Adapteo.

Business Review

January-March 2020

Presentation 2020-05-14

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Agenda

1. Adapteo in brief
2. Group performance
3. Business Areas
4. Financials
5. Summary
6. Questions and answers

1. Adapteo in brief

A leading flexible real estate company in Northern Europe

Adapteo key highlights 2019

#1 player in Northern Europe[1)]
13% market share in EUR 1.3bn market with 9% CAGR[1)]

>1 million square metres
Building portfolio utilisation ~84%

Net sales EUR 216 million
Organic Rental sales growth 5%

Comparable EBITDA EUR 88.5 million (40.9% margin)
Operating profit (EBIT) EUR 22.1 million (10.2% margin)

Operative ROCE 8.5%

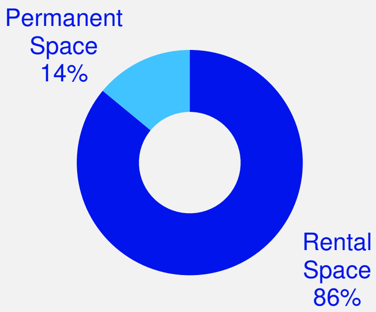
Cash conversion before growth CAPEX 74.2%[2)]

Rental model in brief

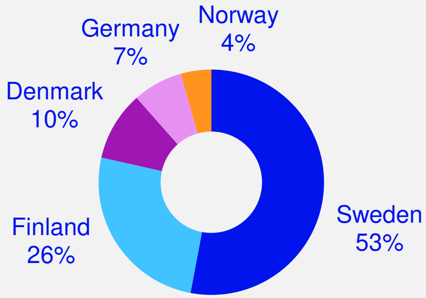
- Rental of adaptable buildings used for **mid or long-term needs**
- **Contracts spanning up to 5 years**, on average, including extensions
- Mainly **public customers** within the **social infrastructure**[3)] segment
- **Strong cash generation** from contract base with **discretionary growth CAPEX**

Majority of revenue is recurring and coming from social infrastructure

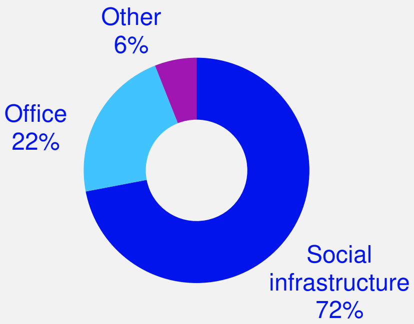
Net sales by Business Area



Net sales by geography



Rental income by customer segment



1) 2017 Rental market for modular space solutions in SE, FI, DK, NO and DE; 2) Operating cash flow before growth CAPEX / Comparable EBITDA, 2019 Adapteo figures; 3) Includes daycare, school, elderly care and special accommodation; Source: Management Consultant Analyses (Adapteo market share, market size and growth)

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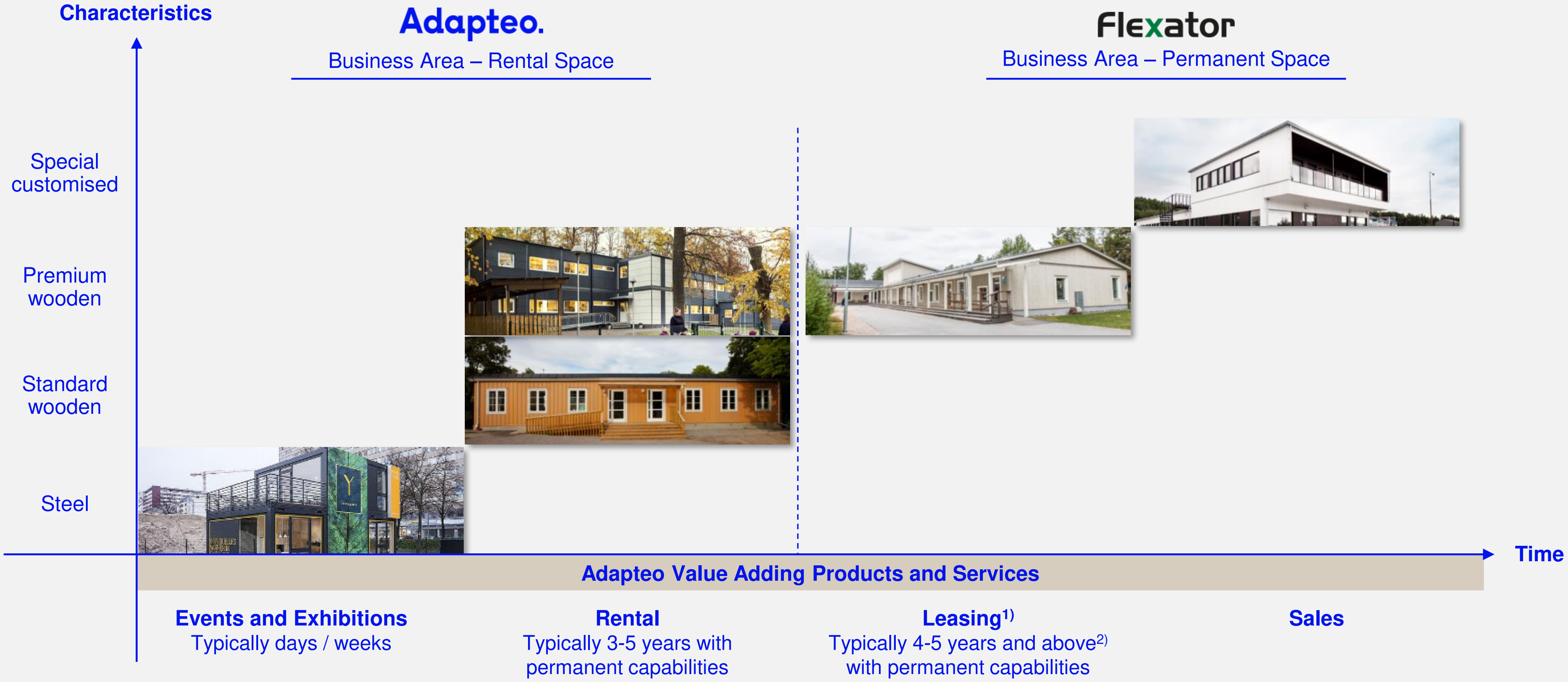
Adapteo's extensive and versatile adaptable building offering



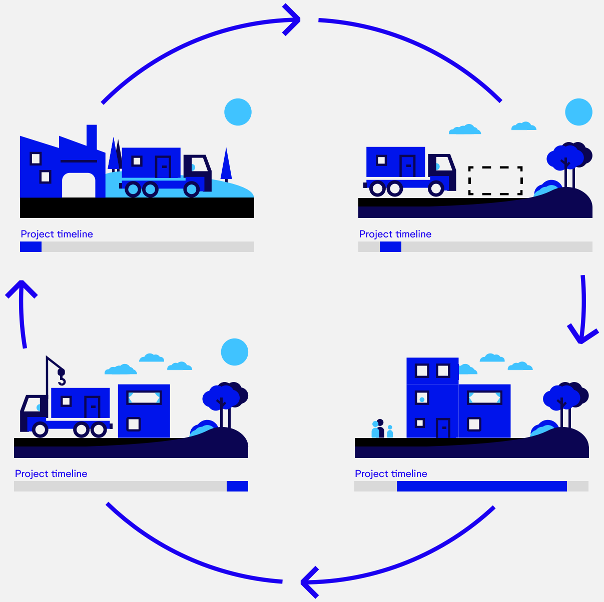
1) Long-term leasing represents Adapteo's rental business model in Business area Permanent Space; 2) Typically 4-5 years initial contract with an option to extend the contract

Adapteo's circular rental model

Rental contract life cycle

1. PLANNING
Analysing customer needs and designing the optimal solution.

2. DELIVERY
Transport and assembly of the building.



3. RENTAL PERIOD
Rental, maintenance and service of the building, in addition to other VAPS solutions. Rental periods vary but remain on average 5 years.

4. RETURN
Disassembly of the building, site restoration and off-site transport.

Revenue model

2. 4. ASSEMBLY AND OTHER SERVICES

				2019	Typical share of a contract[1)]
Rental deliveries and returns	×	Fee	=	EUR 56 million (30%)	~20%

3. RECURRING RENTAL SALES

						2019	Typical share of a contract[1)]
Building portfolio (sqm)	×	Utilisation (%)	×	Average rent per sqm (€/sqm/year)	=	EUR 133 million (70%)	~80%
~1,010k		~84%		~€159			

1) Illustrative based on a typical C90 solution assuming Company's pricing parameters and estimated direct rental and rental related costs and a five-year rental period. No inflation assumed

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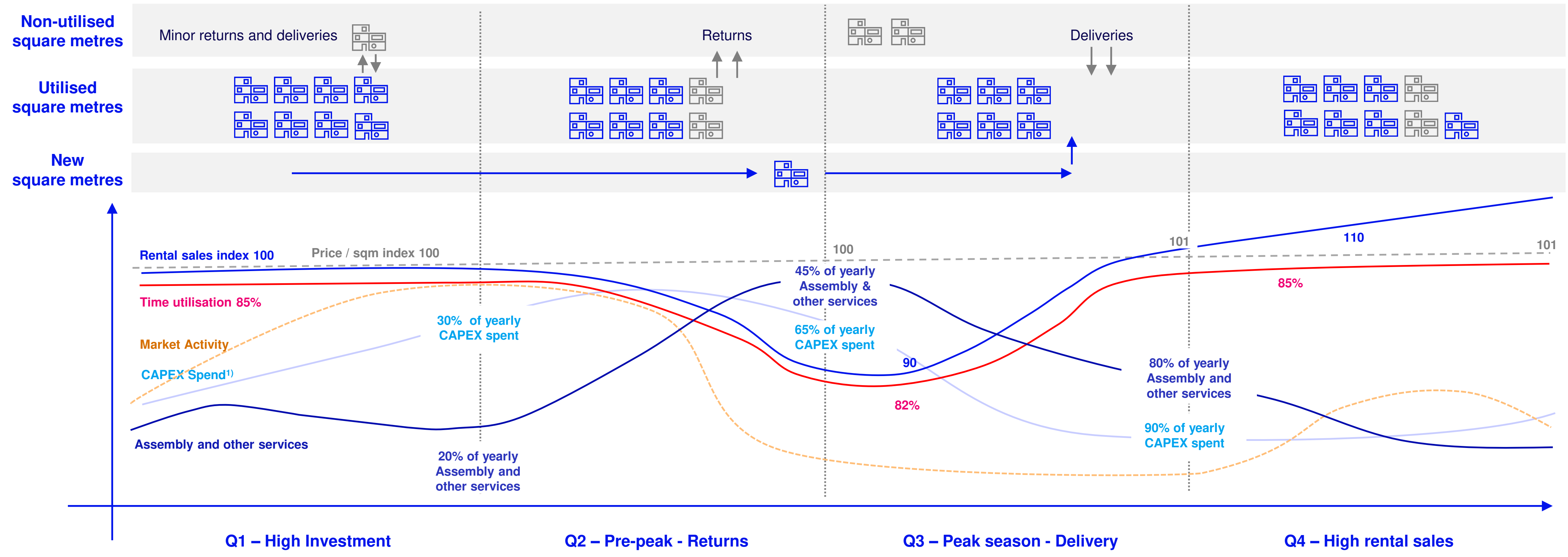
Business rationale and KPI dynamics over a one-year cycle

Typical KPI behaviour in a one-year cycle



1) CAPEX spend refers to spending commitment and not actual cash flow, which depends on payment terms

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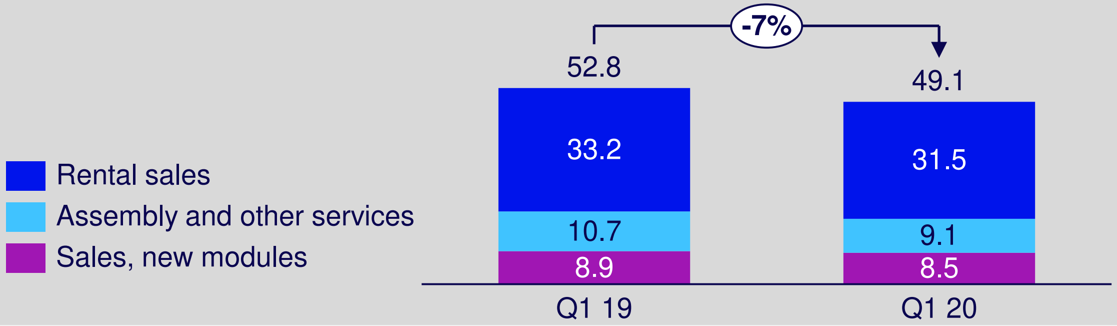
2. Group performance

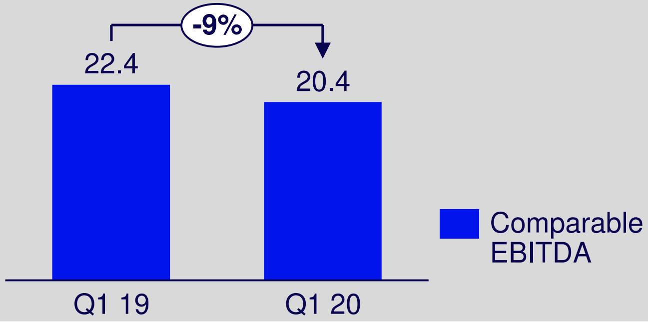
Lower business volume and lower earnings

Q1 – Financial development in brief

Revenue[1)]



Earnings[2)]



41.6% (42.5)
Comparable EBITDA margin

EUR **9.5** (7.0) million
Operating profit (EBIT)

Cash flow and CAPEX

EUR **7.9** (24.3) million
Operating cash flow before growth CAPEX

EUR **10.7** (16.5) million
Net CAPEX

EUR **3.6** (10.5) million
Growth CAPEX

Financial position

4.6x
Net debt to Comparable EBITDA

EUR **5.0** (3.8)[3)] million
Cash and cash equivalents

EUR **100** million
Unused credit facility

1) Rental sales decreased by 4% in constant currencies. Net sales decreased by 6% in constant currencies; 2) Operating profit (EBIT) margin amounted to 19.3% (13.2) of Net sales. Operating profit (EBIT) included IACs of EUR 0.2 (5.1) million.; 3) As of December 31 2019.

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Operational highlights

- Adapteo has received an order from Ingka Services AB for office space to be located between the global support function office, Hubhult, and the IKEA Malmö store.
- Adapteo has signed an agreement with Laholm municipality for an elderly care solution. It has been co-developed with the customer by using the Rymd range in an innovative manner.
- Since the outbreak of the Covid-19 pandemic, Adapteo has seen a decrease in demand from the event business and other projects with short rental periods. There have also been delays, and thus lower demand, for offices in the private sector as expansion plans have been postponed. The core business, social infrastructure, is more resilient.
- Adapteo has delivered several temporary adaptable building solutions for regional hospitals and care providers. The buildings are being used as screening areas for Covid-19 testing of patients, administration, and accommodation facilities for medical workers.

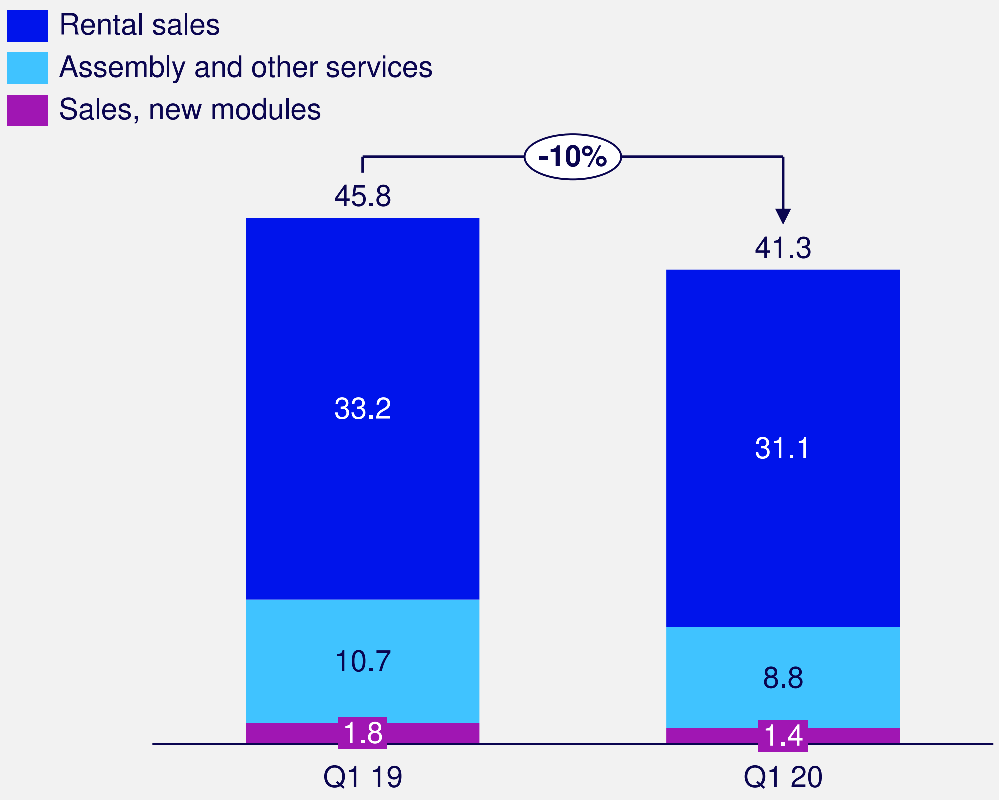
3. Business Area performance

Business Area:

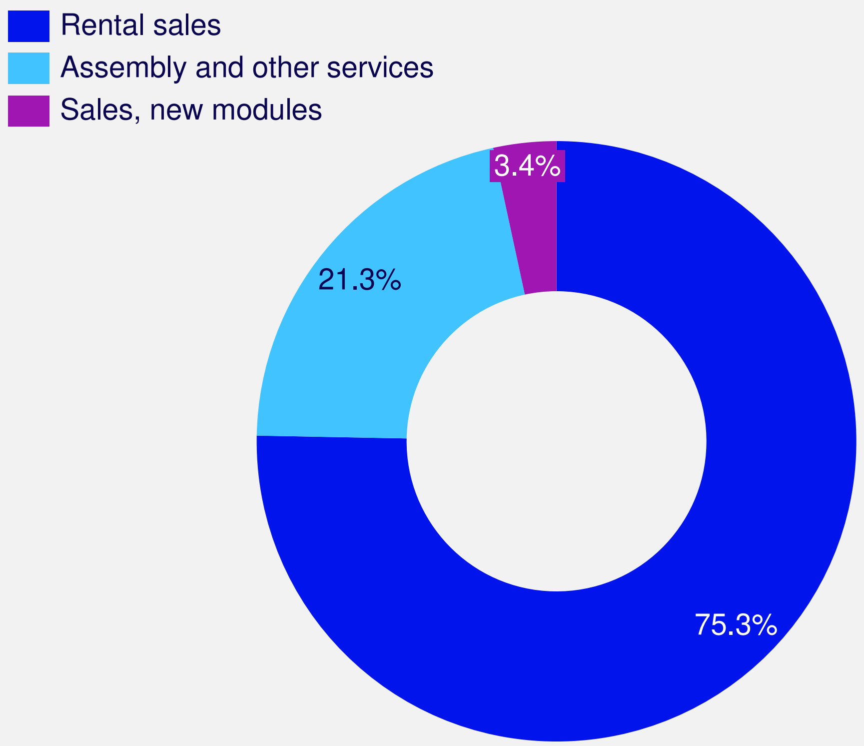
RENTAL SPACE

Rental Space – Impacted by lower market activity during the previous year, as well as in the end of the quarter

Net sales, EUR million



Jan-Mar 2020 Net sales, %



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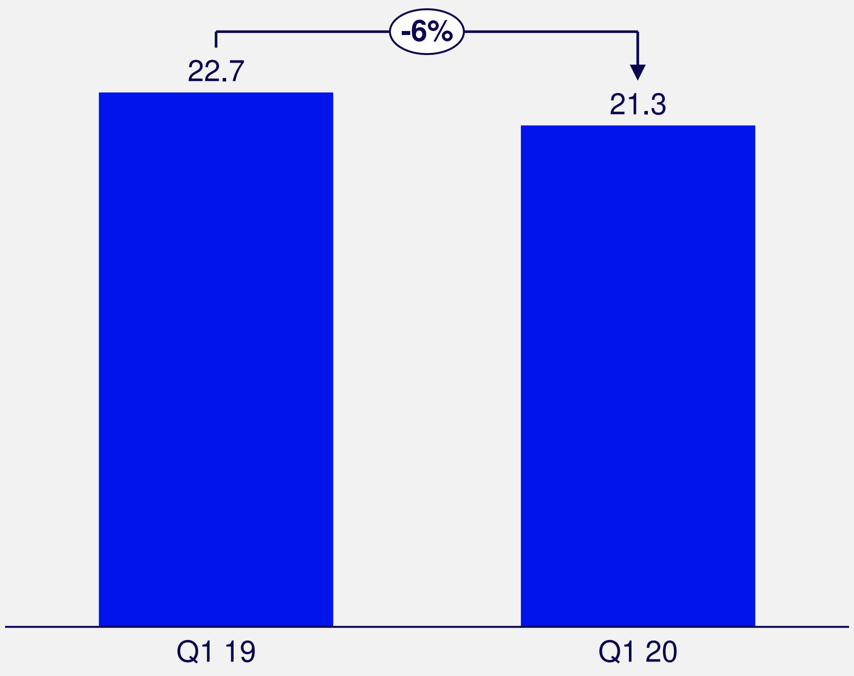
Rental Space – Comparable EBITDA decreased by 6%, due to weaker market activity and lower revenues

Comparable EBITDA, EUR million



- Comparable EBITDA decreased by 6% to EUR 21.3 (22.7) million driven by a decrease in assembly and rental revenue partly being compensated for by better cost efficiency.
- The Comparable EBITDA margin increased to 51.6% (49.5).

Additional space for an optimal learning environment

Customer: Borlänge municipality, Sweden – School for Gylleskolan.

Contract: The contract was won in November 2019 and the building was handed over to the customer in February 2020.

Solution: School building of 2,580 square metres, built on our C90 building system.

Project highlights: The customer needed space to fit all the students in the area. The new school was delivered in less than seven weeks.

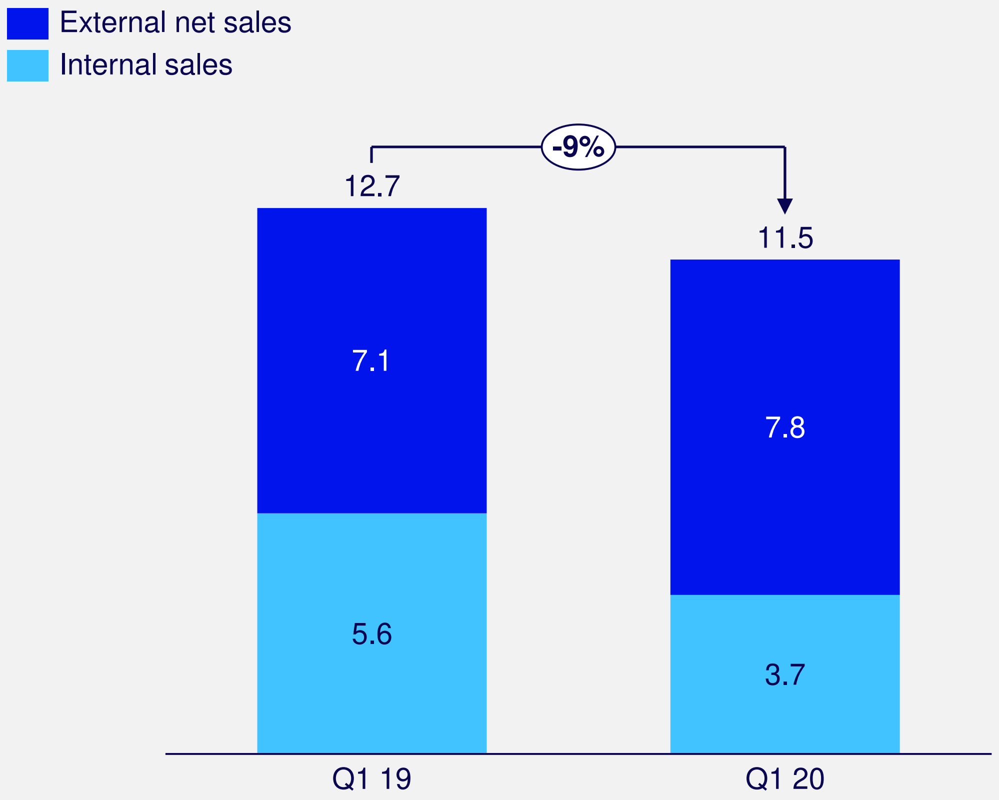
Customer highlights: The fast-paced assembly and optimised design of the school was of great satisfaction to the customer.

Business Area:

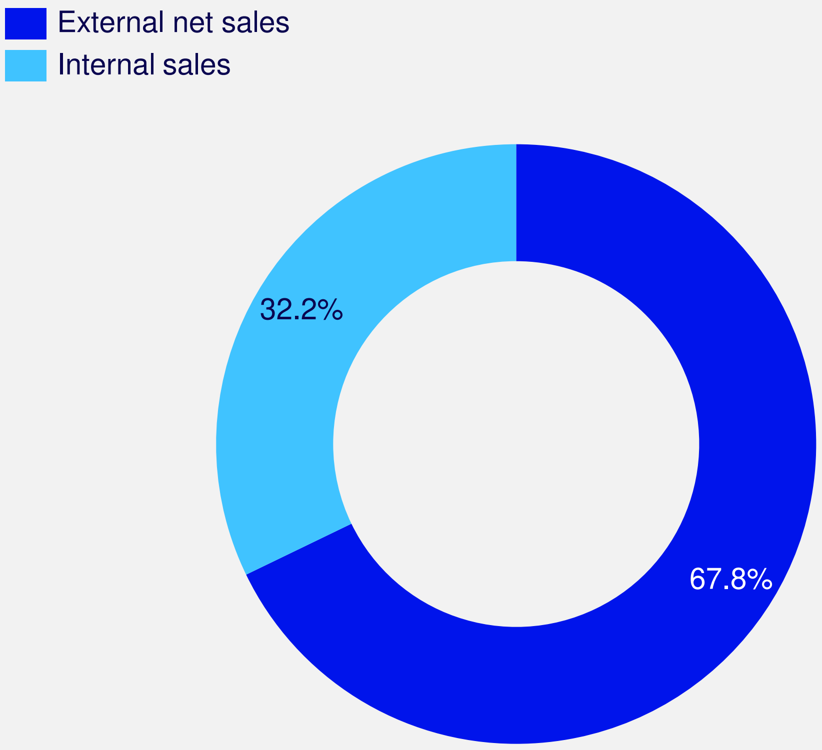
PERMANENT SPACE

Permanent Space – External net sales increased by 10%

Net sales, EUR million



Jan-Mar 2020 Net sales, %



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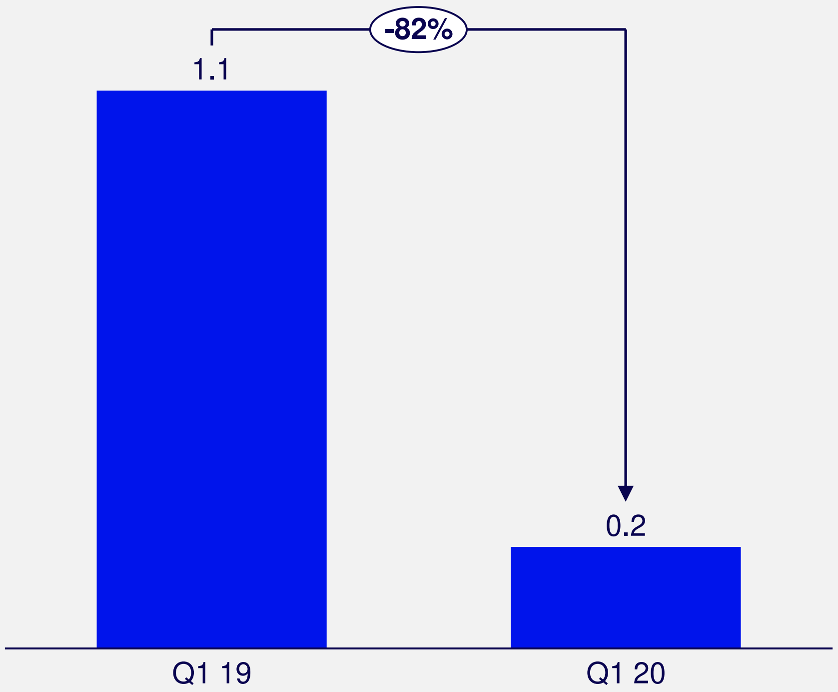
Permanent Space – Comparable EBITDA declined from the previous year, efficiency uplift programmes are ongoing

Comparable EBITDA, EUR million



- Comparable EBITDA decreased to EUR 0.2 (1.1) million, representing 2.1% (15.7) of External net sales.
- Profitability was negatively affected by a negative cost development in both production facilities.
- There is a restructuring program ongoing for efficiency improvement realisation. This includes the Anneberg factory, where focus is to improve material flow and remove bottlenecks in production.

A highly customised daycare centre in Stockholm

Customer: Botkyrka municipality, Sweden – Daycare centre.

Contract: The production started during August 2019, with assembly on site starting in January 2020 and the final handover in March 2020.

System: The building was specifically developed for the customer and amounted to 2,057 square metres of space.

Type of solution: A highly customised pre-fabricated turnkey solution for a daycare centre, with eight departments in two storeys.

Project highlights: Rigorous demands set by the customer on both technical and functional requirements.

Customer highlights: The fast-growing municipality with a need to grow the number of daycare centres was satisfied with the highly customised building and that their requirements were met.

4. Financials

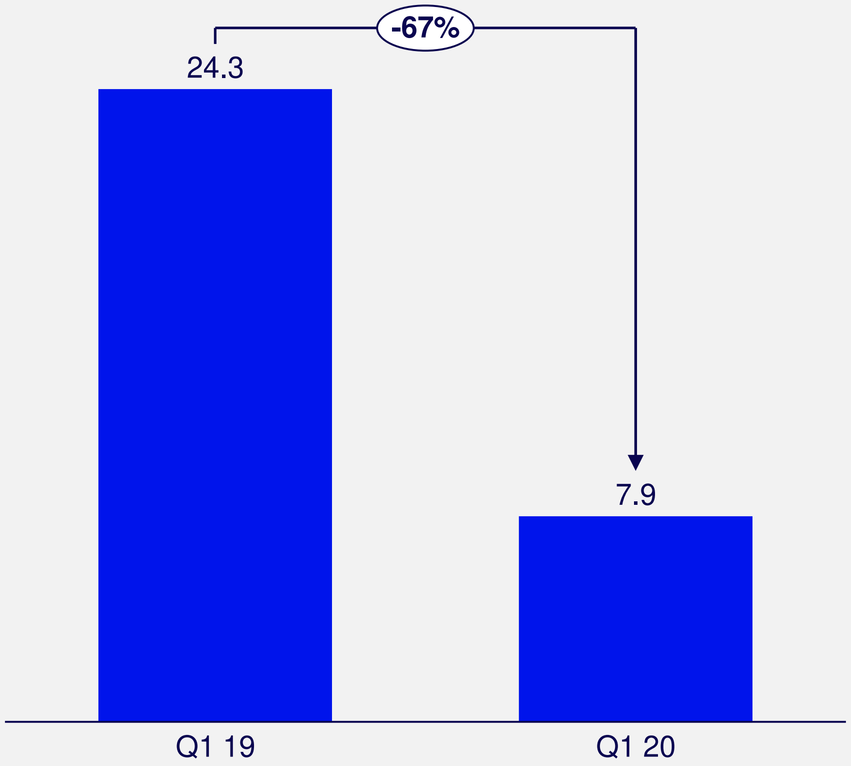
Key figures

EUR millions or as indicated	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Net sales	49.1	52.8	216.2
Net sales growth in constant currency, %[1]	-5.7	1.4	-0.2
Rental sales	31.5	33.2	132.7
Rental sales growth in constant currency, %[1]	-3.6	10.1	4.6
Comparable EBITDA	20.4	22.4	88.5
Comparable EBITDA margin, %	41.6	42.5	40.9
EBITDA	20.3	17.3	76.1
EBITDA margin, %	41.3	32.8	35.2
Comparable EBITA	10.3	12.7	37.2
Comparable EBITA margin, %	21.0	24.1	17.2
Comparable operating profit (EBIT)	9.6	12.1	34.6
Comparable operating profit (EBIT) margin, %	19.6	22.8	16.0
Operating profit (EBIT)	9.5	7.0	22.1
Operating profit (EBIT) margin, %	19.3	13.2	10.2
Profit for the period[2]	3.1	4.0	8.4
Earnings per share, EUR	0.07	0.09	0.19
Comparable earnings per share, EUR[2]	0.07	0.18	0.60
Net debt to Comparable EBITDA	4.6	4.1	4.5
Operative ROCE, %	8.1	11.8	8.5
Operating cash flow before growth CAPEX	7.9	24.3	65.7
Cash conversion before growth CAPEX, %	38.6	108.5	74.2
Growth CAPEX	3.6	10.5	29.1
Total sqm in building portfolio	1,014,340	983,570	1,009,986
Utilisation rate, %	80.1	85.5	84.4
Average rent per sqm (€/year)	155.2	159.0	158.7

1) Sales information used in the calculation for comparison period 2018 takes into account the pro forma impact of NMG acquisition; 2) On a pro forma basis profit for the period and comparable earnings per share were EUR 4.1 million and EUR 0.18 for Jan-Mar 2019 and EUR 8.6 million and EUR 0.61 for full year 2019. More information on pro forma information has been presented in the Appendix 2 to the Financial Statement Release published on 14 February 2020, available on the company's website.

Operating cash flow hampered by temporary increased working capital during the quarter

Operating cash flow before growth CAPEX, EUR million



- Operating cash flow before growth CAPEX totalled EUR 7.9 (24.3) million.
- Net working capital increased by EUR 5.5 million due to decreased accounts payable.
- Net cash flow from investing activities amounted to EUR -10.7 (-17.9) million.
- Cash and cash equivalents amounted to EUR 5.0 million (3.8 million on 31 December 2019).
- Unused EUR 100 million revolving credit facility.

Net fleet CAPEX decreased compared to Q1 2019

EUR millions	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Net CAPEX	10.7	16.5	69.2
Net fleet CAPEX	9.9	12.1	59.4
Growth CAPEX	3.6	10.5	29.1
Maintenance CAPEX	6.2	1.8	30.3
Non-fleet CAPEX	0.8	4.4	9.9

The financial leverage was affected by a growing Net debt compared to Q1 2019

Key figures	31 Mar 2020	31 Dec 2019	Financial target
Net debt to Comparable EBITDA	4.6x	4.5x	3.5-4.5x
Operative ROCE	8.1%	8.5%	>10%
Operative capital employed, EUR million	427.3	435.6	N/A

Net debt, EUR million	31 Mar 2020	31 Mar 2019
Non-current borrowings	410.5	363.2
Current borrowings	1.4	19.8
Financial receivables	-7.8	-10.5
Cash and cash equivalents	-5.0	-3.3
Net debt	399.0	369.1

5. Summary

Well equipped to handle a short-term downturn in market activity due to Covid-19

Impact from Covid-19

- At the end of the first quarter, negative impact on new orders and earnings. This was specifically evident in the segments with shorter rental periods, such as the event business.
- Lower demand for offices in the private sector, where customers' expansion plans have been postponed or cancelled.
- Within our core business of social infrastructure, the customers' decision-making processes have been negatively affected by the pandemic.
- The total effects cannot be quantified today.

Actions taken

- Adapteo is monitoring the impacts on markets, employees and business processes.
- Continuity plans are being continuously reviewed, processes are being optimised, and every activity is evaluated from a cost and risk perspective in order to mitigate the negative financial effects.
- Financial performance has been kept up by our long-term contracts and strong customer relations together with targeted cost savings and disciplined execution of continuity plans.
- The resilient business model and a healthy financial position, makes Adapteo well equipped to handle the temporary downturn that we now see.

Intention to concentrate in-house production

- Adapteo intends to concentrate its inhouse production of adaptable buildings to the Group's production facility in Anneberg, Sweden. The planned change will mean that all employees at the factory in Gråbo will be given notice of termination, and the production intends to close down during the second half of 2020.
- The Anneberg factory is a modern facility that will deliver increased efficiency with operational excellence activities.
- Several synergy opportunities that would lead to higher efficiency and increased capacity utilisation, as well as reduced maintenance and investment needs.
- The total cost of the close down is estimated not to exceed EUR 1.0 million, reported as IACs, of which almost half will affect cash flow.
- Adapteo manufactures about 20 per cent of the annual volumes of adaptable buildings within the Business Area Rental Space in-house, while external partners in Northern Europe produce about 80 per cent of the volumes.

Resilient profitable growth and returns in an attractive market

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- Growing and resilient market supported by long-term structural trends
- A Northern European leader with a scalable platform poised for growth
- Recurring revenues from a diverse base of primarily public customers
- Attractive returns on long-lived assets
- Strong cash generation from installed base with discretionary growth CAPEX
- Several value creation avenues beyond the underlying market growth

Financial targets and dividend policy

Area	Financial Targets
Growth	Double digit Comparable EBITDA growth
Capital efficiency	Operative ROCE above 10%
Leverage	Net debt to Comparable EBITDA between 3.5x and 4.5x
Dividend	Aim to distribute dividend above 20% of Net result[1)]

1) Group's net result for the year excluding items affecting comparability

6. Questions and answers

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