



Mattias Johansson, CEO  
Nils-Johan Andersson, CFO

6 November 2018

# BRINGING BUILDINGS TO LIFE

# Today's presenters

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**Mattias Johansson, CEO and Group President**



✦ CEO since 1 January 2015 and with Bravida since 1998

**Nils-Johan Andersson, CFO**



✦ Joined Bravida as CFO in October 2014

# About Bravida

## Business highlights

Bravida is the premier multi-technical service provider in the Nordics

Represented in around 155 locations

> 50,000 customers – Top 5 customers represent 15% of sales

> 90% recurring customers

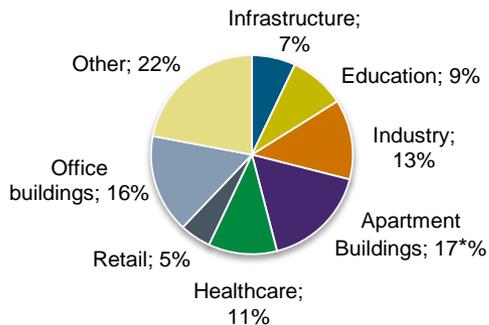
SEK 18.7bn  
LTM net sales

SEK 1,163m  
LTM EBITA

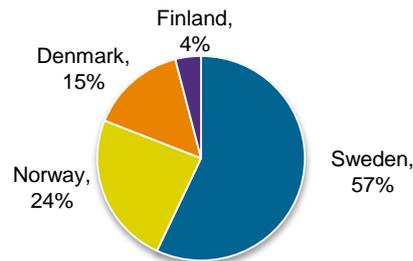
> 11,000  
FTEs

## Sales split based on 2017 sales

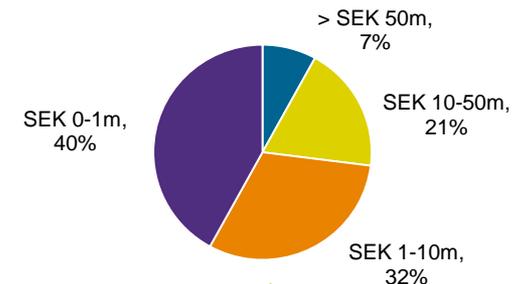
Net sales by type of facility



Net sales by country



Net sales by order size



# Key highlights Q3 2018

## Sales

- Net sales grew 13% to SEK 4,437m (3,926), organic growth 6% and M&A 4%
- Growth in all countries
- Service sales growth 11% and installation sales growth 15%

## Order momentum

- Order backlog at good level, SEK 10,746m
- Continued good momentum with order intake SEK 4,046m
- Good order intake in Denmark and Finland, +65% resp +85%
- Awarded installation contract Stockholm Bypass Project order value SEK 2,700m

## EBITA

- EBITA up 20% to SEK 267m (223), margin improved to 6.0% (5.7)
- EBITA-margin improved in Denmark and Finland, unchanged in Sweden and lower in Norway
- Norway lower margin due to high production in low margin projects in Oras

## Cash flow

- Seasonal weak cash flow depending on the holiday period
- Cash flow from operating activities SEK -132m (-144) and cash conversion 93% (88)
- Working capital of SEK -583m (-655) or -3.1% (-3.9) of sales
- Net debt of SEK -2,062m (-2,515), 1.7x (2.3) adjusted EBITDA (LTM basis)

## M&A

- 2 acquisitions completed in Q3 adding SEK 86m
- 4 acquisitions in Q4 adding SEK 420m
- 12 acquisition YTD (November 6) adding SEK 800m
- Oras integration according to plan

# Market trends

## Sweden

### **Good market: service and installation activity good**

- Main growth drivers are public investments in buildings and infrastructure
- Declining production of residential construction will be replaced by projects from other types of facilities
- Industry confidence indicator at good level

## Norway

### **Good market: public investments and energy efficiency project**

- Overall service and installation activity is good
- Market drivers are public investments and energy efficiency projects
- Decreasing activity in residential construction

## Denmark

### **Good market: supported by public investments and residential construction**

- Construction of residential, healthcare and education buildings are driving volumes
- Construction volumes of commercial buildings increases as data centers
- Construction confidence indicator at normal level

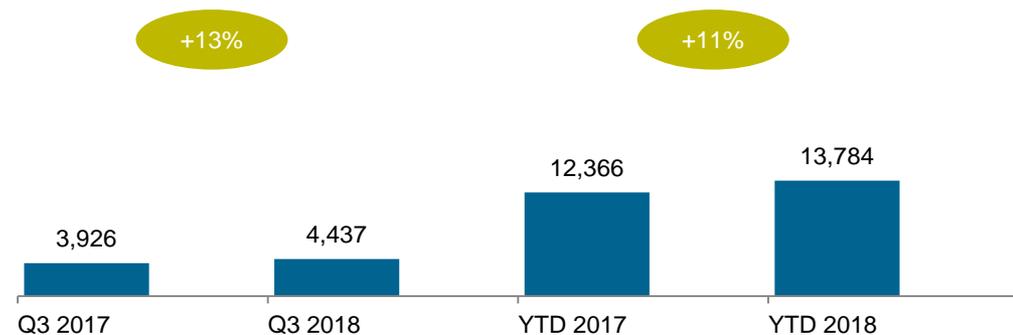
## Finland

### **Stable market: construction market improving**

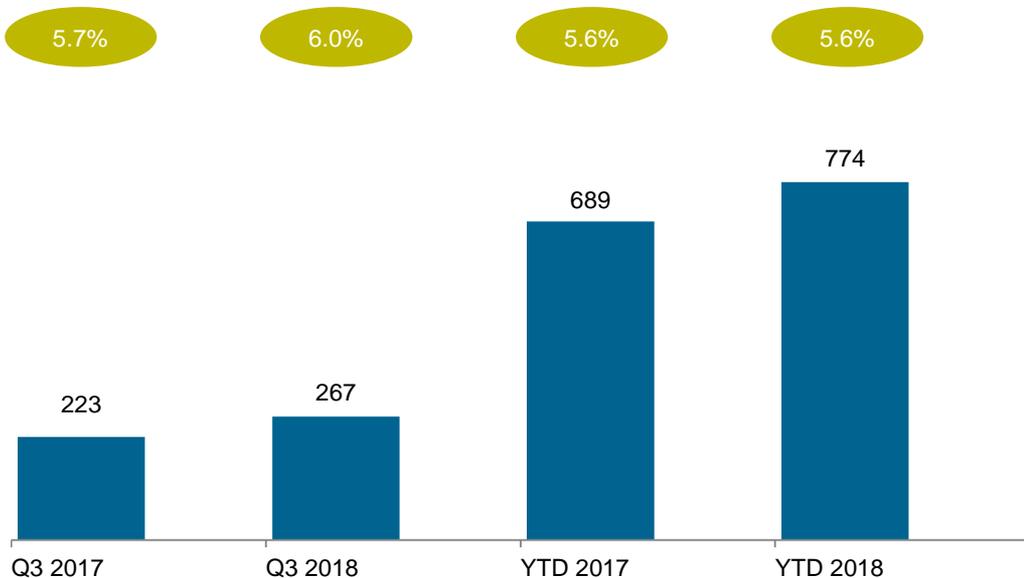
- Sales increase for construction companies
- Stable service and installation market
- Industry confidence indicator at stable level

# Group sales & EBITA development

## Sales & YoY reported growth (SEKm, %)



## EBITA & margin (SEKm, %)



## Key highlights Q3

### Strong sales growth

- Sales growth 13%, of which 6% organic and 4% from M&A
- Sales growth in all countries

### EBITA improving

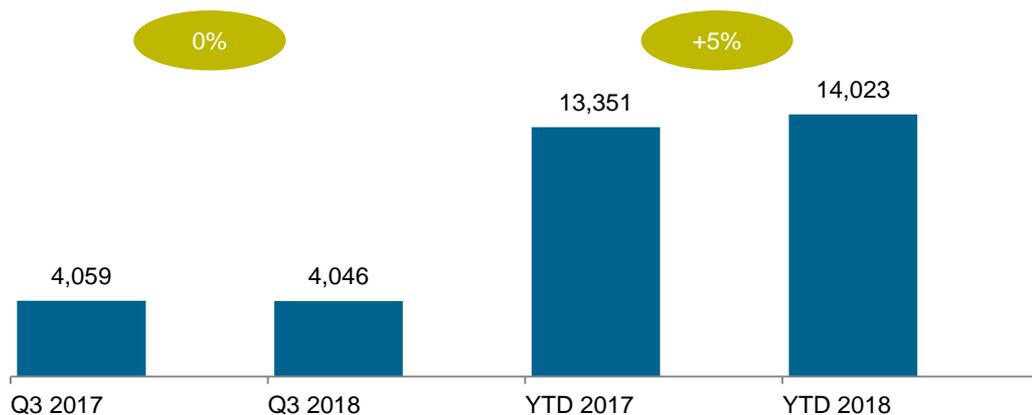
- EBITA +20% in Q3 to SEK 267m and margin improved to 6.0%
- EBITA margin improvement in Denmark and Finland, unchanged in Sweden at good level and somewhat lower in Norway
- EPS +23% in Q3

**+13%**  
Q3 2018  
sales

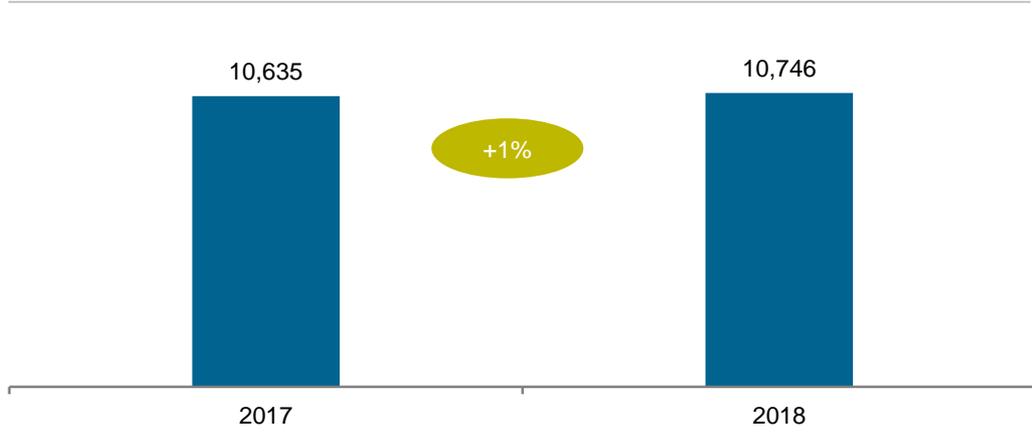
**+20%**  
Q3 2018  
EBITA

# Order momentum

## Order intake & YoY reported growth (SEKm, %)



## Order backlog\* & YoY reported growth (SEKm, %)



## Key highlights in Q3

### Order backlog at good level: SEK 10,746m

- ✦ Order backlog +1% higher YoY
- ✦ Declining order backlog in Q3, SEK -394m
- ✦ Declining order backlog in Oras with low profitability
- ✦ 2 large projects completed in Sweden within Sprinkler and Power
- ✦ Large orders last year in Sweden
- ✦ Mainly many small and mid-sized projects in Q3
- ✦ Awarded contract to perform all installations within electrical, lighting, water and waste-water and fire extinguishing systems within the Stockholm Bypass project. Order value SEK 2,700m – not included in order backlog

+0%  
order intake  
growth

SEK  
10.7bn  
order backlog

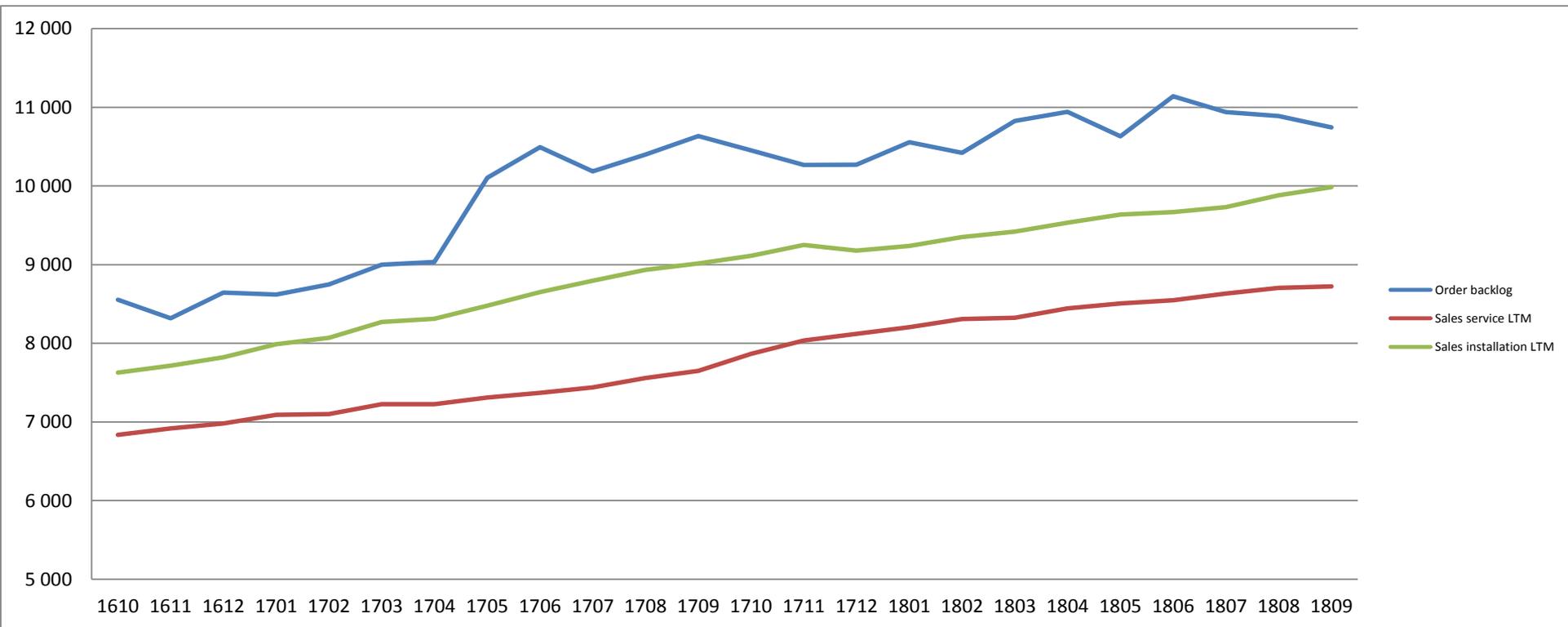
\* Backlog includes installation business only  
Source: Company information

# Stockholm Bypass Project (Förbifart Stockholm)

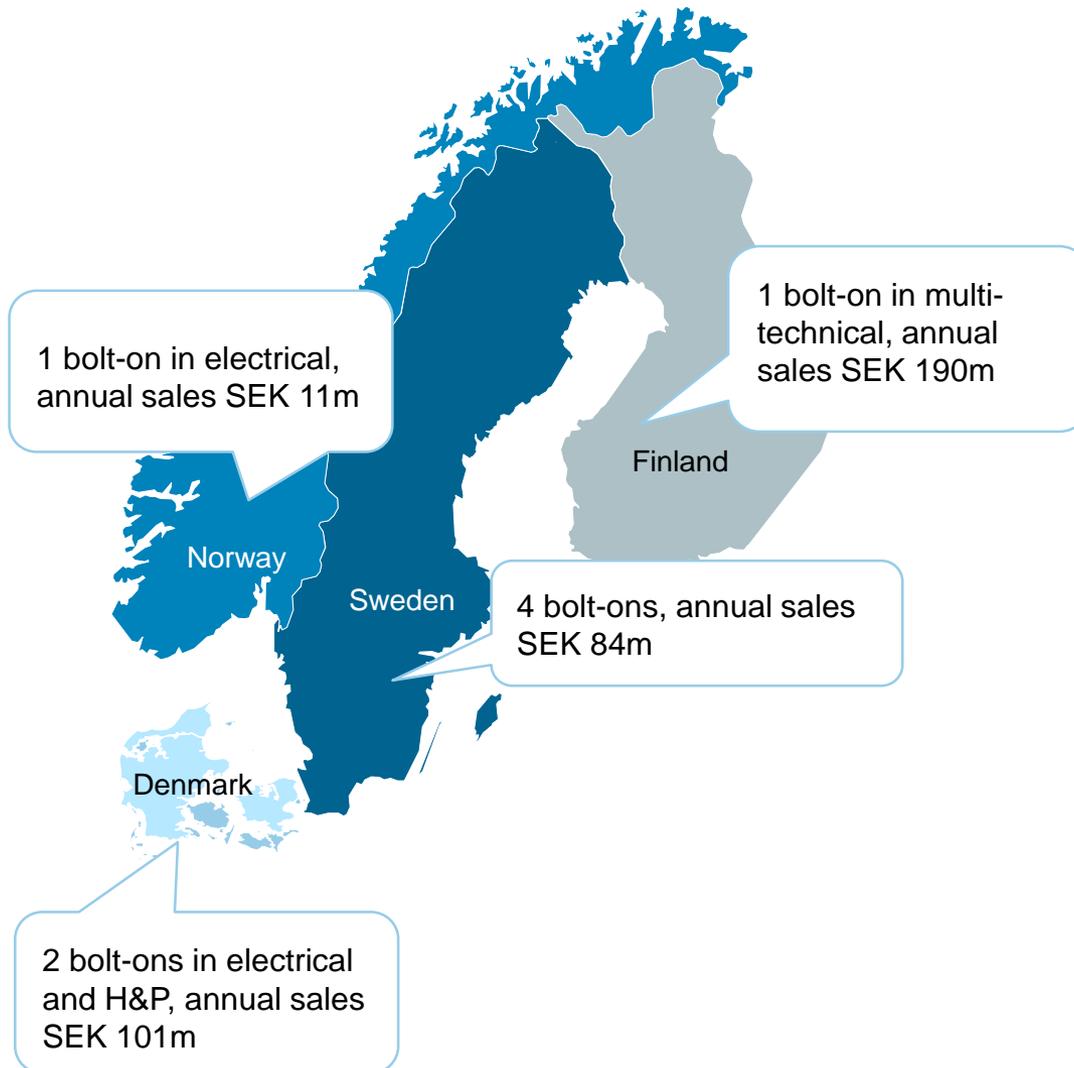
- ✦ Awarded 2 contracts from the Swedish Transport Administration (Trafikverket)
- ✦ Total order value SEK 2,700m
- ✦ Electrical and lighting, order value SEK 1,600m
- ✦ Water & wastewater and fire extinguishing systems, order value SEK 1,100m
- ✦ The water & wastewater and fire extinguishing systems contract has been appealed on technical grounds – Bravida's offer is not disputed
- ✦ Signing of contracts probably in beginning of Q1 2019
- ✦ Planning and documentation 2019-2020
- ✦ Production 2021-2023
- ✦ Maintenance and testing 2024-2025
- ✦ Service & maintenance obligation 2 years from hand over of projects

# Order backlog still above net sales installation LTM

SEKm



# Acquisitions in 2018



## Key highlights

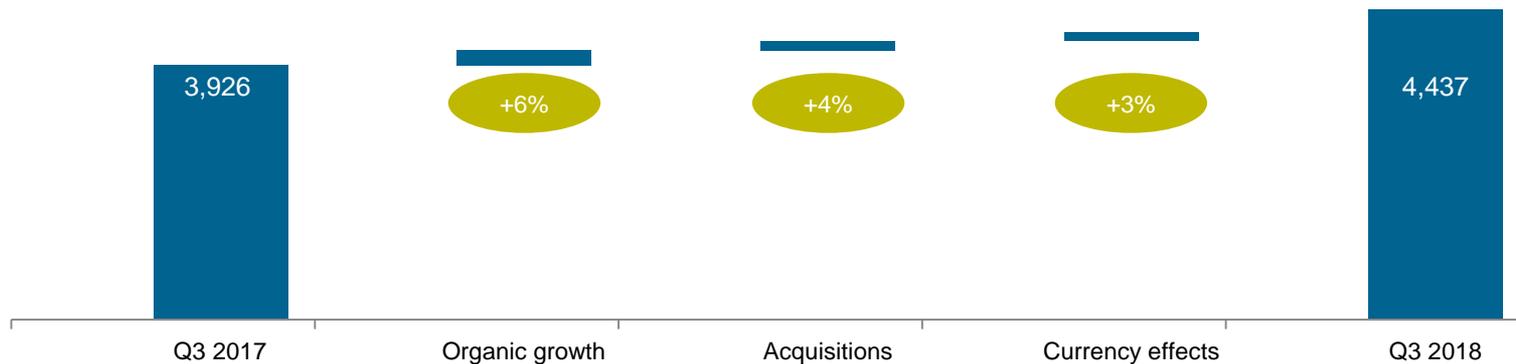
- ✦ 1 acquisition completed in Finland adding approx. SEK 190m in annual sales
- ✦ 4 acquisitions completed in Sweden, adding approx. SEK 84m annual sales
- ✦ 2 acquisitions completed in Denmark, adding approx. SEK 101m annual sales
- ✦ 1 acquisition completed in Norway, adding approx. SEK 11m in annual sales
- ✦ 2 acquisitions completed in Sweden and Finland in October adding SEK 360m
- ✦ 2 acquisitions in Sweden completed in November adding SEK 60m
- ✦ Continued strong pipeline
- ✦ Acquisitions still at attractive multiples
- ✦ Reinforced acquisition group established

**12**  
acquisitions  
2018

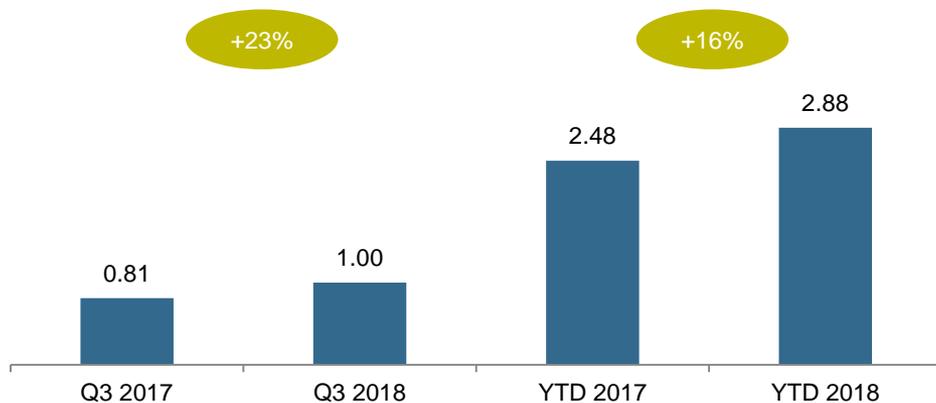
**SEK ~800m**  
acquired sales  
2018

# Financial performance Q3 2018

## Sales bridge (SEKm, %)



## Earnings per share (SEK, %)



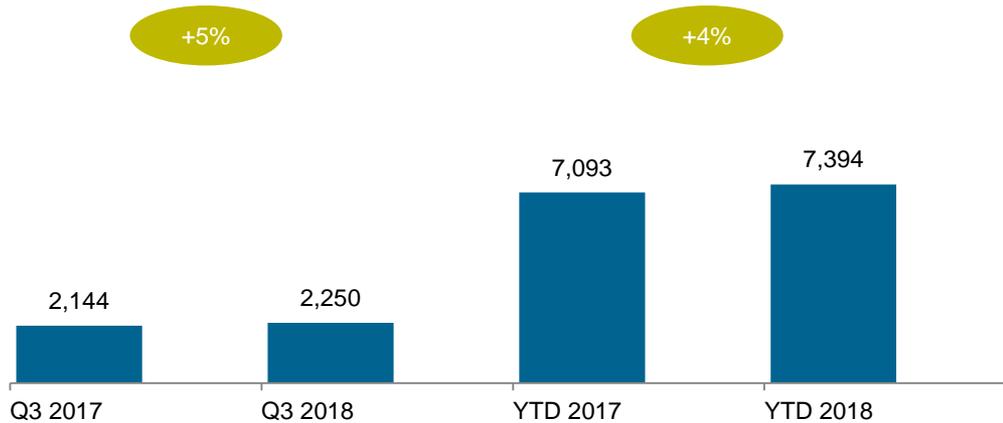
## Key highlights in Q3

- ✦ Organic growth 6%
- ✦ Service growth 11%
- ✦ EBITA increased by 20%
- ✦ EBITA-margin improved to 6.0%
- ✦ Finance net improved to SEK -10m (-11)
- ✦ Earnings per share increased by 23%

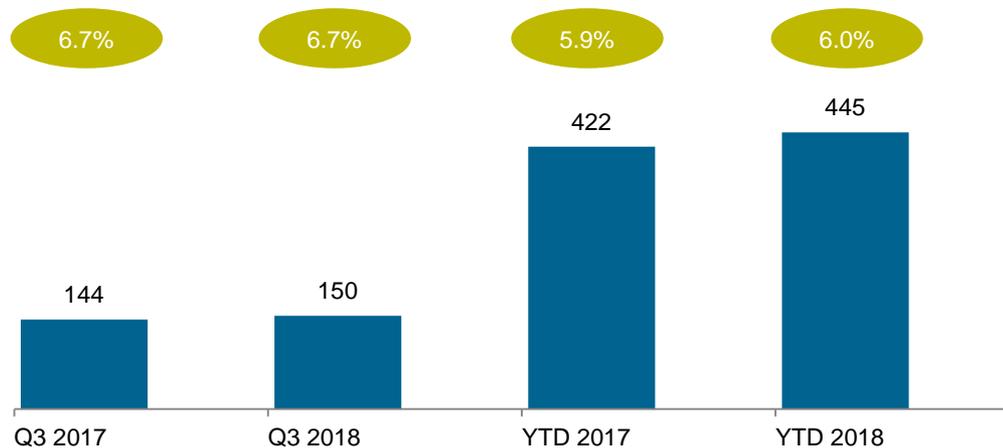
Source: Company information

# Sweden

## Sales & YoY reported growth (SEKm, %)



## EBITA & margin (SEKm, %)



Source: Company information

## Key highlights

### Improved net sales and unchanged EBITA-margin

- Sales +5% in Q3
- Good growth in service
- EBITA-margin 6.7% was unchanged

### Stable market conditions but no large orders in Q3

- Order intake -11% YoY explained by a strong order intake in Q3 2017
- Many small and mid-sized orders
- Order backlog -8% YoY
- Order backlog at good level

**+5%**  
Q3 2018  
sales

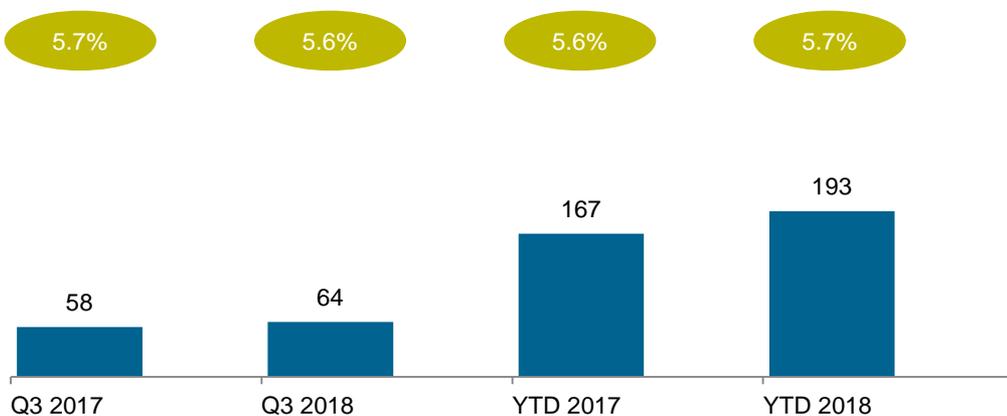
**+4%**  
Q3 2018  
EBITA

# Norway

## Sales & YoY reported growth (SEKm, %)



## EBITA & margin (SEKm, %)



## Key highlights

### Sales growth and improved EBITA-margin

- Sales growth +13% in Q3
- Phasing out poor performing projects in Oras had a negative affect on EBITA -margin
- The EBITA-margin somewhat lower at 5.6% (5.7)

### Good order backlog

- Order intake -20% YoY, many small and mid-sized orders
- Order backlog +7% YoY
- Order backlog at good level

**+13%**  
Q3 2018  
sales

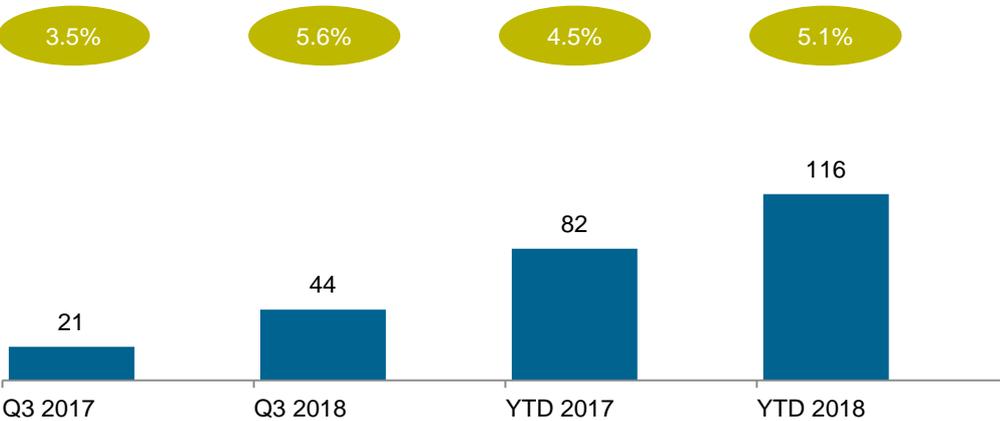
**+10%**  
Q3 2018  
EBITA

# Denmark

## Sales & YoY reported growth (SEKm, %)



## EBITA & margin (SEKm, %)



## Key highlights

### Good sales growth and improved EBITA

- ✦ Sales growth +30% related to the installation business, 2 large hospital projects in production
- ✦ EBITA improved 111% to SEK 44m and margin to 5.6%

### Good order intake and backlog

- ✦ Order intake +65% YoY
- ✦ Order backlog +12% YoY
- ✦ One large hospital order in Q3
- ✦ Many small and mid-sized orders
- ✦ Good activity in Denmark and Bravida's market position is good

**+30%**  
Q3 2018  
sales

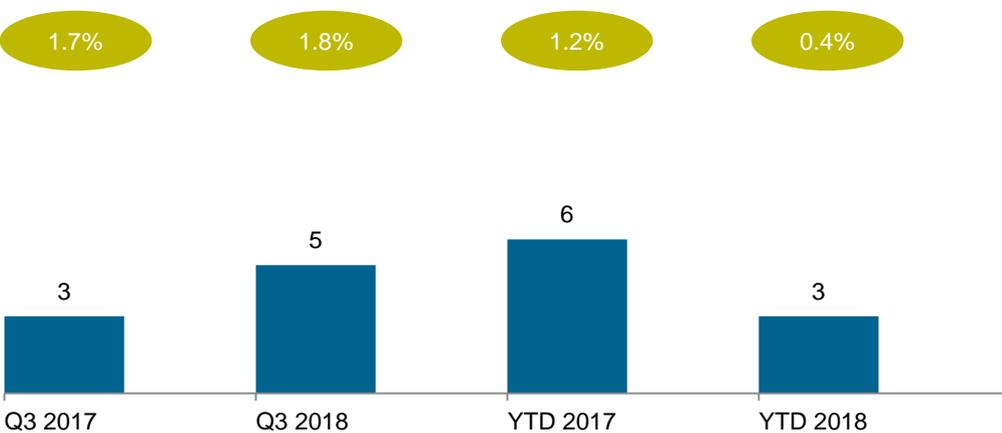
**+111%**  
Q3 2018  
EBITA

# Finland

## Sales & YoY reported growth (SEKm, %)



## EBITA & margin (SEKm, %)



Source: Company information

## Key highlights

### Good sales growth and higher EBITA

- Sales growth +50% mainly explained by the acquisition of Adison
- EBITA improved +65% to SEK 5m and margin improved to 1.8%

### Order intake and backlog improved

- Order intake +85% YoY
- Many small and mid-sized orders
- Order backlog +40% YoY

**+50%**  
Q3 2018  
sales

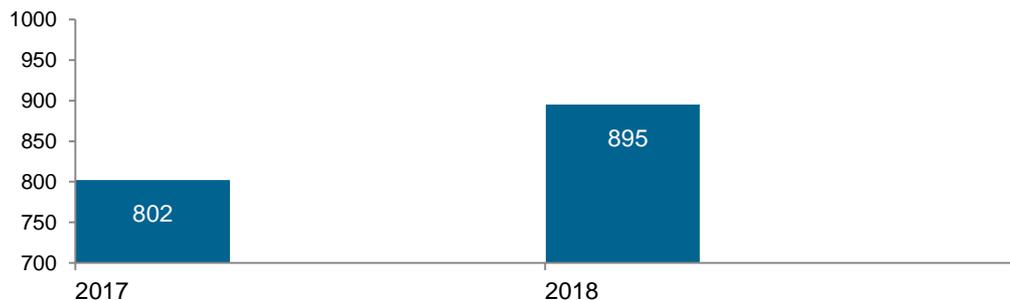
**+65%**  
Q3 2018  
EBITA

# Net debt and cash flow

## Financial position

SEKm	Q3 2018
Cash balances	438
Term loan, RCF, Commercial paper	-2,500
Overdraft facilities and other	-
<b>Net debt</b>	<b>-2,062</b>
LTM EBITDA	1,192
<b>Net debt/LTM adjusted EBITDA</b>	<b>1.7x</b>

## LTM operating cash flow (SEKm)



Source: Company information

## Key highlights

- ✦ SEK 3,500m financing package
  - Term loan SEK 1,500m
  - RCF SEK 2,000m
- ✦ STIBOR +1.25% margin
- ✦ Maturity 2020-10-16
- ✦ Commercial paper programme SEK 2,000m whereof SEK1,000m issued

- ✦ Cash conversion 93% (88)
- ✦ Operating cash flow negatively affected by higher tax payments LTM SEK 210m (101)

# Financial targets



## Sales

### > 10% sales growth

5% p.a. organic growth

5%-7% p.a. contribution from bolt-on acquisitions



## Adj. EBITA

### > 7% Group margin

Higher organic margin in existing branches

Including dilutive impact of bolt-on acquisitions



## Cash conversion & dividend

- Cash conversion above 100%
- Target payout ratio of at least 50% of net profit



## Net debt

- Target leverage ratio of ~2.5x Net debt/EBITDA
- 5-year financing package maturing in October 2020
  - SEK 1.5bn term loan (Stibor +125 bps subject to ratchet)
  - SEK 2.0bn multi-currency overdraft facility
  - SEK 2.0bn Commercial paper programme

# Strong performance

## Summary Q3

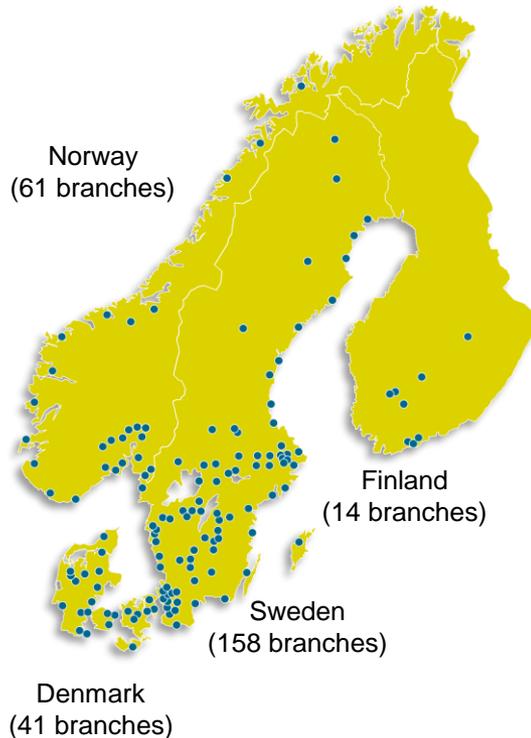
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- ✦ Sales increase 13%, organic growth 6% and acquisitions 4%
- ✦ Sales of service growth +11%
- ✦ Installation order backlog at good level, SEK 10,746m, and continued good business momentum for service will support organic growth coming quarters
- ✦ EBITA-margin improved to 6.0%
- ✦ M&A execution on track with a healthy pipeline, 12 acquisitions completed 2018 and SEK 800m added in sales
- ✦ Net debt/adj. EBITDA 1.7x
- ✦ LTM operating cash flow improved compared to last year
- ✦ Cash conversion improved in Q3 to 93%
- ✦ Stable to good market conditions continue
- ✦ Improvements in Finland and Denmark

# Q&A



# Leadership in a fragmented Nordic market



	Market position	Market share	Top 3 player market shares
<b>Sweden</b> (SEK 93bn market)	No. 1	11%	Bravida 11% Assemblin 7% Caverion 5%
<b>Norway</b> (SEK 76bn market)	No. 1	6%	Bravida 6% Caverion 5% Gunnar Karlsen 5%
<b>Denmark</b> (SEK 49bn market)	No. 2	5%	Kemp & Lauritzen 6% Bravida 5% Wicotec 4%
<b>Finland</b> (SEK 55bn market)	No. 5	1%	ARE 7% Caverion 6% Consti 2%

National scale network density and local leadership drive significant competitive advantages

# Bravida Way and operating model

A unique corporate culture



## 'Branch-first' entrepreneurial culture

- ✦ Branch manager pivotal role
- ✦ Incentivised to operate as owner – profitability and M&A
- ✦ Implements central initiatives

## 'Margin-first' control

- ✦ "Margin over volume"
- ✦ Standard operating model
- ✦ Central approval for M&A and large projects

## Ongoing training and certification

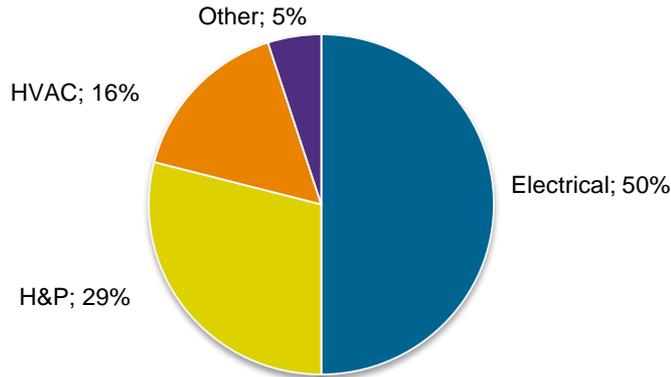
- ✦ Proprietary training and certification programme
- ✦ Best practice sharing
- ✦ Continuous focus on cost and cash

**"We do what we have decided to do / We follow up on what we do / We continuously improve what we do"**

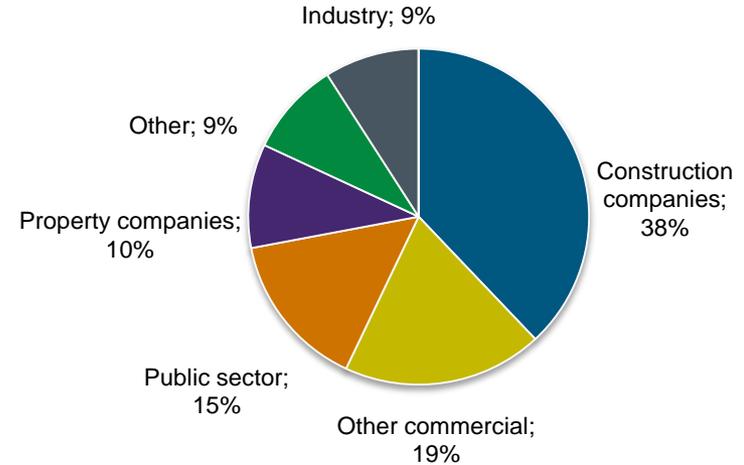
# Bravida at a glance

“Bringing buildings and infrastructure to life”

Net sales by area of technology



Net sales by customer group



Complete housing solutions

Complete office solutions

Shopping centres

Hospitals

Safety and security solutions

Automation

Process cooling

Electrical substations

Rail electrification

Swimming pools

Ventilation systems

Borehole heat exchangers

Lighting

Stadiums

Infrastructure

Note: Split based on 2017 sales  
Source: Company information

# Bravida at a glance (cont'd)

**Service**

**47% of sales**



**Monitoring / supervision on-site operations and improvements**

**Renovation & redevelopment**

**15% of sales**



**Renovation or larger maintenance projects**

**New build**

**38% of sales**



**New build or major redevelopment**

Note: Split based on 2017 sales  
Source: Company information