

Cary Group Q2 presentation

5 August 2022



Cary group

Q2: Strong demand in a growing market

Net Sales
1,050 MSEK¹

Growth of 81%

Organic growth of 5%



Adjusted EBITA
168 MSEK

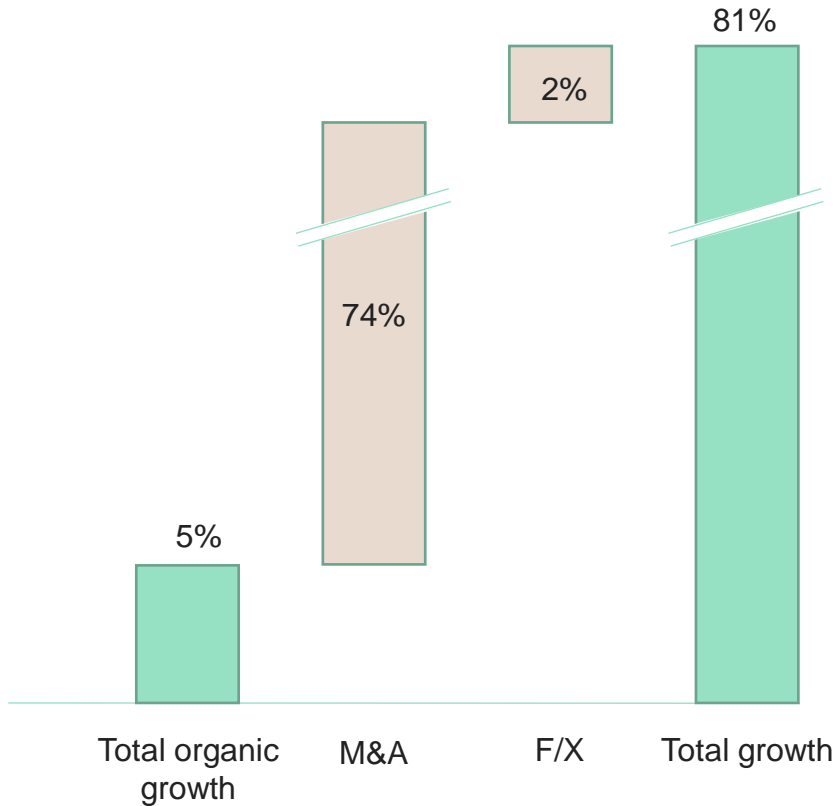
Growth 62%

Margin 16,1%

- High activity and strong growth
 - Organic sales adjusted for number of working days +7%
- Continued European expansion
 - Closed acquisitions of ExpressGlass (Portugal) and Charles Pugh Holdings (UK)
- Growing share of sales in Rest of Europe
 - High pace of acquisitions resulted in dilution of margin before realised synergies and full integration
- Higher input costs compensated for in most markets
- Strong cash flow and cash conversion
 - Leverage to be gradually reduced

Strong underlying market drivers

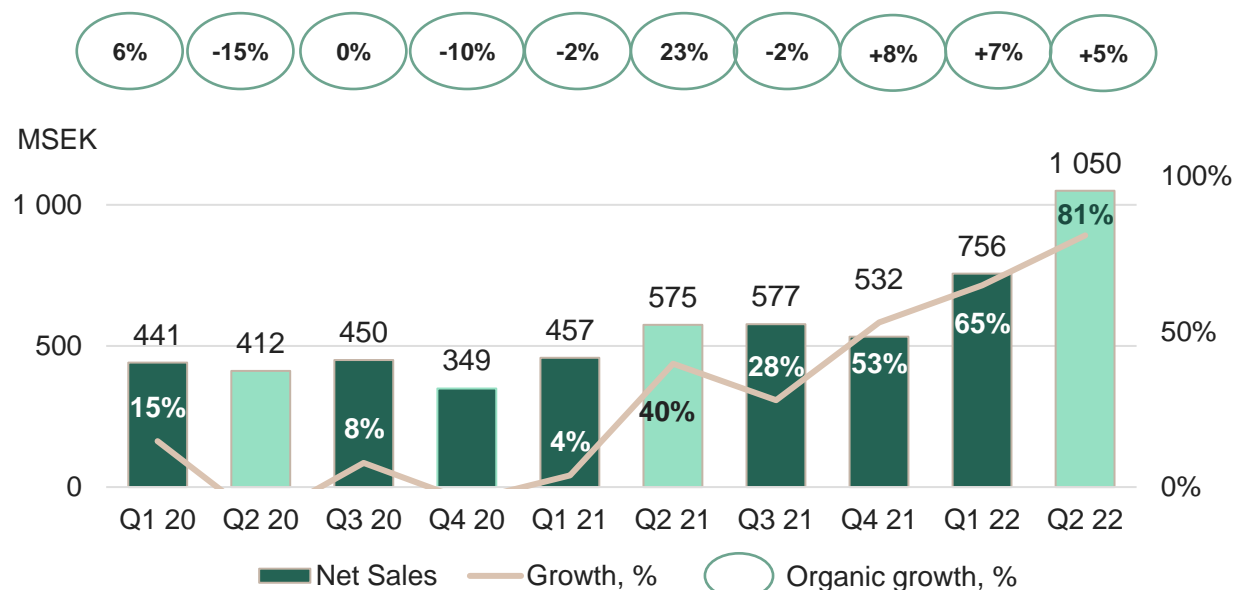
Sales development in Q2



- Non-cyclical market driven by strong structural drivers:
 - Larger and more advanced vehicle glass
 - Mix effect in car fleet
 - Higher share of ADAS calibration
 - Increased glass prices transferred to customers
 - Distance driven
- M&A driven by further consolidation in a fragmented European market

Sales development Q2

Growth, net sales per quarter



Comments

- Net sales¹ increased by 81% to 1,050 MSEK (575)
 - Organic growth of 5%² (7% adjusted for number of working days)
 - M&A growth of 74% driven by the acquired business MPS Bilskade in Norway, Ralarsa in Spain and Zentrale Autoglas in Germany, ExpressGlass in Portugal and Charles Pugh Holdings in the UK
 - Strong organic growth in MPS Bilskade in Norway, Ralarsa in Spain and Zentrale Autoglas in Germany

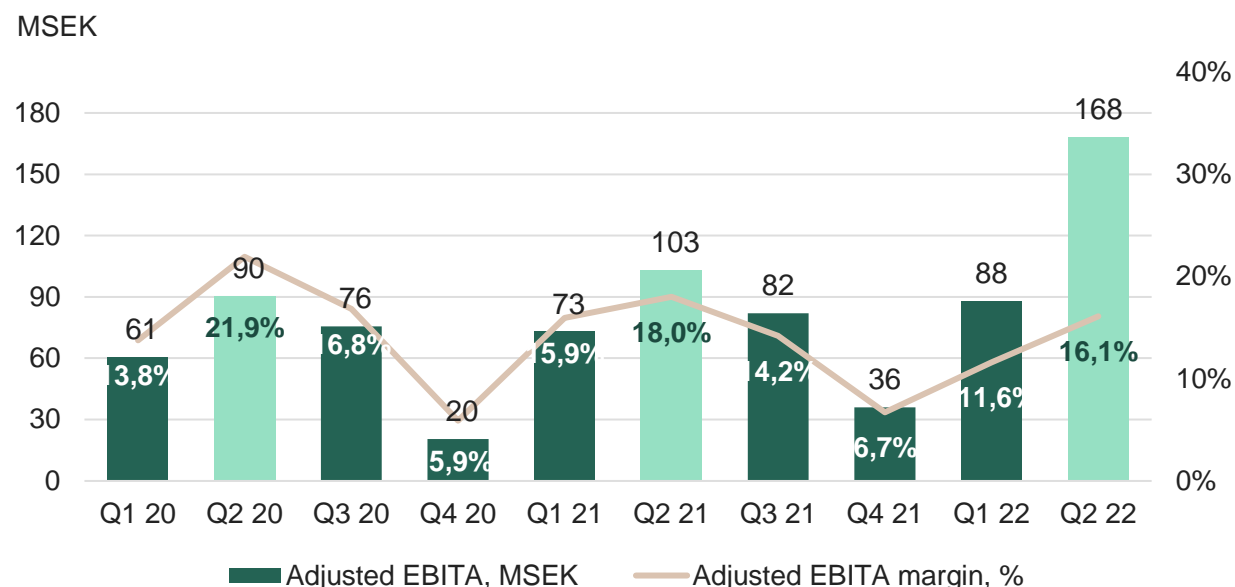
1) Includes non-recurring items of 11 MSEK in the current quarter due to write down of earnout.

2) Organic growth does not include the businesses MPS Bilskade in Norway, Ralarsa in Spain, Zentrale Autoglas in Germany, ExpressGlass in Portugal and Charles Pugh Holdings in the UK

MSEK	Q2 22	Q2 21	Change	H1 22	H1 21	Change
Net sales	1,050	575	+81%	1,805	1,032	74%
Organic growth	29	90	+5%	61	80	6%
Acquisitions	424	73	+74%	677	111	66%
Currency effects	12	-1	+2%	25	-11	3%

Adjusted EBITA-development Q2

Adjusted EBITA and EBITA margin, per quarter



MSEK	Q2 22	Q2 21	Change	H1 22	H1 21	Change
Adj EBITA	168	103	+62%	255	176	+45%
Adj EBITA margin	16,1%	18,0%		14,2%	17,1%	

Adjusted EBITA impacted by 2 MSEK (9) in one off items in Q2 2022.

Comments

- Adjusted EBITA increased by 62% to 168 MSEK (103)
- Adjusted EBITA margin of 16,1% (18,0)
 - Increased input costs pushed through in the Nordics and progress in Rest of Europe
 - Increased margins in the Nordics
 - Stable margins in Rest of Europe
- Growing share of sales in Rest of Europe
 - High pace of acquisitions resulted in dilution of margin before realised synergies and full integration

Value creating acquisition
strategy and operational
efficiency

Strong activity in 2022

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 2021-2022

PLATFORM ACQUISITIONS

- Zentrale Autoglas in Germany
- Express Glass in Portugal



ADD-ON ACQUISITIONS

- Charles Pugh Holdings in the UK
- MPS Bilskade in Norway



MOM-AND-POP' ACQUISITIONS

- Add on acquisitions in Sweden
- Ralarsa have closed 8 add on acquisitions of franchisees in Spain



Actions and savings in Norway

Actions

1. Cary Bilglass
 - Streamlining of workshops
 - Reduced staff
 - Other cost savings
2. Quick Car Fix
 - Streamlining of workshops
3. MPS Bilskade
 - Glass fitting will be integrated into 3 workshops



Restructuring and savings

- Total targeted savings of approximately 5 MSEK in 2022
- Total savings per year from 2023 of approximately 15 MSEK
- A new solid and fresh core



Broadened offering to insurance companies and end customers – selected workshops to offer both VGRR services and collision repair services

Savings in 2022 of approximately 5 MSEK
Total savings of approximately 15 MSEK
per year from 2023

Actions and savings in the UK

Actions

1. Joint management structure for Charles Pugh Holdings and Mobile Windscreens
2. Further implementation of operational excellence project will lead to higher capacity utilization
 - Simplifying processes
 - Best practice sharing
 - Combined purchasing and procurement organisation
3. Synergies/cost savings
 - Staff optimization
 - Shared IT-system
 - Optimized distribution



Restructuring and savings

- Total targeted savings of approximately 5-10 MSEK in 2022
- Total savings per year from 2023 of approximately 25 MSEK as communicated at the time of the acquisition of Charles Pugh Holdings



Creating an even stronger number 2 in the UK market with improved customer offering and higher profitability

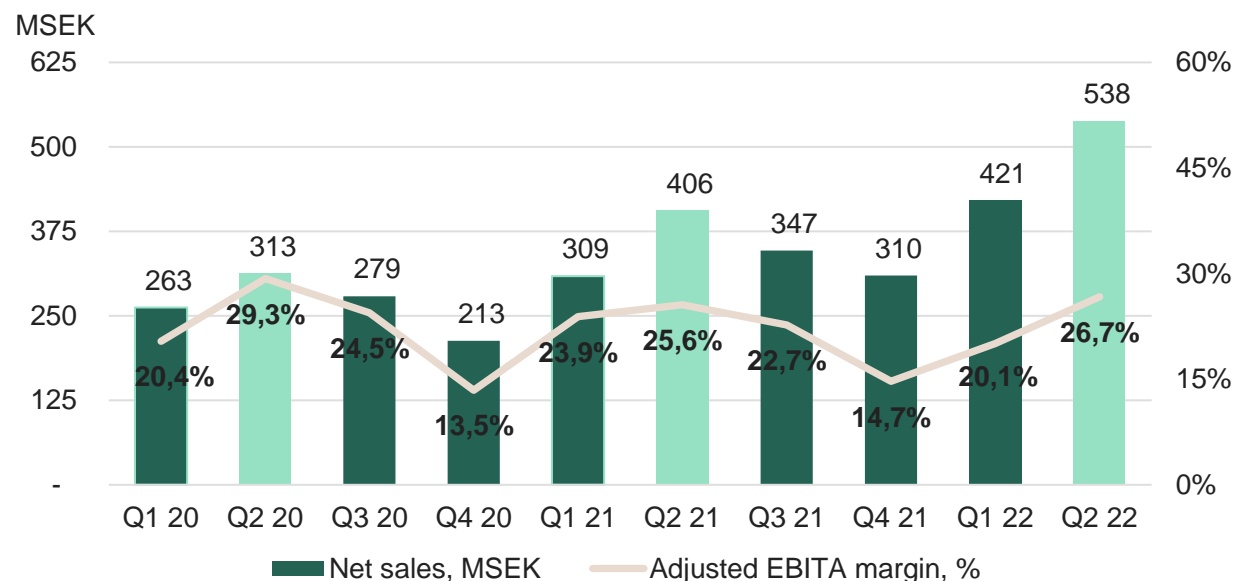
Savings in 2022 of approximately 5-10 MSEK
Total savings of approximately 25 MSEK
per year from 2023

Business segments

Business segment Nordics

Share of Group net sales
55%¹⁾

Net sales and adjusted EBITA margin per quarter



MSEK	Q2 22	Q2 21	Change	H1 22	H1 21	Change
Revenues ²	538	406	+30%	959	715	+33%
Adj EBITA	141	104	+36%	225	178	+27%
Adj EBITA margin	26,7%	25,6%		23,7%	24,8%	

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

1) Full year Q2 LTM 2022

2) Includes non-recurring items of 11 MSEK in the current quarter due to write off of earnout

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Comments

Sales development

- Net sales increased by 30% to 538 MSEK (406)
 - M&A growth of 20% driven by the acquired businesses in all countries
 - Organic growth of 9%

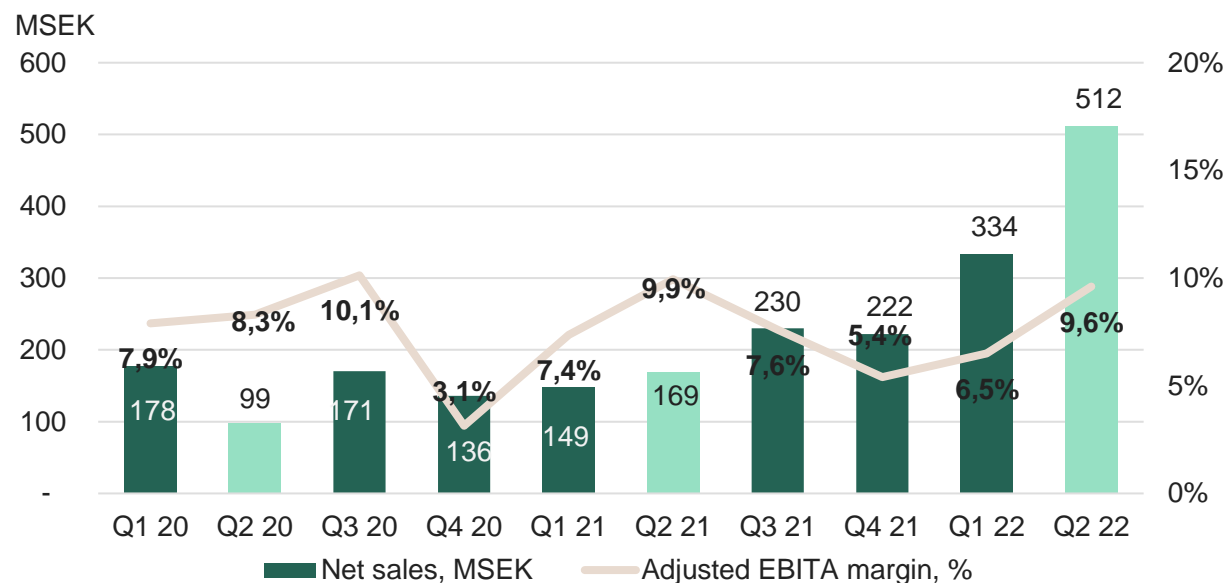
EBITA and margin

- Adjusted EBITA increased by 36% to 141 MSEK (104)
- Adjusted EBITA margin of 26,7% (25,6)
 - Higher revenues and strong cost control
 - Majority of increased input costs pushed through
 - Restructuring programme in Norway targeting savings of approximately 5 MSEK in 2022 and approximately 15 MSEK per year by 2023

Business segment Rest of Europe

Share of Group net sales
45%¹⁾

Net sales and adjusted EBITA margin per quarter



MSEK	Q2 22	Q2 21	Change	H1 22	H1 21	Change
Revenues	512	169	+203%	846	318	+166%
Adj EBITA	49	17	+192%	71	28	+154%
Adj EBITA margin	9,6%	9,9%		8,4%	8,7%	

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.

Comments

Sales development

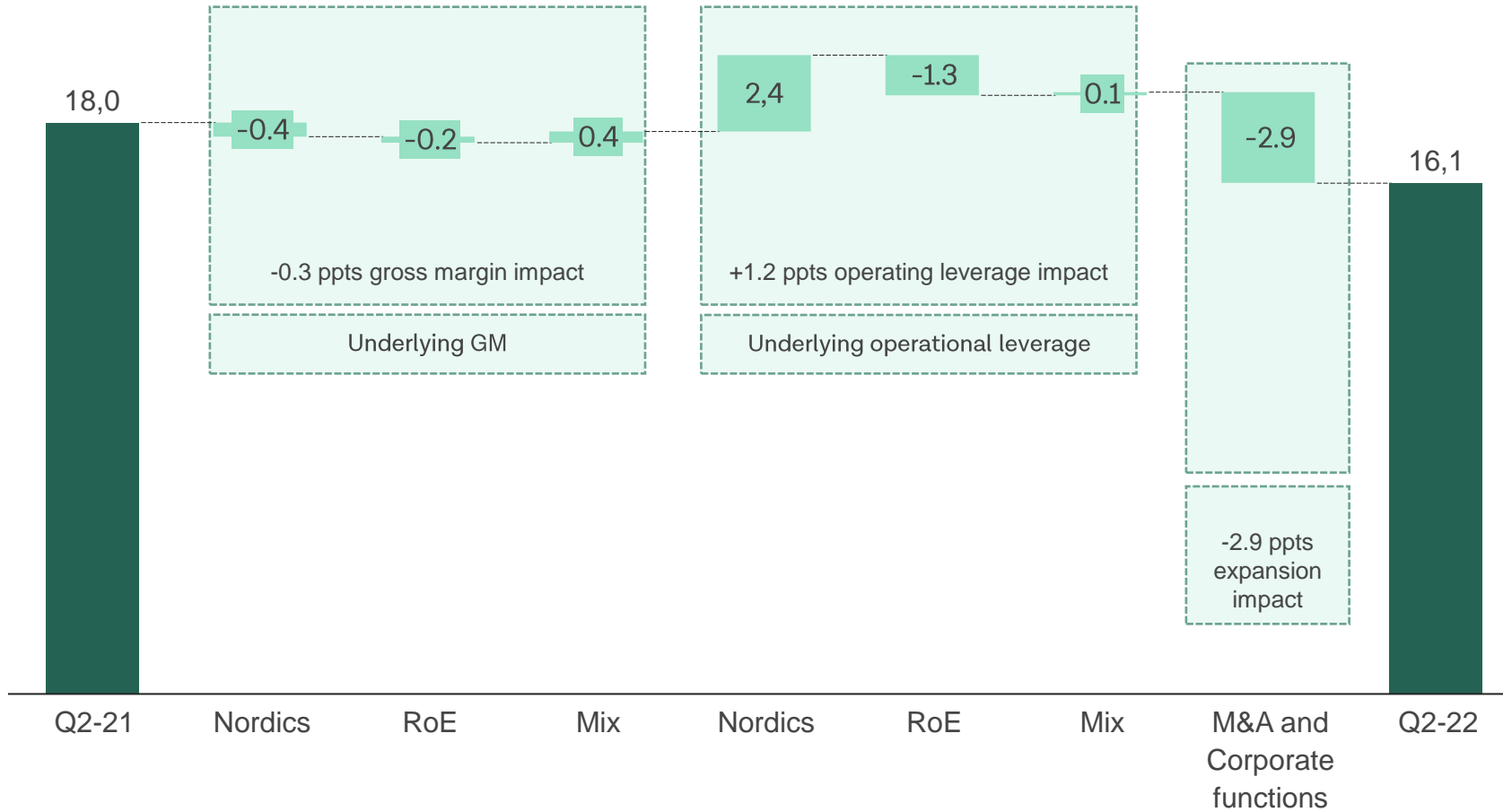
- Net sales increased by 203% to 512 MSEK (169)
 - M&A growth of 203% mainly by the acquired business in Spain, Germany and the UK
 - Strong organic growth for Zentrale Autoglas in Germany and Ralarsa in Spain
 - Good start for ExpressGlass

EBITA and margin

- Adjusted EBITA increased to 49 MSEK (17)
- Adjusted EBITA margin of 9,6% (9,9)
 - Strong margin contribution by acquired units
 - UK lower organic growth
 - Operational excellence program targeting savings of approximately 5-10 MSEK in 2022 and approximately 25 MSEK per year by 2023

Focus on price adjustments, operational leverage and synergies

Adjusted EBITA margin development in Q2, %

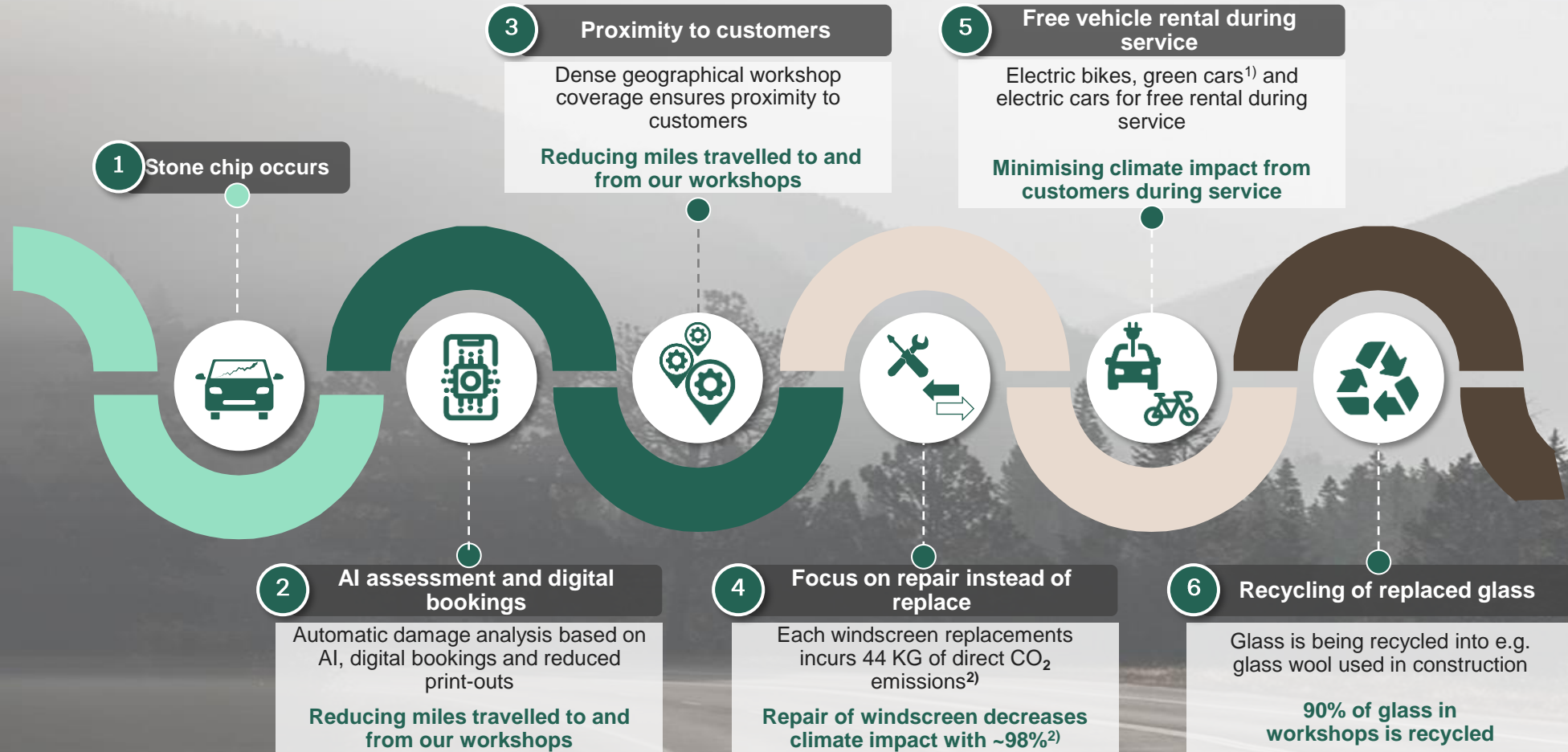


- **Gross margin maintained**
 - Good progress on pushing through price increases
- **Improved operational leverage**
 - Strong sales and good cost control in the Nordics
 - Targeting improved operating leverage in the UK
- **Increased European expansion**
 - High acquisition pace leads to initial dilutive margins – focus on extracting synergies and economies of scale across all geographies
 - Higher costs for corporate functions compared to last year, slightly margin dilutive in the quarter

Good potential for increased profitability going forward

Sustainable strategy -
leading the way in the vehicle
service industry

Sustainability is integrated in each step of the customer journey



Financials

Q2 2022 Income statement

Comments Q2

- Net sales 1,050 MSEK
 - Organic growth of 5%
- EBITA before i.a.c 168 MSEK
- Items affecting comparability, -2 MSEK
- Amortization of acquisition-related intangible assets, -19 MSEK
 - 36 acquisitions in 2021-2022
- Adjusted EPS, 0,76 SEK per share

MSEK	Q2 22	Q2 21	Change
Net sales	1,050	575	81%
EBITA before i.a.c	166	94	77%
In %	15,8%	16,3%	
Items affecting comparability	-2	-9	
Adjusted EBITA	168	103	62%
Amortization of acquisition-related intangible assets	-19	-9	
EBIT	148	85	74%
In %	14,1%	14,7%	
Adjusted EPS, SEK	0,76	1,50 ¹	nm

Financial position – higher leverage but strong cash flow

Leverage and net debt

- Leverage ratio at 4.3x (Net Debt/Adjusted EBITDA LTM Pro forma) due to high acquisition pace
 - Weakening of Swedish krona increased net debt
- Net debt amounted to 3,008 MSEK (2,260 MSEK on March 31, 2021)
 - Interest bearing debt amounted to 2 422 MSEK
 - Lease liabilities amounted to 701 MSEK
- Continued strong cash generation will lead to decreased leverage

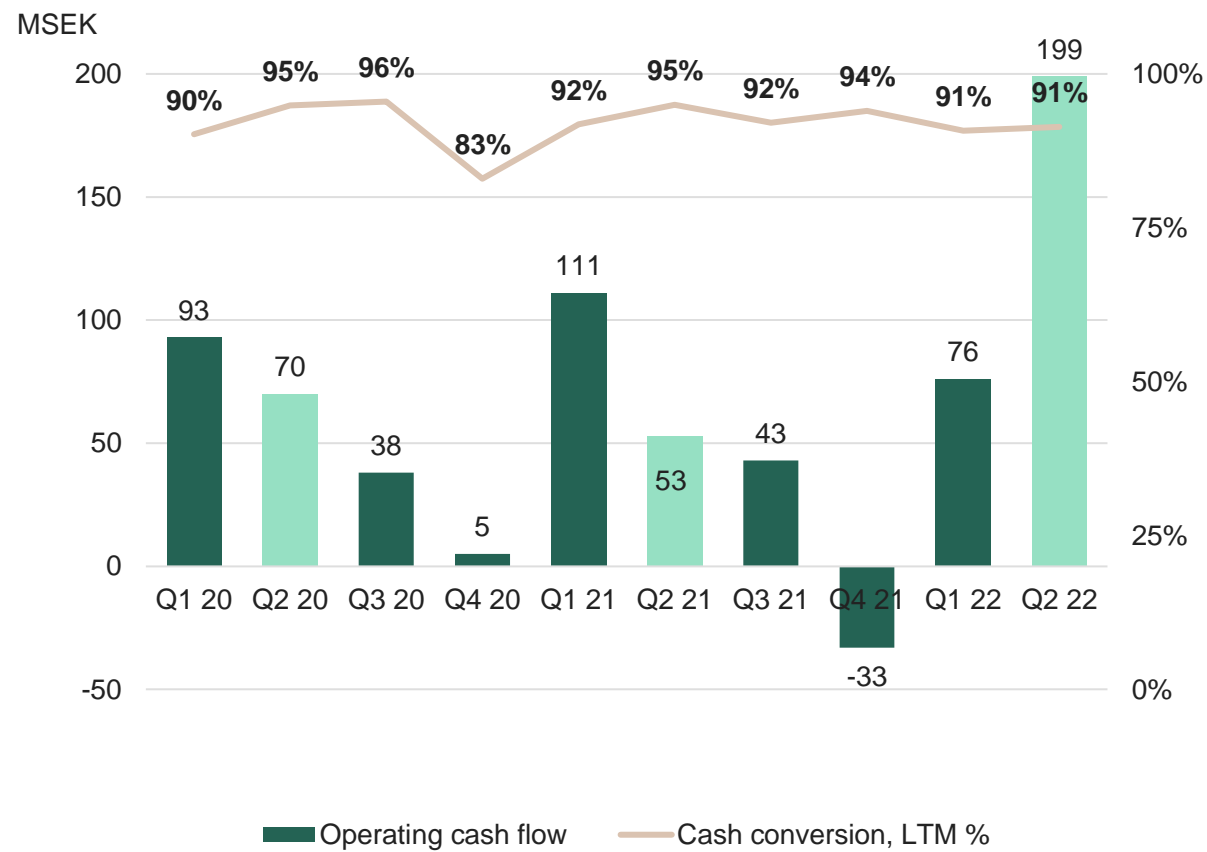
Credit facilities and capitalisation

- Unutilized facilities amounted to 678 MSEK at the end of the second quarter
 - The acquisition of Charles Pugh Holdings added approx. 800 MSEK to debt
- Cash in bank amounted to 256 MSEK
- In the beginning of the second quarter Cary Group entered into an interest rate swap agreement for a majority of the company's interest rate exposure

Net debt includes 701 MSEK of long- and short-term lease liabilities (477 MSEK at Q1 2022). Net debt defined as: Interest-bearing liabilities (amounts due to credit institutions and lease liabilities) minus cash and cash equivalents.

Operating Cash flow

Operating cash flow and cash conversion



Comments

Increased operating cash flow

- Cash flow from operating activities amounted to 199 MSEK (53)
 - Strong sales and cash flow from underlying operations contributing factors
- Net cash flow in the quarter amounted to 93 MSEK (-9)

Cash conversion

- Highly cash generative business with cash conversion amounting to 91.4% in the second quarter (95.0), 92.3% LTM
- Limited underlying capex

Acquisitions and debt

- Investments in subsidiaries amounted to 900 MSEK in the quarter (-44) (Net received)
- New borrowings amounted to 877 MSEK (2)

Acquisitions in Q2 2022

Completed acquisitions in Q2 2022

Company	Business segment	Included from	Acquired share	Net sales (SEKm)	Acquisition-related intangible assets
JH Glas Söderhamn	Nordics	2022-04-01	Asset	1	1
Sveaplan Bil, Plåt & Lack AB	Nordics	2022-04-01	100%	30	36
Express Glass SA	Rest of Europe	2022-04-01	100%	109	113
Rutglas AB	Nordics	2022-04-15	100%	7	13
Charles Pugh Holdings Ltd	Rest of Europe	2022-05-01	100%	656	680
Skogsnäs Glas AB	Nordics	2022-05-01	Asset	4	5
Ralarsa Mostoles-Madrid	Rest of Europe	2022-05-01	Asset	4	2
Ralarsa Elche-Alicante	Rest of Europe	2022-05-01	Asset	2	1
Ralarsa Cordoba	Rest of Europe	2022-05-01	Asset	2	1
Ralarsa Villagarcia de Arousa	Rest of Europe	2022-05-01	Asset	1	0
Ralarsa Coslada-Madrid	Rest of Europe	2022-05-01	Asset	2	2
Glassdrive Boadilla & Guadalajara	Rest of Europe	2022-06-01	Asset	11	9
Total acquisitions April-June 2022				827	863
Total acquisitions January-June 2021				1,305	1,434

Comments

- 12 additional acquisitions were closed in the second quarter of 2022

- Total acquisition-related intangible assets of 863 MSEK in the second quarter

- Acquisitions of Charles Pugh Holdings in the UK and ExpressGlass in Portugal largest acquisitions
- Ralarsa in Spain continued on its strategy of add-on acquisitions with the purchase of six own franchisees and one external workshop – will support growth and margin expansion potential

Final remarks

Strong performance in a stable market

Strong growth mainly driven by acquisitions



Strong underlying growth in a recession resistant industry

Progress on price increases

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

Leverage to be gradually decreased

Operational excellence initiatives in the UK and Norway to uplift margins



Leverage to decrease in the coming quarters
Savings in Norway and the UK



Q&A

Cary group