

A close-up photograph of several clusters of purple hydrangea flowers. The flowers are in various stages of bloom, with some showing a mix of purple and white. The background is a soft, out-of-focus green, suggesting a garden setting. The text is overlaid on the center of the image.

# Green Landscaping Group Second Quarter 2020

26 August 2020

# Today's presenters



Johan Nordström  
CEO

- ▶ Started as CEO of Green Landscaping in 2015.
- ▶ Johan has previously been Chairman of the Board and President of Car-O-Liner Group AB and Car-O-Liner Production and held several CEO positions over the years.
- ▶ Studied economics at Lund University and the University of Gothenburg and holds an MBA from Copenhagen Business School.



Carl-Fredrik Meijer  
CFO

- ▶ CFO Green Landscaping since 2015. Started as Head of M&A 2013.
- ▶ Carl-Fredrik's previous experience includes Strategy Consultant at PwC in London and Business Developer at Coor Service Management.
- ▶ Holds a MSc in Technology Management from Lund University of Technology and an BA in Corporate Finance.

A photograph of a green city street. In the foreground, there is a large, well-manicured pine tree with dense green needles. Below the tree, there are some yellow flowers and green plants. In the background, a paved walkway leads to a building with a light-colored facade. Two people are walking on the path, one in a dark jacket and blue jeans, and another in a dark jacket and blue jeans. The overall scene is bright and green, suggesting a sustainable and walkable urban environment.

Our vision is to create a  
green city for all through  
entrepreneurship, social  
responsibility and  
sustainable business

A 'home'  
where  
entrepreneurs  
thrive



# We make cities enjoyable and green

## Ground Maintenance



Maintenance and services for all outdoor areas

Multiyear contracts



## Landscaping



Design and construction of all outdoor green areas

Projects & Framework agreements



## Winter Services



Snow plowing/removal, deicing and gritting.

Multiyear contracts



## Sports Landscaping



Services and products for Green Sports turf

Online, projects & multiyear contracts



## Arborist services



Tree care, pruning, forestry, nature conservation, bioenergy and recycling services.

Framework agreements



# The #1 landscaping service provider in Sweden

- ▶ 24 units distributed over 5 geographic segments
- ▶ Diversified contract portfolio, long contracts
- ▶ Focus on larger cities
- ▶ Market leading profitability
- ▶ M&A strategy creating additional growth

## FINANCIAL GOALS

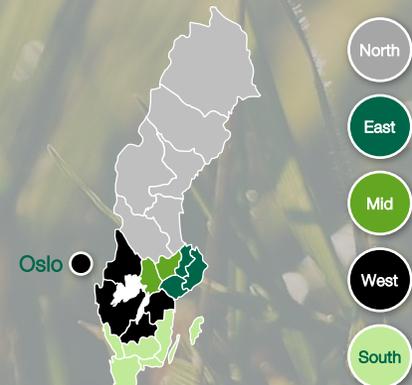
Growth  
**10%**

EBITA margin  
**8%**

Leverage  
**2,5x**

Dividend  
**40%**

## GEOGRAPHY





Second Quarter 2020

# Highlights second quarter 2020

## Development

- ▶ Growth of 3,7%. Adjusted organic growth 1,2%\*
- ▶ EBITA of 46,5 MSEK (26,2). +77,5%
- ▶ EBITA margin of 8,4% (4,9%)
- ▶ Cash flow of 63 MSEK (45,5)
- ▶ Net debt 518,5 MSEK (652,9). 720 in Q1.
- ▶ The rights issue of 148,6 MSEK after issue costs was finalized in June and was fully subscribed. The purpose is to finance continued acquisitions
- ▶ After closing of the second quarter, the second acquisition in Norway was finalized - TH Anlegg
- ▶ Strong pipeline of acquisitions

\*Adjusted for terminated business in Svensk Markservice. Net organic growth -2,7%

## Financials Q2

Net sales	Net sales growth
<b>552.1</b> SEKm	<b>3.7</b> %
EBITA	EBITA margin
<b>46.5</b> SEKm	<b>8.4</b> %
Order book	Employees
<b>3 502</b> SEKm	<b>1 331</b>

# Strong margin development in the quarter

- ▶ Strong margin development +1,8 ppc
  - ▶ Synergies 2019 and productivity improvements
  - ▶ Acquisitions
- ▶ Growth of 3.7%, whereof +1,2% in adjusted organic growth
  - ▶ Non-profitable business in Svensk Markservice East terminated
  - ▶ Somewhat less sales due to Covid-19. Some companies affected
- ▶ No recurring items
- ▶ Rights issue gives us a strong position for further consolidation

# Segment development

- ▶ Solid quarter with positive development regarding growth and profitability
  - ▶ Positive development in South and West. Both from legacy and acquired companies.
  - ▶ East ground maintenance has positive development which is offset by shut down landscaping business from Svensk Markservice
  - ▶ Region Mid is heavily impacted by the mild winter compared to last year as well as start up costs of new contracts
    - ▶ North has managed the quarter relatively well
- ▶ GAST part of Region West from 1<sup>st</sup> March
- ▶ Market conditions remain favorable. In all essential retained order book between the first and second quarter.

SALES PER SEGMENT (%)



SEK/m	Sales Q2 2020	Sales YTD 2020	EBITA 2020	EBITA YTD 2020	EBITA Margin Q2 2020	EBITA Margin YTD 2020
Region South	120.0 (89.5)	206.2 (150.0)	12.0 (7.2)	10.1 (6.7)	10.0% (8.0)	4.9% (4.5)
Region West	245.3 (230.6)	404.7 (395.5)	33.1 (20.5)	33.1 (22.8)	13.5% (8.9)	8.2% (5.8)
Region East	137.0 (140.1)	223.0 (291.5)	1.3 (1.7)	-13.4 (-0.5)	1.0% (1.2)	-6.0% (-0.2)
Region Mid	44.6 (46.8)	78.6 (96.3)	-0.6 (6.8)	-3.8 (5.5)	-1.3% (14.5)	-4.8% (5.7)
Region North	26.8 (31.3)	52.8 (65.2)	1.7 (2.1)	4.7 (6.8)	6.3% (6.7)	8.9% (10.4)

EBITA 2019 is adjusted for non-recurring items



# Financials

# Key P&L items

## P&L

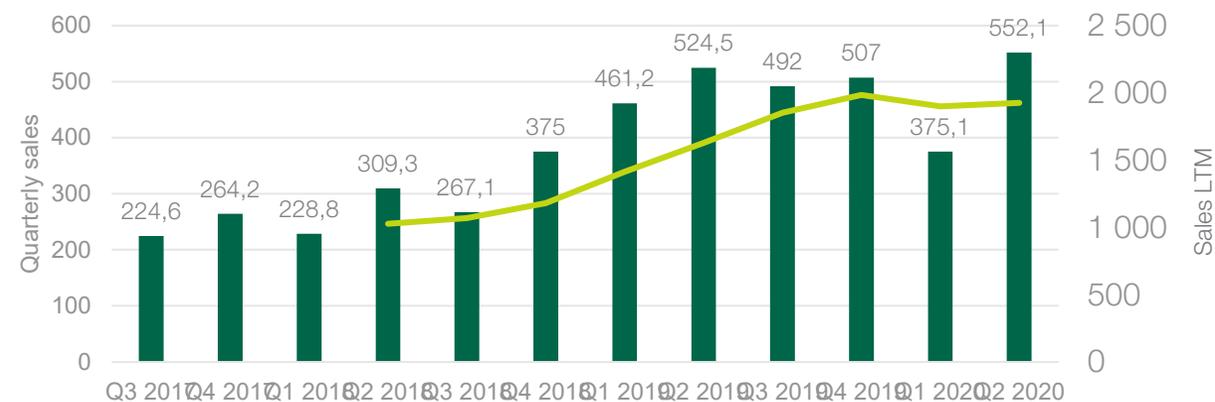
SEKm	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Net sales	552.1	532.3	927.2	993.6
EBITA*	46.5	34.9	27.8	36.2
Result after financial items	31.0	15.6	-1.5	-9.2
EBITA margin	8.4%	6.6%*	3.0%	3.7%*
Non-recurring items	0.0	8.7	0.0	22.8
Earnings per share	0.82	0.40	-0.02	-0.31
Adjusted earnings per share**	1.09	0.56	0.47	0.06

\* 2019 EBITA is adjusted for non-recurring items

\*\* Excludes amortization of intangible assets. Not a cash item

## Sales and profitability development

### NET SALES (SEKm)



### ADJUSTED EBITA (SEKm)



# Balance sheet

SEKm	30 Juni 2020	30 Juni 2019
Total non-current assets	955.3	864.0
Total current assets	566.9	488.0
<b>Total assets</b>	<b>1522.2</b>	<b>1352.0</b>
Total equity	388.8	195.5
Total non-current liabilities	564.8	629.7
Total current liabilities	568.6	526.8
<b>Total equity and liabilities</b>	<b>1 522.2</b>	<b>1352.0</b>

- ▶ Net debt SEK 518.5 million
- ▶ Leverage 2.6X (3.1X)
- ▶ Cash and available facility of SEK 174.8 million
- ▶ Working Cap SEK -5.3 million, c. -0.3%\*  
(\*working capital % of LTM sales)

# Cash flow

SEKm	Q2 2020	Q2 2019	2020 YTD	2019 YTD
Cash flow from operating activities before changes in working capital	59.0	45.4	59.4	44.5
<b>Cash flow from operating activities</b>	<b>63.0</b>	<b>45.5</b>	<b>105.3</b>	<b>67.3</b>
Cash flow from investing	-4.3	-3.5	-87.5	-6.6
Cash flow from financing	25.6	-66.0	62.5	-88.3
<b>Cash flow for the period</b>	<b>84.3</b>	<b>-24.0</b>	<b>80.3</b>	<b>-27.6</b>
Cash and cash equivalents at the end of the period	124.8	68.7	124.8	68.7

- ▶ Improved cash flow from operating activities both YTD and in the quarter. This is in all essential explained by the reduction in working capital since Q4 2019. Per Q2 2020 working capital amounts to -5.3 million. (70.2million per Q4)
- ▶ Cash flow from investing YTD mainly relates to the acquisition of GAST and Park i Syd. Minor investments in fixed assets and intangible assets during the quarter.
- ▶ Cash flow from financing during the quarter includes a positive effect from the rights issue of c.150 million and the bridge loan of -88 million, has been fully repaid.

# Financial targets

Growth

10%

- ▶ **Target:** Sales growth on average by 10% per year (including both organic and acquisitions).
- ▶ **Status:** 3.7% concerning Q2 2020.

EBITA margin

8%

- ▶ **Target:** Achieving an EBITA margin of 8%.
- ▶ **Status:** EBITA margin 8.4% (4.9%) concerning Q2 2020.

Leverage (ND/EBITDA)

2.5x

- ▶ **Target:** Net debt in relation to EBITDA shall not exceed a multiple of 2.5 in the long-term.
- ▶ **Status:** Current leverage 2,6X due to acquisition of Svensk Markservice, deleverage over time

Dividend (% of NI)

40%

- ▶ Approx. 40% of the year's results to be distributed as dividends, taking into account Green's long-term development potential, financial position and investment needs.



# Summary

# Summary second quarter 2020

- ▶ Solid quarter with positive development regarding growth and profitability
- ▶ Favorable market and long-term contracts give good conditions for sustainable growth
- ▶ The rights issue of c.150 MSEK after issue costs was finalized in June and was fully subscribed. The purpose is to finance continued acquisitions
- ▶ After closing of the second quarter, the next acquisition in Norway was finalized. TH Anlegg AS is Green Landscaping Groups second acquisition in Norway
- ▶ Strong pipeline of acquisitions



**Green**



landscaping group