

# Q1 2017

MÅRTEN ANDERSSON, CEO

MATTIAS BJÖRK, CFO

11 MAY, 2017

volat1.

# TODAY'S PRESENTERS.

---

## MÅRTEN ANDERSSON



### **CEO and Head of Industry**

- Joined Volati in 2012 and CEO since 2014
- Holds 3.1% ordinary shares and 0.1% preference shares
- Background: CEO of Besikta and CEO of Skandia
- The General Manager Program at Harvard Business School and BSc in Business and Economics from Lund University

## MATTIAS BJÖRK

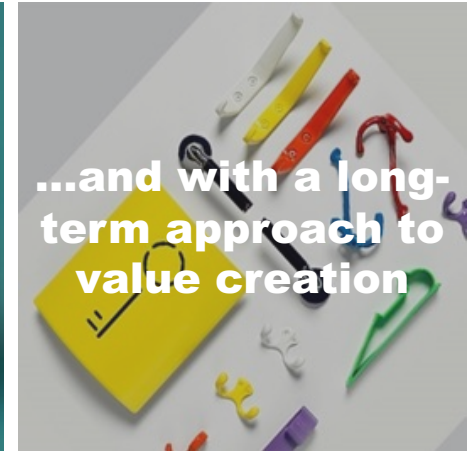
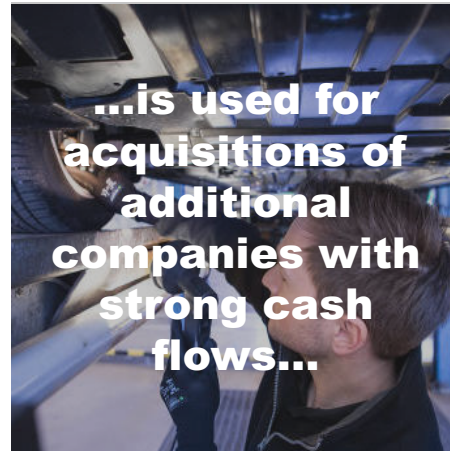
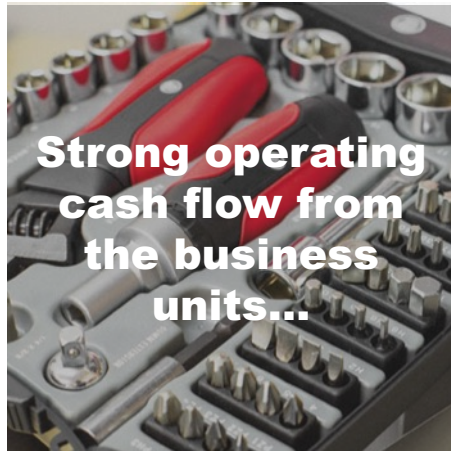


### **CFO**

- Joined Volati in 2009 as CFO
  - Holds 2.6% ordinary shares and 0.1% preference shares
  - Background: Modern Times Group MTG, Kinnevik and CFO at Modern Finance Group (previous Invik & Co. AB)
  - Master of Laws and BSc in Business and Economics from Lund University
-

”Volati acquires stable Nordic companies at reasonable valuations and develops them with focus on long-term value creation.”

# A ROBUST BUSINESS MODEL.



**OPERATING CASH FLOW**

**ACQUIRED EBITA GROWTH**

**ACQUISITION MULTIPLES**

**ORGANIC EBITA GROWTH**

**SEK 317**  
Operating cash flow  
LTM Q1 2017

**36%**  
Average acquired  
EBITA growth  
2013-Q1 2017

**5.8x**  
Average weighted  
acquisition EV / EBITDA  
multiple since 2004

**14%**  
Average organic  
EBITA growth  
2013-Q1 2017

## FINANCIAL DEVELOPMENT IN Q1 2017.

**Net sales**

**SEK 744m**

**(661)**

**EBITA<sup>1</sup>**

**SEK 40m**

**(38)**

**Operating cash flow<sup>2</sup>**

**SEK -25m**

**(2)**

**Q1**

1) EBITA negatively affected by one-off items of SEK2.9m (3.9)

2) Operating cash flow negatively affected by payment of one-off items consisting primarily of IPO related costs of SEK 18.4m

## FINANCIAL DEVELOPMENT LTM Q1 2017.

---

### Net sales

**SEK 3,289m**

(3,206 FY2016)

### EBITA<sup>1</sup>

**SEK 320m**

(318 FY2016)

### Operating cash flow<sup>2</sup>

**SEK 317m**

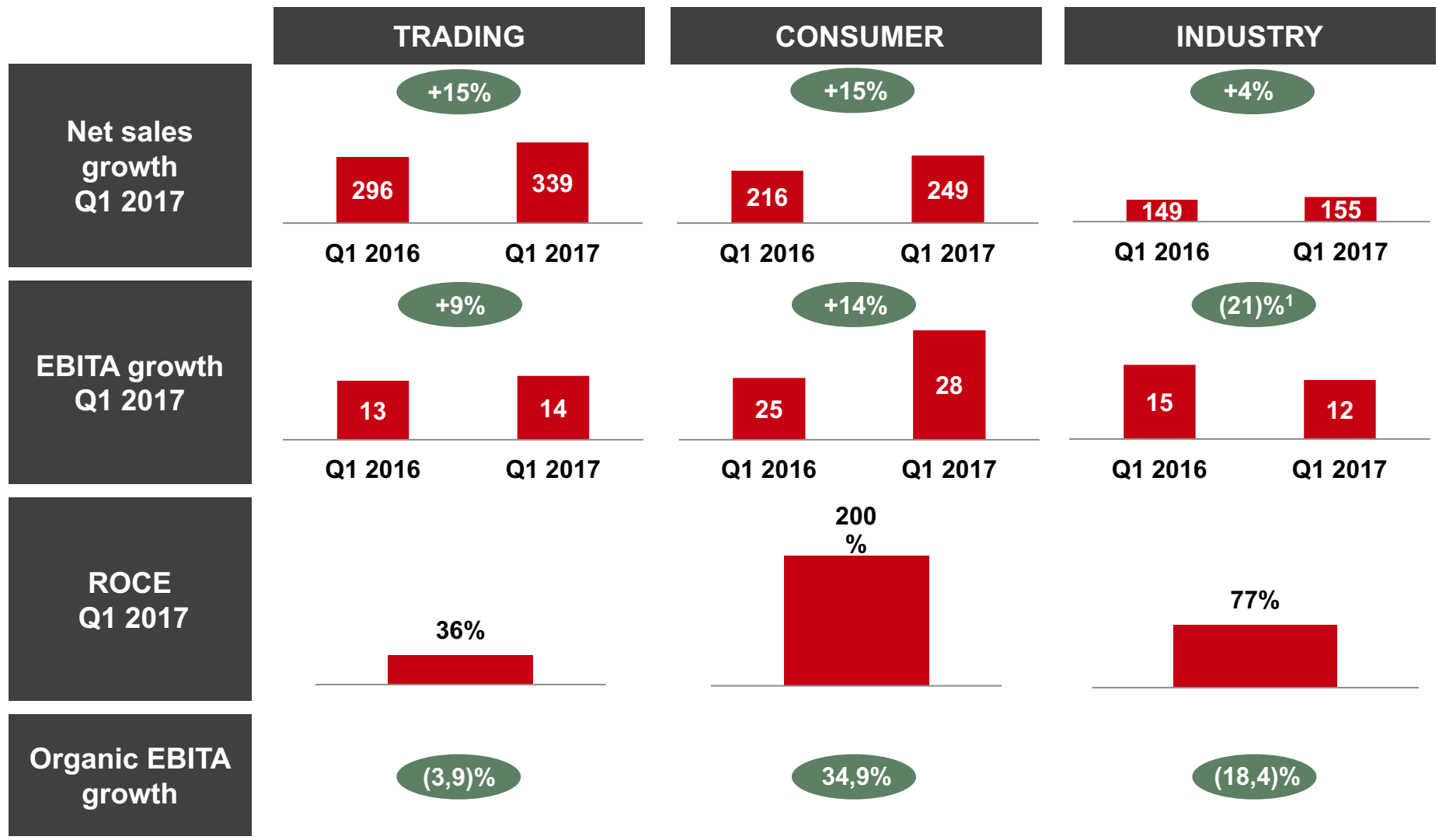
(344 FY2016)

**LTM**

1) EBITA negatively affected by one-off items of SEK 32.8m (33.8)

2) Operating cash flow negatively affected by payment of one-off items consisting primarily of IPO related costs of SEK 23.3m

# CONTINUED STRONG GROWTH IN CONSUMER.



1) Negative growth related to lower sales for Corroventa since, as opposed to the first quarter of 2016, no major floods occurred in Europe leading to a lower level of rentals and sales

# A PROVEN AND SCALABLE OPERATING MODEL.

## VOLATI'S OPERATING MODEL

Decentralised leadership

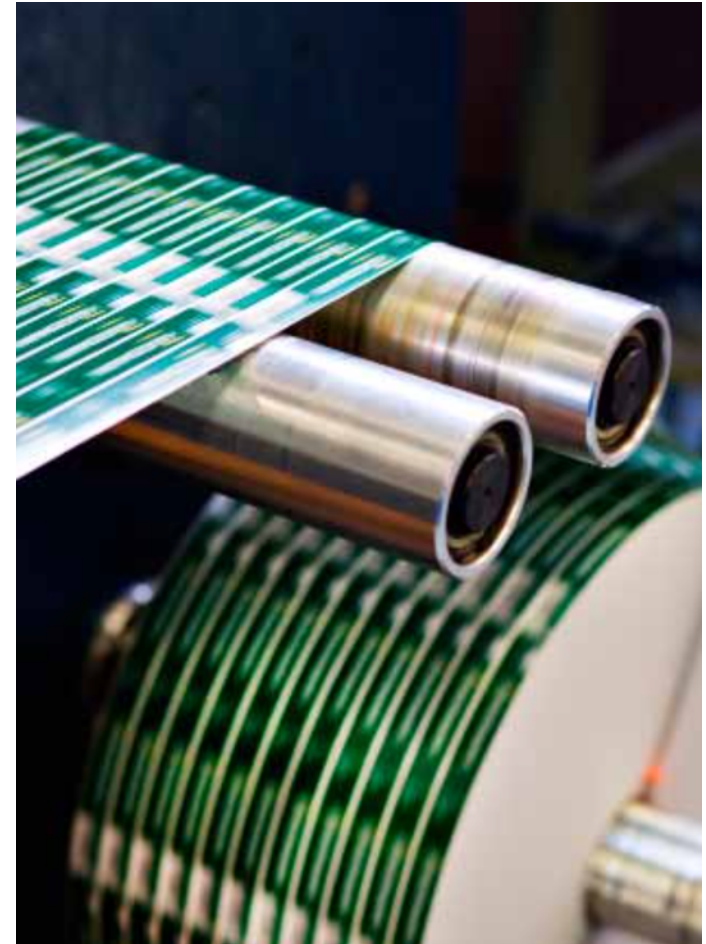
Corporate governance

Strategic HR

Tools and knowledge

Strategic capital allocation

M&A





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

PATRIK WAHLÉN

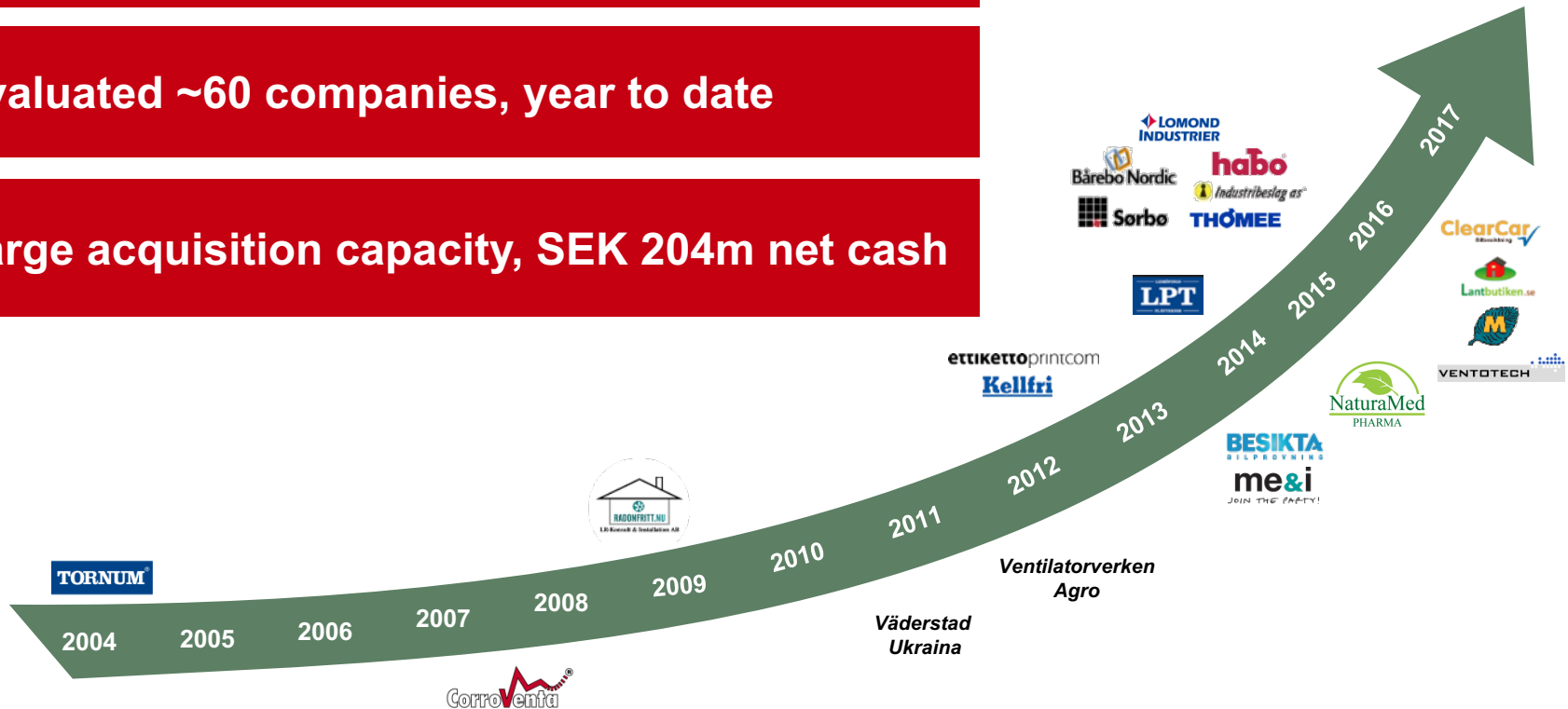
# WELL-POSITIONED FOR ADDITIONAL ACQUISITIONS.

Well-defined acquisition model and process

Ability to manage complex transactions

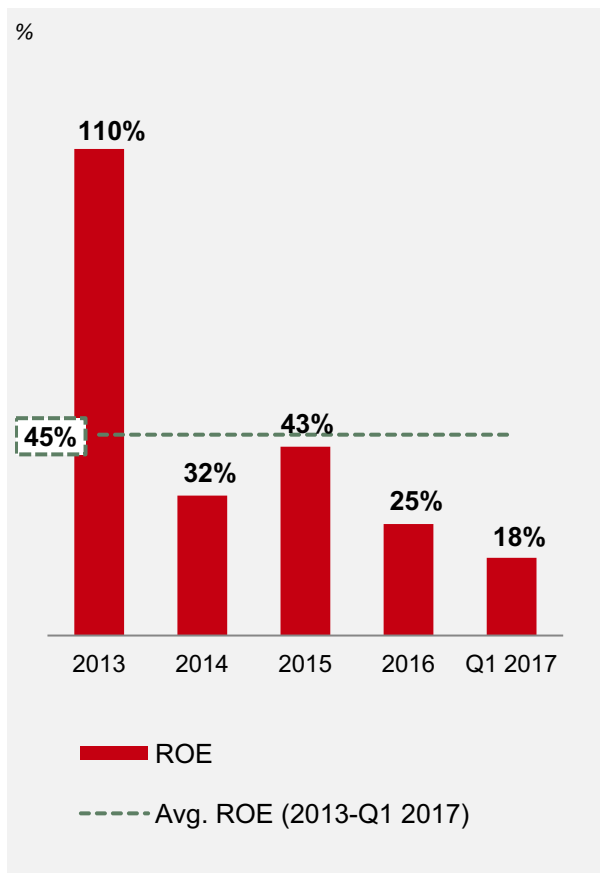
Evaluated ~60 companies, year to date

Large acquisition capacity, SEK 204m net cash

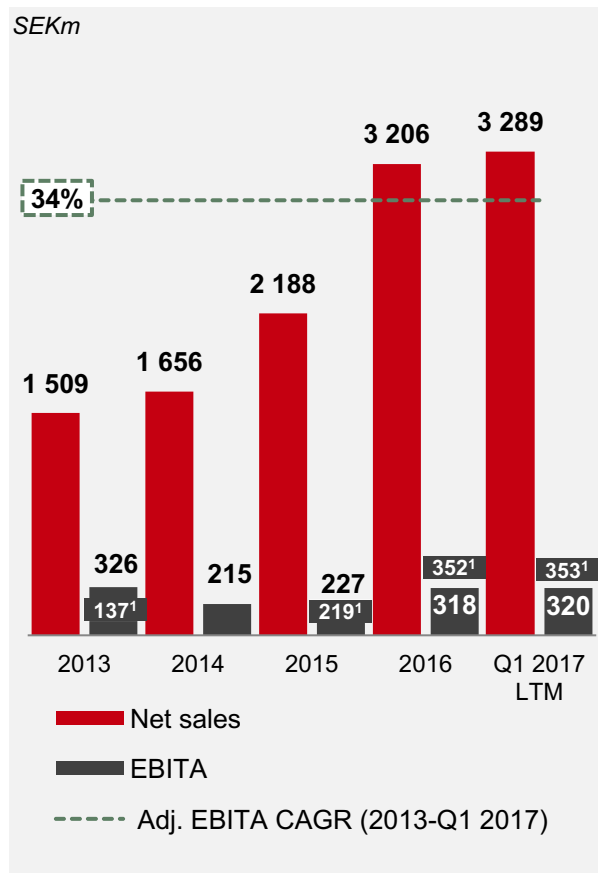


# STRONG LONG-TERM TREND.

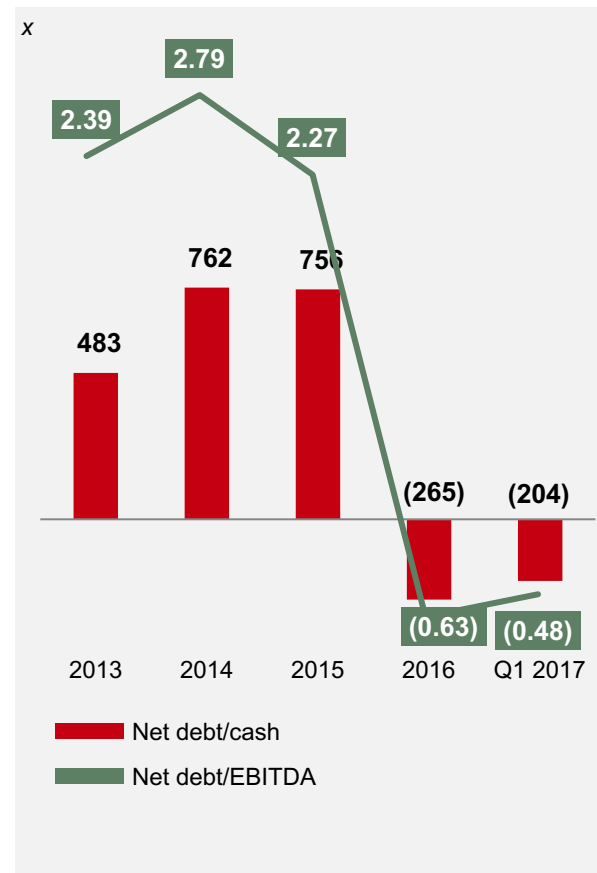
## RETURN ON EQUITY



## SALES AND EBITA



## NET DEBT



1) Excluding one-off items

# FINANCIAL TARGETS.

METRIC	TARGET	PERFORMANCE
<b>EBITA growth</b>	<b>SEK 700m</b> (by 2019) Reach an adjusted <b>EBITA of SEK 700m</b> at end of 2019 – annual <b>organic EBITA growth of 5%</b> on average	<p><b>14%</b> Average organic EBITA growth 2013 – Q1 2017</p>
<b>Cash conversion</b>	<b>&gt;85%</b> Annual <b>cash conversion</b> of at least <b>85%</b>	
<b>Return on adjusted equity</b>	<b>&gt;20%</b> (long-term) Long-term reach a <b>return on adjusted equity</b> of at least <b>20%</b>	
<b>Net debt / adj. EBITDA</b>	<b>&lt;3x</b> (long-term) Volati's long-term objective is to maintain a <b>net debt</b> of <b>&lt;3x</b> adj. EBITDA LTM	
<b>Common equity dividend policy</b>	<b>~10-30%</b> Distribute <b>10-30%</b> of <b>net profit</b> for the year – Volati's acquisition opportunities will be taken into consideration	<p><b>SEK 0.50</b> per ordinary share has been proposed to the AGM 2017 corresponding to 20% of the net profit</p>

1) Adjusted for IPO-related costs of SEK 18m

# A growing Swedish industrial group

volat1.

# APPENDIX.

---

# BUSINESS AREA TRADING – OPERATIONAL SYNERGIES THROUGH SHARED SERVICE CENTRE.

## An operational business area

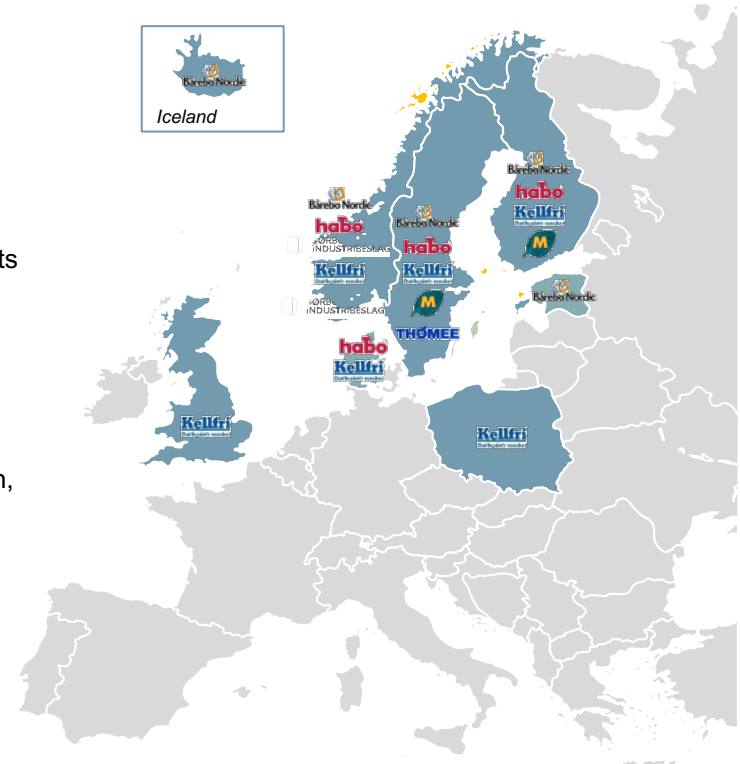
- Operating some **15** companies in **6** countries
- Organised in **6** business units

## 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, LTM 2017

- Net sales of SEK **1,536m**
- EBITA of SEK **122m**
- ROCE of **36%**



① Share of business area net sales 2016

# BUSINESS AREA CONSUMER – ATTRACTIVE NICHES.

## A strategic business area

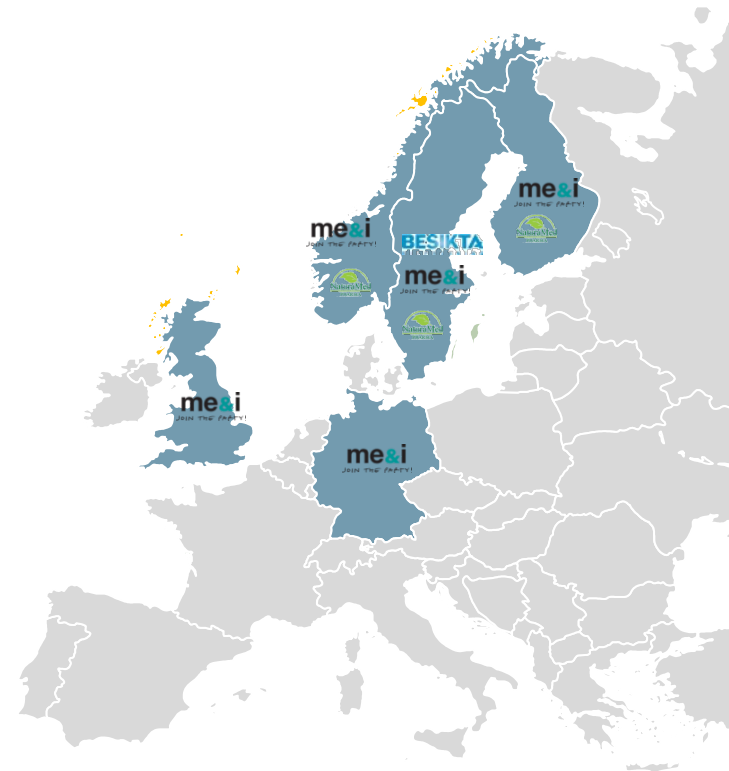
- Operating some **9** companies in **5** countries
- Organised in **3** business units

## 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, LTM 2017

- Net sales of SEK **965m**
- EBITA of SEK **141m**
- ROCE of **200%**



**BESIKTA**  
BELPROVNING

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

① Share of business area net sales 2016



# BUSINESS AREA INDUSTRY – SUCCESSFUL EXPANSION.

## A strategic business area

- Operating some **19** 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, LTM 2017

- Net sales of SEK **788m**
- EBITA of SEK **132m**
- ROCE of **77%**



**TORNUM**

Leading 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	3,289
Raw materials and supplies	-549	-547	-933	-1,526	-1,560.1
Other external costs	-274	-347	-413	-516	-533.9
Personnel costs	-518	-513	-582	-771	-799.7
Other income	3	3	18	4	3.8
Other operating costs	-2	-2	-3	-12	-9.6
Realised profit from divestments	189	-	-0	-	-
<b>EBITDA</b>	<b>359</b>	<b>249</b>	<b>275</b>	<b>385</b>	<b>389</b>
Depreciation	-32	-34	-47	-67	-69
<b>EBITA</b>	<b>326</b>	<b>215</b>	<b>227</b>	<b>318</b>	<b>320</b>
Acquisition-related amortisations and write-downs	-7	-60	-13	-17	-18
<b>EBIT</b>	<b>319</b>	<b>155</b>	<b>214</b>	<b>301</b>	<b>302</b>
Financial income	6	4	23	19	18
Financial costs	-58	-98	-76	-66	-58
<b>Profit before tax</b>	<b>267</b>	<b>61</b>	<b>161</b>	<b>254</b>	<b>262</b>
Tax	-20	-6	-35	-53	-52
Profit related to discontinued operations	2	-	-	-	-
<b>Net profit</b>	<b>249</b>	<b>56</b>	<b>126</b>	<b>201</b>	<b>211</b>

- Overview of one-off items in 2016:
  - Restructuring and integration costs related to ClearCar acquisition of SEK 10.3 million
  - Transaction related costs of SEK 1.5 million
  - IPO related costs of SEK 9.9 million
  - One-off remuneration of SEK 5.4 million
  - Earn-out revaluation of SEK 8.2 million

# BALANCE SHEET.

SEKm	31 Dec '13	31 Dec '14	31 Dec '15	31 Dec '16	31 Mar '17
Intangible fixed assets	860	1,160	1,689	1,840	1,827
Tangible fixed assets	141	138	180	191	186
Financial fixed assets	8	8	13	8	8
Other non-current marketable securities	4	4	7	-	-
Deferred tax assets	16	21	33	42	43
<b>Total non-current assets</b>	<b>1,030</b>	<b>1,332</b>	<b>1,922</b>	<b>2,081</b>	<b>2,064</b>
Inventory	138	161	328	387	413
Current assets	156	174	376	405	490
Assets related to discontinued operations	1	-	-	-	-
Current interest-bearing securities	-	-	-	-	-
Cash and cash equivalents	157	156	200	371	285
<b>Total current assets</b>	<b>451</b>	<b>492</b>	<b>904</b>	<b>1,162</b>	<b>1,188</b>
<b>Total assets</b>	<b>1,481</b>	<b>1,823</b>	<b>2,826</b>	<b>3,243</b>	<b>3,252</b>
Share capital	5	5	5	8	10
Other capital contributions <sup>1</sup>	-	-	828	1,994	1,994
Other reserves	-1	2	-14	35	21
Retained earnings including net profit for the year	102	119	150	200.3	220
Non-controlling interests	47	73	81	14	17
<b>Total shareholders' equity</b>	<b>153</b>	<b>199</b>	<b>1,051</b>	<b>2,258</b>	<b>2,264</b>
Non-current interest-bearing debt	441	1,055	908	59	51
Provisions for pensions	2	2	2	3	2
Other provisions	6	5	5	6	5
Deferred tax liabilities	46	79	112	124	122
Other non-interest-bearing non-current liabilities	-	-	66	80	79
<b>Total non-current liabilities</b>	<b>495</b>	<b>1,141</b>	<b>1,093</b>	<b>271</b>	<b>261</b>
Current interest-bearing debt	497	165	133	69	51
Current non-interest-bearing debt	336	318	550	646	677
<b>Total current liabilities</b>	<b>833</b>	<b>483</b>	<b>682</b>	<b>715</b>	<b>728</b>
<b>Total equity and liabilities</b>	<b>1,481</b>	<b>1,823</b>	<b>2,826</b>	<b>3,243</b>	<b>3,252</b>

1) Preference share capital.

# NET DEBT AND WORKING CAPITAL.

SEKm	31 Dec '13	31 Dec '14	31 Dec '15	31 Dec '16	31 Mar '17
<b>Net debt</b>					
Cash and cash equivalents	-157	-156	-200	-371	-285
Pension liabilities	2	2	2	3	3
Non-current interest-bearing liabilities	441	1055	908	54	51
Current interest-bearing liabilities	497	165	133	73	51
Unrealised derivative instruments	6	6	4	0	0
Pension assets	-2	-2	-1	-2	-2
Adjustment for shareholder loans	-304	-308	-89	-22	-22
<b>Net debt</b>	<b>483</b>	<b>762</b>	<b>756</b>	<b>-265</b>	<b>-204</b>
<b>Net working capital</b>					
<b>Assets</b>					
Inventories	138	161	328	387	413
Receivables	92	116	290	302	384
Advances to suppliers	0	1	8	4	6
Other short-term receivables	15	10	14	14	9
Prepaid expenses / accrued Income	34	29	50	74	56
<b>Working capital assets</b>	<b>280</b>	<b>317</b>	<b>690</b>	<b>780</b>	<b>868</b>
<b>Liabilities</b>					
Accounts payable	91	104	239	267	238
Advances from customers	9	28	46	56	84
Other current liabilities <sup>1</sup>	32	38	83	99	131
<i>Of which accrued preference share dividend</i>	<i>0</i>	<i>0</i>	<i>-32</i>	<i>-32</i>	<i>-16</i>
Accrued expenses / prepaid income	119	109	148	175	153
<b>Working capital liabilities</b>	<b>251</b>	<b>279</b>	<b>484</b>	<b>565</b>	<b>590</b>
<b>Net working capital</b>	<b>28</b>	<b>38</b>	<b>206</b>	<b>215</b>	<b>278</b>
NWC / net sales	1.9%	2.3%	9.4%	6.7%	8,5%
NWC / adj. net sales <sup>2</sup>		-	-	6.5%	8,4%

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	253
Adjustment for non-cash items	-116	172	96	122	127
Interest paid	-24	-58	-45	-39	-31
Interest received	1	3	1	1	1
Cash taxes	-33	-18	-19	-42	-40
<b>Cash flow before changes in working capital</b>	<b>96</b>	<b>160</b>	<b>196</b>	<b>295</b>	<b>309</b>
Change in inventories	5	-11	18	-29	-16
Change in operating receivables	22	5	-16	-1	-38
Change in operating liabilities	-18	3	50	20	16
<b>Cash flow from change in working capital</b>	<b>8</b>	<b>-4</b>	<b>51</b>	<b>-10</b>	<b>-38</b>
<b>Cash flow from operating activities</b>	<b>104</b>	<b>156</b>	<b>247</b>	<b>285</b>	<b>271</b>
Investments in tangible and intangible assets	-47	-91	-69	-33	-36
Sale of tangible and intangible assets	2	1	1	1	2
Investments in subsidiaries	-209	-297	-606	-261	-259
Sale of subsidiaries	303	0	14	-	-
Investments in financial assets	-	-	-5	-0	-0
Sale of financial assets	2	0	3	10	-0
<b>Cash flow from investing activities</b>	<b>52</b>	<b>-386</b>	<b>-660</b>	<b>-284</b>	<b>-293</b>
Shareholder contribution	2	-	13	24	24
Preference share issue	-	-	823	-	-
Share issue	-	-	-	1,177	1,176
Dividends paid	-274	-11	-48	-89	-89
Change in pension liability	-	-	-78	-	-
Borrowings	258	255	-238	-954	-972
<b>Cash flow from financing activities</b>	<b>-14</b>	<b>244</b>	<b>472</b>	<b>159</b>	<b>139</b>
Cash flow for the year	135	-1	59	161	117
Cash and cash equivalents at year-beginning	21	157	156	200	162
Translation differences	1	0	-15	10	6
<b>Cash and cash equivalents at year-end</b>	<b>157</b>	<b>156</b>	<b>200</b>	<b>371</b>	<b>285</b>

# DEFINITIONS OF KEY METRICS.

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