



# Interim Report Jan-Mar 2023

Andreas Stenbäck, CEO

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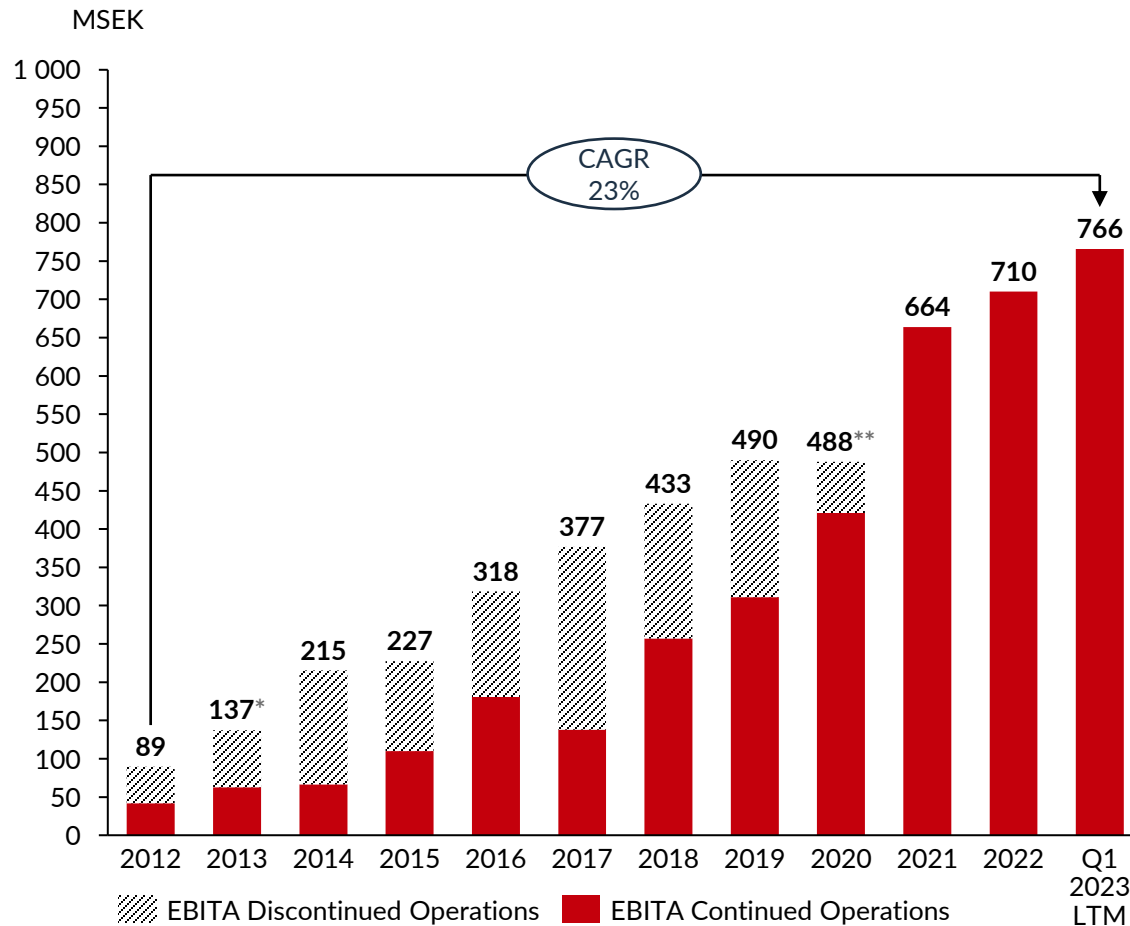
25 April 2023

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



1) Excluding Ettiketto Group

# Proven track record of long-term value creation



- Average annual growth of 21% in sales and 23% in EBITA last 10 years
- SEK 1,8 billion distributed to common shareholders since the IPO in 2016
- Average annual growth in continued operations of 26% in sales and 39% in EBITA last 5 years
  - Annual organic growth of 5% in sales and 19% in EBITA during the same period
- Growth funded with own cash flow

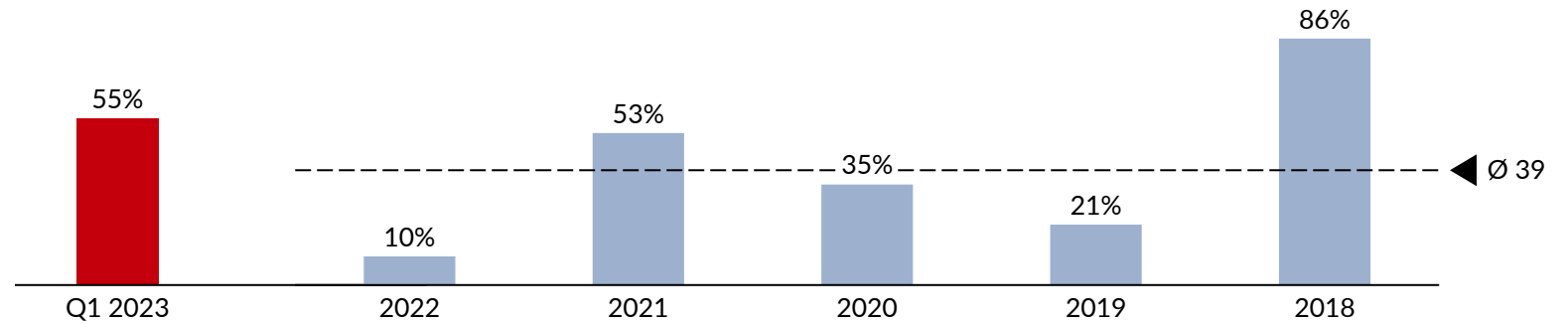
\* Excluding capital gain of SEK 189 m

\*\* For years 2012-2019 EBITA is excluding IFRS 16 effect (22 MSEK effect in 2019), years thereafter are including IFRS 16 effect

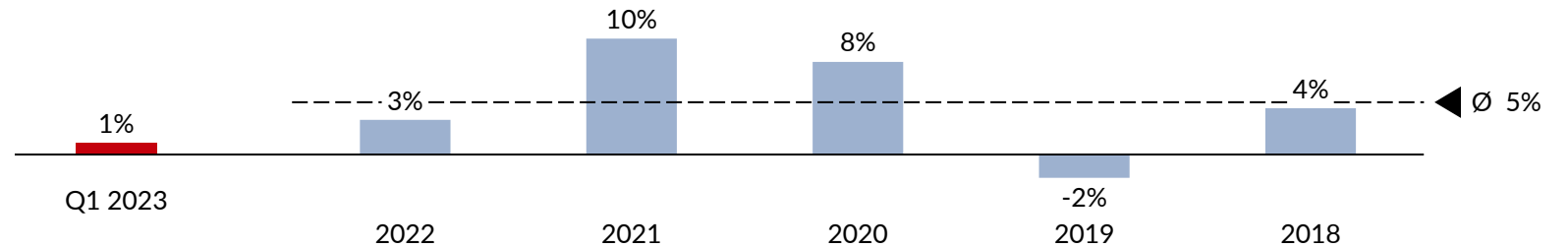
# Proven track record of long-term value creation (cont.)

Continued operations, Growth, percent

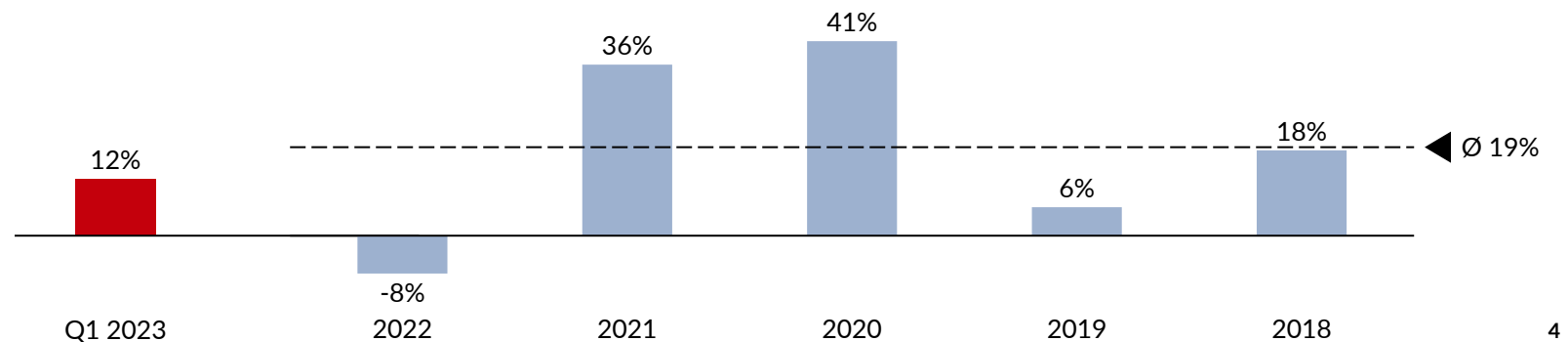
EBITA growth



Organic net sales growth



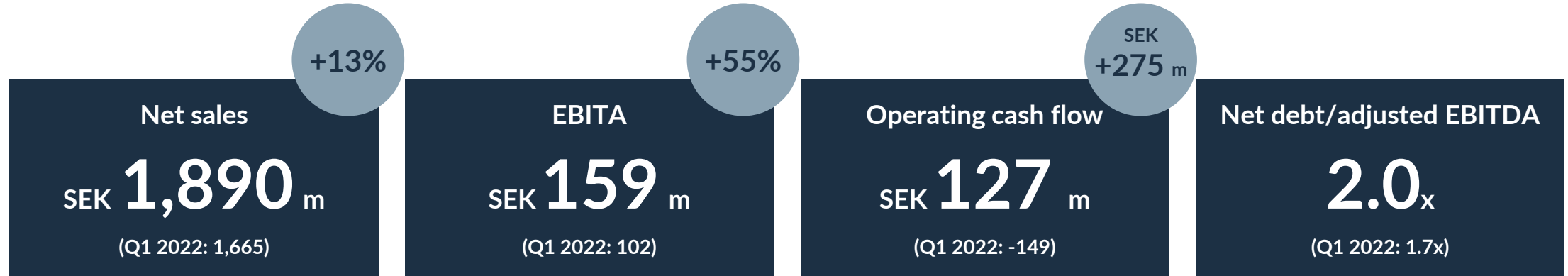
Organic EBITA growth



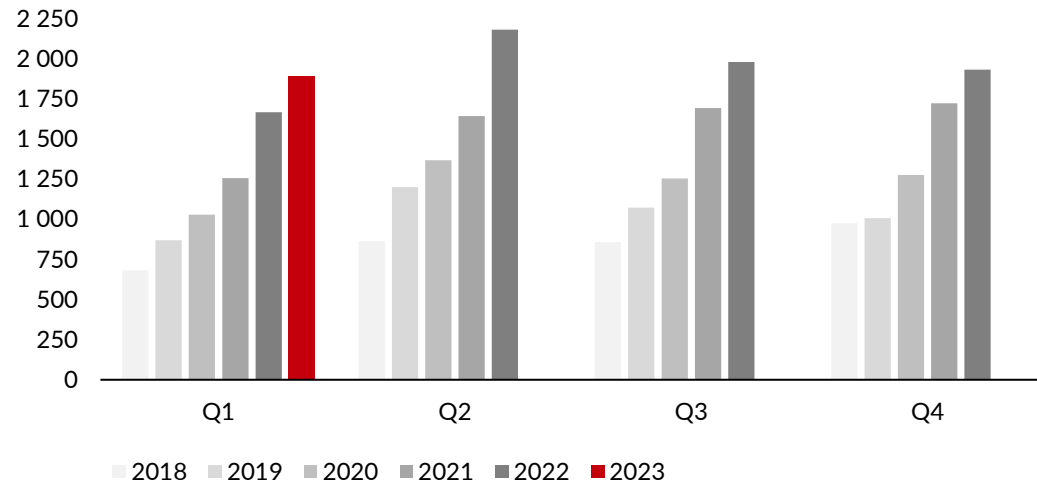
# A good start to 2023

- Strong Q1 for Volati with net sales growth of +13% and EBITA increase of +55% compared to Q1 2022
- Earnings per ordinary share grew with +63% in the quarter
- Industry delivers a very strong first quarter across all four platforms with a sales growth of 43% and an EBITA growth of 346% (from SEK 18m to SEK 81m)
- Ettiketto Group grows sales organically with 2%. Successful strategy to realize synergies from acquired businesses leads to EBITA margin improvement of 2 percentage points
- Solid quarter for Salix Group in a challenging market. Sales decline of 3%, but with an annual sales growth of 5%. Reduced margins in the quarter. Actions taken that will gradually give effect on margins during the year
- SEK 127 million in operational cash flow, SEK 275 million higher than same period last year through successfully reducing working capital.
- During the first quarter one acquisition has been added to Volati, leading to an acquired annual turnover of SEK 753 million for the last 12 months
- In early April, a new banking agreement with extended credit was signed with Nordea and SEB with similar terms as the previous agreement – a sign of strength given the current market situation

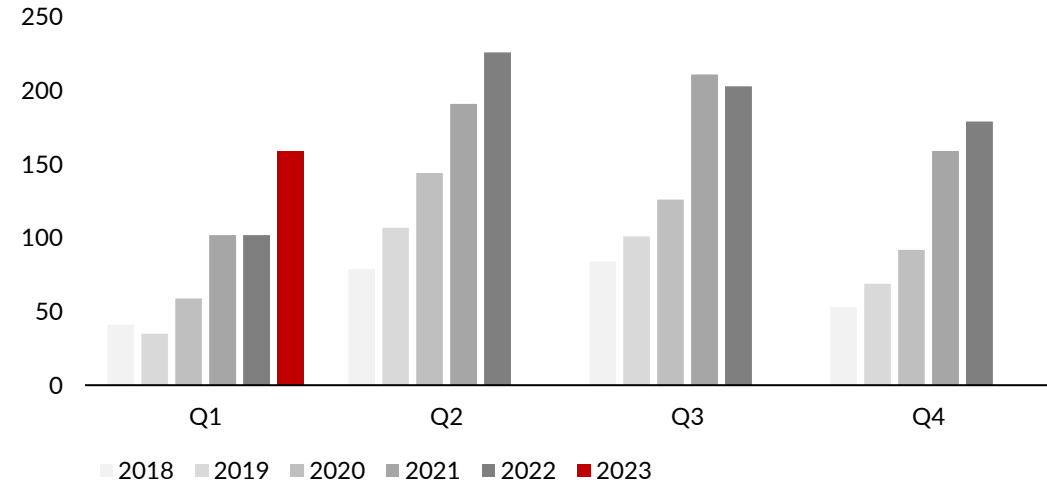
# Financial development, Q1 2023



Net sales, SEK m



EBITA, SEK m

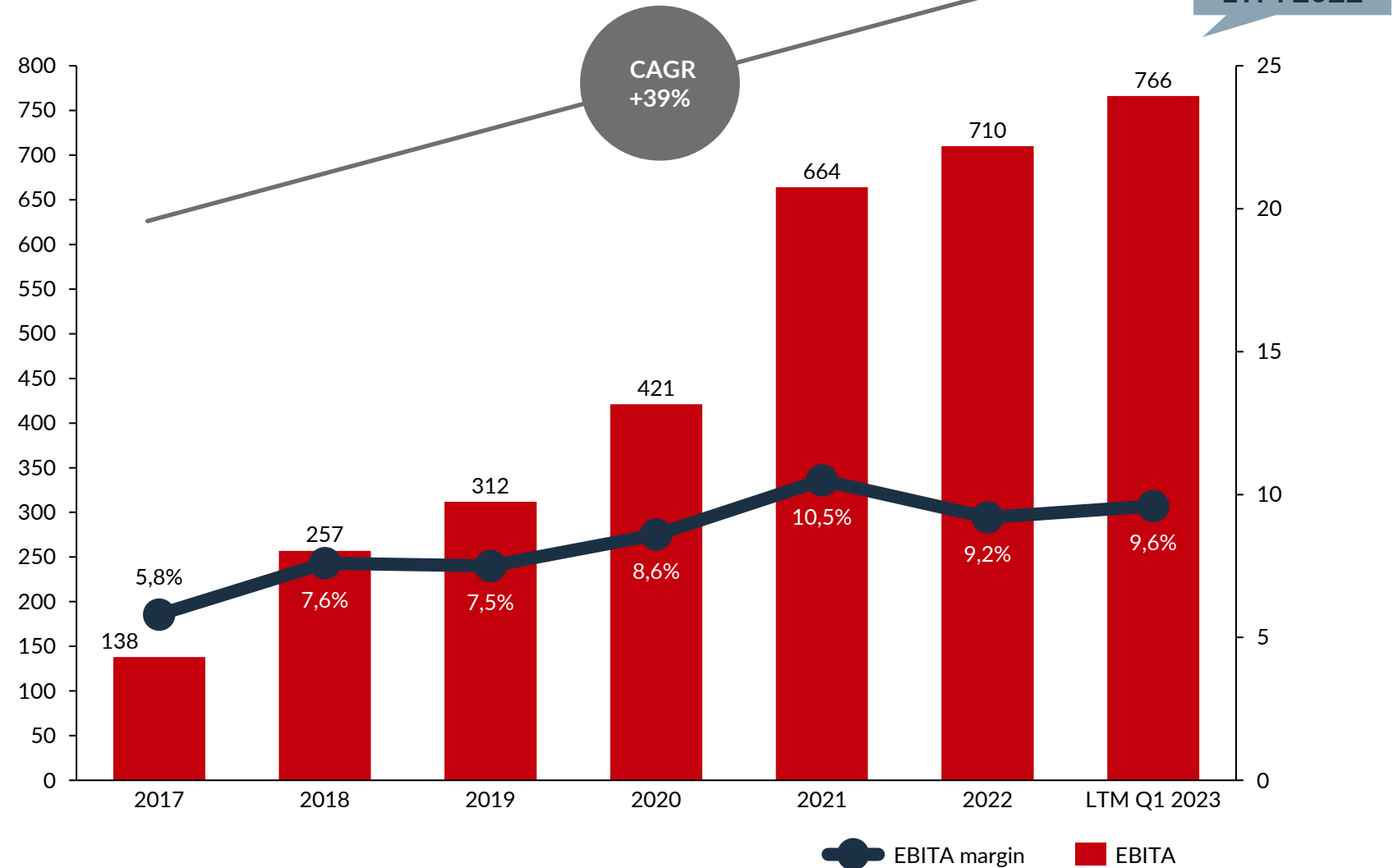


# Financial development, LTM Q1 2023

Net sales  
**SEK 7,976 m**  
 (Q1 2022: 6,720)

EBITA  
**SEK 766 m**  
 (Q1 2022: 665)

Operating cash flow  
**SEK 707 m**  
 (Q1 2022: 372)



# 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

**15%**

(Q1 2022: 43%)

## 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

**32%**

(Q1 2022: 45%)

## Capital structure

The target is a net debt/adjusted EBITDA<sup>2)</sup> ratio of 2 to 3 times, and not exceeding 3.5 times.

Net debt/adjusted EBITDA

**2.0<sub>x</sub>**

(Q1 2022: 1,7x)

1) Including divested operations. 2) See pages 134-138 of the 2022 Annual Report for definitions of alternative performance measures.



# Three business areas with growth focus



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



Self-adhesive labels and machines for various applications; from decorative labels to technically advanced labels in medical technology.

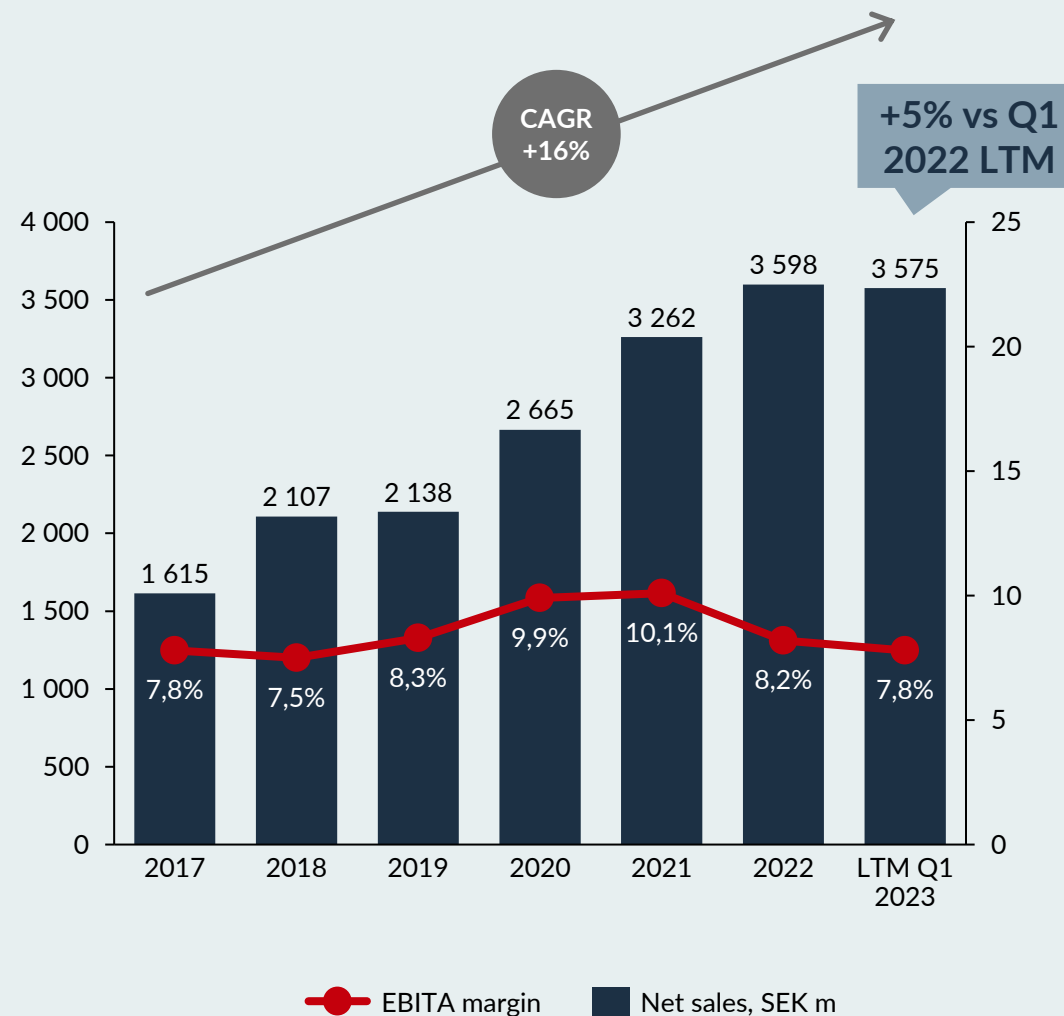


Four businesses with leading market positions in their niches; Products and solutions for grain management. Products for dampness and water damage management. Infrastructure for telecom, lighting and solar panels. Stone and cement products for infrastructure and construction.

# Salix Group

- Sales decline of -3% in the quarter and +5% LTM
- Decreased EBITA margin of 2pp in the quarter
- Relatively good demand in the industrial and professional segments, however continued weaker demand in the consumer segment
- Continued unfavorable currency and inflation, however decreased freight costs and costs of some raw-materials
- Strong focus on cost control, pricing and realizing coordination benefits within the business area
- Good opportunities for further acquisition-driven growth

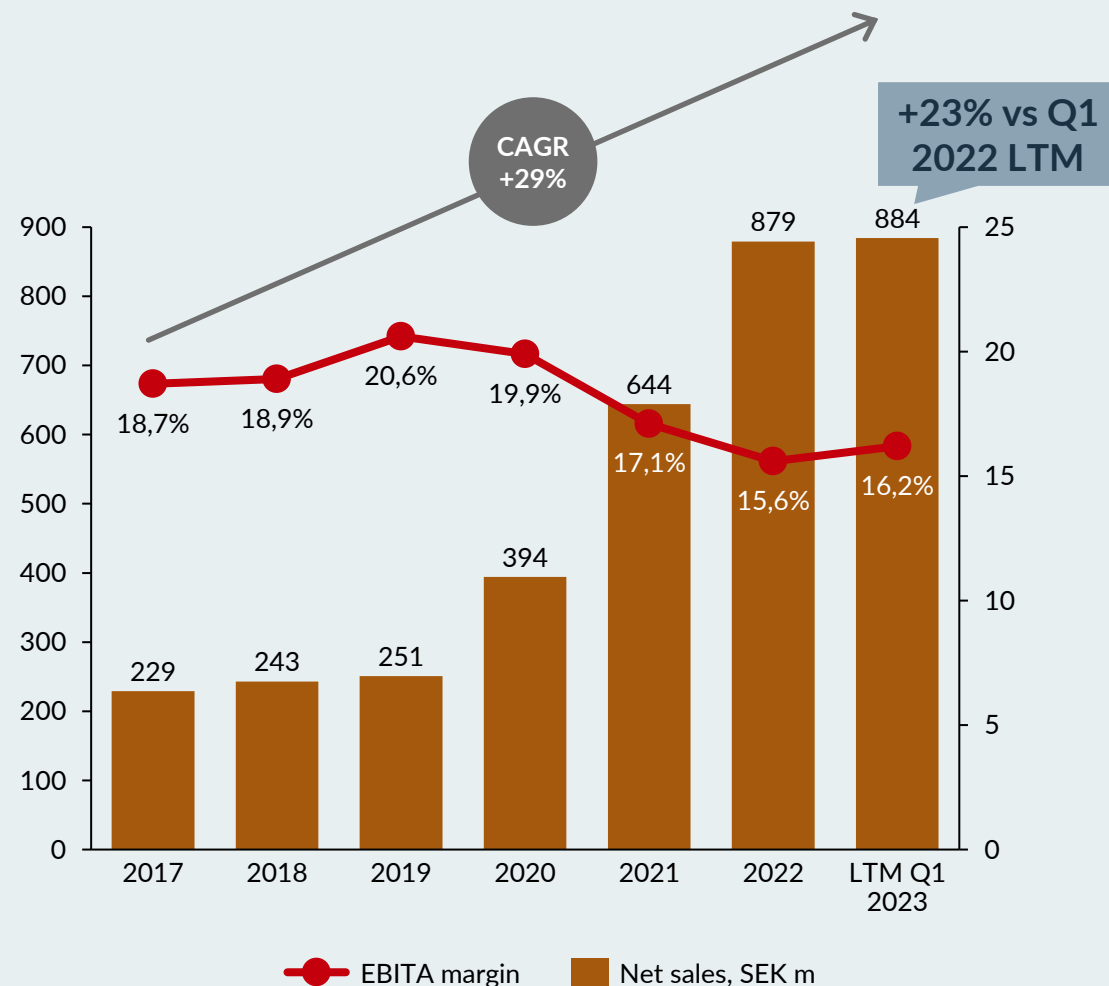
	Jan-Mar 2023	Jan-Mar 2022	LTM Q1 2023	FY 2022
Net sales, SEK m	855	878	3,575	3,598
EBITA, SEK m	53	71	279	296
EBITA-margin, %	6	8	8	8
ROCE excl. goodwill, %	24	37	24	26



# Ettiketto Group

- Sales growth of 2% in the quarter and 23% LTM
- EBITA margin increase of 2pp in the quarter
- Continued good demand, as the demand for our products is resilient to shifts in the general economy
- Continued work with extracting synergies from acquired business, together with focus on pricing and operational improvements, mitigating effect from increased costs for purchased goods
- Well-positioned for continued acquisition-driven growth, both in its Nordic home markets and in the rest of Europe

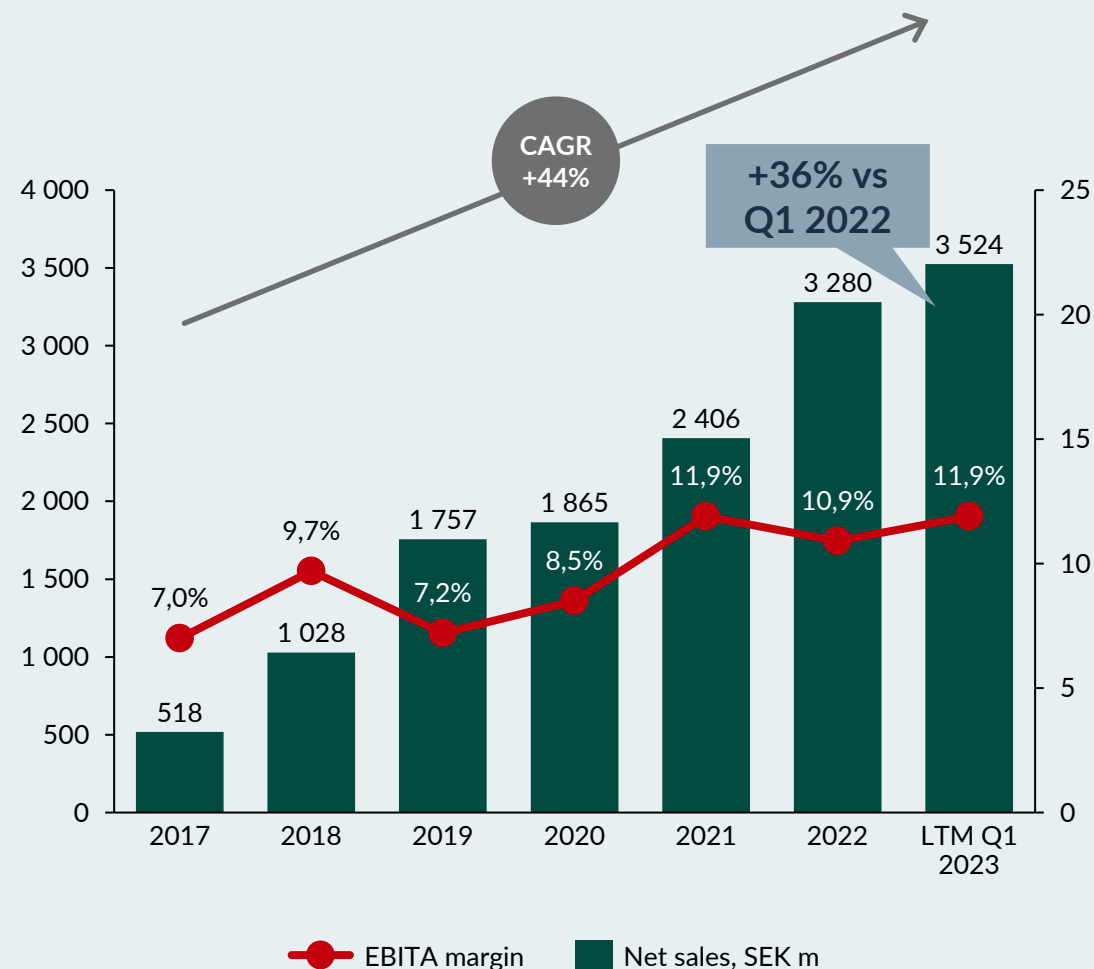
	Jan-Mar 2023	Jan-Mar 2022	LTM Q1 2023	FY 2022
Net sales, SEK m	221	216	884	879
EBITA, SEK m	38	32	143	137
EBITA-margin, %	17	15	16	16
ROCE excl. goodwill, %	58	66	58	57



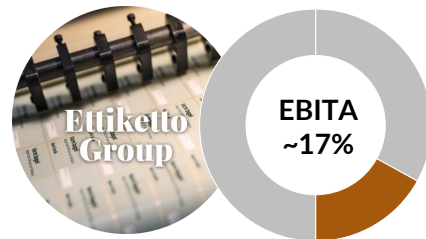
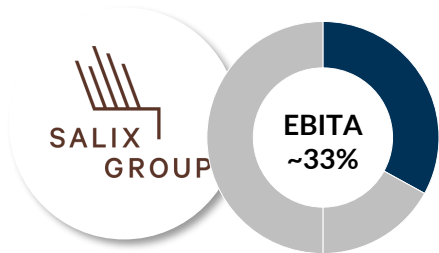
# Industry

- Strong quarter with 43% sales growth, 36% LTM
- EBITA increased by 350% in the quarter
- All four units are growing and at the same time improving EBITA margins, especially within Communications which continues to see high demand for MAFIs products
- Tornum Group has successfully replaced the volumes lost due to Russia's war in Ukraine
- Overall good demand in the quarter, however S:t Eriks is experiencing some cautiousness, especially from retail customers
- Continued focus on improved operational performance through pricing, cost control and productivity improvements
- One add-on acquisition to Tornum during the quarter and good opportunities for continued acquisition-driven growth

	Jan-Mar 2023	Jan-Mar 2022	LTM Q1 2023	FY 2022
Net sales, SEK m	816	572	3,524	3,280
EBITA, SEK m	81	18	421	358
EBITA-margin, %	10	3	12	11
ROCE excl. goodwill, %	39	33	39	34



# Acquisitions LTM with a total annual turnover of SEK 753 million



**Heco** SALES  
January 2020 **183** MSEK

**Pisla** SALES  
September 2020 **242** MSEK

**Duschy** SALES  
March 2021 **100** MSEK

**Gunnar Eiklid** SALES  
March 2022 **39** MSEK

**Nibu/SkanCo** SALES  
May 2022 **147** MSEK

**Embo Import** SALES  
November 2022 **25** MSEK

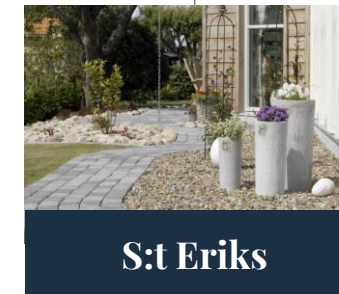
**Beneli** SALES  
June 2020 **156** MSEK

**Märkas** SALES  
September 2020 **168** MSEK

**Strongpoint** SALES  
June 2021 **185** MSEK

**Jigraf** SALES  
November 2021 **29** MSEK

**Skipnes** SALES  
January 2022 **72** MSEK



**JPT** SALES  
January 2021 **76** MSEK

**Apisa** SALES  
July 2021 **152** MSEK

**Terästorni** SALES  
April 2022 **216** MSEK

**JWI** SALES  
March 2023 **40** MSEK

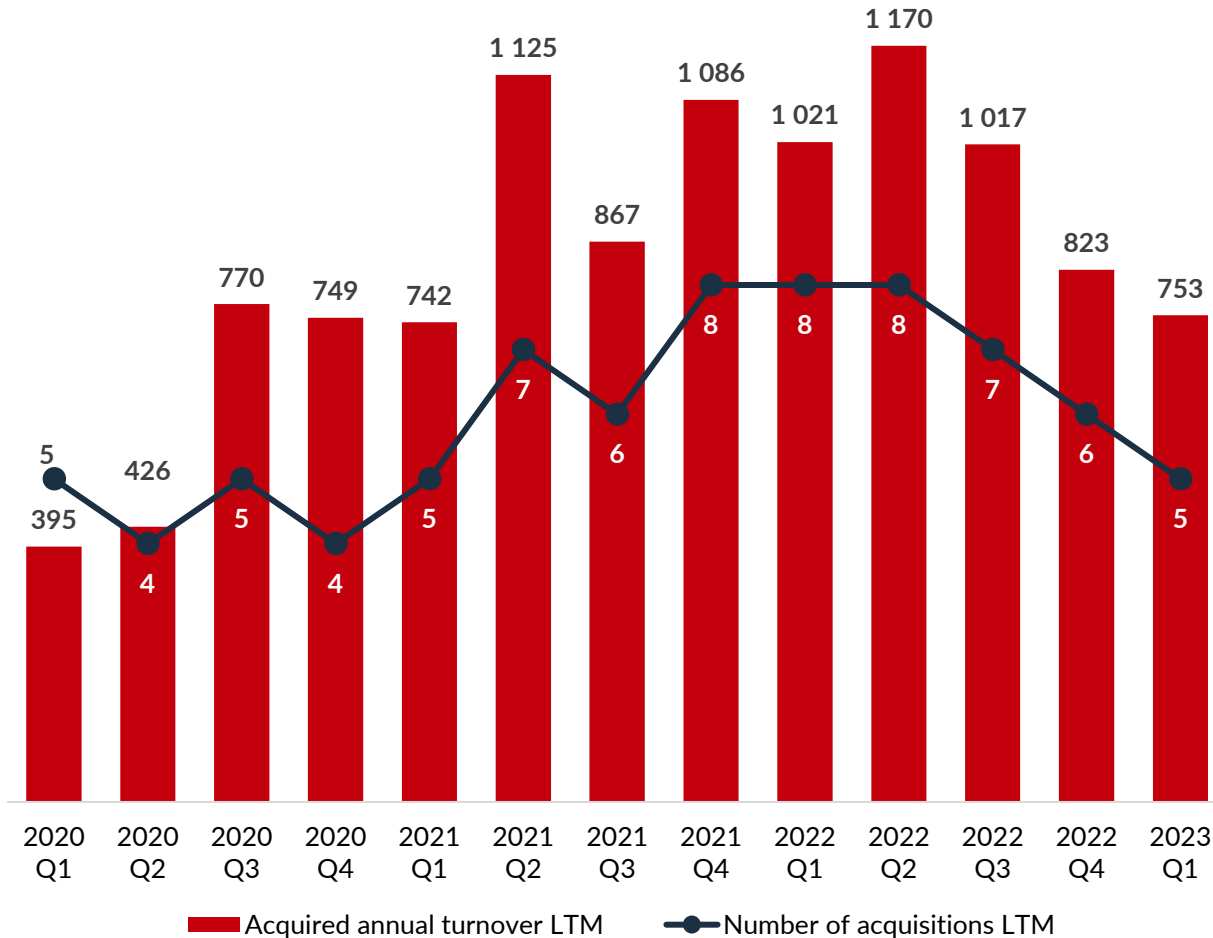
**Byggsystem** SALES  
June 2021 **60** MSEK

**Meag** SALES  
October 2021 **190** MSEK

**Scanmast** SALES  
June 2021 **294** MSEK

**MAFI** SALES  
April 2022 **325** MSEK

# Recent acquired annual turnover of SEK 700-1,200 million



- M&A have over time contributed with annual sales of SEK 700-1,200 million
- Annual pace of 6-8 acquisitions
- Majority of the acquisitions are value creating add-on acquisitions, enabling substantial synergy realisation
- Platforms, financial capacity and processes in place
- One acquisition Q1 2023, and good position to accelerate pace during the rest of the year

# Case JW Installations Ltd

- Annual sales of SEK~40 million
- A leading supplier of grain handling equipment in the UK, founded in 1965
- JWI has built a successful sales and service organisation and as a part of Tornum, JWI gains access to a broader product offering, providing them with good opportunities for continued growth
- Volati's first acquisition during 2023
- Contributes to an even stronger position for Tornum Group as a supplier of turnkey system solutions in one of Europe's largest agricultural markets
- **Strengthens Volati's continued international growth outside of the domestic markets (Sweden, Norway and Finland)**

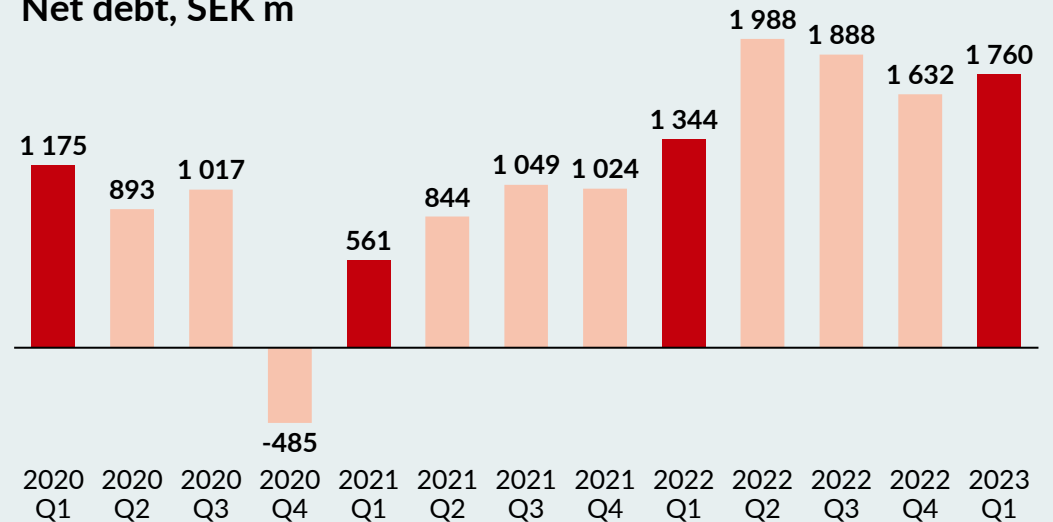


# Continued strong position for acquired growth

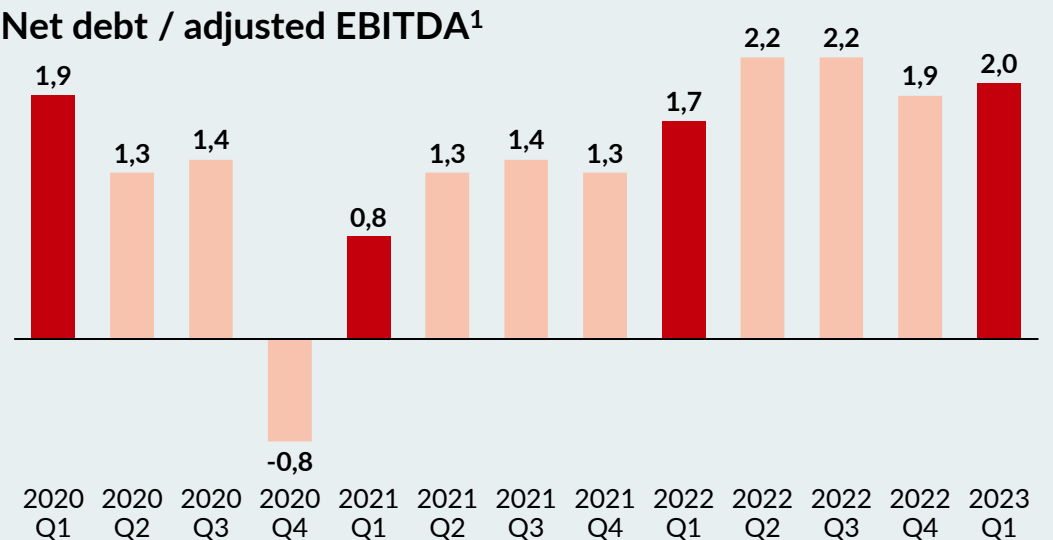
- Operating cashflow of SEK 127 million in the quarter, an increase of SEK 276 million compared to Q1 2022
- Net debt increase with SEK 128 million in the quarter due to
  - Strong operating cashflow of SEK +127 million
  - M&A-related cash outflow of SEK -85 million
  - Tax, interest and dividend outflow of SEK -149 million
- New credit agreement with Nordea and SEB totaling to SEK 2.9 billion signed early April – total liquidity through debt facilities and cash of SEK + 1.2 billion
- Strong financial position with Net debt / EBITDA of 2,0x positions Volati well for acquisition driven growth

1) See pages 134-138 of the 2022 Annual Report for definitions of alternative performance measures.

Net debt, SEK m



Net debt / adjusted EBITDA<sup>1</sup>





# Summary

## Strong first quarter in 2023

- Volati shows EBITA growth of 55%
- Earnings per ordinary share grew with +63%
- Strong cash flow through successfully reducing working capital

## Focus on long-term value creation

- Annual average EBITA growth of 39% for continued operations during the last 5 years, of which ~20% organic and the rest acquired
- 1,8 bnSEK distributed to common shareholders since IPO in 2016
- ROE of 32%

## Continue delivering on our growth journey

- Six platforms in place with long-term sustainable business models and good growth opportunities
- Financial strength to support the acquisition pace
- Growth potential through M&A in all platforms



volat1.