

# Presentation – Q2 2023

19 July 2023



# Second quarter: increased EBITA, strong cash flow and decreased leverage

**Net sales  
SEK 10,001m  
growth +19%**



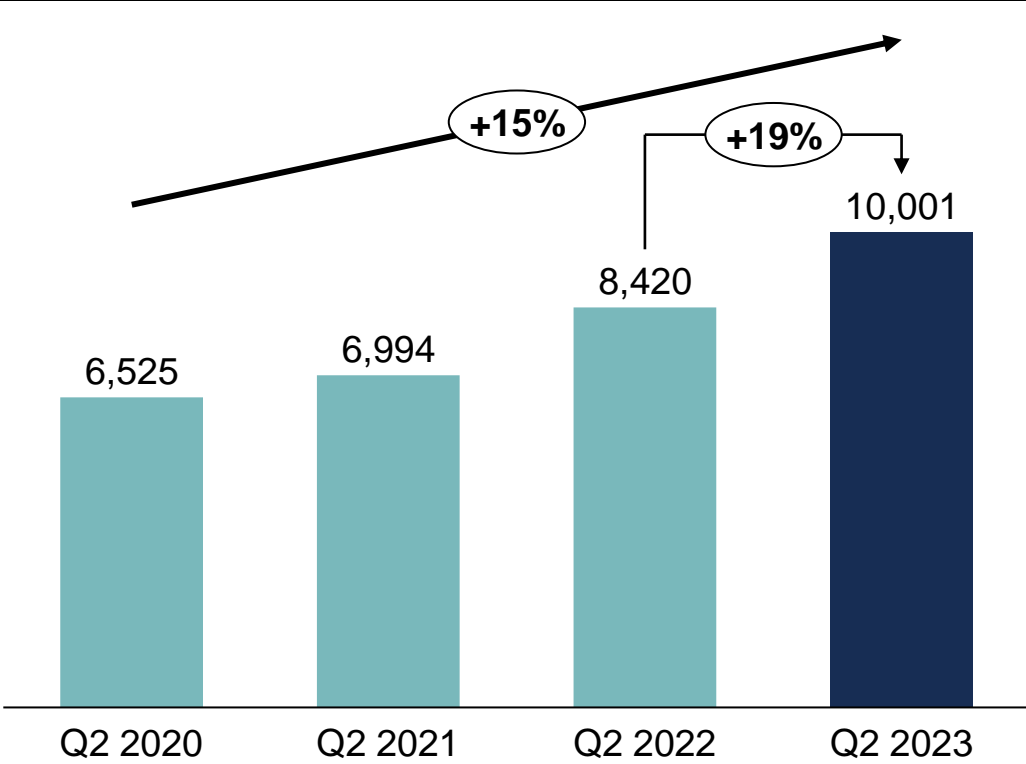
- Adj EBITA +12% (+9% organically)
- Strong EBITA growth in Construction & Services and Industry
- Plantasjen negatively affected by the weak NOK
- Net sales +19%, whereof organic +7%
- Continued good order intake
- Strong cash flow of 2,024 MSEK (1,054) in the quarter
- Leverage decreased to 1.6x



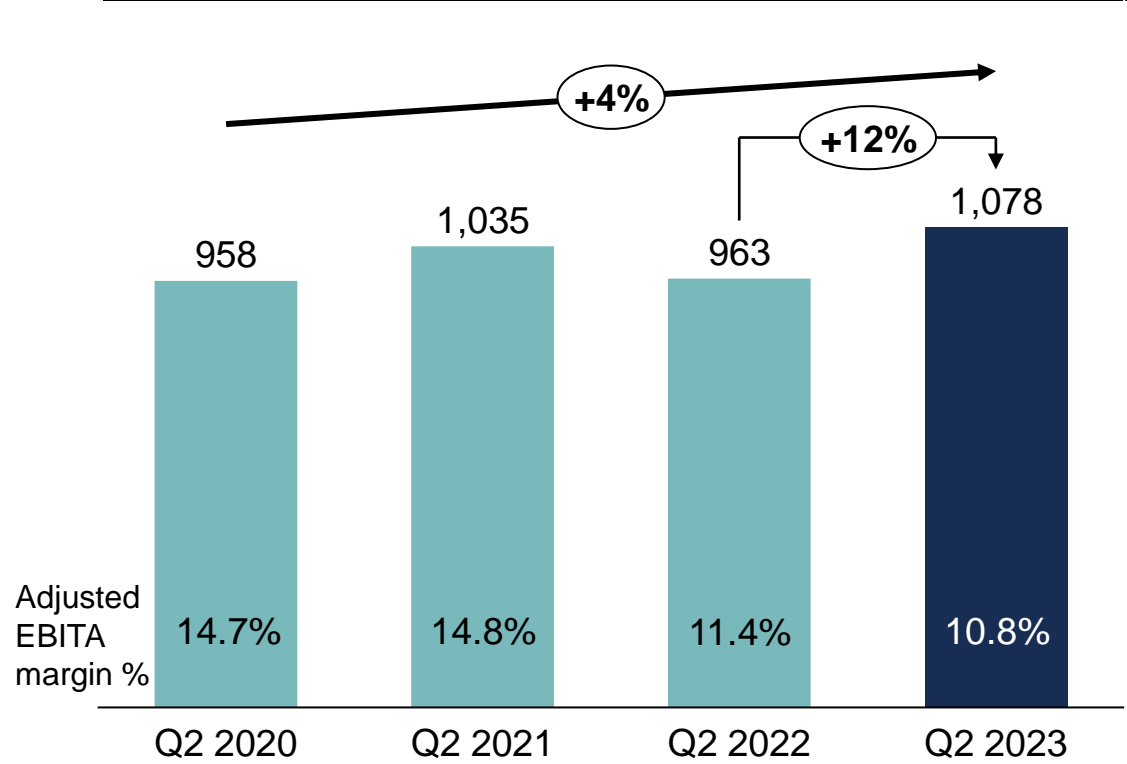
**Adj EBITA SEK 1,078m  
growth +12%**

# Group financials Q2 2023

**Net sales, SEKm**



**Adjusted EBITA, SEKm**



# Business Areas



RATOS

# Construction & Services: Strong growth in net sales and adjusted EBITA

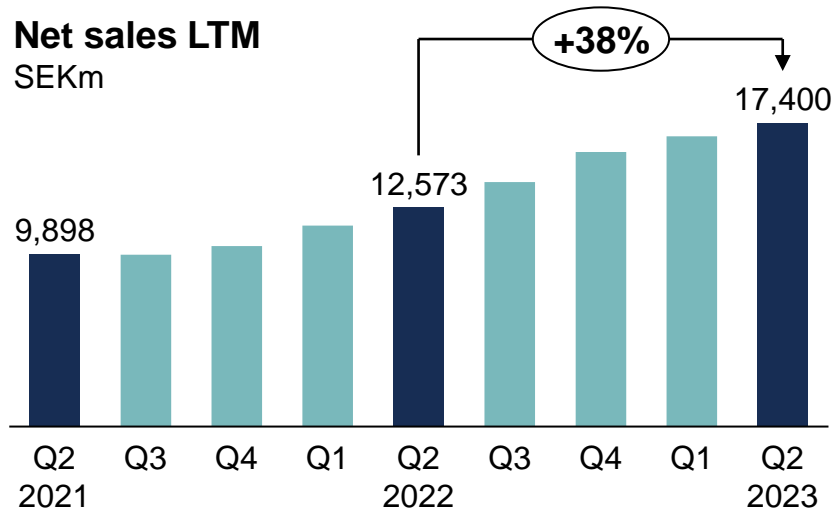
We build and maintain a sustainable society

## Comments

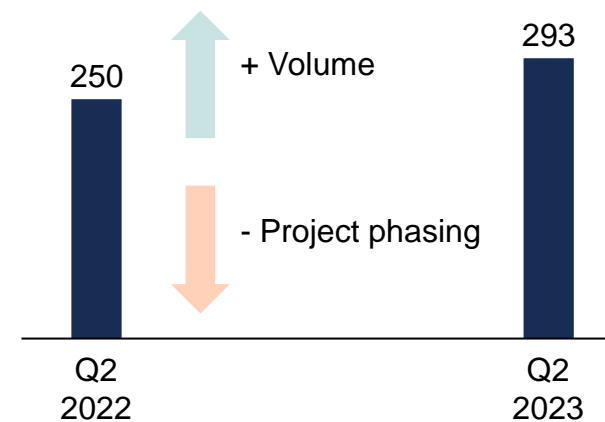
- Order backlog on record high level
- Net sales growth 20%, whereof organic 19%
- Continued strong earnings development in the construction companies with limited exposure in housing construction
- EBITA SEK 293m (250), increased 17%  
EBITA margin down to 6.4% (6.6%) and LTM 6.9%



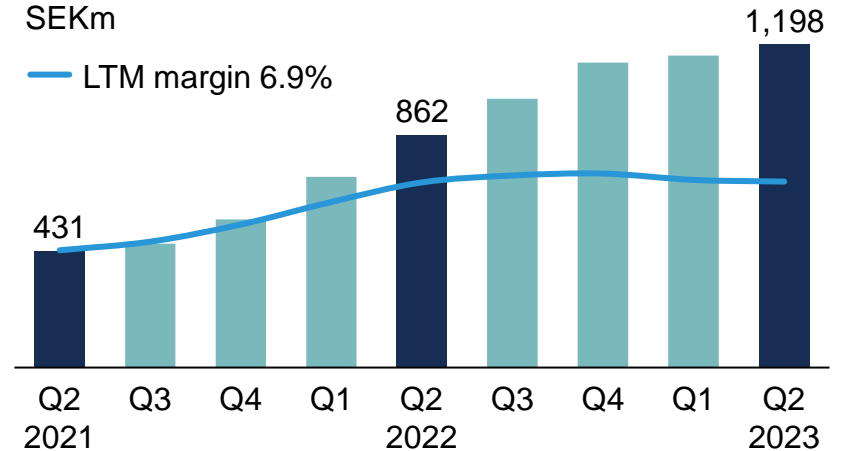
**Net sales LTM**  
SEKm



**EBITA Quarter**  
SEKm



**EBITA LTM**  
SEKm



# Consumer: Strong quarter in Plantasjen

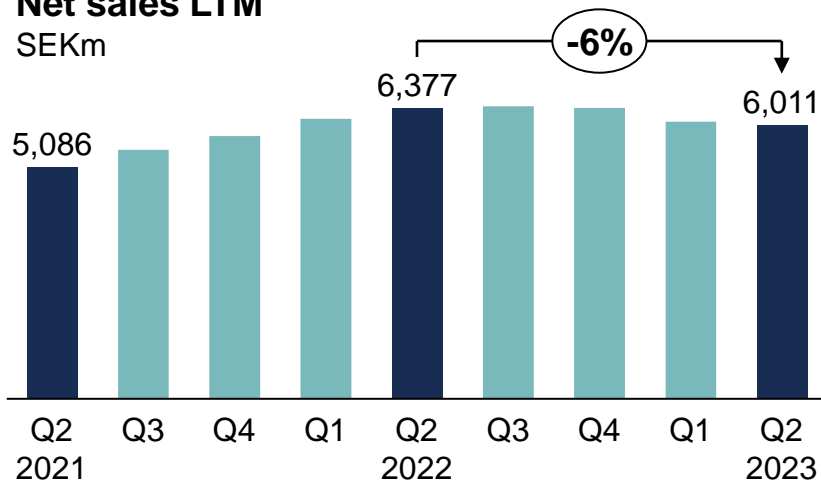
Provide a better and easier life for consumers

## Comments

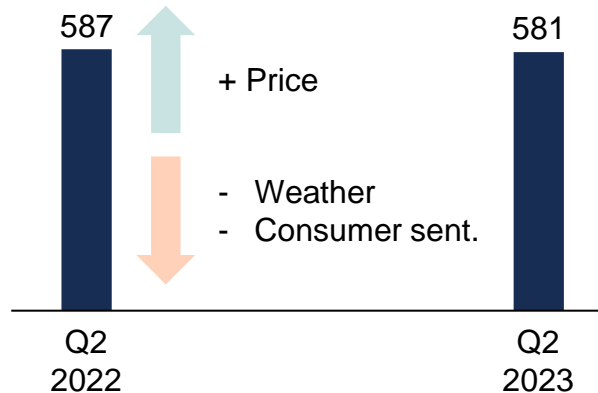
- Net sales declined -3%, whereof -1% organic, driven by lower sales in KVD (-16%) in line with plan
- EBITA SEK 581m (587). Plantasjen's EBITA SEK 543m (565), negatively affected by the weak NOK
- EBITA-margin 22.1% (21.7%) and LTM 3.5%



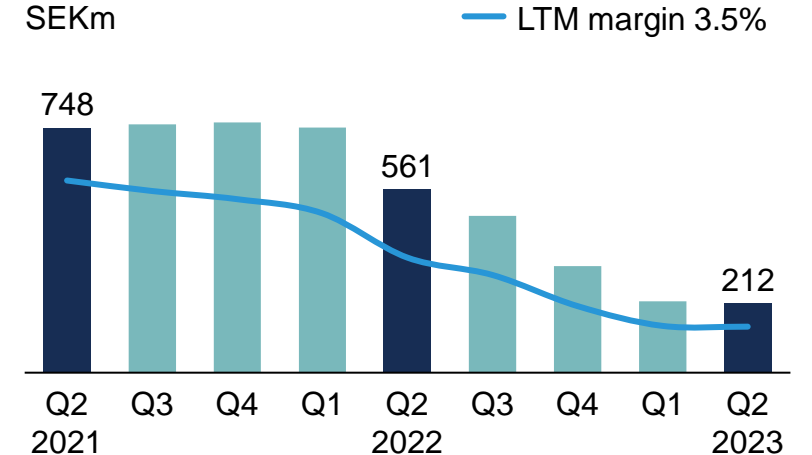
**Net sales LTM**  
SEKm



**EBITA Quarter**  
SEKm



**EBITA LTM**  
SEKm



# Industry: Strong EBITA growth

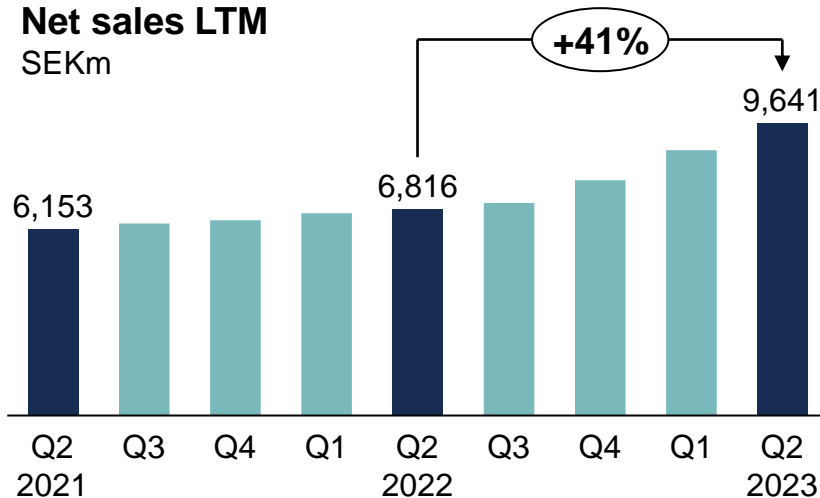
Building industrial market leaders, based in the Nordics exporting to the world

## Comments

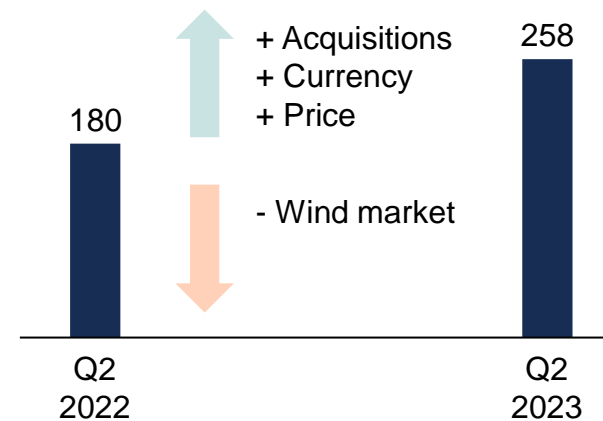
- Net sales increased 46%, whereof -8% organic
- Lower net sales in Speed Group and Oase Outdoors
- Adjusted EBITA SEK 258m (180)
- Adjusted EBITA-margin 9.2% (9.4%) and LTM 9.3%
- Strong EBITA improvement in Diab



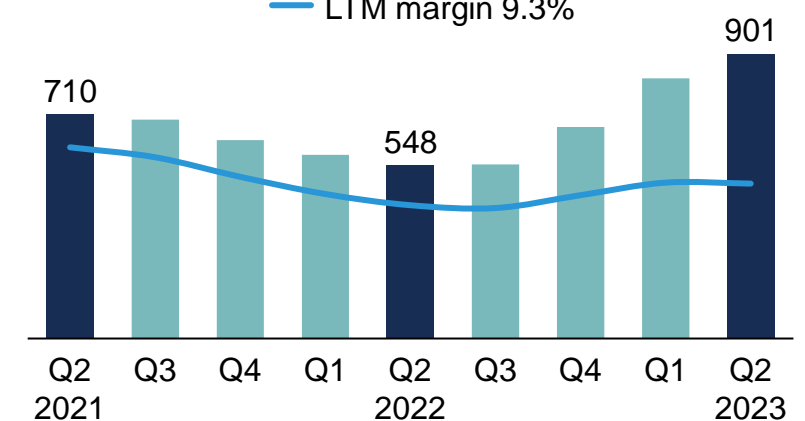
**Net sales LTM**  
SEKm



**Adj EBITA Quarter**  
SEKm



**Adj EBITA LTM**  
SEKm



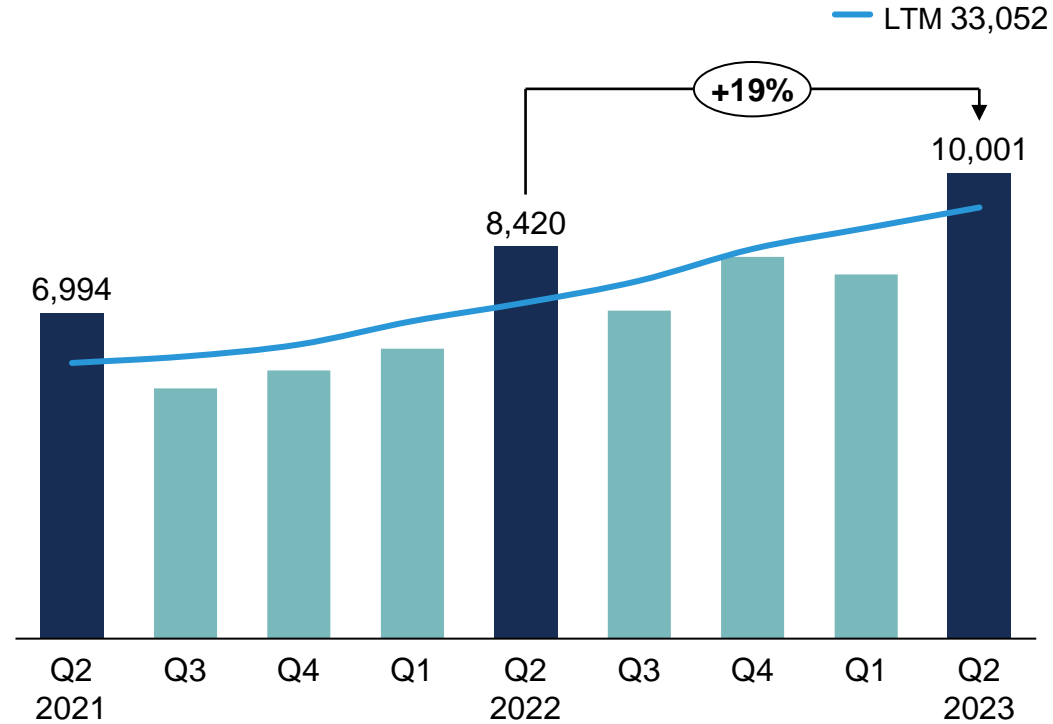


# Financials



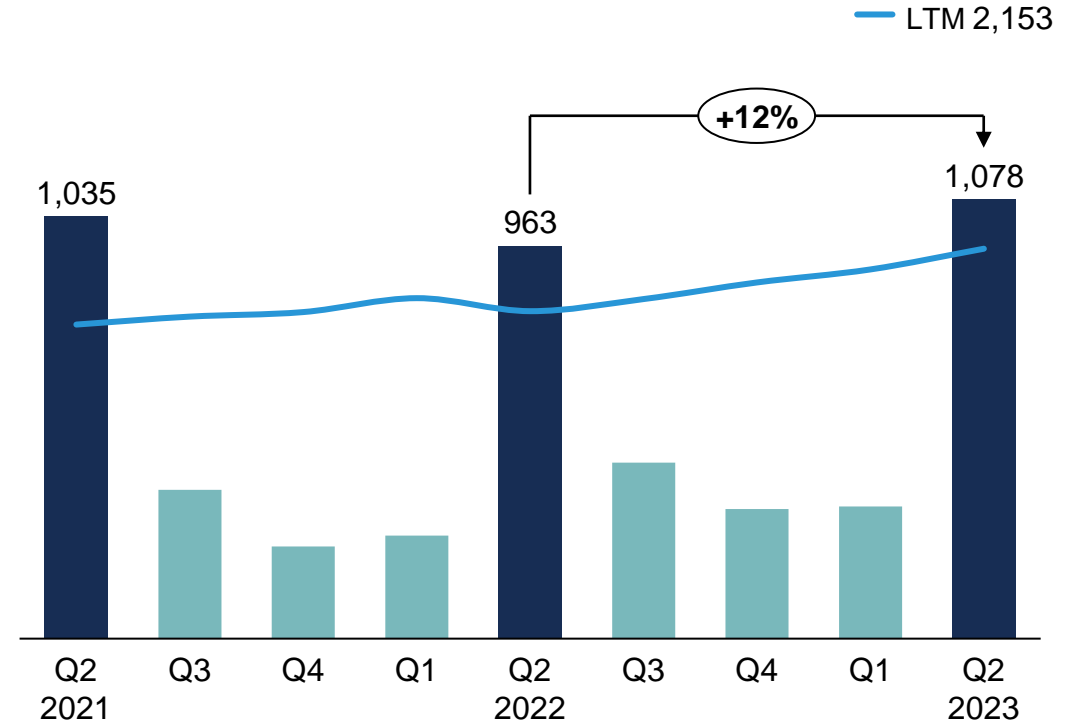
# Net sales and adjusted EBITA

SEKm



Net sales growth of 19% in the quarter whereof 7% organic growth

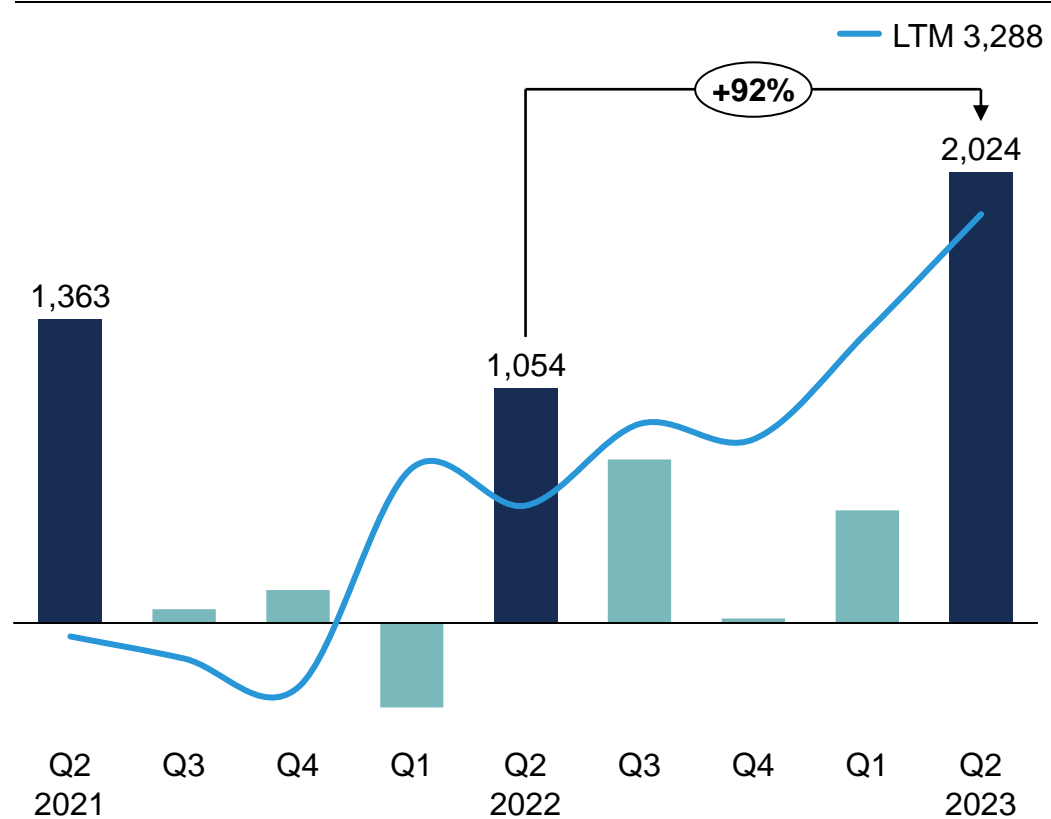
SEKm



Adjusted EBITA growth of 12% in the quarter  
Adjusted EBITA LTM at SEK 2,153m

# Cash flow from operating activities

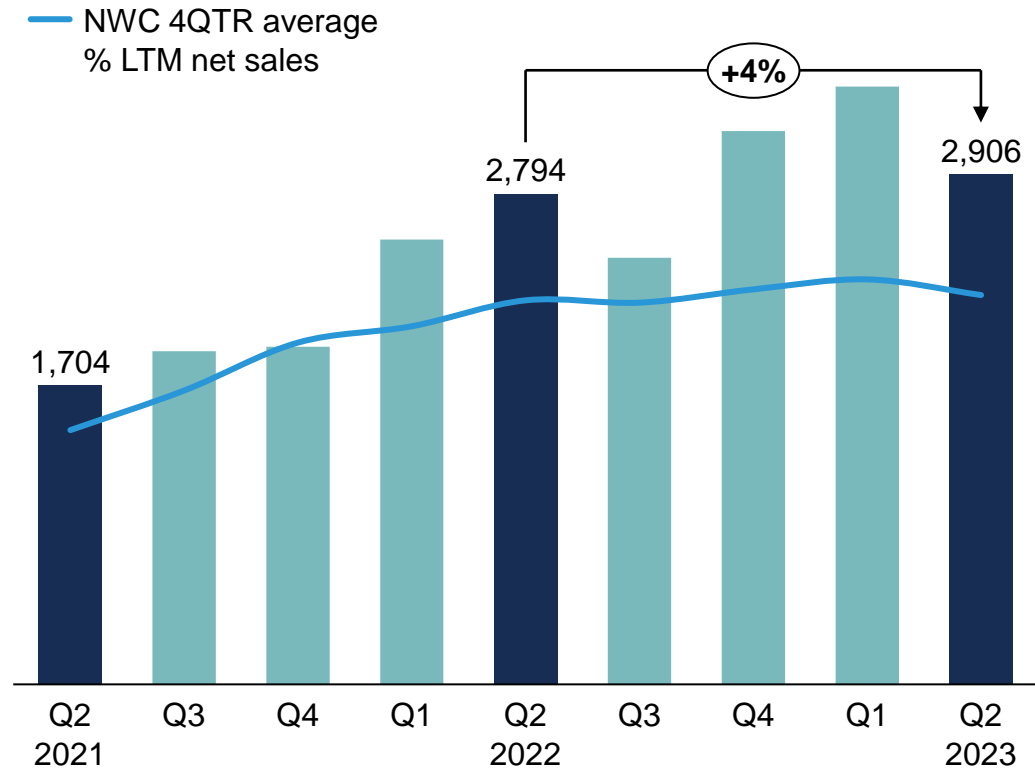
SEKm



Cash flow from operating activities, last 12 months, SEKm	Q2 2023	Q2 2022	FY 2022
EBIT, LTM	2,011	1,516	1,618
Adjustment for non-cash items	1,394	1,051	1,227
Received dividends and financial items, net	-409	-409	-476
Income tax paid	-334	-300	-301
Change in NWC	626	-973	-637
<b>Cash flow from operating activities, LTM</b>	<b>3,288</b>	<b>885</b>	<b>1,431</b>
Cash conversion, as % of EBITA	153%	49%	73%

# Net working capital

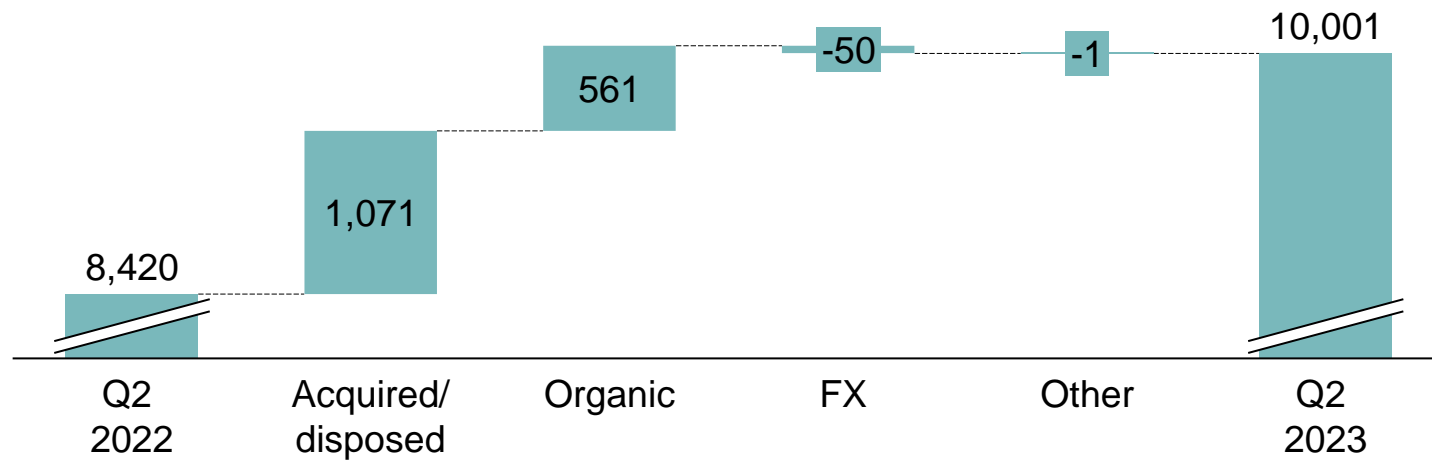
SEKm



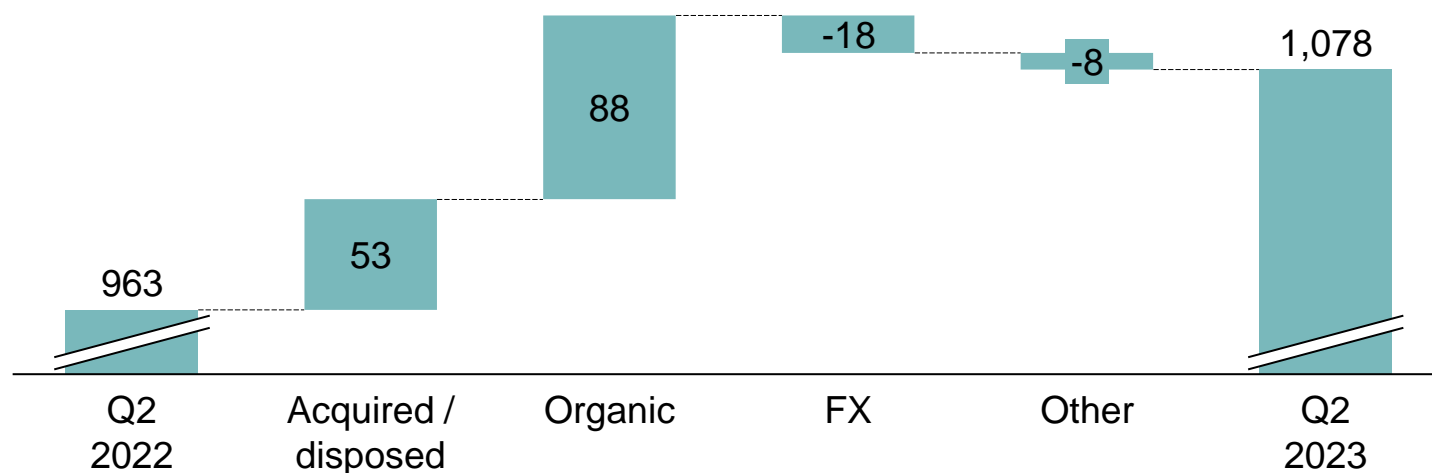
Net working capital, SEKm	Q2 2023	Q2 2022	FY 2022
Inventories	2,401	2,487	2,477
Trade receivables	4,023	3,351	4,127
Contract assets	1,046	845	1,250
Accounts payable	2,804	2,872	2,951
Contract liabilities	1,760	1,017	1,750
<b>Net working capital</b>	<b>2,906</b>	<b>2,794</b>	<b>3,153</b>
% of LTM net sales, 4QTR average	9.0%	8.9%	9.1%

# Strong organic EBITA growth in the quarter

Net sales bridge, SEKm



Adj EBITA bridge, SEKm



## Comments

### Net sales

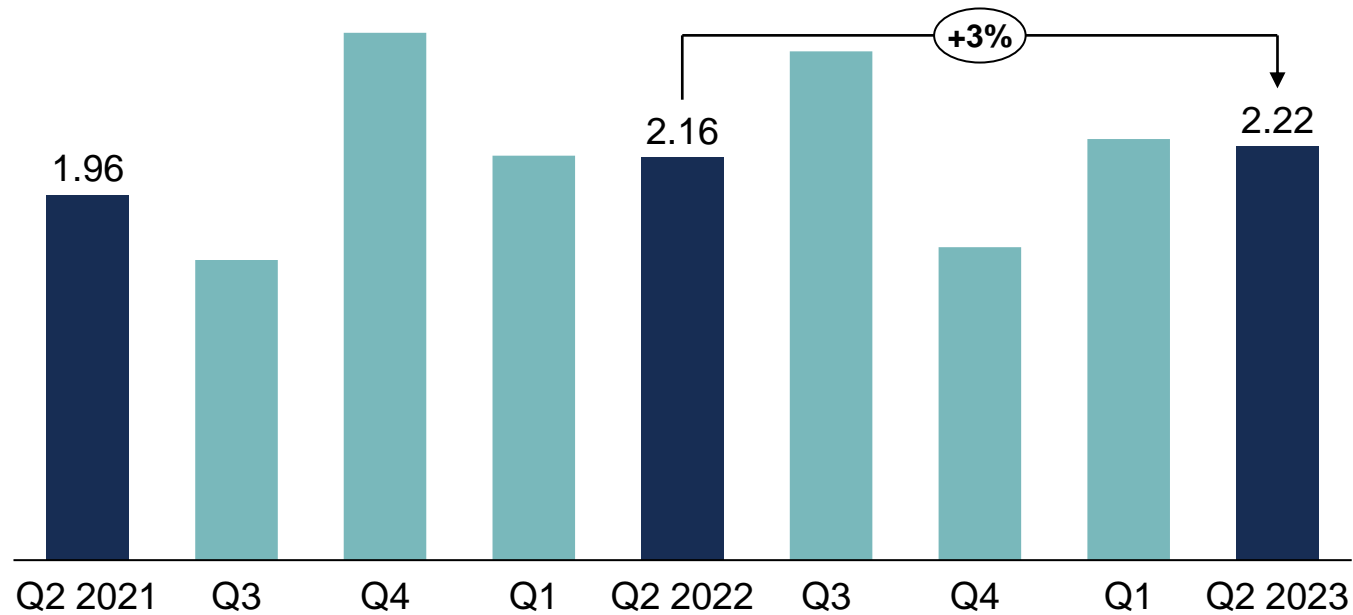
- Strong organic net sales growth in the quarter
- Net sales up 19%, of which 13% acquired and 7% organic

### EBITA

- Acquired EBITA growth mainly due to the acquisitions of Semcon and Knightec
- Strong organic growth in Construction & Service and Industry
- Negative FX-effects due to weak NOK
- One-off effects related to restructuring

# Increased EPS – improved earnings after tax

LTM EPS, SEK

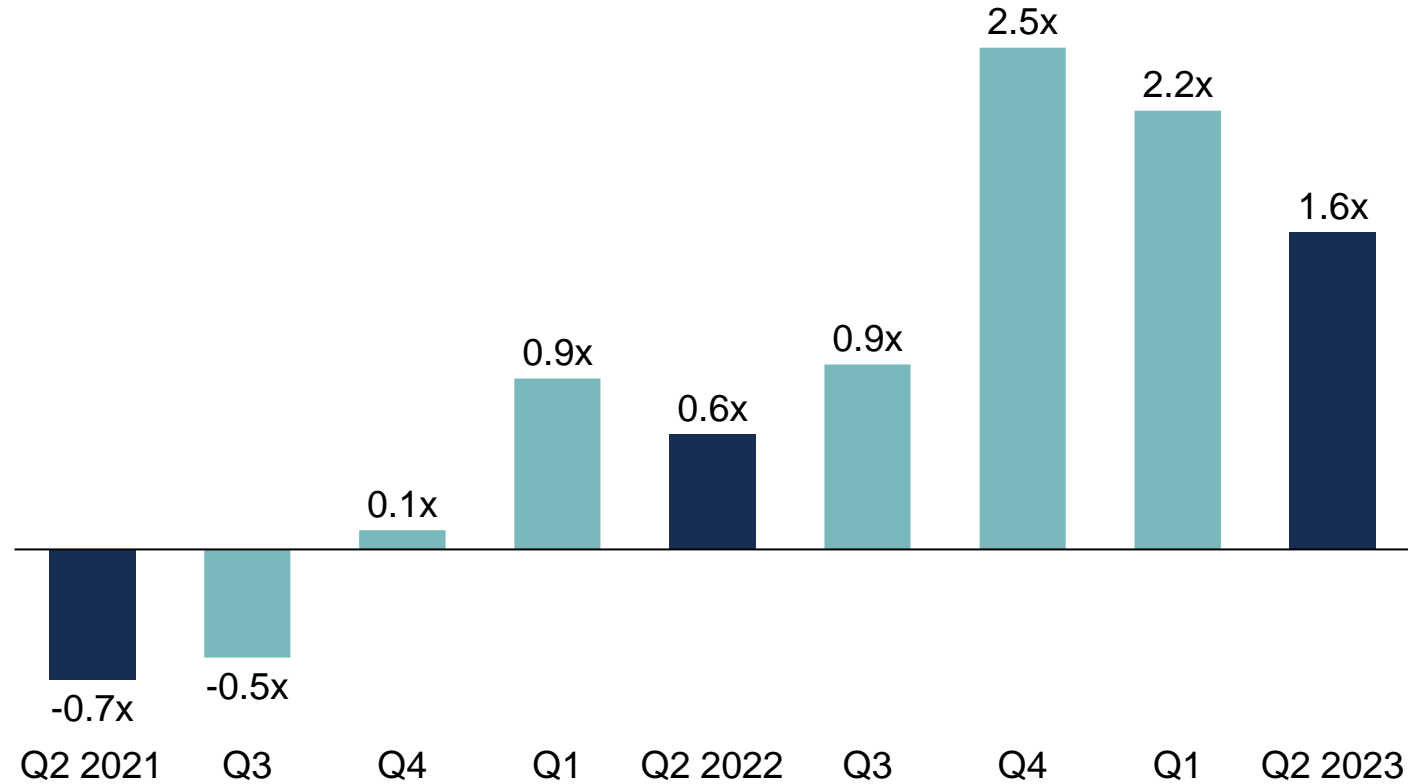


## Comments

- LTM EPS increased 3%
  - Improved EBITA
- EPS Q2 2023, SEK 1.79 (1.83)
- Finance net -207 MSEK (-100)

# Leverage development

## Leverage

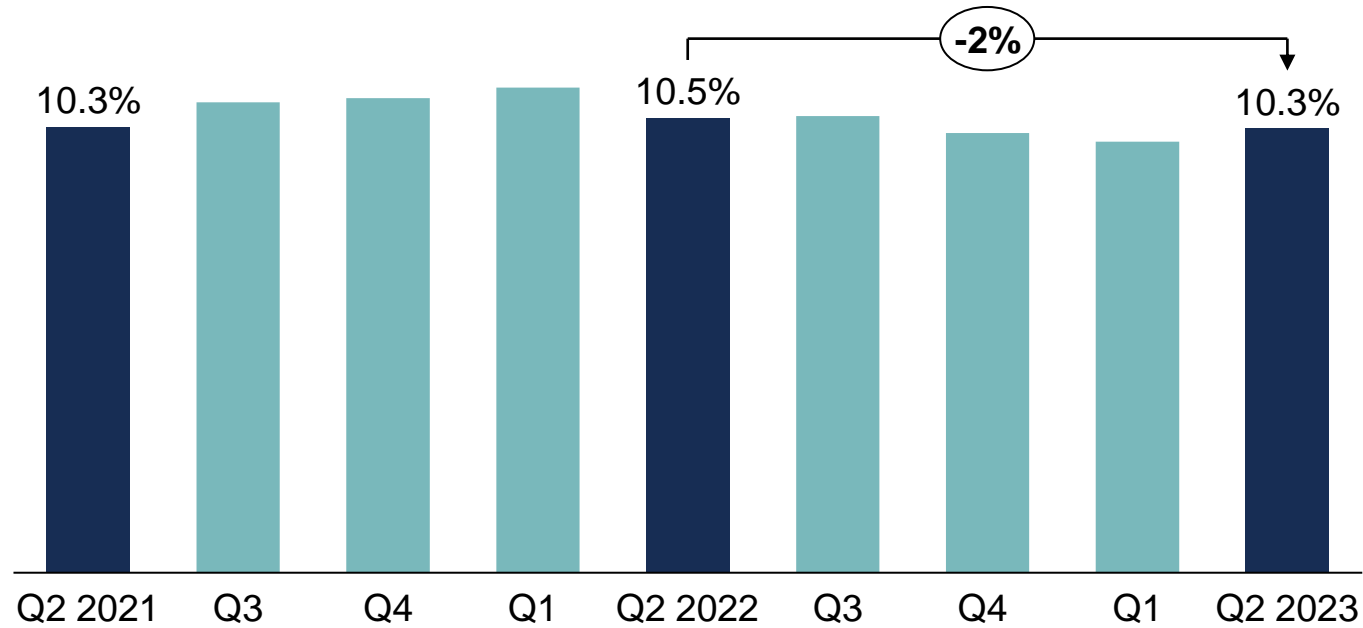


## Comments

- Leverage at 1.6x in Q2 2023, in the lower target range (1.5x – 2.5x)
- Decreased leverage in the quarter due to strong cash flow and increased LTM EBITDA
- Net debt SEK 3,750m (1,006)

# ROCE

## LTM ROCE

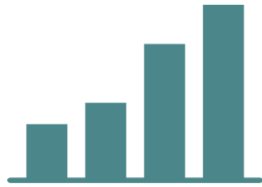


## Comments

- Down from 10.5% to 10.3% compared to last year
- Negative effect as a result of acquisitions where capital employed has an immediate effect in the balance sheet while EBITA gradually improves (LTM)

# 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.



# Final Remarks

**RATOS**

# A strong quarter for Ratos

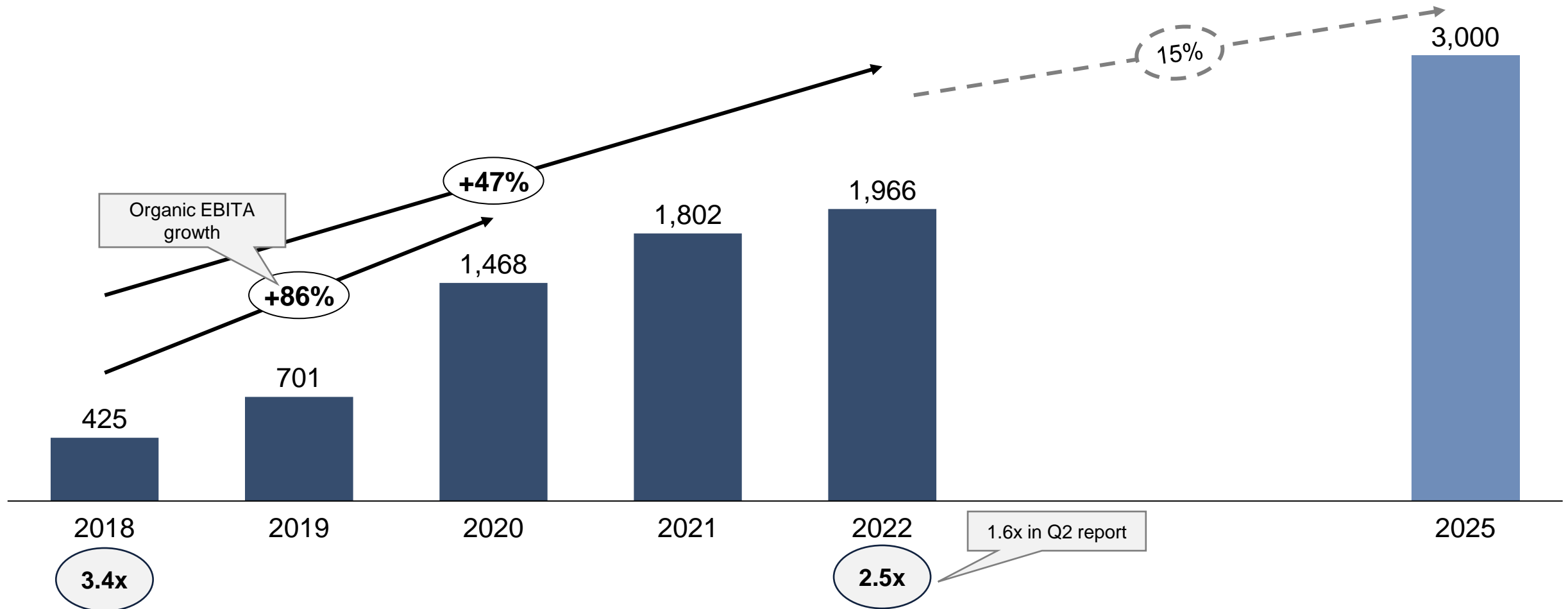
**A group of market leaders  
with a strong culture and  
being part of something  
larger**



**Ratos is a group with focus  
on technology and  
infrastructure solutions**

- Adj EBITA +12% (+9% organically)
- Net sales +19%, whereof organic +7%
- Good order intake and record high order backlog
- Strong cash flow and decreased leverage
- Our transformation to a group focused on technology and infrastructure solutions continues and will accelerate in an improved M&A market

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



\*Based on current structure, all exit gains, sale of property & revaluation of D&B shares excluded

# Q&A