



# Storskogen Q3 2021

18 November 2021

## Today's presenters



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**Daniel Kaplan**  
CEO and co-founder

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**Lena Glader**  
CFO

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# Agenda

- **1. Storskogen and Q3 in brief**
- 2. Financial performance
- 3. Strategic development
- 4. Q&A

# Storskogen in brief as of 18 November

Storskogen is an international compounder with an infinite ownership agenda with the vision to be the best owner of small- and medium sized companies

<b>SME compounder with an infinite ownership agenda</b>	<b>Vision to be the best SME owner</b>
<b>Resilient business model</b>	<b>Strong execution track record supports future ambition</b>

**SEK 21.3bn**  
in annual net sales<sup>1)</sup>

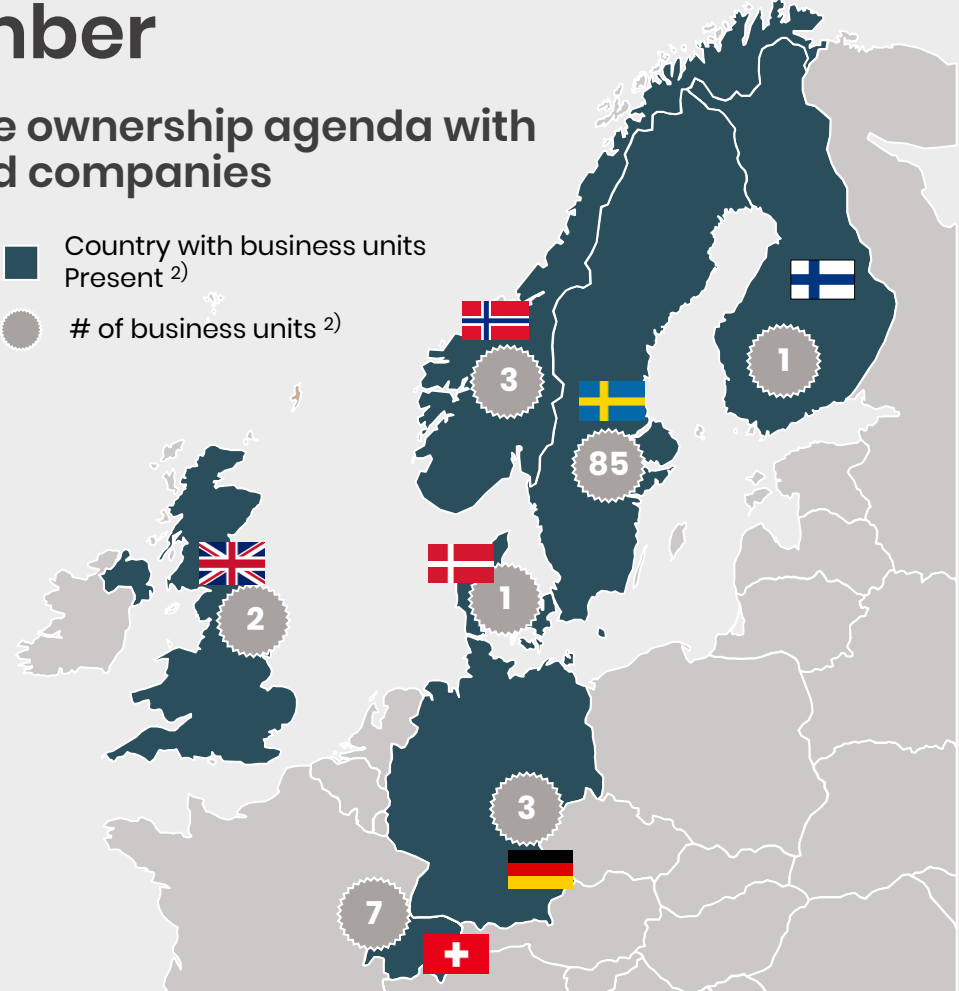
**SEK 2.4bn**  
in annual adj. EBITA<sup>1)</sup>

**+7,500**  
employees

**152**  
completed acquisitions since founding<sup>2)</sup>

**102**  
business units

**12**  
verticals



**Our ambition is to be the leading SME compounder in all our geographies**

<sup>1)</sup>SEKm, RTM included acquisitions completed as per 18 Nov 2021: <sup>2)</sup>As per 18 Nov 2021, including add-ons

# Our business areas as of 18 November

Highly diversified business split out across 3 business areas, 12 verticals, 102 business units and +300 companies in more than 21 countries

## SERVICES



Peter Ahlgren

No. of Business units	50
No. of employees	3,923
Geographical presence	
No. of acquisitions Jan–Nov 18 2021	31 <sup>1)</sup>

## TRADE



Christer Hansson

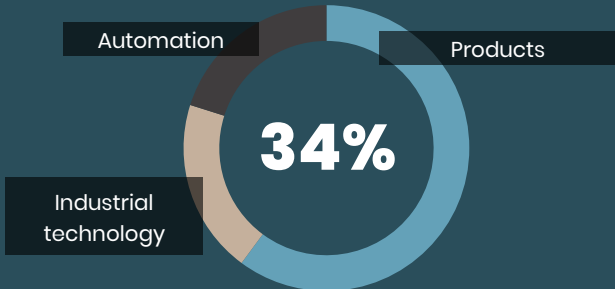
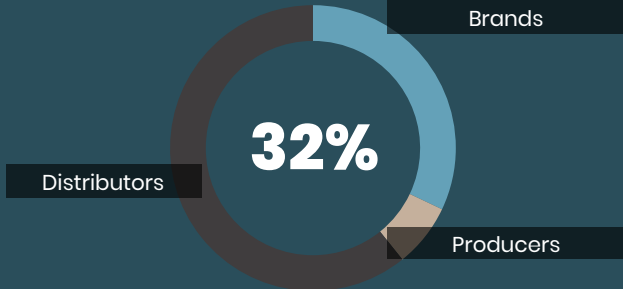
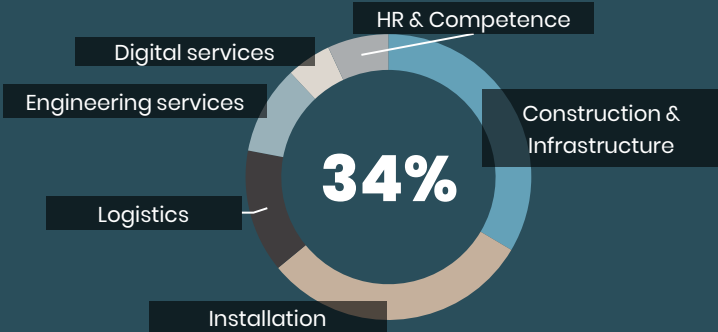
No. of Business units	24
No. of employees	1,530
Geographical presence	
No. of acquisitions Jan–Nov 18 2021	18 <sup>1)</sup>

## INDUSTRY



Fredrik Bergegård

No. of Business units	28
No. of employees	2,305
Geographical presence	
No. of acquisitions Jan–Nov 18 2021	9 <sup>1)</sup>



<sup>1)</sup>Excluding acquisition of Artum AG.

# In summary

A strong EBITA development, a successful IPO and a new credit facility paves the way for future growth

- Reported net sales of SEK 4,744m (118% growth) and Adj. EBITA of SEK 492m (100% growth)
- Organic adjusted EBITA growth of 16% in third quarter, 30% YTD
- Including acquisitions as per the date of the report, RTM net sales amounted to SEK 21.2bn and Adj. EBITA to SEK 2.4bn
- Systematic inventory build up has resulted in weaker cash conversion in the short term
- Strong pipeline, 17 signed LOI/preferred buyer agreements. 2020 combined net sales of SEK 2.6bn and EBITA of SEK 402m
- EUR 1bn credit facility with international bank syndicate
- Successful IPO in October, generating net proceeds of approximately SEK 7.2 billion

## IN NUMBERS

Net sales (SEKm)

**4,744** in Q3 and  
**11,457** YTD

Adj. EBITA (SEKm)

**492** in Q3 and  
**1,145** YTD

Adj. EBITA-margin (%)

**10.4** in Q3 and  
**10.0** YTD

Organic EBITA growth (%)

**16** in Q3 and  
**30** YTD

Operational cash flow (SEKm)

**492** in Q3 and  
**677** YTD

Cash conversion (%)

**-38** in Q3 and  
**61** YTD

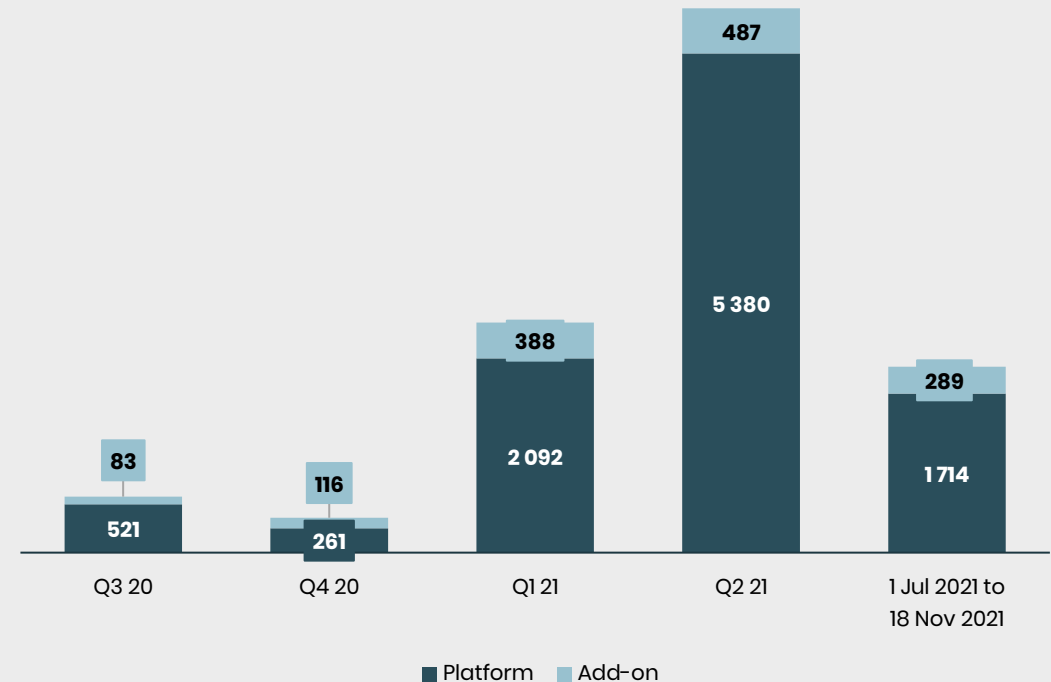
# Acquisitions

Limited M&A in Q3 due to the IPO but with 14 acquisitions so far in Q4 and a strong pipeline going forward the Storskogen's M&A engine is up to speed

## ACQUISITIONS IN THE QUARTER

- Marwell AG and Frigo AG acquired in Q3, with combined net sales in 2020 of SEK 77m
- So far in Q4, Storskogen has completed 14<sup>1)</sup> acquisitions
  - 2020 Net sales: SEK 1,925m
  - 2020 EBITA of SEK: 284m
- 150% increase in dealflow
- As per today, Storskogen has entered 17 LOIs and preferred buyer agreements
  - 2020 Net sales: SEK 2.6bn
  - 2020 EBITA: SEK 402m

## ACQUIRED ANNUAL REVENUE BY QUARTER



<sup>1)</sup> Storskogen has signed 2 acquisition agreements, but is yet to enter as owner. 2020 Net sales: SEK 419m with EBITA of SEK29m.

# Storskogen's recent acquisitions

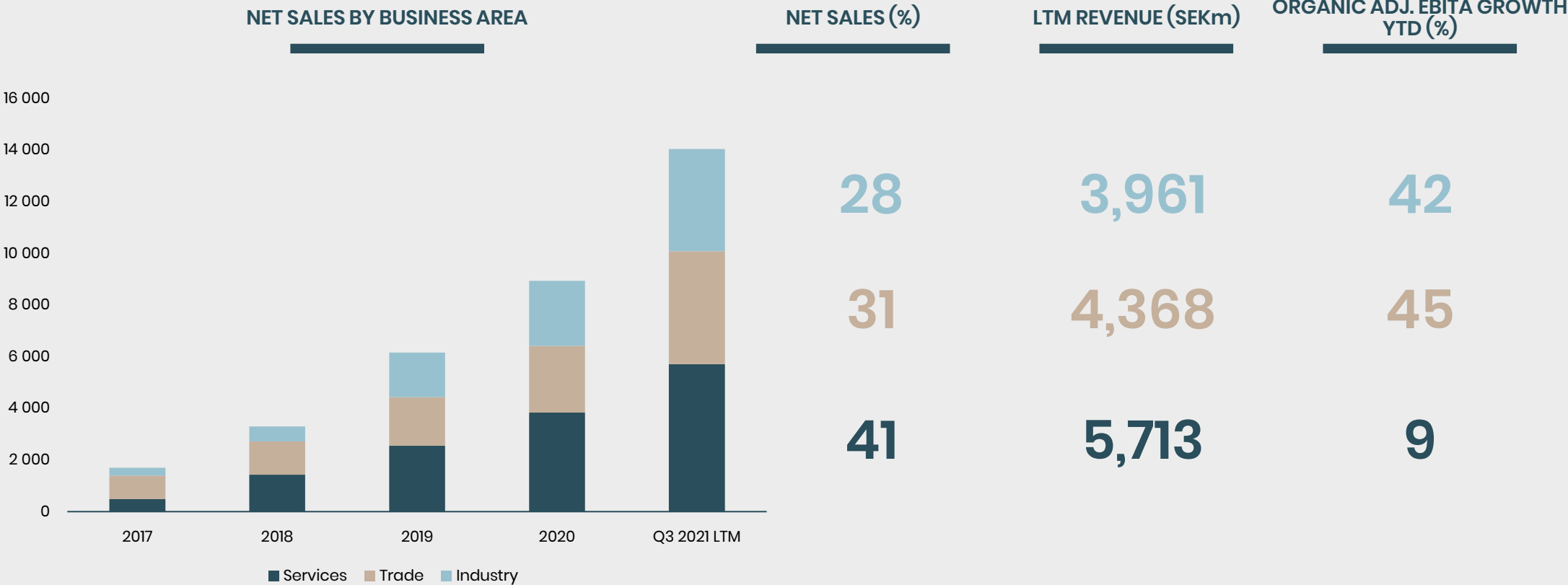
45 acquisitions during Jan-Sep, with combined 2020 net sales of SEK 8.4 bn

Acquisitions Jan-Sep (1/3)	Net sales, SEKm 2020	Acquisitions Jan-Sep (2/3)	Net sales, SEKm 2020	Acquisitions Jan-Sep (2/3)	Net sales, SEKm 2020
Pierre Entreprenad i Gävle AB	177	Mattbolaget i Uddevalla AB	23	Frigo AG	19
Örnsberg El Tele & Data AB	62	Harrysson Entreprenad Aktiebolag	133	<b>Acquisitions post Q3 (add-ons and BU)</b>	
Continovagruppen	219	Stockholm Kvadratmeter AB	60	Jernbro Automation	58
Ockelbo Kabelteknik AB	106	Aktiebolaget LM-Transport	81	Viametrics Group AB	49
Tjällmo Grävmaskiner AB	149	Lindberg Stenberg Arkitekter AB	60	Buildercom Group AB	60
Strand i Jönköping AB	132	Vårdväskan AB, incl. subsidiaries	70	DeroA AB (Adero)	276
Allan Eriksson Mark AB	70	Persiennkompaniet Norden AB	45	SoVent Group AB	416
Såg- och Betongborrning i Uddevalla	99	R. Ardbo Golv AB	52	Kumla Handtagsfabrik AB (Persson Innovation)	107
Nymålat i Skellefteå AB	39	Silanex AB	8	DRIVE	31
BEC Trägolvsprodukter AB	10	Jofrab TWS AB	207	Julian Bowen Ltd	412
Delér Måleri AB	100	Lan Assistans Sweden AB (Ecochange)	227	Larssons Måleri i Umeå AB	23
Stockholm Industrigolv AB	2	Newton Kompetensutveckling AB	58	Flexi Heater Sverige AB	6
Strigo AB	133	Zymbios Logistics Contractor AB	43	Fon Anlegg AS	142
PerfectHair AG	321	Roleff GmbH & Co. KG	175	Verkstadsindustri i Norr AB (Vinab)	253
Primulator AS	360	Aktiebolaget Wibe (Wibe Group)	735	PerGus Maskinförmedling AB	62
Danmatic A/S	264	Ashe Invest AB	128	GD Transport AB	33
Top Swede Konfektion AB	142	On Target AB	90		
HP Rör AB	95	Nordisk VVS-Teknik AB	128		
AGIO System och Kompetens	107	Artum AG	1,745		
Bombayworks AB	70	Enrival AB	63		
SGS Engineering UK Ltd	314	Brenderup Group AB	810		
Scandia Steel Sweden AB	435	Marwell AG	58		

Total number of acquisitions Jan-Sep	Total Net sales, SEKm 2020
45	8 424
Total number of acquisitions post Q3 (add-ons and BU)	Total Net sales, SEKm 2020
14	1 928

# Operational development by business area

70% net sales CAGR since 2017 and a strong organic EBITA growth momentum makes Storskogen well positioned for the rest of 2021





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# Key financial performance Q3 2021

Net sales increased 118% – Adj. EBITA growth 100%

- Significant net sales growth in all business areas, group net sales increased by 118% to SEK 4,744m
- Organic net sales growth was 16% in Q3 and 14% YTD 2021
- Adj. EBITA growth was 100%, of which 16% organic in Q3. Organic EBITA growth was 30% YTD 2021
- ROE totaled 12.6%, compared to 14.2% in the end of 2020. Diluted by share issues
- Cash conversion of -37.7% (88.3) in Q3 driven by operational cash flow being negatively affected by large non-recurring payments. LTM cash conversion amounted to 62.5%
- Net debt / Adj. EBITDA (RTM) in line with target at 2.8

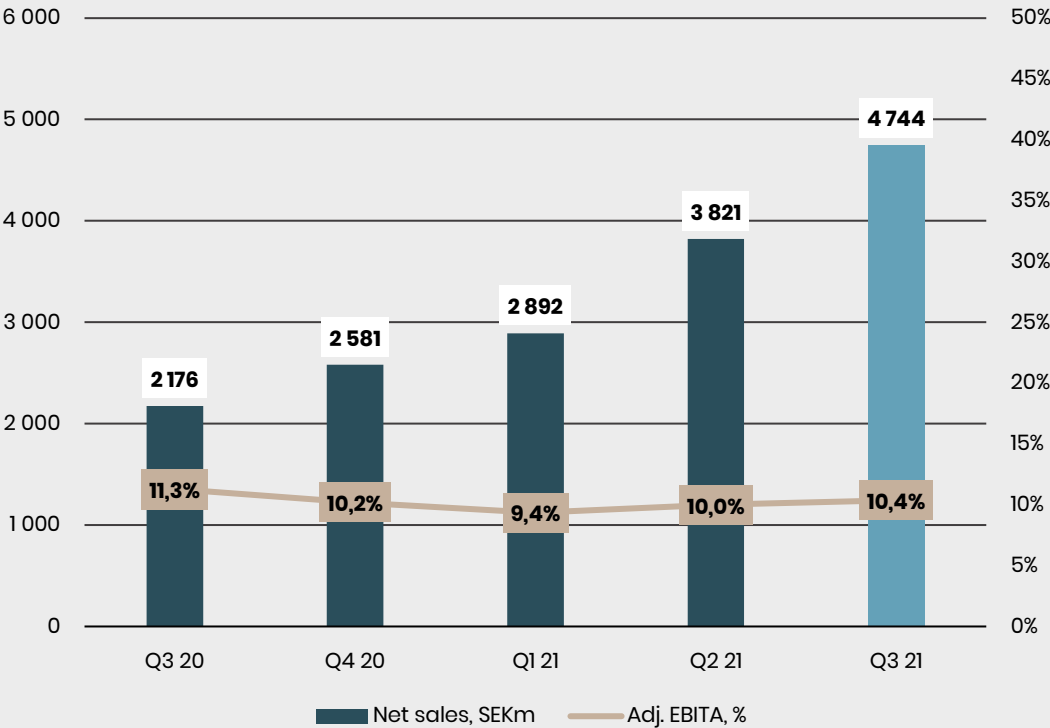
SEKm	2021 Q3	2020 Q3	Chg., %	LTM	RTM <sup>1)</sup>
Net sales	4,744	2,176	118	14,037	19,381
Adj. EBITDA	653	329	98	1,853	2,693
Adj. EBITA	492	246	100	1,371	2,147
Adj. EBITA margin, %	10.4	11.3	-	9.8	11.4
Net profit	314	168	116	858	
EPS, SEK	0.20	0.12	-	0.58	
ROE, %		12.9	-	12.6	
ROCE, %		9.6	-	8.8	
Operational cash flow	-410	219	-	1,022	
Cash conversion, %	-37.7	88.3	-	62.5	
Net debt / Adj. RTM EBITDA, x		1.4	-	2.8	

<sup>1)</sup> RTM (proforma)

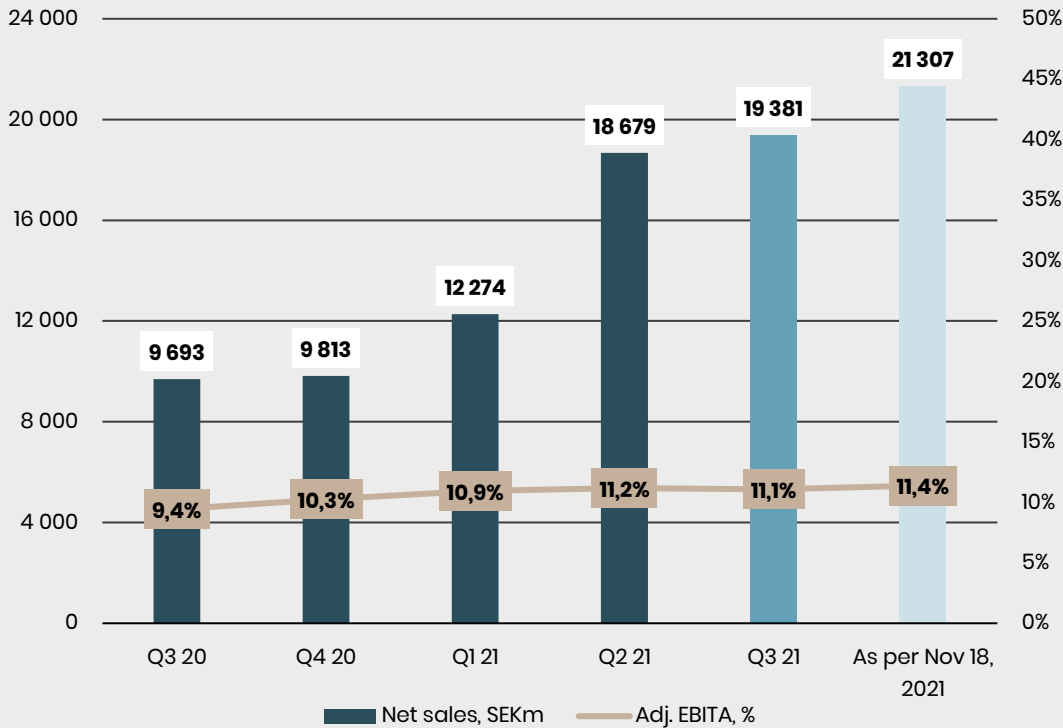
# Net sales and EBITA trend

Consistent sales growth and stable profitability combined with a strong M&A engine

NET SALES AND ADJUSTED EBITA MARGIN (Q)



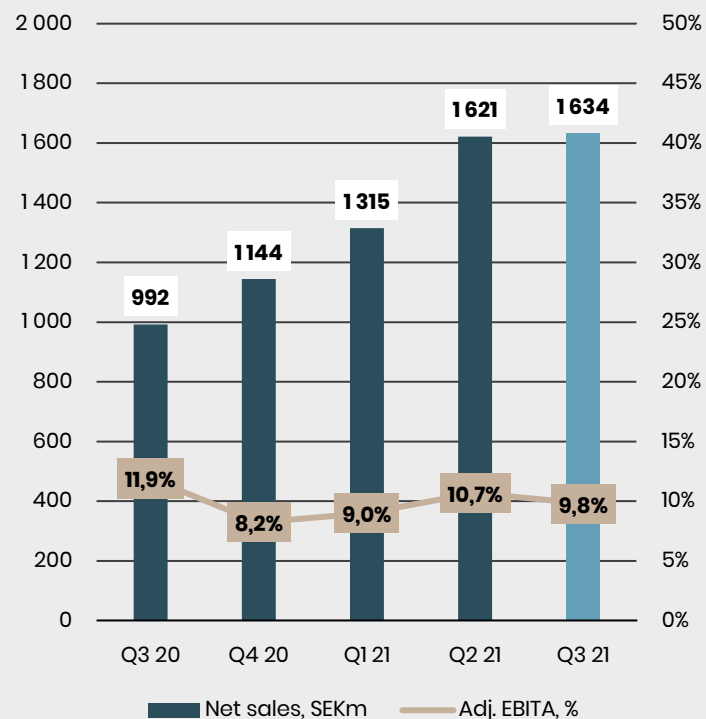
RTM NET SALES AND RTM ADJ. EBITA



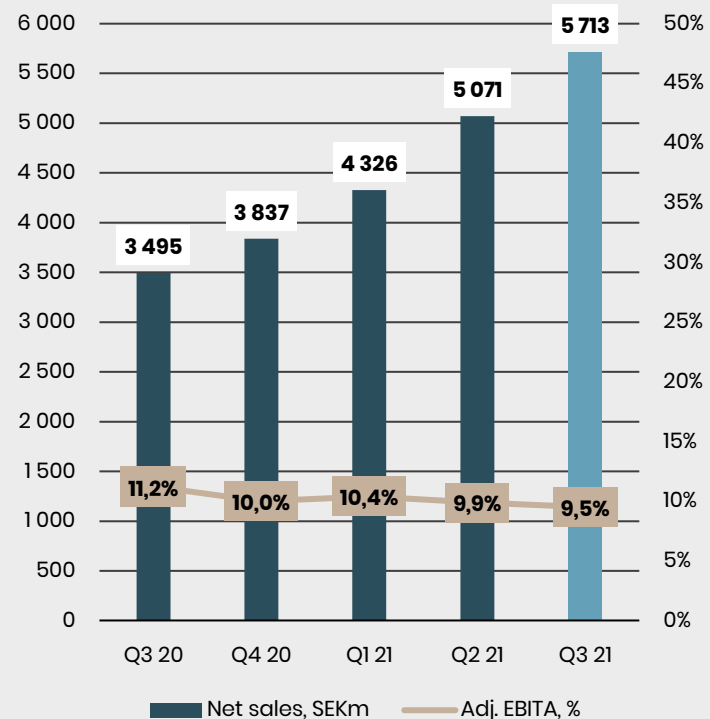
# Financial development – Services

Organic Y/Y growth despite an exceptionally strong Q3 2020

## NET SALES AND ADJ. EBITA MARGIN (Q)



## NET SALES AND ADJ. EBITA MARGIN (LTM)



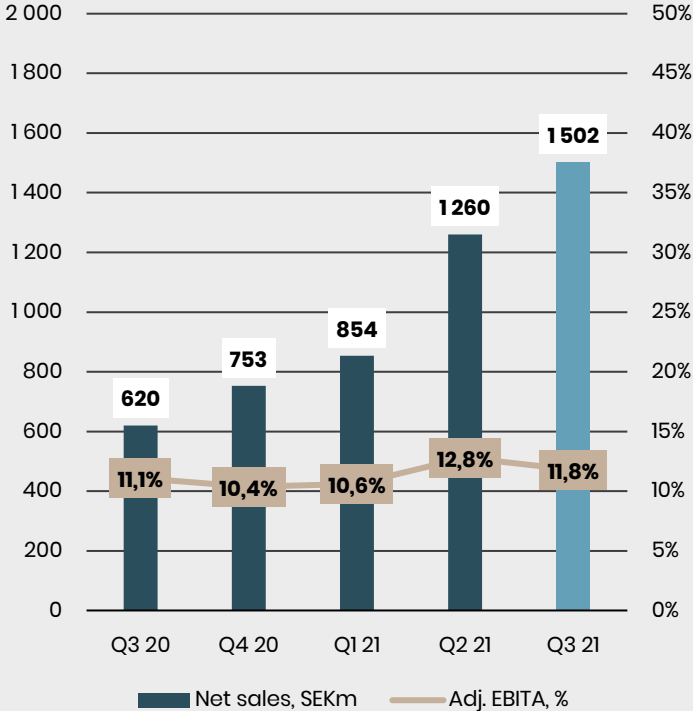
## COMMENT

- Net sales increased by 65% to SEK 1,634m.
- Adjusted EBITA amounted to SEK 160m, corresponding to a margin of 9.8%.
- Organic EBITA growth of 9% in 9M 2021.
- Annual net sales (LTM) grew from SEK 3,495m in Q3 2020 to SEK 5,713m Q3 2021.
- Weaker market for Installation, stronger for HR & Competence and Digital Services.

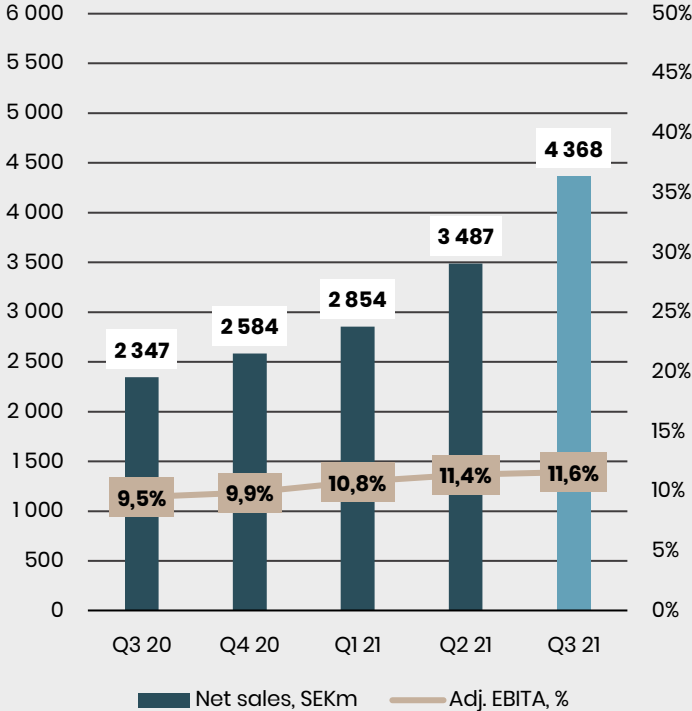
# Financial development – Trade

Net sales increased by 152% and improved margins – fuelled by increased demand in the verticals Brands and Distributors

**NET SALES AND ADJ. EBITA MARGIN (Q)**



**NET SALES AND ADJ. EBITA MARGIN (LTM)**



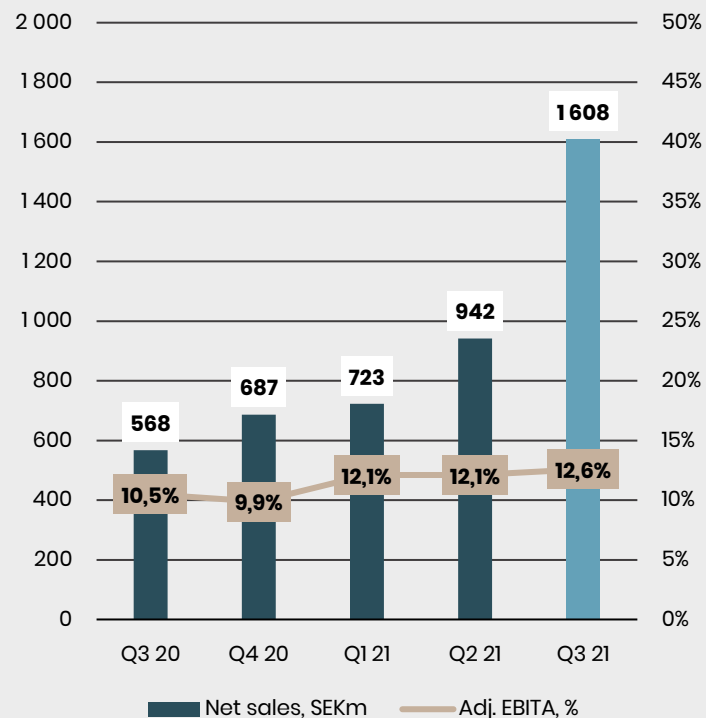
**COMMENT**

- Net sales increased by 152% to SEK 1,502m.
- Adjusted EBITA amounted to SEK 177m, corresponding to a margin of 11.8%.
- Organic EBITA growth of 45% in 9M 2021.
- Annual net sales (LTM) grew from SEK 2,347m in Q3 2020 to SEK 4,368 Q3 2021.
- Overall strong performance and demand within B2B especially within Distributors and Brands.

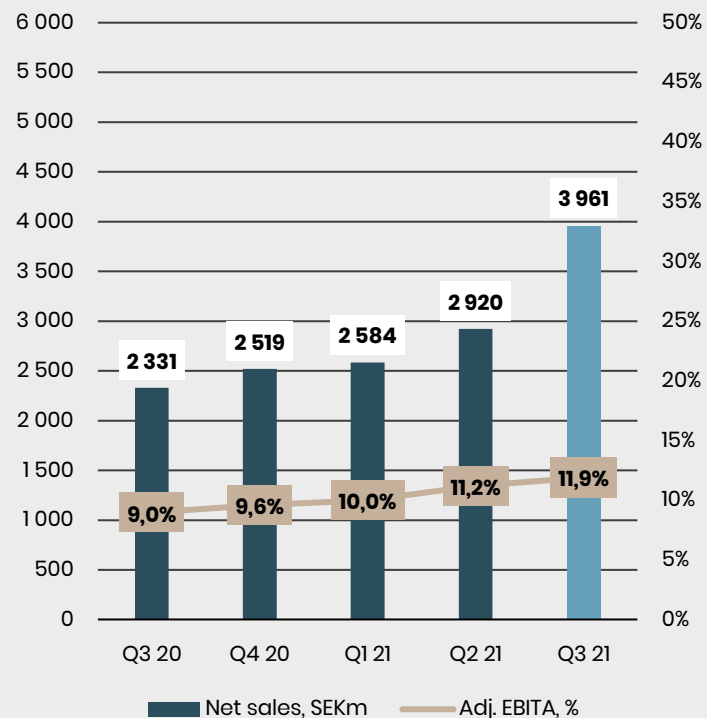
# Financial development – Industry

Strong growth driven by organic performance and M&A

## NET SALES AND ADJ. EBITA MARGIN (Q)



## NET SALES AND ADJ. EBITA MARGIN (LTM)



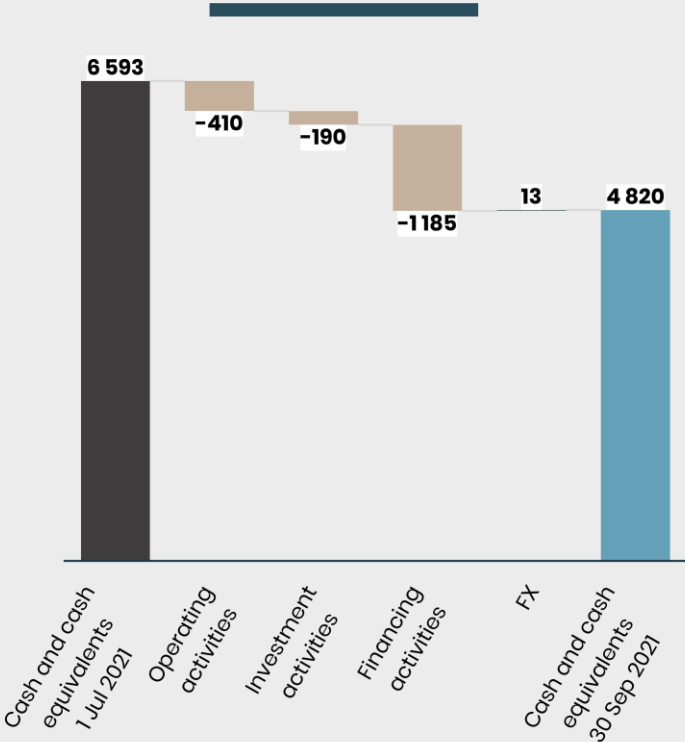
## COMMENT

- Net sales increased by 183% to SEK 1,608m.
- Adjusted EBITA amounted to SEK 203m, corresponding to a margin of 12.6%.
- Organic EBITA growth of 42% in 9M 2021.
- Annual net sales (LTM) grew from SEK 2,331m in Q3 2020 to SEK 3,961m Q3 2021.
- Particularly strong performance by Automation and Products verticals.

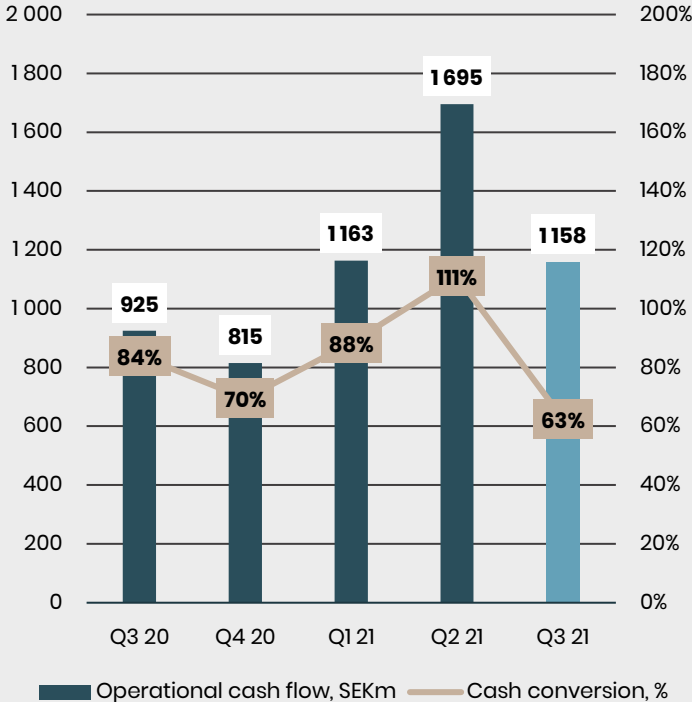
# Cash flow

LTM cash conversion 63% affected by strategic inventory build-up, approx. 71% on a normalised inventory level

## CASH FLOW BRIDGE



## OPERATIONAL CASH FLOW AND CASH CONVERSION (LTM)



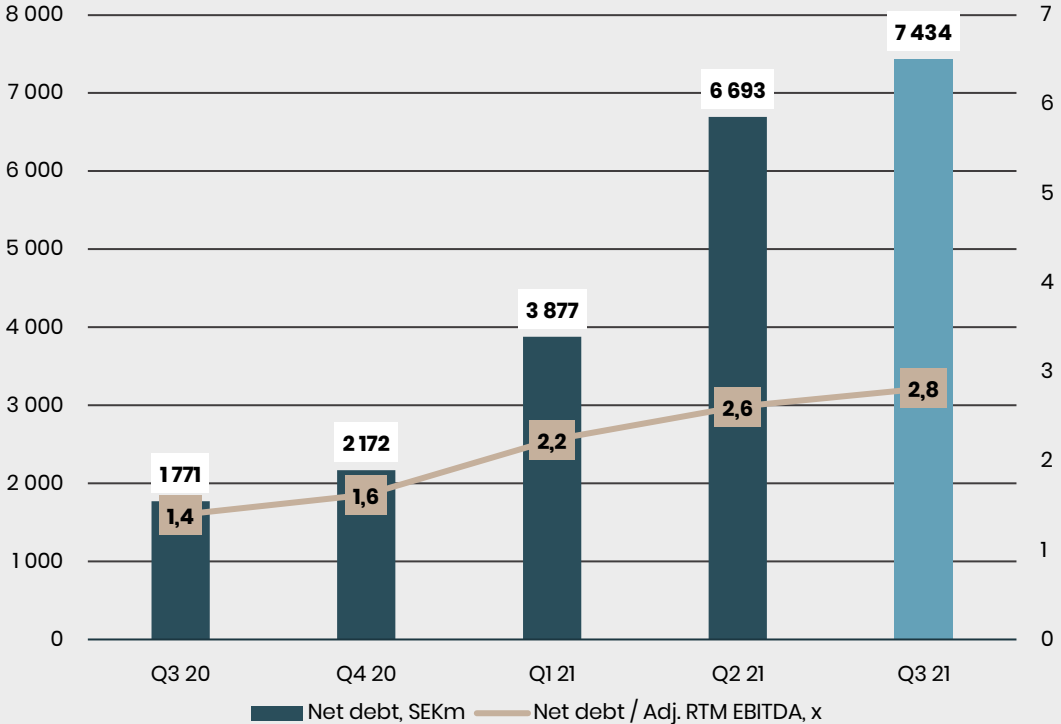
## COMMENT

- Cash flow from operations decreased to SEK -410m, driven by inventories and non-recurring payments.
- Cash conversion in Q3 2021 at -38% (88). LTM cash conversion at 63% vs. target of >70%. Strategic inventory build-up affected LTM cash conversion approx. 8%.
- Cash and cash equivalents totaled SEK 4.8bn in the end of Q3.
- Capex/sales 1.0% in Q3, 2.1% in 9M.

# Net debt

Leverage of 2.8 at end-Q3, in line with financial target of 2-3. Post IPO leverage close to zero

## NET DEBT AND LEVERAGE RATIO



## COMMENT

- Net debt increased to SEK 7.4bn.
- Financial net debt, excluding earn-outs and minority options, amounted to SEK 5.9bn.
- Leverage of 2.8 times Adj. RTM EBITDA, in line with financial targets.
- Leverage measured on financial net debt of 2.2x.
- Post IPO leverage close to zero after net IPO proceeds of SEK 7.2bn.



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# Strategic development

The aim of the business development is to become the best SME owner and to capture international business opportunities



- Strategic initiatives to enhance Storskogen's value contribution to portfolio companies such as Business Excellence Groups
- Storskogen intends to continue its M&A strategy supported by its strong cash position as well as primary proceeds from the IPO
- Storskogen aims to be established in all major geographical markets
- ESG is an ongoing journey and an integral part in our effective acquisition process

# Overview of financial guidance

Significantly stronger EBITA-growth but weaker cash conversion due to inventory build up compared to guidance

	<u>MEDIUM TERM</u>	<u>VALUE DRIVERS</u>	<u>2021</u>
<b>EBITA</b>	<p>2021 will show very strong growth, driven by both organic performance and pace of acquisitions</p> <p>We intend to continue our M&amp;A strategy and maintain growth levels in line with historical performance, in part supported by primary proceeds from the IPO</p> <p>Organic growth in line with real GDP growth +1-2%</p>	<p>Acquisitions to make up the largest growth driver which will be funded through cash generation and future debt issuance, taking into account our capital structure policy</p> <p>In the event of significant M&amp;A activity driven by the availability of attractive target companies, we may use potential future equity issuances to the extent the market allows</p> <p>Organic growth is driven by strong operational performance of portfolio companies and higher growth contribution from companies acquired outside of Sweden</p>	<p><b>30% org. YTD</b></p> <p><b>82% rep. YTD</b></p>
<b>EBITA margin</b>	around 10% over time	Diversified portfolio of profitable and stable businesses offering margins in-line with historical performance	<b>10.0% YTD</b>
<b>Cash conversion<sup>1</sup></b>	> 70%	On average, low capital requirements across the portfolio and strong focus on cash generation	<b>62.5% LTM</b>
<b>Leverage<sup>2</sup></b>	2.0-3.0x <sup>3</sup> Net Debt / Adj. RTM EBITDA <sup>4</sup> , not exceeding 3.5x	<p>Storskogen aims to invest its cash flow in organic growth initiatives and acquisitions while maintaining a responsible capital structure</p> <p>Leverage may temporarily exceed 3.0x due to timing of acquisitions</p>	<b>2.8x</b>
<b>Dividend</b>	Dividend payout ratio of 0-20% of net income	Profits and cash flows will primarily be used for value enhancing organic growth initiatives and acquisitions	

<sup>1</sup> Defined as (EBITDA-maintenance capex-change in WC)/EBITDA. <sup>2</sup> Net debt (Interest-bearing liabilities (including minority options and earn-out liabilities) minus cash and cash equivalents.) in relation to the cash results of operations. <sup>3</sup> Leverage may temporarily exceed 3.0x Net debt/EBITDA due to timing of acquisitions. <sup>4</sup> Adj. RTM EBITDA defined as Reported EBITDA for the period adjusted to reflect EBITDA generated by businesses acquired during that period as if those acquisitions had occurred on the first day of that period.

# Key takeaways

## Well-positioned financially and operationally for continued acquisitions and expansion

- Strong growth continued in Q3
- Profitability in line with targets
- Temporary lower cash-conversion due to strategic inventory build-up
- Secured financing for a continued high acquisition activity
- As per the date of the report, 17 signed LOIs and preferred buyer
  - 2020 Net sales of SEK 2.6 bn
  - 2020 EBITA of SEK 402m



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→ **4. Q&A**

Q&A

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