

# Cary Group Q1 presentation

10 May 2022



**Cary group**



# Cary Group today - at a glance

**Leading VGRR  
and calibration  
company**

**European  
presence**

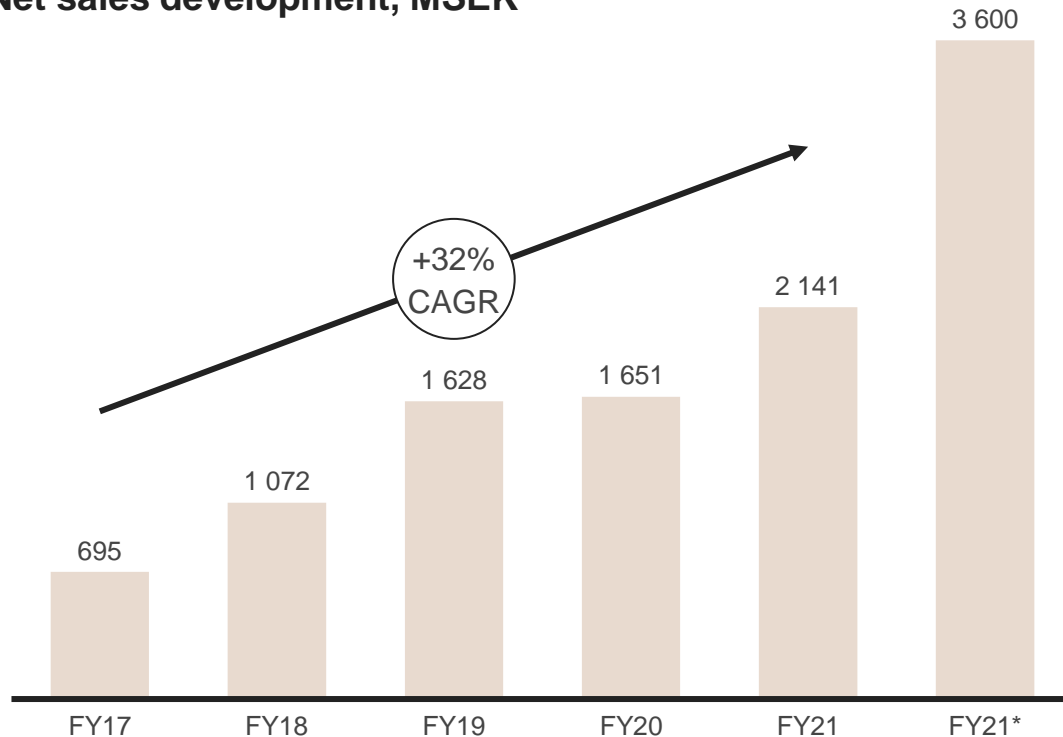
9 countries served with over  
2 500 employees\*

**Adj  
EBITA**  
294 MSEK  
2021

**High NPS**  
83  
91 in Sweden  
2021

**Number of  
workshops**  
1 400\*  
close proximity to customers

Net sales development, MSEK



## Market leading consumer brands

Car glass



Bus glass



Collision



# High growth and good start to the year

## Net Sales

756 MSEK

Growth of 65%

Organic growth of 7%



## Adjusted EBITA

88 MSEK

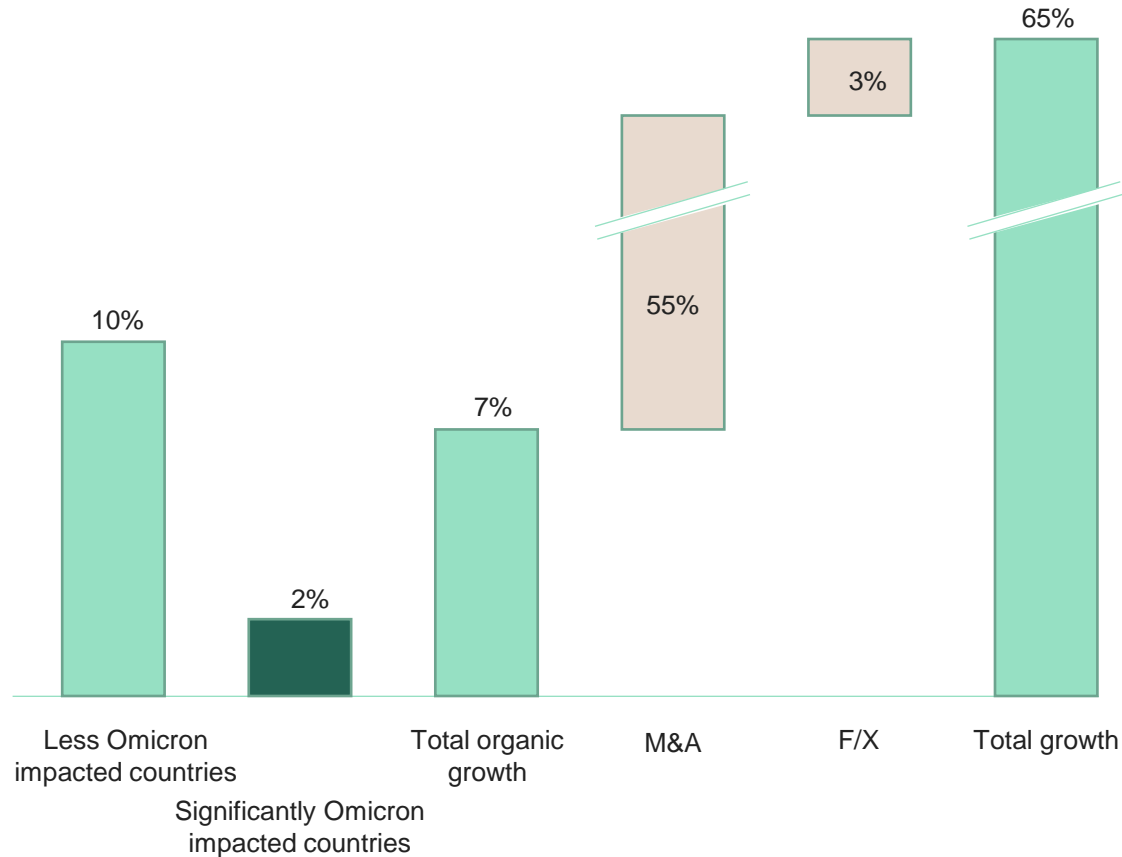
Growth 20%

Margin 11,6%

- Strong net sales and organic growth despite negative effects from Covid-19 in the beginning of the quarter
- Good start of the high season
- Adjusted EBITA of 88 MSEK, growth of 20%
  - Margin of 11,6%
- Continued focus on margin improvements – operational excellence, pricing, integration of acquired entities
- Execution of acquisition strategy
  - MPS Bilskade in Norway and Zentrale Autoglas in Germany consolidated
  - ExpressGlass in Portugal (closed 1 April)
  - Pugh Holdings in the UK (closed 4 May)

# Strong underlying market drivers

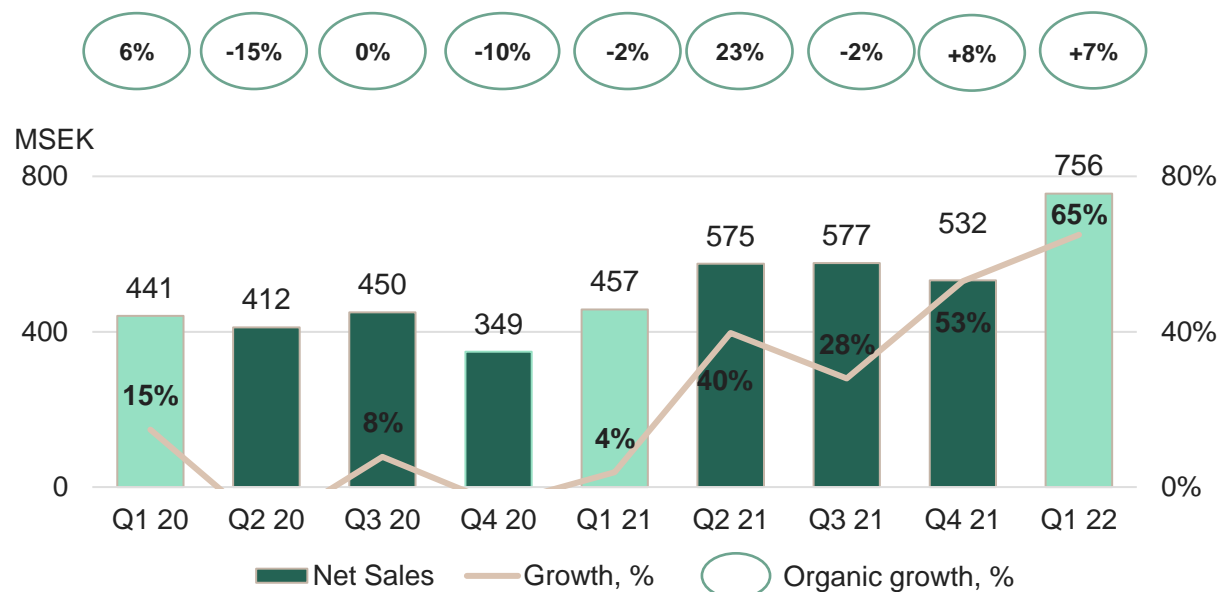
Sales development in Q1



- Non-cyclical market driven by strong structural drivers:
  - Yearly increases in glass prices
  - Average costs for glass replacement
  - Mix-effect in car fleet
  - Calibration
  - Distance driven
- Countries less impacted by Covid-19 (Sweden and Denmark) grew organically by 10% in total
- Countries more impacted by Covid-19 (UK and Norway) grew organically by 2%
- MPS Bilskade in Norway, Ralarsa in Spain and Zentrale Autoglas in Germany together grew more than 15% organically compared to Q1 2021

# Sales development Q1

## Growth, net sales per quarter



MSEK	Q1 22	Q1 21	Change
Net sales	756	457	+65%
Organic growth	31	-10	+7%
Acquisitions	253	37	+55%
Currency effects	14	-10	+3%

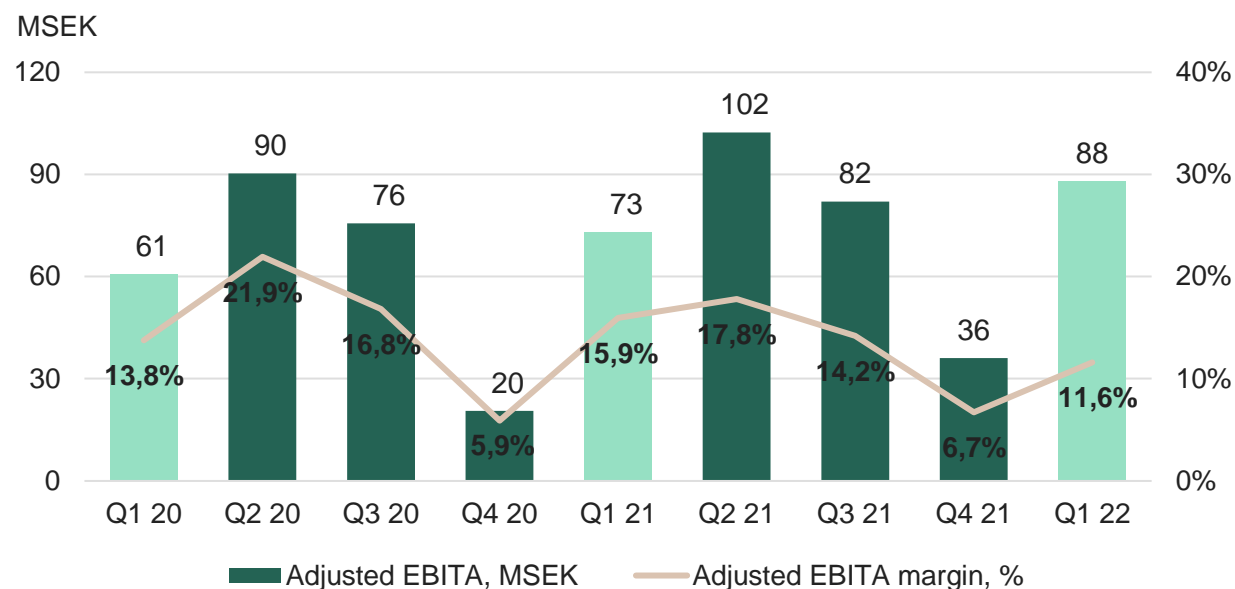
## Comments

- Net sales increased by 65% to 756 MSEK (457)
  - Organic growth of 7%\*, held back by Covid in the beginning of Q1 mainly in UK and Norway
    - March, which is the transition month to the high season, showed strong sales and demand levels
  - M&A growth of 55% driven by the acquired business MPS Bilskade in Norway, Ralarsa in Spain and Zentrale Autoglas in Germany
  - Strong organic growth in MPS Bilskade in Norway, Ralarsa in Spain and Zentrale Autoglas in Germany

\*Organic growth does not include the businesses MPS Bilskade in Norway, Ralarsa in Spain and Zentrale Autoglas in Germany.

# Adjusted EBITA-development Q1

## Adjusted EBITA and EBITA margin, per quarter



MSEK	Q1 22	Q1 21	Change
Adj EBITA	88	73	+20%
Adj EBITA margin	11,6%	15,9%	

## Comments

- Adjusted EBITA increased by 20% to 88 MSEK (73)
- Adjusted EBITA margin of 11,6% (15,9)
  - In line with plan, margin was negatively impacted by acquisitions
  - Margin in the UK was impacted by higher purchasing costs for glass-, personnel- and fuel costs
  - Continued lower profitability in Norway
  - Higher investments in central organisation
  - Some negative effects from Covid-19

Higher purchasing costs was adjusted for in the Nordic region while price adjustments in Rest of Europe have not yet fully been implemented.

Adjusted EBITA impacted by 12 MSEK (3) in one off costs in Q1 2022.

# Value creating acquisition strategy

# Strong activity in Q1

## PLATFORM ACQUISITIONS

**Expansion into new geographic markets**

High insurance penetration, level of consolidation and workshop heavy network.

## ADD-ON ACQUISITIONS

**Acquisition of additional businesses on existing market**

Add-on acquisitions after having entered a new country or expanding into a vertical (Nordic region only).

## SMALLER 'MOM-AND-POP' ACQUISITIONS

**Acquisition of individual workshops**

Smaller workshops that due to tougher requirements of investments in digitalisation and technology seeks new ownership.

**All acquisitions help to improve footprint and to reach additional scale and thereby uplift in growth and profitability**

## M&A activity in Q1 2022

- Zentrale Autoglas in Germany and MPS Bilskade in Norway, closed January 1.
- Further add on acquisitions in the Nordics and acquisitions of franchises in Spain.



- Acquisition of Charles Pugh Holdings
- Important add on
  - Increasing market share in the UK
  - Closed 4 May



- In total, closed acquisitions contributed to sales of 253 MSEK in Q1.

**Cary group**



# Strengthened market position in the UK with the acquisition of Charles Pugh Holdings

- **Charles Pugh Holdings is a leading UK VGRR<sup>1</sup> company**
  - VGRR operations and auto glass wholesale business
  - Charles Pugh Holdings net sales amounted to 56<sup>2</sup> MGBP, with an adjusted EBITDA margin of 13% and adjusted EBITA margin of 10%
- **Key rationale for the acquisition:**
  - Strengthens the market position in the UK; doubling the size of our UK operations
  - Enables increased profitability through synergies totalling almost 2 MGBP with our existing UK operations
  - Creates scale benefits going forward as our Operational Excellence framework is rolled out on a much larger UK platform
- **Transaction details:**
  - Total purchase price of 65 MGBP on a debt and cash-free basis (so-called enterprise value)
  - Corresponds to an EV/EBITDA multiple of 9.0x and 7.2x including synergies

1) Vehicle Glass Repair and Replacement

2) Refers to 2021 figures

**Strong market position – UK market estimated to 5.7 bn SEK**



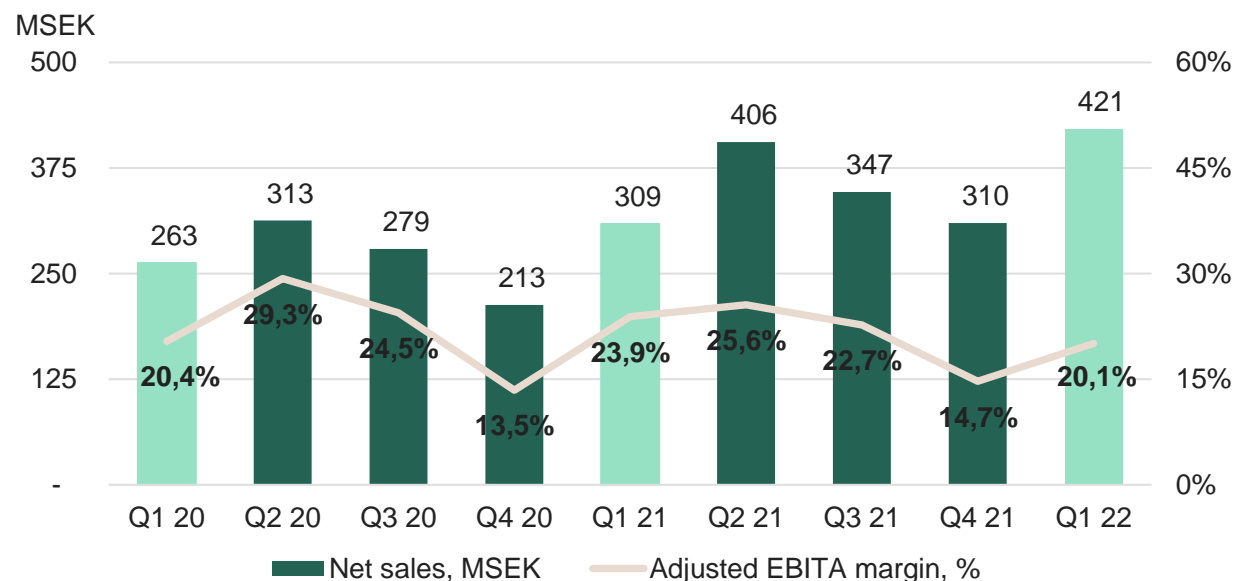
# Business segments and Operational initiatives

# Business segment Nordics

Share of Group net sales

61%<sup>1)</sup>

## Net sales and adjusted EBITA margin per quarter



MSEK	Q1 22	Q1 21	Change
Revenues	421	309	+36%
Adj EBITA	85	74	14%
Adj EBITA margin	20,1%	23,9%	

From the first of January 2022, the acquired company MPS Bilskade AS in Norway is included in the figures for the business segment Nordics.

## Comments

### Sales development

- Net sales increased by 36% to 421 MSEK (309)
  - M&A growth of 27% driven by the acquired businesses in all countries
  - Organic growth of 9% driven by Sweden
  - The VGRR business in Norway affected by lockdowns due to Covid-19 in the beginning of the quarter

### EBITA and margin

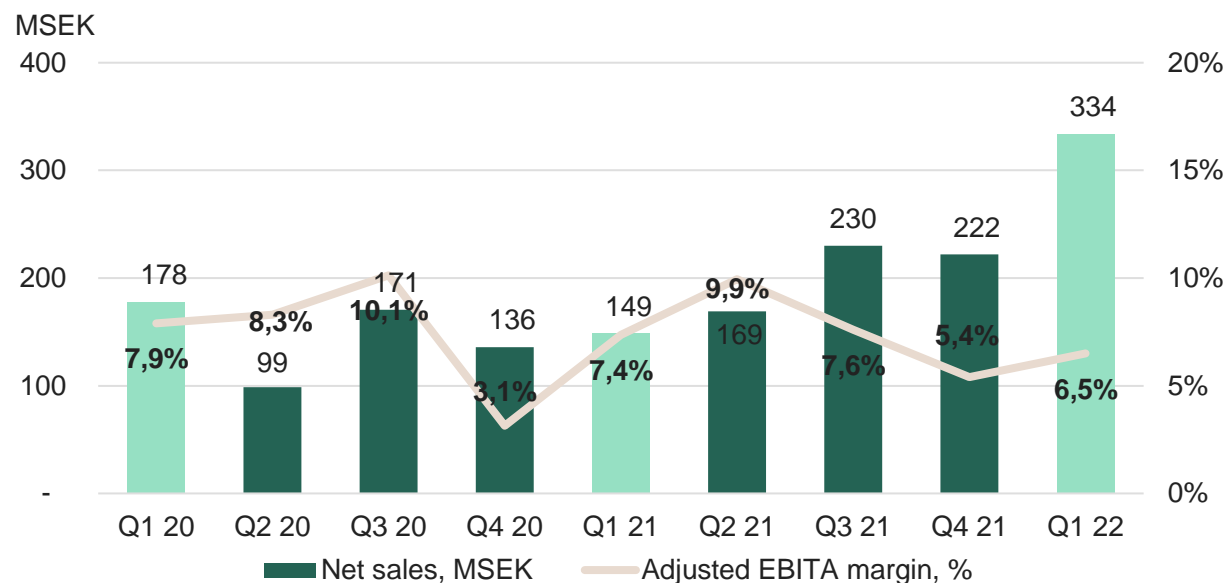
- Adjusted EBITA increased by 14% to 85 MSEK (74)
- Adjusted EBITA margin of 20,1% (23,9)
  - As expected, margin was impacted from acquisitions
  - Continued lower profitability in Norway
  - Higher purchasing costs have largely been compensated for
  - Some cost increases due to general cost inflation

1) Full year Q1 LTM 2022

# Business segment Rest of Europe

Share of Group net sales  
**39%**<sup>1)</sup>

## Net sales and adjusted EBITA margin per quarter



MSEK	Q1 22	Q1 21	Change
Revenues	334	149	+125%
Adj EBITA	22	11	+97%
Adj EBITA margin	6,5%	7,4%	

## Comments

### Sales development

- Net sales increased by 125% to 334 MSEK (149)
  - M&A growth of 114% mainly by the acquired business in Spain and Germany
  - Solid start for Zentrale Autoglas in Germany and Ralarsa in Spain

### EBITA and margin

- Adjusted EBITA increased to 22 MSEK (11)
- Adjusted EBITA margin of 6,5% (7,4)
  - Margins in Rest of Europe increased due to acquisitions made
  - Lower profitability in the UK due to higher purchasing, personnel and fuel costs
    - Price adjustments not yet fully implemented in Q1
  - Covid-19 related lockdowns impacted profitability

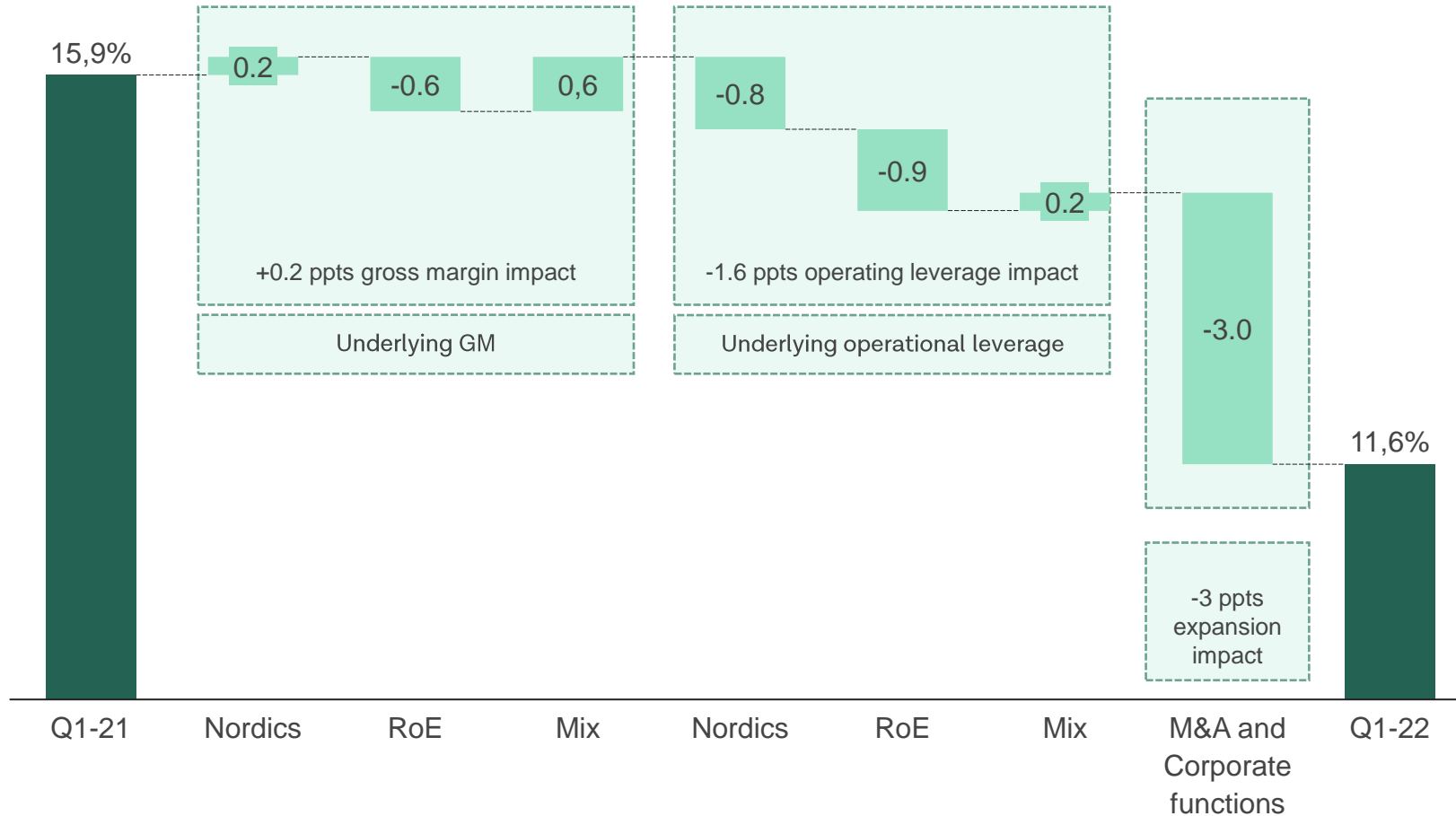
From the first of January 2022, the acquired company Zentrale Autoglas in Germany is included in the figures for the business segment Rest of Europe.

1) Full year Q1 LTM 2022



# Focus on price adjustments, operational leverage and synergies

Adjusted EBITA margin development in Q1



- Gross margin maintained in spite of increased purchasing costs – pace of price adjustments to customers varies between markets
- Negative operating leverage impact in some markets – being addressed
- Recent acquisitions initially margin dilutive – focus on extracting synergies and economies of scale across all geographies

# Operational excellence initiatives in UK and Norway

## Prioritised value creation plan in the UK

Current initiatives in Cary Group UK (Mobile Windscreens and Charles Pugh Group):

- Operational excellence
  - Fitting business: process development, best-practice sharing
  - Distribution: Improved processes and network optimization
- Integration of the two companies
  - One organization (fitting, distribution, overhead functions)
  - Cost synergies
  - Leveraging Charles Pugh Wholesale business across the organization
- Pricing
  - Closer collaboration within National Windscreens consortium to improve agility in pricing

## Creating scale benefits and synergies in Norway

The acquired business MPS Bilskade in Norway will together with the existing VGRR business create possibilities of enhancing the margin:

- Cross-selling of SMART repair and VGRR services
- Integration of the two companies
  - Merged head quarter
  - Merged overhead functions, and best-practice sharing
  - Co-location of selected workshops
- Closure of certain workshops based on overlapping footprint and profitability
- Broadened offering to insurance companies and end customers – selected workshops to offer both VGRR services and collision repair services

Sustainable strategy -  
leading the way in the vehicle  
service industry



# Cary Group are now committed to SBTi

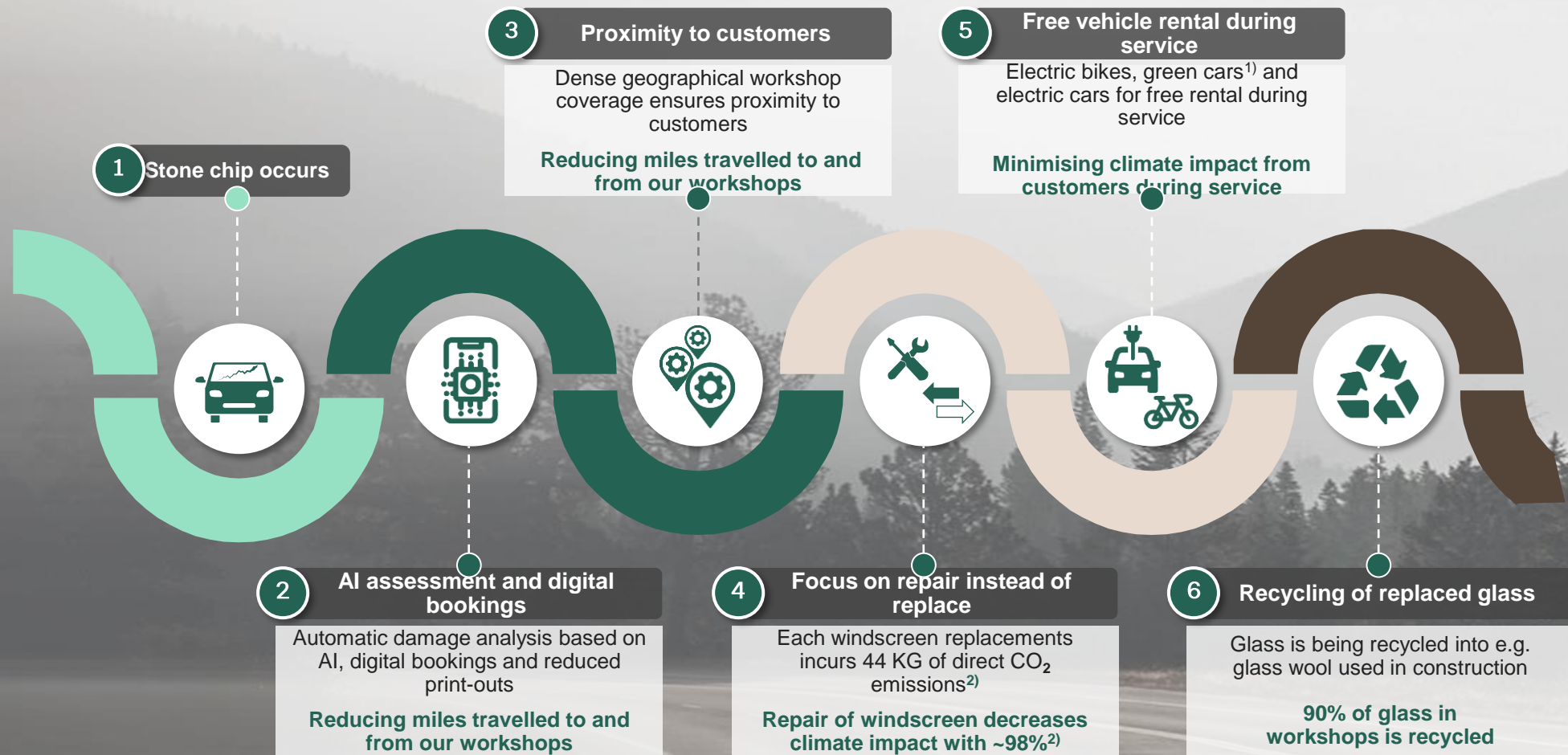
**-41% from 2020 to 2030**

Reduction targets in line with Science Based Target initiative criteria and Paris agreement.





# Sustainability is integrated in each step of the customer journey



# Financials

# Q1 2022 Income statement

## Comments

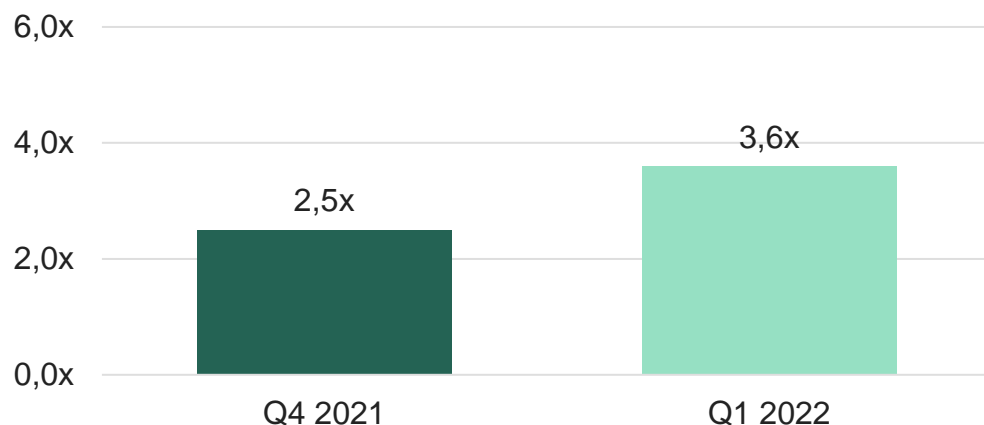
- Net sales 756 MSEK
  - Organic growth of 7%
- EBITA before i.a.c 76 MSEK
- Items affecting comparability, -12 MSEK
  - Costs related to acquisitions -9 MSEK
  - Other -3 MSEK
- Amortization of acquisition-related intangible assets, -14 MSEK
  - 24 acquisitions in 2021-2022
- Adjusted EPS, 0,32 SEK per share

MSEK	Q1 22	Q1 21	Change
Net sales	756	457	65%
EBITA before i.a.c	76	70	8%
In %	10,0%	15,3%	
Items affecting comparability	-12	-3	
Adjusted EBITA	88	73	20%
Amortization of acquisition-related intangible assets	-14	-5	
EBIT	60	62	-3%
In %	7,9%	13,6%	
Adjusted EPS, SEK	0,32	1,40 <sup>1</sup>	-77%

# Financial position

## Leverage and net debt

- Leverage ratio at 3.6x (Net Debt/Adjusted EBITDA LTM)
- Net debt amounted to 1,939 MSEK (1,222 MSEK on December 31, 2021)



Net debt includes 477 MSEK of long- and short-term lease liabilities (419 MSEK at Q4 2021). Net debt defined as: Interest-bearing liabilities (amounts due to credit institutions and lease liabilities) minus cash and cash equivalents.

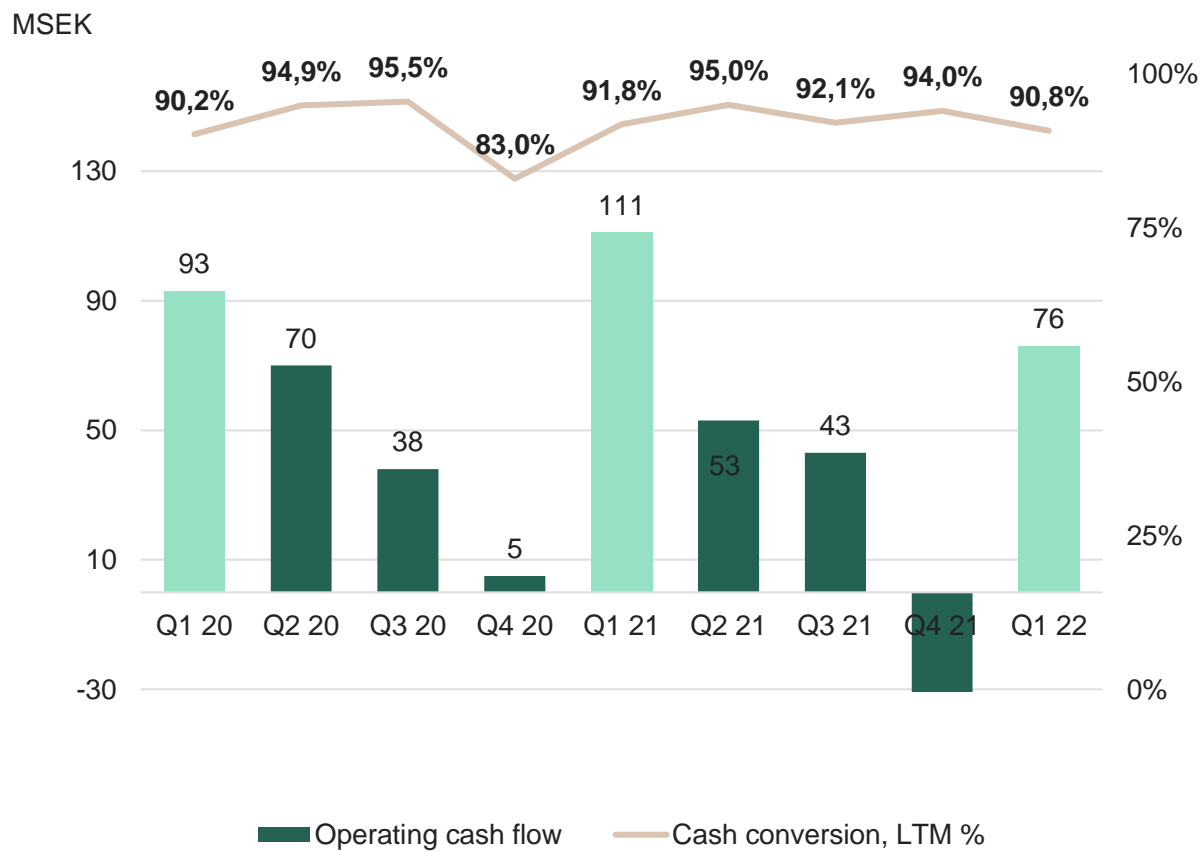
## Credit facilities and capitalisation

- To safeguard financial capacity for further expansion opportunities, credit facility was extended by 1,050 MSEK in February 2022 to a total amount of 3,100 MSEK
- Unutilized facilities amounted to 1,569 MSEK at the end of the first quarter
  - The acquisition of Pugh Holdings added approx. 800 MSEK to debt
  - After the close of Charles Pugh Holdings and ExpressGlass unutilized facilities amounts to appr 700 MSEK
- Equity at end of quarter amounted to 1,596 MSEK
- Cash in bank amounted to 176 MSEK
- Entered into interest rate swap agreement for company's interest rate exposure at the beginning of the second quarter.



# Operating Cash flow

## Operating cash flow and cash conversion



## Comments

### Increased operating cash flow

- Cash flow from operating activities amounted to 76 MSEK (111)
  - Strong sales and cash flow from underlying operations
  - Seasonal increase of working capital
- Net cash flow in the quarter amounted to 29 MSEK (105)

### Cash conversion

- Highly cash-generative business with cash conversion amounting to 90.8% in the first quarter (91.8), 93.5% LTM
- Limited underlying capex

### Acquisitions and debt

- Investments in subsidiaries amounted to 490 MSEK in the quarter (110) (Net received)
- New borrowings amounted to 533 MSEK (132)

# Acquisitions to date

## Completed acquisitions by quarter

Company	Business segment	Included from	Acquired share	Net sales (SEKm)	Acquisition-related intangible assets
AB Vetlanda Glas	Nordics	2022-01-01	80%	5	4
Zentrale Autoglas GmbH	Rest of Europe	2022-01-01	75%	277	273
MPS Bilskade AS	Nordics	2022-01-01	100%	162	269
HW Glas Autoruder ApS	Nordics	2022-01-01	100%	8	2
Nya Glasmästeriet Jan Eklund AB	Nordics	2022-03-01	Assets	7	5
Hedlunds Glas i Katrineholm AB	Nordics	2022-03-01	Assets	4	4
Ralarsa Osuna-Sevilla	Rest of Europe	2022-03-01	Assets	1	0
Ralarsa Los Remedios-Sevilla	Rest of Europe	2022-03-01	Assets	1	0
Bærum Lack & Karosseri AS	Nordics	2022-03-31	100%	13	13
<b>Total acquisitions January-March 2022</b>				<b>477</b>	<b>571</b>

## Comments

- 9 additional acquisitions were closed in the first quarter of 2022
- Total acquisition-related intangible assets of 571 MSEK in the first quarter
  - Acquisitions of Zentrale Autoglas GmbH in Germany and MPS Bilskade AS in Norway largest acquisitions
  - Ralarsa in Spain acquired two franchisees

# Final remarks

# Good start of the high season

Continued acquisitions –  
consolidating a  
fragmented market



Strong start of the important high  
season

Focus on profitability enhancing  
measures

Good start of the high season

As expected, profitability impacted by  
execution of acquisition strategy

Focus on increasing prices as supplier  
costs increases

Focus on integrating new acquisitions  
to reach synergies and economies of  
scale

Operational excellence initiatives in  
the UK and Norway to uplift margins





Q&A

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