

Presentation Q4 2023

12 February 2024

Full year: Strong cash flow, low leverage and increased profit

**Net sales SEK 33,748m
growth +13%**



**Adj EBITA SEK 2,244m
growth +14%**

- Adj EBITA +14%
(Reported EBITA +127%)
- Strong EBITA growth in Industry and Construction & Services
- EBITA declined in Consumer driven by planned inventory reduction program in Plantasjen
- Net sales +13%, whereof organic +3%
- Strong cash flow of SEK 4,275m (1,431)
- Free cash flow of SEK 3,073m (210)
- Adjusted leverage decreased to 1.1x (2.3x)
(Reported leverage decreased to 0.7x (2.5x))

Fourth quarter: Strong cash flow, low leverage and increased profit

**Net sales SEK 7,960m
decline -3%**

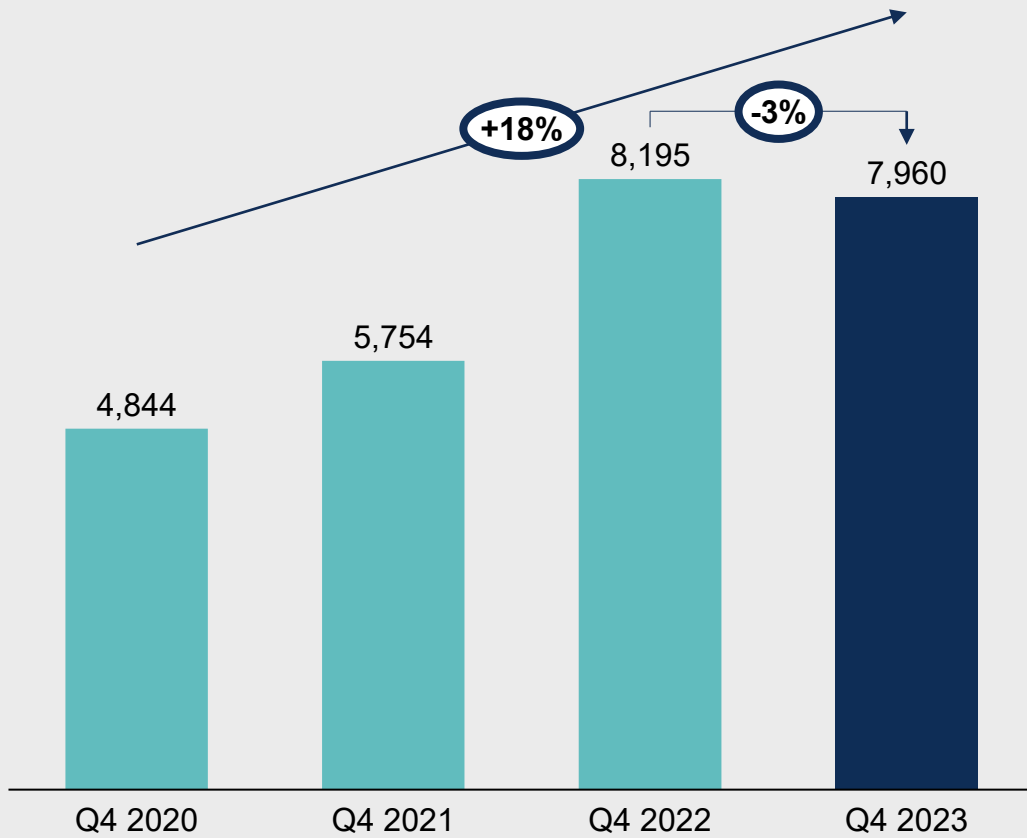


**Adj EBITA SEK 326m
growth +2%**

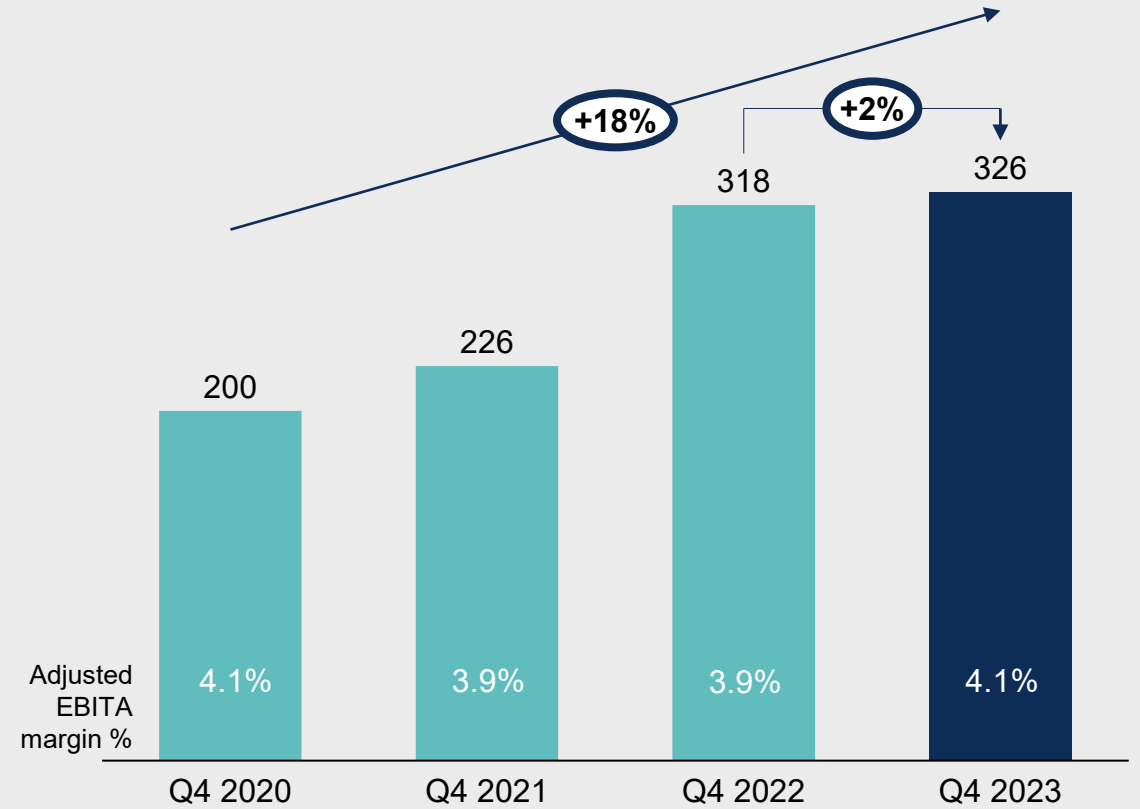
- Adj EBITA +2%
- Strong EBITA growth in Industry
- Adj EBITA in Construction & Services negatively affected by corrections in Expin Group
- EBITA on par with previous year in Consumer
- Plantasjen EBITA negatively affected by planned inventory reduction program
- Net sales -3%, whereof organic -3%
- Strong cash flow of SEK 882m (21)
- Free cash flow of SEK 649m (-278)

Group financials Q4 2023

Net sales, SEKm



Adjusted EBITA, SEKm



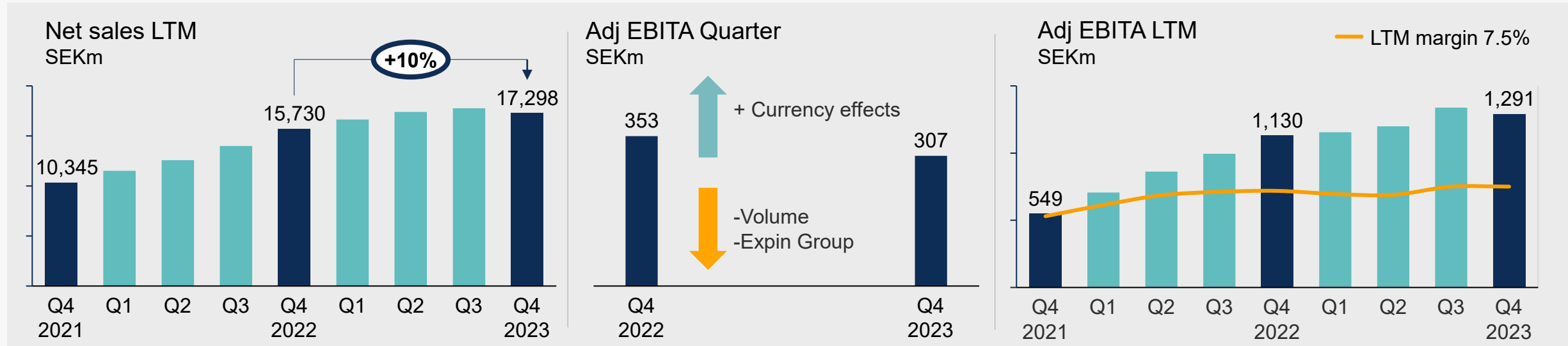
Business Areas

Construction & Services: Affected by Expin Group

We build and maintain a sustainable society

Comments

- Net sales growth -10%, organic growth -2%
- Somewhat slower construction market ahead anticipated
- Aibel reported strong operating result and positive currency effects
- Adjusted EBITA SEK 307m (353), decrease of 13%, negatively affected by Expin Group
- Adjusted EBITA margin down to 7.1% (7.4%) and LTM 7.5% (7.2%)
- Reported EBITA positively affected by reversal of impairment in Aibel of SEK 1,656m

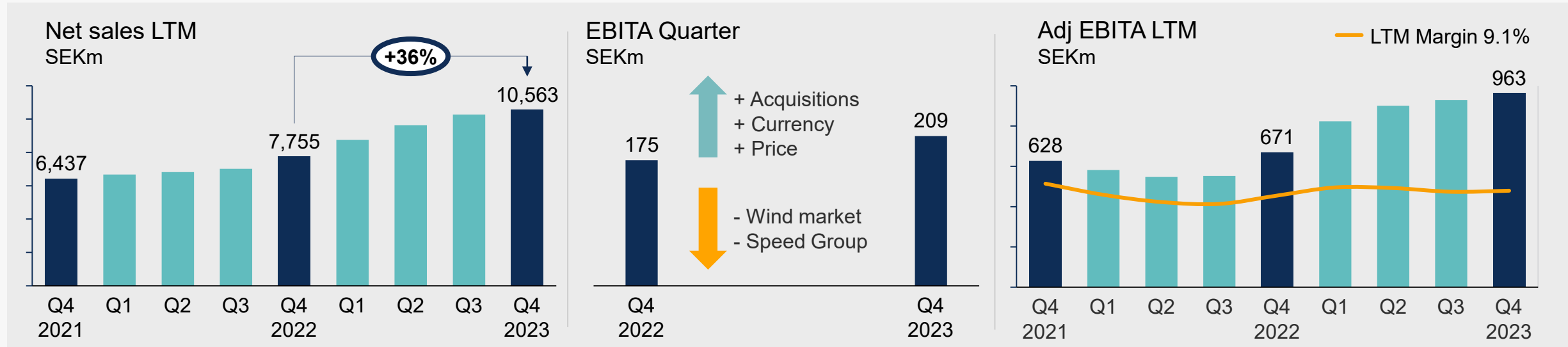


Industry: Continued strong EBITA growth

Building industrial market leaders, based in the Nordics on a global market

Comments

- Net sales increased 12%, whereof -4% organic
- Continued low net sales in Diab wind segment and in Speed Group
- Somewhat weaker market for the technical consultancy business
- Adjusted EBITA SEK 209m (175)
- Adjusted EBITA-margin 8.1% (7.6%) and LTM 9.1% (8.6%)
- Strong development in Diab and HL Display



Consumer: Planned inventory reduction program in Plantasjen

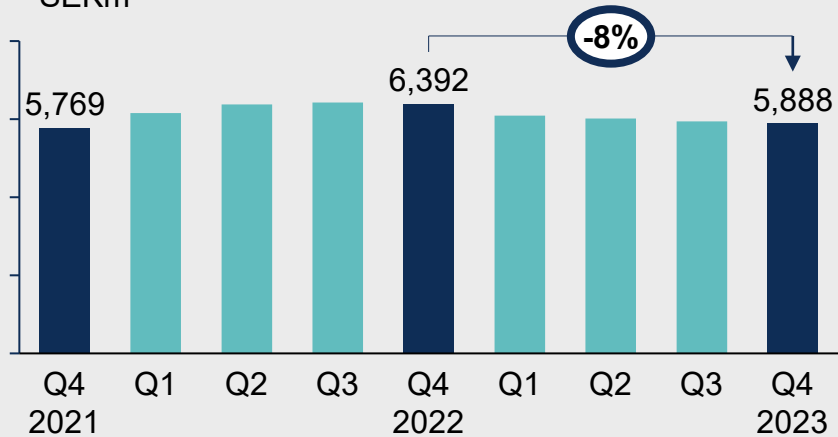
Provide a better and easier life for consumers

Comments

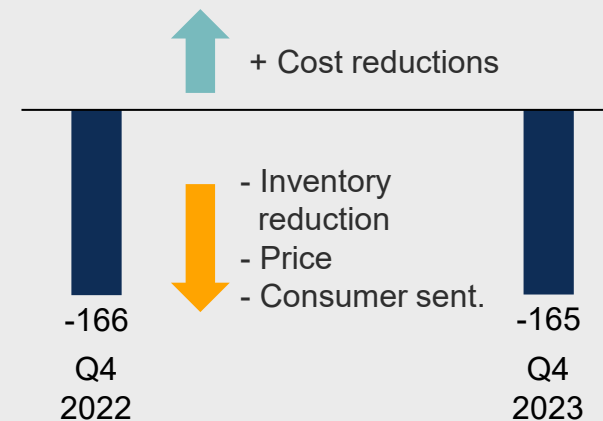
- Net sales declined -4%, -2% organic, driven by marginally lower sales in Plantasjen and lower sales but increased unit sales in KVD due to improved business model
- EBITA SEK -165m (-166). Plantasjen's EBITA SEK -188m (-142), negatively affected by planned inventory reduction program
- YTD Plantasjen improved free cash flow with SEK 701m versus previous year
- EBITA-margin -15.3% (-14.7%) and LTM 2.3% (5.1%)



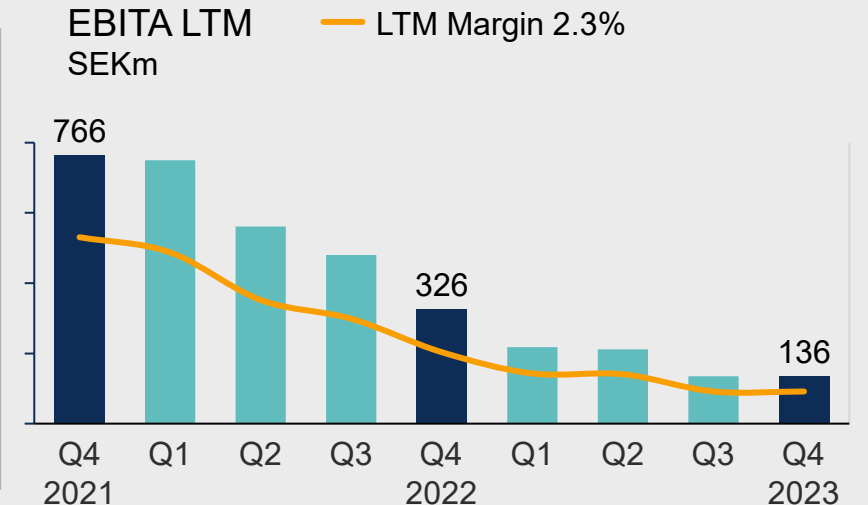
Net sales LTM
SEKm



EBITA Quarter
SEKm

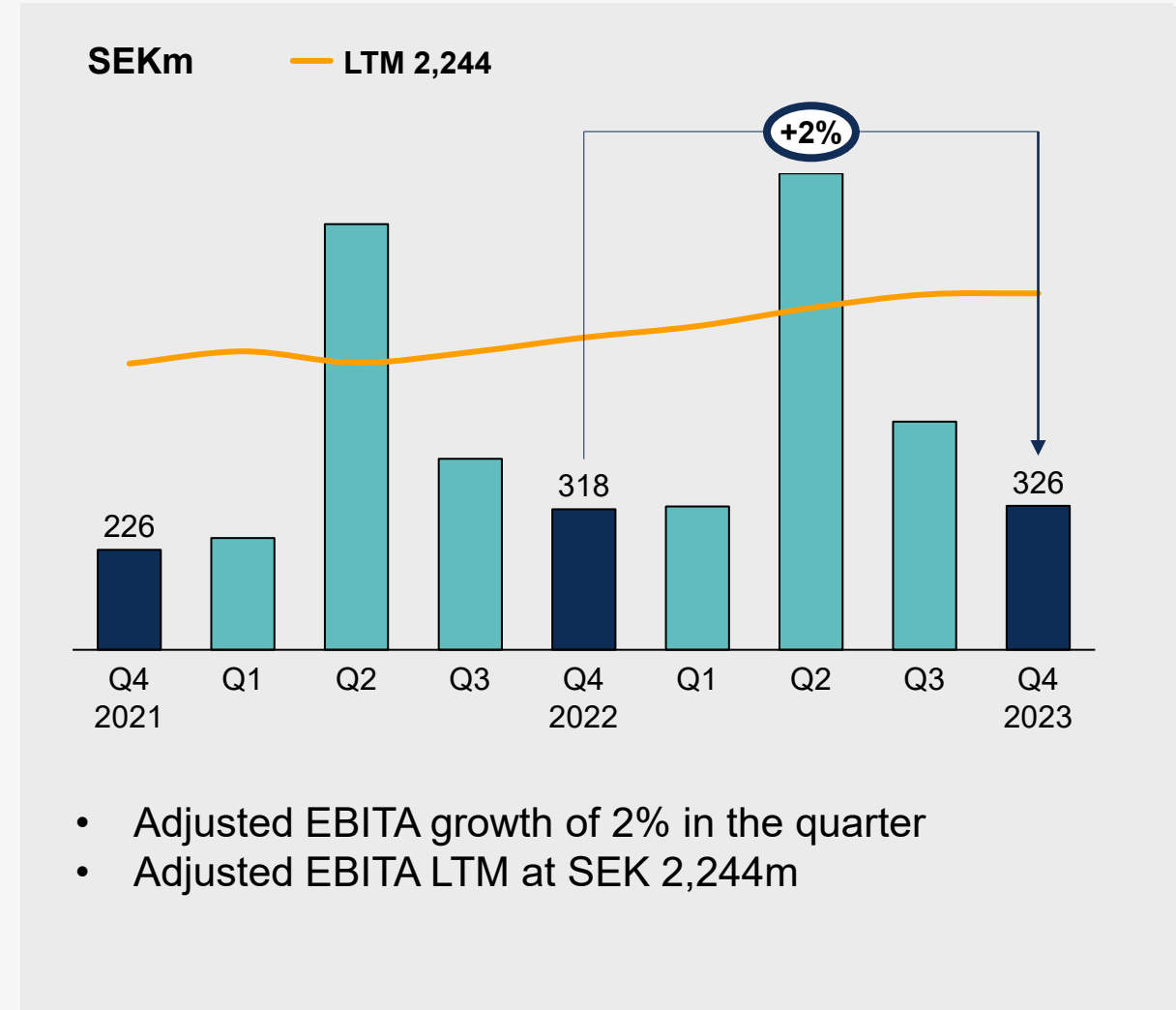
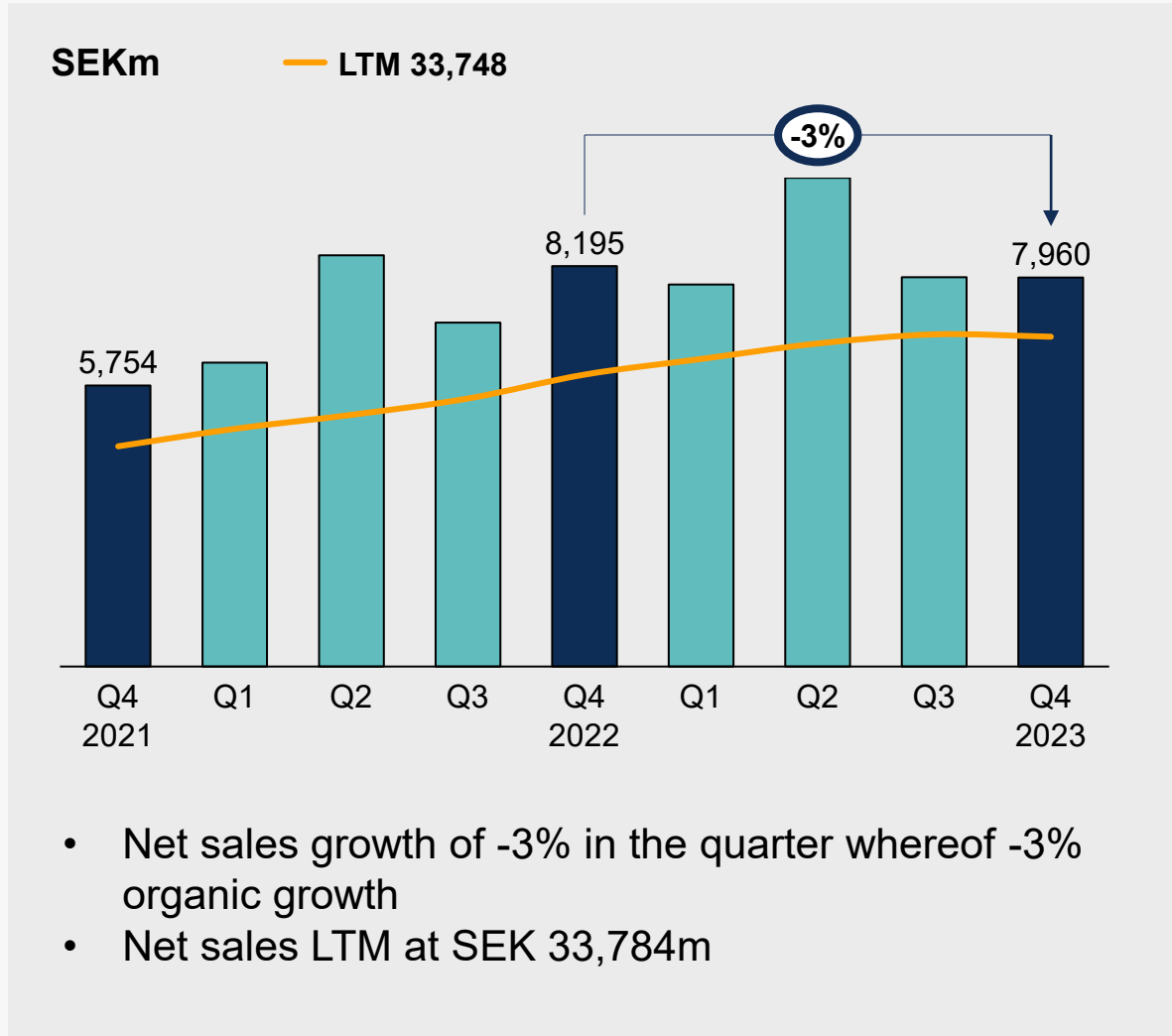


EBITA LTM
SEKm

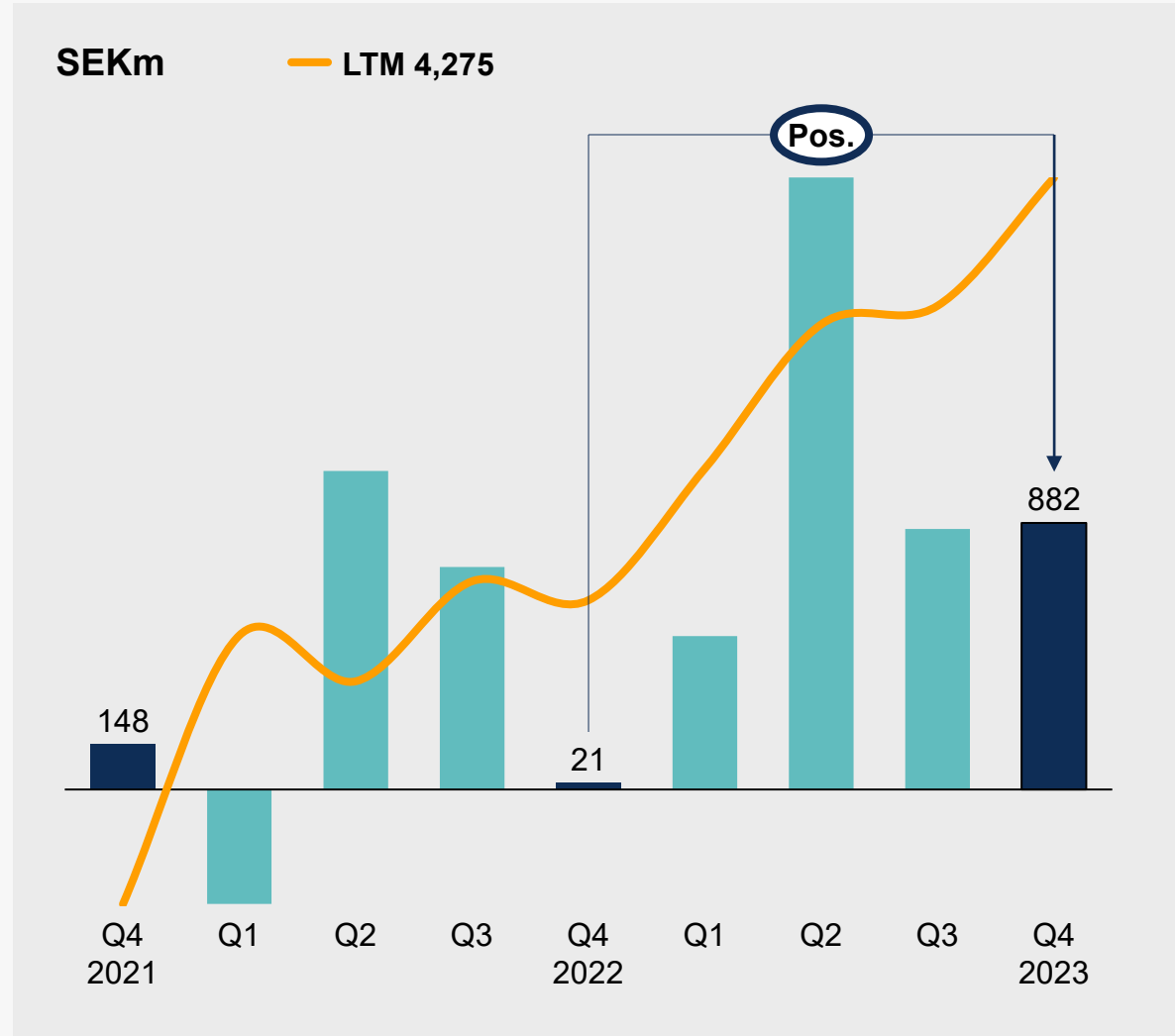


Financials

Net sales and adjusted EBITA



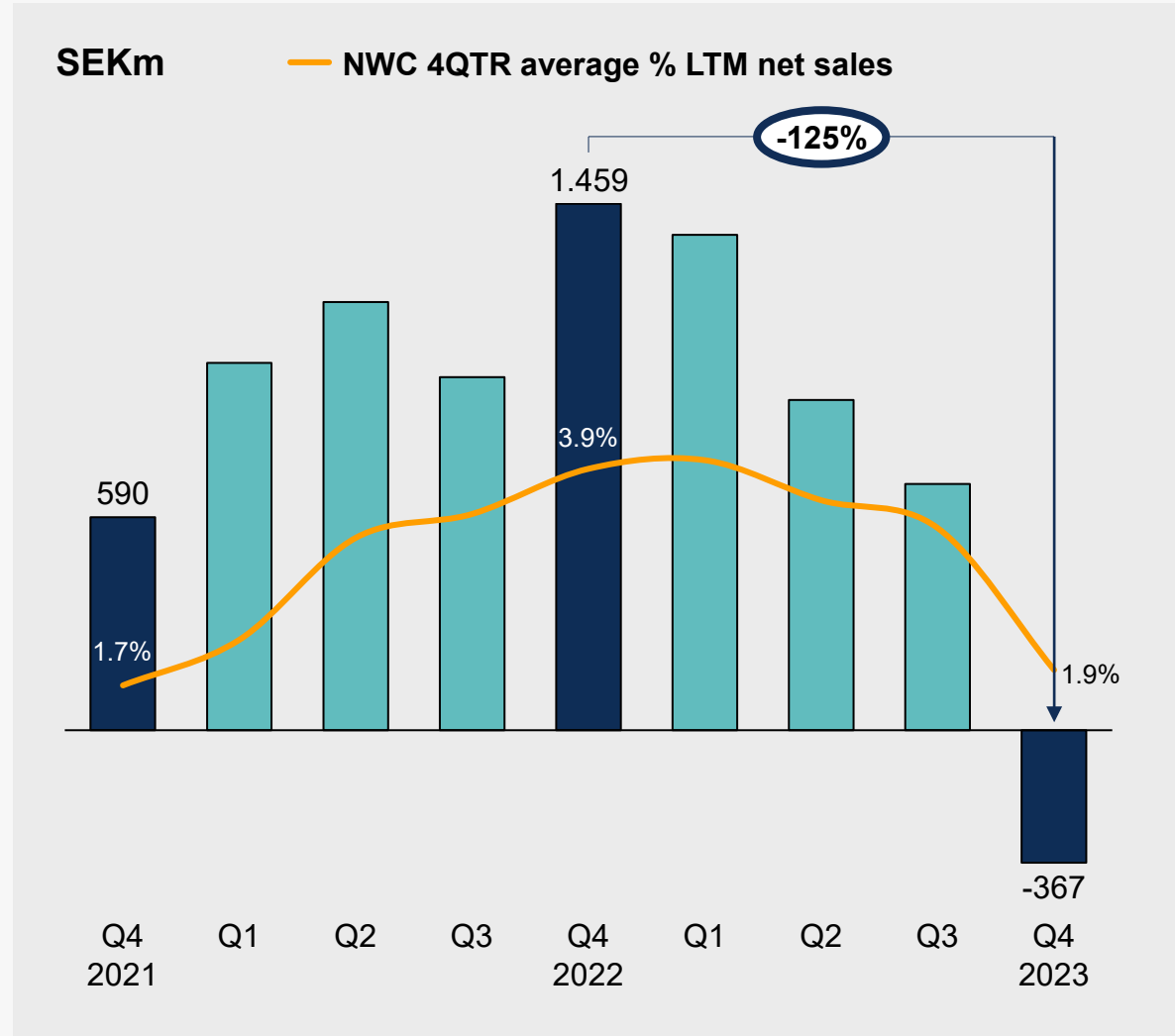
Cash flow from operating activities



Cash flow from operating activities, SEKm

	Q4 2023	Q4 2022	FY 2023	FY 2022
EBIT	1,206	282	3,010	1,618
Adjustment for non-cash items	-673	234	565	1,227
Received dividends and financial items, net	-117	-101	-430	-476
Income tax paid	-116	-71	-316	-301
Change in NWC	582	-323	1,446	-637
Cash flow from operating activities	882	21	4,275	1,431
Cash conversion, as % of Adjusted EBITA	271%	6%	190%	73%

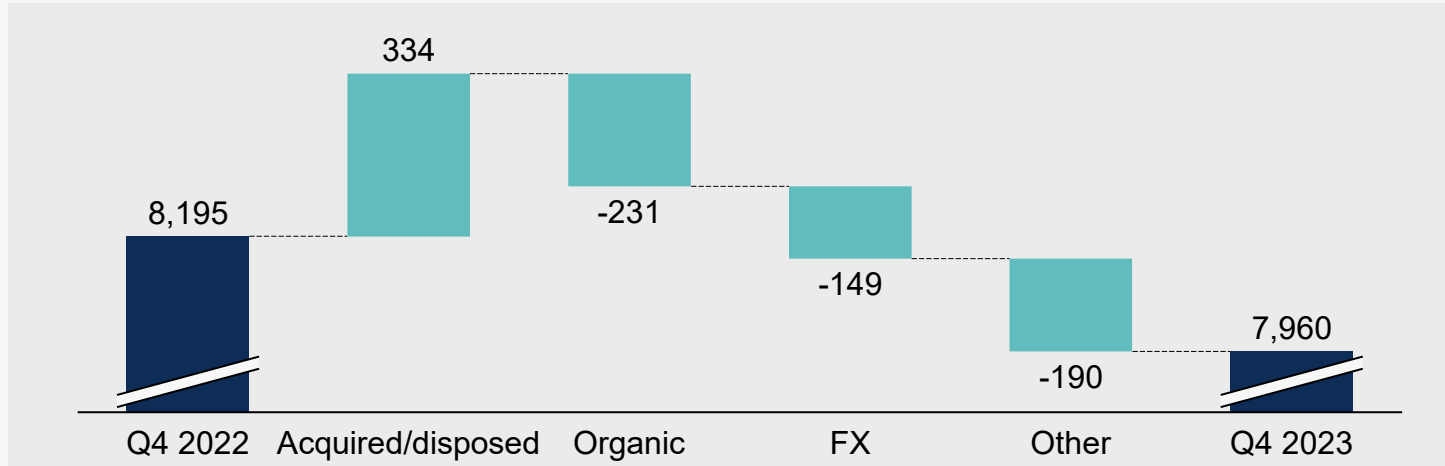
Net working capital



Net working capital, SEKm	FY 2023	FY 2022
Inventories	1,868	2,477
Trade receivables	3,277	3,699
Contract assets	725	1,250
Accounts payable	2,803	2,916
Contract liabilities	2,407	1,750
Other receivables/payables net	-1,027	-1,302
Net working capital	-367	1,459
% of LTM net sales, 4QTR average	1.9%	3.9%

Strong organic EBITA growth in the quarter

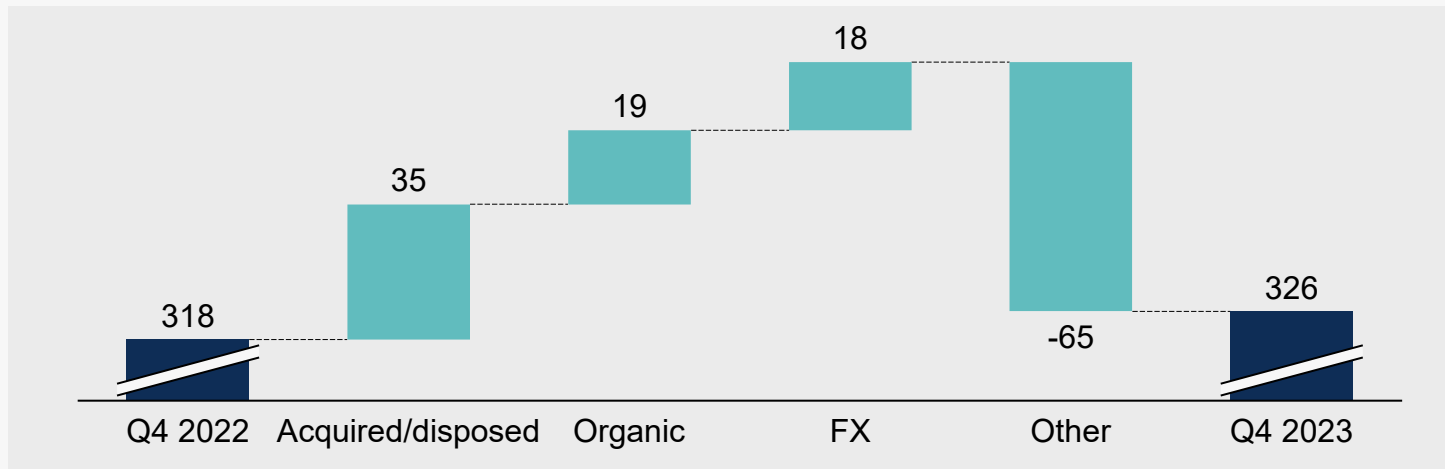
Net sales bridge, SEKm



Net sales

- Acquired growth of 4% in the quarter
- Negative organic sales growth of -3% in the quarter mainly driven by SSEA Group
- Negative FX-effects of -2%
- Other, correction Expin Group

Adj EBITA bridge, SEKm

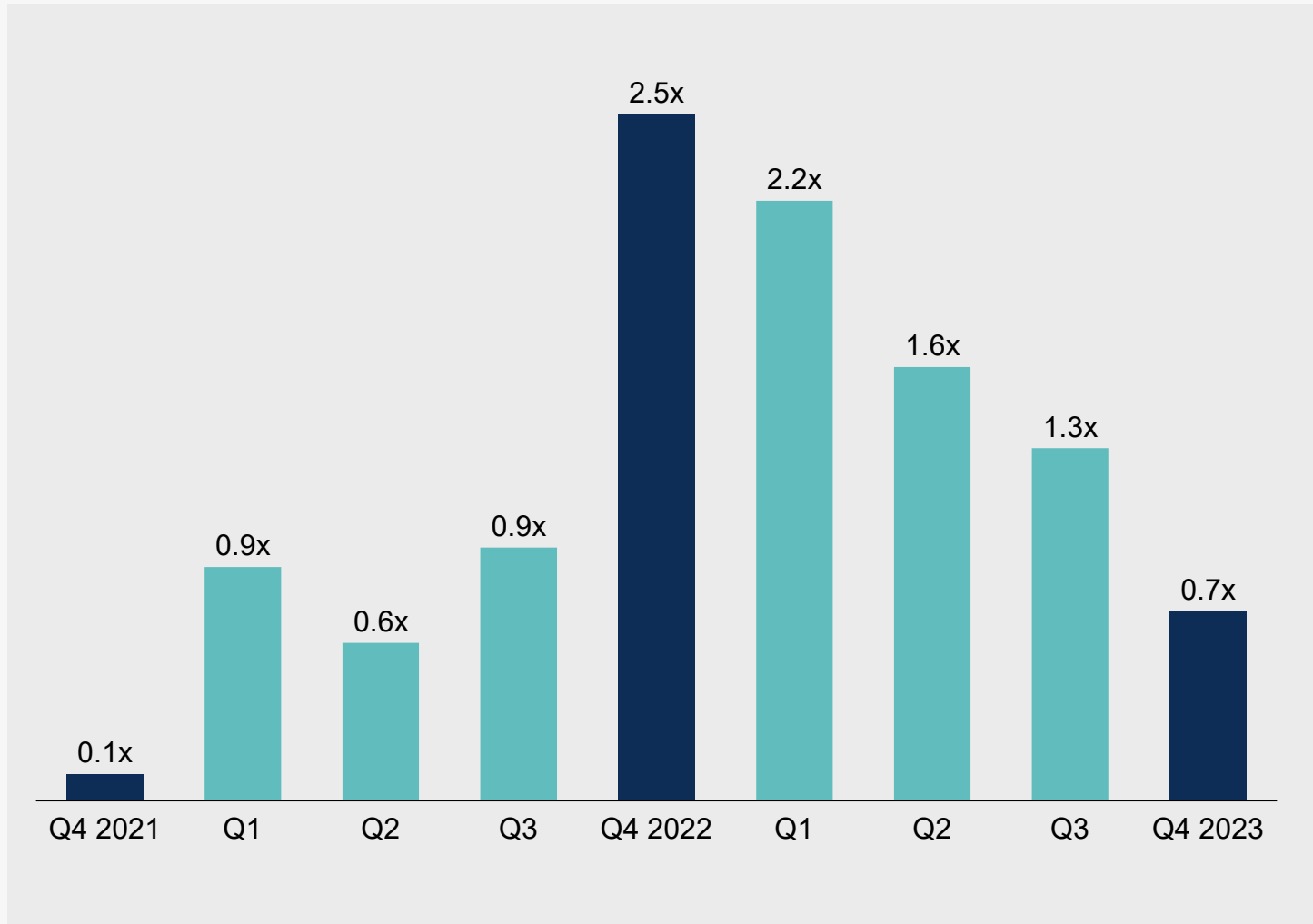


EBITA

- Acquired EBITA growth mainly acquisition of Semcon and add-on acquisitions mainly in HL Display
- Organic growth, strong quarter for Aibel
- Positive FX-effects in Industry
- Other, corrections of Expin Group and savings from restructuring programs

Leverage development

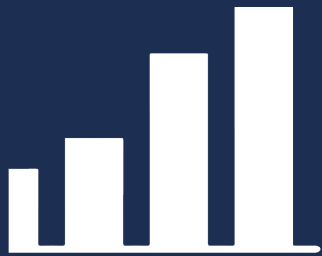
Leverage



- Leverage at 0.7x in Q4 2023, below the target range (1.5x – 2.5x)
- Leverage at 1.1x excluding reversal of write-down of the holding in Aibel
- Decreased leverage in the quarter due to strong cash flow and increased LTM EBITDA after reversal of write-down
- Net debt SEK 2,720m (4,798)

Financial targets

EBITA SEK 3 billion



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.

Dividend payout 30-50% of profit after tax



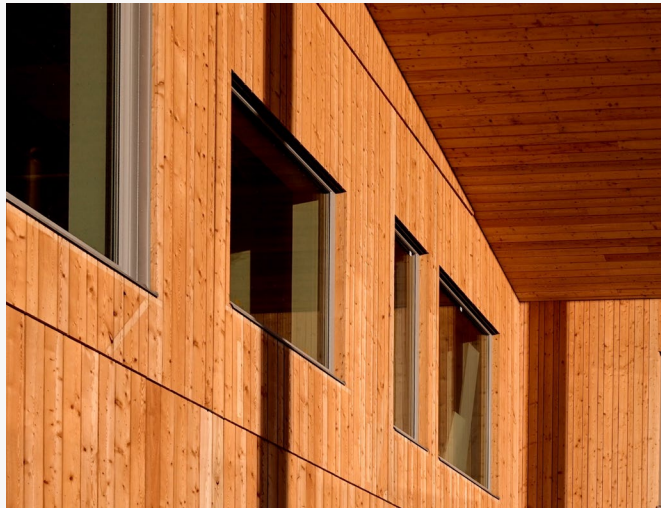
The dividend payout ratio should amount to 30-50% of profit after tax attributable to owners of the parent, excluding capital gains and losses.

Final Remarks



Final remarks

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



Ratos is a group with focus on technology and infrastructure solutions

- Adjusted EBITA +2%
- EBITA negatively affected by Expin Group
- Net sales -3%, whereof organic -3%
- Strong cash flow and decreased leverage
- Our focus is technology- and infrastructure solutions in a decentralized Group
- Our strong financial position enables us to accelerate our growth journey through add-on acquisitions

Ratos is on track to reach SEK 3bn EBITA goal by 2025



Q&A

