

Presentation – Q3 2022

24 October 2022



RATOS



Strong earnings and important steps towards a more homogenous group

**Net sales
7,039 MSEK
growth 31%**



**Adj EBITA 432 MSEK
growth +18%**

- Adj EBITA +18% and EBITA +100%
- Net sales up 31% whereof organic 7%
- Strong development in the acquired companies
- Strong order backlog and order intake during the quarter
- LTM EPS increased by 70% and LTM ROCE of 10.6%
- Closed Knightec acquisition
- Public tender Semcon

Group financials Q3 and YTD 2022

MSEK	2022 Q3	2021 Q3	2022 YTD	2021 YTD
Net Sales	7,039	5,371	21,680	16,797
Adj EBITA	432	365	1,648	1,576
Adj EBITA %	6.1%	6.8%	7.6%	9.4%
EBITA	432	217	1,400	1,296
EBITA %	6.1%	4.0%	6.5%	7.7%
EPS, SEK	0.61	0.04	1.79	1.88

Comments

- Net sales growth Q3 31%
- YTD net sales growth 29%
- Strong cash flow in Q3 and YTD
- Adj EBITA increase with 18% in Q3
- Adj EBITA YTD 5%
- Overall strong demand
- Negative development in Plantasjen and Diab

Business Areas

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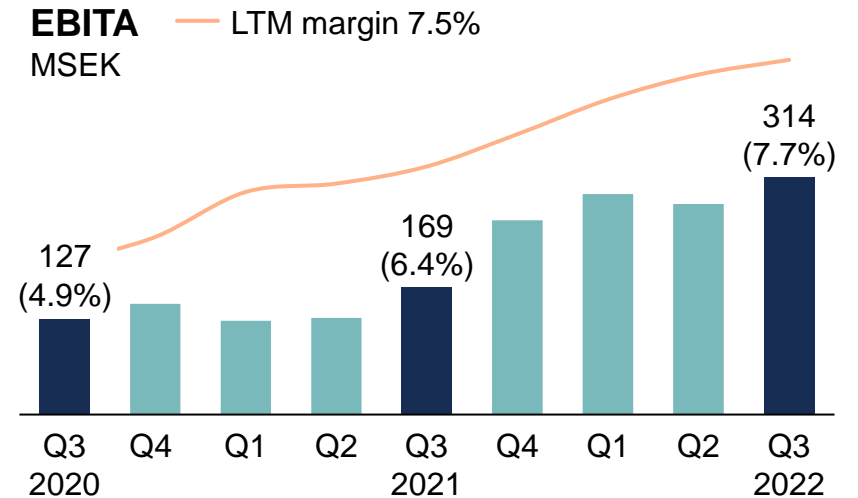
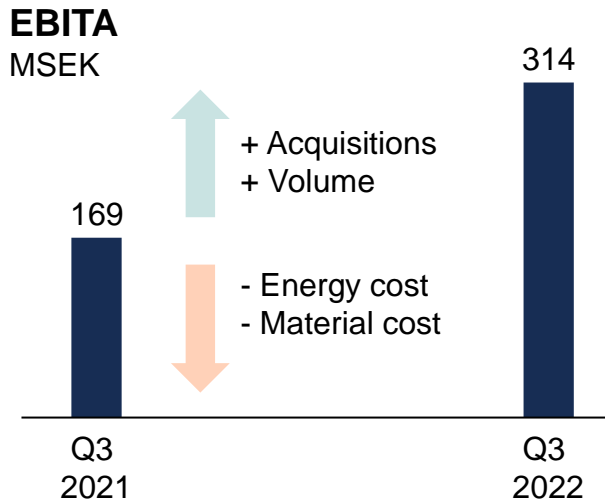
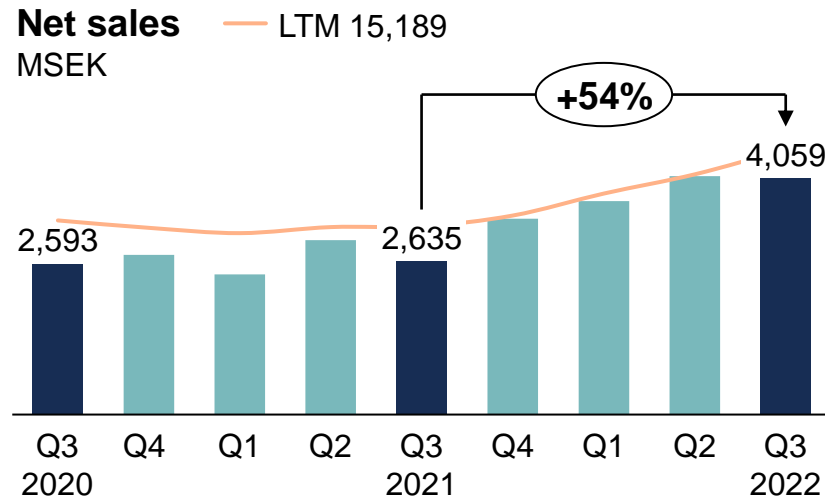


Construction & Services: Strong net sales and EBITA growth

We build and maintain a sustainable society

Comments

- Strong order intake and backlog
- Net sales growth 54%, whereof organic 17%
- Well positioned in the current uncertain environment with partnering projects in the construction business and limited exposure to the residential construction market
- EBITA 314 MSEK (169), increased by 86%, EBITA margin up to 7.7% (6.4%) and LTM 7.5%

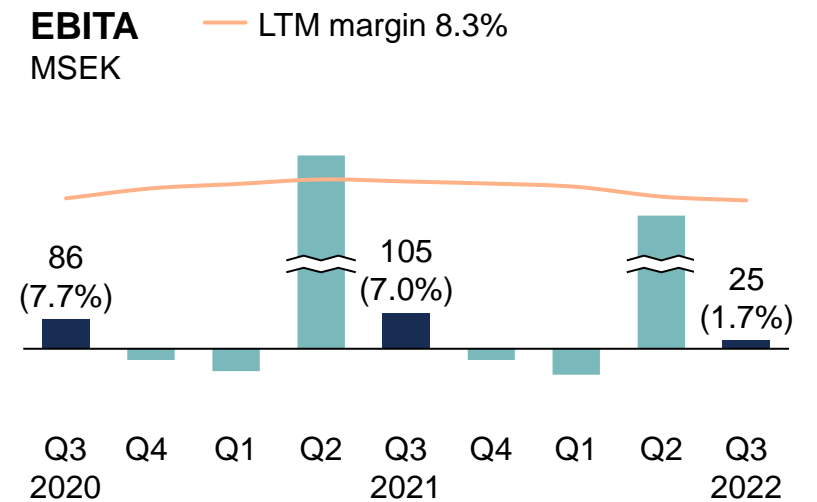
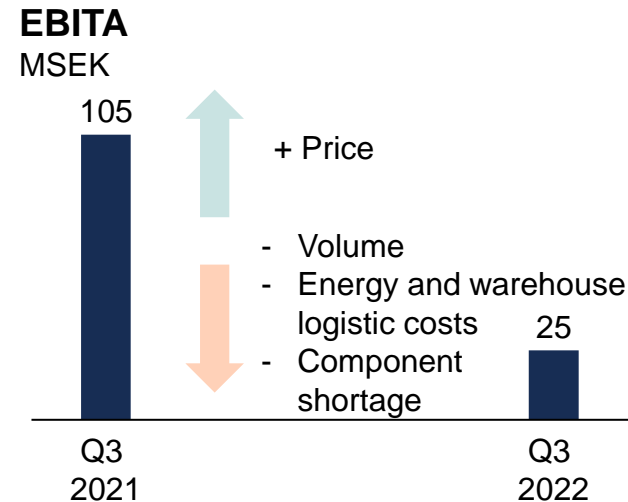
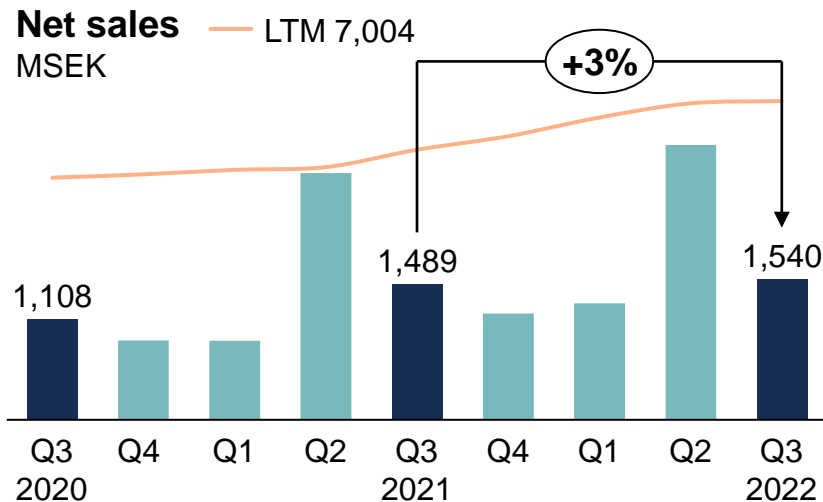


Consumer: Impacted by lower EBITA

Provide a better and easier life for consumers

Comments

- Net sales growth of 3%, whereof -1% organic, driven by lower sales in Plantasjen (-9% organic)
- EBITA 25 MSEK (105), Plantasjen's contribution negatively impacted by higher costs for energy and warehouse logistics
- Cost reducing measurements implemented in Plantasjen
- EBITA-margin 1.7% (7.0%) and LTM 8.3%

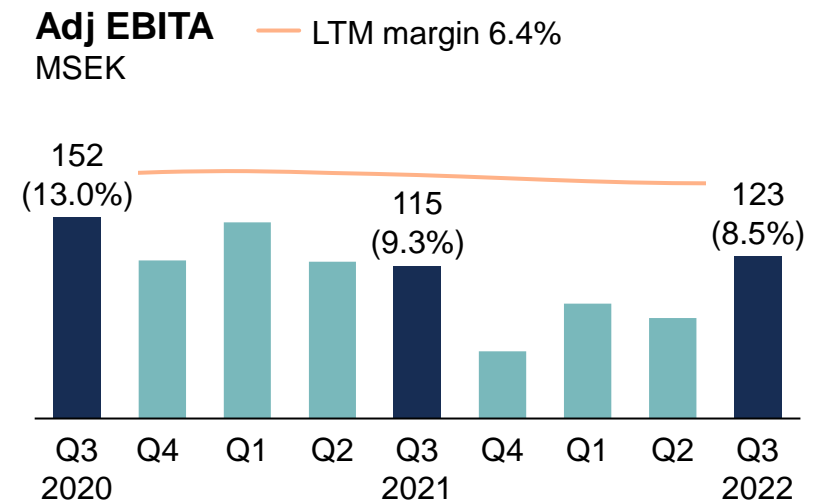
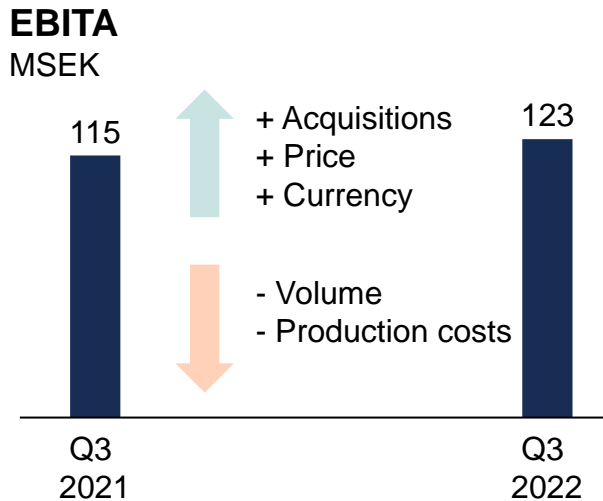
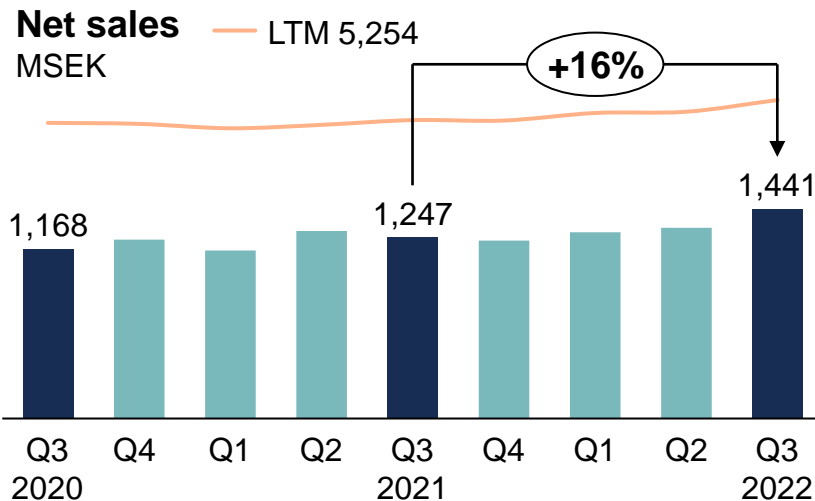


Industry: EBITA growth because of the Knightec acquisition





Building industrial market leaders, based in the Nordics who exporting to the world

Comments

- Net sales increased 16% whereof -4% organic
- Lower wind segment sales and increased production costs in Diab
- Ongoing restructuring of Diab starting to improve results
- EBITA 123 MSEK (115), increased by 6%
- EBITA-margin 8.5% (9.3%) and Adj. EBITA-margin LTM 6.4%
- Strategic acquisition of Knightec



Our acquisition journey - aiming for a more homogeneous group

2021		2021		2022		2022	
							
Sales	EBITA	Sales	EBITA	Sales	EBITA	Sales	EBITA
1,378 MSEK	77 MSEK	2,234 MSEK	368 MSEK	982 MSEK	85 MSEK	960 MSEK	120 MSEK

Semcon can be yet another step for a more homogenous group

M&A Activity Q3 2022

- Tender offer Semcon
- Accelerated Ratos journey to streamline the group and focus on balance sheet light companies with good profitability
- Create a strong foothold in value driven consultancy business

2022

SEMCON

Sales

1,800
MSEK

EBIT

185
MSEK

Sustainability

- a prerequisite for profitable growth



Sustainability Q3 2022: Well-positioned to meet broader definitions on sustainability in upcoming EU-legislation

HENT to build Giga Arctic battery factory



- Construction of the 120,000 m² battery factory in Mo I Rana, Norway
- HENT enable FREYR to industrialise production of clean battery solutions to accelerate the decarbonization of energy and transportation systems globally

School collaboration initiative by Knightec



- In 2008, Knightec launched a school collaboration program with the purpose of exchanging experiences in a diverse environment, encouraging students to technical studies.
- Last year, Knightec joined forces with two global industrial leaders to make a major scale up of the program, with the 2025 goal to support more than 3,000 students per year across Sweden.

Financials

Group financials

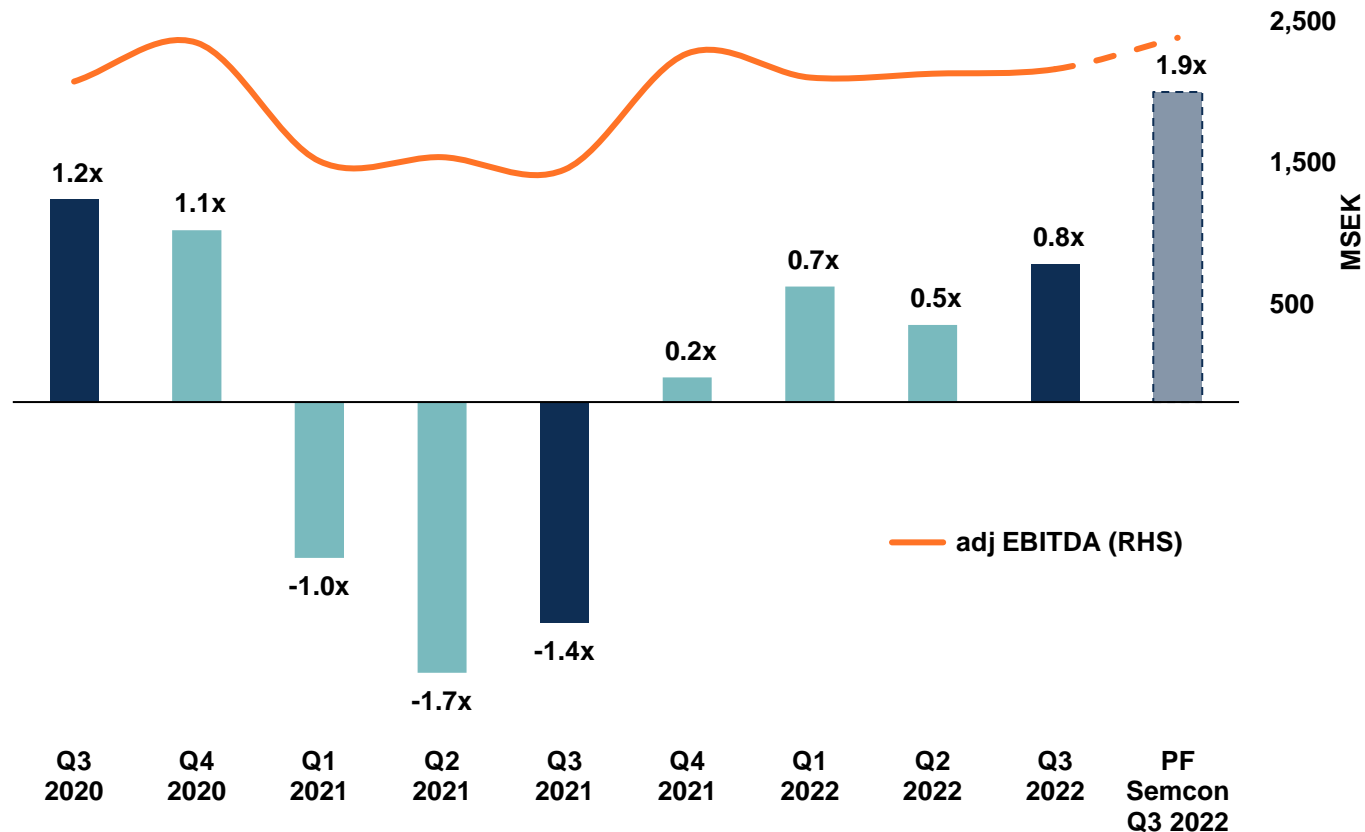
MSEK	2022 Q3	2021 Q3	2022 Q3 LTM	2021 FY
Net debt	1,824	-1,971		335
Net financial items	-63	-86	-356	-350
Effective tax rate	17.4%	51.3%	10.4%	12.7%
EPS remaining business (SEK)	0.61	0.04	2.73	2.83
Cash flow from operations	562	-228	972	425
Net debt / Adj EBITDA	0.8x	-1.4x		0.2x

Comments

- Net debt increased as a result of acquisitions and high inventory levels
- Net financial cost decreased, due lower effective interest rate and to FX impact
- Low effective tax rate due to positive impact from change in deferred tax assets
- Strong cash flow despite seasonally small quarter and leverage increased towards target range

Leverage development

Leverage and adj EBITA* development (lease adjusted)

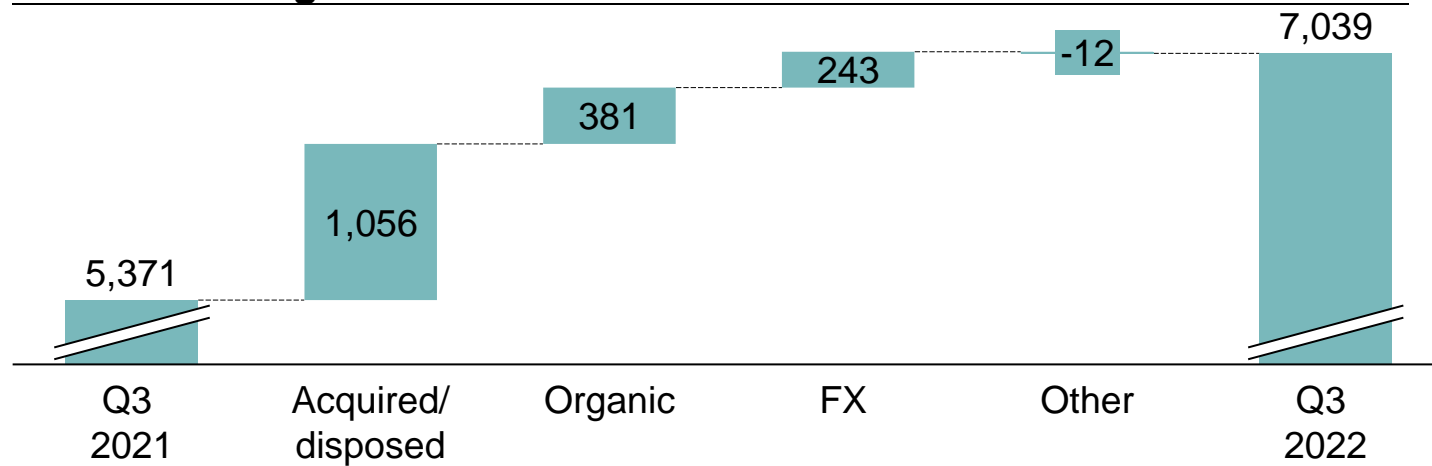


Comments

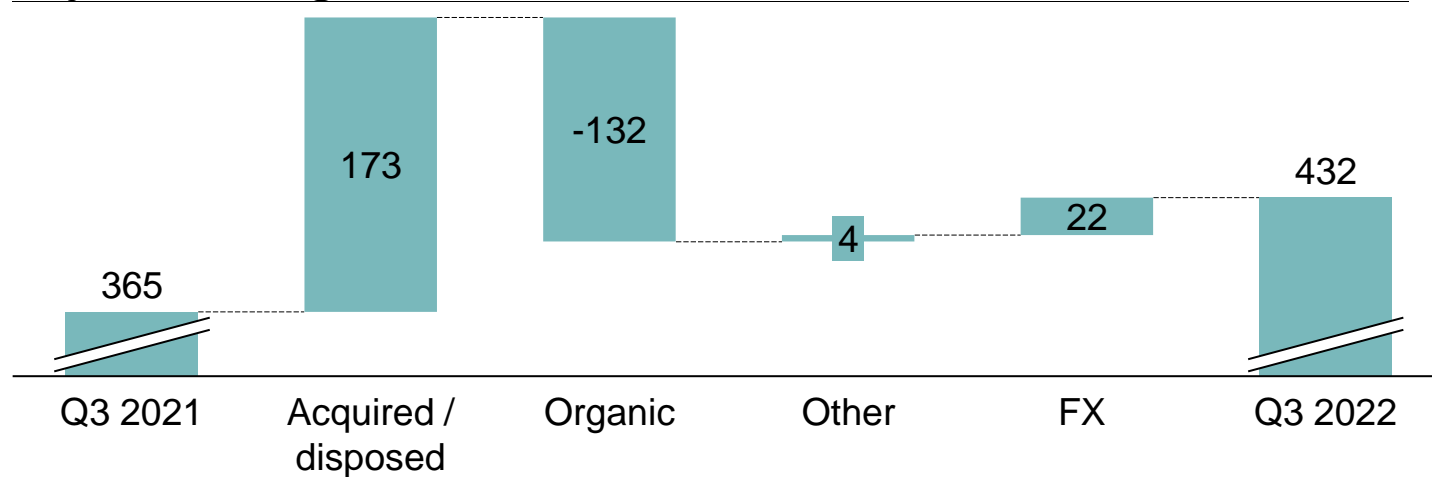
- Leverage is still well within target range and proforma for a successful Semcon bid the leverage would be 1.9x
- Financing the Semcon transaction is committed and includes, in addition to cash on balance, a 3+1 year term loan on attractive terms
- EBITDA in the graph is adjusted for leasing effect

Acquired growth for the quarter account for 20% of the increased net sales

Net sales bridge



Adj EBITA bridge



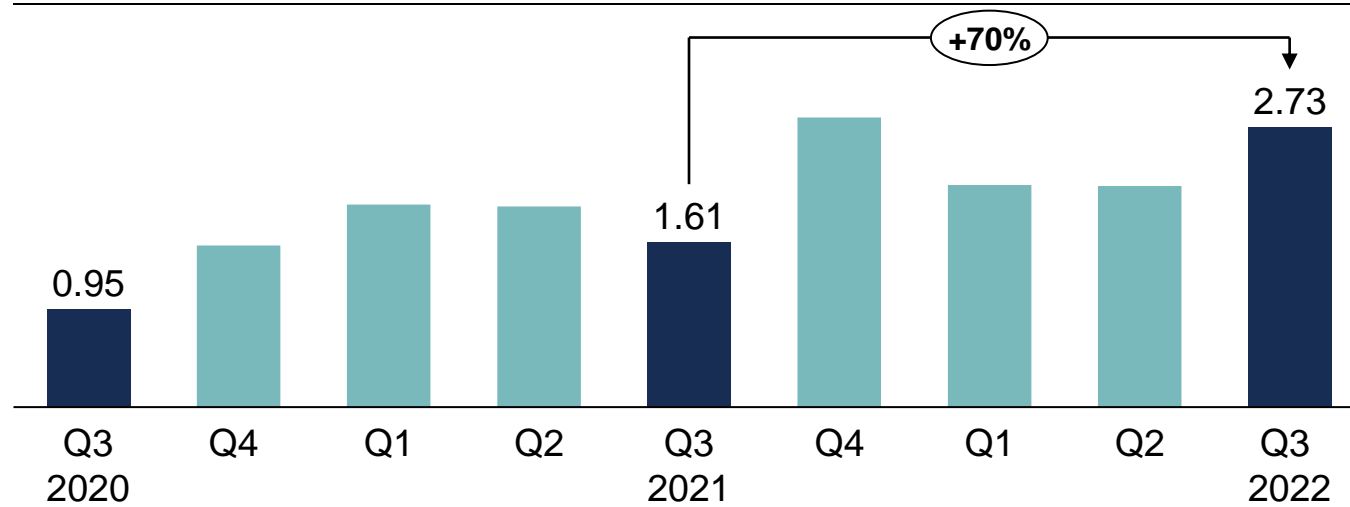
Comments

- Strong growth from acquisitions
- Net sales up 31%, of which 20% acquired, 7% organic and 5% FX

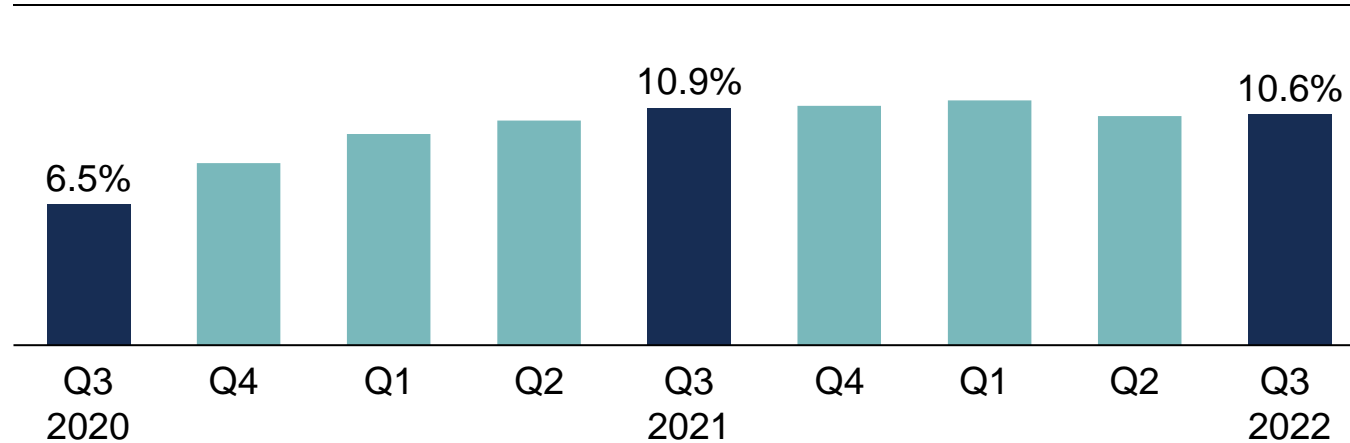
- Large EBITA increase mainly due to acquisitions
- Organic growth decrease attributable to Plantasjen and Diab

Increasing EPS and stable return on capital employed, despite challenges

LTM EPS



LTM ROCE



Comments

- LTM EPS increased 70% as a result of increased earnings levels
- Stable ROCE 10.6% compared to 10.9% last year despite challenges with increasing inventory and compressed margin

Final Remarks



RATOS



Strong earnings and important steps towards a more homogenous group

A group of market leaders with a strong culture and being part of something larger



The leading company builder in the Nordics

- Third quarter shows strong EBITA-, cashflow- and growth figures in a quarter with a general strong demand
- Strong balance sheet, strong order intake and record orderbooks makes us well equipped in an unpredictable operating environment
- Important steps towards a more common structure
- A great quarter for Ratos

Q&A

RATOS

The leading company builder in the Nordics

A group of market leaders

Ratos is a sustainable long-term owner with no exit horizon

We own companies that are or can become market leaders

Profitable organic growth, margin expansion and targeted acquisitions

A clear culture

It's all about people

Simplicity

Speed in execution

Part of something larger

Decentralized structure

Gain benefits of the larger group through contacts and network

Executive leadership program

Access to special competences

Active ownership