

# Interim Report July–September 2021

Andreas Stenbäck, CEO

Martin Aronsson, CFO

26 October 2021

## **A. Volati at a glance**

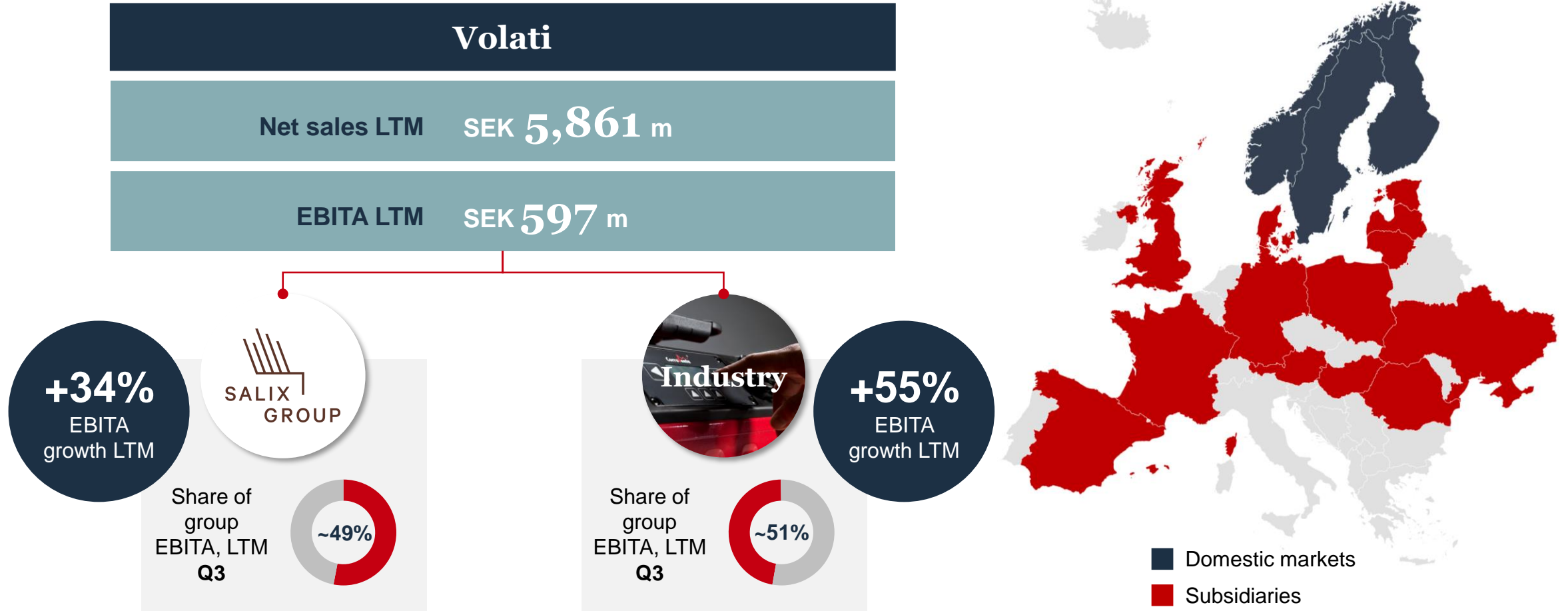
## **B. Quarter three update**



## **Business concept**

”Volati creates value by acquiring companies with proven business models, leading market positions, strong cash flows at reasonable valuations - and develops them with an emphasis on long-term value creation.”

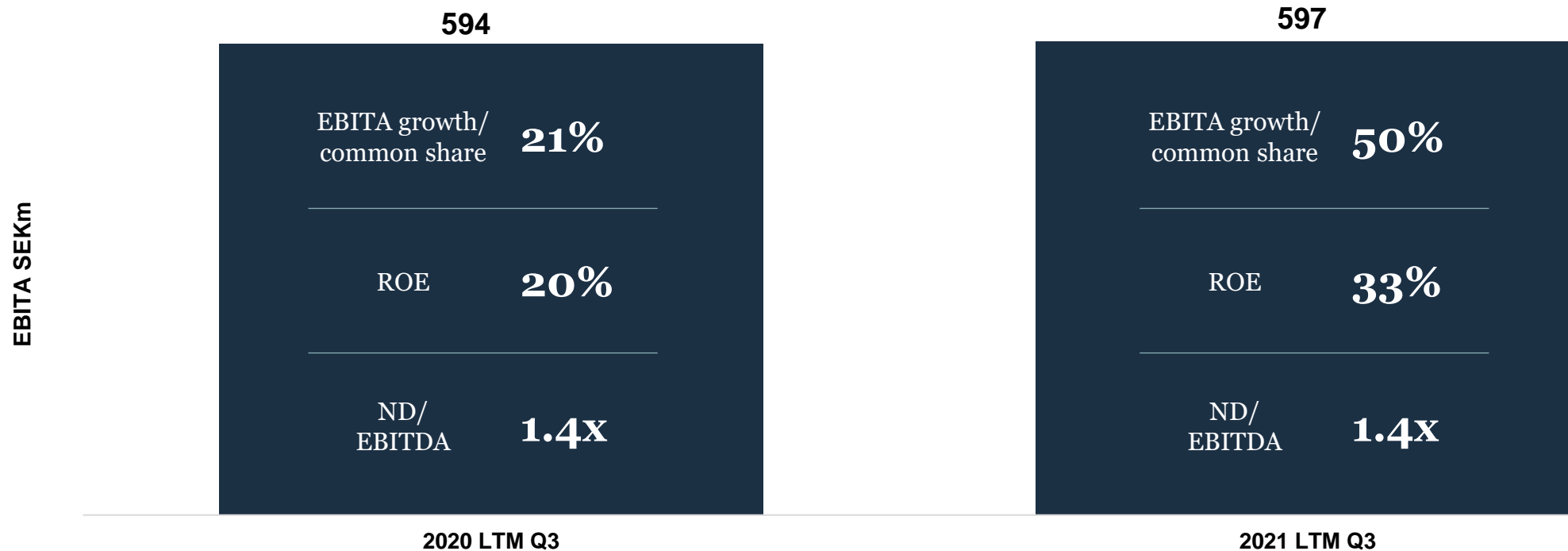
# Volati is a growing group of well-managed companies with strong earnings



# Last years activities has resulted in a focused group with stronger key characteristics

Value transfer of  
**SEK +1.5 bn**  
 to shareholders and EBITA  
 still unchanged

- *Sale of Business Area Consumer*
- *Separate listing of Bokus Group*
- *7 add-on acquisitions*
- *Navigating through covid*
- *New management team in place*



# Volati is about long term value growth

- With our shareholder value focus, we are restrictive with new share issues or using our share to finance acquisitions
- High ROE create long term value growth, not necessarily growth itself
- Growth of EBITA earnings per common share of 48% per year since 2017 for our continuing operations – well above our target to exceed 15%
- Our ROE, ~ 33% on continuing operations, is a testament to our ability to create value



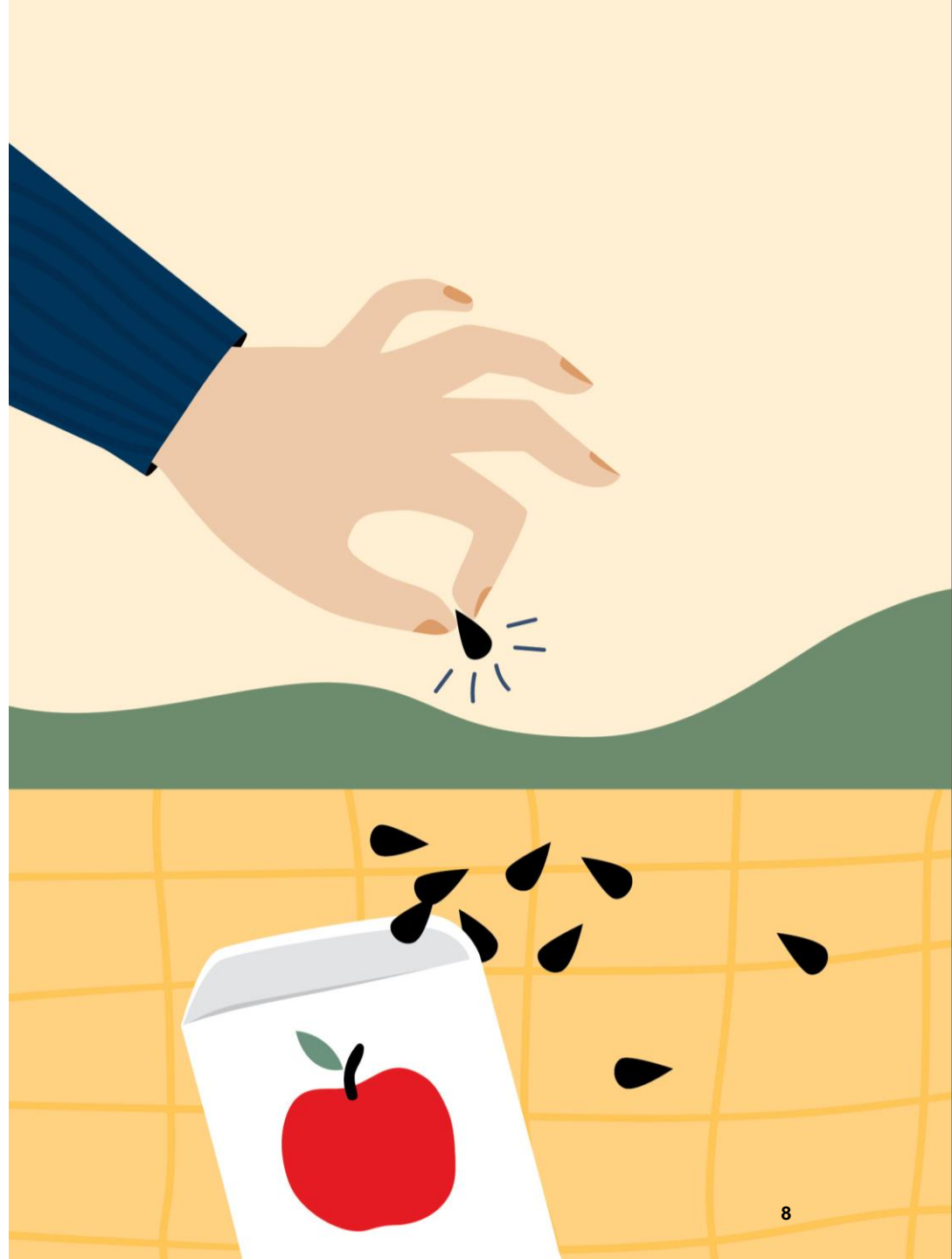
## **A. Volati at a glance**

## **B. Quarter three update**



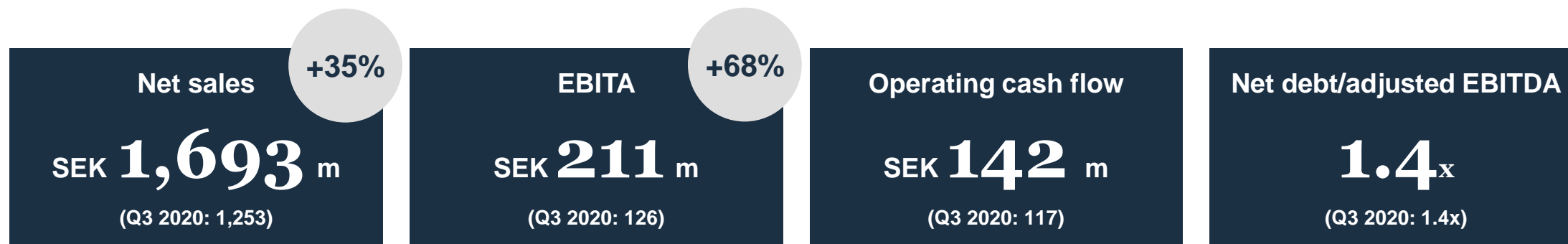
# Strong earnings growth

- EBITA growth +68% to SEK 211 million
  - Strong organic growth in the existing business units
  - Strong acquired growth driven by six acquisitions Jan to Sept 2021
- Profit per ordinary share +96% to SEK 1.48 (0.76) for continuous operations
  - +48% including divested operations
- Return on adjusted equity of 33% for our continuing operations
  - Return on adjusted equity of 74% including discontinued operations
- Salix Group revenues +22% and EBITA +17%
  - Continued strong demand, somewhat shifting from DIY to professionals
- Industry revenues +50% and EBITA +101%
  - Solid demand and effect of several acquisitions
- Successful transfer of increased raw material costs and freight costs to customers defending our margins

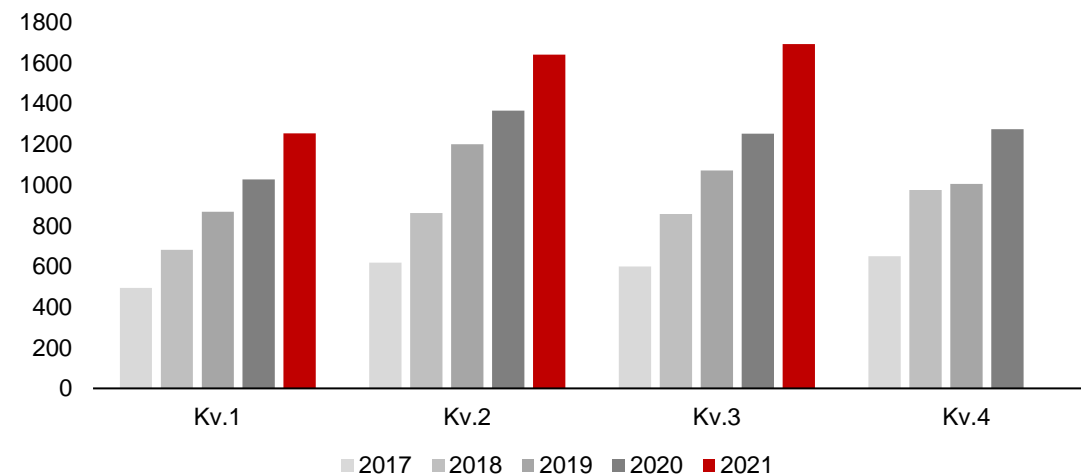




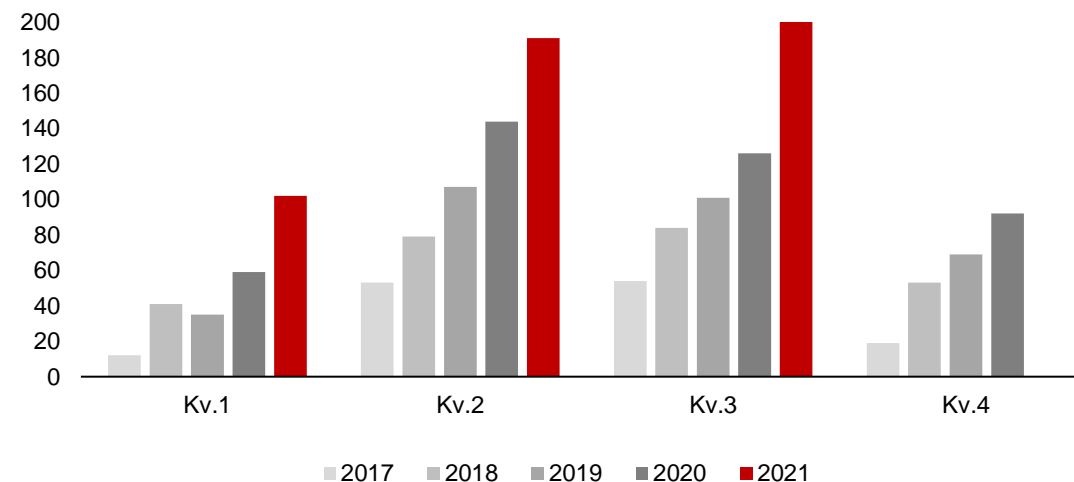
# Financial development, Q3 2021



Net sales, SEK m



EBITA, SEK m



# Financial development, LTM Q3 2021

Net sales

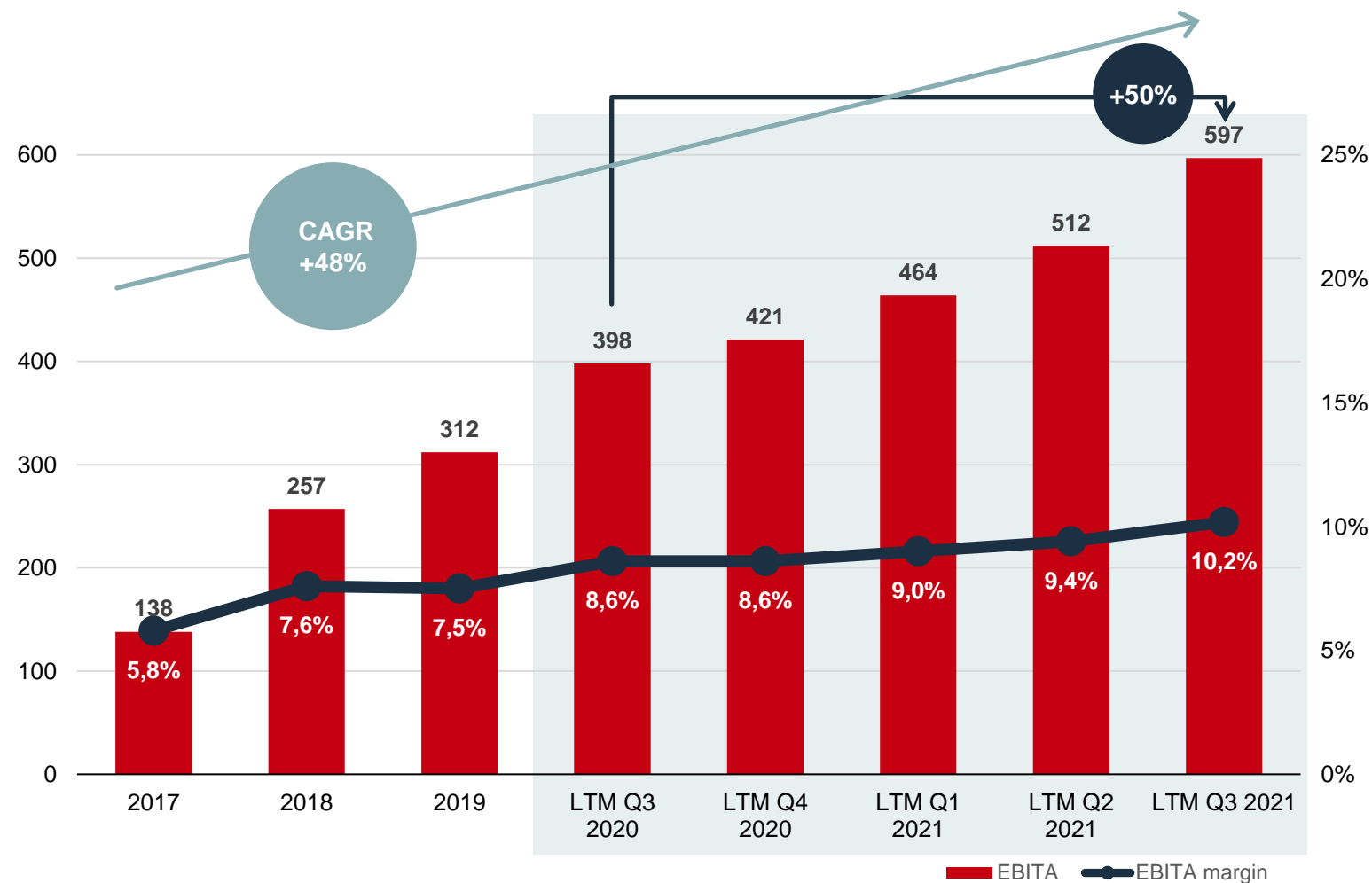
SEK **5,861** m  
(Q3 2020: 4,651)

EBITA

SEK **597** m  
(Q3 2020: 398)

Operating cash flow

SEK **450** m



# Financial targets

## EBITA growth

The target is an average annual growth in EBITA<sup>2)</sup> per ordinary share of at least 15 percent over a business cycle.

Growth in EBITA per ordinary share, LTM

**50%**

(2020: 35%)

## Return on adjusted equity

The long-term target is a return on adjusted equity<sup>2)</sup> of 20 percent<sup>1)</sup>.

Return on adjusted equity

**74%**

(2020: 51%)

## Capital structure

The target is a net debt/adjusted EBITDA<sup>2)</sup> ratio of 2 to 3 times as an average over the last four quarters, and not exceeding 3.5 times<sup>1)</sup>.

Net debt/adjusted EBITDA

**0.7x**

(2020: 0.9x)

1) Including divested operations. 2) See pages 131-136 of the 2020 Annual Report for definitions of alternative performance measures.

# Two business areas with high growth focus



Products in builder's hardware, consumables, and materials for construction, home and garden, packaging and forestry along with agriculture.



Products and solutions for companies in grain management, dampness and water damage management, labels, stone products and cement products.



**SALIX  
GROUP**

Previously  
business area Trading

**49%**  
of Group  
EBITA, LTM

## Growth focus and disciplined pricing

- Sales increased by 22% and EBITA by 17% over Q3 2020
- Healthy growth despite stronger comparative figures from last year
- Stronger demand in the construction and wood industries balanced somewhat abating demand in the DIY segment
- Disciplined work with customer communication, pricing, and cost control have countered effects of high material prices and supply chain disruptions

	Jul-Sep 2021	Jul-Sep 2020	LTM	Full year 2020
Net sales, SEK m	824	675	3,140	2,665
EBITA, SEK m	93	79	326	265
EBITA margin, %	11	12	10	10
ROCE excl. goodwill, %	42	36	42	38
ROCE incl. goodwill, %	19	15	19	17

# Financial development, LTM Q3 2021

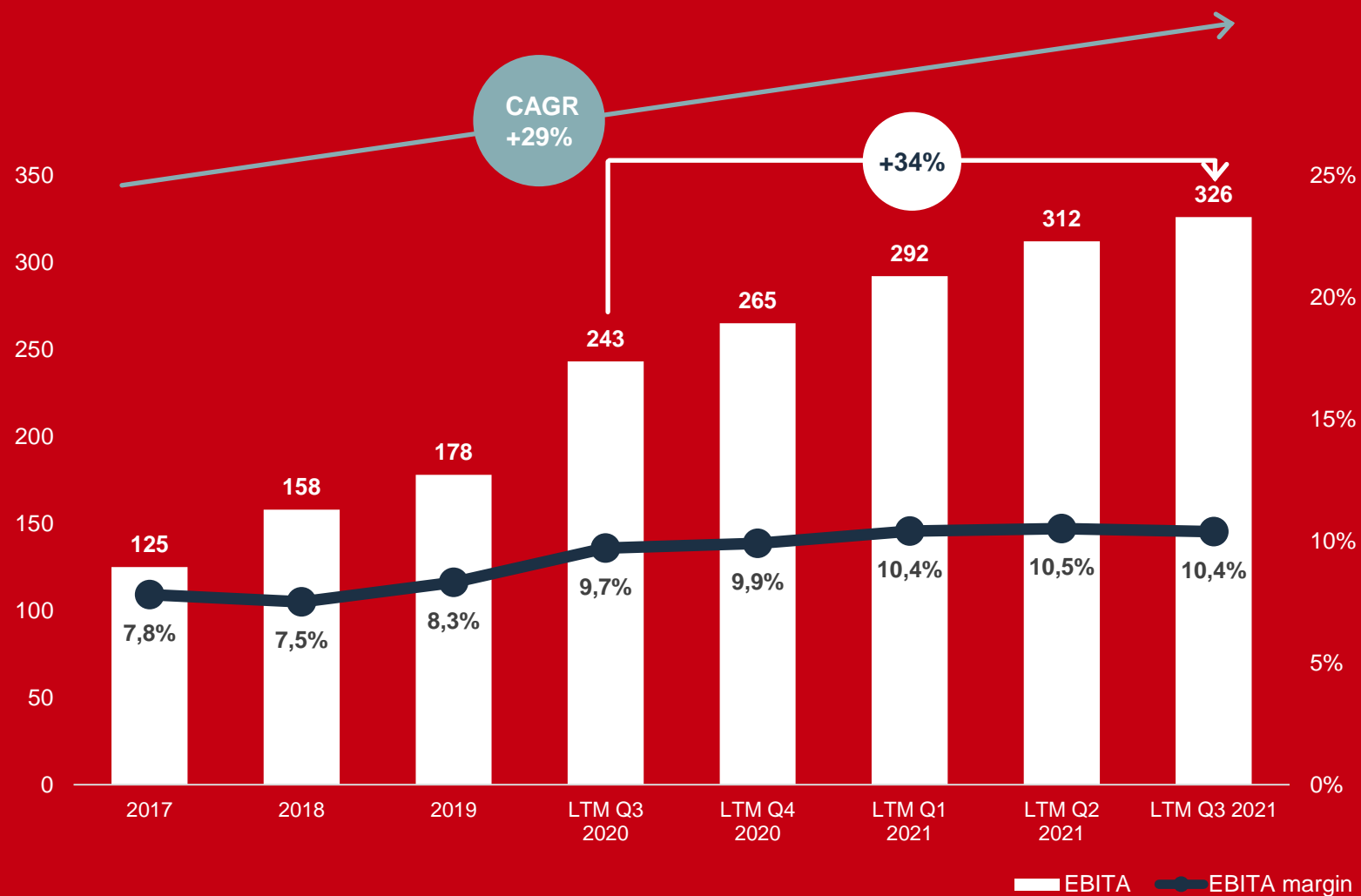


Net sales

SEK **3,140** m  
(Q3 2020: 2,496)

EBITA

SEK **326** m  
(Q3 2020: 243)



Business area  
**Industry**

**51%**  
of Group  
EBITA, LTM

## Strong demand, acquisitions and synergies

- Sales growth of 50% and an EBITA increase of 101%, vs. Q3 2020 with several acquisitions contributing positively
- Broad improvement, with all business units contributing positively
- Margin improvements due to strong demand, price and cost discipline, extraction of synergies and better productivity
- Business unit Corroventa experienced exceptional demand due to extreme weather conditions and flooding in the Nordics and Western Europe

	Jul-Sep 2021	Jul-Sep 2020	LTM	Full year 2020
Net sales, SEK m	869	578	2,724	2,258
EBITA, SEK m	129	64	343	236
EBITA margin, %	15	11	13	10
ROCE excl. goodwill, %	34	25	34	29
ROCE incl. goodwill, %	21	16	21	18

# Financial development, LTM Q3 2021



Net sales

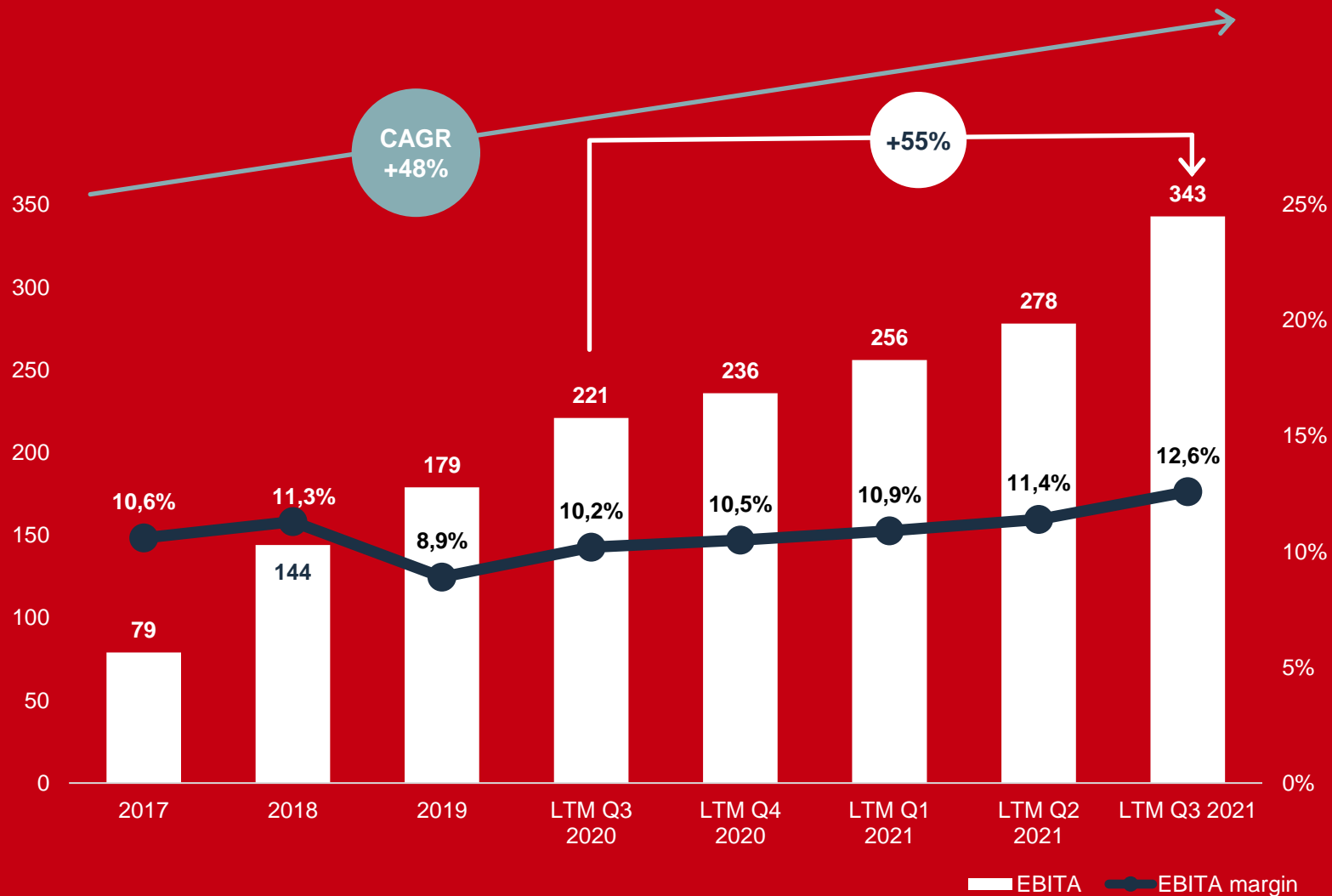
SEK **2,724** m

(Q3 2020: 2,157)

EBITA

SEK **343** m

(Q3 2020: 221)





# Acquisitions last 12 months with a total annual turnover of SEK 1.1 billion

## JPT

January  
2021

SALES  
**102**  
MSEK

## Duschprodukter Sweden

March  
2021

SALES  
**100**  
MSEK

## Scanmast

June  
2021

SALES  
**294**  
MSEK

## StrongPoint Labels

June  
2021

SALES  
**185**  
MSEK

## Byggsystem Direkt

June  
2021

SALES  
**60**  
MSEK

## Apisa

July  
2021

SALES  
**150**  
MSEK

## Meag Va-system

October  
2021

SALES  
**190**  
MSEK

Acquisition capacity  
SEK **+2.0** Bn.  
company value

Focus on integration and synergy realisation

# Meag VA-system – Continued acquired growth

- Sales of SEK ~190 m
- Specializing on products for water and sewage infrastructure
- Four production facilities
- S:t Eriks second synergistic add-on acquisition this year
- Makes S:t Eriks a market-leading supplier in the niche
- Acquired from the original founders



# Summary

## **Continuing to offer long term value growth**

- EBITA growth of 68% to SEK 211 m
- Earnings per ordinary share up 96% based on continuing operations
- Return on adjusted equity ~ 33%, excl effects from last year's divestment and the listing of Bokus Group (74% incl.)

## **Delivering on our growth journey**

- Acquisition of Apisa in Spain and completion of the StrongPoint and Byggsystem direkt acquisitions
- Acquisition of Meag VA-system after end of Q3
- New management with clear growth and M&A focus

## **Ready for further growth, based on solid finances**

- Net debt to adjusted EBITDA at 1.4x
- Extended credit agreement of SEK 1,000 million with Nordea
- Acquisition capacity of SEK +2 bn. going forward



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