



# Year-end Report January–December 2020

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19 February 2021

Note: In Q4 2020, all operations in the Consumer business area were divested and the business area was closed. Thus, the income statements for 2020 and 2019 are adjusted and presented excluding the Consumer business area's financials in accordance with current accounting rules.

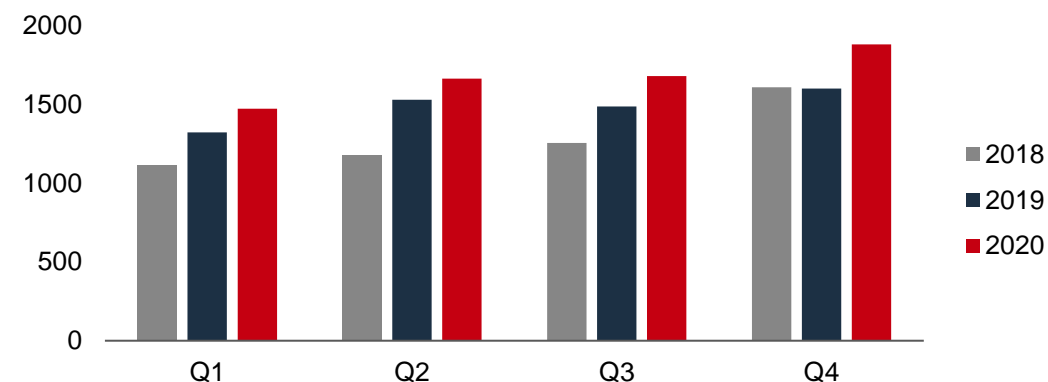
# Financial development in Q4 2020

Net sales  
**SEK 1,880 m (1,600)**

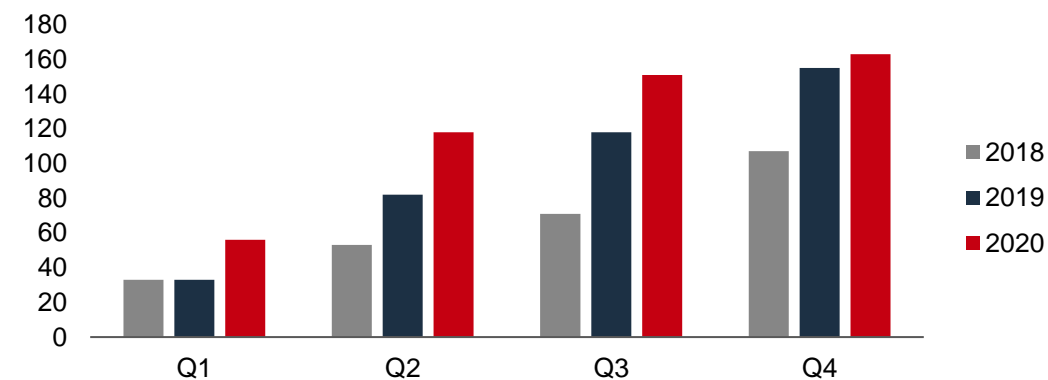
EBITA  
**SEK 163 m (155)**

Return on adjusted equity  
**51%**

Net sales, SEK million



EBITA, SEK million



# Strong growth in largest business areas

- Continued impressive EBITA growth in the largest business areas – Trading +50% and Industry +30%.
- Sales in digital channels up by 66% and net sales up by 1% in business area Akademibokhandeln despite challenging conditions for the store network during the Christmas shopping period due to Covid-19 restrictions.
- All financial targets achieved in 2020.
- Volati closed business area Consumer, following the sale of Besikta Bilprovning and NaturaMed Pharma. The business area has generated a very good overall return with a capital gain of SEK 335 million and total cash flow, including acquisition and divestment consideration, of SEK 760 million.
- The board proposes a dividend of SEK 1.20 per ordinary share for 2020.

## Events after the reporting period

- In February, an EGM decided on extra dividend of SEK 10 per ordinary share and preference share dividend, in total SEK 843 million.
- The Volati board is evaluating a possible distribution and listing of business area Akademibokhandeln.



# Evaluating separate listing of Akademibokhandeln

- The board has instructed Group management to evaluate a possible distribution and listing of business area Akademibokhandeln under the “Lex Asea” rules.
- As a result of recent years' investments in business development, Akademibokhandeln's digital offering has developed at a rapid pace.
  - Strong market position through the successful digital channels Akademibokhandeln.se, Bokus.com and the streaming service Bokus Play.
  - Digital channels accounted for 44% of total sales for the business area in 2020.
  - Sales in digital channels grew by 25% compared to last year
  - The business area increased its market share in e-stores in 2020.
- Well positioned to increase the pace of the digital transformation and drive growth.
- Purpose is to evaluate if the business area is better positioned to accelerate its growth-oriented work as an independent company.
- Creates conditions for Volati to increase focus on continued growth and M&A.

# Financial development, full year 2020

Net sales

SEK **6,696** m

(2019: 5,938)

EBITA

SEK **488** m

(2019: 388)

Operating cash flow

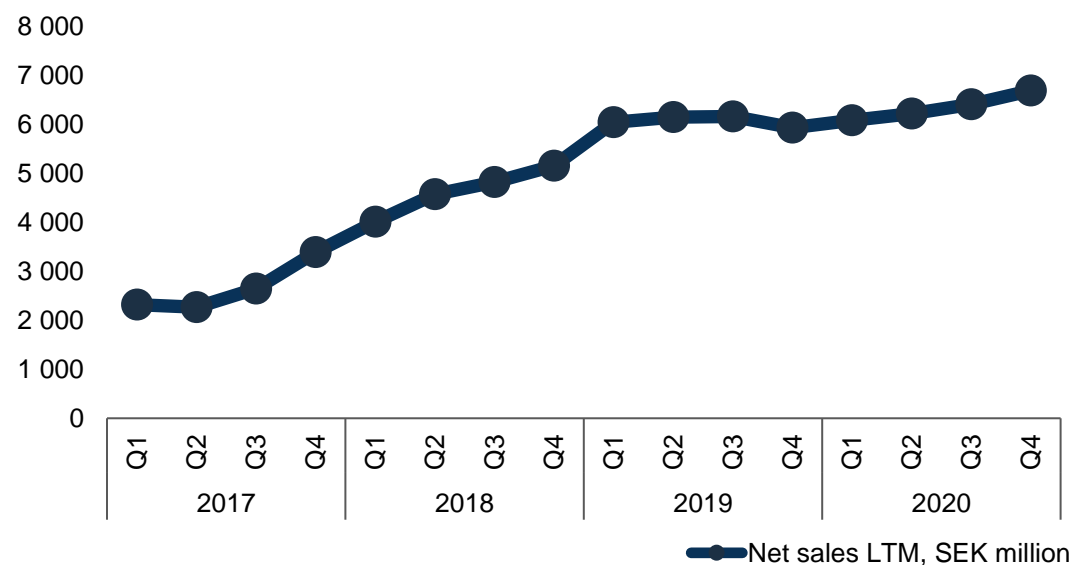
SEK **623** m

(2019: 403)

Net debt/adjusted EBITDA

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

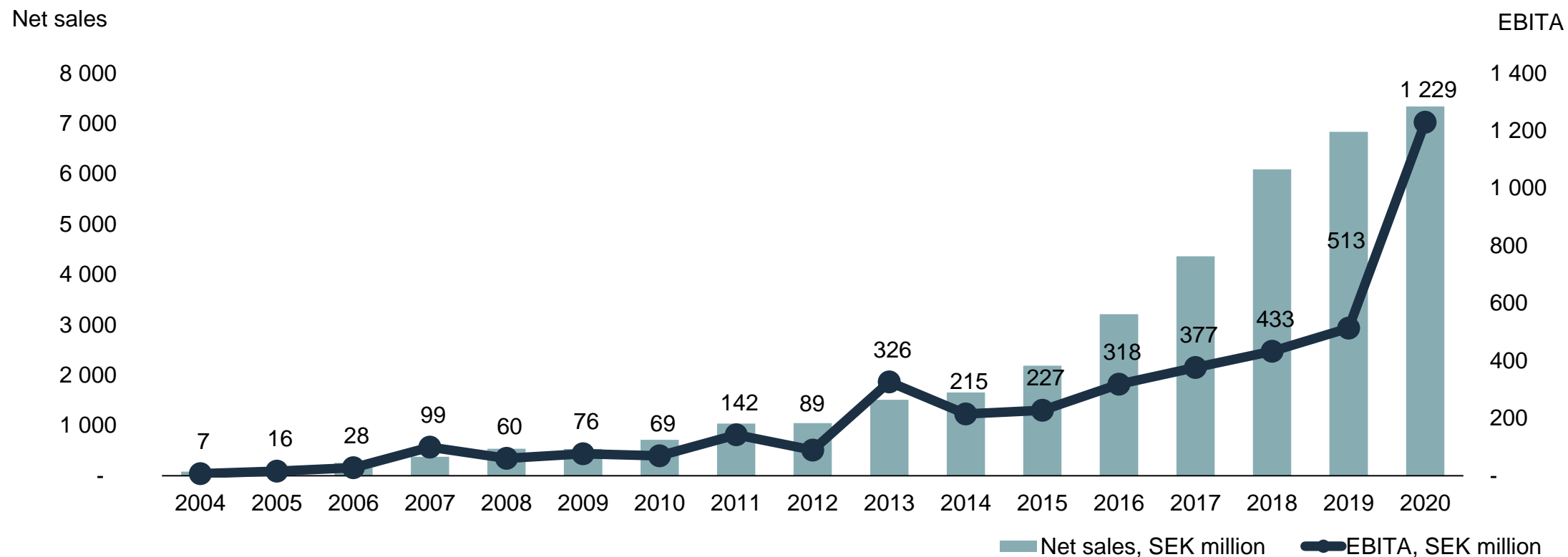
(2019: 1.5)



# Volati creates long-term value growth\*

Since the IPO in 2016, our average annual EBITA growth has been 40 percent.

Excluding discontinued operations the corresponding growth has been 28 percent.



\* Figures including net sales and EBITA from discontinued operations in the Consumer business area.

Business area  
**Trading**

**47%**  
of EBITA,  
LTM

## Continued impressive growth

- Another quarter with high growth in both sales and earnings – EBITA +55%. EBITA for the full year +49%
- Trading has benefited from a continued strong market, through its well-known brands and leading market positions.
- Integration of Pisla is proceeding according to plan and confirms the business area's position as a leading Nordic supplier of fittings and furnishings.
- To enable continued high growth, increased decision-making powers will be delegated to the business area's board of directors. The business area will change its name to Salix Group.

	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Net sales, SEK m	687	518	2,665	2,138
EBITA, SEK m	62	40	265	178
EBITA margin, %	9	8	10	8
EBIT, SEK m	56	37	251	167
ROCE excl. goodwill, %	38	28	38	28
ROCE incl. goodwill, %	17	12	17	12



Business area  
**Industry**

**42%**  
of EBITA,  
LTM

## Another good quarter for Industry

- Another good quarter with strong sales and earnings growth – EBITA +31%. EBITA for the full year +32%.
- The integration of Beneli and Märkas into the Ettiketto business unit has been successful, where synergy effects will contribute to earnings increase in Ettiketto.
- Acquisition of JPT-Industria after the end of the quarter.
- Opportunities to expand the business area into new attractive areas through acquisitions.

	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Net sales, SEK m	588	487	2,258	2,008
EBITA, SEK m	64	49	236	179
EBITA margin, %	11	10	10	9
EBIT, SEK m	60	47	224	171
ROCE excl. goodwill, %	29	20	29	20
ROCE incl. goodwill, %	18	13	18	13



Business area

# Akademi- bokhandeln

**12%**

of EBITA,  
LTM

## Continued strong growth in digital channels

- 66% growth in digital channels – in total accounting for 40% of sales during the quarter.
- Sales increased in Q4. Earnings temporarily affected by channel shift from store channel to lower margin e-commerce channel, due to new Covid-19 related restrictions and recommendations on store visits.
- Q4 EBITA -17%. EBITA for the full year -12%.
- AkademiBokhandeln and Bokus uniquely positioned to increase the pace of the digital transition and drive growth.

	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Net sales, SEK m	606	595	1,775	1,793
EBITA, SEK m	71	86	67	76
EBITA margin, %	12	14	4	4
EBIT, SEK m	65	80	43	53
ROCE excl. goodwill, %	26	37	26	37
ROCE incl. goodwill, %	7	10	7	10

# Creating a strong acquisition 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.
- Volati has broad acquisition expertise and experience internally, and a solid reputation as a trustworthy counterpart in acquisition discussions.
- 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, own network outside Volati, good relations with professional advisors, etc.

# Synergetic add-on acquisitions in 2020 and 2021

## Heco Nordiska

January 2020

### Add-on acquisition to Trading

- Creates Sweden's 2nd largest actor in the retail fastening segment.
- Cross fertilization through product, marketing, sales and purchasing synergies.
- Accelerates internationalisation and channel extension towards the industrial segment.

## Beneli

June 2020

### Add-on acquisition to Industry and business unit Ettiketto

- Complements Ettiketto's offering in graphic labels resulting in cost synergies - potential to reach Ettiketto's market leading margins.
- Expands offering to new product area – smart labels, ie for medical applications.

## Märkas

September 2020

### Add-on acquisition to Industry and business unit Ettiketto

- Complements Ettiketto's offering in graphic labels.
- Significant cost synergies by moving production to Ettiketto's existing production facilities – potential to reach Ettiketto's market leading margins.
- Expands offering within challenging industrial applications.

## Pisla

September 2020

### Add-on acquisition to Trading

- Solidifies market leadership in Finland and provides access to the Baltic markets.
- Enables internationalisation of new strong consumer brands through existing channels.
- Realisation of cost, purchasing and capital synergies.

## JPT-Industria

January 2021

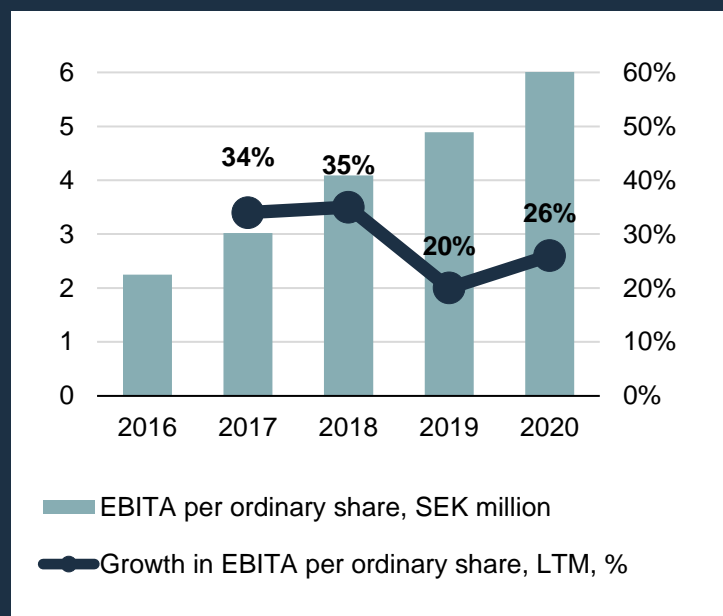
### Add-on acquisition to Industry and business unit Tornum

- Geographic expansion to Finland.
- Expands offering to industrial customers, that Tornum can market through strong sales channels internationally.
- Increases share of own brands and share of own production.

# All financial targets achieved in 2020

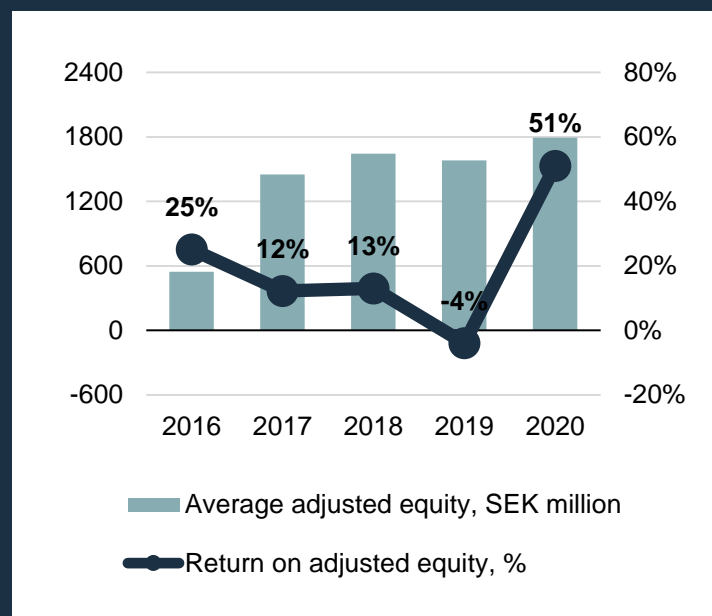
## EBITA growth

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



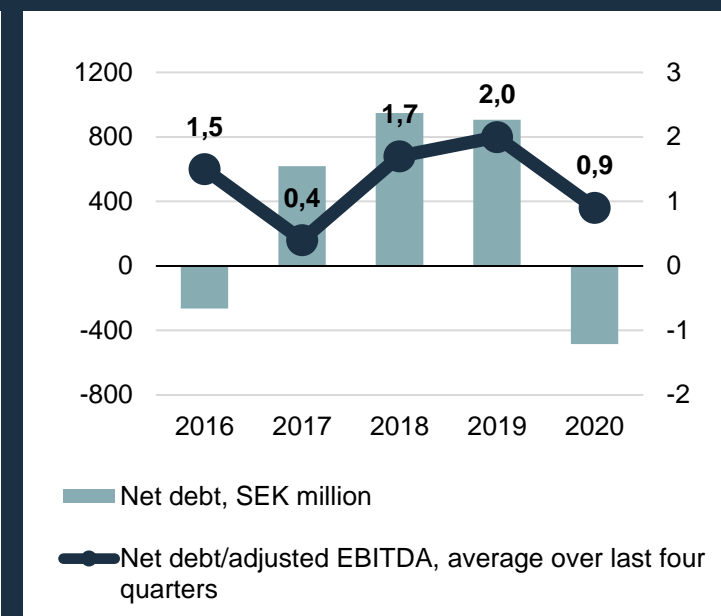
## Return on adjusted equity

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.



\*See pages 135-143 of the 2019 Annual Report for definitions of alternative performance measures.

# Conclusions and steps ahead

## **Strong earnings growth in 2020**

- EBITA growth of 26 percent for the full year confirms the positive trend with very good earnings growth in our operations.

## **Solid financial position**

- Net debt to EBITDA at -0.8 x. Still well below financial target after the decided extra dividend of SEK 10 per ordinary share.

## **Good momentum with regards to M&A**

- 9 acquisitions completed since 2019.
- Structure and processes in place for additional M&A to come.

**The changes being evaluated and implemented (Akademibokhandeln and Trading) aim to take advantage of growth opportunities in all business areas – and thereby enable significant value creation for Volati's shareholders also in the future.**

**Giving companies the right conditions to grow**



# Volati – a growing Swedish Industrial Group



volati.