

AGM 2022

Jonas Wiström, President and CEO

22 March 2022

RATOS

AGM 2022

- Ratos 2021
- Sustainability
- Ahead of plan
- Ratos share in 2021 and goals for 2022

Objectives 2021

(from AGM 2021)

- ✓ Continue handling Covid-19
- ✓ Keep increasing company profitability
- ✓ Execute on first acquisitions



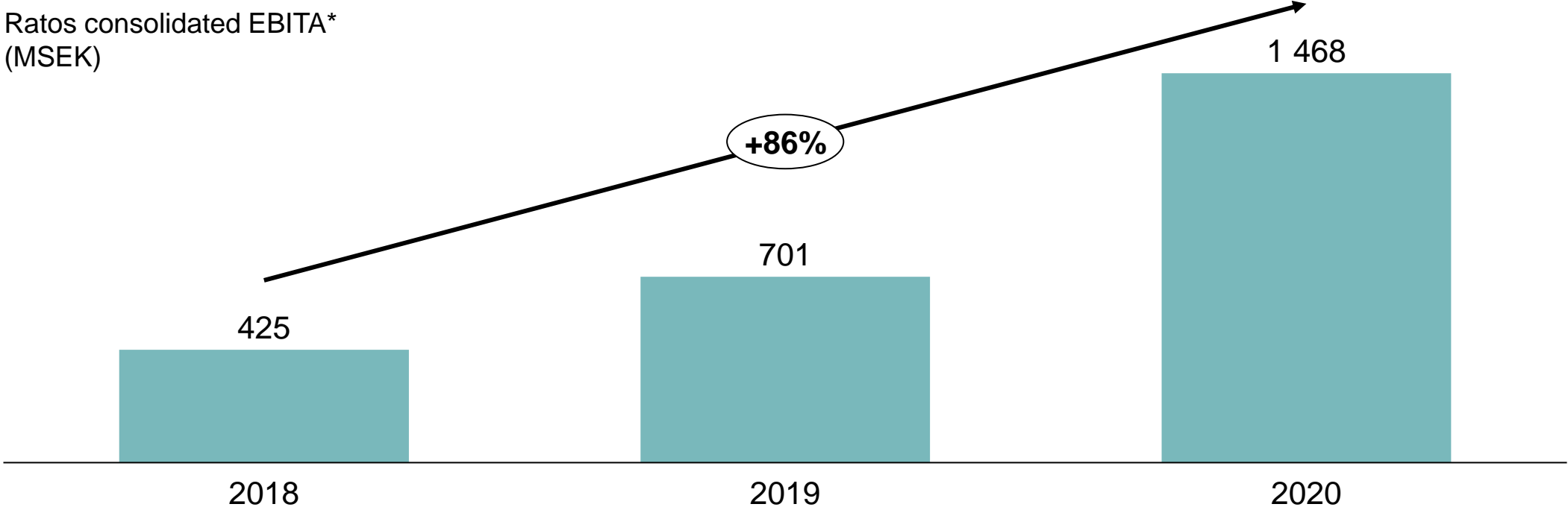


2021: An important year for Ratos

- Turnaround period 2018-2020 was finalized
- Our journey from investment company to group was completed
- Growth journey started and is ahead of plan
- EBITA growth 23% for the year
- EPS growth from operations is up 79%

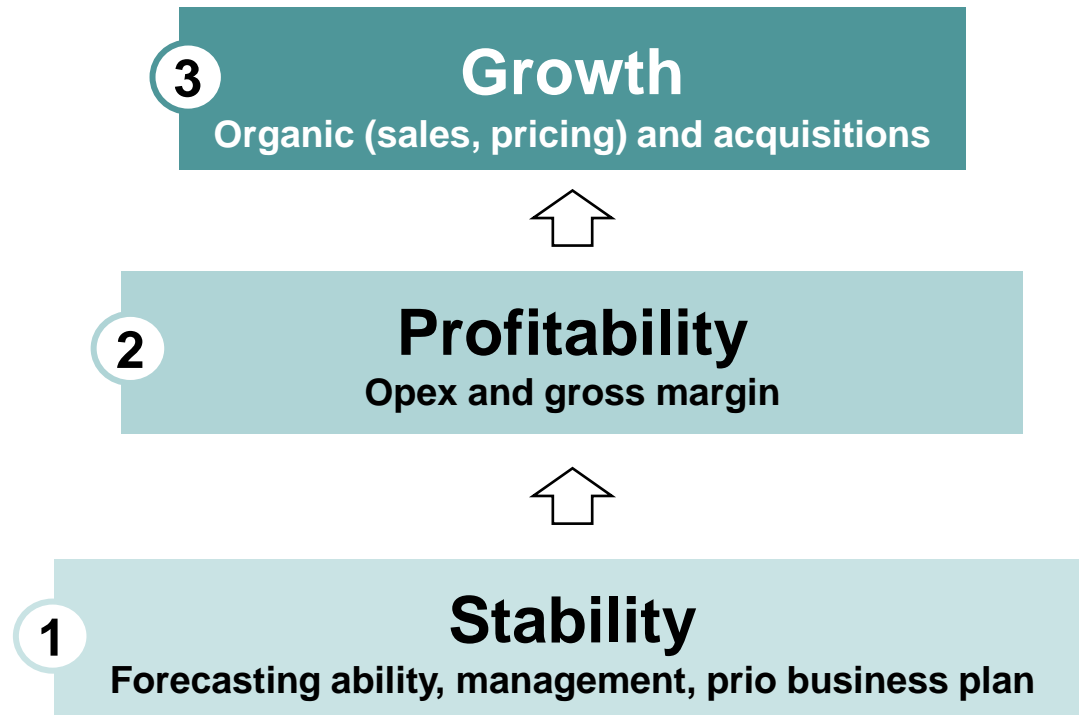
Turnaround completed: resulted in 86% annually EBITA growth

Ratos consolidated EBITA*
(MSEK)



Profit improvement steps and focus

Our journey to growth



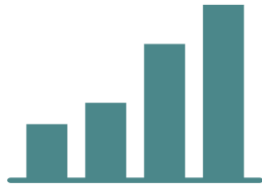
The way we work

- Structure
- Processes
- Culture

Financial targets

Announced in February 2021

EBITA
3 bn SEK



EBITA is to amount to at least
3 bn SEK by 2025

Net Debt / EBITDA
1.5 – 2.5x



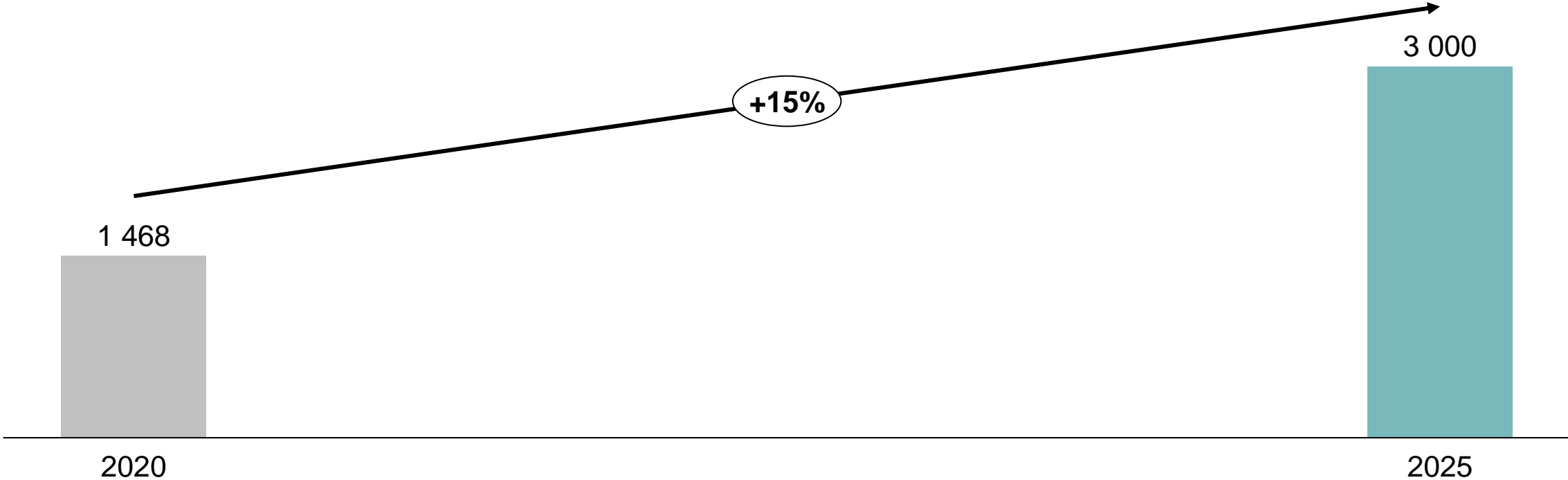
Net debt in relation to EBITDA
should normally range from 1.5
to 2.5x, excluding financial
leasing liabilities. The target
includes the cash balances of
Ratos's parent company

Dividend payout
30–50%
of profit after tax

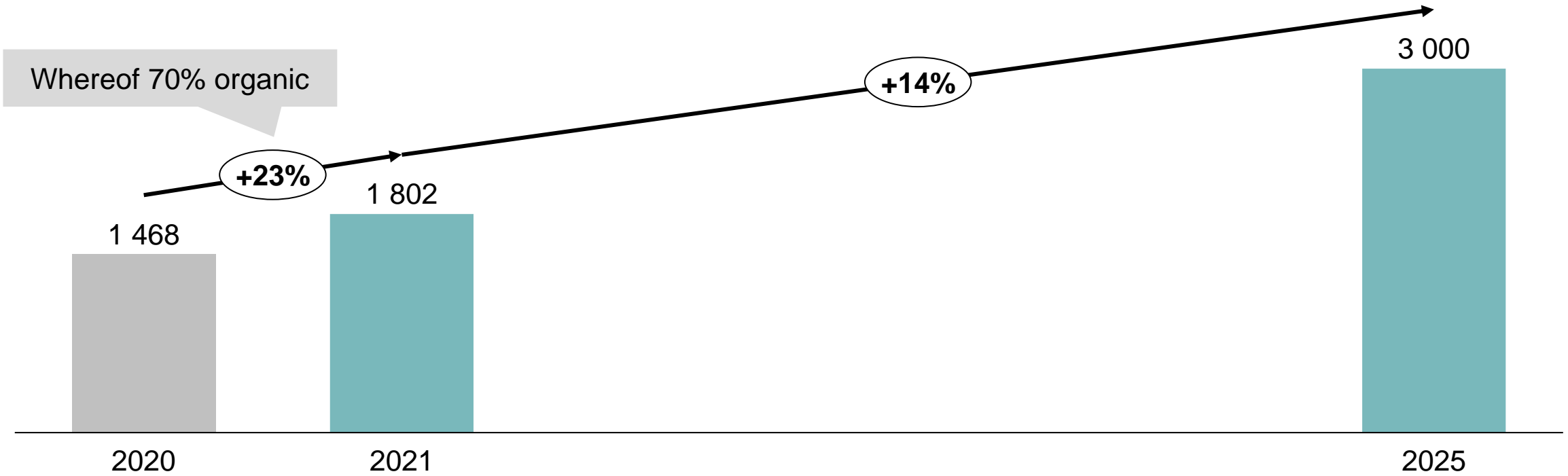


The dividend payout ratio
should amount to 30–50% of
profit after tax attributable to
owners of the parent,
excluding capital gains and
losses

Target of 3 000 MSEK in EBITA announced in 2021



First year starting ahead of plan



Acquisition journey started in 2021 - 8 acquisitions completed

Acquired run rate EBITA 400 MSEK

Add-on Acquisitions (6)

Sales	EV / EBITA
1 228 MSEK	5-6x

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

Adjacent (1)

Sales	EV / EBITA
932 MSEK	6x

- 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

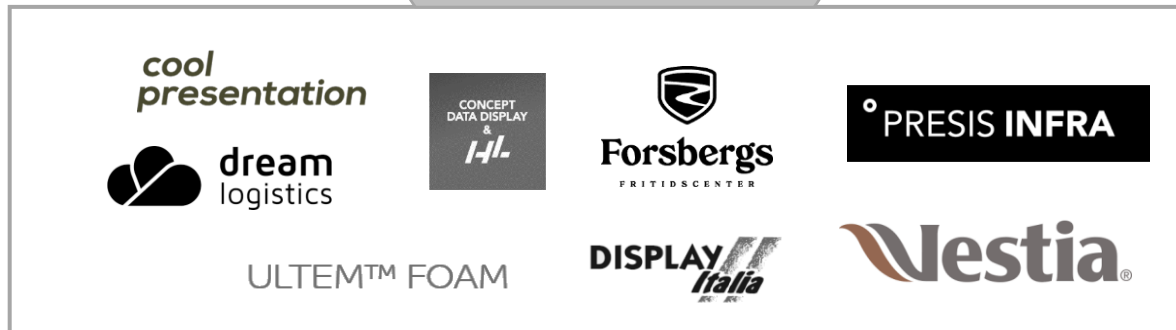
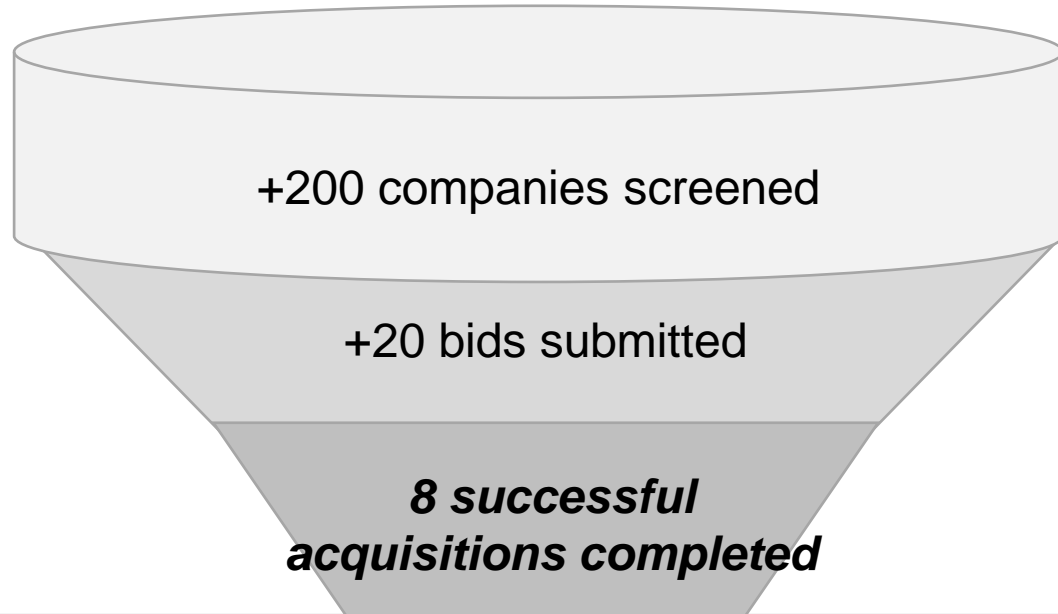
New platforms (1)

Sales	EV / EBITA
1 922 MSEK	9x

- 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

Evaluation of +200 companies has resulted in 8 acquisitions

M&A pipeline



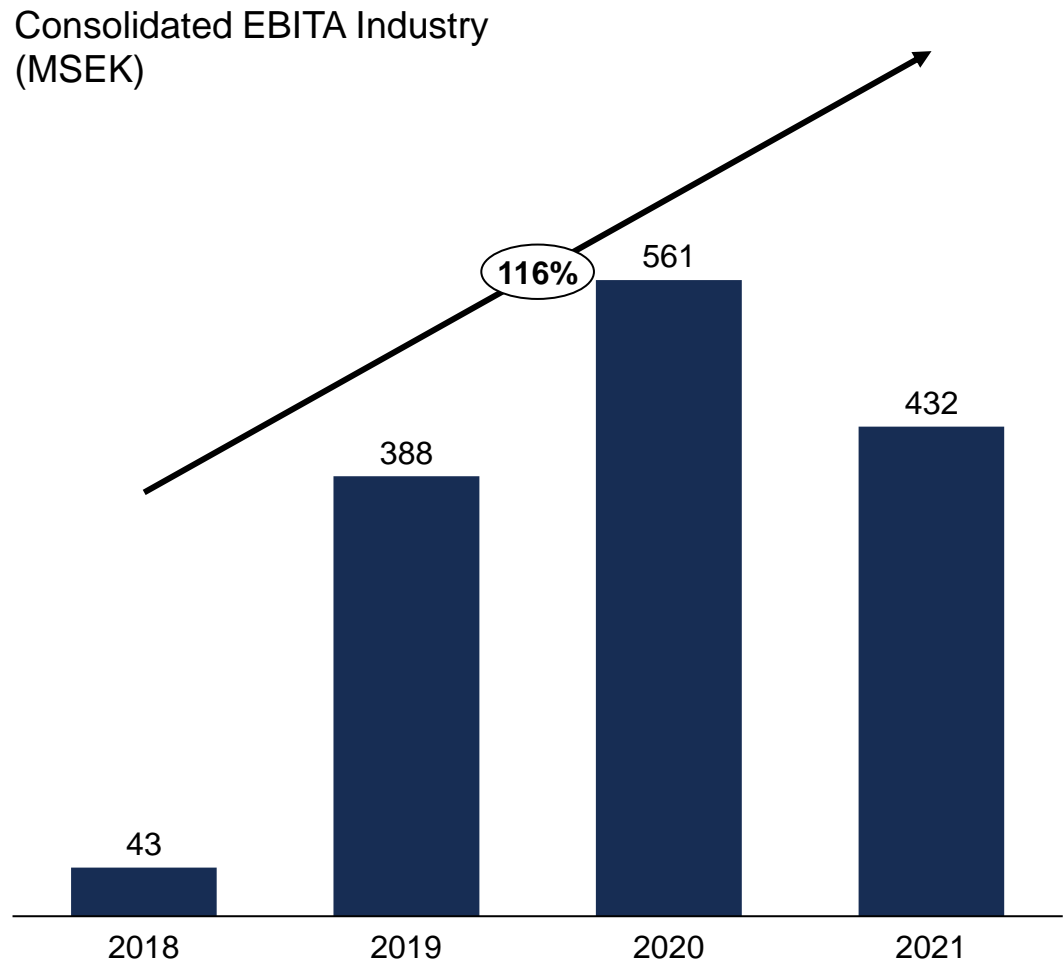
Comments

- Ratos holds bi-weekly and monthly meetings to discuss M&A opportunities
- Clear investment guidelines
- After bids, deal teams are formed
- For add-on acquisitions, Ratos assistance varies – more assistance in the beginning after a while independent

Industry: Profit has developed strongly since 2018

Group of industrial market leaders, based in the Nordics who export to the world

EBITA has grown 10x since 2018



Export driven

Sales

- +85% outside Nordics
- ~40% outside Europe

Global

Subsidiaries in

- 5 continents
- 33 countries

Facts

- Revenue: ~5 bn SEK
- ~2900 employees
- 13 production sites

Diverse exposure

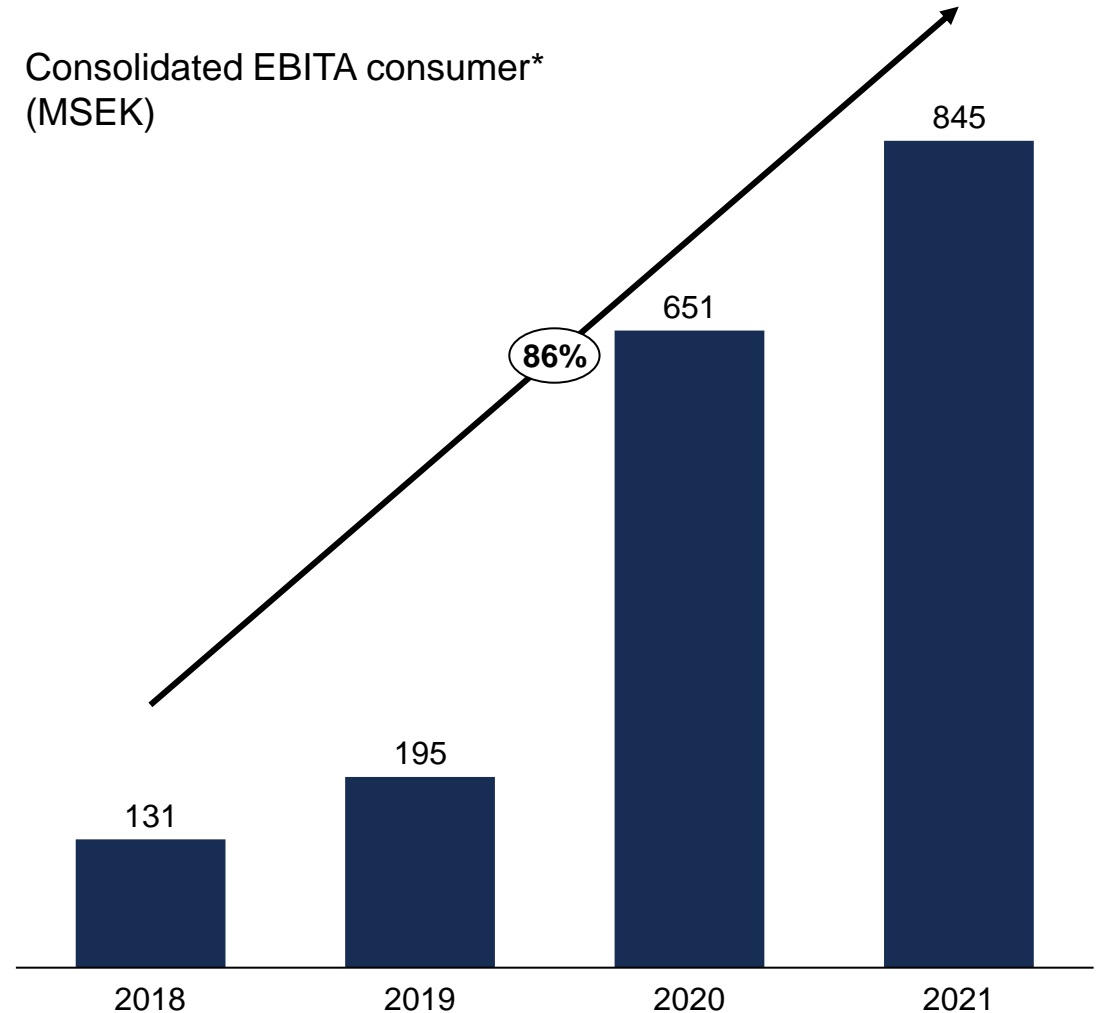
- Renewable energy
- Sustainable light
- Life science
- Grocery Retail
- Lightweight material

Consumer: Annual EBITA growth of 86%

Provide a better and easier life for consumers



EBITA has grown 86% per annum

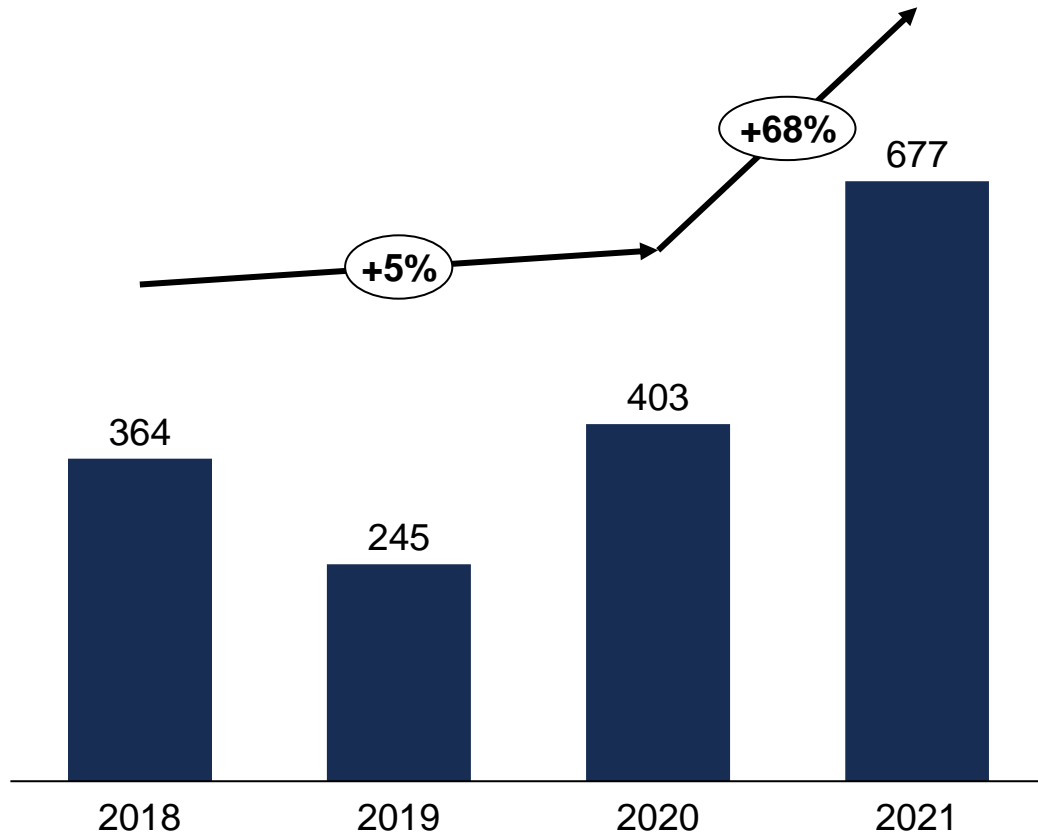


Construction & Services: Acquisitions as a launchpad for growth

We build and maintain a sustainable society

EBITA has stabilized and is now fast-growing

EBITA, consolidated
(MSEK)



What we do

“We build and maintain
a sustainable society”

Focus areas

Construction &
engineering

Infrastructure

Logistics

Acquisitions 2021

Vestia

Presis Infra

Dream Logistics

Favorable trends

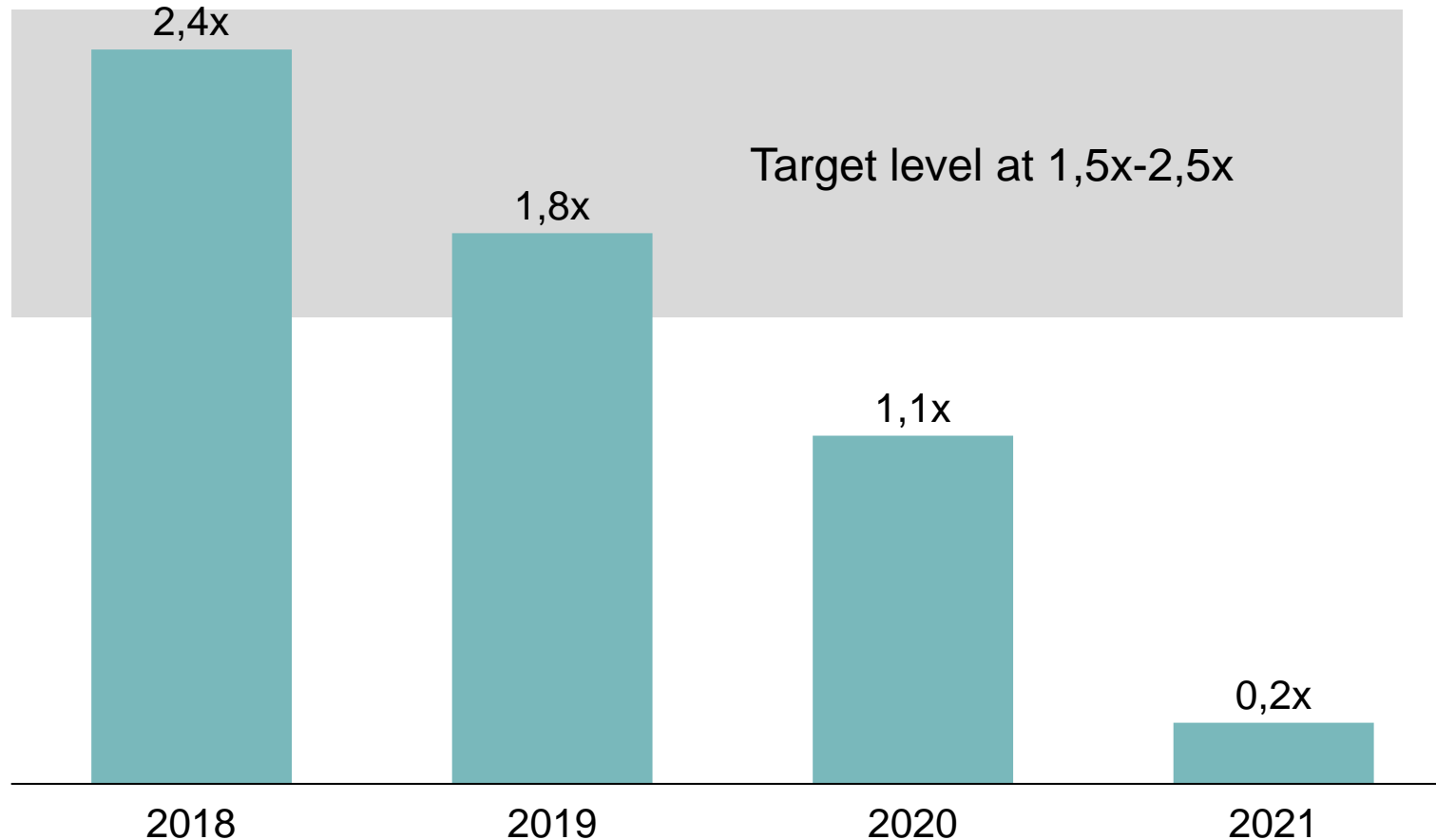
Urbanization

Infrastructure upgrading

Climate change
and resource scarcity

Strong balance sheet, resulting in large headroom for investment - 6.5 bn SEK

Leverage (Net Debt/EBITDA)

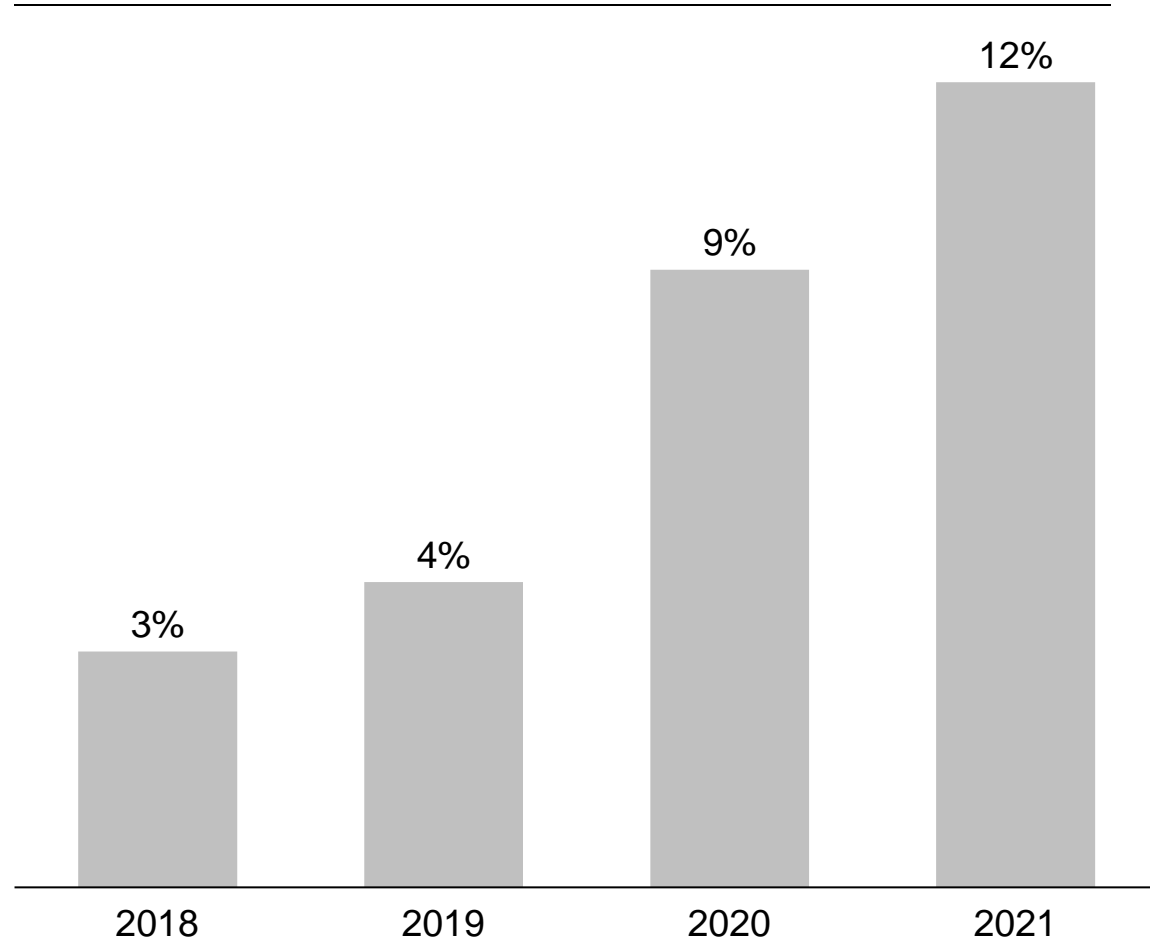


Comments

- Leverage has improved over the last four years driven by increased stability and profitability resulting in a strong cash flow
- Target level at 1,5x-2,5x
- Leverage may temporarily exceed the target level e.g., in connection with acquisitions
- Acquisitions of 6.5 bn SEK possible with a maintained leverage < 2.5x

Return on capital employed

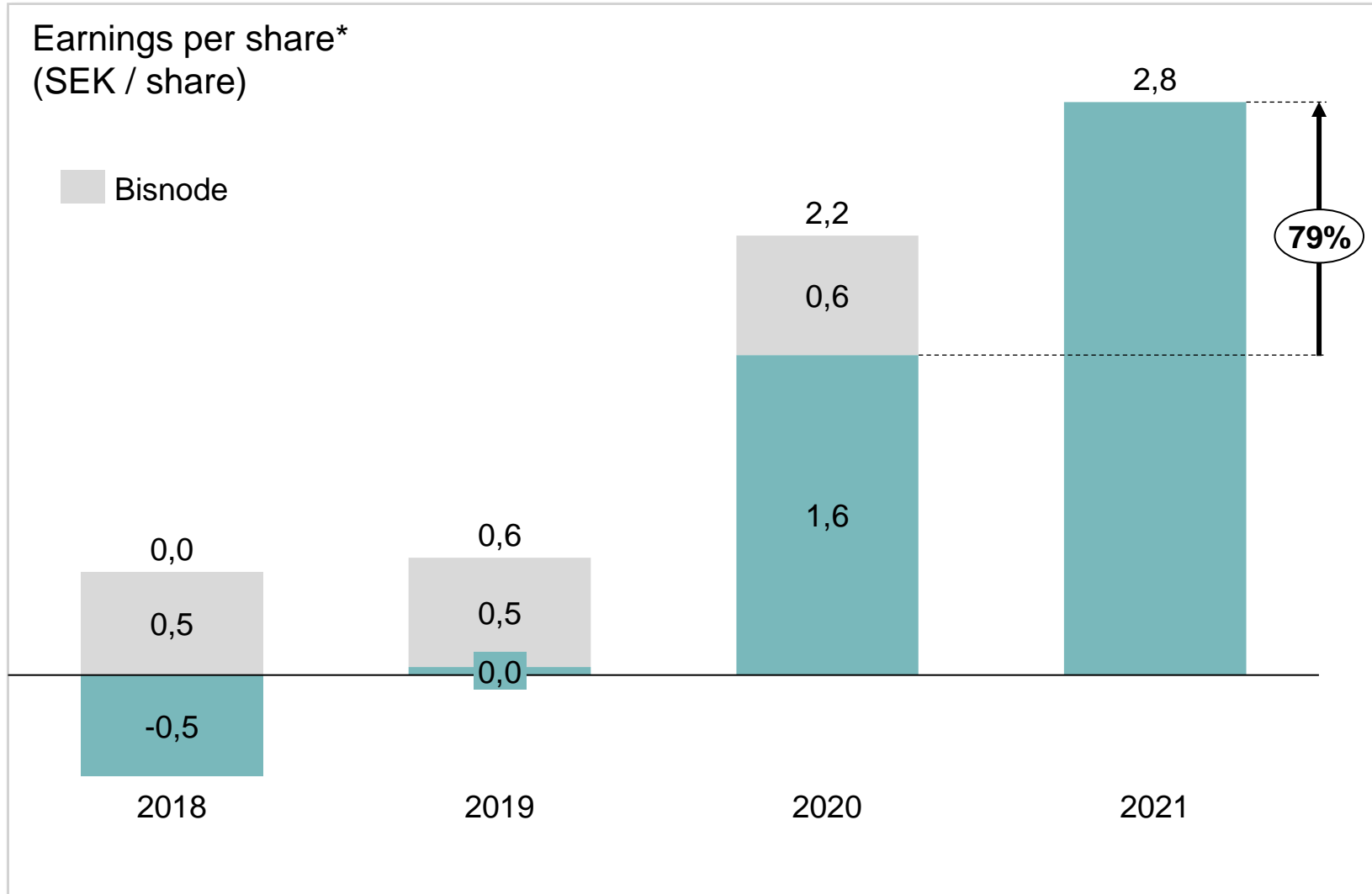
ROCE %



Comments

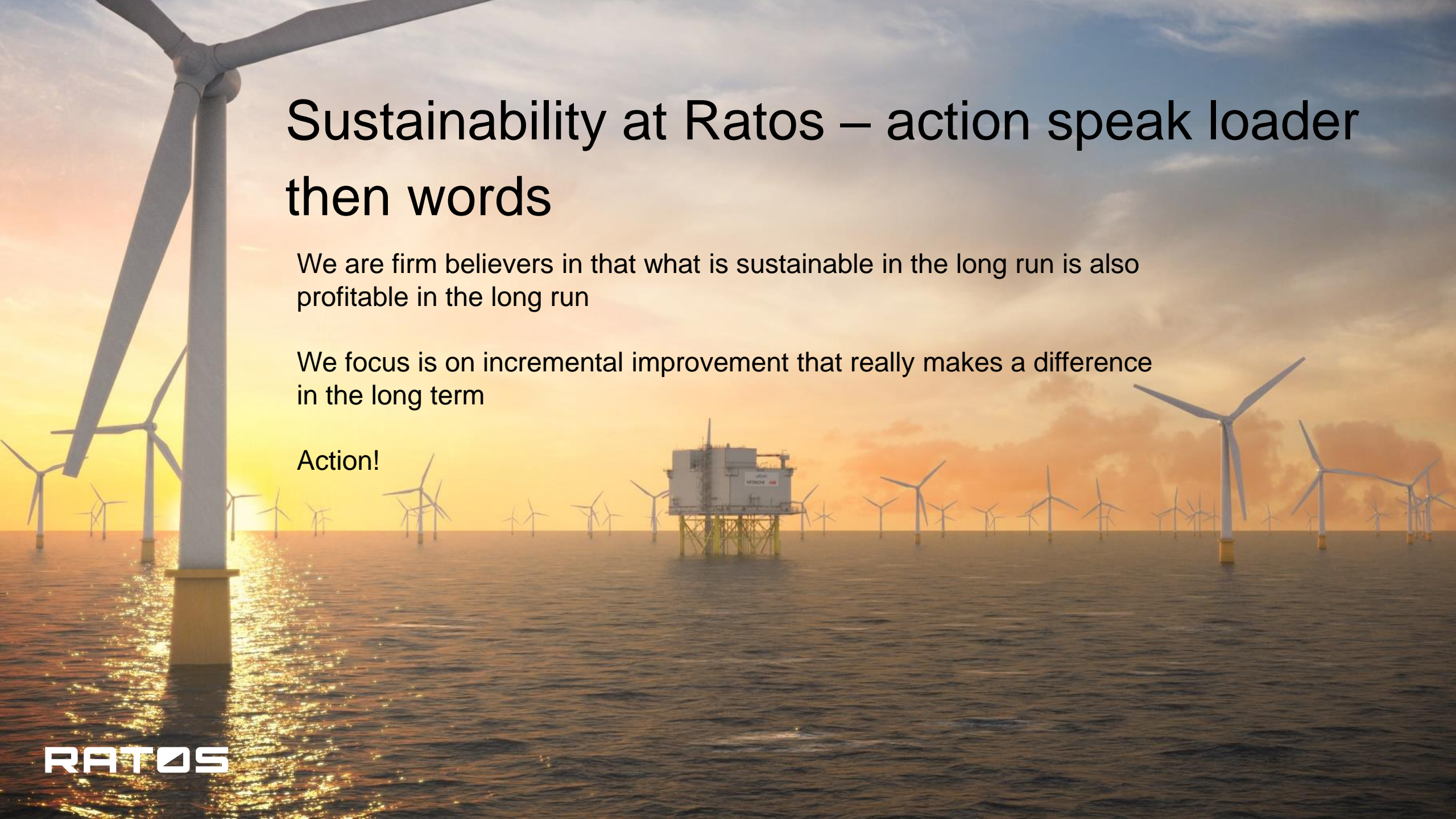
- Strong development 2018 – 2021
- A 3 ppt increase versus last year
- Improved earnings has contributed to an improved ROCE

Significantly improved earnings per share



Comments

- Significantly increased EPS as a result of improved net financial items and lowered tax cost
- Improved net financial items by +40%, effect of centralized financing
- The effective tax rate for the year was 13%, result of utilizing Ratos AB's tax loss carried forward and group contributions
- The Board of Ratos proposes a dividend of 1.20 SEK per share (0.95)

An offshore wind farm at sunset. The sky is a mix of orange, yellow, and blue. The water is dark with a shimmering reflection of the sun. In the foreground, a large white wind turbine is partially visible on the left. In the middle ground, a central service platform is visible, surrounded by many other wind turbines stretching into the distance.

Sustainability at Ratos – action speak loader then words

We are firm believers in that what is sustainable in the long run is also profitable in the long run

We focus is on incremental improvement that really makes a difference in the long term

Action!

Plantagen – Reduce carbon emissions by 50%

- 100% Green energy since 2021
- Reduced CO2 emission by almost 50% since last year
- Reduced waste by 26% since 2018
- 35% of all plants sold are locally sourced



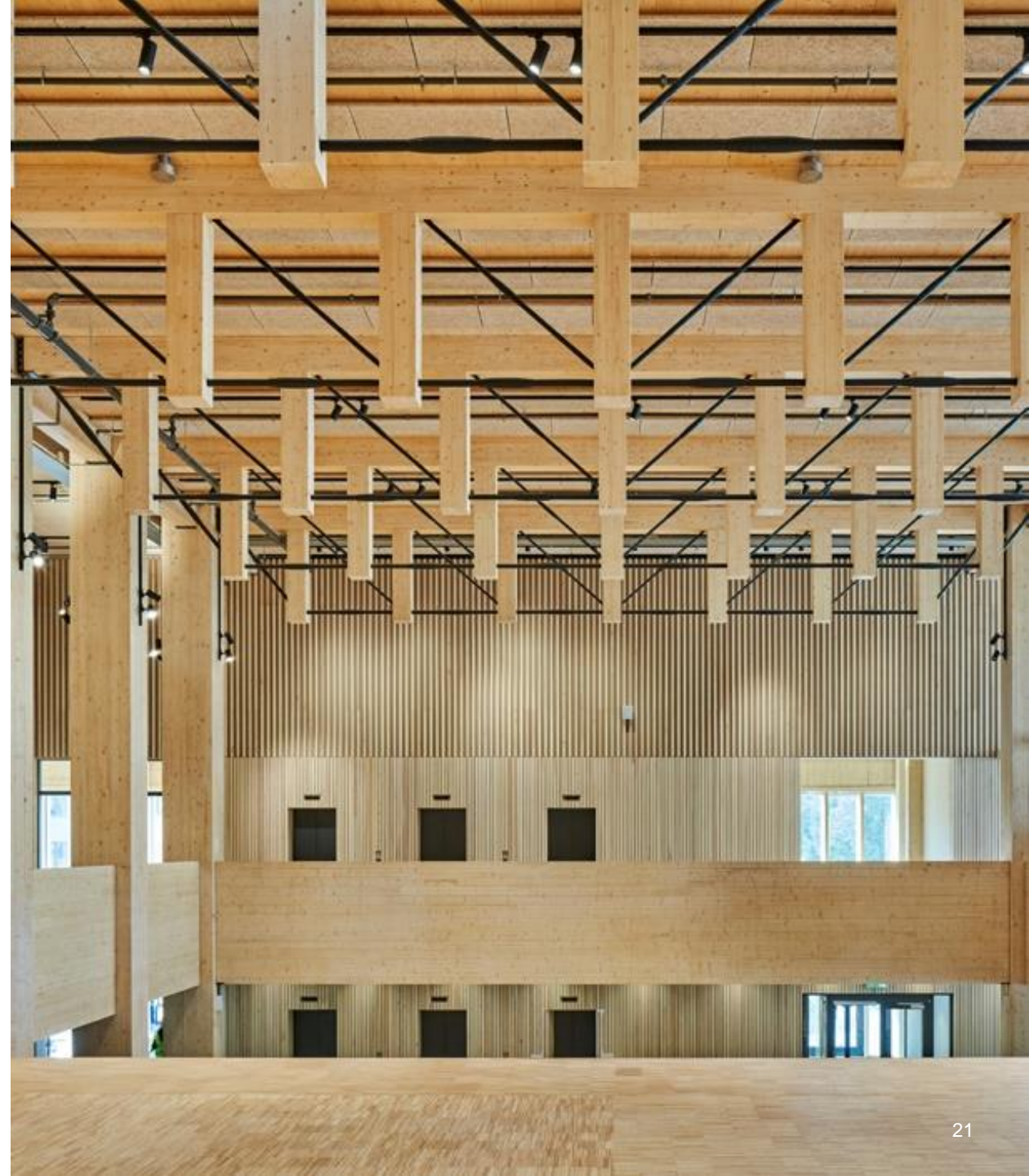


Aibel 64% of orderbook in renewables & electrification

- 64% of the order book offshore wind and electrification projects
- Sustainabilitycs awarded Aibel a Top ESG rating – 1st percentile in the energy services industry
- The latest electrification contracts awarded to Aibel during the quarter help reduce CO2 emissions by more than 800,000 tonnes per year, representing a 1.5% reduction in Norway's total emissions

HENT – sustainable buildings

- The office project Foajén in Malmö was one of Sweden's first WELL-certified projects, focusing on health and well-being
- In 2019, nominated for “Environmental Building, of the Year” with Danderyd's New Emergency Department in Sweden
- World leader in wooden construction, with the world's tallest wooden house, Mjøstårnet (Brumunddal, Norway) in the portfolio
- The world's second tallest wooden house, Sara Kulturhus in Skellefteå





Speed reduce carbon footprint by 40%

- Speed Group reduced its carbon footprint by 40% in 2021 (compared with 2020)
- Ahead of plan in its ambition to be carbon neutral by 2025
- Speed Group has divested energy-inefficient properties and optimised warehouse spaces
- Emissions from fossil fuels have also declined as their vehicle fleet has transitioned to electric vehicles

Diab – reduce carbon footprint by 46%

- Diab Group decided in 2016 that the carbon footprint of a group carbon reduction plan, in 2018 Diab got the targets approved by the Science Based Target initiative, first in core materials industry and still is ahead of competition
- Diab reduction program covers Scope 1, 2 & 3 and the result of the program so far has reduced the intensity of an average product from 11 kg CO₂(eq)/kg down to 5,9 kg CO₂(eq)/kg product, a reduction of 46% from 2016 until 2021
- Diab efforts are appreciated by our key customers →
- The introduction of renewable electricity in Sweden, Ecuador, Italy and Lithuania and a switch from fossil natural gas to solid biofuel in Laholm has had a major impact on the Scope 1 & 2
- The transition into new products using PET raw materials has driven the reduction in scope 3

CERTIFICATE OF CIRCULARITY COMMITMENT

This certificate is proudly presented to

Diab Group AB

who has agreed with Vestas on circularity deliverables,
and thereby committed to working towards
a sustainable future.

Vestas Wind Systems A/S



Going forward

- A Ratos company will strive to be an ESG leader in its industry by supporting and strengthening current ESG trends in the long term
- Ratos focuses on incremental improvement in industries that have historically had far too heavy a climate footprint. Here we make a really big difference

Ahead of plan

①

Turnaround completed

All time high earnings
In 9 companies

EPS +79%

②

Acquisition journey started

+400 MSEK EBITA acquired during
2021

③

Strong balance sheet

6,5 bn SEK in undeployed
capital

Ratos class B shares 2021

- Total return 2021: 53.7% (SIX Return Index: 39.3%)
- Number of shareholders by 31 december 2021 was 73,741 compared to 53,357 end of 2020
- Turnover (total sold shares during the year divided with number of outstanding shares at year-end) in class B shares B-aktien was 74%

What sets us apart

We build on the best from Industrials and Private Equity to build earnings per share

Operational focus

We believe value is created through Operational excellence (>90%) rather than Strategy (<10%)

Impatient

We focus on pricing, gross margin, opex & cash flow

Incentives

We have long term equity-based incentives to recruit and retain the best



Fundamentals

We create fundamental value through EBITA, cash flow, ROCE, EPS.



Goals for 2022

- To continue to create shareholder value in an increasingly unpredictable operational environment (from pandemic to new security situation in Europe)
- To increase growth - organically and through acquisitions
- To gain more soft synergies through more focused business areas over time

An aerial photograph of a long, multi-span bridge crossing a vast body of water. The bridge features several cable-stayed sections supported by tall, white concrete pylons. The water is a deep blue-green color, and the sky is a pale, hazy blue. The bridge extends from the bottom left towards the top right of the frame.

Relentless
since 1866

www.ratos.com

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