

# Presentation – Q3 2021

25 October 2021



**RATOS**

# Ratos – a company group building great companies

## **A company group of market leaders**

We own companies that are or  
can become market leaders

Profitable organic growth and  
targeted acquisitions at  
reasonable valuations

Our companies generate SEK  
34 bn in revenue

## **A clear culture & strategy**

Simplicity, speed in execution,  
it's all about people

Decentralized structure

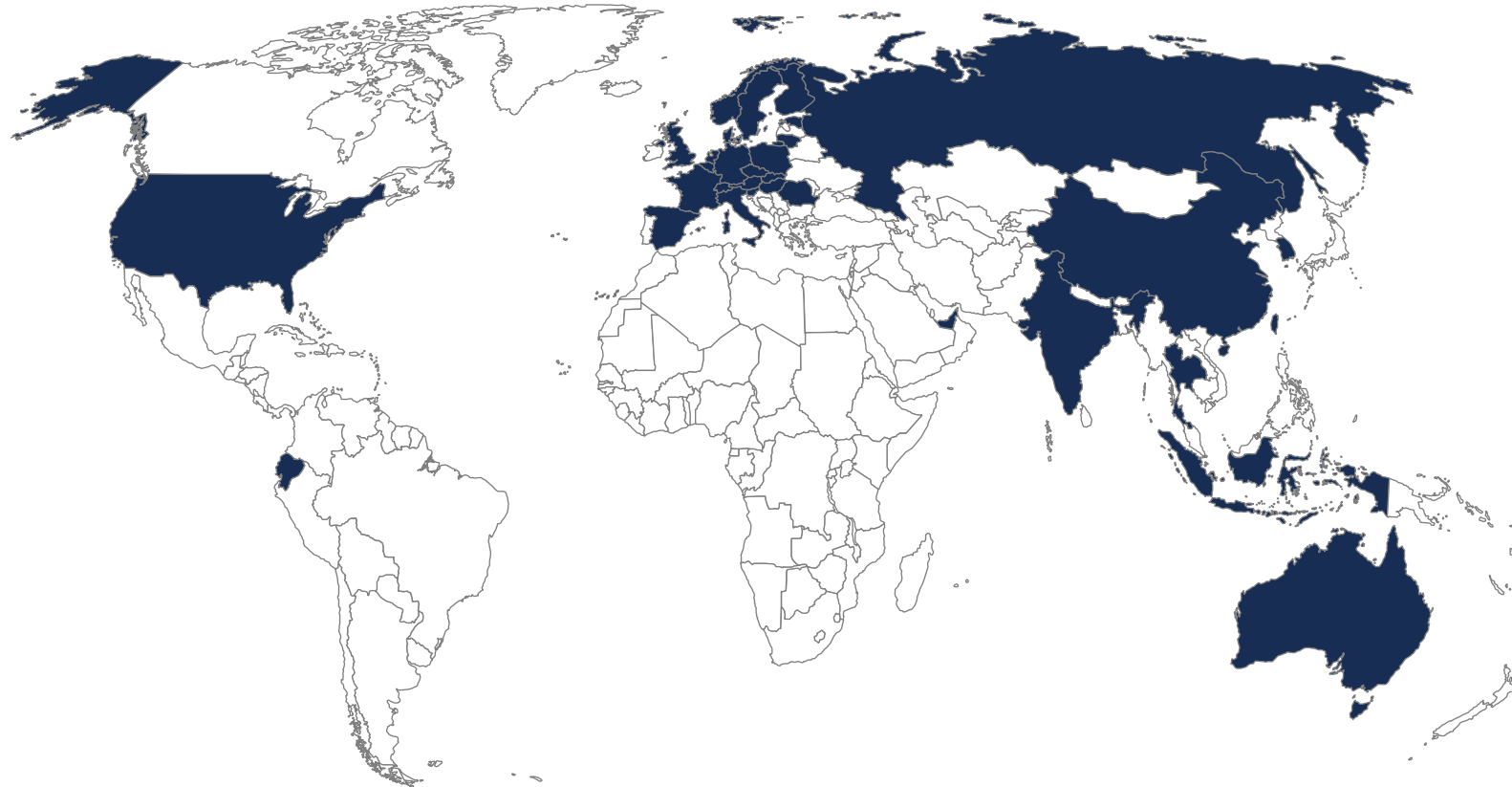
## **A part of something larger**

Ratos is a long-term owner  
with no exit horizon

Companies choose Ratos to  
leverage our network and to  
be part of something larger

# Ratos is a Nordic business group with manufacturing & sales locations in Europe, North America, South America, Asia and Australia

Location of Ratos subsidiaries



Ratos companies

aibel

airteam

Diab

HENT

HL

KVD

LEDIL

OASE  
OUTDOORS

PLANTASJEN

SPEED  
GROUP

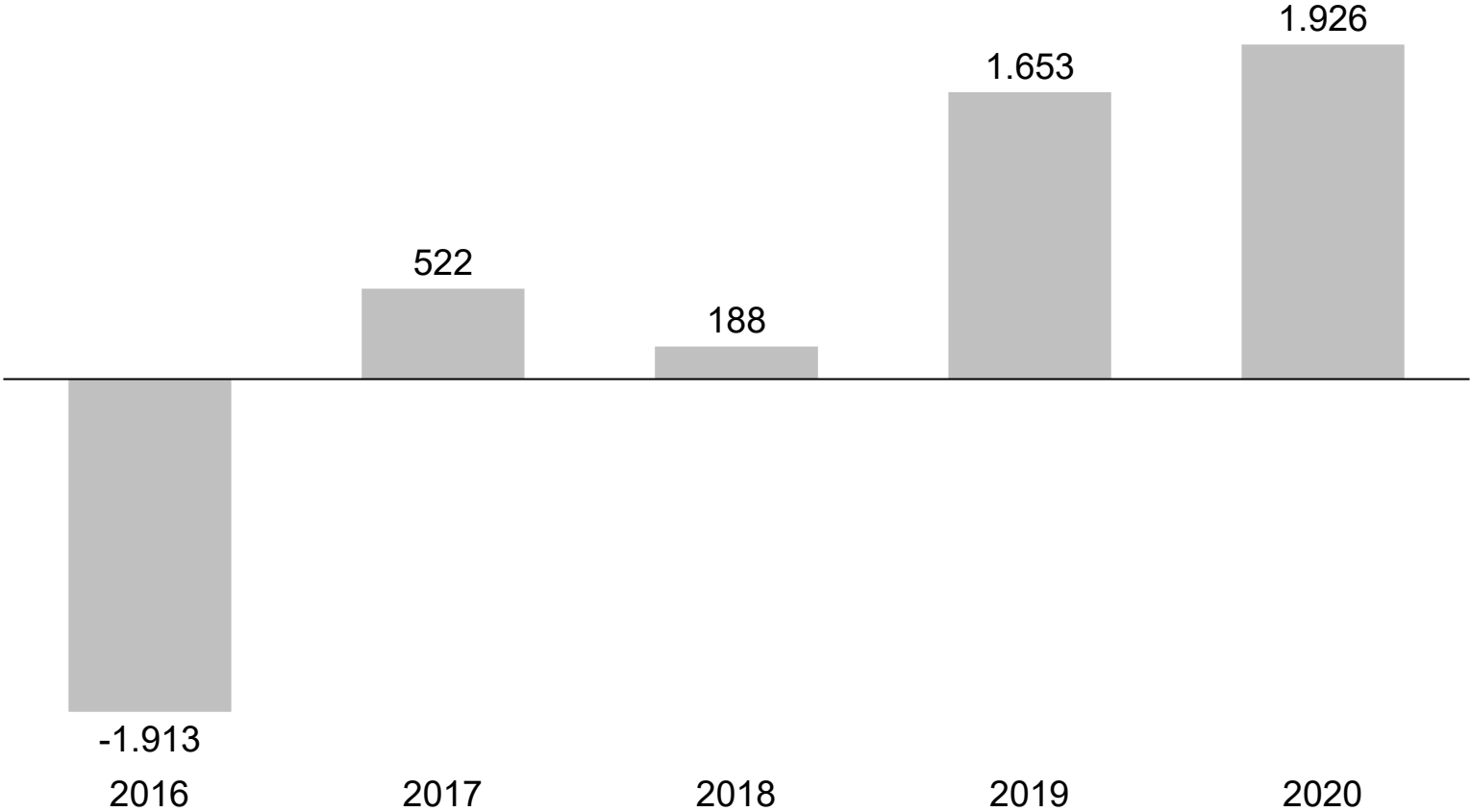
TFS

Nestia

# 5 year summary – Ratos group EBIT

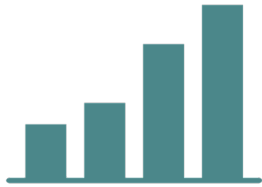
## Ratos EBIT

Consolidated, excluding capital gains, MSEK



# Financial targets

**EBITA**  
**3 Billion SEK**



EBITA is to amount to at least SEK 3 billion by 2025.

**Net Debt / EBITDA**  
**1.5 – 2.5x**



Net debt in relation to EBITDA should normally range from 1.5 to 2.5x, excluding financial leasing liabilities. The target includes the cash balances of Ratos's parent company.

**Dividend payout**  
**30–50%**  
**of profit after tax**



The dividend payout ratio should amount to 30–50% of profit after tax attributable to owners of the parent, excluding capital gains and losses.

# Q3 2021

Improved earnings in the companies, strong order intake, and new acquisitions

# Adj. consolidated EBIT in RatOS is improving. Revaluation of Dun & Bradstreet shares impacts reported EBIT with -149 MSEK

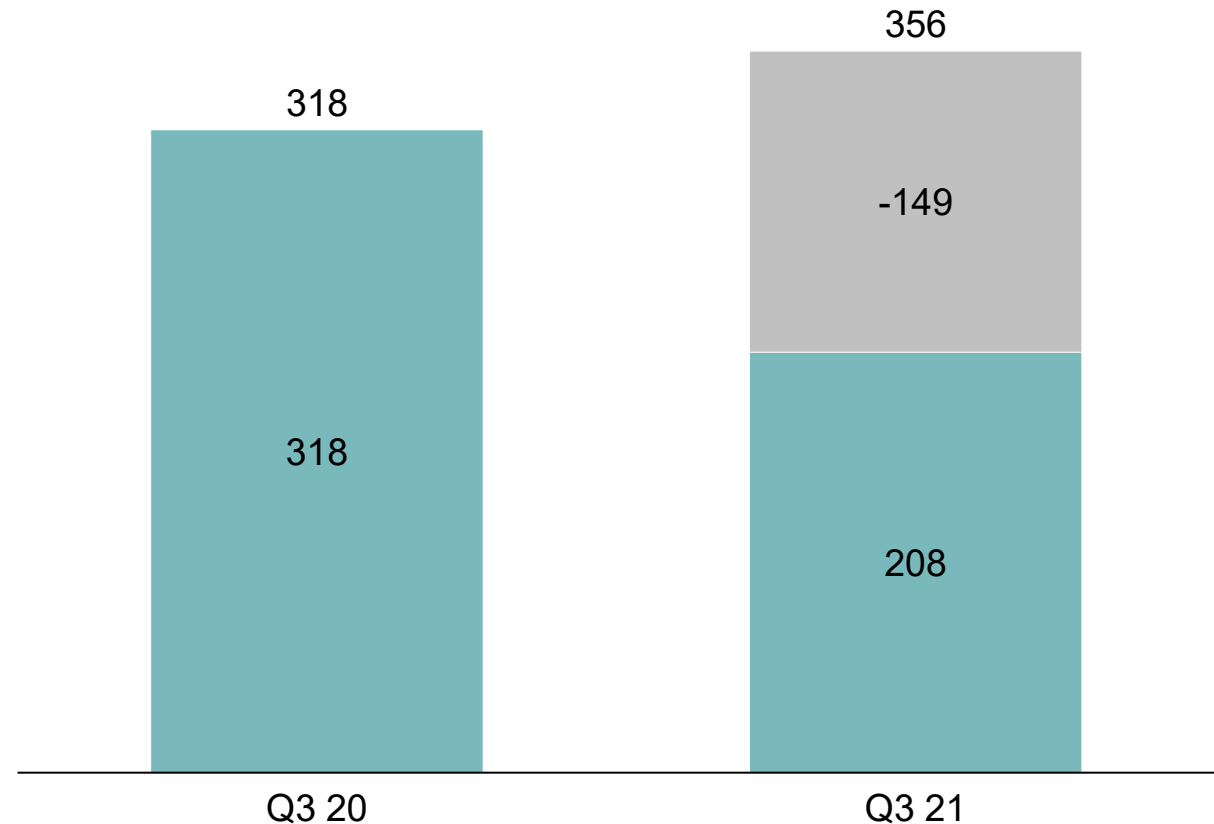
## Comments

- EBIT impact of -149 MSEK from unrealised loss in D&B stock
- Unusually high tax rate of 52% of EBT as unrealised costs related to re-valuation of D&B shares aren't tax deductible
- Significant +33% improvement of net financial items

## Ratos EBIT

Consolidated, MSEK

Reported EBIT D&B re-valuation impact



# EBITA in company group in Q3 2021 continues to grow

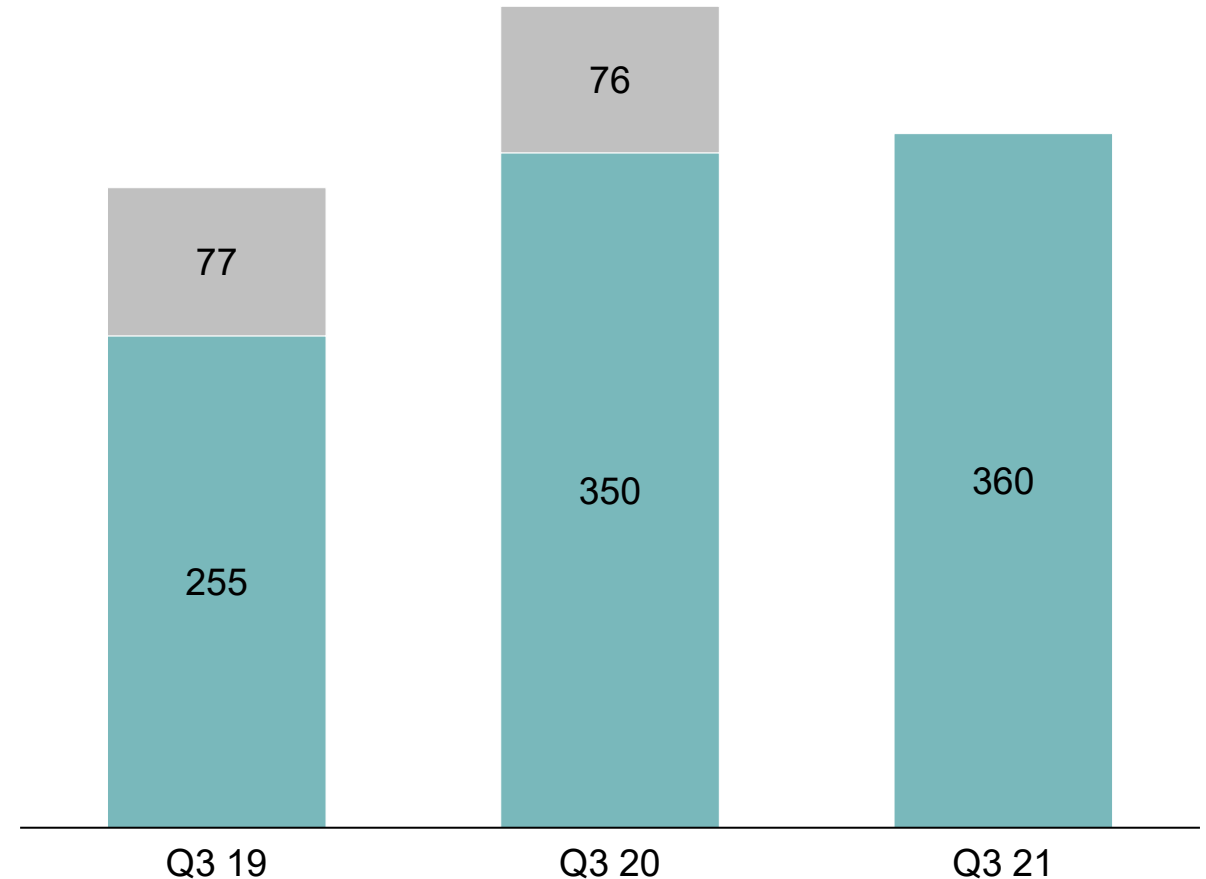
## Comments

- Net sales amounted to 5 560 MSEK (5 577)
  - Quarterly organic growth of 2%
- EBITA amounted to 360 MSEK (426)
  - 9 / 12 companies improved EBITA in the quarter vs. previous year
- EBITA-margin of 6.5% (7.6%)
- Cash flow from operations was -56 MSEK (205) impacted by Plantasjen securing seasonal inventory
- High M&A activity and add-on acquisitions
  - Acquired revenues amounted to >1 000 MSEK in Q3 2021
  - 6 acquisitions YTD in 2021, with an estimated annual revenue of approx. 1 900 MSEK

## Quarterly EBITA

Ratos Share, MSEK

Present Ratos companies Bisnode



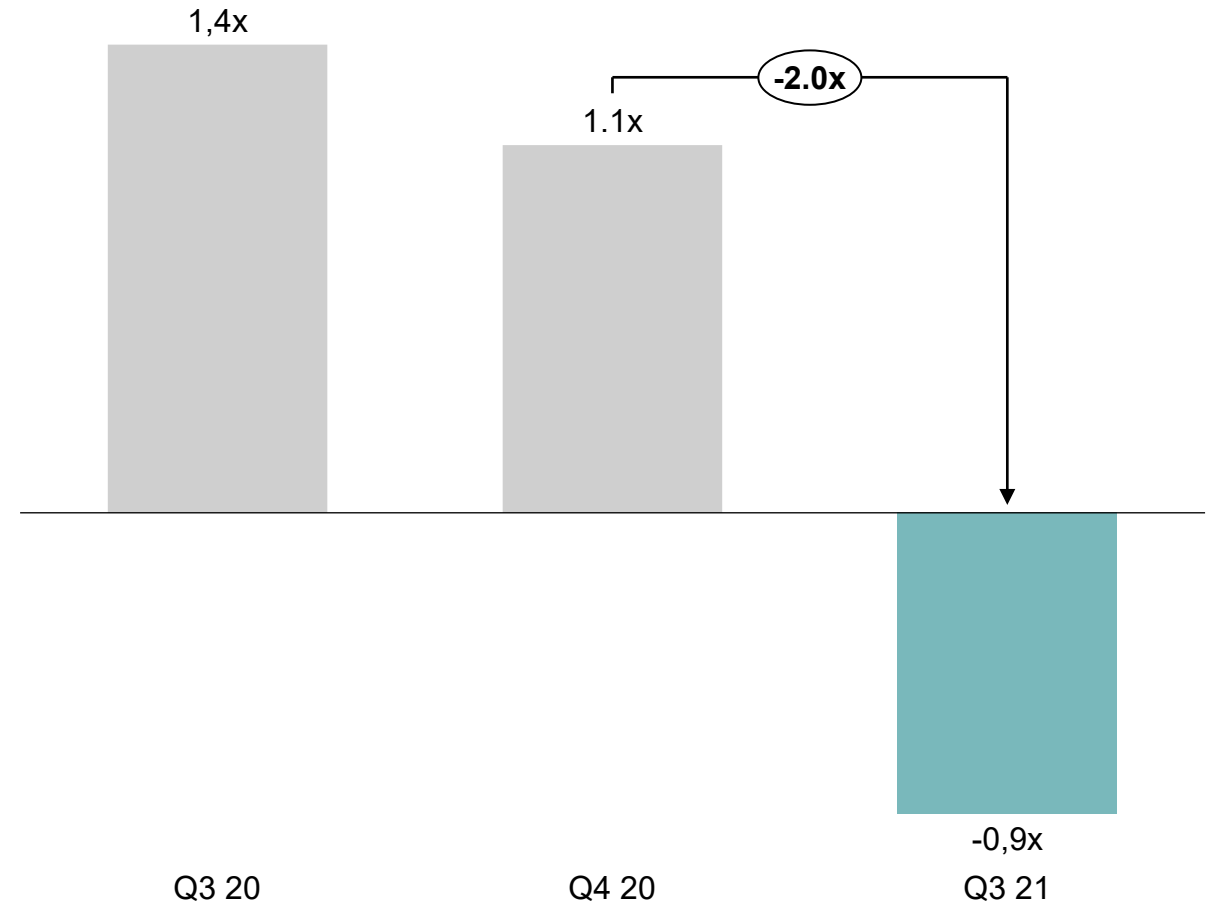


# Ratos is a company group – centralized financing and improved leverage

## Comments

- Net Debt continued to decrease to -1 613 MSEK in Q3 2021 from 2 635 MSEK in Q3 2020
  - Net Debt / EBITDA at -0.9x in Q3 2021 vs 1.4x in Q3 2020
- Cash flow from operations decreased to -56 MSEK (205) impacted by Plantasjen taking steps to secure seasonal inventory amid supply chain uncertainty
- Acquisitions of 9.000 MSEK possible with a maintained leverage < 2.5x
  - Leverage decreased to -0.9x despite acquiring for 292 MSEK in in Q3
- Centralized financing initiative contributed to saving approx. 16 MSEK in Q3
  - Yearly cost saving estimated at approx. 75 MSEK

## Net Debt / EBITDA LTM



# Business Area: Construction & Services



	Organic growth	EBITA		
	Sales Q3 2021	Q3 2021	Q3 2020	Δ
Aibel	+11%	61	38	+23
airteam	-3%	21	26	-5
HENT	-13%	41	44	-3
Speed Group	+59%	23	15	+9
Vestia	(+88%)*	8	(3)*	+8
<b>Total</b>	<b>-1.6%</b>	<b>155</b>	<b>123</b>	<b>+32</b>

*Adjusted for Ratos share, (MSEK)*

*\*Vestia acquired in Q1 21*

## Comments Q3 2021

- Organic sales development, -1.6%
  - Higher project volumes and good project execution in Aibel
  - Material/project delays had an impact on airteam
  - Many HENT projects in early stages which caused lower sales
  - Continued strong growth in Speed and Vestia
  
- EBITA increased by 26%
  - Increased earnings in Aibel, Speed Group and Vestia
  - airteam impacted by material delays
  - HENT impacted by lower sales

# Business Area: Consumer



	Organic growth	EBITA		
	Q3 2021	Q3 2021	Q3 2020	Δ
Bisnode	NA		76	-76
KVD	+109%	22	12	+10
Oase Outdoors	+1%	11	5	+5
Plantasjen	+1%	69	66	+3
<b>Total</b>	<b>+6,4%</b>	<b>101</b>	<b>160</b>	<b>-58</b>

*Adjusted for Ratos share, (MSEK)*

## Comments Q3 2021

- Organic sales development, +6.4%
  - Strong sales in KVD driven by trading cars in own book
  - Plantasjen and Oase Outdoors slightly higher than PY
  
- EBITA increased by 21% adj. for Bisnode
  - Higher EBITA in KVD driven by Forsbergs acquisition & increased sales
  - Improved EBITA in Oase Outdoors as a result of lower season stock clearance
  - Continued strong EBITA in Plantasjen as a result of improved assortment mix, increased efficiency and lower internal logistics costs

# Business Area: Industry



	Organic growth	EBITA		
	Q3 2021	Q3 2021	Q3 2020	Δ
Diab	-11%	13	64	-51
HL Display	+6%	48	46	+2
LEDiL	+42%	22	12	+10
TFS	+29%	20	20	0
<b>Total</b>	<b>+3,7%</b>	<b>104</b>	<b>143</b>	<b>-39</b>

*Adjusted for Ratos share, (MSEK)*

## Comments Q3 2021

- Organic sales development, +3.7%
  - Strong organic sales growth for HL Display, LEDiL and TFS
  - Negative sales growth for Diab. Sales to the wind market decreased by 28%. Increased sales in the Marine segment
  
- EBITA decreased by 28%
  - EBITA decreased in Diab as a result of lower “wind” sales and higher raw material prices
  - HL Display impacted by increased prices on raw materials and freight
  - Strong development in LEDiL driven by higher sales
  - Releases of project provisions had a positive impact on TFS last year



# Focus on sustainability

- The companies in the Ratos Group contribute considerably to long-term sustainable development
- One area is industrial construction in wood. Sara Kulturhus in Skellefteå, Sweden's tallest wooden building, with HENT as the general contractor, opened in the quarter
- In September, the ground was broken in the SEEL-project where Vestia is the general contractor. It is a joint venture test centre owned by Chalmers and RISE for research and development in the field of electromobility, and a landmark project in the Gothenburg area
- Aibel continues its successful transformation towards becoming fully focused on renewable energy by the end of the decade
- Both Diab and HL Display participate in several development projects aimed at increasing the circularity in the plastics industry
- During the quarter our new VP Sustainability & Communication, Josefine Uppling, joined the company management
- Ratos has an ongoing project targeting the EU Taxonomy including all companies in the business group, to increase knowledge and align reporting

# Acquisition strategy

## Add-ons & adjacencies

### *Add-ons*

- Decentralized company-driven processes
- Group companies often seen as natural consolidators
- Bilateral processes, more attractive valuations, lower risk
- Cost & revenue synergies
- RatOS provides specialist support when needed

### *Adjacencies*

- Identified by RatOS
- Targets in same industry as current platforms
- Soft synergies with cross-pollination
- Different degrees of integration

## Platform acquisitions

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

# Acquisition strategy – how we will succeed

1

**Stable EBITA  
growth**

2

**Deploy significant  
firepower**

3

**Strong team &  
track record**

1

- Operating cash flows can fund high acquisition pace
- New companies can grow and improve EBITA

2

- Capacity to deploy an estimated 9 000 MSEK in new acquisitions
- Leverage improved to -0.9x (1.4x) despite acquiring +300 MSEK in enterprise value in Q3 2021

3

- Experienced team with industry knowledge & solid track record of +150 acquisitions\*
- In-house legal M&A experts
- Well-known brand & legacy creates strong inflow of opportunities
- Attractive incentives for key personnel

# Two acquisitions made in Q3, and a total of 6 acquisitions made YTD in 2021 with an annual revenue of approx. 1 900 MSEK

## Concept Group

<b>Add-on acquisition in HL Display</b>	<ul style="list-style-type: none"><li>Strengthened HL's offer and customer base in UK</li><li>Production synergies and broadened product offering</li></ul>	Sales <b>~60</b> MSEK
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## ULTEM

<b>Add-on acquisition in Diab</b>	<ul style="list-style-type: none"><li>Acquired ULTEM foam production line</li><li>Broaden product offering in high-end core material applications</li></ul>	<b>N/A</b>
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## Vestia

<b>Adjacency acquisition to HENT</b>	<ul style="list-style-type: none"><li>Compliment to HENT both geographically and in terms of expertise</li><li>Soft synergies in the long-term</li></ul>	Sales <b>~750</b> MSEK
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## Forsbergs Fritidscenter

<b>Add-on acquisition to KVD</b>	<ul style="list-style-type: none"><li>Broadened KVD product offering to caravans and mobile homes</li><li>Synergies in growing online offering and expanded product range</li></ul>	Sales <b>~936</b> MSEK
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## CoolPresentation

<b>Add-on acquisition in HL Display</b>	<ul style="list-style-type: none"><li>Strengthened HL's offer and customer base in Netherlands</li><li>Production synergies</li></ul>	Sales <b>~40</b> MSEK
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## Display Italia

<b>Add-on acquisition in HL Display</b>	<ul style="list-style-type: none"><li>Strengthened HL's offer and customer base in Italy</li><li>Cost synergies</li></ul>	Sales <b>~100</b> MSEK
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# Summary Q3 2021

## Growth

- Strong order intake
- Positive organic net sales growth

## EBITA

- Adjusted EBITA continues to increase
- 9 / 12 companies improved EBITA in the quarter vs. year earlier period

## Cash Flow

- Plantasjen impacts operating cash flows due to inventory build-up
- Leverage is improving

## M&A

- Two add-on acquisitions executed in the quarter, add annual revenues of >1 000 MSEK
- Well-known brand and strong competence alongside approx. 9 000 MSEK in firepower

# Q&A

An aerial photograph of a long, multi-span bridge crossing a vast body of blue water. The bridge features several tall, white, A-frame pylons supporting the deck with numerous stay cables. The bridge extends from the bottom left towards the top right, curving slightly. The water is a deep blue-green, and the sky is a pale, hazy blue. The overall scene is serene and emphasizes the scale and engineering of the bridge.

Relentless  
since 1866

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