



**Interim Report Q3 2024**  
1 January – 30 September

Thursday, October 24, 2024

**ALLiGO**



# Presenters

**Clein Johansson Ullenvik**

Group President & CEO



**Irene Wisenborn Bellander**

CFO



# AGENDA

- **This is Alligo**
- Highlights Q3 2024
- Update – Sales initiatives and Alligo's welding offer
- Financials
- Summary and outlook
- Q&A

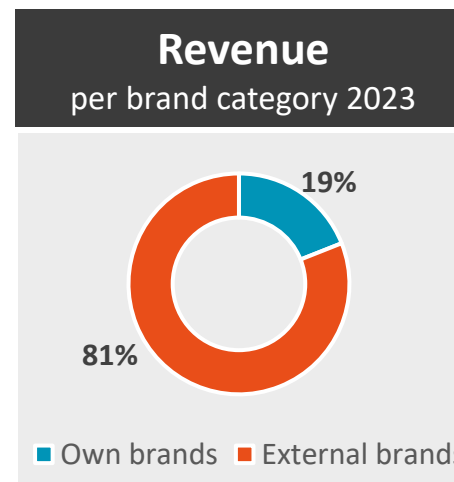
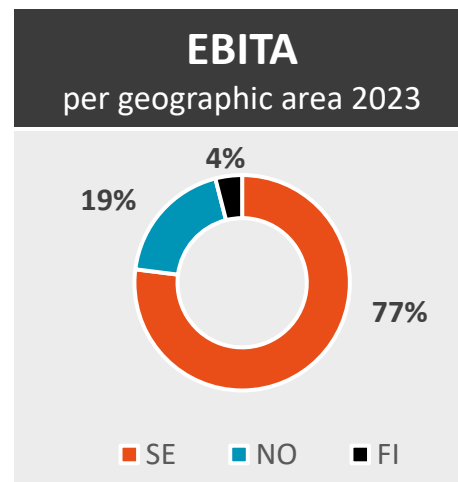
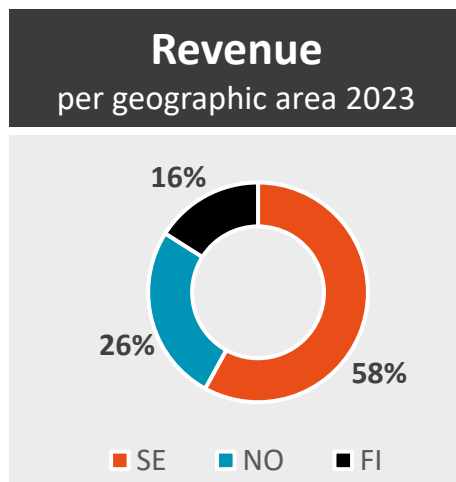


# Alligo – a leading player in workwear, personal protection, tools and supplies in the Nordic region

**9,335**  
MSEK Revenue\*

**2,443**  
Employees\*

**210**  
Stores\*



\*FY 2023

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# Q3 2024 business conditions

## Market situation

- Continued weak market
  - Several customer segments in particular Construction
  - Stable demand in Oil & Gas industry in Norway
- Cautiously positive market signals
  - Not reflected in sales

## Proactive management

- Driving sales
- Growth by acquisitions
- Cost reductions
- Reducing inventories
- Price adjustments
  - Sensitive categories

## Delivery capacity

- Good and stable in Sweden and Finland
- Continued disturbances in Vestby, Norway

## Macro-economic factors

- Continued economic uncertainty in the business cycle
- Geopolitical turbulence



# Q3 2024 in brief

– Continued weak market - several initiatives for the future

## Revenue

**+1.0%**

Continued slowdown in the market, Oil & Gas remain stable

## Organic growth

**-3.0%**

Acquisition-driven growth of 4.8 %

## Operating cash flow

**116**

MSEK (34)

## Adjusted EBITA

**137**

MSEK (191)

Weak volumes, declining contribution margin

## Adjusted EBITA margin

**6.4%**

(9.0)

## Gross margin

**40.5%**

(41.6)

## Q3 2024 highlights

### Alligo has signed a sustainability-linked loan agreement with Handelsbanken

- Refers to granted loans of SEK 2.3 billion
- Terms are linked to Alligo's sustainability targets

### 4 acquisitions completed

- Adding 220 MSEK in annual revenue
- Two acquisitions strengthen Alligo's position and our offering within welding
- Two of the acquisitions strengthen our business in Finland



### Sales initiatives to drive profitable growth

- Appointed two Nordic segment managers – focusing on construction and industry
- Strengthened the sales organisation – workwear and PPE





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# We invest in growth towards our prioritised customer segments

## Reinforced sales organisation

- Segment managers for manufacturing and construction to improve packaging and control of our offering and sales
- Assortment specialists to boost sales of workwear and improve profitability through assortment reviews

## New services



## New products – competitive own brands



Priority to sell workwear and protection to customers who mainly buy tools today



Priority to direct sales activities towards customers within services and infrastructure

# Alligo has strongly reinforced its position in welding

6

Companies

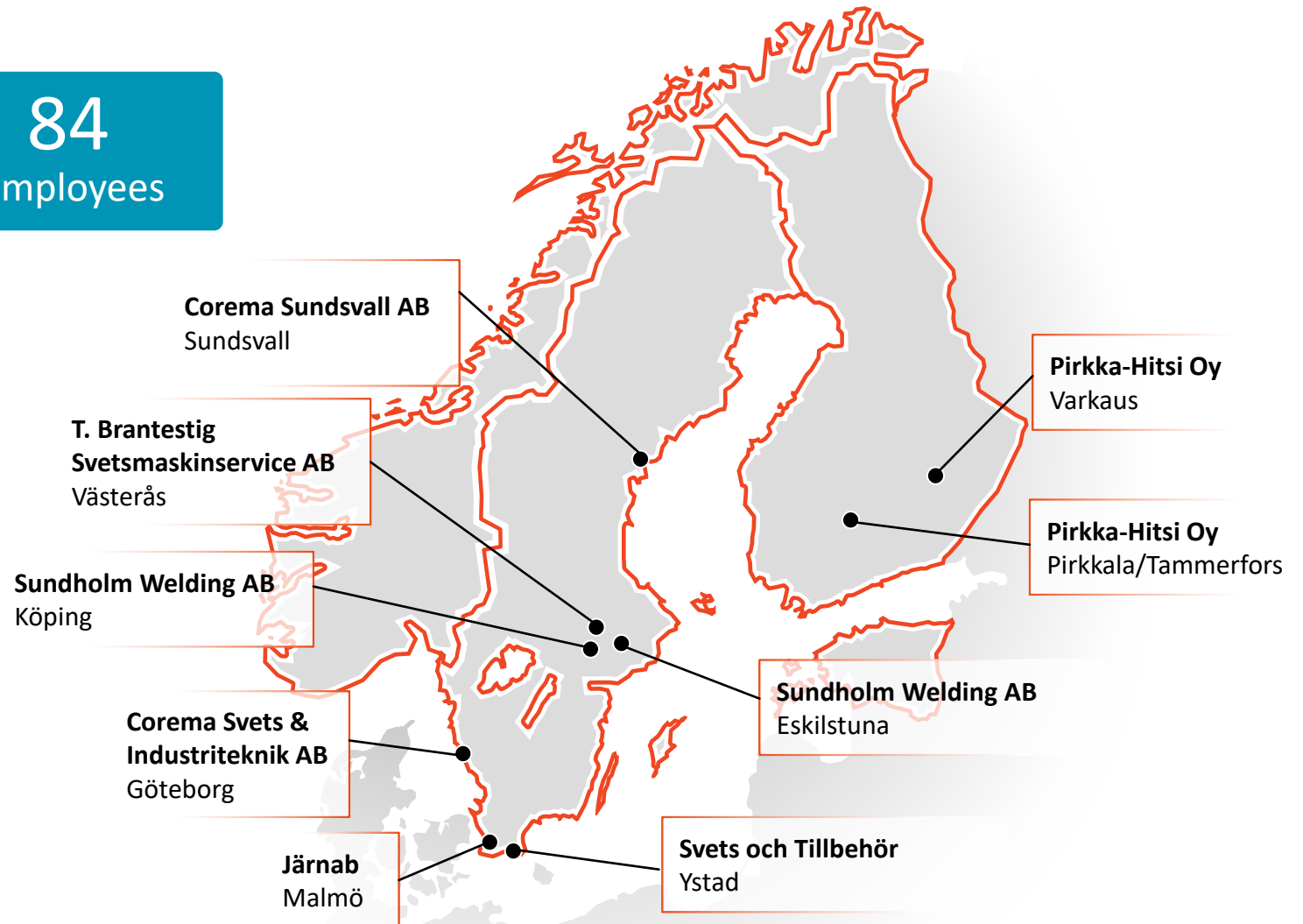
+400

MSEK Revenue

84

Employees

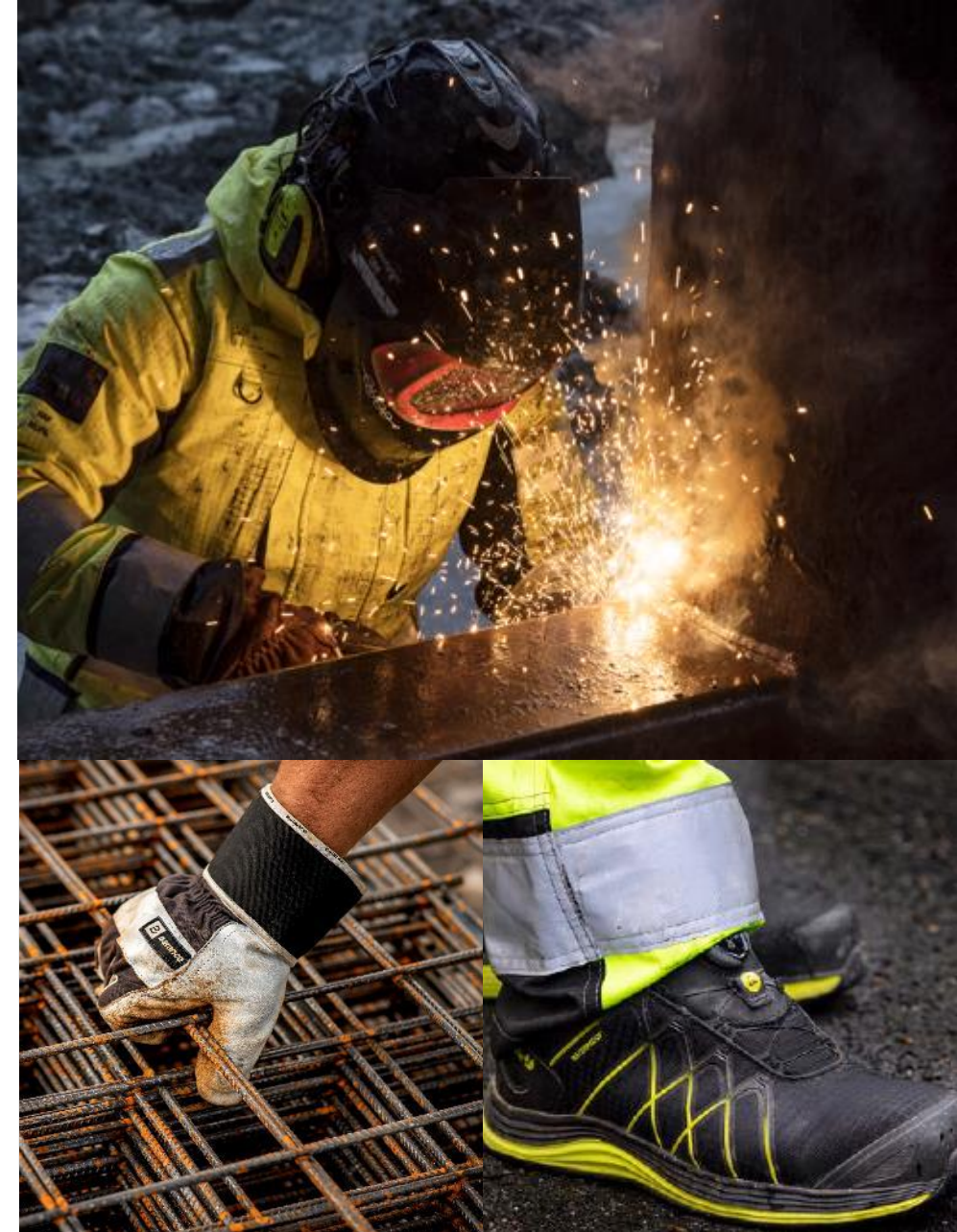
- Since June 2023, Alligo has acquired 6 welding specialists
- Growth of the existing welding business of Swedol/Tools in Sweden, Norway and Finland
- Alligo has the capacity to serve welding customers nationwide in our markets with products, services and expertise
  - welding machines
  - consumables
  - service and repair
  - training





# Why welding is a good fit for Alligo

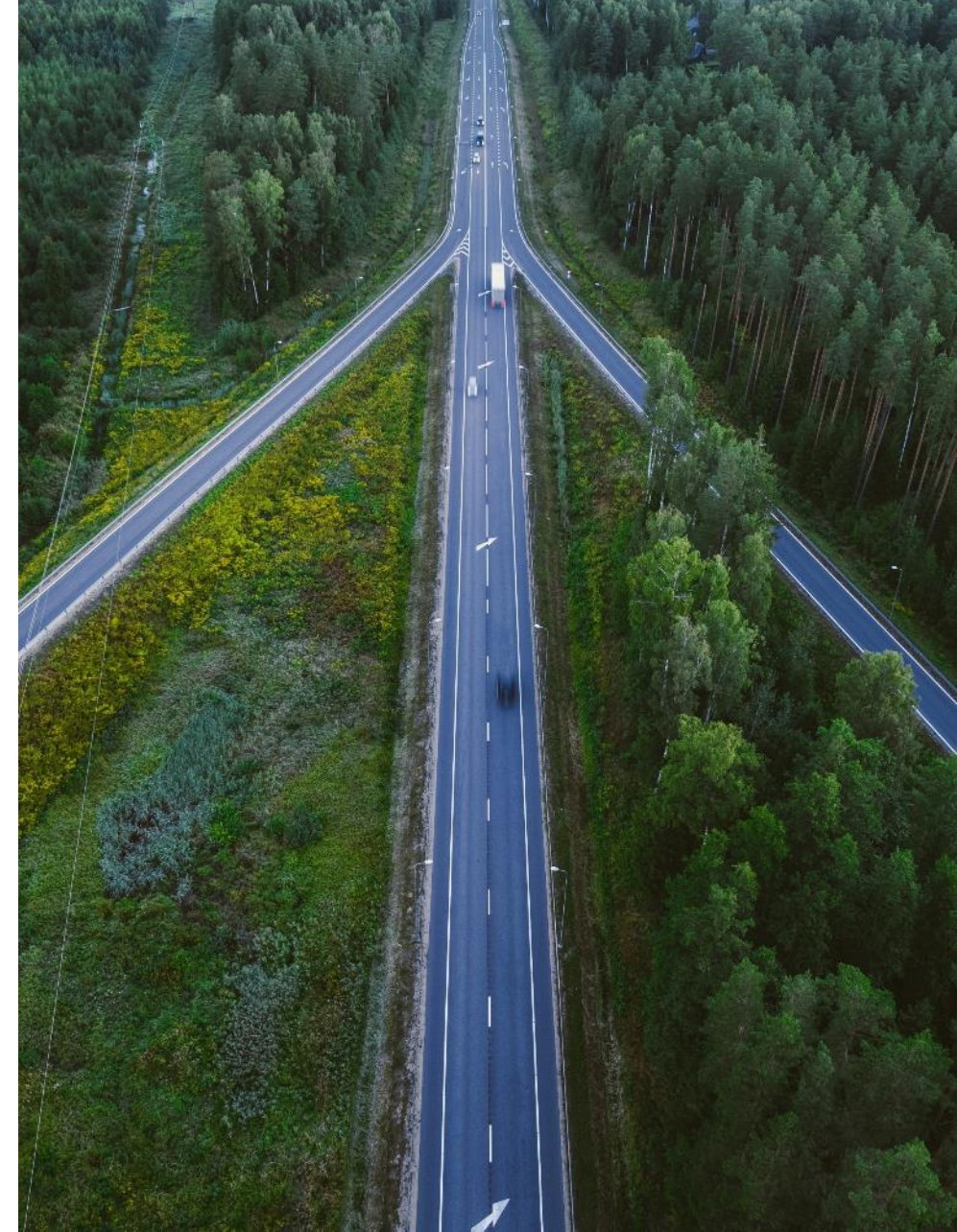
- Interesting characteristics
  - Technical sales, adding expertise to the customers
  - Critical supply to the customers' core processes
  - Long-term customer relationships
  - Good margins
- Significant synergy potential
  - Large customer base in Swedol/Tools with potential for more specialised welding expertise
  - Acquired welding companies have deep, long-standing relationships with customers in manufacturing with potential for Alligo's broader offering in workwear, personal protection equipment and cutting/grinding tools
  - Purchasing synergies through coordination of supplier agreements and introduction of Alligo's own brands





# Interesting opportunities ahead

- The welding specialist companies continue as separate entities within Alligo
  - Preserve specialist position
  - Coordination with Tools/Swedol and among welding companies to realise synergies
- Potential for additional acquisitions
  - Have more prospects in the pipeline



# 2024 – signed 8 acquisitions, adding ≈470 MSEK in annual revenues

– as well as 100 employees and 15 stores. So far.

Acquisition	Product category	Date signing	Annual revenue (MSEK)*	Employees	Stores
 Hämeen Teollisuuspalvelu Oy	Industrial Components/Tools/Workwear/ Protective Equipment	April 2024	87	14	1
 Riihimäen Teollisuuspalvelu Oy	Industrial Components/Tools/Workwear/ Protective Equipment	April 2024	82	28	4
 Wiklunds i Bollnäs AB	Tools/Workwear/Protective Equipment	May 2024	28	6	1
 New Promotion Sverige AB (70%)	Profile Clothing/Product Media	June 2024	44	6	2
 Workwear AS	Tools/Workwear/ Protective Equipment	June 2024	27	9	2
 T.Brantestig Svetsmaskinservice AB	Welding	June 2024	26	8	1
 Aktiebolaget Sundholm Welding	Welding	June 2024	23	6	2
 Corema Svets & Industriprodukter AB**	Welding/Fastening	Oct 2024	155	25	2
			<b>472</b>	<b>102</b>	<b>15</b>

\* Currency rate: EUR 11.6 NOK 1.0

\*\* Including the subsidiaries Corema Fasteners AB and Corema Sundsvall AB



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# Acquisition driven growth counteracts weak organic sales

– Decreased contribution margin due negative customer segment and size mix

## Revenues and EBITA

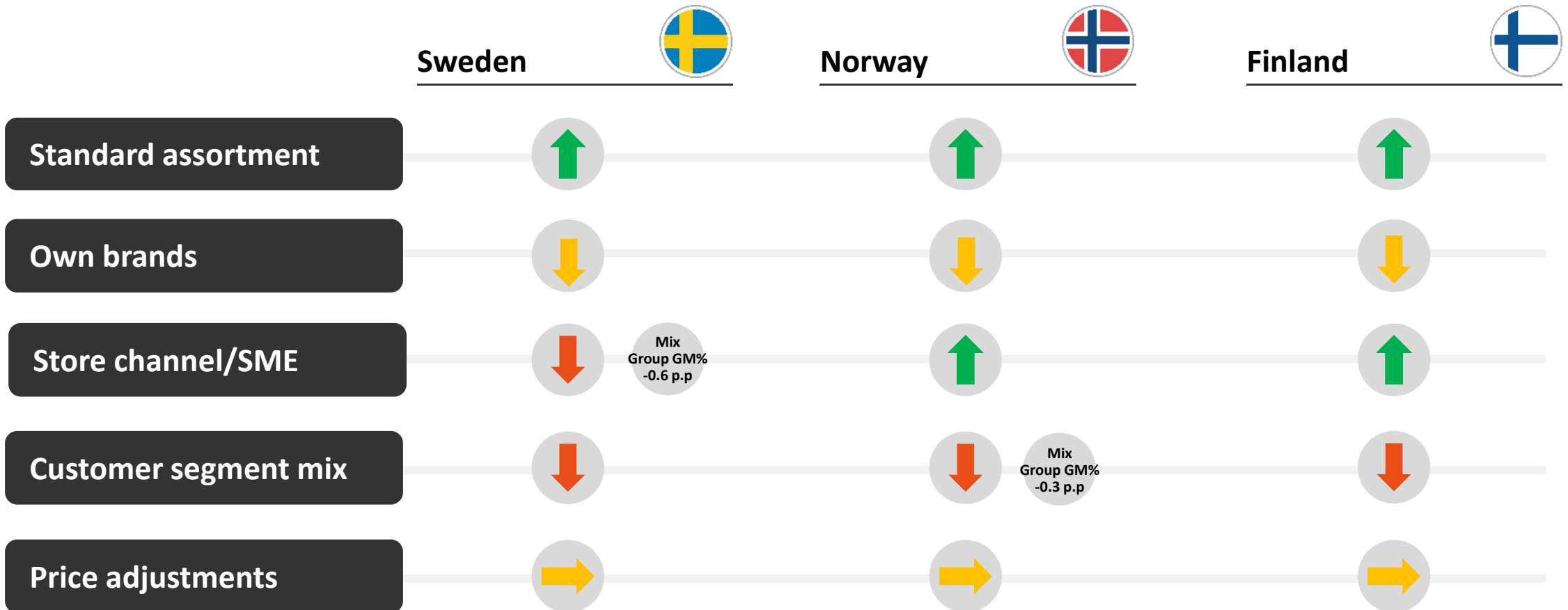
MSEK	2024 Jul-Sep	Δ, %	2023 Jul-Sep	2024 Jan-Sep	Δ, %	2023 Jan-Sep
Revenue	2,143	1.0	2,122	6,744	-0.8	6,797
Adjusted EBITA	137	-28.2	191	387	-25.4	519
<i>Amortisation</i>	-16		-16	-46		-45
<i>Items affecting comparability</i>	-6		0	-14		-4
Operating profit	115		175	327		470
Gross margin, %	40.5		41.6	40.6		40.7
Adjusted EBITA margin, %	6.4		9.0	5.7		7.6

## Highlights Q3 2024

- Revenue increased by 1.0 %
  - Organic growth of -3.0 %
  - Acquisition-driven growth of 4.8 %
  - Negative FX -2.3%, + 1 WD +1.5%
- Decreased contribution margin
  - Decreased share of SME and own brands 18.7 % (19.4)
- Adjusted EBITA decreased by 54 MSEK
  - Weak volumes and declining contribution margin
  - Partly mitigated by cost savings
- Items affecting comparability mainly related to organizational changes
- Financial net -37 MSEK (-31)
  - -26 MSEK (-23) excluding IFRS 16
  - Q3 average interest rate 4.7% (4.8) - STIBOR

# Deteriorated contribution margin in all countries

– Continued negative customer segment and size mix

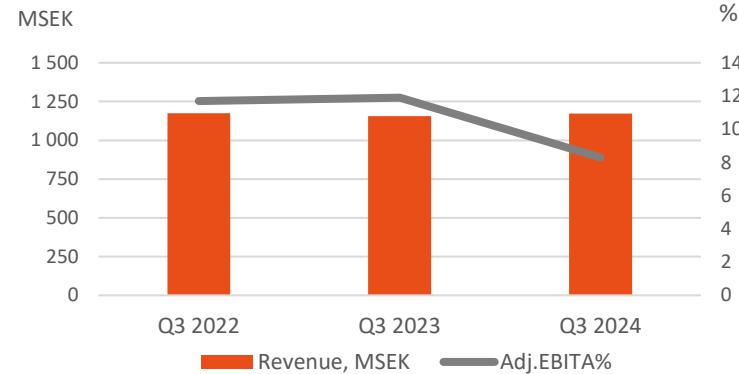




# Decreased EBITA in all countries

– Declining volumes and negative customer segment and size mix

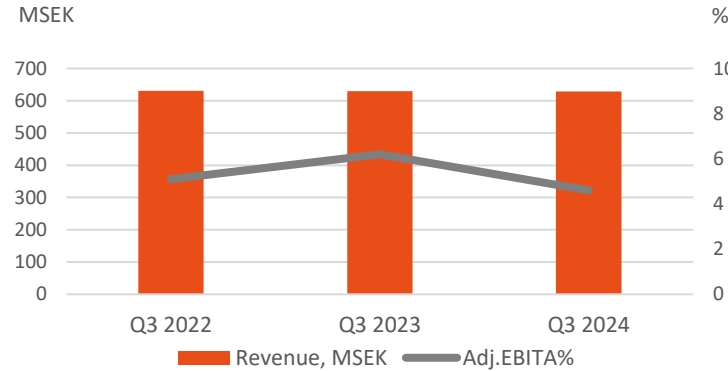
## Sweden



Organic growth:	Adj. EBITA margin:
Q3 -5%	Q3 8.3% (11.9)
YTD -5%	YTD 7.9% (9.8)

- Revenue increased by 1.5%
  - Continued slowdown in the market
  - Acquisitions and +1 WD
- EBITA decreased by -41 MSEK
  - Declining volumes
  - Decreased margins - unfavourable customer mix
  - Cost reductions counteract

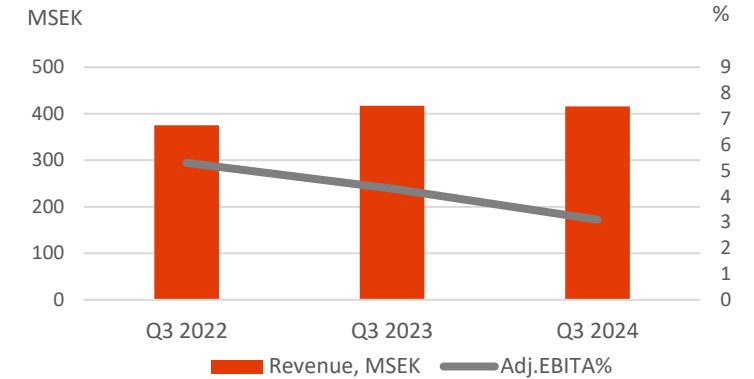
## Norway



Organic growth:	Adj. EBITA margin:
Q3 +2%	Q3 4.6% (6.2)
YTD +2%	YTD 3.6% (5.4)

- Revenue in line with Q3 2023
  - Continued strong market in Oil & Gas, Negative FX
  - Acquisitions and +1 WD
- EBITA decreased by -10 MSEK
  - Decreased margins – unfavourable customer mix
  - Logistic coordination Vestby
- New Country Manager since August

## Finland



Organic growth:	Adj. EBITA margin:
Q3 -8%	Q3 3.1% (4.3)
YTD -11%	YTD 1.8% (3.5)

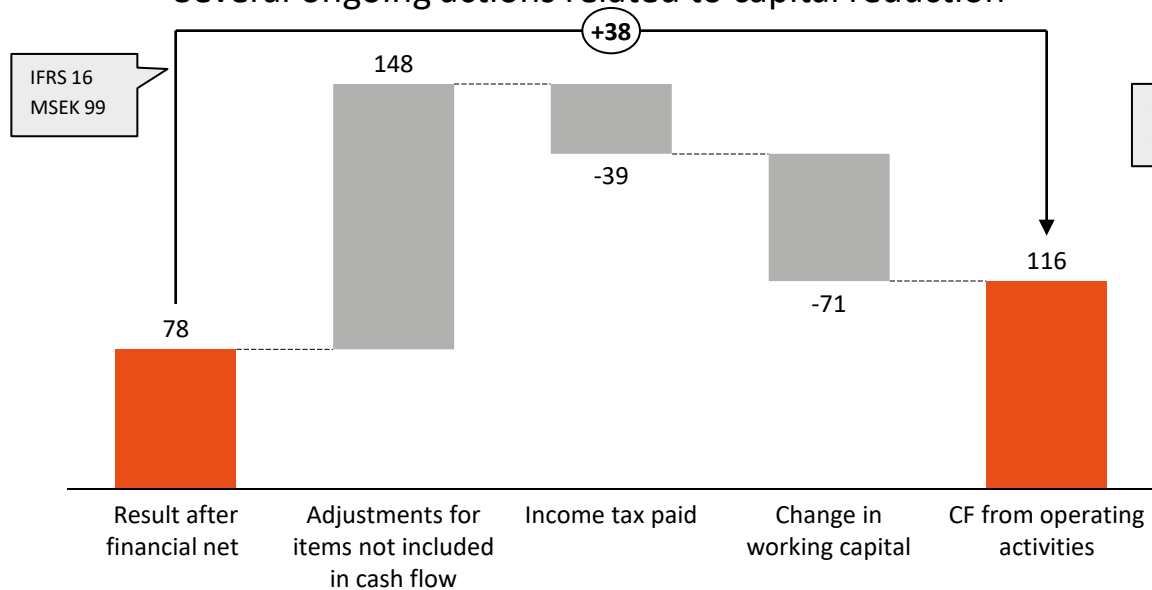
- Revenue in line with Q3 2023
  - Continued slowdown in the market, Negative FX
  - Acquisitions and +1 WD
- EBITA decreased by -5 MSEK
  - Declining volumes
  - Investments in stores

Focus on increasing sales activity and SME as well as own brand shares

# Operating cash flow in Q3 is slightly better than last year

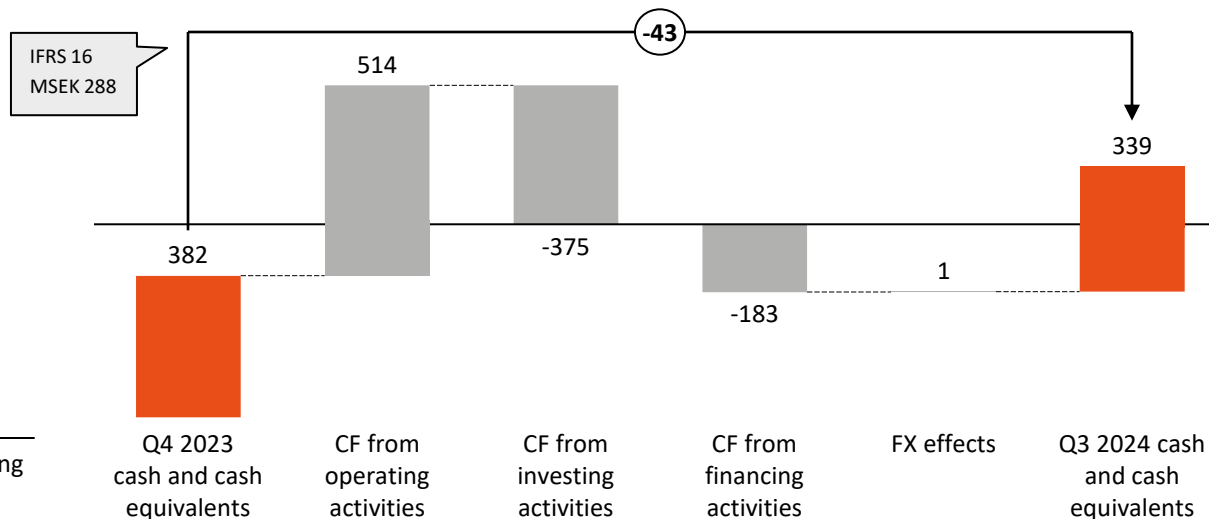
## Q3 Operating activities

- Seasonally the weakest quarter
- Operating cash flow amounted to 116 MSEK (34)
  - Decreased EBITDA
  - Weaker sales, customer mix – payment terms
- Increased NWC/Sales 28.1 % (26.9)
  - Acquisitions, new stores, own brands
  - Several ongoing actions related to capital reduction



## Q1-Q3 Operating, investing and financing activities

- Investing activities
  - E-commerce solutions, ERP, service concepts, new stores and store modifications (MSEK 80)
  - Acquisition of subsidiaries (MSEK 290)
- Financing activities
  - Increased usage revolving facility, amortization of leasing liabilities, dividends paid



# Increased leverage but still a solid financial position

## Overview of the financial position

MSEK	30 Sep 2024	30 Sep 2023	31 Dec 2023
Non-current interest bearing liabilities	2,937	2,645	2,624
Current interest bearing liabilities	471	387	398
Cash and cash equivalents	-339	-73	-382
Financial lease liabilities	-1,294	-1,196	-1,191
<b>Net operational liabilities</b>	<b>1,775</b>	<b>1,763</b>	<b>1,449</b>
EBITDA*, LTM	791	904	914
<b>Net operational liabilities/EBITDA*, ratio</b>	<b>2.2</b>	<b>2.0</b>	<b>1.6</b>

\* Excl. IFRS 16

## Highlights

- Ratio of net operational liabilities to EBITDA (excl. IFRS 16) of 2.2
- Cash and unutilized granted credit facilities of MSEK 1,039 at the end of the period
- Equity/assets ratio 45.3 %
- Total sustainability linked facility 2,300 MSEK excl. credit facility 400 MSEK +10 MEUR
  - Maturity March 2027
  - Q3 average interest rate 4.7% (4.8)
- Financial covenants fulfilled
- Continue to invest in organic growth and take advantage of potential good M&A opportunities



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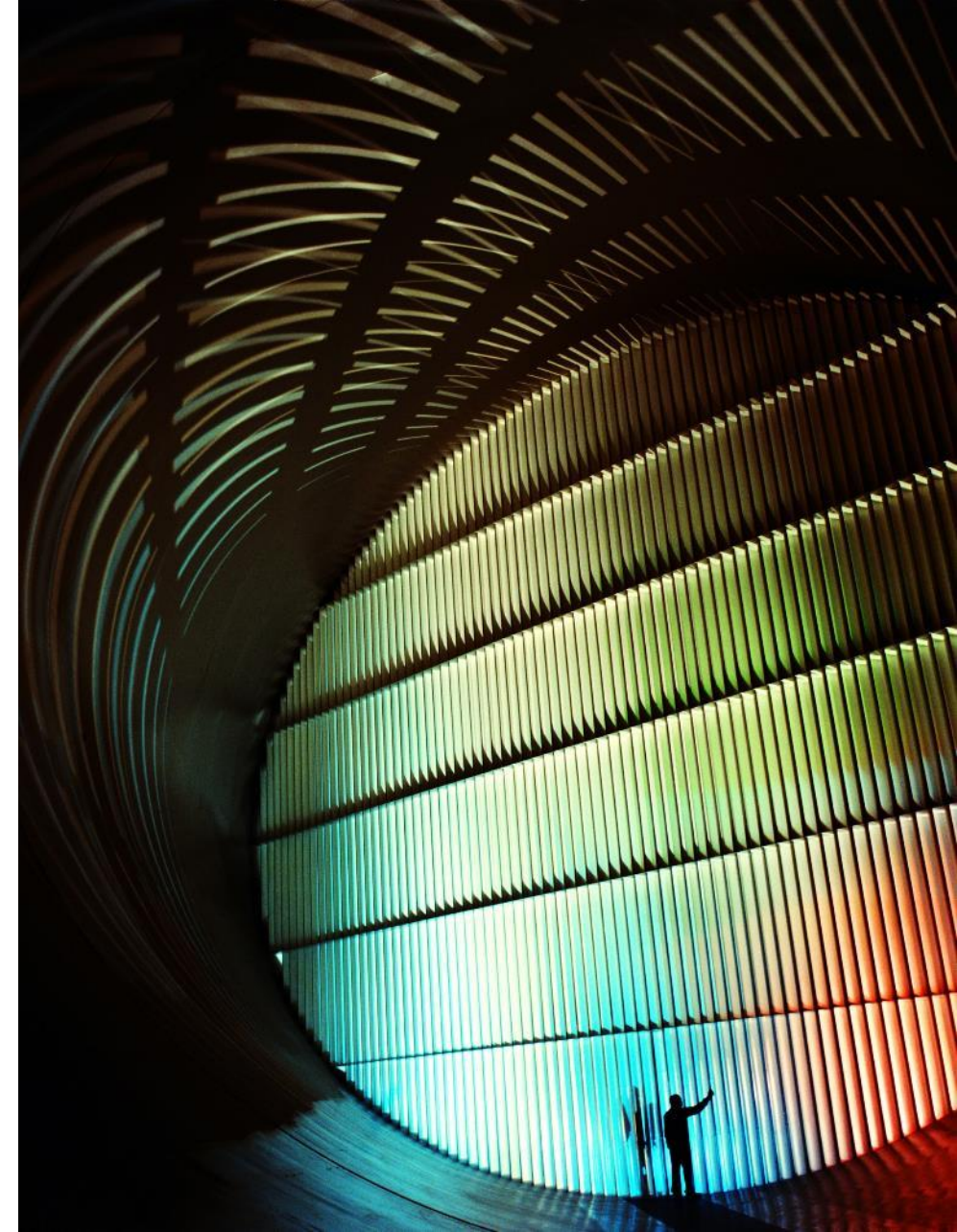
## Q3 2024 in summary

- Continued weak market – to drive profitable growth we are investing in:
  - Developing and strengthening our offering
  - Improving our sales effort
  - Making strategic acquisitions
- Increased acquisition pace with four acquisitions completed during the quarter
  - adding 220 MSEK in annual revenue
- Good delivery capacity
- Cautiously positive market signals
  - not yet reflected in sales



# Outlook 2024

- Alligo is well-positioned and continue to focus on sales and to create value through own brands, services and acquisitions
- Customising our assortment with new attractive brands with a lower price positioning
  - 1832
  - INNO
  - Prowell
  - AWARD
- Aiming to set climate targets in line with SBTi and send for validation in Q4 2024





**Q&A**

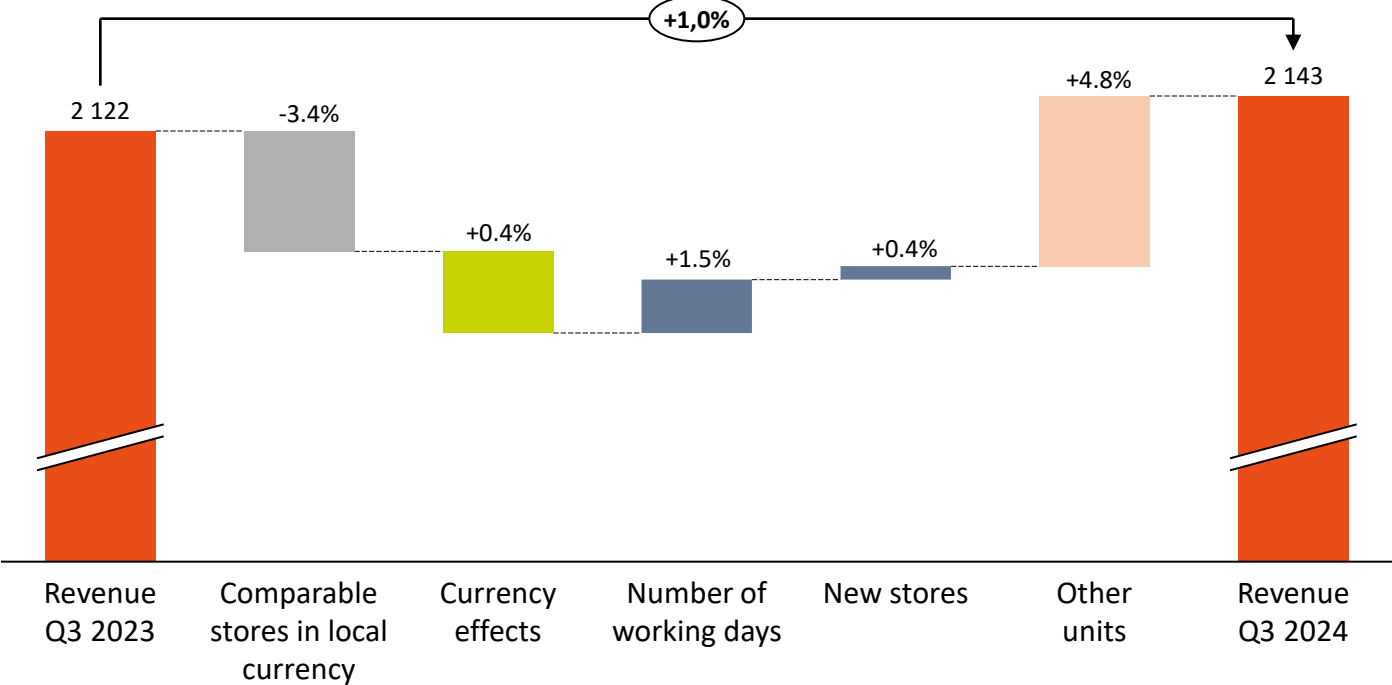


# APPENDIX



# Revenue bridge third quarter 2024

Revenue year-on-year Q3





# IFRS 16 effects on cash flow

<b>MSEK</b>	<b>2024 Jul-Sep</b>	<b>2023 Jul-Sep</b>	<b>2024 Jan-Sep</b>	<b>2023 Jan-Sep</b>	<b>2023 Jan-Dec</b>
IFRS 16 effects on cash flow from operations	99	96	288	244	365
IFRS 16 effects on cash flow from financing activities	-99	-96	-288	-244	-365

# 2023 – six acquisitions signed, adding 330 MSEK in annual revenues

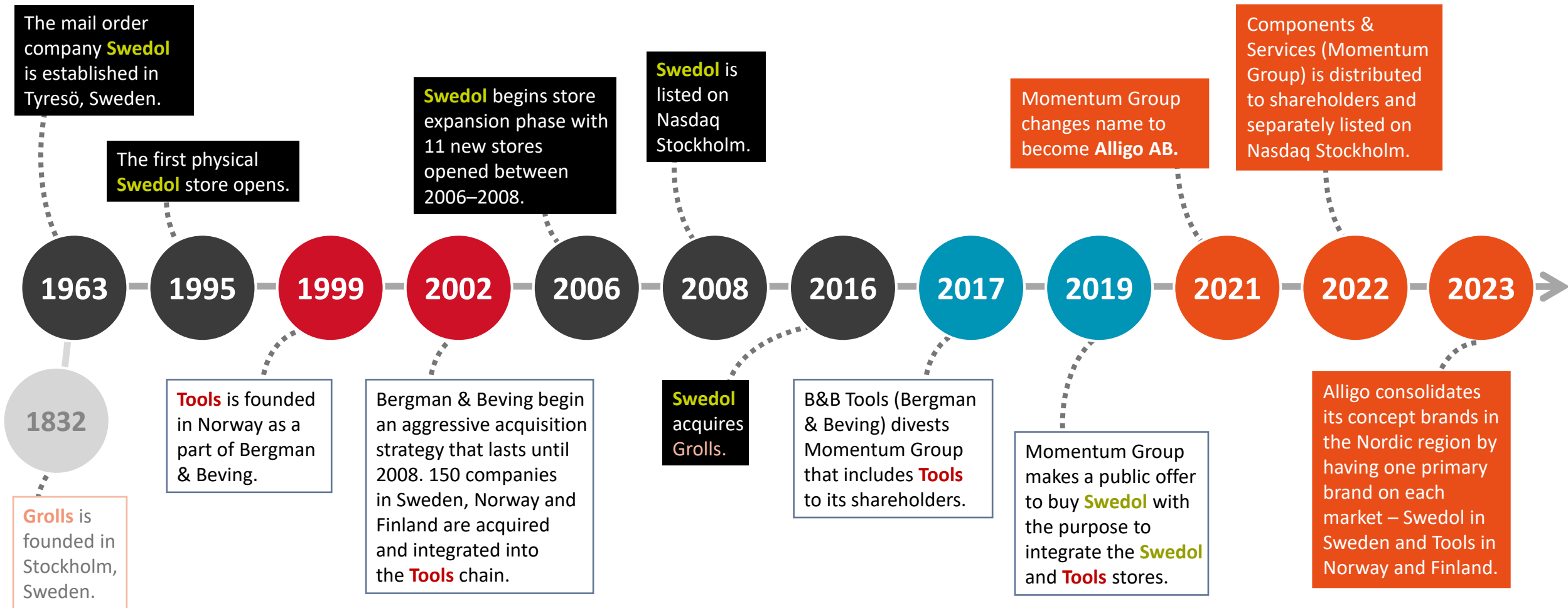
– as well as 80 employees and 8 stores

Acquisition	Product category	Date signing	Annual revenue (MSEK)*	Employees	Stores
 Kitakone Oy	Workwear/Tools	April 2023	34	8	1
 Topline AB (70%)	Workwear/Profile Clothing/Product Media	May 2023	60	16	2
 Tampereen Pirkka-Hitsi Oy	Welding	June 2023	57	13	2
 Tore Vagle AS**	Industrial Components/Tools/	Dec 2023	38	11	1
 Svets och Tillbehör i Sverige AB**	Welding/Tools	Dec 2023	120	24	1
 Svetspartner i Malmö AB**	Welding/Tools	Dec 2023	25	8	1
			<b>334</b>	<b>80</b>	<b>8</b>

\*Currency rate: EUR 11,4, NOK 0,98

\*\* Completed in Jan 2024

# The origins of Alligo





# Five reasons to invest in Alligo

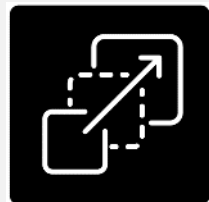
1

Market growth and resilient customer segments



2

Scalable platform a foundation for continued growth



3

Own brands increase competitiveness and profitability



4

Sustainable enterprise an integrated part of the business



5

Leader in the consolidation process on the Nordic markets



# ALLiGO

Read more at [alligo.com/interimreport\\_Q3](https://alligo.com/interimreport_Q3)