



Interim Report January–June 2020

Mårten Andersson, CEO

Andreas Stenbäck, CFO

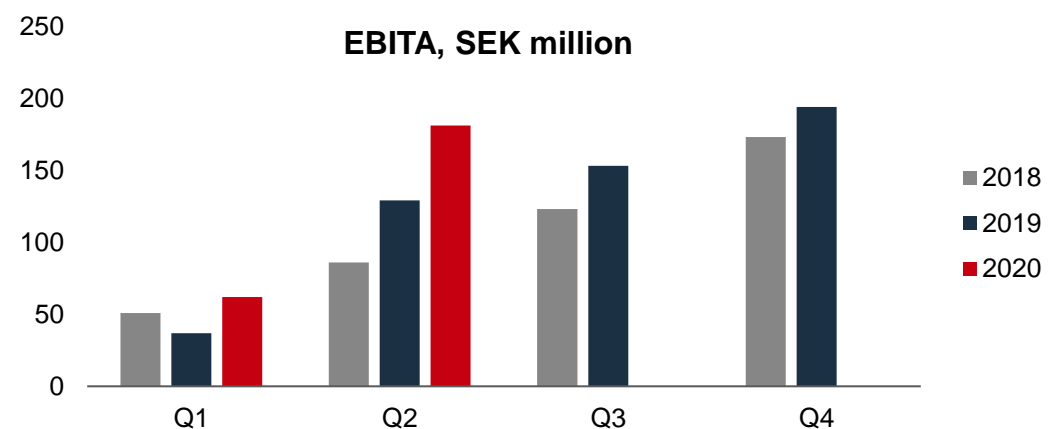
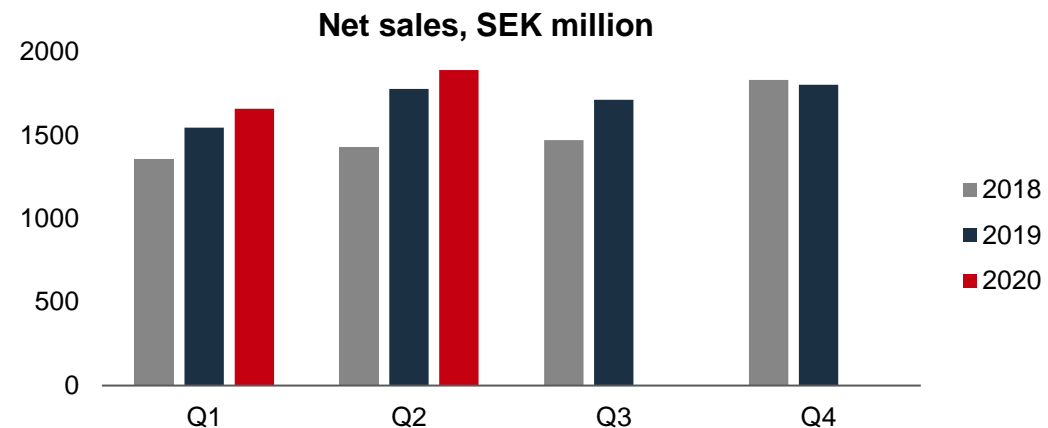
17 July 2020

Financial development in Q2 2020

Net sales
SEK 1,889 m (1,776)

EBITA
SEK 181 m (129)

EBITA growth
+ 41%



Another quarter of strong earnings growth

- EBITA increased by 41 percent to SEK 181 million.
- Earnings per ordinary share increased by 129 percent for the quarter and 279 percent for the year to date.
- Operating cash flow was SEK 212 million – an increase by more than 5 times compared to Q2 2019.
- Our continuous work on developing business units with strong positions and a clear focus on earnings growth was a major contributor to the improved earnings in Q2.
- In various ways, all business areas were affected by the consequences of the Covid-19 pandemic. The overall impact on Volati has been limited.
 - Business units have taken part in the various support measures that have been available.
- Acquisition of label producer Beneli AB – our sixth add-on acquisition since 2019.

Financial development, LTM Q2 2020

Net sales

SEK **7,059** m
(2019: 6,833)

EBITA

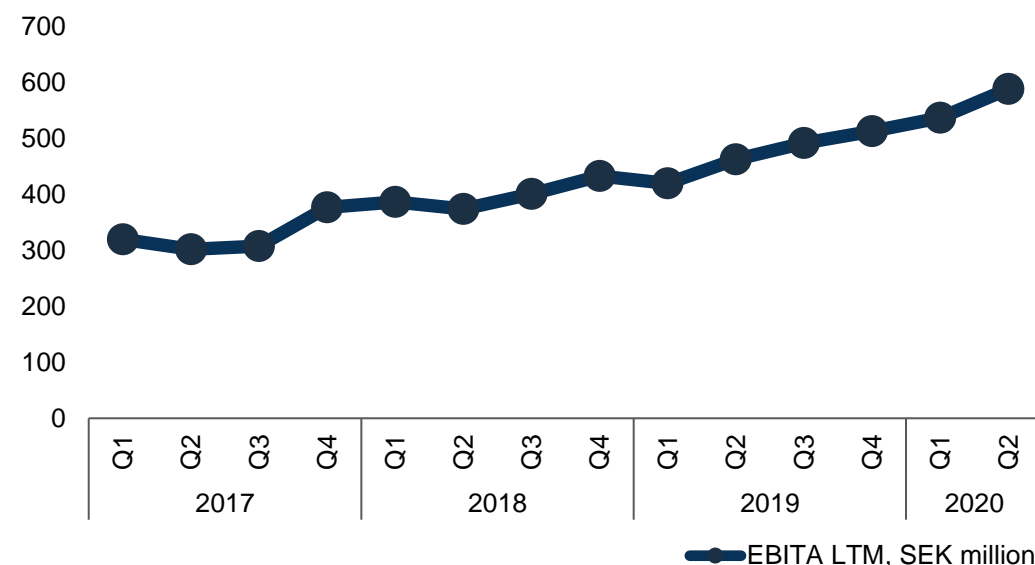
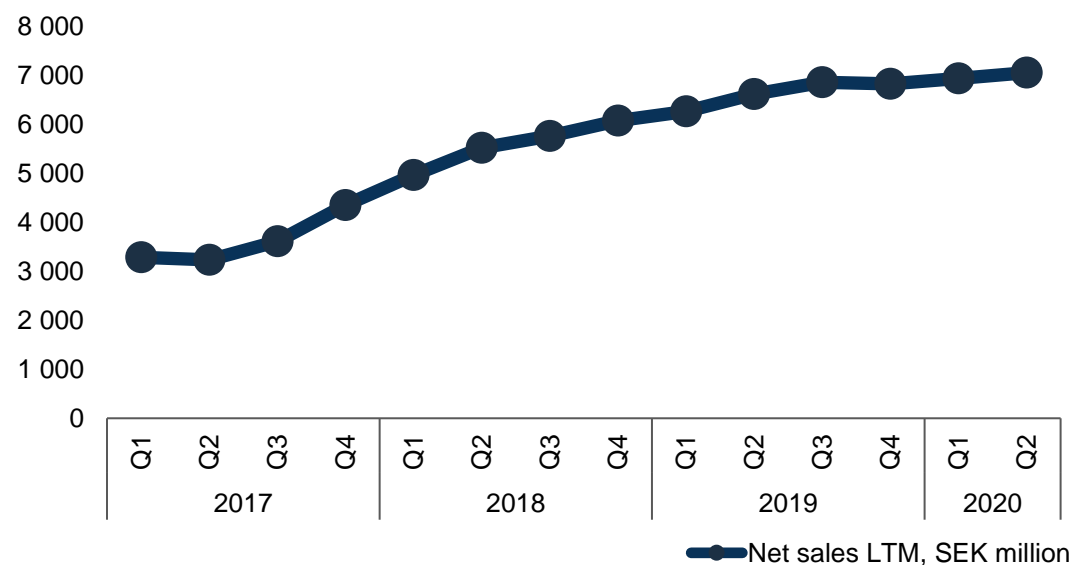
SEK **589** m
(2019: 513)

Operating cash flow

SEK **802** m
(2019: 523)

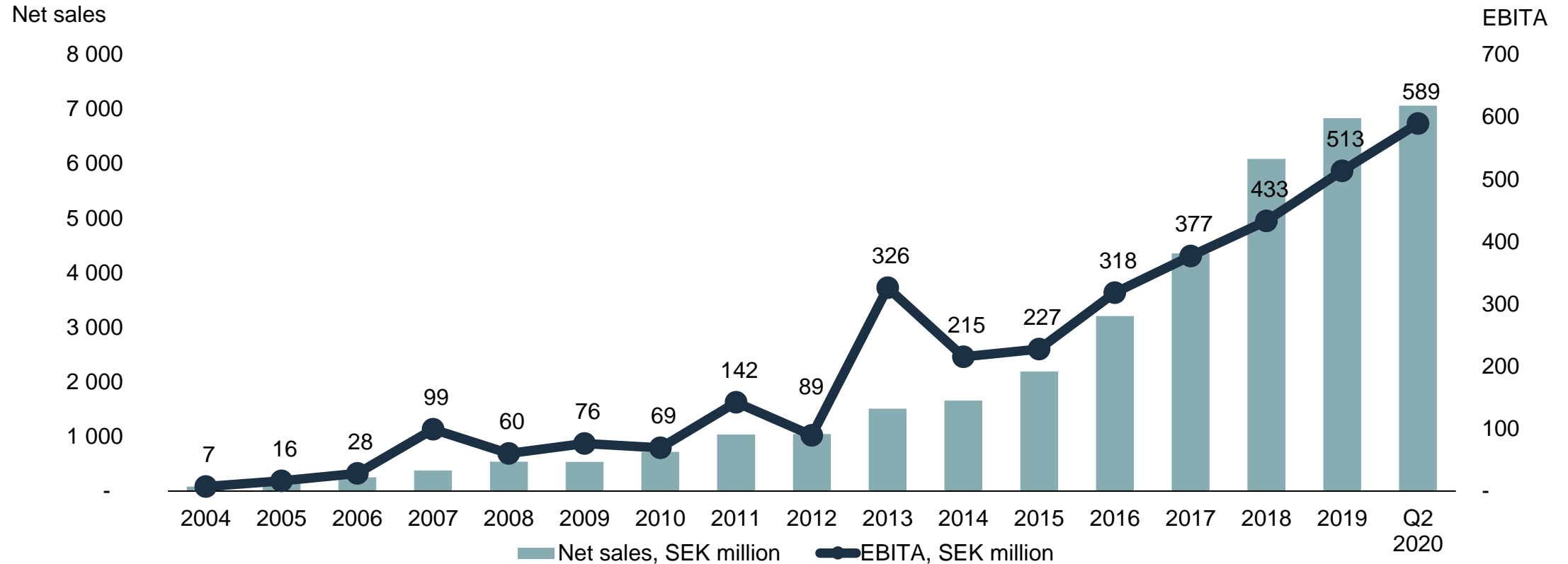
Net debt/adjusted EBITDA

1.3x
(2019: 1.5)



Volati creates long-term value growth

Since the IPO in 2016, our average annual EBITA growth has been 19 percent.
33 percent average annual EBITA growth since the start.



Business area
Trading

34%
of EBITA,
LTM

Continued growth in Trading

- Another good quarter with strong growth in both sales and earnings.
- Trading has benefited from good market conditions during the quarter, for example in the consumer-driven part of the building materials, hardware and garden trade.
- The previously acquired companies, Vägghmaterial and Heco, have been successfully integrated and contribute positively to Q2 earnings.

	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	LTM Q2 2020	Full-year 2019
Net sales, SEK m	712	589	1,303	1,085	2,356	2,138
EBITA, SEK m	86	59	125	88	214	178
EBITA margin, %	12	10	10	8	9	8
EBIT, SEK m	83	57	119	83	203	167
ROCE excl. goodwill, %	32	32	32	32	32	28
ROCE incl. goodwill, %	14	12	14	12	14	12



Business area

Consumer

21%
of EBITA,
LTM

Stronger earnings for Consumer

- Very strong earnings growth.
- Earnings growth driven by our vehicle inspection operations, which continue to develop exceptionally well, due to the right availability of services, efficient pricing, new establishments and cost control.
- Besikta has consolidated its position as one of the strongest brands in the market, with a market share of approx. 25 percent.

	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	LTM Q2 2020	Full-year 2019
Net sales, SEK m	225	248	411	470	836	895
EBITA, SEK m	64	47	70	52	130	112
EBITA margin, %	28	19	17	11	16	13
EBIT, SEK m	61	44	64	46	119 ¹⁾	101 ¹⁾
ROCE excl. goodwill, %	87	101	87	101	87	76
ROCE incl. goodwill, %	20	11	20	11	20	14

¹⁾Excluding impairment of intangible assets in Q3 2019.

As of november 2019, me&i is no longer consolidated in Volati.

Business area

Akademi- bokhandeln

12%

of EBITA,
LTM

Akademi bokhandeln's digital channels growing

- 20 percent growth in digital channels, in total accounting for 50 percent of revenue for the quarter. This partly compensates for the 27 percent decline in store sales, in the wake of the Covid-19 pandemic.
- Growth in digital and effective cost control mean that earnings are only slightly lower than last year.
- Accelerated journey towards a more developed omni-channel offering, with a growth in Akademibokhandeln.se of 130 percent in the quarter.

	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	LTM Q2 2020	Full-year 2019
Net sales, SEK m	298	328	743	781	1 754	1 793
EBITA, SEK m	-26	-24	-29	-27	74	76
EBITA margin, %	-9	-7	-4	-3	4	4
EBIT, SEK m	-32	-30	-41	-39	51	53
ROCE excl. goodwill, %	28	44	28	44	28	26
ROCE incl. goodwill, %	8	10	8	10	8	8



Business area
Industry

33%
of EBITA,
LTM

Another good quarter for Industry

- The Industry business area had another good quarter with stable EBITA growth.
- The business area is characterised by clear strategies for the operations, good management and a focus on earnings growth.
- The work on identifying and evaluating acquisition opportunities led to the acquisition of Beneli at the end of the quarter.

	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	LTM Q2 2020	Full-year 2019
Net sales, SEK m	654	612	1,092	985	2,115	2,008
EBITA, SEK m	77	64	108	79	208	179
EBITA margin, %	12	10	10	8	10	9
EBIT, SEK m	75	61	104	75	200	171
ROCE excl. goodwill, %	25	22	25	22	25	21
ROCE incl. goodwill, %	16	14	16	14	16	14

Well-positioned for further acquisitions

Successful acquirer

Proven ability to make major acquisitions, integrate acquired companies and deliver on the investment hypothesis.

Ready for further acquisitions

Volati's acquisition agenda is run both centrally and in the business areas, creating a strong inflow of potential acquisition targets. Strong financial position means continued good financial scope for additional acquisitions.

802

Operating cash flow, LTM Q2 2020
(SEK million)

1.3

Net debt/adjusted EBITDA, LTM Q2 2020
(2.4 in Q2 2019)

Completed add-on acquisitions since 2019

Stenentreprenader

April 2019

Add-on acquisition to business area Industry and business unit S:t Eriks

Mundus Maskin

April 2019

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

Väggmaterial

September 2019

Add-on acquisition to business area Trading

Swekip

December 2019

Add-on acquisition to business area Trading

Heco Nordiska

January 2020

Add-on acquisition to business area Trading

Beneli

June 2020

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



Financial targets

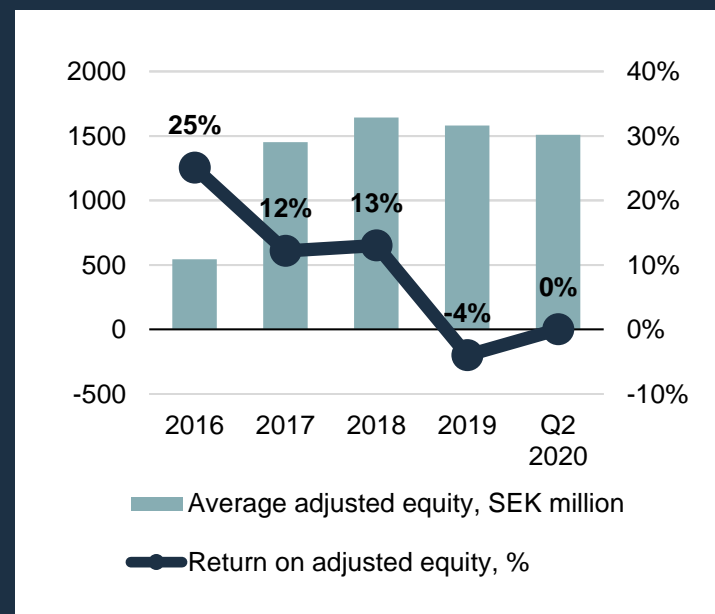
EBITA growth

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



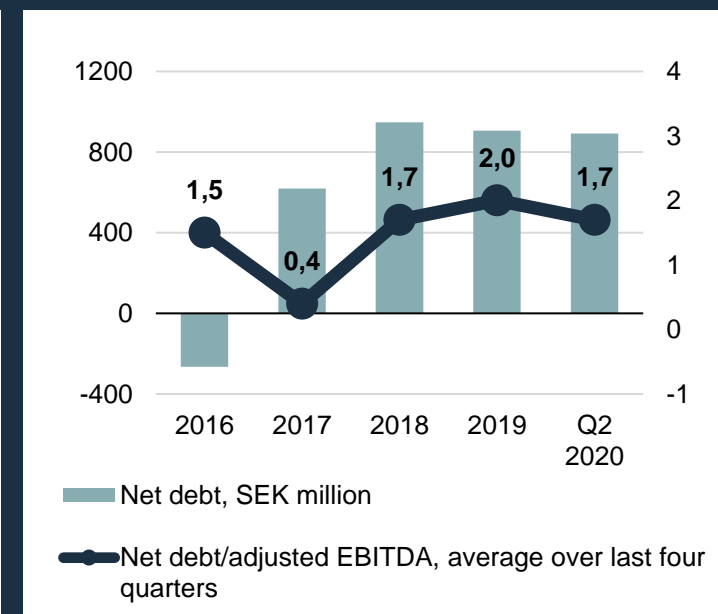
Return on adjusted equity

The long-term target is a return on adjusted equity* of 20 percent. Return on adjusted equity was 18 percent for Q2, excluding impairment of intangible assets.



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.

Capital structure

- Equity of SEK 2,426 million, of which preference shares SEK 828 million.
- Revolving credit facility of SEK 900 million.
- Overdraft credit of SEK 300 million.
- Revolving credit facility and overdraft credit due Q1 2022, with option to prolong for 1+1 years.
- Bond issued in Volati AB of SEK 600 million. Maturity end of 2022 with yield of STIBOR+350bp – senior unsecured.
- Cash and cash equivalents, and unutilised overdraft credit, of SEK 980 million.



Conclusions and steps ahead

Another quarter with strong earnings growth

- 41 percent growth in EBITA with contributions from most of our business areas.

Strong business area organisation

- Creates strong focus on operational efficiency and value creation as well as an increased inflow of acquisition candidates.

Strong financial position

- Net debt to EBITDA ratio at 1.3x.

We are now focusing fully on the continuing growth journey and long-term value creation for Volati, with acquisitions as an important part of the strategy.

Giving companies the right conditions to grow



Volati – a growing Swedish Industrial Group



volati.