

# Storskogen Q3 2024

## TODAY'S PRESENTERS



**Christer Hansson**

CEO



**Lena Glader**

CFO

November 2024

# Storskogen in brief

Storskogen is an international business group with LTM net sales of SEK 34.6bn and adj. EBITA of SEK 3.1bn, split across three business areas consisting of business units averaging SEK ~290m<sup>1</sup> in sales

## Services



Peter Ahlgren

NO. OF BUSINESS UNITS

**53**

Sales, LTM

**SEK 10,591m**

Adj. EBITA margin, LTM

**9.6%**

## Trade



Åsa Murphy

NO. OF BUSINESS UNITS

**25**

Sales, LTM

**SEK 9,631m**

Adj. EBITA margin, LTM

**8.0%**

## Industry



Fredrik Bergegård

NO. OF BUSINESS UNITS

**38**

Sales, LTM

**SEK 14,425m**

Adj. EBITA margin, LTM

**10.7%**

# Highlights

Positive organic sales and EBITA growth for the quarter

NET SALES, Q3:

**SEK 7,991m**  
(-4%<sup>1</sup>)

ORGANIC NET SALES GROWTH, YTD:

**0%**  
(-2%<sup>2</sup>)

ADJ. EBITA, Q3:

**SEK 783m**  
(8%<sup>1</sup>)

ORGANIC EBITA GROWTH, YTD:

**-7%**  
(-9%<sup>2</sup>)

ADJ. EBITA MARGIN, Q3:

**9.8%**  
(8.7%<sup>2</sup>)

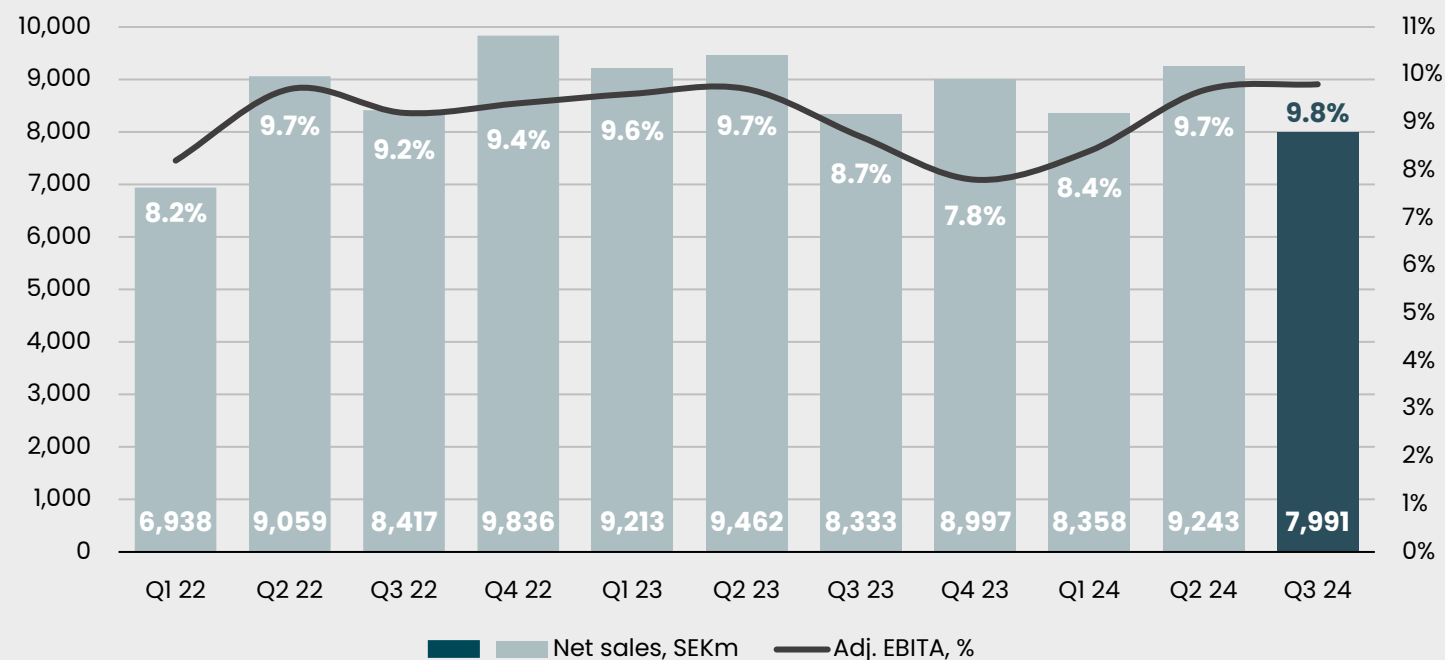
## KEY EVENTS

- LTM adj. cash conversion ahead of target at 99% (95)
- Interest-bearing net debt/RTM adj. EBITDA at 2.6x
- Positive organic sales and EBITA growth for the quarter
- Divestment of nine low-performing business units completed on 14 August
- S&P affirms credit rating at BB and changes outlook from negative to stable
- Successful bond issue to refinance bonds maturing in 2025 – no major bond maturities until 2027

# Net sales and EBITA margin

Positive organic sales growth in all business areas in Q3, and margin improvement driven by divestments and Services

## Financial development



## COMMENT

- Sales in line with seasonal patterns
  - Divestments (-5%), acquisitions/FX (-2%) and organic growth (+3%)
- Positive organic sales growth in all business areas in Q3
- Y/Y margin improvement driven by divestments and positive organic growth in Services

# Services

Positive organic sales and EBITA growth in the quarter

NET SALES, Q3:

**SEK 2,339m**  
(-9%<sup>1</sup>)

ORGANIC NET SALES GROWTH, YTD:

**3%**  
(-2%<sup>2</sup>)

ADJ. EBITA, Q3:

**SEK 262m**  
(8%<sup>1</sup>)

ORGANIC EBITA GROWTH, YTD

**-5%**  
(-6%<sup>2</sup>)

ADJ. EBITA MARGIN, Q3:

**11.2%**  
(9.4%<sup>2</sup>)

## COMMENTS

- Sales affected by divestments (-11%) and acquisitions/FX (-1%) offset by organic growth (+3%)
- Operational efficiency measures yielding positive effects
- Five divestments completed on 14 August, supporting margin improvement
- Demand remained muted for companies with exposure to construction
- Overall positive signs of improved market sentiment
- Q4 is a seasonally stronger quarter

# Trade

Y/Y margin improvement in seasonally softer third quarter

NET SALES, Q3:

**SEK 2,253m**  
(-4%<sup>1</sup>)

ORGANIC NET SALES GROWTH, YTD

**0%**  
(-3%<sup>2</sup>)

ADJ. EBITA, Q3:

**SEK 202m**  
(8%<sup>1</sup>)

ORGANIC EBITA GROWTH, YTD

**-8%**  
(-21%<sup>2</sup>)

ADJ. EBITA MARGIN, Q3:

**9.0%**  
(8.0%<sup>2</sup>)

## COMMENTS

- Sales affected by divestments (-6%) and acquisitions/FX (-2%) offset by organic growth (+4%)
- Operational efficiency measures yielding early positive effects
- Three divestments completed on 14 August supporting margin improvement
- Demand in the quarter remained muted for companies with exposure to construction and end consumers
- Overall market sentiment cautious but with tentative signs of improvement
- Q4 is a seasonally stronger quarter

# Industry

Sales and EBITA in line with last year

NET SALES, Q3:

**SEK 3,414m**  
(0%<sup>1</sup>)

ORGANIC NET SALES GROWTH, YTD

**-2%**  
(0%<sup>2</sup>)

ADJ. EBITA, Q3:

**SEK 352m**  
(0%<sup>1</sup>)

ORGANIC EBITA GROWTH, YTD

**-8%**  
(-1%<sup>2</sup>)

ADJ. EBITA MARGIN, Q3:

**10.3%**  
(10.3%<sup>2</sup>)

## COMMENTS

- Sales affected by divestments (-1%) and acquisitions/FX (-1%) offset by organic growth (+2%)
- EBITA margin in line with last year
- Demand in the quarter remained muted for companies exposed to construction and end consumers – primarily for the UK companies
- One divestment completed on 14 August
- Generally solid markets and stable orderbooks, but overall recovery somewhat delayed

# Making progress in prioritised areas

Progress in all prioritised areas with a clear set of triggers for returning to a normalised state

## Triggers

### Today

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

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

### Tomorrow

- Persistent organic EBITA growth
- Cash flow deployed for EBITA growth
- Capital allocation



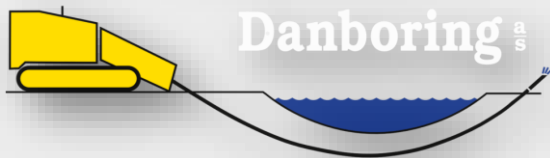


# Update on operational initiatives

Selected examples of operational initiatives across all three business areas

**Services**

**IVEO.**



**Trade**

**ASHE**

**BY\_WE**

**Industry**

**SRM**  
STÅL & RÖRMONTAGE

**Brenderup**

# Storskogen Q3 2024

## Financial update



# Financial summary, adjusted for IAC

Y/Y sales decline; profit growth due to divestments, efficiency gains and lower financial items

SEKm	Q3 24	Q3 23	Chg., %	YTD 24	YTD 23	Chg., %
Net sales	7,991	8,333	-4	25,592	27,009	-5
C.O.G.S	-6,330	-6,726	-6	-20,328	-21,544	-6
<b>Gross profit</b>	<b>1,662</b>	<b>1,607</b>	<b>3</b>	<b>5,264</b>	<b>5,464</b>	<b>-4</b>
Selling & admin. expenses	-1,146	-1,213	-6	-3,794	-3,902	-3
Other operating income & expenses	81	106	-24	314	323	-3
<b>Operating profit</b>	<b>597</b>	<b>501</b>	<b>19</b>	<b>1,784</b>	<b>1,886</b>	<b>-5</b>
Net financial items	-242	-290	-17	-735	-790	-7
<b>Profit before tax</b>	<b>355</b>	<b>211</b>	<b>68</b>	<b>1,049</b>	<b>1,096</b>	<b>-4</b>
Income tax	-106	-21	>100	-290	-277	5
<b>Profit for the period</b>	<b>248</b>	<b>189</b>	<b>31</b>	<b>759</b>	<b>819</b>	<b>-7</b>

Financial KPIs	Q3 24	Q3 23	Chg., %	YTD 24	YTD 23	Chg., %
Adjusted EBITA	783	725	8	2,380	2,532	-6
Adjusted EBITA margin, %	9.8	8.7	1.1 pp	9.3	9.4	-0.1 pp
Adjusted RoE, % (12 months)	4.3	5.7	-1.4 pp	4.3	5.7	-1.4 pp
Adjusted RoCE, % (12 months)	7.1	7.7	-0.6 pp	7.1	7.7	-0.6 pp
Adjusted EPS, after dilution	0.13	0.10	35	0.39	0.41	-6

# Financial summary, reported

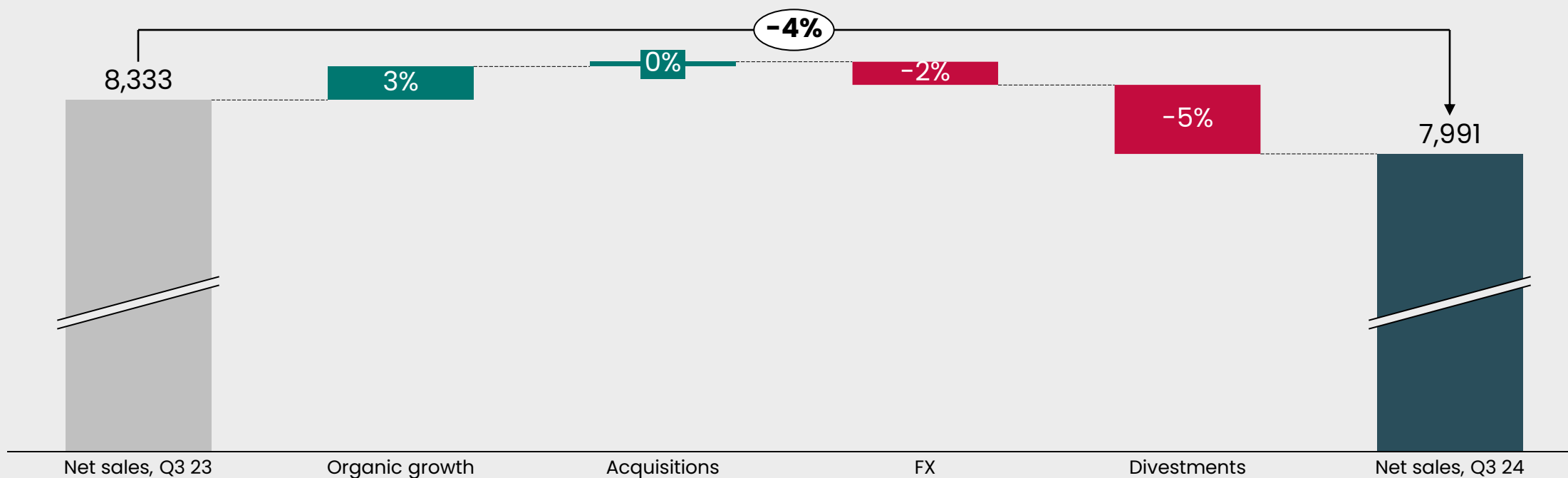
No significant IAC in Q3; YTD EBIT and net profit burdened by SEK -970m and SEK -1,030m respectively

SEKm	Q3 24	Q3 23	Chg., %	YTD 24	YTD 23	Chg., %
Net sales	7,991	8,333	-4	25,592	27,009	-5
C.O.G.S	-6,330	-6,726	-6	-21,029	-21,544	-2
<b>Gross profit</b>	<b>1,662</b>	<b>1,607</b>	<b>3</b>	<b>4,562</b>	<b>5,464</b>	<b>-17</b>
Selling & admin. expenses	-1,146	-1,213	-6	-3,981	-3,904	2
Other operating income & expenses	89	95	-6	233	365	-36
<b>Operating profit</b>	<b>604</b>	<b>489</b>	<b>23</b>	<b>814</b>	<b>1926</b>	<b>-58</b>
Net financial items	-242	-298	-19	-796	-848	-6
<b>Profit before tax</b>	<b>362</b>	<b>192</b>	<b>89</b>	<b>19</b>	<b>1,077</b>	<b>-98</b>
Income tax	-106	-21	>100	-290	-277	5
<b>Profit for the period</b>	<b>256</b>	<b>170</b>	<b>50</b>	<b>-271</b>	<b>801</b>	<b>n/a</b>

# Q3 sales bridge

Positive organic sales growth; negative Y/Y change explained by divestments

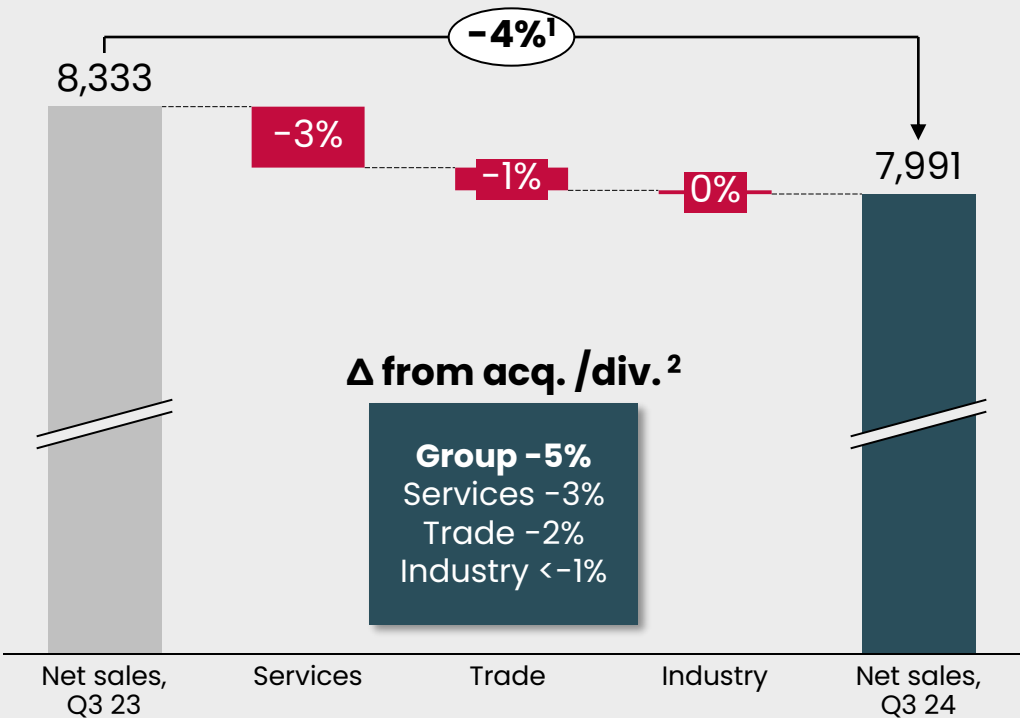
SEKm



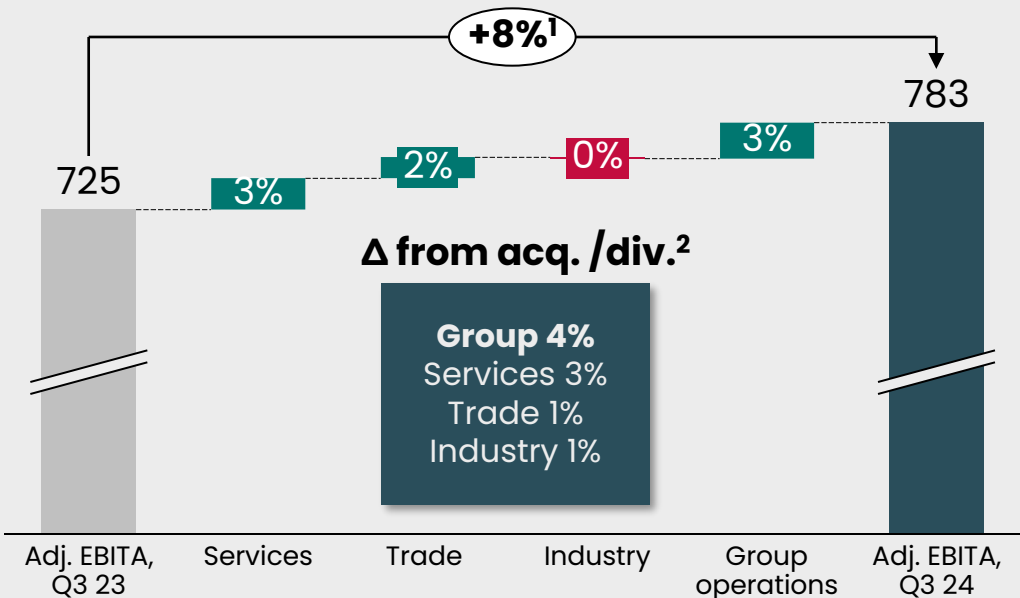
# Q3 bridges by business area

Divestment of low performers affected sales negatively but EBITA positively

Net sales, SEKm



Adj. EBITA, SEKm



<sup>1</sup> Business area change in relation to total change <sup>2</sup> Change from acquisitions and divestments in relation to total change

# Condensed cash flow

Maintained cash flow focus: cash conversion (LTM) at 99% and capex/sales 1.4% in Q3. Small working capital tie-up, as seasonally expected, and no significant impact from M&A

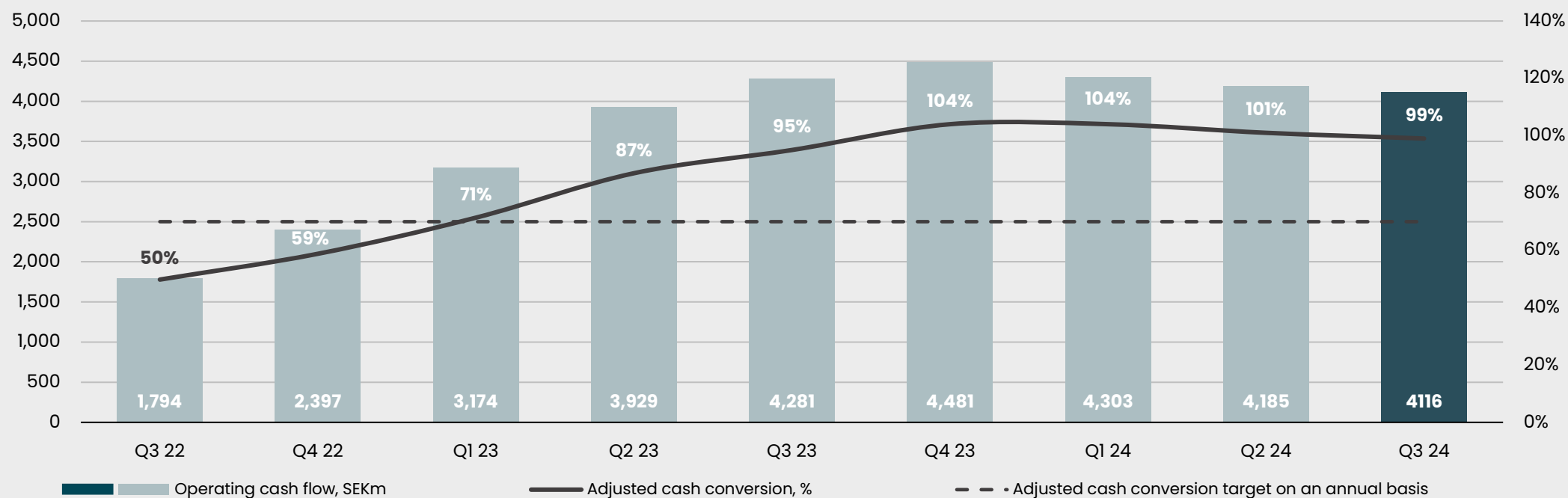
SEKm	Q3 24	Q3 23	Chg., %	LTM
Profit before tax	362	192	89	262
Adjustment for non-cash items	386	552	-30	2,884
Income tax paid	-153	-153	Unch.	-710
Change in WC	-142	-6	>100	441
<b>Cash flow from operating activities</b>	<b>453</b>	<b>584</b>	<b>-22</b>	<b>2,876</b>
Net investments in non-current assets	-275	-131	>100	-689
Acquisitions & divestments	-91	65	n/a	-324
<b>Cash flow from investing activities</b>	<b>-366</b>	<b>-66</b>	<b>&gt;100</b>	<b>-1,014</b>
<b>Cash flow from financing activities</b>	<b>-300</b>	<b>-1,091</b>	<b>-73</b>	<b>-1,987</b>
<b>Cash flow for the period</b>	<b>-213</b>	<b>-573</b>	<b>-63</b>	<b>-125</b>
Cash at the beginning of the period	1,497	1990	-25	1421
<b>Cash at the end of the period</b>	<b>1,278</b>	<b>1,421</b>	<b>-10</b>	<b>1,278</b>

Financial KPIs	Q3 24	Q3 23	Chg.	LTM
Adjusted cash conversion, %	75	85	-10 pp	99
Total available liquidity, SEKm <sup>1</sup>	3,427	8,209	-58	3,427

# Operating cash flow and cash conversion

Stabilised cash flow and cash conversion (LTM) is well ahead of target

## Operating cash flow<sup>1</sup> (LTM)





# Condensed balance sheet

Strengthened Y/Y by net debt and WC reduction, and GW write-down with recent divestments

SEKm	Sep 24	Sep 23	Chg., %	Dec 23
Total non-current assets	29,672	30,878	-4	30,597
Total current assets	13,657	15,017	-9	13,572
<b>Total assets</b>	<b>43,329</b>	<b>45,895</b>	<b>-6</b>	<b>44,169</b>
<b>Total equity</b>	<b>20,128</b>	<b>20,652</b>	<b>-3</b>	<b>20,437</b>
Interest-bearing non-current liabilities	9,973	11,339	-12	10,080
Non-current lease liabilities	1,226	1,254	-2	1,222
Non-interest-bearing non-current liabilities	1,137	1,666	-32	1,814
<b>Total non-current liabilities</b>	<b>14,334</b>	<b>16,376</b>	<b>-12</b>	<b>15,248</b>
Interest-bearing current liabilities	565	147	>100	546
Current lease liabilities	407	423	-4	430
Non-interest-bearing current liabilities	5,451	5,759	-5	5,238
<b>Total current liabilities</b>	<b>8,867</b>	<b>8,867</b>	<b>Unch.</b>	<b>8,484</b>
<b>Total equity and liabilities</b>	<b>43,329</b>	<b>45,895</b>	<b>-6</b>	<b>44,169</b>

Financial KPIs	Sep 24	Sep 23	Chg.	Dec 23
Leverage ratio <sup>1</sup> , x	2.6	2.6	Unch.	2.5
Equity/assets ratio, %	46	45	1 pp	46

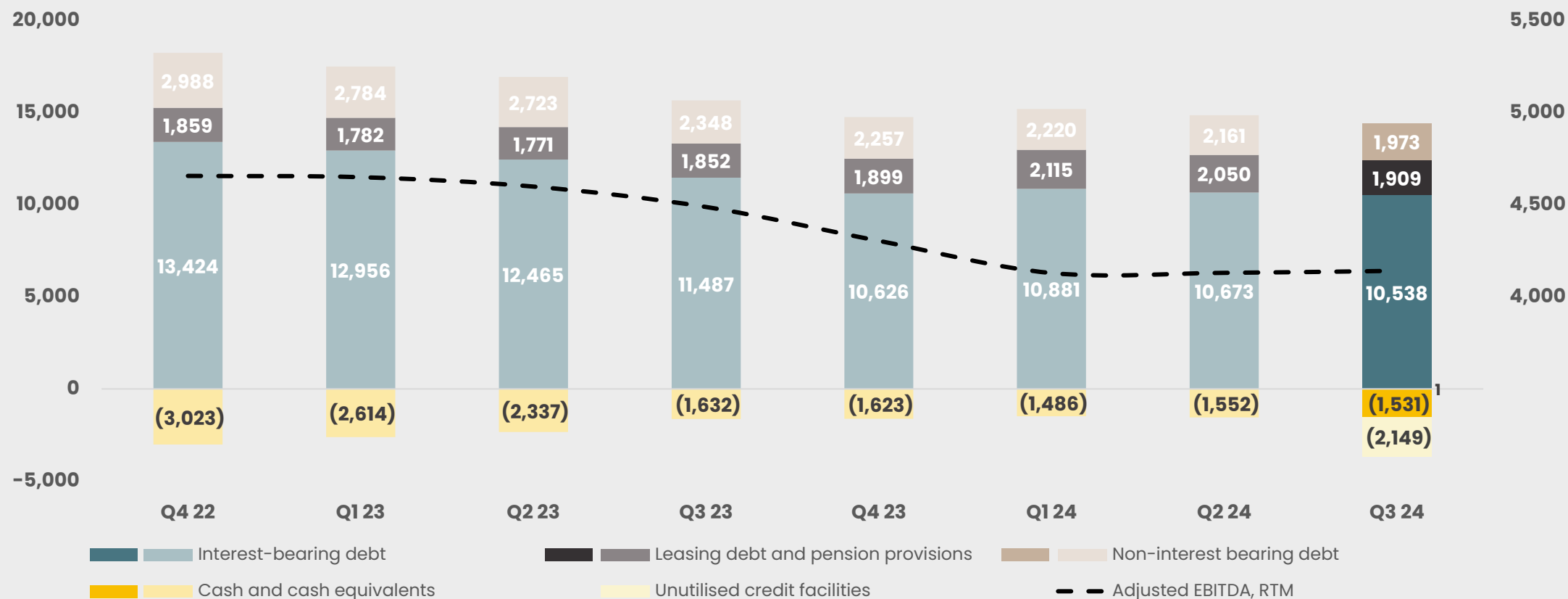
<sup>1</sup> Interest-bearing net debt / adjusted RTM EBITDA

# Total debt and leverage

IB net debt reduced by SEK -254m in Q3 and by SEK -789m LTM. Small increase in adj. RTM EBITDA in Q3 to SEK 4,142m, but Y/Y decrease of 8%

Gross debt/cash & cash equivalents, SEKm

RTM adj. EBITDA, SEKm

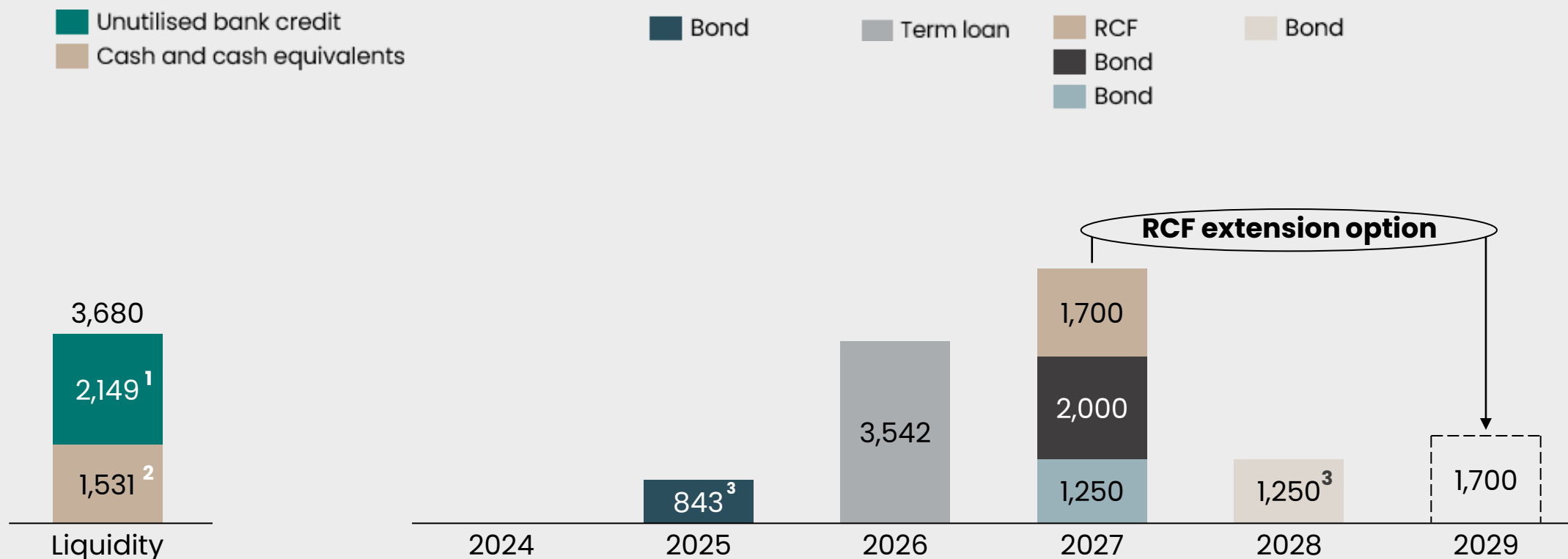


<sup>1</sup> Includes financial assets amounting to SEK -253m

# Debt maturities

A balanced and diversified funding structure with an even maturity profile, further improved through a successful bond refinancing in October

SEKm



# Key takeaways

## Operational focus yielding positive effects

- ✓ Operational initiatives yielding positive effects in all prioritised areas
- ✓ Continued focus on organic EBITA growth and cash flow
- ✓ No significant bond maturities until 2027 – flexibility to focus on operational improvements

**We look forward to sharing more about our strategic direction at our Capital Markets Day on November 27**



# Q&A

## TODAY'S PRESENTERS



**Christer Hansson**

CEO



**Lena Glader**

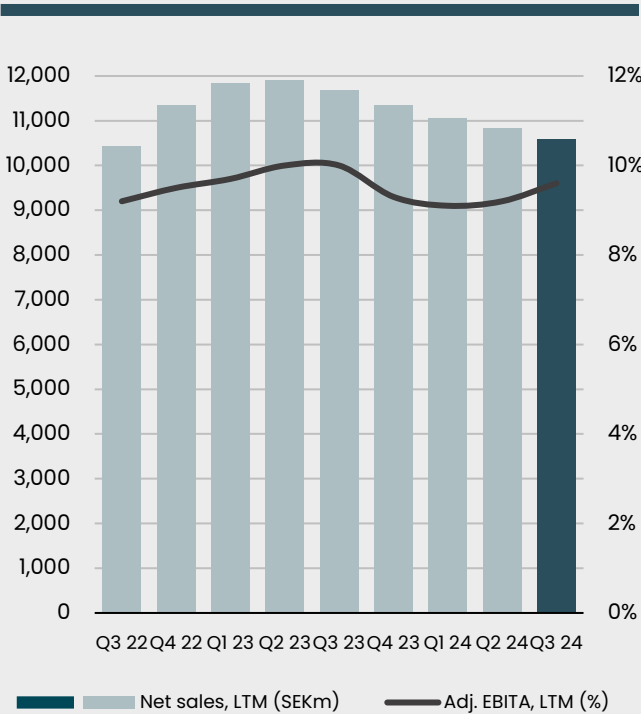
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# Appendix

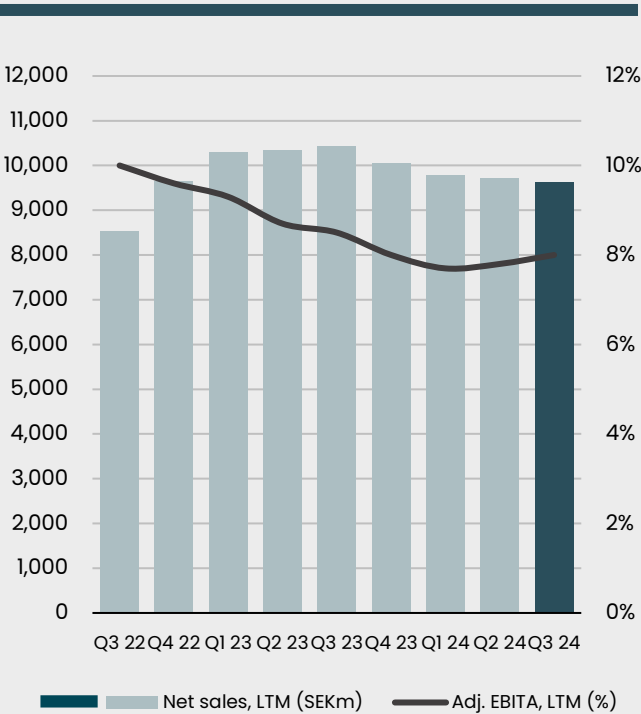
# Financial development per segment

Industry stabilising as demand normalises, and margin trend (LTM) trending positively in Services and Trade

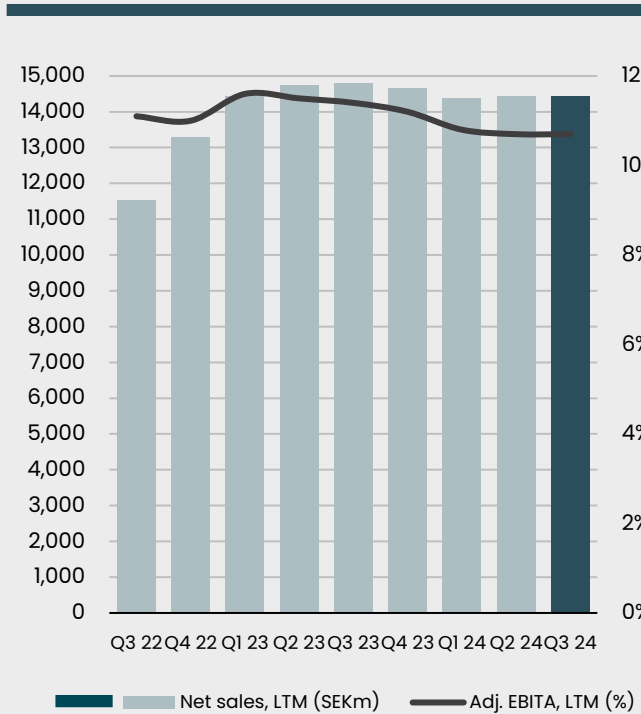
## Services



## Trade



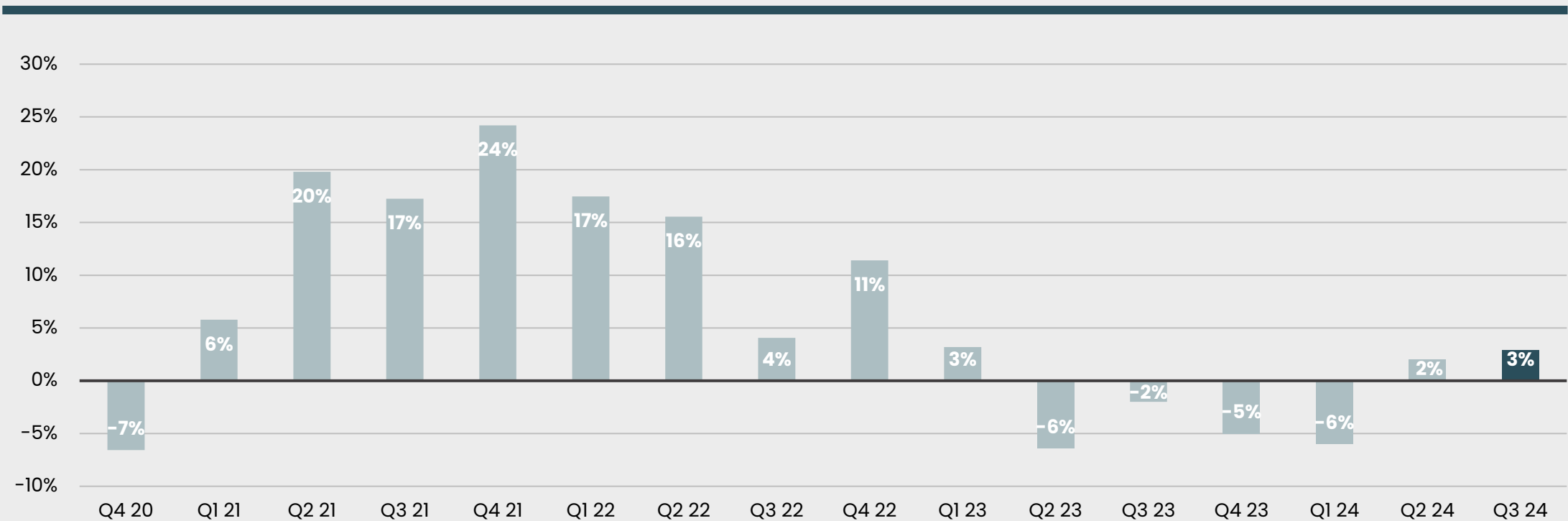
## Industry



# Organic sales growth

Positive organic sales growth across all three business areas

Organic growth (QTD<sup>1</sup>)



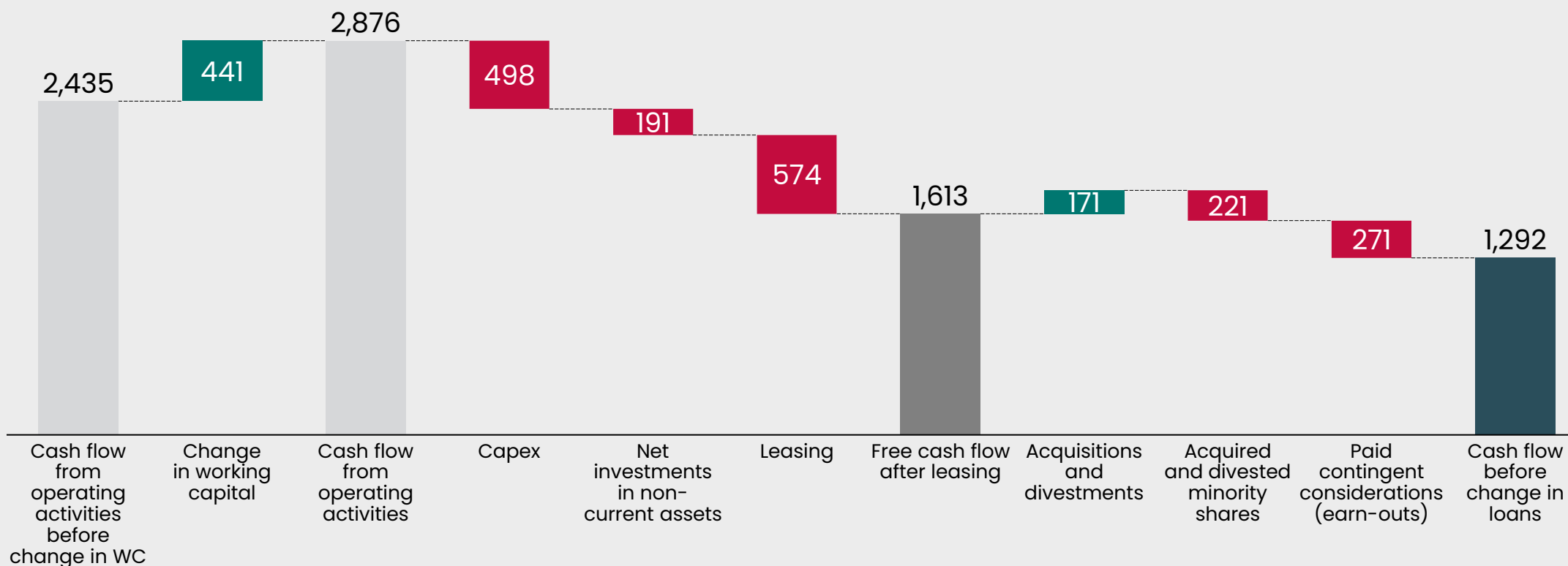
<sup>1</sup> Comparable sample based on portfolio companies owned as of January in the comparison year, i.e. the same sample as organic YTD data



# Cash flow bridge, Q3

Cash flow after leasing and capex continues to be solid

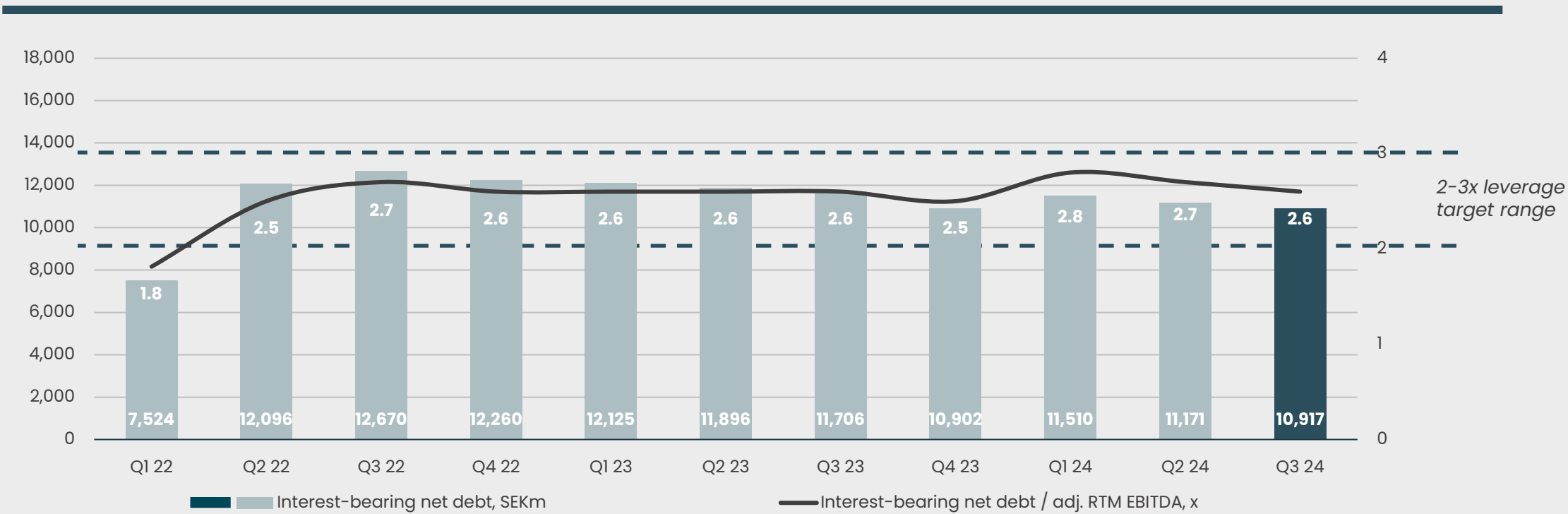
LTM, SEKm



# Net debt and leverage

Net debt and leverage ratio improvement despite seasonally softer third quarter

## 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**

## OUTCOME

**–7%**  
(YTD)

**–6%**  
(YTD)

**8.9%**  
(LTM)

**99%**  
(LTM)

**2.6x**  
(RTM)