

Storskogen Q1 2024

TODAY'S PRESENTERS



Christer Hansson

Interim CEO



Lena Glader

CFO

May 2024

Storskogen in brief

Storskogen is an international group of businesses with LTM net sales of SEK 35.2bn and Adj. EBITA of SEK 3.1bn, split across three business areas consisting of business units averaging ~280m in sales

Services



NO. OF BUSINESS UNITS

57

Sales, LTM

SEK 11,051m

Adj EBITA margin, LTM

9.1%

Trade



NO. OF BUSINESS UNITS

29

Sales, LTM

SEK 9,770m

Adj EBITA margin, LTM

7.7%

Industry



NO. OF BUSINESS UNITS

39

Sales, LTM

SEK 14,380m

Adj EBITA margin, LTM

10.8%

Highlights

Sales and EBITA in line with expectations in the seasonally softer first quarter

NET SALES, Q1:

SEK 8,358m
(-9%¹)

ORGANIC NET SALES GROWTH:

-6%
(3%²)

ADJ. EBITA, Q1:

SEK 703m
(-21%¹)

ORGANIC EBITA GROWTH:

-21%
(6%²)

ADJ. EBITA MARGIN, Q1:

8.4%
(9.6%²)

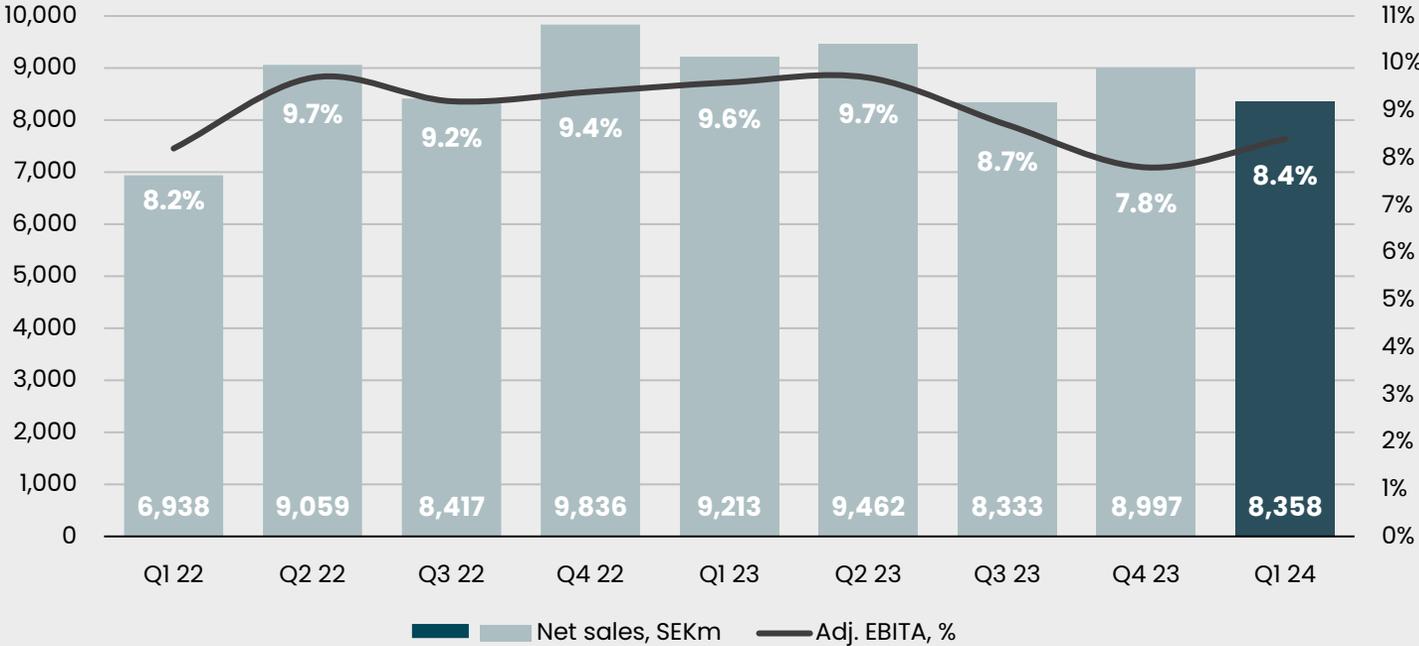
KEY EVENTS

- Divestments affected net sales by -5% Y/Y
- LTM adj. cash conversion ahead of target at 104% (71)
- Interest-bearing net debt/RTM adjusted EBITDA at 2.8x in seasonally softer Q1
- Daniel Kaplan stepped down as CEO – replaced by Christer Hansson as interim CEO
- Extended maturity profile and reduced scope of bank financing
- No material M&A activity in the quarter

Net sales and EBITA margin

Sales came down due to negative organic sales growth and divestments – margin in line with historical seasonality

Financial development



COMMENT

- Sales in line with expectations as demand has come down Y/Y
 - Divestments -5%, organic growth -6% and acquisitions/FX +2%
- Margin in line with historical seasonal pattern - less distinct in 2023

Services

Softer quarter in line with historical seasonality and increased competition

NET SALES, Q1:

SEK 2,490m
(-11%¹)

ORGANIC NET SALES GROWTH:

-3%
(3%²)

ADJ. EBITA, Q1:

SEK 204m
(-18%¹)

ORGANIC EBITA GROWTH

-24%
(2%²)

ADJ. EBITA MARGIN, Q1:

8.2%
(9.0%²)

COMMENTS

- Sales affected by divestments -11%, negative organic growth -3% and acquisitions/FX +3%
- Softer quarter in verticals with exposure to construction as well as in HR & Competence
- Continued solid performances in Digital Services and Logistics
- Q2 is expected to be a seasonally stronger quarter for many of the companies

Trade

Softer Y/Y comparison, as the market remains challenging for several companies

NET SALES, Q1:

SEK 2,330m
(-11%¹)

ORGANIC NET SALES GROWTH

-6%
(2%²)

ADJ. EBITA, Q1:

SEK 169m
(-23%¹)

ORGANIC EBITA GROWTH

-21%
(-14%²)

ADJ. EBITA MARGIN, Q1:

7.3%
(8.4%²)

COMMENTS

- Sales affected by divestments -6%, negative organic growth -6% and acquisitions/FX +1%
 - Sequential margin improvement from soft Q4 2023
- Demand remained weak for companies with exposure to construction and end consumers
- Companies within Health and Beauty continue to see healthy demand
- Q2 is expected to be a seasonally stronger quarter for many of the companies

Industry

Sales and EBITA coming down vs strong Q1 2023, but the margin improved sequentially

NET SALES, Q1:

SEK 3,551m
(-7%¹)

ORGANIC NET SALES GROWTH

-8%
(4%²)

ADJ. EBITA, Q1:

SEK 387m
(-20%¹)

ORGANIC EBITA GROWTH

-20%
(24%²)

ADJ. EBITA MARGIN, Q1:

10.9%
(12.6%²)

COMMENTS

- Sales came down from strong comparable period in line with demand normalizing in H2 2023
 - Sequential improvement from Q4 2023
- Demand remained subdued for companies exposed to construction and end consumers
- Orderbooks strengthened for several companies in the quarter
- General market conditions look favourable, but global uncertainty remains

Short-term priorities are clear

Today, we are focused on our priorities, with a clear set of triggers for returning to a growth agenda

Today

- Organic EBITA growth
- Cash flow focus
- Leverage ratio improvement
- Portfolio review

Triggers

- Satisfactory leverage ratio
- Persistent organic EBITA growth
- Favourable market conditions

Tomorrow

- Persistent organic EBITA growth
- Cash flow deployed in acquired EBITA growth
- Capital allocation



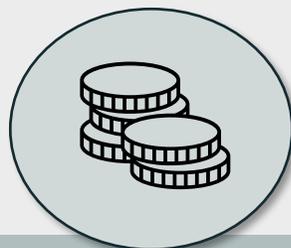
Achieving organic growth

A number of both defensive and offensive initiatives for improvement today, and for when market demand returns



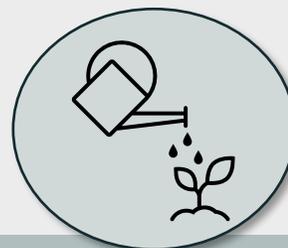
Sales

Increase sales volume
Gain market shares



Pricing

Protect margins
Strengthen profitability



Investments

Improve scalability
Enhance professionalism



Cost control

Protect margins
Increase efficiency

Financial summary

Divestments and negative organic growth affected the quarter

SEKm	Q1 24	Q1 23	Chg., %
Net sales	8,358	9,213	-9
C.O.G.S	-6,703	-7,321	-8
Gross profit	1,654	1,892	-13
Selling & admin. expenses	-1,322	-1,318	Unch.
Other operating income & expenses	146	258	-44
Operating profit	478	832	-43
Net financial items	-280	-194	45
Profit before tax	198	638	-69

Financial KPIs	Q1 24	Q1 23	Chg., %
Adjusted EBITA	703	885	-21
Adjusted EBITA margin, %	8.4	9.6	-1.2pp
RoE, % (12 months)	2.8	10.0	-7.2pp
RoCE, % (12 months)	6.8	10.7	-3.9pp
EPS, before and after dilution	0.07	0.28	-75
Adjusted EPS, after dilution	0.09	0.18	-49

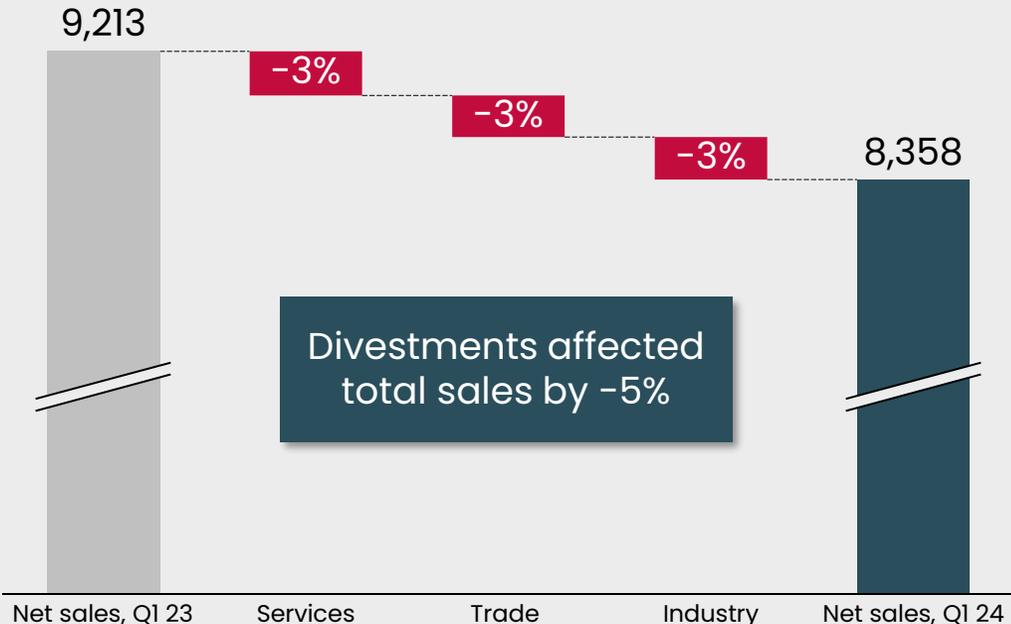
COMMENTS

- **Q1 net sales** decreased 9%, whereof divestments -5%, organic growth -6% and acquisitions/FX +2%
- **EBIT** of SEK 478m affected by cost inflation, lower volumes and IAC
- **Items affecting EBIT comparability** (IAC) of SEK -19 (153)²
- **Net financial items**¹ increase explained by higher market rates
 - Net interest costs of SEK -217m, decreased from Q4 at SEK -225m
 - IAC in net financials SEK -24m (0)
- **Adjusted for IAC**
 - EPS, after dilution: 0.09 SEK (0.18)
 - RoE: 3.7% (8.4)
 - ROCE: 7.1% (9.8)

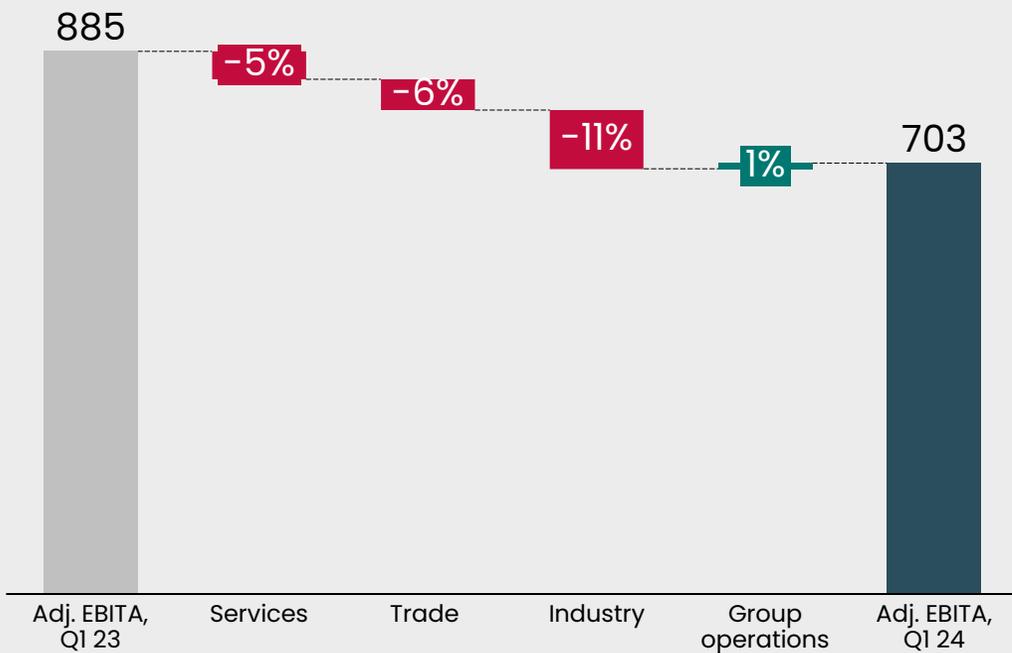
Q1 bridge

Softer Q1 for Services and Trade as traditional seasonality returned. Industry on a par with recent quarters, as demand normalised after a very strong H1 2023

Net sales, SEKm



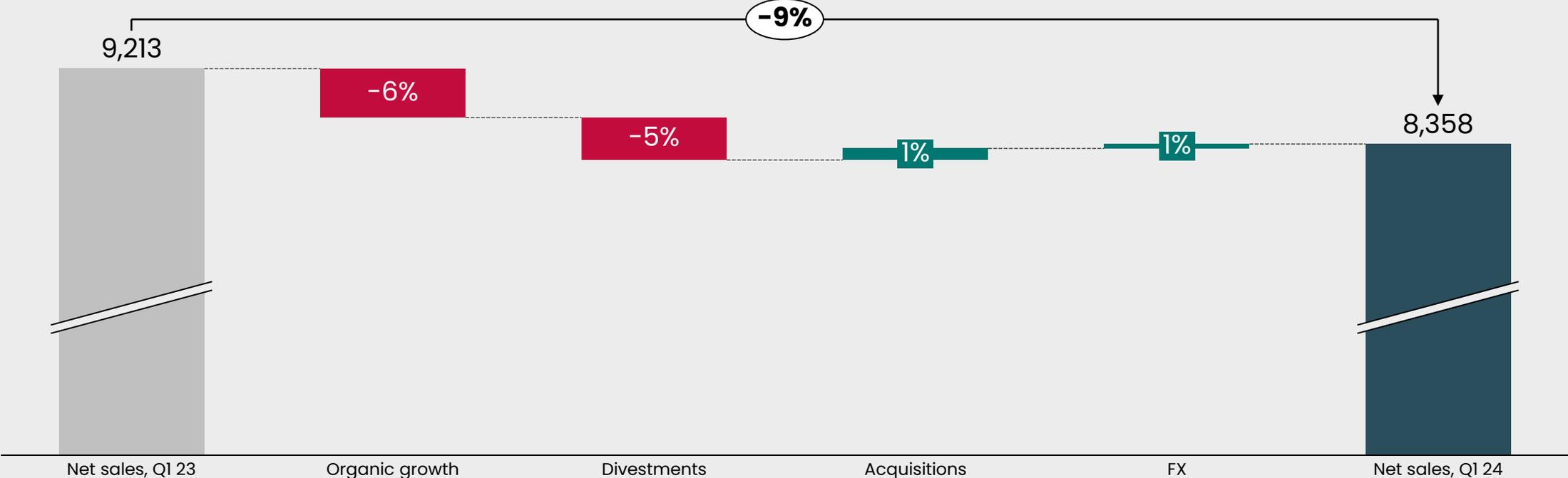
Adj. EBITA, SEKm



Q1 sales bridge

Negative organic growth and divestments the primary drivers of the Y/Y decline

SEKm



Condensed cash flow

Focus on cash flow have yielded significant results

SEKm	Q1 24	Q1 23	Chg., %	LTM
Profit before tax	198	638	-69	881
Adjustment for non-cash items	461	370	25	2,148
Income tax paid	-387	-431	-10	-770
Change in WC	-163	-110	48	745
Cash flow from operating activities	109	467	-77	3,004
Net investments in non-current assets	-105	-154	-32	-525
Acquisitions & divestments	-176	-84	>100	-483
Cash flow from investing activities	-281	-238	18	-1,008
Cash flow from financing activities	-4	-637	-99	-3,246
Cash flow for the period	-176	-408	-57	-1,252
Cash at the beginning of the period	1,560	3,022	-48	2,613
Cash at the end of the period	1,407	2,613	-46	1,407
Financial KPIs	Q1 24	Q1 23	Chg., %	
Adjusted cash conversion, % (LTM)	104	71	33pp	
Total available liquidity, SEKm ¹	3,711	9,040	-59	

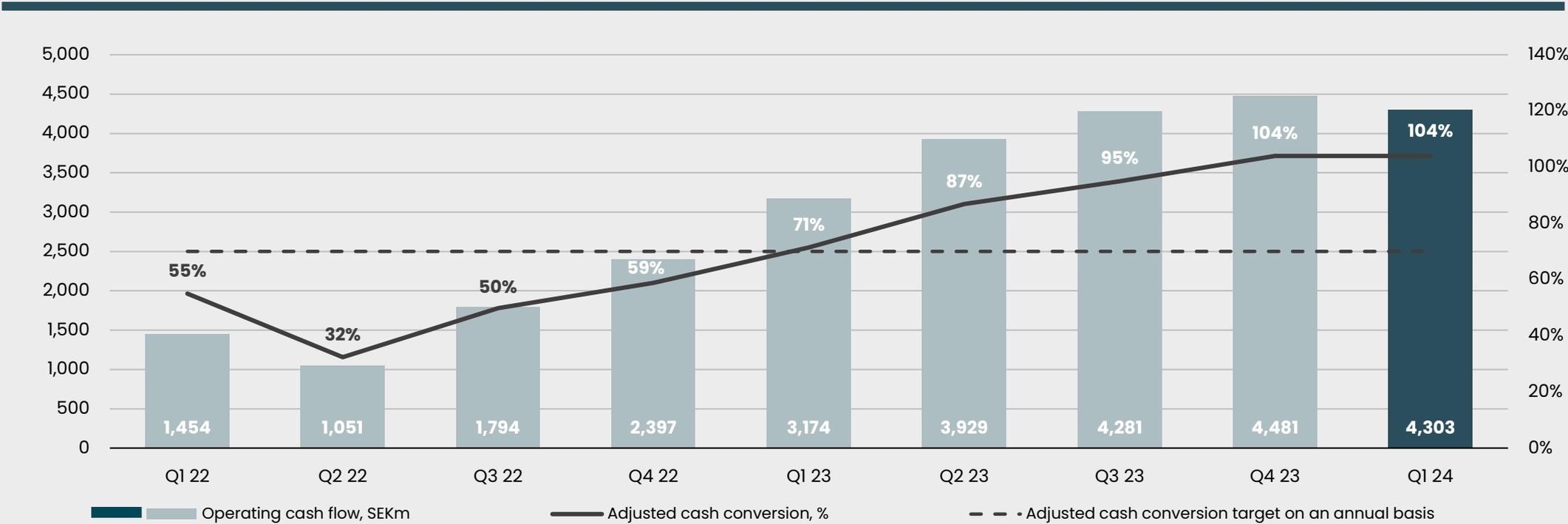
COMMENTS

- **Cash flow from change in WC** of SEK -163m (-110) in Q1
- **Cash flow from operating activities** of SEK 109m (after interest and tax)
- **Capex/sales** of 1.3% (1.4)
- **M&A net:** SEK -176m (-84)
 - Acquisitions paid: SEK -7m
 - Bought and sold minorities: SEK -19m
 - Earn-outs paid: SEK -150m
 - Divestment proceeds: SEK 0m
- **Cash flow from financing:** SEK -4m
 - Change in loans: SEK 158m
 - Leasing and other: SEK -150m
 - Dividend to minority owners: SEK -13m
- **Cash conversion:**
 - LTM: 104% (71), well above target of >70%
 - Q1: 72% (79)
- **Total available liquidity** of SEK 3,711m
 - Cash: SEK 1,407m
 - Unutilised credit facilities: SEK 2,304m

Operating cash flow and cash conversion

Cash flow remains at strong levels with LTM cash conversion well ahead of target

Operating cash flow¹ (LTM)

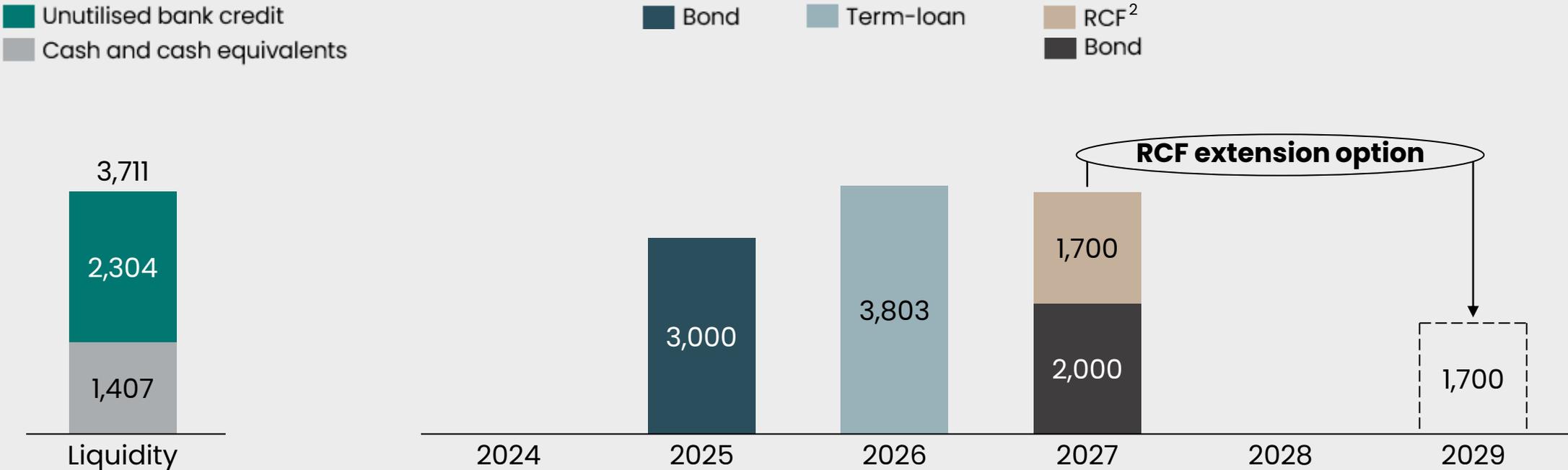


¹ Defined as adjusted EBITDA – change in NWC – capex

Debt maturities

A balanced and diversified debt portfolio with an evenly distributed maturity profile

SEKm¹



1. Amounts and FX-rate as of Q1'24 2. RCF has an additional EUR 43m accordion option

Condensed balance sheet

Debt significantly reduced since Q1 2023

SEKm	Mar 24	Mar 23	Chg., %
Total non-current assets	30,880	30,979	Unch.
Total current assets	14,192	16,224	-13
Total assets	45,072	47,203	-5
Total equity	20,739	20,215	3
Interest-bearing non-current liabilities	10,278	12,792	-20
Non-current lease liabilities	1,389	1,164	19
Non-interest-bearing non-current liabilities	1,909	2,157	-12
Total non-current liabilities	15,689	18,263	-14
Interest-bearing current liabilities	603	164	>100
Current lease liabilities	471	415	13
Non-interest-bearing current liabilities	5,016	5,508	-9
Total current liabilities	8,644	8,726	-1
Total equity and liabilities	45,072	47,203	-5

Financial KPIs	Mar 24	Mar 23	Chg.
Leverage ratio ¹ , x	2.8	2.6	-0.2x
Equity/assets ratio, %	46	43	3pp

COMMENTS

- **Balance sheet** 5% lighter at SEK 45bn
 - Divestments
 - Working capital reduction
 - Debt reduction
- **Equity/assets ratio** increased to 46% (43%)
- **RTM adj. EBITDA**² of SEK 4,130m (4,651)
- **Leverage ratio** increased to 2.8x in seasonally softer Q1

Key takeaways

Performance in line with our expectations in the seasonally softer first quarter

- ✔ Tough comparison to strong Q1 2023 affected by divestments, and return to traditional seasonality
- ✔ Bank financing better suited to current needs, and extends maturity profile significantly
- ✔ Prioritising organic EBITA growth and continued strong cash flows



Q&A

TODAY'S PRESENTERS



Christer Hansson

Interim CEO



Lena Glader

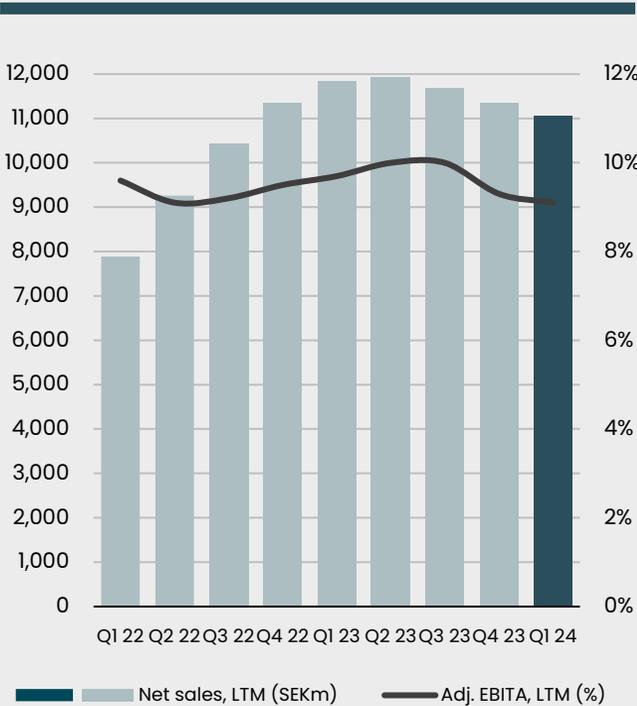
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Appendix

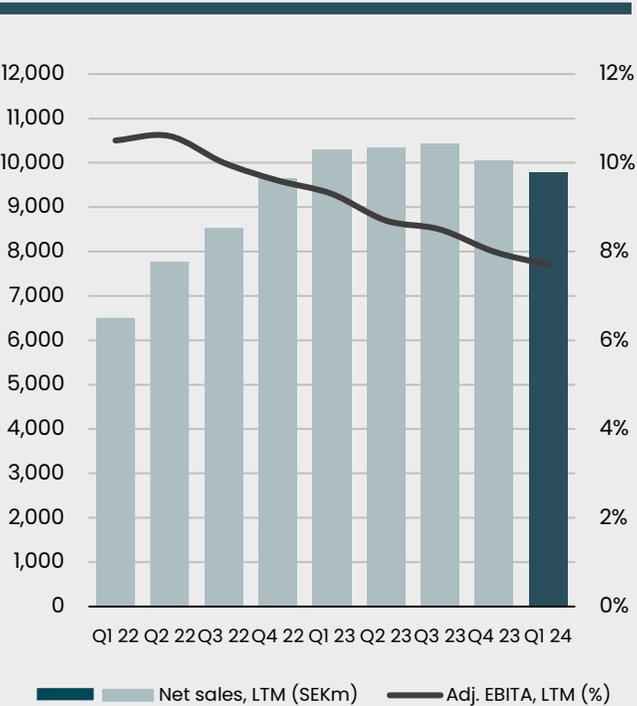
Financial development per segment

Industry stabilising as demand has normalised; continued soft demand in Trade; increased competition Y/Y in Services

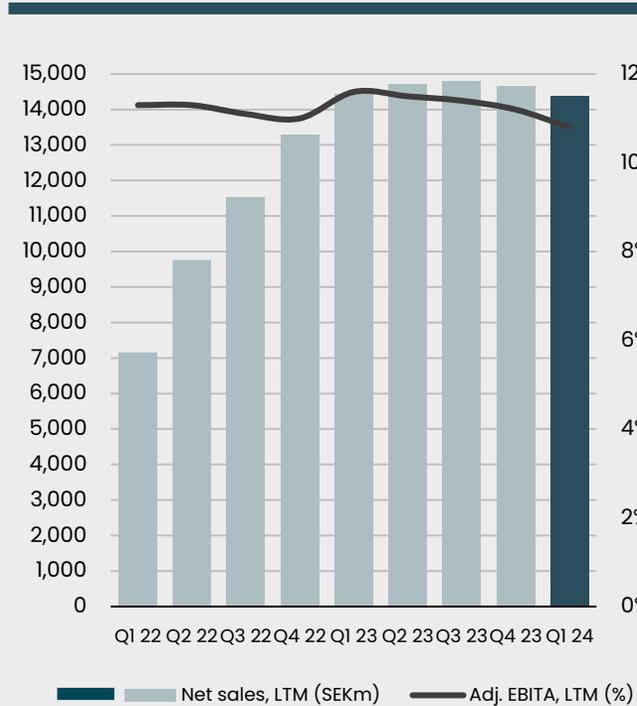
Services



Trade



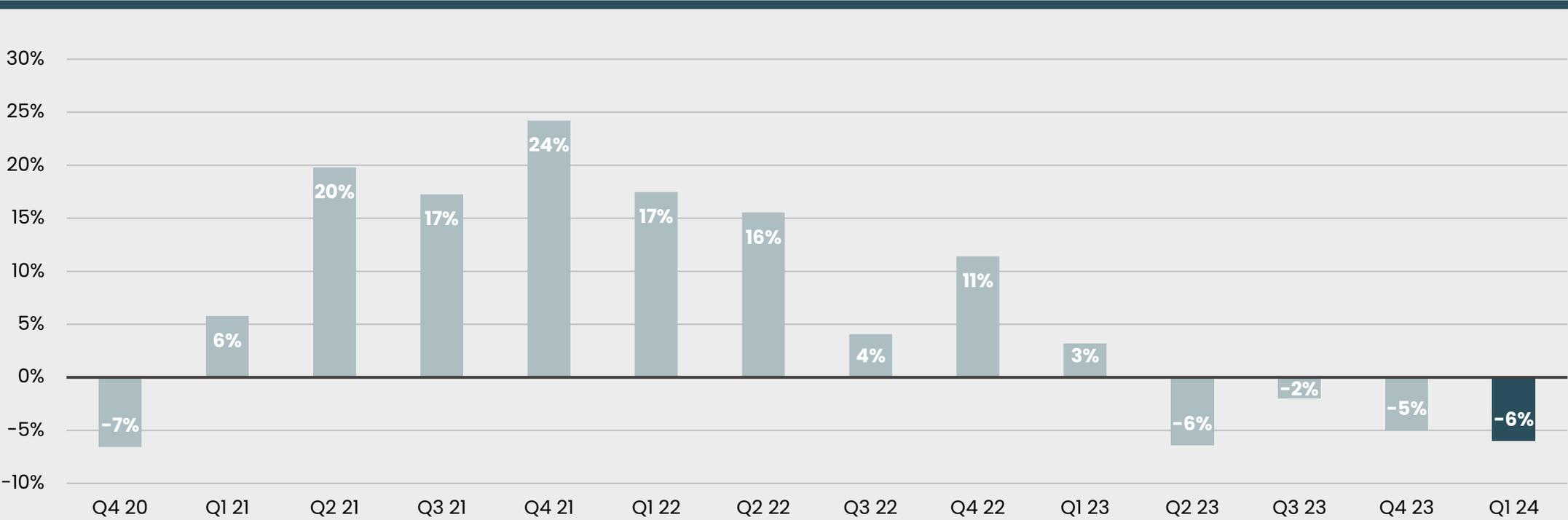
Industry



Organic sales growth

Negative organic sales growth compared to Q1 2023 as demand has weakened across all business areas

Organic growth (QTD¹)

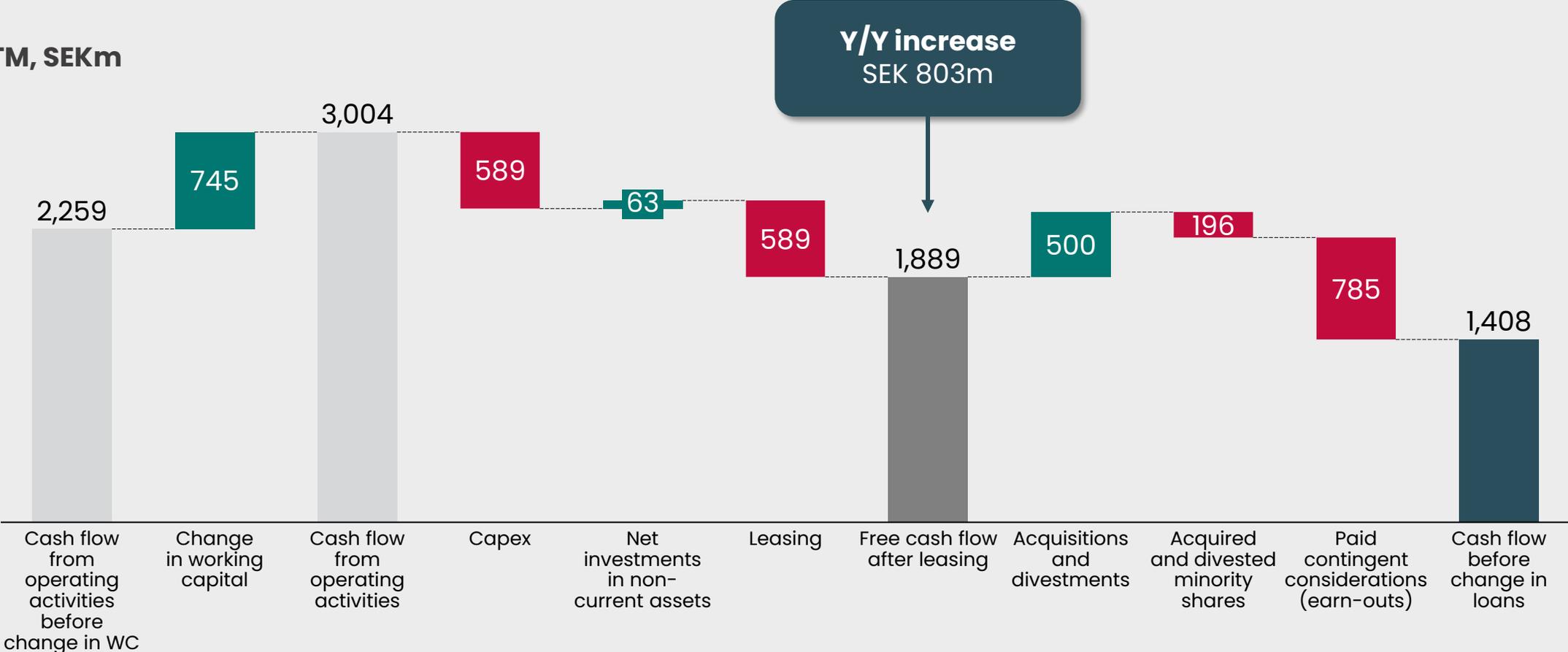


¹ Comparable sample based on portfolio companies owned as of January in the comparison year, i.e. the same sample as organic FY data

Cash flow bridge, Q1

Continued strong cash flow after leasing and capex

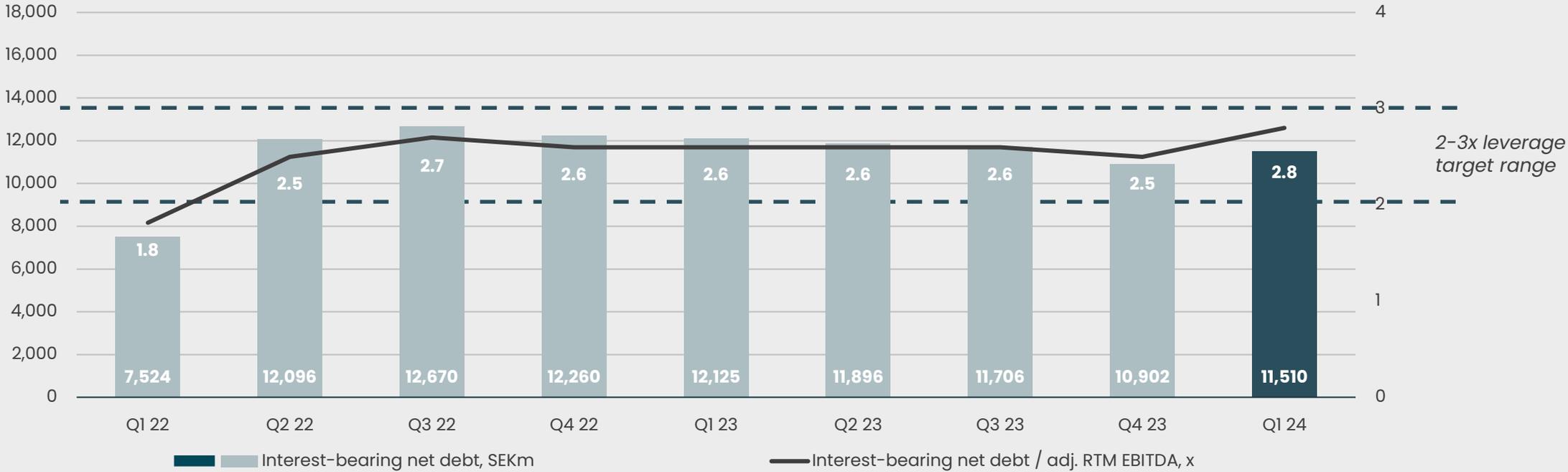
LTM, SEKm



Net debt and leverage

Net debt reduced Y/Y but leverage ratio affected by negative organic EBITA growth

Leverage ratio



Overview of financial targets

Focus is on organic EBITA growth, cash flows and improving the leverage ratio

MEDIUM-TERM TARGETS

Organic EBITA growth: Real GDP growth + 1–2 percentage points	Adjusted 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 / RTM adjusted EBITDA: 2.0–3.0x
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OUTCOME

-21% (YTD)	-21% (YTD)	8.7% (LTM)	104% (LTM)	2.8x (RTM)
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