

Presentation Q3 2024

22 October 2024

Busy quarter, strong cash flows and stable results in a weaker market

- Merger of Knightec and Semcon, reconstruction in Plantasjen and restructuring in Expin Group
- Continued strong development in Industry
- Temporarily weak quarter in Construction & Services with tough comparisons in Construction
- Strong order backlog and order intake, R12, in Construction & Services
- Net sales declined 6%, whereof organic -4%. Large negative currency effects (-4%)
- Strong cash flow from operating activities and a strong cash conversion

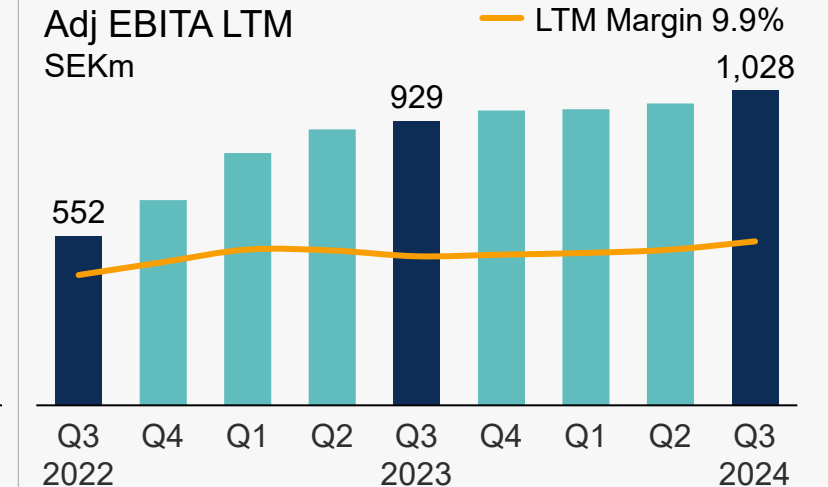
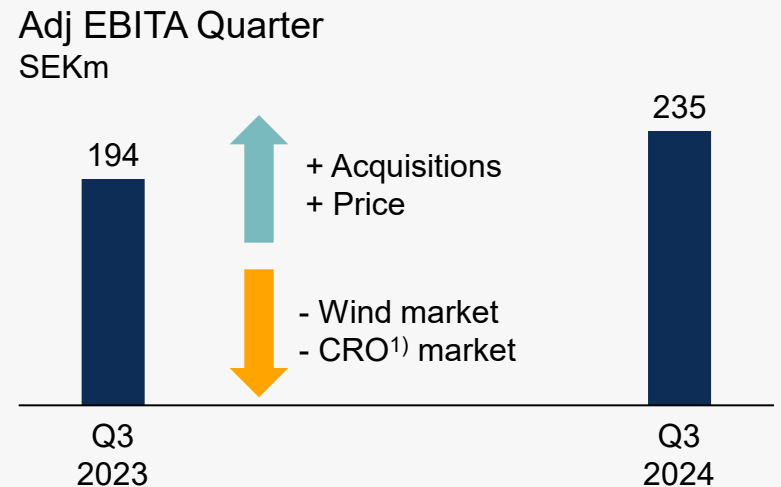
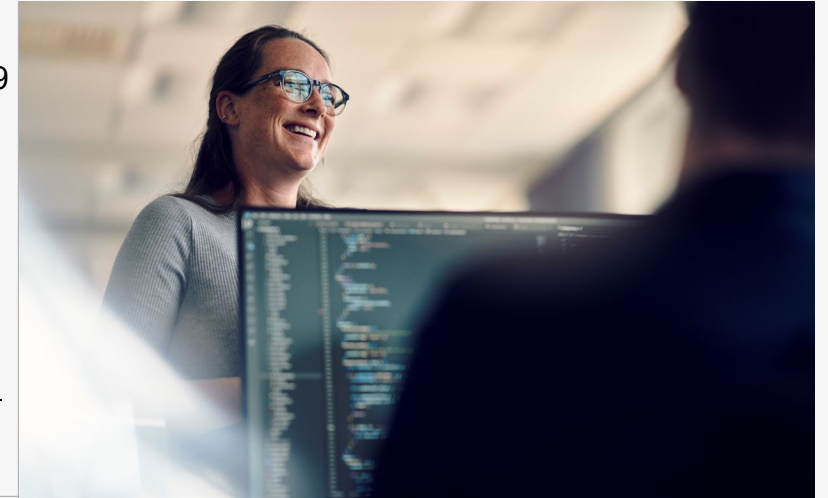
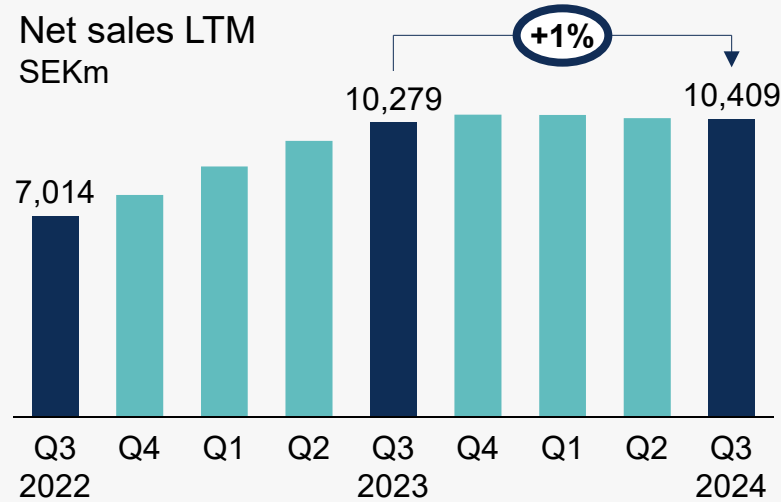
Business Areas

Industry: Adj EBITA growth of 21% and EBITA-margin at 9.7%

Segments: Industrial Services and Product Solutions

Comments

- Merger of Knightec and Semcon
- Positive organic growth of 8% in the Technical consultancy companies
- Net sales decreased 2%, whereof -2% organic, -2% currency and 3% structural
- Continued low net sales in wind market and CRO market
- Adj EBITA SEK 235m (194), an increase of 21%
- Increased adj EBITA in both segments and in all companies
- Adj EBITA-margin 9.7% (7.9%) and LTM 9.9% (9.0%)



¹⁾ CRO - contract research organization

Segment financials - Industry Q3 2024

Industrial Services

Net Sales



Net sales SEK 1,233m (1,297), -4%
Share of total group sales 17%

Sales was negatively affected by
weak CRO market

Product Solutions

Net sales SEK 1,203m (1,190), +1%
Share of total group sales 16%

Sales was negatively affected by
weak wind market

EBITA



Adj EBITA SEK 104m (80), +31%

Adj EBITA-margin 8.4% (6.2%)

Positive calendar effect in a vacation period
Increased adj EBITA in all companies

EBITA SEK 131m (114), +15%

EBITA-margin 10.9% (9.6%)

Increased EBITA in all companies

Companies



ALEIDO KNIGHTEC

semcon

TFS

SPEED
GROUP

Diab

HL

LEDiL

OASE
OUTDOORS

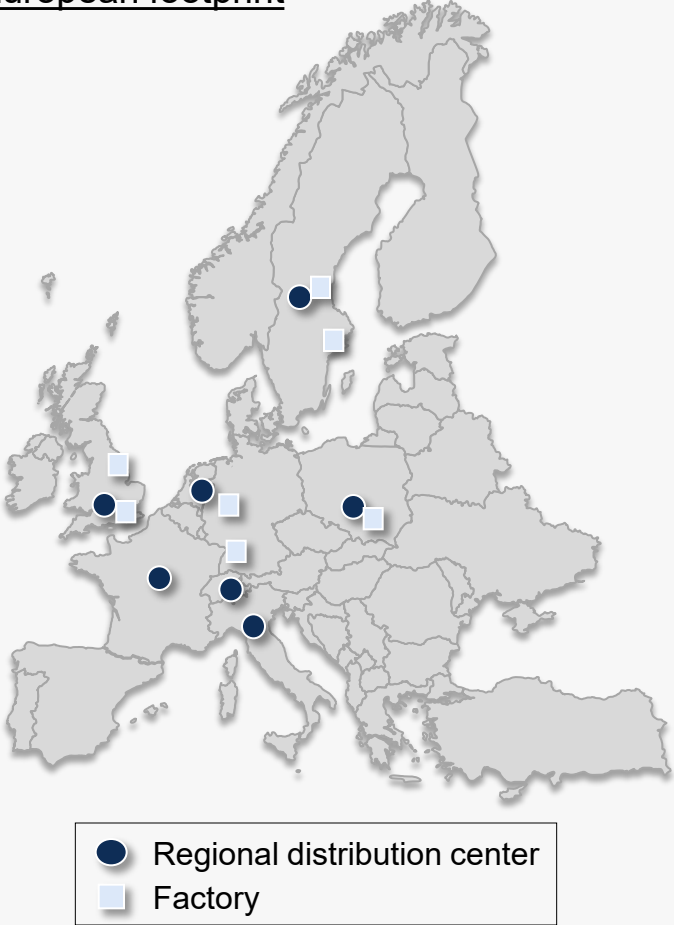
Overview of HL Display

Company overview

- Founded in 1954, HL Display is a leader in in-store communication and merchandising solutions helping customers to build attractive, efficient, and more sustainable stores
- With a customer base of the world’s leading grocery retailers the company is the undisputed leader in the European market within its niche
- HL has over 1,400 employees and an annual turnover of +2.7bn SEK
- More than 80% of sales are sourced from the company’s own production facilities and distributed through own distribution centres

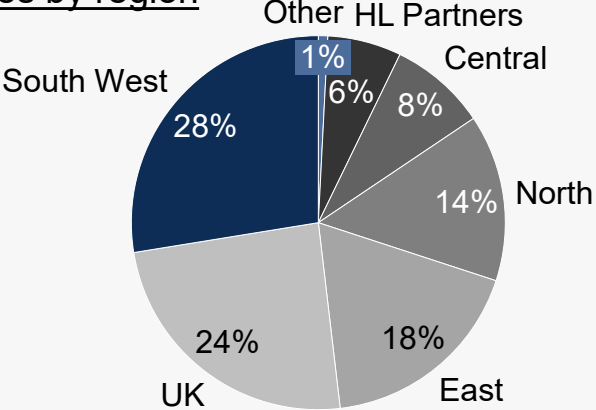
Geographic footprint

European footprint

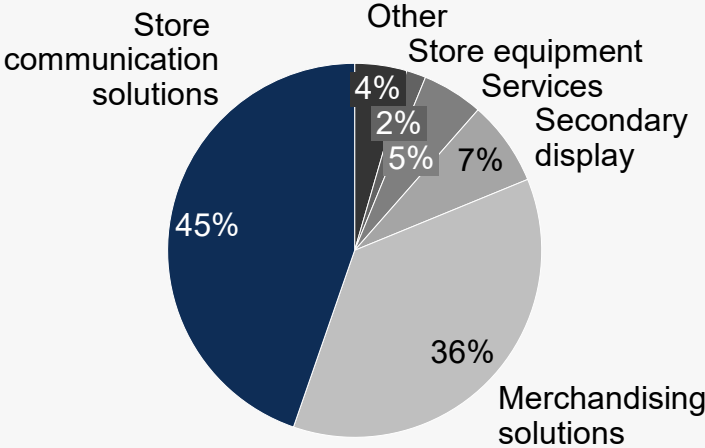


Sales distribution (2023)

Sales by region



Sales by product



Investment highlights



Leading position in an attractive market, fuelled by supportive long-term market trends



Diversified blue-chip customer base, built on long-lasting relationships



Organic development ahead of the grocery market's growth rate



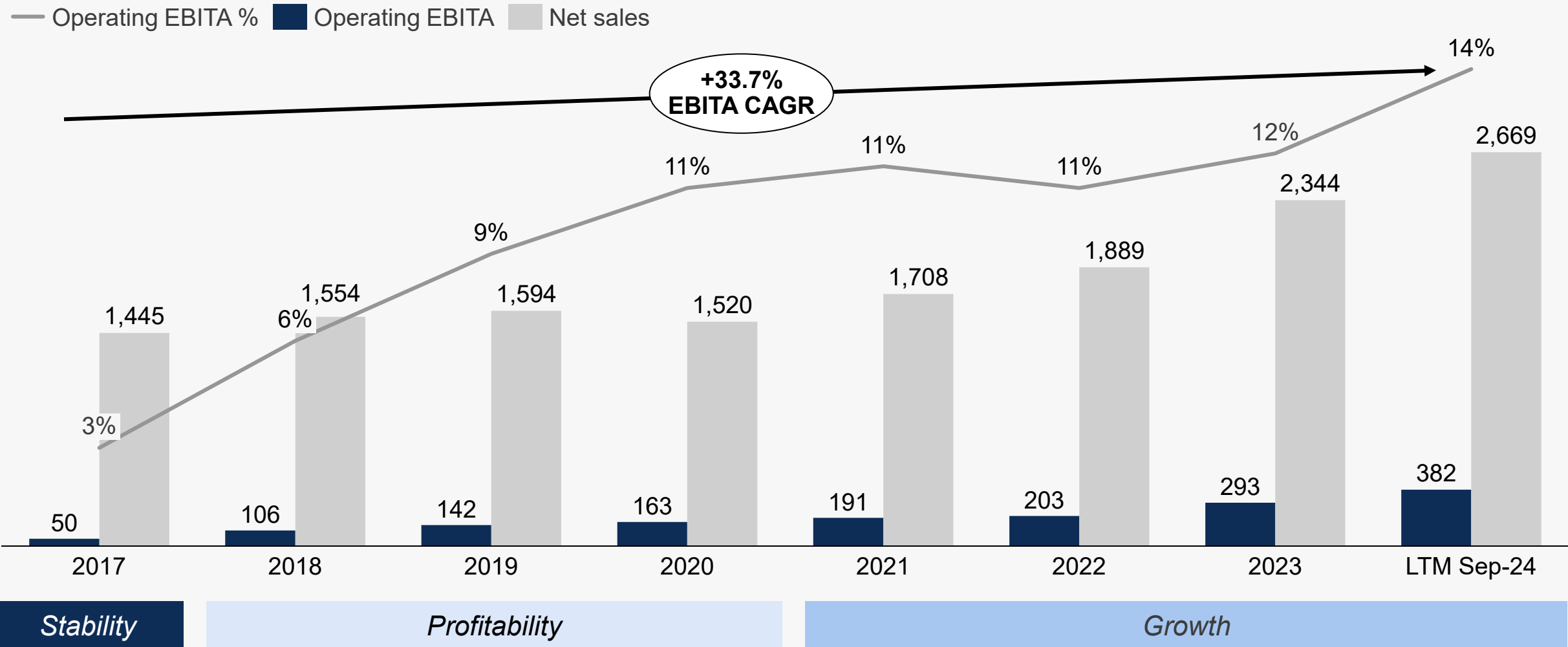
Clear focus on sustainability, with industry-leading production capabilities













Ongoing buy-and-build journey with repeatable formula for synergy extraction

HL Display's financial development over time

Financial development over time for HL Display (excluding Kostklip) (MSEK)



HL Display's Buy & Build journey so far

Target	Year	Market	At acquisition		Post acquisition	
			Sales EURm	Organic sales	Synergies	
Kostklip	2024		18		Too early	
Effekt Grafik	2024		7		Too early	
PR trading	2024		21	→	Too early	
Werba	2023		14	↗ (2X)	✓	
Oechsle	2023		14	→	✓	
Akriform	2023		8	→	✓	
APOS	2022		2	↗	✓	
Display Italia	2021		11	→	✓	
Cool pres.	2021		5	↗	✓	
Concept data	2021		6	→	✓	

HL's transaction model is based on 1) in-market consolidation, 2) offer expansion and 3) increased geographical coverage.

Multiples paid typically ranges between ~5-6x reported EBITA (and ~3-5x Adj. EBITA including synergies)

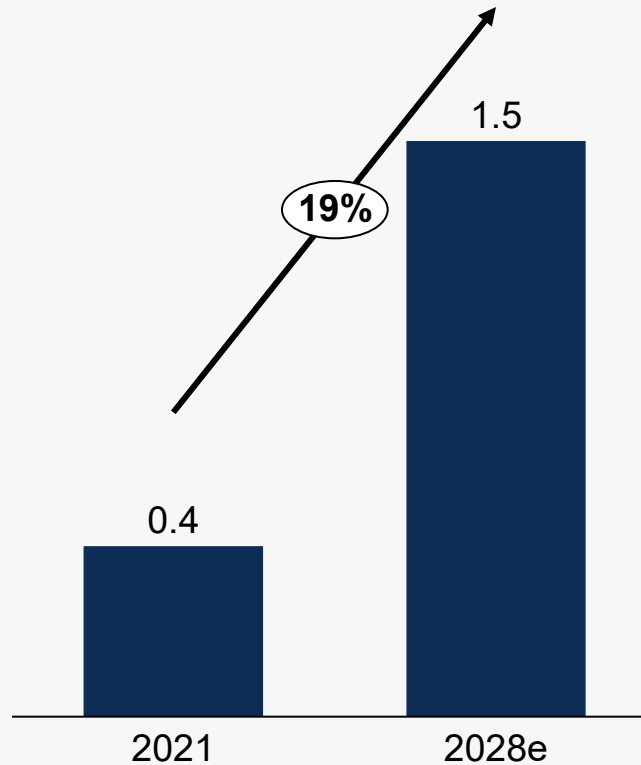
Overview of Kostklip

Company overview

- Kostklip has served the North American retail market since 1969 with an offer of in-store communication and shelf management solutions
- The company has annual sales of 24MCAD with a customer base mainly in grocery retail and electronic shelf label (ESL) suppliers
- Kostklip has established itself as a leading supplier in the growing market for ESL attachments in North America
- Together, Kostklip and HL will be able to strengthen the leading position in ESL attachments and expand Kostklip's offer of merchandising solutions

ESL market forecast*

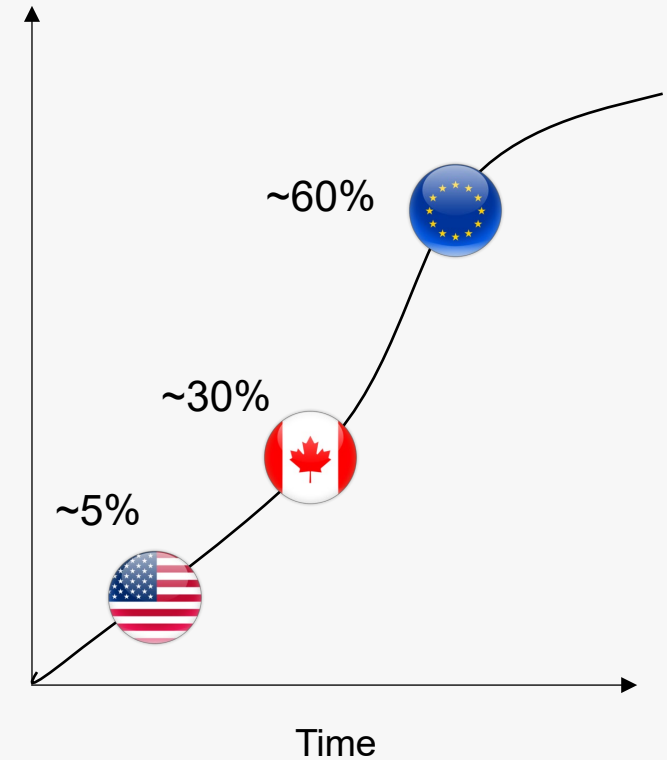
North America, USDbn



ESL penetration curve

Directional

Penetration



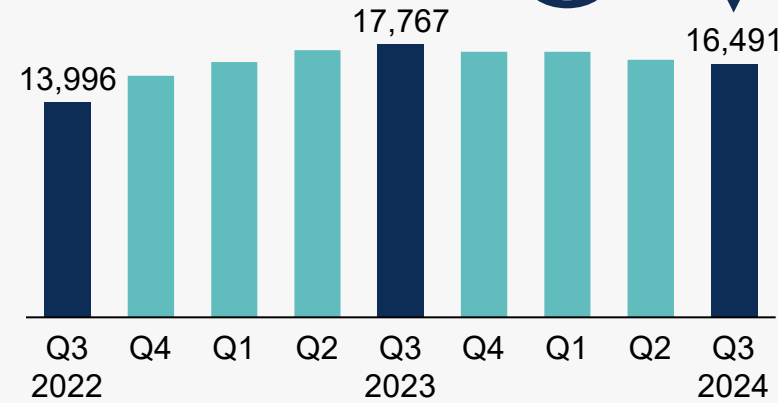
Construction & Services: Strong order intake growth, R12, at SEK 18.326m

Segments: Construction and Critical Infrastructure

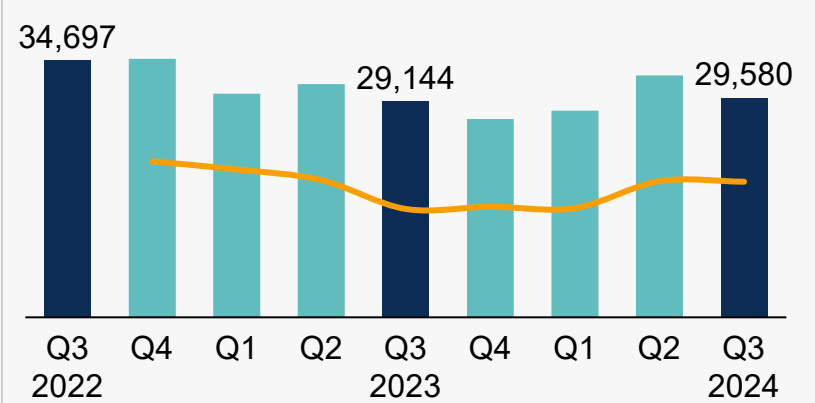
Comments

- Net sales decreased 7%, whereof organic growth -2%. Large negative currency effects (-4%)
- Strong net sales in Critical Infrastructure, temporarily weak in Construction
- Adj EBITA SEK 317m (408), decrease of 22%
- Strong EBITA previous year due to project phasing
- Adj EBITA margin at 8.2% (9.8%) and LTM 7.7% (7.5%)
- Order intake, LTM, at SEK 18.326m (14.646) and order backlog amounts to SEK 29.580m (29.144) excluding Aibel¹⁾

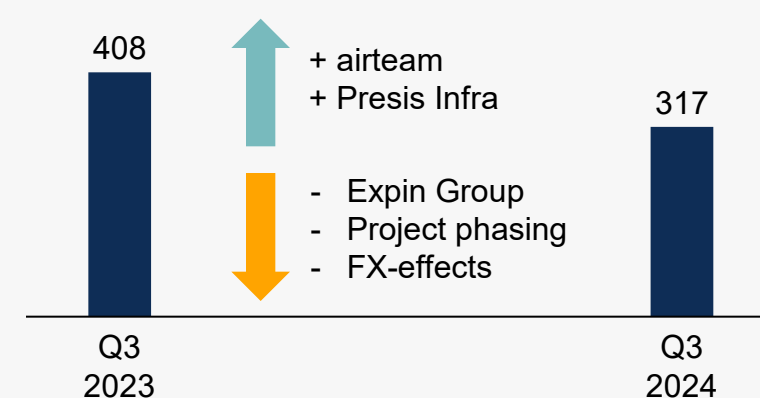
Net sales LTM
SEKm



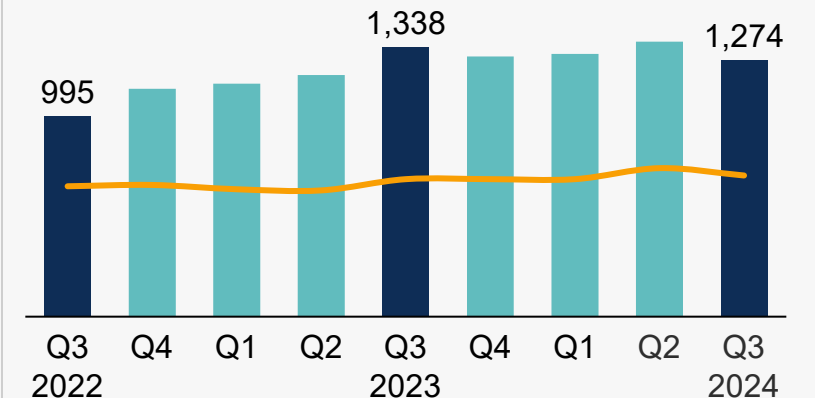
Order backlog
SEKm



Adj EBITA Quarter
SEKm



Adj EBITA LTM
SEKm



¹⁾ Aibel reported: order intake SEK 2,339m (2,034) in Q3 and order backlog SEK 30,783m (37,257)

Segment financials - Construction & Services Q3 2024

Net Sales



EBITA



Order status



Companies



Construction

Net sales SEK 2,858m (3,318), -14%
Share of total group sales 38%

Temporarily weak sales in Construction
 Large negative currency effects

EBITA SEK 183m (225), -19%
 EBITA-margin 6.4% (6.8%)

Order intake SEK 1,356m (1,055)
 Order backlog SEK 20,791m (20,141)



Critical Infrastructure

Net sales SEK 1,015m (838), +21%
Share of total group sales 14%

Adj EBITA SEK 135m (183), -26%
 Adj EBITA-margin 13.3% (21.8%)

Order intake* SEK 45m (415)
 Order backlog* SEK 8,790m (9,003)

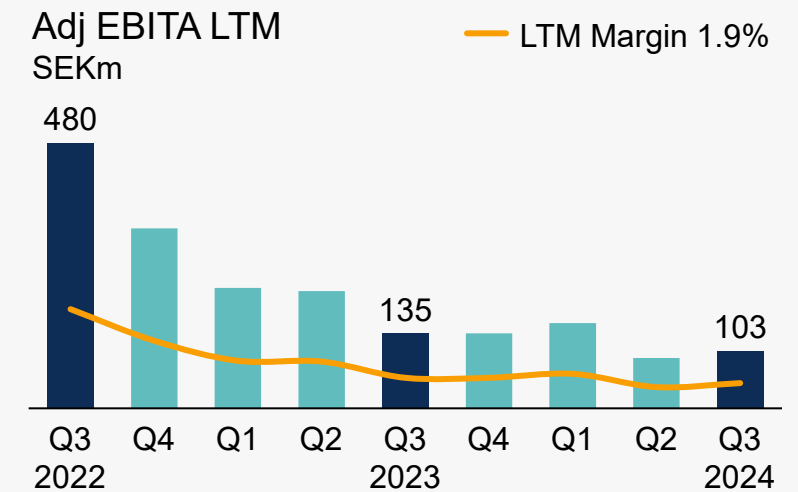
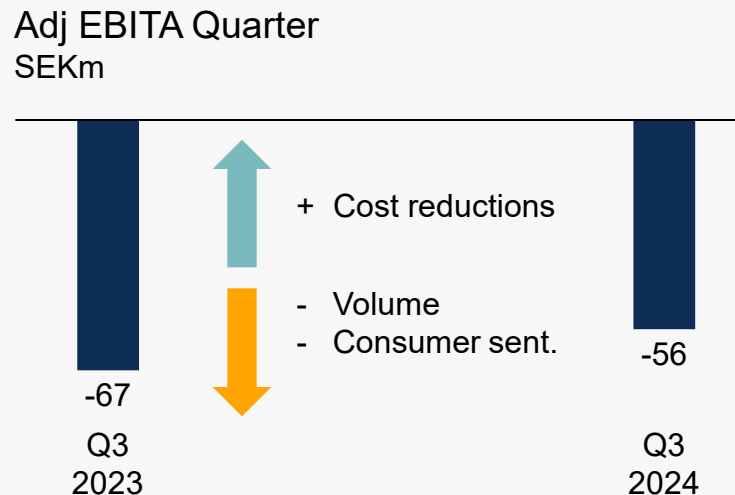
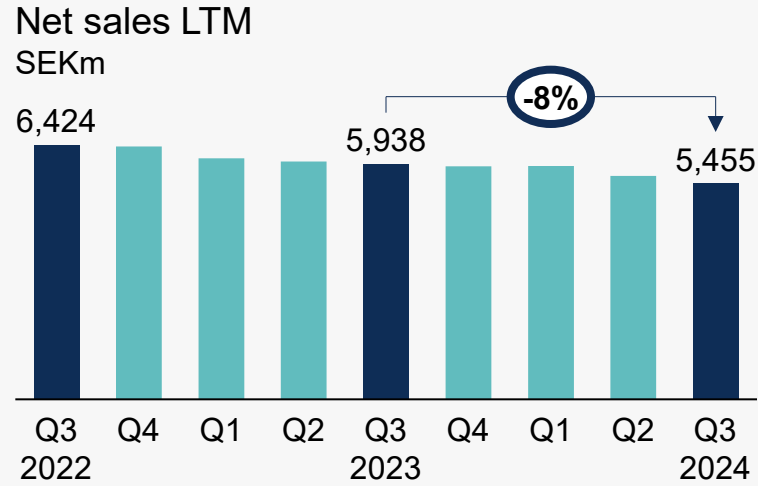


Consumer: Reconstruction in Plantasjen

Segments: Consumer

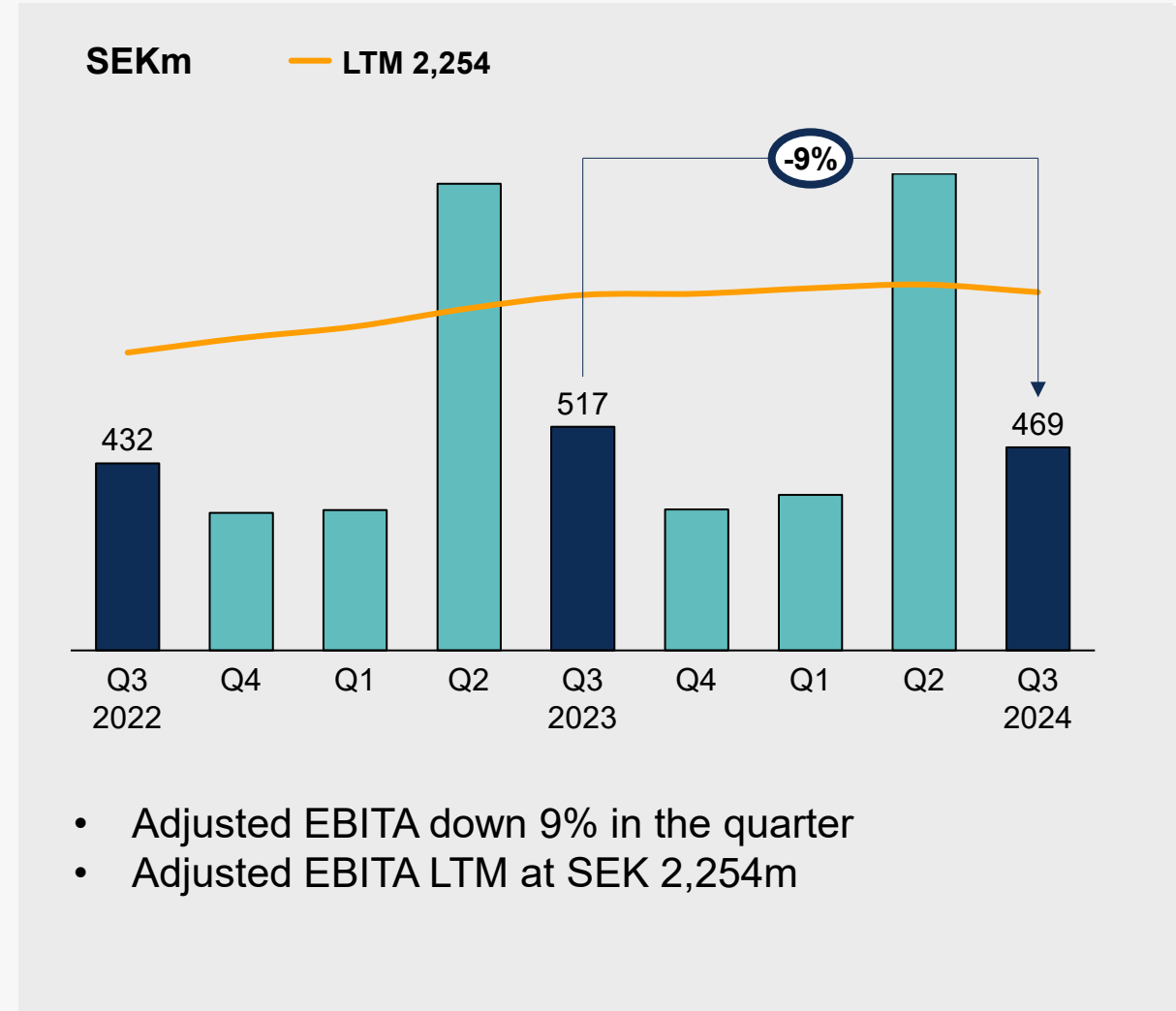
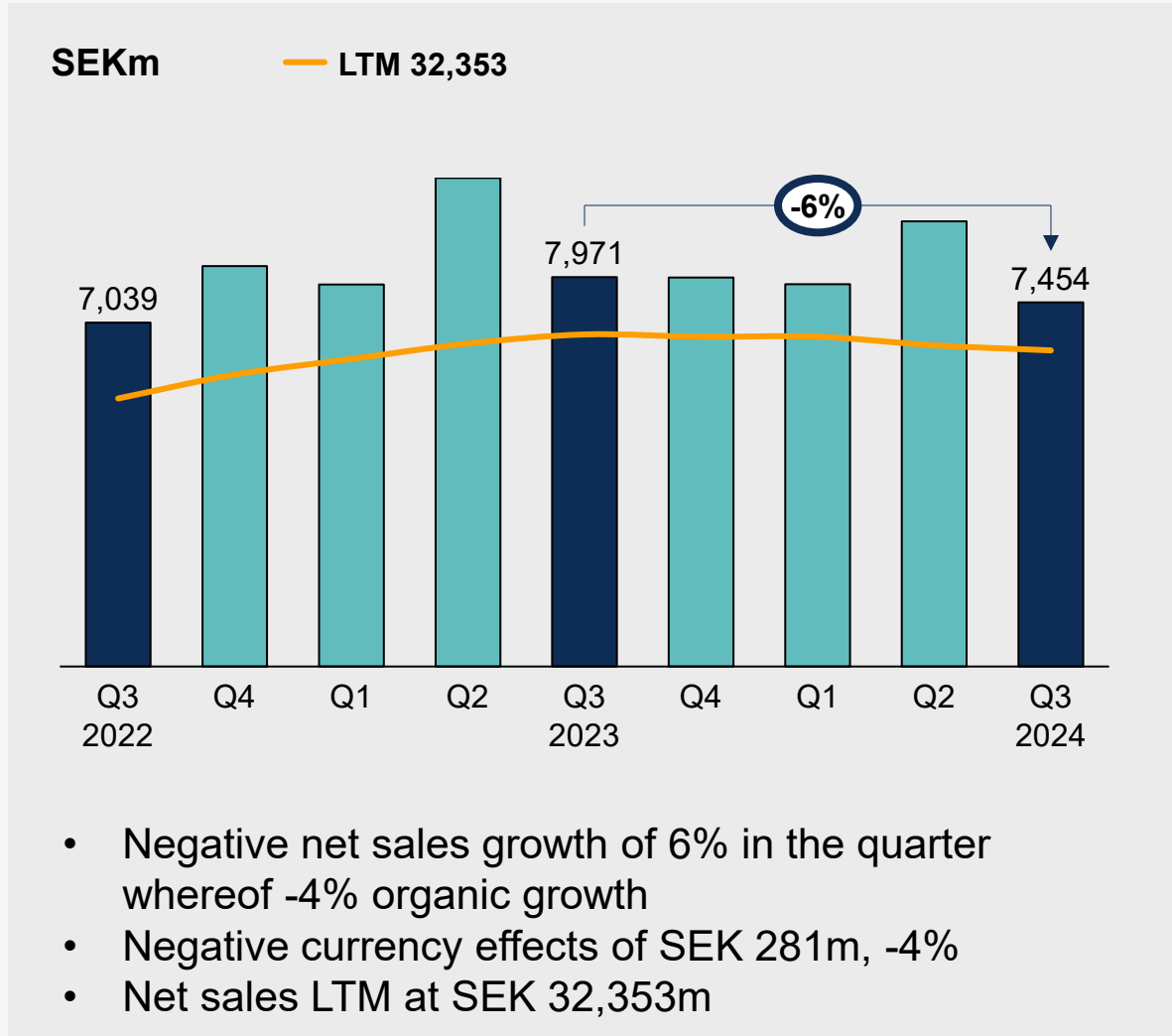
Comments

- Net sales decreased 15%, whereof -11% organic, driven by Plantasjen
- Adj EBITA SEK -56m (-67)
- Plantasjen's adj EBITA SEK -86m (-100), PY negatively affected by inventory reduction program. Cost reduction initiative in line with plan
- Adj EBITA-margin -4.8% (5.0%) and LTM 1.9% (2.3%)
- Reconstruction in Plantasjen

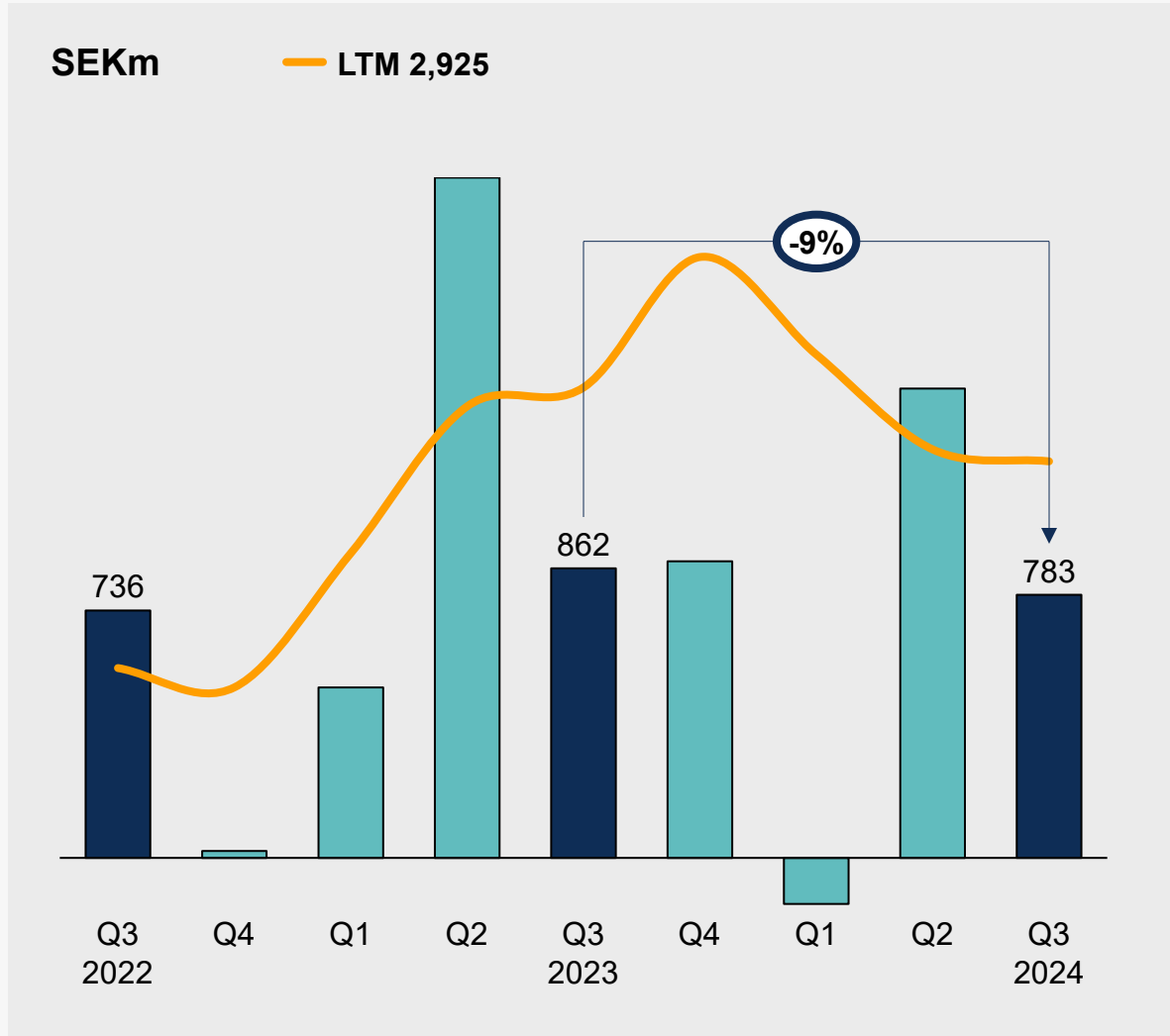


Financials

Net sales and adjusted EBITA



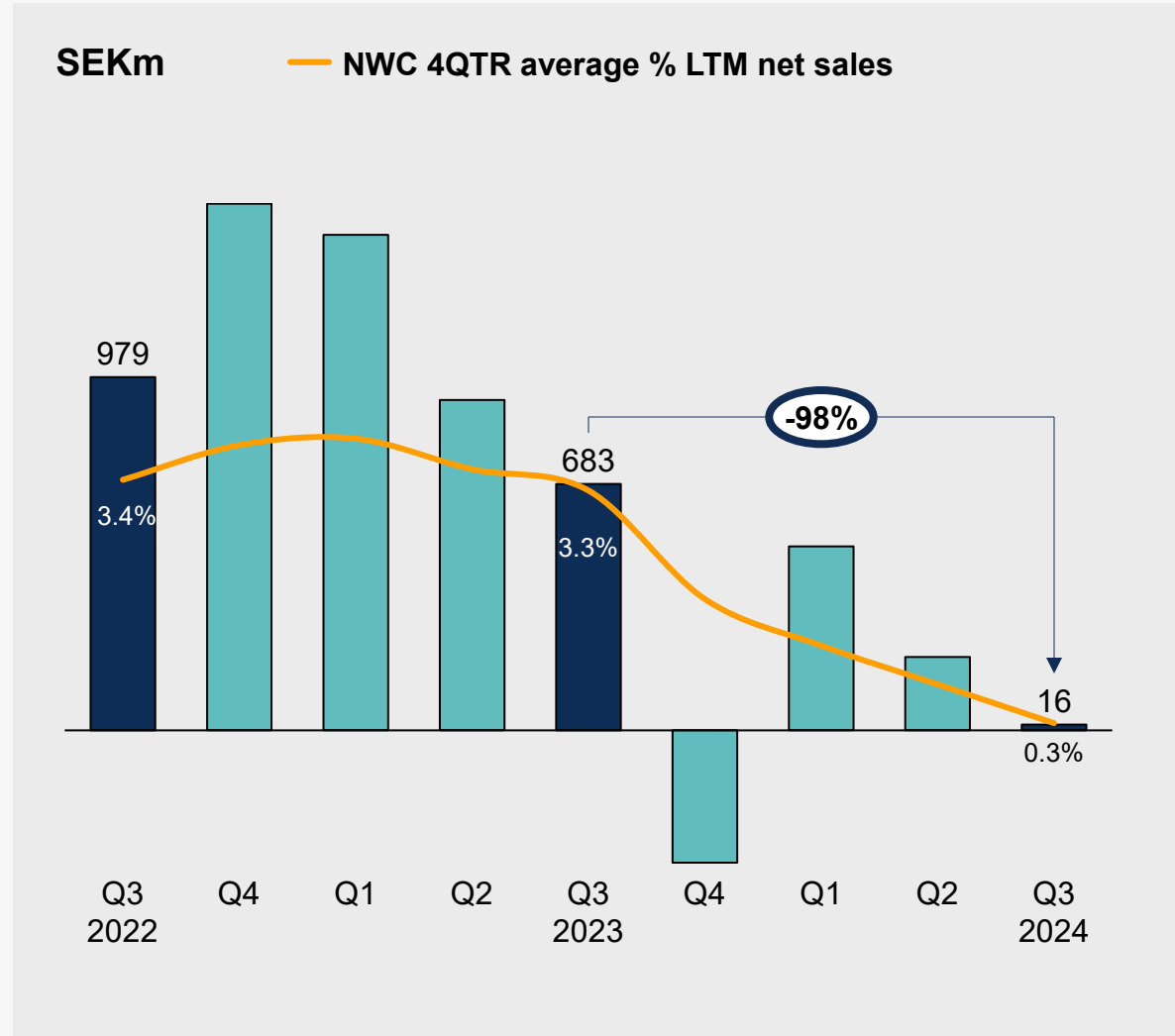
Cash flow from operating activities



Cash flow from operating activities, SEKm

	Q3 2024	Q3 2023	FY 2023
EBIT	159	481	3,010
Adjustment for non-cash items	570	349	565
Received dividends and financial items, net	-103	-136	-430
Income tax paid	-50	5	-316
Change in NWC	206	163	1,446
Cash flow from operating activities	783	862	4,275
Cash conversion, as % of Adjusted EBITA	167%	167%	190%

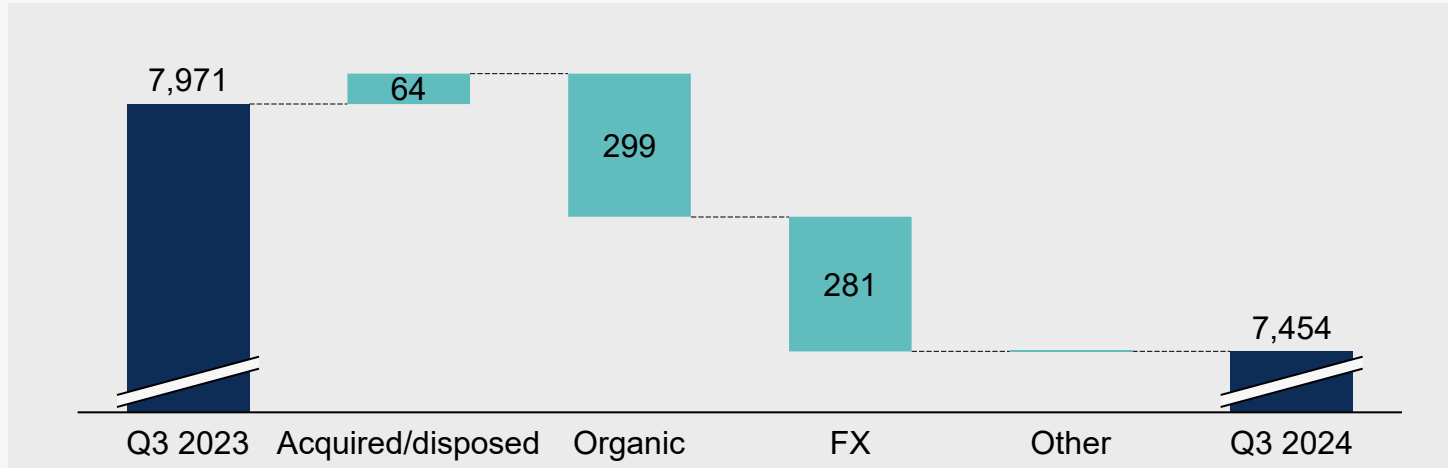
Net working capital



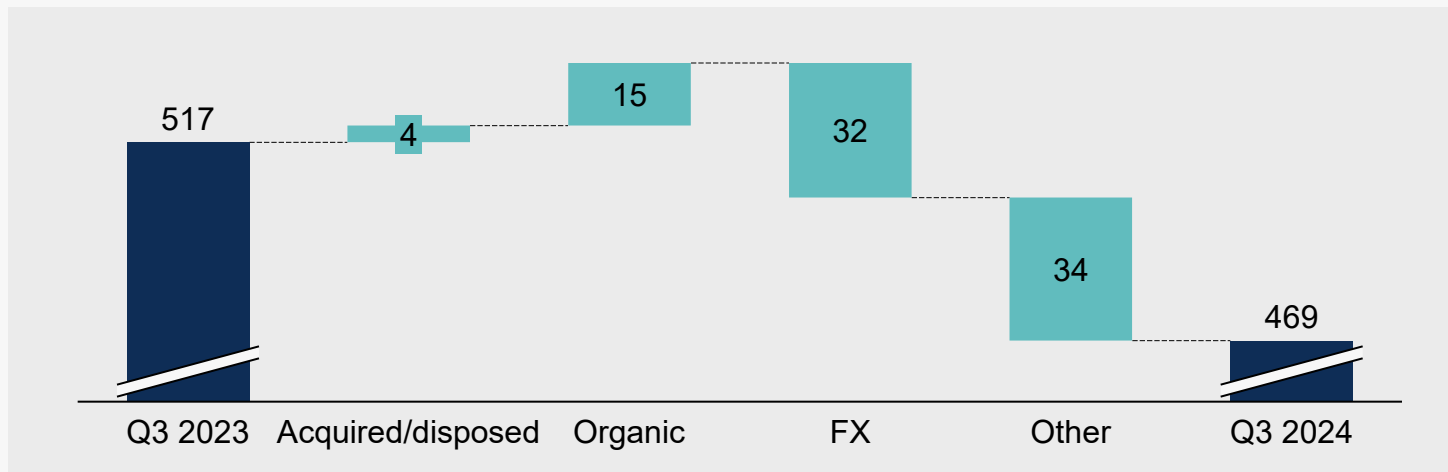
Net working capital, SEKm	2024 Sep	2023 Sep	2023 Dec
Inventories	1,839	2,135	1,868
Trade receivables	2,915	3,166	3,277
Contract assets	756	1,154	725
Accounts payable	2,409	2,732	2,803
Contract liabilities	1,631	1,782	2,407
Other receivables/payables net	-1,454	-1,259	-1,027
Net working capital	16	683	-367
% of LTM net sales, 4QTR average	0.3%	3.3%	1.9%

Adj EBITA down 9%

Net sales bridge, SEKm



Adj EBITA bridge, SEKm



Net sales

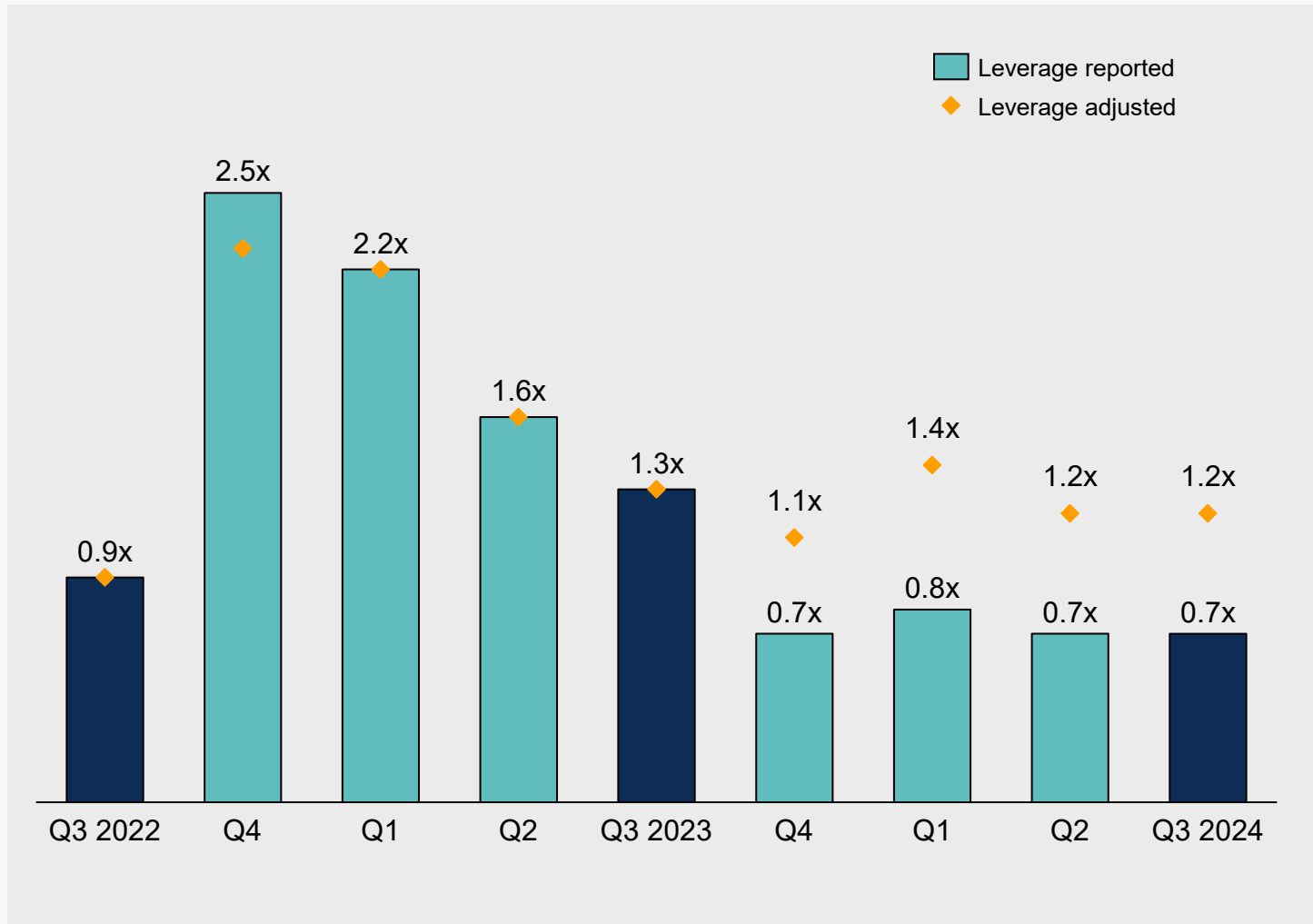
- Net sales down 6% in the quarter
- Acquired growth of 1% in the quarter
- Negative organic sales growth of 4% in the quarter, mainly driven by Construction and Consumer segments. Positive organic sales growth in Critical Infrastructure.
- Large negative FX-effect

Adj EBITA

- Acquired EBITA growth - add-on acquisitions in Product Solutions
- Organic EBITA growth in Product Solutions and Industrial Services compensating for the overall negative organic sales growth
- Negative FX-effect
- Other, various one-time items

Leverage, ROCE and ROIC

Leverage development



Leverage

- Leverage at 0.7x in Q3 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 2,755m (3,254)

ROCE and ROIC

- ROCE excluding financial leasing 10.2% (10.3%)
- ROIC 7.3% (7.7%)

Financial targets

Targets 2025

Outcomes Q3 2024

EBITA growth



SEK 3 billion

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

SEK 2,254m

(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



- Merger of Knightec and Semcon, reconstruction in Plantasjen and restructuring in Expin Group
- Continued strong development in Industry
- Temporarily weak quarter in Construction & Services with tough comparisons in Construction
- Strong order backlog and order intake, R12, in Construction & Services
- Net sales declined 6%, whereof organic -4%. Large negative currency effects (-4%)
- Strong cash flow from operating activities and a strong cash conversion
- Slightly lower demand than expected
- Transaction markets shows signs of improvements

Q&A



Our financial segment reporting

Industry

Industrial Services



Product Solutions



Construction & Services

Critical Infrastructure



Construction



Consumer

Consumer



ALEIDO

KNIGHTEC

semcon

SPEED
GROUP

TFS

Diab

HIL

LEDiL®

OASE
OUTDOORS

aibel®

EXPIN
GROUP

° PRESIS INFRA

airteam

HENT

SSEA

kvd

PLANTASJEN®

Ratos Group and Business areas

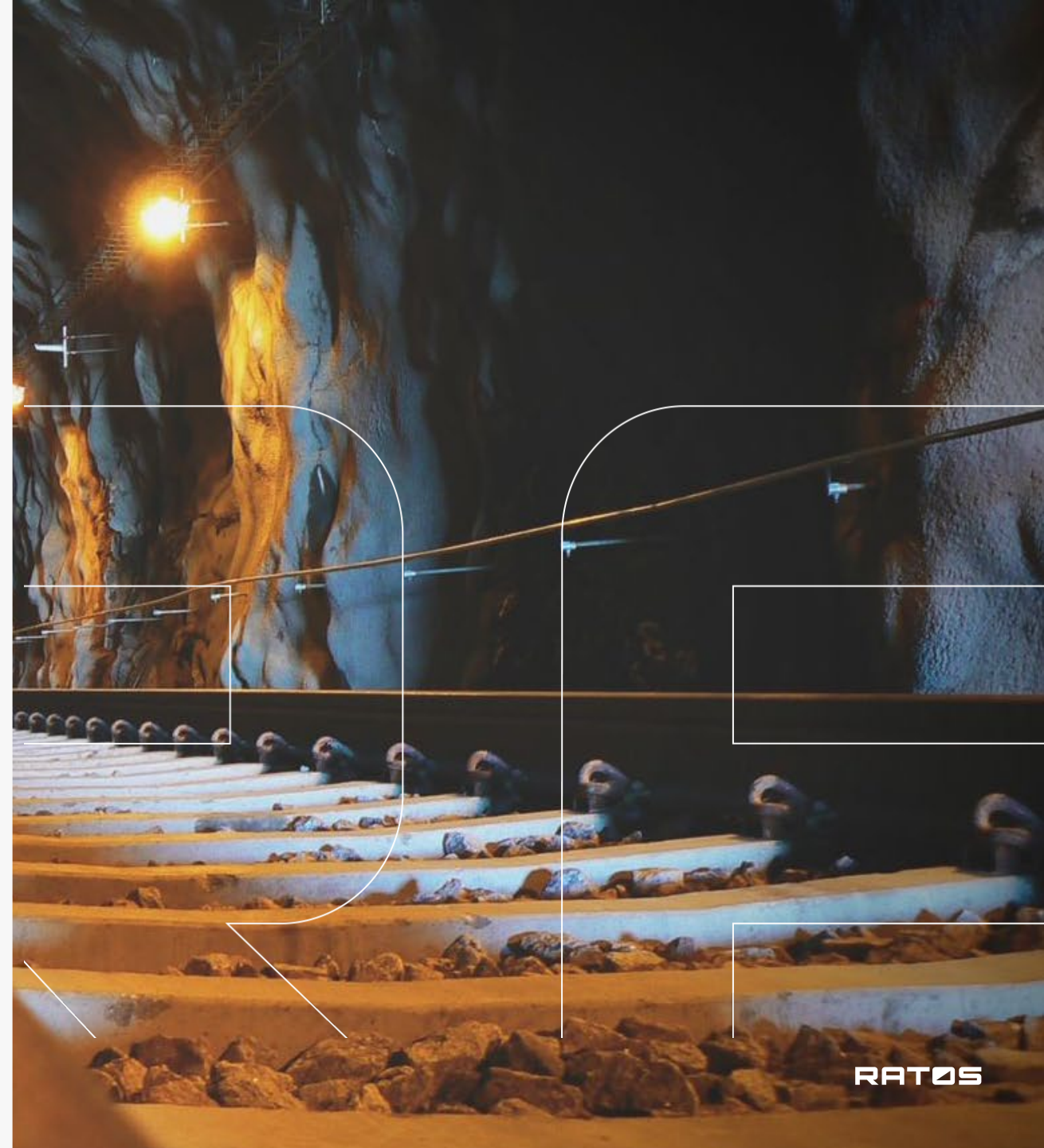
Net sales, Adj EBITA and Adj EBITA-margin

Net sales, SEKm	Q3 2024	Q3 2023	Change %
Industry	2,428	2,465	-2%
Construction & Services	3,873	4,155	-7%
Consumer	1,154	1,351	-15%
Elimination of internal net sales	-0		
Net sales	7,454	7,971	-6%

Adj EBITA, SEKm	Q3 2024	Q3 2023	Change %
Industry	235	194	21%
Construction & Services	317	408	-22%
Consumer	-56	-67	-
Group costs	-28	-18	-
EBITA	469	517	-9%

Adj EBITA-margin, %	Q3 2024	Q3 2023
Industry	9.7%	7.9%
Construction & Services	8.2%	9.8%
Consumer	-4.8%	-5.0%
Ratos Group*	6.3%	6.5%

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



RATOS