Q2 2023 Presentation

Presenting today:

Group CEO, Mikael Stöhr

Group CFO, Daniel Warnholtz

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CEO messages

Good performance in challenging times

- Margin improvement in challenging market conditions
- Continued improvement in West Nordics
- Stable cash generation
- Stable but low amounts of new orders from the residential segment
- Solid traction from our Green Spine Line® products
- Acceleration of cost cutting set of measures to address the residential volume challenge across our Nordic markets

Business highlights and significant events

Q2 2023

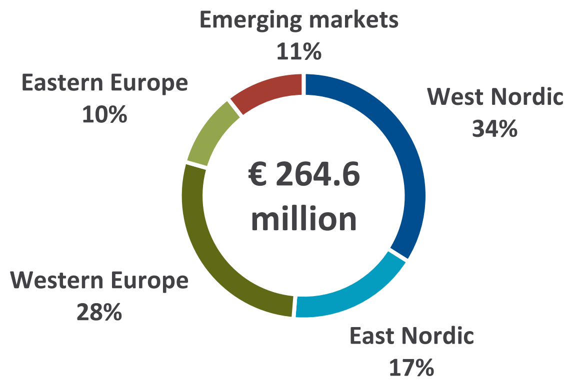
Order book (m€)	Book-to-bill ratio	Sales (m€)	Adj. EBITDA (m€)	Free Cash Flow (m€)
600.1	0.9	264.6	17.8	-0.6

- Trend seen in Q1 continues with non-residential order intake holding up well, whereas demand continued to be slow in residential – book-to-bill ratio 0.9
- Order book at € 600 million
- Net sales declined 22 percent vs last year to € 265 million
- Adjusted EBITDA at € 17.8 vs. € 20.2 million last year but with improved profitability margin at 6.7%
- Continued profitability improvement in West Nordics and strong quarter in East- and West Europe
- Acceleration of cost cutting measures to lower residential volumes in Nordic segments
- Free Cash Flow at € -0.6 millions with LTM cash conversion at 72%

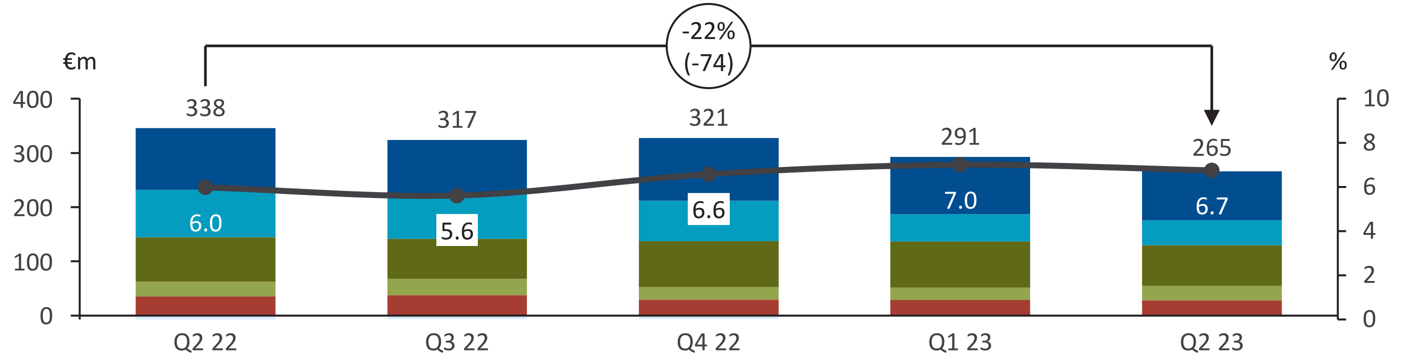
Financial overview

Q2 2023

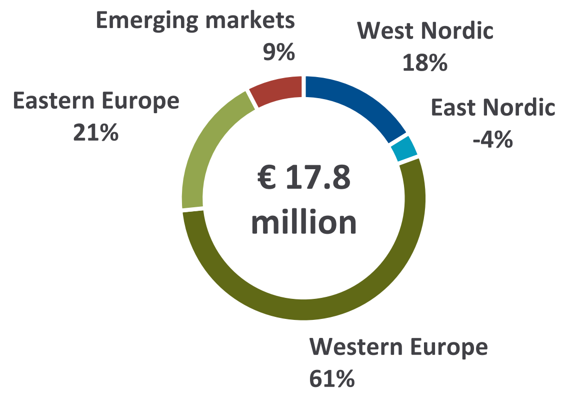
Segment share of Net Sales



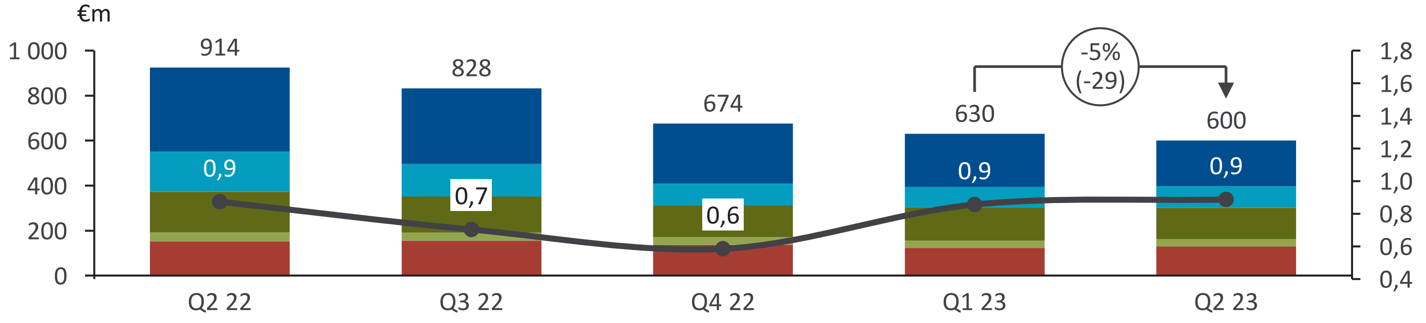
Net sales and adjusted EBITDA-margin



Segment share of Adjusted EBITDA



Order book and book-to-bill ratio



Margin % / Book to bill ratio | West Nordic | East Nordic | Western Europe | Eastern Europe | Emerging markets

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Adaption to lower residential sales

Nordics restructuring programme to resize operations and highlight underlying strong market position

FOOTPRINT & CAPACITY ALIGNMENT

Adjust East and West Nordic segment to a weaker residential market

Declining demand in residential construction across the Nordics requires operational adoption to this new environment

Rightsizing of capacity and support functions

To protect and refine a strong underlying business in the two Nordic segments, and to further highlight this, we work to align organization with the underlying volumes

POSITIONING AND PREPARATION

We intend to, pursuant to consultations with relevant local unions, book a one-time restructuring charge of € 11 to 13 million during Q3

This will consist of some € 4.5 million in write down of IFRS16 assets and remining part relating to operational adjustments

Majority is related to personnel and closing of factories and support offices

We plan to permanently close one factory, mothball one factory and close two offices

We expect full year savings of € 5 to 6 million

With an impact in 2023 of some € 4 to 5 million of the planned activities, to partly off-set volume weaknesses

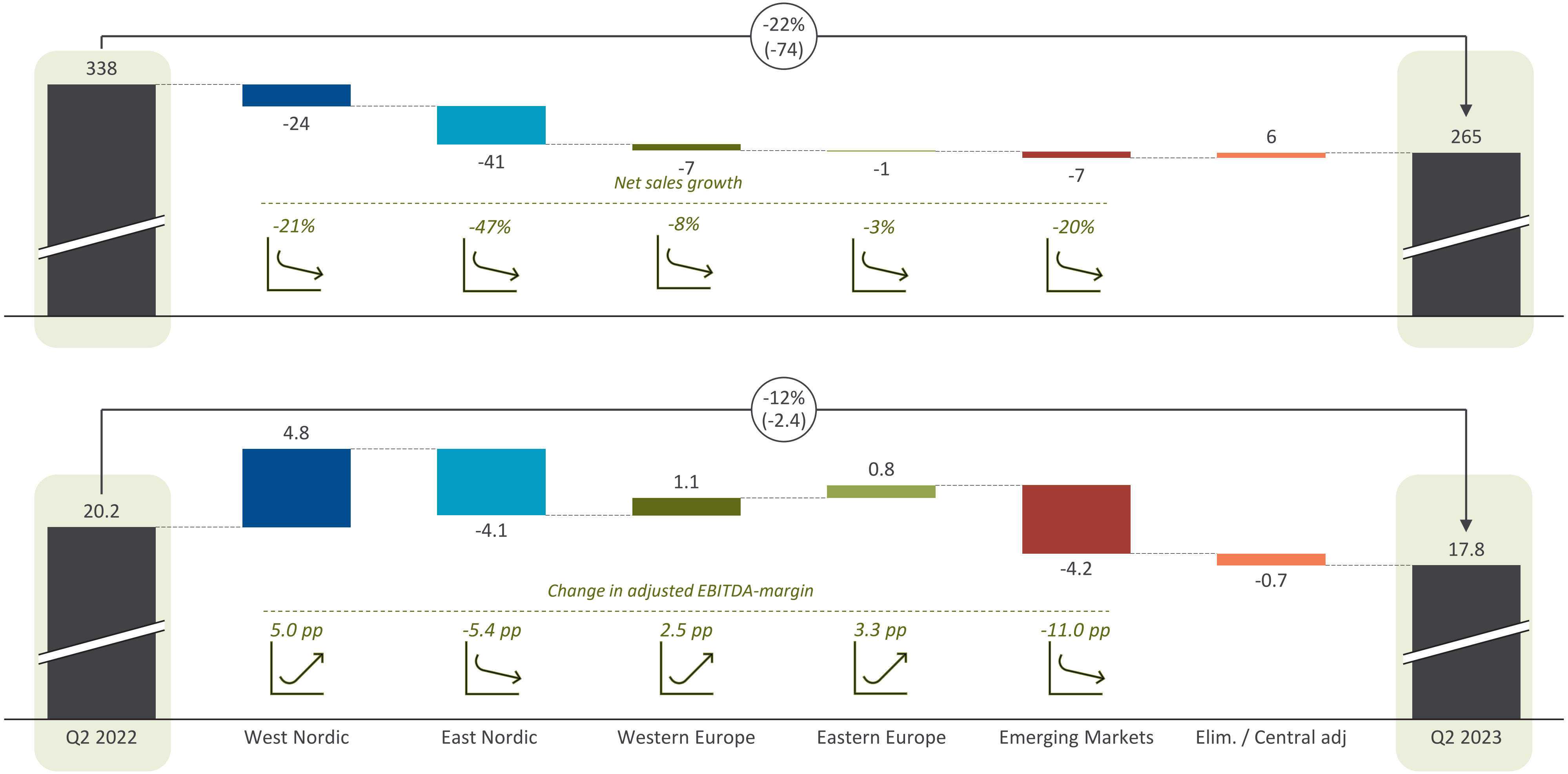
Further details will be presented in the Q3 report

Net sales and adjusted EBITDA-bridge

Q2 2022 to Q2 2023

Net sales (€ million)

Adjusted EBITDA (€ million)



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Financials per segment

WEST NORDIC

Share of Net Sales

34%

- Reduction on order intake across all three markets also reflected in order book
- Sales declined in all three markets in the quarter
- Restructuring program launched in Q3 2022 now implemented with continued effect on profitability somewhat offset by drop in volume. Ongoing actions to adjust to lower volumes

€ million	Q2 2023	Q2 2022	Change, %
Order intake	58	91	-36%
Order book	203	374	-46%
Book-to-bill	0.6	0.8	-20%
Net sales	**90**	**114**	**-21%**
Organic			*-13%*
Currency			*-8%*
Adj. EBITDA	**3.2**	**(1.6)**	**302%**
Organic			*275%*
Currency			*26%*
Adj. EBITDA, %	**3.6%**	**-1.4%**	**5 pp**

EAST NORDIC

Share of Net Sales

17%

- Continued slow order intake resulting in low order book
- Net sales decline both in Baltics and Finland
- Ongoing actions to adjust operations to lower volumes including permanent closure of capacity

€ million	Q2 2023	Q2 2022	Change, %
Order intake	48	63	-24%
Order book	96	177	-46%
Book-to-bill	1.0	0.7	43%
Net sales	**46**	**87**	**-47%**
Organic			*-47%*
Currency			-
Adj. EBITDA	**(0.6)**	**3.5**	**-119%**
Organic			*-119%*
Currency			-
Adj. EBITDA, %	**-1.4%**	**4.0%**	**-5.4 pp**

WESTERN EUROPE

Share of Net Sales

28%

- Order intake down and with order book in line with historical levels
- Slightly lower sales driven by decline of residential market in the Netherlands
- Continued strong profit development despite lower net sales

€ million	Q2 2023	Q2 2022	Change, %
Order intake	67	88	-23%
Order book	139	181	-23%
Book-to-bill	0.9	1.1	-16%
Net sales	**75**	**82**	**-8%**
Organic			*-8%*
Currency			-
Adj. EBITDA	**10.8**	**9.7**	**11%**
Organic			*11%*
Currency			-
Adj. EBITDA, %	**14.5%**	**11.9%**	**2.5 pp**

EASTERN EUROPE

Share of Net Sales

10%

- Reduced order intake but order backlog remaining at good level
- Sales decline driven by Poland, Hungary being flat and Romania increased net sales during the quarter
- Margin improvement in the quarter driven by strong performance in Romania

€ million	Q2 2023	Q2 2022	Change, %
Order intake	27	34	-22%
Order book	33	39	-15%
Book-to-bill	1.0	1.2	-19%
Net sales	**27**	**28**	**-3%**
Organic			*-5%*
Currency			*2%*
Adj. EBITDA	**3.8**	**3.0**	**26%**
Organic			*24%*
Currency			*2%*
Adj. EBITDA, %	**14.3%**	**10.9%**	**3.3 pp**

EM. MARKETS

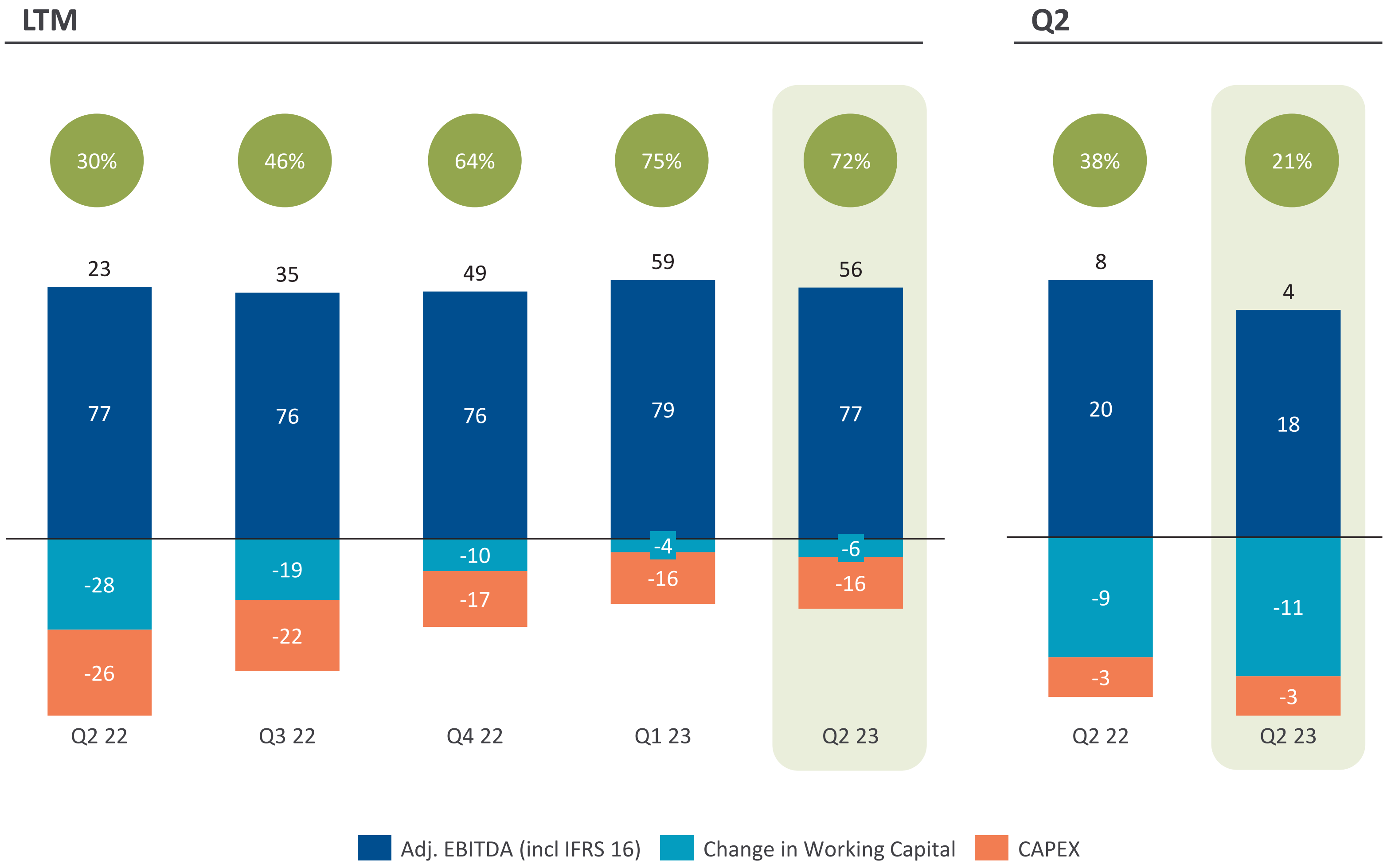
Share of Net Sales

11%

- Good order intake in the quarter thanks to a few larger orders received in Egypt
- Sales decline driven by currency effects and the slow down of Indonesia. Tunisia and Egypt with moderate growth in local currency
- Negative profit development driven by ongoing local pressure in Egypt due to FX devaluation and change in SG&A allocation from group

€ million	Q2 2023	Q2 2022	Change, %
Order intake	36	22	67%
Order book	129	153	-15%
Book-to-bill	1.3	0.6	109%
Net sales	**28**	**35**	**-20%**
Organic			*-1%*
Currency			*-20%*
Adj. EBITDA	**1.5**	**5.8**	**-73%**
Organic			*-46%*
Currency			*-27%*
Adj. EBITDA, %	**5.5%**	**16.5%**	**-11 pp**

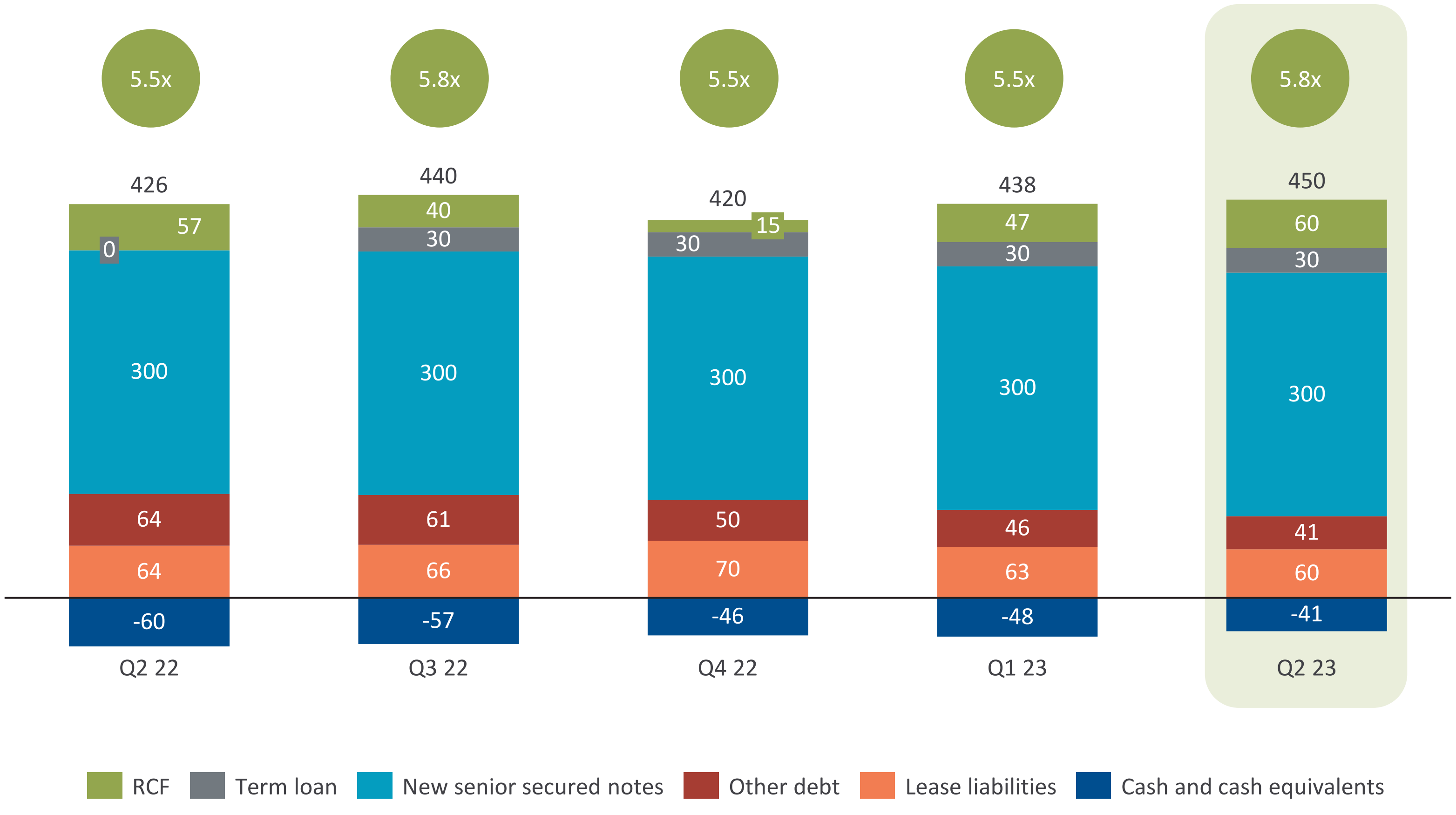
Cash flow and cash conversion



- LTM cash conversion: 72%
- LTM operating cash flow: € 56 million
- Working capital seasonal pattern from previous years continued in Q2
- Inventory levels continued to decrease during Q2

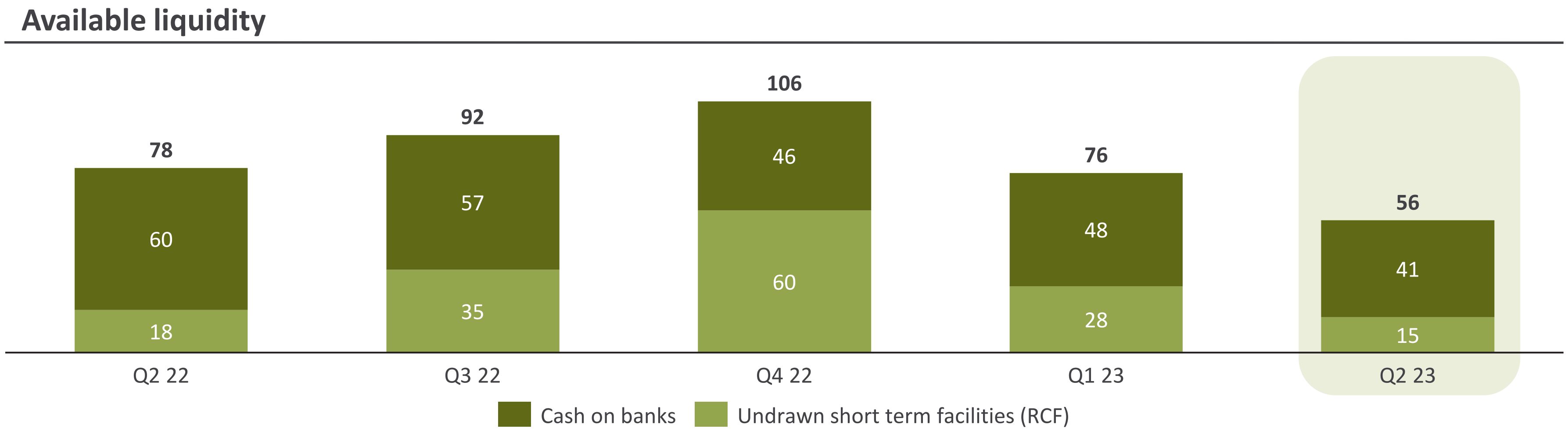
Financing and leverage

Net debt and leverage



- €13 million of RCF drawn during Q2 to finance the seasonal working capital need
- €15 million available on RCF as end of Q2
- Slightly higher use of RCF than same period last year driven by small decrease in both EBITDA and working capital

Liquidity



- Liquidity by end of Q2 at € 56 million with € 41 million being cash on bank and € 15 million available under the RCF

Concluding remarks

- Continue to be firm on contract terms with high quality backlog
- Profit margin improvement despite significantly lower volumes
- Turn around confirmed in West Nordics with improved margins although lower volumes in quarter
- Solid traction from our Green Spine Line® products
- Acceleration of cost reduction measures across our two Nordic regions to align operations with lower volumes

Q&A

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