

# Presentation Q2 2024

18 July 2024

# Our financial segment reporting

## Industry

Industrial Services



Product Solutions



## Construction & Services


Critical Infrastructure

Construction



## Consumer

Consumer



ALEIDO

KNIGHTEC

semcon

SPEED  
GROUP

TFS

Diab

HL

LEDiL®

OASE  
OUTDOORS

aibel®

EXPIN  
GROUP

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airteam

HENT

SSEA

kvd

PLANTASJEN®



# Second quarter: increased EBITA and EBITA-margin, strong cash flow and high order intake

**Net sales  
SEK 9,114m  
decline 9%**

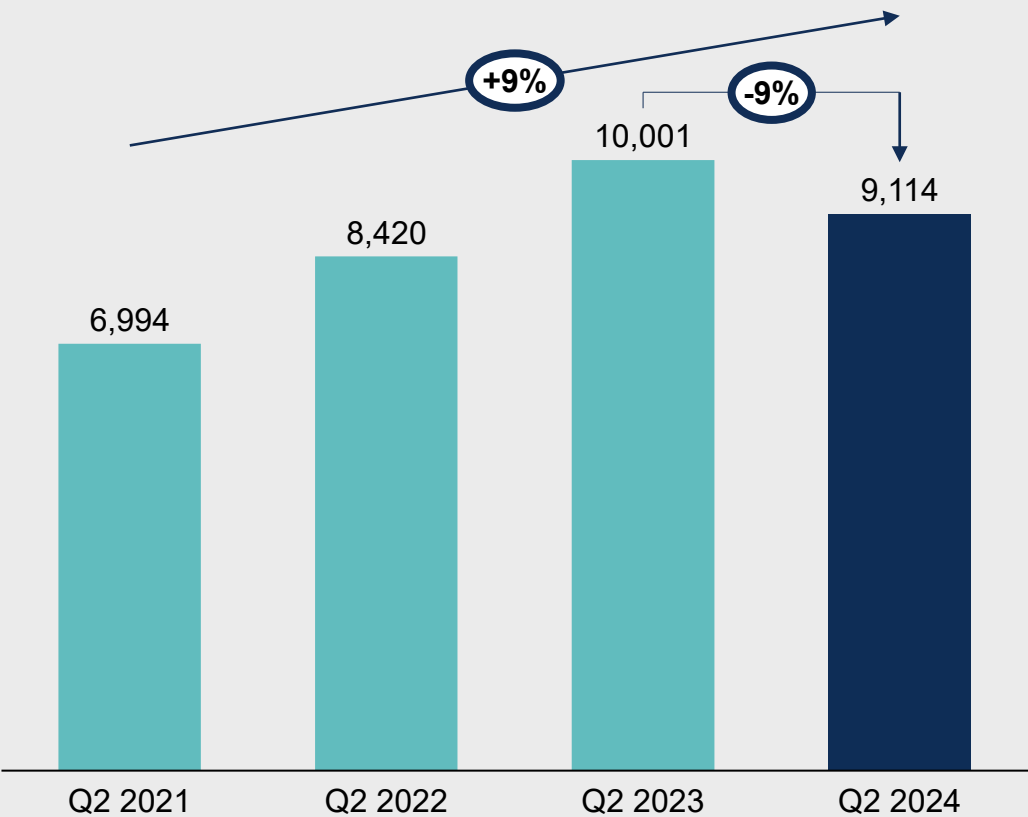


**EBITA  
SEK 1,101m  
growth +2%**

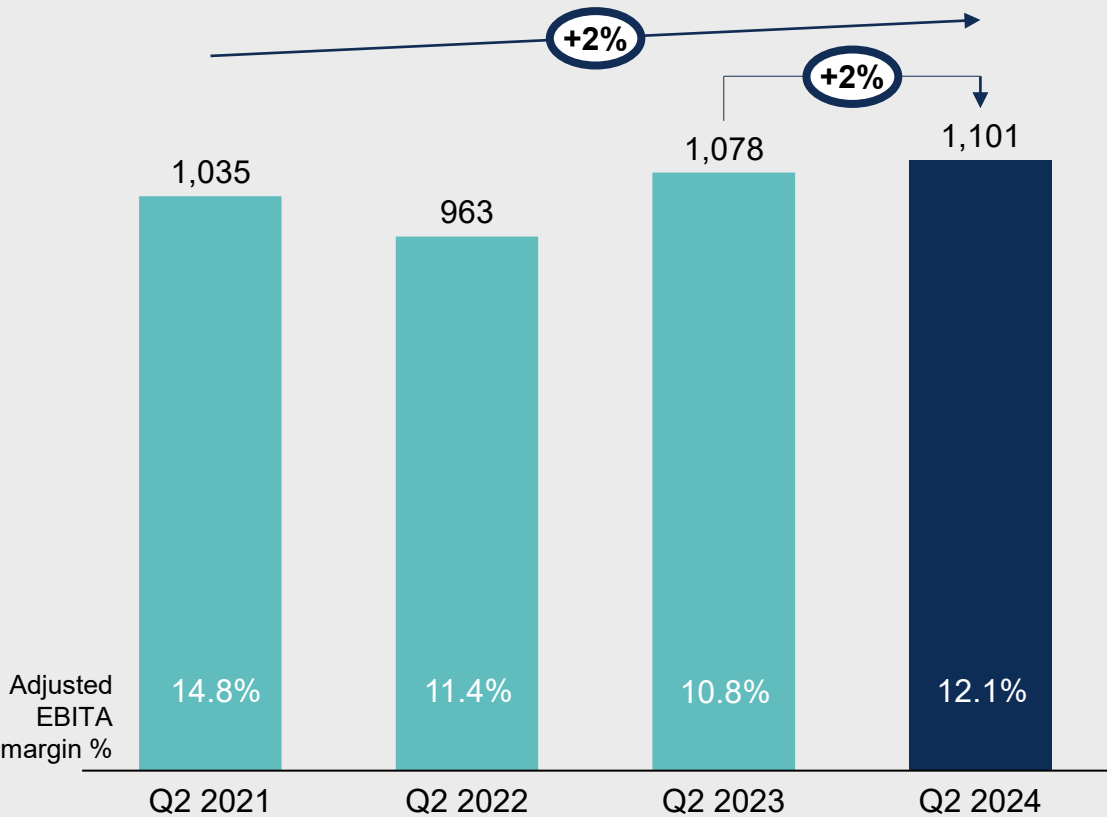
- EBITA +2%
- Weak quarter in Plantasjen
- EBITA-margin 12.1% (10.8)
- Net sales declined 9%, whereof organic -10%
- Strong order intake in Construction and Critical Infrastructure
- Strong development in our technical consultancy companies
- Good development in Product Solutions
- Strong cash flow from operating activities at SEK 1,397m
- Improved return on capital

# Group financials Q2 2024

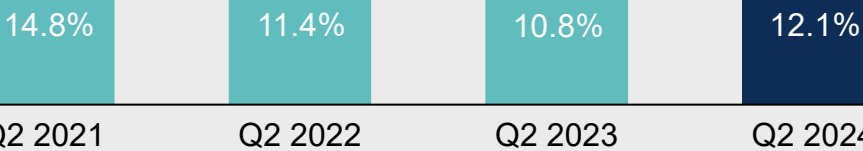
Net sales, SEKm



Adjusted EBITA, SEKm



Adjusted  
EBITA  
margin %



# Business Areas

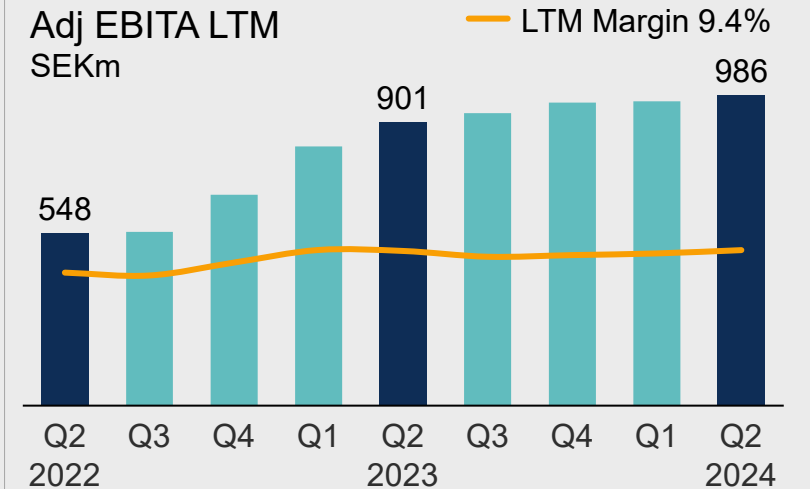
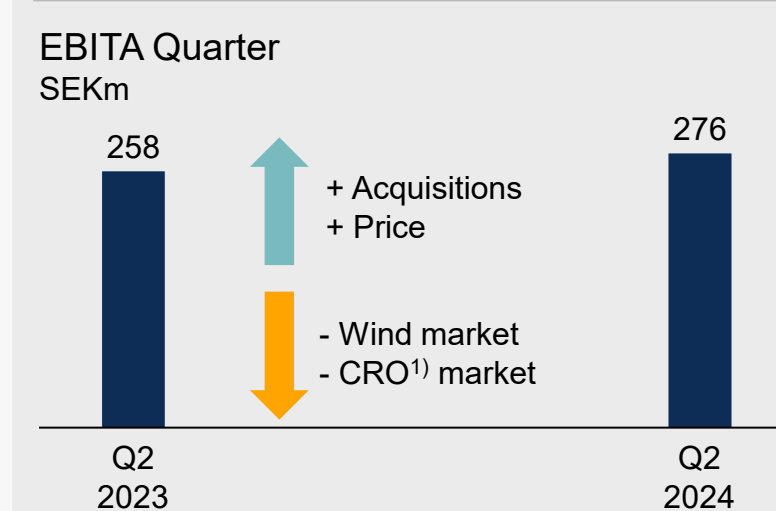
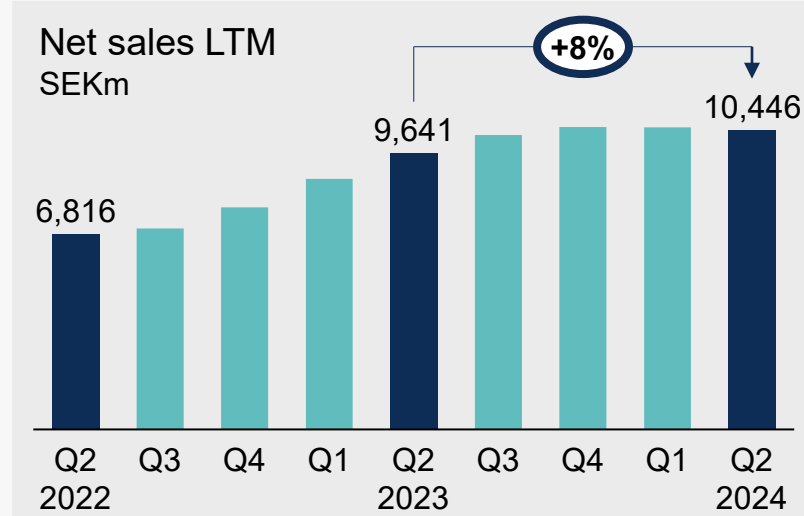


# Industry: EBITA growth and EBITA-margin at 10.2%

Segments: Industrial Services and Product Solutions

## Comments

- Net sales decreased -3.6%, whereof -6.1% organic and 2.1% structural
- Low net sales in wind market and CRO market
- EBITA SEK 276m (258)
- EBITA-margin 10.2% (9.2%) and LTM 9.4% (9.3%)
- Strong development in HL Display and the technical consultancy companies



# Segment financials - Industry Q2 2024

## Industrial Services



Net sales SEK 1,339m (1,432), -6%  
*Share of total group sales 15%*

EBITA SEK 87m (88)

EBITA-margin 7% (6%)

EBITA adjusted for calendar effect SEK 74m, EBITA-margin 6%

Good performance in the technical consultancy companies  
including calendar effect adjustment

ALEIDO

KNIGHTEC

semcon

SPEED  
GROUP

TFS

## Product Solutions



Net sales SEK 1,367m (1,370), -0%  
*Share of total group sales 15%*

EBITA SEK 188m (170)

EBITA-margin 14% (12%)

Sales was negatively affected by weak sales in the wind market

Diab

HL

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OASE  
OUTDOORS

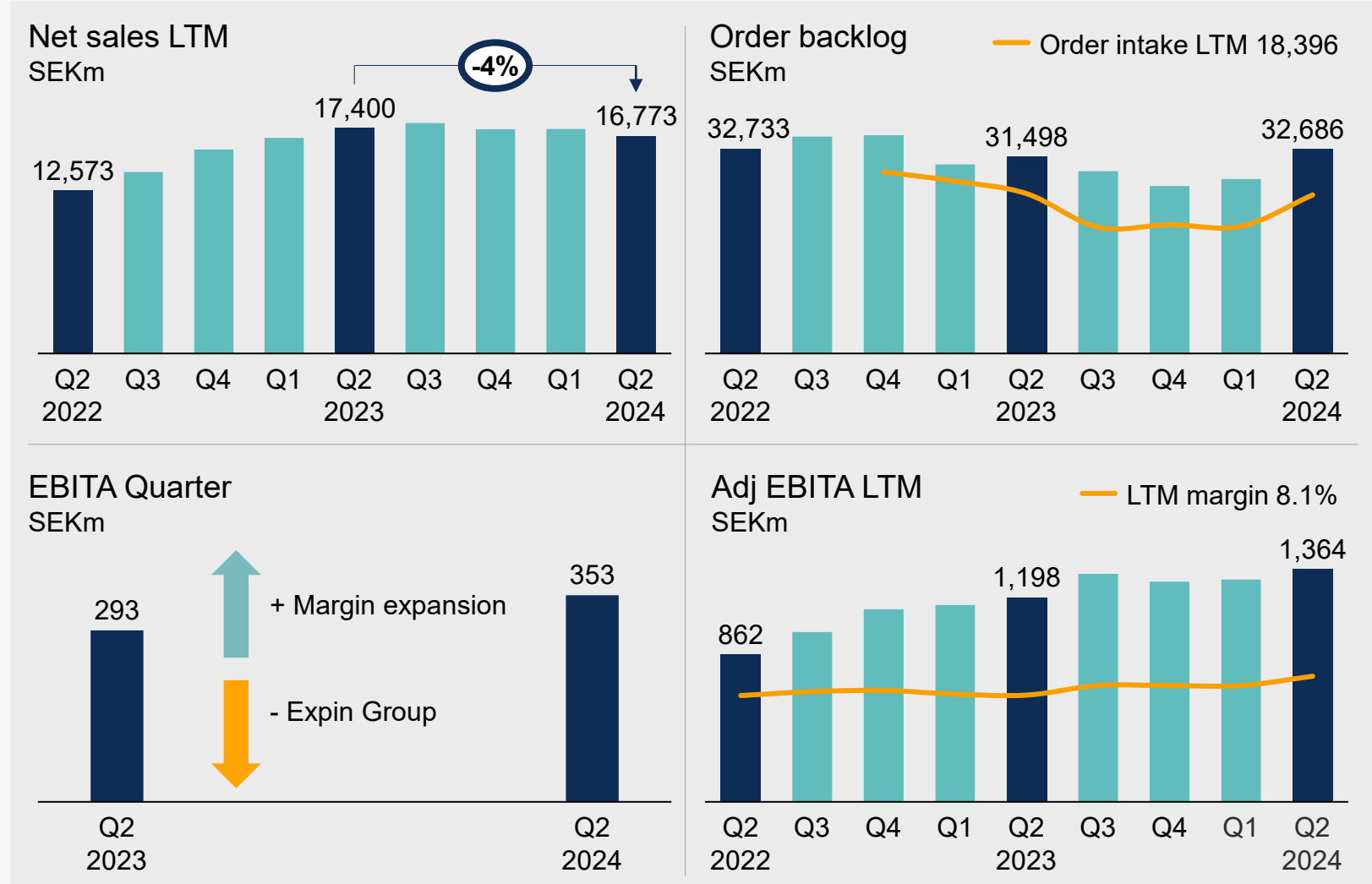
RATOS

# Construction & Services: Strong EBITA and order intake growth

Segments: Construction and Critical Infrastructure

## Comments

- Net sales growth -11.7%, whereof organic growth -12.2%
- Lower net sales within Construction
- EBITA SEK 353m (293), increase of 21%
- Adj EBITA margin increased to 8.7% (6.4%) and LTM 8.1% (6.9%)
- Strong performance in Presis Infra and HENT
- Strong order intake of SEK 8,727m (5,087) and order backlog amounts to SEK 32,686m (31,498) excluding Aibel<sup>1)</sup>



<sup>1)</sup> Aibel reported: order intake SEK 4,373m (3,451) in Q2 and order backlog SEK 33,011m (38,673)



# Segment financials – Construction & Services Q2 2024

## Construction



Net sales SEK 3,123m (3,780), -17%  
*Share of total group sales 34%*

EBITA SEK 178m (152)

EBITA-margin 6% (4%)

Order intake SEK 6,707m (3,017)

Order backlog SEK 22,785m (22,201)



## Critical Infrastructure



Net sales SEK 915m (794), +15%  
*Share of total group sales 10%*

EBITA SEK 175m (141)

EBITA-margin 19% (18%)

Order intake\* SEK 2,021m (2,070)

Order backlog\* SEK 9,901m (9,297)

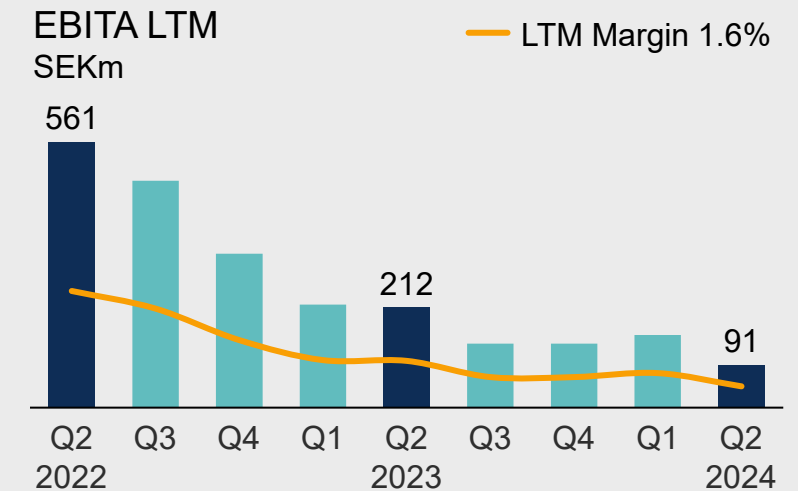
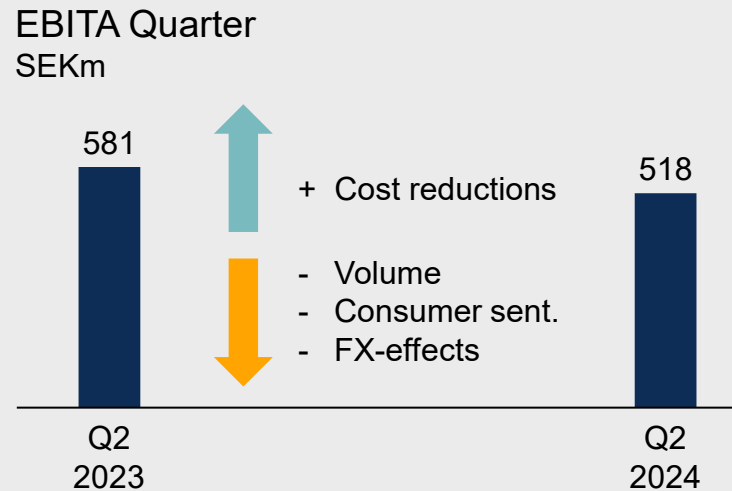
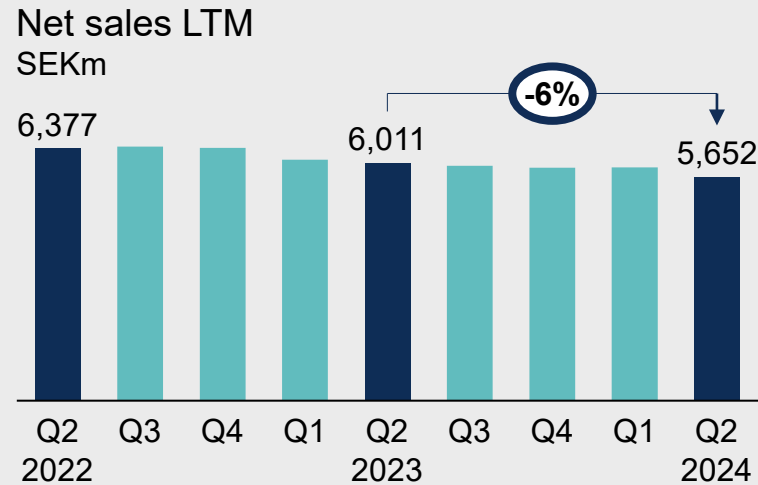


# Consumer: Volume drop and lower EBITA

## Segment: Consumer

### Comments

- Net sales decreased 9.5%, whereof -9.2% organic, driven by Plantasjen and unfavorable weather conditions in Norway
- EBITA SEK 518m (581), down 11%
- Plantasjen's EBITA SEK 478m (543), negatively affected by lower volume
- EBITA-margin 21.8% (22.1%) and LTM 1.6% (3.5%)
- Continued focus on reducing inventory in Plantasjen
- Cost reduction initiative in line with plan



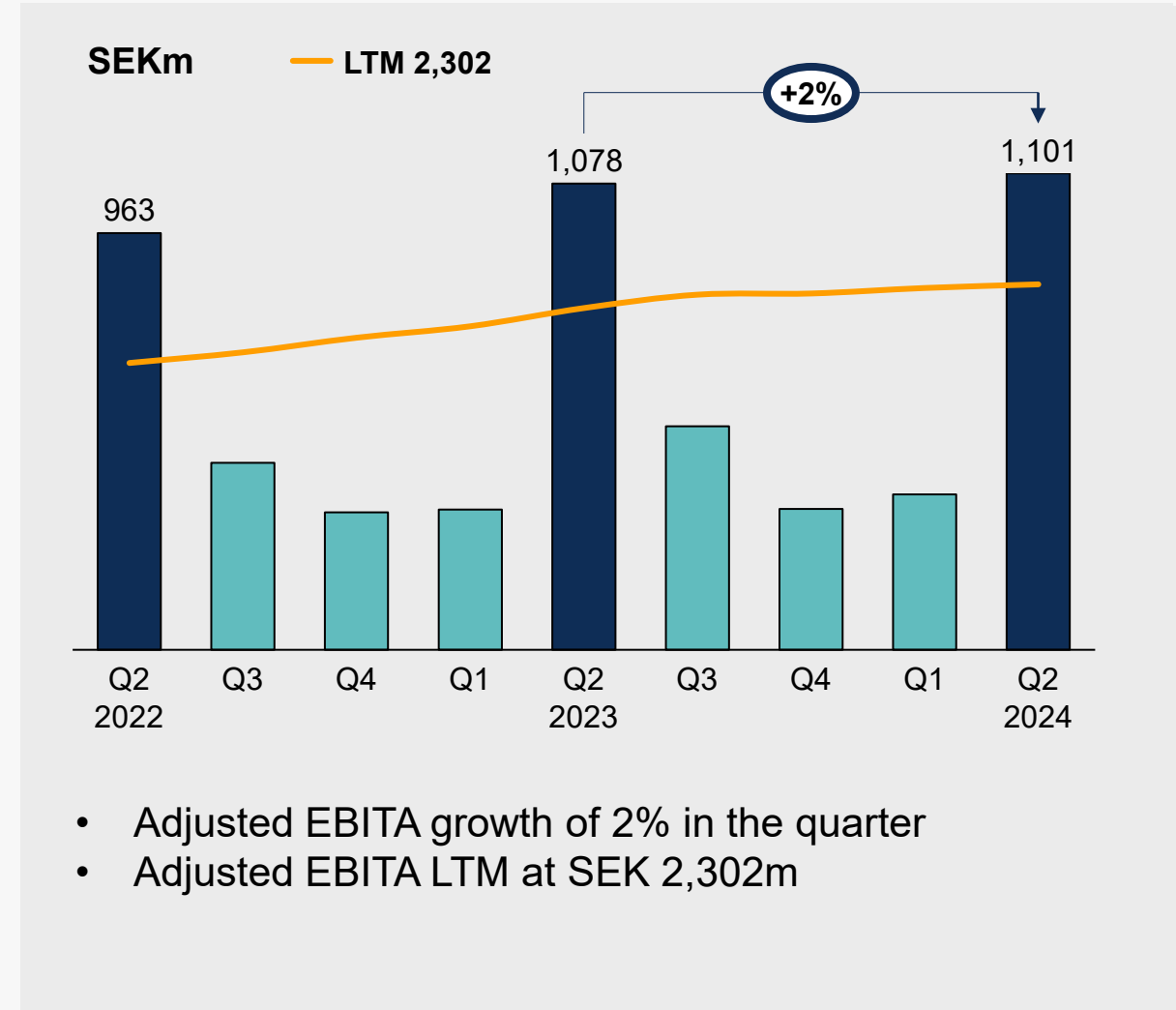
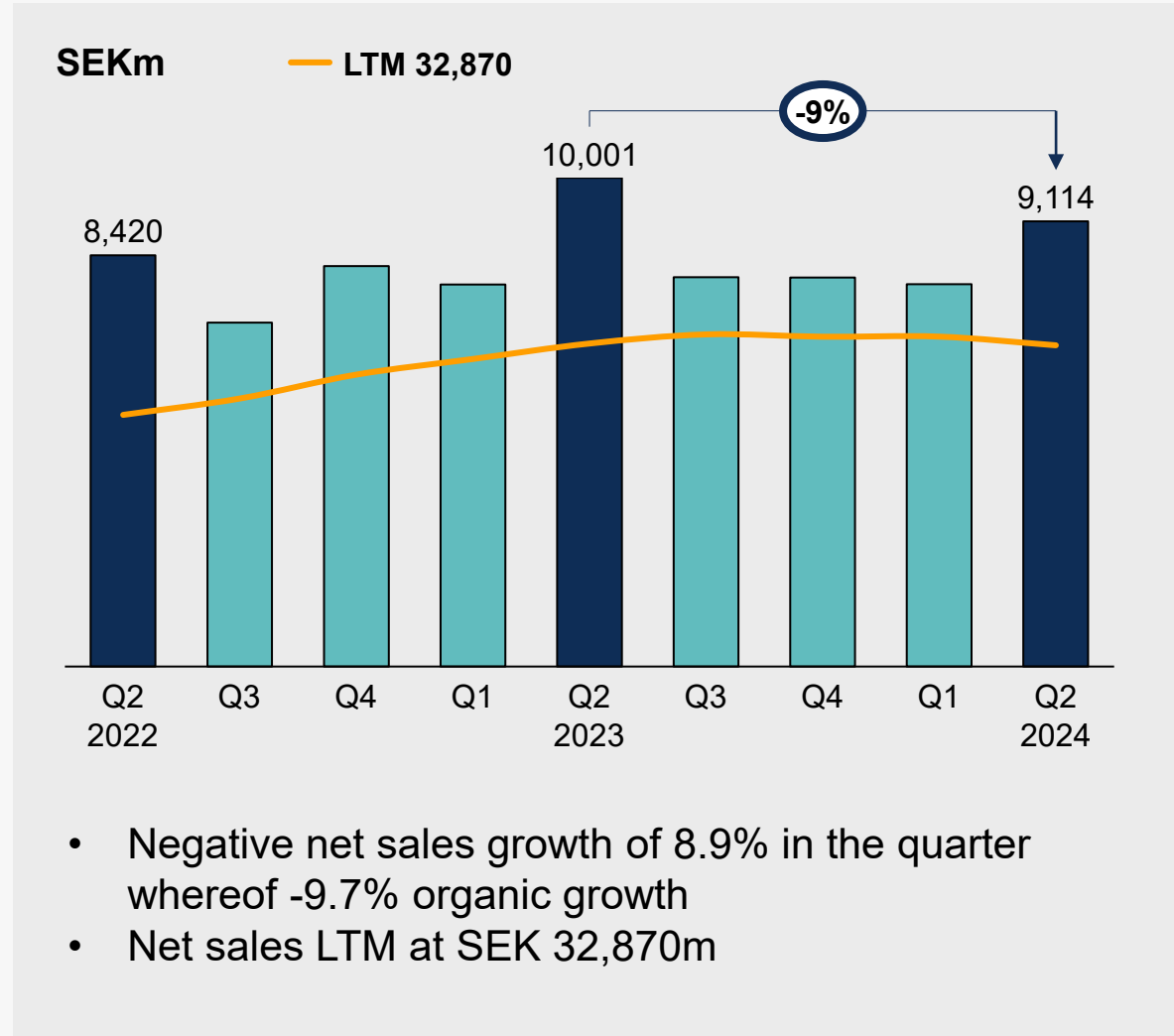


# Financials

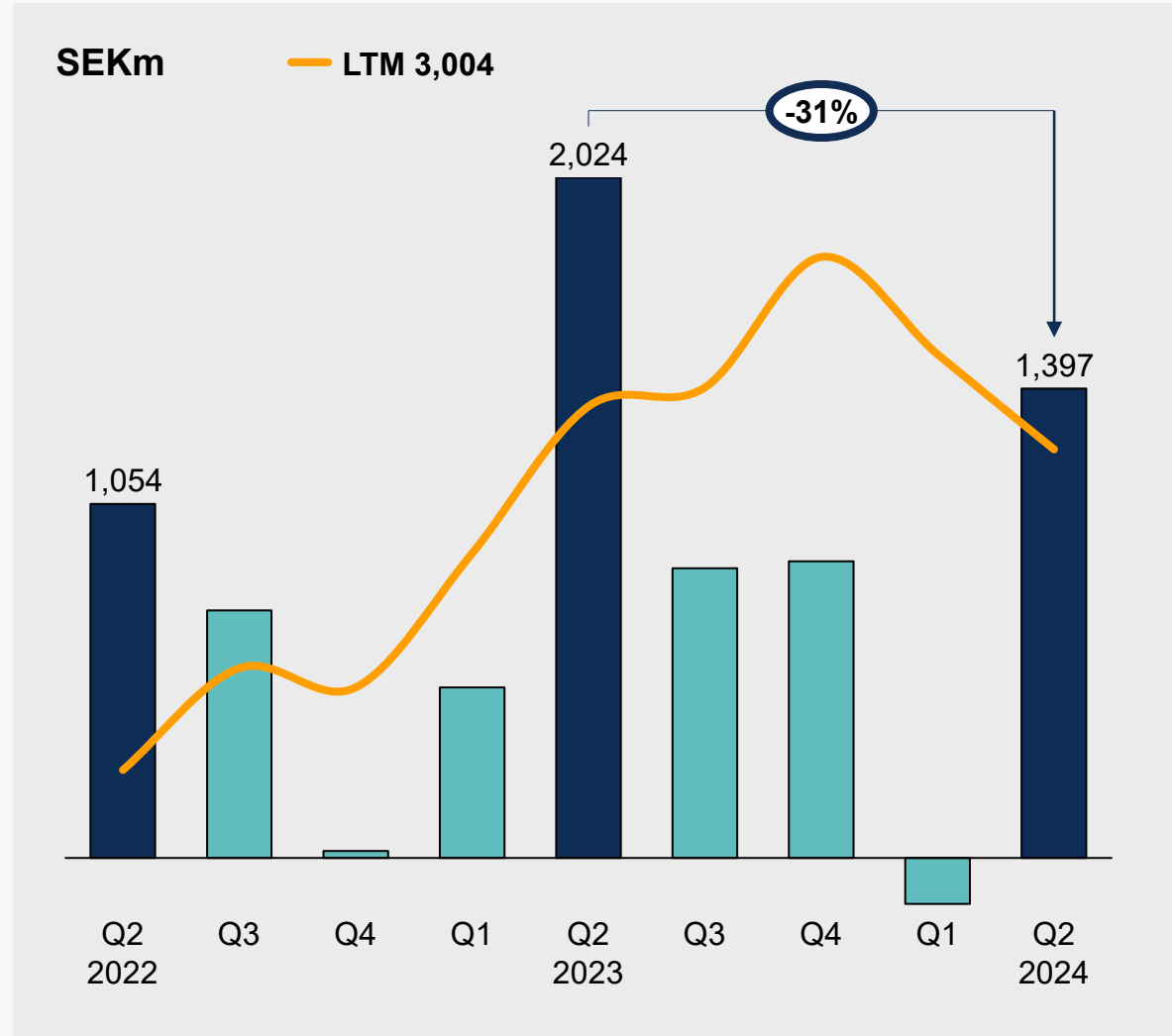
A woman with long dark hair, wearing a light blue sweater, is seated at a dark table, writing in a notebook with a blue pen. A man with a beard and dark hair, wearing a light green button-down shirt, is leaning over the table, looking at the notebook. On the table are several mechanical parts, including a large curved metal piece and a smaller gear-like component. In the background, another person is visible working at a table. The scene is lit by warm, overhead pendant lights. The word "Financials" is overlaid in large white text on the left side of the image.



# Net sales and adjusted EBITA



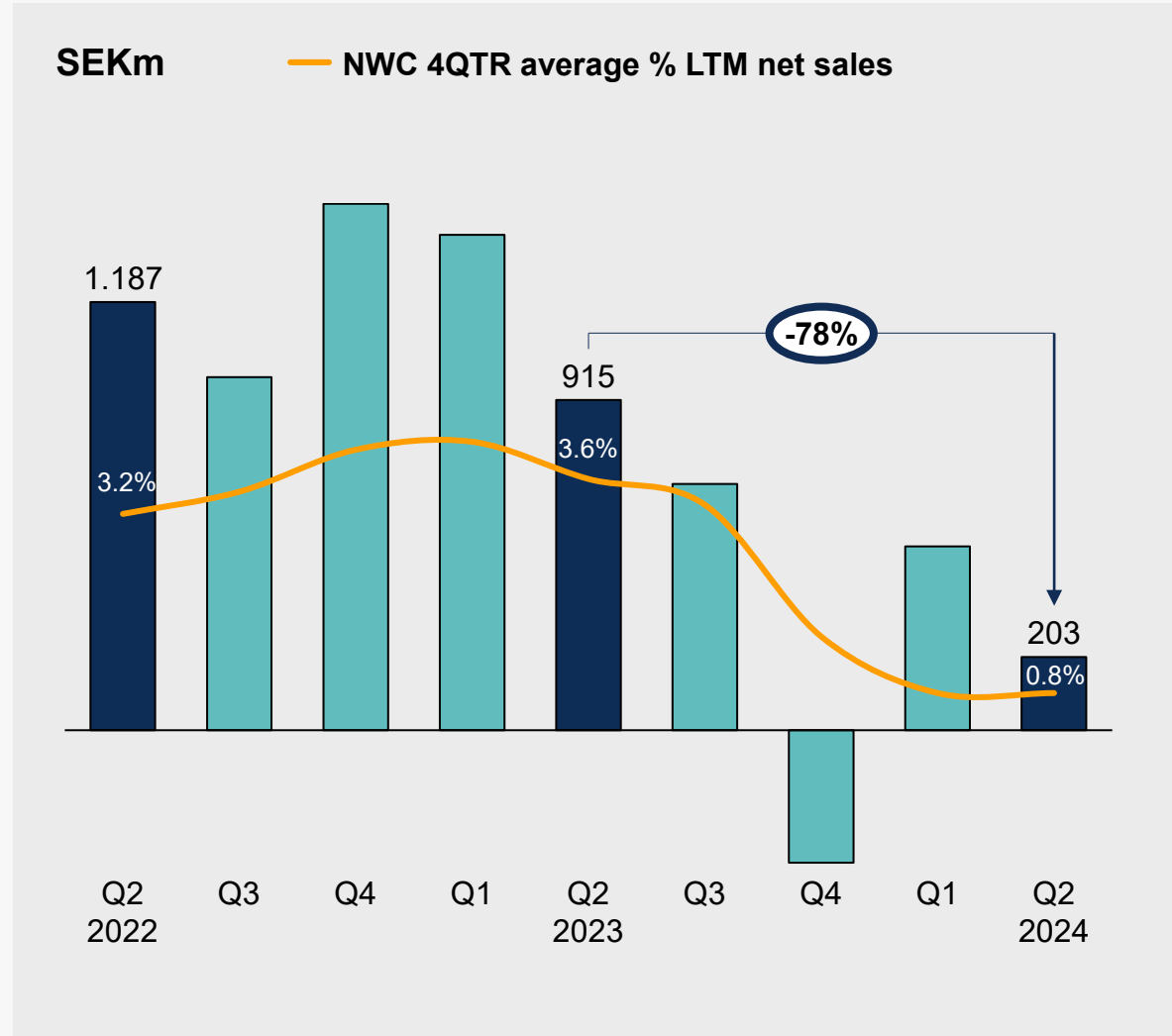
# Cash flow from operating activities



## Cash flow from operating activities, SEKm

	Q2 2024	Q2 2023	FY 2023
EBIT	1,070	1,038	3,010
Adjustment for non-cash items	286	466	565
Received dividends and financial items, net	-150	-161	-430
Income tax paid	-81	-73	-316
Change in NWC	272	754	1,446
<b>Cash flow from operating activities</b>	<b>1,397</b>	<b>2,024</b>	<b>4,275</b>
Cash conversion, as % of Adjusted EBITA	127%	188%	190%

# Net working capital

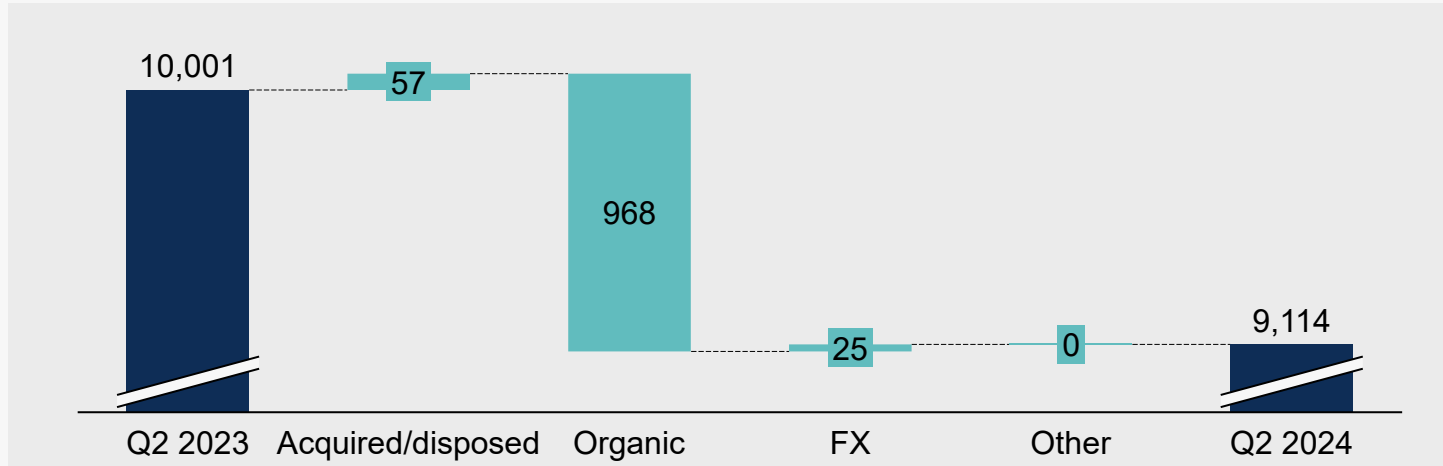


Net working capital, SEKm	2024 June	2023 June	2023 Dec
Inventories	2,025	2,401	1,868
Trade receivables	3,220	3,716	3,277
Contract assets	634	1,046	725
Accounts payable	2,687	2,774	2,803
Contract liabilities	1,630	1,760	2,407
Other receivables/payables net	-1,360	-1,714	-1,027
<b>Net working capital</b>	<b>203</b>	<b>915</b>	<b>-367</b>
% of LTM net sales, 4QTR average	0.8%	3.6%	1.9%



# EBITA growth of 2%

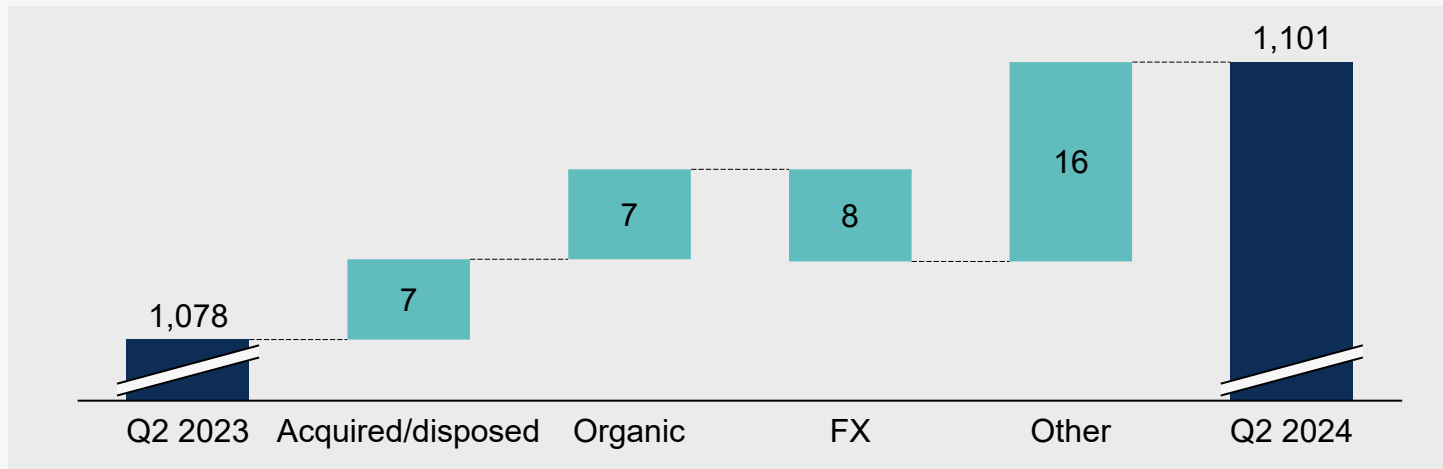
Net sales bridge, SEKm



## Net sales

- Net sales down 9% in the quarter
- Acquired growth of 1% in the quarter
- Negative organic sales growth of -10% in the quarter mainly driven by Construction segment
- Small positive FX-effect

EBITA bridge, SEKm

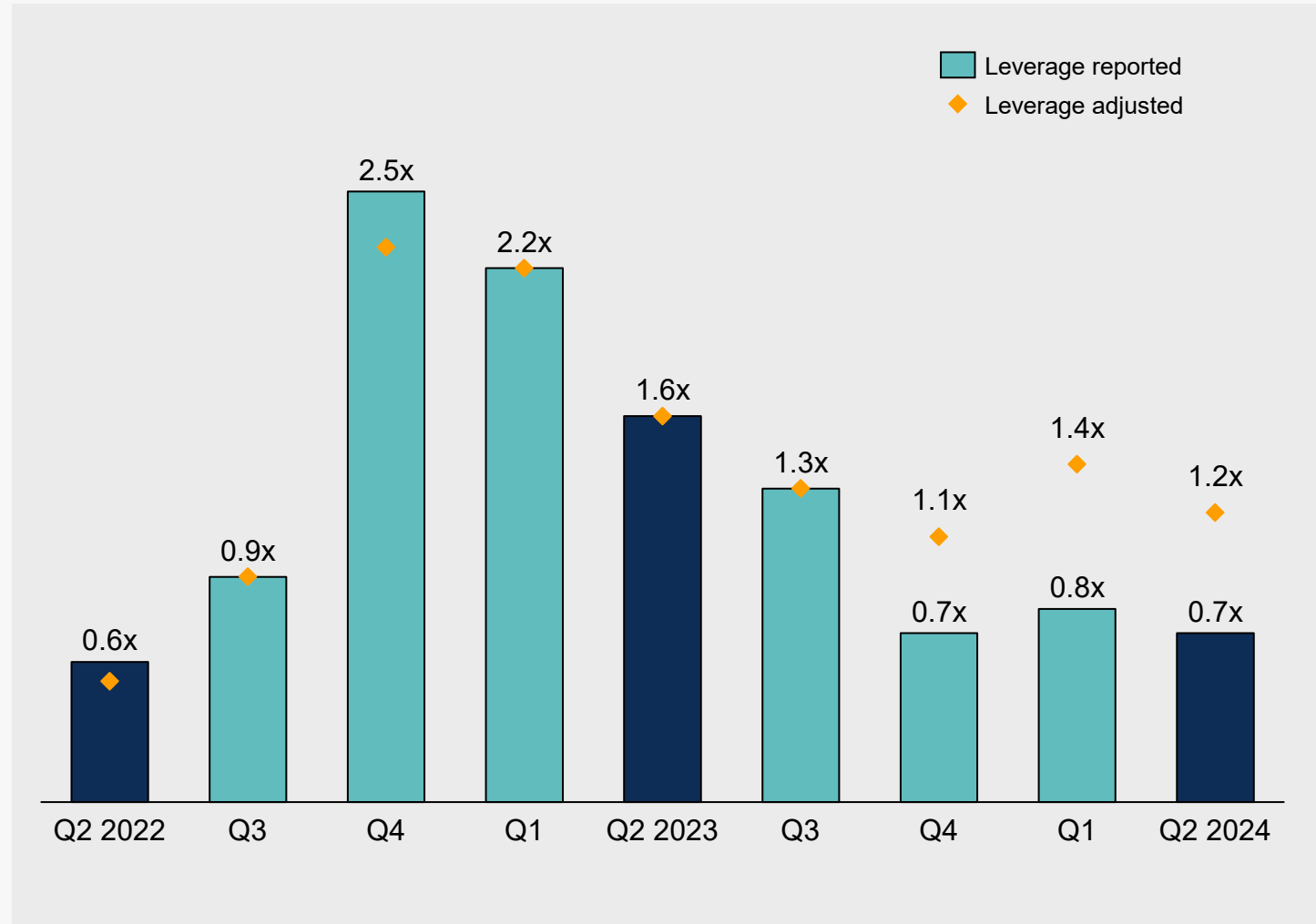


## EBITA

- Acquired EBITA growth - add-on acquisitions in Product Solutions and Industrial Services
- Organic growth in Critical Infrastructure, Product Solutions and Industrial Services
- Negative FX-effect
- Other, various one-time items, mainly restructuring programs PY

# Leverage, ROCE and ROIC

## Leverage development



## Leverage

- Leverage at 0.7x in Q2 2024, below the target range (1.5x – 2.5x)
- Leverage at 1.2x excluding reversal of write-down of the holding in Aibel
- Decreased leverage in the quarter due to decreased net debt because of good cash flow
- Net debt SEK 3,091m (3,750)

## ROCE and ROIC

- ROCE excluding financial leasing 10.5% (10.2%)
- ROIC 7.7% (7.3%)

# Financial targets

EBITA growth



Targets 2025

**SEK 3 billion**

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

Outcomes Q2 2024

**SEK 2,302m**

(Adjusted EBITA LTM)

Leverage



**1.5 – 2.5x**

Net debt, excluding financial lease liabilities, in relation to EBITDA should normally range from 1.5 to 2.5x

**0.7x** (non-adjusted)    **1.2x** (adjusted)

Dividend payout



**30 – 50%**

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

**51%**

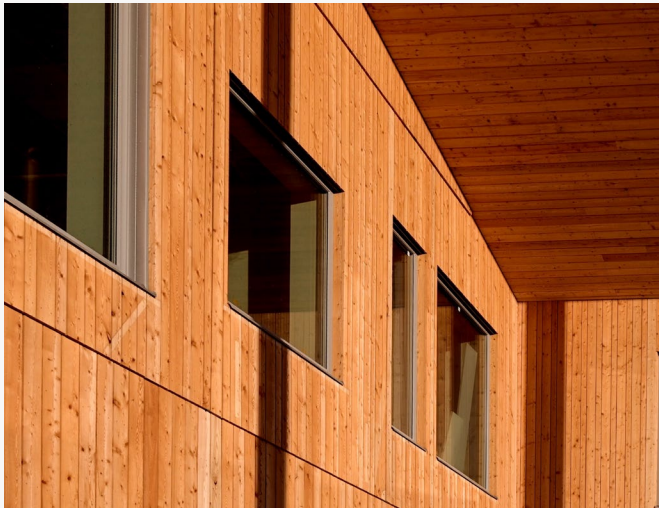
(Outcome 2023)



# Final Remarks

# Final remarks

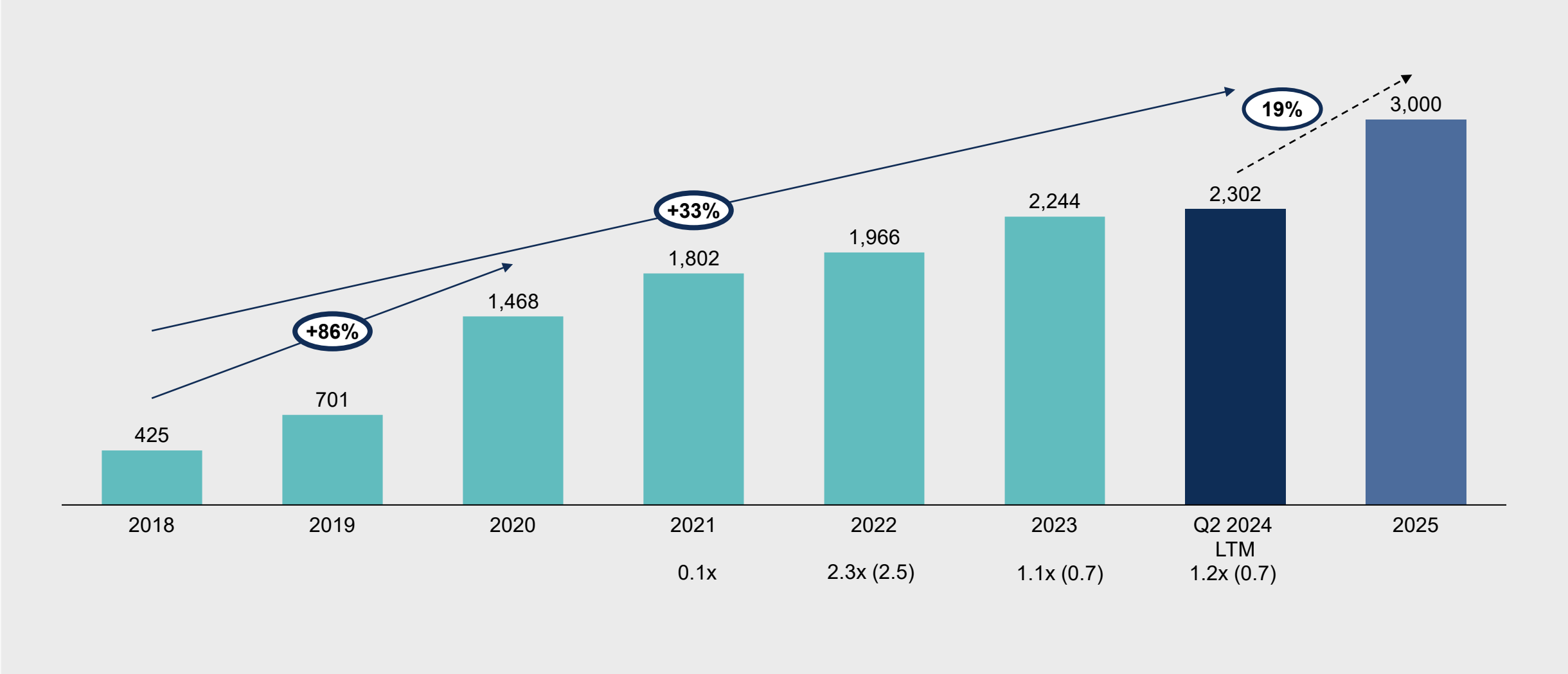
**A group of market leaders  
with a strong culture and  
being part of something  
larger**



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

- EBITA +2%
- Weak quarter in Plantasjen
- EBITA-margin 12.1% (10.8)
- Net sales declined 9%, whereof organic -10%
- Strong order intake in Construction and Critical Infrastructure
- Strong development in our technical consultancy companies
- Good development in Product Solutions
- Strong cash flow from operating activities at SEK 1,397m
- Our strong financial position enables us to accelerate our growth journey through add-on acquisitions
- Ready for structural changes when the transaction market improves

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





# Q&A



# Ratos Group and Business areas

## Net sales, EBITA and EBITA-margin

Net sales, SEKm	Q2 2024	Q2 2023	Change %
Industry	2,696	2,798	-4%
Construction & Services	4,038	4,573	-12%
Consumer	2,380	2,630	-9%
Elimination of internal net sales	-0		
<b>Net sales</b>	<b>9,114</b>	<b>10,001</b>	<b>-9%</b>

EBITA, SEKm	Q2 2024	Q2 2023	Change %
Industry	276	258	7%
Construction & Services	353	293	21%
Consumer	518	581	-11%
Group costs	-46	-53	-14%
<b>EBITA</b>	<b>1,101</b>	<b>1,078</b>	<b>2%</b>

EBITA-margin, %	Q2 2024	Q2 2023
Industry	10.2%	9.2%
Construction & Services	8.7%	6.4%
Consumer	21.8%	22.1%
<b>Ratos Group*</b>	<b>12.1%</b>	<b>10.8%</b>

\*Ratos Group's EBITA-margin also includes the parent company and central companies

