



Interim Report January–March 2020

Mårten Andersson, CEO

Andreas Stenbäck, CFO

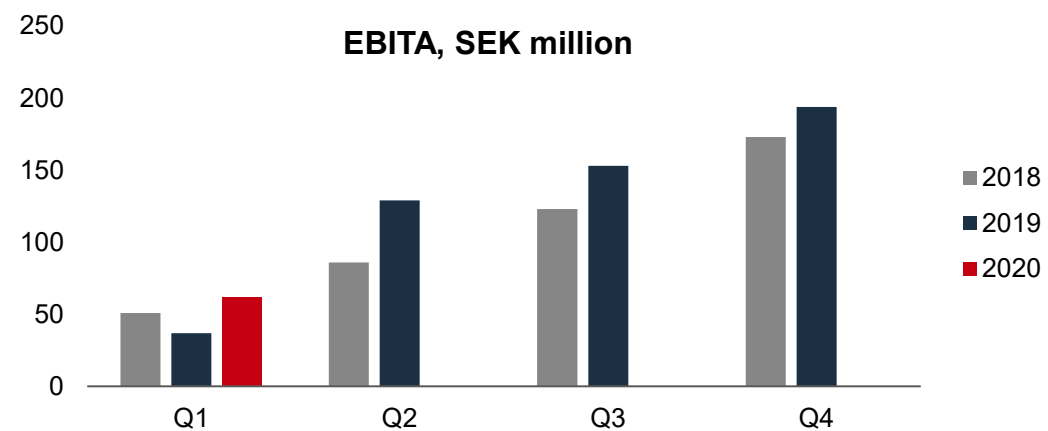
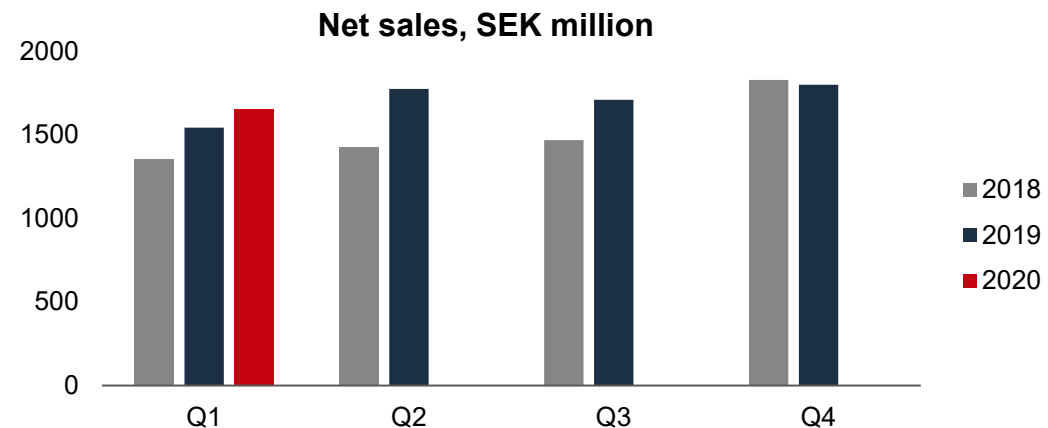
5 May 2020

Financial development in Q1 2020

Net sales
SEK 1,658 m (1,544)

EBITA
SEK 62 m (37)

EBITA growth
+ 65%



Q1 2020 in brief

- A strong quarter. EBITA increased by 65 percent and net sales by 7 percent. Good underlying operating performance in all business areas.
- Our continuous work on ensuring strong sustainable earnings in our business units was a major contributor to the improved earnings in Q1.
- Coordinated and systematic approach to handle the initial challenges that followed the outbreak of the Covid-19 pandemic:
 - ensure employees' health.
 - strengthen liquidity.
 - safeguard profitability in the business units.
- To ensure that Volati can act from as strong a position as possible, the Board of Directors proposes that no dividend be paid to ordinary shareholders.

Financial development, LTM Q1 2020

Net sales

SEK **6,947** m
(2019: 6,833)

EBITA

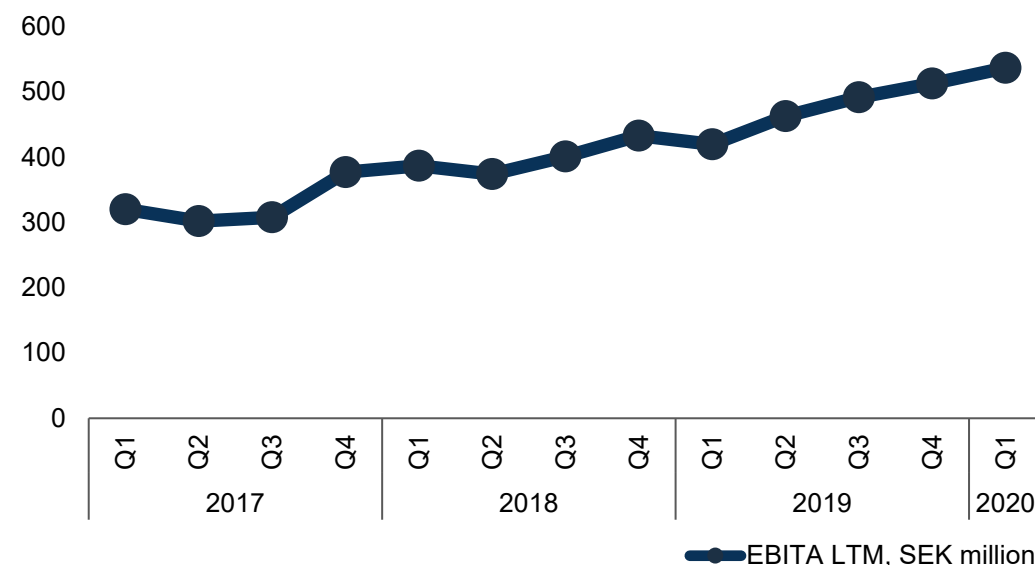
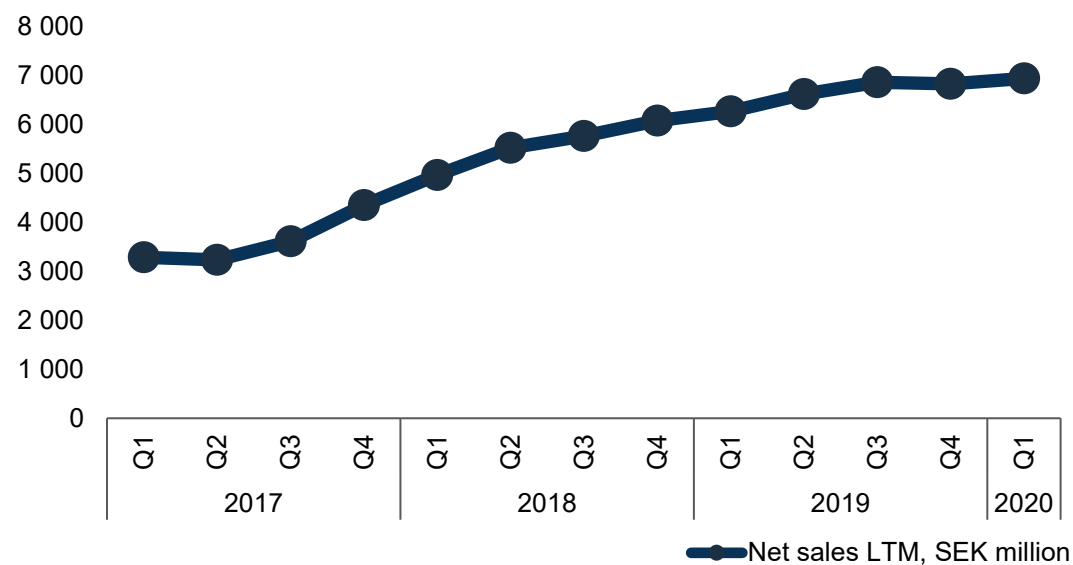
SEK **537** m
(2019: 513)

Operating cash flow

SEK **626** m
(2019: 523)

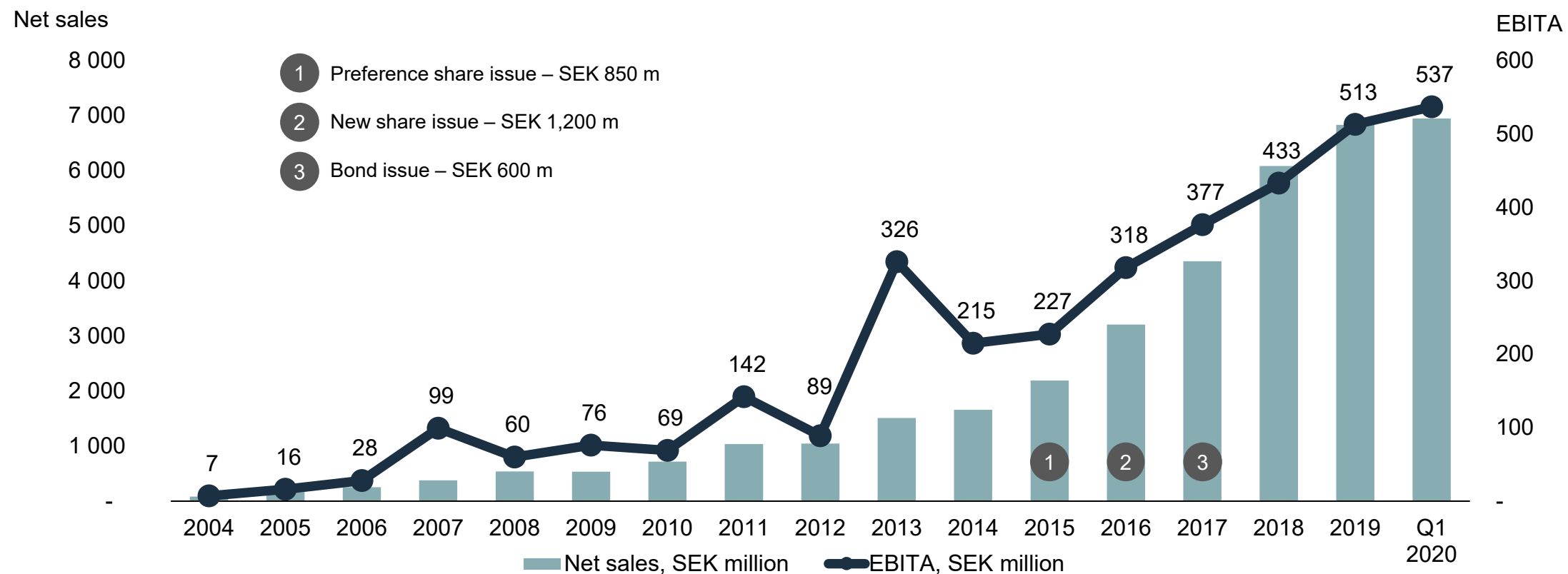
Net debt/adjusted EBITDA

1.9_x
(2019: 1.5)



Long-term perspective

Compound Annual Growth Rate of EBITA 2004-2019: 33 percent.



A value-adding business model

Volati's success has been created with a tried and tested business model that is the same today as when the company was founded in 2003. It is based on four mutually reinforcing fundamental principles.

A strong operating cash flow in the business units ...

SEK 523 m

Operating cash flow 2019

...is used for further acquisitions of companies with strong cash flows...

30

Number of acquisitions 2004 – 2019

...at reasonable valuations...

5,9X

Average acquisition multiple (EV/EBITDA) 2004–2019

...and with a focus on long-term value creation.

23%

CAGR EBITA 2015–2019

Business area
Trading

33%
of EBITA

Q1 2020 in brief

- Net sales increased driven by stronger demand in general and completed add-on acquisitions.
- Strong earnings growth despite challenges from a weaker Swedish and Norwegian Krona. Successful work on pricing and cost efficiencies.
- All in all, the business area shows good profitability and continued strong market positions.

	Jan–Mar 2020	Jan–Mar 2019	LTM Q1 2020	Full-year 2019
Net sales, SEK m	590	496	2,232	2,138
EBITA, SEK m	38	29	188	178
EBITA margin, %	7	6	8	8
EBIT, SEK m	35	26	176	167
ROCE excl. goodwill, %	29	34	29	28
ROCE incl. goodwill, %	12	12	12	12



Business area

Consumer

20%

of EBITA

Q1 2020 in brief

- Earnings improved driven by continued good profitability and a strong market position in the vehicle inspection business.
- All in all, a stable quarter where an increased market size within the vehicle inspection business led to increased demand for the business area's services.

	Jan–Mar 2020	Jan–Mar 2019	LTM Q1 2020	Full-year 2019
Net sales, SEK m	186	222	859	895
EBITA, SEK m	6	5	113	112
EBITA margin, %	3	2	13	13
EBIT, SEK m	3	2	102 ¹⁾	101 ¹⁾
ROCE excl. goodwill, %	77	129	77	76
ROCE incl. goodwill, %	16	11	16	14

¹⁾Excluding impairment of intangible assets in Q3 2019.

As of november 2019, me&i is no longer consolidated in Volati.



Business area

Akademi- bokhandeln

13%
of EBITA

Q1 2020 in brief

- Demand developed positively during the first part of the quarter. As of mid-March, store sales was negatively affected by the coronavirus and on average 35 percent lower than normal for the period.
- Good demand in the business area's e-commerce channels – Akademibokhandeln.se, Bokus and Bokus Play.
- Stable earnings despite lower net sales, driven by strong store sales in the beginning of the quarter, cost control and efficient operations in general.

	Jan–Mar 2020	Jan–Mar 2019	LTM Q1 2020	Full-year 2019
Net sales, SEK m	444	453	1,784	1,793
EBITA, SEK m	-3	-3	76	76
EBITA margin, %	-1	-1	4	4
EBIT, SEK m	-9	-9	53	53
ROCE excl. goodwill, %	28	55	28	26
ROCE incl. goodwill, %	8	10	8	8



34%
of EBITA

Q1 2020 in brief

- Increased net sales and order intake, driven by a strong demand for the business area's products. Contributions from all business units.
- Focus has been on securing deliveries and maintaining high production rates under the prevailing circumstances. Some business units' operations outside the Nordic countries were negatively affected from mid-March.
- Earnings doubled, driven by sales increase, high production efficiency and continued cost control.

	Jan–Mar 2020	Jan–Mar 2019	LTM Q1 2020	Full-year 2019
Net sales, SEK m	438	373	2,073	2,008
EBITA, SEK m	31	15	194	179
EBITA margin, %	7	4	9	9
EBIT, SEK m	29	14	186	171
ROCE excl. goodwill, %	23	25	23	21
ROCE incl. goodwill, %	15	14	15	14

Update on effects of the Covid-19 pandemic

- from end of the quarter to the reporting date

Business area Trading

- The business area continued to have good demand in Sweden. Demand in Denmark, Finland and Norway has begun to recover as markets open up.
- Lockdown of individual countries has resulted in certain delivery disruptions.

Business area Consumer

- The business area has not noted any significant impact on the conditions for its operations.

Business area Akademibokhandeln

- The business area has noted that store sales are on average 30 percent lower than normal for the period.
- The digital channels have continued to develop very positively.

Business area Industry

- The business area continued to have good demand, apart from individual business units' operations outside the Nordic region.
- Cost savings have been initiated in the markets concerned.

Well-positioned for further acquisitions

Successful acquirer

Proven ability to make major acquisitions, integrate acquired companies and deliver on the investment hypothesis.

Ready for further acquisitions

Volati's acquisition agenda is run both centrally and in the business areas, creating a strong inflow of potential acquisition targets. Strong financial position means continued good financial scope for additional acquisitions.

626

Operating cash flow, LTM Q1 2020
(SEK million)

1.9

Net debt/adjusted EBITDA, LTM Q1 2020
(1.5 at end of 2019)

Creating value through acquisitions

Volati is focused on creating value through three types of acquisitions

Add-on acquisitions for business units

- Volati – an industrial buyer
- Realise synergies
- Accelerate business units' work on achieving strategic targets.
- Examples: Carspect, Heco

Add-on acquisitions for business areas

- Volati – an entrepreneurial buyer
- Seek position as preferred buyer
- Focus on long-term business development and value growth
- Example: T-Emballage

Platform acquisitions

- Volati – a financial buyer
- Exploit difference between perceived and actual risk in a transaction
- Strong expertise and experience means ability to handle complex transactions.
- Examples: Akademibokhandeln, Besikta

Financial targets

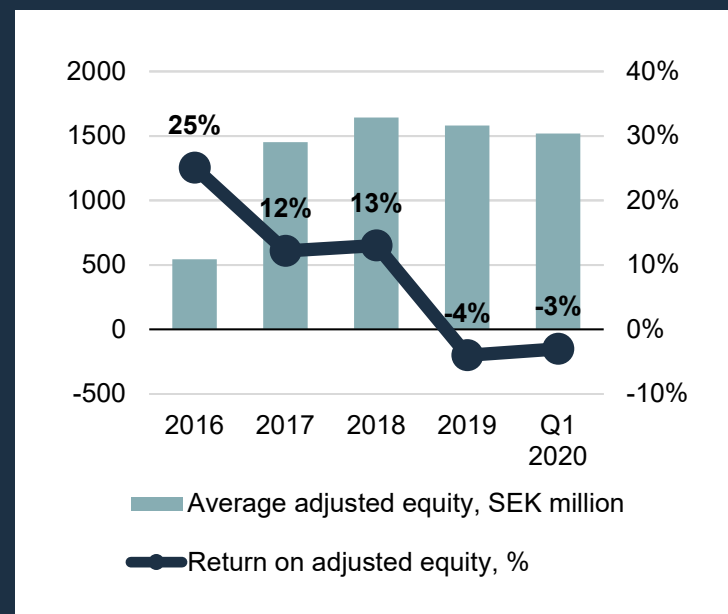
EBITA growth

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



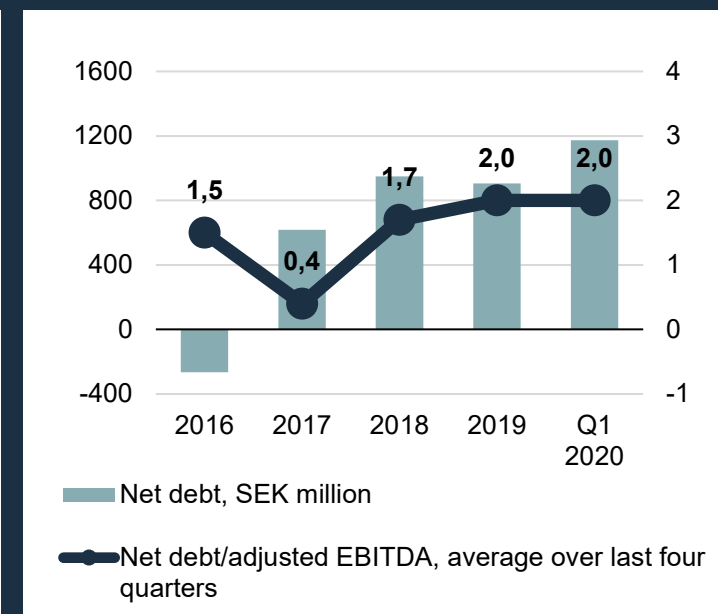
Return on adjusted equity

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.



*See pages 135-143 of the 2019 Annual Report for definitions of alternative performance measures.

Capital structure

- Equity of SEK 2,339 million, of which preference shares SEK 828 million.
- Preference shares of SEK 850 million giving right to SEK 64 million in annual dividends.
- Revolving credit facility of SEK 900 million.
- Overdraft credit of SEK 300 million.
- Revolving credit facility and overdraft credit due Q1 2022, with option to prolong for 1+1 years.
- Bond issued in Volati AB of SEK 600 million. Maturity end of 2022 with yield of STIBOR+350bp – senior unsecured.
- Cash and cash equivalents, and unutilised overdraft credit, of SEK 693 million.



Conclusions and steps ahead

Strong start to the year

- 65 percent growth in EBITA with contributions from all business units.

Uncertainty due to Covid-19

- We face the challenges from a strong position.
 - Profitable operations.
 - Strong financial position.
 - Extended overdraft credit and RCF.

Continue to execute on our long-term strategy – both through acquisitions and by developing our existing operations

Giving companies the right conditions to grow



Volati – a growing Swedish Industrial Group



volati.