

Press release

6 November 2019

Quarterly report January – September 2019

"Quarter with continued growth and profitability according to plan"

July – September 2019

- ▶ Sales in the third quarter was SEK 492.0 (267.1) million, an increase of 84.2 percent.
- ▶ Organic growth was 5.4 percent.
- ▶ EBITA was SEK 28.8 (14.3) million. An increase of 101.4 percent.
- ▶ Adjusted EBITA was SEK 28.8 (14.3) million. An increase of 101.4 percent.
- ▶ Adjusted EBITA margin was 5.9 (5.1) percent.
- ▶ Cash flow from operating activities was SEK 9.1 (-31.5) million. Cash flow from operating activities was positively affected by SEK 12.7 million due to IFRS 16.
- ▶ Earnings per share was SEK 0.46 (0.47). Earnings per share after dilution was SEK 0.45 (0.47).
- ▶ Impact of IFRS 16 on EBITA was SEK -0.1 million and 0 in net cash flow.
- ▶ After the end of the quarter, an agreement was signed to acquire HD Landscape's ground maintenance business in Skåne.

CEO Johan Nordström comments on the quarter:

The third quarter has developed according to our expectations. Sales was SEK 492 (267.1) million and adjusted EBITA was SEK 28.8 (14.3) million with a margin of 5.9 (5.1) percent. In other words, we are growing strongly - sales growth amounts to 84% and EBITA increases by 101%. The period is high season and I am pleased to see organic growth of just over 5 percent, at the same time as profitability has improved. The integration with Svensk Markservice is continuing, and we have also been able to intensify our acquisition work. Our biggest challenge remains in the East region, which does not deliver in line with the rest of the organization.

Increased cash flow

In addition to organic growth and the margin in the quarter mentioned above, I am pleased that we continue to improve cash flow. Cash flow from operating activities was SEK 76.4 (-21.8) million at the end of the third quarter. Adjusted for the IFRS 16 effect of SEK 35.3 million, cash flow this year is SEK 41 million. If we compare the cash flow from operating activities after amortization of lease debt, we have generated approximately SEK 35 million more than last year. It is driven by higher earnings, better managed working capital and better use of premises, cars and machines.

Significant actions in region East

In order to meet the challenges, we have taken several measures with particular focus on the ground maintenance business in Stockholm. We have decentralized the structure and created three new profit centers with new managers. In addition, we have recruited a new regional manager, which means that we have a total of three new management resources dedicated to improving operations and strengthening profitability.

Continued progress in the integration work

I am satisfied with how well the integration of the Svensk Markservice has worked given the risks associated with the acquisition of this size. The focus in the third quarter has mainly been on delivering good quality to our customers, while the integration work has to some extent been set aside due to the high season in the business. Soon we will enter a somewhat quieter period when vegetation stops growing, and we can again focus on streamlining operations to further strengthen the position as number one in the market with the most attractive service offering in Sweden.

Intensified acquisition work

During the quarter, an agreement was signed to acquire HD Landscape's ground maintenance business in Skåne. The acquisition fits in well with the existing business and further strengthens our position in the South region. We met many exciting companies during the quarter and are in several dialogues. We have also begun to identify potential acquisition candidates outside Sweden, although it is too early to say when in time expansion can occur.

Increased focus on decentralization

Our culture is permeated by a strong entrepreneurial spirit that we are convinced is important for a successful company. Our organizational structure is decentralized with an emphasis on responsibilities and authority, but also on flexibility and businessmanship. We are in the process of incorporating more profit units to further strengthen the local culture.

Our business spans across Sweden where the markets differ locally in terms of both climate and business. As smaller companies with own responsibility, we create organizations that can respond quickly to various events in the market and better meet customer needs.

Presentation of the report

Green Landscaping CEO Johan Nordström and CFO Carl-Fredrik Meijer presents the report in a telephone conference / audiocast on November 6 at 10.30 am CET (in Swedish).

Participants call in on SE: +46850558359, UK: +443333009266, US: +18335268395

Webcast: <https://tv.streamfabriken.com/green-landscaping-group-q3-2019>

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The complete quarterly report will be available in English within short.