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Storskogen Group

Q2 2026

Speakers

Operator

Christer Hansson
CEO | Storskogen

Lena Glader
CFO | Storskogen

Anton Ingves
Analyst | Nordea

Dan Heimer
Analyst | SEB

Prepared Remarks

Operator

Welcome to the Storskogen Q2 presentation for 2026. During the questions and answers session, participants are able to ask questions by dialing #key 5 on their telephone keypad. Now I will hand the conference over to the CEO, Christer Hansson and CFO Lena Glader. Please go ahead.

Christer Hansson
CEO | Storskogen

Welcome, and thank you for joining us for the presentation of Storskogen's interim report for the second quarter of 2026. I am Christer Hansson, CEO, and with me today is Lena Glader, our CFO. When we spoke after the first quarter, my message was that this year would bring an increased focus on growth in its broadest sense, organic and acquired. The second quarter has moved us in that direction, which I am pleased with. We delivered positive organic development, completed further acquisitions, and continued to build on a stable operational platform. Growth was also the theme when we gathered more than 100 of our group's business unit CEOs in Stockholm at the end of May for our global CEO days.

Christer Hansson
CEO | Storskogen

Over two days, we discussed how growth is created in the businesses and how we, as an owner, support our CEOs in succeeding, including a half day on AI, where the CEOs build practical solutions. The engagement was strong throughout, which says something about the ambition that exists across the group. I will shortly go through the quarter in more detail, including how our capacity for acquisition-driven growth develops going into the second half of the year and beyond. Before that, let's take a brief look at Storskogen. Storskogen is a diversified international business group with sales of approximately SEK 33 billion of the last year, an adjusted EBITDA of about SEK 3.1 billion spread across our three business areas, services, trade, and industry. At the end of Q2, the group consisted of 114 business units, with average annual sales of around SEK 290 million.

Christer Hansson
CEO | Storskogen

Overall, I am especially pleased with the developments for industry. An underlying positive trend can be seen in trade as we move into the second half of the year, and we are seeing improvements in services. Johan Ekström has taken over as an interim head of services, and I am confident in the team while we are moving towards a permanent solution. Let's turn to the highlights for the quarter. The second quarter delivered growth in both sales and EBITDA, driven by organic development in the quarter. This is a shift we are working towards, and it is encouraging to see it come through in numbers. Year to date, organic net sales growth stands at 4%, and we are working hard to get the negative adjusted EBITDA number towards positive territory.

Christer Hansson
CEO | Storskogen

If we take a closer look at the margin, the comparison period included one-off effect, and adjusted for that, the margin is unchanged year-over-year. Cash flow came in at SEK 465 million and somewhat lower than a year ago. This reflects a strong finish to the quarter, where higher sales in June meant more outstanding receivables at the end of the period. We expect this to support cash flow during the second half of the year, similar to the pattern we saw last year. We completed four acquisitions in the quarter with a combined annual sales of SEK 214 million, in line with a gradual return to acquired growth that we have communicated. Operational excellence and sales growth remain key priorities. The market environment is still mixed, and disciplined execution in the business continues to be the foundation for both organic performances and our increased M&A activity.

Christer Hansson
CEO | Storskogen

Next, let's take a closer look at our cash flow performance, which continues to be a key strength. As mentioned, cash flow in the quarter came in somewhat below last year due to a strong finish to the quarter, particularly in industry. Higher sales in June meant that receivables increased at the end of the period, tying up some working capital, but with an expected reversal during H2. On the right side of the slide, you can see that the group continues to be stable, with cash flow on rolling 12 months basis at around SEK 2.5 billion. It has come down somewhat. Growth ties up capital, and with cash conversion moving down towards 70%, we are seeing the effect of a group delivering sales growth. The persistent cash flow achieved over the past years reflect continued disciplined operational execution across the group.

Christer Hansson
CEO | Storskogen

That discipline remains fundamental to our business model and to our capital allocation going forward. Next, we look closer to the seasonal variation for the sales and EBITDA margin. The second quarter came in stronger in line with our historical seasonal pattern. As just mentioned, comparing with last year, Q2 in 2025, including a positive one-off effect. Adjusted for that, the margin is unchanged year-over-year. Quarterly performance naturally fluctuates by diversification across industry, geographies, and end market provides relative stability over time, as you can see on the right side of the slide. That said, the trend for rolling 12 months margin is slightly negative, and we are not satisfied with that. I continue to believe, however, that our target of at least 10% is reasonable, especially if the economic environment improves.

Christer Hansson
CEO | Storskogen

We are working hard to turn the trend and the organic development this quarter is a step in that direction. Let me now turn to the organic sales growth. Organic sales growth is picking up, which has been our focus for the past years through everything that we have done on pricing, customer offerings, and operational improvements in the businesses. Seeing this work come through in numbers is a good start. Keeping and taking market shares drives profit over time. A business that defends and grows its position in the market has pricing power, relevance with customers, and room to invest. The logic going forward is straightforward. We grow the top line organically, we strengthen the margin, and together those group two grow EBITDA. Next, let's take a closer look at the margin trend across the group.

Christer Hansson
CEO | Storskogen

The chart to the right shows industry has turned its trend in the past quarter in a market that has been challenging, particularly outside of Sweden. The order book is solid, and this is expected to support the second half of the year. Trade is currently fairly stable, but the trend has moved in the right direction over the past two years, and the economic environment is improving. Services has leveled out, and we are hoping for a better economic environment, particularly in construction. Our main focus is operational improvements company by company. As we move into the second half of the year, we are moving in the right direction, which gives us confidence in reaching our targets for the long term. For a closer look at the business area, we will start with a more detailed look at services.

Christer Hansson
CEO | Storskogen

Services developed well compared to last year, with an increase in both sales and EBITDA. Sales were supported by acquisitions and organic growth alike. Profitability continued to be affected by subdued underlying market conditions, particularly in the business units exposed to the construction sector, but with early signs of improving sentiment. Some of the business unit in markets with structurally lower margins are recording improved sales compared to last year, impacted the year-over-year margin development. Business services reported growth in both sales and EBITDA, including digital services and logistics. In the quarter, one platform acquisition was completed and two add-ons. More on that later. In terms of visibility for the next quarter, Q3 is seasonally soft quarter, but for the second half of the year, the outlook is cautiously optimistic. Now let us sum and turn into trade.

Christer Hansson
CEO | Storskogen

Trade had a seasonally stronger quarter with net sales of SEK 2.3 billion, 1% lower than a year ago, but with organic sales growth of 2% year to date. Most business units in consumer products developed well compared to last year. This was offset by business units in health and beauty, who were affected by a weaker demand from several Scandinavian customers. Professional products reported a quarter with sales growth and improved profitability. In sum, the underlying trend, as mentioned before, remains positive for most segments. One acquisition was completed in August with sales of SEK 126 million. Q3 is typically a softer quarter than the second. Demand with professional products is expected to remain solid, and the positive signals from the consumer side is persisting. Next, let us turn into industry. Net sales in industry increased by 6% to close to SEK 4 billion for the quarter.

Christer Hansson
CEO | Storskogen

This was the result of sales growth across all verticals with margin improvements in industrial technologies and automation. Organic sales growth was 5% at the half year mark, partly driven by growth investment made the past few years, in addition to a recovery in non-Nordic markets. We also saw organic EBITDA growth in the quarter, now standing at 7% year to date. To give one example of those growth investments, J&D Pierce, our structured steel business in Scotland, has invested in a huge coating facility outside Glasgow. This investment was made through a period of weak demand and has now positioned the business in a strategically strong position to capture volumes as the market recovers. Another example is LNS Group, that has also made sizable investment. Both of these are example of successful capital allocation efforts that are achieving solid growth through CapEx investments.

Christer Hansson
CEO | Storskogen

One acquisition was completed with annual sales of SEK 99 million, and I will get back on that shortly. In sum, I think this was a fantastic quarter for industry with improvements on all key metrics, and as we head into the Q3, the order books look strong. Let me walk you through the acquisitions completed during this half year and just at the end of the quarter. In the past few months, we have added three platform acquisitions and three add-ons. They are all connected to Storskogen's investment themes that you see on the left side of the slide. First, Darlington EMS in the U.K. is a specialist manufacturer of electronic parts and components serving customers across sectors exposed to several of our themes, including automation, infrastructure, and health and wellbeing. Darlington has a strong position in a niche with clear barriers to entry.

Christer Hansson
CEO | Storskogen

The businesses join our automation vertical in industry and further strengthens our U.K. presence. Second, SAFE in Singapore is a provider of fire safety solution with more than 40 years of history, long customer relationships, and a recurring services revenue base in a sector where regulatory requirements keep increasing. SAFE fits our infrastructure theme, and the business model is familiar to those of you who know SoVent Group, one of our largest business units in services, which operates in a similar technical services sector and has developed strong with us. I should add that SoVent also completed two add-ons acquisition during the quarter. In Asia, we now have 900 employees via platform of subsidiaries, headquarter, and elsewhere. Third, Verdant in Norway is a distributor of premium professional haircare brands.

Christer Hansson
CEO | Storskogen

Verdant sits in our health and wellbeing theme and complements our existing professional haircare business in the Nordics, where we see a clear potential for collaboration and synergies. In sum, three platform acquisitions in three different geographies, all within our investment themes, in addition to being margin accretive and done at good valuations. Next up, I want to provide some further insight into Storskogen capacity to further allocate capital towards acquisitions. Those of you who joined us last quarter will recognize this slide. It is for illustrative purpose only, and we are showing it again because the message is worth repeating. The commitments we carried with us from the acquisitions of 2021 and 2022 are approaching their end, and that allows us to look forward with a more focused strategy to achieve growth through capital allocation.

Christer Hansson
CEO | Storskogen

I want to underscore that this does not include additional debt capacity from profit growth, which could further support our leverage headroom. The two bars on the left show how we have allocated our free cash flow after CapEx and leasing in 2024 and 2025. As you can see, debt reduction in light blue represented the largest share of cash deployment in both years. That work is now largely behind us. For 2026, debt reduction is expected to be close to zero, and as a result, the capacity for M&A improved substantially already this year, and you can see that in the size of the dark green portion of the 2026 bar. New on this slide is the bar for 2027. Cash directed towards minority buyouts and earn-outs decreases significantly next year towards a more normalized run rate going forward. This frees up even more capital for acquisition.

Christer Hansson
CEO | Storskogen

Taken together, the picture is clear. Step by step, a larger share of our cash flow becomes available for acquired growth, and we intend to deploy it in a structured way within our investment themes. With that, I will hand over to Lena for a more detailed financial review.

Lena Glader
CFO | Storskogen

Thank you, Christer, and good morning, everyone. Yes. Let me take you through the financials for the second quarter. Figures on this page are adjusted for items affecting comparability, and I will come back to that in a while. The reported income statement is, of course, in the appendix to this presentation and in the report that we published this morning. Net sales for the quarter were SEK 8.86 billion, up 5% on Q2 last year, and sales growth was organically driven in this quarter. I will walk you through that bridge on the next page. Turning to adjusted EBITDA, it rose 2% to SEK 1.13 billion after depreciation of SEK 263 million, which is broadly unchanged year on year. Our adjusted EBITDA was SEK 864 million, also up 2% year on year.

Lena Glader
CFO | Storskogen

This corresponds to an adjusted EBITA margin of 9.7% compared with 10% in the second quarter last year. Let me pause here because it matters for the comparison, and Christer touched on it just recently also. The second quarter of last year included a positive effect from reversal of costs related to our long-term share-based incentive program. This actually affects comparison by SEK 22 million. Adjusting for this, the margin was essentially unchanged year on year, which is what Christer also talked about. So after amortization of SEK 171 million, adjusted operating profit or EBIT was SEK 693 million, up 3% year on year. Our net financial items continue to improve, notably here to a SEK -146 million from SEK 216 million in Q2 last year. This is an improvement of 33%.

Lena Glader
CFO | Storskogen

This is the continued payoff from two years of refinancing and debt reduction, coming through as lower interest margins on a lower absolute debt level. Also around SEK 40 million of the improvement is explained by currency items in the previous year. Profit before tax was consequently up 20% and net profit after tax up by 18% to SEK 413 million. Finally, for completeness here, items affecting comparability, which are excluded on this page, amounted to minus SEK 33 million on the net profit level in the second quarter. This compares to last year's Q2, which carried SEK -89 million, related to the bond refinancing that we did last year mainly. Turning to the financial KPIs at the bottom of this page, adjusted earnings per share came in at SEK 0.23. That is up 23% year on year.

Lena Glader
CFO | Storskogen

For the last 12 months period, it came in at SEK 0.74. EPS increased more than our net profit, and this is explained by the buyback of shares in the parent company that we did in Q4, as well as buyback of minority shares in subsidiaries. Our adjusted return on equity improved to 6.6% from 6% a year ago, and our adjusted return on capital employed was 10%, so that is down from 10.4% a year ago. As we have said before, our ambition is to show steady improvement in both of these measures over time. Now let us turn to the sales and EBITA bridges where we break down what actually drove the year-on-year change in the quarter. Starting with sales. We began at SEK 8.45 billion in Q2 last year. Organic growth added 5%, acquisitions added 2%, and currency translation was broadly neutral in this quarter.

Lena Glader
CFO | Storskogen

This is worth noting because currency has been a meaningful headwind in the recent quarters. Divestments then reduced sales by 2%, and that brings sales to SEK 8.86 billion for the quarter, which is an increase of 5%. Then moving to the EBITA bridge on the right here, we started at SEK 843 million a year ago, and acquisitions and divestments together contributed a net 3%. This is because we have divested companies that were loss-making. This, of course, improves current year's EBITA. Organic growth added 2%. This is helped by transactional currency effects. We are translating balance sheet items, and this contributed positively in this quarter, again, from a period of negative contribution in recent quarters. Currency translation was again close to neutral. Group operations reduced EBITA by 3%. This is essentially the one I mentioned previously related to the incentive program.

Lena Glader
CFO | Storskogen

This leaves us at SEK 864 million of adjusted EBITA for the quarter, up 2% year-on-year. On the next page we show the same story, basically expressed it in margin terms and divided per business area, showing how we moved from an adjusted EBITA margin of 10% in the second quarter of last year to 9.7% this quarter, which is a net change of -0.3 percentage points. Industry contributed positively, adding 0.3 percentage points to the margin. This reflects margin improvements, particularly in industrial technology and automation. Trade took off 0.1 percentage points, and as Christer described, the headwinds in the Nordic health and beauty segment continue to weigh on parts of consumer products. While professional products actually improved their margins.

Lena Glader
CFO | Storskogen

Services took off 0.2 percentage points, and this is driven by mainly within the business units within infrastructure services that are exposed to the construction sector where demand remains weak. Finally, again group operations accounted for 0.3 percentage points of the decline. This is again explained by this reversal of the cost item in the previous year. That said, we are not satisfied with a flat margin excluding this central item. Our target is 10% and that remains both our ambition and improving it is where the operational work is concentrated. Let us move over to the cash flow statement for the second quarter on the next page here. Cash flow from operating activities was SEK 465 million, compared with SEK 527 million a year ago. So that is down 12%.

Lena Glader
CFO | Storskogen

On a rolling 12-month basis, we generated SEK 2.46 billion, which is around the same rolling 12-month level of SEK 2.5 billion that we had last year. Looking at the year-on-year change in Q2, this is worth explaining because it is mainly a timing effect rather than a deterioration. Profit before tax was up 41% to SEK 514 million. Non-cash items contributed SEK 467 million, and paid tax was SEK -138 million. That is slightly lower than last year. The swing factor here is the working capital, which tied up SEK 378 million in the quarter against SEK 260 million a year ago. The biggest explanation here is higher operating receivables following a very strong end to the quarter, especially in industry. We had a good sales month in June, but we had not yet been paid for it by the quarter end.

Lena Glader
CFO | Storskogen

This is the explanation, and we expect, as Christer mentioned also, to see a reversal during the second half of the year here in line with typical seasonality. Worth mentioning is that inventory buildup was very low in the quarter, along the same lines as last year. It is mainly these operating receivables that explain this change. Turning to investments. Net investments in non-current assets were SEK 218 million, up from SEK 110 million. SEK 208 million of this is CapEx, and this is higher than last year on the back of some growth investments, again, mainly in industry. Acquisitions and divestments accounted for SEK 181 million. This is the cash effect, essentially in line with last year. This covers acquisitions completed in the quarter as well as buybacks on minority shares. Together, cash flow from investing activities was SEK -399 million.

Lena Glader
CFO | Storskogen

Turning to financing activities, including leasing payments, the cash flow here was positive SEK 150 million. Adding it all up, net cash flow for the period was positive SEK 216 million. We ended June with a cash balance of SEK 1.4 billion and a total available liquidity of SEK 4.3 billion. This includes cash and unutilized credit facilities, and that gives us the flexibility to keep executing on our strategic agenda of acquisitions that Christer talked about also. Cash conversion in the isolated quarter was 48% compared with 66% a year ago for the working capital reasons I just described and also the somewhat higher CapEx, which should fuel our growth going forward, especially in industry here. However, because this measure is seasonal by nature, we prefer to look at it over a rolling 12-month period, which is what we show on the next page here.

Lena Glader
CFO | Storskogen

Here we show the operating cash flow over a 12-month period defined as EBITDA, less change in net working capital, and less CapEx. The cash conversion is this metric over EBITDA, basically. So how much of the profit we generate actually turns into cash. On a rolling 12-month, we ended the second quarter at SEK 3 billion, having tracked between roughly SEK 3 billion and SEK 4 billion since 2024. Our group target is a cash conversion of at least 70% over a rolling 12-month period, shown here by the dotted line. Over this last 12 months, our adjusted cash conversion was 74% compared with 80% a year ago and 79% at the end of Q1.

Lena Glader
CFO | Storskogen

We remain above the target, but the trend has moved towards a more normalized level, as expected, given that we are back on a more growth-driven agenda compared to a few years back. Our focus nevertheless remains firmly on growing profits while maintaining working capital discipline, obviously. Very briefly on the next page about balance sheet, some comments. Total assets amounted to SEK 43.5 billion at the end of June compared to SEK 42.3 billion a year ago. That is a 3% year-on-year increase. The growth sits mainly in current assets, which rose 8% to SEK 14.4 billion. This also again reflects the operating receivables that I described a moment ago, while non-current assets were mainly unchanged. There is one shift, however, in the balance sheet worth mentioning, and that is interest-bearing current liabilities, which fell while interest-bearing non-current liabilities rose by approximately the same amount.

Lena Glader
CFO | Storskogen

In other words, we have moved debt from short-term to long-term maturities, which lengthens our maturity profile and reduces financing risk, while at the same time, non-interest-bearing current liabilities rose and the equivalent non-current item fell. This item includes these minority option liabilities that have moved closer to maturity. As Christer illustrated before, we will be reducing a large part of these commitments coming due now within the coming 12 months. During the second half, we expect this amount to be somewhere around SEK 800 million to SEK 900 million possibly during the second half of the year in 2026, and after that, lower. Turning to the KPIs, again, leverage ratio, interest-bearing net debt over adjusted RTM EBITDA was 2.4x, and I will come back to that on the next page.

Lena Glader
CFO | Storskogen

Finally, we show the interest-bearing net debt and leverage ratio here over the past nine quarters. The interest-bearing net debt at the end of the quarter stood at just under SEK 9.9 billion, which is down from SEK 10.2 billion a year ago, but up from SEK 9.5 billion at the end of Q1. The sequential increase reflects acquisitions, minority option buybacks, and dividend paid. Our leverage ratio was 2.4 as mentioned, which is unchanged from the same quarter last year and marginally up from 2.3 at the end of March. As you see, we have been at or below 2.4x since the end of 2024, and I would repeat that our ambition is to keep leverage below 2.5. This is unchanged.

Lena Glader
CFO | Storskogen

A stable balance sheet at this level of leverage, combined with strong cash generation and the reduction of our minority commitment, is what allows us to step up the pace of acquisitions and to do so with the same discipline on margin and valuation that we have applied since we restarted our M&A activities a year ago. With that, I will hand over to you, Christer, for key takeaways.

Christer Hansson
CEO | Storskogen

Thank you, Lena. Let me summarize where we stand. The second quarter delivered organic growth in both sales and EBITDA in a seasonally stronger quarter. An encouraging step, even if there is more work to do. Industry performed well in the quarter, and the underlying market trend in trade is moving in the right direction. I am also pleased that services performed much better in the quarter. Operational excellence remains our key focus, driving organic growth, improving profitability, and maintaining strong discipline and cost control. That focus is unchanged. The same discipline generates our cash flow, and as I showed earlier, a growing share of it is now available for acquisition, with debt reduction largely behind us and capital tied to minorities and earn-outs decreasing substantially during this year.

Christer Hansson
CEO | Storskogen

We enter the second half of 2026 cautiously optimistic with a strong acquisition pipeline across our investment themes and increased financial flexibility. We see good opportunities to continue adding acquired growth and to increase its contribution in the group's total growth over time. Thank you for listening, and with that, we are happy to take your questions.

Q&A

Operator

If you wish to ask a question, please dial pound key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial pound key six on your telephone keypad. The next question comes from Anton Ingves from Nordea. Please go ahead.

Anton Ingves
Analyst | Nordea

Yes. Thank you and good morning, Christer and Lena. Thanks for taking my question. If we start off in trade here, would you say here that the softness is entirely attributed to the health and beauty segment in the consumer segment here?

Christer Hansson
CEO | Storskogen

Correct.

Anton Ingves
Analyst | Nordea

And what are you seeing here heading into H2 and your visibility on the development in the coming quarters here?

Christer Hansson
CEO | Storskogen

I hope that we are seeing a shift in the trend from the customers moving from taking down inventory towards growth again. That is what we hope that we are seeing. In a broader sense, most of the companies outside of the health and beauty sector in trade are doing well. It is in that sector that we have seen a slowness in the quarter.

Anton Ingves
Analyst | Nordea

Okay. Did you see any change in momentum within the quarter? A pickup or activity towards the end of the quarter?

Christer Hansson
CEO | Storskogen

Yeah it was better in the end than in the beginning.

Anton Ingves
Analyst | Nordea

Okay. That is very clear. If we move on to service and the margin compression here, how much would you say are attributed to the mix effect that you mentioned in the report versus the higher material cost as well as the price pressure due to competition?

Christer Hansson
CEO | Storskogen

It is both. Guesstimate is 50/50.

Anton Ingves
Analyst | Nordea

Okay. Yep. Looking ahead here in service on the margin side, how much do you think you can improve just from operational improvements, and how much are you relying on a pickup in demand, especially within the construction sector here?

Christer Hansson
CEO | Storskogen

I do think that we are seeing a pickup. For the first time in a long time, we are seeing sales growth in the quarter, and that is a good start. Of course, it will help a lot if the construction side comes out of and starts growing again, that would help a lot. But we are continuing to work with operational questions in all companies. So it is a company by company question. So I think that we could improve margin over time.

Anton Ingves
Analyst | Nordea

Okay, understood. On the improvements you see, would you say that this is incrementally more positive here in Q2 compared to the outlook in Q1?

Christer Hansson
CEO | Storskogen

I think we are seeing what we expected to see, that we were hoping for a stronger Q2 and that is what they came in on. So I think it is fairly in line with what we expected.

Anton Ingves
Analyst | Nordea

Okay, perfect. In terms of M&A, obviously two platforms here in Q2 and one in July as well. All of these made outside of Sweden. As you mentioned here during the presentation as well, you aim to pick up the M&A pace further here going forward. In terms of geographies, where do you see the most potential here for the coming years?

Christer Hansson
CEO | Storskogen

I think we've been clear about this message since our presentation in 2024 on the Capital Markets Day, that we want to improve or grow our exposure towards businesses outside of Sweden, because it's been almost 50%. We will continue to grow in the U.K., in DACH, especially, and also some acquisitions in Asia. We have been seeing a lot of good potentials in the U.K. As you see now, we have been doing three acquisitions in three different geographies. I think that we have a broad market where we are looking at good opportunities. I think that we will continue to do that, working in the U.K. and in the DACH region.

Anton Ingves
Analyst | Nordea

Okay. That's very clear. Just on the pipeline here, maybe short term into H2 and 2027 as well. It's fair to assume a same level of activity in H2 as in H1 here, or the sort of acquisition you've made year to date?

Christer Hansson
CEO | Storskogen

Yeah, but we said we will gradually pick up pace. As Lena mentioned, we are buying a lot of minorities in Q3. After that, we will gradually pick up pace. We will allocate more capital towards acquisition this year than we did last year, and that will increase next year. Our possibility to allocate capital will increase quarter by quarter from now.

Anton Ingves
Analyst | Nordea

Okay, perfect. That's all for me for now. Thanks for taking my questions.

Christer Hansson
CEO | Storskogen

Thank you.

Operator

As a reminder, if you wish to ask a question, please dial pound key five on your telephone keypad. The next question comes from Dan Heimer from SEB. Please go ahead.

Dan Heimer
Analyst | SEB

Yes, good morning, Lena and Christer. A couple of questions from my side. Morning. Maybe starting a little bit on the industry. Quite a strong quarter here. Just trying to understand what's driving that outperformance in industrial technology and automation. Specifically, is it some temporary larger projects that we should be aware of, or is it broad-based strength that drives the performance in industrial tech?

Christer Hansson
CEO | Storskogen

It is broad-based strength. As Lena mentioned, also picking up pace in the quarter with a very strong June. It is a broad pickup in the business area.

Lena Glader
CFO | Storskogen

When it comes to industrial technology, we may add that some of the larger companies were struggling a little bit more a year ago.

Christer Hansson
CEO | Storskogen

A year ago.

Lena Glader
CFO | Storskogen

Now they are performing and having really good momentum.

Christer Hansson
CEO | Storskogen

Yes.

Lena Glader
CFO | Storskogen

With slightly lower margins than the automation companies, however. We talked about that before, but that is also a year-on-year clear trend and pickup that we see affecting us now positively.

Dan Heimer
Analyst | SEB

Okay. Understood. Sounds positive. Maybe following up a little bit on acquisitions and looking what you have done year to date, your average close to 20% EBITDA margin. Is that ballpark what you expect in terms of profitability when you are looking for acquisitions now ahead as well? Also just to confirm in terms of multiples you paid, it looks like you paid SEK 220 for SEK 46 million of EBITDA, so that sounds quite low. It is a little bit below five times if my math is correct, or am I missing something here? Two questions from M&A, please.

Christer Hansson
CEO | Storskogen

We have been saying that we are really working towards having multiples at seven or below, and we will continue to do that. We also really trying to find margin-accretive businesses. As you said, the acquisitions that we have done since we started last year has been on a very good margin side, and we will continue to look for that. I do not think every single acquisition will be over 20%, but we will absolutely try to be margin accretive on all of the businesses that we acquire. That will continue.

Lena Glader
CFO | Storskogen

We do have in note four in the report, you can see how much we paid, not only the cash out, but also for 100% of the company. This is what you should look at when you look at the EV multiple.

Dan Heimer
Analyst | SEB

Okay. Yes. Understood. Maybe a bit more general question on the discrepancy between your Swedish and international operations. It surprises me a little bit. Most economists expect Sweden to outgrow the average in terms of GDP growth. It might be a timing issue. You expect this gradual improvement demand in the second half? How should we think about that in general? Close to half of your operations are in Sweden, so it is quite significant if Sweden factors a bit much better.

Christer Hansson
CEO | Storskogen

I think that we are waiting for the Swedish economy to come back. I hope that that is improving now quarter to quarter in coming here. As you said, we have been seeing a very strong pickup in our outside Nordic businesses. That has been the pickup for this year. I hope that Sweden and the Swedish business will see an improvement for the coming two to six quarters ahead.

Dan Heimer
Analyst | SEB

Yes, understood then. If we look at the last 12 months rolling EBITDA margin, it is around flat-ish at 9%, you have a 10% target. At least on group level, quite good organic growth now at 5%. Then it might fluctuate between segments and businesses. What are the specific levers are needed in order to reach your 10% target? I guess M&A is part of it, but also, do you need that Swedish recovery in order to reach that margin as well?

Christer Hansson
CEO | Storskogen

We need to continue to work what we have been working on for the last year. It is a company by company working on all the measures, pricing, cost control. We will continue that work. Of course, if we get an economic environment growth, that would help that. But we will continue to work on it. We think in the long term, 10% is what we should be able to do.

Lena Glader
CFO | Storskogen

At least.

Christer Hansson
CEO | Storskogen

At least, yeah. We are not satisfied with where we are today, and will continue with the work that we have done. M&A will help, of course, and if a positive sentiment come back in Sweden, that will also help a lot.

Dan Heimer
Analyst | SEB

Makes sense. Maybe just a final small question on the cash flow here. I think working capital we discussed a bit, but on the higher CapEx in the quarter, does that relate to you being more forward-leaning on growth or are there other factors like timing, or how should I interpret that?

Christer Hansson
CEO | Storskogen

Timing is one part, but you are absolutely right that we are more positive on growth and done some growth investment. We talked about two of the examples in prior years, J&D Pierce in Scotland and in LNS, where we have made some large investments, and they are now paying off. We are actually more forward-leaning in looking at growth initiatives going forward. Lena, any thoughts?

Lena Glader
CFO | Storskogen

No, this is also what we've repeatedly said that part of our capital allocation discussions are also including, of course, CapEx investments. Not only in this case, it's mainly industry, of course, and we also see the good result in terms of growth there from investments we've done in the past, but it also covers investments in automization, in trade, for instance, for when it comes to inventory management and also when it comes to CapEx investments in selective services businesses. It's for sure part of our allocation process, but there has to be the right return metrics, of course, there. But also, 2.3% CapEx to sales is maybe a little bit above a normal level for Storskogen. We've been talking about 1.5%-2% should be a normalized level.

Lena Glader
CFO | Storskogen

If we had been closer to the 1.5 in recent past two years, we may be reaching a little bit closer to the upper end of that target now going forward. But that's only because we see the momentum is there.

Dan Heimer
Analyst | SEB

Understood. That was all from my side right now at least. Thank you very much.

Christer Hansson
CEO | Storskogen

Thanks, Dan.

Operator

There are no more phone questions at this time. I hand the conference back to the speakers for any email questions and closing comments.

Christer Hansson
CEO | Storskogen

Thank you for listening in from our side here at Storskogen. I wish you a great day and great for the week. Thanks for listening in.

Lena Glader
CFO | Storskogen

Thank you