



# Interim Report January–June 2021

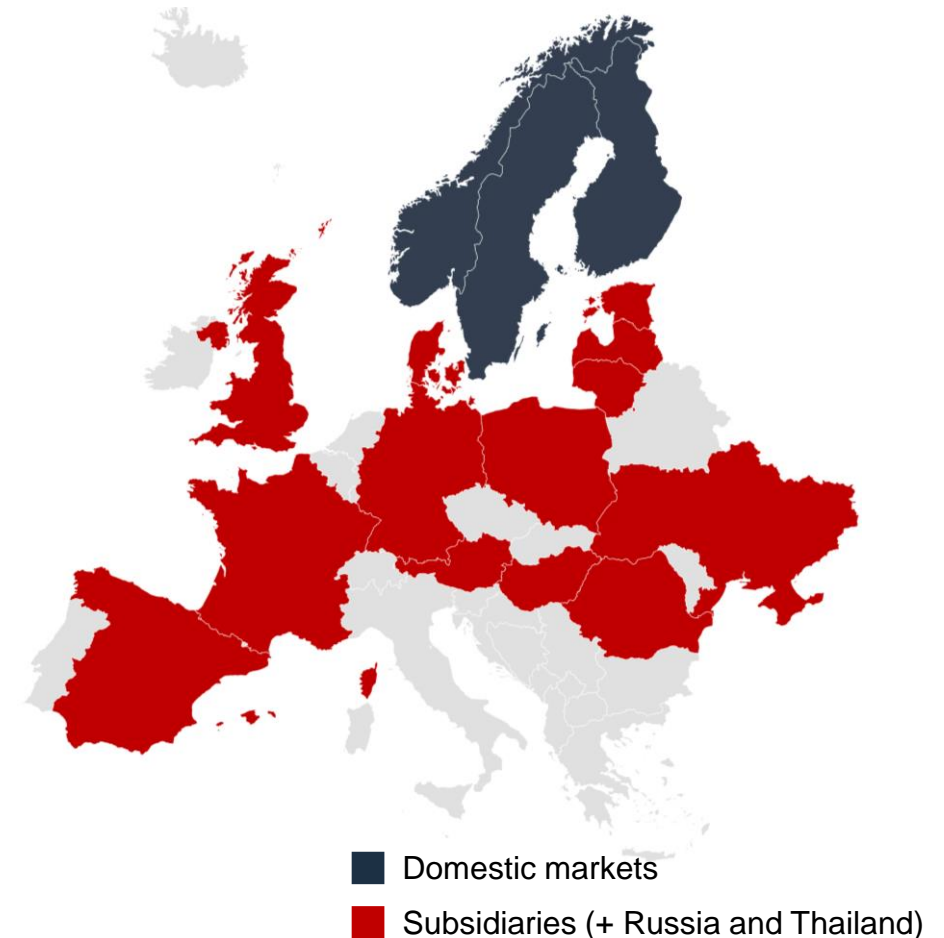
Andreas Stenbäck, CEO

16 July 2021

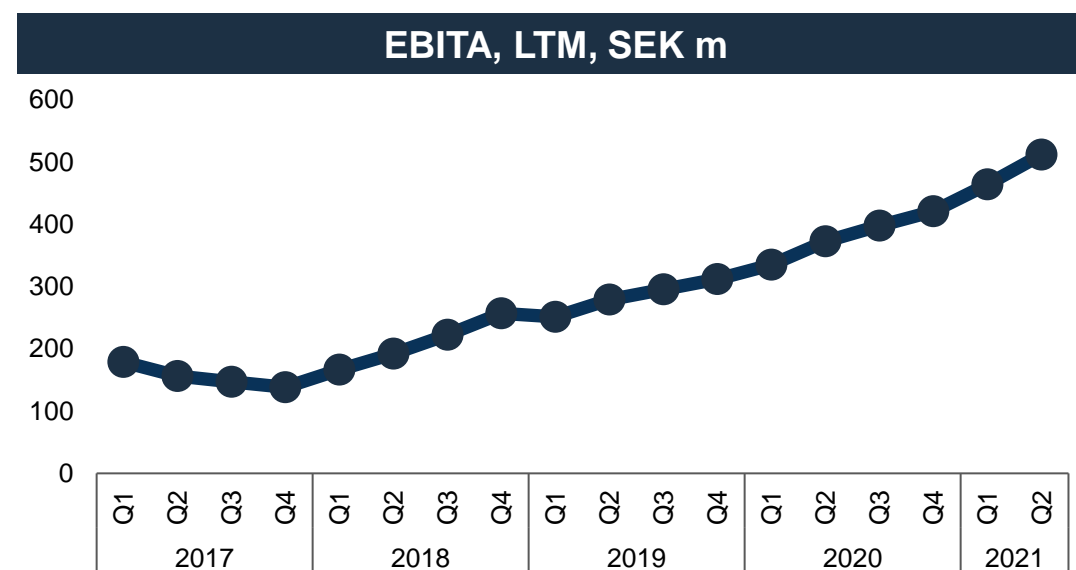
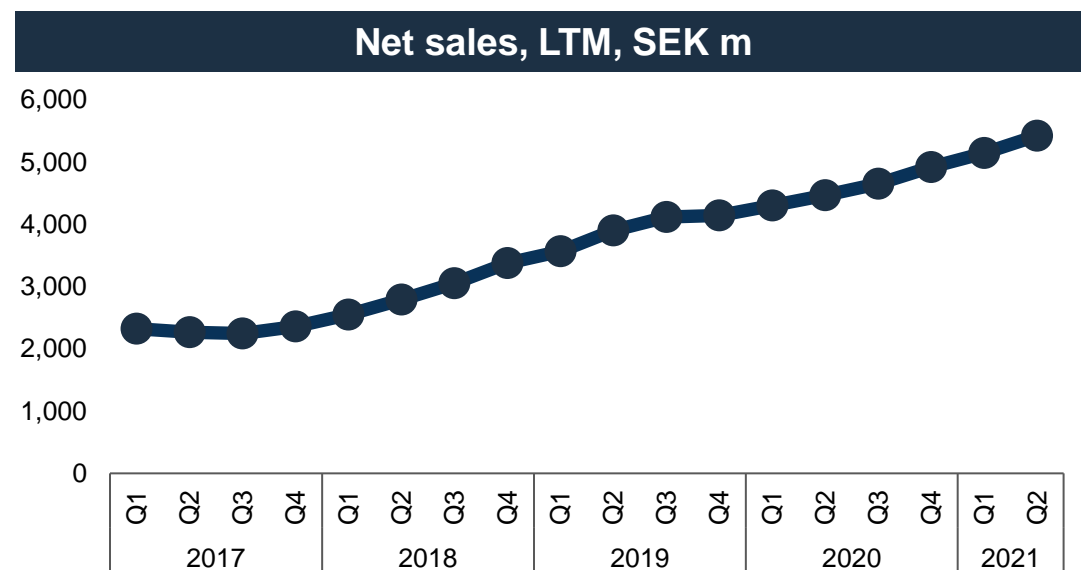
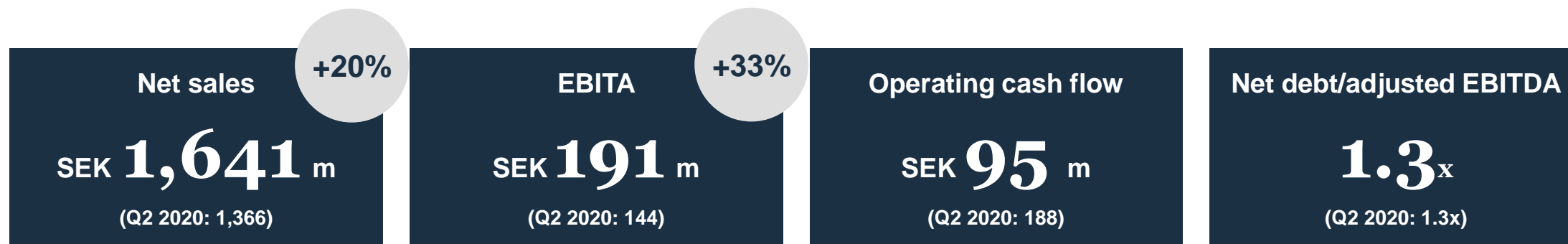
# Volati is a diversified industrial group consisting of well-managed companies with good earnings

Volati	
Net sales SEK 5,421 m	EBITA SEK 512 m
<b>Salix Group</b> Three business areas Business in 7 countries	<b>Industry</b> Five business units Business in 15 countries

*“Acquires and develops well-managed companies with the goal of creating long-term value growth”*



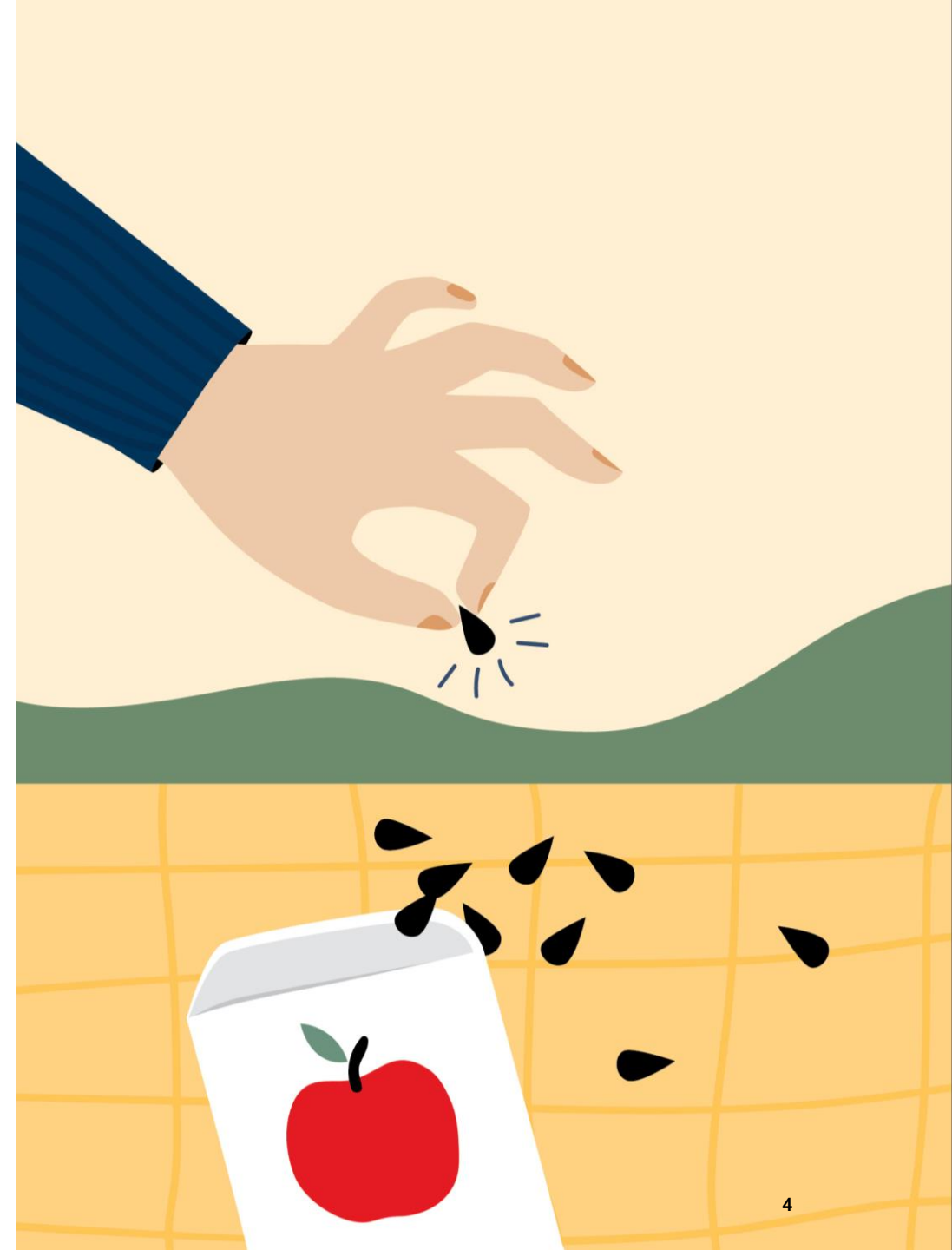
# Financial development, Q2 2021



# Strong earnings growth in Q2

- Strong financial development in both business areas
- Volati EBITA growth +33% to SEK 191 million (144)\*
- Return on adjusted equity of 64%. 25% excluding capital gains from business area Consumer and Bokusgruppen
- Four acquisitions in business area industry with SEK 700 million in revenue, incl. three add-ons
- Operating cash flow amounting to SEK 95 million (188). The lower cash flow is due to higher working capital which can be partly explained by a normalization toward historical levels. A normal cash conversion is expected to be reached again over time
- Other key events during the quarter
  - Distribution of Bokusgruppen to shareholders, capital gain ~ SEK 115 million
  - Martin Aronsson appointed as new CFO of Volati
  - Martin Hansson appointed as new CEO of Salix Group
  - Bond of SEK 600 million was repaid using existing credit facilities

\*The Q2 report focuses on continuing operations excl. Bokusgruppen

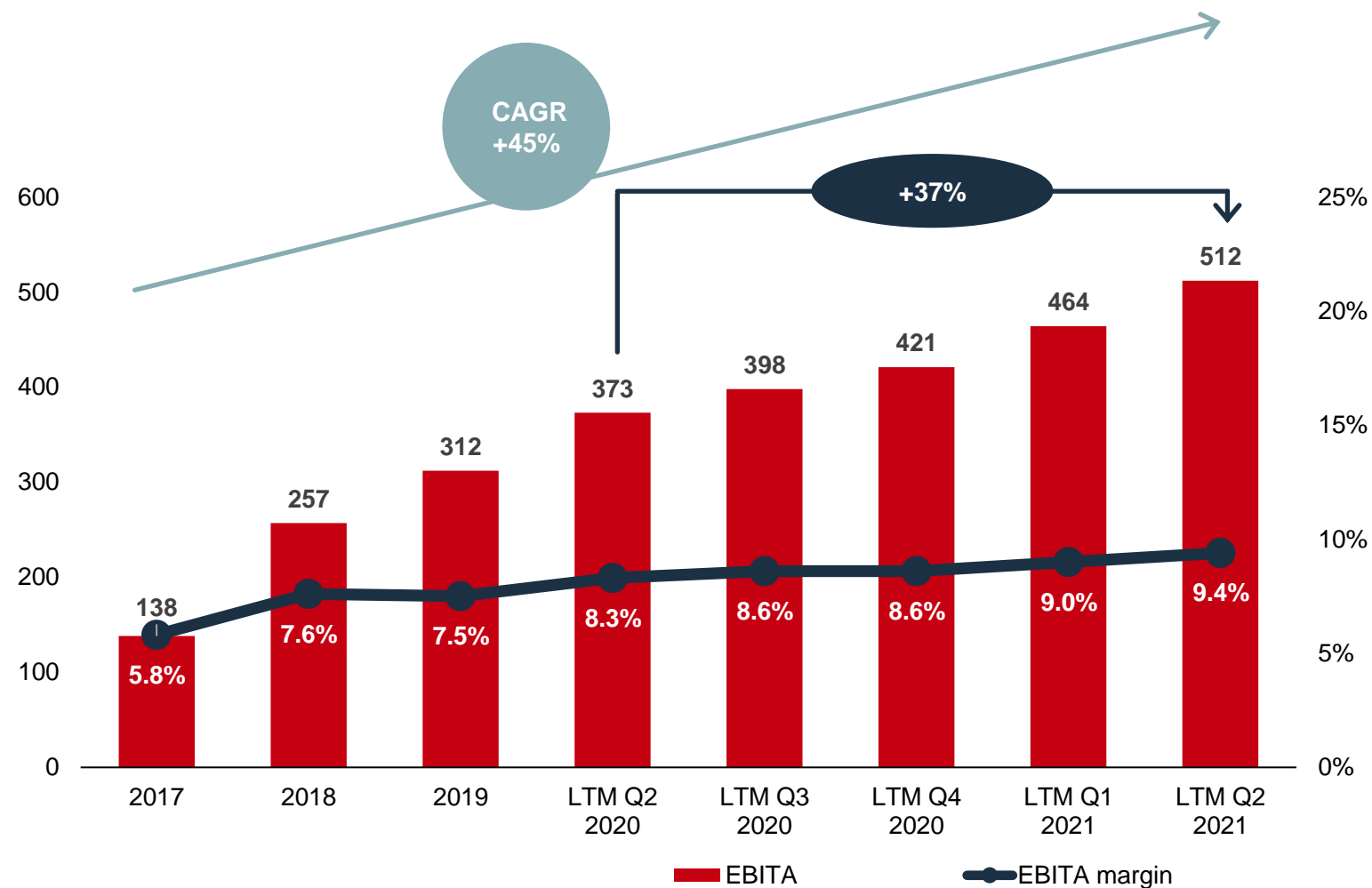


# Financial development, LTM Q2 2021

Net sales  
**SEK 5,421 m**  
 (Q2 2020: 4,469)

EBITA  
**SEK 512 m**  
 (Q2 2020: 373)

Operating cash flow  
**SEK 431 m**



# Financial targets

## EBITA growth

The target is an average annual growth in EBITA per ordinary share of at least 15 percent over a business cycle.

## Return on adjusted equity

The long-term target is a return on adjusted equity\* of 20 percent.

## Capital structure

The target is a net debt/adjusted EBITDA\* ratio of 2 to 3 times as an average over the last four quarters, and not exceeding 3.5 times.

Growth in EBITA per ordinary share, LTM

**37%**

(2020: 35%)

Return on adjusted equity

**64%**

(2020: 51%)

Net debt/adjusted EBITDA

**0.7x**

(2020: 0.9x)

The second and third graphs include divested operations. \*See pages 131-136 of the 2020 Annual Report for definitions of alternative performance measures.

# Two business areas with high growth focus



Products in builder's hardware, consumables, and materials for construction, home and garden, packaging and forestry along with agriculture.



Products and solutions for companies in grain management, dampness and water damage management, labels, stone products and cement products.



Previously  
business area Trading

**53%**  
of Group  
EBITA, LTM

## The DIY trend continues to deliver results

- Sales increased by 26 percent and EBITA by 24 percent over Q2 2020 despite meeting tougher comparative figures, in particular from the second half of the quarter
- The strong DIY trend in home renovations and gardening continues to drive sales
- Demand was also good in the construction, wood and small-scale farming segments, helped by initiatives to improve organic growth long-term
- Operational challenges due to the pandemic, with rising material prices and disrupted supply chains

	Apr–Jun 2021	Apr–Jun 2020	LTM	Full year 2020
Net sales, SEK m	898	712	2,990	2,665
EBITA, SEK m	107	86	312	265
EBITA margin, %	12	12	10	10
ROCE excl. goodwill, %	42	32	42	38
ROCE incl. goodwill, %	19	14	19	17



# Financial development, LTM Q2 2021



SALIX GROUP

Net sales

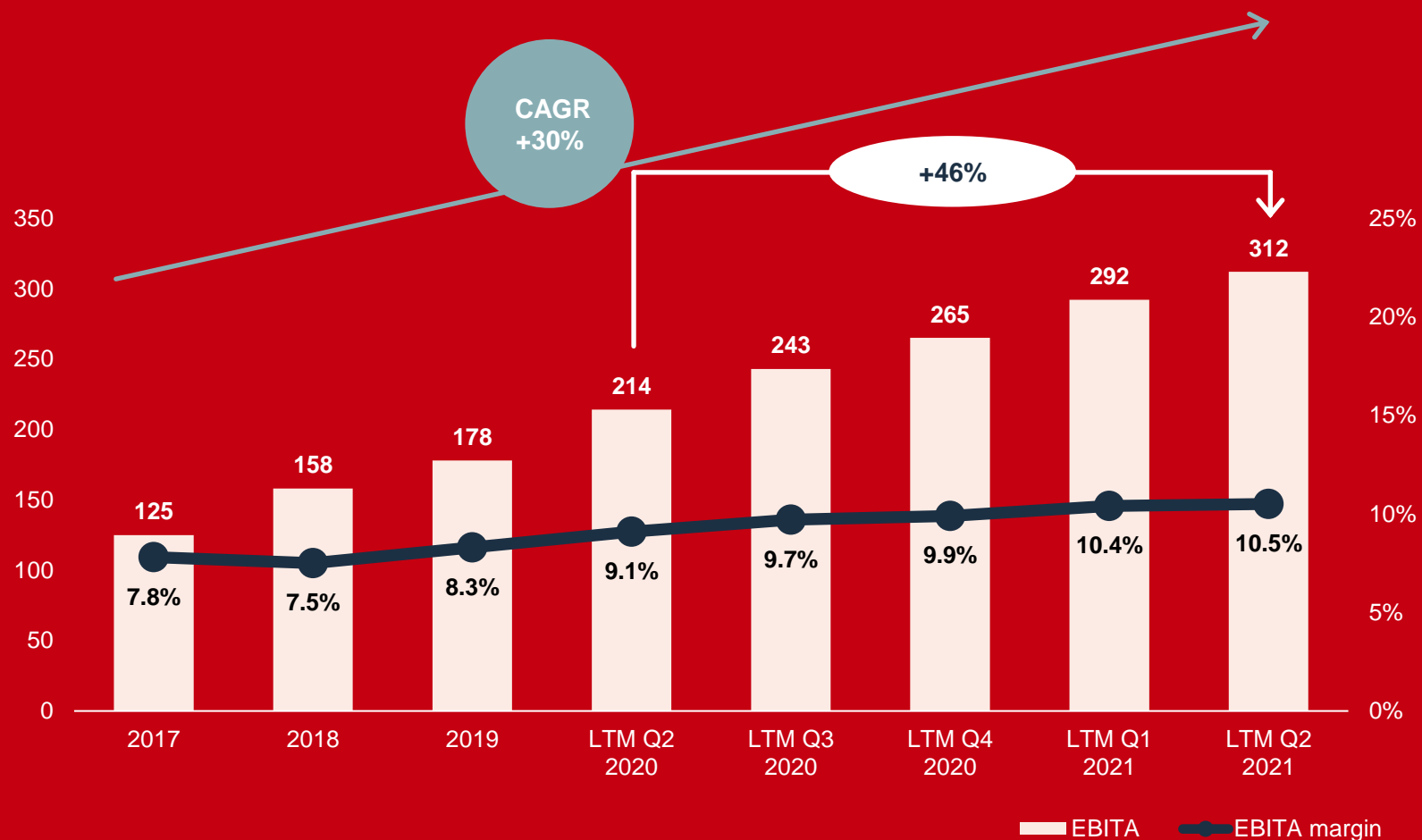
SEK **2,990** m

(Q2 2020: 2,356)

EBITA

SEK **312** m

(Q2 2020: 214)



Business area  
**Industry**

**47%**  
of Group  
EBITA, LTM

## High demand and acquisitions behind sales increase

- Sales growth of 14 percent and an EBITA increase of 29 percent, vs. Q2 2020
- Strong demand in all business units. For example, business unit Corroventa has experienced a strong demand on the back of floodings across Europe
- Price adjustments, productivity improvements and good cost control improved results and profitability in all business units
- After end of quarter, Cementa has been informed that its permit to mine limestone at one of its production sites has been rejected. Cementa is a key supplier to S:t Eriks, one of five business units in the business area, and we are currently analysing the impact of the decision

	Apr–Jun 2021	Apr–Jun 2020	LTM	Full year 2020
Net sales, SEK m	744	654	2,434	2,258
EBITA, SEK m	100	77	278	236
EBITA margin, %	13	12	11	10
ROCE excl. goodwill, %	34	25	34	29
ROCE incl. goodwill, %	21	16	21	18

# Financial development, LTM Q2 2021



Net sales

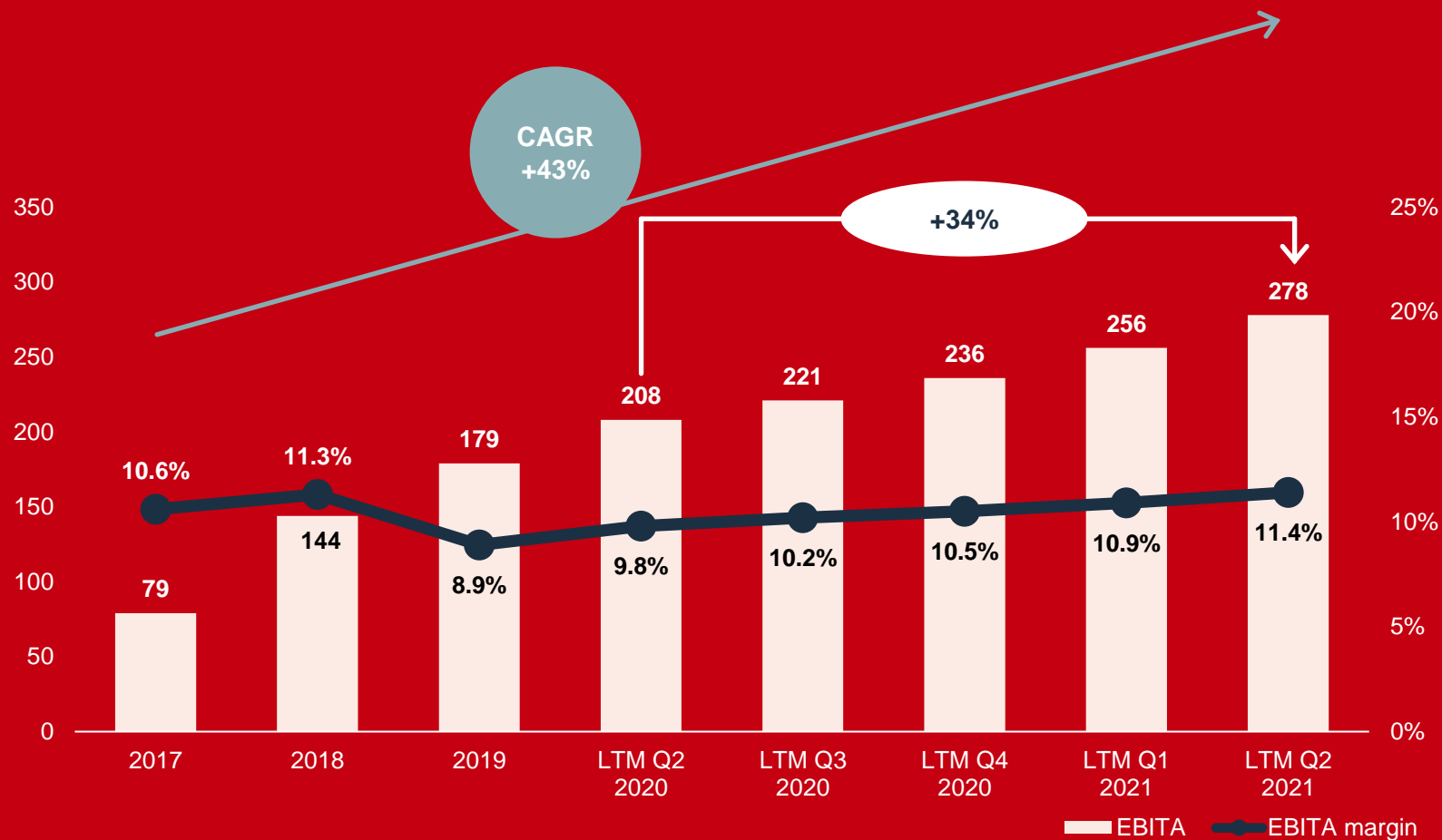
SEK **2,434** m

(Q2 2020: 2,115)

EBITA

SEK **278** m

(Q2 2020: 208)



# Focus on building an acquisitions pipeline

## Add-on acquisitions

- Decentralised acquisition organisation.
- Structures and processes in place to manage the entire acquisition process – from building a pipeline to completing transactions and integrating companies.
- Identifying potential add-on acquisitions an integrated part of strategic work, meaning strong inflow.
- We have the position as a natural industrial buyer.

## Platform acquisitions

- Centralised acquisition organisation.
- Wide acquisition expertise and experience with a solid reputation as a trustworthy counterpart.
- Combination of long term and structured work to build an M&A pipeline, and an opportunistic approach when situations occur.
- Important sourcing channels include the Volati group, our own networks outside Volati, good relations with professional advisors, etc.

# Acquisitions for continued high growth



## Scanmast

- Sales: SEK 294 m
- Seller: Private equity
- Acquisition of a new business unit to Industry, which complements synergistic add-on acquisitions
- Proven business model, leading market position and strong cash flows
- Adds exposure to the infrastructure segment and telecom



## Byggsystem Direkt

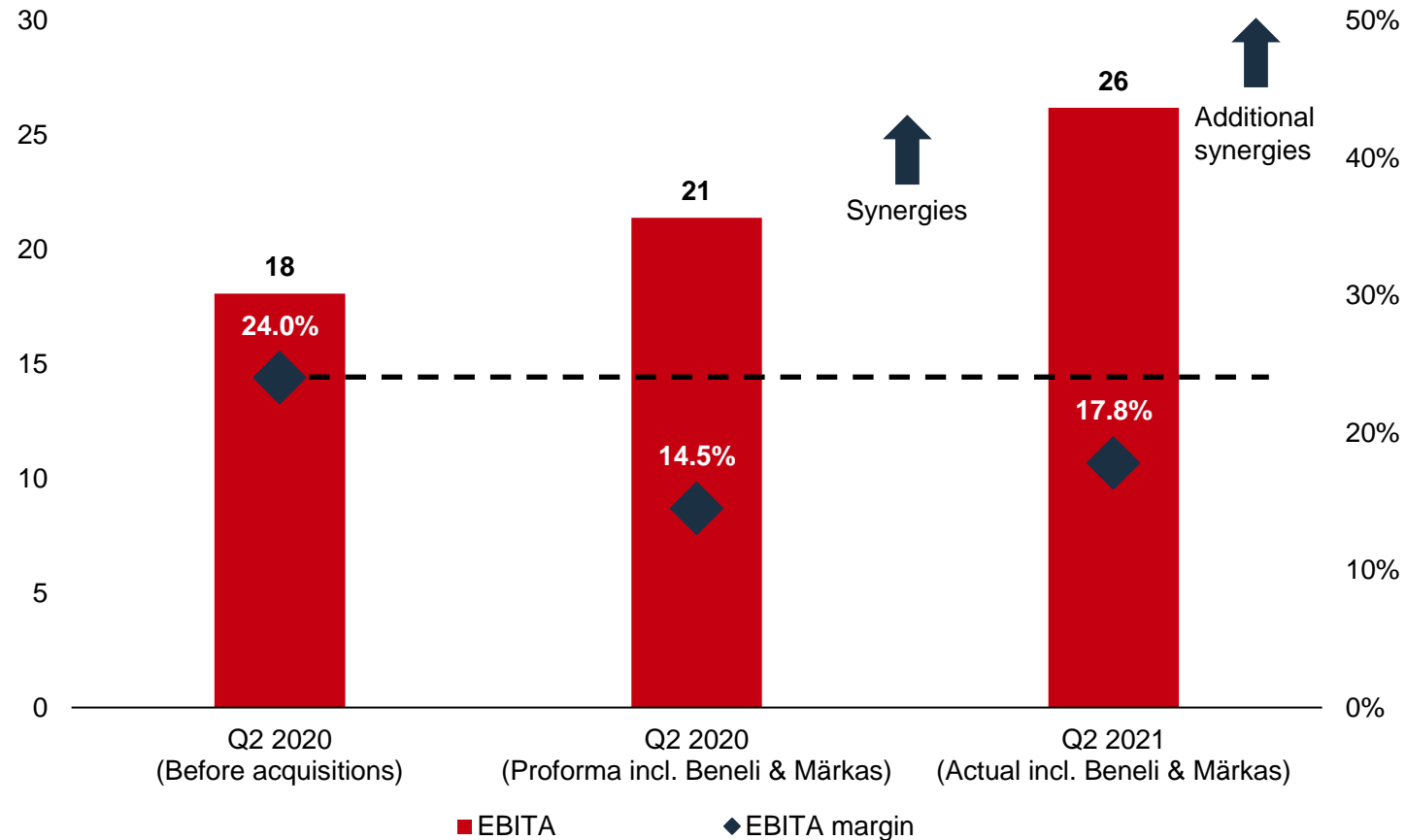
- Sales: SEK 60 m
- Seller: Private
- Synergistic add-on acquisition to St:Eriks
- Strong market position in the building foundation niche
- Strengthens S:t Eriks offering in a growing and profitable niche in which S:t Eriks only had limited activity



## Apisa (Q3)

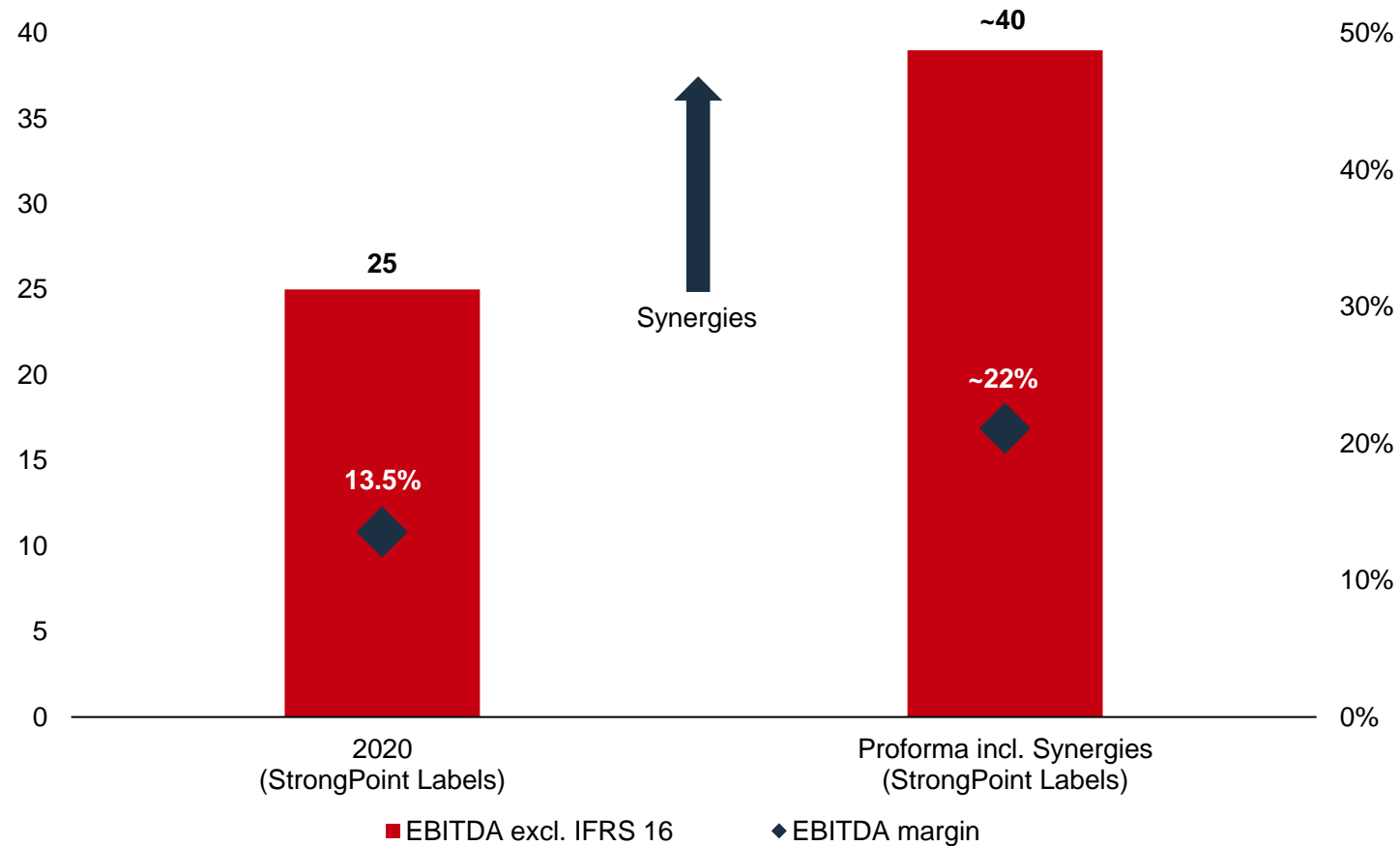
- Sales: SEK 150 m
- Seller: Private
- Synergistic add-on acquisition to Tornum
- Market leading position in its niche in Spain, one of the largest grain handling markets in Europe
- Expands and complements product portfolio in grain, feed and biomass

# Case Ettiketto – synergy realisation from 2020 add-on acquisitions well underway



- Beneli (June) and Märkas (September) were two synergistic add-on acquisitions in 2020
- Synergy realisation has been successful and is proceeding according to plan
- For illustrative purposes we have included Q2 2021 EBITA, where the margin increased with 23% to 17,8%
- Still synergies left to realise, in particular connected to the closure of the Märkas production site

# Case Ettiketto – acquisition of StrongPoint Labels



- In June 2021, StrongPoint Labels was acquired – another synergistic add-on acquisition
- Strengthens Ettiketto’s position on the Swedish market
- Strategically important entry into the Norwegian market
- Synergies primarily connected to sourcing, administration and production optimisation

# Acquisitions last 12 months with a total annual turnover of SEK 1.3 billion

## Märkas

September  
2020

SALES  
**169**  
MSEK

## Pisla

September  
2020

SALES  
**260**  
MSEK

## JPT

January  
2021

SALES  
**102**  
MSEK

## Duschprodukter Sweden

March  
2021

SALES  
**100**  
MSEK

## Scanmast

June  
2021

SALES  
**294**  
MSEK

## StrongPoint Labels

June  
2021

SALES  
**185**  
MSEK

## Byggsystem Direkt

June  
2021

SALES  
**60**  
MSEK

## Apisa

July  
2021

SALES  
**150**  
MSEK

Focus on integration and synergy realisation



# Increased central focus on acquisitions creates better conditions for high growth rate

- Structural changes enable increased central focus on M&A
- Significant financial capacity enables additional add-on acquisitions as well as selective platform acquisitions of medium-sized companies to broaden operations into new attractive areas
- Some of the platform acquisitions will have the potential to eventually become independent business areas within Volati



Selective acquisitions into new segments will improve conditions for a future high growth rate

# Summary

## Continuing to deliver strong results

- EBITA growth of 33 percent to SEK 191 m, excl Bokusgruppen

## Offering shareholder value

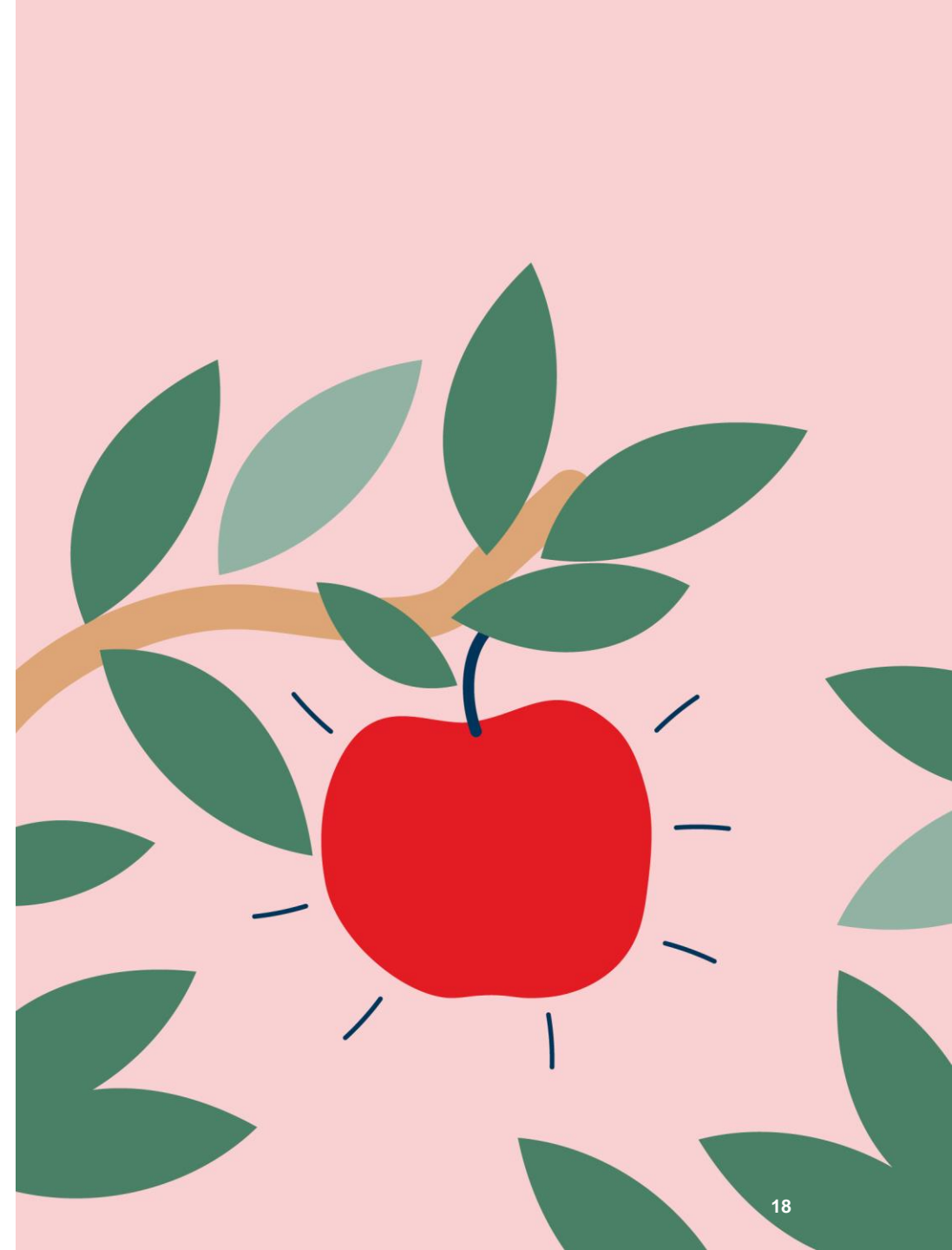
- Return on adjusted equity of 64%. 25% excluding capital gains from business area Consumer and Bokusgruppen
- SEK 114 m in dividends to ordinary and preference shareholders
- Bokusgruppen distributed to ordinary shareholders

## Delivering on our growth journey

- Two fast-growing business areas after Bokusgruppen distribution
- Increased independence for Salix Group
- New hires coming onboard with clear growth and M&A focus
- Four additional acquisitions, incl. early Q3

## Solid financial position

- Net debt to adjusted EBITDA at 1.3x
- Acquisition capacity of SEK +2 bn. going forward



# Volati – a growing Swedish Industrial Group



volati.