

Storskogen Q3 2022

TODAY'S PRESENTERS



Daniel Kaplan

CEO



Lena Glader

CFO

November 2022

Storskogen in brief

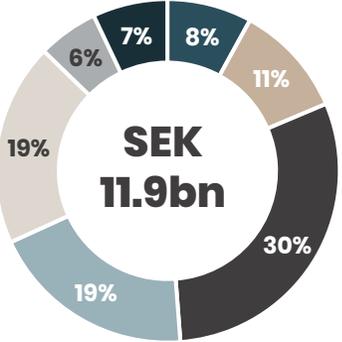
Storskogen is an international group of businesses with an annual RTM net sales of SEK 36.5bn and EBITA of SEK 3.5bn, split across three business areas and 14 verticals



Services
Peter Ahlgren

NO. OF BUSINESS UNITS
62

NO. OF EMPLOYEES
>5,100



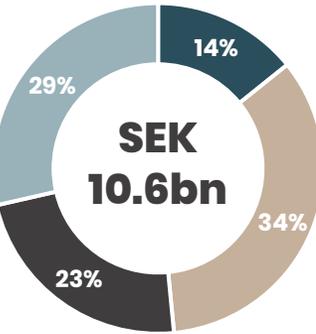
- HR & Competence
- Logistics
- Installation
- Infrastructure
- Engineering Services
- Digital Services
- Contracting Services



Trade
Christer Hansson

NO. OF BUSINESS UNITS
35

NO. OF EMPLOYEES
>2,200



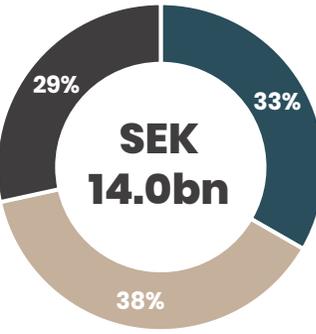
- Sports, Clothing & Accessories
- Home & Living
- Health & Beauty
- Niche Businesses



Industry
Fredrik Bergegård

NO. OF BUSINESS UNITS
39

NO. OF EMPLOYEES
>4,900



- Products
- Industrial Technology
- Automation

Q3 2022 highlights

Strong growth in a challenging environment

NET SALES:

SEK 8,417m
(+77%¹)

ORGANIC NET SALES GROWTH YTD:

12.4%

ADJUSTED EBITA:

SEK 772m
(+57%¹)

ORGANIC EBITA GROWTH YTD:

-5.5%

ADJUSTED EBITA MARGIN:

9.2%
(10.4%²)

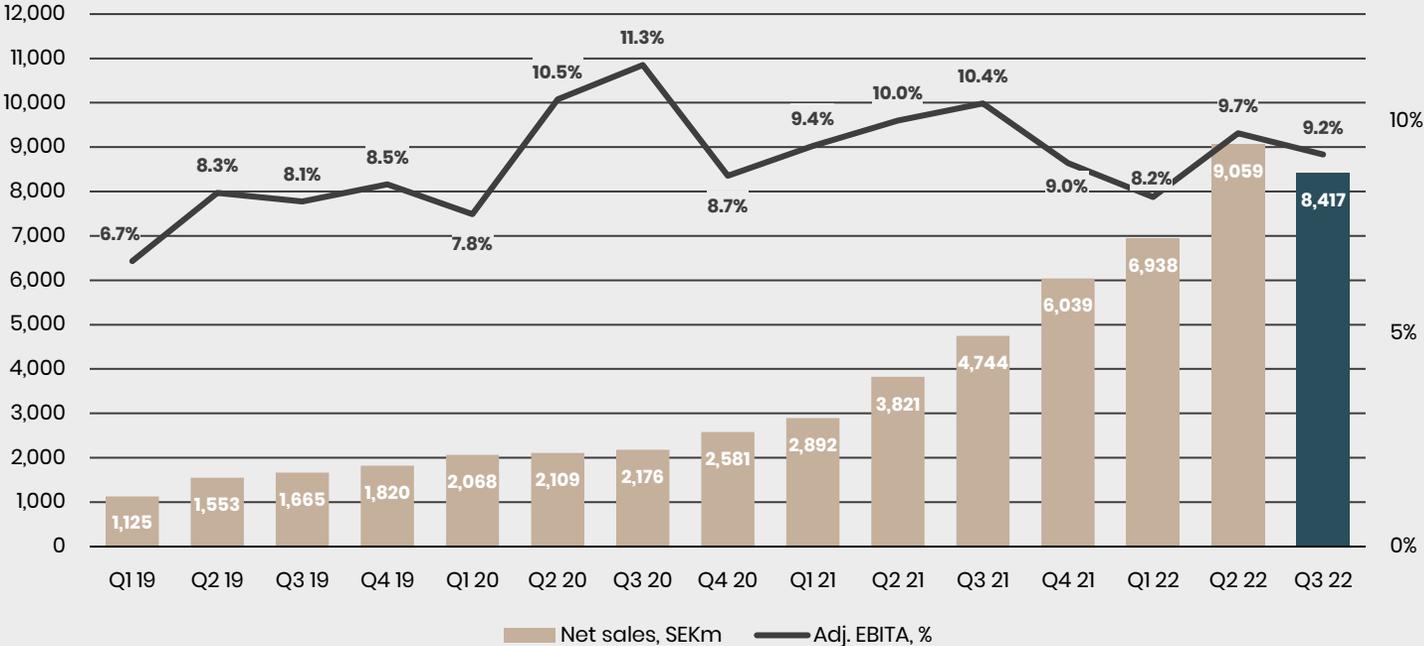
KEY EVENTS

- Four acquisitions completed with combined annual net sales of SEK 258m
- A new, unsecured, syndicated term facility of EUR 300m entered into
- Strategic focus on operational excellence, strong balance sheet and cash flow
- Events since the reporting period
 - Four acquisitions completed with combined annual EBITA of SEK 97m
 - Current pipeline of LOIs with annual EBITA of SEK 39m

Net sales and EBITA margin

Demand remained good and profitability held up well despite high cost inflation and weak currency

Financial development



COMMENT

- Sales growth driven by acquisitions as well as underlying growth in volumes and prices
- EBITA margin was negatively impacted by continued supply chain disruptions, high material costs and a weak Swedish currency
- Margins were protected by price increases, cost efficiency and a generally good underlying market

Market development

Overall good demand with reasonable short-term outlook and a continued good transaction dealflow

MACRO

- ↑ Solid demand in Industry and Services
- ↑ Successful price increases and easing supply chain disruptions
- ↓ Weak Swedish currency and weakening demand in certain consumer-facing industries
- The fourth quarter is seasonally stronger than the third quarter. Macro outlook for 2023 is uncertain

TRANSACTION MARKET and M&A

- ↓ General slowdown in the market
- Increasing spread in multiples, across sectors and companies
- ↑ New geographies driving stronger Y/Y deal flow
- Short-term priorities calibrated including acquisition strategy with selective approach

Overview of financial targets

Storskogen's focus is on operational excellence, balance sheet and cash flow going forward

MEDIUM-TERM TARGETS

Organic EBITA growth: Real GDP growth +1-2 percentage points	EBITA growth including acquisitions: In line with historical levels	Adjusted EBITA margin (over time): 10%	Adjusted cash conversion on an annual basis: >70%	Interest-bearing net debt / adjusted RTM EBITDA: 2.0-3.0x
--	---	--	--	---

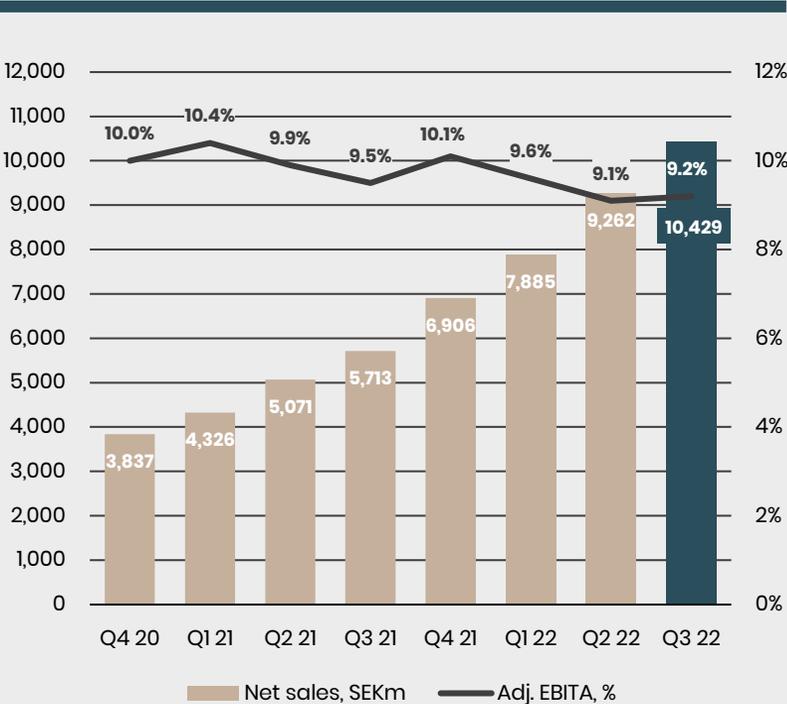
OUTCOME

-5.5% (YTD)	94% (YTD)	9.1% (LTM)	50% (LTM)	2.7x (RTM)
-----------------------	---------------------	----------------------	---------------------	----------------------

Services

Strong sales growth with sequentially improving margin

NET SALES AND ADJ. EBITA MARGIN (LTM)



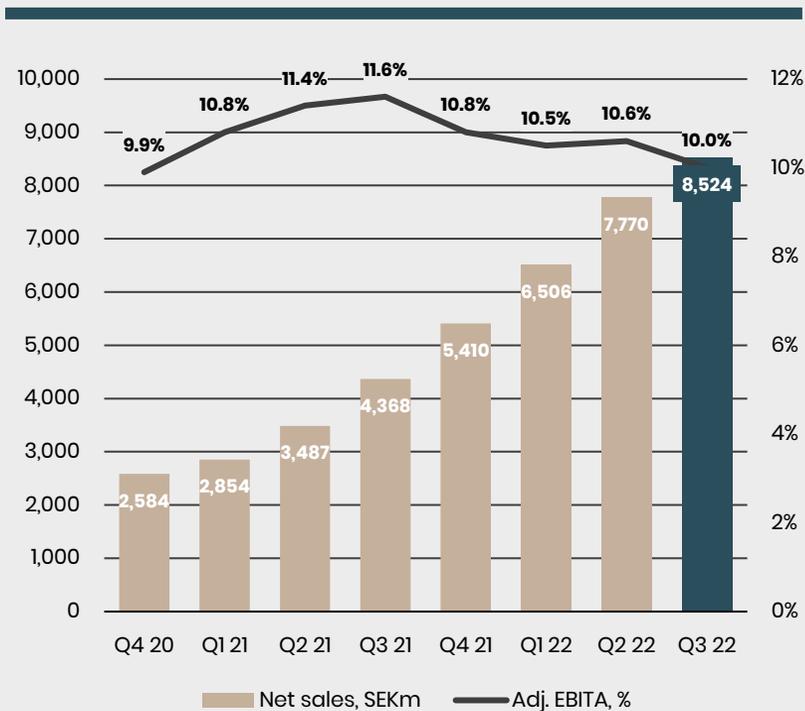
COMMENTS

- Organic sales growth of 16% (YTD), organic EBITA growth of -9% (YTD)
- Solid demand was reflected in strong sales growth, despite summer holiday season
- The majority of verticals had a stable development, with strong performance in Logistic Services and Digital Services
- Stabilisation of material prices and easing supply chain disruptions. Price increases were passed through to a large extent
- Uncertain economic situation going forward
- One acquisition in Singapore was completed and is a part of Digital Services

Trade

Improved market position in a challenging quarter with significant currency headwinds

NET SALES AND ADJ. EBITA MARGIN (LTM)



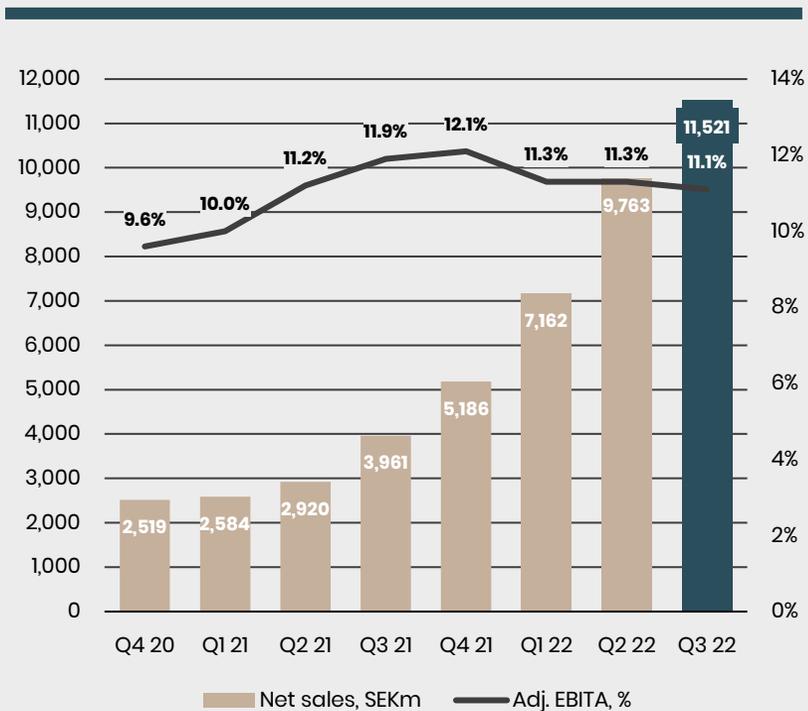
COMMENTS

- Organic sales growth of 5% (YTD), organic EBITA growth of -15% (YTD)
- Generally dampened demand within consumer-related durable goods and e-commerce. Good demand in Health & Beauty vertical
- Price increases and cost measures partially offset cost inflation and currency headwinds
- In addition to seasonality, inventory levels remained elevated due to lingering effects of supply chain disruptions, higher material costs and a weaker Swedish krona
- The creation of “HairCo” and the acquisitions of Vox and Cutrin further strengthen the Health & Beauty vertical
- One acquisition was completed in Norway and is part of Health & Beauty

Industry

Continued strong development with organic EBITA growth of 11% YTD

NET SALES AND ADJ. EBITA MARGIN (LTM)



COMMENTS

- Organic sales growth of 15% (YTD), organic EBITA growth of 11% (YTD)
- Strong underlying market with good demand and order books
- Automation and Industrial Technology experienced a strong markets, while consumer-facing companies in Products faced weaker demand
- Steady margin Q/Q - price adjustments and improved productivity compensated for cost inflation
- Current trading conditions remain good, supported by the re-shoring trend, albeit with low visibility going into 2023
- Two acquisitions were completed in Sweden and are part of Industrial Technology and Automation

Key financial performance, Q3 2022

EBITA margin slightly down vs a strong Q3 2021. Price increases and cost efficiency partly offset cost inflation and currency headwinds.

SEKm	Q3 2022	Q3 2021	Chg., %	LTM Q3 2022	RTM ¹⁾
Net sales	8,417	4,744	77	30,453	36,472
Adj. EBITA	772	492	57	2,759	3,487
Adj. EBITA margin, %	9.2	10.4	-	9.1	9.6
EPS, SEK	0.26	0.20	30	0.77	-
ROE (LTM), %	9.0	12.6	-	9.0	-
ROCE (LTM), %	10.1	8.8	-	10.1	-
Cash flow from operating activities	204	-410	-	1,055	-
Cash conversion, %	48.4	-37.7	-	49.8	-
Interest-bearing net debt / adj. RTM EBITDA, x	2.7	2.3	-	2.7	2.7

COMMENT

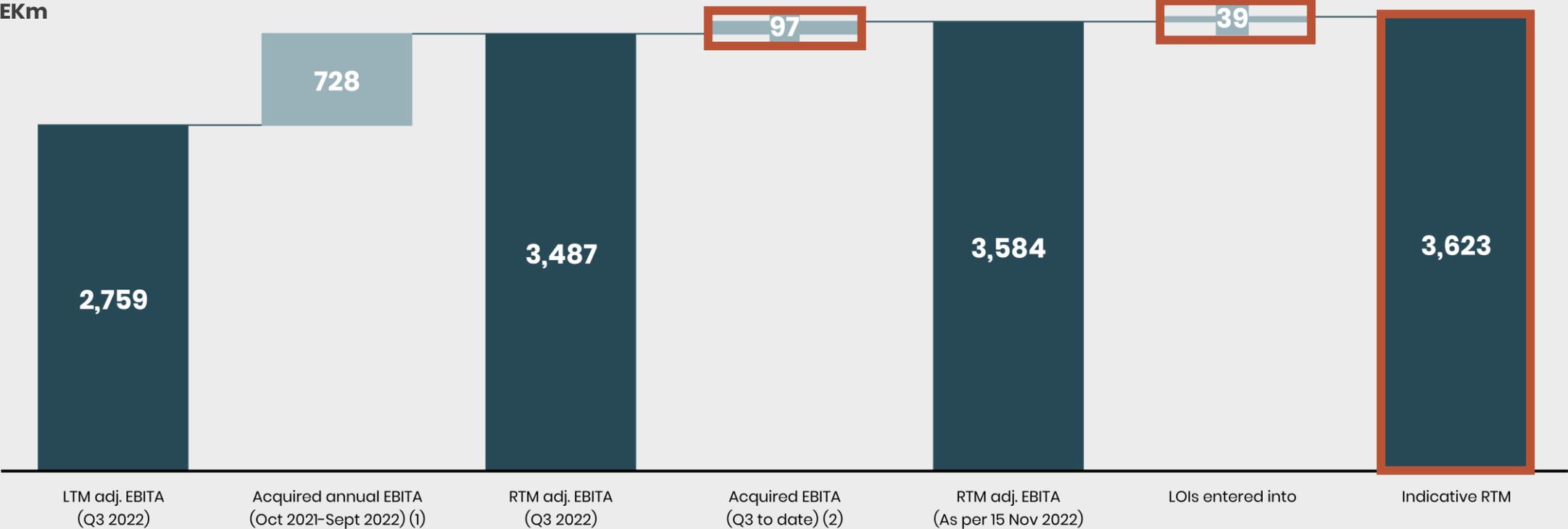
- Net sales growth of 77% with corresponding adj. EBITA growth of 57%
- Y/Y improvement in cash conversion
- EPS growth of 30%
- ROE of 9.0% and ROCE of 10.1% diluted by growth and undeployed capital raises. Net of cash, ROCE was 11.9%

Illustrative EBITA growth bridge – pro forma

RTM EBITA of SEK 3.5bn today with slower acquisition pace ahead

 Illustrative; numbers based on latest annual financials

SEKm

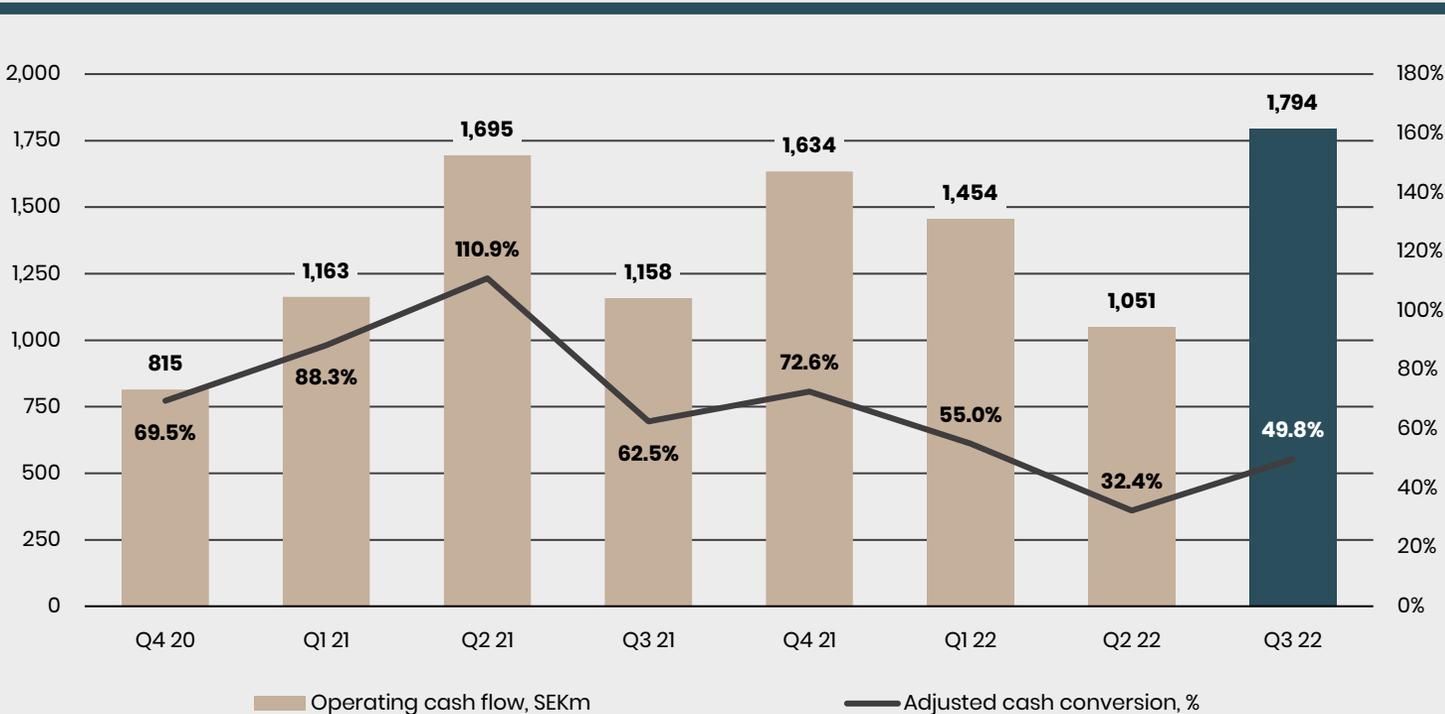


¹ Includes acquisitions completed as per 30 September 2022 ² Includes acquisitions made since the end of the reporting period and acquisitions signed but not yet closed

Operating cash flow and cash conversion

Higher prices, strong sales and seasonally high inventory impacted cash flow in Q3. LTM cash conversion improving.

Operating cash flow¹ (LTM)



COMMENTS

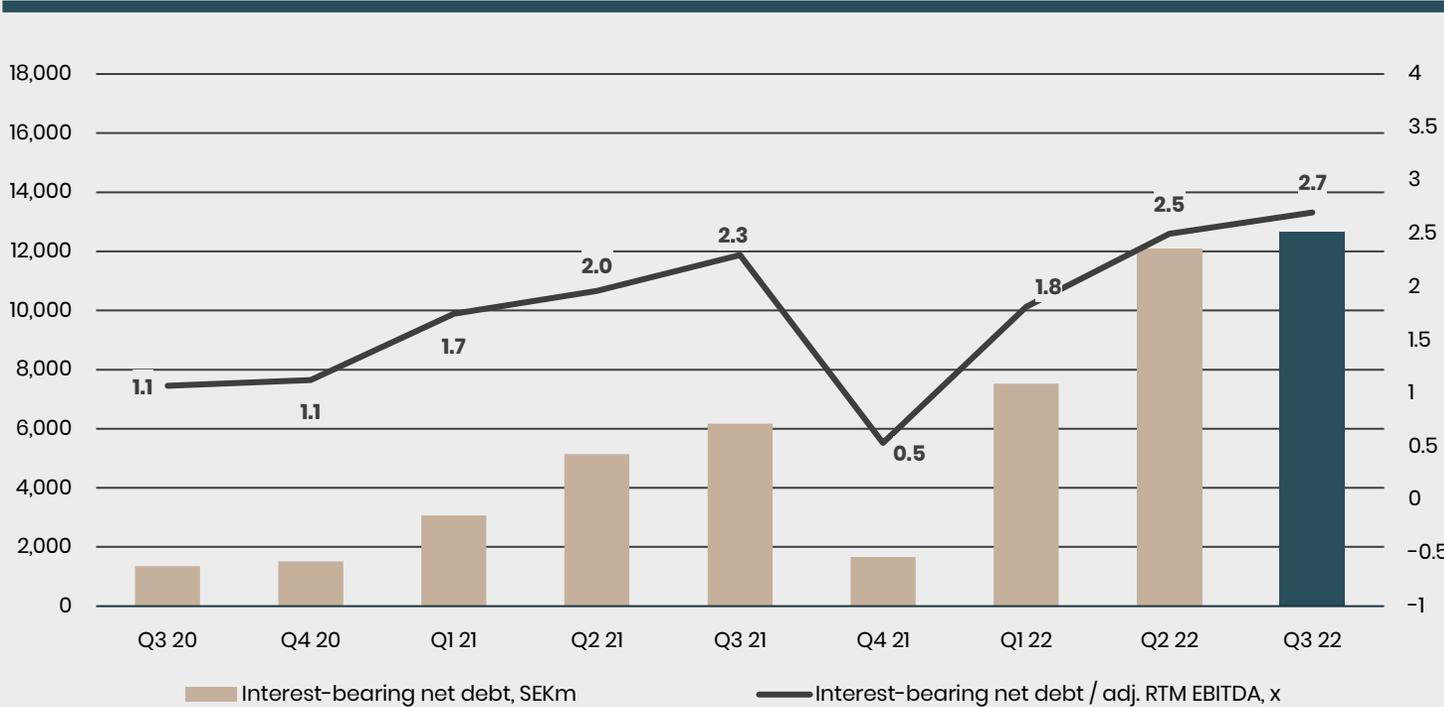
- LTM cash conversion of 50% reflects continued above-normal working capital still
- Higher prices, supply delays and lower payables are the main explanations for this
- Capex/sales of 1.6%

¹ Defined as adjusted EBITDA – change in NWC – capex

Net debt and leverage

Leverage increased to 2.7x, within the target range of 2-3x. Ambition to reduce it in the short to medium term.

Leverage ratio



COMMENTS

- Interest-bearing net debt of SEK 12.7bn, an increase of SEK 0.6bn during the quarter due to acquisitions and earnouts
- Interest-bearing leverage of 2.7x, within the target of 2-3x
- Total available liquidity amounted to SEK 9.4bn, of which SEK 3.2bn was cash and SEK 6.3bn was unutilized credit facilities
- New unsecured term loan facility of EUR 300m

Completed acquisitions

Four acquisitions were completed during the quarter, with an additional four companies added since the end of September

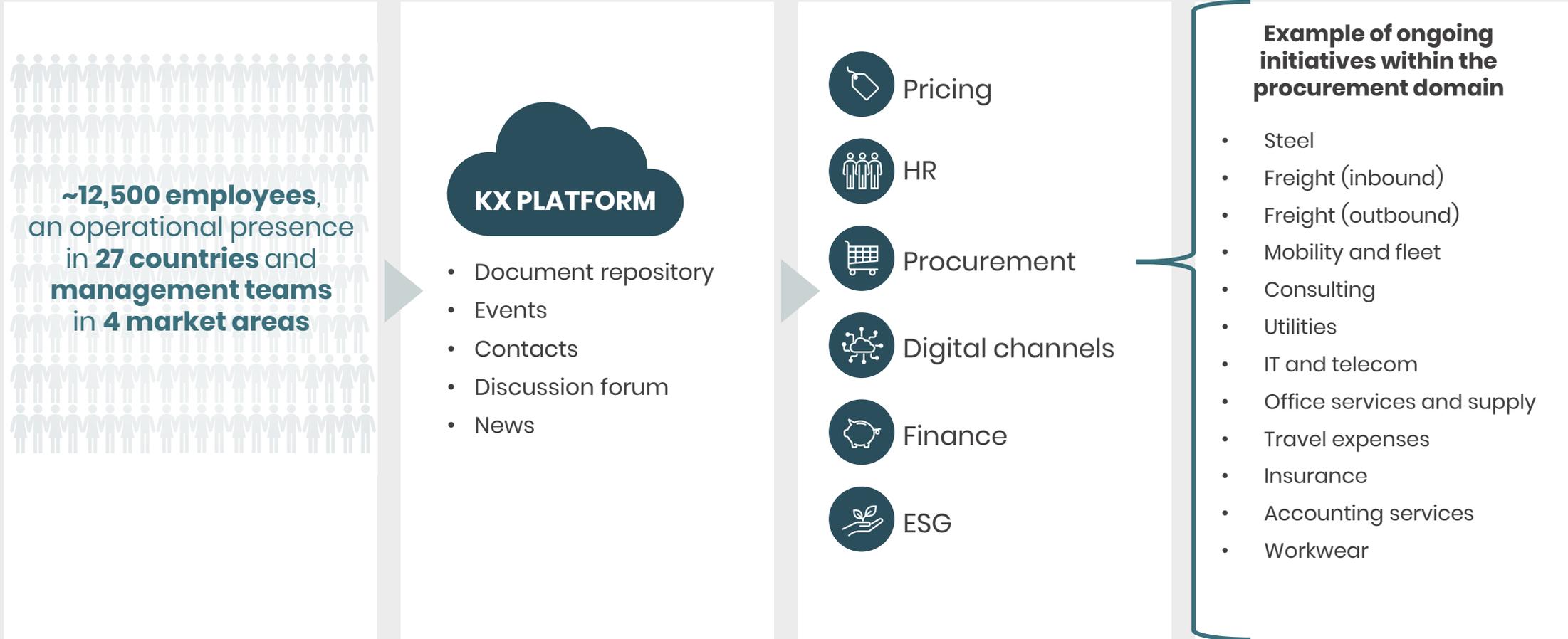
Acquisitions completed during Q3

Acquisitions completed since quarter-end

			Add-ons		Add-ons
Services		Digital Services Media advertising and graphic design service provider			EnergiStyret joins Växjö Elmontage within Installation Eneron joins Buildercom within Digital Services
Trade		Health & Beauty Group consisting of a number of hairdressers			Cutrin Norge joins "HairCo" within Health & Beauty
Industry		Automation Develops and manufactures robot solutions for process lines	Lucky Harpan joins Gullängets Mekaniska Verkstad within Industrial Technology		Automation Interconnect solutions within wire harnesses and cable assembly

The power of pooling expertise from 12,500 people

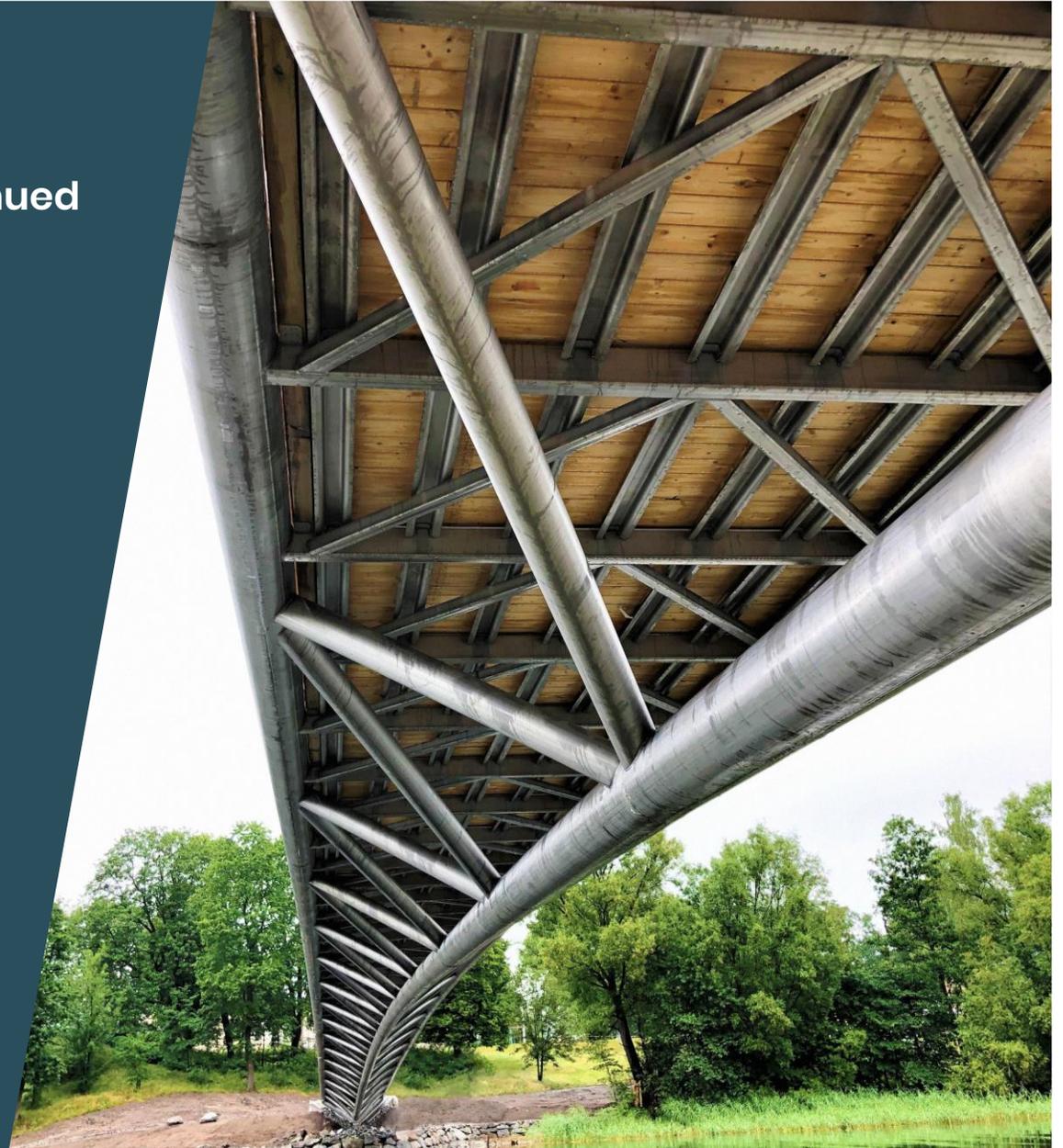
Storskogen Knowledge Exchange, KX, is an initiative to facilitate and promote knowledge sharing within the Group. KX currently consists of six domains headed by a domain lead from HQ.



Key takeaways

Good performance given challenging quarter. Continued focus on operational and financial improvements.

- ✓ Mixed picture with Industry strong, Services improving and Trade weaker
- ✓ Good performance given challenging macro environment
- ✓ Execution of calibrated M&A pace, four acquisitions completed during quarter
- ✓ Sequentially improved cash flow
- ✓ Continued focus on operational excellence, balance sheet and cash flow going forward



Q&A

TODAY'S PRESENTERS



Daniel Kaplan

CEO



Lena Glader

CFO