



# Interim Report January–March 2021

Mårten Andersson, CEO

Andreas Stenbäck, CFO and incoming CEO

27 April 2021

# All financial targets reached in Q1 2021

Net sales

SEK **1,254** m

(Q1 2020: 1,028)

EBITA

SEK **102** m

(Q1 2020: 59)

Net sales

**+22%**

Q1 2021 vs. Q1 2020

EBITA growth per ord. share

**39%** 

(Q1 2020: 35%)

Operating cash flow

SEK **-35** m

(Q1 2020: -9)

EBITA

**+74%**

Q1 2021 vs. Q1 2020

Return on adjusted equity

**52%** 

(Q4 2020: 51%)

Net debt/adjusted EBITDA

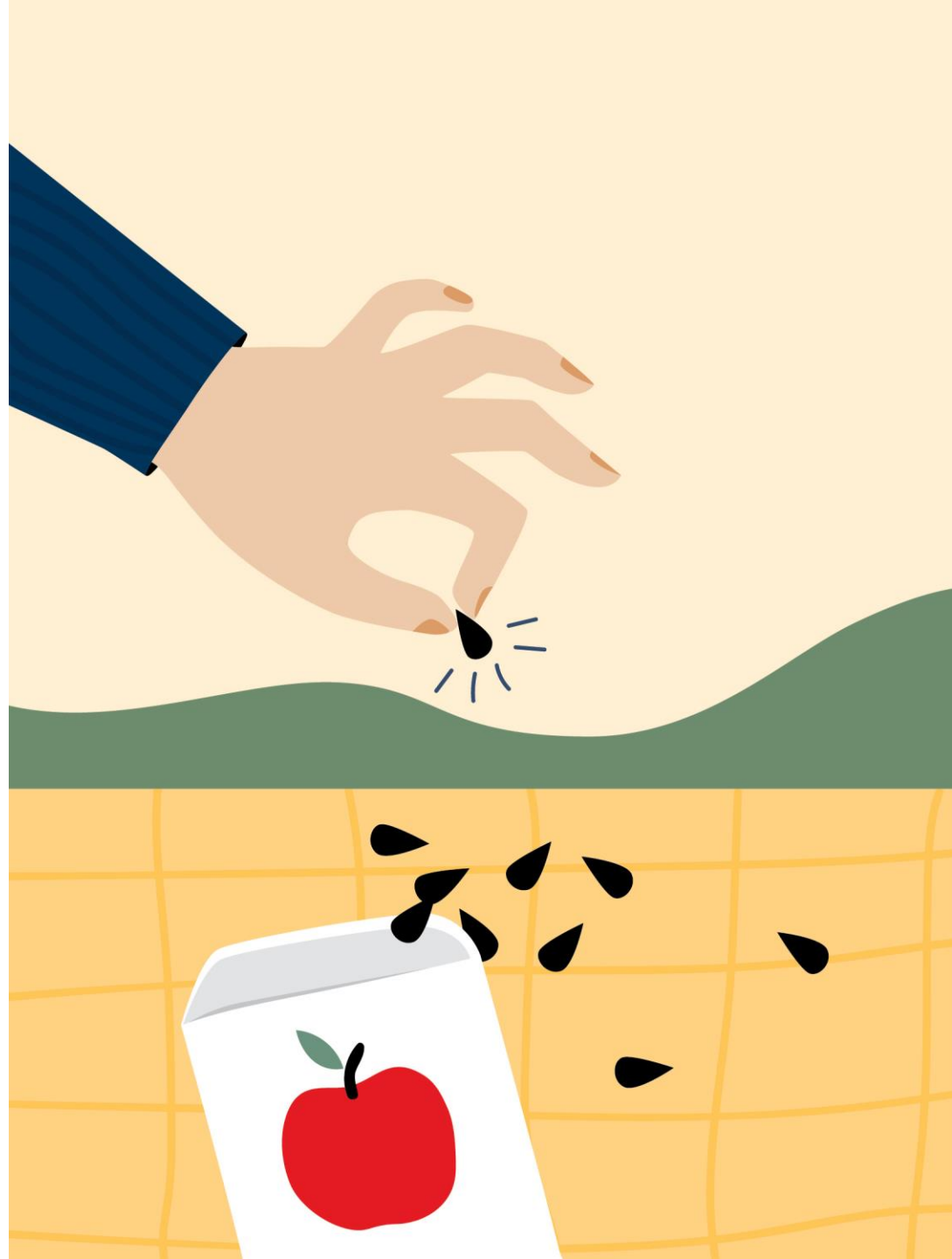
**0.8**<sub>x</sub> 

(Q4 2020: -0.8x)

# Strong earnings growth

- Sales increased in both business areas during the quarter, vs Q1 2020
  - Salix Group +24%
  - Industry +20%
- A very strong increase in EBITA
  - Salix Group +70%
  - Industry +63%
- EBITA growth +74% to SEK 102 million (59), excl. Bokusgruppen
- Two add-on acquisitions:
  - The Tornum business unit within Industry acquired Finnish JPT-Industria
  - Salix Group acquired Duschprodukter Sweden AB
- A total of SEK 843 m distributed to ordinary and preference shareholders
- To focus on continued high growth
  - The board proposed the distribution of Bokusgruppen to holder of ordinary shares in Volati
  - A more decentralised governance structure for Salix Group was implemented
  - It was communicated that Andreas Stenbäck, current CFO, will take over as CEO on May 1

The Board of Directors has proposed a distribution of business area Bokusgruppen to the holders of ordinary shares in Volati. Consequently, the Q1 report focuses on continuing operations while Bokusgruppen is reported separately as discontinued operations.



# Bokusgruppen as a separate listed company

- Strong growth in digital channels (37%) contributed to Q1 sales increase of 4%, despite pandemic affecting physical stores.
- EBITA slightly weaker than last year at SEK -7 million (-3).
- Separate listing expected to better position Bokusgruppen in order to accelerate growth, especially in its digital channels.
- The proposal to the AGM is to distribute Bokusgruppen to holders of ordinary shares in Volati according to the “Lex Asea” regulation.
- Should Volati’s AGM decide on a separate listing, the Board of Directors of Bokusgruppen intends to list the company on the Nasdaq First North Premier Growth Market in the beginning of June 2021.



# Events after end of Q1

- Martin Aronsson appointed as the new Chief Financial Officer starting in Oct. at the latest
  - Experience incl. Chief Strategy and M&A Officer at Sweco, and McKinsey & Company
- Volati intends to resolve the existing SEK 600 m bond loan in June 2021, provided that the AGM on April 28 resolves on the distribution of the shares in Bokusgruppen.
- An agreement has been reached to extend the existing SEK 1,200 m credit facility by 12 months to unchanged terms.



# Financial development, LTM Q1 2021

Net sales

SEK **5,147** m  
(2020: 4,921)

EBITA

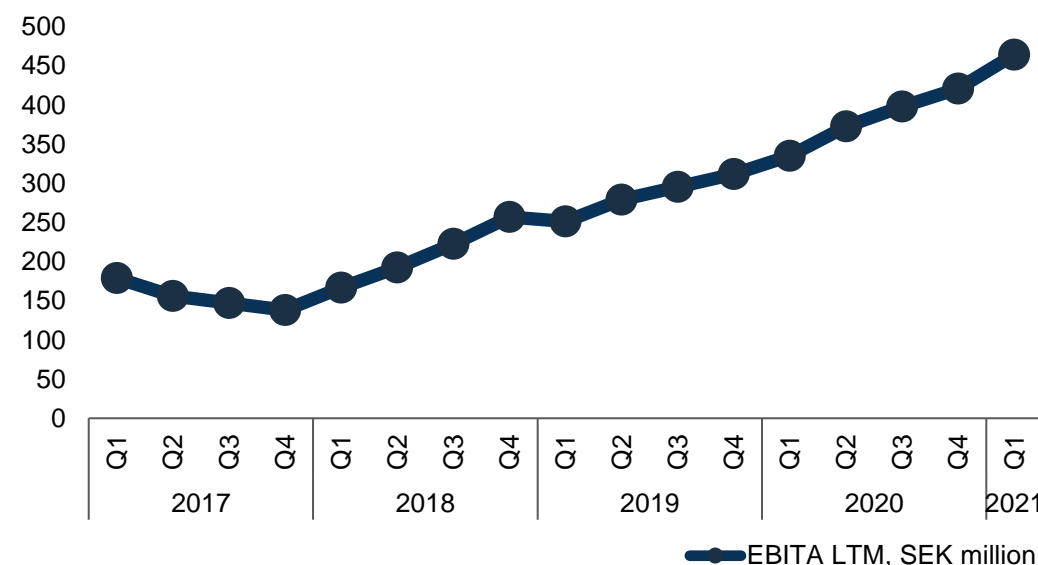
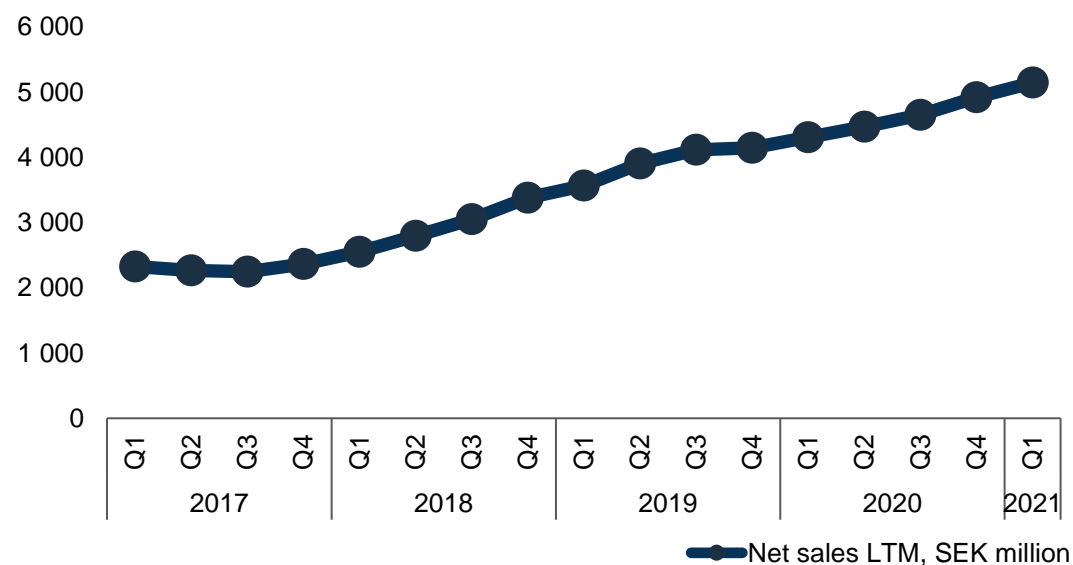
SEK **464** m  
(2020: 421)

Operating cash flow

SEK **524** m  
(2020: 550)

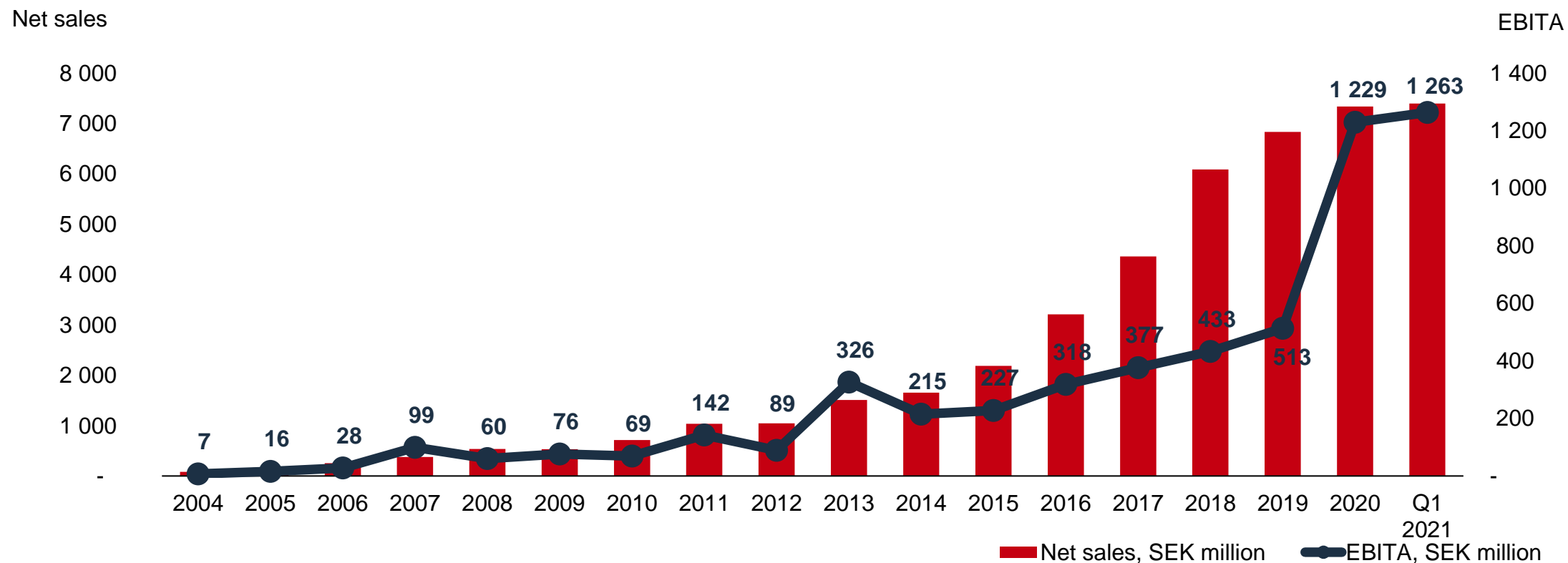
Net debt/adjusted EBITDA

**0.8**<sub>x</sub>  
(2020: -0.8)



# Volati creates long-term value growth\*

EBITA growth of 38% CAGR since 2004.



\* Figures including net sales and EBITA from discontinued operations.

# 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.





Previously  
business area Trading

**53%**  
of Group  
EBITA, LTM

## Continued strong DIY trend propelled sales

- Sales increased by 24 percent over Q1 2020 while EBITA increased by 70 percent.
- Trading has benefited from a strong DIY trend in home renovations and gardening, propelled by Covid related restrictions and lock-downs.
- During March 2021, Duschprodukter Sweden AB was acquired as an add-on acquisition to the Habo business unit.
- Salix Group sees further acquisition opportunities.

	Jan-mar 2021	Jan-mar 2020	LTM	Full year 2020
Net sales, SEK m	730	590	2,804	2,665
EBITA, SEK m	65	38	292	265
EBITA margin, %	9	7	10	10
EBIT, SEK m	62	35	277	251
ROCE excl. goodwill, %	41	29	41	38
ROCE incl. goodwill, %	18	12	18	17

Business area  
**Industry**

**47%**  
of Group  
EBITA, LTM

## Strong demand, improved productivity and cost control

- Operations continued to develop positively with sales growth of 20 percent and an EBITA increase of 63 percent, vs. Q1 2020.
- The Tornum business unit made an add-on acquisition of JPT-Industria OY.
- The integration of the acquisitions Beneli AB and Märkas AB into the Ettiketto business unit continued according to plan.
- The acquisitions made a positive contribution to Ettiketto's results in Q1.
- Industry sees further acquisition opportunities.

	Jan-Mar 2021	Jan-Mar 2020	LTM	Full year 2020
Net sales, SEK m	524	438	2,344	2,258
EBITA, SEK m	50	31	256	236
EBITA margin, %	10	7	11	10
EBIT, SEK m	46	29	241	224
ROCE excl. goodwill, %	31	23	31	29
ROCE incl. goodwill, %	20	15	20	18

# Focus on building an acquisitions pipeline

## Add-on acquisitions

- A decentralised acquisition organisation.
- All structures and processes in place to manage the entire acquisition process in the business areas – from building a pipeline to completing transactions and integrating companies.
- Identifying potential add-on acquisitions is an integrated part of strategic work in the business units, meaning strong inflow.
- We have the position as a natural industrial buyer, in combination with what Volati can offer.

## Platform acquisitions

- A centralised acquisition organisation.
- Wide acquisition expertise and experience with a solid reputation as a trustworthy counterpart.
- Combination of long term and structured work to build an M&A pipeline, and an opportunistic approach when situations occur.
- Important sourcing channels include the Volati group, our own networks outside Volati, good relations with professional advisors, etc.

# Add-on acquisitions 2020 – Q1 2021 with a total turnover of SEK 1 billion

## Heco Nordiska

Add-on acquisition for business area Salix Group

### Reason for acquisition

- Creates Sweden's second-largest company in fittings for the hardware and building materials retail sector.
- Cross-fertilisation through synergies.
- Accelerates internationalisation.

SALES  
**220**  
MSEK

## Pisla

Add-on acquisition for business area Salix Group

### Reason for acquisition

- Market leadership in fittings in Finland and access to the Baltic markets.
- Enables internationalisation of strong new consumer brands.
- Realises synergies.

SALES  
**260**  
MSEK

## Beneli

Add-on acquisition for business area Industry and Ettiketto business unit

### Reason for acquisition

- Complements Ettiketto's offering in graphic labels, which brings cost synergies.
- Expands the range to a new product area - smart labels, e. g. for medical applications.

SALES  
**155**  
MSEK

## JPT

Add-on acquisition for business area Industry and business unit Tornum

### Reason for acquisition

- Leading supplier in Finland – strengthens market position in the Nordic region.
- The offer is extended to nearby applications and equipment.

SALES  
**102**  
MSEK

## Märkas

Add-on acquisition for business area Industry and Ettiketto business unit

### Reason for acquisition

- Complements Ettiketto's offering in graphic labels.
- Significant cost synergies from relocating production.
- Larger offering.

SALES  
**169**  
MSEK

## Duschprodukter Sweden

Add-on acquisition for business area Salix Group

### Reason for acquisition

- Leads to an expansion towards the bathroom segment.
- Creates a stronger presence in the Baltics.
- Enables geographical expansion of existing product range.

SALES  
**100**  
MSEK

# Increased central focus on acquisitions creates better conditions for new platforms

- Structural changes enable increased central focus on M&A
  - Separate listing of Bokusgruppen
  - More decentralised Salix Group
  - New acquisition-oriented CEO and CFO
- Significant financial capacity enables selective platform acquisitions of medium-sized companies to broaden operations into new attractive areas
- Some of the platform acquisitions will have the potential to eventually become independent business areas within Volati

Acquisition  
capacity  
SEK **2,0+**  
Bn.  
company value

Selective acquisitions of new platforms will improve conditions for a future high growth rate

# Volati has a strong position as an acquirer of medium sized companies

## *Volati as an owner*

- Long-term, responsible and sustainable
- In the case of platform acquisitions, Volati can offer co-ownership and that the business remains independent and local

## *Volati as an acquirer*

- Reliable, quick, fair and simple
- We are comfortable with complex situations



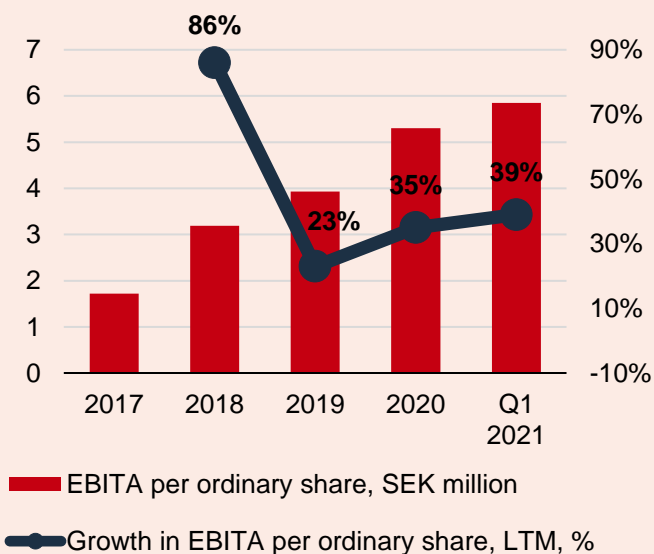
# Capital structure

- Equity of SEK 2,456 million, of which preference shares amount to SEK 828 million
- Unutilised revolving credit facility of SEK 900 million
- Unutilised overdraft facility of SEK 300 million
- Bond of SEK 600 million that will be repaid in June 2021 if a decision is made on the dividend and separate listing of Bokusgruppen
- Cash and cash equivalents amount to SEK 138 million
- Net debt/adjusted EBITDA amounts to 0.8x

# Financial targets

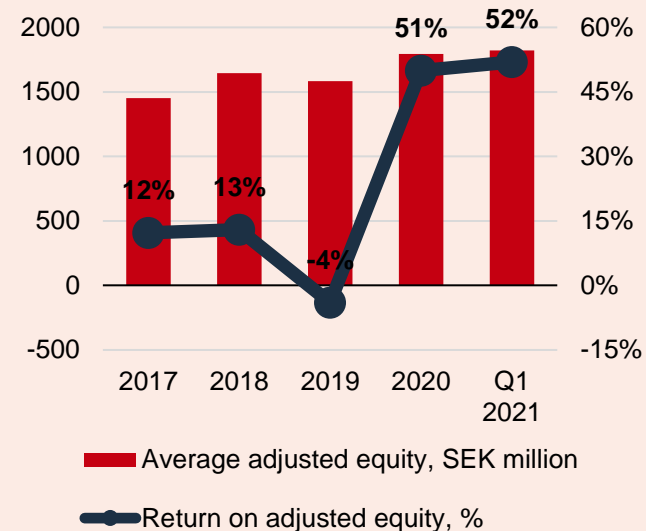
## EBITA growth

The target is an average annual growth in EBITA per ordinary share of at least 15 percent over a business cycle.



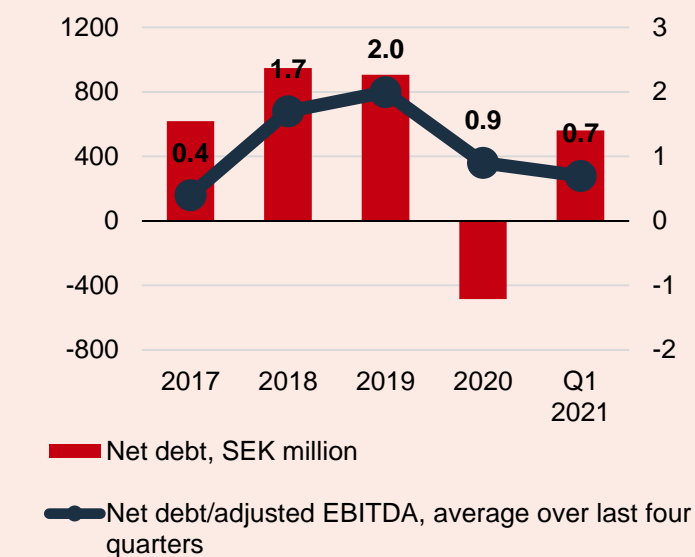
## Return on adjusted equity

The long-term target is a return on adjusted equity\* of 20 percent.



## Capital structure

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



The second and third graphs include divested operations. \*See pages 131-136 of the 2020 Annual Report for definitions of alternative performance measures.



# Summary

## **A very strong first quarter**

- EBITA growth of 74 percent to SEK 102 m, excl Bokusgruppen

## **Solid financial position**

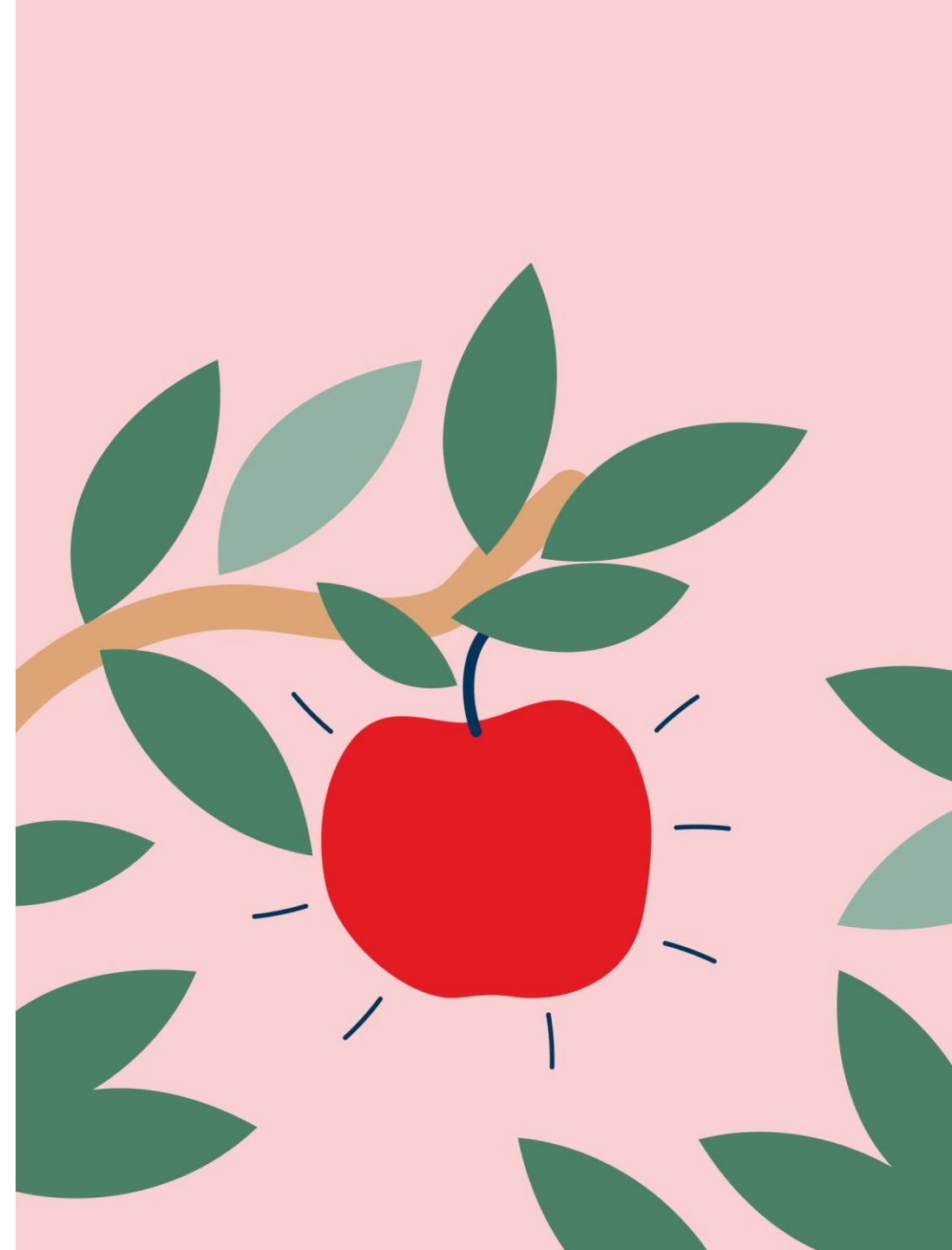
- Net debt to EBITDA at 0.8x

## **Offering shareholder value**

- SEK 843 m distributed to ordinary and preference shareholders

## **Taking our next step on the growth journey**

- Two fast growing business areas
- Structural changes and new hires enables increased focus on M&A
- Acquisition capacity of SEK +2 bn.



# Volati – a growing Swedish Industrial Group



volati.