



## **Q2 REPORT APRIL – JUNE 2022**

July 21, 2022



*Creating sustainable, efficient and safe societies*

# Today's presenters

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## Jakob Holm

CEO



- Joined Sdiptech in 2014
- 401,228 Class B shares (through Currussel AB), 940 Preference shares and 113,000 warrants
- Background: Axholmen, General Electric, Accenture
- Education: M.Sc. in Systems Engineering from KTH Royal Institute of Technology

## Bengt Lejdström

CFO



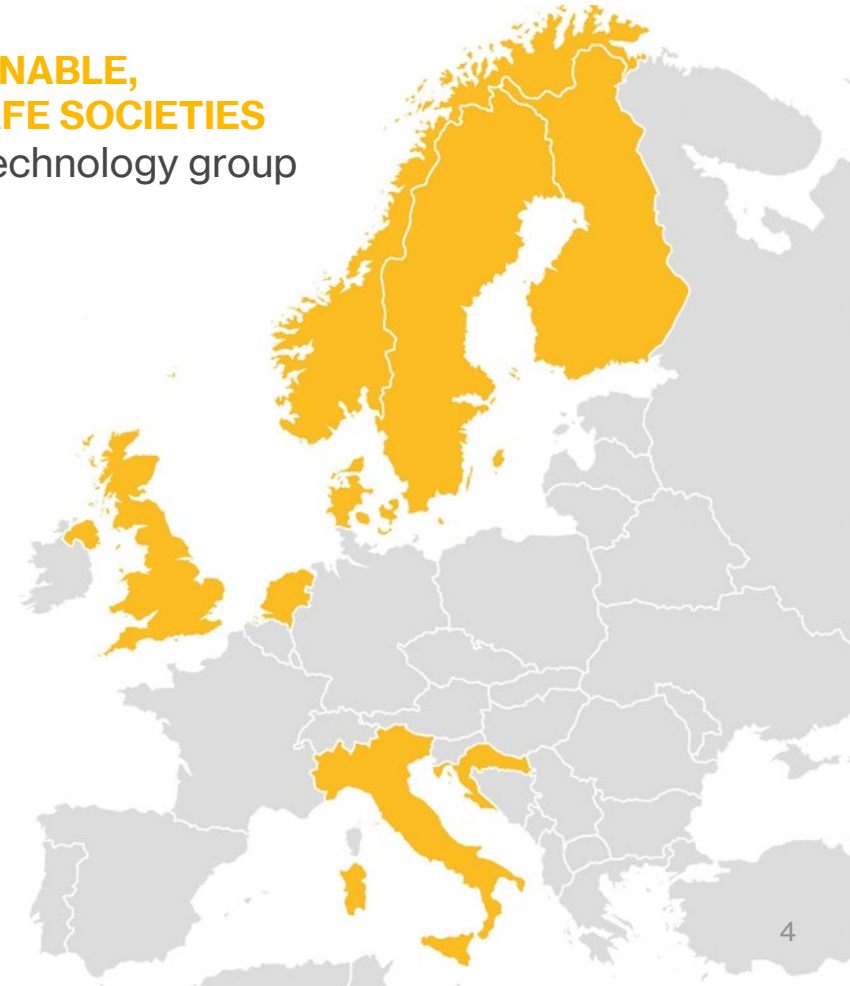
- Joined Sdiptech in 2018
- 97,535 Class B shares, 500 Preference shares and 60,300 warrants
- Background: CFO Lagercrantz Group, Intrum Justitia, Acando
- Education: M.Sc. in Business Economics from Stockholm School of Economics

# → **Second quarter** Financial development Outlook





**CREATING SUSTAINABLE,  
EFFICIENT AND SAFE SOCIETIES**  
An infrastructure technology group



**3,026**

MSEK Net Sales  
LTM Q2 2022

**19.1%**

EBITA\*-margin  
LTM Q2 2022

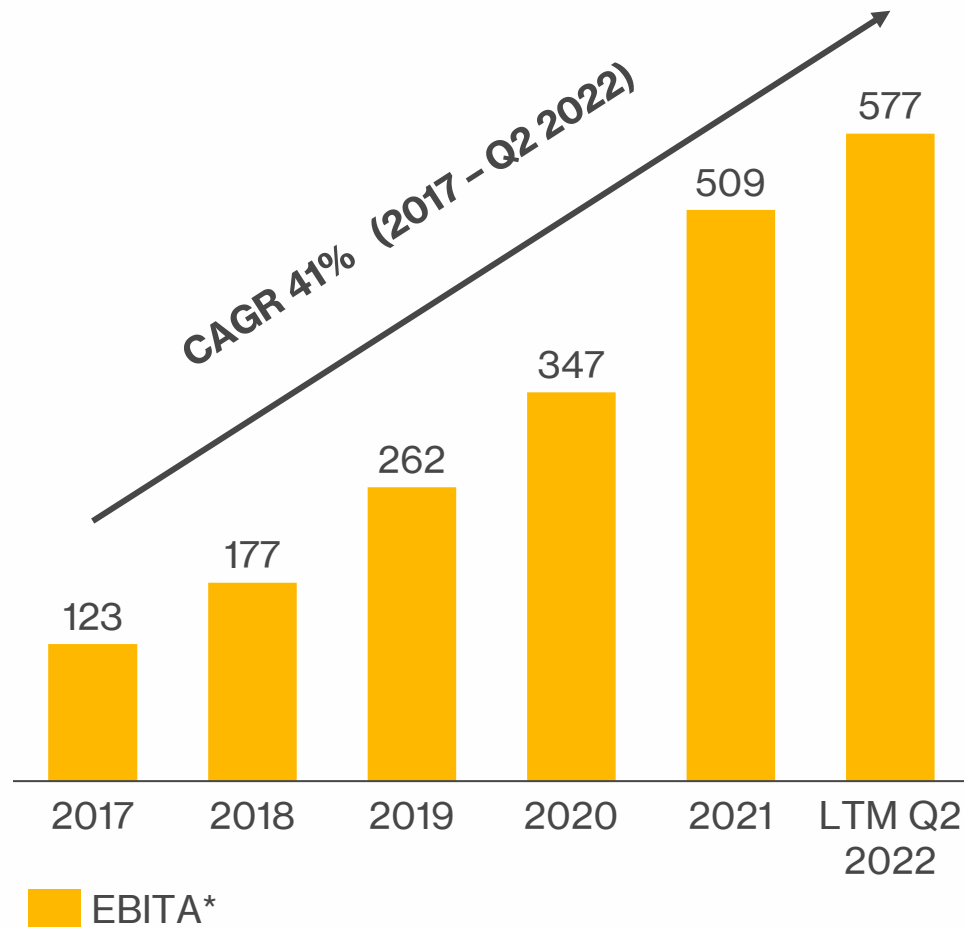
**34%**

Growth EBITA\*  
LTM Q2 2022

**41%**

CAGR EBITA\*  
2017 – Q2 2022

# Sdiptech's overall goal is to create value by increasing profits every year



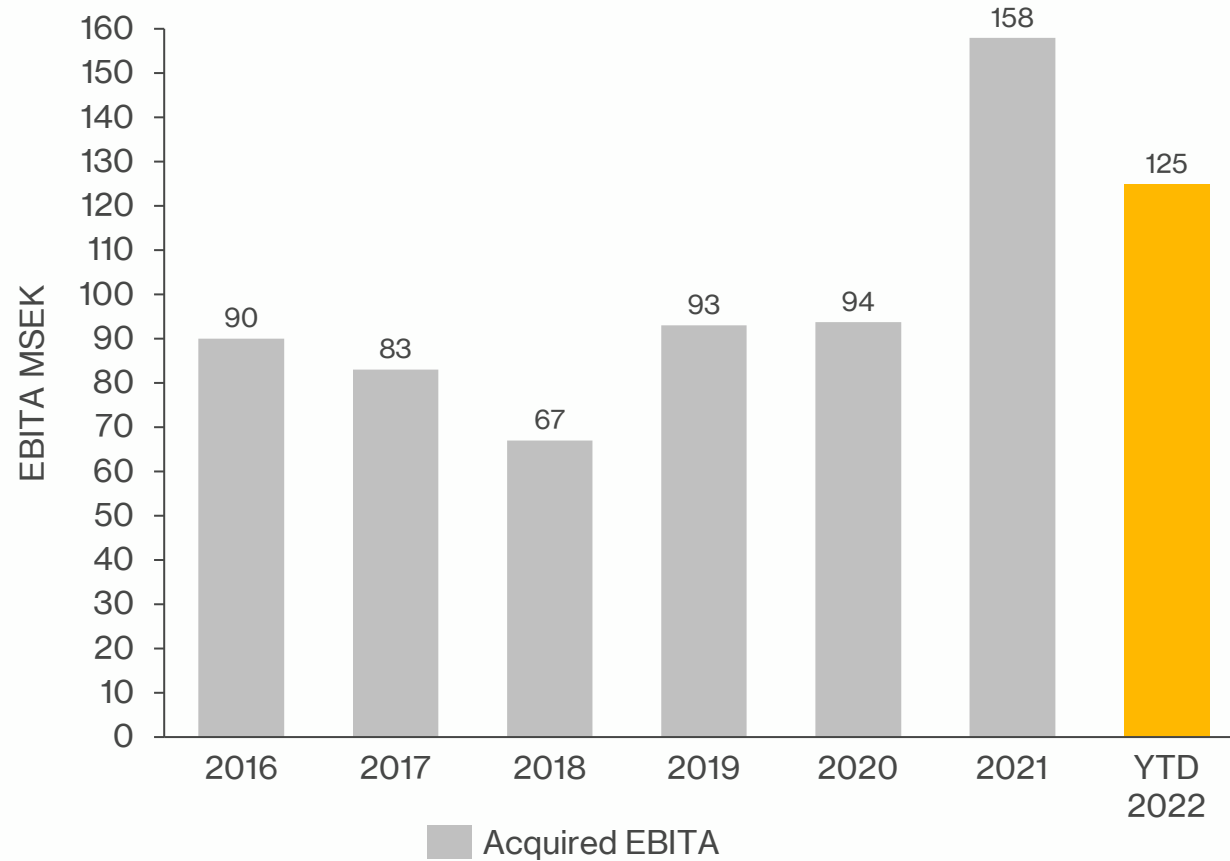
- Sdiptech's **overall goal is to create sustainable, long-term value growth** by consistently increasing profits, every year
- Sdiptech's business model is designed to **acquire** niched companies and **develop** them to their full potential
- Our focus is on defensible **high-margin positions**
- Sdiptech's markets are defined by **long-term investment needs**
  - More sustainable, efficient and safe societies
  - Under-dimensioned and aging infrastructures

# Solid demand, strong cash flow and strong pipeline

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- **Demand continues to be strong, although net sales down temporarily**
  - **Continued strong demand and in general positive organic growth**
  - A few business units temporarily down in net sales
    - Related to delays in deliveries e.g. shortage of components at customers or ongoing regulation upgrades
    - No change in demand and expected to catch up during H2
- **Margin expansion continued**
  - **EBITA\*-margin increasing to 18.9% (18.1)**
  - Positive contributions from acquisitions and divestments; in line with our strategy on high margin niche positions
  - Negative contributions from comparable units
    - Increased material and personnel costs in quarter vs. previous quarter
    - Price revisions will continue, and we are comfortable to eventually achieve full compensation
- **Cash flow continues to be strong**
  - **Cash flow generation of 87 percent (26)**, despite building stock of raw material to enhance supply and future deliveries
- **Acquisition pipeline stronger than ever**
  - **Investments in 2021 are paying off**; new geographic markets and expanded infrastructure segment
  - Expected to exceed our acquisition target this year without sacrificing our focus on quality over quantity (target SEK 120-150m)

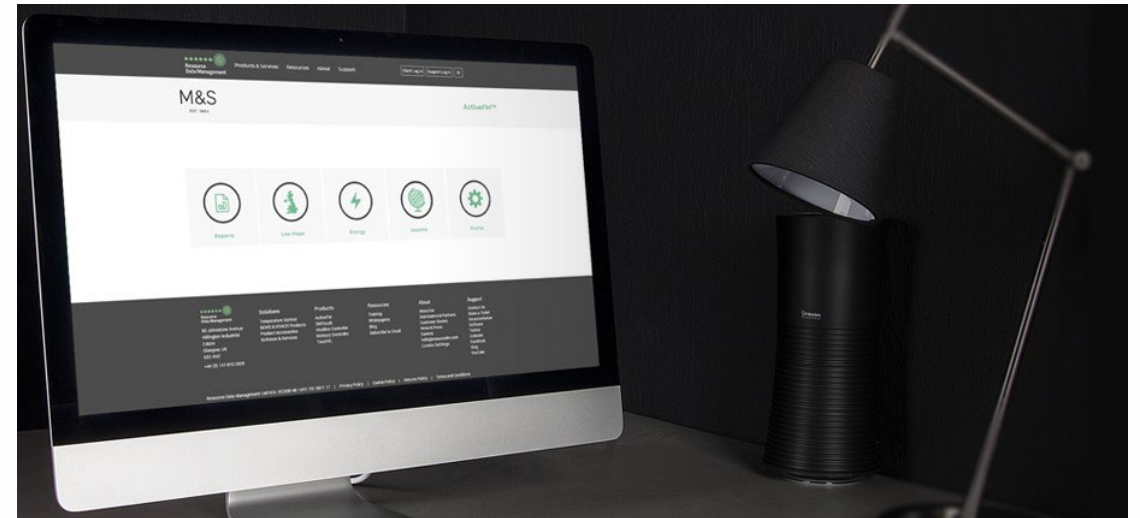
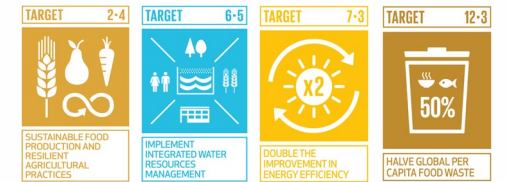
# Acquisitions Jan – Jun 2022



- New markets **Italy, the Netherlands and Denmark**
- Expanded the **Resource Efficiency** business area
- Acquisition **pipeline is stronger** than normal
- **Financial position is good**
- **Several ongoing projects**
- **Expecting to exceed annual acquisition target** of SEK 120-150 million in EBITA

# Acquisition in Q2-22: Welcome RDM

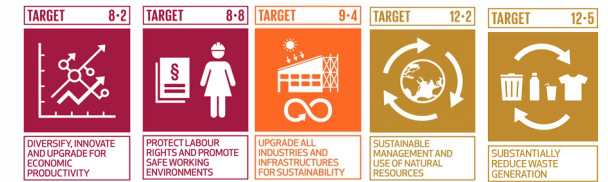
- Annual sales of GBP **14** million, GBP **3.5** million in profit
- A leader in the design and manufacture of advanced building control, remote monitoring and energy management products
- Contributes to SDG target: **2.4**, **6.5**, **7.3** and **12.3**
- Will be included in the Special Infrastructure Solutions business area from May 2022





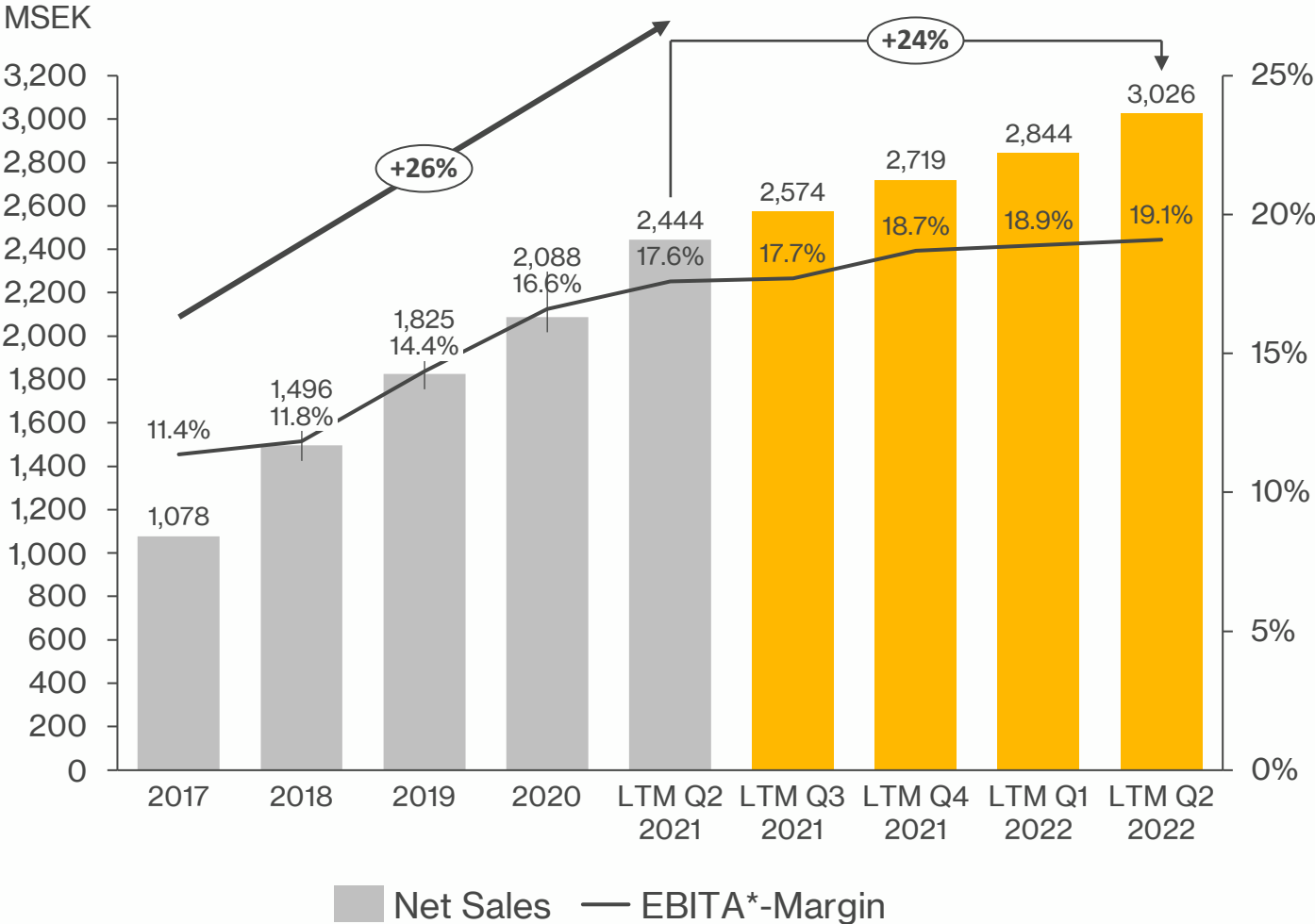
# Acquisition in Q2: Welcome ELM KRAGELUND

- First business unit in Denmark
- Annual operational profit of DKK 32 million
- ELM develops and sells attachments that contribute to effective internal transport- and handlings solutions
- Contributes to SDG target: **8.2, 8.8, 9.4, 12.2** and **12.5**
- Will be included in the Special Infrastructure Solutions business area from June 2022

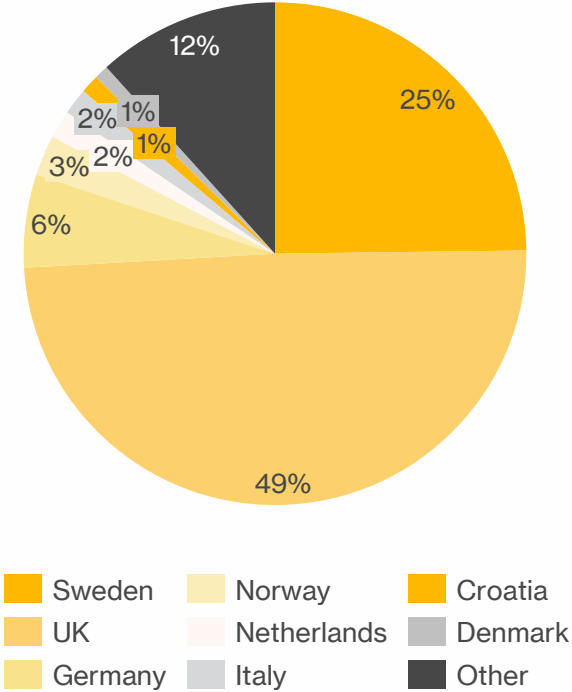


# Second quarter → **Financial development** Outlook

# Group sales & EBITA\*-margin

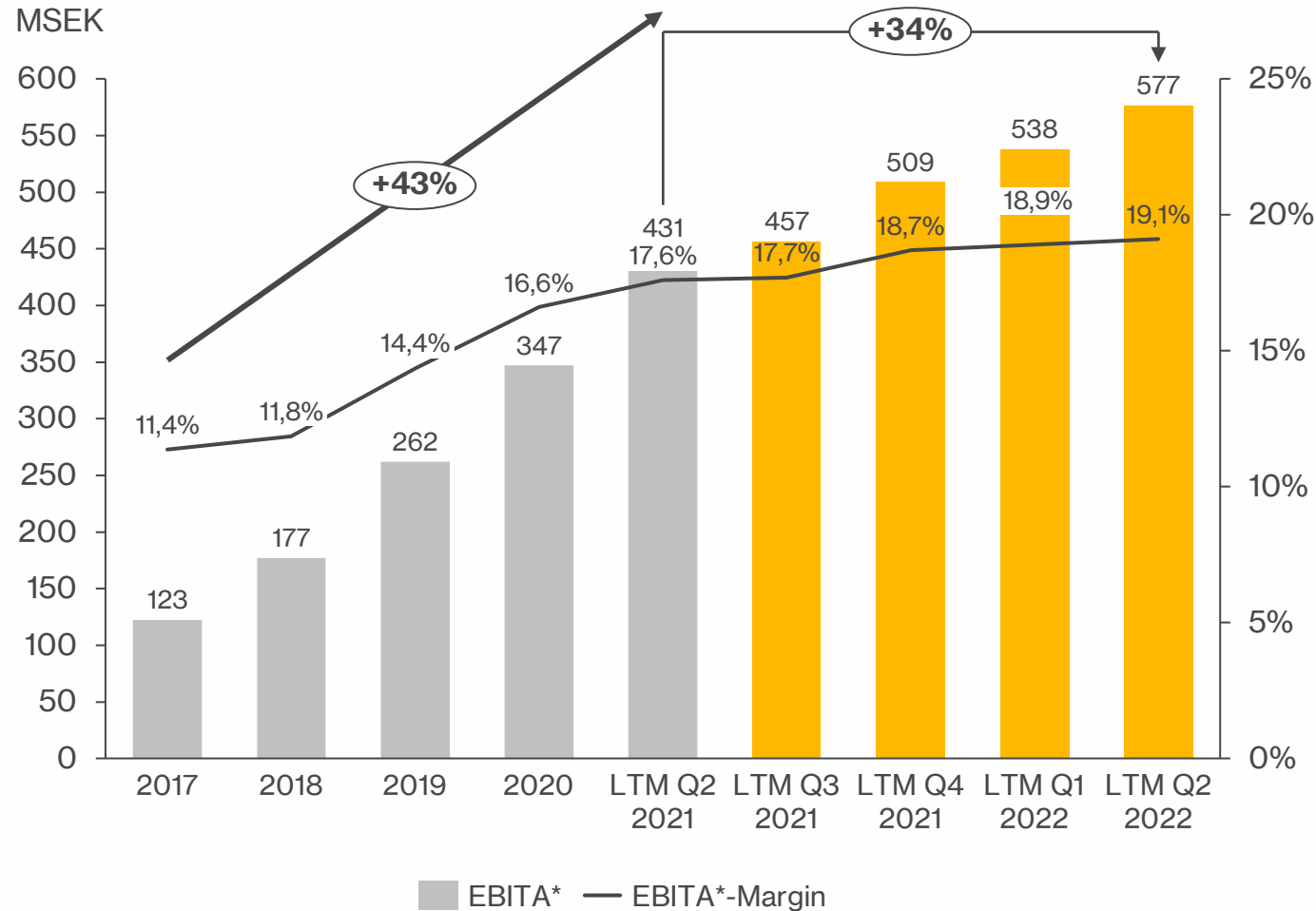


Sales by country, LTM Q2 2022



Sources: Sdiptech Financial reports, LTM Q2 2022

# EBITA\* & EBITA\*-margin



## Quarter

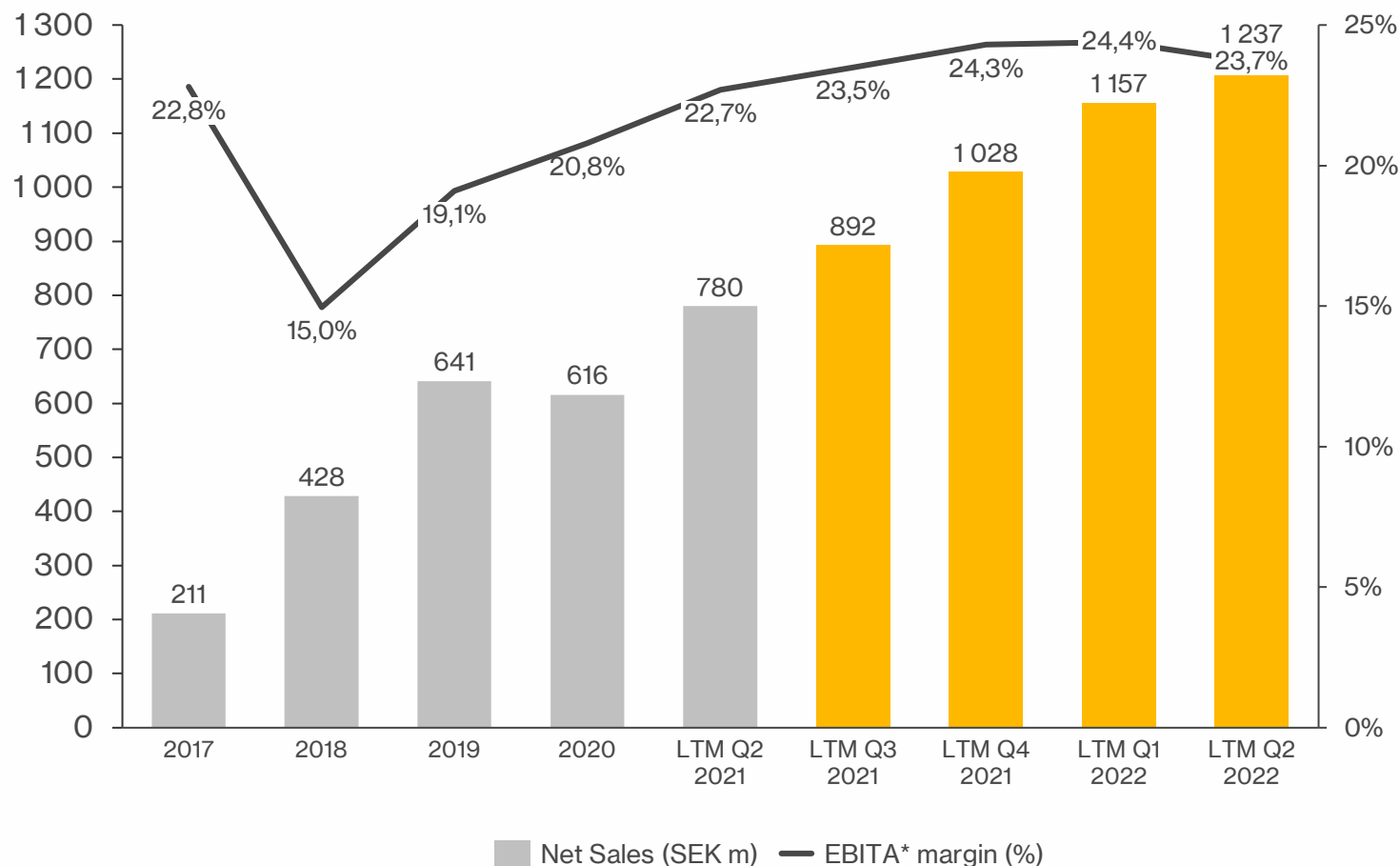
- Sales increased by 27%, whereof -2% organic, excl currency effects
- EBITA\* increased by 32%, whereof -12% organic, excl currency effects
- EBITA\* margin of increased to 18.9% (18.1)

## Comments

- Apart from a few business units, sales showed a solid increase. These units were hampered by obstacles that are considered temporary.
- Due to continued increase in costs for components, raw material and logistics, which exceeded own price increases, profit development was less than sales growth.
- Pricing-related work will continue with the goal of achieving full compensation for increased costs.



# Resource Efficiency



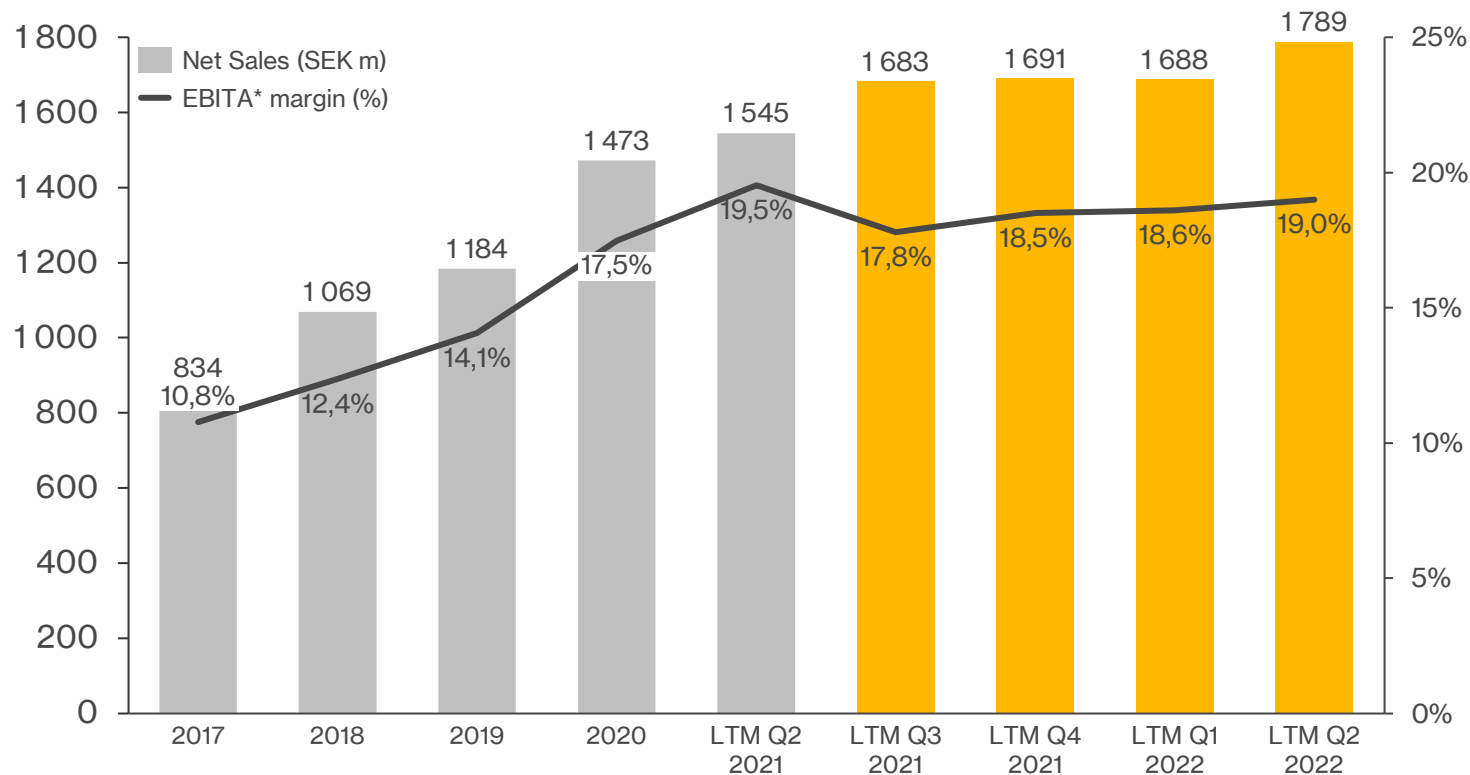
## Quarter

- Sales increased by 31% to SEK 338m (257)
  - Partly driven by the newly acquired business units Agrosistemi and IDE
  - Also, solid organic growth in several business units.
  - The unit for charging equipment and systems for EV had good sales but had some impact from the change in regulatory framework for the UK EV charger market.
- EBITA\* increased by 18% to SEK 72m (62)
  - Acquired: Positive margin contributions from Agrosistemi and IDE
  - Organic: Generally good profit development in most units, but some units saw increased costs that could not be fully compensated in the period.
- EBITA\* margin decreased to 21.4% (23.9)

## Other

- Acquisitions 2022: 1 (Agrosistemi)
- Total number of units: 16

# Special Infrastructure Solutions



## PTS merged with SIS, all numbers in SIS now including former PTS

- Seven divestments in former PTS in Q1 and Q2 2021
- Only two remaining business units from PTS in SIS

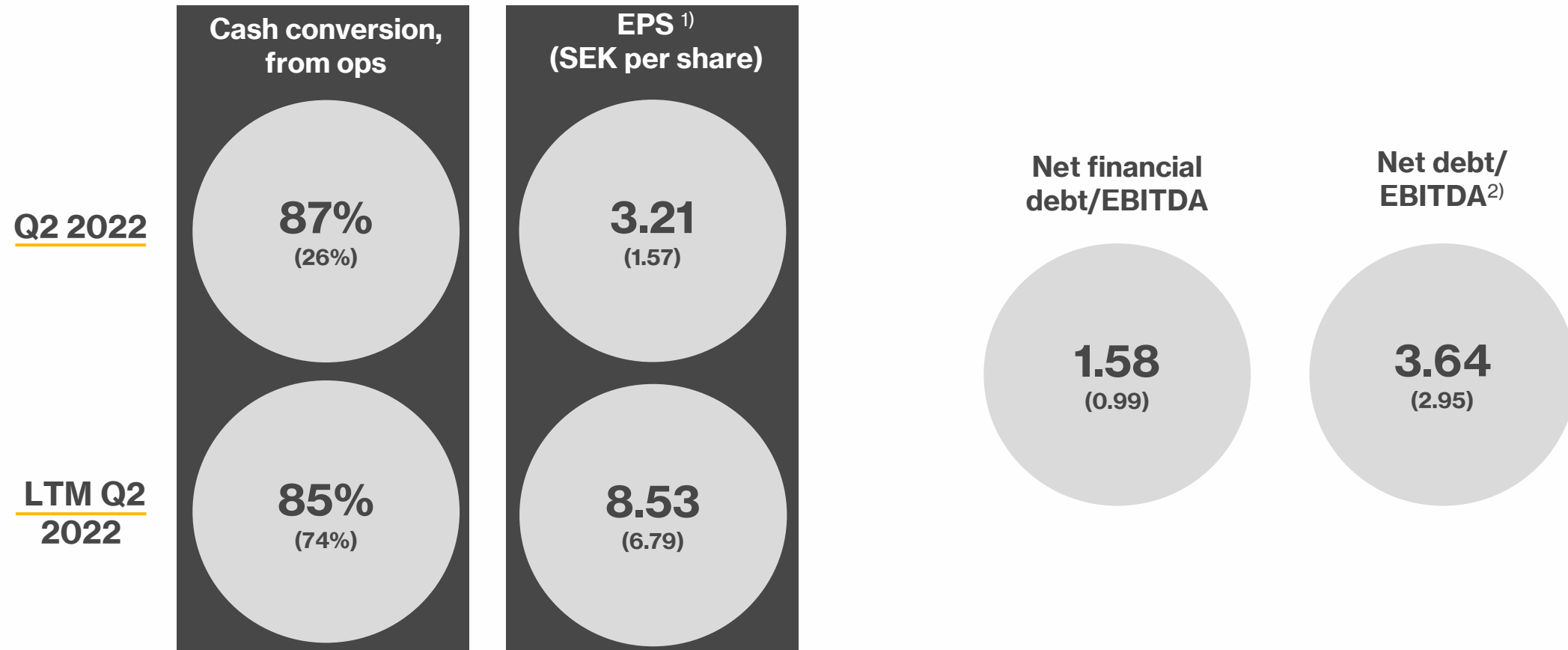
## Quarter

- Sales increased by 25% to SEK 510m (408)
  - Most business units saw good sales growth in the quarter.
  - The transport cooling solutions business experienced difficulties in delivering its products to customers, due to temporary lack of vehicles.
  - The business unit within automation of container ports, was able to resume its deliveries to Asia.
- EBITA\* increased by 35% to SEK 100m (74)
  - Mainly due to acquisitions, but also organic growth in some units.
  - Some units saw increased costs that could not be fully compensated in the period.
- EBITA\* margin increased to 19.6% (18.2)

## Other

- Acquisitions 2022: 3 (TEL UK, RDM & ELM)
- Total number of units: 19

# Additional metrics



1) EPS: earnings per ordinary share, after dilution and deduction of dividends to preference shareholders

2) Net debt/EBITDA ratio: At a share of 40%, interest bearing net debt consists of debt related to "conditional considerations for acquisitions" (Swe: tilläggsköpeskillingar). These debts are sized for profit growth, i.e. current Net debt is based on future EBITDA levels higher than the current EBITDA levels used in the ratio.

# Second quarter Financial development

➔ **Outlook**



# Looking ahead

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## **Solid demand, infrastructure is always needed**

- Unchanged view on a growing customer demand, infrastructure is always needed
- Build up of backlog. Catch-up on delays is expected.
- Update UK regulations for EV chargers from 1 July. Major HW upgrade affecting the entire market and dispensation is expected. However, customer hesitation is expected to continue during July/August resulting in delayed orders.

## **Profitability: margin expansion to continue towards 20%**

- Acquisitions. Continue to contribute positively. In line with our strategy towards high margin niche positions.
- Comparable units. Should achieve full compensation for cost increases, however an exact timing is hard to provide.
- Margin expansion expected to continue, profitability to establish around 20% in EBITA\* margin for the Group

## **Acquisitions pipeline stronger than normal**

- Investments in 2021 are paying off; geographic expansion as well as segment expansion
- Systematic and controlled work targeting high margin niche companies
- Opportunity to exceed our yearly acquisition target without sacrificing our focus on quality over quantity



**Thank you for listening**






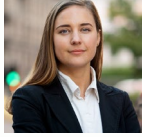


# Appendix








# Management Team and Board of Directors

## Management

	<b>Jakob Holm</b> CEO	401,228 (Class B), 940 (Pref) 113,000 (Warrants) Axholmen, General Electric, Accenture M.Sc. KTH Royal Institute of Technology		<b>Fredrik Navjord</b> Head of Water & Energy	55,524 (Class B) 42,500 (Warrants) Metric, Addtech, Volvo M.Sc. Chalmers University of Technology
	<b>Bengt Lejdström</b> CFO	97,535 (Class B) 500 (Pref) 60,300 (Warrants) Lagercrantz Group, Interim Justitia, Acando M.Sc. Stockholm School of Economics		<b>Anders Mattson</b> Head of Special Infrastructure Solution	43,733 (Class B) 49,800 (Warrants) Munters, Roland Berger, Bearingpoint M.Sc. Chalmers University of Technology
	<b>Steven Gilsdorf</b> Head of Acquisitions	49,579 (Class B) 60,300 (Warrants) GE Capital, Booz & Co., Bisnode MBA, London Business School		<b>My Lundberg</b> Sustainability & IR Manager	5,673 (Class B) 7,460 (Warrants) Agency, Smartclip, Kärnhuset B.Sc. Università Cattolica del Sacro Cuore

## Board of Directors

	<b>Jan Samuelson</b> Chairman	326,000 (Class B) Resurs Holding, Stillfront Group, Accent Equity Partners, EF Education M.Sc. Stockholm School of Economics, LL.M. Stockholm University		<b>Birgitta Henriksson</b> Board Member	4,600 (Class B) Fogel & Partner, Stillfront Group, Carnegie B.Sc. Business Administration Uppsala University
	<b>Eola Änggård Runsten</b> Board Member	600 (Class B) AcadeMedia, EQT, SEB, B.Sc. Business Administration Stockholm School of Economics		<b>Urban Doverholt</b> Board Member	150 (Class B) Assa Abloy, BAE Systems Hägglunds, M.Sc. KTH Royal Institute of Technology, IMD Lausanne
	<b>Johnny Alvarsson</b> Board Member	8,000 (Class B) Indutrade, Beijer Alma, Ericsson, Instalco, VBG M.Sc. Engineering Linköping University			



# Ownership 30 June 2022

Owner	SDIP A	SDIP B	PREF	CAPITAL %	VOTES %
Vulcan Value Partners, LLC		5,061,617		13.6%	9.2%
Swedbank Robur Fonder		3,178,909		8.5%	5.8%
Handelsbanken Fonder		3,045,111		8.2%	5.5%
Invesco		2,278,966		6.1%	4.1%
Saeid Esmaeilzadeh	1,000,000	1,025,811		5.4%	19.9%
Ashkan Pouya	1,000,000	1,016,967		5.4%	19.9%
Kabouter Management LLC		1,289,821		3.5%	2.3%
Danske Invest (Lux)		1,165,000		3.1%	2.1%
Cliens Fonder		979,478		2.6%	1.8%
Vanguard		940,835		2.5%	1.7%
Fredrik Holmström		698,784		1.9%	1.3%
Nordnet Pensionsförsäkring		557,343	60,290	1.7%	1.1%
WCM Investment Management		555,106		1.5%	1.0%
ODIN Fonder		550,000		1.5%	1.0%
FORUM Family Office GmbH		501,444		1.4%	0.9%
<b>Total</b>	<b>2,000,000</b>	<b>33,580,027</b>	<b>1,750,000</b>	<b>100.00%</b>	<b>100.00%</b>

# EBITA\* → Net profit

MSEK	2022 Jan – Jun	2021 Jan – Jun	2022 LTM Jun	2021 Full Year	
Net Sales	1,630.9	1,323.6	3,026.2	2,718.9	
Operational costs	-1,326.2	-1,087.0	-2,448.8	-2,209.6	
<b>Profit from operations, EBITA*</b>	<b>304.7</b>	<b>236.6</b>	<b>577.4</b>	<b>509.3</b>	<b>EBITA*, best representation of the profits from the ongoing operations</b>
Acquisition costs	-14.5	-17.2	-23.7	-26.4	Direct costs related to acquisitions/divestments
Earn-out debt adjustments	32.2	-2.5	-8.3	-43.0	Adjustment of debt related to conditional considerations ("earn-out") for acquisitions, booked as other revenue or external cost, Change of discount rate per 30 June 2022
Loss on divestments	-	-20.3	-11.1	-31.4	Adjustment for reported loss on divestments
Items affecting comparability previous year	-	-	-3.7	-3.7	Adjustment for correction for previous years
Add back amortisations non acquisition	9.6	4.4	15.8	10.6	Add back amortisation of intangible non-current asset non acquisition related
<b>EBITA</b>	<b>332.0</b>	<b>201.0</b>	<b>546.6</b>	<b>415.6</b>	
Amortisations & write-downs of intangible fixed assets	-38.6	-21.8	-68.0	-51.2	
<b>EBIT</b>	<b>293.4</b>	<b>179.2</b>	<b>478.6</b>	<b>364.4</b>	
Net financial income/expense	-29.2	-15.0	-43.7	-29.4	Incl SEK 8m in other financial costs Jan – Jun 2022
Currency effects	-3.3	11.1	-3.0	11.4	
Discounted interest	-13.8	-9.8	-25.4	-21.4	Discounted interest on conditional considerations ("earn-out") for acquisitions and discounted interest for leases according to IFRS 16
<b>EBT</b>	<b>247.1</b>	<b>165.6</b>	<b>406.5</b>	<b>325.0</b>	
Tax	-52.5	-42.7	-87.9	-78.1	Tax (24.1% Jan-Dec 2021) based on EBT earn-out debt adjust., discounted interest and tax related to previous year
<b>Net profit</b>	<b>194.6</b>	<b>122.9</b>	<b>318.6</b>	<b>246.9</b>	