

Presentation – Q3 2023

23 October 2023



Third quarter: strong cash flow, decreased leverage and EBITA increased +20%

**Net sales
SEK 7 971m
growth +13%**

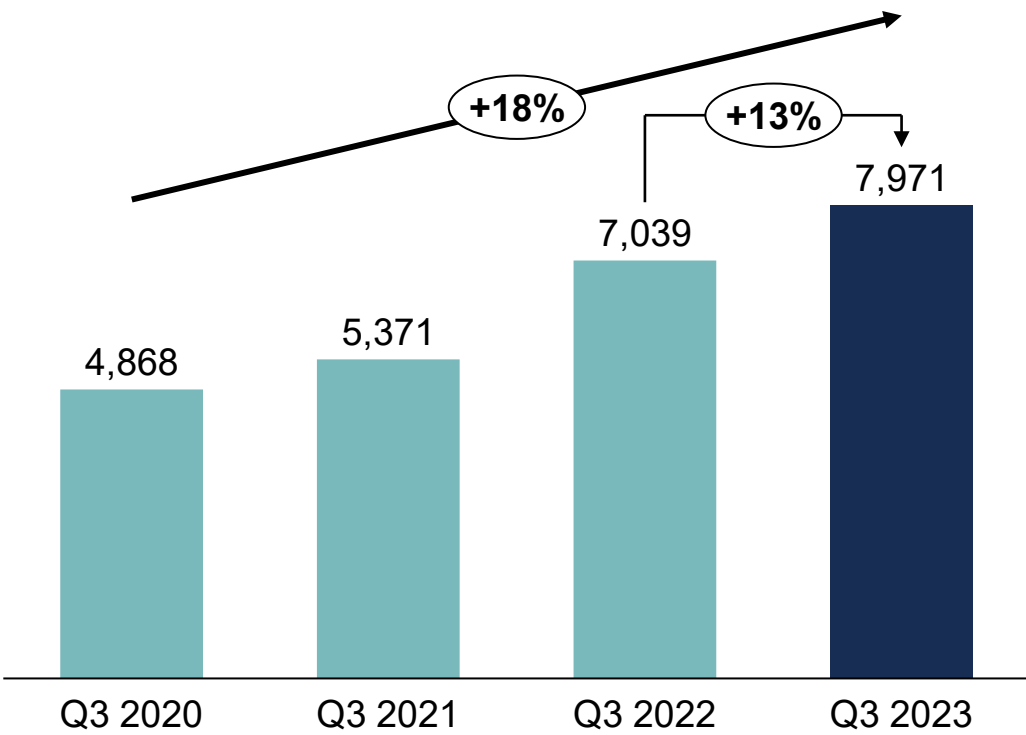


**Adj EBITA SEK 517m
growth +20%**

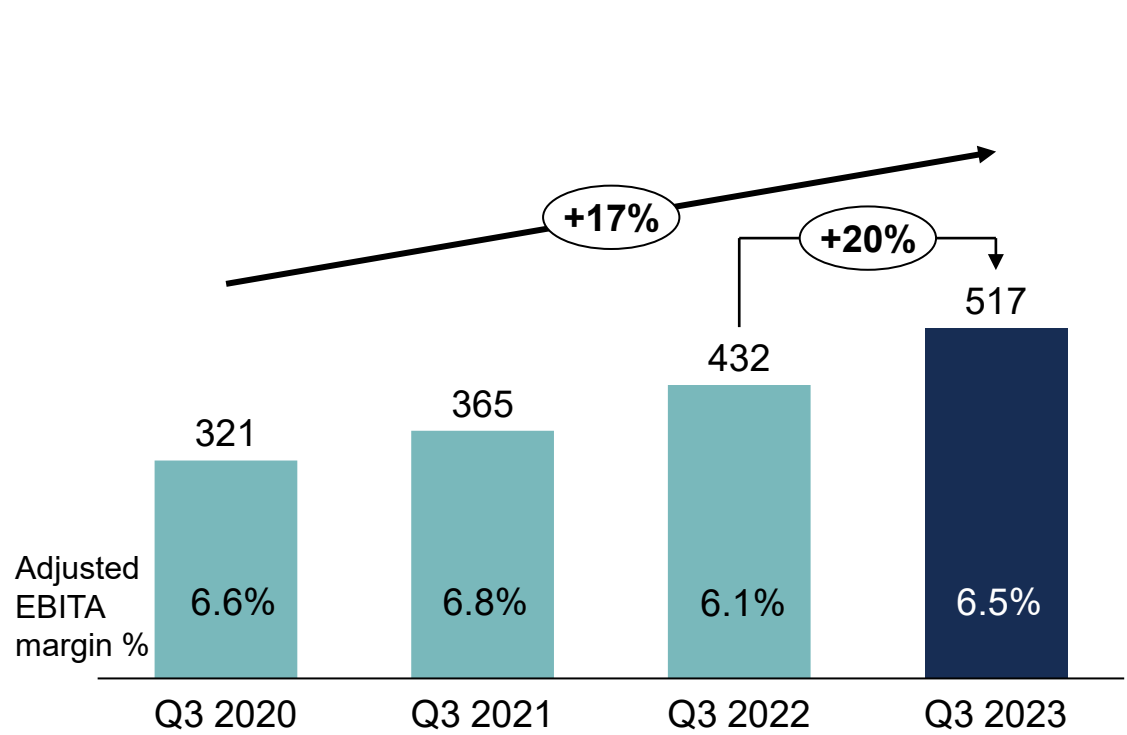
- Adj EBITA +20%
- Strong EBITA growth in Construction & Services and Industry
- Plantasjen EBITA negatively affected by planned inventory reduction program
- Net sales +13%, whereof organic +2%
- Strong cash flow of 862 MSEK (736) in the quarter
- Leverage decreased to 1.3x

Group financials Q3 2023

Net sales, SEKm



Adjusted EBITA, SEKm



Business Areas

RATOS

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

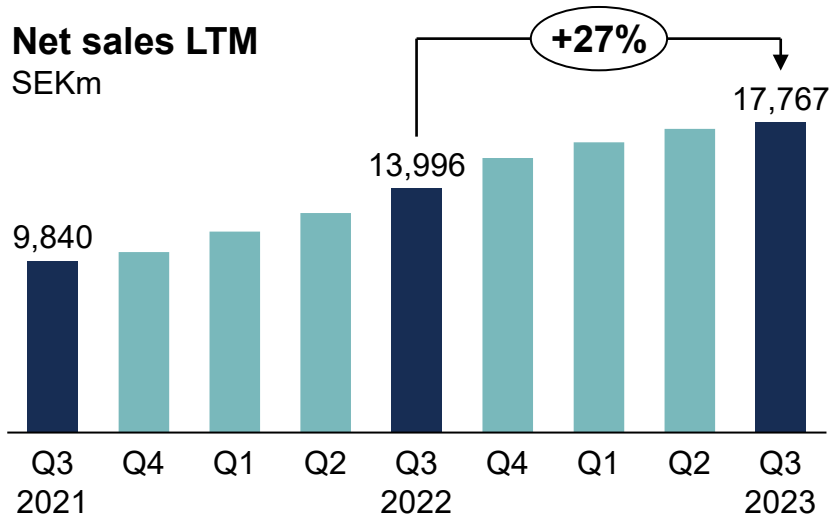
We build and maintain a sustainable society

Comments

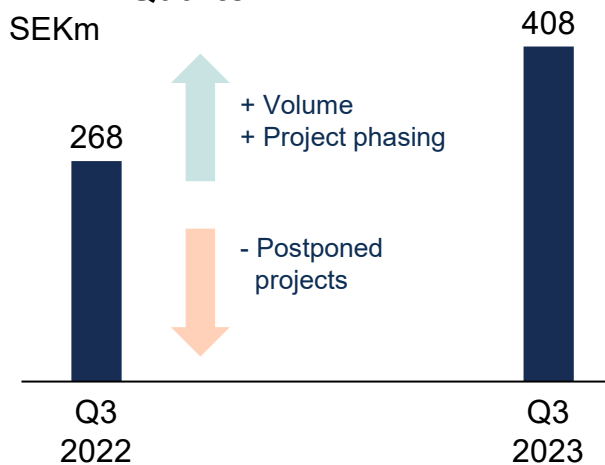
- Net sales growth 10%, organic 10%
- Well prepared for a more challenging market (orderbook and low presence in residential construction)
- Strong EBITA in HENT and Aibel due to project phasing
- EBITA SEK 408m (268), increased 52%
EBITA margin up to 9.8% (7.1%) and LTM 7.5%



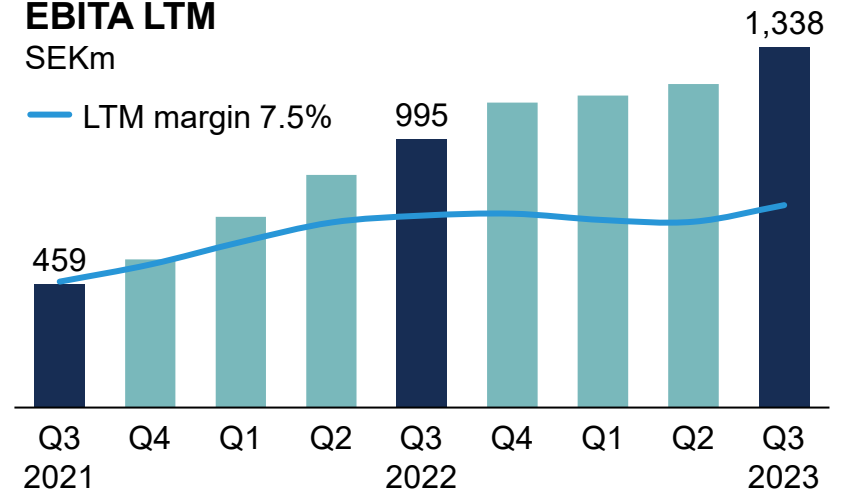
Net sales LTM
SEKm



EBITA Quarter
SEKm



EBITA LTM
SEKm



Industry: Strong EBITA growth

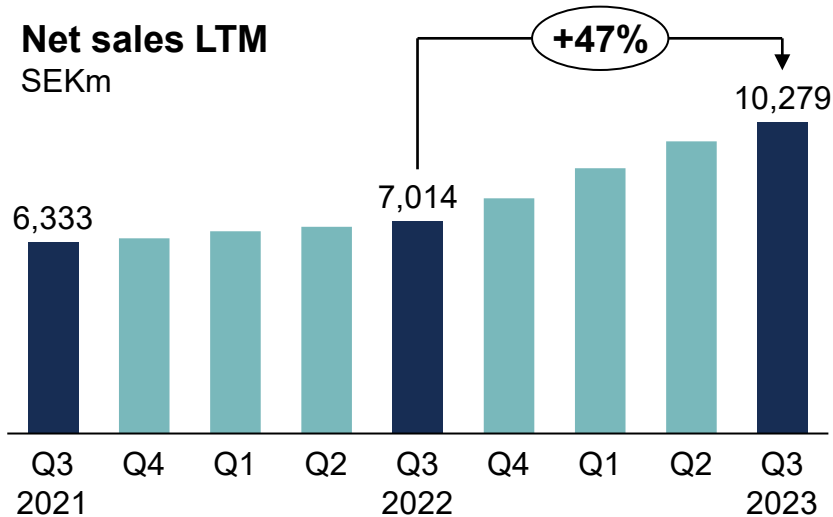
Building industrial market leaders, based in the Nordics exporting to the world

Comments

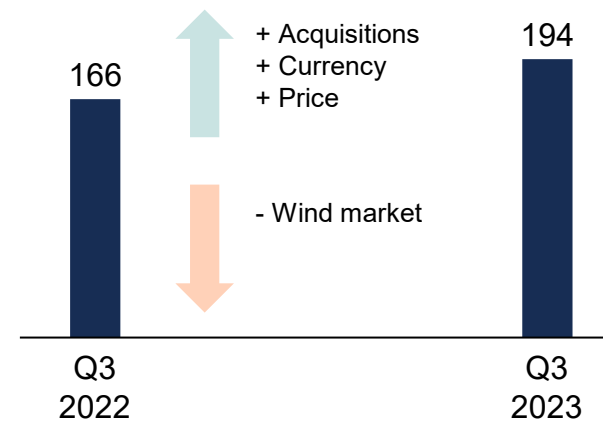
- Net sales increased 35%, whereof -8% organic
- Continued low net sales in Diab wind segment and in Speed Group
- Adjusted EBITA SEK 194m (166)
- Adjusted EBITA-margin 7.9% (9.1%) and LTM 9.0%
- Diab reported a continued strong EBITA improvement



Net sales LTM
SEKm



Adj EBITA Quarter
SEKm



Adj EBITA LTM
SEKm



Consumer: Inventory reduction program in Plantasjen

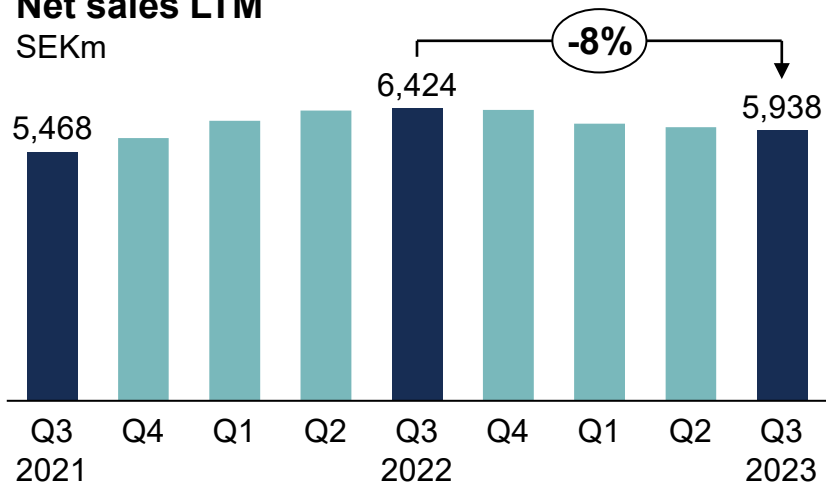
Provide a better and easier life for consumers

Comments

- Net sales declined -5%, -5% organic, driven by lower sales in KVD in line with plan
- EBITA SEK -67m (10). Plantasjen's EBITA SEK -100m (6), negatively affected by inventory reduction program
- YTD Plantasjen improved cash flow with 645 MSEK versus previous year
- EBITA-margin -5.0% (0.7%) and LTM 2.3%

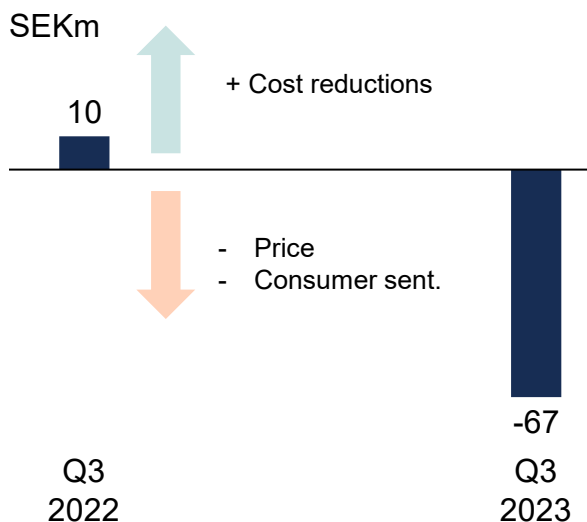


Net sales LTM
SEKm

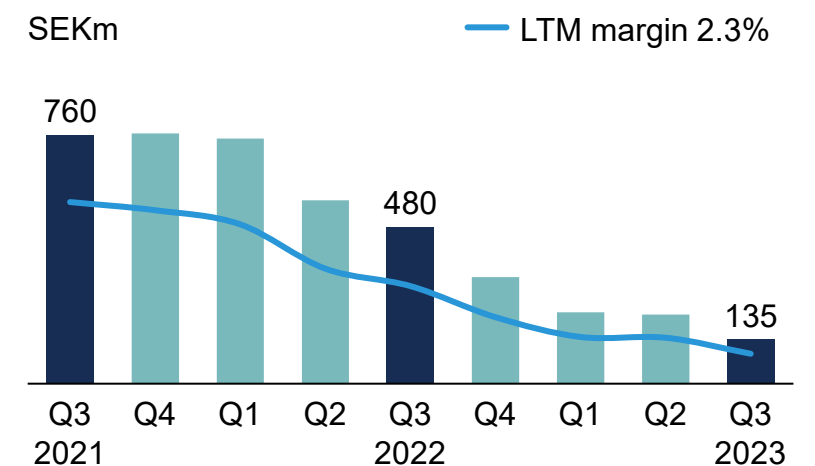


RATOS

EBITA Quarter



EBITA LTM
SEKm

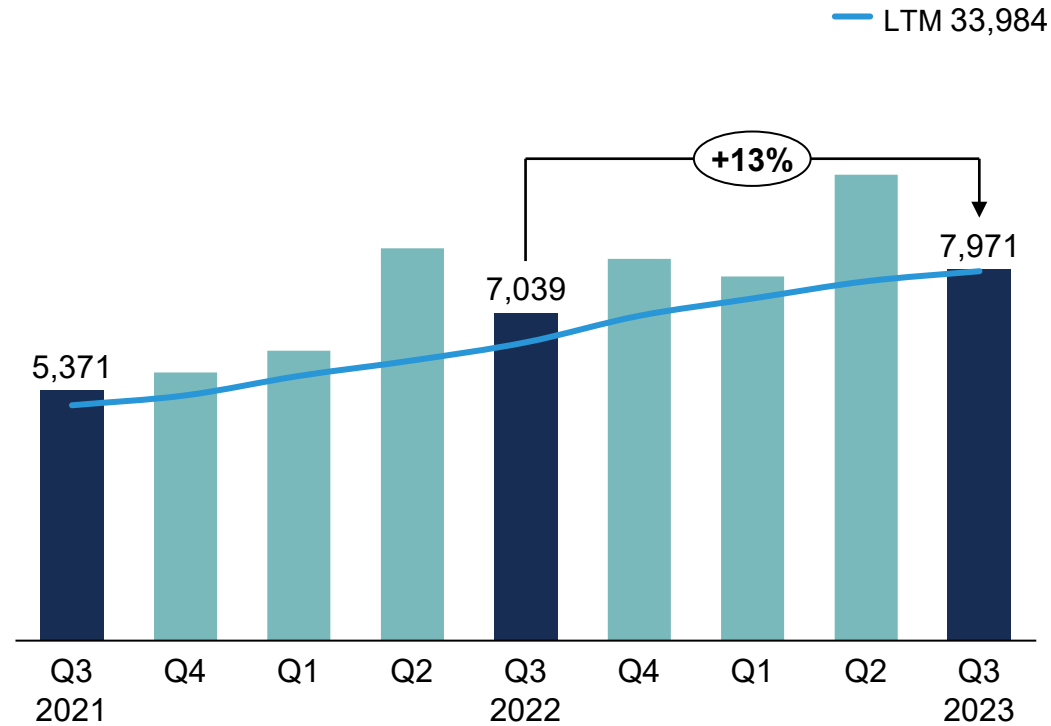




Financials

Net sales and adjusted EBITA

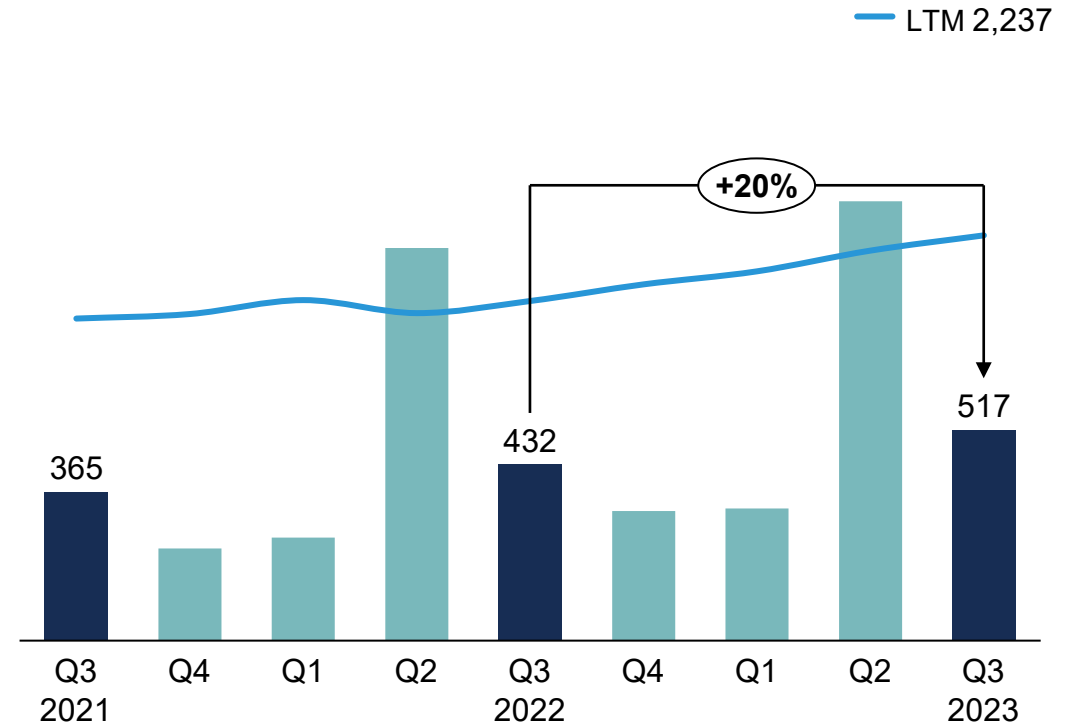
SEKm



Net sales growth of 13% in the quarter whereof 2% organic growth

Net sales LTM at SEK 33,984m

SEKm

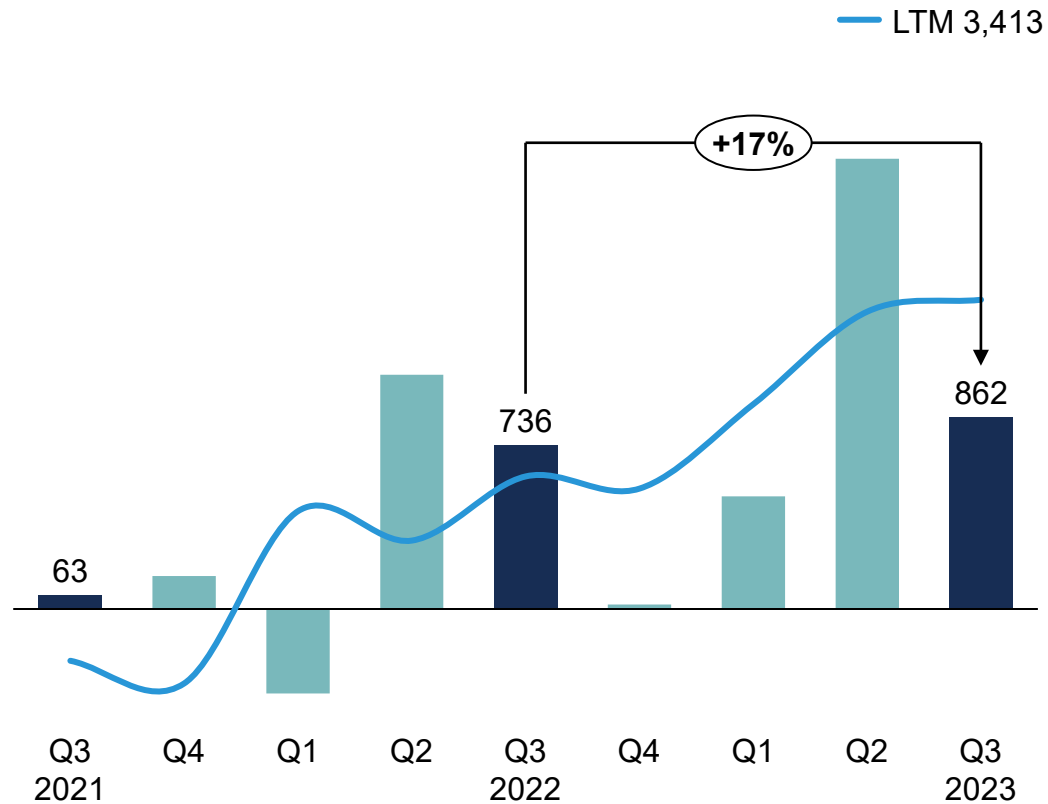


Adjusted EBITA growth of 20% in the quarter

Adjusted EBITA LTM at SEK 2,237m

Cash flow from operating activities

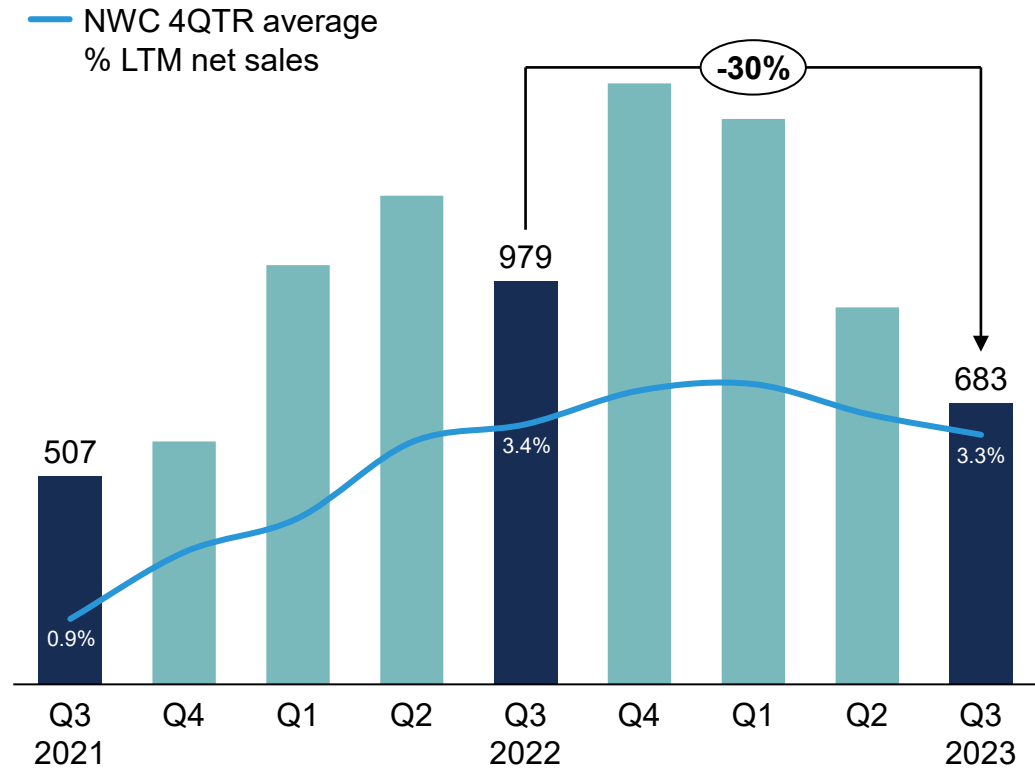
SEKm



Cash flow from operating activities, last 12 months, SEKm	Q3 2023	Q3 2022	FY 2022
EBIT, LTM	2,086	1,715	1,618
Adjustment for non-cash items	1,471	977	1,227
Received dividends and financial items, net	-414	-461	-476
Income tax paid	-271	-344	-301
Change in NWC	541	-328	-637
Cash flow from operating activities, LTM	3,413	1,559	1,431
Cash conversion, as % of EBITA	153%	83%	73%

Net working capital

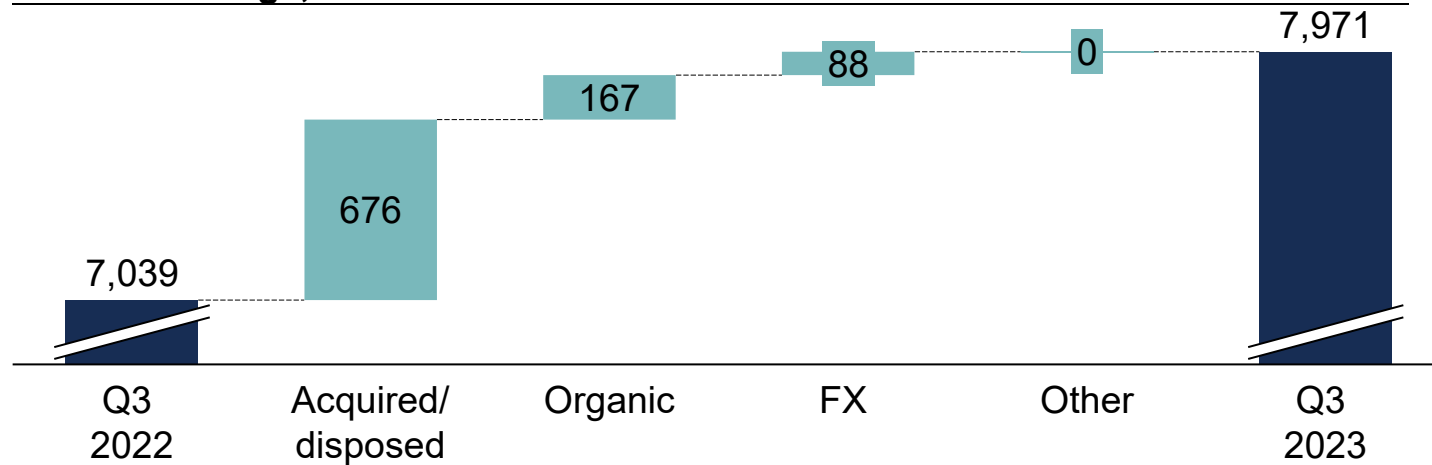
SEKm



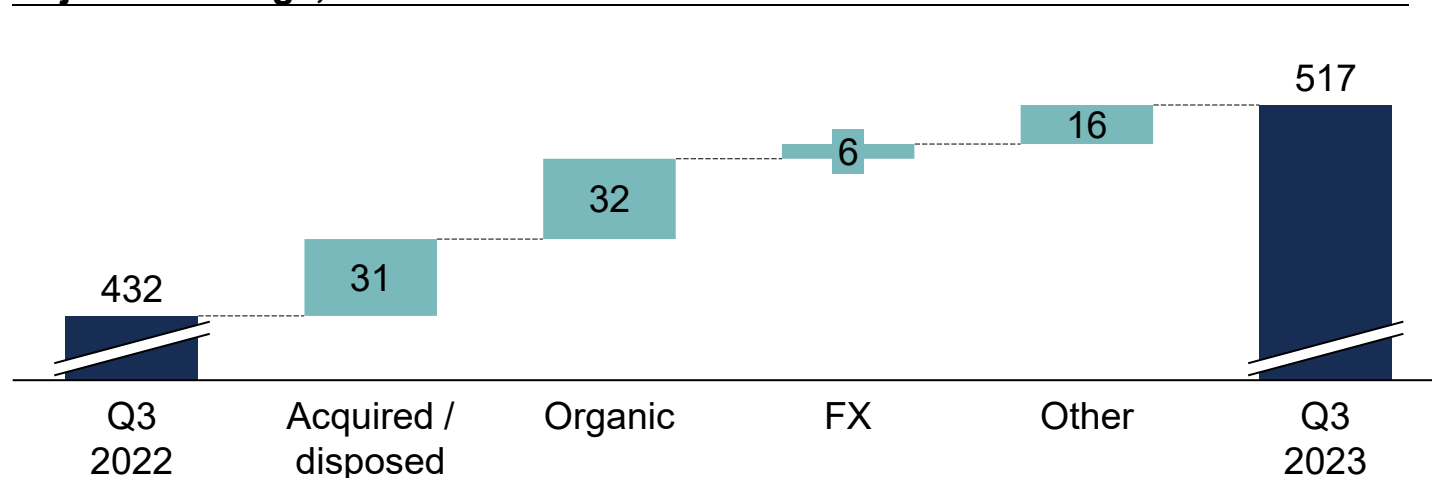
Net working capital, SEKm	Q3 2023	Q3 2022	FY 2022
Inventories	2,135	2,549	2,477
Trade receivables	3,166	3,318	3,699
Contract assets	1,154	951	1,250
Accounts payable	2,732	2,917	2,916
Contract liabilities	1,782	1,384	1,750
Other receivables/payables net	-1,259	-1,539	-1,302
Net working capital	683	979	1,459
% of LTM net sales, 4QTR average	3.3%	3.4%	3.9%

Strong organic and acquired EBITA growth in the quarter

Net sales bridge, SEKm



Adj EBITA bridge, SEKm



Comments

Net sales

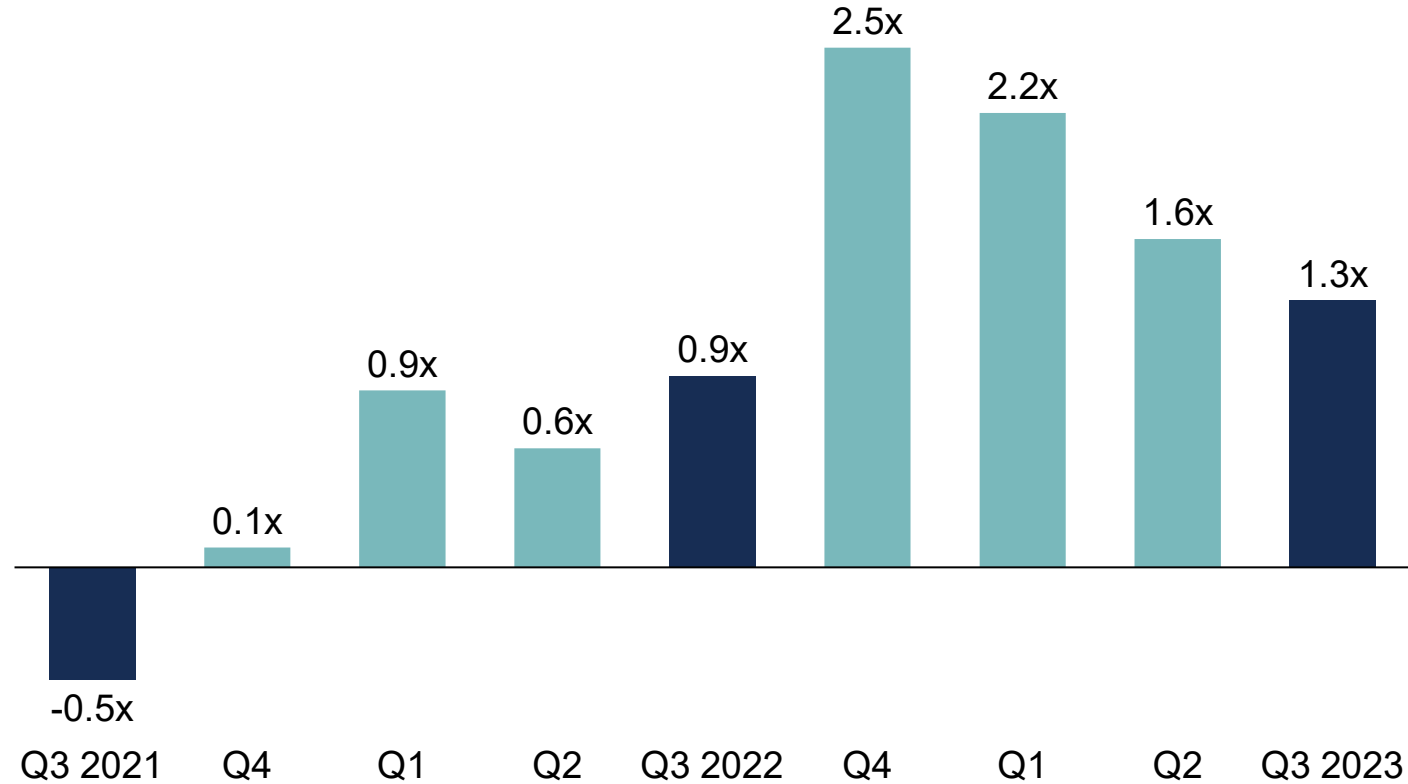
- Organic net sales growth of 2% in the quarter
- Net sales up 13%, of which 10% acquired and 1% FX-effect

EBITA

- Acquired EBITA growth mainly due to the acquisition of Semcon and add-on acquisitions
- Strong organic growth in Construction & Service and Industry
- Positive FX-effects due to weak SEK
- Savings from restructuring programs

Leverage development

Leverage

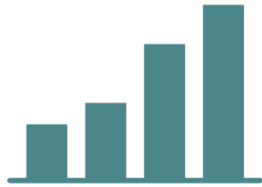


Comments

- Leverage at 1.3x in Q3 2023, below the target range (1.5x – 2.5x)
- Decreased leverage in the quarter due to strong cash flow and increased LTM EBITDA
- Net debt SEK 3,254m (1,824)

Financial targets

EBITDA
3 Billion SEK



EBITDA 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

Final remarks

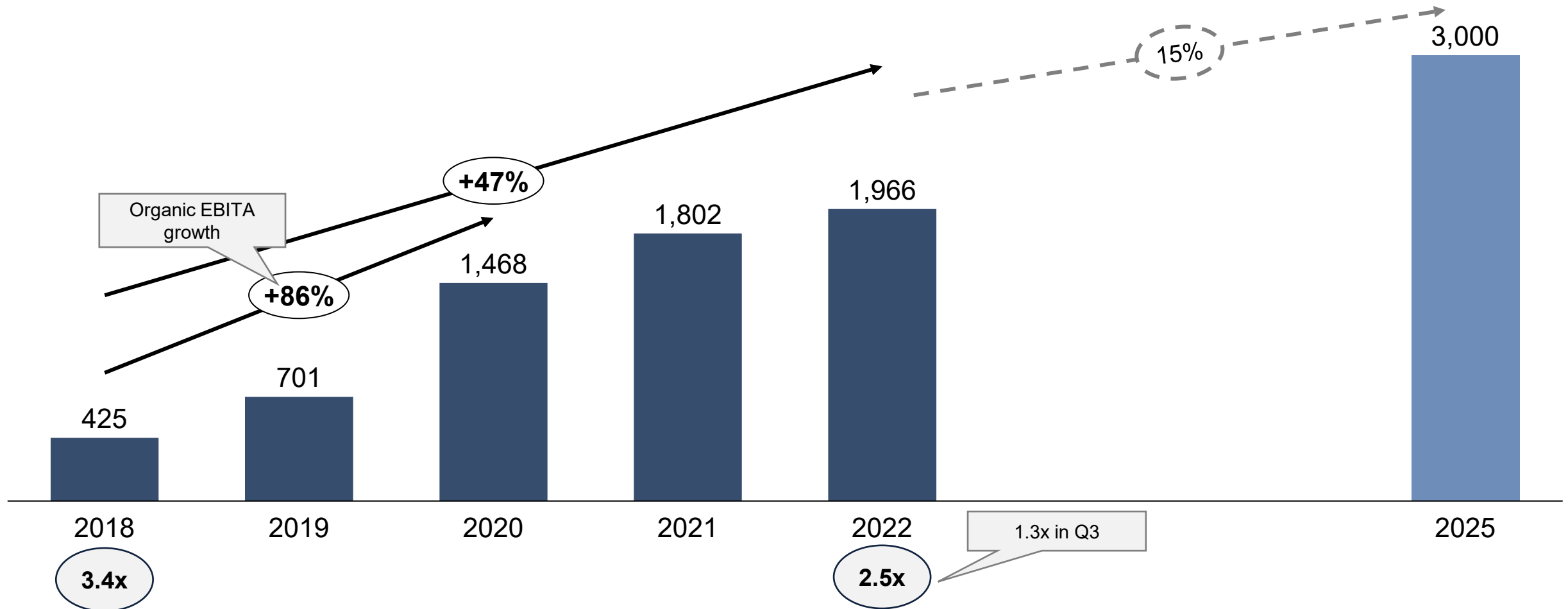
**A group of market leaders
with a strong culture and
being part of something
larger**



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

- EBITA +20%
- Net sales +13%, whereof organic +2%
- Strong cash flow and decreased leverage
- Our focus is technology- and infrastructure solutions

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