

Q2 2017

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AUGUST 17, 2017

volat1.

FINANCIAL DEVELOPMENT IN Q2 2017.

Net sales

SEK 872m

(927)

EBITA

SEK 99m

(117)

Operating cash flow

SEK 89m

(132)

Q2

A WEAK QUARTER WITH TWO SUCCESSFUL ACQUISITIONS.

EARNINGS

- Compared to a strong Q2 in 2016, earnings were down, mainly due to short-term variations in the Industry Business Area
- Corroventa's rental business was negatively impacted by the absence of floods in Europe. The major part of Tornum's project deliveries are scheduled for H2 this year
- Quarterly variations are, and have always been, part of Volati's operations. Therefore, Volati's operating model is focused on long-term value creation
- Strong performances by Besikta, Ettikettoprintcom and Miljöcenter. Focus on me&i and NaturaMed Pharma to improve their performance

ACQUISITIONS

- Volati's strong position in the acquisition market enabled further acquisitions of good companies at reasonable valuations – Akademibokhandeln and Silokonsult Göran Persson AB

CONCLUSION

- Volati's operations are developing well and we are confident of achieving our long-term financial targets

FINANCIAL DEVELOPMENT LTM Q2 2017.

Net sales

SEK 3,234m

(3,206 FY2016)

EBITA¹

SEK 302m

(318 FY2016)

**Operating
cash flow²**

**SEK
274m**

(344 FY2016)

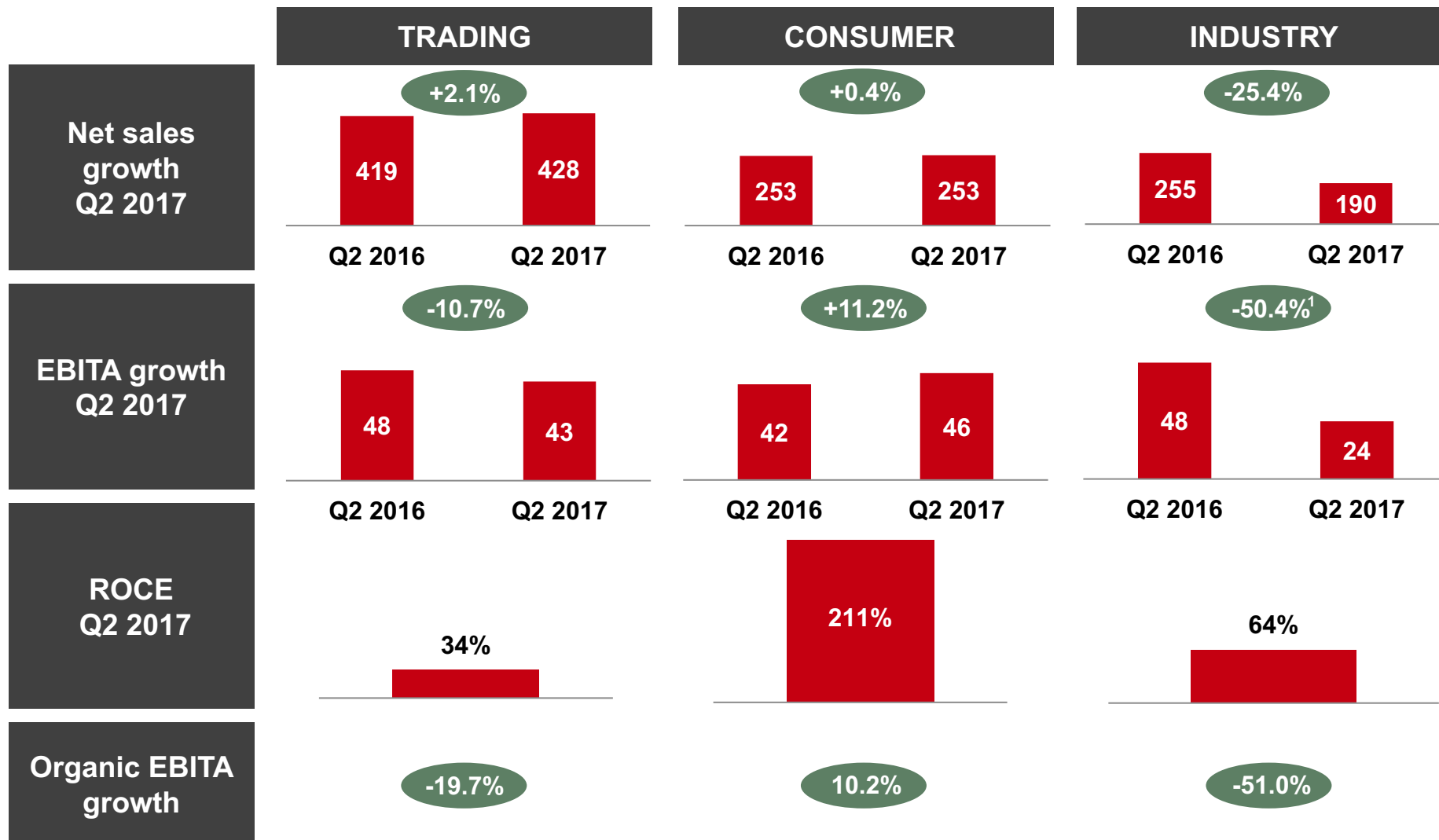
**Organic
EBITA
growth
3%**

LTM

1) EBITA negatively affected by one-off items of SEK 24.7m (33.8m)

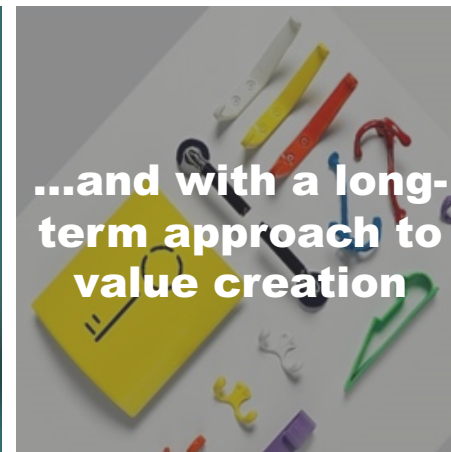
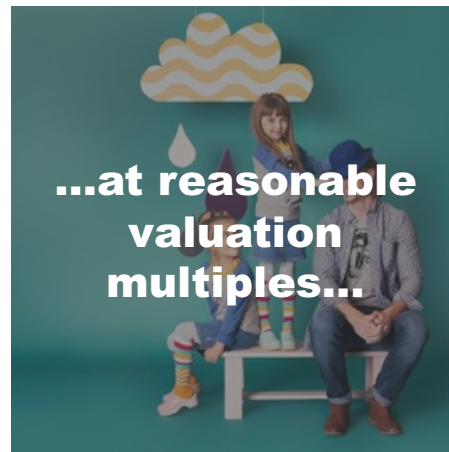
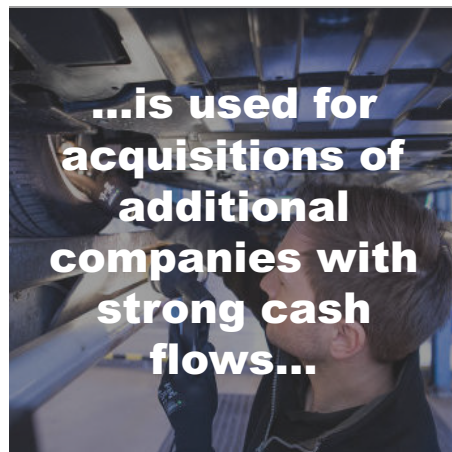
2) Operating cash flow negatively affected by payment of one-off items consisting primarily of IPO related costs of SEK 21.4m (6.9m not IPO related)

CONTINUED GROWTH IN CONSUMER BUT WEAK DEVELOPMENT IN INDUSTRY AND TRADING.



1) Negative growth related to lower sales for Corroventa since, as opposed to the second quarter of 2016, no major floods occurred in Europe leading to a lower level of rentals and sales in addition to larger part of Tornum's deliveries being made in second half of 2017 while the deliveries in 2016 was to a larger extent done in the first half of the year.

A ROBUST BUSINESS MODEL.



OPERATING CASH FLOW

ACQUIRED EBITA GROWTH

ACQUISITION MULTIPLES

ORGANIC EBITA GROWTH

SEK 274m
Operating cash flow
LTM Q2 2017

36%
Average acquired
EBITA growth
2013-Q2 2017

5.9x
Weighted average
EV/EBITDA acquisition
multiple since 2004

9%
Average organic
EBITA growth
2013-Q2 2017

”Rather turn down
a good deal
than risk making
a bad one.”

PATRIK WAHLÉN

AKADEMIBOKHANDELN – A TYPICAL VOLATI ACQUISITION.

ACQUISITION IN BRIEF

- Acquired 95% of the shares – Akademibokhandeln's management acquired 5% of the shares
- The purchase price for 100% of the shares amounted to SEK 263m
 - Estimated enterprise value of approx. SEK 760m
- EV/EBITDA multiple: 6.1x



AKADEMIBOKHANDELN

bokus

AKADEMIBOKHANDELN AND BOKUS

- Sweden's leading book retailer – 37% total market share
- The only successful omni-channel player
 - #1 physical bookstores
 - #2 online retailer
- 108 stores nationwide (80 own, 28 franchise)
- 32% online sales, pure-play e-tailer through Bokus

VOLATI 2016 INCL. AKADEMIBOKHANDELN

- Net sales: SEK 5bn
- EBITA: SEK 426m
- Cash flow from operating activities: SEK 379m

TORNUM ACQUIRED SILOKONSULT AB.

ACQUISITION IN BRIEF

- Tornum acquired 100% of the shares
- Total consideration of SEK 31.5m, including an estimated net cash position of approx. SEK 18m
- EV/EBITDA multiple: 3.5x
- Founder and former owner will continue his engagement in the company



SILOKONSULT GÖRAN PERSSON AB

- Swedish supplier of machinery and planning for the grain and milling industries
- Will strengthen Tornum's position as a leading supplier of grain processing equipment for industrial customers in Sweden
- Tornum's fourth acquisition since Volati acquired the company in 2003
- Financials:
 - Revenues: approx. SEK 60m
 - Underlying EBITA of approximately SEK 4m

Silokonsult AB

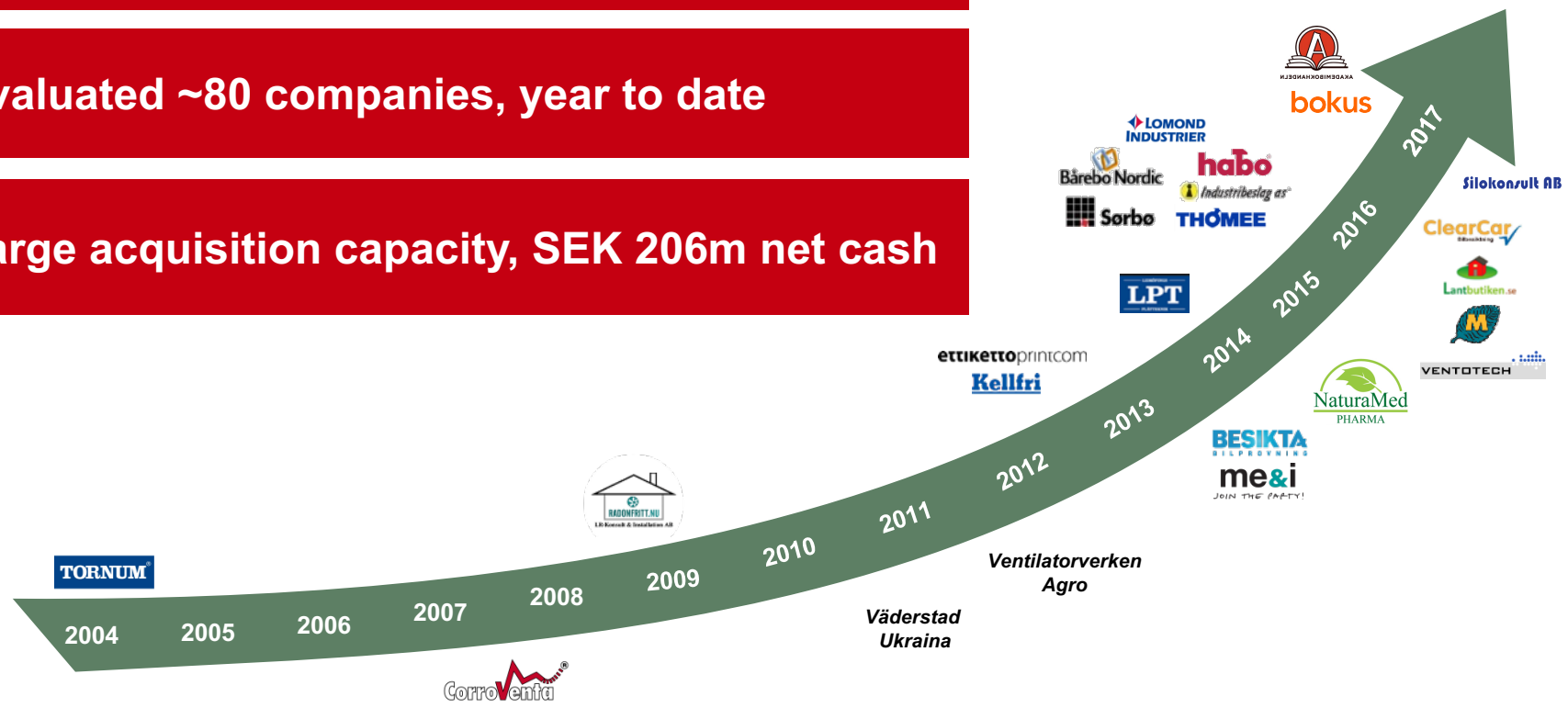
WELL-POSITIONED FOR ADDITIONAL ACQUISITIONS.

Well-defined acquisition model and process

Ability to manage complex transactions

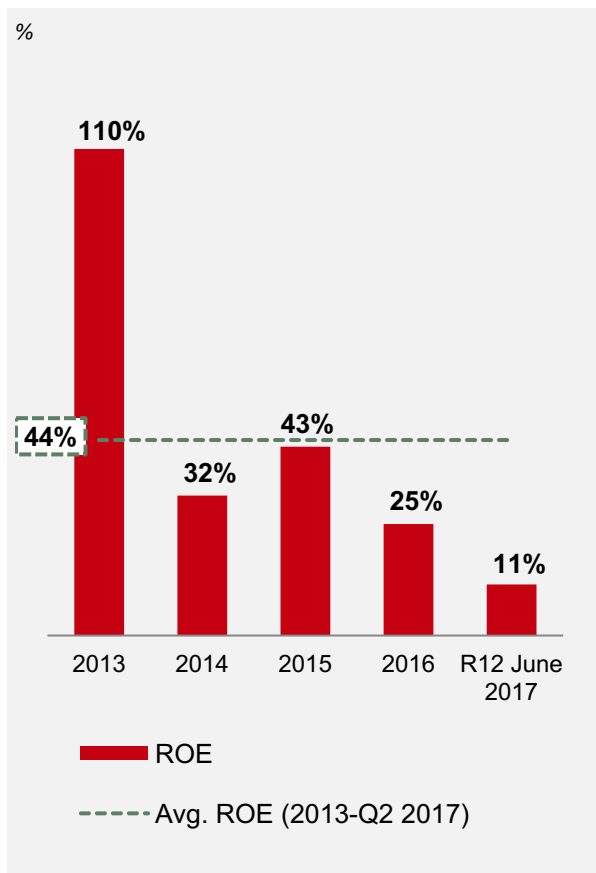
Evaluated ~80 companies, year to date

Large acquisition capacity, SEK 206m net cash

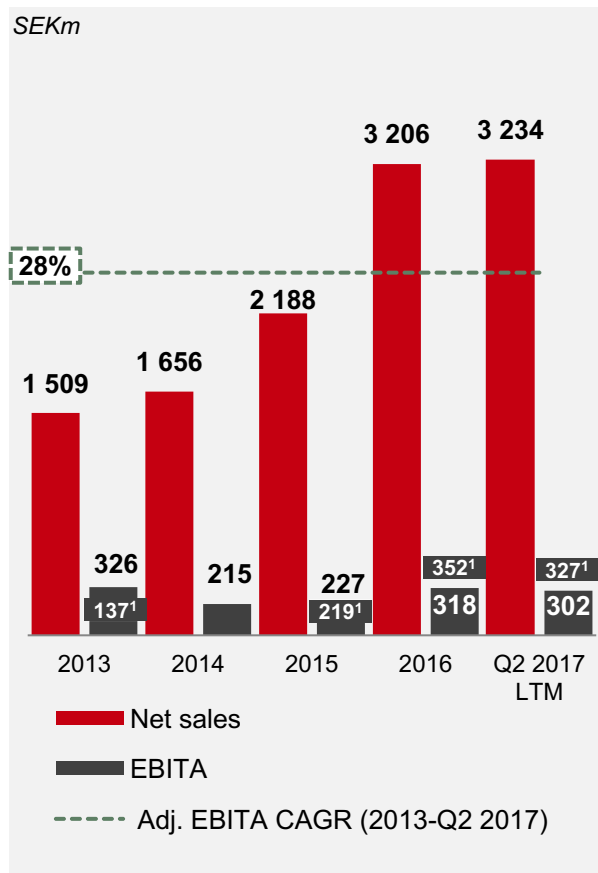


STRONG FINANCIAL POSITION FOR CONTINUED GROWTH THROUGH ACQUISITIONS.

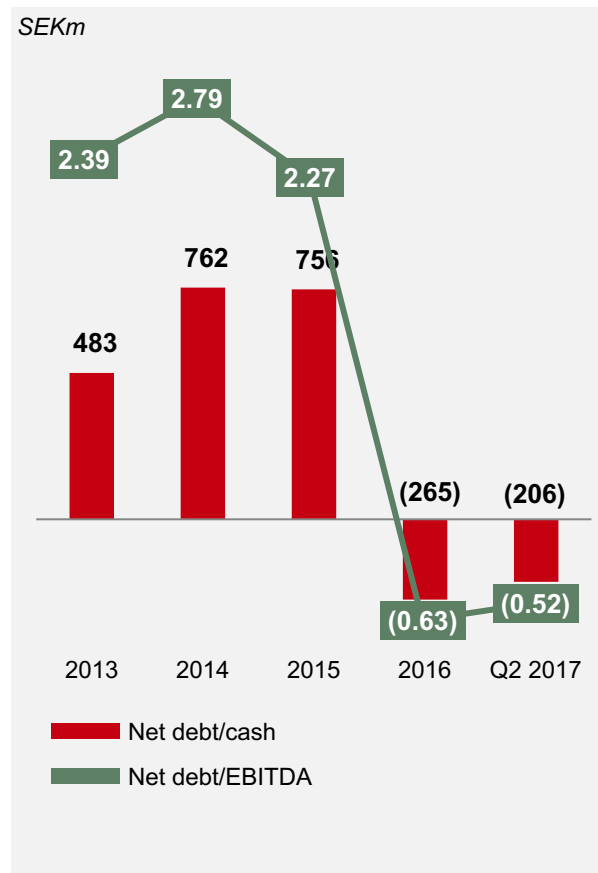
RETURN ON EQUITY



SALES AND EBITA



NET DEBT/(CASH)



1) Excluding one-off items

LONG-TERM DEVELOPMENT SUPPORTS FINANCIAL TARGETS.

| METRIC | TARGET | PERFORMANCE |
|--------------------------------------|---|---|
| EBITA growth | SEK 700m (by 2019) Reach an adjusted EBITA of SEK 700m at end of 2019 – annual organic EBITA growth of 5% on average | <p>9% Average organic EBITA growth 2013 – Q2 2017</p> |
| Cash conversion | >85% Annual cash conversion of at least 85% | |
| Return on adjusted equity | >20% (long-term) Long-term reach a return on adjusted equity of at least 20% | |
| Net debt / adj. EBITDA | <3x (long-term) Volati's long-term objective is to maintain a net debt of <3x adj. EBITDA LTM | |
| Common equity dividend policy | ~10-30% Distribute 10-30% of net profit for the year – Volati's acquisition opportunities will be taken into consideration | <p>SEK 0.50 per ordinary share in 2017 corresponding to 20% of the 2016 net profit</p> |

1) Adjusted for one-off items of SEK 21.4m consisting primarily of IPO related costs

A growing Swedish industrial group

volat1.

APPENDIX.

BUSINESS AREA TRADING – OPERATIONAL SYNERGIES THROUGH SHARED SERVICE CENTRE.

An operational business area

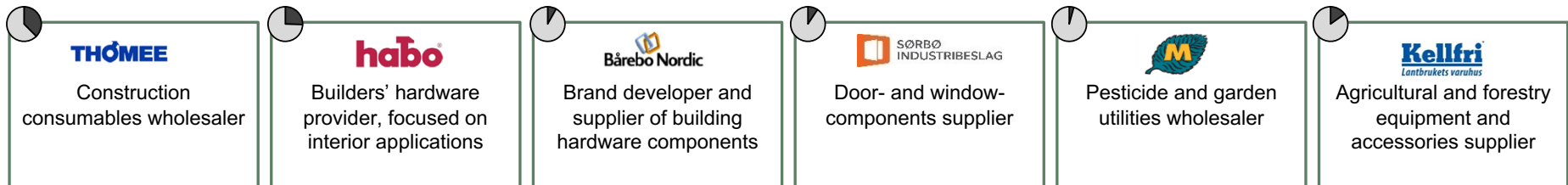
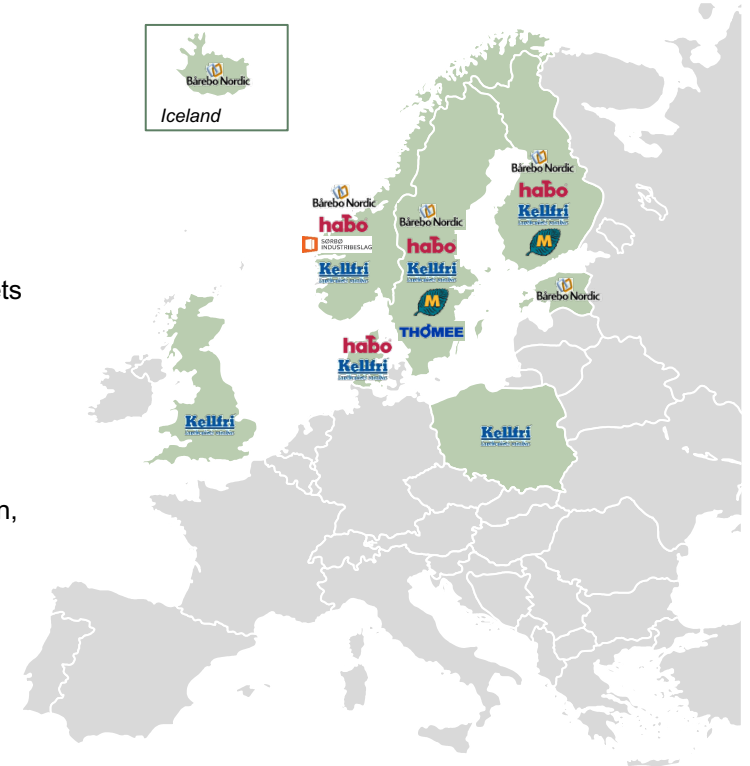
- Operating some **15** companies in **6** countries
- Organised in **6** business units

Integrated business model

- Focused on three market segments:
 - Construction consumables and hardware (primarily B2B)
 - Clients include companies within the Nordic professional and do-it-yourself markets such as Ahlsell, Byggmax, Coop, DT Group, Woody Bygghandel and XL Bygg
 - Home and garden (primarily B2B)
 - Clients are predominately retail chains such as Bauhaus and Plantagen
 - Agroforestry (primarily B2C)
 - Clients are predominately small-scale agriculture and forestry farmers
- Business units have similar business models and shared service centre for supply chain, IT and finance

Key financials, Q2 2017 LTM

- Net sales of SEK **1,545m**
- EBITA of SEK **117m**
- ROCE of **34%**



① Share of business area net sales 2016

BUSINESS AREA CONSUMER – ATTRACTIVE NICHES.

A strategic business area

- Operating some **9** companies in **5** countries
- Organised in **3** business units

Strong local entrepreneurship

- Business units focused on B2C niches
- Strong local entrepreneurship combined with collaboration in selected areas such as database marketing, digitalisation and e-commerce
- Business area head responsible for implementing Volati's central initiatives and supporting M&A processes

Key financials, Q2 2017 LTM

- Net sales of SEK **966m**
- EBITA of SEK **146m**
- ROCE of **211%**



BESIKTA
BILPROVNING

A leading Swedish vehicle inspection company

NaturaMed
PHARMA

Supplier of subscription-based private label health supplements and OTC pharmaceuticals

me&i
JOIN THE PARTY!

Social sales clothing designer and manufacturer, mainly offered to women with children

BUSINESS AREA INDUSTRY – SUCCESSFUL EXPANSION.

A strategic business area

- Operating some **20** companies in **14** countries
- Organised in **3** business units

Strong local entrepreneurship

- Business units focused on B2B niches
- Strong local entrepreneurship combined with collaboration in selected areas such as international expansion, lean manufacturing and HR
- Business area head responsible for implementing Volati's central initiatives and supporting M&A processes

Key financials, Q2 2017 LTM

- Net sales of SEK **723m**
- EBITA of SEK **108m**
- ROCE of **64%**



TORNUM
 Manufacturer and supplier of grain handling equipment with expertise within drying and cooling technologies

Corroventa
 Drying, dehumidification and decontamination equipment developer and distributor

ettikettoprintcom
 Adhesive labels and labelling systems developer and supplier

① Share of business area net sales 2016

INCOME STATEMENT.

| SEKm | 2013 | 2014 | 2015 | 2016 | LTM |
|---|------------|------------|------------|------------|------------|
| Net sales | 1,509 | 1,656 | 2,188 | 3,207 | 3,234 |
| Raw materials and supplies | -549 | -547 | -933 | -1,526 | -1,518 |
| Other external costs | -274 | -347 | -413 | -516 | -529 |
| Personnel costs | -518 | -513 | -582 | -771 | -806 |
| Other income | 3 | 3 | 18 | 4 | 2 |
| Other operating costs | -2 | -2 | -3 | -12 | -12 |
| Realised profit from divestments | 189 | - | -0 | - | - |
| EBITDA | 359 | 249 | 275 | 385 | 371 |
| Depreciation | -32 | -34 | -47 | -67 | -69 |
| EBITA | 326 | 215 | 227 | 318 | 302 |
| Acquisition-related amortisations and write-downs | -7 | -60 | -13 | -17 | -18 |
| EBIT | 319 | 155 | 214 | 301 | 284 |
| Financial income | 6 | 4 | 23 | 19 | 13 |
| Financial costs | -58 | -98 | -76 | -66 | -48 |
| Profit before tax | 267 | 61 | 161 | 254 | 249 |
| Tax | -20 | -6 | -35 | -53 | -57 |
| Profit related to discontinued operations | 2 | - | - | - | - |
| Net profit | 249 | 56 | 126 | 200 | 193 |

BALANCE SHEET.

| SEKm | 31 Dec '13 | 31 Dec '14 | 31 Dec '15 | 31 Dec '16 | 30 Jun '17 |
|---|--------------|--------------|--------------|--------------|--------------|
| Intangible fixed assets | 860 | 1,160 | 1,689 | 1,840 | 1,807 |
| Tangible fixed assets | 141 | 138 | 180 | 191 | 180 |
| Financial fixed assets | 8 | 8 | 13 | 8 | 8 |
| Other non-current marketable securities | 4 | 4 | 7 | - | - |
| Deferred tax assets | 16 | 21 | 33 | 42 | 42 |
| Total non-current assets | 1,030 | 1,332 | 1,922 | 2,081 | 2,037 |
| Inventory | 138 | 161 | 328 | 387 | 427 |
| Current assets | 156 | 174 | 376 | 405 | 533 |
| Assets related to discontinued operations | 1 | - | - | - | - |
| Current interest-bearing securities | - | - | - | - | - |
| Cash and cash equivalents | 157 | 156 | 200 | 371 | 332 |
| Total current assets | 451 | 492 | 904 | 1,162 | 1,292 |
| Total assets | 1,481 | 1,823 | 2,826 | 3,243 | 3,328 |
| Share capital | 5 | 5 | 5 | 8 | 10 |
| Other capital contributions ¹ | - | - | 828 | 1,995 | 1,995 |
| Other reserves | -1 | 2 | -14 | 34 | 13 |
| Retained earnings including net profit for the year | 102 | 119 | 150 | 200 | 181 |
| Non-controlling interests | 47 | 73 | 81 | 18 | 18 |
| Total shareholders' equity | 153 | 199 | 1,051 | 2,258 | 2,217 |
| Non-current interest-bearing debt | 441 | 1,055 | 908 | 59 | 49 |
| Provisions for pensions | 2 | 2 | 2 | 3 | 2 |
| Other provisions | 6 | 5 | 5 | 6 | 5 |
| Deferred tax liabilities | 46 | 79 | 112 | 124 | 121 |
| Other non-interest-bearing non-current liabilities | - | - | 66 | 80 | 79 |
| Total non-current liabilities | 495 | 1,141 | 1,093 | 271 | 257 |
| Current interest-bearing debt | 497 | 165 | 133 | 73 | 97 |
| Current non-interest-bearing debt | 336 | 318 | 550 | 646 | 757 |
| Total current liabilities | 833 | 483 | 682 | 719 | 854 |
| Total equity and liabilities | 1,481 | 1,823 | 2,826 | 3,243 | 3,328 |

1) Preference share capital in 2015 and new issue of common shares in 2016.

NET DEBT AND WORKING CAPITAL.

| SEKm | 31 Dec '13 | 31 Dec '14 | 31 Dec '15 | 31 Dec '16 | 30 Jun'17 |
|---|------------|------------|------------|-------------|-------------|
| Net debt | | | | | |
| Cash and cash equivalents | -157 | -156 | -200 | -371 | -332 |
| Pension liabilities | 2 | 2 | 2 | 3 | 2 |
| Non-current interest-bearing liabilities | 441 | 1055 | 908 | 54 | 49 |
| Current interest-bearing liabilities | 497 | 165 | 133 | 73 | 97 |
| Unrealised derivative instruments | 6 | 6 | 4 | 0 | - |
| Pension assets | -2 | -2 | -1 | -2 | -2 |
| Adjustment for shareholder loans | -304 | -308 | -89 | -22 | -22 |
| Net debt | 483 | 762 | 756 | -265 | -206 |
| Net working capital | | | | | |
| Assets | | | | | |
| Inventories | 138 | 161 | 328 | 387 | 427 |
| Receivables | 92 | 116 | 290 | 302 | 409 |
| Advances to suppliers | 0 | 1 | 8 | 4 | 5 |
| Other short-term receivables | 15 | 10 | 14 | 14 | 7 |
| Prepaid expenses / accrued income | 34 | 29 | 50 | 74 | 65 |
| Working capital assets | 280 | 317 | 690 | 780 | 913 |
| Liabilities | | | | | |
| Accounts payable | 91 | 104 | 239 | 267 | 256 |
| Advances from customers | 9 | 28 | 46 | 56 | 92 |
| Other current liabilities ¹ | 32 | 38 | 83 | 99 | 148 |
| <i>Of which accrued preference share dividend</i> | <i>0</i> | <i>0</i> | <i>-32</i> | <i>-32</i> | <i>-64</i> |
| Accrued expenses / prepaid income | 119 | 109 | 148 | 175 | 184 |
| Working capital liabilities | 251 | 279 | 484 | 565 | 616 |
| Net working capital | 28 | 38 | 206 | 215 | 297 |
| NWC / net sales | 1.9% | 2.3% | 9.4% | 6.7% | 9.2% |
| NWC / adj. net sales ² | - | - | - | 6.5% | 9.2% |

1) Excluding preference dividend liability amounting to SEK 32m from the working capital post "other current liabilities" in 2015 and 2016.

2) Including acquired business units' financials as if fully owned and consolidated for the full period.

CASH FLOW STATEMENT.

| SEKm | 2013 | 2014 | 2015 | 2016 | LTM |
|--|------------|-------------|-------------|-------------|-------------|
| Profit before tax | 267 | 61 | 161 | 254 | 249 |
| Adjustment for non-cash items | -116 | 172 | 96 | 122 | 122 |
| Interest paid | -24 | -58 | -45 | -39 | -23 |
| Interest received | 1 | 3 | 1 | 1 | 1 |
| Cash taxes | -33 | -18 | -19 | -42 | -44 |
| Cash flow before changes in working capital | 96 | 160 | 196 | 295 | 304 |
| Change in inventories | 5 | -11 | 18 | -29 | -26 |
| Change in operating receivables | 22 | 5 | -16 | -1 | 25 |
| Change in operating liabilities | -18 | 3 | 50 | 20 | -66 |
| Cash flow from change in working capital | 8 | -4 | 51 | -10 | -67 |
| Cash flow from operating activities | 104 | 156 | 247 | 285 | 237 |
| Investments in tangible and intangible assets | -47 | -91 | -69 | -33 | -34 |
| Sale of tangible and intangible assets | 2 | 1 | 1 | 1 | 3 |
| Investments in subsidiaries | -209 | -297 | -606 | -261 | -135 |
| Sale of subsidiaries | 303 | 0 | 14 | - | - |
| Investments in financial assets | - | - | -5 | -0 | -0,0 |
| Sale of financial assets | 2 | 0 | 3 | 10 | 0,0 |
| Cash flow from investing activities | 52 | -386 | -660 | -284 | -166 |
| Shareholder contribution | 2 | - | 13 | 24 | 24 |
| Preference share issue | - | - | 823 | - | - |
| Share issue | - | - | - | 1,177 | 1,176 |
| Dividends paid | -274 | -11 | -48 | -89 | -105 |
| Change in pension liability | - | - | -78 | - | - |
| Borrowings | 258 | 255 | -238 | -954 | -961 |
| Cash flow from financing activities | -14 | 244 | 472 | 159 | 134 |
| Cash flow for the year | 135 | -1 | 59 | 161 | 206 |
| Cash and cash equivalents at year-beginning | 21 | 157 | 156 | 200 | 125 |
| Translation differences | 1 | 0 | -15 | 10 | 1 |
| Cash and cash equivalents at year-end | 157 | 156 | 200 | 371 | 332 |

DEFINITIONS OF KEY METRICS.

| Metric | Explanation | Adjusted | Explanation |
|---|---|--|---|
| Business area return on capital employed (BA ROCE) | BA EBITA in relation to BA capital employed | - | - |
| Cash conversion | Operating cash flow in relation to EBITDA | Adj. cash conversion | Cash conversion excluding capex related to Besikta IT investments |
| EBITA | Operating profit before interest, tax and amortisations of intangible assets arising in connection with company acquisitions | BA EBITA | EBITA generated from business area, excluding central costs and, if any, one-off items |
| | | Adj. EBITA | EBITA including acquired business units' financials as if fully owned and consolidated for the full period |
| EBITDA | EBIT before interest, tax, depreciation and amortisation | Adj. EBITDA | Excluding non-recurring items and including acquired business units' financials as if fully owned and consolidated for the full period |
| Net capex | Investments in tangible and intangible assets less sale of tangible and intangible assets | Adj. net capex | Net capex excluding capex related to Besikta IT investments |
| Net debt (ND) | Interest bearing long- and short-term debt including pensions less interest bearing long- and short-term assets, adjusted for subordinated shareholder loans | - | - |
| Net debt / adj. EBITDA | Net debt in relation to adj. EBITDA LTM (excluding NRI's) | - | - |
| Net profit | Net profit including minority interest | Adj. net profit | Net profit excluding preference share dividend |
| Net sales | - | Adj. net sales | Net sales including acquired business units' financials as if fully owned and consolidated for the full period |
| Non-recurring items (NRI's) | Non-recurring items, including listing, integration, restructuring and transaction costs | - | - |
| One-off income | Capital gains, revaluation of earn-out payments and warranty compensations | - | - |
| Operating cash flow | EBITDA less change in net working capital (sourced from cash flow statement) less net capex, (excluding acquisitions of group companies, divestments and investments in financial assets) | Adj. operating cash flow | Operating cash flow excluding capex related to Besikta IT investments in relation to EBITDA |
| Return on equity (ROE) | Net profit divided by the average of ingoing and outgoing total shareholders' equity for the period | Adj. ROE (excl. preference share) | Net profit less preference share dividend divided by the average of common equity during the preceding four quarters (including minority interest) for the period |