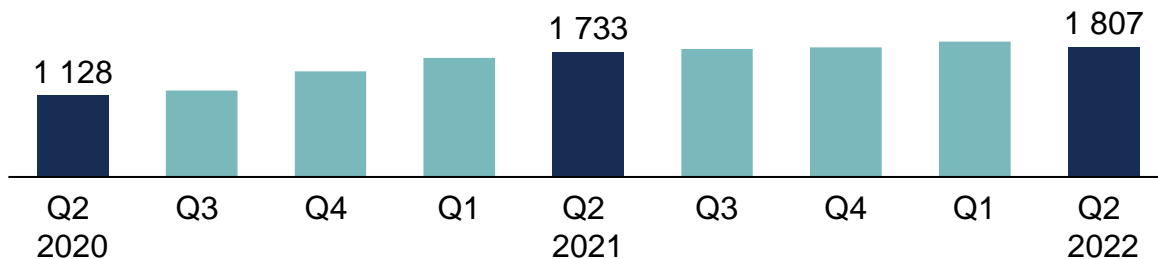
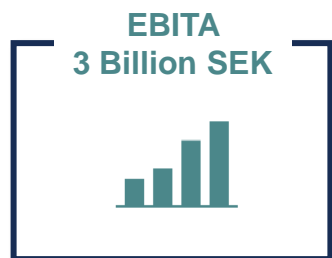


Comments

- Net sales growth 20%
 - Strong growth in Construction & Services
 - LTM net sales growth 22%
-
- Adj EBITA decreased with 7%
 - Negative impact from increased raw material and energy prices

Financial targets

Announced in February 2021



Comments

- LTM Adj. EBITA at 1,807 MSEK inline with 2025 target
- Leverage increased to 0.5x as a result of acquisitions and inventory increase
- Dividend 2021: SEK 1.20 (0.95). In line with policy

Acquisition activity and strategy

M&A Activity Q2 2022

- Three acquisitions during the quarter
- Attractive pipeline, strong balance sheet with 4 BSEK in acquisition capacity

KNIGHTEC

- New platform
- Expanding consulting business with high profit margin
- Closing during Q3 2022

 **RATATEK**



- Add-on to NVBS
- Ratatek an add-on business in Finland
- TKMB, add-on in Stockholm region to add growth

Add-on Acquisitions (2)

- Decentralized company-driven processes
- Cost & revenue synergies
- Bilateral processes
- More attractive valuations
- Low risk and valuation, high reward
- RatOS provides support as needed

Adjacent (0)

- Identified by companies and or RatOS
- Acquisition process driven by RatOS
- Targets in relation to current platforms
- Soft synergies with cross-pollination
- Different degrees of integration
- Can result in hard synergies

New platforms (1)

- Market leaders or potential to be
- Sizeable EBITA
- Attractive & growing markets
- Focus on high-quality companies with solid track record
- Natural consolidators in fragmented markets



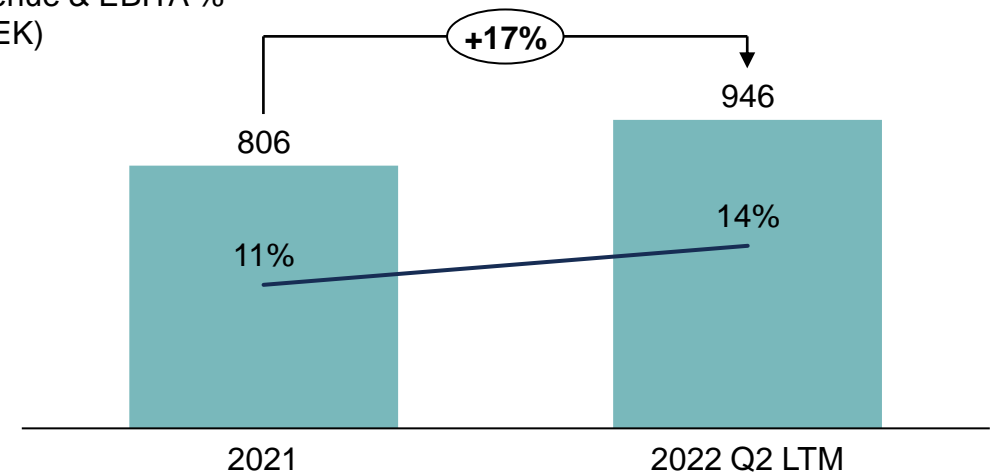
KNIGHTEC

Ratos acquired 70% of consulting company Knightec and enter partnership with co-founder & CEO Dimitris Gioulekas

About the business

- Knightec is a fast-growing consulting company focused on technology, design and digitalization of products and services
- Stands out in the consulting market due to rapid change rate, business model and industry leading margins
- Founded in 2003 has experienced strong growth since and have over 800 employees
- Customers are larger corporations with a leading position in various sectors, such as pharmaceutical, medical technology, automotive finance, telecom, media and security

Revenue & EBITA %
(MSEK)



Business Areas

RATOS

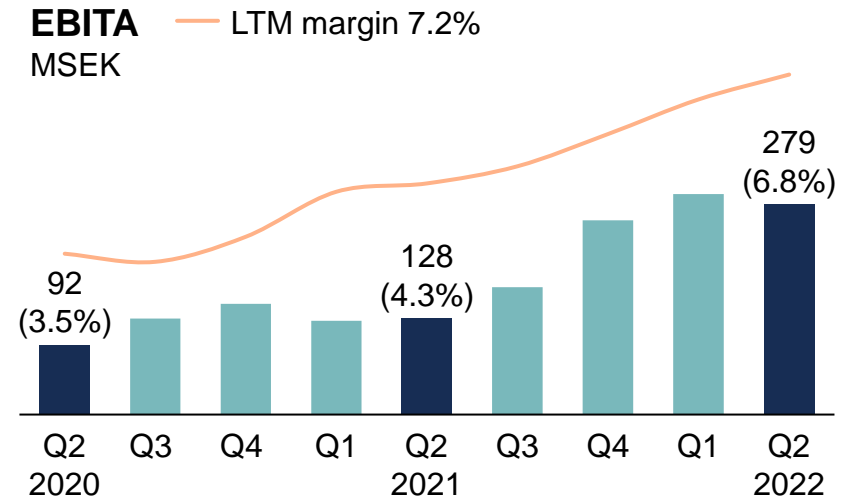
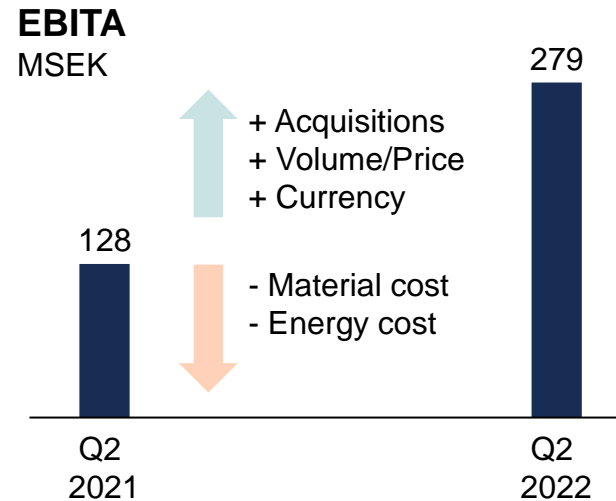
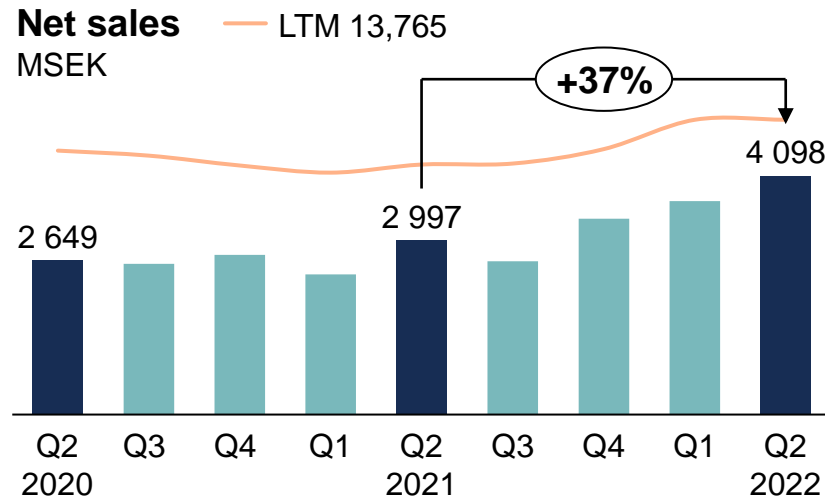


Construction & Services: Strong net sales growth

We build and maintain a sustainable society

Comments

- Strong order backlog
- Net sales growth 37%, whereof organic 11%
- Continuing negative impact and uncertainty from increased material and energy costs
- EBITA 279 MSEK (128), increased by 118%, EBITA margin up to 6.8% (4.3%) and LTM 7.2%

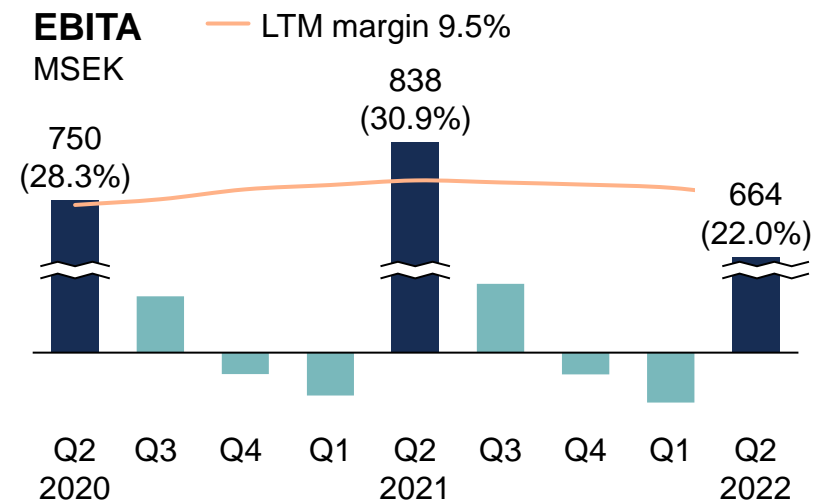
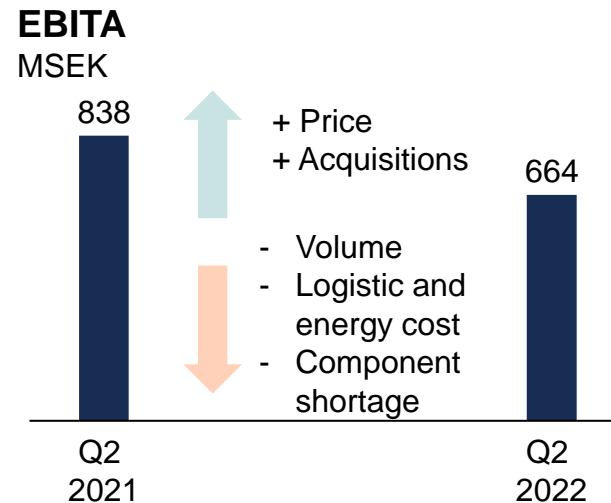
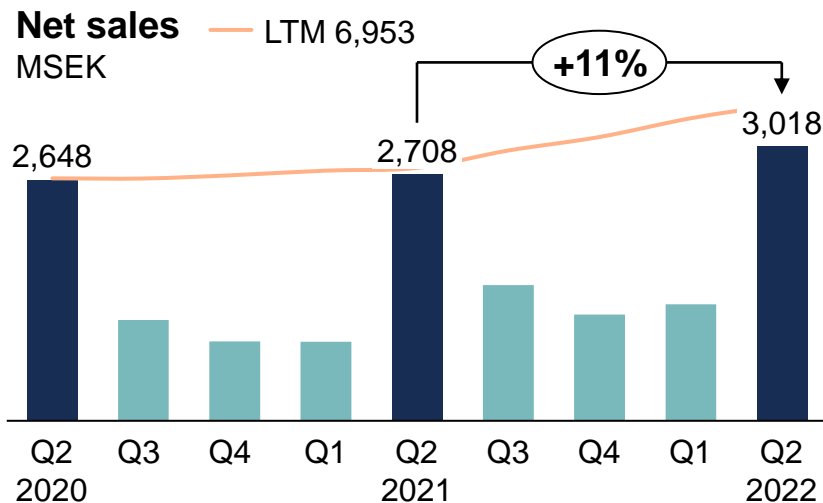


Consumer: Impacted by poor weather and inflation

Provide a better and easier life for consumers

Comments

- Net sales growth of 11%, whereof -4% organic, driven by lower sales in Plantasjen
- EBITA amounted to 664 MSEK (838), Plantasjen's contribution negatively impacted by colder weather, inflation and diminishing pandemic effect
- Plantasjen achieved the third best quarter in the company's history
- EBITA-margin 22.0% (30.9%) and LTM 9.5%

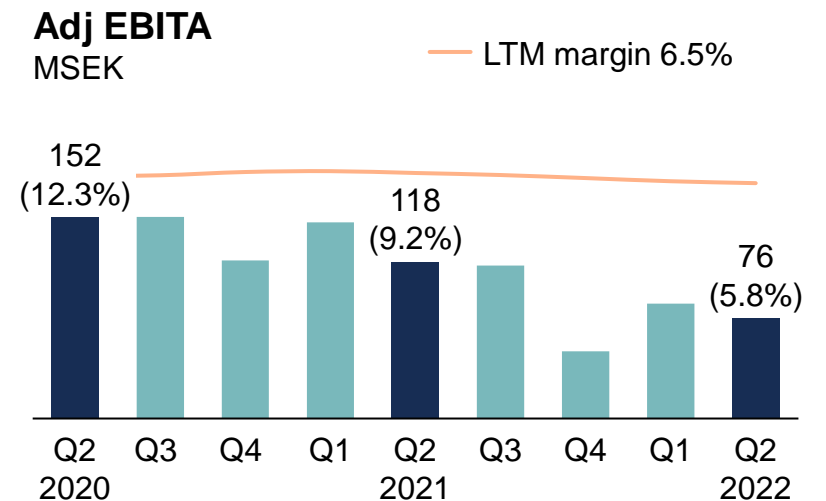
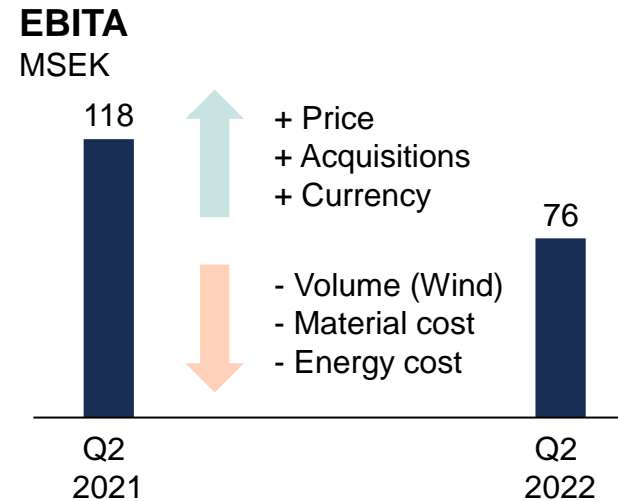
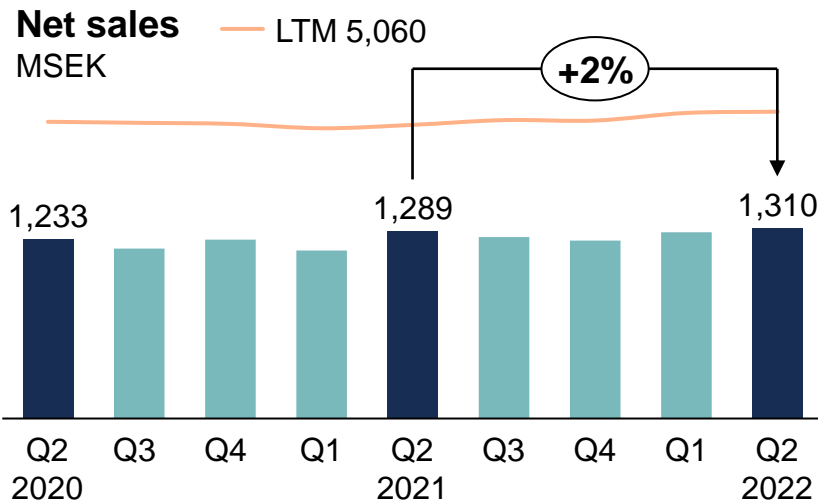



Industry: Good performance, except for Diab

Building industrial market leaders, based in the Nordics who exporting to the world

Comments

- Net sales increased 2% whereof -4% organic, due to Diab
- Strong quarter for HL Display, LEDiL and TFS
- Lower wind segment sales and increased material and energy prices
- Ongoing restructuring of Diab, according to plan
- EBITA 76 MSEK (118)
- EBITA-margin 5.8% (9.2%) and Adj. EBITA-margin LTM 6.5%



An offshore wind farm at sunset. The sky is a mix of orange, yellow, and blue, with scattered clouds. The sun is low on the horizon, creating a shimmering reflection on the dark blue water. In the foreground, a large white wind turbine is partially visible on the left. In the middle ground, a central service vessel or platform is visible, surrounded by numerous other wind turbines stretching across the horizon.

Sustainability

- a prerequisite for profitable growth

Sustainability Q2 2022

The Ratos companies continues to transform and makes a big effort to reduce footprint

Aibel takes part in the largest offshore wind project in the world



- Aibel wins Ørsted contract at Hornsea to serve the up to 231 offshore wind turbines
- Capacity to produce 2.85 GW which equals the daily need of over 3 million homes
- The backlog now holds c. 60% wind and electrification of energy infrastructure

HENT join construction industry's climate commitments in Norway



- The Entrepreneurs' Association (EBA) climate initiative to cut greenhouse gas emissions
- To reduce greenhouse gas emission at least 20% in construction projects
- The construction industry accounts for 15% of Norway's greenhouse gas emissions

HL Display partnering for more circular solutions



- HL Display and SES Imagotag will introduce a shelf rail made from partly recycled material
- The material will be sourced from old profiles to circle plastic consumption
- It will differentiate HL Display from competitors within growing labeling solutions

Financials

Group financials

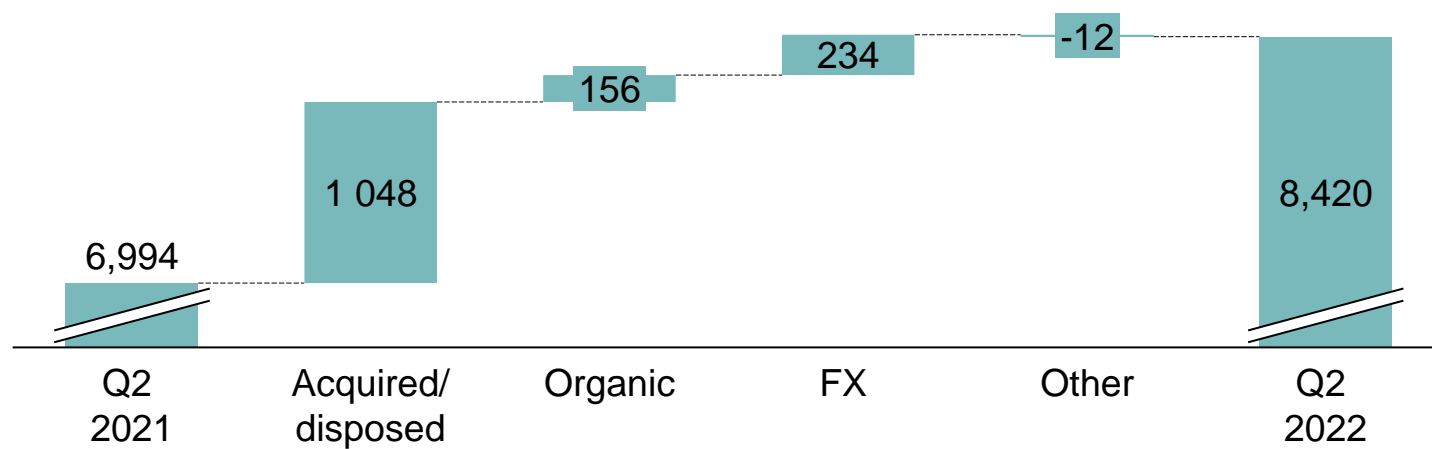
	2022 Q2	2021 Q2	2022 Q2 LTM	2021 FY
Net sales	8,420	6,994	25,765	22,551
Adj EBITA	963	1,035	1,807	1,802
- margin	11.4%	14.8%	7.0%	8.0%
Net debt	995	-2,549		342
Net financial items	-100	-88	-378	-350
Effective tax rate	16.4%	20.1%	12.7%	12.7%
EPS remaining business	1.83	1.84	2.16	2.83
Cash flow from operations	824	1,188	182	425
Net debt / Adj EBITDA	0.5x	-1.7x		0.2x

Comments

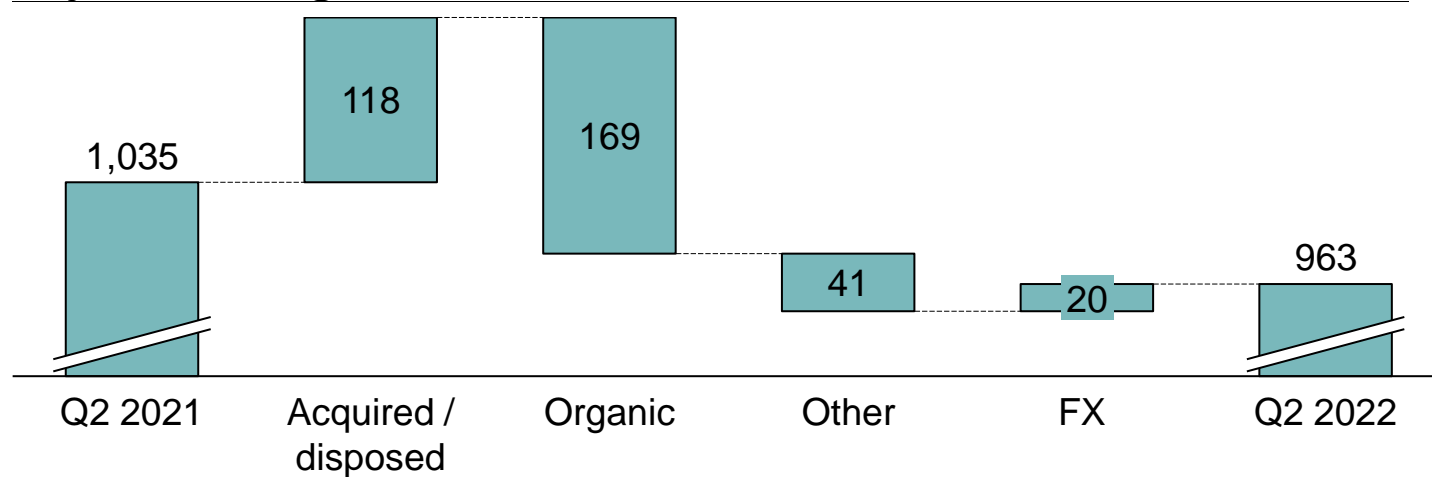
- Net debt increased as a result of acquisitions and high inventory levels
- Net financial cost increased, primarily due to revaluation of synthetic options
- Low effective tax rate due to positive impact from change in deferred tax assets
- Cash flow from operations impacted by high inventory and leverage increased towards target range

Acquired growth for the quarter account for 15% of the increased net sales

Net sales bridge



Adj EBITA bridge



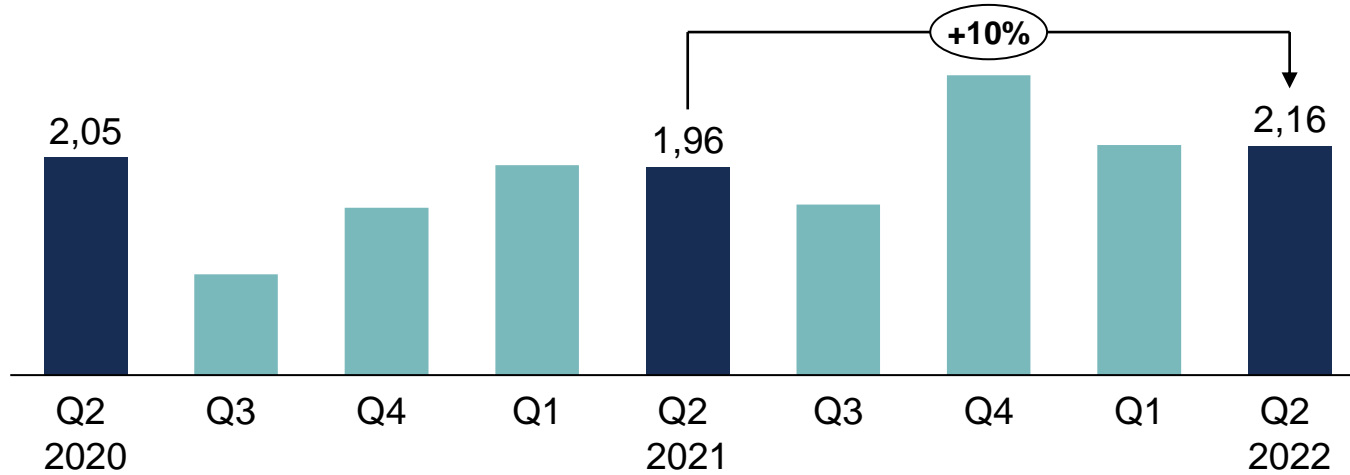
Comments

- Strong growth from acquisitions
- Net sales up 20%, of which 15% acquired, 2% organic and 3% FX

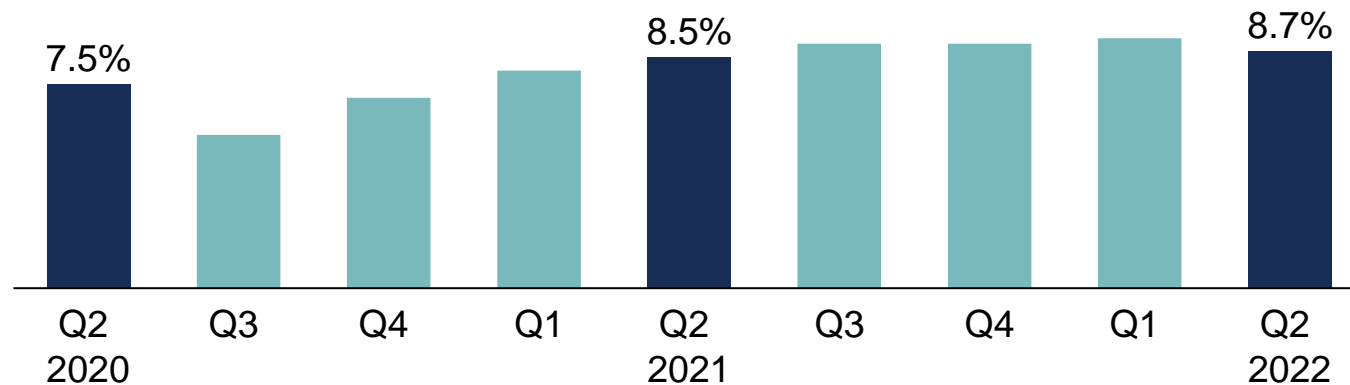
- Large EBITA increase from acquisitions
- Organic growth decrease attributable to Plantasjen and Diab

Increasing EPS and positive return on capital employed trajectory

LTM EPS



LTM ROCE



Comments

- LTM EPS increased 10% as a result of increased earnings levels
- ROCE positive trajectory at 8.7% compared to 8.5% last year driven by acquisitions

Final Remarks



RATOS



The Ratos model shows strength in challenging times

A group of market leaders with a strong culture and being part of something larger



The leading company builder in the Nordics

- Second quarter show a solid performance despite significant challenges in our operating environment
- Proof of concept, for the Ratos model, with decentralised structure and speed in execution to maneuver uncertainty and challenges
- Major acquisitions closed and signed during the quarter
- We are entering a more uncertain period with a strong balance sheet, low leverage and solid liquidity position

Q&A

RATOS

The leading company builder in the Nordics

A group of market leaders

Ratos is a sustainable long-term owner with no exit horizon

We own companies that are or can become market leaders

Profitable organic growth, margin expansion and targeted acquisitions

A clear culture

It's all about people

Simplicity

Speed in execution

Part of something larger

Decentralized structure

Gain benefits of the larger group through contacts and network

Executive leadership program

Access to special competences

Active ownership