

## Fasadgruppen transcript – Q4 2021 call

*Please note that this is a translation of the original call held in Swedish. The translation has in some instances been adapted for reading purposes.*

### Slide 1

Hi, thank you and welcome everyone. I am Group CEO Pål Warolin and together with our CFO Casper Tamm, we will guide you through this Q4 presentation. Next slide.

### Slide 2

As usual, I will start by telling you a little bit about Fasadgruppen. Fasadgruppen is market leading within façade work in Scandinavia. By façade work, we mean everything related to the outside of buildings, such as masonry work and plastering, the installation and renovation of balconies, windows, sheet metal, roofing work. Basically, everything you need scaffolding to access. Façade work is a specialist service on local markets and we have a high degree of craftsmanship.

We focus on the mid-size segment of the market with projects up to SEK 100 million where the average project is around SEK 3-4 million. 75% of our revenues come from the renovation market and the rest from new construction.

We have a very active acquisition agenda with the aim of consolidating the Nordic façade industry, which is a very fragmented market.

The group consists of 42 companies today in Sweden, Denmark and Norway. We work with a very decentralised structure and now have around 1,500 employees. Next slide.

### Slide 3

If we look at key figures for the full year 2021 these are very satisfactory, and I am proud to say that we have doubled both sales and profitability compared to the previous year. Nearly 2.7 billion in sales, and adjusted EBITDA of SEK 301 million and with a good margin above our financial targets. We also have a fine order backlog moving into 2022. Next slide.

### Slide 4

A summary of what has happened in Q4. We had strong sales growth with good profitability as mentioned. Sales are up 103.5% compared to the comparison period last year, of which 15.3% is organic growth. Adjusted EBITA margin was 12.3% which is also better than last year's 11.2%. It was the first quarter where we had organic growth in our order backlog since the Covid outbreak. Our order backlog was 89% of which 27% was organic. We have also continued our strong acquisition momentum on all our markets and 2021 was a record year. 8 new acquisitions were completed in the fourth quarter. Next slide.

### Slide 5

We now take a closer look at our acquisitions and as mentioned, 2021 was a record year for acquisitions, both in terms of number of acquired companies and acquired turnover. I will say here, with regard to our acquisition process and our acquisition team have become larger and more effective during the year which means we have had more discussions with more potential targets and we have a very good pipeline as we head into 2022. We have also put a big focus on the integration of acquisitions and I am very satisfied with how this has gone during the quarter and for the year as a whole. We will continue to acquire

companies in the same way as we have done since day 1 of Fasadgruppen. However, we still only have a very small share of the market and if we look at Sweden, Denmark, Norway, a 97 billion market, we have barely 3% of this market. Next slide.

#### Slide 6

Here we take a closer look at our acquisition model and how we integrate companies. Basically, this is a process we have developed over the years and continue to improve. The vast majority of companies we acquired come via tips from our own personnel, a subsidiary company MD or employee. We prefer to make direct contact with a potential acquisition rather than going via agents, brokers or similar. When we contact a potential company, it is less a case of them selling the company and more about them to join us on a common journey. Naturally, we have a number of criteria we use to see if companies are a good fit with us. As I have already said, we spend at least as much time on the actual integration process which I feel is very important and here too, we have a process that we have developed and improved over time. Internally we fundamentally work with what we call our seven pillars that we monitor and where our business area managers in particular do a fantastic and important job. Next slide.

#### Slide 7

Here we take a quick look at some of the acquisitions we made in Q4. We have chosen 6 of these. We start with Solid Fasad, one of the younger companies. We usually say we go for companies with a long history but the 3 owners of this company have been in the sector for a very long time and we have known about them for a long time and kept an eye of the company. The company mainly works in Stockholm and Mälardalen and primarily with plastering and new builds. The company is a very good fit for us and we are delighted to bring Solid Fasad onboard.

The next company is Kumla Fasad Team, it has a longer history and is more in line with our usual acquisition profile. The company works with façade renovation, primarily in the Stockholm area and is another company we have been aware of for a long time and their management. Their previous CEO was chair of the industry organisation for masonry and plastering work, and we are delighted to welcome Kumla Fasad Team to the Group.

Next is SH Bygg, a Norwegian company, another company we have known about for a while, through our Norwegian subsidiaries that have also had working relationships with them. It was founded in 2008 and mainly works with renovation projects in Oslo. It is run by three fantastic entrepreneurs who are all delighted to join us on our common journey.

Then we have OPN in Denmark, a very old company dating from the 1950s. Their niche is cultural building renovation work in Copenhagen. Here too, our Danish subsidiaries have known about the company for a long time and worked with and where we will very quickly achieve synergy effects together.

Finally, we can mention two metalworking companies, Haga Plåt and Ahlins Plåt, the latter, with an over 100-year history is the oldest business in our Group. They work in Stockholm and Umeå. This is our first sheetmetal working company in northern Sweden, which is very strategically important for us. The Stockholm company is a very good complement to our other businesses there and we are delighted to welcome two very smart entrepreneurs to Fasadgruppen. Next slide.

#### Slide 8

Here we look at a case study in Q4. We have said many times how craftsmanship is an important aspect in our model. As such it is pleasing to note that two of our subsidiary companies have won awards for their work in Q4. In Sweden, Åby Fasad has won Façade of the Year for the renovation of the Old Customs House in Norrköping while in Denmark, our subsidiary P Andersen & Søn won Construction of the Year for its plastering work on the Ny Østergade project in Copenhagen. Next slide.

#### Slide 9

Now we will move into the figures so I will hand over to Casper. Next slide.

#### Slide 10

Thanks Pål, I will start by talking about the fourth quarter figures. In summary, this was our strongest quarter ever, in terms of both sales and adjusted EBITA if we look at absolute figures. Sales amounted to SEK 852 million, roughly twice that of the comparison quarter in 2020. Organic growth was strong at 15.3% where 22 of around 40 companies are comparable for the quarter. Adjusted EBITA was SEK 105 million. Here too, this was twice that of the comparison period. The adjusted EBITA margin was 12.3%, 1.1% up on the comparison period. The order book was strong at SEK 1.9 billion, an increase of 900 million. Around 90% of these orders concern 2022. Profit for the period was 61 million which equates to an EPS of 1.35 for the quarter. Operating cash flow was strong for the quarter and in line with the seasonal pattern where we end the year with our strongest cash flow, this time SEK 122 million for the quarter. Next slide.

#### Slide 11

Here we look at net sales and our order backlog. We had strong growth in the quarter and it is pleasing to note that organic growth was also strong and our strongest quarterly growth for two years at 15.3%. However, I must say the comparison figures were weaker due to the pandemic which has given us an extra boost here. Acquisitions wise, this was a strong quarter, with new businesses being added in the quarter and this growth amounted to 88%. The order book was also strong with organic growth of 27% and growth through acquisitions of 62% for the quarter, again compared with the last quarter of 2020 that was affected by Covid-19. Next slide.

#### Slide 12

Adjusted EBITDA for the quarter. It is the same story here too, a very strong increase of 124% and an increase in the margin of 1.1%

Items affecting comparability here related to acquisition costs of 6.3 million, revalued earnouts of 3.2 million, and total earnouts at the end of period stood at SEK 286 million. Next slide.

#### Slide 13

When I talk about our Income Statement, I will focus on costs that deviate from our normal activities. For example under other operating income, this was positive due to the effects of earnout revaluations of around 24 million for the year and 14 million for the quarter. When it comes to negative revaluations, they are included in other operating costs of around 18 million for the year and quarter. Another deviation is depreciation where this concerns

customer relationships as intangible assets related to acquisitions, of around 24 million on a yearly basis and six for the quarter.

With regard to next financial items, we had an extra item related to the refinancing in the quarter that entailed a cost of 4.2 million, i.e. for both the year and the quarter. Next slide.

#### Slide 14

Here, we look at our balance sheet and leverage. For natural reasons, we have had a substantial increase in the balance sheet total of 1.1 billion which has been driven by our acquisitions agenda. On the assets side, this has primarily concerned goodwill and brands, and on the liabilities side, interest-bearing debt, and as we mentioned earlier, earnouts. In the case of total interest-bearing net liabilities, these amounted to 886 million at the end of the year, a clear increase on the end of 2020 which benefitted from the new share issue that was effected then. This results in a net debt to adjusted EBITA ratio of 2.5 for 2021 that we are satisfied with as it is a clear drop since the third quarter when it was 2.8, and this was driven by the strong cash flow that we enjoyed in seasonal terms. When it comes to the proforma net debt to adjusted EBITA ratio, this was around 2.1. Next slide.

#### Slide 13

We now have a balance sheet of 2.7 billion, a 1.4 billion increase compared to the comparison period. Here again, we see the effects of the acquisition agenda, where acquisition related intangible assets rose by 900 million and on the liabilities side, an increase in shareholders' equity, 450 million driven by the new share issue and offset emission, plus an increase in interest bearing gross liabilities of 400 million between the periods, this too driven by acquisitions.

Looking to the right, we have an interest-bearing net debt of 682 million, while the net debt to adjusted EBITDA ratio remains at the same level as the comparison period, despite the high volume of acquisitions. Next slide.

#### Slide 15

This slide concerns cash flow and our cash conversion ratio. As noted we always end the year on a high, this time with operating cash flow of 112 million driven by EBITDA. We did not see the same change in working capital that is attributable to the organic growth we talked about earlier. We have had completely different production activity in our business in this current year compared to the comparison period, which has had these effects on working capital.

If we look at the quarter, we had cash conversion ratio of 109% and 76% for the full year. I will now hand the mic back to Pål for a few summarising comments about the quarter.

#### Slide 17

Thank you Casper, I will start by looking at our financial targets and dividend policy.

When it comes to increase in revenue growth, we have far exceeded our target, and profitability was also a bit above our target. When it comes to cash conversion, the ratio did not quite reach our target but this is not something that keeps me awake at night and we are working with this. The capital structure is about on target. In the case of dividends, it is pleasing to note that the board has proposed a doubling of the dividend per share compared to the previous year. Next slide.

## Slide 18

To summarise quarter 4, we continued to enjoy strong and profitable growth, a pleasing growth in the order book, we made 8 acquisitions, and a record year for acquisitions in 2021. We have also made two acquisitions after the end of the quarter. All in all, I am very positive and optimistic about the future. Our underlying order backlog is good and we have a fine pipeline when it comes to acquisitions. Thank you all for listening and we are now happy to answer any questions you may have.

## Q&A

Pål Warolin: I have received two questions by email. The first question is about the acquisitions pipeline in 2022, type of companies, regions etc., and the second question concerns our view of materials costs in 2022.

As for acquisitions, as I mentioned in the presentation, we are working broadly here with many discussions in progress with several potential acquisitions and the picture is very similar on all three of our markets. The potential acquisitions we are working towards are very similar and in line with the acquisitions we have been making.

With regard to the cost of materials and supplier prices, it is no secret that prices have run away in 2021, but in our particular case, we have not been very affected by price increases in 2021. On the other hand, there have been various notifications of coming price increases in 2022 but as we usually explain, we aim to bake in such price increases in our calculations on customer projects meaning we are pretty much able to pass on such increases to customers. Hence, in the short term, they will have no significant effect on us, it will be more about the market in general. As such I am not especially worried about this for 2022 even though naturally we need to keep our ear to the ground.

We have just received another question by email: Pleasing news about the strong organic growth. Can you be more specific about regions and segments that have stood out?

The answer is that the same applies here, no one region stands out and all our markets are all very similar and they all look stable and good.

No more questions. I would like to wrap up by thanking all the new shareholders and, naturally all our employees for a fantastic quarter and year. Thanks again and see you in three months' time.