

# Business Review

## January – September 2020

Presentation 2 November 2020

Philip Isell Lind af Hageby  
President and CEO

Erik Skånsberg  
CFO

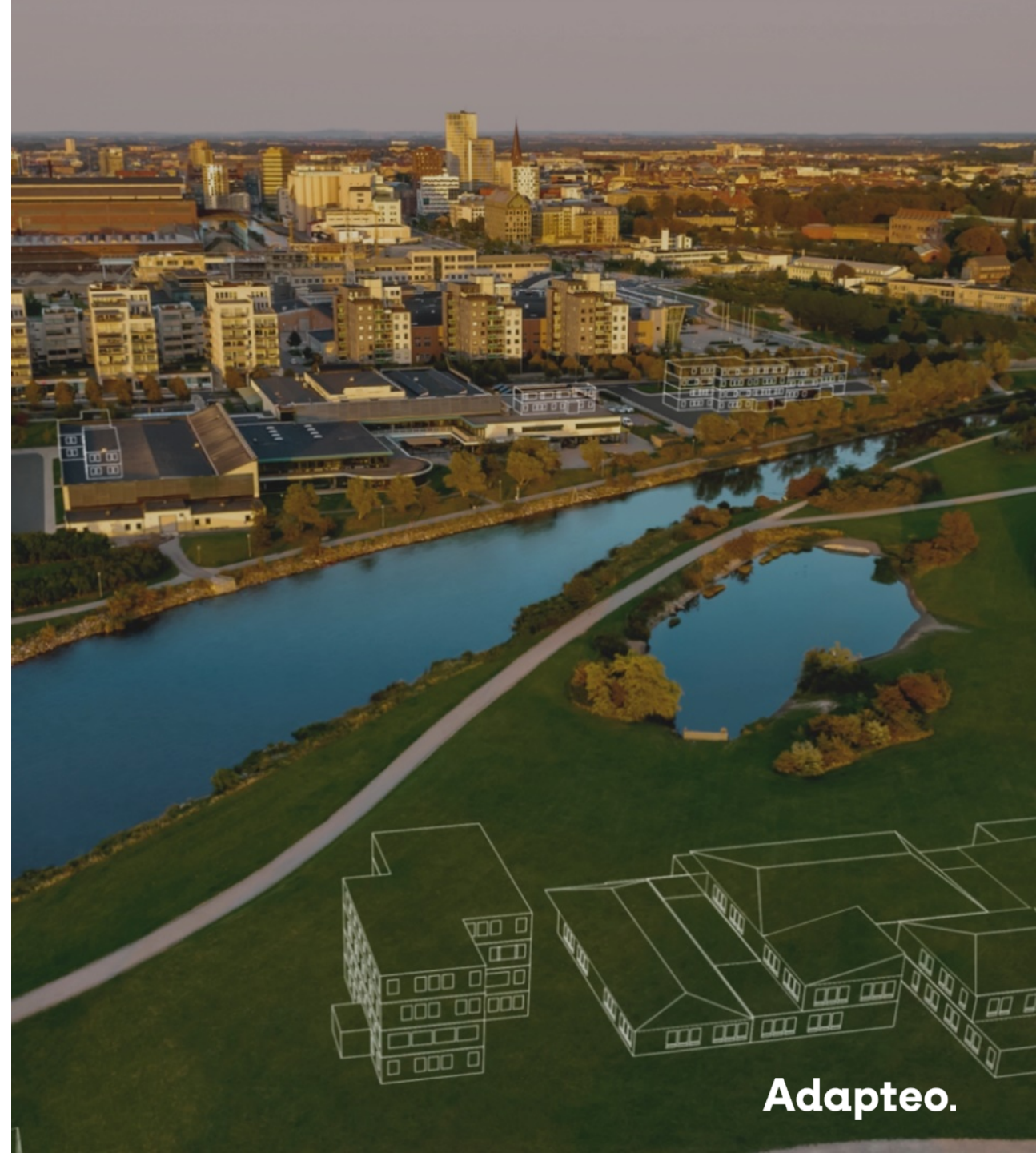


# Business Overview

Philip Isell Lind af Hageby  
President and CEO

# Q3 Highlights

- Stable public-sector demand and weak private markets
- Resilient revenue and earnings
- Investments for the future in building portfolio
- Acquisition of Dutch Cabin Group
- Order in Germany for two school buildings





“ The staff is very happy. The indoor environment is much better than before, not least in terms of ventilation and space.

*Susanne Andreasson,  
Elderly care facility in Laholm*

Business overview

# Improved indoor environment in Laholm



Elderly care facility for 40 residents, 2,650 sqm



Laholms municipality, Sweden



Rental start in July 2020

“ We want to be able to be flexible. Why be static, when society is not?

*Karin Ljunggren, Principal of the Daycare Backen in Sundbyberg*



Business overview

## Focus on sustainability in Sundbyberg



Highly customised solution for daycare centre. Six departments in two storeys, accommodating 130 children. Solar panels and sedum roof.



Sundbybergs municipality, Sweden



Opening ceremony 14 September 2020











“

With a circular construction concept, Adapteo provides buildings that can adapt to the needs of both people and planet. We use climate-smart raw materials, resource-efficient production, innovation and an inclusive approach.

*Adapteo's sustainability value proposition*

# Our strategy for sustainability

| PURPOSE  | <b>Building Adaptable societies</b>   |   |   |  |  |   |   |  |
|--|---|---|---|--|--|---|---|--|
| PILLARS  | <b>Climate smart buildings</b><br>Producing adaptable buildings with low impact on the climate  |   | <b>Innovation for sustainability</b><br>Providing innovative and circular solutions   |  | <b>Inclusive societies</b><br>Creating value for society and as an employer  |   |   |  |
| FOCUS AREAS  | Sustainable buildings   | Resource-efficient production   | Circular solutions  | Design for sustainability  | Diverse and inclusive workplace  | Solutions for a better society  |   |  |
| AMBITION   | We construct energy-efficient, adaptable buildings; using climate-smart raw materials   | We focus on efficient resource management in our production and operation | Our vision is a circular construction and real estate industry. We strive to expand our circular business model even further.   | We design and innovate sustainable buildings for the future and help our customers make sustainable choices. | We offer an inclusive workplace and strive for diversity in our work force   | We provide a growing population with buildings that are adaptable to people's and society's needs |   |  |
| <b>Foundation</b><br>Responsible business, Stakeholder collaboration and contributing to the UN SDGs |   |   |   |  |  |   |   |  |
| CONTRIBUTING TO SDG's  |   |   |   |  |     |   |    |  |

# Adapteo acquires Dutch Cabin Group to strengthen its position in continental Europe

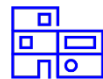
## Highlights

- Adapteo has entered into an agreement to acquire Dutch Cabin Group for EUR 72 million (EV)<sup>1)</sup>
- Dutch Cabin Group is a leading manufacturer of adaptable buildings in the Netherlands and with presence in Germany
- Dutch Cabin Group rents out and sells both temporary and permanent buildings to customers within governmental, educational, industrial and healthcare sectors
- Dutch Cabin Group operates six brands in Netherlands and Germany and has two in-house production sites in the Netherlands
- The purchase price will be paid in cash and the acquisition is being funded using existing credit facilities
- The transaction was completed on 29 October

## Dutch Cabin Group key facts and figures (2019)



Revenues EUR 50.7 million<sup>2)</sup>



2 in-house production sites



EBITDA EUR 10.4 million<sup>2)</sup>



~120 employees

DUTCHCABINGROUP

## Adapteo.



DUTCHCABINGROUP



Group presence

## Key rationale

Dutch Cabin Group has shown a strong track record of profitable growth in the Benelux and German region

The acquisition creates geographic diversification and complements the strong position in the Nordics

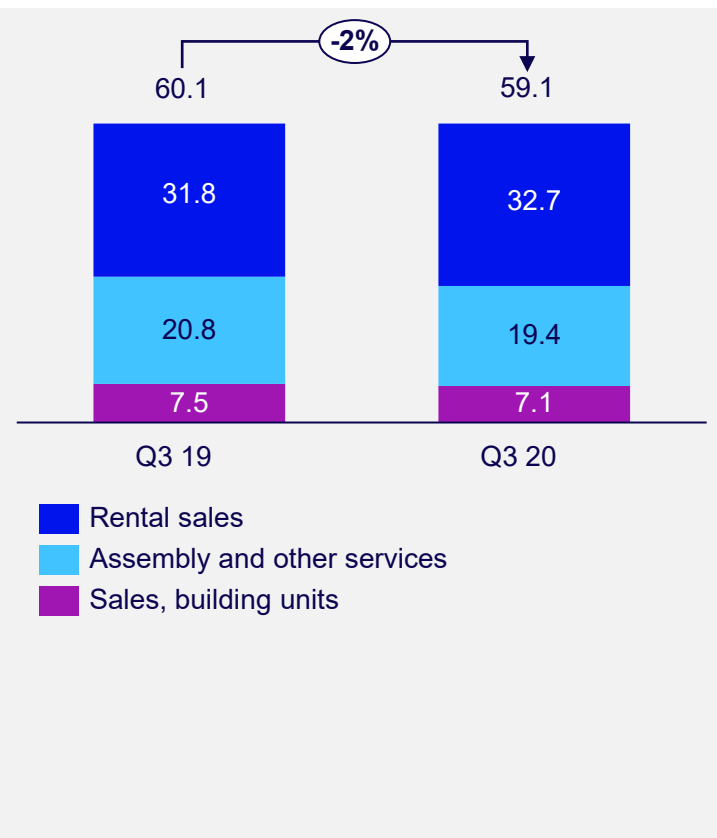
Combination will create a strong platform for further growth in continental Europe

Acquisition is expected to be accretive to Adapteo's earnings per share already in 2020

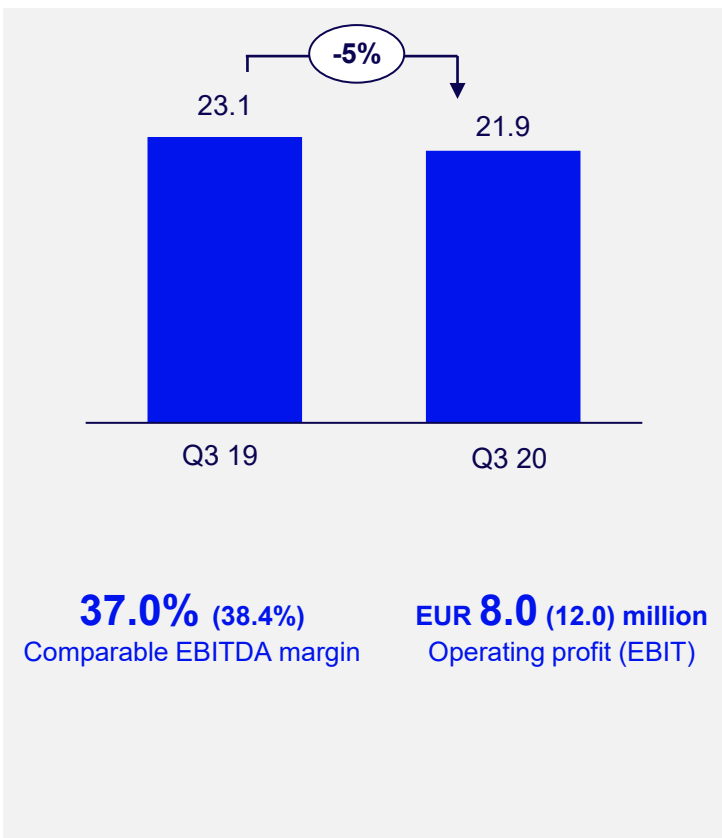


# Q3 Financial highlights

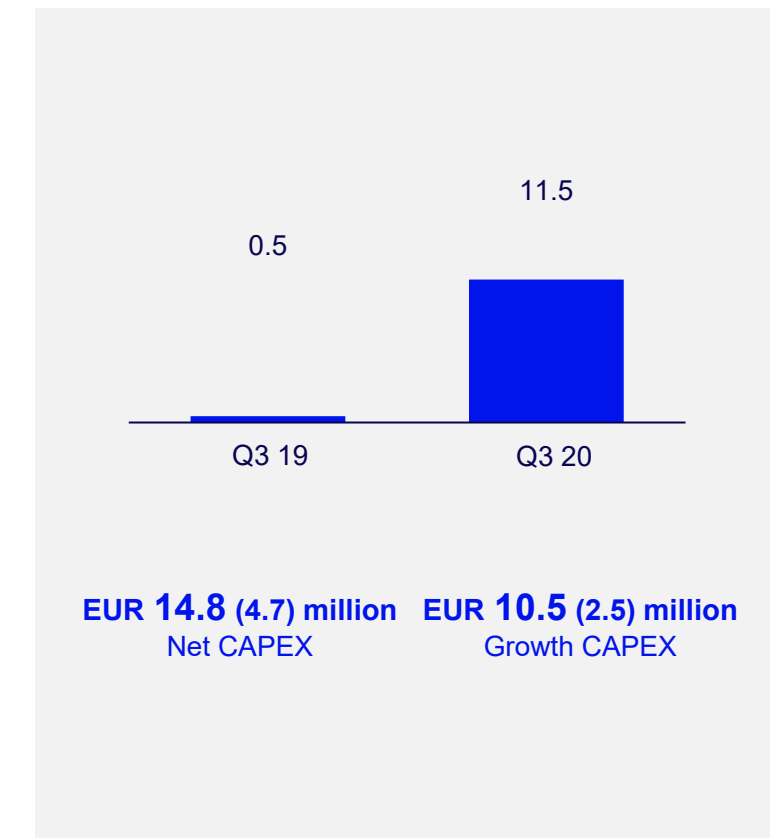
Net sales (mEUR)



Comparable EBITDA (mEUR)

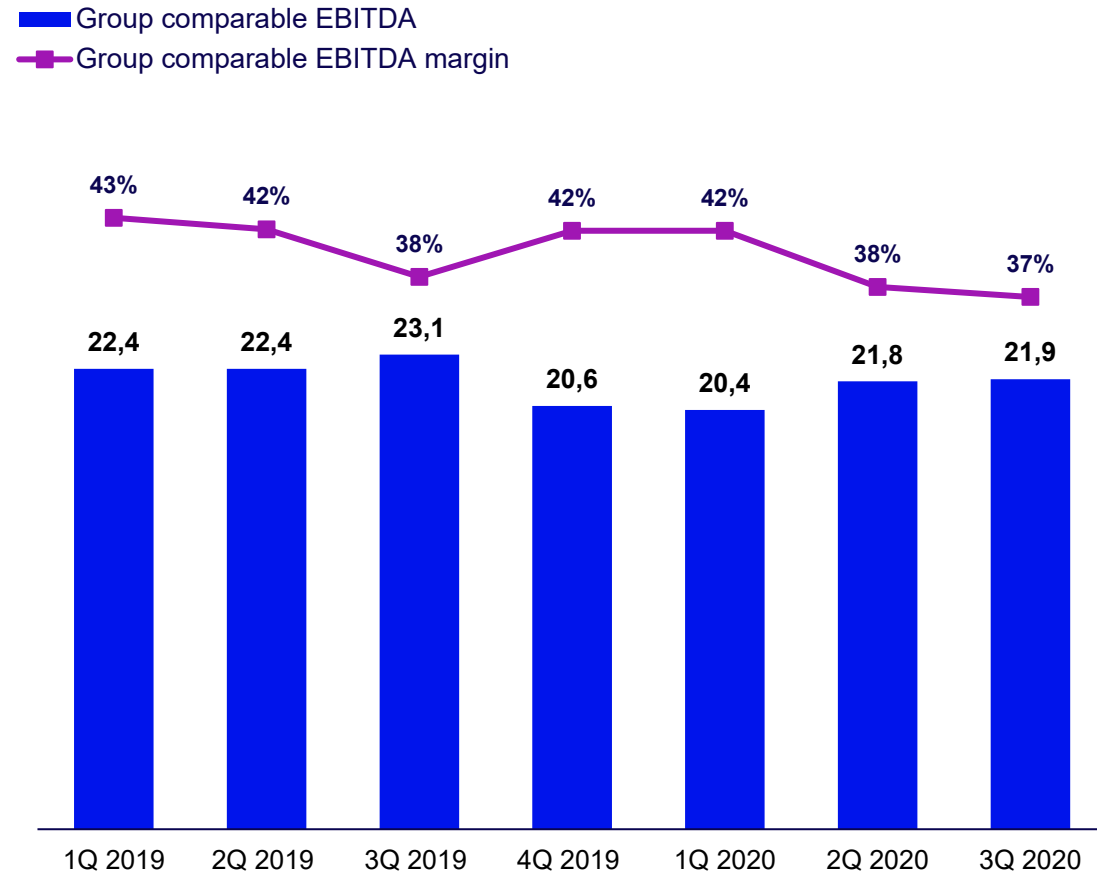


Operating cash flow before growth capex (mEUR)

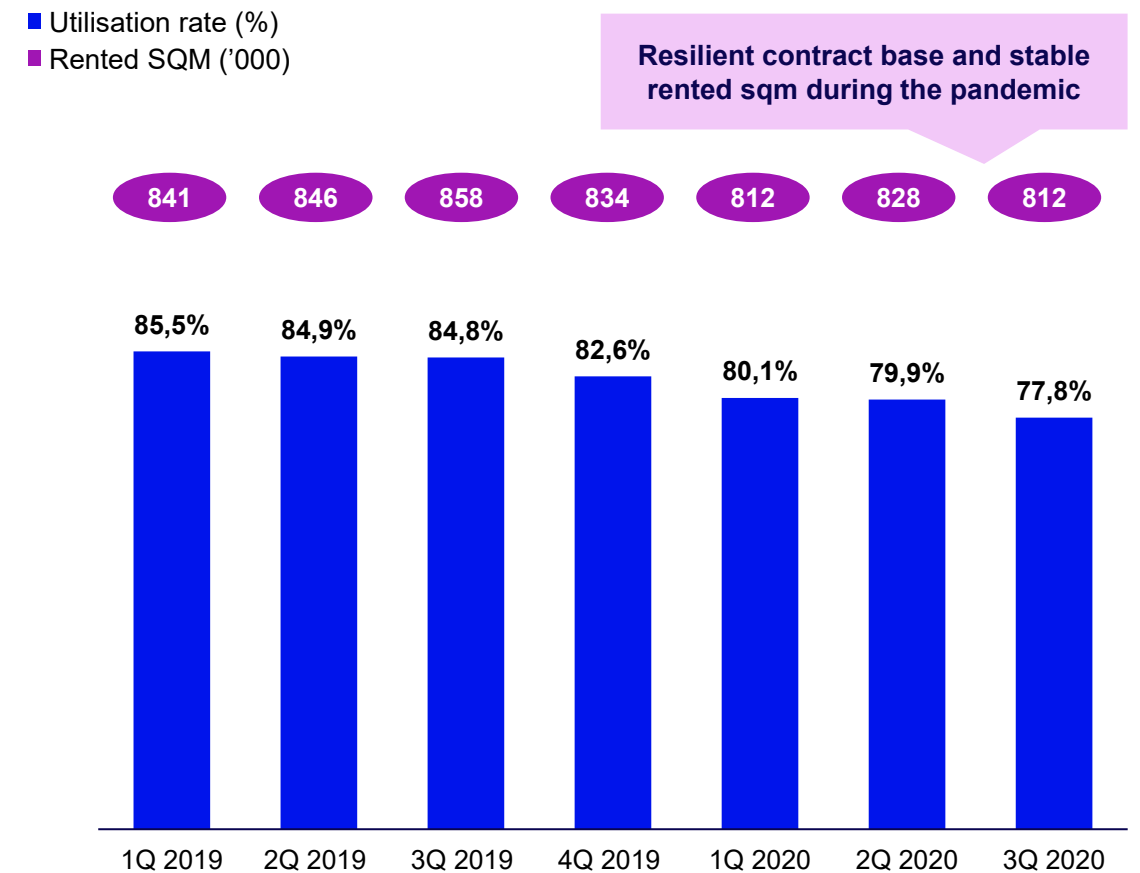


# Adapteo has a proven track record of generating solid results despite challenging market conditions

## Stable EBITDA backed by solid margins and high share of Rental Space



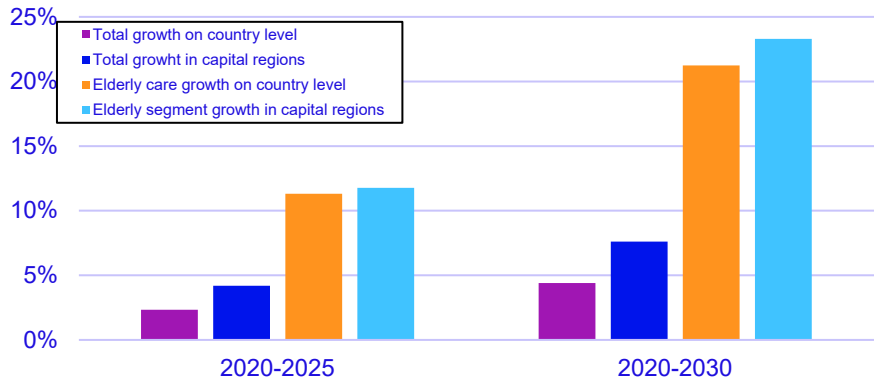
## 5-year average contract length leads to resilience in utilisation rate



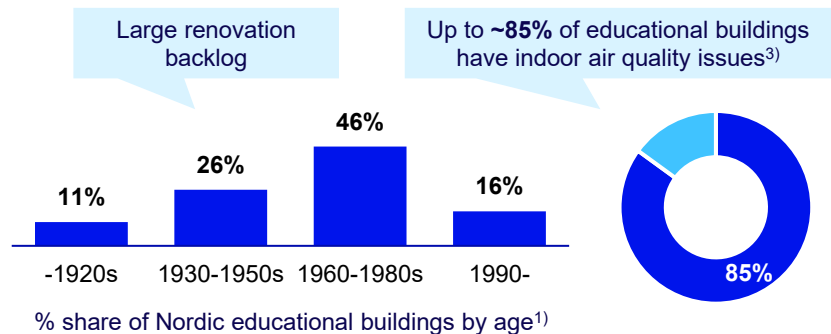
# Market growth supported by long-term structural trends

## Growing gap between demand and supply of space

Growing total population, urbanisation and demographic shift <sup>2)</sup>



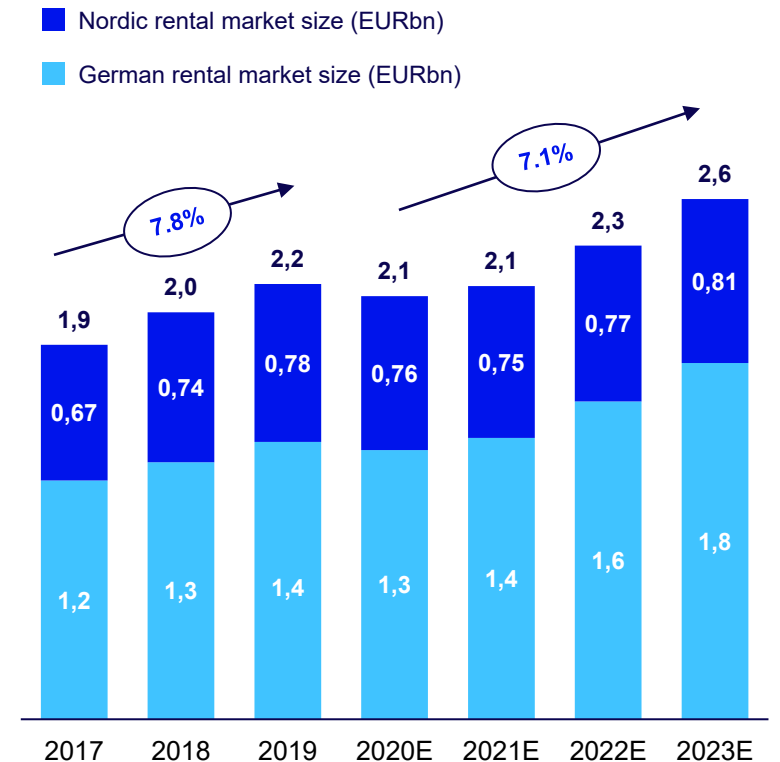
## Current educational building stock not adequate to sustain growth



## Adaptable Rental Space a preferred solution

- ~70% of the market is social infrastructure (e.g. schools, daycares, elderly care)
- Public customers often have a legal obligation to provide social infrastructure
- Adaptable buildings with flexible financing favoured by public and private sector clients
- Contribution to sustainability and circular economy

## Positive long-term outlook after COVID-19 slowdown



1) Includes SE, FI, DK, NO; 2) Management's estimates based on public sources SE, FI, DK, NO; 3) 85% educational buildings in Finland (Not representative of the whole building stock. Based on a nationwide survey for education, training and research sector professionals. N=4920), 20% of schools in Sweden, 36% of pupils in Denmark (based on a survey); Source: Adapteo management analyses (Market size, shares and positions)



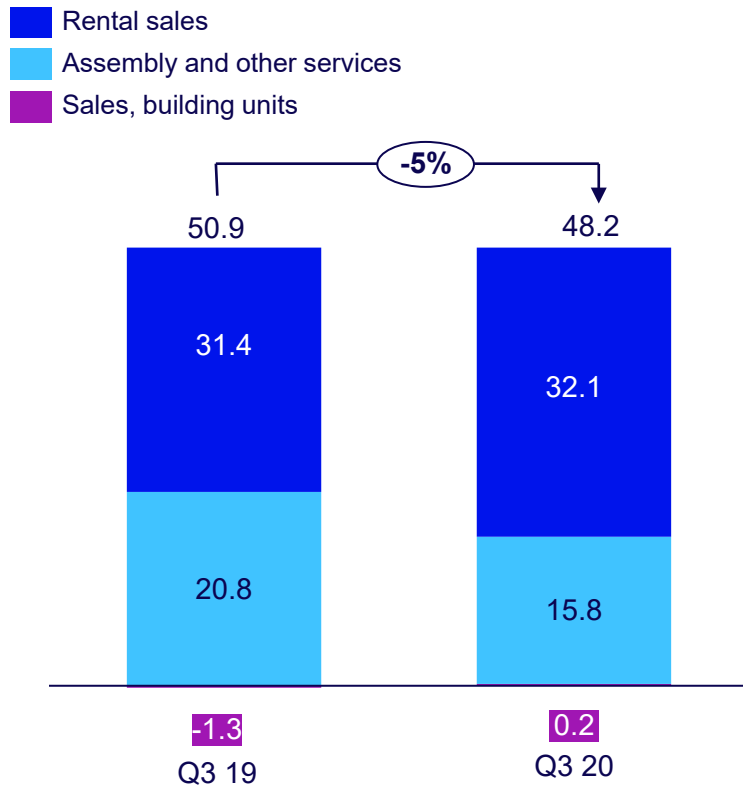
# Financial Performance

Erik Skånsberg  
CFO

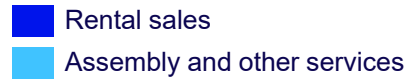
# Rental Space

Sales: Rental sales up on last year

## Net sales (mEUR)



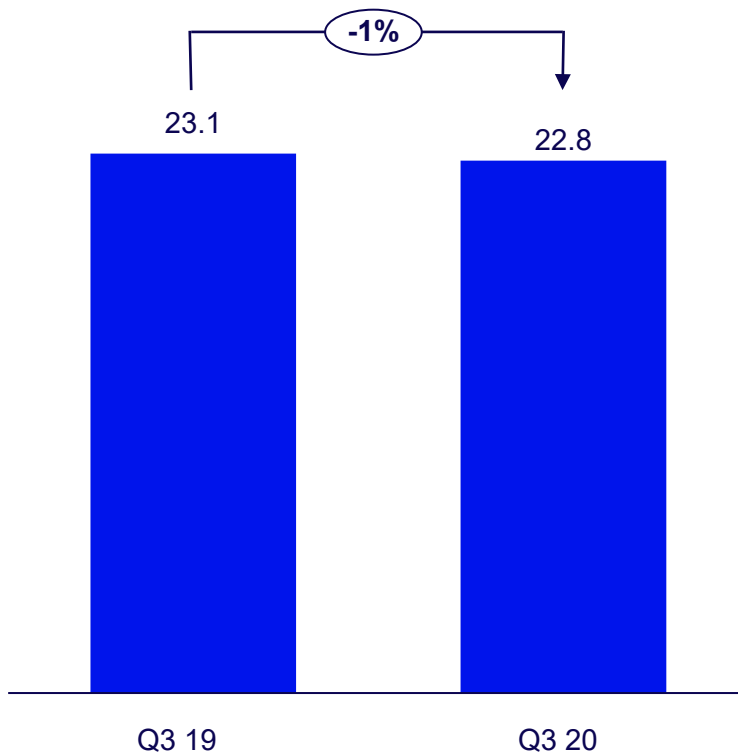
## Jul-Sep 2020 Net sales, %



# Rental Space

Comparable EBITDA: On par with last year

## Comparable EBITDA (mEUR)



- Comparable EBITDA decreased by 1% to EUR 22.8 (23.1) million, excluding EUR -0.0 (-0.3) million of items affecting comparability
- The Comparable EBITDA margin increased to 47.3% (45.3%).
- Stable public-sector demand but continued weak private-sector segments. Continued price pressure in the Nordic markets. Low assembly margins.
- Rental sales increased in Finland and Germany and was on par with Q3 2019 in Sweden, Denmark, and Norway.
- Utilisation at 77.8% while increasing square meters in building portfolio by 3% during January-September 2020.

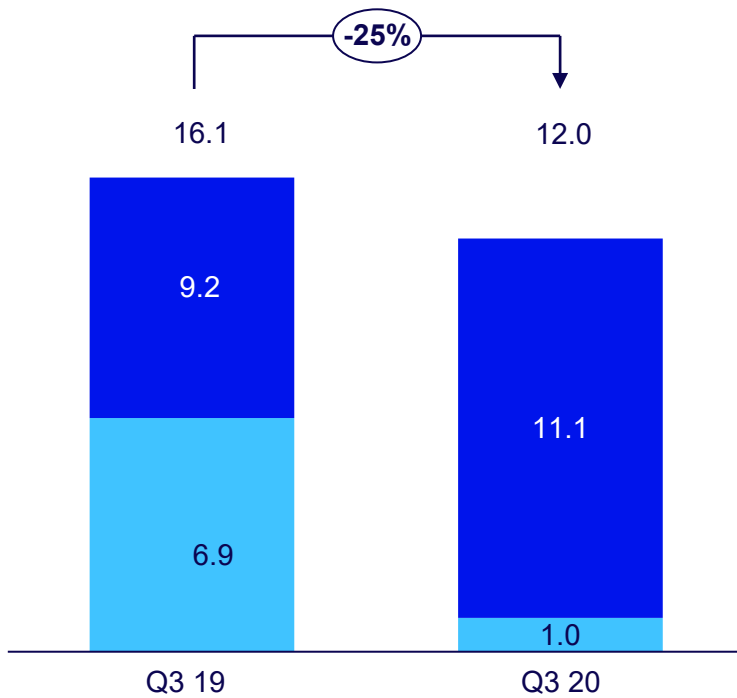


# Permanent Space

Sales: External net sales up by 20%

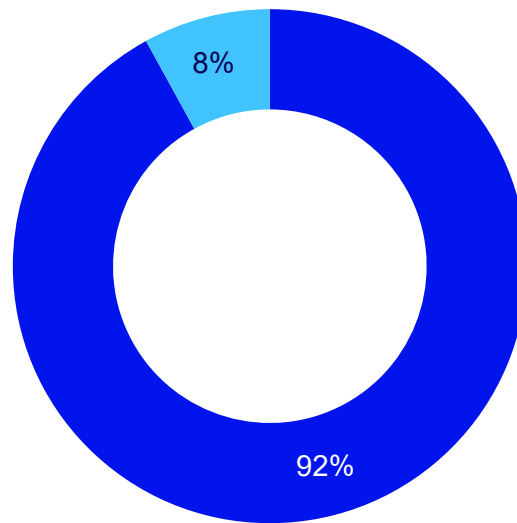
## Net sales (mEUR)

External net sales  
Internal sales



## Jul-Sep 2020 Net sales, %

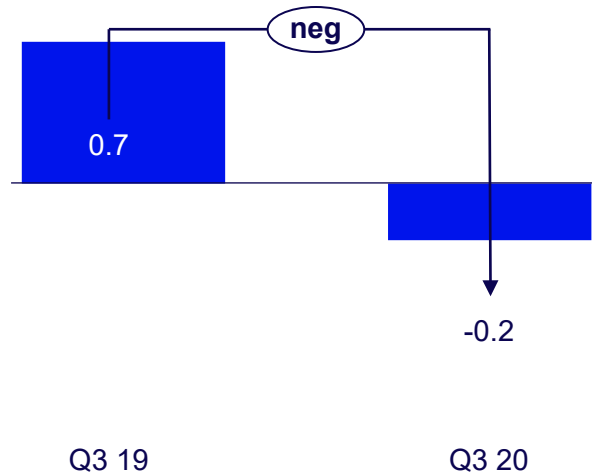
External net sales  
Internal sales



# Permanent Space

## Comp. EBITDA: Adverse market conditions in Finland

### Comparable EBITDA (mEUR)



- Comparable EBITDA decreased to EUR -0.2 (0.7) million, representing a negative margin (2.1%) of External net sales.
- Adverse market conditions in Finland putting pressure on project margins.
- Sales efforts focused on projects that are a better fit for the specific production facility in Anneberg, Sweden.
- Operational efficiency measures have resulted in lower costs and improved cost efficiency in production.
- Gråbo factory closure in Q3 2020. One-off costs taken as items affecting comparability.





# Group performance

**Building portfolio:** Increased to 1,044 k sqm

| <b>EUR millions</b>              | <b>Jul-Sep<br/>2020</b> | <b>Jul-Sep<br/>2019</b> | <b>Full Year<br/>2019</b> |
|----------------------------------|-------------------------|-------------------------|---------------------------|
| Rental sales (mEUR)              | 32.7                    | 31.8                    | 132.7                     |
| Total building portfolio (k sqm) | 1,044                   | 1,012                   | 1,010                     |
| Utilisation rate (%)             | 77.8                    | 84.8                    | 84.4                      |



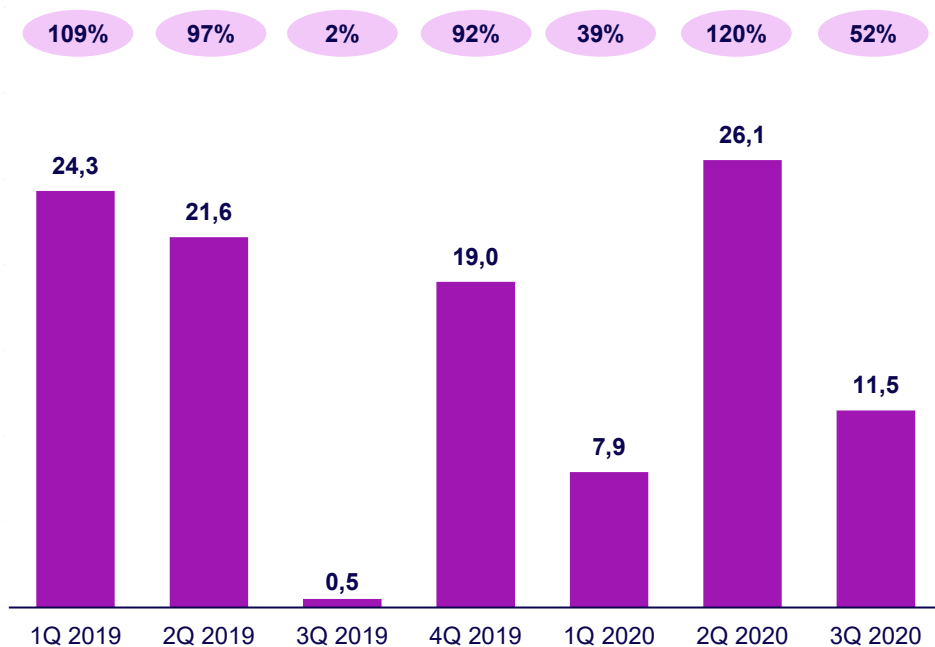
# Group performance

## Operating cash flow: Room for Q3 growth capex for the growing German market

### Operating cash flow before growth capex (mEUR)

■ Operating cash flow before growth capex

○ % Cash conversion before growth capex



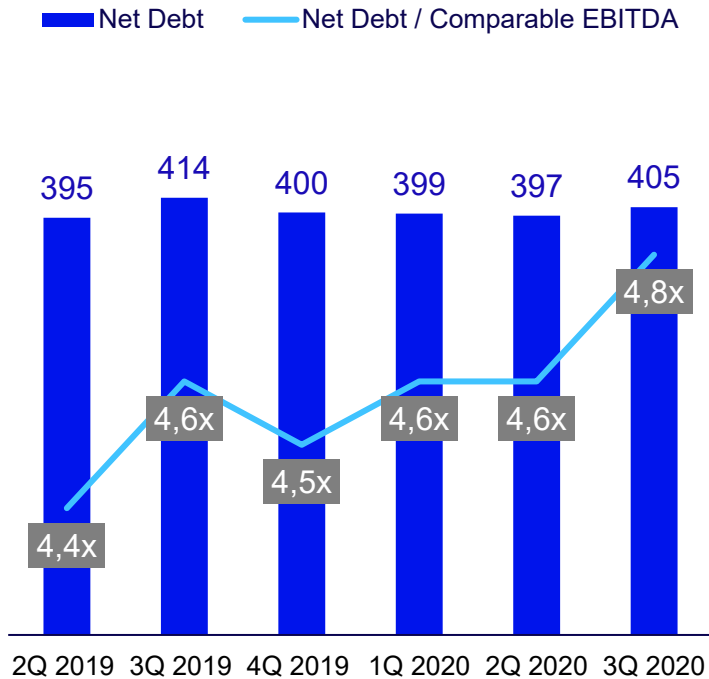
### Reconciliation of Operating cash flow before growth capex (mEUR)

| EUR millions                                   | 2019        |             |            |             | 2020       |             |             |
|--|-------------|-------------|------------|-------------|------------|-------------|-------------|
|  | Q1          | Q2          | Q3         | Q4          | Q1         | Q2          | Q3          |
| Comparable EBITDA                              | 22.4        | 22.4        | 23.1       | 20.6        | 20.4       | 21.8        | 21.9        |
| Change in net working capital <sup>1)</sup>    | 8.1         | 7.9         | -20.7      | 22.0        | -5.5       | 10.2        | -6.1        |
| Maintenance capex                              | -1.8        | -4.4        | -0.7       | -23.6       | -6.2       | -4.5        | -5.2        |
| Non-fleet capex                                | -4.4        | -4.2        | -1.2       | -0.0        | -0.8       | -1.3        | 0.9         |
| <b>Operating cash flow before growth capex</b> | <b>24.3</b> | <b>21.6</b> | <b>0.5</b> | <b>19.0</b> | <b>7.9</b> | <b>26.1</b> | <b>11.5</b> |
| Growth capex                                   | 10.5        | 11.5        | 2.5        | 4.3         | 3.6        | 16.3        | 10.5        |

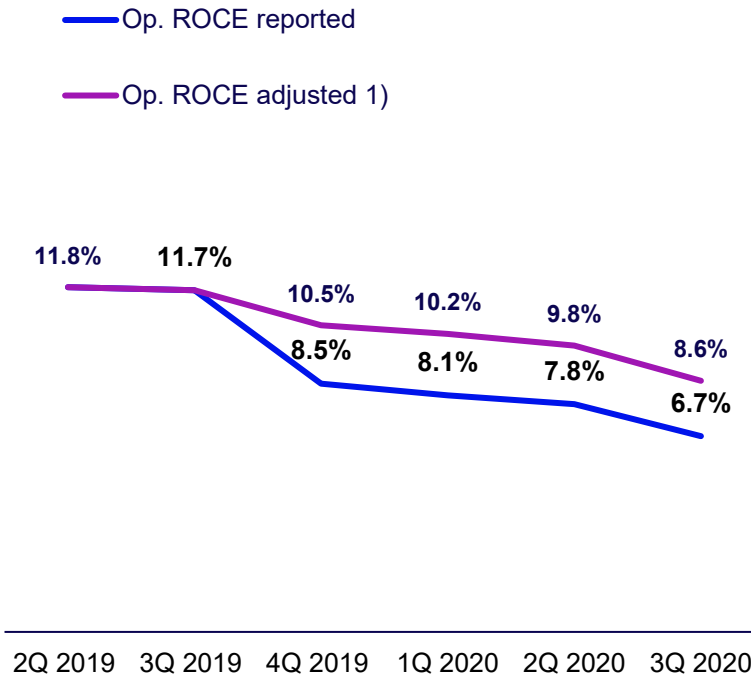
# Group performance

**Leverage and available funding:** Financial position remains strong

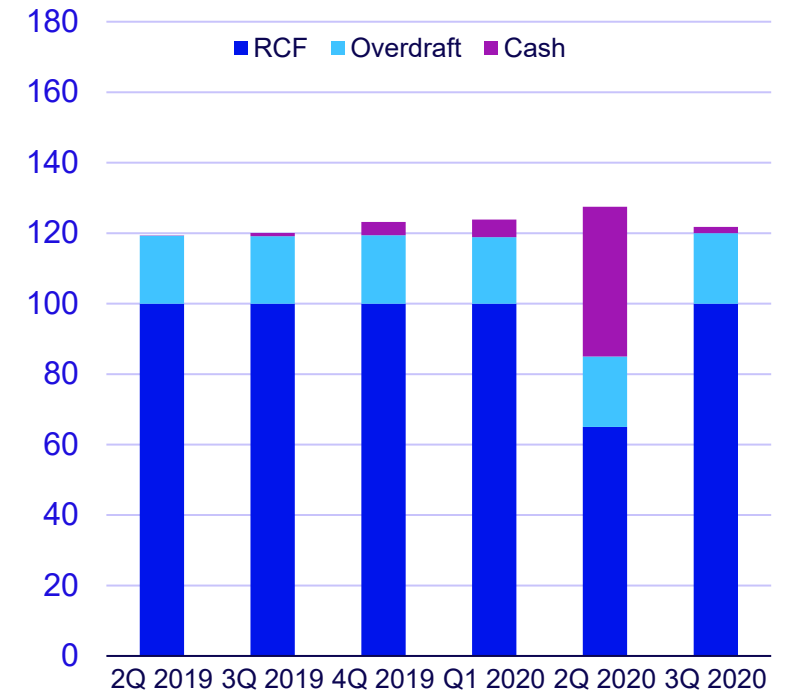
**Net Debt (mEUR)**  
**Net Debt / Comparable EBITDA (x)**



**Operative ROCE (%)**



**Cash and available funding (mEUR)**



# Summary and Outlook

Philip Isell Lind af Hageby  
President and CEO



# 2020 outlook seeing continued impact from covid-19

## Demand picture

- Low private-sector demand
- Stable demand in public sector, though with postponed decisions
- Overcapacity and price pressure

## Business rationale

- Resilient business model and earnings
- The company's success dependent on market volumes and price development

## Business development

- Growth in continental Europe – Germany and Benelux – and in Norway
- Commercial Excellence
- Operational Efficiency and cost management

# Resilient profitable growth and returns in an attractive market

**Adapteo.**

1. Market growth supported by long-term structural trends
2. Proven track record and stability of earnings
3. High share of recurring revenues from public customers
4. Northern European leader with a scalable platform
5. Strong cash generation with discretionary growth CAPEX
6. Attractive returns on long-lived assets
7. Several potential organic and acquired value creation avenues



**Questions are welcome!**



**Adapteo.**

An aerial photograph of a city, likely Minneapolis, Minnesota, featuring a river and a large green park area. The image is overlaid with white wireframe architectural models of various building types, including multi-story apartment buildings and smaller residential structures. The text "The Future is Adaptable" is centered in white. The logo "Adapteo." is in the bottom right corner.

**The Future is Adaptable**

**Adapteo.**



**Adapteo.**