



## **Q2 Report April – June 2023**

July 21, 2023



*Creating sustainable, efficient and safe societies*

# Today's presenters

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## Jakob Holm

CEO



- Joined Sdiptech in 2014
- 411,228 Class B shares (through Currussel AB), 2,840 Preference shares and 50,000 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
- 107,990 Class B shares, 500 Preference shares and 87,500 warrants
- Background: CFO Lagercrantz Group, Intrum Justitia, Acando
- Education: M.Sc. in Business Economics from Stockholm School of Economics

# → **Second quarter** Financial development Outlook

# Sdiptech in short

## Sdiptech's infrastructure segments



Water &  
Sanitation



Power &  
Energy



Bio Economy &  
Waste Management



Air &  
Climate



Safety &  
Security



Transportation

## Key drivers

- Aging infrastructure assets
- Increasing consumption
- Increasing regulations
- Thrive for more sustainable, efficient and safe societies

**4,119**

MSEK Net Sales  
(LTM Q2 2023)

**19.4%**

EBITA\*-margin  
(LTM Q2 2023)

**41%**

CAGR EBITA\*  
(2017 – Q2 2023)

**100%**

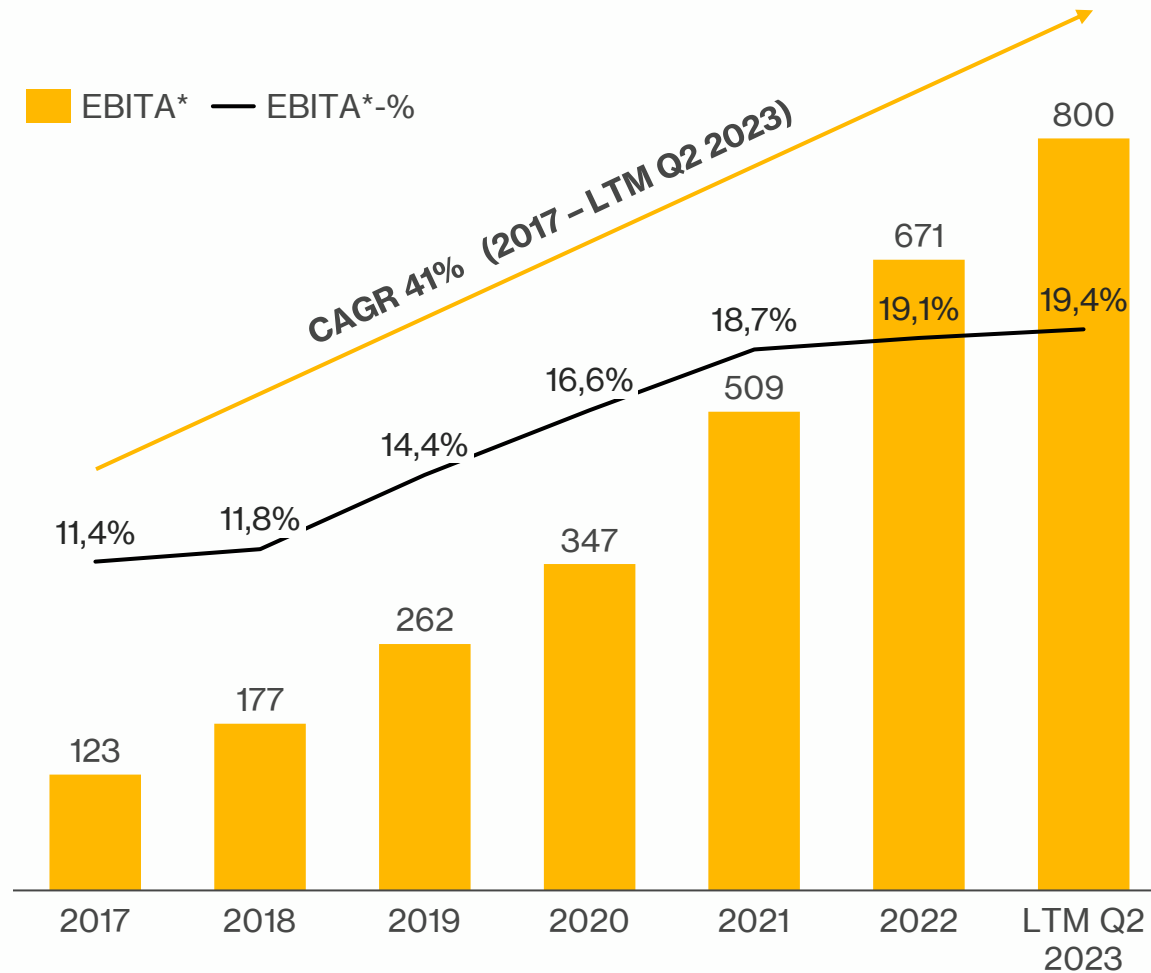
of businesses acquired  
contribute to the SDGs  
(2017 – Q2 2023)



**Creating sustainable,  
efficient and safe societies**  
An infrastructure technology group



# 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 to **acquire** niched companies and **develop** them to their full potential
- Our focus is on defendable **high-margin market positions**
- Sdiptech's markets are defined by the **long-term investment needs of the infrastructure sector**

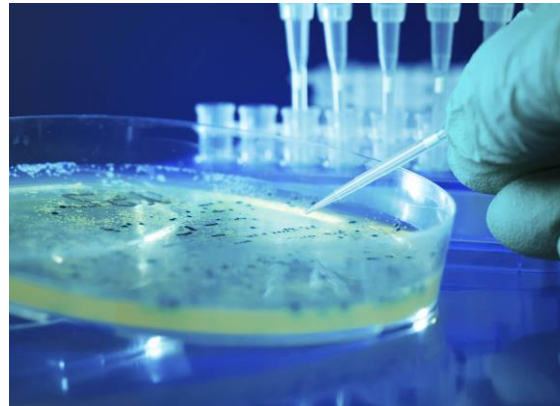
# Highlights for the second quarter

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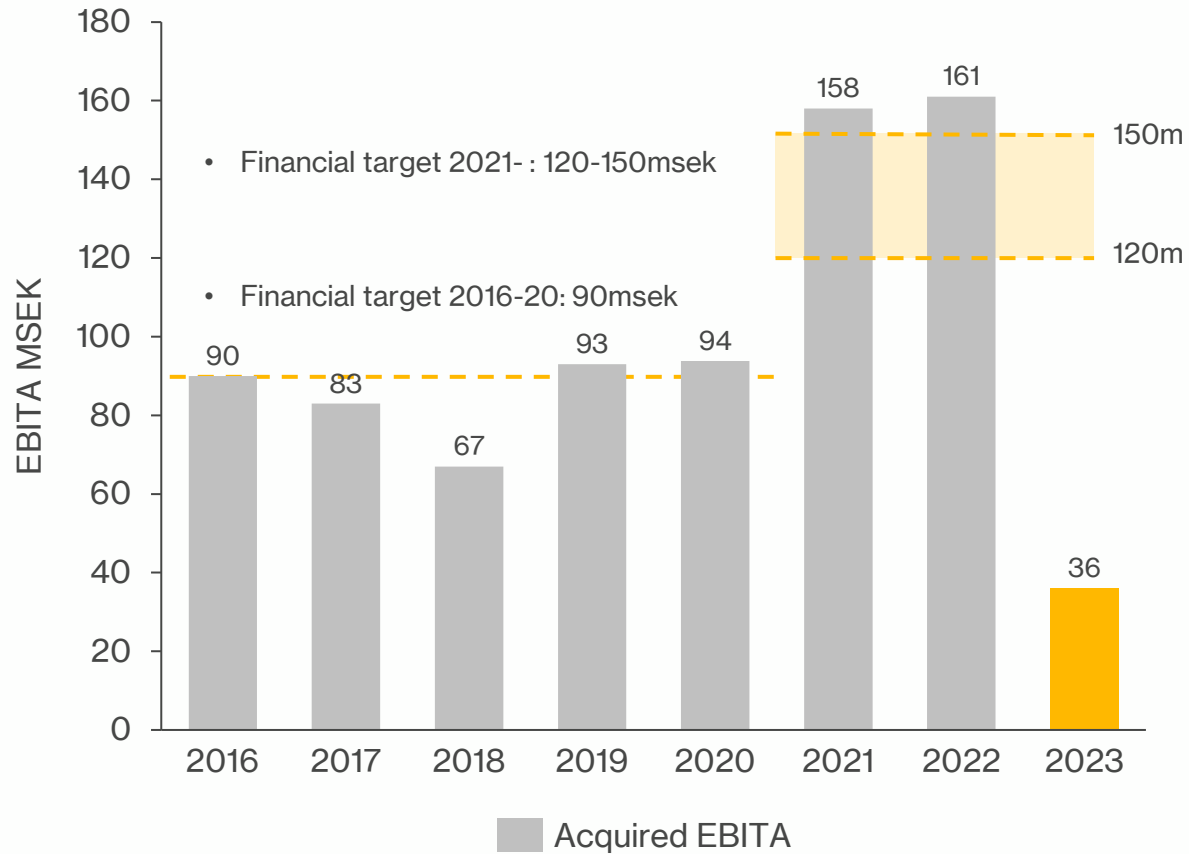
- **Demand continues to be strong**
  - Net sales increased 38%, **15% was organic** ex. currency
  - Market conditions continues to be favorable, infrastructure is needed
  - EV charging unit delivered according to plan, and is developing well
- **Strong profit growth**
  - EBITA\* increased by 44%, **15% was organic** ex. currency
    - Higher input prices and personnel costs passing on to customers. Profitability in comparable units restored vs last year.
  - Margin expansion continues, EBITA\* margin 19.7% (18.9)
    - Acquisitions added to higher profitability, organically profitability was stable
- **Strong sales & inventory build-up = weaker cash flow in the quarter**
  - Strong increase in sales driving up levels of receivables at the end of the quarter
  - Also, inventory build-up in some of the larger units to secure deliveries to an increasing demand
- **Work to reduce CO2 emissions developing well**
  - Goal to reduce CO2 emission by 50% 2021-2026 (CO2e/turnover in scope 1 and 2)
  - Comprehensive measurements are done on a quarterly basis
  - The goal for 2022 was met and we are in line to meet the goals for 2023

# Acquisition: Kemi-tech

- Specialised in chemical treatment of all types of water-carrying systems.
- Complementing acquisition, similar to Sdiptech's unit Water Treatment Products active on the UK market.
- Ensure steam boilers, cooling systems and district heating plants run more efficiently, save energy and last longer. Delivering to stable customers within energy, food & beverages and industrials.
- Innovative, high-quality solutions with contributing to a reduction in energy consumption, chemicals, costs and CO2 emissions. Contributes to SDG target: 6.3, 7.3 and 12.2.
- Included in the Resource Efficiency as of July 2023



# Acquisitions

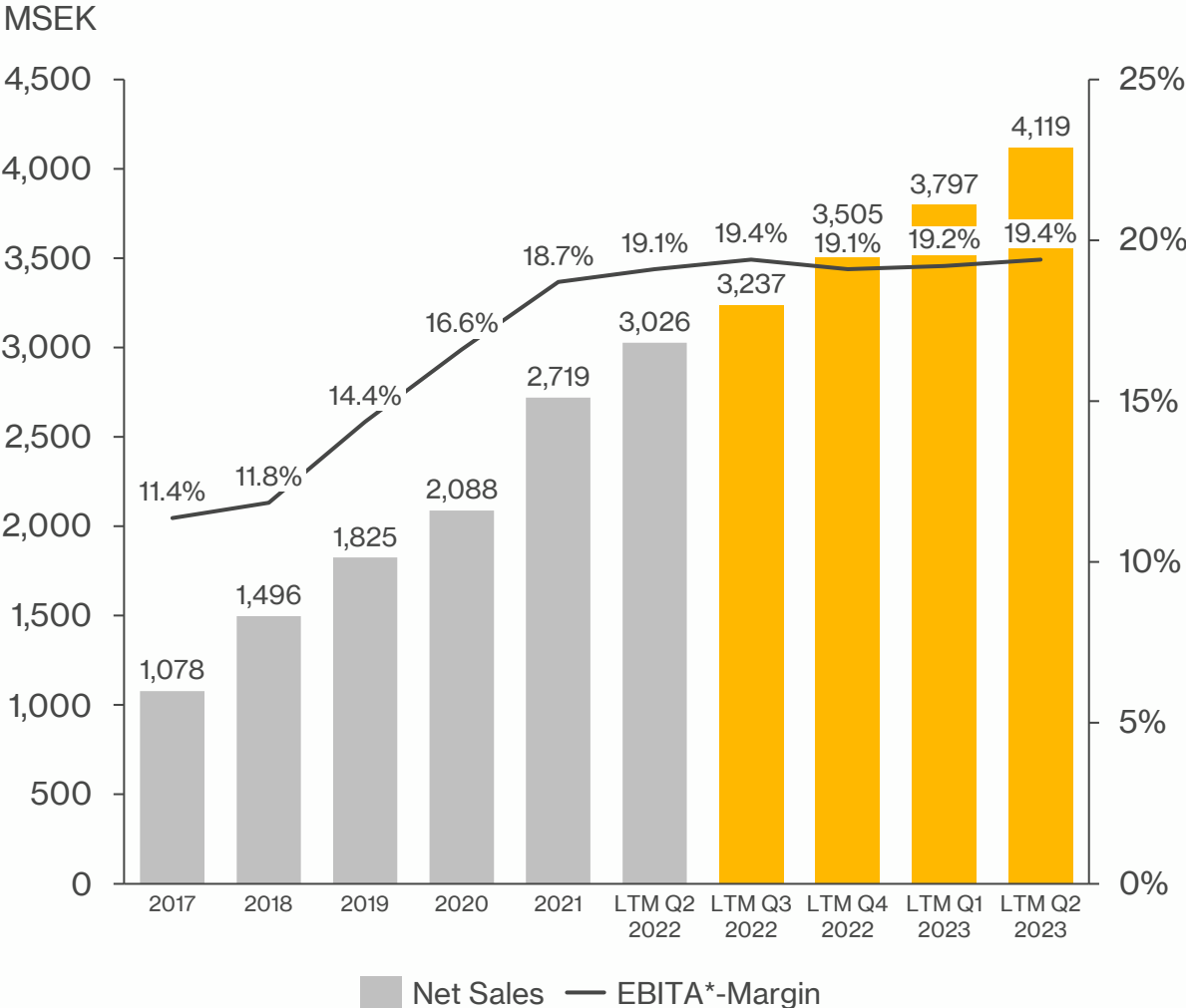


- Acquisition pipeline is solid
- Financial position is good
- For 2023; meet (not exceed) the target of SEK 120-150 million in EBITA



# Second quarter → **Financial development** Outlook

# Group sales & EBITA\*-margin



## Comments

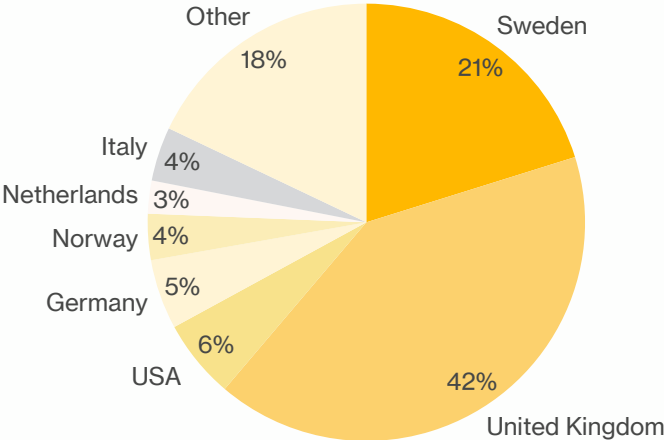
Sales increased by 38%, whereof 15% organic, excl currency effects

Strong contribution from both acquisitions and comparable units

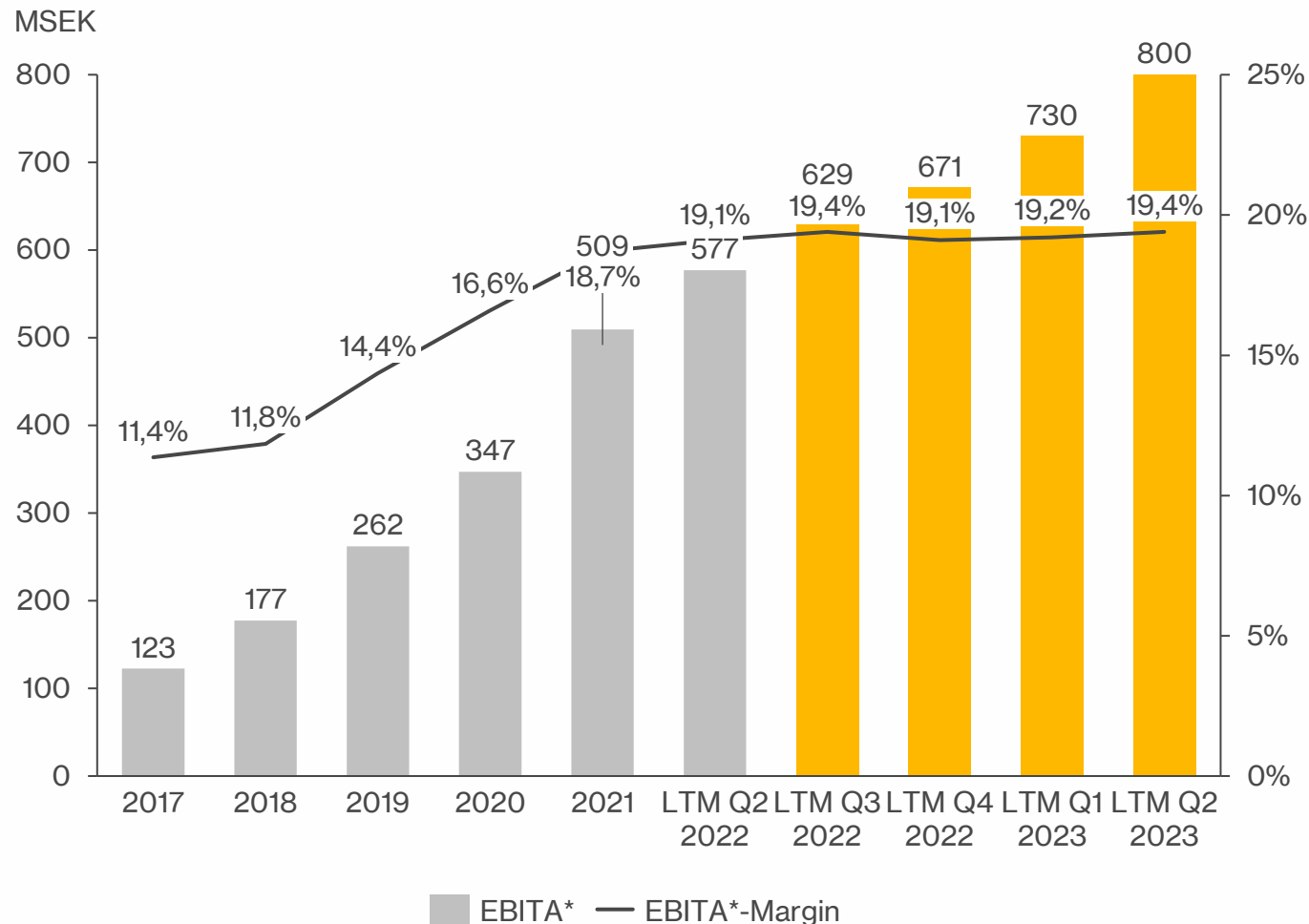
Demand remains solid because our products:

- have important societal functions
- offers solutions that contributes to more sustainable, efficient and safe societies

## Sales by country LTM Q2 2023



# EBITA\* & EBITA\*-margin



## Comments

- EBITA\* increased by 44%, whereof 15% organic, excl currency effects
- EBITA\* margin was 19.7% (18.9)
- Most comparable units had stronger results than last year
- Acquired units had earnings in line with or above expectations

# Resource Efficiency



Water & Sanitation



Power & energy



Bioeconomy



Waste management



Air & Climate



Safety & Security



Transportation

## Sales increased by 19% to SEK 403m (338)

- Contributions from acquisitions and comparable units
- The unit for EV chargers continued sales of the new generation of chargers according to plan

## EBITA\* margin decreased to 20.4% (21.4)

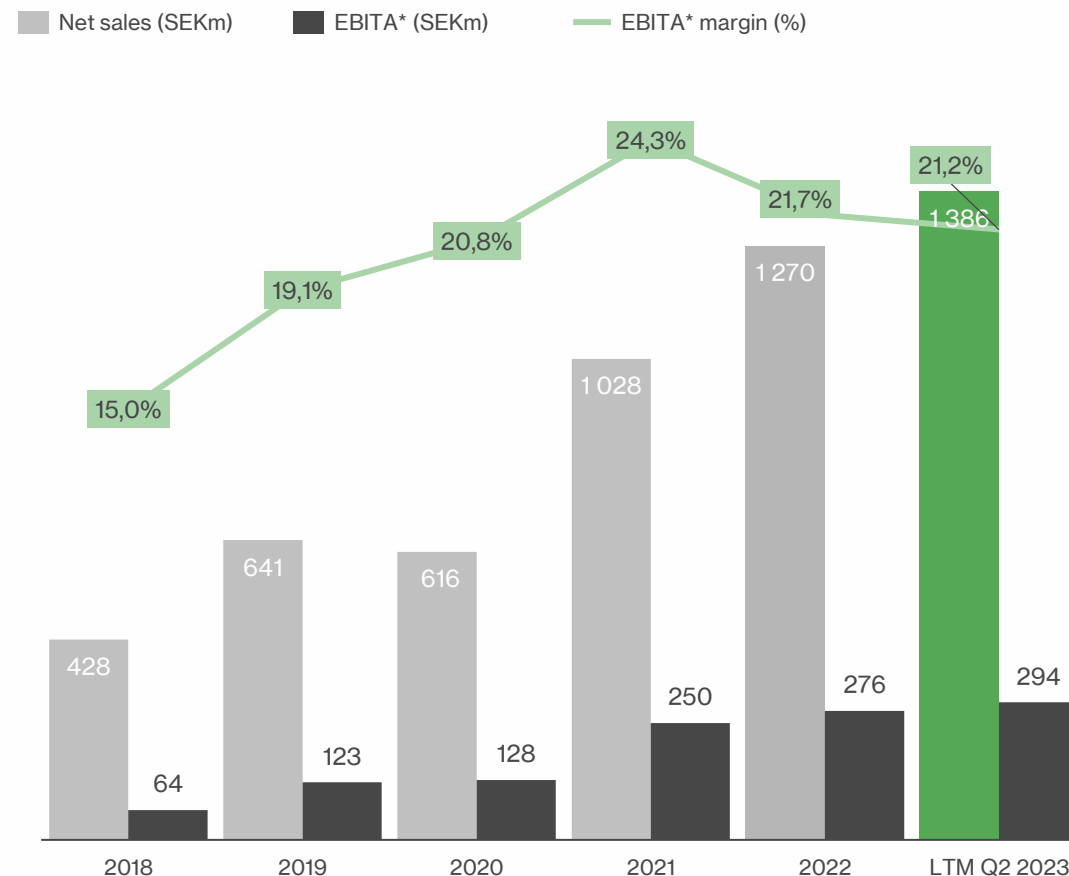
- Driven by lower profit margins in some of the business area's smaller units

## EBITA\* increased by 13% to SEK 82m (72)

- Sales increase and margin expansion

## Acquisitions:

- 1 (Q3): Kemi-tech



# Special Infrastructure Solutions



## Sales increased by 50% to SEK 767m (510)

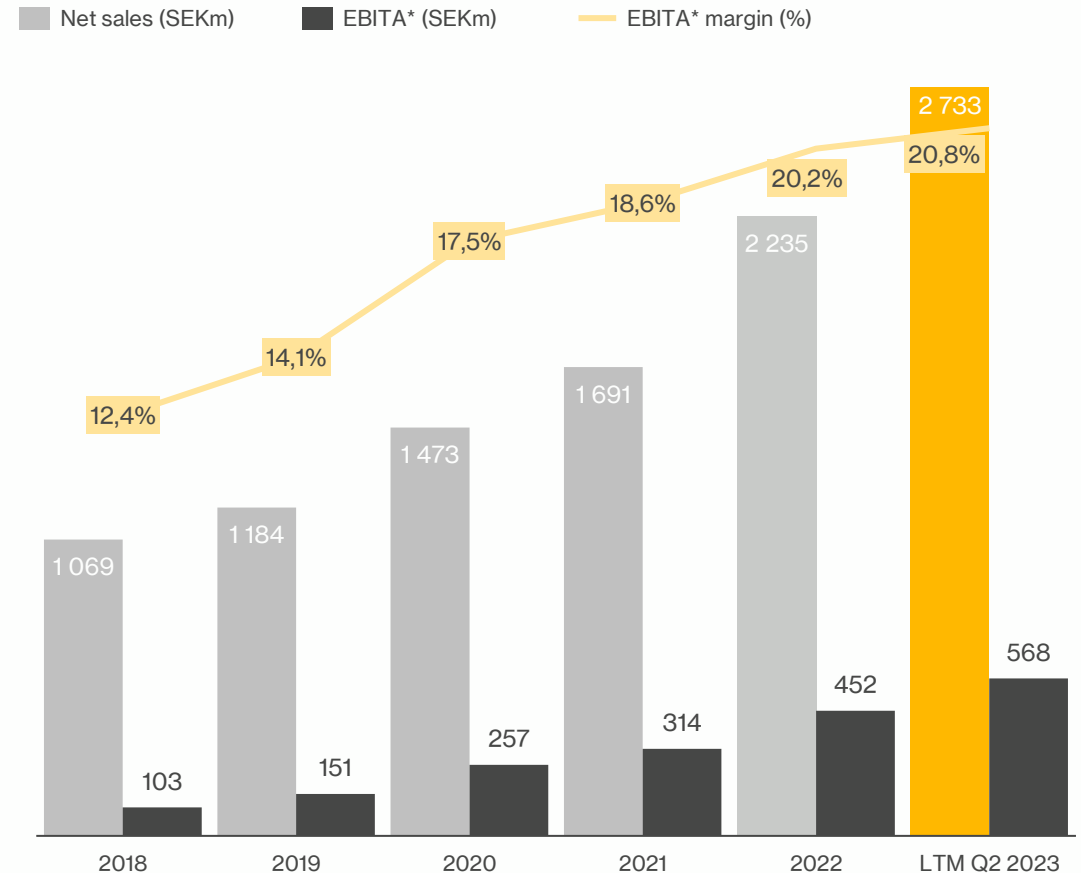
- Strong contributions from acquisitions
- Several comparable units also had a strong organic growth
  - Units for management of insurance claims, automation solutions for container handling, solutions for road maintenance and transport refrigeration solutions

## EBITA\* margin increased to 21.3% (16.6)

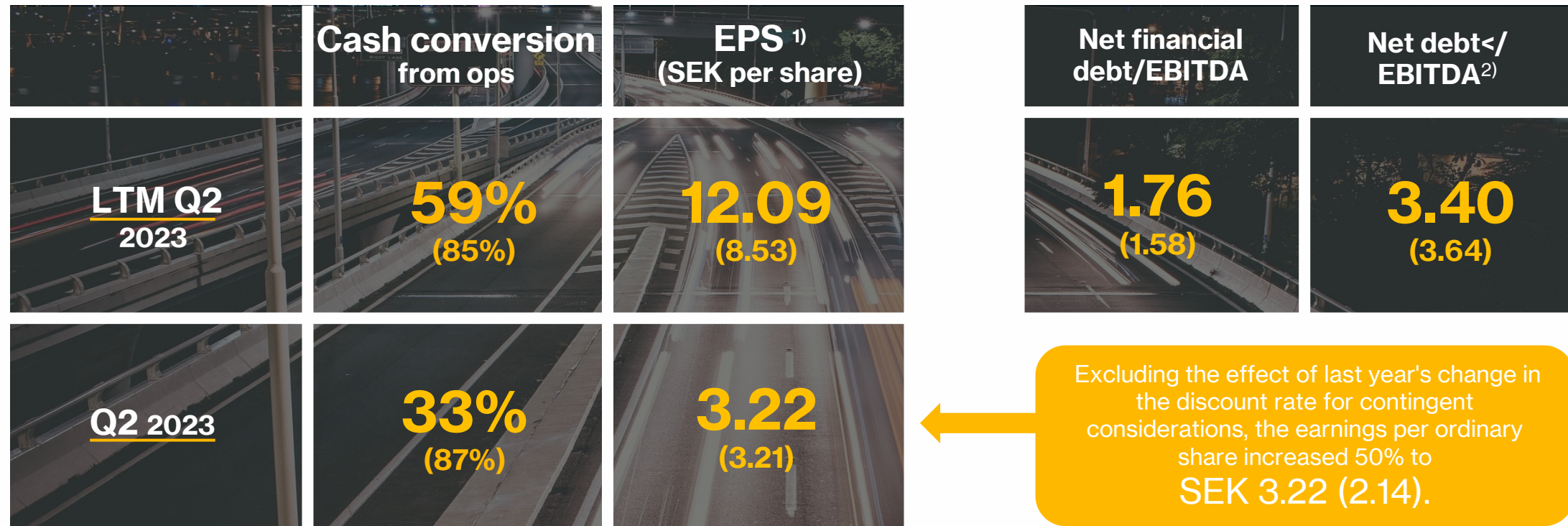
- Contributions from acquired units
- Margin reinforcements through the large units' increased sales with scalable business models

## EBITA\* increased by 63% to SEK 163m (100)

- Sales increase and margin expansion



# 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 35%, 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 in the infrastructure segments where we are present**

- No obvious signs of weakening demand, order books are solid
- EV charger unit is developing well, in a stable manner and according to plan
- Sustainability investments in European infrastructure, especially within energy efficiency, water purification, traffic planning and security solutions in public environments

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

- Acquisitions continue to contribute positively in line with strategy towards high margin niche positions
- Comparable units stable in profitability

## **Acquisitions pipeline normal**

- Systematic and controlled work targeting high margin niche companies in strong market positions
- Financial position strong and expecting to meet the financial goal of 120-150 MSEK acquired EBITA in 2023





**Thank you for listening!**









# Appendix








# Management Team and Board of Directors

## Management

	<b>Jakob Holm</b> CEO	411,228 (Class B), 2,840 (Pref) 50,000 (Warrants) Axholmen, General Electric, Accenture M.Sc. KTH Royal Institute of Technology		<b>Fredrik Navjord</b> Head of Water & Energy	67,724 (Class B) 50,000 (Warrants) Metric, Addtech, Volvo M.Sc. Chalmers University of Technology
	<b>Bengt Lejdström</b> CFO	107,990 (Class B) 500 (Pref) 87,500 (Warrants) Lagercrantz Group, Interim Justitia, Acando M.Sc. Stockholm School of Economics		<b>Anders Mattson</b> Head of Special Infrastructure Solution	59,533 (Class B) 52,000 (Warrants) Munters, Roland Berger, Bearingpoint M.Sc. Chalmers University of Technology
	<b>Steven Gilsdorf</b> Head of Acquisitions	66,179 (Class B) 62,500 (Warrants) GE Capital, Booz & Co., Bismode MBA, London Business School		<b>My Lundberg</b> Sustainability & IR Manager	7,773 (Class B) 18,360 (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 31 June 2023

Owner	SDIP A	SDIP B	PREF	CAPITAL %	VOTES %
Vulcan Value Partners, LLC		5,061,617		12.74%	8.77%
Handelsbanken Fonder		3,336,961		8.40%	5.78%
Swedbank Robur Fonder		3,324,909		8.37%	5.76%
Invesco		2,085,173		5.25%	3.61%
Ashkan Pouya	1424000	592,967		5.08%	25.69%
Cliens Fonder		1,862,478		4.69%	3.23%
Saeid Esmaeilzadeh	576000	1,114,058		4.26%	11.94%
Nordnet Pensionsförsäkring		1,111,576	66,218	2.96%	2.04%
Vanguard		1,044,962		2.63%	1.81%
SEB Fonder		940,397		2.37%	1.63%
Avanza Pension		723,202	169,610	2.25%	1.55%
Enter Fonder		609,688		1.53%	1.06%
Grandeur Peak Global Advisors, LLC		523,273		1.32%	0.91%
Danske Invest		506,082		1.27%	0.88%
FORUM Family Office GmbH		501,444		1.26%	0.87%
<b>Total</b>	<b>2,000,000</b>	<b>35,991,938</b>	<b>1,750,000</b>	<b>100.00%</b>	<b>100.00%</b>

# EBITA\* → Net profit

MSEK	2023 Jan-Jun	2022 Jan-Jun	2023 LTM Jun	2022 Full Year	
Net Sales	2,244.7	1,630.9	4,119.0	3,505.2	
Operational costs	-1,811.0	-1,326.2	-3,318.9	-2,834.1	
<b>Profit from operations, EBITA*</b>	<b>433.7</b>	<b>304.7</b>	<b>800.1</b>	<b>671.1</b>	<b>EBITA*, best representation of the profits from the ongoing operations</b>
Acquisition costs	-3.4	-14.5	-11.1	-22.2	Direct costs related to acquisitions/divestments
Earn-out debt adjustments	-2.8	32.2	26.6	61.6	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
Items affecting comparability previous year	-	-	-4.4	-4.4	Adjustment for correction for previous years
Add back amortisations non acquisition	14.8	9.6	27.5	22.3	Add back amortisation of intangible non-current asset non acquisition related
<b>EBITA</b>	<b>442.3</b>	<b>332.0</b>	<b>838.8</b>	<b>728.6</b>	
Amortisations & write-downs of intangible fixed assets	-57.3	-38.6	-106.1	-87.4	
<b>EBIT</b>	<b>385.0</b>	<b>293.4</b>	<b>732.7</b>	<b>641.2</b>	
Net financial income/expense	-67.9	-29.2	-112.9	-74.0	
Currency effects	9.2	-3.3	17.4	4.9	
Discounted interest	-23.7	-13.8	-45.0	-35.3	Discounted interest on conditional considerations ("earn-out") for acquisitions and discounted interest for leases according to IFRS 16
<b>EBT</b>	<b>302.6</b>	<b>247.1</b>	<b>592.3</b>	<b>536.8</b>	
Tax	-80.4	-52.5	-136.6	-108.7	Tax (20.2% Jan-Dec 2022) based on EBT earn-out debt adjust., discounted interest and tax related to previous year
<b>Net profit</b>	<b>222.2</b>	<b>194.6</b>	<b>455.7</b>	<b>428.1</b>	